

AGENDA

FINANCE COMMITTEE MEETING OF THE EL CAMINO HOSPITAL BOARD

Monday, November 25, 2019 – 5:30 pm

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

Bill Hobbs will be participating via teleconference from 99 Degaris Ave S. Dartmouth, MA 02748.

Don Watters will be participating via teleconference from 260 Margarita Court Los Altos, CA 94022.

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 | | information 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 | | information 5:32 – 5:35 |
| 4. CONSENT CALENDAR <i>Any Committee Member may remove an item for discussion before a motion is made.</i> Approval a. Minutes of the Open Session of the Joint Meeting of the Finance and Investment Committees (10/21/2019) b. FY20 Period 3 Financials Information c. Progress Against Goals d. Committee Pacing Plan e. Article of Interest f. Report on Major Capital Projects in Progress | John Zoglin, Chair | <i>public comment</i> | motion required 5:35 – 5:37 |
| 5. REPORT ON BOARD ACTIONS ATTACHMENT 5 | John Zoglin, Chair | | information 5:37 – 5:42 |
| 6. FY20 PERIOD 4 FINANCIALS ATTACHMENT 6 | Iftikhar Hussain, CFO | <i>public comment</i> | motion required 5:42 – 5:57 |
| 7. REVIEW OF PATIENT BILLINGS a. Integrated Billings b. PFAC Feedback ATTACHMENT 7 | Terri Manifesto, Sr. Director, Revenue Cycle | | discussion 5:57 – 6:17 |
| 8. REVISED RESOLUTION 2019-12 ATTACHMENT 8 | Iftikhar Hussain, CFO | <i>public comment</i> | possible motion 6:17 – 6:27 |
| 9. ADJOURN TO CLOSED SESSION | John Zoglin, Chair | | motion required 6:27 – 6:28 |

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. POTENTIAL CONFLICT OF INTEREST DISCLOSURES | John Zoglin, Chair | | information 6:28 – 6:29 |
| 11. CONSENT CALENDAR <i>Any Committee Member may remove an item for discussion before a motion is made.</i> Approval <i>Gov't Code Section 54957.2:</i> - Minutes of the Closed Session of the Finance Committee Meeting (10/21/2019) | John Zoglin, Chair | | motion required 6:29 – 6:30 |
| 12. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets: - Physician Contracts a. LPCH NICU PT/OT Services Renewal b. LPCH NICU Professional Services Renewal c. Exclusive Neurosurgery On-Call Agreement d. Telepsychiatry Services Agreement | Mark Adams, MD, CMO; Jim Griffith, COO | | discussion 6:30 – 6:40 |
| 13. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets: - Payor Update | Joan Kezic, VP, Payor Relations | | information 6:40 – 7:00 |
| 14. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets: - Inpatient Rehabilitation Opportunity | Andreu Reall, Director, Office of the CEO | | information 7:00 – 7:20 |
| 15. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets: - Service Line Report: Maternal Child Health | Jim Griffith, COO; Heather Freeman, Sr. Director, Service Lines | | information 7:20 – 8:05 |
| 16. Gov't Code Sections 54957 for report and discussion on personnel matters – Senior Management: - Executive Session | John Zoglin, Chair | | discussion 8:05 – 8:10 |
| 17. ADJOURN TO OPEN SESSION | John Zoglin, Chair | | motion required 8:10 – 8:11 |
| 18. RECONVENE OPEN SESSION / REPORT OUT | John Zoglin, Chair | | information 8:11 – 8:12 |
| To report any required disclosures regarding permissible actions taken during Closed Session. | | | |
| 19. PHYSICIAN CONTRACTS Approval a. LPCH NICU PT/OT Services Renewal b. LPCH NICU Professional Services Renewal Recommendation c. Exclusive Neurosurgery On-Call Agreement d. Telepsychiatry Services Agreement | Mark Adams, MD, CMO; Jim Griffith, COO | <i>public comment</i> | motion(s) required 8:12 – 8:14 |
| 20. CLOSING COMMENTS | John Zoglin, Chair | | information 8:14 – 8:19 |
| 21. ADJOURNMENT | John Zoglin, Chair | <i>public comment</i> | motion required 8:19 – 8:20 |

Upcoming Meetings:

Regular Meetings: 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 Joint Meeting
of the Finance Committee and the Investment Committee
of the El Camino Hospital Board of Directors
Monday, October 21, 2019
El Camino Hospital | Conference Room E
2500 Grant Road, Mountain View, CA 94040**

Members Present

Finance Committee

John Zoglin, Chair
Joseph Chow
Boyd Faust**
William Hobbs**
Richard Juelis
Gary Kalbach

Investment Committee

Nicola Boone
Gary Kalbach, Chair
Julia E. Miller
Brooks Nelson

Members Absent

Finance Committee

Don Watters

Investment Committee

Jack Po, MD, PhD
John Conover

**via teleconference

| Agenda Item | Comments/Discussion | Approvals/ Action |
|--|--|---|
| 1. CALL TO ORDER/ ROLL CALL | The open session of the Joint Meeting of the Finance Committee and Investment Committee of El Camino Hospital was called to order at 5:30pm by Finance Committee Chair John Zoglin. Roll call was taken. Boyd Faust and William Hobbs participated via teleconference. Don Watters, Jack Po, MD, PhD, and John Conover were absent. All other members were present. | |
| 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 Finance Committee wished to remove an item from the consent calendar.</p> <p>Motion: To approve the consent calendar: Minutes of the Open Session of the Finance Committee Meeting (9/23/2019) and for information: Pacing Plan.</p> <p>Pacing Plan: Cindy Murphy, Director of Governance Services, reported that staff would like to move the Maternal Child Health Service Line Report to January along with the SVMD Report, or alternatively to move the SVMD Report to March and HVI Report to April. Chair Zoglin commented that MCH could be moved to January as long as the meeting could still be concluded by 8:00pm, but that extending the Service Line Reports into April would not be acceptable.</p> <p>Movant: Kalbach Second: Chow Ayes: Chow, Faust, Hobbs, Juelis, Kalbach, Zoglin Noes: None Abstentions: None Absent: Watters</p> | Consent Calendar approved. |

| | | |
|--|--|---|
| | Recused: None | |
| 5. REPORT ON BOARD ACTIONS | There were no questions about the report. | |
| 6. PROPOSED HEDGE RELATED TO 2015 REVENUE BONDS AND POSSIBLE NEW ISSUANCE OF DEBT | <p>Iftikhar Hussain, CFO, explained that El Camino Hospital (ECH) is evaluating a hedge to lock interest rates for future refinancing of the 2015 bonds as well as new debt for funding construction projects which will be discussed with the Board in the near future. He reported that interest rates have declined dramatically over the last two months and are near record lows. Mr. Hussain also explained that ECH can lock rates to refund the Series 2015A bonds and achieve interest rate savings when the bonds are callable in 2025, currently \$17 million or 15% of outstanding par. He reported that ECH already has an interest rate swap in place which is the same structure being contemplated today. With interest rates near all-time lows and forward premiums also being at all-time lows ECH can lock in rates today for future needs. No payments would be exchanged until the interest rate swap would become effective at a future which ECH can choose (anywhere from 1 week to 5 years forward). ECH will issue floating rate debt, the same as the Series 2009A bonds. If no future debt is needed or issued, then ECH can terminate the swap at any time and make/receive a payment based on the market at the time of termination.</p> <p>Chad Kenan of CitiGroup reviewed current market conditions, the Municipal Market Condition in historical context, an overview of ECH's current debt (revenue bonds and GO bonds) and the potential risks/benefits of the proposed transactions.</p> <p>The Committee members discussed the risk of "paper losses" of \$40 million on the Series 2015A bonds if interest rates continued to fall over the life of the bonds after a new rate is locked, as well as the likelihood that rates will fall further than the current historically low point. The Committee also discussed whether to recommend the Board approve giving management authority to enter into the hedge transaction with respect to only the Series 2015A Bonds or also with respect to potentially borrowing additional funds for later projects.</p> <p>Motion: To recommend that the Board approve Draft Resolution 2019-12 Authorizing Forward Starting Interest Rate Hedge as Drafted (Re-Funding and Future Issuance).</p> <p>Movant: Kalbach Second: Hobbs Ayes: Boone, Chow, Hobbs, Kalbach, Zoglin Noes: Faust, Juelis, Nelson Abstentions: Miller Absent: Conover, Po, Watters Recused: None</p> | <i>Financials recommended for approval</i> |
| 7. ADJOURN TO CLOSED SESSION | <p>Motion: To adjourn to closed session at 7:10pm.</p> <p>Movant: Kalbach Second: Zoglin Ayes: Boone, Chow, Faust, Hobbs, Juelis, Kalbach, Miller, Nelson, Zoglin Noes: None Abstentions: None Absent: Conover, Po, Watters</p> | <i>Adjourned to closed session at 7:10pm</i> |

| | | |
|--|--|--|
| | Recused: None | |
| 8. AGENDA ITEM 12: RECONVENE OPEN SESSION/ REPORT OUT | The open session reconvened at 7:11pm. Agenda Items 8-11 were covered in closed session. During the closed session, the Finance Committee approved the Minutes of the Closed Session of the Finance Committee (September 23, 2019) by a unanimous vote of all members present (Chow, Faust, Hobbs, Juelis, Kalbach, Zoglin). Mr. Watters was absent. | |
| 9. AGENDA ITEM 13: CLOSING COMMENTS | None. | |
| 10. AGENDA ITEM 14: ADJOURNMENT | Motion: To adjourn at 7:12pm. Movant: Kalbach Second: Juleis Ayes: Boone, Chow, Faust, Hobbs, Juelis, Kalbach, Miller, Nelson, Zoglin Noes: None Abstentions: None Absent: Conover, Po, Watters Recused: None | <i>Meeting adjourned at 7:12pm</i> |

Attest as to the approval of the foregoing minutes by the Finance and Investment Committees of El Camino Hospital:

John Zoglin
Chair, Finance Committee

Gary Kalbach
Chair, Investment Committee



El Camino Health

Summary of Financial Operations

*Fiscal Year 2020 – Period 3
7/1/2019 to 09/30/2019*

Financial Overview

Financial Performance

- Strong revenues is fueled by volume growth drove \$11.5M operating margin favorable variance. Despite the higher volumes, expenses continue to remained close to budgeted levels.
 - Operating Revenue favorable to budget by \$11.9M (4.7%)
 - Other operating revenue is favorable for the month due to Medi-Cal PRIME award and SVMD managed care payment catch-up.
 - Operating expense is at budget level
 - Supplies are higher than budget due to high 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 due to timing of community benefit grants and will normalize over the year

Hospital Volume

- Adjusted Discharges (AD) continues to be favorable to budget 848 ADs (10%) and favorable to prior year by 13%
 - Mountain View: Favorable to budget by 540 ADs (7.7%) and favorable to prior year by 10.0%
 - Infusion Volumes (up 27%), extended hours, new Oncologist and increased productivity
 - Overall procedural volume favorable to budget by 317 cases (5%)
 - OP Emergency Room favorable to budget by 232 visits (3%)
 - Los Gatos: Favorable to budget by 308 ADs 20% and favorable to prior year by 26%
 - Surgeries (up 25%) – Orthopedics (program growth due to purchase of technology), Ophthalmology (program moved from Willow ASC while it is closed for licensing)
 - Overall procedural volume favorable to budget by 183 cases (13%)
 - Op Emergency Room favorable to budget by 290 visits (11%)

Payor Mix

- Medicare mix increased in September due to high volume of general medicine cases from the ED

Productivity

- Year to date FTEs are in line with targets.

Dashboard - as of September 30, 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 | 74,923 | 85,471 | 81,652 | 3,819 | 229,559 | 262,411 | 250,515 | 11,895 |
| Operating Expenses | 67,338 | 78,593 | 78,303 | (291) | 206,185 | 238,985 | 238,557 | (428) |
| Operating Margin \$ | 7,585 | 6,877 | 3,349 | 3,528 | 23,374 | 23,426 | 11,958 | 11,468 |
| Operating Margin % | 10.1% | 8.0% | 4.1% | 3.9% | 10.2% | 8.9% | 4.8% | 4.2% |
| EBIDA \$ | 12,050 | 11,473 | 8,475 | 2,997 | 36,673 | 37,481 | 26,989 | 10,492 |
| EBIDA % | 16.1% | 13.4% | 10.4% | 3.0% | 16.0% | 14.3% | 10.8% | 3.5% |
| Hospital Volume | | | | | | | | |
| Licensed Beds | 443 | 443 | 443 | - | 443 | 443 | 443 | - |
| ADC | 228 | 227 | 228 | (1) | 223 | 680 | 227 | 453 |
| Utilization MV | 63% | 63% | 60% | 2.6% | 61% | 62% | 61% | 0.9% |
| Utilization LG | 28% | 27% | 33% | (6.1%) | 28% | 29% | 31% | (2.4%) |
| Utilization Combined | 52% | 51% | 51% | (0.3%) | 50% | 51% | 51% | (0.1%) |
| Adjusted Discharges | 2,738 | 2,989 | 2,812 | 177 | 8,355 | 9,428 | 8,571 | 857 |
| Total Discharges (Excl NNB) | 1,504 | 1,577 | 1,547 | 30 | 4,572 | 4,957 | 4,698 | 259 |
| Total Discharges | 1,832 | 1,917 | 1,883 | 34 | 5,568 | 6,017 | 5,702 | 315 |
| Inpatient Cases | | | | | | | | |
| MS Discharges | 1,022 | 1,097 | 1,045 | 52 | 3,108 | 3,443 | 3,185 | 258 |
| Deliveries | 347 | 358 | 352 | 6 | 1,060 | 1,112 | 1,074 | 38 |
| BHS | 93 | 83 | 100 | (17) | 280 | 276 | 290 | (14) |
| Rehab | 42 | 39 | 50 | (11) | 124 | 126 | 148 | (22) |
| Outpatient Cases | 11,566 | 13,093 | 11,900 | 1,193 | 36,349 | 38,806 | 37,423 | 1,383 |
| ED | 3,784 | 4,008 | 3,815 | 193 | 11,684 | 12,303 | 11,780 | 523 |
| Procedural Cases | | | | - | | | | - |
| OP Surg | 381 | 453 | 389 | 64 | 1,190 | 1,447 | 1,226 | 221 |
| Endo | 184 | 217 | 197 | 20 | 599 | 649 | 641 | 8 |
| Interventional | 185 | 183 | 193 | (10) | 556 | 528 | 584 | (56) |
| All Other | 7,032 | 8,232 | 7,306 | 926 | 22,320 | 23,879 | 23,193 | 686 |
| Hospital Payor Mix | | | | | | | | |
| Medicare | 45.2% | 52.5% | 48.2% | 4.3% | 46.0% | 49.9% | 47.9% | 2.0% |
| Medi-Cal | 7.5% | 7.7% | 7.9% | (0.2%) | 8.1% | 7.8% | 8.0% | (0.2%) |
| Commercial IP | 22.1% | 16.3% | 20.9% | (4.7%) | 21.9% | 18.6% | 20.8% | (2.2%) |
| Commercial OP | 22.2% | 21.3% | 20.6% | 0.8% | 21.4% | 21.6% | 20.9% | 0.7% |
| Total Commercial | 44.3% | 37.6% | 41.5% | (3.9%) | 43.3% | 40.1% | 41.6% | (1.5%) |
| Other | 3.0% | 2.2% | 2.4% | (0.2%) | 2.7% | 2.1% | 2.4% | (0.3%) |
| Hospital Cost | | | | | | | | |
| Total FTE | 2,609.3 | 2,756.1 | 2,721.9 | (34.2) | 2,590.0 | 2,745.5 | 2,737.6 | (7.9) |
| Productive Hrs/APD | 31.2 | 32.1 | 33.2 | 1.1 | 31.2 | 31.6 | 32.9 | 1.3 |
| Consolidated Balance Sheet | | | | | | | | |
| Net Days in AR | 49.6 | 48.8 | 49.0 | 0.2 | 47.6 | 47.8 | 49.0 | 1.2 |
| Days Cash | 519 | 471 | 435 | 36 | 519 | 471 | 435 | 36 |

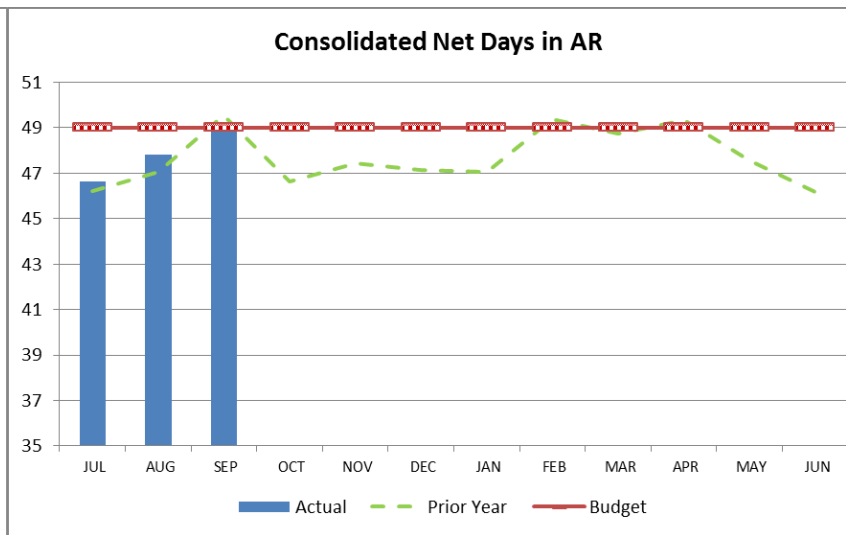
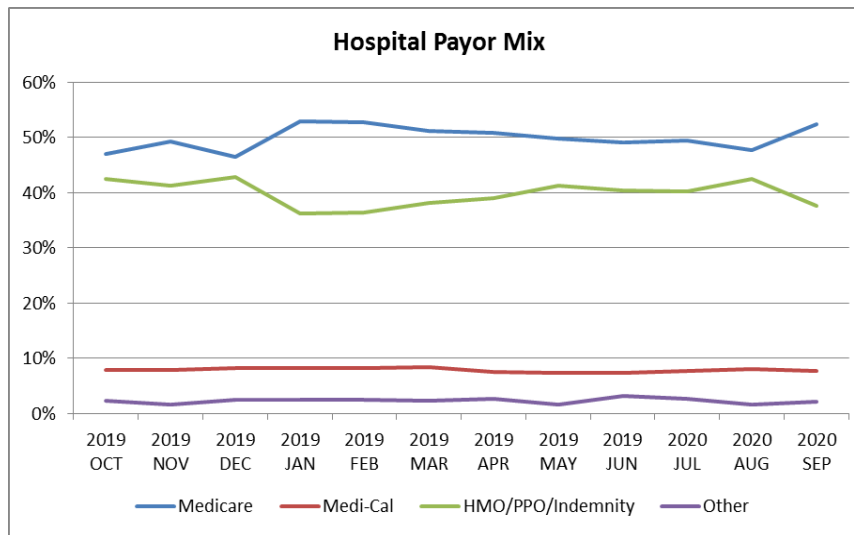
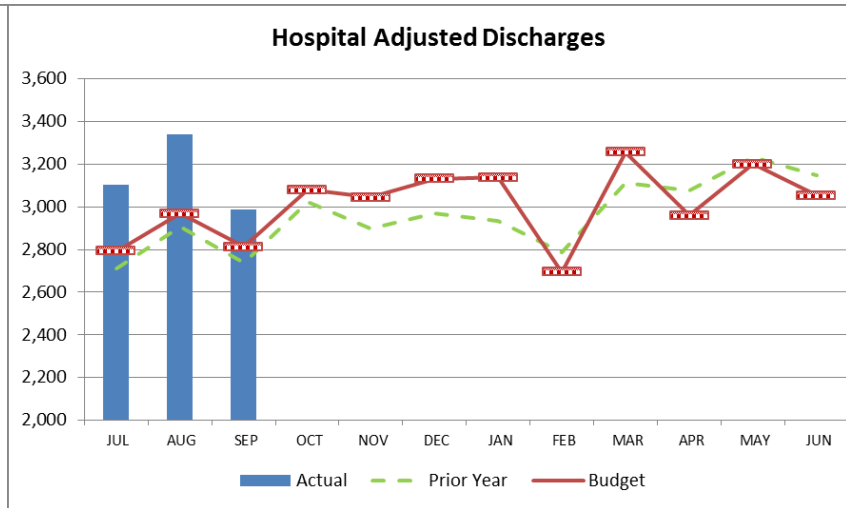
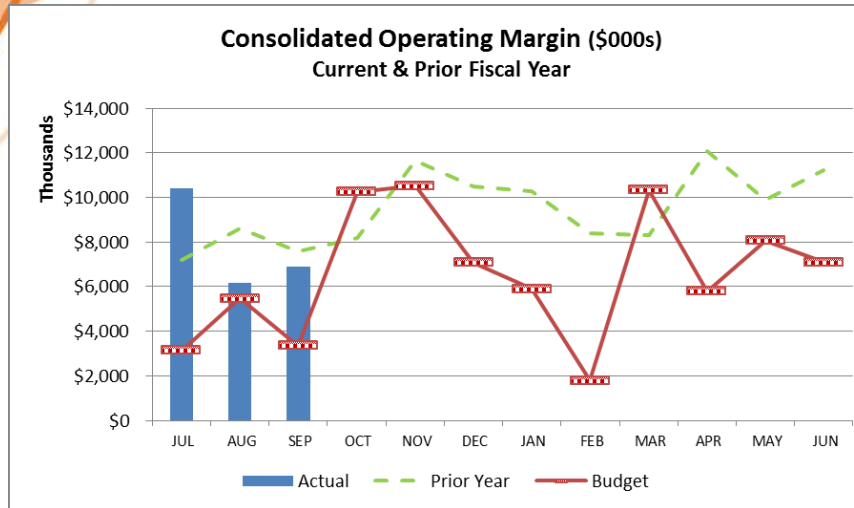
*Beginning with the June FY 19 report, the Dashboard and the financial report has been updated to show the ECH consolidated results instead of just the Hospitals. The descriptions of the metrics indicate whether the data is hospital only.

