El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

AGENDA
FINANCE COMMITTEE MEETING
OF THE EL CAMINO HOSPITAL BOARD
Monday, August 1, 2016 – 5:30 pm
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

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

	AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1.	**CALL TO ORDER / ROLL CALL**	Dennis Chiu, Chair		**5:30 – 5:32 pm**
2.	**POTENTIAL CONFLICT OF INTEREST DISCLOSURES**	Dennis Chiu, Chair		**5:32 – 5:33**
3.	**PUBLIC COMMUNICATION** a. Oral Comments *This opportunity is provided for persons in the audience to make a brief statement, not to exceed 3 minutes on issues or concerns not covered by the agenda.* b. Written Correspondence	Dennis Chiu, Chair		**5:33 – 5:36**
4.	**CONSENT CALENDAR** ***Approval*** a. Meeting Minutes of the Open Session of the Finance Committee (March 28, 2016) b. Meeting Minutes of the Open Session of the Finance Committee (May 31, 2016) c. Minutes of the Open Session of the Joint Meeting of the Board and Finance Committee (May 31, 2016) d. FY16 Period 11 Financial Report ***Information*** e. Article of Interest	Dennis Chiu, Chair	*public comment*	**motion required 5:36 – 5:37**
5.	**REPORT ON BOARD ACTIONS** **ATTACHMENT 5**	Dennis Chiu, Chair		**information 5:37 – 5:42**
6.	**SECOND ROUND OF BOND FINANCING EVALUATION** **ATTACHMENT 6**	Katherine Meyers, Citigroup Global Markets, Inc.		**information 5:42 – 5:57**
7.	**INTEGRATED PERFORMANCE IMPROVEMENT** **ATTACHMENT 7**	Iftikhar Hussain, CFO Mick Zdeblick, COO		**information 5:57 – 6:07**
8.	**FY16 YEAR-END FINANCIAL REPORT** **ATTACHMENT 8**	Iftikhar Hussain, CFO	*public comment*	**motion required 6:07 – 6:17**

A copy of the agenda for the Regular Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting. In observance of the Americans with Disabilities Act, please notify us at 650-988-7504 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
9.	**CAPITAL FUNDING REQUESTS** a. Integrated Medical Office Building b. Behavioral Health Services Building **ATTACHMENT 9**	Ken King, CASO	*public comment*	**motion(s) required 6:17 – 6:32**
10.	**MEDICARE EDUCATION** **ATTACHMENT 10**	Iftikhar Hussain, CFO		**information 6:32 – 6:42**
11.	**2009 VARIABLE BOND RATING** **ATTACHMENT 11**	Iftikhar Hussain, CFO		**information 6:42 – 6:47**
12.	**ADJOURN TO CLOSED SESSION**	Dennis Chiu, Chair		**motion required 6:47 – 6:48**
13.	**POTENTIAL CONFLICT OF INTEREST DISCLOSURES**	Dennis Chiu, Chair		**6:48 – 6:49**
14.	**CONSENT CALENDAR** *Any Committee Member may remove an item for discussion before a motion is made.* *Gov't Code Section 54957.2*: a. Meeting Minutes of the Closed Session of the Finance Committee (March 28, 2016) b. Meeting Minutes of the Closed Session of the Finance Committee (May 31, 2016) c. Minutes of the Closed Session of the Joint Meeting of the Board and Finance Committee (May 31, 2016)	Dennis Chiu, Chair		**motion required 6:49 – 6:50**
15.	*Health and Safety Code 32106(b)* for a report involving heath care facility trade secrets: - El Camino Ambulatory Surgery Center (ECASC): Change in Ownership Percentage and Management Company	Rich Katzman, CSO Mary Rotunno, General Counsel		**discussion 6:50 – 7:00**
16.	Report involving *Gov't Code Sections 54957* and *54957.6* for discussion and report on personnel matters: - Committee Candidate Interviews	Dennis Chiu, Chair		**discussion 7:00 – 7:40**
17.	*Health and Safety Code Section 32106(b)* for a report involving health care facility trade secrets: - Review of Physician Contracts	Rich Katzman, CSO		**discussion 7:40 – 7:45**
18.	*Health and Safety Code Section 32106(b)* for a report involving health care facility trade secrets: - Post-Implementation Reports	Rich Katzman, CSO		**discussion 7:45 – 8:00**
19.	*Health and Safety Code Section 32106(b)* for a report involving health care facility trade secrets: - Semi-Annual Review of Service Lines	Rich Katzman, CSO		**discussion 8:00 – 8:20**

	AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
20.	**RECONVENE OPEN SESSION / REPORT OUT** To report any required disclosures regarding permissible actions taken during Closed Session.	Dennis Chiu, Chair		**motion required 8:20 – 8:21**
21.	**COMMITTEE RECRUITMENT**	Dennis Chiu, Chair	*public comment*	**possible motion 8:21 – 8:22**
22.	**COMMITTEE CHARTER REVISIONS** **ATTACHMENT 22**	Dennis Chiu, Chair	*public comment*	**possible motion 8:22 – 8:23**
23.	**APPROVAL OF PHYSICIAN CONTRACTS** a. Pulmonary and Sleep Medicine Recruitment	Rich Katzman, CSO	*public comment*	**motion required 8:23 – 8:24**
24.	**APPROVAL OF ECASC TRANSACTION**	Rich Katzman, CSO	*public comment*	**possible motion 8:24 – 8:25**
25.	**FY17 FINANCE COMMITTEE PACING PLAN** **ATTACHMENT 25**	Dennis Chiu, Chair	*public comment*	**possible motion 8:25 – 8:26**
26.	**ADJOURNMENT**	Dennis Chiu, Chair		**motion required 8:26 – 8:27 pm**

Upcoming Finance Committee Meetings in FY17:

- September 26, 2016
- November 28, 2016
- January 30, 2017 (*Joint meeting with the Investment Committee*)
- March 27, 2017
- May 30, 2017 (*Joint meeting with the El Camino Hospital Board*)

a. Meeting Minutes of the Open Session of the Finance Committee (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

Agenda Item	Comments/Discussion	Approvals/Action
1. Call to Order	The Open Session of the Finance Committee ("FC") of El Camino Hospital (the "Committee") was called to order by Chair Chiu at 5:33pm.	
2. Potential Conflict of Interest Disclosure	Chair Chiu asked if any Committee members had a conflict of interest with any of the agenda items. No conflicts were reported.	
3. Public Communication	Chair Chiu asked if there was any public communication. There was none.	
4. Consent Calendar	There were no requests for removal of Open Session Consent Calendar items. Chair Chiu requested a motion to approve the Consent Calendar. **Motion:** To approve the Open Session Consent Calendar (Open Session Minutes of January 25, 2016 Finance Committee Meeting). **Movant:** Hobbs **Second:** Zoglin **Ayes:** Chiu, Hobbs, Zoglin **Noes:** None **Abstentions:** None **Absent:** Juelis **Recused:** None	***Consent Calendar approved***
5. Report on Board Actions	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).	
6. February 2015 Financials	Iftikhar Hussain reviewed the February Financials. Highlights included: • $4.7M behind target for the year • Operating margin is negative, creating a $12M loss (in part due to continued adjustments around iCare) • Non-operating went negative, but has begun to rebound • Cash recovery continues • Receivables coming down - March looks good so far • Capital increased $4.7M • Fluctuations continued in February due to iCare Go-Live • Productivity following Go-Live is increasing • Santa Teresa area land acquisition for $24M	***Financial Report approved***

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	• Investment return is 4.4%, above benchmark of 4.3% • $6M MediCal quality assurance program payment is expected at year end Chair Chiu requested that questions regarding numbers/ causation and budgeting assumptions be deferred to Closed Session. **Motion:** To accept February 2016 Financials. **Movant:** Hobbs **Second:** Zoglin **Ayes:** Chiu, Hobbs, Zoglin **Noes:** None **Abstentions:** None **Absent:** Juelis **Recused:** None	
7. Update on Capital Projects that Exceed $2.5M	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: • Behavioral Health Building • Garage expansion and impact on traffic • Solar panels, along with potential lease of a battery storage solution (state funded) allowing a significant reduction in demand charges from PG&E • Integrated Medical Office Building • Approximately 60K sq. ft. of work space, and 600 additional parking spaces will be added. • Estimated project cost is projected to be $232M to $246M • Leasing of IMOB space is in progress with projected occupancy of 100%	
8. Adjourn to Closed Session	Chair Chiu requested a motion to adjourn to Closed Session. **Motion:** To adjourn to closed session at 5:50 pm. **Movant:** Hobbs **Second:** Zoglin **Ayes:** Chiu, Hobbs, Zoglin **Noes:** None **Abstentions:** None **Absent:** Juelis **Recused:** None	***Adjourned to Closed Session***
9. Agenda Item 20: Reconvene Open Session/Report Out of Closed Session	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 relocation out of the area.	
10. Agenda Item 21: Physician Contracts	Chair Chu called for a motion for recommendation of Board approval of Physician Contracts. **Motion:** To recommend the Board approve the following physician contracts: 1. Cancer Center Medical Directorship	***Physician contracts recommended for approval***

	2. IP Fellowship Program Director Consulting Agreement 3. Medical Director of NICU 4. Medical Director of both the Cardiac Cath Lab and TAVR Interventional Program **Movant:** Hobbs **Second:** Zoglin **Ayes:** Chiu, Hobbs, Zoglin **Noes:** None **Abstentions:** None **Absent:** Juelis **Recused:** None	
11. Agenda Item 22: Fund Requests	Chair Chiu called for a motion to recommend approval of Fund Request Agenda Items 22 a – c: a. Property Planning Fund Request b. Mountain View Facilities Projects Fund Request c. Los Gatos Facilities Upgrade Fund Request **Motion:** To approve fund requests for Property Planning, Mountain View Facilities Projects, and Los Gatos Facilities Upgrades. **Movant:** Hobbs **Second:** Zoglin **Ayes:** Chiu, Hobbs, Zoglin **Noes:** None **Abstentions:** None **Absent:** Juelis **Recused:** None	***Fund requests recommended for approval***
12. Agenda Item 23: Committee Planning	Discussion followed on Agenda Item 23: a – Progress Against 2016 FC Committee Goals – Goals are on target. 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. c – Pacing plan and Meeting Frequency FY17 dates. Dates were agreed upon with the first FY17 meeting scheduled for August 1, 2016. d – Biennial Charter Review - Continued to May meeting. 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. 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 Committee). **Motion:** To approve the Committee Planning items 23a, 23c and 23e. **Movant:** Hobbs **Second:** Zoglin **Ayes:** Chiu, Hobbs, Zoglin **Noes:** None **Abstentions:** None **Absent:** Juelis	***Ad Hoc Committee appointed; FY17 Meeting Dates recommended for approval.***

	Recused: None	
13. Agenda Item 24: Meeting Adjournment	**Motion:** To adjourn at 8:13 pm. **Movant:** Hobbs **Second:** Zoglin **Ayes:** Chiu, Hobbs, Zoglin **Noes:** None **Abstentions:** None **Absent:** Juelis **Recused:** None	***Meeting adjourned at 8:13 pm.***

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

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Dennis Chiu
Chair, ECH Finance Committee

b. Meeting Minutes of the Open Session of the Finance Committee (May 31, 2016)

Minutes of the Open Session
Finance Committee
Tuesday, May 31, 2016
El Camino Hospital, 2500 Grant Road, Mountain View, California
Conference Rooms F & G

Members Present
Dennis Chiu
John Zoglin
Bill Hobbs (via telephone)
Richard Juelis (via telephone)

Members Absent
None

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Agenda Item	Comments/Discussion	Approvals/Action
1. Call to Order	The Open Session of the Finance Committee ("FC") of El Camino Hospital (the "Committee") was called to order by Chair Dennis Chiu at 7:15 pm. Mr. Chiu noted that since two members were participating by telephone from outside the El Camino Healthcare District, there were an insufficient number of Committee members present to constitute a quorum and the Committee would not be able to vote on the agenda items presented.	
2. Potential Conflict of Interest Disclosure	Chair Chiu asked if any Committee members had a conflict of interest with any of the agenda items. No conflicts were reported.	
3. Public Communication	Chair Chiu asked if there was any public communication. There was none.	
4. Consent Calendar	The Consent Calendar was continued to the next meeting.	
5. Report on Board Actions	Cindy Murphy, Board Liaison reported that, going forward, she will prepare a summary of Board actions following each Board meeting for the Committee Chair.	
6. Financial Report FY16 Period 10	Iftikhar Hussain, CFO, reported that the Period 10 Financials are reported using a new format and requested feedback from the Committee members on the new format. He explained that the intent of the first page (Slide 2) is to provide a dashboard of all the key indicators for the enterprise, showing YTD, current month and a five year trend and that Slides 16 and 17 show the Mountain View and Los Gatos campuses separately. Mr. Hussain reported that as of the end of April The Hospital was $4 Million behind plan. He explained that to meet budget the Hospital needs to achieve income of $15 million in May and June which is a very stretch target. Included in the $15 million would be a $6 million dollar payment from the state's Inter Governmental Transfer Program which has been delayed, but the Hospital is still working on receiving the payment before the end of the fiscal year. He explained that additional	

	expense controls have been implemented through the end of the fiscal year. He pointed out the key variances explained on Slide 3 and reported that days in AR continues to improve. He advised the Committee that there will be back log in billings because Anthem has requested that ECH hold bills for the month of June while they load new contracted rates into their system. Mr. Hussain also reported that productivity has improved since iCare Go-Live, but is still above target. Mr. Hussain explained that deliveries are down across the region for PAMF and for the independent physicians, not limited to El Camino Hospital, but volume increases throughout the region are expected at the beginning of FY17. Mr. Hussain reviewed annual and monthly trends for each clinical department and service lines, inpatient and outpatient, as reflected in Slides 9 and 10. The Committee members commented that the information on these graphs was very dense and requested that the presentation be enhanced to separate the departments visually and perhaps highlight only the 4-5 most material ones and leave the others in the appendix. Mr. Juelis requested that the executive summary from the previous format be added back either in the appendix or maybe back at the beginning of the presentation. The Committee members requested that the last column on Slide 13 should reflect actual current projected capital spend for the FY to inform the Board what the projected spend at the beginning of the year was, what has been spent and what management currently predicts will be spent by the end of the year. In response to Mr. Juelis' question, Mr. Hussain explained that the liabilities look much lower this year than last year because salary liabilities swing depending on when the pay period ends. Mr. Hussain agreed to provide further explanation at the next meeting. Mr. Hobbs and Mr. Zoglin both commented that the dashboard on Slide 2 is very helpful. Mr. Zoglin asked Mr. Hussain to provide (1) more clarification regarding whether comments are about the current month or YTD, (2) additional explanation on unusual items and (3) trend data on payor mix. Since there was not a quorum, Chair Chiu asked that the Period 9 and 10 Financials be forwarded to the Board for possible approval without a recommendation from the Committee. None of the Committee Members objected to this procedure.	
7. Outpatient KPI's	Mr. Hussain explained that the KPI's in the Board packet reflect how management looks at the business. Mr. Zoglin asked that if the combined inpatient and outpatient KPI's can be broken down to show outpatient separately to please do so. Director Chiu asked how we can show how new business (e.g., urgent care) is affecting outpatient KPI's.	
8. Review of Employer Provided Health Plans	Mr. Hussain gave a report on employer provided health plans. He reviewed data provided by the Kaiser Family Foundation	

	showing that healthcare costs are outstripping general inflation and wage growth and higher disproportionate share portions of premiums are bring passed on to employees and more employers are offering high deductible health plans. He explained that, for ECH, collection of the patient's portion is not an issue as long as ECH is transparent and careful about predicting out of pocket costs up front before services are rendered.	
9. Epic Version 2015 &2016 Upgrades	Deb Muro, Associate CIO, reported that there is some urgency to go forward with Epic Platform Version 2015 and 2016 upgrades now to comply with Meaningful Use Stage III by January 2018 and avoid penalties. Ms. Muro explained that the Federal Government just recently certified Version 2016 as required to meet Stage III, so management would like to accelerate the timeline for upgrades and begin working in June. The cost is about $7.1 million for these two upgrades. She explained that, going forward, ECH will do upgrades every 18 months but costs will be lower for future upgrades because ECH will rely less on Epic Consultants and more on internal human resources. Since there was not a quorum, Chair Chiu asked that funding for the Epic Version 2015 and 2016 Upgrades be forwarded to the Board for possible approval without a recommendation from the Committee. None of the Committee Members objected to this procedure.	
10. Committee Planning **a. FY 17 Committee Goals** **b. Committee Charter** **c. FY17 Pacing Plan**	The Committee members discussed the proposed FY17 Committee Goals, Committee Charter and FY17 Pacing Plan. It was noted that a Semi-Annual Review of Service Lines was on the Pacing Plan for August and January. Mr. Zoglin suggested that the staff select the top 4, 5 or 6 that are most meaningful for review and perhaps do 2-3 at each of those meetings. With respect to the Charter Mr. Zoglin suggested that in item E the number should be changed $2.5 million. Since there was not a quorum, Chair Chiu asked that the Proposed FY16 Committee Goals and Draft Revised Charter (amended to include Mr. Zoglin's suggestion) be forwarded to the Board for possible approval without a recommendation from the Committee. None of the Committee Members objected to this procedure. There were no requests for corrections to the Proposed FY17 Pacing Plan. Mr. Zoglin commented that he will not be available to attend in person in September due to out of country travel.	
11. Member Recruitment Ad Hoc Committee Report	Mr. Zoglin reported that he and Chair Chiu will be interviewing two candidates in June. Mr. Juelis requested the candidates' resumes.	
12. Capital Funding Requests	Mr. King, CASO, reported that he is seeking full funding for the North Garage Expansion, the First Phase of the Behavioral	

	Health Building Construction and the Women's Hospital Renovations. He commented that he is hoping to get the Mountain View City Council Approval on June 22nd. He also commented that there are some increased costs associated with the projects, for example, Mountain View City Staff will be recommending to the Council that the Hospital be required to build a right turn lane from southbound Grant Road onto North Drive to improve the flow of traffic on Grant Road. Mr. King also commented that he will have more stable numbers for the entire MV Campus Development project over the next 50 -75 days. With the exception of the North Garage Expansion, the project costs are still estimates. In response to concerns about the increase in costs for the Behavioral Health project, Mr. King commented that this project is very important to the public. He also noted that it is a relatively small building project, in a very tight location and heavily regulated by OSHPD which makes it difficult to find subcontractors willing to bid on the project. Since there was not a quorum, Chair Chiu asked that funding requests be for the North Garage Expansion, Behavioral Health Phase I and Women's Hospital Renovations be forwarded to the Board for possible approval without a recommendation from the Committee. None of the Committee Members objected to this procedure.	
13. Adjourn to Closed Session	The meeting was adjourned to closed session at 8:35 pm.	
14. Agenda Item 20: Reconvene Open Session/Report Out of Closed Session	Open Session was reconvened at 9:13pm. Items 14 through 19 were addressed in Closed Session. The Committee did not take any action during the closed session.	
15. Agenda Item 21: Approval of Physician Contracts	Since there was not a quorum, Chair Chiu asked that the physician contracts listed be forwarded to the Board for possible approval without a recommendation from the Committee. None of the Committee Members objected to this procedure. Chair Chiu requested that additional information about performance against goals be forwarded to the Board along with the proposed Medical Director contracts.	
16. Agenda Item 22: Approval of FY17 Operational And Capital Budget and FY17 Organizational Goals	Since there was not a quorum, Chair Chiu asked that the Proposed FY17 Operational and Capital Budget and Organizational Goals be forwarded to the Board for possible approval without a recommendation from the Committee. None of the Committee Members objected to this procedure.	
17. Agenda Item 23: Adjournment	The meeting was adjourned at 9:15 pm	

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

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Dennis Chiu
Chair, ECH Finance Committee

c. Minutes of the Open Session of the Joint Meeting of the Board and Finance Committee (May 31, 2016)

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Minutes of the Joint Meeting of the El Camino Hospital Board of Directors and the Finance Committee
Tuesday, May 31, 2016
El Camino Hospital, 2500 Grant Road, Mountain View California
Conference Rooms E, F & G

Board Members Present
Lanhee Chen
Dennis Chiu
Neal Cohen
Jeffrey Davis, MD
Peter C. Fung, MD
Julia Miller
David Reeder
Tomi Ryba
John Zoglin

Members Absent
None

Members Excused
None

Committee Members Present
Dennis Chiu
William Hobbs
Richard Juelis
John Zoglin

Agenda Item	Comments/Discussion	Approvals/Action
1. CALL TO ORDER	The Joint Session meeting of the Board of Directors of El Camino Hospital (the "Board") and the Finance Committee (the "Committee") was called to order at 5:30 pm by Chair Cohen.	
2. ROLL CALL	Roll call was taken. All Board and Committee members were present with the exception of William Hobbs who joined the meeting by telephone at 5:42 pm. Richard Juelis also participated by telephone. Director Fung left immediately after the meeting convened to attend to a patient emergency at the Los Gatos Campus.	
3. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Director Cohen asked if any Board or Committee member may have a conflict of interest on any of the items on the agenda. No conflicts were noted.	
4. FY 17 OPERATING AND CAPITAL BUDGET	Tomi Ryba, CEO, reviewed the Proposed FY17 Strategic Themes and Strategic priorities as presented in the Board's materials. She also explained the Proposed FY17 Organizational Goals. Iftikhar Hussain, CFO, reported that the proposed FY17 budget provides for a 4.8% increase in net revenue and a 3.1% increase in total expenses compared to FY16. He explained that the increase in net revenue will come from a 6.0% increase in ECH pricing (remains at 35th%ile), 22% increase in Medi-Cal, 9.4% rate decrease in Medicare accounts and inpatient and outpatient volume increases. Expenses for group health and dental as well as pharmaceutical and medical supplies are expected to increase. Mr. Hussain also reported that he expects the operating margin to improve in FY17 because there will be no iCare go-live costs. Ms. Ryba described the Integrated Performance Improvement approach management will be using to review budget to actual on a monthly basis in FY17 and explained that every	

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	department has 2-3 KPI's they are responsible for addressing if out of variance by a defined %. She indicated that a report on results will initially be brought to the Board monthly then perhaps quarterly. Director Zoglin commented that management needs to be more aggressive on managing increases in FTE's and to focus less through the lens of the hospital and more on continuum services, and requested more tracking on inpatient vs. outpatient. Director Zoglin also requested an explanation for substantial decrease in marketing budget for FY17 and Ms. Ryba agreed to follow-up with that information. The Board and Committee members discussed the importance of (1) managing not just the number of hires, but the skill mix and full–time in favor of part-time status; (2) managing productivity at the front-line level of the organization; (3) the 4% projection on investment returns; and using FY17 as a trajectory for a less hospital centric budget in FY18.	
5. ADJOURN TO CLOSED SESSION	**Motion**: To adjourn to closed session at 6:45 pm. Movant: Chen Second: Davis Ayes: Chen, Chiu, Cohen, Davis, Hobbs, Juelis, Miller, Reeder, Ryba, Zoglin Nays: None Abstain: None Recused: None Absent: Fung	
6. RECONVENE OPEN SESSION/REPORT OUT	The Board did not take any action during the closed session.	
7. ADJOURNMENT	**Motion:** To adjourn the meeting at 7:07 pm. **Movant:** Miller **Second:** Chiu **Ayes:** Chen, Cohen, Chiu, Davis, Hobbs, Juelis, Miller, Reeder, Ryba, Zoglin **Noes:** None **Abstentions:** None **Absent:** Fung **Recused:** None	***Meeting adjourned at 7:07 pm.***

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

_____
Neal Cohen, MD
Chair, ECH Board

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Peter C. Fung, MD
ECH Board Secretary

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Dennis Chiu
Chair, ECH Finance Committee

Prepared by: Cindy Murphy, Board Liaison

FY16 Period 11 Financial Report

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2016 – Period 11

7/1/2015 to 5/31/2016

Dashboard - ECH combined as of May 31, 2016

	Annual						Month			YTD		
	2012	2013	2014	2015	2016 Proj.	2016 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume												
Licenced Beds	443	443	443	443	443	443	443	443	443	443	443	443
ADC	220	240	238	246	243	245	247	251	246	239	234	237
Adjusted Discharges	30,558	32,221	32,003	32,507	31,424	32,696	2,840	2,615	2,779	29,636	28,805	29,962
Inpatient Cases												
Total Discharges	18,231	19,220	18,567	19,081	18,640	19,262	1,654	1,578	1,636	17,470	17,087	17,663
Deliveries	4,600	5,227	5,155	5,060	4,686	5,193	412	387	444	4,621	4,296	4,762
BHS	899	851	844	872	796	850	81	67	72	795	730	778
Rehab	447	537	557	563	500	570	47	32	49	526	458	522
Outpatient												
ED	53,686	48,091	49,543	52,487	51,618	52,151	3,547	5,337	4,294	47,027	47,317	47,800
Procedural Cases												
OP Surg	5,318	5,838	6,385	6,474	6,357	6,676	577	476	582	5,883	5,534	6,111
Endo		2,400	2,635	2,829	2,689	2,825	208	194	237	2,577	2,241	2,587
Interventional		1,508	1,705	1,878	2,149	1,901	178	156	180	1,703	1,791	1,723
All Other	186,573	100,871	124,989	133,005	150,835	134,601	10,838	10,817	10,968	121,585	125,696	123,044
Financial Performance ($000s)												
Net Revenues	629,585	686,327	721,123	746,645	762,388	743,754	67,577	69,230	61,651	677,388	698,855	677,845
Operating Expenses	576,354	632,353	669,680	689,631	738,404	715,481	60,558	64,060	60,498	629,571	677,510	655,385
Operating Income $	67,276	69,126	70,305	78,120	45,601	50,138	9,060	6,821	2,841	66,765	41,162	41,110
Operating Margin	10.5%	9.9%	9.5%	10.2%	5.8%	6.5%	13.0%	9.6%	4.5%	9.6%	5.7%	5.9%
EBITDA $	124,420	124,722	125,254	128,002	99,242	100,393	13,329	11,645	7,437	105,706	81,392	79,445
EBITDA %	19.3%	17.8%	16.9%	16.7%	12.7%	13.1%	19.1%	16.4%	11.7%	15.2%	11.3%	11.4%
IP Margin	0.4%	-1.1%	-3.2%	-4.5%	-9.7%	-1.0%	-4.0%	-7.9%	-1.0%	-3.8%	-9.7%	-1.0%
OP Margin	24.7%	25.9%	25.2%	28.1%	24.4%	25.0%	29.9%	12.7%	25.0%	26.8%	24.4%	25.0%
Payor Mix												
Medicare	46.2%	46.4%	44.7%	46.3%	46.0%	46.4%	44.6%	50.6%	46.4%	46.2%	46.6%	46.4%
Medi-Cal	5.3%	4.9%	6.0%	6.6%	7.4%	6.5%	5.9%	7.4%	6.5%	6.5%	7.3%	6.5%
Commercial	41.5%	42.2%	44.0%	42.8%	42.4%	43.0%	45.6%	38.6%	43.0%	43.0%	41.9%	43.0%
Other	7.0%	6.6%	5.4%	4.3%	4.1%	4.1%	3.9%	3.4%	4.1%	4.3%	4.2%	4.1%
Cost												
Employees	2,156.7	2,289.0	2,435.6	2,452.4	2,508.0	2,454.0	2,492.0	2,526.6	2,466.6	2,450.0	2,508.0	2,454.0
Hrs/APD	29.42	29.66	29.72	29.31	30.76	29.38	29.75	29.65	29.61	29.32	30.76	29.38
Balance Sheet												
Net Days in AR	48.1	47.8	50.9	43.6	52.7	48.0	44.7	52.7	48.0	44.7	52.7	48.0
Days Cash	321	350	382	401	355	262	392	355	262	392	355	262
Debt to Capitalization	15.8%	14.0%	12.6%	13.6%	14.1%	29.0%	15.0%	14.1%	29.0%	15.0%	14.1%	29.0%
MADS	7.2	8.0	9.5	8.9	5.4	1.2	9.5	5.4	1.2	9.5	5.4	1.2
Affiliates - Net Income ($000s)												
Hosp	71,286	88,820	118,906	94,787	31,945	72,460	9,717	10,062	4,701	88,591	28,706	61,573
Concern	1,472	371	1,862	1,202	2,103	1,751	(29)	80	355	1,608	1,937	1,363
ECSC			(5)	(41)	(336)	0	(2)	1	0	(26)	(311)	0
Foundation	138	1,545	3,264	710	994	1,315	(121)	180	125	1,114	919	1,142
SVMD	(30)	(114)	32	106	109	0	(2)	(69)	0	113	85	0

Inpatient volume is 3.2% below budget for the year primarily due to lower surgeries and deliveries

Operating margin for May is favorable despite lower volume due to better charge capture and improved collection rate

Payor mix is unfavorable primarily due to lower deliveries

Productivity for the month is at budget. YTD productivity is unfavorable primarily due to EPIC EPIC go-live.

AR days continue to improve after EPIC go-live

El Camino Hospital ($000s) [1]

11 months ending 5/31/2016

PERIOD 11 FY 2015	PERIOD 11 FY 2016	PERIOD 11 Budget 2016	Variance Fav (Unfav)	Var%	$000s	YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
212,438	243,812	230,289	13,522	5.9%	Gross Revenue	2,347,408	2,520,630	2,488,452	32,178	1.3%
(144,861)	(174,582)	(168,638)	(5,944)	1.0%	Deductions	(1,670,020)	(1,821,775)	(1,810,607)	(11,168)	0.6%
67,577	**69,230**	**61,651**	**7,579**	**12.3%**	**Net Patient Revenue**	**677,388**	**698,855**	**677,845**	**21,010**	**3.1%**
2,042	1,650	1,687	(37)	-2.2%	Other Operating Revenue	18,948	19,816	18,650	1,166	6.3%
69,619	**70,880**	**63,338**	**7,542**	**11.9%**	**Total Operating Revenue**	**696,336**	**718,671**	**696,496**	**22,176**	**3.2%**
					OPERATING EXPENSE					
35,992	39,553	36,776	(2,778)	-7.6%	Salaries & Wages	376,846	397,620	395,166	(2,454)	-0.6%
9,151	10,866	9,567	(1,298)	-13.6%	Supplies	99,801	106,951	102,963	(3,987)	-3.9%
9,031	6,769	8,014	1,245	15.5%	Fees & Purchased Services	80,555	90,355	87,349	(3,006)	-3.4%
2,236	2,008	1,588	(420)	-26.4%	Other Operating Expense	25,005	32,510	22,458	(10,053)	-44.8%
451	617	448	(169)	-37.6%	Interest	6,462	5,575	4,930	(645)	-13.1%
3,697	4,247	4,105	(142)	-3.5%	Depreciation	40,901	44,498	42,520	(1,979)	-4.7%
60,558	**64,060**	**60,498**	**(3,562)**	**-5.9%**	**Total Operating Expense**	**629,571**	**677,510**	**655,385**	**(22,124)**	**-3.4%**
9,060	**6,821**	**2,841**	**3,980**	**140.1%**	**Net Operating Income/(Loss)**	**66,765**	**41,162**	**41,110**	**51**	**0.1%**
657	3,242	1,860	1,381	74.3%	Non Operating Income	21,827	(12,455)	20,462	(32,917)	-160.9%
9,717	**10,062**	**4,701**	**5,361**	**114.1%**	**Net Income(Loss)**	**88,591**	**28,706**	**61,573**	**(32,866)**	**-53.4%**
19.0%	16.5%	11.7%	4.8%		EBITDA	16.4%	12.7%	12.7%	0.0%	
13.0%	9.6%	4.5%	5.1%		Operating Margin	9.6%	5.7%	5.9%	-0.2%	
14.0%	14.2%	7.4%	6.8%		Net Margin	12.7%	4.0%	8.8%	-4.8%	

Supplies – higher than budget for both month and YTD. YTD variance due to pharmacy, structural heart valves, HVI and surgical medical supply expense.

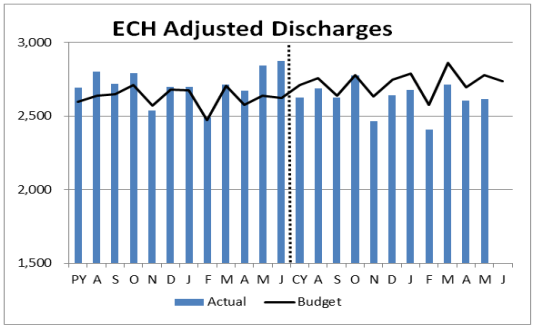
Fees and Purchased services – negative variance due to other consulting fees (Integrated Care consulting) and other purchased services expenses (IT Security – Protiviti, iCare, Oncology, and IT Tech services-Desktop User Support/ VDI Consultant)

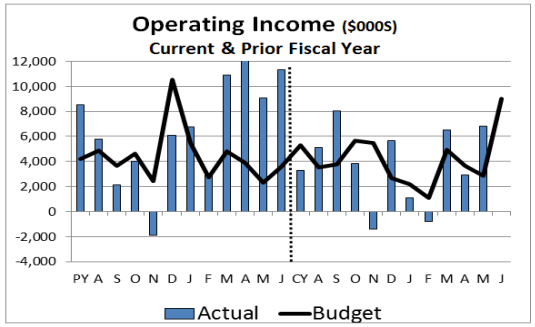
Other operating expense – negative variance due to $3.3 million higher EPIC related costs in labor/training and $6.5 million in not achieving budget cost reduction targets in other expenses

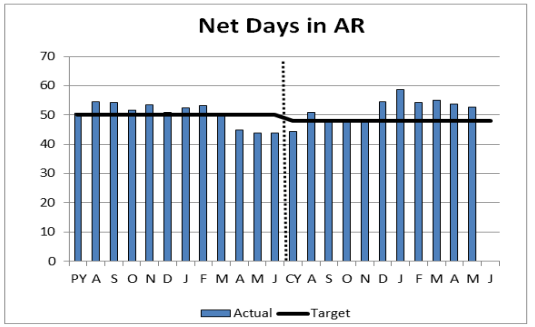
Depreciation - Depreciation is higher due to completion of the data center project and accelerated depreciation on the old hospital that will be demolished to build the iMOB.

[1] Hospital entity only, excludes controlled affiliates

Monthly Financial Trends

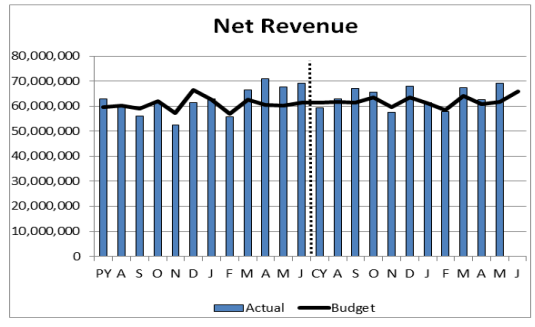


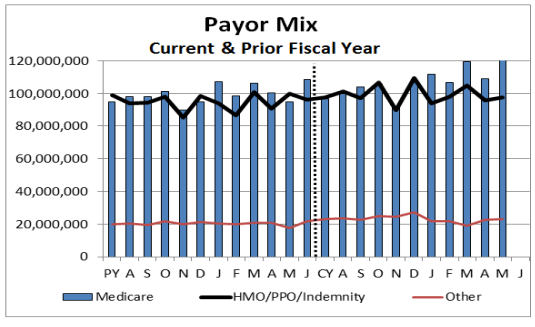


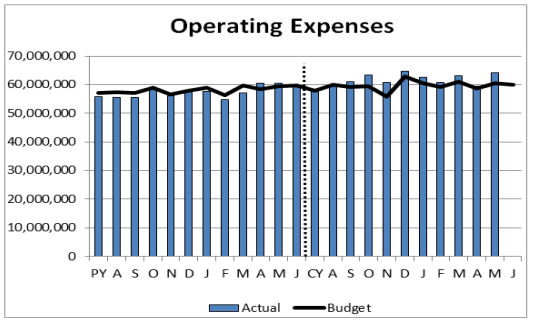


Budget is represented by solid lines; Bars represent actual results

Volume is low mainly in deliveries and surgeries.
AR recovery continued in May







ECH Operating Margin %

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

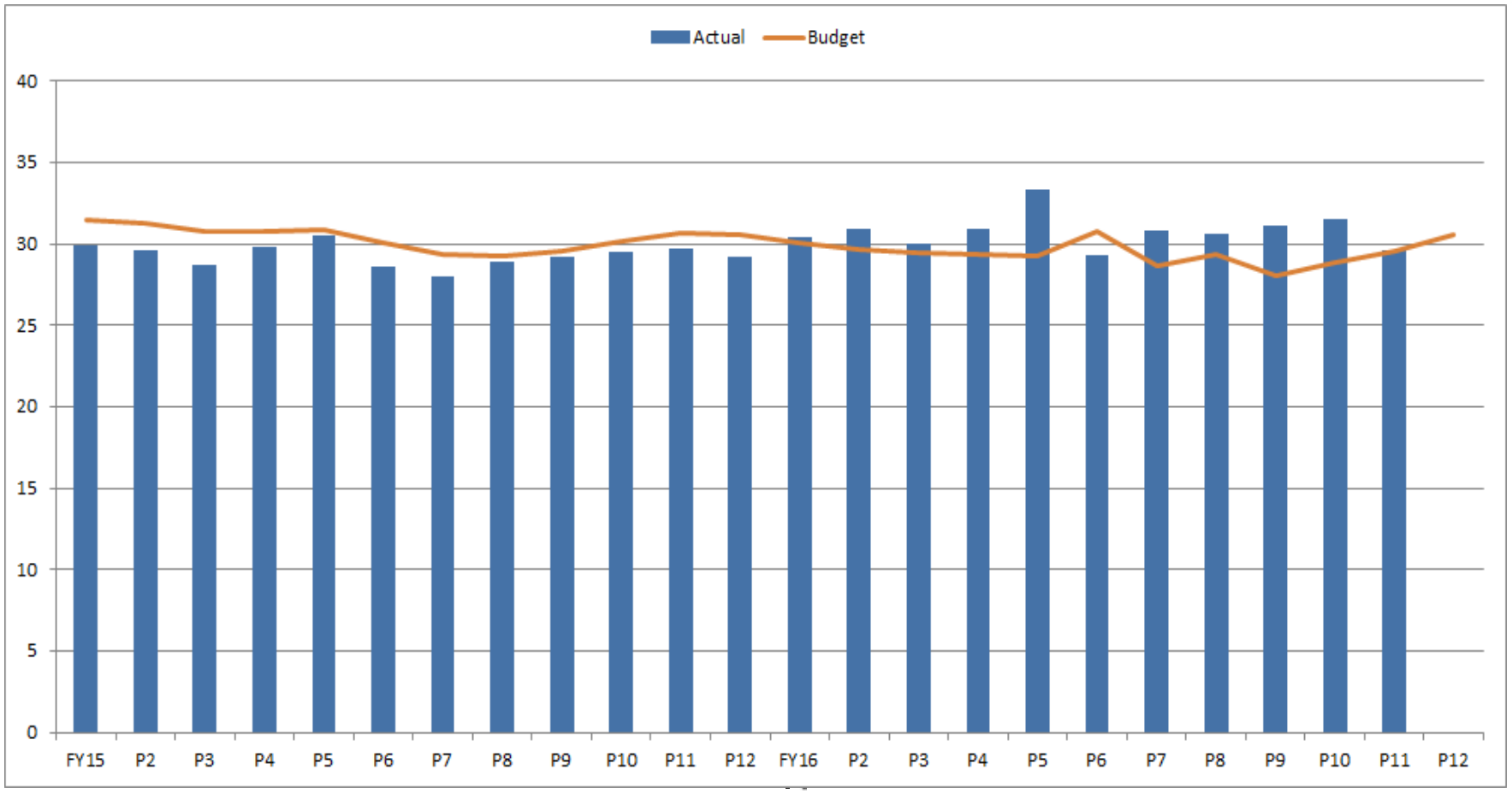
	CY	A	S	O	N	D	J	F	M	A	M	J
Reported	5.4	7.9	11.6	5.7	-2.4	8.1	1.7	-1.3	9.3	4.7	9.6	
Run-rate (2)	5.4	7.2	5.8	5.7	-2.4	8.1	1.7	-1.3	5.1	2.7	9.6	
Budget	8.4	5.6	5.9	8.6	9.0	4.0	3.5	1.8	7.5	5.9	4.5	13.1

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	-$1,028	$0	$0
	IGT-Inter Government Transfer	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Employee Health Other Op Revenue	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,811	$0	$0
	Insurance Overpayment Released	$0	$0	-$4,913	$0	$0	$0	$0	$0	$0	-$2,102	$0	$0
	Total	**-$49**	**-$569**	**-$5,530**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**-$1,320**	**$0**	**$0**
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
	Total	**$76**	**$69**	**$1,183**	**$0**	**$0**	**$0**	**$0**	**$0**	**$2,979**	**$0**	**$0**	**$0**

- No revenue/expense adjustments for May.

