



El Camino Hospital

THE HOSPITAL OF SILICON VALLEY

Summary of Financial
Operations

Fiscal Year 2018 – Period 1
7/1/2017 to 7/31/2017

	Annual				Month			YTD		
	2016	2017	2018 Proj.	2018 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume										
Licensed Beds	443	443	443	443	443	443	443	443	443	443
ADC	242	239	238	245	230	233	230	230	233	230
Adjusted Discharges	22,499	23,446	31,411	23,359	1,806	2,644	2,448	1,806	2,618	2,448
Total Discharges	19,367	19,660	24,216	19,781	1,563	2,018	1,942	1,563	2,018	1,942
Inpatient Cases										
MS Discharges	13,344	13,616	17,760	13,499	1,052	1,495	1,414	1,052	1,480	1,414
Deliveries	4,717	4,660	4,752	4,810	383	396	407	383	396	407
BHS	806	923	1,332	901	82	96	78	82	111	78
Rehab	500	461	372	570	46	31	43	46	31	43
Outpatient Cases										
ED	139,935	145,927	142,788	147,053	11,456	11,899	11,459	11,456	11,899	11,459
Procedural Cases	48,609	48,648	48,372	51,258	4,073	4,031	4,087	4,073	4,031	4,087
OP Surg	6,070	6,666	5,676	6,427	496	473	497	496	473	497
Endo	2,324	2,159	2,196	2,479	136	183	190	136	183	190
Interventional	2,021	1,963	1,872	2,323	194	156	182	194	156	182
All Other	80,911	86,491	84,672	84,566	6,557	7,056	6,503	6,557	7,056	6,503
Financial Perf.										
Net Patient Revenues	772,020	832,279	836,148	832,066	65,187	69,679	72,444	65,187	69,679	72,444
Total Operating Revenue	795,657	858,363	860,213	855,195	66,889	71,684	74,291	66,889	71,684	74,291
Operating Expenses	743,044	752,786	714,496	778,105	57,772	59,541	63,950	57,772	59,541	63,950
Operating Income \$	52,613	105,578	145,717	77,090	9,117	12,143	10,342	9,117	12,143	10,342
Operating Margin	6.6%	12.3%	16.9%	9.0%	13.6%	16.9%	13.9%	13.6%	16.9%	13.9%
EBITDA \$	108,554	157,631	197,413	138,862	13,609	16,451	15,244	13,609	16,451	15,244
EBITDA %	13.6%	18.4%	22.9%	16.2%	20.3%	22.9%	20.5%	20.3%	22.9%	20.5%
IP Margin ¹	-8.7%	-6.2%	-13.9%	-14.7%	-9.9%	-13.9%	-14.7%	-9.9%	-13.9%	-14.7%
OP Margin ¹	26.7%	33.1%	29.0%	30.9%	32.6%	29.0%	30.9%	-32.6%	29.0%	30.9%
Payor Mix										
Medicare	46.6%	47.7%	46.0%	47.4%	47.7%	46.0%	47.4%	47.7%	46.0%	47.4%
Medi-Cal	7.4%	7.3%	6.9%	7.2%	7.0%	6.9%	7.2%	7.0%	6.9%	7.2%
Commercial IP	23.2%	22.3%	23.1%	22.6%	22.2%	23.1%	22.6%	22.2%	23.1%	22.6%
Commercial OP	18.7%	20.2%	21.0%	20.3%	20.6%	21.0%	20.3%	20.6%	21.0%	20.3%
Total Commercial	41.9%	42.5%	44.2%	42.9%	42.9%	44.2%	42.9%	42.9%	44.2%	42.9%
Other	4.1%	2.5%	2.9%	2.5%	2.5%	2.9%	2.5%	2.5%	2.9%	2.5%
Cost										
Employees	2,542.8	2,510.0	2,573.4	2,479.4	2,481.3	2,573.4	2,479.4	2,481.3	2,573.4	2,479.4
Hrs/APD	30.4	30.3	30.3	31.2	30.4	30.3	31.2	30.4	30.3	31.2
Balance Sheet										
Net Days in AR	53.7	44.8	47.4	48.0	44.8	47.4	48.0	44.8	47.4	48.0
Days Cash	361	444	480	266	444	480	266	444	480	266
Affiliates - Net Income (\$000s)										
Hosp	43,043	164,026	208,097	79,793	20,285	17,341	10,567	20,285	17,341	10,567
Concern	1,823	1,391	4,035	1,430	379	336	128	379	336	128
ECSC	(282)	(105)	(23)	0	(3)	(2)	0	(3)	(2)	0
Foundation	982	2,430	2,425	737	514	202	64	514	202	64
SVMD	156	195	(985)	(0)	191	(82)	(0)	191	(82)	(0)

Volume:

- Adjusted discharges were 7% ahead of budget but charges were lower due to lower inpatient procedural volume
- OP discharges over budget, specifically, OP MCH, Imaging, ER, and General Surgery
- Inpatient procedural volume was down in Spine Surgery, NICU, General Surgery, HVI Structural Heart, & Orthopedic Surgery

Financial Performance:

- July's operating income \$1.8M over budget, due to favorable favorable expenses in labor, purchased services, and other expenses

Payor Mix:

- Commercial insurance is 1.3% more than budget

Cost:

- Hrs/APD is July is 30.3 and favorable to budget, due to the July 4th holiday

Balance Sheet:

- Net days in AR are 47.4, .6 less than budget. Total cash on hand is at an all time high of 480 days in July.

Budget Variances

(in thousands)	Month to Date (MTD)		Year to Date (YTD)	
	Net Income Impact	% Net Revenue	Net Income Impact	% Net Revenue
Budgeted Hospital Operations FY2018	10,342	13.9%	10,342	13.9%
Net Revenue - Unfavorable due to low procedural volume: specifically HVI, Spine Surgery, NICU, Sleep Center and General Surgery.	(2,607)	-3.6%	(2,607)	-3.6%
Labor and Benefit Expense - Favorable due to vacation taken during the 4th of July holidays	415	0.6%	415	0.6%
Professional Fees & Purchased Services - Favorable due lower IT and Rev cycle collection agency services	1,076	1.5%	1,076	1.5%
Supplies - Medical supplies favorable due to lower volumes in IP Structural Heart and IP Spine Surgery.	1,752	2.4%	1,752	2.4%
Other Expenses - Favorable due to no use of strategic discretionary fund.	571	0.8%	571	0.8%
Depreciation & Interest - Favorable as budget includes new parking garage extension, actual depreciation starts in P2.	594	0.8%	594	0.8%
Actual Hospital Operations FY2018	12,143	16.9%	12,143	16.9%

El Camino Hospital (\$000s)

