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.

<table>
<thead>
<tr>
<th>AGENDA ITEM</th>
<th>PRESENTED BY</th>
<th>ESTIMATED TIMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. CALL TO ORDER / ROLL CALL</td>
<td>John Zoglin, Chair</td>
<td>6:30 – 6:31 pm</td>
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<tr>
<td>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</td>
<td>John Zoglin, Chair</td>
<td>information 6:31 – 6:32</td>
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<tr>
<td>3. PUBLIC COMMUNICATION</td>
<td>John Zoglin, Chair</td>
<td>information 6:32 – 6:35</td>
</tr>
<tr>
<td>a. Oral Comments</td>
<td></td>
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<tr>
<td>b. Written Correspondence</td>
<td></td>
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<tr>
<td>4. CONSENT CALENDAR</td>
<td>John Zoglin, Chair</td>
<td>motion required 6:35 – 6:37</td>
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<tr>
<td>Any Committee Member may remove an item for discussion before a motion is made.</td>
<td></td>
<td>public comment</td>
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<tr>
<td>Approval</td>
<td></td>
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<tr>
<td>b. FY20 Period 5 Financials</td>
<td></td>
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<tr>
<td>Information</td>
<td></td>
<td></td>
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<tr>
<td>c. Progress Against Goals</td>
<td></td>
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<tr>
<td>d. Committee Pacing Plan</td>
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<tr>
<td>e. Article of Interest</td>
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<tr>
<td>f. Report on Major Capital Projects in Progress</td>
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<tr>
<td>5. REPORT ON BOARD ACTIONS ATTACHMENT 5</td>
<td>John Zoglin, Chair</td>
<td>information 6:37 – 6:42</td>
</tr>
<tr>
<td>6. FY20 PERIOD 6 FINANCIALS ATTACHMENT 6</td>
<td>Iftikhar Hussain, CFO</td>
<td>motion required 6:42 – 6:57</td>
</tr>
<tr>
<td>8. ADJOURN TO CLOSED SESSION</td>
<td>John Zoglin, Chair</td>
<td>motion required 7:22 – 7:23</td>
</tr>
<tr>
<td>9. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</td>
<td>John Zoglin, Chair</td>
<td>information 7:23 – 7:24</td>
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</tbody>
</table>

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.
<table>
<thead>
<tr>
<th>AGENDA ITEM</th>
<th>PRESENTED BY</th>
<th>ESTIMATED TIMES</th>
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<tbody>
<tr>
<td>10. CONSENT CALENDAR</td>
<td>John Zoglin, Chair</td>
<td>motion required 7:24 – 7:25</td>
</tr>
<tr>
<td>Any Committee Member may remove an item for discussion before a motion is made.</td>
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<tr>
<td>Approval</td>
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<tr>
<td>Gov’t Code Section 54957.2:</td>
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<tr>
<td>- Minutes of the Closed Session of the Finance Committee Meeting (11/25/2019)</td>
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<tr>
<td>11. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets: PHYSICIAN CONTRACTS</td>
<td>Mark Adams, MD, CMO</td>
<td>information 7:25 – 7:40</td>
</tr>
<tr>
<td>a. LG Urology Call Panel</td>
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<tr>
<td>b. MV Bariatric Surgery Call Panel</td>
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<td></td>
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<tr>
<td>c. MV Interventional Radiology Call Panel</td>
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<tr>
<td>12. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets: SVMD SERVICE LINE REPORT</td>
<td>Bruce Harrison, President, Silicon Valley Medical Development</td>
<td>information 7:40 – 8:20</td>
</tr>
<tr>
<td>13. Gov’t Code Sections 54957 for report and discussion on personnel matters – Senior Management:</td>
<td>John Zoglin, Chair</td>
<td>information 8:20 – 8:25</td>
</tr>
<tr>
<td>- Executive Session</td>
<td></td>
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<tr>
<td>14. ADJOURN TO OPEN SESSION</td>
<td>John Zoglin, Chair</td>
<td>motion required 8:25 – 8:26</td>
</tr>
<tr>
<td>15. RECONVENE OPEN SESSION / REPORT OUT</td>
<td>John Zoglin, Chair</td>
<td>information 8:26 – 8:27</td>
</tr>
<tr>
<td>To report any required disclosures regarding permissible actions taken during Closed Session.</td>
<td></td>
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<tr>
<td>16. PHYSICIAN CONTRACTS</td>
<td>Mark Adams, MD, CMO</td>
<td>possible motion 8:27 – 8:29</td>
</tr>
<tr>
<td>Recommendation</td>
<td></td>
<td></td>
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<tr>
<td>a. LG Urology Call Panel</td>
<td>public comment</td>
<td></td>
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<tr>
<td>b. MV Bariatric Surgery Call Panel</td>
<td></td>
<td></td>
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<tr>
<td>c. MV Interventional Radiology Call Panel</td>
<td></td>
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<tr>
<td>17. FINANCE COMMITTEE RECRUITMENT: POSSIBLE APPOINTMENT OF AD HOC COMMITTEE ATTACHMENT 17</td>
<td>John Zoglin, Chair</td>
<td>possible motion 8:29 – 8:34</td>
</tr>
<tr>
<td>18. CLOSING COMMENTS</td>
<td>John Zoglin, Chair</td>
<td>information 8:34 – 8:39</td>
</tr>
<tr>
<td>19. ADJOURNMENT</td>
<td>John Zoglin, Chair</td>
<td>motion required 8:34 – 8:35</td>
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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

<table>
<thead>
<tr>
<th>Members Present</th>
<th>Members Absent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joseph Chow</td>
<td></td>
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<tr>
<td>Boyd Faust</td>
<td><strong>via teleconference</strong></td>
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<tr>
<td>William Hobbs**</td>
<td><strong>via teleconference</strong></td>
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<tr>
<td>Richard Juelis</td>
<td></td>
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<tr>
<td>Gary Kalbach</td>
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<tr>
<td>Don Watters**</td>
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<tr>
<td>John Zoglin, Chair</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>Comments/Discussion</th>
<th>Approvals/Action</th>
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</thead>
<tbody>
<tr>
<td>1. CALL TO ORDER/ROLL CALL</td>
<td>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.</td>
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<tr>
<td>2. POTENTIAL CONFLICT OF INTEREST</td>
<td>Chair Zoglin asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.</td>
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<tr>
<td>3. PUBLIC COMMUNICATION</td>
<td>There were no comments from the public.</td>
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<tr>
<td>4. CONSENT CALENDAR</td>
<td>Chair Zoglin asked if any member of the Committee wished to remove an item from the consent calendar.</td>
<td><strong>Consent Calendar was approved.</strong></td>
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<tr>
<td><strong>Motion:</strong> 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.</td>
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<td><strong>Movant:</strong> Juelis</td>
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<tr>
<td><strong>Second:</strong> Faust</td>
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<td></td>
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<tr>
<td><strong>Ayes:</strong> Chow, Faust, Hobbs, Juelis, Kalbach, Watters, Zoglin</td>
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<td></td>
</tr>
<tr>
<td><strong>Noes:</strong> None</td>
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<tr>
<td><strong>Abstentions:</strong> None</td>
<td></td>
<td></td>
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<tr>
<td><strong>Absent:</strong> None</td>
<td></td>
<td></td>
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<tr>
<td><strong>Recused:</strong> None</td>
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<tr>
<td>5. REPORT ON BOARD ACTIONS</td>
<td>Chair Zoglin commented that the ribbon cutting ceremonies for the Taube Pavilion and the Sobrato Pavilion were held.</td>
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<tr>
<td>6. FY20 PERIOD 4 FINANCIALS</td>
<td>Ittikhar 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:</td>
<td><strong>Financials recommended for approval</strong></td>
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<tr>
<td><strong>- Net income is $15.6 million (45%) ahead of target and being driven by phenomenal growth in volume.</strong></td>
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<td><strong>- Mountain View adjusted discharges are 8% higher than budget.</strong></td>
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<tr>
<td><strong>- Los Gatos adjusted discharges are 17% higher than budget.</strong></td>
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</table>
- The aggregate impact of SVMD 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.

The Committee requested the following:

- 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.

**Motion:** To recommend that the Board approve the FY20 Period 4 Financials.

**Movant:** Juelis  
**Second:** Kalbach  
**Ayes:** Chow, Faust, Hobbs, Juelis, Kalbach, Watters, Zoglin  
**Noes:** None  
**Abstentions:** None  
**Absent:** None  
**Recused:** None

### 7. REVIEW OF PATIENT BILLINGS

Terri Manifesto, Sr. Director, Revenue Cycle, and Brian Fong, Director, Revenue Integrity, joined the meeting.

Ms. Manifesto reported that staff had a discovery call with EPIC to discuss the potential for providing an integrated bill for ECH and SVMD 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.

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.

- 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

Mr. Fong also reported that finance staff members will attend the December 18th PFAC meeting to review the new statement design with the group.

### 8. REVISED RESOLUTION 2019-12

Mr. Hussain explained the proposed revisions to Resolution 2019-12:

- 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

**Resolution recommended for approval**
the debt is issued.

In response to Mr. Faust’s question, Mr. Hussain explained that the 2.00% did not change, just the definition.

**Motion:** To recommend that the Board approve revised Resolution 2019-12.

**Movant:** Kalbach  
**Second:** Faust  
**Ayes:** Chow, Faust, Hobbs, Juelis, Kalbach, Watters, Zoglin  
**Noes:** None  
**Abstentions:** None  
**Absent:** None  
**Recused:** None

### 9. ADJOURN TO CLOSED SESSION

**Motion:** To adjourn to closed session at 6:17 pm.

**Movant:** Faust  
**Second:** Kalbach  
**Ayes:** Chow, Faust, Hobbs, Juelis, Kalbach, Zoglin  
**Noes:** None  
**Abstentions:** None  
**Absent:** Watters  
**Recused:** None

Adjourned to closed session at 6:17 pm

### 10. AGENDA ITEM 18: RECONVENE OPEN SESSION/REPORT OUT

The open session reconvened at 8:17 pm. 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).

### 11. AGENDA ITEM 19: PHYSICIAN CONTRACTS

**Motion:** To approve the (a) LPCH NICU PT/OT Services Renewal, (b) LPCH NICU Professional Services Renewal.

**Movant:** Faust  
**Second:** Juelis  
**Ayes:** Chow, Faust, Hobbs, Juelis, Kalbach, Watters, Zoglin  
**Noes:** None  
**Abstentions:** None  
**Absent:** None  
**Recused:** None

**Motion:** To recommend that the Board approve the (c) Exclusive Neurosurgery On-Call Agreement, and (d) Telepsychiatry Services Agreement.

**Movant:** Kalbach  
**Second:** Juelis  
**Ayes:** Chow, Faust, Hobbs, Juelis, Kalbach, Watters, Zoglin  
**Noes:** None  
**Abstentions:** None  
**Absent:** None  
**Recused:** None

Physician Contracts approved/recommended for approval

### 12. AGENDA ITEM 20: CLOSING COMMENTS

None.
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

Meeting adjourned at 8:19pm

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

____________________________
John Zoglin
Chair, Finance Committee
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.
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 Financial Perf.

<table>
<thead>
<tr>
<th></th>
<th>PY</th>
<th>CY</th>
<th>Bud/Target</th>
<th>Variance CY vs Bud</th>
<th>PY</th>
<th>CY</th>
<th>Bud/Target</th>
<th>Variance CY vs Bud</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Revenue</td>
<td>84,006</td>
<td>87,971</td>
<td>90,606</td>
<td>(2,635)</td>
<td>394,448</td>
<td>443,615</td>
<td>433,210</td>
<td>10,405</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>72,365</td>
<td>86,631</td>
<td>80,048</td>
<td>(6,547)</td>
<td>351,251</td>
<td>411,279</td>
<td>400,491</td>
<td>(10,787)</td>
</tr>
<tr>
<td>Operating Margin $</td>
<td>11,642</td>
<td>1,340</td>
<td>10,521</td>
<td>11.6%</td>
<td>13,998</td>
<td>32,336</td>
<td>32,718</td>
<td>(382)</td>
</tr>
<tr>
<td>EBITA $</td>
<td>16,386</td>
<td>5,931</td>
<td>16,038</td>
<td>(10,107)</td>
<td>66,803</td>
<td>56,868</td>
<td>58,606</td>
<td>(1,738)</td>
</tr>
<tr>
<td>EBITA %</td>
<td>19.5%</td>
<td>1.5%</td>
<td>11.6%</td>
<td>(9.182)</td>
<td>13.9%</td>
<td>1.5%</td>
<td>11.6%</td>
<td>(10.1%)</td>
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</table>

