

AGENDA
FINANCE COMMITTEE MEETING
OF THE EL CAMINO HOSPITAL BOARD

Monday, April 26, 2021 – 5:30 pm

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 WILL NOT BE PROVIDING A PHYSICAL LOCATION FOR THIS MEETING. INSTEAD, THE PUBLIC IS INVITED TO JOIN THE OPEN SESSION MEETING VIA TELECONFERENCE AT:

Dial-In: 1-669-900-9128. Meeting Code: 976-3439-6488. No participant code. Just press #.

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

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1. CALL TO ORDER / ROLL CALL	John Zoglin, Chair		5:30 – 5:31pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Chair		information 5:31 – 5:32
3. PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	John Zoglin, Chair		information 5:32 – 5:35
4. CONSENT CALENDAR <i>Any Committee Member may remove an item for discussion before a motion is made.</i>	John Zoglin, Chair	<i>public comment</i>	motion required 5:35 – 5:38
Approval a. Minutes of the Open Session of the Finance Committee (03/29/2021) Information b. FY21 Pacing Plan c. Progress Against FY21 Committee Goals d. Major Capital Projects in Process e. Article of Interest			
5. REPORT ON BOARD ACTIONS ATTACHMENT 5	John Zoglin, Chair		information 5:38 – 5:43
6. FY21 PERIOD 9 FINANCIALS ATTACHMENT 6	Carlos Bohorquez, CFO	<i>public comment</i>	motion required 5:43 – 5:58
7. REVISED FY21 FINANCIAL FORECAST (INCLUDING COVID-19 RECOVERY PLAN) ATTACHMENT 7	Carlos Bohorquez, CFO		information 5:58 – 6:08
8. REVENUE CYCLE OVERVIEW AND UPDATE ATTACHMENT 8	Carlos Bohorquez, CFO Brian Fong, Senior Director Revenue Cycle		information 6:08 – 6:23

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
9. ADJOURN TO CLOSED SESSION	John Zoglin, Chair		motion required 6:23 – 6:24
10. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Chair		information 6:24 – 6:25
11. CONSENT CALENDAR <i>Any Committee Member may remove an item for discussion before a motion is made.</i> Approval <i>Gov't Code Section 54957.2:</i> - Minutes of the Closed Session of the Finance Committees (03/29/2021)	John Zoglin, Chair		motion required 6:25 – 6:26
12. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets: PREVIEW FY22 BUDGET PART 2	Carlos Bohorquez, CFO Victor Cabrera, Director Decision Supply & Business Analytics		discussion 6:26 – 7:01
13. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets: SERVICE LINE REPORT: BEHAVIORAL HEALTH	Jim Griffith, COO Joseph Sandoval, Director Service Line Behavioral Health Service		discussion 7:01 – 7:31
14. Gov't Code Sections 54957 for report and discussion on personnel matters – Senior Management: - Executive Session	John Zoglin, Chair		information 7:31 – 7:36
15. ADJOURN TO OPEN SESSION	John Zoglin, Chair		motion required 7:36 – 7:37
16. RECONVENE OPEN SESSION / REPORT OUT To report any required disclosures regarding permissible actions taken during Closed Session.	John Zoglin, Chair		information 7:37– 7:38
17. CLOSING COMMENTS	John Zoglin, Chair		information 7:38 – 7:42
18. ADJOURNMENT	John Zoglin, Chair	<i>public comment</i>	motion required 7:42-7:43

Upcoming Meetings:

Regular Meetings: May 24, 2021 (Joint with ECHB)



**Minutes of the Open Session of the
Finance Committee of the
El Camino Hospital Board of Directors
Monday, March 29, 2021**

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

Members Present

John Zoglin, Chair**
Boyd Faust**
Don Watters**
Wayne Doiguchi**
Joseph Chow**
Carol Somersille, MD**

Members Absent

**via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Finance Committee of El Camino Hospital (the “Committee”) was called to order at 5:30 pm 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.	
2. POTENTIAL CONFLICT OF INTEREST	Chair Zoglin asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
3. PUBLIC COMMUNICATION	There were no comments from the public.	
4. CONSENT CALENDAR	<p>Motion: To approve the consent calendar: (a) Minutes of the Open Session of the Finance meeting (01/25/2021) and (b) FY2021 Period 7 Financial Report, (c). FY2022 Committee Meeting Dates, (d). Progress Against FY2021 Committee Goals, (e). FY2021 Pacing Plan and for information: (f). Article of Interest</p> <p>Movant: Doiguchi Second: Faust Ayes: Chow, Doiguchi, Faust, Dr. Somersille, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Consent Calendar was approved.</i>
5. REPORT ON BOARD ACTIONS	Chair Zoglin asked the Committee for any questions or feedback on the Report on Board Actions as further detailed in the packet. Renewing the ECH strategic plan. Executive Team to present the Strategic process to the Committee.	
6. FY2021 PERIOD 8 FINANCIALS	<p>Carlos Bohorquez, Chief Financial Officer presented the FY2021 Period 8 Financials. Mr. Bohorquez highlighted the following:</p> <ul style="list-style-type: none"> • Dan Woods, Chief Executive Officer and Mr. Bohorquez met with the two rating agencies: Moody’s and S&P late last calendar year as part the annual credit review process. • Both rating agencies went to credit committee in early March with Moody’s issuing their report on March 8th and S&P on 	

March 15th. Overall comments from Moody's and S&P were positive.

- Moody's affirmed our ratings and outlook: 'A1' rating for Revenue Bonds with a 'Stable' outlook and General Obligations (GO) Bonds 'Aa1' with a Stable outlook.
- S&P affirmed our rating and outlook: 'AA' with a 'Stable' outlook. For both Revenue and GO Bonds.
- Remarks and feedback was positive and both credit analysts were pleased with our planning and strong rebound from the impact of the Covid-19 pandemic. However, both rating agencies will be closely monitoring the level of capital being deployed by the organization to ensure it's at a level which is consistent with similar rated organizations and that projects are completed on time and on budget.

Mr. Bohorquez discussed the overall financial and operational impact of third wave of the Covid-19 pandemic which started in late December.

- The volume of Covid-19 patients started to increase in mid-December with the peak being in mid-January, at the peak the number of Covid-19 patients represented a 7 times increase from the average between July to November. The operational impact was significant and resulted in the need to reduce OR capacity at our Mountain View campus for approximately 5 weeks.
- For Period 8 key statistics demonstrate the residual of the third wave and ongoing impact of the Covid-19 pandemic. There was a significant reduction in inpatient activity as demonstrated by ADC of 229 versus 269 in January and 259 for the same period last fiscal year.
- The heat map on slide 4, shows lots of red (unfavorable) for volume, operations and financial performance compared to the same period last year. Patients seeking care, are generally sicker than the prior year which might be attributed to their hesitance to come the ED or pushing out needed procedures or other needed healthcare services. Year-over-year for February about 35% reduction in Emergency Room visits.
- From an operational standpoint, less volume does have an impact on productivity. Productive hour per adjusted discharge was unfavorable to budget by 7.6% and unfavorable to prior fiscal year by 13.2%. Cost per adjusted discharge was unfavorable to budget by 2.2% and unfavorable to prior fiscal year by 10.3%, less volume means less revenue to spread the overhead expenses throughout the organization.
- From a financial performance standpoint all numbers: inpatient revenue, operating revenue, the performance of the organization from an operating margin standpoint were all favorable to budget, but the budget was conservative given it was developed in the mist of the pandemic when a number of unknowns. Year-over-year operating revenue was down from last February by \$2.5 million dollars, a significant impact on revenue. Operating margin was unfavorable to prior fiscal year by \$4.5 million dollars, operating EBIDA was unfavorable to prior to the same period last fiscal year by \$3.4 million dollars. The pandemic and

	<p>third wave are the main factors driving lower year-over-year financial performance.</p> <p>Mr. Bohorquez proceeded to review YTD FY2021 metrics and financial performance.</p> <ul style="list-style-type: none"> • From an ADC standpoint year-to-date compared to the end of February last year was 242 versus 240. • Despite of the economic impact and higher unemployment payor mix has been consistent with prior fiscal year. • Overall YTD financial performance, operating EBIDA year-to-date is lighter compared to the prior Fiscal year by \$5.7 million dollars. This is directly attributed to the pandemic. • YTD Operating EBIDA 13.0% versus 14.1% is lighter compared to prior fiscal year, but expect March to be strong and assuming there is no forth wave we anticipate a strong 4th quarter of FY2021. • As part of the CARES Act in April 2020, we received \$78 million dollars from CMS (Advance Medicare Payment), initially the recoup of this payment was expected to begin 120 days after receipt of the funds. The recoup was subsequently extended to begin one year after receipt, so we expect 25% of the \$78 million to be recouped by CMS over the next 12 months starting in April. This will negatively impact liquidity, but not to a level of concern. <p>Motion: To approve the FY2021 Period 8 Financials.</p> <p>Movant: Faust Second: Doiguchi Ayes: Chow, Doiguchi, Faust, Dr. Somersille, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>7. COVID-19 RECOVERY PLAN</p>	<ul style="list-style-type: none"> • Mr. Bohorquez stated recovery pre-January overall as an organization from a volume perspective recovered very nicely except for the ED, seen some shifts in volume for surgical volume from inpatient and outpatient, but consist with trends in similar industries. • Patients are waiting a little longer than usual to access care leading to higher acuity of patients and ultimately higher mortality. In reviewing the root cause of the higher mortality, it's attributed to patients coming in later stages of sepsis which significantly decreases the probability of recovery. • Mr. Bohorquez stated that at April's finance committee meeting, he'll present the updated forecast for the 4th quarter of FY2021. • In response from a question from the committee, he stated that urgent care volumes are currently about a 30/70 split between regular visits and Covid related testing. 	
<p>8. ECH COMMUNITY BENEFIT MID-YEAR METRICS</p>	<p>Ms. Avery presented the ECH Community Benefit (CB) Mid-year Metrics. Ms. Avery highlighted the following:</p>	

	<ul style="list-style-type: none"> • What is the community benefits program? Provides treatment, prevention, or promotion of health as a response to identified community needs. • Programs meet the following objectives: 1) relieves or reduces the burden of government or other community efforts 2) improves access to health care services 3) enhances the health of the community 3) advances medical or healthcare knowledge. • The annual Community Benefits Plan can be accessed online. • Timeline & Process; the FY2022 grant cycle spans July 1, 2021- June 30, 2022. HCBC (Hospital Community Benefit Committee) meets in April. HCBC’s recommendations for funding are provided to the Finance Committee (FC) as part of the CB Annual Plan • FC approves grant funding through the CB Annual Plan • Aggregate amount approved in Annual Plan Allows for New Grants Recommendation by HCBC up to \$50k • In excess of \$50k requires Finance Committee approval, Increase in excess of \$50k - \$150k require CEO approval, Increase in excess of \$150k require HCBC recommendation and Finance Committee approval • Per the Affordable Care Act and California’s SB697, El Camino Hospital conducts triennial community health needs assessment in collaboration with SCC hospitals • FY2021 Midyear Update: \$3.4M Board Approved Funding, 48 Grant Programs, and 60% Grants that Met Midyear Metrics. • FY2021 Top Investments; Safety-net clinic, pre-diabetes initiative, youth mental health counseling, school nurse programs, community service agency social work. 	
<p>9. PROPOSED NEW FY21 COMMUNITY BENEFIT GRANT</p>	<p>Ms. Avery presented the Community Benefit: Cuesta Park Community Court request. The following items were discussed;</p> <ul style="list-style-type: none"> • To approve a \$150k grant request from the City of Mountain View for the development of a Community Fitness Court in Cuesta Park. • The project aligns with Community Benefit objectives to enhance the health of the community • The city of Mountain View is prepared to move forward to complete the design and bid of the Cuesta Park Community Fitness Court in April/May 2021 • Approved funding is required to proceed • The Mountain View City Council approved funding on December 8, 2020, and ECH approved funding is required. <p>Movant: Chow Second: Dr. Somersille Ayes: Chow, Doiguchi, Faust, Dr. Somersille, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	

<p>10. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 6:52 pm. Movant: Faust Second: Doiguchi Ayes: Chow, Doiguchi, Faust, Dr. Somersille, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Adjourned to closed session at 6:52 pm.</i></p>
<p>11. AGENDA ITEM 18: RECONVENE OPEN SESSION/ REPORT OUT</p>	<p>Agenda Items 11-17 were covered in closed session and the Committee approved the consent calendar by a unanimous vote of all members present (<i>Chow, Doiguchi, Faust, Somersille, and Zoglin</i>)."</p>	
<p>12. AGENDA ITEM 19: PHYSICIAN CONTRACTS</p>	<p>Motion: To approve the (a) LG Acute Rehab Professional Services Agreement Renewal under recommendation for Board approval (b) LG Urology call Panel Renewal. Movant: Chow Second: Doiguchi Ayes: Chow, Doiguchi, Faust, Dr. Somersille, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>13. AGENDA ITEM 20: CLOSING COMMENTS</p>	<p>There were no closing comments.</p>	
<p>14. AGENDA ITEM 21: ADJOURNMENT</p>	<p>Motion: To adjourn at 8:30 pm. Movant: Faust Second: Doiguchi Ayes: Chow, Doiguchi, Faust, Dr. Somersille, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Meeting adjourned at 8:30 pm.</i></p>

