

**AGENDA**  
**FINANCE COMMITTEE MEETING**  
**OF THE EL CAMINO HOSPITAL BOARD**  
**Monday, September 27, 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: 988 0405 2455. 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
<b>1. CALL TO ORDER / ROLL CALL</b>	John Zoglin, Chair		<b>5:30 – 5:31pm</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 Committee (08/09/2022)</a> b. <a href="#">FY 22 Period 1 Financials</a> <b>Information</b> c. <a href="#">FY 2022 Pacing Plan</a> d. <a href="#">Article of Interest</a>	John Zoglin, Chair	<i>public comment</i>	<b>motion required 5:35 – 5:40</b>
<b>5. <u>REPORT ON BOARD ACTIONS</u></b>	John Zoglin, Chair		<b>information 5:40 – 5:45</b>
<b>6. <u>FY 22 PERIOD 2 FINANCIAL REPORT</u></b>	Carlos Bohorquez, CFO	<i>public comment</i>	<b>motion required 5:45– 6:00</b>
<b>7. <u>WOMEN’S HOSPITAL PROJECT UPDATE</u></b>	Ken King, CASO		<b>information 6:00- 6:05</b>
<b>8. <u>ECHMN QUARTERLY FINANCIAL REPORT</u></b>	Carlos Bohorquez, CFO Vince Manoogian, Interim ECHMN President David Neapolitan, VP of Finance		<b>discussion 6:05-6:35</b>
<b>9. ADJOURN TO CLOSED SESSION</b>	John Zoglin, Chair		<b>motion required 6:35– 6:36</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 650-988-8483 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>10. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	John Zoglin, Chair		<b>information</b> <b>6:36 – 6:37</b>
<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> a. Minutes of the Closed Session of the Finance Committee (08/09/2021) <b>Information</b> <i>Health and Safety Code Section 32106(b):</i> Physician Contracts b. Enterprise OB Hospitalist Services Renewal Agreement c. LG Orthopedic Surgery Panel d. Radiation Oncology Recruitment Agreement	John Zoglin, Chair		<b>motion required</b> <b>6:37-6:38</b>
<b>12. Health and Safety Code Section 54956.8 – for a Conference with Real Property Negotiator, Ken King, CAO Regarding Parcel #193-26-005 REAL ESTATE STRATEGY UPDATE</b>	Ken King, CASO		<b>discussion</b> <b>6:38-6:48</b>
<b>13. Health and Safety Code Section 32106(b)- for a report and discussion involving healthcare facility trade secrets</b> <b>FINANCIAL OVERVIEW &amp; FY 2022 STRATEGIC/OPERATIONAL CHALLENGES</b>	Carlos Bohorquez, CFO		<b>discussion</b> <b>6:48-7:18</b>
<b>14. Gov't Code Sections 54957 for report and discussion on personnel matters – Senior Management:</b> - Executive Session	John Zoglin, Chair		<b>information</b> <b>7:18-7:23</b>
<b>15. ADJOURN TO OPEN SESSION</b>	John Zoglin, Chair		<b>motion required</b> <b>7:23-7:24</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>7:24-7:25</b>
<b>17. CONTRACTS &amp; AGREEMENTS</b> <b>Approval</b> a. LG Orthopedic Surgery Panel <b>Recommended for Board Approval</b> b. Enterprise OB Hospitalist Services Renewal Agreement c. Radiation Oncology Recruitment Agreement	Mark Adams, CMO		<b>motion required</b> <b>7:25-7:26</b>
<b>18. CLOSING COMMENTS</b>	John Zoglin, Chair		<b>information</b> <b>7:26-7:30</b>
<b>19. ADJOURNMENT</b>	John Zoglin, Chair	<i>public comment</i>	<b>motion required</b> <b>7:30-7:31pm</b>

**Upcoming Meetings:**

Regular Meetings: November 22, 2021, January 31, 2022 (Joint FC-IC), March 28, 2022, April 25, 2022, May 20, 2022 (Joint ECHB-FC)



**Minutes of the Open Session of the  
Finance Committee of the  
El Camino Hospital Board of Directors  
Monday, August 09, 2021**

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

**Members Present**

**John Zoglin, Chair\*\***  
**Boyd Faust\*\***  
**Don Watters\*\***  
**Peter Fung, MD\*\***  
**Wayne Doiguchi\*\***

**Members Absent**

**Joseph Chow\*\***

\*\*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 5:30 pm by Chair John Zoglin. A verbal roll call was taken. All other members were present and participated telephonically except for Joseph Chow. 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><b>Motion:</b> To approve the consent calendar: (a) Minutes of the Open Session of the Finance Committee meeting (05/24/2021) (b) Minutes of the Open Session of the Joint Hospital Board and Finance Committee (05/24/2021) (c) FY2021 Period 11 Financials for information: (d) FY2022 Pacing Plan (e) Article of Interest</p> <p>Mr. Zoglin pulled item (d) pacing plan from the consent calendar. He requested a CBAC presentation to be added in the first half of the pacing plan and a presentation by the Foundation leadership in November to discuss their strategic goals and comparative fundraising benchmarks.</p> <p><b>Movant:</b> Watters  <b>Second:</b> Doiguchi  <b>Ayes:</b> Doiguchi, Faust, Fung, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chow  <b>Recused:</b> None</p>	<i><b>Consent Calendar was approved.</b></i>
<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. FY21 PERIOD 12 FINANCIALS PRE- AUDIT FY2021 FINANCIAL RESULTS</b>	<p>Carlos Bohorquez, Chief Financial Officer presented the FY2021 Period 12 Financials.</p> <p>He stated that despite some unanticipated events such as the out-of-network status with Anthem and the resurgence of the Covid volume associated with the Delta variant, June was a strong month as indicated by the following:</p>	

- June's gross charges of \$408M, which are a reflection of the overall patient activity, were 15% higher the prior 11 month average.
- Strong volume is primarily attributed to the following:
  - Los Olivos Women's Medical Group started practicing at ECH effective June 1<sup>st</sup>.
  - ED volume continues to rebound, June's visit total was 21% higher than the previous 11 month average.
  - Procedural volume in June was the highest month of FY2021.
  - Mr. Bohorquez stated that continued strong patient volumes confirm that ECH is an essential provider in our market and that actions taken early in the pandemic have allowed us to recover from the first couple of Covid waves.
- Total operating revenue for June was \$116M which was the highest of any month in FY2021. Two key factors contributed to strong operating revenue:
  - Strong patient activity as highlighted above.
  - Recognition of \$8.5M in one-time revenue associated with the PRIME program (Public Hospital Redesign and Incentives in Medi-Cal) and other IGT programs.

From a bottom line standpoint, Mr. Bohorquez highlighted the following:

- Strong patient activity, revenue and management of variable expenses yielded an operating margin of \$20.7M and Operating EBIDA of \$27.8M
- All operations and productivity KPIs are within reason.
- Mr. Bohorquez stated only metric of concern is the deterioration in June's Commercial payor mix, but indicated that after further analysis the shift in payor mix was mainly attributed to ED activity.
- YTD Commercial 40.8% is consistent with pre-Covid (June 2019) 40.6%. However, Mr. Bohorquez stated the team will continue to monitor payor mix closely.

Mr. Bohorquez then presented Pre-Audit FYE 2021 financial results:

Given the impact of Covid on volumes and additional expenses tied to higher use of PPE, increased unit cost of PPE, testing and other expense associated which for the fiscal year is north of \$16M, management is pleased with the overall financial performance of the organization.

**Average Daily Census:**

- Inpatient activity as measured by ADC (average daily census) of 245 (FY2021) was 7.3% higher FY2020 and 1.2% higher than FY2019.

**Total Adjusted Discharges:**

- Total adjusted discharges measures total patient activity including inpatient and outpatient services. Total AD for FY2021 was 36,226 which is 2.5% higher than FY2020 and 0.6% lower than FY2019.

	<p>FTEs increased are unfavorable to budget by 8.4% and year over year increase by 2.8%, but this reflects that the organization is properly increasing staffing to accommodate higher than budgeted patient activity.</p> <p>Operating Margin of \$87.2M / 7.5% demonstrates a strong rebound in volume from the Covid pandemic and that management’s initiatives yielded the expected results.</p> <p>Operating EBIDA of \$171M / \$14.8%, Mr. Bohorquez stated this will allow us to continue to reinvest in our organization and fund important projects to ensure we can continue to provide critical and quality services to our community. As a Healthcare District and non-profit organization, any margin generated from operations is kept and reinvested in our community.</p> <p><b>Motion:</b> To approve the Pre-Audit FYE 2021 and Period 12 Financials.</p> <p><b>Movant:</b> Fung  <b>Second:</b> Watters  <b>Ayes:</b> Doiguchi, Faust, Fung, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chow  <b>Recused:</b> None</p>	
<p><b>7. ADHOC COMMITTEE UPDATE ON FINANCE COMMITTEE MEMBER RECRUITMENT</b></p>	<p>Chair Zoglin provided an update for the Finance Committee regarding the recruitment process and the highlighted the following:</p> <ul style="list-style-type: none"> <li>• 1<sup>st</sup> round interviews with AdHoc Committee occurred on August 11<sup>th</sup></li> <li>• 2<sup>nd</sup> round finalist interviews are in process of being scheduled.</li> </ul> <p>Further details are discussed in the packet.</p>	
<p><b>8. MEDICAL DEVELOPMENT PLAN</b></p>	<p>Mark Adams, MD, Chief Medical Officer presented the Physician Recruitment Medical Staff Development Plan and highlighted the following:</p> <ul style="list-style-type: none"> <li>• ECG consulting has assisted ECH with the update of the MD staff development plan.</li> <li>• Based on this community needs assessment, a list of potential physician recruitment targets are identified with a corresponding estimate of the costs associated with those targets.</li> <li>• The costs are determined by the fair market value of the particular specialists’ compensation needed to recruit them to our market.</li> <li>• The previous FY2020/FY2021 plan was approved by the finance committee which included 17 physicians for a total maximum recruitment support of \$6.1M.</li> </ul> <p><b>Motion:</b> To approve the FY2022 Medical Staff Development Plan</p> <p><b>Movant:</b> Fung  <b>Second:</b> Watters  <b>Ayes:</b> Doiguchi, Faust, Fung, Watters, and Zoglin</p>	

	<p><b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> Chow <b>Recused:</b> None</p>	
<p><b>9. CAPITAL REQUESTS:</b> (a) Cath Lab Project (b) ECHMN Clinic Relocation (c) Pyxis Replacement Project</p>	<p>Jim Griffith, Chief Operating Officer opened the discussion with discussing the Cath Lab Project and stated this capital request is requesting an additional funding of \$19.5M to complete this project. Total project amount including the additional fund is \$32.5M. Mr. Griffith highlighted the following:</p> <ul style="list-style-type: none"><li>• The cost reflects the need for additional building renovation to address new code requirements and equipment modifications to optimize the configuration of the additional lab (#6.) Construction costs reflect a competitive bidding process with several bidders at the trade level.</li></ul> <p>Ken King, Chief Administrative Services Officer continued the discussion and discussed the ECHMN Clinic Relocation Capital Request and highlighted the following:</p> <ul style="list-style-type: none"><li>• To approve funding for two medical offices for TI projects. Requesting \$1.53M for 700 Parr Ave. and \$1.56M for 2577 Samaritan Drive.</li><li>• Project includes the replacement of 18 physicians that need to be relocated from the existing medical offices at 2585 Samaritan Drive, however there is no single location available that will accommodate all 18.</li><li>• The solution presented herein is to move the six specialty physicians into medical office space at 700 Parr Avenue, and to move the twelve primary care physicians into medical office space at 2577 Samaritan Drive.</li><li>• Both locations have vacant space that requires modifications, upgrades and installation of our networked systems in order for them to be functional.</li><li>• Already completed the TI planning for both project locations and we are working with contractors to finalize construction contract agreements for work to commence as soon as possible.</li></ul> <p>Carlos Bohorquez, Chief Financial Officer continued the discussion with an overview of the Pyxis MedStation Replacement Project:</p> <p><b><u>Current State</u></b></p> <ul style="list-style-type: none"><li>• Pyxis MedStations are necessary to meet regulatory / compliance for medication safety and inventory control in the medical units and anesthesia.</li><li>• Current Pyxis MedStations have been leased since 2009 at a significant cost to the without any upgrades to the equipment since the inception of the lease.</li><li>• All machines are at the end of the useful life.</li></ul>	

	<p><b><u>Replacement</u></b></p> <ul style="list-style-type: none"> <li>• Total project cost to purchase 247 replacement Pyxis MedStations is \$6.64 million.</li> <li>• Purchase vs. lease is expected to save ECH \$5.78 million over the next ten years.</li> <li>• Monthly support and maintenance agreement of \$297K per year will begin in year 3.</li> <li>• Replacement project will optimize medication inventory and manage pharmacy spend.</li> </ul> <p><b><u>Recommendation</u></b></p> <ul style="list-style-type: none"> <li>• The Finance Committee is requested to recommend that the Board approve funding not to exceed \$6.34 million to complete the purchase and installation of 247 Pyxis MedStations.</li> <li>• The replacement and installation process is projected to take approximately 7 months.</li> </ul> <p><b>Motion:</b> To approve 9a. Cath Lab Replacement / Expansion Project and 9c. Pyxis Replacement Project recommend for Board approval.</p> <p><b>Movant:</b> Watters  <b>Second:</b> Doiguchi  <b>Ayes:</b> Doiguchi, Faust, Fung, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chow  <b>Recused:</b> None</p> <p><b>Motion:</b> To approve 9b. ECHMN Clinic Relocation</p> <p><b>Movant:</b> Faust  <b>Second:</b> Watters  <b>Ayes:</b> Doiguchi, Faust, Fung, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chow  <b>Recused:</b> None</p>	
<p><b>10. ADJOURN TO CLOSED SESSION</b></p>	<p><b>Motion:</b> To adjourn to closed session at 6:48pm.</p> <p><b>Movant:</b> Fung  <b>Second:</b> Watters  <b>Ayes:</b> Doiguchi, Faust, Fung, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chow  <b>Recused:</b> None</p>	
<p><b>11. AGENDA ITEM 17: RECONVENE OPEN SESSION/REPORT OUT</b></p>	<p>Agenda Items 11-14 were covered in the closed session and the Committee approved the consent calendar by a unanimous vote of all members present except for Mr. Chow (<i>Doiguchi, Faust, Fung, Watters and Zoglin</i>).”</p>	

<p><b>12. AGENDA ITEM 18:                  PHYSICIAN                  CONTRACTS &amp;                  AGREEMENTS</b></p>	<p>FC Approval:</p> <ul style="list-style-type: none"> <li>(a) Enterprise Quality and Physician Services Medical Director Renewal Agreement</li> <li>(b) MV Cardiothoracic Surgery Panel Renewal Agreement</li> <li>(c) Investment in New JV Center with Satellite Healthcare</li> </ul> <p>Recommended for Board Approval:</p> <ul style="list-style-type: none"> <li>(a) MV Daytime Intensivist Professional Services Renewal Agreement</li> <li>(b) Inpatient Rehabilitation Business Development</li> </ul> <p><b>Motion:</b> To approve Physician contracts and Agreements</p> <p><b>Movant:</b> Watters  <b>Second:</b> Doiguchi  <b>Ayes:</b> Doiguchi, Faust, Fung, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chow  <b>Recused:</b> None</p>	
<p><b>13. AGENDA ITEM 19:                  CLOSING                  COMMENTS</b></p>	<p>No closing comments</p>	
<p><b>14. AGENDA ITEM 20:                  ADJOURNMENT</b></p>	<p><b>Motion:</b> to adjourn at 7:45pm.</p> <p><b>Movant:</b> Fung  <b>Second:</b> Watters  <b>Ayes:</b> Doiguchi, Faust, Fung, Watters and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chow  <b>Recused:</b> None</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 II, Administrative Services



# El Camino Health

## Summary of Financial Operations

*Fiscal Year 2022 – Period 1*

*7/1/2021 to 07/31/2021*

# Executive Summary - Overall Commentary for Period 1

- Strong operating / financial results for Period 1 were attributed to the following:
  - Strong volume / patient activity was attributed to the start of the new OB group at our Mountain View Campus, continued rebound in ER volumes and strong procedural volumes
- Total gross charges, a surrogate for volume, were favorable to budget by \$47.9M / 13.4% and \$73.1M / 21.9% higher than the same period last year
- Net patient revenue was favorable to budget by \$9.0M / 9.7% and \$15.9M / 18.5% higher than the same period last year
- Operating expenses were \$2.4M / 2.7% unfavorable to budget, which is primarily attributed to higher than expected volume versus budget and significant number of procedural cases performed in July and increase in ED visits
- Operating margin was favorable to budget by \$6.2M / 115.4% and \$3.4M / 41.5% better than the same period last year
- Operating EBIDA was favorable to budget by \$6.3M / 50.6% and \$4.0M / 27.1% better than the same period last year
- Unfavorable performance in the investment portfolio of (\$4.1M) resulted in Net Income of \$7.3M which is \$5.7M / 43.6% below budget and \$28.4M / 79.4% below the same period last year.

# Operational / Financial Results: Period 1 – July 2021 (as of 7/31/2021)

(\$ 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	256	239	17	7.2%	223	32	14.6%	---	---	---
	Total Acute Discharges	1,705	1,598	107	6.7%	1,476	229	15.5%	---	---	---
	Adjusted Discharges	3,428	2,937	491	16.7%	2,843	585	20.6%	---	---	---
	Emergency Room Visits	5,022	4,274	748	17.5%	4,035	987	24.5%	---	---	---
	OP Procedural Cases	12,061	9,873	2,188	22.2%	11,706	355	3.0%	---	---	---
	Gross Charges (\$)	406,295	358,298	47,997	13.4%	333,228	73,067	21.9%	---	---	---
Operations	Total FTEs	2,946	2,988	(42)	(1.4%)	2,689	257	9.6%	---	---	---
	Productive Hrs. / APD	28.3	32.9	(4.6)	(13.9%)	31.1	(2.8)	(8.9%)	---	---	---
	Cost Per CMI Adjusted Discharge	15,593	17,952	(2,359)	(13.1%)	16,425	(832)	(5.1%)	---	---	---
	Net Days in A/R	52.2	49.0	3.2	6.5%	44.1	8.0	18.2%	47.7	47.1	
Financial Performance	Net Patient Revenue (\$)	101,774	92,754	9,020	9.7%	85,868	15,905	18.5%	106,723	257,000	
	Total Operating Revenue (\$)	104,889	96,300	8,589	8.9%	90,535	14,354	15.9%	116,864	314,648	
	<b>Operating Income (\$)</b>	<b>11,498</b>	<b>5,339</b>	<b>6,159</b>	<b>115.4%</b>	<b>8,124</b>	<b>3,374</b>	<b>41.5%</b>	<b>3,948</b>	<b>10,135</b>	
	<b>Operating EBIDA (\$)</b>	<b>18,793</b>	<b>12,475</b>	<b>6,318</b>	<b>50.6%</b>	<b>14,783</b>	<b>4,010</b>	<b>27.1%</b>	<b>11,301</b>	<b>27,969</b>	
	Net Income (\$)	7,399	13,121	(5,721)	(43.6%)	35,842	(28,443)	(79.4%)	8,219	18,726	
	<b>Operating Margin (%)</b>	<b>11.0%</b>	<b>5.5%</b>	<b>5.4%</b>	<b>97.7%</b>	<b>9.0%</b>	<b>2.0%</b>	<b>22.2%</b>	<b>2.9%</b>	<b>3.6%</b>	
	<b>Operating EBIDA (%)</b>	<b>17.9%</b>	<b>13.0%</b>	<b>5.0%</b>	<b>38.3%</b>	<b>16.3%</b>	<b>1.6%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>8.9%</b>	
	DCOH (days)	364	325	39	12.0%	341	22	6.6%	254	264	

Notes:

1. Moody's Medians: Not-for-profit and public healthcare annual report; September 9, 2020. Dollar amounts have been adjusted to reflect monthly averages.
2. DCOH total includes cash, short-term and long-term investments.

# Key Statistics: Period 1 and YTD (as of 07/31/2021)

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	223	256	239	14.6%	7.2%	223	256	239	14.6%	7.2%
Utilization MV	58%	68%	63%	17.4%	6.6%	58%	68%	63%	17.4%	6.6%
Utilization LG	31%	32%	29%	2.9%	9.9%	31%	32%	29%	2.9%	9.9%
Utilization Combined	49%	56%	53%	14.6%	7.2%	49%	56%	53%	14.6%	7.2%
Adjusted Discharges	2,843	3,428	2,937	20.6%	16.7%	2,843	3,428	2,937	20.6%	16.7%
Total Discharges (Exc NB)	1,476	1,705	1,598	15.5%	6.7%	1,476	1,705	1,598	15.5%	6.7%
Total Discharges	1,814	2,083	1,968	14.8%	5.9%	1,814	2,083	1,968	14.8%	5.9%
<b>Inpatient Activity</b>										
MS Discharges	971	1,152	1,054	18.6%	9.3%	971	1,152	1,054	18.6%	9.3%
Deliveries	369	414	391	12.2%	5.9%	369	414	391	12.2%	5.9%
BHS	88	95	112	8.0%	(15.3%)	88	95	112	8.0%	(15.3%)
Rehab	46	41	41	(10.9%)	0.0%	46	41	41	(10.9%)	0.0%
<b>Outpatient Activity</b>										
Total Outpatient Cases	14,871	16,307	13,084	9.7%	24.6%	14,871	16,307	13,084	9.7%	24.6%
ED	3,165	4,246	3,211	34.2%	32.2%	3,165	4,246	3,211	34.2%	32.2%
OP Surg	511	625	407	22.3%	53.6%	511	625	407	22.3%	53.6%
Endo	257	268	204	4.3%	31.4%	257	268	204	4.3%	31.4%
Interventional	187	203	172	8.6%	18.0%	187	203	172	8.6%	18.0%
All Other	10,751	10,965	9,090	2.0%	20.6%	10,751	10,965	9,090	2.0%	20.6%
<b>Hospital Payor Mix</b>										
Medicare	47.2%	48.6%	47.5%	3.0%	2.3%	47.2%	48.6%	47.5%	3.0%	2.3%
Medi-Cal	7.3%	7.9%	8.2%	9.1%	(2.8%)	7.3%	7.9%	8.2%	9.1%	(2.8%)
Commercial	43.7%	40.9%	42.3%	-6.3%	(3.4%)	43.7%	40.9%	42.3%	-6.3%	(3.4%)
Other	1.9%	2.6%	2.1%	37.5%	19.0%	1.9%	2.6%	2.1%	37.5%	19.0%

# Income Statement: Rolling 12 Monthly Trend (\$000s)

	FY2021												FY2022	YTD FY2022	Rolling 12 Monthly Average
	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	Period 1 Jul-21			
<b>Operating Revenues:</b>															
Gross Revenue	339,121	357,838	366,453	341,648	367,494	335,788	314,620	387,620	375,480	381,888	408,078	406,295	406,295	365,194	
Deductions from Revenue	(253,449)	(267,829)	(275,898)	(253,051)	(275,206)	(245,993)	(229,347)	(290,449)	(280,577)	(286,346)	(295,840)	(304,521)	(304,521)	(271,542)	
Net Patient Revenue	85,672	90,009	90,554	88,597	92,289	89,795	85,273	97,171	94,903	95,542	112,238	101,774	101,774	93,651	
Other Operating Revenue	4,331	3,996	4,024	3,234	3,079	4,427	3,352	3,537	3,692	5,385	4,706	3,116	3,116	3,907	
<b>Total Operating Revenue</b>	<b>90,003</b>	<b>94,005</b>	<b>94,578</b>	<b>91,831</b>	<b>95,368</b>	<b>94,222</b>	<b>88,625</b>	<b>100,708</b>	<b>98,595</b>	<b>100,927</b>	<b>116,945</b>	<b>104,889</b>	<b>104,889</b>	<b>97,558</b>	
<b>Operating Expenses:</b>															
Salaries, Wages and Benefits	47,739	48,136	49,061	47,222	48,774	53,636	48,592	52,025	50,616	48,138	48,101	53,000	53,000	49,587	
Supplies	16,893	12,798	13,496	13,641	14,519	13,888	13,587	15,421	14,256	15,241	15,156	15,109	15,109	14,500	
Fees & Purchased Services	14,366	14,949	12,982	14,264	14,035	15,825	14,770	15,139	15,761	15,923	19,915	14,390	14,390	15,193	
Other Operating Expenses	3,596	4,498	3,721	3,512	4,100	3,819	1,097	3,536	3,662	3,496	6,002	3,598	3,598	3,720	
Interest	1,431	1,428	1,429	1,428	1,428	1,428	1,392	1,399	1,400	1,400	1,367	1,419	1,419	1,413	
Depreciation	5,328	5,795	5,798	6,068	5,591	5,689	5,903	4,931	5,606	4,808	5,740	5,876	5,876	5,594	
<b>Total Operating Expenses</b>	<b>89,352</b>	<b>87,604</b>	<b>86,487</b>	<b>86,136</b>	<b>88,446</b>	<b>94,284</b>	<b>85,341</b>	<b>92,450</b>	<b>91,301</b>	<b>89,006</b>	<b>96,281</b>	<b>93,391</b>	<b>93,391</b>	<b>90,006</b>	
<b>Operating Margin</b>	<b>651</b>	<b>6,401</b>	<b>8,091</b>	<b>5,695</b>	<b>6,922</b>	<b>(62)</b>	<b>3,285</b>	<b>8,258</b>	<b>7,294</b>	<b>11,921</b>	<b>20,664</b>	<b>11,498</b>	<b>11,498</b>	<b>7,552</b>	
Non-Operating Income	28,642	(9,557)	(27,499)	64,968	57,357	39	14,349	18,965	29,151	16,666	20,041	(4,099)	(4,099)	17,419	
<b>Net Margin</b>	<b>29,293</b>	<b>(3,156)</b>	<b>(19,408)</b>	<b>70,663</b>	<b>64,279</b>	<b>(23)</b>	<b>17,633</b>	<b>27,223</b>	<b>36,445</b>	<b>28,588</b>	<b>40,705</b>	<b>7,399</b>	<b>7,399</b>	<b>24,970</b>	
<b>Operating EBIDA</b>	<b>7,410</b>	<b>13,624</b>	<b>15,318</b>	<b>13,192</b>	<b>13,940</b>	<b>7,055</b>	<b>10,580</b>	<b>14,588</b>	<b>14,301</b>	<b>18,130</b>	<b>27,771</b>	<b>18,793</b>	<b>18,793</b>	<b>14,558</b>	
Operating Margin (%)													11.0%	7.7%	
Operating EBIDA Margin (%)													17.9%	14.9%	

