

AGENDA
EL CAMINO HOSPITAL BOARD
JOINT MEETING OF THE BOARD AND THE FINANCE COMMITTEE

Tuesday, May 31, 2016 - 5:30 – 7:00 pm

El Camino Hospital, Conference Rooms E, F & G (ground floor)

2500 Grant Road Mountain View, CA 94040

William Hobbs will be participating via teleconference from 99 Degaris Avenue South Dartmouth, MA 02748

Richard Juelis will be participating via teleconference from 5626 Orchard Villas Circle Roanoke, VA 24019

EL CAMINO BOARD MISSION: To be an innovative, publicly accountable and locally controlled comprehensive healthcare organization which cares for the sick, relieves suffering, and provides quality, cost competitive services to improve the health and well-being of our community.

FINANCE COMMITTEE MISSION: The purpose of the Finance Committee (“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 El Camino Hospital Board of Directors (“Board”). 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 TIME
1. CALL TO ORDER/ROLL CALL	Neal Cohen, MD, Board Chair		5:30 – 5:32 pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Neal Cohen, MD, Board Chair		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 3 minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	Neal Cohen, MD, Board Chair		5:32 – 5:35
4. FY2017 OPERATING AND CAPITAL BUDGET <u>ATTACHMENT 4</u>	Tomi Ryba, President and CEO Dennis Chiu, Chair, Finance Committee Iftikhar Hussain, CFO		information 5:35 – 6:17
5. ADJOURN TO CLOSED SESSION	Neal Cohen, MD, Board Chair		6:17 – 6:18
6. <i>Health and Safety Code Section 32106(b)</i> for a report involving health care facility trade secrets: - Strategic Initiatives: Budgetary Implications	Tomi Ryba, President and CEO		information 6:18 – 6:58
7. RECONVENE OPEN SESSION/ REPORT OUT To report any required disclosures regarding permissible actions taken during Closed Session.	Neal Cohen, MD, Board Chair		6:58 – 6:59
8. ADJOURNMENT	Neal Cohen, MD, Board Chair		7:00 pm

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



El Camino Hospital[®]

THE HOSPITAL OF SILICON VALLEY

**Joint Meeting of the El Camino Hospital
Board of Directors and Finance Committee
May 31, 2016**

El Camino Hospital and Affiliates
FY2017 Operating & Capital Budget
Tomi Ryba, CEO
Iftikhar Hussain, CFO

Index

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Strategic Goal

El Camino Hospital Strategy

Strategy

El Camino Hospital will be a **locally controlled leader** in **optimizing the health and wellness** of our communities in Silicon Valley, differentiated by **innovative continuum of care** developed in partnership with physicians, businesses, and payers.

Positioning Statement

El Camino Hospital will first be a **value-based healthcare** provider offering **top decile**, acute care quality at mid-level pricing, moving toward **continuum partnerships** that integrate care coordination and delivery strategies focused on the **Triple Aim of quality, service and affordability**.

Strategic Themes - Proposed for FY17

Quality Aim
Integrated Care
Smart Volume Growth
High Performance Organization

FY 17 Strategic Priorities

Strategic Themes

Priorities

Quality Aim

- Build Patient & Family Centered Care roadmap with assistance from Planetree
- Leverage iCare to improve our Pain Management, a patient centric quality driver
- Begin process to improve peer review and Medical Staff quality oversight

Integrated Care

- Continue participation in Bundled Payment Program
- Collaborate with PAMF on quality and cost related to Medicare Advantage
- Actuarial study for Medicare three-year forecast
- Launch Urgent Care
- Develop clinic plan with PMG
- Recruit physicians to PCMH and build Palliative Care

FY 17 Strategic Priorities

Strategic Themes

Priorities

Smart Growth

- Physician Development
 - Implement primary care center strategy (1 new center, 4 physicians)
 - CIN Development
 - Update physician community needs assessment
 - Identify & implement new recruitment targets
 - Implement Community Connect (10 physicians)
- Program Service Line Development
 - OB – LG expansion
 - Minimally invasive program
 - Wound care
 - Women's CV services
 - Achieve budgeted IP & OP cases for surgeries & Procedures
- Other
 - Santa Teresa development
 - Market partner evaluation

FY 17 Strategic Priorities

Strategic Themes

Priorities

HPO

- Integrated Performance Improvement (IPI) monthly process focused on the triple aim, specifically:
 - Productivity, HPPD, Labor Management
 - OR, ED efficiencies
 - Revenue Cycle, Clinical Documentation Improvement
 - Quality, Service KPI's
- Achieve LOS reduction of .23 days
- Maintain FY16 Medicare readmissions rates
- Achieve \$6.7M budgeted cost reductions

Proposed Organizational Goals – FY2017

Performance Measurement							
Organizational Goals FY17: Draft	Benchmark	2016 ECH Baseline	Minimum	Target	Maximum	Weight	Evaluation Timeframe
Threshold Goals							
Budgeted Operating Margin	90% threshold recommended by Exec Comp Consultant (FY16)	TBD	90% of Budgeted			Threshold	FY 17
Quality and Patient Centered: Pain Management							
Pain Reassessment: Percent Pain Reassessment documented within 60 minutes on RN Flowchart. Fiscal Year over Year improvement to baseline.	Internal Documentation	Q3 FY16	TBD	TBD: Present to Quality Committee	TBD	17%	Q4 FY17
Pain Management: Percent scored Top Box for CMS CAHPS- Pain Management. Fiscal Year over Year improvement to baseline.	CMS CAHPS	Q3 FY16	TBD	TBD: Present to Quality Committee	TBD	17%	Q4 FY17
High Performing Organization: LOS & Readmission							
Achieve Medicare Length of Stay Reduction while Maintaining Current Readmission Rates for Same Population	Internal Improvement	Jan - June 2016	.05 Day Reduction from FY16 Target, Readmission at or below	.10 Day Reduction from FY16 Target, Readmission at or below	.20 Day Reduction from FY16 Target, Readmission at or below	33%	FY17
Smart Growth							
Achieve budgeted inpatient growth (surgical and procedural cases plus Deliveries and NICU), and budgeted outpatient growth (surgical and procedural cases plus infusion).	Internal Documentation	TBD	95% of Budgeted Volume	100% of budgeted Volume	110% of Budgeted Volume	33%	FY 17
					TOTAL:	100%	

FY2017 Operating Budget: Summary

FY2017 Budget Overview

	FY16 Actual to FY17 Budget	Percent Change
Total Net Revenue	Increase of \$37 M	4.8%
Total Expenses	Increase of \$24 M	3.1%

FY2017 Budget Overview: Revenue

Category	Budget Assumptions
Pricing	<p>Prices to increase 6.0%</p> <p>* Overall charges based on OSHPD charge per case review, ECH pricing remains at 35th percentile.</p> <p>* inpatient charges were at 25th percentile; and</p> <p>* outpatient charges were at 50th percentile.</p>
Reimbursement	<p>4.9% rate increase in commercial payers which accounts for 72% of the net revenue</p> <p>-9.4% rate decrease in Medicare accounts, which accounts for 45% of our payer mix but 23% of the net revenue</p> <p>Expecting a 22% increase in Medi-Cal (MCAL) reimbursement due to the last transition year of the APR DRG payment method. MCAL payer mix account for 7.4% of ECH patient population</p>
Other Payment	<p>\$2.34M Other Operating Revenue from the PRIME Project</p> <p>\$1.5M net revenue from the HPO CDI initiative</p>
Volume	Inpatient volume increase by 1.3% and Outpatient volume increase by 2.4%