1 month ending 7/31/2017

PERIOD 1 FY 2017	PERIOD 1 FY 2018	PERIOD 1 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
231,262	250,848	258,924	(8,076)	-3.1%	Gross Revenue	231,262	250,848	258,924	(8,076)	-3.1%
(166,076)	(181,169)	(186,480)	5,311	1.0%	Deductions	(166,076)	(181,169)	(186,480)	5,311	-2.8%
65,187	69,679	72,444	(2,765)	-3.8%	Net Patient Revenue	65,187	69,679	72,444	(2,765)	-3.8%
1,702	2,005	1,847	158	8.6%	Other Operating Revenue	1,702	2,005	1,847	158	8.6%
66,889	71,684	74,291	(2,607)	-3.5%	Total Operating Revenue	66,889	71,684	74,291	(2,607)	-3.5%
OPERATING EXPENSE										
35,514	38,215	38,630	415	1.1%	Salaries & Wages	35,514	38,215	38,630	415	1.1%
8,441	8,209	9,961	1,752	17.6%	Supplies	8,441	8,209	9,961	1,752	17.6%
6,998	7,035	8,111	1,076	13.3%	Fees & Purchased Services	6,998	7,035	8,111	1,076	13.3%
2,327	1,775	2,346	571	24.3%	Other Operating Expense	2,327	1,775	2,346	571	24.3%
462	418	725	307	42.3%	Interest	462	418	725	307	42.3%
4,030	3,890	4,177	287	6.9%	Depreciation	4,030	3,890	4,177	287	6.9%
57,772	59,541	63,950	4,408	6.9%	Total Operating Expense	57,772	59,541	63,950	4,408	6.9%
9,117	12,143	10,342	1,801	17.4%	Net Operating Income/(Loss)	9,117	12,143	10,342	1,801	17.4%
11,168	5,198	225	4,973	2207.4%	Non Operating Income	11,168	5,198	225	4,973	2207.4%
20,285	17,341	10,567	6,774	64.1%	Net Income(Loss)	20,285	17,341	10,567	6,774	64.1%
20.3%	22.9%	20.5%	2.4%		EBITDA	20.3%	22.9%	20.5%	2.4%	
13.6%	16.9%	13.9%	3.0%		Operating Margin	13.6%	16.9%	13.9%	3.0%	
30.3%	24.2%	14.2%	10.0%		Net Margin	30.3%	24.2%	14.2%	10.0%	

Non Operating Items and Net Income by Affiliate

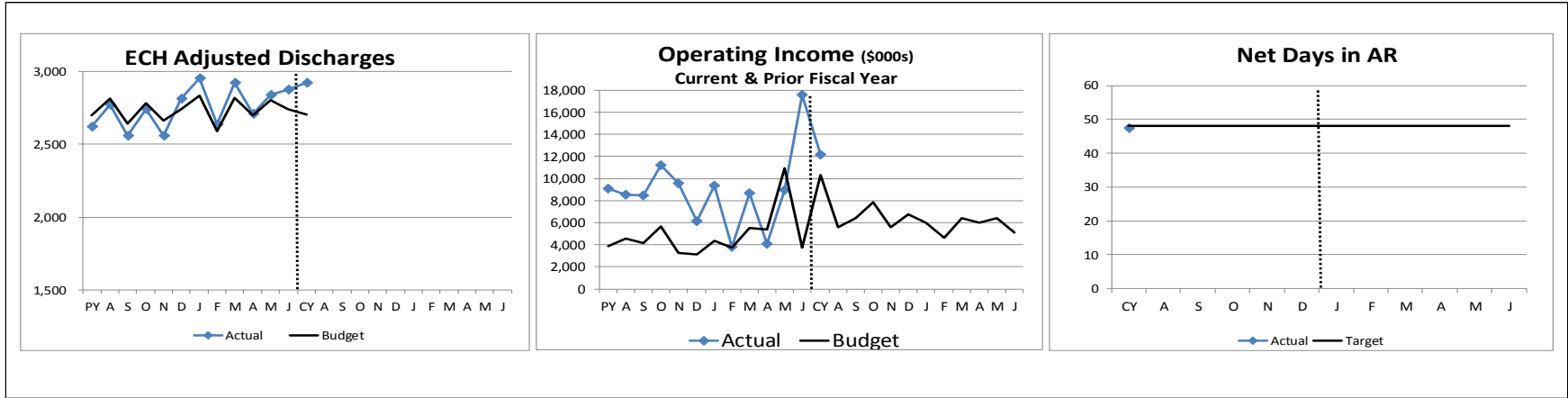
\$ in thousands

	Period 1 - Month			Period 1 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	11,944	9,161	2,783	11,944	9,161	2,783
Los Gatos	199	1,181	(982)	199	1,181	(982)
Sub Total - El Camino Hospital, excl. Affiliates	12,143	10,342	1,801	12,143	10,342	1,801
Operating Margin %	16.9%	13.9%		16.9%	13.9%	
El Camino Hospital Non Operating Income						
Investments	7,712	1,516	6,196	7,712	1,516	6,196
Swap Adjustments	(20)	0	(20)	(20)	0	(20)
Community Benefit	(1,970)	(283)	(1,687)	(1,970)	(283)	(1,687)
Other (IPECH / Foundation)	(523)	(1,007)	484	(523)	(1,007)	484
Sub Total - Non Operating Income	5,198	225	4,973	5,198	225	4,973
El Camino Hospital Net Income (Loss)	17,341	10,567	6,774	17,341	10,567	6,774
ECH Net Margin %	24.2%	14.2%		24.2%	14.2%	
Concern	336	128	208	336	128	208
ECSC	(2)	0	(2)	(2)	0	(2)
Foundation	202	64	138	202	64	138
Silicon Valley Medical Development	(82)	(0)	(82)	(82)	(0)	(82)
Net Income Hospital Affiliates	454	192	262	454	192	262
Total Net Income Hospital & Affiliates	17,796	10,759	7,037	17,796	10,759	7,037

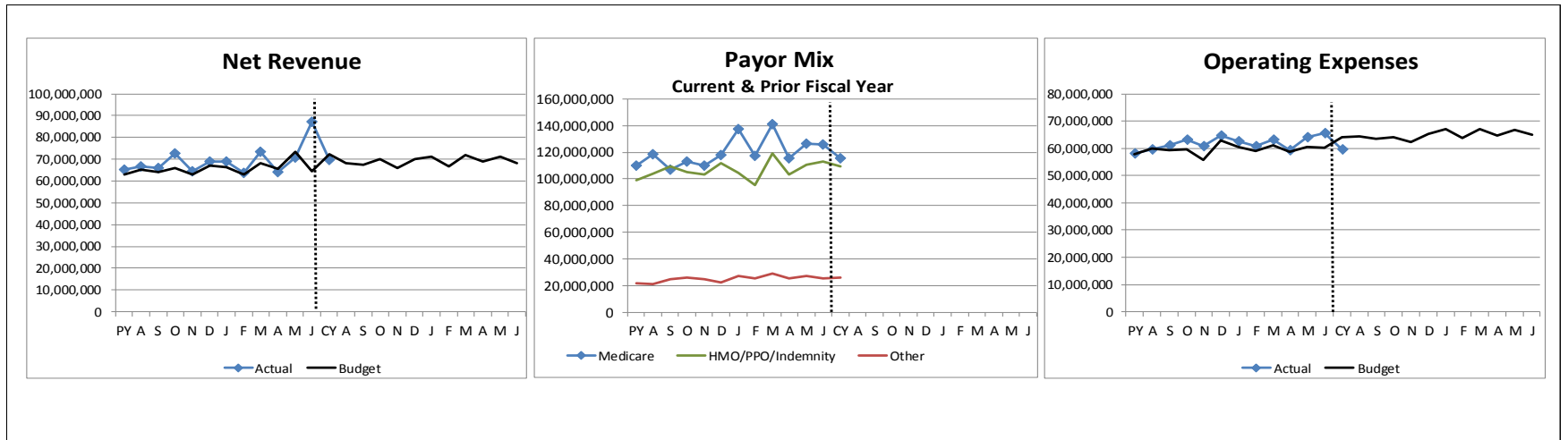
- Investment income favorable for July due to strong market

