

## AGENDA

### FINANCE COMMITTEE MEETING OF THE EL CAMINO HOSPITAL BOARD

**Tuesday, May 31, 2016 – 7:00 pm**

El Camino Hospital, Conference Rooms E & F (ground floor)  
2500 Grant Road, Mountain View, CA 94040

William Hobbs will be participating via teleconference from 99 Degaris Avenue South Dartmouth, MA 02748  
Richard Juelis will be participating via teleconference from 5626 Orchard Villas Circle Roanoke, VA 24019

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

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>1. CALL TO ORDER / ROLL CALL</b>	Dennis Chiu, Chair		<b>7:00 – 7:02 pm</b>
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Dennis Chiu, Chair		<b>7:02 – 7:03</b>
<b>3. PUBLIC COMMUNICATION</b>	Dennis Chiu, Chair		<b>information 7:03 – 7:06</b>
<b>4. CONSENT CALENDAR</b> <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> <u><b>Approval</b></u> a. <a href="#">Meeting Minutes of the Open Session of the Finance Committee Meeting (March 28, 2016)</a> b. <a href="#">FY17 Finance Committee Meeting Dates</a> c. <a href="#">FY16 Period 9 Financials</a>	Dennis Chiu, Chair	<i>public comment</i>	<b>motion required 7:06 – 7:07</b>
<b>5. REPORT ON BOARD ACTIONS</b>	Dennis Chiu, Chair		<b>information 7:07 – 7:12</b>
<b>6. FINANCIAL REPORT FY16 PERIOD 10 <a href="#">ATTACHMENT 6</a></b>	Iftikhar Hussain, Chief Financial Officer	<i>public comment</i>	<b>motion required 7:12 – 7:22</b>
<b>7. OUTPATIENT KPIs <a href="#">ATTACHMENT 7</a></b>	Iftikhar Hussain, Chief Financial Officer		<b>discussion 7:22 – 7:37</b>
<b>8. REVIEW OF EMPLOYER PROVIDED HEALTH PLANS <a href="#">ATTACHMENT 8</a></b>	Iftikhar Hussain, Chief Financial Officer		<b>discussion 7:37 – 7:47</b>
<b>9. EPIC VERSION 2015 &amp; 2016 UPGRADES <a href="#">ATTACHMENT 9</a></b>	Deb Muro, Associate CIO	<i>public comment</i>	<b>possible motion 7:47 -7:57</b>

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		ESTIMATED TIMES
<b>10. COMMITTEE PLANNING</b> a. <a href="#">FY17 Committee Goals</a> b. <a href="#">Committee Charter</a> c. <a href="#">FY17 Pacing Plan</a>	Dennis Chiu, Chair	<i>public comment</i>	possible motion(s) 7:57 – 8:07
<b>11. MEMBER RECRUITMENT AD HOC COMMITTEE REPORT ATTACHMENT 11</b>	Dennis Chiu, Chair; John Zoglin	<i>public comment</i>	possible motion 8:07 – 8:12
<b>12. CAPITAL FUNDING REQUESTS</b> a. North Garage Expansion b. Behavioral Health Phase 1 c. Women’s Hospital Renovations <a href="#">ATTACHMENT 12</a>	Ken King, Chief Administrative Services Officer	<i>public comment</i>	possible motion(s) 8:12 – 8:27
<b>13. ADJOURN TO CLOSED SESSION</b>	Dennis Chiu, Chair		motion required 8:27 – 8:28
<b>14. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Dennis Chiu, Chair		8:28 – 8:29
<b>15. CONSENT CALENDAR</b> Any Committee Member may remove an item for discussion before a motion is made. <u>Approval</u> Gov’t Code Section 54957.2 a. Meeting Minutes of the Closed Session of the Finance Committee (March 28, 2016)	Dennis Chiu, Chair		motion required 8:29 – 8:30
<b>16.</b> <i>Health and Safety Code Section 32106(b)</i> for a report involving health care facility trade secrets: - Biennial Committee Self-Assessment	Joann McNutt, Nygren Consulting		discussion 8:30 – 8:45
<b>17.</b> <i>Health and Safety Code Section 32106(b)</i> for a report involving health care facility trade secrets: - Review of FY17 Operational and Capital Budget and FY17 Organizational Goals	Iftikhar Hussain, Chief Financial Officer; Rich Katzman, Chief Strategy Officer		discussion 8:45 – 8:50
<b>18.</b> <i>Health and Safety Code Section 32106(b)</i> for a report involving health care facility trade secrets: - Review of Physician Contracts	Rich Katzman, Chief Strategy Officer		discussion 8:50 – 9:00
<b>19. ADJOURN TO OPEN SESSION</b>	Dennis Chiu, Chair		motion required 9:00 – 9:01
<b>20. RECONVENE OPEN SESSION / REPORT OUT</b> To report any required disclosures regarding permissible actions taken during Closed Session.	Dennis Chiu, Chair		9:01 – 9:02

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>21. APPROVAL OF PHYSICIAN CONTRACTS</b> a. Medical Directorship: Anatomic Pathology & Laboratory Medicine – Enterprise b. Medical Directorship: Medical Oncology – Outpatient Department – MV c. Neurosurgery ED Call Panel – MV d. South Asian Heart Center Directorship – MV e. Medical Directorship: Respiratory Care Services – MV f. Medical Directorship: Surgical Quality Improvement – Enterprise g. Medical Directorship: Neuro Interventional, Neuro Critical Care & Stroke Programs – Enterprise h. Medical Directorship: Vascular Surgery – MV	Rich Katzman, Chief Strategy Officer		<b>motion required 9:02 – 9:05</b>
<b>22. APPROVAL OF FY17 OPERATIONAL AND CAPITAL BUDGET AND FY17 ORGANIZATIONAL GOALS</b>	Dennis Chiu, Chair		<b>motion required 9:05 – 9:09</b>
<b>23. ADJOURNMENT</b>	Dennis Chiu, Chair		<b>motion required 9:09 – 9:10 pm</b>

**a. Meeting Minutes of the Open Session of the Finance  
Committee Meeting (March 28, 2016)**



**Minutes of the Open Session**

**Finance Committee**

**Monday, March 28, 2016**

**El Camino Hospital, 2500 Grant Road, Mountain View, California**

**Conference Room A&B**

**John Zoglin will attend via telepresence from 1005 Los Altos Avenue, Los Altos, CA**

**Members Present**

Dennis Chiu

John Zoglin (via telepresence)

Bill Hobbs

**Members Absent**

Richard Juelis

<b>Agenda Item</b>	<b>Comments/Discussion</b>	<b>Approvals/Action</b>
<b>1. Call to order</b>	The Open Session of the Finance Committee ("FC") of El Camino Hospital (the "Committee") was called to order by Chair Dennis Chiu at 5:33pm.	
<b>2. Agenda Item Potential Conflict of Interest Disclosure</b>	Chair Chiu asked if any Committee members had a conflict of interest with any of the agenda items. No conflicts were reported.	
<b>3. Public Communication</b>	Chair Chiu asked if there was any public communication. There was none.	
<b>4. Consent calendar</b>	<p>There were no requests for removal of Open Session Consent Calendar items. Chair Chiu requested a motion to approve the Consent Calendar.</p> <p><b>Motion:</b> To approve the Open Session Consent Calendar (Open Session Minutes of January 25, 2016 Finance Committee Meeting)</p> <p><b>Movant:</b> Hobbs</p> <p><b>Second:</b> Zoglin</p> <p><b>Ayes:</b> Chiu, Hobbs, Zoglin</p> <p><b>Noes:</b> None</p> <p><b>Abstentions:</b> None</p> <p><b>Absent:</b> Juelis</p> <p><b>Recused:</b> None</p>	<b><i>Consent Calendar Minutes approved</i></b>
<b>5. Report on Board Actions</b>	In the interest of time, Board Actions were not reported because they had been reported at the previous week's Special Board meeting (which Committee members attended).	
<b>6. February 2015 Financials</b>	<p>Iftikhar Hussain reviewed the February Financials. Highlights included:</p> <ul style="list-style-type: none"> <li>• \$4.7M behind target for the year</li> <li>• Operating margin is negative, creating a \$12M loss (in part due to continued adjustments around iCare)</li> <li>• Non-operating went negative, but has begun to rebound</li> <li>• Cash recovery continues</li> <li>• Receivables coming down - March looks good so far</li> <li>• Capital increased \$4.7M</li> </ul>	

	<ul style="list-style-type: none"> <li>• Fluctuations continued in February due to iCare Go-Live</li> <li>• Productivity following Go-Live is increasing</li> <li>• Santa Teresa area land acquisition for \$24M</li> <li>• Investment return is 4.4%, above benchmark of 4.3%</li> <li>• \$6M MediCal quality assurance program payment is expected at year end</li> </ul> <p>Chair Chiu requested that questions regarding numbers/causation and budgeting assumptions be deferred to Closed Session.</p> <p>Chair Chiu requested a motion to accept the February 2016 Financial Report</p> <p><b>Motion:</b> To accept February 2016 Financials</p> <p><b>Movant:</b> Hobbs</p> <p><b>Second:</b> Zoglin</p> <p><b>Ayes:</b> Chiu, Hobbs, Zoglin</p> <p><b>Noes:</b> None</p> <p><b>Abstentions:</b> None</p> <p><b>Absent:</b> Juelis</p> <p><b>Recused:</b> None</p>	<p><i><b>Financial Report approved unanimously with one absent</b></i></p>
<p><b>7. Update on Capital Projects that Exceed \$2.5M</b></p>	<p>Ken King presented a report on capital projects exceeding \$2.5M. Partially and fully funded projects approved by the Board were reviewed. Proposed Mountain View Master Site Plan and changes were presented:</p> <ul style="list-style-type: none"> <li>• Behavioral Health Building</li> <li>• Garage expansion and impact on traffic</li> <li>• Solar panels, along with potential lease of a battery storage solution (state funded) allowing a significant reduction in demand charges from PG&amp;E</li> <li>• Integrated Medical Office Building</li> <li>• Approximately 60K sq. ft. of work space, and 600 additional parking spaces will be added.</li> <li>• Estimated project cost is projected to be \$232M to \$246M</li> <li>• Leasing of IMOB space is in progress with projected occupancy of 100%</li> </ul>	
<p><b>8. Adjourn to Closed Session</b></p>	<p>Chair Chiu requested a motion to adjourn to Closed Session.</p> <p><b>Motion:</b> To adjourn to closed session at 5:50 pm.</p> <p><b>Movant:</b> Hobbs</p> <p><b>Second:</b> Zoglin</p> <p><b>Ayes:</b> Chiu, Hobbs, Zoglin</p> <p><b>Noes:</b> None</p> <p><b>Abstentions:</b> None</p> <p><b>Absent:</b> Juelis</p> <p><b>Recused:</b> None</p>	<p><i><b>Adjourned to Closed Session</b></i></p>
<p><b>9. Agenda Item 20 - Reconvene Open Session/Report Out of Closed Session</b></p>	<p>Open Session was reconvened at 7:55pm. Items 10 through 19 were addressed in Closed Session. Chair Chiu reported that the Closed Session Minutes of the January 25, 2016 Finance Committee meeting were approved unanimously with one absent (Juelis). Chair Chiu also noted that Member Kathy Cain has resigned her position on the Committee following</p>	

	relocation out of the area.	
<b>10. Agenda Item 21 - Physician Contracts</b>	<p>Chair Chu called for a motion for recommendation of Board approval of Physician Contracts.</p> <p><b>Motion:</b> To recommend the Board approve the following physician contracts:</p> <ol style="list-style-type: none"> <li>1. Cancer Center Medical Directorship</li> <li>2. IP Fellowship Program Director Consulting Agreement</li> <li>3. Medical Director of NICU</li> <li>4. Medical Director of both the Cardiac Cath Lab and TAVR Interventional Program</li> </ol> <p><b>Movant:</b> Hobbs  <b>Second:</b> Zoglin  <b>Ayes:</b> Chiu, Hobbs, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Juelis  <b>Recused:</b> None</p>	<i><b>Physician contracts recommended for approval unanimously with one absent</b></i>
<b>11. Agenda Item 22 – Fund Requests</b>	<p>Chair Chiu called for a motion to recommend approval of Fund Request Agenda Items 22 a – c:</p> <ol style="list-style-type: none"> <li>a. Property Planning Fund Request</li> <li>b. Mountain View Facilities Projects Fund Request</li> <li>c. Los Gatos Facilities Upgrade Fund Request</li> </ol> <p><b>Motion:</b> To approve fund requests for Property Planning, Mountain View Facilities Projects, and Los Gatos Facilities Upgrades</p> <p><b>Movant:</b> Hobbs  <b>Second:</b> Zoglin  <b>Ayes:</b> Chiu, Hobbs, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Juelis  <b>Recused:</b> None</p>	<i><b>Fund requests recommended for approval unanimously with one absent</b></i>
<b>12. Committee Planning</b>	<p>Discussion followed on Agenda Item 23:</p> <ol style="list-style-type: none"> <li>a – Progress Against 2016 FC Committee Goals – Goals are on target.</li> <li>b – FY17 Draft Goals – Continued to May meeting.  Member Hobbs requested that Volume, Strategic Planning, and Expense Control be included for discussion at the May meeting.</li> <li>c – Pacing plan and Meeting Frequency FY17 dates. Dates were agreed upon with the first FY17 meeting scheduled for August 1, 2016.</li> <li>d – Biennial Charter Review - Continued to May meeting.</li> <li>c – Recruitment to replace Member Kathy Cain – Board Liaison Cindy Murphy will work with appointed Ad Hoc Committee Members Zoglin and Chiu to begin a search for candidates.</li> </ol> <p>Chair Chiu called for a motion to recommend approval of Committee Planning items 23c (FY17 Meeting Dates) and 23e (appointment of Committee Member Recruitment Ad Hoc</p>	

	Committee). <b>Motion:</b> To approve the Committee Planning items 23a, 23c and 23e <b>Movant:</b> Hobbs <b>Second:</b> Zoglin <b>Ayes:</b> Chiu, Hobbs, Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> Juelis <b>Recused:</b> None	<i><b>Ad Hoc          Committee          appointed;          FY17 Meeting          Dates          recommended          for approval.</b></i>
<b>13. Meeting Adjournment</b>	Chair Chiu requested a motion to adjourn <b>Motion:</b> To adjourn the Finance Committee meeting at 8:13 pm. <b>Movant:</b> Hobbs <b>Second:</b> Zoglin <b>Ayes:</b> Chiu, Hobbs, Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> Juelis <b>Recused:</b> None	<i><b>Meeting          adjourned at 8:13          pm.</b></i>

**Attest to the approval of the foregoing minutes by the Finance Committee:**

\_\_\_\_\_  
 Dennis Chiu  
 Chair, ECH Finance Committee



## **FY17 Finance Committee Meeting Dates**

Recommended Finance Committee Date	Corresponding Hospital Board Date
July 2016 – No Meetings	July 2016 – No Meetings
<b>August 1, 2016</b>	August 10, 2016
<b>September 26, 2016</b>	October 12, 2016
No October Meeting	
<b>November 28, 2016</b>	January 11, 2017
December 2016 – No Meetings	December 2016 – No meetings
<b>January 30, 2017</b>	February 15, 2017
No February Meeting	
<b>March 27, 2017</b>	April 12, 2017
No April Meeting	
<b>May 30, 2017</b>	June 14, 2017
No June Meeting	

## **FY16 Period 9 Financials**



**El Camino Hospital**

THE HOSPITAL OF SILICON VALLEY

## Summary of Financial Operations

Fiscal Year 2016 – Period 9  
7/1/2015 to 3/31/2016

# EL CAMINO HOSPITAL

(Excludes Affiliates)

## EXECUTIVE FINANCIAL SUMMARY

Period Ending March 31, 2016

YTD STATEMENT OF REVENUE AND EXPENSES (\$000s)					BALANCE SHEET (\$000s)		
	Prior Year	Actual	Budget	Var F(U)		March 31, 2016	Jun 30, 2015
Gross Revenue	\$1,923,430	\$2,049,455	\$2,031,255	\$18,200	Cash and Investments	653,496	707,865
Deductions from Revenue	(1,384,665)	(1,482,529)	(1,475,788)	(6,740)	Non Cash Current Assets	156,760	143,766
Net Patient Revenue	538,765	566,926	555,466	11,460	Property, Plant & Equipment (Net)	722,625	686,537
Other Operating Revenue	15,080	18,471	15,277	3,194	Other Assets	87,626	94,707
<b>Total Operating Revenue</b>	<b>553,845</b>	<b>585,397</b>	<b>570,743</b>	<b>14,654</b>	<b>Total Assets</b>	<b>1,620,506</b>	<b>1,632,874</b>
Salaries & Wages	305,035	322,603	323,132	529	Current Liabilities	87,616	107,925
Supplies	81,550	87,126	83,877	(3,249)	Long-Term Liabilities	270,832	272,696
Fees & Purchased Services	55,801	66,310	62,477	(3,833)	Fund Balance/Capital Accounts	1,262,058	1,252,254
Other Operating Expense	27,237	37,732	28,324	(9,408)	<b>Total Liabilities &amp; Equity</b>	<b>1,620,506</b>	<b>1,632,874</b>
<b>Total Non Capital Operating Expense</b>	<b>469,622</b>	<b>513,770</b>	<b>497,810</b>	<b>(15,960)</b>	<b>KEY ECH STATISTICS - YTD</b>		
<b>OPERATING EBITDA</b>	<b>84,223</b>	<b>71,627</b>	<b>72,933</b>	<b>(1,306)</b>	<b>Balance Sheet</b>	<b>Actual</b>	<b>Target <sup>(1)</sup></b>
Interest, Depreciation & Amortization	38,941	40,230	38,335	(1,896)	Debt Service Coverage Ratio (MADS)	5.8	1.2
<b>NET OPERATING SURPLUS</b>	<b>45,282</b>	<b>31,396</b>	<b>34,598</b>	<b>(3,202)</b>	Debt to Capitalization	14.3%	29.0%
Non Operating Income	15,591	(21,431)	16,742	(38,173)	Days of Cash	347	262
<b>TOTAL NET SURPLUS</b>	<b>60,873</b>	<b>9,965</b>	<b>51,340</b>	<b>(41,375)</b>	Net AR Days	55.1	48.0
EBITDA Margin	15.2%	12.2%	12.8%	-0.5%	<b>Volume</b>	<b>Prior Year</b>	<b>Actual</b>
Operating Margin	8.2%	5.4%	6.1%	-0.7%	Acute Discharges	14,226	13,980
Total Margin	11.0%	1.7%	9.0%	-7.3%	Acute Average Daily Census	246	241
					Licensed Beds	443	443
					Occupancy (%)	56%	54%
					Deliveries	3,817	3,547
					Emergency Department Visits	45,387	44,114
					Surgical Cases	8,178	8,322
					<b>Productivity</b>		
					Full Time Equivalent Employees	2,441	2,506
					Worked Hrs/Adjusted Patient Day	29.25	30.81
							2,450
							29.41

<sup>(1)</sup> 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

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

# Financial Trends and Commentary

## Volume:

In March, inpatient volume bounced back in Deliveries, General Medicine and General surgery service lines. For the year, IP volume remains 1.7% lower than prior year.

