

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

Monday, April 25, 2022 – 5:30 pm

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

PURSUANT TO GOVERNMENT CODE SECTION 54953(e)(1), EL CAMINO HEALTH **WILL NOT BE PROVIDING A PHYSICAL LOCATION TO THE PUBLIC 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: 985 8358 3310. No participant code. Just press #.

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

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1. CALL TO ORDER / ROLL CALL	John Zoglin, Chair		5:30 – 5:31pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Chair		information 5:31– 5:32
3. PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	John Zoglin, Chair		information 5:32 – 5:35
4. CONSENT CALENDAR <i>Any Committee Member may remove an item for discussion before a motion is made.</i> Approval a. Minutes of the Open Session of the Finance Committee (03/28/2022) Information b. FY2022 Progress Against Committee Goals c. FY2022 Pacing Plan d. Article of Interest			
5. REPORT ON BOARD ACTIONS	John Zoglin, Chair		information 5:35 – 5:40
6. FY2023 COMMITTEE PLANNING a. Proposed FY2023 Committee Goals b. Proposed FY2023 Pacing Plan c. Proposed FY2023 Committee Meeting Dates	John Zoglin, Chair	<i>public comment</i>	motion required 5:40 – 5:50
7. PERIOD 9 FINANCIAL REPORT	Carlos Bohorquez, CFO	<i>public comment</i>	motion required 5:50 - 6:05
8. ECHMN QUARTERLY FINANCIAL REPORT	Vince Manoogian, Interim ECHMN President & David Neapolitan, ECHMN VP of Finance		discussion 6:05 - 6:30
9. MV WIRELESS & DAS SYSTEM UPGRADE	Deb Muro, CIO		information 6:30 - 6:35

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
10. CARDIAC REHAB MOVE	Ken King, CASO		information 6:35 - 6:40
11. ADJOURN TO CLOSED SESSION	John Zoglin, Chair	<i>public comment</i>	motion required 6:40 – 6:41
12. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Chair		information 6:41 – 6:42
13. CONSENT CALENDAR <i>Any Committee Member may remove an item for discussion before a motion is made.</i> Approval <i>Gov't Code Section 54957.2:</i> a. Minutes of the Closed Session of the Finance Committee Information <i>Health and Safety Code Section 32106(b):</i> Physician Contracts b. MV & LG Gastroenterology Call Panel Renewal Agreements			motion required 6:42-6:43
14. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets: FY2023 BUDGET REVIEW SESSION #2- PRELIMINARY OPERATING REVENUE & EXPENSES	Carlos Bohorquez, CFO Victor Cabrera, Director of Decision Supply & Business Analytics		information 6:43 – 7:23
15. Gov't Code Sections 54957 for report and discussion on personnel matters – Senior Management: - Executive Session	John Zoglin, Chair		discussion 7:23-7:28
16. ADJOURN TO OPEN SESSION	John Zoglin, Chair		motion required 7:28 – 7:29
17. RECONVENE OPEN SESSION / REPORT OUT To report any required disclosures regarding permissible actions taken during Closed Session.	John Zoglin, Chair		information 7:29-7:30
18. CONTRACTS & AGREEMENTS Approval a. MV & LG Gastroenterology Call Panel Renewal Agreements	Mark Adams, MD, CMO		motion required 7:30 - 7:31pm
19. CLOSING COMMENTS	John Zoglin, Chair		information 7:31 - 7:34
20. ADJOURNMENT	John Zoglin, Chair	<i>public comment</i>	motion required 7:34 - 7:35pm

Upcoming Meetings:

Regular Meetings: May XX, 2022 (Joint ECHB-FC) | TBD



**Minutes of the Open Session of the
Finance Committee of the
El Camino Hospital Board of Directors
Monday, March 28, 2022**

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

Members Present
John Zoglin, Chair
Joseph Chow**
Wayne Doiguchi**
Bill Hooper**
Cynthia Stewart**
Don Watters

Members Absent
Peter Fung, MD

**via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Finance Committee of El Camino Hospital (the “Committee”) was called to order at 5:30 pm by Chair John Zoglin. A verbal roll call was taken. All members were present at roll call, excluding committee member Peter Fung, MD. A quorum was present pursuant to State of California Executive Orders N-25-20 dated March 12, 2020, and N-29-20 dated March 18, 2020.	
2. POTENTIAL CONFLICT OF INTEREST	Chair Zoglin asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
3. PUBLIC COMMUNICATION	There were no comments from the public.	
4. CONSENT CALENDAR	<p>Motion: To approve the consent calendar:</p> <ul style="list-style-type: none"> a. Open Session Finance Committee Minutes (1/31/2022) b. Open Session Joint Finance/Investment Committee Minutes (1/31/2022) c. Period 7 FY2022 Financials <p>Movant: Watters Second: Hooper Ayes: Chow, Doiguchi, Hooper, Stewart, Watters, Zoglin Noes: None Abstentions: None Absent: Fung Recused: None</p>	<p><i>Consent Calendar was approved.</i></p>
5. REPORT ON BOARD ACTIONS	Chair Zoglin asked the Committee for any questions or feedback on the Report on Board Actions, as further detailed in the packet.	
6. FY2023 COMMITTEE PLANNING	Chair Zoglin recommended that this item be deferred to the April Finance Committee meeting.	
7. PERIOD 8 FINANCIAL REPORT	Carlos Bohorquez, Chief Financial Officer, presented the Period 8 Financial Report and highlighted the following: <ul style="list-style-type: none"> • Mr. Bohorquez shared the overall financial performance for the month of February. The operating margin was \$10.2M compared to a budget of \$6.3M, resulting in a favorable variance of \$3.9M. 	

	<ul style="list-style-type: none"> February volumes and revenues continue to be strong, as demonstrated by the favorable variance of gross charges of \$40.5M driven by Inpatient and Outpatient activity. Operating Expenses were unfavorable to budget by \$10.1M / 11.3%, driven by patient activity. Supply expenses attributed to Covid-19 were \$742K in February and \$6.2M YTD. It was noted that all other discretionary non-volume driven expenses were unfavorable to budget by \$3.4M. Mr. Bohorquez stated hospital operations and volume metrics were favorable to budget. Adjusted Discharges (AD) is favorable to budget by 390 ADs / 3.4% and above prior year by 578 ADs / 21.3%. <ul style="list-style-type: none"> Mountain View is favorable to budget by 254 ADs / 10.8% and above the prior year by 409 ADs / 19.5%. Los Gatos is favorable to budget by 136 ADs / 20.6% and above the prior year by 169 ADs / 27.0%. Operating expenses per CMI Adjusted Discharge: \$17,041, which is 5.1% favorable to budget. Net income was unfavorable to budget by \$35.1M / (279.6%) and \$40.2M / (227.8%) lower than the same period last year. This is attributed the instability in the capital markets, which has resulted in the lower than expected investment income. <p>Mr. Bohorquez asked the Committee for their feedback, and a brief discussion ensued.</p>	
<p>8. FY2023 COMMUNITY BENEFIT GRANT PROGRAM OVERVIEW</p>	<p>Jon Cowan, Senior Director of Relations and Community Partnerships, informed the Finance Committee about the Community Benefits process in FY2022 and provided an update on midyear FY2022 grant performance.</p> <p>Mr. Cowan stated the following items would be reported at the next Finance Committee Meeting:</p> <ul style="list-style-type: none"> The Annual Plan & Implementation Strategy for funding approval and the recommendation for grants, sponsorships, and placeholder. The implementation strategy explains how the organization plans to address the health needs by identifying the Community Health Assessment and the anticipated impact. The 2022 Community Health Needs Assessment is conducted with other Santa Clara County hospitals every three years. This is in the process of being written and taken to the Finance Committee for approval. <p>Mr. Cowan provided the following FY2022 Grant Details:</p> <ul style="list-style-type: none"> \$3.3M for Board Approved Funding 44 Grant Programs 68% Grants that Met Midyear Metrics 	
<p>9. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 6:26 pm.</p> <p>Movant: Watters Second: Hooper Ayes: Chow, Doiguchi, Hooper, Stewart, Watters, Zoglin Noes: None</p>	<p><i>Adjourned to closed session at 6:26 pm</i></p>

	<p>Abstentions: None Absent: Fung Recused: None</p>	
<p>10. AGENDA ITEM 16: RECONVENE OPEN SESSION/REPORT OUT</p>	<p>During the Closed Session, the Finance Committee approved the following items: The Closed Session Minutes of January 31, 2022, Finance Committee Meeting, The Closed Session Minutes of January 31, 2022, Joint Finance and Investment Committee Meetings, and the Radiology Professional Services Renewal Agreement and Annual Report on Physician Financial Arrangement FY2021.</p> <p>By a unanimous vote of all Committee Members present: Mr. Chow, Mr. Doiguchi, Mr. Hooper, Ms. Stewart, Director Watters, and Director Zoglin. Director Fung was absent.</p>	
<p>11. AGENDA ITEM 17: CLOSING COMMENTS</p>	<p>No closing comments</p>	
<p>12. AGENDA ITEM 18: ADJOURNMENT</p>	<p>Motion: To adjourn at 7:39 pm. Movant: Watters Second: Chow Ayes: Chow, Doiguchi, Hooper, Stewart, Watters, Zoglin Noes: None Abstentions: None Absent: Fung Recused: None</p>	<p><i>Meeting adjourned at 7:39 pm</i></p>

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

 John Zoglin
 Chair, Finance Committee

Prepared by: Heidi Parker, Executive Assistant II, Administrative Services

FY2022 COMMITTEE GOALS

Finance Committee

PURPOSE

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

STAFF: **Carlos Bohorquez**, Chief Financial Officer (Executive Sponsor)

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

GOALS	TIMELINE	METRICS
1. Evaluate Financial Performance Compared to Budget and Moody’s ‘A1’ Medians	Q1, Q2, Q3 and Q4	Presentations in August -2021, September - 2021 November - 2021, January - 2022 , March - 2022, April - 2022, May - 2022
2. Evaluate FY2023 Operating and Capital Budget Assumptions	Q3 and Q4	March - 2022, April - 2022, May - 2022
3. Review Progress on Opportunities / Risks identified by Management for FY2022	Q2	November - 2021
4. Review strategy, goals, and performance of business affiliates and service lines: 1) Joint Venture – Satellite Healthcare, 2) Orthopedics, 3) Cardiology, 4) Joint Venture – Pathways, 5) ECHMN, 6) CONCERN, 7) Hospital Community Benefits Program	Q1	Joint Venture - Satellite (August - 2021), ECHMN (September -2021)
	Q2	Orthopedics (November 2021)
	Q3	Cardiology and ECHMN (January - 2022), CONCERN (March 2022), Hospital Community Benefits Program (March 2022) In Progress
	Q4	ECHMN (April -2022), Joint Venture – Pathways (May - 2022) In Progress
5. Review and evaluate ongoing customer service/patient experience tactics / metrics and use of AI to improve the process and customer experience for the Revenue Cycle	Q3	Monitor customer service and patient satisfaction metrics – March (2022)

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

FY2022 Finance Committee Pacing Plan

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

FY2022 Finance Committee Pacing Plan

FY2022 FC Pacing Plan – Q2		
January 31, 2022	February 2022	March 28, 2022
<p>5:30pm Joint Meeting with the Investment Committee: Topic: Long Term Financial Forecast</p> <p>6:30pm Approval Items</p> <ul style="list-style-type: none"> • Standing Consent Agenda Items • Minutes (motion) • Financial Report (FY2022 Periods 5 and 6) <p>Discussion</p> <ul style="list-style-type: none"> • Service Line / Business Affiliate Review: ECHMN Update • Managed Care Update • PIR • MV Campus Completion Plan • Report on Board Actions • Other Standing Agenda Items • Executive Session 	<p>No Scheduled Finance Committee Meeting</p>	<p>Approval Items</p> <ul style="list-style-type: none"> • Standing Consent Agenda Items • Minutes (motion) • Financial Report (FY2022 Periods 7 and 8) <p>Discussion Items</p> <ul style="list-style-type: none"> • FY2023 Budget Part # 1 Process and Assumptions • Service Line Review: CONCERN • Community Benefit Grant Program Update • Summary Physician Financial Arrangements (Year-End) • FY2023 Committee Planning: Goals, Pacing Plan and Meeting Dates • PIR • Report on Board Actions • Other Standing Agenda Items • Executive Session
FY2022 FC Pacing Plan – Q4		
April 25, 2022	May 26, 2022	June 2022
<p>Approval Items</p> <ul style="list-style-type: none"> • Standing Consent Agenda Items • Minutes (motion) • Financial Report (FY2022 Period 9) <p>Discussion Items</p> <ul style="list-style-type: none"> • FY2023 Budget Preview Part 2 • Service Line Report – ECHMN Update • Review Cycle Progress Report • Progress Against FY2022 Committee Goals & Pacing Plan • FY2023 Committee Planning: Goals, Pacing Plan and Meeting Dates • PIR • Report on Board Actions • Other Standing Agenda Items • Executive Session 	<p>5:30pm Joint Meeting with the Hospital Board Approval Items: FY2023 Operating & Capital Budget</p> <p>6:15pm Approval Items</p> <ul style="list-style-type: none"> • Financial Report (FY2022 Period 10) • FY2023 Organizational Goals • FY2023 Committee Planning: Goals, Pacing Plan and Meeting Dates • FY2023 El Camino Hospital Community Benefit Grant Program <p>Discussion Items</p> <ul style="list-style-type: none"> • Service Line Report: Pathways JV <u>/CONCERN/</u> Cardiology • Review Cycle Progress Report • PIR • Report on Board Actions • Other Standing Agenda Items • Executive Session 	<p>No Scheduled Finance Committee Meeting</p>