### Hospital Volume

<table>
<thead>
<tr>
<th></th>
<th>PY</th>
<th>CY</th>
<th>Bud/Target</th>
<th>Variance CY vs Bud</th>
<th>PY</th>
<th>CY</th>
<th>Bud/Target</th>
<th>Variance CY vs Bud</th>
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<tbody>
<tr>
<td>Licensed Beds</td>
<td>443</td>
<td>443</td>
<td>443</td>
<td>-</td>
<td>443</td>
<td>443</td>
<td>443</td>
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<tr>
<td>ADC</td>
<td>240</td>
<td>243</td>
<td>249</td>
<td>(6)</td>
<td>228</td>
<td>227</td>
<td>233</td>
<td>(7)</td>
</tr>
<tr>
<td>Utilization MV</td>
<td>66%</td>
<td>66%</td>
<td>67%</td>
<td>(0.9%)</td>
<td>63%</td>
<td>63%</td>
<td>63%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Utilization LG</td>
<td>29%</td>
<td>32%</td>
<td>34%</td>
<td>(2.3%)</td>
<td>28%</td>
<td>30%</td>
<td>32%</td>
<td>(3.8%)</td>
</tr>
<tr>
<td>Utilization Combined</td>
<td>54%</td>
<td>55%</td>
<td>56%</td>
<td>(1.3%)</td>
<td>51%</td>
<td>52%</td>
<td>53%</td>
<td>(0.6%)</td>
</tr>
<tr>
<td>Adjusted Discharges</td>
<td>2,899</td>
<td>3,157</td>
<td>3,044</td>
<td>113</td>
<td>14,279</td>
<td>15,942</td>
<td>14,694</td>
<td>1,248</td>
</tr>
<tr>
<td>Total Discharges (Excl NNB)</td>
<td>1,605</td>
<td>1,722</td>
<td>1,648</td>
<td>74</td>
<td>7,790</td>
<td>8,187</td>
<td>8,008</td>
<td>379</td>
</tr>
<tr>
<td>Total Discharges</td>
<td>1,936</td>
<td>2,072</td>
<td>2,084</td>
<td>88</td>
<td>9,486</td>
<td>10,167</td>
<td>9,727</td>
<td>440</td>
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<tr>
<td>Inpatient Cases</td>
<td>1,114</td>
<td>1,194</td>
<td>1,131</td>
<td>63</td>
<td>5,308</td>
<td>5,796</td>
<td>5,424</td>
<td>372</td>
</tr>
<tr>
<td>MS Discharges</td>
<td>352</td>
<td>368</td>
<td>357</td>
<td>11</td>
<td>1,803</td>
<td>1,875</td>
<td>1,827</td>
<td>48</td>
</tr>
<tr>
<td>Deliveries</td>
<td>92</td>
<td>114</td>
<td>104</td>
<td>10</td>
<td>470</td>
<td>492</td>
<td>508</td>
<td>(16)</td>
</tr>
<tr>
<td>Rehab</td>
<td>47</td>
<td>46</td>
<td>56</td>
<td>(10)</td>
<td>209</td>
<td>224</td>
<td>249</td>
<td>(25)</td>
</tr>
<tr>
<td>Outpatient Cases</td>
<td>12,433</td>
<td>13,774</td>
<td>13,183</td>
<td>589</td>
<td>61,755</td>
<td>67,290</td>
<td>64,149</td>
<td>3,141</td>
</tr>
<tr>
<td>ED</td>
<td>3,754</td>
<td>3,882</td>
<td>3,787</td>
<td>95</td>
<td>19,832</td>
<td>20,265</td>
<td>19,494</td>
<td>771</td>
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<tr>
<td>Procedural Cases</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>OP Surg</td>
<td>440</td>
<td>457</td>
<td>452</td>
<td>5</td>
<td>2,063</td>
<td>2,417</td>
<td>2,124</td>
<td>293</td>
</tr>
<tr>
<td>Endo</td>
<td>216</td>
<td>244</td>
<td>234</td>
<td>10</td>
<td>1,067</td>
<td>1,183</td>
<td>1,144</td>
<td>19</td>
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<tr>
<td>Interventional</td>
<td>207</td>
<td>184</td>
<td>217</td>
<td>(33)</td>
<td>952</td>
<td>914</td>
<td>998</td>
<td>84</td>
</tr>
<tr>
<td>All Other</td>
<td>7,816</td>
<td>9,007</td>
<td>8,495</td>
<td>512</td>
<td>38,341</td>
<td>42,531</td>
<td>40,388</td>
<td>2,143</td>
</tr>
</tbody>
</table>

### Hospital Payor Mix

<table>
<thead>
<tr>
<th></th>
<th>PY</th>
<th>CY</th>
<th>Bud/Target</th>
<th>Variance CY vs Bud</th>
<th>PY</th>
<th>CY</th>
<th>Bud/Target</th>
<th>Variance CY vs Bud</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare</td>
<td>49.3%</td>
<td>48.5%</td>
<td>48.9%</td>
<td>(0.4%)</td>
<td>46.9%</td>
<td>49.7%</td>
<td>48.3%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Medi-Cal</td>
<td>7.9%</td>
<td>7.4%</td>
<td>7.6%</td>
<td>(0.3%)</td>
<td>8.0%</td>
<td>7.5%</td>
<td>7.9%</td>
<td>(0.3%)</td>
</tr>
<tr>
<td>Commercial IP</td>
<td>20.7%</td>
<td>19.7%</td>
<td>20.4%</td>
<td>(0.7%)</td>
<td>21.5%</td>
<td>18.7%</td>
<td>20.7%</td>
<td>(1.9%)</td>
</tr>
<tr>
<td>Commercial OP</td>
<td>20.6%</td>
<td>21.5%</td>
<td>20.7%</td>
<td>0.7%</td>
<td>21.3%</td>
<td>21.7%</td>
<td>20.9%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Total Commercial</td>
<td>41.3%</td>
<td>41.2%</td>
<td>41.1%</td>
<td>0.1%</td>
<td>42.7%</td>
<td>40.4%</td>
<td>41.5%</td>
<td>(1.1%)</td>
</tr>
<tr>
<td>Other</td>
<td>1.6%</td>
<td>2.9%</td>
<td>2.3%</td>
<td>0.6%</td>
<td>2.4%</td>
<td>2.4%</td>
<td>2.3%</td>
<td>0.0%</td>
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</tbody>
</table>

### Hospital Cost

<table>
<thead>
<tr>
<th></th>
<th>PY</th>
<th>CY</th>
<th>Bud/Target</th>
<th>Variance CY vs Bud</th>
<th>PY</th>
<th>CY</th>
<th>Bud/Target</th>
<th>Variance CY vs Bud</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total FTE</td>
<td>2,672.3</td>
<td>2,810.9</td>
<td>2,808.0</td>
<td>(2.9)</td>
<td>2,616.4</td>
<td>2,773.9</td>
<td>2,766.3</td>
<td>(7.6)</td>
</tr>
<tr>
<td>Productive Hrs/APD</td>
<td>30.5</td>
<td>31.3</td>
<td>30.5</td>
<td>(0.8)</td>
<td>31.0</td>
<td>31.5</td>
<td>32.1</td>
<td>0.6</td>
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</tbody>
</table>

### Consolidated Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>PY</th>
<th>CY</th>
<th>Variance CY vs Bud</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Days in AR</td>
<td>47.4</td>
<td>54.2</td>
<td>49.0</td>
</tr>
<tr>
<td>Days Cash</td>
<td>500</td>
<td>465</td>
<td>435</td>
</tr>
</tbody>
</table>
# Consolidated Statement of Operations ($000s)

**Period ending 11/30/2019**

<table>
<thead>
<tr>
<th>Period 5 FY 2019</th>
<th>Period 5 FY 2020</th>
<th>Period 5 Budget 2020</th>
<th>Variance Favorable (Unfavorable)</th>
<th>Var%</th>
<th>$000s YTD FY 2019</th>
<th>YTD FY 2020</th>
<th>YTD Budget 2020</th>
<th>Variance Favorable (Unfavorable)</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>298,592</td>
<td>327,143</td>
<td>325,561</td>
<td>1,582</td>
<td>0.5%</td>
<td>1,422,377</td>
<td>1,608,007</td>
<td>1,573,206</td>
<td>34,801</td>
<td>2.2%</td>
</tr>
<tr>
<td>(220,445)</td>
<td>(244,064)</td>
<td>(241,103)</td>
<td>(2,961)</td>
<td>(1.2%)</td>
<td>(1,046,239)</td>
<td>(1,186,439)</td>
<td>(1,162,566)</td>
<td>(23,873)</td>
<td>(2.1%)</td>
</tr>
<tr>
<td>78,147</td>
<td>83,078</td>
<td>84,458</td>
<td>(1,380)</td>
<td>(1.6%)</td>
<td>Net Patient Revenue 376,138</td>
<td>421,568</td>
<td>410,640</td>
<td>10,928</td>
<td>2.7%</td>
</tr>
<tr>
<td>5,860</td>
<td>4,893</td>
<td>6,148</td>
<td>(1,255)</td>
<td>(20.4%)</td>
<td>Other Operating Revenue 18,310</td>
<td>22,046</td>
<td>22,570</td>
<td>(523)</td>
<td>(2.3%)</td>
</tr>
<tr>
<td>84,006</td>
<td>87,971</td>
<td>90,606</td>
<td>(2,635)</td>
<td>(2.9%)</td>
<td>Total Operating Revenue 394,448</td>
<td>443,615</td>
<td>433,210</td>
<td>10,405</td>
<td>2.4%</td>
</tr>
<tr>
<td>41,916</td>
<td>45,159</td>
<td>45,423</td>
<td>264</td>
<td>0.6%</td>
<td>Salaries &amp; Wages 207,267</td>
<td>228,532</td>
<td>229,040</td>
<td>508</td>
<td>0.2%</td>
</tr>
<tr>
<td>11,431</td>
<td>14,869</td>
<td>12,425</td>
<td>(2,445)</td>
<td>(19.7%)</td>
<td>Supplies 55,358</td>
<td>68,077</td>
<td>59,899</td>
<td>(8,178)</td>
<td>(13.7%)</td>
</tr>
<tr>
<td>11,543</td>
<td>17,963</td>
<td>12,594</td>
<td>(5,369)</td>
<td>(42.6%)</td>
<td>Fees &amp; Purchased Services 51,911</td>
<td>71,662</td>
<td>65,287</td>
<td>(6,375)</td>
<td>(9.8%)</td>
</tr>
<tr>
<td>2,730</td>
<td>4,049</td>
<td>4,126</td>
<td>77</td>
<td>1.9%</td>
<td>Other Operating Expense 13,109</td>
<td>18,474</td>
<td>20,377</td>
<td>1,093</td>
<td>9.3%</td>
</tr>
<tr>
<td>438</td>
<td>282</td>
<td>695</td>
<td>413</td>
<td>59.4%</td>
<td>Interest 2,128</td>
<td>2,533</td>
<td>2,675</td>
<td>142</td>
<td>5.3%</td>
</tr>
<tr>
<td>4,306</td>
<td>4,308</td>
<td>4,821</td>
<td>513</td>
<td>10.6%</td>
<td>Depreciation 21,477</td>
<td>22,000</td>
<td>23,213</td>
<td>1,214</td>
<td>5.2%</td>
</tr>
<tr>
<td>72,365</td>
<td>86,631</td>
<td>80,084</td>
<td>(6,547)</td>
<td>(8.2%)</td>
<td>Total Operating Expense 351,251</td>
<td>411,279</td>
<td>400,491</td>
<td>(10,787)</td>
<td>(2.7%)</td>
</tr>
<tr>
<td>11,642</td>
<td>1,340</td>
<td>10,521</td>
<td>(9,182)</td>
<td>(87.3%)</td>
<td>Net Operating Margin 43,198</td>
<td>32,336</td>
<td>32,718</td>
<td>(382)</td>
<td>(1.2%)</td>
</tr>
<tr>
<td>2,176</td>
<td>17,925</td>
<td>2,995</td>
<td>14,930</td>
<td>498.5%</td>
<td>Non Operating Income (11,209)</td>
<td>34,197</td>
<td>15,090</td>
<td>19,107</td>
<td>126.6%</td>
</tr>
<tr>
<td>13,818</td>
<td>19,264</td>
<td>13,516</td>
<td>5,748</td>
<td>42.5%</td>
<td>Net Margin 31,989</td>
<td>66,533</td>
<td>47,808</td>
<td>18,725</td>
<td>39.2%</td>
</tr>
</tbody>
</table>

- **Operating Revenue**
  - Gross Revenue: $1,422,377
  - Deductions: $(1,046,239)
- **Net Patient Revenue**: $376,138
- **Other Operating Revenue**: $18,310
- **Total Operating Revenue**: $394,448

- **Operating Expense**
  - Salaries & Wages: $207,267
  - Supplies: $55,358
  - Fees & Purchased Services: $51,911
  - Other Operating Expense: $13,109
  - Interest: $2,128
  - Depreciation: $21,477
- **Total Operating Expense**: $351,251

- **Net Operating Margin**: $43,198
- **Net Margin**: $31,989

- **EBITDA**: 16.9%
- **Operating Margin**: 11.0%
- **Net Margin**: 8.1%
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.
ECH Hospital Operating Margin