## Operating Margin:

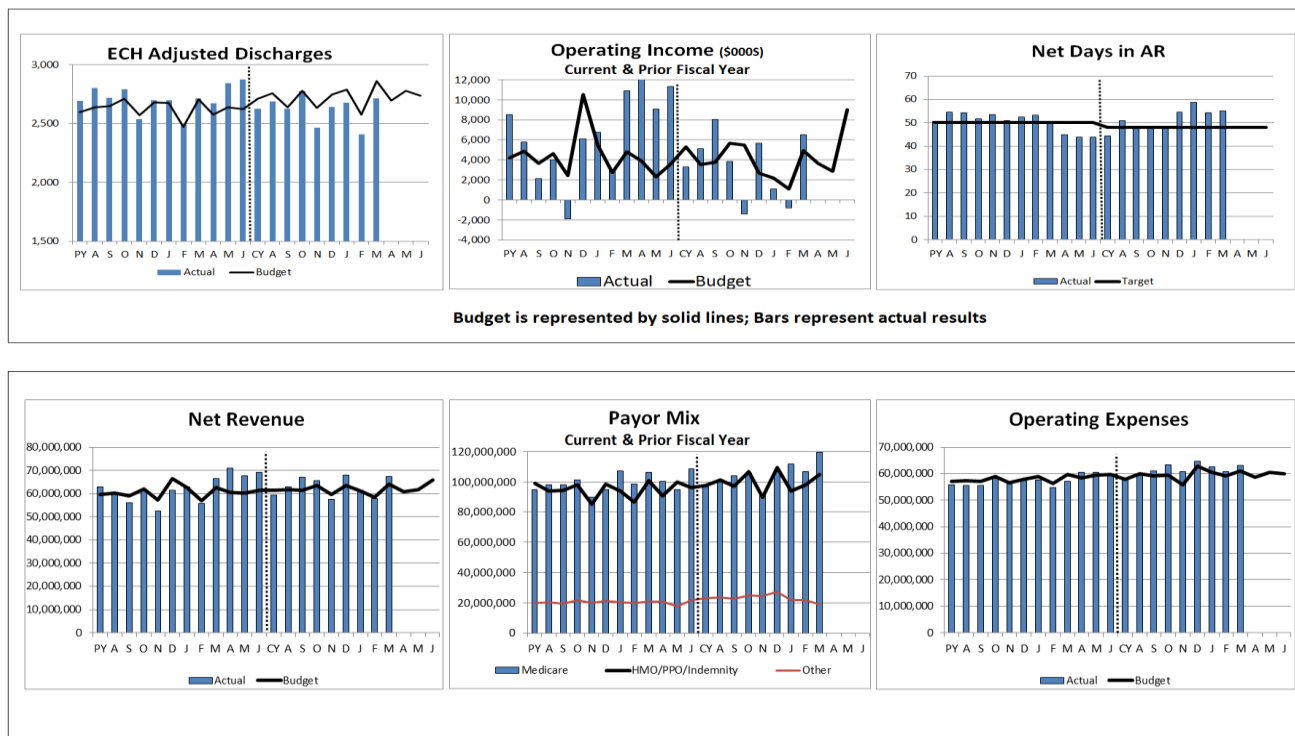
Operating margin is \$1.6 million favorable for the month primarily due to \$3.0M credit for workers compensation. Margin for the year is \$3.2 million unfavorable primarily due to EPIC related expenses in labor and training, pharmacy and surgical medical supply expenses and not achieving budget cost reduction targets in other expenses.

## Non-Operating Margin:

Non operating income is \$38.2 million behind target YTD primarily due to \$12.8 million in YTD investment loss. In March we recovered \$16.3 million in investment gain. Our cash position remains strong allowing a long term investment strategy. Investment scorecard is included in the financial report on page 15.

## Net Days in AR:

Receivables were flat in March



## Other Operating Expense:

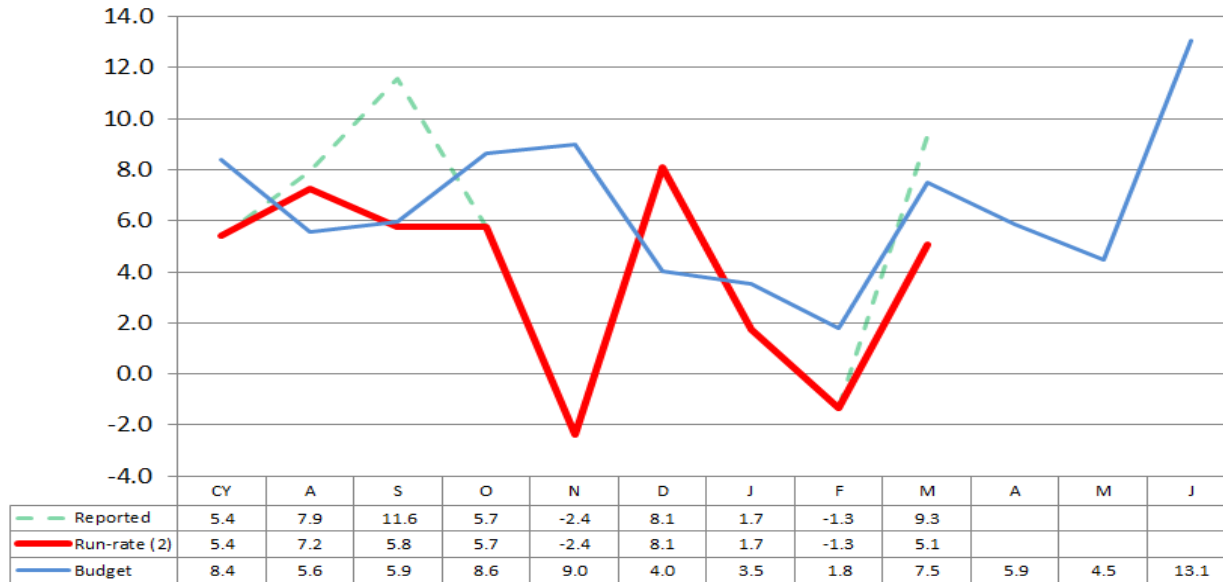
The \$8.6 million variance consists of \$3.2 million of EPIC go live expense variances and not achieving \$5.3 million of budget cost reduction target.

## Depreciation:

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
	<b>Total</b>	<b>-\$49</b>	<b>-\$569</b>	<b>-\$5,530</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Expense Adjustments	Pay-For-Performance Bonus	\$76	\$69	\$1,183	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Actuarial Exp for Workers Comp	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,979	\$0	\$0	\$0
	<b>Total</b>	<b>\$76</b>	<b>\$69</b>	<b>\$1,183</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,979</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

- Revenue/expense adjustments for March include \$3M credit to workers compensation reserve expenses.

## Summary of Financial Results

### \$ in Thousands

	Period 9 - Month			Period 9 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Income (Loss) from Operations</b>						
Mountain View	5,837	3,721	2,116	26,491	28,242	(1,751)
Los Gatos	671	1,224	(553)	4,905	6,356	(1,451)
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>6,508</b>	<b>4,946</b>	<b>1,563</b>	<b>31,396</b>	<b>34,598</b>	<b>(3,202)</b>
<b>Operating Margin %</b>	<b>9.3%</b>	<b>7.5%</b>		<b>5.4%</b>	<b>6.1%</b>	
<b>El Camino Hospital Non Operating Income</b>						
Investments	16,339	2,298	14,041	(12,803)	20,679	(33,481)
Swap Adjustments	32	0	32	(2,315)	0	(2,315)
Community Benefit	(50)	(233)	183	(2,540)	(2,099)	(441)
Other	(669)	(204)	(464)	(3,773)	(1,837)	(1,936)
<b>Sub Total - Non Operating Income</b>	<b>15,652</b>	<b>1,860</b>	<b>13,792</b>	<b>(21,431)</b>	<b>16,742</b>	<b>(38,173)</b>
<b>El Camino Hospital Net Income (Loss)</b>	<b>22,161</b>	<b>6,806</b>	<b>15,355</b>	<b>9,965</b>	<b>51,340</b>	<b>(41,375)</b>
<b>ECH Net Margin %</b>	<b>31.8%</b>	<b>10.3%</b>		<b>1.7%</b>	<b>9.0%</b>	
Concern	(123)	219	(342)	1,465	633	832
ECSC	(327)	0	(327)	(314)	0	(314)
Foundation	690	141	549	371	1,012	(641)
Silicon Valley Medical Development	(23)	0	(23)	(36)	0	(36)
<b>Net Income Hospital Affiliates</b>	<b>217</b>	<b>361</b>	<b>(144)</b>	<b>1,486</b>	<b>1,645</b>	<b>(159)</b>
<b>Total Net Income Hospital &amp; Affiliates</b>	<b>22,378</b>	<b>7,167</b>	<b>15,211</b>	<b>11,451</b>	<b>52,985</b>	<b>(41,534)</b>

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



# ECH Volume Statistics <sup>(1)</sup>

## ECH COMBINED

	Month of Mar, 2016			Year to Date			Prior Year	
	Act	Bud	Var	Act	Bud	Var	Act	Var%
Discharges <sup>(2)</sup>	1,614	1,690	-4.5%	13,980	14,439	-3.2%	14,226	-1.7%
Deliveries	333	444	-25.1%	3,547	3,897	-9.0%	3,817	-7.1%
ED Visits	4,987	5,349	-6.8%	44,114	45,605	-3.3%	45,387	-2.8%
Surgical Cases	943	965	-2.3%	8,018	8,322	-3.6%	8,178	-2.0%
Licensed Beds	443	443	0.0%	443	443	0.0%	443	0.0%
ADC <sup>(2)</sup>	248	261	-5.2%	241	245	-1.6%	246	-2.0%
Occupancy %	55.9%	59.0%	-5.2%	54.4%	55.3%	-1.6%	55.5%	-2.0%

## MOUNTAIN VIEW

	Month of Mar, 2016			Year to Date			Prior Year	
	Act	Bud	Var%	Act	Bud	Var%	Act	Var%
Discharges <sup>(2)</sup>	1,354	1,381	-2.0%	11,518	11,811	-2.5%	11,652	-1.2%
Deliveries	274	384	-28.7%	3,063	3,368	-9.1%	3,305	-7.3%
ED Visits	3,967	4,274	-7.2%	34,979	36,438	-4.0%	36,307	-3.7%
Surgical Cases	591	600	-1.4%	4,957	5,168	-4.1%	4,996	-0.8%
Licensed Beds	300	300	0.0%	300	300	0.0%	300	0.0%
ADC <sup>(2)</sup>	209	214	-2.3%	198	200	-0.7%	201	-1.3%
Occupancy %	69.6%	71.2%	-2.3%	66.1%	66.6%	-0.7%	67.0%	-1.3%

## LOS GATOS

	Month of Mar, 2016			Year to Date			Prior Year	
	Act	Bud	Var	Act	Bud	Var	Act	Var%
Discharges <sup>(2)</sup>	260	309	-15.9%	2,462	2,628	-6.3%	2,574	-4.4%
Deliveries	59	60	-2.2%	484	529	-8.5%	512	-5.5%
ED Visits	1,020	1,075	-5.1%	9,135	9,168	-0.4%	9,080	0.6%
Surgical Cases	352	366	-3.8%	3,061	3,154	-2.9%	3,182	-3.8%
Licensed Beds	143	143	0.0%	143	143	0.0%	143	0.0%
ADC <sup>(2)</sup>	39	48	-18.5%	43	45	-5.5%	45	-5.4%
Occupancy %	27.2%	33.3%	-18.5%	29.8%	31.5%	-5.5%	31.5%	-5.4%

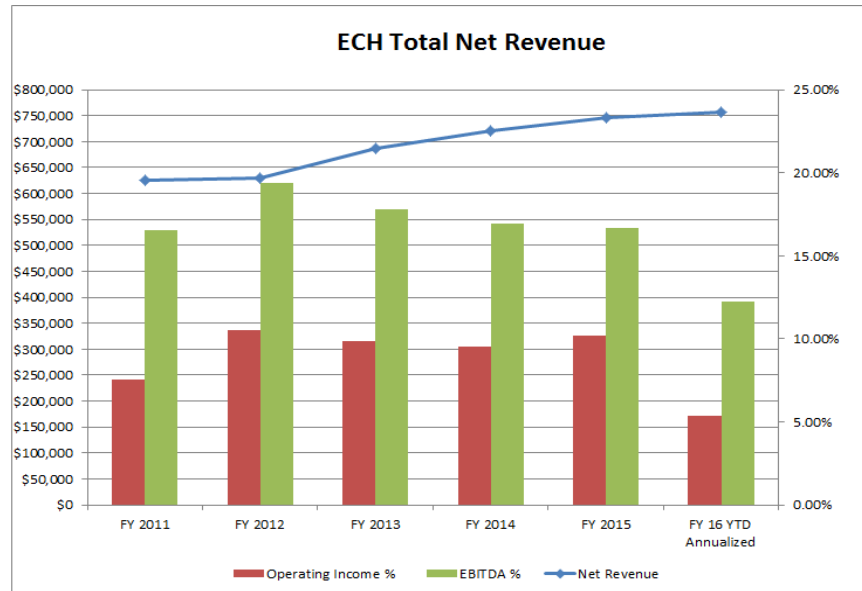
(1) Hospital entity only, excludes controlled affiliates

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

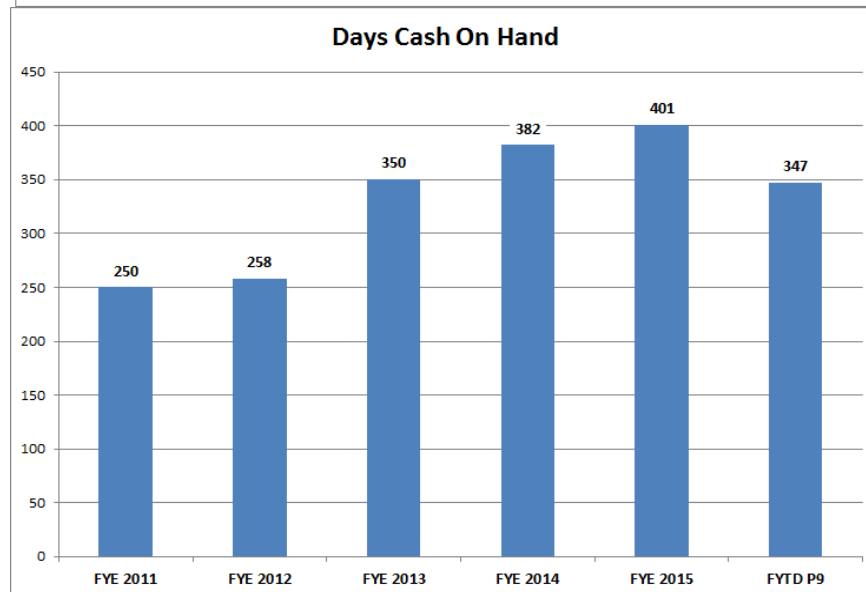
# El Camino Hospital Financial Metrics Trend <sup>(1)</sup>

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Revenue growth is slowing down and margin has declined due to EPIC related expenses.



Cash position remains strong. March includes \$16.3 million investment gain.

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

## Key Hospital Indicators<sup>(1)</sup>

Statistic	FYE 2013	FYE 2014	FYE 2015	FYTD 2016	Annual Target (2)	+/-
Operating Margin	9.9%	9.5%	10.2%	5.4%	6.5%	
EBITDA Margin	17.8%	16.9%	16.7%	12.2%	13.3%	
Days of Cash	350	382	401	347	262	
Debt Service Coverage Ratio (MADS)	7.9	9.5	8.9	5.8	4.8	
Debt to Capitalization	14.0%	12.6%	13.6%	14.3%	29.4%	
Net AR Days	48.3	50.9	43.6	55.1	48.0	
In Patient Operating Margin	-1.1%	-3.2%	-4.5%	-8.1%	-1.0%	
Out Patient Operating Margin	25.9%	25.2%	28.1%	26.9%	25.0%	

<sup>(1)</sup> Hospital Only - Excludes Affiliates

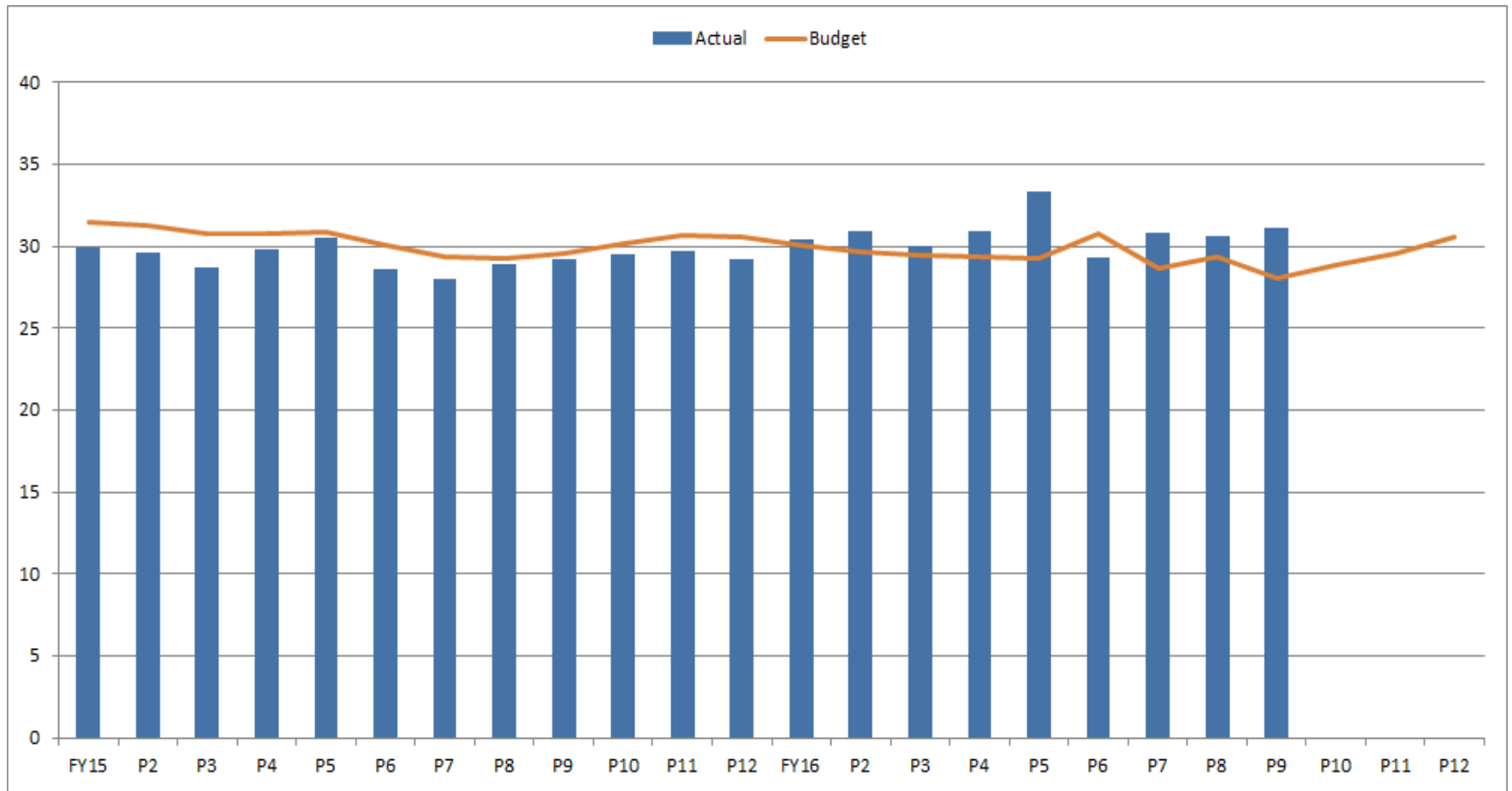
<sup>(2)</sup> Due to timing of month end costing, In Patient and Out Patient Operating Margin % for FYTD 2016 are one month in arrears

<sup>(3)</sup> 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

## Worked Hours per Adjusted Patient Day



Productivity has improved after EPIC go-live but remains unfavorable compared to budget .

