



El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2018 – Period 5
7/1/2017 to 11/30/2017

Dashboard - ECH combined as of November 30, 2017

	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	222	246	231	15	229	238	231	7
Adjusted Discharges	2,649	2,996	2,727	269	13,622	14,768	14,139	629
Total Discharges (Excl NNB)	1,504	1,728	1,575	153	7,862	8,422	8,149	273
Inpatient Cases								
MS Discharges	1,007	1,182	1,084	98	5,263	5,816	5,549	267
Deliveries	378	401	383	18	1,999	1,980	2,016	(36)
BHS	78	99	70	29	388	452	377	75
Rehab	41	46	38	8	212	174	208	(34)
Outpatient Cases	11,759	12,140	11,804	336	59,395	61,781	60,538	1,243
ED	3,726	3,752	3,921	(169)	19,459	19,683	20,106	(423)
Procedural Cases								
OP Surg	375	423	368	55	1,777	1,965	1,884	81
Endo	211	184	171	13	982	985	876	109
Interventional	164	149	170	(21)	908	844	874	(30)
All Other	7,283	7,632	7,174	458	36,269	38,304	36,797	1,507
Financial Perf.								
Net Patient Revenues	64,350	78,331	65,930	12,401	335,040	372,076	344,016	28,060
Total Operating Revenue	69,728	83,180	67,781	15,399	347,564	385,900	353,979	31,920
Operating Expenses	60,159	65,099	62,208	2,891	300,654	318,713	318,183	530
Operating Income \$	9,570	18,081	5,573	12,507	46,910	67,187	35,796	31,391
Operating Margin	13.7%	21.7%	8.2%	13.5%	13.5%	17.4%	10.1%	7.3%
EBITDA \$	14,079	22,823	10,665	12,158	69,569	89,346	60,735	28,611
EBITDA %	20.2%	27.4%	15.7%	11.7%	20.0%	23.2%	17.2%	6.0%
IP Margin ¹	5.8%	12.6%	-10.2%	22.8%	5.8%	12.6%	-10.2%	22.8%
OP Margin ¹	37.0%	42.2%	31.7%	10.5%	37.0%	42.2%	31.7%	10.5%
Payor Mix								
Medicare	46.2%	46.3%	47.4%	-1.1%	46.7%	46.1%	47.4%	-1.3%
Medi-Cal	7.9%	7.8%	7.2%	0.6%	7.4%	8.0%	7.2%	0.7%
Commercial IP	22.0%	22.6%	22.6%	0.0%	23.1%	22.7%	22.6%	0.1%
Commercial OP	21.5%	20.9%	20.3%	0.6%	20.4%	20.6%	20.3%	0.3%
Total Commercial	43.4%	43.4%	42.9%	0.6%	43.5%	43.3%	42.9%	0.4%
Other	2.5%	2.5%	2.5%	0.0%	2.5%	2.6%	2.5%	0.1%
Cost								
Total FTE	2,458.7	2,566.2	2,487.8	78	2,470.0	2,563.9	2,498.0	66
Productive Hrs/APD	31.0	29.8	31.1	(1)	30.8	30.5	31.1	(1)
Balance Sheet								
Net Days in AR	44.8	46.0	48.0	(2)	44.8	46.0	48.0	(2)
Days Cash	444	477	266	211	444	477	266	211
Affiliates - Net Income (\$000s)								
Hosp	8,449	27,017	5,799	21,218	54,193	100,227	54,193	46,034
Concern	(254)	43	137	(94)	226	945	649	296
ECSC	(1)	(2)	0	(2)	(51)	(18)	0	(18)
Foundation	361	493	105	388	884	1,216	371	846
SVMD	(31)	389	(7)	395	31	564	15	549

Volume:

- For the year, overall volume, measured in adjusted discharges is 2.3% higher than budget.
- IP cases are 3.4% over budget, specifically Neurosciences, HVI, BHS, Oncology and Urology. However deliveries are lower than prior year by 1.0% and 1.8% below budget
- OP discharges are higher than budget in General Surgery, Imaging Services, MCH, Rehab and Urology.

Financial Performance:

- Operating income is \$12.5M over budget, due to favorable revenue and higher volume. Rev for the month include \$4.1 million in unusual items. For the year op margin is \$31.4M ahead of target

Payor Mix:

- Commercial insurance is 0.6% more of the Payor Mix in November than budget.

Cost:

- Prod Hrs/APD for November is 29.8 and slightly better than budget. YTD we are slightly better than budget

Balance Sheet:

- Net days in AR is 46.0 which is 1.0 days less than budget.

Budget Variances

Fiscal Year 2018 YTD (7/1/2017-11/30/2017) Waterfall

	Year to Date (YTD)	
	Net Income Impact	% Net Revenue
(in thousands; \$000s)		
Budgeted Hospital Operations FY2018	35,796	10.1%
Net Revenue - Favorable due to higher volume, favorable payor mix and \$9.2 million unusual items	31,920	8.3%
Labor and Benefit Expense Change - Labor is close to budget after adjusting for higher volume	(2,574)	-0.7%
Professional Fees & Purchased Services - Recruiting costs increases in many services in combination with Consulting fee and Purchased services increases in IT and Facilities.	(1,612)	-0.4%
Supplies - Slightly unfavorable due to increase in surgical supplies, offset by savings in Spine and Heart valves and an increase in Drug expense	(125)	0.0%
	1,001	0.3%
Other Expenses - primarily due to no strategic fund expenses.		
Depreciation & Interest - Favorable due to delay in Parking Structure as well as some LG projects	2,780	0.7%
Actual Hospital Operations FY2018	67,187	17.4%

El Camino Hospital (\$000s)

