

**AGENDA**  
**FINANCE COMMITTEE MEETING**  
**OF THE EL CAMINO HOSPITAL BOARD**  
**Monday, March 23, 2020 – 5:30 pm**

El Camino Hospital | 2495 Hospital Drive, Mountain View, CA 94040

**PURSUANT TO STATE OF CALIFORNIA EXECUTIVE ORDER N-29-20 Dated March 18, 2020, EL CAMINO HEALTH WILL NOT BE PROVIDING A PHYSICAL LOCATION FOR THIS MEETING. INSTEAD, THE PUBLIC IS INVITED TO JOIN THE OPEN SESSION MEETING VIA TELECONFERENCE AT 1-866-365-4406 MEETING CODE 9407053#.**

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

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>1. CALL TO ORDER / ROLL CALL</b>	John Zoglin, Chair		<b>5:30 – 5:31 pm</b>
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	John Zoglin, Chair		<b>information 5:31 – 5:32</b>
<b>3. PUBLIC COMMUNICATION</b> a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	John Zoglin, Chair		<b>information 5:32 – 5:35</b>
<b>4. CONSENT CALENDAR</b> <i>Any Committee Member may remove an item for discussion before a motion is made.</i>	John Zoglin, Chair	<i>public comment</i>	<b>motion required 5:35 – 5:37</b>
<b>Approval</b> a. <a href="#">Minutes of the Open Session of the Finance Committees (01/27/2020)</a> b. <a href="#">Minutes of the Open Session of the Joint Investment and Finance Committee (01/27/2020)</a> c. <a href="#">FY20 Period 7 Financials</a> <b>Information</b> d. <a href="#">Progress Against Goals</a> e. <a href="#">Committee Pacing Plan</a> f. <a href="#">Report on Major Capital Projects in Progress</a>			
<b>5. REPORT ON BOARD ACTIONS</b> <a href="#">ATTACHMENT 5</a>	John Zoglin, Chair		<b>information 5:37 – 5:42</b>
<b>6. FY20 PERIOD 8 FINANCIALS</b> <a href="#">ATTACHMENT 6</a>	Victor Cabrera, Director, Decision Support and Business Analytics	<i>public comment</i>	<b>motion required 5:42 – 5:57</b>
<b>7. MEDICAL NETWORK FINANCIAL DASHBOARD</b> <a href="#">ATTACHMENT 7</a>	Bruce Harrison, President, SVMD; David Neapolitan, VP of Finance, SVMD		<b>discussion 5:57 – 6:27</b>
<b>8. ADJOURN TO CLOSED SESSION</b>	John Zoglin, Chair		<b>motion required 6:27 – 6:28</b>
<b>9. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	John Zoglin, Chair		<b>information 6:28 – 6:29</b>

A copy of the agenda for the Regular Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting. In observance of the Americans with Disabilities Act, please notify us at 650-988-7504 prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<p><b>10. CONSENT CALENDAR</b>  <i>Any Committee Member may remove an item for discussion before a motion is made.</i>  <b>Approval</b>  <i>Gov't Code Section 54957.2:</i></p> <ul style="list-style-type: none"> <li>- Minutes of the Closed Session of the Finance Committees (01/27/2020)</li> <li>- Minutes of the Closed Session of the Joint Investment and Finance Committee (01/27/2020)</li> </ul> <p><b>Information</b>  <i>Health &amp; Safety Code Section 32106(b):</i></p> <ul style="list-style-type: none"> <li>- In-Patient Rehab Opportunity</li> </ul>	John Zoglin, Chair		<b>motion required</b> <b>6:29 – 6:30</b>
<p><b>11. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets:</b>  <b>PHYSICIAN CONTRACTS</b></p> <ul style="list-style-type: none"> <li>a. Enterprise Stroke &amp; Neurology On-Call Coverage Panel</li> <li>b. Enterprise Amended &amp; Restated Ortho Co-Management</li> <li>c. MV Urology On-Call Panel</li> <li>d. LG Urology On-Call Panel</li> <li>e. Enterprise Infection Control Medical Director Increase in Hours</li> </ul>	Mark Adams, MD, CMO		<b>information</b> <b>6:30 – 6:45</b>
<p><b>12. Health and Safety Code Section 32106(b) – for a report involving health care facility trade secrets:</b></p> <ul style="list-style-type: none"> <li>- Preview FY21 Budget</li> </ul>	Victor Cabrera, Director, Decision Support and Business Analytics		<b>discussion</b> <b>6:45 – 7:10</b>
<p><b>13. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets:</b></p> <ul style="list-style-type: none"> <li>- Summary of Physician Financial Arrangement (Year-End)</li> </ul>	Diane Wigglesworth, Senior Director, Corporate Compliance; Mark Adams, MD, CMO		<b>information</b> <b>7:10 – 7:25</b>
<p><b>14. Gov't Code Sections 54957 for report and discussion on personnel matters – Senior Management:</b></p> <ul style="list-style-type: none"> <li>- Executive Session</li> </ul>	John Zoglin, Chair		<b>information</b> <b>7:25 – 7:30</b>
<p><b>15. ADJOURN TO OPEN SESSION</b></p>	John Zoglin, Chair		<b>motion required</b> <b>7:30 – 7:31</b>
<p><b>16. RECONVENE OPEN SESSION / REPORT OUT</b></p> <p>To report any required disclosures regarding permissible actions taken during Closed Session.</p>	John Zoglin, Chair		<b>information</b> <b>7:31 – 7:32</b>
<p><b>17. PHYSICIAN CONTRACTS</b>  <b>Recommendation</b></p> <ul style="list-style-type: none"> <li>a. Enterprise Stroke &amp; Neurology On-Call Coverage Panel</li> <li>b. Enterprise Amended &amp; Restated Ortho Co-Management (pending Dan's approval)</li> <li>c. MV Urology On-Call Panel</li> <li>d. LG Urology On-Call Panel</li> <li>e. Enterprise Infection Control Medical Director Increase in Hours</li> </ul>	Mark Adams, MD, CMO	<i>public comment</i>	<b>motion required</b> <b>7:32 – 7:34</b>

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>18. CLOSING COMMENTS</b>	John Zoglin, Chair		<b>information 7:34 – 7:37</b>
<b>19. ADJOURNMENT</b>	John Zoglin, Chair	<i>public comment</i>	<b>motion required 7:37 – 7:38</b>

**Upcoming Meetings:**

Regular Meetings: 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, January 27, 2020  
El Camino Hospital | Conference Room A&B  
2500 Grant Road, Mountain View, CA 94040**

**Members Present**

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

**Members Absent**

\*\*via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
<b>1. CALL TO ORDER/ ROLL CALL</b>	The open session meeting of the Finance Committee of El Camino Hospital (the "Committee") was called to order at 6:30pm by Chair John Zoglin. Boyd Faust participated via teleconference. All other members were present.	
<b>2. POTENTIAL CONFLICT OF INTEREST</b>	Chair Zoglin asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
<b>3. PUBLIC COMMUNICATION</b>	There were no comments from the public.	
<b>4. CONSENT CALENDAR</b>	<p>Chair Zoglin asked if any member of the Committee wished to remove an item from the consent calendar.</p> <p>Chair Zoglin removed Item 4(e) Article of Interest and Item 4(b) Financial Report (FY20 Period 5) for discussion.</p> <p>Iftikhar Hussain, CFO, commented that the current Article of Interest included in the packet was from last year and provided the Committee members with a more recent publication.</p> <p>Motion: To approve the consent calendar: (a) Minutes of the Open Session of the Finance Committee Meeting (11/25/2019), (b) Financial Report (FY20 Period 5), and for information: (c) Progress Against Goals, (d) Committee Pacing Plan, (e) Article of Interest, (f) Report on Major Capital Projects in Progress.</p> <p><b>Movant:</b> Kalbach <b>Second:</b> Chow <b>Ayes:</b> Chow, Faust, Kalbach, Zoglin, Watters, and Juelis <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None</p>	<b><i>Consent Calendar was approved.</i></b>
<b>5. REPORT ON BOARD ACTIONS</b>	Chair Zoglin asked the Committee for any questions or feedback on the Report on Board Actions as further detailed in the packet.	
<b>6. FY20 PERIOD 6 FINANCIALS</b>	Iftikhar Hussain, CFO, provided highlights of the FY20 Period 6 Financials as further detailed in the materials submitted. Mr. Hussain reviewed November and December volumes, revenues, monthly financial trends, productivity, and operating margin. He noted that in November, there were high expenses, however, by the end of December volume and	<b><i>Financials were approved.</i></b>

	<p>revenues were very strong. The projection for budgeting was for \$290M for this year. However, according to this first update, he is projecting \$50M less than budgeted. Mr. Hussain stated that every month for ED volume has been higher than expected and reviewed a graph showing the time arrived, mode of transportation, etc.</p> <p>Mr. Hussain stated he will fix the Performa schedule for it to be changed to a consolidation in operating margin instead of it being hospital only.</p> <p>In response to Committee member questions, he explained that what really drives the Payor Mix is the Maternal Child Health volume.</p> <p><b>Motion:</b> To recommend the Board approve the FY20 Period 6 Financials.</p> <p><b>Movant:</b> Kalbach  <b>Second:</b> Juelis  <b>Ayes:</b> Chow, Faust, Kalbach, Zoglin, Watters, and Juelis  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<p><b>7. SATELLITE DIALYSIS PERFORMANCE</b></p>	<p>Mr. Hussain stated that the primary purpose of this presentation is to understand the original intent of the JV and information to guide the organization as to whether or not it should invest in possible future opportunities. The joint venture with Satellite did not start until 2015. For the value of the El Camino business, it received a total of \$6M with \$3M in cash and the other \$3M stayed with the venture.</p> <p>Payam Pardis, VP, Business Development, Satellite Dialysis presented on behalf of Satellite Dialysis. He stated that the graphs in the Committee materials present a consolidated view of all the joint ventures between satellite and ECH. Most of the graphs follow the same trend with the exception of Los Gatos, which is lacking in growth. Under EBITDA, when we started in 2015 through 2017, we've had a higher cost and that was mainly because of the inefficiency of a staffing model to bring travel nurses to the market, which raised costs. Mr. Pardis stated that a growth strategy is in the works with El Camino to grow the center at Los Gatos. In Mountain View, there are two centers next to each other, In-Center Dialysis and the Home Program.</p> <p>In response to Committee member's questions, Mr. Hussain stated that there have been improved operations since last year. Mr. Pardis also stated that there will be a massive amount of change coming up. Satellite has a five (5) year strategy with all modalities in all the centers including more than \$150M in investments in technology and platform, variables, and other equipment that can help patients. Los Gatos is the only location that is only "in-center", but it can be reconfigured to include at home service. Moving to at home is the forefront of everything Satellite does these days. Mr. Pardis also stated that quality is the most important pillar. The way quality is measured within Dialysis Centers, there are two star ratings: Quality of Care and Patient Experience. Satellite has the highest quality of care in dialysis across the nation. All of the current centers presented are 4 or 5 star. Mr. Pardis stated that about 50% of the patients come from hospitals. They come into the ER and get referred to an in-center location for dialysis. There is a lot of change in the reimbursement rate. If you are moving patients to at-home, there will be benefits. If you don't, you continue with the same level of practice, which results in 15%</p>	

	<p>loss of reimbursement, depending on how you change the current business model. Mr. Pardis stated that the current centers are at maximum capacity so the modalities can't change. However, there is an opportunity to build more centers.</p>	
<p><b>8. ADJOURN TO CLOSED SESSION</b></p>	<p><b>Motion:</b> To adjourn to closed session at 7:24pm.  <b>Movant:</b> Kalbach  <b>Second:</b> Chow  <b>Ayes:</b> Chow, Faust, Kalbach, Zoglin, Juelis, and Watters  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<p><i>Adjourned to closed session at 7:24pm</i></p>
<p><b>9. AGENDA ITEM 15: RECONVENE OPEN SESSION/ REPORT OUT</b></p>	<p>The open session reconvened at 8:44 pm. Agenda Items 9-14 were covered in closed session. During the closed session, the Committee approved Meeting Minutes of the Closed Session of the Finance Committee (11/25/2019) by a unanimous vote of all members present (Zoglin, Chow, Faust, Kalbach, Juelis and Watters).</p>	
<p><b>10. AGENDA ITEM 16: APPROVAL OF PHYSICIAN CONTRACTS</b></p>	<p><b>Motion:</b> To approve the (a) Urology Call Panel for the LG Campus renewal, and to recommend Board approval of the (b) Bariatric Surgery Call Panel for the MV Campus renewal, and the (c) Interventional Radiology Call Panel for the MV Campus renewal.  <b>Movant:</b> Kalbach  <b>Second:</b> Watters  <b>Ayes:</b> Chow, Faust, Kalbach, Zoglin, Watters, and Juelis  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<p><i>Physician Contracts approved.</i></p>
<p><b>11. AGENDA ITEM 17: FINANCE COMMITTEE RECRUITMENT: POSSIBLE APPOINTMENT OF AD HOC COMMITTEE</b></p>	<p>Ms. Murphy presented the option of recruitment of an additional community member to join the Finance Committee, subject to board approval.  When prompted, Committee members suggested ideal candidates would have the following kinds of knowledge and experience:</p> <ul style="list-style-type: none"> <li>- Background in healthcare</li> <li>- Financial skills</li> <li>- Facilities or project management skills</li> <li>- Someone from the South Bay or Los Gatos area</li> <li>- Diversity (e.g. a female)</li> <li>- Insurance or payor type experience</li> <li>- Experience with a large company (i.e. Google, Apple, etc.)</li> <li>- Medical group experience</li> </ul> <p>Chair Zoglin commented that he would work with staff on developing a position description and sourcing candidates. He invited other Committee members to participate in the effort and Mr. Watters agreed to do so.</p>	
<p><b>12. AGENDA ITEM 18: CLOSING COMMENTS</b></p>	<p>None noted.</p>	

<b>13. AGENDA ITEM 20: ADJOURNMENT</b>	<b>Motion:</b> To adjourn at 8:59pm <b>Movant:</b> Kalbach <b>Second:</b> Chow <b>Ayes:</b> Chow, Faust, Kalbach, Zoglin, Watters, and Juelis <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None	<i>Meeting adjourned at 8:59pm</i>
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**Attest as to the approval of the foregoing minutes by the Finance Committee of El Camino Hospital:**

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John Zoglin  
Chair, Finance Committee

DRAFT



**Minutes of the Open Session of the Joint Meeting  
of the Finance Committee and the Investment Committee  
of the El Camino Hospital Board of Directors  
Monday, January 27, 2020  
El Camino Hospital | Conference Room A&B  
2500 Grant Road, Mountain View, CA 94040**

**Members Present**

*Finance Committee*

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

*Investment Committee*

- Gary Kalbach, Chair**  
**Julia E. Miller**  
**Jack Po, MD**  
**Nicola Boone**  
**John Conover**  
**Brooks Nelson**