FY2017 Budget Overview: Revenue

Key Factors Impacting Net Revenue in FY2017

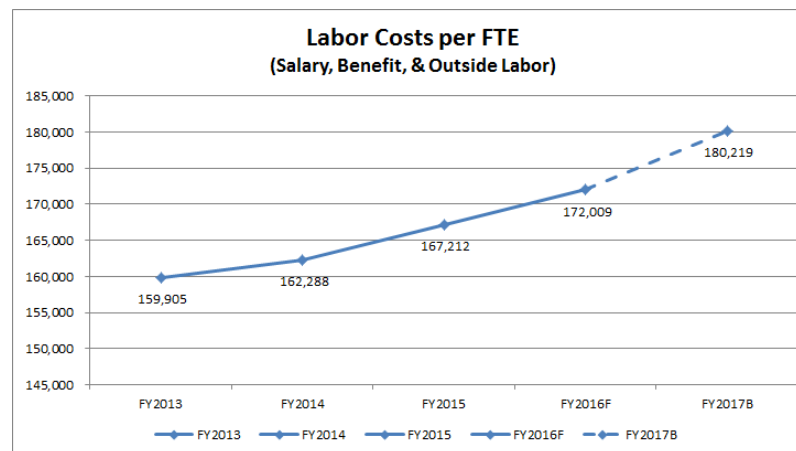
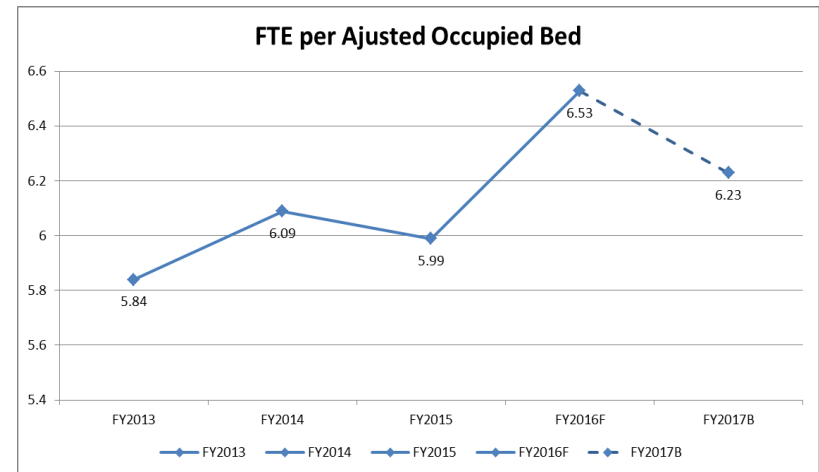
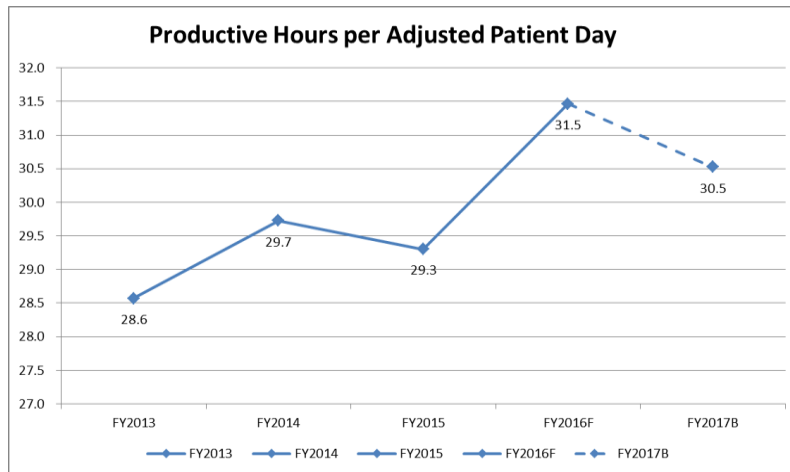
\$ in Thousands (000s)			Detail
Net Revenue			
		Revenue from Growth & Price Changes	22,871
		New PRIME Program Participation	2,341
		Inter-governmental Transfer	6,317
		Medi-CAL additional revenue due to APR DRG transition	4,848
		Other Oper Revenue (Facility Leases \$500K; \$474K Survivorship)	974

FY2017 Budget Overview: Expenses

Expense Assumptions

Category	Inflation & Other Expense Assumptions
Group Health	6.0% increase for 2nd half of FY17
Dental	3.0% increase for 2nd half of FY17
Pharmaceutical	7.2% inflation on drug cost
Medical Supplies	~3.0% overall inflation
Other	3-5% inflation
New Land	+ \$354K property tax

FY2017 Budget Overview: Expenses



FY2017 Operating Budget Detail

Volume Assumptions

Volume Assumptions - Inpatient

Service Line Inpatient Volume Trend

Service Line Volume Trend & FY17 Volume Projection

PT	ServiceLine	FY2013	FY2014	FY2015	FY2016P	FY2017B	FY 2017 Change	Notes
IP	Behavioral Health	987	998	1,030	976	910	-6.8%	Due to construction in FY17 and longer length of stay cases
IP	General Medicine	4,383	4,154	4,581	4,690	4,751	1.3%	Projected 1.3% population growth in nearby county.
IP	General Surgery	1,244	1,243	1,153	1,266	1,270	0.3%	1.9% expected growth in robotic surgery cases
IP	Heart and Vascular	2,054	1,859	1,997	1,948	2,027	4.1%	A 31% volume increase due to additional surgeon recruit and additional EP Ablation cases in FY17. Additional 48 Watchman cases in FY17.
IP	MCH	6,723	6,696	6,380	6,021	6,119	1.6%	Projected a slight increase in IP Antepartum Non-Delivery cases and additional 2 % increase in Vaginal deliveries.
IP	Neurosciences	606	669	672	687	694	1.0%	1% growth in NICU cases with commitment from PAMF.
IP	Oncology	772	692	654	651	651	0.0%	Extending 5 year growth trend
IP	Orthopedics	1,580	1,696	1,774	1,803	1,832	1.6%	Continued recruitment of physician & splitters
IP	Other	3	9	18	61	61	0.0%	
IP	Rehab Services	525	547	555	542	570	5.2%	Rehab Unit close for 6 months in FY16; volume is expected to get back to normal run rate in FY17.
IP	Spine Surgery	471	377	428	425	421	-0.9%	
IP	Urology	180	172	169	225	244	8.4%	Increase in Robotic Surgery from two key physicians.
IP	Womens Non-MCH	444	320	240	236	238	0.8%	
Total Cases		19,972	19,432	19,651	19,531	19,788	1.3%	
% change from PY		5.1%	-2.7%	1.1%	-0.6%	1.3%		