Consolidated Statement of Operations (\$000s)

Period ending 09/30/2019

| Period 3 FY 2019 | Period 3 FY 2020 | Period 3 Budget 2020 | Variance Fav (Unfav) | Var% | \$000s | YTD FY 2019 | YTD FY 2020 | YTD Budget 2020 | Variance Fav (Unfav) |
|---------------------|---------------------|-------------------------|-------------------------|---------------|--------------------------------------|----------------|----------------|--------------------|-------------------------|
| | | | | | OPERATING REVENUE | | | | |
| 269,177 | 312,105 | 299,217 | 12,888 | 4.3% | Gross Revenue | 826,094 | 943,255 | 918,611 | 24,644 |
| (197,390) | (232,266) | (221,523) | (10,743) | (4.8%) | Deductions | (605,759) | (694,407) | (680,068) | (14,339) |
| 71,787 | 79,839 | 77,694 | 2,145 | 2.8% | Net Patient Revenue | 220,336 | 248,847 | 238,543 | 10,304 |
| 3,136 | 5,632 | 3,958 | 1,674 | 42.3% | Other Operating Revenue | 9,224 | 13,563 | 11,972 | 1,591 |
| 74,923 | 85,471 | 81,652 | 3,819 | 4.7% | Total Operating Revenue | 229,559 | 262,411 | 250,515 | 11,895 |
| | | | | | OPERATING EXPENSE | | | | |
| 40,979 | 44,982 | 44,919 | (63) | (0.1%) | Salaries & Wages | 123,259 | 136,086 | 137,070 | 984 |
| 10,271 | 12,369 | 11,380 | (989) | (8.7%) | Supplies | 32,690 | 38,598 | 34,846 | (3,752) |
| 9,337 | 13,161 | 12,949 | (212) | (1.6%) | Fees & Purchased Services | 29,594 | 39,875 | 39,291 | (584) |
| 2,287 | 3,485 | 3,928 | 443 | 11.3% | Other Operating Expense | 7,344 | 10,370 | 12,319 | 1,949 |
| 174 | 227 | 495 | 268 | 54.2% | Interest | 452 | 696 | 1,485 | 789 |
| 4,290 | 4,368 | 4,631 | 263 | 5.7% | Depreciation | 12,847 | 13,359 | 13,546 | 188 |
| 67,338 | 78,593 | 78,303 | (291) | (0.4%) | Total Operating Expense | 206,185 | 238,985 | 238,557 | (428) |
| 7,585 | 6,877 | 3,349 | 3,528 | 105.3% | Net Operating Margin | 23,374 | 23,426 | 11,958 | 11,468 |
| 1,066 | 2,404 | 3,094 | (690) | (22.3%) | Non Operating Income | 21,160 | 7,338 | 9,176 | (1,838) |
| 8,651 | 9,281 | 6,443 | 2,838 | 44.0% | Net Margin | 44,535 | 30,764 | 21,134 | 9,630 |
| 16.1% | 13.4% | 10.4% | 3.0% | | EBITDA | 16.0% | 14.3% | 10.8% | 3.5% |
| 10.1% | 8.0% | 4.1% | 3.9% | | Operating Margin | 10.2% | 8.9% | 4.8% | 4.2% |
| 11.5% | 10.9% | 7.9% | 3.0% | | Net Margin | 19.4% | 11.7% | 8.4% | 3.3% |

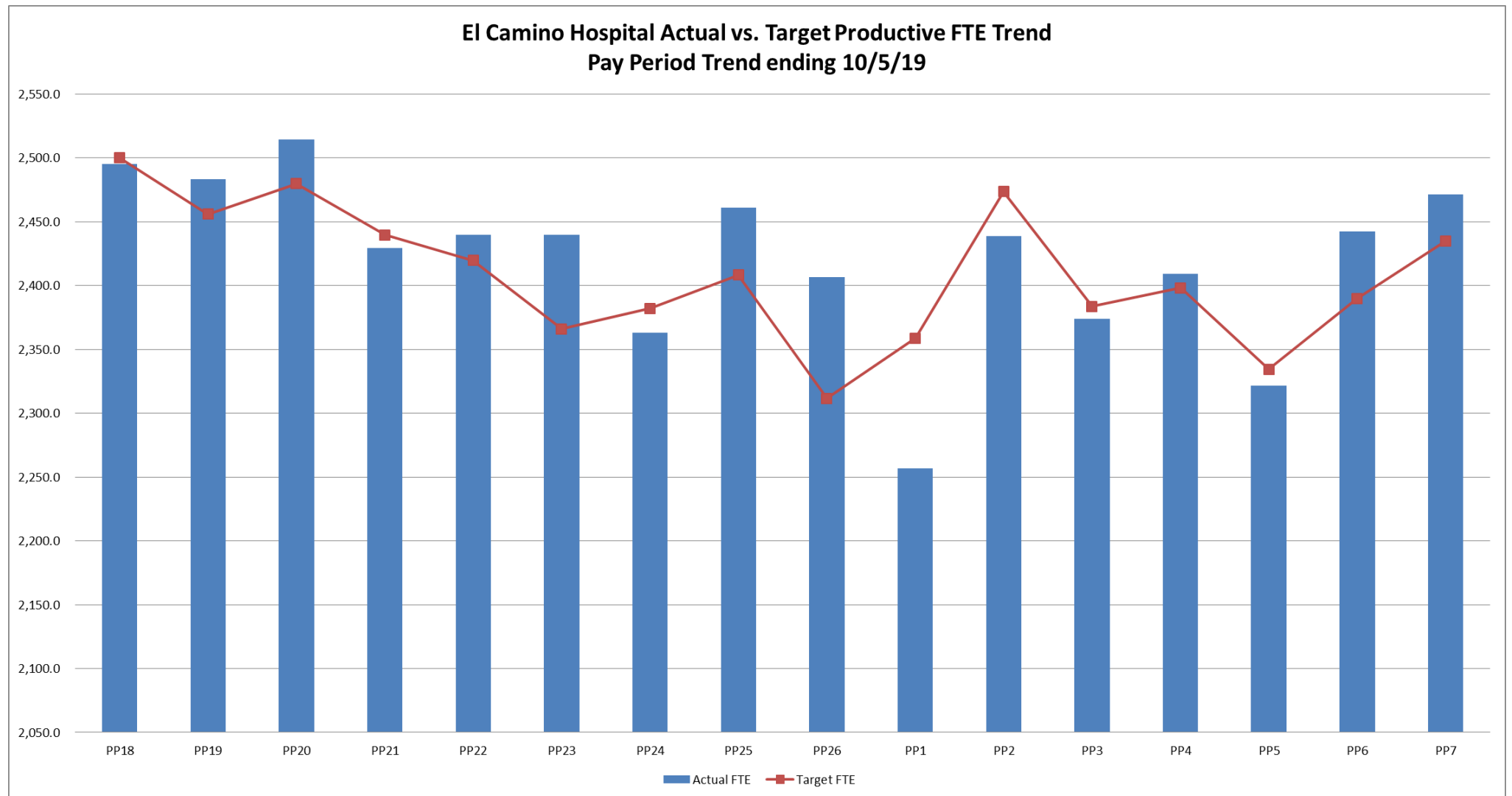
Monthly Financial Trends



- Operating margin ahead of budget due to strong volume
- YTD volume is still favorable but the gap to budget is narrowing
- Medicare mix increased in September due general medicine cases from the ED.
- Days in AR is at target but climbed from prior month use to insurance payment slowdown due to 5 weekends and the labor day holiday

Hospital Productivity – Rolling Trend

- Overall FYTD Productive FTEs continue to be favorable to the volume adjusted target by .58%. The biggest factors to the increase in FTE this last month is due to ramping up for Flu season and PI throughput project in the ED.



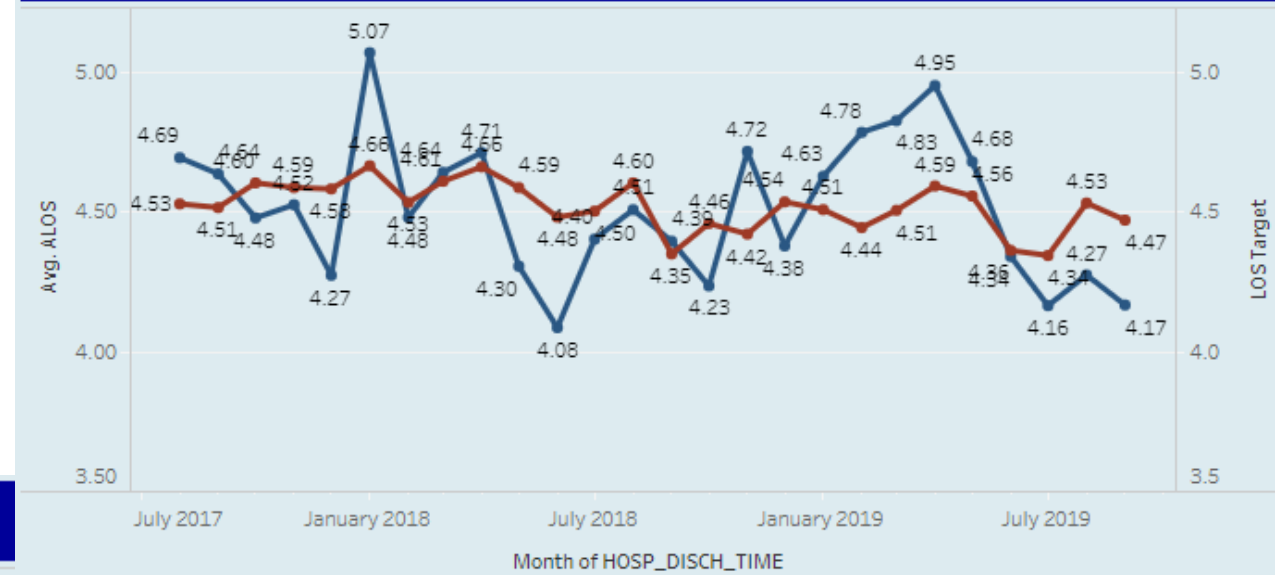
Medicare Length of Stay

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

Calendar 19 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



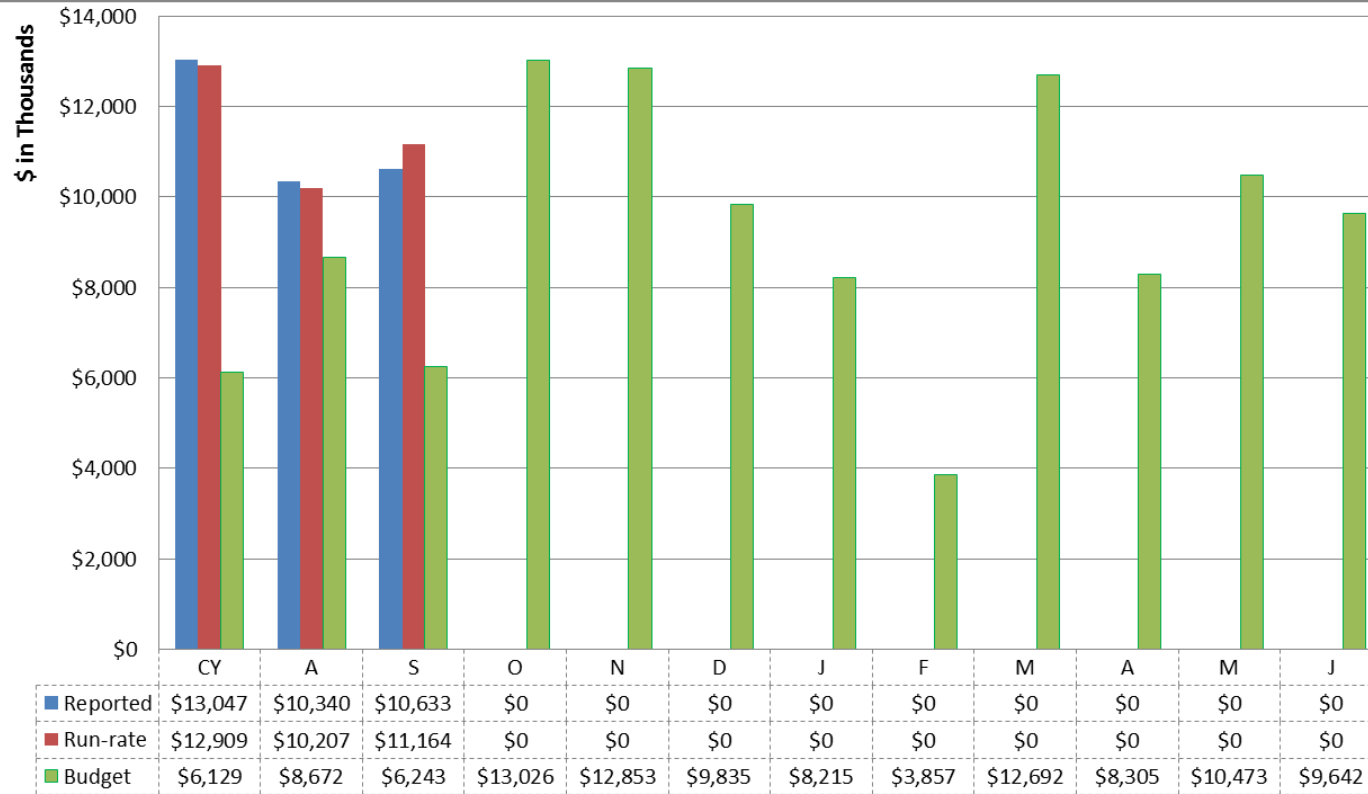
Average Length of Stay Trend by Month/Year



Actual Benchmark

ECH Hospital Operating Margin

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



FY 2020 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>

| Revenue Adjustments | J | A | S | YTD |
|---------------------------------------|------------|------------|--------------|--------------|
| Mcare Settlmt/Appeal/Tent Settlmt/PIP | 129 | 129 | 210 | 469 |
| RAC Release | - | - | (746) | (746) |
| Various Adjustments under \$250k | 9 | 4 | 5 | 18 |
| Total | 138 | 133 | (531) | (260) |

INVESTMENT SCORECARD AS OF SEPTEMBER 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 | | 3Q 2019 | | Fiscal Year-to-date | | 6y 11m Since Inception (annualized) | | | 2019 |
| Surplus cash balance* | | \$1,046.2 | -- | -- | -- | -- | -- | \$892.9 | -- |
| Surplus cash return | | 0.8% | 0.6% | 0.8% | 0.6% | 5.6% | 5.4% | 3.2% | 5.6% |
| Cash balance plan balance (millions) | | \$278.3 | -- | -- | -- | -- | -- | \$276.9 | -- |
| Cash balance plan return | | 0.2% | 0.5% | 0.2% | 0.5% | 7.5% | 6.9% | 6.0% | 6.0% |
| 403(b) plan balance (millions) | | \$516.7 | -- | -- | -- | -- | -- | -- | -- |
| Risk vs. Return | | 3-year | | | | 6y 11m Since Inception (annualized) | | | 2019 |
| Surplus cash Sharpe ratio | | 0.92 | 0.88 | -- | -- | 1.01 | 0.99 | -- | 0.34 |
| Net of fee return | | 6.4% | 6.0% | -- | -- | 5.6% | 5.4% | -- | 5.6% |
| Standard deviation | | 5.3% | 5.1% | -- | -- | 4.8% | 4.7% | -- | 8.7% |
| Cash balance Sharpe ratio | | 0.91 | 0.87 | -- | -- | 1.08 | 1.04 | -- | 0.32 |
| Net of fee return | | 7.6% | 6.9% | -- | -- | 7.5% | 6.9% | -- | 6.0% |
| Standard deviation | | 6.7% | 6.1% | -- | -- | 6.2% | 5.9% | -- | 10.3% |
| Asset Allocation | | 3Q 2019 | | | | | | | |
| Surplus cash absolute variances to target | | 10.2% | < 10% | -- | -- | -- | -- | -- | -- |
| Cash balance absolute variances to target | | 7.7% | < 10% | -- | -- | -- | -- | -- | -- |
| Manager Compliance | | 3Q 2019 | | | | | | | |
| Surplus cash manager flags | | 15 | < 24 Green < 30 Yellow | -- | -- | -- | -- | -- | -- |
| Cash balance plan manager flags | | 20 | < 27 Green < 34 Yellow | -- | -- | -- | -- | -- | -- |

*Excludes debt reserve funds (~\$64 mm), District assets (~\$32 mm), and balance sheet cash not in investable portfolio (~\$109 mm). Includes Foundation (~\$35 mm) and Concern (~\$13 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 | | | FY 2020 |
|--|--|----------------|--|--|---------------|
| | | Cash Flow | | | Cash Flow |
| Mountain View Campus Master Plan Projects | | | Los Gatos Capital Projects | | |
| BHS Replacement | | 8,143 | LG IR Upgrades | | 1,250 |
| Integrated Medical Office Building | | 57,557 | LG Modular MRI & Awning | | 3,205 |
| Women's Hosp Expansion | | 33,000 | LG Nurse Call System Upgrade | | 1,000 |
| Demo Old Main & Related Site Work | | 14,000 | LG Security System | | 340 |
| | | <u>112,700</u> | LG Cancer Center | | 2,598 |
| | | | LG MOB Upgrades FY 20 | | 500 |
| Mountain View Capital Projects | | | LG Facilities Planning Allowance FY 20 | | 500 |
| ED Remodel Triage / Psych Observation | | 6,106 | LG Equipment & Infrastructure Upgrades FY 20 | | 600 |
| Willow Pavilion FA Sys and Equip Upgrades | | 1,400 | LG Rehab Finish Upgrades | | 400 |
| Willow Surgery Center Improvements | | 2,000 | LG Campus Signage | | 500 |
| Site Signage & Other Improvements | | 1,700 | LG Wireless Infrastructure Upgrades | | 480 |
| Patient Family Residence | | 6,150 | LG Paving Upgrades | | 800 |
| Nurse Call System Upgrade | | 2,200 | LG Decontamination in OR | | 600 |
| Imaging Equipment Replacement (Imaging Dept. Only) | | 11,700 | | | <u>12,773</u> |
| IR / Cath Lab Equipment Replacement (5 or 6 Rooms) | | 9,500 | | | |
| Various Relocation Projects | | 700 | Other Strategic Capital Facility Projects | | |
| Flooring Replacement | | 1,180 | Primary Care Clinic | | 4,000 |
| Emergency Sanitary & Water Storage | | 2,216 | New MOB | | 12,200 |
| CT Equipment Replacement @ Radiation Oncology | | 440 | SVMD - Facilities Future Years | | 3,000 |
| Radiation Oncology Equipment Replacement | | 10,000 | | | <u>19,200</u> |
| MV MOB Upgrades FY 20 | | 500 | | | |
| MV Facilities Planning Allowance FY 20 | | 600 | Other Major Projects & Annual Forecasts | | |
| MV Equipment & Infrastructure Upgrades FY 20 | | 900 | LG Campus Redevelopment | | 12,000 |
| MV Cancer Center Expansion | | 1,200 | Property Acquisitions | | 21,000 |
| MV Wireless Infrastructure Upgrade | | 1,000 | | | <u>33,000</u> |
| Other Undefined | | 500 | | | |
| MV Undefined Annual Forecast | | 7,000 | | | |
| | | <u>66,992</u> | TOTAL | | 244,665 |

Consolidated Balance Sheet

(in thousands)

ASSETS

| | September 30, 2019 | Unaudited June 30, 2019 |
|--|--------------------|----------------------------|
| CURRENT ASSETS | | |
| (1) Cash | 107,779 | 124,912 |
| (2) Short Term Investments | 193,539 | 177,165 |
| Patient Accounts Receivable, net | 132,099 | 132,198 |
| Other Accounts and Notes Receivable | 6,004 | 5,058 |
| Intercompany Receivables | 4,978 | 8,549 |
| Inventories and Prepaids | 65,671 | 64,093 |
| Total Current Assets | 510,070 | 511,976 |
| BOARD DESIGNATED ASSETS | | |
| Foundation Board Designated | 17,253 | 16,895 |
| Plant & Equipment Fund | 174,105 | 171,304 |
| Women's Hospital Expansion | 22,430 | 15,472 |
| (3) Operational Reserve Fund | 144,294 | 139,057 |
| Community Benefit Fund | 18,021 | 18,260 |
| Workers Compensation Reserve Fund | 21,232 | 20,732 |
| Postretirement Health/Life Reserve Fund | 29,522 | 29,480 |
| PTO Liability Fund | 26,397 | 26,149 |
| Malpractice Reserve Fund | 1,831 | 1,831 |
| Catastrophic Reserves Fund | 20,318 | 19,678 |
| Total Board Designated Assets | 475,404 | 458,857 |
| (4) FUNDS HELD BY TRUSTEE | 63,682 | 83,073 |
| LONG TERM INVESTMENTS | 359,022 | 375,729 |
| CHARITABLE GIFT ANNUITY INVESTMENTS | 589 | 602 |
| INVESTMENTS IN AFFILIATES | 35,032 | 38,532 |
| PROPERTY AND EQUIPMENT | | |
| Fixed Assets at Cost | 1,325,579 | 1,317,599 |
| Less: Accumulated Depreciation | (636,233) | (622,877) |
| Construction in Progress | 433,927 | 375,094 |
| Property, Plant & Equipment - Net | 1,123,273 | 1,069,816 |
| DEFERRED OUTFLOWS | 33,726 | 33,876 |
| RESTRICTED ASSETS | 24,986 | 24,279 |
| OTHER ASSETS | 1,021 | 1,036 |
| TOTAL ASSETS | 2,626,806 | 2,597,775 |

LIABILITIES AND FUND BALANCE

| | September 30, 2019 | Unaudited June 30, 2019 |
|---|--------------------|----------------------------|
| CURRENT LIABILITIES | | |
| (5) Accounts Payable | 43,961 | 38,390 |
| Salaries and Related Liabilities | 29,762 | 30,296 |
| Accrued PTO | 26,802 | 26,502 |
| Worker's Comp Reserve | 2,300 | 2,300 |
| Third Party Settlements | 12,454 | 11,331 |
| Intercompany Payables | 4,907 | 8,464 |
| Malpractice Reserves | 1,800 | 1,800 |
| Bonds Payable - Current | 8,630 | 8,630 |
| Bond Interest Payable | 6,657 | 12,775 |
| Other Liabilities | 10,156 | 10,477 |
| Total Current Liabilities | 147,429 | 150,966 |
| LONG TERM LIABILITIES | | |
| Post Retirement Benefits | 29,522 | 29,480 |
| Worker's Comp Reserve | 18,932 | 18,432 |
| Other L/T Obligation (Asbestos) | 4,004 | 3,975 |
| Other L/T Liabilities (IT/Medl Leases) | - | - |
| Bond Payable | 508,645 | 507,531 |
| Total Long Term Liabilities | 561,104 | 559,417 |
| DEFERRED REVENUE-UNRESTRICTED | 1,062 | 1,113 |
| DEFERRED INFLOW OF RESOURCES | 13,715 | 13,715 |
| FUND BALANCE/CAPITAL ACCOUNTS | | |
| Unrestricted | 1,386,535 | 1,372,823 |
| Board Designated | 475,386 | 458,839 |
| Restricted | 24,984 | 24,215 |
| Capital | 100 | 100 |
| Retained Earnings | 16,490 | 16,587 |
| Total Fund Bal & Capital Accts | 1,903,496 | 1,872,563 |
| TOTAL LIABILITIES AND FUND BALANCE | 2,626,806 | 2,597,775 |

September 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) The increase is due to the accrual of several large construction invoices.

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 3- Month | | | Period 3- FYTD | | |
|---|-----------------|----------------|--------------|----------------|----------------|----------------|
| | Actual | Budget | Variance | Actual | Budget | Variance |
| El Camino Hospital Operating Margin | | | | | | |
| Mountain View | 10,646 | 5,304 | 5,342 | 30,798 | 17,869 | 12,929 |
| Los Gatos | (13) | 938 | (952) | 3,222 | 3,174 | 48 |
| Sub Total - El Camino Hospital, excl. Affiliates | 10,633 | 6,243 | 4,390 | 34,020 | 21,043 | 12,977 |
| Operating Margin % | 13.2% | 8.2% | | 13.6% | 9.0% | |
| El Camino Hospital Non Operating Income | | | | | | |
| Investments | 5,097 | 3,335 | 1,762 | 8,910 | 9,690 | (781) |
| Swap Adjustments | 2,104 | 0 | 2,104 | 2,490 | 0 | 2,490 |
| Community Benefit ¹ | (57) | (309) | 252 | (2,516) | (927) | (1,589) |
| Satellite Dialysis | 122 | 42 | 81 | 122 | 83 | 39 |
| Other | (5,257) | (306) | (4,951) | (3,457) | (877) | (2,581) |
| Sub Total - Non Operating Income | 2,009 | 2,761 | (753) | 5,549 | 7,970 | (2,420) |
| El Camino Hospital Net Margin | 12,641 | 9,004 | 3,637 | 39,569 | 29,013 | 10,556 |
| ECH Net Margin % | 15.6% | 11.8% | | 15.8% | 12.4% | |
| Concern | 148 | (38) | 186 | 544 | 123 | 421 |
| ECSC | (1) | 0 | (1) | (27) | 1 | (28) |
| Foundation | 258 | 113 | 145 | 992 | 426 | 566 |
| Silicon Valley Medical Development | (3,765) | (2,636) | (1,129) | (10,314) | (8,428) | (1,886) |
| Net Margin Hospital Affiliates | (3,360) | (2,561) | (799) | (8,805) | (7,879) | (926) |
| Total Net Margin Hospital & Affiliates | 9,281 | 6,443 | 2,838 | 30,764 | 21,134 | 9,630 |