**Members Absent**

\*\*via teleconference

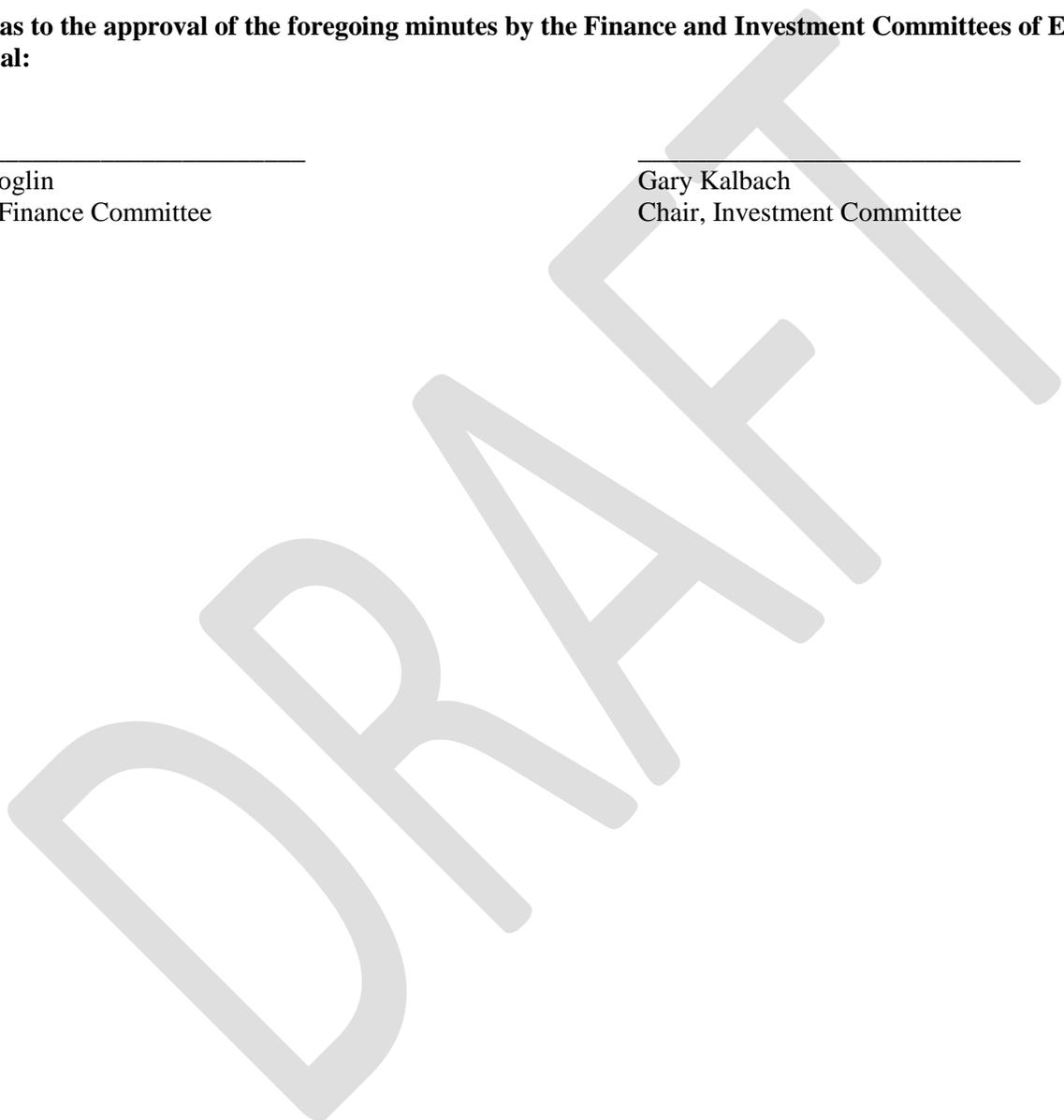
Agenda Item	Comments/Discussion	Approvals/ Action
<b>1. CALL TO ORDER/ ROLL CALL</b>	The open session of the Joint Meeting of the Finance Committee and Investment Committee of El Camino Hospital was called to order at 5:30pm by Finance Committee Chair John Zoglin. Roll call was taken. Boyd Faust participated via teleconference. All other members were present.	
<b>2. POTENTIAL CONFLICT OF INTEREST</b>	Chair Zoglin asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
<b>3. PUBLIC COMMUNICATION</b>	There were no comments from the public.	
<b>4. ADJOURN TO CLOSED SESSION</b>	<p><b>Motion:</b> To adjourn to closed session at 5:33pm.</p> <p><b>Movant:</b> Kalbach</p> <p><b>Second:</b> Po</p> <p><b>Ayes:</b> Zoglin, Watters, Chow, Faust, Juelis, Miller, Boone, Conover, Nelson, Kalbach, Po</p> <p><b>Noes:</b> None</p> <p><b>Abstentions:</b> None</p> <p><b>Absent:</b> None</p> <p><b>Recused:</b> None</p>	<i>Adjourned to closed session at 5:33pm</i>
<b>5. AGENDA ITEM 8: RECONVENE OPEN SESSION/ REPORT OUT</b>	The open session reconvened at 6:22pm. Agenda Items 5-7 were covered in closed session. There were no actions taken in the closed session.	
<b>6. AGENDA ITEM 9: CLOSING COMMENTS</b>	None.	

<b>7. AGENDA ITEM 10: ADJOURNMENT</b>	<b>Motion:</b> To adjourn at 6:22pm. <b>Movant:</b> Kalbach <b>Second:</b> Miller <b>Ayes:</b> Zoglin, Watters, Chow, Faust, Po, Juelis, Boone, Conover, Nelson, Kalbach, Miller <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None	<b>Meeting adjourned at 6:22pm</b>
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**Attest as to the approval of the foregoing minutes by the Finance and Investment Committees of El Camino Hospital:**

\_\_\_\_\_  
John Zoglin  
Chair, Finance Committee

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Gary Kalbach  
Chair, Investment Committee





# El Camino Health

## Summary of Financial Operations

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

# Financial Overview – January Year to Date

## Financial Performance

- Strong outpatient volumes continue to drive year to date operating margin favorable variance, \$8.0M (17%). Despite the higher volumes, expenses continue to remain near budgeted levels
  - Patient Revenue favorable to budget by \$17.1M (3%)
  - Operating expense is near 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 1,580 ADs (8%) and favorable to prior year by 12%
  - Mountain View: Favorable to budget by 1,152 ADs (7%) and favorable to prior year by 10%
    - Infusion Volumes favorable to budget by 502 encounters (11%) - extended hours and increased productivity
    - Overall procedural volume favorable to budget by 716 cases (4%)
  - Los Gatos: Favorable to budget by 428 ADs (11%) and favorable to prior year by 21%
    - Excluding budgeted Infusion volumes, procedural volume favorable to budget by 382 cases (11%)
    - Orthopedics & Spine surgeries favorable to budget by 195 cases (32%) due to high producing ortho/spine surgeons)
    - General Surgery – Ophthalmology 92 cases
    - Endoscopy – 97 cases

## Payor Mix

- Payor mix continues at budget year to date

## Productivity

- Year to date FTEs are in line with targets

# Financial Overview - January

## Financial Performance

- Operating Margin favorable variance was \$2.5M (42%). Driven by:
  - Patient Revenue was favorable to budget \$5.0M (6%)
  - Operating Expense was unfavorable to budget by \$2.4M (3%)
- Non Operating Income continues to be favorable due to positive Investment results

## Hospital Volume

- Adjusted Discharges (AD) continue to be favorable to budget for January 155 ADs (5%) and favorable to prior year by 12%
  - Mountain View: Favorable to budget by 145 ADs (5.7%) and favorable to prior year by 11%
  - Los Gatos: Favorable to budget by 10 ADs (2%) and favorable to prior year by 18%

## Payor Mix

- Commercial payor mix is favorable to budget by 2% in January.

## Dashboard - as of January 31, 2020

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
<b>Consolidated Financial Perf.</b>								
Total Operating Revenue	85,042	94,280	89,428	4,853	559,958	629,659	611,687	17,972
Operating Expenses	74,767	85,918	83,537	(2,382)	496,002	576,003	565,992	(10,011)
Operating Margin \$	10,275	8,362	5,891	2,471	63,956	53,657	45,696	7,961
Operating Margin %	12.1%	8.9%	6.6%	2.3%	11.4%	8.5%	7.5%	1.1%
EBIDA \$	14,936	14,974	12,679	2,295	96,638	87,572	83,667	3,905
EBIDA %	17.6%	15.9%	14.2%	1.7%	17.3%	13.8%	13.7%	0.2%
<b>Hospital Volume</b>								
<b>Licensed Beds</b>	443	443	443	-	443	443	443	-
ADC	259	264	252	12	234	237	238	(1)
Utilization MV	71%	74%	69%	5.6%	64%	65%	64%	0.5%
Utilization LG	32%	29%	33%	(3.7%)	29%	30%	32%	(2.0%)
Utilization Combined	59%	60%	57%	2.6%	53%	54%	54%	(0.3%)
Adjusted Discharges	2,934	3,294	3,139	155	20,180	22,542	20,963	1,579
Total Discharges (Excl NNB)	1,680	1,787	1,750	37	11,166	11,966	11,502	464
Total Discharges	2,021	2,132	2,106	26	13,561	14,452	13,954	498
<b>Inpatient Cases</b>								
MS Discharges	1,184	1,262	1,207	55	7,669	8,307	7,823	484
Deliveries	360	376	366	10	2,540	2,633	2,576	57
BHS	93	112	126	(14)	667	719	757	(38)
Rehab	43	37	51	(14)	290	307	346	(39)
<b>Outpatient Cases</b>	12,657	14,948	13,395	1,553	86,715	96,586	90,577	6,009
ED	4,105	4,402	4,139	263	27,593	28,936	27,824	1,112
Procedural Cases				-				-
OP Surg	388	394	396	(2)	2,891	3,297	2,972	325
Endo	214	226	233	(7)	1,509	1,624	1,628	(4)
Interventional	159	171	167	4	1,264	1,256	1,325	(69)
All Other	7,791	9,755	8,461	1,294	53,458	61,473	56,828	4,645
<b>Hospital Payor Mix</b>								
Medicare	53.0%	49.9%	48.9%	1.0%	47.7%	49.0%	48.4%	0.7%
Medi-Cal	8.3%	6.6%	8.5%	(1.9%)	8.1%	7.5%	8.0%	(0.6%)
Commercial IP	17.4%	20.7%	20.7%	(0.0%)	20.9%	19.3%	20.7%	(1.4%)
Commercial OP	18.9%	20.6%	19.6%	0.9%	20.9%	21.8%	20.6%	1.2%
Total Commercial	36.2%	41.3%	40.4%	0.9%	41.8%	41.1%	41.3%	(0.2%)
Other	2.5%	2.3%	2.2%	0.0%	2.4%	2.4%	2.3%	0.1%
<b>Hospital Cost</b>								
Total FTE	2,692.3	2,838.7	2,889.7	50.9	2,638.5	2,788.3	2,779.0	(9.3)
Productive Hrs/APD	29.5	28.9	31.0	2.0	30.7	30.9	31.9	0.9
<b>Consolidated Balance Sheet</b>								
Net Days in AR	47.1	50.5	49.0	(1.5)	47.1	50.5	49.0	(1.5)
Days Cash	498	460	435	25	498	460	435	25

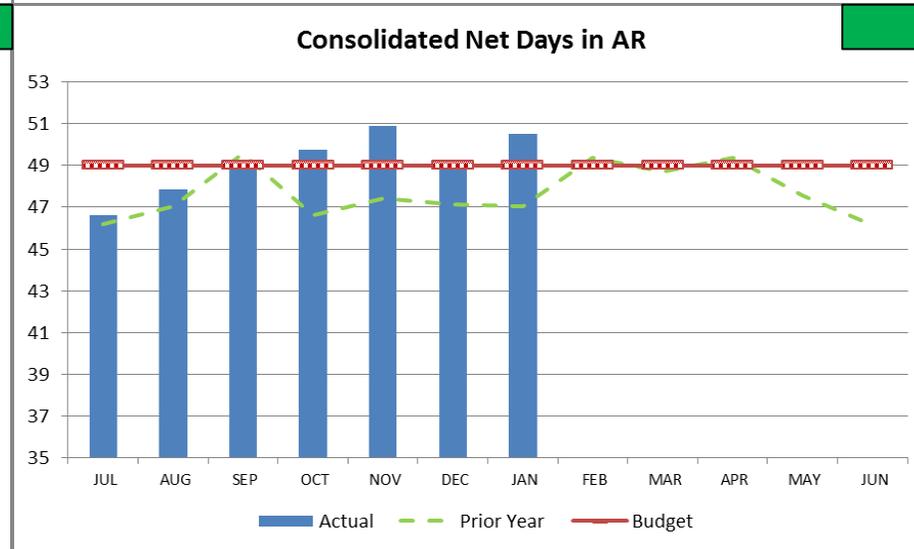
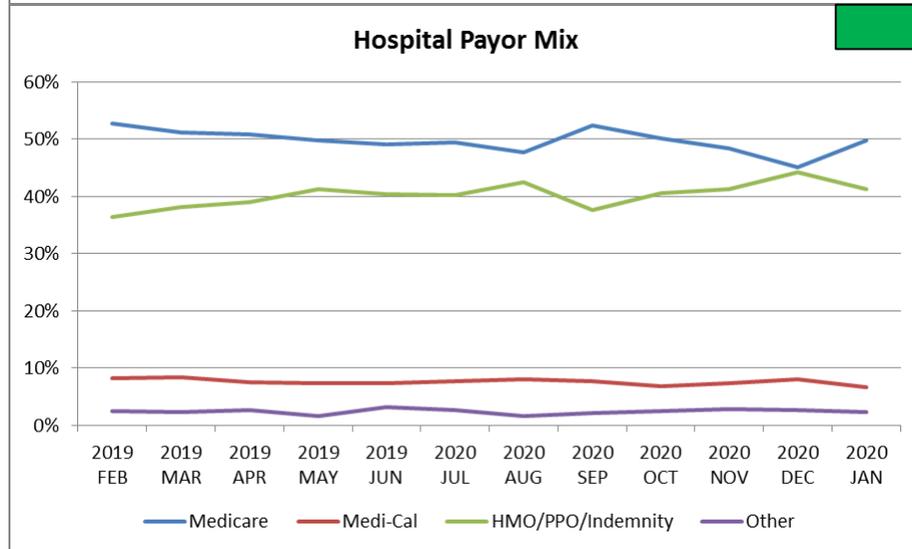
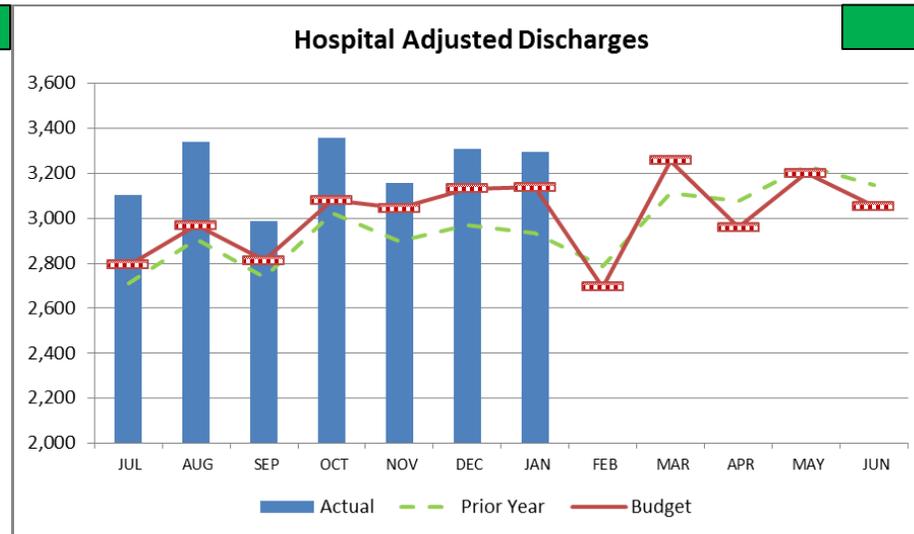
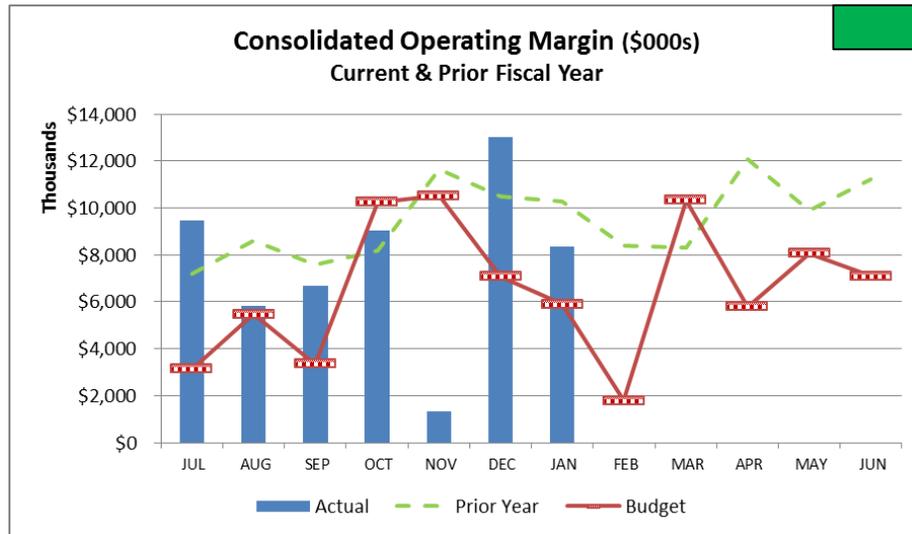
\*Beginning with the June FY 19 report, the Dashboard and the financial report has been updated to show the ECH consolidated results instead of just the Hospitals. The descriptions of the metrics indicate whether the data is hospital only.