Worked Hours per Adjusted Patient Day



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

Summary of Financial Results
$ in Thousands

	Period 11 - Month			Period 11 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	8,003	2,125	5,879	35,686	33,183	2,504
Los Gatos	(1,183)	716	(1,899)	5,475	7,927	(2,452)
Sub Total - El Camino Hospital, excl. Afflilates	**6,821**	**2,841**	**3,980**	**41,162**	**41,110**	**51**
Operating Margin %	**9.6%**	**4.5%**		**5.7%**	**5.9%**	
El Camino Hospital Non Operating Income						
Investments	3,585	2,298	1,288	(4,123)	25,274	(29,397)
Swap Adjustments	(50)	0	(50)	(2,174)	0	(2,174)
Community Benefit	(43)	(233)	190	(2,630)	(2,566)	(64)
Other	(251)	(204)	(46)	(3,528)	(2,245)	(1,282)
Sub Total - Non Operating Income	**3,242**	**1,860**	**1,381**	**(12,455)**	**20,462**	**(32,917)**
El Camino Hospital Net Income (Loss)	**10,062**	**4,701**	**5,361**	**28,706**	**61,573**	**(32,866)**
ECH Net Margin %	**14.2%**	**7.4%**		**4.0%**	**8.8%**	
Concern	80	355	(275)	1,937	1,363	574
ECSC	1	0	1	(311)	0	(311)
Foundation	180	125	55	919	1,142	(223)
Silicon Valley Medical Development	(69)	0	(69)	85	0	85
Net Income Hospital Affiliates	**191**	**480**	**(289)**	**2,631**	**2,505**	**125**
Total Net Income Hospital & Affiliates	**10,253**	**5,181**	**5,072**	**31,337**	**64,078**	**(32,741)**

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

Tracking Smart Growth

COMBINED CAMPUS	FY15 Year to Date	FY16 Year to Date	Change	%	Annual Goal	Result Away from Goal
Inpatient Discharges	17,470	17,087	(383)	-2.2%	300	(683)
Surgical Outpatient Cases (incl Litho)	5,883	5,533	(350)	-5.9%	290	(640)
Endo Outpatient procedures	2,577	2,241	(336)	-13.0%	0	(336)
Outpatient Interventional Cases	1,703	1,788	85	5.0%	10	75
Total Case Volume	27,633	26,649	(984)	-3.6%	600	(1,584)
NEW Physician Total		408	408			
Pre-existing Physician Total	27,633	26,241	(1,392)	-5.0%		
# 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)

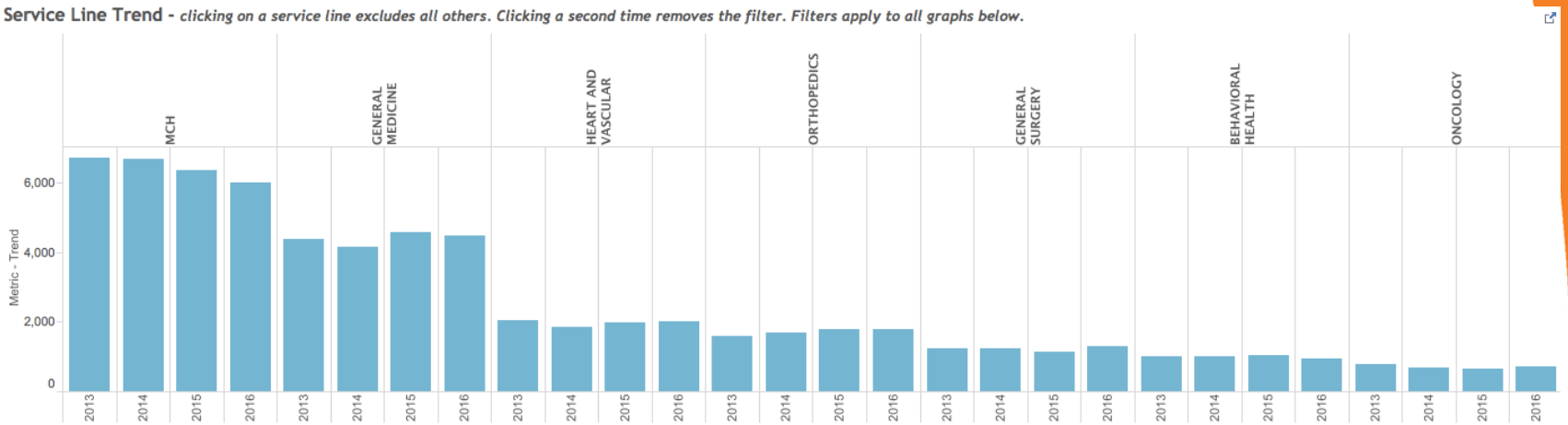
Mountain View Campus	FY15 Year to Date	FY16 Year to Date	Change
Inpatient Discharges	14,309	14,107	(202)
Surgical Outpatient Cases (incl Litho)	3,093	2,932	(161)
Endo Outpatient procedures	2,376	2,143	(233)
Outpatient Interventional Cases	1,683	1,769	86
Total Case Volume	21,461	20,951	(510)

Los Gatos Campus	FY15 Year to Date	FY16 Year to Date	Change
Inpatient Discharges	3,161	2,980	(181)
Surgical Outpatient Cases (incl Litho)	2,790	2,601	(189)
Endo Outpatient procedures	201	98	(103)
Outpatient Interventional Cases	20	19	(1)
Total Case Volume	6,172	5,698	(474)

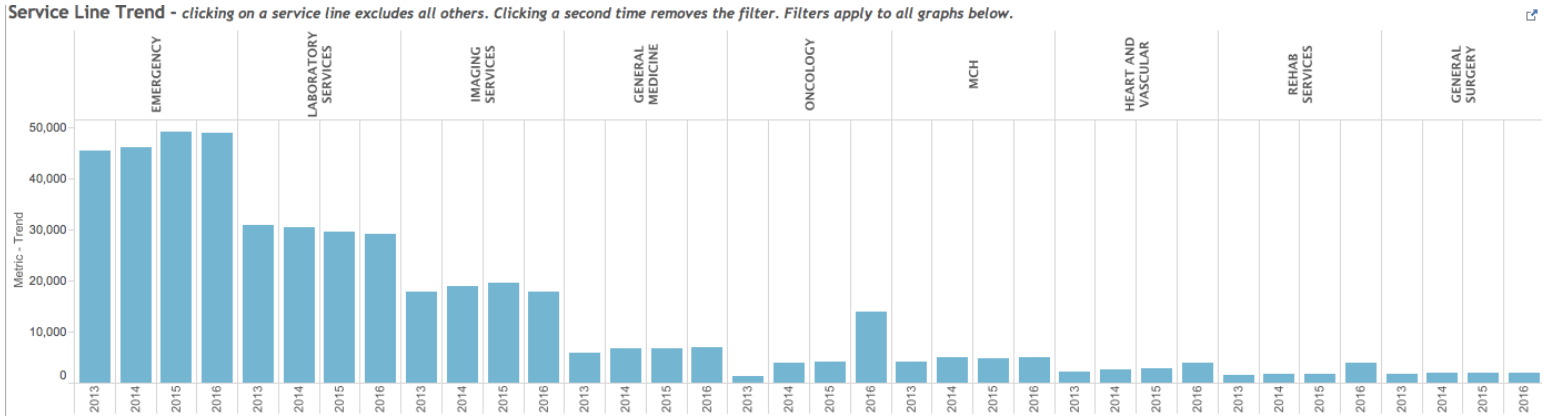
(1) Hospital entity only, excludes controlled affiliates

El Camino Hospital Volume Annual Trends
FY 2016 is annualized

IP



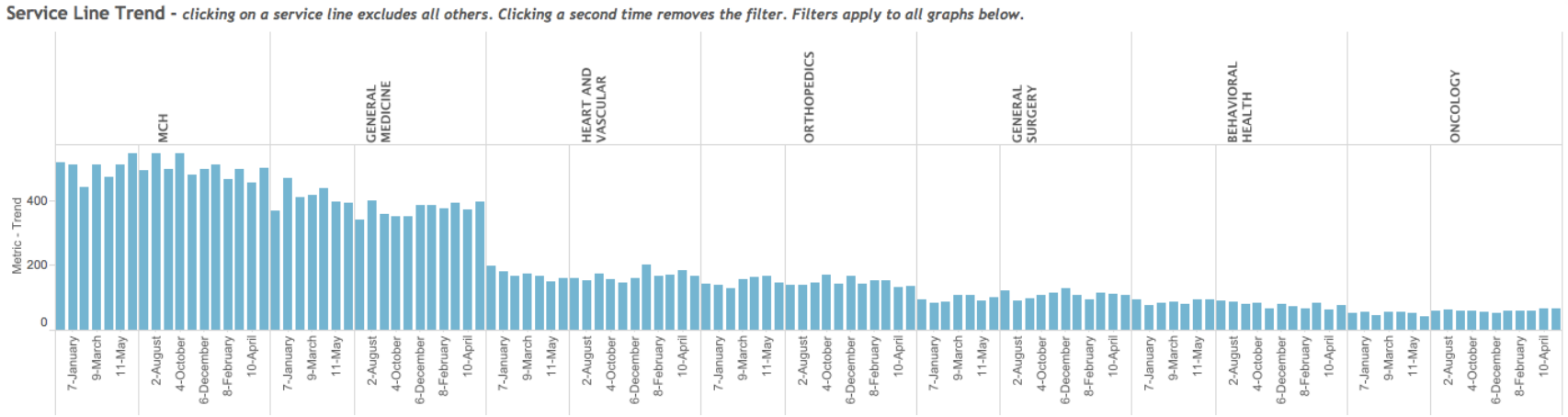
OP



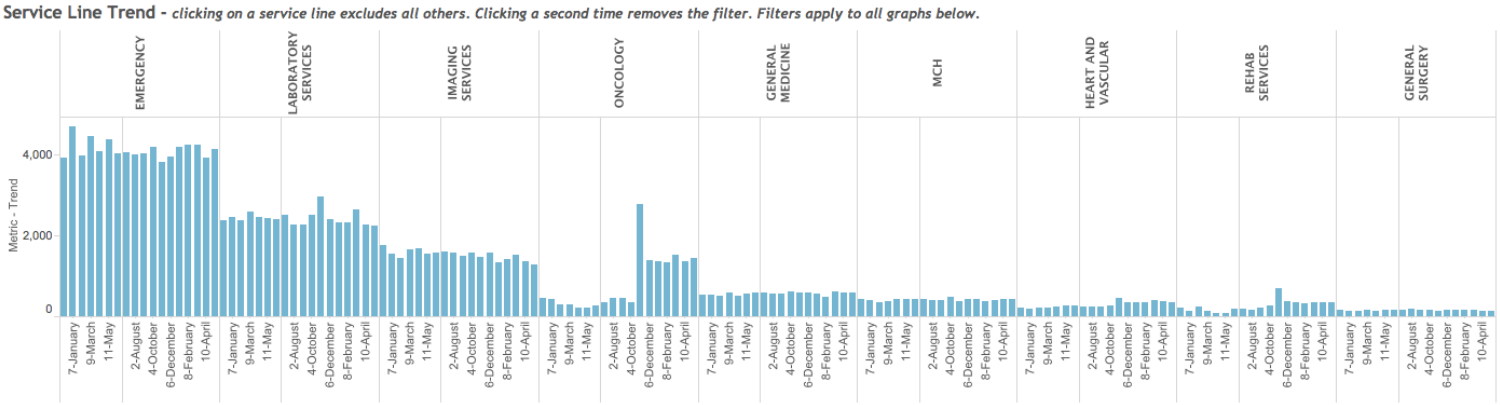
- IP declined in maternal child health service line – 2015 decline was NICU which recovered in 2016; the 2016 decline is in deliveries. Other service lines are stable
- OP – ED has grown due to ACO but plateaued in 2016. Oncology has grown but measure changed with EPIC and is not comparable to legacy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

El Camino Hospital Volume Monthly Trends
Prior and Current Fiscal Years

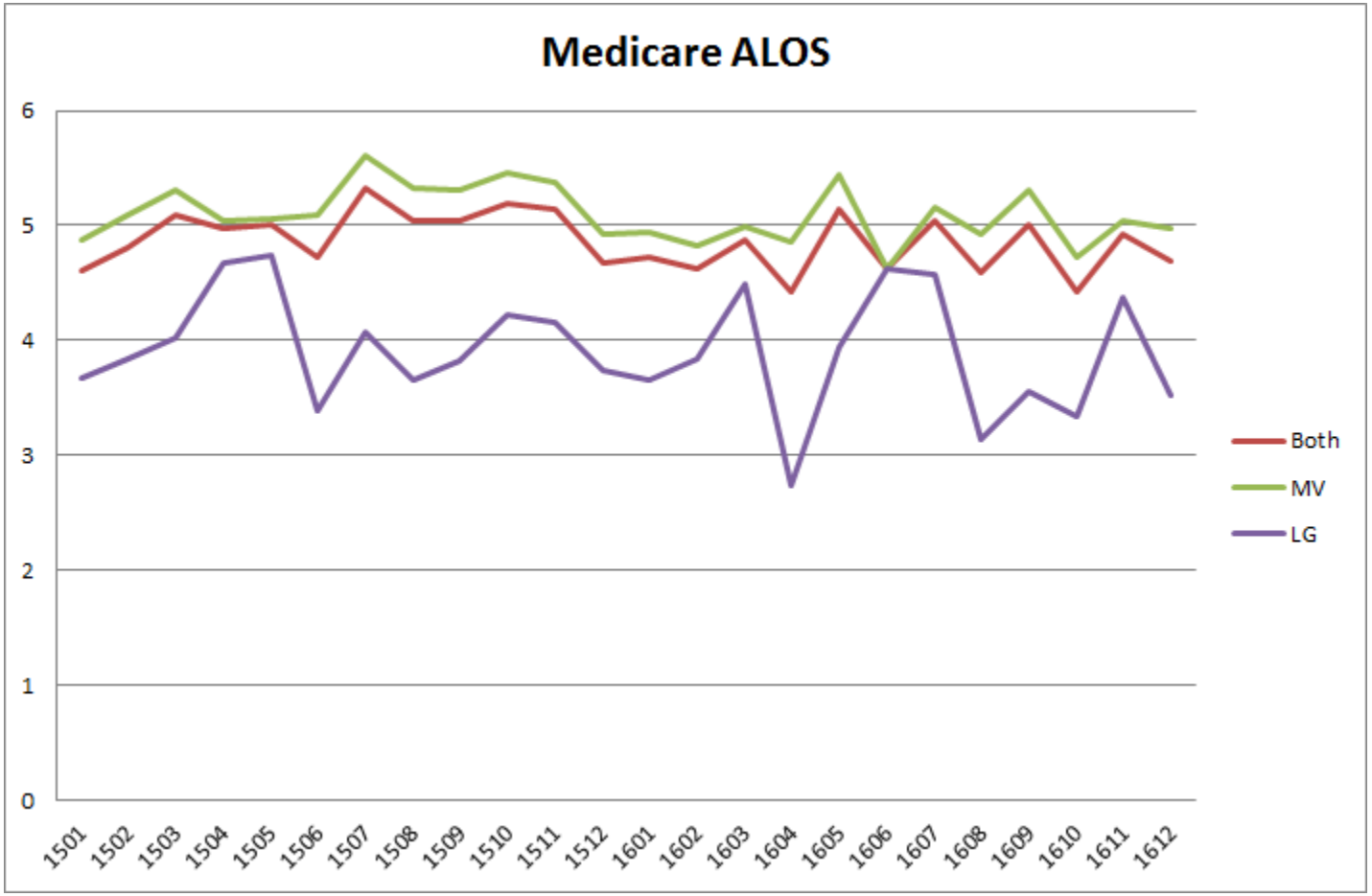
IP



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

Medicare data excludes Medicare HMOs

El Camino Hospital Investment Committee Scorecard

March 31, 2016

Updated Quarterly

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY16 Year-end Budget	Expectation Per Asset Allocation
Investment Performance		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)		$330.6	--	--	--	--	--	--	--
Risk vs. Return		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%
Asset Allocation		1Q 2016							
Surplus cash absolute variances to target		3.9%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		3.0%	< 10%	--	--	--	--	--	--
Manager Compliance		1Q 2016							
Surplus cash manager flags		15	< 18	--	--	--	--	--	--
Cash balance plan manager flags		16	< 18	--	--	--	--	--	--

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
CIP	EPIC Installation			73.8	57.0	23.7	20.8	2.9
IT Hardware, Software, Equipment*				6.9		6.9	6.5	0.4
Medical & Non Medical Equipment				16.5		14.7	14.3	0.4
Facility Projects								
1307	LG Upgrades	FY13	15.5	17.3	10.1	4.0	3.3	0.7
1219	LG Spine OR	FY13	4.1	4.1	1.2	1.0	0.6	0.4
1414	Integrated MOB	FY15	232.0	28.0	10.8	10.0	8.1	1.9
1413	North Drive Parking Expansion	FY15	15.0	3.0	1.5	2.4	1.2	1.2
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	8.8	0.0	1.0	0.0	1.0
1313/1224	LG Rehab HVAC System & Structural	FY16	3.7	3.7	1.6	3.0	1.6	1.4
1502	Cabling & Wireless Upgrades	FY16	2.5	2.8	1.3	2.4	1.3	1.1
1425	IMOB Preparation Project - Old Main	FY16	2.3	3.0	0.7	1.2	0.7	0.5
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
1503	Willow Pavilion Tomosynthesis	FY16	0.3	1.3	0.1	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	40.2	35.5	5.1	1.4	3.7
			495.9	150.0	97.6	66.5	47.4	19.1
GRAND TOTAL				**247.2**		**111.8**	**88.9**	**22.9**
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
THE HOSPITAL OF SILICON VALLEY

El Camino Hospital

Balance Sheet ($ Thousands)

ASSETS		Audited
CURRENT ASSETS	**May 31, 2016**	**June 30, 2015**
Cash	49,168	55,224
Short Term Investments	103,291	145,027
Patient Accounts Receivable, net	109,713	95,737
Other Accounts and Notes Receivable	3,063	2,378
Intercompany Receivables	1,349	1,595
Inventories and Prepaids	46,094	44,055
Total Current Assets	**312,678**	**344,016**
BOARD DESIGNATED ASSETS		
Plant & Equipment Fund	117,499	117,965
Operational Reserve Fund	100,196	100,196
Community Benefit Fund	12,260	2,085
Workers Compensation Reserve Fund	23,552	24,719
Postretirement Health/Life Reserve Fund	18,719	17,197
PTO Liability Fund	23,117	22,212
Malpractice Reserve Fund	1,800	1,800
Catastrophic Reserves Fund	14,218	14,150
Total Board Designated Assets	**311,361**	**300,324**
FUNDS HELD BY TRUSTEE	**31,211**	**37,676**
LONG TERM INVESTMENTS	**205,899**	**207,290**
INVESTMENTS IN AFFILIATES	**31,241**	**31,808**
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,177,313	1,077,951
Less: Accumulated Depreciation	(499,475)	(473,920)
Construction in Progress	43,469	82,506
Property, Plant & Equipment - Net	**721,307**	**686,537**
DEFERRED OUTFLOWS	24,668	25,218
RESTRICTED ASSETS - CASH	0	5
TOTAL ASSETS	**1,638,366**	**1,632,874**

LIABILITIES AND FUND BALANCE		Audited
CURRENT LIABILITIES	**May 31, 2016**	**June 30, 2015**
Accounts Payable (1)	23,456	30,142
Salaries and Related Liabilities	14,639	20,812
Accrued PTO	23,117	22,212
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	11,141	20,253
Intercompany Payables	65	108
Malpractice Reserves	2,125	1,800
Bonds Payable - Current	3,635	5,475
Bond Interest Payable	2,527	1,711
Other Liabilities	3,574	3,111
Total Current Liabilities	**86,580**	**107,925**
LONG TERM LIABILITIES		
Post Retirement Benefits	18,719	17,197
Worker's Comp Reserve	21,252	22,419
Other L/T Obligation (Asbestos)	3,628	3,531
Other L/T Liabilities (IT/Medl Leases)	-	7,102
Bond Payable	227,387	222,446
Total Long Term Liabilities	**270,986**	**272,696**
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	969,438	951,924
Board Designated	311,361	300,324
Restricted	0	5
Total Fund Bal & Capital Accts	**1,280,799**	**1,252,254**
TOTAL LIABILITIES AND FUND BALANCE	**1,638,366**	**1,632,874**

(1) PYE AP included SLOT related contruction retention and invoices

APPENDIX

Dashboard - Mountain View

	Annual						Month			YTD		
	2012	2013	2014	2015	2016 Projection	2016 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume	443.28											
Licenced Beds	300	300	300	300	300	300	300	300	300	300	300	300
Acute Patient Days	65,989	72,245	71,084	73,360	73,148	73,061	6,290	6,576	6,167	*67,607*	67,053	67,195
ADC	181	198	195	201	200	200	203	212	199	202	200	200
Adjusted Acute Discharges	25,420	26,640	26,147	26,627	25,937	26,705	2,329	2,171	2,269	24,284	23,777	24,472
Acute Discharges	15,019	15,876	15,177	15,619	15,389	15,756	1,355	1,314	1,338	14,309	14,107	14,448
Inpatient total												
Acute	15,019	15,876	15,177	15,619	15,389	15,756	1,355	1,314	1,338	14,309	14,107	14,448
Deliveries	3,973	4,480	4,364	4,383	4,058	4,488	363	326	384	4,011	3,720	4,117
BHS	899	851	844	872	796	850	81	67	72	795	730	778
Rehab	0	0	0	0	0	0	0	0	0	0	0	0
OP total												
ED	42,537	37,256	38,502	41,301	40,216	41,187	2,771	4,174	3,391	37,015	36,865	37,751
OP Surg	2,309	2,818	3,278	3,407	3,520	3,600	329	247	314	3,093	2,933	3,296
Endo	1942	2,104	2,405	2,606	2,572	2,607	192	189	219	2,376	2,143	2,388
Interventional		1,497	1,688	1,856	2,123	1,878	177	154	179	1,683	1,769	1,703
All Other	174,541	86,692	109,275	115,671	133,163	117,059	9,369	9,490	9,481	105,796	110,969	107,066
Financial Performance ($000s)										513869.393		
Net Revenues	507,128	557,533	589,420	603,788	623,589	602,989	56,827	58,848	49,718	550,065	571,624	548,763
Operating Expenses	470,713	516,892	550,736	562,790	603,277	580,982	49,533	52,319	49,089	513,869	553,630	532,125
Operating Income $	49,994	55,324	56,518	59,684	39,613	41,574	9,085	8,003	2,125	52,946	35,686	33,183
Operating Margin	9.6%	9.7%	9.3%	9.6%	6.2%	6.7%	15.5%	13.3%	4.1%	9.3%	6.1%	5.9%
EBITDA $	100,790	105,938	105,814	103,637	87,219	87,252	12,863	12,305	6,154	87,463	71,391	66,940
EBITDA %	19.4%	18.5%	17.4%	16.6%	13.6%	14.0%	21.9%	20.4%	12.0%	15.4%	12.1%	11.8%
Payor Mix												
Medicare	41.4%	42.0%	44.0%	42.6%	46.3%	46.4%	44.9%	50.6%	46.4%	46.3%	46.3%	46.4%
Medi-Cal	6.0%	5.4%	6.5%	7.1%	7.8%	7.0%	6.3%	7.7%	7.0%	7.0%	7.8%	7.0%
Commercial	47.7%	47.8%	44.6%	46.4%	42.2%	42.9%	45.1%	38.8%	42.9%	42.8%	42.2%	42.9%
Other	4.9%	4.8%	4.9%	3.9%	3.7%	3.7%	3.7%	2.9%	3.7%	3.9%	3.7%	3.7%
Cost												
Employees	1,793.0	1,901.0	2,027.6	2,029.9	2,169.1	2,031.3	2,059.9	2,110.0	2,047.6	2,028.0	2,123.2	2,031.3
Hrs/APD	29.28	29.58	30.16	29.60	30.99	29.83	29.75	29.93	30.18	29.60	30.99	29.83

Dashboard - Los Gatos

	Annual						Month			YTD		
	2012	2013	2014	2015	2016 Projection	2016 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume												
Licenced Beds	143	143	143	143	143	143	143	143	143	143	143	143
ADC	39	42	43	45	43	45	45	39	47	37	35	37
Adjusted Acute Discharges	5,178	5,582	5,856	5,880	5,486	5,992	511	445	510	5,352	5,028	5,490
Acute Discharges	3,212	3,344	3,390	3,462	3,251	3,506	299	264	298	3,161	2,980	3,215
Inpatient total												
Acute	3,212	3,344	3,390	3,462	3,251	3,506	299	264	298	3,161	2,980	3,215
Deliveries	627	747	791	677	628	705	49	61	60	610	576	645
BHS	0	0	0	0	0	0	0	0	0	0	0	0
Rehab	447	537	557	563	500	570	47	32	49	526	458	522
OP total												
ED	11,149	10,835	11,041	11,186	11,402	10,964	776	1,163	903	10,012	10,452	10,049
OP Surg	3,009	3,020	3,107	3,067	2,837	3,076	248	229	268	2,790	2,601	2,815
Endo	433	296	230	223	118	218	16	5	18	201	98	199
Interventional		11	17	22	26	22	1	2	1	20	22	20
All Other	12,032	14,179	15,714	17,334	17,672	17,542	1,469	1,327	1,487	15,789	14,727	15,978
Financial Performance ($000s)												
Net Revenues	122,457	128,794	131,702	142,858	138,798	140,765	10,750	10,382	11,933	127,323	127,232	129,082
Operating Expenses	105,641	115,461	118,944	126,841	135,126	134,499	11,026	11,740	11,408	115,702	123,880	123,261
Operating Income $	17,282	13,802	13,787	18,436	5,988	8,563	-25	-1,183	716	13,819	5,475	7,927
Op Margin	14.1%	10.7%	10.4%	12.7%	4.2%	6.0%	-0.2%	-11.2%	5.9%	10.7%	4.2%	6.0%
EBITDA $	23,630	18,784	19,440	24,365	12,023	13,141	465	-661	1,283	18,243	10,001	12,505
EBITDA %	19.2%	14.5%	14.6%	16.8%	8.5%	9.2%	4.2%	-6.3%	10.6%	14.1%	7.7%	9.5%
Payor Mix												
Medicare	44.7%	45.5%	44.0%	43.8%	48.2%	43.1%	43.5%	50.3%	43.1%	45.8%	48.2%	43.1%
Medi-Cal	3.0%	2.9%	3.5%	4.3%	4.9%	3.0%	4.4%	6.3%	3.0%	4.3%	4.9%	3.0%
Commercial	43.3%	42.3%	45.0%	46.1%	40.7%	45.3%	47.6%	37.6%	45.3%	43.8%	40.7%	45.3%
Other	9.0%	9.3%	7.5%	5.8%	6.2%	8.6%	4.5%	5.8%	8.6%	6.1%	6.2%	8.6%
Cost												
Employees	363.8	388.0	408.1	422.6	421.2	420.4	432.5	416.6	419.1	422.2	421.2	420.4
Hrs/APD	30.10	29.13	27.65	28.00	29.69	27.45	29.75	28.31	27.18	28.07	29.69	27.45

El Camino Hospital – Mountain View ($000s)[1]

11 months ending 5/31/2016

PERIOD 11 FY 2015	PERIOD 11 FY 2016	PERIOD 11 Budget 2016	Variance Fav (Unfav)	Var%	$000s	YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
173,694	203,708	188,650	15,059	8.0%	Gross Revenue	1,917,769	2,070,126	2,039,542	30,584	1.5%
(116,867)	(144,860)	(138,931)	(5,929)	4.3%	Deductions	(1,367,704)	(1,498,502)	(1,490,779)	(7,724)	0.5%
56,827	**58,848**	**49,718**	**9,130**	**18.4%**	**Net Patient Revenue**	**550,065**	**571,624**	**548,763**	**22,861**	**4.2%**
1,791	1,475	1,496	(21)	-1.4%	Other Operating Revenue	16,750	17,693	16,545	1,148	6.9%
58,618	**60,323**	**51,214**	**9,109**	**17.8%**	**Total Operating Revenue**	**566,816**	**589,316**	**565,308**	**24,009**	**4.2%**
					OPERATING EXPENSE					
29,691	33,014	30,665	(2,349)	-7.7%	Salaries & Wages	312,199	330,989	328,965	(2,024)	-0.6%
7,543	8,899	7,812	(1,087)	-13.9%	Supplies	81,094	87,366	83,891	(3,475)	-4.1%
7,589	5,550	6,684	1,134	17.0%	Fees & Purchased Services	66,604	75,502	72,553	(2,949)	-4.1%
1,061	517	(60)	(577)	962.3%	Other Operating Expense	12,027	15,271	4,973	(10,298)	-207.1%
451	617	448	(169)	-37.6%	Interest	6,462	5,575	4,930	(645)	-13.1%
3,197	3,723	3,541	(182)	-5.1%	Depreciation	35,483	38,926	36,812	(2,114)	-5.7%
49,533	**52,319**	**49,089**	**(3,230)**	**-6.6%**	**Total Operating Expense**	**513,869**	**553,630**	**532,125**	**(21,505)**	**-4.0%**
9,085	**8,003**	**2,125**	**5,879**	**276.7%**	**Net Operating Income/(Loss)**	**52,946**	**35,686**	**33,183**	**2,504**	**7.5%**
657	3,242	1,860	1,381	74.3%	Non Operating Income	21,827	(12,429)	20,462	(32,891)	-160.7%
9,742	**11,245**	**3,985**	**7,260**	**182.2%**	**Net Income(Loss)**	**74,773**	**23,257**	**53,645**	**(30,388)**	**-56.6%**
20.2%	18.4%	9.5%	8.9%		EBITDA	15.0%	11.3%	10.8%	0.5%	
15.5%	13.3%	4.1%	9.1%		Operating Margin	9.3%	6.1%	5.9%	0.2%	
16.6%	18.6%	7.8%	10.9%		Net Margin	13.2%	3.9%	9.5%	-5.5%	

[1] Hospital entity only, excludes controlled affiliates

El Camino Hospital – Los Gatos($000s) [1]

Results from Operations vs. Prior Year

11 months ending 5/31/2016

PERIOD 11 FY 2015	PERIOD 11 FY 2016	PERIOD 11 Budget 2016	Variance Fav (Unfav)	Var%	$000s	YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
38,743	40,103	41,640	(1,536)	-3.7%	Gross Revenue	429,639	450,504	448,910	1,594	0.4%
(27,994)	(29,722)	(29,707)	(15)	0.0%	Deductions	(302,317)	(323,273)	(319,828)	(3,445)	1.1%
10,750	**10,382**	**11,933**	**(1,551)**	**-13.0%**	**Net Patient Revenue**	**127,323**	**127,232**	**129,082**	**(1,851)**	**-1.4%**
251	176	192	(16)	-8.2%	Other Operating Revenue	2,198	2,124	2,106	18	0.8%
11,001	**10,558**	**12,124**	**(1,567)**	**-12.9%**	**Total Operating Revenue**	**129,521**	**129,355**	**131,188**	**(1,833)**	**-1.4%**
					OPERATING EXPENSE					
6,301	6,540	6,111	(429)	-7.0%	Salaries & Wages	64,647	66,631	66,201	(430)	-0.6%
1,608	1,967	1,755	(211)	-12.0%	Supplies	18,707	19,584	19,072	(512)	-2.7%
1,442	1,219	1,330	111	8.3%	Fees & Purchased Services	13,952	14,853	14,795	(58)	-0.4%
1,175	1,490	1,648	158	9.6%	Other Operating Expense	12,977	17,240	17,485	245	1.4%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
500	524	563	39	7.0%	Depreciation	5,418	5,572	5,708	135	2.4%
11,026	**11,740**	**11,408**	**(332)**	**-2.9%**	**Total Operating Expense**	**115,702**	**123,880**	**123,261**	**(619)**	**-0.5%**
(25)	**(1,183)**	**716**	**(1,899)**	**-265.1%**	**Net Operating Income/(Loss)**	**13,819**	**5,475**	**7,927**	**(2,452)**	**-30.9%**
0	0	0	0	0.0%	Non Operating Income	0	(26)	0	(26)	0.0%
(25)	**(1,183)**	**716**	**(1,899)**	**-265.1%**	**Net Income(Loss)**	**13,819**	**5,449**	**7,927**	**(2,478)**	**-31.3%**
12.3%	5.6%	20.9%	-15.3%		EBITDA	22.3%	19.2%	20.9%	-1.7%	
-0.2%	-11.2%	5.9%	-17.1%		Operating Margin	10.7%	4.2%	6.0%	-1.8%	
-0.2%	-11.2%	5.9%	-17.1%		Net Margin	10.7%	4.2%	6.0%	-1.8%	

[1] Hospital entity only, excludes controlled affiliates

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

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

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

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

Article of Interest

CALIFORNIA

HEALTH CARE ALMANAC

California Health Care Foundation

Health Care Costs 101: ACA Spurs Modest Growth

MAY 2016

Introduction

After five years of slow growth, national health spending grew by 5.3% in 2014, up from 2.9% in 2013. The faster growth was due in part to coverage expansion under the Affordable Care Act (ACA) and increased spending on prescription drugs. US health spending reached $3.0 trillion in 2014, or $9,523 per capita, and accounted for 17.5% of gross domestic product (GDP).

Health Care Costs 101: ACA Spurs Modest Growth, which relies on the most recent data available, details how much is spent on health care in the US, which services are purchased, and who pays.

KEY FINDINGS INCLUDE:

- Federal subsidies for ACA Marketplace premiums and cost sharing totaled $18.5 billion, accounting for 12% of the $151 billion in new health spending in 2014.
- Federal spending on Medicaid increased 18.4% (compared to 0.9% for states), as the federal government fully funded the ACA's expansion of Medicaid eligibility in participating states.
- Spending on prescription drugs increased by $32.4 billion, or 12.2%, much faster than recent years. New Hepatitis C drugs accounted for $11.3 billion, more than one-third of the increase in all prescription drug spending.
- Household spending on direct purchase insurance rose only 2.2% (more slowly than overall spending at 5.3% and similar to overall household spending at 2.0%), despite a 19.5% increase in enrollment levels for direct purchase insurance.
- Growth rate in per capita spending more than doubled from 2.1% in 2013 to 4.5% in 2014.

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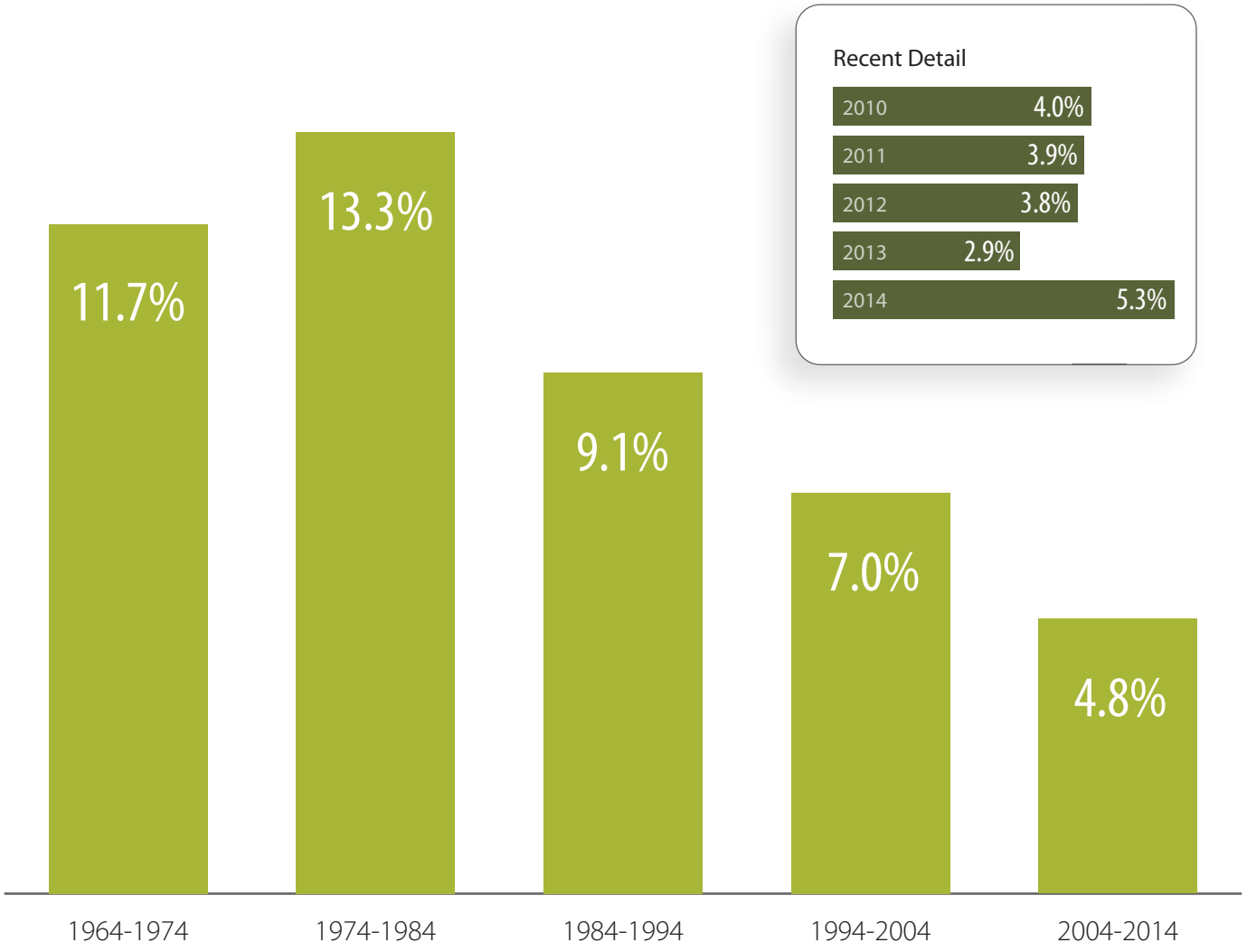
Average Annual Growth Rates in Health Spending
United States, 1964 to 2014



Note: *Health spending* refers to national health expenditures.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

Growth in 2014 accelerated to 5.3%, ending a multiyear run of stable low growth. Health spending growth in 2014 was faster than the last decade but slower than the decades between 1964 and 2004.

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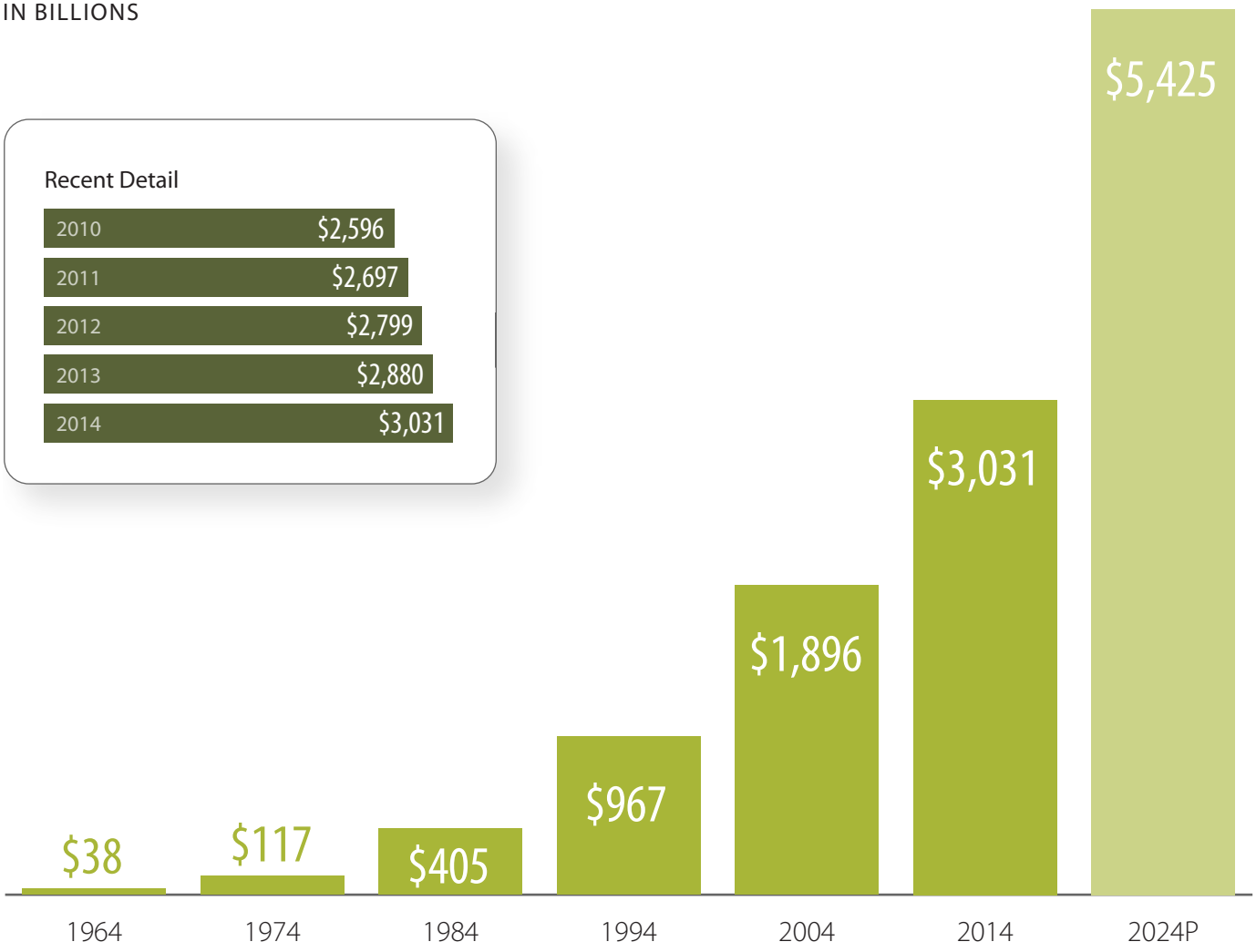
Health Spending

United States, 1964 to 2024, Selected Years

IN BILLIONS



Notes: *Health spending* refers to national health expenditures. Projections shown as *P*.

Sources: National Health Expenditure Data, Historical, 1960-2014 (www.cms.gov) and Projections, 2013-2024 (www.cms.gov), Centers for Medicare & Medicaid Services, 2015.

National health spending reached $3.0 trillion in 2014 and is projected to reach $5.4 trillion by 2024. Between 2014 and 2024, health spending is projected to grow at an average rate of 6.0% per year.

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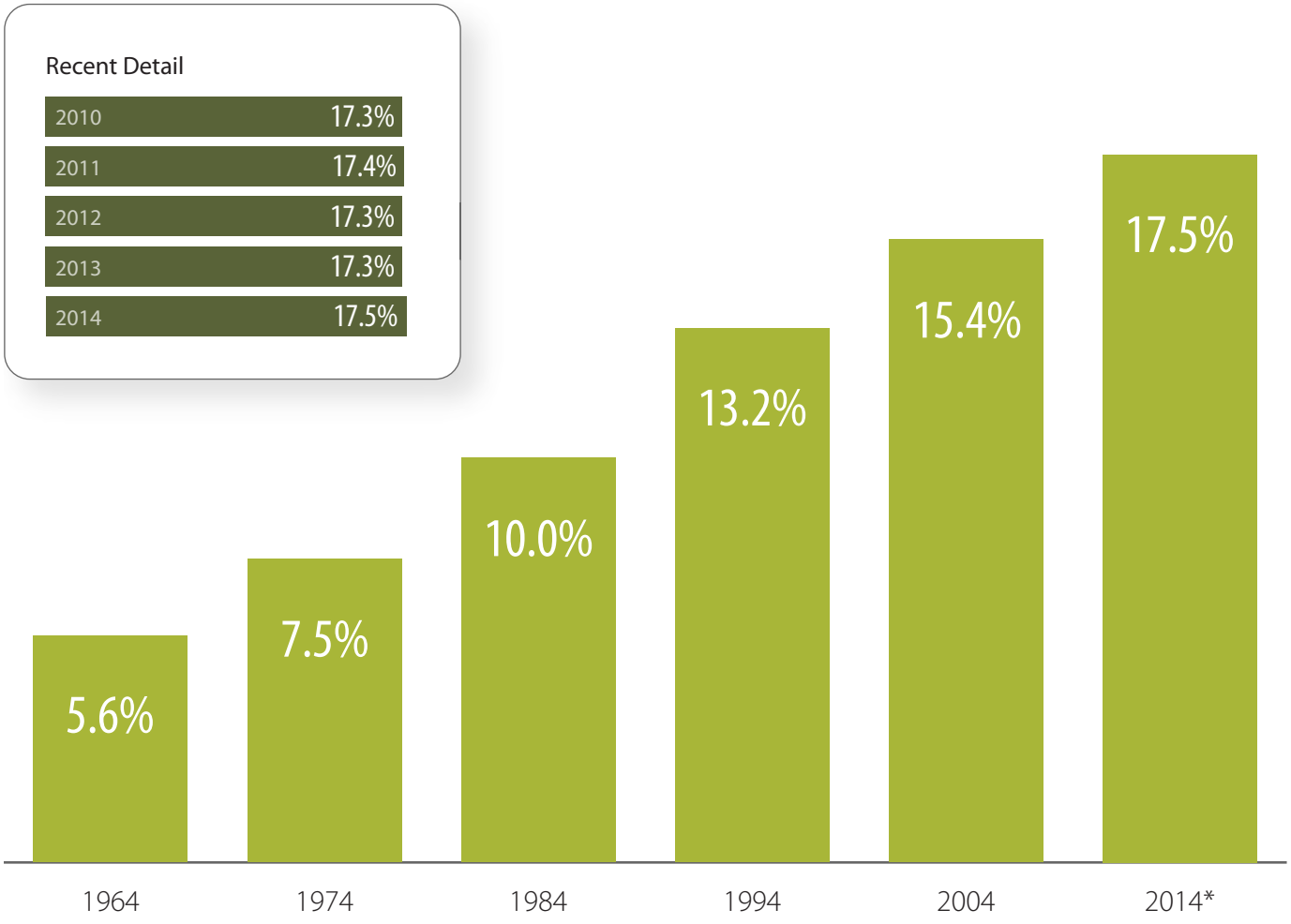
Health Spending as a Share of GDP

United States, 1964 to 2014, Selected Years



*2014 figure reflects a 4.1% increase in gross domestic product (GDP) and a 5.3% increase in national health spending over the prior year. See page 30 for a comparison of economic growth and health spending growth.

Note: *Health spending* refers to national health expenditures.

Sources: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov; "Interactive Data Table 1.1.5. Gross Domestic Product," Bureau of Economic Analysis, bea.gov.

