

AGENDA

FINANCE COMMITTEE MEETING OF THE EL CAMINO HOSPITAL BOARD

Monday, September 23, 2019 – 5:30 pm

El Camino Hospital | Conference Rooms A&B (ground floor)
2500 Grant Road Mountain View, CA 94040

William Hobbs will be participating via teleconference from 99 Degaris Avenue S. Dartmouth, MA 02748.

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		5:30 – 5:31 pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Chair		5:31 – 5:32
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		5:32 – 5:35
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 5:35 – 5:37
Approval a. Minutes of the Open Session of the Finance Committee Meeting (7/29/2019) b. Financial Report (FY20 Period 1) Information c. Update on Radiation Oncology Timeline d. Progress Against Goals e. Pacing Plan f. Articles of Interest g. Report on Major Capital Projects in Progress h. El Camino Hospital S&P Global Rating			
5. REPORT ON BOARD ACTIONS ATTACHMENT 5	John Zoglin, Chair		information 5:37 – 5:42
6. FY20 PERIOD 2 FINANCIALS ATTACHMENT 6	Iftikhar Hussain, CFO	<i>public comment</i>	motion required 5:42 – 5:57
7. POST IMPLEMENTATION REVIEW – PACS/RIS ATTACHMENT 7	Deb Muro, CIO Jim Griffith, COO		discussion 5:57 – 6:12
8. CAPITAL FACILITIES PROJECT REQUEST - MV CAMPUS COMPLETION ATTACHMENT 8	Jim Griffith, COO Ken King, CASO	<i>public comment</i>	motion required 6:12 – 6:27
9. REVIEW OF PATIENT BILLINGS ATTACHMENT 9	Iftikhar Hussain, CFO		discussion 6:27 – 6:52

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
10. ADJOURN TO CLOSED SESSION	John Zoglin, Chair		motion required 6:52 – 6:53
11. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Chair		6:53 – 6:54
12. 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 Committee Meeting (7/29/2019)	John Zoglin, Chair		motion required 6:54 – 6:55
13. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets: - Physician Contracts a. Medical Advisor Renewal Agreement b. LG Cardiology Call Panel Renewal c. Amendment to OB Hospitalist Program Agreement at MV & LG Campuses to Provide Emergency Backup Services d. NICU Quality Projects Amendment to Increase Hours	Mark Adams, MD, CMO		discussion 6:55 – 7:05
14. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets: - Service Line Report: Ortho/Neuro/Spine	Jim Griffith, COO		information 7:05 – 7:50
15. Gov't Code Sections 54957 for report and discussion on personnel matters – Senior Management: - Executive Session	John Zoglin, Chair		discussion 7:50 – 8:00
16. ADJOURN TO OPEN SESSION	John Zoglin, Chair		motion required 8:00 – 8:01
17. RECONVENE OPEN SESSION / REPORT OUT	John Zoglin, Chair		information 8:01– 8:03
To report any required disclosures regarding permissible actions taken during Closed Session.			
18. APPROVAL OF PHYSICIAN CONTRACTS a. Medical Advisor Renewal Agreement b. LG Cardiology Call Panel Renewal c. Amendment to OB Hospitalist Program Agreement at MV & LG Campuses to Provide Emergency Backup Services d. NICU Quality Projects Amendment to Increase Hours	Mark Adams, MD, CMO	<i>public comment</i>	motion(s) required 8:03 – 8:05
19. CLOSING COMMENTS	John Zoglin, Chair		information 8:05 – 8:08
20. ADJOURNMENT	John Zoglin, Chair	<i>public comment</i>	motion required 8:08 – 8:09

Upcoming Meetings:

Regular Meetings: November 25, 2019; January 27, 2020 (immediately following Joint Meeting), March 23, 2020, April 27, 2020; May 26, 2020 (immediately following Joint Meeting)

Joint Meetings: January 27, 2020 (with Investment Committee); May 26, 2020 (with Hospital Board)

Education Sessions: April 22, 2020



**Minutes of the Open Session of the
Finance Committee
Monday, July 29, 2019
El Camino Hospital | Conference Room A&B
2500 Grant Road, Mountain View, CA 94040**

Members Present

John Zoglin, Chair
Joseph Chow
Boyd Faust
Gary Kalbach
Richard Juelis
Don Watters

Members Absent

William Hobbs

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. Roll call was taken. William Hobbs was absent. All other Committee members were present.	5:30 pm
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. Boyd Faust requested that Item 4e: FY20 Pacing Plan be pulled for discussion. The Committee members requested that 30 minutes of an upcoming meeting be dedicated to touring the new buildings on the Mountain View Campus and that one meeting this fiscal year be held at the Los Gatos Campus so that Committee members can become familiar with that Campus since they are asked to approve various capital projects there.</p> <p>Motion: To approve the consent calendar (a) Minutes of the Open Session of the Finance Committee Meeting (May 28, 2019); (b) Minutes of the Open Session of the Joint Board and Finance Committee Meeting (May 28, 2019); (c) Financial Report (FY19 Period 11); and For Information: (d) Major Capital Projects in progress; (e) FY20 Pacing Plan; (f) Progress Against Goals; and (g) Article of Interest.</p> <p>Movant: Chow Second: Faust Ayes: Zoglin, Chow, Faust, Juelis, Kalbach, Watters Noes: None Abstentions: None Absent: Hobbs Recused: None</p>	<i>Consent Calendar was approved.</i>
5. REPORT ON BOARD ACTIONS	<p>Chair Zoglin asked the Committee for any questions or feedback on the Report on Board Actions as further detailed in the packet.</p> <p>Iftikhar Hussain, CFO, commented on the District tax-revenues that were appropriated to fund capital projects on the Mountain View Campus.</p> <p>Cindy Murphy, Director of Governance Services, explained that the “Approved FY20 Individual Executive Goals” are not public, but that the</p>	

	<p>“Approved FY20 Executive Bases Salary Ranges and Base Salaries” are published in the open-session of the ECHB materials packet on the ECH website.</p>	
<p>6. FY19 YEAR END (PERIOD 12) FINANCIALS</p>	<p>Mr. Husain reviewed the FY19 Year End (Period 12) Financials as presented in the materials with the Committee members. Mr. Hussain commented that the report is presented on a new template, and that from this month forward financials include all entities.</p> <p>He provided an overview of these areas:</p> <ul style="list-style-type: none"> • Areas of concern were volume” and payor mix. • Outpatient volume was below budget by 1.8% due to delayed opening of the LG Infusion Center. • Payor Mix – Medicare and MediCal did not cover their costs, Commercial covered their costs and the entire margin. • Deliveries showed decline in July, and then improved. • The other indicators are positive and solid financials for all entities. • We are ahead of plan and operating statistics and productivity performed well. <p>In response to concerns about exceeding the budget for “Fees and Purchased Services” for the last period, Mr. Hussain explained that was due to unbudgeted SVMD activity related to the acquisition of Verity assets and entering into a PSA with the SJMG.</p> <p>He also responded to questions for clarification on the contents of the financial reports, to confirm that from this month forward the financials are a consolidated report that includes all ambulatory services, whereas historically the financials only included hospital services.</p> <p>In response to questions, Jim Griffith, COO, commented that procedural growth was up 3.8% in FY19. He explained that March, April, May and June were higher than anticipated: ED volumes increased about 3% and in-patient census increased by 8%.</p> <p>The Committee expressed concern with showing a \$50 million dollar difference in capital spending from the previous financial report. Ken King, Chief Administrative Services Officer, explained the difference is due to a change in reporting methodology so that placeholder or “pipeline” projects will show no activity unit the project is funded and authorized to spend. Active projects will show the value of the funded projects and cash flow of those funds.</p> <p>Chair Zoglin requested that there be more frequent updates on placeholder/pipeline projects, that placeholder/pipeline projects and project cash flow both be called out and explained in future financial reports and that there be separate (1) budget/timeline reporting and (2) cash flow reporting for capital projects. He also requested that future financial reports for the Finance Committee include the appendix materials as part of the main document.</p> <p>Motion: To approve the FY19 Year End Period 12 Financial Report. Movant: Kalbach, Second: Juelis Ayes: Zoglin, Chow, Faust, Juelis, Kalbach, Watters</p>	<p><i>Motion to approve</i></p>

	<p>Noes: None Abstentions: None Absent: Hobbs Recused: None</p>	
<p>7. CAPITAL FUNDING REQUEST ED REMODEL PROJECT</p>	<p>Mr. Griffith introduced Laura Cook, MD, Medical Director of the Mountain View Emergency Department. Mr. King gave an overview of the proposed ED remodel project. He explained that when the new Main Hospital was designed and built (opened in 2009) the ED was projected to need 28 exam rooms, a single triage area and three tracks of care. However, since moving into the ED visits have increased to forty-eight thousand, and there has been an increase in patient acuity. There has also been an increase in prevalence of patients presenting in the ED with mental health and addiction needs which has created a unique need for care. He explained that the existing design and configuration does not allow us to assess and treat patients in the way that is needed. Therefore, the plan is to relocate and reconfigure the ED to improve wait time, efficiency of care, and the patient experience.</p> <p>Mr. King, in response to questions, commented that phased construction would begin in October. During the construction, the ED will experience a period of transition in January, but will remain operational. He anticipates improvement in flow before the flu season.</p> <p>Mr. Griffith, in response to questions, commented that approximately forty to forty-five percent of ECH in-patients are admitted through ED.</p> <p>Motion: To recommend the Board approve capital funding not to exceed \$6.75 million for the ED remodel project. Movant: Kalbach Second: Watters Ayes: Zoglin, Chow, Faust, Juelis, Kalbach, Watters Noes: None Abstentions: None Absent: Hobbs Recused: None</p>	<p><i>Recommend to Board to approve Capital Funding Request Ed Remodel Project</i></p>
<p>8. MEDICAL STAFF DEVELOPMENT PLAN</p>	<p>Mark Adams, MD, CMO, provided highlights of the annual Medical Staff Development Plan for ECH. He reported that the Plan provides income guarantees to recruit new physicians to the ECH market and it is distinct from SVMD's plan to employ physicians. He explained that the ECG management consultants' assessment looked at community need and succession risk and reported that cardiology, obstetrics and psychiatry are the three biggest current needs for medical specialties and another large gap is for general surgeons. Dr. Adams also explained that since ECH is a non-profit hospital, recruitments that rely on organizational funds must be based on community need.</p> <p>Bruce Harrison, President, Silicon Valley Medical Development, commented that ECG examined the overall market and documented the community need which allows us to legally enter into income guarantee agreements for purposes of regulatory requirements. However, ECH will not necessarily enter into income guarantee agreements with the full # of allowed recruitments.</p> <p>Chair Zoglin requested that the Medical Staff Development Plan be added to the Pacing Plan for Post-Implementation Review. Motion: To recommend the Board approve the Medical Staff</p>	<p><i>Recommend to Board to approve Medical Staff Development Plan</i></p>

	<p>Development Plan as presented in the Committee materials.</p> <p>Movant: Juelis Second: Kalbach Ayes: Zoglin, Chow, Faust, Juelis, Kalbach, Watters Noes: None Abstentions: None Absent: Hobbs Recused: None</p>	
<p>9. REVIEW OF PATIENT BILLINGS</p>	<p>Mr. Husain introduced Terri Manifesto, Sr. Director Revenue Cycle, and Brian Fong, Director Revenue Integrity.</p> <p>Ms. Manifesto reported that the revenue cycle team has an opportunity to make a lasting impression on ECH's patients and reviewed the steps in the billing cycle for the Committee. In response to questions she noted that patients do not receive a statement if there is not a balance due, her team recently completed a project that allows tracking of missed copays; and it is not mandatory for patients to pay their copay or deductible before being treated.</p> <p>Mr. Fong provided an overview of ECH's patient payments by payor category noting that 80% of patient payments originate from patients with a PPO health plan and those patients paid an average of \$319 per encounter. He explained that 4% of ECH's FY18 net revenue was from patient payments and that approximately 55% of patients pay their bill between zero and 60 days. Mr. Fong also reported that ECH is significantly below the median of other Epic hospitals at 0.3 percent of bad debt.</p> <p><i>The Committee requested the following follow up on this topic at the next meeting:</i></p> <ul style="list-style-type: none"> • Statistics of how often copays and deductibles are collected; • What our deferral process/policy on self-pay is; • How we can improve awareness that patients will receive the physician's bill separately from the hospital's bill; • Regional (not-national) bad-debt comparisons; • Sources of bad-debt; • Feedback on billings from patients/opportunities for improvement; • How preservice estimates are and how we measure that accuracy; • Estimates becoming more accurate over time; • What % of services we can reliably estimate versus not; • Break out SJMG vs hospital; • Can we provide SJMG/ECMA combined bills; • Does ECH obtain credit card authorization for full amount pre-service; • Reported experience of self-pay versus other patients; • Profile of patient billing for SVMD. 	
<p>10. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 7:01pm. Movant: Kalbach Second: Chow Ayes: Zoglin, Chow, Faust, Juelis, Kalbach, Watters Noes: None Abstentions: None Absent: Hobbs</p>	<p><i>Adjourned to closed session at 7:01pm.</i></p>

	Recused: None	
11. AGENDA ITEM 18: RECONVENE OPEN SESSION/ REPORT OUT	Open session was reconvened at 8:11 pm. Agenda Items 11-17 were covered in closed session. During the closed session, the Committee approved (a) Meeting Minutes of the Closed Session of the Finance Committee (May 28, 2019); and (b) Minutes of the Closed Session of the Joint Board and Finance Committee Meeting (May 28, 2019) by a unanimous vote of all members present (Zoglin, Chow, Faust, Juelis, Kalbach and Watters. Hobbs absent).	<i>Open Session Reconvened at 8:11 pm.</i>
12. AGENDA ITEM 19: APPROVAL OF PHYSICIAN CONTRACTS	<p>Motion: To approve the Proposed Heart Failure Program Medical Director Agreement.</p> <p>Movant: Faust</p> <p>Second: Kalbach</p> <p>Ayes: Zoglin, Chow, Faust, Juelis, Kalbach, Watters</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: Hobbs</p> <p>Recused: None</p> <p>Motion: To recommend the Board approve the proposed: (b) Cardiothoracic Surgery On-Call Panel; and (c) Colorectal Surgeon Physician Income Guarantee.</p> <p>Movant: Faust</p> <p>Second: Kalbach</p> <p>Ayes: Zoglin, Chow, Faust, Juelis, Kalbach, Watters</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: Hobbs</p> <p>Recused: None</p>	<i>Physician Contracts were approved/recom mended for approval</i>
13. AGENDA ITEM 20: APPROVAL OF CAPITAL FUNDING REQUEST:	<p>Motion: To recommend the Board approve the Proposed Capital Funding Request for Radiation Oncology Equipment Replacement not to exceed \$6.75 million.</p> <p>Movant: Faust</p> <p>Second: Kalbach</p> <p>Ayes: Zoglin, Chow, Faust, Juelis, Kalbach, Watters</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: Hobbs</p> <p>Recused: None</p>	<i>Capital Funding Request recommended for approval</i>
14. AGENDA ITEM 21: CLOSING COMMENTS	The Committee suggested that staff explore what steps were necessary to expedite replacement of the approved Radiation Oncology Equipment.	
15. AGENDA ITEM 22: ADJOURNMENT	<p>Motion: To adjourn at 8:14pm</p> <p>Movant: Faust</p> <p>Second: Kalbach</p> <p>Ayes: Zoglin, Chow, Faust, Juelis, Kalbach, Watters</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: Hobbs</p> <p>Recused: None</p>	<i>Meeting adjourned at 8:14</i>

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

John Zoglin
Chair, Finance Committee



El Camino Health

Summary of Financial Operations

*Fiscal Year 2020 – Period 1
7/1/2019 to 07/31/2019*

Financial Overview

Financial Performance

- Strong revenues fueled by volume growth drove the \$7.3 operating margin favorable variance. Despite higher volume, expenses were close to target due to low labor costs in support services during the holidays. High supply expenses driven by strong infusion and ortho volume
- Revenue cycle operations remain strong with low days in accounts receivable.
- Non op unfavorable variance due to timing of community benefit grants and will reverse over the year

Hospital Volume

- July volume as measured by Adjusted Discharges (AD) were favorable to both budget by 11.1% and prior year by 14.4%.
 - Mountain View: Fav to budget by 8.6% Fav to prior year by 10.9%.
 - Drivers: Infusion Volumes (up 29%), extended hours, new medical Oncologist schedule filling up. Surgery and Endoscopies (up 12.5%)
 - Los Gatos: Fav to budget by 22%. Fav to prior year by 31.5%
 - Drivers: Surgery and Endoscopies (up 18%). Orthopedics, Urology, ENT.

Payor Mix

- Commercial volume grew but there was a disproportionate increase in Medicare particularly in Urology and Ortho service lines
- Unlike FY 19, OB volume is higher than budget and not affecting the change in payer mix

Productivity

- For July, productive FTEs were 2.3% favorable to target.

Dashboard - as of July 31, 2019

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
Consolidated Financial Perf.								
Total Operating Revenue	73,976	89,618	82,002	7,616	73,976	89,618	82,002	7,616
Operating Expenses	66,801	79,221	78,873	(348)	66,801	79,221	78,873	(348)
Operating Margin \$	7,175	10,397	3,129	7,268	7,175	10,397	3,129	7,268
Operating Margin %	9.7%	11.6%	3.8%	7.8%	9.7%	11.6%	3.8%	7.8%
EBIDA \$	11,560	15,195	8,067	7,127	11,560	15,195	8,067	7,127
EBIDA %	15.6%	17.0%	9.8%	7.1%	15.6%	17.0%	9.8%	7.1%
Hospital Volume								
Licensed Beds	443	443	443	-	443	443	443	-
ADC	216	234	223	11	216	234	223	11
Utilization MV	59%	63%	60%	3.1%	59%	63%	60%	3.1%
Utilization LG	27%	32%	31%	1.5%	27%	32%	31%	1.5%
Utilization Combined	49%	53%	50%	2.6%	49%	53%	50%	2.6%
Adjusted Discharges	2,710	3,101	2,792	310	2,710	3,101	2,792	310
Total Discharges (Excl NNB)	1,476	1,684	1,533	151	1,476	1,684	1,533	151
Total Discharges	1,796	2,028	1,845	183	1,796	2,028	1,845	183
Inpatient Cases								
MS Discharges	1,016	1,187	1,050	137	1,016	1,187	1,050	137
Deliveries	335	355	340	15	335	355	340	15
BHS	83	95	93	2	83	95	93	2
Rehab	42	47	50	(3)	42	47	50	(3)
Outpatient Cases	12,192	12,397	12,545	(148)	12,192	12,397	12,545	(148)
ED	4,041	4,158	4,075	83	4,041	4,158	4,075	83
Procedural Cases				-				-
OP Surg	359	476	371	105	359	476	371	105
Endo	198	197	213	(16)	198	197	213	(16)
Interventional	177	152	186	(34)	177	152	186	(34)
All Other	7,417	7,414	7,700	(286)	7,417	7,414	7,700	(286)
Hospital Payor Mix								
Medicare	45.5%	49.4%	48.1%	1.3%	45.5%	49.4%	48.1%	1.3%
Medi-Cal	9.2%	7.8%	8.3%	(0.5%)	9.2%	7.8%	8.3%	(0.5%)
Commercial IP	21.7%	19.4%	20.3%	(0.9%)	21.7%	19.4%	20.3%	(0.9%)
Commercial OP	20.9%	20.8%	20.9%	(0.1%)	20.9%	20.8%	20.9%	(0.1%)
Total Commercial	42.6%	40.2%	41.2%	(1.0%)	42.6%	40.2%	41.2%	(1.0%)
Other	2.8%	2.6%	2.4%	0.2%	2.8%	2.6%	2.4%	0.2%
Hospital Cost								
Total FTE	2,564.8	2,747.3	2,692.6	(55)	2,564.8	2,747.3	2,692.6	(55)
Productive Hrs/APD	31.4	31.2	33.1	1.9	31.4	31.2	33.1	1.9
Hospital Balance Sheet								
Net Days in AR	46.2	46.6	49.0	2.4	46.2	46.6	49.0	2.4
Days Cash	539	482	507	(25)	539	482	507	(25)

*Beginning with the June FY 19 report, the Dashboard and the financial report has been updated to show the ECH consolidated results instead of just the Hospitals. The descriptions of the metrics indicate whether the data is hospital only.

Consolidated Statement of Operations (\$000s)

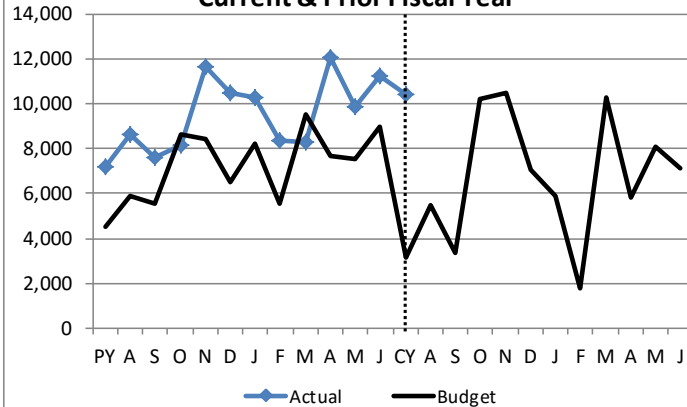
Period ending 07/31/2019

Period 1 FY 2019	Period 1 FY 2020	Period 1 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
265,851	314,063	300,240	13,823	4.6%	Gross Revenue	265,851	314,063	300,240	13,823	4.6%
(195,150)	(228,555)	(222,257)	(6,299)	(2.8%)	Deductions	(195,150)	(228,555)	(222,257)	(6,299)	(2.8%)
70,701	85,508	77,983	7,524	9.6%	Net Patient Revenue	70,701	85,508	77,983	7,524	9.6%
3,275	4,110	4,019	91	2.3%	Other Operating Revenue	3,275	4,110	4,019	91	2.3%
73,976	89,618	82,002	7,616	9.3%	Total Operating Revenue	73,976	89,618	82,002	7,616	9.3%
					OPERATING EXPENSE					
40,626	45,081	45,657	576	1.3%	Salaries & Wages	40,626	45,081	45,657	576	1.3%
9,990	13,132	11,284	(1,848)	(16.4%)	Supplies	9,990	13,132	11,284	(1,848)	(16.4%)
9,250	12,921	13,208	287	2.2%	Fees & Purchased Services	9,250	12,921	13,208	287	2.2%
2,551	3,290	3,787	497	13.1%	Other Operating Expense	2,551	3,290	3,787	497	13.1%
121	233	495	262	53.0%	Interest	121	233	495	262	53.0%
4,264	4,565	4,443	(122)	(2.7%)	Depreciation	4,264	4,565	4,443	(122)	(2.7%)
66,801	79,221	78,873	(348)	(0.4%)	Total Operating Expense	66,801	79,221	78,873	(348)	(0.4%)
7,175	10,397	3,129	7,268	232.2%	Net Operating Margin	7,175	10,397	3,129	7,268	232.2%
					Non Operating Income	9,417	1,305	2,869	(1,564)	(54.5%)
16,592	11,702	5,998	5,704	95.1%	Net Margin	16,592	11,702	5,998	5,704	95.1%
15.6%	17.0%	9.8%	7.1%		EBITDA	15.6%	17.0%	9.8%	7.1%	
9.7%	11.6%	3.8%	7.8%		Operating Margin	9.7%	11.6%	3.8%	7.8%	
22.4%	13.1%	7.3%	5.7%		Net Margin	22.4%	13.1%	7.3%	5.7%	

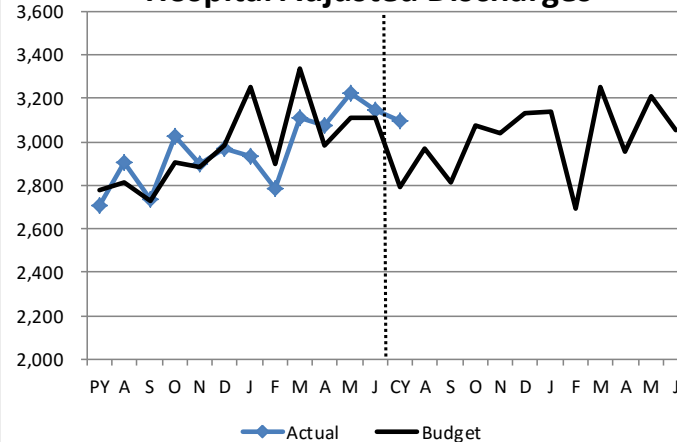
Monthly Financial Trends

Consolidated Operating Margin (\$000s)

Current & Prior Fiscal Year

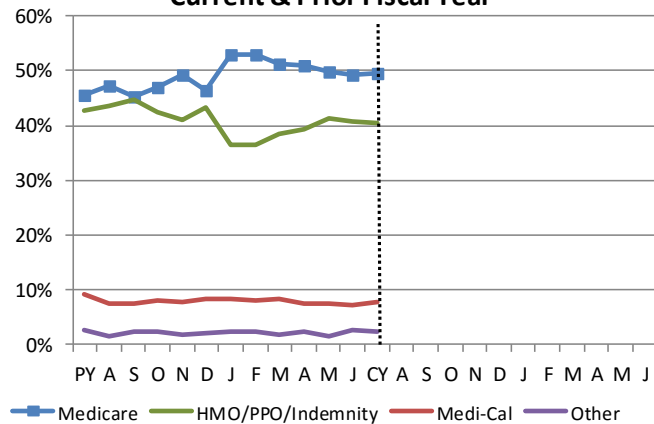


Hospital Adjusted Discharges

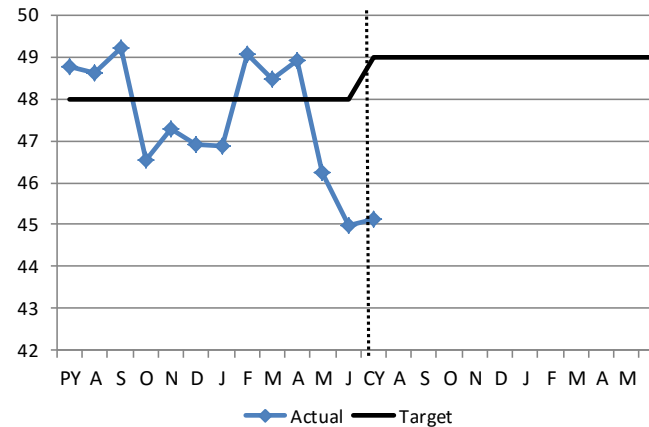


Hospital Payor Mix

Current & Prior Fiscal Year



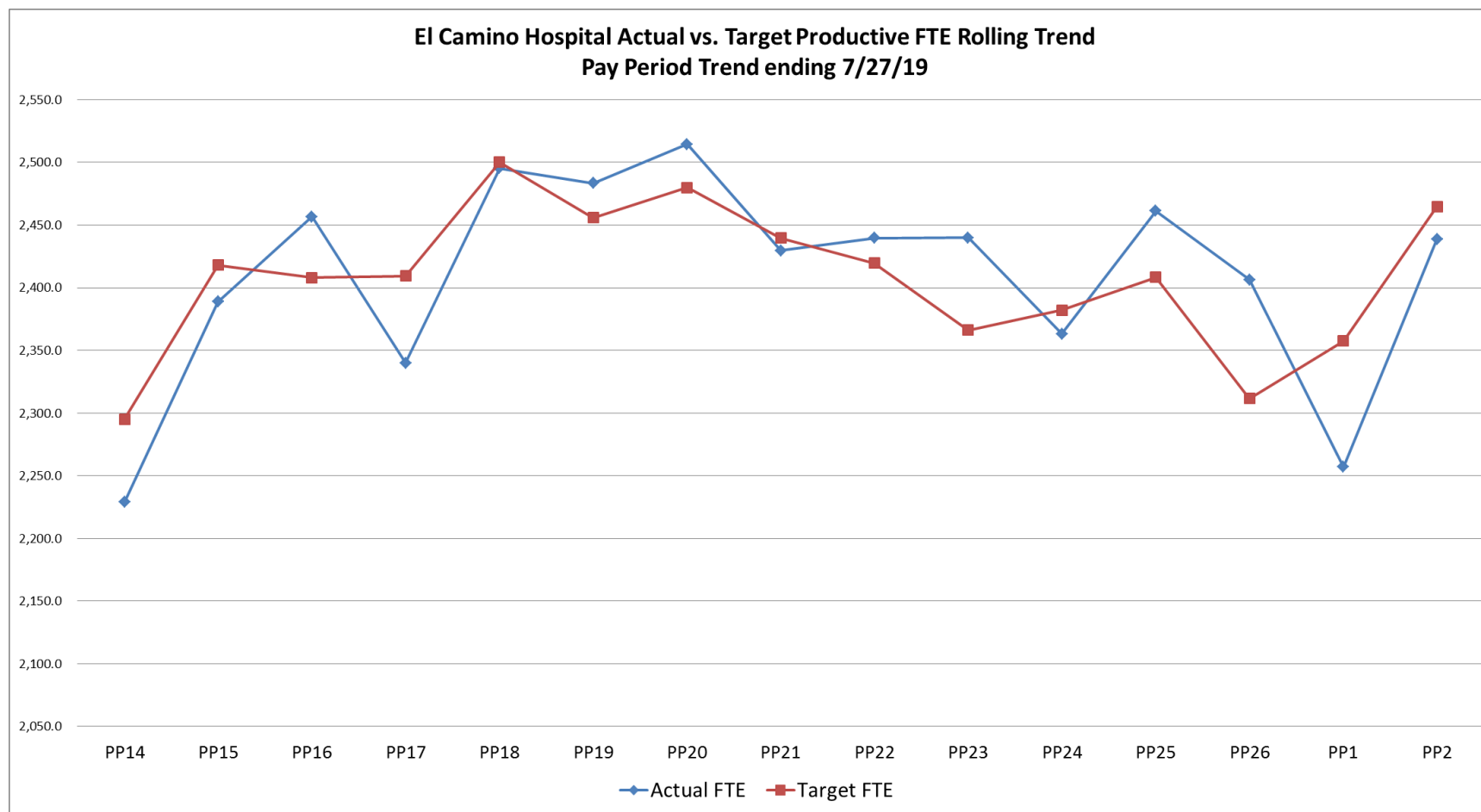
Hospital Net Days in AR



- Volume trend using adjusted discharges is favorable to budget in the last three months.
- Operating Margin in July favorable to budget driven by favorable revenue (volumes)
- Payer mix in July is unfavorable due to disproportionate growth in Medicare
- Revenue cycle operation consistently better than targets and show a favorable trend