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

<table>
<thead>
<tr>
<th></th>
<th>J</th>
<th>A</th>
<th>S</th>
<th>O</th>
<th>N</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustments</td>
<td>Mcare Settlm/Appeal/Tent Settlm/PIP</td>
<td>129</td>
<td>129</td>
<td>210</td>
<td>137</td>
<td>129</td>
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<tr>
<td></td>
<td>RAC Release</td>
<td>-</td>
<td>-</td>
<td>(746)</td>
<td>-</td>
<td>-</td>
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<tr>
<td></td>
<td>Various Adjustments under $250k</td>
<td>9</td>
<td>4</td>
<td>5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>138</td>
<td>133</td>
<td>(531)</td>
<td>137</td>
<td>129</td>
<td>7</td>
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</table>
## Investment Scorecard as of September 30, 2019

<table>
<thead>
<tr>
<th>Key Performance Indicator</th>
<th>Status</th>
<th>El Camino</th>
<th>Benchmark</th>
<th>El Camino</th>
<th>Benchmark</th>
<th>FY19 Year End Budget</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment Performance</strong></td>
<td>3Q 2019</td>
<td>$1,046.2</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>$892.9</td>
<td>--</td>
</tr>
<tr>
<td>Surplus cash balance*</td>
<td>0.8%</td>
<td>0.6%</td>
<td>0.8%</td>
<td>0.6%</td>
<td>--</td>
<td>5.6%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Surplus cash return</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>3.2%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Cash balance plan balance (millions)</td>
<td>$276.3</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>$276.9</td>
</tr>
<tr>
<td>Cash balance plan return</td>
<td>0.2%</td>
<td>0.6%</td>
<td>0.2%</td>
<td>0.5%</td>
<td>--</td>
<td>7.9%</td>
<td>6.9%</td>
</tr>
<tr>
<td>401(k) plan balance (millions)</td>
<td>$516.7</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Risk vs. Return</strong></td>
<td>3-year</td>
<td>0.92</td>
<td>0.88</td>
<td>--</td>
<td>--</td>
<td>1.01</td>
<td>0.99</td>
</tr>
<tr>
<td>Surplus cash Sharpe ratio</td>
<td>6.4%</td>
<td>6.0%</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>5.6%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Net of fee return</td>
<td>5.3%</td>
<td>5.1%</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>4.8%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>0.91</td>
<td>0.87</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>1.08</td>
<td>1.04</td>
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<tr>
<td>Cash balance Sharpe ratio</td>
<td>7.6%</td>
<td>6.9%</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>7.5%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Net of fee return</td>
<td>6.7%</td>
<td>6.1%</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>6.2%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>10.3%</td>
</tr>
<tr>
<td><strong>Asset Allocation</strong></td>
<td>3Q 2019</td>
<td>10.2%</td>
<td>&lt; 10%</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Surplus cash absolute variances to target</td>
<td>7.7%</td>
<td>&lt; 10%</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Cash balance absolute variances to target</td>
<td>15</td>
<td>&lt; 24 Green</td>
<td>&lt; 30 Yellow</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Manager Compliance</strong></td>
<td>3Q 2019</td>
<td>20</td>
<td>&lt; 27 Green</td>
<td>&lt; 34 Yellow</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Surplus cash manager flags</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Cash balance plan manager flags</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

*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 (~$15 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

<table>
<thead>
<tr>
<th>Capital Spending (in 000's)</th>
<th>Actual FY2017</th>
<th>Actual FY2018</th>
<th>Actual FY2019</th>
<th>Budget Cash Flow 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERP</td>
<td>-</td>
<td>-</td>
<td>5,830</td>
<td>-</td>
</tr>
<tr>
<td>IT Hardware / Software Equipment/EPIC</td>
<td>5,414</td>
<td>2,222</td>
<td>7,859</td>
<td>6,000</td>
</tr>
<tr>
<td>Medical / Non Medical Equipment</td>
<td>9,556</td>
<td>15,780</td>
<td>12,082</td>
<td>18,000</td>
</tr>
<tr>
<td>Facilities Total</td>
<td>82,953</td>
<td>139,434</td>
<td>158,010</td>
<td>244,665</td>
</tr>
<tr>
<td><strong>Active</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mountain View Campus Master Plan Projects</td>
<td>62,493</td>
<td>114,093</td>
<td>140,000</td>
<td>112,700</td>
</tr>
<tr>
<td>Mountain View Capital Projects</td>
<td>5,535</td>
<td>7,948</td>
<td>9,620</td>
<td>66,992</td>
</tr>
<tr>
<td>Los Gatos Capital Projects</td>
<td>14,780</td>
<td>12,306</td>
<td>6,901</td>
<td>12,773</td>
</tr>
<tr>
<td><strong>Placeholder/Deferred</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Strategic Capital Facility Projects</td>
<td>145</td>
<td>5,088</td>
<td>1,489</td>
<td>19,200</td>
</tr>
<tr>
<td>Other Major Projects</td>
<td></td>
<td></td>
<td></td>
<td>33,000</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>97,923</td>
<td>157,435</td>
<td>183,782</td>
<td>268,665</td>
</tr>
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</table>
## FY20 Detail Facility Cash Flow Projections ($000s)

### Mountain View Campus Master Plan Projects

<table>
<thead>
<tr>
<th>Project Description</th>
<th>FY 2020 Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>BHS Replacement</td>
<td>8,143</td>
</tr>
<tr>
<td>Integrated Medical Office Building</td>
<td>57,557</td>
</tr>
<tr>
<td>Women’s Hosp Expansion</td>
<td>33,000</td>
</tr>
<tr>
<td>Demo Old Main &amp; Related Site Work</td>
<td>14,000</td>
</tr>
<tr>
<td></td>
<td><strong>112,700</strong></td>
</tr>
</tbody>
</table>

### Mountain View Capital Projects

<table>
<thead>
<tr>
<th>Project Description</th>
<th>FY 2020 Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>ED Remodel Triage / Psych Observation</td>
<td>6,106</td>
</tr>
<tr>
<td>Willow Pavilion FA Sys and Equip Upgrades</td>
<td>1,400</td>
</tr>
<tr>
<td>Willow Surgery Center Improvements</td>
<td>2,000</td>
</tr>
<tr>
<td>Site Signage &amp; Other Improvements</td>
<td>1,700</td>
</tr>
<tr>
<td>Patient Family Residence</td>
<td>6,150</td>
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<tr>
<td>Nurse Call System Upgrade</td>
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</tr>
<tr>
<td>Imaging Equipment Replacement (Imaging Dept. Only)</td>
<td>11,700</td>
</tr>
<tr>
<td>IR / Cath Lab Equipment Replacement (5 or 6 Rooms)</td>
<td>9,500</td>
</tr>
<tr>
<td>Various Relocation Projects</td>
<td>700</td>
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<tr>
<td>Flooring Replacement</td>
<td>1,180</td>
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<tr>
<td>Emergency Sanitary &amp; Water Storage</td>
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<tr>
<td>CT Equipment Replacement @ Radiation Oncology</td>
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<tr>
<td>Radiation Oncology Equipment Replacement</td>
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</tr>
<tr>
<td>MV MOB Upgrades FY 20</td>
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<tr>
<td>MV Facilities Planning Allowance FY 20</td>
<td>600</td>
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<tr>
<td>MV Equipment &amp; Infrastructure Upgrades FY 20</td>
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<tr>
<td>MV Cancer Center Expansion</td>
<td>1,200</td>
</tr>
<tr>
<td>MV Wireless Infrastructure Upgrade</td>
<td>1,000</td>
</tr>
<tr>
<td>Other Undefined</td>
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</tr>
<tr>
<td>MV Undefined Annual Forecast</td>
<td>7,000</td>
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<tr>
<td></td>
<td><strong>66,992</strong></td>
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### Los Gatos Capital Projects

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>LG IR Upgrades</td>
<td>1,250</td>
</tr>
<tr>
<td>LG Modular MRI &amp; Awning</td>
<td>3,205</td>
</tr>
<tr>
<td>LG Nurse Call System Upgrade</td>
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<td>LG Security System</td>
<td>340</td>
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<td>LG Cancer Center</td>
<td>2,598</td>
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<tr>
<td>LG MOB Upgrades FY 20</td>
<td>500</td>
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<tr>
<td>LG Facilities Planning Allowance FY 20</td>
<td>500</td>
</tr>
<tr>
<td>LG Equipment &amp; Infrastructure Upgrades FY 20</td>
<td>600</td>
</tr>
<tr>
<td>LG Rehab Finish Upgrades</td>
<td>400</td>
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<tr>
<td>LG Campus Signage</td>
<td>500</td>
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<tr>
<td>LG Wireless Infrastructure Upgrades</td>
<td>480</td>
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<tr>
<td>LG Paving Upgrades</td>
<td>800</td>
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<tr>
<td>LG Decontamination in OR</td>
<td>600</td>
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<tr>
<td></td>
<td><strong>12,773</strong></td>
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### Other Strategic Capital Facility Projects

<table>
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<tr>
<td>Primary Care Clinic</td>
<td>4,000</td>
</tr>
<tr>
<td>New MOB</td>
<td>12,200</td>
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<tr>
<td>SVMD - Facilities Future Years</td>
<td>3,000</td>
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<td></td>
<td><strong>19,200</strong></td>
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### Other Major Projects & Annual Forecasts

<table>
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<tbody>
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<td>LG Campus Redevelopment</td>
<td>12,000</td>
</tr>
<tr>
<td>Property Acquisitions</td>
<td>21,000</td>
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<tr>
<td></td>
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| TOTAL                                              | **244,665**      |

---

*El Camino Health*
<table>
<thead>
<tr>
<th>ASSETS</th>
<th>November 30, 2019</th>
<th>Unaudited</th>
<th>June 30, 2019</th>
<th>Unaudited</th>
</tr>
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<tr>
<td><strong>CURRENT ASSETS</strong></td>
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<tr>
<td>Cash</td>
<td>107,636</td>
<td>124,912</td>
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<td>Patient Accounts Receivable, net</td>
<td>150,293</td>
<td>132,198</td>
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<tr>
<td>Other Accounts and Notes Receivable</td>
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<td>5,058</td>
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<td>Inventories and Prepaid</td>
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<td>64,093</td>
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<td>Foundation Board Designated</td>
<td>17,869</td>
<td>16,885</td>
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<td>Plant &amp; Equipment Fund</td>
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<td>371,304</td>
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<tr>
<td>Women’s Hospital Expansion</td>
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<tr>
<td>Operational Reserve Fund</td>
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<td>139,057</td>
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<td>Community Benefit Fund</td>
<td>18,054</td>
<td>18,260</td>
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<td>Workers Compensation Reserve Fund</td>
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<td>20,752</td>
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<tr>
<td>Postretirement Health/Life Reserve Fund</td>
<td>30,133</td>
<td>29,480</td>
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<td></td>
</tr>
<tr>
<td>PTO Liability Fund</td>
<td>29,746</td>
<td>26,149</td>
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<tr>
<td>Malpractice Reserve Fund</td>
<td>1,831</td>
<td>1,831</td>
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<tr>
<td>Catastrophic Reserves Fund</td>
<td>21,306</td>
<td>19,678</td>
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<td><strong>Total Board Designated Assets</strong></td>
<td>479,543</td>
<td>458,857</td>
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<td><strong>FUNDS HELD BY TRUSTEE</strong></td>
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<td></td>
<td>55,382</td>
<td>81,073</td>
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<tr>
<td><strong>LONG TERM INVESTMENTS</strong></td>
<td>389,314</td>
<td>375,729</td>
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<tr>
<td><strong>CHARITABLE GIFT ANNUITY INVESTMENTS</strong></td>
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<td>602</td>
<td></td>
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<tr>
<td><strong>INVESTMENTS IN AFFILIATES</strong></td>
<td>35,698</td>
<td>38,532</td>
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<td><strong>PROPERTY AND EQUIPMENT</strong></td>
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<tr>
<td>Fixed Assets at Cost</td>
<td>1,231,138</td>
<td>1,082,693</td>
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<tr>
<td>Less: Accumulated Depreciation</td>
<td>(644,874)</td>
<td>(622,877)</td>
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<tr>
<td>Construction in Progress</td>
<td>467,436</td>
<td>375,094</td>
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<tr>
<td>Property, Plant &amp; Equipment - Net</td>
<td>1,019,682</td>
<td>1,069,816</td>
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<tr>
<td><strong>DEFERRED OUTFLOWS</strong></td>
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<tr>
<td></td>
<td>33,451</td>
<td>33,876</td>
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<tr>
<td><strong>REstricted ASSETS</strong></td>
<td>27,020</td>
<td>24,279</td>
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<tr>
<td><strong>OTHER ASSETS</strong></td>
<td>1,016</td>
<td>1,036</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>2,741,531</td>
<td>2,587,775</td>
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<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND FUND BALANCE</th>
<th>November 30, 2019</th>
<th>Unaudited</th>
<th>June 30, 2019</th>
<th>Unaudited</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
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<td>Accounts Payable</td>
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<td>Accrued PTO</td>
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<td>26,502</td>
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<td>Worker’s Comp Reserve</td>
<td>2,300</td>
<td>2,300</td>
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<td></td>
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<tr>
<td>Third Party Settlements</td>
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<td>11,331</td>
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<td>Malpractice Reserves</td>
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<td>1,800</td>
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<td>Bond Payable - Current</td>
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<td>8,630</td>
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<td></td>
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<tr>
<td>Bond Interest Payable</td>
<td>7,394</td>
<td>12,775</td>
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<td><strong>Total Current Liabilities</strong></td>
<td>212,129</td>
<td>150,966</td>
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<tr>
<td><strong>LONG TERM LIABILITIES</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Post Retirement Benefits</td>
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<td>29,480</td>
<td></td>
<td></td>
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<tr>
<td>Worker’s Comp Reserve</td>
<td>18,389</td>
<td>18,432</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other LT Obligations (Alastics)</td>
<td>4,024</td>
<td>3,975</td>
<td></td>
<td></td>
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<tr>
<td>Other LT Liabilities (F/T Medl Leases)</td>
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<td></td>
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<tr>
<td>Bond Payable</td>
<td>519,345</td>
<td>507,531</td>
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<tr>
<td><strong>Total Long Term Liabilities</strong></td>
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<td>559,417</td>
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<tr>
<td><strong>TOTAL LIABILITIES AND FUND BALANCE</strong></td>
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<td>2,587,775</td>
<td></td>
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</tr>
</tbody>
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APPENDIX
## Non Operating Items and Net Margin by Affiliate

