

AGENDA

Finance Committee Meeting of the Board

Monday, January 25, 2016, 6:30 p.m.

Conference Room A & B, Ground Floor

2500 Grant Road, Mountain View, California

John Zoglin will participate via telephone from 88 Madison Avenue, New York, New York

Richard Juelis will participate via telephone from 4955 Wiley Post Way, Salt Lake City, Utah

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		
1. CALL TO ORDER/ROLL CALL	Dennis Chiu, Chair		6:30 p.m.
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Dennis Chiu, Chair		6:31 – 6:32
3. PUBLIC COMMUNICATION	Dennis Chiu, Chair		6:32 – 6:33
4. CONSENT CALENDAR (for possible action) Any Committee Member may remove an item for discussion before a motion is made.	Dennis Chiu, Chair	<i>public comment</i>	Motion for recommendation required 6:33 – 6:48
Approval: a. November 30, 2015 Finance Committee Meeting Open Session Minutes b. Policies for Approval – Summary Report b.1 Outside Labor Personnel b.2 Cover Sheet for Employee Assistance Fund b.3 Employee Assistance Fund Draft b.4 Cover Sheet Physician Recruitment Program b.5 Physician Recruitment Program Policy b.6 Physician Recruitment Appendix A Information: c. November Financials d. Article of Interest			
5. REPORT ON BOARD ACTIONS	Dennis Chiu, Chair		Information 6:48 – 6:51
6. REPORT ON DECEMBER FINANCIALS ATTACHMENT 6	Iftikhar Hussain, Chief Financial Officer		Motion required 6:51 – 7:06
7. UPDATE ON CAPITAL PROJECTS IN PROGRESS THAT EXCEED \$2.5M	Ken King, Chief Administration Services Officer		Information 7:06 – 7:21

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

AGENDA ITEM	PRESENTED BY		
8. DEVELOPMENT OF KPIs FOR OUTPATIENT SERVICES	Iftikhar Hussain, Chief Financial Officer		Information 7:21 – 7:36
9. ADJOURN TO CLOSED SESSION			
10. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Dennis Chiu, Finance Committee Chair		7:36 – 7:35
11. CONSENT CALENDAR Any committee member may remove an item for discussion before a motion is made.	Dennis Chiu, Finance Committee Chair		Motion Required 7:35 – 7:37
Approval: <i>Gov't. Code Section 54957.2</i> November 30, 2015 Finance Committee Meeting Closed Session Minutes			
12. Health and Safety Code Section 32106(b) for a report involving healthcare facility trade secret - Report on Urgent Care Clinics			Information 7:37 – 7:52
13. Health and Safety Code Section 32106(b) for a report involving healthcare facility trade secret - Review of Preliminary Budget Assumptions			Information 7:52 – 8:07
14. RECONVENE OPEN SESSION To report any required disclosures regarding permissible actions taken during Closed Session			
To report any required disclosures regarding permissible actions taken during Closed Session.	Dennis Chiu, Chair		
15. REPORT ON URGENT CARE CLINICS	Dennis Chiu, Chair	<i>public comment</i>	Motion for recommendation required 8:07 – 8:08
16. COMMITTEE PLANNING a. FY2016 Pacing Plan b. FY2016 Goals	Dennis Chiu, Chair		Information 8:08 – 8:11
17. ADJOURNMENT	Dennis Chiu, Chair		8:11 p.m.

FY 2016 Finance Committee Meetings:

September 28, 2015
November 4, 2015 (Joint Board/All Committee Meeting)
November 30, 2015

January 25, 2016 (Joint Finance/Investment Committee Meeting)
March 28, 2016
May 31, 2016 (Joint Board/All Committee Meeting)

a. November 30, 2015 Finance Committee Meeting Open Session Minutes



Minutes of the Open Session
Finance Committee
Monday, November 30, 2015
El Camino Hospital, 2500 Grant Road, Mountain View, California
Conference Room A
and

Richard Juelis participated via telephone from 2829 Bowling Green Drive, Walnut Creek, CA

Members Present

Dennis Chiu
John Zoglin
Richard Juelis (by phone)
Kathy Cain

Members Absent

William Hobbs

Staff Present

Iftikhar Hussain
Jeff Gruer
Michelle McGowan
Cindy Murphy
Mary Rotunno
Mick Zdeblick

Others Present

Jennifer Brown, Ponder
Chad Kenan, Citi

Agenda Item	Comments/Discussion	Approvals/Action
1. Call to order	The Open Session meeting of the Finance Committee (“FC”) of El Camino Hospital (the “Committee”) was called to order by Chair Dennis Chiu at 5:30pm.	
2. Agenda Item Potential Conflict of Interest Disclosure	Chair Chiu asked if any Committee member may have a conflict of interest on any of the items on the agenda. No conflict of interest was reported.	
3. Public Communication	Chair Chiu asked if there was any public communication. There was none.	
4. Consent Calendar	<p>Chair Chiu asked if there were any requests to pull items from the consent calendar.</p> <p>Member Zoglin requested that items 4C and 4D be pulled.</p> <p>Member Juelis requested that item 4B.2 be pulled.</p> <p>Chair Chiu requested a motion at 5:32pm:</p> <p>Motion: To approve the Consent Calendar, with the exception of items 4C, 4D 4B.2</p> <p>Movant: Zoglin</p> <p>Second: Cain</p> <p>Ayes: Chiu, Cain, Juelis (by phone), Zoglin</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: Hobbs</p> <p>Recused: None</p> <p>Chair Chiu requested comments on Items 4B.2, 4C and 4D.</p> <ul style="list-style-type: none"> ▪ <u>Item 4B.2 Value Analysis Policy:</u> Member Juelis requested clarification on how the team addressing this policy would be comprised, and how it would function. Iftikhar Hussain, CFO indicated that the standing members of the group are the Materials Management group and a pinnacle team from inpatient nursing. For ancillary issues, Ad Hoc clinical members are called in to address clinical areas as necessary. 	<p><i>Motion approved unanimously with one absent.</i></p>

	<ul style="list-style-type: none"> ▪ <u>Item 4D October Financials:</u> In response to Mr. Zoglin's question about the strong net revenues despite lower volume Mr. Hussain explained that the volume is about 2.5% lower than last year but the strong revenues are due to the out of period pick-ups and high Emergency rooms volume which has good reimbursement rates. Chair Chiu then asked if there were any other questions regarding the October Financials. Mr. Juelis noted that the projected capital spend seemed high given the year to date spend. Following some clarification by Mr. Hussain, Mr. Juelis suggested, and Mr. Hussain agreed, to a re-estimate of what this will be at year end. Mr. Zoglin requested that the Financials be placed on the agenda as a regular item for discussion and approval, not on the consent calendar. ▪ <u>Item 4C September Financials:</u> Mr. Zoglin indicated that he requested that the September Financials be pulled from the Consent Calendar only in case discussion was needed relative to the October Financials. No further discussion was, in fact, needed. <p>Chair Chiu requested a motion at 5:43 pm: Motion: To approve Consent Calendar items 4B.2, 4C and 4D Movant: Zoglin Second: Cain Ayes: Chiu, Cain, Juelis (by phone), Zoglin Noes: None Abstentions: None Absent: Hobbs Recused: None</p>	<p><i>Motion approved by unanimous vote with one absent</i></p>
<p>5. Report on Board Actions</p>	<p>Chair Chiu reported on the following Board actions taken:</p> <ul style="list-style-type: none"> ▪ The most recent Board meeting included discussions on several major strategic plans, some of which will be introduced in the Closed Session of this meeting. Chair Chiu suggested that a special Finance Committee meeting to discuss anticipated financial issues relative to these strategic plans might be in order. ▪ An update on the Epic EMR implementation was presented by Mick Zdeblick, COO. Mr. Zdeblick reported that the new EMR system went live on November 7, and is functioning as designed; attention is now on separating work flow and training. All patient charges have been entered into the new system, and are now coded and being readied for billing. December and January will be spent stabilizing all aspects of the new system, and optimization will follow. Revenue will not be affected overall, but cash may slow down for about 3 months. ▪ Chair Chiu reported that the Board approved an endowment fund to be invested to provide additional funding for Community Benefit programs. This will be reviewed annually. 	

	<ul style="list-style-type: none"> ▪ The Board also voted to recommend to the El Camino Healthcare District Board to extend the terms of the appointed Board members from 3 years to 4. 	
6. 2nd Round Bond Issuance Evaluation	<ul style="list-style-type: none"> ▪ Mr. Hussain introduced Jennifer Brown from Ponder & Company, and Chad Kenan from Citi, whom he praised on providing excellent advisement on ECH's last round of bond financing. They provided the following summary of a 2nd round evaluation: ▪ In April of 2015 ECH completed a refunding of the series 2007 bonds, resulting in <ul style="list-style-type: none"> ○ reduced near-term debt service ○ improved cash flow ○ generation of \$13.5 million present value savings ▪ Interest rates have increased since the Bond issuance but remain low and market conditions remain attractive ▪ Recent markets have been volatile and interest rates are expected to rise in 2016. The Federal Reserve's decision on rates in December 2015 is expected to be the first increase. ▪ As part of the Series 2015 financing, ECH raised \$42 million in new money. The amount of the new money was limited due to timing of eligible projects. ▪ It is anticipated that, by April 2016, ECH will have the necessary regulatory approvals to finance several additional tax-exempt eligible projects. <p>Some discussion and questions followed. Further information will be brought to the Committee in 2016.</p>	
7. Adjourn to Closed Session	<p>Chair Chiu requested a motion at 6:29pm: Motion: To adjourn to Closed Session Movant: Zoglin Second: Cain Ayes: Chu, Cain, Juelis (by phone), Zoglin Noes: None Abstentions: None Absent: Hobbs Recused: None</p>	<i>Motion approved unanimously with one absent</i>
8. Item 16 – Reconvene Open Session/Report Out	Open Session was reconvened at 7:47pm.	
9. Item 17 – Urology Call Coverage Rate Increase	<p>Chair Chiu called a motion at 7:49pm: Motion: To recommend Urology call coverage rate to be increased to the amount discussed in closed session in order to execute a contract with physicians to provide urology call coverage. Movant: Chiu Second: Cain Ayes: Chiu, Cain, Juelis (by phone), Zoglin Noes: None Abstentions: None Absent: Hobbs Recused: None</p>	<i>Recommended approval of Urology Call Coverage Rate Increase</i>

10. Item 18 - Request for Purchase of Surgical Robot	Chair Chiu called a motion at 7:50pm: Motion: To recommend approval for purchase of 2 surgical robots. Movant: Zoglin Second: Cain Ayes: Chiu, Cain, Juelis (by phone), Zoglin Noes: None Abstentions: None Absent: Hobbs Recused: None	<i>Recommended approval for purchase of Surgical Robot</i>
11. Item 19 - Business Plan for Primary Patient Care Centers	Chair Chiu called a motion at 7:51pm: Motion: To recommend approval of Business Plan for Primary Patient Care Centers Movant: Cain Second: Zoglin Ayes: Chiu, Cain, Juelis (by phone), Zoglin Noes: None Abstentions: None Absent: Hobbs Recused: None	<i>Recommended approval of Business Plan for Primary Patient Care Centers</i>
12. Item 20 – Report on Long Term Forecast	Chair Chiu called a motion at 7:51pm: Motion: To recommend approval of Report on Long Term Forecast Movant: Cain Second: Zoglin Ayes: Chiu, Cain, Juelis (by phone), Zoglin Noes: None Abstentions: None Absent: Hobbs Recused: None	<i>Recommended approval of Report on Long Term Forecast</i>
13. Item 21 – Committee Planning	a. FY2016 Pacing Plan – - Discussion of Bond to will be added to the March Meeting	
Adjournment	Meeting was adjourned at 7:53pm.	

Attest to the approval of the foregoing minutes by the FC Committee:

 Dennis Chiu
 Chair, ECH Finance Committee

Policies for Approval – Summary Report

SUMMARY OF POLICIES/PROTOCOLS FOR REVIEW AND APPROVAL

NEW POLICIES				
Policy Number	Policy Name	Department	Revised Date	Summary of Policy Changes
	Employee Assistance Fund	HR	12/15	
POLICIES WITH MAJOR REVISIONS				
Policy Number	Policy Name	Department	Review or Revised Date	Summary of Policy Changes
	Independent Contractor/ Outside Labor	HR	12/15	<p>1. Defined clearer definitions of 3 categories for independent contractor worker types:</p> <ul style="list-style-type: none"> • Agency Contractor Independent Consultant • Outsourced Services Contractor <p>2. Clarified the review process for onboarding these 3 worker-type categories, as well as off-boarding. This includes the contract review and approval process (Purchasing, Legal, HR) for these types of Independent Contractors.</p> <p>3. Change in Policy name:</p> <ul style="list-style-type: none"> Outside Labor Personnel Policy (former) Independent Contractor Policy (proposed)

POLICIES WITH MINOR REVISIONS				
Policy Number	Policy Name	Department	Review or Revised Date	Summary of Policy Changes
POLICIES WITH NO REVISIONS - REVIEWED				

Policy Number	Policy Name	Department	Review or Revised Date	
POLICIES TO ARCHIVE				
Policy Number	Policy Name	Department	DATE ARCHIVE	

b.1 Outside Labor Personnel

TITLE: Independent Contractor/ Outside Labor Formerly Outside labor Personnel Policy
SUB-CATEGORY: Human Resources
ORIGINAL DATE: 05/18/1995

A. COVERAGE:

Independent Contractors including agency contractors, independent consultants, outsourced services contractors that have current contracts with El Camino Hospital, **CONCERN: EAP**, and employees who use these services.

Comment [RM1]: Added CONCERN: EAP, per Mary R.

B. PURPOSE:

Agency Contractors may be used to supplement existing staff when staffing is insufficient to meet department needs and other means of staffing have been exhausted or to meet seasonal workload fluctuations. Outsourced service contractors and independent consultants may be engaged to perform services that are project based with milestones and deliverables, and are not typically performed by existing staff.

C. DEFINITIONS (as applicable):

1. Agency Contractor

Worker sourced through a staffing agency, and provides temporary labor to supplement ECH workforce or replace headcount until position can be filled, for a defined period of time, not to exceed 12 months. After 12 months, the agency contractor must have a required break in service for a minimum of 90 days prior to returning to ECH as a contractor.

2. **Independent Consultant:** Individual who provides intellectual and/or professional services advisory in nature, or one time deliverable project based services. Independent Consultants have a defined time period of one year or less to complete a project and/or deliverable(s).

3. **Outsourced Services Contractor:** Worker supplied through a contractual agreement with a 3rd party service provider; usually provides professional or technical products and/or services to ECH. . Outsourced services contractors typically have a defined time period to complete a project and/or deliverable(s), but may be extended if internal resources are not available. Outsourced services may be extended but must be reviewed annually by ~~Purchasing~~**Procurement** & ~~Human Resources~~ to determine if outsourcing or insourcing is the most efficient and cost effective method.

D. SUPERVISION & PAYMENT:

1. **AGENCY CONTRACTORS:** ECH manager provides daily direction of work for agency contractors. Agency staffing agreements and payments are managed by

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the Human Resources/Staffing Office and through ECH's 3rd party managed service vendor (i.e. RightSourcing, Inc.)

2. INDEPENDENT CONSULTANT or OUTSOURCED SERVICES CONTRACTOR:

ECH manager supervises project deliverables and milestones as described within the Master Service Agreement (MSA), Consulting Agreement, Professional Services Agreement (PSA) or SOW.

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Payment is via invoicing through Finance, and is also based on specific deliverables or project milestones as stated on approved SOW for a defined period of time.

E. PROCEDURE:

1. Agency Contractors: ECH manager requests Agency Contractors staff by submitting a completed Position Requisition form to his/her manager. All positions must be approved by each executive level in the chain of command through the Department and by the Vacancy Review Workgroup. Requests for clerical staff who will be utilized for less than three weeks may be approved by the Department executive only.

Approved registry/agency contractors or "traveler" companies with current agreements with the Hospital will be used. Human Resources or Staffing Office will initiate the request for Agency Contractors personnel with ECH's 3rd party managed service vendor (i.e. RightSourcing, Inc.).

2. Independent Consultant : Refer to [Purchased Services Payment Policy 50.00](#) and Administrative Policies and Procedures 17.019. Signature Authority for instructions regarding contracting with "contract service providers" and "independent contractors."

Independent Consultants require review and approval that an individual is appropriately characterized as an Independent Contractor using IRS criteria before any such relationship is established. ~~Procurement and, ECH Department Manager and/or Human Resources, or through ECH's 3rd party managed service vendor is~~ are required to review all such relationships prior to engagement with a new supplier, by completing the "Independent Contractor" v "Employee" Analysis Checklist, using the IRS Analysis Checklist form attached as Appendix A as well as on a quarterly basis to ensure length of engagement is in compliance with law.

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If any question on the IRS Analysis Checklist is checked yes, Purchasing Human Resources, or ECH's 3rd party managed service vendor will consult with the Department manager and Legal Counsel before proceeding to establish or continue an Independent Consultant agreement.

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Hospital's General Counsel must be consulted if any significant circumstances change in the nature of the independent contractor relationship between the Hospital and the independent contractor warranting additional review and analysis.

A signed agreement conveying independent contractor status does not create or establish an independent contractor relationship, nor does payment via Form 1099 confer independent contractor status. Each relationship must meet IRS criteria and state law requirements.

Independent consultant agreements and payments must be reviewed quarterly to ensure continuing compliance with criteria established by the IRS and state law. It is the responsibility of Department Manager, and Human Resources through ECH's 3rd party managed service vendor to ensure that individuals are correctly classified as independent contractors.

~~Hospital's Accounts Payable Department~~ The Hospital will maintain a current list of all Independent Contractors, which shall include all individuals, excluding physicians, who have received a 1099 in the past two years. This information shall be reviewed quarterly by ~~Purchasing~~ ~~Procurement~~ and Human Resources departments.

Comment [RM2]: Moved this paragraph into this section since this step is also completed prior to the Contract Process.

Contract Process

The CRAF form must be completed by the ~~requester~~ Department Manager, and submitted with the completed IRS Analysis Checklist in Appendix A for review & approval to Purchasing and Legal Services

Comment [EG3]: Confirm this Review is for potential engagement of vendor within GPO portfolio

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ECH Department Manager, ~~Procurement~~, and/or Human Resources through ECH's 3rd party managed service vendor will assure that all Independent Consultant agreements are embodied in a written agreement reviewed and approved by ~~Legal Counsel~~ ~~Services~~ prior to execution by an authorized representative of the Hospital. An Independent Consultant Agreement must be completed and signed before services are provided. Each Independent Consultant Agreement must contain a clear statement of work, standards for documenting the work, and must be accompanied by a completed "Independent Contractor" v "Employee" Analysis Checklist, using the IRS Analysis Checklist form attached as Appendix A. ~~Procurement~~ ~~Purchasing~~ and/or ~~Legal Services~~ shall be responsible for maintaining all Independent Contractor Agreements and their accompanying IRS Analysis Checklists submitted with the CRAF forms.

Comment [EG4]: these agreements w/CRAF arrive in Purchasing fully executed.

Comment [RM5]: Changed to Purchasing

Comment [EG6]: Confirm hard copies only and not uploading to Meditrac

~~If any question on the Analysis Checklist is checked yes, Procurement or Human Resources will consult with the Department manager and Legal Counsel before proceeding to establish or continue an Independent Consultant agreement.~~

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~~Hospital legal General Counsel must be consulted if any significant circumstances change in the nature of the independent contractor relationship between the hospital and the independent contractor warranting additional review and analysis.~~

~~A signed agreement conveying independent contractor status does not create or establish an independent contractor relationship, nor does payment via Form 1099 confer independent contractor status. Each relationship must meet IRS criteria and state law requirements.~~

Comment [RM7]: Moved this to section prior to the Contract Process.

If clinical work is to be performed by the Independent Consultant, the Agreement shall establish performance standards and require annual evaluation of those standards in compliance with Joint Commission, Centers for Medicare and Medicaid Services (CMS) rules.

Independent Consultants are subject to health screening and all other designated pre-placement activities to work in the health care setting.

~~Hospital Accounts Payable Department will maintain a current list of all Independent Contractors, which shall include all individuals, excluding physicians, who have received a 1099 in the past two years. This information shall be reviewed quarterly by Procurement and HR.~~

Comment [RM8]: Moved this to section prior to the Contract Process.

~~Independent consultant agreements and payments must be reviewed quarterly to ensure continuing compliance with criteria established by the IRS and state law. It is the responsibility of Department manager, Procurement, and Human Resources or ECH's managed service vendor to ensure that individuals are correctly classified as independent contractors.~~

3.Outsourced Services Contractor:

~~Refer to Purchased Services Policy 50.00 and Administrative Policies and Procedures 17.01 Signature Authority for instructions regarding contracting with "contract service providers" and "independent contractors."~~

~~ECH Department Manager will contact Purchasing/Procurement to review the outsourced services required, and submit a purchase request-services request form. Purchasing/Services and Legal Services will review the request, and determine an appropriate vendor to provide the purchased services. Purchasing shall work with the Department Manager to complete a CRAF complete to obtain a Service Level~~

Comment [RM9]: Added per Mary

Comment [MR10]: Eric please review and confirm accuracy

Agreement (SLA), with a defined scope of work (SOW) from Legal Services.

If clinical work is to be performed by the Outsourced Services Contractor, the Agreement shall establish performance standards and require annual evaluation of those standards in compliance with Joint Commission, Centers for Medicare and Medicaid Services (CMS) rules.

Outsourced Services Contractors are subject to health screening and all other designated pre-placement activities to work in the health care setting.

Comment [RM11]: Added this paragraph from section 2, into this section 3, since this also applies to Outsourced Services Contractors.

4. Documentation Requirements:

Each Agency Contractor vendor and Outsourced Services Contractor that has a current contract with the Hospital is responsible for maintaining the following documentation for each employee assigned to the Hospital (The Hospital must be permitted to audit the records of the company to insure compliance):

1. Current certification(s), license(s), and/or registration(s) as required by the position.
2. Evaluation of relevant competencies and the basis upon which the evaluation was conducted.
3. Health records as required by the Hospital (see HR Infectious Disease Screening Policy Section Two of the Infection Control Policy Manual):

~~a. Daily Registries, and Outsourced Services Contractors must be able to deliver copies to Hospital within 24 hours of receiving a request for health records of staff with direct patient contact.~~

~~b. Direct patient care areas: Agency Contractors must provide copies of health records to 3rd party Hospital prior to assignment start date.~~

~~c. Non-direct patient care areas: Agency Contractors, Independent Consultants and Outsourced Services Contractors must provide copies of health records to Hospital prior to assignment start date for personnel scheduled for multi-week (3 or more) assignment. Agency Contractor staff participating in non-clinical assignments of less than 3 weeks are not required to provide documentation of immune status unless patient contact is reasonably anticipated.~~

~~d. "Traveler" companies must provide copies of health records to Hospital prior to assignment start date.~~

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Health screening requirements will be satisfied as per the HR Infectious Disease Screening Policy. All copies of health records will be validated by the Outside Labor agency or contractor's company representative. Upon request by the Hospital, copies of specific health records will be provided by agency or company within 24 hours.

HR (Employee Wellness & Health Services) may determine and approve appropriate exceptions to health screening requirements based on the role, reasonable patient exposure, and time & length of temporary assignment

Comment [RM12]: Delete Section 3a, 3b, 3c above entirely, and add this paragraph. This section will refer to the HR Infectious Control Policy. Thus, health requirements will not be stated in this policy:

~~4. Employee Health Services may provide screening for TB, immunity status assessment and/or vaccination for rubella, measles, mumps and/or chicken pox for Agency Contractors personnel who do not satisfy Hospital immunization requirements. The fee for this service will usually be charged to the Agency Contractors company.~~

54. Drug testing is required for Agency Contractor personnel who are scheduled for assignments in patient care areas. The Hospital requires a five-panel drug test through a NIDA-certified lab. See also Human Resources Policies and Procedures 14.01 Substance Abuse Policy.

Agency Contractor Requirements:

1. Agency Contractors personnel must follow El Camino Hospital and department-specific policies and procedures and are held accountable for the same standards of performance as regular staff.
2. Prior to the start of the assignment, Agency Contractors traveler personnel must present to ECH's 3rd party managed service vendor, the department manager or charge person the original document of current certification, licensure and/or registration (as applicable). Photocopies will be kept in the department file or on the unit. For example:
 - Ancillary certificate/license/registration by specialty
 - Nursing license/certificate
 - Other required professional certification/licenses/registration by area
 - Life-saving certifications (e.g. ACLS, BLS) as required by assigned unit
3. Agency Contractors personnel who are assigned to be on Hospital premises on a multi-week basis must wear Hospital issued Photo I.D. badges.
4. Agency Contractors personnel must sign a Confidentiality Statement.

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Competency and Qualification Requirements

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1. Agency Contractors personnel are required to meet the competency and qualification requirements listed in the Competency Based Job Description/Performance Evaluation for the position they are filling, as applicable.
2. Competency and qualification requirements will be verified by the department manager or designee, Nursing Education Clinical Nurse Specialist, specialist, department manager/designee, or hospital supervisor as appropriate.

Comment [RM13]: Per Tamara's edits

2. 3. Certification, licensure and registration are verified with the credentialing agency unless the agency does not provide such verification. Life-saving certifications (e.g. BLS, ACLS, PALS, NRP, etc) are considered verified when the employee presents a current certification card.