5 months ending 11/30/2017

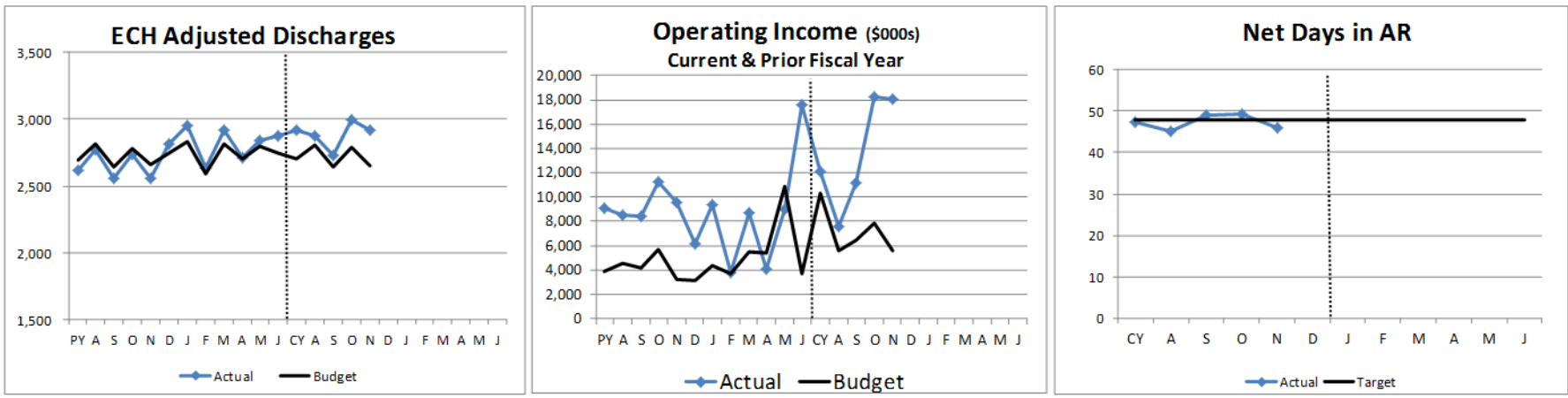
Period 5 FY 2017	Period 5 FY 2018	Period 5 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
238,597	278,325	255,565	22,760	8.9%	Gross Revenue	1,198,251	1,370,889	1,306,246	64,643	4.9%
(174,248)	(199,994)	(189,635)	(10,359)	1.0%	Deductions	(863,211)	(998,813)	(962,230)	(36,583)	3.8%
64,350	78,331	65,930	12,401	18.8%	Net Patient Revenue	335,040	372,076	344,016	28,060	8.2%
5,379	4,849	1,851	2,998	161.9%	Other Operating Revenue	12,524	13,824	9,963	3,861	38.7%
69,728	83,180	67,781	15,399	22.7%	Total Operating Revenue	347,564	385,900	353,979	31,920	9.0%
OPERATING EXPENSE										
35,777	38,238	37,275	(963)	-2.6%	Salaries & Wages	181,969	194,133	191,559	(2,574)	-1.3%
9,937	10,453	9,686	(766)	-7.9%	Supplies	45,977	49,780	49,655	(125)	-0.3%
7,746	9,147	7,666	(1,481)	-19.3%	Fees & Purchased Services	38,420	41,282	39,670	(1,612)	-4.1%
2,189	2,519	2,489	(31)	-1.2%	Other Operating Expense	11,629	11,359	12,360	1,001	8.1%
470	647	725	78	10.8%	Interest	2,357	2,150	3,627	1,477	40.7%
4,039	4,095	4,366	271	6.2%	Depreciation	20,302	20,009	21,311	1,302	6.1%
60,159	65,099	62,208	(2,891)	-4.6%	Total Operating Expense	300,654	318,713	318,183	(530)	-0.2%
9,570	18,081	5,573	12,507	224.4%	Net Operating Income/(Loss)	46,910	67,187	35,796	31,391	87.7%
(1,121)	8,936	225	8,711	3866.2%	Non Operating Income	7,284	33,041	1,126	31,914	2833.1%
8,449	27,017	5,799	21,218	365.9%	Net Income(Loss)	54,193	100,227	36,922	63,305	171.5%
20.2%	27.4%	15.7%	11.7%		EBITDA	20.0%	23.2%	17.2%	6.0%	
13.7%	21.7%	8.2%	13.5%		Operating Margin	13.5%	17.4%	10.1%	7.3%	
12.1%	32.5%	8.6%	23.9%		Net Margin	15.6%	26.0%	10.4%	15.5%	