FY2022 Finance Committee Pacing Plan

Last 30 Months Capital Project Approvals

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	\$10.0M (Total Now \$16M)	09/2020
2/13/2019	ECH Board	SVMD Clinic Site Tenant Improvements	\$8.0M	09/2020
2/13/2019	ECH Board	Interventional Equipment Replacement	\$13.0M	09/2020
2/13/2019	ECH Board	Imaging Equipment Replacement	\$16.9M	09/2020
2/13/2019	ECH Board	SVMD Asset Acquisition	\$1.2M	11/2020 (w/SVMD Financials)
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	01/2021
8/21/2019	ECH Board	ED Remodel	\$6.75M	01/2021
10/10/2020	ECH Board	MV Campus Completion (Old Main Demo)	\$24.9M	03/2021
1/25/2020*	Finance Committee	Satellite Dialysis*	*No approval on /1/25/2020 presented only	07/2021
7/27/2020	Finance Committee	Sterile Processing Equipment	\$1.85M	N/A < \$2 M
8/12/2020	ECH Board	Radiation Oncology Replacement Equipment	\$10.3M (add'l \$3.55 M)	01/2022
1/25/2021	Finance Committee	Real Estate Transaction	\$1.875M	09/2021
1/25/2021	Finance Committee	Cardiopulmonary Wellness Center (CPWC) Relocation	\$5.0M	03/2022
2/10/2021	ECH Board	Women's Hospital Expansion Project	\$149M	09/2021
5/24/2021	Finance Committee	MV Wireless / DAS Network Upgrades	\$3.3M	04/2022
8/9/2021	ECH Board	MV Cath. Lab Replacement Project	\$19.5M	05/2022
8/9/2021	ECH Board	Pyxis MedStation Replacement Project	\$6.64M	04/2022
8/9/2021	Finance Committee	ECHMN Clinic Relocation	\$3.09M	01/2022
10/13/2021	ECH Board	Real Estate Transaction	\$14.65M	01/2022
11/22/2021	Finance Committee	LG Interventional radiology Equipment Replacement	\$3.86M	01/2023
11/22/2021	Finance Committee	LG Nuclear Medicine Equipment Replacement & Code Upgrades	\$2.4M	01/2023
11/22/2021	Finance Committee	LG Operating Room Sterile Processing Update	\$2.386M	01/2023
1/31/2022	Finance Committee	MV Lab Chemistry Line	\$2.8M	02/2023

FY2022 Finance Committee Pacing Plan

Biden's \$5.8 trillion budget: 9 healthcare takeaways

Alia Paavola - March 29, 2022

President Joe Biden [proposed](#) a \$5.8 trillion budget March 28 for fiscal year 2023, which includes funding for healthcare. Nine healthcare takeaways:

1. **Pandemic preparedness.** The budget calls for a five-year investment of \$81.7 billion to plan ahead for future pandemics. The funding would help support research and development of vaccines, improve clinical trial infrastructure and expand domestic manufacturing.
2. **Mental health parity.** Under the proposed budget, federal regulators would get the power to levy fines against health plans that violate mental health parity rules. The budget calls for \$275 million over 10 years to increase the Labor Department's capacity to ensure health plans are complying with the requirements and take action against those plans that do not. The budget also proposes funding to bolster the mental healthcare workforce and boost funding for suicide prevention programs.
3. **Vaccines for uninsured adults.** The proposed budget calls for establishing a new Vaccines for Adults program that would provide uninsured adults access to recommended vaccines at no cost.
4. **Title X funding.** The budget proposes providing \$400 million in funding for the Title X Family Planning Program, which provides family planning and other healthcare services to low-income individuals.
5. **Cancer Moonshot initiative.** The budget proposes several investments across the FDA, CDC, National Cancer Institute and Advanced Research Projects Agency for Health to advance President Biden's Cancer Moonshot initiative. The initiative aims to reduce the cancer death rate by 50 percent over the next 25 years.
6. **Spending to reduce HIV.** The proposed budget includes \$850 million to reduce new HIV cases by increasing access to HIV prevention services and support services.
7. **Veterans Affairs medical care.** President Biden's proposed budget allocates \$119 billion, or a 32 percent increase, to medical care for veterans. The money will fully fund inpatient, outpatient, mental health and long-term care services, while also investing in training programs for clinicians to work in the VA.
8. **Discretionary funding for HHS.** President Biden is asking Congress to approve \$127.3 billion in discretionary funding for HHS in fiscal 2023, representing a \$26.9 billion increase from the department's allotment for fiscal 2021.
9. **Mandatory spending for the Indian Health Service.** The budget request for the Indian Health Service calls for shifting the healthcare agency from discretionary to mandatory funding. The budget calls for \$9.1 billion in funding, a 20 percent increase from the amount allocated in fiscal 2021.

https://www.beckershospitalreview.com/finance/biden-s-5-8-trillion-budget-9-healthcare-takeaways.html?origin=PayerE&utm_source=PayerE&utm_medium=email&utm_content=newsletter&oly_enc_id=03281861089019

Hospital margins off to rough start in 2022

Ayla Ellison — March 30, 2022

Hospital and health system operating margins haven't recovered from the omicron surge and additional setbacks may be ahead. The median operating margin for hospitals and health systems declined by 11.8 percent month-over-month in February, and margins were down 42.4 percent from February 2020, just before the pandemic started, according to a March 28 report from Kaufman Hall.

In February, the median operating margin remained negative for the second month in a row. The median operating margin in February was -3.45 percent, a slight improvement from -4.52 percent in January. The report noted hospitals saw fewer severely ill COVID-19 patients in February, which contributed to shorter hospital stays. Average length of stay was down 5.3 percent month over month in February.

"Recovery from the Omicron surge likely will continue to be slow in the coming months, and hospitals could face additional setbacks if other variants — such as the BA.2 Omicron subvariant — lead to new surges," Kaufman Hall said. National labor shortages coupled with global supply chain issues could cause more hospitals and health systems to report losses for the first quarter of this year.

Several hospitals and health systems, including Renton Wash.-based Providence and Detroit-based Henry Ford Health, ended 2021 with operating losses.

Providence, a 52-hospital system, said higher wages, increased agency staffing costs and overtime pushed its labor costs 10 percent higher year over year. Henry Ford said salaries, wages and employee benefit costs climbed 8 percent year over in 2021.

https://www.beckershospitalreview.com/finance/hospital-margins-off-to-rough-start-in-2022.html?origin=CFOE&utm_source=CFOE&utm_medium=email&utm_content=newsletter&oly_enc_id=032818610890190

Developing a Point of View About Inflation

By Kenneth Kaufman & Eric Jordahl

April 6, 2022

In February, U.S. inflation as measured by the Consumer Price Index grew 7.9% year-over-year, the highest increase in four decades. The factors influencing the current inflationary environment are many and interconnected, including supply chain disruptions, infusions of stimulus money, pent-up demand for goods and services, and more recently, the war in Ukraine and the resulting economic sanctions for Russia. And while the entire global economy has been affected by the current inflationary period, the challenges facing U.S. healthcare providers are particularly pronounced.

Many of the household items that have risen in price—from gasoline to food prices—are likely to stabilize and even decline with time. Unfortunately for hospitals, however, skyrocketing labor costs will likely result in a sustained structural reset of their expense base—at least until the emergence of offsetting workflow restructuring or technology solutions. In February, hospitals' labor expense per adjusted discharge rose a staggering 32% from February 2020, immediately prior to the onset of the COVID-19 pandemic in the United States, and was 15.3% up from February 2021, according to the most recent [Kaufman Hall National Hospital Flash Report](#).

Beyond rising salaries, hospitals are also faced with shortages of all types of workers in multiple departments—from nursing to environmental services. With U.S. unemployment rates nearing all-time lows, hospitals must now aggressively compete with every employer in their communities for entry-level workers. Some economists predict [worker shortages and related higher costs will persist for decades to come](#). And in contrast to similar positions in other industries, even entry-level healthcare workers require significant training before they are prepared to work in a hospital.

The very nature of hospital employment is also shifting rapidly. [In February, the median contract labor expense as a proportion of U.S. hospitals' overall labor expense in U.S. hospitals reached approximately](#)

12%—up from roughly 2% as recently as October 2020, according to Kaufman Hall data. And while many hospitals may view travel nursing primarily in terms of cost, it's possible that a sizeable percentage of the nursing workforce—including younger Millennial and Generation Z workers—will prefer the lifestyle flexibility of travel nursing for years to come. In all likelihood, the current workforce challenges will require a new set of solutions to complement efforts to increase productivity and optimize a given hospital or health system's workforce.

The current combination of broader macroeconomic pressures and workforce shortages with the specific inflationary pressure in the healthcare workforce has created a perfect inflationary storm.

More than ever in the past, hospital leaders must be able to develop a clear organizational point of view about the near-term and then systemic implications of inflation and other macroeconomic forces. If an organization believes we are in a long-term expense restructuring cycle, that will suggest one set of resource management decisions. If an organization believes that inflationary pressures will be more muted or short-term, that would suggest a different set of decisions.

For example, if an organization is contemplating the need to issue additional debt, and if the organization believes inflation will be long-term, the organization should move as quickly as possible to issue fixed-rate debt to defend against the prospect of rising interest rates. On the other hand, if an organization believes that inflation will be temporary, it could be more deliberate about issuing debt and might assess structuring options that trade the possibility of lower cost for the retention of interest rate risk.

Moving forward, hospital financial planning exercises should include a careful assessment of what the future might hold for their organizations and the broader industry climate, including:

- Where are our biggest areas of vulnerability?
- What is our current cost structure?
- How and when will our cost structure normalize?
- Will new technology be required to stabilize our cost structure, and will we need tech-savvy partners to help us achieve that?
- What is our organization's future outlook for accessing external capital to achieve our goals?
- How do we best position resources to respond to these pressure points?

The first quarter of 2022 has presented tremendous challenges to the U.S. healthcare industry—including successive waves of Omicron COVID-19 subvariants, widespread inflation, rising interest rates, and the economic aftershocks of the ongoing war in Ukraine.

While some of those pressures may ease with time, rising labor costs and ongoing workforce shortages indicate a lasting, structural change in expenses is in the offing. Hospitals seeking to remain resilient through this perfect inflationary storm must be able to clearly assess the broader macroeconomic forces influencing their organizations, integrate those assessments with their existing financial planning frameworks, and allocate resources accordingly to protect their organizations from future shocks.

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

To: Finance Committee
From: Stephanie Iljin, Manager of Administration
Date: April 25, 2022
Subject: Report on Board Actions

Purpose: To keep the Committee informed regarding actions taken by the El Camino Hospital and El Camino Healthcare District Boards.

Summary:

1. **Situation:** It is 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.
2. **Authority:** This is being brought to the Committees at the request of the Board and the Committees.
3. **Background:** Since the last time we provided this report to the Finance Committee, the Hospital Board has met once, and District Board has not met. In addition, since the Board has delegated specific authority to the Executive Compensation Committee, the Compliance and Audit Committee, and the Finance Committee, those approvals are also noted in this report.

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
ECH Board	April 13, 2022	<ul style="list-style-type: none"> - Board Assessment Follow-Up: FY23 El Camino Hospital Board Pacing Plan - Urology Call Panel Renewals for the Mountain View and Los Gatos Campuses - FY22 Period 08 Financials - Renewal of Enterprise Radiology Professional Services Agreement - FY21 Annual Report on Physician Financial Arrangements
ECHD Board	N/A	
Executive Compensation Committee	N/A	
Compliance Committee	March 30, 2022	<ul style="list-style-type: none"> - KPI Scorecard and Trends - Activity Log January 2022 - Activity Log February 2022 - Internal Audit Work Plan & Follow Up Table
Finance Committee	N/A	

List of Attachments: None.

Suggested Committee Discussion Questions: None.

PRELIMINARY DRAFT
FY2023 COMMITTEE GOALS
 Finance Committee

PURPOSE

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

STAFF: **Carlos Bohorquez**, Chief Financial Officer (Executive Sponsor)

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

GOALS	TIMELINE	METRICS
1. Summary of Physician Financial Agreements	Q3	March 2023
2. Review Progress on Opportunities / Risks identified by Management for FY2023 and Managed Care Update	Q2, Q3	Progress on Opportunities / Risks (November 2022), Managed Care update (January 2023)
3. Review strategy, goals, and performance of business affiliates and service lines: 1) Joint Venture – Satellite Healthcare, 2) Orthopedics, 3) Cardiology, 4) Joint Venture – Pathways, 5) ECHMN, 6) Hospital Community Benefits Program, 7) Foundation Performance to Target and 3-5 year strategic plan	Q1	ECHMN (September 2023)
	Q2	Service Line Overview: TBD (November 2022)
	Q3	Service Line Overview: TBD (January -2023), Foundation (January 2023), Hospital Community Benefits Program (March 2023)
	Q4	ECHMN (April 2023), Joint Venture – Pathways (May 2023)
4. Review and evaluate ongoing customer service/patient experience tactics / metrics and use of AI to improve the process and customer experience for the Revenue Cycle	Q3	Monitor customer service and patient satisfaction metrics (May 2023)