# Tracking Smart Growth

COMBINED CAMPUS						Result Away from Goal
	FY15 Year to Date	FY16 Year to Date	Change	%	Annual Goal	
Inpatient Discharges	14,226	13,980	(246)	-1.7%	300	(546)
Surgical Outpatient Cases (incl Litho)	4,802	4,615	(187)	-3.9%	290	(477)
Endo Outpatient procedures	2,156	1,848	(308)	-14.3%	0	(308)
Outpatient Interventional Cases	1,380	1,444	64	4.6%	10	54
Total Case Volume	22,564	21,887	(677)	-3.0%	600	(1,277)
NEW Physician Total		251	251			
Pre-existing Physician Total	22,564	21,636	(928)	-4.1%		
# New Physicians*		6			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	11,652	11,518	(134)
Surgical Outpatient Cases (incl Litho)	2,493	2,453	(40)
Endo Outpatient procedures	1,990	1,756	(234)
Outpatient Interventional Cases	1,363	1,432	69
Total Case Volume	17,498	17,159	(339)

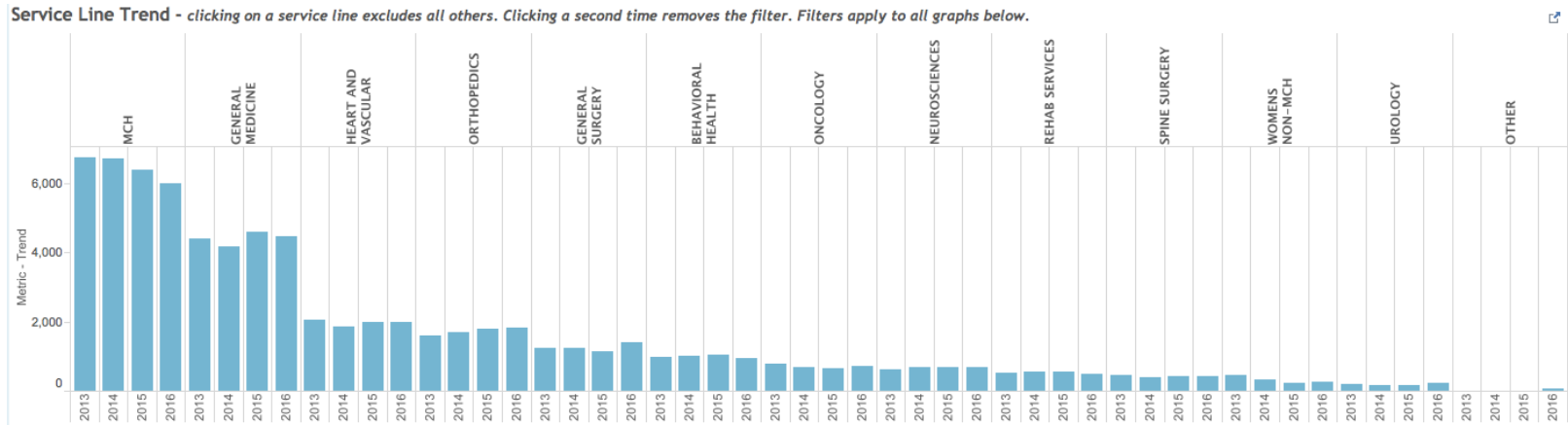
Los Gatos Campus			
	FY15 Year to Date	FY16 Year to Date	Change
Inpatient Discharges	2,574	2,462	(112)
Surgical Outpatient Cases (incl Litho)	2,309	2,162	(147)
Endo Outpatient procedures	166	92	(74)
Outpatient Interventional Cases	17	12	(5)
Total Case Volume	5,066	4,728	(338)

(1) Hospital entity only, excludes controlled affiliates

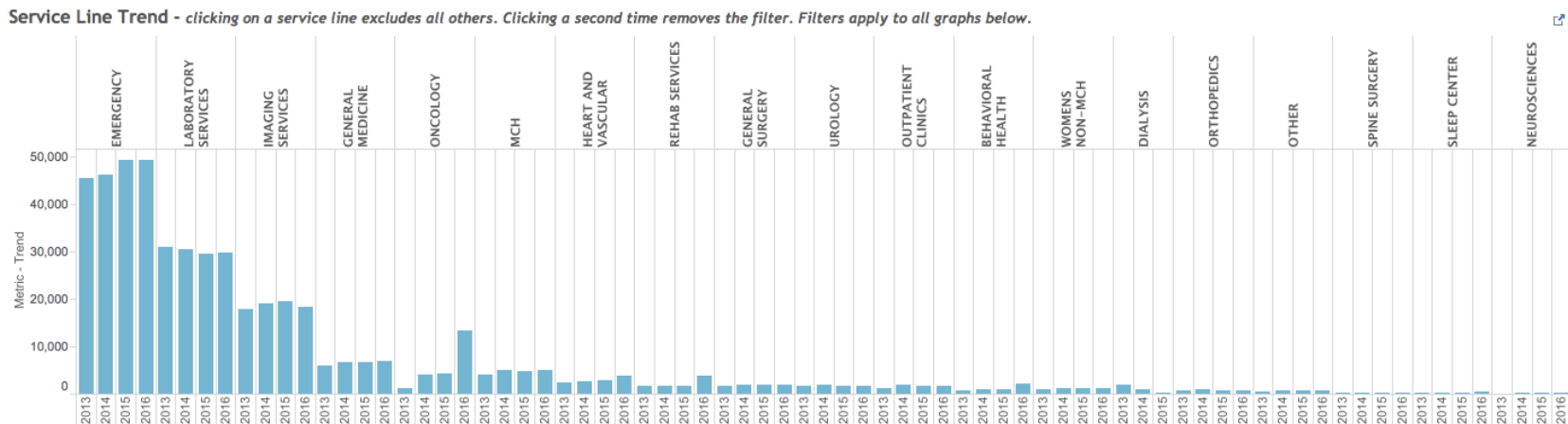
# El Camino Hospital Volume Annual Trends

## FY 2016 is annualized

IP



OP



- IP declined in maternal child health service line – 2015 decline was NICU which recovered in 2016; the 2016 decline is in deliveries. Other service lines are stable
- OP – ED has grown due to ACO but plateaued. Oncology has grown but measure changed with EPIC and is not comparable to legacy count

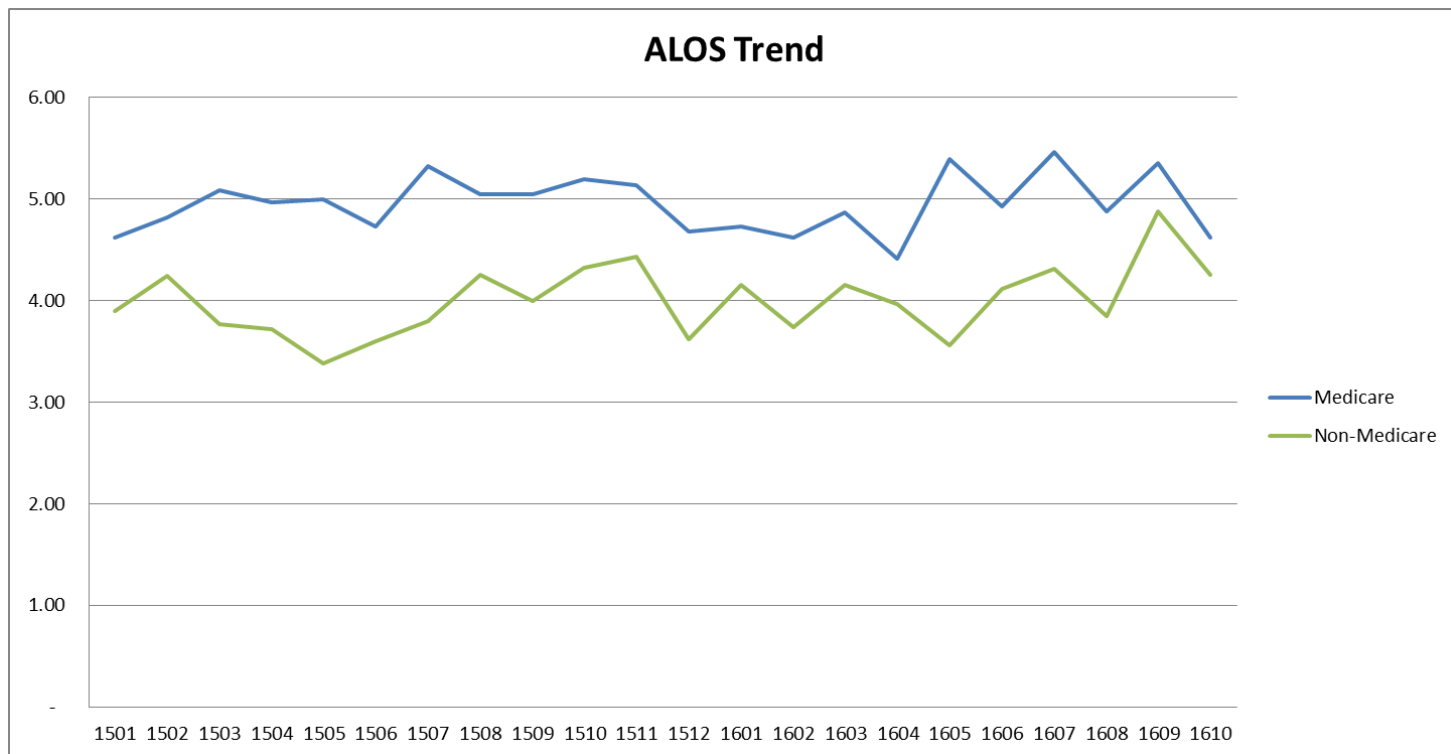
IP

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OP

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- 
- El Camino Hospital**  
THE HOSPITAL OF SILICON VALLEY



- Medicare: Due to DRG reimbursement, financial results usually improve with decreased LOS



# El Camino Hospital

Capital Spending (in millions)

Category	Detail	Approved	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	FY 16 Proj Spend**	FY 16 YTD Spent	FY 16 Remaining
<b>CIP</b>	EPIC Installation			73.8	56.0	35.9	19.8	16.1
	<b>IT Hardware, Software, Equipment*</b>			6.9		6.9	5.9	1.0
	<b>Medical &amp; Non Medical Equipment</b>			12.6		12.6	8.8	3.8
	<b>Facility Projects</b>							
	0908 NPCR3 Seismic Upgrades	FY12	6.7	6.7	5.0	0.4	0.2	0.2
	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	1.6	1.3	0.3
	1307 LG Upgrades	FY13	15.5	13.0	9.8	10.5	3.0	7.5
	1219 LG Spine OR	FY13	4.1	4.1	0.9	0.8	0.4	0.4
	1400 Oak Pavilion Cancer Ctr TI	FY14	0.0	5.9	5.8	0.5	0.4	0.1
	1414 Integrated MOB	FY15	232.0	28.0	9.6	11.8	6.9	4.9
	1413 North Drive Parking Expansion	FY15	15.0	3.0	1.3	2.2	1.1	1.1
	1245 Behavioral Health Bldg	FY16	62.5	9.0	6.7	4.5	1.3	3.2
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	6.8	0.0	0.0	0.9	0.0	0.9
	1313/1224 LG Rehab HVAC System & Structural	FY16	3.7	3.7	0.9	3.4	0.9	2.5
	1502 Cabling & Wireless Upgrades	FY16	2.5	2.8	1.1	2.2	1.1	1.1
	1425 IMOB Preparation Project - Old Main	FY16	2.3	0.5	0.0	2.4	0.0	2.4
	1430 Women's Hospital Expansion	FY16	91.0	0.0	0.0	0.0	0.0	0.0
	1422 CUP Upgrade	FY16	4.0	1.5	0.8	0.7	0.7	0.0
	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	0.6	0.0	0.6
	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	0.0	0.0	0.0
	Land Acquisition Approved in 12/15	FY16	24.1	24.1	24.1	24.1	24.1	0.0
	All Other Projects under \$1M		9.5	6.0	2.9	7.5	1.1	6.4
			492.9	131.9	90.6	74.9	42.4	32.5
<b>GRAND TOTAL</b>				<b>225.2</b>		<b>130.3</b>	<b>76.9</b>	<b>53.4</b>
Forecast at start of fiscal year						125.8		

\* Excluding EPIC

\*\* Updated quarterly

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

# El Camino Hospital Investment Committee Scorecard

March 31, 2016

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY16 Year-end Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>		1Q 2016		Fiscal Year-to-date		Since Inception (annualized)		Mar 2014/2012	
Surplus cash balance & op. cash (millions)		\$695.4	--	--	--	--	--	\$699.8	--
Surplus cash return		0.2%	0.9%	-1.8%	-0.9%	4.2%	4.3%	4.0%	5.0%
Cash balance plan balance (millions)		\$216.3	--	--	--	--	--	\$224.2	--
Cash balance plan return		-0.4%	1.0%	-2.1%	-1.0%	6.9%	6.4%	6.0%	6.7%
403(b) plan balance (millions)		\$314.8 <sup>1</sup>	--	--	--	--	--	--	--
<b>Risk vs. Return</b>		3-year				Since Inception (annualized)		Mar 2014/2012	
Surplus cash Sharpe ratio		0.73	0.76	--	--	0.92	0.93	--	0.66
Net of fee return		3.5%	3.7%	--	--	4.2%	4.3%	--	5.0%
Standard deviation		4.7%	4.8%	--	--	4.5%	4.6%	--	7.2%
Cash balance Sharpe ratio		0.88	0.83	--	--	1.11	1.06	--	0.54
Net of fee return		5.7%	5.2%	--	--	6.9%	6.4%	--	6.7%
Standard deviation		6.5%	6.2%	--	--	6.2%	6.0%	--	10.6%
<b>Asset Allocation</b>		1Q 2016							
Surplus cash absolute variances to target		3.9%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		3.0%	< 10%	--	--	--	--	--	--
<b>Manager Compliance</b>		1Q 2016							
Surplus cash manager flags		15	< 18	--	--	--	--	--	--
Cash balance plan manager flags		16	< 18	--	--	--	--	--	--

<sup>1</sup> Data as of 12/31/15 as 3/31/16 data was not yet available.

# APPENDIX

# El Camino Hospital (\$000s) <sup>(1)</sup>

9 months ending 3/31/2016

PERIOD 9 FY 2015	PERIOD 9 FY 2016	PERIOD 9 Budget 2016	Variance Fav (Unfav)	Var%		YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
					<b>\$000s</b>					
					<b>OPERATING REVENUE</b>					
227,969	243,528	240,028	3,500	1.5%	Gross Revenue	1,923,430	2,049,455	2,031,255	18,200	0.9%
(161,433)	(176,208)	(175,803)	(405)	1.0%	Deductions	(1,384,665)	(1,482,529)	(1,475,788)	(6,740)	0.5%
<b>66,535</b>	<b>67,320</b>	<b>64,225</b>	<b>3,095</b>	<b>4.8%</b>	<b>Net Patient Revenue</b>	<b>538,765</b>	<b>566,926</b>	<b>555,466</b>	<b>11,460</b>	<b>2.1%</b>
1,646	2,398	1,688	710	42.0%	Other Operating Revenue	15,080	18,471	15,277	3,194	20.9%
<b>68,181</b>	<b>69,718</b>	<b>65,913</b>	<b>3,805</b>	<b>5.8%</b>	<b>Total Operating Revenue</b>	<b>553,845</b>	<b>585,397</b>	<b>570,743</b>	<b>14,654</b>	<b>2.6%</b>
					<b>OPERATING EXPENSE</b>					
34,588	34,781	36,598	1,817	5.0%	Salaries & Wages	305,035	322,603	323,132	529	0.2%
9,705	11,371	9,989	(1,383)	-13.8%	Supplies	81,550	87,126	83,877	(3,249)	-3.9%
6,316	8,738	7,131	(1,607)	-22.5%	Fees & Purchased Services	55,801	66,310	62,477	(3,833)	-6.1%
6,645	8,320	7,250	(1,070)	-14.8%	Other Operating Expense	66,178	77,962	66,659	(11,304)	-17.0%
<b>57,254</b>	<b>63,210</b>	<b>60,967</b>	<b>(2,243)</b>	<b>-3.7%</b>	<b>Total Operating Expense</b>	<b>508,563</b>	<b>554,001</b>	<b>536,145</b>	<b>(17,856)</b>	<b>-3.3%</b>
<b>10,927</b>	<b>6,508</b>	<b>4,946</b>	<b>1,563</b>	<b>31.6%</b>	<b>Net Operating Income/(Loss)</b>	<b>45,282</b>	<b>31,396</b>	<b>34,598</b>	<b>(3,202)</b>	<b>-9.3%</b>
1,230	15,652	1,860	13,792	741.4%	Non Operating Income	15,591	(21,431)	16,742	(38,173)	-228.0%
<b>12,157</b>	<b>22,161</b>	<b>6,806</b>	<b>15,355</b>	<b>225.6%</b>	<b>Net Income(Loss)</b>	<b>60,873</b>	<b>9,965</b>	<b>51,340</b>	<b>(41,375)</b>	<b>-80.6%</b>
22.3%	16.3%	14.5%	1.8%		<b>EBITDA</b>	15.2%	12.2%	12.8%	-0.5%	
16.0%	9.3%	7.5%	1.8%		<b>Operating Margin</b>	8.2%	5.4%	6.1%	-0.7%	
17.8%	31.8%	10.3%	21.5%		<b>Net Margin</b>	11.0%	1.7%	9.0%	-7.3%	

Labor costs for the month include \$3 million workers comp credit due to low claims

Supplies variance for the month is due to pharmacy and start of HVI watchman heart valve procedure

Purchased services variance for the month is due to IT security project, Premier High Performance Organization project and underpayment recovery costs

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

# El Camino Hospital – Mountain View (\$000s)<sup>(1)</sup>

9 months ending 3/31/2016

PERIOD 9 FY 2015	PERIOD 9 FY 2016	PERIOD 9 Budget 2016	Variance Fav (Unfav)	Var%
185,838	202,098	196,936	5,162	2.6%
(132,039)	(147,149)	(145,044)	(2,106)	1.5%
<b>53,799</b>	<b>54,949</b>	<b>51,892</b>	<b>3,057</b>	<b>5.9%</b>
1,414	2,215	1,497	719	48.0%
<b>55,213</b>	<b>57,164</b>	<b>53,389</b>	<b>3,775</b>	<b>7.1%</b>
28,197	28,700	30,618	1,919	6.3%
7,786	9,341	8,154	(1,187)	-14.6%
5,044	7,276	5,717	(1,559)	-27.3%
5,071	6,010	5,179	(832)	-16.1%
<b>46,097</b>	<b>51,327</b>	<b>49,667</b>	<b>(1,659)</b>	<b>-3.3%</b>
<b>9,116</b>	<b>5,837</b>	<b>3,721</b>	<b>2,116</b>	<b>56.9%</b>
1,230	15,652	1,860	13,792	741.4%
<b>10,346</b>	<b>21,489</b>	<b>5,582</b>	<b>15,908</b>	<b>285.0%</b>
21.8%	15.6%	12.2%	3.4%	
16.5%	10.2%	7.0%	3.2%	
18.7%	37.6%	10.5%	27.1%	

## \$000s OPERATING REVENUE

	YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
Gross Revenue	1,571,876	1,677,210	1,664,846	12,365	0.7%
Deductions	(1,137,026)	(1,214,877)	(1,214,836)	(42)	0.0%
<b>Net Patient Revenue</b>	<b>434,850</b>	<b>462,333</b>	<b>450,010</b>	<b>12,323</b>	<b>2.7%</b>
Other Operating Revenue	13,317	16,676	13,554	3,122	23.0%
<b>Total Operating Revenue</b>	<b>448,167</b>	<b>479,009</b>	<b>463,564</b>	<b>15,445</b>	<b>3.3%</b>

## OPERATING EXPENSE

Salaries & Wages	252,680	268,330	268,873	544	0.2%
Supplies	65,997	71,003	68,312	(2,690)	-3.9%
Fees & Purchased Services	44,482	54,210	50,157	(4,053)	-8.1%
Other Operating Expense	51,142	58,975	47,979	(10,996)	-22.9%
<b>Total Operating Expense</b>	<b>414,301</b>	<b>452,518</b>	<b>435,322</b>	<b>(17,196)</b>	<b>-4.0%</b>
<b>Net Operating Income/(Loss)</b>	<b>33,866</b>	<b>26,491</b>	<b>28,242</b>	<b>(1,751)</b>	<b>-6.2%</b>
Non Operating Income	15,591	(21,405)	16,742	(38,147)	-227.9%
<b>Net Income(Loss)</b>	<b>49,457</b>	<b>5,086</b>	<b>44,984</b>	<b>(39,898)</b>	<b>-88.7%</b>