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

 John Zoglin
 Chair, Finance Committee

Prepared by: Samreen Salehi, Executive Assistant, Administration

FY21 Finance Committee Pacing Plan

FY21 FC Pacing Plan – Q3

January 25, 2021	February 2021	March 29, 2021
<p>5:30pm Joint Meeting with the Investment Committee: Topic: Long Term Financial Forecast</p> <p>6:30pm Approval Items</p> <ul style="list-style-type: none"> • Financial Report (FY21 Periods 5 and 6) <p>Discussion</p> <ul style="list-style-type: none"> • Revised Financial Forecast - COVID-19 Recovery Plan • PIR <ul style="list-style-type: none"> ○ ED Remodel ○ ECHMN 	<p>No Scheduled Finance Committee Meeting</p>	<p>Approval Items</p> <ul style="list-style-type: none"> • Financial Report (FY21 Periods 7 and 8) • FY22 Committee Planning <ul style="list-style-type: none"> ○ Meeting Dates ○ Committee Goals ○ FY22 Pacing Plan • New FY21 Community Benefit Grant – City of Mountain View (Cuesta Park Project) <p>Discussion Items</p> <ul style="list-style-type: none"> • Preview FY22 Budget Part # 1 Process and Assumptions) • COVID 19 Recovery Plan • ECHMN Quarterly Report • Summary of Physician Financial Arrangements (Year-End) • PIR Mountain View Campus Completion

FY21 Finance Committee Pacing Plan

FY20 FC Pacing Plan – Q4

April 26, 2021	May 24, 2021	June 2021
<p>Discussion Items</p> <ul style="list-style-type: none"> • FY22 Budget Preview Part 2 • Revenue Cycle Overview and Update • Service Line Report – Behavioral Health • Revised Policy and Procedure for Enterprise Wide Capital Deployment and Reporting • Medical Staff Development Plan • FY 21 Period 9 Financials • Revised Q4 FY 21 Financial Forecast (Including Covid-19 Recovery Plan) <p><i>April 28, 2021 Joint Board/Committee Educational Session</i></p>	<p>5:30pm Joint Meeting with the Hospital Board: FY22 Operating & Capital Budget</p> <p>6:30pm</p> <p>Approval Items</p> <ul style="list-style-type: none"> • Financial Report (FY21 Periods 9 and 10) • Review and Recommend FY22 Capital and Operating Budget • FY22 Organizational Goals • FY22 Committee Goals, Pacing Plan and Meeting Dates (If Necessary) • FY22 El Camino Hospital Community Benefit Grant Program <p>Discussion Items</p> <ul style="list-style-type: none"> • (Push to August or September) • ECHMN Quarterly Financial Report • PIR • Mountain View Campus Completion • Revised Policy and Procedure for Enterprise Wide Capital Deployment and Reporting • Medical Staff Development Plan 	<p>No Scheduled Finance Committee Meeting</p>

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: **Carlos Bohorquez**, 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. Evaluate and monitor COVID-19 Recovery Plan	Q1, Q2, Q3 and Q4	Presentations in July (2020), September (2020) Included in Financial Reporting , November (2020, January (2021) and March (2021)
2. Capital Deployment Methodology & Reporting	Q1	Receive project completion reports on Taube and Sobrato Pavilions including performance against budget in July Provided in September
	Q1 and Q3	Review (September) and approve (November) a revised policy and procedure regarding an enterprise wide capital deployment and reporting. Delayed until November
3. 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) On Track
	Q2	Maternal Child Health Service Line and SVMD (November)
	Q3	Behavioral Health Service Line (April), SVMD (March)
	Q4	SVMD (May)
4. Review and evaluate ongoing customer service/patient experience tactics and metrics for the Revenue Cycle – possibly combined statements for SVMD & ECH	Q2 and Q4	Monitor customer service and patient satisfaction metrics

SUBMITTED BY: Chair: John Zoglin | Executive Sponsor: Carlos Bohorquez, CFO

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

To: Finance Committee
From: Ken King, CAO
Date: April 26, 2021
Subject: Major Capital Projects in Process

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

Summary:

A. Situation/Status

Taube Pavilion (aka BHS): The Life Safety Improvements have been completed and signed off by OSHPD and CDPH and the final four rooms have been put into service. Final OPSHD reports are in process and the project will be closed in compliance. The final payment to the general contractor is pending the receipt of all lien releases. The projected final cost remains \$992,000 over the project budget.

Sobrato Pavilion (aka IMOB): This project is now complete with only final reports for the City of Mountain View in order to obtain final closeout. The close out of the construction contract is pending lien releases from all suppliers and subcontractors. The projected final cost remains \$984,000 below the project budget.

Women's Hospital: Final funding of \$149 million for the project was approved by the Board of Directors on February 10th and construction activities began on April 1st. The demolition of the 2nd and 3rd floors and the installation of a materials lift is in process.

M.V. Campus Completion Project (Phases 1 and 2) which includes the demolition of the old main hospital has received OSHPD plan approval. We have delayed the start of this project until the early spring of 2021. In addition to slowing, spend of capital dollars, this will allow more time to explore and consider the Phase 3 development options, which are still under consideration. *NO CHANGE FROM PREVIOUS REPORT.*

Radiation Oncology Equipment Replacement Project: The HDR Brachytherapy Unit and the new Ethos linear accelerator have been installed and put into service. A delay in receiving final approvals from the Radiation Safety Board has held up the progress of the third room. The project is currently five weeks behind the target schedule but there are no other significant issues or concerns. To date \$9.97 million of the \$10.3 million budget has been committed.

Interventional Equipment Replacement Project: The plans have been approved by OSHPD the final funding request will be presented to the Finance Committee in May 2021 and to the Board in June 2021. Construction activities will commence upon final funding approvals.

Imaging Equipment Replacement Project: The early cost estimates for this project has caused us to reconsider the scope of work and we are now looking to scale back on some of the requested modifications within the department. We are also re-prioritizing the sequence of equipment replacements to reduce costs. Once plan modifications are made we will submit to OSHPD for plan review.

B. 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.

C. Background

The Board of Directors approved the Mountain View Campus Development Projects which consist of the following:

Step I:

North Parking Garage Expansion -
Behavioral Health Services Building -
Integrated Medical Office Building -
Central Plant Upgrades -

Status

Complete
Complete - Occupied
Complete - Occupied
Complete

Step II:

Women's Hospital Expansion -
Demolition of Old Main Hospital -

Status

Construction Phase 1 of 3
On Hold - Phases 1&2

D. Assessment

NA

E. Other Reviews

None

F. Outcomes

As stated in the status updates.

Mar 5, 2021, 01:00am EST

Six Hopeful Healthcare Trends For 2021



Bill Frist Contributor 

Policy

I cover global and domestic health care and health care reform.

In an uncertain and changing healthcare landscape, shaped by the pandemic and a new administration, here are six hopeful trends that will characterize the next 12 months.

Heightened attention to health equity

The Covid-19 pandemic has placed a spotlight on our nation’s pre-existing health disparities, and this is an area President Biden is committed to addressing. Look no further than the President’s second-in-command to see the increased attention this issue will receive. Vice President Kamala Harris, who, when accepting her nomination as Biden’s running mate, made clear that Covid-19 is “not an equal opportunity offender. Black, Latino, and indigenous people are suffering and dying disproportionately.” Harris has paid special attention throughout her career to address racial disparities in maternal health, frequently noting that black women are three times more likely than white women to die of pregnancy complications.

And with California Attorney General Xavier Becerra tapped to lead the Department of Health and Human Services, it’s expected his team will seek to ensure that Black and Latino Americans have equal access to health services and more inclusive insurance policies (look to Medicaid waivers as a method to expand coverage for the underserved). The Biden administration will likely focus on collecting more detailed and specific data to better understand, uncover, and act on health disparities.



Close up of a mother and daughter having an appointment with the pediatrician

Beyond appointing the most diverse cabinet in our nation's history, the President also established the White House Health Equity Task Force, to be led by Dr. Marcella Nunez-Smith, founder of the Equity Research Innovation Center at the Yale School of Medicine.

Through prioritizing equal access to Covid-19 testing and PPE, increasing the percentage of physicians and nurses of color to reflect the communities they are serving, and strategizing detailed plans on equitable vaccine distribution, we will see much greater attention to health equity, diversity, and inclusion.

Greater focus on mental and behavioral health

The pandemic has laid bare the mental health crisis our nation has long been facing—and the woefully inadequate resources we have devoted to it. A combination of provider shortages, inadequate insurance coverage, and social stigma has exacerbated the dire situation. Demand has skyrocketed and far outstripped existing infrastructure and supply. We have witnessed an explosion in behavioral health services provided by telemedicine companies like Teladoc TDOC and MDLive to respond virtually to this demand.

In an encouraging response, the private sector more broadly is increasingly investing in new behavioral health solutions. Large flows of capital are being redirected to innovative, modern models of delivering mental health services. Venture capital investing in mental and behavioral health in 2020 far surpassed 2019 and quadrupled since 2015. Expect to see even more rapid expansion in venture and mid-market investing in both virtual and bricks-and-mortar service entities in the coming year.

This is also an area where President Biden has shown genuine commitment in the past. As Vice President, he helped lead the Obama Administration's initiatives to implement the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act, designated mental health treatment as essential in the Affordable Care Act (ACA), and hosted the National Conference on Mental Health at the White House. His campaign's health platform included plans to publish a strategy to address the high rates of suicide among veterans in his first 200 days in office, to double the number of school therapists and psychologists, and to invest in school mental health programs.

Increased bipartisanship in healthcare

Don't laugh. There actually are areas of bipartisan interest where the current Congress, even with a narrowly divided Senate, can find common ground. These include surprise billing, drug pricing, transparency in prices, and telehealth. Members on both sides have indicated an interest in strengthening domestic biomedical manufacturing and supply chains as well as the antiquated Strategic National Stockpile. The bipartisan "Global Health Security and Diplomacy Act" introduced in May of last year suggests where there may be agreement on a revised, coordinated approach to global health security—something President Biden will be more receptive to than his predecessor.

Expanded adoption of telemedicine and virtual care

While growing explosively during the pandemic, telemedicine has been steadily building its base for decades. While I was in the Senate two decades ago, I worked to build programs establishing T1 lines to Native Americans reservations to provide critical, real-time care to remote regions otherwise without access. As a boy in the 1960s, I witnessed my dad reading from our home in the middle of the night emergency EKGs sent over the analog telephone lines from remote, rural Tennessee clinics.



Cardiovascular doctor looking at coronary x-ray output

With rapidly advancing virtual care-enabling technologies, with a cultural shift by providers and consumers to trust and use the technology, and with solid bipartisan support, telehealth will continue to expand. Virtual care and telehealth boomed during the pandemic, with private insurance claims for telehealth increasing an astounding 4,347 percent nationally from March 2019 to March 2020. Over the coming year telehealth will be permanently embedded in care delivery, with providers planning and financially budgeting for a larger percentage of virtual care, an estimated 10 – 30% of total patient visits post-Covid-19.

Innovative technologies will continue to move care toward the home. Such person-friendly and affordable devices include Kardia, a medical-grade EKG developed by AliveCor that detects atrial and ventricular arrhythmias and shares them with a physician within 30 seconds, and One Drop’s kit to measure blood sugar levels. TytoCare’s at-home kit combines a number of portable health monitoring devices that share data with providers instantaneously. Frost & Sullivan conservatively predicts that by 2025 telehealth will be seven times its current size, with a compounding annual growth rate of 38.2% over the next 4 years.

Government played a huge role in this fast-paced revolution toward virtual care. Emergency regulatory measures speeded access and enhanced reimbursement for telehealth services, rapidly accelerating physician adoption and removing traditional bottlenecks in administrative decision-making. For many of these gains to be made permanent, Congress, with support of the Biden Administration, must act.

Reentering WHO and the Global Health World Stage

President Biden reentered the World Health Organization (WHO) on his first day in office, reversing the previous administration’s hasty and what most believe ill-advised withdrawal.

Biden also directed the U.S. to support the WHO-launched Access to Covid-19 Tools (ACT) Accelerator and join the multilateral Covid-19 Vaccine Global Access (COVAX) Facility, an organization tied with WHO, teaming with 171 other countries to develop and distribute vaccines equitably around the world.

This quick reinstatement of US support is highly symbolic of America's intention to reenter the global stage on a broader front. However, it will take time and renewed commitment on multiple fronts before the United States will re-earn its former preeminence as a credible and trusted partner in global health. In 2021, expect to see the United States continue to find ways to rebuild public health relationships with our allies.

Reenergizing the Affordable Care Act

The Affordable Care Act is here to stay. The administration and Congress will act to strengthen it at every turn, initially focusing on buttressing the Exchanges with enrollment incentives and increased subsidies.