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

FY2023 Finance Committee Pacing Plan

FY2023 FC Pacing Plan – Q1		
July 2021	August 29, 2022	September 27, 2022
No Scheduled Finance Committee Meeting	Approval Items <ul style="list-style-type: none"> • Standing Consent Agenda Items • Minutes (motion) • Candidate Interviews and Recommendation to Appoint • Financial Report (FY2022 Periods 11 and 12) Discussion Items <ul style="list-style-type: none"> • Financial Report (Pre-Audit Fiscal Year End 2022 Results) • Service Line / Business Affiliate Review: JV Satellite Healthcare • Update on Kindred IP Rehab JV • Medical Staff Development Plan • Report on Board Actions • Other Standing Agenda Items • Executive Session • Post Implementation Review (“PIR”) Per Attached Schedule 	Approval Items <ul style="list-style-type: none"> • Standing Consent Agenda Items • Minutes (motion) • Financial Report (FY2023 Periods 1 and 2) • Financial Report Fiscal Year End 2022 Results Discussion Items <ul style="list-style-type: none"> • Service Line / Business Affiliate Review: ECHMN Update • Progress Against FY2022 Committee Goals & Pacing Plan • Project Update: Women’s and Newborn Hospital Project • PIR • Report on Board Actions • Other Standing Agenda Items • Executive Session
FY2022 FC Pacing Plan – Q2		
October 2021	November 21, 2022	December 2021
No Scheduled Finance Committee Meeting	Approval Items <ul style="list-style-type: none"> • Standing Consent Agenda Items • Minutes (motion) • Financial Report (FY2023 Periods 3 and 4) Discussion Items <ul style="list-style-type: none"> • Service Line Review: Orthopedics • Foundation Strategic Plan Update • FY2024 Community Benefit Grant Application Guiding Principles / Process • Review Progress on Opportunities / Risks Identified for FY2023 • Strategic Service Line Update • PIR • Report on Board Actions • Other Standing Agenda Items • Executive Session 	No Scheduled Finance Committee Meeting

FY2023 Finance Committee Pacing Plan

FY2023 FC Pacing Plan – Q2		
January 30, 2023	February 2023	March 27, 2023
<p>5:30pm Joint Meeting with the Investment Committee: Topic: Long Term Financial Forecast</p> <p>6:30pm Approval Items</p> <ul style="list-style-type: none"> • Standing Consent Agenda Items • Minutes (motion) • Financial Report (FY2023 Periods 5 and 6) <p>Discussion</p> <ul style="list-style-type: none"> • Service Line / Business Affiliate Review: ECHMN Quarterly Financial Update & Cardiology • Managed Care Update • PIR • MV Campus Completion Plan • Report on Board Actions • Other Standing Agenda Items • Executive Session 	<p>No Scheduled Finance Committee Meeting</p>	<p>Approval Items</p> <ul style="list-style-type: none"> • Standing Consent Agenda Items • Minutes (motion) • Financial Report (FY2023 Periods 7 and 8) <p>Discussion Items</p> <ul style="list-style-type: none"> • FY2024 Budget Part # 1: Key Operating Assumptions • FY2024 Community Benefit Grant Program Update • Summary Physician Financial Arrangements (Year-End) • FY2024 Committee Planning: Goals, Pacing Plan and Meeting Dates • PIR • Report on Board Actions • Other Standing Agenda Items • Executive Session
FY2022 FC Pacing Plan – Q4		
April 24, 2023	May 22, 2023	June 2022
<p>Approval Items</p> <ul style="list-style-type: none"> • Standing Consent Agenda Items • Minutes (motion) • Financial Report (FY2023 Period 9) <p>Discussion Items</p> <ul style="list-style-type: none"> • FY2024 Budget Preview Part 2: Projected Operating Revenue & Expenses • Service Line Report – ECHMN Quarterly Financial Update • Review Cycle Progress Report • Progress Against FY2023 Committee Goals & Pacing Plan • PIR • Report on Board Actions • Other Standing Agenda Items • Executive Session 	<p>5:30pm Joint Meeting with the Hospital Board Approval Items: FY2024 Operating & Capital Budget</p> <p>6:15pm Approval Items</p> <ul style="list-style-type: none"> • Financial Report (FY2023 Period 10) • FY2024 Organizational Goals • FY2024 Committee Planning: Goals, Pacing Plan and Meeting Dates • FY2024 El Camino Hospital Community Benefit Grant Program <p>Discussion Items</p> <ul style="list-style-type: none"> • Service Line Report: Pathways JV • PIR • Report on Board Actions • Other Standing Agenda Items • Executive Session 	<p>No Scheduled Finance Committee Meeting</p>

**FY2023 Finance Committee Pacing Plan
Last 30 Months Capital Project Approvals**

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)	09/2020
2/13/2019	ECH Board	SVMD Clinic Site Tenant Improvements	\$8M	09/2020
2/13/2019	ECH Board	Interventional Equipment Replacement	\$13M	09/2020
2/13/2019	ECH Board	Imaging Equipment Replacement	\$16.9M	09/2020
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	01/2021
8/21/2019	ECH Board	ED Remodel	\$6.75M	01/2021
10/10/2020	ECH Board	MV Campus Completion (Old Main Demo)	\$24.9M	03/2021
1/25/2020*	Finance Committee	Satellite Dialysis*	*No approval on /1/25/2020 presented only	07/2021
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)	01/2022
11/23/2020		None		
1/25/2021	Finance Committee	Real Estate Transaction	\$1.875M	09/2021
1/25/2021	Finance Committee	Cardiopulmonary Wellness Center (CPWC) Relocation	\$5.0M	03/2022
2/10/2021	ECH Board	Women's Hospital Expansion Project	\$149M	09/2021
3/29/2021		None		
4/26/2021		None		
5/24/2021	Finance Committee	MV Wireless / DAS Network Upgrades	\$3.3M	04/2022
8/9/2021	ECH Board	MV Cath. Lab Replacement Project	\$19.5M	05/2022
8/9/2021	ECH Board	Pyxis MedStation Replacement Project	\$6.64M	04/2022
8/9/2021	Finance Committee	ECHMN Clinic Relocation	\$3.09M	01/2022
10/13/2021	ECH Board	Real Estate Transaction	\$14.65M	01/2022
11/22/2021	Finance Committee	LG Interventional radiology Equipment Replacement	\$3.86M	01/2023
11/22/2021	Finance Committee	LG Nuclear Medicine Equipment Replacement & Code Upgrades	\$2.4M	01/2023

FY2023 Finance Committee Pacing Plan

11/22/2021	Finance Committee	LG Operating Room Sterile Processing Update	\$2.386M	01/2023
01/31/2022	Finance Committee	MV Lab Chemistry Line	\$2.8M	02/2023



Finance Committee Meetings
Proposed FY2023 Dates

RECOMMENDED FC DATE MONDAYS	CORRESPONDING HOSPITAL BOARD DATE
Monday, August 29, 2022	Wednesday, September xx, 2022
Tuesday, September 27, 2022 <i>*(Sept 26 – Rosh Hashanah)</i>	Wednesday, November xx, 2022
Monday, November 21, 2022	Wednesday, December xx, 2022
Monday, January 30, 2023 (Plus Joint with IC)	Wednesday, March xx, 2023 <i>*(February xx, 2023 – Retreat)</i>
Monday, March 27, 2023	Wednesday, April xx, 2023
Monday, April 24, 2022	Wednesday, May xx, 2023
Monday, May 22, 2022 <i>*(May 29 – Memorial Day)</i>	Wednesday, June xx, 2023



El Camino Health

Summary of Financial Operations

*Fiscal Year 2022 – Period 9
7/1/2021 to 03/31/2022*

Executive Summary - Overall Commentary for Period 9

- **Excellent financial results for Period 9:**

- Revenue driven by very strong Outpatient performance complimented by solid Inpatient activity
 - Outpatient activity driven by Emergency Room, Orthopedic / Spine Surgeries and Imaging
- Continued effective cost control. When adjusted for volume, overall costs below target levels
 - Cost per CMI Adjusted Discharge was 11% favorable to budget
 - Improvement in Overtime/Premium pay
- Total gross charges were favorable to budget by **\$76.2M / 19.0%** and **\$90.7M / 23.4% higher** than the same period last year.
 - Outpatient charges were favorable by **\$52.7M / 29.2%** while Inpatient charges were favorable by **\$21.8M / 10.2%**.
- Net patient revenue was **favorable to budget by \$24.1M / 24.6%** and **\$26.0M / 26.8%** higher than the same period last year.
- Operating margin was **favorable to budget by \$13.1M / 186.6%** and **\$11.9M / 144.4%** higher than the same period last year.
- Operating EBIDA was **favorable to budget by \$13.8M / 98.8%** and **\$13.2M / 90.6%** better than the same period last year.
- Net income was **favorable to budget by \$8.9M / 58.8%** and **\$3.1M / 11.4% lower than the same period last year**. This is attributed the instability in the capital market's impact on investment income.

Operational / Financial Results: Period 9 – March 2022 (as of 03/31/2022)

(\$ 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	293	261	33	12.5%	239	55	22.9%	---	---	---
	Total Acute Discharges	1,919	1,757	162	9.2%	1,610	309	19.2%	---	---	---
	Adjusted Discharges	3,816	3,239	577	17.8%	3,243	573	17.7%	---	---	---
	Emergency Room Visits	5,859	4,716	1,143	24.2%	4,444	1,415	31.8%	---	---	---
	OP Procedural Cases	13,433	10,691	2,742	25.6%	15,666	(2,233)	(14.3%)	---	---	---
	Gross Charges (\$)	478,275	402,038	76,237	19.0%	387,620	90,655	23.4%	---	---	---
Operations	Total FTEs	3,187	3,183	5	0.1%	2,875	312	10.9%	---	---	---
	Productive Hrs. / APD	27.9	31.4	(3.6)	(11.3%)	30.8	(3.0)	(9.6%)	---	---	---
	Cost Per CMI AD	15,983	17,952	(1,969)	(11.0%)	16,509	(526)	(3.2%)	---	---	---
	Net Days in A/R	54.1	49.0	5.1	10.4%	50.3	3.8	7.5%	47.7	49.7	---
Financial Performance	Net Patient Revenue (\$)	123,165	99,074	24,091	24.3%	97,171	25,994	26.8%	138,547	82,105	---
	Total Operating Revenue (\$)	126,741	102,556	24,185	23.6%	100,708	26,033	25.8%	152,743	109,602	---
	Operating Margin (\$)	20,180	7,041	13,139	186.6%	8,258	11,922	144.4%	1,915	3,836	---
	Operating EBIDA (\$)	27,810	13,992	13,818	98.8%	14,588	13,221	90.6%	11,188	10,741	---
	Net Income (\$)	24,115	15,181	8,933	58.8%	27,223	(3,109)	(11.4%)	8,124	7,343	---
	Operating Margin (%)	15.9%	6.9%	9.1%	131.9%	8.2%	7.7%	94.2%	1.9%	3.5%	---
	Operating EBIDA (%)	21.9%	13.6%	8.3%	60.8%	14.5%	7.5%	51.5%	8.3%	9.8%	---
	DCOH (days)	305	325	(20)	(6.2%)	357	(53)	(14.7%)	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 03/31/2022)

(\$ 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	274	253	20	8.0%	242	32	13.1%	---	---	---
	Total Acute Discharges	15,877	15,042	835	5.6%	14,020	1,857	13.2%	---	---	---
	Adjusted Discharges	31,019	27,821	3,198	11.5%	26,244	4,775	18.2%	---	---	---
	Emergency Room Visits	50,006	39,241	10,765	27.4%	37,088	12,918	34.8%	---	---	---
	OP Procedural Cases	115,793	92,062	23,731	25.8%	119,478	(3,685)	(3.1%)	---	---	---
	Gross Charges (\$)	3,810,106	3,405,474	404,633	11.9%	3,143,811	666,296	21.2%	---	---	---
Operations	Total FTEs	3,065	3,077	(12)	(0.4%)	2,818	247	8.8%	---	---	---
	Productive Hrs. / APD	28.7	31.6	(3.0)	(9.4%)	31.3	(2.6)	(8.4%)	---	---	---
	Cost Per CMI AD	16,485	17,952	(1,466)	(8.2%)	17,198	(713)	(4.1%)	---	---	---
	Net Days in A/R	54.1	49.0	5.1	10.4%	50.3	3.8	7.5%	47.7	49.7	
Financial Performance	Net Patient Revenue (\$)	976,457	858,097	118,360	13.8%	805,228	171,229	21.3%	1,246,925	738,941	
	Total Operating Revenue (\$)	1,008,804	891,569	117,235	13.1%	839,876	168,929	20.1%	1,367,184	986,419	
	Operating Margin (\$)	130,513	59,976	70,537	117.6%	47,365	83,148	175.5%	17,234	34,525	
	Operating EBIDA (\$)	198,008	123,163	74,845	60.8%	110,488	87,519	79.2%	100,695	96,669	
	Net Income (\$)	82,742	128,566	(45,824)	(35.6%)	222,346	(139,604)	(62.8%)	73,120	66,090	
	Operating Margin (%)	12.9%	6.7%	6.2%	92.3%	5.6%	7.3%	129.4%	1.9%	3.5%	
	Operating EBIDA (%)	19.6%	13.8%	5.8%	42.1%	13.2%	6.5%	49.2%	8.3%	9.8%	
	DCOH (days)	305	325	(20)	(6.2%)	357	(53)	(14.7%)	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 9 and YTD (as of 03/31/2022)

Key Metrics	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	239	293	261	22.9%	12.5%	242	274	253	13.1%	8.0%
Utilization MV	64%	77%	69%	19.9%	10.5%	63%	72%	67%	14.6%	8.0%
Utilization LG	28%	38%	31%	38.1%	22.0%	32%	34%	31%	7.4%	8.8%
Utilization Combined	53%	65%	57%	22.9%	12.5%	53%	60%	56%	13.3%	8.1%
Adjusted Discharges	3,243	3,816	3,239	17.7%	17.8%	26,244	31,019	27,821	18.2%	11.5%
Total Discharges (Exc NB)	1,610	1,919	1,757	19.2%	9.2%	14,020	15,877	15,042	13.2%	5.6%
Total Discharges	1,934	2,309	2,132	19.4%	8.3%	16,929	19,449	18,421	14.9%	5.6%
Inpatient Case Activity										
MS Discharges	1,103	1,331	1,214	20.7%	9.6%	9,583	10,670	10,047	11.3%	6.2%
Deliveries	354	426	393	20.3%	8.5%	3,115	3,856	3,559	23.8%	8.3%
BHS	117	129	104	10.3%	23.5%	950	1,010	1,040	6.3%	(2.9%)
Rehab	32	39	46	21.9%	(15.2%)	374	332	396	(11.2%)	(16.2%)
Outpatient Case Activity										
Total Outpatient Cases	18,732	17,805	14,191	-4.9%	25.5%	146,646	154,321	121,251	5.2%	27.3%
ED	3,066	4,372	3,500	42.6%	24.9%	27,168	38,528	29,189	41.8%	32.0%
OP Surg	615	684	487	11.2%	40.6%	4,628	5,343	4,066	15.4%	31.4%
Endo	253	271	240	7.1%	12.9%	1,888	2,136	1,926	13.1%	10.9%
Interventional	195	201	184	3.1%	9.2%	1,535	1,757	1,566	14.5%	12.2%
All Other	14,603	12,277	9,781	(15.9%)	25.5%	111,427	106,557	84,504	(4.4%)	26.1%
Hospital Payor Mix										
Medicare	48.7%	50.7%	48.4%	4.1%	4.6%	48.4%	48.0%	47.8%	(0.7%)	0.4%
Medi-Cal	8.0%	7.9%	8.2%	(1.6%)	(3.8%)	8.2%	8.2%	8.0%	(0.8%)	2.5%
Commercial	40.4%	39.6%	41.4%	(1.8%)	(4.5%)	41.1%	41.7%	42.2%	1.5%	(1.0%)
Other	3.0%	1.8%	2.1%	(38.4%)	(13.1%)	2.3%	2.1%	2.1%	(8.7%)	1.4%

