

**AGENDA**  
**FINANCE COMMITTEE MEETING**  
**OF THE EL CAMINO HOSPITAL BOARD**

**Monday, April 27, 2020 – 5:30 pm**

El Camino Hospital | 2400 Grant Road, 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> <b>Approval</b> a. <a href="#">Minutes of the Open Session of the Finance Committees (03/23/2020)</a> <b>Information</b> b. <a href="#">Committee Pacing Plan</a> c. <a href="#">Article of Interest</a>	John Zoglin, Chair	<i>public comment</i>	<b>motion required 5:35 – 5:37</b>
<b>5. REPORT ON BOARD ACTIONS</b> <a href="#">ATTACHMENT 5</a>	John Zoglin, Chair		<b>information 5:37 – 5:42</b>
<b>6. POST IMPLEMENTATION REVIEW – PAC/RIS</b> <a href="#">ATTACHMENT 6</a>	Deb Muro, CIO; Jim Griffith, COO		<b>information 5:42 – 5:57</b>
<b>7. DISCUSS AND RECOMMEND FY21 COMMITTEE GOALS</b> <a href="#">ATTACHMENT 7</a>	Michael Moody, Interim CFO	<i>public comment</i>	<b>possible motion 5:57 – 6:07</b>
<b>8. FY20 PERIOD 9 FINANCIALS</b> <a href="#">ATTACHMENT 8</a>	Michael Moody, Interim CFO	<i>public comment</i>	<b>motion required 6:07 – 6:22</b>
<b>9. ADJOURN TO CLOSED SESSION</b>	John Zoglin, Chair		<b>motion required 6:22 – 6:23</b>
<b>10. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	John Zoglin, Chair		<b>information 6:23 – 6:24</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
<b>11. 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> - Minutes of the Closed Session of the Finance Committees (03/23/2020)	John Zoglin, Chair		<b>motion required</b> <b>6:24 – 6:25</b>
<b>12.</b> <i>Health and Safety Code Section 32106(b)</i> – for a report and discussion involving healthcare facility trade secrets: - COVID 19 Update – Organizational Response and Prioritization	Michael Moody, Interim CFO		<b>information</b> <b>6:25 – 7:30</b>
<b>13.</b> <i>Health and Safety Code Section 32106(b)</i> – for a report and discussion involving healthcare facility trade secrets: - HVI Service Line Report	Jim Griffith, COO; Amy Maher, Executive Director, Service Line HVI		<b>information</b> <b>7:30 – 8:10</b>
<b>14.</b> <i>Gov't Code Sections 54957</i> for report and discussion on personnel matters – Senior Management: - Executive Session	John Zoglin, Chair		<b>information</b> <b>8:10 – 8:15</b>
<b>15. ADJOURN TO OPEN SESSION</b>	John Zoglin, Chair		<b>motion required</b> <b>8:15 – 8:16</b>
<b>16. RECONVENE OPEN SESSION / REPORT OUT</b>  To report any required disclosures regarding permissible actions taken during Closed Session.	John Zoglin, Chair		<b>information</b> <b>8:16 – 8:17</b>
<b>17. COMMITTEE RECRUITMENT</b>	John Zoglin, Chair		<b>information</b> <b>8:17 – 8:27</b>
<b>18. CLOSING COMMENTS</b>	John Zoglin, Chair		<b>information</b> <b>8:27 – 8:32</b>
<b>19. ADJOURNMENT</b>	John Zoglin, Chair	<i>public comment</i>	<b>motion required</b> <b>8:32 – 8:33</b>

**Upcoming Meetings:**

Regular Meetings: 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, March 23, 2020**

**El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040**

Pursuant to State of California Executive Order N-29-20 dated March 18, 2020, El Camino Health did not provide a physical location for this meeting. Instead, the public was invited to join the open session meeting via teleconference.

**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. A verbal roll call was taken. All other members were present and participated telephonically. A quorum was present pursuant to State of California Executive Orders N-25-20 dated March 12, 2020 and N-29-20 dated March 18, 2020.	
<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 pulled (f) Report on Major Capital Projects in Progress. In response to a committee member's question regarding additional expenses on the Taube Pavilion project, Mr. Griffith stated that the cost impact will be between \$200,000 to \$400,000 which may be passed on to the architect.</p> <p>Motion: To approve the consent calendar: (a) Minutes of the Open Session of the Finance Committee Meeting (01/27/2020), (b) Minutes of the Open Session of the Joint Finance and Investment Committee Meeting (1/27/2020), (c) FY20 Period 7 Financials, and for information: (d) Progress Against Goals, (e) Committee Pacing Plan, (f) Report on Major Capital Projects in Progress.</p> <p><b>Movant:</b> Kalbach  <b>Second:</b> Juelis  <b>Ayes:</b> Chow, Faust, Juelis, Kalbach, Watters, and Zoglin  <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 8 FINANCIALS</b>	Victor Cabrera, Director, Decision Support and Business Analytics, provided highlights of the FY20 Period 8 Financials as further detailed in the materials submitted. Mr. Cabrera reviewed February volumes,	<b><i>Financials were approved.</i></b>

	<p>revenues, monthly financial trends, productivity, and operating margin. Current year to date, outpatient activity continues to drive operations. Mr. Cabrera stated that all metrics are looking very favorable through February thus far. Inpatient service line volume trends compared to market trends is growing at about 6.5%.</p> <p>Mr. Cabrera reviewed the current income statement. While the supply line item is overbudget, it is tracking volume very well. We have an overage in fees and purchased services primarily made up of professional staffing including IT, security, and transportation costs.</p> <p>With respect to SVMD Mr. Cabrera stated that the “other operating revenue” is made up of capitation revenue and revenue from the hospitalist business. The supplies for the month and year to date are now unfavorable. One clinic had higher than expected supply cost. This is something that will be corrected with the next fiscal year budget. Mr. Cabrera stated that there is an anticipated \$7M to \$8M of loss in revenue for Period 9 due to the COVID-19 virus. Within the last week, inpatient and outpatient charges are both down.</p> <p>In response to committee member’s questions, Mr. Griffith explained that there is a growth plan for each service line that we have developed. There has been a lot of service line effort put into Maternal Child Health .</p> <p>Mr. Woods also explained that we can determine who the COVID-19 and non-COVID-19 patients are in the system. Mr. Cabrera noted that the FY20 budget for SVMD was very conservative, however, this year we are adjusting for that and correcting that. There was also a lab opened that was not accounted for in the budget. Previously, all labs from the SJMG clinics were sent to and processed at O’Connor Hospital.</p> <p><b>Motion:</b> To recommend the Board approve the FY20 Period 8 Financials.</p> <p><b>Movant:</b> Watters  <b>Second:</b> Juelis  <b>Ayes:</b> Chow, Faust, Juelis, Kalbach, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<p><b>7. MEDICAL NETWORK FINANCIAL DASHBOARD</b></p>	<p>Bruce Harrison, President, SVMD, presented the Medical Network Financial Dashboard with the list of the metrics that are managed at SVMD. The focus is to bring forward to the Finance Committee SVMD’s financial plan and annual report related to it’s metrics including annual operating budget and capital budget. The data listed in the packet is on an aggregate level. Within the medical network, we our (4) separate businesses: medical practices, urgent care sites, managed care operation, and the hospitalist program. Mr. Harrison stated that there has been a lot of investment in new sites and business plans. Mr. Harrison stated that his team measures network adequacy, provider productivity, slot utilization in regards to appointments, and panel size by providers. These will all be presented quarterly to the Finance Committee.</p> <p>In response to committee members questions, Mr. Harrison stated that patient experience will be presented at the full board and the quality committee. With materials presented to the Finance Committee, the goals</p>	

	<p>will have a target and benchmarks to compare the metrics to. Mr. Harrison also stated that the medical network is beginning to measure metrics with telehealth in addition to in office visits.</p> <p>Mr. Chow suggested the key metrics to be separated by sites. Mr. Watter's added that the demographics and economic conditions are all over the map and agrees with Mr. Chow's suggestion. Ms. Rotunno suggested to discuss this during closed session.</p>	
<b>8. ADJOURN TO CLOSED SESSION</b>	<p><b>Motion:</b> To adjourn to closed session at 6:31pm.</p> <p><b>Movant:</b> Kalbach  <b>Second:</b> Chow  <b>Ayes:</b> Chow, Faust, Juelis, Kalbach, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<i>Adjourned to closed session at 6:31pm</i>
<b>9. AGENDA ITEM 16: RECONVENE OPEN SESSION/ REPORT OUT</b>	<p>The open session reconvened at 7:59 pm. Agenda Items 9-15 were covered in closed session. During the closed session, the Committee approved Meeting Minutes of the Closed Session of the Finance Committee (1/27/2020) and Meeting Minutes of the Closed Session of the Joint Finance and Investment Committees (1/27/2020) by a unanimous vote of all members present (Zoglin, Chow, Faust, Kalbach, Juelis and Watters).</p>	
<b>10. AGENDA ITEM 17: APPROVAL OF PHYSICIAN CONTRACTS</b>	<p>The Enterprise Stroke &amp; Neurology On-Call Coverage Panel will go straight to the Board for approval.</p> <p><b>Motion:</b> To approve the (b) Enterprise Amended &amp; Restated Ortho Co-Management, (c) MV Urology On-Call Panel, (d) LG Urology On-Call Panel, and (e) Enterprise Infection Control Medical Director Increase in Hours.</p> <p><b>Movant:</b> Kalbach  <b>Second:</b> Juelis  <b>Ayes:</b> Chow, Faust, Juelis, Kalbach, Waters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<i>Physician Contracts approved.</i>
<b>11. AGENDA ITEM 18: CLOSING COMMENTS</b>	<p>None noted.</p>	
<b>12. AGENDA ITEM 19: ADJOURNMENT</b>	<p><b>Motion:</b> To adjourn at 8:05pm</p> <p><b>Movant:</b> Kalbach  <b>Second:</b> Faust  <b>Ayes:</b> Chow, Faust, Juelis, Kalbach, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<i>Meeting adjourned at 8:59pm</i>

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

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

**FY20 Finance Committee Pacing Plan – Updated April 14, 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 April 14, 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 (+COVID-19 Response and Recovery)– 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>Service Line Report – HVI</b></li> <li>- <b>Committee Recruitment</b></li> </ul>	<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 <b>(Rad Onc?)</b></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> <li>- <b>Committee Recruitment</b></li> </ul>	<p>No scheduled meeting</p>