$ in thousands

<table>
<thead>
<tr>
<th></th>
<th>Period 5- Month</th>
<th></th>
<th>Period 5- FYTD</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Budget</td>
<td>Variance</td>
<td>Actual</td>
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<tr>
<td>El Camino Hospital Operating Margin</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mountain View</td>
<td>4,982</td>
<td>10,882</td>
<td>(5,900)</td>
<td>43,528</td>
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<tr>
<td>Los Gatos</td>
<td>249</td>
<td>1,971</td>
<td>(1,722)</td>
<td>6,257</td>
</tr>
<tr>
<td>Sub Total - El Camino Hospital, excl. Affiliates</td>
<td>5,232</td>
<td>12,853</td>
<td>(7,622)</td>
<td>49,785</td>
</tr>
<tr>
<td>Operating Margin %</td>
<td>6.3%</td>
<td>15.1%</td>
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<td>11.8%</td>
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<tr>
<td>El Camino Hospital Non Operating Income</td>
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<tr>
<td>Sub Total - Non Operating Income</td>
<td>17,243</td>
<td>2,516</td>
<td>14,727</td>
<td>31,066</td>
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<td>El Camino Hospital Net Margin</td>
<td>22,474</td>
<td>15,369</td>
<td>7,106</td>
<td>80,851</td>
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<tr>
<td>ECH Net Margin %</td>
<td>27.2%</td>
<td>18.0%</td>
<td></td>
<td>19.2%</td>
</tr>
<tr>
<td>Concern</td>
<td>(46)</td>
<td>136</td>
<td>(182)</td>
<td>263</td>
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<td>ECSC</td>
<td>(1)</td>
<td>0</td>
<td>(1)</td>
<td>(28)</td>
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<td>Foundation</td>
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<td>134</td>
<td>336</td>
<td>1,911</td>
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<tr>
<td>Silicon Valley Medical Development</td>
<td>(3,633)</td>
<td>(2,123)</td>
<td>(1,510)</td>
<td>(16,464)</td>
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<tr>
<td>Net Margin Hospital Affiliates</td>
<td>(3,210)</td>
<td>(1,852)</td>
<td>(1,358)</td>
<td>(14,318)</td>
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<td>Total Net Margin Hospital &amp; Affiliates</td>
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<td>13,516</td>
<td>5,748</td>
<td>66,533</td>
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<td>CURRENT MONTH</td>
<td>YEAR-TO-DATE</td>
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<td>------------------</td>
<td>---------------</td>
<td>--------------</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>PY</td>
<td>CY</td>
<td>Bud</td>
<td>Bud Var</td>
</tr>
<tr>
<td>Heart and Vascular</td>
<td>196</td>
<td>220</td>
<td>197</td>
<td>23</td>
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<tr>
<td>MCH</td>
<td>421</td>
<td>411</td>
<td>419</td>
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<td>58</td>
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<td>6</td>
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<td>144</td>
<td>151</td>
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<tr>
<td>Neurosciences</td>
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<td>74</td>
<td>65</td>
<td>9</td>
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<td>Spine Surgery</td>
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<tr>
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<td>114</td>
<td>104</td>
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<tr>
<td>GYN</td>
<td>18</td>
<td>15</td>
<td>17</td>
<td>-2</td>
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<tr>
<td>Urology</td>
<td>30</td>
<td>19</td>
<td>30</td>
<td>-11</td>
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<tr>
<td>Other STs</td>
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<td>612</td>
<td>581</td>
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<td>Total</td>
<td>1,605</td>
<td>1,721</td>
<td>1,648</td>
<td>73</td>
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<tr>
<td>OP</td>
<td>CURRENT MONTH</td>
<td>YEAR-TO-DATE</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>PY</td>
<td>CY</td>
<td>Bud</td>
<td>Bud Var</td>
</tr>
<tr>
<td>Emergency</td>
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<td>3,877</td>
<td>3,787</td>
<td>90</td>
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<td>410</td>
<td>409</td>
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<tr>
<td>MCH</td>
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<td>422</td>
<td>464</td>
<td>-42</td>
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<tr>
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<td>755</td>
<td>809</td>
<td>986</td>
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<tr>
<td>Orthopedics</td>
<td>50</td>
<td>89</td>
<td>49</td>
<td>40</td>
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<tr>
<td>Neurosciences</td>
<td>8</td>
<td>6</td>
<td>8</td>
<td>-2</td>
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<tr>
<td>Spine Surgery</td>
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<td>19</td>
<td>22</td>
<td>-3</td>
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<tr>
<td>Behavioral Health</td>
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<td>290</td>
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<tr>
<td>Urology</td>
<td>178</td>
<td>160</td>
<td>183</td>
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<tr>
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<td>6,311</td>
<td>5,316</td>
<td>1,395</td>
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<td>Total</td>
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<td>13,068</td>
<td>11,830</td>
<td>1,238</td>
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<tr>
<td>Grand Total</td>
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<td>14,789</td>
<td>13,478</td>
<td>1,311</td>
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## El Camino Hospital – Mountain View ($000s)

### Period ending 11/30/2019

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<thead>
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<th>Period 5 FY 2019</th>
<th>Period 5 FY 2020</th>
<th>Period 5 Budget 2020</th>
<th>Variance</th>
<th>$000s</th>
<th>Var%</th>
<th>YTD FY 2019</th>
<th>YTD FY 2020</th>
<th>YTD Budget 2020</th>
<th>Variance</th>
<th>Fav (Unfav)</th>
<th>Var%</th>
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<tbody>
<tr>
<td>OPERATING REVENUE</td>
<td>Gross Revenue</td>
<td>1,167,193</td>
<td>1,279,320</td>
<td>1,244,853</td>
<td>34,467</td>
<td>2.8%</td>
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<td></td>
</tr>
<tr>
<td>DEDUCTIONS</td>
<td>Deductions</td>
<td>(857,300)</td>
<td>(940,554)</td>
<td>(924,893)</td>
<td>(15,660)</td>
<td>(1.7%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OTHER OPERATING REVENUE</td>
<td>Net Patient Revenue</td>
<td>309,893</td>
<td>338,766</td>
<td>319,959</td>
<td>18,807</td>
<td>5.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other Operating Revenue</td>
<td>11,106</td>
<td>8,433</td>
<td>10,714</td>
<td>(2,282)</td>
<td>(21.3%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL OPERATING REVENUE</td>
<td>Total Operating Revenue</td>
<td>320,999</td>
<td>347,199</td>
<td>330,674</td>
<td>16,525</td>
<td>5.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| OPERATING EXPENSE | Salaries & Wages | 170,191 | 180,536 | 180,734 | 197 | 0.1% |
| | Supplies | 44,763 | 54,454 | 46,454 | (8,000) | (17.2%) |
| | Fees & Purchased Services | 32,219 | 35,374 | 29,296 | (6,077) | (20.7%) |
| | Other Operating Expense | 10,587 | 13,034 | 13,372 | 338 | 2.5% |
| | Interest | 2,128 | 2,533 | 2,675 | 142 | 5.3% |
| | Depreciation | 17,532 | 17,740 | 18,124 | 384 | 2.1% |
| TOTAL OPERATING EXPENSE | Total Operating Expense | 277,420 | 303,671 | 290,654 | (13,018) | (4.5%) |

| NET OPERATING MARGIN | Net Operating Margin | 43,579 | 43,528 | 40,020 | 3,508 | 8.5% |
| | Non Operating Income | (17,270) | 31,066 | 13,112 | 14,754 | 136.9% |
| NET MARGIN | Net Margin | 26,309 | 74,594 | 53,132 | 21,462 | 40.4% |

| EBITDA | Operating Margin | 19.7% | 18.4% | 18.4% | (0.0%) |
| Net Margin | 13.6% | 12.5% | 12.1% | 0.4% |
| | 8.2% | 21.5% | 16.1% | 5.4% |
### El Camino Hospital – Los Gatos ($000s)

**Period ending 11/30/2019**

<table>
<thead>
<tr>
<th>Period 5 FY 2019</th>
<th>Period 5 FY 2020</th>
<th>Period 5 Budget 2020</th>
<th>Variance FY 2019/YTD</th>
<th>Var%</th>
<th>$000s FY 2019</th>
<th>YTD Var%</th>
<th>$000s FY 2020</th>
<th>YTD Var%</th>
<th>$000s Budget 2020</th>
<th>YTD Var%</th>
<th>Variance FY 2019/YTD</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>Gross Revenue</td>
<td>Deductions</td>
<td>Net Patient Revenue</td>
<td>Other Operating Revenue</td>
<td>Total Operating Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>52,243</td>
<td>58,656</td>
<td>60,651</td>
<td>(1,995)</td>
<td>(3.3%)</td>
<td>251,728</td>
<td>3.4%</td>
<td>293,433</td>
<td>2.4%</td>
<td>283,781</td>
<td>2.3%</td>
<td>(9,651)</td>
<td>3.4%</td>
</tr>
<tr>
<td>(38,738)</td>
<td>(44,740)</td>
<td>(44,932)</td>
<td>192</td>
<td>0.4%</td>
<td>(186,736)</td>
<td>(5.0%)</td>
<td>(221,022)</td>
<td>(4.8%)</td>
<td>(210,507)</td>
<td>(4.6%)</td>
<td>(10,515)</td>
<td>(5.0%)</td>
</tr>
<tr>
<td>13,505</td>
<td>13,916</td>
<td>15,718</td>
<td>(1,802)</td>
<td>(11.5%)</td>
<td>64,991</td>
<td>(1.2%)</td>
<td>72,410</td>
<td>1.3%</td>
<td>73,274</td>
<td>1.2%</td>
<td>(864)</td>
<td>1.2%</td>
</tr>
<tr>
<td>290</td>
<td>370</td>
<td>271</td>
<td>98</td>
<td>36.3%</td>
<td>1,399</td>
<td>42.6%</td>
<td>1,932</td>
<td>5.7%</td>
<td>1,355</td>
<td>4.4%</td>
<td>578</td>
<td>16.2%</td>
</tr>
<tr>
<td>13,795</td>
<td>14,285</td>
<td>15,989</td>
<td>(1,704)</td>
<td>(10.7%)</td>
<td>66,390</td>
<td>(0.4%)</td>
<td>74,343</td>
<td>1.2%</td>
<td>74,629</td>
<td>1.1%</td>
<td>(286)</td>
<td>(0.4%)</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>Salaries &amp; Wages</td>
<td>Supplies</td>
<td>Fees &amp; Purchased Services</td>
<td>Other Operating Expense</td>
<td>Depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6,747</td>
<td>7,390</td>
<td>7,295</td>
<td>(95)</td>
<td>(1.3%)</td>
<td>34,021</td>
<td>(2.8%)</td>
<td>37,266</td>
<td>(2.8%)</td>
<td>36,247</td>
<td>(3.4%)</td>
<td>(1,019)</td>
<td>(2.8%)</td>
</tr>
<tr>
<td>1,968</td>
<td>2,583</td>
<td>2,609</td>
<td>25</td>
<td>1.0%</td>
<td>10,328</td>
<td>(0.8%)</td>
<td>11,541</td>
<td>(0.8%)</td>
<td>11,447</td>
<td>(0.9%)</td>
<td>94</td>
<td>(0.8%)</td>
</tr>
<tr>
<td>2,774</td>
<td>2,993</td>
<td>2,787</td>
<td>(206)</td>
<td>(7.4%)</td>
<td>13,325</td>
<td>0.5%</td>
<td>13,644</td>
<td>0.5%</td>
<td>13,715</td>
<td>0.5%</td>
<td>70</td>
<td>0.5%</td>
</tr>
<tr>
<td>192</td>
<td>279</td>
<td>488</td>
<td>209</td>
<td>42.8%</td>
<td>1,662</td>
<td>24.1%</td>
<td>1,645</td>
<td>1.5%</td>
<td>2,167</td>
<td>33.3%</td>
<td>522</td>
<td>24.1%</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>749</td>
<td>791</td>
<td>840</td>
<td>49</td>
<td>5.8%</td>
<td>3,725</td>
<td>3.9%</td>
<td>3,989</td>
<td>1.0%</td>
<td>4,151</td>
<td>4.8%</td>
<td>162</td>
<td>4.8%</td>
</tr>
<tr>
<td>12,430</td>
<td>14,036</td>
<td>14,018</td>
<td>(18)</td>
<td>(0.1%)</td>
<td>63,060</td>
<td>(0.5%)</td>
<td>68,085</td>
<td>(0.5%)</td>
<td>67,727</td>
<td>(0.5%)</td>
<td>(359)</td>
<td>(0.5%)</td>
</tr>
<tr>
<td>Net Operating Margin</td>
<td>3,330</td>
<td>6,257</td>
<td>6,902</td>
<td>(9.3%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non Operating Income</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>1,364</td>
<td>249</td>
<td>1,971</td>
<td>(1,722)</td>
<td>(87.4%)</td>
<td>3,330</td>
<td>(9.3%)</td>
<td>6,257</td>
<td>(9.3%)</td>
<td>6,902</td>
<td>(9.3%)</td>
<td>(645)</td>
<td>(9.3%)</td>
</tr>
</tbody>
</table>