Enterprise Income Statement: Rolling 16 Monthly Trend (\$000s)

	FY2021						FY2022									YTD FY2022	Rolling 16 Monthly Average	
	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	Period 3 Sep-21	Period 4 Oct-21	Period 5 Nov-21	Period 6 Dec-21	Period 7 Jan-22	Period 8 Feb-22			Period 9 Mar-22
Operating Revenues:																		
Net Patient Revenue	92,289	89,795	85,273	97,171	94,903	95,542	112,238	101,774	104,482	104,776	106,632	107,257	113,033	109,378	105,960	123,165	976,457	102,729
Other Operating Revenue	3,079	4,427	3,352	3,537	3,692	5,385	4,706	3,116	3,746	3,479	4,506	3,600	3,648	3,362	3,313	3,577	32,347	3,783
Total Operating Revenue	95,368	94,222	88,625	100,708	98,595	100,927	116,945	104,889	108,228	108,256	111,138	110,857	116,681	112,741	109,273	126,741	1,008,804	106,512
Operating Expenses:																		
Salaries, Wages and Benefits	48,774	53,636	48,592	52,025	50,616	48,138	48,101	53,000	53,940	53,629	56,001	53,709	55,947	59,347	55,256	60,098	500,927	53,175
Supplies	14,519	13,888	13,587	15,421	14,256	15,241	15,156	15,109	14,569	14,862	14,502	14,941	16,060	16,051	15,296	17,661	139,050	15,070
Fees & Purchased Services	14,035	15,825	14,770	15,139	15,761	15,923	19,915	14,390	14,182	14,800	14,760	15,210	14,955	14,291	16,550	17,352	136,490	15,491
Other Operating Expenses	4,100	3,819	1,097	3,536	3,662	3,496	6,002	3,598	3,577	3,676	3,586	3,842	4,112	3,829	4,290	3,821	34,330	3,753
Interest	1,428	1,428	1,392	1,399	1,400	1,400	1,367	1,419	1,418	1,418	1,418	1,420	1,419	1,421	1,380	1,384	12,697	1,407
Depreciation	5,591	5,689	5,903	4,931	5,606	4,808	5,740	4,727	7,157	5,902	5,798	6,440	6,173	6,046	6,311	6,246	54,798	5,817
Total Operating Expenses	88,446	94,284	85,341	92,450	91,301	89,006	96,281	92,242	94,844	94,286	96,065	95,561	98,665	100,984	99,084	106,561	878,291	94,712
Operating Margin	6,922	(62)	3,285	8,258	7,294	11,921	20,664	12,648	13,384	13,970	15,073	15,297	18,016	11,756	10,189	20,180	130,513	11,800
Non-Operating Income	57,357	39	14,349	18,965	29,151	16,666	20,041	(4,099)	14,319	(18,378)	24,361	(21,232)	17,581	(31,539)	(32,720)	3,935	(47,771)	6,800
Net Margin	64,279	(23)	17,633	27,223	36,445	28,588	40,705	8,549	27,703	(4,408)	39,435	(5,935)	35,596	(19,783)	(22,531)	24,115	82,742	18,599
Operating EBIDA	13,940	7,055	10,580	14,588	14,301	18,130	27,771	18,793	21,959	21,289	22,290	23,156	25,608	19,223	17,881	27,810	198,008	19,023
Operating Margin (%)	7.3%	-0.1%	3.7%	8.2%	7.4%	11.8%	17.7%	12.1%	12.4%	12.9%	13.6%	13.8%	15.4%	10.4%	9.3%	15.9%	12.9%	11.1%
Operating EBIDA Margin (%)	14.6%	7.5%	11.9%	14.5%	14.5%	18.0%	23.7%	17.9%	20.3%	19.7%	20.1%	20.9%	21.9%	17.1%	16.4%	21.9%	19.6%	17.9%

Financial Overview: Period 9 – March 2022

Period ending 3/31/2022

Financial Performance

- March operating margin was \$20.2M compared to a budget of \$7.0M, resulting in a favorable variance of \$13.1M
- March volumes and revenues continue to be strong as demonstrated by:
 - Favorable variance of gross charges of \$74.5M was driven by both Inpatient and Outpatient activity:
 - Inpatient gross charges: Favorable to budget by \$21.8M / 10.2% variance primarily driven by interventional and medical surgical inpatient services, behavioral health, emergency services, and corresponding ancillary services
 - Outpatient gross charges: Favorable to budget by \$52.7M / 29.2% variance primarily driven by cath. lab, outpatient surgery, radiation oncology, emergency services, and corresponding ancillary services
 - Operating Expenses were unfavorable to budget by \$11.0M / 11.6% driven by the high level of patient activity
 - SWB were unfavorable by \$5.4M / 9.8%
 - Supplies were unfavorable by \$2.3M / 14.8%
 - Supply expenses attributed to Covid-19 were \$1.1M in March and \$7.6M YTD
 - All other discretionary non-volume driven expenses were unfavorable to budget by \$3.3M
- Unfavorable market performance drove unrealized losses for the investment portfolio, which resulted in negative net income for period 9

Financial Overview: Period 9 – March 2022 (cont.)

Period ending 3/31/2022

Financial Performance

Hospital Operations:

- Adjusted Discharges (AD): Favorable to budget by 577 ADs / 17.8% and above prior year by 573 ADs / 17.7%:
 - Mountain View: Favorable to budget by 352 ADs / 13.8% and above prior year by 455 ADs / 17.6%
 - Los Gatos: Favorable to budget by 225 ADs / 31.5% and above prior year by 118 ADs / 14.4%
- Operating Expense Per CMI Adjusted Discharge: \$15,983 which is 11.0% favorable to budget

Note: Excludes depreciation and interest

El Camino Health Medical Network (ECHMN) Operations:

- March's total visits of 18,183 reflect an increase of 23.6% over the prior month of 14,712. March's visit per day of 776 also reflect an increase of 2.8% over the prior month of 755.
- March's total visits are right on budget. February's YTD total visits were unfavorable to budget by 24%. The YTD budget variance is related to the loss of several OB/GYN providers couples months ago.
- Net Income for the month of March was unfavorable to budget by \$120K or 4.4% and the YTD was unfavorable by \$204K or 0.8%. However compared to last year, March FY22's Net Income was favorable by \$84K or 3% and the YTD was also favorable by \$2.1M or 8%.

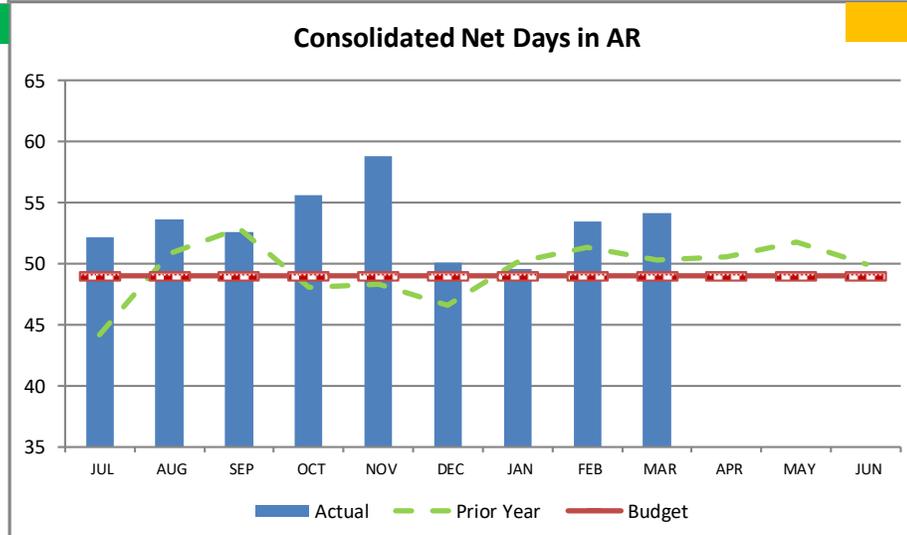
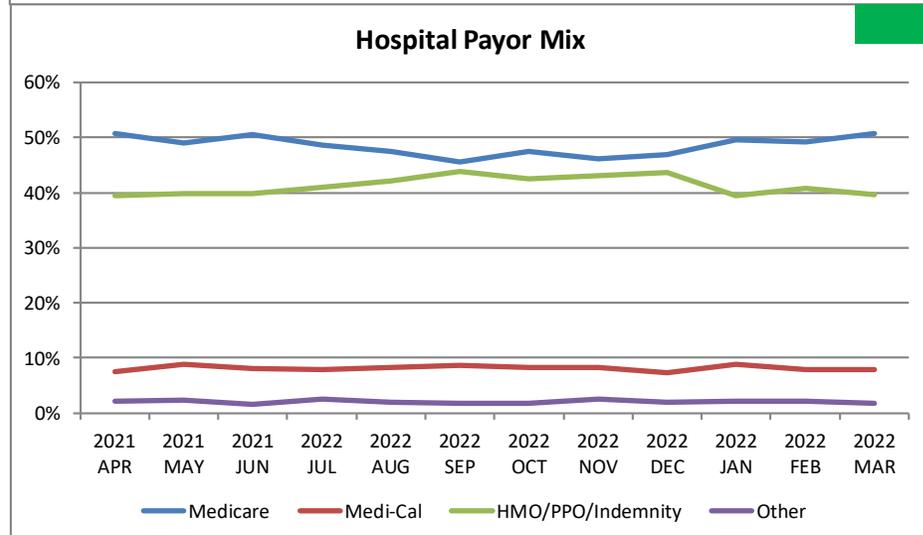
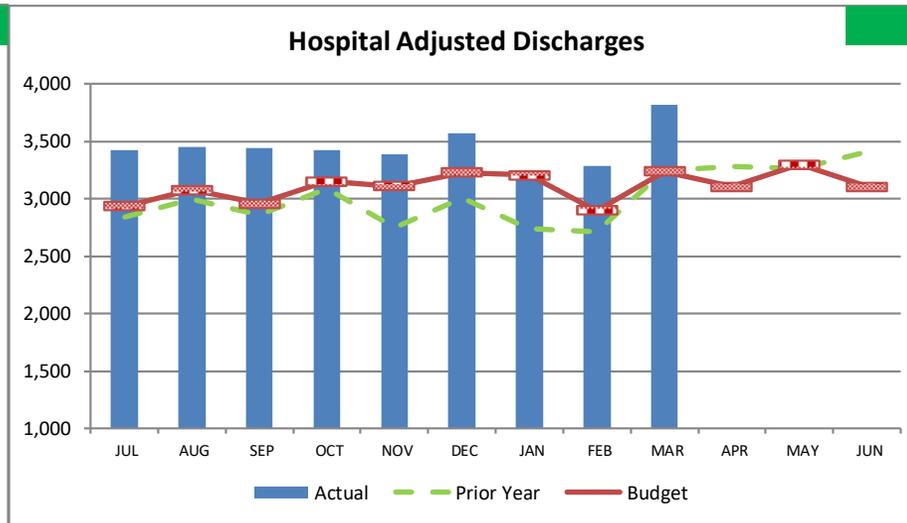
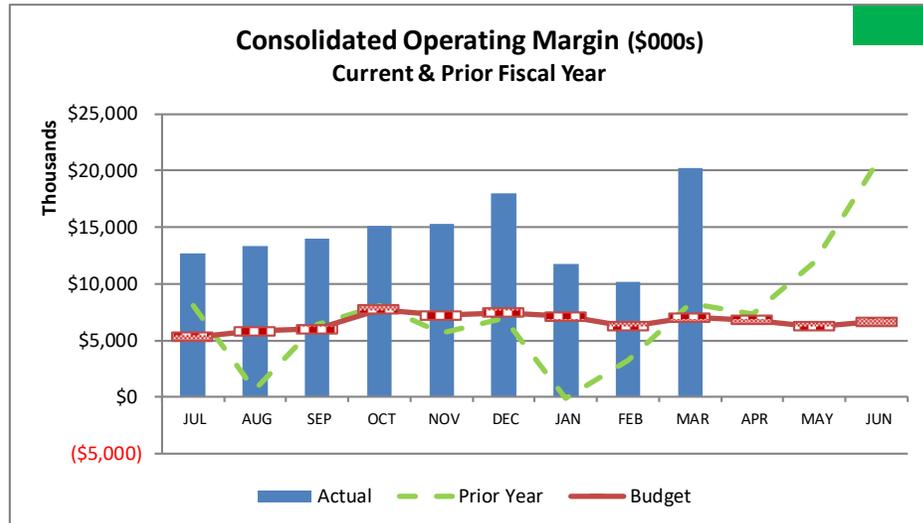
Financial Overview: YTD FY2022 (as of 3/31/2022)

Consolidated Financial Performance

- YTD FY2022 operating margin is \$130.5M compared to the budget of \$60.0M
 - Operating expense is \$878.3M / 5.6% unfavorable to budget
 - When adjusted for volume levels, Operating Expense per CMI Adjusted Discharge is \$16,485 which is 8.2% favorable to budget. This continues to demonstrate effective management of variable expenses and the impact of initiatives implemented by management
- Note: Excludes depreciation and interest expense**
- Year-over-year operating margin is \$83.1M higher than the same period last year, which is primarily due to the strength in volumes as exhibited by year over year growth in:
 - Outpatient Surgeries: +15.4% primarily driven by Heart/Vascular, Orthopedic, and Spine surgery activity and their associated ancillary activity.
 - Emergency Room Visits: 41.8%
 - Deliveries - Maternal Child services: 23.8%
 - Year-over-year net margin is \$139.6M lower than the same period last year, which is attributed to lower investment income.

