

AGENDA
FINANCE COMMITTEE MEETING
OF THE EL CAMINO HOSPITAL BOARD

Monday, January 27, 2020 – 6:30 pm
 El Camino Hospital | Conference Rooms A&B (ground floor)
 2500 Grant Road Mountain View, CA 94040

Boyd Faust will be participating via teleconference from 1954 Ocean Ridge Circle, Vero Beach, FL 32963.

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

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1. CALL TO ORDER / ROLL CALL	John Zoglin, Chair		6:30 – 6:31 pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Chair		information 6:31 – 6:32
3. PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	John Zoglin, Chair		information 6:32 – 6:35
4. CONSENT CALENDAR <i>Any Committee Member may remove an item for discussion before a motion is made.</i> Approval a. Minutes of the Open Session of the Finance Committees (11/25/2019) b. FY20 Period 5 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 6:35 – 6:37
5. REPORT ON BOARD ACTIONS ATTACHMENT 5	John Zoglin, Chair		information 6:37 – 6:42
6. FY20 PERIOD 6 FINANCIALS ATTACHMENT 6	Iftikhar Hussain, CFO	<i>public comment</i>	motion required 6:42 – 6:57
7. SATELLITE DIALYSIS PERFORMANCE ATTACHMENT 7	Payam Pardis, VP Business Development, Satellite Dialysis; Iftikhar Hussain, CFO		discussion 6:57 – 7:22
8. ADJOURN TO CLOSED SESSION	John Zoglin, Chair		motion required 7:22 – 7:23
9. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Chair		information 7:23 – 7:24

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. 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 (11/25/2019)	John Zoglin, Chair		motion required 7:24 – 7:25
11. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets: PHYSICIAN CONTRACTS a. LG Urology Call Panel b. MV Bariatric Surgery Call Panel c. MV Interventional Radiology Call Panel	Mark Adams, MD, CMO		information 7:25 – 7:40
12. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets: SVMD SERVICE LINE REPORT	Bruce Harrison, President, Silicon Valley Medical Development		information 7:40 – 8:20
13. Gov't Code Sections 54957 for report and discussion on personnel matters – Senior Management: - Executive Session	John Zoglin, Chair		information 8:20 – 8:25
14. ADJOURN TO OPEN SESSION	John Zoglin, Chair		motion required 8:25 – 8:26
15. RECONVENE OPEN SESSION / REPORT OUT	John Zoglin, Chair		information 8:26 – 8:27
To report any required disclosures regarding permissible actions taken during Closed Session.			
16. PHYSICIAN CONTRACTS Recommendation a. LG Urology Call Panel b. MV Bariatric Surgery Call Panel c. MV Interventional Radiology Call Panel	Mark Adams, MD, CMO	<i>public comment</i>	possible motion 8:27 – 8:29
17. FINANCE COMMITTEE RECRUITMENT: POSSIBLE APPOINTMENT OF AD HOC COMMITTEE ATTACHMENT 17	John Zoglin, Chair	<i>public comment</i>	possible motion 8:29 – 8:34
18. CLOSING COMMENTS	John Zoglin, Chair		information 8:34 – 8:39
19. ADJOURNMENT	John Zoglin, Chair	<i>public comment</i>	motion required 8:34 – 8:35

Upcoming Meetings:

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

Joint Meetings: May 26, 2020 (with Hospital Board)

Education Sessions: April 22, 2020



**Minutes of the Open Session of the
Finance Committee of the
El Camino Hospital Board of Directors
Monday, November 25, 2019
El Camino Hospital | Conference Room A&B
2500 Grant Road, Mountain View, CA 94040**

Members Present

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

Members Absent

**via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Finance Committee of El Camino Hospital (the “Committee”) was called to order at 5:30pm by Chair Zoglin. Roll call was taken. William Hobbs and Don Watters participated via teleconference. 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 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 Joint Meeting of the Finance and Investment Committees (10/21/2019), FY20 Period 3 Financials, and for information: Progress Against Goals, Committee Pacing Plan, Article(s) of Interest, and Report on Major Capital Projects in Progress.</p> <p>Movant: Juelis Second: Faust Ayes: Chow, Faust, Hobbs, Juelis, Kalbach, Watters, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Consent Calendar was approved.</i>
5. REPORT ON BOARD ACTIONS	Chair Zoglin commented that the ribbon cutting ceremonies for the Taube Pavilion and the Sobrato Pavilion were held.	
6. FY20 PERIOD 4 FINANCIALS	<p>Iftikhar Hussain, CFO, provided highlights of FY20 Period 4 Financials as further detailed in the materials submitted. Mr. Hussain noted that Period 4 is the first monthly close in ECH’s new ERP Workday and the reporting side is working well now. He also reported the following:</p> <ul style="list-style-type: none"> • Net income is \$15.6 million (45%) ahead of target and being driven by phenomenal growth in volume. • Mountain View adjusted discharges are 8% higher than budget. • Los Gatos adjusted discharges are 17% higher than budget. 	<i>Financials recommended for approval</i>

	<ul style="list-style-type: none"> • The aggregate impact of SVMMD is positive. • Payor mix is unfavorable YTD. • Lab and Imaging services have increased. • Some SJMG physicians are doing procedures at the Los Gatos Campus. • Volumes are higher than last year. • Increased Medicare in the payor mix is not unfavorable due to high volume and positive contribution margin. <p>The Committee requested the following:</p> <ul style="list-style-type: none"> • Reporting errors (incorrect grouping) for some of the reserves be corrected. • Better discipline on quarterly capital cash flow projections. • Information about types of patients and payor mix in the ED. <p>Motion: To recommend that the Board approve the FY20 Period 4 Financials.</p> <p>Movant: Juelis Second: Kalbach Ayes: Chow, Faust, Hobbs, Juelis, Kalbach, Watters, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>7. REVIEW OF PATIENT BILLINGS</p>	<p>Terri Manifesto, Sr. Director, Revenue Cycle, and Brian Fong, Director, Revenue Integrity, joined the meeting.</p> <p>Ms. Manifesto reported that staff had a discovery call with EPIC to discuss the potential for providing an integrated bill for ECH and SVMMD services and obtained information from another health system that is doing this. The next step is for EPIC to provide information to ECH about effort and timeline.</p> <p>Mr. Fong reported that members of the finance staff met with the Patient and Family Advisory Council (PFAC) on October 15th and are working on several improvements recommended by the PFAC.</p> <ul style="list-style-type: none"> • Payment link in text message notifications to patients • Evaluate providing a customized after visit summary listing all providers (and contact information) who pat may receive a bill from • Redesign of website and billing statements to (1) emphasize possibility that patients may receive bills form outside providers and (2) simplify technical terminology <p>Mr. Fong also reported that finance staff members will attend the December 18th PFAC meeting to review the new statement design with the group.</p>	
<p>8. REVISED RESOLUTION 2019-12</p>	<p>Mr. Hussain explained the proposed revisions to Resolution 2019-12:</p> <ul style="list-style-type: none"> • Updating the 2015 bond amount from par value (165 million) to the estimated balance at the time of refunding (\$125 million) • Changing the term “net fixed interest” to “fixed swap rate” since the net fixed interest has some elements that may change when 	<p><i>Resolution recommended for approval</i></p>

	<p>the debt is issued.</p> <p>In response to Mr. Faust’s question, Mr. Hussain explained that the 2.00% did not change, just the definition.</p> <p>Motion: To recommend that the Board approve revised Resolution 2019-12.</p> <p>Movant: Kalbach Second: Faust Ayes: Chow, Faust, Hobbs, Juelis, Kalbach, Watters, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>9. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 6:17pm.</p> <p>Movant: Faust Second: Kalbach Ayes: Chow, Faust, Hobbs, Juelis, Kalbach, Zoglin Noes: None Abstentions: None Absent: Watters Recused: None</p>	<p><i>Adjourned to closed session at 6:17pm</i></p>
<p>10. AGENDA ITEM 18: RECONVENE OPEN SESSION/ REPORT OUT</p>	<p>The open session reconvened at 8:17pm. Agenda Items 9-17 were covered in closed session. During the closed session, the Committee approved the Minutes of the Closed Session of the Finance Committee (10/21/2019); and by a unanimous vote of all members present or participating by teleconference (Chow, Faust, Hobbs, Juelis, Kalbach and Watters, Zoglin).</p>	
<p>11. AGENDA ITEM 19: PHYSICIAN CONTRACTS</p>	<p>Motion: To approve the (a) LPCH NICU PT/OT Services Renewal, (b) LPCH NICU Professional Services Renewal.</p> <p>Movant: Faust Second: Juelis Ayes: Chow, Faust, Hobbs, Juelis, Kalbach, Watters, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p> <p>Motion: To recommend that the Board approve the (c) Exclusive Neurosurgery On-Call Agreement, and (d) Telepsychiatry Services Agreement.</p> <p>Movant: Kalbach Second: Juelis Ayes: Chow, Faust, Hobbs, Juelis, Kalbach, Watters, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Physician Contracts approved/ recommended for approval</i></p>
<p>12. AGENDA ITEM 20: CLOSING COMMENTS</p>	<p>None.</p>	

13. AGENDA ITEM 21: ADJOURNMENT	Motion: To adjourn at 8:19pm. Movant: Kalbach Second: Chow Ayes: Chow, Faust, Hobbs, Juelis, Kalbach, Watters, Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>Meeting adjourned at 8:19pm</i>
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Attest as to the approval of the foregoing minutes by the Finance Committee of El Camino Hospital:

John Zoglin
Chair, Finance Committee

DRAFT



El Camino Health

Summary of Financial Operations

*Fiscal Year 2020 – Period 5
7/1/2019 to 11/30/2019*

Financial Overview – Year to Date November

Financial Performance

- Net income is \$18.7 M or 39% ahead of target
- Non Operating Revenue driven by favorable Investment Income represents \$19.1 million and operations makes up the remaining -\$0.4 M

Hospital Volume

- Adjusted Discharges 8.4% higher than budget and 12% higher than prior year.
 - Mountain View:
 - Higher than budget by 7.1% and prior year by 9.4%
 - Overall procedural volume favorable to budget by 574 cases (5%)
 - Infusion Volumes favorable to budget by 355 encounters (11%) - extended hours, new Oncologist and increased productivity
 - Ortho/Neuro/Spine cases favorable to budget by 27 cases (6%) due to higher utilization of Mako Robot on both campuses
 - Los Gatos:
 - Higher than budget by 14.6% and prior year by 22.1%
 - Overall procedural volume favorable to budget by 51 cases (2%)
 - Surgeries favorable to budget by 194 cases (21%) – Orthopedics & Spine (high producing ortho/spine surgeons), Ophthalmology (program moved from Willow ASC)
 - Op Infusion volumes budgeted at 216 visits for November. Not realized due to delay in opening of LG Infusion Center

Payor Mix

- Payor mix is unfavorable to budget.

Productivity

- Year to date FTEs are in line with targets.

Financial Overview - November

Financial Performance

- Net income for the November is \$5.7 M or 43% ahead of target
- Non Operating Revenue driven by favorable Investment Income represents \$14.9 million and operations makes up the remaining unfavorable variance of \$9.2 M
- Unfavorable operating margin due to:
 - \$1.4 due to lower outpatient services mix
 - \$2 million PRIME revenue which was budgeted in November but not received until December.
 - \$1.8 million in supplies expense to correct October go-live cut-off in WorkDay.
 - Fees and purchased services mainly related to culture of safety, Lean project and higher repairs and maintenance.

Hospital Volume

- Adjusted Discharges 3.7% higher than budget and 9% higher than prior year.
 - Mountain View:
 - Higher than budget by 3.7% and prior year by 7.5%
 - Los Gatos:
 - Higher than budget by 4% and prior year by 15.4%

Payor Mix

- Payor mix is slightly favorable to budget for both Commercial & Medicare

Productivity

- Year to date FTEs are in line with targets.

Dashboard - as of November 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	84,006	87,971	90,606	(2,635)	394,448	443,615	433,210	10,405
Operating Expenses	72,365	86,631	80,084	(6,547)	351,251	411,279	400,491	(10,787)
Operating Margin \$	11,642	1,340	10,521	(9,182)	43,198	32,336	32,718	(382)
Operating Margin %	13.9%	1.5%	11.6%	(10.1%)	11.0%	7.3%	7.6%	(0.3%)
EBIDA \$	16,386	5,931	16,038	(10,107)	66,803	56,868	58,606	(1,738)
EBIDA %	19.5%	6.7%	17.7%	(11.0%)	16.9%	12.8%	13.5%	(0.7%)
Hospital Volume								
Licensed Beds	443	443	443	-	443	443	443	-
ADC	240	243	249	(6)	228	227	233	(7)
Utilization MV	66%	66%	67%	(0.9%)	63%	63%	63%	0.0%
Utilization LG	29%	32%	34%	(2.3%)	28%	30%	32%	(1.8%)
Utilization Combined	54%	55%	56%	(1.3%)	51%	52%	53%	(0.6%)
Adjusted Discharges	2,899	3,157	3,044	113	14,279	15,942	14,694	1,248
Total Discharges (Excl NNB)	1,605	1,722	1,648	74	7,790	8,387	8,008	379
Total Discharges	1,936	2,072	1,984	88	9,486	10,167	9,727	440
Inpatient Cases								
MS Discharges	1,114	1,194	1,131	63	5,308	5,796	5,424	372
Deliveries	352	368	357	11	1,803	1,875	1,827	48
BHS	92	114	104	10	470	492	508	(16)
Rehab	47	46	56	(10)	209	224	249	(25)
Outpatient Cases								
ED	12,433	13,774	13,185	589	61,755	67,290	64,149	3,141
Procedural Cases								
OP Surg	3,754	3,882	3,787	95	19,332	20,265	19,494	771
Endo								
OP Surg	440	457	452	5	2,063	2,417	2,124	293
Interventional	216	244	234	10	1,067	1,163	1,144	19
All Other	207	184	217	(33)	952	914	998	(84)
	7,816	9,007	8,495	512	38,341	42,531	40,388	2,143
Hospital Payor Mix								
Medicare	49.3%	48.5%	48.9%	(0.4%)	46.9%	49.7%	48.3%	1.4%
Medi-Cal	7.9%	7.4%	7.6%	(0.3%)	8.0%	7.5%	7.9%	(0.3%)
Commercial IP	20.7%	19.7%	20.4%	(0.7%)	21.5%	18.7%	20.7%	(1.9%)
Commercial OP	20.6%	21.5%	20.7%	0.7%	21.3%	21.7%	20.9%	0.9%
Total Commercial	41.3%	41.2%	41.1%	0.1%	42.7%	40.4%	41.5%	(1.1%)
Other	1.6%	2.9%	2.3%	0.6%	2.4%	2.4%	2.3%	0.0%
Hospital Cost								
Total FTE	2,672.3	2,810.9	2,808.0	(2.9)	2,616.4	2,773.9	2,766.3	(7.6)
Productive Hrs/APD	30.5	31.3	30.5	(0.8)	31.0	31.5	32.1	0.6
Consolidated Balance Sheet								
Net Days in AR	47.4	54.2	49.0	(5.2)	47.4	54.2	49.0	(5.2)
Days Cash	500	465	435	30	500	465	435	30

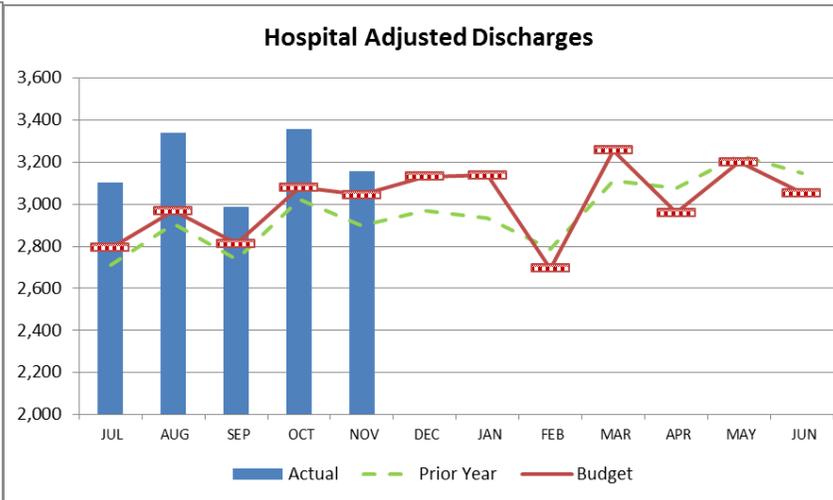
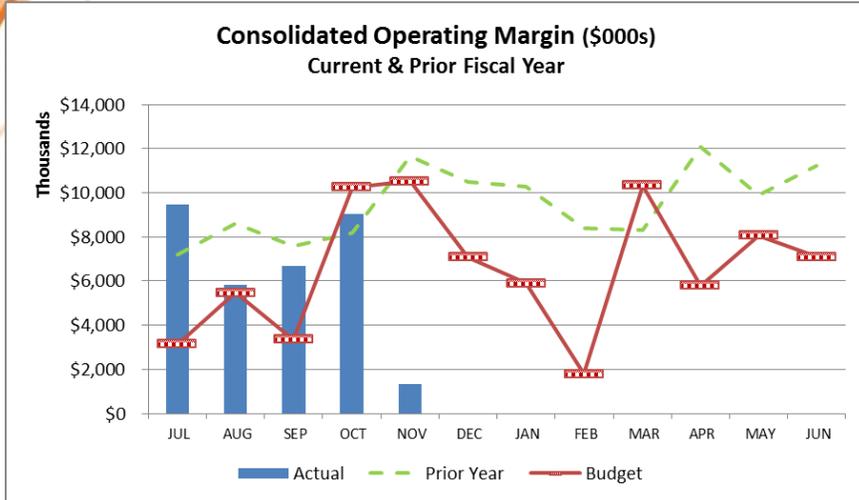
*Beginning with the June FY 19 report, the Dashboard and the financial report has been updated to show the ECH consolidated results instead of just the Hospitals. The descriptions of the metrics indicate whether the data is hospital only.