**FY20 Finance Committee Pacing Plan – Updated April 14, 2020**

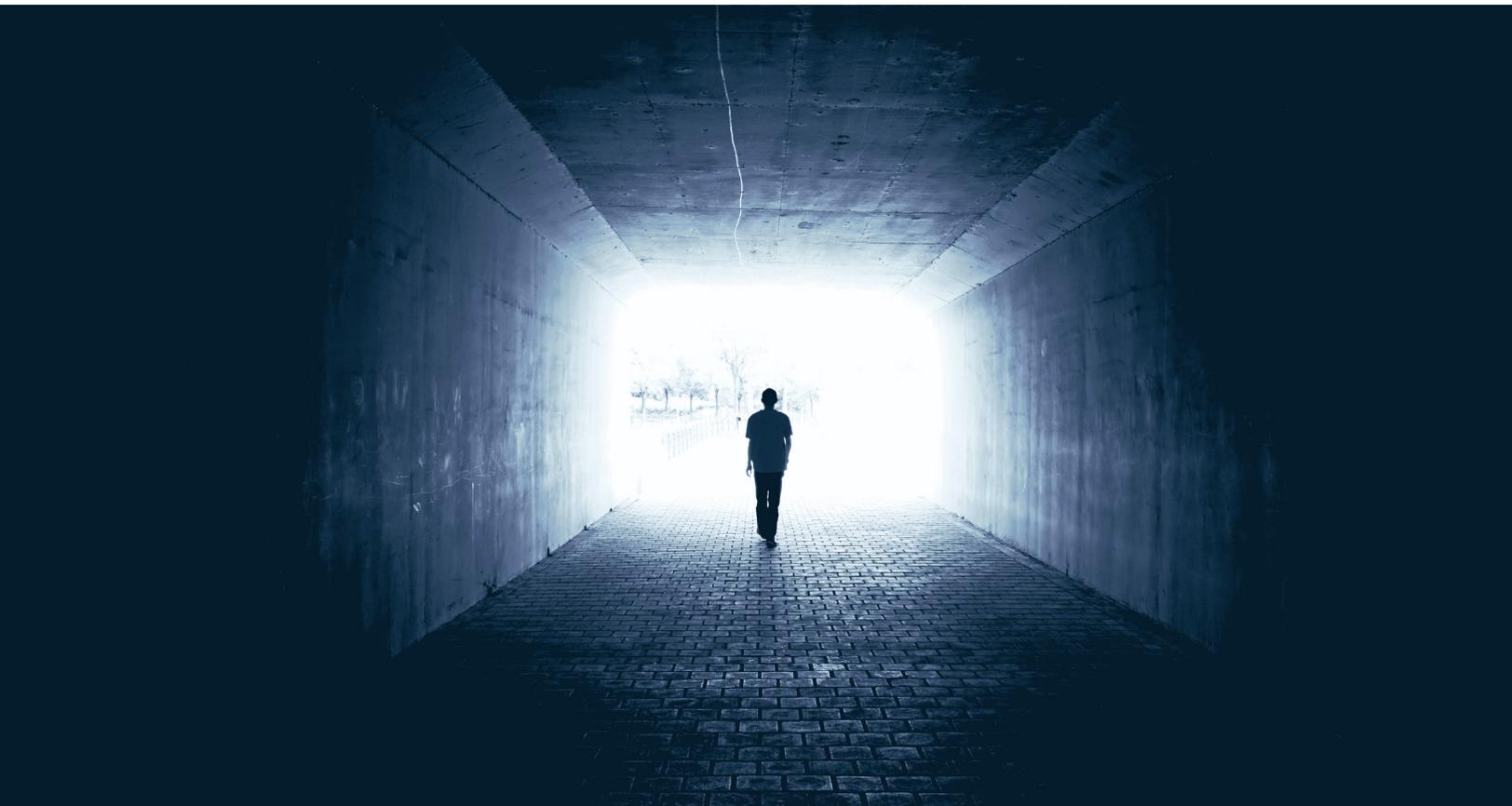
**Last 18 Months Capital Project Approvals  
February 2018 - October 2019**

<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
1/25/20*	Finance Committee	Satellite Dialysis*	No approval on /1/25/20 – presented only	7/2021

# The future is not what it used to be: Thoughts on the shape of the next normal

The coronavirus crisis is a world-changing event. Here are seven elements for business leaders to consider as they plan for the next normal.

*by Kevin Sneader and Shubham Singhal*



**Dealing with the coronavirus crisis** and its aftermath could be the imperative of our times. Indeed, we have argued that it augurs the “imminent restructuring of the global economic order.” As Ian Davis, one of our previous managing partners, wrote in 2009 in the midst of the global financial crisis:

For some organizations, near-term survival is the only agenda item. Others are peering through the fog of uncertainty, thinking about how to position themselves once the crisis has passed and things return to normal. The question is, ‘What will normal look like?’ While no one can say how long the crisis will last, what we find on the other side will not look like the normal of recent years.

It is impossible to know what will happen. But it is possible to consider the lessons of the past, both distant and recent, and on that basis, to think constructively about the future. We believe the following elements will be important in the shaping of the next normal—and that business leaders will need to come to terms with them.

## **1. Distance is back**

In the mid-1990s, the idea of the “death of distance” gained currency. The thinking was that new web-based and telecom technologies had made it possible to communicate and work in new ways that dramatically reduced the value of physical proximity. As the flow of information became cheap and seamless, global supply chains of bewildering complexity were able to deliver just-in-time products as a matter of routine. Cross-border trade reached new peaks. And the world’s burgeoning middle class took to travel and tourism with something like abandon.

Even before COVID-19 hit, there were signs of unease, expressed in calls for protectionism and more restrictive immigration and visa policies. In these ways, people sought, in effect, to create more distance from those unlike themselves.

Such attitudes were far from universal, of course. But to deal with the pandemic, governments around the world have imposed restrictions on people and goods of a severity not seen for decades. According to one study, more than three billion people live in countries whose borders are now totally closed to nonresidents; 93 percent live in countries that have imposed new limits on entry because of the coronavirus. If a modern-day Hannibal wanted to cross the Alps peacefully, his elephants would be turned away. Eventually, the tourists will come back and the borders will reopen, but it is certainly possible that the previous status quo will not return.

Indeed, for businesses, the prospect of more border restrictions, a greater preference for local over global products and services, the need for resilience across supply chains driving a move to bring sourcing closer to end markets (see “2. Resilience AND efficiency”), and perhaps renewed resistance to globalization are all possible second-order consequences of the actions being taken now to cope with the coronavirus. Technology continues to shrink physical distance, but in other ways, it could be set for a return.

## **2. Resilience AND efficiency**

Even when lockdown restrictions begin to ease, businesses will need to figure out how to operate in new ways. In short, resiliency—the ability to absorb a shock, and to come out of it better than the competition—will be the key to survival and long-term prosperity.

Again, the past can be a prelude. McKinsey research on the 2008 financial crisis found that a small group of companies in each sector outperformed their peers. They did get hurt, with revenues falling about the industry average, but they recovered much faster. By 2009, the earnings of the resilient companies had risen 10 percent, while that of the nonresilient had gone down almost 15 percent. What characterized the resilient companies was preparation before the crisis—they typically had stronger balance sheets—and effective action during it—specifically, their ability to cut operating costs.

# In three areas in particular—digital commerce, telemedicine, and automation—the COVID-19 pandemic could prove to be a decisive turning point.

This advice is still sound—but insufficient. COVID-19 could end up dwarfing the financial crisis in economic damage. In that case, it will not be enough for many companies to tweak their business model; instead, they will need to rethink it.

One implication of this has to do with how supply chains operate; companies are finding themselves vulnerable because they cannot get the parts they need. Supply chains built on just-in-time inventory and distributed component sourcing may well have to be reconsidered, given the way many have been disrupted. Instead, companies will want to build backup and safety plans.

Other key elements of business structure will also be revisited. For example, the *Wall Street Journal* observed that the crisis has revealed weaknesses in succession plans as leaders get sick and deputies quickly need to be found across all aspects of operations. Companies are learning the hard way that succession planning has to go much deeper than the C-suite, and much broader, responding to possible short-term disruptions as well.

Investors are likely to take note, and to devise ways to incorporate resiliency more systematically into their valuations. Indeed, in the wake of recent natural disasters, the impact of climate change was increasingly being recognized by business leaders and investors, with consequent effects on decision making and valuations. This pressure to include

environmental, social, and governance factors in valuing a business is likely to expand to incorporate resiliency to outside shocks, such as pandemics. In sum, many companies will rebalance their priorities, so that resiliency—in all its manifestations—becomes just as important to their strategic thinking as cost and efficiency.

### 3. The rise of the contact-free economy

In three areas in particular—digital commerce, telemedicine, and automation—the COVID-19 pandemic could prove to be a decisive turning point.

E-commerce was already meaningfully and visibly eating into the sales of brick-and-mortar stores. What the coronavirus has done is to accelerate a change in shopping habits that was already well established. Early indications from China, for example, are that new customers and markets—specifically individuals aged 36 and over and residents of smaller, less prosperous cities—have begun to shop online in greater numbers. In Europe, 13 percent of consumers said in early April that they were planning to browse online e-tailers for the first time. In Italy alone, e-commerce transactions have risen 81 percent since the end of February.

The figures for telemedicine and virtual health are just as striking. Teladoc Health, the largest US stand-alone telemedicine service, reported a 50 percent increase in service in the week ending

March 20, and is adding thousands of doctors to its network. The Federal Communications Commission is spending \$200 million to improve connectivity between patients and virtual-healthcare providers, and the US Department of Health and Human Services has increased reimbursements for telemedicine and enabled cross-state provision of virtual care. Sweden's KRY International, one of Europe's biggest telehealth providers, reported that registrations were up more than 200 percent. France and Korea have both changed regulations to ease access to telemedicine. With a vaccine or treatment at least months away, patients and healthcare providers both have reason to expand virtual interactions.

Greater automation was already occurring before COVID-19. In late 2017, the McKinsey Global Institute estimated that 60 percent of all jobs could see more than 30 percent of their key tasks automated, affecting 400 million to 800 million jobs around the world by 2030. According to the Brookings Institution, over the three recessions that have occurred over the past 30 years, the pace of automation increased during each.

In effect, it is becoming possible to imagine a world of business—from the factory floor to the individual consumer—in which human contact is minimized. But not eliminated: for many people, getting back to normal will include popping into stores again, and the roadside kiosks typical of much of the developing world are not about to be replaced by cashless hyperstores. Patients with complex needs will still want to see their doctors in person, and many kinds of jobs are not automatable. But the trends are unmistakable—and probably irreversible.

#### **4. More government intervention in the economy**

During times of great crisis, such as World War II, citizens have proved willing to accept—even embrace—greater government control of the economy. Already, there has been economic

intervention on a scale that hasn't been seen for decades, if at all. As of April 10, governments across the globe had announced stimulus plans amounting to \$10.6 trillion—the equivalent of eight Marshall Plans. Most spending is directed to three areas—supporting citizens' basic needs, preserving jobs, and helping businesses to survive another day.

India is making direct cash transfers to needy citizens, and Indonesia is expanding social-welfare benefits to ten million more households. Britain and France are covering wages (up to 80 percent) of workers affected by COVID-19; Italy is suspending loan and mortgage payments; Brazil is easing labor regulations on companies. And central banks from Australia to Europe to South Africa to Canada are cutting rates.

As governments step up to serve, or save, the private sector, the means they choose will differ. Some countries will outright nationalize, some will take equity stakes, some will provide loans, and others will choose to regulate. If nonperforming loans require a second bailout, the banking sector could become something like a regulated utility in some markets.

A push to redefine the global public-health ecosystem to navigate possible future pandemics and related threats better could provide additional impetus for cross-country public-sector intervention. Reform of financial institutions gained momentum in 2009, and the same could be true for public health in the near future.

As our colleagues wrote in the context of climate change, "the tremendous costs of being the payor, lender, and insurer of last resort may prompt governments to take a much more active role in ensuring resiliency." The implications for the role of the state will materially affect the way business is conducted; business leaders in many more sectors will have to adjust to the next normal of greater government intervention.

At some point, governments may decide to get out of the business of business; how they do so will be complicated and differentiated. How much, how fast, and in what ways governments reduce their economic role will be one of the most important questions of the next decade.

### **5. More scrutiny for business**

Rightly or wrongly, there is a perception in many countries that during the financial crisis, financial institutions were culpable for the trauma, accepted billions of dollars from taxpayers, and gave little back. Now citizens all over the world could face higher taxes and/or fewer services in order to pay for the \$10.6 trillion committed so far. The public will expect—indeed, demand—that their money be used for the benefit of society at large. This raises complicated questions. What does it mean for businesses to do right by their employees and customers? If a financial institution accepts a bailout, how should it think about calling in loans? When, if ever, is it appropriate to resume buybacks and pay higher dividends?

Even before the coronavirus, there was a growing sense that shareholder value should not be the only corporate value. In August 2019, more than 181 US CEOs signed a statement committing themselves to other priorities—investing in employees, supporting communities, and dealing ethically with suppliers—in addition to shareholder value. The idea of the

“triple bottom line”—profit, people, and planet—has become mainstream, as have socially responsible investment funds.

With many businesses likely to be operating to some extent with public money, the scrutiny will be intense. There will be real effects on the relations between government and business, and between business and society. That could show itself in the form of more regulation, particularly in regard to domestic sourcing and workforce safety. And as the coronavirus reveals or heightens awareness of social fractures, business will be expected to be part of finding long-term solutions.