Health spending as a share of GDP increased 0.2 percentage points in 2014 following a four-year flat period in which the economy and health spending grew at a similar pace. Over the past 50 years, health spending has accounted for an increasing share of GDP.

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Health Spending per Capita

United States, 2004 to 2016, Selected Years

Notes: *Health spending* refers to national health expenditures. Projections shown as *P*.

Sources: National Health Expenditure Data, Historical, 1960-2014 (www.cms.gov) and Projections, 2013-2024 (www.cms.gov), Centers for Medicare & Medicaid Services, 2015.

Health spending per capita increased 47% between 2004 and 2014, or an average of 3.9% annually. In 2016, US health spending is projected to reach $10,527 per person.

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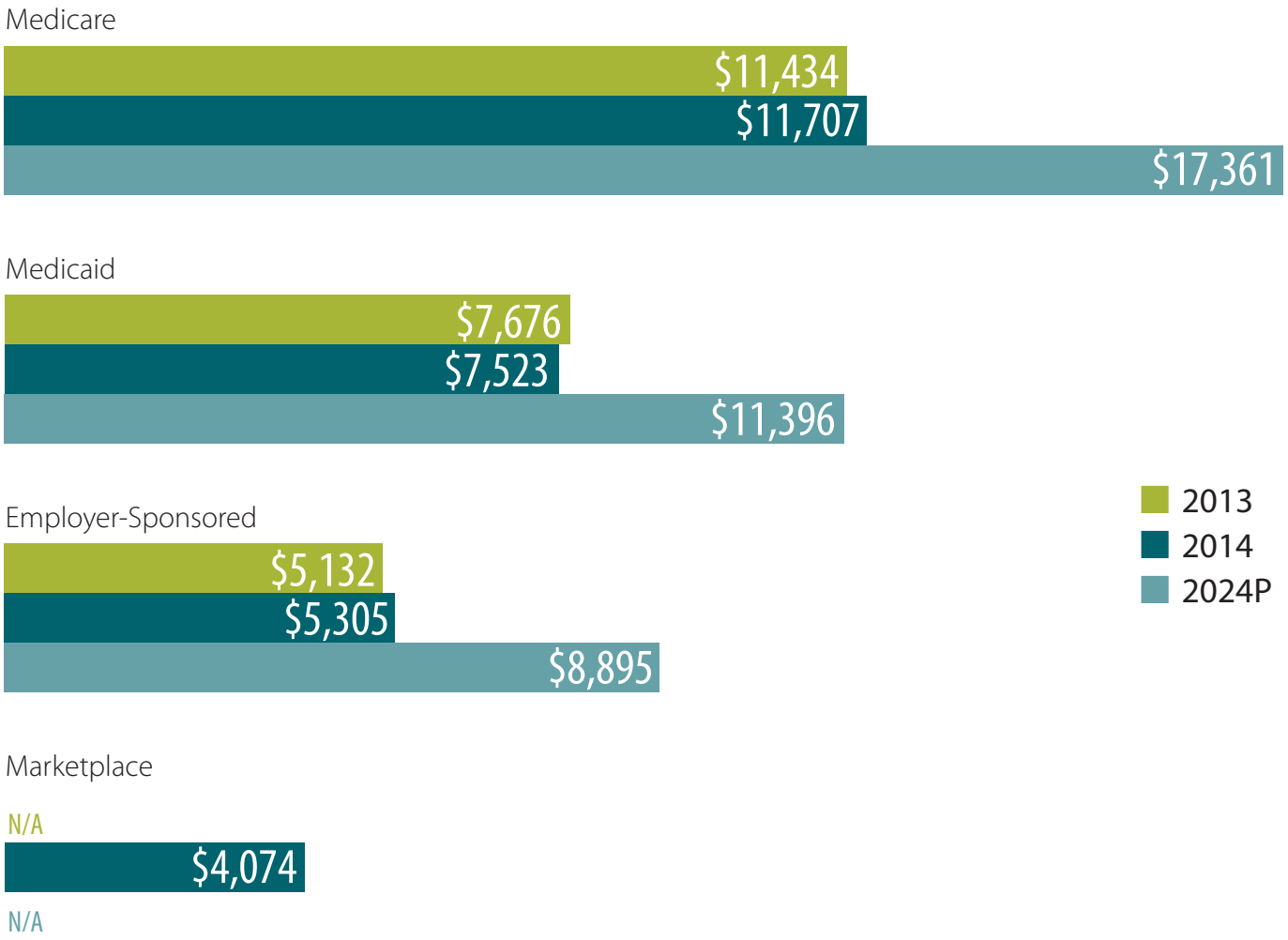
Health Insurance Spending per Enrollee

United States, 2013 to 2024, Selected Years



Notes: Projections shown as *P. Marketplace* is individual health insurance coverage purchased on federal- and state-run health exchanges such as Covered California and healthcare.gov.

Sources: National Health Expenditure Data, Historical, 1960-2014 (www.cms.gov) and Projections, 2013-2024 (www.cms.gov), Centers for Medicare & Medicaid Services, 2015.

Per enrollee amounts for Medicaid declined slightly as the ACA took effect in 2014 and more nondisabled adults gained eligibility for the program. Spending per enrollee for ACA's marketplace plans, first available in 2014, was lower than employer-sponsored plans by about $1,200 (23%).* Medicare spending per enrollee is projected to remain about twice that of employer-sponsored per enrollee spending due to the greater needs of the senior population.

*Differences in per enrollee costs can include differences in risk and benefit levels.

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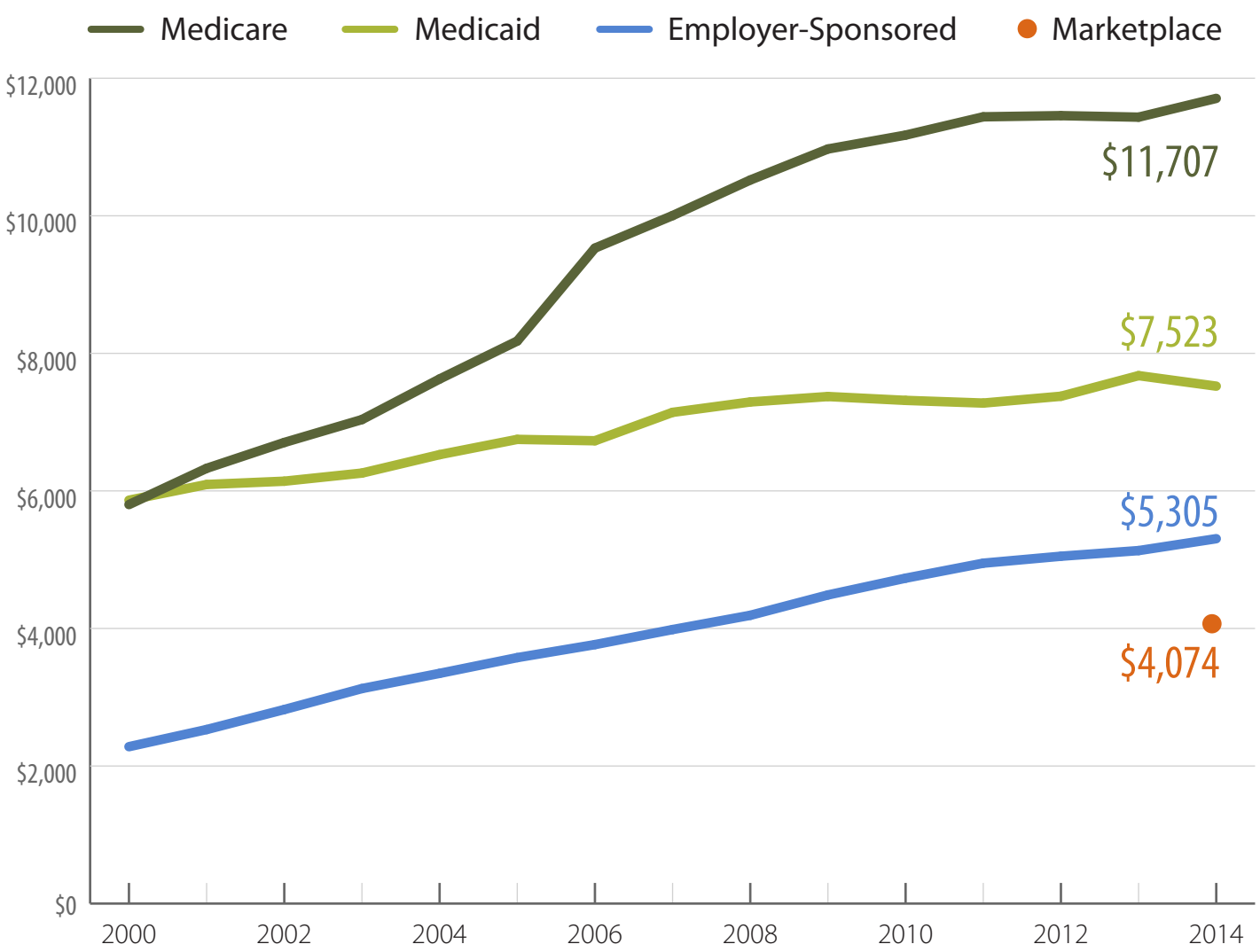
Health Insurance Spending per Enrollee

United States, 2000 to 2014



Note: *Marketplace* is individual health insurance coverage purchased on federal and state-run health exchanges, such as Covered California and HealthCare.gov.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

Despite covering a much older population, spending per enrollee was about the same for Medicare and Medicaid in 2000. By 2014, Medicare was 56% higher than Medicaid, a difference of more than $4,000 a year.

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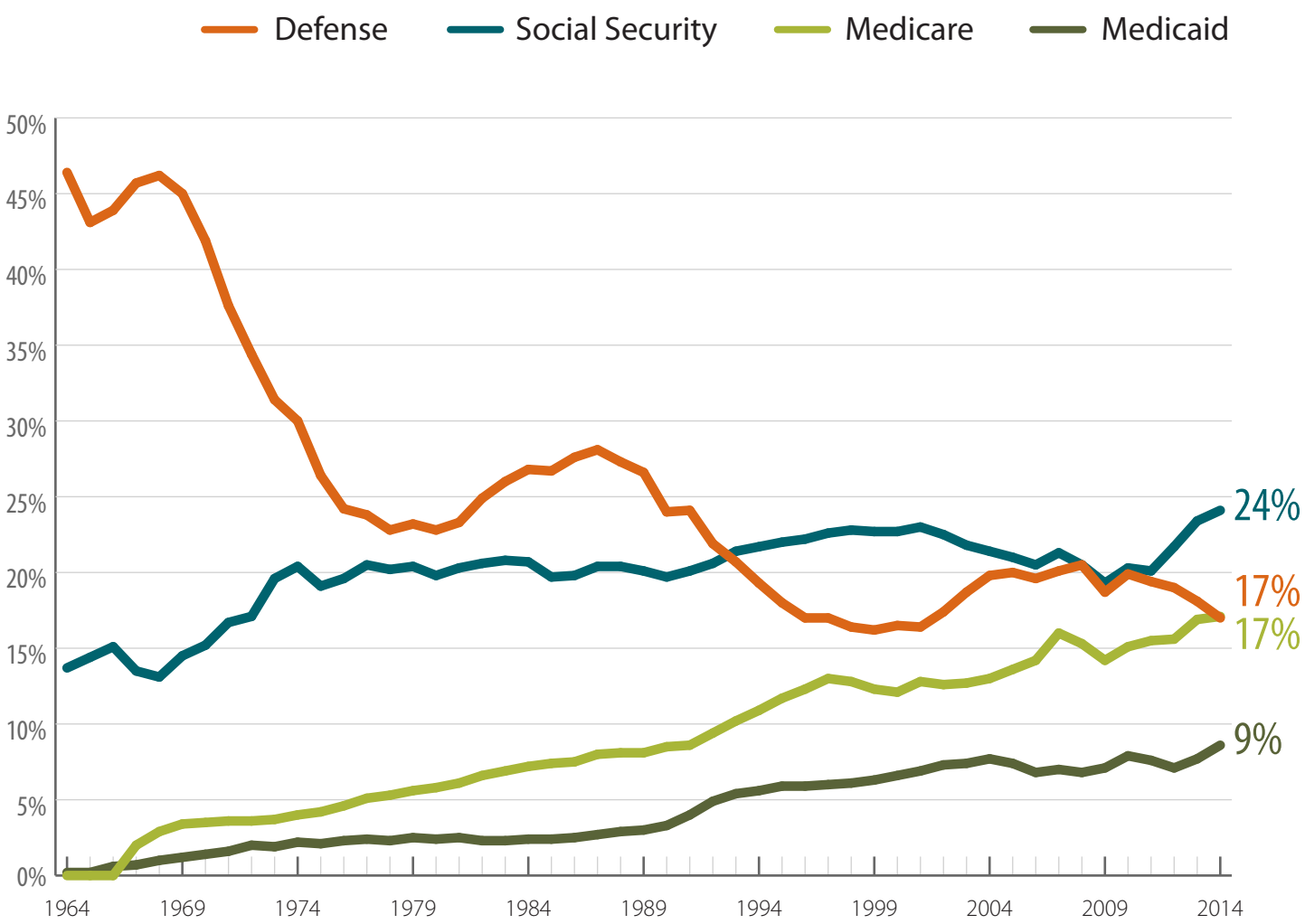
Major Programs as a Share of the Federal Budget
United States, 1964 to 2014



Notes: Spending shares computed as a percentage of federal outlays. All outlays reflect federal spending only (i.e., Medicaid outlays shown reflect federal portion).

Sources: *The Budget and Economic Outlook: 2015 to 2025*, Congressional Budget Office (CBO), January 2015, www.cbo.gov; *The Budget and Economic Outlook: Fiscal Years 2003 to 2012*, CBO, January 2002, www.cbo.gov.

For the first time since the introduction of the Medicare program, spending on Medicare and defense consumed the same share (17%) of federal outlays.

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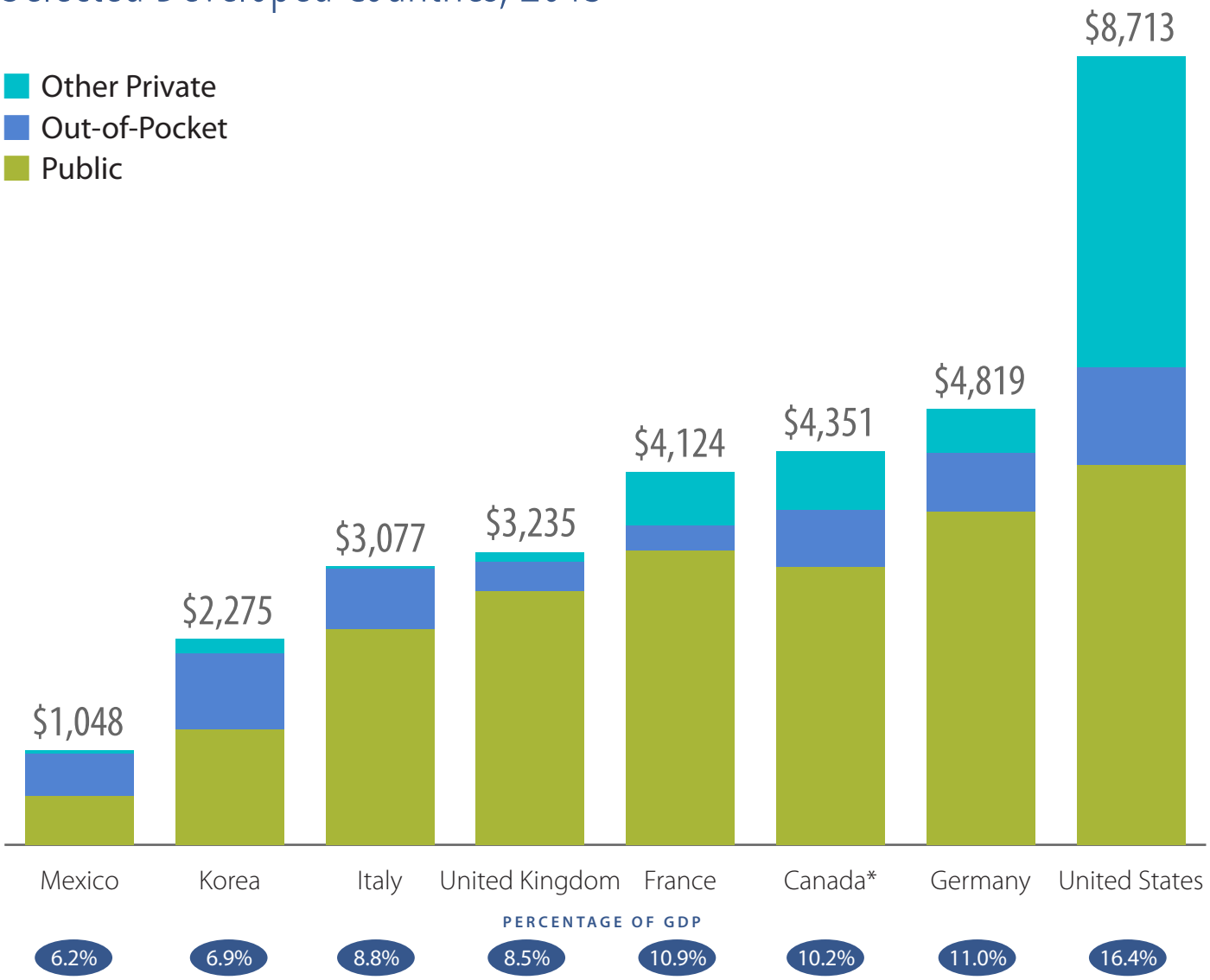
Health Spending per Capita and as a Share of GDP

Selected Developed Countries, 2013



*Estimate.

Note: US spending per capita as reported by OECD differs from figures reported elsewhere in this report.

Source: "OECD Health Statistics 2015, Frequently Requested Data," Organisation for Economic Co-operation and Development, July 2015, www.oecd.org.

Health spending in the US far exceeded that of other developed countries, both in per capita spending and as a percentage of GDP. Unlike the US, in most developed countries the public sector dominated health spending.

PAYER DEFINITIONS

Out-of-pocket is consumer spending on copays, deductibles, and goods and care not covered by insurance; it does not include premiums.

Other private is computed as total spending less public spending and out-of-pocket spending.

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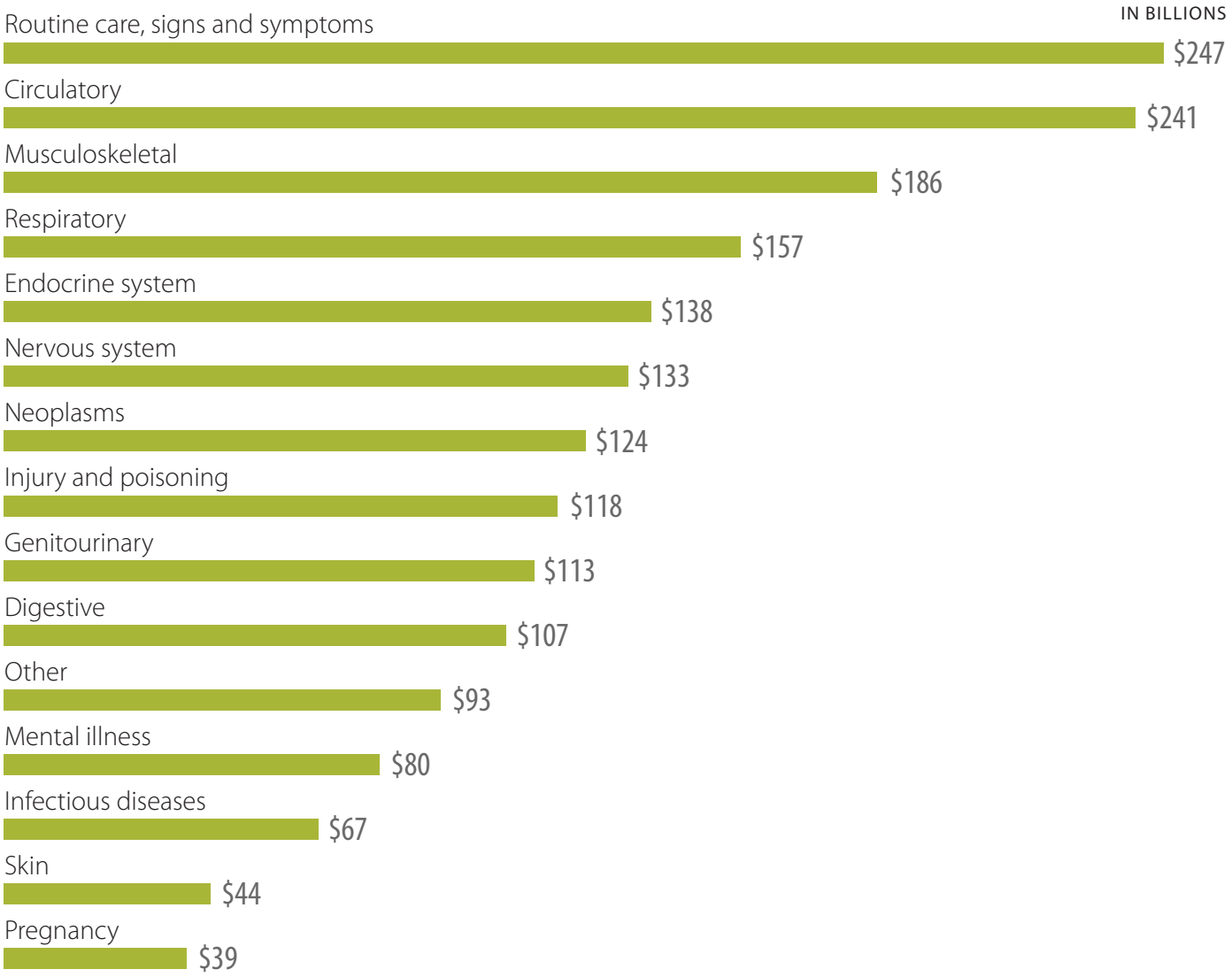
Health Spending, by Type of Medical Condition
United States, 2012



Notes: Spending by medical condition accounted for 83% of personal health spending in 2012. Medical condition spending does not account for spending on dental services, nursing homes, or medical products and equipment. The most recent data series ends with 2012. See Appendices C and D for medical condition detail.

Source: "Health Care Satellite Account: Blended Account, 2000-2012," Bureau of Economic Analysis, www.bea.gov.

When spending was classified by medical condition, routine care ranked highest, accounting for $247 billion in spending. It was closely followed by circulatory system conditions (which include hypertension and heart disease). Pregnancy was the smallest of the 15 spending categories, despite being the most common reason for hospitalization.

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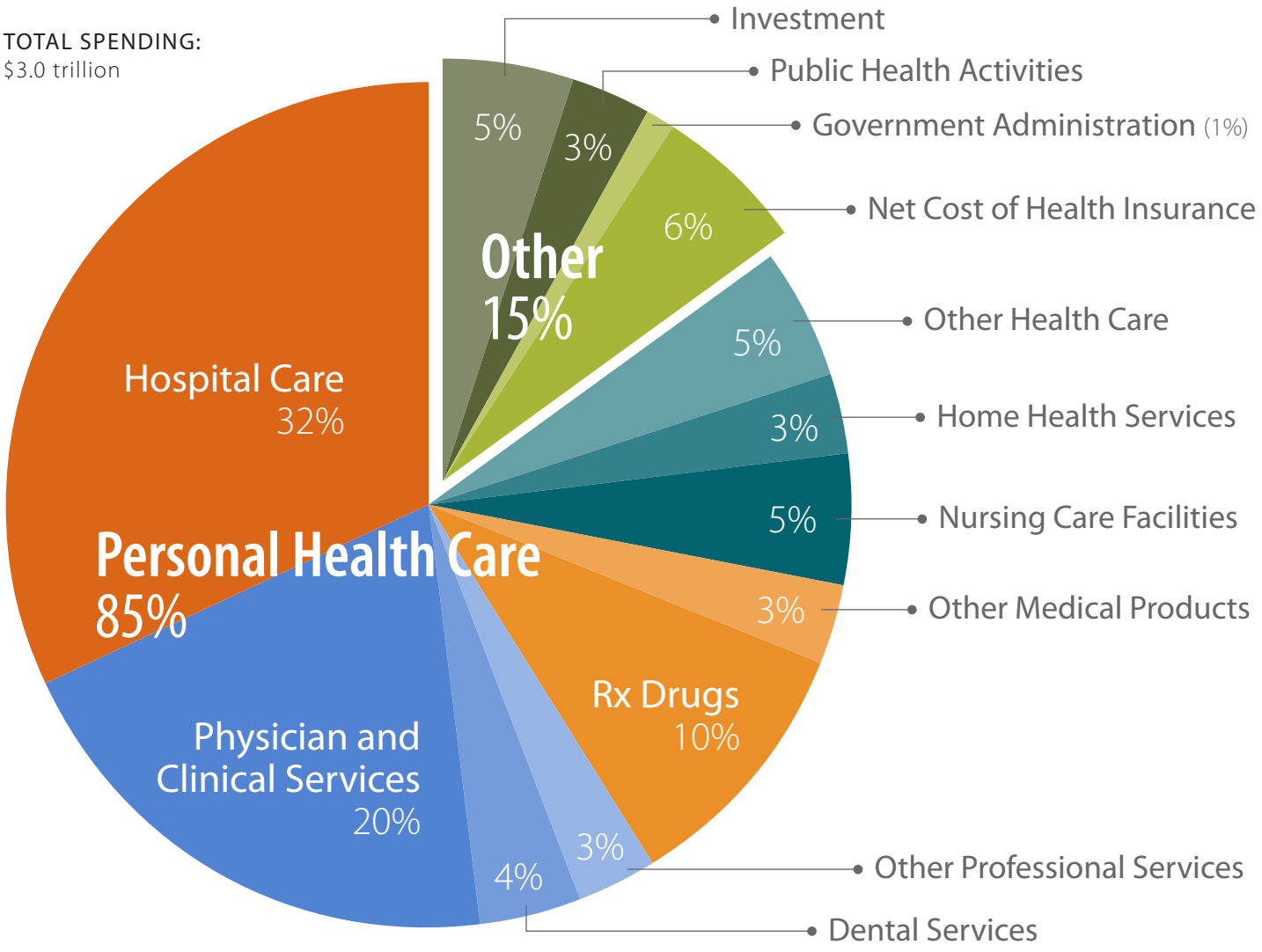
Health Spending Distribution, by Category
United States, 2014



Hospital and physician services combined accounted for just over half of health care spending. Prescription drugs, the third-largest category, accounted for another 10%.

Notes: *Health spending* refers to national health expenditures. For additional detail on spending categories, see Appendix A. Further definitions available at www.cms.gov.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

SPENDING CATEGORY DEFINITIONS

Government administration includes the administrative costs of government health care programs such as Medicare and Medicaid.

Investment includes research, structures, and equipment.

Net cost of health insurance reflects the difference between benefits and premiums for private insurance.

Other health care refers to the category other health, residential, and personal care.

Other medical products refers to durable medical equipment and nondurable medical products.

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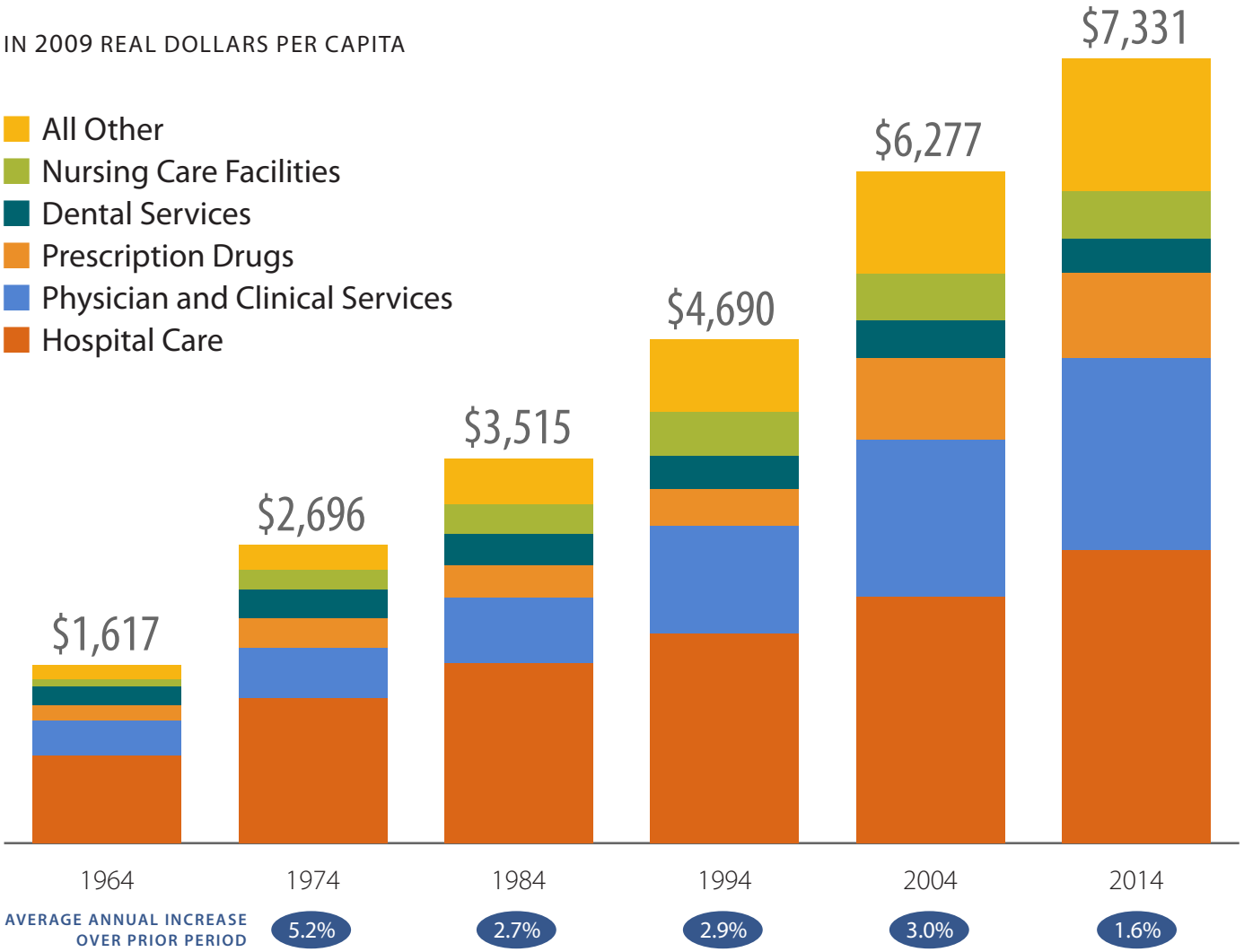
Personal Health Care Spending, Adjusted for Inflation

United States, 1964 to 2014, Selected Years



Notes: Because aggregate categories are deflated using chain-weighted price indexes, the sum of real spending for the deflated categories will not equal the totals. *Personal health care spending* excludes government administration, the net cost of health insurance, research, and investment. For additional detail on spending categories, see Appendix A.

Sources: Author calculation using National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services (CMS), 2014, including unpublished CMS data (complete 1960-2014 series), associated with Table 23, "National Health Expenditures; Nominal Dollars, Real Dollars, Price Indexes, and Annual Percent Change: Selected Calendar Years."

The rise in health spending is not simply due to medical price increases. In inflation-adjusted dollars,* per capita spending grew more than four-fold, from $1,617 per person in 1964 to $7,331 in 2014. Reasons for this growth include changes in the volume and mix of services, technological advances, and shifts in the age and gender mix of the population.

*Inflation adjustments remove the impact of changes in health care prices. For further information on price deflators, see *Definitions, Sources, Methods* and *NHE Deflator Methodology* at **www.cms.gov**.

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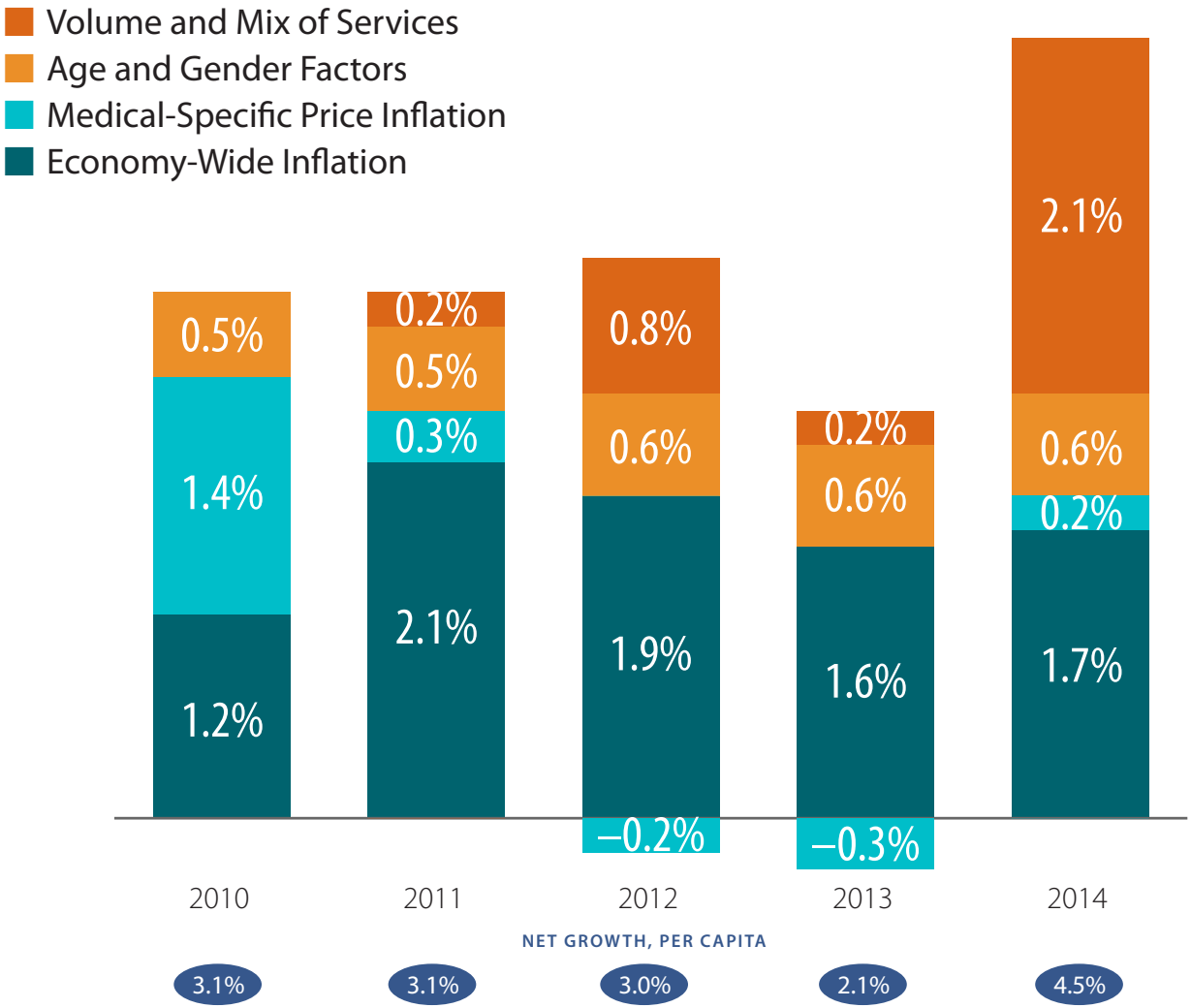
Factors Contributing to per Capita Spending Growth

United States, 2010 to 2014



Notes: Price factors (*economy-wide inflation* and *medical-specific inflation*) and nonprice factors (age, gender, and volume and mix of services) contribute to spending growth. *Volume and mix of services,* also referred to as use and intensity, is computed as a residual and includes any measurement error. The impact of population growth is removed.

Sources: Anne B. Martin et al., "National Health Spending in 2014: Faster Growth Driven by Coverage Expansion and Prescription Drug Spending," *Health Affairs* 35, No. 1 (December 2, 2015), Exhibit 4; unpublished data points related to article's Exhibit 4 provided by Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group.

The overall growth rate of per capita spending more than doubled from 2013 to 2014. Increases in insurance coverage led to expanded use of health care services, as seen in the increase in the volume and mix of services. The portion of the population covered by insurance rose during this period from 86.0% to 88.8%.

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Health Spending Summary, by Category

United States, 1994 to 2014, Selected Years

	SPENDING LEVEL (IN BILLIONS)			DISTRIBUTION			GROWTH RATE*		
	1994	2013	2014	1994	2013	2014	1994-2014	2013	2014
National Health Expenditures	**$967.2**	**$2,879.9**	**$3,031.3**	**100%**	**100%**	**100%**	**5.9%**	**2.9%**	**5.3%**
Hospital Care	328.4	933.9	971.8	34%	32%	32%	5.6%	3.5%	4.1%
Physician and Clinical Services	210.5	576.8	603.7	22%	20%	20%	5.4%	2.5%	4.6%
Dental Services	41.6	110.4	113.5	4%	4%	4%	5.2%	1.5%	2.8%
Other Professional Services	24.0	80.3	84.4	2%	3%	3%	6.5%	3.5%	5.2%
Nursing Care Facilities	58.4	150.2	155.6	6%	5%	5%	5.0%	1.3%	3.6%
Home Health Services	27.3	79.4	83.2	3%	3%	3%	5.7%	3.3%	4.8%
Other Health Care	37.5	144.5	150.4	4%	5%	5%	7.2%	4.7%	4.1%
Prescription Drugs	53.0	265.3	297.7	5%	9%	10%	9.0%	2.4%	12.2%
Other Medical Products	39.6	100.5	103.3	4%	3%	3%	4.9%	3.2%	2.8%
Net Cost of Health Insurance	44.9	173.2	194.6	5%	6%	6%	7.6%	5.3%	12.4%
Government Administration	11.0	36.3	40.2	1%	1%	1%	6.7%	8.5%	10.7%
Public Health Activities	29.6	76.6	79.0	3%	3%	3%	5.0%	0.7%	3.1%
Investment	61.6	152.5	153.9	6%	5%	5%	4.7%	–0.5%	0.9%

*Growth rate for 1994-2014 is average annual; others are annual changes.

Notes: *Health spending* refers to national health expenditures. For additional detail on spending categories, see Appendix A. Further definitions available at www.cms.gov.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

Health spending in 2014 accelerated, growing 5.3% compared to 2.9% in the prior year. Nearly all categories grew faster in 2014 than 2013, especially prescription drugs (12.2% vs. 2.4% the prior year). The share of total spending accounted for by prescription drugs doubled in the past 20 years, from 5% to 10%.

SPENDING CATEGORY DEFINITIONS

Government administration includes the administrative costs of government health care programs such as Medicare and Medicaid.

Investment includes research, structures, and equipment.

Net cost of health insurance reflects the difference between benefits and premiums for private insurance and includes administrative expenses, premium taxes, and profits.

Other health care refers to the category other health, residential, and personal care.

Other medical products refers to durable medical equipment and nondurable medical products.

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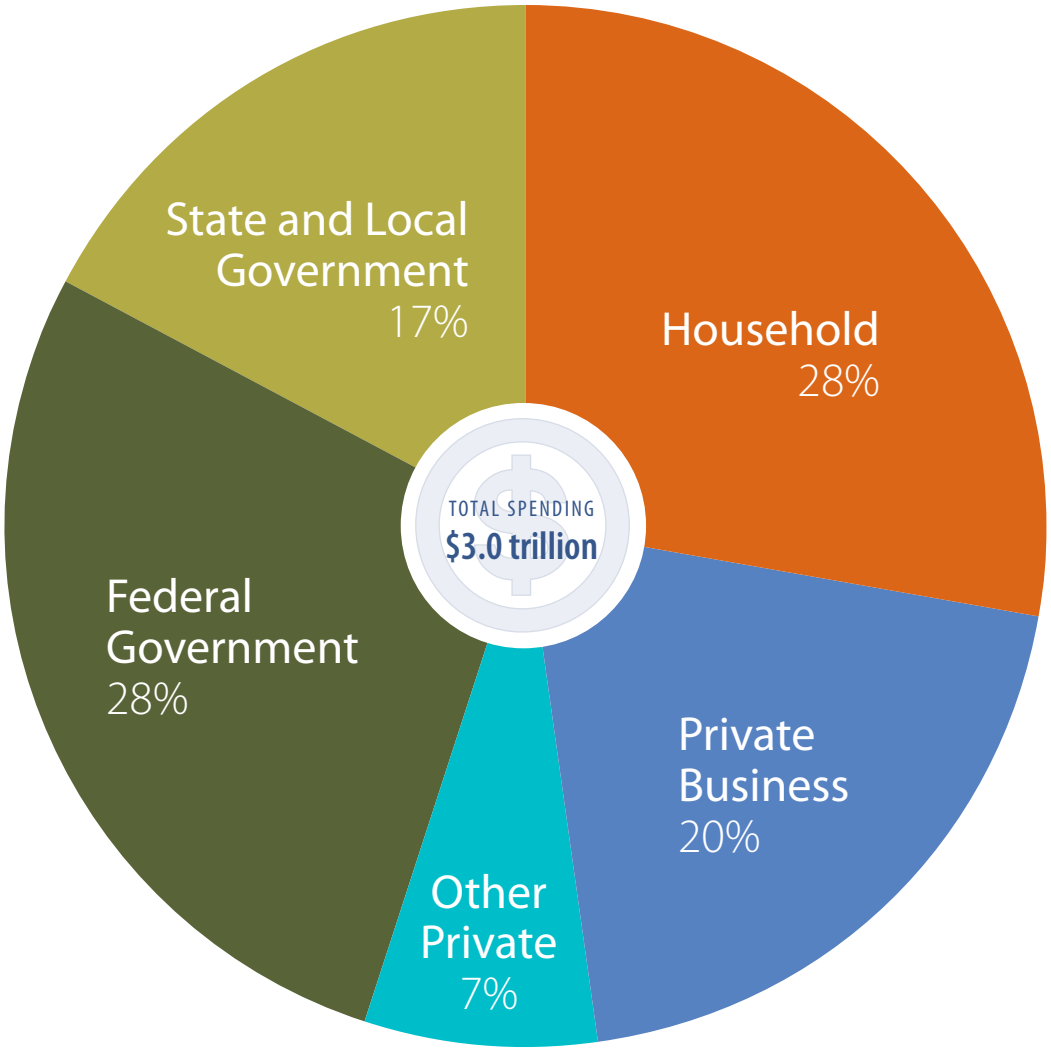
Health Spending Distribution, by Sponsor
United States, 2014



Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities that are ultimately responsible for financing the health care bill. See page 18 for trend data.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

Sponsors finance the nation's health care bill by paying insurance premiums, out-of-pocket expenses, and payroll taxes, or by directing general tax revenues to health care. In 2014, the federal government and households accounted for the largest share of health spending, 28% each.

SPONSOR DEFINITIONS

Federal government sponsors health care via general tax revenues, plus payroll tax and employer contributions to health insurance premiums for its workers.

Households sponsor health care through out-of-pocket costs, health insurance premiums, and payroll taxes.

Other private contributions include philanthropy, privately funded structures and equipment, and investment income.

Private business sponsors health care through employer contributions to health insurance premiums and payroll taxes.

State and local government sponsors health care programs and pays payroll taxes and health insurance premiums for its workers.

