

AGENDA
FINANCE COMMITTEE MEETING
OF THE EL CAMINO HOSPITAL BOARD
Monday, January 25, 2021 – 6:30 pm

El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040

PURSUANT TO STATE OF CALIFORNIA EXECUTIVE ORDER N-29-20 DATED MARCH 18, 2020, EL CAMINO HEALTH **WILL NOT BE PROVIDING A PHYSICAL LOCATION FOR THIS MEETING**. INSTEAD, THE PUBLIC IS INVITED TO JOIN THE OPEN SESSION MEETING VIA TELECONFERENCE AT:

1-669-900-9128, MEETING CODE: 760-083-0558#. No participant code. Just press #.

MISSION: To provide oversight, information sharing and financial reviews related to budgeting, capital budgeting, long-range financial planning and forecasting, and monthly financial reporting for the El Camino Hospital Board of Directors. In carrying out its review, advisory and oversight responsibilities, the Committee shall remain flexible in order to best define financial strategies that react to changing conditions.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1. CALL TO ORDER / ROLL CALL	John Zoglin, Chair		6:30 – 6:31pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Chair		information 6:31 – 6:32
3. PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	John Zoglin, Chair		information 6:32 – 6:35
4. CONSENT CALENDAR <i>Any Committee Member may remove an item for discussion before a motion is made.</i>	John Zoglin, Chair	<i>public comment</i>	motion required 6:35 – 6:38
Approval a. Minutes of the Open Session of the Finance Committees (11/23/2020) b. FY21 Period 5 Financial Report Information c. FY21 Pacing Plan d. Progress Against FY21 Committee Goals e. Article of Interest f. Major Capital Projects in Process			
5. REPORT ON BOARD ACTIONS ATTACHMENT 5	John Zoglin, Chair		information 6:38 – 6:43
6. FY21 PERIOD 6 FINANCIALS ATTACHMENT 6	Carlos Bohorquez, CFO	<i>public comment</i>	motion required 6:43 – 6:58
7. REVISED FY21 FINANCIAL FORECAST (INCLUDING COVID-19 RECOVERY PLAN) ATTACHMENT 7	Carlos Bohorquez, CFO		information 6:58 – 7:13
8. POST IMPLEMENTATION REVIEW a. ED Remodel	Ken King, CASO		information 7:13 – 7:23

A copy of the agenda for the Regular Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting. In observance of the Americans with Disabilities Act, please notify us at 650-988-7504 prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
9. ADJOURN TO CLOSED SESSION	John Zoglin, Chair		motion required 7:23 – 7:24
10. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Chair		information 7:24 – 7:25
11. CONSENT CALENDAR <i>Any Committee Member may remove an item for discussion before a motion is made.</i> Approval <i>Gov't Code Section 54957.2:</i> - Minutes of the Closed Session of the Finance Committees (11/23/2020) Information <i>Health and Safety Code Section 32106(b):</i> - Physician Contracts a. LG Interventional Radiology Call Panel Renewal b. LG Hospitalist Services c. Enterprise Tele-psychiatric Telehealth Services d. Enterprise Mental Health and Addiction Aspire Program Physician Psychiatric Contract with SVMMD	John Zoglin, Chair		motion required 7:25 – 7:26
12. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets: WOMEN'S HOSPITAL EXPANSION PROJECT FOR NEW SERVICES AND PROGRAMS	Jim Griffith, COO; Ken King, CASO; Carlos Bohorquez, CFO		discussion 7:26 – 7:39
13. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets: REAL ESTATE TRANSACTION FOR NEW SERVICES AND PROGRAMS (APN 406-27-002)	Jim Griffith, COO; Ken King, CASO; Carlos Bohorquez, CFO		discussion 7:39 – 7:51
14. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets: VERITY CLINICS POST ACQUISITION INTEGRATION AND SVMMD CLINIC IT INFRASTRUCTURE	Carlos Bohorquez, CFO; Deb Muro, CIO; Bruce Harrison, President, SVMMD		discussion 7:51 – 8:16
15. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets: LITIGATION UPDATE	Mary Rotunno, General Counsel; Carlos Bohorquez, CFO		discussion 8:16 – 8:26
16. Gov't Code Sections 54957 for report and discussion on personnel matters – Senior Management: - Executive Session	John Zoglin, Chair		information 8:26 – 8:31
17. ADJOURN TO OPEN SESSION	John Zoglin, Chair		motion required 8:31 – 8:32

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
18. RECONVENE OPEN SESSION / REPORT OUT	John Zoglin, Chair		information 8:32 – 8:33
To report any required disclosures regarding permissible actions taken during Closed Session.			
19. PHYSICIAN CONTRACTS <i>Approval</i> a. LG Interventional Radiology Call Panel Renewal b. LG Hospitalist Services <i>Recommend for Board Approval</i> c. Enterprise Tele-psychiatric Telehealth Services Renewal d. Enterprise Mental Health and Addiction Aspire Program Physician Psychiatric Contract with SVMMD	M. Adams, CMO	<i>public comment</i>	motion required 8:33 – 8:38
20. CAPITAL FUNDING REQUESTS a. Women’s Hospital Expansion b. Real Estate Transaction (APN 406-27-002) c. Cardiopulmonary and Wellness Center Facility Move	Jim Griffith, COO; Ken King, CASO; Carlos Bohorquez, CFO	<i>public comment</i>	motion required 8:38 – 8:45
21. CLOSING COMMENTS	John Zoglin, Chair		information 8:45 – 8:50
22. ADJOURNMENT	John Zoglin, Chair	<i>public comment</i>	motion required 8:50 – 8:51

Upcoming Meetings: Regular Meetings: March 29, 2021, April 26, 2021, May 24, 2021 (Joint with ECHB)



**Minutes of the Open Session of the
Finance Committee of the
El Camino Hospital Board of Directors
Monday, November 23, 2020**

El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040

Members Present

John Zoglin, Chair**
Boyd Faust**
Gary Kalbach**
Don Watters**
Wayne Doiguchi**

Members Absent

Joseph Chow

**via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Finance Committee of El Camino Hospital (the “Committee”) was called to order at 5:30pm by Chair John Zoglin. A verbal roll call was taken. Joseph Chow was absent. All other members were present and participated telephonically. A quorum was present pursuant to State of California Executive Orders N-25-20 dated March 12, 2020 and N-29-20 dated March 18, 2020.	
2. POTENTIAL CONFLICT OF INTEREST	Chair Zoglin asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
3. PUBLIC COMMUNICATION	There were no comments from the public.	
4. CONSENT CALENDAR	<p>Chair Zoglin asked if any member of the Committee wished to remove an item from the consent calendar.</p> <p>Boyd Faust pulled agenda item 4c (FY21 Committee Pacing Plan) for discussion. He inquired why there were question marks next to the SVMD topic in January. Chair Zoglin and Carlos Bohorquez, CFO, confirmed that they had previous discussions on the possible date to be January. Bruce Harrison, President, SVMD, and Mr. Bohorquez requested it be pushed to March due to it being so close to this meeting that it would essentially be the same date. Chair Zoglin agreed for the SVMD topic to be presented in March.</p> <p>Chair Zoglin pulled agenda item 4e (Major Capital Projects in process) to ask if there was a plan that the hospital is happy with. Ken King, CASO, stated that the plan had been developed and has been through three cycles of reviews. At this time, ECH is expecting a building permit. Mr. King stated that a previous plan was reviewed at the board level and that plan has changed. Mr. Bohorquez stated that a plan submitted to OSHPD does not mean it’s considered final. Chair Zoglin commented that if there was a big change to the plan, then the board would need to re-review it. Mr. King explained that the amended plan consisted of moving the ICU to the second floor.</p> <p>In response to a committee member’s question, Mr. King stated that the change in the plan would reduce the overall cost because there would be less plumbing configuration. By minimizing the amount of plumbing work, it would actually make the plan easier and less expensive. Nevertheless, the plan is still the same programmatic plan.</p> <p>Chair Zoglin suggests looking at the amended plan next quarter.</p> <p>Motion: To approve the consent calendar: (a) Minutes of the Open</p>	<i>Consent Calendar was approved.</i>

	<p>Session of the Finance meeting (09/29/20) and (b) FY21 Period 3 Financial Report, and for information: (c) FY21 Committee Pacing Plan, (d) Progress Against FY21 Committee Goals, and (e) Major Capital Projects in process</p> <p>Movant: Kalbach Second: Watters Ayes: Doiguchi, Faust, Kalbach, Watters, and Zoglin Noes: None Abstentions: None Absent: Chow Recused: None</p>	
<p>5. REPORT ON BOARD ACTIONS</p>	<p>Chair Zoglin asked the Committee for any questions or feedback on the Report on Board Actions as further detailed in the packet. None were reported.</p>	
<p>6. FY21 PERIOD 4 FINANCIALS (INCLUDING COVID-19 RECOVERY PLAN)</p>	<p>Carlos Bohorquez presented the FY21 Period 4 Financials. He stated that overall the organization had a strong month from a volume and revenue perspective. From an activity standpoint, gross charges for October were 8.5% better year-over-year. Mr. Bohorquez stated operating income was unfavorable by \$947K year-over-year was mainly driven by an increase in depreciation in interest of \$2.2M solely attributed to Taube and Sobrato. Non-operating revenue was negative with \$27.5M most this is attributed to unrealized losses on our investment portfolio.. Mr. Bohorquez explained that the market underperformed in October. On a year to date basis, revenue is up 3.8%. Other operating expenses have increased year-over year due to more square footage with the new buildings opening up. Mr. Bohorquez noted the balance sheet reflects a transfer of \$70M from cash account to the investment account. On an overall discharge basis, there have been sicker patients with an overall decrease in total discharges. . Mr. Bohorquez stated that ECH has not fully rebounded in relation to COVID-19 in ED volume, but outpatient surgical volume was 11% better than October FY20 and year to date, it is up by 6%.</p> <p>In response to committee members’ questions, Mr. Bohorquez stated that the hospital’s investment portfolio reflects specific percentages in bonds, stocks, mutual funds, and hedge funds) as required by the Investment Policy. The investment committee does have independent advisors that presents on a quarterly basis.</p> <p>Mr. Griffith stated that ED volume throughout the region is down by 20%. There is a decline in acuity in the Emergency Department, but the acuity of patients being admitted has increased.</p> <p>Mr. Faust requested the slides be categorized which activities include hospital only or if they included the El Camino Health Medical Network (ECHMN).</p> <p>Motion: To approve the FY21 Period 4 Financials (Including COVID-19 Recovery Plan) and recommend to the board.</p> <p>Movant: Watters Second: Doiguchi Ayes: Doiguchi, Faust, Kalbach, Watters, and Zoglin Noes: None</p>	

	<p>Abstentions: None Absent: Chow Recused: None</p>	
<p>7. REVISED FY21 FINANCIAL FORECAST</p>	<p>Carlos Bohorquez, CFO, presented the Revised FY21 Financial Forecast. He stated that there were many unknowns in regards to COVID-19 and the impact it would have on the economy (i.e. Shutdowns). Q1 performance versus budget, management has far exceeded the utilization numbers. Bottom-line, ECH is favorable from an operating income standpoint. Because the budget was prepared with a number of unknowns, management committed to developing a high level forecast at the end of each quarter. The approach in developing the forecast was to use actual data by service line including volume, revenue and expenses. Mr. Bohorquez stated that there were a number of assumptions related to volume growth over the next nine (9) months starting October 2020 with the exception of a few services lines including, but not limited to, new programs with any services lines being impacted by COVID-19 and seasonality with a slowdown in the spring. Mr. Bohorquez stated that in the materials presented in the packet, October was not tied to actual performance because the forecast was developed in the same month. The approved budget FY2021 projected operating income to be a negative \$23.7M. The forecast projects operating income to be at \$77.7M and which is better than FY2020 by \$14M. but to the level of FY2019 performance.</p> <p>In response to a committee member’s question, Mr. Bohorquez stated that ECHMN was included in the forecast.. Chair Zoglin questioned whether the organizational performance goals should be revised based on a revised financial forecast. Mr. Bohorquez recommended that the Committee discuss that issue after a revised forecast which includes Q2 is presented at the January FC meeting. Mr. Kalbach, Mr. Faust and Mr. Doiguchi agreed, noting that the Committee should discuss a revision to the organizational performance goals, but not until the January meeting due to the fact that the industry is in an uncertain situation and there are many unknowns related to the Covid-19 pandemic.</p>	
<p>8. ECHMN FINANCIAL REPORT</p>	<p>Bruce Harrison, President, SVMD, presented the ECHMN Financial Report . He stated that the financials through October, ECHMN is favorable to budget by \$1M or about 9% and 16% from the prior year. As a result of a number of actions, operating expenses were also favorable. In aggregate, Mr. Harrison stated that there were many actions taken including a restructuring at the Willow Glenn Urgent Care Center, outsourced managed care operations, and workforce changes. Those workforce changes would result in an improvement of \$3.9M.</p> <p>On the unfavorable side, the budget included an agreement with Santa Clara County in providing hospital and intensivist services but that agreement ended at the end of September. Therefore, for the full year, there will be a negative variance as it relates to that of \$2M. Management does have offsetting revenue coming in. However, it won’t be as much as the county contract that just ended.</p> <p>Mr. Harrison stated that new patient visits are looked at as a percentage with a target above the national median. Management is hoping to see it increase around February after open enrollment. He also stated that in regards to referrals, that information gets placed in EPIC which gets produced benchmarks to compare to other EPIC data with other organizations across the country. Mr. Harrison stated that ECHMN is</p>	

	<p>close to the 75th percentile in a result of the referral center put in place, customer services, and the processes in place in the network to ensure patients are staying within the organization.</p> <p>In the first year since bringing in the San Jose Medical Group (SJMG), there were many issues with revenue cycle. Year to date, the collection rate is improving and the payor mix has stayed consistent. Mr. Harrison stated that he is hopeful this would result in a significant improvement for this year and moving forward.</p> <p>In response to committee members' questions, Mr. Harrison stated that ECHMN went from 17 hospitalists to now only having seven (7). Mr. Bohorquez stated that any outpatient or professional visits associated with Oncology were included in the numbers presented and Hospitalists were not included. Mr. Harrison stated that the EBIDA for the Cancer Center was not included in this report and only included that were solely related to the providers who provided professional services. Mr. Harrison also stated that the budget developed are always developed seasonally.</p> <p>Chair Zoglin stated that this agenda item will be added to the January agenda to discuss.</p>	
<p>9. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 6:39pm.</p> <p>Movant: Kalbach Second: Doiguchi Ayes: Doiguchi, Faust, Kalbach, Watters, and Zoglin Noes: None Abstentions: None Absent: Chow Recused: None</p>	<p><i>Adjourned to closed session at 6:39pm.</i></p>
<p>10. AGENDA ITEM 17: RECONVENE OPEN SESSION/ REPORT OUT</p>	<p>The open session reconvened at 8:00 pm. Agenda Items 10-16 were covered in closed session. During the closed session, the Committee approved Meeting Minutes of the Closed Session of the Finance Committee (09/29/20) by a unanimous vote of all members present (Doiguchi, Faust, Kalbach, Watters, and Zoglin).</p>	
<p>11. AGENDA ITEM 18: PHYSICIAN CONTRACTS</p>	<p>Motion: To approve the MV Orthopedic Surgery Call Panel Renewal.</p> <p>Movant: Kalbach Second: Doiguchi Ayes: Doiguchi, Faust, Kalbach, Watters, and Zoglin Noes: None Abstentions: None Absent: Chow Recused: None</p>	
<p>12. AGENDA ITEM 19: CLOSING COMMENTS</p>	<p>There were no closing comments.</p>	
<p>13. AGENDA ITEM 20: ADJOURNMENT</p>	<p>Motion: To adjourn at 8:15pm</p> <p>Movant: Kalbach Second: Doiguchi Ayes: Doiguchi, Faust, Kalbach, Watters, and Zoglin Noes: None Abstentions: None Absent: Chow Recused: None</p>	<p><i>Meeting adjourned at 8:15pm.</i></p>

Attest as to the approval of the foregoing minutes by the Finance Committee of El Camino Hospital:

John Zoglin
Chair, Finance Committee

DRAFT



El Camino Health

Summary of Financial Operations

*Fiscal Year 2021 – Period 5
7/1/2020 to 11/30/2020*

Overall Commentary for Period 5 – November 2020

Period ending 11/30/2020

- ECH and ECHMN volumes continue to exceed budget and pre-Covid levels with the exception of MV's emergency room
- Overall gross charges, a surrogate for volume, were favorable to budget by \$64.7M / 23% and \$14.5M / 4% better than the same period last year
- Net patient revenue was favorable to budget by \$16.5M / 23% and \$5.5M / 6% better than the same period last year
- Operating expenses were \$6.0M / 7% unfavorable to budget, which is primarily attributed to higher than expected inpatient and outpatient volumes
- Operating margin was favorable to budget by \$8.6M / 293% and \$4.3M / 325% higher than the same period last year
- Operating EBIDA was favorable to budget by \$9.3M / 239% and \$7.3M / 122% better than the same period last year

Consolidated Statement of Operations (\$000s)

Period ending 11/30/2020

Period 5 FY 2020	Period 5 FY 2021	Period 5 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
327,143	341,648	276,988	64,660	23.3%	Gross Revenue	1,608,007	1,738,288	1,332,299	405,990	30.5%
(244,064)	(253,051)	(204,846)	(48,205)	(23.5%)	Deductions	(1,186,439)	(1,297,588)	(985,701)	(311,887)	(31.6%)
83,078	88,597	72,142	16,455	22.8%	Net Patient Revenue	421,568	440,700	346,597	94,103	27.2%
4,893	3,234	5,017	(1,784)	(35.5%)	Other Operating Revenue	22,046	20,252	22,730	(2,478)	(10.9%)
87,971	91,831	77,159	14,672	19.0%	Total Operating Revenue	443,615	460,952	369,327	91,625	24.8%
					OPERATING EXPENSE					
45,159	47,222	44,284	(2,938)	(6.6%)	Salaries & Wages	228,532	238,589	218,800	(19,789)	(9.0%)
14,869	13,641	11,065	(2,576)	(23.3%)	Supplies	68,107	69,648	54,163	(15,485)	(28.6%)
17,948	14,264	14,147	(118)	(0.8%)	Fees & Purchased Services	71,649	69,479	72,272	2,794	3.9%
4,064	3,512	3,777	265	7.0%	Other Operating Expense	18,495	18,910	18,714	(196)	(1.0%)
282	1,428	926	(502)	(54.2%)	Interest	2,533	7,144	4,627	(2,517)	(54.4%)
4,308	6,068	5,902	(166)	(2.8%)	Depreciation	22,000	28,220	29,406	1,186	4.0%
86,631	86,136	80,101	(6,034)	(7.5%)	Total Operating Expense	411,316	431,990	397,983	(34,007)	(8.5%)
1,340	5,695	(2,942)	8,637	(293.6%)	Net Operating Margin	32,299	28,962	(28,656)	57,617	(201.1%)
17,925	64,968	3,129	61,839	1976.5%	Non Operating Income	34,197	84,272	13,911	70,361	505.8%
19,264	70,663	186	70,476	37805.8%	Net Margin	66,496	113,234	(14,745)	127,978	(868.0%)
6.7%	14.4%	5.0%	9.3%		EBIDA	12.8%	14.0%	1.5%	12.5%	
1.5%	6.2%	-3.8%	10.0%		Operating Margin	7.3%	6.3%	-7.8%	14.0%	
21.9%	76.9%	0.2%	76.7%		Net Margin	15.0%	24.6%	-4.0%	28.6%	

Financial Overview: Period 5

Period ending 11/30/2020

Financial Performance

- November's Operating income was \$5.7M compared to a budgeted loss of \$2.9M, resulting in a favorable variance of \$8.6M. The primary drivers continued to be increased volumes in comparison to the budget, and strong payor mix
- Volumes and Revenues continue to be stronger than budget as demonstrated by:
 - Adjusted discharges were favorable to budget by 143 cases / 5%
 - Favorable variance in gross charges was nearly evenly split between inpatient and outpatient services:
 - Inpatient gross charges: Favorable to budget by \$34M / 23% variance primarily attributed by surgery, cath. lab, critical care, pharmacy, and ancillary services
 - Outpatient gross charges: Favorable to budget by \$31M / 25% variance primarily driven by surgery, cath. lab, radiation oncology, imaging, and ancillary services
 - Operating Expenses were unfavorable to budget by \$6.0M / 7.5%, primarily due to increased patient activity
 - SWB were unfavorable by \$2.9M / 7%
 - Supplies were unfavorable by \$2.2M / 29%
 - All other discretionary non-volume driven expenses were unfavorable to budget by \$0.9M
- Non Operating Income includes:
 - Investment Income was (\$65M) primarily attributed to unrealized gains on investments

Financial Overview: Period 5 (cont.)

Period ending 11/30/2020

Financial Performance

Hospitals

- Adjusted Discharges (AD): Favorable to budget by 143 / 5% and unfavorable to prior year by 406 / 13%:
 - Mountain View: Favorable to budget by 103 ADs / 5% and unfavorable to prior year by 423 / 16%
 - Los Gatos: Favorable to budget by 40 ADs / 7% and favorable to prior year by 17 / 3%
- Operating Expense Per Adjusted Discharge: \$25,834 which is 3% unfavorable to budget

Note: Excludes depreciation and interest

El Camino Health Medical Network (ECHMN)

- Total visits were 3% favorable to budget
- Urgent Care Visits continue to drive the favorable visit variance
- Through November 31, 2020 ECHMN's total visits are favorable to budget by 7.1% and better than the prior year same store visits excluding urgent care visits by 2.6%.
- November's net income of (\$4.0M) was unfavorable to budget by \$1.2M / 40.4%
- YTD net income is \$114K / 0.7% favorable to budget and \$1M / 0.7% better than the same period last year

Financial Overview: Period 5 (cont.)

Period ending 11/30/2020

Financial Performance

- YTD FY2021 net operating margin of \$29M is favorable to budgeted by \$57M and \$3.3M lower than the same period last year. Lower year-over-year net operating margin is driven by increases in depreciation and interest expense.
- Post Covid volume recovery, strong payor mix and careful management of variable expenses have been the primary drivers of favorable performance
 - Adjusted discharges are 1,963 /16% favorable to budget and 1,387 / 9% lower than the same period last year
- Operating expenses are \$34M / 9% unfavorable to budget
 - Unfavorability driven by volume increase
 - Operating Expense Per Adjusted Discharge: \$24,561 which is 4% favorable to budget

Note: Excludes depreciation and interest

Consolidated Balance Sheet

(in thousands) ASSETS

	Audited	
	October 31, 2020	June 30, 2020
CURRENT ASSETS		
Cash	192,102	228,464
Short Term Investments	251,429	221,604
Patient Accounts Receivable, net	139,039	128,564
Other Accounts and Notes Receivable	9,369	13,811
Intercompany Receivables	40,724	72,592
Inventories and Prepays	24,131	101,267
Total Current Assets	656,794	766,303
BOARD DESIGNATED ASSETS		
Foundation Board Designated	15,363	15,364
Plant & Equipment Fund	181,185	166,859
Women's Hospital Expansion	30,401	22,563
Operational Reserve Fund	159,684	148,917
Community Benefit Fund	17,354	17,916
Workers Compensation Reserve Fund	16,482	16,482
Postretirement Health/Life Reserve Fund	31,094	30,731
PTO Liability Fund	30,578	27,515
Malpractice Reserve Fund	1,958	1,919
Catastrophic Reserves Fund	17,665	17,667
Total Board Designated Assets	501,764	465,933
FUNDS HELD BY TRUSTEE	16,247	23,478
LONG TERM INVESTMENTS	404,867	372,175
CHARITABLE GIFT ANNUITY INVESTMENTS	683	680
INVESTMENTS IN AFFILIATES	31,389	29,065
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,347,868	1,342,012
Less: Accumulated Depreciation	(698,644)	(676,535)
Construction in Progress	502,910	489,848
Property, Plant & Equipment - Net	1,152,133	1,155,326
DEFERRED OUTFLOWS	21,525	21,416
RESTRICTED ASSETS	28,220	28,547
OTHER ASSETS	86,006	3,231
TOTAL ASSETS	2,899,629	2,866,153

LIABILITIES AND FUND BALANCE

	Audited	
	October 31, 2020	June 30, 2020
CURRENT LIABILITIES		
Accounts Payable	34,921	35,323
Salaries and Related Liabilities	42,942	35,209
Accrued PTO	31,227	28,124
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	11,047	10,956
Intercompany Payables	40,814	70,292
Malpractice Reserves	1,560	1,560
Bonds Payable - Current	9,020	9,020
Bond Interest Payable	5,078	8,463
Other Liabilities	22,627	3,222
Total Current Liabilities	201,537	204,469
LONG TERM LIABILITIES		
Post Retirement Benefits	31,094	30,731
Worker's Comp Reserve	16,482	16,482
Other L/T Obligation (Asbestos)	4,134	4,094
Bond Payable	500,131	513,602
Total Long Term Liabilities	551,840	564,908
DEFERRED REVENUE-UNRESTRICTED	77,024	77,133
DEFERRED INFLOW OF RESOURCES	31,009	30,700
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	1,815,057	1,771,854
Board Designated	194,495	188,457
Restricted	28,667	28,631
Total Fund Bal & Capital Accts	2,038,219	1,988,942
TOTAL LIABILITIES AND FUND BALANCE	2,899,629	2,866,153