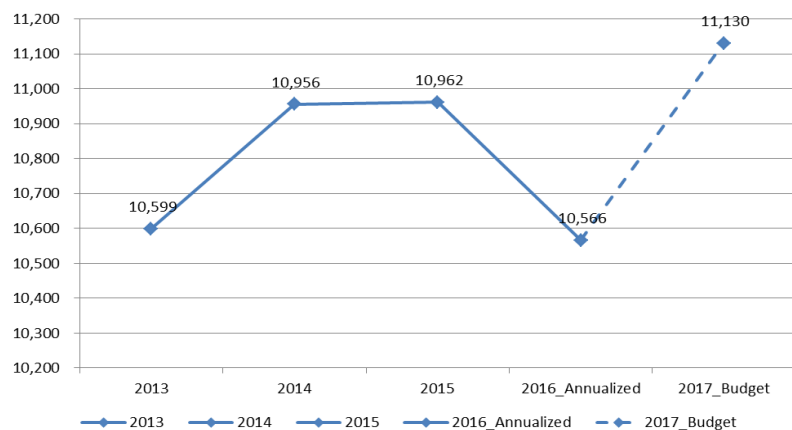
Volume Assumptions - Outpatient

Service Line Outpatient Volume Trend

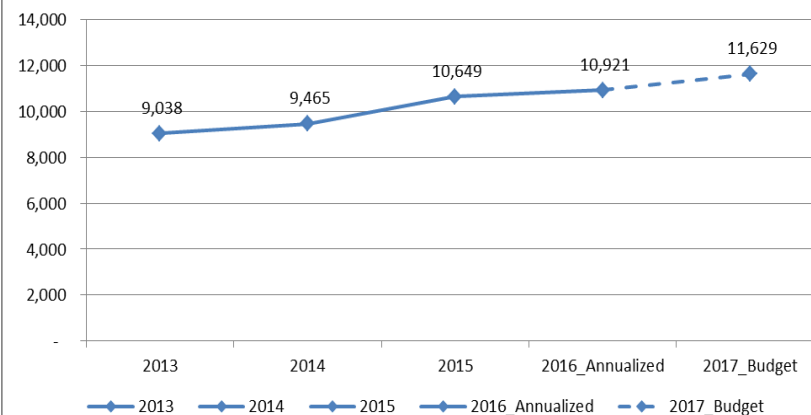
Service Line Volume Trend & FY17 Volume Projection								
PT	ServiceLine	FY2013	FY2014	FY2015	FY2016P	FY2017B	FY 2017 Change	Notes
OP	Behavioral Health	14,697	14,866	16,218	17,451	19,817	13.6%	800 additional OP Adolescent Behavioral Health cases from the new APSIRE program.
OP	Dialysis	2,006	1,059	154	-	-		
OP	Emergency	45,490	46,025	49,106	49,516	50,044	1.1%	Projected 1.3% population growth in nearby county.
OP	General Medicine	5,921	6,684	6,734	6,768	6,807	0.6%	Additional 60 cases (2.5% increase) of OP ENDO procedure at MV and 66 cases (42% increase) at LG due to new physician recruit and the effort of Minimally Invasive Program.
OP	General Surgery	1,317	1,464	1,359	1,342	1,351	0.7%	
OP	Heart and Vascular	8,973	10,427	10,890	11,648	11,715	0.6%	Additional 60 cases of OP EP cases due to the effort of Minimally Invasive Program.
OP	Imaging Services	17,794	19,025	19,480	18,730	18,964	1.2%	3% growth in Pulmonary & Interventional Bronchoscopy cases - effort of the Minimally Invasive Program;
OP	Laboratory Services	30,857	30,411	29,482	29,541	29,541	0.0%	5% growth in OP CT Guided procedures
OP	MCH	4,137	5,042	4,831	5,469	5,436	-0.6%	Based on feedback from PAMF & Independent physicians
OP	Neurosciences	116	131	130	156	156	0.0%	
OP	Oncology	12,729	21,248	23,153	23,386	24,191	3.4%	2% increase in Cancer Center cases and 4% increase in Infusion Center volume
OP	Orthopedics	806	863	791	729	729	0.0%	
OP	Other	467	656	632	640	640	0.0%	
OP	Outpatient Clinics		1,198	1,706	1,749	1,749	0.0%	
OP	Rehab Services	12,006	12,684	13,800	13,626	13,787	1.2%	Additional 410 new OP Rehab vists as a result of the new NICU Therapy program
OP	Sleep Center	132	160	223	377	500	32.6%	Additional room for Sleep Study; expect volume to increase with OSA Perioperative & Employers cases in FY17
OP	Spine Surgery	261	283	330	307	307	0.0%	
OP	Urology	1,821	1,867	1,860	1,907	1,930	1.2%	
OP	Womens Non-MCH	1,327	1,551	1,739	1,656	1,698	2.5%	Commitment from surgeons to bring Robotic Surgery cases back close of FY15 level.
Total OP Cases		160,857	175,644	182,618	184,998	189,362	2.4%	
% change from PY		4.5%	9.2%	4.0%	1.3%	2.4%		

Volume Assumptions – Ancillary & Procedural

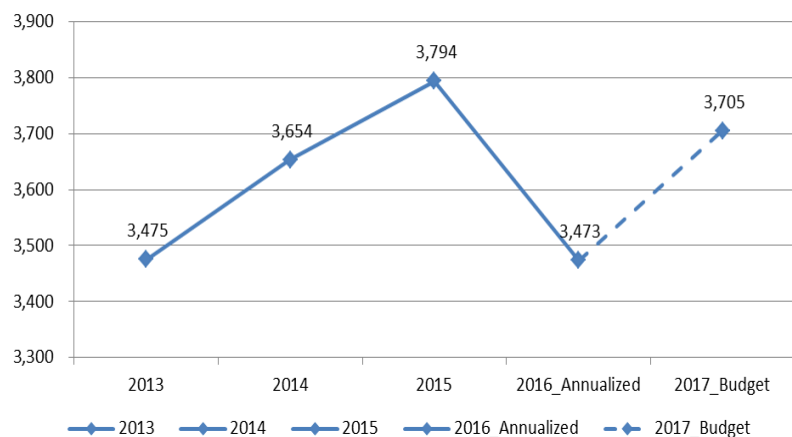
Surgeries



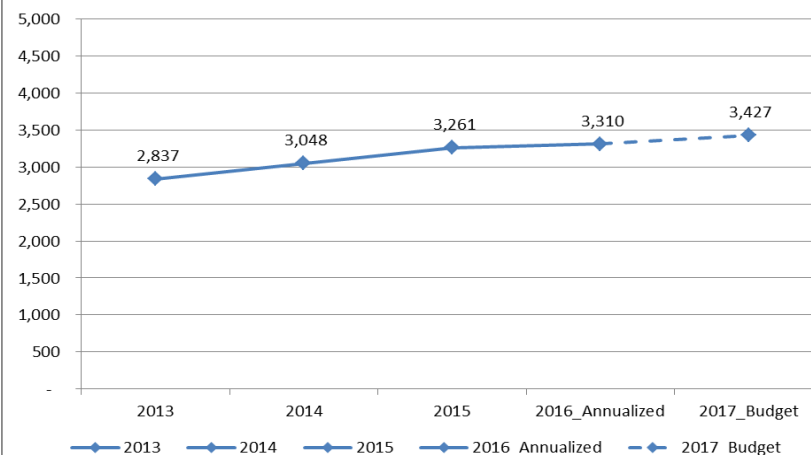
Infusion Treatments



Endoscopy Cases



Interventional Svcs - MV



FY2017 Operating Budget Detail

Revenue Assumptions

Revenue Assumptions

Category	Budget Assumptions
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Pricing Changes with Benchmark Data

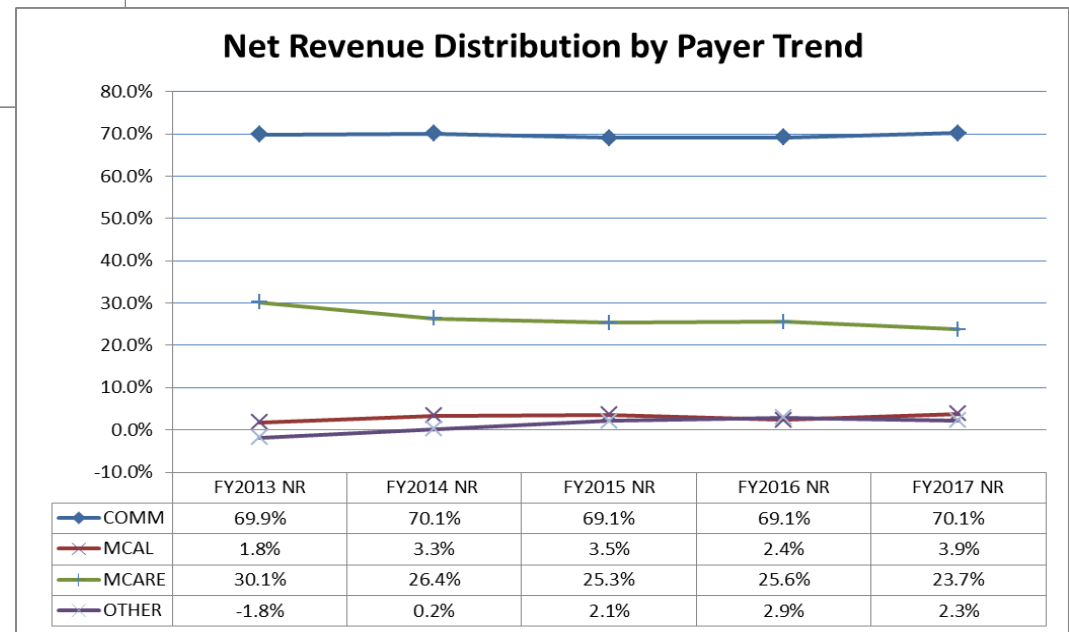
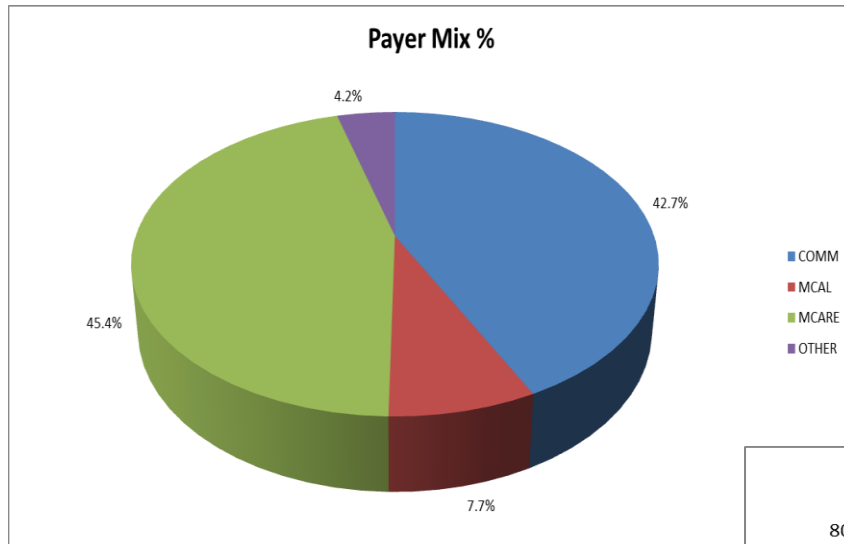
- CMS/OSHPD claim level data shows El Camino Hospital prices below mid-market level compared to the local peer group including Good Samaritan Hospital, Regional Medical Center, O'Connor Hospital, Stanford Hospital, Sequoia Hospital and Washington Hospital.
- Even with the 5% price increase in FY16, our overall charges remain at the 35th percentile based on OSHPD charge per caser review (inpatient @ 25th percentile / outpatient @ 50th percentile)
- To catch up with the market pricing, a 6% charge increase is proposed in the FY17 budget