# Consolidated Statement of Operations (\$000s)

Period ending 01/31/2020

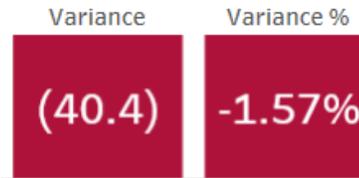
Period 7 FY 2019	Period 7 FY 2020	Period 7 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
305,591	346,412	327,742	18,670	5.7%	<b>Gross Revenue</b>	2,013,959	2,277,920	2,228,664	49,257	2.2%
(223,495)	(256,441)	(242,797)	(13,644)	(5.6%)	<b>Deductions</b>	(1,478,409)	(1,680,375)	(1,648,245)	(32,130)	(1.9%)
<b>82,096</b>	<b>89,972</b>	<b>84,945</b>	<b>5,026</b>	<b>5.9%</b>	<b>Net Patient Revenue</b>	<b>535,550</b>	<b>597,545</b>	<b>580,418</b>	<b>17,127</b>	<b>3.0%</b>
2,946	4,309	4,482	(174)	(3.9%)	<b>Other Operating Revenue</b>	24,408	32,114	31,269	845	2.7%
<b>85,042</b>	<b>94,280</b>	<b>89,428</b>	<b>4,853</b>	<b>5.4%</b>	<b>Total Operating Revenue</b>	<b>559,958</b>	<b>629,659</b>	<b>611,687</b>	<b>17,972</b>	<b>2.9%</b>
					<b>OPERATING EXPENSE</b>					
44,771	48,046	47,798	(249)	(0.5%)	<b>Salaries &amp; Wages</b>	295,498	323,325	323,984	659	0.2%
11,575	12,923	12,294	(629)	(5.1%)	<b>Supplies</b>	77,135	93,337	84,557	(8,779)	(10.4%)
11,074	14,682	13,132	(1,550)	(11.8%)	<b>Fees &amp; Purchased Services</b>	72,381	99,004	91,522	(7,483)	(8.2%)
2,687	3,655	3,525	(129)	(3.7%)	<b>Other Operating Expense</b>	18,307	26,421	27,957	1,536	5.5%
269	1,552	1,428	(124)	(8.7%)	<b>Interest</b>	2,497	2,769	4,798	2,029	42.3%
4,392	5,059	5,359	300	5.6%	<b>Depreciation</b>	30,184	31,146	33,173	2,027	6.1%
<b>74,767</b>	<b>85,918</b>	<b>83,537</b>	<b>(2,382)</b>	<b>(2.9%)</b>	<b>Total Operating Expense</b>	<b>496,002</b>	<b>576,003</b>	<b>565,992</b>	<b>(10,011)</b>	<b>(1.8%)</b>
<b>10,275</b>	<b>8,362</b>	<b>5,891</b>	<b>2,471</b>	<b>41.9%</b>	<b>Net Operating Margin</b>	<b>63,956</b>	<b>53,657</b>	<b>45,696</b>	<b>7,961</b>	<b>17.4%</b>
23,190	4,510	3,300	1,210	36.7%	<b>Non Operating Income</b>	(7,713)	52,885	21,669	31,216	144.1%
<b>33,466</b>	<b>12,872</b>	<b>9,191</b>	<b>3,680</b>	<b>40.0%</b>	<b>Net Margin</b>	<b>56,243</b>	<b>106,542</b>	<b>67,365</b>	<b>39,177</b>	<b>58.2%</b>
17.6%	15.9%	14.2%	1.7%		<b>EBITDA</b>	17.3%	13.9%	13.7%	0.2%	
12.1%	8.9%	6.6%	2.3%		<b>Operating Margin</b>	11.4%	8.5%	7.5%	1.1%	
39.4%	13.7%	10.3%	3.4%		<b>Net Margin</b>	10.0%	16.9%	11.0%	5.9%	

# Monthly Financial Trends



# Productivity is Favorable YTD

Current PP Worked  
FTE over Target



YTD Worked FTE  
over Target



Note: Data is for Combined Hospital only.

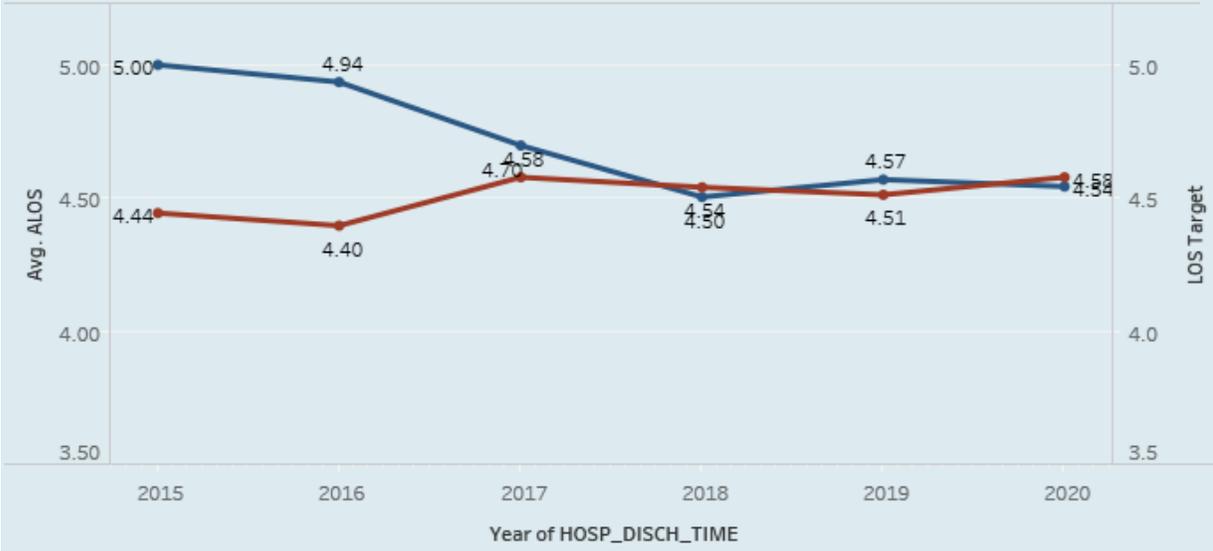
Variable department target hours and FTE variance are driven by volumes times the budgeted standard. Volume data is based on service date and is updated when charges are entered or reversed. This may cause target hours to change in historical pay periods.

# Medicare Length of Stay

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

ALOS is close to target

Average Length of Stay Trend by Month/Year



Average Length of Stay Trend by Month/Year



— Actual — Benchmark

# ECH Hospital Operating Margin

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



FY 2020 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>								
Revenue Adjustments								
	J	A	S	O	N	D	J	YTD
Mcare Settltmt/Appeal/Tent Settltmt/PIP	129	129	210	137	129	194	129	1,059
RAC Release	-	-	(746)	-	-	-	-	(746)
PRIME Incentive	-	-	-	-	-	1,944	-	1,944
Various Adjustments under \$250k	9	4	5	18	6	8	12	62
<b>Total</b>	<b>138</b>	<b>133</b>	<b>(531)</b>	<b>155</b>	<b>136</b>	<b>2,146</b>	<b>141</b>	<b>2,318</b>

# INVESTMENT SCORECARD AS OF DECEMBER 31, 2019

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY20 Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>		<b>4Q 2019</b>		<b>Fiscal Year-to-date</b>		<b>7y 2m Since Inception (annualized)</b>		<b>FY 2020</b>	<b>2019</b>
Surplus cash balance*		\$1,087.8	--	--	--	--	--	--	--
Surplus cash return		3.9%	4.2%	4.8%	4.9%	5.9%	5.8%	4.0%	5.6%
Cash balance plan balance (millions)		\$293.8	--	--	--	--	--	--	--
Cash balance plan return		5.3%	5.1%	5.6%	5.7%	8.1%	7.4%	6.0%	6.0%
403(b) plan balance (millions)		\$548.4	--	--	--	--	--	--	--
<b>Risk vs. Return</b>		<b>3-year</b>			<b>7y 2m Since Inception (annualized)</b>				<b>2019</b>
Surplus cash Sharpe ratio		1.14	1.11	--	--	1.09	1.08	--	0.34
Net of fee return		7.8%	7.4%	--	--	5.9%	5.8%	--	5.6%
Standard deviation		5.2%	5.1%	--	--	4.7%	4.7%	--	8.7%
Cash balance Sharpe ratio		1.16	1.09	--	--	1.17	1.12	--	0.32
Net of fee return		9.6%	8.5%	--	--	8.1%	7.4%	--	6.0%
Standard deviation		6.6%	6.1%	--	--	6.2%	5.8%	--	10.3%
<b>Asset Allocation</b>		<b>4Q 2019</b>							
Surplus cash absolute variances to target		9.4%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		7.4%	< 10%	--	--	--	--	--	--
<b>Manager Compliance</b>		<b>4Q 2019</b>							
Surplus cash manager flags		9	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		11	< 27 Green < 34 Yellow	--	--	--	--	--	--

\*Excludes debt reserve funds (~\$53 mm), District assets (~\$38 mm), and balance sheet cash not in investable portfolio. 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.

# Consolidated Balance Sheet

(in thousands)

## ASSETS

	Audited	
	January 31, 2020	June 30, 2019
<b>CURRENT ASSETS</b>		
Cash	82,115	124,912
Short Term Investments	257,733	177,165
Patient Accounts Receivable, net	145,322	132,198
Other Accounts and Notes Receivable	6,200	5,058
Intercompany Receivables	40,724	8,549
Inventories and Prepaids	69,226	64,093
<b>Total Current Assets</b>	<b>601,319</b>	<b>511,976</b>
<b>BOARD DESIGNATED ASSETS</b>		
Foundation Board Designated	17,567	16,895
Plant & Equipment Fund	182,210	171,304
Women's Hospital Expansion	22,430	15,472
Operational Reserve Fund	148,917	139,057
Community Benefit Fund	18,729	18,260
Workers Compensation Reserve Fund	-	20,732
Postretirement Health/Life Reserve Fund	-	29,480
PTO Liability Fund	-	26,149
Malpractice Reserve Fund	1,838	1,831
Catastrophic Reserves Fund	20,605	19,678
<b>Total Board Designated Assets</b>	<b>412,296</b>	<b>458,857</b>
<b>FUNDS HELD BY TRUSTEE</b>	<b>42,035</b>	<b>83,073</b>
<b>LONG TERM INVESTMENTS</b>	<b>403,319</b>	<b>375,729</b>
<b>CHARITABLE GIFT ANNUITY INVESTMENTS</b>	<b>573</b>	<b>602</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>35,442</b>	<b>38,532</b>
<b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,334,954	1,692,693
Less: Accumulated Depreciation	(654,021)	(622,877)
<b>Property, Plant &amp; Equipment - Net</b>	<b>1,156,372</b>	<b>1,069,816</b>
<b>DEFERRED OUTFLOWS</b>	<b>33,451</b>	<b>33,876</b>
<b>RESTRICTED ASSETS</b>	<b>27,686</b>	<b>24,279</b>
<b>OTHER ASSETS</b>	<b>976</b>	<b>1,036</b>
<b>TOTAL ASSETS</b>	<b>2,713,469</b>	<b>2,597,775</b>

## LIABILITIES AND FUND BALANCE

	Audited	
	January 31, 2020	June 30, 2019
<b>CURRENT LIABILITIES</b>		
Accounts Payable	47,087	38,390
Salaries and Related Liabilities	10,190	30,296
Accrued PTO	25,294	26,502
Third Party Settlements	12,477	11,331
Intercompany Payables	41,627	8,464
Bonds Payable - Current	9,128	8,630
Bond Interest Payable	460	12,775
Other Liabilities	1,490	14,577
<b>Total Current Liabilities</b>	<b>151,851</b>	<b>150,966</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	29,579	29,480
Worker's Comp Reserve	19,754	18,432
Other L/T Obligation (Asbestos)	4,044	3,975
Bond Payable	509,576	507,531
<b>Total Long Term Liabilities</b>	<b>562,953</b>	<b>559,417</b>
<b>DEFERRED REVENUE-UNRESTRICTED</b>	<b>1,560</b>	<b>1,113</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>13,268</b>	<b>13,715</b>
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	1,766,481	1,389,510
Board Designated	189,950	458,839
Restricted	27,405	24,215
<b>Total Fund Bal &amp; Capital Accts</b>	<b>1,983,837</b>	<b>1,872,563</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>2,713,469</b>	<b>2,597,775</b>

# APPENDIX

# Non Operating Items and Net Margin by Affiliate

\$ in thousands

	Period 7- Month			Period 7- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Operating Margin</b>						
Mountain View	9,968	6,561	3,407	65,498	54,242	11,255
Los Gatos	1,612	1,654	(42)	12,296	10,730	1,566
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>11,579</b>	<b>8,215</b>	<b>3,364</b>	<b>77,793</b>	<b>64,973</b>	<b>12,821</b>
<b>Operating Margin %</b>	<b>13.0%</b>	<b>9.9%</b>		<b>13.0%</b>	<b>11.4%</b>	
<b>El Camino Hospital Non Operating Income</b>						
<b>Sub Total - Non Operating Income</b>	<b>5,156</b>	<b>2,860</b>	<b>2,296</b>	<b>48,257</b>	<b>18,610</b>	<b>29,648</b>
<b>El Camino Hospital Net Margin</b>	<b>16,736</b>	<b>11,076</b>	<b>5,660</b>	<b>126,051</b>	<b>83,582</b>	<b>42,469</b>
<b>ECH Net Margin %</b>	<b>18.7%</b>	<b>13.3%</b>		<b>21.1%</b>	<b>14.6%</b>	
Concern	323	78	245	448	562	(113)
ECSC	(1)	0	(1)	(29)	2	(31)
Foundation	(1,056)	122	(1,179)	2,758	953	1,805
Silicon Valley Medical Development	(3,131)	(2,085)	(1,045)	(22,687)	(17,734)	(4,952)
<b>Net Margin Hospital Affiliates</b>	<b>(3,864)</b>	<b>(1,885)</b>	<b>(1,980)</b>	<b>(19,509)</b>	<b>(16,217)</b>	<b>(3,292)</b>
<b>Total Net Margin Hospital &amp; Affiliates</b>	<b>12,872</b>	<b>9,191</b>	<b>3,680</b>	<b>106,542</b>	<b>67,365</b>	<b>39,177</b>

# El Camino Hospital Volume Annual Trends

		CURRENT MONTH					YEAR-TO-DATE				
		PY	CY	Bud	Bud Var	PY Var	PY	CY	Bud	Bud Var	PY Var
IP	Heart and Vascular	202	201	204	-3	-1	1,282	1,365	1,291	74	83
	MCH	423	439	421	18	16	2,936	3,043	2,945	98	107
	Oncology	63	54	62	-8	-9	412	419	410	9	7
	Orthopedics	135	139	145	-6	4	969	982	1,039	-57	13
	Neurosciences	83	76	84	-8	-7	515	532	522	10	17
	Spine Surgery	27	23	30	-7	-4	184	214	209	5	30
	Behavioral Health	93	112	126	-14	19	667	719	757	-38	52
	GYN	22	17	21	-4	-5	134	143	127	16	9
	Urology	27	28	27	1	1	164	219	165	54	55
	Other SLs	605	696	629	67	91	3,904	4,327	4,036	291	423
	<b>Total</b>	<b>1,680</b>	<b>1,785</b>	<b>1,750</b>	<b>35</b>	<b>105</b>	<b>11,167</b>	<b>11,963</b>	<b>11,502</b>	<b>461</b>	<b>796</b>
OP	Emergency	4,103	4,406	4,139	267	303	27,590	28,938	27,824	1,114	1,348
	Heart and Vascular	357	371	363	8	14	2,655	2,765	2,704	61	110
	MCH	431	478	447	31	47	3,156	3,258	3,269	-11	102
	Oncology	720	851	928	-77	131	4,870	5,824	5,802	22	954
	Orthopedics	66	103	65	38	37	408	674	399	275	266
	Neurosciences	11	6	11	-5	-5	49	60	49	11	11
	Spine Surgery	25	19	25	-6	-6	176	147	173	-26	-29
	Behavioral Health	225	244	253	-9	19	1,596	1,581	1,799	-218	-15
	GYN	93	112	97	15	19	808	829	855	-26	21
	Urology	180	185	184	1	5	1,178	1,242	1,201	41	64
	Other SLs	5,427	7,465	5,575	1,890	2,038	37,388	46,315	38,390	7,925	8,927
<b>Total</b>	<b>11,638</b>	<b>14,240</b>	<b>12,086</b>	<b>2,154</b>	<b>2,602</b>	<b>79,874</b>	<b>91,633</b>	<b>82,465</b>	<b>9,168</b>	<b>11,759</b>	
<b>Grand Total</b>	<b>13,318</b>	<b>16,025</b>	<b>13,836</b>	<b>2,189</b>	<b>2,707</b>	<b>91,041</b>	<b>103,596</b>	<b>93,967</b>	<b>9,629</b>	<b>12,555</b>	