Dashboard - as of November 30, 2020

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
Consolidated Financial Perf.								
Total Operating Revenue	87,971	91,831	77,159	14,672	443,615	460,952	369,327	91,625
Operating Expenses	86,631	86,136	80,101	(6,034)	411,316	431,990	397,983	(34,007)
Operating Margin \$	1,340	5,695	(2,942)	8,637	32,299	28,962	(28,656)	57,617
Operating Margin %	1.5%	6.2%	(3.8%)	10.0%	7.3%	6.3%	(7.8%)	14.0%
EBIDA \$	5,931	13,192	3,886	9,305	56,831	64,326	5,377	58,948
EBIDA %	6.7%	14.4%	5.0%	9.3%	12.8%	14.0%	1.5%	12.5%
Hospital Volume								
Licensed Beds	443	454	454	-	443	454	454	-
ADC	243	243	206	37	231	239	195	44
Utilization MV	66%	63%	54%	9.0%	63%	62%	51%	11.5%
Utilization LG	32%	33%	27%	6.0%	30%	32%	27%	5.5%
Utilization Combined	55%	53%	45%	8.1%	52%	53%	43%	9.7%
Adjusted Discharges	3,157	2,750	2,607	143	15,942	14,545	12,578	1,967
Total Discharges (Excl NNB)	1,722	1,476	1,402	74	8,384	7,741	6,765	976
Total Discharges	2,072	1,794	1,741	53	10,164	9,474	8,425	1,049
Inpatient Cases								
MS Discharges	1,194	1,010	876	134	5,794	5,172	4,192	980
Deliveries	368	329	358	(29)	1,875	1,848	1,754	94
BHS	114	92	125	(33)	492	487	602	(115)
Rehab	46	45	44	1	223	234	217	17
Outpatient Cases								
ED	13,755	16,210	10,526	5,684	67,258	78,041	50,591	27,450
Procedural Cases	3,875	2,981	2,699	282	20,244	15,372	12,491	2,881
OP Surg	459	534	336	198	2,420	2,614	1,650	964
Endo	244	198	146	52	1,163	1,160	691	469
Interventional	183	141	109	32	913	877	488	389
All Other	8,994	12,356	7,235	5,121	42,518	58,018	35,271	22,747
Hospital Payor Mix								
Medicare	48.5%	48.3%	48.6%	(0.4%)	49.7%	48.2%	48.4%	(0.2%)
Medi-Cal	7.4%	8.7%	7.4%	1.3%	7.5%	7.6%	7.5%	0.1%
Commercial IP	19.7%	19.2%	20.4%	(1.2%)	18.7%	20.3%	20.6%	(0.3%)
Commercial OP	21.5%	21.8%	21.2%	0.6%	21.7%	21.7%	21.1%	0.6%
Total Commercial	41.2%	41.0%	41.7%	(0.6%)	40.4%	42.0%	41.7%	0.3%
Other	2.9%	2.0%	2.3%	(0.3%)	2.4%	2.2%	2.5%	(0.3%)
Hospital Cost								
Total FTE ¹	2,810.9	2,846.2	2,847.1	0.9	2,773.9	2,771.6	2,834.2	62.6
Productive Hrs/APD	31.3	30.9	34.1	3.1	31.5	31.1	35.2	4.2
Consolidated Balance Sheet								
Net Days in AR	50.9	48.3	49.0	0.7	50.9	48.3	49.0	0.7
Days Cash	465	552	435	117	465	552	435	117

¹ Paid FTE; Budget in this case is using the Flex Budget instead of Fixed Budget

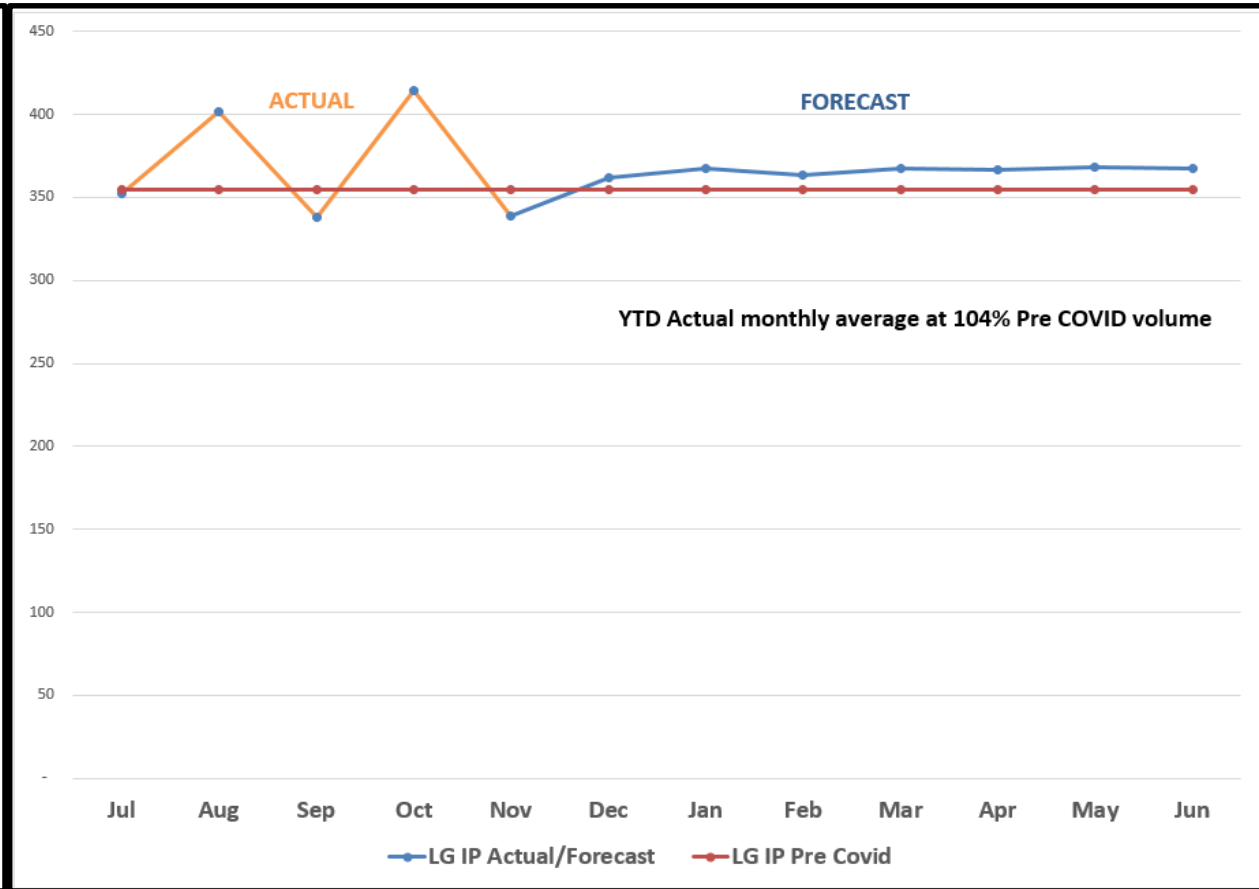
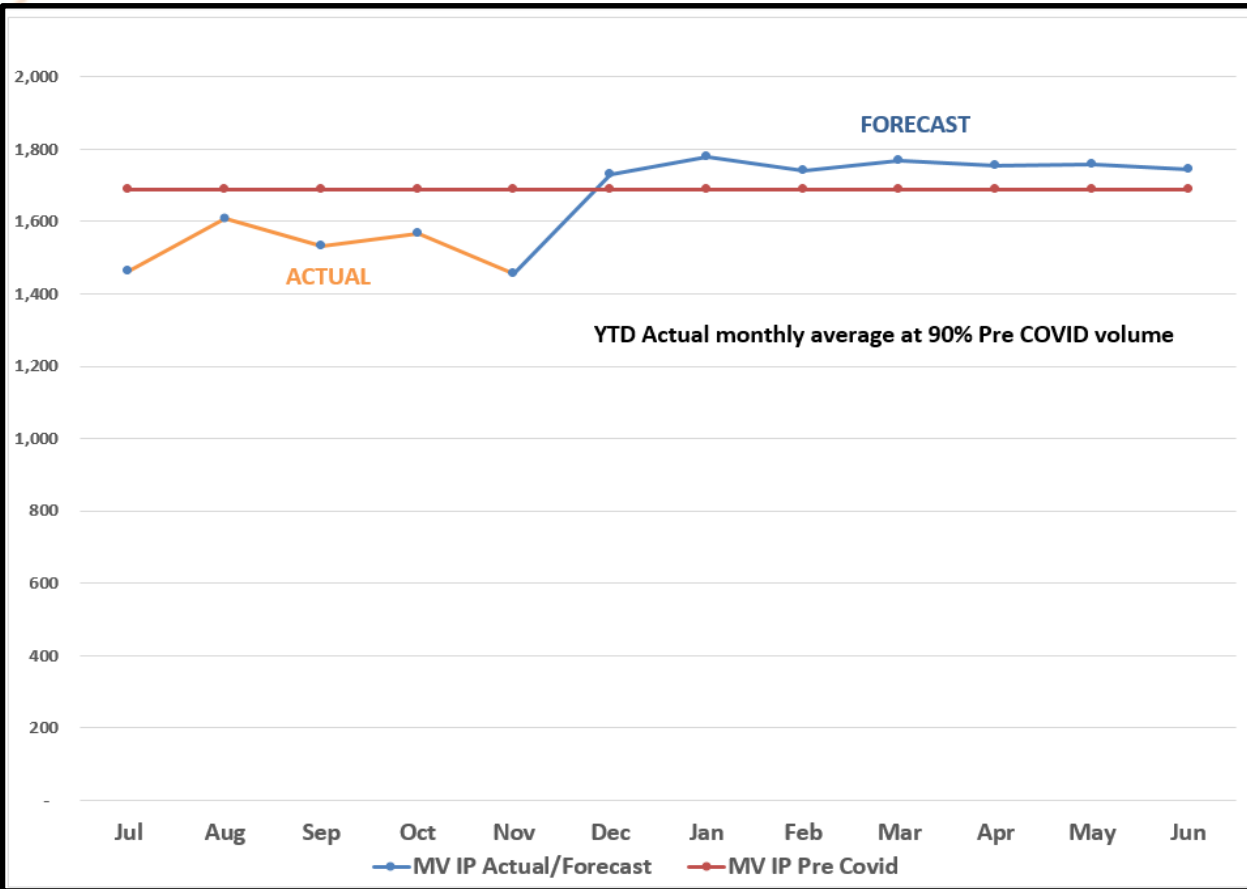
APPENDIX

Monthly Inpatient Volume Trends

FY2021 Actual & Forecast – Including Pre COVID Levels

MV

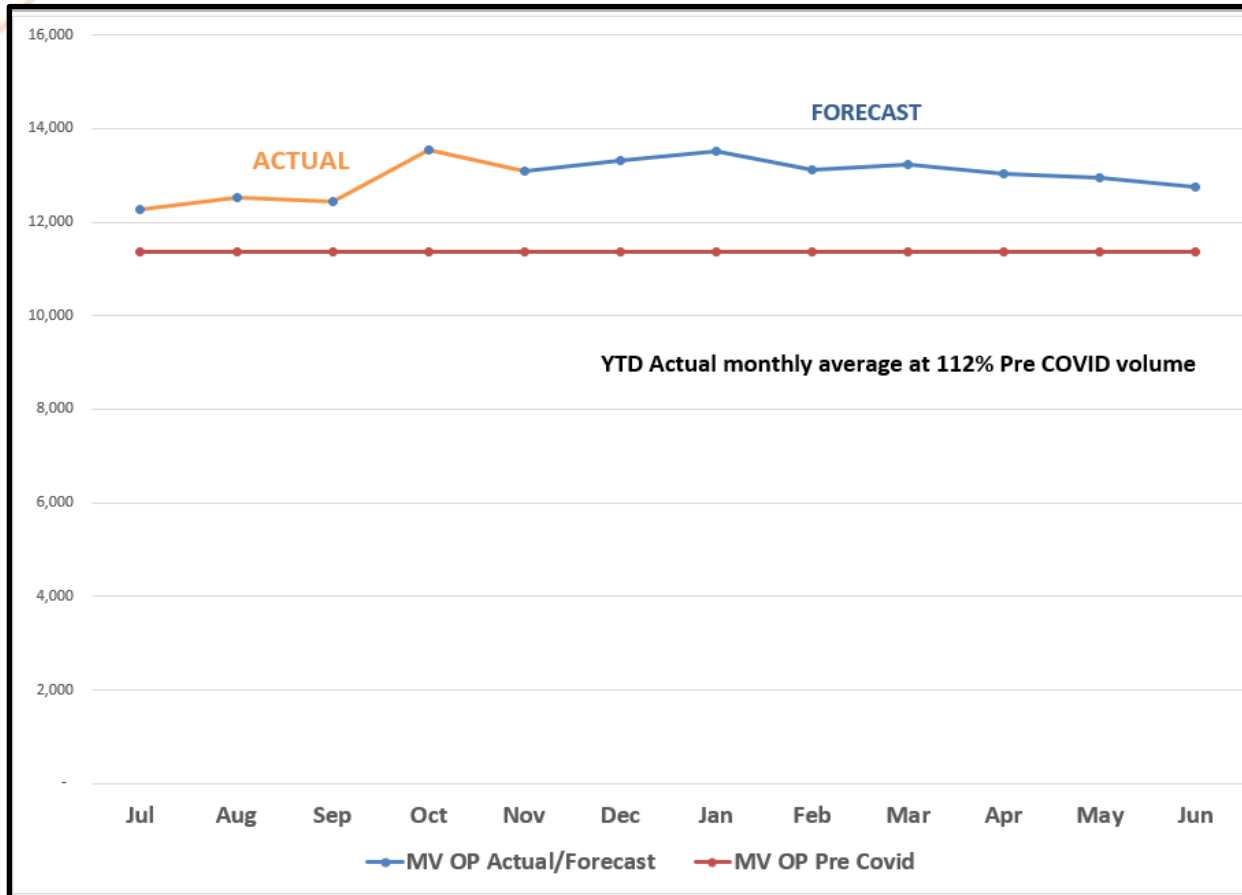
LG



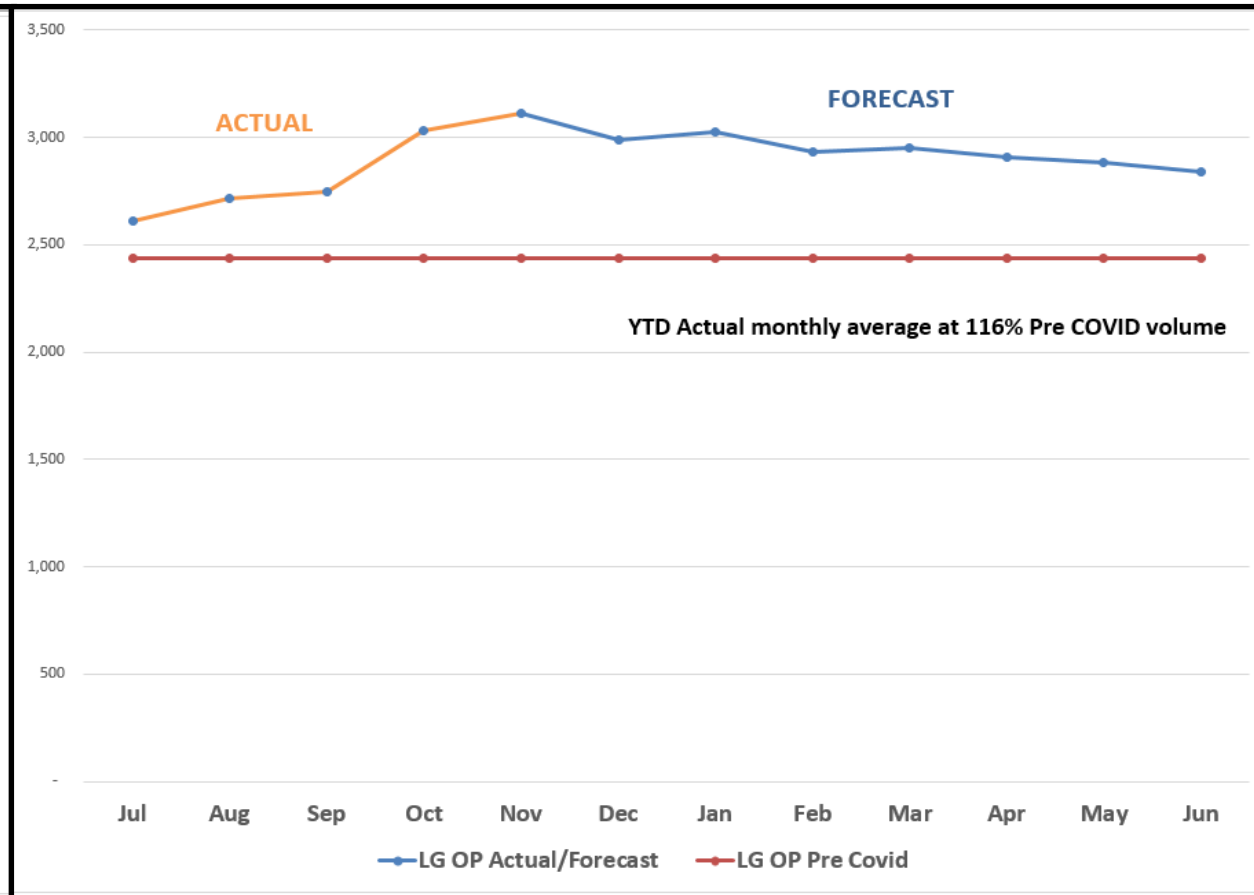
Monthly Outpatient Volume Trends (Hospital Volume)

FY2021 Actual & Forecast – Including Pre COVID Levels

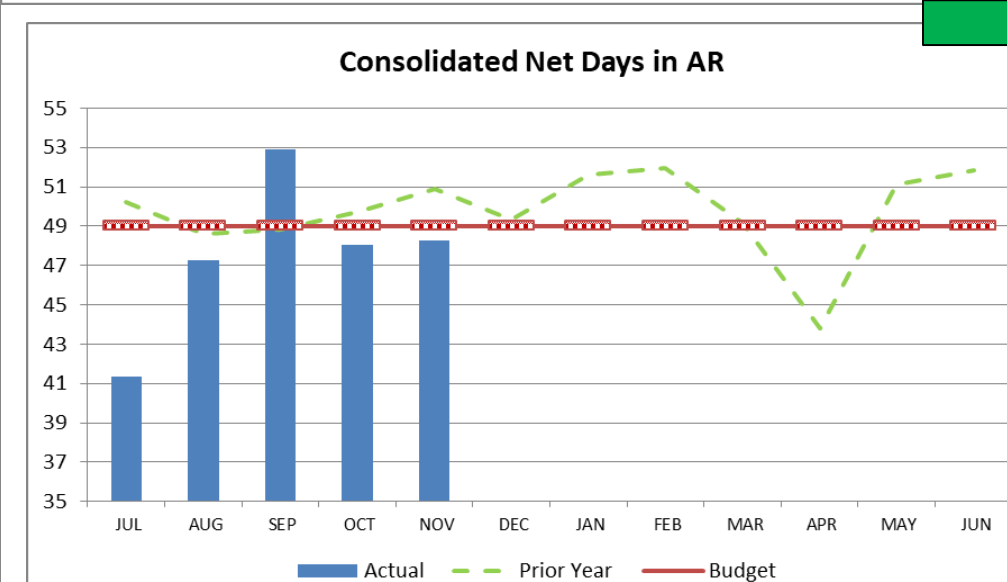
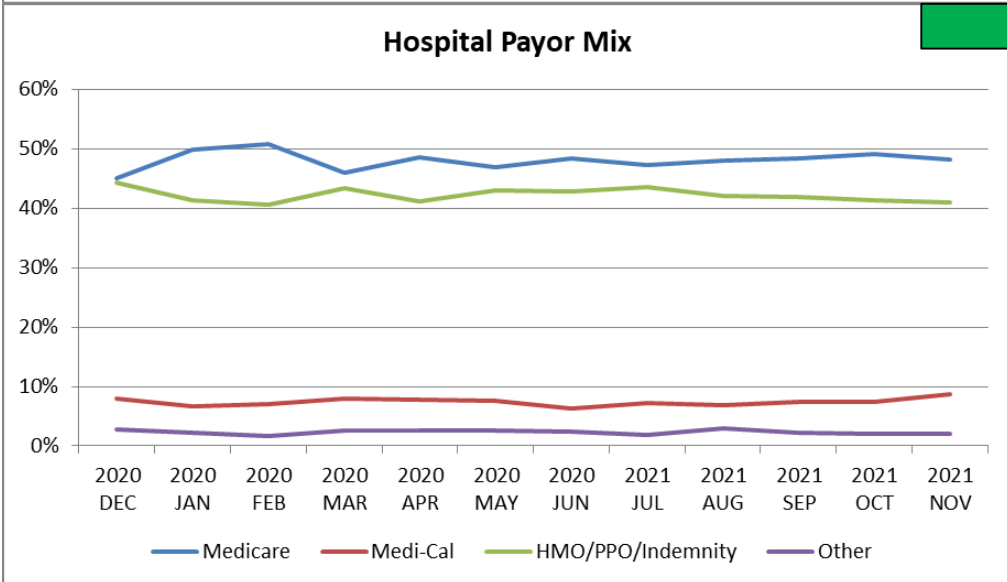
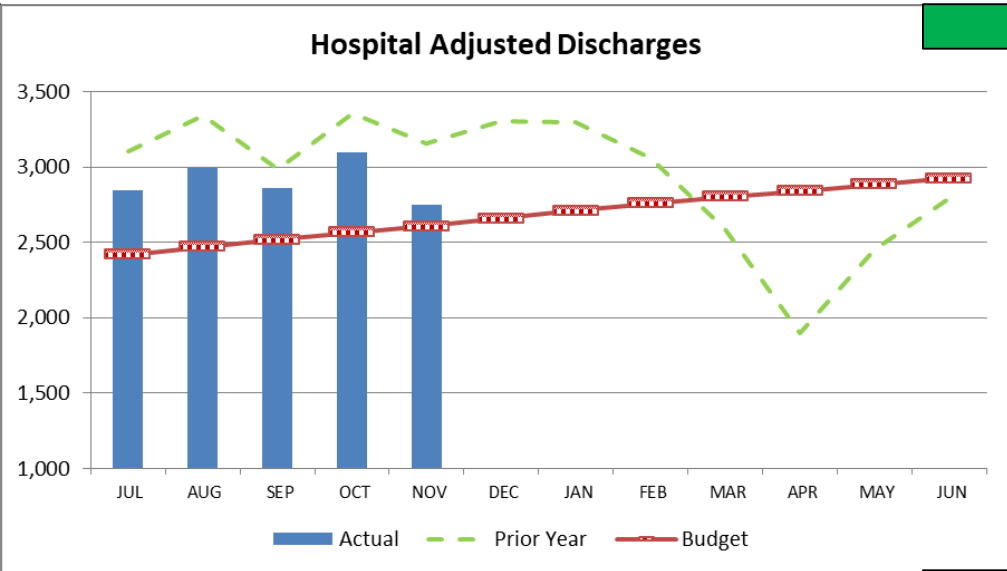
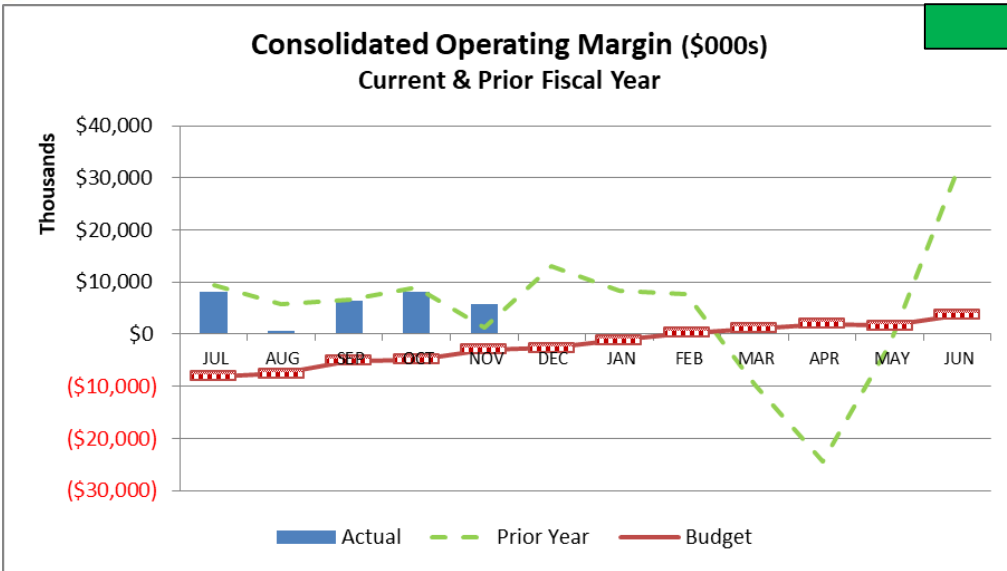
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LG



YTD FY2021 Financial KPIs – Monthly Trends



Investment Scorecard as of September 30, 2020

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY21 Budget	Expectation Per Asset Allocation
Investment Performance		CY 3Q 2020 / FY 1Q 2021		Fiscal Year-to-Date 2021		7y 11m Since Inception (annualized)		FY 2021	2019
Surplus cash balance*		\$1,120.8	--	--	--	--	--	--	--
Surplus cash return	Green	4.1%	3.9%	4.1%	3.9%	5.7%	5.6%	4.0%	5.6%
Cash balance plan balance (millions)		\$301.8	--	--	--	--	--	--	--
Cash balance plan return	Green	5.3%	4.6%	5.3%	4.6%	7.7%	7.0%	6.0%	6.0%
403(b) plan balance (millions)		\$581.5	--	--	--	--	--	--	--
Risk vs. Return		3-year			7y 11m Since Inception (annualized)				2019
Surplus cash Sharpe ratio	Green	0.51	0.51	--	--	0.83	0.83	--	0.34
Net of fee return	Green	5.8%	5.5%	--	--	5.7%	5.6%	--	5.6%
Standard deviation	Green	8.2%	7.9%	--	--	6.0%	5.8%	--	8.7%
Cash balance Sharpe ratio	Green	0.54	0.49	--	--	0.91	0.88	--	0.32
Net of fee return	Green	7.0%	6.0%	--	--	7.7%	7.0%	--	6.0%
Standard deviation	Green	10.3%	9.4%	--	--	7.7%	7.1%	--	10.3%
Asset Allocation		CY 3Q 2020 / FY 1Q 2021							
Surplus cash absolute variances to target	Yellow	12.4%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Cash balance absolute variances to target	Yellow	12.1%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Manager Compliance		CY 3Q 2020 / FY 1Q 2021							
Surplus cash manager flags	Green	23	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags	Green	25	< 27 Green < 34 Yellow	--	--	--	--	--	--

*Excludes debt reserve funds (~\$18 mm), District assets (~\$42 mm), and balance sheet cash not in investable portfolio (\$236 mm). Includes Foundation (~\$37 mm) and Concern (~\$15 mm) assets.