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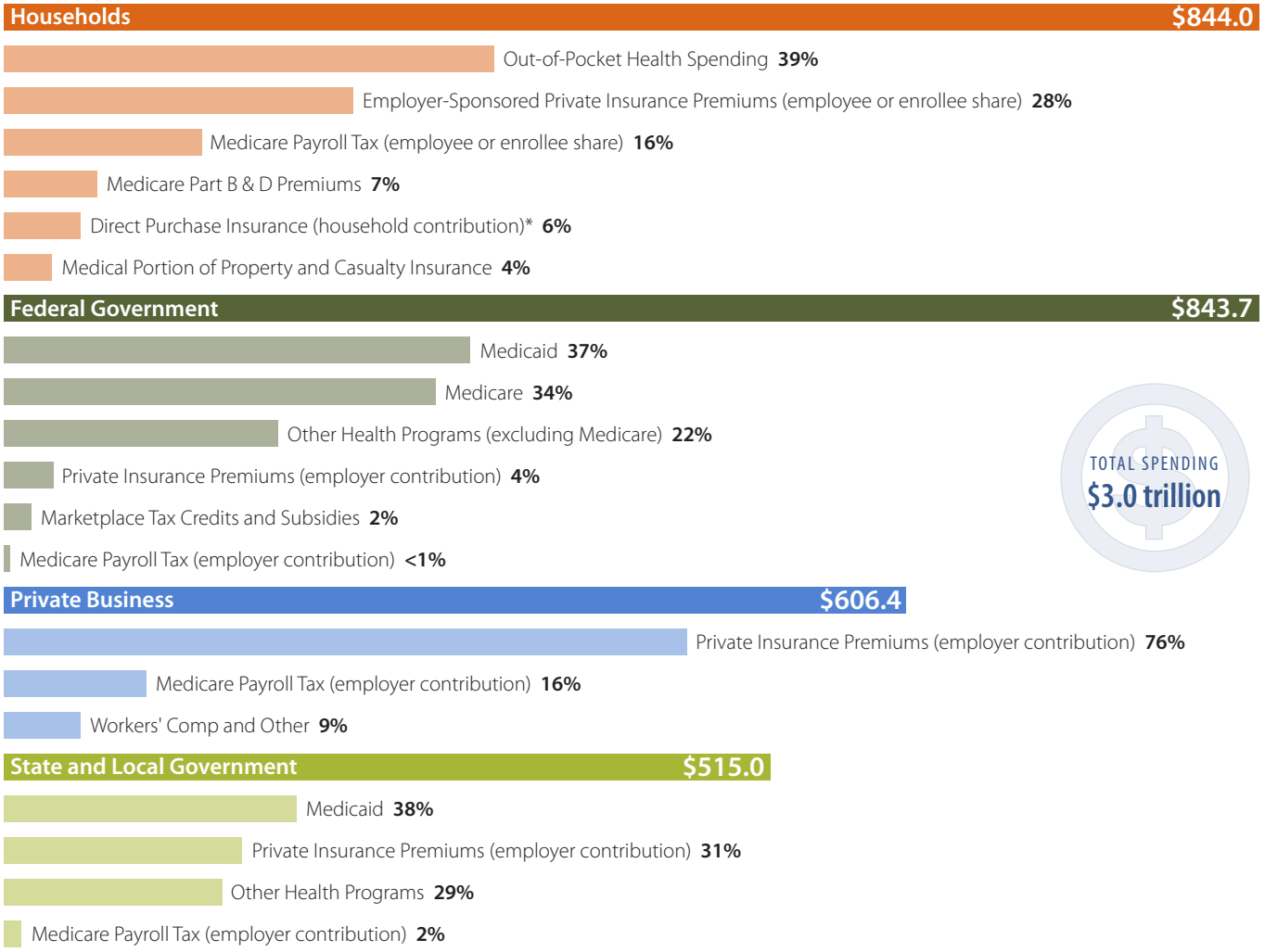
Health Spending Distribution, Sponsor Detail

United States, 2014



*Includes premiums paid by individuals for marketplace plans, Medigap, and other directly purchased health insurance, such as coverage purchased off-exchange.

Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities that are ultimately responsible for financing the health care bill. *Other health programs* includes Department of Defense and Veterans Affairs health care, maternal and child health, and Children's Health Insurance Program (CHIP). *Marketplace* is individual coverage purchased on federal- and state-run health exchanges, such as Covered California and healthcare.gov. Medicaid buy-in premiums for Medicare are reflected under Medicaid. Not shown: other private revenues ($222.2 billion), which includes philanthropy, investment income, and private investment in research, structures, and equipment. Figures may not sum due to rounding.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

Out-of-pocket spending consumed the largest share of health spending for households, with contributions to employer-sponsored insurance representing the second-largest health expense. In contrast, households allocated 6% of their health care spending toward the direct purchase of insurance, a portion unchanged from the previous year. Federal spending on the new ACA marketplace premium tax credits and subsidies totaled 2% of federal health spending.

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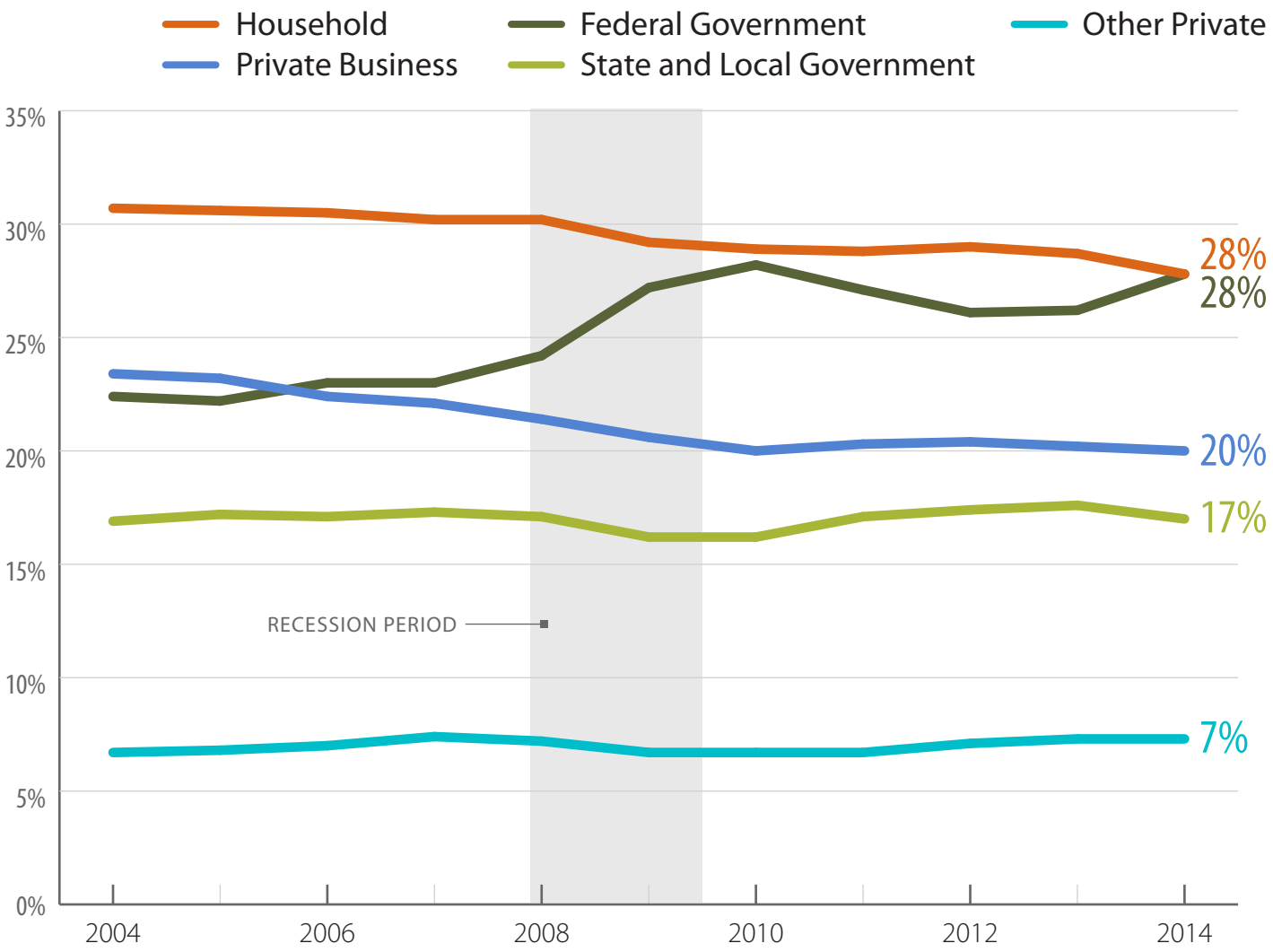
Health Spending Distribution, by Sponsor
United States, 2004 to 2014



Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities that are ultimately responsible for financing the health care bill. See page 34 for additional detail on factors contributing to the increase in the federal share of health spending.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

Over the past 10 years, the share of health care spending by households and private businesses declined while the federal government share increased. The 2014 increase in the federal share reflects, in part, federal funding of ACA Medicaid expansion and the premium tax credit subsidies for insurance purchased through the health care exchanges.

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Health Spending Summary, by Sponsor
United States, 1994 to 2014, Selected Years

	SPENDING LEVEL (IN BILLIONS)			DISTRIBUTION			GROWTH RATE*		
	1994	2013	2014	1994	2013	2014	1994-2014	2013	2014
National Health Expenditures	**$967.2**	**$2,879.9**	**$3,031.3**	**100%**	**100%**	**100%**	**5.9%**	**2.9%**	**5.3%**
Household	312.1	827.4	844.0	32%	29%	28%	5.1%	1.9%	2.0%
Private Business	220.3	581.9	606.4	23%	20%	20%	5.2%	1.7%	4.2%
Federal Government	203.0	755.5	843.7	21%	26%	28%	7.4%	3.5%	11.7%
State and Local Government	158.1	506.0	515.0	16%	18%	17%	6.1%	3.7%	1.8%
Other Private Revenue	73.8	209.1	222.2	8%	7%	7%	5.7%	5.9%	6.3%

*Growth rate for 1994-2014 is average annual; others are annual increases.

Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities that are ultimately responsible for financing the health care bill. *Other private revenues* includes philanthropy, privately funded structures and equipment, and investment income. See page 17 for detail on how sponsors finance health care spending.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

Over the past 20 years, the federal government has become a more significant sponsor of health care, with its share increasing from 21% to 28% in this period. During this same time, the share of health spending sponsored by households and private business declined. In 2014, the federal government's spending grew 11.7%, much faster than other sponsors.

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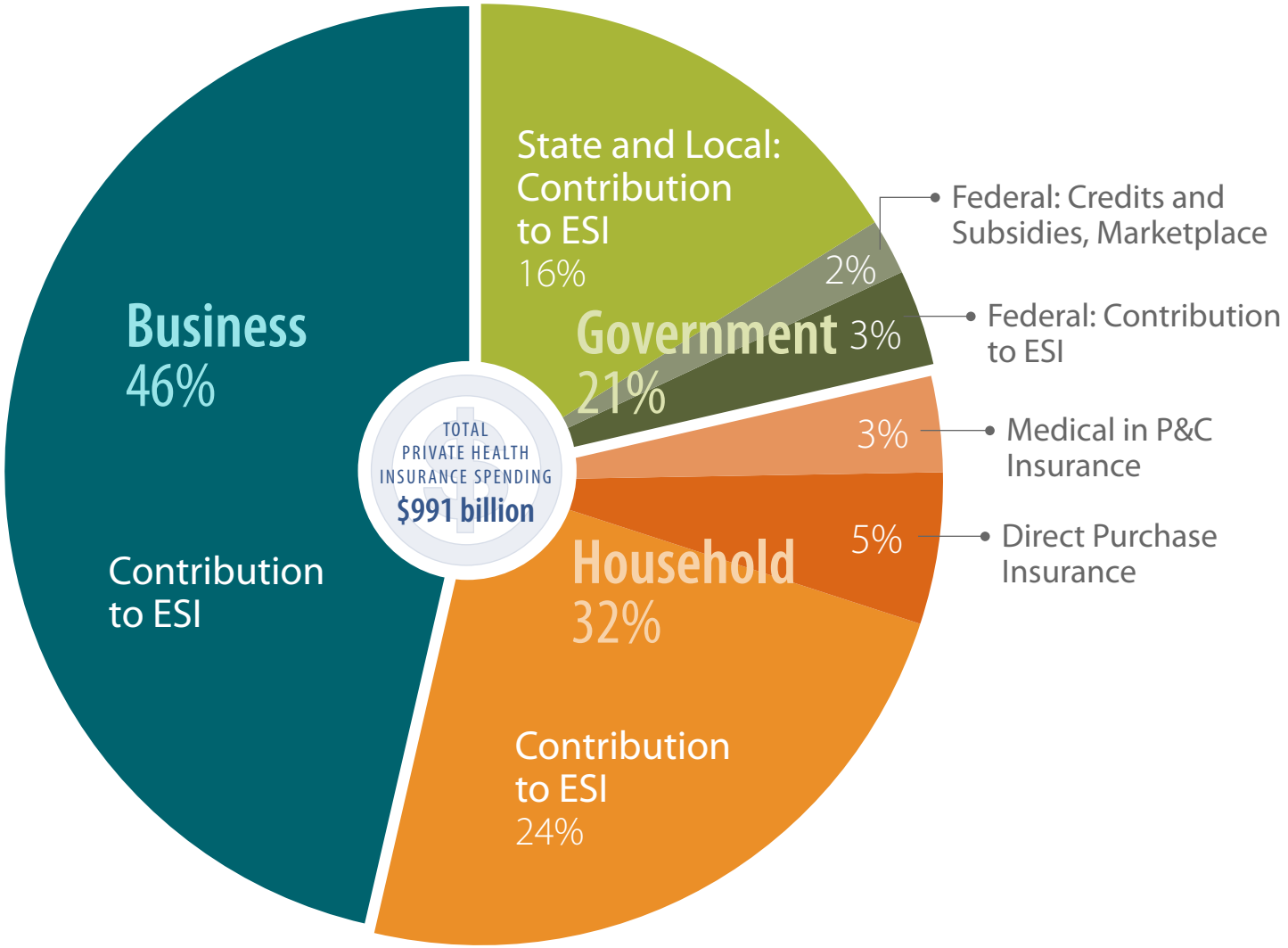
Sponsors of Private Health Insurance
United States, 2014



Notes: *Sponsors* are the entities that are ultimately responsible for financing the health care bill. *ESI* refers to employer-sponsored insurance; *P&C* refers to property and casualty insurance. *Direct purchase insurance* includes premiums paid by individuals for marketplace plans, Medigap, and other directly purchased health insurance, such as coverage purchased off-exchange. *Marketplace* is individual health insurance coverage purchased on federal- and state-run health exchanges, such as Covered California and healthcare.gov. Not shown: other federal (<1%). Segments don't add to 100% due to rounding.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

Private business and households were the largest funders of private insurance. The federal government spent $18.5 billion (2% of all private health insurance spending) on premium tax credits and cost-sharing subsidies for the newly implemented marketplace plans.

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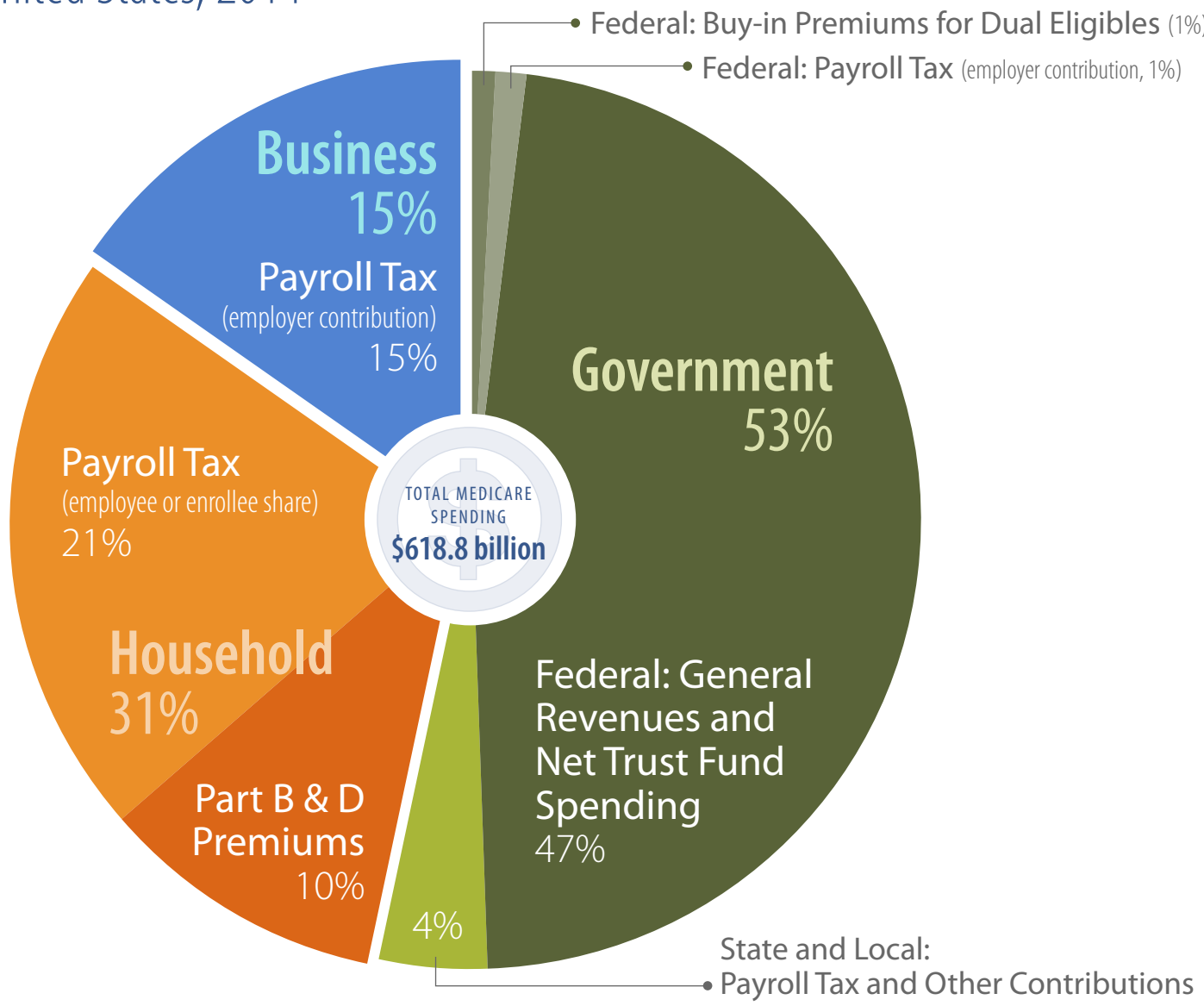
Sponsors of Medicare
United States, 2014



Notes: *Sponsors* are the entities that are ultimately responsible for financing the health care bill. Segments don't add to 100% due to rounding.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

Government funds paid for more than half of Medicare spending.

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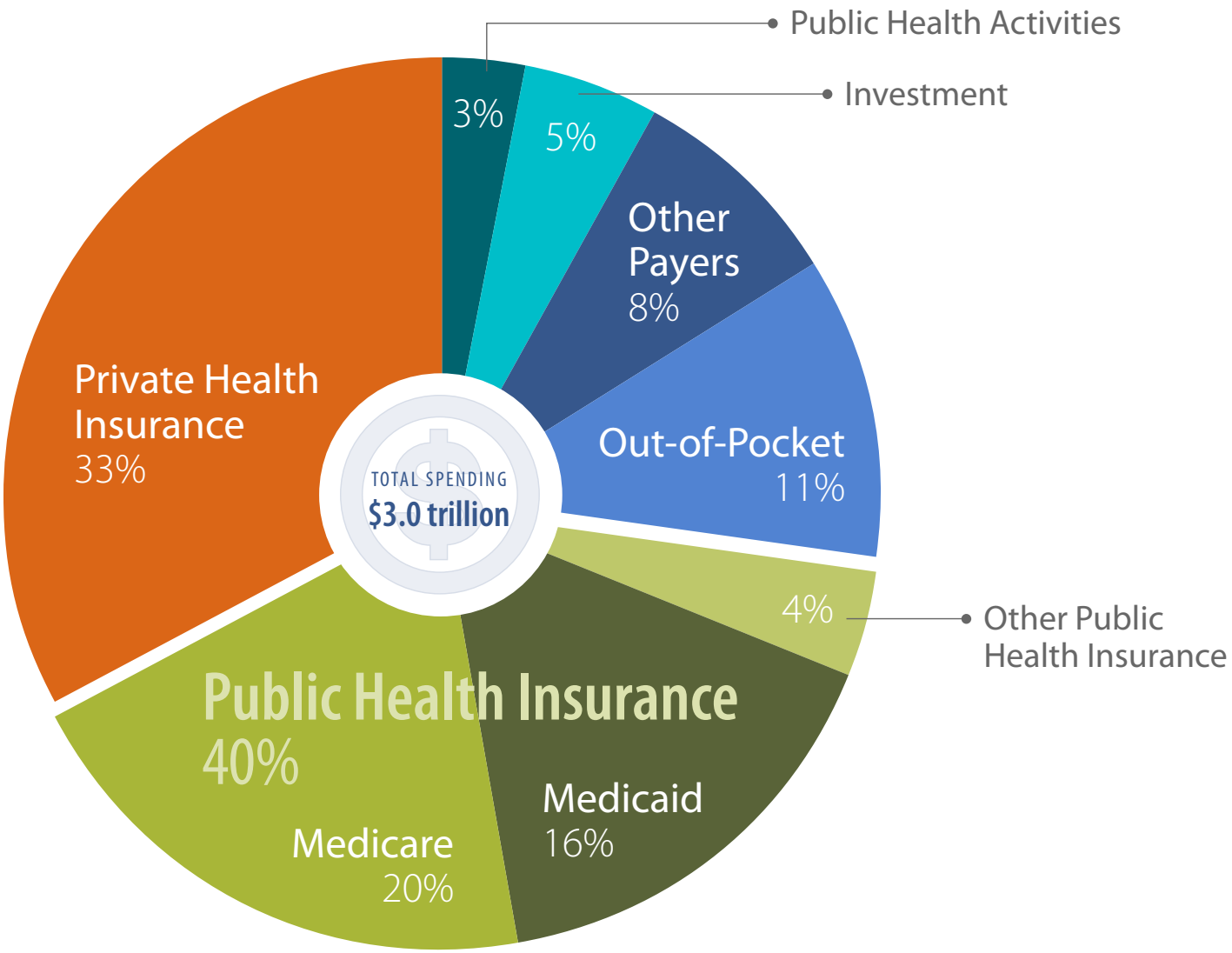
Health Spending Distribution, by Payer

United States, 2014



Notes: *Health spending* refers to national health expenditures. See page 23 for historical distribution.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

In 2014, public health insurance paid the largest share of health care costs (40%). Private health insurance paid for 33% of health spending, while consumers' out-of-pocket spending acccounted for 11%.

PAYER DEFINITIONS

Other payers includes worksite health care, Indian Health Services, workers' compensation, maternal and child health, and vocational rehabilitation.

Other public health insurance includes Departments of Defense and Veterans Affairs health care and the Children's Health Insurance Program (CHIP).

Out-of-pocket includes consumer spending on copays, deductibles, and goods and care not covered by insurance; it does not include premiums.

Investment includes research, structures, and equipment.

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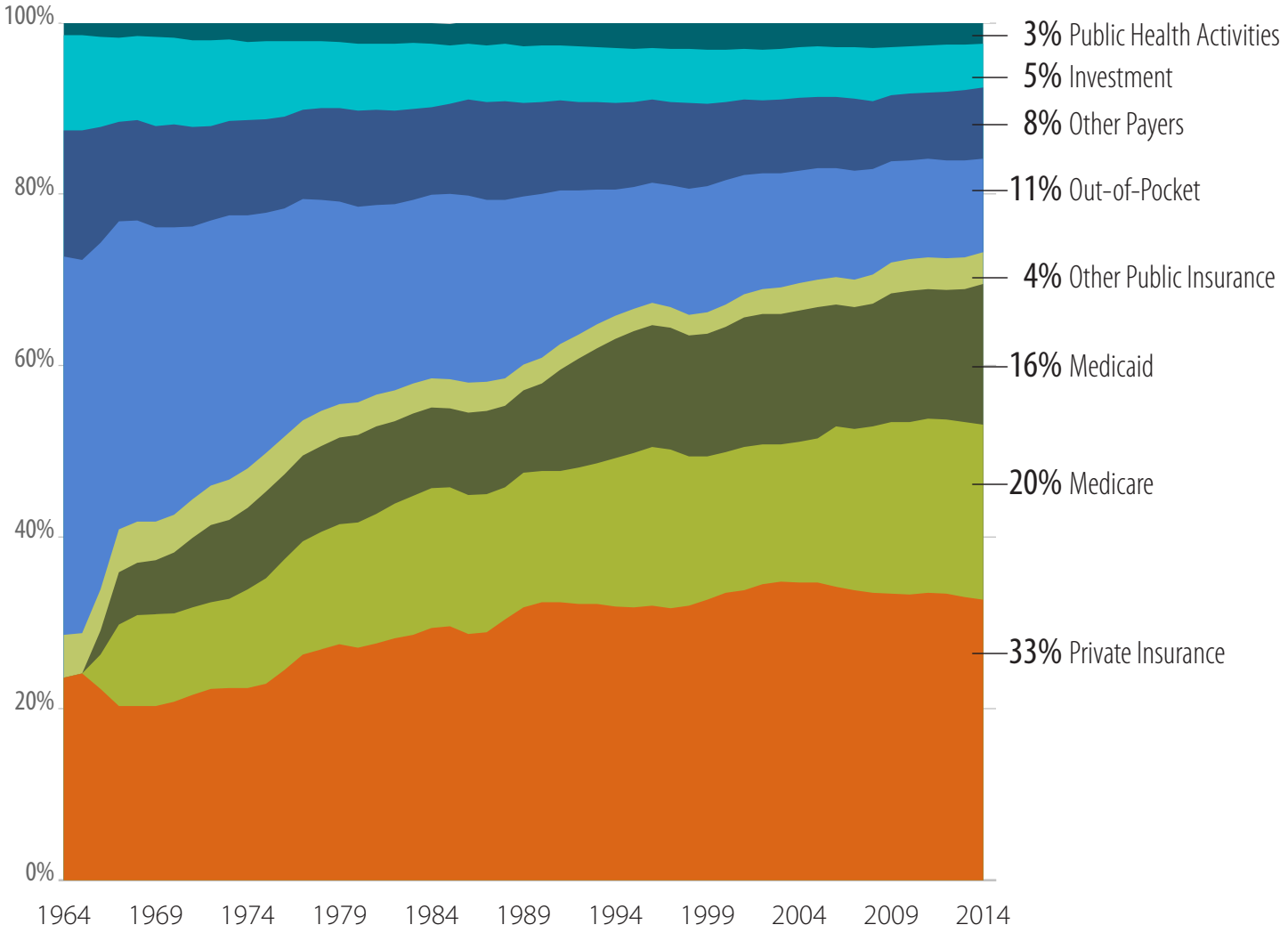
Payment Sources
United States, 1964 to 2014



Note: *Health spending* refers to national health expenditures.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

Out-of-pocket spending, as a share of all health spending, has shrunk dramatically over time as the share of spending by Medicare and Medicaid has expanded.

PAYER DEFINITIONS

Other payers includes worksite health care, Indian Health Services, workers' compensation, maternal and child health, and vocational rehabilitation.

Other public health insurance includes Departments of Defense and Veterans Affairs health care and the Children's Health Insurance Program (CHIP).

Out-of-pocket includes consumer spending on copays, deductibles, and goods and care not covered by insurance; it does not include premiums.

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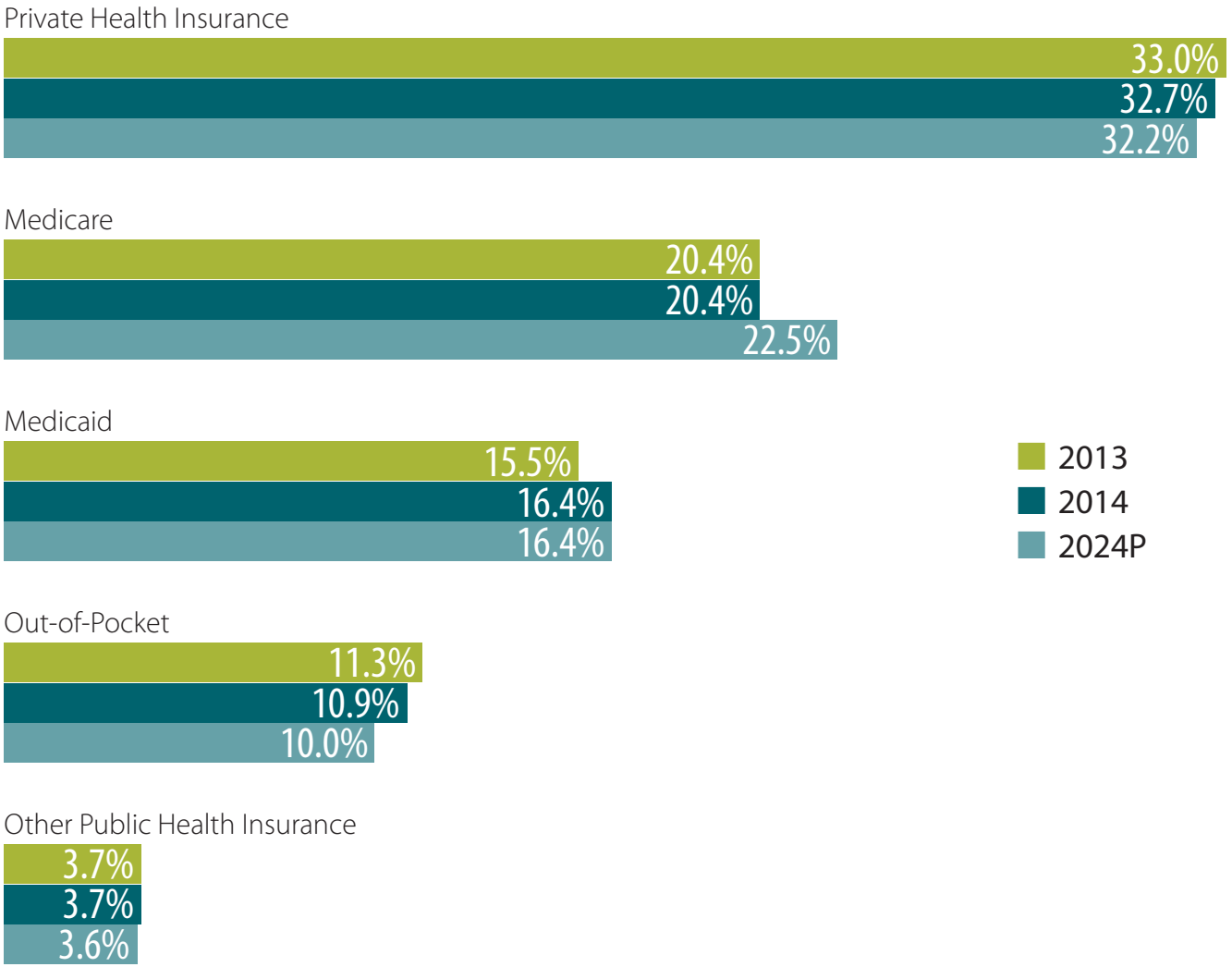
Health Spending Distribution, by Payer
United States, 2013 to 2024, Selected Years



Medicaid's share of health spending increased slightly in 2014 as the ACA was introduced, while Medicare's share remained unchanged. Projections for 2024 show a larger share of spending by Medicare as the population ages.

Notes: *Health spending* refers to national health expenditures. Projections shown as *P*. See page 23 for historical distribution. Not shown: other payers, public health activities, and investment, which totaled 16.2%, 16.0%, and 15.5% in 2013, 2014, and 2024P, respectively.

Sources: National Health Expenditure Data, Historical, 1960-2014 (www.cms.gov) and Projections, 2013-2024 (www.cms.gov), Centers for Medicare & Medicaid Services, 2015.

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Health Spending Summary, by Payer
United States, 2014

	SPENDING LEVEL (IN BILLIONS)			DISTRIBUTION			GROWTH RATE*		
	1994	2013	2014	1994	2013	2014	1994-2014	2013	2014
National Health Expenditures	**$967.2**	**$2,879.9**	**$3,031.3**	**100%**	**100%**	**100%**	**5.9%**	**2.9%**	**5.3%**
Out-of-Pocket	142.0	325.5	329.8	15%	11%	11%	4.3%	2.1%	1.3%
Private Health Insurance	308.2	949.2	991.0	32%	33%	33%	6.0%	1.6%	4.4%
Medicare	167.7	586.3	618.7	17%	20%	20%	6.7%	3.0%	5.5%
Medicaid	134.4	446.7	495.8	14%	16%	16%	6.7%	5.9%	11.0%
Other Public Insurance	26.5	105.6	111.4	3%	4%	4%	7.5%	3.3%	5.5%
Other Payers	97.3	237.5	251.7	10%	8%	8%	4.9%	6.3%	6.0%
Public Health	29.6	76.6	79.0	3%	3%	3%	5.0%	0.7%	3.1%
Investment	61.6	152.5	153.9	6%	5%	5%	4.7%	–0.5%	0.9%

*Growth rate for 1994-2014 is average annual; others are annual changes.

Notes: *Health spending* refers to national health expenditures. Figures may not sum due to rounding.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

For most payers, spending grew faster in 2014 than in 2013. The Medicaid growth rate nearly doubled. Over the past 20 years, the share of out-of-pocket spending fell, while the share of spending by Medicare and Medicaid increased.

PAYER DEFINITIONS

Other payers includes worksite health care, Indian Health Services, workers' compensation, maternal and child health, and vocational rehabilitation.

Other public health insurance includes Departments of Defense and Veterans Affairs and the Children's Health Insurance Program (CHIP).

Out-of-pocket includes consumer spending on copays, deductibles, and goods and care not covered by insurance; it does not include premiums.

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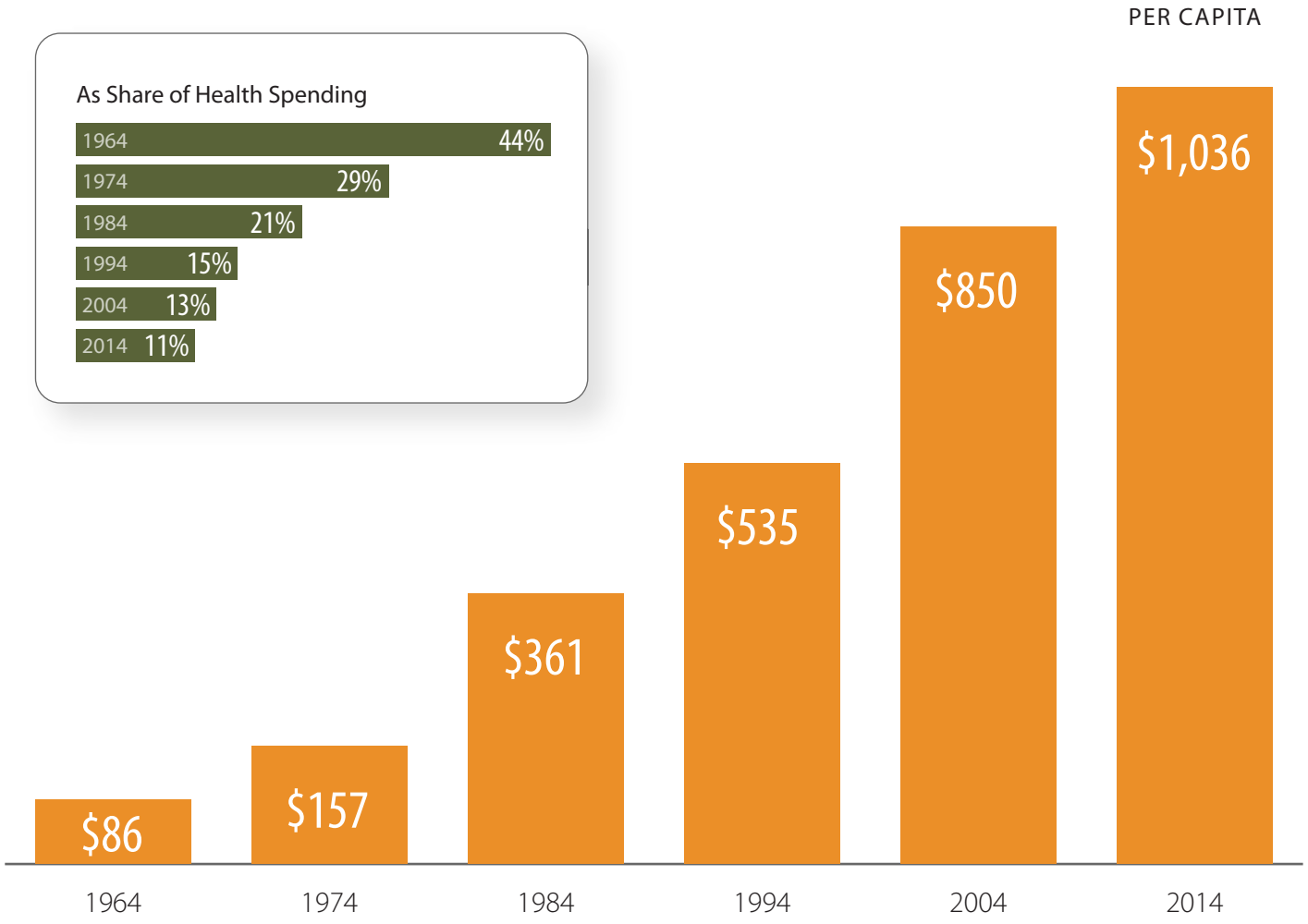
Out-of-Pocket Spending, per Capita vs. Share of Spending

United States, 1964 to 2014, Selected Years



Notes: *Health spending* refers to national health expenditures. Figures not adjusted for inflation.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

While consumer out-of-pocket spending, as a share of all health spending, has declined steadily since 1964, the dollar amount each person spent has risen steadily. In 2014, an individual spent out of pocket an average of $1,036 for coinsurance, deductibles, and other health care expenses not covered by insurance (not including premiums).

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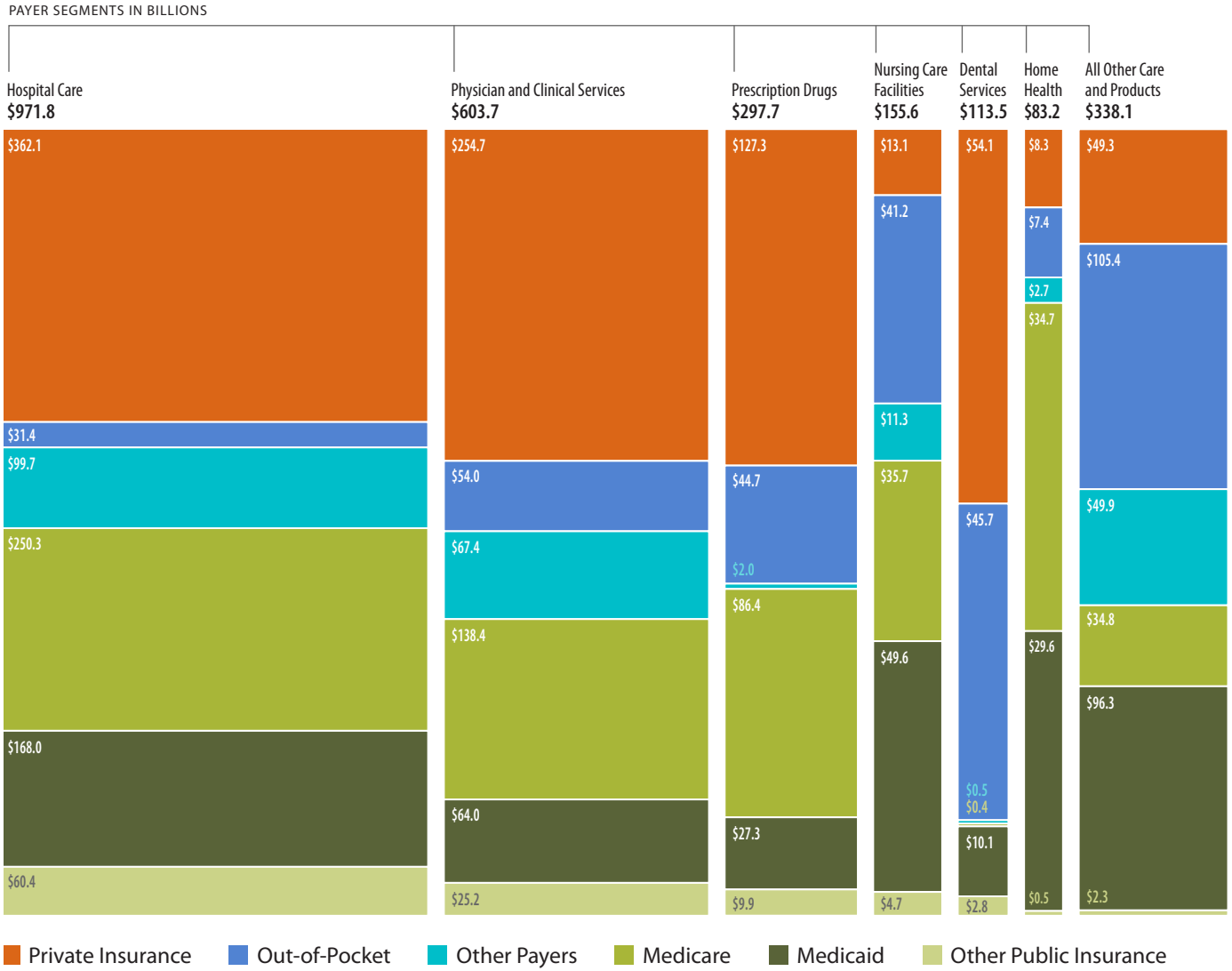
Payer Mix, by Service Category
United States, 2014

Personal Health Care: **$2.6 trillion**



Notes: *All other care and products* consists of durable medical equipment, nondurable medical products, other professional services, and other health, residential, and personal care. Segments may not sum due to rounding. For additional detail on spending categories, see Appendix A. Further definitions available at www.cms.gov.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

Private insurance paid for more than 40% of prescription drugs and physician and clinical services, while Medicare and Medicaid paid for most of home health care. A substantial portion of dental expenses are paid for out of pocket.

For an interactive look at how the payer mix by service category has changed over time, visit **www.chcf.org/hcc101.**

PAYER DEFINITIONS

Other payers includes worksite health care, Indian Health Services, workers' compensation, maternal and child health, and vocational rehabilitation.

Other public health insurance includes Departments of Defense and Veterans Affairs and the Children's Health Insurance Program (CHIP).

Out-of-pocket includes consumer spending on copays, deductibles, and goods and care not covered by insurance; it does not include premiums.