Consolidated Statement of Operations (\$000s)

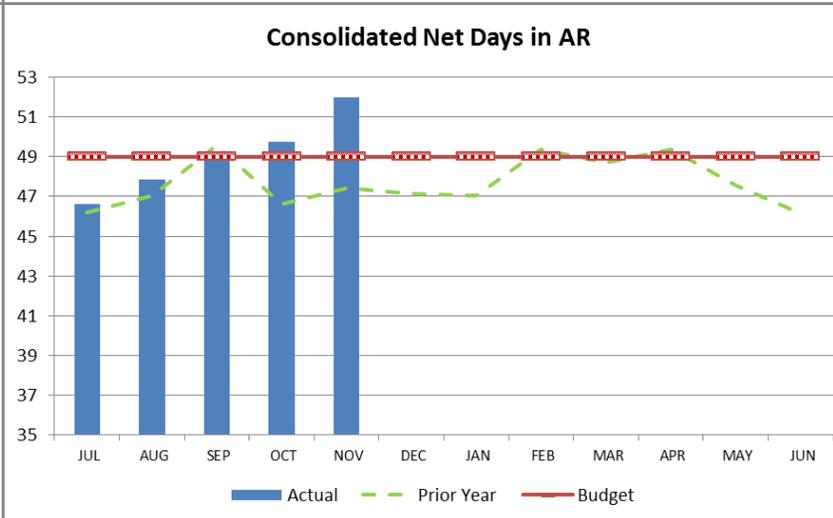
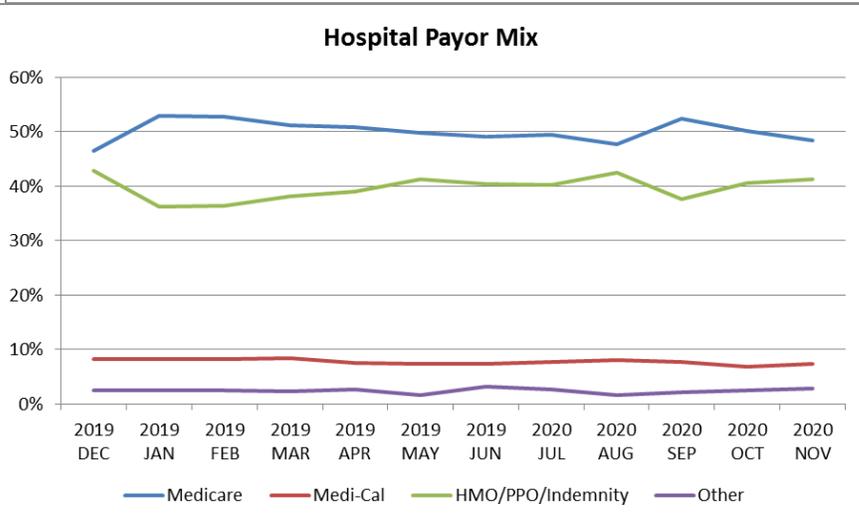
Period ending 11/30/2019

Period 5 FY 2019	Period 5 FY 2020	Period 5 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
298,592	327,143	325,561	1,582	0.5%	Gross Revenue	1,422,377	1,608,007	1,573,206	34,801	2.2%
(220,445)	(244,064)	(241,103)	(2,961)	(1.2%)	Deductions	(1,046,239)	(1,186,439)	(1,162,566)	(23,873)	(2.1%)
78,147	83,078	84,458	(1,380)	(1.6%)	Net Patient Revenue	376,138	421,568	410,640	10,928	2.7%
5,860	4,893	6,148	(1,255)	(20.4%)	Other Operating Revenue	18,310	22,046	22,570	(523)	(2.3%)
84,006	87,971	90,606	(2,635)	(2.9%)	Total Operating Revenue	394,448	443,615	433,210	10,405	2.4%
					OPERATING EXPENSE					
41,916	45,159	45,423	264	0.6%	Salaries & Wages	207,267	228,532	229,040	508	0.2%
11,431	14,869	12,425	(2,445)	(19.7%)	Supplies	55,358	68,077	59,899	(8,178)	(13.7%)
11,543	17,963	12,594	(5,369)	(42.6%)	Fees & Purchased Services	51,911	71,662	65,287	(6,375)	(9.8%)
2,730	4,049	4,126	77	1.9%	Other Operating Expense	13,109	18,474	20,377	1,903	9.3%
438	282	695	413	59.4%	Interest	2,128	2,533	2,675	142	5.3%
4,306	4,308	4,821	513	10.6%	Depreciation	21,477	22,000	23,213	1,214	5.2%
72,365	86,631	80,084	(6,547)	(8.2%)	Total Operating Expense	351,251	411,279	400,491	(10,787)	(2.7%)
11,642	1,340	10,521	(9,182)	(87.3%)	Net Operating Margin	43,198	32,336	32,718	(382)	(1.2%)
2,176	17,925	2,995	14,930	498.5%	Non Operating Income	(11,209)	34,197	15,090	19,107	126.6%
13,818	19,264	13,516	5,748	42.5%	Net Margin	31,989	66,533	47,808	18,725	39.2%
19.5%	6.7%	17.7%	(11.0%)		EBITDA	16.9%	12.8%	13.5%	(0.7%)	
13.9%	1.5%	11.6%	(10.1%)		Operating Margin	11.0%	7.3%	7.6%	(0.3%)	
16.4%	21.9%	14.9%	7.0%		Net Margin	8.1%	15.0%	11.0%	4.0%	

Monthly Financial Trends

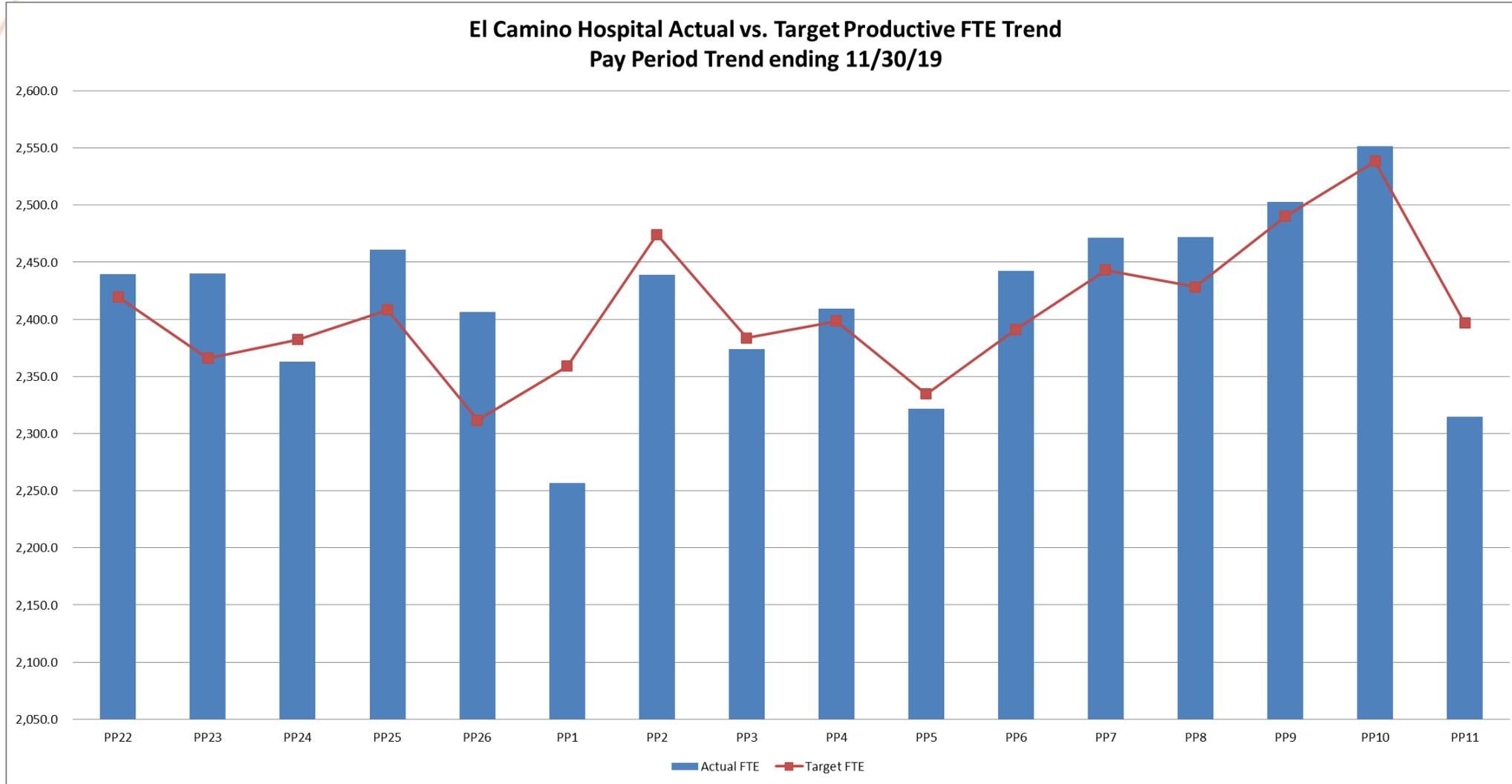


November was the first month with unfavorable operating margin



Hospital Productivity – Rolling Trend

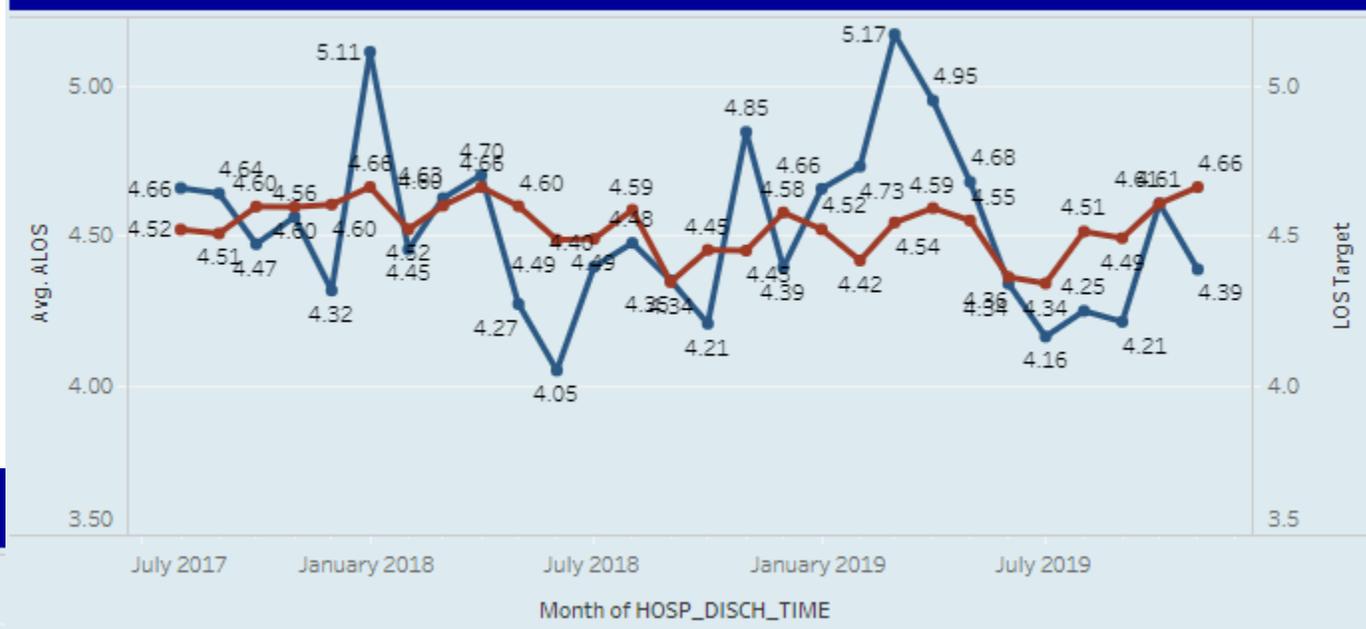
- Productivity is ahead of target. Large favorable variance in PP11 due to low back office FTEs during the Thanksgiving vacations.



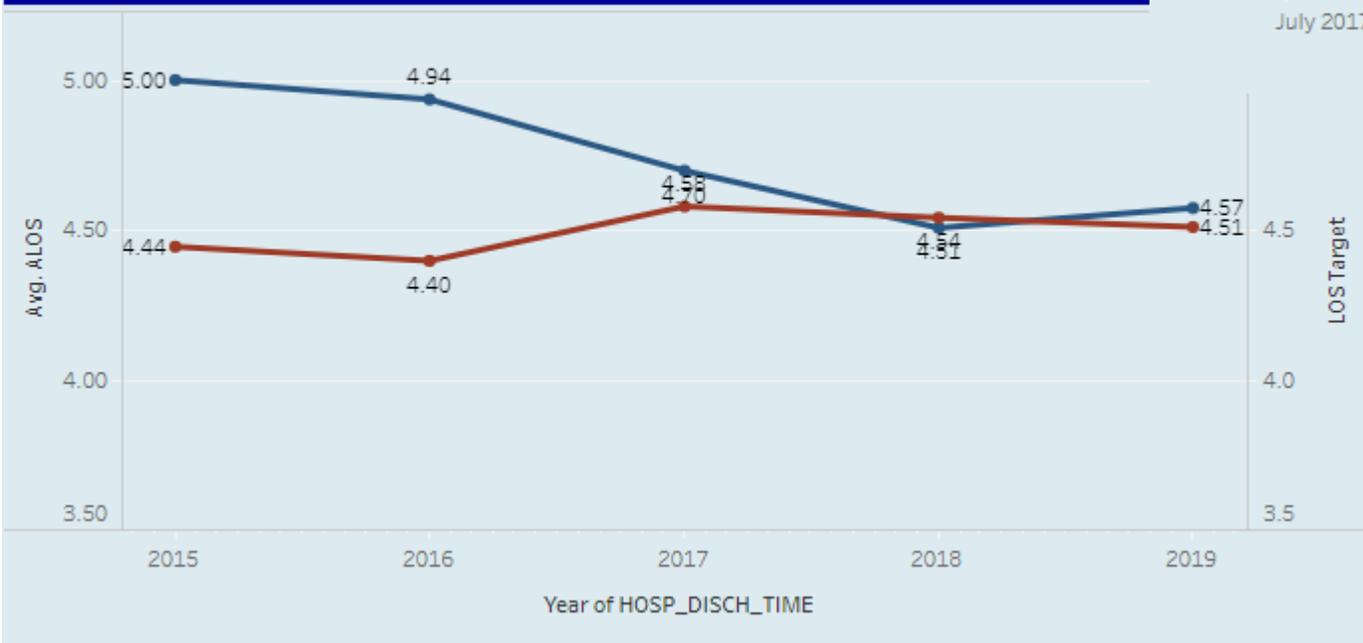
Medicare Length of Stay

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	N	YTD
Mcare Settltm/Appeal/Tent Settltm/PIP	129	129	210	137	129	735
RAC Release	-	-	(746)	-	-	(746)
Various Adjustments under \$250k	9	4	5	-	-	18
Total	138	133	(531)	137	129	7

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

Consolidated Balance Sheet

(in thousands)

ASSETS	Unaudited		LIABILITIES AND FUND BALANCE	Unaudited	
	November 30, 2019	June 30, 2019		November 30, 2019	June 30, 2019
CURRENT ASSETS			CURRENT LIABILITIES		
Cash	107,636	124,912	Accounts Payable	77,877	38,390
Short Term Investments	184,815	177,165	Salaries and Related Liabilities	29,207	30,296
Patient Accounts Receivable, net	150,293	132,198	Accrued PTO	26,223	26,502
			Worker's Comp Reserve	2,300	2,300
Other Accounts and Notes Receivable	6,914	5,058	Third Party Settlements	12,223	11,331
Intercompany Receivables	207	85	Malpractice Reserves	1,800	1,800
			Bonds Payable - Current	8,630	8,630
Inventories and Prepays	71,345	64,093	Bond Interest Payable	7,394	12,775
Total Current Assets	549,690	511,976	Other Liabilities	2,085	14,577
			Total Current Liabilities	212,129	150,966
BOARD DESIGNATED ASSETS					
Foundation Board Designated	17,869	16,895	LONG TERM LIABILITIES		
Plant & Equipment Fund	178,479	171,304	Post Retirement Benefits	30,133	29,480
Women's Hospital Expansion	22,430	15,472	Worker's Comp Reserve	19,389	18,432
Operational Reserve Fund	144,294	139,057	Other L/T Obligation (Asbestos)	4,024	3,975
Community Benefit Fund	18,064	18,260	Other L/T Liabilities (IT/Medl Leases)	-	-
Workers Compensation Reserve Fund	19,391	20,732	Bond Payable	519,345	507,531
			Total Long Term Liabilities	572,891	559,417
Postretirement Health/Life Reserve Fund	30,133	29,480	DEFERRED REVENUE-UNRESTRICTED	1,096	1,113
PTO Liability Fund	25,746	26,149	DEFERRED INFLOW OF RESOURCES	13,268	13,715
Malpractice Reserve Fund	1,831	1,831			
Catastrophic Reserves Fund	21,306	19,678	FUND BALANCE/CAPITAL ACCOUNTS		
Total Board Designated Assets	479,543	458,857	Unrestricted	1,725,397	1,389,510
			Board Designated	189,794	458,839
FUNDS HELD BY TRUSTEE	55,382	83,073	Restricted	26,957	24,215
			Capital	-	100
LONG TERM INVESTMENTS	389,514	375,729	Retained Earnings	-	16,587
			Total Fund Bal & Capital Accts	1,942,147	1,872,563
CHARITABLE GIFT ANNUITY INVESTMENTS	605	602			
			TOTAL LIABILITIES AND FUND BALANCE	2,741,531	2,597,775
INVESTMENTS IN AFFILIATES	35,698	38,532			
PROPERTY AND EQUIPMENT					
Fixed Assets at Cost	1,331,138	1,692,693			
Less: Accumulated Depreciation	(644,874)	(622,877)			
Construction in Progress	467,436	375,094			
Property, Plant & Equipment - Net	1,169,612	1,069,816			
DEFERRED OUTFLOWS	33,451	33,876			
RESTRICTED ASSETS	27,020	24,279			
OTHER ASSETS	1,016	1,036			
TOTAL ASSETS	2,741,531	2,597,775			