YTD FY2021 and November Operating Margin, Non-Operating Income and Net Margin by Affiliate (as of 11/30/2020)

(\$ in thousands)

	Period 5- Month			Period 5- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Operating Margin						
Mountain View	6,739	(1,230)	7,969	35,683	(18,299)	53,982
Los Gatos	3,211	1,427	1,784	9,794	6,605	3,189
Sub Total - El Camino Hospital, excl. Affiliates	9,950	197	9,753	45,477	(11,694)	57,171
Operating Margin %	11.3%	0.3%		10.4%	-3.4%	
El Camino Hospital Non Operating Income						
Sub Total - Non Operating Income	62,600	2,784	59,816	80,979	12,604	68,375
El Camino Hospital Net Margin	72,550	2,981	69,570	126,456	910	125,546
ECH Net Margin %	82.4%	4.2%		29.0%	0.3%	
Concern	121	76	45	219	(59)	278
ECSC	0	0	0	(3)	0	(3)
Foundation	2,003	(13)	2,016	2,044	2	2,042
El Camino Health Medical Network	(4,012)	(2,857)	(1,154)	(15,484)	(15,598)	115
Net Margin Hospital Affiliates	(1,888)	(2,794)	907	(13,222)	(15,654)	2,432
Total Net Margin Hospital & Affiliates	70,663	186	70,476	113,234	(14,745)	127,978

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

Period ending 11/30/2020

Period 5 FY 2020	Period 5 FY 2021	Period 5 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
259,919	263,104	211,632	51,472	24.3%	Gross Revenue	1,279,420	1,341,305	1,009,777	331,528	32.8%
(193,228)	(194,687)	(156,769)	(37,918)	(24.2%)	Deductions	(940,554)	(997,065)	(748,058)	(249,006)	(33.3%)
66,691	68,418	54,863	13,554	24.7%	Net Patient Revenue	338,867	344,240	261,718	82,522	31.5%
1,846	1,326	2,085	(758)	(36.4%)	Other Operating Revenue	8,433	7,323	8,086	(763)	(9.4%)
68,537	69,744	56,948	12,796	22.5%	Total Operating Revenue	347,299	351,563	269,804	81,759	30.3%
					OPERATING EXPENSE					
35,706	37,206	35,154	(2,051)	(5.8%)	Salaries & Wages	180,536	187,746	172,615	(15,131)	(8.8%)
11,809	10,469	8,303	(2,166)	(26.1%)	Supplies	54,464	53,372	40,513	(12,859)	(31.7%)
9,418	7,001	6,549	(452)	(6.9%)	Fees & Purchased Services	35,375	32,463	34,086	1,623	4.8%
2,776	2,218	2,446	228	9.3%	Other Operating Expense	13,040	12,447	12,326	(121)	(1.0%)
282	1,428	926	(502)	(54.2%)	Interest	2,533	7,144	4,627	(2,517)	(54.4%)
3,463	4,683	4,799	116	2.4%	Depreciation	17,740	22,708	23,936	1,228	5.1%
63,454	63,005	58,178	(4,827)	(8.3%)	Total Operating Expense	303,688	315,880	288,103	(27,777)	(9.6%)
5,083	6,739	(1,230)	7,969	(647.8%)	Net Operating Margin	43,611	35,683	(18,299)	53,982	(295.0%)
17,243	62,600	2,784	59,816	2148.9%	Non Operating Income	31,066	80,979	12,604	68,375	542.5%
22,326	69,339	1,553	67,785	4363.5%	Net Margin	74,677	116,662	(5,695)	122,357	(2148.5%)
12.9%	18.4%	7.9%	10.5%		EBIDA	18.4%	18.6%	3.8%	14.8%	
7.4%	9.7%	-2.2%	11.8%		Operating Margin	12.6%	10.1%	-6.8%	16.9%	
32.6%	99.4%	2.7%	96.7%		Net Margin	21.5%	33.2%	-2.1%	35.3%	

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

Period ending 11/30/2020

Period 5 FY 2020	Period 5 FY 2021	Period 5 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
58,555	70,736	57,186	13,550	23.7%	Gross Revenue	293,332	354,726	282,040	72,686	25.8%
(44,740)	(52,817)	(42,605)	(10,212)	(24.0%)	Deductions	(221,022)	(271,677)	(210,292)	(61,385)	(29.2%)
13,815	17,920	14,581	3,339	22.9%	Net Patient Revenue	72,310	83,049	71,748	11,301	15.8%
370	392	271	121	44.4%	Other Operating Revenue	1,932	1,998	1,355	644	47.5%
14,185	18,312	14,852	3,459	23.3%	Total Operating Revenue	74,242	85,047	73,102	11,945	16.3%
OPERATING EXPENSE										
7,390	8,081	7,055	(1,026)	(14.5%)	Salaries & Wages	37,266	40,601	35,313	(5,288)	(15.0%)
2,583	2,730	2,371	(359)	(15.1%)	Supplies	11,561	13,994	11,477	(2,517)	(21.9%)
2,993	2,923	2,663	(260)	(9.8%)	Fees & Purchased Services	13,644	14,416	13,339	(1,078)	(8.1%)
279	378	496	118	23.8%	Other Operating Expense	1,645	1,978	2,218	240	10.8%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
791	988	840	(149)	(17.7%)	Depreciation	3,989	4,263	4,151	(113)	(2.7%)
14,036	15,100	13,425	(1,675)	(12.5%)	Total Operating Expense	68,105	75,253	66,498	(8,755)	(13.2%)
149	3,211	1,427	1,784	125.0%	Net Operating Margin	6,137	9,794	6,605	3,189	48.3%
0	0	0	0	0.0%	Non Operating Income	0	0	0	0	0.0%
149	3,211	1,427	1,784	125.0%	Net Margin	6,137	9,794	6,605	3,189	48.3%
6.6%	22.9%	15.3%	7.7%		EBIDA	13.6%	16.5%	14.7%	1.8%	
1.0%	17.5%	9.6%	7.9%		Operating Margin	8.3%	11.5%	9.0%	2.5%	
1.0%	17.5%	9.6%	7.9%		Net Margin	8.3%	11.5%	9.0%	2.5%	

El Camino Health Medical Network (\$000s)

Period ending 11/30/2020

Period 5 FY 2020	Period 5 FY 2021	Period 5 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
8,668	7,807	8,169	(362)	(4.4%)	Gross Revenue	35,255	42,258	40,482	1,775	4.4%
(6,096)	(5,548)	(5,472)	(75)	(1.4%)	Deductions	(24,863)	(28,846)	(27,351)	(1,496)	(5.5%)
2,572	2,259	2,697	(438)	(16.2%)	Net Patient Revenue	10,392	13,411	13,131	280	2.1%
1,878	780	1,938	(1,157)	(59.7%)	Other Operating Revenue	7,974	7,270	9,670	(2,400)	(24.8%)
4,450	3,040	4,635	(1,595)	(34.4%)	Total Operating Revenue	18,366	20,681	22,801	(2,120)	(9.3%)
					OPERATING EXPENSE					
1,628	1,501	1,569	68	4.3%	Salaries & Wages	8,471	8,012	8,351	339	4.1%
458	427	379	(48)	(12.8%)	Supplies	1,986	2,195	2,117	(78)	(3.7%)
5,029	3,864	4,518	654	14.5%	Fees & Purchased Services	20,747	20,559	22,803	2,244	9.8%
917	875	765	(110)	(14.3%)	Other Operating Expense	3,368	4,215	3,822	(393)	(10.3%)
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
52	384	261	(123)	(47.1%)	Depreciation	258	1,184	1,306	122	9.4%
8,083	7,051	7,492	441	5.9%	Total Operating Expense	34,830	36,165	38,399	2,234	5.8%
(3,633)	(4,012)	(2,857)	(1,154)	40.4%	Net Operating Margin	(16,464)	(15,484)	(15,598)	115	(0.7%)
0	0	0	0	0.0%	Non Operating Income	0	0	0	0	0.0%
(3,633)	(4,012)	(2,857)	(1,154)	40.4%	Net Margin	(16,464)	(15,484)	(15,598)	115	(0.7%)
					EBIDA					
-80.5%	-119.3%	-56.0%	(63.3%)		Operating Margin	-88.2%	-69.1%	-62.7%	(6.5%)	
-81.7%	-132.0%	-61.7%	(70.3%)		Net Margin	-89.6%	-74.9%	-68.4%	(6.5%)	
-81.7%	-132.0%	-61.7%	(70.3%)			-89.6%	-74.9%	-68.4%	(6.5%)	

FY21 Finance Committee Pacing Plan

FY21 FC Pacing Plan – Q1

July 27, 2020	August 17 and 25, 2020	September 29, 2020
<p>5:30pm – Joint Meeting FC/Board</p> <p>6:30pm –</p> <p>Approval Items</p> <ul style="list-style-type: none"> Year-End Financial Report (FY20 Periods 11 and 12) FY21 Budget/Rolling Forecast <p>Discussion items</p> <ul style="list-style-type: none"> COVID-19 Recovery Plan SVMD Financial Report PIR <ul style="list-style-type: none"> LG Cancer Center Waste Water Treatment 	<p>Approval Items</p> <ul style="list-style-type: none"> Candidate Interviews and Recommendation to Appoint <p>Discussion Items</p> <ul style="list-style-type: none"> SVMD Financial Report PIR (LG Cancer Center and Waste Water Tx Plant) <p><i>Standing Consent Agenda Items</i></p> <ul style="list-style-type: none"> Minutes (motion) Review Major Capital Projects in Progress Progress Against FY21 Committee Goals FY21 Pacing Plan Article of Interest Policies <p><i>Other Standing Agenda Items</i></p> <ul style="list-style-type: none"> Report on Board Actions Capital Funding Requests (motion) Physician Agreements (motion) Executive Session Post Implementation Review ("PIR") Per Attached Schedule 	<p>Approval Items</p> <ul style="list-style-type: none"> Financial Report (FY21 Period 2) <p>Discussion Items</p> <ul style="list-style-type: none"> Service Line Review – Oncology Project Completion Reports Including Performance Against Budget <ul style="list-style-type: none"> Taube Pavilion Sobrato Pavilion COVID-19 Recovery Plan (w/ Financials) PIR <ul style="list-style-type: none"> Women’s Hospital Planning SVMD Clinic Site TI’s Interventional Equipment Replacement Imaging Equipment Replacement Update on Kindred IP Rehab JV
October 2020	November 23, 2020	December 2020
<p align="center">No Scheduled Finance Committee Meeting</p> <p><i>October 28, 2020 Joint Board/Committee Educational Session</i></p>	<p>Approval Items</p> <ul style="list-style-type: none"> Financial Report (FY21 Periods 3 and 4) <p>Discussion Items</p> <ul style="list-style-type: none"> Service Line Review – Maternal Child Health SVMD Financial Report (Including PIR of SVMD Asset Acquisition and SVMD Clinic IT Infrastructure) Payor Update COVID-19 Recovery Plan 	<p align="center">No Scheduled Finance Committee Meeting</p>

FY21 Finance Committee Pacing Plan

FY21 FC Pacing Plan – Q3

January 25, 2021	February 2021	March 29, 2021
<p>5:30pm Joint Meeting with the Investment Committee: Topic: Long Term Financial Forecast</p> <p>6:30pm Approval Items</p> <ul style="list-style-type: none"> • Financial Report (FY21 Periods 5 and 6) Revised Policy and Procedure for Enterprise Wide Capital Deployment and Reporting • Medical Staff Development Plan • Revenue Cycle Overview and Update <p>Discussion</p> <ul style="list-style-type: none"> • Revised Financial Forecast - COVID-19 Recovery Plan • PIR <ul style="list-style-type: none"> ○ ED Remodel ○ ECHMN 	<p>No Scheduled Finance Committee Meeting</p>	<p>Approval Items</p> <ul style="list-style-type: none"> • Financial Report (FY21 Periods 7 and 8) • FY22 Committee Planning <ul style="list-style-type: none"> ○ Meeting Dates ○ Committee Goals ○ FY22 Pacing Plan <p>Discussion Items</p> <ul style="list-style-type: none"> • Preview FY22 Budget Part # 1 Process and Assumptions) • COVID 19 Recovery Plan • ECHMN Quarterly Report • Summary of Physician Financial Arrangements (Year-End) • PIR <ul style="list-style-type: none"> ○ Mountain View Campus Completion

FY20 FC Pacing Plan – Q4

April 26, 2021	May 24, 2021	June 2021
<p>Discussion Items</p> <ul style="list-style-type: none"> • FY22 Budget Preview Part 2 • Revenue Cycle Overview and Update • Service Line Report – Behavioral Health • Revised Policy and Procedure for Enterprise Wide Capital Deployment and Reporting • Medical Staff Development Plan <p>April 28, 2021 Joint Board/Committee Educational Session</p>	<p>5:30pm Joint Meeting with the Hospital Board: FY22 Operating & Capital Budget</p> <p>6:30pm Approval Items</p> <ul style="list-style-type: none"> • Financial Report (FY21 Periods 9 and 10) • Review and Recommend FY22 Capital and Operating Budget • FY22 Organizational Goals • FY22 Committee Goals, Pacing Plan and Meeting Dates (If Necessary) <p>Discussion Items</p> <ul style="list-style-type: none"> • Payor Update(Push to August or September) • ECHMN Quarterly Financial Report 	<p>No Scheduled Finance Committee Meeting</p>

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**FY21 Finance Committee Pacing Plan
Last 18 Months Capital Project Approvals
February 2019 – August 2020**

APPROVAL DATE	APPROVING BODY	PROJECT NAME	APPROVED AMOUNT	PROPOSED FC POST-IMPLEMENTATION REVIEW DATE
9/13/2017	ECH Board	Increase BHS Building Budget	Additional \$4.6 M	Update each meeting
9/13/2017	ECH Board	Increase Sobrato Pavilion Budget	Additional \$27.1 M	Update each meeting
2/13/2019	ECH Board	Women's Hospital Planning	\$10 M (Total Now \$16M)	9/2020
2/13/2019	ECH Board	SVMD Clinic Site Tenant Improvements	\$8 M	9/2020
2/13/2019	ECH Board	Interventional Equipment Replacement	\$13 M	9/2020
2/13/2019	ECH Board	Imaging Equipment Replacement	\$16.9 M	9/2020
2/13/2019	ECH Board	SVMD Asset Acquisition	\$1.2 M	11/2020 (w/SVMD Financials)
3/13/2019		None		
3/25/2019	Finance Committee	SVMD Clinic IT Infrastructure	\$4.6 M	11/2020 (w/SVMD Financials)
5/28/2019	Finance Committee	MV Campus Signage	\$1.1 M	N/A < \$2 M
8/21/2019	ECH Board	Medical Staff Development Plan	\$6.1 M	1/2021
8/21/2019	ECH Board	ED Remodel	\$6.75M	1/2021
10/10/19	ECH Board	MV Campus Completion (Old Main Demo)	\$24.9M	3/2021
1/25/20*	Finance Committee	Satellite Dialysis*	No approval on /1/25/20 – presented only	7/2021
7/27/20	Finance Committee	Sterile Processing Equipment	\$1,850,000	N/A < \$2 M
8/12/20	ECH Board	Radiation Oncology Replacement Equipment	10,300,000 (add'l \$3.55 M)	1/2022

FY21 COMMITTEE GOALS

Finance Committee

PURPOSE

The purpose of the Finance Committee (the “Committee”) is to provide oversight, information sharing, and financial reviews related to budgeting, capital budgeting, long-range financial planning and forecasting, and monthly financial reporting for the El Camino Hospital (ECH) Hospital Board of Directors (“Board”). In carrying out its review, advisory, and oversight responsibilities, the Finance Committee shall remain flexible in order to best define financial strategies that react to changing conditions.

STAFF: **Carlos Bohorquez**, Chief Financial Officer (Executive Sponsor)

The CFO shall serve as the primary staff to support the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair’s consideration. Additional members of the Executive Team may participate in the meetings upon the recommendation of the Executive Sponsor and at the discretion of the Committee Chair.

GOALS	TIMELINE	METRICS
1. Evaluate and monitor COVID-19 Recovery Plan	Q1, Q2, Q3 and Q4	Presentations in July (2020), September (2020) Included in Financial Reporting , November (2020, January (2021) and March (2021)
2. Capital Deployment Methodology & Reporting	Q1	Receive project completion reports on Taube and Sobrato Pavilions including performance against budget in July Provided in September
	Q1 and Q3	Review (September) and approve (November) a revised policy and procedure regarding an enterprise wide capital deployment and reporting. Delayed until November
3. Review strategy, goals, and performance of business affiliates and service lines: 1) Oncology, 2) Behavioral Health, 3) MCH, 4) SVMD	Q1	SVMD (July), Oncology Service Line (September) On Track
	Q2	Maternal Child Health Service Line and SVMD (November)
	Q3	Behavioral Health Service Line (January), SVMD (March)
	Q4	SVMD (May)
4. Review and evaluate ongoing customer service/patient experience tactics and metrics for the Revenue Cycle – possibly combined statements for SVMD & ECH	Q2 and Q4	Monitor customer service and patient satisfaction metrics

SUBMITTED BY: **Chair:** John Zoglin | **Executive Sponsor:** Carlos Bohorquez, CFO



Key Takeaways from the 36th Annual J.P. Morgan Healthcare Conference: Not-for-Profit Healthcare

This week, we hosted more than 11,000 participants at our 39th annual J.P. Morgan Healthcare Conference. While we missed seeing all of you in the crowded hallways in San Francisco, we appreciated the opportunity to connect virtually and to hear from many of the country's leading health systems.

Our presenters shared a candid view of their challenges, lessons and successes during 2020. The resilience and resolve exhibited by our 17 presenting organizations in leading through the ongoing pandemic has been nothing short of extraordinary. As we approach the anniversary of the first identified COVID case in the United States, we know the battle is not yet won. Each of these organizations remains laser focused on improving healthcare in their communities and accepting a wider scope of responsibility for fostering healthy populations.

Top Ten Themes from the JPM Healthcare Conference

1 Unmatched dedication and resilience in the face of COVID

We stand in awe of the hundreds of thousands of caregivers – the everyday heroes on the front lines – who have put others' needs above their own. As different parts of the country experience regional surges, knowledge about the virus has improved, and lessons and resources have been widely shared. **Northwell** has treated more than 130,000 COVID cases and shared their experiences in *Leading Through a Pandemic: The Inside Story of Humanity, Innovation, and Lessons Learned During the COVID-19 Crisis*. At the apex of the crisis, **Intermountain Healthcare** sent more than 100 associates to New York, and the favor was returned months later when the surge traveled west.

Healthcare systems are doing all they can to support their employees, providing financial, emotional, and practical resources to ensure these critical caregivers can continue to serve patients. While most of the presenting systems avoided layoffs, they are all battling caregiver exhaustion, ongoing staffing challenges, and fatigue. CARES Act funding and strong balance sheets have enabled them to absorb some incremental cost, but availability and cost of labor will persist as an ongoing challenge.

2 Crisis as a catalyst – Acceleration of planned and unplanned change

For many newly merged systems, the pandemic created the necessity to accelerate system strategies. **Advocate Aurora Health** and **Prisma**, for example, were able to drive meaningful cultural, operational and organizational post-merger integration in the midst of the response and leverage the broader footprint. **Jefferson Health**, which had come together in a series of transactions that married unique academic and healthcare assets, galvanized its "OneJefferson" strategy.

Digital strategies with modest expectations were fast-tracked, as systems devised remote patient care approaches in flight, and remote work became an instant reality. As the pandemic persisted, **Baylor Scott & White** navigated the imperative of setting direction at the operating company level, while balancing local needs – calling their approach "freedom within a framework".

3 Venues of care have been forever redefined

The COVID experience has fundamentally altered consumer preferences around convenience and safety, opening avenues for effective utilization of telehealth and at home care. The number of virtual care visits has skyrocketed – and by all accounts, they are here to stay. **Providence Health** saw its 70,000 e-visits in 2019 multiply to more than 1.7 million in 2020. Ambulatory settings of all types are a primary growth strategy, with renewed interest in building out home health capabilities and even the notion of high acuity "hospital at home" care. **Promedica** is extending its post acute focus to the home setting. Notably, even academic medical systems like **Mass General Brigham** are focused on extending care all the way to a

consumer's home. The reimbursement for these services remains an open question; we expect to see populations in risk arrangements – where financial incentives are more aligned – to benefit most from these settings.

Leveraging their digital platform infrastructure, leading systems like **AdventHealth** are building capabilities to help consumers navigate a broader set of health-related services, including spiritual and mental health care. **Ascension** partnered through an innovative equity investment in Compassus, a home health company. Through it all, the focus of these health systems is to deliver a seamless consumer experience and personalized care.

4 Recommitting to risk and Value Based Care

For those systems with significant health plans, business diversification was a stabilizing force as hospital volumes contracted and electives were postponed. **Spectrum, Henry Ford, ProMedica and SSM** – among others with meaningful health plans – have the ability manage care for their risk populations with an eye towards managing longer-term health.

Those organizations that do not own their health plan are recommitting in their strategies to advance towards value-based care and appropriate risk-sharing. **OhioHealth**, who readily acknowledged competing in an attractive market that remains largely fee for service, is accelerating plans to move towards value-based arrangements.

5 New appreciation for benefits of scale

While many systems have focused on ensuring essentiality in the markets they serve and leveraging the benefits of scale to manage operating cost, the pandemic highlighted additional advantages in terms of public policy influence, the ability to flex staff, and the ability to access scarce PPE. Large, diverse systems such as **Ascension** had an outsized impact in policy development, and those most impacted in the early days of the pandemic such as **Northwell** were able to secure incremental federal funding. Systems like **CommonSpirit** that serve a variety of both urban and rural communities noted how its organizational scale and influence allowed smaller communities greater access to critical supplies and resources. Scale and diversification facilitated rapid knowledge transfer of knowledge for COVID treatment across a single operating system. In addition, access to capital and cost of debt was particularly attractive for scaled, liquid credits.

Looking forward, many of our presenters highlighted their ongoing focus on leveraging scale to improve the non-patient facing cost structure and the potential for longer term remote work.

6 Supply chains might have been too lean

Over the course of the last decade, health systems had actively managed their supply chains to enable just-in-time delivery and limit inventories. The pandemic stressed these lean approaches and highlighted the high dependence on manufacturing in Southeast Asia for critical supplies, particularly PPE.

On the labor front, nursing shortages coupled with extreme caregiver exhaustion and health concerns illustrate the intrinsic challenges in managing personnel costs in the midst of the pandemic.

7 Emboldened efforts to advance health equity, eliminate disparities in care, and advance a more diverse and inclusive workforce

Many of our presenting health systems were candid about the work necessary to address fundamental health inequities and the responsibility of NFP health systems to lead the way. Leaders laid out a strong call to action and announced structural change via frameworks (like **Ascension's** "ABIDE" formula – Appreciation, Belongingness, Inclusivity, Diversity, Equity) and councils in order to identify and address racism and systemic injustice. **SSM's** commitment to achieving gender pay equity and raising its minimum wage across the system is commendable. At **Advocate Aurora Health**, associates are being held to a higher personal standard through a code of conduct that applies both inside and outside the workplace.

With meaningful racial and gender diversity amongst our presenting speakers, it was empowering to hear these leaders identify and commit to the changes necessary in their own organizations.

8 Data access & price transparency drive a different relationship with consumers

While investors were anxious to understand the potential implications of the new enhanced price transparency requirements effective at the start of 2021, most of our presenting systems outlined their full compliance with the requirements. They noted that consumers will still be challenged in understanding and using this data, but acknowledged that third parties will likely emerge with more user friendly solutions. Systems did not believe the requirements would alter their strategies or current performance; **Spectrum Health**, for example, shared that it has been posting prices for consumers since 2005 because it upholds price transparency as a fundamental pillar.

While many organizations touted the importance of digitizing processes to gain efficiencies and standardize data, **Blue Shield of California** made an impassioned case for a democratic digital ecosystem across the entire healthcare value chain.

9 Innovative partnerships and commercialization abound

Many presenters used the J.P. Morgan Conference to highlight the range of their partnerships, innovations, and commercialization opportunities. A few notable examples from this year's sessions include **SSM's** expanded relationship with COSTCO for its pass-through PBM; the organization of **Providence's** B2B services under its TEGRIA umbrella; and **Jefferson's** announcement of a new partnership – TENDO – with General Catalyst. **Mass General Brigham** outlined how research and innovation at the bench and the bedside have become its fundamental competitive advantage, and **Northwell** used the conference to announce a new direct-to-employer relationship with Whole Foods. Many systems share **Providence's** goal to be at the "intersection of innovation and compassion".

10 Pace of consolidation and growth will accelerate – with an emphasis on doing the right thing for the long term

Nearly every presenting system concluded their remarks with an open invitation for partnership and a clear strategic imperative for growth. Eschewing growth for size alone, leading systems are looking to supplement their capabilities to create essentiality in the markets they serve. The ability to integrate acquisitions is quickly becoming a strategic advantage, and many of our presenting systems have become quite adept in managing the transition. It is our expectation – and the expectation of most of the speakers – that the pace of consolidation amongst health systems will accelerate, with more independent hospitals and small systems seeking partnership. Many of these organizations will not have weathered the pandemic as successfully as our presenters; as a result, strategic options may be more limited, and acquirers will necessarily be more discerning in their combinations. The imperative for growth will also extend to larger regional system mergers focused on both traditional synergies and strategic synergies that combine existing capabilities, scale prospective investments and de-risk capital outlays.

We must act with alacrity – along a number of dimensions

The challenges that face the healthcare ecosystem are real and complex – from managing second and third wave COVID surges, to distributing the vaccine to every citizen, to making high quality healthcare affordable and accessible and remedying the systemic inequalities in our healthcare system. The leadership of our outstanding presenting organizations are tackling these issues head on, with an optimism and a resilience that has inspired us all. As Intermountain's CFO Bert Zimmerli has challenged us: "**Because we can, we must.**"

That, friends, is why we chose Not-for-Profit Healthcare. We hope to see you next year in San Francisco.

J.P. Morgan's Not-for-Profit Healthcare Investment Banking Team

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**EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING MEMO**

To: Finance Committee
From: Ken King, CAO
Date: January 25, 2021
Subject: Major Capital Projects in Process

Purpose: To keep the Finance Committee informed on the progress of major capital projects in process.