**EBITDA**

| Operating Margin | 5.0% | 8.4% | 9.2% | (0.8%) |

<p>| Net Margin      | 5.0% | 8.4% | 9.2% | (0.8%) |</p>
<table>
<thead>
<tr>
<th>Period 5 FY 2019</th>
<th>Period 5 FY 2020</th>
<th>Period 5 Budget 2020</th>
<th>Variance FY (Unfav)</th>
<th>Variance Var%</th>
<th>$000s YTD FY 2019</th>
<th>$000s YTD FY 2020</th>
<th>$000s YTD Budget 2020</th>
<th>Variance Favorable (Unfavorable)</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>837</td>
<td>8,668</td>
<td>8,230</td>
<td>438</td>
<td>5.3%</td>
<td>3,457</td>
<td>35,255</td>
<td>44,572</td>
<td>(9,317)</td>
<td>(20.9%)</td>
</tr>
<tr>
<td>(516)</td>
<td>(6,096)</td>
<td>(5,005)</td>
<td>(1,092)</td>
<td>(21.8%)</td>
<td>(2,203)</td>
<td>(24,863)</td>
<td>(27,165)</td>
<td>2,302</td>
<td>8.5%</td>
</tr>
<tr>
<td>320</td>
<td>2,572</td>
<td>3,225</td>
<td>(653)</td>
<td>(20.2%)</td>
<td>1,254</td>
<td>10,392</td>
<td>17,407</td>
<td>(7,015)</td>
<td>(40.3%)</td>
</tr>
<tr>
<td>(26)</td>
<td>1,878</td>
<td>1,448</td>
<td>430</td>
<td>29.7%</td>
<td>17</td>
<td>7,974</td>
<td>6,689</td>
<td>1,285</td>
<td>19.2%</td>
</tr>
<tr>
<td>294</td>
<td>4,450</td>
<td>4,673</td>
<td>(223)</td>
<td>(4.8%)</td>
<td>1,272</td>
<td>18,366</td>
<td>24,096</td>
<td>(5,730)</td>
<td>(23.8%)</td>
</tr>
<tr>
<td>133</td>
<td>1,628</td>
<td>1,514</td>
<td>(113)</td>
<td>(7.5%)</td>
<td>493</td>
<td>8,471</td>
<td>9,472</td>
<td>1,002</td>
<td>10.6%</td>
</tr>
<tr>
<td>56</td>
<td>458</td>
<td>356</td>
<td>(102)</td>
<td>(28.7%)</td>
<td>194</td>
<td>1,986</td>
<td>1,936</td>
<td>(50)</td>
<td>(2.6%)</td>
</tr>
<tr>
<td>1,097</td>
<td>5,044</td>
<td>3,824</td>
<td>(1,219)</td>
<td>(31.9%)</td>
<td>3,466</td>
<td>20,762</td>
<td>20,399</td>
<td>(362)</td>
<td>(1.8%)</td>
</tr>
<tr>
<td>119</td>
<td>902</td>
<td>908</td>
<td>6</td>
<td>0.7%</td>
<td>530</td>
<td>3,353</td>
<td>4,483</td>
<td>1,129</td>
<td>25.2%</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>46</td>
<td>52</td>
<td>193</td>
<td>141</td>
<td>73.2%</td>
<td>202</td>
<td>258</td>
<td>926</td>
<td>666</td>
<td>72.1%</td>
</tr>
<tr>
<td>1,451</td>
<td>8,083</td>
<td>6,795</td>
<td>(1,287)</td>
<td>(18.9%)</td>
<td>4,886</td>
<td>34,830</td>
<td>37,216</td>
<td>2,387</td>
<td>6.4%</td>
</tr>
<tr>
<td>(1,156)</td>
<td>(3,633)</td>
<td>(2,123)</td>
<td>(1,510)</td>
<td>71.2%</td>
<td>(3,614)</td>
<td>(16,464)</td>
<td>(13,120)</td>
<td>(3,344)</td>
<td>25.5%</td>
</tr>
<tr>
<td>500</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
<td>4,310</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>(656)</td>
<td>(3,633)</td>
<td>(2,123)</td>
<td>(1,510)</td>
<td>71.2%</td>
<td>696</td>
<td>(16,464)</td>
<td>(13,120)</td>
<td>(3,344)</td>
<td>25.5%</td>
</tr>
</tbody>
</table>

-377.2% -80.5% -41.3% (39.2%) EBITDA -268.4% -88.2% -50.6% (37.6%)

-392.8% -81.7% -45.4% (36.2%) Operating Margin -284.2% -89.6% -54.5% (35.2%)

-222.9% -81.7% -45.4% (36.2%) Net Margin 54.7% -89.6% -54.5% (35.2%)
**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.

<table>
<thead>
<tr>
<th>GOALS</th>
<th>TIMELINE</th>
<th>METRICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Review major capital projects</td>
<td>Each regular meeting</td>
<td>Update on major capital projects in progress - Ongoing</td>
</tr>
<tr>
<td>2. Evaluate consumer-facing bills for ease of understanding, including patient portal (MyChart)</td>
<td>Q1</td>
<td>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</td>
</tr>
<tr>
<td>3. Review the top three (3) service lines: 1) Heart &amp; Vascular Institute (HVI), 2) Ortho, Neuro and Spine, and 3) MCH</td>
<td>- HVI (Q3) - Ortho, Neuro and Spine (Q1) - MCH (Q2)</td>
<td>Presentations in September, November, and March Ortho, Neuro and Spine 9/23/19; MCH 11/25/19; HVI 3/23/20</td>
</tr>
</tbody>
</table>

**SUBMITTED BY:**

**Chair:** John Zoglin  
**Executive Sponsor:** Iftikhar Hussain

Approved by the ECH Board of Directors 6/12/2019
### FY20 FC Pacing Plan – Q1

<table>
<thead>
<tr>
<th>July 29, 2019</th>
<th>August 2019</th>
<th>September 23, 2019</th>
</tr>
</thead>
</table>
| - Meeting Minutes (May 2019), any policies  
- Financial Report (FY19 Period 11, 12)  
- Physician Contracts  
- Capital Funding Requests  
- Review Major Capital Projects in progress  
- Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions  
- Year-End Financial Report  
- Review of Patient Billings (FC Committee Goal)  
- Executive Session  
- Long Term Financial Forecast  
- Medical Staff Development Plan | No scheduled meeting | - 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

<table>
<thead>
<tr>
<th>October 21, 2019</th>
<th>November 25, 2019</th>
<th>December 2019</th>
</tr>
</thead>
</table>
| - Propose Hedge Related to 2015 Revenue Bonds and Possible Issuance of New Debt | - Tour New MV Campus Buildings  
- Meeting Minutes (September 2019), any policies  
- Financial Report (FY20 Period 3,4)  
- Physician Contracts  
- Capital Funding Requests  
- Review Major Capital Projects in progress  
- Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions  
- Service Line Review - MCH  
- Post implementation Review – Per attached Schedule  
- Payor Update  
- Executive Session  
- Continued Review of Patient Billings (Integrated Billing and PFAC Review)  
- In-Patient Rehab Opportunity | No scheduled meeting |
<table>
<thead>
<tr>
<th>FY20 FC Pacing Plan – Q3</th>
<th>FY20 FC Pacing Plan – Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>January 27, 2020</strong></td>
<td><strong>April 27, 2020</strong></td>
</tr>
<tr>
<td><strong>February 2020</strong></td>
<td><strong>May 26, 2020</strong></td>
</tr>
<tr>
<td><strong>March 23, 2020</strong></td>
<td><strong>June 2020</strong></td>
</tr>
<tr>
<td><strong>Joint Meeting with the Investment Committee</strong></td>
<td><strong>Joint Meeting with the Hospital Board on the Operating &amp; Capital Budget</strong></td>
</tr>
<tr>
<td>- Long Term Financial Forecast</td>
<td>- Meeting Minutes (March 2020), any policies</td>
</tr>
<tr>
<td>- Meeting Minutes (November 2019), any policies</td>
<td>- Financial Report (FY20 Period 9,10)</td>
</tr>
<tr>
<td>- Financial Report (FY20 Period 5,6)</td>
<td>- Long Term Financial Forecast</td>
</tr>
<tr>
<td>- Physician Contracts</td>
<td>- Physician Contracts</td>
</tr>
<tr>
<td>- Capital Funding Requests</td>
<td>- Capital Funding Requests – Radiation Oncology</td>
</tr>
<tr>
<td>- Review Major Capital Projects in progress</td>
<td>- Review Major Capital Projects in progress</td>
</tr>
<tr>
<td>- Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions</td>
<td>- Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions</td>
</tr>
<tr>
<td>- Executive Session</td>
<td>- Review and recommend FY21 Budget</td>
</tr>
<tr>
<td>- Post Implementation Review – Per attached schedule</td>
<td>- Review and recommend FY21 Organizational Goals</td>
</tr>
<tr>
<td>- Service Line Report SVMD</td>
<td>- Post Implementation Review – Per attached schedule</td>
</tr>
<tr>
<td>- Satellite Dialysis Performance</td>
<td>- Executive Session</td>
</tr>
<tr>
<td><strong>No scheduled meeting</strong></td>
<td><strong>No scheduled meeting</strong></td>
</tr>
</tbody>
</table>

**FY20 Finance Committee Pacing Plan – Updated December 18, 2019**
### Last 18 Months Capital Project Approvals
#### February 2018 - October 2019

<table>
<thead>
<tr>
<th>APPROVAL DATE</th>
<th>APPROVING BODY</th>
<th>PROJECT NAME</th>
<th>APPROVED AMOUNT</th>
<th>PROPOSED FC POST-IMPLEMENTATION REVIEW DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/13/2017</td>
<td>ECH Board</td>
<td>Increase BHS Building Budget</td>
<td>Additional $4.6 M</td>
<td>Update each meeting</td>
</tr>
<tr>
<td>9/13/2017</td>
<td>ECH Board</td>
<td>Increase Sobrato Pavilion Budget</td>
<td>Additional $27.1 M</td>
<td>Update each meeting</td>
</tr>
<tr>
<td>2/14/2018</td>
<td>ECH Board</td>
<td>PACS Image Archive System Replacement</td>
<td>$2.2 M</td>
<td>3/2020 (f/u from 9/23/19)</td>
</tr>
<tr>
<td>3/14/2018</td>
<td>None</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>4/18/2018</td>
<td>None</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>5/9/2018</td>
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<tr>
<td>10/10/2018</td>
<td>ECH Board</td>
<td>Los Gatos Imaging Equipment</td>
<td>$1.6 M</td>
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</tr>
<tr>
<td>11/14/2018</td>
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<tr>
<td>1/16/2019</td>
<td>ECH Board</td>
<td>Los Gatos Cancer Center Funding</td>
<td>$6.4 M</td>
<td>7/2020</td>
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<td>1/30/2019</td>
<td>Finance Committee</td>
<td>Waste Water Storage Project</td>
<td>$3.9 M</td>
<td>7/2020</td>
</tr>
<tr>
<td>1/30/2019</td>
<td>Finance Committee</td>
<td>Purchase Da Vinci Robot Xi Model</td>
<td>$1,550,000 (Net)</td>
<td>N/A &lt; $2 M</td>
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<tr>
<td>2/13/2019</td>
<td>ECH Board</td>
<td>Women’s Hospital Planning</td>
<td>$10 M (Total Now $16M)</td>
<td>9/2020</td>
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<td>2/13/2019</td>
<td>ECH Board</td>
<td>SVMD Clinic Site Tenant Improvements</td>
<td>$8 M</td>
<td>9/2020</td>
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<td>2/13/2019</td>
<td>ECH Board</td>
<td>Interventional Equipment Replacement</td>
<td>$13 M</td>
<td>9/2020</td>
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<td>Imaging Equipment Replacement</td>
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<td>9/2020</td>
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<td>2/13/2019</td>
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<td>SVMD Asset Acquisition</td>
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<td>3/13/2019</td>
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<td>SVMD Clinic IT Infrastructure</td>
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<td>5/28/2019</td>
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<td>MV Campus Signage</td>
<td>$1.1 M</td>
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<td>8/21/2019</td>
<td>ECH Board</td>
<td>Medical Staff Development Plan</td>
<td>$6.1 M</td>
<td>1/2021</td>
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<td>Radiation Oncology Replacement Equipment</td>
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<td>1/2021</td>
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<td>8/21/2019</td>
<td>ECH Board</td>
<td>ED Remodel</td>
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<td>1/2021</td>
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<tr>
<td>10/10/19</td>
<td>ECH Board</td>
<td>MV Campus Completion (Old Main Demo)</td>
<td>$24.9M</td>
<td>3/2021</td>
</tr>
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</table>
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 soon**