Hospital Productivity – Rolling Trend

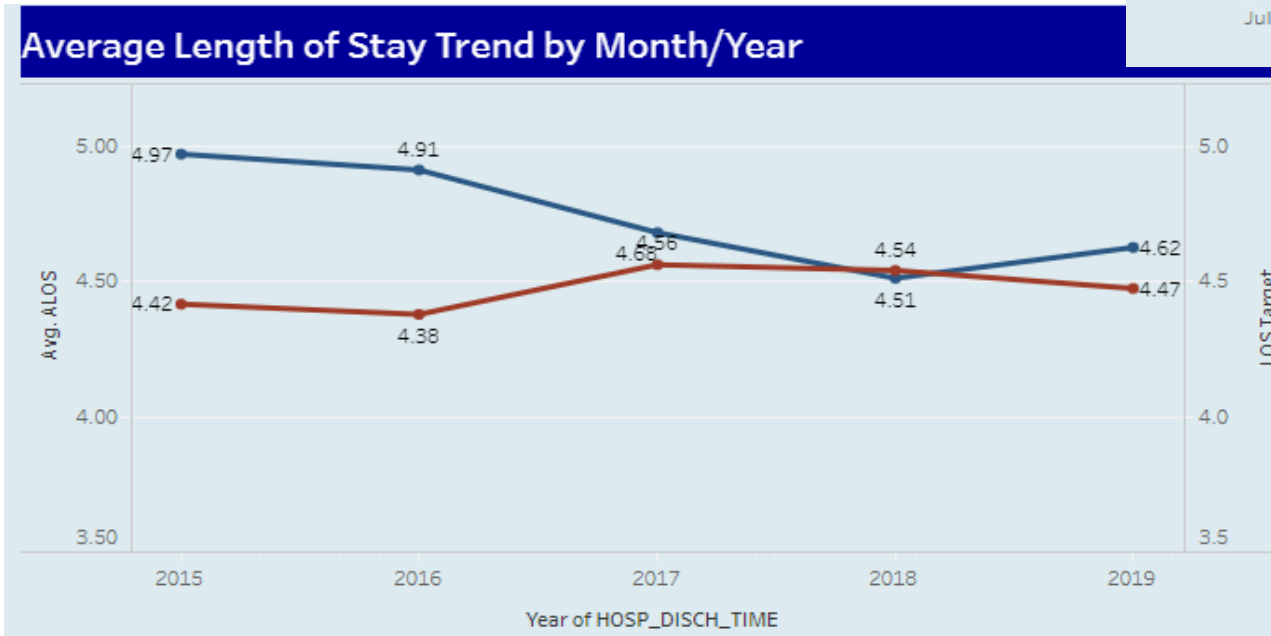
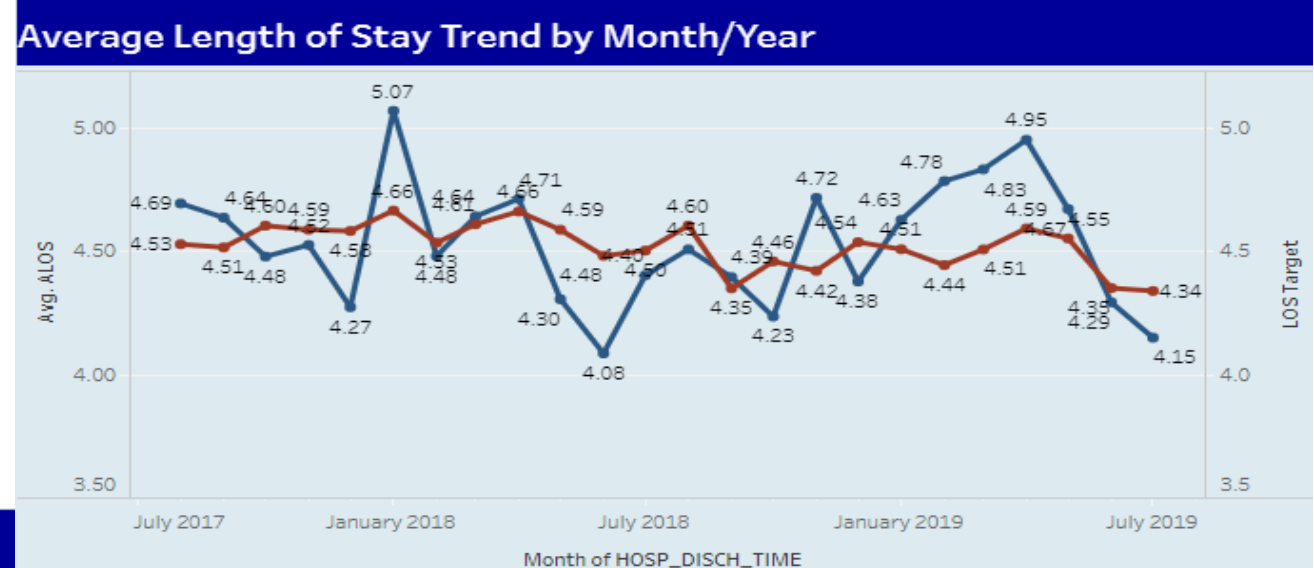
July is favorable due to holidays



- Productive FTEs were favorable to the volume adjusted target by 2.3% for July. Holiday in July also contributing to the positive variance.

Medicare Length of Stay

ALOS vs Milliman well-managed benchmark (red line). Medicare is our largest book of business and growing due to aging population. Lower length of stay is a key driver for improving the Medicare margin
 FY19 ALOS has increased due to long stay outlier cases beginning in January but has been improving since May.
 July ALOS is ahead of target



Actual Benchmark

ECH Hospital Operating Margin

Run rate is operating income excluding non-routine items

No significant unusual items in July



FY 2020 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>			
Revenue	Adjustments	J	YTD
	Mcare Settlmt/Appeal/Tent Settlmt/PIP	129	129
	Various Adjustments under \$250k	9	9
	Total	138	138

INVESTMENT SCORECARD AS OF JUNE 30, 2019

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY19 Year End Budget	Expectation Per Asset Allocation
Investment Performance		2Q 2019		Fiscal Year-to-date		6y 8m Since Inception (annualized)		2019	
Surplus cash balance*		\$1,028.7	--	--	--	--	--	\$892.9	--
Surplus cash return		2.9%	2.8%	5.4%	5.7%	5.6%	5.5%	3.2%	5.6%
Cash balance plan balance (millions)		\$277.6	--	--	--	--	--	\$276.9	--
Cash balance plan return		3.1%	3.0%	6.0%	5.9%	7.8%	7.0%	6.0%	6.0%
403(b) plan balance (millions)		\$514.1	--	--	--	--	--	--	--
Risk vs. Return		3-year		6y 8m Since Inception (annualized)		2019			
Surplus cash Sharpe ratio		1.06	1.04	--	--	1.02	1.01	--	0.34
Net of fee return		7.2%	6.8%	--	--	5.6%	5.5%	--	5.6%
Standard deviation		5.4%	5.2%	--	--	4.9%	4.8%	--	8.7%
Cash balance Sharpe ratio		1.09	1.03	--	--	1.12	1.06	--	0.32
Net of fee return		8.8%	7.8%	--	--	7.8%	7.0%	--	6.0%
Standard deviation		6.7%	6.2%	--	--	6.3%	6.0%	--	10.3%
Asset Allocation		2Q 2019							
Surplus cash absolute variances to target		7.1%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		6.9%	< 10%	--	--	--	--	--	--
Manager Compliance		2Q 2019							
Surplus cash manager flags		17	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		23	< 27 Green < 34 Yellow	--	--	--	--	--	--

*Excludes debt reserve funds (~\$83 mm), District assets (~\$41 mm), and balance sheet cash not in investable portfolio (~\$128 mm). Includes Foundation (~\$31 mm) and Concern (~\$14 mm) assets. Budget adds back in current Foundation and Concern assets and backs out current debt reserve funds.

FY 20 Capital Cash Flow Projections

Reformatted to separate active and planned facility projects

Capital Spending (in 000's)	Actual FY2017	Actual FY2018	Actual FY2019	Budget Cash Flow 2020
ERP	-	-	5,830	-
IT Hardware / Software Equipment/EPIC	5,414	2,222	7,859	6,000
Medical / Non Medical Equipment	9,556	15,780	12,082	18,000
Facilities Total	82,953	139,434	158,010	244,665
Active				
Mountain View Campus Master Plan Projects	62,493	114,093	140,000	112,700
Mountain View Capital Projects	5,535	7,948	9,620	66,992
Los Gatos Capital Projects	14,780	12,306	6,901	12,773
Placeholder/Deferred				
Other Strategic Capital Facility Projects	145	5,088	1,489	19,200
Other Major Projects				33,000
GRAND TOTAL	97,923	157,435	183,782	268,665

FY20 Detail Facility Cash Flow Projections (\$000s)

		FY 2020	
		Cash Flow	
Mountain View Campus Master Plan Projects			
BHS Replacement		8,143	
Integrated Medical Office Building		57,557	
Women's Hosp Expansion		33,000	
Demo Old Main & Related Site Work		14,000	
		<u>112,700</u>	
Mountain View Capital Projects			
ED Remodel Triage / Psych Observation		6,106	
Willow Pavilion FA Sys and Equip Upgrades		1,400	
Willow Surgery Center Improvements		2,000	
Site Signage & Other Improvements		1,700	
Patient Family Residence		6,150	
Nurse Call System Upgrade		2,200	
Imaging Equipment Replacement (Imaging Dept. Only)		11,700	
IR / Cath Lab Equipment Replacement (5 or 6 Rooms)		9,500	
Various Relocation Projects		700	
Flooring Replacement		1,180	
Emergency Sanitary & Water Storage		2,216	
CT Equipment Replacement @ Radiation Oncology		440	
Radiation Oncology Equipment Replacement		10,000	
MV MOB Upgrades FY 20		500	
MV Facilities Planning Allowance FY 20		600	
MV Equipment & Infrastructure Upgrades FY 20		900	
MV Cancer Center Expansion		1,200	
MV Wireless Infrastructure Upgrade		1,000	
Other Undefined		500	
MV Undefined Annual Forecast		7,000	
		<u>66,992</u>	
Los Gatos Capital Projects			
LG IR Upgrades		1,250	
LG Modular MRI & Awning		3,205	
LG Nurse Call System Upgrade		1,000	
LG Security System		340	
LG Cancer Center		2,598	
LG MOB Upgrades FY 20		500	
LG Facilities Planning Allowance FY 20		500	
LG Equipment & Infrastructure Upgrades FY 20		600	
LG Rehab Finish Upgrades		400	
LG Campus Signage		500	
LG Wireless Infrastructure Upgrades		480	
LG Paving Upgrades		800	
LG Decontamination in OR		600	
		<u>12,773</u>	
Other Strategic Capital Facility Projects			
Primary Care Clinic		4,000	
New MOB		12,200	
SVMD - Facilities Future Years		3,000	
		<u>19,200</u>	
Other Major Projects & Annual Forecasts			
LG Campus Redevelopment		12,000	
Property Acquisitions		21,000	
		<u>33,000</u>	
TOTAL		244,665	

Hospital Balance Sheet

(in thousands)

ASSETS

	Audited	
	July 31, 2020	June 30, 2019
CURRENT ASSETS		
Cash	121,305	117,494
Short Term Investments	180,175	161,725
Patient Accounts Receivable, net	125,126	126,437
Other Accounts and Notes Receivable	3,393	3,646
Intercompany Receivables	5,601	7,456
Inventories and Prepaids	65,243	64,056
Total Current Assets	500,843	480,815
BOARD DESIGNATED ASSETS		
Plant & Equipment Fund	171,489	171,304
Women's Hospital Expansion	15,472	15,472
Operational Reserve Fund	144,294	139,057
Community Benefit Fund	18,036	18,260
Workers Compensation Reserve Fund	20,849	20,732
Postretirement Health/Life Reserve Fund	29,494	29,480
PTO Liability Fund	25,926	26,149
Malpractice Reserve Fund	1,831	1,831
Catastrophic Reserves Fund	19,973	19,678
Total Board Designated Assets	447,364	441,963
FUNDS HELD BY TRUSTEE	74,056	83,073
LONG TERM INVESTMENTS	355,354	375,729
INVESTMENTS IN AFFILIATES	33,070	37,150
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,308,845	1,307,595
Less: Accumulated Depreciation	(625,271)	(620,761)
Construction in Progress	392,581	375,094
Property, Plant & Equipment - Net	1,076,155	1,061,928
DEFERRED OUTFLOWS	29,858	29,908
RESTRICTED ASSETS - CASH	-	-
TOTAL ASSETS	2,516,700	2,510,566

LIABILITIES AND FUND BALANCE

	Audited	
	July 31, 2020	June 30, 2019
CURRENT LIABILITIES		
Accounts Payable	48,183	37,494
Salaries and Related Liabilities	30,909	29,609
Accrued PTO	25,926	26,149
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	11,319	11,156
Intercompany Payables	2,002	1,003
Malpractice Reserves	1,800	1,800
Bonds Payable - Current	8,630	8,630
Bond Interest Payable	3,834	12,775
Other Liabilities	7,330	7,383
Total Current Liabilities	142,234	138,299
LONG TERM LIABILITIES		
Post Retirement Benefits	29,494	29,480
Worker's Comp Reserve	18,549	18,432
Other L/T Obligation (Asbestos)	3,984	3,975
Other L/T Liabilities (IT/Medl Leases)	-	-
Bond Payable	507,095	507,531
Total Long Term Liabilities	559,122	559,417
DEFERRED REVENUE-UNRESTRICTED	181	494
DEFERRED INFLOW OF RESOURCES	9,822	9,822
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	1,357,977	1,360,571
Board Designated	447,364	441,962
Restricted	-	-
Total Fund Bal & Capital Accts	1,805,341	1,802,533
TOTAL LIABILITIES AND FUND BALANCE	2,516,700	2,510,566

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. At the end of fiscal year 2019 another \$7.2 million was added to this fund bringing it to \$22.5 million.
- **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 the current 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 \$500,000 or more a year. \$15 million within this fund is a board designated endowment fund formed in 2015 with a \$10 million contribution, and added to at the end of the 2017 fiscal year end with another \$5 million contribution, to generate investment income to be used for grants and sponsorships, in fiscal year 2019 it generated over \$872 thousand of investment income for the program.

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

- **Workers Compensation Reserve Fund** – as the Hospital is self-insured for its workers compensation program (since 1978) this fund was originally formed in early 2000's by management to reserve cash equal to the yearly actuarially determined Workers Compensation amount. The thought being if the business was to terminate for some reason this is the amount in cash that would be needed to pay out claims over the next few years.
- **Postretirement Health/Life Reserve Fund** – following the same formula as the Workers Compensation Reserve Fund this fund was formed in the early 2000's by management to reserve cash equal to the yearly actuarially determined amount to fund the Hospital's postretirement health and life insurance program. Note this program was frozen in 1995 for all new hires after that date. At the end of fiscal year 2018, GASB #75 was implemented that now represents the full actuarially determined liability.
- **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

Non Operating Items and Net Margin by Affiliate

\$ in thousands

	Period 1 - Month			Period 1 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Operating Margin						
Mountain View	11,281	5,081	6,200	11,281	5,081	6,200
Los Gatos	1,766	1,048	719	1,766	1,048	719
Sub Total - El Camino Hospital, excl. Affilates	13,047	6,129	6,919	13,047	6,129	6,919
Operating Margin %	15.2%	8.0%		15.2%	8.0%	
El Camino Hospital Non Operating Income						
Investments	3,181	3,062	120	3,181	3,062	120
Swap Adjustments	386	0	386	386	0	386
Community Benefit ¹	(2,474)	(309)	(2,165)	(2,474)	(309)	(2,165)
Satellite Dialysis	0	42	(42)	0	42	(42)
Other	(198)	(307)	109	(198)	(307)	109
Sub Total - Non Operating Income	895	2,488	(1,593)	895	2,488	(1,593)
El Camino Hospital Net Margin	13,943	8,617	5,326	13,943	8,617	5,326
ECH Net Margin %	16.3%	11.2%		16.3%	11.2%	
Concern	145	24	120	145	24	120
ECSC	(4)	0	(4)	(4)	0	(4)
Foundation	223	172	51	223	172	51
Silicon Valley Medical Development	(2,604)	(2,815)	211	(2,604)	(2,815)	211
Net Margin Hospital Affiliates	(2,240)	(2,618)	378	(2,240)	(2,619)	378
Total Net Margin Hospital & Affiliates	11,702	5,998	5,704	11,702	5,998	5,704

¹Donations to outside organizations for FY20

El Camino Hospital Volume Annual Trends

VOLUME BY SERVICE LINE <small>Last Data Refresh: 9/10/2019 8:46:53 AM</small>								MONTH 01-Jul					FACILITY (All)		PROCEDURAL? (All)				
		ANNUAL TREND						FY20 Bud vs FY19		MONTH					YEAR				
		2015	2016	2017	2018	2019	Bud 2020	Cases	Percent	PY	CY	Bud	Bud Var	PY Var	PY	CY	Bud	Bud Var	PY Var
IP	Behavioral Health	1,052	928	924	1,098	1,181	1,382	201	17.0%	83	95	92	3	12	83	95	92	3	12
	General Medicine	4,583	4,452	4,951	5,278	5,193	4,971	-222	-4.3%	396	453	403	50	57	396	453	403	50	57
	General Surgery	1,149	1,311	1,318	1,305	1,409	1,427	18	1.3%	109	109	116	-7	0	109	109	116	-7	0
	GYN	313	293	270	243	226	194	-32	-14.2%	11	16	10	6	5	11	16	10	6	5
	Heart and Vascular	1,998	2,001	2,205	2,372	2,300	2,274	-26	-1.1%	159	188	158	30	29	159	188	158	30	29
	MCH	5,976	5,541	5,480	5,253	4,955	5,373	418	8.4%	384	407	427	-20	23	384	407	427	-20	23
	Neurosciences	672	677	685	868	884	845	-39	-4.4%	70	91	69	22	21	70	91	69	22	21
	Oncology	564	652	594	633	740	685	-55	-7.4%	61	58	61	-3	-3	61	58	61	-3	-3
	Orthopedics	1,773	1,746	1,690	1,705	1,672	1,733	61	3.6%	132	148	143	5	16	132	148	143	5	16
	Rehab Services	555	500	461	441	522	586	64	12.3%	42	47	50	-3	5	42	47	50	-3	5
	Spine Surgery	429	417	474	375	358	362	4	1.1%	24	33	27	6	9	24	33	27	6	9
	Urology	169	234	257	255	292	287	-5	-1.7%	12	43	12	31	31	12	43	12	31	31
	Total	19,233	18,752	19,309	19,826	19,732	20,119	387	2.0%	1,483	1,688	1,568	120	205	1,483	1,688	1,568	120	205
OP	Behavioral Health	886	2,394	3,260	3,151	2,752	3,171	419	15.2%	228	206	257	-51	-22	228	206	257	-51	-22
	Dialysis	155	6					0		0	0	0	0	0	0	0	0	0	0
	Emergency	49,091	48,590	48,624	49,411	48,458	47,737	-721	-1.5%	4,041	4,158	4,075	83	117	4,041	4,158	4,075	83	117
	General Medicine	6,620	7,195	7,129	7,266	8,068	8,297	229	2.8%	607	653	644	9	46	607	653	644	9	46
	General Surgery	1,853	1,797	1,837	2,003	1,961	2,055	94	4.8%	156	197	163	34	41	156	197	163	34	41
	GYN	1,308	1,018	1,079	1,099	1,401	1,491	90	6.4%	111	120	118	2	9	111	120	118	2	9
	Heart and Vascular	2,712	3,795	4,361	4,364	4,615	4,707	92	2.0%	383	341	389	-48	-42	383	341	389	-48	-42
	Imaging Services	20,072	17,807	17,249	18,501	18,964	19,793	829	4.4%	1,569	1,528	1,574	-46	-41	1,569	1,528	1,574	-46	-41
	Laboratory Services	29,726	29,007	29,153	28,564	27,423	28,395	972	3.5%	2,331	2,257	2,406	-149	-74	2,331	2,257	2,406	-149	-74
	MCH	4,826	5,092	5,576	5,642	5,451	5,625	174	3.2%	460	458	476	-18	-2	460	458	476	-18	-2
	Neurosciences	61	127	125	114	81	66	-15	-18.5%	4	10	4	6	6	4	10	4	6	6
	Oncology	4,179	14,329	18,541	19,276	20,873	21,741	868	4.2%	1,481	1,521	1,590	-69	40	1,481	1,521	1,590	-69	40
	Orthopedics	776	584	615	641	765	712	-53	-6.9%	42	92	41	51	50	42	92	41	51	50
	Outpatient Clinics	1,705	1,680	1,288	1,883	1,563	2,508	945	60.5%	137	112	137	-25	-25	137	112	137	-25	-25
	Rehab Services	1,747	3,954	4,518	4,925	5,525	5,520	-5	-0.1%	443	506	447	59	63	443	506	447	59	63
	Sleep Center	223	498	368	242	340	383	43	12.6%	18	26	22	4	8	18	26	22	4	8
	Spine Surgery	399	309	324	311	287	281	-6	-2.1%	18	13	17	-4	-5	18	13	17	-4	-5
	Urology	1,771	1,739	1,898	2,053	2,093	2,067	-26	-1.2%	163	206	166	40	43	163	206	166	40	43
	Total	128,110	139,921	145,945	149,446	150,620	154,549	3,929	2.6%	12,192	12,404	12,526	-122	212	12,192	12,404	12,526	-122	212
Grand Total		147,343	158,673	165,254	169,272	170,352	174,668	4,316	2.5%	13,675	14,092	14,094	-2	417	13,675	14,092	14,094	-2	417

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

Period ending 07/31/2019

Period 1 FY 2019	Period 1 FY 2020	Period 1 Budget 2020	Variance Fav (Unfav)	Var%		YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					\$000s					
					OPERATING REVENUE					
218,059	250,744	236,858	13,886	5.9%	Gross Revenue	218,059	250,744	236,858	13,886	5.9%
(159,876)	(181,678)	(176,349)	(5,329)	(3.0%)	Deductions	(159,876)	(181,678)	(176,349)	(5,329)	(3.0%)
58,184	69,066	60,509	8,557	14.1%	Net Patient Revenue	58,184	69,066	60,509	8,557	14.1%
1,552	1,414	1,723	(309)	(17.9%)	Other Operating Revenue	1,552	1,414	1,723	(309)	(17.9%)
59,736	70,480	62,233	8,248	13.3%	Total Operating Revenue	59,736	70,480	62,233	8,248	13.3%
					OPERATING EXPENSE					
33,162	35,638	35,915	277	0.8%	Salaries & Wages	33,162	35,638	35,915	277	0.8%
7,967	10,428	8,760	(1,669)	(19.1%)	Supplies	7,967	10,428	8,760	(1,669)	(19.1%)
5,821	6,766	5,993	(773)	(12.9%)	Fees & Purchased Services	5,821	6,766	5,993	(773)	(12.9%)
2,136	2,436	2,514	78	3.1%	Other Operating Expense	2,136	2,436	2,514	78	3.1%
121	233	495	262	53.0%	Interest	121	233	495	262	53.0%
3,488	3,698	3,475	(224)	(6.4%)	Depreciation	3,488	3,698	3,475	(224)	(6.4%)
52,695	59,200	57,152	(2,048)	(3.6%)	Total Operating Expense	52,695	59,200	57,152	(2,048)	(3.6%)
7,041	11,281	5,081	6,200	122.0%	Net Operating Margin	7,041	11,281	5,081	6,200	122.0%
7,751	895	2,488	(1,593)	(64.0%)	Non Operating Income	7,751	895	2,488	(1,593)	(64.0%)
14,793	12,176	7,569	4,607	60.9%	Net Margin	14,793	12,176	7,569	4,607	60.9%
17.8%	21.6%	14.5%	7.0%		EBITDA	17.8%	21.6%	14.5%	7.0%	
11.8%	16.0%	8.2%	7.8%		Operating Margin	11.8%	16.0%	8.2%	7.8%	
24.8%	17.3%	12.2%	5.1%		Net Margin	24.8%	17.3%	12.2%	5.1%	

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

Period ending 07/31/2019

Period 1 FY 2019	Period 1 FY 2020	Period 1 Budget 2020	Variance Fav (Unfav)	Var%		YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					\$000s					
					OPERATING REVENUE					
47,581	57,480	54,714	2,766	5.1%	Gross Revenue	47,581	57,480	54,714	2,766	5.1%
(35,142)	(42,551)	(40,618)	(1,933)	(4.8%)	Deductions	(35,142)	(42,551)	(40,618)	(1,933)	(4.8%)
12,439	14,930	14,096	833	5.9%	Net Patient Revenue	12,439	14,930	14,096	833	5.9%
262	379	268	110	41.0%	Other Operating Revenue	262	379	268	110	41.0%
12,701	15,308	14,365	943	6.6%	Total Operating Revenue	12,701	15,308	14,365	943	6.6%
					OPERATING EXPENSE					
6,900	7,402	7,283	(119)	(1.6%)	Salaries & Wages	6,900	7,402	7,283	(119)	(1.6%)
1,972	2,259	2,129	(130)	(6.1%)	Supplies	1,972	2,259	2,129	(130)	(6.1%)
2,614	2,792	2,743	(49)	(1.8%)	Fees & Purchased Services	2,614	2,792	2,743	(49)	(1.8%)
297	277	352	75	21.4%	Other Operating Expense	297	277	352	75	21.4%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
735	812	810	(2)	(0.2%)	Depreciation	735	812	810	(2)	(0.2%)
12,518	13,542	13,317	(225)	(1.7%)	Total Operating Expense	12,518	13,542	13,317	(225)	(1.7%)
182	1,766	1,048	719	68.6%	Net Operating Margin	182	1,766	1,048	719	68.6%
0	0	0	0	0.0%	Non Operating Income	0	0	0	0	0.0%
182	1,766	1,048	719	68.6%	Net Margin	182	1,766	1,048	719	68.6%
7.2%	16.8%	12.9%	3.9%		EBITDA	7.2%	16.8%	12.9%	3.9%	
1.4%	11.5%	7.3%	4.2%		Operating Margin	1.4%	11.5%	7.3%	4.2%	
1.4%	11.5%	7.3%	4.2%		Net Margin	1.4%	11.5%	7.3%	4.2%	

Silicon Valley Medical Development (\$000s)