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~~Feedback regarding the competency and performance of the Agency Contractor is provided to the individual's agency at the conclusion of the assignment or other intervals as requested by the Agency.~~

- ~~El Camino Hospital reserves the right to restrict or dismiss any Agency Contractors personnel at any time for unprofessional conduct, negligent or improper or incompetant patient care, or failure to comply with standards, policies, and/or procedures of El Camino Hospital or the department.~~

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a.

Orientation

1. 1. All Agency Contractors personnel must receive an orientation to their role and Department from the Department Manager or designee, as well as to patient and environmental safety, infection prevention, confidentiality and security as applicable to their duties prior to beginning those duties.

Agency Contractors personnel will be oriented to the unit or department by the manager, charge person or designee prior to commencing their shift. Each individual orientation will be documented and will include where to find reference manuals, policies and procedures, safety procedures, along with expectations for performance.

2. Assignments less than 3 months and non-clinical assignments:

- Agency Contractors personnel must complete the applicable Life Safety Review form, (clinical or non-clinical versions (see attached), prior to the start of the first shift and submit the completed form to her/his manager.

Comment [RM14]: Per Tamara, orientation requirements will no longer be based on length of assignment, rather it is based on function & specific role.

3. Assignments of 3 months or more:

- Each Agency Contractors employee personnel must complete the mandatory education modules available via computer assisted

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~~instruction or attend an orientation covering these materials
(arrangement can be made through the Education Department).~~

- Managers are responsible for requiring Agency Contractor RNs, LVNs and CNAs to complete appropriate nursing orientation through the Nursing Education Department.

4. ~~El Camino Hospital reserves the right to restrict or dismiss any Agency Contractors personnel at any time for unprofessional conduct, negligent or improper patient care, or failure to comply with standards, policies, and/or procedures of El Camino Hospital or the department.~~

Comment [TS15]: Moved up to Competency section.

~~Performance Evaluation of Agency Contractorss (See Attached)~~

Comment [MR16]: Tamara to insert summary

- ~~1. Feedback regarding the competency and performance of Agency Contractors personnel should be provided to the Agency Contractor at the conclusion of the assignment or other intervals as requested by the Agency.~~
- ~~2. El Camino Hospital reserves the right to restrict or dismiss any Agency Contractors personnel at any time for unprofessional conduct, negligent or improper or incompetent patient care, or failure to comply with standards, policies, and/or procedures of El Camino Hospital or the Department.~~

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~~The person supervising the outside labor personnel will prepare the Outside Labor Competency-Based Performance Evaluation and forward the evaluation to the manager who will review for final approval.~~

- ~~2. Outside Labor Competency-Based Performance Evaluation will be approved by the manager, or designee, for outside labor personnel upon completion of the first shift and annually if the individual returns.~~

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- ~~3. Performance evaluations will be kept in the unit file or in the department file for each outside labor employee assigned to that unit/department.~~

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- ~~4. Outside Labor Competency-Based Performance Evaluations may also be completed by the manager, charge person or designee, for outside labor personnel with extended assignments (3 months or more) upon completion of the assignment.~~

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- ~~5. El Camino Hospital reserves the right to restrict or dismiss any outside labor personnel at any time for unprofessional conduct, negligent or improper~~

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patient care, or failure to comply with standards, policies, and/or procedures of El Camino Hospital or the department.

Comment [RM17]: Tamara to review and modify proposed process for OSL's evaluation feedback to vendor/supplier

Termination of Assignment:

Agency Contractors personnel must return Hospital property prior to assignment termination, including photo ID badge, equipment, binders, books, keys and software.

Other types of workers:

El Camino employs various types of workers including Full Time, Part Time PerDiem, and ECH temporary employees. Refer to **HR-Work Status Policy** or additional information on definitions and procedures for requesting these types of workers.

Comment [MR18]: Legal concern that employee work status should not be referenced in Independent Contractor policy

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Comment [RM19]: Referenced HR Work Status Policy to link to FTE, Part-time, PerDiem and ECH temp workers

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Comment [RM20]: Changed name to Analysis Checklist

APPENDIX A

IRS Analysis Checklist

"INDEPENDENT CONTRACTOR" v. "EMPLOYEE" ANALYSIS CHECKLIST

In analyzing the appropriateness to designate an individual as an Independent Contractor, finders of fact such as the IRS or a court will look to the totality of the circumstances. The general test hinges on a weighing of the relevant factors, indicating the amount and scope of "control" El Camino Hospital has over the individual performing the tasks and duties. In performing this analysis, the following factors should be considered

"Independent Contractor" vs. "Employee" Analysis Checklist		YES	NO
1.	Is the worker a former employee of El Camino Hospital?	<input type="checkbox"/>	<input type="checkbox"/>
2.	If the worker was a former employee, was the worker covered by a severance package?	<input type="checkbox"/>	<input type="checkbox"/>
3.	If the worker was a former employee, is the worker performing the same or similar work that he/she performed as an employee?	<input type="checkbox"/>	<input type="checkbox"/>
4.	Will El Camino Hospital compensate the worker (versus a temporary agency, corporation or LLC) directly?	<input type="checkbox"/>	<input type="checkbox"/>
5.	Will the worker be required to perform the work on El Camino Hospital's premises?	<input type="checkbox"/>	<input type="checkbox"/>
6.	Will El Camino Hospital be providing space or other facilities for the work to be performed?	<input type="checkbox"/>	<input type="checkbox"/>

Independent Contractor Policy
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7.	Will the worker be required to maintain specific hours or a specific schedule while performing the work?	<input type="checkbox"/>	<input type="checkbox"/>
8.	Will El Camino Hospital be providing specific instructions about how to perform the work, and in what sequence?	<input type="checkbox"/>	<input type="checkbox"/>
9.	Will the worker receive training from El Camino Hospital?	<input type="checkbox"/>	<input type="checkbox"/>
10.	Is the work to be performed part of El Camino Hospital's regular operations?	<input type="checkbox"/>	<input type="checkbox"/>
11.	Must the services be rendered personally by the worker?	<input type="checkbox"/>	<input type="checkbox"/>
12.	Will El Camino Hospital supervise or review the worker's work while it is on-going?	<input type="checkbox"/>	<input type="checkbox"/>
13.	Will El Camino Hospital hire and supervise the worker's	<input type="checkbox"/>	<input type="checkbox"/>
14.	Will there be a long-term, continuing relationship, even if work is performed at irregular intervals?	<input type="checkbox"/>	<input type="checkbox"/>
15.	Will El Camino Hospital establish a set number of hours or work (either a maximum, or a minimum)?	<input type="checkbox"/>	<input type="checkbox"/>
16.	Will the worker devote substantially full time to El Camino Hospital's	<input type="checkbox"/>	<input type="checkbox"/>
17.	Does the worker have other clients that it provides the same or similar services to, besides El Camino Hospital?	<input type="checkbox"/>	<input type="checkbox"/>
18.	Will the worker be paid by the hour, week or month, rather than on a project rate basis?	<input type="checkbox"/>	<input type="checkbox"/>
19.	Will El Camino Hospital reimburse the worker for expenses?	<input type="checkbox"/>	<input type="checkbox"/>
20.	Is El Camino Hospital the worker's only client or the only purchaser of the worker's services?	<input type="checkbox"/>	<input type="checkbox"/>
21.	Will El Camino Hospital be providing the tools or equipment necessary to provide the service? "Tools or equipment" includes computers, software, phones, and internet access.	<input type="checkbox"/>	<input type="checkbox"/>
22.	Will the worker participate in any El Camino Hospital benefit	<input type="checkbox"/>	<input type="checkbox"/>
23.	Will the worker be given a El Camino email address?	<input type="checkbox"/>	<input type="checkbox"/>

The importance of each of these factors will vary depending on the occupation of the worker and the general facts and circumstances of the specific situation. Please work closely with Purchasing/Procurement, Human Resources and Legal Services/counsel before making any offer to a potential contractor or signing any Independent Contractor Agreement, to assess the specific legal and business risks presented in any given situation, and to determine the best course of action to assure the work is performed in a compliant manner while meeting all operational and patient care requirements..

Analysis Checklist Prepared By:

Name: -----

Independent Contractor Policy
120.1.020

Date: -----

(If The Response to Any Question Is "Yes"):

Relationship Reviewed By Human Resources Director ~~the (TITLE to be inserted)~~:

Name: -----

Date: -----

The IRS Analysis Checklist must be completed by the ECH Department ~~in~~ Manager, reviewed by ~~Procurement and~~ Human Resources through ECH's 3rd party managed service vendor, and retained & filed with the Independent Consultant Agreement by Legal Services.

Comment [RM21]: Checklist process flow includes submittal by manager, review by RightSourcing and HR prior to engaging in the contract agreement process.

Portion of IRS rules: the 20 questions to determine Independent Contractor vs. Employee

As an aid to determining whether an individual is an employee under the common law rules, twenty factors or elements have been identified as indicating whether sufficient control is present to establish an employer-employee relationship. The twenty factors have been developed based on an examination of cases and rulings considering whether an individual is an employee. The degree of importance of each factor varies depending on the occupation and the factual context in which the services are performed. The twenty factors are designed only as guides for determining whether an individual is an employee; special scrutiny is required in applying the twenty factors to assure that formalistic aspects of an arrangement designed to achieve a particular status do not obscure the substance of the arrangement (that is, whether the person or persons for whom the services are performed exercise sufficient control over the individual for the individual to be classified as an employee).

The twenty factors are described below:

1. INSTRUCTIONS.

A worker who is required to comply with other persons' instructions about when, where, and how he or she is to work is ordinarily an employee. This control factor is present if the person or persons for whom the services are performed have the RIGHT to require compliance with instructions.

2. TRAINING.

Training a worker by requiring an experienced employee to work with the worker, by corresponding with the worker, by requiring the worker to attend meetings, or by using other methods, indicates that the person or persons for whom the services are performed want the services performed in a particular method or manner.

3. INTEGRATION.

Integration of the worker's services into the business operations generally shows that the worker is subject to direction and control. When the success or continuation of a business depends to an appreciable degree upon the performance of certain services, the workers who perform those services must necessarily be subject to a certain amount of control by the owner of the business.

4. SERVICES RENDERED PERSONALLY.

If the Services must be rendered personally, presumably the person or persons for whom the services are performed are interested in the methods used to accomplish the work as well as in the results.

5. HIRING, SUPERVISING, AND PAYING ASSISTANTS.

If the person or persons for whom the services are performed hire, supervise, and pay assistants,

that factor generally shows control over the workers on the job. However, if one worker hires, supervises, and pays the other assistants pursuant to a contract under which the worker agrees to provide materials and labor and under which the worker is responsible only for the attainment of a result, this factor indicates an independent contractor status.

6. CONTINUING RELATIONSHIP.

A continuing relationship between the worker and the person or persons for whom the services are performed indicates that an employer-employee relationship exists. A continuing relationship may exist where work is performed at frequently recurring although irregular intervals.

7. SET HOURS OF WORK.

The establishment of set hours of work by the person or persons for whom the services are performed is a factor indicating control.

8. FULL TIME REQUIRED.

If the worker must devote substantially full time to the business of the person or persons for whom the services are performed, such person or persons have control over the amount of time the worker spends working and impliedly restrict the worker from doing other gainful work. An independent contractor on the other hand, is free to work when and for whom he or she chooses.

9. DOING WORK ON EMPLOYER'S PREMISES.

If the work is performed on the premises of the person or persons for whom the services are performed, that factor suggests control over the worker, especially if the work could be done elsewhere. Work done off the premises of the person or persons receiving the services, such as at the office of the worker, indicates some freedom from control. However, this fact by itself does not mean that the worker is not an employee. The importance of this factor depends on the nature of the service involved and the extent to which an employer generally would require that employees perform such services on the employer's premises. Control over the place of work is indicated when the person or persons for whom the services are performed have the right to compel the worker to travel a designated route, to canvass a territory within a certain time, or to work at specific places as required ..

10. ORDER OR SEQUENCE SET.

If a worker must perform services in the order or sequence set by the person or persons for whom the services are performed, that factor shows that the worker is not free to follow the worker's own pattern of work but must follow the established routines and schedules of the person or persons for whom the services are performed. Often, because of the nature of an occupation, the person or persons for whom the services are performed do not set the order of the services or set the order infrequently. It is sufficient to show control, however, if such person or persons retain the right to do so.

11. ORAL OR WRITTEN REPORTS.

A requirement that the worker submit regular or written reports to the person or persons for whom the services are performed indicates a degree of control.

12. PAYMENT BY HOUR, WEEK, MONTH.

Payment by the hour, week, or month generally points to an employer-employee relationship, provided that this method of payment is not just a convenient way of paying a lump sum agreed upon as the cost of a job. Payment made by the job or on a straight commission generally indicates that the worker is an independent contractor.

13. PAYMENT OF BUSINESS AND/OR TRAVELING EXPENSES.

If the person or persons for whom the services are performed ordinarily pay the worker's business and/or traveling expenses, the worker is ordinarily an employee.

An employer, to be able to control expenses, generally retains the right to regulate and direct the worker's business activities.

14. FURNISHING OF TOOLS AND MATERIALS.

The fact that the person or persons for whom the services are performed furnish significant tools, materials, and other equipment tends to show the existence of an employer-employee relationship.

15. SIGNIFICANT INVESTMENT.

If the worker invests in facilities that are used by the worker in performing services and are not typically maintained by employees (such as the maintenance of an office rented at fair value from an unrelated party), that factor tends to indicate that the worker is an independent contractor. On the other hand, lack of investment in facilities indicates dependence on the person or persons for whom the services are performed for such facilities and, accordingly, the existence of an employer-employee relationship. Special scrutiny is required with respect to certain types of facilities, such as home offices.

16. REALIZATION OF PROFIT OR LOSS.

A worker who can realize a profit or suffer a loss as a result of the worker's services (in addition to the profit or loss ordinarily realized by employees) is generally an independent contractor, but the worker who cannot is an employee. For example, if the worker is subject to a real risk of economic loss due to significant investments or a bona fide liability for expenses, such as salary payments to unrelated employees, that factor indicates that the worker is an independent contractor. The risk that a worker will not receive payment for his or her services, however, is common to both independent contractors and employees and thus does not constitute a sufficient economic risk to support treatment as an independent contractor.

17. WORKING FOR MORE THAN ONE FIRM AT A TIME.

If a worker performs more than a minimal services for a multiple of unrelated persons or firms at the same time, that factor generally indicates that the worker is an independent contractor ..

However, a worker who performs services for more than one person may be an employee of each of the persons, especially where such persons are part of the same service arrangement.

18. MAKING SERVICE AVAILABLE TO GENERAL PUBLIC.

The fact that a worker makes his or her services available to the general public on a regular and consistent basis indicates an independent contractor relationship.

19. RIGHT TO DISCHARGE.

The right to discharge a worker is a factor indicating that the worker is an employee and the person possessing the right is an employer. An employer exercises control through the threat of dismissal, which causes the worker to obey the employer's instructions. An independent contractor, on the other hand, cannot be fired so long as the independent contractor produces a result that meets the contract specifications.

20. RIGHT TO TERMINATE.

If the worker has the right to end his or her relationship with the person for whom the services are performed at any time he or she wishes without incurring liability, that factor indicates an employer-employee relationship.



POLICY/PROCEDURE TITLE: ~~17.01 Outside Labor Personnel~~ ~~17.01 Agency Contractors Personnel~~ (Contingent Labor)

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CATEGORY: Human Resources
LAST APPROVAL DATE: 11/12

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POLICY/PROCEDURE TITLE: ~~17.01 Outside Labor Personnel~~ **17.01 Agency Contractors Personnel**

APPROVAL	APPROVAL DATES
Originating Committee or UPC Committee:	11/2012
_____ Medical Committee (if applicable):	
ePolicy Committee: (Please don't remove this line)	
Pharmacy and Therapeutics (if applicable):	
Medical Executive Committee:	
Board of Directors:	

Historical Approvals:

5/18/95, 5/5/98 (formerly number/titled 22.00 Registry Personnel), 3/14/01 (formerly numbered 20.04, this policy now includes former policies 20.02 Contract Services Personnel and 20.06 Independent Contractors), 11/19/03, 11/06, 06/09, 11/12

REFERENCES: (as applicable)

ATTACHMENTS:, ADDENDUMS:, EXHIBITS:, OR APPENDICES:

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b.2 Cover Sheet for Employee Assistance Fund

TITLE: Employee Assistance Fund (new)

CATEGORY: Human Resources

LAST APPROVAL: N/A

TYPE:

☒ Policy ☐ Protocol ☐ Scope of Service/ADT
☐ Procedure ☐ Standardized Process/Procedure

SUB-CATEGORY:

Human Resources

OFFICE OF ORIGIN:

Human Resources and Foundation

ORIGINAL DATE:

DRAFT 11/25/15

Revision Cover Sheet

Reminders to Document Owners:

- The document owners are content experts and should complete this cover sheet as part of submission to the E-Policy Committee for review.
- Forms associated with the document(s) must be approved by Forms Committee before submission to E-Policy Committee.

11/25/15	10/12/15													
Author(s):	Julie Johnston and Darcie Kiyan													
Please select:	<input type="checkbox"/> No Changes <input type="checkbox"/> Minor Revision <input type="checkbox"/> Major Revision <input checked="" type="checkbox"/> New Document													
Summary of Changes or Justification	<p><i>Please list "Summary of Changes" for Minor & Major Revisions, or "Justification" for implementation of a New Document</i></p> <p style="color: red;"> 1) To create a way for employees and other donors to help employees in need. 2) Grants will be available to regular and full-time employees with at least one year of service who experience an unforeseen catastrophic event that creates a financial hardship. 3) An Employee Assistance Fund Committee will be established to develop, communicate, and administer the Fund including approval of grants. </p>													
Legal/Risk Review Required:	<p><i>Please confirm that regulatory requirements and legal authorities/references are correct. If there are questions, please contact the Department of Clinical Effectiveness for review before moving policy forward to E-Policy Committee.</i></p> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No													
Committee(s) and Other Reviews:	<div style="border: 1px solid black; padding: 5px;"> <p>▪ <i>Please list all committees that have approved the document and date of approval.</i></p> <p>▪ <i>Please make sure your clinical counterpart at Los Gatos/Mountain View has jointly approved this document to move forward for consideration</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;"></th><th style="width: 60%;">Name of Committee</th><th style="width: 35%;">Date of Approval</th></tr> </thead> <tbody> <tr> <td>1.</td><td>Human Resources Leaders</td><td>11/25/15</td></tr> <tr> <td>2.</td><td></td><td></td></tr> <tr> <td></td><td></td><td></td></tr> </tbody> </table> </div>			Name of Committee	Date of Approval	1.	Human Resources Leaders	11/25/15	2.					
	Name of Committee	Date of Approval												
1.	Human Resources Leaders	11/25/15												
2.														

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TITLE: Employee Assistance Fund (new)

CATEGORY: Human Resources

LAST APPROVAL: N/A

Terms to Make the Policy searchable (if applicable):	<ol style="list-style-type: none">1. Donation of PTO Pay-down2. Employee Assistance Fund3. Employee Grant4. Catastrophe5. Employees helping employees
Notes (if applicable):	Policy has been reviewed by Accounting.

b.3 Employee Assistance Fund Draft

POLICY/PROCEDURE TITLE: Employee Assistance Fund

SUB-CATEGORY: Human Resources**ORIGINAL DATE: DRAFT 12/23/15****COVERAGE:**

El Camino Hospital employees. If there is a conflict between the Hospital policy and the applicable MOU, the applicable MOU will prevail.

PURPOSE:

1. To create a fund to support employees experiencing a severe financial hardship due to unforeseen or catastrophic event.
2. To describe the process under which an employee may apply for a grant from the El Camino Hospital Foundation's Employee Assistance Fund ("Fund").
3. This policy defines the process to be followed when an employee wishes to donate to the Fund.

STATEMENT:

1. Employees may donate through: 1) ongoing payroll deduction; 2) one-time donation; and 3) allocation of some or all of their Paid Time Off (PTO) pay-down dollars. Non-employees may contribute to the Fund.
2. The Fund Committee will be accountable for establishing and maintaining the process and procedures for applying for grants and will determine which requests are granted within the funds available.
3. Tax reporting for employee donations and grants will be in accordance with IRS requirements.

DEFINITIONS (as applicable):

1. Catastrophe – When unforeseen circumstances create a substantial hardship to an employee that impacts their ability to work and/or creates a significant financial burden. Catastrophic events include:

POLICY/PROCEDURE TITLE: Employee Assistance Fund

- a. Loss of home, furnishings, personal belongings due to fire, fallen tree(s), or unforeseen events
 - b. Loss of property due to tornadoes, hurricanes, flooding, earthquakes, and tsunamis or other weather-related event
 - c. Employee or immediate family member is a victim of an act of terrorism, act of war, or serious crime
 - d. Serious non-work related health condition of employee or immediate family member requiring an unpaid leave of absence from work
 - e. Unexpected death of an immediate family member
2. Financial hardship - When a catastrophe results in an immediate financial need and the employee does not have other resources available to meet the need, including assets of the employee's spouse or registered domestic partner.
3. Grant - Grants are non-repayable funds disbursed by the Employee Assistance Fund.
4. Immediate family member – includes spouse or registered domestic partner, minor or adult child, and parent.

PROCEDURE:

1. Eligibility
 - a. All employees may contribute to the Fund.
 - b. Grants are available to regular full and part time employees who have been employed at least one year.
2. Donations
 - a. Employees may elect to donate as follows:
 - i. Ongoing payroll donations as designated under Employee Giving;
 - ii. One-time donation made directly to the Foundation designating the gift to the “Employee Assistance Plan”
 - iii. Payroll donation from PTO pay-down dollars
 - b. Non-employees may contribute to the Fund
 - c. Donations to the Employee Assistance Fund is a charitable contribution payable to the El Camino Hospital Foundation, a 501©(3) organization
 - d. Donations are made to the Fund and cannot be designated to a specific individual or department
3. Applying for a Grant

POLICY/PROCEDURE TITLE: Employee Assistance Fund

- a. The Employee Assistance Fund Committee “EAF Committee” will publish the procedures and forms needed to apply for a grant.
 - b. In submitting an application for a grant, the employee may be required to provide documentation of the catastrophic event and/or financial hardship.
 - c. The EAF Committee may request additional documentation and/or meet with the employee or employee’s family prior to approval.
 - d. Applications will be submitted the Chair of the EAF Committee.
4. Review and Approval of the Grant
- a. The amount of monies available will be dependent upon the account balance of the Fund.
 - b. The EAF Committee will consist of at least four members who represent employees and the Foundation.
 - c. The EAF Committee will review all applications within 10 business days of receipt of the application and all requested documents.
 - d. Employee will be notified of the EAF Committee’s decision and funds made available, upon EAF Committee approval, within 15 business days of receipt of the application and all requested documents.
 - e. Grants to pay the cost of health and welfare benefits for employees on an approved unpaid leave of absence may not exceed three months.
5. Condition and Terms
- a. Employees who falsify documents in order to receive a grant must return all monies to the Foundation upon demand and may be subject to corrective action up to and including termination of employment.

APPROVAL	APPROVAL DATES
Originating Committee or UPC Committee:	
_____ Medical Committee (if applicable):	
ePolicy Committee: (Please don't remove this line)	
Pharmacy and Therapeutics (if applicable):	
Medical Executive Committee:	
Board of Directors:	

Historical Approvals:
New:



POLICY/PROCEDURE TITLE: Employee Assistance Fund

Reviewed/Revised

KEY WORDS:

Donation of PTO Pay-down
Employee Assistance Fund
Employee Grant
Catastrophe
Employees helping employees

REFERENCES: (as applicable)

ATTACHMENTS:, ADDENDUMS:, EXHIBITS:, OR APPENDICES:

b.4 Cover Sheet Physician Recruitment Program

COMMITTEE MEETING AGENDA ITEM COVER SHEET

Item:	Draft Revised Policy 42.00 Physician Recruitment Program Policy, Including Appendix A Finance Committee Date: January 25
Responsible party:	Jeff Gruer, Executive Director, Business Development
Action requested:	Recommend Board Approval
Background: Major Revisions: 1. Added coverage for primary care allied health professionals to comply with recent Stark Law changes. 2. Eliminated three year income guarantee. 3. Expanded coverage to providers relocating to ECH's primary service area not just the El Camino Healthcare District. 4. Clarifies housing support to mean home mortgage support. 5. Clarifies eligibility requirements General Counsel has reviewed and approved the revisions.	
Other Board Committees that reviewed the issue and recommendation, if any: None	
Summary and session objectives : Recommend Board Approval	
Suggested discussion questions: None. This is a consent item.	
Proposed Committee motion, if any: To recommend that the Board approve Revised Policy 42.00 Physician Recruitment Program Policy, including Appendix A.	
LIST OF ATTACHMENTS: Draft Revised Policy 42.00 Physician Recruitment Program Policy.	

b.5 Physician Recruitment Program Policy



POLICY/PROCEDURE TITLE: Finance: Physician Recruitment Program Policy

CATEGORY: Administrative

LAST APPROVAL DATE: 10/12

SUB-CATEGORY: Finance

ORIGINAL DATE: 02/07

COVERAGE:

All El Camino Hospital staff

PURPOSE:

This policy is intended to set forth the procedures by which the Hospital authorizes and undertakes independent physician recruitment activities using recruitment incentives. All activities undertaken to recruit independent physicians and the recruitment of certain primary care allied health professionals by independent physicians shall be taken in full compliance with all applicable local, state and federal laws. This Policy does not apply to Hospital's recruitment of any person to be employed or salaried as a W-2 employee by the Hospital or a Hospital Affiliate.