The coronavirus could be the biggest global challenge since World War II. In the wake of that conflict came the question: “What did you do during the war?” That question will be asked, forcefully, of both government and business, once the COVID-19 battle has been won. Business leaders need to ask it of themselves now.

### **6. Changing industry structures, consumer behavior, market positions, and sector attractiveness**

One of the key questions facing business leaders is whether their industry will rebound from the economic shock posed by the virus, or sustain lasting damage. The answer to this question likely lies in an assessment of the degree to which

**As the coronavirus crisis reveals or heightens awareness of social fractures, business will be expected to be part of finding long-term solutions.**

industries find themselves susceptible to the elements highlighted in this article. For example, those that have shown themselves to be less resilient may find it difficult to regain their pre-COVID-19 standing. In the auto sector, for example, companies have relied on global just-in-time-based supply chains; they will be under pressure to change so that continuity of supply is just as valued as cost and speed to market.

In addition, there could be lasting changes to consumer attitudes toward physical distance, health, and privacy. For example, increased health awareness and a corresponding desire to live more healthily could bring lasting change to where, how, and what people eat. Some consumers and governments—but by no means all—may change their attitudes toward the sharing and use of personal data if it can be demonstrated that the use of such data during the crisis helped safeguard lives.

For millennials and members of Generation Z—those born between 1980 and 2012—this crisis represents the biggest disruption they have faced. Their attitudes may be changed profoundly and in ways that are hard to predict. The tourism, travel, and hospitality sectors may see their businesses subject to long-term changes in business and individual travel preferences. Concern over the possibility of other “black swan” events could change how consumers approach financial security—saving more and spending less. The list of questions about how consumers will behave after COVID-19 is long, and uncertainty is high. As a result, this is the subject of much research by McKinsey and others.

Given the intensity of these pressures, it is reasonable to question whether existing market positions will be retained without significant effort to reposition and respond to changes confronting industries and sectors as a whole. To this can be added the economic impact of stretched balance sheets and valuations leading to changes in business ownership.

In this context, it is possible that institutions may find new and enduring ways to collaborate, prompted by the regulatory and other changes that have enabled corporations to work together in order to address the current crisis.

## **7. Finding the silver linings**

If necessity is the mother of invention—and it often is—there could be some positive outcomes of the coronavirus crisis. These are unlikely to come anywhere near to compensating for the human and economic toll it is wreaking. However, given the general shortage of optimism at the moment, it may be heartening to consider a few encouraging possibilities.

One has to do with the human imperative to communicate. In this sense, the death of distance continues to be very real, and very positive. Individuals, communities, businesses, and governments alike are all learning new ways to connect: almost everyone knows a story of the grandparent who finally learned to Zoom, Skype, or FaceTime.

For businesses, the consequences have been profound. Many have learned how to operate remotely—and at a high level and at far greater speed. These practices could well stick, making for better management and more flexible workforces—something that could be particularly useful for many women, the disabled, and those who prefer untraditional career trajectories.

Business leaders now have a better sense of what can, and cannot, be done outside their companies' traditional processes. Many are beginning to appreciate the speed with which their organizations can move once they change how they do things. In short, the coronavirus is forcing both the pace and scale of workplace innovation. Indeed, as businesses are forced to do more with less, many are finding better, simpler, less expensive, and faster ways to operate.

The urgency of addressing COVID-19 has also led to innovations in biotech, vaccine development, and the regulatory regimes that govern drug development, so that treatments can be approved and tried faster. In many countries, health systems have been hard to reform; this crisis has made the difficult much easier to achieve. The result should be more resilient, responsive, and effective health systems.



These silver linings are thin compared with the scale of the coronavirus catastrophe. Nurturing a next normal that will be better than what it replaced will be a long-term test of all our institutions, global and local, public and private. It will be critical to reconstruct for the future and not solve for the problems of the past.

One possible next normal is that decisions made during and after the crisis lead to less prosperity, slower growth, widening inequality, bloated government bureaucracies, and rigid borders. Or it could be that the decisions made during this crisis lead to a burst of innovation and productivity, more resilient industries, smarter government at all levels, and the emergence of a reconnected world. Neither is inevitable; indeed, the outcome is probably more likely to be a mix. The point is that where the world lands is a matter of choice—of countless decisions to be made by individuals, companies, governments, and institutions.

The early 20th-century British explorer Ernest Shackleton once noted, “Optimism is true moral courage.” Optimism and courage: these qualities are needed more than ever as leaders make the decisions that will shape the next normal.

**Kevin Sneader**, the global managing partner of McKinsey, is based in McKinsey's Hong Kong office; **Shubham Singhal**, the global leader of the Healthcare Systems & Services Practice, is a senior partner in the Detroit office.

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

**To:** Finance Committee  
**From:** Cindy Murphy, Director of Governance Services  
**Date:** April 27, 2020  
**Subject:** Report on Board Actions

**Purpose:**

To keep the Committee informed with regards to actions taken by the El Camino Hospital and El Camino Healthcare District Boards.

**Summary:**

1. **Situation:** It is important to keep the Committees informed about Board activity to provide context for Committee work. The list below is not meant to be exhaustive, but includes agenda items the Board voted on that are most likely to be of interest to or pertinent to the work of El Camino Hospital’s Board Advisory Committees.
2. **Authority:** This is being brought to the Committees at the request of the Board and the Committees.
3. **Background:** Since the last Finance Committee meeting, the Hospital Board has met once 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.

<b>Board/Committee</b>	<b>Meeting Date</b>	<b>Actions (Approvals unless otherwise noted)</b>
<b>ECH Board</b>	April 15, 2020	<ul style="list-style-type: none"> <li>- Medical Staff Report including the Credentials and Privileges Report</li> <li>- Revised Medical Staff Bylaws (Restructuring Organization, Increasing length of terms etc.)</li> <li>- FY20 Period 7 and 8 Financials</li> <li>- Quality/Safety Performance Improvement and Patient Safety Plan (QAPI)</li> <li>- ECH Resolution 2020-02 Declaring Local Emergency (necessary first step to apply for COVID-19 FEMA funds should the organization decide to do so)</li> <li>- Enterprise Telestroke Agreement</li> <li>- Neurology Inpatient Consult Panel</li> <li>- Revised Executive Compensation Philosophy</li> <li>- Revised Executive Base Salary Administration Policy</li> <li>- Revised Executive Performance Incentive Plan</li> <li>- Urology On-Call Panels (MV and LG)</li> <li>- Infection Control Medical Directors Hours Increase</li> <li>- FY20 Board and Committee Self-Assessment Tools</li> <li>- Resolution 2020-03 Approving Neurology Inpatient Consult Panel Agreement for Peter C. Fung MD</li> </ul>

Report on Board Actions  
April 27, 2020

<b>Board/Committee</b>	<b>Meeting Date</b>	<b>Actions (Approvals unless otherwise noted)</b>
<b>ECHD Board</b>	April 15, 2020	- ECHD Resolution 2020-02 Declaring Local Emergency (necessary first step to apply for COVID-19 FEMA funds should the organization decide to do so)
<b>Finance Committee</b>		- None since last report
<b>Compliance and Audit Committee</b>		- None since last report
<b>Exec. Comp Committee</b>		- 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 HOSPITAL  
COMMITTEE MEETING COVER MEMO**

**To:** Finance Committee  
**From:** Deb Muro, CIO  
Jim Griffith, COO  
**Date:** 4/27/2020  
**Subject:** Post Implementation Review - PACS/RIS

**Purpose:**

To provide an updated post-implementation review of the Enterprise Imaging, Picture Archive Communication System (PACS) Project to the Finance Committee.

**Summary:**

1. **Situation:** Imaging Services Leadership and Radiologists requested approval for replacement of the existing imaging platform with a new Enterprise Imaging Picture Archive Communications System (PACS) to meet the clinical and business goals of ECH and its physicians.
2. **Authority:** On 2/14/18, the Hospital Board approved \$2,200,000 to replace the Enterprise Imaging, Picture Archive Communication System (PACS) System.
3. **Background:** A team of physicians and staff partnered with content expert consultants to completed an Imaging Strategy Assessment and Plan recommending an imaging solution comprised of an Enterprise Viewer integrated with the electronic medical record, a Radiology PACS, Advanced Visualization system and a Vendor Neutral Imaging Archive (VNA).
4. **Assessment:** ECH considered over 20 vendors as partners for an Enterprise Imaging solution, including the legacy imaging platform vendor. The final solution was selected which met the requirements as defined during the RFP process. Remaining on the existing platform was not an option due to the end of life status of the current technology.
5. **Other Reviews:** This recommended imaging platform was supported by physicians, management, Information Services, and the Medical Executive Committee.
6. **Outcomes:**

**Budget outcome:** Met capital and forecasted operating expense budget targets

Approved Capital Budget:	<b>\$2,200,000</b>	<b>Actual:</b>	<b>\$2,155,037</b>
Operating Expense Savings:	<b>\$900,000/7 years</b>	<b>Projected:</b>	<b>\$1M/7 years</b>

**Timeline And Scope outcome:**

The new imaging platform comprised of an Enterprise Viewer integrated with Epic, a Radiology PACS, Advanced Visualization system and a Vendor Neutral Imaging Archive (VNA) was implemented on time by December 2018.

**Benefits outcome:**

- Diagnostic and Breast Imaging reading efficiency
- Quality assurance
- Enhanced visualization of images to improve quality and accuracy

## Post Implementation Review – PACS/RIS

April 27, 2020

- Remote reading and telework capabilities for Radiologists
- Timely patient care and facilitation of patient through-put
- Image access for providers and patients
- Scalability to support organizational growth
- Reliability to reduce downtimes impacting physicians, employees and patients
- Radiologist and employee satisfaction



# El Camino Health

## **Enterprise Imaging Program Post-Implementation Review Finance Committee**

Deb Muro, CIO

Jim Griffith, COO

April 27, 2020

# Objectives of the Presentation

- Provide a brief overview of the components of the Enterprise Imaging, Picture Archive Communication System (PACS)
- Present the goals of the project and what has been achieved to date
- Engage in an interactive dialogue with the Committee

## What was included in this project

- Enterprise Viewer with integration to EPIC
- A PACS for radiology services
- An Advanced Visualization system
- Vendor Neutral Imaging Archive