Period ending 07/31/2019

Period 1 FY 2019	Period 1 FY 2020	Period 1 Budget 2020	Variance Fav (Unfav)	Var%		YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					\$000s					
					OPERATING REVENUE					
211	5,838	8,667	(2,829)	(32.6%)	Gross Revenue	211	5,838	8,667	(2,829)	(32.6%)
(133)	(4,326)	(5,289)	963	18.2%	Deductions	(133)	(4,326)	(5,289)	963	18.2%
78	1,512	3,378	(1,866)	(55.2%)	Net Patient Revenue	78	1,512	3,378	(1,866)	(55.2%)
20	1,547	1,265	283	22.4%	Other Operating Revenue	20	1,547	1,265	283	22.4%
98	3,060	4,643	(1,583)	(34.1%)	Total Operating Revenue	98	3,060	4,643	(1,583)	(34.1%)
					OPERATING EXPENSE					
70	1,617	1,934	317	16.4%	Salaries & Wages	70	1,617	1,934	317	16.4%
12	395	382	(13)	(3.4%)	Supplies	12	395	382	(13)	(3.4%)
377	3,075	4,137	1,061	25.7%	Fees & Purchased Services	377	3,075	4,137	1,061	25.7%
48	524	849	325	38.3%	Other Operating Expense	48	524	849	325	38.3%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
37	52	155	104	66.7%	Depreciation	37	52	155	104	66.7%
544	5,664	7,458	1,794	24.1%	Total Operating Expense	544	5,664	7,458	1,794	24.1%
(446)	(2,604)	(2,815)	211	(7.5%)	Net Operating Margin	(446)	(2,604)	(2,815)	211	(7.5%)
1,000	0	0	0	0.0%	Non Operating Income	1,000	0	0	0	0.0%
554	(2,604)	(2,815)	211	(7.5%)	Net Margin	554	(2,604)	(2,815)	211	(7.5%)
-419.0%	-83.4%	-57.3%	(26.1%)		EBITDA	-419.0%	-83.4%	-57.3%	(26.1%)	
-456.5%	-85.1%	-60.6%	(24.5%)		Operating Margin	-456.5%	-85.1%	-60.6%	(24.5%)	
566.6%	-85.1%	-60.6%	(24.5%)		Net Margin	566.6%	-85.1%	-60.6%	(24.5%)	

El Camino Hospital Capital Spending (in thousands) FY 2014 – FY 2019

Category	2014	2015	2016	2017	2018	2019
EPIC/ERP (as of FY19)	6,838	29,849	20,798	2,755	1,114	5,830
IT Hardware/Software Equipment	2,788	4,660	6,483	2,659	1,108	7,859
Medical/Non Medical Equipment	12,891	13,340	17,133	9,556	15,780	12,082
Non CIP Land, Land I, BLDG, Additions	22,292	-	4,189	-	2,070	-

Facilities Projects CIP

Mountain View Campus Master Plan Projects

1245 - Behavioral Health Bldg Replace	1,257	3,775	1,389	10,323	28,676	30,003
1413 - North Drive Parking Structure Exp	-	167	1,266	18,120	4,670	222
1414 - Integrated MOB	-	2,009	8,875	32,805	75,319	108,951
1422 - CUP Upgrade	-	-	896	1,245	5,428	824
Sub-Total Mountain View Campus Master Plan	1,257	5,950	12,426	62,493	114,093	140,000

Mountain View Capital Projects

9900 - Unassigned Costs	470	3,717	-	-	-	-
0906 - Slot Build-Out	1,576	15,101	1,251	294	-	-
1109 - New Main Upgrades	393	2	-	-	-	-
1111 - Mom/Baby Overflow	29	-	-	-	-	-
1204 - Elevator Upgrades	30	-	-	-	-	-
0800 - Womens L&D Expansion	1,531	269	-	-	-	-
1225 - Rehab BLDG Roofing	241	4	-	-	-	-
1227 - New Main eICU	21	-	-	-	-	-
1230 - Fog Shop	80	-	-	-	-	-
1315 - 205 So. Drive TI's	500	2	-	-	-	-
0908 - NPCR3 Seismic Upgrds	1,224	1,328	240	342	961	150
1125 - Will Pav Fire Sprinkler	39	-	-	-	-	-
1216 - New Main Process Imp Office	1	16	-	-	-	-
1217 - MV Campus MEP Upgrades FY13	181	274	28	-	-	-
1224 - Rehab Bldg HVAC Upgrades	202	81	14	6	-	-
1301 - Desktop Virtual	13	-	-	-	-	-
1304 - Rehab Wander Mgmt	87	-	-	-	-	-
1310 - Melchor Cancer Center Expansion	44	13	-	-	-	-
1318 - Women's Hospital TI	48	48	29	2	-	-
1327 - Rehab Building Upgrades	-	15	20	-	22	-
1320 - 2500 Hosp Dr Roofing	75	81	-	-	-	-
1340 - New Main ED Exam Room TVs	8	193	-	-	-	-
1341 - New Main Admin	32	103	-	-	-	-
1344 - New Main AV Upgrd	243	-	-	-	-	-
1400 - Oak Pav Cancer Center	-	5,208	666	52	156	-
1403 - Hosp Drive BLDG 11 TI's	86	103	-	-	-	-
1404 - Park Pav HVAC	64	7	-	-	-	-
1405 - 1 - South Accessibility Upgrades	-	-	168	95	-	-
1408 - New Main Accessibility Upgrades	-	7	46	501	12	-
1415 - Signage & Wayfinding	-	-	106	58	136	27
1416 - MV Campus Digital Directories	-	-	34	23	95	-
1423 - MV MOB TI Allowance	-	-	588	369	-	-
1425 - IMOB Preparation Project - Old Main	-	-	711	1,860	215	-
1429 - 2500 Hospital Dr Bldg 8 TI	-	101	-	-	-	-
1430 - Women's Hospital Expansion	-	-	-	464	2,763	3,447
1432 - 205 South Dr BHS TI	-	8	15	-	52	-
1501 - Women's Hospital NPC Comp	-	4	-	223	320	49
1502 - Cabling & Wireless Upgrades	-	-	1,261	367	984	-
1503 - Willow Pavillion Tomosynthesis	-	-	53	257	31	-
1504 - Equipment Support Infrastructure	-	61	311	-	60	-
1523 - Melchor Pavillion Suite 309 TI	-	-	10	59	392	-
1525 - New Main Lab Upgrades	-	-	-	464	1,739	495
1526 - CONCERN TI	-	-	37	99	10	-

Category	2014	2015	2016	2017	2018	2019
Facilities Projects CIP cont.						
1602 - JW House (Patient Family Residence)	-	-	-	-	-	132
1707 - Imaging Equipment Replacement	-	-	-	-	-	185
1708 - IR / Cath Lab Equipment Replacement	-	-	-	-	-	1,058
1709 - ED Remodel / CT Triage - Other	-	-	-	-	-	213
1711 - MV Emergency Sanitary & Water	-	-	-	-	-	264
1713 - MV Flooring Replacement	-	-	-	-	-	478
1715 - 125 South Dr CT Replacement	-	-	-	-	-	80
1716 - Melchor Suite 102 SVMd	-	-	-	-	-	142
1800 - MV Pneumatic Tube Upgrades	-	-	-	-	-	109
1801 - Demo Old Main & Related Site Work	-	-	-	-	-	120
1803 - SVMd Melchor Suite 212	-	-	-	-	-	68
1805 - MV SPD Ultrasonic Cleaner	-	-	-	-	-	144
1900 - MV Infrastructure Upgrades	-	-	-	-	-	98
1902 - Site Signage and Other Improvements	-	-	-	-	-	187
1904 - HM FY19 Furniture Inventory	-	-	-	-	-	21
1906 - SVMd 2024 Grant Suite 202 OB/GYN Clinic	-	-	-	-	-	74
1917 - Willow SC Upgrades	-	-	-	-	-	60
Sub-Total Mountain View Projects	7,219	26,744	5,588	5,535	7,948	9,620
Los Gatos Capital Projects						
0907 - LG Imaging Masterplan	774	1,402	17	-	-	-
1210 - Los Gatos VOIP	89	-	-	-	-	-
1116 - LG Ortho Pavillion	24	21	-	-	-	-
1124 - LG Rehab BLDG	458	-	-	-	-	-
1307 - LG Upgrades	2,979	3,282	3,511	3,081	4,551	1,426
1308 - LG Infrastructure	114	-	-	-	-	-
1313 - LG Rehab HVAC System/Structural	-	-	1,597	1,904	550	-
1219 - LG Spine OR	214	323	633	2,163	447	191
1221 - LG Kitchen Refrig	85	-	-	-	-	-
1248 - LG - CT Upgrades	26	345	197	6,669	1,673	106
1249 - LG Mobile Imaging	146	-	-	-	-	-
1328 - LG Ortho Canopy FY14	255	209	-	-	-	-
1345 - LG Lab HVAC	112	-	-	-	-	-
1346 - LG OR 5, 6, and 7 Lights Replace	-	285	53	22	127	-
1347 - LG Central Sterile Upgrades	-	181	43	66	-	-
1421 - LG MOB Improvements	-	198	65	303	356	-
1508 - LG NICU 4 Bed Expansion	-	-	-	207	-	-
1600 - 825 Pollard - Aspire Phase II	-	-	-	80	10	-
1603 - LG MOB Improvements	-	-	-	285	4,593	37
1702 - LG Modular MRI & Awning	-	-	-	-	-	426
1712 - LG Cancer Center	-	-	-	-	-	3,594
1714 - 825 Pollard Men's Health Clinic	-	-	-	-	-	499
1717 - LG Mammography Replacement	-	-	-	-	-	228
1802 - MOB Upgrades (LG Campus)	-	-	-	-	-	233
1901 - LG Infrastructure Upgrades	-	-	-	-	-	73
1909 - LG Campus Planning	-	-	-	-	-	88
Sub-Total Los Gatos Projects	5,276	6,246	6,116	14,780	12,306	6,901
1550 - Land Acquisition	-	-	24,007	-	-	-
1701 - 828 S Winchester Clinic TI	-	-	-	145	3,018	214
1804 - SVMd Clinic @ North First Street	-	-	-	-	-	824
1903 - SVMd Administrative Offices	-	-	-	-	-	291
1910 - SVMd SJMG at McKee	-	-	-	-	-	135
1920 - SVMd Infrastructure Support & Equipment	-	-	-	-	-	25
Sub-Total Other Strategic Projects	-	-	24,007	145	3,018	1,489
Subtotal Facilities Projects CIP	13,753	38,940	48,137	82,953	137,364	158,010
Grand Total	58,561	86,789	96,740	97,923	157,435	183,782

**EL CAMINO HOSPITAL
FINANCE MEETING COVER MEMO**

To: El Camino Hospital Board of Directors

From: Jim Griffith, COO
Ken King, CAO
Markettea Beneke, Snr Dir Oncology Service Line

Date: September, 2019

Subject: Radiation Oncology Equipment – Timeline Revision

1. **Recommendation:**

N/A

2. **Summary:**

a. **Situation:** In July, 2019, the recommendation to the Board Finance Committee was to approve the purchase of the Halcyon and Edge Radiation Oncology equipment. The request from the Board members was that we reconsider the timeline to have the project completed sooner.

b. **Authority:** Expenditures exceeding \$1 million require the Finance Committee's approval.

Background: This request pertains to enhanced replacement of the external radiation beams used by ECH to deliver radiation therapy to tumors.

c. **Assessment:** The ECH project manager and personnel from Varian discussed the feasibility of getting both pieces of equipment to ECH for installation sooner than originally believed. The result of the collaboration is shown below. We should improve the installation of equipment by 6 months.

d. **Other Reviews:** N/A

Clinical Review: N/A

e. **Outcomes:** The following sequence and target timeline is indicated below:

Previous Timeline

08/19 Board approval of funding for equipment and planning

09/19 Finalize equipment purchase agreement

10/19 Place purchase orders

12/19 Complete phased construction specs, submit to for building permit

Radiation Therapy Equipment Replacement
April 2019

05/20 Finalize construction costs and gain board approval for funding
06/20 Obtain building permit and start construction
10/20 Complete construction and installation of Halcyon^R
11/20 Gain CDPH and Radiation Board approval of Halcyon^R
12/20 Start construction/installation of EDGE^R
04/21 Complete construction and installation of EDGE^R
05/21 CDPH and Radiation Board approval of EDGE^R

New Timeline

08/19 Board approval of funding for equipment and planning
09/19 Finalize equipment purchase agreement
10/19 Place purchase orders
12/19 Complete phased construction specs, submit to for building permit
01/20 Finalize construction costs and gain board approval for funding
01/20 Obtain building permit and start construction
06/20 Complete construction and installation of Halcyon^R
07/20 Gain CDPH and Radiation Board approval of Halcyon^R
07/20 Start construction/installation of EDGE^R
10/20 Complete construction and installation of EDGE^R
11/20 CDPH and Radiation Board approval of EDGE^R

List of Attachments: None

FY20 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: **Iftikhar Hussain**, 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. Review major capital projects	Each regular meeting	Update on major capital projects in progress - Ongoing
2. Evaluate consumer-facing bills for ease of understanding, including patient portal (MyChart)	Q1	Review 5 – 10 bills with common/usual diagnoses/procedures and make recommendations to staff and Board – 7/29/19 and 9/23/19
3. Review the top three (3) service lines: 1) Heart & Vascular Institute (HVI), 2) Ortho, Neuro and Spine, and 3) MCH	- HVI (Q3) - Ortho, Neuro and Spine (Q1) - MCH (Q2)	Presentations in September, November, and March Ortho, Neuro and Spine 9/23/19

SUBMITTED BY:

Chair: John Zoglin

Executive Sponsor: Iftikhar Hussain

Approved by the ECH Board of Directors 6/12/2019

FY20 Finance Committee Pacing Plan – Updated August 8, 2019

FY20 FC Pacing Plan – Q1		
July 29, 2019	August 2019	September 23, 2019
<ul style="list-style-type: none"> - Meeting Minutes (May 2019), any policies - Financial Report (FY19 Period 11, 12) - Physician Contracts - Capital Funding Requests - Review Major Capital Projects in progress - Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions - Year-End Financial Report - Review of Patient Billings (FC Committee Goal) - Executive Session - Long Term Financial Forecast - Medical Staff Development Plan - 	No scheduled meeting	<ul style="list-style-type: none"> - Meeting Minutes (July 2019), any policies - Financial Report (FY20 Period 1, 2) - Physician Contracts - Capital Funding Requests - Review Major Capital Projects in Progress - Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions - Service Line Review – Ortho Neuro Spine - Executive Session - Post Implementation Review - Per attached schedule - Continued Review of Patient Billings
FY20 FC Pacing Plan – Q2		
October 2019	November 25, 2019	December 2019
<ul style="list-style-type: none"> - October 23, 2019 – Board and Committee Educational Session 	<ul style="list-style-type: none"> - Tour New MV Campus Buildings - Meeting Minutes (September 2019), any policies - Financial Report (FY20 Period 3,4) - Physician Contracts - Capital Funding Requests - Review Major Capital Projects in progress - Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions - Service Line Review – MCH - Post implementation Review – Per attached Schedule - Payor Update - Executive Session - Long Term Financial Forecast 	No scheduled meeting

FY20 Finance Committee Pacing Plan - Updated August 8, 2019

FY20 FC Pacing Plan – Q3		
January 27, 2020	February 2020	March 23, 2020
**Joint Meeting with the Investment Committee - Long Term Forecast <ul style="list-style-type: none"> - Meeting Minutes (November 2019), any policies - Financial Report (FY20 Period 5,6) - Physician Contracts - Capital Funding Requests - Review Major Capital Projects in progress - Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions - Executive Session - Post Implementation Review – Per attached schedule - Service Line Report - SVMD 	No scheduled meeting	<ul style="list-style-type: none"> - Meeting Minutes (January 2020), any policies - Financial Report (FY20 Period 7,8) - Physician Contracts - Capital Funding Requests - Review Major Capital Projects in progress - Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions - Preview FY21 Budget Part # 1 - Discuss and recommend FY21 Committee Goals - Discuss FY21 Committee Dates - Payor Update - Executive Session - Service Line Report - HVI - Summary of Physician Financial Arrangements (Year-End) - Post Implementation Review – Per attached schedule
FY20 FC Pacing Plan – Q4		
April 27, 2020	May 26, 2020	June 2020
<ul style="list-style-type: none"> - FY21 Budget Review – Part 2 - April 22, 2020 – Board and Committee Educational Session 	**Joint Meeting with the Hospital Board on the Operating & Capital Budget <ul style="list-style-type: none"> - Meeting Minutes (March 2020), any policies - Financial Report (FY20 Period 9,10) - Long Term Financial Forecast - Physician Contracts - Capital Funding Requests - Review Major Capital Projects in progress - Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions - Review and recommend FY21 Budget - Review and recommend FY21 Organizational Goals - Post Implementation Review – Per attached schedule - Executive Session 	No scheduled meeting

FY20 Finance Committee Pacing Plan – Updated August 8, 2019

**Last 18 Months Capital Project Approvals
February 2018 - August 2019**

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
2/14/2018	ECH Board	PACS Image Archive System Replacement	\$2.2 M	9/2019
3/14/2018		None	N/A	N/A
4/18/2018		None	N/A	N/A
5/9/2018		None	N/A	N/A
6/13/2018		None	N/A	N/A
8/15/2018		None	N/A	N/A
9/12/2018		None	N/A	N/A
10/10/2018	ECH Board	Los Gatos Imaging Equipment	\$1.6 M	N/A < \$2 M
11/14/2018		None	N/A	N/A
12/5/2018		None	N/A	N/A
1/16/2019	ECH Board	Los Gatos Cancer Center Funding	\$6.4 M	7/2020
1/30/2019	Finance Committee	Waste Water Storage Project	\$3.9 M	7/2020
1/30/2019	Finance Committee	Purchase Da Vinci Robot Xi Model	\$1,550,000 (Net)	N/A < \$2 M
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	1/2020
3/13/2019		None		
3/25/2019	Finance Committee	SVMD Clinic IT Infrastructure	\$4.6 M	9/2020
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	Radiation Oncology Replacement Equipment	\$6.75M	1/2021
8/21/2019	ECH Board	ED Remodel	\$6.75M	1/2021

Short-term health plans spend little on medical care

Modern Healthcare

August 06, 2019 03:08 PM

SHELBY LIVINGSTON



For every dollar in premiums that UnitedHealthcare collected from people enrolled in short-term health plans last year, it spent less than 40 cents on patients' medical claims.

Short-term plans sold by Cambia Health Solutions, which operates Blue Cross and Blue Shield plans in four states, spent even less on medical care, paying out just 9 cents for every dollar in premiums.

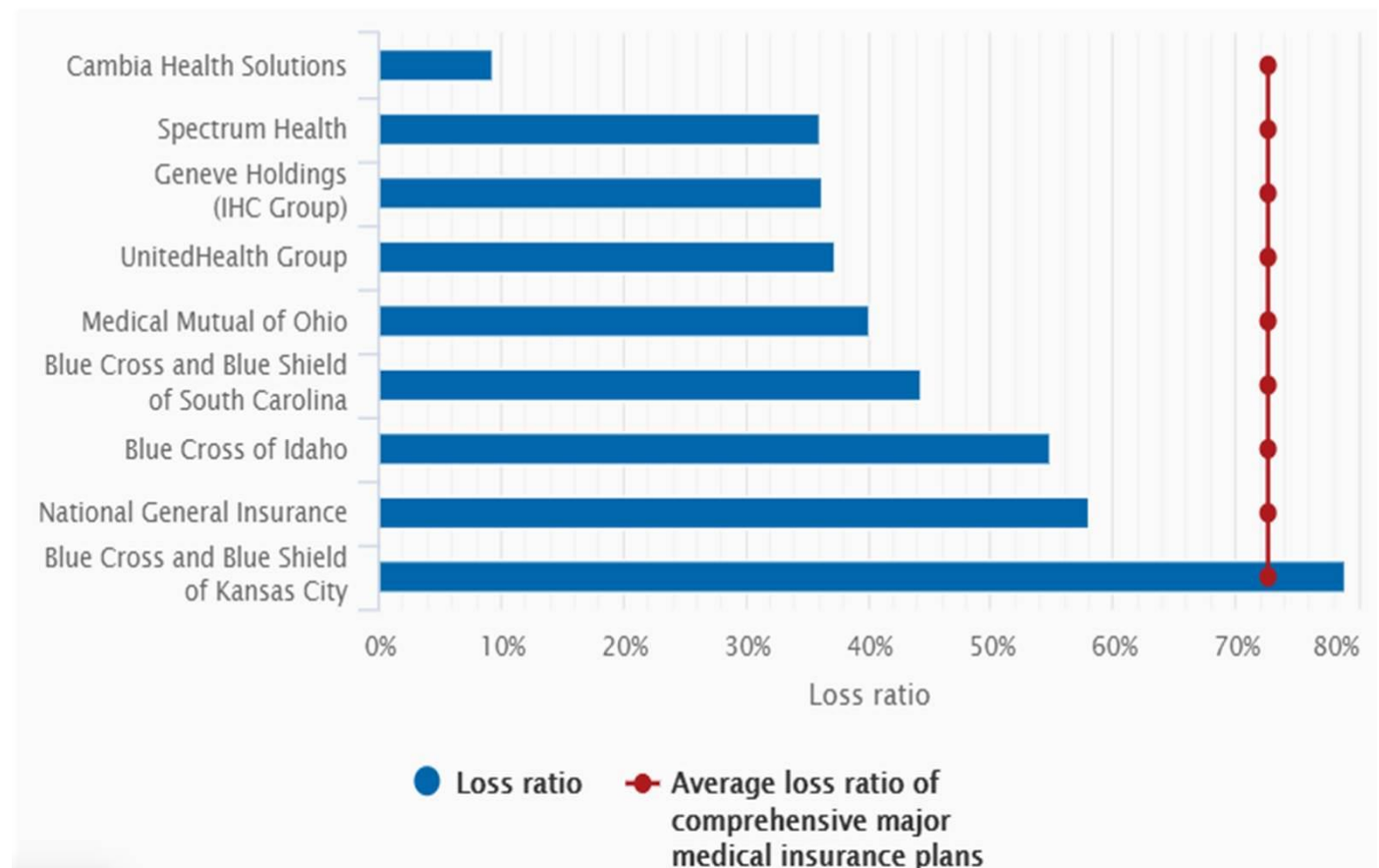
These low "loss ratios"—which show the percentage of premiums spent on medical claims and were published last week in the National Association of Insurance Commissioners' 2018 Accident and Health Policy Report—are a stark reminder that short-term plans benefit insurance companies more than the

patients who purchase them. The data bring into question what kind of value people receive from enrolling in a short-term health plan, insurance experts said. The Trump administration [expanded access to such plans](#) last year.

"Compared to comprehensive plans that have to comply with the ACA's rules, short-term plans' coverage limitations often result in carriers paying out far fewer claims, or paying pennies on the dollar," said Rachel Schwab, a research associate at Georgetown University's Center on Health Insurance Reforms.

Loss ratios for short-term health plans in 2018

Short-term medical insurers' loss ratios, which show the percentage of premiums spent on patients' medical claims, fall far below the average loss ratio among comprehensive major medical plans.



Year	Premiums earned (millions)	Covered members	Market share
UnitedHealth Group	\$41.7	29,309	38.1%
National General Insurance	\$28.4	18,117	26.0%
Geneve Holdings (IHC Group)	\$17.5	21,075	16.0%
Blue Cross of Idaho	\$4.1	2,909	3.8%
Cambia Health Solutions	\$2.8	1,295	2.6%
Medical Mutual of Ohio	\$2.7	1,565	2.5%
Spectrum Health	\$2.7	1,951	2.5%
Blue Cross and Blue Shield of Kansas City	\$2.6	2,321	2.3%
Blue Cross and Blue Shield of South Carolina	\$1.3	1,221	1.1%

Notes

Chart excludes one insurer with no covered lives as of Dec. 31, 2018.

Source: NAIC 2018 Accident and Health Policy Experience Report

Modern Healthcare

The average loss ratio of the five health insurers that bring in the most premiums from short-term insurance policies was 39.2% in 2018. That means that 39 cents of every \$1 collected in premiums was spent on medical care, while the rest was spent on administrative expenses or kept as profit.

In contrast, the average loss ratio among comprehensive major medical plans purchased by individuals in 2018 was about 73%, according to the NAIC report.

Short-term health plans' loss ratios are lower because they don't cover nearly as many benefits. Unlike Affordable Care Act-compliant plans, short-term plans can deny coverage to people with pre-existing health conditions and charge more based on health status. They are not required to and often don't cover the 10 essential health benefits, including maternity care and prescription drugs. Their limited coverage also makes them much cheaper than ACA plans.

While ACA-compliant plans must meet a minimum medical-loss ratio of at least 80% or else pay rebates to enrollees, short-term plans are not subject to a minimum MLR requirement.

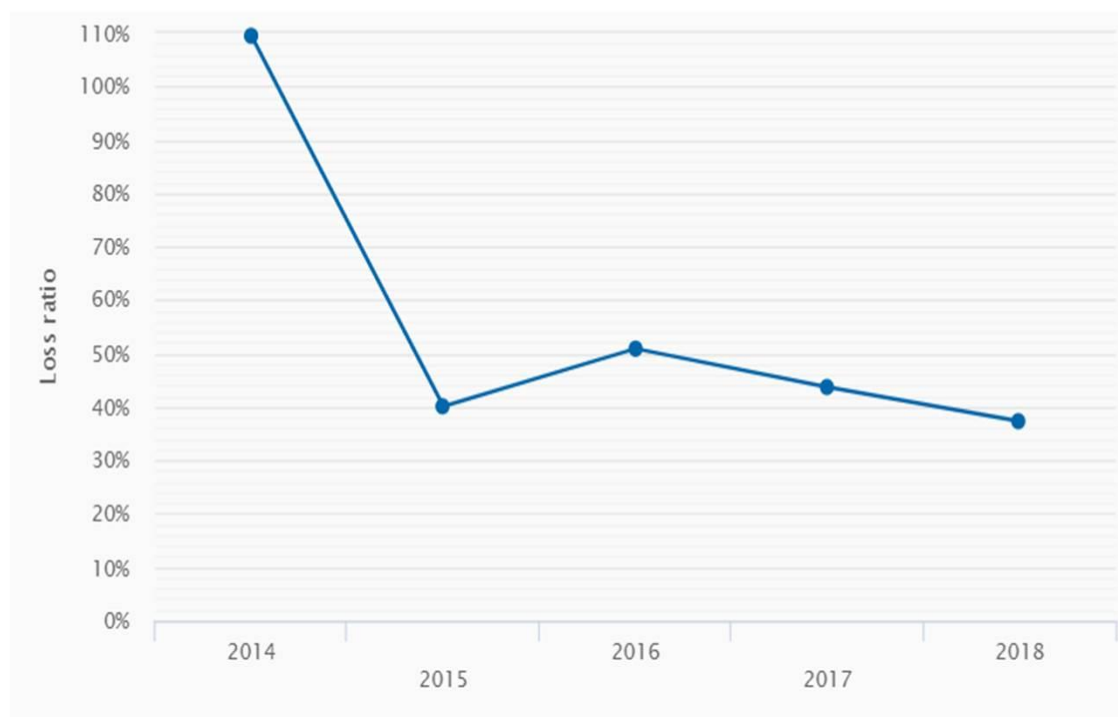
"There's no requirement that they spend most premiums on medical care," said Cheryl Fish-Parcham, director of access initiatives at Families USA. "They can take in lots of premiums and pay very little for consumers' care."

The loss ratio for UnitedHealthcare, the leader in the short-term plan market, decreased each year to 37.3% from 50.9% in 2016, according to the NAIC annual reports. Over the same period, the company, which sells short-term plans through its Golden Rule Insurance subsidiary, has grown its premiums from those plans to \$41.7 million from \$26.5 million.

UnitedHealth's shrinking short-term loss ratio

UnitedHealth Group's loss ratio for short-term health insurance policies has decreased as it has grown market share over the last five years.

The chart below is interactive: [click](#) or [touch](#) to see more.



Year	Premiums	Covered lives	Market share
2014	\$5,944,534	8,941	4.53%
2015	\$11,535,958	13,246	7.19%
2016	\$26,478,320	25,456	18.19%
2017	\$41,975,358	22,950	27.87%
2018	\$41,748,955	29,309	38.11%

Source: NAIC annual Accident and Health Policy Experience Reports

"Short-term, limited-duration insurance helps increase choice and coverage by providing a broad portfolio of low-cost options that meet the unique needs of individuals," UnitedHealthcare said in response to a question about why its loss ratio is decreasing. "These policies are not right for everyone and we work to ensure consumers have the information they need to make the right decision based on their circumstances."

A company spokeswoman added in an email that loss ratios can vary significantly year to year because of the shorter plan duration and changes in who buys the plans.

According to the NAIC's latest report, about 86,600 people enrolled in short-term plans in 2018, but that figure likely doesn't capture the entire market since many short-term plans are being [sold through out-of-state associations](#) exempt from regulation.

Enrollment in short-term plans is expected to grow this year in the wake of Trump administration's August 2018 rule, [upheld by a federal judge last month](#), that allowed insurers to extend the duration of short-term policies from a maximum of three months to up to a year. That rule, coupled with the Trump administration's move to zero-out the individual mandate penalty, made short-term plans a more attractive option for healthy individuals.

The CMS expected about 600,000 additional people to enroll in short-term plans in 2019, with that figure reaching 1.6 million people by 2021 or 2022. At the time, the Trump administration said expanding access to short-term plans would allow more coverage options for people who had been "priced out" of ACA exchange coverage. But critics sounded the alarm that individuals may enroll in the cheaper, skimpier plans without understanding the risks.

"If the MLRs were higher, that would suggest people are still getting value (from the short-term plans). But when loss ratios are very low that means there's a lot of overhead built into your premium and a relatively small amount of your premium is actually going to be paid out in claims. It does raise the question of what kind of value people are getting from these plans," said Cynthia Cox, a vice president at the Kaiser Family Foundation.