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STATEMENT:

As part of the planning and budget process of the Hospital, the Hospital shall determine whether, during the budget year, it is in the best interest of the public health of the community served by the ~~H~~Hospital to recruit licensed physicians and certain primary care allied health professionals~~surgeons~~ to practice in the community served by the ~~H~~Hospital and whether the Hospital should participate in the recruitment of physicians and certain primary care allied health professionals~~surgeons~~. A plan and budget for such activities shall also be developed consistent with community need and in support of the ~~H~~Hospital's strategic plan and be subject to approval as provided in Section E.

PROCEDURE:

1. **Approval.**

As part of the approval process, the need for recruitment, the recruitment plan and the recruitment budget shall be presented to the Board for its review and approval and, if and as approved, shall then be presented to the

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POLICY/PROCEDURE TITLE: Finance: Physician Recruitment Program Policy

District Board of Directors for its review and approval. Once approved, the Chief Executive Officer of the Hospital shall have the authority to develop particular recruitment proposals and implement them in accordance with the budget. Any recruitment that is proposed that would exceed the amount budgeted or that in any one case exceeds the amount of \$500,000 shall be brought to the Board of the Hospital and the Board of the District for approval.

2. **Permissible [Physician Recruitment Incentives](#).**

Subject to compliance with all applicable laws, permissible [physician](#) recruitment incentives shall be [no greater than](#) those described in Health and Safety Code Section 32121.3 ~~which include:~~ [Permissible incentives for purposes of this Policy include:](#)

- (1) Guaranteeing to a physician ~~or surgeon~~ a minimum income [and expense reimbursement](#) for a period of no more than ~~three~~[two](#) years from the opening of the physician's practice.
- (2) Guaranteeing leases of necessary equipment by the physician for at least over the life of the equipment
- (3) Provision of reduced rental rates of office space in any building owned or leased by the District or any of its affiliated entities, or subsidize rental payments for office space in any other buildings, for a term of no more than three years.
- (4) Provision of [other recruitment](#) incentives to a physician in exchange for consideration and upon terms and conditions ~~the Hospital's Board of Directors deems~~ reasonable and appropriate.

Income guarantees must be commercially reasonable and based upon local, regional and national compensation data. Repayments of any income guarantee maybe forgiven if the recruited physician [or primary care allied health professional](#) remains in and continues to practice in the service area of the hospital for a specified period of time (for example, five years beyond the guarantee period). ~~Medical directorships may be provided for medical administrative work based upon commercial reasonable compensation for the appropriate time commitment, which must be documented according to Hospital policy.~~ Refer to Appendix A regarding the Income/ Salary Guarantee Loan Program.

The Board of the Hospital has determined that the Hospital is in an extraordinarily costly real estate market and that the high cost of real

POLICY/PROCEDURE TITLE: Finance: Physician Recruitment Program Policy

estate is a significant barrier to physicians ~~and surgeons~~ relocating to the ~~Hospital's primary service area district~~ and serving patients and practicing in the communities served by the Hospital. Accordingly, a recruitment incentive may include a second mortgage or the guarantee of a second mortgage not to exceed the lesser of \$200,000 or 10% of the purchase price (without Hospital Board approval) fully secured by a second mortgage (or third mortgage in the case of a guarantee) on the primary residence of such physician. Interest on such mortgage may be forgiven each year as long as the physician practices in the service area. Refer to Appendix B regarding the Corporate Second Home Mortgage Program.

It has been determined that recruitment expenses (primarily relocation expenses to move the physician into the Hospital's service area) may be reimbursed. As with the Home Second Mortgage Program and Income/Salary Guarantee Loan Program, it must be demonstrated that there is a community need for the physician's specialty. To assist the physician to relocate into the Hospital's service area, the physician's cost of moving into the area may be reimbursed. All receipts for moving expenses, which may include travel, temporary living, and relocation moving expenses, must be documented and the Request for Reimbursement of Physician Recruiting Expenses (see Appendix C) completed. Reimbursements are only made directly to the physician and not the physician's medical group. These payments become IRS Form 1099 reportable immediately in the year the reimbursement payment is made.

3. Permissible Recruitment Incentives provided for recruitment of certain primary care allied health professionals by physicians.

Subject to compliance with all applicable laws, permissible recruitment incentives paid to a physician for compensation of a primary care allied health professional shall be no greater than those described in 42 CFR 411.357(x), which include:

(1) Guaranteeing up to fifty percent of the allied health care professional's actual compensation and benefits paid by physician for a period of no more than two years.

3-4. Compliance.

While recruitment packages may be offered to new physicians who will practice independently, recruitment of physicians to existing practices (including existing solo practices) is preferred. All recruitment incentives support for physician recruitment must be paid to the recruited physician

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POLICY/PROCEDURE TITLE: Finance: Physician Recruitment Program Policy

and not to any other individual or group. Recruitment incentives for recruitment of primary care allied health professional shall be made to the physician or group who paid the salary and benefits for the recruited allied health professional. ~~Home Second Mortgage housing support~~ may be provided to recruit and retain physicians who are also first time home buyers in the service area.

3.1.4.1 Prohibited Provisions.

In addition to full compliance with all applicable provisions of the federal anti-kickback statute, the Stark II legislation, Section 650 of the Business and Professions Code, and all applicable state and federal laws, there may be no contract or understanding with respect to such recruitment that is prohibited by Health and Safety Code Section 32121.3 and any such provision and any contract or any express or implied understanding shall be void. The prohibited provisions are any contract term or understanding that

- (1) imposes as a condition any requirement that the patients of the physician ~~or allied health professional and surgeon~~, or a quota of the patients of the physician ~~or allied health professional and surgeon~~, only be admitted to a specified hospital.
- (2) restricts the physician ~~or allied health professional and surgeon~~ from establishing staff privileges at, referring patients to, or generating business for another entity.
- (3) provides payment or other consideration to the physician ~~and surgeon~~ for the physician ~~and surgeon's~~ or allied health professional's referral of patients to the hospital or an affiliated nonprofit corporation.

3.2.4.2 Required Provisions.

Any contract with a physician ~~or primary care allied health professional~~ for recruitment or with a physician for the recruitment of a primary care allied health professional which requires inducements to be repaid shall be repaid with interest and every recruitment contract must contain a provision that states that "no payment or other consideration shall be made for the referral of patients to the Hospital or an affiliated nonprofit corporation."

POLICY/PROCEDURE TITLE: Finance: Physician Recruitment Program Policy3.3.4.3. Other Requirements

All recruitment incentives must comply in all respects with the requirements of the federal and state anti-kickback or rebate and referral laws. Moreover, any such arrangement shall comply with the requirements imposed by Stark II and any regulation promulgated thereunder. Stark II provides with respect to recruitment:

In the case of remuneration which is provided by a hospital to a physician- to induce the physician or primary care allied health professional employed by physician to relocate to the geographic area served by the hospital in order to be a member of the medical staff of the hospital, if -

- (a) the physician or primary care allied health professional is not required to refer patients to the hospital;
- (b) the amount of the remuneration under the arrangement is not determined in any manner that takes into account (directly or indirectly) the volume or value of any referrals of the referring physician or primary care allied health professional; and
- (c) the arrangement meets such other requirements as the Secretary of Department of Human and Health Services may impose by as needed to protect against program or patient abuse.

4.5. Reporting.

The CEO shall regularly report to the Board on implemented recruitment activities, whether recruited physicians and primary care allied health professionals have been retained in the community and whether the terms and conditions of such recruitment requiring payment or forgiveness have been followed.



POLICY/PROCEDURE TITLE: Finance: Physician Recruitment Program Policy

APPROVAL	APPROVAL DATES
Originating Committee or UPC Committee:	
_____ Medical Committee (if applicable):	
ePolicy Committee: (Please don't remove this line)	
Pharmacy and Therapeutics (if applicable):	
Medical Executive Committee:	
Board of Directors:	

Historical Approvals:

02/01/07, 06/09, 10/12

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b.6 Physician Recruitment Appendix A



POLICY/PROCEDURE TITLE: Physician Recruitment_Appendix A- Income guarantee program pamphlet

CATEGORY: Administrative

LAST APPROVAL DATE: 02/2015



**Physician
Recruitment Program Guidelines**

Income/ Salary Guarantee Loan Program

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POLICY/PROCEDURE TITLE:Physician Recruitment_Appendix A- Income guarantee program pamphlet



Physician Recruitment Loan Program

Background

The El Camino Hospital (the "Hospital") Board of Directors (the "Board") on April 11, 2001 approved a Physician Recruitment Program Policy (as amended). The Board determined that there is a community need for physicians practicing in certain specialties (including primary care) to locate to the service area of the Hospital and provide services in the community.

Program Description

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The Physician Recruitment Program is focused on assisting new or out-of-area physicians in establishing a practice in the service area of the Hospital. The program allows the Hospital to provide loans in the form of an income guarantee and assistance with practice expenses over a period of up to three years (paid in monthly installments) to individual physicians who currently do not have an existing practice in the Hospital's primary service area. The loan will carry an annual interest rate of prime plus 1% or the Hospital's cost of capital, whichever is greater; interest will accumulate over the term of the loan.

The loan (including interest) may be forgiven by the Hospital if the physician remains in the community for the required time period following the draw period. Forgiveness may occur in increments over several years, i.e., in the case of a one year draw, forgiveness would occur over three years, following the end of the draw period. The recruited physician may establish an independent practice or join an existing practice or group. The income guarantee program is limited to two physicians in any one group practice per year.

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POLICY/PROCEDURE TITLE: Physician Recruitment Appendix A- Income guarantee program pamphlet

Any recruitment agreement entered into by the physician and the Hospital is made pursuant to the Physician Recruitment Program Policy of El Camino Hospital which is implemented in full compliance with California Health & Safety Code Section 32121.3. No payment or other consideration will be made for the referral of patients to the Hospital or an affiliated nonprofit corporation.

Qualifications Recruitment Agreement Requirements

A physician must meet the following requirements to qualify for the income guarantee and practice expense loan:

~~1. Be credentialed and remain as a member in good standing of the El Camino Hospital Medical Staff.~~

1. Not currently a member of the ECH Medical Staff and willing to be credentialed and remain as a member in good standing of the El Camino Hospital Medical Staff.

2. Documented community need in the physician specialty.

3. Board Certified or Board Eligible for the physician specialty.

4. Relocating from outside of the hospitals' primary service area.

~~2.5.~~ Agree to sign a release for review of consumer credit history (Exhibit A) and submit required documentation to assess creditworthiness (Exhibit B).

~~3.6.~~ Cooperate in the development of a Pro Forma in order to Pprovide estimated practice volume, revenue, collections, and office expenses over the period of at least one year to serve as a basis for financial projections.

~~4.7.~~ Be willing to accept PPO, HMO (managed care), Medicare and Medi-Cal patients.

~~5.8.~~ Agree to provide uncompensated care as reasonably requested by the Hospital.

~~6.9.~~ Work a full time schedule or number of ~~a designated (average) number of~~ hours per week in a practice as stipulated in the income guarantee contract. The total amount of the guarantee will be pro-rated according to number of hours worked.

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POLICY/PROCEDURE TITLE: Physician Recruitment Appendix A- Income guarantee program pamphlet

- | ~~7-10.~~ Maintain an active practice in the service area for the full term of the agreement, including the forgiveness period.
- | ~~8-11.~~ Bill promptly for services following reasonable business practices and use best efforts for all collection activities.
- | ~~9-12.~~ Establish and maintain an accurate bookkeeping system for expenses, billing and receipts.
- | ~~10-13.~~ Allow a Hospital representative to audit the practice books and records during regular business hours for the purpose of monitoring the physician's compliance with the terms and conditions of the agreement.
- | ~~11-14.~~ Maintain a standard of conduct as outlined in Medical Staff Bylaws and the Hospital's Corporate Compliance Handbook and Standards of Conduct policies.

The Loan

The Hospital will loan the physician the difference between collections and practice expenses (only actual, additional incremental expenses in the case of a physician joining a group) plus the income guarantee amount; together they constitute the loan. The guarantee and practice expense assistance will be limited to a set amount on a monthly basis and capped at a maximum amount for the term of the draw period (no more than three years). A pro forma will be developed to demonstrate the projected collections and expenses to determine the maximum amount of the monthly advance to be made by the Hospital to the physician. "Collections" are defined as the amount collected from all sources by the physician for professional medical services and medical administrative work, whether provided in the office or at the Hospital.

~~The physician may also choose a "salary only" loan where the Hospital will loan the physician the difference between collections and the income guarantee which constitutes the loan. Practice expenses will not be considered under this option. The income guarantee will be limited to a set amount on a monthly basis and capped at a maximum amount for the term of the draw period (no more than three years). A pro forma will be developed to demonstrate the projected collections to determine the maximum amount of the monthly advance to be made by the Hospital to the physician. Collections must be documented on a request for monthly loan form (please see Exhibit D).~~

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POLICY/PROCEDURE TITLE: Physician Recruitment_ Appendix A- Income guarantee program pamphlet

If during any calendar month collections exceed expenses, the physician will remit to the Hospital any excess amount within 15 days after the end of the month, if there is a current outstanding loan balance.

Repayment of the Loan

Repayment is required on the loan during the initial draw period any time collections exceed expenses. Any payments made by the physician to the Hospital shall be applied to the principal amount outstanding. Repayment of any outstanding loan amount can be made by the physician at any time. The physician is not required to accept any advance from the Hospital during the draw period and can choose to receive an amount less than the maximum monthly advance. The physician must submit monthly financial reports, even if declining advances.

Income Guarantee

The purpose of the income guarantee program is to provide the newly recruited physician with a guaranteed income for no more than ~~three~~two years. The guaranteed income will include a monthly salary for the physician as well as may provide a one-time allowance for marketing expenses and, relocation and ~~recruitment or~~ expenses, if paid directly ~~by to~~ the physician. The income guarantee amount is based on market data for a given specialty, and on the physician's practice experience.

The amount of support the income guarantee offers is calculated based on the following factors:

- Average regional salary and compensation for a particular specialty (source: MGMA Physician Compensation Manual; Merritt, Hawkins Annual Compensation Review; Modern HealthCare Physician Compensation Report).
- Relocation expense and moving costs (actual and reasonable expenses).
- ~~Expenses incurred by the physician during the recruitment process, (for example transportation, accommodation, meal reimbursement, etc.).~~

Practice Expense Assistance

Practice expense assistance may cover the actual leasing cost of approved practice related medical equipment or computer equipment; malpractice premiums, billing services, janitorial expenses, rent, staff salaries and benefits, office supplies, medical

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supplies, dues and subscriptions, and/or other reasonable expenses incurred during the normal course of business. When joining a group, such expenses are limited to actual, additional incremental expenses.

After receiving the initial advance payment (based on the pro forma) during the first month of the agreement, the physician will submit a record of office expenses and collections to the Hospital within 10 calendar days after the end of each month. Expenses must be submitted on an office expense form (please see Exhibit C).

Forgiveness of the Loan

At the end of the advance or draw period, the physician enters the forgiveness period. If the physician remains in full-time practice in the primary service area for the required time after the draw period and continues to uphold all conditions and qualifications of the agreement, repayment of any advances (principal and interest) given to the physician may be forgiven by the Hospital as follows.

Draw Period and Forgiveness Period Schedule:

Draw Period commitment	<u>Minimum</u> Forgiveness Period	Total
One-year draw	Three years	Four years
Two-year draw	Four <u>Five</u> years	Six <u>Seven</u> years
Three-year draw	Five years	Eight years

Forgiveness of any portion of the loan, principal and/or interest, is a taxable event for the physician; an IRS Form 1099 in the amount forgiven will be filed by the Hospital at the end of the year during which any forgiveness occurred.

Breach of the Income Guarantee/Recruitment Agreement:

If the physician breaches any of the terms of the income guarantee/recruitment agreement, such as moving the practice outside of the primary service area, or failing to maintain an active practice prior to the end of the forgiveness period (as stipulated in the contract), the Hospital may declare all outstanding amounts, including principal and interest, to be due and payable immediately.

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POLICY/PROCEDURE TITLE: Physician Recruitment Appendix A- Income guarantee program pamphlet

How to apply:

To determine eligibility for the Physician Recruitment Program, the physician should contact the ~~Vice President of Silicon Valley Medical Development, LLC~~ Business Development Department.

The physician will be provided with an application package and a list of required supporting documents that must be forwarded to the Hospital.

Once all documents have been submitted, the Business Development Department will meet with the physician to discuss the proposed terms of the loan.

Approval:

~~Once all documents have been submitted, the Vice President of Silicon Valley Medical Development, LLC will meet with the physician to discuss the proposed terms of the loan.~~—A recruitment agreement will then be developed defining the terms of the arrangement, amount of the income support guarantee, maximum practice expenses, draw period and forgiveness period. Additionally, a promissory note, a security agreement, and a deposit account control agreement will be included in the income guarantee package. The complete package will then be submitted to the ~~CFO and~~ CEO for approval and signature.



POLICY/PROCEDURE TITLE: Physician Recruitment_ Appendix A- Income guarantee program pamphlet

EXHIBIT A

**EL CAMINO HOSPITAL
Consumer Credit History Notification**

| El Camino Hospital ~~will~~may be requesting a consumer credit report about you from Equifax Corporation. The report is for recruitment purposes. Please sign and return the enclosed copy of this document, with your response, by _____.

Please indicate whether you wish to receive a copy of the report at no cost to you:

_____ Yes, I wish to receive a copy of the report.

_____ No, I do not wish to receive a copy of the report.

This notice is given pursuant to Civil Code section 1785.20.5.

Authorization and Release

I hereby authorize El Camino Hospital and any of its employees or agents to obtain information about my credit record.

I hereby agree to release, indemnify, and hold harmless El Camino Hospital as well as its directors, officers, trustees, employees and agents, from any and all claims, demands, actions, liabilities, losses, costs, attorneys' fees, and expenses that arise out of, or are in any way related to, El Camino Hospital's acquisition and use of the information described above.

Applicant's Signature

Date

Name: _____ Phone no: _____

Address: _____ SSN: _____

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POLICY/PROCEDURE TITLE: Physician Recruitment_Appendix A- Income guarantee program pamphlet

EXHIBIT B

EL CAMINO HOSPITAL

PHYSICIAN LOAN ASSISTANCE CHECKLIST

El Camino Hospital Documentation:

- ☐ Justification of Community need. (Provided by ECH Business Development Staff)
- ☐ Fair Market Value Documentation
- ☐ UCC-1 Filing Documentation

The New Recruit's Responsibility:

- ☐ Letter to Hospital requesting assistance due to need.
- ☐ Copy of Pre-Application for Medical Staff Privileges.
- ☐ Pay stubs covering the most recent 30 day period. If you are self-employed, please submit a year of most recent annual profit and loss statement.
- ☐ Copy of current Mortgage Statement.
- ☐ Copy of Legal Residency Certificate if not a United States Citizen.
- ☐ Signed Credit Check Release form.
- ☐ Documentation of any other income sources (include an executed copy of any note).
 - ☐ Notes
 - ☐ Alimony
 - ☐ Child Support
- ☐ A copy of a divorce decree, if applicable.
- ☐ Copies of your last three months statements for all banks and brokerage accounts, IRA's 401 (k) plans, Keoghs and retirement accounts.
- ☐ Copies of your last two years Federal Tax returns, including W-2's and all schedules.
- ☐ Copy of Current Driver's License

The Recruiting Practices' Responsibility (Established Physician or Group):

- ☐ Detailed Estimate of Salary and Office Expenses for 12 months.
- ☐ Detailed Revenue projections for 12 months.
- ☐ Copies of current leases on any rental property.
- ☐ Name, address and telephone number of your landlord.
- ☐ Copies of twelve (12) months cancelled checks paid for rent.

~~☐ Letter to Hospital requesting assistance due to need.~~

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POLICY/PROCEDURE TITLE: Physician Recruitment_Appendix A- Income guarantee program pamphlet

- ~~□ Detailed Estimate of Salary and Office Expenses for 12 months.~~
- ~~□ Detailed Revenue projections for 12 months.~~
- ~~□ Copy of Application for Medical Staff Privileges.~~
- ~~□ Copies of your last two years Federal Tax returns, including W-2's and all schedules.~~
- ~~□ Pay stubs covering the most recent 30 day period. If you are self-employed, please submit a year of most recent annual profit and loss statement.~~
- ~~□ Copy of current Mortgage Statement.~~
- ~~□ Copy of Legal residency Certificate if not a United States Citizen.~~
- ~~□ Signed Credit Check Release Form.~~
- ~~□ Justification of Community need.~~
- ~~□ Copies of current leases on any rental property.~~
- ~~□ Documentation of any other income sources (include an executed copy of any note).~~
 - ~~• Notes~~
 - ~~• Alimony~~
 - ~~• Child Support~~
- ~~□ A copy of a divorce decree, if applicable.~~
- ~~□ Copies of your last three months statements for all banks and brokerage accounts, IRA's, 401(k) plans, Keoghs and retirement accounts.~~
- ~~□ Name, address and telephone number of your landlord.~~
- ~~□ Copies of twelve (12) months cancelled checks paid for rent.~~

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POLICY/PROCEDURE TITLE: Physician Recruitment Appendix A- Income guarantee program pamphlet

EXHIBIT C SAMPLE ONLY

Month of _____, 200_

STATISTICS

Office Visits/Month _____
 Office Visits/Day _____
 Inpatient Visits/Month _____
 Capitated Office Visits/Day _____
 Capitated Office Visits/Month _____
 Capitated Inpatient Visits/Month _____

REVENUE

Patient Revenue _____

 Capitation Revenue _____
 Other Practice Revenue _____
 Total Revenue _____

EXPENSES

Budget

Monthly Expenses Incurred

Rent (Office)/Utilities	\$	_____
Telephone/Pager/Service	\$	_____
Malpractice Insurance	\$	_____
Employee Salaries	\$	_____
Employee Benefits	\$	_____
Physician Benefits	\$	_____
Office and Medical Supplies	\$	_____
Bank Fees	\$	_____
Dues, Fees and Subscriptions	\$	_____
Janitorial	\$	_____
Billing Service	\$	_____
Misc. Other	\$	_____

TOTAL EXPENSES

\$

NET INCOME

(Revenue minus Expenses)

GUARANTEED INCOME:

\$

\$

AMOUNT DUE (Guaranteed

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Income minus Net Income):¹ _____

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Exhibit D SAMPLE ONLY

Form of Request for Monthly Loan

**REQUEST FOR MONTHLY LOAN UNDER
RECRUITMENT LOAN AGREEMENT**

Pursuant to that certain Loan Agreement effective as of _____ by and between El Camino Hospital and _____ ("Physician"), Physician hereby requests the loan set forth on this request.

Add:

1. Physician Guaranteed Salary: _____
2. Practice Income Excess* for Contract Period to Date
(if any) _____
- Subtotal guaranteed salary: _____ (A)

Less:

3. Estimated Gross Collections for Month (including cash at time of service and A/R payments):

- Subtotal guaranteed salary offset: _____
- (B)

Amount of Monthly Loan Requested (A) less (B): =====(C)

If (C) is a negative number; no Loan shall be issued for the upcoming month. The actual Gross Collections shall be included in the Physician's month-end report pursuant to Section 4.4 of the Loan Agreement.

The undersigned hereby warrants and represents that the information provided above is true and accurate.

PHYSICIAN

Date:

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Hospital Approval:_____

Date:

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November Financials



El Camino Hospital

THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2016 – Period 5
7/1/2015 to 11/30/2015

EL CAMINO HOSPITAL

(Excludes Controlled Affiliates)

EXECUTIVE FINANCIAL SUMMARY

Period Ending November 30, 2015

YTD STATEMENT OF REVENUE AND EXPENSES (\$000s)					BALANCE SHEET (\$000s)		
	Prior Year	Actual	Budget	Var F(U)		November 30, 2015	Jun 30, 2015
Gross Revenue	\$1,054,048	\$1,108,380	\$1,113,255	(\$4,874)	Cash and Investments	698,514	707,865
Deductions from Revenue	(761,566)	(796,192)	(805,425)	9,233	Non Cash Current Assets	141,217	143,766
Net Patient Revenue	292,482	312,188	307,829	4,358	Property, Plant & Equipment (Net)	689,219	686,537
Other Operating Revenue	7,825	9,690	8,437	1,253	Other Assets	91,650	94,707
Total Operating Revenue	300,306	321,878	316,266	5,612	Total Assets	1,620,601	1,632,874
Salaries & Wages	167,878	176,154	173,597	(2,558)	Current Liabilities	93,620	107,925
Supplies	44,917	48,390	46,118	(2,272)	Long-Term Liabilities	275,926	272,696
Fees & Purchased Services	30,927	35,276	34,715	(562)	Fund Balance/Capital Accounts	1,251,056	1,252,254
Other Operating Expense	16,060	21,899	17,908	(3,990)	Total Liabilities & Equity	1,620,601	1,632,874
Total Non Capital Operating Expense	259,783	281,720	272,338	(9,382)	KEY ECH STATISTICS - YTD		
OPERATING EBITDA	40,523	40,159	43,929	(3,770)	Balance Sheet	Actual	Target ⁽¹⁾
Interest, Depreciation & Amortization	21,975	21,361	20,191	(1,171)	Debt Service Coverage Ratio (MADS)	7.9	1.2
NET OPERATING SURPLUS	18,547	18,797	23,738	(4,941)	Debt to Capitalization	14.5%	29.0%
Non Operating Income	3,695	(12,293)	9,301	(21,594)	Days of Cash	376	262
TOTAL NET SURPLUS	22,242	6,504	33,039	(26,535)	Net AR Days	48.5	48.0
EBITDA Margin	13.5%	12.5%	13.9%	-1.4%	Other	Prior Year	Actual
Operating Margin	6.2%	5.8%	7.5%	-1.7%	Acute Discharges	7,862	7,724
Total Margin	7.4%	2.0%	10.4%	-8.4%	Acute Average Daily Census	237	232
					Deliveries	2,200	1,967
					Emergency Department Visits	24,319	24,536
					Surgical Cases	4,542	4,629
					Full Time Equivalent Employees	2,425	2,395
					Worked Hrs/Adjusted Patient Day	29.70	31.08
							29.58

⁽¹⁾ For Debt Service Coverage Ratio and Debt to Capitalization, Target represents Bond Covenants
For Days Cash and Net AR Days, Target represents S&P A Rated Stand-Alone Hospital Medians

⁽¹⁾ Hospital entity only, excludes controlled affiliates

Financial Trends and Commentary

Volume:

Inpatient volume for the year is 1.8% lower than prior year primarily in OB services.