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

Period ending 1/31/2020

Period 7 FY 2019	Period 7 FY 2020	Period 7 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
251,909	276,262	258,398	17,865	6.9%	<b>Gross Revenue</b>	1,650,846	1,810,370	1,759,910	50,460	2.9%
(184,993)	(203,698)	(192,665)	(11,033)	(5.7%)	<b>Deductions</b>	(1,211,795)	(1,333,059)	(1,308,917)	(24,143)	(1.8%)
<b>66,916</b>	<b>72,564</b>	<b>65,732</b>	<b>6,832</b>	<b>10.4%</b>	<b>Net Patient Revenue</b>	<b>439,052</b>	<b>477,311</b>	<b>450,993</b>	<b>26,317</b>	<b>5.8%</b>
1,474	1,446	1,782	(336)	(18.9%)	<b>Other Operating Revenue</b>	14,382	13,085	14,215	(1,129)	(7.9%)
<b>68,390</b>	<b>74,011</b>	<b>67,515</b>	<b>6,496</b>	<b>9.6%</b>	<b>Total Operating Revenue</b>	<b>453,433</b>	<b>490,396</b>	<b>465,208</b>	<b>25,188</b>	<b>5.4%</b>
					<b>OPERATING EXPENSE</b>					
36,833	38,210	37,951	(258)	(0.7%)	<b>Salaries &amp; Wages</b>	242,520	255,812	256,024	212	0.1%
9,590	10,154	9,362	(791)	(8.5%)	<b>Supplies</b>	62,457	74,439	65,095	(9,345)	(14.4%)
6,737	7,467	5,790	(1,676)	(29.0%)	<b>Fees &amp; Purchased Services</b>	44,433	48,067	40,950	(7,117)	(17.4%)
2,113	2,434	2,086	(348)	(16.7%)	<b>Other Operating Expense</b>	14,737	18,600	18,072	(529)	(2.9%)
269	1,554	1,428	(125)	(8.8%)	<b>Interest</b>	2,497	2,769	4,798	2,029	42.3%
3,533	4,226	4,336	110	2.5%	<b>Depreciation</b>	24,568	25,211	26,028	817	3.1%
<b>59,076</b>	<b>64,043</b>	<b>60,953</b>	<b>(3,090)</b>	<b>(5.1%)</b>	<b>Total Operating Expense</b>	<b>391,213</b>	<b>424,898</b>	<b>410,965</b>	<b>(13,933)</b>	<b>(3.4%)</b>
<b>9,314</b>	<b>9,968</b>	<b>6,561</b>	<b>3,407</b>	<b>51.9%</b>	<b>Net Operating Margin</b>	<b>62,221</b>	<b>65,498</b>	<b>54,242</b>	<b>11,255</b>	<b>20.7%</b>
20,772	5,156	2,860	2,296	80.3%	<b>Non Operating Income</b>	(17,243)	48,257	18,610	29,648	159.3%
<b>30,086</b>	<b>15,124</b>	<b>9,422</b>	<b>5,702</b>	<b>60.5%</b>	<b>Net Margin</b>	<b>44,977</b>	<b>113,755</b>	<b>72,852</b>	<b>40,903</b>	<b>56.1%</b>
19.2%	21.3%	18.3%	3.0%		<b>EBITDA</b>	19.7%	19.1%	18.3%	0.8%	
13.6%	13.5%	9.7%	3.7%		<b>Operating Margin</b>	13.7%	13.4%	11.7%	1.7%	
44.0%	20.4%	14.0%	6.5%		<b>Net Margin</b>	9.9%	23.2%	15.7%	7.5%	

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

Period ending 1/31/2020

Period 7 FY 2019	Period 7 FY 2020	Period 7 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
52,391	61,662	59,936	1,726	2.9%	<b>OPERATING REVENUE</b>					
(37,595)	(46,773)	(44,417)	(2,356)	(5.3%)	<b>Gross Revenue</b>	357,528	416,269	406,150	10,119	2.5%
<b>14,796</b>	<b>14,889</b>	<b>15,520</b>	<b>(631)</b>	<b>(4.1%)</b>	<b>Deductions</b>	(262,961)	(311,192)	(301,203)	(9,989)	(3.3%)
349	374	272	102	37.5%	<b>Net Patient Revenue</b>	<b>94,567</b>	<b>105,077</b>	<b>104,947</b>	<b>131</b>	<b>0.1%</b>
<b>15,145</b>	<b>15,264</b>	<b>15,792</b>	<b>(529)</b>	<b>(3.3%)</b>	<b>Other Operating Revenue</b>	2,027	2,686	1,899	787	41.4%
					<b>Total Operating Revenue</b>	<b>96,594</b>	<b>107,763</b>	<b>106,845</b>	<b>918</b>	<b>0.9%</b>
					<b>OPERATING EXPENSE</b>					
7,213	7,598	7,642	44	0.6%	<b>Salaries &amp; Wages</b>	48,567	52,495	51,499	(996)	(1.9%)
1,946	2,418	2,531	113	4.5%	<b>Supplies</b>	14,290	15,901	16,662	762	4.6%
2,741	2,572	2,749	177	6.5%	<b>Fees &amp; Purchased Services</b>	18,666	19,173	19,193	20	0.1%
264	285	388	104	26.7%	<b>Other Operating Expense</b>	2,179	2,341	2,945	603	20.5%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
805	780	828	49	5.9%	<b>Depreciation</b>	5,293	5,557	5,816	259	4.5%
<b>12,969</b>	<b>13,652</b>	<b>14,138</b>	<b>486</b>	<b>3.4%</b>	<b>Total Operating Expense</b>	<b>88,995</b>	<b>95,467</b>	<b>96,115</b>	<b>648</b>	<b>0.7%</b>
<b>2,176</b>	<b>1,612</b>	<b>1,654</b>	<b>(42)</b>	<b>(2.6%)</b>	<b>Net Operating Margin</b>	<b>7,599</b>	<b>12,296</b>	<b>10,730</b>	<b>1,566</b>	<b>14.6%</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	0	0	0	0	0.0%
<b>2,176</b>	<b>1,612</b>	<b>1,654</b>	<b>(42)</b>	<b>(2.6%)</b>	<b>Net Margin</b>	<b>7,599</b>	<b>12,296</b>	<b>10,730</b>	<b>1,566</b>	<b>14.6%</b>
19.7%	15.7%	15.7%	(0.1%)		<b>EBITDA</b>	13.3%	16.6%	15.5%	1.1%	
14.4%	10.6%	10.5%	0.1%		<b>Operating Margin</b>	7.9%	11.4%	10.0%	1.4%	
14.4%	10.6%	10.5%	0.1%		<b>Net Margin</b>	7.9%	11.4%	10.0%	1.4%	

# Silicon Valley Medical Development (\$000s)

Period ending 1/31/2020

Period 7 FY 2019	Period 7 FY 2020	Period 7 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
1,292	8,488	9,408	(920)	(9.8%)	<b>Gross Revenue</b>	5,584	51,281	62,604	(11,323)	(18.1%)
(908)	(5,970)	(5,715)	(255)	(4.5%)	<b>Deductions</b>	(3,653)	(36,124)	(38,125)	2,001	5.2%
<b>384</b>	<b>2,518</b>	<b>3,693</b>	<b>(1,175)</b>	<b>(31.8%)</b>	<b>Net Patient Revenue</b>	<b>1,931</b>	<b>15,157</b>	<b>24,478</b>	<b>(9,321)</b>	<b>(38.1%)</b>
4	1,815	1,665	149	9.0%	<b>Other Operating Revenue</b>	39	11,390	9,820	1,570	16.0%
<b>388</b>	<b>4,333</b>	<b>5,359</b>	<b>(1,026)</b>	<b>(19.1%)</b>	<b>Total Operating Revenue</b>	<b>1,970</b>	<b>26,547</b>	<b>34,298</b>	<b>(7,751)</b>	<b>(22.6%)</b>
					<b>OPERATING EXPENSE</b>					
206	1,826	1,674	(152)	(9.1%)	<b>Salaries &amp; Wages</b>	858	11,863	12,820	957	7.5%
35	350	388	38	9.8%	<b>Supplies</b>	303	2,916	2,713	(204)	(7.5%)
1,034	4,300	4,209	(92)	(2.2%)	<b>Fees &amp; Purchased Services</b>	5,238	29,117	28,745	(372)	(1.3%)
234	936	980	44	4.5%	<b>Other Operating Expense</b>	906	4,976	6,443	1,467	22.8%
0	(1)	0	1	0.0%	<b>Interest</b>	0	0	0	0	0.0%
51	52	193	141	73.2%	<b>Depreciation</b>	299	362	1,312	950	72.4%
<b>1,560</b>	<b>7,463</b>	<b>7,444</b>	<b>(19)</b>	<b>(0.3%)</b>	<b>Total Operating Expense</b>	<b>7,604</b>	<b>49,234</b>	<b>52,033</b>	<b>2,799</b>	<b>5.4%</b>
<b>(1,172)</b>	<b>(3,131)</b>	<b>(2,085)</b>	<b>(1,045)</b>	<b>50.1%</b>	<b>Net Operating Margin</b>	<b>(5,634)</b>	<b>(22,687)</b>	<b>(17,734)</b>	<b>(4,952)</b>	<b>27.9%</b>
1,000	0	0	0	0.0%	<b>Non Operating Income</b>	6,810	0	0	0	0.0%
<b>(172)</b>	<b>(3,131)</b>	<b>(2,085)</b>	<b>(1,045)</b>	<b>50.1%</b>	<b>Net Margin</b>	<b>1,176</b>	<b>(22,687)</b>	<b>(17,734)</b>	<b>(4,952)</b>	<b>27.9%</b>
					<b>EBITDA</b>	-270.7%	-84.1%	-47.9%	(36.2%)	
-289.1%	-71.1%	-35.3%	(35.8%)		<b>Operating Margin</b>	-285.9%	-85.5%	-51.7%	(33.8%)	
-302.3%	-72.3%	-38.9%	(33.3%)		<b>Net Margin</b>	59.7%	-85.5%	-51.7%	(33.8%)	
-44.4%	-72.3%	-38.9%	(33.3%)							

## FY20 COMMITTEE GOALS

### Finance Committee

#### PURPOSE

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

The CFO shall serve as the primary staff to support the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair's consideration. Additional members of the Executive Team may participate in the meetings upon the recommendation of the Executive Sponsor and at the discretion of the Committee Chair.

GOALS	TIMELINE	METRICS
<b>1.</b> Review major capital projects	Each regular meeting	Update on major capital projects in progress - <b>Ongoing</b>
<b>2.</b> Evaluate consumer-facing bills for ease of understanding, including patient portal (MyChart)	Q1	Review 5 – 10 bills with common/usual diagnoses/procedures and make recommendations to staff and Board – <b>7/29/19, 9/23/19 and 11/25/19</b>
<b>3.</b> Review the top three (3) service lines: 1) Heart & Vascular Institute (HVI), 2) Ortho, Neuro and Spine, and 3) MCH	- HVI (Q3) - Ortho, Neuro and Spine (Q1) - MCH (Q2)	Presentations in September, November, and March <b>Ortho, Neuro and Spine 9/23/19; MCH 11/25/19; HVI 3/23/20</b>

#### SUBMITTED BY:

**Chair:** John Zoglin

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

**FY20 Finance Committee Pacing Plan – Updated February 25, 2020**

<b>FY20 FC Pacing Plan – Q1</b>		
<b>July 29, 2019</b>	August 2019	<b>September 23, 2019</b>
<ul style="list-style-type: none"> <li>- Meeting Minutes (May 2019), any policies</li> <li>- Financial Report (FY19 Period 11, 12)</li> <li>- Physician Contracts</li> <li>- Capital Funding Requests</li> <li>- Review Major Capital Projects in progress</li> <li>- Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions</li> <li>- Year-End Financial Report</li> <li>- Review of Patient Billings (FC Committee Goal)</li> <li>- Executive Session</li> <li>- Long Term Financial Forecast</li> <li>- Medical Staff Development Plan</li> <li>-</li> </ul>	<p>No scheduled meeting</p>	<ul style="list-style-type: none"> <li>- Meeting Minutes (July 2019), any policies</li> <li>- Financial Report (FY20 Period 1, 2)</li> <li>- Physician Contracts</li> <li>- Capital Funding Requests</li> <li>- Review Major Capital Projects in Progress</li> <li>- Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions</li> <li>- Service Line Review – Ortho Neuro Spine</li> <li>- Executive Session</li> <li>- Post Implementation Review - Per attached schedule</li> <li>- Continued Review of Patient Billings</li> </ul>
<b>FY20 FC Pacing Plan – Q2</b>		
October 21, 2019	<b>November 25, 2019</b>	December 2019
<ul style="list-style-type: none"> <li>- Propose Hedge Related to 2015 Revenue Bonds and Possible Issuance of New Debt</li> </ul>	<ul style="list-style-type: none"> <li>- Tour New MV Campus Buildings</li> <li>- Meeting Minutes (September 2019), any policies</li> <li>- Financial Report (FY20 Period 3,4)</li> <li>- Physician Contracts</li> <li>- Capital Funding Requests</li> <li>- Review Major Capital Projects in progress</li> <li>- Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions</li> <li>- Service Line Review - MCH</li> <li>- Post implementation Review – Per attached Schedule</li> <li>- Payor Update</li> <li>- Executive Session</li> <li>- Continued Review of Patient Billings (Integrated Billing and PFAC Review)</li> <li>- In-Patient Rehab Opportunity</li> </ul>	<p>No scheduled meeting</p>

**FY20 Finance Committee Pacing Plan – Updated February 25, 2020**

<b>FY20 FC Pacing Plan – Q3</b>		
<b>January 27, 2020</b>	February 2020	<b>March 23, 2020</b>
<p><b>**Joint Meeting with the Investment Committee</b>  <b>- Long Term Financial Forecast</b></p> <ul style="list-style-type: none"> <li>- Meeting Minutes (November 2019), any policies</li> <li>- Financial Report (FY20 Period 5,6)</li> <li>- Physician Contracts</li> <li>- Capital Funding Requests</li> <li>- Review Major Capital Projects in progress</li> <li>- Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions</li> <li>- Executive Session</li> <li>- Post Implementation Review – Per attached schedule</li> <li>- Service Line Report SVMD</li> <li>- Satellite Dialysis Performance</li> </ul>	<p>No scheduled meeting</p>	<ul style="list-style-type: none"> <li>- Meeting Minutes (January 2020), any policies</li> <li>- Financial Report (FY20 Period 7,8)</li> <li>- Physician Contracts</li> <li><del>— Capital Funding Requests — Radiation Oncology</del></li> <li>- Review Major Capital Projects in progress</li> <li>- Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions</li> <li>- Preview FY21 Budget Part # 1</li> <li><del>— Discuss and recommend FY21 Committee Goals</del></li> <li><del>— Discuss FY21 Committee Dates</del></li> <li><del>— Payor Update</del></li> <li>- Executive Session</li> <li><del>— Service Line Report — HVI</del></li> <li>- Summary of Physician Financial Arrangements (Year-End)</li> <li><del>— Post Implementation Review — PACS/RIS</del></li> <li>- In Patient Rehab Opportunity</li> </ul>
<b>FY20 FC Pacing Plan – Q4</b>		
April 27, 2020	<b>May 26, 2020</b>	June 2020
<ul style="list-style-type: none"> <li>- FY21 Budget Review – Part 2</li> <li>- <b>Discuss and recommend FY 21 Committee Goals</b></li> <li>- <b>Discuss FY21 Committee Dates</b></li> <li>- <b>Post Implementation Review – PAC/RIS</b></li> <li>- <b>Capital Funding Requests –Radiation Oncology</b></li> <li>- <b>Service Line Report - HVI</b></li> </ul> <p><b>- April 22, 2020 – Board and Committee Educational Session</b></p>	<p><b>**Joint Meeting with the Hospital Board on the Operating &amp; Capital Budget</b></p> <ul style="list-style-type: none"> <li>- Meeting Minutes (March 2020), any policies</li> <li>- Financial Report (FY20 Period 9,10)</li> <li>- Long Term Financial Forecast</li> <li>- Physician Contracts</li> <li>- Capital Funding Requests</li> <li>- Review Major Capital Projects in progress</li> <li>- Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions</li> <li>- Review and recommend FY21 Budget</li> <li>- Review and recommend FY21 Organizational Goals</li> <li>- Post Implementation Review – Per attached schedule</li> <li>- Executive Session</li> <li>- <b>Payor Update</b></li> </ul>	<p>No scheduled meeting</p>