Hospital	2012	2013	2014	2015	4 Yr Average
EL CAMINO HOSPITAL	0.89%	0.06%	0.90%	5.00%	1.71%
STANFORD UNIVERSITY HOSPITAL	9.60%	7.20%	6.90%	6.90%	7.65%
REGIONAL MEDICAL CENTER OF SAN JOSE	10.60%	1.36%	5.28%	-1.32%	3.98%
SEQUOIA HOSPITAL	5.40%	3.10%	0.00%	2.70%	2.80%
WASHINGTON HOSPITAL - FREMONT	0.56%	9.71%	0.97%	2.12%	3.34%
GOOD SAMARITAN HOSPITAL- SAN JOSE	9.90%	12.80%	7.10%	4.70%	8.63%
O'CONNOR HOSPITAL **	0.20%	0.13%	1.02%	NA	0.45%
* Data Source: OSHPD					

Key Factors impacting Net Revenue in FY17

\$ in Thousands (000s)			Detail
Net Revenue			
		Revenue from Growth & Price Changes	22,871
		New PRIME Program Participation	2,341
		Inter-governmental Transfer	6,317
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		Other Oper Revenue (Facility Leases \$500K; \$474K Survivorship	974

Payer Mix and Net Revenue Distribution by Payer



FY2017 Operating Budget Detail

Expense Assumptions

Operating Expense - Assumptions

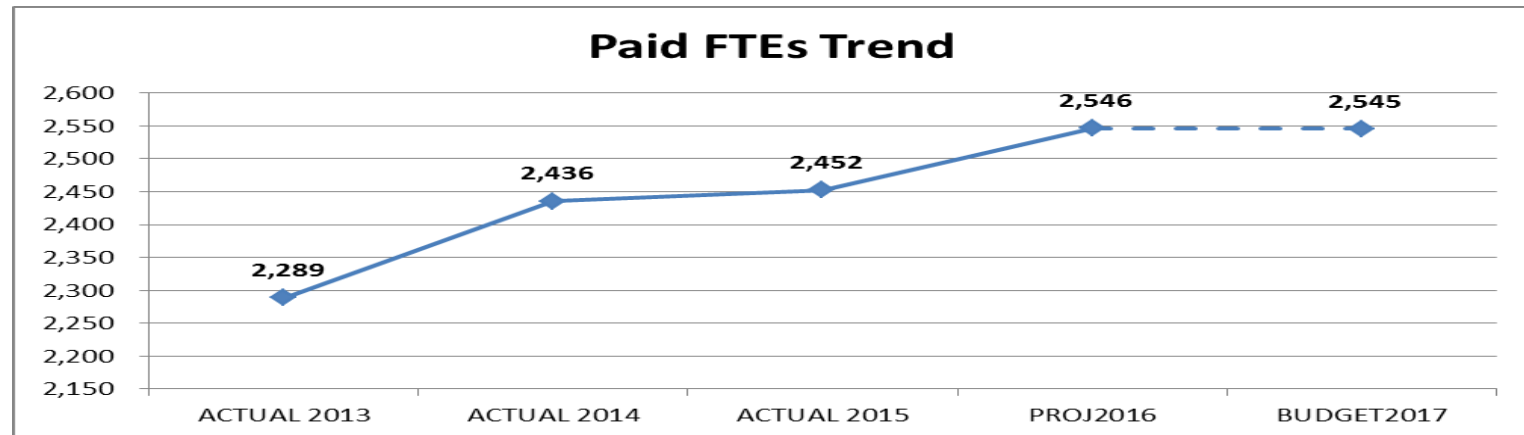
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New Land	+ \$354K property tax