Non Operating Items and Net Income by Affiliate

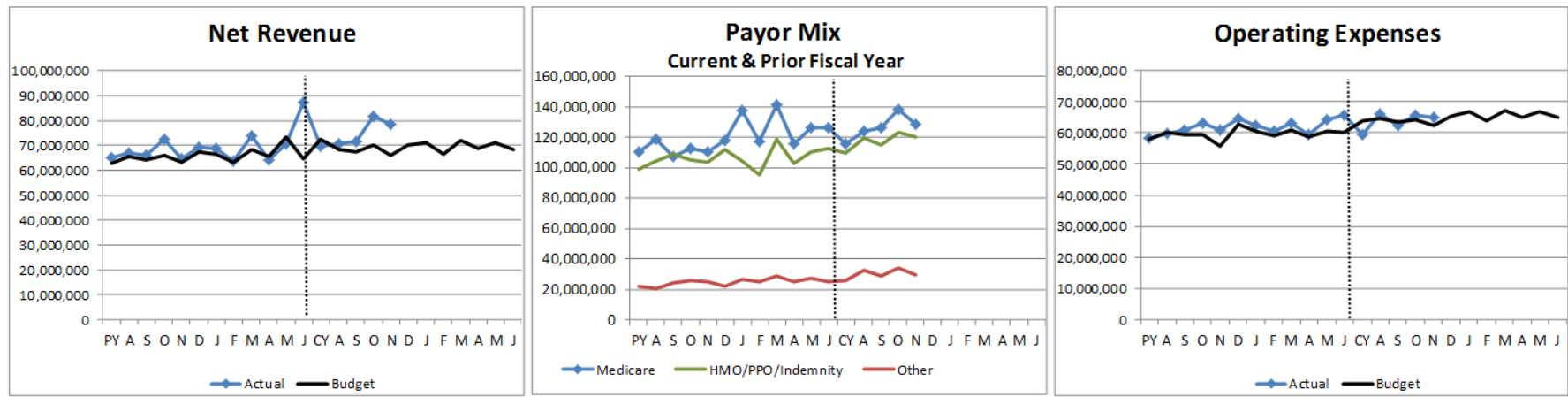
\$ in thousands

	Period 5 - Month			Period 5 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	16,554	4,443	12,111	60,908	29,295	31,613
Los Gatos	1,527	1,130	397	6,279	6,501	(222)
Sub Total - El Camino Hospital, excl. Affiliates	18,081	5,573	12,507	67,187	35,796	31,391
Operating Margin %	21.7%	8.2%		17.4%	10.1%	
El Camino Hospital Non Operating Income						
Investments	8,772	1,516	7,257	36,459	7,578	28,882
Swap Adjustments	324	0	324	499	0	499
Community Benefit	(37)	(283)	247	(2,100)	(1,417)	(683)
Pathways	135	42	93	312	208	104
Satellite Dialysis	(8)	(35)	27	(86)	(177)	91
Other	(250)	(1,013)	763	(2,045)	(5,066)	3,021
Sub Total - Non Operating Income	8,936	225	8,711	33,041	1,126	31,914
El Camino Hospital Net Income (Loss)	27,017	5,799	21,218	100,227	36,922	63,305
ECH Net Margin %	32.5%	8.6%		26.0%	10.4%	
Concern	43	137	(94)	945	649	296
ECSC	(2)	0	(2)	(18)	0	(18)
Foundation	493	105	388	1,216	371	846
Silicon Valley Medical Development	389	236	153	564	15	549
Net Income Hospital Affiliates	922	236	686	2,708	1,035	1,673
Total Net Income Hospital & Affiliates	27,939	6,035	21,904	102,935	37,957	64,978

Monthly Financial Trends

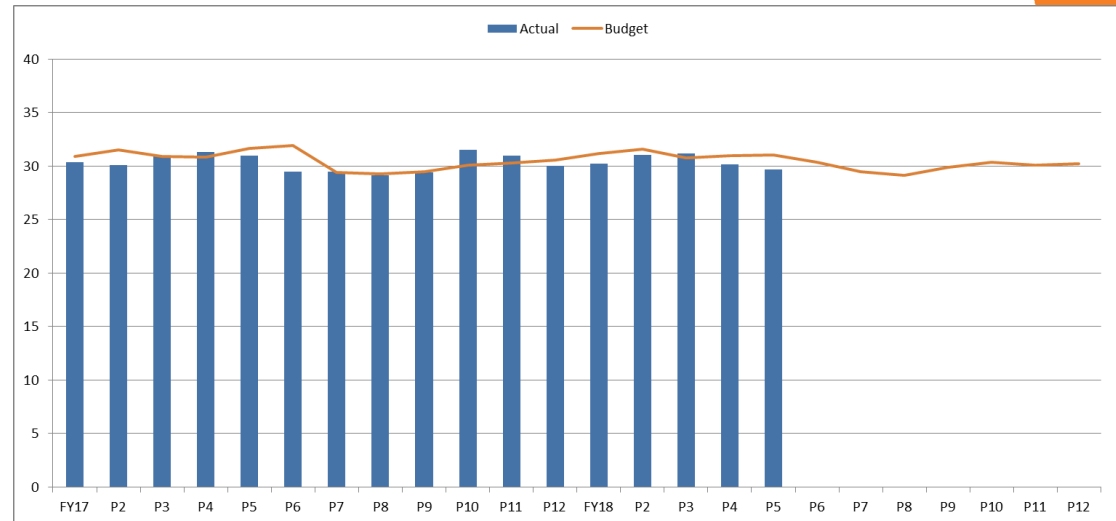


Volume is higher than budgeted for the month and the year. High inpatient volume is in Inpatient HVI and General Medicine. High Outpatient volume is General Medicine, Imaging Services, MCH, Lab, Outpatient Clinics and Rehab.



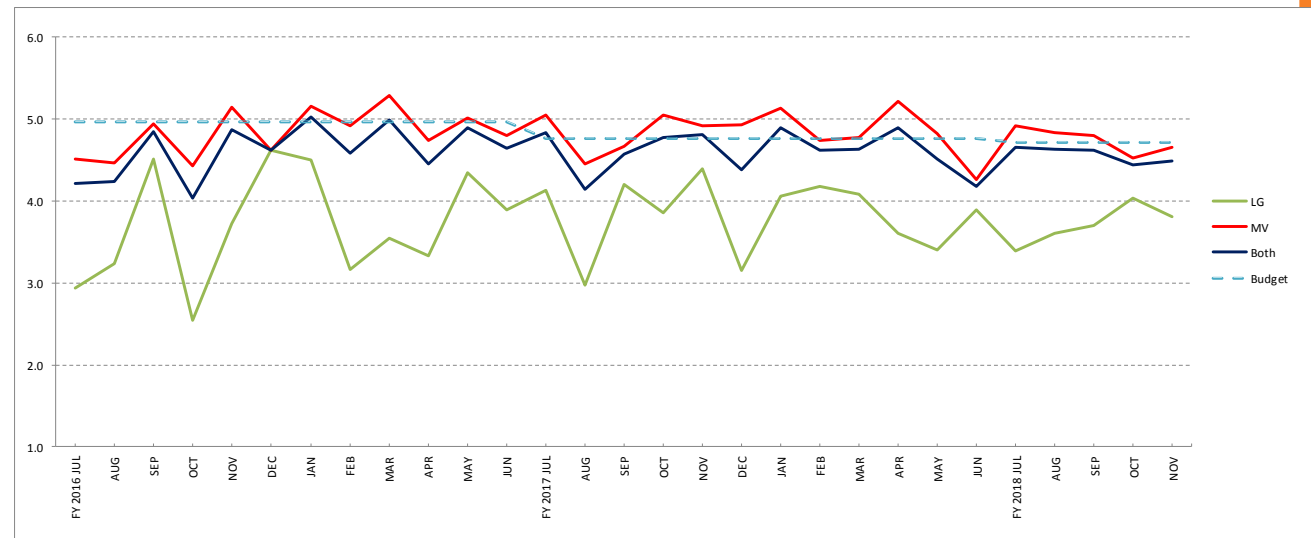
Productivity and Medicare Length of Stay

Work hours per adjusted patient day decreased in November under budget by 1.3. Overall the month of November is 29.8 worked hours per adjusted patient day.