# Financial Overview: Period 1 – July 2022

Period ending 7/31/2021

## Financial Performance

- July operating income was \$11.5M compared to a budget of \$5.3M, resulting in a favorable variance of 6.2M.
- July volumes and revenues continue to be stronger than budget as demonstrated by:
  - Adjusted discharges were favorable to budget by 491 cases / 16.7% and 585 cases / 20.6% above the same period last year
  - Favorable variance of gross charges of \$48.0M was primarily driven by favorable Outpatient activity:
    - Outpatient gross charges: Favorable to budget by \$40.2M / 25.3% variance primarily driven by surgery, cath. lab, emergency services, and corresponding ancillary services
  - Operating Expenses were unfavorable to budget by \$2.4M / 2.7%, due to the high level of patient activity
    - SWB were unfavorable by \$1.6M / 3.1%
    - Supplies were unfavorable by \$1.4M / 10.5%
    - All other discretionary non-volume driven expenses were unfavorable to budget by \$0.6M
    - Additional expenses attributed to Covid-19 were \$519K in July
- Non Operating Income includes:
  - Unfavorable variance in non-operating revenue is primarily due to unrealized losses on investments

# Financial Overview: Period 1 – July 2022 (cont.)

Period ending 7/31/2021

## Financial Performance

### Hospital Operations:

- Adjusted Discharges (AD): Favorable to budget by 491 ADs / 16.7% and above prior year by 585 ADs / 20.6%:
  - Mountain View: Favorable to budget by 312 ADs / 13.5% and above prior year by 388 ADs/ 17.3%
  - Los Gatos: Favorable to budget by 175 ADs / 28.0% and above prior year by 194 ADs / 32.0%
- Operating Expense Per CMI Adjusted Discharge: \$15,593 which is 13.1% favorable to budget  
Note: Excludes depreciation and interest

### El Camino Health Medical Network (ECHMN) Operations:

- July's total visits of 20,084 was down from the prior month's 22,699 visits, driven by a decrease in COVID-19 vaccination visits (298 in July vs. 2,421 in June)
- July's total visits were unfavorable to budget by 7%, but 2% above July 2020
- July's Net Income was favorable to budget by 42K and \$290K unfavorable to July 2020

# Financial Overview: Pre-Audit YTD FY2021 (as of 6/30/2021)

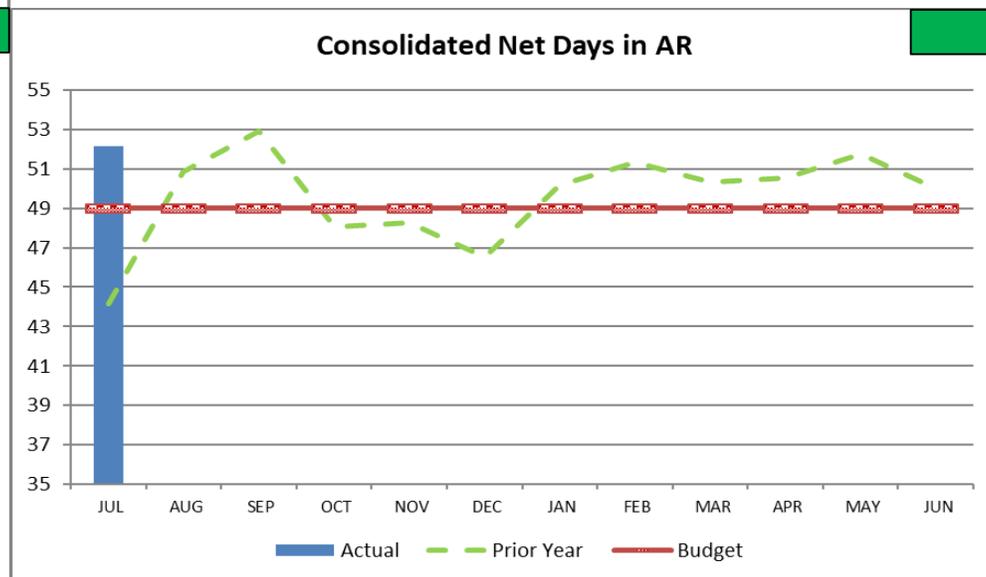
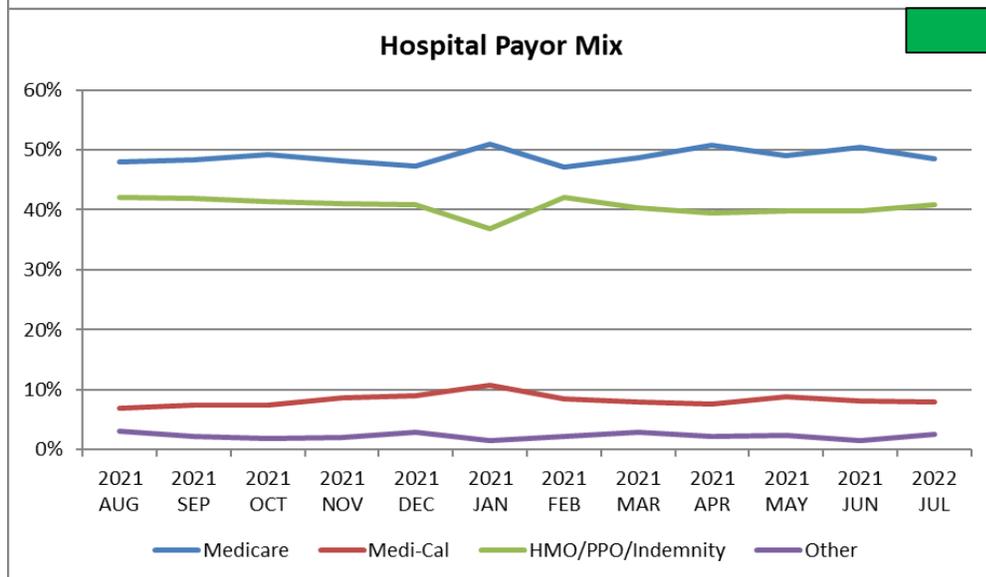
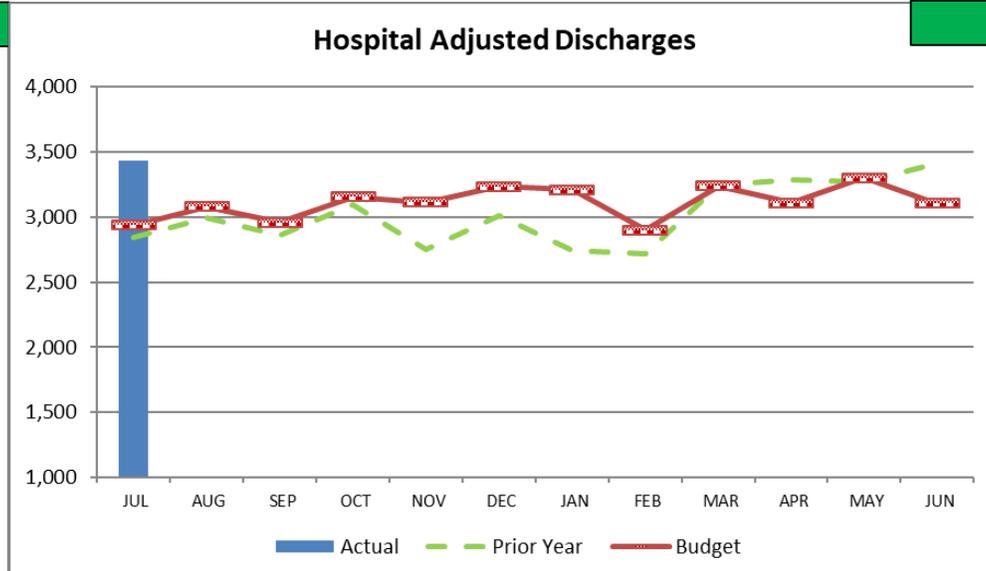
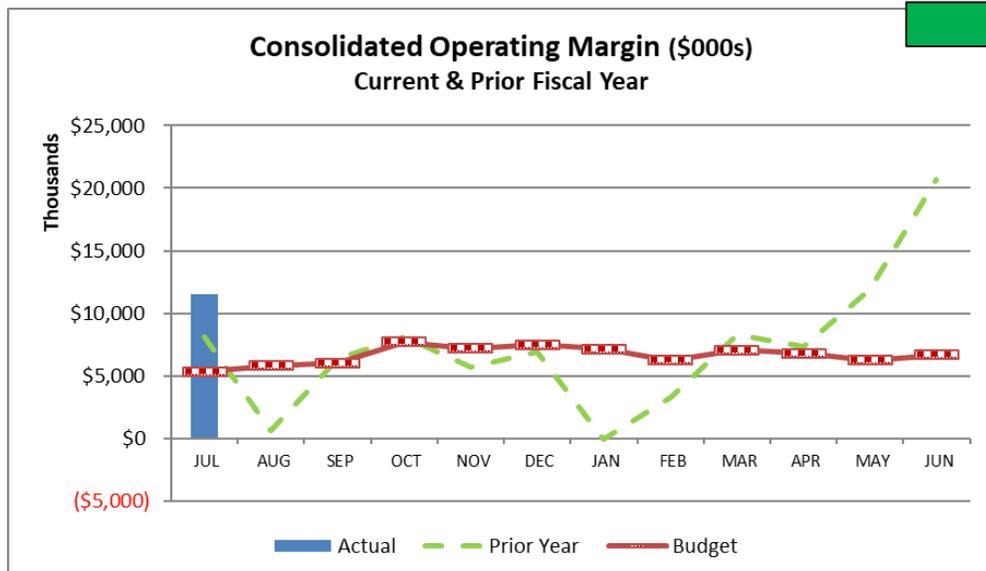
## Consolidated Financial Performance

- Pre-Audit YTD FY2021 operating margin of \$87.2M compared to the budget of -\$23.7M
- Year-over-year operating margin is \$30.2M higher than the same period last year, which is primarily due to the initial significant Covid-19 impact in FY2020 and management's initiatives to manage expenses and ensure the organization was prepared to accommodate volume as Covid-19 restrictions were relaxed after the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> waves of the pandemic.
- Strong volume recovery from the first waves of Covid-19, continues to be the primary driver of favorable performance to budget
  - Adjusted discharges are 4,070 /12.7% favorable to budget and 900 / 2.5% higher than the same period last year
- Operating expenses are \$97.4M / 10.0% unfavorable to budget
  - Unfavorability driven by higher than budgeted volumes and expenses associated with Covid-19 pandemic
  - Operating expense per CMI adjusted discharge: \$16,815 which is 7.6% favorable to budget. This demonstrates consistent management of variable expenses

Note: Excludes depreciation and interest expense

# APPENDIX

# YTD FY2022 Financial KPIs – Monthly Trends



# Investment Scorecard (as of 6/30/2021)

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY21 Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>		<b>CY 2Q 2021 / FY 4Q 2021</b>		<b>Fiscal Year-to-Date 2021</b>		<b>8y 8m Since Inception (annualized)</b>		<b>FY 2021</b>	<b>2019</b>
Surplus cash balance*		\$1,453.0	--	--	--	--	--	--	--
Surplus cash return		3.7%	3.7%	19.4%	18.5%	6.9%	6.7%	4.0%	5.6%
Cash balance plan balance (millions)		\$358.9	--	--	--	--	--	--	--
Cash balance plan return		4.5%	4.3%	25.2%	22.3%	9.2%	8.3%	6.0%	6.0%
403(b) plan balance (millions)		\$731.5	--	--	--	--	--	--	--
<b>Risk vs. Return</b>		<b>3-year</b>		<b>8y 8m Since Inception (annualized)</b>					<b>2019</b>
Surplus cash Sharpe ratio		0.88	0.92	--	--	0.99	1.00	--	0.34
Net of fee return		9.3%	9.2%	--	--	6.9%	6.7%	--	5.6%
Standard deviation		8.8%	8.4%	--	--	6.2%	6.0%	--	8.7%
Cash balance Sharpe ratio		0.88	0.90	--	--	1.06	1.03	--	0.32
Net of fee return		11.3%	10.4%	--	--	9.2%	8.3%	--	6.0%
Standard deviation		11.2%	10.1%	--	--	7.9%	7.3%	--	10.3%
<b>Asset Allocation</b>		<b>CY 2Q 2021 / FY 4Q 2021</b>							
Surplus cash absolute variances to target		5.6%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Cash balance absolute variances to target		4.7%	< 10% Green < 20% Yellow	--	--	--	--	--	--
<b>Manager Compliance</b>		<b>CY 2Q 2021 / FY 4Q 2021</b>							
Surplus cash manager flags		22	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		24	< 27 Green < 34 Yellow	--	--	--	--	--	--

\*Excludes debt reserve funds (~\$6 mm), District assets (~\$42 mm), and balance sheet cash not in investable portfolio (~\$160 mm). Includes Foundation (~\$42 mm) and Concern (~\$15 mm) assets.

# Period 1 and YTD Operating Income, Non-Operating Income and Net Income by Affiliate (as of 7/31/2021)

(\$000s)

	Period 1- Month			Period 1- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Operating Margin</b>						
Mountain View	12,066	5,340	6,726	12,066	5,340	6,726
Los Gatos	1,997	2,787	(790)	1,997	2,787	(790)
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>14,064</b>	<b>8,127</b>	<b>5,937</b>	<b>14,064</b>	<b>8,127</b>	<b>5,937</b>
<b>Operating Margin %</b>	<b>14.1%</b>	<b>8.9%</b>		<b>14.1%</b>	<b>8.9%</b>	
<b>El Camino Hospital Non Operating Income</b>						
<b>Sub Total - Non Operating Income</b>	<b>(4,271)</b>	<b>7,546</b>	<b>(11,818)</b>	<b>(4,271)</b>	<b>7,546</b>	<b>(11,818)</b>
<b>El Camino Hospital Net Margin</b>	<b>9,792</b>	<b>15,673</b>	<b>(5,881)</b>	<b>9,792</b>	<b>15,673</b>	<b>(5,881)</b>
<b>ECH Net Margin %</b>	<b>9.8%</b>	<b>17.2%</b>		<b>9.8%</b>	<b>17.2%</b>	
Concern	316	16	300	316	16	300
ECSC	0	0	0	0	0	0
Foundation	(151)	31	(182)	(151)	31	(182)
El Camino Health Medical Network	(2,558)	(2,600)	42	(2,558)	(2,600)	42
<b>Net Margin Hospital Affiliates</b>	<b>(2,393)</b>	<b>(2,553)</b>	<b>160</b>	<b>(2,393)</b>	<b>(2,553)</b>	<b>160</b>
<b>Total Net Margin Hospital &amp; Affiliates</b>	<b>7,399</b>	<b>13,121</b>	<b>(5,721)</b>	<b>7,399</b>	<b>13,121</b>	<b>(5,721)</b>

# Consolidated Balance Sheet (as of 07/31/2021)

(\$000s)

ASSETS	UnAudited		LIABILITIES AND FUND BALANCE	UnAudited	
	July 31, 2021	June 30, 2021		July 31, 2021	June 30, 2021
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash	119,139	151,641	Accounts Payable	32,571	39,762
Short Term Investments	279,531	284,262	Salaries and Related Liabilities	33,636	50,039
Patient Accounts Receivable, net	175,510	166,283	Accrued PTO	33,558	33,197
Other Accounts and Notes Receivable	2,965	9,540	Worker's Comp Reserve	2,300	2,300
Intercompany Receivables	13,401	15,116	Third Party Settlements	13,021	12,990
Inventories and Prepaids	26,195	23,079	Intercompany Payables	12,705	14,704
<b>Total Current Assets</b>	<b>616,742</b>	<b>649,921</b>	Malpractice Reserves	1,670	1,670
			Bonds Payable - Current	9,430	9,430
<b>BOARD DESIGNATED ASSETS</b>			Bond Interest Payable	3,282	8,293
Foundation Board Designated	21,257	20,932	Other Liabilities	15,812	16,953
Plant & Equipment Fund	262,971	258,191	<b>Total Current Liabilities</b>	<b>157,986</b>	<b>189,338</b>
Women's Hospital Expansion	30,401	30,401			
Operational Reserve Fund	123,838	123,838	<b>LONG TERM LIABILITIES</b>		
Community Benefit Fund	16,141	18,412	Post Retirement Benefits	30,749	30,658
Workers Compensation Reserve Fund	17,002	16,482	Worker's Comp Reserve	17,002	17,002
Postretirement Health/Life Reserve Fund	30,749	30,658	Other L/T Obligation (Asbestos)	6,176	6,227
PTO Liability Fund	32,878	32,498	Bond Payable	483,661	479,621
Malpractice Reserve Fund	1,984	1,977	<b>Total Long Term Liabilities</b>	<b>537,587</b>	<b>533,509</b>
Catastrophic Reserves Fund	25,061	24,874			
<b>Total Board Designated Assets</b>	<b>562,283</b>	<b>558,264</b>	<b>DEFERRED REVENUE-UNRESTRICTED</b>	<b>63,673</b>	<b>67,576</b>
			<b>DEFERRED INFLOW OF RESOURCES</b>	<b>28,009</b>	<b>28,009</b>
<b>FUNDS HELD BY TRUSTEE</b>	<b>8,973</b>	<b>5,694</b>	<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
			Unrestricted	2,102,967	2,097,010
<b>LONG TERM INVESTMENTS</b>	<b>602,787</b>	<b>603,211</b>	Board Designated	191,465	193,782
<b>CHARITABLE GIFT ANNUITY INVESTMENTS</b>	<b>734</b>	<b>728</b>	Restricted	31,215	31,082
<b>INVESTMENTS IN AFFILIATES</b>	<b>34,346</b>	<b>34,170</b>	<b>Total Fund Bal &amp; Capital Accts</b>	<b>2,325,647</b>	<b>2,321,874</b>
<b>PROPERTY AND EQUIPMENT</b>			<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>3,112,901</b>	<b>3,140,306</b>
Fixed Assets at Cost	1,804,877	1,799,463			
Less: Accumulated Depreciation	(748,797)	(742,921)			
Construction in Progress	94,305	94,236			
<b>Property, Plant &amp; Equipment - Net</b>	<b>1,150,385</b>	<b>1,150,778</b>			
<b>DEFERRED OUTFLOWS</b>	<b>21,394</b>	<b>21,444</b>			
<b>RESTRICTED ASSETS</b>	<b>29,250</b>	<b>29,332</b>			
<b>OTHER ASSETS</b>	<b>86,008</b>	<b>86,764</b>			
<b>TOTAL ASSETS</b>	<b>3,112,901</b>	<b>3,140,306</b>			

# Consolidated Statement of Operations (\$000s)

Period 1 ending 07/31/2021

Period 1 FY 2021	Period 1 FY 2022	Period 1 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
333,228	406,295	358,298	47,997	13.4%	<b>Gross Revenue</b>	333,228	406,295	358,298	47,997	13.4%
(247,360)	(304,521)	(265,544)	(38,977)	(14.7%)	<b>Deductions</b>	(247,360)	(304,521)	(265,544)	(38,977)	(14.7%)
<b>85,868</b>	<b>101,774</b>	<b>92,754</b>	<b>9,020</b>	<b>9.7%</b>	<b>Net Patient Revenue</b>	<b>85,868</b>	<b>101,774</b>	<b>92,754</b>	<b>9,020</b>	<b>9.7%</b>
4,667	3,116	3,546	(430)	(12.1%)	<b>Other Operating Revenue</b>	4,667	3,116	3,546	(430)	(12.1%)
<b>90,535</b>	<b>104,889</b>	<b>96,300</b>	<b>8,589</b>	<b>8.9%</b>	<b>Total Operating Revenues</b>	<b>90,535</b>	<b>104,889</b>	<b>96,300</b>	<b>8,589</b>	<b>8.9%</b>
					<b>OPERATING EXPENSE</b>					
46,431	53,000	51,391	(1,608)	(3.1%)	<b>Salaries &amp; Wages</b>	46,431	53,000	51,391	(1,608)	(3.1%)
12,820	15,109	13,679	(1,430)	(10.5%)	<b>Supplies</b>	12,820	15,109	13,679	(1,430)	(10.5%)
12,918	14,390	14,611	221	1.5%	<b>Fees &amp; Purchased Services</b>	12,918	14,390	14,611	221	1.5%
3,583	3,598	4,144	546	13.2%	<b>Other Operating Expense</b>	3,583	3,598	4,144	546	13.2%
1,428	1,419	1,398	(20)	(1.5%)	<b>Interest</b>	1,428	1,419	1,398	(20)	(1.5%)
5,231	5,876	5,738	(139)	(2.4%)	<b>Depreciation</b>	5,231	5,876	5,738	(139)	(2.4%)
<b>82,411</b>	<b>93,391</b>	<b>90,961</b>	<b>(2,430)</b>	<b>(2.7%)</b>	<b>Total Operating Expenses</b>	<b>82,411</b>	<b>93,391</b>	<b>90,961</b>	<b>(2,430)</b>	<b>(2.7%)</b>
<b>8,124</b>	<b>11,498</b>	<b>5,339</b>	<b>6,159</b>	<b>115.4%</b>	<b>Net Operating Margin</b>	<b>8,124</b>	<b>11,498</b>	<b>5,339</b>	<b>6,159</b>	<b>115.4%</b>
					<b>Non Operating Income</b>					
27,718	(4,099)	7,782	(11,880)	(152.7%)	<b>Net Margin</b>	27,718	(4,099)	7,782	(11,880)	(152.7%)
<b>35,842</b>	<b>7,399</b>	<b>13,121</b>	<b>(5,721)</b>	<b>(43.6%)</b>	<b>Operating EBIDA</b>	<b>35,842</b>	<b>7,399</b>	<b>13,121</b>	<b>(5,721)</b>	<b>(43.6%)</b>
<b>14,783</b>	<b>18,793</b>	<b>12,475</b>	<b>6,318</b>	<b>50.6%</b>		<b>14,783</b>	<b>18,793</b>	<b>12,475</b>	<b>6,318</b>	<b>50.6%</b>
					<b>Operating EBIDA Margin</b>					
16.3%	17.9%	13.0%	5.0%		<b>Operating Margin</b>	16.3%	17.9%	13.0%	5.0%	
9.0%	11.0%	5.5%	5.4%		<b>Net Margin</b>	9.0%	11.0%	5.5%	5.4%	
39.6%	7.1%	13.6%	(6.6%)			39.6%	7.1%	13.6%	(6.6%)	