On his first day in office, Biden made increasing ACA subsidies a major platform of his \$1.9 trillion Covid-19 relief plan. And in his first week, he signed an executive order opening a Special Enrollment Period for Americans to sign up for health coverage on the ACA exchanges, running from February 15 through May 15. Already, more than 200,000 Americans signed up on HealthCare.gov during the first two weeks. The order also directs federal agencies "to reconsider rules and other policies that limit Americans' access to health care" including demonstrations and waivers "that may reduce coverage or undermine the programs, including work requirements."

President Biden will continue to use executive orders to undo changes the previous administration made to weaken the law. These include such issues as reinstating the 90% cuts in community outreach, restoring the 84% cut in grants to those assisting with ACA enrollment in their communities, and reestablishing the longer ACA sign-up period shortened by the Trump administration. It is likely that the administration moves to limit enrollment in short-term, limited coverage insurance plans, some of which skirt preexisting conditions.

As the Biden Administration works with Congress to shore up the ACA, the third branch of government, the U.S. Supreme Court, still has the ability to upend their plans. The Court heard oral arguments in November challenging the constitutionality of the law, with a Texas-led coalition arguing it should fall since the mandate that it rests on was essentially eliminated when Congress zeroed out the tax penalty in 2017. On February 10, the Biden Administration told the Court in a letter that the Department of Justice had reconsidered its position and now finds the mandate to be constitutional, a move that's largely symbolic. The Court's decision is expected by July. And while the law in its entirety is not expected to be struck down, President Biden does have the advantage of a Democratic Congress that can address changes to the ACA via reconciliation if necessitated by the Court's ruling.

The next 12 months are brimming with realistic opportunities to more honestly and directly advance equitable access to healthcare, especially for vulnerable populations, and to firmly root virtual health and telemedicine in every aspect of delivery. And opportunities to move services closer to home, to address racial disparities and inequities in care delivery, to assimilate social determinants into all care models, and to more aggressively improve mental and behavioral health. As our nation continues to face enormous challenges amid a ruthless and smoldering pandemic, we see burgeoning hope and opportunity for a more promising health and well-being future.

Acknowledgment: Cate Merriman Frist contributed to this article with research and editorial assistance.

<https://www.forbes.com/sites/billfrist/2021/03/05/six-hopeful-healthcare-trends-for-2021/>

House passes bill that extends moratorium on 2% Medicare sequester cuts through end of 2021, makes other health care changes

Apr 14, 2021 - 02:39 PM



The House of Representatives last night voted 384-38 to pass a [bill](#) that, among other health care provisions, would eliminate the 2% across-the-board cut to all Medicare payments, known as sequestration, until the end of 2021.

The bill also would make several technical changes to the rural health clinic provisions that were included in the Consolidated Appropriations Act, 2021. The Senate passed the bill last month, and President Biden is expected to sign it into law soon.

In a [statement shared with the media](#), AHA President and CEO Rick Pollack said, “America’s hospitals and health systems thank Speaker Pelosi, Leader McCarthy and the U.S. House of Representatives for joining Majority Leader Schumer, Leader McConnell and the U.S. Senate in extending needed relief from Medicare cuts to doctors and hospitals caring for patients and vaccinating communities. Even though our country is making great progress by vaccinating millions of people a day, it is clear that this pandemic is far from over and that there is an urgent need to keep hospitals, health systems and our heroic caregivers strong.

“The AHA continues to work with Congress and the Administration to ensure the hospital field has the support, resources and tools to serve their patients and communities. This includes continuing to advocate for more overall funding for the Provider Relief Fund, relief for hospitals and health systems with Medicare accelerated payments, hospital and health system priorities to be included in the upcoming infrastructure legislative package and Congressional action by the end of the year on Medicare cuts due to the effects of PAYGO.”

<https://www.aha.org/news/headline/2021-04-14-house-passes-bill-extends-moratorium-2-medicare-sequester-cuts-through-end>

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

To: Finance Committee
From: Stephanie Iljin, Supervisor Executive Administration
Date: April 26, 2021
Subject: Report on Board Actions

Purpose: To keep the Committee informed regarding 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. Still, it 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 time we provided this report to the Finance Committee, the Hospital Board has convened three times, and the District Board once. In addition, since the Board has delegated specific authority to the Executive Compensation Committee, the Compliance and Audit Committee, and the Finance Committee, those approvals are also noted in this report.

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
ECH Board	April 7, 2021	<ul style="list-style-type: none"> - Resolution 2021-03: Board Recognition of the COVID-19 Vaccination Program Team - Quality Committee Report - FY21 Period 7 and 8 Financials - Resolution 2021-04: Temporary Suspension of El Camino Hospital Bylaws Article VIII. Section 8.3 - Revised Board Officer Nomination & Selection Procedures - Closed Session Quality Committee Report including Credentials and Privileges Report & Quality Council Minutes - Annual Summary of Physician Financial Arrangements - Closed Session Minutes of the Hospital Board Meeting (3/10/2021) - Executive Compensation Committee Closed Session Minutes (11/05/20) - Medical Staff Report - Open Session of the Hospital Board Meeting (3/10/2021) - Revised FY21 Advisory Committee Assignments - Letters of Reasonableness - Executive Compensation Open Session Meeting Minutes (11/5/2020) - Urology Call Panel - Acute Rehab Professional Services Agreement and Community Benefit Grant

Report on Board Actions
 April 26, 2021

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
	April 14, 2021	N/A
	April 28, 2021	N/A
ECHD Board	April 7, 2021	- Resolution 2021-06: Temporary Suspension of El Camino Hospital Bylaws Article VIII. Section 8.3
Executive Compensation Committee	N/A	

Report on Board Actions
 April 26, 2021

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
Compliance and Audit Committee	N/A	
Finance Committee	March 29, 2021	<ul style="list-style-type: none"> - Open Session Minutes of the Finance Committee (1/25/2021) - Open Session Minutes of the Joint Finance and Investment Committees (1/25/2021) - FY21 Period 7 and 8 Financial Report - FY22 Committee Meeting Dates - Progress Against FY21 Committee Goals - FY21 Community Benefit Grant - Closed Session Minutes of the Finance Committee (1/25/2021) - Closed Session Minutes of the Joint Finance and Investment Committees (1/25/2021) - LG Urology Call Panel Renewal - LG Acute Rehab Professional Services Agreement Renewal

List of Attachments: None.

Suggested Committee Discussion Questions: None.



El Camino Health

Summary of Financial Operations

Fiscal Year 2021 – Period 9

7/1/2020 to 03/31/2021

Executive Summary - Overall Commentary for Period 9

- Strong operating / financial results for Period 9 were attributed to the following:
 - Significant decrease of Covid-19 patients
 - Rebound in procedural volumes due to pent up demand from January and February
 - Focus on management of OT / premium pay, ALOS and variable expenses
 - Stable payor mix
- Total gross charges, a surrogate for volume, were favorable to budget by \$87.3M / 29.1% and \$105.9M / 37.6% lower than the same period last year
- Net patient revenue was favorable to budget by \$17.3M / 21.6% and \$24.1M / 32.9% higher than the same period last year
- Operating expenses were \$9.3M / 11.2% unfavorable to budget, which is primarily attributed to higher than expected volume versus budget and significant number of procedural cases performed in March
- Operating margin was favorable to budget by \$7.1M / 619.3% and \$17.9M / 185.5% higher than the same period last year
- Operating EBIDA was favorable to budget by \$6.9M / 90.9% and \$18.4M / 478.9% higher than the same period last year

Operational / Financial Results: Period 9 – March 2021 (as of 3/31/2021)

PERIOD 9 - RESULTS

(\$ thousands)		PERIOD 9 - RESULTS				PERIOD 9 - RESULTS			Moody's Medians		
		Current Year	Budget	Variance to Budget	Performance to Budget	Prior Year	Variance to Prior Year	Variance to Prior Year	'A1'	'Aa3'	Performance to 'A1' Medians
Activity / Volume	ADC	231	217	15	6.7%	218	13	6.1%	---	---	---
	Total Discharges	1,939	1,867	72	3.9%	1,810	129	7.1%	---	---	---
	Adjusted Discharges	3,244	2,802	442	15.8%	2,584	660	25.5%	---	---	---
	Emergency Room Visits	4,271	4,077	194	4.8%	4,624	(353)	-7.6%	---	---	---
	OP Procedural Cases	15,665	8,139	7,526	92.5%	7,318	8,347	114.1%	---	---	---
	Gross Charges (\$)	387,620	300,318	87,302	29.1%	281,723	105,897	37.6%	---	---	---
Operations	Total FTEs	2,875	2,855	20	0.7%	2,827	48	1.7%	---	---	---
	Productive Hrs. / APD	31.8	33.4	(1.6)	-4.7%	38.1	(6.3)	-16.5%	---	---	---
	Cost Per Adjusted Discharge	16,509	17,901	(1,392)	-7.8%	20,136	(3,627)	-18.0%	---	---	---
	Net Days in A/R	50.9	49.0	1.9	3.8%	49.1	1.7	3.5%	47.7	47.1	
Financial Performance	Net Patient Revenue (\$)	97,171	79,886	17,285	21.6%	73,105	24,066	32.9%	106,723	257,000	
	Total Operating Revenue (\$)	100,708	84,265	16,444	19.5%	77,345	23,364	30.2%	116,864	314,648	
	Operating Margin (\$)	8,258	1,148	7,110	619.3%	(9,658)	17,917	185.5%	3,948	10,135	
	Operating EBIDA (\$)	14,588	7,641	6,947	90.9%	(3,850)	18,438	478.9%	11,301	27,969	
	Net Margin (\$)	27,223	4,482	22,742	507.4%	(81,470)	108,694	133.4%	8,219	18,726	
	Operating Margin (%)	8.2%	1.4%	6.8%	501.9%	-12.5%	20.7%	165.7%	2.9%	3.6%	
	Operating EBIDA Margin (%)	14.5%	9.1%	5.4%	59.7%	-5.0%	19.5%	391.0%	9.7%	8.9%	
	DCOH (days)	566	435	130	29.9%	432	134	31.0%	254	264	

Moody's Medians: Not-for-profit and public healthcare annual report; September 9, 2020. Dollar amounts have been adjusted to reflect monthly averages.

Operational / Financial Results: YTD FY2021 (as of 3/31/2021)

YTD FY2021 - RESULTS

(\$ thousands)		Current Year	Budget	Variance to Budget	Performance to Budget	Prior Year	Variance to Prior Year	Variance to Prior Year	Moody's Medians		Performance to 'A1' Medians
									'A1'	'Aa3'	
Activity / Volume	ADC	241	205	36	17.8%	237	4	1.6%	---	---	---
	Total Discharges	16,930	15,713	1,217	7.7%	18,157	(1,227)	-6.8%	---	---	---
	Adjusted Discharges	26,258	23,508	2,750	11.7%	28,185	(1,927)	-6.8%	---	---	---
	Emergency Room Visits	36,915	32,245	4,670	14.5%	46,709	(9,794)	-21.0%	---	---	---
	OP Procedural Cases	119,491	70,228	49,263	70.1%	84,722	34,769	41.0%	---	---	---
	Gross Charges (\$)	3,143,811	2,498,291	645,520	25.8%	2,885,575	258,236	8.9%	---	---	---
Operations	Total FTEs	2,818	2,841	(23)	-0.8%	2,804	14	0.5%	---	---	---
	Productive Hrs. / APD	31.4	33.4	(2.0)	-5.9%	31.5	(0.0)	-0.2%	---	---	---
	Cost Per Adjusted Discharge	17,198	18,458	(1,260)	-6.8%	16,213	985	6.1%	---	---	---
	Net Days in A/R	50.9	49.0	1.9	3.8%	49.1	1.7	3.5%	47.7	47.1	
Financial Performance	Net Patient Revenue (\$)	805,228	650,689	154,539	23.8%	757,093	48,135	6.4%	960,503	2,312,999	
	Total Operating Revenue (\$)	839,876	692,263	147,612	21.3%	798,176	41,700	5.2%	1,051,776	2,831,833	
	Operating Margin (\$)	47,365	(30,980)	78,345	252.9%	51,782	(4,417)	-8.5%	35,536	91,211	
	Operating EBIDA (\$)	110,488	29,253	81,235	277.7%	97,744	12,744	13.0%	101,705	251,718	
	Net Margin (\$)	222,346	(5,476)	227,821	4160.6%	4,430	217,915	4918.6%	73,967	168,533	
	Operating Margin (%)	5.6%	-4.5%	10.1%	226.0%	6.5%	-0.8%	-13.1%	2.9%	3.6%	
	Operating EBIDA Margin (%)	13.2%	4.2%	8.9%	211.3%	12.2%	0.9%	7.4%	9.7%	8.9%	
	DCOH (days)	566	435	130	29.9%	432	134	31.0%	254	264	

Moody's Medians: Not-for-profit and public healthcare annual report; September 9, 2020. Dollar amounts have been adjusted to reflect 9 month totals.