- Community Benefit variance due to timing

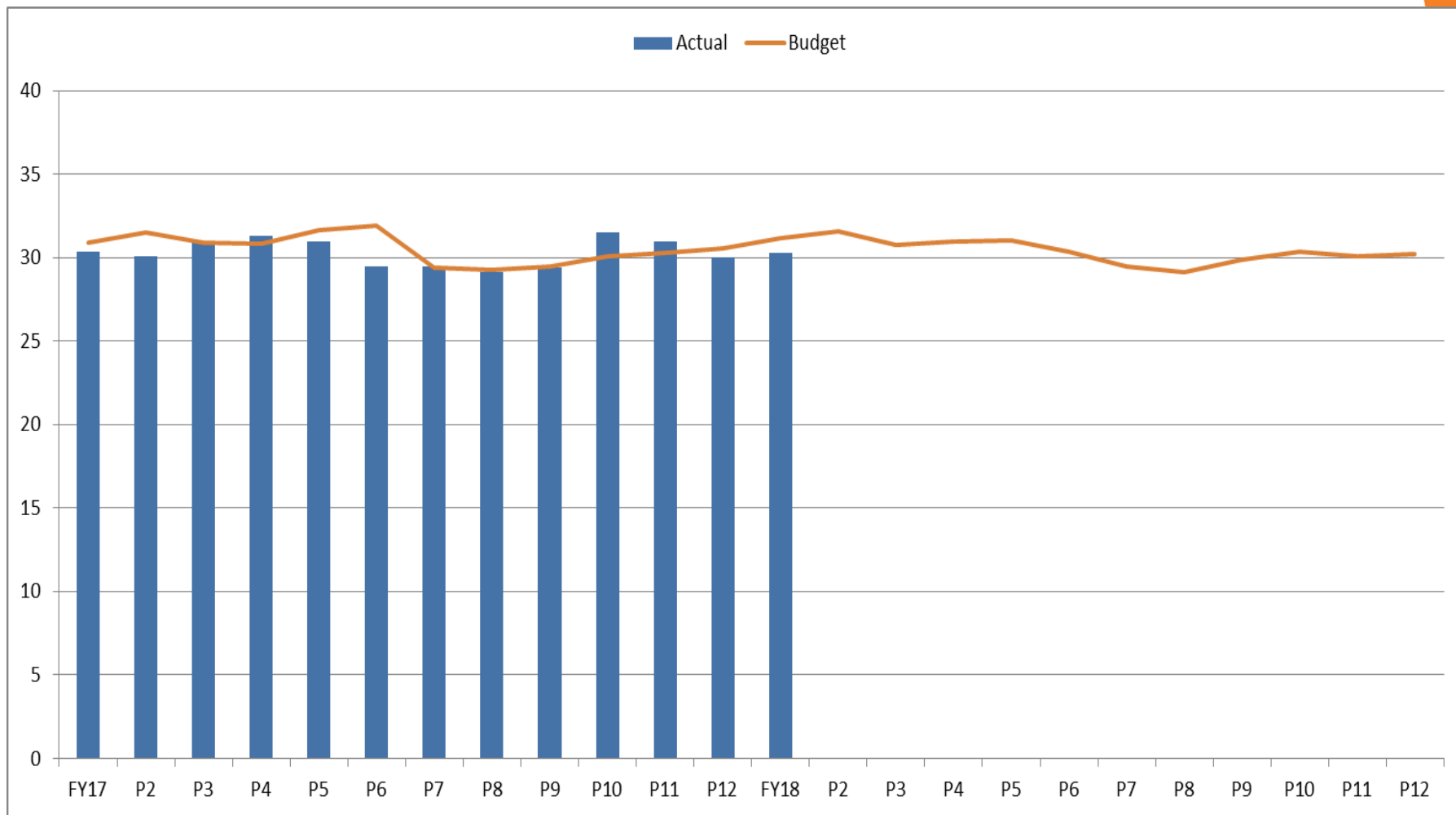
Monthly Financial Trends



Charges and net revenue are behind budget but operating income is ahead of budget due to low expenses

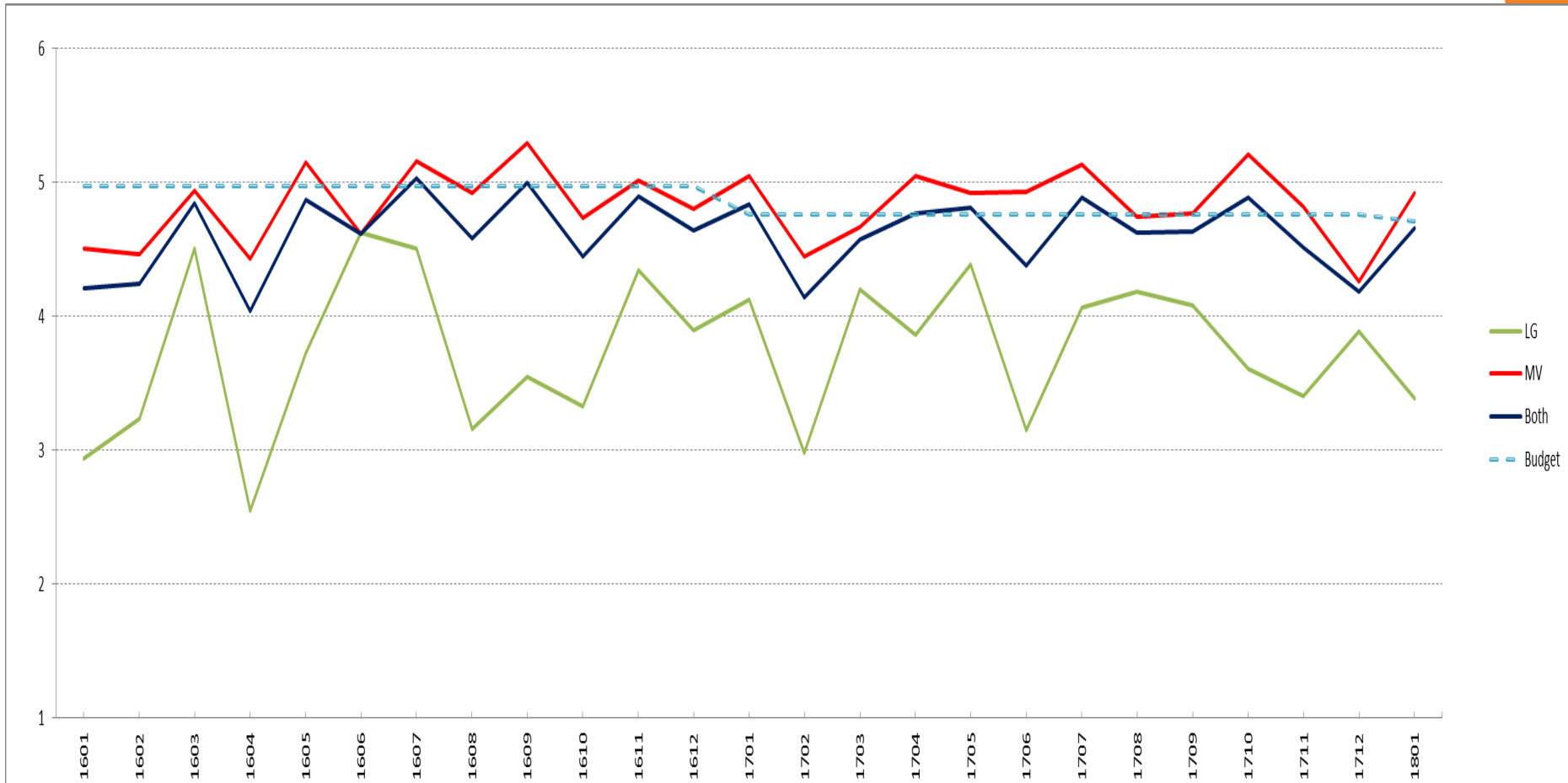


Worked Hours per Adjusted Patient Day



Work hours per adjusted patient day increased slightly in July but is lower than budget.