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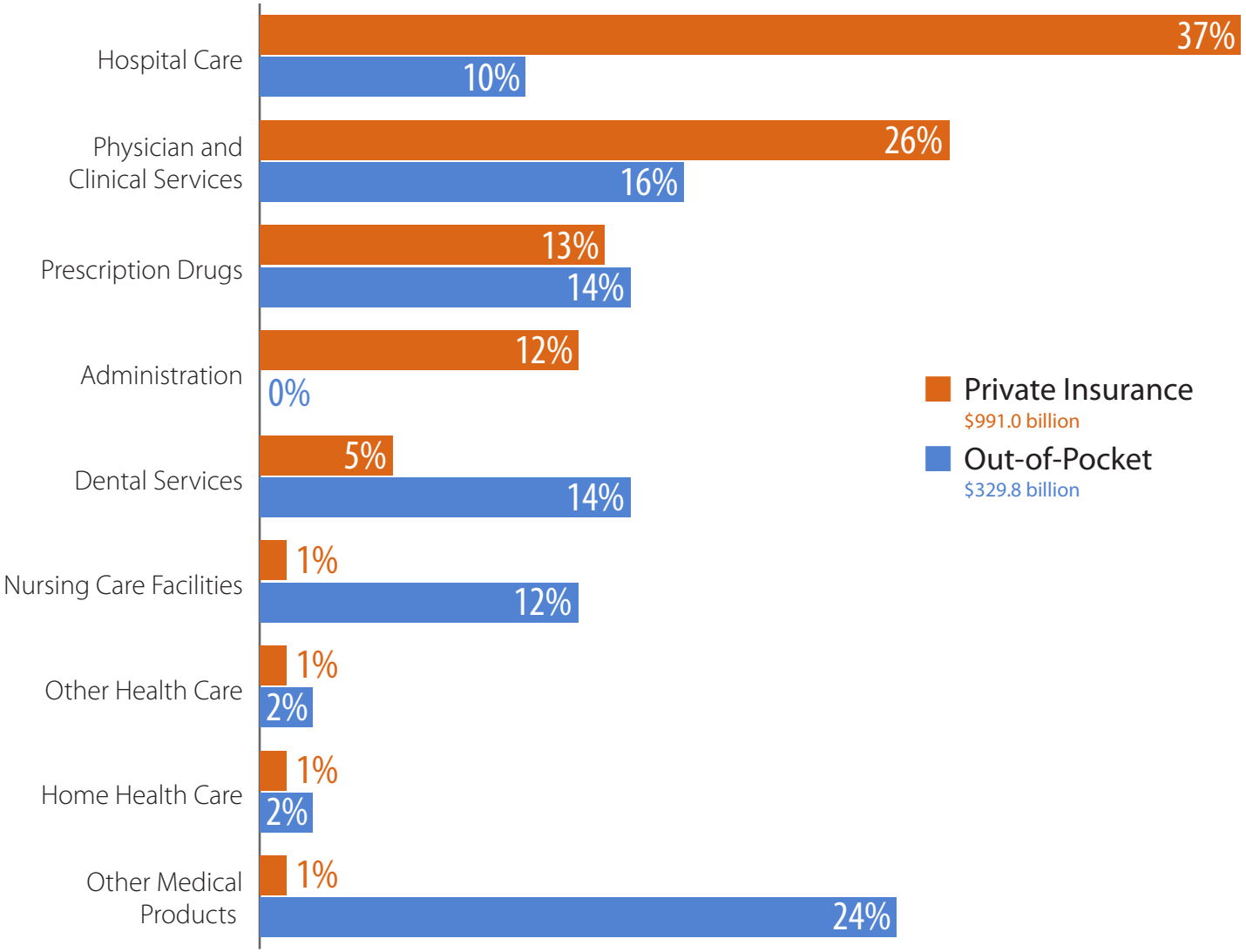
Spending Distribution, Private Insurance vs. Out-of-Pocket
United States, 2014



Notes: *Health spending* refers to national health expenditures. Not shown: other professional services (3% of private health insurance and 6% of out-of-pocket). For additional detail on spending categories, see Appendix A. Further definitions available at www.cms.gov.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

Hospital care was the largest expense category for private health insurance, and accounted for 37% of total private insurance spending. In contrast, the other medical products category, which includes items such as eyeglasses and over-the-counter medications, was the largest category for out-of-pocket spending.

SPENDING CATEGORY DEFINITIONS

Administration includes the administrative costs of government health care programs such as Medicare and Medicaid as well as the net cost of health insurance.

Other health care refers to the category other health, residential, and personal care.

Other medical products refers to durable medical equipment and nondurable medical products.

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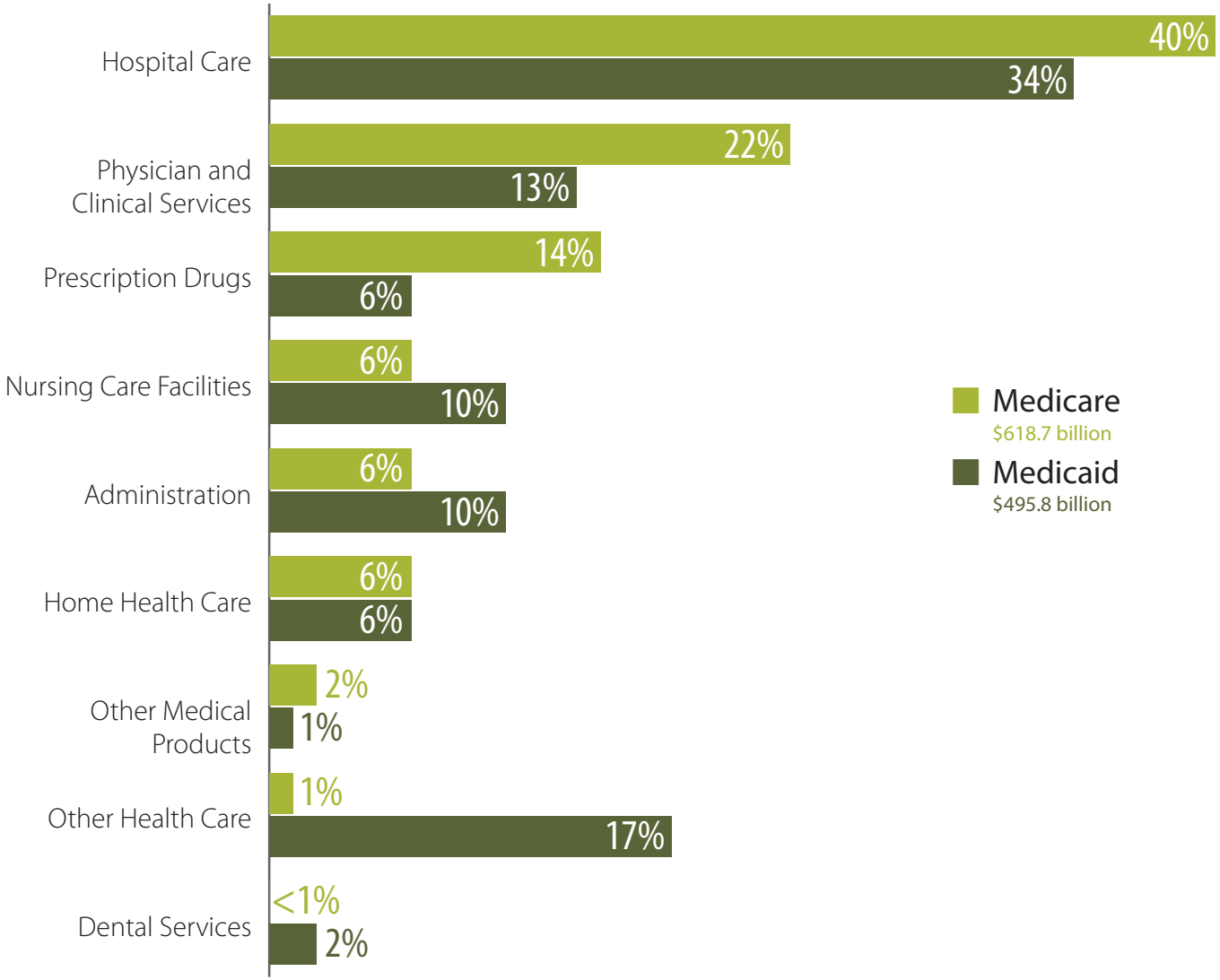
Spending Distribution, Medicare vs. Medicaid
United States, 2014



Notes: *Health spending* refers to national health expenditures. Not shown: other professional services (3% of Medicare and 1% of Medicaid). For additional detail on spending categories, see Appendix A. Further definitions available at www.cms.gov.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

The largest expense category for both Medicare and Medicaid was hospital care. Medicaid's second-largest spending category, at $84 billion or 17% of spending, was other health care, which includes the Medicaid home and community-based waiver programs that provide alternatives to long-term insitutional services.

SPENDING CATEGORY DEFINITIONS

Administration includes the administrative costs of government health care programs such as Medicare and Medicaid as well as the net cost of health insurance.

Other health care refers to the category other health, residential, and personal care.

Other medical products refers to durable medical equipment and nondurable medical products.

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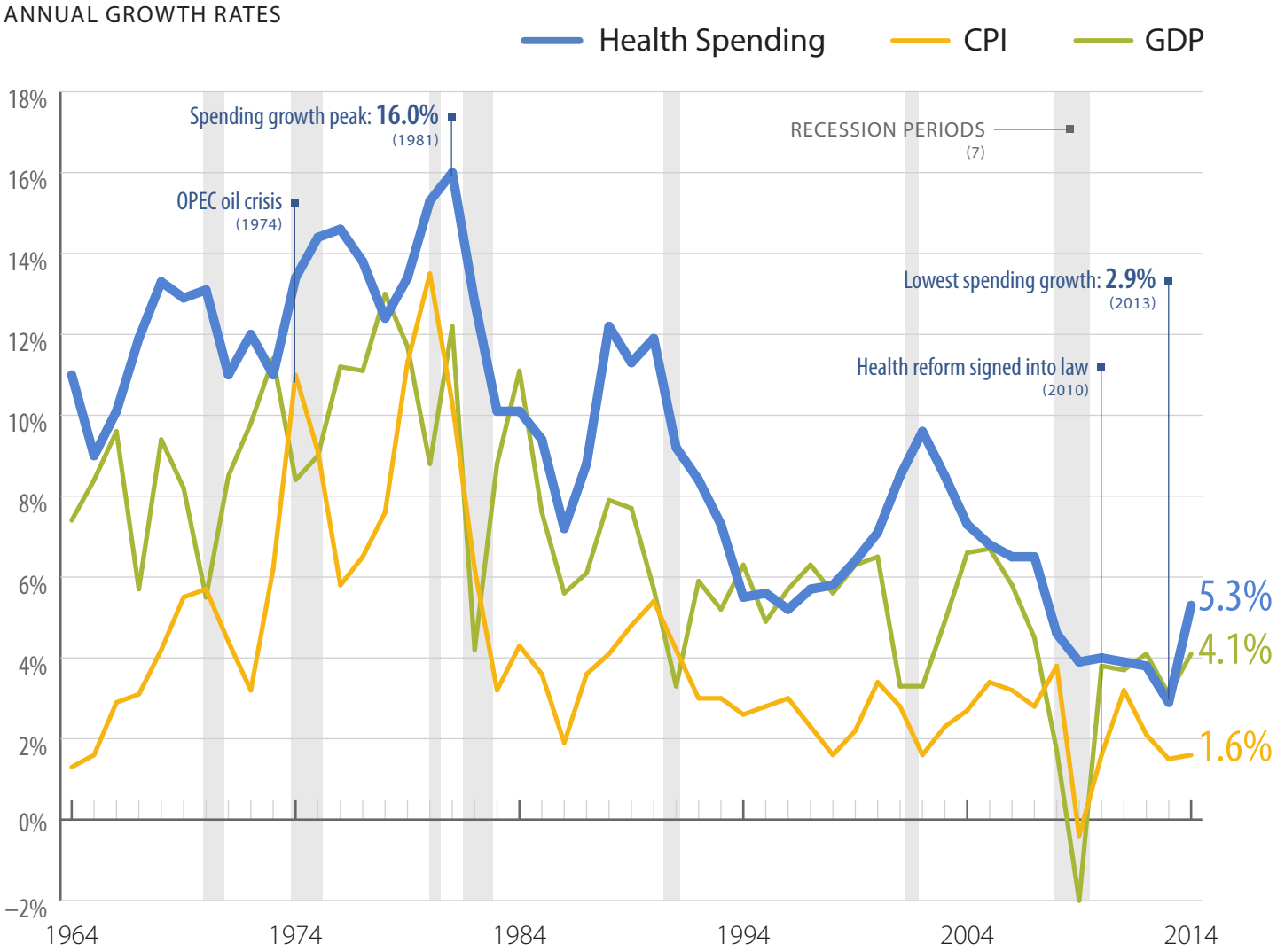
Health Spending vs. Inflation and the Economy

United States, 1964 to 2014



Notes: *Health spending* refers to national health expenditures. *CPI* refers to consumer price index and *GDP* refers to gross domestic product.

Sources: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov; CPI-U: US City Average, Annual Figures, Bureau of Labor Statistics.

Over the past 50 years, health spending growth has consistently outpaced inflation. For most of this period, health spending also grew faster than the economy, with the exception of 2010–2013, when GDP and health spending grew at a similar rate.*

*See page 14 for detail on the components of health spending growth.

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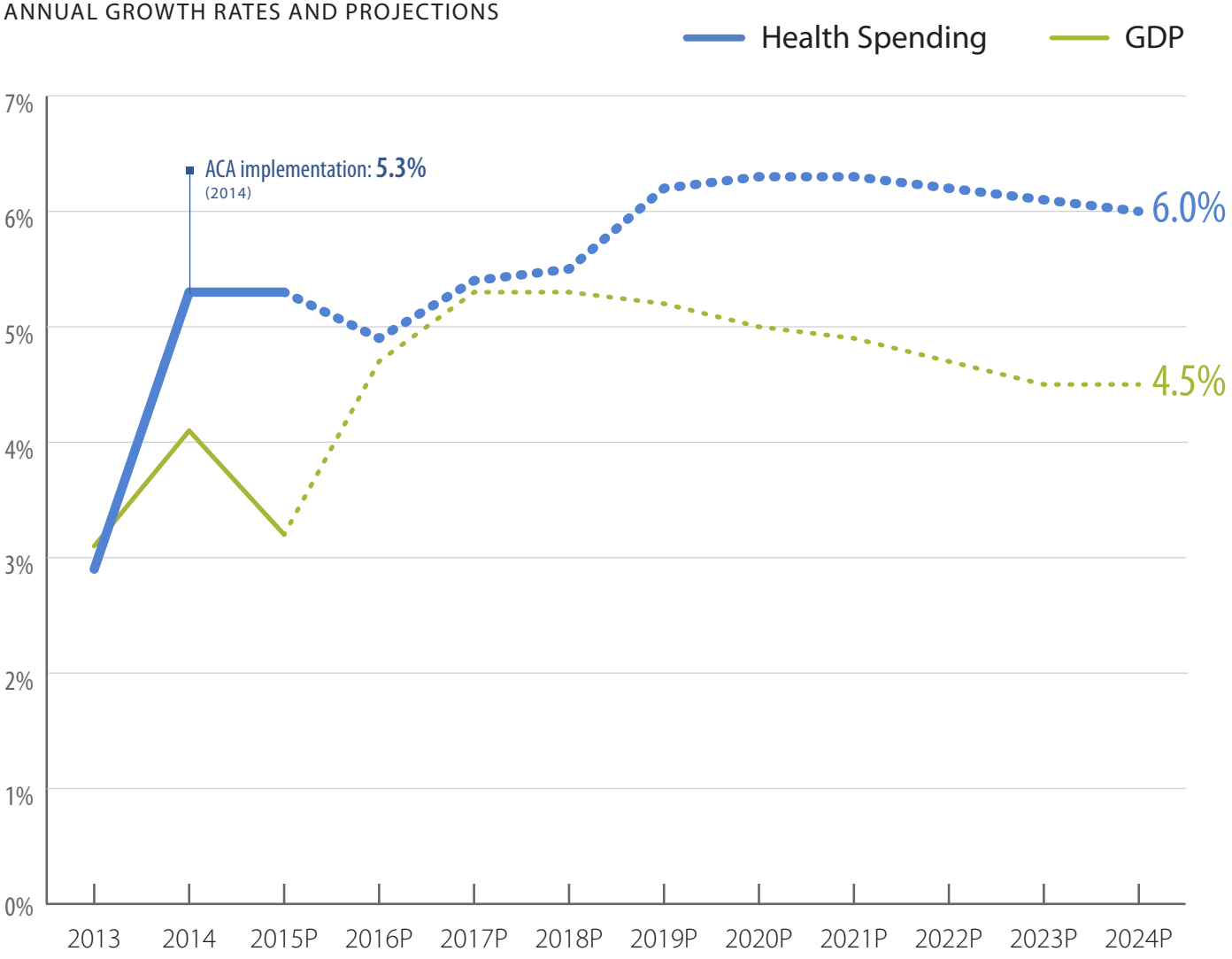
Health Spending vs. the Economy
United States, 2013 to 2024

ANNUAL GROWTH RATES AND PROJECTIONS



Notes: *Health spending* refers to national health expenditures. *GDP* refers to gross domestic product. Projections shown as *P*.

Sources: National Health Expenditure Data, Historical, 1960-2014 (www.cms.gov) and Projections, 2013-2024 (www.cms.gov), Centers for Medicare & Medicaid Services, 2015.

During the 2014 to 2024 period, health spending is projected to grow at an average rate of 5.8% per year, 1.1 percentage points faster than gross domestic product (GDP). Based on these projections, health care's share of GDP is projected to reach 19.6% by 2024.

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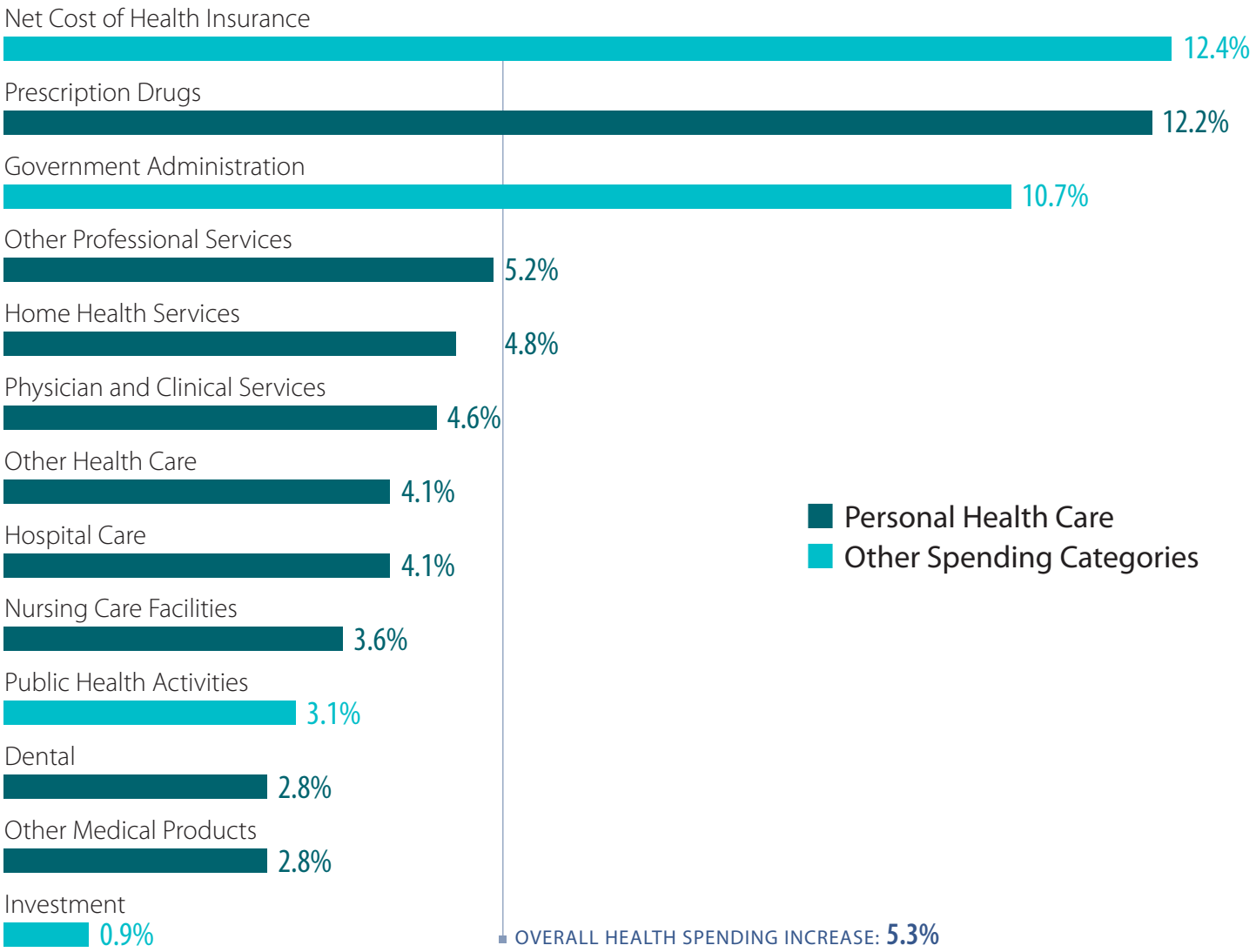
Growth Rates, by Spending Category
United States, 2014



Notes: For additional detail on spending categories, see Appendix A. Further definitions available at www.cms.gov.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

The net cost of insurance, prescription drugs, and government administration categories of spending grew more than twice as fast as any other category. Prescription drug increases were due in part to spending on new medicines, especially specialty drugs. New hepatitis C drugs were the largest driver of specialty drug increases in 2014 and contributed $11.3 billion in new spending.

SPENDING CATEGORY DEFINITIONS

Government administration includes the administrative costs of health care programs such as Medicare and Medicaid.

Net cost of health insurance refers to the difference between private health insurance expenditures and benefits, and includes administrative costs, additions to reserves, rate credits and dividends, premium taxes and fees, and profits or losses.

Other health care refers to the category other health, residential, and personal care.

Other medical products refers to durable medical equipment and nondurable medical products.

Other professional services consists of care provided in establishments operated by health care providers other than physicians or dentists, such as chiropractors, podiatrists, and speech therapists.

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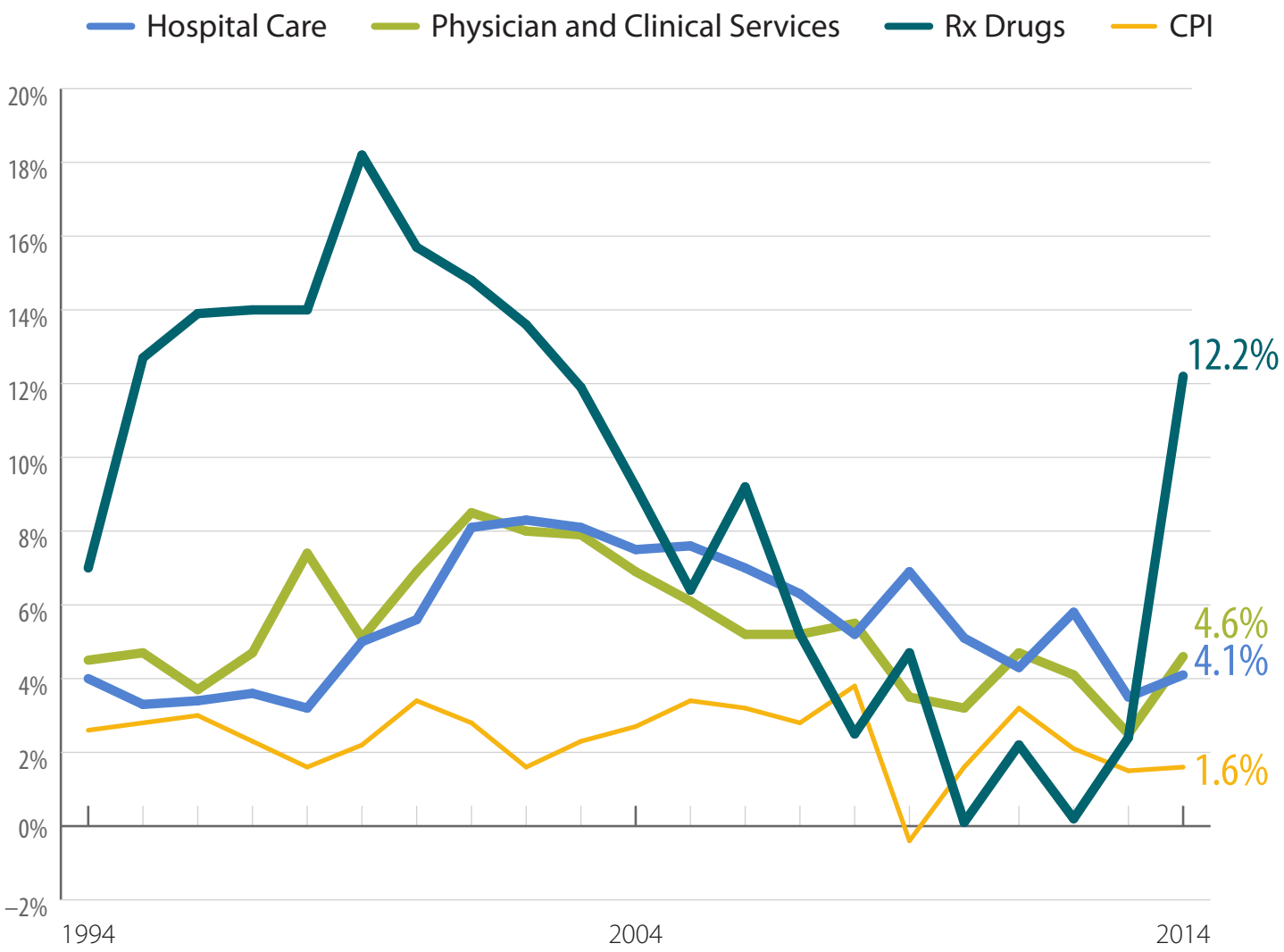
Annual Growth Rates, Largest Spending Categories
United States, 1994 to 2014



Notes: *Health spending* refers to national health expenditures. *CPI* is consumer price index.

Sources: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov; CPI-U: US City Average, Annual Figures, Bureau of Labor Statistics.

Historically, prescription drug spending has been more volatile than the other major spending categories. After a period of low growth, spending on prescription drugs skyrocketed in 2014. Growth in spending on hospital and physician services remained moderate.

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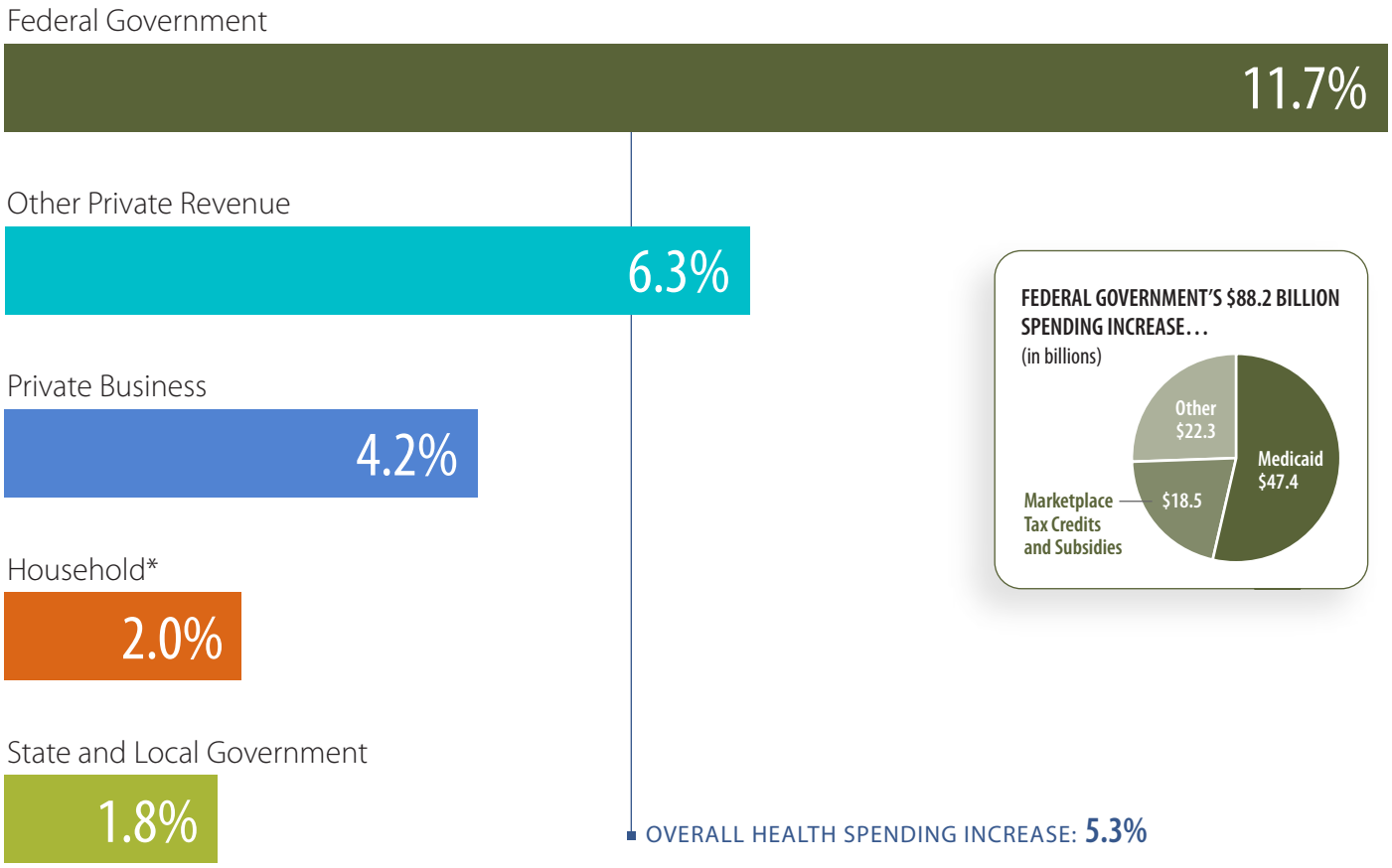
Annual Growth in Health Spending, by Sponsor
United States, 2014



*See page 35 for detail on changes in household spending.

Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities that are ultimately responsible for financing the health care bill. *Other private revenues* includes philanthropy, privately funded structures and equipment, and investment income. *Marketplace* is individual health insurance coverage purchased on federal- and state-run health exchanges, such as Covered California and healthcare.gov. See page 16 for detail on how sponsors finance health care spending.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

In 2014, health spending by the federal government grew 11.7%, outstripping growth by households, private business, and state and local governments. The federal increase totaled $88.2 billion and included spending for the ACA's initial year of marketplace premium tax credits and cost-sharing subsidies, as well as the expansion of Medicaid eligibility in 27 states.

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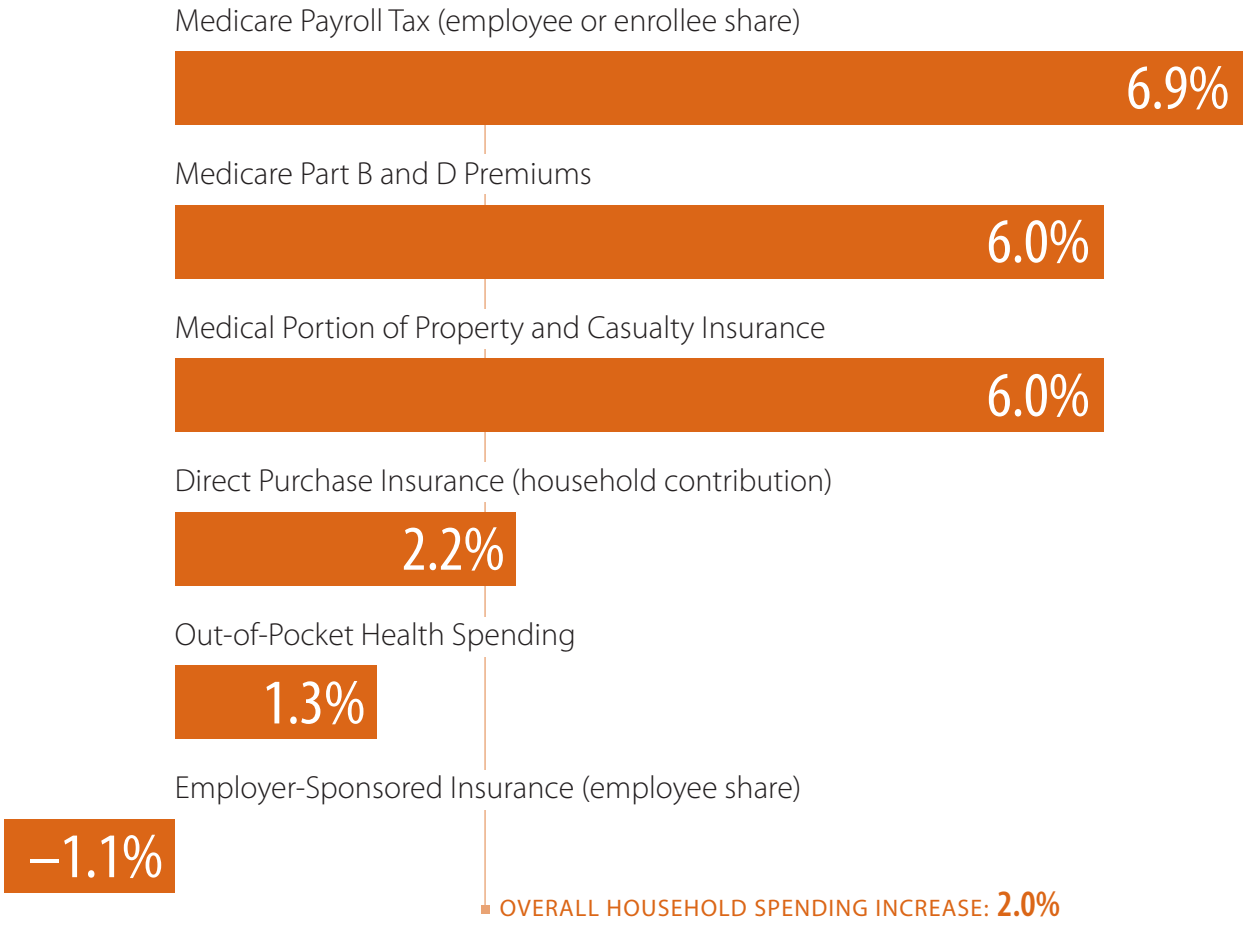
Changes in Household Health Care Spending
United States, 2014



The 2014 ACA requirement that individuals be covered by insurance appeared to have little effect on household health spending. Household spending on direct purchase insurance grew 2.2%. In contrast, household spending on Medicare premiums and payroll taxes had the largest growth, due in part to higher employment levels and increased numbers of people eligible for Medicare.

Notes: *Health spending* refers to national health expenditures. *Direct purchase insurance* includes premiums paid by individuals for marketplace plans, Medigap, and other directly purchased health insurance, such as coverage purchased off-exchange. *Marketplace* is individual health insurance coverage purchased on federal- and state-run health exchanges, such as Covered California and healthcare.gov. Enrollment in direct purchase insurance increased by 19.5%; enrollment in employer-sponsored health insurance declined by 1.0%.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

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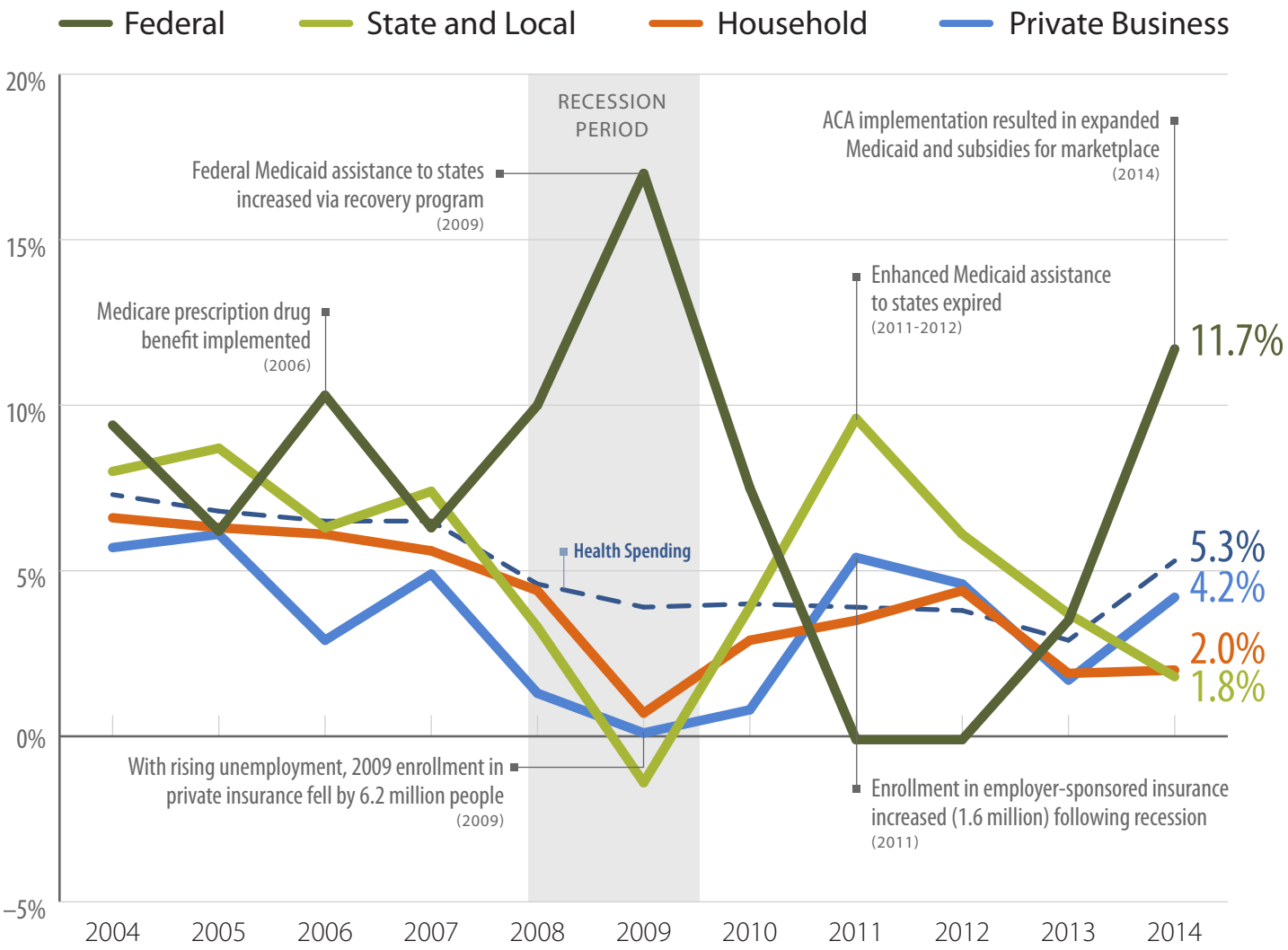
Annual Growth in Health Spending, by Sponsor
United States, 2004 to 2014



Notes: *Health spending* refers to national health expenditures. *Sponsors* are the entities that are ultimately responsible for financing the health care bill. *Federal* refers to federal government; *state and local* refers to state and local governments. *Marketplace* is individual health insurance coverage purchased on federal and state-run health exchanges, such as Covered California and healthcare.gov. Not shown: other private revenues. See pie chart on page 34 for breakdown of increase in federal spending.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

Federal spending increased sharply in 2014 with implementation of the ACA. That year, the federal government funded Medicaid expansion, and premium and cost-sharing subsidies for eligible individuals in marketplace plans.

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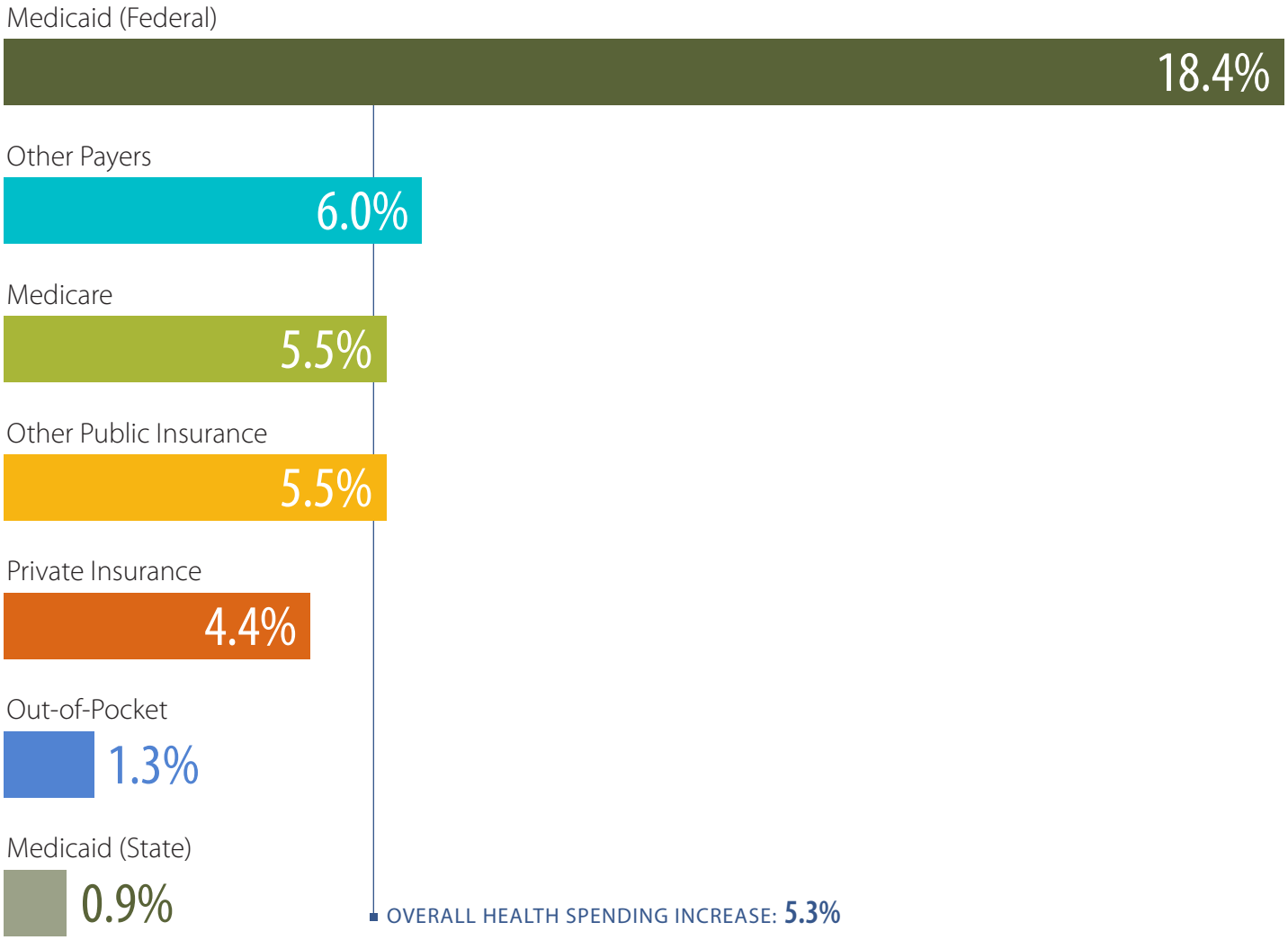
Annual Change in Health Spending Levels, by Payer
United States, 2014



Notes: *Health spending* refers to national health expenditures. Not shown: public health activities (3.1%) and investment (0.9%).

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

Federal Medicaid spending grew by 18.4% as the federal government funded 100% of ACA-expanded Medicaid eligibility. Out-of-pocket and state Medicaid spending growth remained far below the overall 5.3% increase in spending.

PAYER DEFINITIONS

Other payers includes worksite health care, Indian Health Services, workers' compensation, maternal and child health, and vocational rehabilitation.

Other public health insurance includes Departments of Defense and Veterans Affairs and the Children's Health Insurance Program (CHIP).

Out-of-pocket includes consumer spending on copays, deductibles, and goods and care not covered by insurance; it does not include premiums.