# El Camino Hospital – Mountain View

## Statement of Operations (\$000s)

Period 1 ending 07/31/2021

Period 1 FY 2021	Period 1 FY 2022	Period 1 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUES</b>					
259,430	304,128	278,763	25,365	9.1%	<b>Gross Revenue</b>	259,430	304,128	278,763	25,365	9.1%
(190,238)	(224,583)	(207,854)	(16,729)	(8.0%)	<b>Deductions</b>	(190,238)	(224,583)	(207,854)	(16,729)	(8.0%)
<b>69,192</b>	<b>79,545</b>	<b>70,909</b>	<b>8,636</b>	<b>12.2%</b>	<b>Net Patient Revenue</b>	<b>69,192</b>	<b>79,545</b>	<b>70,909</b>	<b>8,636</b>	<b>12.2%</b>
1,562	1,092	1,480	(388)	(26.2%)	<b>Other Operating Revenue</b>	1,562	1,092	1,480	(388)	(26.2%)
<b>70,754</b>	<b>80,637</b>	<b>72,389</b>	<b>8,248</b>	<b>11.4%</b>	<b>Total Operating Revenues</b>	<b>70,754</b>	<b>80,637</b>	<b>72,389</b>	<b>8,248</b>	<b>11.4%</b>
					<b>OPERATING EXPENSES</b>					
36,475	41,961	40,617	(1,343)	(3.3%)	<b>Salaries &amp; Wages</b>	36,475	41,961	40,617	(1,343)	(3.3%)
10,552	11,347	10,445	(902)	(8.6%)	<b>Supplies</b>	10,552	11,347	10,445	(902)	(8.6%)
6,194	6,985	7,290	305	4.2%	<b>Fees &amp; Purchased Services</b>	6,194	6,985	7,290	305	4.2%
2,553	2,266	2,763	496	18.0%	<b>Other Operating Expense</b>	2,553	2,266	2,763	496	18.0%
1,428	1,419	1,398	(20)	(1.5%)	<b>Interest</b>	1,428	1,419	1,398	(20)	(1.5%)
4,256	4,593	4,536	(57)	(1.3%)	<b>Depreciation</b>	4,256	4,593	4,536	(57)	(1.3%)
<b>61,458</b>	<b>68,571</b>	<b>67,049</b>	<b>(1,522)</b>	<b>(2.3%)</b>	<b>Total Operating Expenses</b>	<b>61,458</b>	<b>68,571</b>	<b>67,049</b>	<b>(1,522)</b>	<b>(2.3%)</b>
<b>9,296</b>	<b>12,066</b>	<b>5,340</b>	<b>6,726</b>	<b>126.0%</b>	<b>Net Operating Margin</b>	<b>9,296</b>	<b>12,066</b>	<b>5,340</b>	<b>6,726</b>	<b>126.0%</b>
26,446	(4,271)	7,546	(11,818)	(156.6%)	<b>Non Operating Income</b>	26,446	(4,271)	7,546	(11,818)	(156.6%)
<b>35,743</b>	<b>7,795</b>	<b>12,886</b>	<b>(5,091)</b>	<b>(39.5%)</b>	<b>Net Margin</b>	<b>35,743</b>	<b>7,795</b>	<b>12,886</b>	<b>(5,091)</b>	<b>(39.5%)</b>
<b>14,981</b>	<b>18,078</b>	<b>11,274</b>	<b>6,804</b>	<b>60.4%</b>	<b>Operating EBIDA</b>	<b>14,981</b>	<b>18,078</b>	<b>11,274</b>	<b>6,804</b>	<b>60.4%</b>
					<b>Operating EBIDA Margin</b>	21.2%	22.4%	15.6%	6.8%	
					<b>Operating Margin</b>	13.1%	15.0%	7.4%	7.6%	
					<b>Net Margin</b>	50.5%	9.7%	17.8%	(8.1%)	

# El Camino Hospital – Los Gatos

## Statement of Operations (\$000s)

Period 1 ending 07/31/2021

Period 1 FY 2021	Period 1 FY 2022	Period 1 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
65,855	92,802	70,535	22,267	31.6%	<b>Gross Revenue</b>	65,855	92,802	70,535	22,267	31.6%
(51,528)	(73,645)	(52,068)	(21,577)	(41.4%)	<b>Deductions</b>	(51,528)	(73,645)	(52,068)	(21,577)	(41.4%)
<b>14,327</b>	<b>19,157</b>	<b>18,467</b>	<b>690</b>	<b>3.7%</b>	<b>Net Patient Revenue</b>	<b>14,327</b>	<b>19,157</b>	<b>18,467</b>	<b>690</b>	<b>3.7%</b>
405	266	267	(1)	(0.3%)	<b>Other Operating Revenue</b>	405	266	267	(1)	(0.3%)
<b>14,732</b>	<b>19,423</b>	<b>18,734</b>	<b>689</b>	<b>3.7%</b>	<b>Total Operating Revenue</b>	<b>14,732</b>	<b>19,423</b>	<b>18,734</b>	<b>689</b>	<b>3.7%</b>
<b>OPERATING EXPENSE</b>										
7,886	9,172	8,479	(694)	(8.2%)	<b>Salaries &amp; Wages</b>	7,886	9,172	8,479	(694)	(8.2%)
1,854	3,527	2,939	(588)	(20.0%)	<b>Supplies</b>	1,854	3,527	2,939	(588)	(20.0%)
2,649	3,333	3,179	(154)	(4.8%)	<b>Fees &amp; Purchased Services</b>	2,649	3,333	3,179	(154)	(4.8%)
139	380	406	26	6.4%	<b>Other Operating Expense</b>	139	380	406	26	6.4%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
822	1,015	945	(70)	(7.4%)	<b>Depreciation</b>	822	1,015	945	(70)	(7.4%)
<b>13,350</b>	<b>17,426</b>	<b>15,947</b>	<b>(1,479)</b>	<b>(9.3%)</b>	<b>Total Operating Expense</b>	<b>13,350</b>	<b>17,426</b>	<b>15,947</b>	<b>(1,479)</b>	<b>(9.3%)</b>
<b>1,382</b>	<b>1,997</b>	<b>2,787</b>	<b>(790)</b>	<b>(28.3%)</b>	<b>Net Operating Margin</b>	<b>1,382</b>	<b>1,997</b>	<b>2,787</b>	<b>(790)</b>	<b>(28.3%)</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	0	0	0	0	0.0%
<b>1,382</b>	<b>1,997</b>	<b>2,787</b>	<b>(790)</b>	<b>(28.3%)</b>	<b>Net Margin</b>	<b>1,382</b>	<b>1,997</b>	<b>2,787</b>	<b>(790)</b>	<b>(28.3%)</b>
<b>2,204</b>	<b>3,012</b>	<b>3,732</b>	<b>(720)</b>	<b>(19.3%)</b>	<b>Operating EBIDA</b>	<b>2,204</b>	<b>3,012</b>	<b>3,732</b>	<b>(720)</b>	<b>(19.3%)</b>
15.0%	15.5%	19.9%	(4.4%)		<b>Operating EBIDA Margin</b>	15.0%	15.5%	19.9%	(4.4%)	
9.4%	10.3%	14.9%	(4.6%)		<b>Operating Margin</b>	9.4%	10.3%	14.9%	(4.6%)	
9.4%	10.3%	14.9%	(4.6%)		<b>Net Margin</b>	9.4%	10.3%	14.9%	(4.6%)	

# El Camino Health Medical Network

## Statement of Operations (\$000s)

Period 1 ending 07/31/2021

Period 1 FY 2021	Period 1 FY 2022	Period 1 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUES</b>										
7,944	9,365	9,001	364	4.0%	<b>Gross Revenue</b>	7,944	9,365	9,001	364	4.0%
(5,594)	(6,294)	(5,623)	(671)	(11.9%)	<b>Deductions</b>	(5,594)	(6,294)	(5,623)	(671)	(11.9%)
<b>2,350</b>	<b>3,071</b>	<b>3,378</b>	<b>(307)</b>	<b>(9.1%)</b>	<b>Net Patient Revenue</b>	<b>2,350</b>	<b>3,071</b>	<b>3,378</b>	<b>(307)</b>	<b>(9.1%)</b>
1,976	872	999	(127)	(12.7%)	<b>Other Operating Revenue</b>	1,976	872	999	(127)	(12.7%)
<b>4,326</b>	<b>3,943</b>	<b>4,377</b>	<b>(434)</b>	<b>(9.9%)</b>	<b>Total Operating Revenues</b>	<b>4,326</b>	<b>3,943</b>	<b>4,377</b>	<b>(434)</b>	<b>(9.9%)</b>
<b>OPERATING EXPENSES</b>										
1,618	1,463	1,818	355	19.5%	<b>Salaries &amp; Wages</b>	1,618	1,463	1,818	355	19.5%
352	218	285	66	23.3%	<b>Supplies</b>	352	218	285	66	23.3%
3,674	3,682	3,707	25	0.7%	<b>Fees &amp; Purchased Services</b>	3,674	3,682	3,707	25	0.7%
808	883	926	43	4.7%	<b>Other Operating Expense</b>	808	883	926	43	4.7%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
140	255	241	(14)	(6.0%)	<b>Depreciation</b>	140	255	241	(14)	(6.0%)
<b>6,592</b>	<b>6,502</b>	<b>6,977</b>	<b>475</b>	<b>6.8%</b>	<b>Total Operating Expenses</b>	<b>6,592</b>	<b>6,502</b>	<b>6,977</b>	<b>475</b>	<b>6.8%</b>
<b>(2,267)</b>	<b>(2,558)</b>	<b>(2,600)</b>	<b>42</b>	<b>(1.6%)</b>	<b>Net Operating Margin</b>	<b>(2,267)</b>	<b>(2,558)</b>	<b>(2,600)</b>	<b>42</b>	<b>(1.6%)</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	0	0	0	0	0.0%
<b>(2,267)</b>	<b>(2,558)</b>	<b>(2,600)</b>	<b>42</b>	<b>(1.6%)</b>	<b>Net Margin</b>	<b>(2,267)</b>	<b>(2,558)</b>	<b>(2,600)</b>	<b>42</b>	<b>(1.6%)</b>
<b>(2,126)</b>	<b>(2,303)</b>	<b>(2,359)</b>	<b>56</b>	<b>(2.4%)</b>	<b>Operating EBIDA</b>	<b>(2,126)</b>	<b>(2,303)</b>	<b>(2,359)</b>	<b>56</b>	<b>(2.4%)</b>
<b>-49.2%</b>	<b>-58.4%</b>	<b>-53.9%</b>	<b>(4.5%)</b>		<b>Operating EBIDA Margin</b>	<b>-49.2%</b>	<b>-58.4%</b>	<b>-53.9%</b>	<b>(4.5%)</b>	
<b>-52.4%</b>	<b>-64.9%</b>	<b>-59.4%</b>	<b>(5.5%)</b>		<b>Operating Margin</b>	<b>-52.4%</b>	<b>-64.9%</b>	<b>-59.4%</b>	<b>(5.5%)</b>	
<b>-52.4%</b>	<b>-64.9%</b>	<b>-59.4%</b>	<b>(5.5%)</b>		<b>Net Margin</b>	<b>-52.4%</b>	<b>-64.9%</b>	<b>-59.4%</b>	<b>(5.5%)</b>	

**FY2022 Finance Committee Pacing Plan**

FY2022 FC Pacing Plan – Q1		
July 2021	August 9, 2021	September 27, 2021
<b>No Scheduled Finance Committee Meeting</b>	<b>Approval Items</b> <ul style="list-style-type: none"> <li>• Standing Consent Agenda Items</li> <li>• Minutes (motion)</li> <li>• Candidate Interviews and Recommendation to Appoint</li> <li>• Financial Report (FY2021 Periods 11 and 12)</li> </ul> <b>Discussion Items</b> <ul style="list-style-type: none"> <li>• Financial Report (Pre-Audit Fiscal Year End 2021 Results)</li> <li>• Service Line / Business Affiliate Review: JV Satellite Healthcare</li> <li>• Update on Kindred IP Rehab JV</li> <li>• Medical Staff Development Plan</li> <li>• Report on Board Actions</li> <li>• Other Standing Agenda Items</li> <li>• Executive Session</li> <li>• Post Implementation Review (“PIR”) Per Attached Schedule</li> </ul>	<b>Approval Items</b> <ul style="list-style-type: none"> <li>• Standing Consent Agenda Items</li> <li>• Minutes (motion)</li> <li>• Financial Report (FY2022 Periods 1 and 2)</li> <li>• Financial Report Fiscal Year End 2021 Results</li> </ul> <b>Discussion Items</b> <ul style="list-style-type: none"> <li>• Service Line / Business Affiliate Review: ECHMN Update</li> <li>• Progress Against FY2022 Committee Goals &amp; Pacing Plan</li> <li>• AdHoc Committee Update on Finance Committee Member Recruitment</li> <li>• Project Update: Women’s and Newborn Hospital Project</li> <li>• PIR</li> <li>• Report on Board Actions</li> <li>• Other Standing Agenda Items</li> <li>• Executive Session</li> </ul>
FY2022 FC Pacing Plan – Q2		
October 2021	November 22, 2021	December 2021
<b>No Scheduled Finance Committee Meeting</b>	<b>Approval Items</b> <ul style="list-style-type: none"> <li>• Standing Consent Agenda Items</li> <li>• Minutes (motion)</li> <li>• Financial Report (FY2022 Periods 3 and 4)</li> </ul> <b>Discussion Items</b> <ul style="list-style-type: none"> <li>• Service Line Review: Orthopedics</li> <li>• Foundation Update</li> <li>• FY2023 Community Benefit Grant Application Guiding Principles / Process</li> <li>• Review Progress on Opportunities / Risks Identified for FY2022</li> <li>• PIR</li> <li>• Report on Board Actions</li> <li>• Other Standing Agenda Items</li> <li>• Executive Session</li> </ul>	<b>No Scheduled Finance Committee Meeting</b>

**FY2022 Finance Committee Pacing Plan**

FY2022 FC Pacing Plan – Q2		
January 31, 2022	February 2022	March 28, 2022
<p><b>5:30pm</b>  <b>Joint Meeting with the Investment Committee:</b>  <b>Topic: Long Term Financial Forecast</b></p> <p><b>6:30pm</b>  <b>Approval Items</b></p> <ul style="list-style-type: none"> <li>• Standing Consent Agenda Items</li> <li>• Minutes (motion)</li> <li>• Financial Report (FY2022 Periods 5 and 6)</li> </ul> <p><b>Discussion</b></p> <ul style="list-style-type: none"> <li>• Service Line / Business Affiliate Review: Cardiology and ECHMN Update</li> <li>• Managed Care Update</li> <li>• PIR</li> <li>• MV Campus Completion Plan</li> <li>• Report on Board Actions</li> <li>• Other Standing Agenda Items</li> <li>• Executive Session</li> </ul>	<p><b>No Scheduled Finance Committee Meeting</b></p>	<p><b>Approval Items</b></p> <ul style="list-style-type: none"> <li>• Standing Consent Agenda Items</li> <li>• Minutes (motion)</li> <li>• Financial Report (FY2022 Periods 7 and 8)</li> </ul> <p><b>Discussion Items</b></p> <ul style="list-style-type: none"> <li>• FY2023 Budget Part # 1 Process and Assumptions</li> <li>• Service Line Review: CONCERN</li> <li>• Community Benefit Grant Program Update</li> <li>• Summary Physician Financial Arrangements (Year-End)</li> <li>• FY2023 Committee Planning: Goals, Pacing Plan and Meeting Dates</li> <li>• PIR</li> <li>• Report on Board Actions</li> <li>• Other Standing Agenda Items</li> <li>• Executive Session</li> </ul>
FY2022 FC Pacing Plan – Q4		
April 25, 2022	May 30, 2022	June 2022
<p><b>Approval Items</b></p> <ul style="list-style-type: none"> <li>• Standing Consent Agenda Items</li> <li>• Minutes (motion)</li> <li>• Financial Report (FY2022 Period 9)</li> </ul> <p><b>Discussion Items</b></p> <ul style="list-style-type: none"> <li>• FY2023 Budget Preview Part 2</li> <li>• Service Line Report – ECHMN Update</li> <li>• Review Cycle Progress Report</li> <li>• Progress Against FY2022 Committee Goals &amp; Pacing Plan</li> <li>• FY2023 Committee Planning: Goals, Pacing Plan and Meeting Dates</li> <li>• PIR</li> <li>• Report on Board Actions</li> <li>• Other Standing Agenda Items</li> <li>• Executive Session</li> </ul>	<p><b>5:30pm</b>  <b>Joint Meeting with the Hospital Board</b>  <b>Approval Items: FY2023 Operating &amp; Capital Budget</b></p> <p><b>6:15pm</b>  <b>Approval Items</b></p> <ul style="list-style-type: none"> <li>• Financial Report (FY2022 Period 10)</li> <li>• FY2023 Organizational Goals</li> <li>• FY2023 Committee Planning: Goals, Pacing Plan and Meeting Dates</li> <li>• FY2023 El Camino Hospital Community Benefit Grant Program</li> </ul> <p><b>Discussion Items</b></p> <ul style="list-style-type: none"> <li>• Service Line Report: Pathways JV</li> <li>• PIR</li> <li>• Report on Board Actions</li> <li>• Other Standing Agenda Items</li> <li>• Executive Session</li> </ul>	<p><b>No Scheduled Finance Committee Meeting</b></p>

**FY2022 Finance Committee Pacing Plan  
Last 30 Months Capital Project Approvals  
January 2019 – June 2021**

APPROVAL DATE	APPROVING BODY	PROJECT NAME	APPROVED AMOUNT	PROPOSED FC PROJECT UPDATE / POST-IMPLEMENTATION REVIEW DATE
2/13/2019	ECH Board	Women's Hospital Planning	\$10M (Total Now \$16M)	9/2020
2/13/2019	ECH Board	SVMD Clinic Site Tenant Improvements	\$8M	9/2020
2/13/2019	ECH Board	Interventional Equipment Replacement	\$13M	9/2020
2/13/2019	ECH Board	Imaging Equipment Replacement	\$16.9M	9/2020
2/13/2019	ECH Board	SVMD Asset Acquisition	\$1.2M	11/2020 (w/SVMD Financials)
3/13/2019				
3/25/2019	Finance Committee	SVMD Clinic IT Infrastructure	\$4.6M	11/2020 (w/SVMD Financials)
5/28/2019	Finance Committee	MV Campus Signage	\$1.1M	N/A < \$2 M
8/21/2019	ECH Board	Medical Staff Development Plan	\$6.1M	1/2021
8/21/2019	ECH Board	ED Remodel	\$6.75M	1/2021
10/10/2020	ECH Board	MV Campus Completion (Old Main Demo)	\$24.9M	3/2021
1/25/2020*	Finance Committee	Satellite Dialysis*	*No approval on /1/25/2020 presented only	7/2021
7/27/2020	Finance Committee	Sterile Processing Equipment	\$1.85M	N/A < \$2 M
8/12/2020	ECH Board	Radiation Oncology Replacement Equipment	\$10,300,000 (add'l \$3.55 M)	1/2022
11/23/2020		None		
1/25/2021	Finance Committee	Real Estate Transaction	\$1.875M	9/2021
1/25/2021	Finance Committee	Cardiopulmonary Wellness Center (CPWC) Relocation	\$5.0M	3/2022
2/10/2021	ECH Board	Women's Hospital Expansion Project	\$149M	9/2021
3/29/2021		None		
4/26/2021		None		
5/24/2021	Finance Committee	MV Wireless / DAS Network Upgrades	\$3.3M	4/2022
8/9/2021	ECH Board	MV Cath. Lab Replacement Project	\$19.5M	5/2022
8/9/2021	ECH Board	Pyxis MedStation Replacement Project	\$6.64M	4/2022
8/9/2021	Finance Committee	ECHMN Clinic Relocation	\$3.09M	1/2022

# The San Diego Union-Tribune

## Scripps starts delaying medical procedures citing workforce shortages, COVID-19 demand



**Some outpatient locations may need to close due to too many unfilled jobs, hospital says**

BY [PAUL SISSON](#)

AUG. 20, 2021 6:19 PM PT

Scripps Health reported Friday that it has begun delaying some medical procedures and is considering consolidating some of its outpatient locations due to a shortage of qualified workers even as COVID-19 continues to increase demand for hospital beds.

Chris Van Gorder, the health system’s chief executive officer, said in an email that, so far, the number of delayed operations remains very small — nowhere near the near-total shutdown of elective medical work undertaken in 2020.

So far, he said, only two previously-scheduled operations have been delayed, but the process for expanding that number is now in play in a way that it was not last month.

“We are restarting the process where our physicians discuss load balancing based on our census as we now have consistently more than a thousand hospitalized patients daily, and the increase in COVID — up 8 today to 174 — is putting pressure on our ability to handle the load,” Van Gorder said. “For example, at one of our hospitals, we are converting a surgical intensive care unit once again to a COVID unit, putting pressure on our ability to put post-surgical patients in an appropriate bed.

“Staffing is more challenging now than at the height of the last major surge.”

Scripps declined to elaborate further on which of its county-wide array of out outpatient facilities it might close during the consolidation process.

Many in recent weeks have said that fewer health care workers, from nurses and doctors to technicians and therapists, are making themselves available to work as the Delta variant continues to send daily new-case totals over 1,000, largely among the unvaccinated.

UC San Diego Health confirmed Friday evening that it too has started rescheduling work though, like Scripps, the numbers have been small — fewer than 10 cases so far.

Kaiser Permanente San Diego said in its own statement that it “remains appropriately staffed and operational to provide care,” but did not respond to say whether delaying procedures or consolidating locations is part of its plan now or in the near future.

Palomar Health in North County said it has not postponed any scheduled surgeries and has no plans to do so though an inability to hire more staff hampers plans to expand its offerings further.

Sharp HealthCare, the region’s largest integrated medical provider, did not respond to a request for information by press time.

Scripps put the finest point yet on the staffing situation in its statement Friday.

Today, the organization said, it has 1,309 full- and part-time open positions, compared to 832 open positions in August of 2019. A total of 433 of those open positions are for registered nurses, a number that, Scripps said, was only 220 during the same time of year in 2019.

The staffing shortage comes as hospitals across San Diego and the nation report increases in demand for service that includes an unusual bump in medical cases that are not related to coronavirus. Much of the increase is currently being felt, hospitals said last week, in overcrowded emergency departments, and medical professionals say that a significant proportion of those cases are related to delayed care from 2020.

**<https://www.sandiegouniontribune.com/news/health/story/2021-08-20/scripps-starts-delaying-medical-procedures-citing-workforce-shortages-covid-demand>**

August 20, 2021 04:59 PM

## Google says health projects will continue—even if Google Health won't

JESSICA KIM COHEN



Google is unwinding its three-year-old Google Health division as it reorganizes health projects and teams across the company.

Alphabet's Google created the Google Health division in 2018, shortly after announcing Dr. David Feinberg, then CEO of Geisinger Health, would [join the company](#) as a vice president. Feinberg, who was tapped [to become CEO of Cerner](#) this week, was charged with bringing Google's health efforts under a [single umbrella](#).

On the heels of Feinberg's departure, Google will dismantle Google Health and distribute its projects across other areas of the Mountain View, California-based company, according to an internal memo obtained by [Insider](#). Health-related teams will become part of the company's research, search and device divisions.

"Google deeply believes in the power of technology to improve health and wellness and we have increased our health investments across the company," a Google spokesperson wrote in an email. "Today, health is a growing, company-wide effort and the Google Health name will continue and encompass our projects that share the common purpose to improve global health outcomes."

The demise of Google Health feels like "deja vu," said Paddy Padmanabhan, CEO of Damo Consulting.

Google's first foray into healthcare—a personal health record service also called Google Health—shuttered in 2012 after four years.

"This is not unusual," said Dr. Christopher Longhurst, chief information officer at UC San Diego Health, noting other tech giants have pushed into healthcare, only to walk back their investments a few years later. "Healthcare is really difficult to disrupt."

Longhurst in a [tweet](#) pointed out Google also shuttered its initial Google Health project after just a few years.

The original Google Health was similar to Microsoft Corp.'s HealthVault, which operated from 2007 to 2019.

"I hope that we'll see some continued investment in the healthcare space," Longhurst said of Google. "But I think it may be more difficult without a centralized healthcare source."

Google has been reorganizing since at least June, when the company started shifting Google Health teams to Fitbit and search. Fitbit, which [Google acquired](#) in January, is part of the company's devices and services business. Google's YouTube also [unveiled its own health team](#) earlier this year.

While Google Health will no longer exist as a standalone entity within Google, all of the company's health efforts will continue, according to a Google spokesperson. Most of the teams within Google Health will remain the same and will be situated under Google's research division. There will be no layoffs, the spokesperson said.

Dr. Karen DeSalvo, Google's chief health officer who leads a team focused on regulatory and compliance matters, will now report to chief legal officer Kent Walker. Google hired DeSalvo and other high-profile health executives when it established Google Health, including former officials from HHS' Office of the National Coordinator for Health Information Technology and the Food and Drug Administration.

The Mayo Clinic of Rochester, Minnesota, will maintain its cloud storage and innovation arrangement with Google, a spokesperson for the health system wrote in an email. Over the past two years, the Mayo Clinic established a clinical data analytics platform on Google's cloud platform and began a joint research project to study whether artificial intelligence can automate aspects of radiation therapy planning.

Google parent Alphabet's health efforts spanned multiple areas, including cloud deals with various [health systems](#) and Onduo, a virtual care company focused on chronic conditions and housed within Alphabet's Verily life sciences arm.

Amazon and Microsoft are also making forays into the health business and have healthcare-specific arms within their cloud divisions, but not for the company as a whole.

"These tech firms don't operate in a vertically focused manner," Padmanabhan said. Placing health teams within other units that can tailor tools and service to the healthcare industry is preferable to consolidating healthcare activities into a single division, he said.