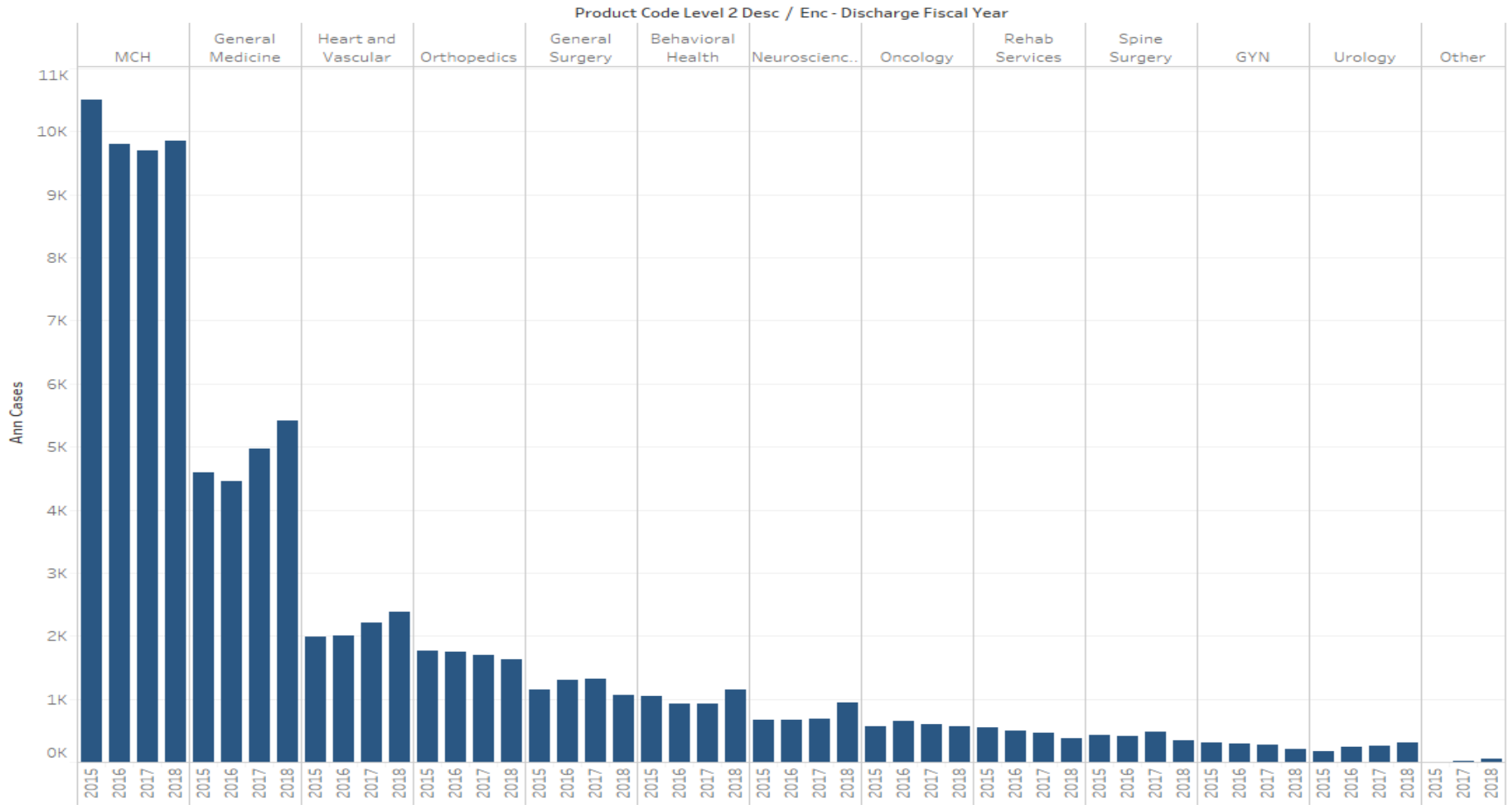
Medicare ALOS



• July ALOS is 4.66 and is lower by 0.05 compared to ALOS budget of 4.71.