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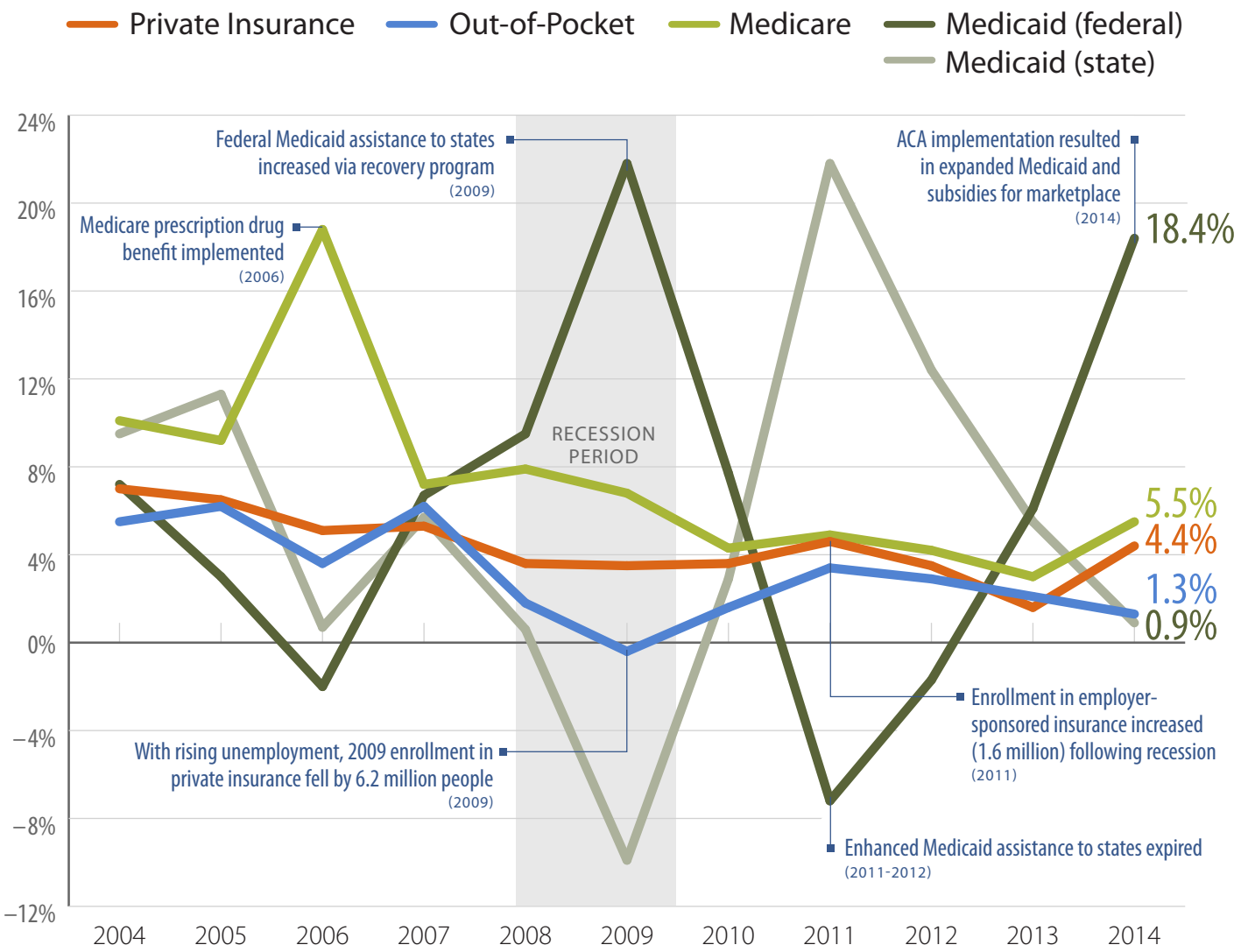
Annual Growth Rates, by Payer
United States, 2004 to 2014



Notes: *Marketplace* is individual health insurance coverage purchased on federal- and state-run health exchanges, such as Covered California and healthcare.gov. Not shown: other public health insurance, other payers, public health activities, investment. See page 25 for historical and page 39 for projected growth rates.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

Major policy changes are visible in the growth rates of health care payers. The 2014 spike (18.4%) in federal Medicaid growth reflects the federal funding of the ACA Medicaid expansion. This 2014 increase was similar in scale to the 2006 implementation of Medicare Part D drug coverage and the 2009 federal Medicaid assistance to states for recession relief.

PAYER DEFINITION

Out-of-pocket includes consumer spending on copays, deductibles, and goods and care not covered by insurance; it does not include premiums.

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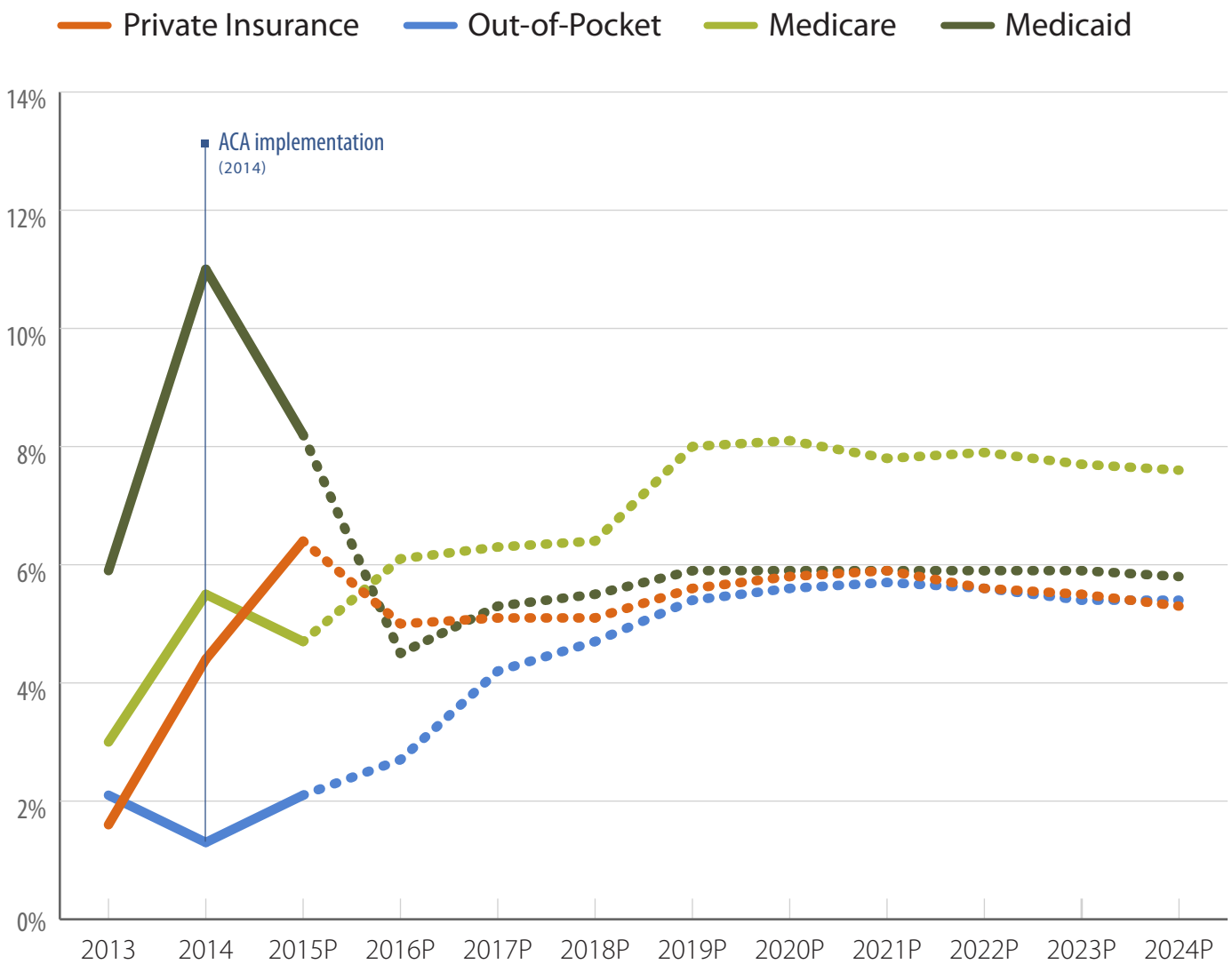
Annual Growth Projections, by Payer

United States, 2013 to 2024



Note: Projections shown as *P*.

Sources: National Health Expenditure Data, Historical, 1960-2014 (www.cms.gov) and Projections, 2013-2024 (www.cms.gov), Centers for Medicare & Medicaid Services, 2015.

Medicaid spending accelerated and out-of-pocket spending slowed in 2014. By 2016, Medicaid growth is expected to return to levels similar to other payers, and Medicare growth will be the highest as the elderly population expands.

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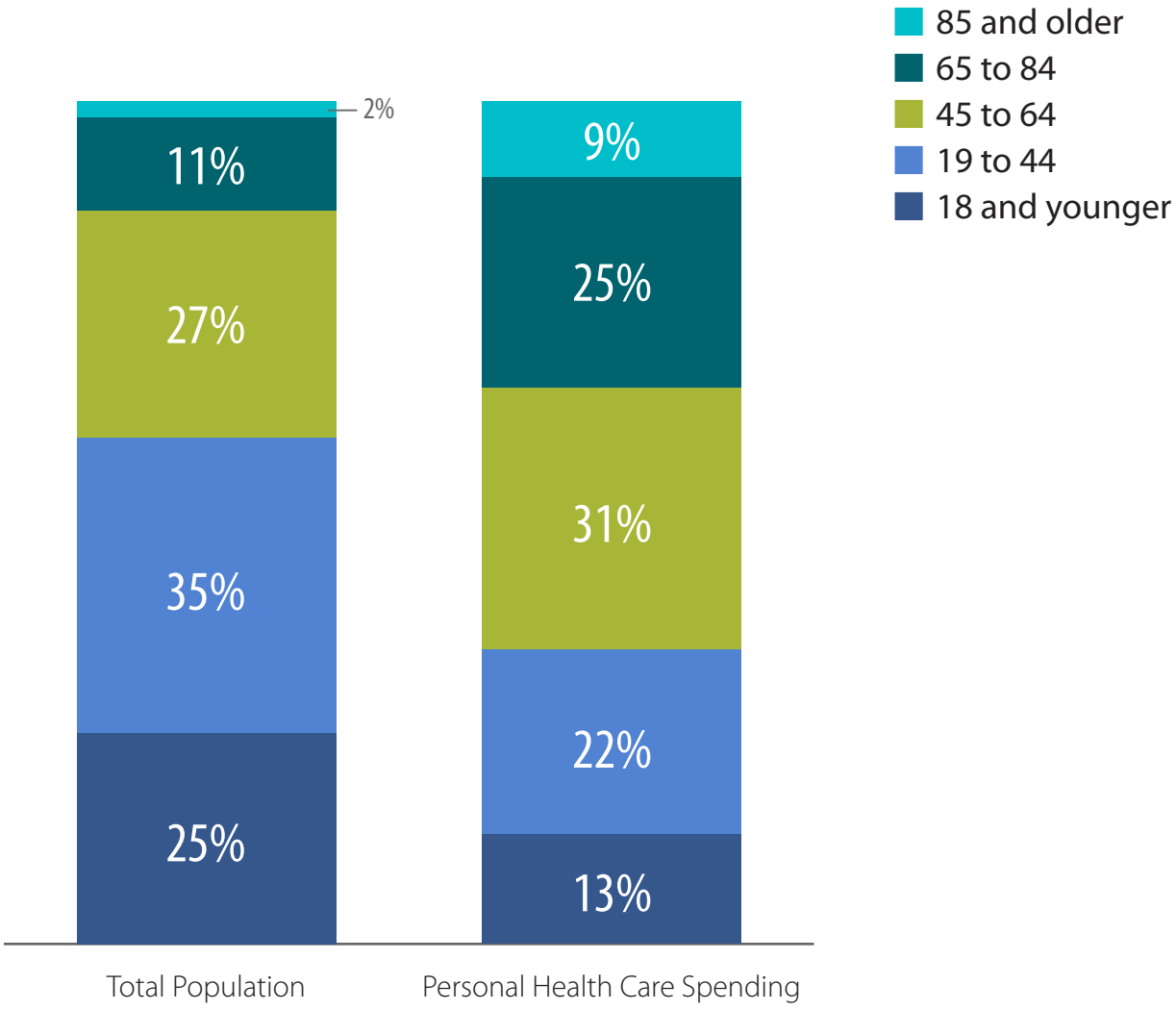
Share of Population vs. Personal Health Care Spending
by Age Group, United States, 2010



Notes: *Personal health care spending* excludes net cost of health insurance, government administration, public health activities, and investment. See Appendix B for spending category detail by age group and gender.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2014, www.cms.gov.

The elderly population, 65 and over, accounted for one-third of personal health care spending but made up 13% of the population. In contrast, children made up 25% of the population and accounted for only 13% of personal health care spending.

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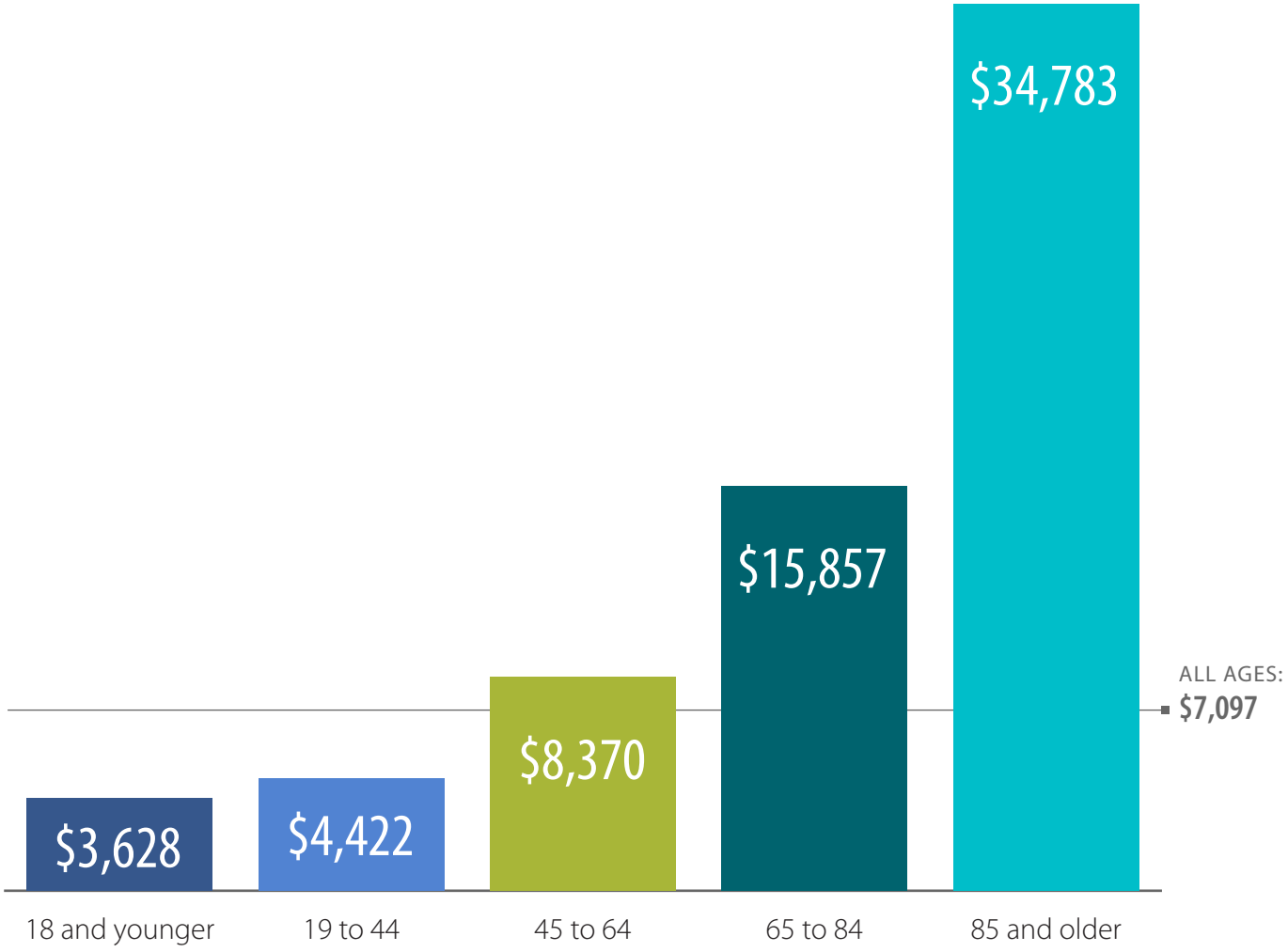
Personal Health Care Spending per Capita
by Age Group, United States, 2010



Notes: *Personal health care spending* excludes net cost of health insurance, government administration, public health activities, and investment. Per capita spending for all people age 65 and older was $18,424. See Appendix B for spending category detail by age group and gender.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2014, www.cms.gov.

Per capita spending illustrates the relationship between health spending and age. Young working-age adults (19 to 44) spent $4,422 per person in 2010 on personal health care, 20% more than children, but half as much as older working adults. Those age 85 and over spent nearly $35,000 per person.

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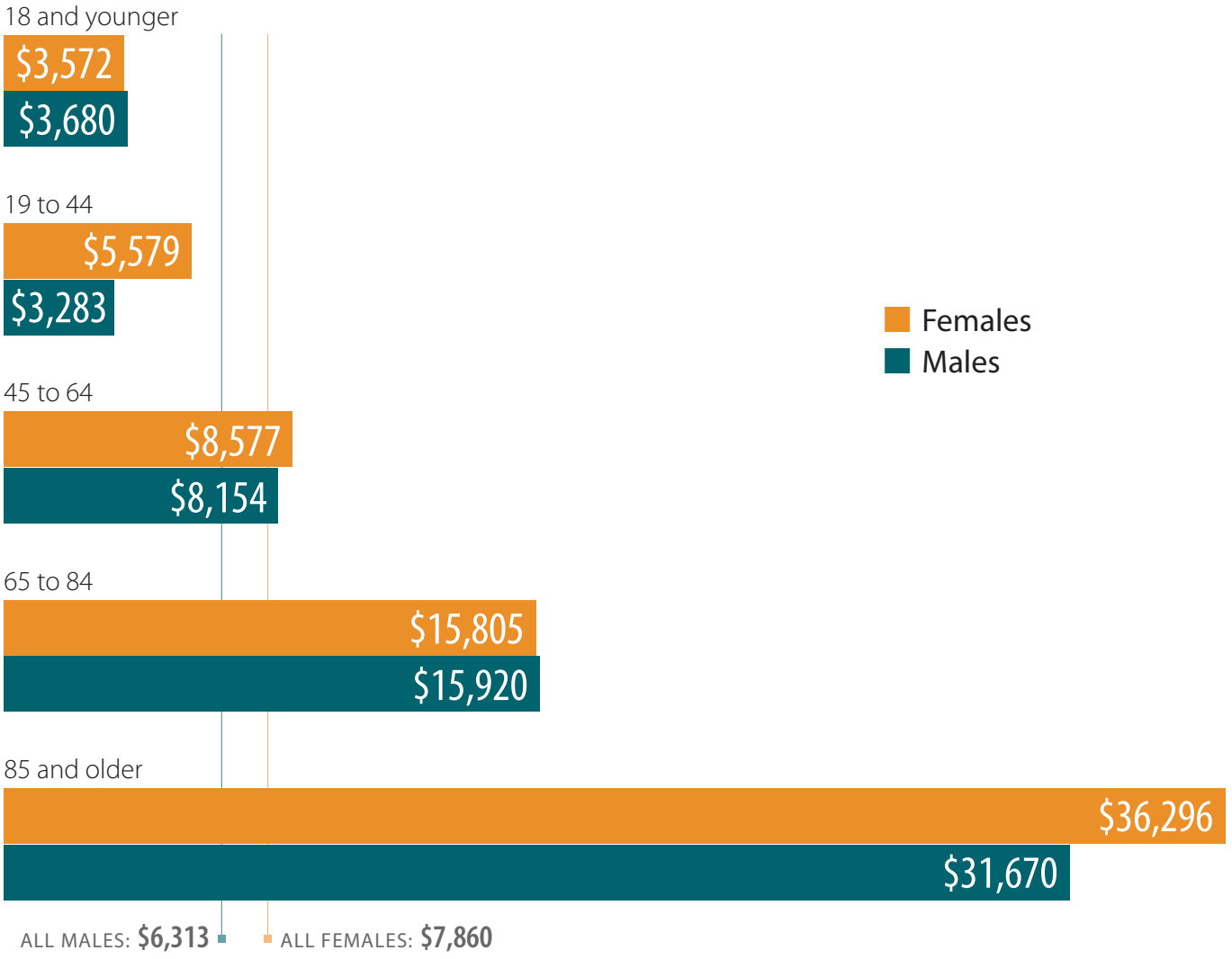
Personal Health Care Spending per Capita
by Gender and Age Group, United States, 2010



Notes: *Personal health care spending* excludes net cost of health insurance, government administration, public health activities, and investment. Per capita spending for all people age 65 and older was $18,424 ($19,110 for females and $17,530 for males). See Appendix B for spending category detail by age group and gender.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2014, www.cms.gov.

Overall, females spent 25% more than males, a difference of $1,547 per year. Gender differences were greatest for women of childbearing age due to increased hospital and physican services and for women age 85 and older, due largely to more nursing facility care.

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Personal Health Care Spending per Capita
by Category and Age Group, United States, 2010

	18 AND YOUNGER	19 TO 44	45 TO 64	65 TO 84	85 AND OLDER	ALL AGES
Personal Health Care	**$3,628**	**$4,422**	**$8,370**	**$15,857**	**$34,783**	**$7,097**
Hospital Care	$1,538	$1,696	$3,001	$5,887	$10,405	$2,630
Physician and Clinical Services	$972	$1,272	$2,035	$3,281	$4,342	$1,680
Dental Services	$375	$241	$427	$377	$311	$341
Other Professional Services	$103	$176	$281	$459	$672	$226
Nursing Care Facilities	$11	$28	$224	$1,782	$10,690	$463
Home Health Care	$85	$66	$143	$736	$3,640	$230
Other Health Care	$244	$366	$494	$622	$1,307	$415
Prescription Drugs	$229	$432	$1,398	$1,886	$1,935	$827
Other Medical Products	$70	$145	$366	$827	$1,481	$286

Spending on health services varied with age. For example, those 85 and older differed from those age 65 to 84 largely in their use of hospital care, nursing care facilities, and home health care.

Note: *Personal health care spending* excludes net cost of health insurance, government administration, public health activities, and investment.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2014, www.cms.gov.

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Data Resources

Economic Data

- *The Budget and Economic Outlook: 2015 to 2025,* Congressional Budget Office, January 2015, www.cbo.gov.
- *The Budget and Economic Outlook: Fiscal Years 2003-2012,* Appendix F, Congressional Budget Office, January 2002, www.cbo.gov (PDF).
- Consumer Price Index, Bureau of Labor Statistics, www.bls.gov/cpi.
- Gross domestic product, Bureau of Economic Analysis, www.bea.gov.
- "OECD Health Statistics 2015: Frequently Requested Data," Organisation for Economic Co-operation and Development, July 2015, www.oecd.org.

Journal Publications Authored by CMS Staff

- Martin, Anne B., Micah Hartman, et al. "National Health Spending in 2014: Faster Growth Driven by Coverage Expansion and Prescription Drug Spending." *Health Affairs* 35, no. 1: 150-160, healthaffairs.org.
- Keehan, Sean P., et al. "National Health Expenditure Projections, 2014-24: Spending Growth Faster Than Recent Trends." *Health Affairs* 34, no. 8 (August 2015): 1407-17, healthaffairs.org.
- Lassman, David, et al. "US Health Spending Trends by Age and Gender: Selected Years 2002-10," *Health Affairs* 33, no. 5 (May 2014): 815–822, healthaffairs.org.

National Health Expenditures

AGE AND GENDER

- Data and Resources: www.cms.gov

HEALTH CARE SATELLITE ACCOUNT

Disease-Based Health Care Measures, Bureau of Economic Analysis

- Introduction: www.bea.gov (PDF)
- Data and Resources: www.bea.gov

HISTORICAL INFORMATION / OVERVIEW

- Data by Service Category, Payer, and Sponsor: www.cms.gov
- Definitions, Sources, Methods: www.cms.gov (PDF)
- Overview of National Health Expenditure Resources: www.cms.gov
- Quick Reference Definitions: www.cms.gov (PDF)
- Summary of Benchmark Changes: www.cms.gov (PDF)

PROJECTIONS

- Data and Methodology: www.cms.gov
- Forecast Summary: www.cms.gov (PDF)

ABOUT THIS SERIES

The California Health Care Almanac is an online clearinghouse for data and analysis examining the state's health care system. It focuses on issues of quality, affordability, insurance coverage and the uninsured, and the financial health of the system with the goal of supporting thoughtful planning and effective decisionmaking. Learn more at **www.chcf.org/almanac**.

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Appendix A: Health Spending, by Category, 1994 to 2014, Selected Years

	SPENDING LEVEL (IN BILLIONS)				DISTRIBUTION				GROWTH RATE*		
	1994	2004	2013	2014	1994	2004	2013	2014	1994–2014	2004–2014	2013–2014
National Health Expenditures	**967.2**	**1,896.5**	**2,879.9**	**3,031.3**	**100%**	**100%**	**100%**	**100%**	**5.9%**	**4.8%**	**5.3%**
Health Consumption Expenditures	**905.7**	**1,785.1**	**2,727.4**	**2,877.4**	**94%**	**94%**	**95%**	**95%**	**6.0%**	**4.9%**	**5.5%**
Personal Health Care	**820.2**	**1,588.2**	**2,441.3**	**2,563.6**	**85%**	**84%**	**85%**	**85%**	**5.9%**	**4.9%**	**5.0%**
Hospital Care	328.4	565.4	933.9	971.8	34%	30%	32%	32%	5.6%	5.6%	4.1%
Professional Services	276.0	522.1	767.5	801.6	29%	28%	27%	26%	5.5%	4.4%	4.4%
Physician and Clinical Services	210.5	390.4	576.8	603.7	22%	21%	20%	20%	5.4%	4.5%	4.6%
Dental Services	41.6	81.7	110.4	113.5	4%	4%	4%	4%	5.2%	3.3%	2.8%
Other Professional Services	24.0	49.9	80.3	84.4	2%	3%	3%	3%	6.5%	5.4%	5.2%
Nursing Care Facilities	58.4	105.4	150.2	155.6	6%	6%	5%	5%	5.0%	4.0%	3.6%
Home Health Services	27.3	44.6	79.4	83.2	3%	2%	3%	3%	5.7%	6.4%	4.8%
Other Health Care	37.5	89.3	144.5	150.4	4%	5%	5%	5%	7.2%	5.3%	4.1%
Retail Outlet Sales	92.6	261.3	365.8	401.0	10%	14%	13%	13%	7.6%	4.4%	9.6%
Prescription Drugs	53.0	192.8	265.3	297.7	5%	10%	9%	10%	9.0%	4.4%	12.2%
Other Nondurable Medical Products	24.3	38.1	55.6	56.9	3%	2%	2%	2%	4.3%	4.1%	2.4%
Durable Medical Equipment	15.3	30.4	44.9	46.4	2%	2%	2%	2%	5.7%	4.3%	3.2%
Administration	**55.9**	**142.0**	**209.5**	**234.8**	**6%**	**7%**	**7%**	**8%**	**7.4%**	**5.2%**	**12.1%**
Net Cost of Health Insurance	44.9	115.0	173.2	194.6	5%	6%	6%	6%	7.6%	5.4%	12.4%
Government Administration	11.0	27.0	36.3	40.2	1%	1%	1%	1%	6.7%	4.1%	10.7%
Federal Government Administration	6.8	16.5	26.8	30.1	1%	1%	1%	1%	7.8%	6.2%	12.1%
State and Local Government Administration	4.2	10.5	9.5	10.1	0%	1%	0%	0%	4.5%	-0.4%	6.6%
Public Health Activities	**29.6**	**54.9**	**76.6**	**79.0**	**3%**	**3%**	**3%**	**3%**	**5.0%**	**3.7%**	**3.1%**
Investment	**61.6**	**111.4**	**152.5**	**153.9**	**6%**	**6%**	**5%**	**5%**	**4.7%**	**3.3%**	**0.9%**
Noncommercial Research	17.8	38.6	46.5	45.5	2%	2%	2%	2%	4.8%	1.7%	–2.0%
Structures and Equipment	43.8	72.8	106.0	108.3	5%	4%	4%	4%	4.6%	4.1%	2.2%

*Growth rates for the 1994-2014 and 2004-2014 periods are average annual; 2013-2014 is the increase of 2014 over 2013 levels.

Notes: *Health spending* refers to national health expenditures. Further definitions available at www.cms.gov.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2015, www.cms.gov.

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Appendix B: Personal Health Care Spending, by Gender, Age, and Category, 2010

	FEMALES						MALES						TOTAL					
	0 to 18	19 to 44	45 to 64	65 to 84	85+	ALL	0 to 18	19 to 44	45 to 64	65 to 84	85+	ALL	0 to 18	19 to 44	45 to 64	65 to 84	85+	ALL
PER CAPITA	**$3,572**	**$5,579**	**$8,577**	**$15,805**	**$36,296**	**$7,860**	**$3,680**	**$3,283**	**$8,154**	**$15,920**	**$31,670**	**$6,313**	**$3,628**	**$4,422**	**$8,370**	**$15,857**	**$34,783**	**$7,097**
Hospital Care	1,548	2,205	2,728	5,429	10,076	2,763	1,528	1,195	3,284	6,445	11,080	2,493	1,538	1,696	3,001	5,887	10,405	2,630
Physician and Clinical Services	937	1,741	2,279	3,150	3,935	1,911	1,005	810	1,782	3,440	5,179	1,441	972	1,272	2,035	3,281	4,342	1,680
Dental Services	404	285	464	376	309	374	348	197	388	379	313	307	375	241	427	377	311	341
Other Professional Services	102	229	342	478	669	269	105	124	217	435	677	182	103	176	281	459	672	226
Nursing Care Facilities	9	24	206	2,003	12,379	602	14	32	243	1,512	7,218	320	11	28	224	1,782	10,690	463
Home Health Care	80	83	161	869	3,909	289	90	49	124	575	3,087	170	85	66	143	736	3,640	230
Other Health Care	223	319	464	678	1,408	404	263	413	525	553	1,099	426	244	366	494	622	1,307	415
Prescription Drugs	199	514	1,537	1,937	1,994	919	257	350	1,254	1,823	1,814	734	229	432	1,398	1,886	1,935	827
Other Medical Products	70	178	397	885	1,617	330	72	112	336	758	1,203	240	70	145	366	827	1,481	286
AGGREGATE (BILLIONS)	**$137.2**	**$298.9**	**$358.1**	**$302.8**	**$133.7**	**$1,230.7**	**$147.9**	**$178.9**	**$328.1**	**$250.6**	**$56.8**	**$962.2**	**$285.1**	**$477.7**	**$686.2**	**$553.4**	**$190.5**	**$2,192.9**
Hospital Care	59.5	118.1	113.9	104.0	37.1	432.6	61.4	65.1	132.2	101.4	19.9	379.9	120.9	183.2	246.0	205.5	57.0	812.6
Physician and Clinical Services	36.0	93.3	95.2	60.4	14.5	299.3	40.4	44.1	71.7	54.2	9.3	219.7	76.4	137.4	166.9	114.5	23.8	519.0
Dental Services	15.5	15.3	19.4	7.2	1.1	58.5	14.0	10.7	15.6	6.0	0.6	46.9	29.5	26.0	35.0	13.2	1.7	105.4
Other Professional Services	3.9	12.3	14.3	9.2	2.5	42.1	4.2	6.8	8.7	6.8	1.2	27.8	8.1	19.0	23.0	16.0	3.7	69.8
Nursing Care Facilities	0.4	1.3	8.6	38.4	45.6	94.2	0.5	1.7	9.8	23.8	12.9	48.8	0.9	3.0	18.4	62.2	58.5	143.0
Home Health Care	3.1	4.5	6.7	16.6	14.4	45.3	3.6	2.7	5.0	9.1	5.5	25.9	6.7	7.1	11.7	25.7	19.9	71.2
Other Health Care	8.6	17.1	19.4	13.0	5.2	63.2	10.6	22.5	21.1	8.7	2.0	64.9	19.2	39.6	40.5	21.7	7.2	128.1
Prescription Drugs	7.6	27.6	64.2	37.1	7.3	143.8	10.3	19.1	50.5	28.7	3.3	111.8	18.0	46.6	114.6	65.8	10.6	255.7
Other Medical Products	2.7	9.5	16.5	16.9	6.0	51.7	2.9	6.1	13.5	11.9	2.2	36.6	5.6	15.6	30.1	28.9	8.1	88.2
DISTRIBUTON	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Hospital Care	43%	40%	32%	34%	28%	35%	42%	36%	40%	40%	35%	39%	42%	38%	36%	37%	30%	37%
Physician and Clinical Services	26%	31%	27%	20%	11%	24%	27%	25%	22%	22%	16%	23%	27%	29%	24%	21%	12%	24%
Dental Services	11%	5%	5%	2%	1%	5%	9%	6%	5%	2%	1%	5%	10%	5%	5%	2%	1%	5%
Other Professional Services	3%	4%	4%	3%	2%	3%	3%	4%	3%	3%	2%	3%	3%	4%	3%	3%	2%	3%
Nursing Care Facilities	0%	0%	2%	13%	34%	8%	0%	1%	3%	9%	23%	5%	0%	1%	3%	11%	31%	7%
Home Health Care	2%	1%	2%	5%	11%	4%	2%	1%	2%	4%	10%	3%	2%	1%	2%	5%	10%	3%
Other Health Care	6%	6%	5%	4%	4%	5%	7%	13%	6%	3%	3%	7%	7%	8%	6%	4%	4%	6%
Prescription Drugs	6%	9%	18%	12%	5%	12%	7%	11%	15%	11%	6%	12%	6%	10%	17%	12%	6%	12%
Other Medical Products	2%	3%	5%	6%	4%	4%	2%	3%	4%	5%	4%	4%	2%	3%	4%	5%	4%	4%

Note: *Personal health care spending* excludes net cost of health insurance, government administration, public health activities, and investment.

Source: National Health Expenditure Data, Historical, 1960-2014, Centers for Medicare & Medicaid Services, 2014, www.cms.gov.

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Appendix C: Medical Conditions

TYPE OF CONDITION	EXAMPLES
Routine care, signs, and symptoms	preventive care, allergies, flu symptoms
Circulatory system	hypertension, heart failure, heart attack
Musculoskeletal	back problems, arthritis
Respiratory	COPD, pneumonia, asthma, influenza
Endocrine system	diabetes, high cholesterol, thyroid disorders
Nervous system	cataract, migraines, epilepsy, chronic nerve pain
Neoplasms	cancers, tumors
Injury and poisoning	trauma
Genitourinary	kidney and reproductive system diseases
Digestive	gastrointestinal disorders
Mental illness	depression, dementia, substance abuse
Infectious diseases	septicemia, HIV, hepatitis
Skin	infections, ulcers, acne, sunburn
Pregnancy	deliveries, contraceptives

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Appendix D: Health Spending, by Medical Condition, United States, 2002 to 2012

	SPENDING LEVEL (IN BILLIONS)			DISTRIBUTION			GROWTH RATE*		
TYPE OF CONDITION	2002	2011	2012	2002	2011	2012	2002-2012	2011	2012
All conditions	**1,081.0**	**1,804.7**	**1,885.2**	**100%**	**100%**	**100%**	**5.7%**	**4.8%**	**4.5%**
Routine care, signs, and symptoms	113.6	233.4	247.3	11%	13%	13%	8.1%	7.9%	5.9%
Circulatory system	179.0	237.7	240.9	17%	14%	13%	3.0%	0.8%	1.3%
Musculoskeletal	99.8	178.0	185.9	9%	10%	10%	6.4%	4.3%	4.4%
Respiratory	105.5	152.7	156.5	10%	8%	8%	4.0%	5.0%	2.5%
Endocrine system	73.6	133.6	138.0	7%	7%	7%	6.5%	4.6%	3.4%
Nervous system	72.6	126.4	133.1	7%	7%	7%	6.2%	5.1%	5.3%
Neoplasms	74.0	122.8	123.5	7%	7%	7%	5.3%	4.7%	0.6%
Injury and poisoning	74.0	115.8	117.7	7%	6%	6%	4.8%	5.5%	1.6%
Genitourinary	62.9	109.4	112.7	6%	6%	6%	6.0%	2.1%	3.0%
Digestive	67.0	102.0	107.1	6%	6%	6%	4.8%	2.9%	4.9%
Other	43.2	78.2	93.4	4%	4%	4%	8.0%	12.8%	19.5%
Mental illness	43.2	75.4	79.6	4%	4%	4%	6.3%	4.2%	5.6%
Infectious diseases	25.7	62.6	66.9	2%	3%	3%	10.0%	6.8%	6.9%
Skin	25.6	41.7	44.2	2%	2%	2%	5.6%	5.7%	6.2%
Pregnancy	21.3	35.3	38.6	2%	2%	2%	6.1%	6.0%	9.3%

*Growth rate for 2002-2012 is average annual; others are annual change.

Notes: Spending by medical condition accounted for 83% of personal health spending in 2012. Medical condition spending does not account for spending on dental services, nursing homes, or medical products and equipment. The most recent data series ends with 2012. See Appendix C for medical condition detail.

Source: "Health Care Satellite Account: Blended Account, 2000-2012," Bureau of Economic Analysis, www.bea.gov.

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ATTACHMENT 5

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

	Item:	Report on Board Actions Finance Committee Meeting Date: August 1, 2016
	Responsible party:	Cindy Murphy, Board Liaison
	Action requested:	For Information
	Background: In FY16, staff added this item to each Board Committee's agenda to keep Committee members informed about Board actions via a verbal report by the Committee Chair. Recently, staff was asked to supplement the Chair's verbal report with the attached written report.	
	Other Board Advisory Committees that reviewed the issue and recommendation, if any: None.	
	Summary and session objectives : To inform the Committee about recent Board actions	
	Suggested discussion questions: None.	
	Proposed Committee motion, if any: None. This is an informational item.	
	LIST OF ATTACHMENTS: Report on May and June 2016 Board Actions	

Report on May and June 2016 Board Actions

1. May 11, 2016 El Camino Hospital Board Meeting Approvals
    a. FY16 Period 9 Financial Report
    b. Recognized Tehila and Saul Eisenstat, MD were for their years of service to the Hospital and patients
    c. Hospital Bylaws amended to provide consistent rules for contracting/employment relationships between El Camino Hospital and Board member who are members of the District Board and those who are not.
2. June 8, 2016 El Camino Hospital Board Meeting Approvals
    a. Recognized Michele Kirsch and Nahid Aliniazee for Co-Chairing the 2016 Sapphire Soiree which generated the highest yield in revenue over the history of the event. Over $520,000 will go directly to the ECH Cancer Center.
    b. FY17 Operating and Capital Budget
    c. Over $3 million in Community Benefit Grants
    d. Disbanded its iCare Ad hoc Committee of the Board
    e. The FY17 Organizational and Individual Executive Incentive Goals. Important Changes this year were
        i. Removing Joint Commission Certification as a trigger goal
        ii. Reducing the number of individual goals for each executive
        iii. Making individual goals more specific to each executive's area of accountability
    f. Incremental funding for Women's Hospital Renovations and new Behavioral Health Services Building
    g. Final Funding for the North Parking Garage Expansion
    h. Epic 2015 and 2016 Upgrades
    i. FY16 Committee Goals
    j. Minor Revisions to the Finance Committee and Executive Compensation Committee Charters
    k. 6 Physician Contract Renewals
    l. Approved the Board Chair's slate of Committee members and Chairs for FY17. Some Board member assignments were changed. Director Chen was appointed as Chair of the Executive Compensation Committee.
3. June 14, 2016 El Camino Healthcare District Board meeting Approvals
    a. Approved Amendment (above to the ECH Bylaws)
    b. Approved Revised Process for Election and Re-Election of Non-District Board Members to the Hospital Board (Provides for appointment of Chair of the Committee and clarifies that a member of the ECH Governance Committee serves as member of the Committee)
    c. Approved the FY17 District and Hospital Budgets

d. Designated $9.3 million of tax revenue from the FY14 and FY15 funds in its Capital Appropriation Fund to the Women's Hospital Expansion Renovation/Reconstruction Project.
e. Approved $6.4 million in Community Benefit Grants
f. Authorized the Mountain View Campus Development Proposal (North Parking Garage, Behavioral Health Services Building, Integrated Medical Office Building, Central Utility Plant Upgrades, Women's Hospital Expansion, Demolition of Old Main Hospital and Associated Work). This was approval to build on District owned land as required by the ground lease. Funding approval will come later where required.
g. Appointed Director Reeder (Chair), Director Miller, and Gary Kalbach as members of the ECH Board Member Election Ad hoc Committee for FY17.

*This list is not meant to be exhaustive, but includes agenda items the Board s voted on that are most likely to be of interest to or pertinent to the work of El Camino Hospital's Board Advisory Committees.