Summary:

A. Situation/Status

Taube Pavilion (aka BHS): The Life Safety Improvements have been completed and the final inspections by OSPHD and CDPH are expected to be completed by February 1st. The final four rooms will be put into service the day CDPH signs off. The close out of the construction contract is pending final lien releases from all suppliers and subcontractors. The projected final cost remains \$992,000 over the project budget.

Sobrato Pavilion (aka IMOB): This project is 99.9% complete with only the finishing touches to be completed. The close out of the construction contract is pending lien releases from all suppliers and subcontractors. The projected final cost remains \$984,000 below the project budget.

Women's Hospital: The plans and specifications for the project have been approved and the final funding request is agenized for Finance Committee Recommendation for Approval on January 25, 2021. Pending Hospital and District Board Approval on February 10, 2021 the construction contract will be executed and construction preparation will begin immediately. The target start date for construction activity within the building is on or about April 1st.

M.V. Campus Completion Project (Phases 1 and 2) which includes the demolition of the old main hospital has received OSHPD plan approval. We have delayed the start of this project until the early spring of 2021. In addition to slowing, spend of capital dollars, this will allow more time to explore and consider the Phase 3 development options, which are still under consideration. *NO CHANGE FROM PREVIOUS REPORT.*

Radiation Oncology Equipment Replacement Project: The HDR Brachytherapy Unit is the first of three new pieces of equipment has been installed and is in operation. The room that previously housed the Cyber Knife equipment has is nearly ready for the new Linear Accelerator to begin installation the first week of February. The project is currently on schedule and there are no significant issues or concerns. To date \$9.9 million of the \$10.3 million budget has been committed.

Interventional Equipment Replacement Project: The plans continue working their way through the OSHPD plan review process and we adjusted the timing for the final funding request to the Finance Committee to be in March 2021 and to the Board in April 2021.

Imaging Equipment Replacement Project: The OSHPD plan review process for the Interventional Project has informed us of issues that we are now applying to the Imaging Equipment Replacement Project. Primarily the realization that the anchorage and power supply of all the new equipment impacts the floor below to a greater extent than first contemplated. Additionally, we have learned that there are several rooms that will not be required to meet all aspects of the current building code due to the nature of the specific equipment replacement plan. All of this has pushed the projected OSHPD submission date to late March.

Major Capital Projects in Process
January 25, 2021

B. Authority

This memo is to keep the Finance Committee informed of the progress towards completion of the major development projects within the Mountain View Campus Development Plan.

C. Background

The Board of Directors approved the Mountain View Campus Development Projects which consist of the following:

Step I:

Status

North Parking Garage Expansion -	Complete
Behavioral Health Services Building -	Substantially Complete - Occupied
Integrated Medical Office Building -	Substantially Complete - Occupied
Central Plant Upgrades -	Complete

Step II:

Women's Hospital Expansion -	Final Funding Request
Demolition of Old Main Hospital -	On Hold - Phases 1&2

D. Assessment

NA

E. Other Reviews

None

F. Outcomes

As stated in the status updates.



**EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING MEMO**

To: Finance Committee
From: Cindy Murphy, Director of Governance Services
Date: January 25, 2021
Subject: Report on Board Actions

Purpose: To keep the Committee informed with regards to actions taken by the El Camino Hospital and El Camino Healthcare District Boards.

Summary:

1. **Situation:** It is important to keep the Committees informed about Board activity to provide context for Committee work. The list below is not meant to be exhaustive, but includes agenda items the Board voted on that are most likely to be of interest to or pertinent to the work of El Camino Hospital’s Board Advisory Committees.
2. **Authority:** This is being brought to the Committees at the request of the Board and the Committees.
3. **Background:** Since the last time we provided this report to the Finance Committee, the Hospital Board has met once and the District Board has met twice. In addition, since the Board has delegated certain authority to the Executive Compensation Committee, the Compliance and Audit Committee and the Finance Committee, those approvals are also noted in this report.

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
ECH Board	December 9, 2020	<ul style="list-style-type: none"> - FY21 Period 3 and 4 Financials - FY20 CEO Incentive Compensation Payment - Quality Committee Report Including Credentials and Privileges Report
ECHD Board	December 4, 2020	<ul style="list-style-type: none"> - Accepted the November 3, 2020 Election Results (John Zoglin, Julia E. Miller and Carol A. Somersille, MD elected) - Elected Carol A. Somersille, MD to the El Camino Hospital Board of Directors - Appointed Julia E. Miller as Vice Chair of the ECHD Board
	December 29, 2020	<ul style="list-style-type: none"> - Endorsed John Zoglin as Candidate for Alternate Independent Special District Member of Santa Clara County LAFCo - Approved \$100,000 in funding for Community COVID-19 Vaccination Program
Executive Compensation Committee	N/A	
Compliance and Audit Committee	N/A	
Finance Committee	N/A	

Report on Board Actions
January 25, 2021

List of Attachments: None.

Suggested Committee Discussion Questions: None.



El Camino Health

Summary of Financial Operations

Fiscal Year 2021 – Period 6

7/1/2020 to 12/31/2020

Overall Commentary for Period 6 - December 2020

Period ending 12/31/2020

- ECH and ECHMN volumes continue to exceed budget with a number of service lines exceeding pre-Covid-19 levels
- Due to an increase in the case mix index (CMI) total average length of stay (ALOS) has increased by 0.5 days which has resulted in ADC is 3.4% higher year-over-year
- Total gross charges, a surrogate for volume, were favorable to budget by \$84.6M / 30.0% and \$44.0M / 13.6% better than the same period last year
- Net patient revenue was favorable to budget by \$18.5M / 25.2% and \$6.3M / 7.3% better than the same period last year
- Operating expenses were \$7.0M / 8.6% unfavorable to budget, which is primarily attributed to higher than expected inpatient and outpatient volumes
- Operating margin was favorable to budget by \$9.5M / 366.8% and \$6.1M / 46.7% lower than the same period last year
- Operating EBIDA was favorable to budget by \$9.9M / 247.4% and \$1.8M / 11.6% lower than the same period last year

Consolidated Statement of Operations (\$000s)

Period ending 12/31/2020

Period 6 FY 2020	Period 6 FY 2021	Period 6 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
323,501	367,494	282,925	84,569	29.9%	Gross Revenue	1,931,508	2,105,782	1,615,223	490,559	30.4%
(237,496)	(275,206)	(209,183)	(66,022)	(31.6%)	Deductions	(1,423,935)	(1,572,793)	(1,194,884)	(377,909)	(31.6%)
86,005	92,289	73,742	18,547	25.2%	Net Patient Revenue	507,573	532,989	420,339	112,650	26.8%
5,759	3,079	5,078	(1,999)	(39.4%)	Other Operating Revenue	27,806	23,331	27,808	(4,477)	(16.1%)
91,764	95,368	78,820	16,548	21.0%	Total Operating Revenue	535,379	556,320	448,147	108,173	24.1%
					OPERATING EXPENSE					
46,746	48,774	45,468	(3,306)	(7.3%)	Salaries & Wages	275,279	287,363	264,268	(23,095)	(8.7%)
12,307	14,519	11,304	(3,215)	(28.4%)	Supplies	80,414	84,167	65,468	(18,700)	(28.6%)
12,673	14,035	14,381	347	2.4%	Fees & Purchased Services	84,322	83,514	86,654	3,140	3.6%
4,271	4,100	3,653	(447)	(12.2%)	Other Operating Expense	22,766	23,010	22,367	(643)	(2.9%)
(1,317)	1,428	926	(502)	(54.2%)	Interest	1,216	8,572	5,554	(3,018)	(54.4%)
4,087	5,591	5,681	91	1.6%	Depreciation	26,087	33,810	35,087	1,277	3.6%
78,768	88,446	81,414	(7,032)	(8.6%)	Total Operating Expense	490,084	520,436	479,397	(41,039)	(8.6%)
12,996	6,922	(2,594)	9,516	(366.8%)	Net Operating Margin	45,295	35,884	(31,250)	67,134	(214.8%)
					Non Operating Income					
14,178	57,357	3,413	53,943	1580.4%	Net Margin	48,375	141,628	17,324	124,304	717.5%
27,174	64,279	819	63,460	7750.0%		93,670	177,512	(13,926)	191,438	(1374.7%)
					EBIDA					
17.2%	14.6%	5.1%	9.5%			13.6%	14.1%	2.1%	12.0%	
14.2%	7.3%	-3.3%	10.5%		Operating Margin	8.5%	6.5%	-7.0%	13.4%	
29.6%	67.4%	1.0%	66.4%		Net Margin	17.5%	31.9%	-3.1%	35.0%	

Financial Overview: Period 6 - December 2020

Period ending 12/31/2020

Financial Performance

- December operating income was \$6.9M compared to a budgeted loss of \$2.6M, resulting in a favorable variance of \$9.5M. The primary drivers are volume which have significantly exceeded budget, stable payor mix and close management of variable expenses
- Volumes and Revenues continue to be stronger than budget as demonstrated by:
 - Adjusted discharges were favorable to budget by 352 cases / 13.2% and 292 / 8.8% lower than the same period last year
 - Favorable variance gross charges of \$84.6M was nearly evenly split between inpatient and outpatient services:
 - Inpatient gross charges: Favorable to budget by \$42M / 28% variance primarily driven by lab, pharmacy, imaging, and critical care
 - Outpatient gross charges: Favorable to budget by \$42M / 33% variance primarily driven by surgery, lab, cath. lab, emergency room, and ancillary services
 - Operating Expenses were unfavorable to budget by \$7.0M / 8.6%, primarily due to increased patient activity, increased use / cost of PPE associated with Covid-19 and other Covid-19 associated expenses
 - SWB were unfavorable by \$3.3M / 7.3%
 - Supplies were unfavorable by \$2.7M / 28.4%
 - All other discretionary non-volume driven expenses were unfavorable to budget by \$1.0M
 - Additional expenses attributed to Covid-19 are an average of approx. \$950K per month for the first six months of FY2021
- Non Operating Income includes:
 - Investment Income of \$57.4M is primarily attributed to unrealized gains on investments

Financial Overview: Period 6 – December 2020 (cont.)

Period ending 12/31/2020

Financial Performance

Hospital Operations:

- Adjusted Discharges (AD): Favorable to budget by 352 / 13% and below prior year by 293 / 9%:
 - Mountain View: Favorable to budget by 202 ADs / 10% and below prior year by 380 / 14%
 - Los Gatos: Favorable to budget by 150 ADs / 27% and above than prior year by 87 / 14%
- Operating Expense Per Adjusted Discharge: \$24,506 which is 2% favorable to budget

Note: Excludes depreciation and interest

El Camino Health Medical Network (ECHMN) Operations:

- December total visits of 21,308 was 10.5% above prior month and 7.7% favorable to budget
- Operating income was unfavorable to budget by \$149K / (5.2%) and net income was favorable to budget by \$80K / 2.8%
- YTD net income is favorable to budget by \$195K / 1.1%

Financial Overview: YTD FY2021 (as of 12/31/2020)

Consolidated Financial Performance

- YTD FY2021 net operating margin of \$35.9M is favorable to budgeted by \$67.1M and consistent with Q2 forecast as presented by management in November
- Year-over-year operating margin is \$9.4M lower than the same period last year, which directly an increase in depreciation and interest of \$15.1M expenses associated with recently completed capital projects at the Mountain View campus
- Strong volume recovery from the first wave of Covid-19, consistent payor mix and careful management of variable expenses continue to be the primary drivers of favorable performance to budget
 - Adjusted discharges are 2,315 /15.2% favorable to budget and 1,682 / 8.8% lower than the same period last year
- Operating expenses are \$41.0M / 8.6% unfavorable to budget
 - Unfavorability driven higher than budgeted volumes and expenses associated with Covid-19 pandemic
 - Operating expense per adjusted discharge of \$24,551 is 4.1% favorable to budget which demonstrates consistent management of variable expenses

Note: Excludes depreciation and interest expense

Consolidated Balance Sheet (as of 12/31/2020)

(\$ thousands)

ASSETS

	December 31, 2020	Audited June 30, 2020
CURRENT ASSETS		
Cash	207,967	228,464
Short Term Investments	284,968	221,604
Patient Accounts Receivable, net	137,338	128,564
Other Accounts and Notes Receivable	8,741	13,811
Intercompany Receivables	32,953	72,592
Inventories and Prepaids	23,783	101,267
Total Current Assets	695,750	766,303
BOARD DESIGNATED ASSETS		
Foundation Board Designated	17,341	15,364
Plant & Equipment Fund	188,907	166,859
Women's Hospital Expansion	30,401	22,563
Operational Reserve Fund	159,684	148,917
Community Benefit Fund	17,917	17,916
Workers Compensation Reserve Fund	16,482	16,482
Postretirement Health/Life Reserve Fund	31,275	30,731
PTO Liability Fund	30,504	27,515
Malpractice Reserve Fund	1,971	1,919
Catastrophic Reserves Fund	21,010	17,667
Total Board Designated Assets	515,491	465,933
FUNDS HELD BY TRUSTEE	12,247	23,478
LONG TERM INVESTMENTS	476,303	372,175
CHARITABLE GIFT ANNUITY INVESTMENTS	708	680
INVESTMENTS IN AFFILIATES	32,348	29,065
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,364,216	1,342,012
Less: Accumulated Depreciation	(710,283)	(676,535)
Construction in Progress	495,912	489,848
Property, Plant & Equipment - Net	1,149,845	1,155,326
DEFERRED OUTFLOWS	21,425	21,416
RESTRICTED ASSETS	32,543	28,547
OTHER ASSETS	84,572	3,231
TOTAL ASSETS	3,021,233	2,866,153

LIABILITIES AND FUND BALANCE

	December 31, 2020	Audited June 30, 2020
CURRENT LIABILITIES		
Accounts Payable	24,647	35,323
Salaries and Related Liabilities	46,099	35,209
Accrued PTO	31,128	28,124
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	16,097	10,956
Intercompany Payables	32,364	70,292
Malpractice Reserves	1,560	1,560
Bonds Payable - Current	9,020	9,020
Bond Interest Payable	8,463	8,463
Other Liabilities	13,871	3,222
Total Current Liabilities	185,550	204,469
LONG TERM LIABILITIES		
Post Retirement Benefits	31,275	30,731
Worker's Comp Reserve	16,482	16,482
Other L/T Obligation (Asbestos)	6,509	4,094
Bond Payable	497,174	513,602
Total Long Term Liabilities	551,441	564,908
DEFERRED REVENUE-UNRESTRICTED	76,960	77,133
DEFERRED INFLOW OF RESOURCES	31,009	30,700
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	1,951,139	1,771,854
Board Designated	194,242	188,457
Restricted	30,892	28,631
Total Fund Bal & Capital Accts	2,176,273	1,988,942
TOTAL LIABILITIES AND FUND BALANCE	3,021,233	2,866,153

Executive Dashboard (as of 12/31/2020)

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
Consolidated Financial Perf.								
Total Operating Revenue	91,764	95,368	78,820	16,548	535,379	556,320	448,147	108,173
Operating Expenses	78,768	88,446	81,414	(7,032)	490,084	520,436	479,397	(41,039)
Operating Margin \$	12,996	6,922	(2,594)	9,516	45,295	35,884	(31,250)	67,134
Operating Margin %	14.2%	7.3%	(3.3%)	10.5%	8.5%	6.5%	(7.0%)	13.4%
EBIDA \$	15,767	13,940	4,013	9,927	72,598	78,266	9,391	68,876
EBIDA %	17.2%	14.6%	5.1%	9.5%	13.6%	14.1%	2.1%	12.0%
Hospital Volume								
Licensed Beds	443	454	454	-	443	454	454	-
ADC	240	245	205	41	232	240	197	43
Utilization MV	66%	64%	54%	10.2%	63%	62%	51%	11.3%
Utilization LG	30%	33%	26%	6.4%	30%	32%	27%	5.7%
Utilization Combined	54%	54%	45%	9.0%	52%	53%	43%	9.5%
Adjusted Discharges	3,304	3,012	2,659	352	19,247	17,556	15,237	2,319
Total Discharges (Excl NNB)	1,790	1,597	1,432	165	10,174	9,339	8,197	1,142
Total Discharges	2,151	1,867	1,775	92	12,315	11,341	10,200	1,141
Inpatient Cases								
MS Discharges	1,249	1,134	894	240	7,043	6,307	5,086	1,221
Deliveries	382	291	362	(71)	2,257	2,139	2,116	23
BHS	113	124	133	(9)	605	611	734	(123)
Rehab	46	48	44	4	269	282	261	21
Outpatient Cases	14,374	17,734	10,725	7,009	81,632	95,744	61,316	34,428
ED	4,274	3,158	2,800	358	24,518	18,531	15,291	3,240
Procedural Cases				-				-
OP Surg	551	562	339	223	2,971	3,176	1,989	1,187
Endo	235	192	151	41	1,398	1,352	841	511
Interventional	172	167	115	52	1,085	1,046	603	443
All Other	9,142	13,655	7,320	6,335	51,660	71,639	42,591	29,048
Hospital Payor Mix								
Medicare	45.1%	47.3%	48.6%	(1.3%)	48.9%	48.1%	48.4%	(0.4%)
Medi-Cal	8.0%	9.0%	7.4%	1.6%	7.6%	7.8%	7.5%	0.4%
Commercial IP	20.8%	17.6%	20.4%	(2.7%)	19.0%	19.9%	20.5%	(0.7%)
Commercial OP	23.5%	23.2%	21.2%	2.0%	22.0%	22.0%	21.1%	0.8%
Total Commercial	44.2%	40.8%	41.6%	(0.8%)	41.1%	41.8%	41.7%	0.2%
Other	2.7%	2.9%	2.4%	0.5%	2.4%	2.3%	2.5%	(0.1%)
Hospital Cost								
Total FTE ¹	2,809.5	2,872.3	2,870.1	(2.2)	2,779.9	2,787.7	2,840.8	53.1
Productive Hrs/APD	30.4	30.0	34.3	4.3	31.3	30.9	35.0	4.2
Consolidated Balance Sheet								
Net Days in AR	49.3	46.0	49.0	3.0	49.3	46.0	49.0	3.0
Days Cash	484	569	435	133	484	569	435	133

¹ Paid FTE; Budget in this case is using the Flex Budget instead of Fixed Budget

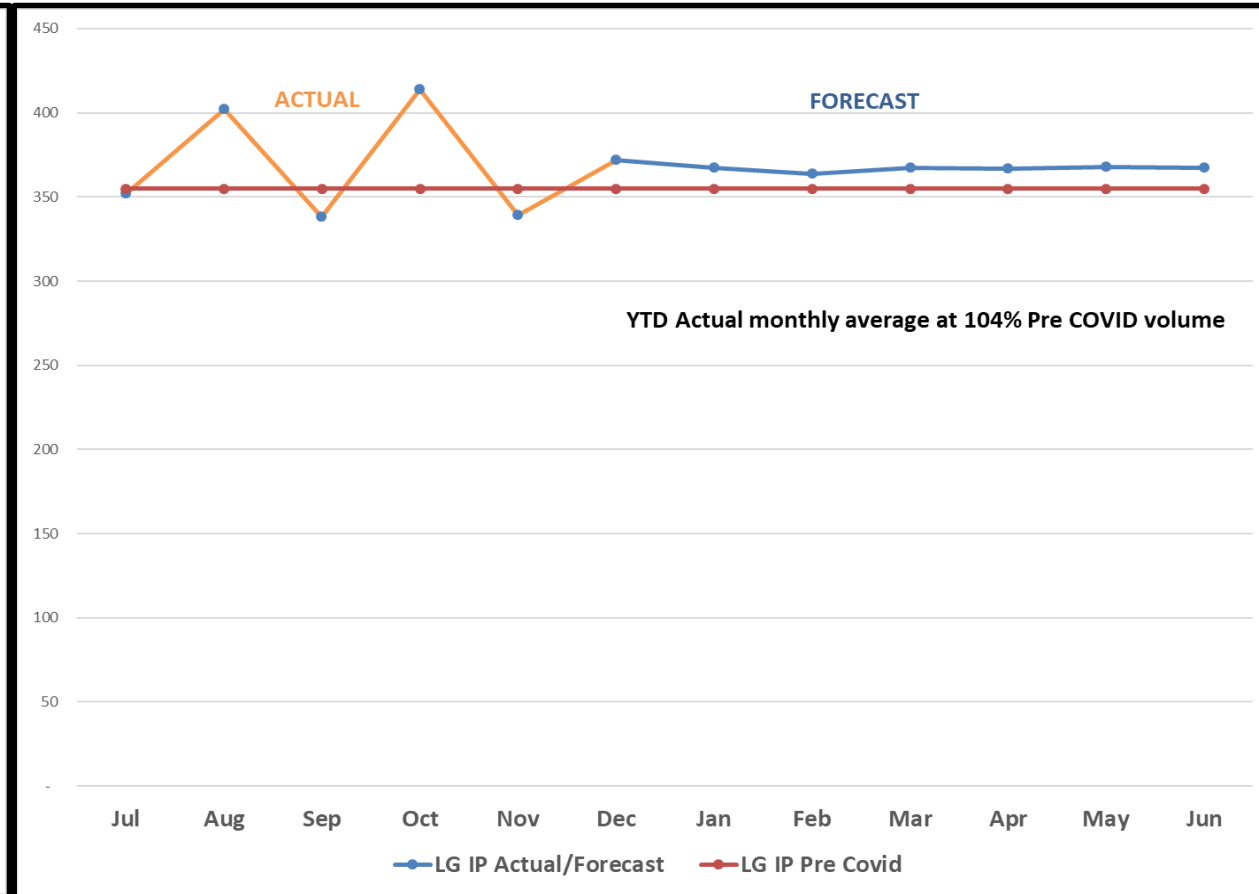
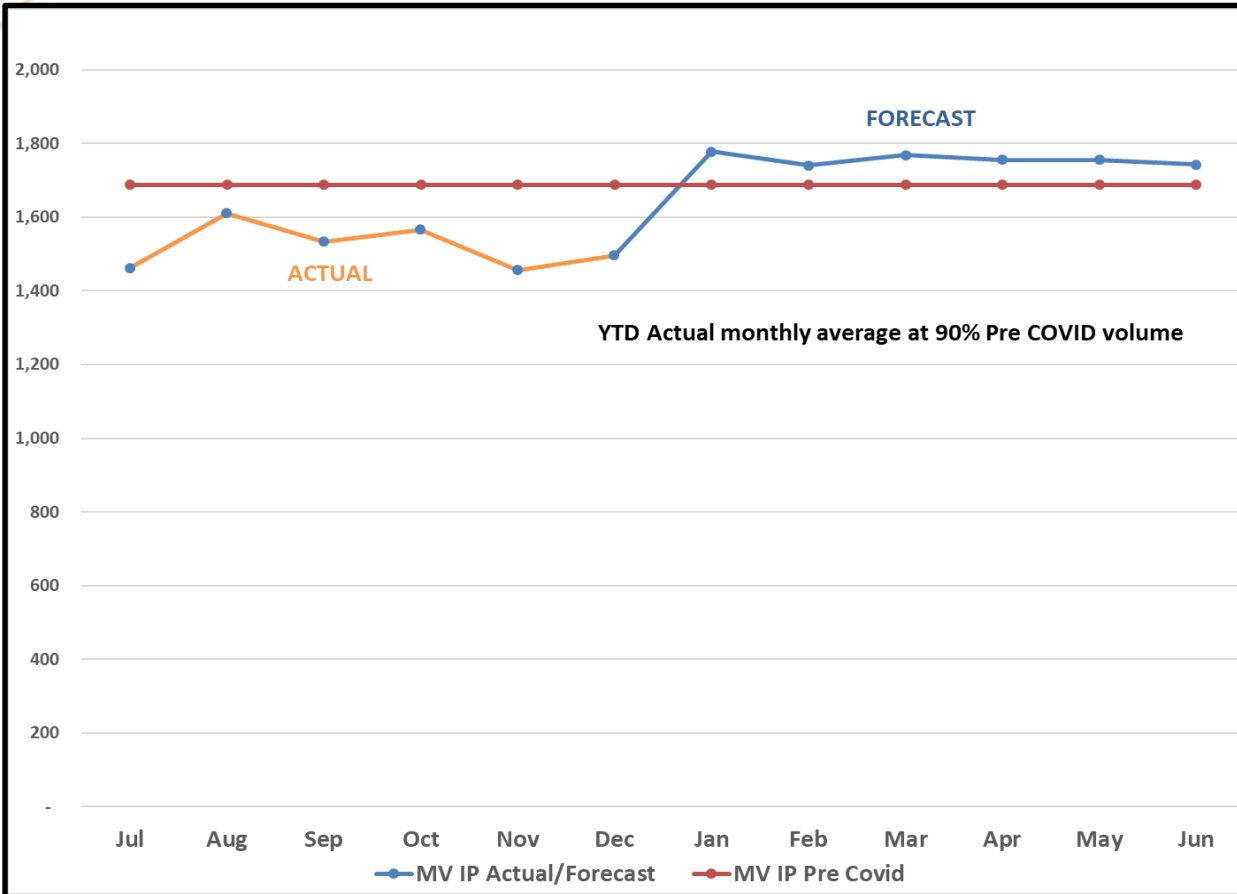
APPENDIX