APPENDIX

Non Operating Items and Net Margin by Affiliate

\$ in thousands

	Period 5- Month			Period 5- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Operating Margin						
Mountain View	4,982	10,882	(5,900)	43,528	40,020	3,508
Los Gatos	249	1,971	(1,722)	6,257	6,902	(645)
Sub Total - El Camino Hospital, excl. Affiliates	5,232	12,853	(7,622)	49,785	46,922	2,863
Operating Margin %	6.3%	15.1%		11.8%	11.6%	
El Camino Hospital Non Operating Income						
Sub Total - Non Operating Income	17,243	2,516	14,727	31,066	13,112	17,954
El Camino Hospital Net Margin	22,474	15,369	7,106	80,851	60,034	20,817
ECH Net Margin %	27.2%	18.0%		19.2%	14.8%	
Concern	(46)	136	(182)	263	197	66
ECSC	(1)	0	(1)	(28)	2	(30)
Foundation	470	134	336	1,911	696	1,215
Silicon Valley Medical Development	(3,633)	(2,123)	(1,510)	(16,464)	(13,120)	(3,344)
Net Margin Hospital Affiliates	(3,210)	(1,852)	(1,358)	(14,318)	(12,226)	(2,092)
Total Net Margin Hospital & Affiliates	19,264	13,516	5,748	66,533	47,808	18,725

El Camino Hospital Volume Annual Trends

		CURRENT MONTH					YEAR-TO-DATE				
		PY	CY	Bud	Bud Var	PY Var	PY	CY	Bud	Bud Var	PY Var
IP	Heart and Vascular	196	220	197	23	24	880	947	886	61	67
	MCH	421	431	419	12	10	2,070	2,149	2,085	64	79
	Oncology	52	58	52	6	6	291	300	290	10	9
	Orthopedics	141	144	151	-7	3	699	698	751	-53	-1
	Neurosciences	65	74	65	9	9	328	382	332	50	54
	Spine Surgery	28	34	32	2	6	132	165	150	15	33
	Behavioral Health	92	114	104	10	22	470	492	508	-16	22
	GYN	18	15	17	-2	-3	90	109	85	24	19
	Urology	30	19	30	-11	-11	114	154	115	39	40
	Other SLs	562	612	581	31	50	2,717	2,990	2,805	185	273
	Total	1,605	1,721	1,648	73	116	7,791	8,386	8,008	378	595
OP	Emergency	3,754	3,877	3,787	90	123	19,331	20,258	19,494	764	927
	Heart and Vascular	402	410	409	1	8	1,959	1,999	1,995	4	40
	MCH	447	422	464	-42	-25	2,258	2,297	2,340	-43	39
	Oncology	756	809	966	-157	53	3,431	4,094	3,947	147	663
	Orthopedics	50	89	49	40	39	284	464	278	186	180
	Neurosciences	8	6	8	-2	-2	30	46	30	16	16
	Spine Surgery	23	19	22	-3	-4	124	105	121	-16	-19
	Behavioral Health	259	234	290	-56	-25	1,156	1,115	1,303	-188	-41
	GYN	129	131	137	-6	2	571	597	605	-8	26
	Urology	178	160	183	-23	-18	846	901	863	38	55
	Other SLs	5,369	6,911	5,516	1,395	1,542	26,894	31,884	27,609	4,275	4,990
Total	11,375	13,068	11,830	1,238	1,693	56,884	63,760	58,585	5,175	6,876	
Grand Total	12,980	14,789	13,478	1,311	1,809	64,675	72,146	66,593	5,553	7,471	

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

Period ending 11/30/2019

Period 5 FY 2019	Period 5 FY 2020	Period 5 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
245,512	259,819	256,681	3,138	1.2%	Gross Revenue	1,167,193	1,279,320	1,244,853	34,467	2.8%
(181,191)	(193,228)	(191,166)	(2,062)	(1.1%)	Deductions	(857,300)	(940,554)	(924,893)	(15,660)	(1.7%)
64,321	66,591	65,515	1,076	1.6%	Net Patient Revenue	309,893	338,766	319,959	18,807	5.9%
4,460	1,846	3,666	(1,821)	(49.7%)	Other Operating Revenue	11,106	8,433	10,714	(2,282)	(21.3%)
68,781	68,436	69,181	(745)	(1.1%)	Total Operating Revenue	320,999	347,199	330,674	16,525	5.0%
					OPERATING EXPENSE					
34,528	35,706	36,107	401	1.1%	Salaries & Wages	170,191	180,536	180,734	197	0.1%
9,392	11,809	9,448	(2,361)	(25.0%)	Supplies	44,763	54,454	46,454	(8,000)	(17.2%)
6,818	9,418	5,605	(3,813)	(68.0%)	Fees & Purchased Services	32,219	35,374	29,296	(6,077)	(20.7%)
2,345	2,776	2,659	(117)	(4.4%)	Other Operating Expense	10,587	13,034	13,372	338	2.5%
438	282	695	413	59.4%	Interest	2,128	2,533	2,675	142	5.3%
3,508	3,463	3,787	323	8.5%	Depreciation	17,532	17,740	18,124	384	2.1%
57,030	63,454	58,300	(5,155)	(8.8%)	Total Operating Expense	277,420	303,671	290,654	(13,018)	(4.5%)
11,752	4,982	10,882	(5,900)	(54.2%)	Net Operating Margin	43,579	43,528	40,020	3,508	8.8%
669	17,243	2,516	14,727	585.4%	Non Operating Income	(17,270)	31,066	13,112	17,954	136.9%
12,421	22,225	13,398	8,828	65.9%	Net Margin	26,309	74,594	53,132	21,462	40.4%
22.8%	12.8%	22.2%	(9.5%)		EBITDA	19.7%	18.4%	18.4%	(0.0%)	
17.1%	7.3%	15.7%	(8.4%)		Operating Margin	13.6%	12.5%	12.1%	0.4%	
18.1%	32.5%	19.4%	13.1%		Net Margin	8.2%	21.5%	16.1%	5.4%	

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

Period ending 11/30/2019

Period 5 FY 2019	Period 5 FY 2020	Period 5 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
52,243	58,656	60,651	(1,995)	(3.3%)	Gross Revenue	251,728	293,433	283,781	9,651	3.4%
(38,738)	(44,740)	(44,932)	192	0.4%	Deductions	(186,736)	(221,022)	(210,507)	(10,515)	(5.0%)
13,505	13,916	15,718	(1,802)	(11.5%)	Net Patient Revenue	64,991	72,410	73,274	(864)	(1.2%)
290	370	271	98	36.3%	Other Operating Revenue	1,399	1,932	1,355	578	42.6%
13,795	14,285	15,989	(1,704)	(10.7%)	Total Operating Revenue	66,390	74,343	74,629	(286)	(0.4%)
					OPERATING EXPENSE					
6,747	7,390	7,295	(95)	(1.3%)	Salaries & Wages	34,021	37,266	36,247	(1,019)	(2.8%)
1,968	2,583	2,609	25	1.0%	Supplies	10,328	11,541	11,447	(94)	(0.8%)
2,774	2,993	2,787	(206)	(7.4%)	Fees & Purchased Services	13,325	13,644	13,715	70	0.5%
192	279	488	209	42.8%	Other Operating Expense	1,662	1,645	2,167	522	24.1%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
749	791	840	49	5.8%	Depreciation	3,725	3,989	4,151	162	3.9%
12,430	14,036	14,018	(18)	(0.1%)	Total Operating Expense	63,060	68,085	67,727	(359)	(0.5%)
1,364	249	1,971	(1,722)	(87.4%)	Net Operating Margin	3,330	6,257	6,902	(645)	(9.3%)
0	0	0	0	0.0%	Non Operating Income	0	0	0	0	0.0%
1,364	249	1,971	(1,722)	(87.4%)	Net Margin	3,330	6,257	6,902	(645)	(9.3%)
15.3%	7.3%	17.6%	(10.3%)		EBITDA	10.6%	13.8%	14.8%	(1.0%)	
9.9%	1.7%	12.3%	(10.6%)		Operating Margin	5.0%	8.4%	9.2%	(0.8%)	
9.9%	1.7%	12.3%	(10.6%)		Net Margin	5.0%	8.4%	9.2%	(0.8%)	

Silicon Valley Medical Development (\$000s)

Period ending 11/30/2019

Period 5 FY 2019	Period 5 FY 2020	Period 5 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
837	8,668	8,230	438	5.3%	Gross Revenue	3,457	35,255	44,572	(9,317)	(20.9%)
(516)	(6,096)	(5,005)	(1,092)	(21.8%)	Deductions	(2,203)	(24,863)	(27,165)	2,302	8.5%
320	2,572	3,225	(653)	(20.2%)	Net Patient Revenue	1,254	10,392	17,407	(7,015)	(40.3%)
(26)	1,878	1,448	430	29.7%	Other Operating Revenue	17	7,974	6,689	1,285	19.2%
294	4,450	4,673	(223)	(4.8%)	Total Operating Revenue	1,272	18,366	24,096	(5,730)	(23.8%)
					OPERATING EXPENSE					
133	1,628	1,514	(113)	(7.5%)	Salaries & Wages	493	8,471	9,472	1,002	10.6%
56	458	356	(102)	(28.7%)	Supplies	194	1,986	1,936	(50)	(2.6%)
1,097	5,044	3,824	(1,219)	(31.9%)	Fees & Purchased Services	3,466	20,762	20,399	(362)	(1.8%)
119	902	908	6	0.7%	Other Operating Expense	530	3,353	4,483	1,129	25.2%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
46	52	193	141	73.2%	Depreciation	202	258	926	668	72.1%
1,451	8,083	6,795	(1,287)	(18.9%)	Total Operating Expense	4,886	34,830	37,216	2,387	6.4%
(1,156)	(3,633)	(2,123)	(1,510)	71.2%	Net Operating Margin	(3,614)	(16,464)	(13,120)	(3,344)	25.5%
500	0	0	0	0.0%	Non Operating Income	4,310	0	0	0	0.0%
(656)	(3,633)	(2,123)	(1,510)	71.2%	Net Margin	696	(16,464)	(13,120)	(3,344)	25.5%
					EBITDA	-268.4%	-88.2%	-50.6%	(37.6%)	
					Operating Margin	-284.2%	-89.6%	-54.5%	(35.2%)	
					Net Margin	54.7%	-89.6%	-54.5%	(35.2%)	

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; HVI 3/23/20

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 December 18, 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 - 	<p>No scheduled meeting</p>	<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 	<p>No scheduled meeting</p>

FY20 Finance Committee Pacing Plan – Updated December 18, 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

On the ground at J.P. Morgan's Health Conference

[Tara Bannow](#)

The J.P. Morgan Healthcare Conference kicked off in San Francisco on Monday. Updates can be found here throughout the conference with daily observations and news from finance reporter Tara Bannow. In addition, look for Tara's reporter's notebooks in our [Modern Healthcare A.M.](#) newsletter, additional news stories on [ModernHealthcare.com](#) or on Twitter [@TaraBannow](#) and [@modrnhealthcr](#).

More J.P. Morgan Healthcare Conference coverage:

[*Providers compare notes on cost cutting at JP Morgan conference Providence St. Joseph unveils \\$150 million venture capital fund*](#)

[*FDA launches new office to rethink how drugs are reviewed*](#)

Tuesday, Jan. 8

Providence St. Joseph Health says it's a market dominator

Venkat Bhamidipati, CFO of Providence St. Joseph Health, said that the Renton, Wash.-based system is No. 1 or 2 in acute care in the many of the markets it serves.

The system had the largest acute-care market share in its Alaska region, or 35%, as of 2017, according to the health system's slides. It also dominated the markets it served in Northern California and Texas at that time, with 36% and 38% market shares, respectively. The health system is No. 2 in the Southern California region it serves, in which it has 24% of market share. Southern California represents 30% of Providence St. Joseph Health's operating revenue. It's also No. 2 in its Oregon region, where it has a 30% market share. Oregon represents 21% of the health system's operating revenue.

"I think we're pretty well-positioned to take full advantage of market needs and community needs that we see," he said.

Bhamidipati also pointed out that population growth averaged 1% in the areas Providence St. Joseph Health served from 2010 to 2017, compared with 0.7%

nationwide. Per-capita income is also higher in those regions, as well as income growth, he said.

CVS-Aetna to bear fruit soonCVS Health CEO Larry Merlo told investors Tuesday the company expects to start to see benefits from the [newly finalized Aetna merger](#) in the first quarter of 2019. The companies have created a combined purchasing organization to ensure goods and services fetch "the most effective prices," from which they expect to derive benefits, along with perks from formulary and plan design changes, in the first half of 2019, he said. Merlo said CVS expects to see medical cost savings toward the end of the year, and promised to update investors on the company's next earnings call in February. The company emphasized in its presentation that it is "one company" and U.S. District Judge Richard Leon's continuing review will not affect their timeline.

Tenet talks Conifer's future

Tenet Healthcare CEO Ron Rittenmeyer emphasized in an interview with Modern Healthcare Tuesday afternoon that he is just as interested in selling the company's revenue cycle subsidiary, Conifer Health Solutions, as he was from the start. In his presentation that morning at the J.P. Morgan Healthcare Conference, Rittenmeyer told investors he believes Conifer is well-positioned for revenue growth "under Tenet's ownership or under a different ownership structure." He acknowledged that while some feel it's taking too long, "we are actively engaged and are working diligently to find an answer. Regardless, we will continue to focus on growth and improvement in Conifer with the same vigor as in 2018."

Rittenmeyer emphasized Conifer's 33% adjusted earnings before interest, taxes, depreciation and amortization growth on a normalized basis in 2018, and said Tenet raised its EBITDA expectations for the subsidiary by \$80 million since December 2017. Tenet's hospitals, by contrast, grew their adjusted EBITDA by 2% on a normalized basis in 2018, compared with 11% in Tenet's ambulatory segment.

Tenet's slides said the company would consider a sale, merger or spin-out that would be tax-free to shareholders.

Rittenmeyer declined to say in the interview what types of potential buyers he's speaking with, but confirmed talks are ongoing. Since Tenet will remain a customer, Rittenmeyer said he's determined to find the right buyer.

"It's got to work for Tenet as much as the buyer," he said. "This is like getting a divorce but still living together the rest of our lives. They collect my money."

Rittenmeyer also announced during the presentation that Tenet had transitioned 20% of its corporate leaders and 35% of its hospital leaders in 2018. The majority of those departures were involuntary and based on performance, although Rittenmeyer said some were mutually agreed upon.

"We've spent a lot of time this year analyzing our leadership and determined we need stronger, better equipped leaders," Rittenmeyer told Modern Healthcare. "Better training, development programs, bringing people up from lower ranks."

Rittenmeyer said he also wants to bring in new people who will challenge the status quo.

"That's really what I'm after," he said.

Ascension's stellar year

Ascension CFO Anthony Speranzo told investors Tuesday morning that the health system saw \$10.5 billion in total operating revenue in the first five months of its fiscal 2019, which is 12% higher than the same period in fiscal 2018. Most of that increase is because of the acquisition of Presence Health, he said.

Last year, Ascension took a number of steps to improve its cost structure and productivity. Consolidating nonclinical departments into a single structure is expected to save \$82 million in fiscal 2019 alone, Speranzo said.

Ascension's investment in Chicago-based R1 RCM has returned over \$500 million in value to the organization, Speranzo said. The system added Ascension Medical Group to the platform last year.

Mayo's big plans for big ideas

Mayo Clinic CFO Dennis Dahlen told investors Tuesday morning that the first phase of the health system's Destination Medical Center campus in Rochester will include developing a co-lab called Discovery Square One, designed to maximize collaboration between biotech companies, clinicians and scientists.

"It's designed to equip and support inspiring innovators from design to exit," Dahlen said.

The Destination Medical Center is a \$5.6 billion project that's envisioned to serve as an anchor for the medical center and research in Rochester. Mayo expects to spend \$908 million over the next three to five years on ongoing construction projects related to patient care, research and educational facilities throughout the country.

Mayo's operating margin was 6.4% in the first three quarters of 2018, which Dahlen said coincided with go-lives of its Epic EHR system at its Rochester, Minn., Jacksonville, Fla., and Phoenix campuses. Mayo recorded about \$180 million in Epic implementation expenses in 2018, he said.

Dr. Clark Otley, Mayo's medical director, said that 41% of Mayo Ventures' disclosures have ultimately been commercialized, resulting in \$700 million returned to the health system. As a not-for-profit organization, "all of that money goes back to clinical practice, research and education functions," he said.

Monday, Jan. 7

The government shutdown hits deals

Kent Thiry, CEO of the dialysis provider DaVita, told a breakout session audience on Monday evening that the company is working to close on the sale of its medical group to UnitedHealth Group in the first quarter of 2019. He said the federal government shutdown could complicate the deal.

"We couldn't guarantee that even if the government wasn't shut down," he said, "but we and the buyer are both working toward that goal with same intensity if not more."

Last month, DaVita announced it had agreed to lower the price on its medical group, DaVita Medical Holdings, to \$4.34 billion, from \$4.9 billion.

Kaiser has \$100 billion in its sights

Kaiser Permanente CEO Bernard Tyson told the audience at the J.P. Morgan Healthcare Conference Monday morning that the health system's revenue was nearly \$73 billion in 2018 and shaping up to hit \$80 billion this year. Kaiser is "clearly on the trajectory" to becoming a \$100 billion company, and plans to do so organically, he said. "That's the path that we're on," Tyson said.

Last year, more than 10% of the hip surgeries performed by Kaiser were performed on an outpatient basis. That was about 2,700 of 23,500 procedures, Tyson said.

"That is the future and it's here now," he said.