**FY20 Finance Committee Pacing Plan – Updated February 25, 2020**

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

<b>APPROVAL DATE</b>	<b>APPROVING BODY</b>	<b>PROJECT NAME</b>	<b>APPROVED AMOUNT</b>	<b>PROPOSED FC POST-IMPLEMENTATION REVIEW DATE</b>
9/13/2017	ECH Board	Increase BHS Building Budget	Additional \$4.6 M	Update each meeting
9/13/2017	ECH Board	Increase Sobrato Pavilion Budget	Additional \$27.1 M	Update each meeting
2/14/2018	ECH Board	PACS Image Archive System Replacement	\$2.2 M	3/2020 (f/u from 9/23/19)
3/14/2018		None	N/A	N/A
4/18/2018		None	N/A	N/A
5/9/2018		None	N/A	N/A
6/13/2018		None	N/A	N/A
8/15/2018		None	N/A	N/A
9/12/2018		None	N/A	N/A
10/10/2018	ECH Board	Los Gatos Imaging Equipment	\$1.6 M	N/A < \$2 M
11/14/2018		None	N/A	N/A
12/5/2018		None	N/A	N/A
1/16/2019	ECH Board	Los Gatos Cancer Center Funding	\$6.4 M	7/2020
1/30/2019	Finance Committee	Waste Water Storage Project	\$3.9 M	7/2020
1/30/2019	Finance Committee	Purchase Da Vinci Robot Xi Model	\$1,550,000 (Net)	N/A < \$2 M
2/13/2019	ECH Board	Women's Hospital Planning	\$10 M (Total Now \$16M)	9/2020
2/13/2019	ECH Board	SVMD Clinic Site Tenant Improvements	\$8 M	9/2020
2/13/2019	ECH Board	Interventional Equipment Replacement	\$13 M	9/2020
2/13/2019	ECH Board	Imaging Equipment Replacement	\$16.9 M	9/2020
2/13/2019	ECH Board	SVMD Asset Acquisition	\$1.2 M	1/2020
3/13/2019		None		
3/25/2019	Finance Committee	SVMD Clinic IT Infrastructure	\$4.6 M	9/2020
5/28/2019	Finance Committee	MV Campus Signage	\$1.1 M	N/A < \$2 M
8/21/2019	ECH Board	Medical Staff Development Plan	\$6.1 M	1/2021
8/21/2019	ECH Board	Radiation Oncology Replacement Equipment	\$6.75M	1/2021
8/21/2019	ECH Board	ED Remodel	\$6.75M	1/2021
10/10/19	ECH Board	MV Campus Completion (Old Main Demo)	\$24.9M	3/2021

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

**To:** Finance Committee  
**From:** Ken King, CASO  
**Date:** March 23, 2020  
**Subject:** Major Projects Update – For Information

**Purpose:**

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

**Summary**

1. **Situation/Status:** **Taub Pavilion** (aka BHS) construction is substantially complete and the OSHPD Occupancy issue that has delayed the opening of the building has reached a resolution. Senior OSHPD Officials agreed with our proposed plan to maintain the occupancy classification as previously approved with modifications that ensures full compliance with the NFPA 101 Life Safety Code for a new healthcare building. The specific plans were submitted for review and approval on March 11<sup>th</sup> and we have been promised an expedited review. At the same time we have directed the General Contractor to proceed with the release of material orders and contracts to execute the revisions. As all of this effort is taking place we are working to schedule final OSHPD inspections so that “Beneficial Occupancy” can be granted. Once Beneficial Occupancy is received by CDPH then our Licensing Certification inspection will be scheduled sometime within six weeks of their receipt. A specific target move in date has not yet been established in light of the current COVID-19 situation and the notice that OPSHD site visits have been suspended.

We continue 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 the final phase of work to be completed in the hospital connector area. The issues that delayed occupancy were successfully resolved and on February 21<sup>st</sup> we received “Temporary Occupancy” for the Sobrato Pavilion from the City of Mountain View. This allowed us to move our first Tenant into the building over the weekend so that patients could be seen on Monday the 24<sup>th</sup>. The Final Occupancy will be received when the work on the Grant Road right turn lane is complete.

As of today we have move several non-clinical departments into the new building and once we get past the current COVID-19 situation we will request our CDPH Licensing Certification inspection which is needed before we can relocate the clinical services into the new building.

Final contract change orders are being negotiated and we expect to complete the project within the approved budget.

**Women’s Hospital** construction documents labeled OSHPD Back Check #1 were submitted to OPSHD on March 6<sup>th</sup>. We anticipate at least one and possibly two more rounds of plan review with OSHPD before a building permit is received.

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 recent events may have a positive impact on construction pricing in the Bay Area and our plan is to use the OSHPD Back Check #2 documents for bidding and negotiating the GMP agreement with the General Contractor sometime this coming summer.

**M.V. Campus Completion Project** (Phases 1 and 2) received approval from both the Hospital Board and the District Board. We have received the first comments on Phase 1 from OSPHD and we expect to resubmit Back Check #1 plans by the end of March. Phase 2 plans have been submitted to OSPHD and are currently under review. The target date for obtaining the Phase 1 permit is now June 2020 and the start of demolition is currently being reevaluated.

Phase 3 development options are under development, however we have pushed the date to present these options to the May meeting of the Finance Committee.

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:

<u>Step I:</u>	<u>Status</u>
North Parking Garage Expansion -	Complete
Behavioral Health Services Building -	Substantially Complete – Not Occupied
Integrated Medical Office Building -	Substantially Complete - Occupied
Central Plant Upgrades -	Complete

Step II:

- |                                   |                               |
|-----------------------------------|-------------------------------|
| Women’s Hospital Expansion -      | Plan Review/Permit            |
| Demolition of Old Main Hospital - | Plan Review/Permit Phases 1&2 |
4. Assessment: In addition to the construction activities all impacted departments are working on the activation, training, move planning and budgeting for the future state of operations.
  5. Other Reviews: None.
  6. Outcomes: The primary objective continues to be completing the projects within the approved budgets and to safely transition into the new building environments.

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

**To:** Finance Committee  
**From:** Cindy Murphy, Director of Governance Services  
**Date:** March 23, 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 Finance 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:**

**February 12, 2020**

- Approved FY20 Periods 5 & 6 Financials
- Approved Revised Executive Compensation Philosophy Adding the Chief Quality Officer as a Participant in the Executive Compensation Program
- Approved FY20 Chief Quality Officer Base Salary and Salary Range
- Approved Stroke Panel on Call Arrangement with Peter C. Fung MD
- Approved Appointment of Jack Po, MD to the Compliance and Audit Committee (Left the Investment Committee)
- Approved Appointments to SVMD, LLC Board of Managers
- Approved Revised Quality Committee Charter (1) Adding Chiefs of the Medical Staff as Ex Officio Members and Vice Chiefs as alternates and (2) Including Review of Medical Staff Credentialing and Privileges Report as part of the Committee's Scope of Responsibility.
- Approved Procedure for Delegating Authority to the Board's Committees
- Approved Appointments of Ken Alvares and Mike Kasperzak to the Governance Committee
- Approved FY20/21 Board Education Plan
- Approved Bariatric Surgery and MV Interventional Radiology Call Panels

Report on Board Actions  
March 23, 2020

**March 11, 2020**

- Approved the Medical Staff Report including the Credentials and Privileges Report
- Approved Relocation of Outpatient Behavioral Health Services Clinic

**B. ECHD Board Actions: January 28, 2020**

- Approved FY 20 YTD Consolidated and Stand Alone Financials
- Authorized the CEO to execute Consent Agreement transferring Grant Funds from MayView Community Clinic to Ravenswood
- Approved Draft Revised Process for Election of Non District Board Members to the ECH Board

**C. Finance Committee Actions: January 27, 2020**

- Los Gatos Urology Call Panel Agreement

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

**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 8  
7/1/2019 to 2/29/2020*

# Financial Overview - February

## Financial Performance

- Operating Margin favorable variance was \$6M. Driven by:
  - Patient Revenue was favorable to budget \$10.8M (14%)
    - Both Inpatient and Outpatient charges were favorable to budget driven by high patient volumes
  - Operating Expense was unfavorable to budget by \$4.8M (6%)
    - Operating Expense per CMI Adjusted Discharge was 5% favorable to budget indicating solid cost control during period of high growth
- Non Operating Income saw a sharp decline due to investment market conditions.

## Hospital Patient Volume

- Adjusted Discharges (AD) favorable to budget 365 ADs (13.6%) and favorable to prior year by 10%
  - Mountain View: Favorable to budget by 251 ADs (11.4%) and favorable to prior year by 9%
  - Los Gatos: Favorable to budget by 123 ADs (25%) and favorable to prior year by 14%

## Payor Mix

- Commercial payor mix was favorable to budget by 1.3% in February.

# Financial Overview – February Year to Date

## Financial Performance

- Strong outpatient volumes and solid inpatient volumes drive year to date operating margin favorable variance, \$14M (29%). Despite continued higher volumes, expenses continue to increase at a lower rate than revenue
  - Patient Revenue favorable to budget by \$27.2M (4.2%)
  - Operating expense unfavorable to budget by \$14.9M (2.3%)
    - Supplies are higher than budget due to continued high mix of procedural volume growth
- Non Operating Income is at budgeted level with the anticipation of significant future movement due to recent market conditions

## Hospital Volume

- Adjusted Discharges (AD) continues to be favorable to budget 1,945 ADs (8%) and favorable to prior year by 12%. Overall Procedural volume favorable to budget by 3.0%. Favorable by 6% excluding budgeted LG Infusion volumes.
  - Mountain View: Favorable to budget by 1,395 ADs (7%) and favorable to prior year by 10%
    - Procedural Volume favorable to budget by 900 cases (4.9%)
    - Infusion encounters favorable to budget by 558 encounters (11%) - extended hours and increased productivity
    - Heart & Vascular procedures up 74 cases (4%)
  - Los Gatos: Favorable to budget by 550 ADs (13%) and favorable to prior year by 20%
    - Excluding budgeted Infusion volumes, procedural volume favorable to budget by 434 cases (11%)
      - Orthopedics & Spine surgeries favorable to budget by 239 cases (34%) due to high producing ortho/spine surgeons
      - General Surgery favorable to budget by 128 cases (17%) driven by Ophthalmology
      - General Medicine favorable to budget by 43 cases (10%) driven by Endoscopy

## Payor Mix

- Payor mix continues at budget year to date

## Productivity

- Year to date FTEs are at targeted levels

## Dashboard - as of February 29, 2020

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
<b>Consolidated Financial Perf.</b>								
Total Operating Revenue	77,096	91,172	80,324	10,848	637,054	720,831	692,011	28,820
Operating Expenses	68,700	83,388	78,537	(4,852)	564,701	659,391	644,529	(14,862)
Operating Margin \$	8,396	7,783	1,787	5,996	72,353	61,440	47,483	13,958
Operating Margin %	10.9%	8.5%	2.2%	6.3%	11.4%	8.5%	6.9%	1.7%
EBIDA \$	13,233	14,023	8,526	5,497	109,871	101,595	92,192	9,402
EBIDA %	17.2%	15.4%	10.6%	4.8%	17.2%	14.0%	13.3%	0.7%
<b>Hospital Volume</b>								
<b>Licensed Beds</b>	443	443	443	-	443	443	443	-
ADC	258	259	236	23	237	240	238	2
Utilization MV	71%	71%	64%	6.8%	65%	66%	64%	1.3%
Utilization LG	32%	33%	31%	2.1%	29%	30%	32%	(1.5%)
Utilization Combined	58%	59%	53%	5.3%	54%	54%	54%	0.4%
Adjusted Discharges	2,786	3,061	2,695	365	22,966	25,603	23,658	1,945
Total Discharges (Excl NNB)	1,576	1,611	1,501	110	12,742	13,577	13,003	574
Total Discharges	1,848	1,906	1,769	137	15,409	16,358	15,723	635
<b>Inpatient Cases</b>								
MS Discharges	1,160	1,139	1,057	82	8,829	9,446	8,879	567
Deliveries	288	313	285	28	2,828	2,946	2,861	85
BHS	86	102	112	(10)	753	821	869	(48)
Rehab	42	57	48	9	332	364	393	(29)
<b>Outpatient Cases</b>								
ED	11,660	13,822	12,199	1,623	98,375	110,408	102,776	7,632
Procedural Cases	3,800	4,066	3,801	265	31,393	33,002	31,625	1,377
OP Surg	408	410	343	67	3,299	3,707	3,315	392
Endo	206	185	215	(30)	1,715	1,809	1,844	(35)
Interventional	176	179	165	14	1,440	1,435	1,490	(55)
All Other	7,070	8,982	7,674	1,308	60,528	70,455	64,502	5,953
<b>Hospital Payor Mix</b>								
Medicare	52.9%	50.8%	49.9%	0.9%	48.3%	49.3%	48.5%	0.7%
Medi-Cal	8.2%	7.0%	8.3%	(1.3%)	8.1%	7.4%	8.1%	(0.7%)
Commercial IP	16.5%	19.0%	19.4%	(0.4%)	20.3%	19.2%	20.5%	(1.3%)
Commercial OP	20.0%	21.5%	19.9%	1.7%	20.8%	21.8%	20.5%	1.3%
Total Commercial	36.5%	40.5%	39.3%	1.3%	41.1%	41.0%	41.0%	(0.0%)
Other	2.5%	1.7%	2.5%	(0.8%)	2.4%	2.3%	2.3%	(0.0%)
<b>Hospital Cost</b>								
Total FTE	2,719.0	2,891.6	2,873.1	(18.5)	2,648.6	2,801.3	2,797.5	(3.8)
Productive Hrs/APD	30.2	29.6	32.4	2.8	30.6	30.8	31.9	1.2
<b>Consolidated Balance Sheet</b>								
Net Days in AR	49.4	52.0	49.0	(3.0)	49.4	52.0	49.0	(3.0)
Days Cash	510	452	435	17	510	452	435	17

\*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.

# Inpatient Service Line Volume Trend February Year to Date

Service Line Volume As of February 2020 (Last Updated 3/16/2020 8:47:55 AM)		MONTH										Service Line					IP/OP		PROCEDURAL?		FACILITY	
		ANNUAL TREND						FY20 Bud vs FY19		CURRENT MONTH					YEAR-TO-DATE							
		2015	2016	2017	2018	2019	Bud 2020	VarBud	VarPer	PY	CY	Bud	Bud Var	PY Var	PY	CY	Bud	Bud Var	PY Var			
IP	Behavioral Health	1,052	928	924	1,098	1,181	1,407	226	19.1%	86	102	112	-10	16	753	820	869	-49	67			
	General Medicine	4,582	4,452	4,951	5,278	5,193	4,971	-222	-4.3%	470	476	444	32	6	3,273	3,724	3,299	425	451			
	General Surgery	1,149	1,311	1,318	1,305	1,408	1,427	19	1.3%	106	117	83	34	11	916	885	918	-33	-31			
	GYN	313	293	270	243	226	200	-26	-11.5%	12	17	9	8	5	146	161	136	25	15			
	Heart and Vascular	1,998	2,001	2,205	2,377	2,305	2,297	-8	-0.3%	195	202	179	23	7	1,477	1,565	1,470	95	88			
	MCH	5,976	5,541	5,480	5,253	4,955	4,910	-45	-0.9%	343	355	336	19	12	3,279	3,397	3,281	116	118			
	Neurosciences	672	677	685	863	879	867	-12	-1.4%	65	64	61	3	-1	580	596	583	13	16			
	Oncology	564	652	594	633	739	693	-46	-6.2%	57	51	42	9	-6	469	470	452	18	1			
	Orthopedics	1,773	1,746	1,690	1,705	1,672	1,733	61	3.7%	142	121	136	-15	-21	1,111	1,102	1,175	-73	-9			
	Other	1													4							
	Rehab Services	555	500	461	441	522	586	64	12.3%	42	57	48	9	15	332	363	393	-30	31			
	Spine Surgery	429	417	474	375	358	362	4	1.1%	33	23	33	-10	-10	217	237	242	-5	20			
	Urology	169	234	257	255	292	287	-5	-1.7%	25	26	19	7	1	189	245	184	61	56			
	<b>Total</b>	<b>19,233</b>	<b>18,752</b>	<b>19,309</b>	<b>19,826</b>	<b>19,730</b>	<b>19,740</b>	<b>10</b>	<b>0.0%</b>	<b>1,576</b>	<b>1,611</b>	<b>1,501</b>	<b>110</b>	<b>35</b>	<b>12,742</b>	<b>13,569</b>	<b>13,003</b>	<b>566</b>	<b>827</b>			