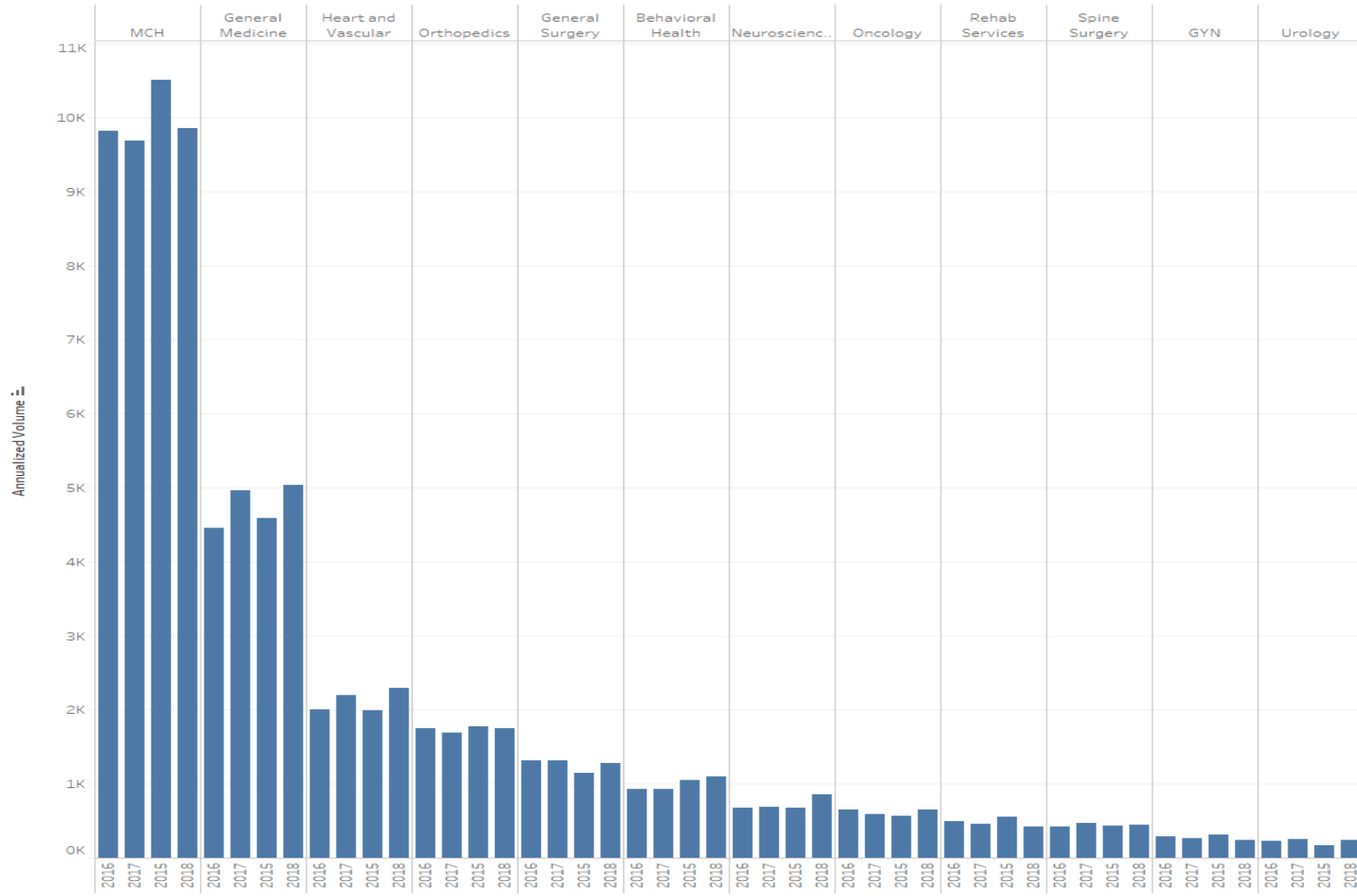


Medicare ALOS

ALOS remains better than target

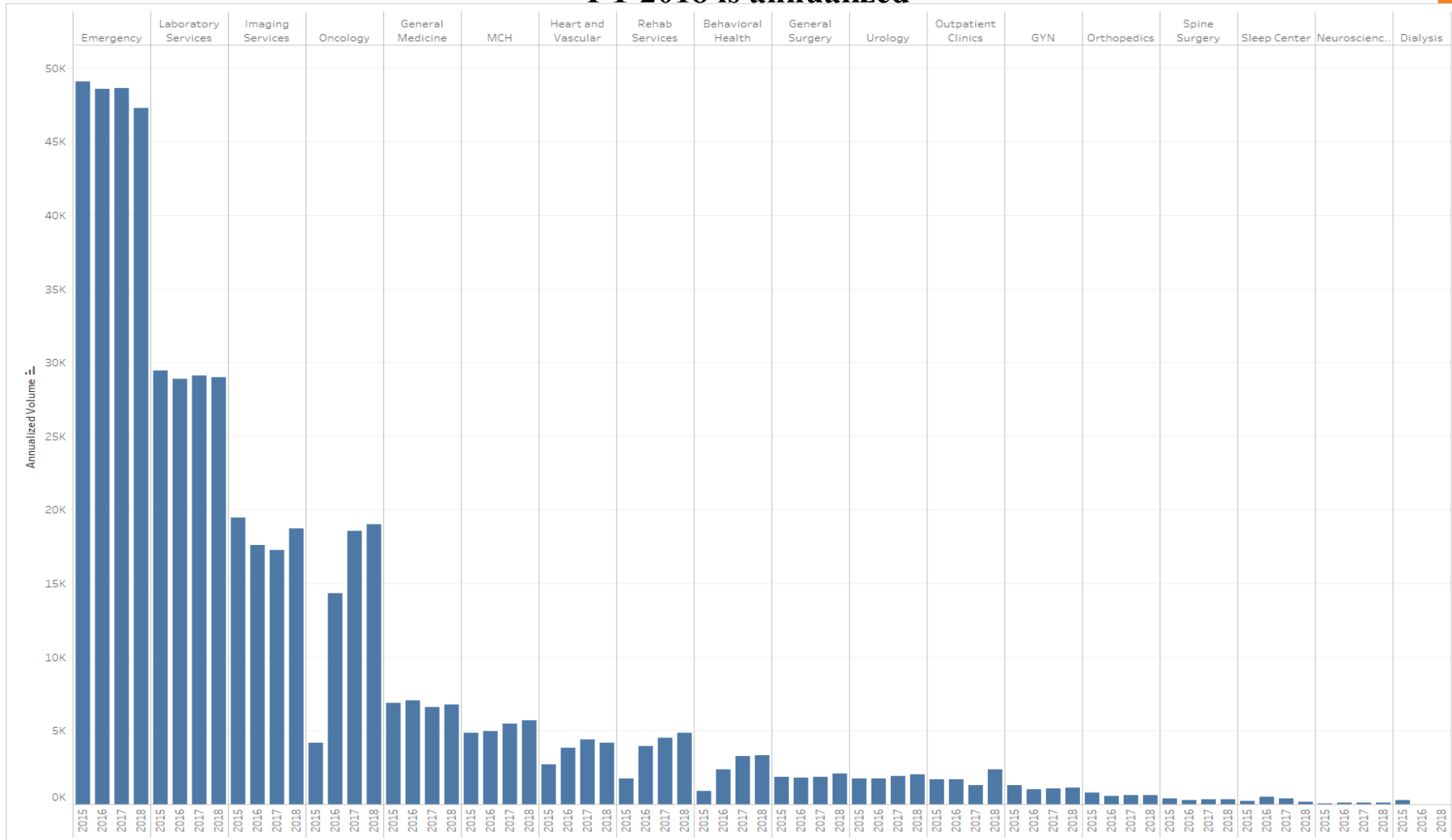


El Camino Hospital Volume Annual Trends – Inpatient



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