<https://www.modernhealthcare.com/technology/google-says-health-projects-will-continue-even-if-google-health-wont>

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

**To:** Finance Committee  
**From:** Stephanie Ijlin, Supervisor of Executive Administration  
**Date:** September 27, 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:**

- Situation:** It is essential 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.
- Authority:** This is being brought to the Committees at the request of the Board and the Committees.
- Background:** Since the last time we provided this report to the Finance Committee, the Hospital and District boards have met 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)
<b>ECH Board</b>	Aug 18, 2021	<ul style="list-style-type: none"> <li>- Minutes of the Open &amp; Closed Sessions of the Hospital Board Meeting (06/23/2021)</li> <li>- Quality Improvement Patient Safety Plan (QAPI)</li> <li>- Medical Staff Credentials and Privileges Report</li> <li>- Pediatric FPPE Plan-Revised</li> <li>- Medical Staff Bylaws Amendment</li> <li>- FY 21 Period 11 Financials</li> <li>- MV Daytime Intensivist Professional Services Agreement</li> <li>- Investment in New Joint Venture with Satellite Healthcare</li> <li>- Amendment to CEO Employment Agreement</li> </ul>
<b>ECHD Board Special Study Session</b>	Sept 14, 2021	- N/A
<b>Executive Compensation Committee</b>		- N/A
<b>Compliance Committee</b>	Aug 19, 2021	<ul style="list-style-type: none"> <li>- Minutes of the Open &amp; Closed Sessions of the CAC Meeting (05/20/2021)</li> <li>- Minutes of the Closed Session of the CAC Meeting (3/18/2021)</li> <li>- KPI Scorecard and Trends</li> </ul>

Report on Board Actions  
September 27, 2021

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
		<ul style="list-style-type: none"> <li>- Activity Log May 2021</li> <li>- Activity Log June 2021</li> <li>- Internal Audit Work Plan</li> <li>- Internal Audit Follow Up Table</li> <li>- Committee Pacing Plan</li> </ul>
<p><b>Finance Committee</b></p>	<p>Aug 9, 2021</p>	<ul style="list-style-type: none"> <li>- Minutes of the Open &amp; Closed Sessions of the Finance Committee (05/24/2021)</li> <li>- Minutes of the Open Session of the Joint Hospital Board and Finance Committee (05/24/2021)</li> <li>- FY 21 Period 11 Financials</li> <li>- FY 21 Period 12 Financials</li> <li>- Medical Development Plan</li> <li>- Cath Lab Project</li> <li>- ECHMN Clinic Relocation</li> <li>- Pyxis Replacement Project</li> <li>- MV Daytime Intensivist Professional Services Renewal Agreement</li> <li>- Enterprise Quality and Physician Services Medical Director Renewal Agreement</li> <li>- MV Cardiothoracic Surgery Panel Renewal Agreement</li> <li>- Inpatient Rehabilitation Business Development</li> <li>- Service Line/ Business Affiliate Review: Investment in New JV Center with Satellite Healthcare</li> </ul>

**List of Attachments:** None.

**Suggested Committee Discussion Questions:** None.



# El Camino Health

## Summary of Financial Operations

*Fiscal Year 2022 – Period 2*

*7/1/2021 to 08/31/2021*

## Executive Summary - Overall Commentary for Period 2

- Strong operating / financial results for Period 2 were attributed to the following:
  - Despite being out-of-network with Anthem, August gross charges were favorable to budget and higher than the same period last year
  - Strong volume / patient activity was attributed ER visits which are consistent with pre-Covid levels, continued strong procedural volumes at both campuses and improvement in payor mix
- Total gross charges, a surrogate for volume, were favorable to budget by \$42.9M / 11.4% and \$79.5M / 23.4% higher than the same period last year
- Net patient revenue was favorable to budget by \$9.1M / 9.6% and \$18.8M / 22.0% higher than the same period last year
- Operating expenses were \$1.7M / 1.9% unfavorable to budget, which is primarily attributed to higher than expected volume versus budget and increase in ED visits in August
- Operating margin was favorable to budget by \$5.8M / 130.4% and \$12.7M / 1956.2% better than the same period last year
- Operating EBIDA was favorable to budget by \$9.1M / 70.3% and \$14.5M / 196.3% better than the same period last year

# Operational / Financial Results: Period 2 – August 2022 (as of 8/31/2021)

## PERIOD 2 - RESULTS

(\$ thousands)		Current Year	Budget	Variance to Budget	Performance to Budget	Prior Year	Variance to Prior Year	Variance to Prior Year	Moody's	S&P	Performance to Rating Agency Medians
									'A1'	'AA'	
Activity / Volume	ADC	271	240	31	12.8%	241	30	12.5%	---	---	---
	Total Acute Discharges	1,781	1,638	143	8.7%	1,618	163	10.1%	---	---	---
	Adjusted Discharges	3,456	3,080	375	12.2%	2,995	461	15.4%	---	---	---
	Emergency Room Visits	5,587	4,158	1,429	34.4%	3,966	1,621	40.9%	---	---	---
	OP Procedural Cases	12,839	10,635	2,204	20.7%	12,102	737	6.1%	---	---	---
	Gross Charges (\$)	418,615	375,752	42,862	11.4%	339,121	79,493	23.4%	---	---	---
Operations	Total FTEs	2,989	3,048	(59)	(1.9%)	2,749	241	8.8%	---	---	---
	Productive Hrs. / APD	28.3	32.1	(3.8)	(11.8%)	31.1	(2.7)	(8.8%)	---	---	---
	Cost Per CMI AD	15,988	17,952	(1,964)	(10.9%)	17,469	(1,481)	(8.5%)	---	---	---
	Net Days in A/R	53.6	49.0	4.6	9.4%	50.9	2.7	5.4%	47.7	49.7	---
Financial Performance	Net Patient Revenue (\$)	104,482	95,320	9,163	9.6%	85,672	18,810	22.0%	138,547	82,105	---
	Total Operating Revenue (\$)	108,228	98,919	9,309	9.4%	90,003	18,225	20.2%	152,743	109,602	---
	<b>Operating Income (\$)</b>	<b>13,384</b>	<b>5,809</b>	<b>7,576</b>	<b>130.4%</b>	<b>651</b>	<b>12,733</b>	<b>1956.2%</b>	<b>1,915</b>	<b>3,836</b>	---
	<b>Operating EBIDA (\$)</b>	<b>21,959</b>	<b>12,895</b>	<b>9,064</b>	<b>70.3%</b>	<b>7,410</b>	<b>14,549</b>	<b>196.3%</b>	<b>11,188</b>	<b>10,741</b>	---
	Net Income (\$)	27,680	12,154	15,526	127.7%	29,293	(1,613)	(5.5%)	8,124	7,343	---
	<b>Operating Margin (%)</b>	<b>12.4%</b>	<b>5.9%</b>	<b>6.5%</b>	<b>110.6%</b>	<b>0.7%</b>	<b>11.6%</b>	<b>1610.0%</b>	<b>1.9%</b>	<b>3.5%</b>	---
	<b>Operating EBIDA (%)</b>	<b>20.3%</b>	<b>13.0%</b>	<b>7.3%</b>	<b>55.6%</b>	<b>8.2%</b>	<b>12.1%</b>	<b>146.4%</b>	<b>8.3%</b>	<b>9.8%</b>	---
	DCOH (days)	371	325	46	14.2%	337	34	10.1%	306	355	---

Moody's Medians: Not-for-profit and public healthcare annual report; September 9, 2021. Dollar amounts have been adjusted to reflect monthly averages.

S&P Medians: U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; August 30, 2021. Dollar amounts have been adjusted to reflect monthly averages.

DCOH total includes cash, short-term and long-term investments.

# Operational / Financial Results: YTD FY2022 (as of 8/31/2021)

## YTD FY2022 - RESULTS

(\$ thousands)

### Activity / Volume

	Current Year	Budget	Variance to Budget	Performance to Budget	Prior Year	Variance to Prior Year	Variance to Prior Year
ADC	263	239	24	10.0%	232	31	13.5%
Total Acute Discharges	3,486	3,236	250	7.7%	3,094	392	12.7%
Adjusted Discharges	6,884	6,017	867	14.4%	5,838	1,046	17.9%
Emergency Room Visits	10,609	8,432	2,177	25.8%	8,001	2,608	32.6%
OP Procedural Cases	24,906	20,508	4,398	21.4%	23,808	1,098	4.6%
Gross Charges (\$)	824,910	734,051	90,859	12.4%	672,350	152,560	22.7%

### Operations

Total FTEs	2,968	3,022	(55)	(1.8%)	2,719	249	9.2%
Productive Hrs. / APD	28.3	32.5	(4.2)	(12.8%)	31.1	(2.8)	(8.9%)
Cost Per CMI AD	15,806	17,952	(2,146)	(12.0%)	16,952	(1,147)	(6.8%)
Net Days in A/R	53.6	49.0	4.6	9.4%	50.9	2.7	5.4%

### Financial Performance

Net Patient Revenue (\$)	206,256	188,074	18,182	9.7%	171,540	34,716	20.2%
Total Operating Revenue (\$)	213,117	195,219	17,898	9.2%	180,538	32,579	18.0%
<b>Operating Income (\$)</b>	<b>26,032</b>	<b>11,147</b>	<b>14,884</b>	<b>133.5%</b>	<b>8,775</b>	<b>17,257</b>	<b>196.7%</b>
<b>Operating EBIDA (\$)</b>	<b>40,752</b>	<b>25,370</b>	<b>15,382</b>	<b>60.6%</b>	<b>22,193</b>	<b>18,559</b>	<b>83.6%</b>
Net Income (\$)	36,229	25,275	10,954	43.3%	65,135	(28,906)	(44.4%)
<b>Operating Margin (%)</b>	<b>12.2%</b>	<b>5.7%</b>	<b>6.5%</b>	<b>113.9%</b>	<b>4.9%</b>	<b>7.4%</b>	<b>151.3%</b>
<b>Operating EBIDA (%)</b>	<b>19.1%</b>	<b>13.0%</b>	<b>6.1%</b>	<b>47.1%</b>	<b>12.3%</b>	<b>6.8%</b>	<b>55.6%</b>
DCOH (days)	371	325	46	14.2%	337	34	10.1%

Moody's	S&P	Performance to Rating Agency Medians
'A1'	'AA'	
---	---	---
---	---	---
---	---	---
---	---	---
---	---	---
---	---	---
---	---	---
47.7	49.7	
277,095	164,209	
303,819	219,204	
<b>3,830</b>	<b>7,672</b>	
<b>22,377</b>	<b>21,482</b>	
16,249	14,687	
<b>1.9%</b>	<b>3.5%</b>	
<b>8.3%</b>	<b>9.8%</b>	
306	355	

Moody's Medians: Not-for-profit and public healthcare annual report; September 9, 2021.

S&P Medians: U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; August 30, 2021

DCOH total includes cash, short-term and long-term investments.

# Key Statistics: Period 2 and YTD (as of 08/31/2021)

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	241	271	240	12.5%	12.8%	232	263	239	13.5%	10.0%
Utilization MV	62%	71%	64%	14.4%	11.5%	60%	69%	64%	15.8%	9.1%
Utilization LG	33%	35%	29%	5.1%	18.7%	32%	33%	29%	4.0%	14.3%
Utilization Combined	53%	60%	53%	12.5%	12.8%	51%	58%	53%	13.5%	10.0%
Adjusted Discharges	2,995	3,456	3,080	15.4%	12.2%	5,838	6,884	6,017	17.9%	14.4%
Total Discharges (Exc NB)	1,618	1,781	1,638	10.1%	8.7%	3,094	3,486	3,236	12.7%	7.7%
Total Discharges	2,017	2,196	2,019	8.9%	8.8%	3,831	4,279	3,986	11.7%	7.3%
<b>Inpatient Activity</b>										
MS Discharges	1,045	1,178	1,074	12.7%	9.7%	2,016	2,329	2,128	15.5%	9.5%
Deliveries	414	444	405	7.2%	9.8%	783	858	795	9.6%	7.9%
BHS	115	114	116	(0.9%)	(1.9%)	203	210	228	3.4%	(8.1%)
Rehab	48	44	43	(8.3%)	2.3%	94	85	84	(9.6%)	1.2%
<b>Outpatient Activity</b>										
Total Outpatient Cases	15,216	17,150	13,755	12.7%	24.7%	30,087	33,458	26,839	11.2%	24.7%
ED	3,114	4,311	3,120	38.4%	38.2%	6,279	8,552	6,331	36.2%	35.1%
OP Surg	495	560	440	13.1%	27.2%	1,006	1,187	847	18.0%	40.1%
Endo	228	243	223	6.6%	9.0%	485	511	427	5.4%	19.7%
Interventional	164	187	183	14.0%	2.2%	351	393	355	12.0%	10.7%
All Other	11,215	11,849	9,789	5.7%	21.0%	21,966	22,815	18,878	3.9%	20.9%
<b>Hospital Payor Mix</b>										
Medicare	48.0%	47.5%	47.5%	(1.0%)	(0.0%)	47.6%	48.1%	47.5%	1.0%	1.1%
Medi-Cal	6.9%	8.3%	7.6%	20.5%	8.9%	7.1%	8.1%	7.9%	14.8%	3.3%
Commercial	42.1%	42.1%	42.8%	0.2%	(1.5%)	42.9%	41.5%	42.5%	(3.1%)	(2.4%)
Other	3.0%	2.0%	2.1%	(33.7%)	(5.0%)	2.5%	2.3%	2.1%	(7.0%)	8.3%

# Income Statement: Rolling 12 Monthly Trend (\$000s)

	FY2021										FY2022		YTD FY2022	Rolling 12 Monthly Average
	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	Period 1 Jul-21	Period 2 Aug-21		
<b>Operating Revenues:</b>														
Gross Revenue	357,838	366,453	341,648	367,494	335,788	314,620	387,620	375,480	381,888	408,078	406,295	418,615	824,910	371,818
Deductions from Revenue	(267,829)	(275,898)	(253,051)	(275,206)	(245,993)	(229,347)	(290,449)	(280,577)	(286,346)	(295,840)	(304,521)	(314,132)	(618,654)	(276,599)
Net Patient Revenue	90,009	90,554	88,597	92,289	89,795	85,273	97,171	94,903	95,542	112,238	101,774	104,482	206,256	95,219
Other Operating Revenue	3,996	4,024	3,234	3,079	4,427	3,352	3,537	3,692	5,385	4,706	3,116	3,746	6,861	3,858
<b>Total Operating Revenue</b>	<b>94,005</b>	<b>94,578</b>	<b>91,831</b>	<b>95,368</b>	<b>94,222</b>	<b>88,625</b>	<b>100,708</b>	<b>98,595</b>	<b>100,927</b>	<b>116,945</b>	<b>104,889</b>	<b>108,228</b>	<b>213,117</b>	<b>99,077</b>
<b>Operating Expenses:</b>														
Salaries, Wages and Benefits	48,136	49,061	47,222	48,774	53,636	48,592	52,025	50,616	48,138	48,101	53,000	53,940	106,940	50,103
Supplies	12,798	13,496	13,641	14,519	13,888	13,587	15,421	14,256	15,241	15,156	15,109	14,569	29,678	14,307
Fees & Purchased Services	14,949	12,982	14,264	14,035	15,825	14,770	15,139	15,761	15,923	19,915	14,390	14,182	28,572	15,178
Other Operating Expenses	4,498	3,721	3,512	4,100	3,819	1,097	3,536	3,662	3,496	6,002	3,598	3,577	7,175	3,718
Interest	1,428	1,429	1,428	1,428	1,428	1,392	1,399	1,400	1,400	1,367	1,419	1,418	2,837	1,411
Depreciation	5,795	5,798	6,068	5,591	5,689	5,903	4,931	5,606	4,808	5,740	4,727	7,157	11,884	5,651
<b>Total Operating Expenses</b>	<b>87,604</b>	<b>86,487</b>	<b>86,136</b>	<b>88,446</b>	<b>94,284</b>	<b>85,341</b>	<b>92,450</b>	<b>91,301</b>	<b>89,006</b>	<b>96,281</b>	<b>92,242</b>	<b>94,844</b>	<b>187,086</b>	<b>90,368</b>
<b>Operating Margin</b>	<b>6,401</b>	<b>8,091</b>	<b>5,695</b>	<b>6,922</b>	<b>(62)</b>	<b>3,285</b>	<b>8,258</b>	<b>7,294</b>	<b>11,921</b>	<b>20,664</b>	<b>12,648</b>	<b>13,384</b>	<b>26,032</b>	<b>8,708</b>
Non-Operating Income	(9,557)	(27,499)	64,968	57,357	39	14,349	18,965	29,151	16,666	20,041	(4,099)	14,296	10,197	16,223
<b>Net Margin</b>	<b>(3,156)</b>	<b>(19,408)</b>	<b>70,663</b>	<b>64,279</b>	<b>(23)</b>	<b>17,633</b>	<b>27,223</b>	<b>36,445</b>	<b>28,588</b>	<b>40,705</b>	<b>8,549</b>	<b>27,680</b>	<b>36,229</b>	<b>24,931</b>
<b>Operating EBIDA</b>	<b>13,624</b>	<b>15,318</b>	<b>13,192</b>	<b>13,940</b>	<b>7,055</b>	<b>10,580</b>	<b>14,588</b>	<b>14,301</b>	<b>18,130</b>	<b>27,771</b>	<b>18,793</b>	<b>21,959</b>	<b>40,752</b>	<b>15,771</b>
Operating Margin (%)											12.1%	12.4%	12.2%	8.8%
Operating EBIDA Margin (%)											17.9%	20.3%	19.1%	15.9%

# Financial Overview: Period 2 – August 2022

Period ending 8/31/2021

## Financial Performance

- August operating income was \$13.4M compared to a budget of \$5.8M, resulting in a favorable variance of \$7.6M
- August volumes and revenues continue to be stronger than budget as demonstrated by:
  - Adjusted discharges were favorable to budget by 375 cases / 12.2% and 461 cases / 15.4% above the same period last year
  - Favorable variance of gross charges of \$42.9M was primarily driven by favorable Outpatient activity:
    - Inpatient gross charges: Favorable to budget by \$15.4M / 7.9% variance primarily driven by cath. lab, maternal/child services, emergency services, and corresponding ancillary services
    - Outpatient gross charges: Favorable to budget by \$26.1M / 15.2% variance primarily driven by emergency services, surgery, cath. lab, imaging services, and corresponding ancillary services
  - Operating Expenses were unfavorable to budget by \$1.7M / 1.9% driven by the level of patient activity
    - SWB were unfavorable by \$2.2M / 4.2%
    - Supplies were favorable by \$132K / 0.9%
    - All other discretionary non-volume driven expenses were favorable to budget by \$0.4M
    - Additional expenses attributed to Covid-19 were \$565K in August and \$1.1M YTD
- Non Operating Income includes:
  - Favorable variance in non-operating revenue is primarily due to unrealized gains on investments

# Financial Overview: Period 2 – August 2022 (cont.)

Period ending 8/31/2021

## Financial Performance

### Hospital Operations:

- Adjusted Discharges (AD): Favorable to budget by 375 ADs / 12.2% and above prior year by 461 ADs / 15.4%:
  - Mountain View: Favorable to budget by 238 ADs / 9.8% and above prior year by 318 ADs / 13.4%
  - Los Gatos: Favorable to budget by 137 ADs / 20.5% and above prior year by 143 ADs / 21.7%
- Operating Expense Per CMI Adjusted Discharge: \$15,988 which is 10.9% favorable to budget

Note: Excludes depreciation and interest

### El Camino Health Medical Network (ECHMN) Operations:

- August's total visits of 21,326 or 920 visits per day reflect an increase of 6.2% and 2.8% over the prior month's activity of 20,084 total visits or 910 visits per day. Nearly all clinics saw increases in patient volumes in August.
- August's total visits were favorable to budget by 5% and 3.8% greater than budget YTD
- Net income for the month of August was favorable to budget by \$133K or 4.9% bringing the YTD variance to a favorable \$175K or 3.3%. Compared to August and YTD FY2021, ECHMN's net income is favorable \$1.0M and \$722K respectively

# Financial Overview: YTD FY2022 (as of 8/31/2021)

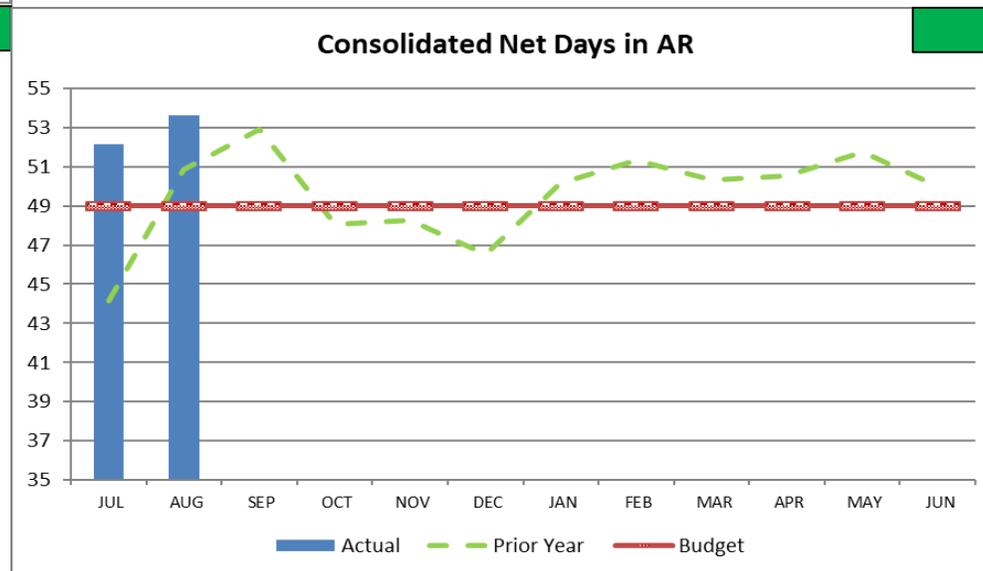
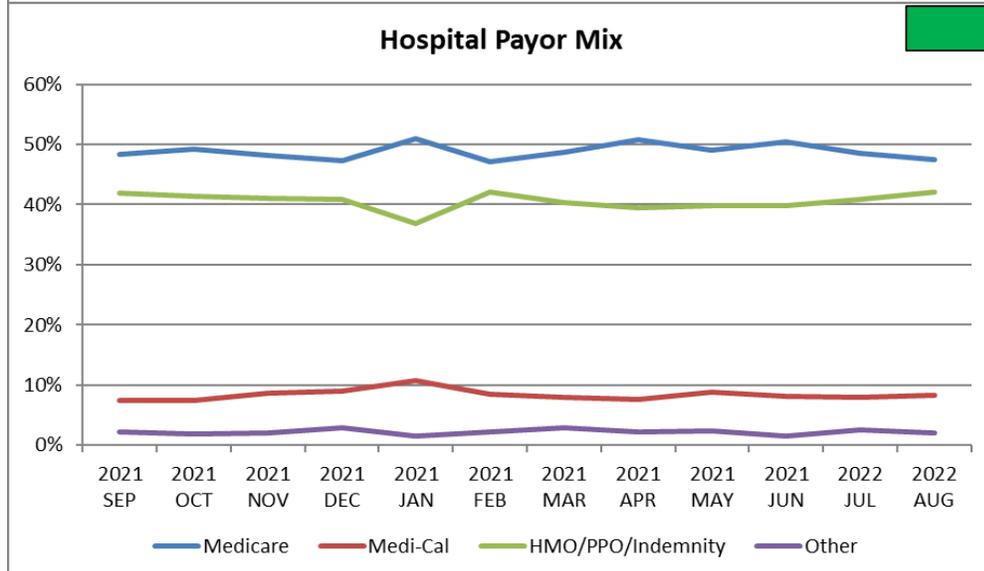
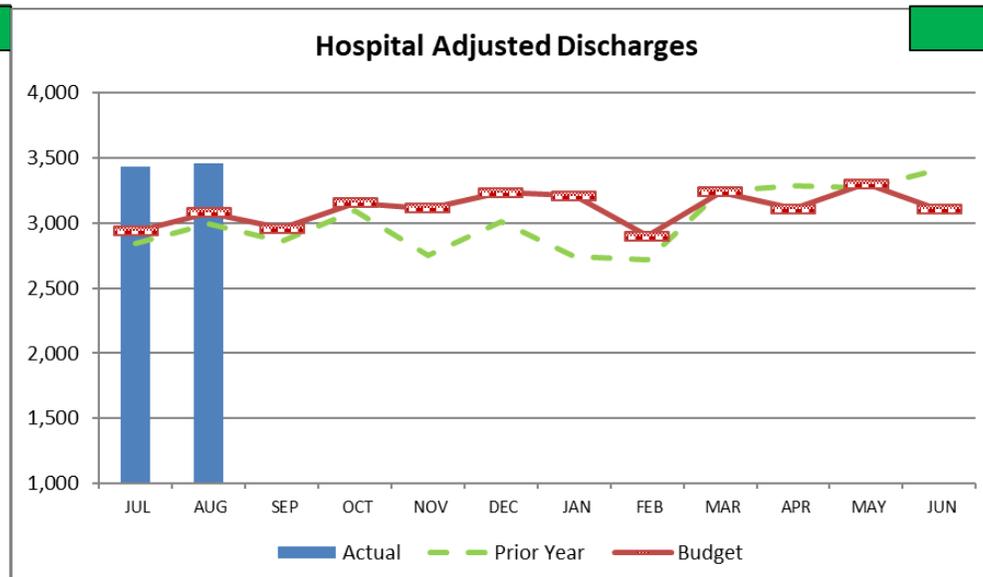
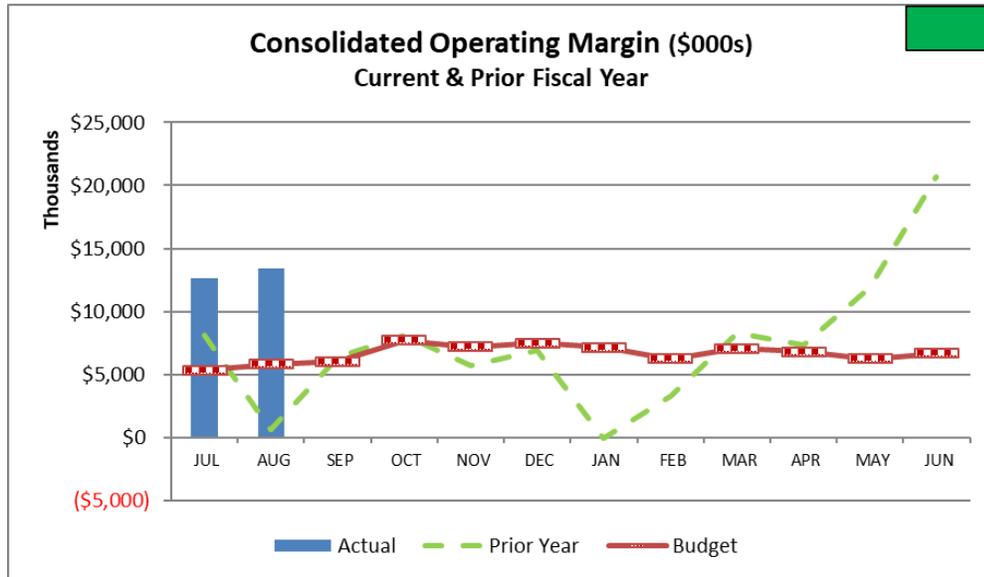
## Consolidated Financial Performance