- Year to date Inpatient year over year growth is 827 cases, or 6.5% compared to a market trend of 2%
- Growth driven by General Medicine, MCH, Heart & Vascular, and Urology cases

# Outpatient Service Line Volume Trend February Year to Date

Service Line Volume As of February 2020 (Last Updated 3/16/2020 8:47:55 AM)		MONTH: 8 Service Line: (All) IP/OP: (All) PROCEDURAL?: (All) FACILITY: (All)																	
		ANNUAL TREND					FY20 Bud vs FY19		CURRENT MONTH					YEAR-TO-DATE					
		2015	2016	2017	2018	2019	Bud 2020	VarBud	VarPer	PY	CY	Bud	Bud Var	PY Var	PY	CY	Bud	Bud Var	PY Var
OP	Behavioral Health	886	2,394	3,260	3,151	2,755	3,171	416	15.1%	214	247	246	1	33	1,810	1,828	2,045	-217	18
	Dialysis	155	6																
	Emergency	49,091	48,590	48,624	49,408	48,445	47,737	-708	-1.5%	3,799	4,068	3,801	267	269	31,389	33,000	31,625	1,375	1,611
	General Medicine	5,981	6,563	6,579	6,747	7,512	7,845	333	4.4%	603	595	612	-17	-8	4,844	5,106	5,147	-41	262
	General Surgery	1,853	1,797	1,837	2,003	1,962	2,060	98	5.0%	155	200	140	60	45	1,297	1,607	1,327	280	310
	GYN	1,308	1,018	1,079	1,099	1,401	1,491	90	6.4%	113	120	111	9	7	921	949	966	-17	28
	Heart and Vascular	2,712	3,795	4,361	4,364	4,615	4,714	99	2.1%	375	382	363	19	7	3,030	3,150	3,067	83	120
	Imaging Services	20,072	17,807	17,249	18,496	18,963	19,793	830	4.4%	1,426	1,441	1,427	14	15	12,717	12,993	12,766	227	276
	Laboratory Services	29,726	29,007	29,156	28,566	27,414	28,395	981	3.6%	2,063	3,769	2,132	1,637	1,706	18,186	27,533	18,783	8,750	9,347
	MCH	4,826	5,092	5,576	5,642	5,444	5,625	181	3.3%	421	447	437	10	26	3,575	3,704	3,706	-2	129
	Neurosciences	61	127	125	114	81	77	-4	-5.0%	8	13	6	7	5	57	73	56	18	16
	Oncology	1,432	5,530	7,577	8,141	8,681	10,476	1,795	20.7%	685	811	880	-69	126	5,555	6,634	6,682	-48	1,079
	Orthopedics	776	584	615	641	765	712	-53	-6.9%	73	152	49	103	79	481	827	448	379	346
	Other	639	632	550	508	533	530	-3	-0.6%	37	54	38	16	17	348	432	365	67	84
	Outpatient Clinics	1,705	1,680	1,289	1,883	1,567	2,508	941	60.1%	119	139	118	21	20	1,150	1,138	1,148	-10	-12
	Rehab Services	1,747	3,955	4,518	4,926	5,525	5,520	-5	-0.1%	452	498	456	42	46	3,523	3,948	3,559	389	425
	Sleep Center	223	498	368	242	341	383	42	12.3%	26	45	31	14	19	204	290	250	40	86
	Spine Surgery	399	309	324	311	287	281	-6	-2.1%	14	22	10	12	8	190	169	182	-13	-21
	Urology	1,771	1,739	1,898	2,053	2,092	2,073	-19	-0.9%	164	155	148	7	-9	1,342	1,396	1,349	47	54
	<b>Total</b>	<b>125,363</b>	<b>131,123</b>	<b>134,985</b>	<b>138,295</b>	<b>138,383</b>	<b>143,391</b>	<b>5,008</b>	<b>3.6%</b>	<b>10,747</b>	<b>13,158</b>	<b>11,004</b>	<b>2,154</b>	<b>2,411</b>	<b>90,619</b>	<b>104,777</b>	<b>93,469</b>	<b>11,308</b>	<b>14,158</b>

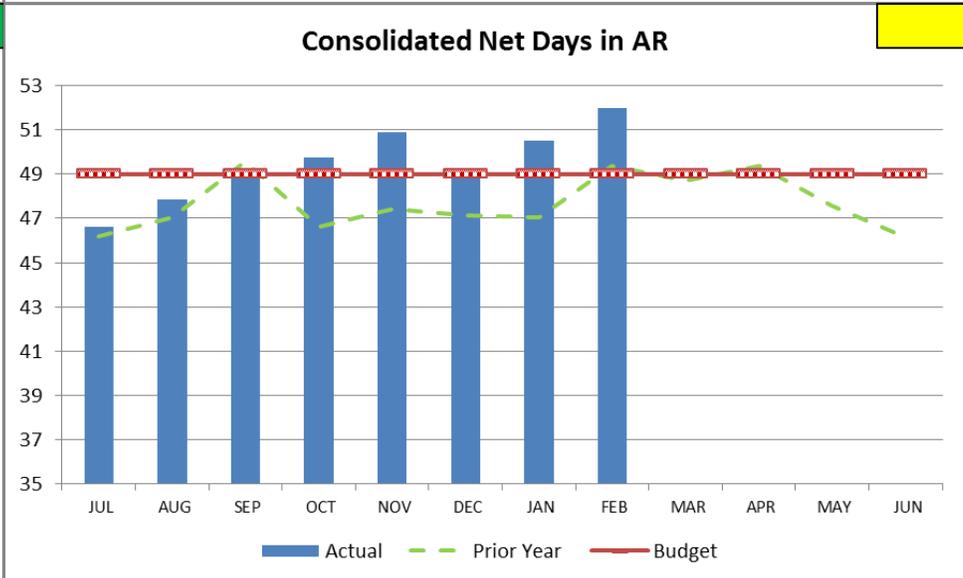
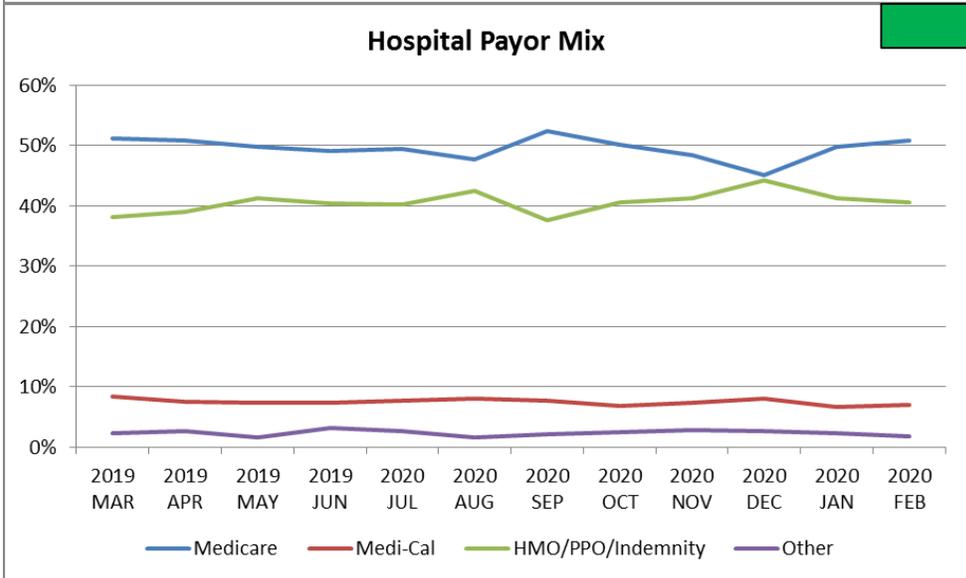
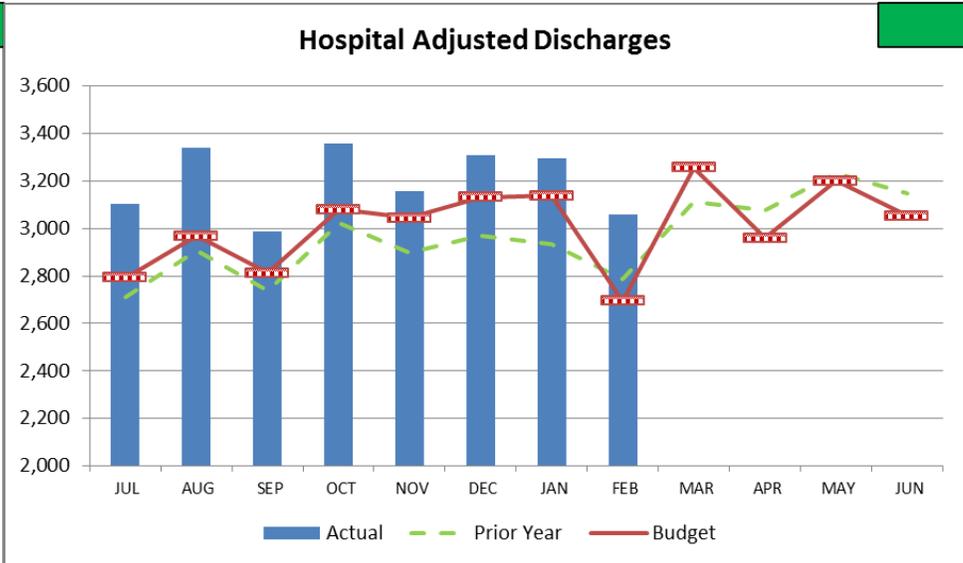
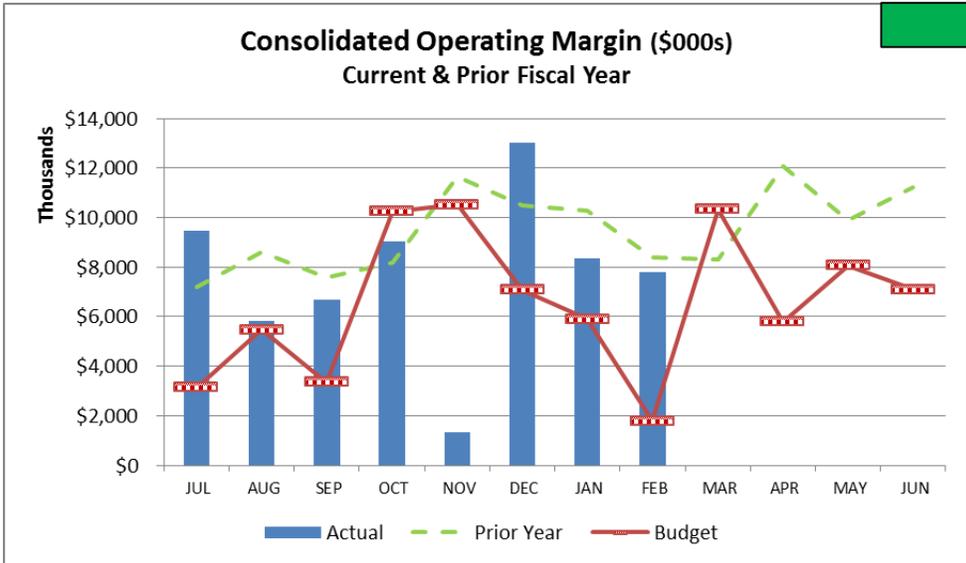
- Year to date February Outpatient favorable variance to budget is 11,308 encounters, or 12.1%
- Growth driven by Laboratory Services, Emergency Outpatient, and Oncology

# Consolidated Statement of Operations (\$000s)

Period ending 02/29/2020

Period 8 FY 2019	Period 8 FY 2020	Period 8 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
286,320	325,932	292,375	33,557	11.5%	<b>Gross Revenue</b>	2,300,279	2,603,852	2,521,039	82,814	3.3%
(212,259)	(239,489)	(216,472)	(23,017)	(10.6%)	<b>Deductions</b>	(1,690,668)	(1,919,864)	(1,864,717)	(55,147)	(3.0%)
<b>74,061</b>	<b>86,443</b>	<b>75,903</b>	<b>10,540</b>	<b>13.9%</b>	<b>Net Patient Revenue</b>	<b>609,611</b>	<b>683,988</b>	<b>656,321</b>	<b>27,667</b>	<b>4.2%</b>
3,035	4,729	4,421	308	7.0%	<b>Other Operating Revenue</b>	27,443	36,843	35,690	1,153	3.2%
<b>77,096</b>	<b>91,172</b>	<b>80,324</b>	<b>10,848</b>	<b>13.5%</b>	<b>Total Operating Revenue</b>	<b>637,054</b>	<b>720,831</b>	<b>692,011</b>	<b>28,820</b>	<b>4.2%</b>
					<b>OPERATING EXPENSE</b>					
40,728	46,497	44,313	(2,185)	(4.9%)	<b>Salaries &amp; Wages</b>	336,225	369,822	368,297	(1,525)	(0.4%)
10,739	12,903	11,301	(1,602)	(14.2%)	<b>Supplies</b>	87,875	106,240	95,859	(10,381)	(10.8%)
9,636	14,080	12,595	(1,485)	(11.8%)	<b>Fees &amp; Purchased Services</b>	82,017	113,084	104,117	(8,967)	(8.6%)
2,759	3,669	3,589	(80)	(2.2%)	<b>Other Operating Expense</b>	21,066	30,090	31,546	1,456	4.6%
468	1,458	1,428	(30)	(2.1%)	<b>Interest</b>	2,965	4,227	6,226	1,999	32.1%
4,369	4,781	5,310	529	10.0%	<b>Depreciation</b>	34,553	35,928	38,484	2,556	6.6%
<b>68,700</b>	<b>83,388</b>	<b>78,537</b>	<b>(4,852)</b>	<b>(6.2%)</b>	<b>Total Operating Expense</b>	<b>564,701</b>	<b>659,391</b>	<b>644,529</b>	<b>(14,862)</b>	<b>(2.3%)</b>
<b>8,396</b>	<b>7,783</b>	<b>1,787</b>	<b>5,996</b>	<b>335.6%</b>	<b>Net Operating Margin</b>	<b>72,353</b>	<b>61,440</b>	<b>47,483</b>	<b>13,958</b>	<b>29.4%</b>
17,241	(28,424)	3,327	(31,751)	(954.4%)	<b>Non Operating Income</b>	9,527	24,461	24,996	(535)	(2.1%)
<b>25,637</b>	<b>(20,641)</b>	<b>5,114</b>	<b>(25,755)</b>	<b>(503.6%)</b>	<b>Net Margin</b>	<b>81,880</b>	<b>85,901</b>	<b>72,479</b>	<b>13,422</b>	<b>18.5%</b>
17.2%	15.4%	10.6%	4.8%		<b>EBITDA</b>	17.2%	14.1%	13.3%	0.8%	
10.9%	8.5%	2.2%	6.3%		<b>Operating Margin</b>	11.4%	8.5%	6.9%	1.7%	
33.3%	-22.6%	6.4%	(29.0%)		<b>Net Margin</b>	12.9%	11.9%	10.5%	1.4%	

# Monthly Financial Trends



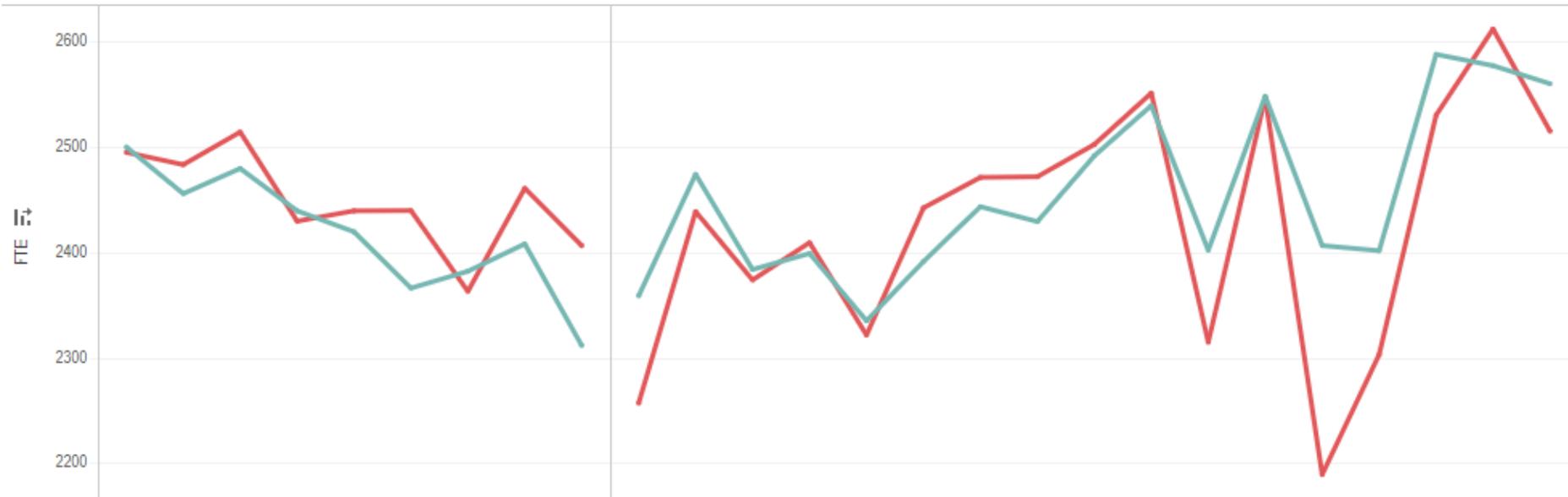
# Productivity is Favorable YTD

Current PP Worked  
FTE over Target

Variance	Variance %
<b>45.1</b>	<b>1.76%</b>

YTD Worked FTE  
over Target

Variance	Variance %
<b>28.2</b>	<b>1.15%</b>



	PP18	PP19	PP20	PP21	PP22	PP23	PP24	PP25	PP26	PP1	PP2	PP3	PP4	PP5	PP6	PP7	PP8	PP9	PP10	PP11	PP12	PP13	PP14	PP15	PP16	PP17
Actual FTE	2495.1	2483.4	2514.4	2429.7	2439.6	2439.9	2363.1	2461.1	2406.5	2256.9	2438.9	2373.9	2409.4	2321.6	2442.4	2471.4	2472.0	2502.6	2551.4	2314.8	2547.2	2189.1	2303.0	2530.4	2612.3	2515.3
Target FTE	2500.2	2455.9	2479.8	2439.6	2419.6	2366.1	2362.2	2408.2	2311.6	2358.9	2474.3	2383.8	2399.1	2335.1	2391.4	2443.5	2429.4	2491.8	2539.5	2402.1	2548.5	2406.6	2401.7	2568.2	2577.5	2560.3
Variance	5.1	(27.5)	(34.6)	9.8	(20.0)	(73.7)	19.1	(52.9)	(94.8)	102.0	35.4	9.9	(10.3)	13.5	(51.0)	(27.8)	(42.6)	(10.8)	(11.9)	87.3	1.2	217.5	98.7	57.8	(34.8)	45.1

Note: Data is for Combined Hospital only.