## The Financial Information

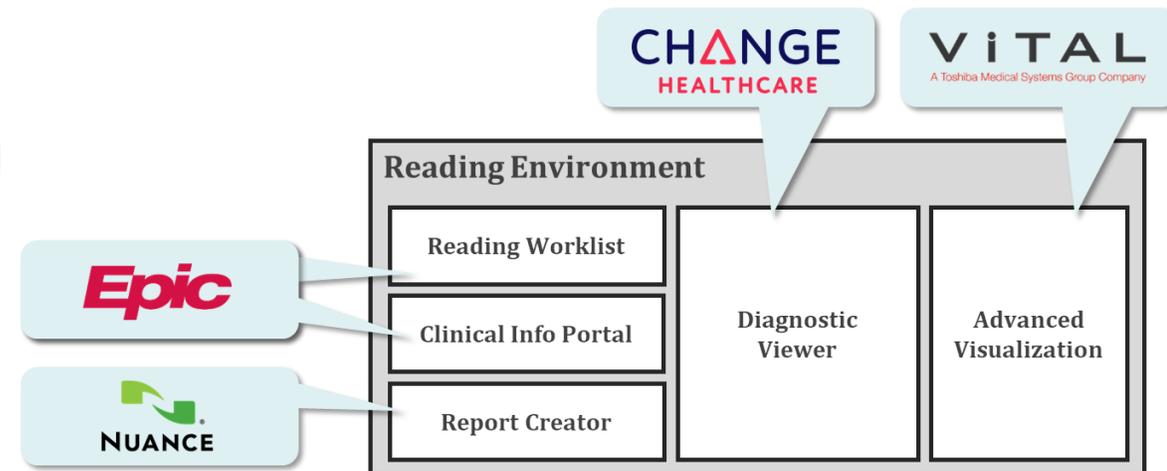
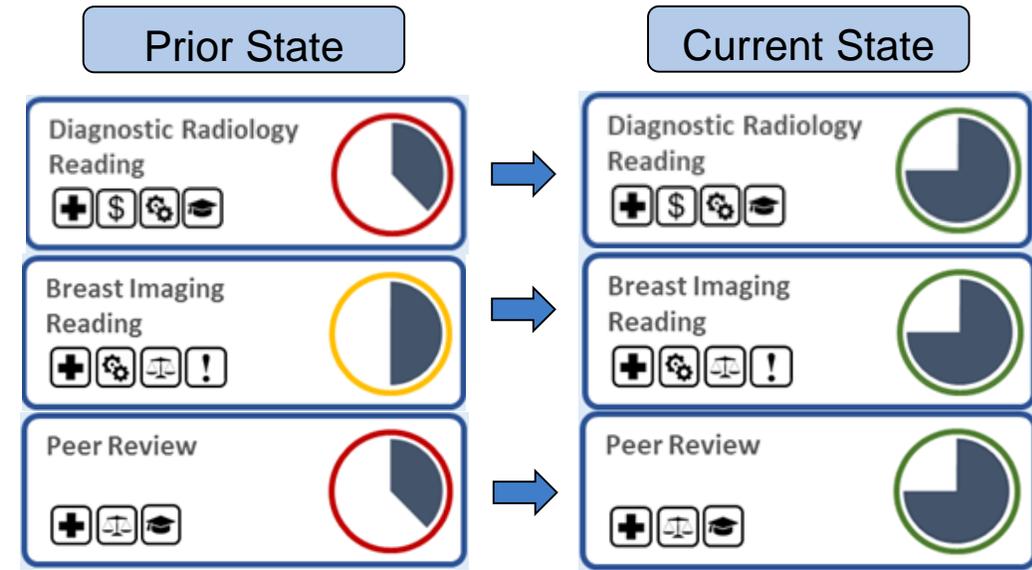
- The Hospital Board approved a \$2.2 million project for the Advanced Imaging, PACS system in 2018
  - The actual cost upon completion was \$2,155,037
- Given the nature of this capital request as replacement of existing equipment an ROI was not completed
- The capital request included an estimated savings in operating expenses of \$900,000 over 7 years
  - At the completion of year 2, FY20, we are projecting to achieve to realize over \$1M in actual savings

## Why did we do this project?

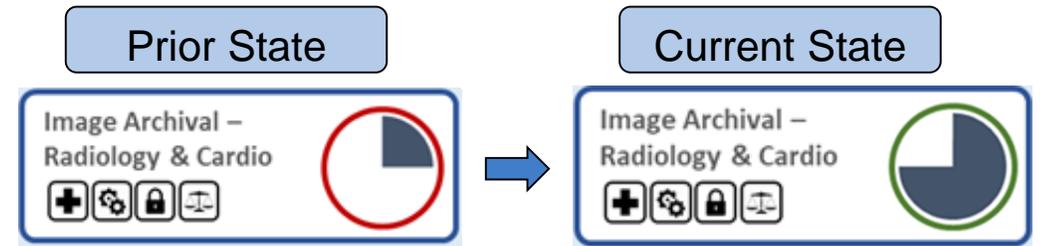
- Improves Diagnostic Radiology and Breast Imaging reading efficiency
- Supports quality assurance workflows
- Enhances visualization of images to improve quality and accuracy
- Provides remote reading and telework capabilities for Radiologists
- Facilitates patient throughput and timely patient care
- Promotes safety and service via Image access for providers and patients

# Diagnostic Radiology Reading

- **New Reading Environment** – Previous Diagnostic Radiology Reading workflows were replaced with a robust image information architecture comprised of a state of the art PACS, vendor neutral archive, and advanced visualization technology to create an efficient, productive, and functional reading environment for the Radiologists.
- **Vitreia Advanced Visualization** solution has many advanced tools which enable physicians to read studies more quickly with greater precision.
- **Remote Reading Capabilities** with four reading stations deployed at physician remote locations.

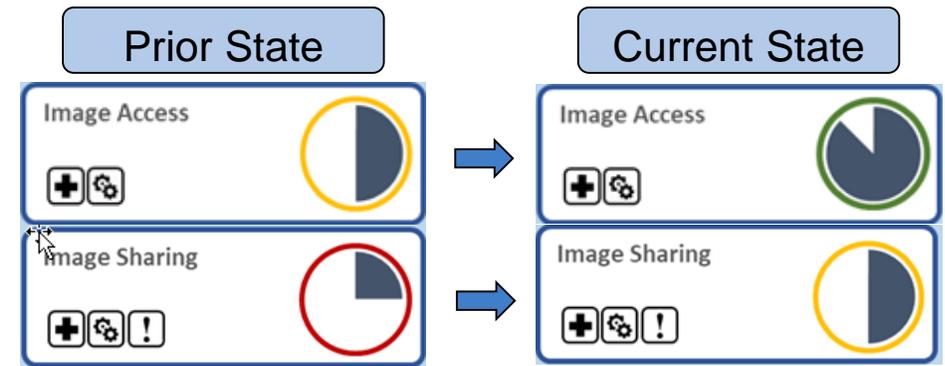


# Image Archival



- Upgrade from the prior state Image Archival system to the new platform resolved issues in the areas of reliability, efficiency and performance which created delays in reading workflows and patient care.
- Implementation of the imaging architecture to an industry leading Vendor Neutral Archive (VNA) storage system improved the quality of image records and information.
- Provides the ability to store DICOM compatible images from multiple sources

# Image Access



- The new **eUnity Enterprise Viewer** demonstrates improved diagnostic tools for physicians and staff to access images within the patient medical record.
- The upgraded platform provides capabilities for patient access to radiology images through integration with **Epic MyChart**.
- New architecture enables **business continuity** with availability of patient images during a PACS or VNA **system downtime**, preventing interruptions in the care of patients.
- Image sharing will be further enhanced with technology promoting interoperability between healthcare organizations to align image availability with patient location.

# Post Implementation

## Clinical Benefits And Market Differentiators:

- Scalability to support organizational growth
  - Can accommodate the 20,000 additional expected new studies from SVMMD
  - Consolidated a third party reading solution for mammography and streamlined workflow
- Reliability to reduce downtime impacting physicians, employees and patients
  - Previous system last 12 months downtime – 21 hours
  - New system downtime since Dec. 2018 – 0 hours
- Radiologist and Employee satisfaction
  - Anecdotally physicians and employees feel positive
  - New system features allow us to track staff exposures during COVID 19

## Summary

- The Enterprise Imaging, Picture Archive Communication System (PACS) capital investment has achieved the goals of the capital investment to date
  - Management will continue to monitor the operating expense goals
- Questions?

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

**To:** Finance Committee  
**From:** Michael Moody, Interim CFO  
**Date:** April 27, 2020  
**Subject:** Fiscal Year 2021 Committee Goals

**Purpose:**

The purpose of this agenda item is to begin the discussion and develop goals for the Finance Committee to achieve in fiscal year 2021.

**Summary:** Each year the Committee, along with all other Board Committees, establishes Committee goals for the coming fiscal year. The Committee is required to recommend their goals for approval at the May 26<sup>th</sup> meeting. This month the Committee will begin their discussion with the draft goals attached.

1. **Situation:** The Goals will be used to develop the pacing plan and meeting agendas with a focus on achieving the Finance related goals that further the organization in meeting the overall strategic goals of the Company.
2. **Authority:** It has been the organization's practice for the Board's Committees to develop their own goals and it is within the Governance Committee's Charter, as part of ensuring effective governance, to recommend those goals for approval to the Board.
3. **Background:** This is the first draft of the goals. They were developed to provide a context and starting point for the Finance Committee to engage in a conversation in the development of the final goals. The goals are scheduled to be voted on at the Committee's meeting in May. The approved goals will be reviewed, along with all other Board Committee goals, by the Governance Committee and then will be approved by the Board of Directors.
4. **Assessment:** The draft goals, as presented, are more of a partial pacing plan draft than actual Committee goals. As a Committee, I recommend that the focus of the discussion be on the development of goals that are directly linked to the Strategic Plan of the organization and those tactics that are most important to achieving those goals.
  - One example of this is the development of a capital allocation process that drives the capital expenditure decisions of the Company.
5. **Other Reviews:** No other Committees or departments have reviewed this material. The goals will be forwarded to the Governance Committee and the Board for adoption.
6. **Outcomes:** Approval of the Committee goals at the May 26, 2020 meeting.

**List of Attachments:**

1. Draft FY21 Finance Committee Goals

**Suggested Committee Discussion Questions:**

1. How do the Committee members measure the success of the Committee?

## FY21 Finance Committee Goals

April 27, 2020

2. What criteria is used for this?
3. What are strategic priorities of the company and what should this Committee be focused on as an oversight body in fiscal year 2021?
4. Are there risks that the Committee should be focused on in FY21 that need to be incorporated into these goals?

## DRAFT FY21 COMMITTEE GOALS

### Finance Committee

#### PURPOSE

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

**STAFF:** **Michael Moody**, Interim Chief Financial Officer (Executive Sponsor)

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

GOALS	TIMELINE	METRICS
1. Capital Deployment Methodology & Reporting	Q1	Receive project completion reports on Taube and Sobrato Pavilions including performance against budget in July
	Q1 and Q3	Review (September) and approve (January) a revised policy and procedure regarding an enterprise wide capital deployment and reporting.
2. Evaluate consumer-facing bills for ease of understanding, including patient portal (MyChart)	Q1 and Q2	Review consumer acceptance of changes made in FY20
3. Evaluate and monitor COVID-19 Recovery Plan	Q1 and Q2	Presentations in July, September and November of 2020
4. Review strategy, goals, and performance of business affiliates and service lines: 1) Oncology, 2) Behavioral Health, 3) MCH, 4) SVMD	Q1	SVMD (July), Oncology Service Line (September)
	Q2	Maternal Child Health and SVMD (November)
	Q3	Behavioral Health (January), SVMD (March)
	Q4	SVMD (May)

**SUBMITTED BY:** Chair: John Zoglin | Executive Sponsor: Michael Moody, Interim CFO

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

**To:** Finance Committee  
**From:** Michael Moody, Interim CFO  
**Date:** April 27, 2020  
**Subject:** Period 9 Financials

**Purpose:**

The purpose of this agenda item is to present both the month and year-to-date operating results through Period 9 and a balance sheet as of the end of Period 9.

**Summary:** At each meeting the Finance Committee reviews the latest financial results for the organization on a consolidated basis. The goal of the discussion is to understand the drivers of the current results and what is driving those results. This will allow the Committee to assess the current initiatives with management and measure their success financially.

1. **Situation:** The financial results will be used to assess the ongoing financial health of the organization and the effectiveness of the business.
2. **Authority:** This is the role of the Finance Committee.
3. **Background:** None
4. **Assessment:** The Period 9 financial statements reflect the operations as impacted by the COVID 9 Shelter In Place
5. **Other Reviews:** No other Committees or departments have reviewed this material. The approved goals will be forwarded to the Board for approval at their next meeting.
6. **Outcomes:** Approval of the Period 9 financial statements.

**List of Attachments:**

1. Period 9 Financial Statement Summary

**Suggested Committee Discussion Questions:**

1. How is management approaching and developing the financial recovery plan given the current situation?
2. How will the current situation impact the FY21 budget preparation and completion?