- YTD FY2022 operating margin of \$26.0M compared to the budget of \$11.1M
- Year-over-year operating margin is \$17.2M higher than the same period last year, which is primarily due to the strength in volumes as exhibited by growth in Adjusted Discharges, Emergency Room Visits, and Surgeries. In addition, while revenue has driven improved year over year performance, expense management has been effective.
- Strong volumes continue to be the primary driver of favorable performance to budget
  - Adjusted discharges are 6,884 / 14.4% favorable to budget and 1,046 / 17.9% higher than the same period last year
- Operating expenses are \$187.1M / 1.6% unfavorable to budget
  - Operating expense per CMI adjusted discharge: \$15,806 which is 12.0% favorable to budget. This demonstrates consistent and effective management of variable expenses

**Note: Excludes depreciation and interest expense**

# APPENDIX

# YTD FY2022 Financial KPIs – Monthly Trends



# Investment Scorecard (as of 6/30/2021)

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY21 Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>		<b>CY 2Q 2021 / FY 4Q 2021</b>		<b>Fiscal Year-to-Date 2021</b>		<b>8y 8m Since Inception (annualized)</b>		<b>FY 2021</b>	<b>2019</b>
Surplus cash balance*		\$1,453.0	--	--	--	--	--	--	--
Surplus cash return		3.7%	3.7%	19.4%	18.5%	6.9%	6.7%	4.0%	5.6%
Cash balance plan balance (millions)		\$358.9	--	--	--	--	--	--	--
Cash balance plan return		4.5%	4.3%	25.2%	22.3%	9.2%	8.3%	6.0%	6.0%
403(b) plan balance (millions)		\$731.5	--	--	--	--	--	--	--
<b>Risk vs. Return</b>		<b>3-year</b>		<b>8y 8m Since Inception (annualized)</b>					<b>2019</b>
Surplus cash Sharpe ratio		0.88	0.92	--	--	0.99	1.00	--	0.34
Net of fee return		9.3%	9.2%	--	--	6.9%	6.7%	--	5.6%
Standard deviation		8.8%	8.4%	--	--	6.2%	6.0%	--	8.7%
Cash balance Sharpe ratio		0.88	0.90	--	--	1.06	1.03	--	0.32
Net of fee return		11.3%	10.4%	--	--	9.2%	8.3%	--	6.0%
Standard deviation		11.2%	10.1%	--	--	7.9%	7.3%	--	10.3%
<b>Asset Allocation</b>		<b>CY 2Q 2021 / FY 4Q 2021</b>							
Surplus cash absolute variances to target		5.6%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Cash balance absolute variances to target		4.7%	< 10% Green < 20% Yellow	--	--	--	--	--	--
<b>Manager Compliance</b>		<b>CY 2Q 2021 / FY 4Q 2021</b>							
Surplus cash manager flags		22	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		24	< 27 Green < 34 Yellow	--	--	--	--	--	--

\*Excludes debt reserve funds (~\$6 mm), District assets (~\$42 mm), and balance sheet cash not in investable portfolio (~\$160 mm). Includes Foundation (~\$42 mm) and Concern (~\$15 mm) assets.

# Period 2 and YTD Operating Income, Non-Operating Income and Net Income by Affiliate (as of 8/31/2021)

(\$000s)

	Period 2- Month			Period 2- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Operating Margin</b>						
Mountain View	10,806	6,008	4,798	23,683	11,348	12,335
Los Gatos	4,886	2,758	2,129	7,223	5,545	1,678
<b>Sub Total - El Camino Hospital, excl. Affilates</b>	<b>15,693</b>	<b>8,766</b>	<b>6,927</b>	<b>30,906</b>	<b>16,893</b>	<b>14,013</b>
<b>Operating Margin %</b>	<b>15.3%</b>	<b>9.3%</b>		<b>15.3%</b>	<b>9.1%</b>	
<b>El Camino Hospital Non Operating Income</b>						
<b>Sub Total - Non Operating Income</b>	<b>14,291</b>	<b>5,998</b>	<b>8,293</b>	<b>10,020</b>	<b>13,544</b>	<b>(3,525)</b>
<b>El Camino Hospital Net Margin</b>	<b>29,984</b>	<b>14,764</b>	<b>15,220</b>	<b>40,925</b>	<b>30,437</b>	<b>10,488</b>
<b>ECH Net Margin %</b>	<b>29.2%</b>	<b>15.7%</b>		<b>20.2%</b>	<b>16.5%</b>	
Concern	428	129	299	744	145	599
ECSC	0	0	0	0	0	0
Foundation	(124)	1	(126)	(275)	32	(308)
El Camino Health Medical Network	(2,607)	(2,740)	133	(5,165)	(5,340)	175
<b>Net Margin Hospital Affiliates</b>	<b>(2,303)</b>	<b>(2,610)</b>	<b>306</b>	<b>(4,696)</b>	<b>(5,162)</b>	<b>466</b>
<b>Total Net Margin Hospital &amp; Affiliates</b>	<b>27,680</b>	<b>12,154</b>	<b>15,526</b>	<b>36,229</b>	<b>25,275</b>	<b>10,954</b>

# Consolidated Balance Sheet (as of 08/31/2021)

(\$000s)

ASSETS	UnAudited		LIABILITIES AND FUND BALANCE	UnAudited	
	August 31, 2021	June 30, 2021		August 31, 2021	June 30, 2021
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash	134,717	151,641	Accounts Payable	32,777	39,762
Short Term Investments	279,145	284,262	Salaries and Related Liabilities	44,449	50,039
Patient Accounts Receivable, net	185,573	166,283	Accrued PTO	33,633	33,197
Other Accounts and Notes Receivable	5,532	9,540	Worker's Comp Reserve	2,300	2,300
Intercompany Receivables	12,003	15,116	Third Party Settlements	13,025	12,990
Inventories and Prepays	27,320	23,079	Intercompany Payables	11,882	14,704
<b>Total Current Assets</b>	<b>644,290</b>	<b>649,921</b>	Malpractice Reserves	1,670	1,670
			Bonds Payable - Current	9,430	9,430
<b>BOARD DESIGNATED ASSETS</b>			Bond Interest Payable	1,659	8,293
Foundation Board Designated	21,407	20,932	Other Liabilities	16,365	16,953
Plant & Equipment Fund	270,969	258,191	<b>Total Current Liabilities</b>	<b>167,190</b>	<b>189,338</b>
Women's Hospital Expansion	30,401	30,401			
Operational Reserve Fund	123,838	123,838	<b>LONG TERM LIABILITIES</b>		
Community Benefit Fund	16,142	18,412	Post Retirement Benefits	30,839	30,658
Workers Compensation Reserve Fund	17,002	16,482	Worker's Comp Reserve	17,002	17,002
Postretirement Health/Life Reserve Fund	30,840	30,658	Other L/T Obligation (Asbestos)	6,161	6,227
PTO Liability Fund	32,989	32,498	Bond Payable	483,501	479,621
Malpractice Reserve Fund	1,996	1,977	<b>Total Long Term Liabilities</b>	<b>537,502</b>	<b>533,509</b>
Catastrophic Reserves Fund	25,124	24,874			
<b>Total Board Designated Assets</b>	<b>570,708</b>	<b>558,264</b>	<b>DEFERRED REVENUE-UNRESTRICTED</b>	<b>58,389</b>	<b>67,576</b>
<b>FUNDS HELD BY TRUSTEE</b>	<b>(0)</b>	<b>5,694</b>	<b>DEFERRED INFLOW OF RESOURCES</b>	<b>45,862</b>	<b>28,009</b>
<b>LONG TERM INVESTMENTS</b>	<b>608,745</b>	<b>603,211</b>	<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
			Unrestricted	2,143,056	2,097,010
<b>CHARITABLE GIFT ANNUITY INVESTMENTS</b>	<b>746</b>	<b>728</b>	Board Designated	191,445	193,782
			Restricted	31,311	31,082
<b>INVESTMENTS IN AFFILIATES</b>	<b>34,392</b>	<b>34,170</b>	<b>Total Fund Bal &amp; Capital Accts</b>	<b>2,365,812</b>	<b>2,321,874</b>
<b>PROPERTY AND EQUIPMENT</b>			<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>3,174,755</b>	<b>3,140,306</b>
Fixed Assets at Cost	1,845,507	1,799,463			
Less: Accumulated Depreciation	(755,954)	(742,921)			
Construction in Progress	60,479	94,236			
<b>Property, Plant &amp; Equipment - Net</b>	<b>1,150,032</b>	<b>1,150,778</b>			
<b>DEFERRED OUTFLOWS</b>	<b>24,188</b>	<b>21,444</b>			
<b>RESTRICTED ASSETS</b>	<b>29,346</b>	<b>29,332</b>			
<b>OTHER ASSETS</b>	<b>112,307</b>	<b>86,764</b>			
<b>TOTAL ASSETS</b>	<b>3,174,755</b>	<b>3,140,306</b>			

# Consolidated Statement of Operations (\$000s)

Period 2 ending 08/31/2021

Period 2 FY 2021	Period 2 FY 2022	Period 2 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
339,121	418,615	375,752	42,862	11.4%	<b>OPERATING REVENUE</b>					
(253,449)	(314,132)	(280,433)	(33,700)	(12.0%)	Gross Revenue	672,350	824,910	734,051	90,859	12.4%
<b>85,672</b>	<b>104,482</b>	<b>95,320</b>	<b>9,163</b>	<b>9.6%</b>	Deductions	(500,809)	(618,654)	(545,977)	(72,677)	(13.3%)
4,331	3,746	3,599	146	4.1%	Net Patient Revenue	<b>171,540</b>	<b>206,256</b>	<b>188,074</b>	<b>18,182</b>	<b>9.7%</b>
<b>90,003</b>	<b>108,228</b>	<b>98,919</b>	<b>9,309</b>	<b>9.4%</b>	Other Operating Revenue	8,998	6,861	7,145	(284)	(4.0%)
					<b>Total Operating Revenues</b>	<b>180,538</b>	<b>213,117</b>	<b>195,219</b>	<b>17,898</b>	<b>9.2%</b>
					<b>OPERATING EXPENSE</b>					
47,739	53,940	51,781	(2,159)	(4.2%)	Salaries & Wages	94,170	106,940	103,173	(3,767)	(3.7%)
16,893	14,569	14,701	132	0.9%	Supplies	29,713	29,678	28,380	(1,298)	(4.6%)
14,366	14,182	14,515	333	2.3%	Fees & Purchased Services	27,284	28,572	29,127	554	1.9%
3,596	3,577	5,026	1,449	28.8%	Other Operating Expense	7,179	7,175	9,170	1,995	21.8%
1,431	1,418	1,401	(17)	(1.2%)	Interest	2,859	2,837	2,799	(37)	(1.3%)
5,328	7,157	5,686	(1,471)	(25.9%)	Depreciation	10,559	11,884	11,423	(460)	(4.0%)
<b>89,352</b>	<b>94,844</b>	<b>93,111</b>	<b>(1,733)</b>	<b>(1.9%)</b>	<b>Total Operating Expenses</b>	<b>171,763</b>	<b>187,086</b>	<b>184,072</b>	<b>(3,014)</b>	<b>(1.6%)</b>
<b>651</b>	<b>13,384</b>	<b>5,809</b>	<b>7,576</b>	<b>130.4%</b>	<b>Net Operating Margin</b>	<b>8,775</b>	<b>26,032</b>	<b>11,147</b>	<b>14,884</b>	<b>133.5%</b>
28,642	14,296	6,346	7,950	125.3%	<b>Non Operating Income</b>	56,360	10,197	14,127	(3,930)	(27.8%)
<b>29,293</b>	<b>27,680</b>	<b>12,154</b>	<b>15,526</b>	<b>127.7%</b>	<b>Net Margin</b>	<b>65,135</b>	<b>36,229</b>	<b>25,275</b>	<b>10,954</b>	<b>43.3%</b>
<b>7,410</b>	<b>21,959</b>	<b>12,895</b>	<b>9,064</b>	<b>70.3%</b>	<b>Operating EBIDA</b>	<b>22,193</b>	<b>40,752</b>	<b>25,370</b>	<b>15,382</b>	<b>60.6%</b>
8.2%	20.3%	13.0%	7.3%		<b>Operating EBIDA Margin</b>	12.3%	19.1%	13.0%	6.1%	
0.7%	12.4%	5.9%	6.5%		<b>Operating Margin</b>	4.9%	12.2%	5.7%	6.5%	
32.5%	25.6%	12.3%	13.3%		<b>Net Margin</b>	36.1%	17.0%	12.9%	4.1%	

# El Camino Hospital – Mountain View

## Statement of Operations (\$000s)

Period 2 ending 08/31/2021

Period 2 FY 2021	Period 2 FY 2022	Period 2 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
262,710	315,308	291,100	24,208	8.3%	<b>OPERATING REVENUES</b>					
(195,324)	(236,926)	(218,159)	(18,768)	(8.6%)	<b>Gross Revenue</b>	522,140	619,436	569,863	49,573	8.7%
<b>67,386</b>	<b>78,382</b>	<b>72,942</b>	<b>5,440</b>	<b>7.5%</b>	<b>Deductions</b>	(385,562)	(461,509)	(426,012)	(35,497)	(8.3%)
1,436	1,459	1,530	(71)	(4.7%)	<b>Net Patient Revenue</b>	<b>136,578</b>	<b>157,927</b>	<b>143,851</b>	<b>14,076</b>	<b>9.8%</b>
<b>68,822</b>	<b>79,840</b>	<b>74,472</b>	<b>5,369</b>	<b>7.2%</b>	<b>Other Operating Revenue</b>	2,999	2,551	3,010	(459)	(15.3%)
					<b>Total Operating Revenues</b>	<b>139,576</b>	<b>160,478</b>	<b>146,861</b>	<b>13,617</b>	<b>9.3%</b>
					<b>OPERATING EXPENSES</b>					
37,413	42,588	40,915	(1,673)	(4.1%)	<b>Salaries &amp; Wages</b>	73,888	84,549	81,532	(3,017)	(3.7%)
12,710	10,856	11,164	307	2.8%	<b>Supplies</b>	23,262	22,203	21,609	(595)	(2.8%)
6,248	6,408	7,132	724	10.2%	<b>Fees &amp; Purchased Services</b>	12,442	13,393	14,422	1,030	7.1%
2,242	2,361	3,367	1,006	29.9%	<b>Other Operating Expense</b>	4,795	4,628	6,130	1,502	24.5%
1,431	1,418	1,401	(17)	(1.2%)	<b>Interest</b>	2,859	2,837	2,799	(37)	(1.3%)
4,238	5,403	4,485	(918)	(20.5%)	<b>Depreciation</b>	8,495	9,186	9,021	(165)	(1.8%)
<b>64,283</b>	<b>69,034</b>	<b>68,463</b>	<b>(570)</b>	<b>(0.8%)</b>	<b>Total Operating Expenses</b>	<b>125,741</b>	<b>136,795</b>	<b>135,513</b>	<b>(1,282)</b>	<b>(0.9%)</b>
<b>4,539</b>	<b>10,806</b>	<b>6,008</b>	<b>4,798</b>	<b>79.9%</b>	<b>Net Operating Margin</b>	<b>13,836</b>	<b>23,683</b>	<b>11,348</b>	<b>12,335</b>	<b>108.7%</b>
28,196	14,291	5,998	8,293	138.3%	<b>Non Operating Income</b>	54,642	10,020	13,544	(3,525)	(26.0%)
<b>32,735</b>	<b>25,097</b>	<b>12,006</b>	<b>13,091</b>	<b>109.0%</b>	<b>Net Margin</b>	<b>68,478</b>	<b>33,703</b>	<b>24,893</b>	<b>8,810</b>	<b>35.4%</b>
<b>10,209</b>	<b>17,627</b>	<b>11,894</b>	<b>5,733</b>	<b>48.2%</b>	<b>Operating EBIDA</b>	<b>25,190</b>	<b>35,705</b>	<b>23,168</b>	<b>12,537</b>	<b>54.1%</b>
14.8%	22.1%	16.0%	6.1%		<b>Operating EBIDA Margin</b>	18.0%	22.2%	15.8%	6.5%	
6.6%	13.5%	8.1%	5.5%		<b>Operating Margin</b>	9.9%	14.8%	7.7%	7.0%	
47.6%	31.4%	16.1%	15.3%		<b>Net Margin</b>	49.1%	21.0%	16.9%	4.1%	

# El Camino Hospital – Los Gatos

## Statement of Operations (\$000s)

Period 2 ending 08/31/2021

Period 2 FY 2021	Period 2 FY 2022	Period 2 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
68,515	93,140	75,851	17,289	22.8%	<b>Gross Revenue</b>	134,370	185,942	146,386	39,556	27.0%
(52,704)	(70,710)	(56,711)	(13,998)	(24.7%)	<b>Deductions</b>	(104,233)	(144,354)	(108,779)	(35,575)	(32.7%)
<b>15,811</b>	<b>22,430</b>	<b>19,140</b>	<b>3,290</b>	<b>17.2%</b>	<b>Net Patient Revenue</b>	<b>30,137</b>	<b>41,587</b>	<b>37,607</b>	<b>3,980</b>	<b>10.6%</b>
389	297	270	26	9.8%	<b>Other Operating Revenue</b>	795	563	537	26	4.8%
<b>16,200</b>	<b>22,727</b>	<b>19,411</b>	<b>3,317</b>	<b>17.1%</b>	<b>Total Operating Revenue</b>	<b>30,932</b>	<b>42,151</b>	<b>38,145</b>	<b>4,006</b>	<b>10.5%</b>
					<b>OPERATING EXPENSE</b>					
8,333	9,483	8,571	(911)	(10.6%)	<b>Salaries &amp; Wages</b>	16,219	18,655	17,050	(1,605)	(9.4%)
3,628	3,401	3,243	(159)	(4.9%)	<b>Supplies</b>	5,482	6,928	6,182	(746)	(12.1%)
3,103	3,331	3,211	(120)	(3.7%)	<b>Fees &amp; Purchased Services</b>	5,752	6,664	6,390	(274)	(4.3%)
407	183	684	501	73.2%	<b>Other Operating Expense</b>	546	563	1,089	527	48.3%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
816	1,442	944	(498)	(52.8%)	<b>Depreciation</b>	1,638	2,118	1,889	(229)	(12.1%)
<b>16,288</b>	<b>17,841</b>	<b>16,653</b>	<b>(1,188)</b>	<b>(7.1%)</b>	<b>Total Operating Expense</b>	<b>29,638</b>	<b>34,928</b>	<b>32,600</b>	<b>(2,328)</b>	<b>(7.1%)</b>
<b>(88)</b>	<b>4,886</b>	<b>2,758</b>	<b>2,129</b>	<b>77.2%</b>	<b>Net Operating Margin</b>	<b>1,294</b>	<b>7,223</b>	<b>5,545</b>	<b>1,678</b>	<b>30.3%</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	0	0	0	0	0.0%
<b>(88)</b>	<b>4,886</b>	<b>2,758</b>	<b>2,129</b>	<b>77.2%</b>	<b>Net Margin</b>	<b>1,294</b>	<b>7,223</b>	<b>5,545</b>	<b>1,678</b>	<b>30.3%</b>
<b>728</b>	<b>6,329</b>	<b>3,702</b>	<b>2,627</b>	<b>71.0%</b>	<b>Operating EBIDA</b>	<b>2,932</b>	<b>9,341</b>	<b>7,434</b>	<b>1,907</b>	<b>25.7%</b>
4.5%	27.8%	19.1%	8.8%		<b>Operating EBIDA Margin</b>	9.5%	22.2%	19.5%	2.7%	
-0.5%	21.5%	14.2%	7.3%		<b>Operating Margin</b>	4.2%	17.1%	14.5%	2.6%	
-0.5%	21.5%	14.2%	7.3%		<b>Net Margin</b>	4.2%	17.1%	14.5%	2.6%	

# El Camino Health Medical Network

## Statement of Operations (\$000s)

Period 2 ending 08/31/2021

Period 2 FY 2021	Period 2 FY 2022	Period 2 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUES</b>					
7,896	10,167	8,801	1,366	15.5%	<b>Gross Revenue</b>	15,840	19,532	17,801	1,731	9.7%
(5,420)	(6,497)	(5,563)	(934)	(16.8%)	<b>Deductions</b>	(11,015)	(12,790)	(11,185)	(1,605)	(14.3%)
<b>2,476</b>	<b>3,670</b>	<b>3,238</b>	<b>432</b>	<b>13.4%</b>	<b>Net Patient Revenue</b>	<b>4,826</b>	<b>6,742</b>	<b>6,616</b>	<b>126</b>	<b>1.9%</b>
1,768	900	999	(99)	(9.9%)	<b>Other Operating Revenue</b>	3,743	1,772	1,998	(226)	(11.3%)
<b>4,243</b>	<b>4,571</b>	<b>4,237</b>	<b>334</b>	<b>7.9%</b>	<b>Total Operating Revenues</b>	<b>8,569</b>	<b>8,514</b>	<b>8,614</b>	<b>(100)</b>	<b>(1.2%)</b>
					<b>OPERATING EXPENSES</b>					
1,540	1,449	1,818	370	20.3%	<b>Salaries &amp; Wages</b>	3,157	2,911	3,636	725	19.9%
551	309	285	(24)	(8.6%)	<b>Supplies</b>	904	527	569	42	7.4%
4,593	4,139	3,707	(432)	(11.7%)	<b>Fees &amp; Purchased Services</b>	8,267	7,821	7,414	(407)	(5.5%)
919	981	926	(55)	(5.9%)	<b>Other Operating Expense</b>	1,727	1,864	1,852	(12)	(0.6%)
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
260	300	241	(59)	(24.5%)	<b>Depreciation</b>	401	555	482	(74)	(15.3%)
<b>7,863</b>	<b>7,177</b>	<b>6,977</b>	<b>(201)</b>	<b>(2.9%)</b>	<b>Total Operating Expenses</b>	<b>14,455</b>	<b>13,679</b>	<b>13,954</b>	<b>275</b>	<b>2.0%</b>
<b>(3,620)</b>	<b>(2,607)</b>	<b>(2,740)</b>	<b>133</b>	<b>(4.9%)</b>	<b>Net Operating Margin</b>	<b>(5,886)</b>	<b>(5,165)</b>	<b>(5,340)</b>	<b>175</b>	<b>(3.3%)</b>
0	(0)	0	(0)	0.0%	<b>Non Operating Income</b>	0	(0)	0	(0)	0.0%
<b>(3,620)</b>	<b>(2,607)</b>	<b>(2,740)</b>	<b>133</b>	<b>(4.9%)</b>	<b>Net Margin</b>	<b>(5,886)</b>	<b>(5,165)</b>	<b>(5,340)</b>	<b>175</b>	<b>(3.3%)</b>
<b>(3,359)</b>	<b>(2,307)</b>	<b>(2,499)</b>	<b>192</b>	<b>(7.7%)</b>	<b>Operating EBIDA</b>	<b>(5,486)</b>	<b>(4,610)</b>	<b>(4,858)</b>	<b>248</b>	<b>(5.1%)</b>
					<b>Operating EBIDA Margin</b>	-64.0%	-54.1%	-56.4%	2.3%	
					<b>Operating Margin</b>	-68.7%	-60.7%	-62.0%	1.3%	
					<b>Net Margin</b>	-68.7%	-60.7%	-62.0%	1.3%	

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

**To:** Board Finance Committee  
**From:** Ken King, CAO  
**Date:** September 27, 2021  
**Subject:** Women's Hospital Expansion Project Update

**Purpose:**

To keep the Finance Committee informed on the progress and status of the project.

**Summary:**

1. **Situation/Status:** The construction activity began in April 2021 with the initial demolition phase of work on the 2<sup>nd</sup> & 3<sup>rd</sup> Floors. In the five months since, the contractors have completed the detailed coordination for the installation of utility infrastructure and above ceiling work on the 2<sup>nd</sup> & 3<sup>rd</sup> Floors. The installation of new windows is in progress along with the work in the main entrance lobby, which includes the modernization of the elevators. The patient entrance into the building has been temporarily routed through the parking garage on the ground level. Patients are notified that they are to enter the parking garage and use the Entrance Elevators on the east side of the building to arrive at the screening station on the 1<sup>st</sup> Floor. Prior notification, additional signage and additional security coverage has been effective in getting patients into the building safely.