Key Statistics: Period 9 and YTD (as of 03/31/2021)

Key Statistics	Month to Date			Variance (%)		Year to Date			Variance (%)	
	PY	CY	Budget	CY vs PY	CY vs Budget	PY	CY	Budget	CY vs PY	CY vs Budget
ADC	218	231	217	6.1%	6.7%	237	241	205	1.6%	17.8%
Utilization MV	59%	62%	57%	5.8%	8.0%	65%	63%	53%	(2.6%)	18.0%
Utilization LG	30%	27%	27%	(8.8%)	0.5%	30%	31%	27%	4.4%	17.0%
Utilization Combined	49%	51%	48%	3.5%	6.7%	54%	53%	45%	(0.9%)	17.7%
Adjusted Discharges	2,584	3,244	2,802	25.5%	15.8%	28,185	26,258	23,508	(6.8%)	11.7%
Total Discharges (Exc NB)	1,490	1,611	1,515	8.1%	6.4%	15,056	14,027	12,663	(6.8%)	10.8%
Total Discharges	1,810	1,939	1,867	7.1%	3.9%	18,157	16,930	15,713	(6.8%)	7.7%
Inpatient Activity										
MS Discharges	1,015	1,104	952	8.8%	15.9%	10,456	9,583	7,885	(8.3%)	21.5%
Deliveries	333	354	372	6.3%	(4.9%)	3,278	3,116	3,222	(4.9%)	(3.3%)
BHS	100	120	146	20.0%	(17.8%)	917	953	1,164	3.9%	(18.1%)
Rehab	42	33	44	(21.4%)	(24.8%)	405	375	393	(7.4%)	(4.5%)
Outpatient Activity										
Total Outpatient Cases	10,324	18,738	11,241	81.5%	66.7%	120,732	146,673	94,523	21.5%	55.2%
ED	3,006	3,073	3,102	2.2%	(0.9%)	36,010	27,182	24,295	(24.5%)	11.9%
OP Surg	342	614	351	79.5%	74.9%	4,340	4,626	3,031	6.6%	52.6%
Endo	150	252	163	68.0%	54.4%	1,959	1,887	1,318	(3.7%)	43.1%
Interventional	149	194	133	30.2%	45.5%	1,590	1,536	985	(3.4%)	55.9%
All Other	6,677	14,605	7,491	118.7%	95.0%	76,833	111,442	64,894	45.0%	71.7%
Hospital Payor Mix										
Medicare	46.0%	48.7%	48.7%	5.8%	(0.1%)	48.9%	48.3%	48.5%	(1.1%)	(0.3%)
Medi-Cal	8.0%	8.0%	7.5%	-0.7%	5.8%	7.5%	8.2%	7.5%	10.2%	9.3%
Commercial	43.4%	40.4%	41.4%	-6.9%	(2.6%)	41.3%	41.1%	41.6%	-0.4%	(1.2%)
Other	2.6%	3.0%	2.3%	15.4%	21.1%	2.3%	2.3%	2.4%	(1.8%)	(5.4%)

Income Statement: Current Fiscal Year Monthly Trend (\$000s)

	Period 1 Jul-20	Period 2 Aug-20	Period 3 Sep-20	Period 4 Oct-20	Period 5 Nov-20	Period 6 Dec-20	Period 7 Jan-21	Period 8 Feb-21	Period 9 Mar-21	Period 10 Apr-21	Period 11 May-21	Period 12 Jun-21	YTD FY2021	YTD Monthly Average
Operating Revenues:														
Gross Revenue	333,228	339,121	357,838	366,453	341,648	367,494	335,788	314,620	387,620	-	-	-	3,143,811	349,312
Deductions from Revenue	(247,360)	(253,449)	(267,829)	(275,898)	(253,051)	(275,206)	(245,993)	(229,347)	(290,449)	-	-	-	(2,338,582)	(259,842)
Net Patient Revenue	85,868	85,672	90,009	90,554	88,597	92,289	89,795	85,273	97,171	-	-	-	805,228	89,470
Other Operating Revenue	4,667	4,331	3,996	4,024	3,234	3,079	4,427	3,352	3,537	-	-	-	34,647	3,850
Total Operating Revenue	90,535	90,003	94,005	94,578	91,831	95,368	94,222	88,625	100,708	-	-	-	839,876	93,320
Operating Expenses:														
Salaries, Wages and Benefits	46,431	47,739	48,136	49,061	47,222	48,774	53,636	48,592	52,025	-	-	-	441,616	49,068
Supplies	12,820	16,893	12,798	13,496	13,641	14,519	13,888	13,587	15,421	-	-	-	127,062	14,118
Fees & Purchased Services	12,918	14,366	14,949	12,982	14,264	14,035	15,825	14,770	15,139	-	-	-	129,248	14,361
Other Operating Expenses	3,583	3,596	4,498	3,721	3,512	4,100	3,819	1,097	3,536	-	-	-	31,462	3,496
Interest	1,428	1,431	1,428	1,429	1,428	1,428	1,428	1,392	1,399	-	-	-	12,791	1,421
Depreciation	5,231	5,328	5,795	5,798	6,068	5,591	5,689	5,903	4,931	-	-	-	50,332	5,592
Total Operating Expenses	82,411	89,352	87,604	86,487	86,136	88,446	94,284	85,341	92,450	-	-	-	792,511	88,057
Operating Margin	8,124	651	6,401	8,091	5,695	6,922	(62)	3,285	8,258	-	-	-	47,365	5,263
Non-Operating Income	27,718	28,642	(9,557)	(27,499)	64,968	57,357	39	14,349	18,965	-	-	-	174,981	19,442
Net Margin	35,842	29,293	(3,156)	(19,408)	70,663	64,279	(23)	17,633	27,223	-	-	-	222,346	24,705
Operating EBIDA	14,783	7,410	13,624	15,318	13,192	13,940	7,055	10,580	14,588	-	-	-	110,488	12,276
Operating Margin (%)	9.0%	0.7%	6.8%	8.6%	6.2%	7.3%	-0.1%	3.7%	8.2%				5.6%	
Operating EBIDA Margin (%)	16.3%	8.2%	14.5%	16.2%	14.4%	14.6%	7.5%	11.9%	14.5%				13.2%	

Financial Overview: Period 9 - March 2021

Period ending 3/31/2021

Financial Performance

- March operating income was \$8.3M compared to a budget of \$1.1M, resulting in a favorable variance of \$7.1M. The primary drivers are volume which rebounded from the third wave of the pandemic, pent up demand of surgical cases, stable payer mix and management of variable expenses
- March volumes and revenues continue to be stronger than budget as demonstrated by:
 - Adjusted discharges were favorable to budget by 442 cases / 15.8% and 660 cases / 25.6% above the same period last year
 - Favorable variance of gross charges of \$87.4M was split as follows:
 - Inpatient gross charges: Favorable to budget by \$30M / 19% variance primarily driven by surgery, cath. Lab, NICU and ancillary services
 - Outpatient gross charges: Favorable to budget by \$57M / 43% variance primarily driven by surgery, cath. lab, emergency room, and ancillary services
 - Operating Expenses were unfavorable to budget by \$9.3M / 11.2%, primarily due to patient activity, increased use / cost of PPE associated with Covid-19 and other Covid-19 associated expenses
 - SWB were unfavorable by \$5.4M / 12%
 - Supplies were unfavorable by \$2.9M / 36%
 - All other discretionary non-volume driven expenses were favorable to budget by \$1M
 - Additional expenses attributed to Covid-19 were \$1.6M in March and \$14.2M YTD
- Non Operating Income includes:
 - Favorable variance of \$15.6M primarily due to unrealized gains on investments

Financial Overview: Period 9 – March 2021 (cont.)

Period ending 3/31/2021

Financial Performance

Hospital Operations:

- Adjusted Discharges (AD): Favorable to budget by 442 ADs / 16% and above prior year by 660 ADs / 26%:
 - Mountain View: Favorable to budget by 226 ADs / 10% and above prior year by 394 ADs / 19%
 - Los Gatos: Favorable to budget by 216 ADs / 43% and above prior year by 266 ADs / 57%
- Operating Expense Per CMI Adjusted Discharge: \$16,508 which is 7.8% favorable to budget

Note: Excludes depreciation and interest

El Camino Health Medical Network (ECHMN) Operations:

- February's total visits of 26,454 was 16% above prior month and 25.2% favorable to budget and included 7,972 COVID vaccination visits
- Net Income was unfavorable to budget by \$760K in February, but was \$661K favorable to February of 2020
- YTD February ECHMN Net Income is unfavorable to budget by \$800K / 3.4%, but remains favorable to prior year by \$2.1M / 8.1%

Financial Overview: YTD FY2021 (as of 3/31/2021)

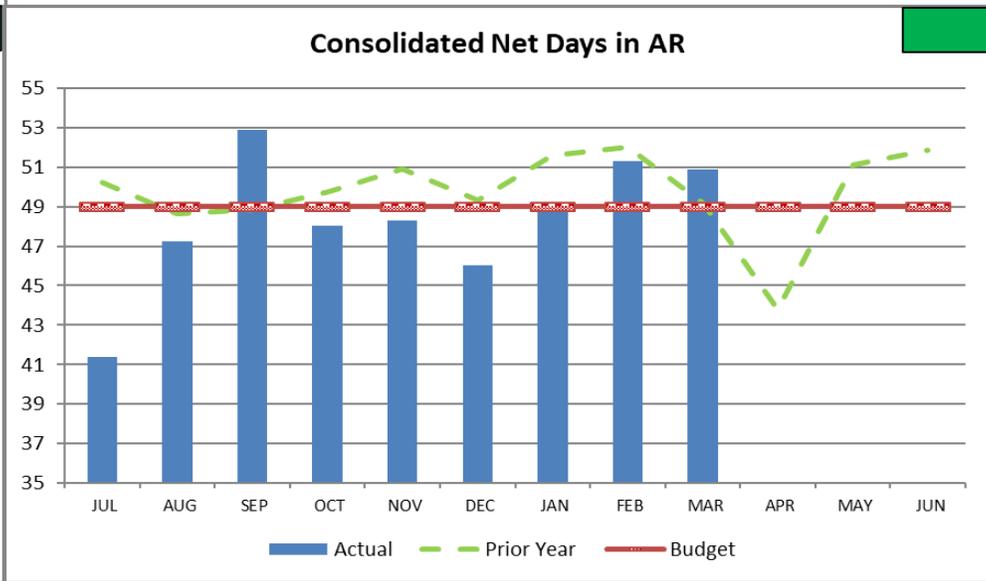
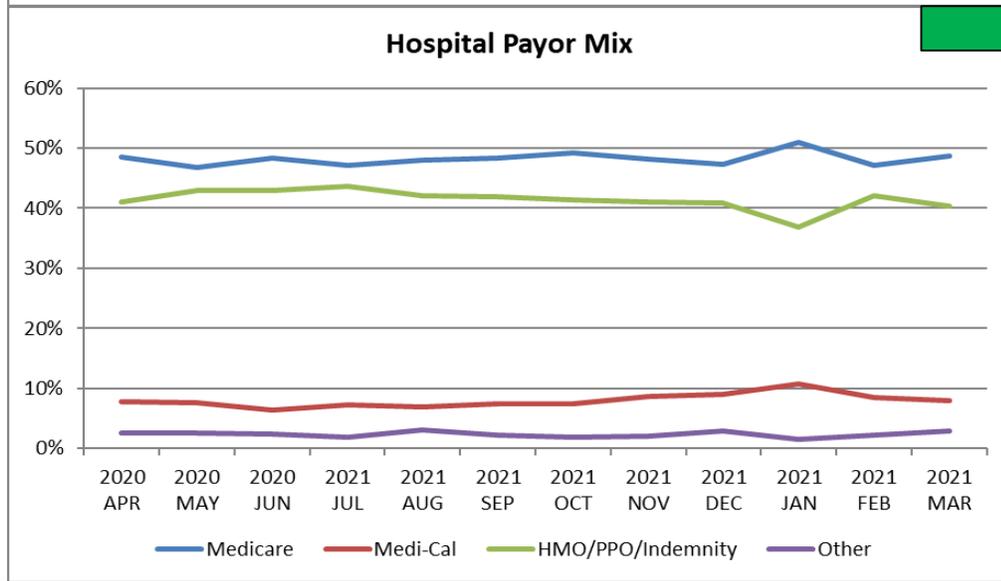
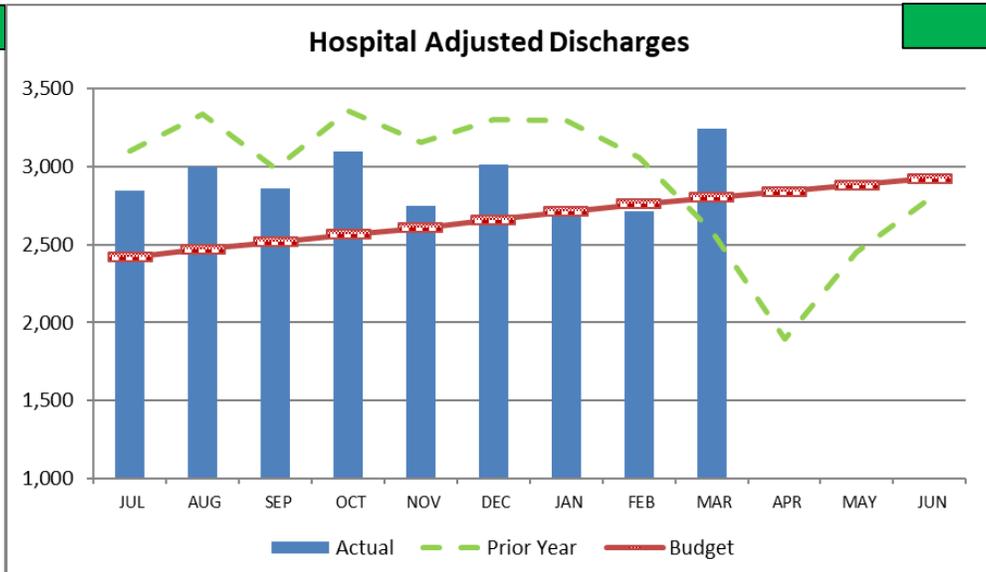
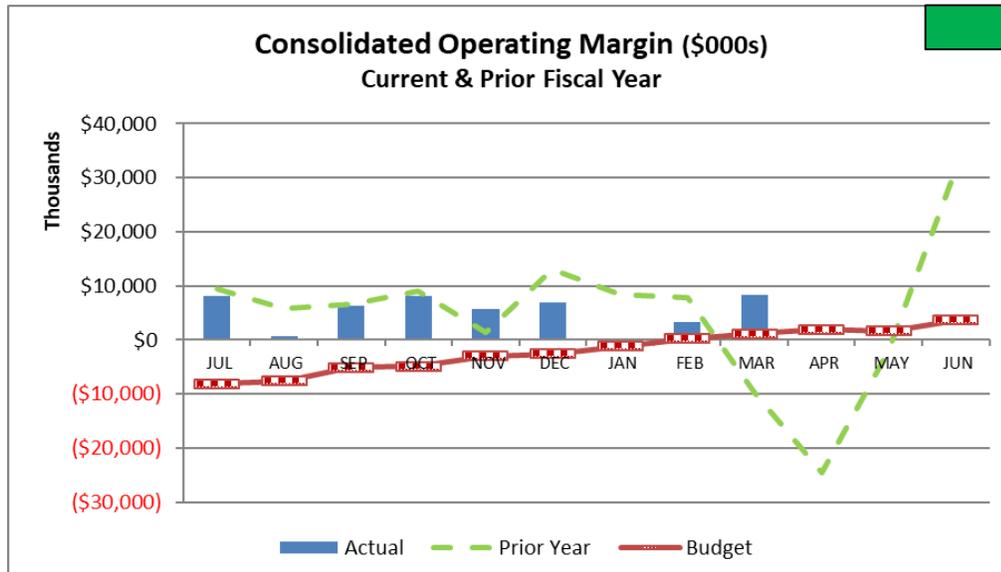
Consolidated Financial Performance