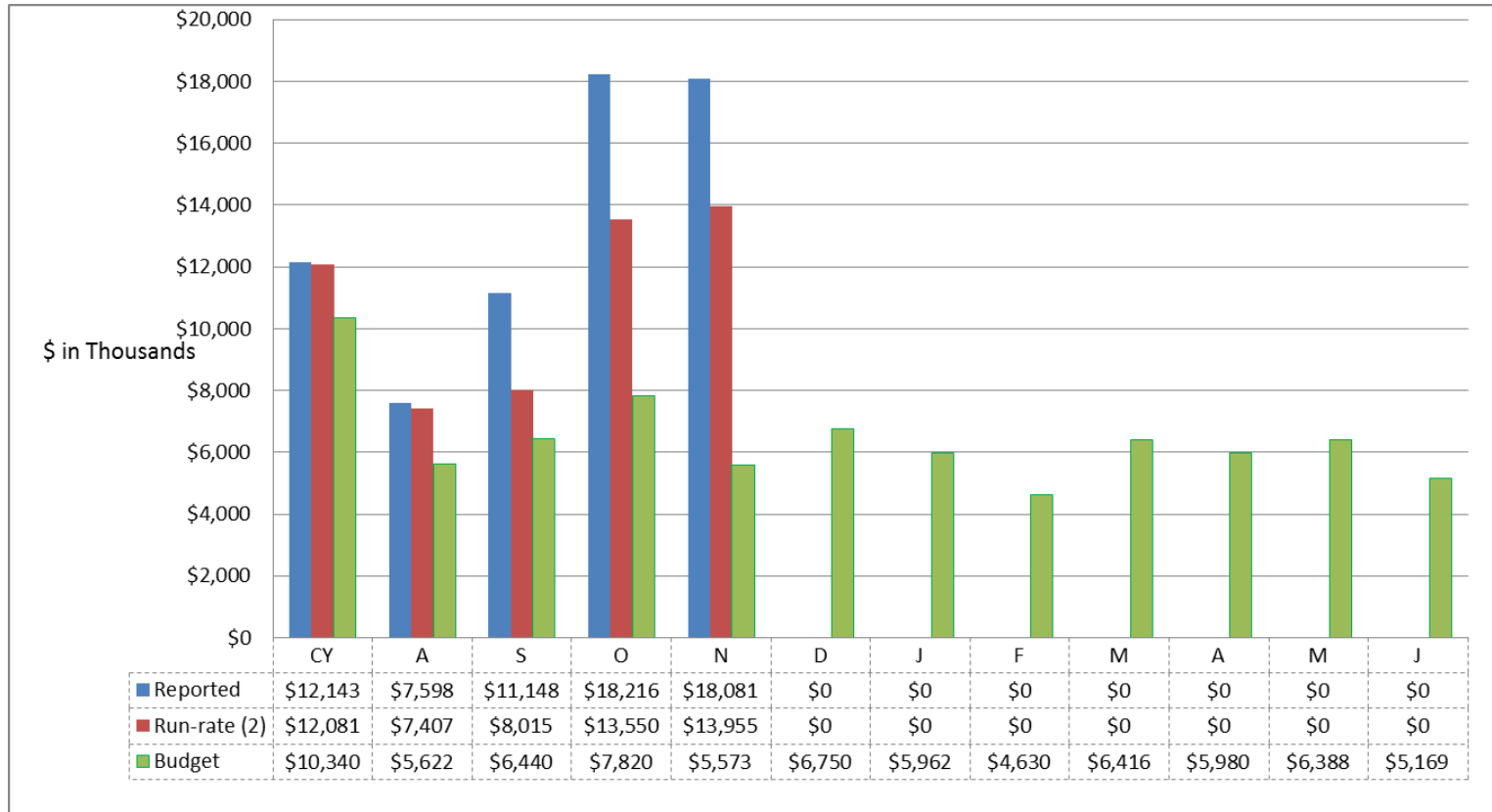
El Camino Hospital Volume Annual Trends – Outpatient FY 2018 is annualized



- Comparing year-over-year Oncology, MCH, Rehab Services, Behavioral Health, General Surgery, and Outpatient Clinics are all increasing in volume.