Monthly Inpatient Volume Trends

FY2021 Actual (Jul-Dec) & Budget (Jan-Jun) – Including Pre COVID Levels

MV

LG

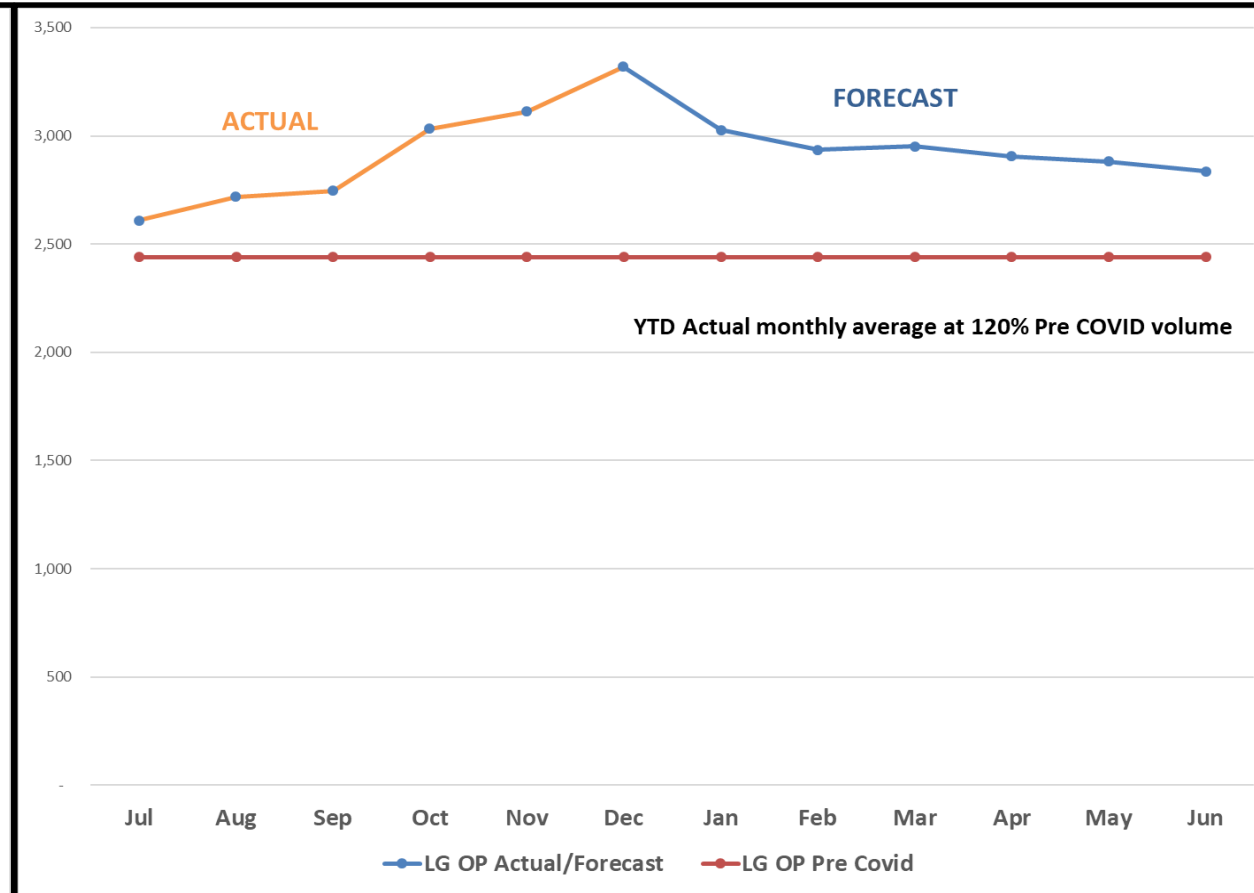
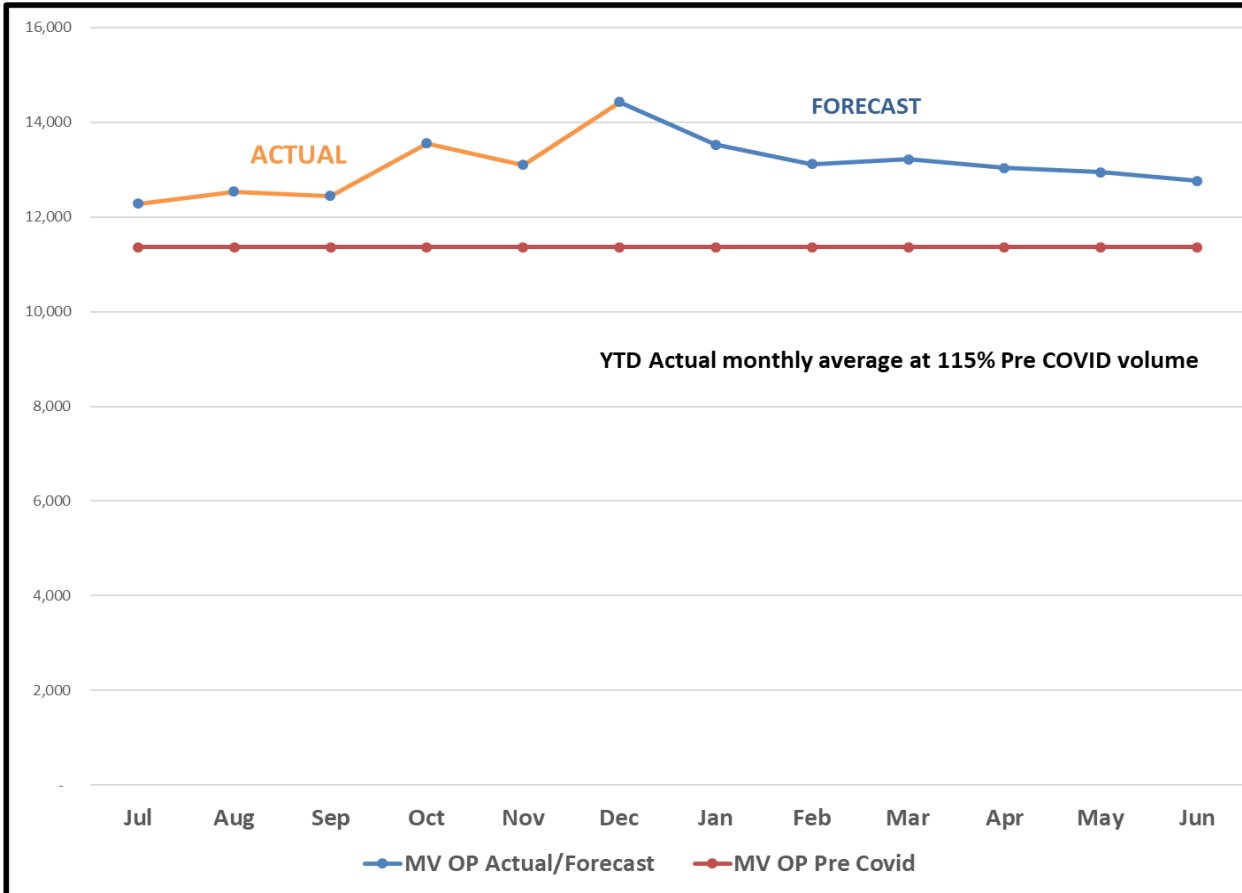


Monthly Outpatient Volume Trends (Hospital Volume)

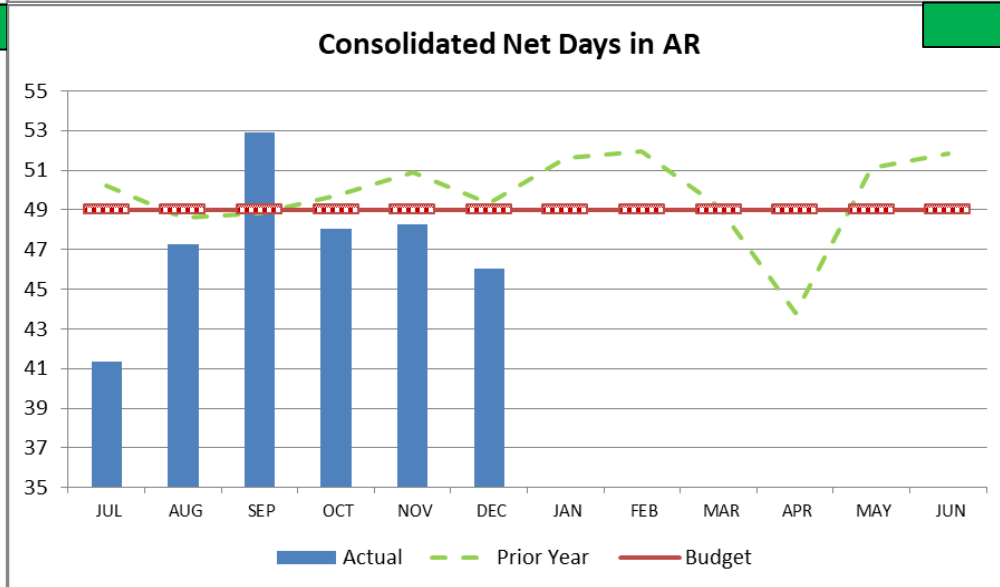
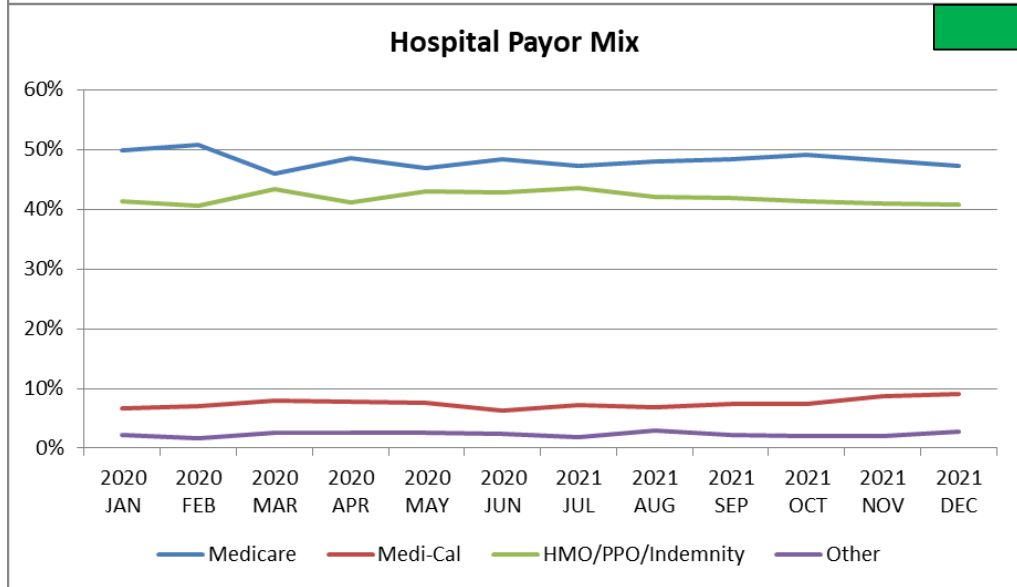
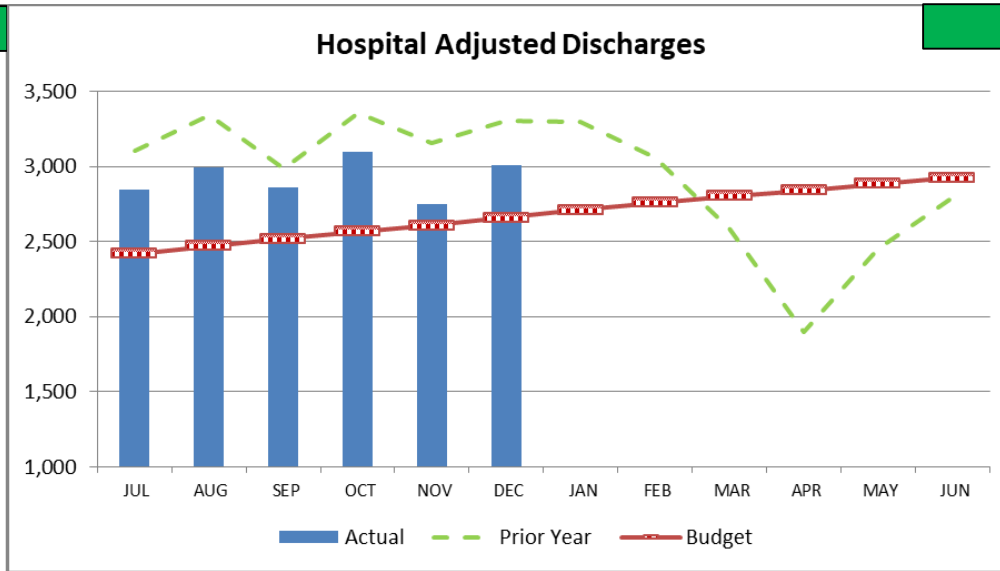
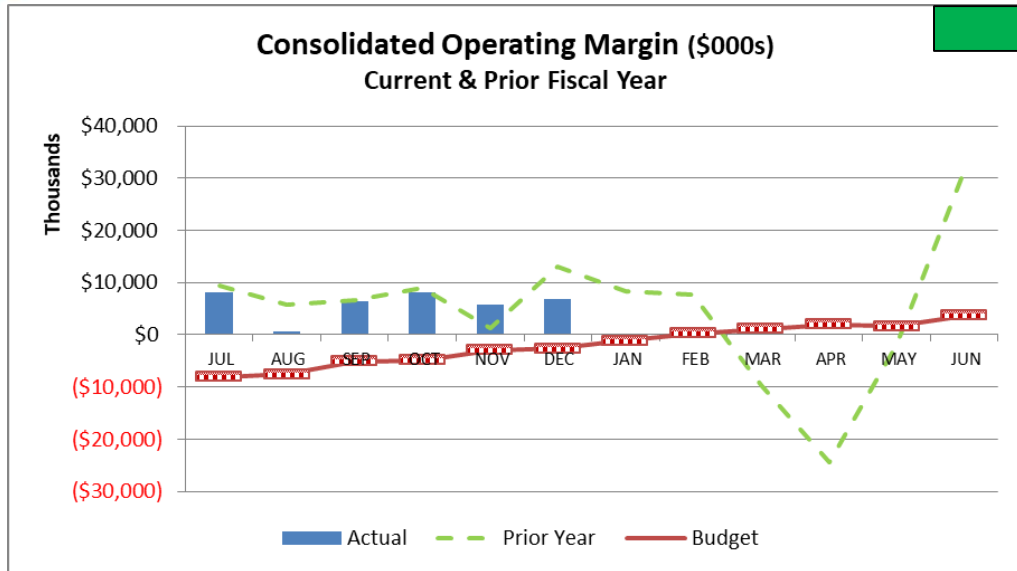
FY2021 Actual (Jul-Dec) & Budget (Jan-Jun) – Including Pre COVID Levels

MV

LG



YTD FY2021 Financial KPIs – Monthly Trends



Investment Scorecard (as of 12/31/2020)

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY21 Budget	Expectation Per Asset Allocation
Investment Performance		CY 4Q 2020 / FY 2Q 2021		Fiscal Year-to-Date 2021		8y 2m Since Inception (annualized)		FY 2021	2019
Surplus cash balance*		\$1,302.1	--	--	--	--	--	--	--
Surplus cash return		8.5%	8.0%	13.0%	12.2%	6.6%	6.4%	4.0%	5.6%
Cash balance plan balance (millions)		\$336.2	--	--	--	--	--	--	--
Cash balance plan return		11.2%	9.2%	17.1%	14.3%	8.9%	7.9%	6.0%	6.0%
403(b) plan balance (millions)**		\$581.5	--	--	--	--	--	--	--
Risk vs. Return		3-year			8y 2m Since Inception (annualized)				2019
Surplus cash Sharpe ratio		0.69	0.67	--	--	0.93	0.93	--	0.34
Net of fee return		7.8%	7.3%	--	--	6.6%	6.4%	--	5.6%
Standard deviation		9.0%	8.6%	--	--	6.3%	6.1%	--	8.7%
Cash balance Sharpe ratio		0.73	0.64	--	--	1.00	0.96	--	0.32
Net of fee return		9.8%	8.0%	--	--	8.9%	7.9%	--	6.0%
Standard deviation		11.4%	10.3%	--	--	8.1%	7.4%	--	10.3%
Asset Allocation		CY 4Q 2020 / FY 2Q 2021							
Surplus cash absolute variances to target		9.4%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Cash balance absolute variances to target		7.9%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Manager Compliance		CY 4Q 2020 / FY 2Q 2021							
Surplus cash manager flags		16	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		19	< 27 Green < 34 Yellow	--	--	--	--	--	--

*Excludes debt reserve funds (~\$12 mm), District assets (~\$34 mm), and balance sheet cash not in investable portfolio (\$214 mm). Includes Foundation (~\$39 mm) and Concern (~\$15 mm) assets.

**As of September 30, 2020 as more recent data not yet available.

YTD FY2021 and November Operating Margin, Non-Operating Income and Net Margin by Affiliate (as of 12/31/2020)

(\$ in thousands)

	Period 6- Month			Period 6- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Operating Margin						
Mountain View	6,118	(920)	7,038	41,802	(19,219)	61,020
Los Gatos	3,846	1,448	2,398	13,640	8,053	5,587
Sub Total - El Camino Hospital, excl. Affiliates	9,964	528	9,436	55,442	(11,166)	66,607
Operating Margin %	11.0%	0.7%		10.5%	-2.7%	
El Camino Hospital Non Operating Income						
Sub Total - Non Operating Income	56,113	2,905	53,208	137,091	15,509	121,582
El Camino Hospital Net Margin	66,077	3,433	62,644	192,533	4,343	188,190
ECH Net Margin %	73.0%	4.7%		36.5%	1.0%	
Concern	152	228	(76)	371	170	201
ECSC	0	0	0	(3)	0	(3)
Foundation	802	(11)	812	2,846	(9)	2,855
El Camino Health Medical Network	(2,751)	(2,832)	80	(18,235)	(18,430)	195
Net Margin Hospital Affiliates	(1,798)	(2,615)	816	(15,021)	(18,269)	3,248
Total Net Margin Hospital & Affiliates	64,279	819	63,460	177,512	(13,926)	191,438

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

Period ending 12/31/2020

Period 6 FY 2020	Period 6 FY 2021	Period 6 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
254,788	281,351	216,641	64,710	29.9%	Gross Revenue	1,534,208	1,622,656	1,226,418	396,238	32.3%
(188,808)	(211,048)	(160,479)	(50,570)	(31.5%)	Deductions	(1,129,361)	(1,208,113)	(908,537)	(299,576)	(33.0%)
65,980	70,303	56,162	14,141	25.2%	Net Patient Revenue	404,847	414,543	317,881	96,663	30.4%
3,207	1,161	2,125	(964)	(45.4%)	Other Operating Revenue	11,639	8,484	10,211	(1,727)	(16.9%)
69,186	71,464	58,288	13,176	22.6%	Total Operating Revenue	416,486	423,027	328,092	94,935	28.9%
					OPERATING EXPENSE					
37,066	38,539	36,136	(2,403)	(6.7%)	Salaries & Wages	217,602	226,285	208,751	(17,534)	(8.4%)
9,822	10,923	8,438	(2,485)	(29.4%)	Supplies	64,286	64,294	48,951	(15,344)	(31.3%)
5,225	7,077	6,709	(368)	(5.5%)	Fees & Purchased Services	40,601	39,540	40,796	1,255	3.1%
3,127	2,920	2,417	(503)	(20.8%)	Other Operating Expense	16,167	15,367	14,743	(623)	(4.2%)
(1,318)	1,428	926	(502)	(54.2%)	Interest	1,215	8,572	5,554	(3,018)	(54.4%)
3,245	4,459	4,581	122	2.7%	Depreciation	20,985	27,167	28,517	1,350	4.7%
57,167	65,345	59,207	(6,138)	(10.4%)	Total Operating Expense	360,855	381,225	347,311	(33,915)	(9.8%)
12,019	6,118	(920)	7,038	(765.2%)	Net Operating Margin	55,630	41,802	(19,219)	61,020	(317.5%)
12,035	56,113	2,905	53,208	1831.6%	Non Operating Income	43,101	137,091	15,509	121,582	784.0%
24,054	62,231	1,985	60,246	3034.7%	Net Margin	98,731	178,893	(3,710)	182,603	(4922.4%)
20.2%	16.8%	7.9%	8.9%		EBIDA	18.7%	18.3%	4.5%	13.8%	
17.4%	8.6%	-1.6%	10.1%		Operating Margin	13.4%	9.9%	-5.9%	15.7%	
34.8%	87.1%	3.4%	83.7%		Net Margin	23.7%	42.3%	-1.1%	43.4%	

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

Period ending 12/31/2020

Period 6 FY 2020	Period 6 FY 2021	Period 6 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
61,175	77,112	57,535	19,577	34.0%	Gross Revenue	354,507	431,838	339,574	92,263	27.2%
(43,397)	(58,346)	(42,836)	(15,510)	(36.2%)	Deductions	(264,419)	(330,023)	(253,128)	(76,895)	(30.4%)
17,778	18,766	14,699	4,067	27.7%	Net Patient Revenue	90,088	101,815	86,446	15,368	17.8%
379	270	272	(2)	(0.7%)	Other Operating Revenue	2,311	2,268	1,627	642	39.5%
18,157	19,036	14,970	4,066	27.2%	Total Operating Revenue	92,399	104,083	88,073	16,010	18.2%
					OPERATING EXPENSE					
7,632	8,279	7,189	(1,091)	(15.2%)	Salaries & Wages	44,898	48,880	42,501	(6,379)	(15.0%)
1,921	3,170	2,420	(749)	(31.0%)	Supplies	13,482	17,164	13,898	(3,266)	(23.5%)
2,957	2,517	2,678	161	6.0%	Fees & Purchased Services	16,602	16,934	16,017	(917)	(5.7%)
411	336	398	62	15.7%	Other Operating Expense	2,056	2,314	2,616	302	11.6%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
788	888	837	(51)	(6.1%)	Depreciation	4,777	5,152	4,988	(164)	(3.3%)
13,710	15,190	13,522	(1,668)	(12.3%)	Total Operating Expense	81,815	90,443	80,020	(10,423)	(13.0%)
4,447	3,846	1,448	2,398	165.6%	Net Operating Margin	10,584	13,640	8,053	5,587	69.4%
0	0	0	0	0.0%	Non Operating Income	0	0	0	0	0.0%
4,447	3,846	1,448	2,398	165.6%	Net Margin	10,584	13,640	8,053	5,587	69.4%
28.8%	24.9%	15.3%	9.6%		EBIDA	16.6%	18.1%	14.8%	3.2%	
24.5%	20.2%	9.7%	10.5%		Operating Margin	11.5%	13.1%	9.1%	4.0%	
24.5%	20.2%	9.7%	10.5%		Net Margin	11.5%	13.1%	9.1%	4.0%	

El Camino Health Medical Network (\$000s)

Period ending 12/31/2020

Period 6 FY 2020	Period 6 FY 2021	Period 6 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
7,539	9,031	8,749	282	3.2%	Gross Revenue	42,793	51,289	49,231	2,057	4.2%
(5,291)	(5,811)	(5,869)	57	1.0%	Deductions	(30,154)	(34,658)	(33,220)	(1,438)	(4.3%)
2,248	3,220	2,880	339	11.8%	Net Patient Revenue	12,639	16,631	16,012	619	3.9%
1,601	803	1,957	(1,154)	(59.0%)	Other Operating Revenue	9,575	8,073	11,627	(3,554)	(30.6%)
3,849	4,023	4,838	(815)	(16.8%)	Total Operating Revenue	22,214	24,704	27,639	(2,935)	(10.6%)
					OPERATING EXPENSE					
1,566	1,603	1,622	19	1.2%	Salaries & Wages	10,037	9,615	9,974	358	3.6%
580	426	435	9	2.1%	Supplies	2,566	2,621	2,552	(69)	(2.7%)
4,070	3,942	4,583	641	14.0%	Fees & Purchased Services	24,817	24,501	27,386	2,885	10.5%
672	801	768	(33)	(4.3%)	Other Operating Expense	4,040	5,016	4,590	(426)	(9.3%)
1	0	0	0	0.0%	Interest	0	0	0	0	0.0%
52	231	261	31	11.8%	Depreciation	310	1,414	1,567	153	9.8%
6,940	7,003	7,669	667	8.7%	Total Operating Expense	41,769	43,168	46,069	2,901	6.3%
(3,092)	(2,980)	(2,832)	(149)	5.2%	Net Operating Margin	(19,555)	(18,464)	(18,430)	(34)	0.2%
0	229	0	229	0.0%	Non Operating Income	0	229	0	229	0.0%
(3,092)	(2,751)	(2,832)	80	(2.8%)	Net Margin	(19,555)	(18,235)	(18,430)	195	(1.1%)
					EBIDA	-86.6%	-69.0%	-61.0%	(8.0%)	
					Operating Margin	-88.0%	-74.7%	-66.7%	(8.1%)	
					Net Margin	-88.0%	-73.8%	-66.7%	(7.1%)	
-79.0%	-68.4%	-53.1%	(15.2%)							
-80.3%	-74.1%	-58.5%	(15.6%)							
-80.3%	-68.4%	-58.5%	(9.9%)							

**EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING COVER MEMO**

To: Finance Committee
From: Carlos A. Bohorquez, Chief Financial Officer
Date: January 25, 2021
Subject: FY2021 Q3 – Q4 Financial Forecast

Purpose: To provide the Committee an overview of the approach and results of the FY2021 Q3 – Q4 financial forecast.

Summary:

- Situation:** The FY2021 budget was developed during the onset of the Covid-19 pandemic, which created a number of unknowns related to the duration of the pandemic, impact on payor mix, inpatient / outpatient volumes and other key assumptions. Management committed to developing and updating a high-level quarterly financial forecast using actual data and updated Covid-19 assumptions. Please note that the forecast is not intended to replace the approved FY2021 budget.
- Authority:** This is being brought to the Committee for review prior to presentation to the Board of Directors.
- Background:** Based on the comparative analysis (see table below), YTD FY2021 (as of 12/31) financial performance is comparable to the same period in prior fiscal year and significantly exceeds budget.

(\$ thousands)

		YTD (as of 12/31)						
		FY2020	FY2021		Variance to	Performance	Variance to	Performance
		Actual	Actual	Budget	Prior Year		Budget	
Utilization	ADC	232	240	197	8	 	43	
	Total Discharges	12,315	11,341	10,200	(974)	 	1,141	
	Outpatient Cases	81,632	95,744	61,316	14,112	 	34,428	
Financial Performance	Gross Charges	1,931,508	2,105,782	1,615,223	174,274	 	490,559	
	Total Operating Revenue	535,379	556,320	448,147	20,941	 	108,173	
	Total Operating Expenses	490,084	520,436	479,397	30,352	 	41,039	
	Operating Income	45,295	35,884	(31,250)	(9,411)	 	67,134	
	Operating EBIDA Margin (%)	13.6%	14.1%	2.1%	0.5%	 	12.0%	

- Assessment:** The organization’s strong recovery from the Covid-19 pandemic, validates the need to develop and update the financial forecast which informs organizational leaders, Finance Committee and Board of Directors of projected FY2021 Q3 – Q4 financial performance.

FY2021 Q3 – Q4 Financial Forecast
January 25, 2021

5. **Outcomes:** Q3 – Q4 FY2021 forecast has been updated to incorporate the impact of the second / third wave of Covid-19. Given anticipated impact of the Covid-19 pandemic lasting into spring / summer, management does not anticipate a full financial recovery until FY2022

Updated (January 2021) FY2021 forecasted operating income is \$95 million better than budget (see the table below).