¹Donations to outside organizations for FY20

El Camino Hospital Volume Annual Trends

| Service Line Volume | | | | | | | | MONTH | | Service Line | | | | | IP/OP | | PROCEDURAL? | | FACILITY | |
|---|---------------------|--------------|---------|---------|---------|---------|----------|------------------|--------|---------------|--------|--------|---------|--------|--------------|--------|-------------|---------|----------|--|
| As of March 2020 (Last Updated 10/17/2019 8:50:08 AM) | | | | | | | | 3 | | (All) | | | | | (All) | | (All) | | (All) | |
| | | ANNUAL TREND | | | | | | FY20 Bud vs FY19 | | CURRENT MONTH | | | | | YEAR-TO-DATE | | | | | |
| | | 2015 | 2016 | 2017 | 2018 | 2019 | Bud 2020 | VarBud | VarPer | 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 | 1,407 | 226 | 19.1% | 93 | 83 | 100 | -17 | -10 | 280 | 276 | 291 | -15 | -4 | |
| | General Medicine | 4,582 | 4,452 | 4,951 | 5,278 | 5,192 | 4,971 | -221 | -4.3% | 362 | 424 | 368 | 56 | 62 | 1,136 | 1,307 | 1,155 | 152 | 171 | |
| | General Surgery | 1,149 | 1,311 | 1,318 | 1,305 | 1,408 | 1,427 | 19 | 1.3% | 114 | 111 | 116 | -5 | -3 | 353 | 332 | 362 | -30 | -21 | |
| | GYN | 313 | 293 | 270 | 243 | 226 | 200 | -26 | -11.5% | 24 | 23 | 23 | 0 | -1 | 56 | 67 | 53 | 14 | 11 | |
| | Heart and Vascular | 1,998 | 2,001 | 2,205 | 2,372 | 2,301 | 2,297 | -4 | -0.2% | 170 | 177 | 171 | 6 | 7 | 495 | 553 | 500 | 53 | 58 | |
| | MCH | 5,976 | 5,541 | 5,480 | 5,253 | 4,955 | 4,910 | -45 | -0.9% | 394 | 403 | 399 | 4 | 9 | 1,201 | 1,262 | 1,217 | 45 | 61 | |
| | Neurosciences | 672 | 677 | 685 | 868 | 883 | 867 | -16 | -1.8% | 50 | 71 | 50 | 21 | 21 | 190 | 242 | 190 | 52 | 52 | |
| | Oncology | 564 | 652 | 594 | 633 | 740 | 693 | -47 | -6.4% | 68 | 62 | 68 | -6 | -6 | 191 | 187 | 190 | -3 | -4 | |
| | Orthopedics | 1,773 | 1,746 | 1,690 | 1,705 | 1,672 | 1,733 | 61 | 3.7% | 142 | 132 | 154 | -22 | -10 | 410 | 402 | 442 | -40 | -8 | |
| | Other | 1 | | | | | | | | | | | | | 3 | | | | | |
| | Rehab Services | 555 | 500 | 461 | 441 | 522 | 586 | 64 | 12.3% | 42 | 39 | 50 | -11 | -3 | 124 | 126 | 148 | -22 | 2 | |
| | Spine Surgery | 429 | 417 | 474 | 375 | 358 | 362 | 4 | 1.1% | 28 | 25 | 32 | -7 | -3 | 82 | 98 | 93 | 5 | 16 | |
| | Urology | 169 | 234 | 257 | 255 | 292 | 287 | -5 | -1.7% | 17 | 27 | 17 | 10 | 10 | 54 | 102 | 55 | 47 | 48 | |
| | Total | 19,233 | 18,752 | 19,309 | 19,826 | 19,730 | 19,740 | 10 | 0.0% | 1,504 | 1,577 | 1,547 | 30 | 73 | 4,572 | 4,957 | 4,698 | 259 | 385 | |
| OP | Behavioral Health | 886 | 2,394 | 3,260 | 3,151 | 2,754 | 3,171 | 417 | 15.1% | 208 | 218 | 237 | -19 | 10 | 670 | 646 | 762 | -116 | -24 | |
| | Dialysis | 155 | 6 | | | | | | | | | | | | | | | | | |
| | Emergency | 49,091 | 48,590 | 48,624 | 49,411 | 48,454 | 47,737 | -717 | -1.5% | 3,784 | 4,008 | 3,815 | 193 | 224 | 11,684 | 12,303 | 11,780 | 523 | 619 | |
| | General Medicine | 5,981 | 6,563 | 6,579 | 6,750 | 7,513 | 7,845 | 332 | 4.4% | 537 | 616 | 570 | 46 | 79 | 1,709 | 1,918 | 1,824 | 94 | 209 | |
| | General Surgery | 1,853 | 1,797 | 1,837 | 2,003 | 1,962 | 2,060 | 98 | 5.0% | 146 | 188 | 150 | 38 | 42 | 485 | 611 | 504 | 107 | 126 | |
| | GYN | 1,308 | 1,018 | 1,079 | 1,099 | 1,401 | 1,491 | 90 | 6.4% | 106 | 102 | 112 | -10 | -4 | 335 | 325 | 355 | -30 | -10 | |
| | Heart and Vascular | 2,712 | 3,795 | 4,361 | 4,364 | 4,615 | 4,714 | 99 | 2.1% | 382 | 388 | 389 | -1 | 6 | 1,168 | 1,141 | 1,189 | -48 | -27 | |
| | Imaging Services | 20,072 | 17,807 | 17,249 | 18,496 | 18,964 | 19,793 | 829 | 4.4% | 1,480 | 1,610 | 1,487 | 123 | 130 | 4,741 | 4,780 | 4,759 | 21 | 39 | |
| | Laboratory Services | 29,726 | 29,007 | 29,156 | 28,566 | 27,421 | 28,395 | 974 | 3.6% | 2,100 | 3,116 | 2,167 | 949 | 1,016 | 6,846 | 8,182 | 7,067 | 1,115 | 1,336 | |
| | MCH | 4,826 | 5,092 | 5,576 | 5,642 | 5,451 | 5,625 | 174 | 3.2% | 423 | 456 | 438 | 18 | 33 | 1,343 | 1,391 | 1,391 | 0 | 48 | |
| | Neurosciences | 61 | 127 | 125 | 114 | 81 | 77 | -4 | -5.0% | 5 | 9 | 5 | 4 | 4 | 15 | 30 | 15 | 15 | 15 | |
| | Oncology | 4,179 | 14,329 | 18,541 | 19,276 | 20,873 | 24,875 | 4,002 | 19.2% | 1,516 | 1,482 | 1,641 | -159 | -34 | 4,707 | 4,523 | 5,094 | -571 | -184 | |
| | Orthopedics | 776 | 584 | 615 | 641 | 765 | 712 | -53 | -6.9% | 64 | 93 | 63 | 30 | 29 | 168 | 278 | 164 | 114 | 110 | |
| | Other | 639 | 632 | 550 | 516 | 556 | 530 | -26 | -4.7% | 42 | 61 | 43 | 18 | 19 | 140 | 161 | 143 | 18 | 21 | |
| | Outpatient Clinics | 1,705 | 1,680 | 1,289 | 1,883 | 1,563 | 2,508 | 945 | 60.5% | 141 | 110 | 141 | -31 | -31 | 410 | 369 | 410 | -41 | -41 | |
| | Rehab Services | 1,747 | 3,955 | 4,518 | 4,926 | 5,525 | 5,520 | -5 | -0.1% | 430 | 463 | 434 | 29 | 33 | 1,310 | 1,479 | 1,323 | 156 | 169 | |
| | Sleep Center | 223 | 498 | 368 | 242 | 340 | 383 | 43 | 12.6% | 18 | 12 | 23 | -11 | -6 | 60 | 68 | 75 | -7 | 8 | |
| | Spine Surgery | 399 | 309 | 324 | 311 | 287 | 281 | -6 | -2.1% | 18 | 19 | 18 | 1 | 1 | 72 | 60 | 70 | -10 | -12 | |
| | Urology | 1,771 | 1,739 | 1,898 | 2,053 | 2,093 | 2,073 | -20 | -1.0% | 166 | 142 | 169 | -27 | -24 | 486 | 541 | 496 | 45 | 55 | |
| | Total | 128,110 | 139,922 | 145,949 | 149,444 | 150,618 | 157,790 | 7,172 | 4.8% | 11,566 | 13,093 | 11,900 | 1,193 | 1,527 | 36,349 | 38,806 | 37,423 | 1,383 | 2,457 | |
| Grand Total | | 147,343 | 158,674 | 165,258 | 169,270 | 170,348 | 177,530 | 7,182 | 4.2% | 13,070 | 14,670 | 13,447 | 1,223 | 1,600 | 40,921 | 43,763 | 42,121 | 1,642 | 2,842 | |

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

Period ending 09/30/2019

| Period 3 FY 2019 | Period 3 FY 2020 | Period 3 Budget 2020 | Variance Fav (Unfav) | Var% | | YTD FY 2019 | YTD FY 2020 | YTD Budget 2020 | Variance Fav (Unfav) | Var% |
|---------------------|---------------------|-------------------------|-------------------------|---------------|--------------------------------------|----------------|----------------|--------------------|-------------------------|---------------|
| | | | | | \$000s | | | | | |
| | | | | | OPERATING REVENUE | | | | | |
| 219,350 | 255,454 | 236,938 | 18,515 | 7.8% | Gross Revenue | 676,032 | 757,910 | 727,409 | 30,501 | 4.2% |
| (161,337) | (189,393) | (176,420) | (12,973) | (7.4%) | Deductions | (495,105) | (555,749) | (541,583) | (14,166) | (2.6%) |
| 58,012 | 66,061 | 60,518 | 5,543 | 9.2% | Net Patient Revenue | 180,927 | 202,161 | 185,826 | 16,336 | 8.8% |
| 1,816 | 2,274 | 1,678 | 596 | 35.5% | Other Operating Revenue | 4,949 | 5,169 | 5,098 | 72 | 1.4% |
| 59,829 | 68,335 | 62,196 | 6,139 | 9.9% | Total Operating Revenue | 185,877 | 207,331 | 190,923 | 16,407 | 8.6% |
| | | | | | OPERATING EXPENSE | | | | | |
| 33,579 | 35,747 | 35,343 | (403) | (1.1%) | Salaries & Wages | 100,899 | 107,732 | 107,967 | 235 | 0.2% |
| 8,298 | 10,170 | 8,977 | (1,193) | (13.3%) | Supplies | 26,218 | 31,081 | 27,198 | (3,883) | (14.3%) |
| 5,601 | 5,678 | 5,885 | 207 | 3.5% | Fees & Purchased Services | 18,560 | 18,931 | 17,759 | (1,172) | (6.6%) |
| 1,910 | 2,362 | 2,602 | 241 | 9.2% | Other Operating Expense | 6,095 | 7,326 | 8,113 | 787 | 9.7% |
| 174 | 227 | 495 | 268 | 54.2% | Interest | 452 | 696 | 1,485 | 789 | 53.1% |
| 3,509 | 3,506 | 3,589 | 83 | 2.3% | Depreciation | 10,503 | 10,767 | 10,532 | (234) | (2.2%) |
| 53,071 | 57,689 | 56,892 | (797) | (1.4%) | Total Operating Expense | 162,728 | 176,533 | 173,055 | (3,478) | (2.0%) |
| 6,757 | 10,646 | 5,304 | 5,342 | 100.7% | Net Operating Margin | 23,149 | 30,798 | 17,869 | 12,929 | 72.4% |
| (90) | 2,009 | 2,761 | (753) | (27.3%) | Non Operating Income | 16,320 | 5,549 | 7,970 | (2,420) | (30.4%) |
| 6,667 | 12,655 | 8,066 | 4,589 | 56.9% | Net Margin | 39,468 | 36,347 | 25,839 | 10,508 | 40.7% |
| | | | | | EBITDA | 18.3% | 20.4% | 15.7% | 4.7% | |
| 17.5% | 21.0% | 15.1% | 5.9% | | Operating Margin | 12.5% | 14.9% | 9.4% | 5.5% | |
| 11.3% | 15.6% | 8.5% | 7.1% | | Net Margin | 21.2% | 17.5% | 13.5% | 4.0% | |
| 11.1% | 18.5% | 13.0% | 5.5% | | | | | | | |

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

Period ending 08/31/2019

| Period 3 FY 2019 | Period 3 FY 2020 | Period 3 Budget 2020 | Variance Fav (Unfav) | Var% | | YTD FY 2019 | YTD FY 2020 | YTD Budget 2020 | Variance Fav (Unfav) | Var% |
|---------------------|---------------------|-------------------------|-------------------------|-----------------|--------------------------------------|----------------|----------------|--------------------|-------------------------|---------------|
| | | | | | \$000s | | | | | |
| | | | | | OPERATING REVENUE | | | | | |
| 48,537 | 50,374 | 53,644 | (3,270) | (6.1%) | Gross Revenue | 148,379 | 167,946 | 165,050 | 2,896 | 1.8% |
| (35,096) | (38,291) | (39,842) | 1,551 | 3.9% | Deductions | (109,451) | (126,333) | (122,534) | (3,799) | (3.1%) |
| 13,441 | 12,083 | 13,801 | (1,718) | (12.5%) | Net Patient Revenue | 38,928 | 41,612 | 42,516 | (904) | (2.1%) |
| 254 | 410 | 271 | 140 | 51.6% | Other Operating Revenue | 773 | 1,175 | 811 | 364 | 44.9% |
| 13,695 | 12,493 | 14,072 | (1,579) | (11.2%) | Total Operating Revenue | 39,701 | 42,788 | 43,327 | (539) | (1.2%) |
| | | | | | OPERATING EXPENSE | | | | | |
| 6,780 | 7,001 | 7,191 | 190 | 2.6% | Salaries & Wages | 20,615 | 21,788 | 21,700 | (87) | (0.4%) |
| 1,953 | 1,785 | 2,018 | 233 | 11.6% | Supplies | 6,341 | 6,331 | 6,451 | 120 | 1.9% |
| 2,575 | 2,526 | 2,731 | 204 | 7.5% | Fees & Purchased Services | 7,747 | 8,064 | 8,209 | 145 | 1.8% |
| 217 | 386 | 346 | (40) | (11.5%) | Other Operating Expense | 793 | 953 | 1,327 | 374 | 28.2% |
| 0 | 0 | 0 | 0 | 0.0% | Interest | 0 | 0 | 0 | 0 | 0.0% |
| 741 | 808 | 847 | 39 | 4.6% | Depreciation | 2,222 | 2,430 | 2,466 | 36 | 1.5% |
| 12,265 | 12,507 | 13,134 | 627 | 4.8% | Total Operating Expense | 37,718 | 39,565 | 40,153 | 587 | 1.5% |
| 1,429 | (13) | 938 | (952) | (101.4%) | Net Operating Margin | 1,983 | 3,222 | 3,174 | 48 | 1.5% |
| 0 | 0 | 0 | 0 | 0.0% | Non Operating Income | 0 | 0 | 0 | 0 | 0.0% |
| 1,429 | (13) | 938 | (952) | (101.4%) | Net Margin | 1,983 | 3,222 | 3,174 | 48 | 1.5% |
| | | | | | EBITDA | 10.6% | 13.2% | 13.0% | 0.2% | |
| 15.8% | 6.4% | 12.7% | (6.3%) | | Operating Margin | 5.0% | 7.5% | 7.3% | 0.2% | |
| 10.4% | -0.1% | 6.7% | (6.8%) | | Net Margin | 5.0% | 7.5% | 7.3% | 0.2% | |
| 10.4% | -0.1% | 6.7% | (6.8%) | | | | | | | |

Silicon Valley Medical Development (\$000s)

Period ending 09/30/2019

| Period 3 FY 2019 | Period 3 FY 2020 | Period 3 Budget 2020 | Variance Fav (Unfav) | Var% | \$000s | YTD FY 2019 | YTD FY 2020 | YTD Budget 2020 | Variance Fav (Unfav) | Var% |
|---------------------|---------------------|-------------------------|-------------------------|----------------|--------------------------------------|----------------|-----------------|--------------------|-------------------------|----------------|
| | | | | | OPERATING REVENUE | | | | | |
| 1,290 | 6,277 | 8,635 | (2,358) | (27.3%) | Gross Revenue | 1,683 | 17,399 | 26,152 | (8,753) | (33.5%) |
| (956) | (4,582) | (5,261) | 679 | 12.9% | Deductions | (1,203) | (12,325) | (15,951) | 3,626 | 22.7% |
| 334 | 1,695 | 3,374 | (1,680) | (49.8%) | Net Patient Revenue | 480 | 5,074 | 10,201 | (5,128) | (50.3%) |
| (13) | 2,032 | 1,247 | 784 | 62.9% | Other Operating Revenue | 8 | 4,936 | 3,777 | 1,159 | 30.7% |
| 321 | 3,726 | 4,622 | (895) | (19.4%) | Total Operating Revenue | 488 | 10,009 | 13,978 | (3,969) | (28.4%) |
| | | | | | OPERATING EXPENSE | | | | | |
| 101 | 1,787 | 1,875 | 88 | 4.7% | Salaries & Wages | 212 | 5,239 | 5,844 | 605 | 10.4% |
| 17 | 398 | 372 | (26) | (7.1%) | Supplies | 75 | 1,117 | 1,159 | 42 | 3.6% |
| 626 | 4,595 | 3,909 | (686) | (17.5%) | Fees & Purchased Services | 1,802 | 11,907 | 12,196 | 290 | 2.4% |
| 74 | 660 | 908 | 248 | 27.3% | Other Operating Expense | 235 | 1,906 | 2,666 | 760 | 28.5% |
| 0 | 0 | 0 | 0 | 0.0% | Interest | 0 | 0 | 0 | 0 | 0.0% |
| 37 | 52 | 193 | 141 | 73.2% | Depreciation | 110 | 155 | 541 | 386 | 71.3% |
| 854 | 7,492 | 7,258 | (234) | (3.2%) | Total Operating Expense | 2,435 | 20,323 | 22,406 | 2,083 | 9.3% |
| (533) | (3,766) | (2,636) | (1,130) | 42.9% | Net Operating Margin | (1,947) | (10,314) | (8,428) | (1,886) | 22.4% |
| 1,000 | 0 | 0 | 0 | 0.0% | Non Operating Income | 3,310 | 0 | 0 | 0 | 0.0% |
| 467 | (3,765) | (2,636) | (1,129) | 42.8% | Net Margin | 1,363 | (10,314) | (8,428) | (1,886) | 22.4% |
| | | | | | EBITDA | -376.4% | -101.5% | -56.4% | (45.1%) | |
| -154.5% | -99.7% | -52.9% | (46.8%) | | Operating Margin | -399.0% | -103.0% | -60.3% | (42.8%) | |
| -165.9% | -101.1% | -57.0% | (44.0%) | | Net Margin | 279.4% | -103.0% | -60.3% | (42.8%) | |
| 145.3% | -101.0% | -57.0% | (44.0%) | | | | | | | |

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 |

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, 9/23/19 and 11/25/19 |
| 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; MCH 11/25/19 |

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 November 11, 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 21, 2019 | November 25, 2019 | December 2019 |
| <ul style="list-style-type: none"> - Propose Hedge Related to 2015 Revenue Bonds and Possible Issuance of New Debt | <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 - Continued Review of Patient Billings (Integrated Billing and PFAC Review) - In-Patient Rehab Opportunity | No scheduled meeting |

FY20 Finance Committee Pacing Plan – Updated November 11, 2019

| FY20 FC Pacing Plan – Q3 | | |
|---|---|---|
| January 27, 2020 | February 2020 | March 23, 2020 |
| **Joint Meeting with the Investment Committee - Long Term Financial 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 - Satellite Dialysis Performance | <p style="text-align: center;">No scheduled meeting</p> | <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 – PACS/RIS |
| 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 | <p style="text-align: center;">No scheduled meeting</p> |

FY20 Finance Committee Pacing Plan – Updated November 11, 2019

**Last 18 Months Capital Project Approvals
February 2018 - October 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 | 3/2020 (f/u from 9/23/19) |
| 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 |
| 10/10/19 | ECH Board | MV Campus Completion (Old Main Demo) | \$24.9M | 3/2021 |
| | | | | |
| | | | | |



2019 Updates in Primary Care Consumer Preferences

11 surprising results from our new
Primary Care Consumer Survey

PUBLISHED BY

Market Innovation Center

advisory.com/mic

planningconcierge@advisory.com

BEST FOR

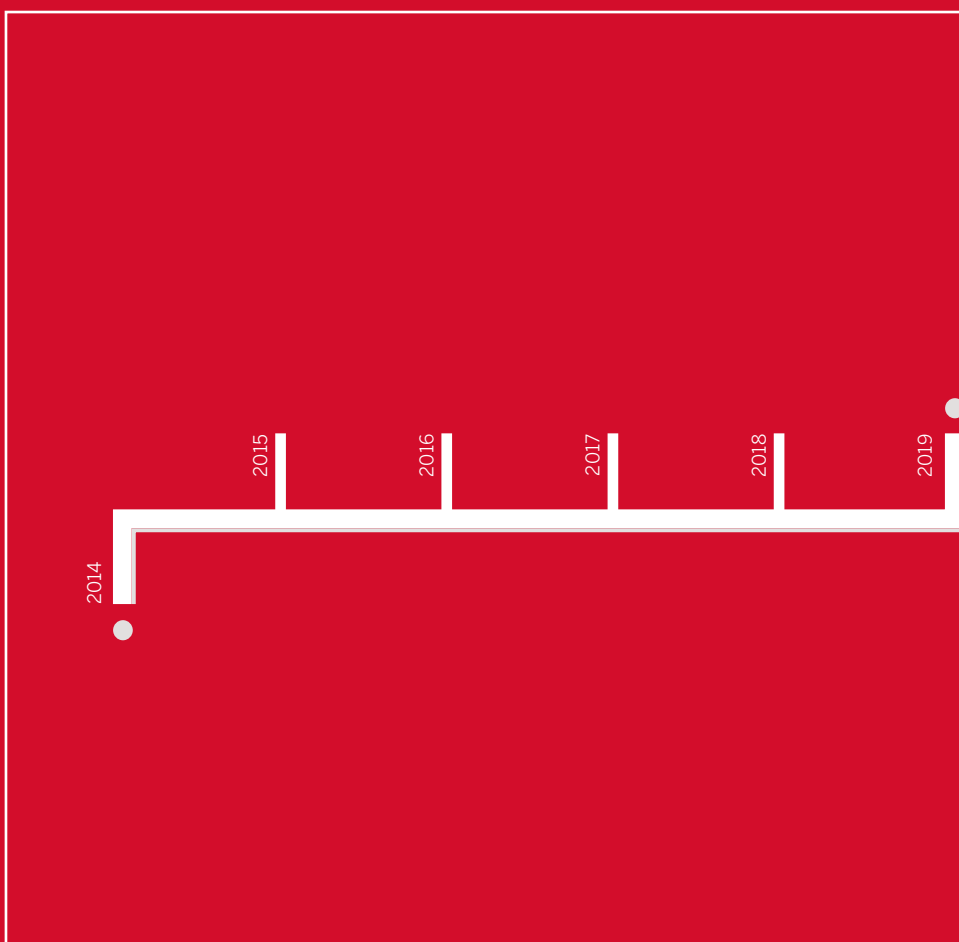
Strategic planners, marketers,
and service line leaders



Our 2014 survey of primary care consumers told us that **on-demand access and convenience** were most important.

In the five years since, the health care industry responded to that mandate. Stiff competition has spurred urgent care centers, retail clinics, and primary care practices to improve access and convenience.

The industry has changed.



Have consumers changed too?

To find out, we revisited the question of “***what do consumers want from primary care?***” five years later.

In **2014**, we asked respondents to prioritize what was most important to them for basic urgent care by making trade-offs between 56 clinic attributes. (This is known as MaxDiff methodology.)

In **2019**, we used the same methodology, but this time, we tested two primary care scenarios. Our respondents were asked to imagine they either:

1. Had a **basic urgent care** need, and their regular primary care provider (if they have one) wasn't available.

We defined this as the type of care an individual receives for low-severity episodes such as a fever, sore throat, rash, or minor sprain. We tested 32 attributes in this survey.

OR

2. Needed to choose a new clinic for **routine primary care**.

We defined this as ongoing primary care, including prescription refills, vaccinations, medications management, or chronic condition checkups. We tested 40 attributes in this survey.

Additionally, in 2019, we reduced the number of attributes we tested in each scenario, expanded our survey questions, and tweaked the options to reflect the changes our researchers have observed in the primary care landscape.

How did we define a primary care clinic?

We told respondents a primary care clinic could include a doctor's office, retail care clinic (ex. CVS MinuteClinic, Walgreens Healthcare Clinic, Clinic at Walmart), urgent care center, or an online visit where the patient speaks with a doctor using webcam or email.

What is MaxDiff methodology?

We used MaxDiff methodology, or best-worse scaling, to identify consumers' preferences for primary care. Respondents were shown multiple screens of five attributes, from which they chose the most important and least important attribute. Each attribute was presented multiple times, resulting in a ranked list of utility scores indicating the relative value of each attribute.

What's a utility score?

Utility scores are a measure of importance. They show us which MaxDiff attributes were most important, and how much more important they were to respondents than another attributes. Utilities are probabilities (ranging from 0 to 100) that reflect the likelihood that an item would be selected as "best" among a representative set of items in the MaxDiff questionnaire. This data reflects a ratio-quality scale. The utilities are then averaged across the respondent pool to calculate average utilities.

The following pages illustrate how consumer preferences have changed between 2014 and 2019 to help providers understand how to win primary care consumers **today**.

11 comparisons between consumer preferences in 2014 and 2019

What's new in 2019?

1. Seeing a physician (versus an APP) made the top ten.
2. Immediate access has become even more important.
3. One in five patients uses an alternative site as their main source of primary care.
4. Even primary care office traditionalists use alternative sites for on-demand care.
5. Wearables, biometric scans, and genetic tests—consumers don't care, yet.
6. Hospital brands beat Amazon—for now.
7. Consumers aren't looking for one-stop shops.
8. Primary care patients are less loyal today than they were five years ago.

What hasn't changed since 2014?

9. Virtual visits and digital differentiators haven't grown much in importance.
10. Acceptance of urgent care centers has increased; but that's not true for retail clinics.
11. Up-front, low prices are still just tiebreakers.

Appendix

A direct comparison between the top 15 attributes in 2014 and 2019.



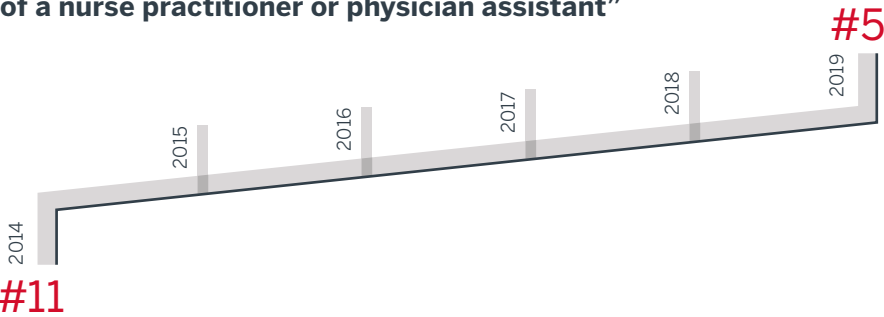
2019

***What's new
in 2019?***

Seeing a physician (versus an APP) made the top ten.

In 2019, respondents ranked seeing a physician instead of an advanced practitioner as #5 for basic urgent care, and #6 when choosing a new primary care clinic. Comparatively, in 2014, being seen by a doctor was ranked all the way down at #11. This represents one of the largest and most impactful changes in consumer preferences that we observed over the past five years.

Change over time of “I will be treated by a doctor instead of a nurse practitioner or physician assistant”



This jump in importance surprised us, given the growing prevalence, autonomy, and assumed acceptance of advance practice providers (APPs). While our survey didn’t test the reasons behind patient preferences, we hypothesize that this could represent frustration with the care team model or a misunderstanding of the role of APPs.

But while consumers prefer to see physicians, our respondents still expressed a willingness to see other types of practitioners:

59%

of consumers would “probably” or “definitely” consider seeing a nurse practitioner (NP)...

...58%

a physician assistant (PA), and...

...35%

a pharmacist.

Among consumers who indicated they would “probably” or “definitely” consider using an alternative care site for their next basic urgent care need, willingness to see an APP or pharmacist was even higher.

Immediate access has become even more important.

“I can walk in without an appointment and be guaranteed to be seen within 30 minutes” was the **#1** attribute in both 2014 and 2019. What’s more, the importance of immediate access **relative to other factors** has increased over the past five years:

In 2014... (n=3,873)

In 2019... (n=1,501)

“I can walk in without an appointment and be guaranteed to be seen within 30 minutes” ranked **#1** (out of 56 attributes) with a utility score that was **2.3x** more important than the average attribute.

“I can walk in without an appointment and be guaranteed to be seen within 30 minutes” ranked **#1** (out of 32 attributes) with a utility score that was **5x** more important than the average attribute.

Three of the top seven attributes were related to on-demand access.

Five of the top seven attributes were related to on-demand access.

The seven on-demand attributes we tested garnered **19.3%** of respondents’ utility scores.

The seven on-demand attributes we tested garnered **45.3%** of respondents’ utility scores.

“The clinic is open 24/7” ranked **#5**.

“The clinic is open 24/7” ranked **#6**.

“I can get an appointment for later today” ranked **#6**.

“I can get an appointment for later today” ranked **#4**.

“I can walk in without an appointment, but I will have to wait one hour” ranked **#39**.