<b>EBITDA</b>	13.5%	10.6%	10.9%	-0.3%
<b>Operating Margin</b>	7.6%	5.5%	6.1%	-0.6%
<b>Net Margin</b>	11.0%	1.1%	9.7%	-8.6%

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

# El Camino Hospital – Los Gatos(\$000s) <sup>(1)</sup>

Results from Operations vs. Prior Year  
9 months ending 3/31/2016

PERIOD 9 FY 2015	PERIOD 9 FY 2016	PERIOD 9 Budget 2016	Variance Fav (Unfav)	Var%
42,130	41,430	43,092	(1,662)	-3.9%
(29,394)	(29,059)	(30,760)	1,701	-5.5%
<b>12,736</b>	<b>12,371</b>	<b>12,332</b>	<b>39</b>	<b>0.3%</b>
232	183	192	(9)	-4.5%
<b>12,968</b>	<b>12,554</b>	<b>12,524</b>	<b>30</b>	<b>0.2%</b>
6,391	6,081	5,979	(101)	-1.7%
1,920	2,030	1,835	(195)	-10.6%
1,272	1,462	1,414	(48)	-3.4%
1,574	2,310	2,071	(239)	-11.5%
<b>11,157</b>	<b>11,883</b>	<b>11,300</b>	<b>(583)</b>	<b>-5.2%</b>
<b>1,811</b>	<b>671</b>	<b>1,224</b>	<b>(553)</b>	<b>-45.2%</b>
0	0	0	0	0.0%
<b>1,811</b>	<b>671</b>	<b>1,224</b>	<b>(553)</b>	<b>-45.2%</b>
24.5%	19.5%	24.3%	-4.8%	
14.0%	5.3%	9.8%	-4.4%	
14.0%	5.3%	9.8%	-4.4%	

## \$000s OPERATING REVENUE

Gross Revenue
Deductions
<b>Net Patient Revenue</b>
Other Operating Revenue
<b>Total Operating Revenue</b>

## OPERATING EXPENSE

Salaries & Wages
Supplies
Fees & Purchased Services
Other Operating Expense
<b>Total Operating Expense</b>
<b>Net Operating Income/(Loss)</b>
Non Operating Income
<b>Net Income(Loss)</b>

**EBITDA**  
**Operating Margin**  
**Net Margin**

YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
351,554	372,244	366,409	5,835	1.6%
(247,639)	(267,651)	(260,952)	(6,699)	2.6%
<b>103,915</b>	<b>104,593</b>	<b>105,457</b>	<b>(864)</b>	<b>-0.8%</b>
1,763	1,795	1,723	72	4.2%
<b>105,678</b>	<b>106,388</b>	<b>107,180</b>	<b>(792)</b>	<b>-0.7%</b>
52,355	54,273	54,259	(14)	0.0%
15,553	16,123	15,565	(558)	-3.6%
11,319	12,100	12,320	220	1.8%
15,035	18,987	18,680	(307)	-1.6%
<b>94,262</b>	<b>101,483</b>	<b>100,823</b>	<b>(660)</b>	<b>-0.7%</b>
<b>11,416</b>	<b>4,905</b>	<b>6,356</b>	<b>(1,451)</b>	<b>-22.8%</b>
0	(26)	0	(26)	0.0%
<b>11,416</b>	<b>4,879</b>	<b>6,356</b>	<b>(1,477)</b>	<b>-23.2%</b>
22.4%	19.4%	20.7%	-1.3%	
10.8%	4.6%	5.9%	-1.3%	
10.8%	4.6%	5.9%	-1.3%	

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

# El Camino Hospital<sup>(1)</sup>

## Balance Sheet (\$ Thousands)

### ASSETS

	March 31, 2016	Audited June 30, 2015
<b>CURRENT ASSETS</b>		
Cash	41,708	55,224
Short Term Investments	100,278	145,027
Patient Accounts Receivable, net	107,498	95,737
Other Accounts and Notes Receivable	2,909	2,378
Intercompany Receivables	1,297	1,595
Inventories and Prepaids	45,056	44,055
<b>Total Current Assets</b>	<b>298,745</b>	<b>344,016</b>
<b>BOARD DESIGNATED ASSETS</b>		
Plant & Equipment Fund	115,583	117,965
Operational Reserve Fund	100,196	100,196
Community Benefit Fund	12,305	2,085
Workers Compensation Reserve Fund	23,552	24,719
Postretirement Health/Life Reserve Fund	18,442	17,197
PTO Liability Fund	23,562	22,212
Malpractice Reserve Fund	1,800	1,800
Catastrophic Reserves Fund	13,696	14,150
<b>Total Board Designated Assets</b>	<b>309,137</b>	<b>300,324</b>
<b>FUNDS HELD BY TRUSTEE</b>	<b>32,616</b>	<b>37,676</b>
<b>LONG TERM INVESTMENTS</b>	<b>202,372</b>	<b>207,290</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>30,241</b>	<b>31,808</b>
<b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,171,989	1,077,951
Less: Accumulated Depreciation	(490,905)	(473,920)
Construction in Progress	41,541	82,506
<b>Property, Plant &amp; Equipment - Net</b>	<b>722,625</b>	<b>686,537</b>
<b>DEFERRED OUTFLOWS</b>	<b>24,768</b>	<b>25,218</b>
<b>RESTRICTED ASSETS - CASH</b>	<b>0</b>	<b>5</b>
<b>TOTAL ASSETS</b>	<b>1,620,506</b>	<b>1,632,874</b>

### LIABILITIES AND FUND BALANCE

	March 31, 2016	Audited June 30, 2015
<b>CURRENT LIABILITIES</b>		
Accounts Payable	26,911	30,142
Salaries and Related Liabilities	11,655	20,812
Accrued PTO	23,562	22,212
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	12,822	20,253
Intercompany Payables	92	108
Malpractice Reserves	1,800	1,800
Bonds Payable - Current	3,635	5,475
Bond Interest Payable	1,561	1,711
Other Liabilities	3,278	3,111
<b>Total Current Liabilities</b>	<b>87,616</b>	<b>107,925</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	18,442	17,197
Worker's Comp Reserve	21,252	22,419
Other L/T Obligation (Asbestos)	3,611	3,531
Other L/T Liabilities (IT/Medl Leases)	-	7,102
Bond Payable	227,528	222,446
<b>Total Long Term Liabilities</b>	<b>270,832</b>	<b>272,696</b>
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	952,920	951,924
Board Designated	309,137	300,324
Restricted	0	5
<b>Total Fund Bal &amp; Capital Accts</b>	<b>1,262,058</b>	<b>1,252,254</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>1,620,506</b>	<b>1,632,874</b>

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates



## 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
<b>Facilities Projects CIP</b>					
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
<b>Facilities Projects CIP cont.</b>					
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
<b>Subtotal Facilities Projects CIP</b>	<b>4,674</b>	<b>9,553</b>	<b>9,294</b>	<b>13,753</b>	<b>38,940</b>
<b>Grand Total</b>	<b>17,368</b>	<b>35,357</b>	<b>27,598</b>	<b>51,723</b>	<b>56,940</b>
Forecast at Beginning of year		47,138	49,399	47,300	65,420



## **ATTACHMENT 6**



**El Camino Hospital**

THE HOSPITAL OF SILICON VALLEY

## Summary of Financial Operations

Fiscal Year 2016 – Period 10

7/1/2015 to 4/30/2016

Dashboard - ECH combined as of April 30, 2016

	Annual						Month			YTD		
	2012	2013	2014	2015	2016	2016	PY	CY	Bud/Target	PY	CY	Bud/Target
					Proj.	Bud/Target						
<b>Volume</b>												
<b>Licensed Beds</b>	443	443	443	443	443	443	443	443	443	443	443	443
ADC	220	240	238	246	242	245	255	238	252	242	237	241
Adjusted Discharges	30,558	32,221	32,003	32,507	31,429	32,696	2,671	2,598	2,694	26,798	26,190	27,183
<b>Inpatient Cases</b>												
Total Discharges	18,231	19,220	18,567	19,081	18,609	19,262	1,590	1,527	1,588	15,816	15,507	16,027
Deliveries	4,600	5,227	5,155	5,060	4,691	5,193	392	362	422	4,209	3,909	4,318
BHS	899	851	844	872	796	850	74	55	72	714	663	706
Rehab	447	537	557	563	511	570	50	45	48	479	426	473
<b>Outpatient</b>												
ED	53,686	48,091	49,543	52,487	50,376	52,151	4,565	4,296	4,349	43,480	41,980	43,506
Procedural Cases												
OP Surg	5,318	5,838	6,385	6,474	6,068	6,676	504	442	554	5,306	5,057	5,528
Endo		2,400	2,635	2,829	2,456	2,825	213	199	234	2,369	2,047	2,350
Interventional		1,508	1,705	1,878	1,945	1,901	145	168	147	1,525	1,621	1,543
All Other	186,573	100,871	124,989	133,005	139,766	134,601	11,379	12,753	11,516	110,747	116,472	112,076
<b>Financial Performance (\$000s)</b>												
Net Revenues	629,585	686,327	721,123	746,645	755,550	743,754	71,046	62,699	60,728	609,811	629,625	616,194
Operating Expenses	576,354	632,353	669,680	689,631	735,174	715,481	60,450	59,449	58,743	467,192	613,450	594,888
Operating Income \$	67,276	69,126	70,305	78,120	42,175	50,138	12,423	2,945	3,671	159,526	34,341	38,269
Op Margin	10.5%	9.9%	9.5%	10.2%	5.4%	6.5%	17.0%	4.7%	5.9%	25.5%	5.3%	6.0%
EBITDA \$	124,420	124,722	125,254	128,002	95,816	100,393	16,691	7,769	8,267	198,467	74,571	76,604
EBITDA %	19.3%	17.8%	16.9%	16.7%	12.3%	13.1%	22.9%	12.5%	13.2%	31.7%	11.5%	12.1%
IP Margin	0.4%	-1.1%	-3.2%	-4.5%	-8.1%	-1.0%	0.6%	-10.4%	-1.0%	-3.8%	-8.1%	-1.0%
OP Margin	24.7%	25.9%	25.2%	28.1%	26.9%	25.0%	31.2%	22.4%	25.0%	26.5%	26.9%	25.0%
<b>Payor Mix</b>												
Medicare	46.2%	46.4%	44.7%	46.3%	46.0%	46.4%	47.3%	48.0%	46.4%	42.7%	46.2%	46.4%
Medi-Cal	5.3%	4.9%	6.0%	6.6%	7.4%	6.5%	6.8%	6.3%	6.5%	6.6%	7.3%	6.5%
Commercial	41.5%	42.2%	44.0%	42.8%	42.4%	43.0%	41.7%	40.8%	43.0%	46.3%	42.3%	43.0%
Other	7.0%	6.6%	5.4%	4.3%	4.1%	4.1%	4.2%	4.9%	4.1%	4.4%	4.2%	4.1%
<b>Cost</b>												
Employees	2,156.7	2,289.0	2,435.6	2,452.4	2,544.0	2,450.2	2,492.0	2,512.7	2,453.7	2,446.0	2,544.0	2,450.2
Hrs/APD	29.42	29.66	29.72	29.31	30.88	29.36	29.49	31.18	30.17	29.28	30.88	29.36
<b>Balance Sheet</b>												
Net Days in AR	48.1	47.8	50.9	43.6	53.8	48.0	45.7	53.8	48.0	45.7	53.8	48.0
Days Cash	321	350	382	401	347	262	394	347	262	394	347	262
Debt to Capitalization	15.8%	14.0%	12.6%	13.6%	14.3%	29.0%	11.9%	14.3%	29.0%	11.9%	14.3%	29.0%
MADS	7.2	8.0	9.5	8.9	5.3	1.2	9.9	5.3	1.2	9.9	5.3	1.2
<b>Affiliates - Net Income (\$000s)</b>												
Hosp	71,286	88,820	118,906	94,787	23,284	72,460	18,002	8,679	5,531	78,875	18,644	56,872
Concern	1,472	371	1,862	1,202	2,169	1,751	253	393	376	1,637	1,858	1,008
ECSC			(5)	(41)	(368)	0	2	2	0	(24)	(312)	0
Foundation	138	1,545	3,264	710	636	1,315	264	369	5	1,235	739	1,017
SVMD	(30)	(114)	32	106	205	0	(2)	191	0	115	155	0

Inpatient volume is 2% below budget for the year primarily due lower deliveries

OP procedural volume is lower than prior year

Operating margin for March was \$727k budget due to low volume and higher than budget expenses

Payor mix is unfavorable primarily due to lower deliveries

Productivity has improved after EPIC go-live but remains unfavorable compared to budget.

AR days continue to improve after EPIC go-live

# El Camino Hospital (\$000s) <sup>(1)</sup>

10 months ending 4/30/2016

PERIOD 10 FY 2015	PERIOD 10 FY 2016	PERIOD 10 Budget 2016	Variance Fav (Unfav)	Var%		YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
211,541	227,364	226,908	456	0.2%	<b>\$000s</b>					
(140,495)	(164,665)	(166,180)	1,516	1.0%	<b>OPERATING REVENUE</b>					
<b>71,046</b>	<b>62,699</b>	<b>60,728</b>	<b>1,972</b>	<b>3.2%</b>	Gross Revenue	2,134,971	2,276,819	2,258,163	18,656	0.8%
1,827	(306)	1,686	(1,992)	-118.1%	Deductions	(1,525,160)	(1,647,193)	(1,641,969)	(5,225)	0.3%
<b>72,873</b>	<b>62,394</b>	<b>62,414</b>	<b>(20)</b>	<b>0.0%</b>	<b>Net Patient Revenue</b>	<b>609,811</b>	<b>629,625</b>	<b>616,194</b>	<b>13,431</b>	<b>2.2%</b>
					Other Operating Revenue	16,907	18,166	16,963	1,203	7.1%
					<b>Total Operating Revenue</b>	<b>626,718</b>	<b>647,791</b>	<b>633,157</b>	<b>14,634</b>	<b>2.3%</b>
					<b>OPERATING EXPENSE</b>					
35,819	35,464	35,259	(206)	-0.6%	Salaries & Wages	340,854	358,067	358,391	324	0.1%
9,100	8,959	9,519	560	5.9%	Supplies	90,650	96,085	93,396	(2,689)	-2.9%
7,877	7,187	6,882	(305)	-4.4%	Fees & Purchased Services	63,678	73,497	69,359	(4,138)	-6.0%
3,378	2,859	2,521	(338)	-13.4%	Other Operating Expense	30,615	40,591	30,845	(9,746)	-31.6%
600	610	448	(162)	-36.1%	Interest	6,011	4,958	4,482	(476)	-10.6%
3,675	4,369	4,114	(255)	-6.2%	Depreciation	37,205	40,252	38,415	(1,836)	-4.8%
<b>60,450</b>	<b>59,449</b>	<b>58,743</b>	<b>(707)</b>	<b>-1.2%</b>	<b>Total Operating Expense</b>	<b>569,013</b>	<b>613,450</b>	<b>594,888</b>	<b>(18,562)</b>	<b>-3.1%</b>
<b>12,423</b>	<b>2,945</b>	<b>3,671</b>	<b>(727)</b>	<b>-19.8%</b>	<b>Net Operating Income/(Loss)</b>	<b>57,705</b>	<b>34,341</b>	<b>38,269</b>	<b>(3,929)</b>	<b>-10.3%</b>
5,579	5,734	1,860	3,874	208.3%	Non Operating Income	21,170	(15,697)	18,602	(34,299)	-184.4%
<b>18,002</b>	<b>8,679</b>	<b>5,531</b>	<b>3,148</b>	<b>56.9%</b>	<b>Net Income(Loss)</b>	<b>78,875</b>	<b>18,644</b>	<b>56,872</b>	<b>(38,228)</b>	<b>-67.2%</b>
22.9%	12.7%	13.2%	-0.5%		<b>EBITDA</b>	16.1%	12.3%	12.8%	-0.5%	
17.0%	4.7%	5.9%	-1.2%		<b>Operating Margin</b>	9.2%	5.3%	6.0%	-0.7%	
24.7%	13.9%	8.9%	5.0%		<b>Net Margin</b>	12.6%	2.9%	9.0%	-6.1%	

**Supplies** – lower than budget for the month. YTD variance due to pharmacy (Infusion) which is offset by revenues.

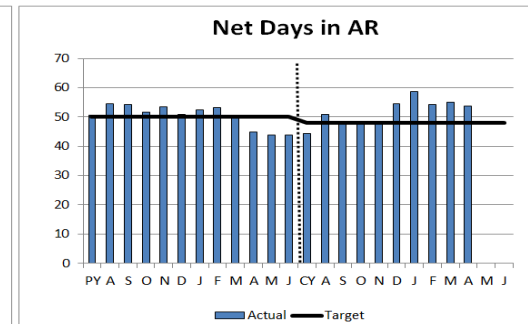
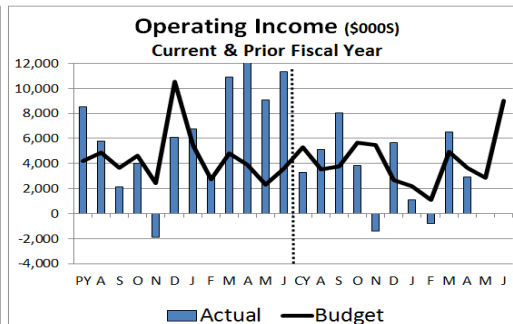
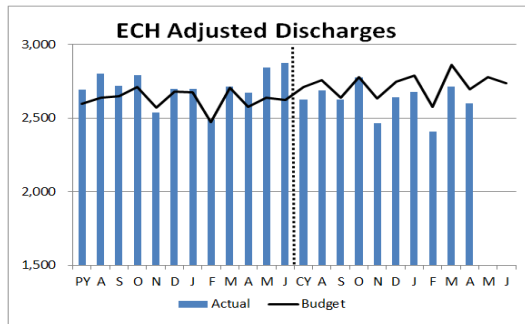
**Fees and Purchased services** – variance due to IT security, EPIC back-fill, HPO costs

**Other operating expense** – variance due to \$4 million higher EPIC go-live costs and \$6 million expense reduction target that was not achieved

**Depreciation** - 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.

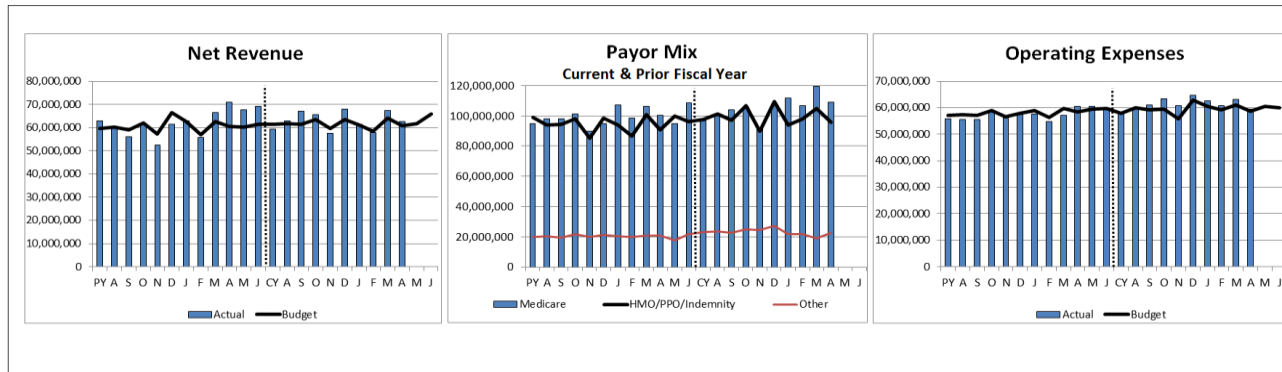
<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