Operating Margin:

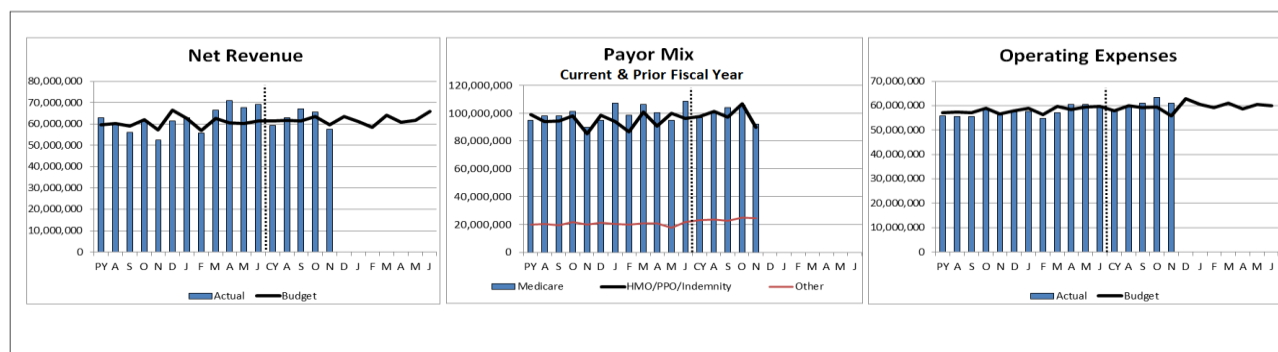
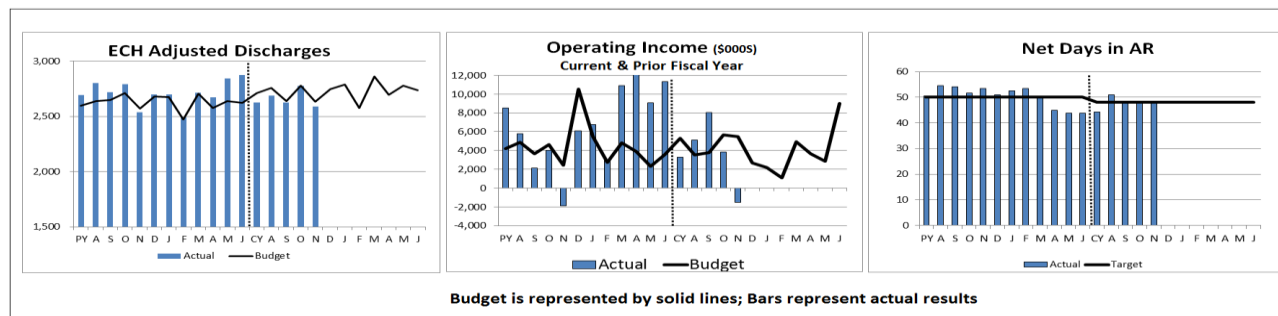
Operating margin is \$7 million unfavorable for the month, \$5 million unfavorable for the year primarily due to low volume and EPIC related expenses in labor and nonlabor (EPIC training). Productivity is unfavorable compared to target due to EPIC preparation.

Non-Operating Margin:

Non operating income is \$21.6 million behind target primarily due to investment loss. Our cash position remains strong and allows us to keep a long term view on returns.

Net Days in AR:

In November, receivables decreased \$1.1 million from October. Net days in A/R decreased slightly to 48.5 primarily due to strong collections on legacy accounts receivable

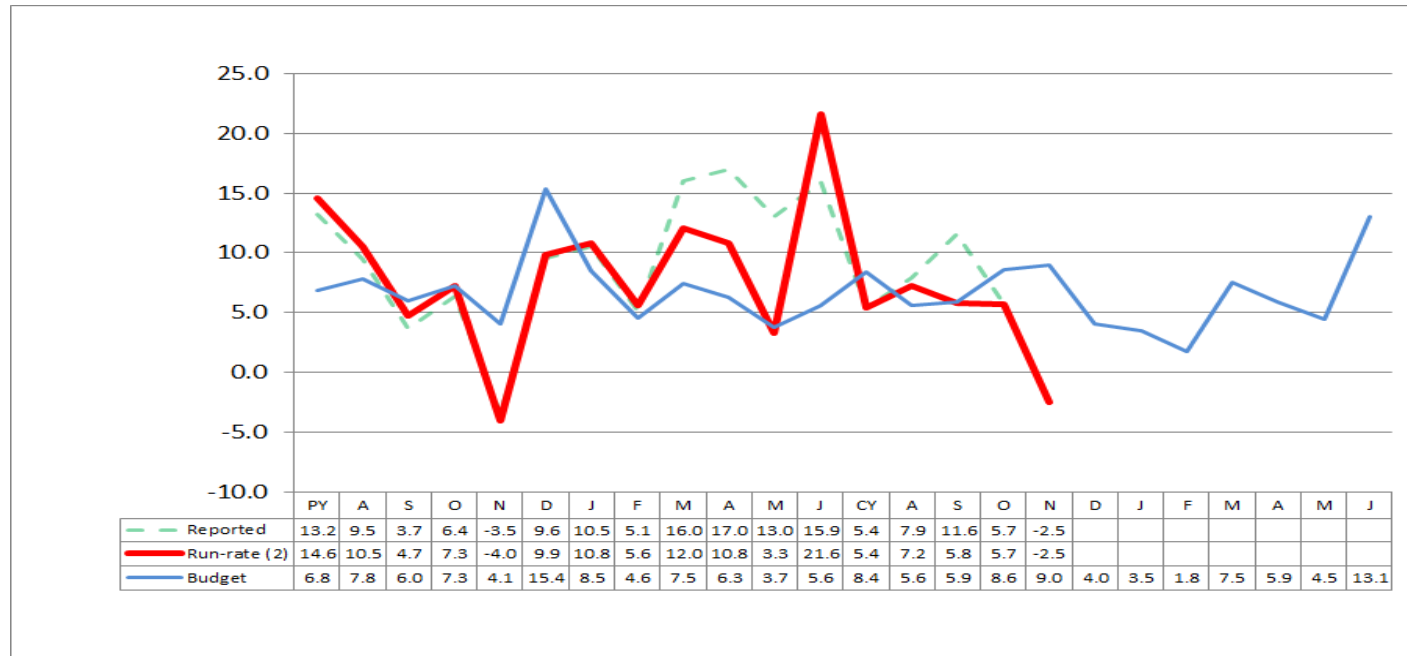


Non-Labor Expenses:

Supplies are high primarily due to pharmacy, surgical and heart valve supplies. EPIC training makes up -\$2.9 year to date variance for other general and administrative expenses. Depreciation is higher due to completion of the data center project and accelerated depreciation on the old hospital that will be demolished to build the iMOB.

ECH Operating Margin

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



FY 2016 Actual Run Rate Adjustments (in thousands)																							
		J	A	S	O	N	D	J	F	M	A	M	J										
Revenue Adjustments	RAC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0										
	Cost Reports Settlements	-\$49	-\$569	-\$616	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0										
	IGT-Inter Government Transfer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0										
	Insurance Overpayment Released	\$0	\$0	-\$4,913	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0										
	Total	-\$49	-\$569	-\$5,530	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0										
Expense Adjustments	EPIC Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0										
	Pay-For-Performance Bonus	\$76	\$69	\$1,183	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0										
	Total	\$76	\$69	\$1,183	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0										

- No revenue/expense adjustments for November.

Summary of Financial Results

\$ in Thousands

	Period 5 - Month			Period 5 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	(10,044)	4,928	(14,972)	5,555	19,941	(14,385)
Los Gatos	8,546	568	7,977	13,242	3,797	9,445
Sub Total - El Camino Hospital, excl. Affiliates	(1,498)	5,497	(6,995)	18,797	23,738	(4,941)
Operating Margin %	-2.5%	9.0%		5.8%	7.5%	
El Camino Hospital Non Operating Income						
Investments	(1,458)	2,298	(3,756)	(7,757)	11,488	(19,245)
Swap Adjustments	350	0	350	(1,147)	0	(1,147)
Community Benefit	(49)	(233)	184	(1,448)	(1,166)	(281)
Other	302	(204)	506	(1,941)	(1,021)	(921)
Sub Total - Non Operating Income	(856)	1,860	(2,716)	(12,293)	9,301	(21,594)
El Camino Hospital Net Income (Loss)	(2,354)	7,357	(9,710)	6,504	33,039	(26,535)
ECH Net Margin %	-4.0%	12.0%		2.0%	10.4%	
Concern	214	80	134	1,122	1	1,122
ECSC	1	0	1	11	0	11
Foundation	5	174	(170)	119	667	(548)
Silicon Valley Medical Development	(2)	0	(2)	(8)	0	(8)
Net Income Hospital Affiliates	218	255	(37)	1,244	668	576
Total Net Income Hospital & Affiliates	(2,136)	7,611	(9,747)	7,748	33,707	(25,959)

Actual to Budget Variance for hospital affiliates primarily due to drug, medical supplies, and EPIC labor/training expenses offset by unrealized gain.

ECH Volume Statistics ⁽¹⁾

ECH COMBINED

Discharges ⁽²⁾

ADC ⁽²⁾

Deliveries

ED Visits

Surgical Cases

Month of Nov, 2015		
Act	Bud	Var
1,549	1,553	-0.3%
226	238	-5.0%
394	412	-4.4%
4,454	4,802	-7.2%
850	893	-4.8%

Year to Date			Prior Year	
Act	Bud	Var	Act	Var%
7,724	7,935	-2.7%	7,862	-1.8%
232	237	-2.0%	237	-2.3%
1,967	2,188	-10.1%	2,200	-10.6%
24,536	24,689	-0.6%	24,319	0.9%
4,511	4,629	-2.5%	4,542	-0.7%

Discharges ⁽²⁾

ADC ⁽²⁾

Deliveries

ED Visits

Surgical Cases

Month of Nov, 2015		
Act	Bud	Var%
1,270	1,272	-0.2%
190	194	-2.2%
342	356	-4.0%
3,520	3,836	-8.2%
531	555	-4.2%

MOUNTAIN VIEW

Year to Date			Prior Year	
Act	Bud	Var%	Act	Var%
6,311	6,495	-2.8%	6,460	-2.3%
190	193	-1.5%	193	-1.7%
1,680	1,891	-11.2%	1,888	-11.0%
19,523	19,726	-1.0%	19,446	0.4%
2,762	2,874	-3.9%	2,746	0.6%

Discharges ⁽²⁾

ADC ⁽²⁾

Deliveries

ED Visits

Surgical Cases

Month of Nov, 2015		
Act	Bud	Var
279	281	-0.7%
37	45	-17.3%
52	56	-7.0%
934	965	-3.2%
319	338	-5.7%

LOS GATOS

Year to Date			Prior Year	
Act	Bud	Var	Act	Var%
1,413	1,440	-1.9%	1,402	0.8%
42	44	-4.3%	44	-4.6%
287	297	-3.4%	312	-8.0%
5,013	4,963	1.0%	4,873	2.9%
1,749	1,754	-0.3%	1,796	-2.6%

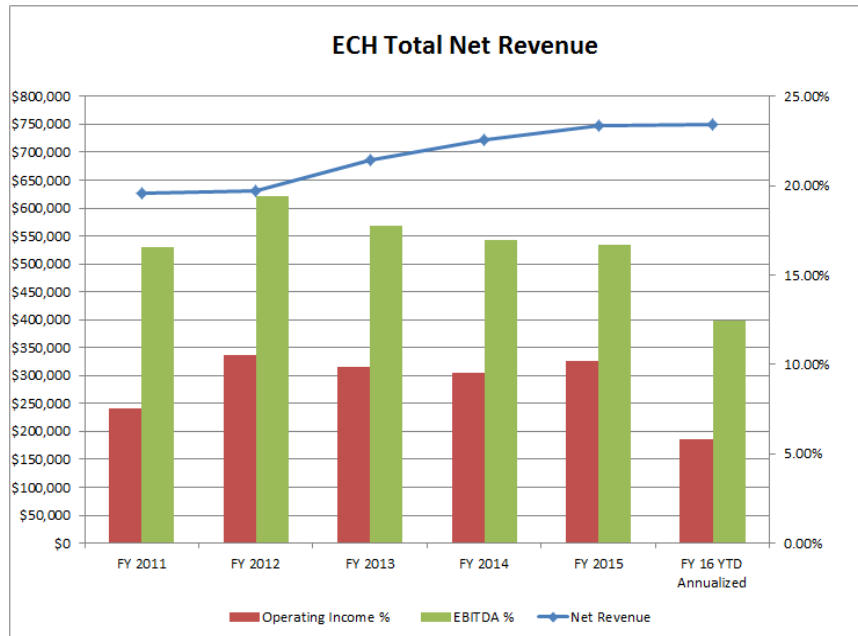
⁽¹⁾ Hospital entity only, excludes controlled affiliates

⁽²⁾ Excludes normal newborns, includes discharges from L&D

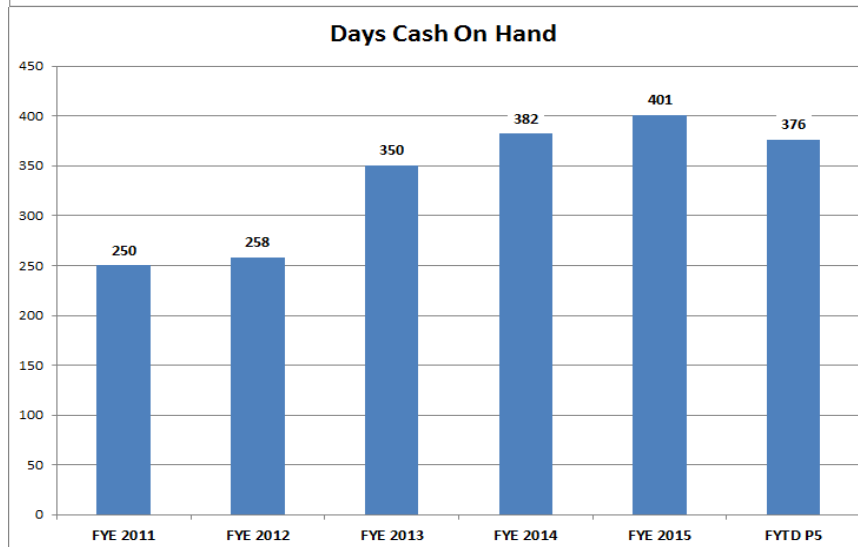
El Camino Hospital Financial Metrics Trend ⁽¹⁾

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Revenue growth remains strong but pharmacy drug and EPIC related costs are driving down 2016 margin



Cash position remains strong with a \$7.8 million investment loss

⁽¹⁾ Hospital entity only, excludes controlled affiliates

Key Hospital Indicators⁽¹⁾

Statistic	FYE 2013	FYE 2014	FYE 2015	FYTD 2016	Annual Target (2)	+/-
Operating Margin	9.9%	9.5%	10.2%	5.8%	6.5%	
EBITDA Margin	17.8%	16.9%	16.7%	12.5%	13.3%	
Days of Cash	350	382	401	376	262	
Debt Service Coverage Ratio (MADS)	7.9	9.5	8.9	7.9	4.8	
Debt to Capitalization	14.0%	12.6%	13.6%	14.5%	29.4%	
Net AR Days	48.3	50.9	43.6	48.5	48.0	
In Patient Operating Margin	-1.1%	-3.2%	-4.5%	-9.5%	-1.0%	
Out Patient Operating Margin	25.9%	25.2%	28.1%	29.4%	25.0%	

⁽¹⁾ Hospital Only - Excludes Affiliates

⁽²⁾ Target source: Annual Budget for Operating Margin and EBITDA Margin

Target source: S&P 2014 A Rated Stand-Alone Hospital Median Ratios (last published 9/9/2015)

*Prior Year numbers represent full year

Tracking Smart Growth

COMBINED				
	FY15 Year to Date	FY16 Year to Date	Change	Annual Goal
Inpatient Discharges	7,862	7,724	(138)	300
Surgical Outpatient Cases (incl Litho)	2,694	2,632	(62)	290
Endo Outpatient procedures	1,201	1,070	(131)	-
Outpatient Interventional Cases	803	778	(25)	10
Total	12,560	12,204	(356)	
Targeted Physician Total	35	113	148	
Current Physician Total	12,525	12,091	(504)	-
# New Physicians*	1	4	3	15

* New Physicians: MDs with 20% or more inpatient or procedural (above definition) cases (at least 10) and/or New PCP (OB, Internal Med, Fam Prac)

Mountain View Campus				
	FY15 Year to Date	FY16 Year to Date	Change	Goal
Inpatient Discharges	6,460	6,311	(149)	
Surgical Outpatient Cases (incl Litho)	1,368	1,396	28	
Endo Outpatient procedures	1,110	1,002	(108)	
Outpatient Interventional Cases	797	772	(25)	
# New Physicians*	1	-	(1)	

Los Gatos Campus				
	FY15 Year to Date	FY16 Year to Date	Change	Goal
Inpatient Discharges	1,402	1,413	11	
Surgical Outpatient Cases (incl Litho)	1,326	1,236	(90)	
Endo Outpatient procedures	91	68	(23)	
Outpatient Interventional Cases	6	6	-	
# New Physicians*	-	4	4	

(1) Hospital entity only, excludes controlled affiliates

El Camino Hospital

Capital Spending (in millions)

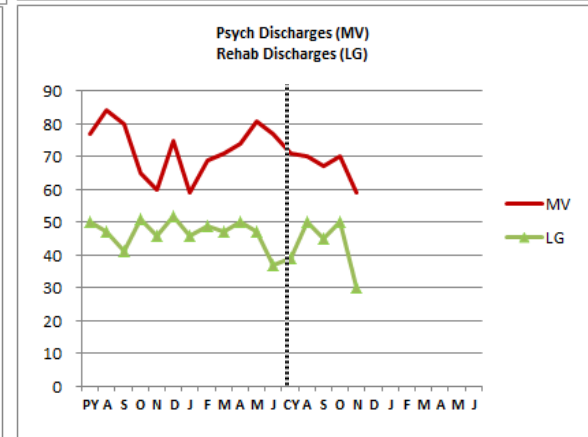
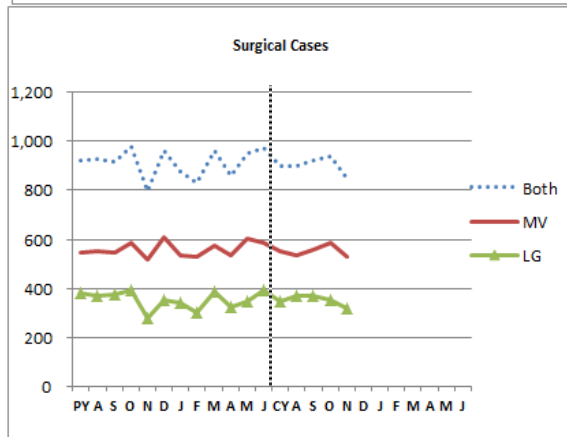
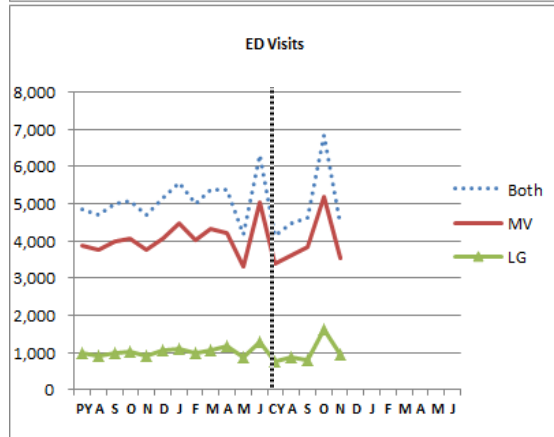
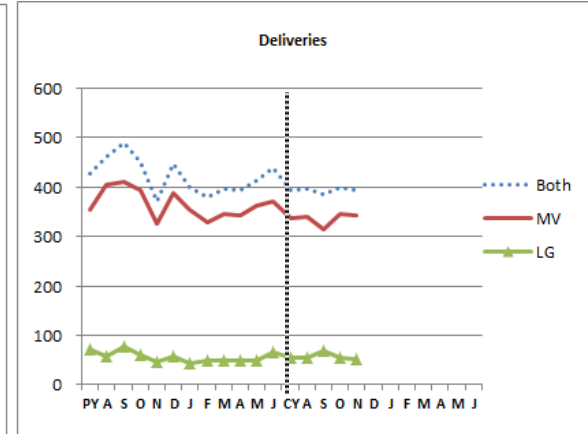
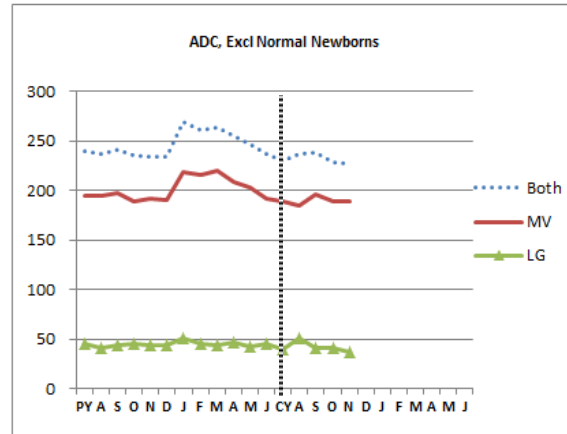
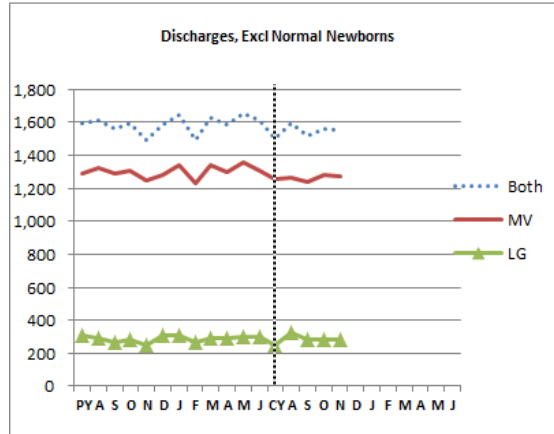
Capital Spending
As of November 2015

Category	Detail	Approved	Total Authorized Active	Total Spent YTD	Spent from Inception	Remaining	2016 Proj Spend
CIP	EPIC Installation		73.8	12.1	48.3	25.5	35.9
	IT Hardware, Software, Equipment*		6.9	2.1		4.8	6.9
	Medical & Non Medical Equipment		12.6	2.5		10.1	12.6
	Facility Projects						
	NPCR3 Seismic Upgrades	FY12	6.7	0.1	5.0	1.7	0.0
	LG Imaging Masterplan	FY12	3.1	0.0	2.8	0.3	0.0
	Slot Build-Out	FY13	19.0	0.1	17.5	1.5	0.0
	LG Upgrades	FY13	13.0	1.0	7.9	5.1	9.5
	LG Spine OR	FY13	4.1	0.0	0.6	3.5	4.1
	Oak Pavilion Cancer Ctr TI	FY14	5.9	0.4	5.7	0.2	0.0
	Integrated MOB	FY15	28.0	3.5	6.2	21.8	10.0
	North Drive Parking Expansion	FY15	3.0	0.7	0.9	2.1	14.5
	Behavioral Health Bldg	FY16	9.0	0.6	6.1	2.9	4.5
	LG Imaging Phase II (CT & Gen Rad)	FY16	0.0	0.0	0.0	0.0	4.8
	LG Rehab HVAC System & Structural	FY16	3.7	0.0	0.0	3.7	3.4
	Cabling & Wireless Upgrades	FY16	2.8	0.8	0.8	2.0	2.8
	IMOB Preparation Project - Old Main	FY16	0.5	0.0	0.0	0.5	2.3
	Women's Hospital Expansion	FY16	0.0	0.0	0.0	0.0	1.5
	CUP Upgrade	FY16	1.5	0.2	0.3	1.2	0.5
	Willow Pavilion Tomosynthesis	FY16	1.3	0.0	0.0	1.3	0.0
	LG Electrical Systems Upgrade	FY16	0.0	0.0	0.0	0.0	1.0
	Facilities Planning Allowance	FY16	0.0	0.0	0.0	0.0	1.0
	All Other		6.7	0.6	3.3	3.3	10.6
	Unassigned Costs		0.0	1.8	2.6	-2.6	0.0
			108.2	9.9	59.7	48.5	70.4
	GRAND TOTAL		201.5	26.5			125.8