- YTD FY2021 net operating margin of \$47.4M compared to the budget of -\$31.0M
- Year-over-year operating margin is \$4.4M lower than the same period last year, which is primarily due to an increase in depreciation and interest expense of \$17M associated with recently completed capital projects at the Mountain View campus
- Strong volume recovery from the first wave of Covid-19, continues to be the primary driver of favorable performance to budget
 - Adjusted discharges are 2,736 /12% favorable to budget and 1,913 / 6.8% lower than the same period last year
- Operating expenses are \$69.3M / 9.6% unfavorable to budget
 - Unfavorability driven higher than budgeted volumes and expenses associated with Covid-19 pandemic
 - Operating expense per CMI adjusted discharge of \$17,292 is 10% favorable to budget which demonstrates consistent management of variable expenses

Note: Excludes depreciation and interest expense

APPENDIX

YTD FY2021 Financial KPIs – Monthly Trends



Consolidated Statement of Operations (\$000s)

Period 9 ending 03/31/2021

Period 9 FY 2020	Period 9 FY 2021	Period 9 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
281,723	387,620	300,318	87,302	29.1%	Gross Revenue	2,885,575	3,143,811	2,498,291	645,520	25.8%
(208,618)	(290,449)	(220,432)	(70,018)	(31.8%)	Deductions	(2,128,482)	(2,338,582)	(1,847,602)	(490,980)	(26.6%)
73,105	97,171	79,886	17,285	21.6%	Net Patient Revenue	757,093	805,228	650,689	154,539	23.8%
4,240	3,537	4,379	(841)	(19.2%)	Other Operating Revenue	41,082	34,647	41,574	(6,927)	(16.7%)
77,345	100,708	84,265	16,444	19.5%	Total Operating Revenues	798,176	839,876	692,263	147,612	21.3%
					OPERATING EXPENSE					
48,720	52,025	46,617	(5,408)	(11.6%)	Salaries & Wages	418,542	441,616	400,287	(41,329)	(10.3%)
14,730	15,421	11,766	(3,655)	(31.1%)	Supplies	120,970	127,062	100,015	(27,047)	(27.0%)
13,704	15,139	14,570	(569)	(3.9%)	Fees & Purchased Services	126,788	129,248	129,586	338	0.3%
4,042	3,536	3,671	135	3.7%	Other Operating Expense	34,132	31,462	33,122	1,660	5.0%
992	1,399	916	(484)	(52.8%)	Interest	5,218	12,791	8,311	(4,480)	(53.9%)
4,817	4,931	5,577	647	11.6%	Depreciation	40,744	50,332	51,922	1,590	3.1%
87,003	92,450	83,117	(9,333)	(11.2%)	Total Operating Expenses	746,394	792,511	723,243	(69,268)	(9.6%)
(9,658)	8,258	1,148	7,110	619.3%	Net Operating Margin	51,782	47,365	(30,980)	78,345	(252.9%)
(71,812)	18,965	3,334	15,632	468.9%	Non Operating Income	(47,351)	174,981	25,504	149,477	586.1%
(81,470)	27,223	4,482	22,742	507.4%	Net Margin	4,430	222,346	(5,476)	227,821	(4160.6%)
(3,850)	14,588	7,641	6,947	90.9%	Operating EBIDA	97,744	110,488	29,253	81,235	277.7%
					Operating EBIDA Margin	12.2%	13.2%	4.2%	8.9%	
					Operating Margin	6.5%	5.6%	-4.5%	10.1%	
					Net Margin	0.6%	26.5%	-0.8%	27.3%	

Consolidated Balance Sheet (as of 03/31/2021)

(\$000s)

ASSETS	Audited		LIABILITIES AND FUND BALANCE	Audited	
	March 31, 2021	June 30, 2020		March 31, 2021	June 30, 2020
CURRENT ASSETS			CURRENT LIABILITIES		
Cash	197,255	228,464	Accounts Payable	29,390	35,323
Short Term Investments	275,289	221,604	Salaries and Related Liabilities	38,274	35,209
Patient Accounts Receivable, net	152,190	128,564	Accrued PTO	32,251	28,124
Other Accounts and Notes Receivable	(817)	13,811	Worker's Comp Reserve	2,300	2,300
Intercompany Receivables	35,428	72,592	Third Party Settlements	13,418	10,956
Inventories and Prepaids	25,310	101,267	Intercompany Payables	35,494	70,292
Total Current Assets	684,655	766,303	Malpractice Reserves	1,560	1,560
			Bonds Payable - Current	9,430	9,020
BOARD DESIGNATED ASSETS			Bond Interest Payable	3,317	8,463
Foundation Board Designated	18,989	15,364	Other Liabilities	11,444	3,222
Plant & Equipment Fund	230,810	166,859	Total Current Liabilities	176,877	204,469
Women's Hospital Expansion	30,401	22,563			
Operational Reserve Fund	159,902	148,917	LONG TERM LIABILITIES		
Community Benefit Fund	19,459	17,916	Post Retirement Benefits	31,547	30,731
Workers Compensation Reserve Fund	16,482	16,482	Worker's Comp Reserve	16,482	16,482
Postretirement Health/Life Reserve Fund	31,365	30,731	Other L/T Obligation (Asbestos)	6,100	4,094
PTO Liability Fund	30,394	27,515	Bond Payable	485,447	513,602
Malpractice Reserve Fund	1,965	1,919	Total Long Term Liabilities	539,575	564,908
Catastrophic Reserves Fund	23,802	17,667			
Total Board Designated Assets	563,568	465,933	DEFERRED REVENUE-UNRESTRICTED	77,200	77,133
			DEFERRED INFLOW OF RESOURCES	31,009	30,700
FUNDS HELD BY TRUSTEE	8,589	23,478	FUND BALANCE/CAPITAL ACCOUNTS		
			Unrestricted	1,994,341	1,771,854
LONG TERM INVESTMENTS	470,027	372,175	Board Designated	194,031	188,457
			Restricted	31,060	28,631
CHARITABLE GIFT ANNUITY INVESTMENTS	712	680	Total Fund Bal & Capital Accts	2,219,432	1,988,942
			TOTAL LIABILITIES AND FUND BALANCE	3,044,093	2,866,153
INVESTMENTS IN AFFILIATES	33,443	29,065			
PROPERTY AND EQUIPMENT					
Fixed Assets at Cost	1,769,269	1,342,012			
Less: Accumulated Depreciation	(726,689)	(676,535)			
Construction in Progress	102,389	489,848			
Property, Plant & Equipment - Net	1,144,969	1,155,326			
DEFERRED OUTFLOWS	21,275	21,416			
RESTRICTED ASSETS	29,191	28,547			
OTHER ASSETS	87,665	3,231			
TOTAL ASSETS	3,044,093	2,866,153			

Period 9 and YTD Operating Income, Non-Operating Income and Net Income by Affiliate (as of 3/31/2021)

(\$000s)

	Period 9- Month			Period 9- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Operating Margin						
Mountain View	11,118	2,345	8,773	52,501	(15,790)	68,291
Los Gatos	295	1,475	(1,180)	23,636	13,046	10,590
Sub Total - El Camino Hospital, excl. Affilates	11,413	3,820	7,593	76,137	(2,744)	78,881
Operating Margin %	11.9%	4.9%		9.6%	-0.4%	
El Camino Hospital Non Operating Income						
Sub Total - Non Operating Income	18,149	3,028	15,120	168,655	22,773	145,882
El Camino Hospital Net Margin	29,562	6,849	22,713	244,792	20,029	224,763
ECH Net Margin %	30.9%	8.8%		30.8%	3.1%	
Concern	(208)	24	(232)	80	272	(192)
ECSC	(0)	0	(0)	(3)	0	(3)
Foundation	782	21	762	4,577	24	4,553
El Camino Health Medical Network	(2,912)	(2,412)	(500)	(27,100)	(25,800)	(1,301)
Net Margin Hospital Affiliates	(2,338)	(2,367)	29	(22,446)	(25,504)	3,058
Total Net Margin Hospital & Affiliates	27,223	4,482	22,742	222,346	(5,476)	227,821

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

Period 9 ending 03/31/2021

Period 9 FY 2020	Period 9 FY 2021	Period 9 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
221,188	295,187	231,520	63,668	27.5%	OPERATING REVENUES					
(163,466)	(218,703)	(169,993)	(48,710)	(28.7%)	Gross Revenue	2,291,335	2,405,617	1,906,378	499,239	26.2%
57,722	76,484	61,526	14,958	24.3%	Deductions	(1,684,539)	(1,787,641)	(1,412,220)	(375,422)	(26.6%)
1,437	1,639	1,509	130	8.6%	Net Patient Revenue	606,797	617,975	494,158	123,817	25.1%
59,159	78,123	63,035	15,088	23.9%	Other Operating Revenue	16,016	13,452	15,327	(1,875)	(12.2%)
38,559	40,838	37,154	(3,683)	(9.9%)	Total Operating Revenues	622,813	631,428	509,485	121,942	23.9%
11,579	11,295	8,853	(2,442)	(27.6%)	OPERATING EXPENSES					
6,641	7,483	6,834	(649)	(9.5%)	Salaries & Wages	331,353	347,768	317,102	(30,666)	(9.7%)
2,930	2,263	2,434	171	7.0%	Supplies	96,102	95,855	74,946	(20,910)	(27.9%)
992	1,399	916	(484)	(52.8%)	Fees & Purchased Services	61,634	62,525	61,015	(1,510)	(2.5%)
3,453	3,727	4,499	772	17.2%	Other Operating Expense	24,090	19,999	21,799	1,800	8.3%
64,154	67,005	60,690	(6,315)	(10.4%)	Interest	5,218	12,791	8,311	(4,480)	(53.9%)
(4,995)	11,118	2,345	8,773	374.0%	Depreciation	32,389	39,988	42,102	2,115	5.0%
(67,835)	18,149	3,028	15,120	499.3%	Total Operating Expenses	550,786	578,926	525,275	(53,651)	(10.2%)
(72,830)	29,267	5,374	23,893	444.6%	Net Operating Margin	72,027	52,501	(15,790)	68,291	(432.5%)
(550)	16,244	7,760	8,484	109.3%	Non Operating Income	(48,412)	168,655	22,773	145,882	640.6%
-0.9%	20.8%	12.3%	8.5%		Net Margin	23,615	221,156	6,983	214,173	3067.1%
-8.4%	14.2%	3.7%	10.5%		Operating EBIDA	109,634	105,280	34,624	70,657	204.1%
-123.1%	37.5%	8.5%	28.9%		Operating EBIDA Margin	17.6%	16.7%	6.8%	9.9%	
					Operating Margin	11.6%	8.3%	-3.1%	11.4%	
					Net Margin	3.8%	35.0%	1.4%	33.7%	