Overall the contractors continue to be on time working towards the completion of Phase 1 in December of 2022. There have been no cost change orders to the construction contract to date and the project is currently forecasted to be completed within the approved budget.

2. **Authority:** This memo is to keep the Finance Committee informed of the progress towards completion of a major capital project.
3. **Background:** The expansion of space for the Women's Hospital Services is one of the Phase 2 Projects for the Mountain View Campus Development Master Plan. The project is separated into three distinct phases of construction and the final phase is projected to be completed by July 2024. The Board of Directors approved the final funding request for the project in February 2021.
4. **Assessment:** The clinical staff and physicians have evaluated the "first in place" mock up rooms in both the new private NICU room on the 2<sup>nd</sup> Floor and the new Mother/Baby room on the 3<sup>rd</sup> Floor. This process was implemented to ensure that everything is correct before it is constructed.
5. **Other Reviews:** None
6. **Outcomes:** The first major milestone for the project will be the completion of new main entrance lobby which is on track to be completed by July 2022, with the 2<sup>nd</sup> and 3<sup>rd</sup> Floors projected to be completed in December 2022.

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

**To:** El Camino Hospital Finance Committee  
**From:** David Neapolitan, Vice President of Finance ECHMN  
**Date:** September 27, 2021  
**Subject:** El Camino Health Medical Network Update

**Purpose:**

Review and discuss the financial performance of the El Camino Health Medical Network (ECHMN) for the twelve (12) months ended June 30, 2021 and the two (2) months ended August 31, 2021.

**Summary:**

1. **Situation:** ECHMN will provide quarterly financial metric updates to the Finance Committee.
2. **Authority:** The Finance Committee role as delineated in the Operating Agreement between El Camino Hospital and Silicon Valley Medical Development, LLC dba El Camino Health Medical Network.
  - A. Reviews quarterly financial metric updates
  - B. Reviews the ECHMN financial plan and annual report of performance metrics
  - C. Approves annual operating and capital budgets
  - D. Approves long-range financial plans
3. **Background:** The Finance Committee has requested ECHMN report Quarterly its financial results and performance on the following metrics:
  - A. Patient Active Lives
    - i. Unique Patients
    - ii. Capitated Lives
  - B. New versus Established Patient Visits
  - C. Productivity Metrics
    - i. Total Visits by Month
    - ii. Total Visits per Business Day by Month
    - iii. Urgent Care Visits by Month
    - iv. Work RVU's by Month
  - D. Fiscal Year to Date Financial Performance by Practice

**E. Revenue Cycle Trends**

- i. Quarterly Payer Mix Trend**
- ii. Collection Rate Trend**
- iii. Days Accounts Receivable Outstanding**
- iv. Percentage of Accounts Receivable Greater than 90 Days**

**4. Assessment:**

**Fiscal Year 2021 – June 30, 2021 (Pre-Audit)**

For the twelve months ended June 30, 2021, ECHMN is \$2.6M or 8.2% unfavorable to the budgeted net loss and \$4.5M or 11.1% better than the prior fiscal year.

- i. Operating revenues were unfavorable to budget by \$7.8M. These variances are driven by:**
  - a. Net patient revenue is favorable to budget by \$887K or 2.5% for the twelve months ended June 30, 2021 and \$11.5M or 45.9% greater than the prior fiscal year. This favorability is driven by:**
    - i. Total patient visits for the fiscal year totaled 284,535 visits but have been driven by increased COVID related visit volumes at our two vaccination clinic locations in San Jose and Sunnyvale (44,886 visits). Comparing our visit volumes using a same store approach and excluding the visits at the three Carbon operated Urgent Care sites our total visits were 186,338 versus the prior year's 172,206, an 8.2% increase over the prior fiscal year.**
    - ii. The realization of improved payer contracts that took effect in the latter portion of FY2020 as well as revenue cycle improvements that have been achieved during FY2021 have improved estimated collection rates (percentage of gross charges) for FY2021 activity to in excess of 37% as compared to FY2020 activity that was approximately 32%.**
  - b. Other revenue is unfavorable to budget by \$8.7M primarily as a result of the termination of the County Hospitalist and Intensivist contract (\$8.1M) that ended September 30, 2020. This is offset by lower physician service costs associated with the physicians previously providing coverage under this agreement.**
- ii. Operating expenses were favorable to the operating budget by \$4.7M or 5.4%. This favorable variance has been driven by professional fees and purchased services being favorable to budget by \$5.9M as a result of lower physician service costs, \$6.0M related to the termination of the Hospitalist and Intensivist contract but have been offset by the cost (\$2.7M) of new Hospitalist and Intensivist agreements. The remaining favorable variance is the result of lower than projected PSA costs. Also included in FY 21 are \$1.7M in unbudgeted operating expenses related to the COVID 19 pandemic.**

- iii. Beginning in the second quarter of FY2021 management implemented two budgeted strategies that include the outsourcing of the MSO operations and the restructuring of the Willow Glen Urgent Care operations. Additionally, the contract for Hospitalist and Intensivist services that ended on September 30<sup>th</sup> was replaced by a new intensivist program that began on October 1, 2020 and a new hospitalist relationship with El Camino Health Los Gatos to provide hospitalist services at this campus began on March 1, 2021.
- iv. New COVID vaccination clinics have been developed to provide COVID vaccinations at the North 1<sup>st</sup> Street location and a new location in Sunnyvale. The 1<sup>st</sup> street location opened in January and delivered over 18,000 vaccinations during its three and half months of operations. The 1<sup>st</sup> site has been closed and all vaccination visits redirected to the Sunnyvale location that opened in late March and delivered 26,533 vaccination's through June 30, 2021.

**Fiscal Year 2022 – Two Months Ended August 31, 2021**

For the two months ended August 31, 2021, ECHMN is \$175K or 3.3% favorable to the budgeted net loss and \$722K or 12.3% better than the prior fiscal year.

- i. Operating revenues were slightly unfavorable to budget by \$64K or 0.7%. This variance is driven by:
  - a. Net patient revenue is favorable to budget by \$128K or 1.9% for the two months ended August 31, 2021 and \$1.9M or 39.7% greater than the prior fiscal year. This favorability is driven by:
    - i. Total patient visits through August 2021 total 41,410 visits and only include 317 COVID Vaccine Clinic visits that have been delivered via a new mobile clinic. The previously operated vaccine clinics at 1<sup>st</sup> St and Sunnyvale were closed prior to the start of the new fiscal year. Comparing our visit volumes using a same store approach and excluding the visits at the three Carbon operated Urgent Care sites our total visits are 34,410 versus the prior year's 32,082, a 7.3% increase over the prior fiscal year.
    - b. Other revenues are slightly below budget through August 31, 2021 by \$191K as a result of delays in changes to health plan DOFR and addition of new capitated professional risk arrangement.
  - ii. Operating expenses are favorable to the operating budget by \$312K or 2.3%. This favorable variance has been driven by lower than budgeted labor expenses, \$725K and are driven by the earlier than anticipated closure of vaccination clinics and timing of filing budgeted positions. These favorable variances were offset by higher professional fees and purchased services being unfavorable to budget by \$437K as a result of higher wRVU production and the addition of a Hospital Based Behavioral Health program that was not budgeted.

5. Other Reviews: N/A

6. Outcomes: N/A

**List of Attachments:**

1. ECHMN Finance Committee Report presentation

**Suggested Committee Discussion Questions:**

1. How is ECHMN performing against target?
2. What actions are being taken to achieve performance objectives?
3. What challenges and opportunities does ECHMN see in meeting its performance measures over the remainder of the fiscal year?



**El Camino Health Medical Network**

**FY 2021 Results**

**FYTD 2022 Operational & Financial Results**

*Carlos Bohorquez, Chief Financial Officer, ECH*

*Vince Manoogian, Interim President, ECHMN*

*David Neapolitan, Vice President, Finance, ECHMN*

*September 27, 2021*

# Table of Contents

1. Operational Update
2. FY2021 Financial Report – Pre-Audit
3. FY2021 Revenue Cycle Improvements
4. YTD FY2022 Financial Report

# 1. Operational Update

# El Camino Health Medical Network

## Multi-Year Trend Demonstrates Significant Positive Results

- FY2020 Year End Results: (\$40.1M)
- FY2021 Year End Results: (\$35.6M) compared to projected (\$35.4M)
- FY2022 Budget: (\$32.9M)
- YTD FY2022 Results: Favorable to budget in July and August
- Met DMHC tangible net equity, working capital, and cash-to-claims ratio requirements

# Introduction

## Mark Kuntz, Chief Operating Officer with ECHMN



Mark returns to California from medical center and physician group COO/consulting roles in Virginia after several years in executive roles in the independent physician group and large integrated health system/medical group settings in California (Kaiser Permanente), Pennsylvania and North Carolina.

Mark recently served as Executive Director of Medical Group Operations with Bon Secours Mercy Health in the Southern Virginia market to grow market share, improve quality and improve market operations while seeing the system's local market through a multi-state merger.

# El Camino Health Medical Network

## Operational Changes

- Operating
  - Opened Vaccination Clinic at North 1<sup>st</sup> Street site in January with second site opening in Sunnyvale **Opened, Operated and Closed**
  - Consolidation of Willow Glen Infusion Program with ECHLG **Completed**
  - Transferred Nuclear Medicine services to ECHLG and discontinued outsourced relationship **Completed**
  - Improved patient access through redesign of scheduling process to maximize template utilization **Completed and Ongoing**
  - Real-Time Eligibility (RTE) plan code mapping completed to improve the efficiency of insurance plan selection and reduction of registration errors and eligibility denials **Completed and Ongoing**
  - Monthly Denials Avoidance forum created to monitor, review and remediate payer denial trends **Completed and Ongoing**

# El Camino Health Medical Network

## Transfer Urgent Care Centers from Carbon Health to ECHMN

- Carbon Health Managed and Operated Urgent Care Centers Under Contract
  - Mountain View
  - Cupertino
  - North First Street, San Jose
- Carbon Health ceased operations of the clinics at 7 PM on September 5, 2021
- ECHMN reopened the three Urgent Care Clinics at 9 AM on September 6, 2021
- ECHMN is providing management and support staff at all three locations
- ECMA providers are providing clinical coverage at North First Street
- Vituity is providing clinical staffing at the Cupertino and Mountain View locations, under a contract with ECHMN
- The goal is to provide improved care and service that is more fully integrated with the overall care delivery within El Camino Health

# El Camino Health Medical Network

## Moving/Splitting Samaritan Clinic

- Projected \$1,000,000 annual operational savings
  - Renting fewer total square feet (16,813 sq. ft. versus 34,319 sq. ft.)
  - Lower rental cost per square foot
- Master Tenant exercised Early Termination at 2585 Samaritan Drive
  - Effective 10/31/21
  - Requires relocation of 18 physicians
- 700 Parr (ECHLG Campus) will house 6 specialists
- 2577 Samaritan will house 12 primary care and specialty physicians
- Finance Committee approved TI for both locations on August 8, 2021
  - Construction is underway
- Long-term planning is needed for a modern, expandable clinic location
  - This is regarded as a five year solution

# El Camino Health Medical Network Merit-Based Incentive Payment System (MIPS)

- ECHMN received a 100% MIPS Score
  - Highest available score
- Should result in a 2.2% increase in Medicare payments for Calendar Year 2022
- Should result in increased collections the last five months of FY2022

## 2. FY2021 Financial Report – Pre-Audit

# El Camino Health Medical Network FYTD FY2021 Results – Pre-Audit

## Favorable

- Net income was favorable to prior year by \$4.5M or 11.1%.
- Revenue cycle KPIs improved favorably with improved oversight of credentialing, health plan enrollment overall management of process flows
- New contract with Vituity generated net contribution of \$250K in FY2021 partially offsetting loss of County of Santa Clara agreement.
- New vaccination clinics opened in San Jose (Jan) and Sunnyvale (Mar) delivering 44,876 vaccinations through June 30, 2021.
- MSO Operations successfully outsourced to All Care To You effective October 1, 2020 saving \$1.1M annually.
- In FY2020 16.1% of providers were achieving p50 benchmark. In FY2021 33.3% providers achieved the p50 benchmark.

## Unfavorable

- YTD net income is unfavorable to budget by \$2.7M but only \$163K unfavorable to the February reforecasted FY2021 performance
- COVID-19 pandemic impacted procedural based clinic volumes despite addition of telehealth visits
- Santa Clara County terminated Hospitalist and Intensivist Agreement effective September 30, 2020 resulting in an unfavorable variance from budget of approximately \$2.1M.

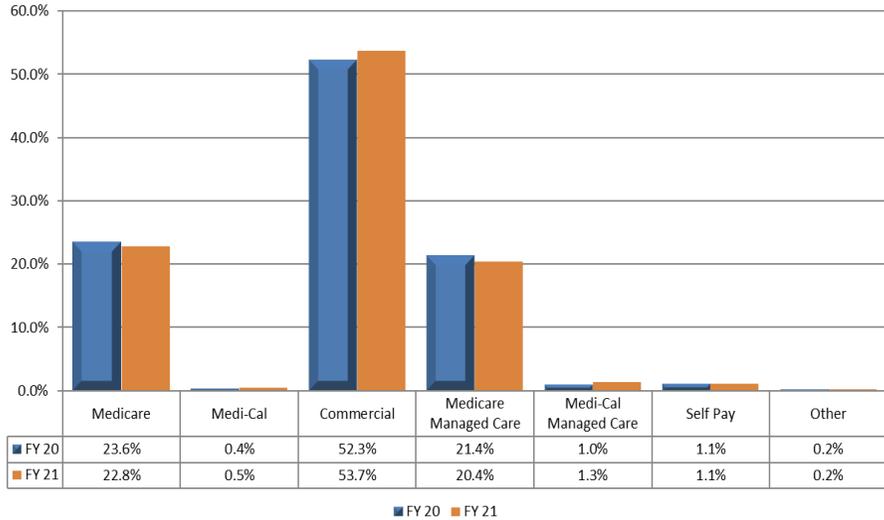
# El Camino Health Medical Network

## YTD FY2021 Financial Report – Pre-Audit

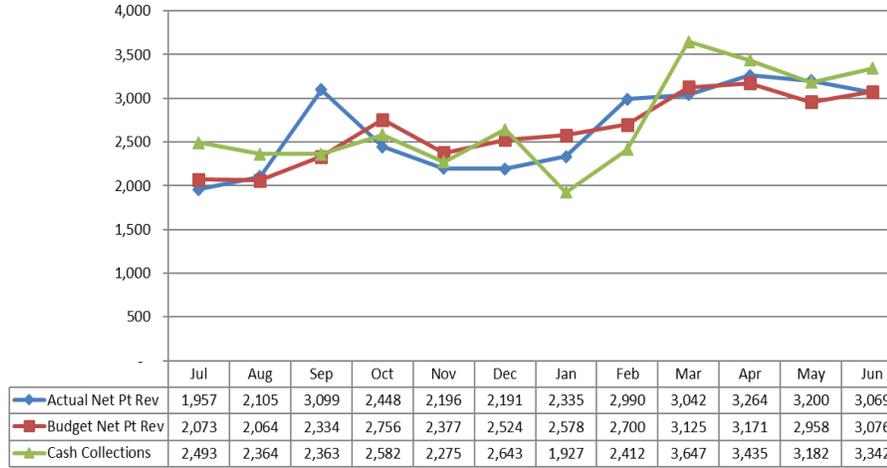
	Fiscal Year to Date June 30, 2021				Fiscal Year to Date June 30, 2020		
	Actual	Budget	\$ Variance	% Variance	Actual	\$ Variance	% Variance
Net Patient Revenue	36,734,517	35,847,507	887,010	2.5%	25,180,342	11,554,175	45.9%
Capitated Premiums	5,098,685	5,433,080	(334,395)	-6.2%	5,897,351	(798,666)	-13.5%
Other Revenue	9,042,815	17,405,324	(8,362,509)	-48.0%	14,094,858	(5,052,043)	-35.8%
Total Operating Revenue	50,876,017	58,685,911	(7,809,894)	-13.3%	45,172,551	5,703,466	12.6%
Pro Fees & Purch Services	48,207,095	54,097,663	5,890,568	10.9%	49,413,777	1,206,682	2.4%
Labor Expenses	20,117,262	19,441,803	(675,459)	-3.5%	19,966,846	(150,416)	-0.8%
Facilities Expenses	8,769,899	8,719,149	(50,750)	-0.6%	7,710,521	(1,059,378)	-13.7%
Other Expenses	6,628,816	6,209,796	(419,020)	-6.7%	6,416,635	(212,181)	-3.3%
Total Operating Expenses	83,723,072	88,468,411	4,745,339	5.4%	83,507,779	(215,293)	-0.3%
<b>EBIDA</b>	<b>(32,847,055)</b>	<b>(29,782,500)</b>	<b>(3,064,555)</b>	<b>-10.3%</b>	<b>(38,335,228)</b>	<b>5,488,173</b>	<b>14.3%</b>
Depreciation / Amortization	2,988,136	3,134,700	146,564	4.7%	2,019,830	(968,306)	-47.9%
Other Income	228,679	-	228,679	100.0%	292,138	(63,459)	-21.7%
<b>Net Income / (Loss)</b>	<b>(35,606,512)</b>	<b>(32,917,200)</b>	<b>(2,689,312)</b>	<b>-8.2%</b>	<b>(40,062,920)</b>	<b>4,456,408</b>	<b>11.1%</b>

# ECHMN FY2021: Leading Metrics – Revenue Cycle Trends

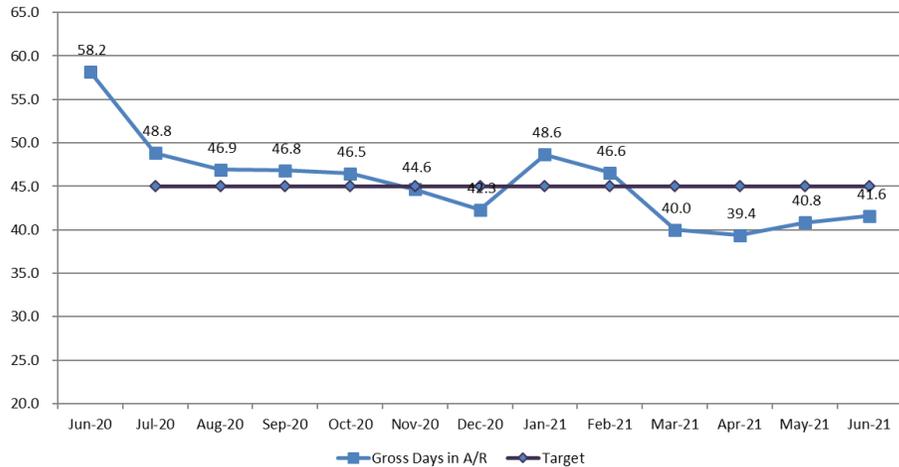
**Payer Mix Comparison**



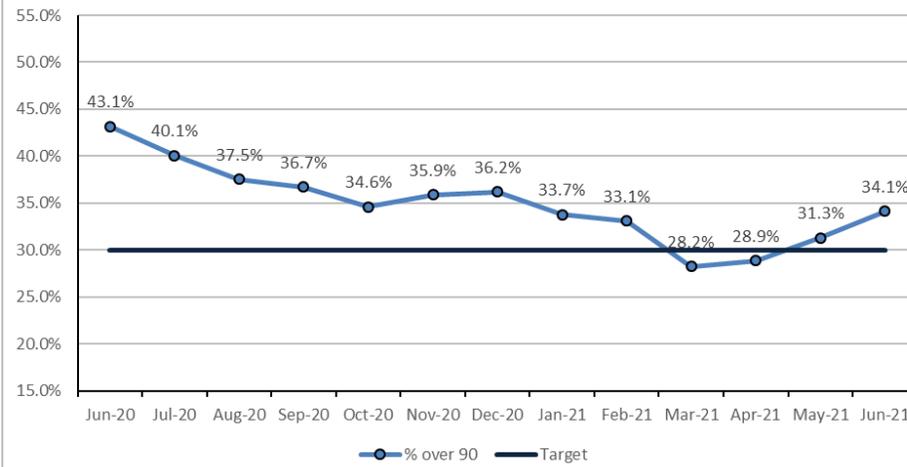
**Total Monthly Net Patient Revenue Compared to Collections**  
in Thousands



**Days AR Outstanding**

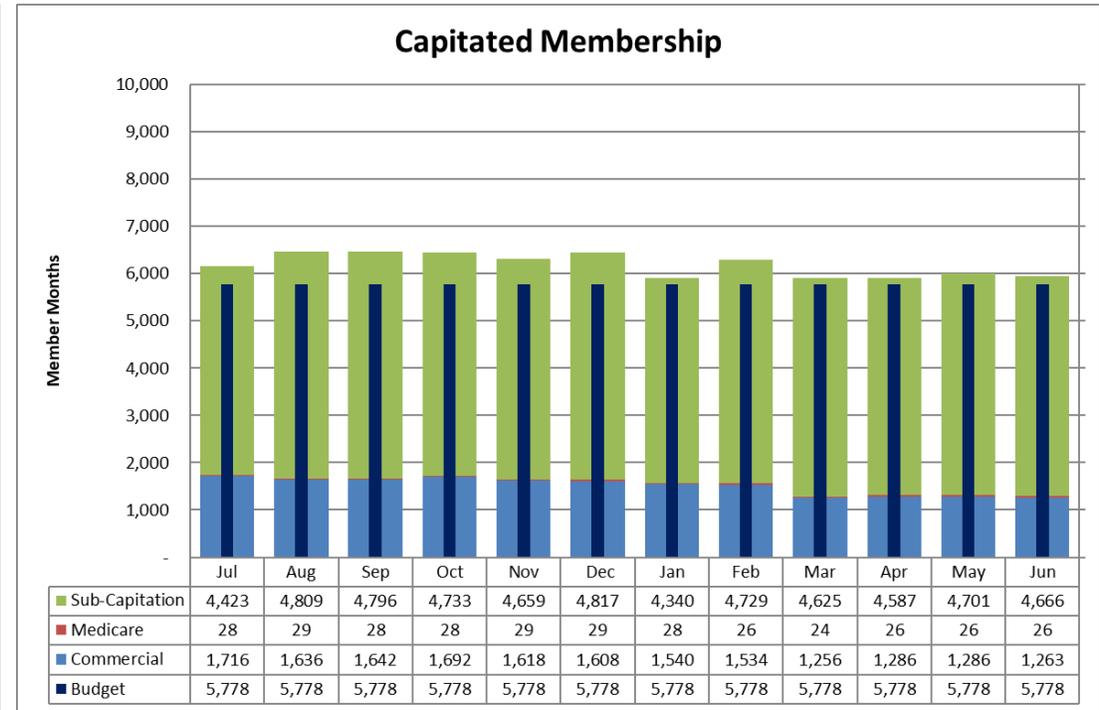
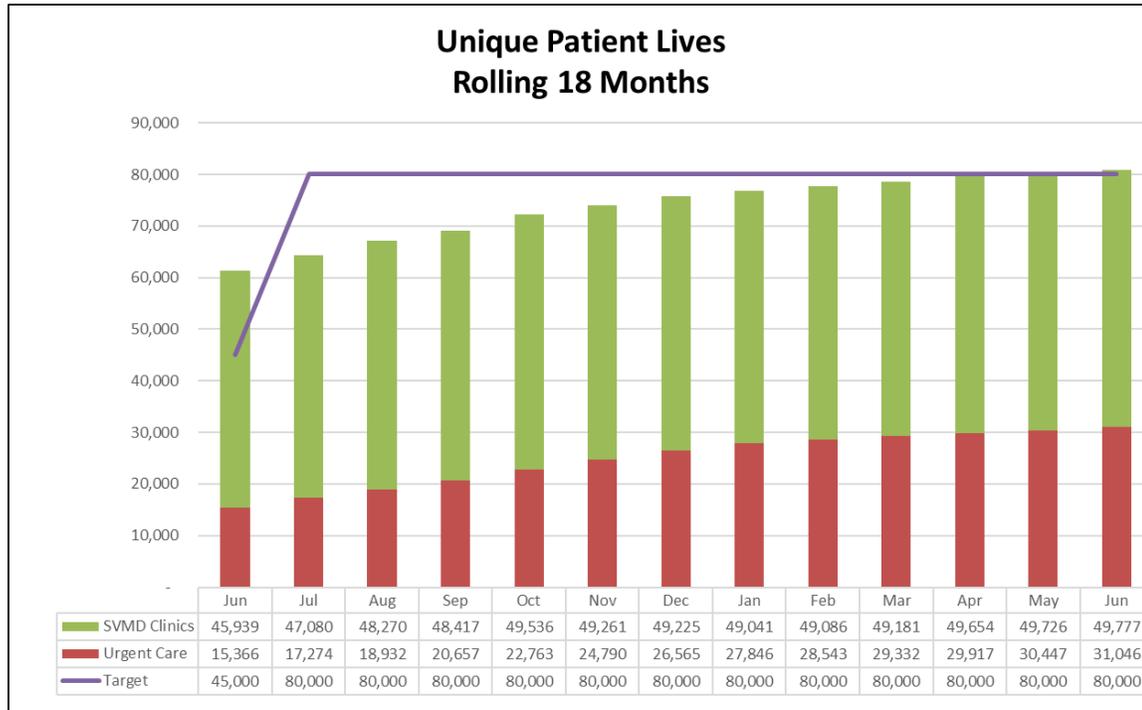


**Percent of Accounts Reviewable Over 90 Days Old**



- Payer mix improved slightly as commercial coverages increased to 53.7% versus 52.3% in the prior year
- YTD Collection rates for the year were in line with budget as impact from contract increases were realized as planned
- Revenue cycle measures for days in accounts receivable and over 90 improved from prior year as revenue cycle operational improvements were implemented over the course of the fiscal year.