“I can walk in without an appointment and be guaranteed to be seen within an hour” ranked **#2**.



We changed the wording about a 60-minute wait slightly between surveys. In 2014, we tested, “I can walk in without an appointment, but I will have to wait one hour,” whereas in 2019, we tested a guaranteed appointment within an hour. The difference was substantial: the attribute ranked **#39** in 2014 and **#2** in 2019.

This reinforces that the importance of on-demand access has increased in the last few years. But it also suggests that how a wait is messaged—both in a survey and in your marketing materials—can have a significant impact on consumer preference.

One in five patients uses an alternative site as their main source of primary care.

Consumers are also showing their desire for on-demand access through their actions: patients are increasingly treating walk-in alternative sites, including urgent care centers and retail care clinics, as their main primary care office. In fact, while the traditional clinic or OB/GYN office is still the most popular site for primary care services, 18.3% of consumers report using an alternative site of care as their main source of primary care.¹



18.3%

of consumers report using an alternative site of care as their main source of primary care.

We expect this trend will continue to grow.² An important factor in our reasoning is that 51% of respondents ages 18–29 say the regular place they go for primary care is an urgent care center, retail clinic, virtual visit platform, or concierge care practice—not a traditional primary care office. And this utilization is inversely correlated with age, with each generation relying on alternative sites more than the generation ahead of it. Thus, younger generations' adoption of alternative care sites is likely to continue as millennials³ age into more care needs and Gen Z⁴ ages out of pediatrics.

51%

of respondents ages 18–29 say the regular place they go for primary care is an urgent care center, retail clinic, virtual visit platform, or concierge care practice.

1. In the survey, we defined the main source of primary care as: a regular place that you go to for most of your primary care needs (ex. treatment when you're sick, preventive care like vaccines, annual wellness exams, care for non-critical issues like a rash or sprain).

2. We did not ask this exact same question in the 2014 survey because our research suggested this consumer behavior was in its early infancy at the time.

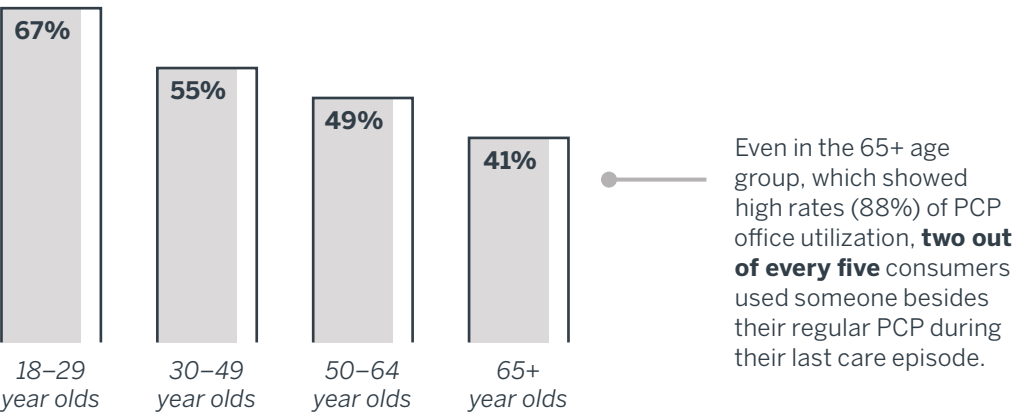
3. Millennials were born between 1981 and 1996 and are ages 23–38 in 2019.

4. Gen Z was born between 1997 and 2015 and are ages 4–22 in 2019.

Even primary care office traditionalists use alternative sites for on-demand care.

It's not just a subset of the population that's bought into alternative care sites. The last time they needed basic urgent care, **46%** of respondents who have a regular primary care physician¹(PCP) used someone outside of their PCP's office.

Percentage of consumers who used someone besides their PCP last time they needed basic urgent care (n=3,000)



About a third of respondents who told us they used a primary care office for most of their care ("traditionalists") didn't even bother to request an appointment with their PCP last time they needed basic urgent care.

1. n=1,589 respondents who have a regular place they go for primary care.

30%

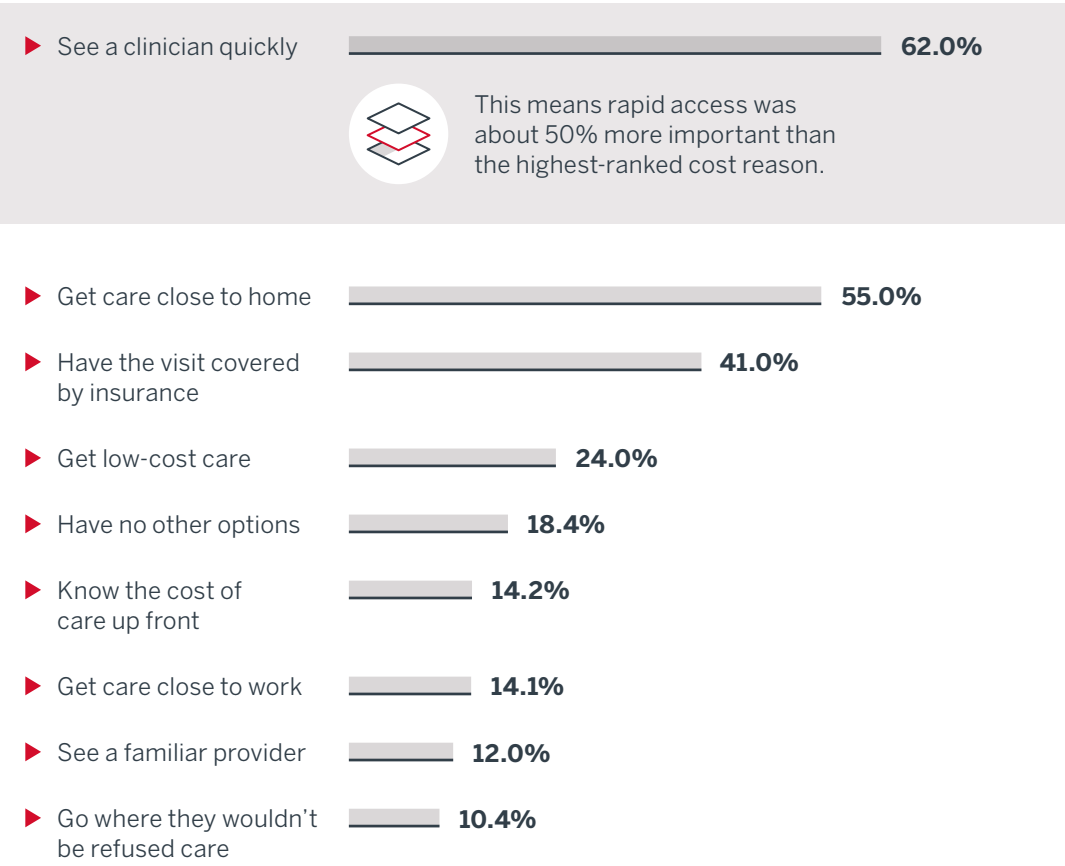
of traditionalists did not even attempt to contact their normal primary care provider's office the last time they needed basic urgent care.

12%

of traditionalists contacted their regular office but were unable to get an appointment as quickly as they needed.

Top reasons for choosing nontraditional care sites (n=948)

Percentage of respondents who ranked option as one of their top three decision drivers¹

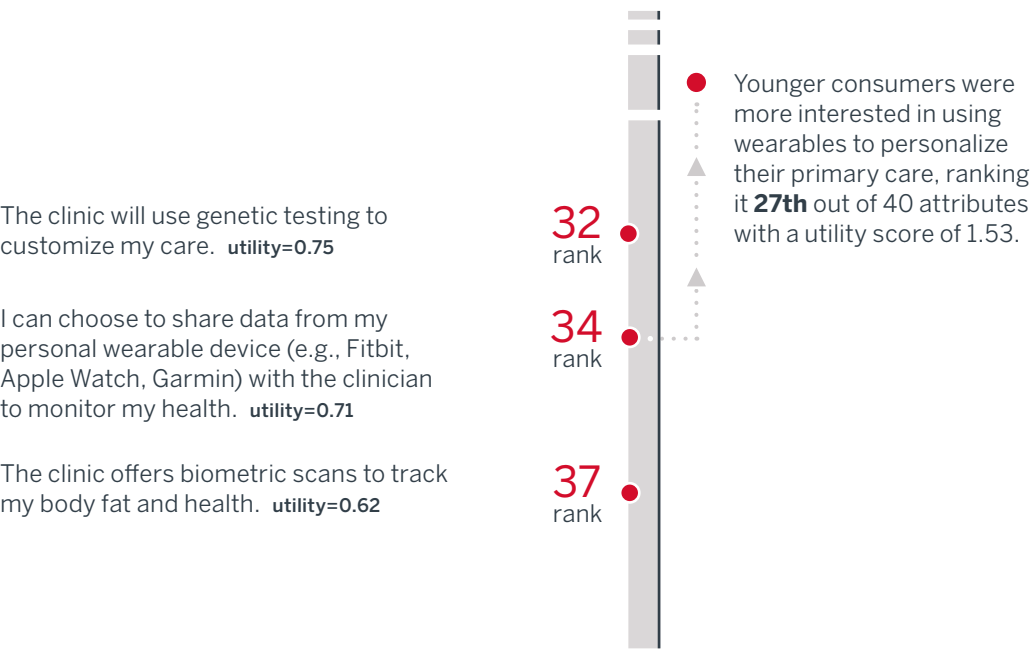


1. Total does not sum to 100% because respondents could choose up to three reasons.

Wearables, biometric scans, and genetic tests—consumers don’t care, yet.

Highly personalized care has emerged as a primary care differentiator over the past several years, with some clinics betting on biometric scans and genetic testing to help them compete for patients. Our survey shows, though, that most consumers aren’t ready to base their care decisions on the availability of this new technology. We tested three new offerings we’ve seen select primary care offices using to promote better customized care experiences, and average utilities ranked low.

Ranking of personalized care attributes for routine primary care (n=1,499; out of 40 clinic attributes)



Overall, consumers do not consider personalized care options like wearables, biometric scans, or genetic tests as a key factor in choosing primary care. Instead, improving your clinics’ care coordination and ease of access will help you win more patients.

Hospital brands beat Amazon—for now.

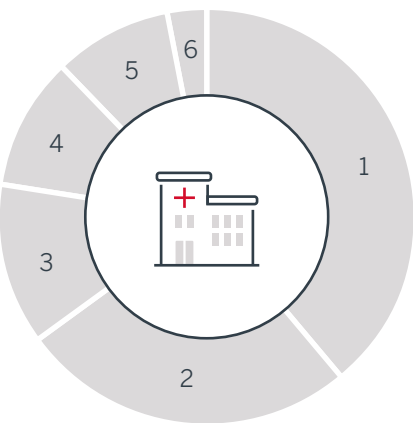
Despite recent news on new market entrants, the vast majority of consumers are not interested in using clinics with popular name-brand affiliations.

Out of five clinic affiliation options, only 7% of respondents indicated they would choose a clinic affiliated with a popular brand like Amazon or Apple as their first or second choice. Sixty-two percent ranked it as one of their bottom two choices. Comparatively, 39% ranked a clinic affiliated with a hospital or health system that they've used before as their #1 preference.

Concierge clinics may see more of a threat from a new offering operated by a popular consumer brand than other clinics. Respondents who reported using concierge care as their main source of primary care were significantly more interested in this type of affiliation—they ranked it as their first or second choice three times as frequently as the general population.

Respondents' top preferences for different clinic affiliations (n=3,000)

Percentage of respondents ranking each option #1 (most preferred)



- 1 39.1%** A clinic that partners with a hospital or medical group I've used before
- 2 26.0%** I don't care about a clinic's affiliation
- 3 12.4%** A clinic that partners with a university hospital
- 4 10.4%** A clinic that is completely independent
- 5 9.2%** Insurance company-sponsored clinic
- 6 3.1%** A popular brand name clinic (like Apple or Amazon)

Consumers aren't looking for one-stop shops.

While consumers placed high value on having on-site lab and X-ray access—the attribute ranked third highest overall—other ancillary services and types of care ranked much lower when choosing a new primary care office.

Overall, this suggests that consumers are not looking for a true one-stop shop for all their health- and wellness-related needs.

Relative importance of co-located, complementary services when choosing routine primary care (n=1,499; out of 40 clinic attributes)

rank

- #3 If I need lab tests or X-rays, I can get them done at the clinic instead of another location. **utility=8.31**
- #18 If I need a prescription, I can get it filled at the clinic instead of another location. **utility=1.82**



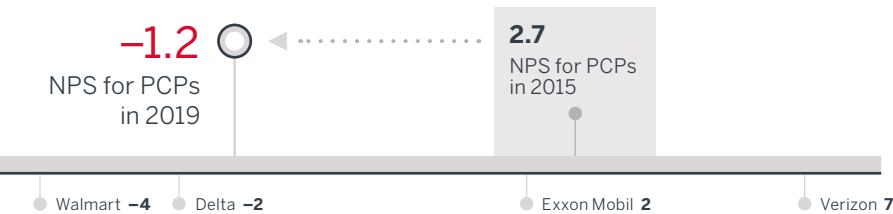
The above attribute ranked #9 in 2014, and fell to the bottom of the second quartile for both basic urgent care (ranked #14 out of 32) and ongoing primary care (ranked #18 out of 40) in 2019. The rise in prescription mail delivery services may be contributing to this shift. For basic urgent care, this means urgent care clinics, which generally offer on-site labs and X-rays, could have a competitive advantage over retail clinics, which don't have X-rays but do often offer on-site pharmacies.

- #28 I can submit an email about my symptoms, and someone will email me back with a treatment plan. **utility=1.00**
- #29 The clinic offers optometry or ophthalmology services for eye health. **utility=0.94**
- #35 The clinic has a registered dietitian for nutrition or weight concerns. **utility=0.70**
- #38 The clinic offers mental health and/or substance abuse support. **utility=0.60**
- #39 The clinic has a dentist. **utility=0.42**

Primary care patients are less loyal today than five years ago.

In our new survey, the Net Promoter Score (NPS) for primary care providers was -1.21, nearly four points lower than in 2015.¹ This puts primary care providers in the company of brands including Walmart and Delta Airlines, and behind Verizon and Exxon Mobil.

Shifts in PCP Loyalty, 2015 versus 2019^{2,3}



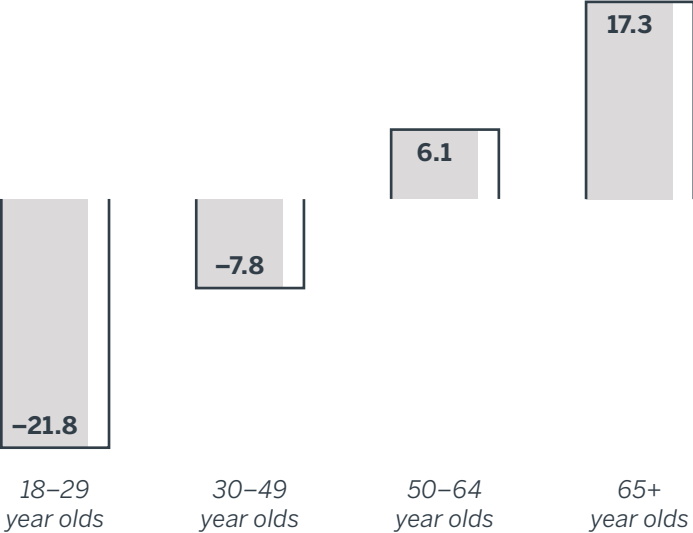
Consumer loyalty to primary care providers has declined by other measures as well. In 2015, 53% of respondents said they would definitely stay with their provider over the next year. In 2019, that percentage decreased to 40%. In fact, in the 2019 survey, more respondents said they probably or definitely **would not** stay with their provider over the next 12 months (45%) than said they definitely **would** (40%).

1. We last collected loyalty data in our 2015 Primary Care Physician Consumer Loyalty Survey.
2. All NPS values are reflective of their 2019 position with the exception of the 2015 2.7 PCP loyalty score.
3. Net Promoter Score benchmarks for Fortune 500 Companies," Customer Guru (2019).

Is loyalty related to age?

Yes. There was a nearly perfect linear relationship between loyalty and age. The 65+ population boasted the highest NPS, and the youngest respondents showed the least loyalty of the age cohorts.

2019 NPS by age (n=3,000)





2014

***What hasn't
changed
since 2014?***

Virtual visits and digital differentiators haven't grown much in importance.

Telehealth has grown both in prevalence (over a third of primary care offices now offer virtual visits¹) and volumes (commercial telehealth claims grew 261% between 2014 and 2017²). Thus, we were surprised that virtual visits haven't become a higher priority for respondents over the past five years. In fact, no virtual visits or digital differentiators, like online scheduling and bill pay, moved up much in rankings.

There was some shuffling among which digital services were most popular. For instance, online access to lab test results was the highest ranked digital differentiator in 2014, but it was beaten out by asynchronous virtual visits and online scheduling in 2019.

Even still, no virtual access or digital offerings cracked the top half of consumer priorities in 2019. Despite the industry's investment in telehealth, primary care consumers continue to value on-demand clinic access and care coordination over virtual visits and other digital differentiators.



How did digital differentiators stack up for ongoing primary care?

Digital connectedness was also not a top decision driver when choosing a new PCP. However, digital offerings ranked slightly higher for ongoing primary care than basic urgent care. The top two digital attributes for ongoing primary care were:

- Online access to lab test results (#14 out of 40)
- The ability to “text the clinic with my symptoms to get a recommendation on whether to seek care and, if so, where to go” (#16 out of 40)

No other digital offerings, including virtual access and online scheduling and bill pay, made the top 50% of attributes.

1. “2018 U.S. Telemedicine Industry Benchmarking Survey,” *InTouch* (2018).
 2. Barnett M, “Trends in Telemedicine Use in a Large, Commercially Insured Population, 2005–2017,” *JAMA* (2018).

Consumer preferences for virtual access and digital differentiators for basic urgent care

| | <i>In 2014...</i> (n=3,873) | <i>In 2019...</i> (n=1,501) |
|--------------|---|---|
| 1st quartile | Ranks 1–13 None | Ranks 1–8 None |
| 2nd quartile | Ranks 14–27 <ul style="list-style-type: none">I can view my lab test results and health records online. (#23) | Ranks 9–15 None |
| 3rd quartile | Ranks 28–41 <ul style="list-style-type: none">If I have more questions after the visit, I can email the provider. (#28)I can schedule an appointment online or on a mobile app. (#30)I can submit an email about my symptoms and someone will email me back with a treatment plan. (#38)I can pay my bill online. (#41) | Ranks 16–23 <ul style="list-style-type: none">I can submit an email about my symptoms and someone will email me back with a treatment plan. (#20)I can schedule an appointment online or on a mobile app. (#22)I can view my lab test results and health records online. (#23) |
| 4th quartile | Ranks 42–56 <ul style="list-style-type: none">A clinician can diagnose and treat me via webcam if I don't want to come to the clinic. (#45) | Ranks 24–32 <ul style="list-style-type: none">A clinician can diagnose and treat me via webcam if I don't want to come to the clinic. (#25)If I have more questions after the visit, I can email the provider. (#27)I can pay my bill online. (#31) |

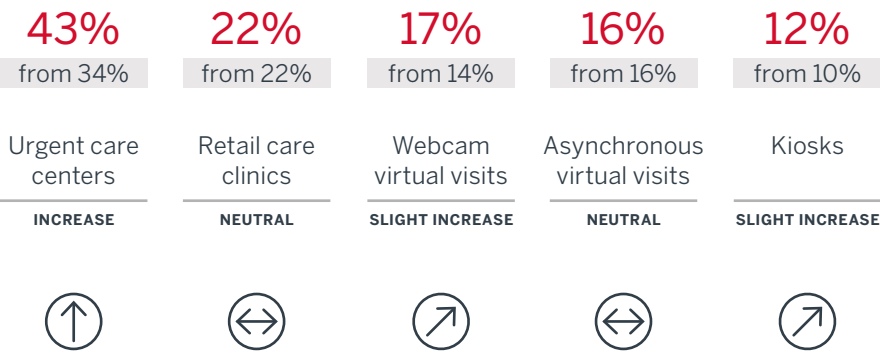
Acceptance of urgent care centers has increased; but that’s not true for retail clinics.

Acceptance of urgent cares increased substantially, with 43% of 2019 respondents—up from 34% in 2014—reporting they would probably or definitely consider using one for basic urgent care (“for a fever, sore throat, rash, minor sprain, etc.”).

No other alternative care site gained much traction in the last five years, though. Even with an estimated 3,000 sites¹ across the U.S. and operating chains expanding their offerings, retail clinics maintained their same level of acceptance and were the second most widely accepted alternative care site. Webcam virtual visits experienced a slight increase in acceptance, while asynchronous virtual visits² remained consistent.

Respondents’ shift in willingness to use alternative primary care options from 2014 to 2019 (n=3,000)

Top two box scores (“probably” or “definitely would consider using”)

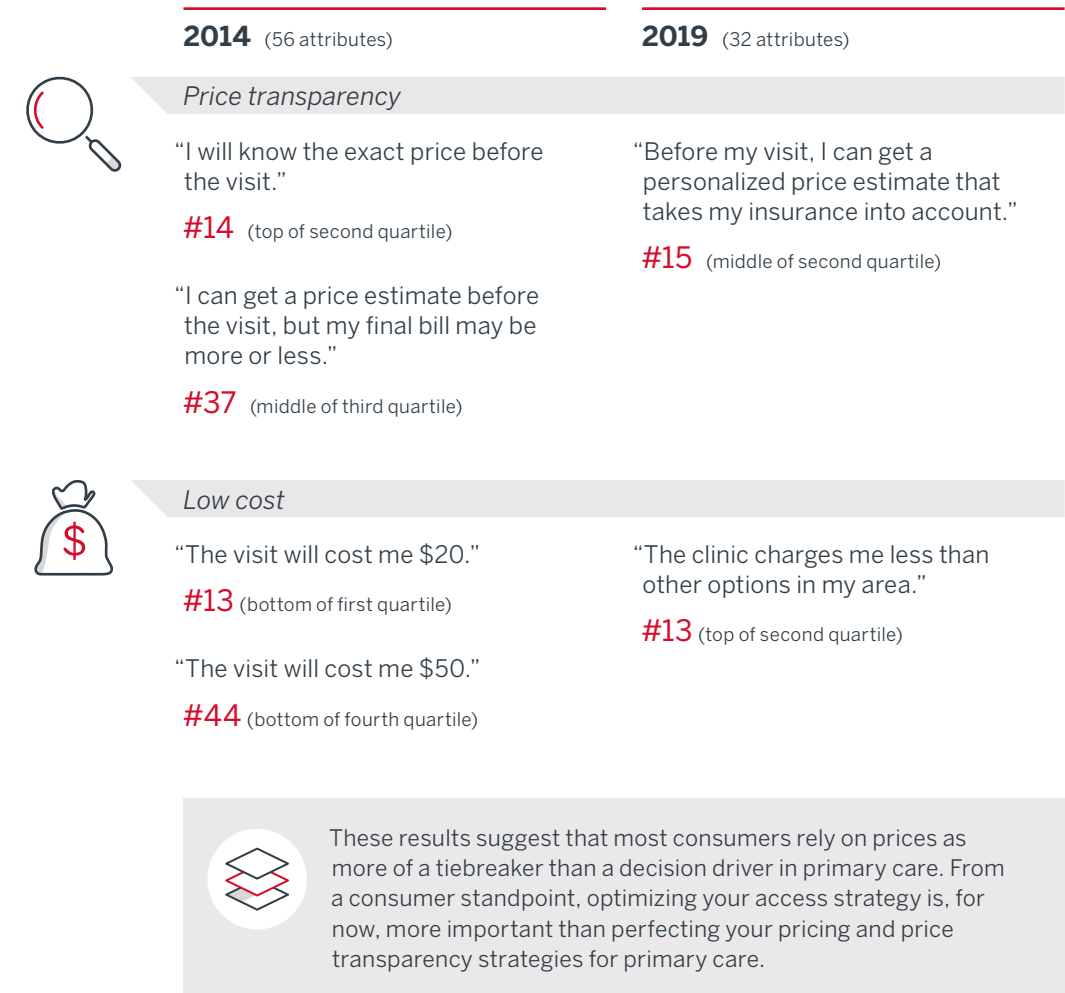


1. Statista Research Department (2019), “Number of retail clinics in the United States from 2008 to 2018.”
2. In the survey, we defined asynchronous virtual visits as a “virtual visit via secure message or form.”

Up-front, low prices are still just tiebreakers.

The national spotlight is shining on health care costs and transparency. Deductibles and cost sharing have grown, a policy to address surprise medical bills has received bipartisan support, and price transparency tools and policies proliferate.

Even still, primary care prices do not appear to be top of mind for patients. In our 2019 survey, low prices and price transparency remained mid-level priorities for consumers seeking basic urgent care.