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

To: Finance Committee
From: Ken King, CAO
Date: September 23, 2019
Subject: Major Projects Update

Purpose:

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

Summary:

1. Situation:

Taube Pavilion (aka BHS) construction is in the final stages which includes completing finishes, starting up and commissioning the mechanical, electrical and plumbing systems and completing the landscaping around the building. We anticipate OSHPD inspections required for temporary occupancy to be completed by early October. This will allow us to begin the fit-up of furniture, fixtures and equipment which will be ready for the October 24th – 26th opening events. Activation and staff training will extend into November with a target date for CDPH licensing in mid-December. The start date for patient care within the new building will be within 2-3 weeks following the licensing inspection. The waste water storage tank project that we are required to complete in order to obtain final OSPHD approval is nearly complete. The functional system of the waste water flow is currently going through the final testing stage and the parking lot is scheduled to be back in service by mid-October. This project is forecasted to be completed within the approved budget. (See Attachment #1 – Cost Reports)

Sobrato Pavilion (aka IMOB) construction is within the building is also in the final stages of completing finishes, start up and commissioning the mechanical, electrical and plumbing systems. The interior construction is progressing towards substantial completion in late September with site work around the building wrapping up in late October. The building is classified as a “high-rise” structure and as such there will be an extensive testing and inspection of the fire alarm and engineered smoke control systems during the month of October. The fit up of furniture, fixtures and equipment will be ensure we are ready for the opening event scheduled for November 17th. The “offsite work” in the YMCA parking lot was delayed pending resolution of the pervious pavement mix design. The Grant Road right turn lane is scheduled to be completed in early October. This project is forecasted to be completed with the approved budget. (See Attachment #1 – Cost Reports)

Women’s Hospital construction documents were submitted to OSPHD for plan review and permitting in late May. The initial plan review package is due to be returned to us in early October.

The process of identifying qualified sub-contractors to bid on the project is proving to be very difficult. The still hot construction market in the Bay Area along with the complexity of an OSHPD permitted project in an occupied building is not very appealing to the sub-contractors who prefer projects with less risk. We are working with the CM/GC on strategies for obtaining bids from qualified contractors.

M.V. Campus Completion Project previously named the Old Main Demo & Related Site project continues to be planned and developed. The request for funding the initial phases of the project is on the September 23rd Finance Committee Agenda.

2. 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.

3. Background:

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

Step I:

Status

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

Complete
Construction/Activation
Construction/Activation
Complete

Step II:

Women's Hospital Expansion -
Demolition of Old Main Hospital -

Plan Review/Permit
Construction Docs Phase 1

4. Assessment: In addition to the construction activities all impacted departments are working on the activation, training, move planning and budgeting for the future state of operations.
5. Other Reviews: N/A
6. Outcomes: The primary objective continues to be completing the projects within the approved budgets and to safely transition into the new building environments.

List of Attachments:

1. Cost Reports

Suggested Committee Discussion Questions:

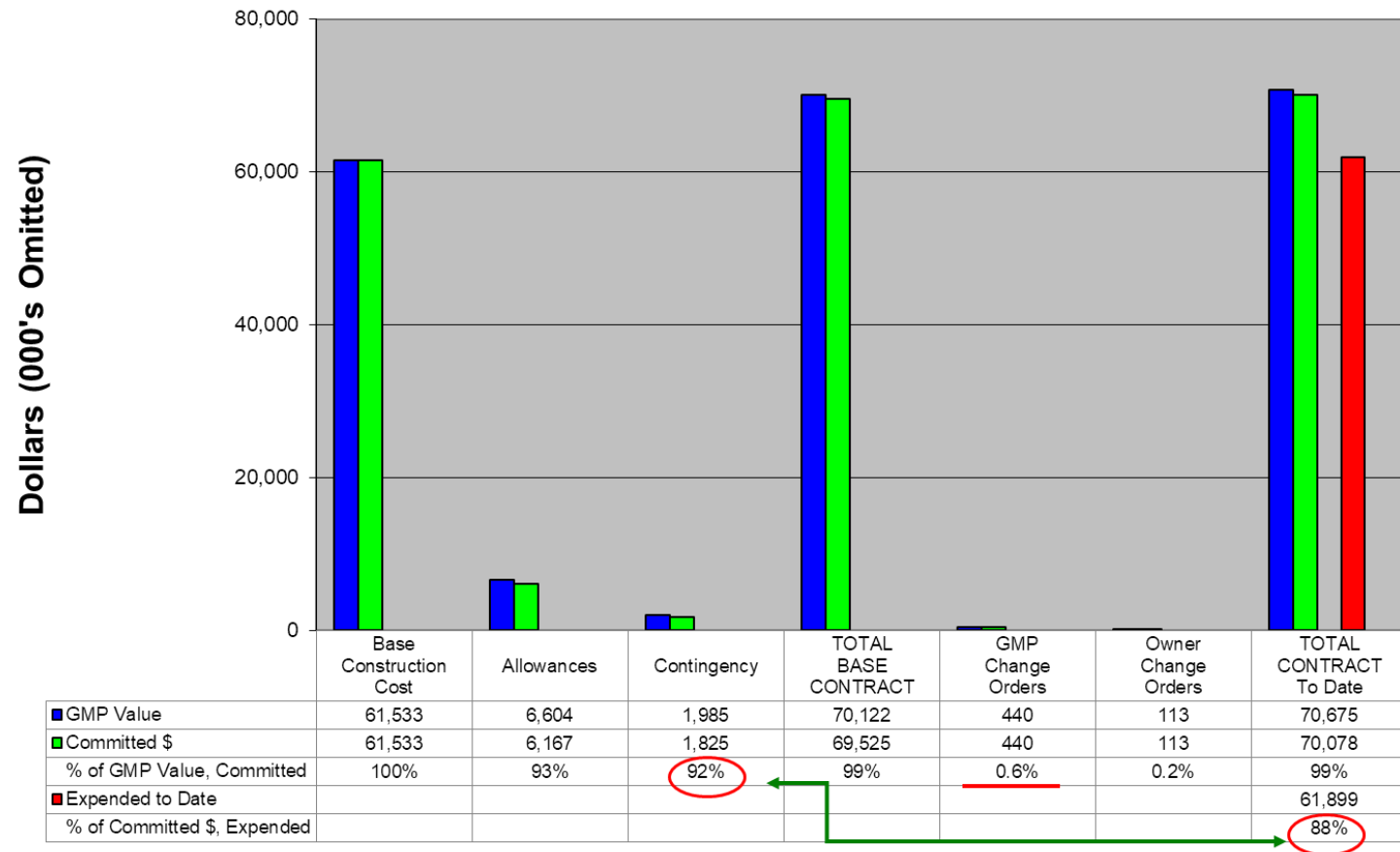
1. None



Finance Committee – Major Projects Update
September 23, 2019

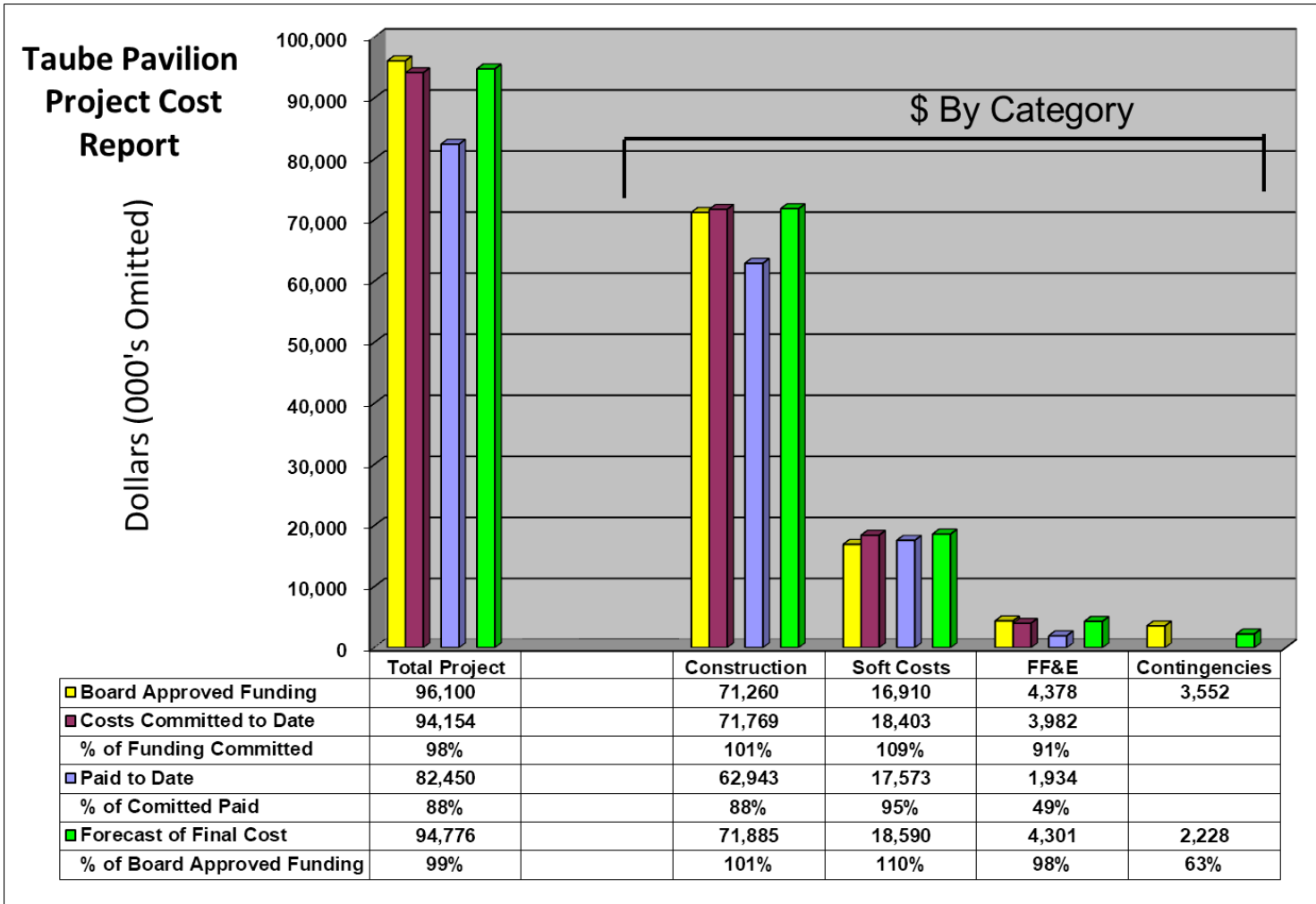
Ken King, CASO

Taube Pavilion Construction Contract Cost Report

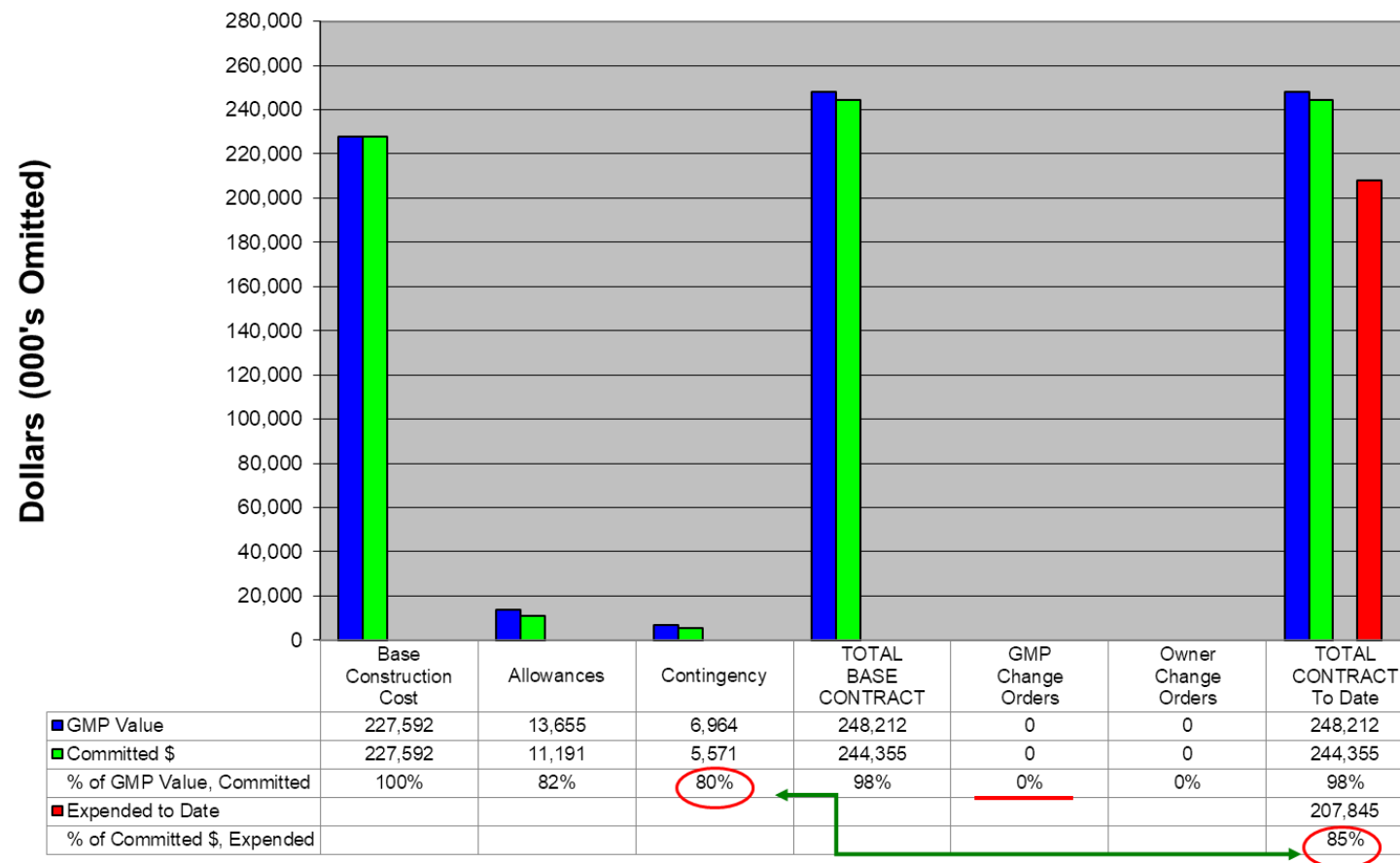


Taube Pavilion - Construction Contract Cost Categories

Taube Pavilion Project Cost Report

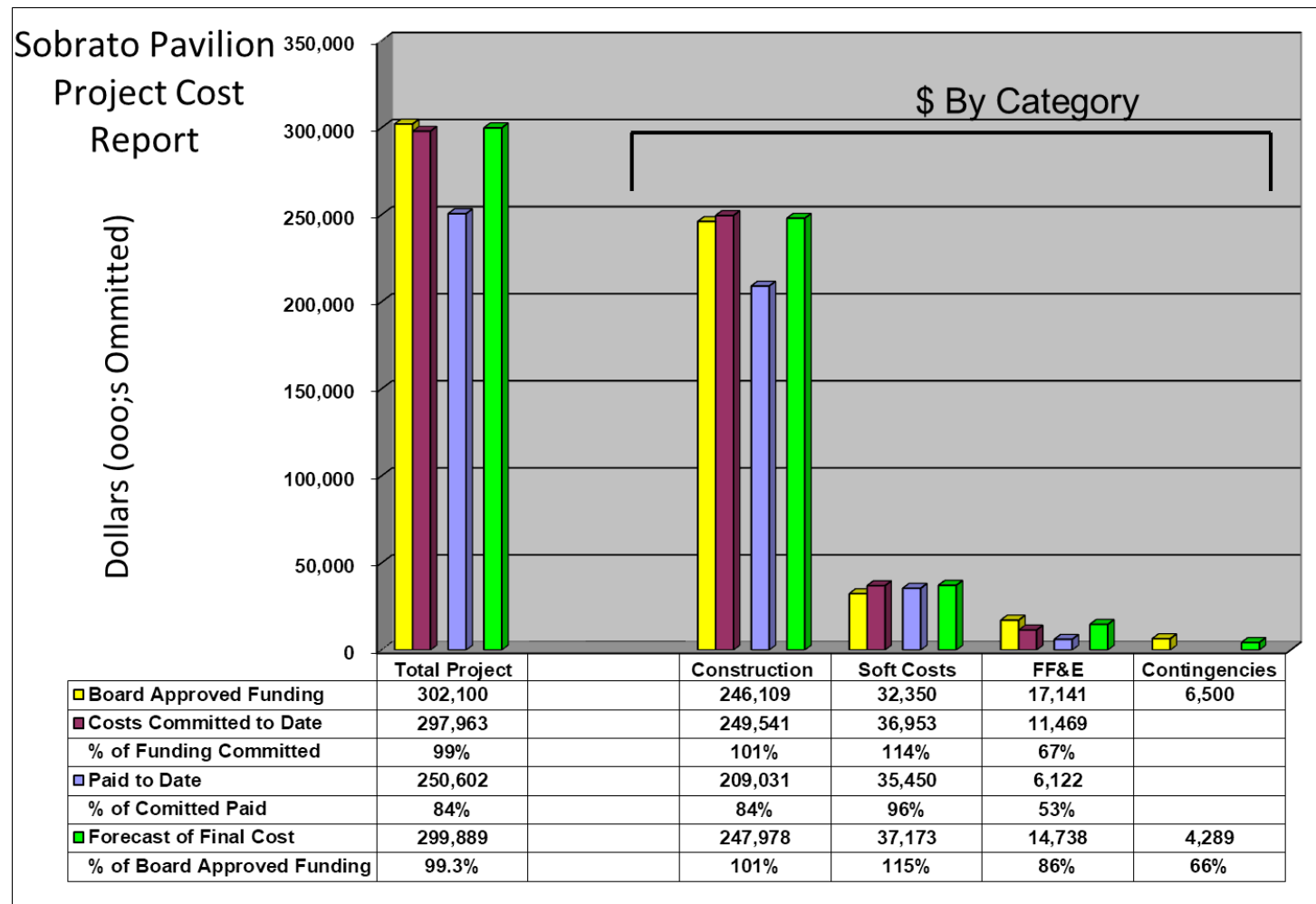


Sobrato Pavilion Construction Contract Cost Report



Sobrato Pavilion - Construction Contract Cost Categories

Sobrato Pavilion Project Cost Report



El Camino Hospital, California; General Obligation; Hospital; Joint Criteria

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Rationale

Outlook

Enterprise Profile: Strong

Financial Profile: Very Strong

Credit Snapshot

El Camino Hospital, California; General Obligation; Hospital; Joint Criteria

Credit Profile		
El Camino Hospital District GO (MBIA) (MBIA of Illinois)		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Current
El Camino Hosp rev bnds		
<i>Long Term Rating</i>	AA/Stable	Current
County of Santa Clara, California		
El Camino Hosp, California		
Santa Clara Cnty (El Camino Hosp) JOINTCRIT		
<i>Long Term Rating</i>	AA+/A-1	Current
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Current

Rationale

S&P Global Ratings long-term rating and underlying rating (SPUR) on El Camino Hospital (ECH), Calif.'s series 2017A and series 2015A revenue bonds is 'AA'. S&P Global Ratings long-term rating and underlying rating (SPUR) on ECH's series 2017 and 2006 general obligation (GO) bonds is 'AA'. Lastly, our joint criteria rating on Santa Clara County, Calif.'s series 2009A variable-rate demand bonds (VRDBs), issued on behalf of ECH, is 'AA+/A-1'. The outlook, where applicable, is stable.

The joint criteria rating is based on a low correlation between El Camino Hospital and the letter of credit (LOC) provider, Wells Fargo Bank N.A.

The rating reflects the overall stable credit profile, as ECH generated superior operating results in fiscal year 2018 and interim 2019. ECH's remarkable performance is the result of significant volume growth, stable intergovernmental transfer (IGT) payments, and solid commercial revenue. Furthermore, management continues to implement strategic growth and revenue generating initiatives and is projecting strong fiscal 2019 operating results, with an operating margin around 10% and operating EBIDA margin around 16%, which is weaker than prior fiscal performance but well above the 'AA' category stand-alone hospital rating medians.

ECH has maintained strong balance sheet metrics, which continues to provide flexibility at the current rating. Although, we do anticipate operating margins and balance sheet metrics will be pressured as ECH plans to spend \$1.5 billion over the next eight years (2020-2028) to fund capital and strategic projects at their Mountain View and Los Gatos campuses. Nonetheless, we do expect operating performance will remain healthy as ECH is starting from a position of financial strength and should be able to absorb the cost of its capital plans and maintain its financial profile in line with the 'AA' rating. The influence on ECH's performance and liquidity profile will depend, to an extent, on the organization's ability to navigate the challenges of the current operating environment while maintaining its healthy cash flow to support capital spending. We will continue to assess the affect on ECH's credit as capital spending escalates over the eight-year period.

ECH has also been able to maintain its enterprise position, given robust economic fundamentals and a strong market position despite being located in a highly competitive market with several large health providers in the surrounding areas.

In addition, we continue to view ECH's district favorably and have incorporated a positive adjustment to the initial indicative rating that reflects the district's proven and ongoing tax support, diverse tax base, and growing assessed value (AV). In fiscal 2018, ECH benefited from \$25 million in tax revenue, which makes up less than 3% of total operating revenue. The tax revenue has continued to be a stable source of revenue and there is no sunset provision.

The 'AA' rating further reflects our assessment of ECH's:

- Exceptional operating and EBIDA margins, resulting in robust actual debt service coverage of 6x in fiscal 2018;
- Abundant unrestricted reserves for the rating;
- Favorable economic fundamentals with above-average employment and income indicators, resulting in a commercial heavy payer mix as well as growing assessed valuations (AV) to cover future debt service payments; and
- Strong market position in the competitive and technology-centric Santa Clara market.

Partly offsetting credit risks include:

- ECH's significant capital expenditures over the next eight years; and
- Location in a highly competitive operating environment containing significantly larger health care providers and systems.

Outlook

The stable outlook reflects our view of ECH's currently very strong financial profile and overall balance sheet strength, which should provide flexibility as the organization invests in the campus. The outlook also reflects our view of ECH's robust economic fundamentals, projected volume growth and strong market position despite operating in a competitive environment.

Upside scenario

Given ECH's highly competitive operating environment and significant capital plans, we do not expect further upward movement in the rating during the two-year outlook period. Over the longer term and outside of the outlook period, we could consider such an action if the organization is able to successfully demonstrate success under changing sector dynamics and absorb its higher capital spending while maintaining a very strong financial profile.

Downside scenario

We think that ECH has cushion at the current ratings, so a lower rating is not anticipated during the outlook period. However, while not anticipated, a material deterioration in operations, an overly aggressive additional debt issuance, or an erosion of the balance sheet may lead to a negative outlook or lowered rating.

Enterprise Profile: Strong

Robust Economic Fundamentals and Continued District Tax Support

ECH's two campuses (Mountain View and Los Gatos) are located in the heart of Silicon Valley. The district operates in Santa Clara County, where its taxing boundaries, and primary service area, include the cities of Mountain View, Los Altos, Los Altos Hills, Sunnyvale, Cupertino, Campbell, and Los Gatos, as well as portions of San Jose, Saratoga, and Santa Clara.

We consider the economic fundamentals to be robust, with 1.29 million people in the primary service area (PSA) and projected growth in the county that exceeds national averages. Employment and income indicators are also much stronger than national levels, and property values are significantly higher, in our opinion. For example, the projected per capita personal income for the county is 194% of the nation, which we consider extremely strong and reflective of the wealthy and stable economic base. Furthermore, the district benefits from the local economy as it is a technology center. Employers within the district's boundaries include Google, Apple, Hewlett-Packard, Intel, and Facebook.

The amount of ad valorem tax levied by the county to replay the district's GO bonds is based on the AV of taxable property in the district and the amount of debt service due on its GO funds.

Overall, while the dependency on tax revenue is not significant (less than 3% of total operating revenue), we view the area's growing AV and diversity of the taxpayer base to be supportive of the rating and we expect that this trend will continue. In 2017, the district refunded part of its outstanding series 2006 bonds, which resulted in increased assessed property values and reduced the tax rate from \$12.90 per \$100,000 of AV to \$10 per \$100,000 of current AV. The district's tax base has been growing; district AV (Santa Clara County) totaled \$92 million for fiscal 2018, which we consider extremely strong. The district estimates its AV will continue to increase in fiscal 2019. The taxpayer base in Santa Clara County is diverse in our view, as the top 10 taxpayers account for around 5% of total AV.

Strong Market Position Despite Operating in a Highly Competitive Market

Although ECH's PSA is broad and covers a sizeable population base, we consider it fragmented because there are several prominent providers in the area, including Kaiser Permanente, Good Samaritan Hospital, Stanford & Stanford Children's Hospital, Santa Clara Valley Medical Center, and O'Connor Hospital.

Nonetheless, ECH has maintained its strong market position (almost 19% market share as of fiscal 2017) the past couple of years and we believe ECH will continue to be well positioned in the market as it invests in various strategic and growth initiatives.

ECH continues to take advantage of its unique location in the innovative and technology-centric Silicon Valley area. ECH's Fogarty Institute for Innovation was launched to spur medical device development and help early-stage startups bring their products to market. The Institute is located on ECH's Mountain View campus and provides innovators educational and mentorship opportunities with experienced physicians. ECH also offers other innovative services, including, tele-monitoring for patients at home.

ECH has a joint venture with Dignity Health that owns and operates Pathways, which provides home care and hospice services to patients throughout the San Francisco Bay Area, and Satellite Dialysis, which manages dialysis-related assets.

Stable and Strategic Management Team Despite Recent Turnover

Despite frequent leadership turnover in recent years, there has been some stability as the chief financial officer has been with ECH for five years. In addition, ECH has recently filled open c-suite positions with high quality and experienced leaders. The organization recently hired a new chief executive officer in 2017. ECH also hired a new chief medical officer, chief operating officer, and chief information officer.

Overall, despite the recent management changes, we view ECH's management team favorably as they continue to operate strategically and have proven their ability to meet financial and operational goals.

Diverse Governance

The hospital district is governed by a five-member board, each of whom is elected to staggered, four-year terms. Elections are held every two years, alternating between two and three available positions. Any unplanned vacancies are filled by appointment. The board is made up of a diverse set of individuals from various backgrounds, which we view favorably. In 2018, two new board members were elected (with leadership experience from Google and McKinsey).

Table 1

El Camino Hospital, Calif.: Enterprise Statistics				
	--10 months ended-- April 30--	--Fiscal year ended June 30--		
	2019	2018	2017	2016
PSA population	1,293,352	1,293,352	1,265,211	1,265,211
PSA market share (%)	19.00	19.00	19.20	17.80
Inpatient admissions	15,111	18,472	18,033	17,312
Equivalent inpatient admissions	27,154	32,666	31,035	29,178
Emergency visits	51,073	62,997	61,888	60,433
Inpatient surgeries	3,605	4,359	4,523	4,508
Outpatient surgeries	5,972	6,906	6,471	6,099
Medicare case mix index	1.78	1.82	1.83	1.81
FTE employees	2,669	2,579	2,507	2,510
Active physicians	1,462	1,462	1,411	1,411
Top 10 physicians admissions (%)	N/A	N/A	N/A	N/A
Based on net/gross revenues	Net	Net	Net	Net
Medicare (%)	25.30	24.90	25.30	24.60
Medicaid (%)	2.20	2.10	2.00	2.00
Commercial/Blues (%)	71.50	71.80	71.60	72.40

N/A--Not applicable. N.A.--Not available. Inpatient admissions exclude normal newborn, psychiatric, rehabilitation, and long-term care facility admissions.

Financial Profile: Very Strong

Extremely Strong Financial Performance

ECH has a multi-year history of producing stable financial margins and cash flow and we expect this to continue. Exceeding a favorable fiscal 2017, ECH produced the greatest net income in district history. ECH generated superior operating results in fiscal 2018 due to an increase in utilization across various service lines, coupled with maintenance of a healthy payer mix of over 70% commercial payers. In addition, ECH continues to benefit from stable IGT revenue and has made considerable improvements to its revenue cycle and denials management processes which should result in significant cost savings.

Given ECH's remarkable cash flow, as measured by the EBIDA margin, ECH's actual debt service coverage is robust at nearly 6x (fiscal 2018), based on S&P Global Ratings' calculation method, which includes the current debt service for both GO and revenue bonds. Our actual debt service figure assumes \$36.9 million, consisting of \$29.3 million associated with revenue bonds and \$7.6 million associated with GO bonds. The revenue bond debt service is level through 2024 with bullet payments from 2025 to final maturity in 2048. The GO bonds are capital appreciation bonds, so debt service increases each year, starting at \$7.6 million in 2020, and then increasing to \$51.9 million in fiscal 2039. We expect that the area's AV will grow and that additional tax revenue will support ECH's debt service.

Strong Liquidity Position, Although Heightened Capital Spending from 2020-2028 Could Pressure Metrics

Despite heightened spending in recent years, ECH has continued to strengthen its balance sheet, which we already considered healthy. ECH has seen solid growth in its unrestricted liquidity on a days' cash on hand basis and attributes the growth in unrestricted reserves to the use of bond proceeds to support some of the capital spending coupled with strong operating results and cash flow.