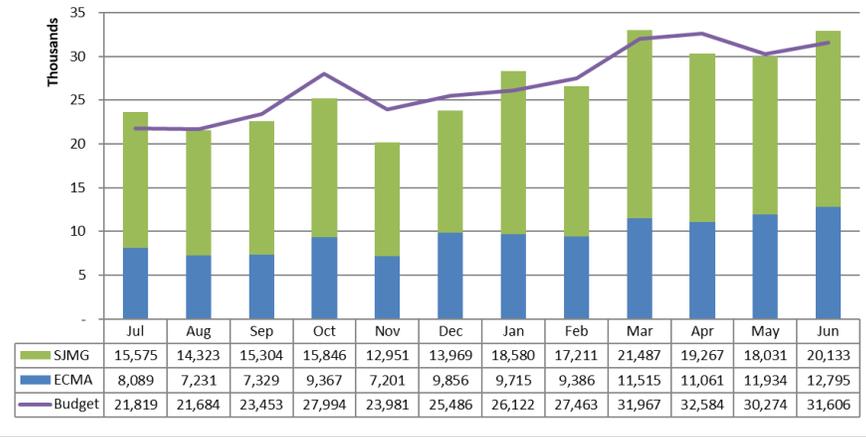
# ECHMN FY2021: Leading Metrics – Active Lives



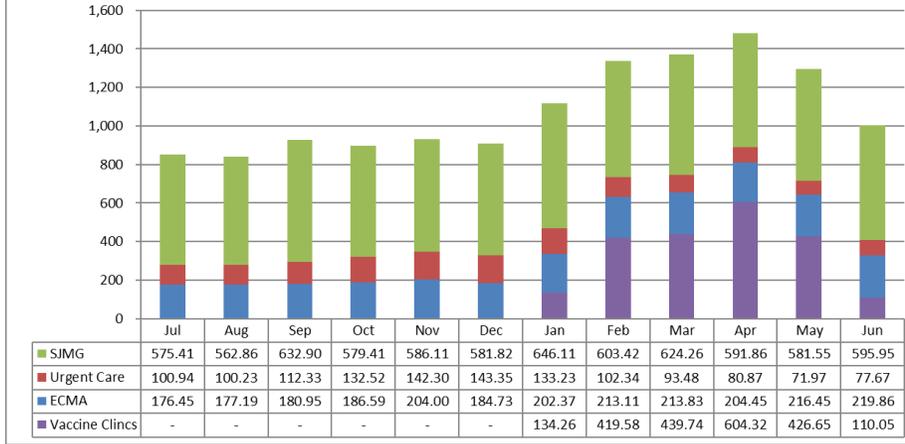
- Unique lives, excluding vaccine clinic activities exceeded the fiscal year target.
- Capitated membership was slightly better than budget and is the result of membership growth in primary care capitation.

# ECHMN FY2021: Leading Metrics - Productivity

**Total Provider wRVUs - FY 2021**

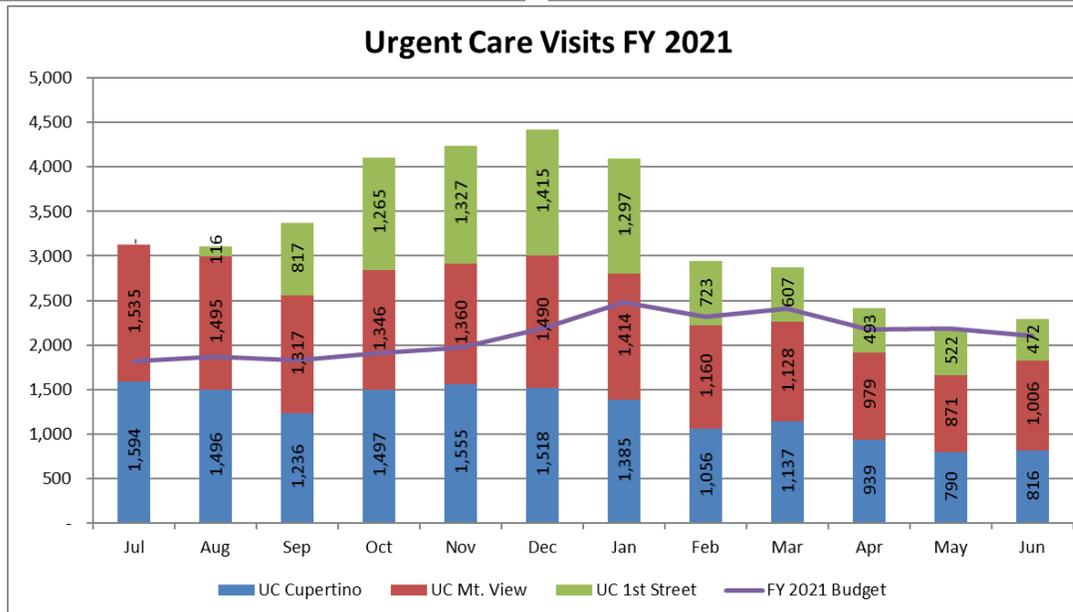


**Total Visits Per Business Day - FY 2021**



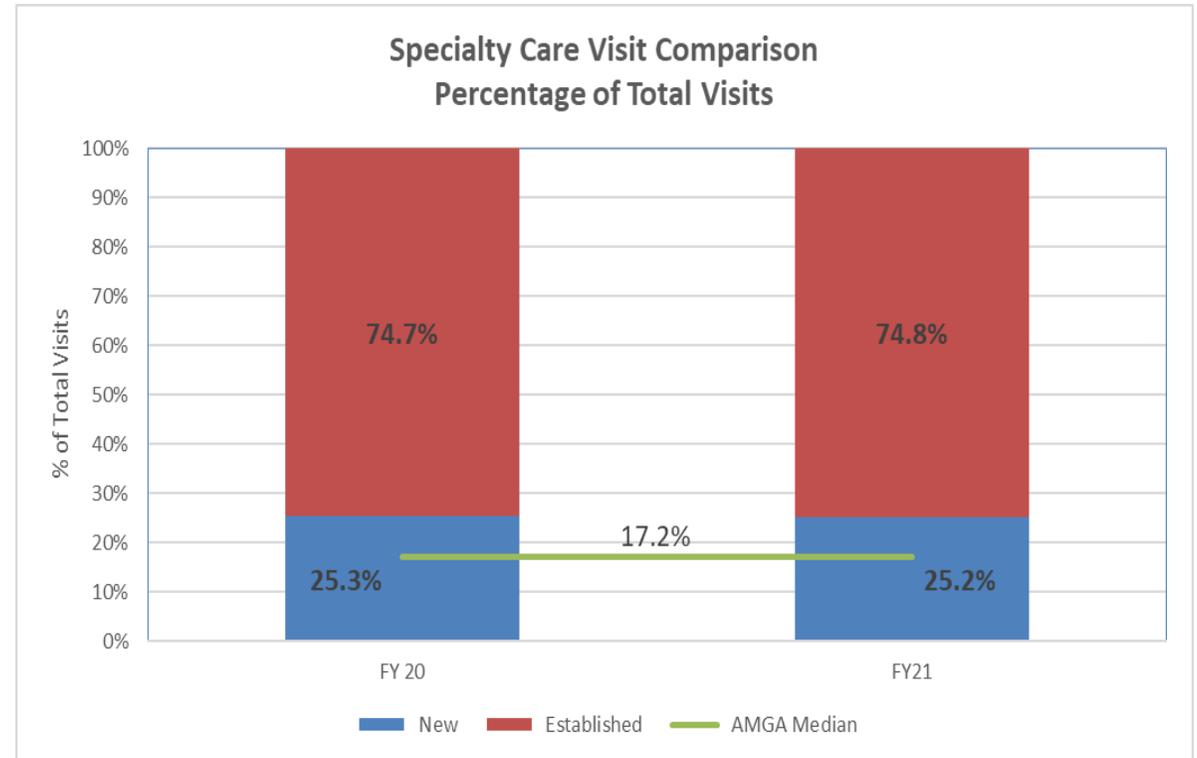
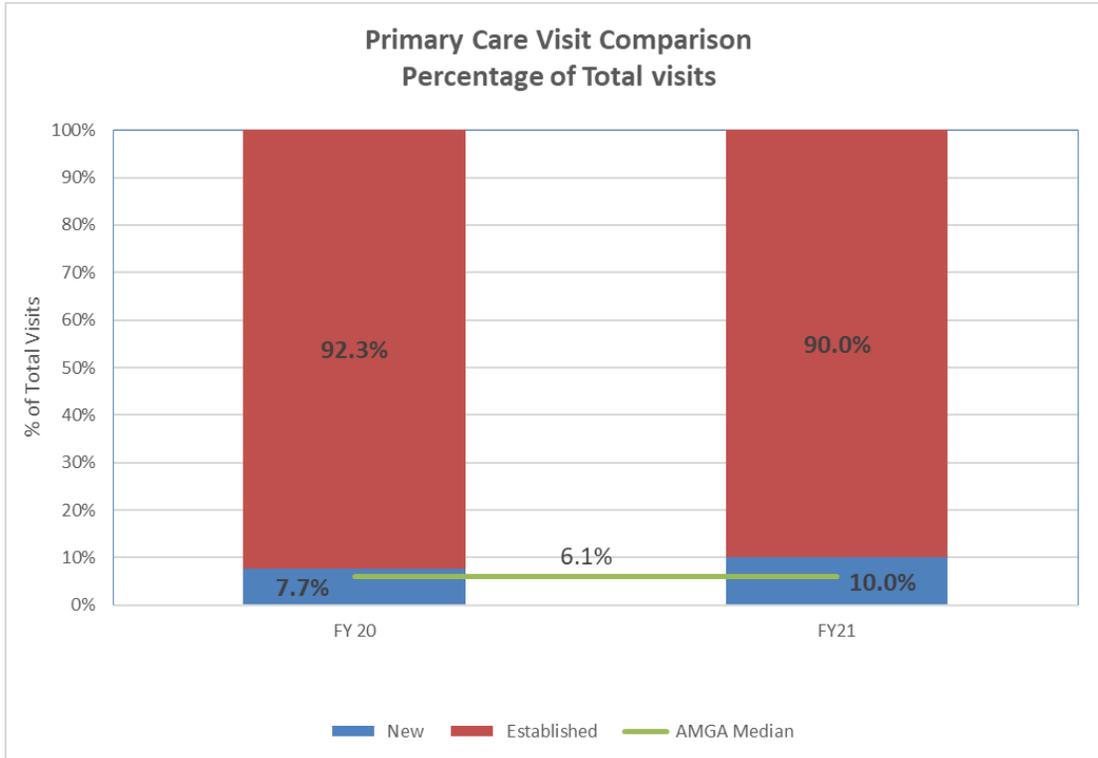
- Total visits per business day were 13.2% favorable to budget including the Vaccine Clinic Visits but ended the year 5.4% unfavorable to budget when excluded. However, On a same store basis total visits were 8.2% greater than the prior year excluding urgent care visits.

**Urgent Care Visits FY 2021**



- Urgent care visits in FY2021 were driven by increased levels of COVID testing encounters and the reopening of the 1<sup>st</sup> Street location.

# ECHMN - New vs Established Patients

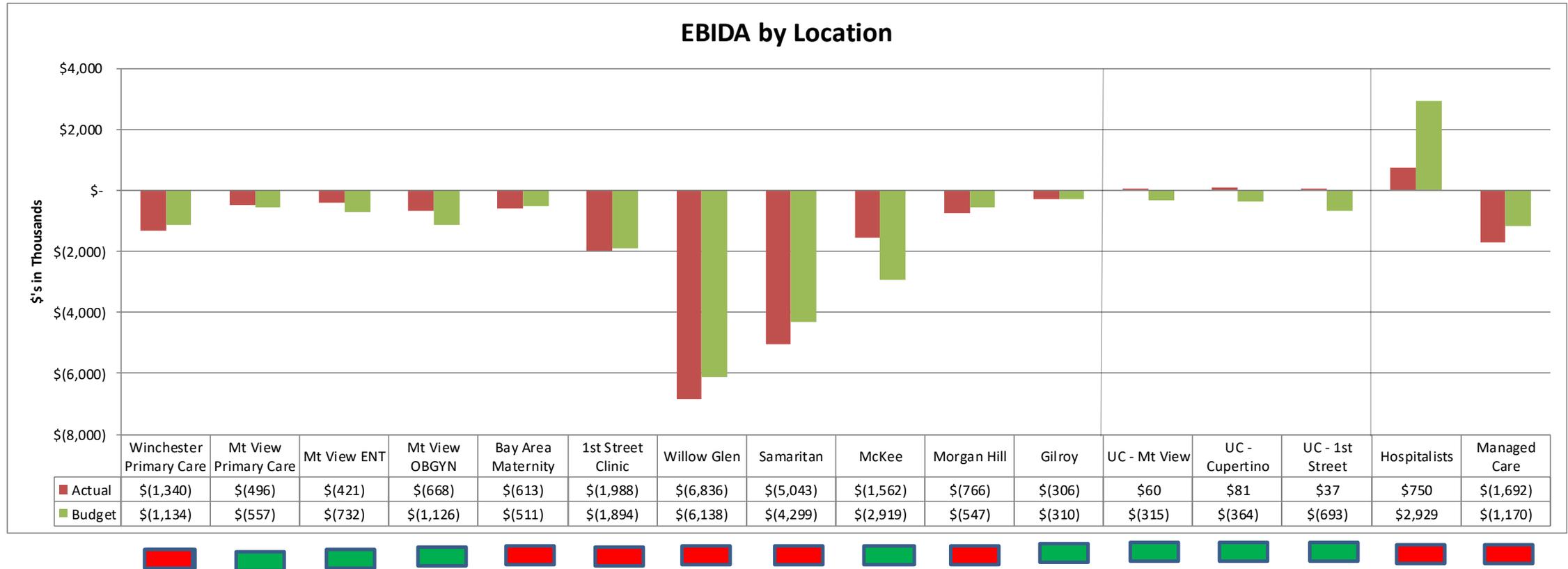


- New patient visits exceeded AMGA Benchmarks for both primary and specialty care product lines, driving new patients to the organization despite the extended impact of the COVID19 pandemic.

# ECHMN – FY2021 Leading Metrics

## Financial Performance by Division

### YTD FY2021 (as of 6/30/2021)



# El Camino Health Medical Network

## KPIs: YTD FY2021 Actual vs. Budget vs. Prior Year

	FY 20	FY 21	FY 21
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<b>Key Stats</b>			
Avg Clinic Visits per Business Day	668	809	795
Avg Clinic wRVU's per Business Day	994	1,270	1,263
Urgent Care Visits per Business Day	43	69	108
Unique Lives	54,954	80,000	80,823
Capitated Member Months	77,212	69,336	74,289

### Key Indicators

Net Patient Revenue per Visit	\$ 135	\$ 154	\$ 129	Reduced the difference from \$299 to \$165 per visit
Salary, Wages and Benefits per Visit	\$ 104	\$ 82	\$ 71	
Physician Fees per Visit	\$ 180	\$ 167	\$ 114	
Total Operating Expense (excl. Deprec & Interest) per Visit	\$ 434	\$ 377	\$ 294	

### 3. FY2021 Revenue Cycle Improvement

# FY2021 Revenue Cycle Improvement

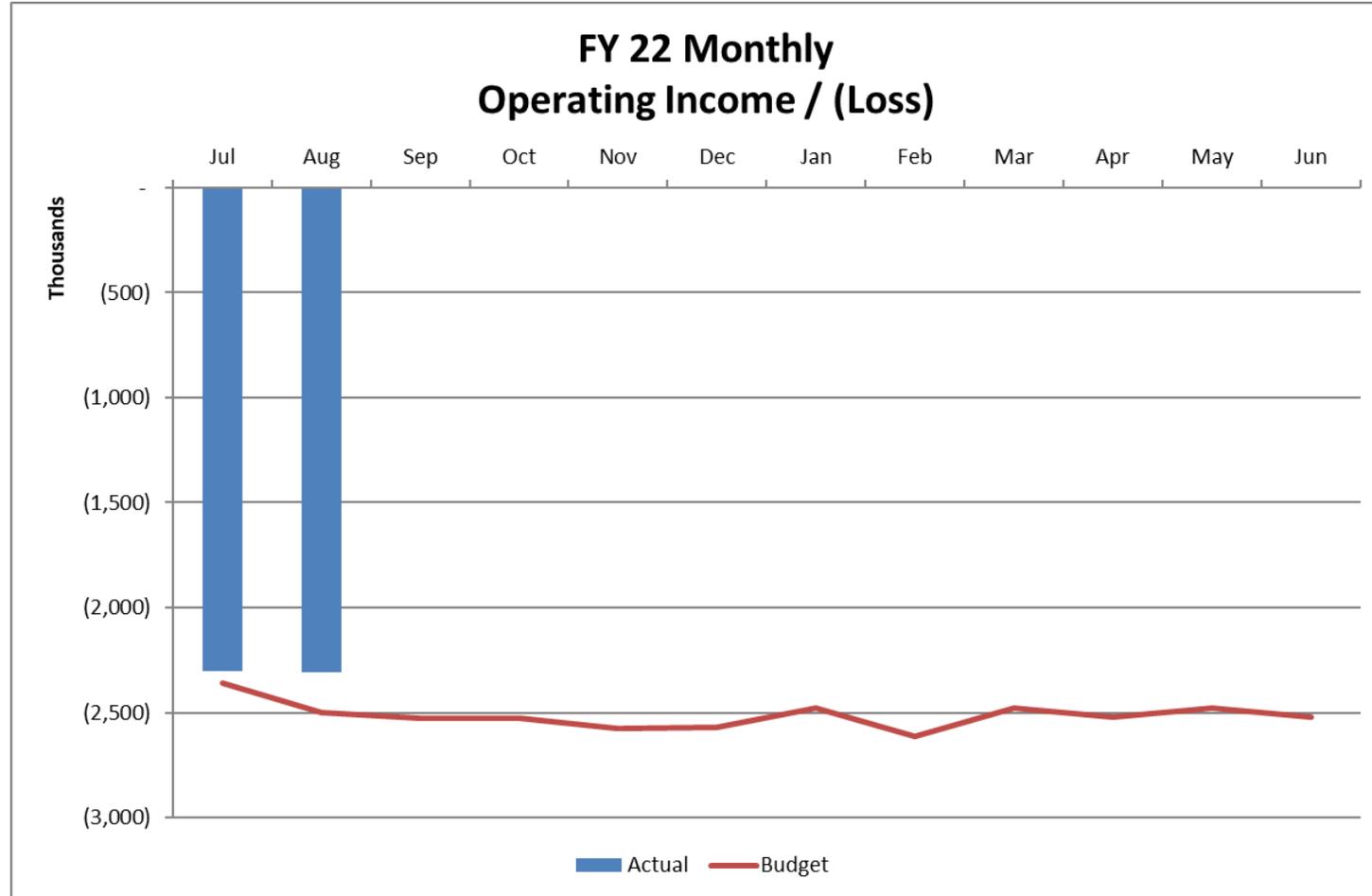
- Total Payments collected in FY2021 were \$38.5M – a \$10.2M (36%) increase from prior fiscal year. Contributing factors included:
  - Increased patient volumes
  - Improvements to negotiated payer contract rates/fee schedules
  - Process improvements in revenue cycle/operations
- Avoidable Adjustments for FY2021 of \$4.4M represent a \$2.4M improvement compared to the FY2020 total of \$6.8M. Estimated Net Revenue improvement of \$850K - \$1M. Contributing factors included:
  - Improvements in credentialing/enrollment processes
  - Real Time Eligibility project with BlueTree completed February
- June A/R days ended at 41.6 days. This represents a 28.5% improvement from prior fiscal year end 58.2 days. The following factors are responsible for this improvement:
  - Increased timeliness in charge capture
  - Operational improvements in patient registration accuracy
  - Focused efforts on aged A/R resolution and denials management

# FY202021 Revenue Cycle Improvement

- Work continuing into FY2022 includes:
  - Completion of the contracts loading project to ensure payer's are paying ECHMN in accordance with contract terms
  - Continued work by the Denials Avoidance Forum to review, mitigate and resolve denial trends as they develop
  - Finalize charge reconciliation processes across all ECHMN service lines to ensure complete capture of patient charges

## 4. YTD FY2022 Financial Report

# El Camino Health Medical Network FY2022 Operating Income



## Favorable

- Net income is favorable to budget by \$175K or 3.3% and favorable to the prior year by \$722K or 12.3%.
- Revenue cycle KPIs improved favorably with improved oversight of credentialing, health plan enrollment and overall management of process flows.
- Labor expenses favorable to budget as Vaccine Clinics closed earlier than planned and timing of filing budgeted positions
- In FY2020 only 16.1% of providers were achieving p50 benchmark. In FY2021 33.3% providers achieved the p50 benchmark. YTD FY2022 33.9% providers achieved the p50 benchmark.

## Unfavorable

- Capitated revenues are unfavorable by \$393K as result of delays in changes to plan DOFR's and addition of new membership
- Physician fees higher as a result a new Hospital Based Behavioral Health program and increased wRVU production.