El Camino Hospital Volume Annual Trends – Inpatient

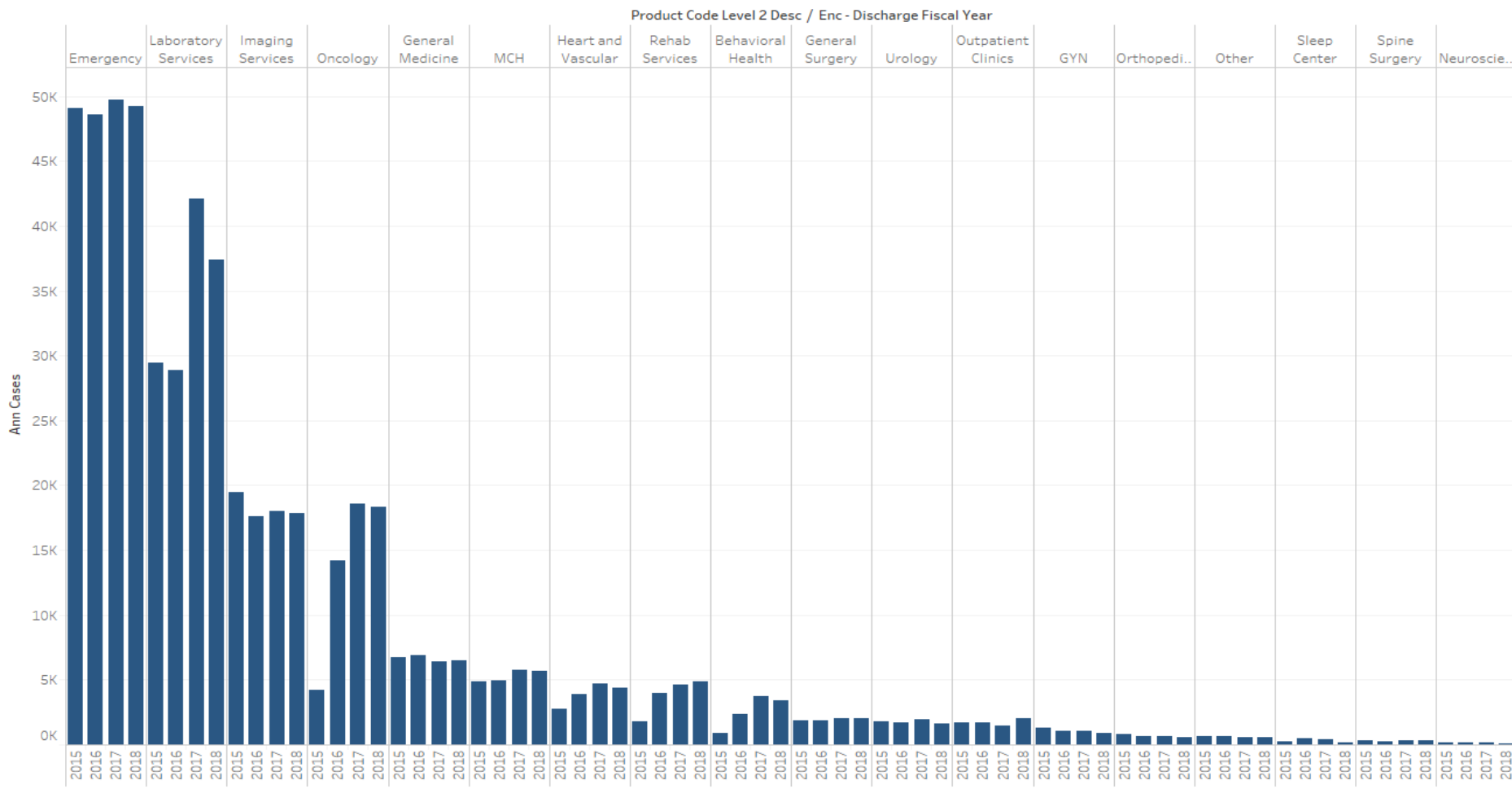
FY 2018 is annualized



- MCH, General Medicine, HVI, Behavioral Health , Neuroscience and Urology display an increasing trend year to year.
- Conversely, Orthopedics, General Surgery, Oncology, Rehab Services, Spine Surgery and GYN show a decreasing trend year to year.

El Camino Hospital Volume Annual Trends – Outpatient

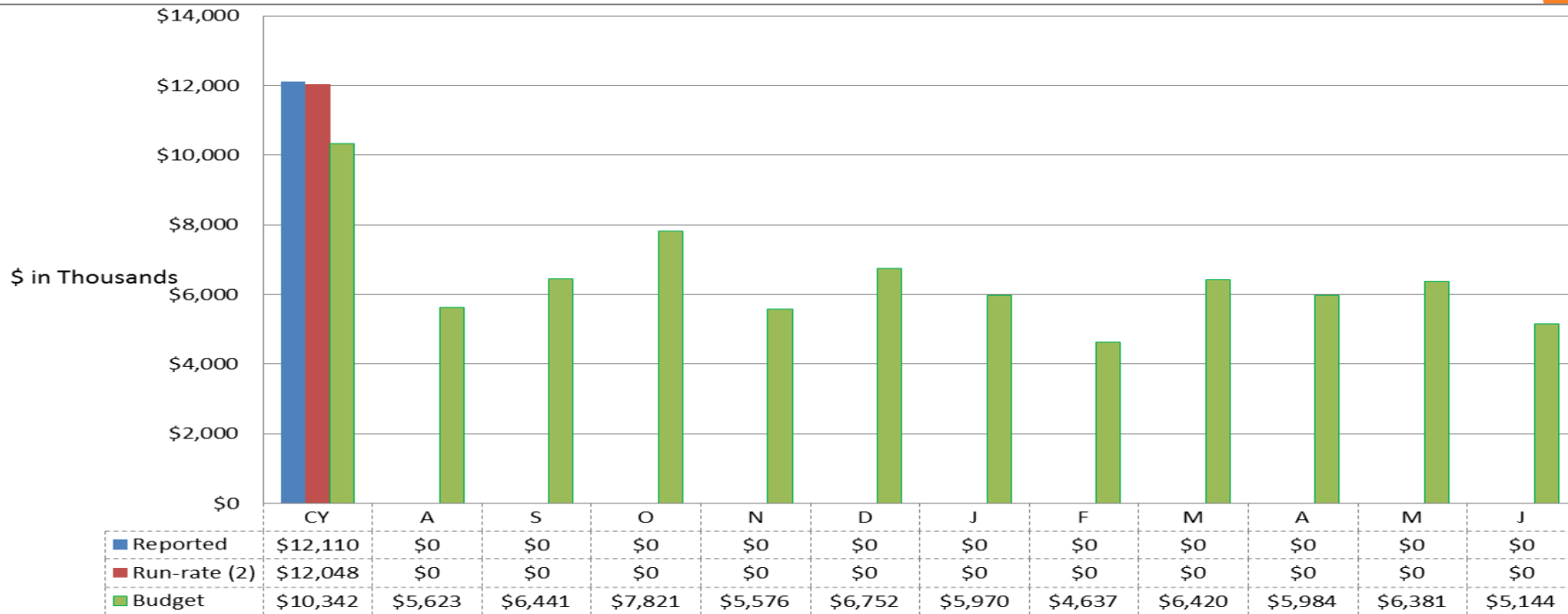
FY 2018 is annualized



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

ECH Operating Margin

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



FY 2018 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>

Revenue Adjustments	J	A	S	O	N	D	J	F	M	A	M	J	YTD
Mcare Settlmt/Appeal/Tent Settlmt/PIP	54	-	-	-	-	-	-	-	-	-	-	-	54
Various Adjustments under \$250k	9	-	-	-	-	-	-	-	-	-	-	-	9
Total	63	-	-	-	-	-	-	-	-	-	-	-	63

El Camino Hospital Investment Committee Scorecard

June 30, 2017

Key Performance Indicator	Status	El Camino		Benchmark		El Camino		Benchmark		FY17 Year-end Budget	Expectation Per Asset Allocation
		2Q 2017	Benchmark	Fiscal Year-to-date	Benchmark	4y 8m Since Inception (annualized)	Benchmark	May 2016			
Investment Performance											
Surplus cash balance & op. cash (millions)		\$900.5	--	--	--	--	--	\$657.2	--		
Surplus cash return	Green	2.4%	2.1%	8.9%	8.7%	5.4%	5.3%	4.0%	5.2%		
Cash balance plan balance (millions)		\$243.8	--	--	--	--	--	\$220.6	--		
Cash balance plan return	Green	3.1%	2.4%	11.2%	10.3%	7.9%	7.2%	6.0%	5.8%		
403(b) plan balance (millions)		\$406.6	--	--	--	--	--	--	--		
Risk vs. Return											
Surplus cash Sharpe ratio	Green	0.83	0.86	--	--	1.26	1.24	--	0.55		
Net of fee return	Green	3.9%	4.1%	--	--	5.4%	5.3%	--	5.2%		
Standard deviation	Green	4.5%	4.5%	--	--	4.1%	4.1%	--	8.6%		
Cash balance Sharpe ratio	Green	0.84	0.79	--	--	1.37	1.31	--	0.49		
Net of fee return	Green	4.9%	4.5%	--	--	7.9%	7.2%	--	5.8%		
Standard deviation	Green	5.7%	5.6%	--	--	5.6%	5.3%	--	10.7%		
Asset Allocation											
Surplus cash absolute variances to target	Green	9.6%	< 10%	--	--	--	--	--	--		
Cash balance absolute variances to target	Green	9.4%	< 10%	--	--	--	--	--	--		
Manager Compliance											
Surplus cash manager flags	Yellow	19	< 19 Green < 23 Yellow	--	--	--	--	--	--		
Cash balance plan manager flags	Yellow	20	< 20 Green < 25 Yellow	--	--	--	--	--	--		

El Camino Hospital

Capital Spending (in millions)