Management has indicated that it has plans for significant capital spending (\$1.5 billion investment) over the next eight years, at both the Mountain View and Los Gatos campuses. Following the recently expanded North Drive parking garage project at the Mountain View campus, ECH's key projects at that campus (included in the above totals) include replacing its behavioral office building, demolishing the main tower of its replaced hospital building, and expanding its Women's Hospital. In addition, ECH will continue to construct and expand its Los Gatos campus. We expect these projects will result in considerable spending in the coming years that may diminish ECH's currently outstanding metrics depending on overall cash flow and project details as some of the above projects are still being finalized and sized.

Debt and Liabilities

ECH maintains moderate debt levels following 2017's GO and revenue bond issuances. At this time, management does not plan to issue debt over the next two years; however, we will monitor ECH's debt plans as capital spending will likely remain heightened for a number of years. ECH had \$642 million in total long-term debt as of June 30, 2018. ECH's long-term debt includes: \$129 million of GO bonds (series 2006 and series 2017 capital appreciation bonds (CABs) and current interest bonds (CIBs), and \$520 million of revenue bonds (series 2009, series 2015A and series 2017A). ECH's GO bonds are secured by an unlimited ad valorem tax levied within the district's boundaries and collected by Santa Clara County. The series 2009 VRDBs are backed by a LOC provided by Wells Fargo Bank N.A.

that is scheduled to expire in October 2019. ECH has one outstanding swap related to the series 2007 bonds on a \$50 million notional value; the swap had a \$5.6 million fair value liability as of June 30, 2018.

The funded status of ECH's defined-benefit pension plan is well above median level at 128% as of fiscal 2018.

According to management, pension expense decreased by \$4.2 million (as of fiscal 2018), due to increased investment returns.

Table 2

El Camino Hospital, Calif.: Financial Statistics						
	--10 months ended April 30--	--Fiscal year ended June 30--				--Medians for 'AA+' rated stand-alone hospitals--
Financial performance	2019	2018	2017	2016	2017	2017
Net patient revenue (\$000s)	636,932	901,023	832,573	772,173	1,450,400	1,450,400
Total operating revenue (\$000s)	656,218	965,275	895,482	834,851	MNR	MNR
Total operating expenses (\$000s)	562,932	825,396	791,328	769,975	MNR	MNR
Operating income (\$000s)	93,286	139,879	104,154	64,876	MNR	MNR
Operating margin (%)	14.22	14.49	11.63	7.77	5.90	5.90
Net nonoperating income (\$000s)	12,007	34,693	17,235	10,078	MNR	MNR
Excess income (\$000s)	105,293	174,572	121,389	74,954	MNR	MNR
Excess margin (%)	15.76	17.46	13.30	8.87	8.00	8.00
Operating EBIDA margin (%)	20.14	20.60	17.76	14.95	12.10	12.10
EBIDA margin (%)	21.57	23.35	19.31	15.97	14.70	14.70
Net available for debt service (\$000s)	144,160	233,540	176,265	134,896	258,433	258,433
Maximum annual debt service (\$000s)	36,950	36,950	36,950	36,950	MNR	MNR
Maximum annual debt service coverage (x)	4.68	6.32	4.77	3.65	6.00	6.00
Operating lease-adjusted coverage (x)	4.21	5.58	4.25	3.30	4.60	4.60
Liquidity and financial flexibility						
Unrestricted reserves (\$000s)	977,145	1,085,872	919,065	698,042	962,051	962,051
Unrestricted days' cash on hand	563.20	511.10	451.40	353.40	396.20	396.20
Unrestricted reserves/total long-term debt (%)	191.70	169.10	140.50	199.80	305.90	305.90
Unrestricted reserves/contingent liabilities (%)	1,954.30	2,171.70	1,838.10	1,396.10	1,071.10	1,071.10
Average age of plant (years)	14.50	11.70	11.20	10.00	11.40	11.40
Capital expenditures/depreciation and amortization (%)	484.00	316.10	233.50	178.10	130.30	130.30
Debt and liabilities						
Total long-term debt (\$000s)	509,738	642,235	654,027	349,336	MNR	MNR
Long-term debt/capitalization (%)	22.30	28.40	31.50	21.90	19.20	19.20
Contingent liabilities (\$000s)	50,000	50,000	50,000	50,000	MNR	MNR
Contingent liabilities/total long-term debt (%)	9.80	7.80	7.60	14.30	28.50	28.50
Debt burden (%)	4.61	3.70	4.05	4.37	1.90	1.90

Table 2

El Camino Hospital, Calif.: Financial Statistics (cont.)						
Defined-benefit plan funded status (%)	N/A.	128.13	116.73	111.67	90.50	90.50
Pro forma ratios						
Unrestricted reserves (\$000s)	N/A	N/A	N/A	674,156	MNR	MNR
Total long-term debt (\$000s)	N/A	N/A	N/A	615,551	MNR	MNR
Unrestricted days' cash on hand	N/A	N/A	N/A	341.30	MNR	MNR
Unrestricted reserves/total long-term debt (%)	N/A	N/A	N/A	109.50	MNR	MNR
Long-term debt/capitalization (%)	N/A	N/A	N/A	33.10	MNR	MNR

N/A--Not applicable. N.A.--Not available. MNR--Median not reported.

Credit Snapshot

- Security: GO bonds are general obligations of the district payable from ad valorem taxes. Payment of principal, interest and maturity value of the Bonds, when due, is insured by a municipal bond insurance policy. Revenue bonds are secured by a pledge of gross revenue to an indenture of trust (March 16, 2007).
- GRM: Core
- Organization: El Camino Hospital is a 443 bed acute-care hospital with campuses in Mountain View and Los Gatos. El Camino Hospital is a component of the El Camino Hospital District, which also includes the El Camino Hospital Foundation.

Ratings Detail (As Of September 3, 2019)

El Camino Hosp Dist GO rfdg bnds		
<i>Long Term Rating</i>	AA/Stable	Current
California Hlth Facs Fincg Auth, California		
El Camino Hosp, California		
California Hlth Facs Fincg Auth (El Camino Hosp) HOSP		
<i>Long Term Rating</i>	AA/Stable	Current

Many issues are enhanced by bond insurance.

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**EL CAMINO HOSPITAL
COMMITTEE MEETING COVER MEMO**

To: Finance Committee
From: Cindy Murphy, Director of Governance Services
Date: September 23, 2019
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 Finance Committee Meeting the Hospital Board has met twice and the District Board has not. In addition, since the Board has delegated certain authority to the Compliance and Audit Committee, the Finance Committee and the Executive Compensation Committee those approvals are also noted in this report.

A. ECH Board Actions

August 21, 2019

- Approved the FY20 El Camino Hospital Board Member Competency Matrix
- Approved the FY20 Board Education Plan
- Completed FY19 CEO Performance Evaluation
- Approved Cardiothoracic Surgery On-Call Panel Renewal
- Approved Colorectal Surgeon Physician Income Guarantee
- Approved FY19 Year-End Financial Report
- Approved FY20 and 21 Medical Staff Development Plan
- Approved Radiation Oncology Equipment Replacement
- Approved ED Remodel Project
- Approved Revised Medical Staff Bylaws
- Appointed Terrigal Burn, MD; Caroline Currie, Alyson Falwell and Krutika Sharma, MD to the Quality, Patient Care and Patient Experience Committee

September 11, 2019

No approvals of Significance to the Committee

Report on Board Actions
September 23, 2019

B. Finance Committee Actions

- July 29, 2019 – Approved Heart Failure Medical Director Agreement

C. Compliance and Audit Committee: None since last report.

D. Executive Compensation Committee Actions: Met after this packet was distributes

4. Assessment: N/A

5. Other Reviews: N/A

6. Outcomes: N/A

List of Attachments: None.

Suggested Committee Discussion Questions: None.



El Camino Health

Summary of Financial Operations

*Fiscal Year 2020 – Period 2
7/1/2019 to 08/31/2019*

Financial Overview

Financial Performance

- Strong revenues is fueled by volume growth drove \$7.9M operating margin favorable variance. Despite the higher volumes, expenses remained close to budgeted.
 - Operating Revenue favorable to budget by \$8.0M (5%)
 - Operating expense is at budget level
 - Supplies are higher than budget due to procedural volume growth
 - Other Operating Expense favorable due to delay in activation costs for Sobrato & Taube Pavilions
- Revenue cycle operations remain strong with low days in AR and high payments.
- Non Operating Income unfavorable variance continues due to timing of community benefit grants and will normalize over the year

Hospital Volume

- Adjusted Discharges (AD) continues to be favorable to budget 678 ADs (11%) and favorable to prior year by 15%
 - Mountain View: Favorable to budget by 422 ADs (8.9%) and favorable to prior year by 11.0%
 - Infusion Volumes (up 23%), extended hours, new Oncologist and increased productivity
 - High ER volume
 - Overall procedural volume favorable to budget by 144 cases (3%)
 - Los Gatos: Favorable to budget by 256 ADs 25% and favorable to prior year by 32%
 - Surgeries (up 28%) – Orthopedics (purchase of technology), Urology, Ophthalmology (program moved from Willow ASC while it is closed for licensing)
 - Overall procedural volume favorable to budget by 129 cases (14%)
 - Op Emergency Room favorable to budget by 193 visits (11%)

Payor Mix

- For August, payor mix is at budget – improvement in Urology and Orthopedic payor mix.
- Year to date payor mix remains slightly unfavorable to budget; Medicare -0.8 percentage points, and Commercial -0.3 percentage points

Productivity

- YTD FTEs are in line with targets as management is flexing to meet volumes.

Dashboard - as of August 31, 2019

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
Consolidated Financial Perf.								
Total Operating Revenue	80,660	87,322	86,861	461	154,636	176,940	168,863	8,077
Operating Expenses	72,046	81,170	81,382	211	138,847	160,391	160,254	(137)
Operating Margin \$	8,614	6,152	5,479	672	15,789	16,549	8,609	7,940
Operating Margin %	10.7%	7.0%	6.3%	0.7%	10.2%	9.4%	5.1%	4.3%
EBIDA \$	13,064	10,814	10,447	367	24,624	26,009	18,514	7,495
EBIDA %	16.2%	12.4%	12.0%	0.4%	15.9%	14.7%	11.0%	3.7%
Hospital Volume								
Licensed Beds	443	443	443	-	443	443	443	-
ADC	225	219	231	(12)	220	453	227	226
Utilization MV	61%	60%	63%	(2.8%)	60%	61%	61%	0.1%
Utilization LG	29%	28%	30%	(2.5%)	28%	30%	30%	(0.5%)
Utilization Combined	51%	49%	52%	(2.7%)	50%	51%	51%	(0.1%)
Adjusted Discharges	2,907	3,338	2,968	370	5,617	6,439	5,760	679
Total Discharges (Excl NNB)	1,578	1,691	1,618	73	3,054	3,375	3,151	224
Total Discharges	1,940	2,073	1,974	99	3,736	4,101	3,819	282
Inpatient Cases								
MS Discharges	1,056	1,152	1,090	62	2,072	2,339	2,140	199
Deliveries	378	401	382	19	713	756	722	34
BHS	104	98	98	(0)	187	193	191	2
Rehab	40	40	48	(8)	82	87	98	(11)
Outpatient Cases	12,591	13,334	12,978	356	24,783	25,731	25,523	208
ED	3,859	4,137	3,890	247	7,900	8,295	7,966	329
Procedural Cases				-				-
OP Surg	450	522	465	57	809	998	836	162
Endo	217	236	231	5	415	433	443	(10)
Interventional	194	191	205	(14)	371	343	390	(47)
All Other	7,871	8,248	8,187	61	15,288	15,662	15,887	(225)
Hospital Payor Mix								
Medicare	47.3%	47.8%	47.5%	0.3%	46.4%	48.6%	47.8%	0.8%
Medi-Cal	7.6%	8.1%	7.9%	0.2%	8.4%	7.9%	8.1%	(0.2%)
Commercial IP	21.8%	20.1%	21.1%	(1.0%)	21.7%	19.7%	20.7%	(1.0%)
Commercial OP	21.1%	22.5%	21.2%	1.3%	21.0%	21.7%	21.0%	0.6%
Total Commercial	42.9%	42.6%	42.2%	0.3%	42.7%	41.4%	41.7%	(0.3%)
Other	2.2%	1.6%	2.4%	(0.8%)	2.5%	2.1%	2.4%	(0.3%)
Hospital Cost								
Total FTE	2,596.0	2,733.7	2,747.7	14.0	2,580.4	2,740.5	2,749.1	8.6
Productive Hrs/APD	31.0	31.5	32.4	0.8	31.2	31.4	32.7	1.4
Consolidated Balance Sheet								
Net Days in AR	47.0	47.8	49.0	1.2	46.6	47.2	49.0	1.8
Days Cash	512	473	507	(34)	512	473	507	(34)

*Beginning with the June FY 19 report, the Dashboard and the financial report has been updated to show the ECH consolidated results instead of just the Hospitals. The descriptions of the metrics indicate whether the data is hospital only.

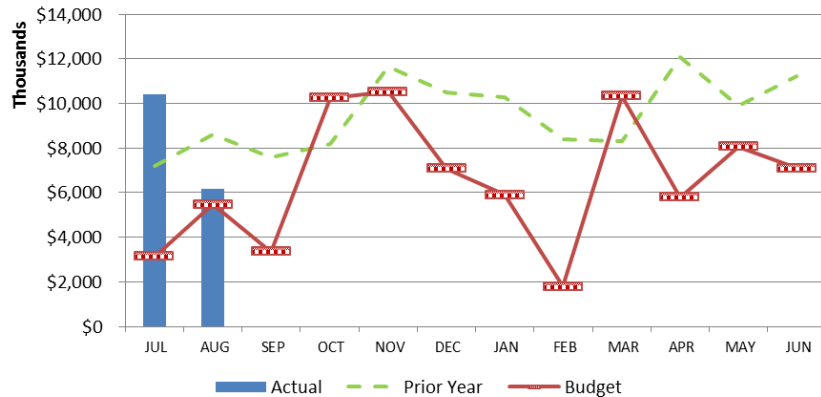
Consolidated Statement of Operations (\$000s)

Period ending 08/31/2019

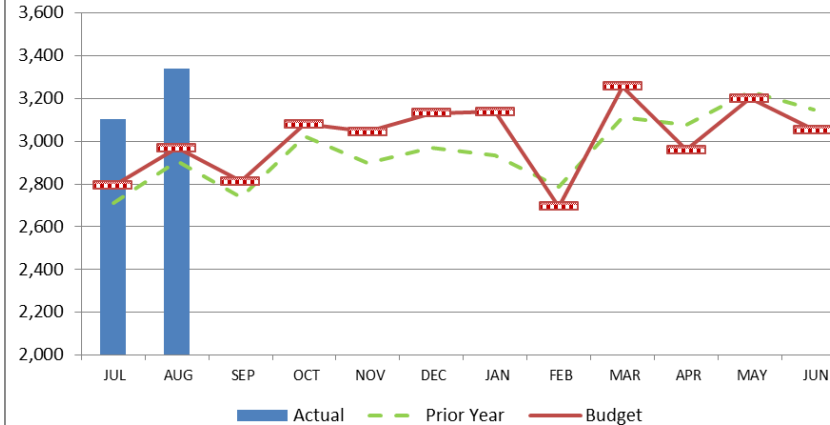
Period 2 FY 2019	Period 2 FY 2020	Period 2 Budget 2020	Variance Fav (Unfav)	Var%		YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					\$000s					
					OPERATING REVENUE					
291,066	317,087	319,154	(2,067)	(0.6%)	Gross Revenue	556,917	631,150	619,394	11,756	1.9%
(213,218)	(233,586)	(236,288)	2,702	1.1%	Deductions	(408,369)	(462,141)	(458,544)	(3,597)	(0.8%)
77,847	83,501	82,866	635	0.8%	Net Patient Revenue	148,548	169,009	160,849	8,159	5.1%
2,812	3,821	3,995	(174)	(4.4%)	Other Operating Revenue	6,088	7,931	8,014	(83)	(1.0%)
80,660	87,322	86,861	461	0.5%	Total Operating Revenue	154,636	176,940	168,863	8,077	4.8%
					OPERATING EXPENSE					
41,654	46,023	46,494	471	1.0%	Salaries & Wages	82,280	91,104	92,151	1,047	1.1%
12,429	13,096	12,183	(914)	(7.5%)	Supplies	22,419	26,229	23,466	(2,762)	(11.8%)
11,007	13,793	13,134	(659)	(5.0%)	Fees & Purchased Services	20,257	26,714	26,342	(373)	(1.4%)
2,506	3,595	4,604	1,009	21.9%	Other Operating Expense	5,057	6,885	8,391	1,506	17.9%
157	236	495	258	52.2%	Interest	278	469	990	521	52.6%
4,293	4,426	4,473	47	1.0%	Depreciation	8,557	8,991	8,915	(75)	(0.8%)
72,046	81,170	81,382	211	0.3%	Total Operating Expense	138,847	160,391	160,254	(137)	(0.1%)
8,614	6,152	5,479	672	12.3%	Net Operating Margin	15,789	16,549	8,609	7,940	92.2%
10,678	3,629	3,213	416	13.0%	Non Operating Income	20,095	4,935	6,082	(1,148)	(18.9%)
19,292	9,781	8,692	1,089	12.5%	Net Margin	35,883	21,483	14,691	6,792	46.2%
16.2%	12.4%	12.0%	0.4%		EBITDA	15.9%	14.7%	11.0%	3.7%	
10.7%	7.0%	6.3%	0.7%		Operating Margin	10.2%	9.4%	5.1%	4.3%	
23.9%	11.2%	10.0%	1.2%		Net Margin	23.2%	12.1%	8.7%	3.4%	

Monthly Financial Trends

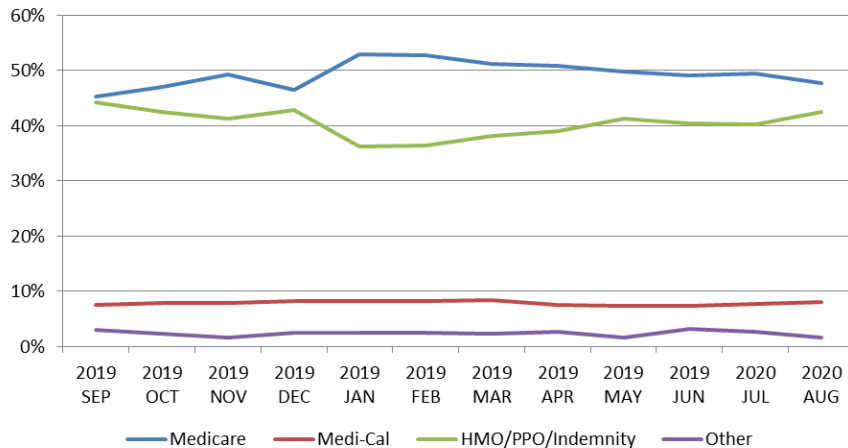
Consolidated Operating Margin (\$000s)
Current & Prior Fiscal Year



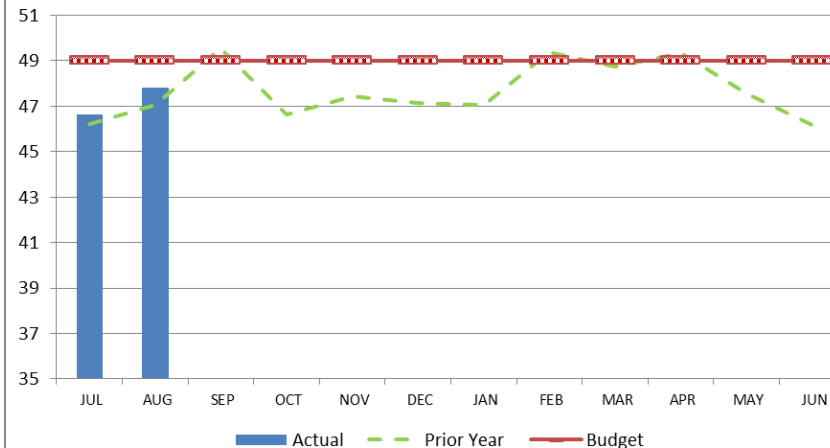
Hospital Adjusted Discharges



Hospital Payor Mix



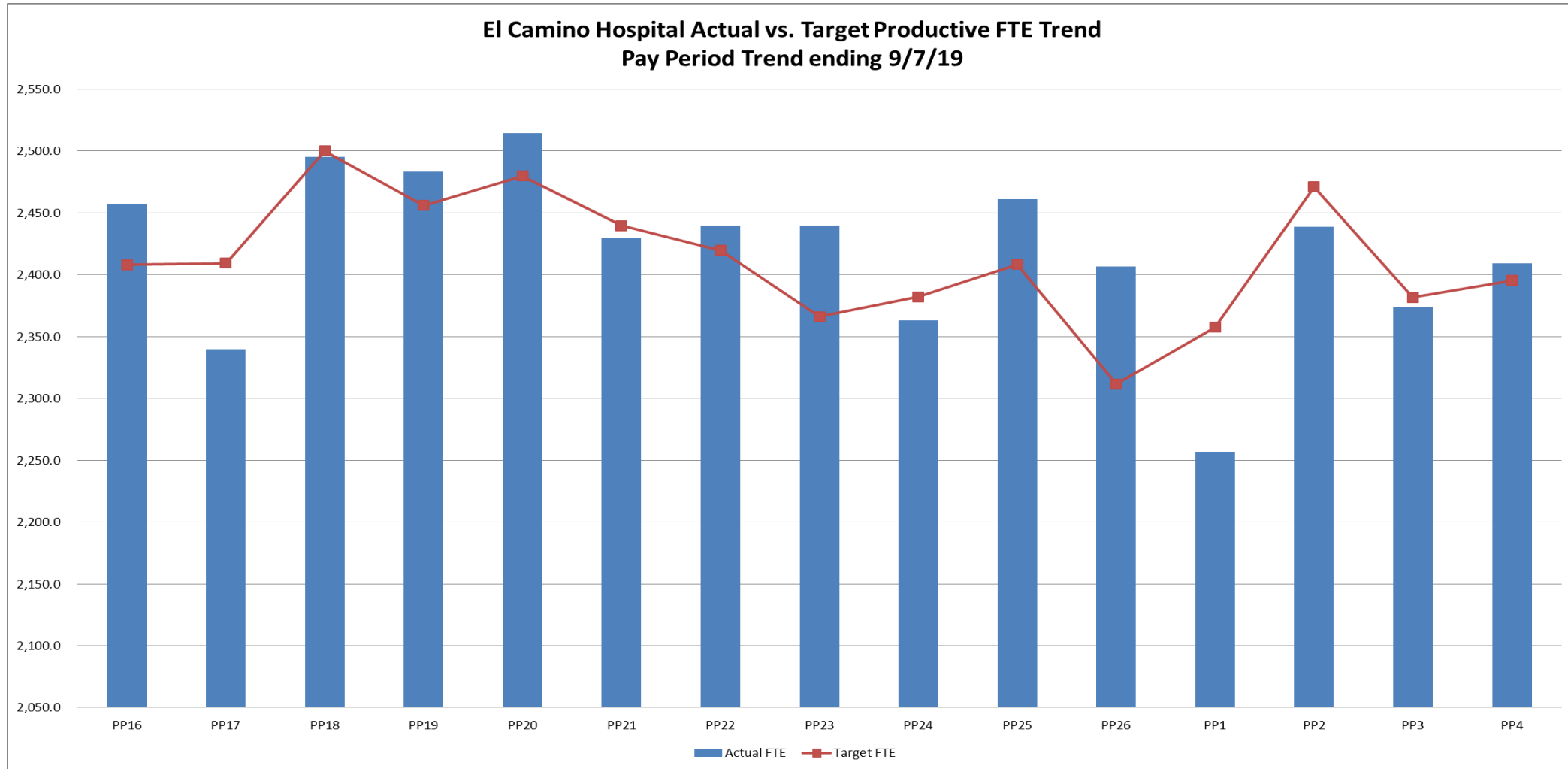
Consolidated Net Days in AR



- Operating Margin in Aug continue favorable to budget driven by favorable revenue (volumes)
- Volume trend using adjusted discharges is favorable to budget.
- Payor mix in August improved and is at budget level
- Revenue cycle operation continues to perform better than targets

Hospital Productivity – Rolling Trend

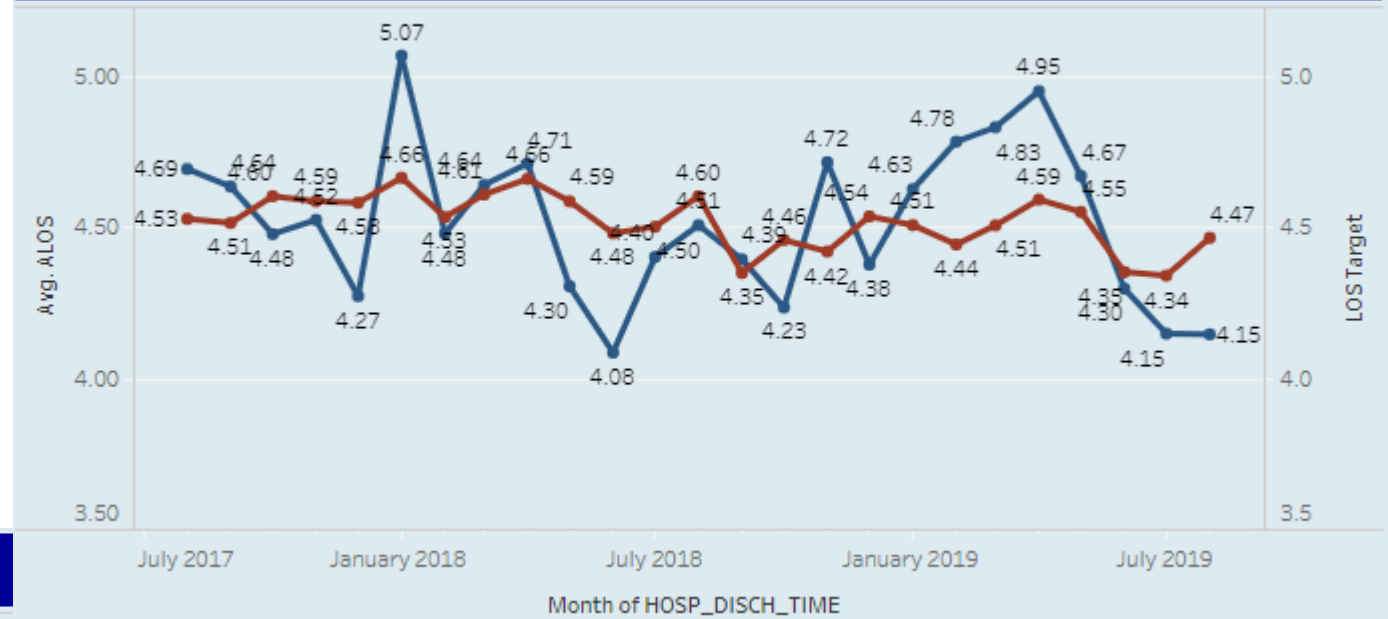
- FYTD Productive FTEs continue to be favorable to the volume adjusted target by 1.7%. Though a slight decrease in overall positive variance, the biggest factors were the holiday in July along with increase in targets for new year and management of FTE to volumes.