Key Drivers of FY17 Budget Operating Margin

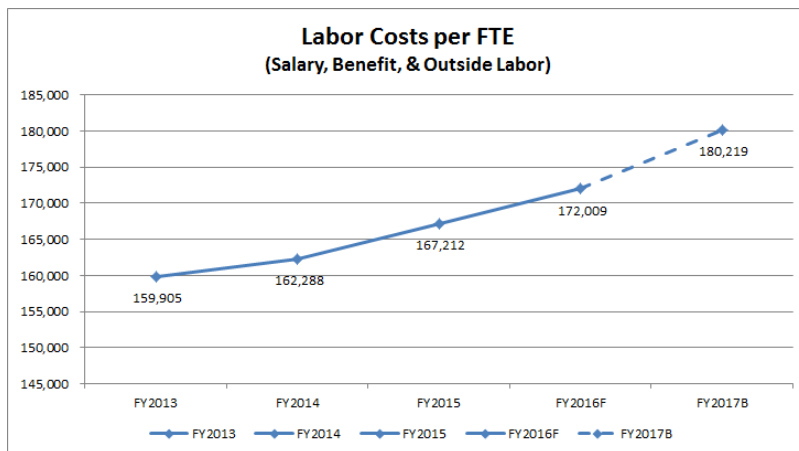
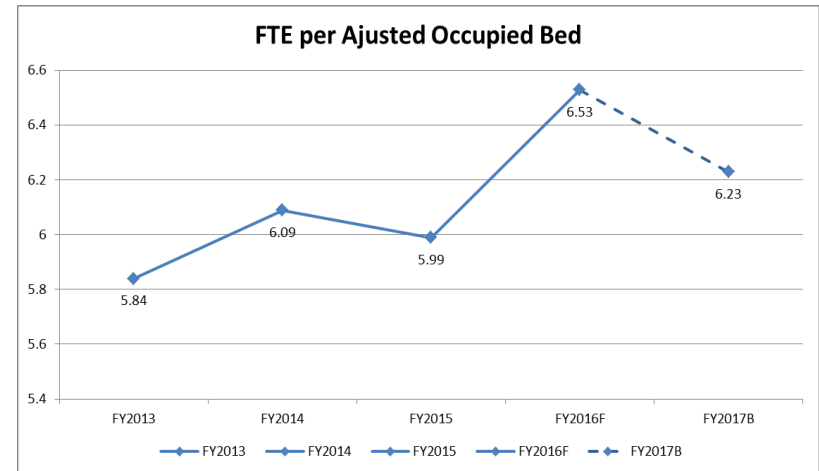
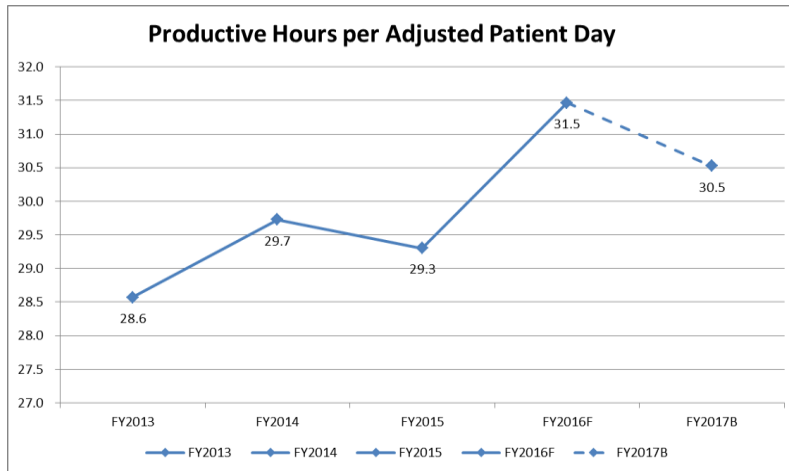
\$ in Thousands (000s)			Detail	Net Income	% Net Revenue
Expected Hospital Operations FY2016				42,120	5.4%
Net Revenue				37,351	4.6%
Labor Expense Change				(27,074)	-3.3%
	*	Salary, Wage Expense Increase (incl HPO reduction)	(7,122)		
	*	1.6% volume increase	(3,476)		
	*	Salary rate increase	(9,493)		
	*	Post EPIC FTE Increase	(1,973)		
	*	Benefit Expense Increase	(9,363)		
	*	Workers Compensation	(3,280)		
	*	Outside Labor Reduction	7,634		
Professional Fees & Purchased Services				5,394	0.7%
	*	Physician Fees: Increase in fees; New Medical Directors	(1,064)		
	*	Marketing	1,611		
	*	Medical Outside Services	454		
	*	Administrative Savings (Premier + Valence)	903		
	*	iCare EPIC Backfill	1,806		
	*	IT Security	993		
	*	Other	691		
Supplies				(3,191)	-0.4%
	*	Central Supply - volumes & Inflation	(3,380)		
	*	New Programs: Minimally Invasive/Wound Care	(823)		
	*	Drugs & Endo Mechanical HPO Reduction	1,012		
Other Expenses				7,061	0.9%
	*	ICARE EPIC Training	8,133		
	*	Coding Support Project	308		
	*	Utilities/Leases	(349)		
	*	Leadership Education/Recognition	(296)		
	*	Insurance/Bond	(502)		
	*	Other	(233)		
Depreciation & Interest				(5,824)	-0.7%
	*	Interest Expense, full year	(1,371)		
	*	EPIC (CC 8486)	(3,143)		
	*	Facilities completed projects	(1,310)		
Expected Hospital Operations FY2017				55,837	6.9%

FY17 Budgeted Hospital FTE

Hospital Paid FTE						
		Productivity	New Program	EPIC	Volume Increase	Other
Starting FTE based on FY2016 YTD April Actual	2,546					
Improved Productivity in Operational Department after EPIC go-live	(44.49)	(44.49)				
ASPIRE Adolescent Psych Program	2.03		2.03			
Wound Care Clinic	5.00		5.00			
Minimally Invasive Program	2.50		2.50			
PRIME Program	2.30		2.30			
CDI	3.00		3.00			
HPO Resources Utilization Management	1.29					1.29
Projected Volume Increase	16.35				16.35	
EPIC Training	(75.11)			(75.11)		
ISD after EPIC go-live	77.00			77.00		
Budgeted Vacant Position	9.24	9.24				
Ending Budget FY17 Paid FTE	2,545.28	(35.25)	14.83	1.89	16.35	1.29



Key Operational Metrics



- Productivity improvement in Productive hours per Adjusted Patient Day & FTE per Adjusted Occupied Bed
- Due to operationalized IT EPIC FTE and investment in new programs, higher cost professional staff (ENDO tech, Respiratory tech, RN, PT, OT), total labor cost is budgeted to increase by 4.7% from YTD FY16 actual

High Performance Organization (HPO) Initiatives

Work Stream	FY2017 Budget
Patient Flow and Capacity Management	\$ 1,665,628
Variation	\$ 2,637,667
Workflow and Workforce Optimization	\$ 1,123,160
Revenue Cycle Enhancement	\$ 308,000
Supply Chain	\$ 1,012,000
Total	\$ 6,746,455

Impact of iCare (EPIC) FY16 to FY17

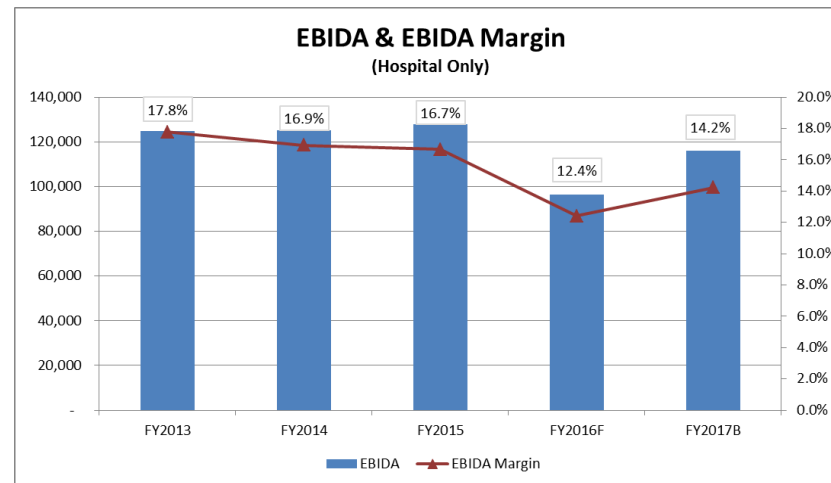
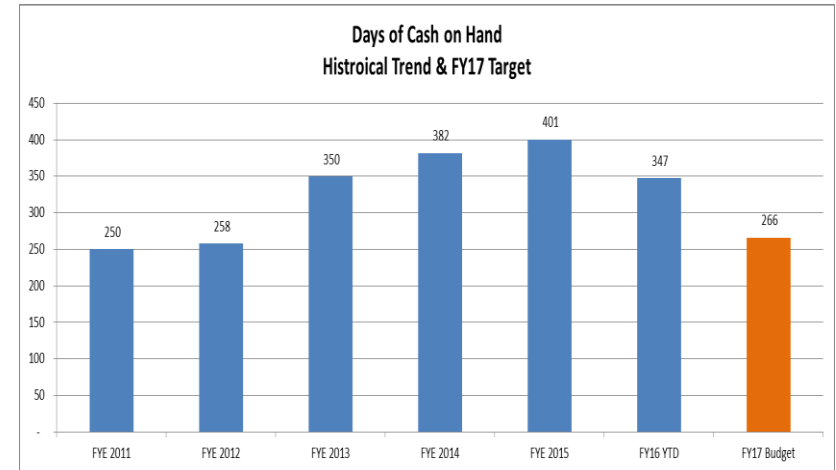
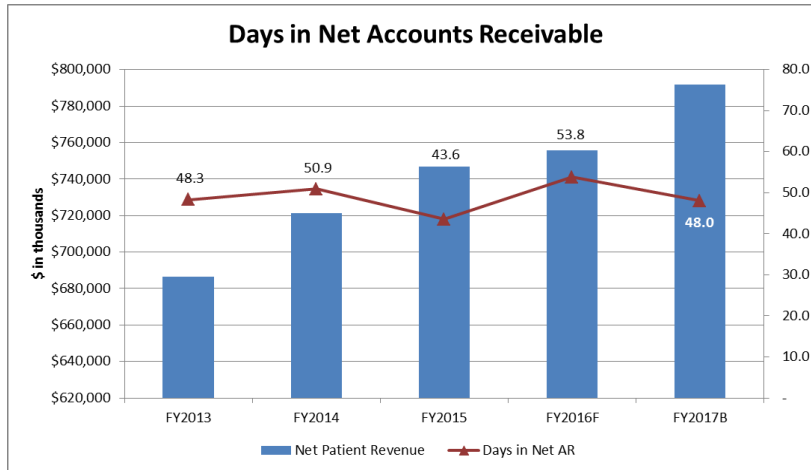
New iCare operational expenses for FY17