# El Camino Health

## Summary of Financial Operations

*Fiscal Year 2020 – Period 9  
7/1/2019 to 3/31/2020*

## The Story of March

- March 2020 with the introduction of the COVID 19 pandemic was truly a Black Swan event
  - The sudden reduction in volumes, almost instantaneously, is a once in a career event
  - Management focused, very appropriately, on the clinical/medical response in serving the community and it's needs
  - The organization, like all other healthcare organizations, is now reacting to the current economic reality and planning for the economics of a prolonged recovery on a longer-term basis

# Consolidated Statement of Operations (\$000s)

Period ending 03/31/2020

Period 9 FY 2019	Period 9 FY 2020	Period 9 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
316,524	281,723	353,329	(71,606)	(20.3%)	<b>Gross Revenue</b>	2,616,803	2,885,575	2,874,368	11,207	0.4%
(234,939)	(208,618)	(261,619)	53,001	20.3%	<b>Deductions</b>	(1,925,606)	(2,128,482)	(2,126,336)	(2,146)	(0.1%)
<b>81,585</b>	<b>73,105</b>	<b>91,710</b>	<b>(18,605)</b>	<b>(20.3%)</b>	<b>Net Patient Revenue</b>	<b>691,196</b>	<b>757,093</b>	<b>748,032</b>	<b>9,062</b>	<b>1.2%</b>
3,126	4,240	4,483	(244)	(5.4%)	<b>Other Operating Revenue</b>	30,569	41,082	40,173	909	2.3%
<b>84,711</b>	<b>77,345</b>	<b>96,194</b>	<b>(18,849)</b>	<b>(19.6%)</b>	<b>Total Operating Revenue</b>	<b>721,766</b>	<b>798,176</b>	<b>788,205</b>	<b>9,971</b>	<b>1.3%</b>
					<b>OPERATING EXPENSE</b>					
44,680	48,720	48,625	(95)	(0.2%)	<b>Salaries &amp; Wages</b>	380,905	418,542	416,922	(1,620)	(0.4%)
12,259	14,730	13,411	(1,319)	(9.8%)	<b>Supplies</b>	100,134	120,970	109,269	(11,700)	(10.7%)
11,565	13,704	13,427	(276)	(2.1%)	<b>Fees &amp; Purchased Services</b>	93,582	126,788	117,544	(9,244)	(7.9%)
2,906	4,042	3,698	(344)	(9.3%)	<b>Other Operating Expense</b>	23,972	34,132	35,244	1,112	3.2%
575	992	1,428	437	30.6%	<b>Interest</b>	3,541	5,218	7,654	2,436	31.8%
4,415	4,817	5,283	467	8.8%	<b>Depreciation</b>	38,968	40,744	43,767	3,023	6.9%
<b>76,399</b>	<b>87,003</b>	<b>85,872</b>	<b>(1,131)</b>	<b>(1.3%)</b>	<b>Total Operating Expense</b>	<b>641,101</b>	<b>746,394</b>	<b>730,400</b>	<b>(15,994)</b>	<b>(2.2%)</b>
<b>8,312</b>	<b>(9,658)</b>	<b>10,322</b>	<b>(19,980)</b>	<b>(193.6%)</b>	<b>Net Operating Margin</b>	<b>80,665</b>	<b>51,782</b>	<b>57,805</b>	<b>(6,023)</b>	<b>(10.4%)</b>
16,044	(71,812)	3,300	(75,112)	(2276.2%)	<b>Non Operating Income</b>	25,572	(47,351)	28,296	(75,647)	(267.3%)
<b>24,356</b>	<b>(81,470)</b>	<b>13,622</b>	<b>(95,092)</b>	<b>(698.1%)</b>	<b>Net Margin</b>	<b>106,237</b>	<b>4,430</b>	<b>86,101</b>	<b>(81,670)</b>	<b>(94.9%)</b>
15.7%	-5.0%	17.7%	(22.7%)		<b>EBITDA</b>	17.1%	12.2%	13.9%	(1.6%)	
9.8%	-12.5%	10.7%	(23.2%)		<b>Operating Margin</b>	11.2%	6.5%	7.3%	(0.8%)	
28.8%	-105.3%	14.2%	(119.5%)		<b>Net Margin</b>	14.7%	0.6%	10.9%	(10.4%)	

# Financial Overview - March

## Financial Performance

- Operating Loss was \$9.7M, which is \$20M lower than budget. Driven by:
  - The Shelter In Place and CDC order cancelling all elective procedures effective March 16<sup>th</sup>.
  - This caused a precipitous reduction in Volumes and Revenues
    - Patient Revenue is \$18.6M (-20%) lower than the budget
  - Operating Expense was unfavorable to budget by \$1.1M (1%)
    - Operating Expense per CMI Adjusted Discharge was 26% greater than the budget
- Non Operating Income includes a mark-to-market adjustment of approximately \$70M due to unrealized losses in equity and fixed income positions.

## Hospital Patient Volume

- Adjusted Discharges (AD) unfavorable to budget 672 ADs (20.6%) and unfavorable to prior year by 17%
  - Mountain View: Unfavorable to budget by 569 ADs (21.6%) and unfavorable to prior year by 18%
  - Los Gatos: Unfavorable to budget by 103 ADs (16.4%) and unfavorable to prior year by 13%

## Silicon Valley Medical Group Volume

Visits were below budget by 1,318 or 9%

# Financial Overview – Year to Date March

## Financial Performance

- Operating Margin, with the inclusion of March's loss, is \$6M unfavorable to budget. Driven by:
  - Patient Revenue remains slightly favorable to budget \$9.1M (1.2%)
  - Operating Expenses are now unfavorable to budget by \$16M (-2.2%)
    - Operating Expense per CMI Adjusted Discharge remains favorable to budget by 2%
- Non Operating Income is unfavorable due to the material mark-to-market adjustment for the investment portfolio in March.

## Hospital Patient Volume

- Adjusted Discharges (AD) favorable to budget 1,244 ADs (4.6%) and favorable to prior year by 8%
  - Mountain View: Favorable to budget by 796 ADs (3.7%) and favorable to prior year by 6%
  - Los Gatos: Favorable to budget by 448 ADs (9%) and favorable to prior year by 16%

## Silicon Valley Medical Group

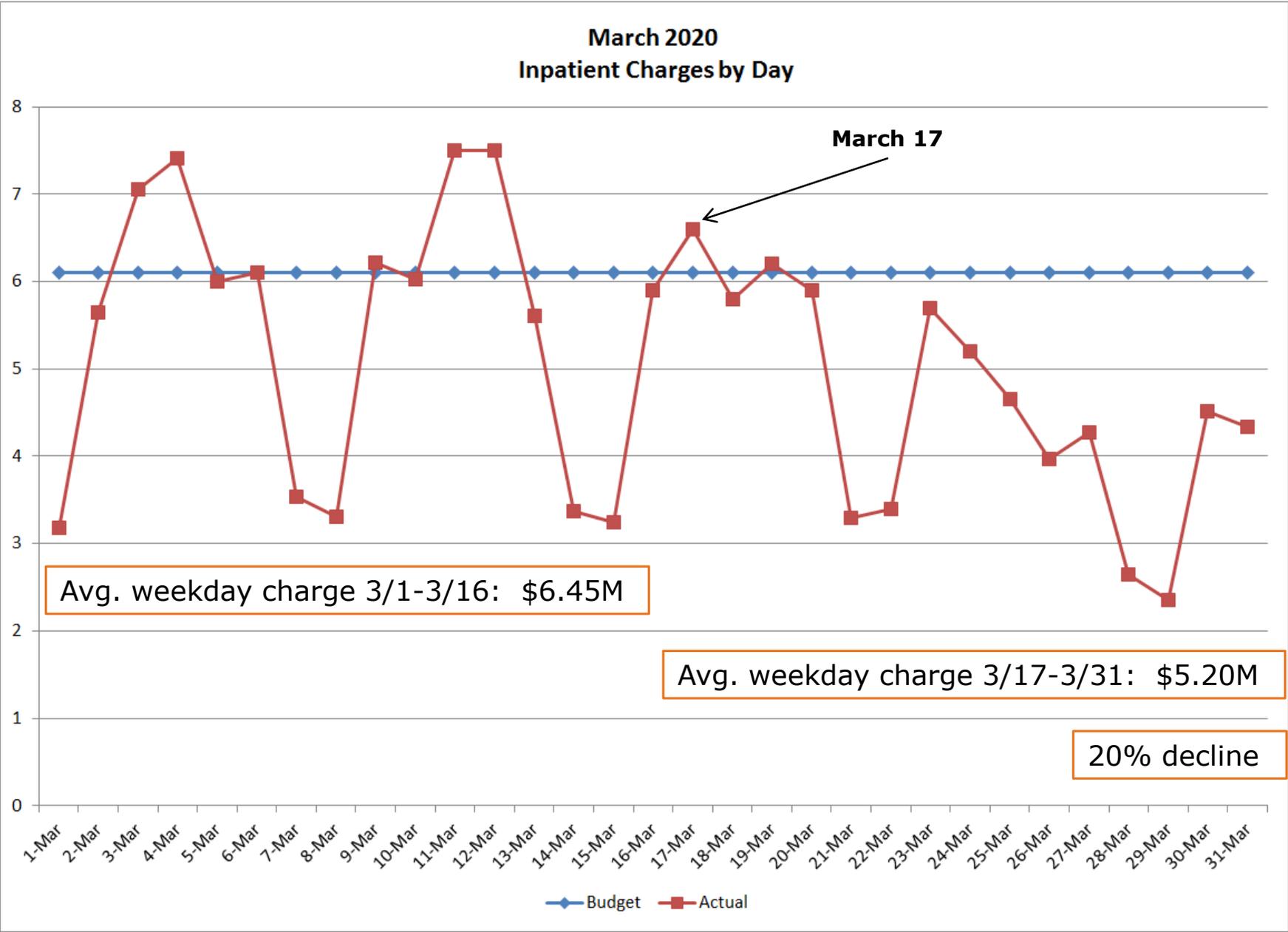
- Visits are below budget by 2,875 or 2% year-to-date