APPENDIX

YTD FY2022 Financial KPIs – Monthly Trends



Investment Scorecard (as of 12/31/2021)

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY22 Budget	Expectation Per Asset Allocation
Investment Performance		CY 4Q 2021 / FY 2Q 2022		Fiscal Year-to-Date 2022		9y 2m Since Inception (annualized)		FY 2022	2019
Surplus cash balance*		\$1,481.1	--	--	--	--	--	--	--
Surplus cash return	Green	1.6%	2.4%	1.7%	2.3%	6.7%	6.6%	4.0%	5.6%
Cash balance plan balance (millions)		\$363.1	--	--	--	--	--	--	--
Cash balance plan return	Green	2.1%	3.2%	2.5%	3.1%	9.0%	8.2%	6.0%	6.0%
403(b) plan balance (millions)		\$768.1	--	--	--	--	--	--	--
Risk vs. Return		3-year			9y 2m Since Inception (annualized)			2019	
Surplus cash Sharpe ratio	Green	1.21	1.28	--	--	0.98	1.00	--	0.34
Net of fee return	Green	11.4%	11.6%	--	--	6.7%	6.6%	--	5.6%
Standard deviation	Green	8.3%	8.0%	--	--	6.1%	5.9%	--	8.7%
Cash balance Sharpe ratio	Green	1.22	1.25	--	--	1.05	1.04	--	0.32
Net of fee return	Green	14.3%	13.4%	--	--	9.0%	8.2%	--	6.0%
Standard deviation	Green	10.6%	9.5%	--	--	7.9%	7.2%	--	10.3%
Asset Allocation		CY 4Q 2021 / FY 2Q 2022							
Surplus cash absolute variances to target	Green	5.3%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Cash balance absolute variances to target	Green	6.9%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Manager Compliance		CY 4Q 2021 / FY 2Q 2022							
Surplus cash manager flags	Green	18	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags	Green	22	< 27 Green < 34 Yellow	--	--	--	--	--	--

*Excludes debt reserve funds, District assets (~\$42 mm), and balance sheet cash not in investable portfolio (~\$173 mm). Includes Foundation (~\$43 mm) and Concern (~\$15 mm) assets.

Period 9 and YTD Operating Income, Non-Operating Income and Net Income by Affiliate (as of 03/31/2022)

(\$000s)

	Period 9- Month			Period 9- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Operating Margin						
Mountain View	17,542	7,024	10,519	118,815	60,253	58,562
Los Gatos	5,670	2,954	2,717	37,308	26,533	10,775
Sub Total - El Camino Hospital, excl. Affiliates	23,212	9,977	13,235	156,123	86,785	69,337
Operating Margin %	19.0%	10.2%		16.2%	10.2%	
El Camino Hospital Non Operating Income						
Sub Total - Non Operating Income	4,055	7,846	(3,791)	(48,771)	65,960	(114,731)
El Camino Hospital Net Margin	27,267	17,823	9,444	107,352	152,746	(45,394)
ECH Net Margin %	22.4%	18.2%		11.1%	18.0%	
Concern	(500)	60	(560)	145	627	(482)
Foundation	177	6	171	225	(31)	256
El Camino Health Medical Network	(2,828)	(2,708)	(120)	(24,979)	(24,775)	(204)
Net Margin Hospital Affiliates	(3,152)	(2,642)	(510)	(24,610)	(24,180)	(431)
Total Net Margin Hospital & Affiliates	24,115	15,181	8,933	82,742	128,566	(45,824)

Consolidated Statement of Operations (\$000s)

Period 9 ending 03/31/2022

Period 9 FY 2021	Period 9 FY 2022	Period 9 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
387,620	478,275	402,038	76,237	19.0%	Gross Revenue	3,143,811	3,810,106	3,405,474	404,633	11.9%
(290,449)	(355,111)	(302,965)	(52,146)	(17.2%)	Deductions	(2,338,582)	(2,833,649)	(2,547,377)	(286,273)	(11.2%)
97,171	123,165	99,074	24,091	24.3%	Net Patient Revenue	805,228	976,457	858,097	118,360	13.8%
3,537	3,577	3,482	94	2.7%	Other Operating Revenue	34,647	32,347	33,472	(1,125)	(3.4%)
100,708	126,741	102,556	24,185	23.6%	Total Operating Revenues	839,876	1,008,804	891,569	117,235	13.1%
OPERATING EXPENSE										
52,025	60,098	54,743	(5,355)	(9.8%)	Salaries & Wages	441,616	500,927	469,400	(31,526)	(6.7%)
15,421	17,661	15,387	(2,274)	(14.8%)	Supplies	127,062	139,050	130,886	(8,164)	(6.2%)
15,139	17,352	14,288	(3,065)	(21.5%)	Fees & Purchased Services	129,248	136,490	129,691	(6,799)	(5.2%)
3,536	3,821	4,146	326	7.9%	Other Operating Expense	31,462	34,330	38,429	4,099	10.7%
1,399	1,384	1,410	26	1.9%	Interest	12,791	12,697	12,621	(75)	(0.6%)
4,931	6,246	5,540	(705)	(12.7%)	Depreciation	50,332	54,798	50,566	(4,233)	(8.4%)
92,450	106,561	95,515	(11,046)	(11.6%)	Total Operating Expenses	792,511	878,291	831,593	(46,699)	(5.6%)
8,258	20,180	7,041	13,139	186.6%	Net Operating Margin	47,365	130,513	59,976	70,537	117.6%
18,965	3,935	8,140	(4,205)	(51.7%)	Non Operating Income	174,981	(47,771)	68,590	(116,361)	(169.6%)
27,223	24,115	15,181	8,933	58.8%	Net Margin	222,346	82,742	128,566	(45,824)	(35.6%)
14,588	27,810	13,992	13,818	98.8%	Operating EBIDA	110,488	198,008	123,163	74,845	60.8%
14.5%	21.9%	13.6%	8.3%		Operating EBIDA Margin	13.2%	19.6%	13.8%	5.8%	
8.2%	15.9%	6.9%	9.1%		Operating Margin	5.6%	12.9%	6.7%	6.2%	
27.0%	19.0%	14.8%	4.2%		Net Margin	26.5%	8.2%	14.4%	(6.2%)	

El Camino Hospital – Mountain View

Statement of Operations (\$000s)

Period 9 ending 03/31/2022

Period 9 FY 2021	Period 9 FY 2022	Period 9 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
					OPERATING REVENUES					
295,187	360,942	318,054	42,888	13.5%	Gross Revenue	2,405,617	2,879,731	2,656,486	223,246	8.4%
(218,703)	(267,365)	(241,118)	(26,247)	(10.9%)	Deductions	(1,787,641)	(2,130,697)	(1,996,470)	(134,227)	(6.7%)
76,484	93,577	76,936	16,641	21.6%	Net Patient Revenue	617,975	749,034	660,015	89,019	13.5%
1,639	1,396	1,541	(144)	(9.4%)	Other Operating Revenue	13,452	13,422	15,612	(2,190)	(14.0%)
78,123	94,974	78,477	16,497	21.0%	Total Operating Revenues	631,428	762,456	675,627	86,829	12.9%
					OPERATING EXPENSES					
40,838	46,747	43,592	(3,155)	(7.2%)	Salaries & Wages	347,768	394,572	372,394	(22,178)	(6.0%)
11,295	12,471	12,070	(401)	(3.3%)	Supplies	95,855	101,687	100,406	(1,281)	(1.3%)
7,483	9,431	7,159	(2,272)	(31.7%)	Fees & Purchased Services	62,525	68,106	64,240	(3,866)	(6.0%)
2,263	2,539	2,852	313	11.0%	Other Operating Expense	19,999	24,105	25,817	1,712	6.6%
1,399	1,384	1,410	26	1.9%	Interest	12,791	12,697	12,621	(75)	(0.6%)
3,727	4,860	4,370	(490)	(11.2%)	Depreciation	39,988	42,475	39,897	(2,577)	(6.5%)
67,005	77,432	71,453	(5,978)	(8.4%)	Total Operating Expenses	578,926	643,641	615,375	(28,266)	(4.6%)
11,118	17,542	7,024	10,519	149.8%	Net Operating Margin	52,501	118,815	60,253	58,562	97.2%
18,149	4,055	7,846	(3,791)	(48.3%)	Non Operating Income	168,655	(48,794)	65,960	(114,754)	(174.0%)
29,267	21,597	14,870	6,727	45.2%	Net Margin	221,156	70,021	126,213	(56,192)	(44.5%)
16,244	23,786	12,804	10,982	85.8%	Operating EBIDA	105,280	173,986	112,771	61,215	54.3%
20.8%	25.0%	16.3%	8.7%		Operating EBIDA Margin	16.7%	22.8%	16.7%	6.1%	
14.2%	18.5%	8.9%	9.5%		Operating Margin	8.3%	15.6%	8.9%	6.7%	
37.5%	22.7%	18.9%	3.8%		Net Margin	35.0%	9.2%	18.7%	(9.5%)	

El Camino Hospital – Los Gatos

Statement of Operations (\$000s)

Period 9 ending 03/31/2022

Period 9 FY 2021	Period 9 FY 2022	Period 9 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
81,801	108,355	76,682	31,674	41.3%	Gross Revenue	659,184	850,543	677,324	173,218	25.6%
(64,564)	(81,738)	(57,275)	(24,463)	(42.7%)	Deductions	(498,073)	(649,470)	(505,842)	(143,629)	(28.4%)
17,237	26,617	19,407	7,210	37.2%	Net Patient Revenue	161,111	201,073	171,483	29,590	17.3%
273	289	272	17	6.3%	Other Operating Revenue	3,056	2,555	2,437	119	4.9%
17,510	26,907	19,679	7,228	36.7%	Total Operating Revenue	164,167	203,628	173,920	29,708	17.1%
					OPERATING EXPENSE					
8,772	11,181	9,066	(2,115)	(23.3%)	Salaries & Wages	75,040	88,165	78,019	(10,146)	(13.0%)
3,637	4,736	3,093	(1,643)	(53.1%)	Supplies	27,231	34,229	28,040	(6,189)	(22.1%)
3,458	3,682	3,238	(444)	(13.7%)	Fees & Purchased Services	26,673	31,133	28,894	(2,239)	(7.7%)
388	542	406	(136)	(33.4%)	Other Operating Expense	3,456	3,096	4,050	954	23.6%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
960	1,095	923	(172)	(18.7%)	Depreciation	8,131	9,698	8,383	(1,315)	(15.7%)
17,215	21,237	16,726	(4,511)	(27.0%)	Total Operating Expense	140,531	166,320	147,387	(18,933)	(12.8%)
295	5,670	2,954	2,717	92.0%	Net Operating Margin	23,636	37,308	26,533	10,775	40.6%
0	0	0	0	0.0%	Non Operating Income	0	23	0	23	0.0%
295	5,670	2,954	2,717	92.0%	Net Margin	23,636	37,331	26,533	10,798	40.7%
1,255	6,765	3,876	2,889	74.5%	Operating EBIDA	31,767	47,006	34,916	12,090	34.6%
7.2%	25.1%	19.7%	5.4%		Operating EBIDA Margin	19.4%	23.1%	20.1%	3.0%	
1.7%	21.1%	15.0%	6.1%		Operating Margin	14.4%	18.3%	15.3%	3.1%	
1.7%	21.1%	15.0%	6.1%		Net Margin	14.4%	18.3%	15.3%	3.1%	

El Camino Health Medical Network

Statement of Operations (\$000s)

Period 9 ending 03/31/2022

Period 9 FY 2021	Period 9 FY 2022	Period 9 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
OPERATING REVENUES										
10,632	8,978	7,302	1,675	22.9%	Gross Revenue	79,010	79,832	71,664	8,168	11.4%
(7,182)	(6,008)	(4,572)	(1,436)	(31.4%)	Deductions	(52,868)	(53,482)	(45,065)	(8,417)	(18.7%)
3,450	2,970	2,730	240	8.8%	Net Patient Revenue	26,142	26,350	26,599	(249)	(0.9%)
806	1,166	869	296	34.1%	Other Operating Revenue	10,972	8,672	8,223	449	5.5%
4,256	4,136	3,600	536	14.9%	Total Operating Revenues	37,114	35,022	34,822	200	0.6%
OPERATING EXPENSES										
1,930	1,759	1,586	(173)	(10.9%)	Salaries & Wages	14,925	14,289	14,636	348	2.4%
488	451	214	(238)	(111.3%)	Supplies	3,877	3,070	2,348	(722)	(30.7%)
3,706	3,770	3,437	(333)	(9.7%)	Fees & Purchased Services	35,984	33,381	32,348	(1,033)	(3.2%)
813	689	839	150	17.9%	Other Operating Expense	7,559	6,595	8,116	1,521	18.7%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
231	279	232	(46)	(19.9%)	Depreciation	2,098	2,519	2,148	(371)	(17.3%)
7,169	6,949	6,308	(641)	(10.2%)	Total Operating Expenses	64,443	59,854	59,597	(258)	(0.4%)
(2,912)	(2,813)	(2,708)	(105)	(3.9%)	Net Operating Margin	(27,329)	(24,832)	(24,775)	(57)	(0.2%)
0	(15)	0	(15)	0.0%	Non Operating Income	229	(147)	0	(147)	0.0%
(2,912)	(2,828)	(2,708)	(120)	(4.4%)	Net Margin	(27,100)	(24,979)	(24,775)	(204)	(0.8%)
(2,681)	(2,534)	(2,476)	(58)	(2.4%)	Operating EBIDA	(25,231)	(22,313)	(22,627)	313	1.4%
-63.0%	-61.3%	-68.8%	7.5%		Operating EBIDA Margin	-68.0%	-63.7%	-65.0%	1.3%	
-68.4%	-68.0%	-75.2%	7.2%		Operating Margin	-73.6%	-70.9%	-71.1%	0.2%	
-68.4%	-68.4%	-75.2%	6.8%		Net Margin	-73.0%	-71.3%	-71.1%	(0.2%)	