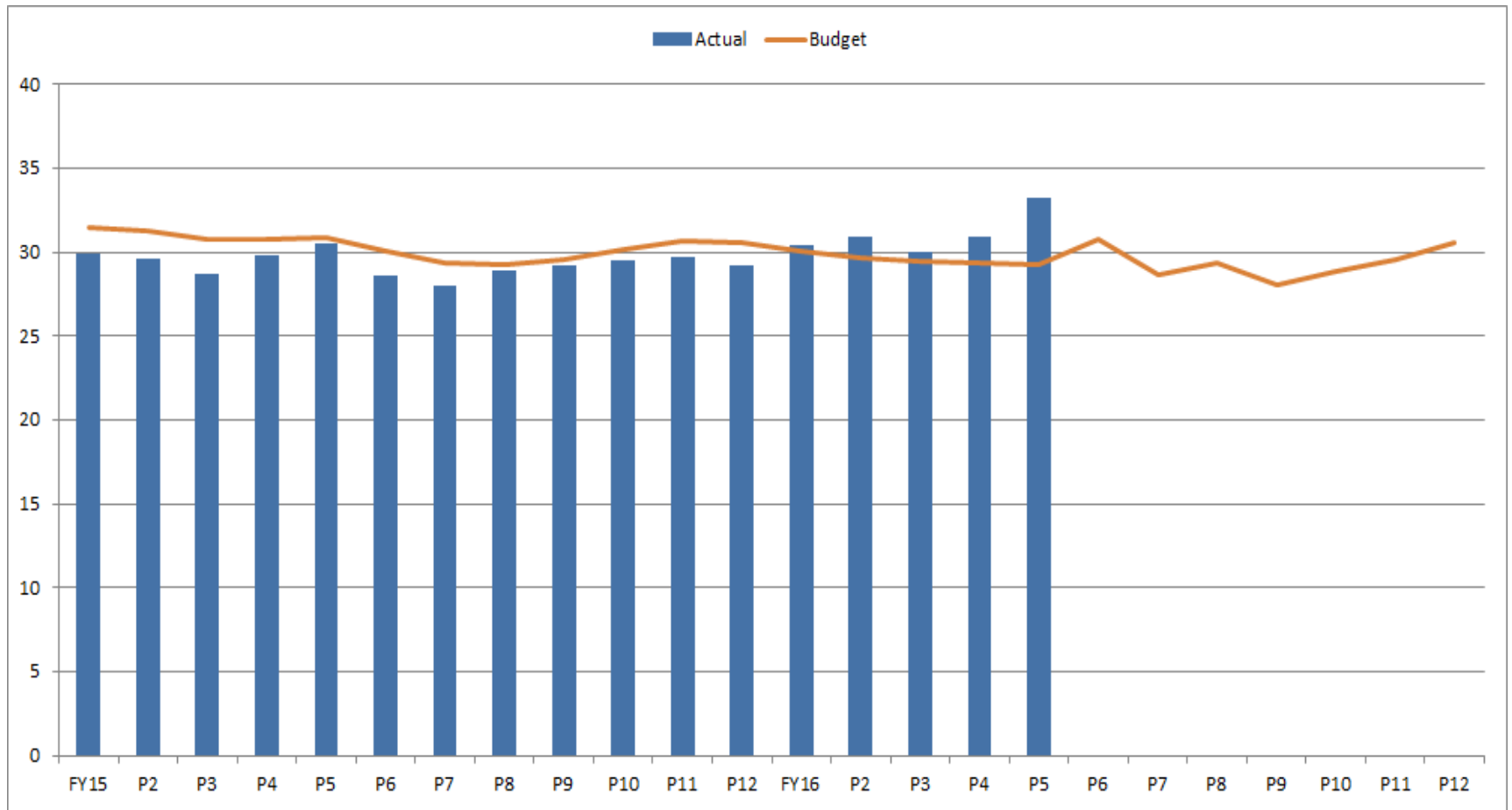
2016 projected spend includes items to be presented for approval during the fiscal year

APPENDIX

El Camino Hospital Volume Trends Prior and Current Fiscal Years



Worked Hours per Adjusted Patient Day

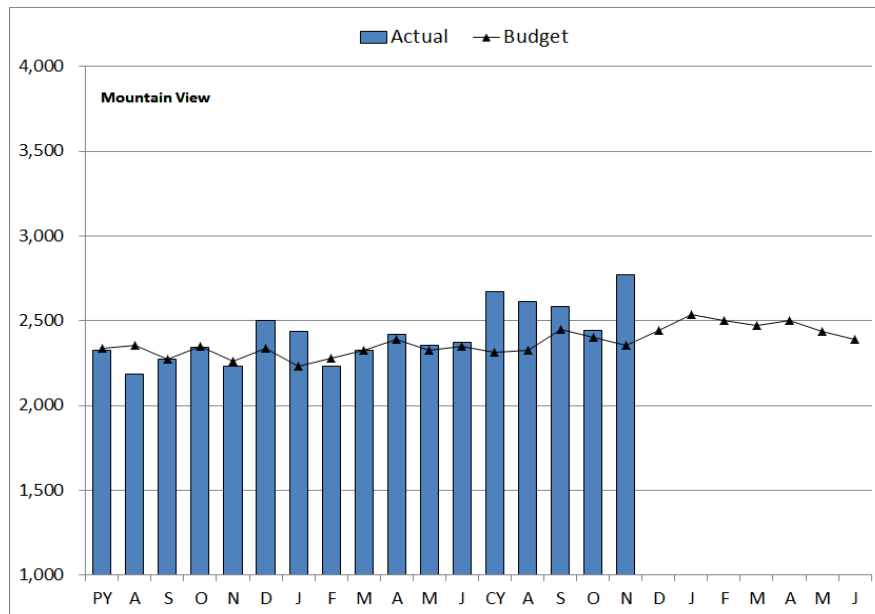


Worked Hours per Adjusted Patient Day: Worked hours are unfavorable to budget for the new fiscal year.

Supply Cost per CMI Adjusted Discharges ⁽¹⁾

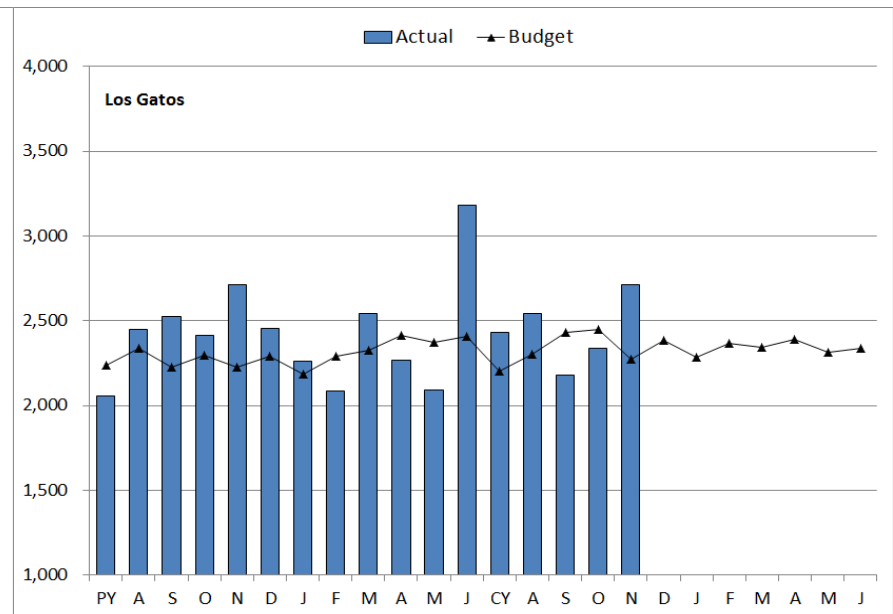
YTD: 10.3% over budget

Mountain View



YTD: 4.7% over budget

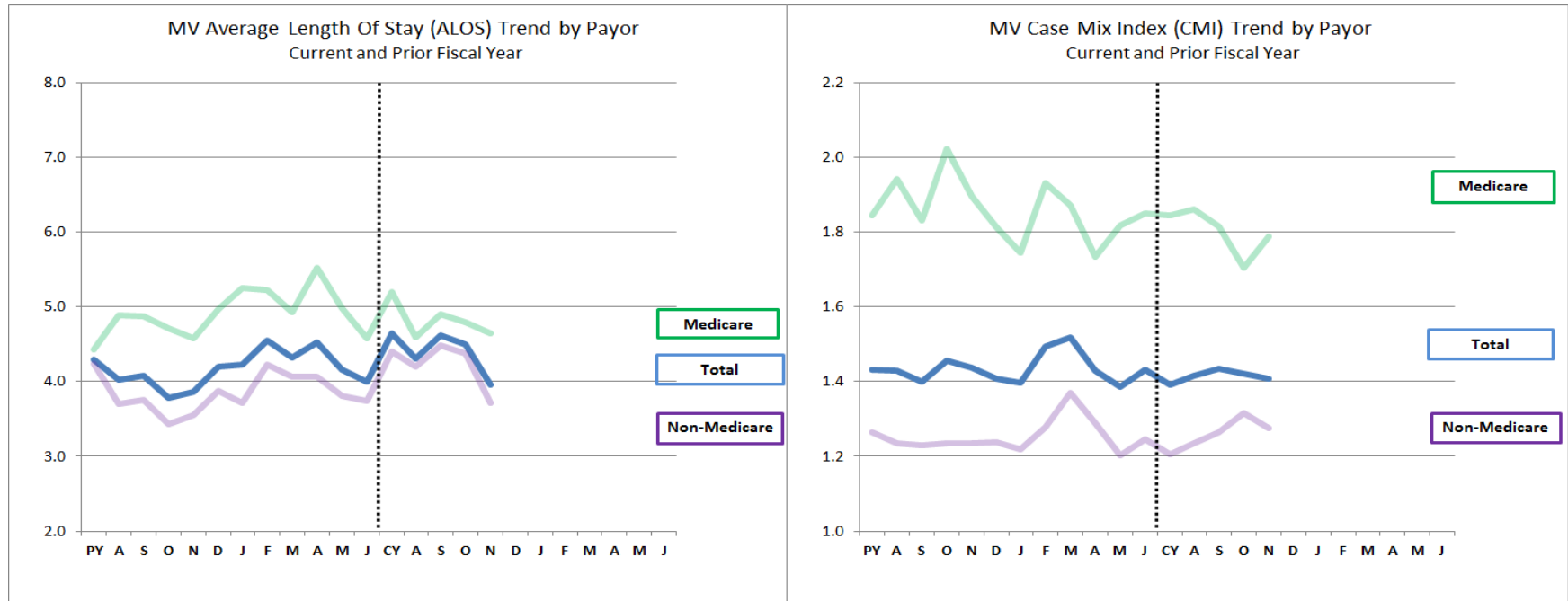
Los Gatos



Continued high cost in November related to pharmacy, heart valve supplies and general surgery supplies.

⁽¹⁾ Hospital entity only, excludes controlled affiliates

Mountain View LOS & CMI Trend⁽¹⁾



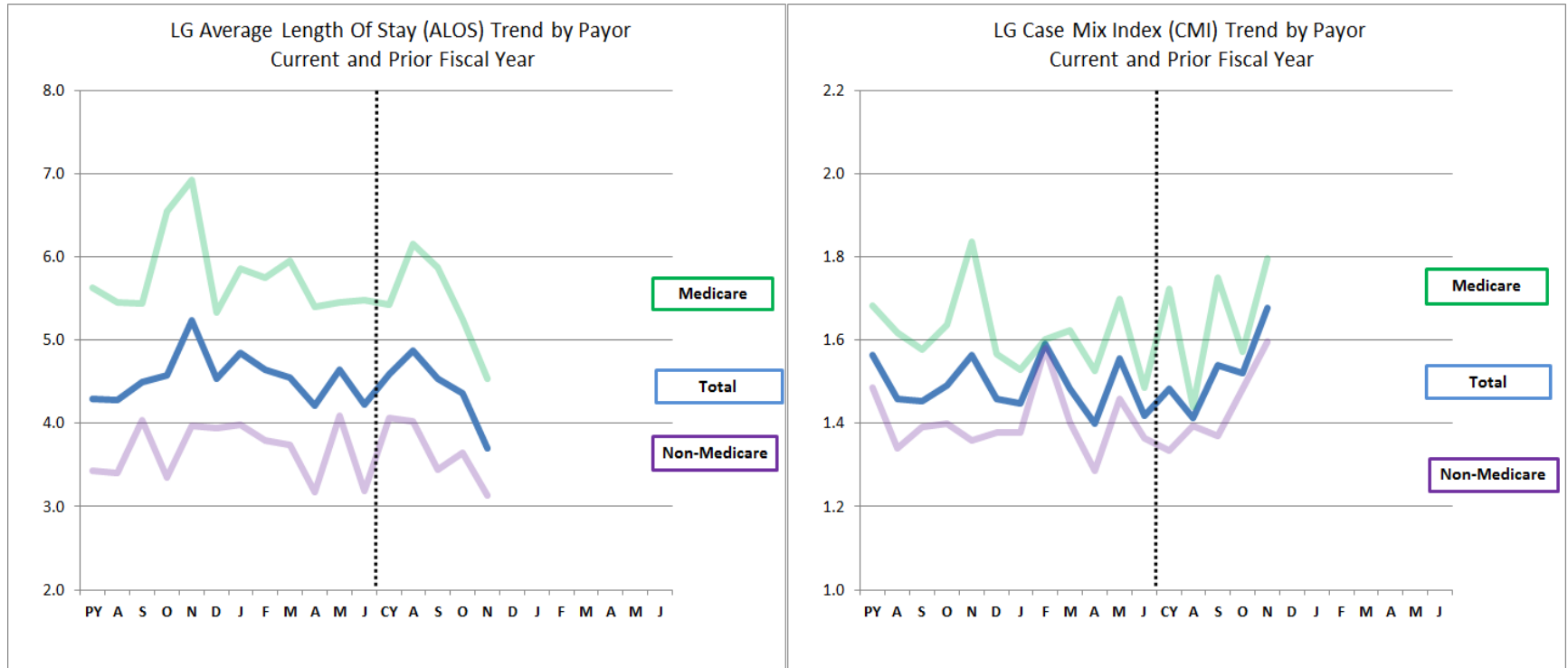
- Medicare: Due to DRG reimbursement, financial results usually improve with decreased LOS and increased CMI
- Non-Medicare: Reimbursement varies; financial results usually improve when both LOS & CMI increase

Length of stay has a sharp downward trend while CMI remains relatively flat .

⁽¹⁾ Hospital entity only, excludes controlled affiliates

All data excludes normal newborns (MS-DRG=795), Medicare data excludes Medicare HMOs and PPOs

Los Gatos LOS & CMI Trend⁽¹⁾



- Medicare: Due to DRG reimbursement, financial results usually improve with decreased LOS and increased CMI
- Non-Medicare: Reimbursement varies; financial results usually improve when both LOS & CMI increase

The Los Gatos Medicare caseload shows a sharp decrease in length of stay and increasing case complexity while the non-Medicare caseload shows a downward trend in length of stay. The small campus is impacted by relatively slight shifts in surgical volume.

⁽¹⁾ Hospital entity only, excludes controlled affiliates

All data excludes normal newborns (MS-DRG=795), Medicare data excludes Medicare HMOs and PPOs

El Camino Hospital⁽¹⁾

Results from Operations vs. Prior Year
5 months ending 11/30/2015

\$000s	FY 2016	FY 2015	Variance Fav (Unfav)	Var%
OPERATING REVENUE:				
Gross Revenue	1,108,380	1,054,048	54,333	5.2%
Deductions	(796,192)	(761,566)	(34,626)	4.5%
Net Patient Revenue	312,188	292,482	19,706	6.7%
Other Operating Revenue	9,690	7,825	1,866	23.8%
Total Operating Revenue	321,878	300,306	21,572	7.2%
OPERATING EXPENSE:				
Salaries & Wages	176,154	167,878	(8,276)	-4.9%
Supplies	48,390	44,917	(3,473)	-7.7%
Fees & Purchased Services	35,276	30,927	(4,349)	-14.1%
Other Operating Expense	43,260	38,036	(5,224)	-13.7%
Total Operating Expense	303,081	281,759	(21,322)	-7.6%
Net Operating Income/(Loss)	18,797	18,547	250	1.3%
Non Operating Income	(12,293)	3,695	(15,988)	-432.7%
Net Income(Loss)	6,504	22,242	(15,738)	-70.8%
Collection Rate	28.2%	27.7%	0.4%	
Operating Margin	5.8%	6.2%	-0.3%	
Net Margin	2.0%	7.4%	-5.4%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital – Mountain View⁽¹⁾

Results from Operations vs. Prior Year
5 months ending 11/30/2015

\$000s	FY 2016	FY 2015	Variance Fav (Unfav)	Var%
OPERATING REVENUE:				
Gross Revenue	902,601	861,270	41,331	4.8%
Deductions	(658,445)	(625,045)	(33,401)	5.3%
Net Patient Revenue	244,156	236,225	7,930	3.4%
Other Operating Revenue	8,638	6,927	1,712	24.7%
Total Operating Revenue	252,794	243,152	9,642	4.0%
OPERATING EXPENSE:				
Salaries & Wages	146,552	139,292	(7,261)	-5.2%
Supplies	39,545	36,189	(3,356)	-9.3%
Fees & Purchased Services	28,462	24,766	(3,696)	-14.9%
Other Operating Expense	32,679	29,789	(2,890)	-9.7%
Total Operating Expense	247,239	230,036	(17,202)	-7.5%
Net Operating Income/(Loss)	5,555	13,116	(7,560)	-57.6%
Non Operating Income	(12,293)	3,695	(15,988)	-432.7%
Net Income(Loss)	(6,738)	16,810	(23,548)	-140.1%
 Collection Rate	 27.1%	 27.4%	 -0.4%	
Operating Margin	2.2%	5.4%	-3.2%	
Net Margin	-2.7%	6.9%	-9.6%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital – Los Gatos⁽¹⁾

Results from Operations vs. Prior Year
5 months ending 11/30/2015

\$000s	FY 2016	FY 2015	Variance Fav (Unfav)	Var%
OPERATING REVENUE:				
Gross Revenue	205,779	192,777	13,002	6.7%
Deductions	(137,747)	(136,521)	(1,226)	0.9%
Net Patient Revenue	68,032	56,256	11,776	20.9%
Other Operating Revenue	1,052	898	154	17.1%
Total Operating Revenue	69,084	57,154	11,930	20.9%
OPERATING EXPENSE:				
Salaries & Wages	29,602	28,587	(1,015)	-3.6%
Supplies	8,845	8,728	(117)	-1.3%
Fees & Purchased Services	6,814	6,161	(653)	-10.6%
Other Operating Expense	10,581	8,247	(2,334)	-28.3%
Total Operating Expense	55,842	51,723	(4,120)	-8.0%
Net Operating Income/(Loss)	13,242	5,432	7,810	143.8%
Non Operating Income	0	0	0	0.0%
Net Income(Loss)	13,242	5,432	7,810	143.8%
 Collection Rate	 33.1%	 29.2%	 3.9%	
Operating Margin	19.2%	9.5%	9.7%	
Net Margin	19.2%	9.5%	9.7%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital⁽¹⁾

Results from Operations vs. Budget
5 months ending 11/30/2015

\$000s	FY 2016	Budget 2016	Variance Fav (Unfav)	Var%
OPERATING REVENUE:				
Gross Revenue	1,108,380	1,113,255	(4,874)	-0.4%
Deductions	(796,192)	(805,425)	9,233	-1.1%
Net Patient Revenue	312,188	307,829	4,358	1.4%
Other Operating Revenue	9,690	8,437	1,253	14.9%
Total Operating Revenue	321,878	316,266	5,612	1.8%
OPERATING EXPENSE:				
Salaries & Wages	176,154	173,597	(2,558)	-1.5%
Supplies	48,390	46,118	(2,272)	-4.9%
Fees & Purchased Services	35,276	34,715	(562)	-1.6%
Other Operating Expense	43,260	38,099	(5,161)	-13.5%
Total Operating Expense	303,081	292,528	(10,553)	-3.6%
Net Operating Income/(Loss)	18,797	23,738	(4,941)	-20.8%
Non Operating Income	(12,293)	9,301	(21,594)	-232.2%
Net Income(Loss)	6,504	33,039	(26,535)	-80.3%
Collection Rate	28.2%	27.7%	0.5%	
Operating Margin	5.8%	7.5%	-1.7%	
Net Margin	2.0%	10.4%	-8.4%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital – Mountain View⁽¹⁾

Results from Operations vs. Budget
5 months ending 11/30/2015

\$000s	FY 2016	Budget 2016	Variance Fav (Unfav)	Var%
OPERATING REVENUE:				
Gross Revenue	902,601	911,362	(8,761)	-1.0%
Deductions	(658,445)	(661,792)	3,346	-0.5%
Net Patient Revenue	244,156	249,570	(5,415)	-2.2%
Other Operating Revenue	8,638	7,503	1,135	15.1%
Total Operating Revenue	252,794	257,073	(4,280)	-1.7%
OPERATING EXPENSE:				
Salaries & Wages	146,552	144,015	(2,537)	-1.8%
Supplies	39,545	37,489	(2,056)	-5.5%
Fees & Purchased Services	28,462	27,873	(589)	-2.1%
Other Operating Expense	32,679	27,756	(4,924)	-17.7%
Total Operating Expense	247,239	237,133	(10,106)	-4.3%
Net Operating Income/(Loss)	5,555	19,941	(14,385)	-72.1%
Non Operating Income	(12,293)	9,301	(21,594)	-232.2%
Net Income(Loss)	(6,738)	29,242	(35,980)	-123.0%
Collection Rate	27.1%	27.4%	-0.3%	
Operating Margin	2.2%	7.8%	-5.6%	
Net Margin	-2.7%	11.4%	-14.0%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital – Los Gatos⁽¹⁾

Results from Operations vs. Budget
5 months ending 11/30/2015

\$000s	FY 2016	Budget 2016	Variance Fav (Unfav)	Var%
OPERATING REVENUE:				
Gross Revenue	205,779	201,893	3,886	1.9%
Deductions	(137,747)	(143,634)	5,887	-4.1%
Net Patient Revenue	68,032	58,259	9,773	16.8%
Other Operating Revenue	1,052	934	118	12.7%
Total Operating Revenue	69,084	59,193	9,891	16.7%
OPERATING EXPENSE:				
Salaries & Wages	29,602	29,582	(20)	-0.1%
Supplies	8,845	8,628	(217)	-2.5%
Fees & Purchased Services	6,814	6,842	28	0.4%
Other Operating Expense	10,581	10,343	(238)	-2.3%
Total Operating Expense	55,842	55,395	(447)	-0.8%
Net Operating Income/(Loss)	13,242	3,797	9,445	248.7%
Non Operating Income	0	0	0	0.0%
Net Income(Loss)	13,242	3,797	9,445	248.7%
Collection Rate	33.1%	28.9%	4.2%	
Operating Margin	19.2%	6.4%	12.8%	
Net Margin	19.2%	6.4%	12.8%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital⁽¹⁾

Balance Sheet (\$ Thousands)

ASSETS

	Audited	
	November 30, 2015	June 30, 2015
CURRENT ASSETS		
Cash	51,458	55,224
Short Term Investments	125,758	145,027
Patient Accounts Receivable, net	98,183	95,737
Other Accounts and Notes Receivable	2,706	2,378
Intercompany Receivables	1,111	1,595
Inventories and Prepaids	39,218	44,055
Total Current Assets	318,433	344,016
BOARD DESIGNATED ASSETS		
Plant & Equipment Fund	122,141	117,965
Operational Reserve Fund	100,196	100,196
Community Benefit Fund	13,047	2,085
Workers Compensation Reserve Fund	25,816	24,719
Postretirement Health/Life Reserve Fund	17,889	17,197
PTO Liability Fund	23,814	22,212
Malpractice Reserve Fund	1,800	1,800
Catastrophic Reserves Fund	13,937	14,150
Total Board Designated Assets	318,640	300,324
FUNDS HELD BY TRUSTEE	35,419	37,676
LONG TERM INVESTMENTS	202,659	207,290
INVESTMENTS IN AFFILIATES	31,213	31,808
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,138,832	1,077,951
Less: Accumulated Depreciation	(491,095)	(473,920)
Construction in Progress	41,483	82,506
Property, Plant & Equipment - Net	689,219	686,537
DEFERRED OUTFLOWS	25,018	25,218
RESTRICTED ASSETS - CASH	1	5
TOTAL ASSETS	1,620,601	1,632,874