Category	Description	Incremental Change
Labor	Capital to Operating expense: ongoing	1,973,039
Depreciation	Depreciation expense: ongoing	1,150,335
	Increased Ongoing Expenses	3,123,374

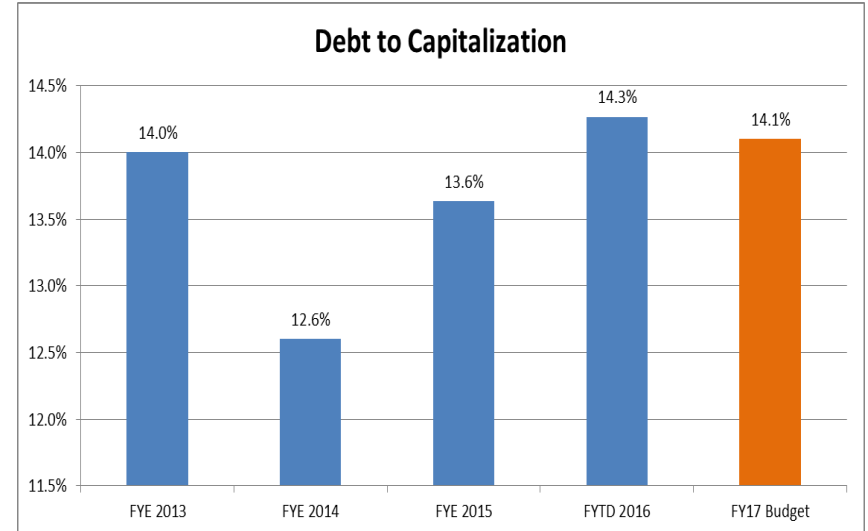
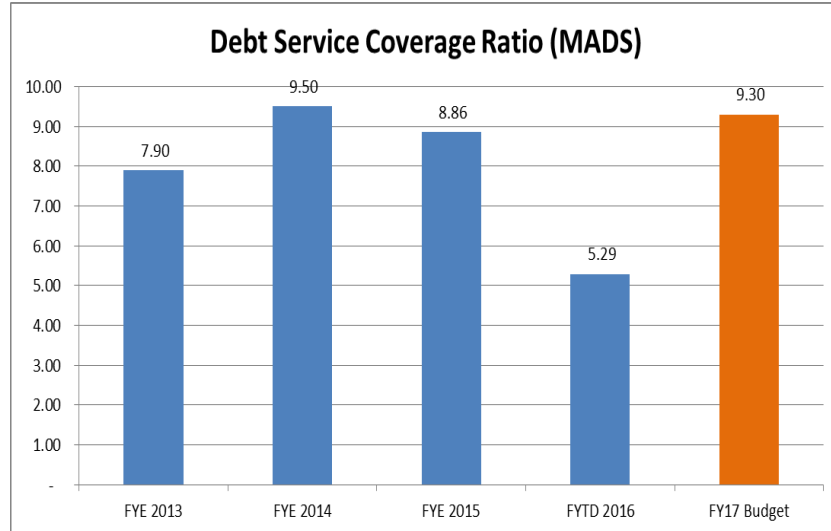
One time expenses incurred in FY16

Category	Description	Incremental Change
Consulting	Eliminate one-time consulting expense	3,423,297
EPIC Training	Eliminate one-time training to staff and physicians	8,132,701
	One-Time Expense Reduction	11,555,998

Key Financial Metrics



Key Financial Metrics



FY2017 Operating Budget Detail

Alignment with Marketing

FY17 Marketing & Communications Plan: Strategic Alignment

Strategic themes

**Integrated
Care**

**Smart
Growth**

Quality Aim

High
Performing
Organization

Core marketing strategies and
objectives align with..

**Business
Priorities**

Audiences

Tactical focus

Metrics

**Budget/
Resources**

FY17 Marketing & Communications Plan: Major Marketing Priorities

FY17 SMART GROWTH (<u>N</u> EW)	FY17 SMART GROWTH (<u>M</u>)	FY17 INTEGRATED CARE
BHS – ADDICTION, SENIORS, PERINATAL, YOUTH/YA	MEN'S HEALTH & UROLOGY	URGENT & PRIMARY CARE*
URGENT & PRIMARY CARE	SLEEP DISORDERS	WOUND CARE*
ONCOLOGY	ORTHOPEDICS	REHABILITATION (M)
OUTPATIENT SERVICES	EP & WOMEN'S HEART	OUTPATIENT SERVICES*
WOUND CARE	BREAST HEALTH	
MOTHER-BABY	LUNG	
COMPREHENSIVE SPINE	SAHC/CHI	PATIENT – FAMILY CENTERED CARE

**Denotes supports of smart growth and integrated care strategic themes; N = new, M = maintenance*

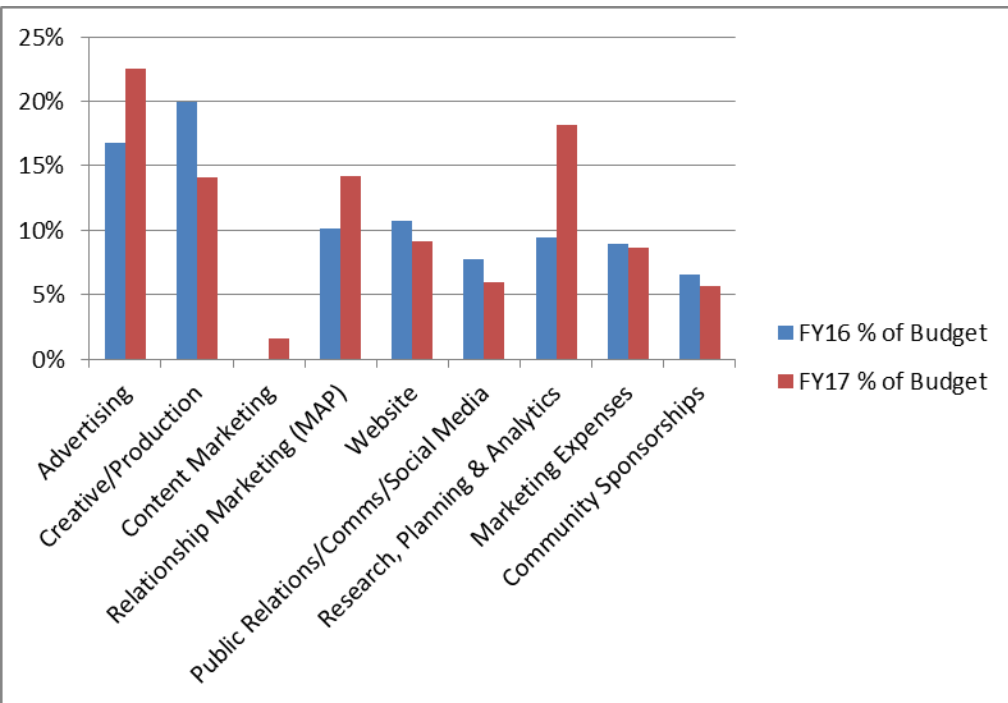
Source: ECH strategic planning

FY17 Marketing & Communications Plan: Major Marketing Priorities Funding

Core Marketing Strategies	Allocation	Strategic Themes		
		Smart Growth	Integrated Care	Quality Aim
POSITIONING + DIFFERENTIATION: Increase awareness and understanding of uniqueness of El Camino Hospital among target audiences across the region	\$2.44M	X		
ELEVATE COMMUNITY PURPOSE & ENGAGEMENT: Engage targets to create loyalty, affinity and relationships that drive positive behaviors	\$1.33M	X	X	
PERSONALIZED MARKETING: Provide value to consumer audiences by maximizing relevant messaging and content across interactions	\$720k	X		X
FACILITATE POSITIVE CULTURE: Increase employee and physician engagement through community building	\$148K	X		X