	Fiscal Year Ended (6/30)		FY2021		
	FY2019	FY2020	Budget	Forecast (November 2020)	Forecast (January 2021)
Total Operating Revenue	\$ 996,674	\$ 1,031,137	\$ 947,142	\$ 1,146,439	\$ 1,114,351
Operating Income	\$ 118,289	\$ 63,648	\$ (23,743)	\$ 77,685	\$ 71,323
Operating Margin(%)	11.9%	6.2%	-2.5%	6.8%	6.4%
Operating EBIDA Margin (%)	17.9%	12.7%	5.9%	14.2%	14.0%

Management will present an updated financial forecast at the beginning of Q4.

List of Attachments: None

Suggested Committee Discussion Questions: None



Financial Forecast: FY2021 Q3 – Q4
Finance Committee

Carlos A. Bohorquez, Chief Financial Officer
January 25, 2021

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4. Q & A

YTD FY2021 (as of 12/31) Actual vs. Prior Year vs. Budget

(\$000s)

- Given a significant number of unknowns related to Covid-19 when the budget was prepared, management committed to developing / updating a financial forecast on a quarterly basis
- YTD FY2021 volume and financial results have significantly exceeded budget

(\$ thousands)

		YTD (as of 12/31)						
		FY2020	FY2021		Variance to Prior Year	Performance	Variance to Budget	Performance
		Actual	Actual	Budget				
Utilization	ADC	232	240	197	8	 	43	
	Total Discharges	12,315	11,341	10,200	(974)	 	1,141	
	Outpatient Cases	81,632	95,744	61,316	14,112	 	34,428	
Financial Performance	Gross Charges	1,931,508	2,105,782	1,615,223	174,274	 	490,559	
	Total Operating Revenue	535,379	556,320	448,147	20,941	 	108,173	
	Total Operating Expenses	490,084	520,436	479,397	30,352	 	41,039	
	Operating Income	45,295	35,884	(31,250)	(9,411)	 	67,134	
	Operating EBIDA Margin (%)	13.6%	14.1%	2.1%	0.5%	 	12.0%	

Retrospective Review of Q2 FY2021 Forecast Forecast vs Actual (Q2: Oct-Dec) Hospitals Only

Hospitals	Forecast	Actual	Forecast vs. Actual	
Gross Charges	\$ 1,045,873,326	\$ 1,049,685,563	\$ 3,812,236	0.4%
Net Patient Revenue	\$ 266,944,306	\$ 263,172,886	\$ (3,771,419)	-1.4%
Other Operating Revenue	\$ 7,474,975	\$ 5,297,323	\$ (2,177,652)	-29.1%
Total Operating Revenue	\$ 274,419,280	\$ 268,470,209	\$ (5,949,072)	-2.2%
Total Operating Expenses	\$ 244,312,314	\$ 237,856,962	\$ (6,455,352)	-2.6%
Operating Income	\$ 30,106,967	\$ 30,613,247	\$ 506,280	1.7%
Operating Margin	11.0%	11.4%	0.4%	---

- **Net Patient Revenue within 1.4%**
- **Total Revenue within 2.2%**
- **Operating Expense within 2.6%**
- **Operating Margin within 1.7%**

FY2021: Q2 Actual vs. Forecast (Prepared November 2020)

Enterprise Forecast	YTD FY2021	Projected									Projected - FY2021
	Q1 (as of 9/30)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
OPERATING REVENUE											
Charges	\$ 1,030,187,633	\$ 357,370,592	\$ 358,683,195	\$ 363,045,826	\$ 371,078,075	\$ 361,733,934	\$ 366,110,640	\$ 362,482,595	\$ 361,625,426	\$ 357,997,381	\$ 4,290,315,295
Deductions	\$ 768,638,473	\$ 266,958,703	\$ 266,979,086	\$ 270,269,289	\$ 276,260,411	\$ 269,394,961	\$ 272,669,267	\$ 270,017,816	\$ 269,417,588	\$ 266,766,136	\$ 3,197,371,730
Net Patient Revenue	\$ 261,549,160	\$ 90,411,889	\$ 91,704,109	\$ 92,776,536	\$ 94,817,664	\$ 92,338,973	\$ 93,441,373	\$ 92,464,780	\$ 92,207,838	\$ 91,231,244	\$ 1,092,943,565
Other Operating Revenue	\$ 12,994,059	\$ 4,059,823	\$ 5,053,443	\$ 5,055,407	\$ 4,388,741	\$ 4,388,741	\$ 4,388,741	\$ 4,388,741	\$ 4,388,741	\$ 4,388,739	\$ 53,495,173
Total Revenue	\$ 274,543,219	\$ 94,471,712	\$ 96,757,551	\$ 97,831,944	\$ 99,206,404	\$ 96,727,714	\$ 97,830,113	\$ 96,853,520	\$ 96,596,578	\$ 95,619,983	\$ 1,146,438,738
OPERATING EXPENSES											
Salaries & Wages	\$ 142,306,955	\$ 49,682,590	\$ 49,788,522	\$ 50,229,259	\$ 50,987,936	\$ 50,220,301	\$ 50,683,210	\$ 50,394,790	\$ 50,377,205	\$ 50,088,804	\$ 594,759,572
Supplies and Drugs	\$ 42,511,713	\$ 13,510,441	\$ 14,507,599	\$ 14,612,080	\$ 14,857,343	\$ 14,440,548	\$ 14,554,415	\$ 14,365,422	\$ 14,281,265	\$ 14,092,277	\$ 171,733,104
All Other Expenses	\$ 53,907,973	\$ 16,535,649	\$ 18,365,949	\$ 18,408,575	\$ 18,303,740	\$ 18,195,310	\$ 18,519,956	\$ 18,371,173	\$ 18,518,821	\$ 18,335,543	\$ 217,462,689
Depreciation	\$ 16,353,673	\$ 5,708,445	\$ 5,708,445	\$ 5,708,445	\$ 5,708,256	\$ 5,708,256	\$ 5,708,256	\$ 5,708,256	\$ 5,708,238	\$ 5,708,238	\$ 67,728,509
Interest Expense	\$ 4,286,779	\$ 1,426,344	\$ 1,426,344	\$ 1,426,344	\$ 1,426,344	\$ 1,415,514	\$ 1,415,514	\$ 1,415,514	\$ 1,415,514	\$ 1,415,514	\$ 17,069,727
Total Operating Expense	\$ 259,367,094	\$ 86,863,469	\$ 89,796,859	\$ 90,384,703	\$ 91,283,619	\$ 89,979,930	\$ 90,881,352	\$ 90,255,156	\$ 90,301,044	\$ 89,640,376	\$ 1,068,753,602
Operating Income	\$ 15,176,125	\$ 7,608,243	\$ 6,960,693	\$ 7,447,241	\$ 7,922,785	\$ 6,747,784	\$ 6,948,761	\$ 6,598,365	\$ 6,295,534	\$ 5,979,607	\$ 77,685,136
Operating Margin (%)	5.5%	8.1%	7.2%	7.6%	8.0%	7.0%	7.1%	6.8%	6.5%	6.3%	6.8%
Operating EBIDA Margin (%)	13.0%	15.6%	14.6%	14.9%	15.2%	14.3%	14.4%	14.2%	13.9%	13.7%	14.2%

Q2: Actual

Actual vs. Forecast

→ Operating Income
 Operating Margin (%)
 Operating EBIDA Margin (%)

	Oct.	Nov.	Dec.
Operating Income	\$8,091,122	\$5,694,848	\$6,921,922
Operating Margin (%)	8.6%	6.2%	7.3%
Operating EBIDA Margin (%)	16.2%	14.4%	14.9%

	Q2 (Actual)	Q2 (Forecast)	Variance
Operating Income	\$20,707,892	\$22,016,177	(\$1,308,285)
Operating Margin (%)	7.3%	7.6%	(0.3%)
Operating EBIDA Margin (%)	15.1%	15.0%	0.1%

Updated Forecast: FY2021 Q3 – Q4 (Prepared January 2021)

Enterprise Forecast	Q1 (July to September)	Q2 (October to December)	YTD FY2021 (as of 12/31)	Projected Q3 - Q4						Projected - FY2021
				Jan	Feb	Mar	Apr	May	Jun	
OPERATING REVENUE										
Charges	\$ 1,030,187,633	\$ 1,075,594,686	\$ 2,105,782,319	\$ 292,061,472	\$ 321,156,393	\$ 354,342,262	\$ 358,422,428	\$ 367,130,505	\$ 360,329,089	\$ 4,159,224,468
Deductions	\$ 768,638,473	\$ 804,154,974	\$ 1,572,793,446	\$ 214,927,500	\$ 239,516,198	\$ 264,040,527	\$ 264,951,707	\$ 270,800,027	\$ 266,766,540	\$ 3,093,795,945
Net Patient Revenue	\$ 261,549,160	\$ 271,439,713	\$ 532,988,872	\$ 77,133,973	\$ 81,640,195	\$ 90,301,735	\$ 93,470,721	\$ 96,330,478	\$ 93,562,549	\$ 1,065,428,523
Other Operating Revenue	\$ 12,994,059	\$ 10,336,683	\$ 23,330,742	\$ 4,214,467	\$ 4,172,322	\$ 4,214,045	\$ 4,298,326	\$ 4,295,846	\$ 4,397,188	\$ 48,922,935
Total Revenue	\$ 274,543,219	\$ 281,776,396	\$ 556,319,615	\$ 81,348,439	\$ 85,812,517	\$ 94,515,780	\$ 97,769,047	\$ 100,626,324	\$ 97,959,737	\$ 1,114,351,459
OPERATING EXPENSES										
Salaries & Wages	\$ 142,306,955	\$ 145,055,971	\$ 287,362,926	\$ 44,513,908	\$ 46,020,301	\$ 50,125,695	\$ 50,397,813	\$ 50,377,205	\$ 50,088,804	\$ 578,886,652
Supplies and Drugs	\$ 42,511,713	\$ 41,655,445	\$ 84,167,158	\$ 12,042,052	\$ 13,440,548	\$ 14,531,710	\$ 14,342,926	\$ 14,088,468	\$ 14,435,315	\$ 167,048,177
All Other Expenses	\$ 53,907,973	\$ 52,615,308	\$ 106,523,281	\$ 16,150,659	\$ 16,966,099	\$ 17,881,647	\$ 18,175,048	\$ 18,172,242	\$ 18,088,951	\$ 211,957,927
Depreciation	\$ 16,353,673	\$ 17,456,605	\$ 33,810,279	\$ 5,708,256	\$ 5,708,256	\$ 5,708,256	\$ 5,708,256	\$ 5,708,238	\$ 5,708,238	\$ 68,059,780
Interest Expense	\$ 4,286,779	\$ 4,285,345	\$ 8,572,124	\$ 1,426,344	\$ 1,415,514	\$ 1,415,514	\$ 1,415,514	\$ 1,415,514	\$ 1,415,514	\$ 17,076,040
Total Operating Expense	\$ 259,367,094	\$ 261,068,674	\$ 520,435,768	\$ 79,841,219	\$ 83,550,719	\$ 89,662,823	\$ 90,039,558	\$ 89,761,667	\$ 89,736,822	\$ 1,043,028,577
Operating Income	\$ 15,176,125	\$ 20,707,722	\$ 35,883,847	\$ 1,507,220	\$ 2,261,798	\$ 4,852,957	\$ 7,729,489	\$ 10,864,657	\$ 8,222,915	\$ 71,322,882
Operating Margin (%)	5.5%	7.3%	6.5%	1.9%	2.6%	5.1%	7.9%	10.8%	8.4%	6.4%
Operating EBIDA Margin (%)	13.0%	15.1%	14.1%	10.6%	10.9%	12.7%	15.2%	17.9%	15.7%	14.0%

Forecast V1 & V2 Comparison to FY2019, FY2020 and Budget FY2021 (\$000s)

- Q3 – Q4 FY2021 forecast has been updated to incorporate the impact of the second / third wave of Covid-19
- Given anticipated impact of the Covid-19 pandemic lasting into spring and summer, management does not anticipate a full financial recovery until FY2022

	Fiscal Year Ended (6/30)		FY2021		
	FY2019	FY2020	Budget	Forecast (November 2020)	Forecast (January 2021)
Total Operating Revenue	\$ 996,674	\$ 1,031,137	\$ 947,142	\$ 1,146,439	\$ 1,114,351
Operating Income	\$ 118,289	\$ 63,648	\$ (23,743)	\$ 77,685	\$ 71,323
Operating Margin(%)	11.9%	6.2%	-2.5%	6.8%	6.4%
Operating EBIDA Margin (%)	17.9%	12.7%	5.9%	14.2%	14.0%

- FY2021 budget will continue to be used to measure performance and the forecast will be used to inform organizational leaders, Finance Committee and Board of Directors of projected financial performance / based on Q1-Q2 results and updated Covid-19 assumptions
- Management will present an updated forecast at the beginning of Q4

Q & A

**EL CAMINO HOSPITAL BOARD OF DIRECTORS
FINANCE COMMITTEE MEETING MEMO**

To: Finance Committee
From: Ken King, CAO
Date: January 25, 2021
Subject: Post Implementation Review – ED Remodel

Purpose:

The following is an overview of the ED Remodel, a capital facilities project that was approved by the Board of Directors in August 2019.

Scope of Project:

The scope of the project included the conversion of exam rooms into a larger and more open Triage / Fast Track zone and the conversion of the existing Triage area into a dedicated, safe and secure environment for the care of mental health and addiction patients. Additional work to improve workflow was completed at the nurses station and physician work room along with storage and restrooms.

Project Outcomes:

The Board approved budget for the project was \$6.75 million and the final cost of the project pending all the close out of all contracts is projected to be approximately \$6.91 million, which is about 2.4% (\$160,000) over the approved budget. Policy allows for a 5% overrun within established signature authorities. The project close out of contracts is still in process.

The target timeline for the project was to be completed within 10 months and the final completion was approximately 4 months later than the target. See table below:

Target Timeline provided with the Funding Request	Target	Actual
1. Procurement & Pre-Construction Complete	10/1/2019	10/18/2019
2. Construction Phase 1 Complete	1/1/2020	4/15/2020
3. Fit-Up & Licensing Approval	2/1/2020	5/8/2020
4. Construction Phase 2 Complete	6/1/2020	10/13/2020
5. Fit-Up & Licensing Approval	7/1/2020	10/26/2020
6. Project Completion	7/1/2020	10/26/2020

There were several factors that contributed to the projected cost overrun and extended timeline. They include the following:

1. The existing conditions discovered after demolition in the Phase 1 construction area pushed the schedule out approximately 7 weeks for the solution, review and approval by OPSHD and the coordination of additional work. The major issue was that there were utilities that served operational areas outside of the construction zone that could not be removed without first planning relocation without disruption to services.
2. The protocols for planning, reviewing and executing utility system shutdowns with our the involvement of our facilities engineering team contributed to safe planned shutdowns, but also caused delays that contributed to about 3 weeks of additional construction time.

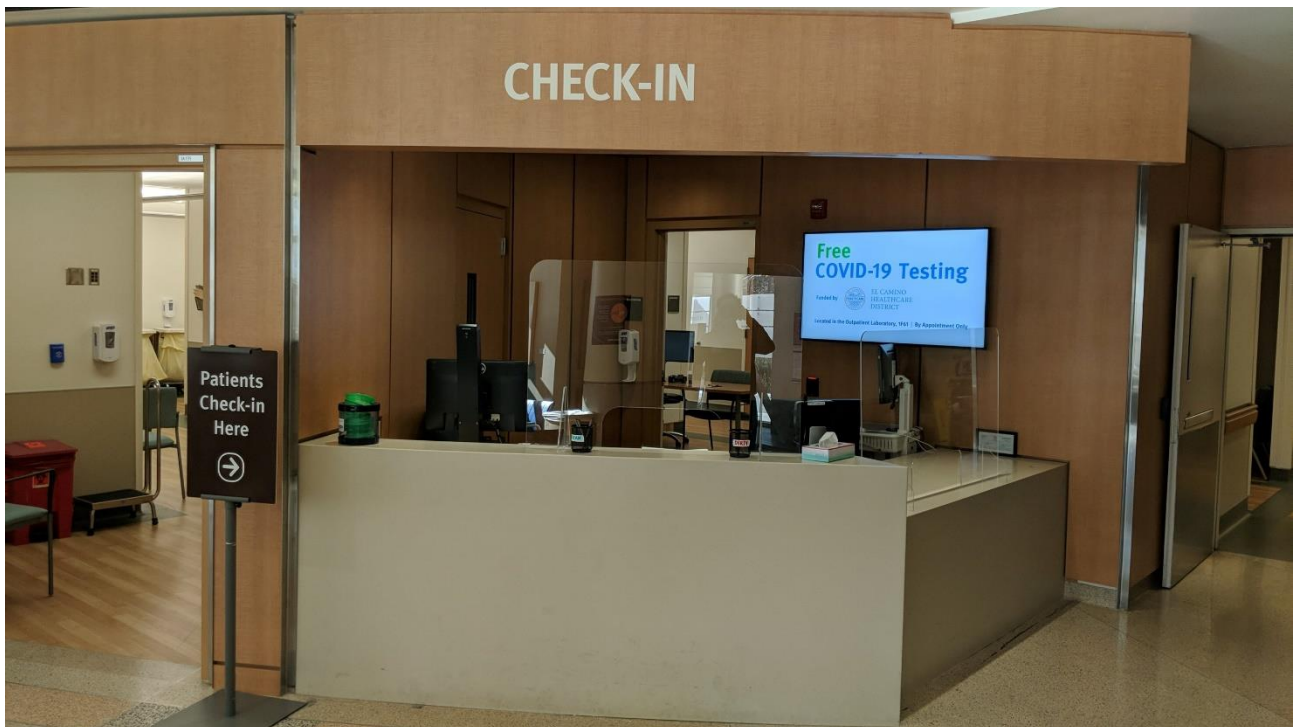
3. The final issue that impacted the completion of the project was related to the Pandemic that began in early March 2020. The initial shelter in place order caused us lost work time and we had subcontractors pull off the project until the risks of COVID-19 exposure were understood and mitigated. We had construction workers exposed to COVID-19 have to take time off to quarantine and the delivery of materials slowed down during the early stages of the shelter in place. Additionally, we delayed construction activities due to the higher priority of converting care environments in the Emergency Department to meet the demands of COVID-19 patient care.

In the end, we completed the project in a safe manner with minimal unplanned disruptions. The finished environment is functioning well and the new triage area, once operational allowed for the creation of a COVID-19/respiratory triage area in the existing waiting room that is still in place today.

Lessons Learned:

The key lesson here is that it will be ever more important to allow for time in the schedule of a remodel project within an occupied environment to deal with unforeseen conditions. We are constantly pushing our contractors to tighten their schedules and lower their costs. The reality is that no matter how good the record documents of a prior construction project may be, they do not provide the exact location of items installed within the walls or above the ceilings. This is why on recent new projects we have required BIM coordination, which is a 3-D digital construction model that shows the exact location within levels of tolerance of all utilities and structural elements in a building. These models in the form of project record files, will be the starting point for future remodels.

New Patient Check-In Station



**EL CAMINO HOSPITAL BOARD OF DIRECTORS
FINANCE COMMITTEE MEETING MEMO**

To: Finance Committee
From: Ken King, CAO
Date: January 25, 2021
Subject: Capital Facilities Project – Women’s Hospital Expansion Funding Request

Recommendation:

The recommendation is that the Finance Committee recommend Board of Directors approval of the Women’s Hospital Expansion Project at a cost not to exceed \$149 million and authorize Dan Woods, CEO to execute the construction contracts and other agreements required to successfully complete the project.

Summary: The Expansion of the Women’s Hospital was one of the key drivers for the development of the Sobrato Pavilion which allowed for the relocation of physician offices and freed up the 2nd and 3rd Floors for expansion of the Mother/Baby Health Services. This project is an element of the Mountain View Campus Development Master Plan that was approved in August 2014.

- Situation:** The space requirements for an OB/ED, Labor & Delivery, Postpartum with baby rooming in, and the NICU require that additional area be allocated to the Mother/Baby Health Services. The 2nd and 3rd floors have been vacated specifically for that purpose. Additionally, the standard of care requires that all postpartum rooms be of sufficient size and be in a private room configuration. The chart below indicates the existing and future capacities and area:

	Existing	Future	Increase
Licensed Beds			
Post Partum	44	52	8
NICU	20	24	4
Anti-Partum / LDRP	0	5	5
Total	64	81	17
Un-Licensed Beds			
LDR's	12	15	3
Total All Beds	76	96	20
			26%
Total SF Utilized	56,600	96,600	40,000
SF per Bed	745	1006	262
			35%

Capital Funding Request
January 25, 2021

The following lists the major elements of the construction to take place:

- a. Demolition of medical office improvements on the 2nd & 3rd Floor
 - b. 2nd Floor Improvements for 24 NICU Beds, 19 in private rooms
 - c. 3rd Floor Improvements for 26 Post-Partum, Mom & Baby Beds in private rooms
 - d. Conversion of the existing NICU space on 1st Floor South into Anti-Partum, Additional LDR's, OB ED and Recovery Beds and cosmetic upgrades to 12 existing LDR's.
 - e. Conversion of existing rooms in MBU on 1st Floor North into larger private rooms & cosmetic upgrades.
 - f. New Entry Canopy & Entry Vestibule, Expanded Lobby with Café and Gift Shop
 - g. Infrastructure upgrades including replacement exterior windows, new HVAC AHU's, electrical equipment and distribution upgrades, elevator modernizations, communications systems replacements, fire alarm system upgrades and new waste water storage tanks.
2. Authority: Capital Project expenditures exceeding \$5 million require the Finance Committee to recommend Board Approval.
 3. Background: The development of this project began in the summer of 2016. HDR Architecture was selected to provide architectural services and Truebeck Construction was selected as the CM/GC to provide preconstruction planning services and construction of the project. Midway through the plan development process it was determined for multiple reasons that relocating the NICU to the 2nd Floor instead of the 1st Floor North was most beneficial. This change reduced the amount of construction below the 2nd Floor and preserved major elements of the existing 1st Floor North, which reduced the overall cost and duration of construction.

The project plans that include multiple phases of construction activity have been approved by OSHPD. All of the trade contractor work has been bid and a GMP Proposal from Truebeck Construction is in hand. To date the Board has authorized \$16 million for the development of the project. The El Camino Healthcare District Board has designated \$30.3 Million in capital allocation funds for this project.

4. Assessment: We aspire to provide the best care for women and newborns in our region. Our maternal child health services enjoy a great reputation in our community which has resulted in increasing provider migration to our facility. Our current facility is not adequate for the complexity of care we provide. It does not meet patient needs or expectations and it lacks capacity for the expected volumes of new patients.

The cost of the project breaks down as follows:

Construction	112,500,000
Soft Costs: Design, PM, Permit Fees, Inspections, Misc.	21,652,441
Net New Furniture, Fixtures & Equipment	6,400,000
Contingency of 6%	8,433,146
Total Project Budget	148,985,587
Rounded	149,000,000

5. Other Reviews: The financial review of the project stated a net present value of \$87 million in contribution margin with a 7-year pay back, not including potential philanthropic support. Additionally, the MCH Service Line recently reviewed the strategy and initiatives with the members of the Finance Committee.

Capital Funding Request
January 25, 2021

6. Outcomes: The three major phases of construction are targeted to be completed in 38 months. Contingencies are included in the project budget in the event delays beyond our control occur. The start date of construction is April 1, 2021 with a target completion date of July 1, 2024.