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	YTD
Insurance (Payment Variance)	-	-	-	611	-	611
Mcare Settlmt/Appeal/Tent Settlmt/PIP	54	155	905	54	184	1,352
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	93
Total	63	191	3,134	4,667	4,126	9,278

El Camino Hospital Investment Committee Scorecard September 30, 2017

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY18 Year-end Budget	Expectation Per Asset Allocation
Investment Performance									
		3Q 2017		Fiscal Year-to-date		4y 11m Since Inception (annualized)			2017
Surplus cash balance & op. cash (millions)*		\$1,158.2	--	--	--	--	--	\$1,262.5	--
Surplus cash return	Green	2.7%	2.7%	2.7%	2.7%	5.7%	5.6%	1.9%	5.7%
Cash balance plan balance (millions)		\$250.4	--	--	--	--	--	\$257.1	--
Cash balance plan return	Green	3.1%	3.1%	3.1%	3.1%	8.2%	7.6%	6.0%	6.1%
403(b) plan balance (millions)		\$411.2	--	--	--	--	--	--	--
Risk vs. Return									
		3-year				4y 11m Since Inception (annualized)			2017
Surplus cash Sharpe ratio	Green	1.08	1.13	--	--	1.36	1.33	--	0.46
Net of fee return	Green	5.0%	5.3%	--	--	5.7%	5.6%	--	5.7%
Standard deviation	Green	4.4%	4.4%	--	--	4.0%	4.1%	--	7.2%
Cash balance Sharpe ratio	Green	1.08	1.07	--	--	1.45	1.39	--	0.43
Net of fee return	Green	6.3%	6.0%	--	--	8.2%	7.6%	--	6.1%
Standard deviation	Green	5.6%	5.3%	--	--	5.4%	5.2%	--	8.7%
Asset Allocation									
		3Q 2017							
Surplus cash absolute variances to target	Green	8.4%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target	Green	6.2%	< 10%	--	--	--	--	--	--
Manager Compliance									
		3Q 2017							
Surplus cash manager flags	Yellow	19	< 19 Green < 23 Yellow	--	--	--	--	--	--
Cash balance plan manager flags	Green	19	< 20 Green < 25 Yellow	--	--	--	--	--	--

*Includes Debt Reserve funds, excludes District assets, Foundation assets, and Concern.

El Camino Hospital

Capital Spending (in millions)

As of November 2017

Category	Detail	Approved	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	2018 Proj Spend	FY 18 YTD Spent
CIP	EPIC Upgrade			1.9	1.0	1.0	1.0
IT Hardware, Software, Equipment & Imaging*				12.2	0.4	11.8	0.4
Medical & Non Medical Equipment FY 17**				10.3	7.3	3.0	7.3
Medical & Non Medical Equipment FY 18***				5.6	1.6	4.1	1.6
Facility Projects							
	1245 Behavioral Health Bldg	FY16	96.1	96.1	29.3	27.0	11.7
	1413 North Drive Parking Expansion	FY15	24.5	24.5	23.3	2.6	3.5
	1414 Integrated MOB	FY15	302.1	302.1	68.5	72.0	22.6
	1422 CUP Upgrade	FY16	9.0	9.0	3.2	5.5	0.9
	1430 Women's Hospital Expansion	FY16	120.0	6.0	2.1	3.6	1.6
	1425 IMOB Preparation Project - Old Main	FY16	20.0	0.0	2.7	0.0	0.1
	1502 Cabling & Wireless Upgrades	FY16	0.0	0.0	2.5	0.0	0.1
	1525 New Main Lab Upgrades		3.1	3.1	1.2	2.5	0.8
	1515 ED Remodel Triage/Psych Observation	FY16	5.0	0.3	0.0	0.4	0.0
	1503 Willow Pavilion Tomosynthesis	FY16	0.8	0.0	0.3	0.0	0.0
	1602 JW House (Patient Family Residence)		6.5	0.5	0.0	0.5	0.0
	Site Signage and Other Improvements		1.0	0.0	0.0	0.3	0.0
	IR Room #6 Development		0.0	0.0	0.0	0.0	0.0
	Nurse Call System Upgrades		2.4	0.0	0.0	0.1	0.0
	1707 Imaging Equipment Replacement (5 or 6 rooms)		20.7	0.0	0.0	0.3	0.0
	1708 IR/ Cath Lab Equipment Replacement		19.4	0.0	0.0	0.3	0.0
	1709 ED Remodel / CT Triage - Other		0.0	0.0	0.0	0.0	0.0
	Flooring Replacement		1.6	0.3	0.0	0.4	0.0
	1219 LG Spine OR	FY13	0.0	0.0	3.7	0.0	0.3
	1313 LG Rehab HVAC System & Structural	FY16	0.0	0.0	4.1	0.0	0.4
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	8.8	8.8	8.0	0.6	0.7
	1307 LG Upgrades	FY13	19.3	19.3	15.2	4.9	1.4
	1519 LG Electrical Systems Upgrade	FY16	0.0	0.0	0.0	0.0	0.0
	1508 LG NICU 4 Bed Expansion	FY16	0.0	0.0	0.2	0.0	0.0
	1507 LG IR Upgrades		1.3	0.0	0.0	0.0	0.0
	LG Building Infrastructure Upgrades		0.0	0.0	0.0	0.0	0.0
	1603 LG MOB Improvements (17)		5.0	5.0	3.4	3.5	3.1
	1711 Emergency Sanitary & Water Storage		1.4	0.3	0.0	0.2	0.0
	LG Modular MRI & Awning		3.9	3.9	0.0	0.4	0.0
	LG Nurse Call System Upgrade		2.8	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
	1712 LG Cancer Center		2.4	0.3	0.0	0.4	0.0
	All Other Projects under \$1M		5.6	0.4	11.4	1.8	2.2
			684.4	479.6	179.2	128.0	49.5
GRAND TOTAL				509.7	189.4	147.9	59.7

GRAND TOTAL

*Excluding EPIC

** Unspent Prior Year routine used as contingency

***Includes 2 robot purchases

Balance Sheet (in thousands)