**Does not include Labor Costs*

FY17 Marketing & Communications Plan: Budget Assumptions & Trends



- Budget aligned with recommendations and efforts are tiered to support “new” versus “maintenance” initiatives
- FY17 budget reduced from FY16 to support reduction in use of outside purchased services
- Increased allocation for content marketing and relationship marketing to support online healthcare consumer experience and personalized communications
- Increased allocation for research, analytics and planning for more consistent tracking and reporting of metrics
- Integrated advertising efforts with increased efficiency through capability to target audiences via digital channels
- Reduced PR social media expenses as tactical work is brought in-house
- Maintain level of community sponsorship spend and refine alignment with clinical and community health priorities
- Digital strategy no longer separate as digital thinking is integrated across marketing efforts

Board Designated Community Benefit Endowment

Board Designated Community Benefit Endowment Fund

- In FY 2016 the Board established an endowment to provide investment income to fund community benefit.
- We agreed to evaluate whether the fund should be increased during the annual budget cycle.
- Recommendation
 - No increase in endowment fund at this time, due to market losses.
 - Despite market losses, \$3.4 million (\$500k > than FY16) budgeted for Community Benefit Plan for FY17 due to community benefit planning cycle.
 - Evaluate funding from endowment fund earnings in Q2 2017 to coincide with community benefit planning cycle.

El Camino Hospital & Affiliates

El Camino Hospital & Affiliates FY17 Budget

Consolidated Revenue and Expense Budget (\$ in thousands)					
	El Camino Hospital	Concern	Foundation	SVMD	Total
REVENUES					
Net Patient Service Revenue	\$789,585	\$0	\$0	\$2,871	\$792,457
Other Operating Revenue	25,059	17,077	0	0	42,136
Total Net Revenue	814,645	17,077	0	2,871	834,593
EXPENSES					
Salaries & Benefits	458,713	5,474	1,553	1,066	466,805
Supplies & Other Expenses	240,022	9,466	1,660	3,451	254,599
Interest	7,225	0	0	0	7,225
Depreciation/Amortization	52,848	29	13	0	52,890
TOTAL EXPENSES	758,807	14,969	3,227	4,516	781,520
OPERATING INCOME	\$55,837	\$2,108	(\$3,227)	(\$1,645)	\$53,073
Non Operating Income	11,194	497	2,777	1,645	16,113
NET INCOME	\$67,032	\$2,604	(\$450)	(\$0)	\$69,186
Operating EBIDA	\$115,910	\$2,137	(\$3,214)	(\$1,645)	\$113,188
Operating Margin Percentage	6.9%	12.3%	0.0%	-57.3%	6.4%

El Camino Hospital & Affiliates

El Camino Hospital & Affiliates (\$ in thousands)					
	FY2015 Actual	FY2016 Projection	FY2017 Budget	Change Favorable/ (Unfavorable)	% Change
REVENUES					
Net Patient Service Revenue	\$746,645	\$755,550	\$792,457	\$36,906	4.9%
Other Operating Revenue	34,805	37,450	42,136	4,686	12.5%
Total Net Revenue	781,451	793,001	834,593	41,592	5.2%
EXPENSES					
Salaries & Benefits	417,058	439,003	466,805	(27,802)	-6.0%
Supplies & Other Expenses	238,649	258,657	254,599	4,058	1.6%
Interest	5,256	5,855	7,225	(1,371)	-19.0%
Depreciation/Amortization	44,707	48,451	52,890	(4,439)	-8.4%
TOTAL EXPENSES	705,670	751,966	781,520	(29,554)	-3.8%
OPERATING INCOME	\$75,780	\$41,035	\$53,073	\$12,038	-22.7%
Non Operating Income	20,984	(15,109)	16,113	(31,223)	
NET INCOME	\$96,764	\$25,926	\$69,186	\$43,261	166.9%
Operating EBIDA	\$125,743	\$95,341	\$113,188	\$17,848	18.7%
Operating Margin Percentage	9.7%	5.2%	6.4%		

Capital Budget

FY 2017 Capital Spending Trend

	Actual	Actual	Actual	Proj	Budget
Capital Spending	FY2013	FY2014	FY2015	FY2016	FY2017
EPIC			\$36,187	\$23,743	\$6,137
IT Hardware/Software Equipment	\$8,019	\$2,788	\$4,660	\$6,850	\$5,391
Medical/Non Medical Equipment	\$10,284	\$12,891	\$13,340	\$14,700	\$10,254
Facilities	\$9,294	\$36,045	\$38,940	\$66,543	\$204,477
Grand Total	\$27,597	\$51,724	\$93,127	\$111,836	\$226,259

FY17 Facility Project Request with Details

(in 000s)

		Budgeted Commitment		Budgeted Spend
Mountain View Campus Master Plan Projects				
BHS Replacement	MV	\$55,500	**	\$30,000
North Dr Parking Structure Expansion	MV	\$0	*	\$20,500
Integrated Medical Office Building	MV	\$220,500	**	\$101,500
CUP Upgrades	MV	\$7,000	**	\$5,000
Womens Hosp Expansion	MV	\$10,000		\$5,500
Sub-Total Mountain View Campus Master Plan		\$293,000		\$162,500
Mountain View Capital Projects				
Womens Hosp NPC Closeout	MV	\$0	*	\$327
IMOB Preparation Project - Old Main	MV	\$0	*	\$1,000
Cabling and Wireless upgrades	MV	\$0	*	\$400
Histology Fume Hood Upgrades	MV	\$1,200		\$1,200
ED Remodel Triage / Psych Observation	MV	\$1,600		\$1,400
Signage & Wayfinding	MV	\$0	*	\$300
Breast Imaging Tomography	MV	\$0	*	\$300
Willow Pavilion FA Sys and Equip Upgrades	MV	\$800		\$800
Furniture Systems Inventory	MV	\$500		\$250
Site Signage & Other Improvements	MV	\$1,000		\$200
MV Equipment & Infrastructure Upgrades	MV	\$600		\$300
IR Room #6 Development	MV	\$2,600		\$500
JW House (Patient Family Residence)	MV	\$2,500		\$500
Facilities Planning Allowance	MV	\$600		\$300
Sub-Total Mountain View Projects		\$11,400		\$7,777

*Board approved from prior years

**Board approved; partially funded from prior years

FY17 Facility Project Request with Details

(in 000s)

		Budgeted Commitment	Budgeted Spend
Los Gatos Capital Projects			
LG Spine Room Expansion - OR 4	LG	\$0 *	\$3,100
LG Rehab HVAC Upgrades	LG	\$0 *	\$400
LG Imaging Phase II (CT & Gen Rad)	LG	\$0 *	\$7,250
LG Upgrades - Major	LG	\$0 *	\$7,300
LG Rehab Building Upgrades	LG	\$600	\$500
LG IR Upgrades	LG	\$1,100	\$800
LG NICU 4 Bed Expansion	LG	\$6,500	\$5,000
LG Building Infrastructure Improvements	LG	\$1,500	\$1,200
LG MOB Improvements (17)	LG	\$5,000	\$4,000
LG Facilities Planning	LG	\$800	\$500
LG MOB Improvements	LG	\$0 *	\$150
Sub-Total Los Gatos Projects		\$15,500	\$30,200
Other Strategic Capital Projects			
Primary Care Clinic (TI's Only)		\$1,600	\$1,600
Urgent Care Clinics (Tis Only)		\$2,400	\$2,400
Sub-Total Other Strategic Capital Projects		\$4,000	\$4,000
Grand Total Facilities Projects		\$323,900	\$204,477

*Board approved from prior years

**Board approved; partially funded from prior years

FY 2017 IT Capital Request

(in 000s)