# Monthly Financial Trends



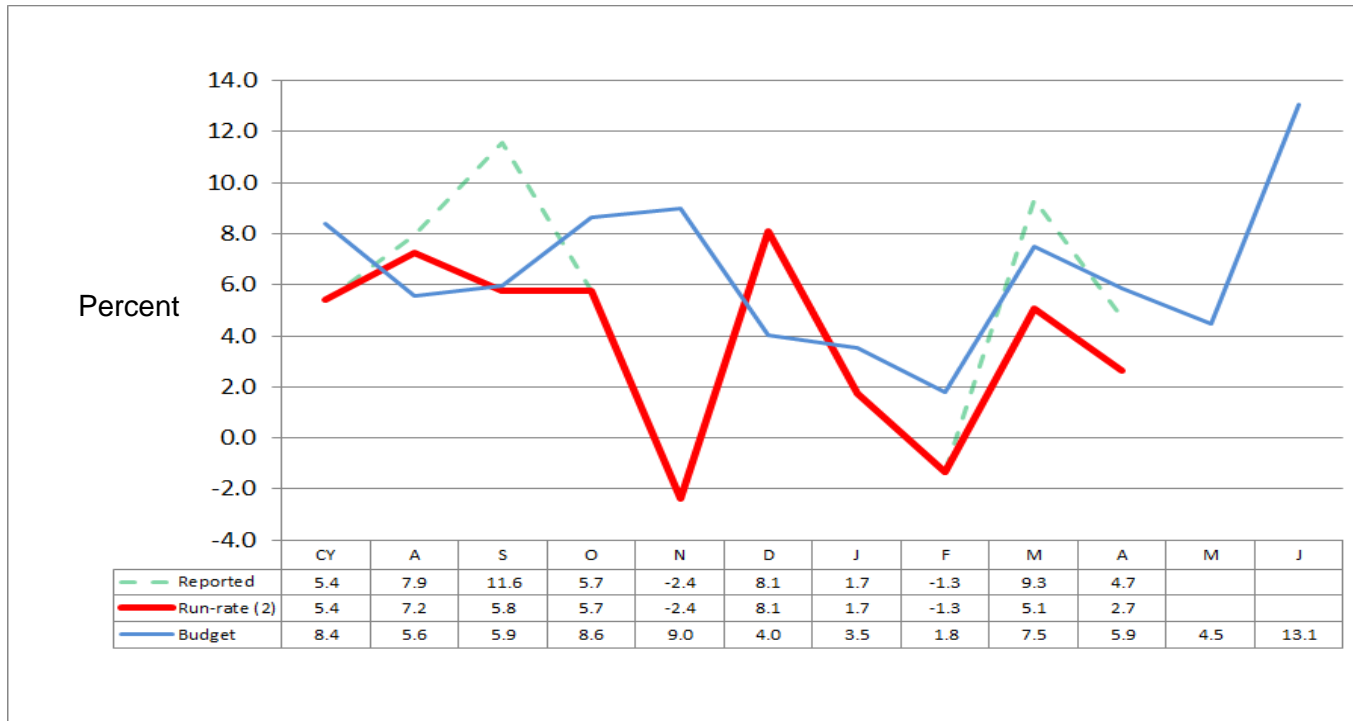
Budget is represented by solid lines; Bars represent actual results

Volume is low mainly in deliveries.  
AR recovery continued in April



# ECH Operating Margin %

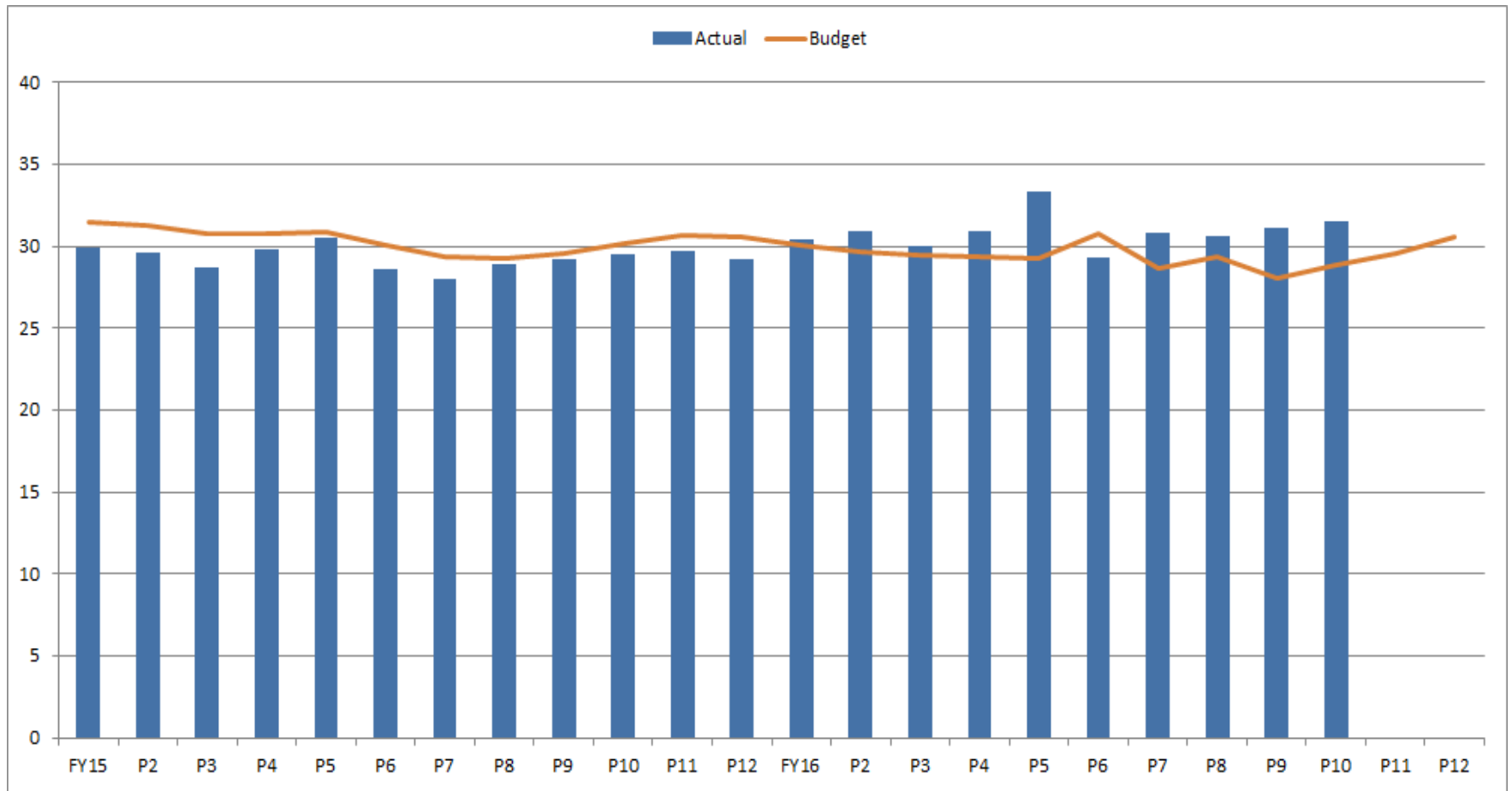
Run rate is booked operating income adjusted for material non-recurring transactions



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
	Cost Reports Settlements	-\$49	-\$569	-\$616	\$0	\$0	\$0	\$0	\$0	-\$1,028	\$0	\$0
	IGT-Inter Government Transfer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Employee Health Other Op Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,811	\$0	\$0
	Insurance Overpayment Released	\$0	\$0	-\$4,913	\$0	\$0	\$0	\$0	\$0	-\$2,102	\$0	\$0
	<b>Total</b>	<b>-\$49</b>	<b>-\$569</b>	<b>-\$5,530</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$1,320</b>	<b>\$0</b>	<b>\$0</b>
Expense Adjustments	Pay-For-Performance Bonus	\$76	\$69	\$1,183	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Actuarial Exp for Workers Comp	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,979	\$0	\$0	\$0
	<b>Total</b>	<b>\$76</b>	<b>\$69</b>	<b>\$1,183</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,979</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

- Unusual items in April has a net favorable impact of \$1.3 million

## Worked Hours per Adjusted Patient Day



Productivity has improved after EPIC go-live but remains unfavorable compared to budget .

## Summary of Financial Results

### \$ in Thousands

	Period 10 - Month			Period 10 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Income (Loss) from Operations</b>						
Mountain View	1,192	2,816	(1,624)	27,683	31,058	(3,375)
Los Gatos	1,753	855	898	6,658	7,211	(554)
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>2,945</b>	<b>3,671</b>	<b>(727)</b>	<b>34,341</b>	<b>38,269</b>	<b>(3,929)</b>
<b>Operating Margin %</b>	<b>4.7%</b>	<b>5.9%</b>		<b>5.3%</b>	<b>6.0%</b>	
<b>El Camino Hospital Non Operating Income</b>						
Investments	5,095	2,298	2,797	(7,708)	22,976	(30,684)
Swap Adjustments	190	0	190	(2,125)	0	(2,125)
Community Benefit	(46)	(233)	187	(2,586)	(2,333)	(254)
Other	496	(204)	700	(3,277)	(2,041)	(1,236)
<b>Sub Total - Non Operating Income</b>	<b>5,734</b>	<b>1,860</b>	<b>3,874</b>	<b>(15,697)</b>	<b>18,602</b>	<b>(34,299)</b>
<b>El Camino Hospital Net Income (Loss)</b>	<b>8,679</b>	<b>5,531</b>	<b>3,148</b>	<b>18,644</b>	<b>56,872</b>	<b>(38,228)</b>
<b>ECH Net Margin %</b>	<b>13.9%</b>	<b>8.9%</b>		<b>2.9%</b>	<b>9.0%</b>	
Concern	393	376	17	1,858	1,008	849
ECSC	2	0	2	(312)	0	(312)
Foundation	369	5	364	739	1,017	(278)
Silicon Valley Medical Development	191	0	191	155	0	155
<b>Net Income Hospital Affiliates</b>	<b>954</b>	<b>381</b>	<b>574</b>	<b>2,440</b>	<b>2,025</b>	<b>415</b>
<b>Total Net Income Hospital &amp; Affiliates</b>	<b>9,633</b>	<b>5,912</b>	<b>3,721</b>	<b>21,084</b>	<b>58,897</b>	<b>(37,813)</b>

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



# Tracking Smart Growth

COMBINED CAMPUS						Result Away from Goal
	FY15 Year to Date	FY16 Year to Date	Change	%	Annual Goal	
Inpatient Discharges	15,816	15,507	(309)	-2.0%	300	(609)
Surgical Outpatient Cases (incl Litho)	5,306	5,057	(249)	-4.7%	290	(539)
Endo Outpatient procedures	2,369	2,047	(322)	-13.6%	0	(322)
Outpatient Interventional Cases	1,525	1,621	96	6.3%	10	86
<b>Total Case Volume</b>	<b>25,016</b>	<b>24,232</b>	<b>(784)</b>	<b>-3.1%</b>	<b>600</b>	<b>(1,384)</b>
NEW Physician Total		362	362			
Pre-existing Physician Total	25,016	23,870	(1,146)	-4.6%		
# New Physicians*		8			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	12,954	12,793	(161)
Surgical Outpatient Cases (incl Litho)	2,764	2,685	(79)
Endo Outpatient procedures	2,184	1,954	(230)
Outpatient Interventional Cases	1,506	1,607	101
<b>Total Case Volume</b>	<b>19,408</b>	<b>19,039</b>	<b>(369)</b>

Los Gatos Campus			
	FY15 Year to Date	FY16 Year to Date	Change
Inpatient Discharges	2,862	2,714	(148)
Surgical Outpatient Cases (incl Litho)	2,542	2,372	(170)
Endo Outpatient procedures	185	93	(92)
Outpatient Interventional Cases	19	14	(5)
<b>Total Case Volume</b>	<b>5,608</b>	<b>5,193</b>	<b>(415)</b>

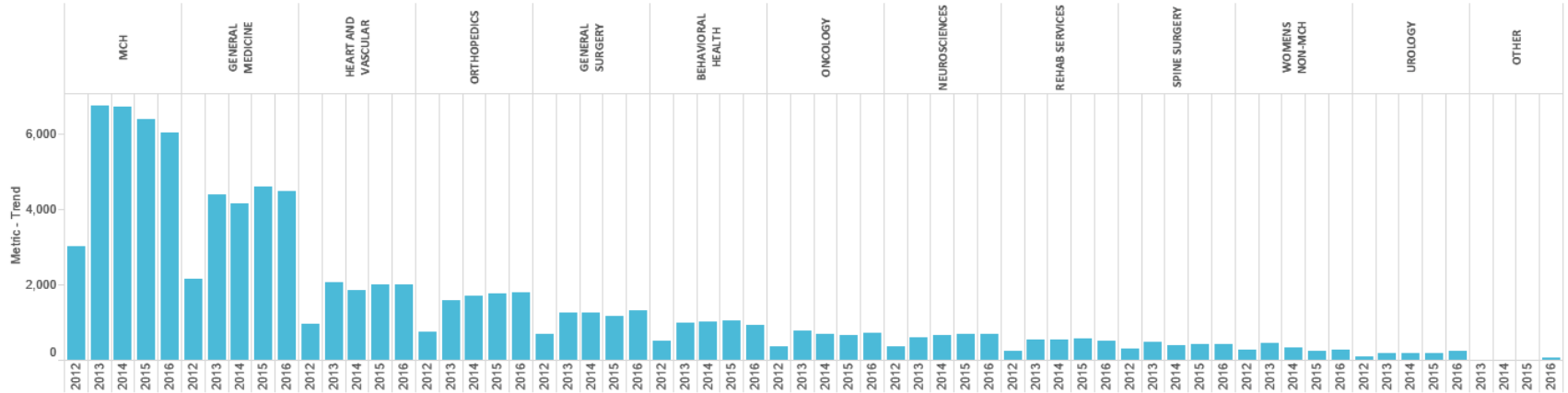
(1) Hospital entity only, excludes controlled affiliates

# El Camino Hospital Volume Annual Trends

## FY 2016 is annualized

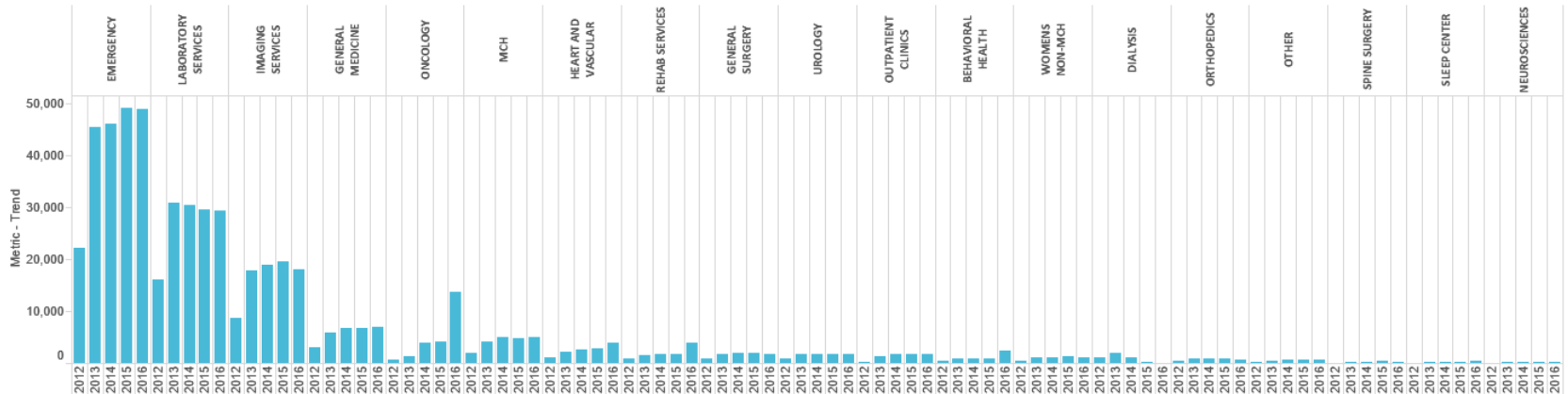
IP

Service Line Trend - clicking on a service line excludes all others. Clicking a second time removes the filter. Filters apply to all graphs below.



OP

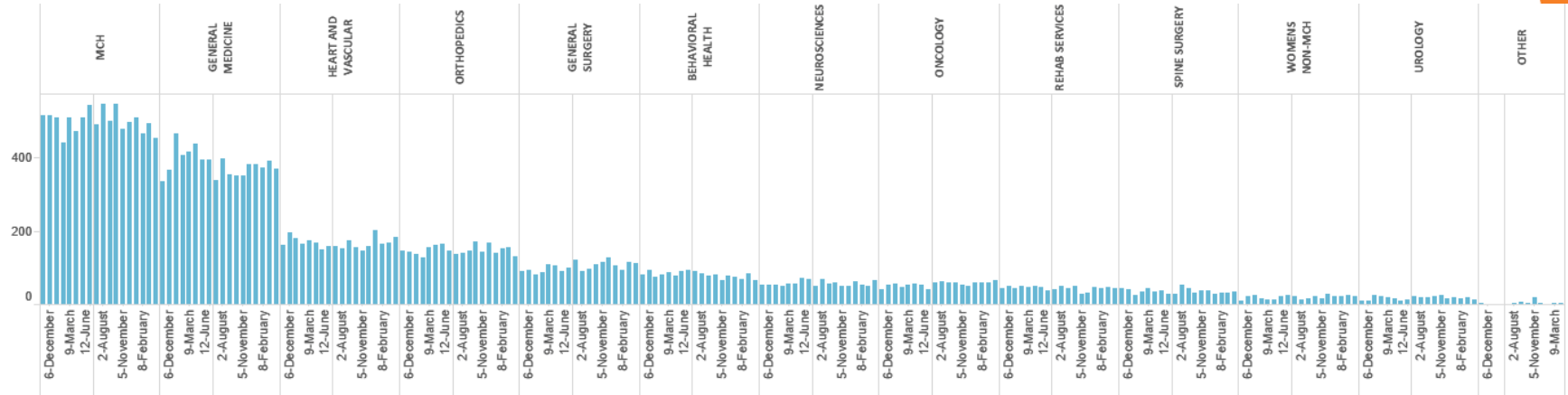
Service Line Trend - clicking on a service line excludes all others. Clicking a second time removes the filter. Filters apply to all graphs below.