Appendix

What fell out of the 2014 top quartile clinic attributes over the past five years or was removed from the survey?

| Attribute | Ranking ¹ in | | Change in ranking | Notes |
|---|-------------------------|------|--------------------------------|---|
| | 2014 | 2019 | | |
| I can walk in without an appointment, and I'm guaranteed to be seen within 30 minutes. | 1 | 1 | None | |
| If I need lab tests or X-rays, I can get them done at the clinic instead of going to another location. | 2 | 3 | ● 1 Still in top quartile | In 2019, "I can walk in without an appointment and be guaranteed to be seen within an hour" ranked second. |
| The provider is in-network for my insurer. | 3 | — | — | Our other surveys over the last five years have suggested that in-network status is prerequisite to a care site being considered. So in 2019, we told respondents to assume that all the options they were deciding between were in-network for their insurance, if they had insurance. |
| The visit will be free. | 4 | — | — | Although it can be helpful to test this to see what, if anything, is more important than paying nothing, we cut this attribute in 2019 to be more reflective of a realistic care decision a consumer might face. |
| The clinic is open 24 hours a day, 7 days a week. | 5 | 6 | ● 1 Still in top quartile | In 2019, "I will be treated by a doctor instead of a nurse practitioner or physician assistant" ranked #5. |
| I can get an appointment for later today. | 6 | 4 | ⊕ 2 Still in top quartile | |
| The provider explains possible causes of my illness and helps me plan ways to stay healthy in the future. | 7 | 9 | ● 2 Fell to second quartile | In 2019, "The clinic is open on weekends" ranked #7. Weekend access was #17 in 2014. |
| Each time I visit the clinic, the same provider will treat me. | 8 | — | — | We did not test this attribute in 2019 because we separated basic urgent care from routine primary care across two MaxDiff analyses. In 2014, we asked respondents to focus only on choosing a provider for an episodic care need. |

1. 2014 ranking was out of 56 attributes. 2019 ranking for basic urgent care had 40 attributes.

| Attribute | Ranking in | | Change in ranking | Notes |
|---|------------|------|---------------------------------|---|
| | 2014 | 2019 | | |
| If I need a prescription, I can get it filled at the clinic instead of going to another location. | 9 | 14 | ● 5 Fell to second quartile | |
| The clinic is located near my home. | 10 | 10 | None Fell to second quartile | In 2019, we tested “It will take me 10 minutes or less to travel to the clinic,” which ranked 10th in 2019. |
| I will be treated by a doctor instead of a nurse practitioner or physician assistant. | 11 | 5 | ⊕ 6 Still in top quartile | In 2019, “The clinic is open on weekday evenings” ranked #11. |
| The clinic has the latest, cutting-edge technology. | 12 | 16 | ● 4 Fell to third quartile | In 2019, “The clinic has the highest patient satisfaction scores of the options” ranked 12th. A similar attribute ranked 25th in 2014. |
| The visit will cost me \$20. | 13 | 13 | None Fell to second quartile | In 2019, we tested “The clinic charges me less than other options in my area,” which ranked 13th. |
| I will know the exact price before the visit. | 14 | 15 | ● 1 Fell to second quartile | In 2019, we tested “Before my visit, I can get a personalized price estimate that takes my insurance into account.” This change was made to more realistically reflect a care decision a consumer might face. |
| The clinic will share the record from my visit with my other doctors. | 15 | 8 | ⊕ 7 Moved to first quartile | In 2019, we tested “The clinic staff will coordinate any follow-up care I need, like scheduling appointments with specialists and sending them my health record.” This reflects the change we’ve observed in what is now required to have a competitive advantage in care coordination. |

Project Directors

Sharareh Afshani
Emily Heuser

Program Manager

Anna Yakovenko

Managing Director

Alicia Daugherty

Designer

Kevin Matovich

LEGAL CAVEAT

Advisory Board has made efforts to verify the accuracy of the information it provides to members. This report relies on data obtained from many sources, however, and Advisory Board cannot guarantee the accuracy of the information provided or any analysis based thereon. In addition, Advisory Board is not in the business of giving legal, medical, accounting, or other professional advice, and its reports should not be construed as professional advice. In particular, members should not rely on any legal commentary in this report as a basis for action, or assume that any tactics described herein would be permitted by applicable law or appropriate for a given member's situation. Members are advised to consult with appropriate professionals concerning legal, medical, tax, or accounting issues, before implementing any of these tactics. Neither Advisory Board nor its officers, directors, trustees, employees, and agents shall be liable for any claims, liabilities, or expenses relating to (a) any errors or omissions in this report, whether caused by Advisory Board or any of its employees or agents, or sources or other third parties, (b) any recommendation or graded ranking by Advisory Board, or (c) failure of member and its employees and agents to abide by the terms set forth herein.

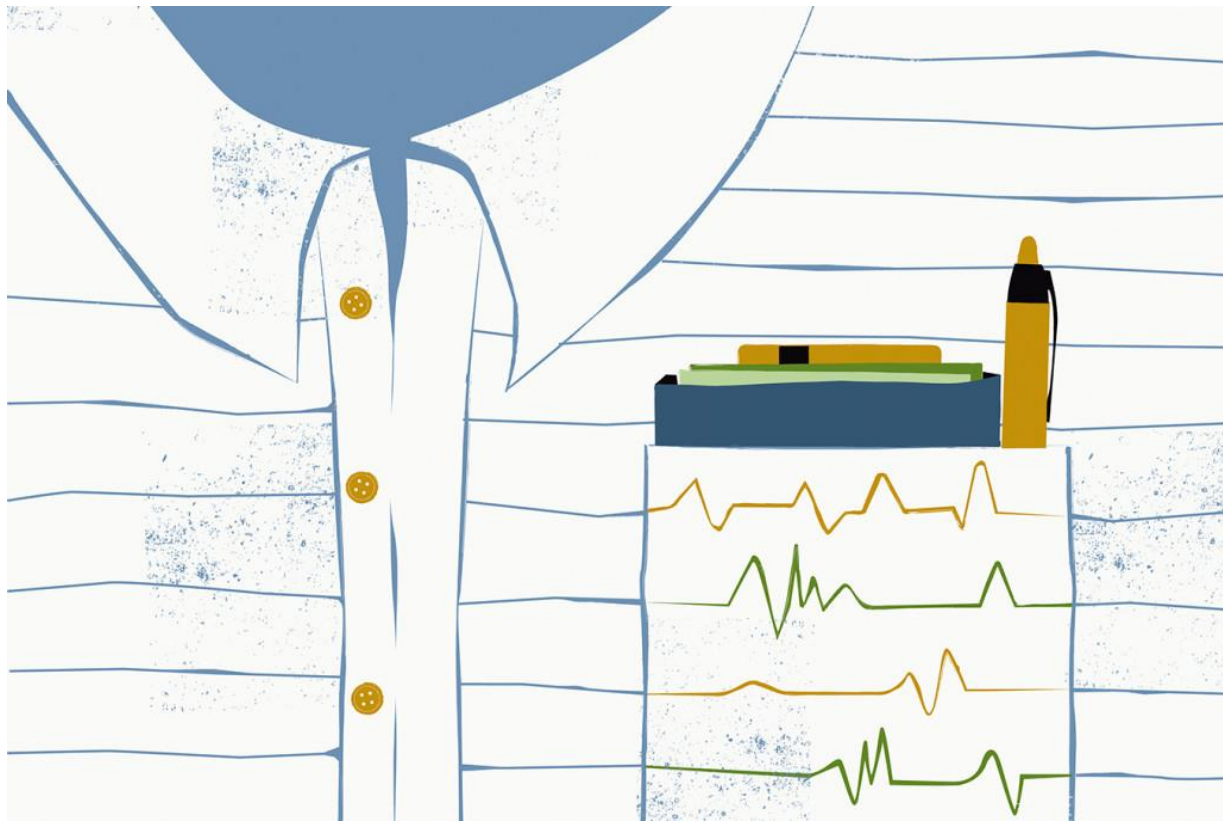
Advisory Board is a best practice research firm serving the health care industry. We provide strategic guidance, thought leadership, market forecasting, and implementation resources. For more information about our services—including webconferences, analytics, expert insight, and more—visit advisory.com.



Employers Are Scaling Back Their Dependence On High-Deductible Health Plans

KHN Kaiser Health News

By [Michelle Andrews](#) OCTOBER 29, 2019



Employers are finding that workers like the predictability of a traditional health care plan and that providing more generous plans can help with recruiting in a tight labor market. (Bea Crespo/Ikon Images via Getty Images)

Everything old is new again. As open enrollment gets underway for next year's job-based health insurance coverage, some employees are seeing traditional plans offered alongside or instead of the plans with sky-high deductibles that may have been their only choice in the past.

Some employers say that, in a tight labor market, offering a more generous plan with a deductible that's less than four figures can be an attractive recruitment tool. Plus, a

more traditional plan may appeal to workers who want more predictable out-of-pocket costs, even if the premium is a bit higher.

That's what happened at [Digital River](#), a 650-person global e-commerce payment processing business based in Minnetonka, Minn.

Four years ago, faced with premium increases approaching double digits, Digital River ditched its traditional preferred provider organization plan in favor of three high-deductible plans. Each had different deductibles and different premiums, but all linked to health savings accounts that are exempt from taxes. This year, though, the company added back two traditional preferred provider plans to its offerings for workers.

Even with three plan options, "we still had employees who said they wanted other choices," said KT Schmidt, the company's chief administrative officer.

Digital River isn't the only company broadening its offerings. For the third year in a row, the percentage of companies that offer high-deductible plans as the sole option will decline in 2020, according to a survey of large employers by the National Business Group on Health. A quarter of the firms polled will offer these plans, sometimes called consumer-directed plans, as the only option next year, down 14 percentage points from two years ago.

That said, consumer-directed plans are hardly disappearing. [Fifty-eight percent](#) of covered employees worked at companies that offered at least one high-deductible health plan in 2019, according to an annual survey of employer health benefits released by the Kaiser Family Foundation last month. That was second only to the 76% of covered workers who were at firms that offered a PPO plan. (KHN is an editorially independent program of the foundation.)

When Digital River switched to all high-deductible plans for 2016, the firm put some of the \$1 million it saved into the new health savings accounts that employees could use to cover their out-of-pocket expenses before reaching the deductible. Employees could also contribute to those accounts to save money for medical expenses. This year the deductibles on those plans are \$1,850, \$2,700 and \$3,150 for single coverage, and \$3,750, \$5,300 and \$6,300 for family plans.

The company put a lot of effort into educating employees about how the new plans worked, said Schmidt. Premiums are typically lower in high-deductible plans. But under federal rules, until people reach their deductible, the plans pay only for specified preventive care such as annual physicals and cancer screenings and some care for existing chronic conditions.

Enrollees are on the hook for everything else, including most doctor visits and prescription drugs. In 2020, the minimum deductible for a plan that qualifies [under](#)

[federal rules](#) for a tax-exempt health savings account is \$1,400 for an individual and \$2,800 for a family.

As their health savings account balances grew, “more people moved into the camp that could see the benefits” of the high-deductible strategy, Schmidt said. Still, not everyone wanted to be exposed to costs upfront, even if they ended up spending less overall.

“For some people, there remained a desire to pay more to simply have that peace of mind,” he said.

Digital River’s PPOs have deductibles of \$400 and \$900 for single coverage and \$800 and \$1,800 for families. The premiums are significantly more expensive than those of the high-deductible plans.

In the PPO plan with the \$400/\$800 deductible, the employee’s portion of the monthly premium ranges from \$82.37 for single coverage to \$356.46 for an employee plus two or more family members. The plan with the \$2,700 deductible costs an employee \$21.11 for single coverage and the \$5,300 deductible plan costs \$160.29 for the employee plus at least two others.

But costs are more predictable in the PPO plan. Instead of owing the entire cost of a doctor visit or trip to the emergency room until they reach their annual deductible, people in the PPO plans generally owe set copayments or coinsurance charges for most types of care.

When Digital River introduced the PPO plans this year, about 10% of employees moved from the high-deductible plans to the traditional plans. Open enrollment for 2020 starts later this fall, and the company is offering the same mix of traditional and high-deductible plans again for next year.

Adding PPOs to its roster of plans not only made employees happy but also made the company more competitive, Schmidt said. Two of Digital River’s biggest competitors offer only high-deductible plans, and the PPOs give Digital River an edge in attracting top talent, he believes.

According to the survey by the National Business Group on Health, employers that opted to add more choices to what they offered employees typically chose a traditional PPO plan. Members in these plans generally get the most generous coverage if they use providers in the plan’s network. But if they go out of network, plans often cover that as well, though they pay a smaller proportion of the costs. For the most part, deductibles are lower than the federal minimum for qualified high-deductible plans.

Traditional plans like PPOs also give employers more flexibility to try different approaches to improve employees' health, said Tracy Watts, a senior partner at benefits consultant Mercer.

“Some of the newer strategies that employers want to try just aren't [health savings account] compatible,” said Watts. The firms might want to pay for care before the deductible is met, for example, or eliminate employee charges for certain services. Examples of these strategies could include direct primary care arrangements in which physicians are paid a monthly fee to provide care at no cost to the employee, or employer-subsidized telemedicine programs.

The so-called [Cadillac tax](#), a provision of the Affordable Care Act that would impose a 40% excise on the value of health plans that exceed certain dollar thresholds, was a driving force behind the shift toward high-deductible plans. But the tax, originally supposed to take effect in 2018, has been pushed back to 2022. The House passed a [bill repealing the tax](#) in July, and there is a companion bill in the Senate.

It's unclear what will happen, but employers appear to be taking the uncertainty in stride, said Brian Marcotte, president and CEO of the National Business Group on Health.

“I think employers don't believe it's going to happen, and that's one of the reasons you're seeing [more plan choices] introduced,” he said.

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

To: Finance Committee
From: Ken King, CASO
Date: November 25, 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 substantially complete with only a few items that remain to be finalized before OSHPD is expected to grant final occupancy by the end of November. Once this occurs, we will complete our preparations for the CDPH Licensing inspection and survey. The target for the CDPH visit is early January and moving into the new facility will occur shortly after the approvals are received. During this period of time we continue to train and educate staff and we will have our second operational Dress Rehearsal on December 10th.

We have begun the process of closing out the contract with the General Contractor and at this time the project is forecasted to be completed within the approved budget. (See Attachment #1 – Cost Reports)

Sobrato Pavilion (aka IMOB) construction that is permitted by the City of Mountain View is nearing substantial completion and the construction that is permitted by OSHPD will enter its final phase once the City permitted work is signed off. The building opening event occurred on the 17th of November and the receipt of the Final Permit sign off from the City of Mountain View is expected in early December. The training and education of staff will take place over the next several weeks with the initial operational Dress Rehearsal on December 10th. The move-in of various hospital department functions and tenants will begin in early January and will be completed over several weeks. The hospital's patient care functions require CDPH Licensing approval, which is targeted for late January with the move-in occurring in early February.

The Grant Road right turn lane has been delayed due to additional requirements by the Public Works department. The timeline to complete this work will be established when all information is determined.

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 has been returned and the project and design team are reviewing the comments and preparing appropriate responses to the issues raised.

The process of identifying qualified sub-contractors to bid on the project is continuing 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 (Phases 1 and 2) received approval from both the Hospital Board and the District Board. Phase 1 plans have been submitted to OSPHD and Phase 2 Construction Documents are being developed.

The target date for obtaining the Phase 1 permit and beginning the initial demolition is late March 2020.

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 - | Complete |
| Behavioral Health Services Building - | Substantially Complete |
| Integrated Medical Office Building - | Nearing Substantial Completion |
| Central Plant Upgrades - | Complete |

Step II:

| | |
|-----------------------------------|----------------------------|
| Women's Hospital Expansion - | Plan Review/Permit |
| Demolition of Old Main Hospital - | Plan Review/Permit 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

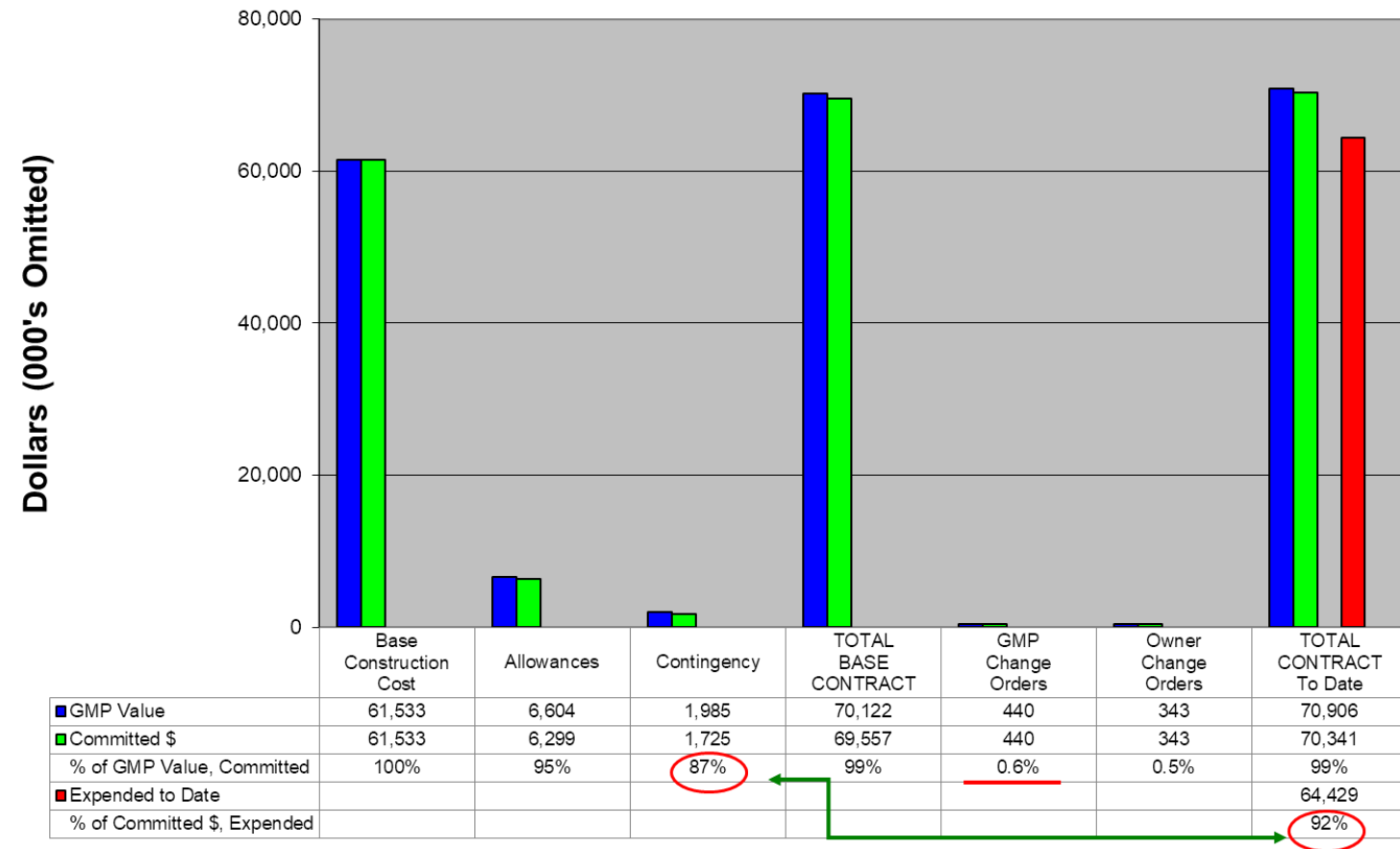
Suggested Committee Discussion Questions: None