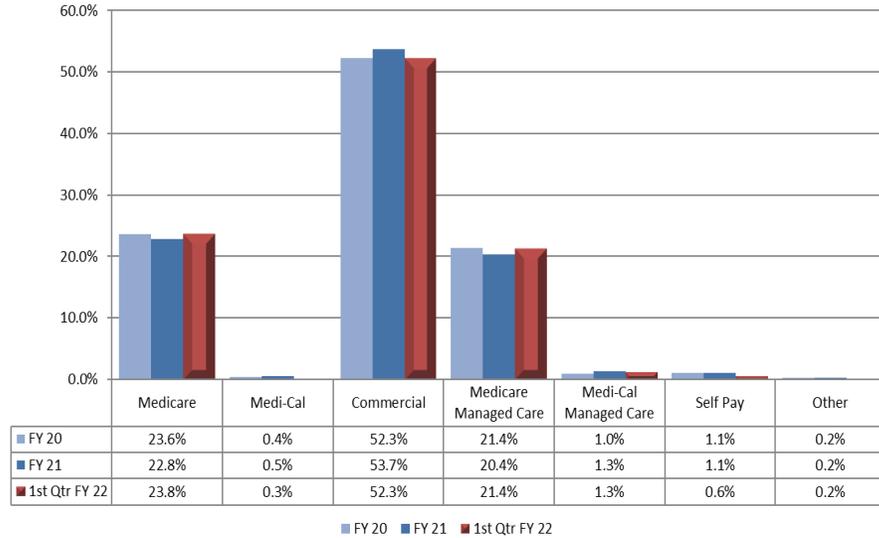
# El Camino Health Medical Network

## YTD FY2022 (as of 8/31/2021) Financial Performance

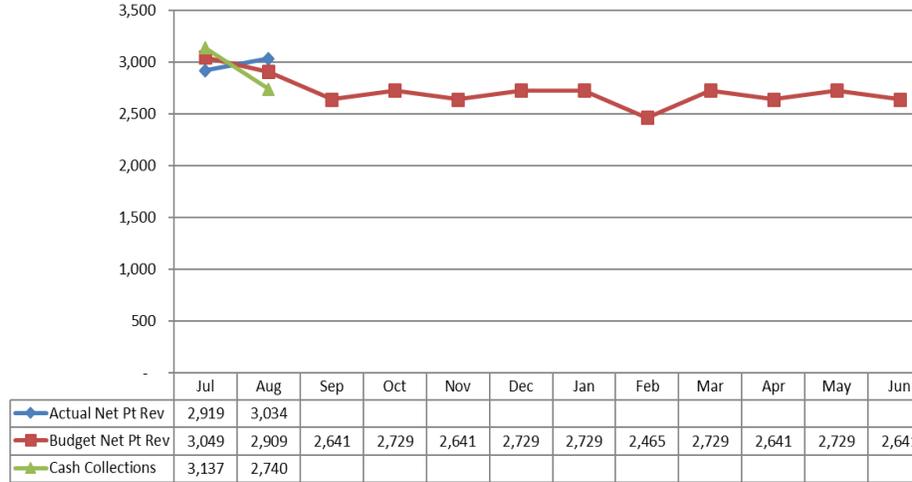
	Fiscal Year to Date August 31, 2021				Fiscal Year to Date August 31, 2020		
	Actual	Budget	\$ Variance	% Variance	Actual	\$ Variance	% Variance
Net Patient Revenue	6,741,670	6,613,750	127,920	1.9%	4,825,557	1,916,113	39.7%
Capitated Premiums	838,177	1,230,972	(392,795)	-31.9%	873,166	(34,989)	-4.0%
Other Revenue	934,219	732,874	201,345	27.5%	2,870,204	(1,935,985)	-67.5%
Total Operating Revenue	8,514,066	8,577,596	(63,530)	-0.7%	8,568,927	(54,861)	-0.6%
Pro Fees & Purch Services	7,797,265	7,360,270	(436,995)	-5.9%	8,243,704	446,439	5.4%
Labor Expenses	2,911,290	3,636,138	724,848	19.9%	3,157,347	246,057	7.8%
Facilities Expenses	1,529,650	1,542,828	13,178	0.9%	1,522,721	(6,929)	-0.5%
Other Expenses	885,327	896,154	10,827	1.2%	1,130,811	245,484	21.7%
Total Operating Expenses	13,123,532	13,435,390	311,858	2.3%	14,054,583	931,051	6.6%
<b>EBIDA</b>	<b>(4,609,466)</b>	<b>(4,857,794)</b>	<b>248,328</b>	<b>5.1%</b>	<b>(5,485,656)</b>	<b>876,190</b>	<b>16.0%</b>
Depreciation / Amortization	555,390	481,835	(73,555)	-15.3%	400,793	(154,597)	-38.6%
Other Income	(38)	-	(38)	-100.0%	-	(38)	-100.0%
<b>Net Income / (Loss)</b>	<b>(5,164,894)</b>	<b>(5,339,629)</b>	<b>174,735</b>	<b>3.3%</b>	<b>(5,886,449)</b>	<b>721,555</b>	<b>12.3%</b>

# ECHMN FY2022: Leading Metrics – Revenue Cycle Trends

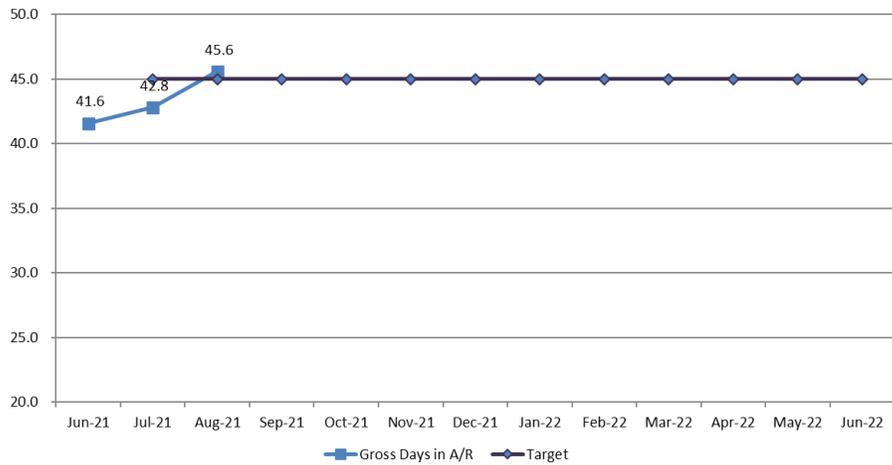
**Payer Mix Comparison**



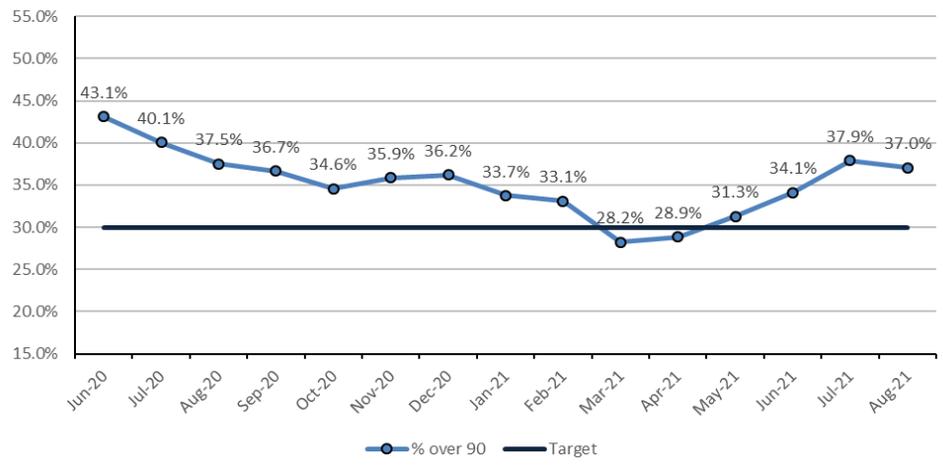
**Total Monthly Net Patient Revenue Compared to Collections**  
in Thousands



**Days AR Outstanding**

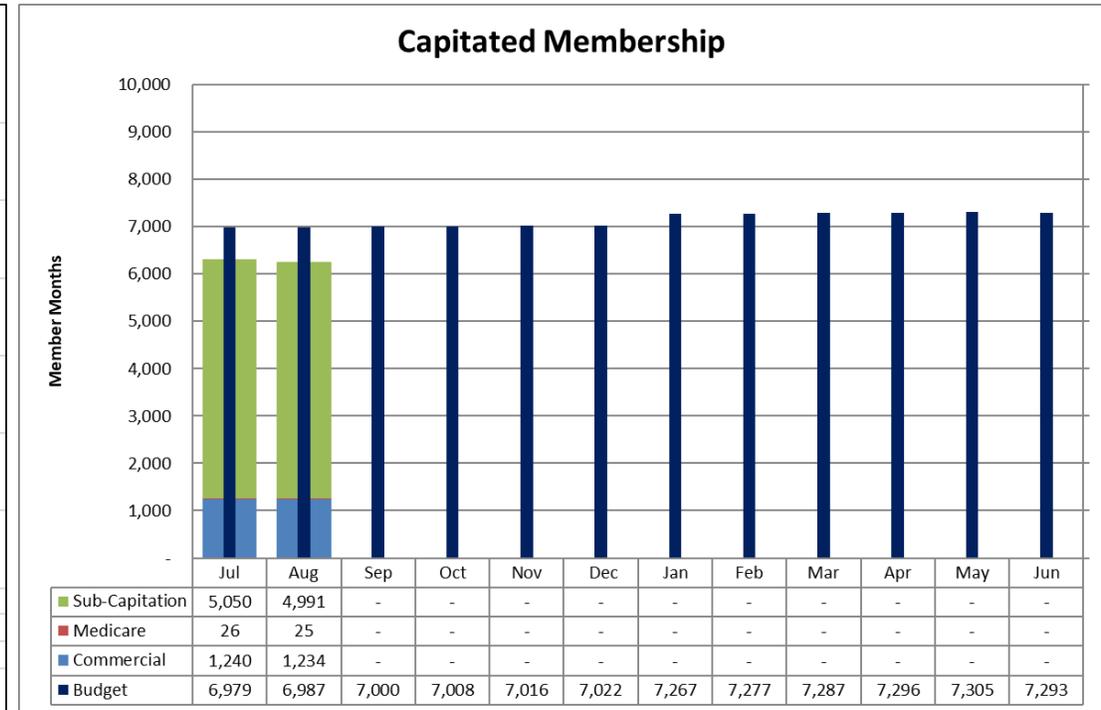
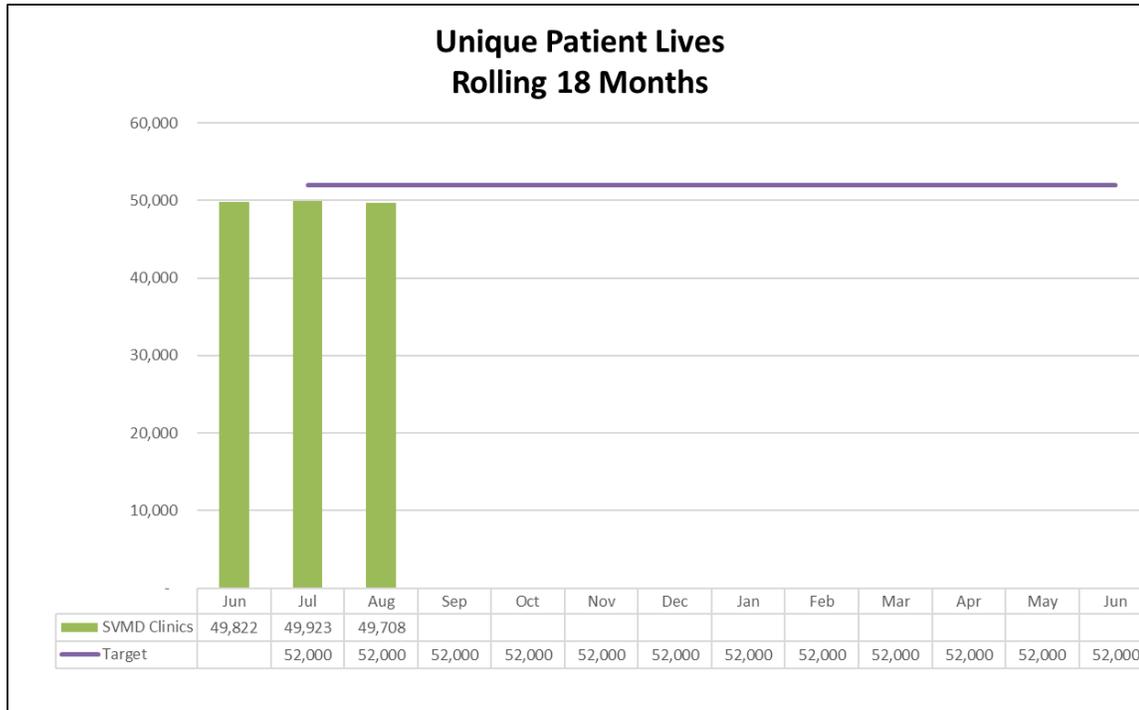


**Percent of Accounts Reviewable Over 90 Days Old**



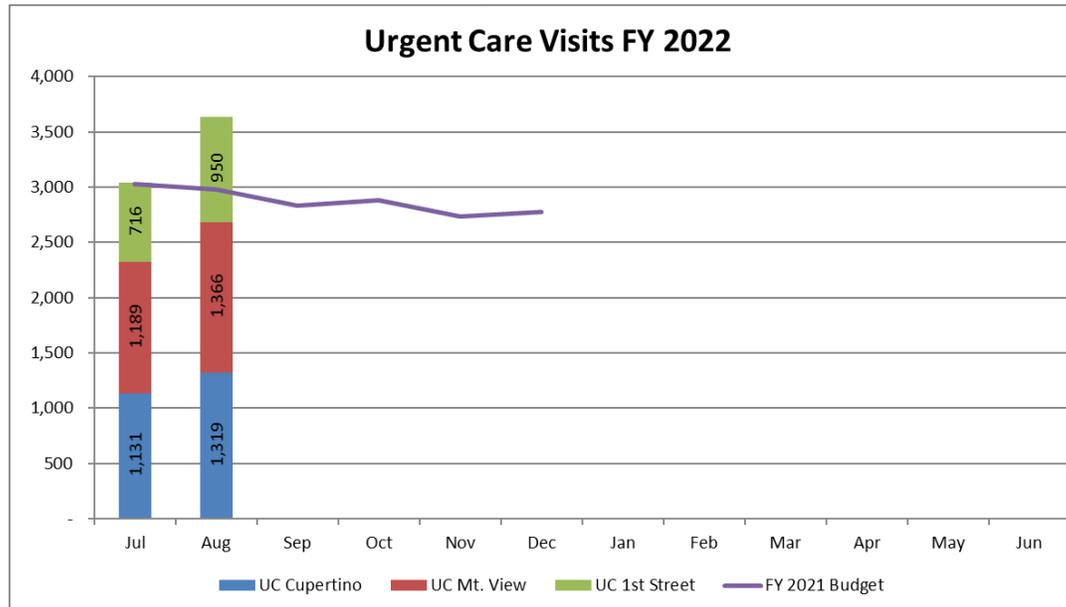
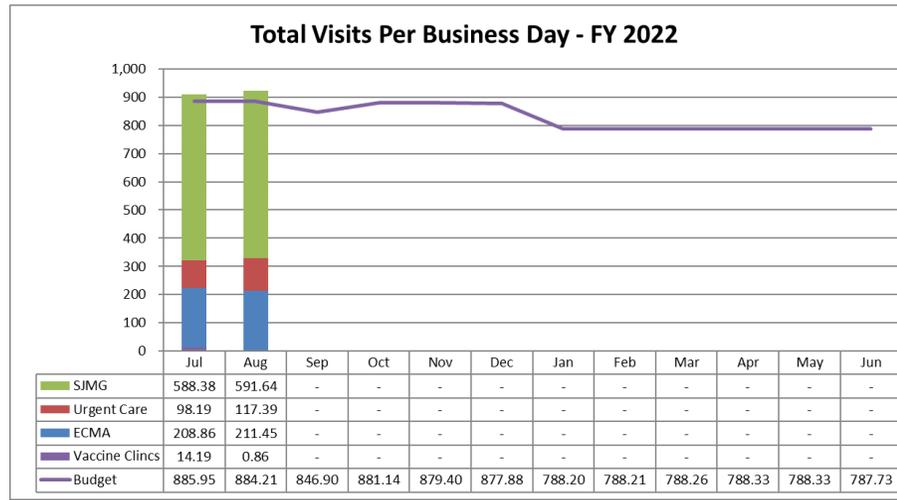
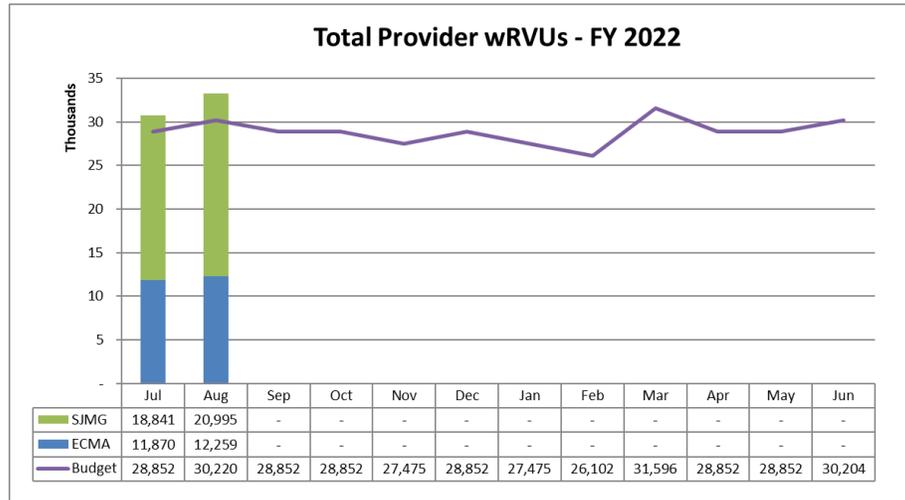
- For the first two months of FY2022 payer mix shifted slightly to Medicare based coverages.
- YTD Collection rates for the year are tracking with budget and estimated net patient revenues.
- Revenue cycle measures for days in accounts receivable and over 90 have increased slightly over the last quarter as a result of payor issues which are being addressed with the respective plans.

# ECHMN - FY2022 – Leading Metrics – Active Lives



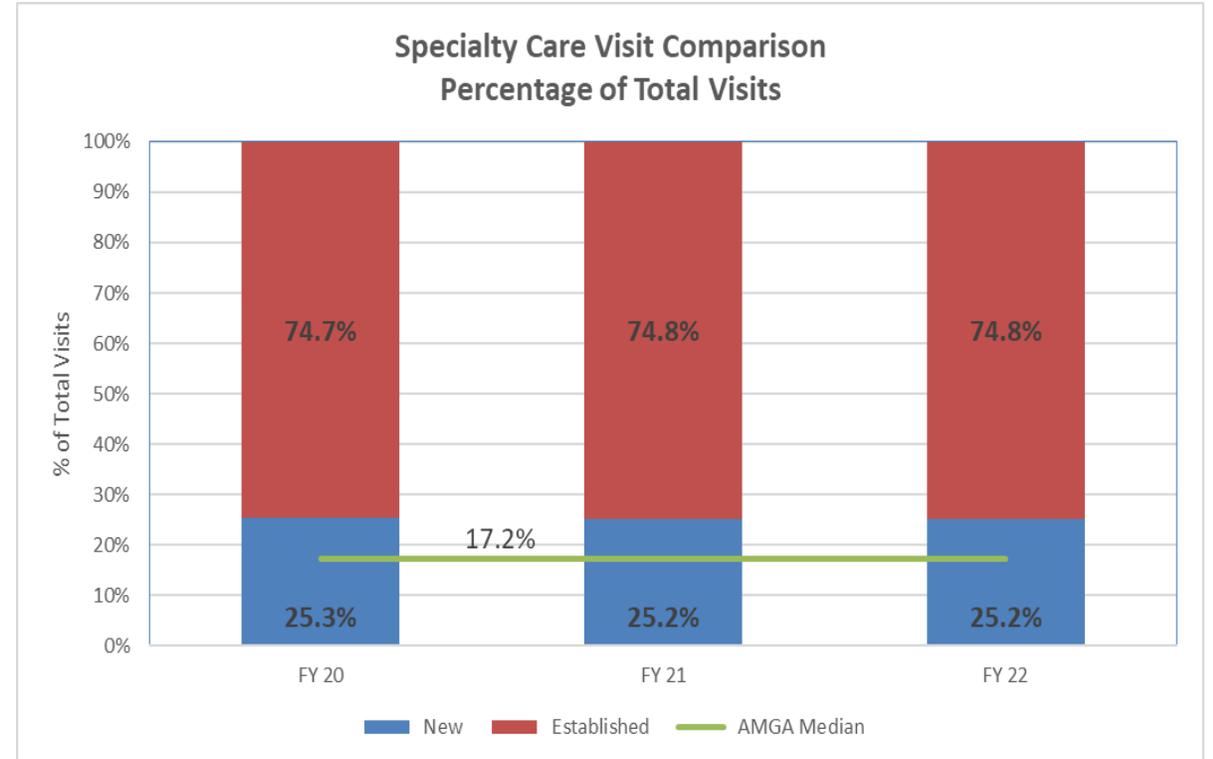
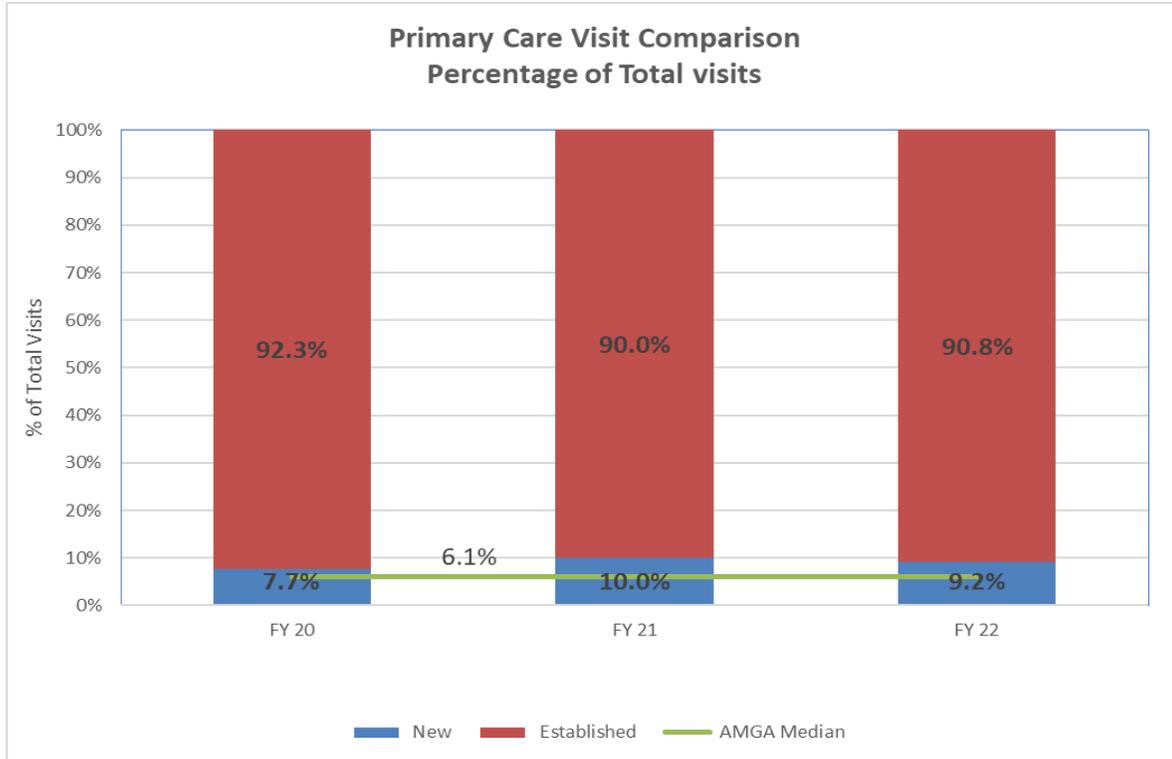
- Unique lives in FY2022 excludes urgent care patient activity and is targeted to grow by 5% from the prior years 49,822 unique lives.
- Capitated membership is below budgeted expectations as a result of a delay in completing a new full professional risk arrangement for one payer.

# ECHMN FY2022: Leading Metrics - Productivity



- Total visits per business day are 2.6% favorable to budget excluding the Vaccine Clinic Visits. The vaccine clinic volumes have declined significantly in FY2022 with only 298 and 19 visits being recorded in July and August, respectively.
- Urgent care visits during the FY2022 continue to be the result of increased COVID testing encounters.

# ECHMN - New vs Established Patients

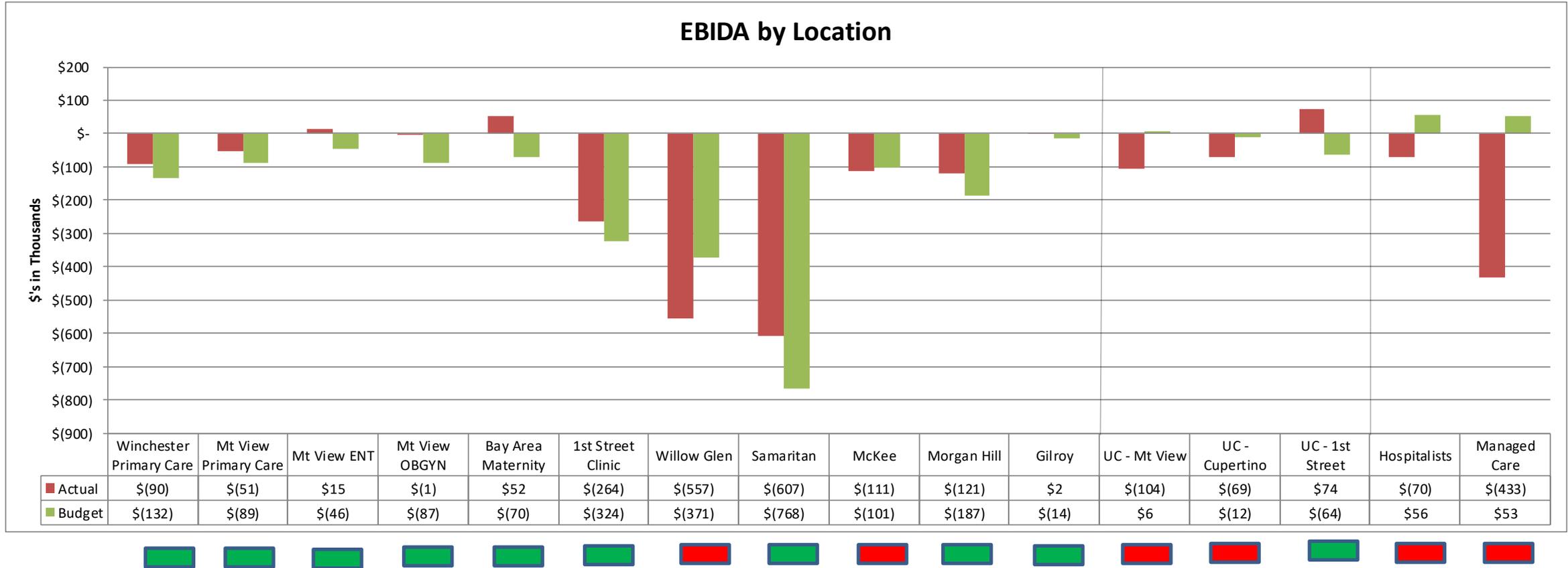


- The percentage of new primary care patient visits dropped slightly in the first two months of the new fiscal year but continue to exceed AMGA Benchmark.

# ECHMN – FY2022 Leading Metrics

## Financial Performance by Division

### YTD FY2022 (as of 8/31/2021)



# El Camino Health Medical Network

## KPIs: YTD FY2022 Actual vs. Budget vs. Prior Year

	FY 20	FY 21	FY 22	FY 22
	Actual	Actual	YTD	YTD
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<b>Key Stats</b>				
Avg Clinic Visits per Business Day	668	795	788	800
Avg Clinic wRVU's per Business Day	994	1,263	1,374	1,488
Urgent Care Visits per Business Day	43	108	97	108
Unique Lives	54,954	80,823	52,000	49,708
Capitated Member Months	77,212	74,289	13,966	12,566
<b>Key Indicators</b>				
Net Patient Revenue per Visit	\$ 135	\$ 129	\$ 166	\$ 163
Salary, Wages and Benefits per Visit	\$ 104	\$ 71	\$ 91	\$ 70
Physician Fees per Visit	\$ 180	\$ 114	\$ 121	\$ 129
Total Operating Expense (excl. Deprec & Interest) per Visit	\$ 434	\$ 294	\$ 337	\$ 317

# Q & A