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

Period 9 ending 03/31/2021

Period 9 FY 2020	Period 9 FY 2021	Period 9 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
53,647	81,801	58,033	23,768	41.0%	OPERATING REVENUE					
(40,173)	(64,564)	(43,190)	(21,374)	(49.5%)	Gross Revenue	528,839	659,184	513,472	145,712	28.4%
13,474	17,237	14,843	2,394	16.1%	Deductions	(397,079)	(498,073)	(382,531)	(115,542)	(30.2%)
370	273	273	0	0.1%	Net Patient Revenue	131,761	161,111	130,941	30,170	23.0%
13,844	17,510	15,116	2,394	15.8%	Other Operating Revenue	3,433	3,056	2,443	613	25.1%
					Total Operating Revenue	135,194	164,167	133,384	30,783	23.1%
					OPERATING EXPENSE					
7,870	8,772	7,320	(1,452)	(19.8%)	Salaries & Wages	67,845	75,040	63,944	(11,096)	(17.4%)
2,736	3,637	2,429	(1,208)	(49.7%)	Supplies	20,996	27,231	21,140	(6,091)	(28.8%)
2,738	3,458	2,679	(779)	(29.1%)	Fees & Purchased Services	24,623	26,673	24,011	(2,662)	(11.1%)
353	388	398	10	2.4%	Other Operating Expense	3,054	3,456	3,797	340	9.0%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
776	960	815	(145)	(17.8%)	Depreciation	7,102	8,131	7,446	(684)	(9.2%)
14,474	17,215	13,641	(3,574)	(26.2%)	Total Operating Expense	123,620	140,531	120,338	(20,193)	(16.8%)
(629)	295	1,475	(1,180)	(80.0%)	Net Operating Margin	11,574	23,636	13,046	10,590	81.2%
0	0	0	0	0.0%	Non Operating Income	0	0	0	0	0.0%
(629)	295	1,475	(1,180)	(80.0%)	Net Margin	11,574	23,636	13,046	10,590	81.2%
147	1,255	2,290	(1,035)	(45.2%)	Operating EBIDA	18,676	31,767	20,492	11,274	55.0%
					Operating EBIDA Margin	13.8%	19.4%	15.4%	4.0%	
					Operating Margin	8.6%	14.4%	9.8%	4.6%	
					Net Margin	8.6%	14.4%	9.8%	4.6%	

El Camino Health Medical Network (\$000s)

Period 9 ending 03/31/2021

Period 9 FY 2020	Period 9 FY 2021	Period 9 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUES					
6,888	10,632	10,765	(133)	(1.2%)	Gross Revenue	65,401	79,010	78,441	568	0.7%
(4,979)	(7,182)	(7,248)	65	0.9%	Deductions	(46,865)	(52,868)	(52,851)	(16)	(0.0%)
1,909	3,450	3,517	(67)	(1.9%)	Net Patient Revenue	18,536	26,142	25,590	552	2.2%
1,775	806	1,873	(1,066)	(56.9%)	Other Operating Revenue	15,241	10,972	17,290	(6,318)	(36.5%)
3,684	4,256	5,390	(1,134)	(21.0%)	Total Operating Revenues	33,777	37,114	42,879	(5,766)	(13.4%)
					OPERATING EXPENSES					
1,784	1,930	1,622	(308)	(19.0%)	Salaries & Wages	15,222	14,925	14,681	(243)	(1.7%)
409	488	472	(16)	(3.3%)	Supplies	3,782	3,877	3,828	(48)	(1.3%)
3,911	3,706	4,677	971	20.8%	Fees & Purchased Services	37,238	35,984	40,919	4,935	12.1%
644	813	769	(45)	(5.8%)	Other Operating Expense	6,284	7,559	6,900	(659)	(9.6%)
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
585	231	261	30	11.5%	Depreciation	1,231	2,098	2,351	253	10.8%
7,332	7,169	7,802	634	8.1%	Total Operating Expenses	63,756	64,443	68,679	4,237	6.2%
(3,648)	(2,912)	(2,412)	(500)	20.7%	Net Operating Margin	(29,979)	(27,329)	(25,800)	(1,529)	5.9%
0	0	0	0	0.0%	Non Operating Income	0	229	0	229	0.0%
(3,648)	(2,912)	(2,412)	(500)	20.7%	Net Margin	(29,979)	(27,100)	(25,800)	(1,301)	5.0%
(3,063)	(2,681)	(2,151)	(530)	24.7%	Operating EBIDA	(28,748)	(25,231)	(23,449)	(1,782)	7.6%
					Operating EBIDA Margin	-85.1%	-68.0%	-54.7%	(13.3%)	
					Operating Margin	-88.8%	-73.6%	-60.2%	(13.5%)	
					Net Margin	-88.8%	-73.0%	-60.2%	(12.9%)	

Investment Scorecard (as of 12/31/2020)

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY21 Budget	Expectation Per Asset Allocation
Investment Performance		CY 4Q 2020 / FY 2Q 2021		Fiscal Year-to-Date 2021		8y 2m Since Inception (annualized)		FY 2021	2019
Surplus cash balance*		\$1,302.1	--	--	--	--	--	--	--
Surplus cash return		8.5%	8.0%	13.0%	12.2%	6.6%	6.4%	4.0%	5.6%
Cash balance plan balance (millions)		\$336.2	--	--	--	--	--	--	--
Cash balance plan return		11.2%	9.2%	17.1%	14.3%	8.9%	7.9%	6.0%	6.0%
403(b) plan balance (millions)**		\$581.5	--	--	--	--	--	--	--
Risk vs. Return		3-year				8y 2m Since Inception (annualized)			2019
Surplus cash Sharpe ratio		0.69	0.67	--	--	0.93	0.93	--	0.34
Net of fee return		7.8%	7.3%	--	--	6.6%	6.4%	--	5.6%
Standard deviation		9.0%	8.6%	--	--	6.3%	6.1%	--	8.7%
Cash balance Sharpe ratio		0.73	0.64	--	--	1.00	0.96	--	0.32
Net of fee return		9.8%	8.0%	--	--	8.9%	7.9%	--	6.0%
Standard deviation		11.4%	10.3%	--	--	8.1%	7.4%	--	10.3%
Asset Allocation		CY 4Q 2020 / FY 2Q 2021							
Surplus cash absolute variances to target		9.4%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Cash balance absolute variances to target		7.9%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Manager Compliance		CY 4Q 2020 / FY 2Q 2021							
Surplus cash manager flags		16	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		19	< 27 Green < 34 Yellow	--	--	--	--	--	--

*Excludes debt reserve funds (~\$12 mm), District assets (~\$34 mm), and balance sheet cash not in investable portfolio (\$214 mm). Includes Foundation (~\$39 mm) and Concern (~\$15 mm) assets.

**As of September 30, 2020 as more recent data not yet available.



Financial Forecast: FY2021 Q4

Finance Committee

Carlos A. Bohorquez, Chief Financial Officer
April 26, 2021

Table of Contents

1. Q1-Q3 FY2021 Actual vs. Prior Year vs. Budget
2. Retrospective Review of Q3 FY2021 Forecast vs. Actual
3. FY2021 Q4 Financial Forecast
3. Forecast V1, V2 & V3 comparison to FY2019, FY2020 and Budget FY2021
4. Q & A

YTD FY2021 (as of 3/31) Actual vs. Prior Year vs. Budget

(\$000s)

- Given a significant number of unknowns related to Covid-19 when the budget was prepared, management committed to developing / updating a financial forecast on a quarterly basis
- YTD FY2021 volume and financial results have significantly exceeded budget

		YTD (as of 3/31)						
		FY2020	FY2021		Variance to	Performance	Variance to	Performance
		Actual	Actual	Budget	Prior Year		Budget	
Utilization	ADC	237	241	205	4	 	36	
	Total Discharges	18,157	16,930	15,713	(1,227)	 	1,217	
	Outpatient Cases	120,732	146,673	94,523	25,941	 	52,150	
Financial Performance	Gross Charges	2,885,575	3,143,811	2,498,291	258,236	 	645,520	
	Total Operating Revenue	798,176	839,876	692,263	41,700	 	147,613	
	Total Operating Expenses	756,394	792,511	723,243	36,117	 	69,268	
	Operating Margin	51,782	47,365	(30,980)	(4,417)	 	78,345	
	Operating EBIDA Margin (%)	12.2%	13.2%	4.2%	1.0%	 	9.0%	

Retrospective Review of Q3 FY2021 Forecast

Forecast vs Actual (Q3: January-March)

Hospitals	Forecast	Actual	Forecast vs. Actual	
Gross Charges	\$ 967,560,127	\$ 1,038,028,151	\$ 70,468,024	7.3%
Net Patient Revenue	\$ 249,075,903	\$ 272,238,958	\$ 23,163,055	9.3%
Other Operating Revenue	\$ 12,600,834	\$ 11,316,000	\$ (1,284,834)	-10.2%
Total Operating Revenue	\$ 261,676,737	\$ 283,554,958	\$ 21,878,221	8.4%
Total Operating Expenses	\$ 253,054,761	\$ 272,075,138	\$ 19,020,377	7.5%
Operating Margin	\$ 8,621,976	\$ 11,479,820	\$ 2,857,844	33.1%
Operating Margin (%)	3.3%	4.0%	0.8%	---

Updated Forecast: FY2021 Q4 (Prepared April 2021)

(\$000s)

Enterprise Forecast	YTD FY2021 (as of 3/31)	Projected Q4			Projected FY2021
		Apr	May	Jun	
OPERATING REVENUE					
Charges	\$ 3,143,811	\$ 355,134	\$ 360,956	\$ 345,229	\$ 4,205,131
Deductions	\$ 2,338,582	\$ 261,821	\$ 265,697	\$ 253,900	\$ 3,120,001
Net Patient Revenue	\$ 805,229	\$ 93,313	\$ 95,259	\$ 91,329	\$ 1,085,130
Other Operating Revenue	\$ 34,647	\$ 3,896	\$ 3,896	\$ 3,896	\$ 46,335
Total Revenue	\$ 839,876	\$ 97,209	\$ 99,155	\$ 95,225	\$ 1,131,465
OPERATING EXPENSES					
Salaries, Wages, and Benefits	\$ 441,616	\$ 51,288	\$ 51,863	\$ 50,596	\$ 595,364
Supplies and Drugs	\$ 127,062	\$ 14,755	\$ 15,102	\$ 14,407	\$ 171,326
All Other Expenses	\$ 160,710	\$ 17,584	\$ 17,994	\$ 17,891	\$ 214,178
Depreciation	\$ 50,332	\$ 4,986	\$ 4,986	\$ 4,986	\$ 65,289
Interest Expense	\$ 12,791	\$ 1,423	\$ 1,423	\$ 1,423	\$ 17,060
Total Operating Expenses	\$ 792,511	\$ 90,036	\$ 91,367	\$ 89,303	\$ 1,063,216
Operating Margin	\$ 47,365	\$ 7,173	\$ 7,788	\$ 5,922	\$ 68,248
Operating Margin	5.6%	7.4%	7.9%	6.2%	6.0%
Operating EBIDA Margin	13.2%	14.0%	14.3%	12.9%	13.3%

Forecast V1, V2 & V3 Comparison to FY2019, FY2020 and Budget FY2021 (\$000s)

- Q4 FY2021 forecast has been updated to incorporate the easing of pandemic restrictions and impact of vaccination efforts

	Fiscal Year Ended (6/30)		FY2021			
	FY2019	FY2020	Budget	Forecast (November 2020)	Forecast (January 2020)	Forecast (April 2021)
Total Operating Revenue	\$ 996,674	\$ 1,031,137	\$ 947,142	\$ 1,146,439	\$ 1,114,351	\$ 1,131,465
Operating Margin	\$ 118,289	\$ 63,638	\$ (23,743)	\$ 77,685	\$ 71,323	\$ 68,248
Operating Margin (%)	11.9%	6.2%	-2.5%	6.8%	6.4%	6.0%
Operating EBIDA Margin (%)	17.9%	12.7%	5.9%	14.2%	14.0%	13.3%

- FY2021 budget will continue to be used to measure performance and the forecast will be used to inform organizational leaders, Finance Committee and Board of Directors of projected financial performance / based on Q1-Q3 results and updated Covid-19 assumptions