LIABILITIES AND FUND BALANCE

	Audited	
	November 30, 2015	June 30, 2015
CURRENT LIABILITIES		
Accounts Payable	19,005	30,142
Salaries and Related Liabilities	21,028	20,812
Accrued PTO	23,814	22,212
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	14,572	20,253
Intercompany Payables	62	108
Malpractice Reserves	1,800	1,800
Bonds Payable - Current	5,475	5,475
Bond Interest Payable	2,122	1,711
Other Liabilities	3,441	3,111
Total Current Liabilities	93,620	107,925
LONG TERM LIABILITIES		
Post Retirement Benefits	17,889	17,197
Worker's Comp Reserve	23,516	22,419
Other L/T Obligation (Asbestos)	3,576	3,531
Other L/T Liabilities (IT/Medl Leases)	-	7,102
Bond Payable	230,946	222,446
Total Long Term Liabilities	275,926	272,696
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	932,415	951,924
Board Designated	318,640	300,324
Restricted	1	5
Total Fund Bal & Capital Accts	1,251,056	1,252,254
TOTAL LIABILITIES AND FUND BALANCE	1,620,601	1,632,874

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital Capital Spending (in thousands) FY 2011 – FY 2015

Category	2011	2012	2013	2014	2015	Totals
IT Hardware, Software, Equipment	3,543.9	7,289.3	8,019.0	2,788.1	4,660.5	26,300.8
Medical/Non Medical Equipment	6,631.6	11,203.3	10,284.5	12,891.0	13,339.9	54,350.3
Facilities Projects						
0101 - Hosp Replace	1,623.8	313.4	654.7	0.0	0.0	2,591.8
0317 - Melchor TI's	1,683.4	0.0	0.0	0.0	0.0	1,683.4
0701 - Cyberknife	762.6	0.0	0.0	0.0	0.0	762.6
0809 - Hosp Renovations	512.1	0.0	0.0	0.0	0.0	512.1
0815 - Orc Pav Water Heater	232.9	0.0	0.0	0.0	0.0	232.9
0816 - Hospital Signage	143.9	0.0	0.0	0.0	0.0	143.9
0904 - LG Facilities Upgrade	326.9	550.7	0.0	0.0	0.0	877.7
1000 - LG Rehab Building	425.4	0.0	0.0	0.0	0.0	425.4
1104 - New Main CDU TV's	124.1	0.0	0.0	0.0	0.0	124.1
9900 - Unassigned Costs	465.5	155.2	10.0	24.8	0.0	655.5
0803 - Park Pav Foundation	0.0	476.8	0.0	0.0	0.0	476.8
1005 - LG OR Light Upgrd	0.0	181.6	0.0	0.0	0.0	181.6
1102 - LG Joint Hotel	0.0	1,036.3	0.0	0.0	0.0	1,036.3
1106 - SHC Project	0.0	2,183.5	0.0	0.0	0.0	2,183.5
1108 - Cooling Towers	0.0	1,104.0	458.9	0.0	0.0	1,562.9
1115 - Womens Hosp TI's	0.0	48.8	0.0	0.0	0.0	48.8
1118 - Park Pav Roto Care	0.0	109.2	0.0	0.0	0.0	109.2
1120 - BHS Out Patient TI's	0.0	471.8	54.0	0.0	0.0	525.8
1122 - LG Sleep Studies	0.0	136.1	14.8	0.0	0.0	150.9
1129 - Old Main Card Rehab	0.0	368.7	0.0	0.0	0.0	368.7
0817 - Womens Hosp Upgrds	0.0	0.0	1,556.4	0.0	0.0	1,556.4
1107 - Boiler Replacement	0.0	0.0	49.1	0.0	0.0	49.1
1109 - New Main Upgrades	0.0	0.0	562.2	757.7	12.0	1,331.9
1111 - Mom/Baby Overflow	0.0	0.0	474.2	0.0	32.4	506.6
1129 - Cardiac Rehab Improv	0.0	0.0	39.4	0.0	0.0	39.4
1132 - Pneumatic Tube Prj	0.0	0.0	78.4	0.0	0.0	78.4
1204 - Elevator Upgrades	0.0	0.0	49.3	30.5	0.0	79.7
1210 - Los Gatos VOIP	0.0	0.0	107.3	0.0	127.4	234.7
0800 - Womens L&D Expansion	0.0	0.0	0.0	4,048.6	282.7	4,331.4
1116 - LG Ortho Pavillion	0.0	0.0	0.0	193.1	32.4	225.5
1124 - LG Rehab BLDG	0.0	0.0	0.0	514.3	0.0	514.3
1131 - MV Equipment Replace	0.0	0.0	0.0	406.0	0.0	406.0
1208 - Willow Pav. High Risk	0.0	0.0	0.0	90.6	0.0	90.6
1213 - LG Sterilizers	0.0	0.0	0.0	95.2	0.0	95.2
1225 - Rehab BLDG Roofing	0.0	0.0	0.0	173.9	59.4	233.3
1227 - New Main eICU	0.0	0.0	0.0	116.5	0.0	116.5
1230 - Fog Shop	0.0	0.0	0.0	394.1	0.0	394.1
1247 - LG Infant Security	0.0	0.0	0.0	127.8	0.0	127.8
1307 - LG ICU	0.0	0.0	0.0	431.2	0.0	431.2
1308 - LG Infrastructure	0.0	0.0	0.0	113.7	0.0	113.7
1315 - 205 So. Drive TI's	0.0	0.0	0.0	236.8	249.7	486.5
0908 - NPCR3 Seismic Upgrds	0.0	0.0	0.0	0.0	4,391.6	4,391.6
1125 - Will Pav Fire Sprinkler	0.0	0.0	0.0	0.0	104.6	104.6
1211 - SIS Monitor Install	0.0	0.0	0.0	0.0	183.8	183.8
1221 - LG Kitchen Refrig	0.0	0.0	0.0	0.0	84.6	84.6
1249 - LG Mobile Imaging	0.0	0.0	0.0	0.0	76.6	76.6
1301 - Desktop Virtual	0.0	0.0	0.0	0.0	13.3	13.3
1304 - Rehab Wander Mgmt	0.0	0.0	0.0	0.0	86.8	86.8
1320 - 2500 Hosp Dr Roofing	0.0	0.0	0.0	0.0	72.3	72.3
1341 - New Main Admin	0.0	0.0	0.0	0.0	135.1	135.1
1344 - New Main AV Upgrd	0.0	0.0	0.0	0.0	243.2	243.2
1345 - LG Lab HVAC	0.0	0.0	0.0	0.0	112.4	112.4
1400 - Oak Pav Cancer Center	0.0	0.0	0.0	0.0	5,996.0	5,996.0
1403 - Hosp Drive BLDG 11 TI's	0.0	0.0	0.0	0.0	188.5	188.5
1404 - Park Pav HVAC	0.0	0.0	0.0	0.0	75.1	75.1
Subtotal Facilities Projects	6,300.5	7,136.0	4,108.6	7,754.8	12,559.9	37,859.8
Grand Total	16,476.1	25,628.6	22,412.1	23,433.9	30,560.4	118,511.0

FY 2016 Facilities Projects Detail

(In 000s)

	Budgeted Commitment	Budgeted Spend
Mountain View Campus Master Plan Projects		
BHS Replacement **	\$53,500	\$4,500
North Dr Parking Structure Expansion	\$14,000 *	\$14,500
Integrated Medical Office Building **	\$229,000	\$10,000
CUP Upgrades	\$500	\$500
Womens Hosp Expansion **	\$2,000	\$1,500
	\$299,000	\$31,000
Mountain View Capital Projects		
Womens Hosp NPC Closeout	\$750	\$500
IMOB Preparation Project - Old Main	\$2,250	\$2,250
Cabling and Wireless upgrades	\$2,800	\$2,800
Histology Fume Hood Upgrades	\$500	\$500
ED Remodel Triage / Psych Observation	\$300	\$100
Signage & Wayfinding	\$600	\$600
MV Equipment & Infrastructure Upgrades	\$750	\$750
Breast Imaging Tomography **	\$300	\$300
Willow Pavilion FA Sys and Equip Upgrades	\$800	\$800
Ceiling Lifts - Imaging Dept.	\$200	\$200
Misc. Reconfiguration Upgrades	\$600	\$600
MV MOB TI Allowance	\$500	\$500
Facilities Planning Allowance	\$1,000	\$1,000
	\$11,350	\$10,900
Los Gatos Capital Projects		
LG Spine Room Expansion - OR 4 **	0 *	\$4,100
LG Rehab HVAC Upgrades	0 *	\$3,400
LG Imaging Phase II (CT & Gen Rad)	\$4,650 *	\$4,800
LG Upgrades - Major	\$2,500 *	\$9,500
LG Electrical Systems Upgrade	\$1,000	\$1,000
LG Rehab Building Upgrades	\$500	\$500
LG Surgical Lights OR's 5,6 & 7	\$0 *	\$149
LG Central Sterile Upgrades	\$3,455 *	\$3,600
LG MOB Improvements	\$500	\$150
LG IR Upgrades **	\$800	\$600
LG NICU 4 Bed Expansion **	\$500	\$150
LG Misc. Reconfiguration Upgrades	\$600	\$600
	\$14,505	\$28,549
Grand Total Facilities Projects	\$324,855	\$70,449

* Spending includes prior year commitments

* Incremental Revenue Producing
Capital < 250k includes exploration of ED Lobby Space Redesign

Article of Interest

New Medicare ACOs include first 'Next Generation' cohort

The Obama administration has rolled out the newest participants in Medicare's accountable care programs, which now include 477 organizations across four different models.

More hospitals and doctors are shifting to accountable care models that put them at risk financially for the health and outcomes of their designated populations. But despite this progress, most participating in Medicare's payment experiment still have not yet made that full jump.

"ACOs are moving toward risk, but they are not necessarily moving as fast as some people predicted," said David Muhlestein, a senior director at consulting firm Leavitt Partners who studies ACOs.

This year, 8.9 million seniors and disabled people will be cared for through an ACO, a group of hospitals and doctors tasked with lowering costs and improving the health of each person, [HHS said Monday](#). Medicare pays ACOs based on level of care they provide to patients, and ACOs with high quality scores that also happen to save Medicare money share in the savings. Those with poorer outcomes and higher costs may lose money. The program has netted [variable results](#) thus far for Medicare, as well as for [private payers](#).

The federal government is banking on ACOs and other care delivery models developed under the Affordable Care Act to move Medicare away from the current fee-for-service payment system, which relies on volumes of services, and toward a system that rewards keeping patients healthy. Research suggests avoiding hospitalizations immediately benefits patients and saves the healthcare system money. By the end of this year, HHS wants [30% of all traditional Medicare payments](#) to come from ACOs, bundled payments or other alternative payment models. That number will increase to 50% by 2018.

The newest of the ACO models, which went live at the beginning of this month, is the highly anticipated [Next Generation ACO program](#). HHS and the CMS [named 21 organizations and companies](#)—including Henry Ford Health System, Detroit; MemorialCare Health System, Fountain Valley, Calif.; Steward Health Care System, Boston; Trinity Health, Livonia, Mich.; and ThedaCare, Appleton, Wis.—as Next Generation

participants. The CMS originally [expected 15 to 20](#) groups in the first cohort.

"The fact that they got 21 that have signed commitments tells you this is a strong and attractive program from organizations that are ready to go to full capitation at some point," said Dr. Kavita Patel, senior fellow at the Brookings Institution and former policy director for the Obama White House.

However, the initiation of the Next Generation program has drastically cut into Medicare's Pioneer ACO program, the original demonstration project that has [created frustration](#) among [several participants](#) who disagreed with the government's benchmarking methodology. Only [nine Pioneer ACOs](#) still stand, according to Medicare's Innovation Center, the agency that runs the ACO projects. There were originally 32 Pioneer ACOs.

"It was truly a version 1.0, and (this shows) that we've moved on to enhance and improve the program," Patel said of the Pioneer ACO program. "Pioneer experience illustrated the nuances of taking risk, and not all risk-taking is similar. But the Next Generation ACO model has really refined the risk approach."

Two risk-arrangement options exist for Next Generation ACOs: one in which providers can share in 80% of the savings or losses based on their quality and cost-control efforts, or one that involves 100% risk. Savings are determined by a formula that doesn't solely rely on an ACO's past performance.

Participating ACOs could be paid via fee-for-service or some type of mixed value-based payment. Those who participate in the second year can try capitation, meaning the ACO would receive monthly lump-sum payments for each covered Medicare member as Medicare Advantage insurers do. In essence, Next Generation ACOs that pursue capitation in year two will be like Medicare Advantage insurers, Patel said.

Next Generation ACOs can also offer financial incentives to keep beneficiaries in their network as well as other "enhanced benefits" such as telehealth and nursing home visits. Shared Savings and Pioneer ACOs don't have those options.

Of the 477 Medicare ACOs across the four different models—Pioneer, Shared Savings, Next Generation and Comprehensive End-Stage Renal Disease Care—64 are in some kind

of track that involves potential penalties (known as downside risk) in addition to the chance for bonuses, CMS said. Aside from the Pioneer and Next Generation models, providers can take downside risk in two tracks offered in the Shared Savings program.

Muhlestein said it's a positive development to see more hospitals and doctors accept the so-called two-sided risk contracts. But it will still probably be a couple of years before a majority of providers move to such agreements. He expects 2019 will be a big year to watch, since that is when [Medicare's new merit-based payment system](#) for doctors goes into effect.

"While there's more movement to risk than there's ever been, it's still important to note the vast majority of ACOs are not moving to two-sided risk yet," Muhlestein said. "It's really hard to move toward risk-bearing because it's not just a payment model. It's a transition in how you're delivering care."

Bob Herman covers the health insurance industry and other healthcare news. Before joining Modern Healthcare in 2014, he covered hospital finance as a reporter and editor at Becker's Hospital Review. He has a bachelor's degree from Butler University in Indianapolis

ATTACHMENT 6



El Camino Hospital

THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2016 – Period 6
7/1/2015 to 12/31/2015

EL CAMINO HOSPITAL

(Excludes Controlled Affiliates)

EXECUTIVE FINANCIAL SUMMARY

Period Ending December 31, 2015

YTD STATEMENT OF REVENUE AND EXPENSES (\$000s)					BALANCE SHEET (\$000s)		
	Prior Year	Actual	Budget	Var F(U)		December 31, 2015	Jun 30, 2015
Gross Revenue	\$1,268,583	\$1,351,701	\$1,343,279	\$8,422	Cash and Investments	693,355	707,865
Deductions from Revenue	(914,831)	(971,430)	(971,807)	378	Non Cash Current Assets	160,468	143,766
Net Patient Revenue	353,752	380,271	371,472	8,800	Property, Plant & Equipment (Net)	692,751	686,537
Other Operating Revenue	9,949	11,927	10,341	1,585	Other Assets	90,883	94,707
Total Operating Revenue	363,702	392,198	381,813	10,385	Total Assets	1,637,458	1,632,874
Salaries & Wages	201,685	213,330	212,895	(435)	Current Liabilities	102,385	107,925
Supplies	54,447	58,356	55,572	(2,784)	Long-Term Liabilities	274,863	272,696
Fees & Purchased Services	37,577	43,106	41,655	(1,451)	Fund Balance/Capital Accounts	1,260,209	1,252,254
Other Operating Expense	19,159	26,915	20,840	(6,075)	Total Liabilities & Equity	1,637,458	1,632,874
Total Non Capital Operating Expense	312,868	341,706	330,963	(10,743)	KEY ECH STATISTICS - YTD		
OPERATING EBITDA	50,834	50,492	50,850	(359)	Balance Sheet	Actual	Target ⁽¹⁾
Interest, Depreciation & Amortization	26,198	25,925	24,467	(1,458)	Debt Service Coverage Ratio (MADS)	7.7	1.2
NET OPERATING SURPLUS	24,636	24,567	26,383	(1,816)	Debt to Capitalization	14.2%	29.0%
Non Operating Income	1,253	(17,162)	11,161	(28,323)	Days of Cash	370	262
TOTAL NET SURPLUS	25,889	7,405	37,544	(30,140)	Net AR Days	54.6	48.0
EBITDA Margin	14.0%	12.9%	13.3%	-0.4%	Other	Prior Year	Actual
Operating Margin	6.8%	6.3%	6.9%	-0.6%	Acute Discharges	9,451	9,244
Total Margin	7.1%	1.9%	9.8%	-7.9%	Acute Average Daily Census	237	234
					Deliveries	2,646	2,377
					Emergency Department Visits	29,455	29,463
					Surgical Cases	5,504	5,459
					Full Time Equivalent Employees	2,424	2,544
					Worked Hrs/Adjusted Patient Day	29.53	30.78
							29.79

⁽¹⁾ For Debt Service Coverage Ratio and Debt to Capitalization, Target represents Bond Covenants
For Days Cash and Net AR Days, Target represents S&P A Rated Stand-Alone Hospital Medians

⁽¹⁾ Hospital entity only, excludes controlled affiliates

Financial Trends and Commentary

Volume:

Volume rebounded in December after a weak November. For the year, inpatient volume remains 2.2% lower than prior year primarily due to lower deliveries. Outpatient volume remains soft.

Operating Margin:

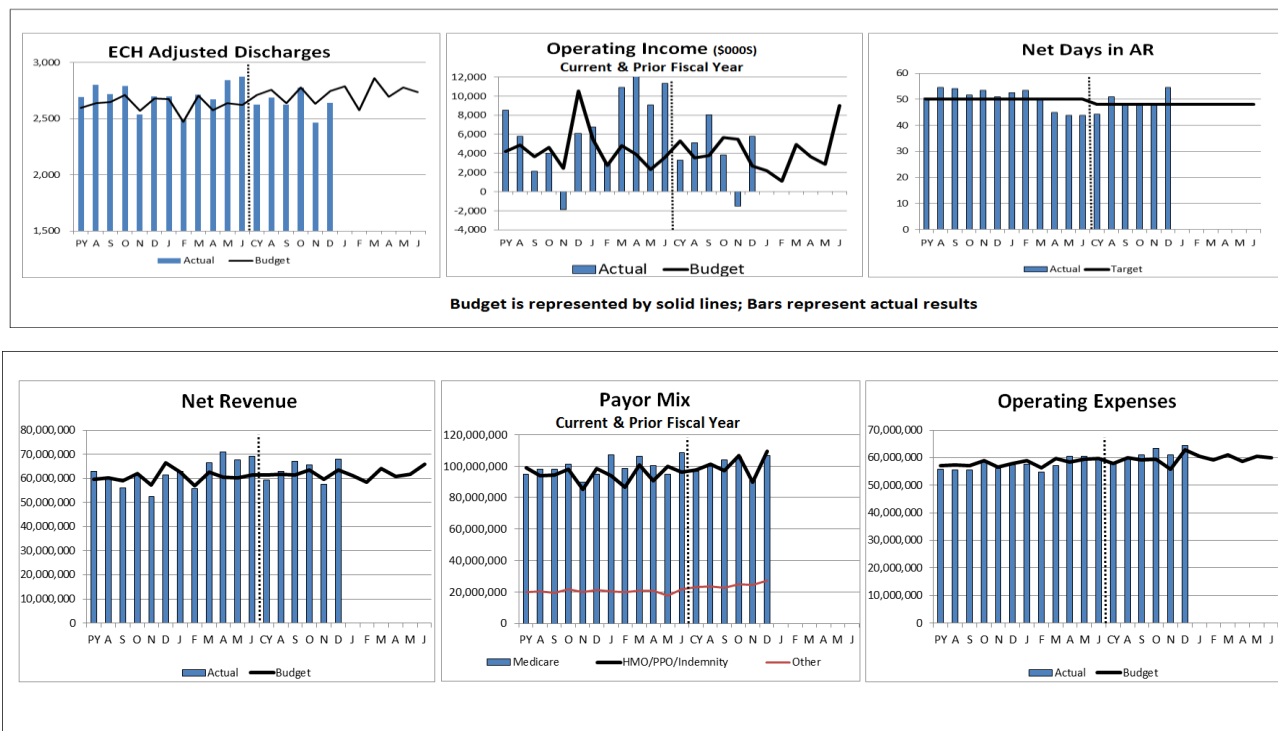
Operating margin is \$3 million favorable for the month due to higher volume and improved productivity. Margin for the year is \$2 million unfavorable primarily due to pharmacy and surgical medical supply expenses, and EPIC related expenses in labor and training.

Non-Operating Margin:

Non operating income is \$28.3 million behind target primarily due to \$12.2 million in investment loss. Our cash position remains strong allowing a long term investment strategy.

Net Days in AR:

In December, receivables increased \$12.3 million from November. Net days in A/R increased to 54.6 due EPIC conversion.

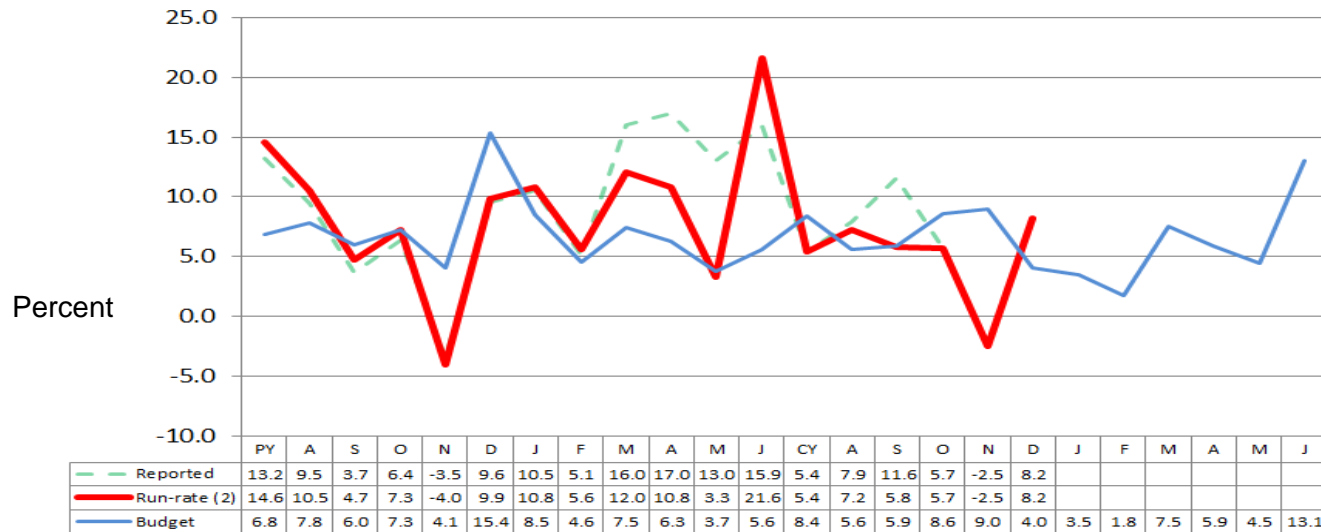


Non-Labor Expenses:

Supplies are high primarily due to pharmacy and surgical supplies. EPIC training makes up -\$3.0 million year to date variance for other general and administrative expenses. Depreciation is higher due to completion of the data center project and accelerated depreciation on the old hospital that will be demolished to build the iMOB.

ECH Operating Margin

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



FY 2016 Actual Run Rate Adjustments (in thousands)													
		J	A	S	O	N	D	J	F	M	A	M	J
Revenue Adjustments	RAC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Cost Reports Settlements	-\$49	-\$569	-\$616	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	IGT-Inter Government Transfer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Insurance Overpayment Released	\$0	\$0	-\$4,913	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total	-\$49	-\$569	-\$5,530	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expense Adjustments	Pay-For-Performance Bonus	\$76	\$69	\$1,183	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total	\$76	\$69	\$1,183	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

- No revenue/expense adjustments for December.

Summary of Financial Results

\$ in Thousands

	Period 6 - Month			Period 6 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	6,722	2,091	4,631	12,278	22,032	(9,754)
Los Gatos	(953)	554	(1,507)	12,289	4,351	7,938
Sub Total - El Camino Hospital, excl. Affiliates	5,769	2,645	3,124	24,567	26,383	(1,816)
Operating Margin %	8.2%	4.0%		6.3%	6.9%	
El Camino Hospital Non Operating Income						
Investments	(4,475)	2,298	(6,773)	(12,232)	13,786	(26,018)
Swap Adjustments	394	0	394	(753)	0	(753)
Community Benefit	(62)	(233)	172	(1,510)	(1,400)	(110)
Other	(726)	(204)	(522)	(2,667)	(1,225)	(1,442)
Sub Total - Non Operating Income	(4,869)	1,860	(6,729)	(17,162)	11,161	(28,323)
El Camino Hospital Net Income (Loss)	901	4,505	(3,605)	7,405	37,544	(30,140)
ECH Net Margin %	1.3%	6.9%		1.9%	9.8%	
Concern	(8)	(12)	4	1,115	(12)	1,126
ECSC	5	0	5	16	0	16
Foundation	(185)	56	(241)	(66)	724	(790)
Silicon Valley Medical Development	(2)	0	(2)	(10)	0	(10)
Net Income Hospital Affiliates	(190)	44	(234)	1,055	712	343
Total Net Income Hospital & Affiliates	711	4,549	(3,838)	8,459	38,256	(29,797)

Actual to Budget Variance for hospital affiliates primarily due to drug, medical supplies, and EPIC labor/training expenses offset by unrealized gain.