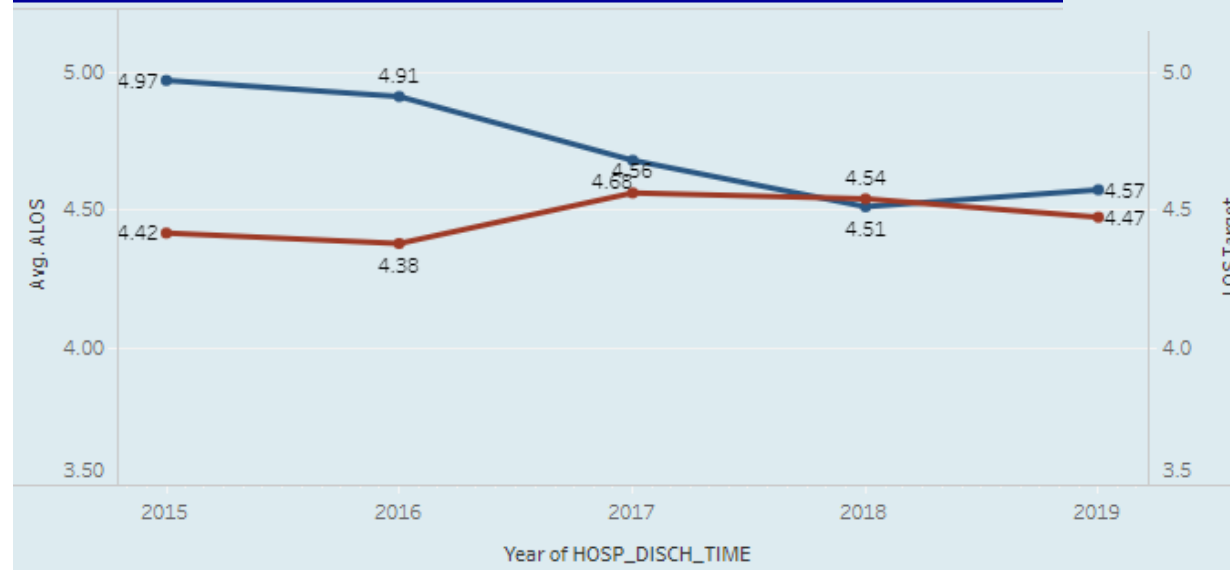
Medicare Length of Stay

ALOS vs Milliman well-managed benchmark (red line). Medicare is our largest book of business and growing due to aging population. Lower length of stay is a key driver for improving the Medicare margin
 FY19 ALOS has increased due to long stay outlier cases beginning in January but has been improving since May.
 ALOS continues to be ahead of target

Average Length of Stay Trend by Month/Year



Average Length of Stay Trend by Month/Year



Actual Benchmark

ECH Hospital Operating Margin

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



- No material normalizing items identified for P1 or P2

FY 2020 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>			
Revenue	Adjustments	J	A
	Mcare Settlmt/Appeal/Tent Settlmt/PIP	129	129
	Various Adjustments under \$250k	9	4
	Total	138	133
			YTD
			271

INVESTMENT SCORECARD AS OF JUNE 30, 2019

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY19 Year End Budget	Expectation Per Asset Allocation
Investment Performance		2Q 2019		Fiscal Year-to-date		6y 8m Since Inception (annualized)		2019	
Surplus cash balance*		\$1,028.7	--	--	--	--	--	\$892.9	--
Surplus cash return		2.9%	2.8%	5.4%	5.7%	5.6%	5.5%	3.2%	5.6%
Cash balance plan balance (millions)		\$277.6	--	--	--	--	--	\$276.9	--
Cash balance plan return		3.1%	3.0%	6.0%	5.9%	7.8%	7.0%	6.0%	6.0%
403(b) plan balance (millions)		\$514.1	--	--	--	--	--	--	--
Risk vs. Return		3-year		6y 8m Since Inception (annualized)		2019			
Surplus cash Sharpe ratio		1.06	1.04	--	--	1.02	1.01	--	0.34
Net of fee return		7.2%	6.8%	--	--	5.6%	5.5%	--	5.6%
Standard deviation		5.4%	5.2%	--	--	4.9%	4.8%	--	8.7%
Cash balance Sharpe ratio		1.09	1.03	--	--	1.12	1.06	--	0.32
Net of fee return		8.8%	7.8%	--	--	7.8%	7.0%	--	6.0%
Standard deviation		6.7%	6.2%	--	--	6.3%	6.0%	--	10.3%
Asset Allocation		2Q 2019							
Surplus cash absolute variances to target		7.1%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		6.9%	< 10%	--	--	--	--	--	--
Manager Compliance		2Q 2019							
Surplus cash manager flags		17	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		23	< 27 Green < 34 Yellow	--	--	--	--	--	--

*Excludes debt reserve funds (~\$83 mm), District assets (~\$41 mm), and balance sheet cash not in investable portfolio (~\$128 mm). Includes Foundation (~\$31 mm) and Concern (~\$14 mm) assets. Budget adds back in current Foundation and Concern assets and backs out current debt reserve funds.

FY 20 Capital Cash Flow Projections

Reformatted to separate active and planned facility projects

Capital Spending (in 000's)	Actual FY2017	Actual FY2018	Actual FY2019	Budget Cash Flow 2020
ERP	-	-	5,830	-
IT Hardware / Software Equipment/EPIC	5,414	2,222	7,859	6,000
Medical / Non Medical Equipment	9,556	15,780	12,082	18,000
Facilities Total	82,953	139,434	158,010	244,665
Active				
Mountain View Campus Master Plan Projects	62,493	114,093	140,000	112,700
Mountain View Capital Projects	5,535	7,948	9,620	66,992
Los Gatos Capital Projects	14,780	12,306	6,901	12,773
Placeholder/Deferred				
Other Strategic Capital Facility Projects	145	5,088	1,489	19,200
Other Major Projects				33,000
GRAND TOTAL	97,923	157,435	183,782	268,665

FY20 Detail Facility Cash Flow Projections (\$000s)

		FY 2020	
		Cash Flow	
Mountain View Campus Master Plan Projects			
BHS Replacement		8,143	
Integrated Medical Office Building		57,557	
Women's Hosp Expansion		33,000	
Demo Old Main & Related Site Work		14,000	
		<u>112,700</u>	
Mountain View Capital Projects			
ED Remodel Triage / Psych Observation		6,106	
Willow Pavilion FA Sys and Equip Upgrades		1,400	
Willow Surgery Center Improvements		2,000	
Site Signage & Other Improvements		1,700	
Patient Family Residence		6,150	
Nurse Call System Upgrade		2,200	
Imaging Equipment Replacement (Imaging Dept. Only)		11,700	
IR / Cath Lab Equipment Replacement (5 or 6 Rooms)		9,500	
Various Relocation Projects		700	
Flooring Replacement		1,180	
Emergency Sanitary & Water Storage		2,216	
CT Equipment Replacement @ Radiation Oncology		440	
Radiation Oncology Equipment Replacement		10,000	
MV MOB Upgrades FY 20		500	
MV Facilities Planning Allowance FY 20		600	
MV Equipment & Infrastructure Upgrades FY 20		900	
MV Cancer Center Expansion		1,200	
MV Wireless Infrastructure Upgrade		1,000	
Other Undefined		500	
MV Undefined Annual Forecast		7,000	
		<u>66,992</u>	
Los Gatos Capital Projects			
LG IR Upgrades		1,250	
LG Modular MRI & Awning		3,205	
LG Nurse Call System Upgrade		1,000	
LG Security System		340	
LG Cancer Center		2,598	
LG MOB Upgrades FY 20		500	
LG Facilities Planning Allowance FY 20		500	
LG Equipment & Infrastructure Upgrades FY 20		600	
LG Rehab Finish Upgrades		400	
LG Campus Signage		500	
LG Wireless Infrastructure Upgrades		480	
LG Paving Upgrades		800	
LG Decontamination in OR		600	
		<u>12,773</u>	
Other Strategic Capital Facility Projects			
Primary Care Clinic		4,000	
New MOB		12,200	
SVMD - Facilities Future Years		3,000	
		<u>19,200</u>	
Other Major Projects & Annual Forecasts			
LG Campus Redevelopment		12,000	
Property Acquisitions		21,000	
		<u>33,000</u>	
TOTAL			<u>244,665</u>

Consolidated Balance Sheet

(in thousands)

ASSETS

	Audited	
	August 31, 2019	June 30, 2019
CURRENT ASSETS		
(1) Cash	112,290	124,912
(2) Short Term Investments	192,199	177,165
Patient Accounts Receivable, net	132,359	132,198
Other Accounts and Notes Receivable	5,664	5,058
Intercompany Receivables	5,552	8,549
Inventories and Prepaids	64,418	64,093
Total Current Assets	512,482	511,976
BOARD DESIGNATED ASSETS		
Foundation Board Designated	16,848	16,895
Plant & Equipment Fund	174,382	171,304
Women's Hospital Expansion	22,298	15,472
(3) Operational Reserve Fund	144,294	139,057
Community Benefit Fund	17,994	18,260
Workers Compensation Reserve Fund	21,152	20,732
Postretirement Health/Life Reserve Fund	29,508	29,480
PTO Liability Fund	26,405	26,149
Malpractice Reserve Fund	1,831	1,831
Catastrophic Reserves Fund	19,676	19,678
Total Board Designated Assets	474,387	458,857
(4) FUNDS HELD BY TRUSTEE	67,679	83,073
LONG TERM INVESTMENTS	356,623	375,729
CHARITABLE GIFT ANNUITY INVESTMENTS	599	602
INVESTMENTS IN AFFILIATES	34,073	38,532
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,322,533	1,317,599
Less: Accumulated Depreciation	(631,865)	(622,877)
Construction in Progress	406,588	375,094
Property, Plant & Equipment - Net	1,097,256	1,069,816
DEFERRED OUTFLOWS	33,776	33,876
RESTRICTED ASSETS	25,139	24,279
OTHER ASSETS	1,026	1,036
TOTAL ASSETS	2,603,039	2,597,775

LIABILITIES AND FUND BALANCE

	Audited	
	August 31, 2019	June 30, 2019
CURRENT LIABILITIES		
Accounts Payable	38,319	38,390
(5) Salaries and Related Liabilities	26,586	30,296
Accrued PTO	26,799	26,502
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	11,549	11,331
Intercompany Payables	5,479	8,464
Malpractice Reserves	1,800	1,800
(6) Bonds Payable - Current	8,630	8,630
Bond Interest Payable	5,246	12,775
Other Liabilities	9,884	10,477
Total Current Liabilities	136,591	150,966
LONG TERM LIABILITIES		
Post Retirement Benefits	29,508	29,480
Worker's Comp Reserve	18,852	18,432
Other L/T Obligation (Asbestos)	3,994	3,975
Other L/T Liabilities (IT/Medl Leases)	-	-
(7) Bond Payable	504,946	507,531
Total Long Term Liabilities	557,301	559,417
DEFERRED REVENUE-UNRESTRICTED	1,232	1,113
DEFERRED INFLOW OF RESOURCES	13,715	13,715
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	1,378,308	1,372,823
Board Designated	474,370	458,839
Restricted	25,078	24,215
Capital	100	100
Retained Earnings	16,343	16,587
Total Fund Bal & Capital Accts	1,894,200	1,872,563
TOTAL LIABILITIES AND FUND BALANCE	2,603,039	2,597,775

August 2019 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The decrease is due to funding of our construction projects and a quarterly pension payment.
- (2) The increase is due to the shift from long term investment to short term investments. S-Term has increased by \$15M and L-Term has declined by \$19M
- (3) The increase is due to annual resetting of the 60 day Operational Reserve based on the new FY2019 budget that has started.
- (4) Decrease is due to draws from the 2015A/2017 Bond Project funds for the on-going IMOB and BHS construction and semi-annual 2015/2017 bond payment
- (5) Decrease is due to the days accrued for payroll declined by 8 days compared to June 2019.
- (6) Semi-annual bond payments of interest and principal were made on the 2015A and 2017 Bonds in February.
- (7) Decrease is due to the establishment of FY2020 2015A and 2017 Bond Principal Payable moving to current bond payables.

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. At the end of fiscal year 2019 another \$7.2 million was added to this fund bringing it to \$22.5 million.
- **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 the current 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 \$500,000 or more a year. \$15 million within this fund is a board designated endowment fund formed in 2015 with a \$10 million contribution, and added to at the end of the 2017 fiscal year end with another \$5 million contribution, to generate investment income to be used for grants and sponsorships, in fiscal year 2019 it generated over \$872 thousand of investment income for the program.

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

- **Workers Compensation Reserve Fund** – as the Hospital is self-insured for its workers compensation program (since 1978) this fund was originally formed in early 2000's by management to reserve cash equal to the yearly actuarially determined Workers Compensation amount. The thought being if the business was to terminate for some reason this is the amount in cash that would be needed to pay out claims over the next few years.
- **Postretirement Health/Life Reserve Fund** – following the same formula as the Workers Compensation Reserve Fund this fund was formed in the early 2000's by management to reserve cash equal to the yearly actuarially determined amount to fund the Hospital's postretirement health and life insurance program. Note this program was frozen in 1995 for all new hires after that date. At the end of fiscal year 2018, GASB #75 was implemented that now represents the full actuarially determined liability.
- **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

Non Operating Items and Net Margin by Affiliate

\$ in thousands

	Period 2- Month			Period 2- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Operating Margin						
Mountain View	8,871	7,483	1,387	20,151	12,564	7,587
Los Gatos	1,469	1,188	281	3,236	2,236	1,000
Sub Total - El Camino Hospital, excl. Affiliates	10,340	8,672	1,668	23,387	14,800	8,587
Operating Margin %	12.4%	10.7%		13.8%	9.4%	
El Camino Hospital Non Operating Income						
Investments	632	3,294	(2,662)	3,813	6,355	(2,542)
Swap Adjustments	2,104	0	2,104	2,490	0	2,490
Community Benefit ¹	16	(309)	325	(2,459)	(618)	(1,841)
Satellite Dialysis	122	42	81	122	83	39
Other	(229)	(306)	78	(427)	(612)	186
Sub Total - Non Operating Income	2,645	2,720	(75)	3,541	5,208	(1,668)
El Camino Hospital Net Margin	12,986	11,392	1,594	26,928	20,009	6,919
ECH Net Margin %	15.6%	14.0%		15.9%	12.7%	
Concern	251	136	115	396	161	235
ECSC	(22)	0	(22)	(26)	1	(27)
Foundation	511	141	370	734	313	421
Silicon Valley Medical Development	(3,945)	(2,977)	(968)	(6,549)	(5,792)	(757)
Net Margin Hospital Affiliates	(3,204)	(2,699)	(505)	(5,445)	(5,318)	(127)
Total Net Margin Hospital & Affiliates	9,781	8,692	1,089	21,483	14,691	6,792

¹Donations to outside organizations for FY20

El Camino Hospital Volume Annual Trends

VOLUME BY SERVICE LINE										MONTH					FACILITY		PROCEDURAL?		
Last Data Refresh: 9/12/2019 8:48:25 AM										02-Aug					(All)		(All)		
		ANNUAL TREND						FY20 Bud vs FY19		MONTH					YEAR				
		2015	2016	2017	2018	2019	Bud 2020	Cases	Percent	PY	CY	Bud	Bud Var	PY Var	PY	CY	Bud	Bud Var	PY Var
IP	Behavioral Health	1,052	928	924	1,098	1,181	1,382	201	17.0%	104	98	97	1	-6	187	193	189	4	6
	General Medicine	4,583	4,452	4,951	5,278	5,192	4,971	-221	-4.3%	378	436	384	52	58	774	889	787	102	115
	General Surgery	1,149	1,311	1,318	1,305	1,409	1,427	18	1.3%	130	112	131	-19	-18	239	221	247	-26	-18
	GYN	313	293	270	243	226	194	-32	-14.2%	21	27	20	7	6	32	43	31	12	11
	Heart and Vascular	1,998	2,001	2,205	2,372	2,300	2,274	-26	-1.1%	166	188	168	20	22	325	376	326	50	51
	MCH	5,976	5,541	5,480	5,253	4,955	5,373	418	8.4%	423	451	472	-21	28	807	859	899	-40	52
	Neurosciences	672	677	685	868	884	845	-39	-4.4%	70	80	67	13	10	140	171	135	36	31
	Oncology	564	652	594	633	740	685	-55	-7.4%	62	66	62	4	4	123	124	123	1	1
	Orthopedics	1,773	1,746	1,690	1,705	1,672	1,733	61	3.6%	136	127	142	-15	-9	268	275	285	-10	7
	Rehab Services	555	500	461	441	522	586	64	12.3%	40	40	48	-8	0	82	87	98	-11	5
	Spine Surgery	429	417	474	375	358	362	4	1.1%	30	35	34	1	5	54	68	62	6	14
	Urology	169	234	257	255	292	287	-5	-1.7%	25	32	26	6	7	37	75	38	37	38
Total		19,233	18,752	19,309	19,826	19,731	20,119	388	2.0%	1,585	1,692	1,650	42	107	3,068	3,381	3,219	162	313
OP	Behavioral Health	886	2,394	3,260	3,151	2,752	3,171	419	15.2%	234	221	266	-45	-13	462	427	523	-96	-35
	Dialysis	155	6					0		0	0	0	0	0	0	0	0	0	0
	Emergency	49,091	48,590	48,624	49,411	48,455	47,737	-718	-1.5%	3,859	4,138	3,890	248	279	7,900	8,296	7,966	330	396
	General Medicine	6,620	7,195	7,129	7,266	8,069	8,297	228	2.8%	663	760	707	53	97	1,270	1,413	1,351	62	143
	General Surgery	1,853	1,797	1,837	2,003	1,961	2,055	94	4.8%	183	228	192	36	45	339	425	355	70	86
	GYN	1,308	1,018	1,079	1,099	1,401	1,491	90	6.4%	118	102	125	-23	-16	229	222	243	-21	-7
	Heart and Vascular	2,712	3,795	4,361	4,364	4,615	4,707	92	2.0%	403	408	410	-2	5	786	749	799	-50	-37
	Imaging Services	20,072	17,807	17,249	18,501	18,964	19,793	829	4.4%	1,692	1,645	1,699	-54	-47	3,261	3,172	3,272	-100	-89
	Laboratory Services	29,726	29,007	29,153	28,564	27,423	28,395	972	3.5%	2,415	2,819	2,493	326	404	4,746	5,076	4,900	176	330
	MCH	4,826	5,092	5,576	5,642	5,451	5,625	174	3.2%	460	480	477	3	20	920	937	953	-16	17
	Neurosciences	61	127	125	114	81	66	-15	-18.5%	6	11	6	5	5	10	21	10	11	11
	Oncology	4,179	14,329	18,541	19,276	20,873	21,741	868	4.2%	1,710	1,527	1,844	-317	-183	3,191	3,043	3,434	-391	-148
	Orthopedics	776	584	615	641	765	712	-53	-6.9%	62	90	61	29	28	104	182	102	80	78
	Outpatient Clinics	1,705	1,680	1,288	1,883	1,563	2,508	945	60.5%	132	146	132	14	14	269	258	269	-11	-11
	Rehab Services	1,747	3,954	4,518	4,925	5,525	5,520	-5	-0.1%	437	509	441	68	72	880	1,015	889	126	135
	Sleep Center	223	498	368	242	340	383	43	12.6%	24	30	30	0	6	42	56	52	4	14
	Spine Surgery	399	309	324	311	287	281	-6	-2.1%	36	27	36	-9	-9	54	40	53	-13	-14
	Urology	1,771	1,739	1,898	2,053	2,093	2,067	-26	-1.2%	157	193	161	32	36	320	399	326	73	79
Total		128,110	139,921	145,945	149,446	150,618	154,549	3,931	2.6%	12,591	13,334	12,970	364	743	24,783	25,731	25,496	235	948
Grand Total		147,343	158,673	165,254	169,272	170,349	174,668	4,319	2.5%	14,176	15,026	14,620	406	850	27,851	29,112	28,715	397	1,261

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

Period ending 08/31/2019

Period 2 FY 2019	Period 2 FY 2020	Period 2 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
238,623	251,712	253,612	(1,900)	(0.7%)	OPERATING REVENUE					
(173,892)	(184,678)	(188,814)	4,136	2.2%	Gross Revenue	456,683	502,456	490,470	11,986	2.4%
64,731	67,034	64,798	2,236	3.5%	Deductions	(333,768)	(366,356)	(365,163)	(1,193)	(0.3%)
1,580	1,481	1,696	(216)	(12.7%)	Net Patient Revenue	122,915	136,100	125,307	10,793	8.6%
66,312	68,515	66,495	2,020	3.0%	Other Operating Revenue	3,133	2,895	3,420	(525)	(15.3%)
					Total Operating Revenue	126,048	138,995	128,727	10,268	8.0%
					OPERATING EXPENSE					
34,159	36,348	36,709	361	1.0%	Salaries & Wages	67,321	71,986	72,624	638	0.9%
9,953	10,483	9,462	(1,021)	(10.8%)	Supplies	17,920	20,911	18,221	(2,690)	(14.8%)
7,139	6,488	5,881	(606)	(10.3%)	Fees & Purchased Services	12,960	13,253	11,874	(1,380)	(11.6%)
2,048	2,528	2,996	468	15.6%	Other Operating Expense	4,185	4,964	5,510	546	9.9%
157	236	495	258	52.2%	Interest	278	469	990	521	52.6%
3,506	3,562	3,469	(93)	(2.7%)	Depreciation	6,993	7,260	6,943	(317)	(4.6%)
56,962	59,644	59,011	(633)	(1.1%)	Total Operating Expense	109,656	118,844	116,163	(2,681)	(2.3%)
9,350	8,871	7,483	1,387	18.5%	Net Operating Margin	16,392	20,151	12,564	7,587	60.4%
8,658	2,645	2,720	(75)	(2.7%)	Non Operating Income	16,410	3,541	5,208	(1,668)	(32.0%)
18,008	11,516	10,204	1,312	12.9%	Net Margin	32,801	23,692	17,773	5,920	33.3%
19.6%	18.5%	17.2%	1.3%		EBITDA	18.8%	20.1%	15.9%	4.1%	
14.1%	12.9%	11.3%	1.7%		Operating Margin	13.0%	14.5%	9.8%	4.7%	
27.2%	16.8%	15.3%	1.5%		Net Margin	26.0%	17.0%	13.8%	3.2%	

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

Period ending 08/31/2019

Period 2 FY 2019	Period 2 FY 2020	Period 2 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
52,260	60,091	56,692	3,399	6.0%	OPERATING REVENUE					
(39,213)	(45,491)	(42,073)	(3,418)	(8.1%)	Gross Revenue	99,841	117,571	111,406	6,165	5.5%
13,048	14,600	14,619	(19)	(0.1%)	Deductions	(74,355)	(88,042)	(82,691)	(5,351)	(6.5%)
258	386	272	114	42.1%	Net Patient Revenue	25,487	29,529	28,715	815	2.8%
13,305	14,986	14,890	96	0.6%	Other Operating Revenue	519	765	540	225	41.6%
					Total Operating Revenue	26,006	30,294	29,255	1,039	3.6%
					OPERATING EXPENSE					
6,934	7,384	7,226	(158)	(2.2%)	Salaries & Wages	13,834	14,786	14,509	(277)	(1.9%)
2,416	2,287	2,304	17	0.7%	Supplies	4,388	4,546	4,433	(114)	(2.6%)
2,558	2,747	2,736	(11)	(0.4%)	Fees & Purchased Services	5,172	5,538	5,478	(60)	(1.1%)
279	290	628	339	53.9%	Other Operating Expense	577	566	980	414	42.2%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
746	810	809	(1)	(0.1%)	Depreciation	1,481	1,622	1,619	(3)	(0.2%)
12,934	13,517	13,702	185	1.4%	Total Operating Expense	25,452	27,059	27,019	(40)	(0.1%)
371	1,469	1,188	281	23.7%	Net Operating Margin	554	3,236	2,236	1,000	44.7%
0	0	0	0	0.0%	Non Operating Income	0	0	0	0	0.0%
371	1,469	1,188	281	23.7%	Net Margin	554	3,236	2,236	1,000	44.7%
8.4%	15.2%	13.4%	1.8%		EBITDA	7.8%	16.0%	13.2%	2.9%	
2.8%	9.8%	8.0%	1.8%		Operating Margin	2.1%	10.7%	7.6%	3.0%	
2.8%	9.8%	8.0%	1.8%		Net Margin	2.1%	10.7%	7.6%	3.0%	

Silicon Valley Medical Development (\$000s)

Period ending 08/31/2019

Period 2 FY 2019	Period 2 FY 2020	Period 2 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
182	5,284	8,850	(3,566)	(40.3%)	Gross Revenue	393	11,122	17,517	(6,395)	(36.5%)
(114)	(3,417)	(5,401)	1,984	36.7%	Deductions	(246)	(7,743)	(10,690)	2,947	27.6%
68	1,867	3,449	(1,582)	(45.9%)	Net Patient Revenue	146	3,379	6,827	(3,448)	(50.5%)
1	1,356	1,265	92	7.3%	Other Operating Revenue	20	2,904	2,529	374	14.8%
69	3,223	4,714	(1,490)	(31.6%)	Total Operating Revenue	167	6,283	9,356	(3,074)	(32.8%)
OPERATING EXPENSE										
42	1,835	2,035	200	9.8%	Salaries & Wages	112	3,452	3,968	517	13.0%
46	323	405	81	20.1%	Supplies	58	719	787	68	8.7%
800	4,237	4,151	(86)	(2.1%)	Fees & Purchased Services	1,176	7,312	8,287	975	11.8%
112	721	908	187	20.6%	Other Operating Expense	161	1,245	1,758	512	29.1%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
37	52	193	141	73.2%	Depreciation	73	103	348	245	70.3%
1,036	7,168	7,691	523	6.8%	Total Operating Expense	1,580	12,831	15,149	2,317	15.3%
(967)	(3,945)	(2,977)	(967)	32.5%	Net Operating Margin	(1,414)	(6,549)	(5,792)	(756)	13.1%
1,310	(0)	0	(0)	0.0%	Non Operating Income	2,310	(0)	0	(0)	0.0%
343	(3,945)	(2,977)	(968)	32.5%	Net Margin	896	(6,549)	(5,792)	(757)	13.1%
EBITDA										
-1350.8%	-120.8%	-59.1%	(61.7%)		Operating Margin	-804.3%	-102.6%	-58.2%	(44.4%)	
-1404.0%	-122.4%	-63.2%	(59.2%)		Net Margin	-848.3%	-104.2%	-61.9%	(42.3%)	
497.1%	-122.4%	-63.2%	(59.2%)			537.9%	-104.2%	-61.9%	(42.3%)	

El Camino Hospital Capital Spending (in thousands) FY 2014 – FY 2019

Category	2014	2015	2016	2017	2018	2019
EPIC/ERP (as of FY19)	6,838	29,849	20,798	2,755	1,114	5,830
IT Hardware/Software Equipment	2,788	4,660	6,483	2,659	1,108	7,859
Medical/Non Medical Equipment	12,891	13,340	17,133	9,556	15,780	12,082
Non CIP Land, Land I, BLDG, Additions	22,292	-	4,189	-	2,070	-

Facilities Projects CIP

Mountain View Campus Master Plan Projects

1245 - Behavioral Health Bldg Replace	1,257	3,775	1,389	10,323	28,676	30,003
1413 - North Drive Parking Structure Exp	-	167	1,266	18,120	4,670	222
1414 - Integrated MOB	-	2,009	8,875	32,805	75,319	108,951
1422 - CUP Upgrade	-	-	896	1,245	5,428	824
Sub-Total Mountain View Campus Master Plan	1,257	5,950	12,426	62,493	114,093	140,000

Mountain View Capital Projects

9900 - Unassigned Costs	470	3,717	-	-	-	-
0906 - Slot Build-Out	1,576	15,101	1,251	294	-	-
1109 - New Main Upgrades	393	2	-	-	-	-
1111 - Mom/Baby Overflow	29	-	-	-	-	-
1204 - Elevator Upgrades	30	-	-	-	-	-
0800 - Womens L&D Expansion	1,531	269	-	-	-	-
1225 - Rehab BLDG Roofing	241	4	-	-	-	-
1227 - New Main eICU	21	-	-	-	-	-
1230 - Fog Shop	80	-	-	-	-	-
1315 - 205 So. Drive TI's	500	2	-	-	-	-
0908 - NPCR3 Seismic Upgrds	1,224	1,328	240	342	961	150
1125 - Will Pav Fire Sprinkler	39	-	-	-	-	-
1216 - New Main Process Imp Office	1	16	-	-	-	-
1217 - MV Campus MEP Upgrades FY13	181	274	28	-	-	-
1224 - Rehab Bldg HVAC Upgrades	202	81	14	6	-	-
1301 - Desktop Virtual	13	-	-	-	-	-
1304 - Rehab Wander Mgmt	87	-	-	-	-	-
1310 - Melchor Cancer Center Expansion	44	13	-	-	-	-
1318 - Women's Hospital TI	48	48	29	2	-	-
1327 - Rehab Building Upgrades	-	15	20	-	22	-
1320 - 2500 Hosp Dr Roofing	75	81	-	-	-	-
1340 - New Main ED Exam Room TVs	8	193	-	-	-	-
1341 - New Main Admin	32	103	-	-	-	-
1344 - New Main AV Upgrd	243	-	-	-	-	-
1400 - Oak Pav Cancer Center	-	5,208	666	52	156	-
1403 - Hosp Drive BLDG 11 TI's	86	103	-	-	-	-
1404 - Park Pav HVAC	64	7	-	-	-	-
1405 - 1 - South Accessibility Upgrades	-	-	168	95	-	-
1408 - New Main Accessibility Upgrades	-	7	46	501	12	-
1415 - Signage & Wayfinding	-	-	106	58	136	27
1416 - MV Campus Digital Directories	-	-	34	23	95	-
1423 - MV MOB TI Allowance	-	-	588	369	-	-
1425 - IMOB Preparation Project - Old Main	-	-	711	1,860	215	-
1429 - 2500 Hospital Dr Bldg 8 TI	-	101	-	-	-	-
1430 - Women's Hospital Expansion	-	-	-	464	2,763	3,447
1432 - 205 South Dr BHS TI	-	8	15	-	52	-
1501 - Women's Hospital NPC Comp	-	4	-	223	320	49
1502 - Cabling & Wireless Upgrades	-	-	1,261	367	984	-
1503 - Willow Pavillion Tomosynthesis	-	-	53	257	31	-
1504 - Equipment Support Infrastructure	-	61	311	-	60	-
1523 - Melchor Pavillion Suite 309 TI	-	-	10	59	392	-
1525 - New Main Lab Upgrades	-	-	-	464	1,739	495
1526 - CONCERN TI	-	-	37	99	10	-