ASSETS			LIABILITIES AND FUND BALANCE		
	Audited			Audited	
	November 30, 2017	June 30, 2017		November 30, 2017	June 30, 2017
CURRENT ASSETS			CURRENT LIABILITIES		
Cash	125,574	125,551	(7) Accounts Payable	30,489	38,457
Short Term Investments	141,908	140,284	(8) Salaries and Related Liabilities	22,562	25,109
Patient Accounts Receivable, net	117,039	109,089	Accrued PTO	23,609	23,409
Other Accounts and Notes Receivable	2,542	2,628	Worker's Comp Reserve	2,300	2,300
Intercompany Receivables	1,616	1,495	Third Party Settlements	10,001	10,438
(1) Inventories and Prepaids	57,059	50,657	Intercompany Payables	105	84
Total Current Assets	445,738	429,705	Malpractice Reserves	1,634	1,634
BOARD DESIGNATED ASSETS			Bonds Payable - Current	3,735	3,735
(2) Plant & Equipment Fund	142,671	131,153	(9) Bond Interest Payable	9,333	11,245
Women's Hospital Expansion	9,298	9,298	Other Liabilities	5,921	4,889
(3) Operational Reserve Fund	127,908	100,196	Total Current Liabilities	109,690	121,299
(4) Community Benefit Fund	18,463	12,237	LONG TERM LIABILITIES		
Workers Compensation Reserve Fund	20,839	20,007	Post Retirement Benefits	19,425	19,218
Postretirement Health/Life Reserve Fund	19,425	19,218	Worker's Comp Reserve	18,539	17,707
PTO Liability Fund	23,609	23,409	Other L/T Obligation (Asbestos)	3,793	3,746
Malpractice Reserve Fund	1,634	1,634	Other L/T Liabilities (IT/Medl Leases)	-	-
Catastrophic Reserves Fund	17,809	16,575	Bond Payable	526,872	527,371
Total Board Designated Assets	381,657	333,727	Total Long Term Liabilities	568,629	568,042
(5) FUNDS HELD BY TRUSTEE	250,375	287,052	DEFERRED REVENUE-UNRESTRICTED	412	567
LONG TERM INVESTMENTS	283,017	256,652	DEFERRED INFLOW OF RESOURCES	10,666	10,666
INVESTMENTS IN AFFILIATES	33,426	32,451	FUND BALANCE/CAPITAL ACCOUNTS		
PROPERTY AND EQUIPMENT			Unrestricted	1,180,329	1,132,525
(6) Fixed Assets at Cost	1,246,793	1,192,047	Board Designated	381,657	333,726
Less: Accumulated Depreciation	(548,570)	(531,785)	Restricted	0	0
Construction in Progress	130,235	138,017	(10) Total Fund Bal & Capital Accts	1,561,986	1,466,251
Property, Plant & Equipment - Net	828,458	798,279	TOTAL LIABILITIES AND FUND BALANCE	2,251,382	2,166,825
DEFERRED OUTFLOWS	28,710	28,960			
RESTRICTED ASSETS - CASH	0	0			
TOTAL ASSETS	2,251,382	2,166,825			

November 2017 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The increase is due to two quarterly pension fundings of \$2.6M in July and October.
- (2) The increase is due 5 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.
- (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) Primarily the decrease in current year is due to the Management incentives and "Thank You" bonuses paid to all staff in appreciation of the outcomes of fiscal year 2017 in October. These amounts were accrued during the 2017 fiscal year
- (9) The decrease in bond interest payable was due to the semi-annual interest payment due August 1st of \$4.9 million.
- (10) The increase is attributable to the first five periods of financial performance producing an operating income of \$67 million and non-operating of \$33 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)

5 months ending 11/30/2017

Period 5 FY 2017	Period 5 FY 2018	Period 5 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
195,724	225,175	210,131	15,044	7.2%	OPERATING REVENUE					
(141,723)	(160,793)	(156,640)	(4,153)	2.7%	Gross Revenue	987,767	1,121,492	1,071,131	50,361	4.7%
54,001	64,382	53,491	10,891	20.4%	Deductions	(709,485)	(814,375)	(791,482)	(22,893)	2.9%
5,205	4,681	1,634	3,046	186.4%	Net Patient Revenue	278,282	307,117	279,649	27,468	9.8%
59,206	69,063	55,126	13,937	25.3%	Other Operating Revenue	11,657	13,013	8,898	4,115	46.2%
					Total Operating Revenue	289,939	320,130	288,547	31,583	10.9%
					OPERATING EXPENSE					
29,851	31,787	31,205	(582)	-1.9%	Salaries & Wages	152,040	161,538	160,248	(1,290)	-0.8%
8,053	8,357	7,814	(544)	-7.0%	Supplies	38,071	40,171	39,923	(248)	-0.6%
6,571	7,667	6,425	(1,241)	-19.3%	Fees & Purchased Services	31,901	34,754	33,230	(1,525)	-4.6%
532	534	887	353	39.8%	Other Operating Expense	3,259	3,241	4,488	1,246	27.8%
470	647	725	78	10.8%	Interest	2,357	2,150	3,627	1,477	40.7%
3,525	3,516	3,626	110	3.0%	Depreciation	17,642	17,369	17,737	368	2.1%
49,002	52,509	50,682	(1,826)	-3.6%	Total Operating Expense	245,270	259,222	259,252	30	0.0%
10,204	16,554	4,443	12,111	272.6%	Net Operating Income/(Loss)	44,669	60,908	29,295	31,613	107.9%
(1,121)	8,936	225	8,711	3866.2%	Non Operating Income	7,294	33,085	1,126	31,959	2837.0%
9,083	25,489	4,668	20,821	446.0%	Net Income(Loss)	51,963	93,993	30,421	63,571	209.0%
24.0%	30.0%	16.0%	14.0%		EBITDA	22.3%	25.1%	17.6%	7.6%	
17.2%	24.0%	8.1%	15.9%		Operating Margin	15.4%	19.0%	10.2%	8.9%	
15.3%	36.9%	8.5%	28.4%		Net Margin	17.9%	29.4%	10.5%	18.8%	