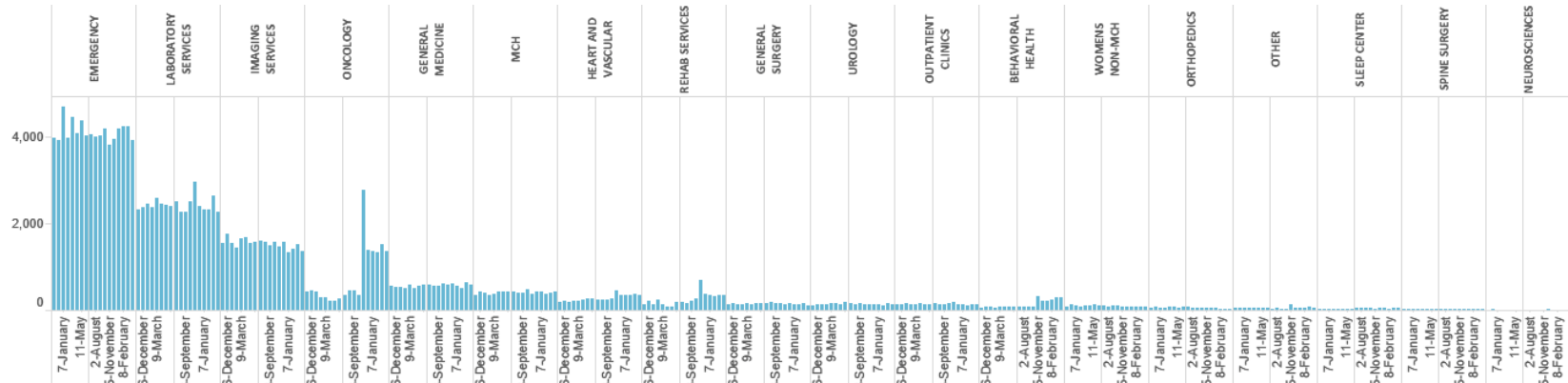
- IP declined in maternal child health service line – 2015 decline was NICU which recovered in 2016; the 2016 decline is in deliveries. Other service lines are stable
- OP – ED has grown due to ACO but plateaued in 2016. Oncology has grown but measure changed with EPIC and is not comparable to legacy count

## El Camino Hospital Volume Monthly Trends Prior and Current Fiscal Years

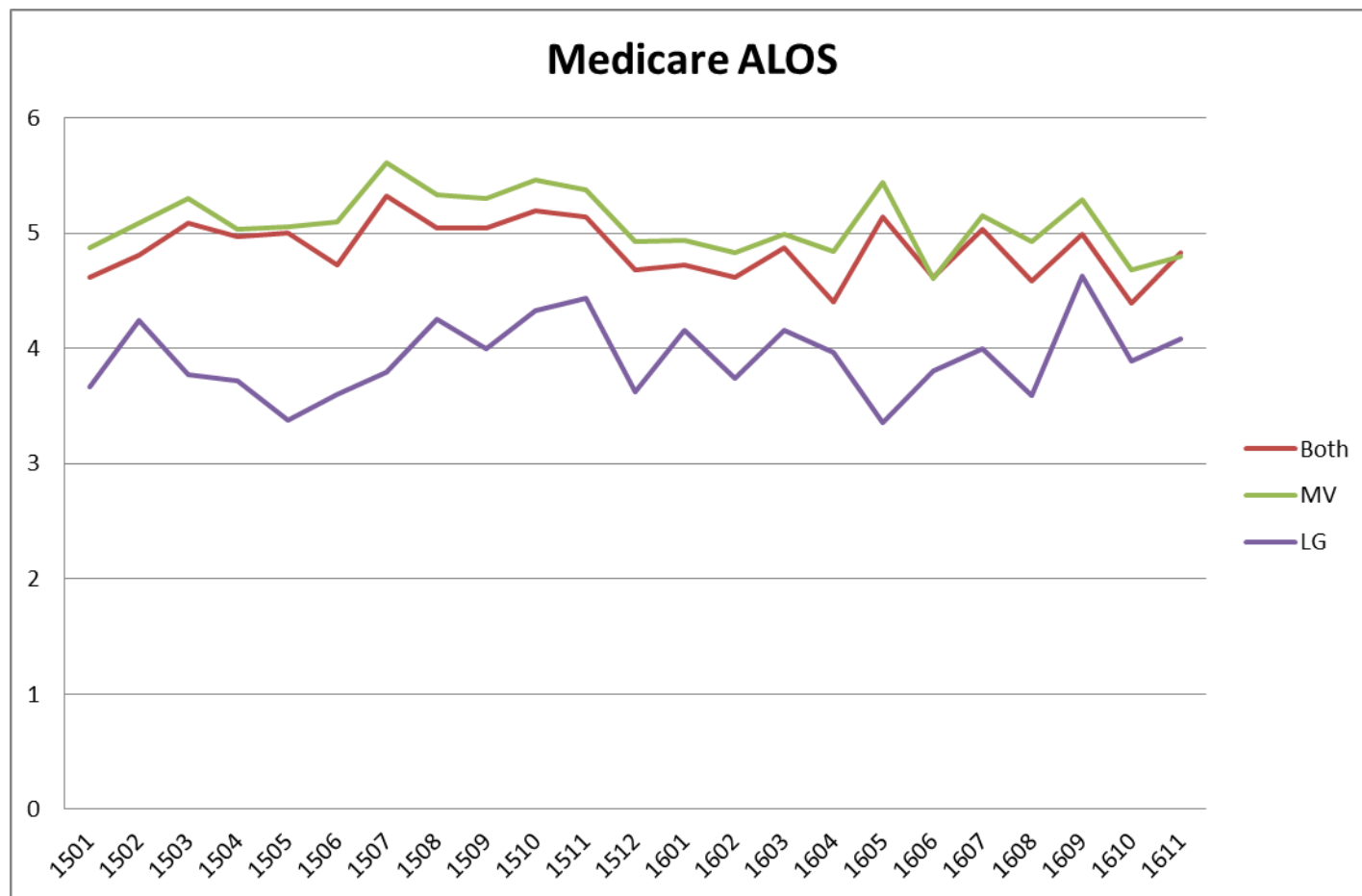
IP



OP



- IP volume declined in deliveries but other service lines are stable
- OP – April shows a decline in ED. Oncology volume has grown but visit count in EPIC is not comparable to legacy count



- Medicare: Due to DRG reimbursement, financial results usually improve with decreased LOS

# El Camino Hospital Investment Committee Scorecard

Updated Quarterly

March 31, 2016

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY16 Year-end Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>		1Q 2016		Fiscal Year-to-date		Since Inception (annualized)			Mar 2014/2012
Surplus cash balance & op. cash (millions)		\$695.4	--	--	--	--	--	\$699.8	--
Surplus cash return		0.2%	0.9%	-1.8%	-0.9%	4.2%	4.3%	4.0%	5.0%
Cash balance plan balance (millions)		\$216.3	--	--	--	--	--	\$224.2	--
Cash balance plan return		-0.4%	1.0%	-2.1%	-1.0%	6.9%	6.4%	6.0%	6.7%
403(b) plan balance (millions)		\$314.8 <sup>1</sup>	--	--	--	--	--	--	--
<b>Risk vs. Return</b>		3-year				Since Inception (annualized)			Mar 2014/2012
Surplus cash Sharpe ratio		0.73	0.76	--	--	0.92	0.93	--	0.66
Net of fee return		3.5%	3.7%	--	--	4.2%	4.3%	--	5.0%
Standard deviation		4.7%	4.8%	--	--	4.5%	4.6%	--	7.2%
Cash balance Sharpe ratio		0.88	0.83	--	--	1.11	1.06	--	0.54
Net of fee return		5.7%	5.2%	--	--	6.9%	6.4%	--	6.7%
Standard deviation		6.5%	6.2%	--	--	6.2%	6.0%	--	10.6%
<b>Asset Allocation</b>		1Q 2016							
Surplus cash absolute variances to target		3.9%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		3.0%	< 10%	--	--	--	--	--	--
<b>Manager Compliance</b>		1Q 2016							
Surplus cash manager flags		15	< 18	--	--	--	--	--	--
Cash balance plan manager flags		16	< 18	--	--	--	--	--	--

<sup>1</sup> Data as of 12/31/15 as 3/31/16 data was not yet available.

# El Camino Hospital

Capital Spending (in millions)

Category	Detail	Approved	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	FY 16 Proj Spend**	FY 16 YTD Spent	FY 16 Remaining
<b>CIP</b>	EPIC Installation			73.8	56.8	23.7	20.6	3.1
	<b>IT Hardware, Software, Equipment*</b>			6.9		6.9	6.5	0.4
	<b>Medical &amp; Non Medical Equipment</b>			16.5		14.7	13.5	1.2
	<b>Facility Projects</b>							
	1307 LG Upgrades	FY13	15.5	13.0	9.9	4.0	3.1	0.9
	1219 LG Spine OR	FY13	4.1	4.1	0.9	1.0	0.4	0.6
	1414 Integrated MOB	FY15	232.0	28.0	10.5	10.0	7.9	2.1
	1413 North Drive Parking Expansion	FY15	15.0	3.0	1.4	2.4	1.1	1.3
	1245 Behavioral Health Bldg	FY16	62.5	9.0	6.8	4.5	1.4	3.1
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	6.8	0.0	0.0	1.0	0.0	1.0
	1313/1224 LG Rehab HVAC System & Structural	FY16	3.7	3.7	1.1	3.0	1.1	1.9
	1502 Cabling & Wireless Upgrades	FY16	2.5	2.8	1.2	2.4	1.2	1.2
	1425 IMOB Preparation Project - Old Main	FY16	2.3	1.0	0.0	1.2	0.0	1.2
	1430 Women's Hospital Expansion	FY16	91.0	0.0	0.0	1.0	0.0	1.0
	1422 CUP Upgrade	FY16	4.0	1.5	0.9	0.8	0.8	0.0
	Willow Pavilion FA Sys and Equip Upgrades	FY16	0.3	1.3	0.0	0.0	0.0	0.0
	1519/1314 LG Electrical Systems Upgrade	FY16	1.2	0.0	0.0	0.5	0.0	0.5
	1347 LG Central Sterile Upgrades	FY15	3.7	0.2	0.2	2.0	0.0	2.0
	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	0.0	0.0	0.0
	Land Acquisition Approved in 12/15	FY16	27.1	27.1	27.1	27.1	27.1	0.0
	All Other Projects under \$1M		16.2	40.7	35.4	5.1	3.5	1.6
			495.9	135.4	95.5	66.5	47.5	19.0
<b>GRAND TOTAL</b>				<b>232.6</b>		<b>111.8</b>	<b>88.1</b>	<b>23.7</b>
Forecast at start of fiscal year						125.8		

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

# El Camino Hospital<sup>(1)</sup>

## Balance Sheet (\$ Thousands)

### ASSETS

	April 30, 2016	Audited June 30, 2015
<b>CURRENT ASSETS</b>		
Cash	35,498	55,224
Short Term Investments	101,479	145,027
Patient Accounts Receivable, net	106,151	95,737
Other Accounts and Notes Receivable	3,187	2,378
Intercompany Receivables	1,120	1,595
Inventories and Prepaids	46,715	44,055
<b>Total Current Assets</b>	<b>294,150</b>	<b>344,016</b>
<b>BOARD DESIGNATED ASSETS</b>		
Plant & Equipment Fund	117,114	117,965
Operational Reserve Fund	100,196	100,196
Community Benefit Fund	12,264	2,085
Workers Compensation Reserve Fund	23,552	24,719
Postretirement Health/Life Reserve Fund	18,580	17,197
PTO Liability Fund	23,713	22,212
Malpractice Reserve Fund	1,800	1,800
Catastrophic Reserves Fund	14,072	14,150
<b>Total Board Designated Assets</b>	<b>311,291</b>	<b>300,324</b>
<b>FUNDS HELD BY TRUSTEE</b>	<b>31,187</b>	<b>37,676</b>
<b>LONG TERM INVESTMENTS</b>	<b>204,106</b>	<b>207,290</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>30,977</b>	<b>31,808</b>
<b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,176,834	1,077,951
Less: Accumulated Depreciation	(495,274)	(473,920)
Construction in Progress	40,763	82,506
<b>Property, Plant &amp; Equipment - Net</b>	<b>722,323</b>	<b>686,537</b>
<b>DEFERRED OUTFLOWS</b>	<b>24,718</b>	<b>25,218</b>
<b>RESTRICTED ASSETS - CASH</b>	<b>0</b>	<b>5</b>
<b>TOTAL ASSETS</b>	<b>1,618,752</b>	<b>1,632,874</b>

### LIABILITIES AND FUND BALANCE

	April 30, 2016	Audited June 30, 2015
<b>CURRENT LIABILITIES</b>		
Accounts Payable	21,567	30,142
Salaries and Related Liabilities	7,581	20,812
Accrued PTO	23,713	22,212
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	11,168	20,253
Intercompany Payables	74	108
Malpractice Reserves	1,800	1,800
Bonds Payable - Current	3,635	5,475
Bond Interest Payable	2,044	1,711
Other Liabilities	3,343	3,111
<b>Total Current Liabilities</b>	<b>77,225</b>	<b>107,925</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	18,580	17,197
Worker's Comp Reserve	21,252	22,419
Other L/T Obligation (Asbestos)	3,620	3,531
Other L/T Liabilities (IT/Medl Leases)	-	7,102
Bond Payable	227,337	222,446
<b>Total Long Term Liabilities</b>	<b>270,789</b>	<b>272,696</b>
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	959,446	951,924
Board Designated	311,291	300,324
Restricted	0	5
<b>Total Fund Bal &amp; Capital Accts</b>	<b>1,270,737</b>	<b>1,252,254</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>1,618,752</b>	<b>1,632,874</b>

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

# APPENDIX



### Dashboard - Mountain View

	Annual						Month			YTD		
	2012	2013	2014	2015	2016	2016	PY	CY	Bud/Target	PY	CY	Bud/Target
					Projection	Bud/Target						
<b>Volume</b>												
Licensed Beds	300	300	300	300	300	300	300	300	300	300	300	300
Acute Patient Days	65,989	72,245	71,084	73,360	72,572	73,061	6,271	5,927	6,089	61,317	60,477	61,028
ADC	181	198	195	201	199	200	209	198	203	202	198	200
Adjusted Acute Discharges	25,420	26,640	26,147	26,627	25,933	26,705	2,183	2,169	2,201	21,957	21,610	22,203
Acute Discharges	15,019	15,876	15,177	15,619	15,352	15,756	1,302	1,275	1,299	12,954	12,793	13,110
<b>Inpatient total</b>												
Acute	15,019	15,876	15,177	15,619	15,352	15,756	1,302	1,275	1,299	12,954	12,793	13,110
Deliveries	3,973	4,480	4,364	4,383	4,073	4,488	343	331	365	3,648	3,394	3,733
BHS	899	851	844	872	796	850	74	55	72	714	663	706
Rehab	0	0	0	0	0	0	0	0	0	0	0	0
<b>OP total</b>												
ED	42,537	37,256	38,502	41,301	39,229	41,187	3,506	3,319	3,435	34,244	32,691	34,360
OP Surg	2,309	2,818	3,278	3,407	3,222	3,600	271	233	299	2,764	2,685	2,981
Endo	1942	2,104	2,405	2,606	2,345	2,607	194	198	216	2,184	1,954	2,169
Interventional		1,497	1,688	1,856	1,928	1,878	143	167	145	1,506	1,607	1,524
All Other	174,541	86,692	109,275	115,671	123,746	117,059	9,949	11,448	10,068	96,427	103,122	97,584
<b>Financial Performance (\$000s)</b>												
Net Revenues	507,128	557,533	589,420	603,788	615,331	602,989	58,388	50,443	49,035	493,238	512,776	499,045
Operating Expenses	470,713	516,892	550,736	562,790	600,387	580,982	50,035	48,793	47,714	362,515	501,310	483,035
Operating Income \$	49,994	55,324	56,518	59,684	34,405	41,574	9,995	1,192	2,816	145,682	27,683	31,058
Op Margin	9.6%	9.7%	9.3%	9.6%	5.4%	6.7%	16.7%	2.4%	5.6%	28.7%	5.2%	6.0%
EBITDA \$	100,790	105,938	105,814	103,637	82,011	87,252	13,773	5,494	6,846	180,199	63,388	64,815
EBITDA %	19.4%	18.5%	17.4%	16.6%	12.9%	14.0%	22.9%	11.0%	13.5%	35.5%	12.0%	12.6%
<b>Payor Mix</b>												
Medicare	41.4%	42.0%	44.0%	42.6%	45.8%	46.4%	46.4%	47.6%	46.4%	42.6%	45.8%	46.4%
Medi-Cal	6.0%	5.4%	6.5%	7.1%	7.8%	7.0%	7.3%	6.4%	7.0%	7.1%	7.8%	7.0%
Commercial	47.7%	47.8%	44.6%	46.4%	42.6%	42.9%	42.2%	42.2%	42.9%	46.4%	42.6%	42.9%
Other	4.9%	4.8%	4.9%	3.9%	3.8%	3.7%	4.1%	3.8%	3.7%	3.9%	3.8%	3.7%
<b>Cost</b>												
Employees	1,793.0	1,901.0	2,027.6	2,029.9	2,174.8	2,029.7	2,067.2	2,101.6	2,038.4	2,024.8	2,124.5	2029.68
Hrs/APD	29.28	29.58	30.16	29.60	31.10	29.79	29.85	29.06	29.42	29.58	31.10	29.79

### Dashboard - Los Gatos

#### Volume

	Annual					
	2012	2013	2014	2015	2016	2016 Projection Bud/Target
Licensed Beds	143	143	143	143	143	143
ADC	39	42	43	45	43	45
Adjusted Acute Discharges	5,178	5,582	5,856	5,880	5,496	5,992
Acute Discharges	3,212	3,344	3,390	3,462	3,257	3,506
<b>Inpatient total</b>						
Acute	3,212	3,344	3,390	3,462	3,257	3,506
Deliveries	627	747	791	677	618	705
BHS	0	0	0	0	0	0
Rehab	447	537	557	563	511	570
<b>OP total</b>						
ED	11,149	10,835	11,041	11,186	11,147	10,964
OP Surg	3,009	3,020	3,107	3,067	2,846	3,076
Endo	433	296	230	223	112	218
Interventional		11	17	22	17	22
All Other	12,032	14,179	15,714	17,334	16,020	17,542

#### Financial Performance (\$000s)

Net Revenues	122,457	128,794	131,702	142,858	140,220	140,765
Operating Expenses	105,641	115,461	118,944	126,841	134,786	134,499
Operating Income \$	17,282	13,802	13,787	18,436	7,771	8,563
Op Margin	14.1%	10.7%	10.4%	12.7%	5.5%	6.0%
EBITDA \$	23,630	18,784	19,440	24,365	13,805	13,141
EBITDA %	19.2%	14.5%	14.6%	16.8%	9.7%	9.2%

#### Payor Mix

Medicare	44.7%	45.5%	44.0%	43.8%	48.0%	43.1%
Medi-Cal	3.0%	2.9%	3.5%	4.3%	4.7%	3.0%
Commercial	43.3%	42.3%	45.0%	46.1%	41.0%	45.3%
Other	9.0%	9.3%	7.5%	5.8%	6.2%	8.6%

#### Cost

Employees	363.8	388.0	408.1	422.6	421.7	420.6
Hrs/APD	30.10	29.13	27.65	28.00	29.84	27.47

	Month			YTD		
	PY	CY	Bud/Target	PY	CY	Bud/Target
Licensed Beds	143	143	143	143	143	143
ADC	46	40	49	41	38	41
Adjusted Acute Discharges	487	428	494	4,842	4,580	4,980
Acute Discharges	288	252	289	2,862	2,714	2,917
<b>Inpatient total</b>						
Acute	288	252	289	2,862	2,714	2,917
Deliveries	49	31	57	561	515	585
BHS	0	0	0	0	0	0
Rehab	50	45	48	479	426	473
<b>OP total</b>						
ED	1,059	977	914	9,236	9,289	9,146
OP Surg	233	209	255	2,542	2,372	2,547
Endo	19	1	18	185	93	181
Interventional	2	1	2	19	14	19
All Other	1,430	1,305	1,447	14,320	13,350	14,492
Net Revenues	12,658	12,257	11,693	116,573	116,850	117,149
Operating Expenses	10,414	10,657	11,029	104,676	112,140	111,852
Operating Income \$	2,428	1,753	855	13,844	6,658	7,211
Op Margin	18.9%	14.1%	7.2%	11.7%	5.6%	6.1%
EBITDA \$	2,918	2,275	1,422	18,268	11,183	11,789
EBITDA %	22.7%	18.3%	12.0%	15.4%	9.4%	9.9%
Medicare	51.4%	49.8%	43.1%	43.5%	48.0%	43.1%
Medi-Cal	4.7%	5.8%	3.0%	4.3%	4.7%	3.0%
Commercial	39.3%	34.1%	45.3%	46.0%	41.0%	45.3%
Other	4.6%	10.3%	8.6%	6.2%	6.2%	8.6%
Employees	424.8	411.1	415.3	421.2	421.7	420.6
Hrs/APD	27.88	32.31	26.68	27.91	29.84	27.47