CHI-Dignity merger to close soon

Lloyd Dean, currently the CEO of Dignity Health said that leadership at Dignity and Catholic Health Initiatives plan to close on CommonSpirit Health within the next few weeks. "Aligning ministries of this size certainly has complexity and we're working to get it done." Although Dignity and CHI presented together as CommonSpirit, Dean clarified they are still formally two separate organizations.

Dean said size is not the driver of the union, which he said will touch one in every four Americans once it's completed. Rather, Dean said by combining the organizations' expertise, resources and best practices with additional skills and capabilities, "We have an opportunity to impact healthcare in a way that certainly we could not do independently."

Insurers look to managed care

Ken Burdick, CEO of WellCare Health Plans, said in a breakout session that his company is talking with regulators and elected officials in "literally every state" about the benefits of moving more of their population into a managed Medicaid setting. The company is championing Medicaid expansion in Florida and other states, as well as adding new categories of eligibility. "Costs are just getting prohibitive so they're looking for solutions," he said. "I'm convinced managed Medicaid is the solution as opposed to cutting people off of the roles."

While other payers have been quickly buying up physician groups, Burdick said that's not how WellCare plans to deploy its capital. Rather, he said the company can achieve effective, long-term partnerships through aligned incentive arrangements.

Moving toward 'one Intermountain'

Intermountain CEO Dr. Marc Harrison said the innovation that's most important to his health system is its work around supply chain, the move toward "one Intermountain." "We've really shifted from becoming a holding company to an operating company."

Intermountain is working to harmonize clinical quality across the enterprise. One way is through its virtual hospital, which now provides more than 40 services. "This is not a revenue maximization strategy. This is a human maximization strategy." Intermountain plans to study keeping patients truly well using two geographic regions in Utah. The study, which began Jan. 1, will last three years.

Bert Zimmerli, Intermountain's CFO, said Intermountain reduced its individual exchange health plan pricing for 2019 by 2.7%. "Some might say we left money on the table, but we do believe that's the right thing to do."

Intermountain, which has 95% of its assets in cash and investments, is also focused on nontraditional growth through Intermountain Ventures. Intermountain now has four spinoff companies, Zimmerli said.

Debt consolidation savings after a merger

Advocate Aurora Health consolidated its debt portfolio under a single indenture under its merger nine months ago, which health system Co-CEO Nick Turkal said will generate \$301 million in cash flow savings in the first five years of the union.

The system's operating margin of 4.3% in the third quarter of 2018 and \$383 million in operating income was similar year-over-year to the third quarter of 2017, according to Chief Financial Officer Dominic Nakis.

Operating cash flow margin was 10.7%, or \$1.2 billion, in 2017, and 9.7%, or \$869 million, in the first three quarters of 2018. Headwinds include cost increases in labor and pharmaceuticals, as well as a payer mix shift toward Medicare and patients with high-deductible health plans.

"These are the industry headwinds that we do all face," Nakis said. The new health system has \$18 billion in total assets, 262 days cash on hand, 27 hospitals and more than 500 sites of care.

Story developing ...

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

To: Finance Committee
From: Ken King, CASO
Date: January 27, 2020
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 punch list items that remain, however in early December we were directed by OSHPD to make substantial modifications to our completed construction due to what has been described as a plan review and approval error. In an effort to dispute this interpretation we discovered that our new building is not in full compliance with NFPA 101 Life Safety Code Standard which is required for Joint Commission Accreditation. Corrective modifications need to be made in order for us to be in compliance with the Life Safety Code.

Several experts have been enlisted to assist us in the evaluation and determination of what it will take to resolve these issues. A meeting with Senior OSHPD Staff is scheduled for the week of January 27th where we hope to reach agreement on a path forward. Until we have agreement with OSHPD our occupancy of the building is delayed.

We are in the process of negotiating the contract close out change order requests and we expect to complete the project within the approved budget.

Sobrato Pavilion (aka IMOB) construction is substantially complete with only a few punch list items that remain, however the approval to occupy the building has been delayed due to an issue with the Engineered Smoke Control Report that needed to be resolved before occupancy could be granted. The issue was resolved on January 17th and we expect to have final inspections completed and occupancy approval by the end of the month.

The move-in of various hospital department functions and tenants will begin in late February and will be completed over several weeks. The hospital's patient care functions require CDPH Licensing approval which is anticipated no later than the end of March 2020.

The Grant Road right turn lane has been delayed due to additional requirements by the Public Works department. The timeline to complete this work is now estimated to be May 2020.

This project is forecasted to be completed with the approved budget.

Women's Hospital construction documents were submitted to OSPHD for plan review and permitting in late May. The first back check set of plans are scheduled to be re-submitted to OSHPD in mid-February. Some elements of the project that OSPHD reviewers deemed necessary have been challenged by the design team and agreement on several key elements will

Major Projects Update
January 27, 2020

reduce the complexity of the project. We anticipate at least one and possibly two more rounds of plan review with OSHPD, pushing our permit date target to July 2020.

As we contemplate that current cost estimates received by the major subcontractors we continue to evaluate qualified sub-contractors to bid on the project. The still hot construction market in the Bay Area along with the complexity of an OSHPD permitted project in an occupied hospital building is not very appealing to the sub-contractors who prefer projects with less risk. We are working with the Construction Manager/General Contractor on strategies for obtaining competitive bids from qualified contractors.

M.V. Campus Completion Project (Phases 1 and 2) received approval from both the Hospital Board and the District Board. Both Phase 1 and Phase 2 plans have been submitted to OSHPD and are currently under review. The target date for obtaining the Phase 1 permit and beginning the initial demolition has been pushed to May 2020 due to the delays in obtaining occupancy in the new buildings.

Phase 3 development options are under development and we expect to present the options to the Finance Committee in 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 – Not Occupied
Integrated Medical Office Building -	Substantially Complete – Not Occupied
Central Plant Upgrades -	Complete
Step II:	
Women’s Hospital Expansion -	Plan Review/Permit
Demolition of Old Main Hospital -	Plan Review/Permit Phases 1&2

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. None.

Suggested Committee Discussion Questions: None.

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

To: Finance Committee
From: Cindy Murphy, Director of Governance Services
Date: January 27, 2020
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 Compliance and Audit Committee meeting, the Hospital Board has met twice and the District Board has met once. 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:

December 11, 2019

- Approved FY20 Periods 3 & 4 Financials
- Approved Revised SVMD, LLC Operating Agreement
- Approved Letters of Rebuttable Presumption of Reasonableness
- Approved Telepsych Services Agreement

December 16, 2019

- Approved Revised Resolution 2019-12 Authorizing Forward Starting Interest Rate Hedge

B. ECHD Board Actions: December 11, 2019

- Approved Revised Community Benefit Policy

C. Finance Committee Actions: November 25, 2019

- Approved LPCH NICU PT/OT Professional Service Agreement
- Approved LPCH Neonatologist Agreement

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

Report on Board Actions
January 27, 2020

- E. Executive Compensation Committee Actions:** None since last report.
4. Assessment: N/A
 5. Other Reviews: N/A
 6. Outcomes: N/A

List of Attachments: None.

Suggested Committee Discussion Questions: None.



El Camino Health

Summary of Financial Operations

*Fiscal Year 2020 – Period 6
7/1/2019 to 12/31/2019*

Financial Overview – December Year to Date

Financial Performance

- Strong revenues fueled primarily by outpatient volume growth drove \$5.5M operating margin favorable variance. Despite the higher volumes, expenses continue to remained close to budgeted levels.
 - Operating Revenue favorable to budget by \$13.1M (2.5%)
 - Operating expense is at budget level
 - Supplies are higher than budget due to continued strong procedural volume growth
- Non Operating Income favorable variance due to favorable Investment performance

Hospital Volume

- Adjusted Discharges (AD) continues to be favorable to budget 1,425 ADs (8%) and favorable to prior year by 12%
 - Mountain View: Favorable to budget by 1,005 ADs (7%) and favorable to prior year by 9%
 - Overall procedural volume favorable to budget by 688 cases (5%)
 - Infusion Volumes favorable to budget by 444 encounters (11%) - extended hours and increased productivity
 - Los Gatos: Favorable to budget by 420 ADs (13%) and favorable to prior year by 22%
 - Overall procedural volume favorable to budget by 647 cases (4%)
 - Orthopedics & Spine surgeries favorable to budget by 212 cases (16%) due to high producing ortho/spine surgeons)
 - Op Emergency Room favorable to budget by 543 visits (11%)

Payor Mix

- Payor mix is at budget year to date

Productivity

- Year to date FTEs are in line with targets

Note – This month's report includes analysis of ER volume based discussion at the last Finance Committee meeting

Financial Overview - December

Financial Performance

- Operating Margin favorable variance was \$5.9M (83%). Driven by:
 - Patient Revenue was favorable to budget \$1.2M (1.4%) due to high volume and improved payor mix.
 - Other Operating Revenue was favorable to budget due to \$2M Prime payment delayed from November.
 - Operating Expense was favorable to budget by \$3.2M (3.9%)
- Non Operating Income favorable variance primarily due to positive Investment results

Hospital Volume

- Adjusted Discharges (AD) continue to be favorable to budget for December 176 ADs (5.6%) and favorable to prior year by 11%
 - Mountain View: Favorable to budget by 144 ADs (5.7%) and favorable to prior year by 9.3%
 - Los Gatos: Favorable to budget by 32 ADs (5.5%) and favorable to prior year by 21.2%

Payor Mix

- Payor mix improved in December and was favorable to budget.

Dashboard - as of December 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	80,467	91,764	89,050	2,714	474,916	535,379	522,260	13,119
Operating Expenses	69,984	78,768	81,964	3,195	421,235	490,084	482,455	(7,629)
Operating Margin \$	10,483	12,996	7,086	5,910	53,681	45,295	39,804	5,490
Operating Margin %	13.0%	14.2%	8.0%	6.2%	11.3%	8.5%	7.6%	0.8%
EBIDA \$	14,898	15,767	12,382	3,385	81,702	72,598	70,988	1,610
EBIDA %	18.5%	17.2%	13.9%	3.3%	17.2%	13.5%	13.6%	(0.1%)
Hospital Volume								
Licensed Beds	443	443	443	-	443	443	443	-
ADC	242	240	249	(8)	230	227	236	(9)
Utilization MV	67%	66%	68%	(2.2%)	63%	63%	64%	(0.3%)
Utilization LG	30%	30%	32%	(1.3%)	28%	30%	32%	(1.7%)
Utilization Combined	55%	54%	56%	(1.9%)	52%	52%	53%	(0.8%)
Adjusted Discharges	2,968	3,306	3,130	176	17,246	19,249	17,824	1,425
Total Discharges (Excl NNB)	1,696	1,792	1,744	48	9,486	10,178	9,752	426
Total Discharges	2,054	2,153	2,120	33	11,540	12,319	11,847	472
Inpatient Cases								
MS Discharges	1,177	1,249	1,193	56	6,485	7,044	6,616	428
Deliveries	377	382	382	(0)	2,180	2,257	2,210	47
BHS	104	115	124	(9)	574	607	632	(25)
Rehab	38	46	45	1	247	270	295	(25)
Outpatient Cases	12,303	14,386	13,033	1,353	74,058	81,660	77,182	4,478
ED	4,156	4,271	4,191	80	23,488	24,531	23,685	846
Procedural Cases				-				-
OP Surg	440	549	452	97	2,503	2,959	2,576	383
Endo	228	235	251	(16)	1,295	1,398	1,396	2
Interventional	153	168	160	8	1,105	1,082	1,158	(76)
All Other	7,326	9,163	7,978	1,185	45,667	51,690	48,367	3,323
Hospital Payor Mix								
Medicare	46.4%	45.1%	48.2%	(3.1%)	46.8%	48.9%	48.3%	0.6%
Medi-Cal	8.3%	8.0%	8.4%	(0.4%)	8.1%	7.6%	8.0%	(0.4%)
Commercial IP	21.5%	20.8%	20.9%	(0.1%)	21.5%	19.0%	20.7%	(1.6%)
Commercial OP	21.4%	23.5%	20.2%	3.3%	21.3%	22.0%	20.8%	1.3%
Total Commercial	42.9%	44.2%	41.1%	3.2%	42.7%	41.1%	41.4%	(0.4%)
Other	2.4%	2.7%	2.3%	0.4%	2.4%	2.4%	2.3%	0.1%
Hospital Cost								
Total FTE	2,695.2	2,809.5	2,793.5	(16.0)	2,629.6	2,779.9	2,770.9	(9.0)
Productive Hrs/APD	30.5	30.4	31.5	1.1	30.9	31.3	32.0	0.7

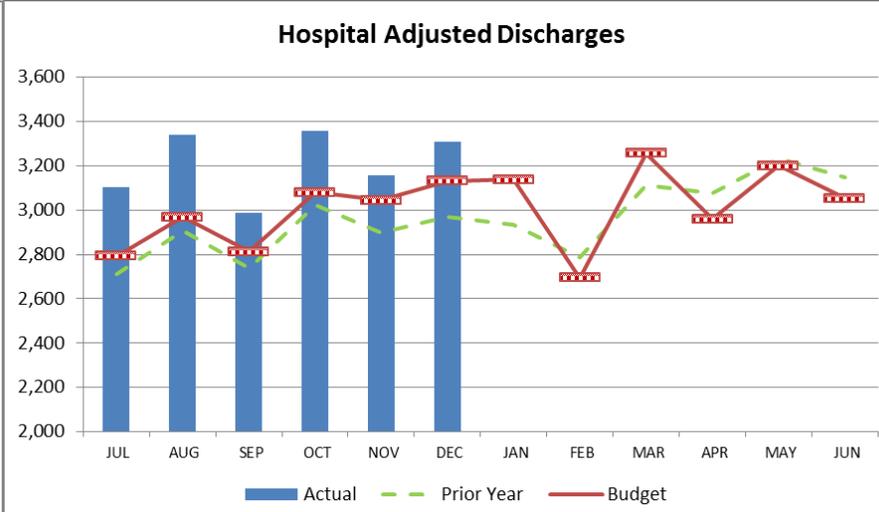
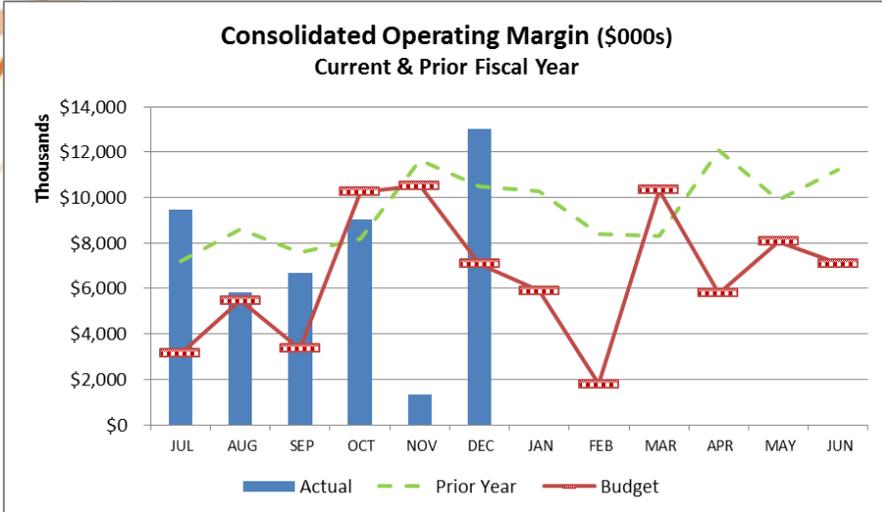
*Beginning with the June FY 19 report, the Dashboard and the financial report has been updated to show the ECH consolidated results instead of just the Hospitals. The descriptions of the metrics indicate whether the data is hospital only.