## Payor Mix

- Commercial payor mix was at budget level

March 2020  
Inpatient Charges by Day

Proxy for  
loss in  
volumes

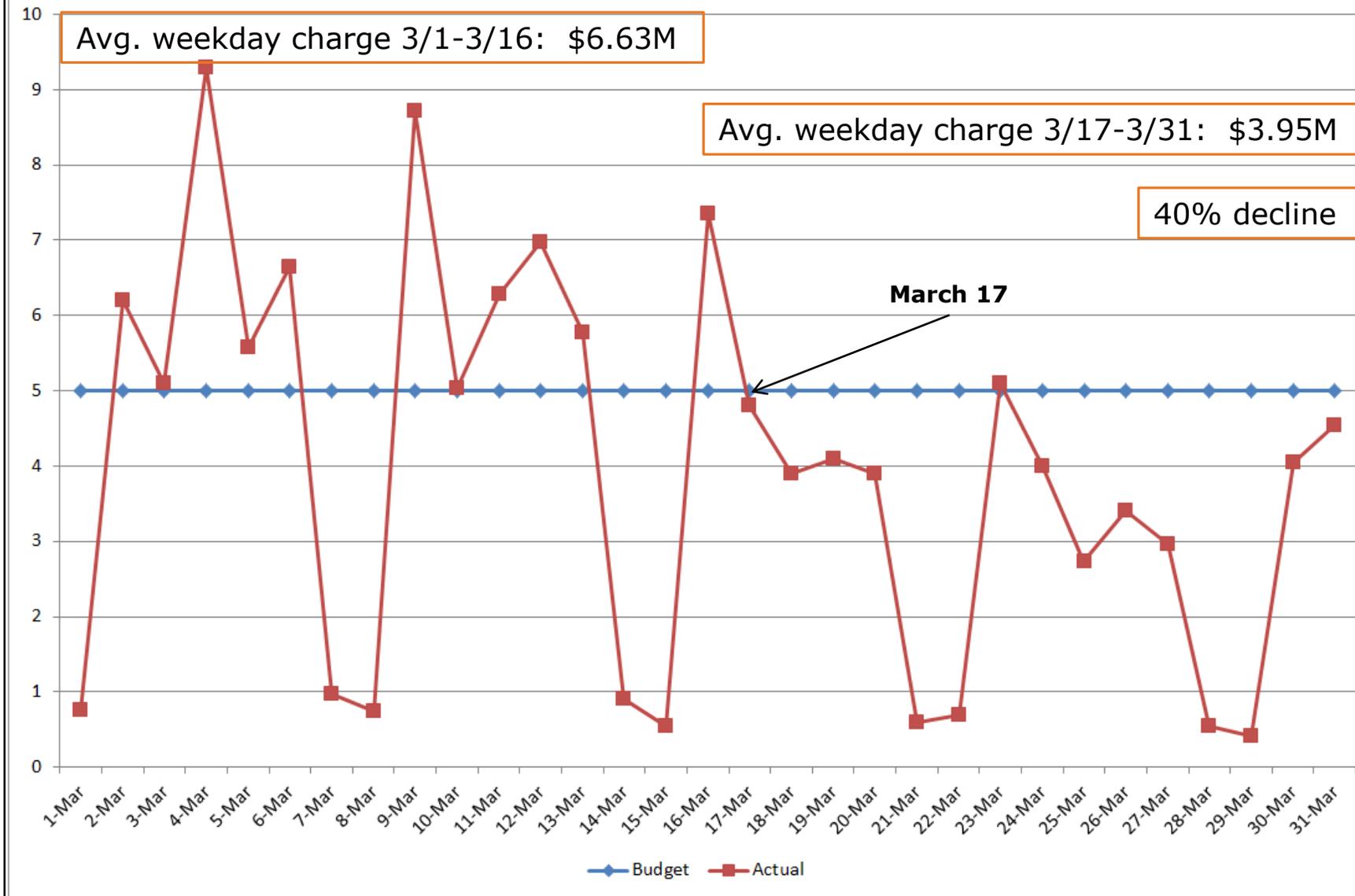


Avg. weekday charge 3/1-3/16: \$6.45M

Avg. weekday charge 3/17-3/31: \$5.20M

20% decline

### March 2020 Outpatient Charges by Day



Proxy for loss  
in volumes

# Consolidated Balance Sheet

(in thousands)

## ASSETS

	Audited	
	March 31, 2020	June 30, 2019
<b>CURRENT ASSETS</b>		
Cash	110,170	124,912
Short Term Investments	150,928	177,165
Patient Accounts Receivable, net	136,253	132,198
Other Accounts and Notes Receivable	9,530	5,058
Intercompany Receivables	50,162	8,549
Inventories and Prepaids	68,160	64,093
<b>Total Current Assets</b>	<b>525,202</b>	<b>511,976</b>
<b>BOARD DESIGNATED ASSETS</b>		
Foundation Board Designated	13,631	16,895
Plant & Equipment Fund	175,652	171,304
Women's Hospital Expansion	22,430	15,472
Operational Reserve Fund	148,917	139,057
Community Benefit Fund	17,959	18,260
Workers Compensation Reserve Fund	19,972	20,732
Postretirement Health/Life Reserve Fund	30,204	29,480
PTO Liability Fund	26,338	26,149
Malpractice Reserve Fund	1,891	1,831
Catastrophic Reserves Fund	14,978	19,678
<b>Total Board Designated Assets</b>	<b>471,973</b>	<b>458,857</b>
<b>FUNDS HELD BY TRUSTEE</b>	<b>29,914</b>	<b>83,073</b>
<b>LONG TERM INVESTMENTS</b>	<b>354,525</b>	<b>375,729</b>
<b>CHARITABLE GIFT ANNUITY INVESTMENTS</b>	<b>517</b>	<b>602</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>29,980</b>	<b>38,532</b>
<b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,337,917	1,692,693
Less: Accumulated Depreciation	(663,658)	(622,877)
<b>Property, Plant &amp; Equipment - Net</b>	<b>1,154,328</b>	<b>1,069,816</b>
<b>DEFERRED OUTFLOWS</b>	<b>33,351</b>	<b>33,876</b>
<b>RESTRICTED ASSETS</b>	<b>29,415</b>	<b>24,279</b>
<b>OTHER ASSETS</b>	<b>3,467</b>	<b>1,036</b>
<b>TOTAL ASSETS</b>	<b>2,632,671</b>	<b>2,597,775</b>

## LIABILITIES AND FUND BALANCE

	Audited	
	March 31, 2020	June 30, 2019
<b>CURRENT LIABILITIES</b>		
( Accounts Payable	43,011	38,390
Salaries and Related Liabilities	22,290	30,296
Accrued PTO	26,855	26,502
Third Party Settlements	10,209	11,331
Intercompany Payables	50,564	8,464
Bonds Payable - Current	9,128	8,630
Bond Interest Payable	3,385	12,775
Other Liabilities	894	14,577
<b>Total Current Liabilities</b>	<b>170,436</b>	<b>150,966</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	30,295	29,480
Worker's Comp Reserve	17,972	18,432
Other L/T Obligation (Asbestos)	4,064	3,975
Bond Payable	511,551	507,531
<b>Total Long Term Liabilities</b>	<b>563,881</b>	<b>559,417</b>
<b>DEFERRED REVENUE-UNRESTRICTED</b>	<b>1,312</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	1,666,827	1,389,510
Board Designated	188,693	458,839
Restricted	28,255	24,215
<b>Total Fund Bal &amp; Capital Accts</b>	<b>1,883,774</b>	<b>1,872,563</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>2,632,671</b>	<b>2,597,775</b>

# Investment Portfolio

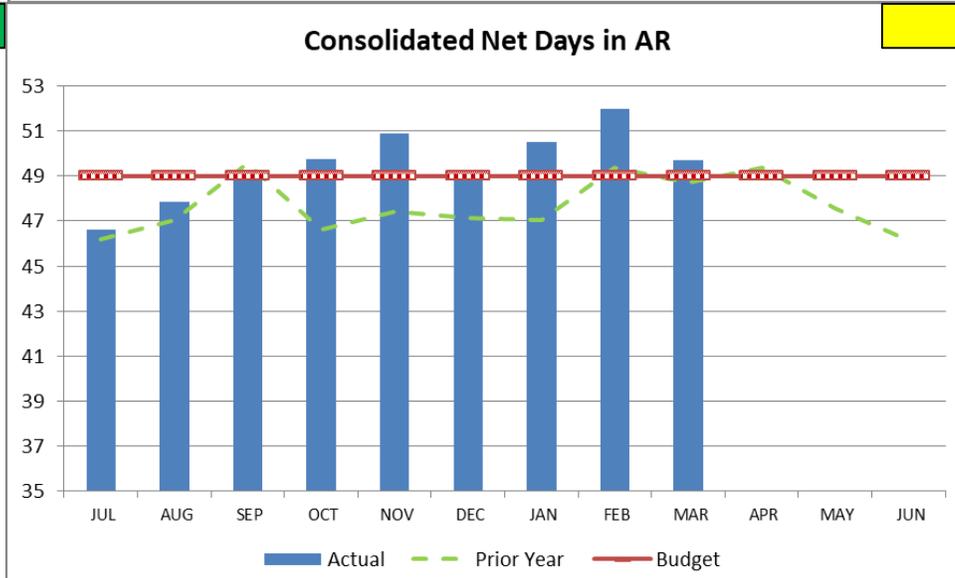
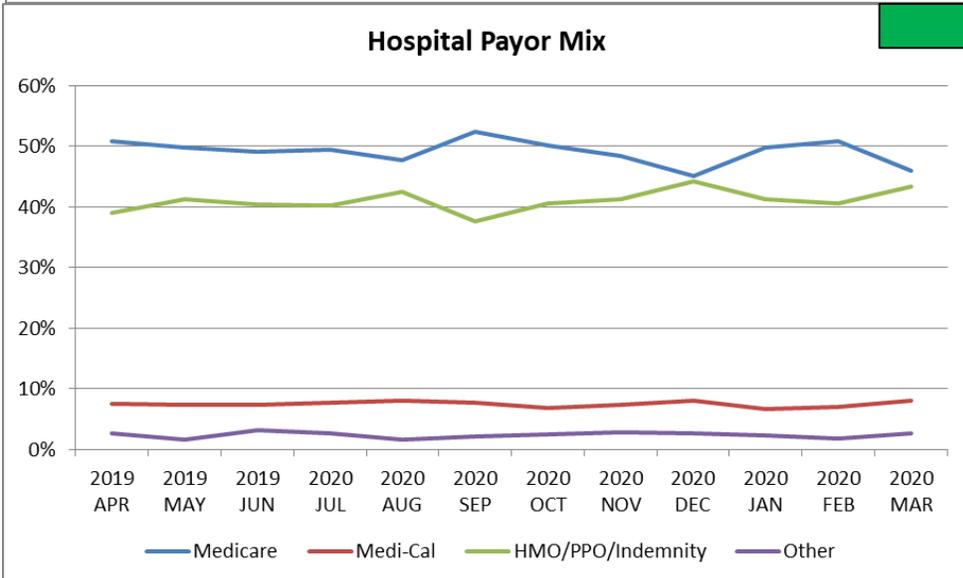
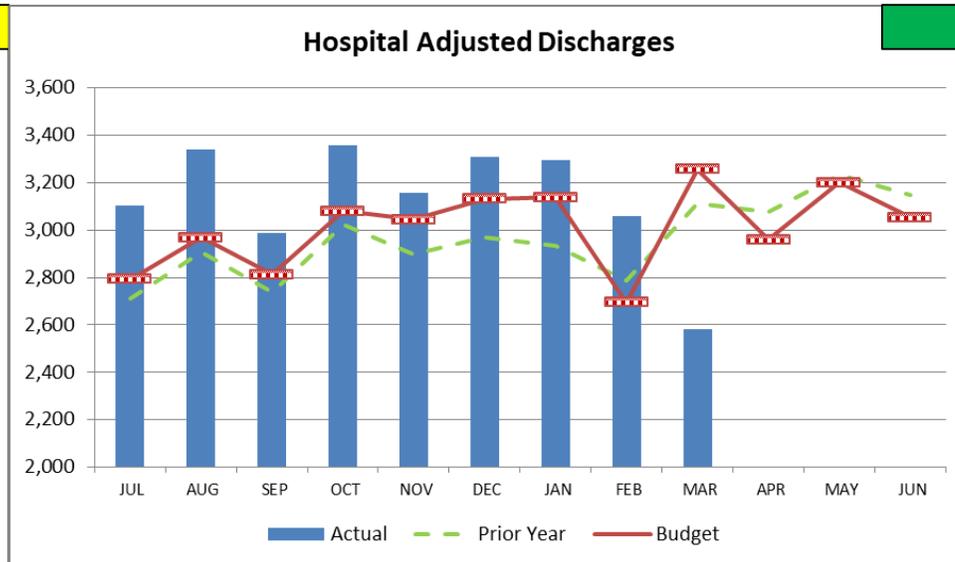
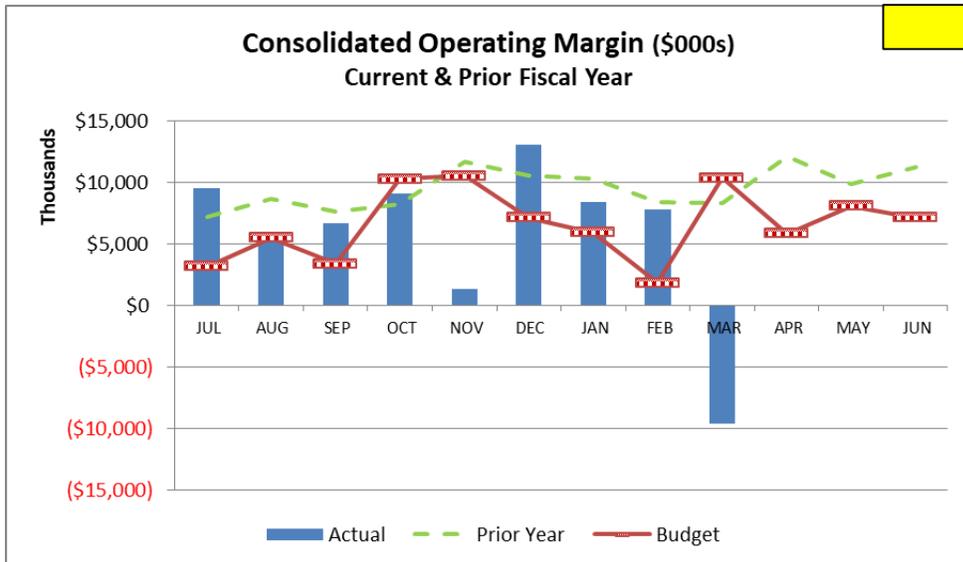
- The investment portfolio balance at March 31, 2020 is \$979 million and the portfolio had a 9.9% loss in the quarter (a verbal update of the investment values will be provided at the Committee)
- For the quarter performance was as follows:
  - Equities were down 21.7%
  - Fixed Income were down 0.1%
  - Alternatives were down 4.9%
- The portfolio is within the asset allocation ranges as of March
- The Investment Committee will be evaluating the current asset classes in the Investment policy for opportunities at the May meeting