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

5 months ending 11/30/2017

Period 5 FY 2017	Period 5 FY 2018	Period 5 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
42,873	53,150	45,434	7,716	17.0%	OPERATING REVENUE					
(32,524)	(39,201)	(32,995)	(6,206)	18.8%	Gross Revenue	210,484	249,397	235,115	14,282	6.1%
10,349	13,949	12,438	1,510	12.1%	Deductions	(153,726)	(184,438)	(170,748)	(13,690)	8.0%
173	169	217	(49)	-22.4%	Net Patient Revenue	56,758	64,959	64,367	592	0.9%
10,522	14,117	12,656	1,462	11.5%	Other Operating Revenue	867	811	1,065	(254)	-23.9%
					Total Operating Revenue	57,625	65,770	65,432	337	0.5%
					OPERATING EXPENSE					
5,926	6,451	6,070	(381)	-6.3%	Salaries & Wages	29,929	32,595	31,311	(1,284)	-4.1%
1,884	2,095	1,873	(223)	-11.9%	Supplies	7,906	9,609	9,732	123	1.3%
1,175	1,480	1,241	(239)	-19.3%	Fees & Purchased Services	6,519	6,528	6,441	(87)	-1.4%
1,657	1,985	1,601	(384)	-24.0%	Other Operating Expense	8,370	8,118	7,873	(245)	-3.1%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
514	579	740	161	21.8%	Depreciation	2,660	2,640	3,574	934	26.1%
11,156	12,590	11,525	(1,065)	-9.2%	Total Operating Expense	55,384	59,490	58,931	(559)	-0.9%
(634)	1,527	1,130	397	35.1%	Net Operating Income/(Loss)	2,241	6,279	6,501	(222)	-3.4%
0	0	0	0	0.0%	Non Operating Income	(10)	(45)	0	(45)	0.0%
(634)	1,527	1,130	397	35.1%	Net Income(Loss)	2,231	6,235	6,501	(266)	-4.1%
					EBITDA	8.5%	13.6%	15.4%	-1.8%	
-1.1%	14.9%	14.8%	0.1%		Operating Margin	3.9%	9.5%	9.9%	-0.4%	
-6.0%	10.8%	8.9%	1.9%		Net Margin	3.9%	9.5%	9.9%	-0.5%	
-6.0%	10.8%	8.9%	1.9%							

Capital Spend Trend & FY 18 Budget

Capital Spending (in 000's)	Actual FY2015	Actual FY2016	Actual FY2017	Projected FY2018
EPIC	29,849	20,798	2,755	969
IT Hardware / Software Equipment	4,660	6,483	2,659	11,803
Medical / Non Medical Equipment*	13,340	17,133	9,556	7,093
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	147,895
*Includes 2 robot purchases in FY2017				

El Camino Hospital Capital Spending (in thousands) FY 2012 – FY 2017

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
						1408 - New Main Accessibility Upgrades	0	0	7	46	501
						1415 - Signage & Wayfinding	0	0	0	106	58
						1416 - MV Campus Digital Directories	0	0	0	34	23
						1423 - MV MOB TI Allowance	0	0	0	588	369
						1425 - IMOB Preparation Project - Old Main	0	0	0	711	1,860
						1429 - 2500 Hospital Dr Bldg 8 TI	0	0	101	0	0
						1430 - Women's Hospital Expansion	0	0	0	0	464
						1432 - 205 South Dr BHS TI	0	0	8	15	0
						1501 - Women's Hospital NPC Comp	0	0	4	0	223
						1502 - Cabling & Wireless Upgrades	0	0	0	1,261	367
						1503 - Willow Pavillion Tomosynthesis	0	0	0	53	257
						1504 - Equipment Support Infrastructure	0	0	61	311	0
						1523 - Melchor Pavillion Suite 309 TI	0	0	0	10	59
						1525 - New Main Lab Upgrades	0	0	0	0	464
						1526 - CONCERN TI	0	0	0	37	99
						Sub-Total Mountain View Projects	8,145	7,219	26,744	5,588	5,535
						Los Gatos Capital Projects					
						0904 - LG Facilities Upgrade	2	0	0	0	0
						0907 - LG Imaging Masterplan	244	774	1,402	17	0
						1005 - LG OR Light Upgrd	14	0	0	0	0
						1122 - LG Sleep Studies	7	0	0	0	0
						1210 - Los Gatos VOIP	147	89	0	0	0
						1116 - LG Ortho Pavillion	177	24	21	0	0
						1124 - LG Rehab BLDG	49	458	0	0	0
						1247 - LG Infant Security	134	0	0	0	0
						1307 - LG Upgrades	376	2,979	3,282	3,511	3,081
						1308 - LG Infrastructure	0	114	0	0	0
						1313 - LG Rehab HVAC System/Structural	0	0	0	1,597	1,904
						1219 - LG Spine OR	0	214	323	633	2,163
						1221 - LG Kitchen Refrig	0	85	0	0	0
						1248 - LG - CT Upgrades	0	26	345	197	6,669
						1249 - LG Mobile Imaging	0	146	0	0	0
						1328 - LG Ortho Canopy FY14	0	255	209	0	0
						1345 - LG Lab HVAC	0	112	0	0	0
						1346 - LG OR 5, 6, and 7 Lights Replace	0	0	285	53	22
						1347 - LG Central Sterile Upgrades	0	0	181	43	66
						1421 - LG MOB Improvements	0	0	198	65	303
						1508 - LG NICU 4 Bed Expansion	0	0	0	0	207
						1600 - 825 Pollard - Aspire Phase II	0	0	0	0	80
						1603 - LG MOB Improvements	0	0	0	0	285
						Sub-Total Los Gatos Projects	1,150	5,276	6,246	6,116	14,780
						1550 - Land Acquisition	0	0	0	24,007	0
						1701 - 828 S Winchester Clinic TI	0	0	0	0	145
						Sub-Total Other Strategic Projects	0	0	0	24,007	145
						Subtotal Facilities Projects CIP	9,294	13,753	38,940	48,137	82,953
						Grand Total	27,598	58,561	86,789	96,740	97,923
						Forecast at Beginning of year	70,503	70,037	101,607	114,025	212,000