# El Camino Hospital – Mountain View (\$000s)<sup>(1)</sup>

10 months ending 4/30/2016

PERIOD 10 FY 2015	PERIOD 10 FY 2016	PERIOD 10 Budget 2016	Variance Fav (Unfav)	Var%
172,199	189,207	186,047	3,161	1.7%
(113,811)	(138,765)	(137,011)	(1,753)	1.3%
<b>58,388</b>	<b>50,443</b>	<b>49,035</b>	<b>1,408</b>	<b>2.9%</b>
1,643	(459)	1,495	(1,953)	-130.7%
<b>60,031</b>	<b>49,984</b>	<b>50,530</b>	<b>(546)</b>	<b>-1.1%</b>
29,828	29,646	29,427	(219)	-0.7%
7,553	7,465	7,767	302	3.9%
6,613	5,947	5,507	(440)	-8.0%
2,260	1,279	1,017	(262)	-25.7%
600	610	448	(162)	-36.1%
3,181	3,846	3,548	(299)	-8.4%
<b>50,035</b>	<b>48,793</b>	<b>47,714</b>	<b>(1,079)</b>	<b>-2.3%</b>
<b>9,995</b>	<b>1,192</b>	<b>2,816</b>	<b>(1,624)</b>	<b>-57.7%</b>
5,579	5,734	1,860	3,874	208.3%
<b>15,574</b>	<b>6,926</b>	<b>4,676</b>	<b>2,250</b>	<b>48.1%</b>
21.5%	8.8%	11.0%	-2.2%	
16.7%	2.4%	5.6%	-3.2%	
25.9%	13.9%	9.3%	4.6%	

## \$000s OPERATING REVENUE

Gross Revenue
Deductions
<b>Net Patient Revenue</b>
Other Operating Revenue
<b>Total Operating Revenue</b>

## OPERATING EXPENSE

Salaries & Wages
Supplies
Fees & Purchased Services
Other Operating Expense
Interest
Depreciation
<b>Total Operating Expense</b>
<b>Net Operating Income/(Loss)</b>
Non Operating Income
<b>Net Income(Loss)</b>

EBITDA

Operating Margin

Net Margin

YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
1,744,075	1,866,418	1,850,892	15,525	0.8%
(1,250,837)	(1,353,642)	(1,351,847)	(1,795)	0.1%
<b>493,238</b>	<b>512,776</b>	<b>499,045</b>	<b>13,731</b>	<b>2.8%</b>
14,960	16,218	15,049	1,169	7.8%
<b>508,198</b>	<b>528,994</b>	<b>514,094</b>	<b>14,900</b>	<b>2.9%</b>
282,508	297,976	298,301	325	0.1%
73,551	78,467	76,079	(2,388)	-3.1%
51,095	60,157	55,664	(4,493)	-8.1%
18,885	24,549	15,239	(9,310)	-61.1%
6,011	4,958	4,482	(476)	-10.6%
32,286	35,203	33,271	(1,932)	-5.8%
<b>464,337</b>	<b>501,310</b>	<b>483,035</b>	<b>(18,275)</b>	<b>-3.8%</b>
<b>43,861</b>	<b>27,683</b>	<b>31,058</b>	<b>(3,375)</b>	<b>-10.9%</b>
21,170	(15,671)	18,602	(34,273)	-184.2%
<b>65,031</b>	<b>12,012</b>	<b>49,660</b>	<b>(37,648)</b>	<b>-75.8%</b>
14.4%	10.5%	11.0%	-0.5%	
8.6%	5.2%	6.0%	-0.8%	
12.8%	2.3%	9.7%	-7.4%	

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

# El Camino Hospital – Los Gatos(\$000s) <sup>(1)</sup>

Results from Operations vs. Prior Year  
10 months ending 4/30/2016

PERIOD 10 FY 2015	PERIOD 10 FY 2016	PERIOD 10 Budget 2016	Variance Fav (Unfav)	Var%
39,342	38,157	40,862	(2,705)	-6.6%
(26,684)	(25,900)	(29,169)	3,269	-11.2%
<b>12,658</b>	<b>12,257</b>	<b>11,693</b>	<b>564</b>	<b>4.8%</b>
184	153	191	(38)	-20.1%
<b>12,842</b>	<b>12,409</b>	<b>11,884</b>	<b>526</b>	<b>4.4%</b>
5,991	5,818	5,831	13	0.2%
1,547	1,495	1,752	257	14.7%
1,264	1,241	1,375	134	9.8%
1,118	1,581	1,504	(76)	-5.1%
0	0	0	0	0.0%
494	523	566	44	7.7%
<b>10,414</b>	<b>10,657</b>	<b>11,029</b>	<b>372</b>	<b>3.4%</b>
<b>2,428</b>	<b>1,753</b>	<b>855</b>	<b>898</b>	<b>105.0%</b>
0	0	0	0	0.0%
<b>2,428</b>	<b>1,753</b>	<b>855</b>	<b>898</b>	<b>105.0%</b>
29.6%	28.4%	22.5%	5.9%	
18.9%	14.1%	7.2%	6.9%	
18.9%	14.1%	7.2%	6.9%	

## \$000s

### OPERATING REVENUE

Gross Revenue

Deductions

**Net Patient Revenue**

Other Operating Revenue

**Total Operating Revenue**

### OPERATING EXPENSE

Salaries & Wages

Supplies

Fees & Purchased Services

Other Operating Expense

Interest

Depreciation

**Total Operating Expense**

**Net Operating Income/(Loss)**

Non Operating Income

**Net Income(Loss)**

**EBITDA**

**Operating Margin**

**Net Margin**

YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
390,896	410,401	407,271	3,130	0.8%
(274,323)	(293,551)	(290,121)	(3,430)	1.2%
<b>116,573</b>	<b>116,850</b>	<b>117,149</b>	<b>(300)</b>	<b>-0.3%</b>
1,947	1,948	1,914	33	1.7%
<b>118,520</b>	<b>118,797</b>	<b>119,064</b>	<b>(266)</b>	<b>-0.2%</b>
58,346	60,091	60,090	(1)	0.0%
17,099	17,618	17,317	(301)	-1.7%
12,583	13,341	13,695	354	2.6%
11,730	16,042	15,606	(436)	-2.8%
0	0	0	0	0.0%
4,918	5,048	5,144	96	1.9%
<b>104,676</b>	<b>112,140</b>	<b>111,852</b>	<b>(287)</b>	<b>-0.3%</b>
<b>13,844</b>	<b>6,658</b>	<b>7,211</b>	<b>(554)</b>	<b>-7.7%</b>
0	(26)	0	(26)	0.0%
<b>13,844</b>	<b>6,632</b>	<b>7,211</b>	<b>(580)</b>	<b>-8.0%</b>
23.2%	20.4%	20.9%	-0.5%	
11.7%	5.6%	6.1%	-0.5%	
11.7%	5.6%	6.1%	-0.5%	

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

## 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
<b>Facilities Projects CIP</b>					
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 Pavillion - 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 - Pheumatic 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 Pavillion 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
<b>Facilities Projects CIP cont.</b>					
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
<b>Subtotal Facilities Projects CIP</b>	<b>4,674</b>	<b>9,553</b>	<b>9,294</b>	<b>13,753</b>	<b>38,940</b>
<b>Grand Total</b>	<b>17,368</b>	<b>35,357</b>	<b>27,598</b>	<b>51,723</b>	<b>56,940</b>
Forecast at Beginning of year		47,138	49,399	47,300	65,420

## ATTACHMENT 7



2500 Grant Road  
Mountain View, CA 94040-4378  
Phone: 650-940-7000  
[www.elcaminohospital.org](http://www.elcaminohospital.org)

Date: May 31, 2016

To: Finance Committee

From: Iftikhar Hussain, CFO

Subject: **Outpatient KPIs**

Outpatient services account for 42% of ECH services but account for 120% of the margin. These services have a strong and growing operating margin – 27% in current fiscal year.

Outpatient key performance indicators:

1. Cases with procedures – these are more intense services and are used in our smart growth target. The procedure based cases are outpatient surgeries, endoscopy and interventional.
2. OP margin.
3. Cases by service line – We show relative volume of each service as well as annual and monthly trends

Combined Inpatient and Outpatient KPIs

1. Adjusted discharges – aggregate measure of volume taking into account inpatient and outpatient volume.
2. Worked Hours per adjusted patient day – measure of productivity
3. Payor mix – commercial payors subsidize govt. payors so any decrease in commercial mix adversely affects financial health.

## **ATTACHMENT 8**





**El Camino Hospital<sup>®</sup>**

THE HOSPITAL OF SILICON VALLEY

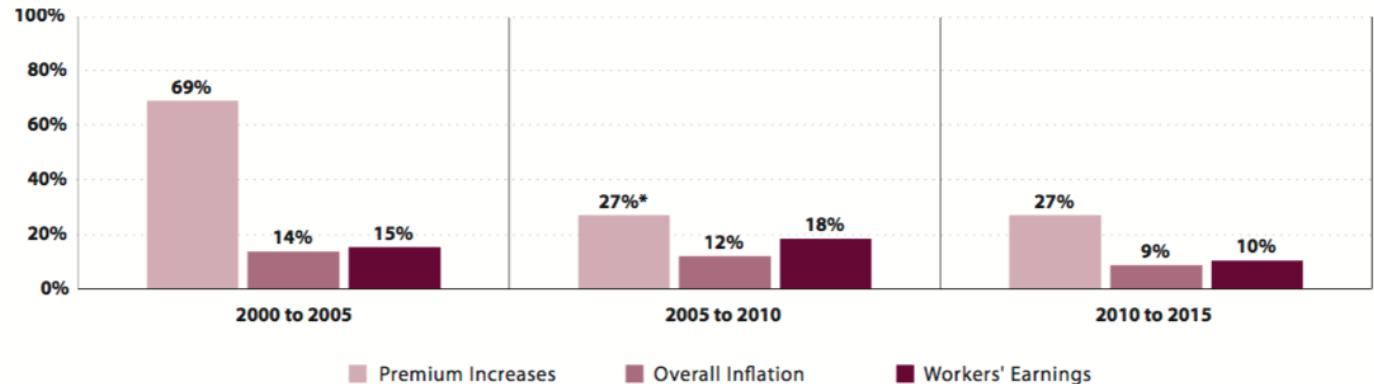
## Employer Provided Health Benefit Trends

May 31, 2016

# Cost Inflation

Healthcare costs continue to outpace general inflation and higher portion are passed on to employees

Average Premium Increases for Covered Workers with Family Coverage, 2000-2015

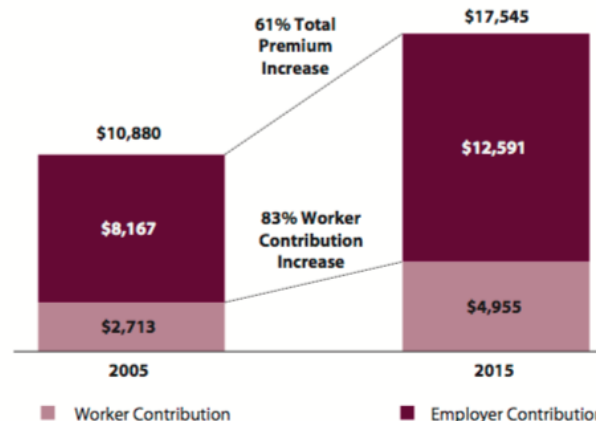


\* Premium change is statistically different from previous period shown ( $p < .05$ ).

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000-2015. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 2000-2015; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 2000-2015 (April to April).

## EXHIBIT A

Exhibit A: Average Annual Health Insurance Premiums and Worker Contributions for Family Coverage, 2005-2015

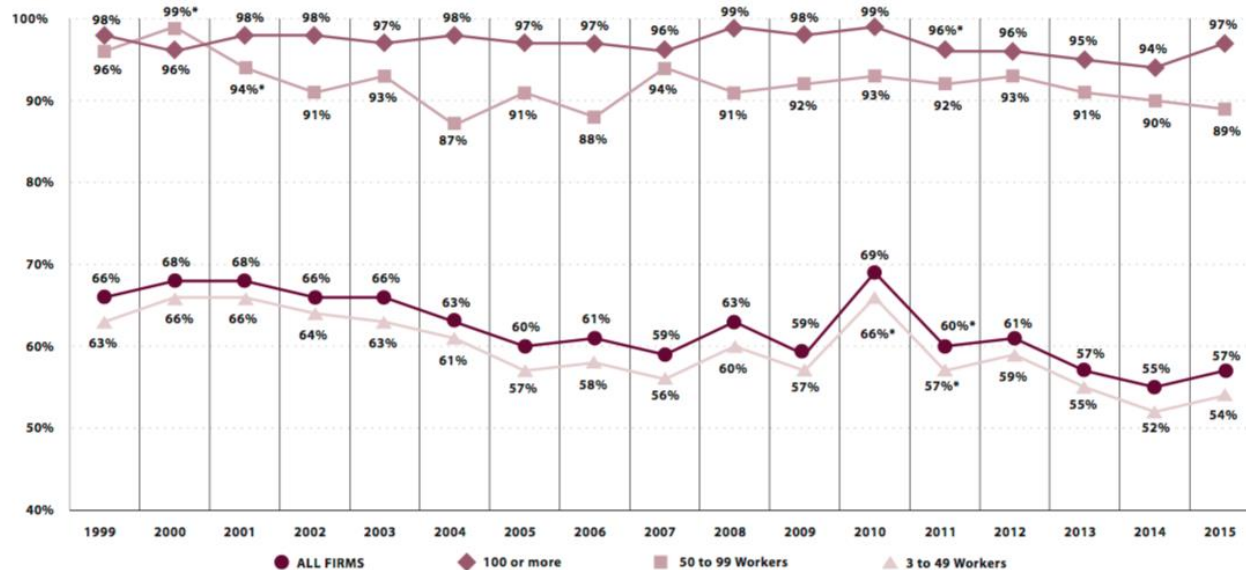


SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005-2015.

# Employer Offering

- Large employers continue to provide health benefits
- Slight declining trend at smaller employers

Percentage of Firms Offering Health Benefits, by Firm Size, 1999-2015



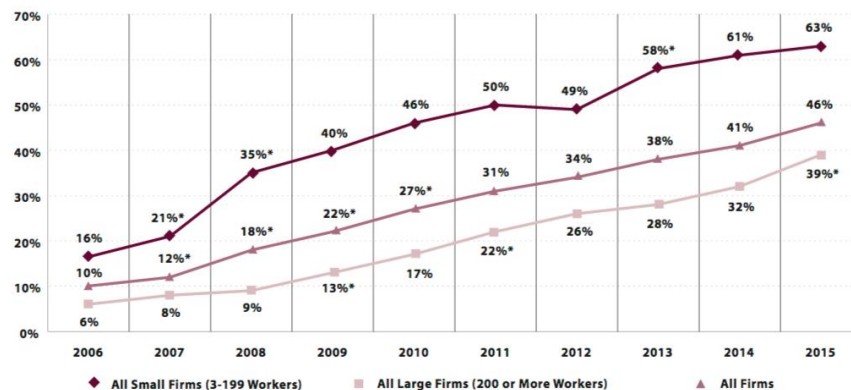
\*Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

NOTE: Estimates presented in this exhibit are based on the sample of both firms that completed the entire survey and those that answered just one question. For more information see the Survey Methods Section

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2015.

# Continued shift to High Deductible plans

Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of \$1,000 or More for Single Coverage, By Firm Size, 2006-2015

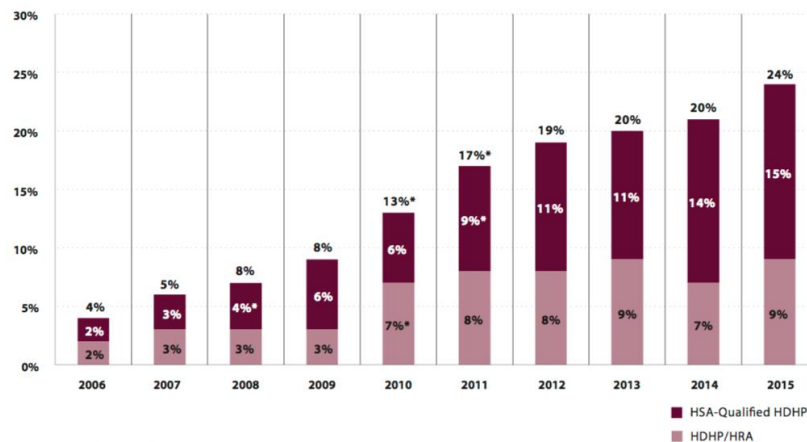


\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

NOTE: These estimates include workers enrolled in HDHP/SO and other plan types. Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2015.

Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, 2006-2015



\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

NOTE: Covered Workers enrolled in an HDHP/SO are enrolled in either an HDHP/HRA or a HSA-Qualified HDHP. For more information see the Survey Methodology Section. The percentages of covered workers enrolled in an HDHP/SO may not equal the sum of HDHP/HRA and HSA-Qualified HDHP enrollment estimates due to rounding.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2015.

## ATTACHMENT 9



Date: May 31, 2016

To: El Camino Hospital Finance Committee

From: Greg Walton, Chief Information Officer; Deb Muro, Associate CIO

Re: iCare Sequential Version Upgrade Request

**Authority:**

On behalf of the Executive Leadership Team, this request seeks the Finance Committee's recommendation that the Board authorize management to enter into a sixteen month project to upgrade the iCare System to the Epic version 2015 and version 2016 platform.

**Recommendation:** The ECH Board of Directors authorizes the CEO to enter into a sixteen month project and professional services agreement with Epic in order to implement sequential upgrades of the iCare Electronic Medical Record System to version 2015 and version 2016. This two-year project capital cost is estimated to be \$7.1mm. The capital costs are for capitalization of internal staff, professional services and supplemental project staff. The FY 2017 operating costs are included in the FY17 year's budget.

The first stage of the project will be completed in January 2017 with final completion scheduled for October 2017.

**Problem / Opportunity:**

The project requirement we aim to meet is the timeline for Meaningful Use Stage 3 and the new Medicare Access and CHIP Reauthorization Act (MACRA) legislation. A key goal is to avoid \$12 mm in reimbursement penalties. This goal is increasing our urgency for completing the version 2015 and version 2016 upgrades. In calendar year 2018 and beyond, the Centers for Medicare and Medicaid (CMS) require that EMR software must be certified to the 2015 Office of the National Coordinator (ONC) edition of certification criteria. This means that implementation and stabilization of Epic version 2016 must occur by the start of the January 1, 2018 Stage 3 reporting period.

**Process Description:**

Analysis of the options, implications and costs were completed and incorporated into a Decision Document which was reviewed by the Enterprise IT Executive Steering Committee. The Committee recommended moving forward with the sequential 2015 and 2016 upgrades as per the established timeframes with the agreement that resources will focus upon the upgrade and requests which are break/fix, maintenance, regulatory and safety related.

**Alternative Solutions:**

Three basic approaches were considered, incremental implementation changes until later in the Fiscal Year, delaying the upgrade start such that a "Double Upgrade" (Perform 2 Upgrades at once) approach would be necessary to meet the deadline, take the Version 15 and 16 upgrade in series, one after another.

The option of continuing the course with incremental customization enhancements was not considered viable due to the following implications:

- Does not align with the best practices and guiding principles to minimize customizations and adhere to the Epic Foundation System based upon customer input and industry trends
- Customizations create resource challenges and efficiency concerns for ongoing system maintenance and upgrades
- Does not reduce resource constraints
- Future upgrades will take longer to accomplish the more iCare is customized
- Minimizes market competitive capability and investment in Epic software as newest functionality will not be available to users
- Unable to achieve Epic Honor Roll status resulting in forfeiture of annual fee discounts
- May not address in time the upgrades and Meaningful Use requirements resulting in reimbursement penalties of \$12mm.

The option to take "A Double" was rejected due to risk and cost. Both Epic and other clients strongly suggest that organizations that have never taken a double do not do so with their first upgrade experience.

**Outcome Measures / Deadlines:**

- Begin Project Initiation phase which includes identification of features and requested enhancements which will be included in version 2015 and 2016. Scope of work may include the addition of high priority enhancements which are safety and regulatory in nature. Low priority enhancements will not be included in the scope of the upgrade project.
- The upgrade to version 2015 will be completed in January 2017 followed by a two month stabilization period.
- The project for version 2016 will begin in April 2017 with implementation scheduled for October 2017. The following two months post go-live will be focused upon stabilization and ensuring readiness for Meaningful Use Stage 3.

**Legal Review:** Counsel has reviewed this proposal and has no objections. They are prepared to participate in the development of professional services agreements.