## Dashboard - as of March 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	84,711	77,345	96,194	(18,849)	721,766	798,176	788,205	9,971
Operating Expenses	76,399	87,003	85,872	(1,131)	641,101	746,394	730,400	(15,994)
Operating Margin \$	8,312	(9,658)	10,322	(19,980)	80,665	51,782	57,805	(6,023)
Operating Margin %	9.8%	(12.5%)	10.7%	(23.2%)	11.2%	6.5%	7.3%	(0.8%)
EBIDA \$	13,302	(3,850)	17,034	(20,884)	123,173	97,744	109,226	(11,482)
EBIDA %	15.7%	(5.0%)	17.7%	(22.7%)	17.1%	11.9%	13.9%	(1.9%)
<b>Hospital Volume</b>								
<b>Licensed Beds</b>	443	443	443	-	443	443	443	-
ADC	263	218	262	(44)	240	240	241	(1)
Utilization MV	73%	59%	72%	(13.0%)	66%	65%	65%	(0.3%)
Utilization LG	31%	30%	33%	(3.5%)	29%	30%	32%	(1.7%)
Utilization Combined	59%	49%	59%	(9.9%)	54%	54%	54%	(0.7%)
Adjusted Discharges	3,114	2,584	3,256	(672)	26,080	28,187	26,914	1,273
Total Discharges (Excl NNB)	1,770	1,490	1,791	(301)	14,512	15,057	14,793	264
Total Discharges	2,113	1,810	2,118	(308)	17,522	18,158	17,841	317
<b>Inpatient Cases</b>								
MS Discharges	1,266	1,014	1,259	(245)	10,095	10,455	10,138	317
Deliveries	365	332	353	(21)	3,193	3,277	3,214	63
BHS	93	100	134	(34)	846	918	1,002	(84)
Rehab	46	44	45	(1)	378	407	438	(31)
<b>Outpatient Cases</b>	13,223	10,332	14,232	(3,900)	111,598	120,744	117,008	3,736
ED	4,590	3,015	4,195	(1,180)	35,983	36,023	35,820	203
Procedural Cases				-				-
OP Surg	438	273	479	(206)	3,737	3,982	3,794	188
Endo	247	148	256	(108)	1,962	1,957	2,099	(142)
Interventional	187	148	206	(58)	1,627	1,589	1,697	(108)
All Other	7,761	6,748	9,096	(2,348)	68,289	77,193	73,597	3,596
<b>Hospital Payor Mix</b>								
Medicare	51.2%	46.0%	49.0%	(3.0%)	48.6%	48.9%	48.6%	0.3%
Medi-Cal	8.4%	8.0%	8.1%	(0.1%)	8.1%	7.5%	8.1%	(0.6%)
Commercial IP	18.5%	23.8%	20.3%	3.4%	20.1%	19.8%	20.5%	(0.8%)
Commercial OP	19.7%	19.6%	20.3%	(0.7%)	20.7%	21.5%	20.5%	1.1%
Total Commercial	38.1%	43.4%	40.6%	2.7%	40.8%	41.3%	41.0%	0.3%
Other	2.2%	2.6%	2.2%	0.4%	2.4%	2.3%	2.3%	0.0%
<b>Hospital Cost</b>								
Total FTE	2,751.8	2,825.4	2,675.6	(149.8)	2,660.1	2,804.0	2,782.7	(21.3)
Productive Hrs/APD	30.7	38.1	30.0	(8.1)	30.6	31.5	31.7	0.2
<b>Consolidated Balance Sheet</b>								
Net Days in AR	48.7	49.7	49.0	(0.7)	48.7	49.7	49.0	(0.7)
Days Cash	500	432	435	(4)	500	432	435	(4)

\*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.

# Monthly Financial Trends



# ECH Hospital Operating Margin

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



	Actual										Actual FY 2020	
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar			
Proforma Items:												
CR Settlement											164	164
MIP				(358)	(300)	(90)	(96)	(100)	(88)			(1,032)
Hospital fee										3,256		3,256
Depreciation SVMD									(91)	(392)		(483)
ECSC				(358)					900	(900)		(358)
ECSC - Goodwill										(392)		(392)
Benefits										500		500
Total Proformas	-	-	-	(716)	(300)	(90)	(96)	709	2,148			1,655

# APPENDIX

# 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	--	--	--	--	--	--

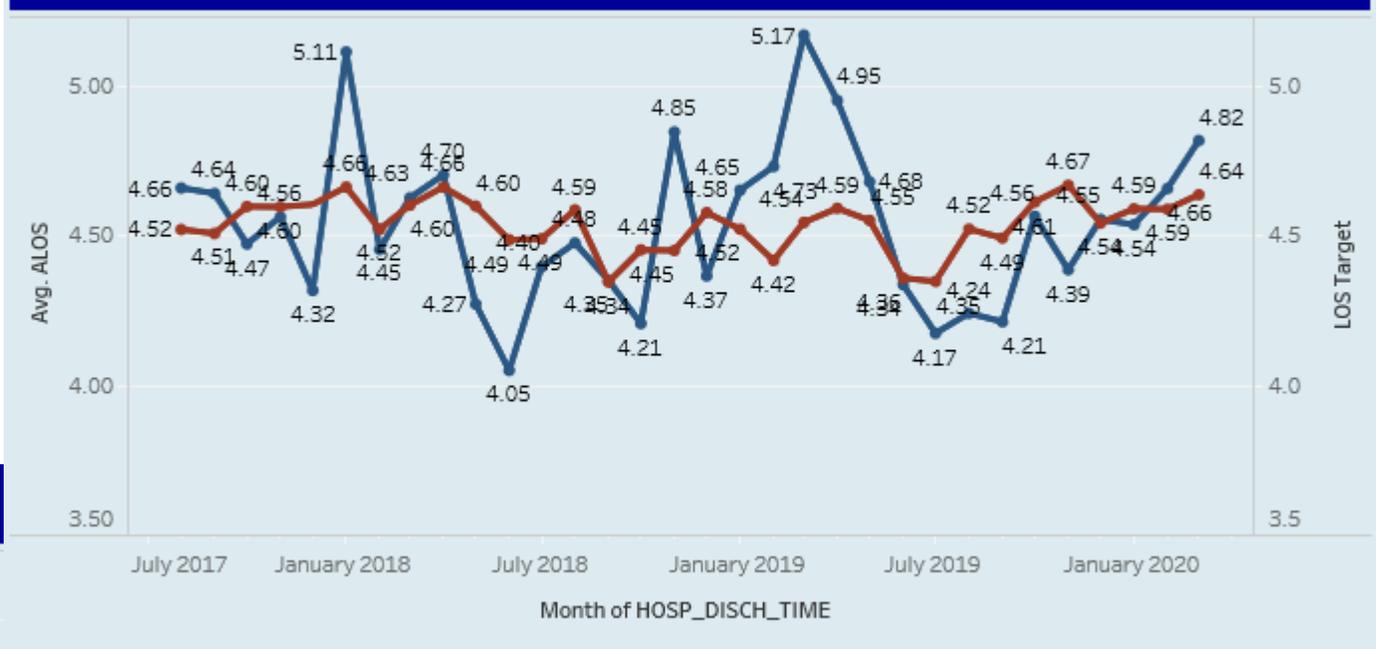
\*Excludes debt reserve funds (~\$53 mm), District assets (~\$38 mm), and balance sheet cash not in investable portfolio. Includes Foundation (~\$35 mm) and Concern (~\$13 mm) assets. Budget adds back in current Foundation and Concern assets and backs out current debt reserve funds.

# Medicare Length of Stay

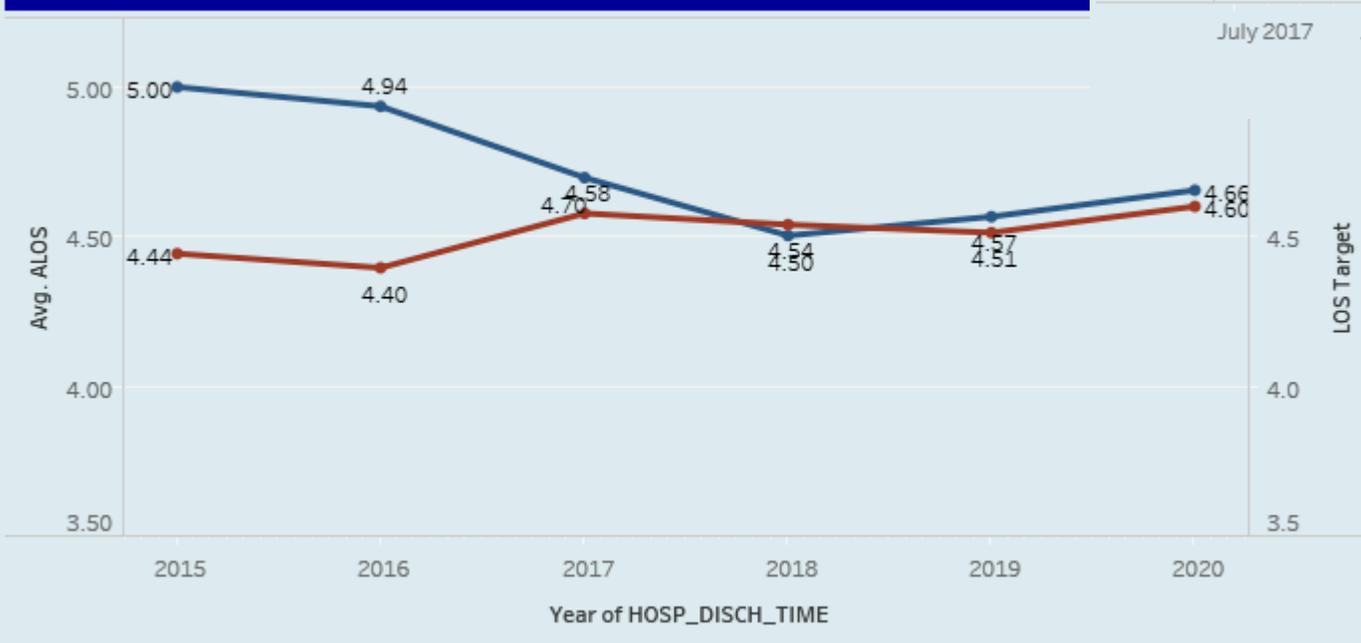
ALOS vs Milliman well-managed benchmark (red line). Medicare is our largest book of business and growing due to aging population. Lower length of stay is a key driver for improving the Medicare margin