Category	Detail	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	2018 Proj Spend	FY 18 YTD Spent
CIP	EPIC Upgrade		1.9	0.0	1.9	0.0
IT Hardware, Software, Equipment & Imaging*			12.2	0.0	12.2	0.0
Medical & Non Medical Equipment FY 17**			10.3	8.4	3.0	3.0
Medical & Non Medical Equipment FY 18			5.6	0.0	5.6	0.0
Facility Projects						
	1245 Behavioral Health Bldg	91.5	91.5	17.7	51.4	0.1
	1413 North Drive Parking Expansion	24.5	24.5	21.2	3.4	1.4
	1414 Integrated MOB	275.0	275.0	48.6	130.1	2.7
	1422 CUP Upgrade	9.0	9.0	2.3	4.0	0.1
	1430 Women's Hospital Expansion	91.0	6.0	0.5	7.0	0.0
	1425 IMOB Preparation Project - Old Main	3.0	3.0	2.6	0.0	0.0
	1502 Cabling & Wireless Upgrades	2.8	2.8	2.4	0.0	0.0
	1525 New Main Lab Upgrades	1.6	3.1	0.5	0.5	0.0
	1515 ED Remodel Triage/Psych Observation	1.6	0.0	0.0	1.0	0.0
	1503 Willow Pavilion Tomosynthesis	1.3	1.3	0.3	0.0	0.0
	1602 JW House (Patient Family Residence)	2.5	0.0	0.0	0.0	0.0
	Site Signage and Other Improvements	1.0	0.0	0.0	0.1	0.0
	IR Room #6 Development	2.6	0.0	0.0	2.0	0.0
	Nurse Call System Upgrades	2.4	0.0	0.0	0.0	0.0
	1707 Imaging Equipment Replacement (5 or 6)	20.7	0.0	0.0	0.0	0.0
	1708 IR/ Cath Lab Equipment Replacement	19.4	0.0	0.0	0.0	0.0
	1709 ED Remodel / CT Triage - Other	5.0	0.0	0.0	0.0	0.0
	Flooring Replacement	1.6	0.0	0.0	0.0	0.0
	1219 LG Spine OR	4.1	4.1	3.4	0.0	0.0
	1313 LG Rehab HVAC System & Structural	3.7	3.7	3.7	0.0	0.0
	1248 LG Imaging Phase II (CT & Gen Rad)	8.8	8.8	7.8	0.7	0.4
	1307 LG Upgrades	19.3	19.3	13.9	5.0	0.1
	1519 LG Electrical Systems Upgrade	1.2	0.0	0.0	0.0	0.0
	1508 LG NICU 4 Bed Expansion	0.0	0.5	0.2	0.0	0.0
	1507 LG IR Upgrades	1.1	0.0	0.0	0.0	0.0
	LG Building Infrastructure Upgrades	1.5	0.0	0.0	0.0	0.0
	1603 LG MOB Improvements (17)	5.0	5.0	0.3	3.5	0.0
	All Other Projects under \$1M	26.4	4.8	51.3	3.2	0.1
		627.6	462.3	176.8	211.9	5.0
			492.4	185.2	231.7	8.0

GRAND TOTAL

*Excluding EPIC

** Unspent Prior Year routine, subject to change as capital is purchased

Balance Sheet (in thousands)

ASSETS

	Un-Audited	
	July 31, 2017	June 30, 2017
CURRENT ASSETS		
(1) Cash	84,017	125,551
Short Term Investments	124,611	140,284
Patient Accounts Receivable, net	117,354	109,089
Other Accounts and Notes Receivable	2,564	2,628
(2) Intercompany Receivables	3,419	1,495
(3) Inventories and Prepays	54,783	50,657
Total Current Assets	386,749	429,705
BOARD DESIGNATED ASSETS		
Plant & Equipment Fund	137,072	131,153
Women's Hospital Expansion	9,298	9,298
(4) Operational Reserve Fund	127,908	100,196
Community Benefit Fund	17,766	12,237
Workers Compensation Reserve Fund	20,208	20,007
Postretirement Health/Life Reserve Fund	19,321	19,218
PTO Liability Fund	23,376	23,409
Malpractice Reserve Fund	1,634	1,634
Catastrophic Reserves Fund	16,715	16,575
Total Board Designated Assets	373,298	333,727
FUNDS HELD BY TRUSTEE	274,165	287,052
LONG TERM INVESTMENTS	280,404	256,652
INVESTMENTS IN AFFILIATES	32,251	32,451
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,192,167	1,192,047
Less: Accumulated Depreciation	(535,675)	(531,785)
Construction in Progress	131,474	138,017
Property, Plant & Equipment - Net	787,966	798,279
DEFERRED OUTFLOWS	28,910	28,960
RESTRICTED ASSETS - CASH	0	0
TOTAL ASSETS	2,163,743	2,166,825

LIABILITIES AND FUND BALANCE

	Un-Audited	
	July 31, 2017	June 30, 2017
CURRENT LIABILITIES		
(5) Accounts Payable	22,828	38,457
Salaries and Related Liabilities	28,278	25,109
Accrued PTO	23,376	23,409
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	10,886	10,438
Intercompany Payables	86	84
Malpractice Reserves	1,634	1,634
Bonds Payable - Current	3,735	3,735
Bond Interest Payable	3,125	11,245
Other Liabilities	4,887	15,554
Total Current Liabilities	101,135	121,299
LONG TERM LIABILITIES		
Post Retirement Benefits	19,321	19,218
Worker's Comp Reserve	17,908	17,707
Other L/T Obligation (Asbestos)	3,756	3,746
Other L/T Liabilities (IT/Medl Leases)	-	-
Bond Payable	527,391	527,371
Total Long Term Liabilities	568,376	568,042
DEFERRED REVENUE-UNRESTRICTED	561	567
(6) DEFERRED INFLOW OF RESOURCES	10,666	10,666
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	1,109,708	1,132,525
Board Designated	373,298	333,726
Restricted	0	0
(7) Total Fund Bal & Capital Accts	1,483,006	1,466,251
TOTAL LIABILITIES AND FUND BALANCE	2,163,743	2,166,825

El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The decrease in cash is due to \$40M being moved into various investments during July (primarily Board Designated and Long Term investments), as currently having the 2017 Project Bond monies for payments of the major construction projects, the daily cash reserves did not need to be at amounts greater than \$100M.
- (2) The increase is due to that the District needed a short-term bridge loan in cash of \$2.5M from the Hospital to cover the significant Community Benefit expenditures made in July (\$4.1M), while they liquidated \$2.5M of their investments at no loss to cover these disbursements. This was repaid on August 4.
- (3) The increase is primarily driven by annual GASB 68 Pension entries booked at the final close of FY2017 to recognize the difference between projected and actual investment earnings (\$8.5M). This amount is offset in the Deferred Inflow of Resources on the liability side of the Balance Sheet. Also a quarterly \$2.6M pension contribution was made in July. Lastly at the beginning of July a number of significant annual insurance premiums (D&O, Property, Cyber, Auto) were paid that subsequently are amortized over the upcoming fiscal year.
- (4) The increase here is to reset the Operational Reserve (to cover 60 days of operating expenses) for FY2018. The prior year balance hadn't been reset in a couple of years.
- (5) The decrease is due to significant General Contractor payments being accrued at year end, that were subsequently relieved during the first quarter of fiscal year 2017.
- (6) The increase in Deferred Inflow of Resources – refer to Item # 3 above as it relates to GASB 68 Pension entries.
- (7) The increase is due to the first accounting period's performance in FY2018.

⁽¹⁾ Hospital entity only, excludes controlled affiliates

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

Plant & Equipment Fund – original established by the District Board in the early 1960’s to fund new capital expansion projects of building facilities or equipment (new or replacements). The funds came from the M&O property taxes being received and the funding depreciation expense at 100%. When at the end of 1992, the 501(c)(3) Hospital was performed by the District, the property tax receipts remained with the District. The newly formed Hospital entity continued on with funding depreciation expense, but did that funding at 130% of the depreciation expense to account for an expected replacement cost of current plant and property assets. It is to be noted that within this fund is an itemized amount of \$14 million for the Behavioral Health Service building replacement project. This amount came from the District’s Capital Appropriation Fund (excess Gann Limit property taxes) of the fiscal years of 2010 thru 2013 by various District board actions.