Q & A

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

To: Finance Committee
From: Carlos Bohorquez, CFO and Brian Fong, Sr. Director, Revenue Cycle
Date: April 26, 2021
Subject: Revenue Cycle Overview and Update

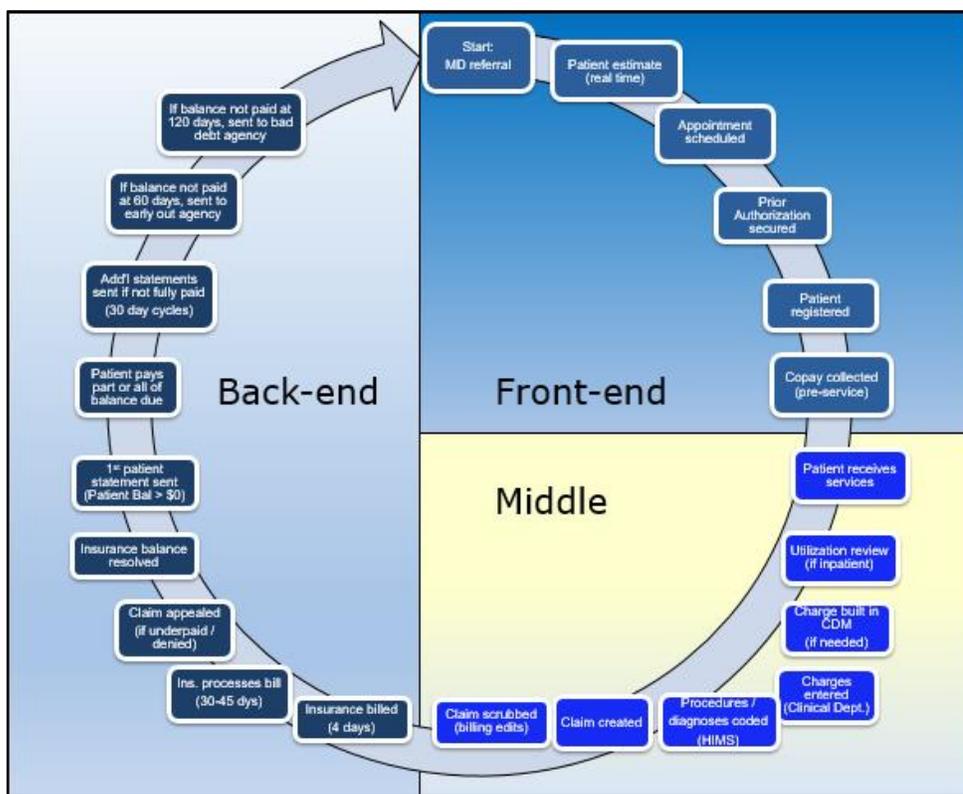
Purpose:

To update the Finance Committee on billing/revenue cycle topics discussed in prior meetings and provide information on upcoming initiatives.

Summary:

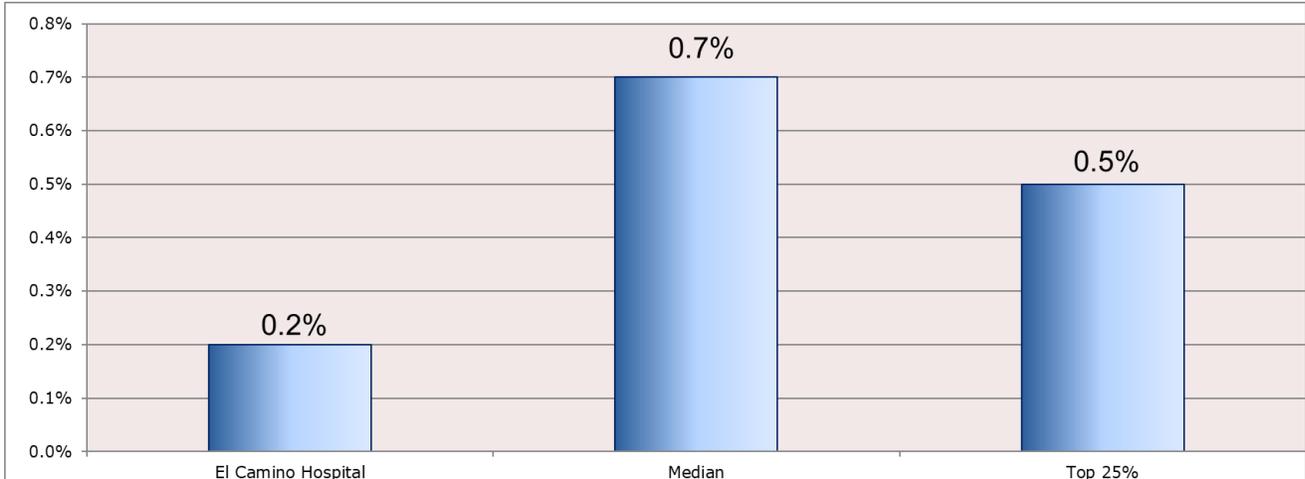
With the patient as our top priority, El Camino Health continues to make improvements in its revenue cycle processes to improve patient satisfaction. During our presentation, we will discuss the following topics:

- **Review of Steps in the Revenue Cycle Process:**
 We will provide the Committee with an in-depth review of the comprehensive revenue cycle, spanning pre-service (front-end) steps all the way through resolution of the patient bill:



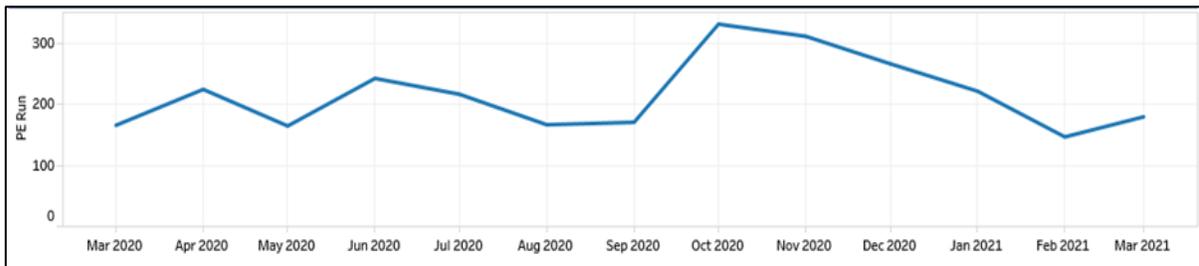
- **Patient Payment Updates:**

We will discuss the current composition of patient payments by payer category, as well provide an update on El Camino Health’s bad debt compared to its peer group. El Camino Health’s percentage of bad debt (0.2%) continues to fall significantly below the median of other Epic hospital clients and well below the top 25% benchmark.



- **Patient Service Improvements:**

We will discuss a new brochure intended to increase patient awareness of potential billings from hospital-based physicians, as well as the recent enhancements to our online Price Estimator tool. Approximately 2,800 estimates were created on our Self-Service Price Estimator in the past twelve months.



- **Future Enhancements:** The latter portion of the presentation will focus on cutting-edge industry technology utilized in the hospital revenue cycle to create efficiencies, which all aim to improve and streamline the patient billing process. El Camino Health will begin exploring and evaluating the potential adoption of some of these technologies in the near future:

- Robotic Process Automation (RPA) is intended to replicate and automate human activities that are very manual, transactional, rule-based, and repetitive. Several other industries have utilized this technology, and in just the past few years, hospitals have begun to leverage RPA in certain areas.
- Within the hospital revenue cycle, a few popular areas for RPA technology are: physician credentialing status, prior authorization inquiry and submission, claims status/follow-up, and denials root cause analysis.

- El Camino Health will be evaluating potential uses of RPA (and top vendors) for select revenue cycle functions over the next several months and well into FY2022.

List of Attachments:

Revenue Cycle Overview and Update – PowerPoint presentation



Revenue Cycle Overview and Update Finance Committee

Carlos Bohorquez, Chief Financial Officer

Brian Fong, Senior Director, Revenue Cycle

April 26, 2021

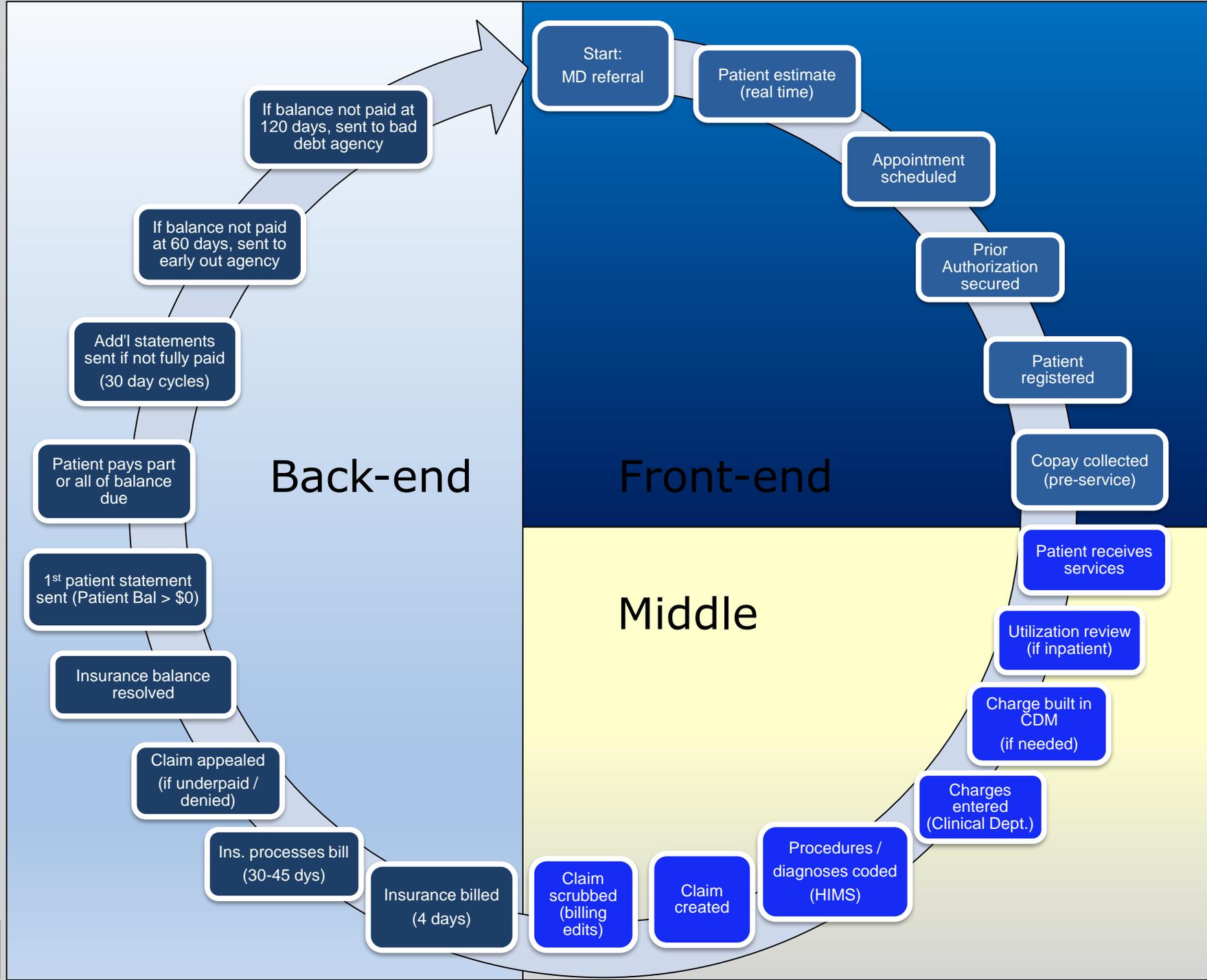
Table of Contents

1. Review of Steps in the Revenue Cycle Process
2. Patient Payment Updates
3. Patient Service Improvements
 - Brochure: Understanding Your Hospital Bill
 - Price Estimator Tool Expansion
4. Future Enhancements: Robotic Process Automation (“RPA”)
 - Revenue Cycle Potential Uses
 - Potential Benefits
 - Planning for RPA: Process and Procedural Considerations for Success
 - Next Steps
5. Q&A

Review of Steps in the Revenue Cycle Process

The billing & collections process includes a number of steps which involve different departments within the organization

Any misstep in the process, will result in a denial or underpayment



Steps in the Billing / Collections Cycle (cont.)

- Patient can access our online estimator tool for out of pocket price estimate for common procedures or call our financial counselors for estimates on more complex procedures
- Patient schedules appointment and submits insurance information during registration process
- Physician office obtains prior authorization, and hospital's Patient Access Department verifies/secures authorization prior to service
- Hospital collects patient copay and/or deductible in advance of service, based on estimate or benefit information received from the payer during registration
- Patient receives services
- For inpatients, Care Coordination Department coordinates authorization for continued stay with insurance (utilization review process)
- If a particular charge does not already exist in the billing system, Revenue Integrity creates charge in hospital's Charge Description Master (CDM)
- Clinical department(s) enter charges

Steps in the Billing / Collections Cycle (cont.)