ECH Volume Statistics ⁽¹⁾

ECH COMBINED

Discharges ⁽²⁾

ADC ⁽²⁾

Deliveries

ED Visits

Surgical Cases

Month of Dec, 2015		
Act	Bud	Var
1,594	1,617	-1.4%
246	245	0.1%
410	414	-0.9%
4,927	5,135	-4.1%
948	979	-3.2%

Year to Date			Prior Year	
Act	Bud	Var	Act	Var%
9,244	9,552	-3.2%	9,451	-2.2%
234	238	-1.7%	237	-1.1%
2,377	2,602	-8.6%	2,646	-10.2%
29,463	29,825	-1.2%	29,455	0.0%
5,459	5,607	-2.6%	5,504	-0.8%

Discharges ⁽²⁾

ADC ⁽²⁾

Deliveries

ED Visits

Surgical Cases

Month of Dec, 2015		
Act	Bud	Var%
1,323	1,322	0.1%
204	200	1.8%
361	357	1.0%
3,897	4,103	-5.0%
587	608	-3.4%

MOUNTAIN VIEW

Year to Date			Prior Year	
Act	Bud	Var%	Act	Var%
7,567	7,817	-3.2%	7,743	-2.3%
192	194	-0.9%	193	-0.2%
2,041	2,249	-9.2%	2,276	-10.3%
23,420	23,829	-1.7%	23,520	-0.4%
3,349	3,482	-3.8%	3,356	-0.2%

Discharges ⁽²⁾

ADC ⁽²⁾

Deliveries

ED Visits

Surgical Cases

Month of Dec, 2015		
Act	Bud	Var
271	295	-8.1%
42	45	-7.2%
49	56	-12.7%
1,030	1,032	-0.2%
361	371	-2.7%

LOS GATOS

Year to Date			Prior Year	
Act	Bud	Var	Act	Var%
1,677	1,735	-3.3%	1,708	-1.8%
42	44	-4.8%	44	-4.7%
336	353	-4.8%	370	-9.2%
6,043	5,995	0.8%	5,935	1.8%
2,110	2,125	-0.7%	2,148	-1.8%

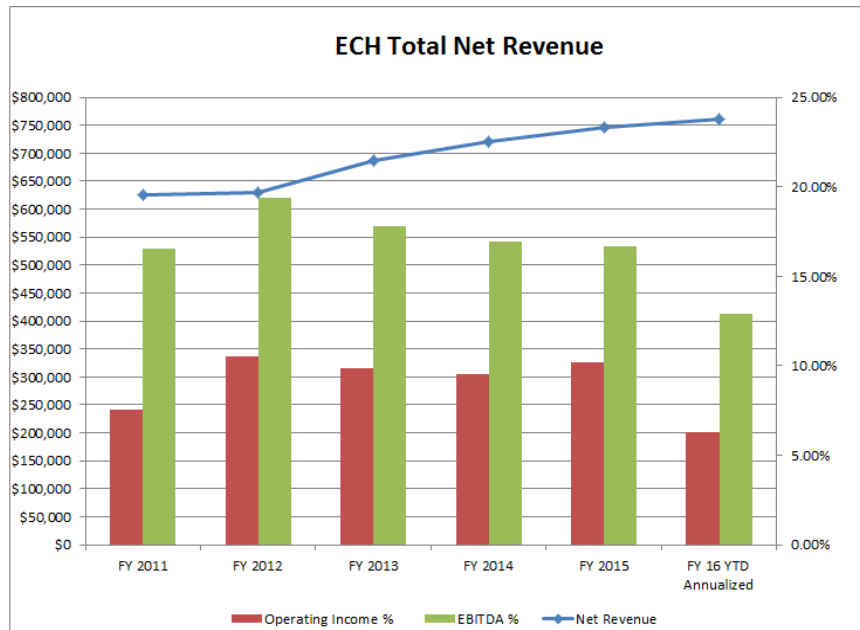
⁽¹⁾ Hospital entity only, excludes controlled affiliates

⁽²⁾ Excludes normal newborns, includes discharges from L&D

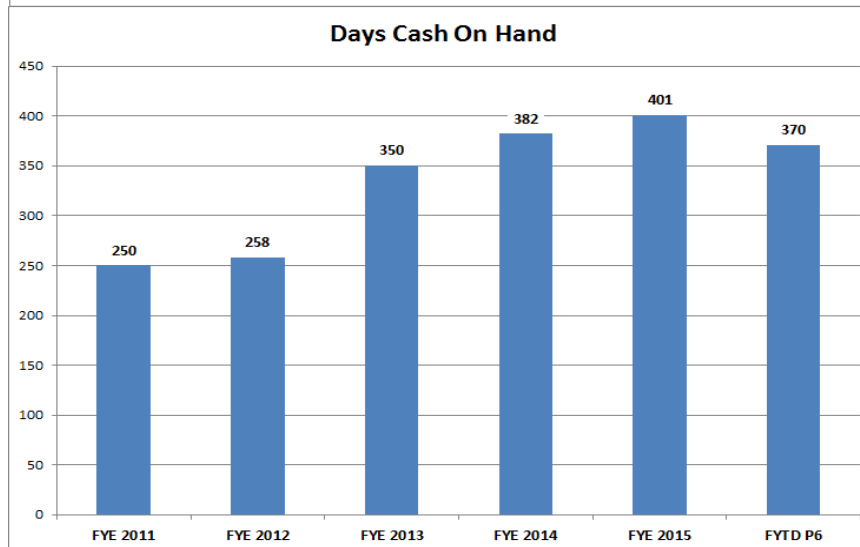
El Camino Hospital Financial Metrics Trend ⁽¹⁾

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Revenue growth remains strong but pharmacy drug and EPIC related costs are driving down 2016 margin



Cash position remains strong with a \$12.2 million investment loss

⁽¹⁾ Hospital entity only, excludes controlled affiliates

Key Hospital Indicators⁽¹⁾

Statistic	FYE 2013	FYE 2014	FYE 2015	FYTD 2016	Annual Target (2)	+/-
Operating Margin	9.9%	9.5%	10.2%	6.3%	6.5%	
EBITDA Margin	17.8%	16.9%	16.7%	12.9%	13.3%	
Days of Cash	350	382	401	370	262	
Debt Service Coverage Ratio (MADS)	7.9	9.5	8.9	7.7	4.8	
Debt to Capitalization	14.0%	12.6%	13.6%	14.2%	29.4%	
Net AR Days	48.3	50.9	43.6	54.6	48.0	
In Patient Operating Margin	-1.1%	-3.2%	-4.5%	-13.6%	-1.0%	
Out Patient Operating Margin	25.9%	25.2%	28.1%	24.4%	25.0%	

⁽¹⁾ Hospital Only - Excludes Affiliates

⁽²⁾ Due to timing of month end costing, In Patient and Out Patient Operating Margin % for FYTD 2016 are one month in arrears

⁽³⁾ Target source: Annual Budget for Operating Margin and EBITDA Margin

Target source: S&P 2014 A Rated Stand-Alone Hospital Median Ratios (last published 9/9/2015)

*Prior Year numbers represent full year

Tracking Smart Growth

COMBINED CAMPUS					Result away from Goal
	FY15 Year to Date	FY16 Year to Date	Change	Annual Goal	
Inpatient Discharges	9,451	9,244	(207)	300	(507)
Surgical Outpatient Cases (incl Litho)	3,272	3,156	(116)	290	(406)
Endo Outpatient procedures	1,462	1,276	(186)	0	(186)
Outpatient Interventional Cases	941	937	(4)	10	(14)
Total Case Volume	15,126	14,613	(513)	600	(1,113)
NEW Physician Volume		153	153		
Pre-Existing Physician Volume	15,126	14,460	(666)		
# New Physicians*		3		15	

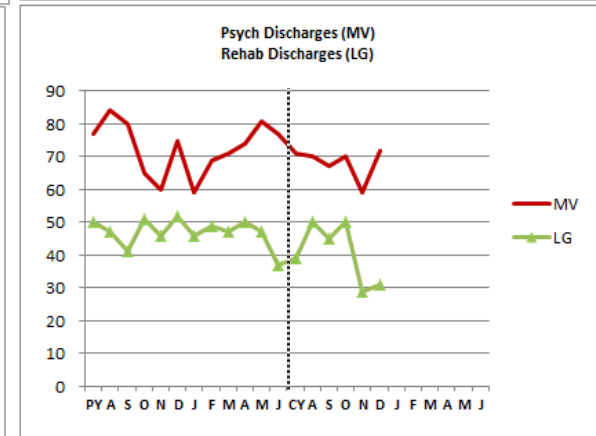
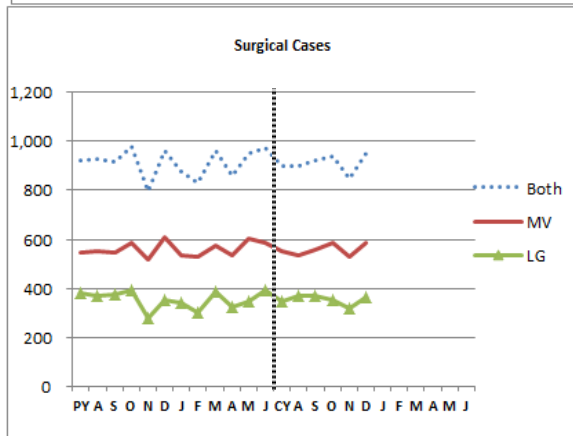
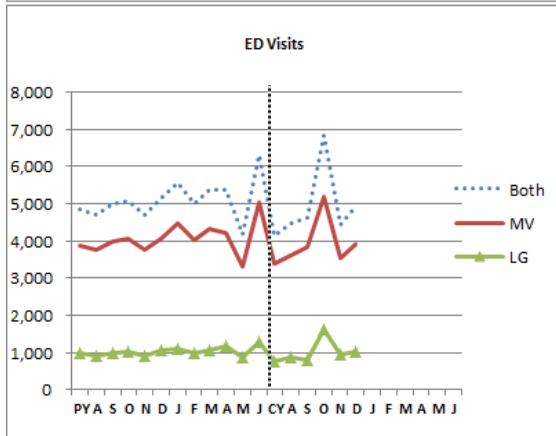
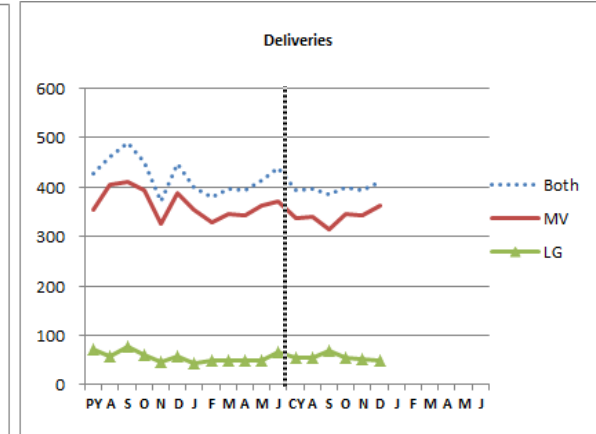
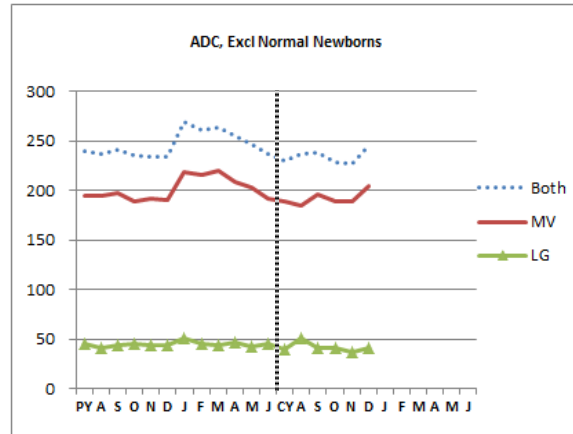
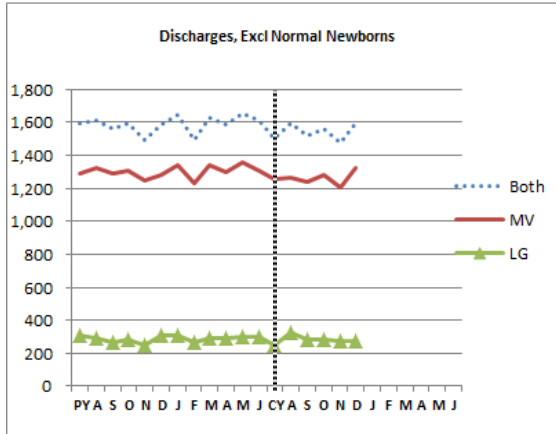
* New Physicians: MDs with 20% or more inpatient or procedural (above definition) cases (at least 10) and/or New PCP (OB, Internal Med, Fam Prac)

Mountain View Campus			
	FY15 Year to Date	FY16 Year to Date	Change
Inpatient Discharges	7,743	7,567	(176)
Surgical Outpatient Cases (incl Litho)	1,702	1,688	(14)
Endo Outpatient procedures	1,352	1,198	(154)
Outpatient Interventional Cases	933	930	(3)
Total Case Volume	11,730	11,383	(347)

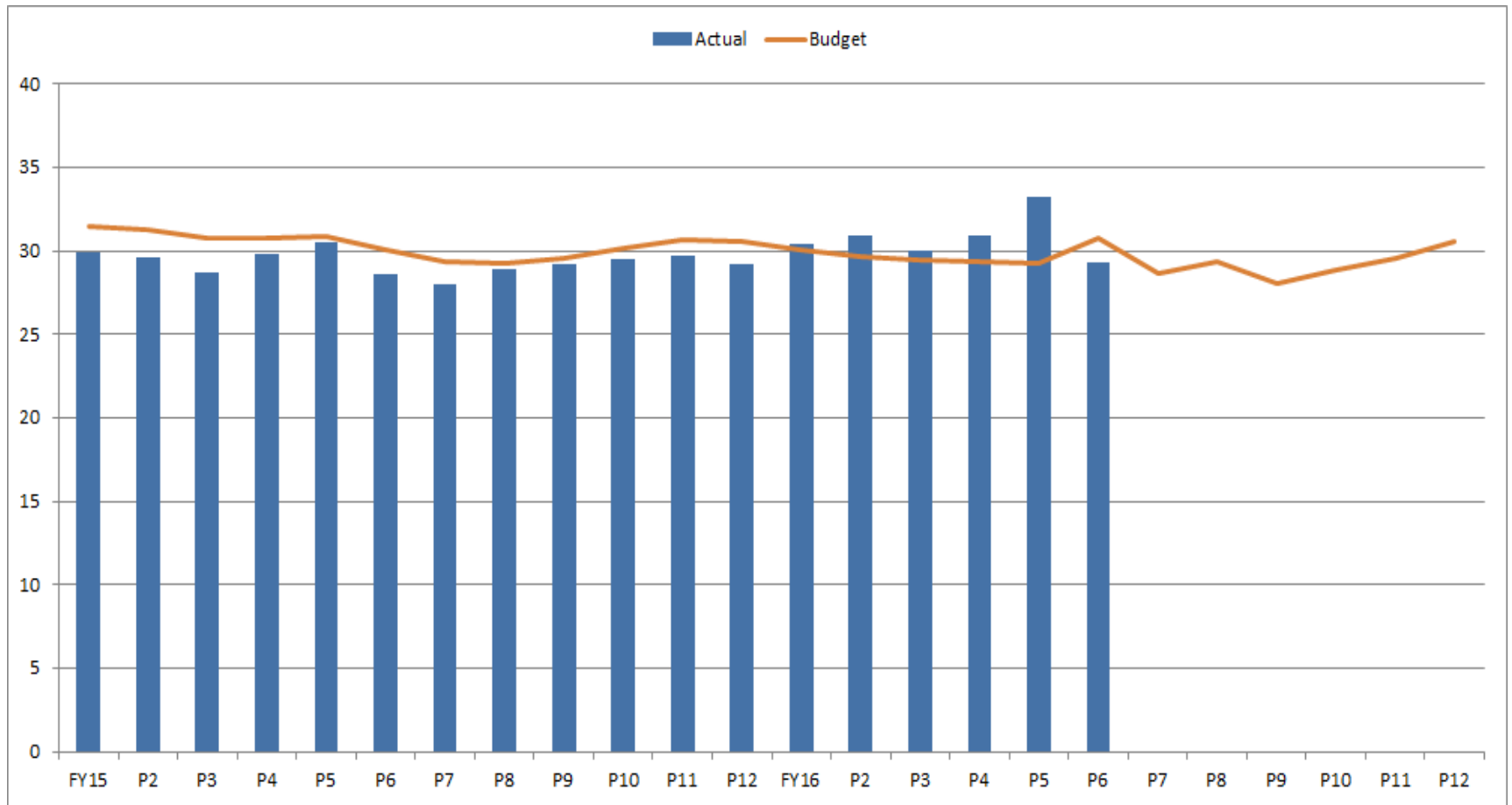
Los Gatos Campus			
	FY15 Year to Date	FY16 Year to Date	Change
Inpatient Discharges	1,708	1,677	(31)
Surgical Outpatient Cases (incl Litho)	1,570	1,468	(102)
Endo Outpatient procedures	110	78	(32)
Outpatient Interventional Cases	8	7	(1)
Total Case Volume	3,396	3,230	(166)

APPENDIX

El Camino Hospital Volume Trends Prior and Current Fiscal Years



Worked Hours per Adjusted Patient Day

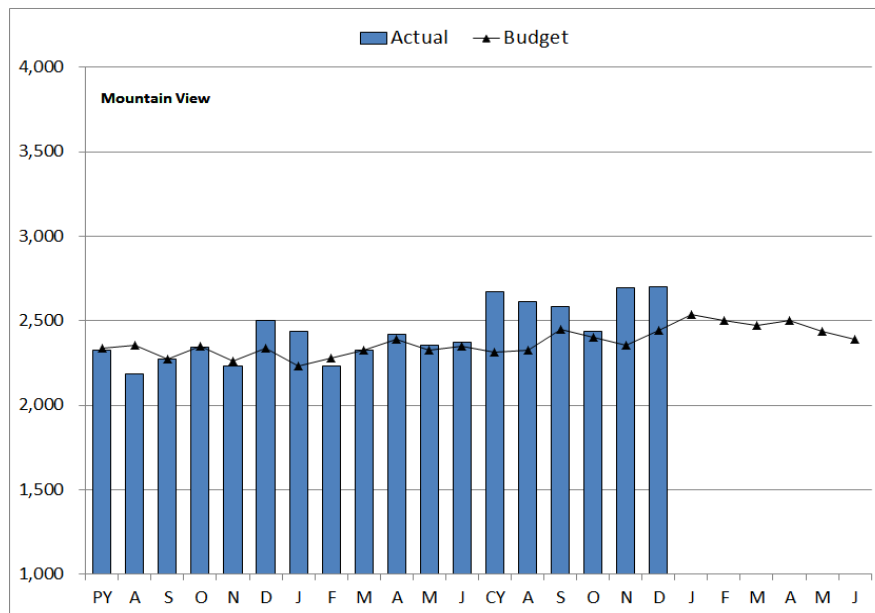


Worked Hours per Adjusted Patient Day: Worked hours are favorable to budget for the new fiscal year.

Supply Cost per CMI Adjusted Discharges ⁽¹⁾

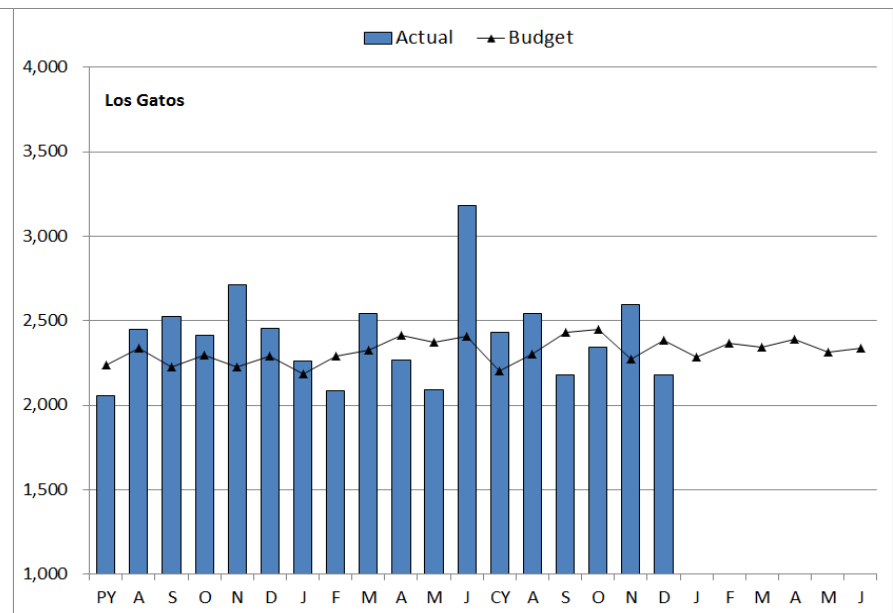
YTD: 9.8% over budget

Mountain View



YTD: 1.6% over budget

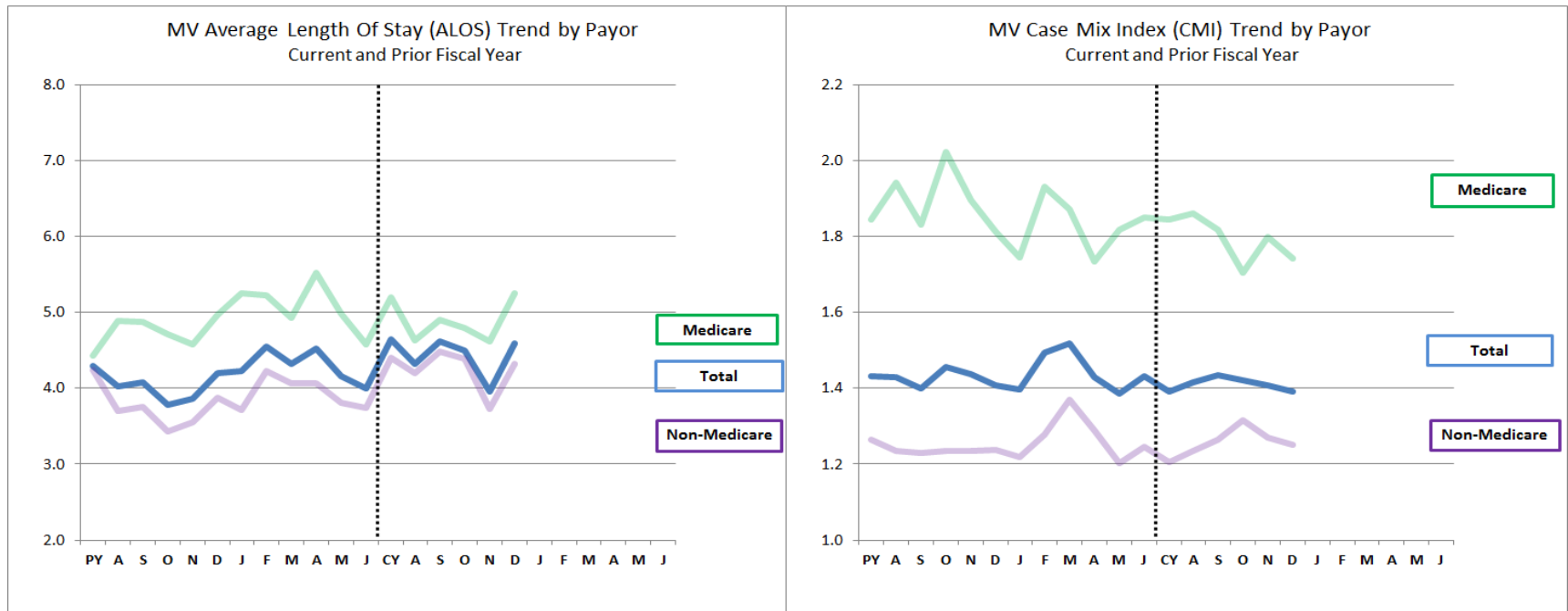
Los Gatos



Continued high cost in December related to pharmacy and general surgery supplies.