List of Attachments:

1. Power Point Presentation

Suggested Committee Discussion Questions:

1. How will the construction activity effect the existing operations?



Women's Hospital Expansion and Remodel Project

Finance Committee, January 25, 2021

Ken King, Chief Administrative Officer

Jim Griffith, Chief Operating officer

Carlos Bohorquez, Chief Financial Officer

Women and Newborns Health Center in Mountain View: Mission, Strategy, Design

- **MCH Mission:** Provide the highest quality, most personalized holistic care for women, children and families in our community
- **MCH Strategy:** Ensure highly personalized, superior quality care for every step of the patient journey.
- **Women's Hospital Design:** A welcoming environment that promotes healing and wellness for women, newborns, and their families



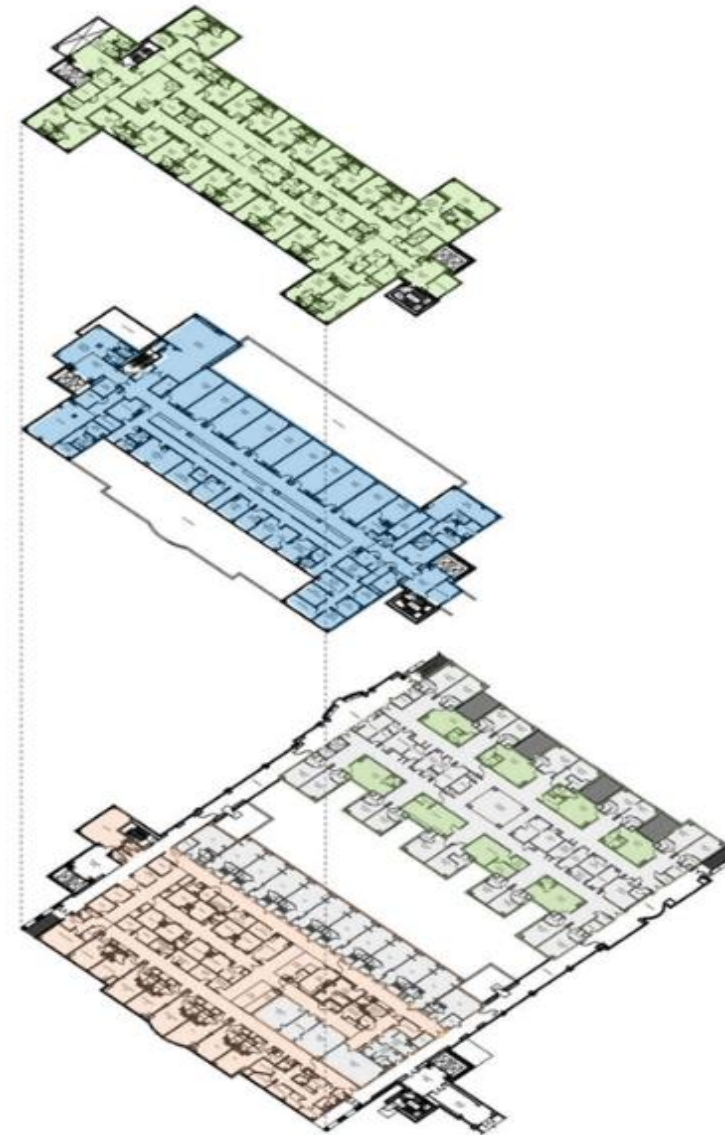
Expansion Plan

~38 month phased plan

Phase/Item
Phase 1A
Garage and Elevator
Phase 1B
New lobby
Level 2 renovation: NICU
Level 3 Renovation: MBU
Phase 2
Antepartum
Refresh LDR rooms
Phase 3
Staged renovation MBU Level 1
Refresh remaining LDR rooms

REVISED PLAN

- LABOR AND DELIVERY
- NICU
- POSTPARTUM
- EXISTING TO REMAIN



3rd FLOOR

POSTPARTUM

- PATIENT ROOM : 26

2nd FLOOR

NICU

- PATIENT ROOM : 20
(24 BEDS)

FIRST FLOOR

POSTPARTUM

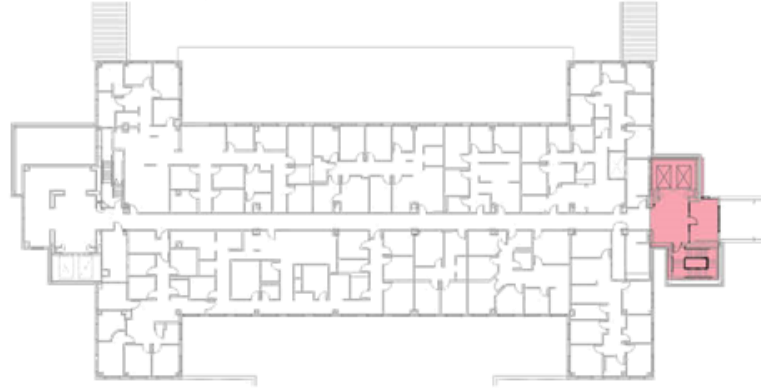
- PATIENT ROOM : 26
- LABOR AND DELIVERY
- L & D ROOM : 15
- ANTEPARTUM ROOM : 5
- C-SECTION : 3
- RECOVERY : 4
- OB-ED / TRIAGE : 4

Summary of Remodel and Expansion Capacity Improvements

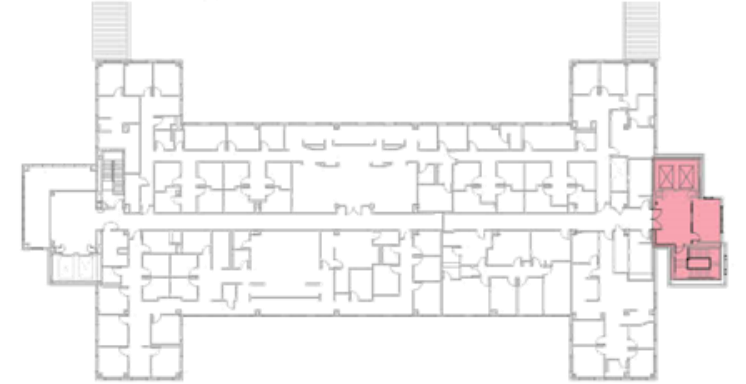
Unit/Area	Licensed Bed Count			Patient Room Count			Square Footage per Bed Area			Notes
	Existing	Future	% Change	Existing	Future	% Change	Existing	Future	% Change	
NICU	20	24	20%	5	20	300%	84	148	76%	19 private rooms, 1 5-bed pod. Includes family spaces
Post-partum (Mother-Baby Unit)	44	52	18%	36	52	44%	125	165	32%	MBU uses semi-private rooms as private rooms (8), so is using 36 beds. Also have periodic use of 8 bed flex unit 3CW (current COVID unit)
Labor and Delivery LDR	12	15	25%	12	15	25%	240	255	6%	Antepartum beds can also flex to LDRP beds
Ante-partum	0	5	New	0	5	New	0	220	New	Antepartum patients are currently housed in L&D or MBU, depending on acuity
Lobby										Includes café. Women's Hospital locked to main hospital making access to food for guests problematic

Phase 1A

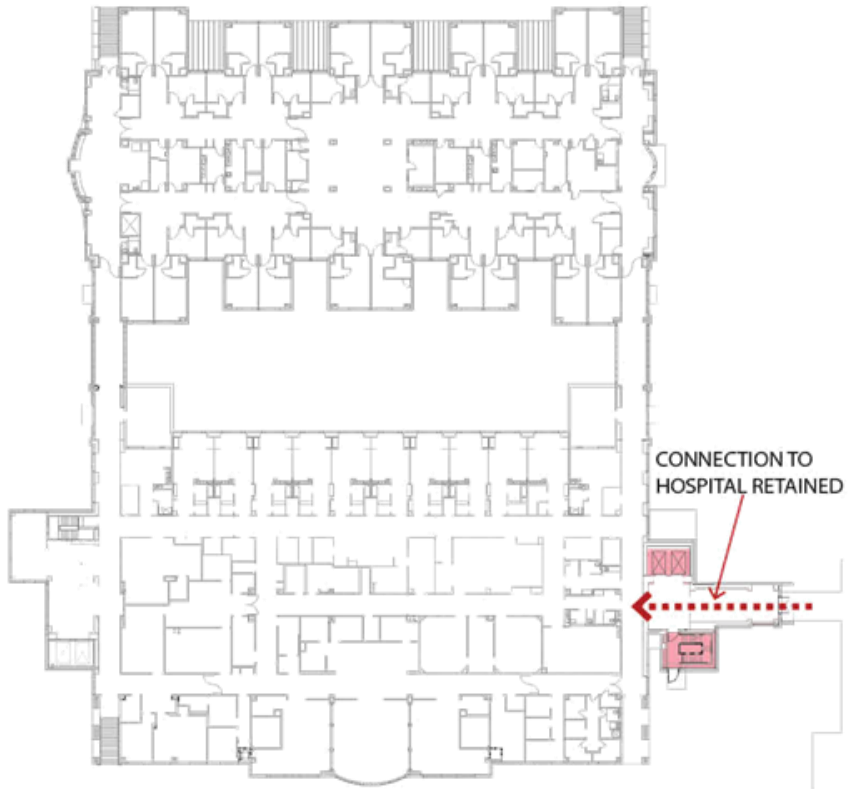
LEVEL 2



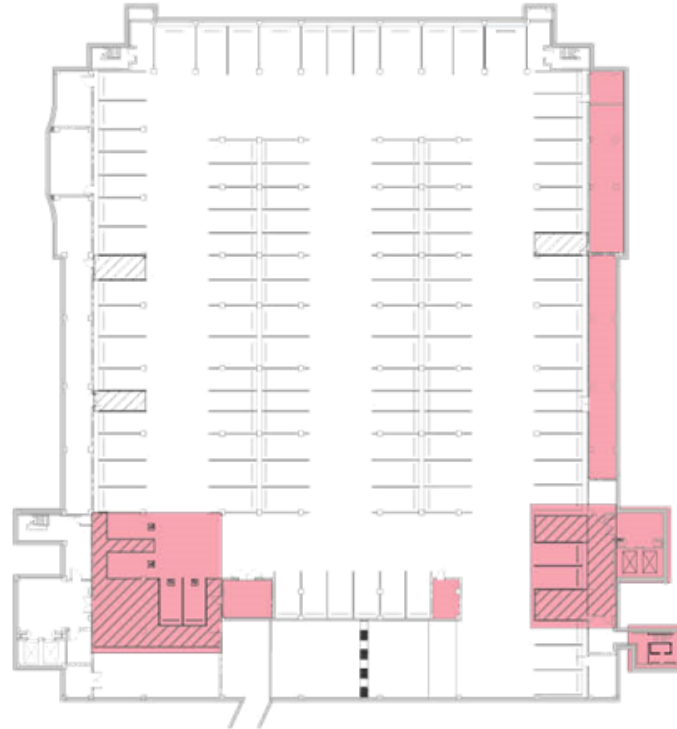
LEVEL 3



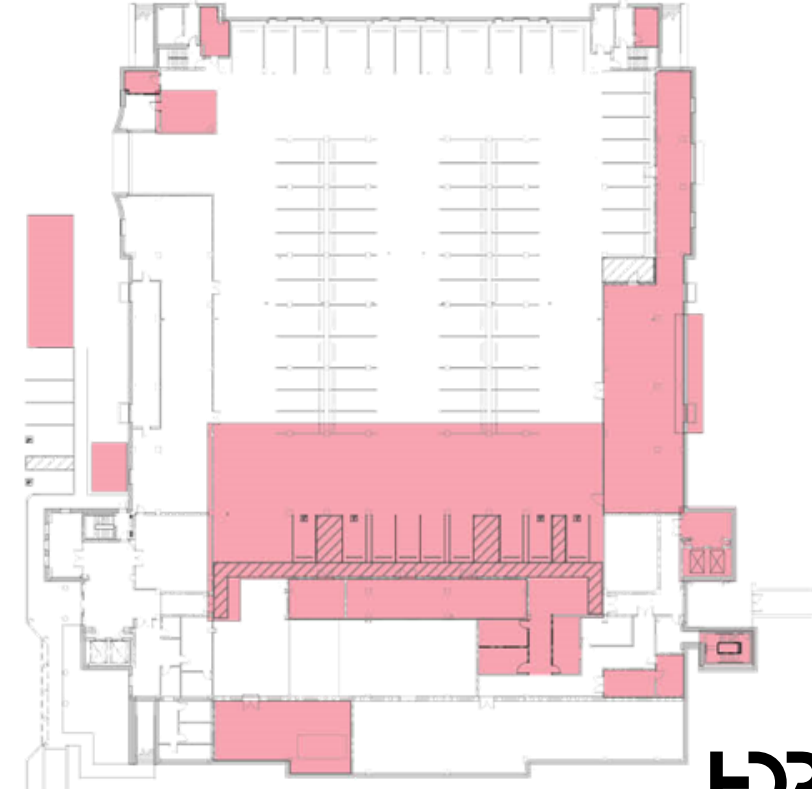
LEVEL 1



LOWER LEVEL

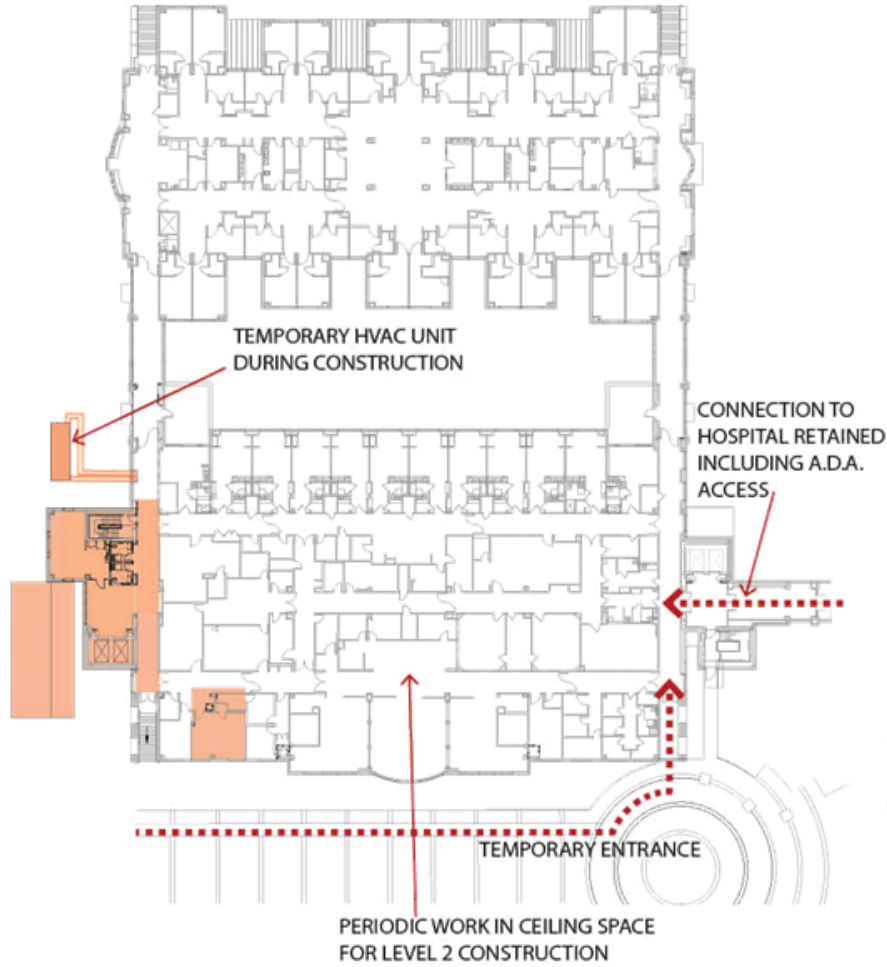


GROUND LEVEL

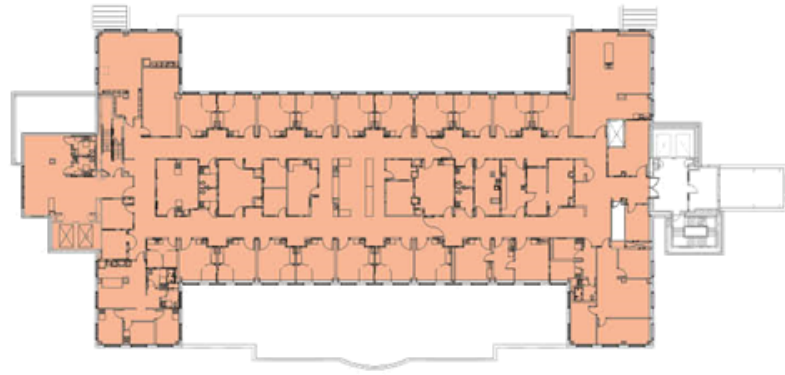


Phase 1B

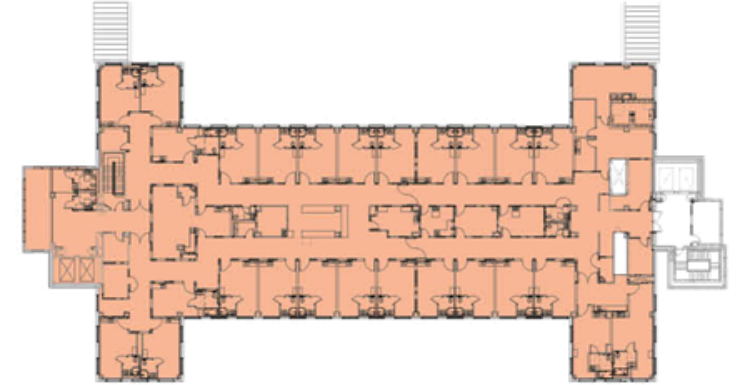
LEVEL 1



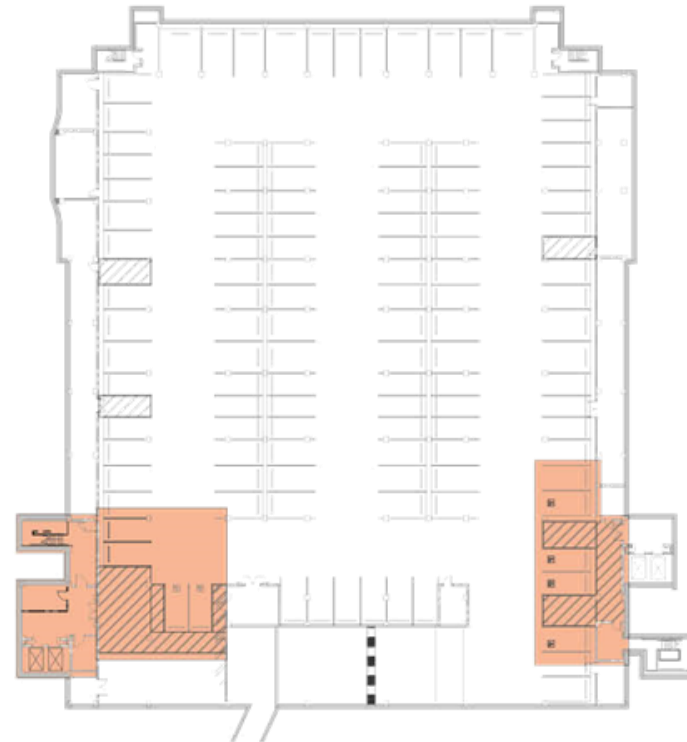
LEVEL 2



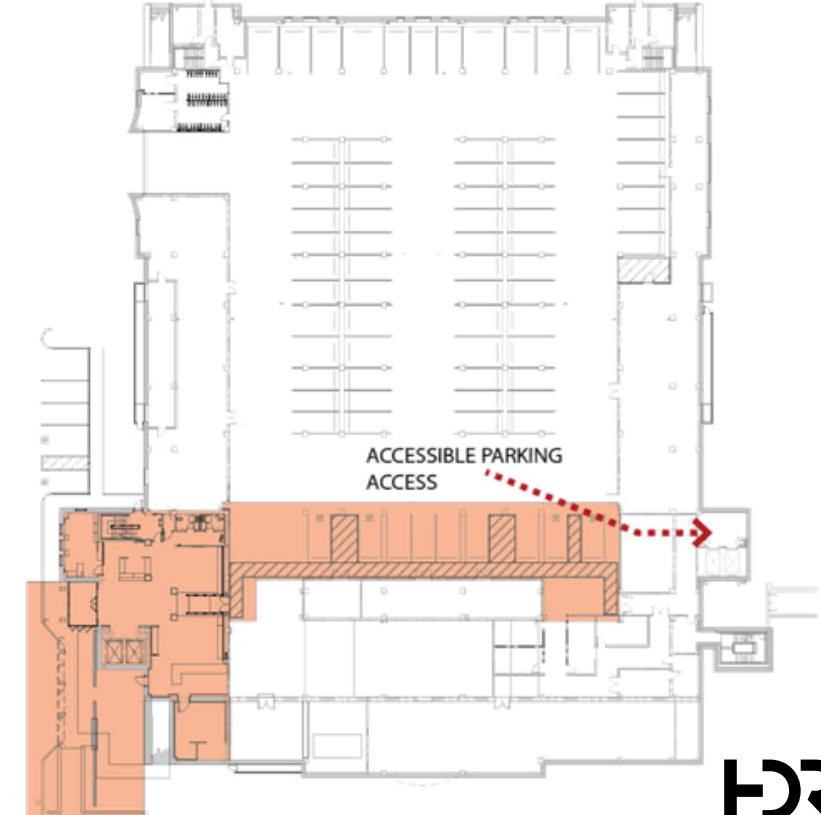
LEVEL 3



LOWER LEVEL



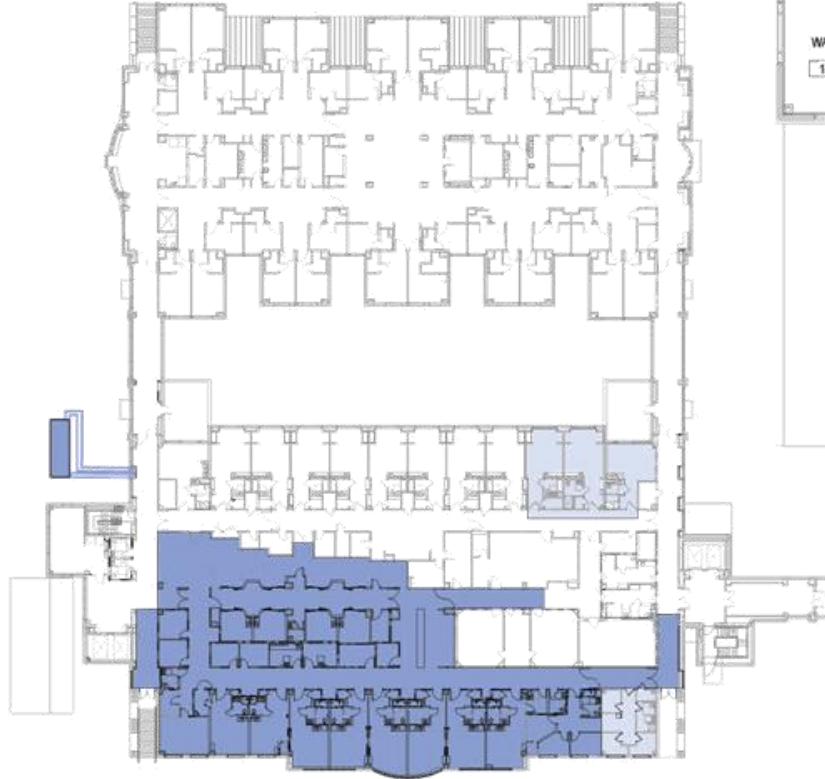
GROUND LEVEL



Phase 2

LEVEL 1-SOUTH - PHASE 2 DEMO/RENOVATION DETAIL

LEVEL 1 (at end of phase)



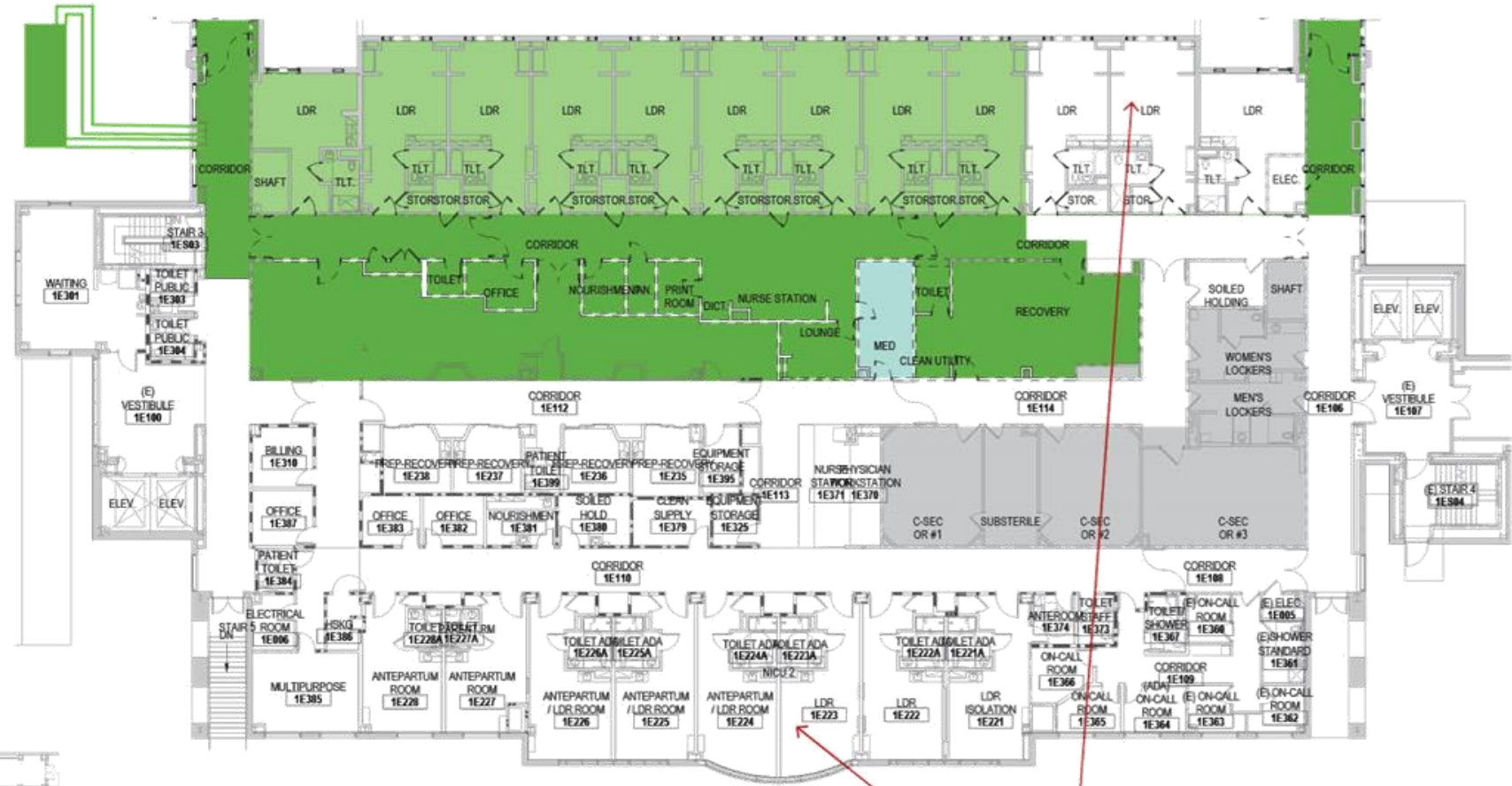
9 LDR ROOMS REMAIN OPERATIONAL DURING THIS PHASE; 3 ARE REFRESHED

- AREA OF PARTIAL PHASING CONSTRUCTION
- AREA OF COSMETIC MODIFICATION ONLY
- AREA IN USE (FOR FUTURE PHASE)
- AREA IN USE (EXISTING TO REMAIN-AVAILABLE THROUGHOUT RENOVATION PROJECT)

Phase 3

LEVEL 1-SOUTH - PHASE 3 DEMO/RENOVATION DETAIL

LEVEL 1 (final state)



- AREA OF PARTIAL PHASING CONSTRUCTION (PHASE 3A)
- AREA OF PARTIAL PHASING CONSTRUCTION (PHASE 3B)
- AREA OF COSMETIC MODIFICATION ONLY
- AREA COMPLETE FROM PRIOR PHASE
- PROJECT IN USE (EXISTING TO REMAIN-AVAILABLE THROUGHOUT RENOVATION PROJECT)

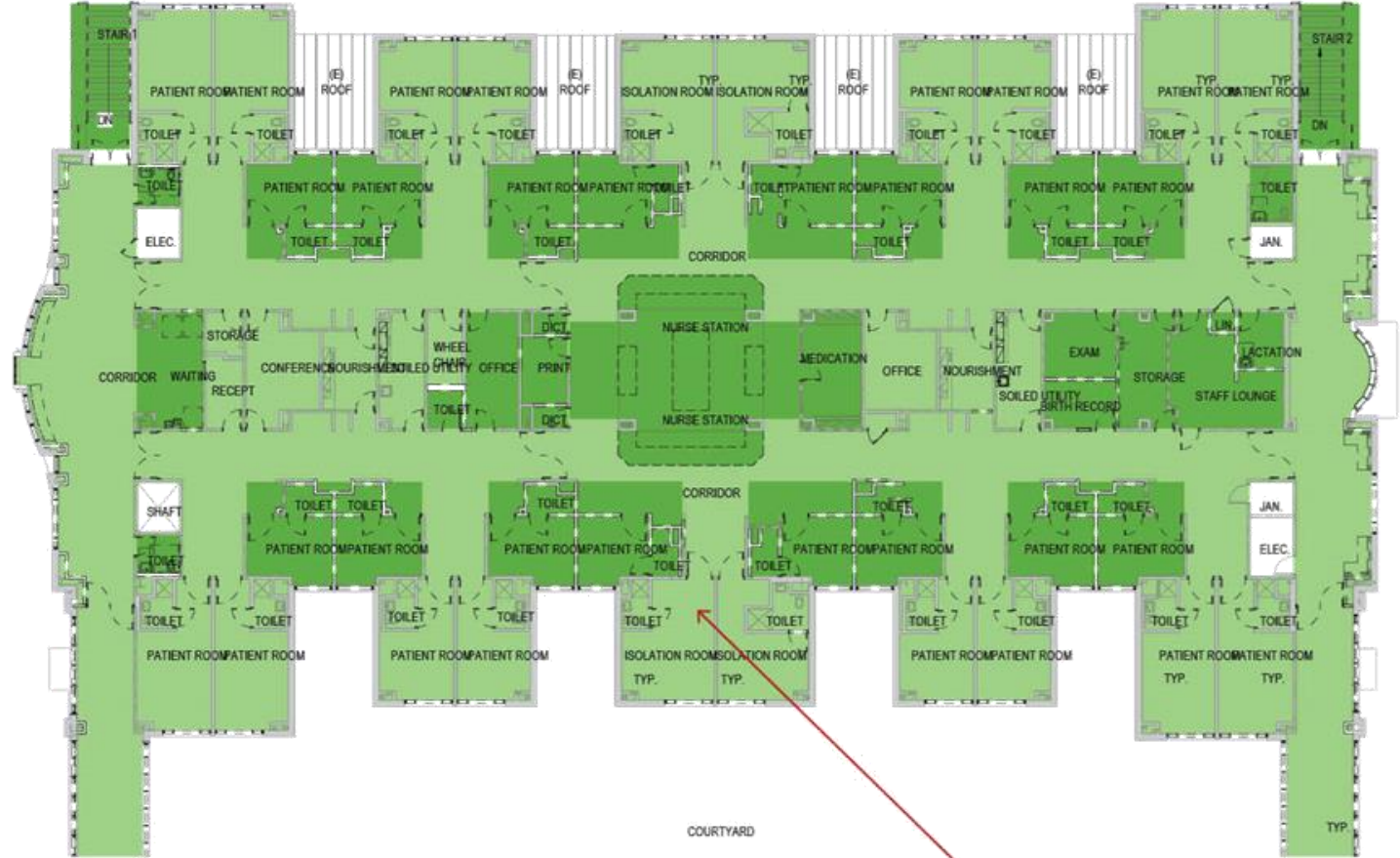
9 LDR ROOMS - INCLUDING THE 3 REFRESHED ROOMS - ARE OPERATIONAL AT ALL TIMES DURING THIS PHASE

Phase 3

LEVEL 1-NORTH - PHASE 3 DEMO/RENOVATION DETAIL

5.