ATTACHMENT 6

August 1, 2016

Finance Committee Meeting – Series 2016

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Executive Summary

- Interest rates have remained very favorable for ECH to access the capital markets
  - Long-term yields are near historical lows
  - Municipal demand continues to outpace supply

- Volatility in the domestic market and abroad continues to persist
  - Economic uncertainties continue to effect the capital markets
  - The UK's Brexit vote temporarily left markets in turmoil with the equity markets ending with their greatest decline since the recession

- ECH can take advantage of attractive market conditions and scale of economies to efficiently raise new money, preserve liquidity and reduce the District tax levy

- Series 2016 Plan of Finance will include dual tracking financings:
  - New Money Revenue Bonds: fund $270 million of tax-exempt projects
  - Opportunity to reduce interest cost on Series 2006 General Obligation Bonds : $93 million
    - Est. Gross Savings over life of the bonds: $21.5 million will be passed to the district property owners

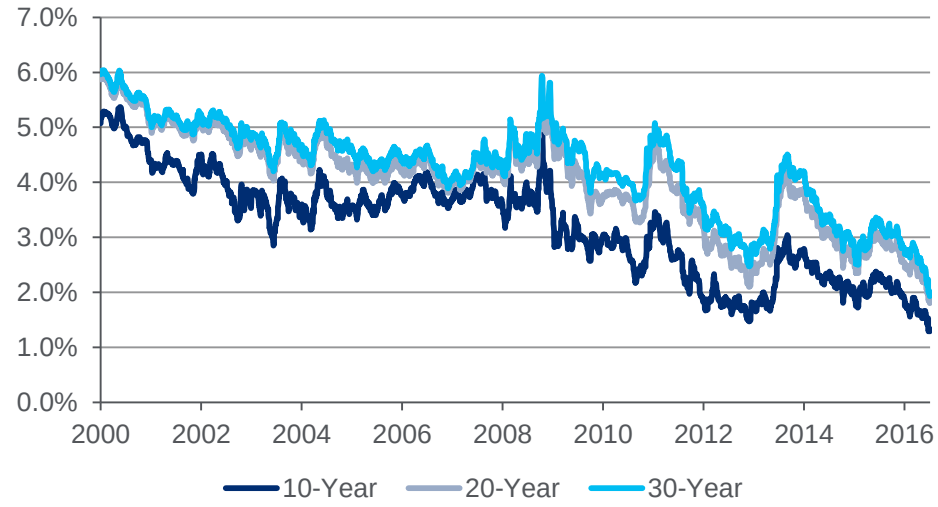
- Timing Considerations
  - FY2016 Audit available mid-September
  - Board Meetings in October

- FY 2017 budget will be revised. No change to EBITDA but operating margin will be lower due to interest expense

Tax-Exempt Market Fundamentals are Strong

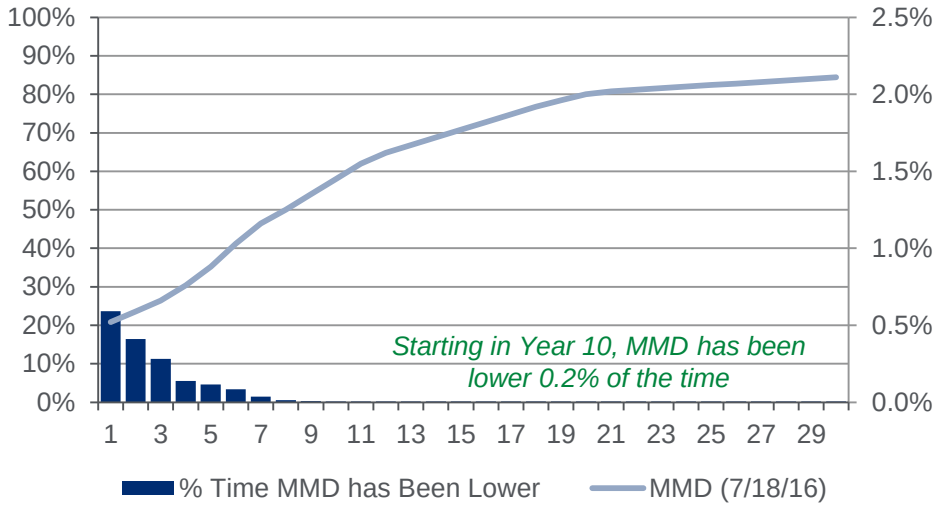
Municipal Rates[1]

Over the last decade, MMD has decreased dramatically



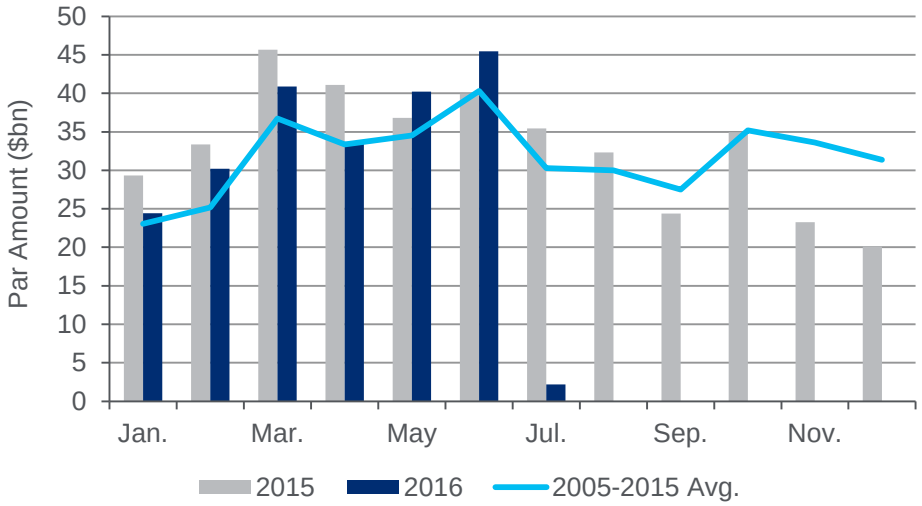
Municipal Rates Are Near Historical Lows[2]

Intermediate and long-term rates are close to 30-year lows



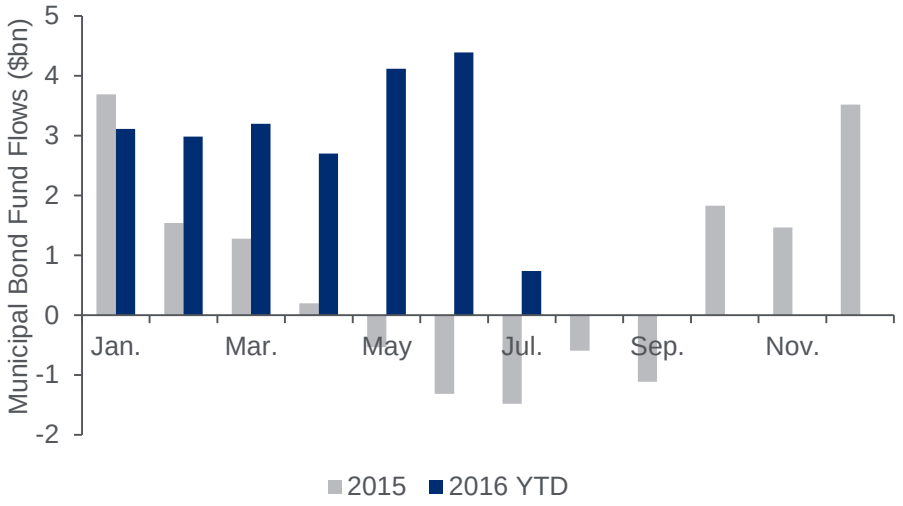
Supply YTD[3]

Year-to-date supply has been robust



Demand – Mutual Fund Flows[4]

Demand has outpaced supply; 40 consecutive weeks of inflows

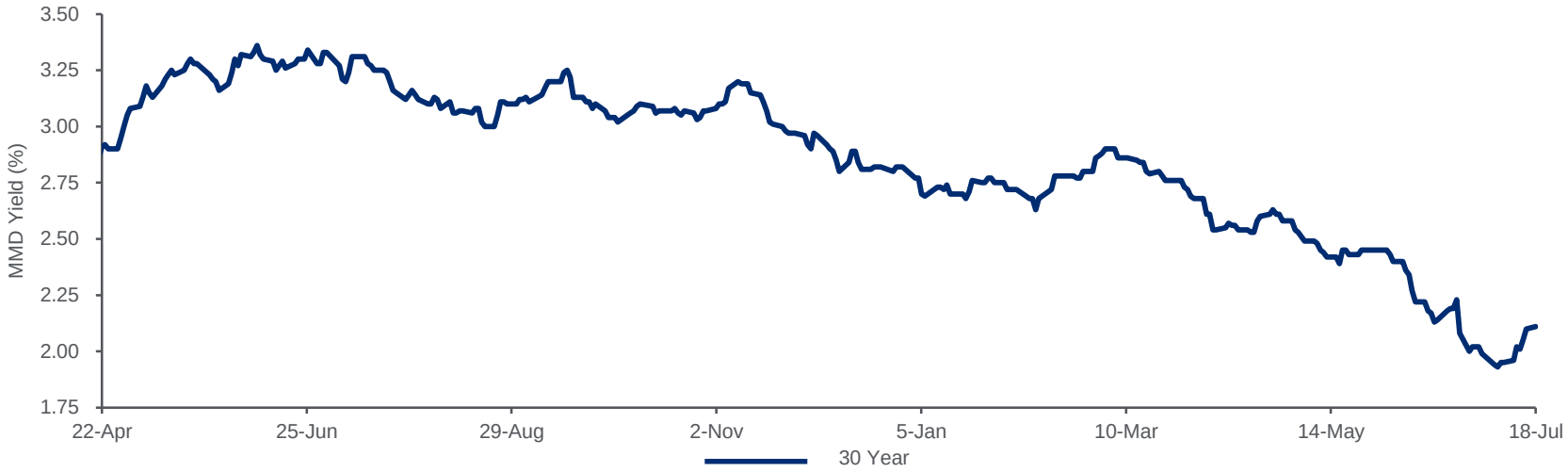


1. Thomson Reuters, rates as of July 14, 2016; 2. Historical comparison from 1986 – 2016; 3. SDC, includes private placements, excludes notes; 4. AMG fund flows as of July 6, 2016.

Changes in MMD Since ECH Series 2015A Pricing

Following a volatile start to 2016, 30-year MMD has decreased 66 bps since the beginning of the year.

30 Year MMD Volatility – Since ECH Series 2015A Pricing

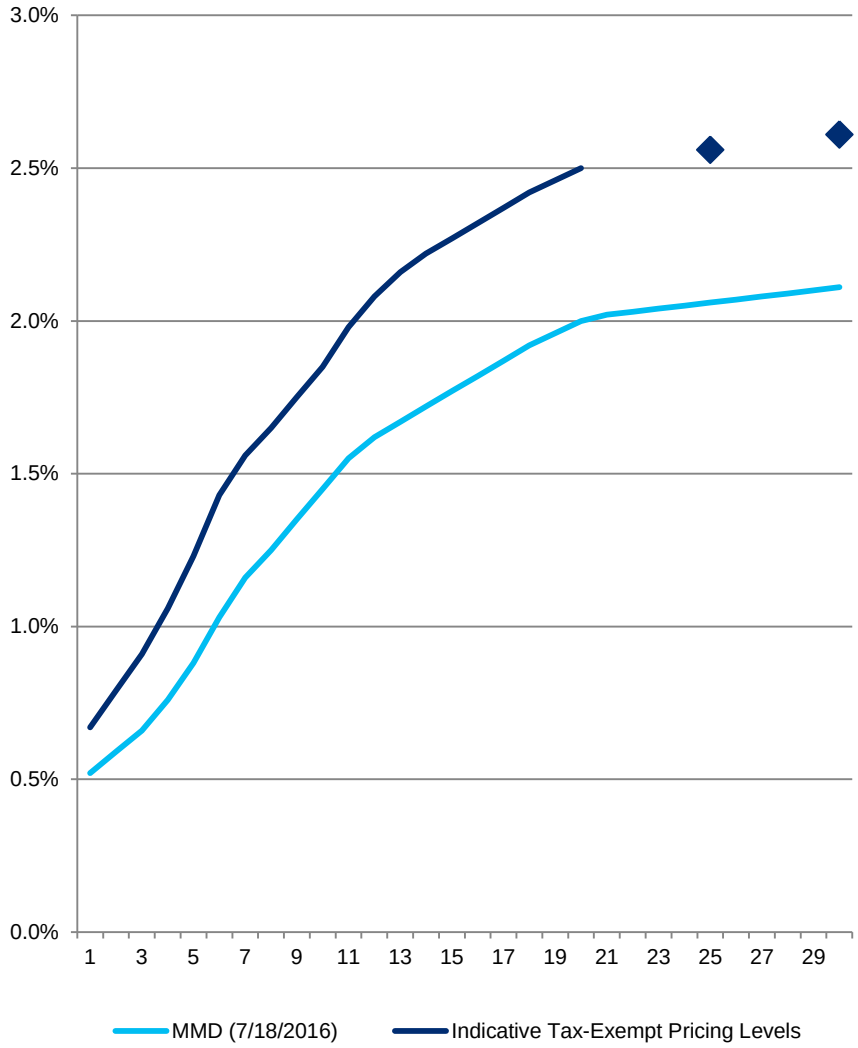


Municipal Yield Changes

	April 22, 2015	July 18, 2016	Δ Since Series 2015A Pricing	Δ Since January 1, 2016
5-Year	1.24%	0.88%	*-36 bps*	*-35 bps*
10-Year	2.00%	1.45%	*-55 bps*	*-42 bps*
30-Year	2.91%	2.11%	*-80 bps*	*-66 bps*

Source: Thomson Reuters, data as of July 18, 2016

Indicative ECH Revenue Bond Borrowing Cost Estimates



Tax-Exempt (10-year Par Call)

Term	A MMD (7/18/16)	B Spread	A + B = C Pricing Yield
1	0.52%	0.15%	0.67%
2	0.59%	0.20%	0.79%
3	0.66%	0.25%	0.91%
4	0.76%	0.30%	1.06%
5	0.88%	0.35%	1.23%
6	1.03%	0.40%	1.43%
7	1.16%	0.40%	1.56%
8	1.25%	0.40%	1.65%
9	1.35%	0.40%	1.75%
10	1.45%	0.40%	1.85%
11	1.55%	0.43%	1.98%
12	1.62%	0.46%	2.08%
13	1.67%	0.49%	2.16%
14	1.72%	0.50%	2.22%
15	1.77%	0.50%	2.27%
20	2.00%	0.50%	2.50%
25	2.06%	0.50%	2.56%
30	2.11%	0.50%	2.61%

Rates as of July 18, 2016. Graph represents yield-to-call. Preliminary – subject to change. For illustration purposes only

Plan of Finance Overview

Series 2016 New Money

(Revenue Bonds)

- The working group has identified tax-exempt eligible projects at the facilities
  - North Parking Garage Expansion
  - Behavioral Health Building
  - Integrated MOB
    - 50% of the MOB will be eligible for tax-exempt financing
  - Women's Hospital Expansion
  - CUP Upgrades
- Current estimate of tax-exempt eligible projects is up to $270 million over the next 3 years
- Goal is to lock-in low cost of capital at minimal risk

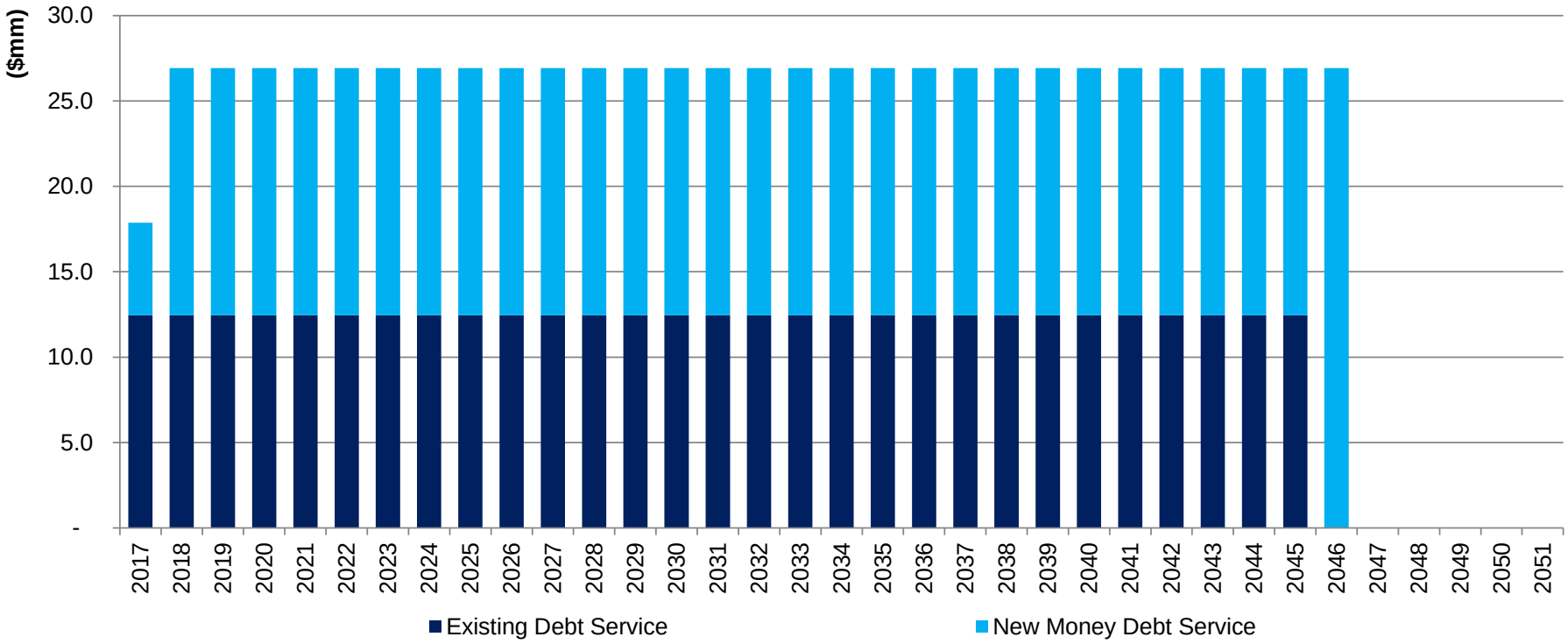
Series 2006

(General Obligation Bonds)

- Fixed rate Current Interest Bonds ("CIBs"), callable February 2017
- CIBs are 100% advance refundable
- Refunding produces substantial savings to tax payers in the District
  - Total tax rate reduction for property owners.
  - Gross Savings: $21.5 million

Overview of Series 2016 Plan of Finance (Revenue Bonds only)

	Existing[(1)]	Pro Forma	A+ Medians
Par Amount ($ millions)	$205.0	$429.8	N/A
MADS ($ millions)	$12.5	$26.9	N/A
EBITDA($ millions)	$86.2	$86.2	N/A
Operating Margin	5.4%	3.4%	3.9%
Cash to Debt	313.3%	135.6%	174.1%
MADS Coverage	9.2x	4.3x	5.1x

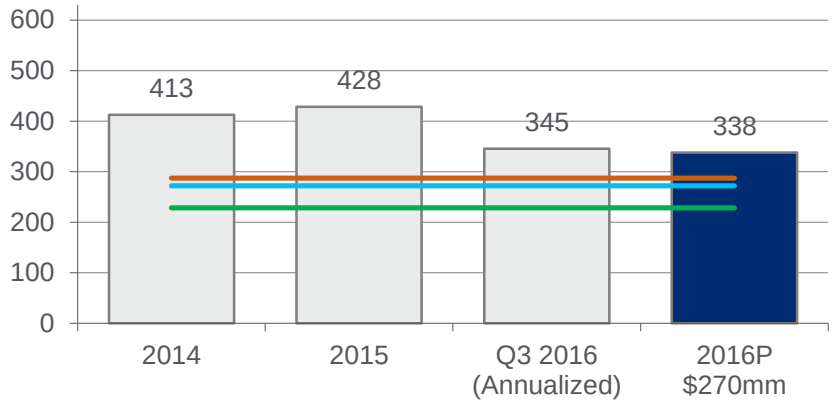


Source: Company filings. Adjusted per rating agency methodology. Note: Only includes revenue bond indebtedness; excludes General Obligation bond indebtedness and tax revenues. Incremental debt assumes $270 million fixed rate financing, wrapped around existing debt service, at tax-exempt borrowing rates as of 7/18/2016. For illustration purposes only.

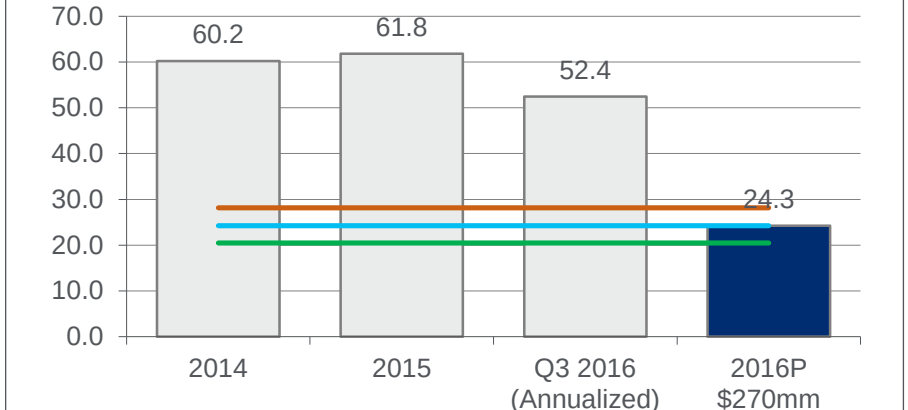
(1) Q3 FY2016 Unaudited Financials; Due to unavailable information, interest expense based on FY2015 Audit and non-operating gains is a pro-rata of FY2015.

Select Credit Metrics and Impact of Borrowing – Liquidity

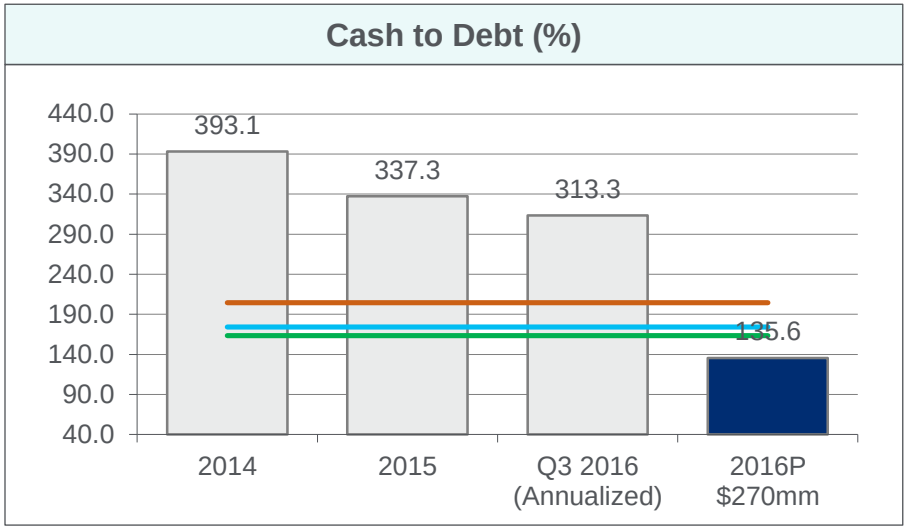
Days Cash on Hand



Cushion Ratio (x)



Cash to Debt (%)



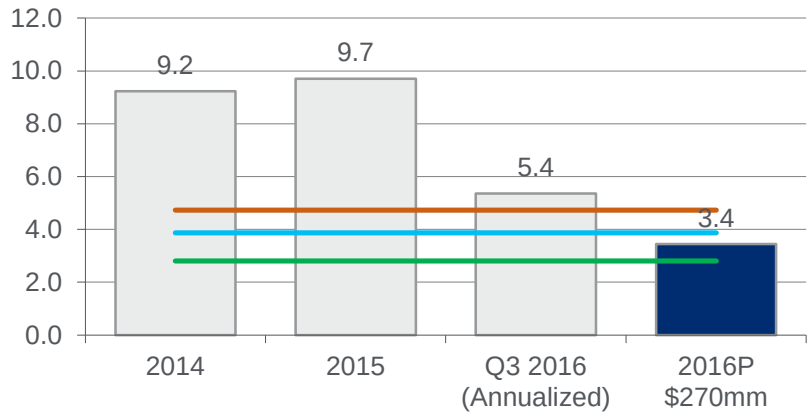
Key:

- ECH audited and projected results
- ECH projected results with incremental debt
- AA- average medians
- A+ average medians
- A average medians

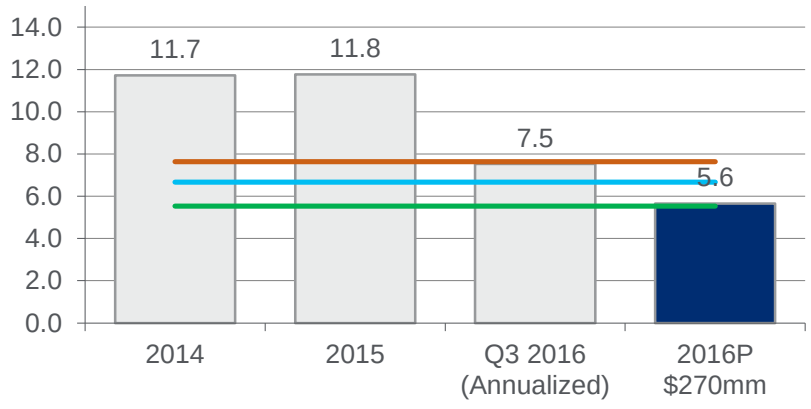
Source: Company filings. Adjusted per rating agency methodology. Rating agency medians reflect average of Moody's, S&P, and Fitch 2015 medians, which are based off of FY2014 audited results. Note: Only includes revenue bond indebtedness; excludes General Obligation bond indebtedness and tax revenues.
Furthest right bar of each graph represents Q3 FY2016 unaudited financials with incremental amount of debt and cash added, as noted, to the balance sheet. Incremental debt assumes 30-year fixed rate issuance, wrapped around existing debt service, at a all-in borrowing cost of 5.0%. Due to unavailable information, interest expense based on FY2015 Audit and non-operating gains is a pro-rata of FY2015.

Select Credit Metrics and Impact of Borrowing – Operations

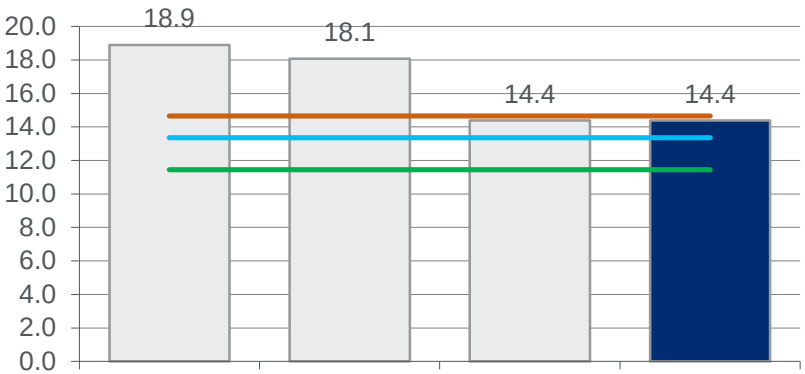
Operating Margin (%)



Excess Margin (%)



EBITDA Margin (%)



Key:

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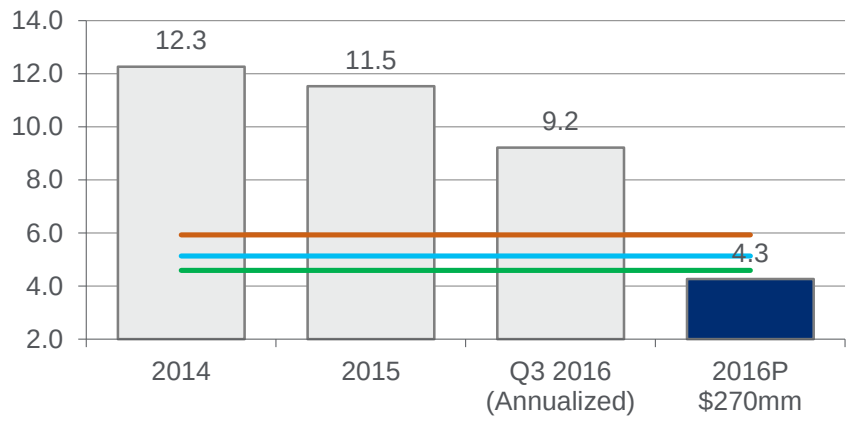
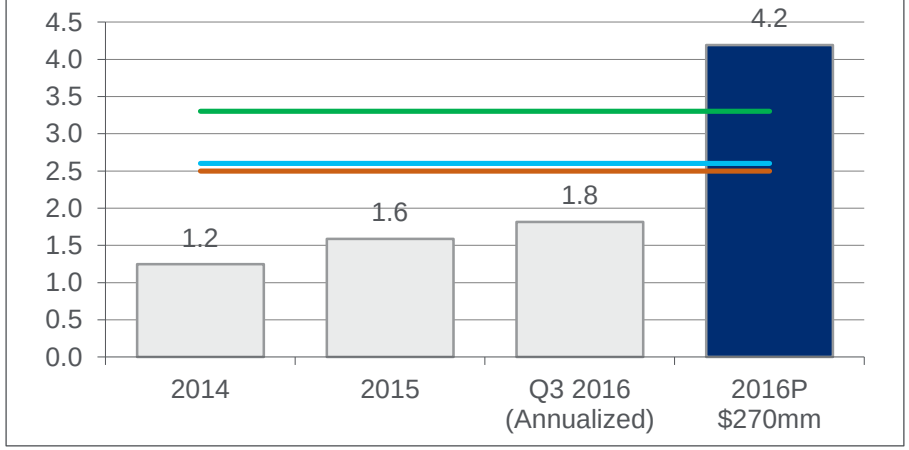
Select Credit Metrics and Impact of Borrowing – Leverage

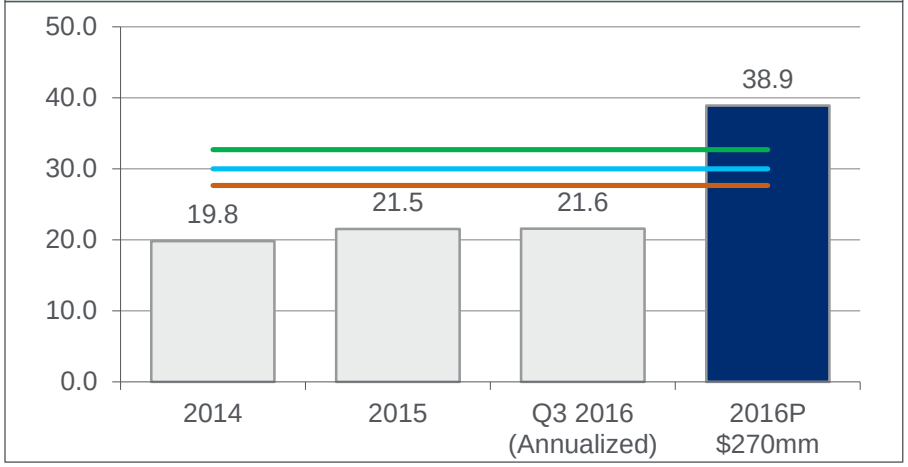
Maximum Annual Debt Service Coverage (x)



Debt to EBITDA (%)



Debt to Capitalization (%)



Key:

- ECH audited and projected results
- ECH projected results with incremental debt
- AA- average medians
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Source: Company filings. Adjusted per rating agency methodology. Rating agency medians reflect average of Moody's, S&P, and Fitch 2015 medians, which are based off of FY2014 audited results. Note: Only includes revenue bond indebtedness; excludes General Obligation bond indebtedness and tax revenues.
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Refunding of Series 2006 GO Bonds

A refunding of ECH's Series 2006 Current Interest Bonds ("CIBs") is currently estimated to generate $17.4 million of savings, or 17.2% of refunded par.

- Bonds are callable February 2017
- CIBs are 100% eligible for advance refunding
- **Consider refinancing CIBs in 2016**

Summary Statistics - Current Market

Delivery Date	11/1/2016
All-In TIC	2.89%
Average Coupon of Refunding Bonds	3.97%
Average Coupon of Refunded Bonds	4.43%
Par Amount of Refunding Bonds	$92,515,000
Par Amount of Refunded Bonds	101,460,000
Average Life of Refunding Bonds (years)	14.30
Average Life of Refunded Bonds (years)	14.24
Net PV Savings	17,452,933
Percentage Savings of Refunded Bonds	17.20%
Negative Arbitrage	481,415

Sensitivity Analysis

If rates increase by 25bps, Series 2006 bonds generate 14.9% of PV Savings

If rates decrease by 25bps, Series 2006 generate 19.6% of PV Savings

For illustrative purposes only. Preliminary – Subject to Change.
Assumes rates as of July 18, 2016

Series 2016 Financing Timeline – Key Dates

- Finance Committee Meeting (August 1st)
- ECH Hospital Board Meeting (October 12th)
- ECH District Board Meeting (October 18th)
- CHFFA Meeting (October 20th)
- Investor Call (Week of October 24th)
- Pricing / Execute BPA (Week of October 24th)*
- Closing (Week of November 7th)*

***Subject to Change**

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Citi believes that sustainability is good business practice. We work closely with our clients, peer financial institutions, NGOs and other partners to finance solutions to climate change, develop industry standards, reduce our own environmental footprint, and engage with stakeholders to advance shared learning and solutions. Citi's Sustainable Progress strategy focuses on sustainability performance across three pillars: Environmental Finance; Environmental and Social Risk Management; and Operations and Supply Chain. Our cornerstone initiative is our $100 Billion Environmental Finance Goal – to lend, invest and facilitate $100 billion over 10 years to activities focused on environmental and climate solutions.

ATTACHMENT 7

Integrated Performance Improvement

IPI Day

IPI Day
What it is

- A monthly review process to help **solve significant performance variances** of key performance metrics (KPI's).
- **Exception-based** reporting using agreed thresholds for evaluation.
- The goals is to **support manager and director** efforts to achieve defined targets (budget, operational, patient experience and quality targets).
- The primary focus is **action planning** to return to budget and reach performance targets.
- An activity that has proper level of **engagement & support** to be effective.

IPI Day
What it is not

- Another forum to complain about or be stymied by imperfect data.
- A list of reasons why the target is wrong or why it was not achieved.
- A blame game or public flogging.
- Stagnate, fixed in time review of performance.
- Micro-management.

Key Factors for Success

- KPI's should be linked to the **most important priorities** in the organization. Top of mind issues.
  - **Strategic Plans**
  - **Organizational Goals**
  - **Reducing Risk**
  - **Opportunities from Benchmarking**
- The cornerstone is **integrated problem solving & partnership** between Operations, Finance, Performance Improvement & Quality.
- The goal is to develop a **culture of cost center level accountability** for all aspects of the operation, while providing the proper level of engagement & support for success.

IPI Day Process & Timing

Week	Activity	Manager Actions	Deadline
Week 2	The IPI steering group, collects KPI's & reports financial performance from the previous month. Publish performance.	Report unit-based KPI's, if applicable.	**By 3pm, 2nd Tuesday of each month**
Week 3	Review results, consult with Finance and PI/HR coaches. Problem solve any red KPI's.	Develop a traction plan for KPI's in the red.	**By 3pm, 4th Tuesday of each month**
Week 4	IPI Day forum.	Attend IPI day *(only if KPI's are red)* to discuss your plan.	**4th Thursday of each month**

KPI's

KPI's measured for *all* cost centers	Organizational Impact- June
FTE's: Greater than 2 FTE variance in 6 pay period average	15 cost centers; additional 56.2 FTE
Total YTD Expense: 2% over budget & $10,000	Top 10 Cost Centers; additional 11.8 M
HR: Greater than 30% of employees with evaluation in process	Cost centers with more than 20 people; 3 cost centers
Cost Center *specific* KPI's	**60+ KPI's identified in Quality, Patient Experience, Efficiency & Service**

ATTACHMENT 8

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2016 – Period 12
7/1/2015 to 6/30/2016

Dashboard - ECH combined as of June 30, 2016

	Annual						Month			YTD		
	2012	2013	2014	2015	2016 Proj.	2016 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume												
Licenced Beds	443	443	443	443	443	443	443	443	443	443	443	443
ADC	220	240	238	246	243	245	237	248	240	246	242	245
Adjusted Discharges	30,558	32,221	32,003	32,507	31,392	32,696	2,872	2,586	2,734	32,507	31,392	32,696
Inpatient Cases												
Total Discharges	18,231	19,220	18,567	19,081	18,618	19,262	1,611	1,531	1,599	19,081	18,618	19,262
Deliveries	4,600	5,227	5,155	5,273	4,914	5,193	446	415	429	5,273	4,914	5,191
BHS	899	851	844	872	798	850	77	68	72	872	798	850
Rehab	447	537	557	563	508	570	37	50	48	563	508	570
Outpatient												
ED	53,686	48,091	49,543	52,487	51,599	52,151	5,460	4,278	4,351	52,487	51,599	52,151
Procedural Cases												
OP Surg	5,318	5,838	6,385	6,474	6,098	6,676	591	564	566	6,474	6,098	6,677
Endo		2,400	2,635	2,829	2,458	2,825	252	217	238	2,829	2,458	2,826
Interventional		1,508	1,705	1,878	1,969	1,901	175	165	177	1,878	1,969	1,901
All Other	140,961	175,708	164,206	133,371	128,453	134,601	11,421	10,898	11,558	133,006	128,453	134,602
Financial Performance ($000s)												
Net Revenues	629,585	686,327	721,123	746,645	772,573	743,754	69,257	73,717	65,909	746,645	772,573	743,754
Operating Expenses	576,354	632,353	669,680	689,631	743,101	715,481	60,060	65,591	60,095	689,631	743,101	715,481
Operating Income $	67,276	69,126	70,305	78,120	52,839	50,138	11,355	11,677	9,027	78,120	52,839	50,138
Operating Margin	10.5%	9.9%	9.5%	10.2%	6.6%	6.5%	15.9%	15.1%	13.1%	10.2%	6.6%	6.5%
EBITDA $	124,420	124,722	125,254	128,002	107,778	100,393	13,874	16,543	13,514	128,002	107,778	102,074
EBITDA %	19.3%	17.8%	16.9%	16.7%	13.5%	13.1%	19.4%	21.4%	19.6%	16.7%	13.5%	13.3%
IP Margin	0.4%	-1.1%	-3.2%	-4.5%	-7.1%	-1.0%	-4.4%	-7.0%	-1.0%	-3.4%	-7.1%	-1.0%
OP Margin	24.7%	25.9%	25.2%	28.1%	27.0%	25.0%	26.9%	28.4%	25.0%	27.1%	27.0%	25.0%
Payor Mix												
Medicare	46.2%	46.4%	44.7%	46.3%	46.6%	46.4%	47.9%	46.2%	46.4%	46.3%	46.6%	46.4%
Medi-Cal	5.3%	4.9%	6.0%	6.6%	7.4%	6.5%	7.0%	8.4%	6.5%	6.6%	7.4%	6.5%
Commercial IP	25.2%	25.3%	25.4%	24.2%	23.2%	24.0%	22.0%	23.2%	24.0%	24.2%	23.2%	24.0%
Commercial OP	16.3%	16.9%	18.6%	18.7%	18.7%	19.0%	19.2%	18.5%	19.0%	18.7%	18.7%	19.0%
total commercial	41.5%	42.2%	44.0%	42.9%	41.9%	43.0%	41.3%	41.8%	43.0%	42.8%	41.9%	43.0%
Other	7.0%	6.6%	5.4%	4.3%	4.1%	4.1%	3.9%	3.7%	4.1%	4.3%	4.1%	4.1%
Cost												
Employees	2,156.7	2,289.0	2,435.6	2,452.4	2,509.5	2,456.6	2,477.1	2,525.7	2,509.7	2,452.9	2,509.5	2,456.6
Hrs/APD	29.42	29.66	29.72	29.31	30.68	29.48	29.19	29.79	30.54	29.31	30.68	29.48
Balance Sheet												
Net Days in AR	48.1	47.8	50.9	43.6	53.5	48.0	43.6	53.5	48.0	43.6	53.5	48.0
Days Cash	321	350	382	401	361	262	402	361	262	402	361	262
Debt to Capitalization	15.8%	14.0%	12.6%	13.6%	13.8%	29.0%	14.8%	13.8%	29.0%	14.8%	13.8%	29.0%
MADS	7.2	8.0	9.5	8.9	6.1	1.2	9.0	6.1	1.2	9.0	6.1	1.2
Affiliates - Net Income ($000s)												
Hosp	71,286	88,820	118,906	94,787	44,348	72,460	6,196	15,531	10,888	94,787	44,348	72,460
Concern	1,472	371	1,862	1,202	1,761	1,751	(406)	(176)	388	1,202	1,761	1,751
ECSC			(5)	(41)	(280)	0	(15)	31	0	(41)	(280)	0
Foundation	138	1,545	3,264	710	980	1,315	(403)	61	173	710	980	1,315
SVMD	(30)	(114)	32	106	29	0	(8)	(56)	0	106	29	0

Inpatient volume is 3.3% below budget for the year primarily due to lower surgeries and deliveries, and rehab cases due to construction.

Outpatient volume was lower than budget by 4.5% due to the lower than budget ED visits, OP surgeries and endoscopy cases both for the month of June and YTD. Interventional EP cases, on the other hand, shows a trend of increase with 3.6% ahead of budget for the year.

Operating margin for June was $2.6M favorable compared to budget due to better charge capture, high collection rate and $1.2M Prime IGT accrual. Operating margin for the year is $2.7 million favorable primarily due to high revenue offset by EPIC related expenses in labor and training, pharmacy and surgical medical supply expenses and not achieving budget cost reduction targets in other expenses.

Payor mix is unfavorable primarily due to lower deliveries since deliveries are mainly commercial.

Productivity for the year is behind budget but has improved after EPIC go-live and hrs/APD are lower than budget in June.

AR days continue to improve after EPIC go-live. The Anthem renewal required a bill hold offsetting the improvement trend.

Fiscal Year 2016 Fiscal Period 12 (7/1/2015-6/30/2016) Waterfall

$ in Thousands	Year to Date (YTD) Net Income Impact	Year to Date (YTD) % Net Revenue
Budgeted Hospital Operations FY2016	**50,138**	**6.3%**
Net Revenue	30,321	4.0%
* Patient Income		
* Prime IGT		
* Integrated Care budgeted (BPSI)		
* Foundation Income ($468) plus Misc		
Labor and Benefit Expense Change	(3,947)	-0.5%
* Net Budgeted Labor -$5.7M; $2.3M is RN salaries (net Agency -$5.9M and EE$ 3.6M), EPIC Labor $-1.6M, plus -$1.8M budgeted savings not realized		
* Actuarial over accrued earlier in year $4M		
Professional Fees & Purchased Services	(4,103)	-0.5%
* EPIC (-$3.7M)		
* Marketing (Web) (-$1M)		
Supplies	(6,012)	-0.8%
* Drug (-$4.5M)		
* Surgical (Implants, Joints, Valves, Spine; -$3.9M)		
Other Expenses	(10,155)	-1.3%
* HPO Savings (-$7M)		
* EPIC training (-$3.3M)		
Depreciation & Interest	(3,403)	-0.4%
* Interest Expense (-$813K)		
* Amortization Loss (-$400K)		
* Depreciation (-$2.2M)		
Actual Hospital Operations FY2016	**52,839**	**6.9%**

El Camino Hospital ($000s) [1]

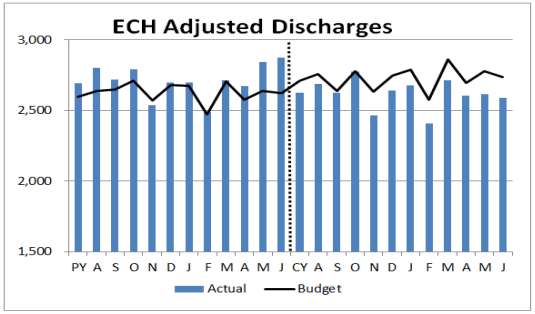
12 months ending 6/30/2016

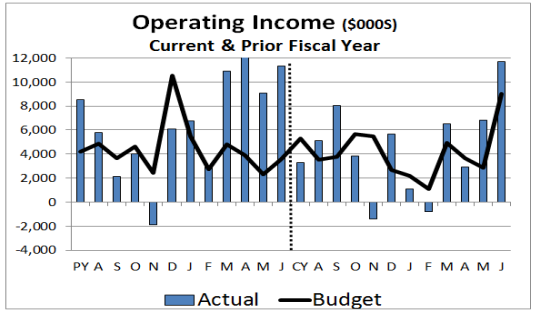
PERIOD 12 FY 2015	PERIOD 12 FY 2016	PERIOD 12 Budget 2016	Variance Fav (Unfav)	Var%	$000s	YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
226,473	234,757	224,987	9,770	4.3%	Gross Revenue	2,573,881	2,755,387	2,713,439	41,948	1.5%
(157,215)	(161,039)	(159,078)	(1,961)	1.0%	Deductions	(1,827,236)	(1,982,815)	(1,969,685)	(13,130)	0.7%
69,257	**73,717**	**65,909**	**7,808**	**11.8%**	**Net Patient Revenue**	**746,645**	**772,573**	**743,754**	**28,818**	**3.9%**
2,157	3,551	3,214	337	10.5%	Other Operating Revenue	21,105	23,367	21,864	1,503	6.9%
71,415	**77,268**	**69,123**	**8,145**	**11.8%**	**Total Operating Revenue**	**767,751**	**795,939**	**765,618**	**30,321**	**4.0%**
					OPERATING EXPENSE					
33,226	38,338	36,844	(1,493)	-4.1%	Salaries & Wages	410,072	435,958	432,011	(3,947)	-0.9%
10,160	11,296	9,271	(2,025)	-21.8%	Supplies	109,961	118,246	112,234	(6,012)	-5.4%
11,818	9,094	7,998	(1,097)	-13.7%	Fees & Purchased Services	92,373	99,449	95,346	(4,103)	-4.3%
2,338	1,998	1,496	(502)	-33.6%	Other Operating Expense	27,342	34,508	23,953	(10,555)	-44.1%
(1,206)	616	448	(168)	-37.6%	Interest	5,256	6,191	5,378	(813)	-15.1%
3,725	4,249	4,039	(211)	-5.2%	Depreciation	44,627	48,748	46,558	(2,189)	-4.7%
60,060	**65,591**	**60,095**	**(5,496)**	**-9.1%**	**Total Operating Expense**	**689,631**	**743,101**	**715,481**	**(27,620)**	**-3.9%**
11,355	**11,677**	**9,027**	**2,650**	**29.4%**	**Net Operating Income/(Loss)**	**78,120**	**52,839**	**50,138**	**2,701**	**5.4%**
(5,159)	3,854	1,860	1,994	107.2%	Non Operating Income	16,668	(8,601)	22,323	(30,924)	-138.5%
6,196	**15,531**	**10,888**	**4,644**	**42.7%**	**Net Income(Loss)**	**94,787**	**44,238**	**72,460**	**(28,222)**	**-38.9%**
19.4%	21.4%	19.6%	1.9%		EBITDA	16.7%	13.5%	13.3%	0.2%	
15.9%	15.1%	13.1%	2.1%		Operating Margin	10.2%	6.6%	6.5%	0.1%	
8.7%	20.1%	15.8%	4.3%		Net Margin	12.3%	5.6%	9.5%	-3.9%	

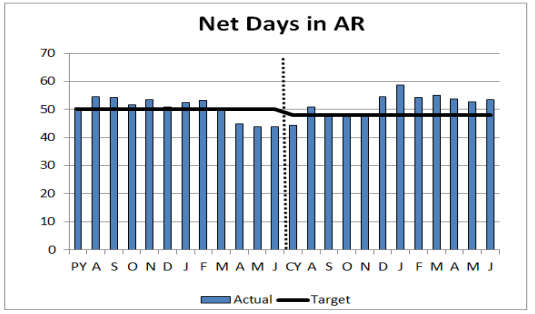
[1] Hospital entity only, excludes controlled affiliates

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Monthly Financial Trends

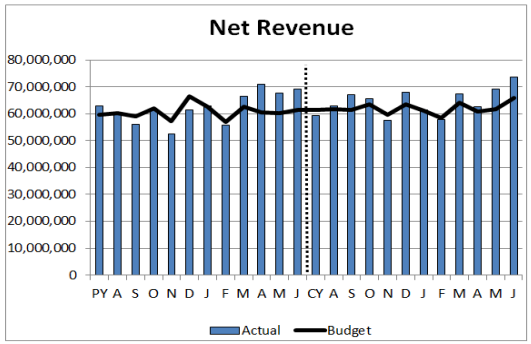


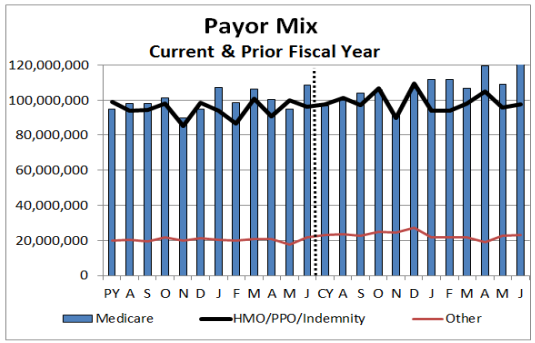


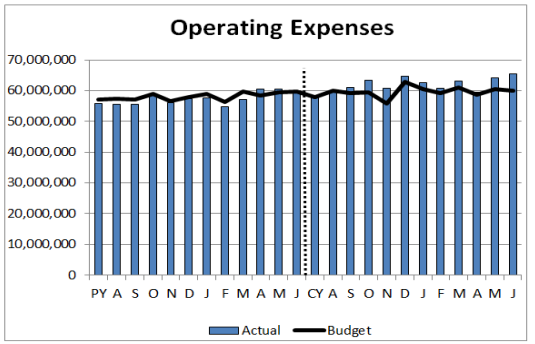


Budget is represented by solid lines; Bars represent actual results

Volume is low mainly in deliveries and surgeries.
AR EPIC recovery offset by Anthem contract renewal bill hold.