⁽¹⁾ Hospital entity only, excludes controlled affiliates

Mountain View LOS & CMI Trend⁽¹⁾



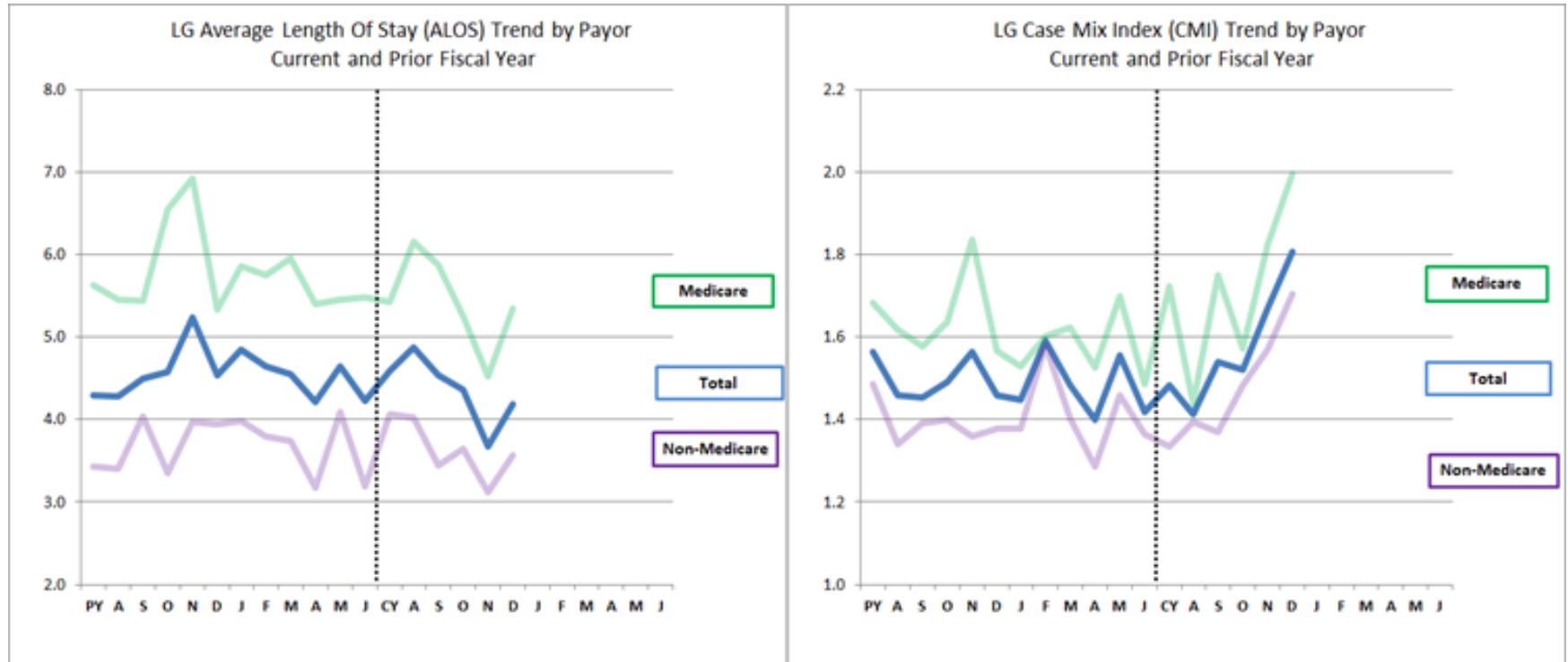
- Medicare: Due to DRG reimbursement, financial results usually improve with decreased LOS and increased CMI
- Non-Medicare: Reimbursement varies; financial results usually improve when both LOS & CMI increase

Length of stay has a sharp upward trend while CMI remains relatively flat .

⁽¹⁾ Hospital entity only, excludes controlled affiliates

All data excludes normal newborns (MS-DRG=795), Medicare data excludes Medicare HMOs and PPOs

Los Gatos LOS & CMI Trend⁽¹⁾



- Medicare: Due to DRG reimbursement, financial results usually improve with decreased LOS and increased CMI
- Non-Medicare: Reimbursement varies; financial results usually improve when both LOS & CMI increase

The Los Gatos Medicare caseload shows a sharp increase in length of stay and increasing case complexity. The non-Medicare caseload also shows an upward trend in length of stay. The small campus is impacted by relatively slight shifts in surgical volume.

⁽¹⁾ Hospital entity only, excludes controlled affiliates

All data excludes normal newborns (MS-DRG=795), Medicare data excludes Medicare HMOs and PPOs

El Camino Hospital⁽¹⁾

Results from Operations vs. Prior Year
6 months ending 12/31/2015

\$000s	FY 2016	FY 2015	Variance Fav (Unfav)	Var%
OPERATING REVENUE:				
Gross Revenue	1,351,701	1,268,583	83,118	6.6%
Deductions	(971,430)	(914,831)	(56,598)	6.2%
Net Patient Revenue	380,271	353,752	26,519	7.5%
Other Operating Revenue	11,927	9,949	1,977	19.9%
Total Operating Revenue	392,198	363,702	28,496	7.8%
OPERATING EXPENSE:				
Salaries & Wages	213,330	201,685	(11,645)	-5.8%
Supplies	58,356	54,447	(3,909)	-7.2%
Fees & Purchased Services	43,106	37,577	(5,529)	-14.7%
Other Operating Expense	52,840	45,356	(7,483)	-16.5%
Total Operating Expense	367,631	339,066	(28,566)	-8.4%
Net Operating Income/(Loss)	24,567	24,636	(69)	-0.3%
Non Operating Income	(17,162)	1,253	(18,415)	-1469.8%
Net Income(Loss)	7,405	25,889	(18,484)	-71.4%
 Collection Rate	 28.1%	 27.9%	 0.2%	
Operating Margin	6.3%	6.8%	-0.5%	
Net Margin	1.9%	7.1%	-5.2%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital – Mountain View⁽¹⁾

Results from Operations vs. Prior Year
6 months ending 12/31/2015

\$000s	FY 2016	FY 2015	Variance Fav (Unfav)	Var%
OPERATING REVENUE:				
Gross Revenue	1,100,090	1,035,622	64,468	6.2%
Deductions	(797,708)	(750,802)	(46,906)	6.2%
Net Patient Revenue	302,382	284,820	17,562	6.2%
Other Operating Revenue	10,682	8,883	1,799	20.2%
Total Operating Revenue	313,064	293,703	19,361	6.6%
OPERATING EXPENSE:				
Salaries & Wages	177,629	167,350	(10,279)	-6.1%
Supplies	47,830	43,921	(3,909)	-8.9%
Fees & Purchased Services	35,153	30,123	(5,030)	-16.7%
Other Operating Expense	40,175	35,175	(5,000)	-14.2%
Total Operating Expense	300,786	276,568	(24,218)	-8.8%
Net Operating Income/(Loss)	12,278	17,135	(4,857)	-28.3%
Non Operating Income	(17,162)	1,253	(18,415)	-1469.8%
Net Income(Loss)	(4,885)	18,388	(23,273)	-126.6%
 Collection Rate	 27.5%	 27.5%	 0.0%	
Operating Margin	3.9%	5.8%	-1.9%	
Net Margin	-1.6%	6.3%	-7.8%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital – Los Gatos⁽¹⁾

Results from Operations vs. Prior Year
6 months ending 12/31/2015

\$000s	FY 2016	FY 2015	Variance Fav (Unfav)	Var%
OPERATING REVENUE:				
Gross Revenue	251,611	232,962	18,650	8.0%
Deductions	(173,722)	(164,029)	(9,693)	5.9%
Net Patient Revenue	77,890	68,933	8,957	13.0%
Other Operating Revenue	1,244	1,066	179	16.8%
Total Operating Revenue	79,134	69,998	9,136	13.1%
OPERATING EXPENSE:				
Salaries & Wages	35,701	34,335	(1,366)	-4.0%
Supplies	10,526	10,526	(0)	0.0%
Fees & Purchased Services	7,953	7,454	(499)	-6.7%
Other Operating Expense	12,664	10,182	(2,483)	-24.4%
Total Operating Expense	66,845	62,497	(4,347)	-7.0%
Net Operating Income/(Loss)	12,289	7,501	4,788	63.8%
Non Operating Income	0	0	0	0.0%
Net Income(Loss)	12,289	7,501	4,788	63.8%
 Collection Rate	 31.0%	 29.6%	 1.4%	
Operating Margin	15.5%	10.7%	4.8%	
Net Margin	15.5%	10.7%	4.8%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital⁽¹⁾

Results from Operations vs. Budget
6 months ending 12/31/2015

\$000s	FY 2016	Budget 2016	Variance Fav (Unfav)	Var%
OPERATING REVENUE:				
Gross Revenue	1,351,701	1,343,279	8,422	0.6%
Deductions	(971,430)	(971,807)	378	0.0%
Net Patient Revenue	380,271	371,472	8,800	2.4%
Other Operating Revenue	11,927	10,341	1,585	15.3%
Total Operating Revenue	392,198	381,813	10,385	2.7%
OPERATING EXPENSE:				
Salaries & Wages	213,330	212,895	(435)	-0.2%
Supplies	58,356	55,572	(2,784)	-5.0%
Fees & Purchased Services	43,106	41,655	(1,451)	-3.5%
Other Operating Expense	52,840	45,307	(7,532)	-16.6%
Total Operating Expense	367,631	355,430	(12,201)	-3.4%
Net Operating Income/(Loss)	24,567	26,383	(1,816)	-6.9%
Non Operating Income	(17,162)	11,161	(28,323)	-253.8%
Net Income(Loss)	7,405	37,544	(30,140)	-80.3%
Collection Rate	28.1%	27.7%	0.5%	
Operating Margin	6.3%	6.9%	-0.6%	
Net Margin	1.9%	9.8%	-7.9%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital – Mountain View⁽¹⁾

Results from Operations vs. Budget
6 months ending 12/31/2015

\$000s	FY 2016	Budget 2016	Variance Fav (Unfav)	Var%
OPERATING REVENUE:				
Gross Revenue	1,100,090	1,099,593	497	0.0%
Deductions	(797,708)	(798,458)	750	-0.1%
Net Patient Revenue	302,382	301,135	1,247	0.4%
Other Operating Revenue	10,682	9,211	1,471	16.0%
Total Operating Revenue	313,064	310,346	2,718	0.9%
OPERATING EXPENSE:				
Salaries & Wages	177,629	176,756	(873)	-0.5%
Supplies	47,830	45,182	(2,647)	-5.9%
Fees & Purchased Services	35,153	33,524	(1,628)	-4.9%
Other Operating Expense	40,175	32,852	(7,323)	-22.3%
Total Operating Expense	300,786	288,314	(12,472)	-4.3%
Net Operating Income/(Loss)	12,278	22,032	(9,754)	-44.3%
Non Operating Income	(17,162)	11,161	(28,323)	-253.8%
Net Income(Loss)	(4,885)	33,193	(38,078)	-114.7%
 Collection Rate	 27.5%	 27.4%	 0.1%	
Operating Margin	3.9%	7.1%	-3.2%	
Net Margin	-1.6%	10.7%	-12.3%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital – Los Gatos⁽¹⁾

Results from Operations vs. Budget
6 months ending 12/31/2015

\$000s	FY 2016	Budget 2016	Variance Fav (Unfav)	Var%
OPERATING REVENUE:				
Gross Revenue	251,611	243,686	7,925	3.3%
Deductions	(173,722)	(173,349)	(372)	0.2%
Net Patient Revenue	77,890	70,337	7,553	10.7%
Other Operating Revenue	1,244	1,130	114	10.1%
Total Operating Revenue	79,134	71,467	7,667	10.7%
OPERATING EXPENSE:				
Salaries & Wages	35,701	36,139	438	1.2%
Supplies	10,526	10,390	(136)	-1.3%
Fees & Purchased Services	7,953	8,131	178	2.2%
Other Operating Expense	12,664	12,455	(209)	-1.7%
Total Operating Expense	66,845	67,116	271	0.4%
Net Operating Income/(Loss)	12,289	4,351	7,938	182.4%
Non Operating Income	0	0	0	0.0%
Net Income(Loss)	12,289	4,351	7,938	182.4%
 Collection Rate	 31.0%	 28.9%	 2.1%	
Operating Margin	15.5%	6.1%	9.4%	
Net Margin	15.5%	6.1%	9.4%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital⁽¹⁾

Balance Sheet (\$ Thousands)

ASSETS

	December 31, 2015	Audited June 30, 2015
CURRENT ASSETS		
Cash	50,682	55,224
Short Term Investments	122,850	145,027
Patient Accounts Receivable, net	110,455	95,737
Other Accounts and Notes Receivable	2,617	2,378
Intercompany Receivables	1,161	1,595
Inventories and Prepaids	46,236	44,055
Total Current Assets	334,001	344,016
BOARD DESIGNATED ASSETS		
Plant & Equipment Fund	121,408	117,965
Operational Reserve Fund	100,196	100,196
Community Benefit Fund	13,193	2,085
Workers Compensation Reserve Fund	25,951	24,719
Postretirement Health/Life Reserve Fund	18,027	17,197
PTO Liability Fund	23,577	22,212
Malpractice Reserve Fund	1,800	1,800
Catastrophic Reserves Fund	13,732	14,150
Total Board Designated Assets	317,884	300,324
FUNDS HELD BY TRUSTEE	34,878	37,676
LONG TERM INVESTMENTS	201,938	207,290
INVESTMENTS IN AFFILIATES	31,088	31,808
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,152,850	1,077,951
Less: Accumulated Depreciation	(493,824)	(473,920)
Construction in Progress	33,725	82,506
Property, Plant & Equipment - Net	692,751	686,537
DEFERRED OUTFLOWS	24,918	25,218
RESTRICTED ASSETS - CASH	(1)	5
TOTAL ASSETS	1,637,458	1,632,874

LIABILITIES AND FUND BALANCE

	December 31, 2015	Audited June 30, 2015
CURRENT LIABILITIES		
Accounts Payable	22,870	30,142
Salaries and Related Liabilities	25,144	20,812
Accrued PTO	23,577	22,212
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	14,499	20,253
Intercompany Payables	72	108
Malpractice Reserves	1,800	1,800
Bonds Payable - Current	5,475	5,475
Bond Interest Payable	3,402	1,711
Other Liabilities	3,245	3,111
Total Current Liabilities	102,385	107,925
LONG TERM LIABILITIES		
Post Retirement Benefits	18,027	17,197
Worker's Comp Reserve	23,651	22,419
Other L/T Obligation (Asbestos)	3,584	3,531
Other L/T Liabilities (IT/Medl Leases)	-	7,102
Bond Payable	229,601	222,446
Total Long Term Liabilities	274,863	272,696
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	942,326	951,924
Board Designated	317,884	300,324
Restricted	(1)	5
Total Fund Bal & Capital Accts	1,260,209	1,252,254
TOTAL LIABILITIES AND FUND BALANCE	1,637,458	1,632,874

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital

Capital Spending (in millions)

Category	Detail	Approved	Total		Spent from Inception	FY 16 Proj		FY 16 Remaining
			Total Estimated Cost of Project	Authorized Active		Spend	FY 16 YTD Spent	
CIP	EPIC Installation			73.8	51.7	35.9	15.5	20.4
	IT Hardware, Software, Equipment*			6.9		6.9	2.2	4.7
	Medical & Non Medical Equipment			12.6		12.6	3.0	9.6
	Facility Projects							
	0908 NPCR3 Seismic Upgrades	FY12	6.7	6.7	5.0	0.2	0.2	0.0
	0907 LG Imaging Masterplan	FY12	0.0	3.1	2.8	0.0	0.0	0.0
	0906 Slot Build-Out	FY13	0.0	19.0	18.7	1.2	1.2	0.0
	1307 LG Upgrades	FY13	15.5	13.0	8.7	9.5	1.9	7.6
	1219 LG Spine OR	FY13	4.1	4.1	0.6	4.1	0.0	4.1
	1400 Oak Pavilion Cancer Ctr TI	FY14	0.0	5.9	5.8	0.4	0.4	0.0
	1414 Integrated MOB	FY15	232.0	28.0	6.4	13.7	3.8	9.9
	1413 North Drive Parking Expansion	FY15	15.0	3.0	0.9	2.2	0.7	1.5
	1245 Behavioral Health Bldg	FY16	62.5	9.0	6.1	4.5	0.7	3.8
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	6.8	0.0	0.0	1.6	0.0	1.6
	1313/1224 LG Rehab HVAC System & Structural	FY16	3.7	3.7	0.1	3.4	0.1	3.3
	1502 Cabling & Wireless Upgrades	FY16	2.5	2.8	1.0	2.2	1.0	1.2
	1425 IMOB Preparation Project - Old Main	FY16	2.3	0.5	0.0	1.0	0.0	1.0
	1430 Women's Hospital Expansion	FY16	91.0	0.0	0.0	1.5	0.0	1.5
	1422 CUP Upgrade	FY16	4.0	1.5	0.5	2.9	0.4	2.5
	1503 Willow Pavilion Tomosynthesis	FY16	0.3	1.3	0.0	0.3	0.0	0.3
	1519/1314 LG Electrical Systems Upgrade	FY16	1.2	0.0	0.0	0.0	0.0	0.0
	1347 LG Central Sterile Upgrades	FY15	3.7	0.2	0.2	1.2	0.0	1.2
	1508 LG NICU 4 Bed Expansion	FY16	7.0	0.0	0.0	0.5	0.0	0.5
	1520 Facilities Planning Allowance	FY16	1.0	0.0	0.0	1.0	0.0	1.0
	Land Acquisition Approved in 12/15	FY16	24.1	24.1	0.0	24.1	0.0	24.1
	All Other Projects under \$1M		9.5	5.8	2.4	7.5	0.6	6.9
			492.9	131.7	59.2	83.1	10.9	72.1
GRAND TOTAL				225.0		138.5	31.6	106.9
Forecast at start of fiscal year						125.8		

El Camino Hospital Capital Spending (in thousands) FY 2011 – FY 2015

Category	2011	2012	2013	2014	2015
IT Hardware/Software Equipment	3,544	7,289	8,019	2,788	4,660
Medical/Non Medical Equipment	6,632	11,203	10,284	12,891	13,340
Non CIP Land, Land I, BLDG, Additions	2,518	7,311	0	22,292	0
Facilities Projects CIP					
0101 - Hosp Replace	232	313	0	0	0
0317 - Melchor TI's	925	117	0	0	0
0701 - Cyberknife	735	0	0	0	0
0704 - 1 South Upgrade	0	2	0	0	0
0802 - Willow Pavillion Upgrades	7	0	0	0	0
0805 - Women's Hospital Finishes	51	0	0	0	0
0809 - Hosp Renovations	262	0	0	0	0
0815 - Orc Pav Water Heater	29	0	0	0	0
0816 - Hospital Signage	41	0	0	0	0
0904 - LG Facilities Upgrade	254	41	2	0	0
0907 - LG Imaging Masterplan	0	162	244	774	1,402
1000 - LG Rehab Building	258	0	0	0	0
1104 - New Main CDU TV's	124	0	0	0	0
9900 - Unassigned Costs	921	279	734	470	3,717
0803 - Park Pav Foundation	207	270	0	0	0
1005 - LG OR Light Upgrd	89	108	14	0	0
1101 - Melchor Pavilion - Genomics	15	0	0	0	0
1102 - LG Joint Hotel	359	657	0	0	0
1106 - SHC Project	0	2,245	0	0	0
1108 - Cooling Towers	4	932	450	0	0
1115 - Womens Hosp TI's	0	50	0	0	0
1118 - Park Pav Roto Care	0	119	0	0	0
1120 - BHS Out Patient TI's	0	472	66	0	0
1122 - LG Sleep Studies	0	147	7	0	0
1129 - Old Main Card Rehab	0	400	9	0	0
0817 - Womens Hosp Upgrds	132	1,242	645	1	0
0906 - Slot Build-Out	0	0	1,003	1,576	15,101
1107 - Boiler Replacement	0	49	0	0	0
1109 - New Main Upgrades	0	589	423	393	2
1111 - Mom/Baby Overflow	0	267	212	29	0
1129 - Cardiac Rehab Improv	0	0	0	0	0
1132 - Pneumatic Tube Prj	0	78	0	0	0
1204 - Elevator Upgrades	0	24	25	30	0
1210 - Los Gatos VOIP	0	1	147	89	0
0800 - Womens L&D Expansion	27	129	2,104	1,531	269
1116 - LG Ortho Pavillion	0	44	177	24	21
1124 - LG Rehab BLDG	0	11	49	458	0
1128 - LG Boiler Replacement	0	3	0	0	0
1131 - MV Equipment Replace	0	190	216	0	0
1135 - Park Pavilion HVAC	0	47	0	0	0
1208 - Willow Pav. High Risk	0	0	110	0	0
1213 - LG Sterilizers	0	0	102	0	0
1225 - Rehab BLDG Roofing	0	0	7	241	4
1227 - New Main eICU	0	0	96	21	0
1230 - Fog Shop	0	0	339	80	0
1247 - LG Infant Security	0	0	134	0	0
1307 - LG Upgrades	0	0	376	2,979	3,282
1308 - LG Infrastructure	0	0	0	114	0
1315 - 205 So. Drive TI's	0	0	0	500	2
0908 - NPCR3 Seismic Upgrds	0	554	1,302	1,224	1,328

Category	2011	2012	2013	2014	2015
Facilities Projects CIP cont.					
1125 - Will Pav Fire Sprinkler	0	9	57	39	0
1211 - SIS Monitor Install	0	0	215	0	0
1216 - New Main Process Imp Office	0	0	19	1	16
1217 - MV Campus MEP Upgrades FY13	0	0	0	181	274
1219 - LG Spine OR	0	0	0	214	323
1221 - LG Kitchen Refrig	0	0	0	85	0
1224 - Rehab Bldg HVAC Upgrades	0	0	11	202	81
1245 - Behavioral Health Bldg Replace	0	0	0	1,257	3,775
1248 - LG - CT Upgrades	0	0	0	26	345
1249 - LG Mobile Imaging	0	0	0	146	0
1301 - Desktop Virtual	0	0	0	13	0
1304 - Rehab Wander Mgmt	0	0	0	87	0
1310 - Melchor Cancer Center Expansion	0	0	0	44	13
1318 - Women's Hospital TI	0	0	0	48	48
1327 - Rehab Building Upgrades	0	0	0	0	15
1320 - 2500 Hosp Dr Roofing	0	0	0	75	81
1328 - LG Ortho Canopy FY14	0	0	0	255	209
1340 - New Main ED Exam Room TVs	0	0	0	8	193
1341 - New Main Admin	0	0	0	32	103
1344 - New Main AV Upgrd	0	0	0	243	0
1345 - LG Lab HVAC	0	0	0	112	0
1346 - LG OR 5, 6, and 7 Lights Replace	0	0	0	0	285
1347 - LG Central Sterile Upgrades	0	0	0	0	181
1400 - Oak Pav Cancer Center	0	0	0	0	5,208
1403 - Hosp Drive BLDG 11 TI's	0	0	0	86	103
1404 - Park Pav HVAC	0	0	0	64	7
1408 - New Main Accessibility Upgrades	0	0	0	0	7
1413 - North Drive Parking Structure Exp	0	0	0	0	167
1414 - Integrated MOB	0	0	0	0	2,009
1421 - LG MOB Improvements	0	0	0	0	198
1429 - 2500 Hospital Dr Bldg 8 TI	0	0	0	0	101
1432 - 205 South Dr BHS TI	0	0	0	0	8
1501 - Women's Hospital NPC Comp	0	0	0	0	4
1504 - Equipment Support Infrastructure	0	0	0	0	61
Subtotal Facilities Projects CIP	4,674	9,553	9,294	13,753	38,940
Grand Total	17,368	35,357	27,598	51,723	56,940
Forecast at Beginning of year		47,138	49,399	47,300	65,420

FY2016 Pacing Plan

**PACING PLAN - FINANCE COMMITTEE
FY 2016**

FY2016: Q1		
JULY 2015	AUGUST 3, 2015 MEETING	SEPTEMBER 28, 2015 MEETING
	<ul style="list-style-type: none"> • Standard items • Review of MV master facility plan 	<ul style="list-style-type: none"> • Standard items • Review/recommend multi-year financial plan • Review Service Line Performance
FY2016: Q2		
NOVEMBER 4, 2015	NOVEMBER 30, 2015 MEETING	DECEMBER 2015
<ul style="list-style-type: none"> • BOD and Committee Educational Gathering 	<ul style="list-style-type: none"> • Standard items • Review results of Premier Assessment • Discuss presentation on evaluation of 2nd round of bond insurance • Update on Long Term Financial Forecast 	
FY2016: Q3		
JANUARY 15, 2016 MEETING	MARCH 23, 2016	MARCH 30, 2016 MEETING
<ul style="list-style-type: none"> ▪ Joint Meeting with Investment Committee ▪ Standard Items ▪ Review prelim budget assumptions • Development of KPIs for outpatient services • Update on capital projects in progress that exceed \$2.5M 	<ul style="list-style-type: none"> ▪ BOD and Committee Educational Gathering 	<ul style="list-style-type: none"> ▪ Standard Items ▪ Review budget status ▪ Discuss FY17 corporate goals ▪ Discuss FY 17 committee goals
FY2016: Q4		
APRIL 2016	MAY 31, 2016 MEETING	JUNE 2016
	<ul style="list-style-type: none"> ▪ Joint Meeting with BOD ▪ Standard Items ▪ Review/recommend budget ▪ Review/recommend FY17 corporate goals ▪ Review/recommend FY17 committee goals ▪ Review self-assessment results ▪ Review service line performance ▪ Employer Provided Health Insurance Trends 	

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FY2016 Goals

FINANCE COMMITTEE Goals FOR FY 2016

Purpose

The purpose of the Finance 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. 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: Iftikhar Hussain, CFO

The CFO shall serve as the primary staff support to 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 Committee meetings upon the recommendation of the CFO and subsequent approval from the Committee Chair. The CEO is an ex-officio of this Committee.

Goals	Planned Timeline (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable)	Metrics
1. Review Results of Premier Assessment	▪ Q1 – Moved to Q2	▪ <i>Present results to Finance Committee and Board of Directors</i>
2. Evaluate 2 nd Round of Bond Issuanc 3. Review results of Premier Assessment	▪ Q2	▪ <i>Presentation for a possible Spring 2016 for Revenue Bonds or Fall 2016 for GO Bonds</i> ▪ <i>Results of Premier Assessment</i>
4. Review Capital Projects in Progress	▪ Q3	▪ <i>Update on capital projects in progress that exceed \$2.5M</i>

Goals	Planned Timeline (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable)	Metrics
5. Provide education to Finance Committee and Board – External Trends in Healthcare Industry	<ul style="list-style-type: none"> ▪ Q4 	<ul style="list-style-type: none"> ▪ <i>Presentation to Finance Committee and Board on employer provided health insurance trends</i>

Submitted by:

Dennis Chiu - Chair, Finance Committee

Iftikhar Hussain - Executive Sponsor, Finance Committee