Finance Committee – Major Projects Update
November 25, 2019

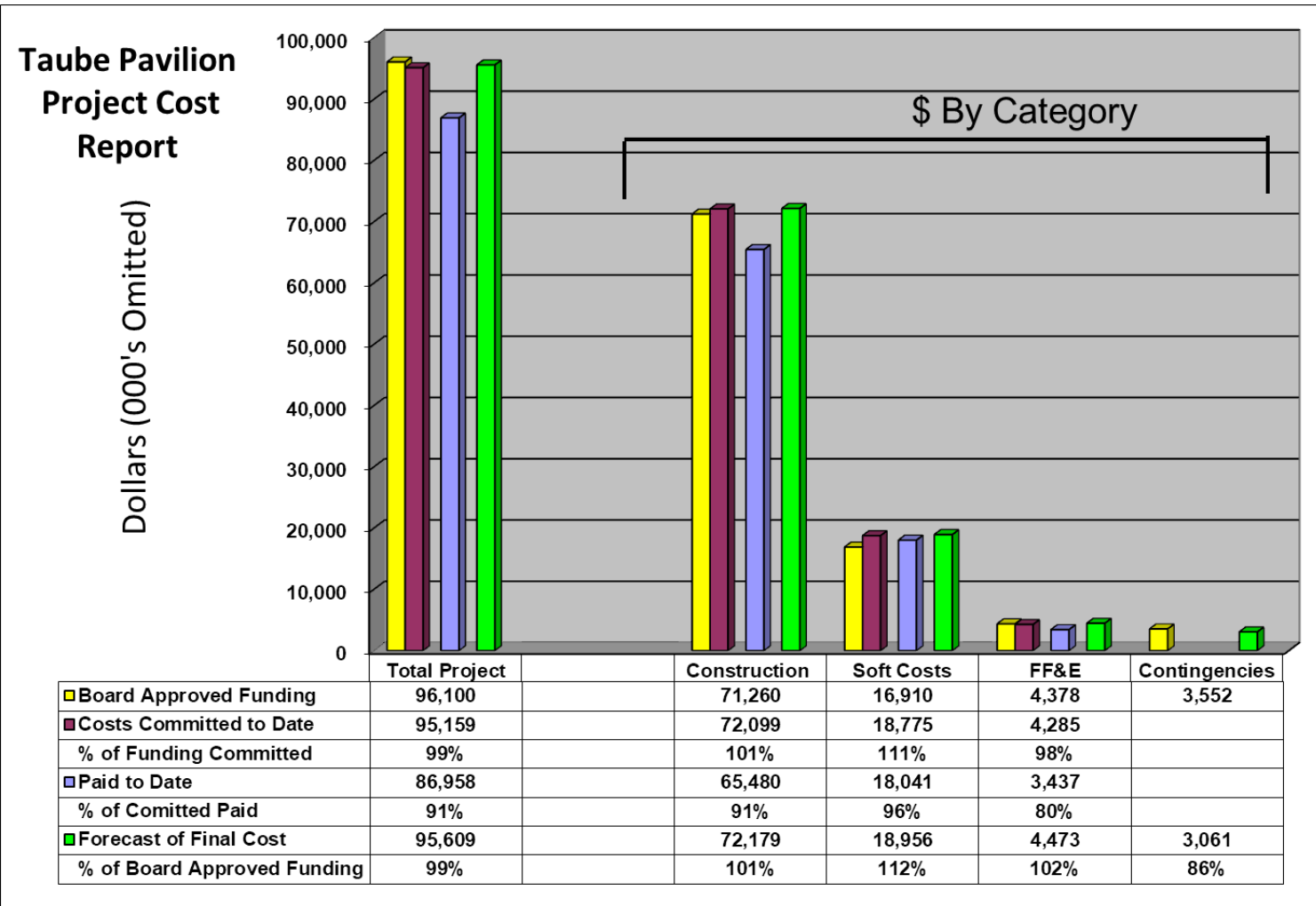
Ken King, CASO

Taube Pavilion Construction Contract Cost Report

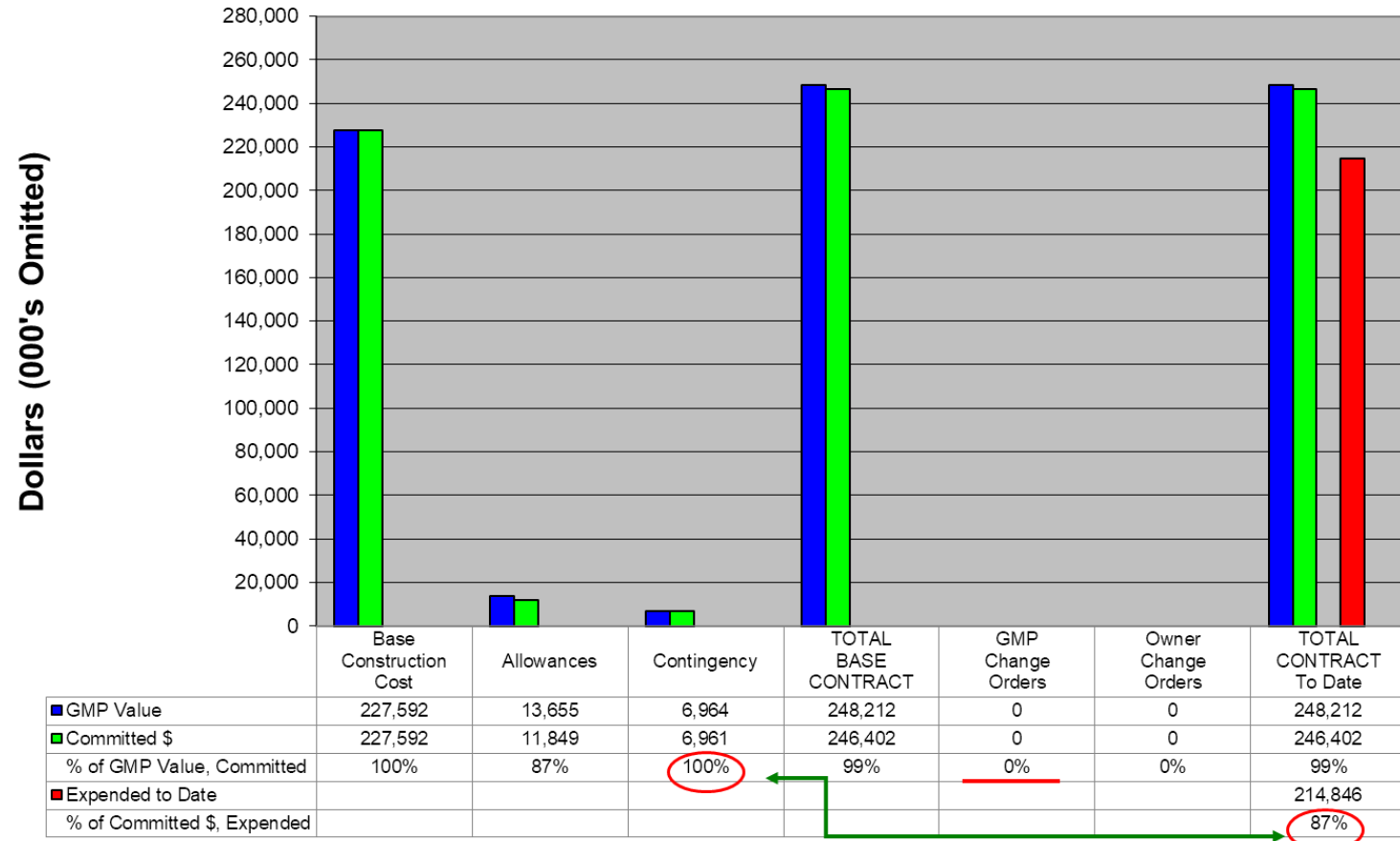


Taube Pavilion - Construction Contract Cost Categories

Taube Pavilion Project Cost Report

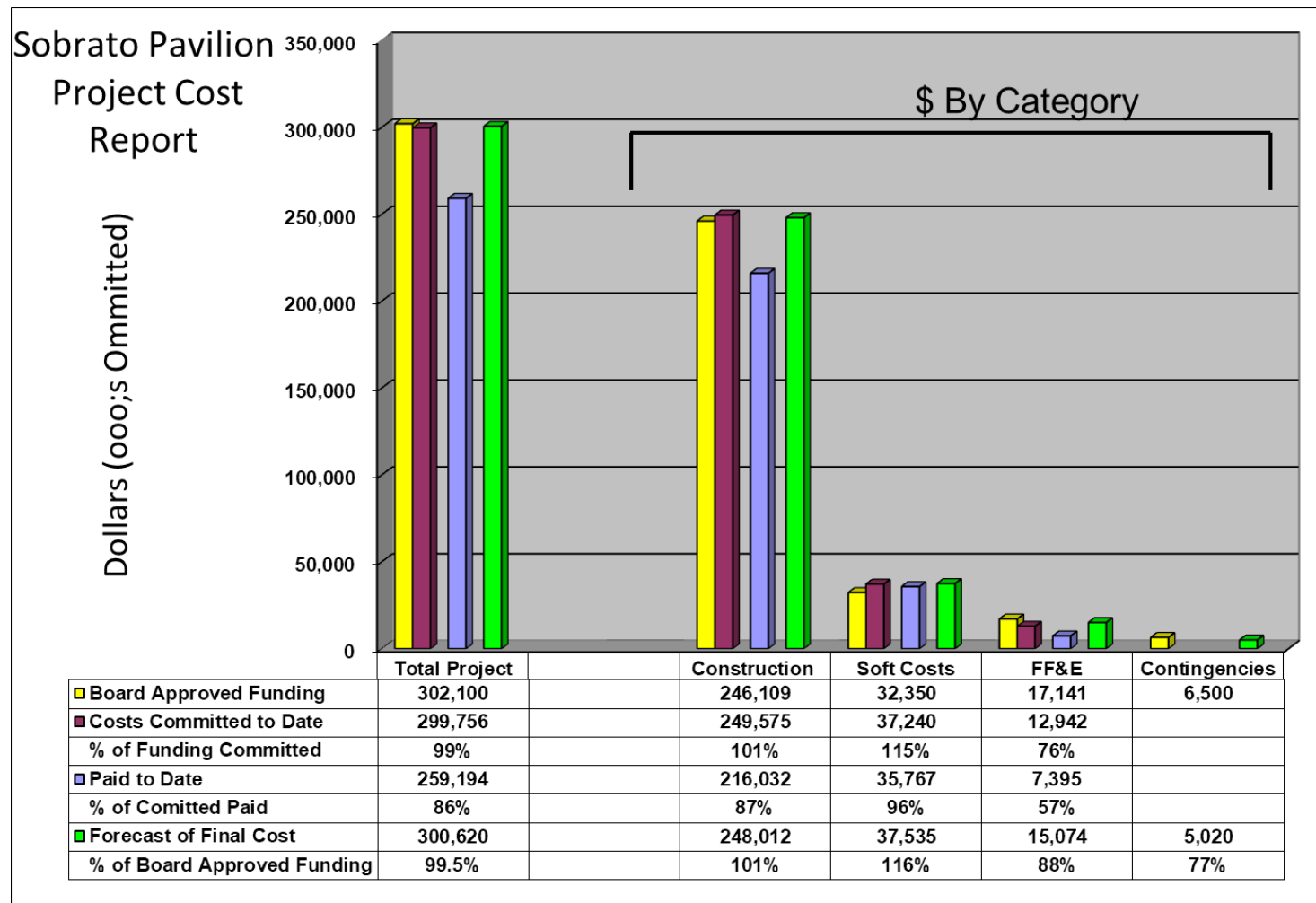


Sobrato Pavilion Construction Contract Cost Report



Sobrato Pavilion - Construction Contract Cost Categories

Sobrato Pavilion Project Cost Report



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

To: Finance Committee
From: Cindy Murphy, Director of Governance Services
Date: November 25, 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 met once and the District Board has not met. 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: November 6, 2019

- Approved Revised Committee Charters
- Approved FY20 Board Action Plan (attached)
- Recommended the ECHD Board Approve a Revised Process for Election and Re-Election of Non-District Board Members to the El Camino Hospital Board of Directors
- Approved Resolution 2019-12 Authorizing Forward Starting Interest Rate Hedge
- Approved Revised FY20 Pathways Home Health and Hospice Budget
- Approved the Annual Safety Report for the Environment of Care

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

C. Executive Compensation Committee Actions: November 7, 2019

- Approved FY20 Individual Incentive Goals for the President of the Foundation
- Approved Revised FY20 Individual Incentive Goals for the General Counsel

4. **Assessment:** N/A

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

6. **Outcomes:** N/A

List of Attachments: None.

Suggested Committee Discussion Questions: None.

Board Action Plan

| | What | Who | By When | Current Status |
|--|---|------------------------------------|--------------------------------|----------------|
| Quality Oversight | | | | |
| | <p>Adopt a customized, actionable approach to effective quality.</p> <ul style="list-style-type: none"> Review and discuss available approaches to quality oversight. Frameworks to consider might include IHI Framework for Governance of Health System Quality, AHRQ High Reliability Organizations, and LEAN Six Sigma among others. Identify and incorporate aspects from the different frameworks to create a customized approach to quality oversight at ECH. | Quality Committee Chair, CMO | End Q1 2020 | |
| | <p>Hold an educational meeting or series of meetings focused on quality oversight. These sessions will provide:</p> <ul style="list-style-type: none"> Additional education on the board's role in quality oversight including information on quality goals, indicators and how to interpret data. An opportunity to discuss how ECH defines quality and what the organization's approach should be. | Quality Committee Chair, CMO | Scheduled for October 23, 2019 | |
| Meeting Effectiveness | | | | |
| | Restructure board meeting presentations to improve focus and promote dialogue. | CEO, Dir Gov Services | December 2019 | |
| | Implement a board meeting evaluation to assess quality of materials, mechanics and results of the meeting. | Board Chair, CEO | September 2019 | |
| Ongoing Governance Education/Training | | | | |
| | Develop an intentional, multi-year strategy for ongoing board education. The intent would be to identify topics and modalities that would enhance the governance competencies and engagement of the ECH Hospital Board. | Governance Committee | December 2019 | |
| Enhancing Board Culture | | | | |
| | Convene board members outside the typical board meeting structure to facilitate greater cohesiveness and teamwork on a quarterly or bi-annual basis. | Board Chair, CEO, Dir Gov Services | Ongoing | |



El Camino Health

Summary of Financial Operations

*Fiscal Year 2020 – Period 4
7/1/2019 to 10/31/2019*

Financial Overview

Financial Performance

- Net income for the year is \$15.6 M or 45% ahead of target
- Investment income makes up \$3.4 million and operations makes up the remaining \$12.2 M driven by volume growth

Hospital Volume

- Adjusted Discharges 9% higher than budget and 12% higher than prior year. The budget target is based has a 3% growth vs 2.1% CAGR over the last 5 years
 - Mountain View:
 - Higher than budget by 8% and prior year by 10.0%
 - Overall procedural volume favorable to budget by 573 cases (6%)
 - Infusion Volumes favorable to budget by 357 encounters (14%) - extended hours, new Oncologist and increased productivity
 - Pulmonology procedures favorable to budget by 44 (25%) – new ION Robot for Lung Nodule Program
 - Emergency Room favorable to budget by 305 visits (3%)
 - Los Gatos:
 - Higher than budget by 17% and prior year by 24%
 - Overall procedural volume favorable to budget by 267 cases (14%)
 - Surgeries favorable to budget by 193 cases (27%) – Orthopedics & Spine (high producing ortho/spine surgeons), Ophthalmology (program moved from Willow ASC)
 - Op Emergency Room favorable to budget by 373 visits (11%)

Payor Mix

- Payor mix is unfavorable year to date driven by Inpatient (IP) activity in September & October
 - For September, MV IP Orthopedic Medicare activity increased while Commercial charges remained flat. Commercial charges are higher in October.
 - For October, LG IP General Medicine Medicare charges were high due to new Pulmonary Medicine procedures and LG IP Orthopedics Medicare charges increased due to higher overall activity in the service line due to new provider

Productivity

- Year to date FTEs are in line with targets.

Dashboard - as of October 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 | 80,883 | 93,233 | 92,089 | 1,144 | 310,442 | 355,643 | 342,604 | 13,040 |
| Operating Expenses | 72,701 | 82,245 | 81,850 | (395) | 278,886 | 321,228 | 320,407 | (821) |
| Operating Margin \$ | 8,182 | 10,988 | 10,239 | 749 | 31,556 | 34,416 | 22,197 | 12,219 |
| Operating Margin % | 10.1% | 11.8% | 11.1% | 0.7% | 10.2% | 9.7% | 6.5% | 3.2% |
| EBIDA \$ | 13,744 | 16,031 | 15,579 | 452 | 50,417 | 53,514 | 42,568 | 10,946 |
| EBIDA % | 17.0% | 17.2% | 16.9% | 0.3% | 16.2% | 15.0% | 12.4% | 2.6% |
| Hospital Volume | | | | | | | | |
| Licensed Beds | 443 | 443 | 443 | - | 443 | 443 | 443 | - |
| ADC | 230 | 232 | 237 | (5) | 225 | 227 | 229 | (3) |
| Utilization MV | 64% | 63% | 64% | (1.8%) | 62% | 62% | 62% | 0.3% |
| Utilization LG | 26% | 31% | 30% | 0.5% | 27% | 30% | 31% | (1.6%) |
| Utilization Combined | 52% | 52% | 53% | (1.0%) | 51% | 51% | 52% | (0.4%) |
| Adjusted Discharges | 3,025 | 3,358 | 3,079 | 279 | 11,380 | 12,786 | 11,650 | 1,136 |
| Total Discharges (Excl NNB) | 1,613 | 1,714 | 1,662 | 52 | 6,185 | 6,669 | 6,360 | 309 |
| Total Discharges | 1,982 | 2,084 | 2,041 | 43 | 7,550 | 8,099 | 7,743 | 356 |
| Inpatient Cases | | | | | | | | |
| MS Discharges | 1,086 | 1,163 | 1,108 | 55 | 4,194 | 4,605 | 4,293 | 312 |
| Deliveries | 391 | 395 | 396 | (1) | 1,451 | 1,507 | 1,470 | 37 |
| BHS | 98 | 103 | 114 | (11) | 378 | 378 | 404 | (26) |
| Rehab | 38 | 53 | 45 | 8 | 162 | 179 | 193 | (14) |
| Outpatient Cases | 12,973 | 14,721 | 13,540 | 1,181 | 49,322 | 53,509 | 50,964 | 2,545 |
| ED | 3,894 | 4,086 | 3,927 | 159 | 15,578 | 16,388 | 15,707 | 681 |
| Procedural Cases | | | | - | | | | - |
| OP Surg | 433 | 520 | 446 | 74 | 1,623 | 1,967 | 1,672 | 295 |
| Endo | 252 | 271 | 270 | 1 | 851 | 919 | 910 | 9 |
| Interventional | 189 | 202 | 197 | 5 | 745 | 729 | 781 | (52) |
| All Other | 8,205 | 9,642 | 8,701 | 941 | 30,525 | 33,506 | 31,893 | 1,613 |
| Hospital Payor Mix | | | | | | | | |
| Medicare | 47.1% | 50.1% | 48.6% | 1.5% | 46.3% | 50.0% | 48.1% | 1.8% |
| Medi-Cal | 7.9% | 6.7% | 7.7% | (1.0%) | 8.1% | 7.6% | 7.9% | (0.4%) |
| Commercial IP | 21.0% | 18.0% | 20.5% | (2.5%) | 21.7% | 18.4% | 20.7% | (2.3%) |
| Commercial OP | 21.6% | 22.6% | 20.9% | 1.6% | 21.4% | 21.8% | 20.9% | 0.9% |
| Total Commercial | 42.6% | 40.6% | 41.5% | (0.9%) | 43.1% | 40.3% | 41.6% | (1.4%) |
| Other | 2.4% | 2.6% | 2.2% | 0.4% | 2.6% | 2.2% | 2.3% | (0.1%) |
| Hospital Cost | | | | | | | | |
| Total FTE | 2,639.8 | 2,811.4 | 2,799.9 | (11.5) | 2,602.5 | 2,764.7 | 2,756.5 | (8.2) |
| Productive Hrs/APD | 31.0 | 31.3 | 31.8 | 0.5 | 31.1 | 31.5 | 32.6 | 1.0 |
| Consolidated Balance Sheet | | | | | | | | |
| Net Days in AR | 46.6 | 49.7 | 49.0 | (0.7) | 46.6 | 49.7 | 49.0 | (0.7) |
| Days Cash | 503 | 477 | 435 | 42 | 503 | 477 | 435 | 42 |

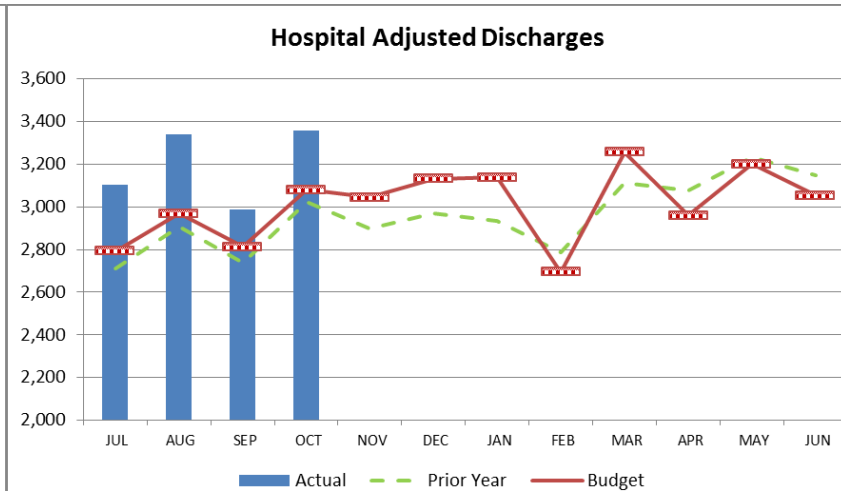
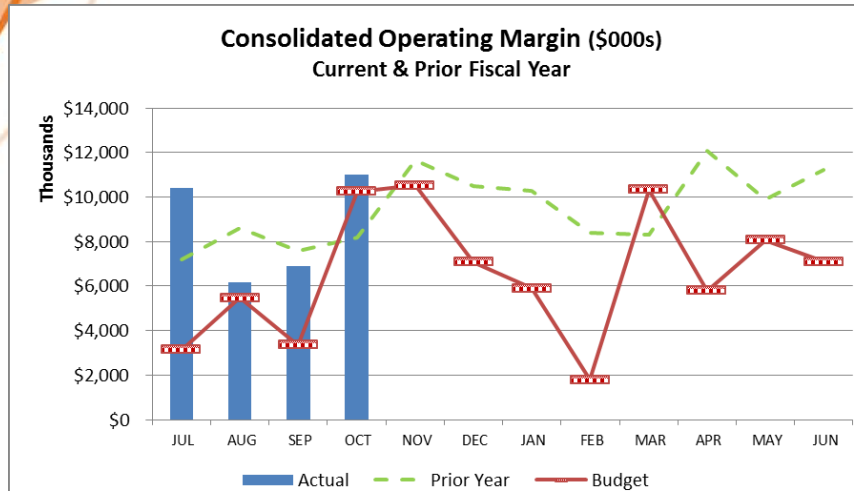
*Beginning with the June FY 19 report, the Dashboard and the financial report has been updated to show the ECH consolidated results instead of just the Hospitals. The descriptions of the metrics indicate whether the data is hospital only.

Consolidated Statement of Operations (\$000s)

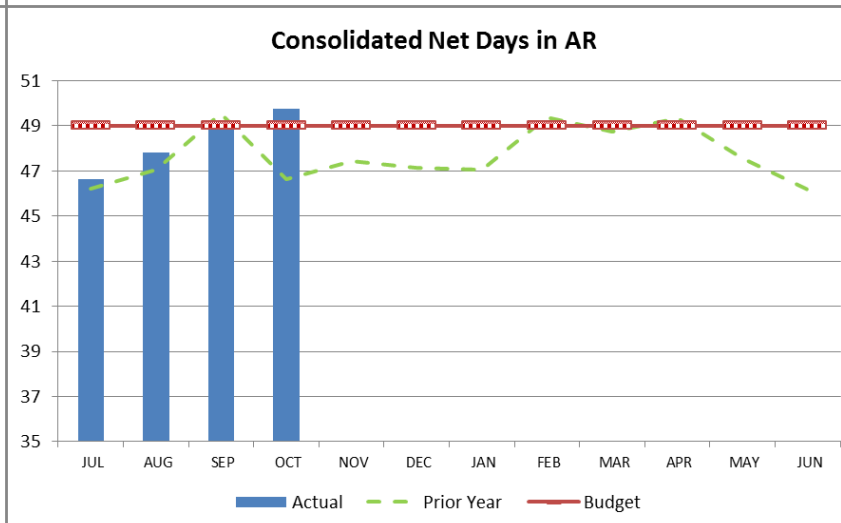
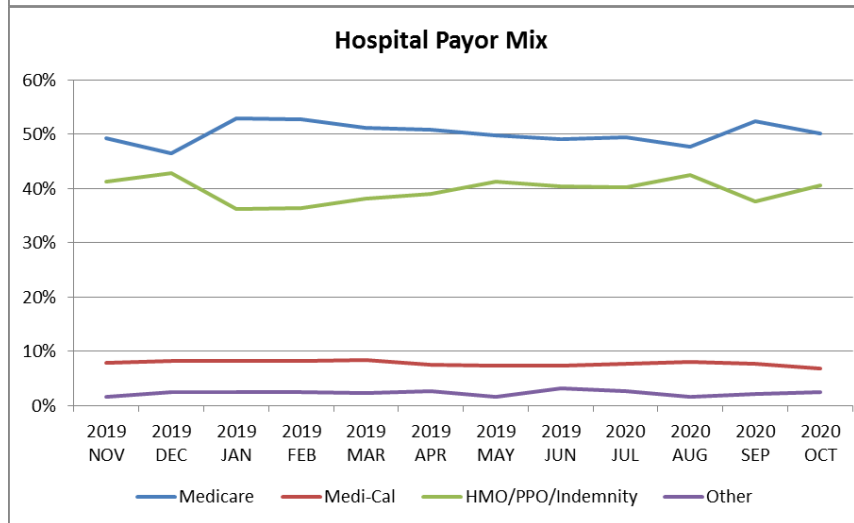
Period ending 10/31/2019

| Period 4 FY 2019 | Period 4 FY 2020 | Period 4 Budget 2020 | Variance Fav (Unfav) | Var% | | YTD FY 2019 | YTD FY 2020 | YTD Budget 2020 | Variance Fav (Unfav) | Var% |
|---------------------|---------------------|-------------------------|-------------------------|---------------|--------------------------------------|----------------|----------------|--------------------|-------------------------|---------------|
| | | | | | \$000s | | | | | |
| | | | | | OPERATING REVENUE | | | | | |
| 297,691 | 337,610 | 329,034 | 8,576 | 2.6% | Gross Revenue | 1,123,785 | 1,280,865 | 1,247,645 | 33,220 | 2.7% |
| (220,035) | (247,968) | (241,395) | (6,572) | (2.7%) | Deductions | (825,794) | (942,375) | (921,463) | (20,912) | (2.3%) |
| 77,656 | 89,642 | 87,638 | 2,004 | 2.3% | Net Patient Revenue | 297,992 | 338,490 | 326,182 | 12,308 | 3.8% |
| 3,227 | 3,591 | 4,450 | (860) | (19.3%) | Other Operating Revenue | 12,450 | 17,154 | 16,422 | 732 | 4.5% |
| 80,883 | 93,233 | 92,089 | 1,144 | 1.2% | Total Operating Revenue | 310,442 | 355,643 | 342,604 | 13,040 | 3.8% |
| | | | | | OPERATING EXPENSE | | | | | |
| 42,092 | 47,294 | 46,547 | (747) | (1.6%) | Salaries & Wages | 165,351 | 183,373 | 183,617 | 244 | 0.1% |
| 11,237 | 12,515 | 12,629 | 114 | 0.9% | Supplies | 43,927 | 51,098 | 47,475 | (3,623) | (7.6%) |
| 10,775 | 13,389 | 13,402 | 13 | 0.1% | Fees & Purchased Services | 40,368 | 53,280 | 52,693 | (587) | (1.1%) |
| 3,035 | 4,004 | 3,932 | (72) | (1.8%) | Other Operating Expense | 10,379 | 14,378 | 16,251 | 1,873 | 11.5% |
| 1,237 | 711 | 495 | (216) | (43.6%) | Interest | 1,690 | 1,407 | 1,980 | 573 | 28.9% |
| 4,324 | 4,332 | 4,845 | 513 | 10.6% | Depreciation | 17,171 | 17,691 | 18,392 | 701 | 3.8% |
| 72,701 | 82,245 | 81,850 | (395) | (0.5%) | Total Operating Expense | 278,886 | 321,228 | 320,407 | (821) | (0.3%) |
| 8,182 | 10,988 | 10,239 | 749 | 7.3% | Net Operating Margin | 31,556 | 34,416 | 22,197 | 12,219 | 55.0% |
| (34,546) | 10,109 | 2,919 | 7,190 | 246.3% | Non Operating Income | (13,385) | 15,491 | 12,095 | 3,396 | 28.1% |
| (26,364) | 21,097 | 13,158 | 7,939 | 60.3% | Net Margin | 18,171 | 49,906 | 34,292 | 15,615 | 45.5% |
| 17.0% | 17.2% | 16.9% | 0.3% | | EBITDA | 16.2% | 15.0% | 12.4% | 2.6% | |
| 10.1% | 11.8% | 11.1% | 0.7% | | Operating Margin | 10.2% | 9.7% | 6.5% | 3.2% | |
| -32.6% | 22.6% | 14.3% | 8.3% | | Net Margin | 5.9% | 14.0% | 10.0% | 4.0% | |

Monthly Financial Trends

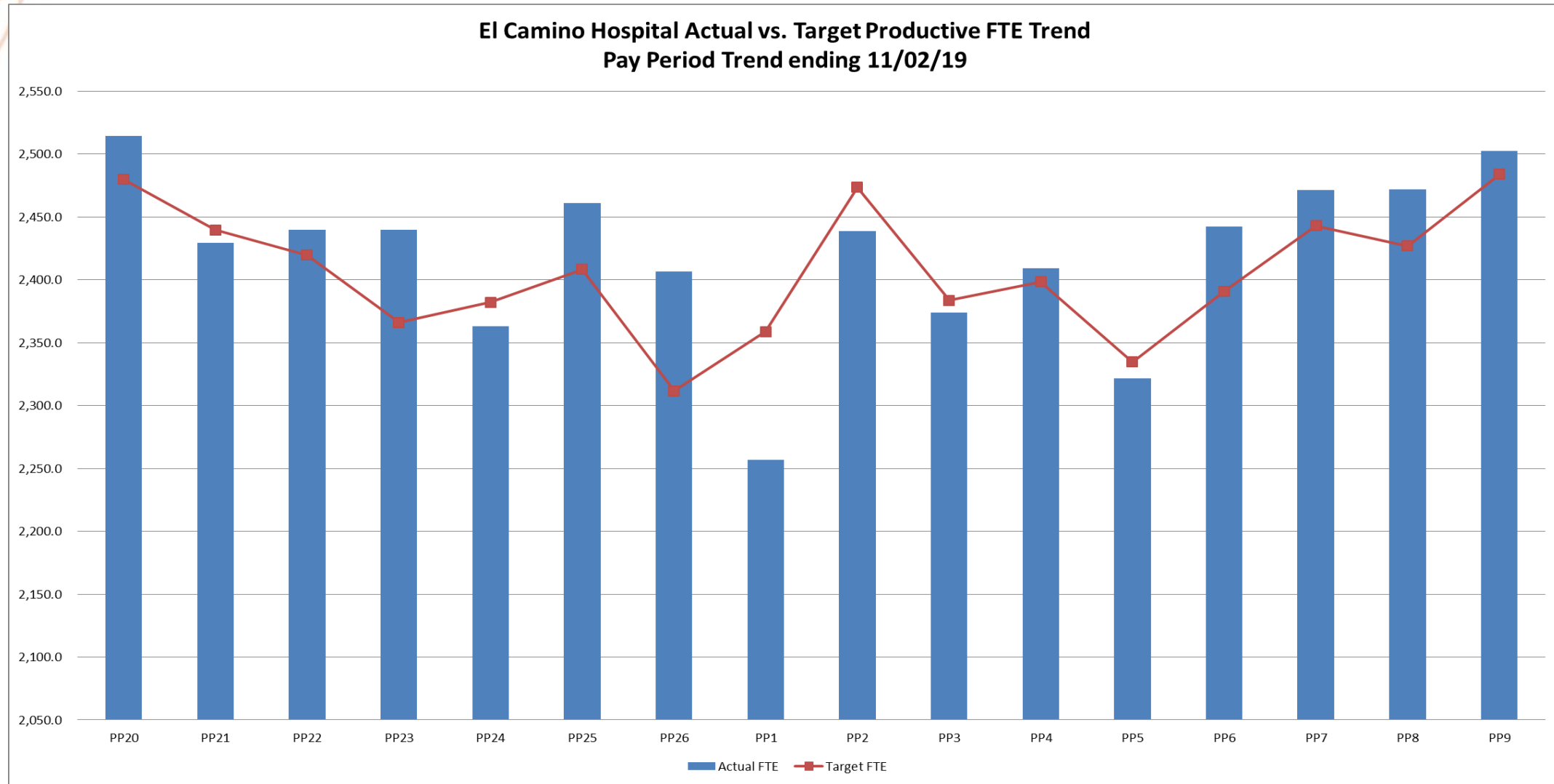


October margin beat target and prior year due to strong volume



Hospital Productivity – Rolling Trend

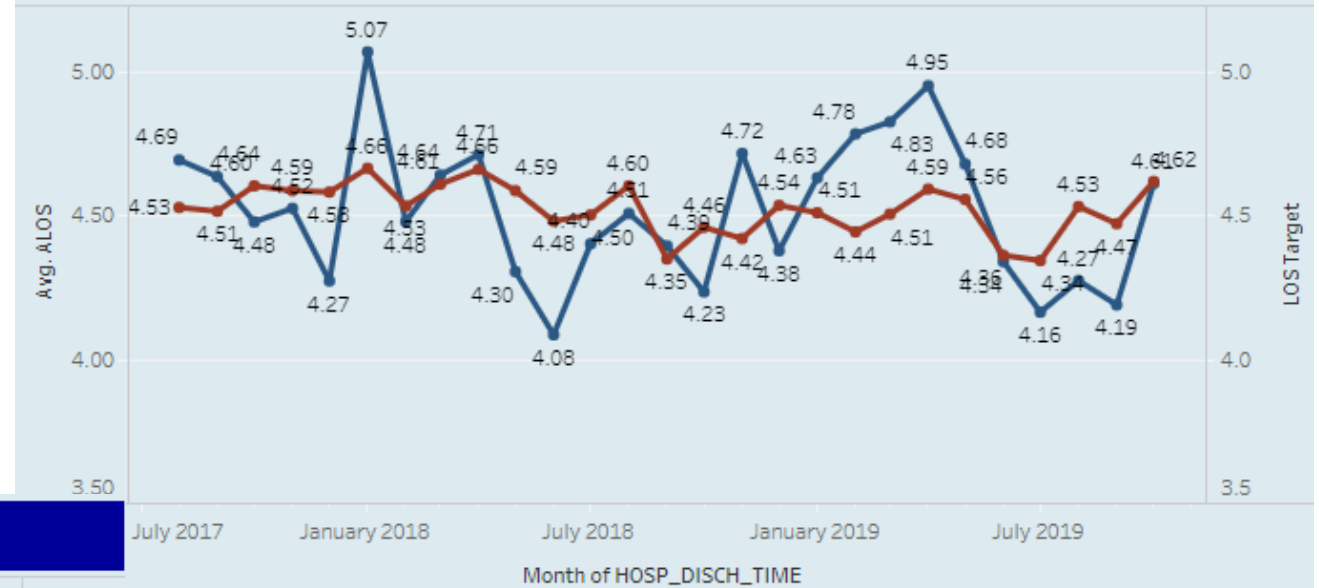
- The biggest factors to the increase in FTE this last month is due to ramping up for Flu season, new services (Willow/Periop) and PI throughput project in the ED.