CVS 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 ...*
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 OSPHD 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:

<table>
<thead>
<tr>
<th>Step I:</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>North Parking Garage Expansion</td>
<td>Complete</td>
</tr>
<tr>
<td>Behavioral Health Services Building</td>
<td>Substantially Complete – Not Occupied</td>
</tr>
<tr>
<td>Integrated Medical Office Building</td>
<td>Substantially Complete – Not Occupied</td>
</tr>
<tr>
<td>Central Plant Upgrades</td>
<td>Complete</td>
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<table>
<thead>
<tr>
<th>Step II:</th>
<th>Status</th>
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<tbody>
<tr>
<td>Women’s Hospital Expansion</td>
<td>Plan Review/Permit</td>
</tr>
<tr>
<td>Demolition of Old Main Hospital</td>
<td>Plan Review/Permit Phases 1&amp;2</td>
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</table>

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.
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**

<table>
<thead>
<tr>
<th>Month</th>
<th>PY</th>
<th>CY</th>
<th>Bud/Target</th>
<th>Variance CY vs Bud</th>
<th>YTD</th>
<th>PY</th>
<th>CY</th>
<th>Bud/Target</th>
<th>Variance CY vs Bud</th>
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</thead>
<tbody>
<tr>
<td></td>
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<td></td>
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<tr>
<td><strong>Consolidated Financial Perf.</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Total Operating Revenue</td>
<td>80,467</td>
<td>91,764</td>
<td>89,050</td>
<td>2,714</td>
<td>474,916</td>
<td>535,379</td>
<td>522,260</td>
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<tr>
<td>Operating Expenses</td>
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<td>78,768</td>
<td>81,964</td>
<td>3,195</td>
<td>421,235</td>
<td>490,084</td>
<td>482,455</td>
<td>(7,629)</td>
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<td>Operating Margin $</td>
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<td>12,996</td>
<td>7,086</td>
<td>5,910</td>
<td>53,681</td>
<td>45,295</td>
<td>39,804</td>
<td>5,490</td>
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<tr>
<td>Operating Margin %</td>
<td>13.0%</td>
<td>14.2%</td>
<td>8.0%</td>
<td>6.2%</td>
<td>11.3%</td>
<td>8.5%</td>
<td>7.6%</td>
<td>0.8%</td>
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<tr>
<td>EBIDA $</td>
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<td>15,767</td>
<td>12,382</td>
<td>3,385</td>
<td>81,702</td>
<td>72,598</td>
<td>70,988</td>
<td>1,610</td>
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<td>EBIDA %</td>
<td>18.5%</td>
<td>17.2%</td>
<td>13.9%</td>
<td>3.3%</td>
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<td>13.5%</td>
<td>13.6%</td>
<td>(0.1)%</td>
<td></td>
</tr>
</tbody>
</table>

| Hospital Volume | | | | | | | | |
| Licensed Beds | 443 | 443 | 443 | - | 443 | 443 | 443 | - |
| ADU | 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)% |
| Total Discharges | 2,698 | 3,306 | 3,130 | 176 | 17,346 | 18,249 | 17,824 | 1,425 |
| Total Discharges (Excl NNB) | 1,696 | 1,792 | 1,744 | 48 | 9,486 | 10,178 | 9,752 | 426 |

| 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 | | | | | | | | |
| ED | 12,303 | 14,386 | 13,033 | 1,353 | 74,058 | 81,660 | 77,182 | 4,478 |
| Procedural Cases | 4,156 | 4,271 | 4,191 | 80 | 23,488 | 24,531 | 23,685 | 846 |
| OP Surg | 440 | 549 | 452 | 97 | 2,503 | 2,959 | 2,576 | 383 |
| Endoscopy | 228 | 235 | 251 | (16) | 1,295 | 1,398 | 1,396 | 2 |
| Interventional | 153 | 168 | 160 | 8 | 1,505 | 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% | 44.1% | 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

<table>
<thead>
<tr>
<th>Period 6 FY 2019</th>
<th>Period 6 FY 2020</th>
<th>Period 6 Budget 2020</th>
<th>Variance FY 2020</th>
<th>$000s Var%</th>
<th>YTD FY 2019</th>
<th>YTD FY 2020</th>
<th>YTD Budget 2020</th>
<th>Variance $000s Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING REVENUE</td>
<td>Gross Revenue</td>
<td>(208,675)</td>
<td>(237,496)</td>
<td>(242,882)</td>
<td>(5,387)</td>
<td>2.2%</td>
<td>1,708,368</td>
<td>1,931,508</td>
</tr>
<tr>
<td>Deductions</td>
<td>(1,254,914)</td>
<td>(1,423,935)</td>
<td>(1,405,448)</td>
<td>(18,486)</td>
<td>(1.3%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Patient Revenue</td>
<td>453,454</td>
<td>507,573</td>
<td>495,473</td>
<td>12,101</td>
<td>2.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Operating Revenue</td>
<td>21,462</td>
<td>27,806</td>
<td>26,787</td>
<td>1,019</td>
<td>3.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Operating Revenue</td>
<td>474,916</td>
<td>535,379</td>
<td>522,260</td>
<td>13,119</td>
<td>2.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| OPERATING EXPENSE | Salaries & Wages | 43,460 | 46,746 | 47,146 | 400 | 0.8% | 250,727 | 275,279 | 276,186 | 908 (0.3%) |
| Supplies | 10,202 | 12,307 | 12,364 | 57 | 0.5% | 65,560 | 80,414 | 72,264 | (18,150) (11.3%) |
| Supplies | 9,396 | 12,673 | 13,103 | 429 | 3.3% | 61,307 | 84,322 | 78,390 | (5,993) (7.6%) |
| Supplies | 2,511 | 4,271 | 4,055 | (216) | (5.3%) | 15,620 | 22,766 | 24,432 | 1,776 6.8% |
| Supplies | 100 | (1,317) | 695 | 2,011 | 289.4% | 2,228 | 1,216 | 3,370 | 2,153 63.9% |
| Supplies | 4,315 | 4,087 | 4,601 | 513 | 11.2% | 25,792 | 26,087 | 27,814 | 1,727 6.2% |
| Total Operating Expense | 421,235 | 490,084 | 482,455 | (7,629) | (1.6%) |

| Net Operating Margin | 53,681 | 45,295 | 39,804 | 5,490 | 13.8% |
| Non Operating Income | (30,904) | 48,375 | 18,369 | 16,476 | 163.3% |
| Net Margin | 22,777 | 93,670 | 58,174 | 35,496 | 61.0% |

| EBITDA | 17.2% | 13.6% | 13.6% | (0.0%) |
| Operating Margin | 11.3% | 8.5% | 7.6% | 0.8% |
| Net Margin | 4.8% | 17.5% | 11.1% | 6.4% |
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
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>

<table>
<thead>
<tr>
<th>Revenue Adjustments</th>
<th>J</th>
<th>A</th>
<th>S</th>
<th>O</th>
<th>N</th>
<th>D</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mcare Settlm/Appeal/Tent Settlm/PIP</td>
<td>129</td>
<td>129</td>
<td>210</td>
<td>137</td>
<td>129</td>
<td>194</td>
<td>929</td>
</tr>
<tr>
<td>RAC Release</td>
<td>-</td>
<td>-</td>
<td>(746)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(746)</td>
</tr>
<tr>
<td>PRIME Incentive</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,944</td>
<td>1,944</td>
</tr>
<tr>
<td>Various Adjustments under $250k</td>
<td>9</td>
<td>4</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>138</td>
<td>133</td>
<td>(531)</td>
<td>137</td>
<td>129</td>
<td>2,138</td>
<td>2,145</td>
</tr>
</tbody>
</table>
# Investment Scorecard As of September 30, 2019

<table>
<thead>
<tr>
<th>Key Performance Indicator</th>
<th>Status</th>
<th>3Q 2019</th>
<th>Fiscal Year-to-date</th>
<th>FY19 Year End Budget</th>
<th>Expectation Per Asset Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment Performance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus cash balance*</td>
<td></td>
<td>$1,046.2</td>
<td>--</td>
<td>--</td>
<td>$892.9</td>
</tr>
<tr>
<td>Surplus cash return</td>
<td></td>
<td>0.8%</td>
<td>0.8%</td>
<td>5.6%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Cash balance plan balance (millions)</td>
<td></td>
<td>$278.3</td>
<td>--</td>
<td>--</td>
<td>$276.9</td>
</tr>
<tr>
<td>Cash balance plan return</td>
<td></td>
<td>0.2%</td>
<td>0.2%</td>
<td>7.9%</td>
<td>6.0%</td>
</tr>
<tr>
<td>403(b) plan balance (millions)</td>
<td></td>
<td>$516.7</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Risk vs. Return</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus cash Sharpe ratio</td>
<td></td>
<td>0.92</td>
<td>0.88</td>
<td>1.01</td>
<td>0.34</td>
</tr>
<tr>
<td>Net of fee return</td>
<td></td>
<td>6.4%</td>
<td>6.0%</td>
<td>5.6%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Standard deviation</td>
<td></td>
<td>5.3%</td>
<td>5.1%</td>
<td>4.8%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Cash balance Sharpe ratio</td>
<td></td>
<td>0.91</td>
<td>0.87</td>
<td>1.08</td>
<td>0.32</td>
</tr>
<tr>
<td>Net of fee return</td>
<td></td>
<td>7.6%</td>
<td>6.9%</td>
<td>7.5%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Standard deviation</td>
<td></td>
<td>6.7%</td>
<td>6.1%</td>
<td>6.2%</td>
<td>10.3%</td>
</tr>
<tr>
<td><strong>Asset Allocation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus cash absolute variances to target</td>
<td></td>
<td>10.2%</td>
<td>&lt; 10%</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Cash balance absolute variances to target</td>
<td></td>
<td>7.7%</td>
<td>&lt; 10%</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Manager Compliance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus cash manager flags</td>
<td></td>
<td>15</td>
<td>&lt; 24 Green, &lt; 30 Yellow</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Cash balance plan manager flags</td>
<td></td>
<td>20</td>
<td>&lt; 27 Green, &lt; 34 Yellow</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

*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

<table>
<thead>
<tr>
<th>Capital Spending (in 000's)</th>
<th>Actual FY2017</th>
<th>Actual FY2018</th>
<th>Actual FY2019</th>
<th>19-May</th>
<th>19-Dec</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERP</td>
<td>-</td>
<td>5,830</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IT Hardware / Software Equipment/EPIC</td>
<td>5,414</td>
<td>7,859</td>
<td>6,000</td>
<td>6,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Medical / Non Medical Equipment</td>
<td>9,556</td>
<td>12,082</td>
<td>18,000</td>
<td>18,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Facilities Total</td>
<td>82,953</td>
<td>158,010</td>
<td>268,937</td>
<td>217,782</td>
<td>(51,155)</td>
<td></td>
</tr>
<tr>
<td>Active</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mountain View Campus Master Plan Projects</td>
<td>62,493</td>
<td>140,000</td>
<td>130,289</td>
<td>107,122</td>
<td>(23,167)</td>
<td></td>
</tr>
<tr>
<td>Mountain View Capital Projects</td>
<td>5,535</td>
<td>9,620</td>
<td>61,375</td>
<td>59,047</td>
<td>(2,328)</td>
<td></td>
</tr>
<tr>
<td>Los Gatos Capital Projects</td>
<td>14,780</td>
<td>6,901</td>
<td>14,387</td>
<td>13,016</td>
<td>(1,370)</td>
<td></td>
</tr>
<tr>
<td>Placeholder/Deferred</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Strategic Capital Facility Projects</td>
<td>145</td>
<td>1,489</td>
<td>24,764</td>
<td>12,434</td>
<td>(12,329)</td>
<td></td>
</tr>
<tr>
<td>Other Major Projects</td>
<td>38,123</td>
<td>26,162</td>
<td>241,782</td>
<td></td>
<td></td>
<td>(51,155)</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>97,923</td>
<td>183,782</td>
<td>292,937</td>
<td></td>
<td></td>
<td>(51,155)</td>
</tr>
</tbody>
</table>
## FY20 Detail Cash Flow Significant Variances from Budget