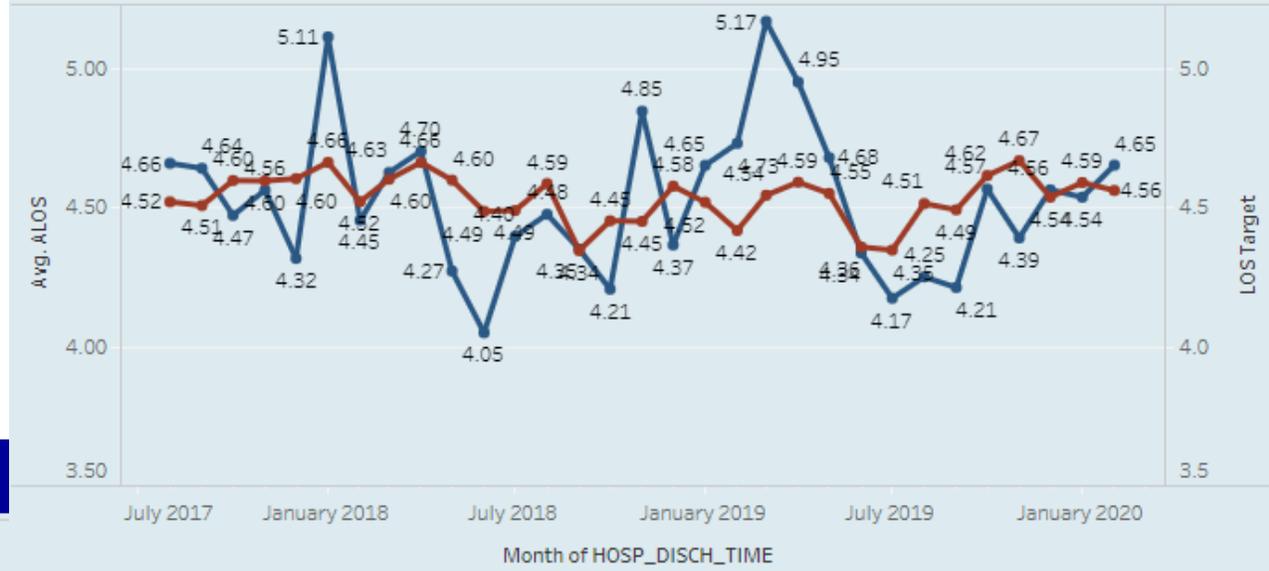
Variable department target hours and FTE variance are driven by volumes times the budgeted standard. Volume data is based on service date and is updated when charges are entered or reversed. This may cause target hours to change in historical pay periods.

# Medicare Length of Stay

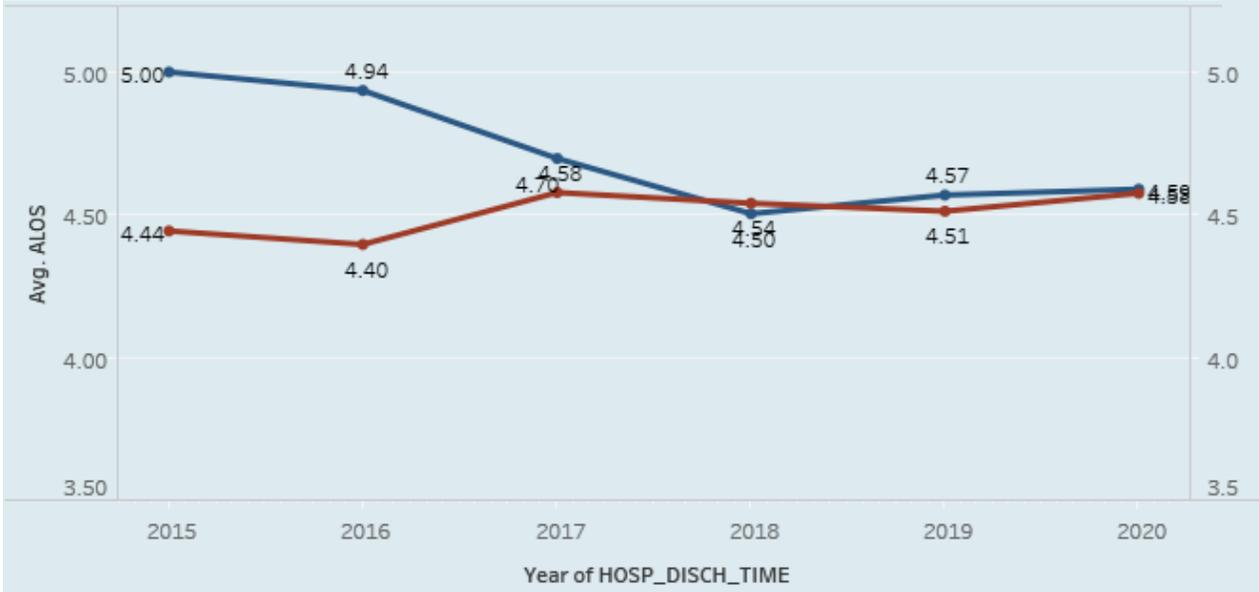
ALOS vs Milliman well-managed benchmark (red line). Medicare is our largest book of business and growing due to aging population. Lower length of stay is a key driver for improving the Medicare margin

ALOS is close to target

## Average Length of Stay Trend by Month/Year



## Average Length of Stay Trend by Month/Year



— Actual — Benchmark

# ECH Hospital Operating Margin

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



FY 2020 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>										
Revenue Adjustments	J	A	S	O	N	D	J	F	YTD	
Mcare Settltmt/Appeal/Tent Settltmt/PIP	129	129	210	137	129	194	129	129	1,188	
RAC Release	-	-	(746)	-	-	-	-	-	(746)	
PRIME Incentive	-	-	-	-	-	1,944	-	-	1,944	
Various Adjustments under \$250k	9	4	5	18	6	8	12	-	62	
<b>Total</b>	<b>138</b>	<b>133</b>	<b>(531)</b>	<b>155</b>	<b>136</b>	<b>2,146</b>	<b>141</b>	<b>129</b>	<b>2,447</b>	

# INVESTMENT SCORECARD AS OF DECEMBER 31, 2019

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY20 Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>		<b>4Q 2019</b>		<b>Fiscal Year-to-date</b>		<b>7y 2m Since Inception (annualized)</b>		<b>FY 2020</b>	<b>2019</b>
Surplus cash balance*		\$1,087.8	--	--	--	--	--	--	--
Surplus cash return		3.9%	4.2%	4.8%	4.9%	5.9%	5.8%	4.0%	5.6%
Cash balance plan balance (millions)		\$293.8	--	--	--	--	--	--	--
Cash balance plan return		5.3%	5.1%	5.6%	5.7%	8.1%	7.4%	6.0%	6.0%
403(b) plan balance (millions)		\$548.4	--	--	--	--	--	--	--
<b>Risk vs. Return</b>		<b>3-year</b>			<b>7y 2m Since Inception (annualized)</b>				<b>2019</b>
Surplus cash Sharpe ratio		1.14	1.11	--	--	1.09	1.08	--	0.34
Net of fee return		7.8%	7.4%	--	--	5.9%	5.8%	--	5.6%
Standard deviation		5.2%	5.1%	--	--	4.7%	4.7%	--	8.7%
Cash balance Sharpe ratio		1.16	1.09	--	--	1.17	1.12	--	0.32
Net of fee return		9.6%	8.5%	--	--	8.1%	7.4%	--	6.0%
Standard deviation		6.6%	6.1%	--	--	6.2%	5.8%	--	10.3%
<b>Asset Allocation</b>		<b>4Q 2019</b>							
Surplus cash absolute variances to target		9.4%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		7.4%	< 10%	--	--	--	--	--	--
<b>Manager Compliance</b>		<b>4Q 2019</b>							
Surplus cash manager flags		9	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		11	< 27 Green < 34 Yellow	--	--	--	--	--	--

\*Excludes debt reserve funds (~\$53 mm), District assets (~\$38 mm), and balance sheet cash not in investable portfolio. 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.

# Consolidated Balance Sheet

(in thousands)

## ASSETS

	Audited	
	February 29, 2020	June 30, 2019
<b>CURRENT ASSETS</b>		
Cash	90,044	124,912
Short Term Investments	186,424	177,165
Patient Accounts Receivable, net	151,571	132,198
Other Accounts and Notes Receivable	7,638	5,058
Intercompany Receivables	45,471	8,549
Inventories and Prepays	68,643	64,093
<b>Total Current Assets</b>	<b>549,791</b>	<b>511,976</b>
<b>BOARD DESIGNATED ASSETS</b>		
Foundation Board Designated	16,236	16,895
Plant & Equipment Fund	175,270	171,304
Women's Hospital Expansion	22,430	15,472
Operational Reserve Fund	148,917	139,057
Community Benefit Fund	18,742	18,260
Workers Compensation Reserve Fund	19,389	20,732
Postretirement Health/Life Reserve Fund	29,579	29,480
PTO Liability Fund	25,622	26,149
Malpractice Reserve Fund	1,860	1,831
Catastrophic Reserves Fund	18,673	19,678
<b>Total Board Designated Assets</b>	<b>476,718</b>	<b>458,857</b>
<b>FUNDS HELD BY TRUSTEE</b>	<b>40,563</b>	<b>83,073</b>
<b>LONG TERM INVESTMENTS</b>	<b>384,449</b>	<b>375,729</b>
<b>CHARITABLE GIFT ANNUITY INVESTMENTS</b>	<b>571</b>	<b>602</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>34,365</b>	<b>38,532</b>
<b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,336,091	1,692,693
Less: Accumulated Depreciation	(658,809)	(622,877)
<b>Property, Plant &amp; Equipment - Net</b>	<b>1,154,297</b>	<b>1,069,816</b>
<b>DEFERRED OUTFLOWS</b>	<b>33,401</b>	<b>33,876</b>
<b>RESTRICTED ASSETS</b>	<b>27,420</b>	<b>24,279</b>
<b>OTHER ASSETS</b>	<b>946</b>	<b>1,036</b>
<b>TOTAL ASSETS</b>	<b>2,702,521</b>	<b>2,597,775</b>

## LIABILITIES AND FUND BALANCE

	Audited	
	February 29, 2020	June 30, 2019
<b>CURRENT LIABILITIES</b>		
( Accounts Payable	46,065	38,390
Salaries and Related Liabilities	11,719	30,296
Accrued PTO	25,797	26,502
Third Party Settlements	12,489	11,331
Intercompany Payables	46,079	8,464
Bonds Payable - Current	9,128	8,630
Bond Interest Payable	2,135	12,775
Other Liabilities	1,192	14,577
<b>Total Current Liabilities</b>	<b>158,703</b>	<b>150,966</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	30,204	29,480
Worker's Comp Reserve	19,972	18,432
Other L/T Obligation (Asbestos)	4,054	3,975
Bond Payable	511,543	507,531
<b>Total Long Term Liabilities</b>	<b>565,773</b>	<b>559,417</b>
<b>DEFERRED REVENUE-UNRESTRICTED</b>	<b>1,777</b>	<b>1,113</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>13,268</b>	<b>13,715</b>
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	1,745,840	1,389,510
Board Designated	189,904	458,839
Restricted	27,256	24,215
<b>Total Fund Bal &amp; Capital Accts</b>	<b>1,963,000</b>	<b>1,872,563</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>2,702,521</b>	<b>2,597,775</b>

# APPENDIX

# Non Operating Items and Net Margin by Affiliate

\$ in thousands

	Period 8- Month			Period 8- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Operating Margin</b>						
Mountain View	11,424	2,830	8,594	76,922	57,072	19,849
Los Gatos	8	1,027	(1,020)	12,303	11,758	546
<b>Sub Total - El Camino Hospital, excl. Affililates</b>	<b>11,432</b>	<b>3,857</b>	<b>7,574</b>	<b>89,225</b>	<b>68,830</b>	<b>20,395</b>
<b>Operating Margin %</b>	<b>13.2%</b>	<b>5.2%</b>		<b>13.0%</b>	<b>10.6%</b>	
<b>El Camino Hospital Non Operating Income</b>						
<b>Sub Total - Non Operating Income</b>	<b>(28,834)</b>	<b>2,887</b>	<b>(31,722)</b>	<b>19,423</b>	<b>21,497</b>	<b>(2,074)</b>
<b>El Camino Hospital Net Margin</b>	<b>(17,403)</b>	<b>6,744</b>	<b>(24,147)</b>	<b>108,648</b>	<b>90,327</b>	<b>18,321</b>
<b>ECH Net Margin %</b>	<b>-20.0%</b>	<b>9.1%</b>		<b>15.9%</b>	<b>14.0%</b>	
Concern	407	98	309	856	660	196
ECSC	978	0	978	949	3	947
Foundation	(979)	171	(1,150)	1,779	1,124	655
Silicon Valley Medical Development	(3,644)	(1,900)	(1,744)	(26,331)	(19,635)	(6,696)
<b>Net Margin Hospital Affiliates</b>	<b>(3,238)</b>	<b>(1,631)</b>	<b>(1,607)</b>	<b>(22,747)</b>	<b>(17,848)</b>	<b>(4,899)</b>
<b>Total Net Margin Hospital &amp; Affiliates</b>	<b>(20,641)</b>	<b>5,114</b>	<b>(25,755)</b>	<b>85,901</b>	<b>72,479</b>	<b>13,422</b>