**Compliance Review:** No objections at this time.

**Financial Review:** This project has been reviewed with the Executive Leadership Team.

**Request:** The Finance Committee recommends that the El Camino Hospital Board of Directors authorize the CEO to enter into a sixteen month project and professional services agreement with Epic in order to implement sequential upgrades of the iCare Epic Electronic Medical Record System to version 2015 and version 2016. The two-year project capital cost is estimated to be \$7.1mm and the FY 2017 operating costs are included in that year's budget.

---

Greg Walton  
CIO



**FY17 Committee Goals**

## FINANCE COMMITTEE

### DRAFT FY17 GOALS

#### 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 HPO Plan, including expense control	<ul style="list-style-type: none"> <li>Q2</li> </ul>	<i>Present results to Finance Committee and Board of Directors</i>
2. Review Capital Projects in Progress	<ul style="list-style-type: none"> <li>Q3</li> </ul>	<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
3. Evaluate 2 <sup>nd</sup> Round of Bond Issuance	<ul style="list-style-type: none"> <li>Q2 – Discussion</li> <li>Q3 – Consider Recommendation</li> </ul>	<i>Committee Decision to recommend or not by Q3(January)</i>  <i>Board Consideration in Q3 (March) or Q4 (April)</i>
4. Education topic :Medicare Margin	<ul style="list-style-type: none"> <li>Q1</li> </ul>	<i>Presentation Given at August Meeting</i>

**Submitted by:**

Dennis Chiu - Chair, Finance Committee

Iftikhar Hussain - Executive Sponsor, Finance Committee

# Committee Charter

## COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Biennial Review of Committee Charter Finance Committee May 31, 2016
<b>Responsible party:</b>	Iftikhar Hussain, CFO Cindy Murphy, Board Liaison
<b>Action requested:</b>	Possible Motion
<b>Background:</b> <p>Per the Committee's charter, all Board Advisory Committees are to review their Charters every other year and discuss possible revisions.</p> <p>Staff recommends the following changes:</p> <ol style="list-style-type: none"> <li>1. Section C, Bullet #1 – Clarify to reflect the Committee's current practice.</li> <li>2. Section C, Bullet #2 – Delete. This is not within the purview of the Finance Committee</li> <li>3. Section D, Bullet #4 – Specify to reflect that only changes in excess of management's approval authority need to be brought to the Committee and Board.</li> <li>4. Section H, Bullet #2 – Delete requirement of annual written evaluation of CFO performance. This has not been done historically by this Committee or any of the other Board's Committees.</li> </ol>	
<b>Committees that reviewed the issue and recommendation, if any:</b> None.	
<b>Summary and Session Objectives:</b> <p>To obtain the Committee's affirmation of or recommended revisions to its Charter.</p>	
<b>Suggested discussion questions:</b> <ol style="list-style-type: none"> <li>1. Does the Committee agree with the proposed revisions to the Charter?</li> <li>2. Does the Committee see a need for any additional revisions?</li> <li>3. Are there any matters within the Committee's Charter that the Committee has not adequately addressed?</li> </ol>	
<b>Proposed Committee motion, if any:</b> <p>At the discretion of the Committee. The Committee only needs to take action if it wishes to recommend a revision to its Charter.</p>	
<b>LIST OF ATTACHMENTS:</b> <ol style="list-style-type: none"> <li>1. Draft Revised Finance Committee Charter</li> </ol>	

## **Finance Committee Charter**

**Draft Revised May 31, 2016**

### **Purpose**

The purpose of the Finance Committee (the “Committee”) is to provide oversight, information sharing and financial reviews related to operating and capital budgeting, financial planning, financial reporting, capital structure, banking relationships and certain contractual agreements for El Camino Hospital (ECH) 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.

### **Authority**

All governing authority for ECH resides with the Board and the Committee serves as an advisory body only. The Committee will report to the Board at the next scheduled meeting any recommendation made within the Committee’s authority. The Committee has the authority to select, engage, and supervise any consultant it deems necessary to advise the Committee on issues related to its responsibilities. In addition, the Committee, by resolution, may adopt a temporary advisory committee (ad hoc) of less than a quorum of the members of the Committee. The resolution shall state the total number of members, the number of board members to be appointed, and the specific task or assignment to be considered by the advisory committee.

Voting members of the Committee shall include the directors assigned to the Committee and external (non-director) members appointed to the Committee.

### **Membership**

- The Committee shall be comprised of two (2) or more Hospital Board members. The Chair of the Committee shall be appointed by the Board Chair, subject to approval by the Board. All members of the Committee shall be eligible to serve as Chair of the Committee.
- The Finance Committee may also include 2-3 external (non-Hospital Board member) members with expertise which is relevant to the Committee’s areas of responsibility, such as banking, financial management, planning and real estate development, etc.
- All Committee members shall be appointed by the Board Chair, subject to approval by the Board, for a term of one year expiring on June 30<sup>th</sup> each year, renewable annually.

- It shall be within the discretion of the Chair of the Committee to appoint a Vice-Chair from among the members of the Committee. If the Chair of the Committee is not a Hospital Board member, the Vice-Chair must be a Hospital Board member.

### **Staff Support and Participation**

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 as deemed necessary.

### **General Responsibilities**

The Committee's primary role is to provide oversight and to advise the management team and the Board on matters brought to this Committee. With input from the Committee, the management team shall develop dashboard metrics that will be used to measure and track financial performance for the Committee's review. It is the management team's responsibility to develop and provide the Committee with reports, plans, assessments, and other pertinent materials to inform, educate, and update the Committee, thereby allowing Committee members to engage in meaningful, data-driven discussions. Upon careful review and discussion and with input from management, the Committee shall then make recommendations to the Board. The Committee is responsible for ensuring that performance metrics which are not being met to the Board's expectations are reported to the Board.

### **Specific Duties**

The specific duties of the Committee are:

#### **A. Budgeting**

- Review the annual operating and capital budgets for alignment with the mission and vision of ECH and make recommendations to the Board.
- Review any financial requests in excess of the CEO's signing authority and make recommendations to the Board.
- Review ECH's long-range forecasts and financial plans and make recommendations to management regarding steps advisable to improve ECH's financial strength.

#### **B. Financial Reporting**

- Review each accounting period's financial statements and ensure the Board is advised of any necessary corrective actions.
- Obtain a clear understanding of ECH's financial reporting process by reviewing the hospital's dashboard items and periodic financial reports and advise management on how to improve its financial reporting in order to improve accountability and ease of reading and understanding.

### C. Financial Planning and Forecasting

- ~~Semi - Annually, receive an update on review and evaluate ECH's payor contracts that generate net revenues in excess of \$30m and make recommendations to management regarding contracting strategy. The Committee shall review~~ management's assessment of expected results as well as potential risks related to the payor contracts.
- Evaluate the financial implications of emerging payment processes and provide advice to management regarding associated risk management concerns.
- Evaluate financial planning and forecasting to help ensure it remains in alignment with the mission and strategic direction of ECH.
- ~~Evaluate and make recommendations to the Board regarding any proposed changes in corporate structure.~~

### D. Treasury, Pension Plans & Contracting Concerns

- Review and make recommendations to the Board regarding all new debt issuances and derivative instruments in excess of \$1m.
- Monitor compliance with debt covenants and evaluate ECH's capital structure.
- Review and make recommendations to the Board regarding changes in banking relationships, including, without limitation, depository accounts, investment accounts and major credit facilities. The term "major credit facilities" does not include management-approved trade credit facilities offered in the ordinary course of business by vendors to the hospital. The Committee may recommend delegation of approval authority for specified changes to the CFO, but must maintain reporting and oversight of any such changes.
- Review and make recommendations to the Board regarding proposed plan design or benefit design changes in excess of management authority limits to employee retirement plans, excluding changes to investments within those plans.
- Review and make recommendations to the Board regarding contractual agreements with persons considered to be "insiders" under IRS regulations, and those which are in excess of the CEO's signing authority.

### E. Capital and Program Analysis

- Review and make recommendations to the Board with respect to the business plans of all capital items or proposed business ventures in excess of the CEO's signing authority, and all variances to budget in excess of the CEO's signing authority on projects in process.
- Review retrospective analyses of all strategic business ventures and all strategic capital expenditures in excess of \$1 million, as presented by management or as



per the review schedule set forth by the Committee, to assess the reasonableness of business plans that were developed at the time of original approval and to promote learning as a result of any identified issues or concerns.

- Review and approve the acquisition or disposition of any real property which is in excess of the CEO's signing authority.

#### **F. Financial Policies**

- Review and recommend approval of any Board-level financial policies, excluding any financial policies for which responsibility has been specifically assigned to another Board Committee.

#### **G. Ongoing Education**

- Endorse and encourage Committee education and dialog relative to emerging healthcare issues that will impact the viability and strategic direction of ECH.

#### **H. Management Partnership**

- Work in partnership with the CFO and other hospital executives to assist in the development of financial policies which will help ensure organizational success.
- Provide ongoing counsel to the CFO regarding areas of opportunity for either personal or organizational improvement, ~~and annually provide a written evaluation of the committee's perceptions of the CFO's performance to the CEO.~~

### **Committee Effectiveness**

The Committee is responsible for establishing its annual goals, objectives and workplan in alignment with the Board and ECH's strategic goals. The Committee strives for continuous improvement with regard to its processes, procedures, materials, and meetings, and other functions to enhance its contribution to the Board.

### **Meetings and Minutes**

The Committee shall meet at least once per quarter. The Committee Chair shall determine the frequency of meetings based on the Committee's annual goals and work plan and the operational requirements of the organization. Minutes shall be kept by the assigned staff and shall be delivered to all members of the Committee when the agenda for the subsequent meeting is delivered. The approved minutes shall be forwarded to the Board for review and approval.

Meetings and actions of the advisory committees of the Board shall be governed by, and held and taken in accordance with, the provisions of Article VI of the Bylaws. Special meetings of the committees may also be called by resolution of the Board or the Committee Chair. Notice of special meetings of the advisory committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the Committee. Notice of any special meetings of the Committee requires a 24 hour notice.

Approved as Revised: November 12, 2014

**FY17 Pacing Plan**

**PACING PLAN - FINANCE COMMITTEE Draft FY 2017**

<b>FY2017: Q1</b>		
<b>JULY 2015</b>	<b>AUGUST 1, 2016 MEETING</b>	<b>SEPTEMBER 26, 2016 MEETING</b>
	<ul style="list-style-type: none"> <li>• Financial Report YTD</li> <li>• Minutes</li> <li>• Physician Contracts</li> <li>• Post Implementation Reports</li> <li>• Capital Funding Requests (iMOB, BHS)</li> <li>• Semi-Annual Review of Service Line Performance</li> <li>• Education: Medicare Margin</li> <li>• Behavior Health Services</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Report YTD</li> <li>• Minutes (open and closed)</li> <li>• Physician Contracts</li> <li>• Post Implementation Reports</li> <li>• Capital Funding Requests</li> <li>• Presentation on Evaluation of Second Round Bond Financing Discussion</li> <li>• Payer Update</li> </ul>
<b>FY2017: Q2</b>		
<b>OCTOBER 26, 2016</b>	<b>NOVEMBER 28, 2016 MEETING</b>	<b>DECEMBER 2015</b>
<ul style="list-style-type: none"> <li>• BOD and Committee Educational Gathering</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Report YTD</li> <li>• Minutes</li> <li>• Physician Contracts</li> <li>• Post Implementation Reports</li> <li>• Capital Funding Requests</li> <li>• Update on Long Term Financial Forecast</li> <li>• Presentation on High Performing Organization results, including expense controls</li> <li>• Progress Against Committee Goals</li> </ul>	

FY2017: Q3		
JANUARY 30, 2017 MEETING	MARCH 15, 2017	MARCH 27, 2017 MEETING
<ul style="list-style-type: none"> <li>▪ Joint Meeting with Investment Committee</li> <li>▪ Financial Report YTD</li> <li>▪ Minutes</li> <li>▪ Physician Contracts</li> <li>▪ Post Implementation Reports</li> <li>▪ Capital Funding Requests</li> <li>▪ Consider Recommendation of 2<sup>nd</sup> Round of Bond Financing</li> <li>▪ Semi-Annual Service Line Review</li> <li>▪ Review Prelim FY18 Budget Assumptions</li> </ul>	<ul style="list-style-type: none"> <li>▪ BOD and Committee Educational Gathering</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Report YTD</li> <li>• Minutes</li> <li>• Physician Contracts</li> <li>• Post Implementation Reports</li> <li>• Capital Funding Requests</li> <li>▪ Review FY18 Budget Status</li> <li>▪ Discuss FY18 Organizational Goals</li> <li>▪ Discuss/recommend FY 18 committee goals</li> <li>▪ FY18 Committee Meeting Dates</li> <li>▪ Update on capital projects in progress that exceed \$2.5M</li> <li>▪ Payer Update</li> </ul>
FY2017: Q4		
APRIL 2017	MAY 30, 2017 MEETING	JUNE 2017
	<ul style="list-style-type: none"> <li>▪ Joint Meeting with BOD</li> <li>▪ Financial Report YTD</li> <li>▪ Minutes</li> <li>▪ Physician Contracts</li> <li>▪ Post Implementation Reports</li> <li>▪ Capital Funding Requests</li> <li>▪ Review/recommend budget</li> <li>▪ Review/recommend FY18 corporate goals</li> <li>▪ Review self-assessment results every two years (In FY18)</li> </ul>	

# ATTACHMENT 11

## COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Finance Committee Recruitment Finance Committee May 31, 2016
<b>Responsible party:</b>	Cindy Murphy, Board Liaison
<b>Action requested:</b>	For Information
<b>Background:</b> <p>At its March Meeting, the Committee appointed Members Zoglin and Chiu to an Ad Hoc Committee charged with working on recruitment of a new member. Using the same criteria and position description that was used for the last Finance Committee recruitment in 2014, we advertised in local print media and on LinkedIn. We also sought referrals from the Board and Committee members as well as the Executive Leadership team.</p> <p>We received 6 responses and are in the process of scheduling interviews with the Ad hoc Committee and the CFO and two of the candidates. We hope to come back to the Committee with a recommendation in August.</p>	
<b>Committees that reviewed the issue and recommendation, if any:</b> None.	
<b>Summary and Session Objectives:</b> <p>To update the Committee on recruitment status.</p>	
<b>Suggested discussion questions:</b> <p>Is there a desire for the full Committee to interview candidates recommended by the Ad hoc Committee, or would the Committee prefer the Ad hoc Committee simply present a recommendation for appointment?</p>	
<b>Proposed Committee motion, if any:</b> <p>None</p>	
<b>LIST OF ATTACHMENTS:</b> <p>None</p>	

## ATTACHMENT 12



## Memorandum Administration

Date: May 23, 2016  
To: El Camino Hospital Board Finance Committee  
From: Ken King, CASO  
Re: Mountain View Campus Master Plan Projects - Capital Funding Requests

**Recommendation:** The Board Finance Committee is requested to recommend Board approval for the following capital funding requests for the Mountain View Campus Master Plan Projects.

North Parking Garage Expansion	- \$ 21,500,000 (Final Request)
Behavioral Health Building Replacement	-\$ 10,000,000 (Incremental Request)
Women's Hospital Expansion (Initial Planning)	-\$ 1,000,000 (Initial Request)

**Authority:** As required by policy, capital projects exceeding \$1,000,000 require approval by the Board of Directors.

**Problem / Opportunity Definition:** The Board of Directors has authorized the development of the Mountain View Campus Master Plan Projects listed below with key subproject elements:

### **North Parking Garage Expansion**

### **Behavioral Health Services Building**

Phase I – Site Prep & Partial Demolition of Existing Building (OSHDPD)

Phase II – New Building Construction (OSHDPD)

### **Integrated Medical Office Building**

- .1 IMOB Make Ready Site Work (Mountain View)
- .2 IMOB Make Ready Demolition of North Addition (OSHDPD)
- .3 IMOB New Main Connector (OSHDPD)
- .4 IMOB New Building & Parking Structure (Mountain View)

### **Central Plant Upgrades**

### **Women's Hospital Expansion**

### **Old Main Hospital Demolition & Related Site Work**

Due to the timing of the entitlements process, plan review and permit processes and internal ECH Finance and Board Meeting schedules; we are seeking the funding required that will allow us to proceed with project construction and planning activities that are in the critical path, as soon as we receive the approvals and permits from various jurisdictions.

**Process Description:** Here is what we are planning to do:

1. Obtain Approval from the Mountain View City Council of the Environmental Impact Report and Planned Community Permit no later than June 28, 2016.
2. Obtain the building permits for the North Garage Expansion, Phase I BHS Project and the first two elements (.1 & .2) of the IMOB Project no later than early July 2016.
3. Begin demolition and construction of the projects indicated in step 2 no later than Late July 2016.
4. Finalize the General Contractors Guaranteed Maximum Price (GMP) agreements and obtain Board Approval of funding in August 2016 for the new building elements of the Behavioral Health Services Building and the Integrated Medical Office Building.
5. Begin the planning process for designing and developing the Women's Hospital Expansion Project in August 2016.

For us to accomplish this plan we need the funding approved in June 2016 for the North Garage Expansion, Phase I BHS Project and the Initial Planning for the Women's Hospital Expansion. Note that we have sufficient funding previously approved for the early phases of the IMOB Project.

Additionally, the reason for not completing the GMP agreements and funding requests for the BHS and IMOB New Buildings at this time is due to the slight chance there is a delay in the entitlement approvals. The plan as outlined comes with less risk because we will only be releasing contracts on the construction activity that needs to begin as soon as possible.

**Alternative Solutions:** The alternative to the plan as described is to delay the funding requests until we have received the City of Mountain View Approvals and not begin any construction activities until mid-August 2016. This would increase costs and have a greater negative impact on parking on the campus. (Parking impact is mitigated during the summer months, because we will be able to use St. Francis High School)

**Concurrence for Recommendation:** This request is supported by the Executive Leadership Team and the CEO.

**Outcome Measures / Deadlines:** The target timeline is to develop this building project so that construction can begin in the summer of 2016 and be complete by the summer of 2018.

**Legal Review:** Legal counsel from Cox, Castle, and Nicholson has been engaged to support the development of the major design and construction contracts and will support the negotiation of leases in the new IMOB as required.

**Compliance Review:** None at this time. All leases will be subject to the standard compliance review for all leases.

**Financial Review:** The table below is a summary of Mountain View Campus Master Plan Projects with the current request for incremental funding:

Mountain View Master Plan Projects	1	2	3	4	5
	Aug-15	May-16	To Date	Current Requests	Future
	Total Estimated Project Cost	Total Estimated Project Cost	Total Funding Authorized	Incremental Funding Request	Anticipated Future Funding Request
Behavioral Health Building Replacement	62,500,000	74,667,671	9,000,000	10,000,000	55,667,671
Integrated Medical Office Building - iMOB	232,000,000	246,499,619	28,000,000	0	218,499,619
North Parking Garage Expansion	17,000,000	24,500,000	3,000,000	21,500,000	0
Central Utility Plant (CUP) Upgrades	6,000,000	8,491,311	1,500,000	0	6,991,311
Women's Hospital Expansion	91,000,000	91,000,000	0	1,000,000	90,000,000
Demo Old Main & Related Site Work	15,000,000	15,000,000	0	0	15,000,000
<b>Totals</b>	<b>423,500,000</b>	<b>460,158,601</b>	<b>41,500,000</b>	<b>32,500,000</b>	<b>386,158,601</b>

The incremental funding request for each project is included in the FY 16 Capital Facilities Budget. The Total Estimated Project Cost includes Construction, Soft Costs and Contingencies. Note that the estimated project costs in total are 8.7% higher than projected in August of 2015. The higher costs are due to a number of factors including value added scope of work, construction cost escalation and EIR Mitigation and Avoidance Measures.

Financing of these projects with Revenue Bonds can be considered once CEQA approval is obtained. The target date for CEQA approval is the end of June 2016.

A presentation of the plans and project diagrams will be presented at the May 31, 2016 meeting of the Finance Committee.