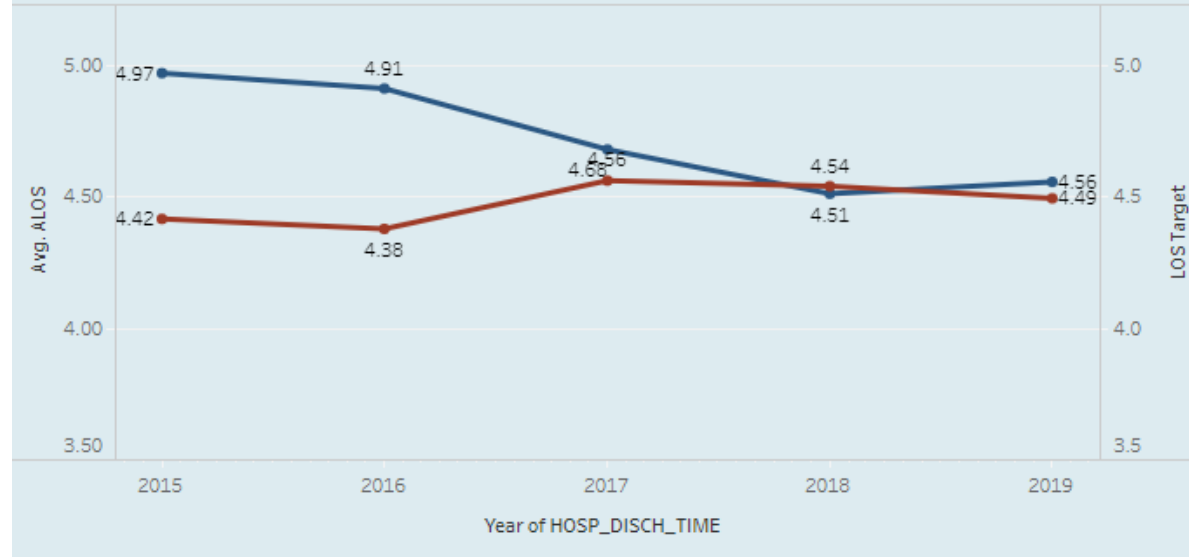
Medicare Length of Stay

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
ALOS continues to be ahead of target

Average Length of Stay Trend by Month/Year



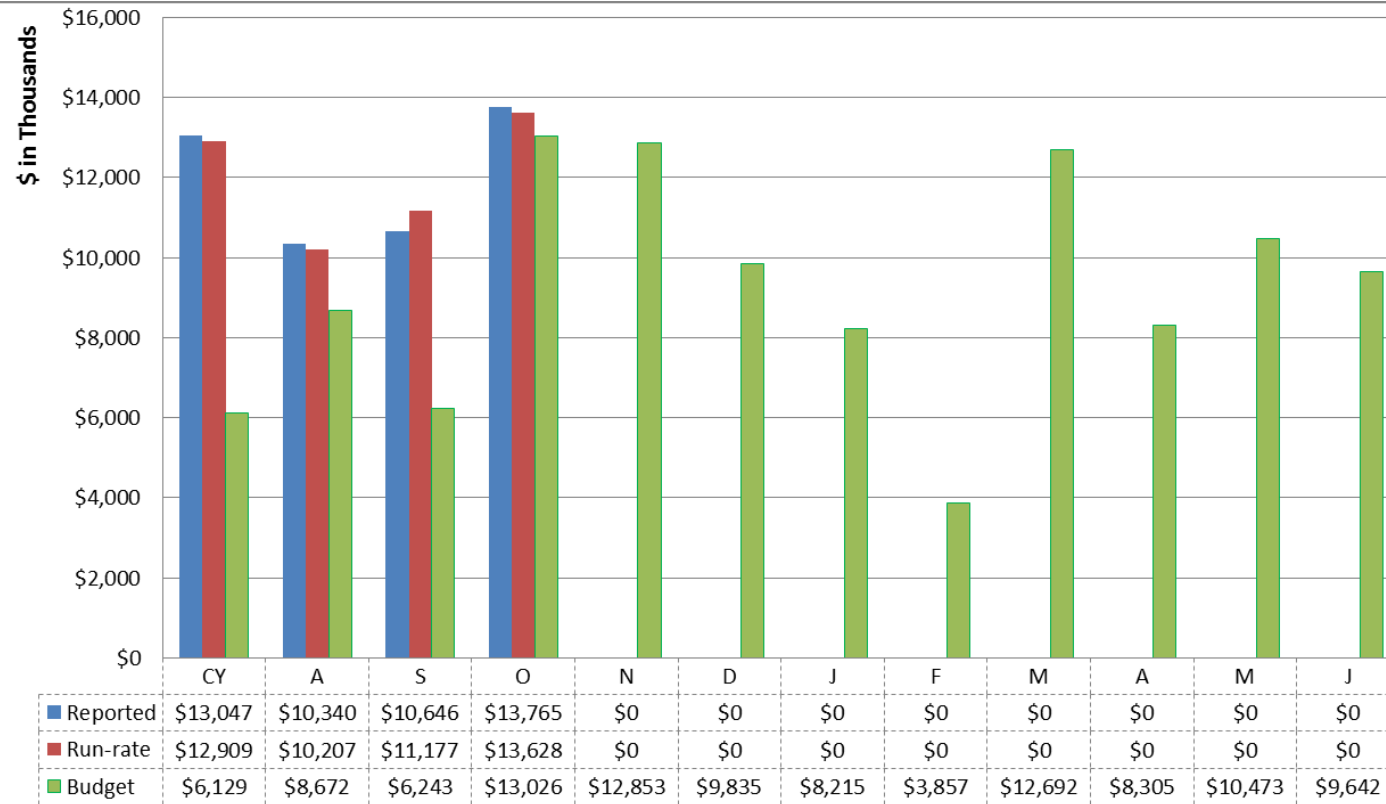
Average Length of Stay Trend by Month/Year



Actual Benchmark

ECH Hospital Operating Margin

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



FY 2020 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>

| Revenue Adjustments | J | A | S | O | YTD |
|---------------------------------------|------------|------------|--------------|------------|--------------|
| Mcare Settlmt/Appeal/Tent Settlmt/PIP | 129 | 129 | 210 | 137 | 606 |
| RAC Release | - | - | (746) | - | (746) |
| Various Adjustments under \$250k | 9 | 4 | 5 | - | 18 |
| Total | 138 | 133 | (531) | 137 | (123) |

INVESTMENT SCORECARD AS OF SEPTEMBER 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 | | 3Q 2019 | | Fiscal Year-to-date | | 6y 11m Since Inception (annualized) | | | 2019 |
| Surplus cash balance* | | \$1,046.2 | -- | -- | -- | -- | -- | \$892.9 | -- |
| Surplus cash return | | 0.8% | 0.6% | 0.8% | 0.6% | 5.6% | 5.4% | 3.2% | 5.6% |
| Cash balance plan balance (millions) | | \$278.3 | -- | -- | -- | -- | -- | \$276.9 | -- |
| Cash balance plan return | | 0.2% | 0.5% | 0.2% | 0.5% | 7.5% | 6.9% | 6.0% | 6.0% |
| 403(b) plan balance (millions) | | \$516.7 | -- | -- | -- | -- | -- | -- | -- |
| Risk vs. Return | | 3-year | | 6y 11m Since Inception (annualized) | | | | | 2019 |
| Surplus cash Sharpe ratio | | 0.92 | 0.88 | -- | -- | 1.01 | 0.99 | -- | 0.34 |
| Net of fee return | | 6.4% | 6.0% | -- | -- | 5.6% | 5.4% | -- | 5.6% |
| Standard deviation | | 5.3% | 5.1% | -- | -- | 4.8% | 4.7% | -- | 8.7% |
| Cash balance Sharpe ratio | | 0.91 | 0.87 | -- | -- | 1.08 | 1.04 | -- | 0.32 |
| Net of fee return | | 7.6% | 6.9% | -- | -- | 7.5% | 6.9% | -- | 6.0% |
| Standard deviation | | 6.7% | 6.1% | -- | -- | 6.2% | 5.9% | -- | 10.3% |
| Asset Allocation | | 3Q 2019 | | | | | | | |
| Surplus cash absolute variances to target | | 10.2% | < 10% | -- | -- | -- | -- | -- | -- |
| Cash balance absolute variances to target | | 7.7% | < 10% | -- | -- | -- | -- | -- | -- |
| Manager Compliance | | 3Q 2019 | | | | | | | |
| Surplus cash manager flags | | 15 | < 24 Green < 30 Yellow | -- | -- | -- | -- | -- | -- |
| Cash balance plan manager flags | | 20 | < 27 Green < 34 Yellow | -- | -- | -- | -- | -- | -- |

*Excludes debt reserve funds (~\$64 mm), District assets (~\$32 mm), and balance sheet cash not in investable portfolio (~\$109 mm). Includes Foundation (~\$35 mm) and Concern (~\$13 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 | | | FY 2020 |
|--|--|----------------|--|--|---------------|
| | | Cash Flow | | | Cash Flow |
| Mountain View Campus Master Plan Projects | | | Los Gatos Capital Projects | | |
| BHS Replacement | | 8,143 | LG IR Upgrades | | 1,250 |
| Integrated Medical Office Building | | 57,557 | LG Modular MRI & Awning | | 3,205 |
| Women's Hosp Expansion | | 33,000 | LG Nurse Call System Upgrade | | 1,000 |
| Demo Old Main & Related Site Work | | 14,000 | LG Security System | | 340 |
| | | <u>112,700</u> | LG Cancer Center | | 2,598 |
| | | | LG MOB Upgrades FY 20 | | 500 |
| Mountain View Capital Projects | | | LG Facilities Planning Allowance FY 20 | | 500 |
| ED Remodel Triage / Psych Observation | | 6,106 | LG Equipment & Infrastructure Upgrades FY 20 | | 600 |
| Willow Pavilion FA Sys and Equip Upgrades | | 1,400 | LG Rehab Finish Upgrades | | 400 |
| Willow Surgery Center Improvements | | 2,000 | LG Campus Signage | | 500 |
| Site Signage & Other Improvements | | 1,700 | LG Wireless Infrastructure Upgrades | | 480 |
| Patient Family Residence | | 6,150 | LG Paving Upgrades | | 800 |
| Nurse Call System Upgrade | | 2,200 | LG Decontamination in OR | | 600 |
| Imaging Equipment Replacement (Imaging Dept. Only) | | 11,700 | | | <u>12,773</u> |
| IR / Cath Lab Equipment Replacement (5 or 6 Rooms) | | 9,500 | | | |
| Various Relocation Projects | | 700 | Other Strategic Capital Facility Projects | | |
| Flooring Replacement | | 1,180 | Primary Care Clinic | | 4,000 |
| Emergency Sanitary & Water Storage | | 2,216 | New MOB | | 12,200 |
| CT Equipment Replacement @ Radiation Oncology | | 440 | SVMD - Facilities Future Years | | 3,000 |
| Radiation Oncology Equipment Replacement | | 10,000 | | | <u>19,200</u> |
| MV MOB Upgrades FY 20 | | 500 | | | |
| MV Facilities Planning Allowance FY 20 | | 600 | Other Major Projects & Annual Forecasts | | |
| MV Equipment & Infrastructure Upgrades FY 20 | | 900 | LG Campus Redevelopment | | 12,000 |
| MV Cancer Center Expansion | | 1,200 | Property Acquisitions | | 21,000 |
| MV Wireless Infrastructure Upgrade | | 1,000 | | | <u>33,000</u> |
| Other Undefined | | 500 | | | |
| MV Undefined Annual Forecast | | 7,000 | | | |
| | | <u>66,992</u> | TOTAL | | 244,665 |

Consolidated Balance Sheet

(in thousands)

ASSETS

| | October 31, 2019 | Unaudited June 30, 2019 |
|--|------------------|----------------------------|
| CURRENT ASSETS | | |
| Cash | 143,441 | 124,912 |
| Short Term Investments | 272,153 | 177,165 |
| Patient Accounts Receivable, net | 143,618 | 132,198 |
| Other Accounts and Notes Receivable | 18,197 | 5,058 |
| Intercompany Receivables | 4,983 | 8,549 |
| Inventories and Prepaids | 70,358 | 64,093 |
| Total Current Assets | 652,749 | 511,976 |
| BOARD DESIGNATED ASSETS | | |
| Foundation Board Designated | 17,253 | 16,895 |
| Plant & Equipment Fund | 164,049 | 171,304 |
| Women's Hospital Expansion | 22,430 | 15,472 |
| Operational Reserve Fund | 144,294 | 139,057 |
| Community Benefit Fund | 17,993 | 18,260 |
| Workers Compensation Reserve Fund | - | 20,732 |
| Postretirement Health/Life Reserve Fund | - | 29,480 |
| PTO Liability Fund | - | 26,149 |
| Malpractice Reserve Fund | 1,831 | 1,831 |
| Catastrophic Reserves Fund | 22,943 | 19,678 |
| Total Board Designated Assets | 390,793 | 458,857 |
| FUNDS HELD BY TRUSTEE | 55,285 | 83,073 |
| LONG TERM INVESTMENTS | 384,153 | 375,729 |
| CHARITABLE GIFT ANNUITY INVESTMENTS | 596 | 602 |
| INVESTMENTS IN AFFILIATES | 35,246 | 38,532 |
| PROPERTY AND EQUIPMENT | | |
| Fixed Assets at Cost | 1,760,054 | 1,317,599 |
| Less: Accumulated Depreciation | (636,230) | (622,877) |
| Construction in Progress | - | 375,094 |
| Property, Plant & Equipment - Net | 1,123,825 | 1,069,816 |
| DEFERRED OUTFLOWS | 33,676 | 33,876 |
| RESTRICTED ASSETS | 12,448 | 24,279 |
| OTHER ASSETS | - | 1,036 |
| TOTAL ASSETS | 2,688,770 | 2,597,775 |

LIABILITIES AND FUND BALANCE

| | October 31, 2019 | Unaudited June 30, 2019 |
|---|------------------|----------------------------|
| CURRENT LIABILITIES | | |
| Accounts Payable | 16,364 | 38,390 |
| Salaries and Related Liabilities | 50,810 | 30,296 |
| Accrued PTO | 19,610 | 26,502 |
| Worker's Comp Reserve | - | 2,300 |
| Third Party Settlements | 12,481 | 11,331 |
| Intercompany Payables | 4,918 | 8,464 |
| Malpractice Reserves | - | 1,800 |
| Bonds Payable - Current | 8,630 | 8,630 |
| Bond Interest Payable | 8,366 | 12,775 |
| Other Liabilities | 12,050 | 10,477 |
| Total Current Liabilities | 133,228 | 150,966 |
| LONG TERM LIABILITIES | | |
| Post Retirement Benefits | 29,522 | 29,480 |
| Worker's Comp Reserve | 18,932 | 18,432 |
| Other L/T Obligation (Asbestos) | 7,391 | 3,975 |
| Other L/T Liabilities (IT/Medl Leases) | - | - |
| Bond Payable | 508,645 | 507,531 |
| Total Long Term Liabilities | 564,490 | 559,417 |
| DEFERRED REVENUE-UNRESTRICTED | 1,062 | 1,113 |
| DEFERRED INFLOW OF RESOURCES | 13,268 | 13,715 |
| FUND BALANCE/CAPITAL ACCOUNTS | | |
| Unrestricted | (11,335) | 1,372,823 |
| Board Designated | 1,962,915 | 458,839 |
| Restricted | 25,142 | 24,215 |
| Capital | - | 100 |
| Retained Earnings | - | 16,587 |
| Total Fund Bal & Capital Accts | 1,976,722 | 1,872,563 |
| TOTAL LIABILITIES AND FUND BALANCE | 2,688,770 | 2,597,775 |

- Classification and grouping have changed from the prior reports due to conversion to the new WorkDay system. All changes have been consistently applied to both periods so amounts are comparable


APPENDIX

Non Operating Items and Net Margin by Affiliate

\$ in thousands

| | Period 4- Month | | | Period 4- FYTD | | |
|--|-----------------|----------------|--------------|-----------------|-----------------|---------------|
| | Actual | Budget | Variance | Actual | Budget | Variance |
| El Camino Hospital Operating Margin | | | | | | |
| Mountain View | 10,393 | 11,269 | (877) | 41,204 | 29,138 | 12,066 |
| Los Gatos | 3,372 | 1,757 | 1,616 | 6,595 | 4,931 | 1,664 |
| Sub Total - El Camino Hospital, excl. Affilates | 13,765 | 13,026 | 739 | 47,799 | 34,069 | 13,730 |
| Operating Margin % | 15.5% | 15.2% | | 14.1% | 10.6% | |
| El Camino Hospital Non Operating Income | | | | | | |
| Sub Total - Non Operating Income | 9,448 | 2,627 | 6,821 | 13,041 | 10,596 | 2,445 |
| El Camino Hospital Net Margin | 23,213 | 15,653 | 7,560 | 60,840 | 44,666 | 16,174 |
| ECH Net Margin % | 26.2% | 18.2% | | 18.0% | 14.0% | |
| Concern | (234) | (62) | (172) | 311 | 61 | 250 |
| ECSC | (0) | 0 | (1) | (28) | 1 | (29) |
| Foundation | 451 | 136 | 315 | 1,443 | 562 | 881 |
| Silicon Valley Medical Development | (2,334) | (2,570) | 236 | (12,660) | (10,998) | (1,662) |
| Net Margin Hospital Affiliates | (2,117) | (2,495) | 378 | (10,934) | (10,374) | (560) |
| Total Net Margin Hospital & Affiliates | 21,096 | 13,158 | 7,939 | 49,906 | 34,292 | 15,614 |

El Camino Hospital Volume Annual Trends

| <div><div></div><div>Service Line Volume</div></div> <div>As of April 2020 (Last Updated 11/20/2019 8:48:47 AM)</div> | | | | | | | | | | MONTH | | Service Line | | IP/OP | | PROCEDURAL? | | FACILITY | |
|--|---------------------|--------------|---------|---------|---------|---------|----------|------------------|--------|---------------|--------|--------------|---------|--------|--------------|-------------|--------|----------|--------|
| | | | | | | | | 4 | | (All) | | (All) | | (All) | | (All) | | | |
| | | ANNUAL TREND | | | | | | FY20 Bud vs FY19 | | CURRENT MONTH | | | | | YEAR-TO-DATE | | | | |
| | | 2015 | 2016 | 2017 | 2018 | 2019 | Bud 2020 | VarBud | VarPer | 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 | 1,407 | 226 | 19.1% | 98 | 103 | 114 | -11 | 5 | 378 | 378 | 404 | -26 | 0 |
| | General Medicine | 4,582 | 4,452 | 4,951 | 5,278 | 5,193 | 4,971 | -222 | -4.3% | 383 | 445 | 390 | 55 | 62 | 1,520 | 1,752 | 1,545 | 207 | 232 |
| | General Surgery | 1,149 | 1,311 | 1,318 | 1,305 | 1,408 | 1,427 | 19 | 1.3% | 120 | 114 | 123 | -9 | -6 | 473 | 446 | 485 | -39 | -27 |
| | GYN | 313 | 293 | 270 | 243 | 226 | 200 | -26 | -11.5% | 16 | 26 | 15 | 11 | 10 | 72 | 93 | 69 | 24 | 21 |
| | Heart and Vascular | 1,998 | 2,001 | 2,205 | 2,372 | 2,301 | 2,297 | -4 | -0.2% | 188 | 173 | 189 | -16 | -15 | 683 | 726 | 689 | 37 | 43 |
| | MCH | 5,976 | 5,541 | 5,480 | 5,253 | 4,955 | 4,910 | -45 | -0.9% | 448 | 456 | 449 | 7 | 8 | 1,649 | 1,718 | 1,666 | 52 | 69 |
| | Neurosciences | 672 | 677 | 685 | 868 | 883 | 867 | -16 | -1.8% | 74 | 67 | 77 | -10 | -7 | 264 | 310 | 267 | 43 | 46 |
| | Oncology | 564 | 652 | 594 | 633 | 740 | 693 | -47 | -6.4% | 48 | 59 | 48 | 11 | 11 | 239 | 244 | 238 | 6 | 5 |
| | Orthopedics | 1,773 | 1,746 | 1,690 | 1,705 | 1,672 | 1,733 | 61 | 3.7% | 148 | 151 | 158 | -7 | 3 | 558 | 553 | 600 | -47 | -5 |
| | Other | 1 | | | | | | | | 1 | | | | | 4 | | | | |
| | Rehab Services | 555 | 500 | 461 | 441 | 522 | 586 | 64 | 12.3% | 38 | 53 | 45 | 8 | 15 | 162 | 179 | 193 | -14 | 17 |
| | Spine Surgery | 429 | 417 | 474 | 375 | 358 | 362 | 4 | 1.1% | 22 | 33 | 25 | 8 | 11 | 104 | 131 | 118 | 13 | 27 |
| | Urology | 169 | 234 | 257 | 255 | 292 | 287 | -5 | -1.7% | 30 | 33 | 30 | 3 | 3 | 84 | 135 | 85 | 50 | 51 |
| | Total | 19,233 | 18,752 | 19,309 | 19,826 | 19,731 | 19,740 | 9 | 0.0% | 1,613 | 1,714 | 1,662 | 52 | 101 | 6,186 | 6,669 | 6,360 | 309 | 483 |
| OP | Behavioral Health | 886 | 2,394 | 3,260 | 3,151 | 2,754 | 3,171 | 417 | 15.1% | 227 | 234 | 251 | -17 | 7 | 897 | 880 | 1,013 | -133 | -17 |
| | Dialysis | 155 | 6 | | | | | | | | | | | | | | | | |
| | Emergency | 49,091 | 48,590 | 48,624 | 49,409 | 48,453 | 47,737 | -716 | -1.5% | 3,893 | 4,086 | 3,927 | 159 | 193 | 15,577 | 16,388 | 15,707 | 681 | 811 |
| | General Medicine | 5,981 | 6,563 | 6,579 | 6,750 | 7,513 | 7,845 | 332 | 4.4% | 677 | 691 | 721 | -30 | 14 | 2,386 | 2,609 | 2,545 | 64 | 223 |
| | General Surgery | 1,853 | 1,797 | 1,837 | 2,003 | 1,962 | 2,060 | 98 | 5.0% | 176 | 201 | 184 | 17 | 25 | 661 | 812 | 688 | 124 | 151 |
| | GYN | 1,308 | 1,018 | 1,079 | 1,099 | 1,401 | 1,491 | 90 | 6.4% | 107 | 143 | 113 | 30 | 36 | 442 | 468 | 468 | 0 | 26 |
| | Heart and Vascular | 2,712 | 3,795 | 4,361 | 4,364 | 4,615 | 4,714 | 99 | 2.1% | 389 | 447 | 396 | 51 | 58 | 1,557 | 1,587 | 1,585 | 2 | 30 |
| | Imaging Services | 20,072 | 17,807 | 17,249 | 18,496 | 18,963 | 19,793 | 830 | 4.4% | 1,747 | 1,915 | 1,755 | 160 | 168 | 6,488 | 6,692 | 6,515 | 177 | 204 |
| | Laboratory Services | 29,726 | 29,007 | 29,156 | 28,566 | 27,418 | 28,395 | 977 | 3.6% | 2,500 | 3,832 | 2,580 | 1,252 | 1,332 | 9,346 | 12,011 | 9,647 | 2,364 | 2,665 |
| | MCH | 4,826 | 5,092 | 5,576 | 5,642 | 5,450 | 5,625 | 175 | 3.2% | 468 | 484 | 486 | -2 | 16 | 1,811 | 1,875 | 1,877 | -2 | 64 |
| | Neurosciences | 61 | 127 | 125 | 114 | 81 | 77 | -4 | -5.0% | 7 | 10 | 7 | 3 | 3 | 22 | 40 | 22 | 18 | 18 |
| | Oncology | 4,179 | 14,329 | 18,541 | 19,276 | 20,872 | 24,875 | 4,003 | 19.2% | 1,772 | 1,568 | 2,097 | -529 | -204 | 6,478 | 6,084 | 7,191 | -1,107 | -394 |
| | Orthopedics | 776 | 584 | 615 | 641 | 765 | 712 | -53 | -6.9% | 66 | 96 | 65 | 31 | 30 | 234 | 374 | 229 | 145 | 140 |
| | Other | 639 | 632 | 550 | 516 | 556 | 530 | -26 | -4.7% | 47 | 52 | 48 | 4 | 5 | 187 | 212 | 192 | 20 | 25 |
| | Outpatient Clinics | 1,705 | 1,680 | 1,289 | 1,883 | 1,563 | 2,508 | 945 | 60.5% | 181 | 163 | 181 | -18 | -18 | 591 | 532 | 591 | -59 | -59 |
| | Rehab Services | 1,747 | 3,955 | 4,518 | 4,926 | 5,525 | 5,520 | -5 | -0.1% | 469 | 535 | 474 | 61 | 66 | 1,779 | 2,012 | 1,797 | 216 | 233 |
| | Sleep Center | 223 | 498 | 368 | 242 | 340 | 383 | 43 | 12.6% | 35 | 38 | 44 | -6 | 3 | 95 | 106 | 119 | -13 | 11 |
| | Spine Surgery | 399 | 309 | 324 | 311 | 287 | 281 | -6 | -2.1% | 29 | 26 | 29 | -3 | -3 | 101 | 86 | 99 | -13 | -15 |
| | Urology | 1,771 | 1,739 | 1,898 | 2,053 | 2,093 | 2,073 | -20 | -1.0% | 182 | 200 | 185 | 15 | 18 | 668 | 741 | 680 | 61 | 73 |
| | Total | 128,110 | 139,922 | 145,949 | 149,442 | 150,611 | 157,790 | 7,179 | 4.8% | 12,972 | 14,721 | 13,540 | 1,181 | 1,749 | 49,320 | 53,509 | 50,964 | 2,545 | 4,189 |
| Grand Total | | 147,343 | 158,674 | 165,258 | 169,268 | 170,342 | 177,530 | 7,188 | 4.2% | 14,585 | 16,435 | 15,203 | 1,232 | 1,850 | 55,506 | 60,178 | 57,324 | 2,854 | 4,672 |