Consolidated Statement of Operations (\$000s)

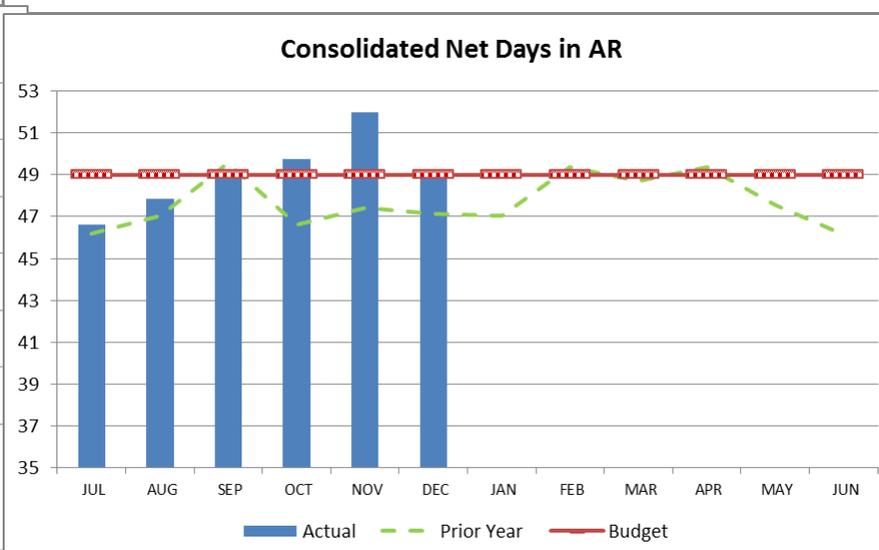
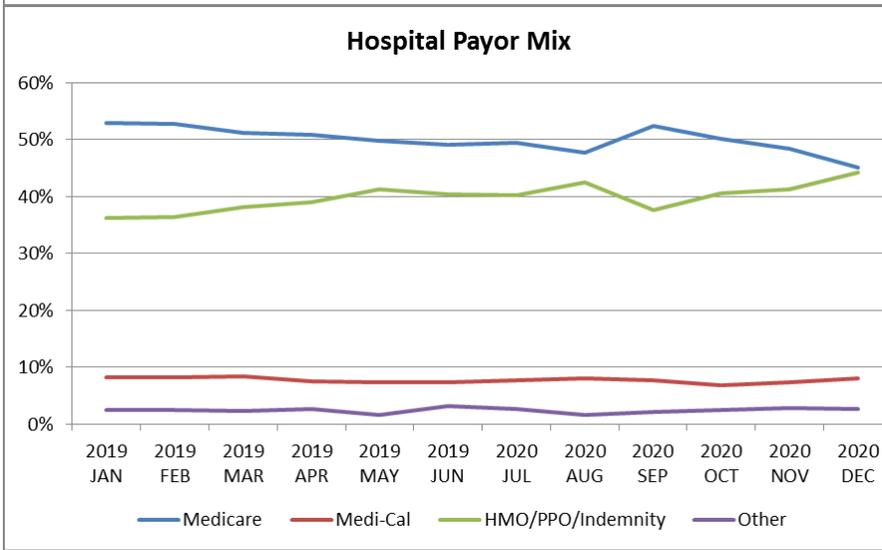
Period ending 12/31/2019

Period 6 FY 2019	Period 6 FY 2020	Period 6 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
285,990	323,501	327,715	(4,214)	(1.3%)	Gross Revenue	1,708,368	1,931,508	1,900,921	30,587	1.6%
(208,675)	(237,496)	(242,882)	5,387	2.2%	Deductions	(1,254,914)	(1,423,935)	(1,405,448)	(18,486)	(1.3%)
77,316	86,005	84,833	1,172	1.4%	Net Patient Revenue	453,454	507,573	495,473	12,101	2.4%
3,152	5,759	4,217	1,542	36.6%	Other Operating Revenue	21,462	27,806	26,787	1,019	3.8%
80,467	91,764	89,050	2,714	3.0%	Total Operating Revenue	474,916	535,379	522,260	13,119	2.5%
					OPERATING EXPENSE					
43,460	46,746	47,146	400	0.8%	Salaries & Wages	250,727	275,279	276,186	908	0.3%
10,202	12,307	12,364	57	0.5%	Supplies	65,560	80,414	72,264	(8,150)	(11.3%)
9,396	12,673	13,103	429	3.3%	Fees & Purchased Services	61,307	84,322	78,390	(5,933)	(7.6%)
2,511	4,271	4,055	(216)	(5.3%)	Other Operating Expense	15,620	22,766	24,432	1,666	6.8%
100	(1,317)	695	2,011	289.4%	Interest	2,228	1,216	3,370	2,153	63.9%
4,315	4,087	4,601	513	11.2%	Depreciation	25,792	26,087	27,814	1,727	6.2%
69,984	78,768	81,964	3,195	3.9%	Total Operating Expense	421,235	490,084	482,455	(7,629)	(1.6%)
10,483	12,996	7,086	5,910	83.4%	Net Operating Margin	53,681	45,295	39,804	5,490	13.8%
(19,695)	14,178	3,279	10,899	332.3%	Non Operating Income	(30,904)	48,375	18,369	30,006	163.3%
(9,211)	27,174	10,366	16,809	162.2%	Net Margin	22,777	93,670	58,174	35,496	61.0%
18.5%	17.2%	13.9%	3.3%		EBITDA	17.2%	13.6%	13.6%	(0.0%)	
13.0%	14.2%	8.0%	6.2%		Operating Margin	11.3%	8.5%	7.6%	0.8%	
-11.4%	29.6%	11.6%	18.0%		Net Margin	4.8%	17.5%	11.1%	6.4%	

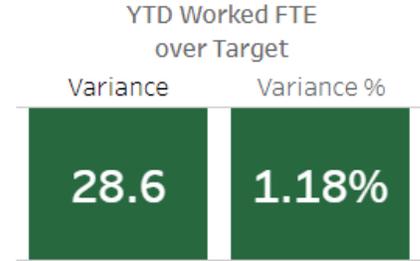
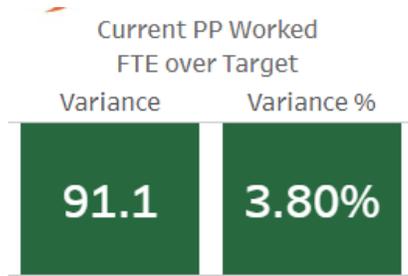
Monthly Financial Trends



Favorable results in December due to strong volume and favorable payor mix.



Productivity is Favorable



Medicare Length of Stay

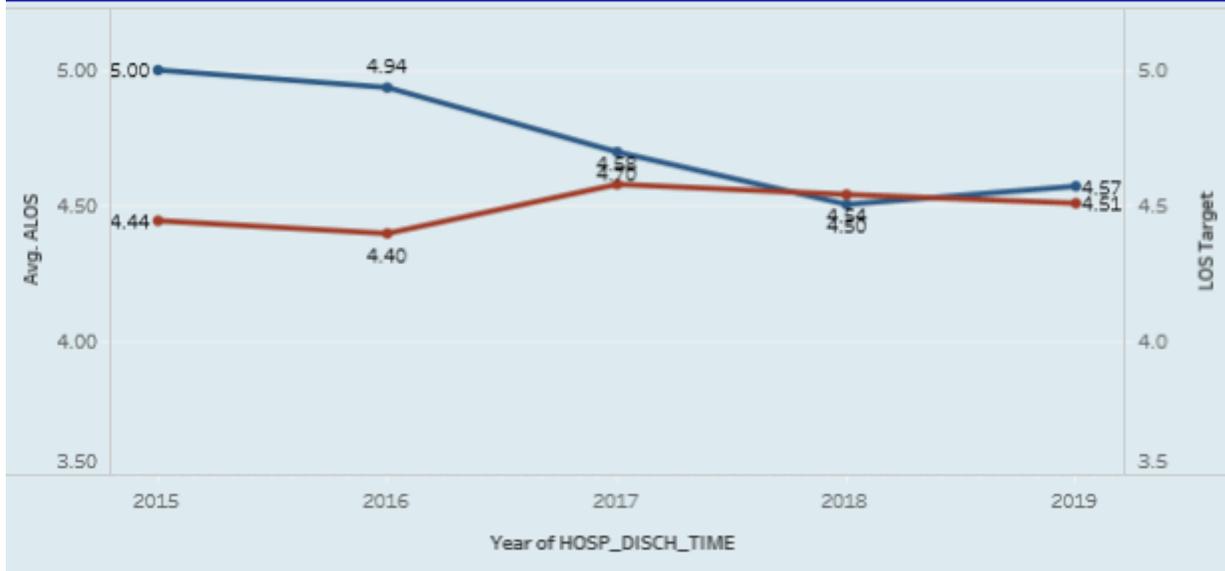
ALOS vs Milliman well-managed benchmark (red line). Medicare is our largest book of business and growing due to aging population. Lower length of stay is a key driver for improving the Medicare margin

ALOS is close to 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	N	D	YTD
Mcare Settltmt/Appeal/Tent Settltmt/PIP	129	129	210	137	129	194	929
RAC Release	-	-	(746)	-	-	-	(746)
PRIME Incentive	-	-	-	-	-	1,944	1,944
Various Adjustments under \$250k	9	4	5	-	-	-	18
Total	138	133	(531)	137	129	2,138	2,145

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

Variance analysis on next page

Capital Spending (in 000's)	Actual FY2017	Actual FY2018	Actual FY2019	Cash Flow		
				19-May	19-Dec	Difference
ERP	-	-	5,830	-	-	
IT Hardware / Software Equipment/EPIC	5,414	2,222	7,859	6,000	6,000	-
Medical / Non Medical Equipment	9,556	15,780	12,082	18,000	18,000	-
Facilities Total	82,953	139,434	158,010	268,937	217,782	(51,155)
Active						
Mountain View Campus Master Plan Projects	62,493	114,093	140,000	130,289	107,122	(23,167)
Mountain View Capital Projects	5,535	7,948	9,620	61,375	59,047	(2,328)
Los Gatos Capital Projects	14,780	12,306	6,901	14,387	13,016	(1,370)
Placeholder/Deferred						
Other Strategic Capital Facility Projects	145	5,088	1,489	24,764	12,434	(12,329)
Other Major Projects				38,123	26,162	(11,961)
GRAND TOTAL	97,923	157,435	183,782	292,937	241,782	(51,155)

FY20 Detail Cash Flow Significant Variances from Budget

Significant Variances	May-19	Dec-19	Diff	Notes
Integrated Medical Office Building	64,489,474	72,745,522	8,256,048	Costs pushed from FY19 to FY20 - overall project costs on budget
BHS Replacement	12,799,752	20,203,199	7,403,447	Costs pushed from FY19 to FY20 - overall project costs on budget
Women's Hosp Expansion	33,000,000	9,527,609	(23,472,391)	Delay due to planning revisions to lower project cost
Demo Old Main & Related Site Work	20,000,000	4,645,595	(15,354,405)	Project staged after completion of Taube Pavillion
MV Master Plan	130,289,226	107,121,925	(23,167,301)	
LG Campus Redevelopment	12,122,777	162,210	(11,960,568)	LG planning pushed out
LG MOB	12,400,000	800,000	(11,600,000)	LG planning pushed out
Oher Major & Strategic Projects	24,522,777	962,210	(23,560,568)	
TOTAL	154,812,003	108,084,135	(46,727,868)	
Percent of variance explained			91.3%	

Facilities Cash Flow: Change from FY2020 Budget to FY2020 P6 Update is -\$51.2M. The projects above represent 91.3% of the -\$51.2M projected difference

Consolidated Balance Sheet

(in thousands)

ASSETS	Audited		LIABILITIES AND FUND BALANCE	Audited	
	December 31, 2019	June 30, 2019		December 31, 2019	June 30, 2019
CURRENT ASSETS			CURRENT LIABILITIES		
Cash	130,858	124,912	Accounts Payable	59,478	38,390
Short Term Investments	190,448	177,165	Salaries and Related Liabilities	36,071	30,296
Patient Accounts Receivable, net	138,748	132,198	Accrued PTO	25,518	26,502
			Worker's Comp Reserve	2,300	2,300
Other Accounts and Notes Receivable	8,498	5,058	Third Party Settlements	12,262	11,331
Intercompany Receivables	(1,417)	85	Malpractice Reserves	1,800	1,800
			Bonds Payable - Current	8,630	8,630
Inventories and Prepays	68,016	64,093	Bond Interest Payable	9,103	12,775
Total Current Assets	570,294	511,976	Other Liabilities	1,787	14,577
			Total Current Liabilities	192,091	150,966
BOARD DESIGNATED ASSETS					
Foundation Board Designated	18,252	16,895	LONG TERM LIABILITIES		
Plant & Equipment Fund	176,628	171,304	Post Retirement Benefits	30,133	29,480
Women's Hospital Expansion	22,430	15,472	Worker's Comp Reserve	19,389	18,432
Operational Reserve Fund	148,917	139,057	Other L/T Obligation (Asbestos)	4,034	3,975
Community Benefit Fund	18,624	18,260	Other L/T Liabilities (IT/Medl Leases)	-	-
Workers Compensation Reserve Fund	19,389	20,732	Bond Payable	518,514	507,531
			Total Long Term Liabilities	572,070	559,417
Postretirement Health/Life Reserve Fund	30,133	29,480	DEFERRED REVENUE-UNRESTRICTED	1,114	1,113
PTO Liability Fund	25,074	26,149			
Malpractice Reserve Fund	1,838	1,831	DEFERRED INFLOW OF RESOURCES	13,268	13,715
Catastrophic Reserves Fund	21,634	19,678			
Total Board Designated Assets	482,919	458,857			
			FUND BALANCE/CAPITAL ACCOUNTS		
FUNDS HELD BY TRUSTEE	53,028	83,073	Unrestricted	1,753,609	1,389,510
			Board Designated	189,950	458,839
LONG TERM INVESTMENTS	393,535	375,729	Restricted	27,184	24,215
			Capital	-	100
CHARITABLE GIFT ANNUITY INVESTMENTS	600	602	Retained Earnings	-	16,587
			Total Fund Bal & Capital Accts	1,970,744	1,872,563
INVESTMENTS IN AFFILIATES	35,442	38,532	TOTAL LIABILITIES AND FUND BALANCE	2,749,287	2,597,775
PROPERTY AND EQUIPMENT					
Fixed Assets at Cost	1,332,500	1,692,693			
Less: Accumulated Depreciation	(648,961)	(622,877)			
Construction in Progress	468,010	375,094			
Property, Plant & Equipment - Net	1,151,548	1,069,816			
DEFERRED OUTFLOWS	33,501	33,876			
RESTRICTED ASSETS	27,413	24,279			
OTHER ASSETS	1,006	1,036			
TOTAL ASSETS	2,749,287	2,597,775			

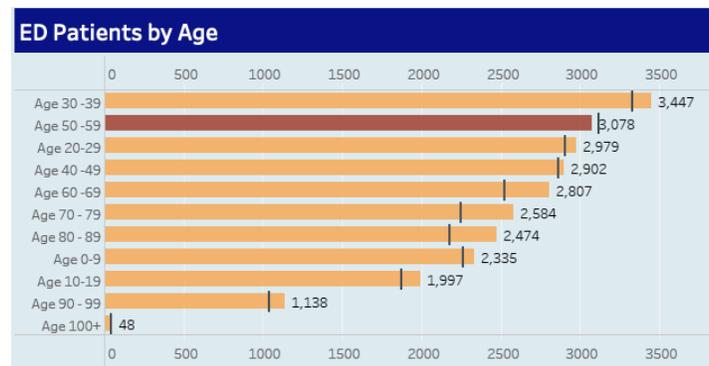
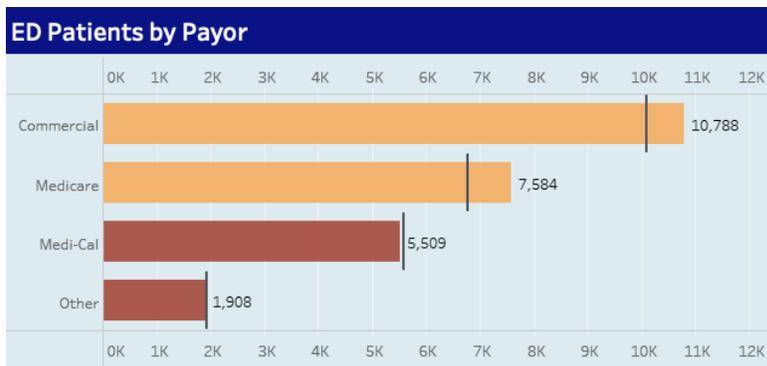
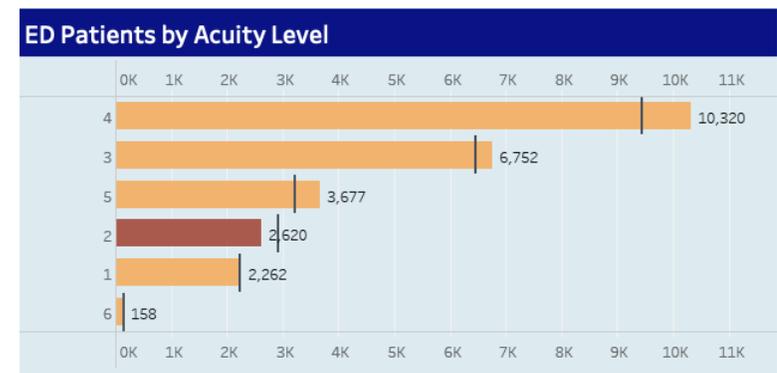
Emergency Room Volume Increase

- Context and Background
 - At the last FC meeting, the committee asked for greater detail of the growth in ED volume. The analysis on the following pages shows all volume coming from the ED including inpatient admissions.
- Key conclusions
 - Increase is in high acuity services
 - Majority of cases and increase is related to arrival time after urgent care centers close
 - Higher volume is from patients living close to MV and LG and arrive by car
 - Payor mix and age demographic of the higher volume Medicare and Commercial with Medicare accounting for the larger portion of the increase

ED Growth Detail

See conclusions on prior page

Higher acuity represented by larger acuity level



APPENDIX

Non Operating Items and Net Margin by Affiliate

\$ in thousands

	Period 6- Month			Period 6- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Operating Margin						
Mountain View	12,019	7,661	4,358	55,530	47,681	7,849
Los Gatos	4,447	2,174	2,272	10,684	9,076	1,608
Sub Total - El Camino Hospital, excl. Affilates	16,466	9,835	6,630	66,214	56,757	9,456
Operating Margin %	18.9%	11.8%		13.0%	11.6%	
El Camino Hospital Non Operating Income						
Sub Total - Non Operating Income	12,035	2,637	9,398	43,101	15,749	27,352
El Camino Hospital Net Margin	28,501	12,472	16,028	109,315	72,507	36,808
ECH Net Margin %	32.6%	14.9%		21.5%	14.8%	
Concern	(138)	287	(425)	125	484	(358)
ECSC	(1)	0	(1)	(29)	2	(31)
Foundation	1,903	135	1,768	3,814	831	2,984
Silicon Valley Medical Development	(3,092)	(2,529)	(563)	(19,556)	(15,649)	(3,907)
Net Margin Hospital Affiliates	(1,327)	(2,107)	780	(15,645)	(14,333)	(1,312)
Total Net Margin Hospital & Affiliates	27,174	10,366	16,809	93,670	58,174	35,496