Women’s Hospital Expansion – established June 2016 by the District authorizing the amounts accumulated in its Capital Appropriation Fund (excess Gann Limit property taxes) for the fiscal years of 2014 and 2015 to be allocated for the renovation of the Women’s Hospital upon the completion of Integrated Medical Office Building currently under construction.

Operational Reserve Fund – originally established by the District in May 1992 to establish a fund equal to sixty (60) days of operational expenses (based on projected budget) and only be used in the event of a major business interruption event and/or cash flow.

Community Benefit Fund – following in the footsteps of the District in 2008 of forming its Community Benefit Fund using Gann Limit tax receipts, the Hospital in 2010 after opening its campus outside of District boundaries in Los Gatos formed its own Community Benefit Fund to provide grants/sponsorships in Los Gatos and surrounding areas. The funds come from the Hospital reserving \$1.5M a year from its operations, the entity of CONCERN contributing 40% of its annual income each year (an amount it would have paid in corporate taxes if it wasn’t granted tax exempt status), that generates an amount of \$800,000 or more a year. \$10 million within this fund is board designated endowment fund formed in 2015 to generate investment income to be used for grants and sponsorships, which was added to by \$5 million the beginning of FY 2018.

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

Workers Compensation Reserve Fund – as the Hospital is self-insured for its workers compensation program (since 1978) this fund was originally formed in early 2000's by management to reserve cash equal to the yearly actuarially determined Workers Compensation amount. The thought being if the business was to terminate for some reason this is the amount in cash that would be needed to pay out claims over the next few years.

Postretirement Health/Life Reserve Fund – following the same formula as the Workers Compensation Reserve Fund this fund was formed in the early 2000's by management to reserve cash equal to the yearly actuarially determined amount to fund the Hospital's postretirement health and life insurance program. Note this program was frozen in 1995 for all new hires after that date.

PTO (Paid Time Off) Liability Fund – originally formed in 1993 as the new 501(c)(3) Hospital began operations, management thought as a business requirement of this vested benefit program that monies should be set aside to extinguish this employee liability should such a circumstance arise. This balance is equal to the PTO Liability on the Balance Sheet.

Malpractice Reserve Fund – originally established in 1989 by the then District's Finance Committee and continued by the Hospital. The amount is actuarially determined each year as part of the annual audit to fund potential claims less than \$50,000. Above \$50,000 our policy with the BETA Healthcare Group kicks in to a \$30 million limit per claim/\$40 million in the aggregate.

Catastrophic Loss Fund – was established in 1999 by the Hospital Board to be a "self-insurance" reserve fund for potential non-major earthquake repairs. Initially funded by the District transferring \$5 million and has been added to by the last major payment from FEMA for the damage caused the Hospital by the October 1989 earthquake. It is to be noted that it took 10 years to receive final settlement from FEMA grants that totaled \$6.8 million that did mostly cover all the necessary repairs.

APPENDIX

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

1 month ending 7/31/2017

PERIOD 1 FY 2017	PERIOD 1 FY 2018	PERIOD 1 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
193,631	207,481	212,098	(4,618)	-2.2%	Gross Revenue	193,631	207,481	212,098	(4,618)	-2.2%
(140,313)	(148,917)	(152,473)	3,556	-2.3%	Deductions	(140,313)	(148,917)	(152,473)	3,556	-2.3%
53,318	58,563	59,625	(1,061)	-1.8%	Net Patient Revenue	53,318	58,563	59,625	(1,061)	-1.8%
1,534	1,845	1,640	206	12.5%	Other Operating Revenue	1,534	1,845	1,640	206	12.5%
54,852	60,408	61,264	(856)	-1.4%	Total Operating Revenue	54,852	60,408	61,264	(856)	-1.4%
OPERATING EXPENSE										
29,540	31,696	32,291	595	1.8%	Salaries & Wages	29,540	31,696	32,291	595	1.8%
7,080	6,828	7,993	1,165	14.6%	Supplies	7,080	6,828	7,993	1,165	14.6%
5,652	5,851	6,806	955	14.0%	Fees & Purchased Services	5,652	5,851	6,806	955	14.0%
708	271	813	542	66.6%	Other Operating Expense	708	271	813	542	66.6%
462	418	725	307	42.3%	Interest	462	418	725	307	42.3%
3,489	3,400	3,475	75	2.1%	Depreciation	3,489	3,400	3,475	75	2.1%
46,931	48,465	52,104	3,639	7.0%	Total Operating Expense	46,931	48,465	52,104	3,639	7.0%
7,921	11,944	9,161	2,783	30.4%	Net Operating Income/(Loss)	7,921	11,944	9,161	2,783	30.4%
11,168	5,198	225	4,973	2207.4%	Non Operating Income	11,168	5,198	225	4,973	2207.4%
19,089	17,142	9,386	7,756	82.6%	Net Income(Loss)	19,089	17,142	9,386	7,756	82.6%
21.6%	26.1%	21.8%	4.3%		EBITDA	21.6%	26.1%	21.8%	4.3%	
14.4%	19.8%	15.0%	4.8%		Operating Margin	14.4%	19.8%	15.0%	4.8%	
34.8%	28.4%	15.3%	13.1%		Net Margin	34.8%	28.4%	15.3%	13.1%	

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

1 month ending 7/31/2017

PERIOD 1 FY 2017	PERIOD 1 FY 2018	PERIOD 1 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
37,631	43,367	46,826	(3,459)	-7.4%	Gross Revenue	37,631	43,367	46,826	(3,459)	-7.4%
(25,763)	(32,252)	(34,006)	1,755	-5.2%	Deductions	(25,763)	(32,252)	(34,006)	1,755	-5.2%
11,868	11,116	12,819	(1,704)	-13.3%	Net Patient Revenue	11,868	11,116	12,819	(1,704)	-13.3%
168	160	207	(47)	-22.7%	Other Operating Revenue	168	160	207	(47)	-22.7%
12,037	11,276	13,027	(1,751)	-13.4%	Total Operating Revenue	12,037	11,276	13,027	(1,751)	-13.4%
OPERATING EXPENSE										
5,974	6,519	6,339	(180)	-2.8%	Salaries & Wages	5,974	6,519	6,339	(180)	-2.8%
1,360	1,382	1,968	587	29.8%	Supplies	1,360	1,382	1,968	587	29.8%
1,347	1,184	1,304	121	9.3%	Fees & Purchased Services	1,347	1,184	1,304	121	9.3%
1,619	1,503	1,533	29	1.9%	Other Operating Expense	1,619	1,503	1,533	29	1.9%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
541	489	702	212	30.3%	Depreciation	541	489	702	212	30.3%
10,841	11,077	11,846	769	6.5%	Total Operating Expense	10,841	11,077	11,846	769	6.5%
1,196	199	1,181	(982)	-83.1%	Net Operating Income/(Loss)	1,196	199	1,181	(982)	-83.1%
0	0	0	0	0.0%	Non Operating Income	0	0	0	0	0.0%
1,196	199	1,181	(982)	-83.1%	Net Income(Loss)	1,196	199	1,181	(982)	-83.1%
14.4%	6.1%	14.5%	-8.3%		EBITDA	14.4%	6.1%	14.5%	-8.3%	
9.9%	1.8%	9.1%	-7.3%		Operating Margin	9.9%	1.8%	9.1%	-7.3%	
9.9%	1.8%	9.1%	-7.3%		Net Margin	9.9%	1.8%	9.1%	-7.3%	