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

Period ending 2/29/2020

Period 8 FY 2019	Period 8 FY 2020	Period 8 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
233,158	259,677	228,828	30,849	13.5%	<b>Gross Revenue</b>	1,884,004	2,070,047	1,988,738	81,309	4.1%
(171,466)	(188,013)	(170,535)	(17,479)	(10.2%)	<b>Deductions</b>	(1,383,260)	(1,521,073)	(1,479,451)	(41,621)	(2.8%)
<b>61,692</b>	<b>71,664</b>	<b>58,293</b>	<b>13,371</b>	<b>22.9%</b>	<b>Net Patient Revenue</b>	<b>500,744</b>	<b>548,974</b>	<b>509,286</b>	<b>39,688</b>	<b>7.8%</b>
1,614	1,494	1,774	(280)	(15.8%)	<b>Other Operating Revenue</b>	15,996	14,579	15,989	(1,409)	(8.8%)
<b>63,306</b>	<b>73,158</b>	<b>60,067</b>	<b>13,091</b>	<b>21.8%</b>	<b>Total Operating Revenue</b>	<b>516,739</b>	<b>563,554</b>	<b>525,275</b>	<b>38,279</b>	<b>7.3%</b>
					<b>OPERATING EXPENSE</b>					
33,533	36,982	35,261	(1,721)	(4.9%)	<b>Salaries &amp; Wages</b>	276,053	292,794	291,285	(1,510)	(0.5%)
8,761	10,083	8,416	(1,668)	(19.8%)	<b>Supplies</b>	71,218	84,523	73,510	(11,012)	(15.0%)
5,582	6,926	5,672	(1,253)	(22.1%)	<b>Fees &amp; Purchased Services</b>	50,015	54,993	46,622	(8,371)	(18.0%)
2,204	2,560	2,160	(400)	(18.5%)	<b>Other Operating Expense</b>	16,941	21,160	20,232	(928)	(4.6%)
468	1,458	1,428	(30)	(2.1%)	<b>Interest</b>	2,965	4,227	6,226	1,999	32.1%
3,526	3,725	4,300	575	13.4%	<b>Depreciation</b>	28,094	28,935	30,328	1,392	4.6%
<b>54,073</b>	<b>61,734</b>	<b>57,237</b>	<b>(4,497)</b>	<b>(7.9%)</b>	<b>Total Operating Expense</b>	<b>445,286</b>	<b>486,632</b>	<b>468,203</b>	<b>(18,429)</b>	<b>(3.9%)</b>
<b>9,233</b>	<b>11,424</b>	<b>2,830</b>	<b>8,594</b>	<b>303.7%</b>	<b>Net Operating Margin</b>	<b>71,453</b>	<b>76,922</b>	<b>57,072</b>	<b>19,849</b>	<b>34.8%</b>
15,567	(28,834)	2,887	(31,722)	(1098.7%)	<b>Non Operating Income</b>	(1,677)	19,423	21,497	(2,074)	(9.6%)
<b>24,799</b>	<b>(17,411)</b>	<b>5,717</b>	<b>(23,128)</b>	<b>(404.5%)</b>	<b>Net Margin</b>	<b>69,776</b>	<b>96,345</b>	<b>78,569</b>	<b>17,775</b>	<b>22.6%</b>
20.9%	22.7%	14.2%	8.5%		<b>EBITDA</b>	19.8%	19.5%	17.8%	1.7%	
14.6%	15.6%	4.7%	10.9%		<b>Operating Margin</b>	13.8%	13.6%	10.9%	2.8%	
39.2%	-23.8%	9.5%	(33.3%)		<b>Net Margin</b>	13.5%	17.1%	15.0%	2.1%	

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

Period ending 2/29/2020

Period 8 FY 2019	Period 8 FY 2020	Period 8 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
51,718	59,023	54,828	4,196	7.7%	<b>Gross Revenue</b>	409,246	475,292	460,977	14,315	3.1%
(39,794)	(45,714)	(40,643)	(5,071)	(12.5%)	<b>Deductions</b>	(302,756)	(356,906)	(341,846)	(15,060)	(4.4%)
<b>11,923</b>	<b>13,310</b>	<b>14,185</b>	<b>(875)</b>	<b>(6.2%)</b>	<b>Net Patient Revenue</b>	<b>106,490</b>	<b>118,387</b>	<b>119,132</b>	<b>(745)</b>	<b>(0.6%)</b>
315	377	271	106	39.1%	<b>Other Operating Revenue</b>	2,343	3,063	2,170	893	41.1%
<b>12,239</b>	<b>13,687</b>	<b>14,456</b>	<b>(769)</b>	<b>(5.3%)</b>	<b>Total Operating Revenue</b>	<b>108,833</b>	<b>121,450</b>	<b>121,301</b>	<b>148</b>	<b>0.1%</b>
					<b>OPERATING EXPENSE</b>					
6,595	7,479	7,037	(442)	(6.3%)	<b>Salaries &amp; Wages</b>	55,162	59,974	58,536	(1,438)	(2.5%)
1,934	2,360	2,517	157	6.2%	<b>Supplies</b>	16,223	18,261	19,179	919	4.8%
2,615	2,711	2,682	(30)	(1.1%)	<b>Fees &amp; Purchased Services</b>	21,281	21,885	21,875	(10)	(0.0%)
315	359	377	18	4.8%	<b>Other Operating Expense</b>	2,494	2,700	3,322	622	18.7%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
789	769	815	46	5.6%	<b>Depreciation</b>	6,081	6,326	6,632	305	4.6%
<b>12,247</b>	<b>13,679</b>	<b>13,429</b>	<b>(250)</b>	<b>(1.9%)</b>	<b>Total Operating Expense</b>	<b>101,242</b>	<b>109,146</b>	<b>109,544</b>	<b>398</b>	<b>0.4%</b>
<b>(9)</b>	<b>8</b>	<b>1,027</b>	<b>(1,020)</b>	<b>(99.3%)</b>	<b>Net Operating Margin</b>	<b>7,591</b>	<b>12,303</b>	<b>11,758</b>	<b>546</b>	<b>4.6%</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	0	0	0	0	0.0%
<b>(9)</b>	<b>8</b>	<b>1,027</b>	<b>(1,020)</b>	<b>(99.3%)</b>	<b>Net Margin</b>	<b>7,591</b>	<b>12,303</b>	<b>11,758</b>	<b>546</b>	<b>4.6%</b>
6.4%	5.7%	12.7%	(7.1%)		<b>EBITDA</b>	12.6%	15.3%	15.2%	0.2%	
-0.1%	0.1%	7.1%	(7.1%)		<b>Operating Margin</b>	7.0%	10.1%	9.7%	0.4%	
-0.1%	0.1%	7.1%	(7.1%)		<b>Net Margin</b>	7.0%	10.1%	9.7%	0.4%	

# Silicon Valley Medical Development (\$000s)

Period ending 2/29/2020

Period 8 FY 2019	Period 8 FY 2020	Period 8 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
1,445	7,232	8,720	(1,488)	(17.1%)	<b>Gross Revenue</b>	7,029	58,513	71,324	(12,810)	(18.0%)
(999)	(5,762)	(5,295)	(467)	(8.8%)	<b>Deductions</b>	(4,652)	(41,886)	(43,420)	1,534	3.5%
<b>446</b>	<b>1,470</b>	<b>3,425</b>	<b>(1,955)</b>	<b>(57.1%)</b>	<b>Net Patient Revenue</b>	<b>2,377</b>	<b>16,627</b>	<b>27,903</b>	<b>(11,276)</b>	<b>(40.4%)</b>
0	2,076	1,614	462	28.6%	<b>Other Operating Revenue</b>	39	13,466	11,434	2,032	17.8%
<b>446</b>	<b>3,546</b>	<b>5,038</b>	<b>(1,493)</b>	<b>(29.6%)</b>	<b>Total Operating Revenue</b>	<b>2,417</b>	<b>30,093</b>	<b>39,337</b>	<b>(9,244)</b>	<b>(23.5%)</b>
					<b>OPERATING EXPENSE</b>					
144	1,576	1,514	(62)	(4.1%)	<b>Salaries &amp; Wages</b>	1,002	13,439	14,334	895	6.2%
36	456	356	(100)	(28.2%)	<b>Supplies</b>	340	3,372	3,068	(304)	(9.9%)
1,045	4,210	3,896	(314)	(8.1%)	<b>Fees &amp; Purchased Services</b>	6,283	33,327	32,641	(686)	(2.1%)
129	664	980	316	32.3%	<b>Other Operating Expense</b>	1,035	5,640	7,423	1,783	24.0%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
51	284	193	(92)	(47.6%)	<b>Depreciation</b>	350	646	1,505	859	57.1%
<b>1,405</b>	<b>7,190</b>	<b>6,939</b>	<b>(251)</b>	<b>(3.6%)</b>	<b>Total Operating Expense</b>	<b>9,010</b>	<b>56,424</b>	<b>58,972</b>	<b>2,548</b>	<b>4.3%</b>
<b>(959)</b>	<b>(3,644)</b>	<b>(1,900)</b>	<b>(1,744)</b>	<b>91.8%</b>	<b>Net Operating Margin</b>	<b>(6,593)</b>	<b>(26,331)</b>	<b>(19,635)</b>	<b>(6,696)</b>	<b>34.1%</b>
1,000	0	0	0	0.0%	<b>Non Operating Income</b>	7,810	0	0	0	0.0%
<b>41</b>	<b>(3,644)</b>	<b>(1,900)</b>	<b>(1,744)</b>	<b>91.8%</b>	<b>Net Margin</b>	<b>1,217</b>	<b>(26,331)</b>	<b>(19,635)</b>	<b>(6,696)</b>	<b>34.1%</b>
-203.4%	-94.8%	-33.9%	(60.9%)		<b>EBITDA</b>	-258.3%	-85.4%	-46.1%	(39.3%)	
-214.9%	-102.8%	-37.7%	(65.1%)		<b>Operating Margin</b>	-272.8%	-87.5%	-49.9%	(37.6%)	
9.2%	-102.8%	-37.7%	(65.1%)		<b>Net Margin</b>	50.4%	-87.5%	-49.9%	(37.6%)	

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

**To:** El Camino Hospital Board  
**From:** Bruce Harrison, President SVMD  
**Date:** March 23, 2020  
**Subject:** Silicon Valley Medical Development Update

**Purpose:**

The governance and oversight structure delineated in the Operating Agreement between SVMD and ECH describes frequency of reporting and areas of focus for each of the Board Committees.

El Camino Hospital Finance Committee is scheduled to receive a quarterly update on the El Camino Medical Network. Areas of focus at future meetings include:

1. Long-range financial plans
2. Annual review SVMD of SVMD financial plan
3. Annual operating and capital budgets
4. Annual report of performance metrics
5. Quarterly financial metrics updates

At this Finance Committee, we will establish which metrics will be reported during quarterly updates to the Finance Committee.

**Summary:**

**Potential Leading Metrics to Report at the Finance Committee**

- Ambulatory lives – 18mos
- Total visits/encounters
- Total new visits
- % of providers with productivity (wRVUs) above and below benchmark median
- Total productivity (wRVUs) vs benchmark median
- Operating margin vs budget
  - Practice Division
  - Urgent Care/On-Demand Care
  - Managed Care
  - Hospitalists

Silicon Valley Medical Development  
March 23, 2020

- Payer mix
- Total operating margin per physician
  - Established providers > 2 yrs
  - New providers < 2 yrs
- Total % of in-network vs. out-of-network capture
- Revenue Cycle
  - Days in accounts receivable
  - A/R above 90 Days
  - Net Collection ratio

**List of Attachments:**

SVMD presentation

**Suggested Committee Discussion Questions:**

- What metrics are reviewed by management and the SVMD Board
- What are the leading metrics the Finance Committee would like to review?
- Are there certain metrics that would diminish SVMD's competitive advantage if reported in a public Board session?



## Medical Network Financial Dashboard

*Bruce Harrison*

*David Neapolitan*

# Governance and Oversight

- The governance and oversight structure delineated in the Operating Agreement between SVMD and ECH allows for transparency of purpose, and clarity of governance responsibility, without diminishing SVMD’s competitive advantage

Governance / Oversight Body	Governance Context/ Purpose	Frequency
<b>SVMD Management</b>	<ul style="list-style-type: none"> <li>Execute strategic, operational, quality, financial, and compliance plans</li> <li>Support medical groups according to PSA</li> </ul>	Daily
<b>SVMD Board of Managers</b>	<ul style="list-style-type: none"> <li>Develop and recommend Approval of the SVMD Strategic Plan</li> <li>Approve strategic plans of affiliated medical groups</li> <li>Approved addition of medical groups</li> <li>Review financial, quality, compliance and operational performance</li> <li>Regular communication of organizational progress or risks</li> <li>Recommend annual budget to ECH Board</li> </ul>	Bimonthly
<b>El Camino Hospital Finance Committee</b>	<ul style="list-style-type: none"> <li>Review SVMD financial plan and annual report of performance metrics</li> <li>Approve annual operating and capital budgets</li> <li>Approve long-range financial plan</li> <li>Quarterly financial metrics updates</li> </ul>	Quarterly
<b>El Camino Hospital Quality Committee</b>	<ul style="list-style-type: none"> <li>Review quality plan and annual report or performance metrics</li> <li>Quality metrics update</li> </ul>	Quarterly
<b>El Camino Hospital Compliance Committee</b>	<ul style="list-style-type: none"> <li>Review compliance plan and annual report</li> <li>Ad hoc communication of organizational risks</li> </ul>	Annually
<b>El Camino Hospital Board of Directors</b>	<ul style="list-style-type: none"> <li>Ensures alignment of medical network with Health System Strategic Plan</li> <li>Approves operating and capital budget as recommended by BOM</li> <li>Approves, or delegates, approval of unbudgeted expenses</li> <li>Approves practice acquisitions above threshold</li> <li>Informed of performance against plan</li> </ul>	Semi-Annually

# El Camino Health Medical Network

## Monthly Management Leading Metrics

### TOTAL

- Ambulatory lives – 18mos
- # of capitated members (patient lives)
- Operating margin vs budget
  - Practice Division
  - Urgent Care/On-Demand Care
  - Managed Care
  - Hospitalists
- Payer mix
- Total operating margin per physician
  - Established providers > 2 yrs
  - New providers < 2 yrs
- Strategic development costs
  - Excess real estate
  - Business plans, for example
    - virtual care
    - Lifestyle medicine

### PATIENT RETENTION

- Total % of in-network vs. out-of-network referrals
- In-network vs. out-of-network referrals by specialty and location
- Health system volume

### REVENUE CYCLE

- Days in accounts receivable
- A/R above 90 Days
- Denial Rate
- Net Collection ratio
- Bad Debt write-offs
- Avoidable write-offs
- Charge Lag
- Point of service collections
- Coding accuracy rate
- Open charts

# El Camino Health Medical Network

## Monthly Management Leading Metrics

### PRODUCTIVITY

- Total visits/encounters
- Total new visits
- Total new visits as a % of total visits
- # of providers by specialty and region
- % of providers with productivity  $\geq$  median
- Total wRVUs vs Median
  - Established providers > 2 yrs
  - New providers < 2 tears
- Slot utilization
- No show cancellation rate
- Panel size by provider

### PERFORMANCE BY LOCATION

- Operating Margin vs Budget
- In-network vs. out-of-network referrals by site
- In-network vs. out-of-network referrals by provider
- Total visits/encounters
- Total new visits
- Total new visits as a % of total visits
- wRVUs vs Median

### PATIENT EXPERIENCE BY LOCATION

- Likelihood to recommend (Net Promoter Score)
- CGCAHPS (annual)
- Primary care access within 24 hrs
- Specialist access within 7 days
- Telephone abandonment rate
- Average wait times (Below 15 minutes)

# El Camino Health Medical Network Quality and Provider Dashboard (Quarterly update)

## PEOPLE

### PROVIDERS

- Provider vacancy rate vs targets
- Provider retention
- Medical staff engagement and wellness (annual)
- Compensation vs market

### STAFF

- Time to hire
- Vacancy rate
- Turnover rate
- Staff engagement (annual)
- Compensation vs market

## QUALITY

- Composite published ambulatory metrics such as HEDIS and MIPS
- Metrics to be established by Quality Council related to health system areas of focus such as length of stay and readmissions

## MANAGED CARE

- Managed Care star ratings (annual)
- # of El Camino affiliated physicians in network
- In network utilization rate

# Recommended Finance Committee Level Leading Metrics

## Quarterly

- Ambulatory lives – 18mos
- Total visits/encounters
- Total new visits
- % of providers with productivity (wRVUs) above and below benchmark median
- Total productivity (wRVUs) vs benchmark median
- Operating margin vs budget
  - Practice Division
  - Urgent Care/On-Demand Care
  - Managed Care
  - Hospitalists
- Payer mix
- Total operating margin per physician
  - Established providers > 2 yrs
  - New providers < 2 yrs
- Total % of in-network vs. out-of-network capture
- Revenue Cycle
  - Days in accounts receivable
  - A/R above 90 Days
  - Net Collection ratio

# Recommended Board Level Metrics

Semi-  
Annually

## Quality Committee

- Composite HEDIS
- Composite MIPS
- Individual metrics where there is an organizational area of focus

Annually

## Compliance Committee

- Compliance Plan
- Annual metrics
- Ad hoc reporting

Semi-  
Annually

## Hospital Board

- Composite Net Promoter Score
- Composite CAHPS
- Composite Provider Engagement
- Composite Employee Engagement
- Report from Committees