El Camino Hospital Volume Annual Trends

		CURRENT MONTH					YEAR-TO-DATE				
		PY	CY	Bud	Bud Var	PY Var	PY	CY	Bud	Bud Var	PY Var
IP	Heart and Vascular	200	217	201	16	17	1,080	1,164	1,087	77	84
	MCH	443	456	439	17	13	2,513	2,605	2,525	80	92
	Oncology	58	65	58	7	7	349	365	348	17	16
	Orthopedics	135	144	142	2	9	834	842	894	-52	8
	Neurosciences	104	74	107	-33	-30	432	456	438	18	24
	Spine Surgery	25	26	28	-2	1	157	191	179	12	34
	Behavioral Health	104	115	124	-9	11	574	607	632	-25	33
	GYN	22	17	20	-3	-5	112	126	105	21	14
	Urology	23	37	23	14	14	137	191	138	53	54
	Other SLs	582	643	602	41	61	3,299	3,633	3,407	226	334
	Total	1,696	1,794	1,744	50	98	9,487	10,180	9,752	428	693
OP	Emergency	4,156	4,279	4,191	88	123	23,487	24,537	23,685	852	1,050
	Heart and Vascular	339	395	346	49	56	2,298	2,394	2,341	53	96
	MCH	467	480	482	-2	13	2,725	2,777	2,822	-45	52
	Oncology	719	880	927	-47	161	4,150	4,974	4,874	100	824
	Orthopedics	58	106	57	49	48	342	570	335	235	228
	Neurosciences	8	8	8	0	0	38	54	38	16	16
	Spine Surgery	27	23	27	-4	-4	151	128	148	-20	-23
	Behavioral Health	215	223	244	-21	8	1,371	1,338	1,547	-209	-33
	GYN	144	120	153	-33	-24	715	717	758	-41	2
	Urology	152	156	154	2	4	998	1,057	1,017	40	59
	Other SLs	5,067	6,959	5,206	1,753	1,892	31,961	38,843	32,815	6,028	6,882
Total	11,352	13,629	11,794	1,835	2,277	68,236	77,389	70,379	7,010	9,153	
Grand Total	13,048	15,423	13,538	1,885	2,375	77,723	87,569	80,131	7,438	9,846	

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

Period ending 12/31/2019

Period 6 FY 2019	Period 6 FY 2020	Period 6 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
231,745	254,788	256,660	(1,872)	(0.7%)	Gross Revenue	1,398,938	1,534,108	1,501,512	32,595	2.2%
(169,502)	(188,808)	(191,358)	2,550	1.3%	Deductions	(1,026,802)	(1,129,361)	(1,116,251)	(13,110)	(1.2%)
62,243	65,980	65,302	678	1.0%	Net Patient Revenue	372,136	404,746	385,261	19,485	5.1%
1,802	3,207	1,718	1,489	86.7%	Other Operating Revenue	12,908	11,639	12,432	(793)	(6.4%)
64,045	69,186	67,020	2,167	3.2%	Total Operating Revenue	385,044	416,385	397,693	18,692	4.7%
					OPERATING EXPENSE					
35,496	37,066	37,339	273	0.7%	Salaries & Wages	205,687	217,602	218,072	470	0.2%
8,105	9,822	9,279	(543)	(5.9%)	Supplies	52,868	64,286	55,733	(8,553)	(15.3%)
5,477	5,225	5,863	638	10.9%	Fees & Purchased Services	37,696	40,601	35,160	(5,441)	(15.5%)
2,037	3,127	2,615	(512)	(19.6%)	Other Operating Expense	12,624	16,167	15,986	(181)	(1.1%)
100	(1,318)	695	2,013	289.6%	Interest	2,228	1,215	3,370	2,154	63.9%
3,503	3,245	3,568	323	9.1%	Depreciation	21,034	20,985	21,692	707	3.3%
54,717	57,167	59,359	2,191	3.7%	Total Operating Expense	332,137	360,855	350,012	(10,843)	(3.1%)
9,328	12,019	7,661	4,358	56.9%	Net Operating Margin	52,907	55,530	47,681	7,849	16.5%
(20,746)	12,035	2,637	9,398	356.4%	Non Operating Income	(38,016)	43,101	15,749	27,352	173.7%
(11,418)	24,054	10,298	13,756	133.6%	Net Margin	14,891	98,631	63,430	35,201	55.5%
20.2%	20.2%	17.8%	2.4%		EBITDA	19.8%	18.7%	18.3%	0.4%	
14.6%	17.4%	11.4%	5.9%		Operating Margin	13.7%	13.3%	12.0%	1.3%	
-17.8%	34.8%	15.4%	19.4%		Net Margin	3.9%	23.7%	15.9%	7.7%	

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

Period ending 12/31/2019

Period 6 FY 2019	Period 6 FY 2020	Period 6 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
53,410	61,175	62,432	(1,257)	(2.0%)	Gross Revenue	305,137	354,607	346,213	8,394	2.4%
(38,630)	(43,397)	(46,279)	2,883	6.2%	Deductions	(225,366)	(264,419)	(256,787)	(7,632)	(3.0%)
14,780	17,778	16,153	1,625	10.1%	Net Patient Revenue	79,771	90,188	89,427	761	0.9%
279	379	272	107	39.4%	Other Operating Revenue	1,678	2,311	1,627	685	42.1%
15,059	18,157	16,424	1,732	10.5%	Total Operating Revenue	81,449	92,499	91,053	1,446	1.6%
					OPERATING EXPENSE					
7,334	7,632	7,611	(22)	(0.3%)	Salaries & Wages	41,354	44,898	43,858	(1,040)	(2.4%)
2,016	1,921	2,684	763	28.4%	Supplies	12,343	13,482	14,131	649	4.6%
2,601	2,957	2,729	(228)	(8.3%)	Fees & Purchased Services	15,925	16,602	16,444	(158)	(1.0%)
253	411	389	(22)	(5.7%)	Other Operating Expense	1,914	2,056	2,556	500	19.6%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
763	788	837	49	5.8%	Depreciation	4,488	4,777	4,988	211	4.2%
12,966	13,710	14,250	540	3.8%	Total Operating Expense	76,026	81,815	81,977	162	0.2%
2,093	4,447	2,174	2,272	104.5%	Net Operating Margin	5,424	10,684	9,076	1,608	17.7%
0	0	0	0	0.0%	Non Operating Income	0	0	0	0	0.0%
2,093	4,447	2,174	2,272	104.5%	Net Margin	5,424	10,684	9,076	1,608	17.7%
19.0%	28.8%	18.3%	10.5%		EBITDA	12.2%	16.7%	15.4%	1.3%	
13.9%	24.5%	13.2%	11.3%		Operating Margin	6.7%	11.6%	10.0%	1.6%	
13.9%	24.5%	13.2%	11.3%		Net Margin	6.7%	11.6%	10.0%	1.6%	

Silicon Valley Medical Development (\$000s)

Period ending 12/31/2019

Period 6 FY 2019	Period 6 FY 2020	Period 6 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
836	7,539	8,624	(1,085)	(12.6%)	Gross Revenue	4,293	42,793	53,196	(10,402)	(19.6%)
(543)	(5,291)	(5,245)	(46)	(0.9%)	Deductions	(2,745)	(30,154)	(32,410)	2,256	7.0%
293	2,248	3,379	(1,131)	(33.5%)	Net Patient Revenue	1,547	12,639	20,785	(8,146)	(39.2%)
18	1,601	1,465	136	9.3%	Other Operating Revenue	36	9,575	8,154	1,421	17.4%
311	3,849	4,844	(995)	(20.5%)	Total Operating Revenue	1,583	22,214	28,940	(6,725)	(23.2%)
					OPERATING EXPENSE					
159	1,566	1,674	107	6.4%	Salaries & Wages	652	10,037	11,146	1,109	10.0%
74	580	388	(192)	(49.4%)	Supplies	268	2,566	2,324	(242)	(10.4%)
738	4,070	4,137	68	1.6%	Fees & Purchased Services	4,205	24,817	24,537	(280)	(1.1%)
141	672	980	309	31.5%	Other Operating Expense	671	4,040	5,463	1,423	26.0%
0	1	0	(1)	0.0%	Interest	0	0	0	0	0.0%
46	52	193	141	73.2%	Depreciation	248	310	1,119	809	72.3%
1,158	6,940	7,372	432	5.9%	Total Operating Expense	6,044	41,769	44,589	2,819	6.3%
(847)	(3,092)	(2,529)	(563)	22.3%	Net Operating Margin	(4,462)	(19,555)	(15,649)	(3,906)	25.0%
1,500	0	0	0	0.0%	Non Operating Income	5,810	0	0	0	0.0%
653	(3,092)	(2,529)	(563)	22.3%	Net Margin	1,348	(19,555)	(15,649)	(3,906)	25.0%
-257.5%	-79.0%	-48.2%	(30.7%)		EBITDA	-266.2%	-86.6%	-50.2%	(36.4%)	
-272.3%	-80.3%	-52.2%	(28.1%)		Operating Margin	-281.9%	-88.0%	-54.1%	(34.0%)	
209.8%	-80.3%	-52.2%	(28.1%)		Net Margin	85.2%	-88.0%	-54.1%	(34.0%)	

Enterprise Impact of SVMD

As SVMD evolves from the start-up phase, the net enterprise impact will improve.

	YTD thru 12/20	FY 20 Annualized
Direct Investment in SVMD operations	19,555	39,110
Enterprise margin on services provided to SVMD patients	11,687	23,374
Net Enterprise shortfall	7,868	15,736

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

To: Finance Committee
From: Iftikhar Hussain, CFO
Date: January 27, 2020
Subject: Satellite Joint Venture Review

Purpose:

Review the Satellite JV transaction and evaluate the performance of the Joint Venture.

Summary:

1. Situation:

Satellite is one of two Joint Ventures. The other is a 50% interest in Pathways with Dignity Health.

2. Background:

- a. In January 2012, ECH entered into a JV with Satellite to operate outpatient Dialysis facilities in the community.
- b. ECH outpatient Dialysis services did not cover costs and the JV was a strategy to keep these services in the community using a sustainable business model.
- c. ECH closed its outpatient Dialysis services in 2013 and 2014.
- d. The JV transaction was completed in February 2015.
- e. ECH received \$6 million at the inception of the JV in exchange for the value of the outpatient Dialysis business. Half of this payment was in cash and purchase of equipment and the remaining was for 30% equity in 5 dialysis clinics. The JV agreement does not require ECH to make additional equity contributions

3. Assessment:

The combined JV's had operating losses in the first three years and have been profitable for the last two years. ECH has received \$1.7 million of the original \$3 million JV investment.

List of Attachments:

Attached is the presentation showing annual trends and detail by facility.

Suggested Committee Discussion Questions:

1. Determine whether ECH should make additional investments in outpatient dialysis.



Satellite Dialysis Joint Venture

January 27, 2020

Payam Pardis, VP Business Development, Satellite Dialysis

Iftikhar Hussain, CFO

Purpose

- Review transaction creating the Joint Venture and results of operations
- Use this information for evaluation of future investment opportunities with Satellite

Background and Summary of Transaction

- In January 2012, ECH entered into a JV with Satellite to operate outpatient Dialysis facilities in the community
- ECH outpatient Dialysis services did not cover costs and the JV was a strategy to keep these services in the community using a sustainable business model.
- ECH closed its outpatient Dialysis services in 2013 and 2014
- The JV transaction was completed in February 2015.
- ECH received \$6 million at the inception of the JV. Half in cash and purchase of equipment and the remaining in 30% equity in 5 dialysis clinics. The JV agreement does not require ECH to make additional equity contributions

El Camino Hospital
INVESTMENT IN SATELLITE DIALYSIS RECAP
As of November 30, 2019

Initial Closing Transaction at 2/1/2015

Equity Investment (30%) in Satellite	\$	3,016,603
Cash		2,481,585
Equipment sold to Satellite		583,738
Initial Investment Adjustment @ Close		405,382
Cash or Equity provided ECH	\$	6,487,308

FISCAL YEAR	SATELLITE INVESTMENT BEGINNING BALANCE	P&L GAIN / LOSS	PARTNER DISTRIBUTIONS	SATELLITE INVESTMENT ENDING BALANCE
2015 (2/1/15)	\$3,016,603	(\$693,122)	-	\$2,323,481
2016	2,323,481	(429,272)	363,000	1,531,209
2017	1,531,209	(671,849)	188,000	671,360
2018	671,360	(126,943)	180,300	364,117
2019	364,117	986,678	641,700	709,095
2020 (11/30/19)	709,095	401,011	298,200	811,906
TOTAL	-	(533,497)	1,671,200	-

Summary of Operating Results

2019

The year ended with \$3.6M of additional revenue as 4 of the 5 JV locations saw patient growth combined with overall revenue yields being \$34 ahead of budget. Bascom, Silver Creek, and Mountain View locations are now at full capacity. The home program at WellBound Mountain View is also close to capacity. This led to 2019 earnings being 20% compared to a budgeted 14%. The Los Gatos center requires a growth strategy as it is only 32% utilized with a -\$392 EBITDA loss in 2019 and -\$3.15M life to date.

2018

2018 saw a 10% increase on earnings, increased to 14% by the end of the year. This was a result of labor strategy planning/expense monitoring combined with patient growth and additional revenue from calcimimetics. Net revenue was \$4.5M above budget primarily from the calcimimetic drug use being reimbursed outside of the Medicare bundle rate which increased our overall revenue yields to \$60 above budget.

2017

Consolidated Net Revenue was \$1M higher than anticipated mostly from the patient growth at the Bascom center. Bascom ended the year with 3,455 more treatments combined with a revenue yield \$10 above budget. 2017 ended with 4% earnings as a result of missed treatments at various centers and continued traveler RN use.

2016

Consolidated Net Revenue was \$329k below the budget from lower than expected patient growth (1,910 fewer treatments) somewhat offset by higher revenue yields. We ended the year at 5% earnings compared to a budgeted 11% largely due to labor expense overages from RN travelers.

2015

Consolidated Net Revenue for El Camino Hospital JV centers was \$1.5M ahead of the budget resulting from 29 additional patients and an \$8 overall revenue yield increase. The Bascom and WB Mountain View centers were the biggest contributors of the additional revenue. Bascom had 16 more patients leading to \$571k of extra revenue. WB Mountain View had 8 more patients combined with revenue yields \$93 higher than anticipated leading to \$1.2M of revenue gains. We ended the year at 4% earnings.

ECH JVs Consolidated

Patients (as of Dec)
Treatments
Net Revenue
Net Rev. Yield
EBITDA
EBITDA %

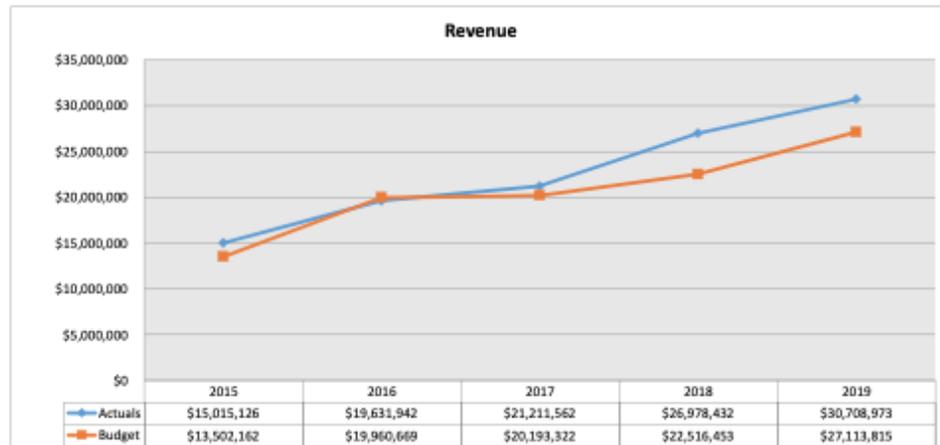
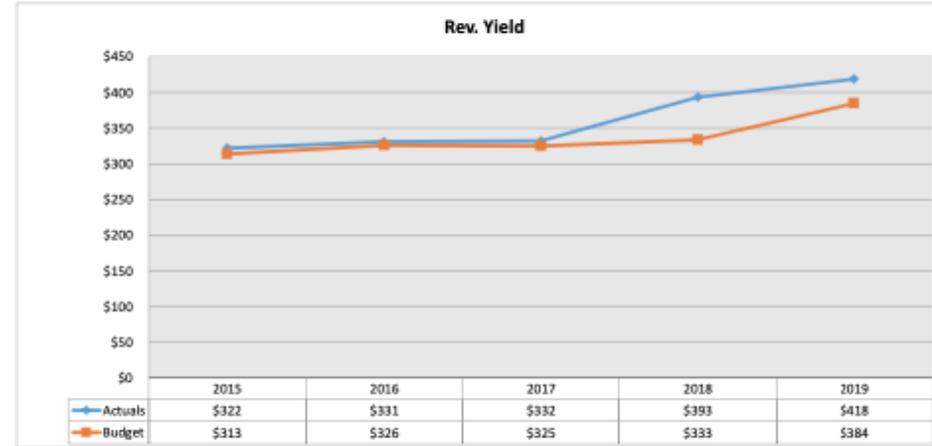
2015			
Actuals	Budget	Var.	
372	343	29	
46,694	43,094	3,600	
\$15,015,126	\$13,502,162	\$1,512,964	
\$322	\$313	\$8	
\$548,669	\$96,267	\$452,402	
4%	1%	3%	

2016			
Actuals	Budget	Var.	
412	433	(21)	
59,372	61,282	(1,910)	
\$19,631,942	\$19,960,669	(\$328,727)	
\$331	\$326	\$5	
\$905,046	\$2,251,892	(\$1,346,847)	
5%	11%	-7%	

2017			
Actuals	Budget	Var.	
452	434	18	
63,957	62,145	1,812	
\$21,211,562	\$20,193,322	\$1,018,240	
\$332	\$325	\$7	
\$908,811	\$1,564,237	(\$655,426)	
4%	8%	-3%	