- Health Information Management (HIM) / Medical Records reviews clinical documentation and codes diagnoses and procedures
- Claim is created in billing system
- Billing/claim edits are applied (applicable departments perform modifications as needed)
- Claim is billed to insurance (3 - 4 days after service); it can take 30 – 45 days for initial payment from insurance
- If insurance denies or underpays the claim, Patient Accounts staff will send appeal(s) to insurance and follow-up until insurance balance has been resolved
- Once insurance balance has been resolved and payer has identified patient responsibility, a statement is sent to the patient for their remaining balance
- Patient can pay using a variety of options:
 - Guest Quick-pay (no account required) online
 - MyCare account online
 - By phone
 - By mail

Steps in the Billing / Collections Cycle (cont.)

- A total of four patient statements can be sent over a period of 120 days
- Statements are sent in 30-day cycles
- If a patient has not paid after two statement cycles (60 days), account is outsourced to early out vendor
- Unpaid statement balances beyond 120 days are outsourced to a bad debt collection agency
- We offer patients financial assistance, including a self-pay discount, charity care where applicable and interest-free extended payment plans
- Hospital billing statements do not include any professional fees for physicians, including but not limited to radiologists, pathologists, anesthesiologists, hospitalists, surgeons, or emergency room physicians

Point of Service - Payments by Payer Category

- Constantly assessing / improving our point of service collections process is critical in maintaining positive patient experience scores and as employers transition towards high deductible benefit plans

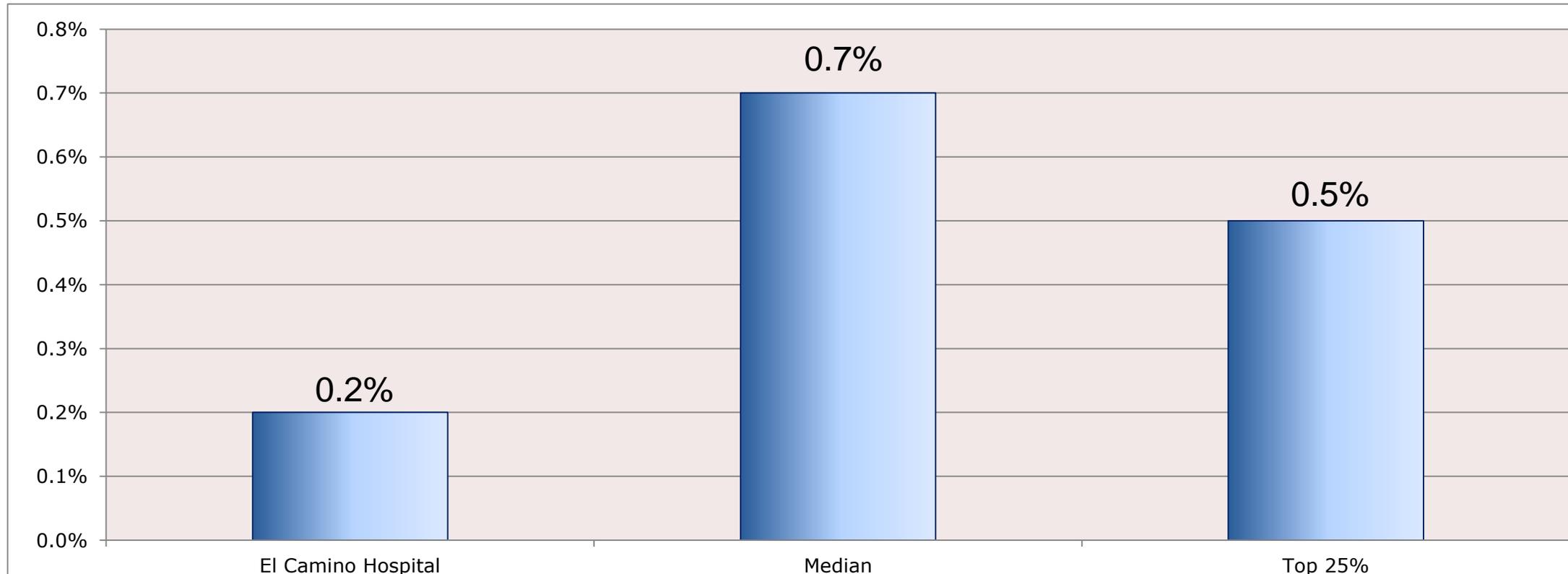
Payer Category	FY2021 YTD Annualized			
	Patient Encounters	Patient Payments	Total Patient Payments	Average Patient Payment Per Encounter
PPO	109,418	\$17,628,638	\$17,143,966	\$157
SELF PAY	20,270	\$2,487,197	\$2,378,449	\$117
MEDICARE	62,928	\$747,923	\$685,190	\$11
HMO SENIOR	16,380	\$802,152	\$777,427	\$47
HMO COMMERCIAL	20,892	\$655,393	\$617,511	\$30
INDEMNITY	9,035	\$100,754	\$98,822	\$11
MEDI-CAL	3,444	\$45,300	\$1,200	\$0
TRICARE	732	\$19,551	\$19,551	\$27
WORKERS COMP	1,227	\$14,059	\$14,059	\$11
MEDI-CAL MANAGED CARE	12,852	\$38	\$38	\$0
Grand Total	257,177	\$22,501,006	\$21,736,212	\$411

- Nearly 80% of patient payments originate from patients with PPO plans
- Total patient payments comprised approximately 2.5% of net revenue for discharges in FY2020

ECH – Bad Debt Percentage vs. Other Epic Hospitals

% of Charges Assigned to Bad Debt

- ECH's percentage of bad debt (0.2%) continues to fall below the median of other Epic hospital clients and well below the top 25% benchmark



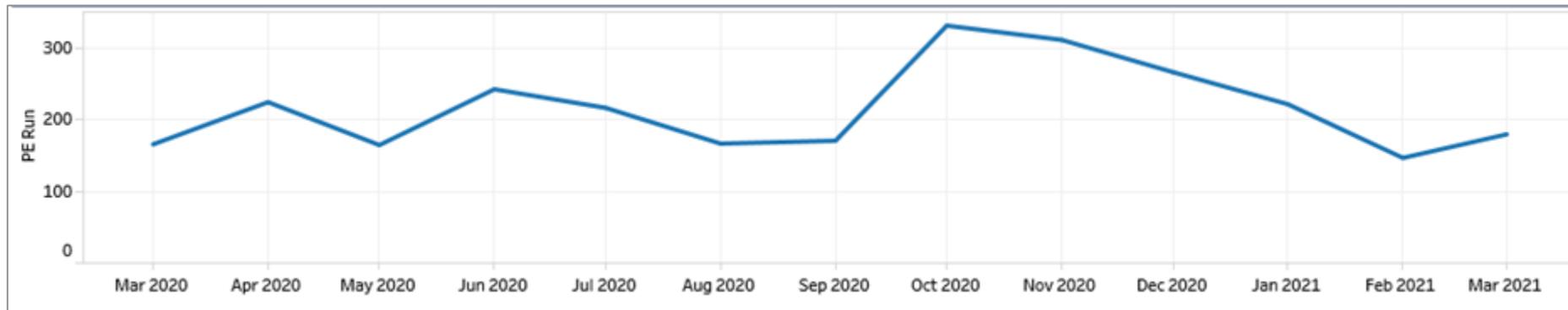
Patient Service Improvements: Pricing Estimator Updates

ECH's Self-Service Price Estimator is available on ECH's website. It allows a prospective patient with or without insurance to immediately obtain an out-of-pocket estimate for a select number of common hospital procedures.

Update:

- We have increased the total number of procedures available for self-service estimates to over 300 in CY2021 (doubled since CY2020)
- Services with highest expansion include Lab, Radiology, Physical Therapy, Behavioral Health, and Outpatient Surgery
- Approximately 2,800 estimates were created on our Self-Service Price Estimator in the past twelve months

Number of Estimates by Month



Patient Service Improvements: Brochure

Understanding Your Hospital Bill

Separate Bills for Doctors' Services

After your hospital stay, you will receive a bill from El Camino Health and separate bills from the doctors and other specialists involved in your care. This may include:

- Anesthesiologist
- Pathologist
- Radiologist
- Surgeon

These care providers are independent contractors and are not employees of the hospital. If you have questions about a doctor-related charge, please call the billing office for that particular provider:

- **Emergency care** – For services provided by an emergency care doctor, call **California Emergency Physicians (CEP)** at 800-498-5346.
- **Lab tests** – For blood work and other lab testing services, call **El Camino Pathology Medical Group** at 800-536-1197.
- **Imaging** – For imaging tests, such as X-rays, MRI or CT scans, call **Silicon Valley Diagnostic Imaging** at 866-535-5196.
- **Anesthesiology** – For services provided by an anesthesiologist, call **Fidere Anesthesia** at 866-678-4320.

Financial Assistance on Hospital Bills

We want to make sure that your financial ability doesn't prevent you from receiving the care you need. El Camino Health offers several options to help alleviate the financial burden of necessary hospital services.

Uninsured Discount

If you don't have medical or third-party insurance coverage, you are eligible for a discount on your hospital bill. You're also eligible for a discount if you choose to pay your bill out of pocket — whether you have insurance or not.

Payment Plans

If you're unable to pay a hospital balance in a single payment, we offer interest-free payment plans with no fees that you can pay over an extended period.

Other Programs

Our financial counselors can tell you whether you're eligible for county, state or federal programs to assist you with your hospital bill. They can also help you fill out applications for Covered California/Medi-Cal or California Children's Services (CCS).

Charity Care

If you are not eligible for government-funded programs and you meet family income requirements, you may qualify for charity care.

For more information about our financial assistance programs, call 650-940-7220 or visit us at elcaminohealth.org.

- In order to increase awareness regarding financial assistance options, as well as the potential for separate bills from hospital-based physicians, ECH expanded distribution of this brochure beyond the Emergency Department to all hospital departments (provided to patients during check-in)
- This is in addition to signage that is posted in clinical areas and information on ECH's website

Future Enhancements: Robotic Process Automation

Robotic Process Automation (RPA) technology is primarily considered to be software tools that partially or fully automate human activities that are very manual, transactional, rule-based, and repetitive

- RPA is not so much distinct from Artificial Intelligence (AI), but rather RPA is a form of AI
- RPA is an example of how we can program computers to mimic human actions
- RPA is best used to handle rules-based, high-volume tasks that have defined inputs & outputs, such as:

Revenue Cycle Potential Uses:

- Physician Credentialing
- Appointment Scheduling
- Insurance Eligibility checks
- **Prior Auth Inquiry and Submission** (reduce Auth related denials; income statement benefit)
- Claim editing/billing submission
- Denial root cause analysis
- **Claim Status & Follow-Up Segmentation** (improve efficiency / thru put; cost & balance sheet benefit)

Future Enhancements: Robotic Process Automation (cont.)

Potential Benefits of RPA

- May increase patient satisfaction to the extent that initial claims are paid/resolved by insurance faster and thereby ensuring more timely engagement with patient on out of pocket liability
- Reduces manual data entry and repetitive tasks
- Generates cost savings through process efficiencies; can be used to redeploy labor to more complex tasks
- To the extent that labor is redeployed to focus on more complex revenue generating activities, an organization may reduce denials, accelerate cash flow, and increase collections incrementally

Future Enhancements: Robotic Process Automation (cont.)

Planning for RPA: Process and Procedural Considerations for Success

- Process Standards
 - Documented workflows for standard work and for highest recurring exceptions are up to date and some form of qualitative review discerns level of staff compliance with quality standards
- Baselined Processes
 - Ensure performance baselines exist for the key functions to be implemented (historical production and cost) and key outcomes (e.g., historical defect rates) in order to delineate improvements
- Roadmap / Implementation Approach
 - Need some form of automation Roadmap and how internal opportunities are identified and valued (e.g., efficiency improvements, production gains, cost avoidance, other)
- Decision-making Processes
 - Need “rules of the road” re: decision-making authority as what decisions are made by whom (Business Owner, Process User, IT/iCare, etc.) and a process to “break the ties”
- Governance / Validation Processes
 - Updated policies and procedures are key to ensuring ongoing development of clear business logic and rules (i.e., one should be able to cross-walk new business rules back to existing procedures)

Future Enhancements: Robotic Process Automation (cont.)

Next Steps for El Camino Health:

- Research Stage: Recently began meeting with various technology vendors for demos.
- Assess optimal use cases for ECH Revenue Cycle (targeting two to three areas to start); ensure documented, repeatable processes are in place
- Potential initial use cases include Prior Authorization Inquiry/Submission and Claim Status & Follow-Up Segmentation
- Revenue Cycle & I.T. to collaborate on development of ECH Roadmap for Revenue Cycle RPA
- Initiate Request For Proposal (“RFP”) process with vendors (next 6 – 9 months)
- Implement RPA in 1 to 2 areas
- Continue to enhance/refine use of technology
- Reassess roadmap for continued adoption of RPA technology in next area(s) where highest ROI potential exists

Q & A