Category	2014	2015	2016	2017	2018	2019
Facilities Projects CIP cont.						
1602 - JW House (Patient Family Residence)	-	-	-	-	-	132
1707 - Imaging Equipment Replacement	-	-	-	-	-	185
1708 - IR / Cath Lab Equipment Replacement	-	-	-	-	-	1,058
1709 - ED Remodel / CT Triage - Other	-	-	-	-	-	213
1711 - MV Emergency Sanitary & Water	-	-	-	-	-	264
1713 - MV Flooring Replacement	-	-	-	-	-	478
1715 - 125 South Dr CT Replacement	-	-	-	-	-	80
1716 - Melchor Suite 102 SVMd	-	-	-	-	-	142
1800 - MV Pneumatic Tube Upgrades	-	-	-	-	-	109
1801 - Demo Old Main & Related Site Work	-	-	-	-	-	120
1803 - SVMd Melchor Suite 212	-	-	-	-	-	68
1805 - MV SPD Ultrasonic Cleaner	-	-	-	-	-	144
1900 - MV Infrastructure Upgrades	-	-	-	-	-	98
1902 - Site Signage and Other Improvements	-	-	-	-	-	187
1904 - HM FY19 Furniture Inventory	-	-	-	-	-	21
1906 - SVMd 2024 Grant Suite 202 OB/GYN Clinic	-	-	-	-	-	74
1917 - Willow SC Upgrades	-	-	-	-	-	60
Sub-Total Mountain View Projects	7,219	26,744	5,588	5,535	7,948	9,620
Los Gatos Capital Projects						
0907 - LG Imaging Masterplan	774	1,402	17	-	-	-
1210 - Los Gatos VOIP	89	-	-	-	-	-
1116 - LG Ortho Pavillion	24	21	-	-	-	-
1124 - LG Rehab BLDG	458	-	-	-	-	-
1307 - LG Upgrades	2,979	3,282	3,511	3,081	4,551	1,426
1308 - LG Infrastructure	114	-	-	-	-	-
1313 - LG Rehab HVAC System/Structural	-	-	1,597	1,904	550	-
1219 - LG Spine OR	214	323	633	2,163	447	191
1221 - LG Kitchen Refrig	85	-	-	-	-	-
1248 - LG - CT Upgrades	26	345	197	6,669	1,673	106
1249 - LG Mobile Imaging	146	-	-	-	-	-
1328 - LG Ortho Canopy FY14	255	209	-	-	-	-
1345 - LG Lab HVAC	112	-	-	-	-	-
1346 - LG OR 5, 6, and 7 Lights Replace	-	285	53	22	127	-
1347 - LG Central Sterile Upgrades	-	181	43	66	-	-
1421 - LG MOB Improvements	-	198	65	303	356	-
1508 - LG NICU 4 Bed Expansion	-	-	-	207	-	-
1600 - 825 Pollard - Aspire Phase II	-	-	-	80	10	-
1603 - LG MOB Improvements	-	-	-	285	4,593	37
1702 - LG Modular MRI & Awning	-	-	-	-	-	426
1712 - LG Cancer Center	-	-	-	-	-	3,594
1714 - 825 Pollard Men's Health Clinic	-	-	-	-	-	499
1717 - LG Mammography Replacement	-	-	-	-	-	228
1802 - MOB Upgrades (LG Campus)	-	-	-	-	-	233
1901 - LG Infrastructure Upgrades	-	-	-	-	-	73
1909 - LG Campus Planning	-	-	-	-	-	88
Sub-Total Los Gatos Projects	5,276	6,246	6,116	14,780	12,306	6,901
1550 - Land Acquisition	-	-	24,007	-	-	-
1701 - 828 S Winchester Clinic TI	-	-	-	145	3,018	214
1804 - SVMd Clinic @ North First Street	-	-	-	-	-	824
1903 - SVMd Administrative Offices	-	-	-	-	-	291
1910 - SVMd SJMG at McKee	-	-	-	-	-	135
1920 - SVMd Infrastructure Support & Equipment	-	-	-	-	-	25
Sub-Total Other Strategic Projects	-	-	24,007	145	3,018	1,489
Subtotal Facilities Projects CIP	13,753	38,940	48,137	82,953	137,364	158,010
Grand Total	58,561	86,789	96,740	97,923	157,435	183,782



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

To: Finance Committee
From: Deb Muro, CIO,
Jim Griffith, COO,
Josh Schreckengost, Imaging Services, Sr. Service Line Director
Stephen Besselman, IT Project Manager
Date: 9/23/2019
Subject: Post Implementation Review - PACS/RIS

Purpose:

Update the Finance Committee on the post-implementation review of the Enterprise Imaging, Picture Archive Communication System (PACS) Project.

Summary:

1. **Situation:** Imaging Services Leadership and Radiologists received approval for the purchase and installation of hardware, software and services to replace the existing imaging systems with a new Enterprise Imaging Picture Archive Communications System (PACS) to meet the clinical and business goals of ECH and its physicians. The new imaging solution was implemented resulting in an upgrade of the technology, protocols and standards while improving functionality gaps and performance issues which existed previously.
2. **Authority:** On 2/14/18, the Hospital Board approved \$2,200,000 for the Enterprise Imaging Project. As required by policy, large capital expenditures require an 18 month post implementation review.
3. **Background:** A team of physicians and staff from Imaging Services and Information Systems, working with content expert consultants from Don K Dennison Solutions, Inc., spent nearly a year developing an Imaging Strategy Assessment and Plan for the Imaging Services Department. This included a review and assessment of existing systems and processes, RFP and vendor selection as well the development of several recommendations for improvement. The work of the team is well documented in several documents which include *the Current State Overview*, the *Future State Report*, the *Enterprise Imaging Program Business Case* and the *RFP Scorecard and Recommendations*. The recommended solution was to acquire various elements of a PACS solution from vendors which enhanced high-availability, business continuity and disaster recovery. This has provided a superior platform for Enterprise Imaging and a reduction in vendor mix and contracts. The systems include an Enterprise Viewer which integrates with the Epic EMR, a Radiology PACS, Advanced Visualization system and a Vendor Neutral Imaging Archive (VNA).
4. **Assessment:** ECH considered over 20 vendors as partners for an Enterprise Imaging solution. Nine pre-qualified vendors participated in our RFP process with 4 solutions shortlisted for onsite workshops. The mix of vendors selected, represents the final recommendation of the RFP Team. We ultimately selected a PACS solution which included Change Healthcare Radiology PACS, Mach7 VNA, Vital Images Vitrea Advanced Visualization and eUnity Enterprise Viewer.

5. Other Reviews: This project was supported by the Radiologists, Cardiologists, the Imaging Management Team, the Information Systems Team, Acute Care Decision Committee, Ambulatory Decision Committee, the Executive Team and the Medical Executive Committee.

6. Outcomes:

Budget outcome: Under Budget

- Approved Capital Budget: **\$2,200,000** **Actual: \$2,155,037**
- Expected Operating Expense (year 1): **\$504,368** **Actual: \$325,519**
- Year 2 operating expenses are coming in as expected.

Timeline outcome:

The Imaging team had a goal to implement the new PACS and VNA by January 2019.

The VNA and Enterprise Viewer went live in mid-August, five months early.

The Radiology PACS went live December 6, 2018, six weeks early.

Scope outcome

- Replaced Siemens Plaza PACS with Change Healthcare Radiology PACS.
- Replace the dedicate Hologic Mammography reading station with a standard Change Healthcare Radiology reading station.
- Implement Mach7 Technologies VNA with tools to manage image routing requirements, image life-cycle management, provide a platform for Enterprise Imaging (Endoscopy, Wound Care, ECG, etc) and a repository for older Radiology Results.
- Implement a Business Continuity and Disaster Recovery (BCDR) solutions for Change Healthcare Radiology and Mach7 Technologies VNA.
- Replace Siemens Syngo VIA Advanced Visualization solution with Vital Images Vitrea Imaging Advanced Visualization solution.
- Replaced Resolution MD Enterprise Viewer with eUnity Enterprise Viewer thus addressed several shortcomings of the former product.

Benefits outcome:

- Physicians have expressed their view that the eUnity Enterprise Viewer is superior to the previous viewer.
- The Radiologists have noted the enhanced capabilities of the Change Radiology PACS applications.
- Annual operating expenses have been reduced.
- With a “deconstructed PACS”, ECH is leveraging some of the best technology solutions from leading imaging vendors. This architecture preserves flexibility with changing out components of the Enterprise Imaging solution in the future; enables scalability and expansion to other imaging departments (EKG, wound Care, OR, etc) and provides high-availability solutions which address business continuity and disaster recovery requirements.
- This solution was easily scaled up to accommodate the new volumes from SVM D San Jose Medical Group imaging department and can accommodate much more.



**Enterprise Imaging Program
18 Month-Post Approval Review
Finance Committee**

Deb Muro, CIO

Jim Griffith, COO

Josh Schreckengost, Imaging Services Sr. Service Line Director

Stephen Besselman, IT Project Manager

September 23, 2019

What is a PACS?

A **picture archiving and communication system (PACS)** is a medical imaging technology which provides economical storage and convenient access to images from multiple modalities (source machine types).

PACS has four main uses:

Hard copy replacement: PACS replaces hard-copy based means of managing medical images, such as film archives.

Remote access: It expands on the possibilities of conventional systems by providing capabilities of off-site viewing and reporting.

Electronic image integration platform: PACS provides the electronic platform for radiology images interfacing with other medical systems such as **Epic**.

Radiology Workflow Management: PACS is used by radiology personnel to manage the workflow of patient exams.

Original Problem/ Opportunity Statement

Imaging Services Leadership and Radiologists requested approval of the purchase and installation of hardware, software and services to replace the existing imaging systems with a new Enterprise Imaging Picture Archive Communications System (PACS) to meet the clinical and business goals of ECH and its physicians. The new imaging solution includes an upgrade of the current technology, protocols, and standards while improving functionality gaps and performance issues with the following feature requirements identified in an Imaging Strategy Needs Assessment: **Diagnostic Image Viewing** by Radiologists and other physicians; **Enterprise Image Viewing** for imaging access within **Epic**; and **Enterprise Image Archiving** and **Capture tools** for DICOM and non-DICOM images.

Project Stated Goals

The project achieved the following stated goals:

1. Replaced Siemens PACS with **Change Healthcare PACS** for diagnostic viewing capabilities.
2. Replaced Resolution MD Enterprise Viewer with **eUnity Enterprise Viewer** five months ahead of schedule.
3. Implemented **Mach7 Vendor Neutral Archive** (VNA) with tools to manage image routing requirements, image life-cycle management, and provide a platform for Enterprise Imaging, five months ahead of schedule.
4. Replaced Siemens Syngo VIA with **Vital Images Vitrea Advanced Visualization Solution** for seamless integration with Change PACS.
5. Implement systems with **Business Continuity and Disaster Recovery** (BCDR) capabilities for the PACS, VNA and the Enterprise Viewer.

Benefits and Outcomes: Staff

- Physicians have expressed very positive reviews of the **eUnity Enterprise Viewer** over the previous solution.
- Radiologists have noted the enhanced features of the **Change Radiology PACS** applications.
- The mammographer praised the enhanced hardware and software for **mammography readings**.
- Technologists have **new tools and capabilities** to address quality issues and monitor the overall workflow.
- Radiologists, consultants and vendor staff provided feedback about the **very smooth activation**.

Benefits and Outcomes: Technology

- This solution was easily scaled up to accommodate the new volumes from **SVMD San Jose Medical Group** imaging department and can accommodate much more.
- With a “**deconstructed PACS**”, ECH is leveraging some of the best technology solutions from leading imaging vendors. This architecture preserves **flexibility** with integrating new components for the Enterprise Imaging; enables scalability and expansion to other imaging departments (EKG, Wound Care, OR, etc).
- The enhanced deconstructed architect has already provided values in **minimizing the impact of downtimes**.
- PACS ongoing operating **expenses** have been **reduced**.

Financial Outcome: Capital Budget

Project Expenses	Capital			
	Budgeted FY18	Expected FY18	Actual	
Enterprise Viewer	\$ 150,000	\$ 75,515	\$69,281	●
Vendor Neutral Archive / Ent. Img	\$ 550,000	\$ 280,067	\$273,641	●
Advanced Visualization	\$ -	\$ 189,255	\$169,255	●
Diagnostic Viewer/ Interfaces	\$ 750,000	\$ 641,625	\$929,830	●
Servers / Storage/ Workstations	\$ 678,400	\$ 678,400	\$649,140	●
Epic Interfaces and Migration	\$ -	\$ 50,000	\$8,000	●
Budgeted Misc	\$ 158,000	\$ 285,137	\$55,890	●
(CapID: 18-763002) Budget Total	\$ 2,286,400	\$ 2,200,000	\$2,155,037	

Expenses under budget by **\$44,963 (2.0%)**

*** Totals Reconciled with PeopleSoft Committed Capital*

Financial Outcome: Operating Expenses (Cost Center 7630)

Project Expenses	Operating		
	Expected FY18/19	Actual FY18/19	
Enterprise Viewer	\$ -	\$ -	●
Advanced Visualization	\$ 21,000	\$ -	●
Vendor Neutral Archive / Ent. Img	\$ 188,798	\$ 120,000	●
Diagnostic Viewer/ Interfaces	\$ 249,570	\$ 140,820	●
Servers / Storage/ Workstations	\$ 15,000	\$ 56,699	●
Epic Interfaces and Migration	\$ 30,000	\$ 8,000	●
(CapID: 18-763002) Budget Total	\$ 504,368	\$ 325,519	

Year 1 operating expense under budget projection by **\$178,849 (34%)**

Year 2+ annual support expenses coming in as projected

Key Areas	Status	Achievement Comments
Scope	Complete	All key project deliverables have been achieved.
Schedule	Ahead of Schedule	Goal to implement new PACS and VNA by January 2019. The VNA and Enterprise Viewer went live in mid-August, five months early . The Radiology PACS went live December 6, 2018, six weeks early .
Budget	Under Budget	Year 1 is under budget and expected future support expenses are on track with projections. No additional project expenses are expected. <ul style="list-style-type: none"> • Capital \$44,963 <u>under</u> budget of \$2,200,000. • Operating \$178,849 <u>under</u> budget of \$504,368.
Quality	Improved	Quality improved with additional QA tools for technologists and additional functionality with Advanced Visualization for Radiologists.
Resources	Utilized as Expected	Team delivered new applications early with minimal staff augmentation.
Risks/ Issues	Risks Managed	No critical risks remain. Project was brought in on budget, on schedule and all key scope deliverables were achieved.

**EL CAMINO HOSPITAL
FINANCE COMMITTEE MEETING COVER MEMO**

To: El Camino Hospital Board Finance Committee
From: Ken King, CASO
Jim Griffith, COO
Date: September 23, 2019
Subject: Capital Facilities Project Request – M.V. Campus Completion Project

1. Recommendation:

The Finance Committee is requested to recommend that the Board Approve the initial funding for the M.V. Campus Completion Project that begins with the demolition of the original hospital building and includes the construction of a temporary Shipping and Receiving Yard at a cost not to exceed \$24.9 million. The final phase of the project will require additional approval and funding.

Summary:

- 1) Situation: The Board Approved Master Facilities Plan for the Mountain View Campus includes the demolition of the original hospital building to make way for the final campus configuration which at a minimum will include the following elements:
- (a) Retention or replacement of the 15,000 SF “Lab/Laundry Building Structure”
 - (b) Construction of a corridor link between the Main Hospital and the new Taube Pavilion
 - (c) A new service yard configuration with access to the new (Existing) loading dock
 - (d) New waste and recycle storage areas
 - (e) Water storage tanks to meet 2030 seismic requirements
 - (f) Installation of Energy Cells that will provide on-site generated electricity
 - (g) An landscaped courtyard adjacent to the Taube Pavilion as required by the Planned Community Permit

The plan is to execute the initial work of designing, permitting and executing the demolition which will take 18 to 20 months and carefully consider various options for completing the final campus configuration. We would begin the planning and development of the final phase immediately and have a proposed plan ready for review in January/February 2020.

Proceeding in this manner allows us to accelerate the plan development and review/permit process for the first two phases, while allowing time to evaluate and consider the exact scope and cost of the third and final phase.

- 2) Authority: Expenditures exceeding \$5 million require the approval of the Board of Directors with a recommendation from the Finance Committee.

Capital Facilities Project Request – M.V. Campus Completion Project

September 23, 2019

Background: Both the Planned Community Permit for the Replacement Hospital Project and the Planned Community Permit for the current campus construction require us to demolish the original hospital building. The demolition includes the safe severing of all utilities and the abatement of all hazardous materials that exist in the original construction. It also includes the installation of “Shoring” designed to protect the existing structures and to retain the soil from falling into what will be a very large hole in the middle of our campus. All of this while ensuring safe access and egress into and out of the existing buildings, along with uninterrupted deliveries and disposals.

The overall plan is to develop three (3) major phases of work with separate OSHPD Permit Packages:

Phase 1. Partial Demolition & Construction of Temporary Shipping & Receiving Yard

Phase 2. Complete Demolition of Old Main Hospital Building

Phase 3. Redevelopment of the entire site within the footprint of the original hospital building. (Exact Scope of Work to be determined)

- 3) Assessment: The demolition of the original hospital building is required and the creation of a temporary Shipping and Receiving Yard is required before the entire building can be demolished. The estimated costs for the initial two phases includes required features that ensure that life safety is maintained and that the adjacent structures are protected, complete abatement of building elements that contain hazardous materials, sequence of work that reduces the risk of impact to hospital operations and the safe removal of the entire structure that has nine floor levels including a sub-basement and a penthouse. The initial expenditure clears the path for the final phase of construction which will complete the Mountain View Campus development.

Current Funding Requested:

		Phase 1	Phase 2	Phase 3	Total Request
				Design Only	
Estimated Construction Costs		3,370,395	13,426,379	TBD	16,796,773
Soft Costs		1,815,928	2,511,319	1,400,000	5,727,247
FF&E		100,000	0	TBD	100,000
Contingency	10%	528,632	1,593,770	140,000	2,262,402
		5,814,955	17,531,468	1,540,000	24,886,423
				Rounded	24,900,000

- 4) Other Reviews: This plan has been reviewed by the Executive Team and pending approval we will be reviewing the plan with the City of Mountain View to ensure compliance with the Planned Community Permit.
- 5) Outcomes: The target date for the Phase 1 Permit is April 2020 and the target date for the Phase 2 permit is July 2020. The total duration of construction/demolition for the first two phases is approximately 12 months. This timeline requires that the Phase 3 Site Redevelopment to be designed and permitted by March 2021.

Capital Facilities Project Request – M.V. Campus Completion Project

September 23, 2019

List of Attachments:

Power Point Presentation

Suggested Finance / Board Discussion Questions:

1. What is the estimated cost for Phase 3?
2. What options will be considered in Phase 3?



Capital Facilities Project Request
MV Campus Completion Project

Finance Committee September 23, 2019

Jim Griffith, COO
Ken King, CASO

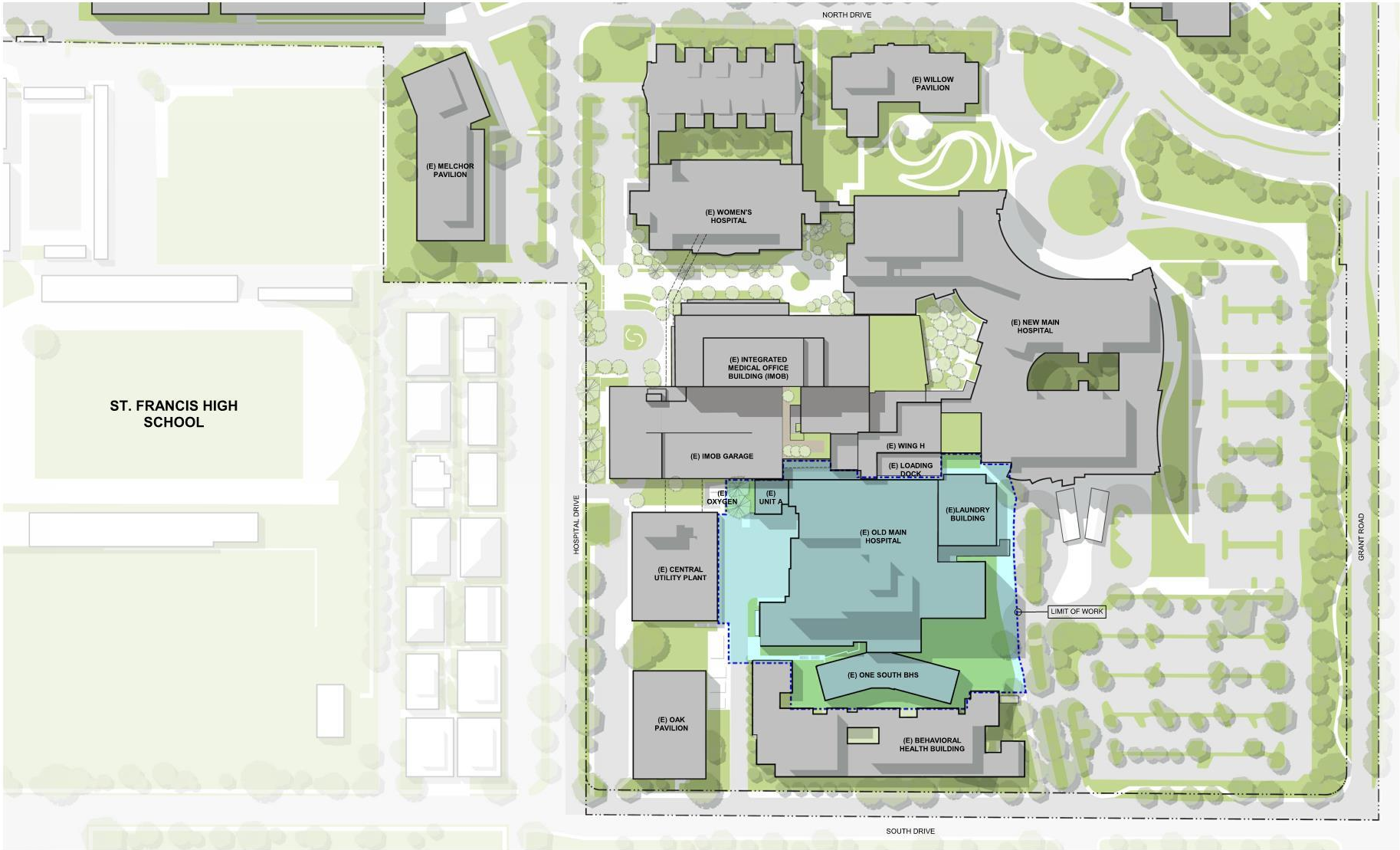
Project Overview

- The Board Approved Master Facilities Plan for the Mountain View Campus includes the demolition of the original hospital building to make way for the final campus configuration which at a minimum includes the following elements:
 - Retention or replacement of the 15,000 SF “Lab/Laundry Building Structure”
 - Construction of a corridor link between the Main Hospital and the new Taube Pavilion
 - A new service yard configuration with access to the new (existing) loading dock
 - New waste and recycle storage areas
 - Water storage tanks to meet 2030 seismic requirements
 - Area to install Energy Cells that provide on-site generated electricity
 - An outdoor landscaped courtyard adjacent to the Taube Pavilion as required by the PCP

Sequence to Achieve Results

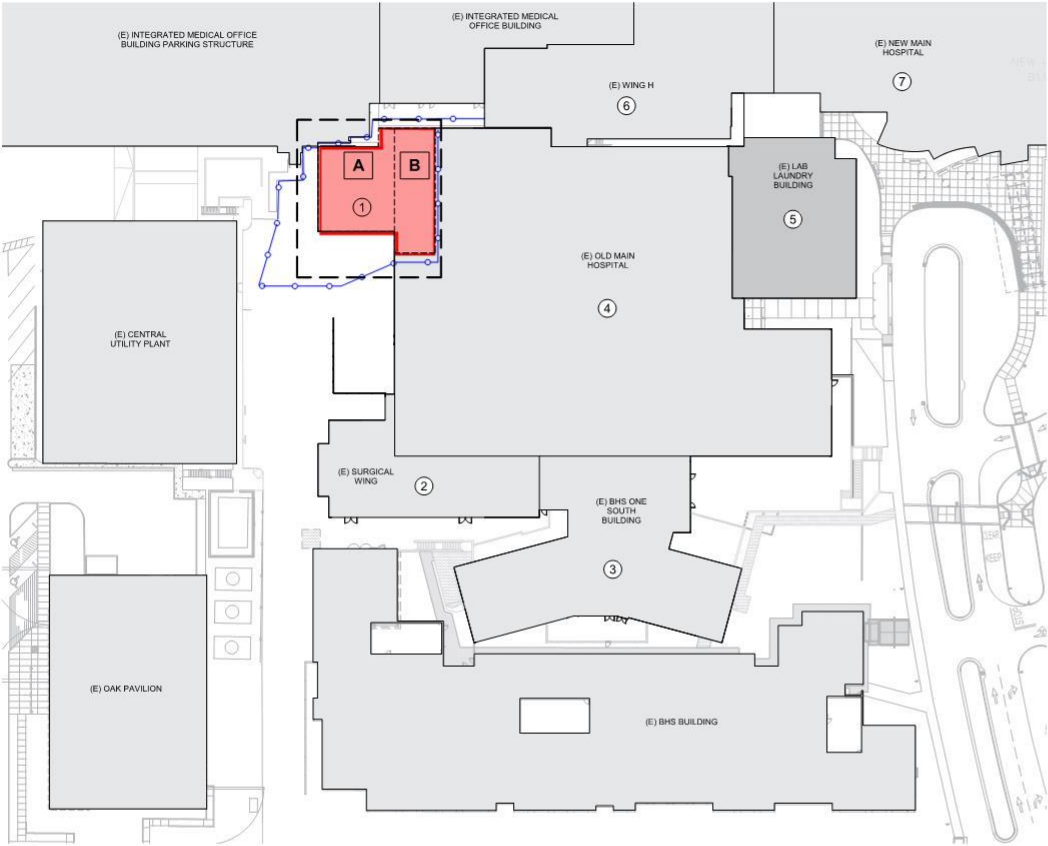
- In order to design and construct the completion of the Mountain View Campus we must first demolish the original hospital building.
- In order to demolish the original hospital building we need to create a temporary shipping and receiving yard because the existing loading dock is an element of the original hospital building.
- The plan has been developed as three (3) major phases of work, each with separate OSHPD Permit Packages:
 1. Partial Demolition & Construction of Temporary Shipping & Receiving Yard
 2. Complete Demolition of Old Main Hospital Building
 3. Redevelopment of the entire site to complete the Mountain View Campus.
(Exact Scope of Work to be determined)

Project Zone

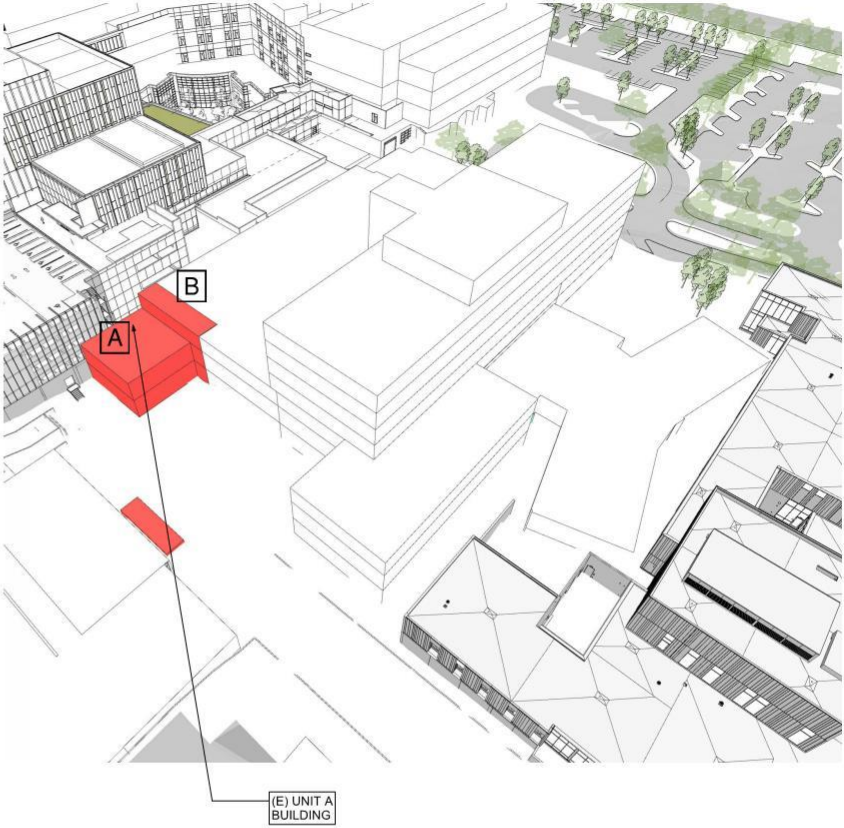


PACKAGE 0: OVERALL EXISTING SITEWORK EXTENTS

Phase 1 Demolition



- A** DEMOLITION OF (E) UNIT A BUILDING, SEE SHEET TLD-02
- B** SOFT DEMOLITION OF (E) SECTION OF OLD MAIN HOSPITAL, SEE SHEET TLD-02