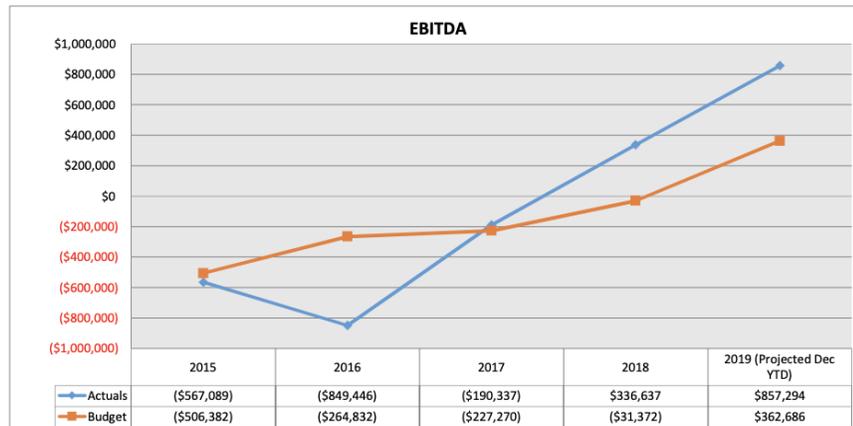
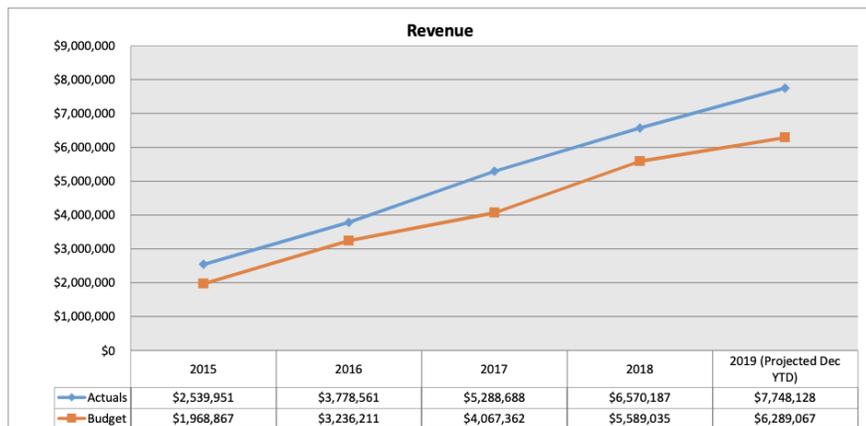
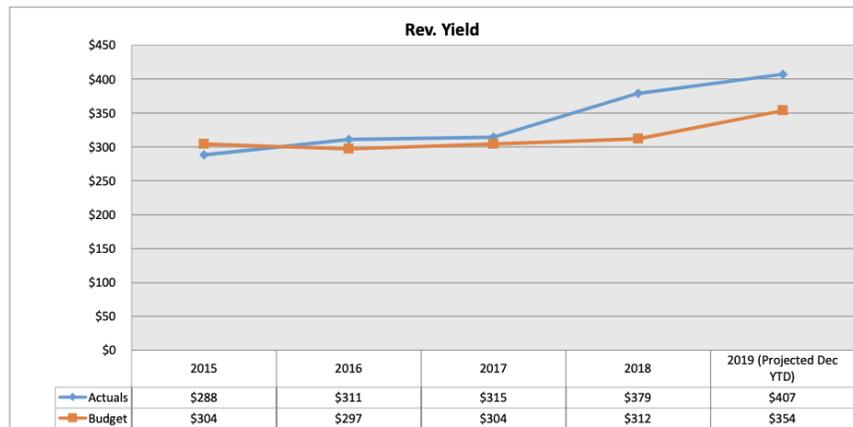
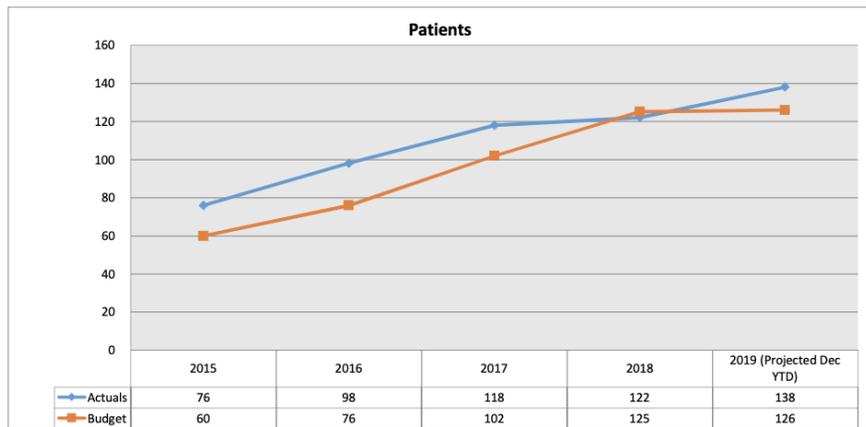
2018			
Actuals	Budget	Var.	
477	470	7	
68,617	67,541	1,075	
\$26,978,432	\$22,516,453	\$4,461,979	
\$393	\$333	\$60	
\$3,857,548	\$1,260,248	\$2,597,300	
14%	6%	9%	

2019			
Actuals	Budget	Var.	
499	473	25	
73,385	70,562	2,823	
\$30,708,973	\$27,113,815	\$3,595,158	
\$418	\$384	\$34	
\$6,029,624	\$3,735,996	\$2,293,628	
20%	14%	6%	



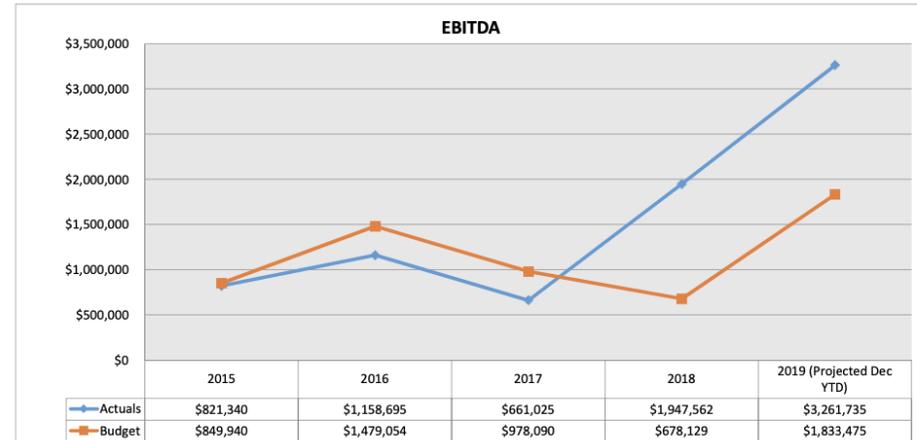
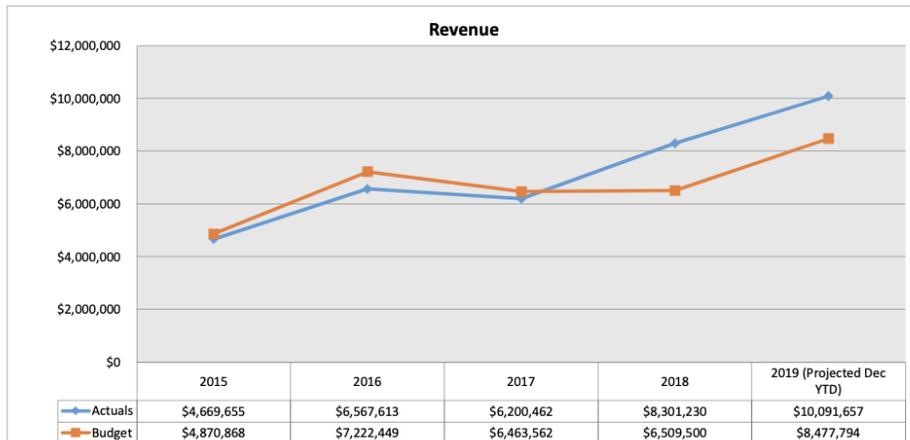
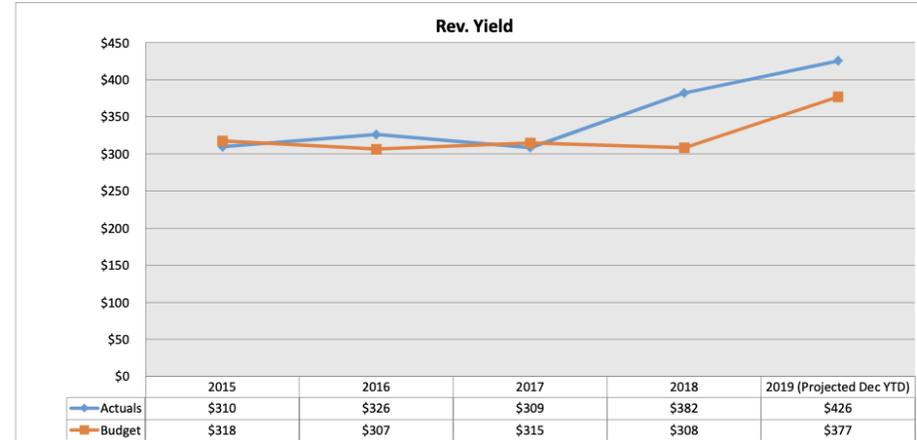
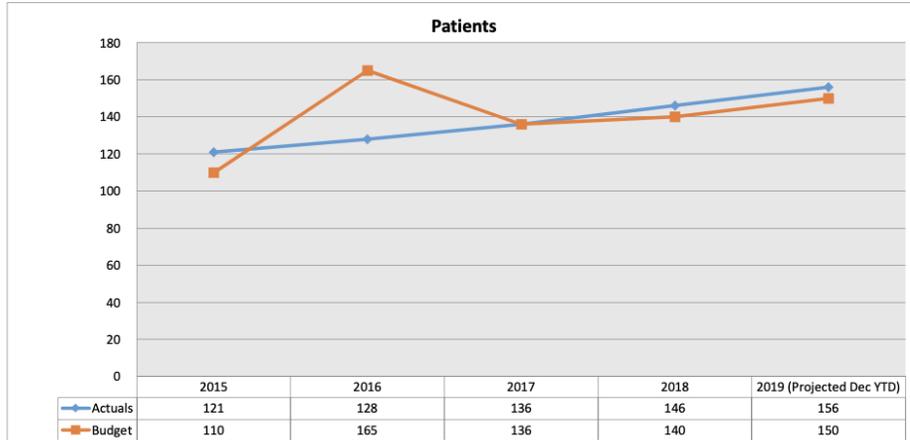
BASCOM

	2015			2016			2017			2018			2019 (Projected Dec YTD)		
	Actuals	Budget	Var.	Actuals	Budget	Var.	Actuals	Budget	Var.	Actuals	Budget	Var.	Actuals	Budget	Var.
Patients (as of Dec)	76	60	16	98	76	22	118	102	16	122	125	(3)	138	126	12
Treatments	8,815	6,474	2,341	12,149	10,896	1,253	16,815	13,360	3,455	17,353	17,927	(574)	19,039	17,785	1,254
Net Revenue	\$2,539,951	\$1,968,867	\$571,084	\$3,778,561	\$3,236,211	\$542,350	\$5,288,688	\$4,067,362	\$1,221,327	\$6,570,187	\$5,589,035	\$981,152	\$7,748,128	\$6,289,067	\$1,459,061
Net Rev. Yield	\$288	\$304	(\$16)	\$311	\$297	\$14	\$315	\$304	\$10	\$379	\$312	\$67	\$407	\$354	\$53
EBITDA	(\$567,089)	(\$506,382)	(\$60,707)	(\$849,446)	(\$264,832)	(\$584,614)	(\$190,337)	(\$227,270)	\$36,934	\$336,637	(\$31,372)	\$368,009	\$857,294	\$362,686	\$494,608
EBITDA %	-22%	-26%	3%	-22%	-8%	-14%	-4%	-6%	2%	5%	-1%	6%	11%	6%	5%



SILVER CREEK

	2015			2016			2017			2018			2019 (Projected Dec YTD)		
	Actuals	Budget	Var.	Actuals	Budget	Var.									
Patients (as of Dec)	121	110	11	128	165	(37)	136	136	0	146	140	6	156	150	6
Treatments	15,083	15,337	(254)	20,141	23,551	(3,410)	20,091	20,531	(440)	21,730	21,110	620	23,715	22,483	1,232
Net Revenue	\$4,669,655	\$4,870,868	(\$201,213)	\$6,567,613	\$7,222,449	(\$654,835)	\$6,200,462	\$6,463,562	(\$263,100)	\$8,301,230	\$6,509,500	\$1,791,730	\$10,091,657	\$8,477,794	\$1,613,863
Net Rev. Yield	\$310	\$318	(\$8)	\$326	\$307	\$19	\$309	\$315	(\$6)	\$382	\$308	\$74	\$426	\$377	\$48
EBITDA	\$821,340	\$849,940	(\$28,600)	\$1,158,695	\$1,479,054	(\$320,359)	\$661,025	\$978,090	(\$317,065)	\$1,947,562	\$678,129	\$1,269,434	\$3,261,735	\$1,833,475	\$1,428,260
EBITDA %	18%	17%	0%	18%	20%	-3%	11%	15%	-4%	23%	10%	13%	32%	22%	11%



LOS GATOS

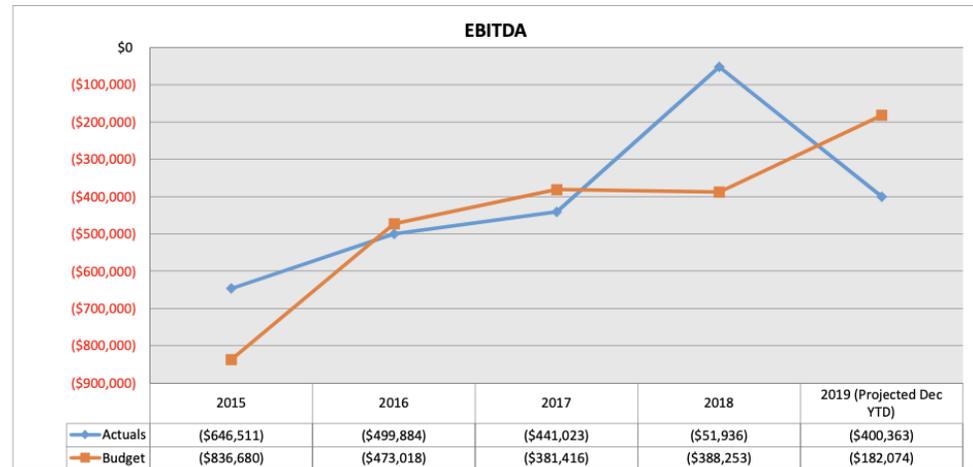
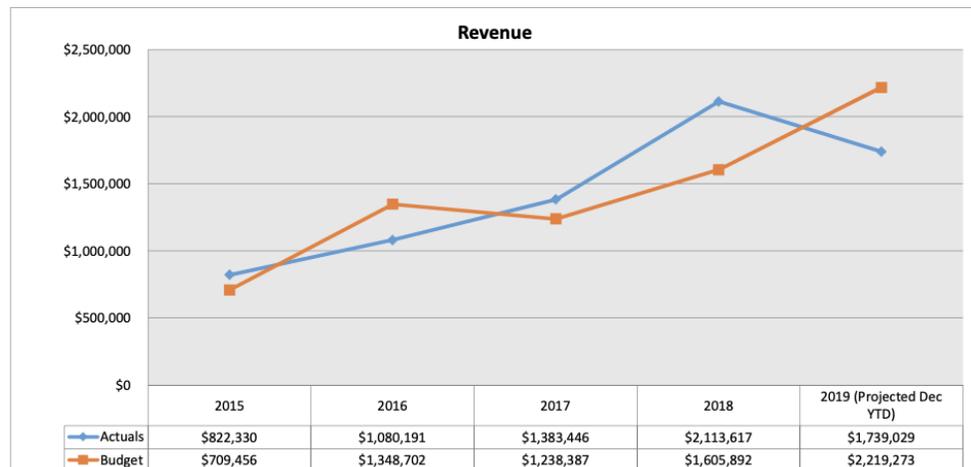
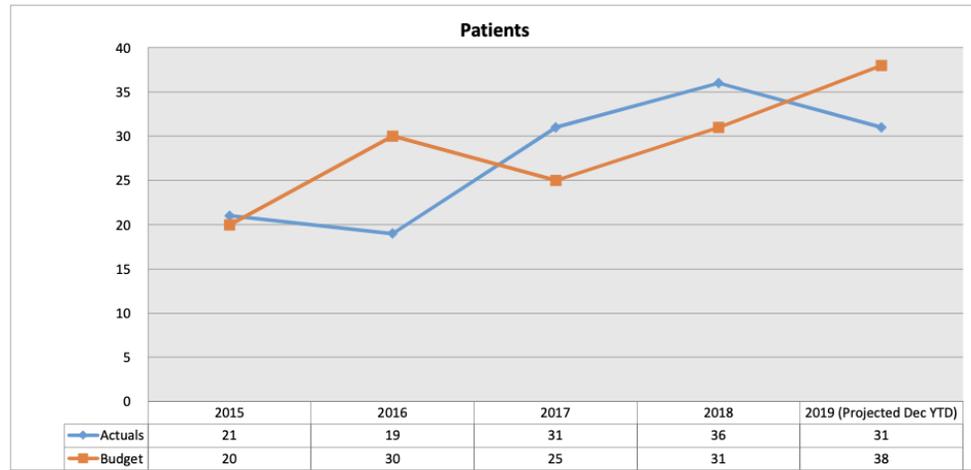
	2015		
	Actuals	Budget	Var.
Patients (as of Dec)	21	20	1
Treatments	2,297	2,155	142
Net Revenue	\$822,330	\$709,456	\$112,874
Net Rev. Yield	\$358	\$329	\$29
EBITDA	(\$646,511)	(\$836,680)	\$190,170
EBITDA %	-79%	-118%	39%

	2016		
	Actuals	Budget	Var.
Patients	19	30	(11)
Treatments	3,001	3,626	(625)
Net Revenue	\$1,080,191	\$1,348,702	(\$268,511)
Net Rev. Yield	\$360	\$372	(\$12)
EBITDA	(\$499,884)	(\$473,018)	(\$26,867)
EBITDA %	-46%	-35%	-11%

	2017		
	Actuals	Budget	Var.
Patients	31	25	6
Treatments	3,634	3,473	161
Net Revenue	\$1,383,446	\$1,238,387	\$145,059
Net Rev. Yield	\$381	\$357	\$24
EBITDA	(\$441,023)	(\$381,416)	(\$59,608)
EBITDA %	-32%	-31%	-1%