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

Period ending 10/31/2019

| Period 4 FY 2019 | Period 4 FY 2020 | Period 4 Budget 2020 | Variance Fav (Unfav) | Var% | | YTD FY 2019 | YTD FY 2020 | YTD Budget 2020 | Variance Fav (Unfav) | Var% |
|---------------------|---------------------|-------------------------|-------------------------|---------------|---------------------------|----------------|----------------|--------------------|-------------------------|---------------|
| | | | | | \$000s | | | | | |
| | | | | | OPERATING REVENUE | | | | | |
| 245,648 | 261,481 | 260,763 | 718 | 0.3% | Gross Revenue | 921,681 | 1,019,391 | 988,171 | 31,220 | 3.2% |
| (181,004) | (191,577) | (192,144) | 568 | 0.3% | Deductions | (676,109) | (747,325) | (733,727) | (13,598) | (1.9%) |
| 64,644 | 69,904 | 68,618 | 1,286 | 1.9% | Net Patient Revenue | 245,572 | 272,066 | 254,444 | 17,621 | 6.9% |
| 1,697 | 1,418 | 1,950 | (533) | (27.3%) | Other Operating Revenue | 6,646 | 6,587 | 7,048 | (461) | (6.5%) |
| 66,341 | 71,322 | 70,569 | 753 | 1.1% | Total Operating Revenue | 252,218 | 278,653 | 261,492 | 17,160 | 6.6% |
| | | | | | OPERATING EXPENSE | | | | | |
| 34,764 | 37,100 | 36,659 | (441) | (1.2%) | Salaries & Wages | 135,663 | 144,830 | 144,627 | (204) | (0.1%) |
| 9,152 | 9,988 | 9,808 | (181) | (1.8%) | Supplies | 35,370 | 41,055 | 37,006 | (4,049) | (10.9%) |
| 6,841 | 6,765 | 5,933 | (832) | (14.0%) | Fees & Purchased Services | 25,401 | 25,696 | 23,692 | (2,004) | (8.5%) |
| 2,147 | 2,884 | 2,600 | (284) | (10.9%) | Other Operating Expense | 8,242 | 10,212 | 10,713 | 501 | 4.7% |
| 1,237 | 711 | 495 | (216) | (43.6%) | Interest | 1,690 | 1,407 | 1,980 | 573 | 28.9% |
| 3,521 | 3,481 | 3,805 | 323 | 8.5% | Depreciation | 14,024 | 14,248 | 14,337 | 89 | 0.6% |
| 57,663 | 60,929 | 59,299 | (1,630) | (2.7%) | Total Operating Expense | 220,391 | 237,449 | 232,354 | (5,094) | (2.2%) |
| 8,679 | 10,393 | 11,269 | (877) | (7.8%) | Net Operating Margin | 31,827 | 41,204 | 29,138 | 12,066 | 41.4% |
| (34,259) | 9,448 | 2,627 | 6,821 | 259.7% | Non Operating Income | (17,939) | 13,041 | 10,596 | 2,445 | 23.1% |
| (25,580) | 19,840 | 13,896 | 5,944 | 42.8% | Net Margin | 13,888 | 54,245 | 39,735 | 14,510 | 36.5% |
| | | | | | | | | | | |
| 20.3% | 20.4% | 22.1% | (1.6%) | | EBITDA | 18.8% | 20.4% | 17.4% | 3.0% | |
| 13.1% | 14.6% | 16.0% | (1.4%) | | Operating Margin | 12.6% | 14.8% | 11.1% | 3.6% | |
| -38.6% | 27.8% | 19.7% | 8.1% | | Net Margin | 5.5% | 19.5% | 15.2% | 4.3% | |

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

Period ending 10/31/2019

| Period 4 FY 2019 | Period 4 FY 2020 | Period 4 Budget 2020 | Variance Fav (Unfav) | Var% | | YTD FY 2019 | YTD FY 2020 | YTD Budget 2020 | Variance Fav (Unfav) | Var% |
|---------------------|---------------------|-------------------------|-------------------------|---------------|--------------------------------------|----------------|----------------|--------------------|-------------------------|--------------|
| | | | | | \$000s | | | | | |
| | | | | | OPERATING REVENUE | | | | | |
| 51,106 | 66,941 | 58,081 | 8,860 | 15.3% | Gross Revenue | 199,485 | 234,887 | 223,131 | 11,756 | 5.3% |
| (38,548) | (49,949) | (43,041) | (6,908) | (16.1%) | Deductions | (147,999) | (176,282) | (165,575) | (10,707) | (6.5%) |
| 12,558 | 16,992 | 15,040 | 1,952 | 13.0% | Net Patient Revenue | 51,486 | 58,604 | 57,556 | 1,048 | 1.8% |
| 337 | 387 | 273 | 115 | 42.1% | Other Operating Revenue | 1,109 | 1,563 | 1,083 | 479 | 44.2% |
| 12,895 | 17,379 | 15,312 | 2,067 | 13.5% | Total Operating Revenue | 52,595 | 60,167 | 58,639 | 1,528 | 2.6% |
| | | | | | OPERATING EXPENSE | | | | | |
| 6,658 | 8,088 | 7,251 | (837) | (11.5%) | Salaries & Wages | 27,273 | 29,876 | 28,952 | (924) | (3.2%) |
| 2,019 | 2,204 | 2,388 | 184 | 7.7% | Supplies | 8,360 | 8,534 | 8,839 | 304 | 3.4% |
| 2,804 | 2,505 | 2,719 | 213 | 7.8% | Fees & Purchased Services | 10,551 | 10,570 | 10,928 | 358 | 3.3% |
| 677 | 413 | 353 | (61) | (17.2%) | Other Operating Expense | 1,470 | 1,366 | 1,680 | 314 | 18.7% |
| 0 | 0 | 0 | 0 | 0.0% | Interest | 0 | 0 | 0 | 0 | 0.0% |
| 754 | 797 | 846 | 49 | 5.8% | Depreciation | 2,976 | 3,227 | 3,311 | 85 | 2.6% |
| 12,912 | 14,007 | 13,556 | (451) | (3.3%) | Total Operating Expense | 50,629 | 53,572 | 53,708 | 136 | 0.3% |
| (17) | 3,372 | 1,757 | 1,616 | 92.0% | Net Operating Margin | 1,966 | 6,595 | 4,931 | 1,664 | 33.7% |
| 0 | 0 | 0 | 0 | 0.0% | Non Operating Income | 0 | 0 | 0 | 0 | 0.0% |
| (17) | 3,372 | 1,757 | 1,616 | 92.0% | Net Margin | 1,966 | 6,595 | 4,931 | 1,664 | 33.7% |
| 5.7% | 24.0% | 17.0% | 7.0% | | EBITDA | 9.4% | 16.3% | 14.1% | 2.3% | |
| -0.1% | 19.4% | 11.5% | 7.9% | | Operating Margin | 3.7% | 11.0% | 8.4% | 2.6% | |
| -0.1% | 19.4% | 11.5% | 7.9% | | Net Margin | 3.7% | 11.0% | 8.4% | 2.6% | |

Silicon Valley Medical Development (\$000s)

Period ending 10/31/2019

| Period 4 FY 2019 | Period 4 FY 2020 | Period 4 Budget 2020 | Variance Fav (Unfav) | Var% | \$000s | YTD FY 2019 | YTD FY 2020 | YTD Budget 2020 | Variance Fav (Unfav) | Var% |
|--------------------------|---------------------|-------------------------|-------------------------|----------------|--------------------------------------|----------------|-----------------|--------------------|-------------------------|----------------|
| OPERATING REVENUE | | | | | | | | | | |
| 937 | 9,188 | 10,190 | (1,002) | (9.8%) | Gross Revenue | 2,620 | 26,587 | 36,342 | (9,756) | (26.8%) |
| (484) | (6,442) | (6,210) | (232) | (3.7%) | Deductions | (1,686) | (18,767) | (22,161) | 3,394 | 15.3% |
| 453 | 2,746 | 3,980 | (1,234) | (31.0%) | Net Patient Revenue | 934 | 7,820 | 14,182 | (6,362) | (44.9%) |
| 36 | 1,161 | 1,465 | (304) | (20.7%) | Other Operating Revenue | 43 | 6,097 | 5,242 | 855 | 16.3% |
| 489 | 3,907 | 5,445 | (1,538) | (28.2%) | Total Operating Revenue | 977 | 13,916 | 19,423 | (5,507) | (28.4%) |
| OPERATING EXPENSE | | | | | | | | | | |
| 147 | 1,609 | 2,114 | 505 | 23.9% | Salaries & Wages | 360 | 6,843 | 7,958 | 1,115 | 14.0% |
| 64 | 315 | 421 | 106 | 25.2% | Supplies | 139 | 1,431 | 1,580 | 149 | 9.4% |
| 567 | 3,720 | 4,379 | 659 | 15.0% | Fees & Purchased Services | 2,369 | 15,643 | 16,575 | 932 | 5.6% |
| 177 | 545 | 908 | 363 | 40.0% | Other Operating Expense | 412 | 2,453 | 3,574 | 1,122 | 31.4% |
| 0 | 0 | 0 | 0 | 0.0% | Interest | 0 | 0 | 0 | 0 | 0.0% |
| 46 | 52 | 193 | 141 | 73.2% | Depreciation | 156 | 207 | 734 | 527 | 71.8% |
| 1,001 | 6,241 | 8,015 | 1,774 | 22.1% | Total Operating Expense | 3,435 | 26,576 | 30,421 | 3,845 | 12.6% |
| (511) | (2,334) | (2,570) | 236 | (9.2%) | Net Operating Margin | (2,458) | (12,660) | (10,998) | (1,662) | 15.1% |
| 500 | 0 | 0 | 0 | 0.0% | Non Operating Income | 3,810 | 0 | 0 | 0 | 0.0% |
| (11) | (2,334) | (2,570) | 236 | (9.2%) | Net Margin | 1,352 | (12,660) | (10,998) | (1,662) | 15.1% |
| EBITDA | | | | | | | | | | |
| -95.1% | -58.4% | -43.6% | (14.8%) | | Operating Margin | -235.6% | -89.5% | -52.8% | (36.6%) | |
| -104.5% | -59.7% | -47.2% | (12.5%) | | Net Margin | -251.6% | -91.0% | -56.6% | (34.4%) | |
| -2.3% | -59.7% | -47.2% | (12.5%) | | | 138.4% | -91.0% | -56.6% | (34.4%) | |

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: Terri Manifesto, Sr. Director, Revenue Cycle
Brian Fong, Director, Revenue Integrity
Date: November 25, 2019
Subject: Review of Patient Billings

Purpose:

To provide updates on follow-up items from the Patient Financial Experience presentation at the September 23, 2019 Finance Committee meeting:

Summary:

1. Solicit feedback from the Patient and Family Advisory Committee (“PFAC”) on patient statements:

Terri and Brian attended the PFAC meeting held on 10/15. The PFAC reviewed sample patient statements and provided helpful recommendations detailed below:

A. PFAC Recommendation:

Ensure there is a payment link included in text message sent to patients when they have a new statement in MyChart. This will make it easier for patients to pay their statements.

- **Action Item:** This was corrected on 11/1.

B. PFAC Recommendation:

If possible, provide a customized after visit summary listing all providers involved in the patient’s care and who may potentially send a bill to the patient (with associated contact information for each billing provider). This will provide patient’s better predictability of forthcoming bills.

- **Action Item:** We are currently evaluating this request with Epic.
- **Estimated timeframe:** Evaluation process will be completed by the end of December.

C. PFAC Recommendation:

Patient statements and our website can be improved by providing more emphasis on the possibility that patients may receive bills from outside providers, and by simplifying any overly technical healthcare terminology.

- **Action Item:** We are currently working with our statement vendor and our Marketing Department on redesign efforts.
- **Estimated timeframe:** Revised statement production estimated for January 2020.

2. **Create a consolidated patient statement encompassing both El Camino Hospital and Silicon Valley Medical Development (“SVMD”) fees:**

Creating a consolidated patient statement will require a large scale project to convert El Camino Hospital and SVMD into a Single Billing office (“SBO”) model and to consolidate both entities into one Service Area in Epic.

- **Action Item:** Evaluate resources and timeframe required to produce a single statement. The first of several discovery meetings is scheduled for November 15th.
- **Estimated timeframe:** Estimated timeframe for completion of the project will be determined during the evaluation process. This evaluation process should be completed by the end of January.

3. **Increase Emergency Department patients’ awareness of the potential to receive bills from outside providers:**

Attached is a handout provided to all Emergency Department patients upon discharge. The form provides information regarding the potential to receive separate bills from various physicians involved in the patient’s care, the names of the most common group providers and their contact information, as well as additional information on the uninsured discount, payment plans, charity care, and other potentially applicable government insurance programs.

- **Action Item:** We will be expanding the use of this handout to other registration areas, such as Main Registration, Lab, Radiology, and Endoscopy.
- **Estimated timeframe:** Handouts should be expanded to these other registration areas by beginning of January 2020.

Attachment

Understanding Your Emergency Room Cost

Physician services

In addition to your El Camino Hospital bill, you will receive separate bills from the physician(s) involved in your care. All physicians and surgeons furnishing services to you, including the radiologist, pathologist, anesthesiologist and the like, are independent contractors and *are not* employees or agents of the hospital.

Any questions you may have regarding physician-related charges should be referred directly to the billing offices for that particular provider. Some of the ancillary providers utilized by El Camino Hospital are:

California Emergency Physicians (CEP): 800-498-5346
Silicon Valley Diagnostic Imaging: 408-627-8009

El Camino Pathology Medical Group: 800-536-1197
Fidere Anesthesia: 650-903-9500

Service Cost

At El Camino Hospital patient care is our greatest concern but we understand how cost for that care is important to our patients.

Although all patient care provided in our Emergency Room is closely monitored by a licensed physician, charges for our services do not compare to those for care received at a standard medical group or an Urgent care facility. However, El Camino Hospital provides top level care at costs which are comparable to other facilities in our area.

Please Note: Charges for emergency room treatment are based on several factors *including but not limited to* (1) clinical assessments to determine the severity of a patient's condition upon arrival and (2) type of physician-ordered diagnostic treatment required to stabilize the patient and ensure their safety. While your caregiver cannot provide cost of care prior to your treatment, this information can be obtained from our billing department approximately 10 business days after your emergency room treatment has been completed.

Help when you need it

El Camino Hospital has several options available to help alleviate the financial burden of necessary medical services you receive. These options are outlined below. More information on each program can be obtained by calling Customer Service at 650-940-7220 or by accessing our website, www.elcaminohospital.org.

Uninsured Discount

Patients who do not have medical or third-party insurance coverage of any kind are eligible for a discount on their bill. This discount is also available to patients who have medical insurance coverage but who choose not to use it.

Payment Plans

Our payment plans do not include additional fees or accrue interest and can be set for an extended period of time.

Charity Care

Patients who meet family income criteria or who have incurred high medical costs over the past year will be considered for partial or full charity care.

Other Programs

Our Financial Counselors can provide you with information about State or Government programs you may qualify for as well as assist you with applications for Covered California/Medi-Cal or California Children's Services (CCS).

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

To: Finance Committee
From: Iftikhar Hussain, Chief Financial Officer
Date: November 25, 2019
Subject: Revision to the Interest Rate Hedge Resolution

Purpose:

Review and recommend to the Board changes to the interest rate hedge resolution

Summary:

1. **Situation:** The investment and Finance committee reviewed the interest rate hedge proposal and recommended that the Board approve the interest rate hedge resolution. In the diligence process, the legal team and the independent registered municipal advisor have suggested changes shown in the attached red line document
2. **Authority:** The Finance committee provides the review and recommends Board approval
3. **Background:**

The changes consist of:
 - A. Update the 2015 bond amount from par value to the estimated balance at the time of the refunding
 - B. Changing the term net fixed interest to fixed swap rate since the net fixed interest has some elements that may change when the debt is issued.
4. **Other Reviews:** N/A

List of Attachments:

1. Redlined version of the revised resolution
2. Clean version of the resolution

REVISED RESOLUTION 2019-12

EL CAMINO HOSPITAL

RESOLUTION OF THE BOARD OF DIRECTORS

AUTHORIZATION OF FORWARD STARTING INTEREST RATE HEDGE

NOVEMBER __, 2019

Background:

In presentations made on November __, 2019, the Board of Directors of El Camino Hospital (the "Corporation") has received information from the Corporation's investment banker and management regarding plans to obtain long-term financing for costs of the Corporation's major facilities renovation and replacement projects; such financing will be in addition to the funds to be provided from the proceeds of an issue of general obligation bonds. The proposed plan of finance presented consists of the borrowing of the proceeds of the sale of revenue bonds in total principal amount of approximately \$150 million, to be issued and sold by a conduit governmental issuer, plus interest and costs, and approximately ~~\$165~~-125 million, for the potential refunding of the California Health Facilities Financing Authority Revenue Bonds (El Camino Hospital), Series 2015A, plus interest and costs (together, the "Revenue Bonds"). The proposed plan of finance contemplates one or more non-qualified "forward starting swaps" to manage the risk of increase in interest rates prior to and after the issuance and refunding of the Revenue Bonds (the "Swaps"). The information presented to this ~~B~~board includes, among other matters, data regarding historical and projected long-term tax-exempt interest rates, ~~information provided by the Corporation's financial advisor~~, the timeline for implementing the Swaps, and information outlining next steps for the implementation of the Swaps.

The purpose of this resolution is to approve the execution of the Swaps and to authorize the Chief Executive Officer and Chief Financial Officer (each an "Authorized Officer") (i) to finalize the terms of the Swaps ~~and~~ (ii) to enter into an ISDA Master Agreement with Citibank, N.A., a Schedule, a Credit Support Annex, one or more Confirmations, and (iii) ~~to issue obligations under the Master Trust Indenture and all documents and agreements necessary or appropriate to properly issue such an obligation~~ (together, the "Swap Agreements") in such form and with such terms as shall be acceptable to the Authorized Officer executing the Swap Agreements.

Accordingly, in reliance on the foregoing, it is hereby

RESOLVED: That it is in the best interest of the Corporation to enter into the Swap Agreements for the purpose of managing the risk of interest rate changes and not for investment or speculation; that each Authorized Officer is authorized, acting singly, with the advice of the Corporation's ~~financial-independent registered municipal~~ advisor, to agree to or set the notional amounts, trade date, effective date or dates, termination date or dates, payment dates, fixed and floating rates in order to achieve ~~a net interest cost~~ fixed swap rate of not more than two percent (2.00%), optional termination provisions and methods of determining the optional termination

payment amount, collateralization and other security requirements, and other terms; and that each Authorized Officer is authorized, in the name and on behalf of the Corporation, to execute and deliver the agreements, certificates, instruments and other documents that he or she may in his or her discretion determine to be necessary or advisable to carry out the intent of this resolution, including, without limitation, such documents as shall be necessary or appropriate to issue an obligation under the Master Indenture, execution thereof to be conclusive as to such determination and the approval of the terms thereof by the Corporation.

RESOLVED: That the authority granted to the Authorized Officers to enter into the Swaps shall expire one hundred eighty (180) days from the date of this resolution if unexercised.

REVISED RESOLUTION 2019-12

EL CAMINO HOSPITAL

RESOLUTION OF THE BOARD OF DIRECTORS

AUTHORIZATION OF FORWARD STARTING INTEREST RATE HEDGE

NOVEMBER __, 2019

Background:

In presentations made on November __, 2019, the Board of Directors of El Camino Hospital (the "Corporation") has received information from the Corporation's investment banker and management regarding plans to obtain long-term financing for costs of the Corporation's major facilities renovation and replacement projects; such financing will be in addition to the funds to be provided from the proceeds of an issue of general obligation bonds. The proposed plan of finance presented consists of the borrowing of the proceeds of the sale of revenue bonds in total principal amount of approximately \$150 million, to be issued and sold by a conduit governmental issuer, plus interest and costs, and approximately \$125 million, for the potential refunding of the California Health Facilities Financing Authority Revenue Bonds (El Camino Hospital), Series 2015A, plus interest and costs (together, the "Revenue Bonds"). The proposed plan of finance contemplates one or more non-qualified "forward starting swaps" to manage the risk of increase in interest rates prior to and after the issuance and refunding of the Revenue Bonds (the "Swaps"). The information presented to this Board includes, among other matters, data regarding historical and projected long-term tax-exempt interest rates, the timeline for implementing the Swaps, and information outlining next steps for the implementation of the Swaps.

The purpose of this resolution is to approve the execution of the Swaps and to authorize the Chief Executive Officer and Chief Financial Officer (each an "Authorized Officer") (i) to finalize the terms of the Swaps, (ii) to enter into an ISDA Master Agreement with Citibank, N.A., a Schedule, a Credit Support Annex, one or more Confirmations, and (iii) to issue obligations under the Master Trust Indenture and all documents and agreements necessary or appropriate to properly issue such an obligation (together, the "Swap Agreements") in such form and with such terms as shall be acceptable to the Authorized Officer executing the Swap Agreements.

Accordingly, in reliance on the foregoing, it is hereby

RESOLVED: That it is in the best interest of the Corporation to enter into the Swap Agreements for the purpose of managing the risk of interest rate changes and not for investment or speculation; that each Authorized Officer is authorized, acting singly, with the advice of the Corporation's independent registered municipal advisor, to agree to or set the notional amounts, trade date, effective date or dates, termination date or dates, payment dates, fixed and floating rates in order to achieve fixed swap rate of not more than two percent (2.00%), optional termination provisions and methods of determining the optional termination payment amount,

collateralization and other security requirements, and other terms; and that each Authorized Officer is authorized, in the name and on behalf of the Corporation, to execute and deliver the agreements, certificates, instruments and other documents that he or she may in his or her discretion determine to be necessary or advisable to carry out the intent of this resolution, including, without limitation, such documents as shall be necessary or appropriate to issue an obligation under the Master Indenture, execution thereof to be conclusive as to such determination and the approval of the terms thereof by the Corporation.

RESOLVED: That the authority granted to the Authorized Officers to enter into the Swaps shall expire one hundred eighty (180) days from the date of this resolution if unexercised.