LEVEL 1 (final state)



- AREA OF PARTIAL PHASING CONSTRUCTION (PHASE 3A)
- AREA OF PARTIAL PHASING CONSTRUCTION (PHASE 3B)
- AREA OF COSMETIC MODIFICATION ONLY
- AREA COMPLETE FROM PRIOR PHASE
- PROJECT IN USE (EXISTING TO REMAIN-AVAILABLE THROUGHOUT RENOVATION PROJECT)

10 MOTHER-BABY ROOMS WILL TEMPORARILY RELOCATE TO VACANT EXISTING HOSPITAL ROOMS DURING THIS PHASE, AS THE 1-NORTH FLOOR WILL BE SHUT DURING RENOVATION, FOR A TOTAL OF 34 BEDS AT ALL TIMES.

Capital Investment

Total capital investment:

- Mother / Baby expansion project: \$112.2M (included in the financial model)
- Building infrastructure needs: \$36.8M
- Construction Elements Include:
 - Demolition of medical office improvements on the 2nd & 3rd Floor
 - 2nd Floor Improvements for 24 NICU Beds, 19 in private rooms
 - 3rd Floor Improvements for 26 Post-Partum, Mom & Baby Beds in private rooms
 - Conversion of the existing NICU space on 1st Floor South into Anti-Partum, Additional LDR's, OB ED and Recovery Beds and cosmetic upgrades to 12 existing LDR's.
 - Conversion of existing rooms in MBU on 1st Floor North into larger private rooms & cosmetic upgrades.
 - New Entry Canopy & Entry Vestibule, Expanded Lobby with Café and Gift Shop
 - Infrastructure upgrades including replacement exterior windows, new HVAC AHU's, electrical equipment and distribution upgrades, elevator modernizations, communications systems replacements, fire alarm system upgrades and new waste water storage tanks.

Mother/Baby Health Expansion

aka Women's Hospital

Total Project Cost Estimate

Construction Cost GMP Proposal	112,500,000
Total Soft Costs	21,652,441
Total FF&E Costs	6,400,000
Contingency 6%	8,433,146
Total Project Cost Estimate	148,985,587
Rounded	149,000,000

Project Elements (Cost Drivers)

MCH Expansion Scope of Work	102,661,623
Amenities Scope of Work	9,505,706
Building Infrastructure Scope of Work	36,818,259
Total Project Cost Estimate	148,985,587

Request

- The Finance Committee is requested to recommend Board of Directors approval of the Women's Hospital Expansion Project at a cost not to exceed \$149 million and authorize Dan Woods, CEO to execute the construction contracts and other agreements required to successfully complete the project.

**EL CAMINO HOSPITAL BOARD OF DIRECTORS
FINANCE COMMITTEE MEETING MEMO**

To: Finance Committee
From: Ken King, CAO
Date: January 25, 2021
Subject: Real Estate Transaction – (APN 406-27-002)

Recommendation:

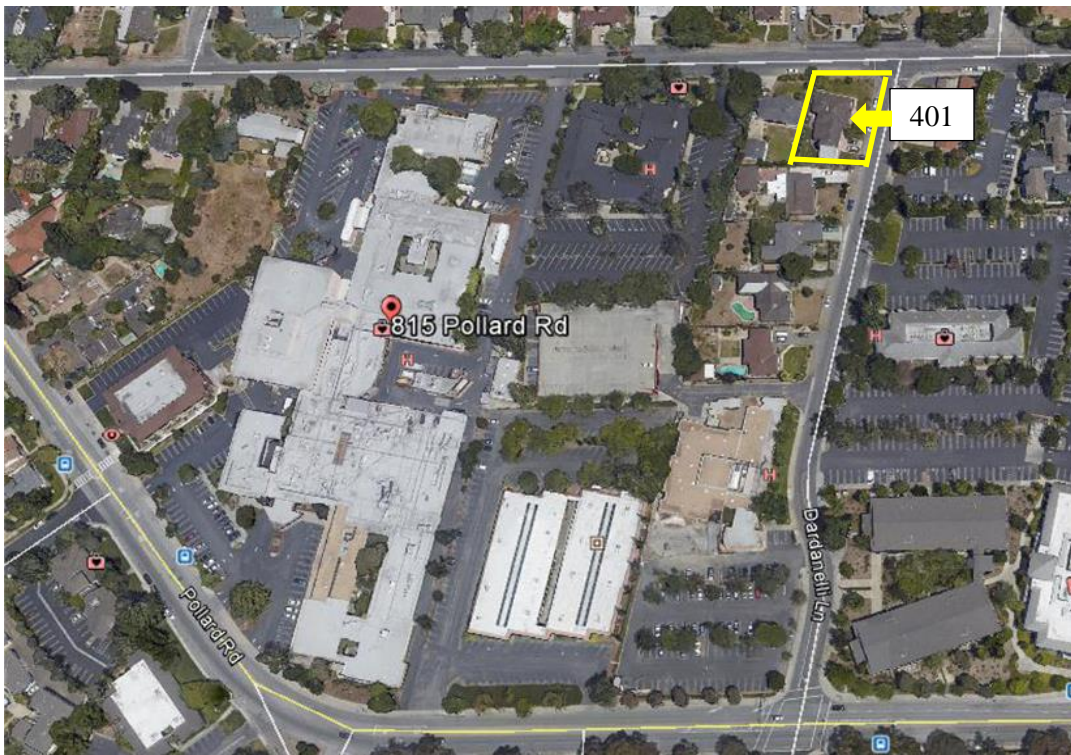
To approve the purchase of a residential property located at 401 Dardanelli Lane in Los Gatos at a cost not to exceed \$1.875 million and to authorize Dan Woods, CEO and Ken King, CAO to execute the purchase agreements required to complete the transaction.

Summary:

1. **Situation:** We have an opportunity to purchase a home near our Los Gatos Campus that can be used as a recruitment incentive. The cost of housing in our community is one of the most concerning issues for potential candidates when considering a job offer at El Camino Health. Being able to offer transitional housing as an incentive to relocate and have a period of months to find a home can be a significant factor in landing qualified candidates.

Recently, the property located at 401 Dardanelli Lane became available for sale. Purchasing this property in the will provide us with transitional housing for key staff recruited from outside the immediate area.

Overview showing the location of the property:



2. Authority: Capital Expenditures over \$1 million require the approval of the Finance Committee.
3. Background: The subject property located at 401 Dardanelli went on the MLS listings the on December 29th and was listed at \$1.79 million. After touring the property and reviewing the disclosures we responded to the listing agent’s deadline to submit offers on January 6th with an offer of \$1.825 million, which is contingent upon the approval of the Finance Committee. The offer was accepted and we are currently in contract to purchase this property with the approval of the committee. With your approval we will close escrow on or about February 12th.
4. Assessment:

Here are the recent sales comparisons that justify the purchase price for a property that is essential to our needs:

842 Pollard Rd.	Los Gatos	7/2020	\$ 1,700,000	1,200	\$ 1,417
916 Castlewood Dr.	Los Gatos	8/2020	\$ 2,237,500	3,681	\$ 608
1160 Steinway Ave.	Campbell	1/2021	\$ 2,450,000	2,105	\$ 1,164
1211 W. Parr Rd.	Campbell	11/2020	\$ 955,000	1,457	\$ 655
1079 W. Parr Rd.	Campbell	2/2019	\$ 2,075,000	4,277	\$ 485
1057 W. Parr Rd	Campbell	12/2019	\$ 1,350,000	2,030	\$ 665
1561 Vale Ave.	Campbell	3/2019	\$ 1,800,000	1,601	\$ 1,124
1500 Hack Ave.	Campbell	3/2019	\$ 1,450,000	2,320	\$ 625
1503 Oburn Ct.	Campbell	6/2018	\$ 2,080,000	2,255	\$ 922
<i>Average</i>			\$ 1,788,611	\$ 2,325	\$ 852
Subject Property			\$1,825,000	2,100	\$869.05

5. Other Reviews: This request has been reviewed and is supported by the CEO, CFO and COO. No other reviews have been considered.
6. Outcomes: Upon completion of the transaction we will prepare the property for use as transitional housing.

List of Attachments: None.

Suggested Committee Discussion Questions:

1. What happens if the purchase is not approved?

**EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING MEMO**

To: Finance Committee
From: Jim Griffith, COO & Ken King, CAO
Date: January 25, 2021
Subject: Capital Facilities Project – Cardiopulmonary Wellness Center (CPWC) Relocation

Recommendation:

To approve funding not to exceed \$5 million for the construction improvements required to relocate the Cardiac & Pulmonary Wellness Center (CPWC) from the Old Main Hospital to the Sobrato Pavilion.

Summary:

1. **Situation:** Cardiopulmonary wellness services are key to achieving growth in the heart and vascular and pulmonary service lines because these services foster high quality patient outcomes. The current CPWC is located in the Old Main Hospital and must be relocated in order to allow demolition of the Old Main Hospital. The Mountain View Campus Development Plan (Board Approved in August 2014) proposed relocation of the CPWC to the 2nd Floor of the Willow Pavilion. After careful planning and reconsideration six years later, management recommends that the board approve permanently relocating the CPWC to the new Sobrato Pavilion.

The \$5 million cost of moving the CPWC is justified because these services are vital to the quality and differentiation of cardio-vascular and cardio-pulmonary services at ECH. ECH's cardiovascular service line has grown substantially over the past 3 years and is projected to grow another 9% over the next 5 years. The cardio-pulmonary service line has expanded over the last several years to become the premier pulmonary interventional center in the South Bay with the first robot assisted lung biopsy in the United States and a growing Lung Nodule Program. Availability of the services provided in the CPWC is important to ECH's alignment with its cardiovascular and pulmonary physician communities. These physicians seek programs that offer cardiopulmonary wellness services pre and post intervention because these services have been shown to improve patient outcomes. This, in turn, fosters growth. Improved outcomes for CPWC patients include:

- Lower readmissions & mortality (a demonstrated 40% reduction in recurring events were shown in cardiovascular patients who received cardiopulmonary wellness services)
- Decreased mortality rate (patients who attend cardio - rehabilitation have a 35-40% reduced change of experiencing a recurrent event)
- Improved patient perception of improved quality of life (based on patient survey pre/post participation)
- Improved Press Ganey Scores; Patient Satisfaction 4.9/5.0 likely to recommend for cardiac patients; Patient Satisfaction 5.0/5.0 likely to recommend for pulmonary patients.
- Longitudinal (rather than transactional) engagement at ECH; Repeated contact with the CPWC staff offers multiple opportunities to create loyalty and reinforce ECH's brand. These services, along with support groups for heart and cancer care, are one of the few "long touches" ECH provides.

- Enhanced alignment and engagement with health goals set by physicians

ECH's support of the CPWC allows our heart program to be designated as a center of excellence for key payers (Blue Distinction, American Heart Association Platinum Status for heart attack care, American College of Cardiology Valve Center of Excellence.) These are key consumer-facing designations that foster growth. The improved outcomes and key payer designations cannot be attained by contracting with outside agencies because ECH's CPWC is the only nationally certified program in the South Bay.

Re-location to the Willow Pavilion was originally proposed but the cost of that proposed re-location is higher than the cost of re-location to the Sobrato Pavilion because the Willow building does not meet the current code requirements for this patient type. Key facility considerations that favor placement in the Sobrato Pavilion are as follows:

- The Sobrato Pavilion, has adequate parking, offers easy wayfinding to/from other venues on campus and has become a hub of outpatient activity. Willow meets none of these requirements nor does any other available space on campus.
- The Sobrato Pavilion is in close proximity to support services, physician oversight and emergency response. None of these are available at Willow.
- We assess that the City of Mountain View is likely to approve the slight modifications needed to accommodate the program move.

2. Authority: Capital Expenditures up to \$5 million require the approval of the Finance Committee.

3. Background: The space needed for these services is approximately 6,700 square feet. The current proposal focusing on a 1st Floor location in Sobrato Pavilion which currently houses administrative staff. The administrative staff will be relocated to vacant space on the upper floors of the Sobrato Pavilion. A project to modernize the Willow Pavilion Modernization Project may result in relocation of the administrative staff into Willow over the next two years.

The construction required to convert the existing office environment into an OSHPD 3 Clinical Care environment includes the installation of ducted return air, patient restrooms, additional power for equipment and construction of a second exit pathway and other modifications. The construction project will be permitted by the City of Mountain View.

4. Assessment: Several alternatives for relocation of the CPWC were considered as the time to move out of the Old Hospital was approaching. The center needs to be within 250 yards of the hospital for safety as well as optimal reimbursement. The Willow Pavilion was considered but is too far from the hospital for the required on-call physician monitoring. In addition, The Willow Pavilion does not have adequate proximity to the hospital to provide safe transportation should a patient's health decline, requiring care in the E.R. and the proposed Sobrato space is adjacent to the Emergency Room. Finally, the elevators and stairs in Willow are narrow and limited in capacity put patients at safety risk once they have received treatment at the hospital after an acute cardiac event. These patients are often fragile, sometimes requiring walkers or scooters that will not fit in the elevators in the older buildings.

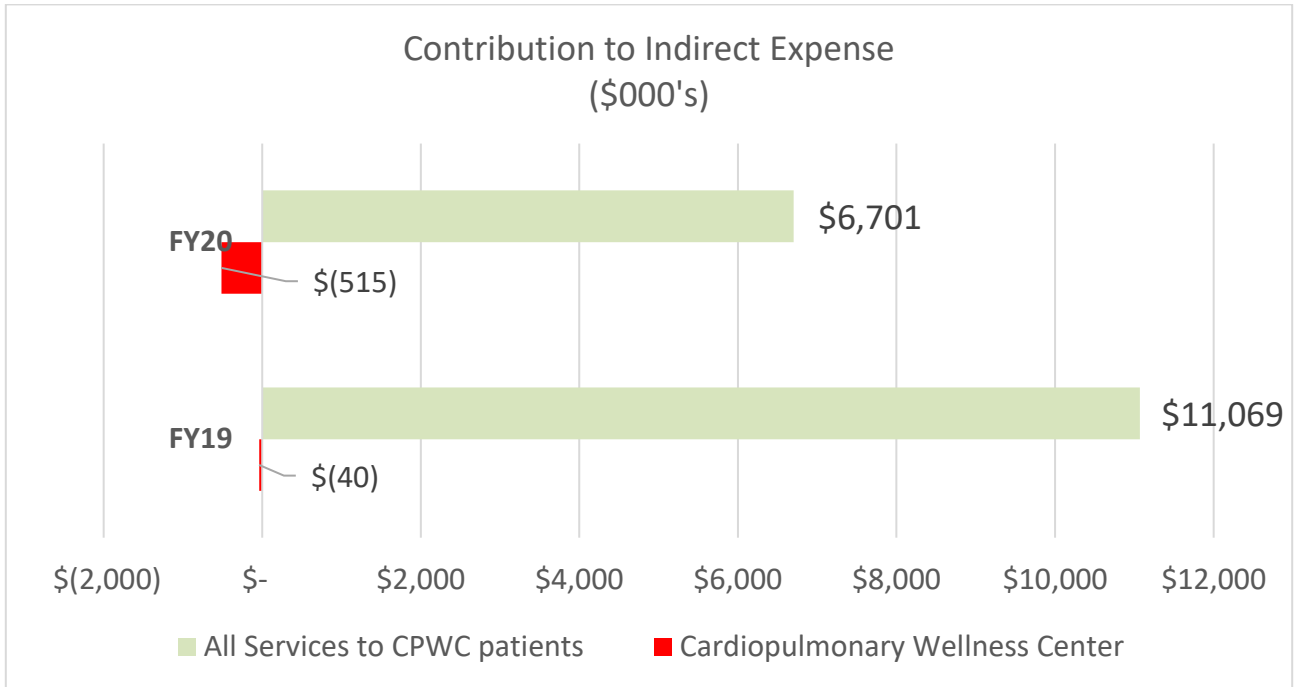
5. Other Reviews: Leaders at the Heart & Vascular Institute, the CPWC and the Respiratory Services department, including physicians and management have reviewed the space options for convenience,

Capital Funding Request - Cardiopulmonary Wellness Center (CPWC) Relocation
 January 25, 2021

safety and operations optimization and agree that the Sobrato Pavilion is the best option for patients requiring post-acute care.

Colocation of all cardiovascular services is a central focus of the HVI strategic priorities moving forward. The Sobrato Pavilion already is the home of the Heart & Vascular Institute administrative offices and the Advanced Care and Diagnostic Center, which hosts the Women’s Heart and Cardio-oncology ambulatory centers as well as diagnostic services such as echocardiography and ekg testing. These services when combined in a single location create a destination of care for cardiovascular patients in our community. Our patients when interviewed several years ago informed us that a satisfier for them would be the development of a home for CV services at our Mountain View campus. Relocating CPWC to the Sobrato Pavilion completes that destination of care for CV services, providing post-acute care for our patients in one location.

Finance Review: As noted below, the CPWC did not cover its direct costs in FY2020 with the Covid-19 closures, but typically come to close to a break-even (see FY2019). The CPWC is only a part of a larger program. When all services to these patients are considered, the program provided a positive contribution in excess of \$11 million in FY2019 and in excess of \$6 million in FY2020, despite closures.



As noted earlier, the CPWC is an integral part of the Heart and Vascular Service Line. Discussions with physicians and management indicate that ECH is likely to lose volume in the Heart and Vascular Service Line and in Interventional Pulmonary if the CPWC service is not available. The next closest service is at Mills Peninsula. Expected growth in the Heart and Vascular Service Line covers the cost of moving the CPWC into Sobrato as shown below.

Capital Funding Request - Cardiopulmonary Wellness Center (CPWC) Relocation January 25, 2021

HVI - CPWC Cardiac	YR 1 FY 21	YR 2 FY 22	YR 3 FY 23	YR 4 FY 24	YR 5 FY 25	YR 6 FY 26	YR 7 FY 27	YR 8 FY 28	YR 9 FY 29	YR 10 FY 30
% Growth HVI (Truven Projection)	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Charges	\$ 581,858,176	\$ 597,568,347	\$ 613,702,692	\$ 630,272,665	\$ 647,290,027	\$ 664,766,858	\$ 682,715,563	\$ 701,148,883	\$ 720,079,903	\$ 739,522,060
Net Revenue before Inflation	\$ 138,428,177	\$ 142,165,737	\$ 146,004,212	\$ 149,946,326	\$ 153,994,877	\$ 158,152,738	\$ 162,422,862	\$ 166,808,280	\$ 171,312,103	\$ 175,937,530
Rev. Inflation	1.5%	3.0%	4.5%	6.0%	7.6%	9.2%	10.8%	12.4%	14.1%	15.7%
	\$ 2,038,971	\$ 4,218,890	\$ 6,547,181	\$ 9,031,621	\$ 11,680,357	\$ 14,501,920	\$ 17,505,244	\$ 20,699,683	\$ 24,095,035	\$ 27,701,552
Total Revenue	\$ 140,467,147	\$ 146,384,627	\$ 152,551,393	\$ 158,977,947	\$ 165,675,234	\$ 172,654,658	\$ 179,928,106	\$ 187,507,963	\$ 195,407,138	\$ 203,639,082
Total Direct Contribution	\$ 86,539,220 \$ 51,888,957	\$ 88,875,779 \$ 53,289,959	\$ 91,275,425 \$ 54,728,788	\$ 93,739,861 \$ 56,206,465	\$ 96,270,837 \$ 57,724,040	\$ 98,870,150 \$ 59,282,589	\$ 101,539,644 \$ 60,883,218	\$ 104,281,214 \$ 62,527,065	\$ 107,096,807 \$ 64,215,296	\$ 109,988,421 \$ 65,949,109
Total Indirect Depreciation	\$ 34,191,922 \$ 250,000	\$ 35,115,104 \$ 250,000	\$ 36,063,212 \$ 250,000	\$ 37,036,919 \$ 250,000	\$ 38,036,916 \$ 250,000	\$ 39,063,912 \$ 250,000	\$ 40,118,638 \$ 250,000	\$ 41,201,841 \$ 250,000	\$ 42,314,291 \$ 250,000	\$ 43,456,777 \$ 250,000
Expense before Inflation	\$ 120,981,142	\$ 124,240,883	\$ 127,588,637	\$ 131,026,780	\$ 134,557,753	\$ 138,184,062	\$ 141,908,282	\$ 145,733,055	\$ 149,661,098	\$ 153,695,198
Exp. Inflation	3.0%	6.1%	9.3%	12.6%	15.9%	19.4%	23.0%	26.7%	30.5%	34.4%
	\$ 3,629,434	\$ 7,566,270	\$ 11,830,912	\$ 16,445,015	\$ 21,431,562	\$ 26,814,935	\$ 32,621,005	\$ 38,877,219	\$ 45,612,689	\$ 52,858,296
Total Expense	\$ 124,610,576	\$ 131,807,153	\$ 139,419,548	\$ 147,471,795	\$ 155,989,314	\$ 164,998,997	\$ 174,529,287	\$ 184,610,275	\$ 195,273,787	\$ 206,553,493
Net Income	\$ 15,856,571	\$ 14,577,474	\$ 13,131,845	\$ 11,506,152	\$ 9,685,920	\$ 7,655,662	\$ 5,398,819	\$ 2,897,689	\$ 133,351	\$ (2,914,411)
Cash Flow	(\$5,000,000)	\$ 16,106,571	\$ 14,827,474	\$ 13,381,845	\$ 11,756,152	\$ 9,935,920	\$ 7,905,662	\$ 5,648,819	\$ 3,147,689	\$ 383,351
Capital Investment										
Useful Life in Years		20								
Equipment		50								
Room Renovation (Facilities)		\$5,000,000								
Total Capital		\$5,000,000								
							Payback			
							ROI			YR 1
							NPV			1609%
										\$ 69,451,944

6. Outcomes:

The primary goal of this project is to design, permit, construct and relocate the CPWC services into space on the first floor of Sobrato Pavilion by October 2021. This will allow us to proceed with the demolition of the old main hospital building. Additionally, we expect to complete the project within the established budget shown below:

Construction	3,350,000
Soft Costs, Design, PM, Permit Fees, Inspections, Misc.	971,500
Furniture, Fixtures & Equipment	214,000
Contingency	453,550
Total	4,989,050
Rounded	5,000,000

The secondary goal of this project is to foster the Sobrato Pavilion as a “destination center” for ECH’s outpatient services. In doing so we allow both the Heart and Vascular Institute *and* the Pulmonary Services service line a “one stop” destination that fits ECH’s image and brand.

List of Attachments: None.

Suggested Committee Discussion Questions:

1. Were alternatives to ECH providing this service explored?
2. Do we expect the financial impact of the CPWC to improve in FY2021 once the Covid-19 shelter in place order are lifted?
3. Are alternatives to in-person delivery under discussion including using phones or other devices to allow more patients to take advantage of this service?