Capital Project Description	Budgeted Commitment	Budgeted Spend
iCare Program/Annual Upgrade	\$8,016	\$6,137
EPIC Total	\$8,016	\$6,137
RSA 2-Factor Authentication	\$1,250	\$1,250
IS Baseline-Storage Primary/Backup	\$790	\$790
IS Baseline-Server Replacement/Maint	\$706	\$706
IS Baseline-Network Replacement/Maint	\$675	\$675
Secure Texting Solution	\$400	\$400
Soft Bank Software	\$300	\$300
IS Baseline-Devices Cart Replacement/Growth	\$250	\$250
IS Baseline-Software Upgrades	\$250	\$250
All Other*	\$770	\$770
IT Hardware/Software Equipment	\$5,391	\$5,391

Capital over \$250k itemized

*All Other includes all items less than \$250k

FY17 Equipment Capital Request

(in 000s)

FY17 Equipment Requested Capital		Budgeted Spend
PB840 Ventilators - 28		\$1,394
IR Room Replacement (LG)		\$1,250
Stryker 1588 AIM CCU and Laparoscopes		\$871
Intra-Vascular Ultrasound Replacement (Cath Lab)		\$700
C-Arm Replacement (2 at LG)		\$531
Electrosurgical Units Forcetriad 2/FT10		\$460
OH6 Microscope (Spine, LG)		\$427
Bed Mattresses		\$380
Alaris Infusion Pump/Modules (MV)		\$250
Alaris Infusion Pump/Modules (LG)		\$250
All Other*		\$3,741
Total		\$10,254

Capital over \$250k itemized

*All Other includes all items less than \$250k



El Camino Hospital®
THE HOSPITAL OF SILICON VALLEY

Appendix

El Camino Hospital – FY17 Budget Financial

El Camino Hospital (\$ in thousands)

	FY2015 Actual	FY2016 Projection	FY2017 Budget	Change Favorable/ (Unfavorable)	% Change
REVENUES					
Net Patient Service Revenue	\$746,645	\$755,550	\$789,585	\$34,035	4.5%
Other Operating Revenue	21,105	21,743	25,059	3,316	15.3%
Total Net Revenue	767,751	777,294	814,645	37,351	4.8%
EXPENSES					
Salaries & Benefits	410,072	431,639	458,713	(27,074)	-5.9%
Supplies & Other Expenses	229,677	249,286	240,022	9,264	3.9%
Interest	5,256	5,855	7,225	(1,371)	-19.0%
Depreciation/Amortization	44,627	48,395	52,848	(4,453)	-8.4%
TOTAL EXPENSES	689,631	735,174	758,807	(23,634)	-3.1%
OPERATING INCOME	\$78,120	\$42,120	\$55,837	\$13,717	-24.6%
Non Operating Income	16,668	(18,836)	11,194	(30,030)	
NET INCOME	\$94,787	\$23,284	\$67,032	\$43,748	187.9%
Operating EBIDA	\$128,002	\$96,369	\$115,910	\$19,541	20.3%
Operating Margin Percentage	10.2%	5.4%	6.9%		
KEY HOSPITAL INDICATORS					
Hospital Discharges, excl normal newborns	19,081	18,608	19,271	663	3.6%
Total Hospital Patient Days	89,787	87,985	89,574	1,589	1.8%
Acute Length of Stay	4.71	4.73	4.65	(0.08)	-1.7%
Hospital Average Daily Census	246	240	245	5	2.1%

Non-Operating Revenue Detail

Non-Operating Revenue/<Expense> Detail (\$ in thousands)

	FY2015 Actual	FY2016 Projection	FY2017 Budget	Change Favorable/ (Unfavorable)	% Change
Non Operating Revenue Detail					
Investments	\$17,955	(\$10,785)	\$18,100	\$28,885	-267.8%
Swap Adjustments	(1,009)	(2,550)	0	2,550	-100.0%
Bond Amortization	360	1,604	1,871	266	16.6%
Community Benefit	(2,397)	(3,104)	(3,400)	(296)	9.5%
Support for Foundation	(1,783)	(1,783)	(1,783)	0	0.0%
Support for SVMD	(286)	(25)	(1,645)	(1,620)	6475.9%
Investment in Satellite Dialysis	4,809	(457)	152	609	-133.2%
Gain/<Loss> on Pathways	2,513	(191)	500	691	-361.2%
Other	(3,493)	(1,545)	(2,599)	(1,055)	68.3%

\$16,668	(\$18,836)	\$11,194	\$30,030	-159.4%
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CONCERN – FY17 Budget Financial

CONCERN (\$ in thousands)					
	FY2015 Actual	FY2016 Projection	FY2017 Budget	Change Favorable/ (Unfavorable)	% Change
REVENUES					
Other Operating Revenue	\$13,690	\$15,689	\$17,077	\$1,387	8.8%
Total Net Revenue	13,690	15,689	17,077	1,387	8.8%
EXPENSES					
Salaries & Benefits	5,336	5,884	5,474	410	7.5%
Supplies & Other Expenses	7,332	8,057	9,466	(1,409)	-14.9%
Interest	0	0	0	0	0.0%
Depreciation/Amortization	67	43	29	14	48.7%
TOTAL EXPENSES	12,735	13,984	14,969	(985)	-6.6%
OPERATING INCOME	\$955	\$1,706	\$2,108	\$402	-19.1%
Non Operating Income	247	463	497	(33)	
NET INCOME	\$1,202	\$2,169	\$2,604	\$435	20.1%
Operating EBIDA	\$1,022	\$1,749	\$2,137	\$388	22.2%
Operating Margin Percentage	7.0%	10.9%	12.3%		

Foundation - FY17 Budget Financial

FOUNDATION (\$ in thousands)					
	FY2015 Actual	FY2016 Projection	FY2017 Budget	Change Favorable/ (Unfavorable)	% Change
REVENUES					
Other Operating Revenue	\$0	\$0	\$0	\$0	\$0
Total Net Revenue	0	0	0	0	0%
EXPENSES					
Salaries & Benefits	1,418	1,453	1,553	(100)	-6%
Supplies & Other Expenses	1,508	1,216	1,660	(445)	-27%
Interest	0	0	0	0	0%
Depreciation/Amortization	13	13	13	(0)	0%
TOTAL EXPENSES	2,939	2,682	3,227	(545)	-17%
OPERATING INCOME	(\$2,939)	(\$2,682)	(\$3,227)	(\$545)	-17%
Non Operating Income	3,650	3,319	2,777	541	
NET INCOME	\$710	\$636	(\$450)	(\$1,086)	-171%
Operating EBIDA	(\$2,926)	(\$2,669)	(\$3,214)	(\$545)	20%

SVMD – FY17 Budget Financial

SVMD (\$ in thousands)					
	FY2015 Actual	FY2016 Projection	FY2017 Budget	Change Favorable/ (Unfavorable)	% Change
REVENUES					
Net Patient Service Revenue	\$0	\$0	\$2,871	\$2,871	100%
Total Net Revenue	0	0	2,871	2,871	0%
EXPENSES					
Salaries & Benefits	227	27	1,066	(1,039)	-97%
Supplies & Other Expenses	67	69	3,451	(3,382)	-98%
Interest	0	0	0	0	0%
Depreciation/Amortization	0	0	0	0	0%
TOTAL EXPENSES	294	95	4,516	(4,421)	-98%
OPERATING INCOME	(\$294)	(\$95)	(\$1,645)	(\$1,550)	-94%
Non Operating Income	400	300	1,645	(1,345)	
NET INCOME	\$106	\$205	(\$0)	(\$205)	-100%
Operating EBIDA	(\$294)	(\$95)	(\$1,645)	(\$1,550)	1624%
Operating Margin Percentage	0.0%	0.0%	-57.3%		

SVMD New Programs

New Program	Description
1. Primary Care Clinic	- Recruit 4 primary care physicians for the first year of operations
2. Urgent Care Clinic	- Target to have ~10,000 visits in the first year of operation.
3. Women's Cardiovascular Health Clinic	<ul style="list-style-type: none"> - Clinic will begin operation 2.5 days/week: 1 day a week operation at LG and 1.5 days a week at MV. - It is budgeted with ~1300 visits in first year of operation.