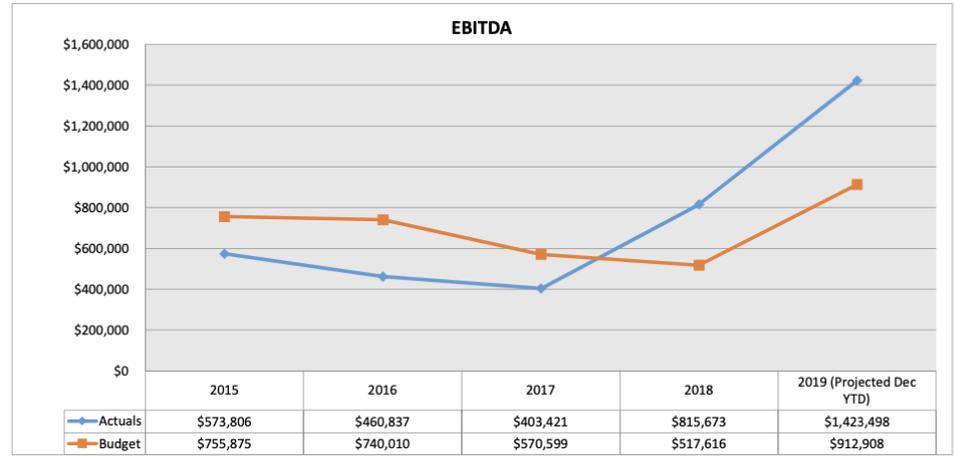
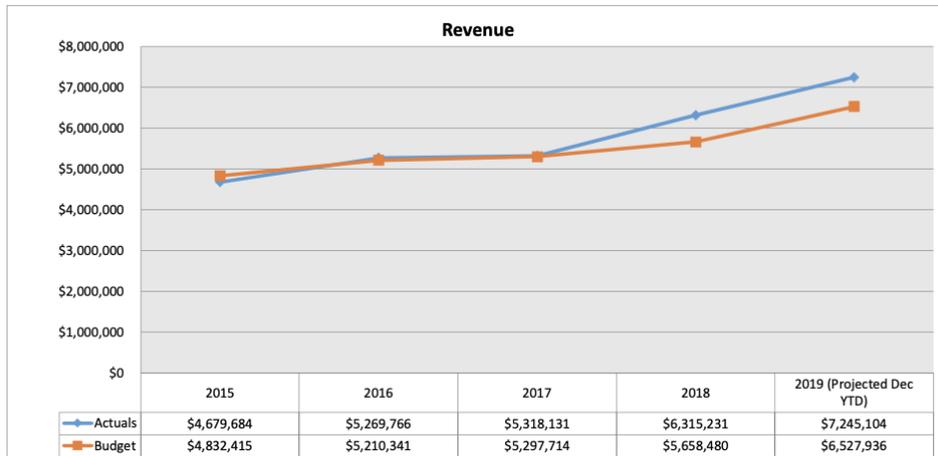
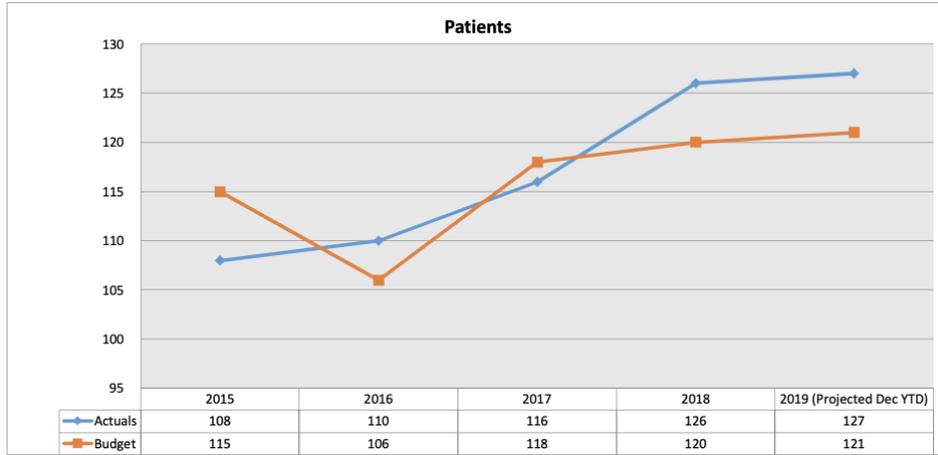
	2018		
	Actuals	Budget	Var.
Patients	36	31	5
Treatments	5,115	4,114	1,001
Net Revenue	\$2,113,617	\$1,605,892	\$507,725
Net Rev. Yield	\$413	\$390	\$23
EBITDA	(\$51,936)	(\$388,253)	\$336,318
EBITDA %	-2%	-24%	22%

	2019 (Projected Dec YTD)		
	Actuals	Budget	Var.
Patients	31	38	(7)
Treatments	4,236	5,424	(1,188)
Net Revenue	\$1,739,029	\$2,219,273	(\$480,244)
Net Rev. Yield	\$411	\$409	\$1
EBITDA	(\$400,363)	(\$182,074)	(\$218,289)
EBITDA %	-23%	-8%	-15%



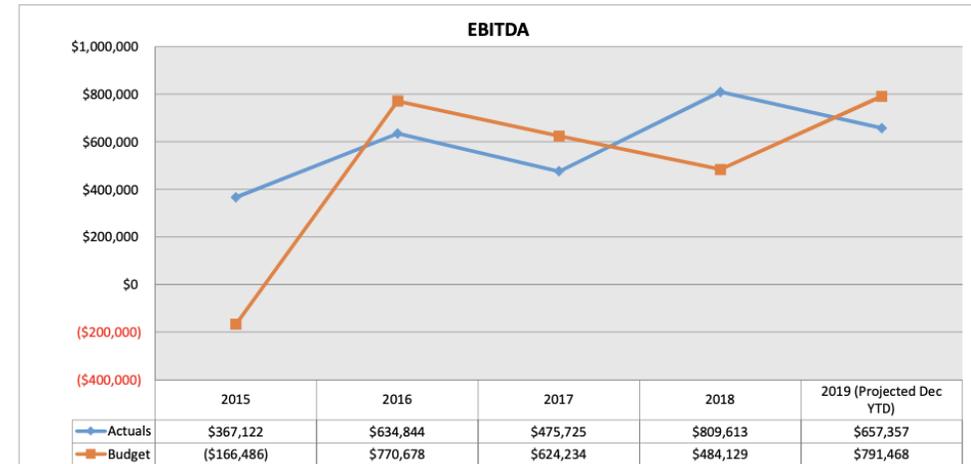
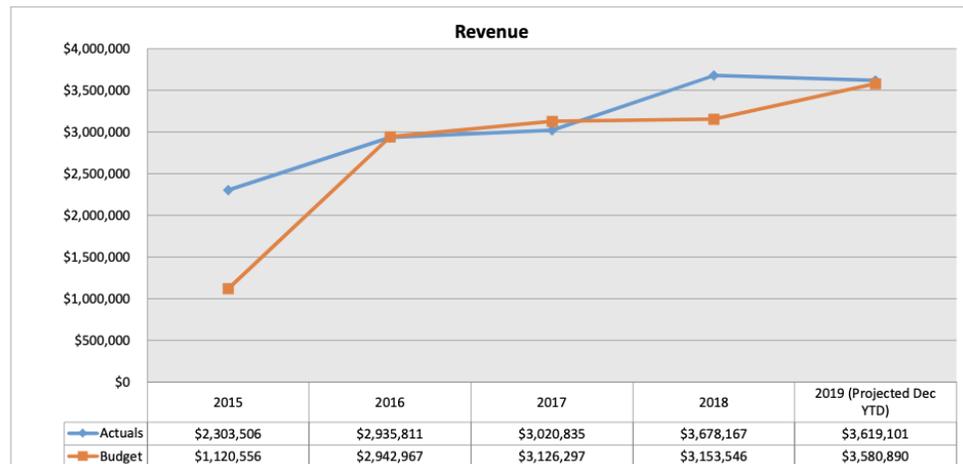
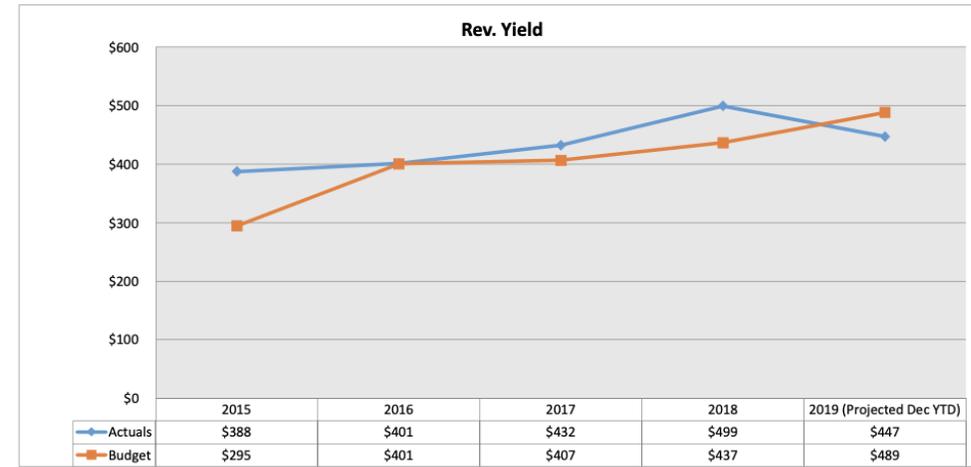
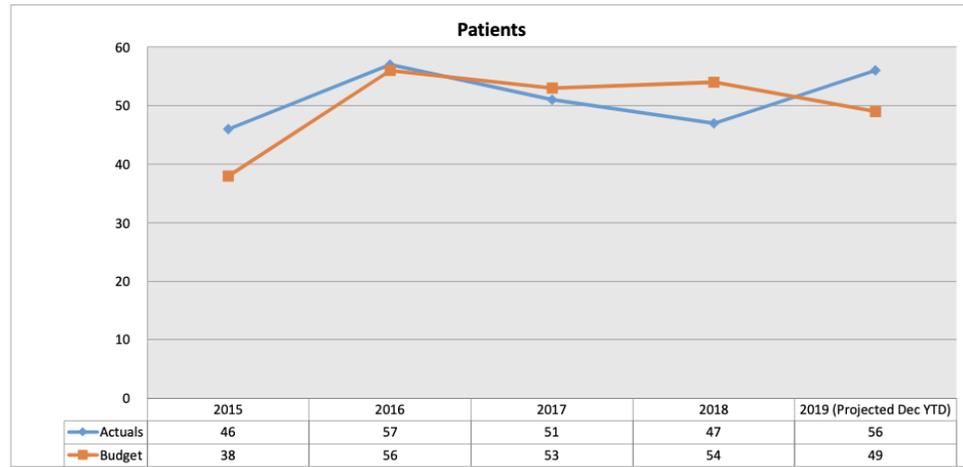
MOUNTAIN VIEW

	2015			2016			2017			2018			2019 (Projected Dec YTD)		
	Actuals	Budget	Var.	Actuals	Budget	Var.	Actuals	Budget	Var.	Actuals	Budget	Var.	Actuals	Budget	Var.
Patients (as of Dec)	108	115	(7)	110	106	4	116	118	(2)	126	120	6	127	121	6
Treatments	14,559	15,329	(770)	16,765	15,865	900	16,431	17,100	(669)	17,054	17,171	(117)	18,242	17,495	747
Net Revenue	\$4,679,684	\$4,832,415	(\$152,731)	\$5,269,766	\$5,210,341	\$59,425	\$5,318,131	\$5,297,714	\$20,417	\$6,315,231	\$5,658,480	\$656,751	\$7,245,104	\$6,527,936	\$717,169
Net Rev. Yield	\$321	\$315	\$6	\$314	\$328	(\$14)	\$324	\$310	\$14	\$370	\$330	\$41	\$397	\$373	\$24
EBITDA	\$573,806	\$755,875	(\$182,069)	\$460,837	\$740,010	(\$279,172)	\$403,421	\$570,599	(\$167,178)	\$815,673	\$517,616	\$298,057	\$1,423,498	\$912,908	\$510,590
EBITDA %	12%	16%	-3%	9%	14%	-5%	8%	11%	-3%	13%	9%	4%	20%	14%	6%



WB MOUNTAIN VIEW

	2015			2016			2017			2018			2019 (Projected Dec YTD)		
	Actuals	Budget	Var.	Actuals	Budget	Var.	Actuals	Budget	Var.	Actuals	Budget	Var.	Actuals	Budget	Var.
Patients (as of Dec)	46	38	8	57	56	1	51	53	(2)	47	54	(7)	56	49	7
Treatments	5,940	3,799	2,141	7,316	7,343	(28)	6,986	7,681	(695)	7,365	7,219	145	8,095	7,330	765
Net Revenue	\$2,303,506	\$1,120,556	\$1,182,950	\$2,935,811	\$2,942,967	(\$7,156)	\$3,020,835	\$3,126,297	(\$105,462)	\$3,678,167	\$3,153,546	\$524,622	\$3,619,101	\$3,580,890	\$38,210
Net Rev. Yield	\$388	\$295	\$93	\$401	\$401	\$1	\$432	\$407	\$25	\$499	\$437	\$63	\$447	\$489	(\$41)
EBITDA	\$367,122	(\$166,486)	\$533,608	\$634,844	\$770,678	(\$135,835)	\$475,725	\$624,234	(\$148,509)	\$809,613	\$484,129	\$325,484	\$657,357	\$791,468	(\$134,111)
EBITDA %	16%	-15%	31%	22%	26%	-5%	16%	20%	-4%	22%	15%	7%	18%	22%	-4%



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

To: Finance Committee
From: Cindy Murphy, Director of Governance Services
Date: January 27, 2020
Subject: Finance Committee Recruitment: Possible Appointment of Ad Hoc Committee

Purpose:

To consider recruitment of an additional community member to the Finance Committee and to discuss the position description.

Recommendation:

(If the Committee decides to recruit a new member) To appoint an Ad Hoc Committee comprised of two members of the Finance Committee to work with staff to finalize a position description, vet candidates, and bring finalists forward for the full Committee's consideration.

Summary:

1. **Situation:** Per its Charter, the Finance Committee shall be comprised of at least two Board Members and 2-4 Community Members. There are currently three Board Members serving on the Committee and three Community members.
2. **Authority:** Per its Charter, new Community Members are appointed by the Committee, subject to Board approval.
3. **Background:** The Hospital Board Advisory Committee Member Nomination and Selection Procedures provide that the Committee may appoint an Ad Hoc Committee to bring forward final candidates for the Committee's consideration. Typically, this involves 3-4 meetings of the Ad Hoc Committee to review application materials and interview candidates. Some of these meetings may be conducted by telephone. The Executive Sponsor and the Director of Governance Services also participate in the process.
4. **Assessment:** N/A
5. **Other Reviews:** None
6. **Outcomes:** Decision to recruit additional member at this time will be made. Process in place to move recruitment forward.

List of Attachments:

1. Draft Position Description (from 2016 recruitment)

Suggested Committee Discussion Questions:

1. Is there missing competency on the Committee?
2. Would recruitment of a new member help the Committee fulfill its chartered responsibilities?

Finance Committee Recruitment: Possible Appointment of Ad Hoc Committee
January 27, 2020

3. Are there action(s) or next step(s) the Committee wants the staff to take (*e.g.*, conduct further analysis, research additional information, procure further data)?
4. Which Committee members have the time and interest to participate on an Ad Hoc Committee?

**Position
Specification
El Camino Hospital Board
Finance Committee
Member
Draft 1/27/20**

Current Committee Members:

Chair: John Zoglin

Members: Joseph Chow, Boyd Faust, Richard Juelis, Gary Kalbach and Don Watters

POSITION

Role & Responsibilities:

The position on the El Camino Hospital Finance Committee is for an individual who has the interest, experience and capacity to work with a mission driven, consumer facing organization, who can collaborate with, mentor and challenge a driven management team.

In order to fulfill the duties of a Finance Committee member as outlined in El Camino Hospital's Finance Committee Charter, candidates will have demonstrated strategic financial effectiveness in an environment as a Financial Officer or General Manager. A retired, though current as to financial matters, audit partner of a major accounting firm who has been the lead partner for other companies in the healthcare space may also be considered. The candidate will meet the qualifications necessary to be deemed a financial expert. Prior board experience is preferred but not required.

The candidate will have a demonstrated ability to facilitate and challenge an organization to adapt to changing business models, and a willingness to help the company move forward in its continuing growth as an industry leader. Experience with evolving markets and technologies applicable to healthcare (services or products), financial services, industry, real estate or other complex financial environments would be highly valued. Hospital Finance experience is preferred but not mandatory. Irrespective of his/her industry background the ideal candidate will have express experience (and an appreciation of) within an environment that places a high value on service and service excellence. The Company values diversity and seeks candidates who represent the broad and diverse nature of its customers and employees.

Responsibilities and expectations include, but are not limited to:

- Actively participating in regularly scheduled Committee meetings.
- Serving as a Member of the Finance Committee;
- "Guide, not decide": be a collaborative resource for the Board and the Hospital's management team, with specific emphasis on the financial function team, providing experience-based insight to the Hospital's business challenges and strategic issues;
- Offering strategic guidance regarding complex financial transactions such as M&A, joint venture, collaborative affiliations and divestiture activities;

- Engaging in the Company's strategic planning process.

Personal Characteristics:

The ideal candidate will have the following critical characteristics and behaviors:

- An impeccable reputation for honesty and integrity;
- Collaborative nature;
- Solid communication and interpersonal skills, with the ability to be effective with other Board members and executive management. Someone who has the ability to convey financial information to those who do not have strong financial grounding;
- High energy and sense of urgency;
- Innovative, creative and imaginative;
- Has a sense of humor;
- Mission driven;
- Comfortable with change.

MEETINGS

Regular committee meetings generally occur every other month, typically on the last Monday of each month at 5:30 p.m. Participation may, from time to time, be by telephone. Occasional additional meetings are held as required for non-scheduled matters.