Consolidated Balance Sheet (as of 03/31/2022)

(\$000s)

ASSETS

	Audited	
	March 31, 2022	June 30, 2021
CURRENT ASSETS		
Cash	169,283	151,641
Short Term Investments	182,696	284,262
Patient Accounts Receivable, net	201,271	166,283
Other Accounts and Notes Receivable	6,580	9,540
Intercompany Receivables	13,746	15,116
Inventories and Prepays	29,953	23,079
Total Current Assets	603,529	649,921
BOARD DESIGNATED ASSETS		
Foundation Board Designated	23,246	20,932
Plant & Equipment Fund	306,413	258,191
Women's Hospital Expansion	30,261	30,401
Operational Reserve Fund	182,907	123,838
Community Benefit Fund	18,002	18,412
Workers Compensation Reserve Fund	17,002	16,482
Postretirement Health/Life Reserve Fund	31,292	30,658
PTO Liability Fund	34,042	32,498
Malpractice Reserve Fund	1,972	1,977
Catastrophic Reserves Fund	27,360	24,874
Total Board Designated Assets	672,496	558,264
FUNDS HELD BY TRUSTEE	0	5,694
LONG TERM INVESTMENTS	537,747	603,211
CHARITABLE GIFT ANNUITY INVESTMENTS	930	728
INVESTMENTS IN AFFILIATES	33,293	34,170
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,887,235	1,799,463
Less: Accumulated Depreciation	(798,846)	(742,921)
Construction in Progress	95,666	94,236
Property, Plant & Equipment - Net	1,184,055	1,150,778
DEFERRED OUTFLOWS	23,838	21,444
RESTRICTED ASSETS	29,192	29,332
OTHER ASSETS	109,182	86,764
TOTAL ASSETS	3,194,262	3,140,306

LIABILITIES AND FUND BALANCE

	Audited	
	March 31, 2022	June 30, 2021
CURRENT LIABILITIES		
Accounts Payable	39,229	39,762
Salaries and Related Liabilities	35,226	50,039
Accrued PTO	34,736	33,197
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	13,490	12,990
Intercompany Payables	11,180	14,704
Malpractice Reserves	1,665	1,670
Bonds Payable - Current	9,905	9,430
Bond Interest Payable	3,238	8,293
Other Liabilities	14,540	16,953
Total Current Liabilities	165,509	189,338
LONG TERM LIABILITIES		
Post Retirement Benefits	31,292	30,658
Worker's Comp Reserve	17,002	17,002
Other L/T Obligation (Asbestos)	6,153	6,227
Bond Payable	470,682	479,621
Total Long Term Liabilities	525,129	533,509
DEFERRED REVENUE-UNRESTRICTED	36,936	67,576
DEFERRED INFLOW OF RESOURCES	45,862	28,009
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	2,188,326	2,097,010
Board Designated	200,748	193,782
Restricted	31,753	31,082
Total Fund Bal & Capital Accts	2,420,827	2,321,874
TOTAL LIABILITIES AND FUND BALANCE	3,194,262	3,140,306

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

To: El Camino Hospital Finance Committee
From: Vince Manoogian, Interim President ECHMN
David Neapolitan, Vice President of Finance ECHMN
Date: April 25, 2022
Subject: El Camino Health Medical Network Update

Purpose:

Review and discuss the financial performance of the El Camino Health Medical Network (ECHMN) for the nine (9) months ended March 31, 2022.

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 2022 – Nine Months Ended March 31, 2022

For the nine months ended March 31, 2022, ECHMN Operating EBIDA is \$312K or 1.0% favorable to the budgeted Operating EBIDA and \$2.9M or 11.6% better than the prior fiscal year.

- i. Total operating revenues were slightly favorable to budget by \$362K or 1.0%. This variance is driven by:
 - a. Net patient revenue is slightly unfavorable to budget by \$239K or 0.9% for the nine months ended March 31, 2022 and \$208K or 0.8% greater than the prior fiscal year.
 - b. Capitated premiums and other revenues are slightly favorable to budget through March 31, 2022 by \$601K.
- ii. Operating expenses are slightly unfavorable to the operating budget by \$50K or 0.1%.
 - a. Labor expenses are lower than budgeted by \$348K, driven by the earlier than anticipated closure of vaccination clinics and timing of filing budgeted positions
 - b. Facilities expenses are favorable to budget by \$793K mainly due to lower rents in the new Samaritan and Parr locations. These two sites became operational in November 2021.
 - c. Favorable variances were offset by higher than budgeted:
 - i. Professional fees and purchased services are unfavorable to the operating budget by \$949K as a result of higher wRVU production and the addition of a Hospital Based Behavioral Health program that was not budgeted.
 - ii. Other expenses, which include medical supplies, was unfavorable to budget by \$241K. The primary driver for this unfavorable variance was higher than budgeted medical supply costs in the urgent care locations which were assumed in the budget to be transferred from ECHMN operations as of December 31, 2021.
- iii. Other income and expense is unfavorable to budget by \$516K resulting from higher than budgeted depreciation expense of \$371, the repayment of \$130K of HHS Stimulus Funds that were received in FY 20 and the write-off of \$15K of undepreciated assets that were disposed upon the closure of the Gilroy Clinic in March.

ECHMN Quarterly Update
April 25, 2022

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

ECHMN - YTD FY2022 Financial Update Period 9 (as of 3/31/2022)

Vince Manoogian, Interim President

David Neapolitan, Vice President, Finance

April 25, 2022

Executive Summary: YTD FY2022 Financial Performance

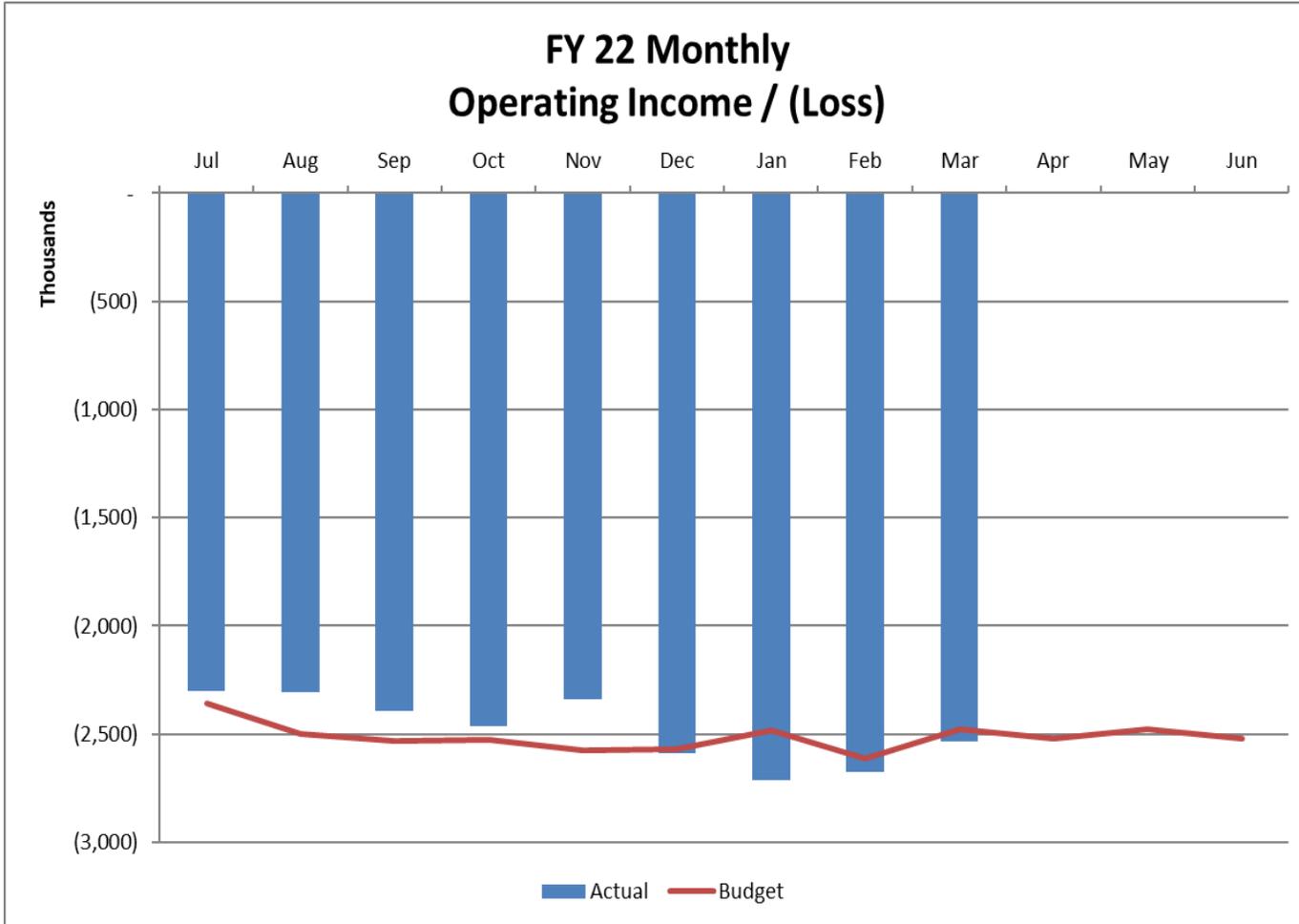
(as of 3/31/2022)

- Multi-year improvement in overall ECHMN financial performance continues as demonstrated by a **\$2.9 million** improvement in Operating EBIDA over YTD FY2021.
- YTD FY2022 Operating EBIDA **\$312K favorable to budget** and Net Income is **\$204K unfavorable to budget**.
- Total wRVU production is **9.3% favorable** to budget.
- Increased number of providers above the P50 threshold in FY2022 over FY2021.
- Capitation revenue is **unfavorable to budget by \$1.4M**, but favorable to prior year by \$292K. This is attributed to longer than expected negotiations with a key payor and decrease in membership in sub-capitated agreements.
- Operating expenses are unfavorable to budget, **\$50K but favorable to the prior year by \$5.0M**.

El Camino Health Medical Network

FY2022 Operating Income

(as of 3/31/2022)



Favorable

- YTD net income is unfavorable to budget by \$204K or 0.8%.
- YTD net income is favorable to prior year by \$2.1M or 7.8%.
- YTD facilities expense is favorable to budget by \$793K or 11.7% mainly due to lower rents in new Samaritan & Parr locations.
- Labor expense is favorable to budget due to unfilled headcounts.

Unfavorable

- Physician fees higher as a result of the new increased wRVU production.
- Capitated revenues are unfavorable by \$1.4M due lower than budgeted membership and renegotiation of key health plan contracts.

El Camino Health Medical Network

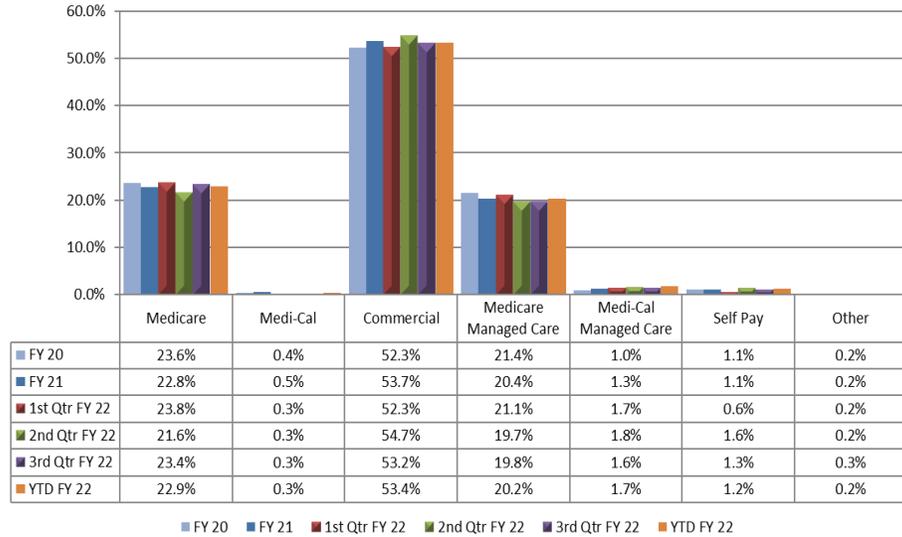
YTD FY2022 Financial Performance

(as of 3/31/2022)