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

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

## Assets

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>December 31, 2019</th>
<th>Audited</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>190,858</td>
<td>124,912</td>
<td></td>
</tr>
<tr>
<td>Short Term Investments</td>
<td>190,446</td>
<td>177,165</td>
<td></td>
</tr>
<tr>
<td>Patient Accounts Receivable, net</td>
<td>138,748</td>
<td>132,598</td>
<td></td>
</tr>
<tr>
<td>Other Accounts and Notes Receivable</td>
<td>8,468</td>
<td>5,058</td>
<td></td>
</tr>
<tr>
<td>Intercompany Receivables</td>
<td>8,616</td>
<td>5,058</td>
<td></td>
</tr>
<tr>
<td>Inventories and Prepaids</td>
<td>63,016</td>
<td>64,953</td>
<td></td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>570,284</td>
<td>511,176</td>
<td></td>
</tr>
</tbody>
</table>

## Board Designated Assets

| Foundation Board Designated | 18,252            | 16,495   |               |
| Plant & Equipment Fund      | 176,628           | 171,304  |               |
| Women's Hospital Expansion | 22,430            | 15,472   |               |
| Operational Reserve Fund    | 148,917           | 139,657  |               |
| Community Benefit Fund      | 18,624            | 18,260   |               |
| Workers Compensation Reserve Fund | 19,389        | 20,732   |               |
| PPA/HealthCare Reserve Fund | 30,132            | 29,400   |               |
| PTO Liability Fund          | 25,074            | 26,149   |               |
| Malpractice Reserve Fund    | 1,906             | 1,831    |               |
| Catastrophic Reserve Fund   | 21,634            | 19,678   |               |
| **Total Board Designated Assets** | 482,919        | 458,857  |               |

## Long Term Liabilities

<table>
<thead>
<tr>
<th>LONG TERM LIABILITIES</th>
<th>December 31, 2019</th>
<th>Audited</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post Retirement Benefits</td>
<td>30,133</td>
<td>29,408</td>
<td></td>
</tr>
<tr>
<td>Worker's Comp Reserve</td>
<td>19,389</td>
<td>18,432</td>
<td></td>
</tr>
<tr>
<td>Other L/T Obligations (Abebas)</td>
<td>4,034</td>
<td>3,675</td>
<td></td>
</tr>
<tr>
<td>Other L/T Liabilities (FF Med/Less)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Bond Payable</td>
<td>518,514</td>
<td>507,310</td>
<td></td>
</tr>
<tr>
<td><strong>Total Long Term Liabilities</strong></td>
<td>572,070</td>
<td>559,417</td>
<td></td>
</tr>
</tbody>
</table>

## Funds Held By Trustee

<table>
<thead>
<tr>
<th>FUNDS HELD BY TRUSTEE</th>
<th>Audited</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FUND BALANCE/CAPITAL ACCOUNTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>1,753,609</td>
<td>1,389,510</td>
</tr>
<tr>
<td><strong>FUTUHAL DIT AM UNRSTRICTED</strong></td>
<td>-</td>
<td>1,134</td>
</tr>
<tr>
<td><strong>FUTUHAL DIT AM INFOW OF RESOURCES</strong></td>
<td>-</td>
<td>13,715</td>
</tr>
</tbody>
</table>

## Charitable Gift Annuity Investments

<table>
<thead>
<tr>
<th>CHARITABLE GIFT ANNUITY INVESTMENTS</th>
<th>Audited</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>600</td>
<td>602</td>
<td></td>
</tr>
</tbody>
</table>

## Investments in Affiliates

<table>
<thead>
<tr>
<th>INVESTMENTS IN AFFILIATES</th>
<th>Audited</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>35,442</td>
<td>38,532</td>
<td></td>
</tr>
</tbody>
</table>

## Property and Equipment

<table>
<thead>
<tr>
<th>PROPERTY AND EQUIPMENT</th>
<th>Audited</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets at Cost</td>
<td>1,332,500</td>
<td>1,692,693</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td>(648,961)</td>
<td>(622,877)</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>468,016</td>
<td>375,694</td>
</tr>
<tr>
<td>Property, Plant &amp; Equipment - Net</td>
<td>1,151,548</td>
<td>1,069,816</td>
</tr>
</tbody>
</table>

## Deferred Outflows

<table>
<thead>
<tr>
<th>DEFERRED OUTFLOWS</th>
<th>Audited</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>33,501</td>
<td>33,876</td>
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## Restricted Assets

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<th>June 30, 2019</th>
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<tbody>
<tr>
<td>27,413</td>
<td>24,279</td>
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</tr>
</tbody>
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## Other Assets

<table>
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<th>June 30, 2019</th>
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</thead>
<tbody>
<tr>
<td>1,006</td>
<td>1,096</td>
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## Total Assets

<table>
<thead>
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<th>TOTAL ASSETS</th>
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</thead>
<tbody>
<tr>
<td>2,749,287</td>
<td>2,597,775</td>
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</table>
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
## Non Operating Items and Net Margin by Affiliate

$ in thousands

<table>
<thead>
<tr>
<th>El Camino Hospital Operating Margin</th>
<th></th>
<th></th>
<th></th>
<th>El Camino Hospital Operating Margin</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Period 6- Month</td>
<td>Actual</td>
<td>Budget</td>
<td>Variance</td>
<td>Period 6- FYTD</td>
<td>Actual</td>
<td>Budget</td>
<td>Variance</td>
</tr>
<tr>
<td>Mountain View</td>
<td>12,019</td>
<td>7,661</td>
<td>4,358</td>
<td>55,530</td>
<td>47,681</td>
<td>7,849</td>
<td></td>
</tr>
<tr>
<td>Los Gatos</td>
<td>4,447</td>
<td>2,174</td>
<td>2,272</td>
<td>10,684</td>
<td>9,076</td>
<td>1,608</td>
<td></td>
</tr>
<tr>
<td>Sub Total - El Camino Hospital, excl. Affiliates</td>
<td>16,466</td>
<td>9,835</td>
<td>6,630</td>
<td>66,214</td>
<td>56,757</td>
<td>9,456</td>
<td></td>
</tr>
<tr>
<td>Operating Margin %</td>
<td>18.9%</td>
<td>11.8%</td>
<td>13.0%</td>
<td>11.6%</td>
<td>13.0%</td>
<td>11.6%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>El Camino Hospital Non Operating Income</th>
<th></th>
<th></th>
<th></th>
<th>El Camino Hospital Non Operating Income</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub Total - Non Operating Income</td>
<td>12,035</td>
<td>2,637</td>
<td>9,398</td>
<td>43,101</td>
<td>15,749</td>
<td>27,352</td>
<td></td>
</tr>
<tr>
<td>El Camino Hospital Net Margin</td>
<td>28,501</td>
<td>12,472</td>
<td>16,028</td>
<td>109,315</td>
<td>72,507</td>
<td>36,808</td>
<td></td>
</tr>
<tr>
<td>ECH Net Margin %</td>
<td>32.6%</td>
<td>14.9%</td>
<td>21.5%</td>
<td>14.8%</td>
<td>14.8%</td>
<td>14.8%</td>
<td></td>
</tr>
</tbody>
</table>

| 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

**Service Line Volume**  
As of December 2019 (Last Updated 1/21/2020 3:40 AM)

<table>
<thead>
<tr>
<th></th>
<th>CURRENT MONTH</th>
<th>YEAR-TO-DATE</th>
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<tr>
<td></td>
<td>PY</td>
<td>CY</td>
</tr>
<tr>
<td><strong>IP</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Heart &amp; Vascular</td>
<td>200</td>
<td>217</td>
</tr>
<tr>
<td>MCH</td>
<td>443</td>
<td>456</td>
</tr>
<tr>
<td>Oncology</td>
<td>58</td>
<td>65</td>
</tr>
<tr>
<td>Orthopedics</td>
<td>135</td>
<td>144</td>
</tr>
<tr>
<td>Neurosciences</td>
<td>104</td>
<td>74</td>
</tr>
<tr>
<td>Spine Surgery</td>
<td>25</td>
<td>26</td>
</tr>
<tr>
<td>Behavioral Health</td>
<td>104</td>
<td>115</td>
</tr>
<tr>
<td>GYN</td>
<td>22</td>
<td>17</td>
</tr>
<tr>
<td>Urology</td>
<td>23</td>
<td>37</td>
</tr>
<tr>
<td>Other SLs</td>
<td>582</td>
<td>643</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,696</td>
<td>1,794</td>
</tr>
<tr>
<td><strong>OP</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emergency</td>
<td>4,156</td>
<td>4,279</td>
</tr>
<tr>
<td>Heart &amp; Vascular</td>
<td>339</td>
<td>395</td>
</tr>
<tr>
<td>MCH</td>
<td>467</td>
<td>480</td>
</tr>
<tr>
<td>Oncology</td>
<td>719</td>
<td>880</td>
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<tr>
<td>Orthopedics</td>
<td>58</td>
<td>106</td>
</tr>
<tr>
<td>Neurosciences</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Spine Surgery</td>
<td>27</td>
<td>23</td>
</tr>
<tr>
<td>Behavioral Health</td>
<td>215</td>
<td>223</td>
</tr>
<tr>
<td>GYN</td>
<td>144</td>
<td>120</td>
</tr>
<tr>
<td>Urology</td>
<td>152</td>
<td>166</td>
</tr>
<tr>
<td>Other SLs</td>
<td>5,067</td>
<td>6,959</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>11,352</td>
<td>13,629</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>13,048</td>
<td>15,423</td>
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### El Camino Hospital – Mountain View ($000s)