Capital Spend Trend & FY 18 Budget

Capital Spending (in 000's)	Actual FY2015	Actual FY2016	Actual FY2017	Projected FY2018
EPIC	29,849	20,798	2,755	1,922
IT Hardware / Software Equipment	4,660	6,483	2,659	12,238
Medical / Non Medical Equipment*	13,340	17,133	9,556	5,635
Non CIP Land, Land I , BLDG, Additions	-	4,189	-	-
Facilities	38,940	48,137	82,953	211,886
GRAND TOTAL	86,789	96,740	97,923	231,681

*Includes 2 robot purchases in projected FY2017 & FY2016 Medical/Non Medical Equipment spent FY2017

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

Category	2013	2014	2015	2016	2017	Category	2013	2014	2015	2016	2017
EPIC	0	6,838	29,849	20,798	2,755	Facilities Projects CIP cont.					
IT Hardware/Software Equipment	8,019	2,788	4,660	6,483	2,659	1403 - Hosp Drive BLDG 11 TI's	0	86	103	0	0
Medical/Non Medical Equipment	10,284	12,891	13,340	17,133	9,556	1404 - Park Pav HVAC	0	64	7	0	0
Non CIP Land, Land I, BLDG, Additions	0	22,292	0	4,189	0	1405 - 1 - South Accessibility Upgrades	0	0	0	168	95
						1408 - New Main Accessibility Upgrades	0	0	7	46	501
						1415 - Signage & Wayfinding	0	0	0	106	58
						1416 - MV Campus Digital Directories	0	0	0	34	23
						1423 - MV MOB TI Allowance	0	0	0	588	369
Facilities Projects CIP						1425 - IMOB Preparation Project - Old Main	0	0	0	711	1,860
Mountain View Campus Master Plan Projects						1429 - 2500 Hospital Dr Bldg 8 TI	0	0	101	0	0
1245 - Behavioral Health Bldg Replace	0	1,257	3,775	1,389	10,323	1430 - Women's Hospital Expansion	0	0	0	0	464
1413 - North Drive Parking Structure Exp	0	0	167	1,266	18,120	1432 - 205 South Dr BHS TI	0	0	8	15	0
1414 - Integrated MOB	0	0	2,009	8,875	32,805	1501 - Women's Hospital NPC Comp	0	0	4	0	223
1422 - CUP Upgrade	0	0	0	896	1,245	1502 - Cabling & Wireless Upgrades	0	0	0	1,261	367
Sub-Total Mountain View Campus Master Plan	0	1,257	5,950	12,426	62,493	1503 - Willow Pavillion Tomosynthesis	0	0	0	53	257
						1504 - Equipment Support Infrastructure	0	0	61	311	0
Mountain View Capital Projects						1523 - Melchor Pavillion Suite 309 TI	0	0	0	10	59
9900 - Unassigned Costs	734	470	3,717	0	0	1525 - New Main Lab Upgrades	0	0	0	0	464
1108 - Cooling Towers	450	0	0	0	0	1526 - CONCERN TI	0	0	0	37	99
1120 - BHS Out Patient TI's	66	0	0	0	0	Sub-Total Mountain View Projects	8,145	7,219	26,744	5,588	5,535
1129 - Old Main Card Rehab	9	0	0	0	0	Los Gatos Capital Projects					
0817 - Womens Hosp Upgrds	645	1	0	0	0	0904 - LG Facilities Upgrade	2	0	0	0	0
0906 - Slot Build-Out	1,003	1,576	15,101	1,251	294	0907 - LG Imaging Masterplan	244	774	1,402	17	0
1109 - New Main Upgrades	423	393	2	0	0	1005 - LG OR Light Upgrd	14	0	0	0	0
1111 - Mom/Baby Overflow	212	29	0	0	0	1122 - LG Sleep Studies	7	0	0	0	0
1204 - Elevator Upgrades	25	30	0	0	0	1210 - Los Gatos VOIP	147	89	0	0	0
0800 - Womens L&D Expansion	2,104	1,531	269	0	0	1116 - LG Ortho Pavillion	177	24	21	0	0
1131 - MV Equipment Replace	216	0	0	0	0	1124 - LG Rehab BLDG	49	458	0	0	0
1208 - Willow Pav. High Risk	110	0	0	0	0	1247 - LG Infant Security	134	0	0	0	0
1213 - LG Sterilizers	102	0	0	0	0	1307 - LG Upgrades	376	2,979	3,282	3,511	3,081
1225 - Rehab BLDG Roofing	7	241	4	0	0	1308 - LG Infrastructure	0	114	0	0	0
1227 - New Main eICU	96	21	0	0	0	1313 - LG Rehab HVAC System/Structural	0	0	0	1,597	1,904
1230 - Fog Shop	339	80	0	0	0	1219 - LG Spine OR	0	214	323	633	2,163
1315 - 205 So. Drive TI's	0	500	2	0	0	1221 - LG Kitchen Refrig	0	85	0	0	0
0908 - NPCR3 Seismic Upgrds	1,302	1,224	1,328	240	342	1248 - LG - CT Upgrades	0	26	345	197	6,669
1125 - Will Pav Fire Sprinkler	57	39	0	0	0	1249 - LG Mobile Imaging	0	146	0	0	0
1211 - SIS Monitor Install	215	0	0	0	0	1328 - LG Ortho Canopy FY14	0	255	209	0	0
1216 - New Main Process Imp Office	19	1	16	0	0	1345 - LG Lab HVAC	0	112	0	0	0
1217 - MV Campus MEP Upgrades FY13	0	181	274	28	0	1346 - LG OR 5, 6, and 7 Lights Replace	0	0	285	53	22
1224 - Rehab Bldg HVAC Upgrades	11	202	81	14	6	1347 - LG Central Sterile Upgrades	0	0	181	43	66
1301 - Desktop Virtual	0	13	0	0	0	1421 - LG MOB Improvements	0	0	198	65	303
1304 - Rehab Wander Mgmt	0	87	0	0	0	1508 - LG NICU 4 Bed Expansion	0	0	0	0	207
1310 - Melchor Cancer Center Expansion	0	44	13	0	0	1600 - 825 Pollard - Aspire Phase II	0	0	0	0	80
1318 - Women's Hospital TI	0	48	48	29	2	1603 - LG MOB Improvements	0	0	0	0	285
1327 - Rehab Building Upgrades	0	0	15	20	0	Sub-Total Los Gatos Projects	1,150	5,276	6,246	6,116	14,780
1320 - 2500 Hosp Dr Roofing	0	75	81	0	0	1550 - Land Acquisition	0	0	0	24,007	0
1340 - New Main ED Exam Room TVs	0	8	193	0	0	1701 - 828 S Winchester Clinic TI	0	0	0	0	145
1341 - New Main Admin	0	32	103	0	0	Sub-Total Other Strategic Projects	0	0	0	24,007	145
1344 - New Main AV Upgrd	0	243	0	0	0	Subtotal Facilities Projects CIP	9,294	13,753	38,940	48,137	82,953
1400 - Oak Pav Cancer Center	0	0	5,208	666	52	Grand Total	27,598	58,561	86,789	96,740	97,923
						Forecast at Beginning of year	70,503	70,037	101,607	114,025	212,000