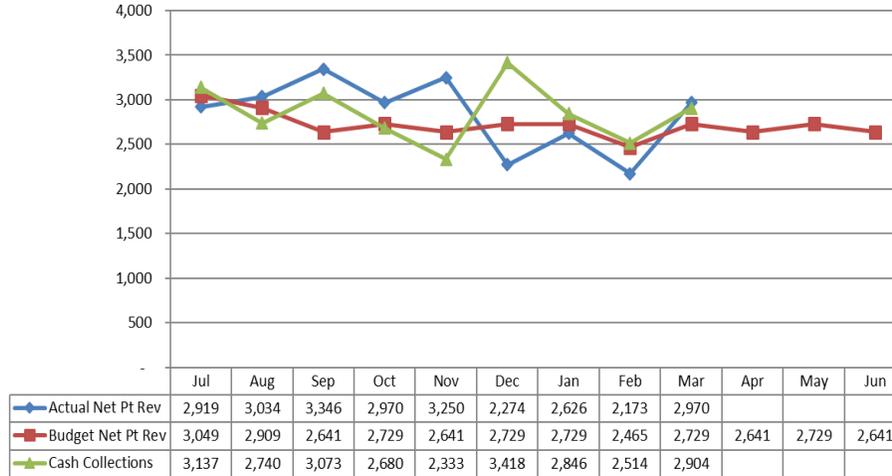
	Fiscal Year to Date March 31, 2022				Fiscal Year to Date March 31, 2021		
	Actual	Budget	\$ Variance	% Variance	Actual	\$ Variance	% Variance
Net Patient Revenue	26,350,107	26,588,843	(238,736)	-0.9%	26,141,961	208,146	0.8%
Capitated Premiums	4,048,042	5,479,157	(1,431,115)	-26.1%	3,756,378	291,664	7.8%
Other Revenue	4,623,045	2,590,624	2,032,421	78.5%	7,215,221	(2,592,176)	-35.9%
Total Operating Revenue	35,021,194	34,658,624	362,570	1.0%	37,113,560	(2,092,366)	-5.6%
Pro Fees & Purch Services	33,055,773	32,106,394	(949,379)	-3.0%	35,903,459	2,847,686	7.9%
Labor Expenses	14,288,817	14,636,385	347,568	2.4%	14,924,542	635,725	4.3%
Facilities Expenses	5,994,448	6,787,626	793,178	11.7%	6,445,600	451,152	7.0%
Other Expenses	3,996,663	3,754,878	(241,785)	-6.4%	5,070,816	1,074,153	21.2%
Total Operating Expenses	57,335,701	57,285,283	(50,418)	-0.1%	62,344,417	5,008,716	8.0%
EBIDA	(22,314,507)	(22,626,659)	312,152	1.4%	(25,230,857)	2,916,350	11.6%
Depreciation / Amortization	2,518,746	2,148,047	(370,699)	-17.3%	2,098,130	(420,616)	-20.0%
Other Income / (Expense)	(145,566)	-	(145,566)	-100.0%	228,679	(374,245)	-163.7%
Net Income / (Loss)	(24,978,819)	(24,774,706)	(204,113)	-0.8%	(27,100,308)	2,121,489	7.8%

ECHMN FY2022: Leading Metrics – Revenue Cycle Trends

Payer Mix Comparison

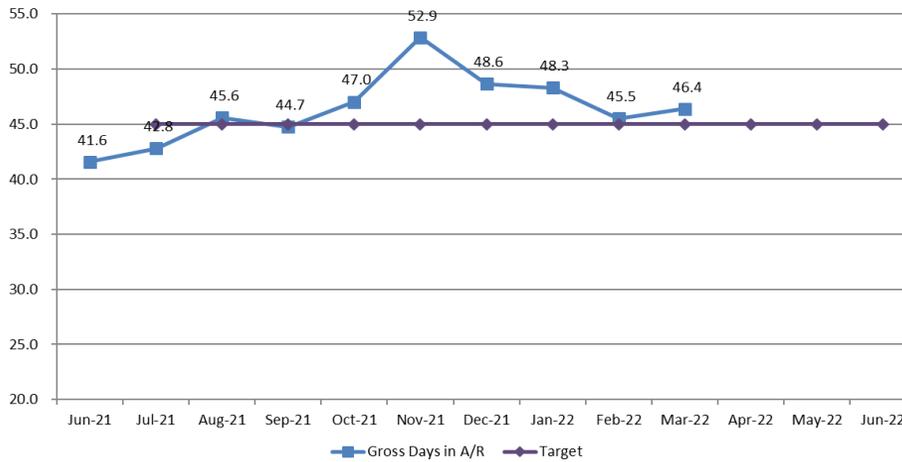


Total Monthly Net Patient Revenue Compared to Collections
in Thousands

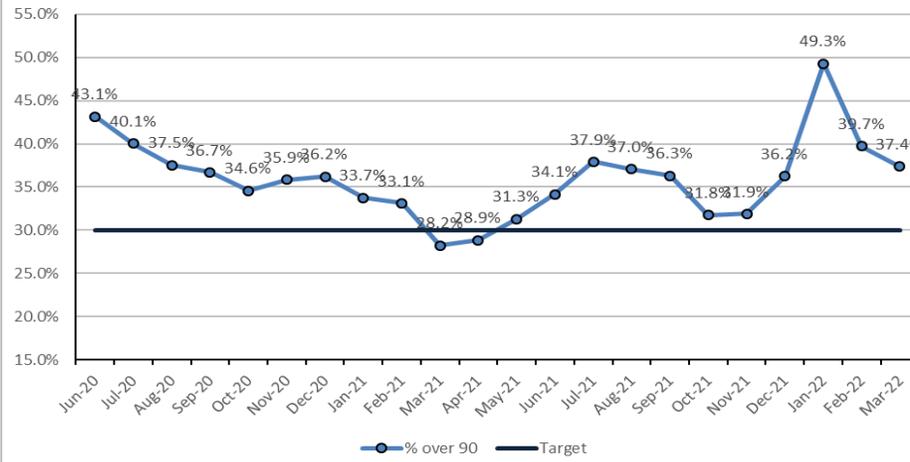


- There was a slight increase in Medicare volume while Commercial volumes decreased compared to the prior quarter. For the nine months of FY2022 the payer mix is comparable to FY2021.
- Revenue cycle measures for days in accounts receivable decreased to 46.4 days from the previous quarters 48.6 days.

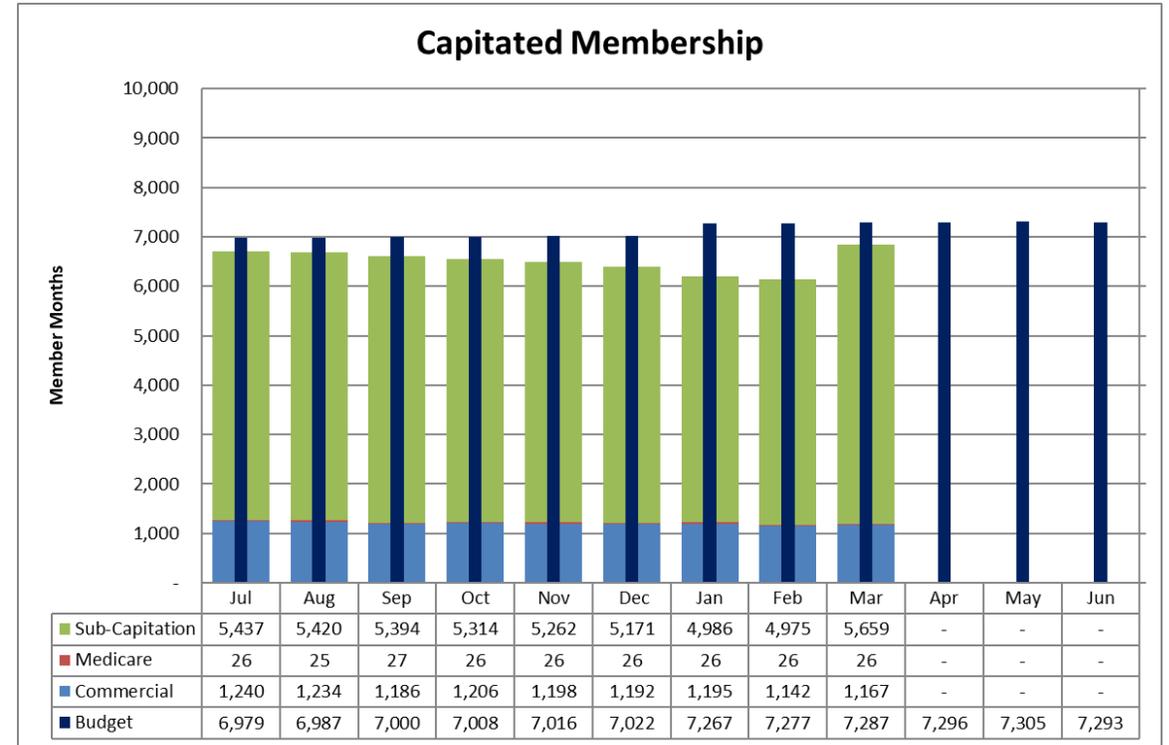
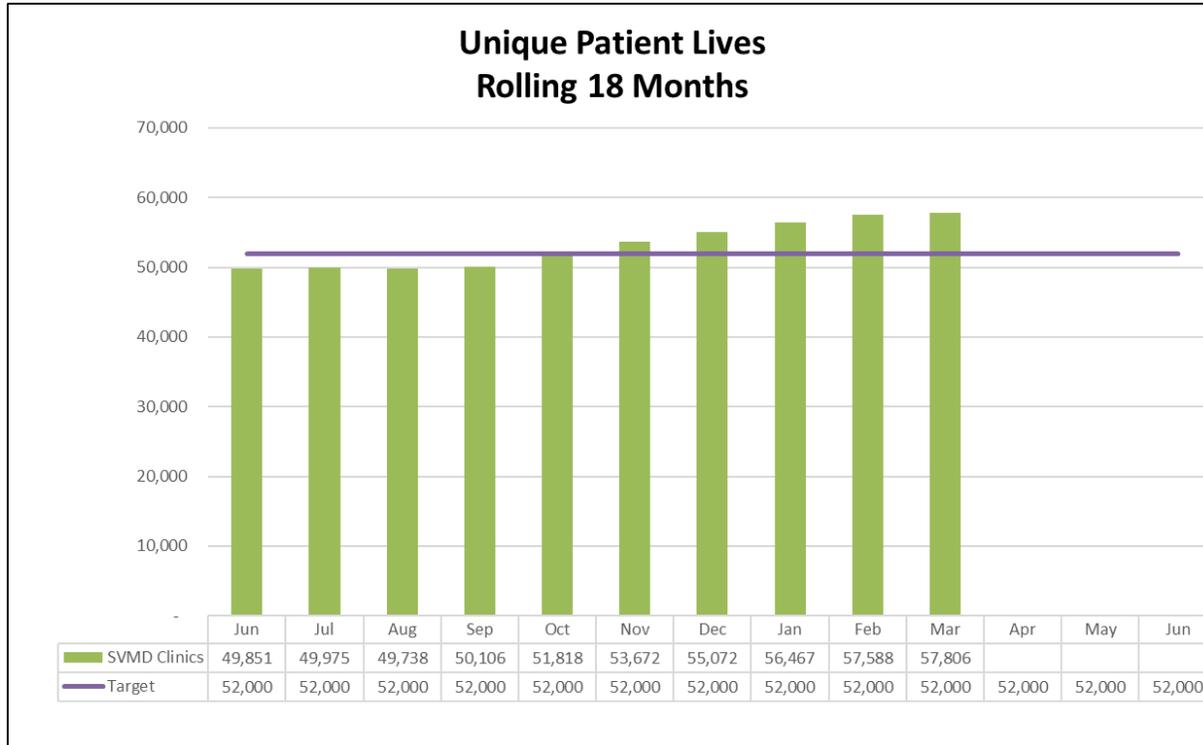
Days AR Outstanding