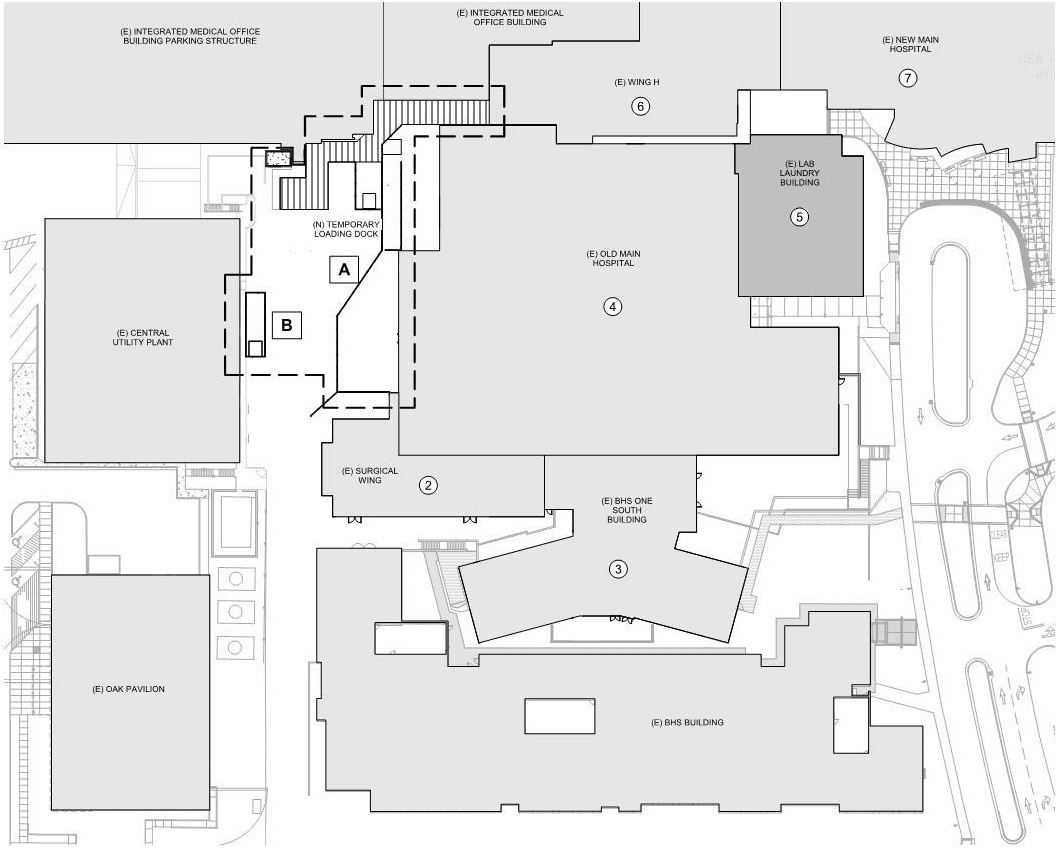


PACKAGE 1: WING A DEMOLITION

WRNSSTUDIO

OLD MAIN DEMOLITION & SITE WORK | 08/22/2019

Phase 1 Construction

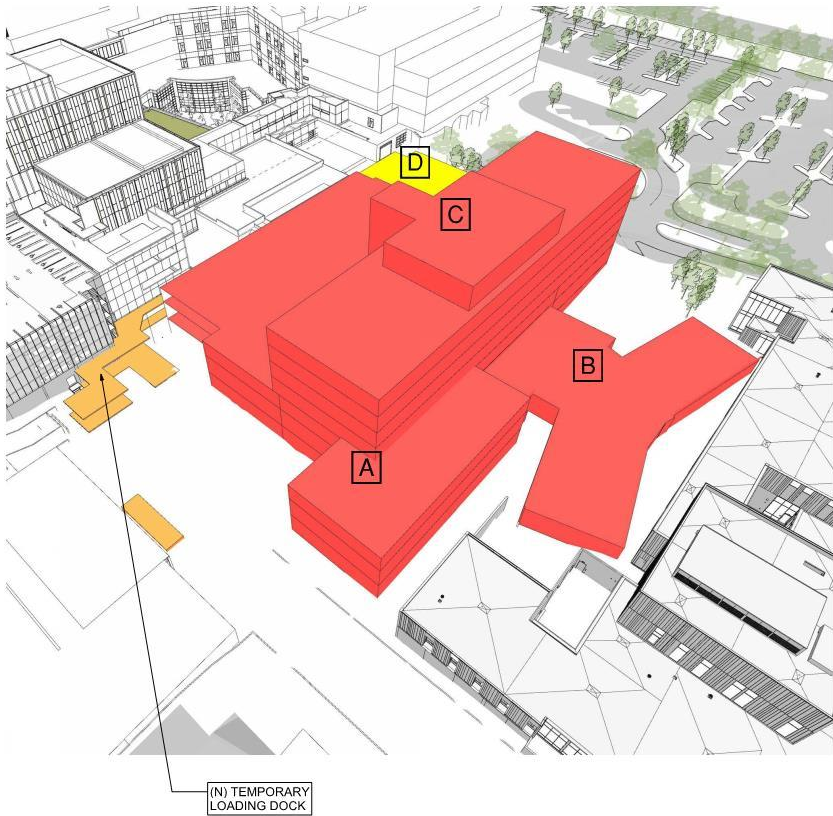
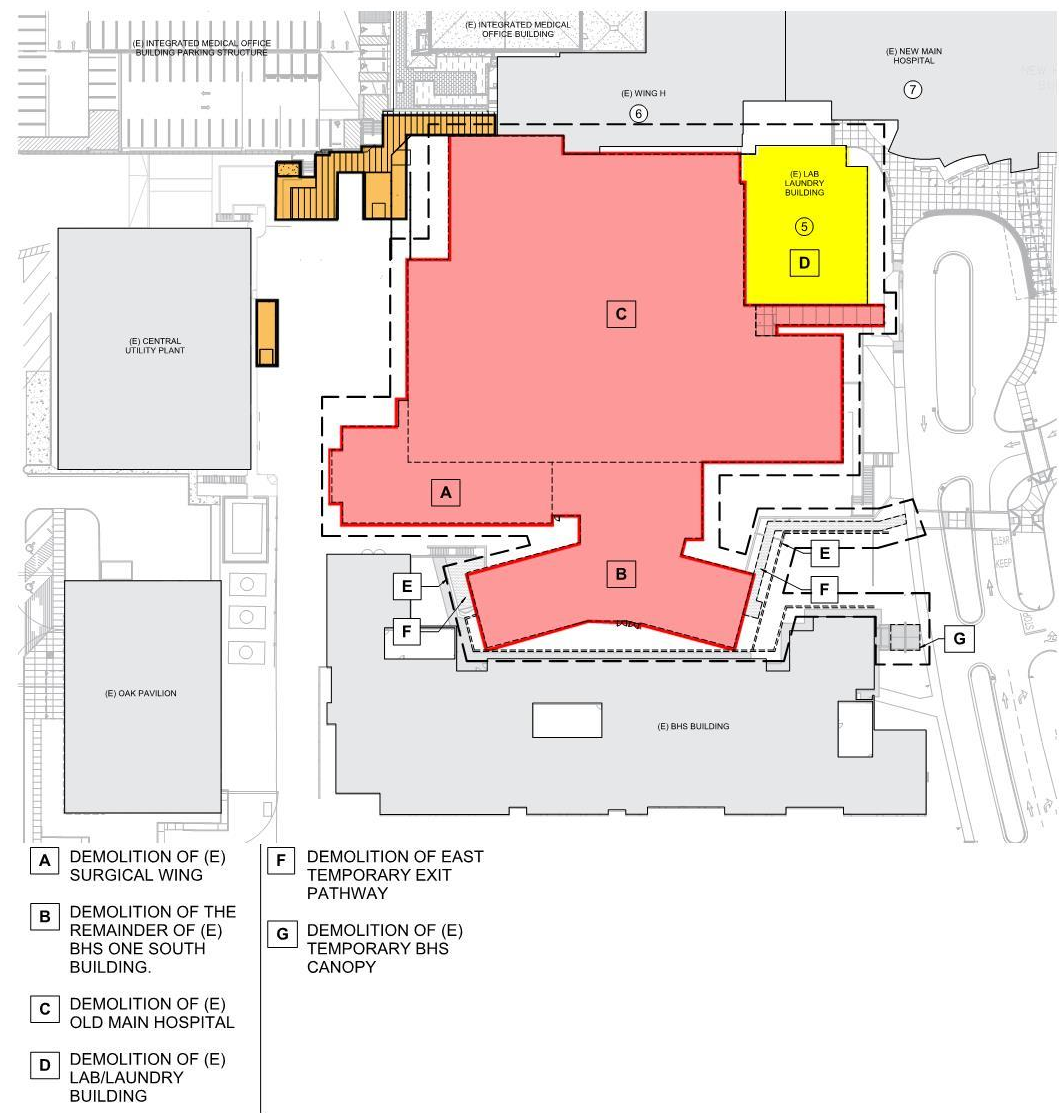


- A** CONSTRUCTION OF (N) TEMPORARY LOADING DOCK, SEE SHEET TLD-03
- B** (N) BAILER AREA, SEE SHEET TLD-03



PACKAGE 1: TEMPORARY LOADING DOCK

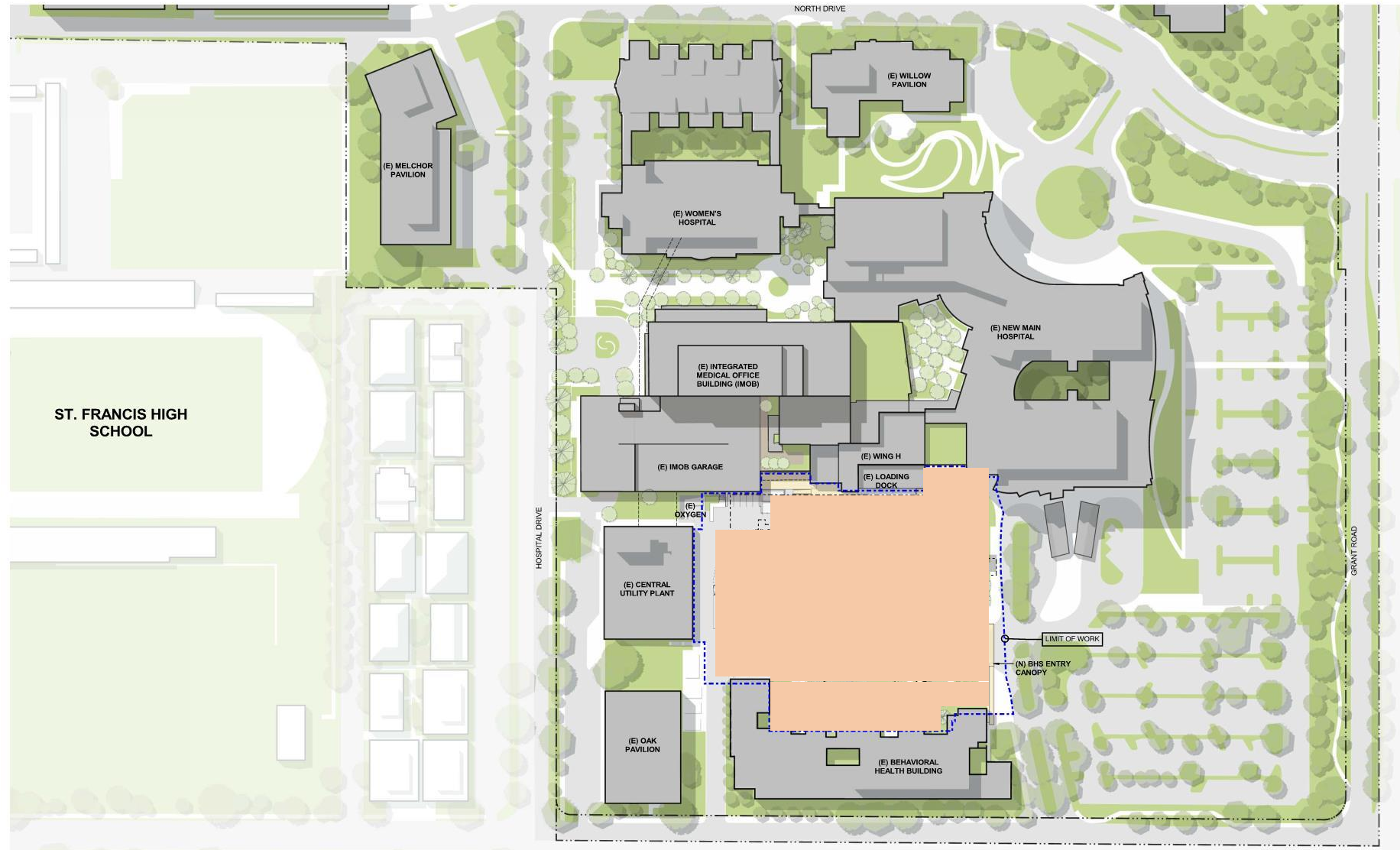
Phase 2 Demolition



PACKAGE 2: OLD MAIN HOSPITAL DEMOLITION

OLD MAIN DEMOLITION & SITE WORK | 08/22/2019

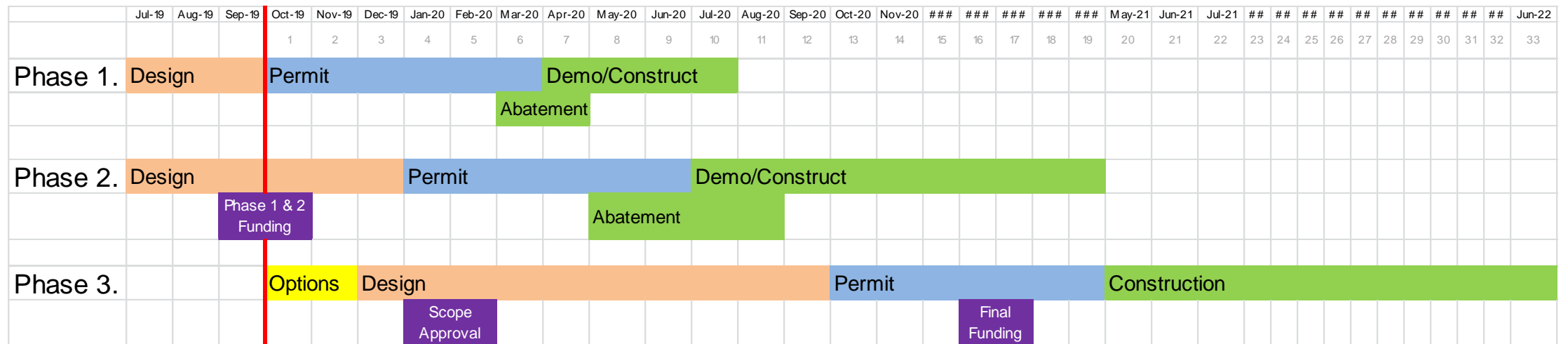
Phase 3 TBD



Cost Estimates – Phases 1 & 2

		Phase 1	Phase 2	Phase 3	Total Request
				Design Only	
Estimated Construction Costs		3,370,395	13,426,379	TBD	16,796,773
Soft Costs		1,815,928	2,511,319	1,400,000	5,727,247
FF&E		100,000	0	TBD	100,000
Contingency	10%	528,632	1,593,770	140,000	2,262,402
		5,814,955	17,531,468	1,540,000	24,886,423
				Rounded	24,900,000

Timeline



Current Request

- The Finance Committee is requested to recommend approval of funding the first two phases of work at a cost not to exceed \$24.9 million while taking time to develop the final phase which will complete the Mountain View Campus.
 - The rational is to execute the initial work of designing, permitting and executing the demolition which will take 18 to 20 months and carefully consider various options for completing the campus configuration.
 - We would begin the planning and development of the final phase immediately and have a proposed plan ready for review in January/February 2020.

Questions?

COMMITTEE MEETING COVER MEMO

To: Finance Committee
From: Terri Manifesto - Sr. Director, Revenue Cycle, Johnna Mohun - Director, Patient Accounts, Brian Fong - Director, Revenue Integrity
Date: September 23, 2019
Subject: Update to the Patient Financial Experience Presentation made at the 7/29/2019 Finance Committee meeting

Purpose:

To provide responses to the questions from the Patient Financial Experience presentation at the 7/29/19 Finance Committee meeting:

1. Please provide statistics on collecting co-pays and deductibles (How much do we collect? How soon up front vs. later?)

In FY2019, we collected \$4.3 Million (0.5% of total annual net revenue) in patient payments prior to service and \$24 Million (2.7% of total annual net revenue) after service / during the statement cycle.

2. Do we have a deferral process or policy on self-pay bad debt?

Pursuant to our Financial Assistance Policy and California Senate Bill 1276 (Health Care: Fair Billing Policies), we accommodate monthly payments (typically three to six months), based on the patient's ability to pay. In order to establish a payment plan, the patient must call our Customer Service Department (published on the statement).

3. How can we improve awareness that physician bills are separate from the hospital bill?

This information is published on our patient statements and in Our Financial Policies brochure, attached hereto as Exhibit 1.

4. How does El Camino Hospital's bad debt compare to other local hospitals?

For bad debt, El Camino Hospital ranked at the 46th percentile in 2018 when compared to other Bay Area Hospitals. The following table, based on OSHPD Data, shows each hospital's bad debt as a percentage of total net patient revenue:

Hospital	FYE	Bad Debt (p12, Ln 420)	Net Pat Rev (p12, Ln460)	Bad Debt as a % of Total Net Pat Rev	Percentile (Bad Debt as a % of Total Net Pat Rev)
Washington - Fremont	6/30/2018	\$38,209,266	\$454,891,557	8.4%	92%
O'Connor	6/30/2018	\$11,050,627	\$296,142,521	3.7%	85%
Regional San Jose	12/31/2018	\$16,203,539	\$456,361,639	3.6%	77%
Good Sam - San Jose	12/31/2018	\$22,805,612	\$690,437,691	3.3%	69%
Seton	6/30/2018	\$7,127,982	\$254,179,453	2.8%	62%
John Muir - Concord	12/31/2018	\$13,741,317	\$497,136,979	2.8%	54%
El Camino Hospital	6/30/2018	\$21,477,119	\$900,868,388	2.4%	46%
John Muir- Walnut Creek	12/31/2018	\$16,141,615	\$968,024,195	1.7%	38%
Sequoia	6/30/2018	\$3,197,595	\$283,409,147	1.1%	31%
Stanford	8/31/2018	\$40,226,078	\$4,114,432,019	1.0%	23%

**Not reflected in this table are UCSF Medical Center and Santa Clara Valley Medical Center ("SCVMC"), which were outliers (bad debt less than 1%). This is likely attributed to their higher volumes of Medicare Managed Care and Medi-Cal Managed Care, which generally have low share of cost for patients. In addition, because SCVMC is a county facility (high self-pay volume), it also has a significantly higher amount of charity care write-offs, rather than bad debt.*

5. What are the most frequent topics on which we have received calls from patients? Where are the opportunities for improvement?

Customer Service in Patient Financial Services received 26,409 calls in FY2019. The top three topics are:

- 1. Confirming their patient balance after insurance has paid.*
- 2. Complain about their Emergency Room charges. Per EMTALA regulations, we are not allowed to discuss financial information prior to rendering Emergency Room services. Even if permitted to provide estimates, emergency patient services can vary significantly from patient to patient, which would make estimating patient cost difficult. As part of the annual budget, we benchmark Emergency Room charges set them at mid-market levels compared to our peer hospitals.*

- 3. Establishing a payment plan*

6. What is the level of accuracy of pre-service estimates, and how do we measure it?

When we initially implemented the self-service price estimator tool, we manually tested a

sample of accounts and determined a 99% accuracy rate. We are working with our vendor to build routine reports for estimate accuracy.

7. What are the service lines that represent the origin of bad debt accounts?

By Discharge Date Fiscal Year By Service Line

Row Labels	Count of Account ID	Accts as % of Total	Sum of Amount Transferred to Bad Debt	Amount Transferred to Bad Debt as a % of Total
OP EMERGENCY ROOM	1,916	54%	\$1,807,692	47%
IP GENERAL MEDICINE	52	1%	\$137,254	4%
IP CORONARY INTERVENTION	4	0%	\$121,852	3%
IP PSYCHIATRY	42	1%	\$114,965	3%
IP GENERAL SURGERY - NON ROBOTIC	19	1%	\$98,739	3%
OP SURGERY OTHER - NON ROBOTIC	35	1%	\$90,364	2%
IP DELIVERIES - VAGINAL	53	1%	\$84,444	2%
IP GASTROENTEROLOGY	30	1%	\$71,830	2%
IP GENERAL SURGERY- ROBOTIC	4	0%	\$71,678	2%
IP MEDICAL - HEART FAILURE	14	0%	\$65,834	2%
IP ONCOLOGY MEDICAL	12	0%	\$57,810	2%
IP NEUROLOGY OTHER	6	0%	\$55,434	1%
OP INTVL - OTHER	28	1%	\$52,850	1%
IP NORMAL NEWBORN	36	1%	\$52,360	1%
OP OTHER OBSERVATION	37	1%	\$49,864	1%
IP ORTHOPEDIC SURGERY - HIPS	9	0%	\$48,508	1%
IP ENDOCRINE	11	0%	\$35,816	1%
OP INFUSION CENTER	56	2%	\$33,582	1%
OTHER	1,204	34%	755,442	20%
Grand Total	3,568	100%	\$3,806,318	100%

- OP Emergency Room has the highest amount of bad debt because, by law, there is no pre-service screening.
- Nearly two-thirds of all bad debt accounts pertaining to services in FY2019 originated through an Emergency Room visit.

8. On what percent of services can you obtain a pre-service price estimate?

When patients call, we have the ability to run estimates on all services through the desktop version of our price estimator tool. The online self-service estimator currently has a limited range of running estimates on 90 services / procedures. They are the most common procedures and simple enough so the patient can select in the estimator tool.

9. Are you able to provide estimates for SVMD physician services vs. hospital services?

We are not currently able to provide estimates for Silicon Valley Medical Development ("SVMD"). The SJMG EPIC implementation was completed in August. After we have some history, we will provide patient estimates for Silicon Valley Medical Development ("SVMD") in 6 months to a year.

10. Are you able to combine SVMD/ECMA and El Camino Hospital bills?

The current setting in Epic is separate billing for SVMD and El Camino Hospital. We are evaluating this change.

11. Does El Camino Health allow credit cards to be authorized for patient payments on future service balances?

We tokenize credit card numbers for recurring credit card payments when there is a fixed, pre-determined payment amount associated with an established payment plan. We are currently exploring tokenization to allow future payments (outside of fixed payment plans).

Important Phone Numbers

El Camino Health Financial Counselors
650-988-8275

El Camino Health Patient Accounting
650-940-7220

California Emergency Room Physicians
800-498-5346

Silicon Valley Diagnostic Imaging
(radiologists)
925-296-7156

Doctors' Billing Service
(anesthesiologist billing service)
650-903-9500

El Camino Pathology
800-536-1197

Health Library & Resource Center
(for HICAP insurance counseling)
650-940-7210

Bay Area Legal Aid/Health Consumer
Center of Santa Clara County
855-693-7285



Thank You for Choosing El Camino Health

Your health and well-being are our top priorities. In order to continue our mission of providing our community with quality care and a wide variety of services, we need a strong financial foundation. Receiving payments for our services helps us maintain a viable financial standing.

El Camino Health is a participating provider with Medicare, Medi-Cal, HMOs, PPOs and other private insurance plans.

 **El Camino Health**
elcaminohealth.org
650-940-7000

About El Camino Health

El Camino Health includes two nonprofit acute care hospitals in Los Gatos and Mountain View and urgent care, multi-specialty care and primary care locations across Santa Clara County. Hospital key medical specialties include cancer, heart and vascular, lifestyle medicine, men's health, mental health and addictions, lung, mother-baby, orthopedic and spine, stroke, urology and women's health. Affiliated partners include Silicon Valley Medical Development, El Camino Health Foundation and Concern. For more information, visit elcaminohealth.org.



Mountain View Campus
2500 Grant Road
Mountain View, CA 94040

Los Gatos Campus
815 Pollard Road
Los Gatos, CA 94032

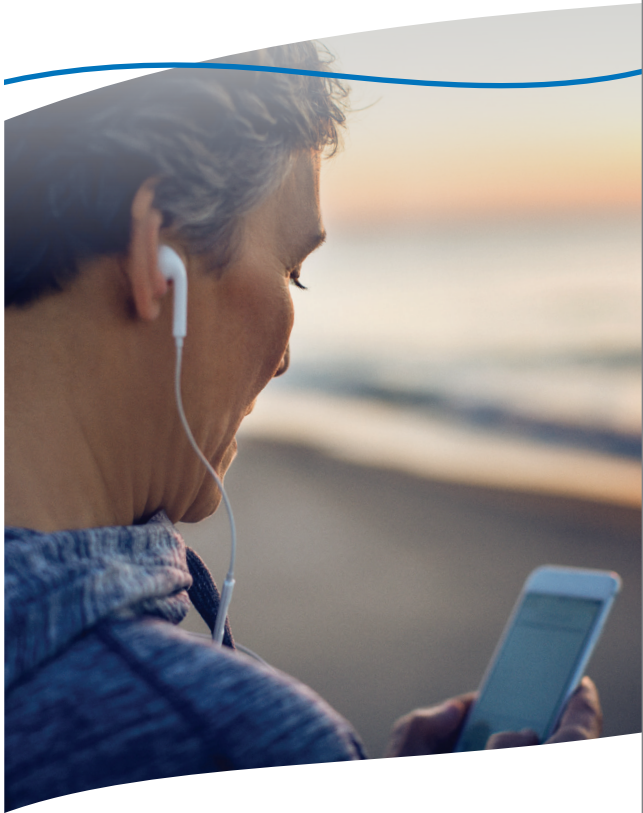
elcaminohealth.org



Need a doctor referral? Visit our website or call the El Camino Health Resource Line at 800-216-5556.

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E-0101_FinPolEng_Jul19

Our Financial Policies



 **El Camino Health**

Overview

El Camino Health is not only dedicated to providing you with innovative medical care, it is also committed to developing options to help alleviate your financial burden for necessary medical services.

Our facility is a participating provider with Medicare, Medi-Cal, HMOs, PPOs and other private insurance plans.

At the time of your registration or admission, we will ask to copy your insurance card and will verify coverage and benefits, and obtain authorizations if they are required. Please be aware that some insurance plans require authorizations from your physician rather than from El Camino Health.

We will submit a claim to your insurance company approximately 10 days after your discharge. An account statement will be sent to you once payment is received from your insurance company and the amount you owe has been confirmed.



Deposits and Copayments

Elective admissions require a deposit before services are rendered. The amount of the deposit will vary based on the type of service to be provided.

Emergency department visits may require a copayment depending on the provisions of your insurance plan. Copayments are expected to be paid at the time of service. Please note that you will receive separate bills from the physician who provided services during your visit.

Financial Assistance

El Camino Health has developed several financial assistance options which are available to our patients.

Uninsured Discount:

For patients who have no medical or third-party insurance coverage of any kind. This is also available to patients who have medical insurance but choose not to use it.

Payment Plans:

Plans that have no fees, accrue no interest and can be set over an extended period of time.

Charity Care:

Charity Care for patients who meet family income criteria or have incurred high medical costs and are not eligible for any government programs.

Other Programs

You may be eligible for coverage offered through the state or county, through Medicare, Medi-Cal or California Children's Services (CCS). Our financial counselors can help you prepare an application.

California Care/Medi-Cal applications can be obtained from:
www.coveredca.com

California Children's Services applications can be obtained from:
www.dhcs.ca.gov

Help When You Need It

Our staff is available to assist you with any questions you may have regarding all aspects of your bill from El Camino Health.

For questions regarding elective admissions or possible coverage through the state or county, please call our financial counselors at 650-988-8275. Please allow 24 hours for a response to your request.

For questions regarding your account or to discuss payment options, please call our Customer Service staff at 650-940-7220.

Customer Service staff are available:
Monday through Friday
8:30 a.m. – 4:30 p.m.

You may also contact us in person, by fax, or by email.

Address:
El Camino Health Patient Accounting
Oak Pavilion, 2505 Hospital Drive,
2nd Floor, Mountain View, CA 94040

Fax: 650-966-9387

Email:
patient_accounts@elcaminohealth.org

When using email, please allow two business days for us to respond to your request. For protection against identity theft, do not include information such as your social security number or credit card number, as email is not considered a secure form of communication.