ALOS is close to target

## Average Length of Stay Trend by Month/Year



## Average Length of Stay Trend by Month/Year



Actual Benchmark

# Non Operating Items and Net Margin by Affiliate

\$ in thousands

	Period 9- Month			Period 9- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Operating Margin</b>						
Mountain View	(4,995)	9,988	(14,983)	71,927	67,061	4,866
Los Gatos	(629)	2,703	(3,332)	11,674	14,461	(2,786)
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>(5,624)</b>	<b>12,692</b>	<b>(18,315)</b>	<b>83,601</b>	<b>81,521</b>	<b>2,080</b>
<b>Operating Margin %</b>	<b>-7.7%</b>	<b>14.1%</b>		<b>11.0%</b>	<b>11.1%</b>	
<b>El Camino Hospital Non Operating Income</b>						
<b>Sub Total - Non Operating Income</b>	<b>(67,835)</b>	<b>2,860</b>	<b>(70,696)</b>	<b>(48,412)</b>	<b>24,357</b>	<b>(72,770)</b>
<b>El Camino Hospital Net Margin</b>	<b>(73,459)</b>	<b>15,552</b>	<b>(89,011)</b>	<b>35,189</b>	<b>105,879</b>	<b>(70,690)</b>
<b>ECH Net Margin %</b>	<b>-100.6%</b>	<b>17.3%</b>		<b>4.6%</b>	<b>14.4%</b>	
Concern	(369)	75	(444)	487	735	(248)
ECSC	(1,017)	0	(1,018)	(68)	3	(71)
Foundation	(2,977)	162	(3,139)	(1,198)	1,286	(2,484)
Silicon Valley Medical Development	(3,648)	(2,167)	(1,481)	(29,979)	(21,802)	(8,177)
<b>Net Margin Hospital Affiliates</b>	<b>(8,011)</b>	<b>(1,930)</b>	<b>(6,081)</b>	<b>(30,758)</b>	<b>(19,778)</b>	<b>(10,980)</b>
<b>Total Net Margin Hospital &amp; Affiliates</b>	<b>(81,470)</b>	<b>13,622</b>	<b>(95,092)</b>	<b>4,430</b>	<b>86,101</b>	<b>(81,670)</b>

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

Period ending 3/31/2020

Period 9 FY 2019	Period 9 FY 2020	Period 9 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
259,896	221,188	277,549	(56,360)	(20.3%)	<b>Gross Revenue</b>	2,143,900	2,291,235	2,266,286	24,949	1.1%
(192,610)	(163,466)	(206,791)	43,325	21.0%	<b>Deductions</b>	(1,575,870)	(1,684,539)	(1,686,243)	1,704	0.1%
<b>67,286</b>	<b>57,722</b>	<b>70,757</b>	<b>(13,035)</b>	<b>(18.4%)</b>	<b>Net Patient Revenue</b>	<b>568,030</b>	<b>606,696</b>	<b>580,044</b>	<b>26,653</b>	<b>4.6%</b>
1,613	1,437	1,783	(346)	(19.4%)	<b>Other Operating Revenue</b>	17,609	16,016	17,771	(1,755)	(9.9%)
<b>68,899</b>	<b>59,159</b>	<b>72,540</b>	<b>(13,381)</b>	<b>(18.4%)</b>	<b>Total Operating Revenue</b>	<b>585,639</b>	<b>622,713</b>	<b>597,815</b>	<b>24,898</b>	<b>4.2%</b>
					<b>OPERATING EXPENSE</b>					
36,645	38,559	38,529	(30)	(0.1%)	<b>Salaries &amp; Wages</b>	312,698	331,353	329,814	(1,539)	(0.5%)
10,054	11,579	10,146	(1,433)	(14.1%)	<b>Supplies</b>	81,272	96,102	83,656	(12,445)	(14.9%)
6,649	6,641	5,918	(723)	(12.2%)	<b>Fees &amp; Purchased Services</b>	56,664	61,634	52,540	(9,094)	(17.3%)
2,343	2,930	2,257	(673)	(29.8%)	<b>Other Operating Expense</b>	19,284	24,090	22,489	(1,601)	(7.1%)
575	992	1,428	437	30.6%	<b>Interest</b>	3,541	5,218	7,654	2,436	31.8%
3,556	3,453	4,273	820	19.2%	<b>Depreciation</b>	31,650	32,389	34,601	2,212	6.4%
<b>59,822</b>	<b>64,154</b>	<b>62,551</b>	<b>(1,603)</b>	<b>(2.6%)</b>	<b>Total Operating Expense</b>	<b>505,108</b>	<b>550,786</b>	<b>530,754</b>	<b>(20,032)</b>	<b>(3.8%)</b>
<b>9,077</b>	<b>(4,995)</b>	<b>9,988</b>	<b>(14,983)</b>	<b>(150.0%)</b>	<b>Net Operating Margin</b>	<b>80,530</b>	<b>71,927</b>	<b>67,061</b>	<b>4,866</b>	<b>7.3%</b>
12,023	(67,835)	2,860	(70,696)	(2471.5%)	<b>Non Operating Income</b>	10,346	(48,412)	24,357	(72,770)	(298.8%)
<b>21,100</b>	<b>(72,830)</b>	<b>12,849</b>	<b>(85,679)</b>	<b>(666.8%)</b>	<b>Net Margin</b>	<b>90,876</b>	<b>23,514</b>	<b>91,418</b>	<b>(67,904)</b>	<b>(74.3%)</b>
19.2%	-0.9%	21.6%	(22.6%)		<b>EBITDA</b>	19.8%	17.6%	18.3%	(0.7%)	
13.2%	-8.4%	13.8%	(22.2%)		<b>Operating Margin</b>	13.8%	11.6%	11.2%	0.3%	
30.6%	-123.1%	17.7%	(140.8%)		<b>Net Margin</b>	15.5%	3.8%	15.3%	(11.5%)	

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

Period ending 3/31/2020

Period 9 FY 2019	Period 9 FY 2020	Period 9 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
54,863	53,647	65,774	(12,127)	(18.4%)	<b>OPERATING REVENUE</b>					
(41,144)	(40,173)	(48,756)	8,583	17.6%	<b>Gross Revenue</b>	464,109	528,940	526,752	2,188	0.4%
<b>13,719</b>	<b>13,474</b>	<b>17,018</b>	<b>(3,544)</b>	<b>(20.8%)</b>	<b>Deductions</b>	(343,900)	(397,079)	(390,602)	(6,477)	(1.7%)
386	370	273	97	35.7%	<b>Net Patient Revenue</b>	<b>120,209</b>	<b>131,861</b>	<b>136,150</b>	<b>(4,289)</b>	<b>(3.2%)</b>
<b>14,105</b>	<b>13,844</b>	<b>17,291</b>	<b>(3,447)</b>	<b>(19.9%)</b>	<b>Other Operating Revenue</b>	2,728	3,433	2,443	990	40.5%
					<b>Total Operating Revenue</b>	<b>122,938</b>	<b>135,294</b>	<b>138,593</b>	<b>(3,299)</b>	<b>(2.4%)</b>
					<b>OPERATING EXPENSE</b>					
7,318	7,870	7,809	(62)	(0.8%)	<b>Salaries &amp; Wages</b>	62,480	67,845	66,345	(1,500)	(2.3%)
2,155	2,736	2,848	112	3.9%	<b>Supplies</b>	18,379	20,996	22,027	1,030	4.7%
3,015	2,738	2,728	(10)	(0.4%)	<b>Fees &amp; Purchased Services</b>	24,297	24,623	24,603	(20)	(0.1%)
395	353	389	36	9.1%	<b>Other Operating Expense</b>	2,889	3,054	3,711	657	17.7%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
804	776	815	39	4.8%	<b>Depreciation</b>	6,886	7,102	7,446	344	4.6%
<b>13,688</b>	<b>14,474</b>	<b>14,588</b>	<b>115</b>	<b>0.8%</b>	<b>Total Operating Expense</b>	<b>114,931</b>	<b>123,620</b>	<b>124,132</b>	<b>512</b>	<b>0.4%</b>
<b>416</b>	<b>(629)</b>	<b>2,703</b>	<b>(3,332)</b>	<b>(123.3%)</b>	<b>Net Operating Margin</b>	<b>8,007</b>	<b>11,674</b>	<b>14,461</b>	<b>(2,786)</b>	<b>(19.3%)</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	0	0	0	0	0.0%
<b>416</b>	<b>(629)</b>	<b>2,703</b>	<b>(3,332)</b>	<b>(123.3%)</b>	<b>Net Margin</b>	<b>8,007</b>	<b>11,674</b>	<b>14,461</b>	<b>(2,786)</b>	<b>(19.3%)</b>
8.7%	1.1%	20.3%	(19.3%)		<b>EBITDA</b>	12.1%	13.9%	15.8%	(1.9%)	
3.0%	-4.5%	15.6%	(20.2%)		<b>Operating Margin</b>	6.5%	8.6%	10.4%	(1.8%)	
3.0%	-4.5%	15.6%	(20.2%)		<b>Net Margin</b>	6.5%	8.6%	10.4%	(1.8%)	

# Silicon Valley Medical Development (\$000s)

Period ending 3/31/2020

Period 9 FY 2019	Period 9 FY 2020	Period 9 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
1,764	6,888	10,006	(3,119)	(31.2%)	<b>Gross Revenue</b>	8,793	65,401	81,330	(15,929)	(19.6%)
(1,184)	(4,979)	(6,071)	1,092	18.0%	<b>Deductions</b>	(5,836)	(46,865)	(49,492)	2,627	5.3%
<b>580</b>	<b>1,909</b>	<b>3,935</b>	<b>(2,026)</b>	<b>(51.5%)</b>	<b>Net Patient Revenue</b>	<b>2,957</b>	<b>18,536</b>	<b>31,838</b>	<b>(13,302)</b>	<b>(41.8%)</b>
12	1,775	1,665	110	6.6%	<b>Other Operating Revenue</b>	51	15,241	13,099	2,142	16.4%
<b>592</b>	<b>3,684</b>	<b>5,601</b>	<b>(1,916)</b>	<b>(34.2%)</b>	<b>Total Operating Revenue</b>	<b>3,008</b>	<b>33,777</b>	<b>44,937</b>	<b>(11,160)</b>	<b>(24.8%)</b>
					<b>OPERATING EXPENSE</b>					
184	1,784	1,753	(30)	(1.7%)	<b>Salaries &amp; Wages</b>	1,186	15,222	16,087	865	5.4%
34	409	405	(5)	(1.2%)	<b>Supplies</b>	374	3,782	3,473	(309)	(8.9%)
1,253	3,911	4,437	526	11.9%	<b>Fees &amp; Purchased Services</b>	7,535	37,238	37,078	(160)	(0.4%)
111	644	980	337	34.3%	<b>Other Operating Expense</b>	1,146	6,284	8,404	2,120	25.2%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
51	585	193	(392)	(203.4%)	<b>Depreciation</b>	401	1,231	1,698	467	27.5%
<b>1,633</b>	<b>7,332</b>	<b>7,768</b>	<b>436</b>	<b>5.6%</b>	<b>Total Operating Expense</b>	<b>10,643</b>	<b>63,756</b>	<b>66,740</b>	<b>2,983</b>	<b>4.5%</b>
<b>(1,042)</b>	<b>(3,648)</b>	<b>(2,167)</b>	<b>(1,481)</b>	<b>68.3%</b>	<b>Net Operating Margin</b>	<b>(7,635)</b>	<b>(29,979)</b>	<b>(21,802)</b>	<b>(8,177)</b>	<b>37.5%</b>
3,000	0	0	0	0.0%	<b>Non Operating Income</b>	10,810	0	0	0	0.0%
<b>1,958</b>	<b>(3,648)</b>	<b>(2,167)</b>	<b>(1,481)</b>	<b>68.3%</b>	<b>Net Margin</b>	<b>3,175</b>	<b>(29,979)</b>	<b>(21,802)</b>	<b>(8,177)</b>	<b>37.5%</b>
					<b>EBITDA</b>	-240.4%	-85.1%	-44.7%	(40.4%)	
					<b>Operating Margin</b>	-253.8%	-88.8%	-48.5%	(40.2%)	
					<b>Net Margin</b>	105.6%	-88.8%	-48.5%	(40.2%)	