Percent of Accounts Reviewable Over 90 Days Old

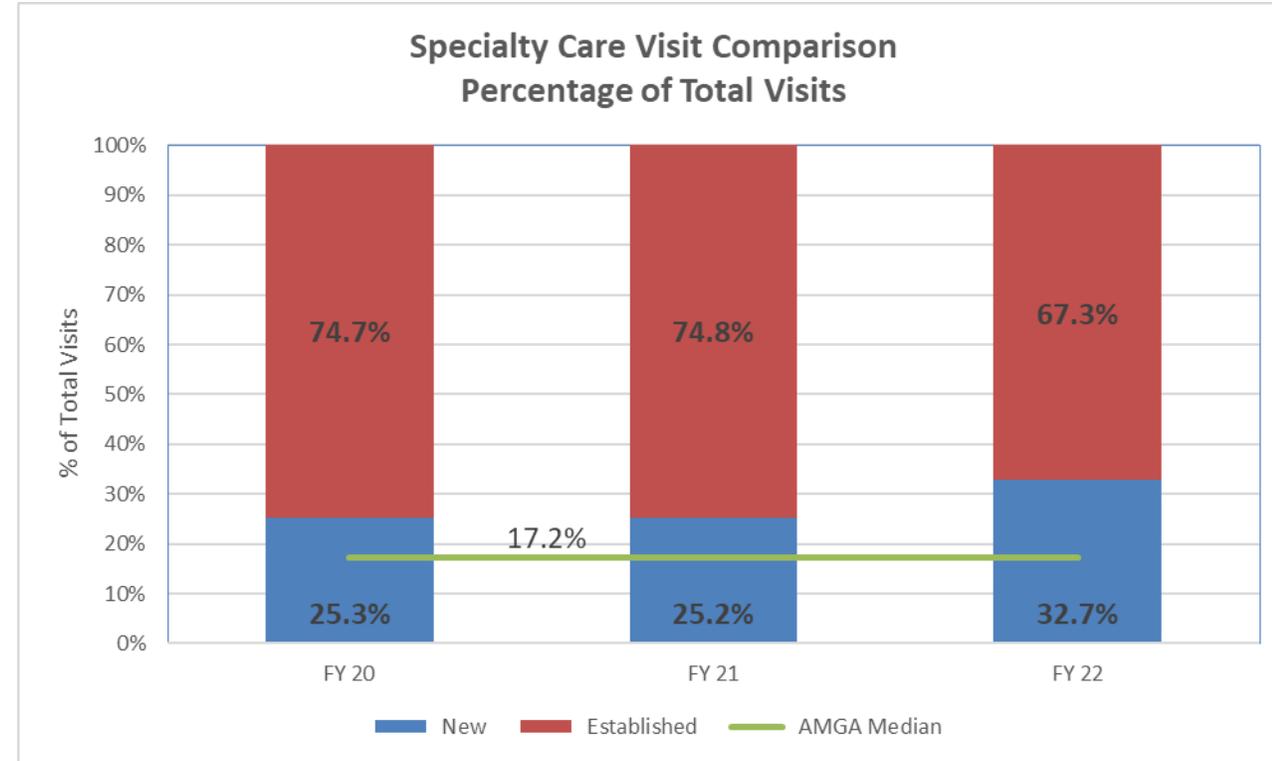
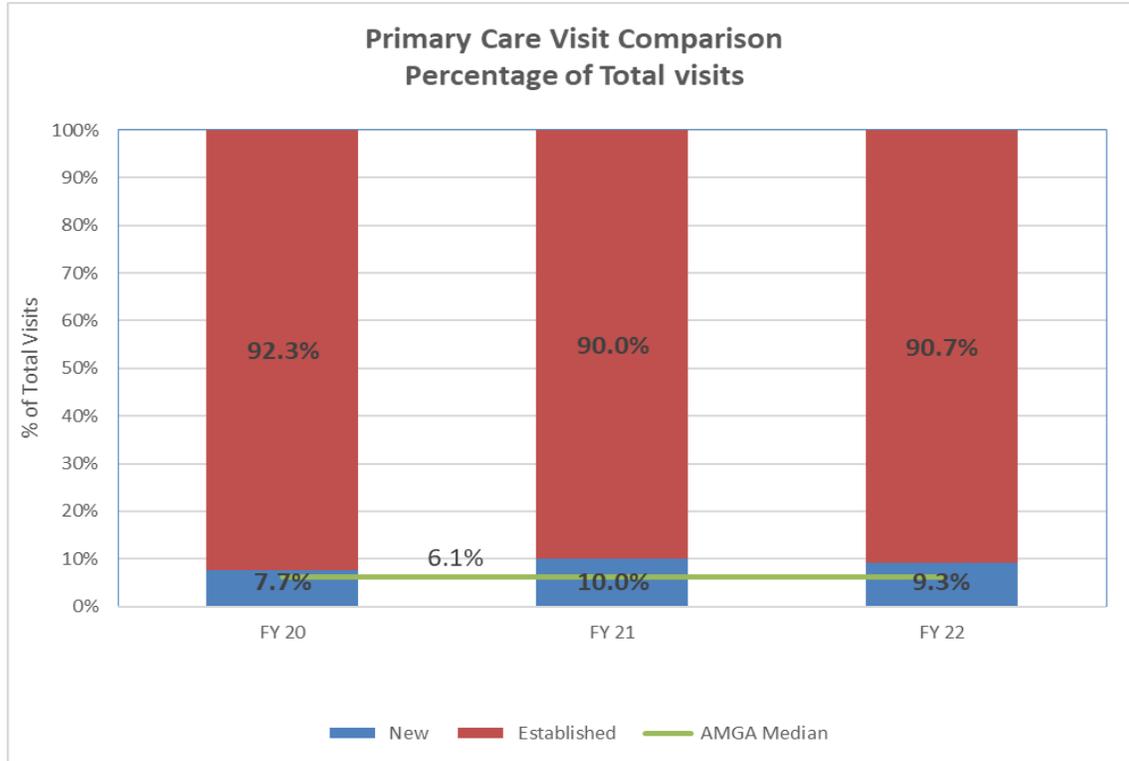


ECHMN - FY2022 – Leading Metrics – Active Lives



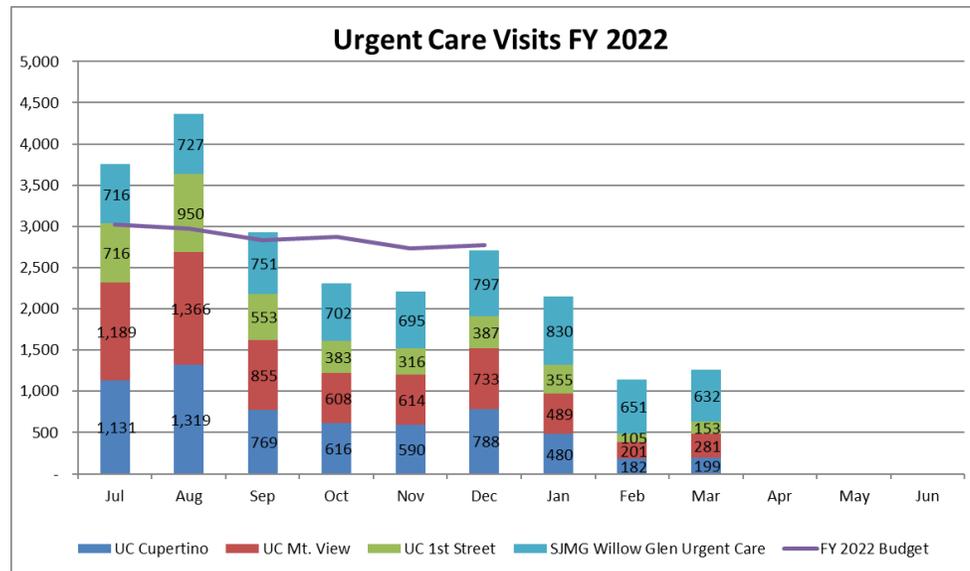
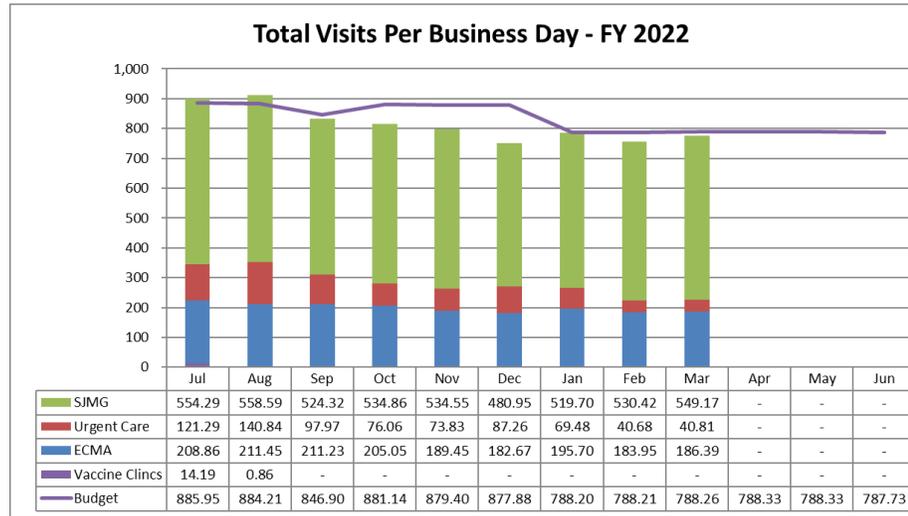
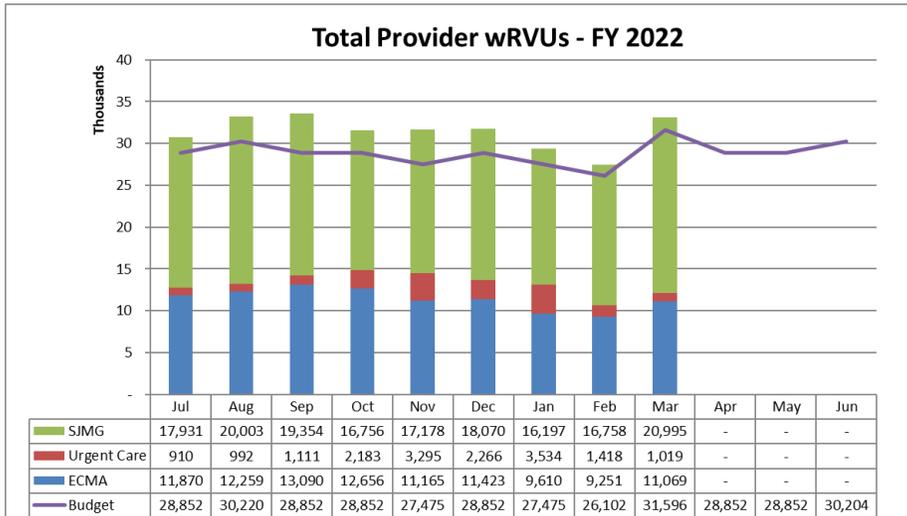
- Unique Patient Lives has increased by 4.9% compared to the prior quarter.
- Capitated lives increased in March as a result of a retroactive true-up of SCCIPA covered lives.

ECHMN - New vs Established Patients



- The percentage of Specialty Care new patient visits rose to 32.7% the nine months ended March 31.
- New patient visit percentages of both Primary Care and Specialty Care continue to exceed AMGA Benchmarks.

ECHMN FY2022: Leading Metrics - Productivity



- Total visits per business day decreased due to the loss of several providers in the 2nd quarter of FY 22 and the holiday period (Thanksgiving, Christmas and New Year's Eve).
- Despite the decline in visits per day, wRVUs increased steadily and continues to exceed budget (favorable by 9%).
- In March the lag days improved to 6.1 days from 13.2 days at December.
- Urgent care visits decreased by 2,720 visits or 37% compared to the prior quarter.

Q & A

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

To: Finance Committee
From: Deb Muro, CIO
Ken King, CAO
Date: April 25, 2022
Subject: MV Wireless Networks Upgrades – Project Status Update

Recommendation:

To receive a project update for approved funding not to exceed \$3.3 million for the installation of Wi-Fi and Distributed Antenna System Networks within the MV hospital building.

Summary:

1. **Situation:** The existing wireless infrastructure in the MV hospital building was designed in 2008 and installed in 2009. The design utilized a passive, analog Distributed Antenna System (DAS) connecting Wi-Fi, Cellular, Telemetry, Emergency Response and other Radio signals into a large coaxial cable installed throughout the building. Today, the use of wireless devices within the community and the hospital has increased more than ten-fold with the use of smart phones, iPads and other wireless devices, including medical equipment to enable mobile capabilities. The standard design of secured wireless networks today are partitioned and segmented with current designs requiring independent Wi-Fi, Distributed Antenna Systems (for cellular signals), Emergency Response Systems and private LTE Networks.

In summary, the increased volume of wireless devices in use with a wider range of radio frequencies and 5G technology, render our passive analog Distributed Antenna System obsolete. In order to meet wireless network security requirements, we must install separate and segmented digital networks.

2. **Authority:** By policy, the Finance Committee approved funding for capital projects over \$1 million.
3. **Background:** The organization began the transition to current wireless system design standards in both the new buildings that opened in 2020. Both the Taube and Sobrato Pavilions have three separate wireless networks installed: a digital Wi-Fi network; a digital Distributed Antenna System; and a digital emergency responder radio communications system (ERRC). The scope of the new infrastructure includes the installation of a new digital Wi-Fi network, a digital DAS network and the design and pre-cabling of a new CBRS private LTE network, enhancing future mobility capabilities. This project also included a reconfiguration of the existing passive DAS, which provides ERRC and other radio coverage within the building.
4. **Assessment:** The Information Technology and Facilities Teams led the design and implementation of a secure and reliable wireless network infrastructure for our organization. The installation of the Wi-Fi Access Point hardware was completed on all floors of the hospital with testing and final configuration of the SSID channels in progress. Go-live is planned by early May. The DAS infrastructure is in place and tested successfully. Two of the three cellular service providers have completed their hardware upgrades with the third service provider upgrade in progress.

The cost of the project breaks down as follows:

We are forecasting to complete the project within the approved budget allotment with the current expenditure to date of \$3,185,000

5. Other Reviews: The Executive Team fully supports the necessary upgrades and provided guidance to the timeline and communication plan.
6. Outcomes: Project benefits include enhanced wireless capabilities to enable staff and clinician reliable use of medical and communication devices. It will also provide an improved connected and mobile experience for patients and families during their stay or visit at the hospital. The new DAS system supports full cellular coverage across the three main service providers while eliminating cellular challenges. Employees, patients and visitors will experience faster internet access and a seamless digital experience when moving within and externally to the hospital building. The new wireless network provides the foundation for the next generation of communication tools and devices while supporting security requirements to keep data and patients safe.

Suggested Committee Discussion Questions:

1. Will the other buildings on either campus be similarly upgraded?
2. What future mobility capabilities does this project support?

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

To: Finance Committee
From: Ken King, CAO
Date: April 25, 2022
Subject: Cardio Pulmonary Wellness Center Relocation – Project Report

Purpose:

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

Summary:

1. **Situation/Status:** The relocation of the Cardio Pulmonary Wellness Center (CPWC) from the Old Main Hospital to the first floor of Sobrato Pavilion is complete. The CPWC began seeing patients in there new location on March 6, 2022. Feedback from staff and patients has been positive.



2. **Authority:** This memo is to keep the Finance Committee informed of the progress towards completion of a capital project.
3. **Background:** The Finance Committee approved \$5 million of funding for the relocation of CPWC in January 2021. The construction included all the required elements to meet OSHPD 3 Building Code Standards as well as all the elements to meet the programmatic needs.

Cardiac Rehab Move Update

April 25, 2022

4. Assessment: The projected final cost of the project is \$4.3 million. The construction was originally scheduled to be completed in November of 2021, however the City of Mountain View plan review and permit process was four months longer than anticipated. Fortunately, the delay did not negatively affect the Old Main Hospital demolition activities.
5. Other Reviews: None
6. Outcomes: The relocation was a successful transition into the new environment. There was no need to utilize the project contingency and we were successful in buying out the construction below the original estimate.