**Period ending 12/31/2019**

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<thead>
<tr>
<th>FY 2019</th>
<th>FY 2020</th>
<th>Budget 2020</th>
<th>Period 6</th>
<th>Period 6</th>
<th>Period 6</th>
<th>Variance</th>
<th>Var%</th>
<th>$000s</th>
<th>YTD FY 2019</th>
<th>YTD FY 2020</th>
<th>YTD Budget 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>231,745</td>
<td>254,788</td>
<td>256,660</td>
<td>(1,872)</td>
<td>(0.7%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,398,938</td>
<td>1,534,108</td>
<td>1,501,512</td>
</tr>
<tr>
<td>(169,502)</td>
<td>(188,808)</td>
<td>(191,358)</td>
<td>2,550</td>
<td>1.3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(1,026,802)</td>
<td>(1,129,361)</td>
<td>(1,116,251)</td>
</tr>
<tr>
<td>62,243</td>
<td>65,980</td>
<td>65,302</td>
<td>678</td>
<td>1.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>372,136</td>
<td>404,746</td>
<td>385,261</td>
</tr>
<tr>
<td>1,802</td>
<td>3,207</td>
<td>1,718</td>
<td>1,489</td>
<td>86.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12,908</td>
<td>11,639</td>
<td>12,432</td>
</tr>
<tr>
<td>64,045</td>
<td>69,186</td>
<td>67,020</td>
<td>2,167</td>
<td>3.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>385,044</td>
<td>416,385</td>
<td>397,693</td>
</tr>
<tr>
<td>35,496</td>
<td>37,066</td>
<td>37,339</td>
<td>273</td>
<td>0.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>205,687</td>
<td>217,602</td>
<td>218,072</td>
</tr>
<tr>
<td>8,105</td>
<td>9,822</td>
<td>9,279</td>
<td>(543)</td>
<td>(5.9%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>52,868</td>
<td>64,286</td>
<td>55,733</td>
</tr>
<tr>
<td>5,477</td>
<td>5,225</td>
<td>5,863</td>
<td>638</td>
<td>10.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>37,696</td>
<td>40,601</td>
<td>35,160</td>
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<tr>
<td>2,037</td>
<td>3,127</td>
<td>2,615</td>
<td>(512)</td>
<td>(19.6%)</td>
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<td></td>
<td></td>
<td></td>
<td>12,624</td>
<td>16,167</td>
<td>15,986</td>
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<tr>
<td>100</td>
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<td></td>
<td></td>
<td></td>
<td>2,228</td>
<td>1,215</td>
<td>3,370</td>
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<td>3,503</td>
<td>3,245</td>
<td>3,568</td>
<td>323</td>
<td>9.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>21,034</td>
<td>20,985</td>
<td>21,692</td>
</tr>
<tr>
<td>54,717</td>
<td>57,167</td>
<td>59,359</td>
<td>2,191</td>
<td>3.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>332,137</td>
<td>360,855</td>
<td>350,012</td>
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<tr>
<td>9,328</td>
<td>12,019</td>
<td>7,661</td>
<td>4,358</td>
<td>56.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>52,907</td>
<td>55,530</td>
<td>47,681</td>
</tr>
<tr>
<td>(20,746)</td>
<td>12,035</td>
<td>2,637</td>
<td>9,398</td>
<td>356.4%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(38,016)</td>
<td>43,101</td>
<td>15,749</td>
</tr>
<tr>
<td>(11,418)</td>
<td>24,054</td>
<td>10,298</td>
<td>13,756</td>
<td>133.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>14,891</td>
<td>98,631</td>
<td>63,430</td>
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<table>
<thead>
<tr>
<th></th>
<th>$000s</th>
<th>YTD FY 2019</th>
<th>YTD FY 2020</th>
<th>YTD Budget 2020</th>
<th>Variance</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING REVENUE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>FY 2019</td>
<td>FY 2020</td>
</tr>
<tr>
<td>Gross Revenue</td>
<td>1,398,938</td>
<td>1,534,108</td>
<td>1,501,512</td>
<td></td>
<td>(1,872)</td>
<td>(0.7%)</td>
</tr>
<tr>
<td>Deductions</td>
<td>(1,026,802)</td>
<td>(1,129,361)</td>
<td>(1,116,251)</td>
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<td>(13,110)</td>
<td>(1.2%)</td>
</tr>
<tr>
<td>Net Patient Revenue</td>
<td>372,136</td>
<td>404,746</td>
<td>385,261</td>
<td></td>
<td>(12,908)</td>
<td>(6.4%)</td>
</tr>
<tr>
<td>Other Operating Revenue</td>
<td>12,908</td>
<td>11,639</td>
<td>12,432</td>
<td></td>
<td>(793)</td>
<td>(6.4%)</td>
</tr>
<tr>
<td>Total Operating Revenue</td>
<td>385,044</td>
<td>416,385</td>
<td>397,693</td>
<td></td>
<td>18,692</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>$000s</th>
<th>YTD FY 2019</th>
<th>YTD FY 2020</th>
<th>YTD Budget 2020</th>
<th>Variance</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING EXPENSE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>FY 2019</td>
<td>FY 2020</td>
</tr>
<tr>
<td>Salaries &amp; Wages</td>
<td>205,687</td>
<td>217,602</td>
<td>218,072</td>
<td></td>
<td>470</td>
<td>0.2%</td>
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<tr>
<td>Supplies</td>
<td>52,868</td>
<td>64,286</td>
<td>55,733</td>
<td></td>
<td>(8,553)</td>
<td>(15.3%)</td>
</tr>
<tr>
<td>Fees &amp; Purchased Services</td>
<td>37,696</td>
<td>40,601</td>
<td>35,160</td>
<td></td>
<td>(5,441)</td>
<td>(15.5%)</td>
</tr>
<tr>
<td>Interest</td>
<td>2,228</td>
<td>1,215</td>
<td>3,370</td>
<td></td>
<td>2,154</td>
<td>63.9%</td>
</tr>
<tr>
<td>Depreciation</td>
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<td>20,985</td>
<td>21,692</td>
<td></td>
<td>707</td>
<td>3.3%</td>
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<tr>
<td>Total Operating Expense</td>
<td>332,137</td>
<td>360,855</td>
<td>350,012</td>
<td></td>
<td>(10,843)</td>
<td>(3.1%)</td>
</tr>
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<table>
<thead>
<tr>
<th></th>
<th>$000s</th>
<th>YTD FY 2019</th>
<th>YTD FY 2020</th>
<th>YTD Budget 2020</th>
<th>Variance</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Operating Margin</td>
<td>52,907</td>
<td>55,530</td>
<td>47,681</td>
<td></td>
<td>7,849</td>
<td>16.5%</td>
</tr>
<tr>
<td>Non Operating Income</td>
<td>(38,016)</td>
<td>43,101</td>
<td>15,749</td>
<td></td>
<td>27,352</td>
<td>173.7%</td>
</tr>
<tr>
<td>Net Margin</td>
<td>14,891</td>
<td>98,631</td>
<td>63,430</td>
<td></td>
<td>35,201</td>
<td>55.5%</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>FY 2019</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>19.8%</td>
<td>18.7%</td>
<td>18.3%</td>
<td></td>
<td>4.4%</td>
<td></td>
</tr>
<tr>
<td>Operating Margin</td>
<td>13.7%</td>
<td>13.3%</td>
<td>12.0%</td>
<td></td>
<td>1.3%</td>
<td></td>
</tr>
<tr>
<td>Net Margin</td>
<td>3.9%</td>
<td>23.7%</td>
<td>15.9%</td>
<td></td>
<td>7.7%</td>
<td></td>
</tr>
<tr>
<td>Period 6</td>
<td>Period 6</td>
<td>Period 6</td>
<td>Variance</td>
<td>$000s</td>
<td>YTD</td>
<td>YTD</td>
</tr>
<tr>
<td>----------</td>
<td>----------</td>
<td>----------</td>
<td>-----------</td>
<td>-------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>53,410</td>
<td>61,175</td>
<td>62,432</td>
<td>(1,257)</td>
<td>(2.0%)</td>
<td>305,137</td>
<td>354,607</td>
</tr>
<tr>
<td>(38,630)</td>
<td>(43,397)</td>
<td>(46,279)</td>
<td>2,883</td>
<td>6.2%</td>
<td>(225,366)</td>
<td>(264,419)</td>
</tr>
<tr>
<td>14,780</td>
<td>17,778</td>
<td>16,153</td>
<td>1,625</td>
<td>10.1%</td>
<td>79,771</td>
<td>90,188</td>
</tr>
<tr>
<td>279</td>
<td>379</td>
<td>272</td>
<td>107</td>
<td>39.4%</td>
<td>1,678</td>
<td>2,311</td>
</tr>
<tr>
<td>15,059</td>
<td>18,157</td>
<td>16,424</td>
<td>1,732</td>
<td>10.5%</td>
<td>81,449</td>
<td>92,499</td>
</tr>
<tr>
<td>7,334</td>
<td>7,632</td>
<td>7,611</td>
<td>(22)</td>
<td>(0.3%)</td>
<td>41,354</td>
<td>44,898</td>
</tr>
<tr>
<td>2,016</td>
<td>1,921</td>
<td>2,684</td>
<td>763</td>
<td>28.4%</td>
<td>12,343</td>
<td>13,482</td>
</tr>
<tr>
<td>2,601</td>
<td>2,957</td>
<td>2,729</td>
<td>(228)</td>
<td>(8.3%)</td>
<td>15,925</td>
<td>16,602</td>
</tr>
<tr>
<td>253</td>
<td>411</td>
<td>389</td>
<td>(22)</td>
<td>(5.7%)</td>
<td>1,914</td>
<td>2,056</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>763</td>
<td>788</td>
<td>837</td>
<td>49</td>
<td>5.8%</td>
<td>4,488</td>
<td>4,777</td>
</tr>
<tr>
<td>12,966</td>
<td>13,710</td>
<td>14,250</td>
<td>540</td>
<td>3.8%</td>
<td>76,026</td>
<td>81,815</td>
</tr>
<tr>
<td>2,093</td>
<td>4,447</td>
<td>2,174</td>
<td>2,272</td>
<td>104.5%</td>
<td>5,424</td>
<td>10,684</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2,093</td>
<td>4,447</td>
<td>2,174</td>
<td>2,272</td>
<td>104.5%</td>
<td>5,424</td>
<td>10,684</td>
</tr>
<tr>
<td>19.0%</td>
<td>28.8%</td>
<td>18.3%</td>
<td>10.5%</td>
<td>6.7%</td>
<td>12.2%</td>
<td>16.7%</td>
</tr>
<tr>
<td>13.9%</td>
<td>24.5%</td>
<td>13.2%</td>
<td>11.3%</td>
<td>6.7%</td>
<td>6.7%</td>
<td>11.6%</td>
</tr>
<tr>
<td>13.9%</td>
<td>24.5%</td>
<td>13.2%</td>
<td>11.3%</td>
<td>6.7%</td>
<td>6.7%</td>
<td>11.6%</td>
</tr>
</tbody>
</table>
## Silicon Valley Medical Development ($000s)

Period ending 12/31/2019

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

-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.

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Investment (30%) in Satellite</td>
<td>$3,016,603</td>
</tr>
<tr>
<td>Cash</td>
<td>$2,481,585</td>
</tr>
<tr>
<td>Equipment sold to Satellite</td>
<td>$583,738</td>
</tr>
<tr>
<td>Initial Investment Adjustment @ Close</td>
<td>$405,382</td>
</tr>
<tr>
<td>Cash or Equity provided ECH</td>
<td>$6,487,308</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Satellite Investment Beginning Balance</th>
<th>P&amp;L Gain / Loss</th>
<th>Partner Distributions</th>
<th>Satellite Investment Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 (2/1/15)</td>
<td>$3,016,603</td>
<td>($693,122)</td>
<td>-</td>
<td>$2,323,481</td>
</tr>
<tr>
<td>2016</td>
<td>2,323,481</td>
<td>(429,272)</td>
<td>363,000</td>
<td>1,531,209</td>
</tr>
<tr>
<td>2017</td>
<td>1,531,209</td>
<td>(671,849)</td>
<td>188,000</td>
<td>671,360</td>
</tr>
<tr>
<td>2018</td>
<td>671,360</td>
<td>(126,943)</td>
<td>180,300</td>
<td>364,117</td>
</tr>
<tr>
<td>2019</td>
<td>364,117</td>
<td>986,678</td>
<td>641,700</td>
<td>709,095</td>
</tr>
<tr>
<td>2020 (11/30/19)</td>
<td>709,095</td>
<td>401,011</td>
<td>298,200</td>
<td>811,906</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-</td>
<td>(533,497)</td>
<td>1,671,200</td>
<td>-</td>
</tr>
</tbody>
</table>
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.
# LOS GATOS

<table>
<thead>
<tr>
<th>Year</th>
<th>Patients (as of Dec)</th>
<th>Treatments</th>
<th>Revenue</th>
<th>Net Revenue</th>
<th>Net Rev. Yield (%)</th>
<th>EBITDA ($)</th>
<th>EBITDA (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>Actuals: 21</td>
<td>2,292</td>
<td>$822,330</td>
<td>$2,188,741</td>
<td>83.2%</td>
<td>($164,111)</td>
<td>-79%</td>
</tr>
<tr>
<td></td>
<td>Budget: 20</td>
<td>2,155</td>
<td>$709,456</td>
<td>$2,028,806</td>
<td>83.7%</td>
<td>$329</td>
<td>-118%</td>
</tr>
<tr>
<td>2016</td>
<td>Actuals: 19</td>
<td>1,001</td>
<td>$1,080,191</td>
<td>$2,348,702</td>
<td>86.4%</td>
<td>($499,864)</td>
<td>-46%</td>
</tr>
<tr>
<td></td>
<td>Budget: 20</td>
<td>3,250</td>
<td>$1,160,212</td>
<td>$2,578,481</td>
<td>84.8%</td>
<td>$572</td>
<td>-33%</td>
</tr>
<tr>
<td>2017</td>
<td>Actuals: 18</td>
<td>3,634</td>
<td>$1,383,446</td>
<td>$2,238,387</td>
<td>87.2%</td>
<td>($441,023)</td>
<td>-52%</td>
</tr>
<tr>
<td></td>
<td>Budget: 25</td>
<td>5,114</td>
<td>$2,113,617</td>
<td>$2,615,892</td>
<td>80.2%</td>
<td>$590</td>
<td>-22%</td>
</tr>
<tr>
<td>2018</td>
<td>Actuals: 16</td>
<td>5,355</td>
<td>$2,113,617</td>
<td>$1,605,892</td>
<td>85.7%</td>
<td>$536</td>
<td>22%</td>
</tr>
<tr>
<td></td>
<td>Budget: 38</td>
<td>1,001</td>
<td>$1,739,092</td>
<td>$2,219,273</td>
<td>80.2%</td>
<td>$429</td>
<td>-22%</td>
</tr>
</tbody>
</table>

**Graphs:**
- **Patients:** Increase from 2015 to 2018.
- **Revenue:** Increase from 2015 to 2018.
- **Net Revenue:** Increase from 2015 to 2018.
- **Net Rev. Yield (%):** Increase from 2015 to 2018.
- **EBITDA:** Decrease from 2015 to 2018.
<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019 (Projected Dec YTD)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Patients</strong> (as of Dec)</td>
<td>46.0</td>
<td>57.0</td>
<td>53.0</td>
<td>47.0</td>
<td>56.0</td>
</tr>
<tr>
<td><strong>Treatments</strong></td>
<td>9,400</td>
<td>9,799</td>
<td>2,141</td>
<td>7,386</td>
<td>7,343 ($23)</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>$2,303,506</td>
<td>$2,935,811</td>
<td>$3,000,835</td>
<td>$3,678,167</td>
<td>$3,613,102</td>
</tr>
<tr>
<td><strong>Net Rev. Yield</strong></td>
<td>$398</td>
<td>$295</td>
<td>$55</td>
<td>$401</td>
<td>$401 ($1)</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>$477,422 ($1,466,468)</td>
<td>$593,608 $644,844</td>
<td>$772,878 ($135,853)</td>
<td>$525</td>
<td>$1,333,143 ($546,303)</td>
</tr>
<tr>
<td><strong>EBITDA %</strong></td>
<td>10%</td>
<td>-15%</td>
<td>31%</td>
<td>22%</td>
<td>20%  (-5%)</td>
</tr>
</tbody>
</table>

**W8 MOUNTAIN VIEW**

**Revenue**

- **2015**: $398
- **2016**: $401
- **2017**: $401
- **2018**: $401
- **2019 (Projected Dec YTD)**: $401

**EBITDA**

- **2015**: $477,422
- **2016**: $593,608
- **2017**: $644,844
- **2018**: $772,878
- **2019 (Projected Dec YTD)**: $1,333,143 ($546,303)
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?
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.