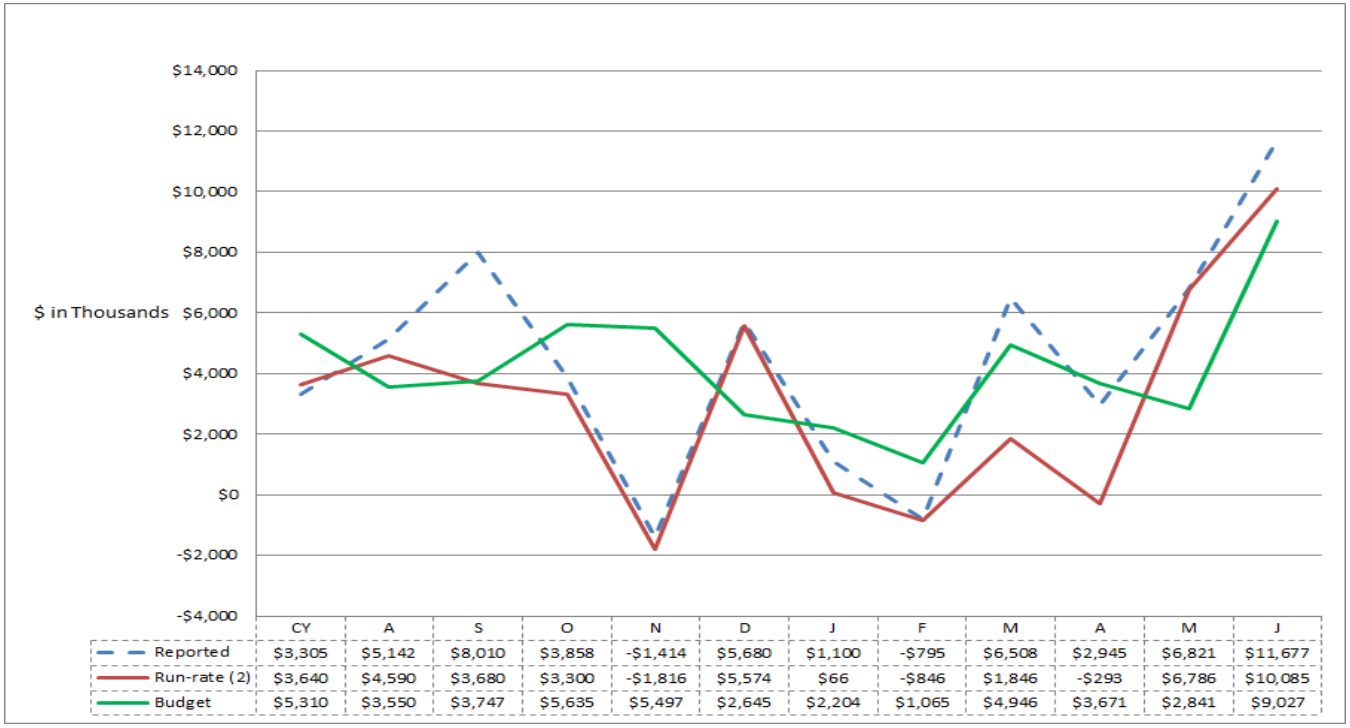






ECH Operating Margin

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



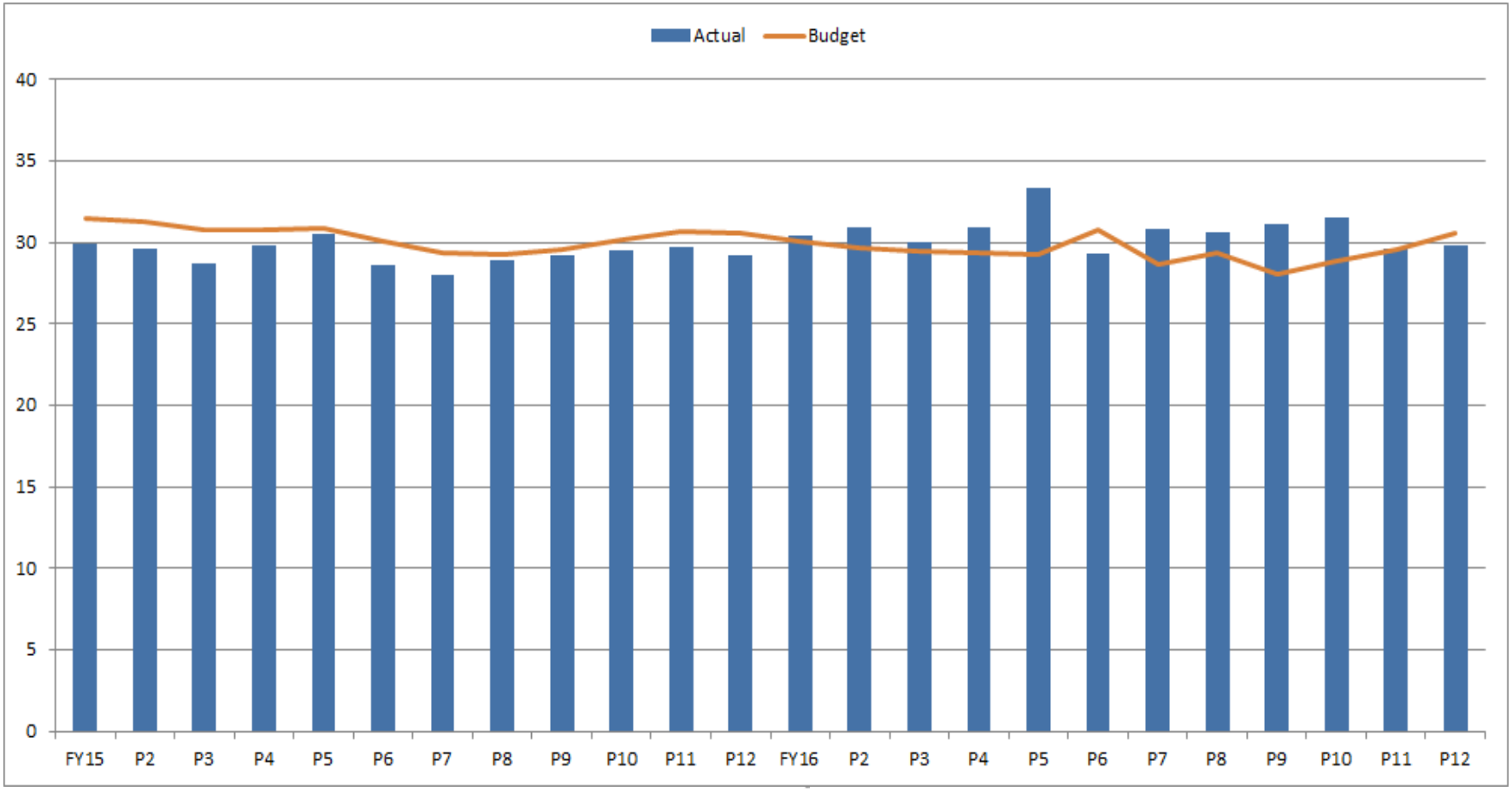
	CY	A	S	O	N	D	J	F	M	A	M	J
Reported	$3,305	$5,142	$8,010	$3,858	-$1,414	$5,680	$1,100	-$795	$6,508	$2,945	$6,821	$11,677
Run-rate (2)	$3,640	$4,590	$3,680	$3,300	-$1,816	$5,574	$66	-$846	$1,846	-$293	$6,786	$10,085
Budget	$5,310	$3,550	$3,747	$5,635	$5,497	$2,645	$2,204	$1,065	$4,946	$3,671	$2,841	$9,027

FY 2016 Actual Run Rate Adjustments (in thousands)

		J	A	S	O	N	D	J	F	M	A	M	J
Revenue Adjustments	RAC Release	$549	$0	$17	-$262	-$369	$76	-$274	$0	-$1,326	-$29	$0	-$91
	Insurance Overpayment Release	-$60	-$53	-$4,913	-$240	$0	-$149	$0	$0	$0	-$2,102	$0	$0
	Medicare Settlements/Appeal/Tentative Settlement	-$49	-$569	-$183	-$33	-$33	-$33	-$761	-$51	-$304	-$78	-$67	-$139
	BPCI settlement	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$76	$0
	RFBN Settlement	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Meaningful use	$0	$0	$0	$0	$0	$0	$0	$0	-$54	$0	$0	$0
	Tricare	-$182	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Hospital Fee	$0	$0	-$433	-$24	$0	$0	$0	$0	$0	$0	-$45	-$191
	AB 915	$0	$0	$0	$0	$0	$0	$0	$0	$0	-$1,028	$0	$0
	PRIME Incentive	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	-$1,170
	Total	**$259**	**-$622**	**-$5,513**	**-$559**	**-$402**	**-$106**	**-$1,035**	**-$51**	**-$1,683**	**-$3,238**	**-$35**	**-$1,592**
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
	Total	**$76**	**$69**	**$1,183**	**$0**	**$0**	**$0**	**$0**	**$0**	**$2,979**	**$0**	**$0**	**$0**

- Revenue adjustment of $1.2M for Prime IGT accrual for June.

Worked Hours per Adjusted Patient Day



Productivity has improved after EPIC go-live and is ahead of target in June

Summary of Financial Results
$ in Thousands

	Period 12 - Month			Period 12 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	11,626	8,392	3,235	47,313	41,574	5,739
Los Gatos	51	636	(585)	5,526	8,563	(3,037)
Sub Total - El Camino Hospital, excl. Afflilates	**11,677**	**9,027**	**2,650**	**52,839**	**50,138**	**2,701**
Operating Margin %	**15.1%**	**13.1%**		**6.6%**	**6.5%**	
El Camino Hospital Non Operating Income						
Investments	4,821	2,298	2,523	698	27,571	(26,874)
Swap Adjustments	(1,039)	0	(1,039)	(3,214)	0	(3,214)
Community Benefit	(86)	(233)	147	(2,716)	(2,799)	83
Other	159	(204)	363	(3,369)	(2,450)	(919)
Sub Total - Non Operating Income	**3,854**	**1,860**	**1,994**	**(8,601)**	**22,323**	**(30,924)**
El Camino Hospital Net Income (Loss)	**15,531**	**10,888**	**4,644**	**44,238**	**72,460**	**(28,222)**
ECH Net Margin %	**20.1%**	**15.8%**		**5.6%**	**9.5%**	
Concern	(176)	388	(564)	1,761	1,751	10
ECSC	31	0	31	(280)	0	(280)
Foundation	61	173	(112)	980	1,315	(335)
Silicon Valley Medical Development	(56)	0	(56)	29	0	29
Net Income Hospital Affiliates	**(141)**	**561**	**(702)**	**2,490**	**3,066**	**(577)**
Total Net Income Hospital & Affiliates	**15,390**	**11,449**	**3,942**	**46,727**	**75,526**	**(28,799)**

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

Tracking Smart Growth

COMBINED CAMPUS	FY15 Year to Date	FY16 Year to Date	Change	%	Annual Goal	Result Away from Goal
Inpatient Discharges	19,081	18,618	(463)	-2.4%	300	(763)
Surgical Outpatient Cases (incl Litho)	6,474	6,099	(375)	-5.8%	290	(665)
Endo Outpatient procedures	2,829	2,457	(372)	-13.1%	0	(372)
Outpatient Interventional Cases	1,878	1,965	87	4.6%	10	77
Total Case Volume	30,262	29,139	(1,123)	-3.7%	600	(1,723)
NEW Physician Total		460	460			
Pre-existing Physician Total	30,262	28,679	(1,583)	-5.2%		
# New Physicians*		10			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)

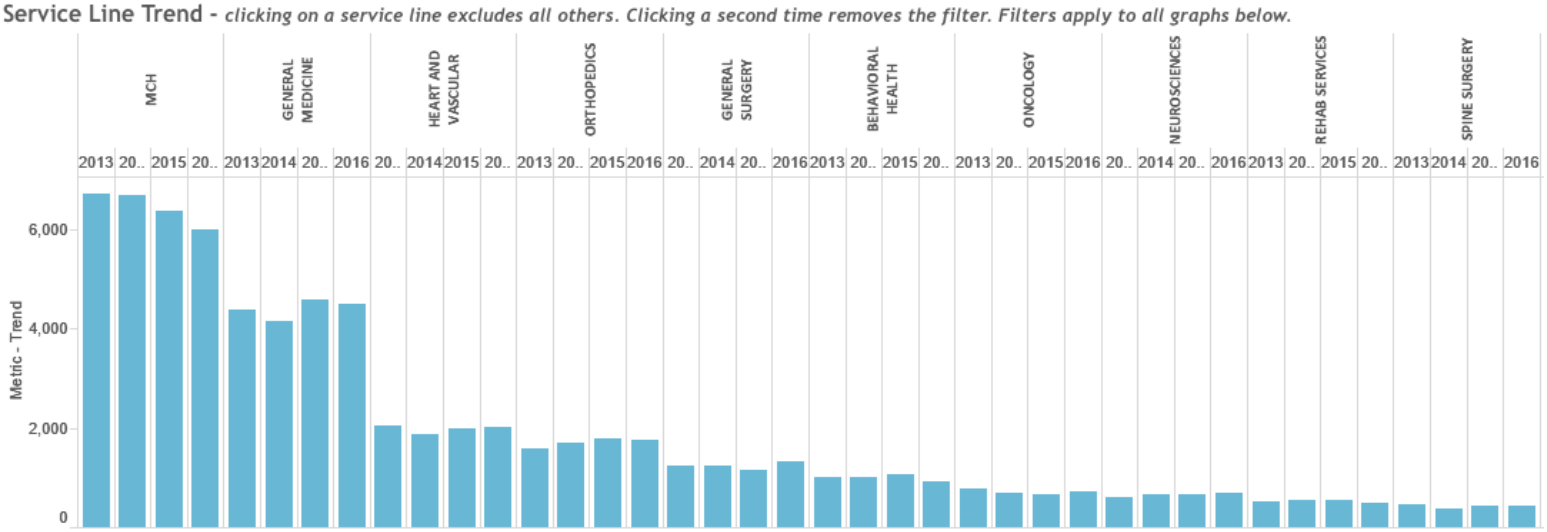
Mountain View Campus	FY15 Year to Date	FY16 Year to Date	Change
Inpatient Discharges	15,619	15,361	(258)
Surgical Outpatient Cases (incl Litho)	3,407	3,235	(172)
Endo Outpatient procedures	2,606	2,351	(255)
Outpatient Interventional Cases	1,856	1,942	86
Total Case Volume	23,488	22,889	(599)

Los Gatos Campus	FY15 Year to Date	FY16 Year to Date	Change
Inpatient Discharges	3,462	3,257	(205)
Surgical Outpatient Cases (incl Litho)	3,067	2,864	(203)
Endo Outpatient procedures	223	106	(117)
Outpatient Interventional Cases	22	23	1
Total Case Volume	6,774	6,250	(524)

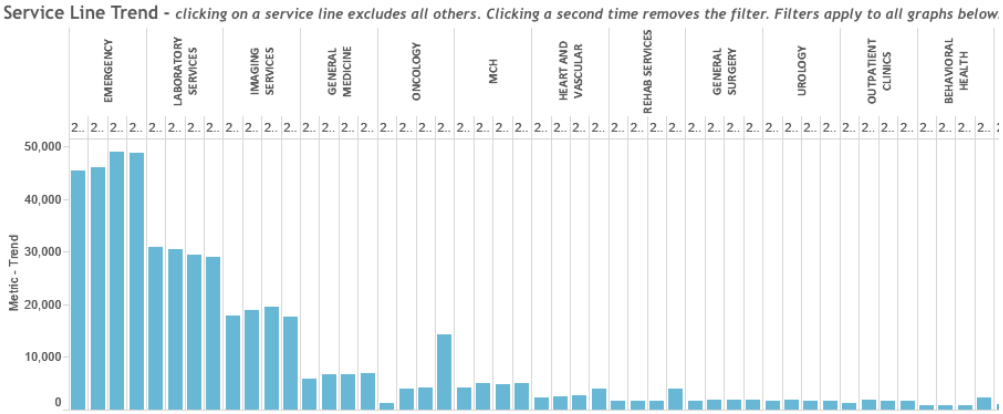
(1) Hospital entity only, excludes controlled affiliates

El Camino Hospital Volume Annual Trends
FY 2016 is annualized

IP



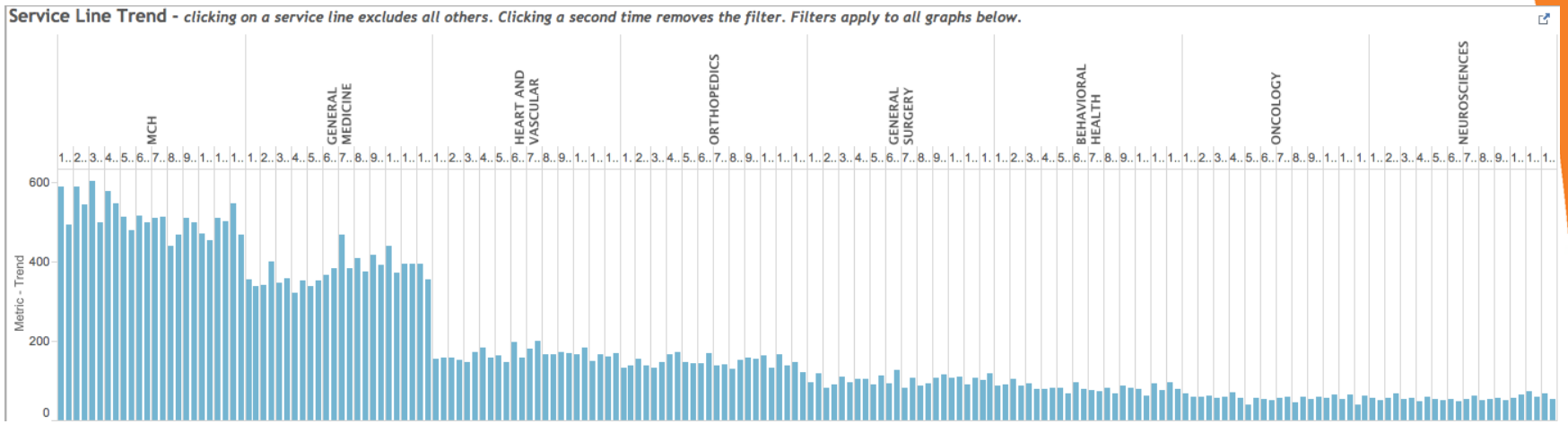
OP



- 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 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
Columns are in PY, CY Order

IP



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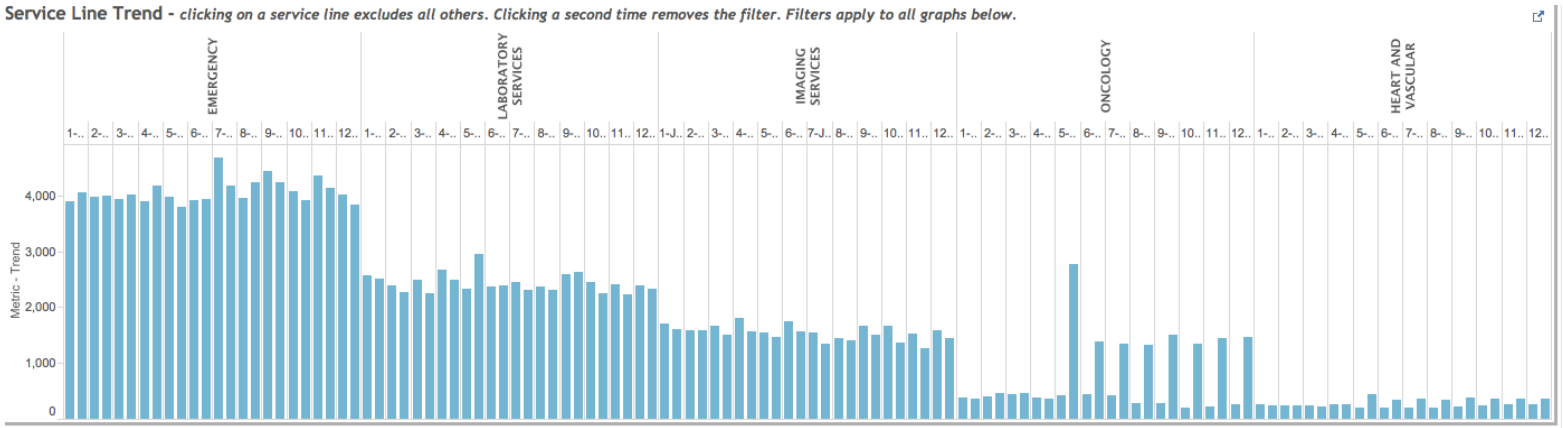
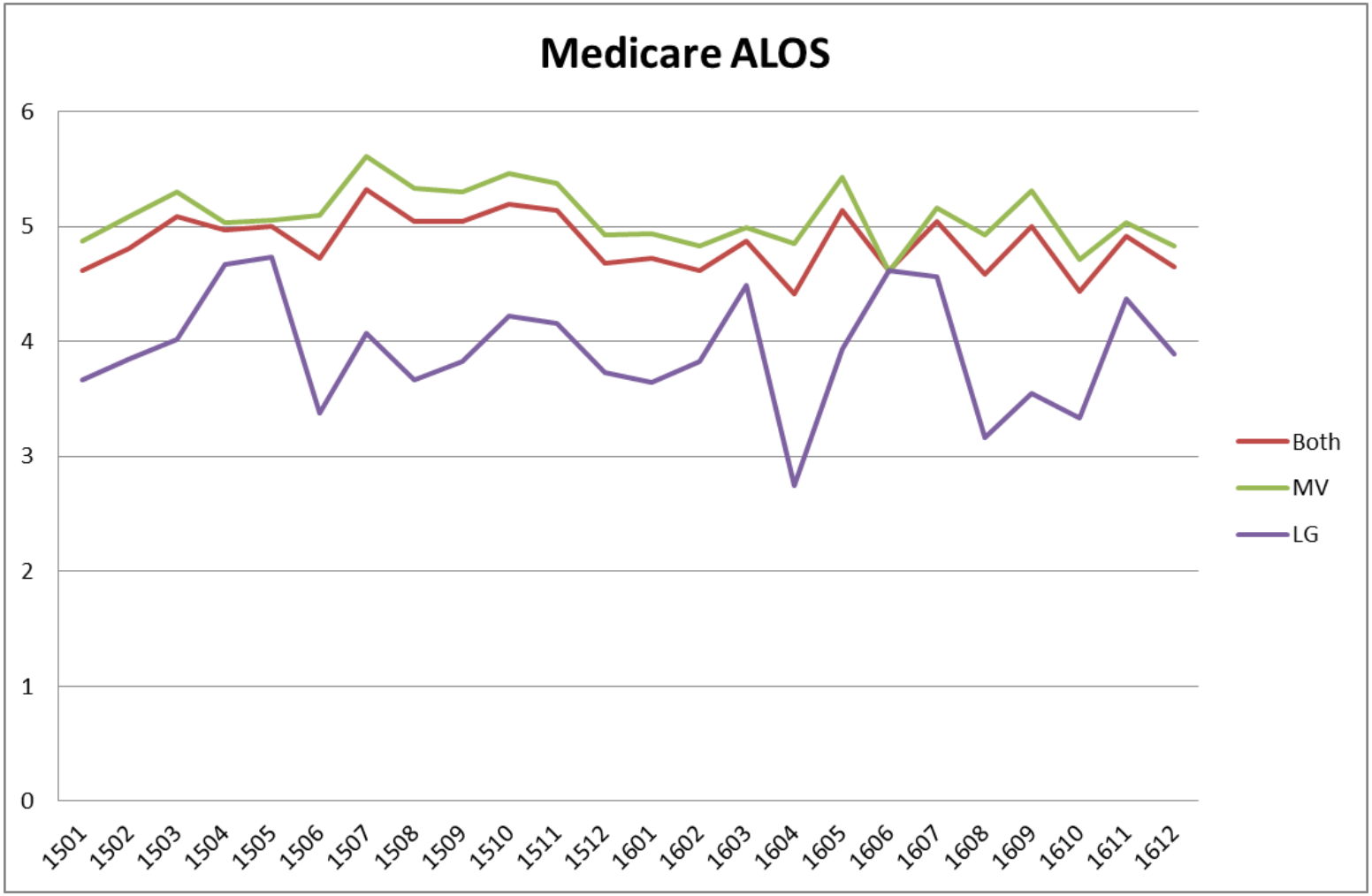


- IP volume declined in deliveries but other service lines are stable
- OP – Oncology volume has grown but visit count in EPIC is not comparable to legacy count



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

Medicare data excludes Medicare HMOs

El Camino Hospital Investment Committee Scorecard

Updated Quarterly

June 30, 2016

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY16 Year-end Budget	Expectation Per Asset Allocation
Investment Performance		2Q 2016		Fiscal Year-to-date		Since Inception (annualized)			Mar 2014/2012
Surplus cash balance & op. cash (millions)		$727.7	--	--	--	--	--	$699.8	--
Surplus cash return		1.8%	1.4%	0.1%	0.5%	4.4%	4.4%	4.0%	5.0%
Cash balance plan balance (millions)		$221.5	--	--	--	--	--	$224.2	--
Cash balance plan return		1.7%	1.4%	-0.3%	0.4%	7.0%	6.4%	6.0%	6.7%
403(b) plan balance (millions)[1]		$330.6	--	--	--	--	--	--	--
Risk vs. Return		3-year				Since Inception (annualized)			Mar 2014/2012
Surplus cash Sharpe ratio		0.90	0.93	--	--	1.00	0.98	--	0.66
Net of fee return		4.3%	4.4%	--	--	4.4%	4.4%	--	5.0%
Standard deviation		4.7%	4.7%	--	--	4.4%	4.4%	--	7.2%
Cash balance Sharpe ratio		0.97	0.93	--	--	1.14	1.09	--	0.54
Net of fee return		6.2%	5.7%	--	--	7.0%	6.4%	--	6.7%
Standard deviation		6.4%	6.1%	--	--	6.0%	5.8%	--	10.6%
Asset Allocation		2Q 2016							
Surplus cash absolute variances to target		4.9%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		4.3%	< 10%	--	--	--	--	--	--
Manager Compliance		2Q 2016							
Surplus cash manager flags		15	< 18	--	--	--	--	--	--
Cash balance plan manager flags		16	< 18	--	--	--	--	--	--

El Camino Hospital

Capital Spending (in millions)

	Category	Detail	Approved	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	FY 16 YTD Spent
CIP	EPIC Installation				73.8	57.0	20.8
IT Hardware, Software, Equipment*					6.9		6.5
Medical & Non Medical Equipment					16.5		17.1
Facility Projects							
	1307	LG Upgrades	FY13	15.5	17.3	10.3	3.5
	1219	LG Spine OR	FY13	4.1	4.1	1.2	0.6
	1414	Integrated MOB	FY15	232.0	28.0	11.6	8.9
	1413	North Drive Parking Expansion	FY15	15.0	3.0	1.5	1.3
	1245	Behavioral Health Bldg	FY16	62.5	9.0	6.8	1.4
	1248	LG Imaging Phase II (CT & Gen Rad)	FY16	6.8	8.8	0.0	0.0
	1313/1224	LG Rehab HVAC System & Structural	FY16	3.7	3.7	1.6	1.6
	1502	Cabling & Wireless Upgrades	FY16	2.5	2.8	1.3	1.3
	1425	IMOB Preparation Project - Old Main	FY16	2.3	3.0	0.7	0.7
	1430	Women's Hospital Expansion	FY16	91.0	0.0	0.0	0.0
	1422	CUP Upgrade	FY16	4.0	1.5	1.0	0.9
	1503	Willow Pavilion Tomosynthesis	FY16	0.3	1.3	0.1	0.1
	1519/1314	LG Electrical Systems Upgrade	FY16	1.2	0.0	0.0	0.0
	1347	LG Central Sterile Upgrades	FY15	3.7	0.2	0.2	0.0
	1508	LG NICU 4 Bed Expansion	FY16	7.0	0.0	0.0	0.0
	1520	Facilities Planning Allowance	FY16	1.0	0.0	0.0	0.0
		Land Acquisition Approved in 12/15	FY16	27.1	27.1	27.1	27.1
		All Other Projects under $1M		16.2	40.2	35.8	1.7
				495.9	150.0	99.2	49.1
GRAND TOTAL					**247.2**		**93.5**
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
THE HOSPITAL OF SILICON VALLEY

Comparative El Camino Hospital with Variances and Footnotes [1]

Balance Sheet ($ Thousands)

ASSETS

		Unaudited June 30, 2016	Audited June 30, 2015	Change
	CURRENT ASSETS			
	Cash	59,127	55,224	3,903
(1)	Short Term Investments	103,323	145,027	(41,704)
(2)	Patient Accounts Receivable, net	116,081	95,737	20,344
(3)	Other Accounts and Notes Receivable	4,369	2,378	1,991
	Intercompany Receivables	2,074	1,595	479
	Inventories and Prepaids	45,052	44,055	997
	Total Current Assets	**330,027**	**344,016**	**(13,990)**
	BOARD DESIGNATED ASSETS			
	Plant & Equipment Fund	119,650	117,965	1,685
	Operational Reserve Fund	100,196	100,196	0
(4)	Community Benefit Fund	13,037	2,085	10,952
(5)	Workers Compensation Reserve Fund	23,552	24,719	(1,167)
(6)	Postretirement Health/Life Reserve Fund	18,857	17,197	1,660
	PTO Liability Fund	23,124	22,212	912
	Malpractice Reserve Fund	1,800	1,800	0
	Catastrophic Reserves Fund	14,125	14,150	(25)
	Total Board Designated Assets	**314,341**	**300,324**	**14,017**
(7)	**FUNDS HELD BY TRUSTEE**	**30,847**	**37,676**	**(6,829)**
	LONG TERM INVESTMENTS	**208,419**	**207,290**	**1,129**
	INVESTMENTS IN AFFILIATES	**31,265**	**31,808**	**(543)**
	PROPERTY AND EQUIPMENT			
	Fixed Assets at Cost	1,171,096	1,077,951	93,145
	Less: (Accumulated Depreciation	(485,856)	(473,920)	(11,936)
	Construction in Progress	38,279	82,506	(44,227)
(8)	**Property, Plant & Equipment - Net**	**723,518**	**686,537**	**36,982**
	DEFERRED OUTFLOWS	**24,618**	**25,218**	**(600)**
	RESTRICTED ASSETS - CASH	**0**	**5**	**(5)**
	TOTAL ASSETS	**1,663,036**	**1,632,874**	**30,162**

LIABILITIES AND FUND BALANCE

		Unaudited June 30, 2016	Audited June 30, 2015	Change
	CURRENT LIABILITIES			
(9)	Accounts Payable	22,360	30,142	(7,782)
(10)	Salaries and Related Liabilities	23,535	20,812	2,723
	Accrued PTO	23,124	22,212	912
	Worker's Comp Reserve	2,300	2,300	0
(11)	Third Party Settlements	10,785	20,253	(9,468)
	Intercompany Payables	106	108	(2)
	Malpractice Reserves	1,936	1,800	136
(12)	Bonds Payable - Current	3,635	5,475	(1,840)
(13)	Bond Interest Payable	4,857	1,711	3,146
	Other Liabilities	2,943	3,111	(168)
	Total Current Liabilities	**95,581**	**107,925**	**(12,344)**
	LONG TERM LIABILITIES			
(14)	Post Retirement Benefits	18,857	17,197	1,660
(15)	Worker's Comp Reserve	21,252	22,419	(1,167)
	Other L/T Obligation (Asbestos)	3,637	3,531	106
(16)	Bond Payable	226,580	229,548	(2,968)
	Total Long Term Liabilities	**270,326**	**272,696**	**(2,370)**
	FUND BALANCE/CAPITAL ACCOUNTS			
	Unrestricted	982,789	951,924	30,865
	Board Designated	314,341	300,324	14,017
	Restricted	0	5	(5)
(17)	**Total Fund Bal & Capital Accts**	**1,297,130**	**1,252,254**	**44,876**
	TOTAL LIABILITIES AND FUND BALANCE	**1,663,036**	**1,632,874**	**30,162**

(1) Hospital entity only, excludes controlled affiliates

El Camino Hospital Comparative Balance Sheet Variances and Footnotes [1]

(1) Decrease is primarily due to purchase of Santa Teresa land ($25M) and transfer ($10M) to establish an Endowment for the Hospital's Community Benefit programs.

(2) Increase due to establishment of new Epic A/R and still having the old HBOC A/R prior to the conversion to Epic that is being worked down.

(3) Increase due to higher intercompany accounts receivables (payables) this year over FY2015 and a number of new MD Income Guarantee Agreements established during FY2016.

(4) Increase due to this year's establishment of a $10M Endowment to support the Hospital's Community Benefit program.

(5) Decrease due to a lesser actuarially determined Workers Compensation needed reserve.

(6) Increase due to the actuarially determined Postretirement Healthcare/Life insurance reserves in FY2016.

(7) Decrease due to paybacks to the Hospital from the 2015A Bond Project funds for those certain construction-in-progress projects at Los Gatos.

(8) Increase due to the acquisition of the Santa Teresa land in San Jose and remaining capitalization of the Epic implementation and various construction-in-progress projects at Los Gatos in the current year.

(9) Decrease due to having a very significant accrued construction-in-progress payment due the General Contractor for the new Data Center project at the end of FY2015.

(10) Increase due to an additional three (3) days of needed payroll accrual to get to month end.

(11) Decrease is due to a Cost Report Settlement (2012) that was substantially settled in the current year and the RAC Review and Insurance Review Liability Reserves were re-evaluated decreasing the expected needed reserves for the current year.

(12) Decrease due to a lesser current year 2015A bond principal due (February 2017) over the amount due in the prior year.

(13) Increase due to a full semi-annual payment due 8/1/16 opposed to last year's first 2015A interest payment due in 2015 for only a two and one-half month period.

(14) Refer to footnote # 6.

(15) Refer to footnote # 5.

(16) Decrease due to first bond principal payment made in FY2016, and the upcoming second payment being reclassified to current year liabilities.

(17) Increase due to this year's P&L affect and a fund balance cash transfer from CONCERN to the Hospital in support of its Community Benefit programs for FY2017.

[1] Hospital entity only, excludes controlled affiliates

APPENDIX

EL CAMINO HOSPITAL

(Excludes Affiliates)

EXECUTIVE FINANCIAL SUMMARY

Period Ending June 30, 2016

YTD STATEMENT OF REVENUE AND EXPENSES ($000s)

	Prior Year	Actual	Budget	Var F(U)
Gross Revenue	$2,573,881	$2,755,387	$2,713,439	$41,948
Deductions from Revenue	(1,827,236)	(1,982,815)	(1,969,685)	(13,130)
Net Patient Revenue	746,645	772,573	743,754	28,818
Other Operating Revenue	21,105	23,367	21,864	1,503
Total Operating Revenue	**767,751**	**795,939**	**765,618**	**30,321**
Salaries & Wages	410,072	435,958	432,011	(3,947)
Supplies	109,961	118,246	112,234	(6,012)
Fees & Purchased Services	80,223	88,558	83,340	(5,218)
Other Operating Expense	39,493	45,400	35,959	(9,440)
Total Non Capital Operating Expense	**639,748**	**688,162**	**663,544**	**(24,617)**
OPERATING EBITDA	**128,002**	**107,778**	**102,074**	**5,704**
Interest, Depreciation & Amortization	49,883	54,939	51,936	(3,003)
NET OPERATING SURPLUS	**78,120**	**52,839**	**50,138**	**2,701**
Non Operating Income	16,668	(8,601)	22,323	(30,924)
TOTAL NET SURPLUS	**94,787**	**44,238**	**72,460**	**(28,222)**
EBITDA Margin	16.7%	13.5%	13.3%	0.2%
Operating Margin	10.2%	6.6%	6.5%	0.1%
Total Margin	12.3%	5.6%	9.5%	-3.9%

BALANCE SHEET ($000s)

	June 30, 2016	Jun 30, 2015
Cash and Investments	685,211	707,865
Non Cash Current Assets	167,576	143,766
Property, Plant & Equipment (Net)	723,518	686,537
Other Assets	86,730	94,707
Total Assets	**1,663,036**	**1,632,874**
Current Liabilities	95,579	107,925
Long-Term Liabilities	270,326	272,696
Fund Balance/Capital Accounts	1,297,130	1,252,254
Total Liabilities & Equity	**1,663,036**	**1,632,874**

KEY ECH STATISTICS - YTD

Balance Sheet		Actual	Target [1]
Debt Service Coverage Ratio (MADS)		6.1	1.2
Debt to Capitalization		13.8%	29.0%
Days of Cash		361	262
Net AR Days		53.5	48.0
Volume	**Prior Year**	**Actual**	**Budget**
Acute Discharges	19,081	18,618	19,262
Acute Average Daily Census	246	242	245
Licensed Beds	443	443	443
Occupancy (%)	56%	55%	55%
Deliveries	5,273	4,914	5,193
Emergency Department Visits IP	8,799	8,834	8,586
Emergency Department Visits OP	52,487	51,599	52,151
Surgical Cases	10,962	10,607	11,169
Productivity			
Full Time Equivalent Employees	2,452	2,509	2,458
Worked Hrs/Adjusted Patient Day	29.31	30.68	29.48

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

This summary is replaced by the dashboard. It is provided in this report for reference and will be removed from next report

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Dashboard - Mountain View

	Annual						Month			YTD		
	2012	2013	2014	2015	2016 Projection	2016 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume	443.28											
Licenced Beds	300	300	300	300	300	300	300	300	300	300	300	300
Acute Patient Days	65,989	72,245	71,084	73,360	73,011	73,061	5,753	5,958	5,865	*73,360*	73,011	73,060
ADC	181	198	195	201	200	200	192	199	196	201	199	200
Adjusted Acute Discharges	25,420	26,640	26,147	26,627	25,896	26,705	2,345	2,119	2,232	26,627	25,896	26,705
Acute Discharges	15,019	15,876	15,177	15,619	15,361	15,756	1,310	1,254	1,308	15,619	15,361	15,756
Inpatient total												
Acute	15,019	15,876	15,177	15,619	15,361	15,756	1,310	1,254	1,308	15,619	15,361	15,756
Deliveries	3,973	4,480	4,364	4,573	4,259	4,488	381	357	371	4,573	4,259	4,488
BHS	899	851	844	872	798	850	77	68	72	872	798	850
Rehab	0	0	0	0	0	0	0	0	0	0	0	0
OP total												
ED	42,537	37,256	38,502	41,301	40,229	41,187	4,286	3,360	3,436	41,301	40,229	41,187
OP Surg	2,309	2,818	3,278	3,407	3,234	3,600	314	301	305	3,407	3,234	3,601
Endo	1942	2,104	2,405	2,606	2,352	2,607	230	209	220	2,606	2,352	2,608
Interventional		1,497	1,688	1,856	1,942	1,878	173	161	175	1,856	1,942	1,878
All Other	131,657	161,348	148,693	116,243	112,769	117,059	9,876	9,631	9,995	115,672	112,769	117,060
Financial Performance ($000s)												
Net Revenues	507,128	557,533	589,420	603,788	633,376	602,989	53,722	61,752	54,226	603,788	633,376	602,989
Operating Expenses	470,713	516,892	550,736	562,790	607,125	580,982	48,920	53,495	48,857	562,790	607,125	580,982
Operating Income $	49,994	55,324	56,518	59,684	47,313	41,574	6,737	11,626	8,392	59,684	47,313	41,574
Operating Margin	9.6%	9.7%	9.3%	9.6%	7.2%	6.7%	12.1%	17.9%	14.7%	9.6%	7.2%	6.7%
EBITDA $	100,790	105,938	105,814	103,637	96,163	87,252	8,745	15,975	12,327	103,637	96,163	87,252
EBITDA %	19.4%	18.5%	17.4%	16.6%	14.7%	14.0%	15.7%	24.5%	21.5%	16.6%	14.7%	14.0%
IP Margin												
OP Margin												
Payor Mix												
Medicare	41.4%	42.0%	44.0%	46.4%	46.2%	46.4%	47.5%	45.8%	46.4%	46.4%	46.2%	46.4%
Medi-Cal	6.0%	5.4%	6.5%	7.1%	7.9%	7.0%	7.7%	8.7%	7.0%	7.1%	7.9%	7.0%
Commercial IP	29.0%	28.6%	25.7%	24.2%	23.6%	24.2%	21.9%	23.6%	24.2%	24.2%	23.6%	24.2%
Commercial OP	18.7%	19.2%	18.9%	18.4%	18.6%	18.7%	19.0%	18.3%	18.7%	18.4%	18.6%	18.7%
Other	4.9%	4.8%	4.9%	3.9%	3.7%	3.7%	3.9%	3.7%	3.7%	3.9%	3.7%	3.7%
Cost												
Employees	1,793.0	1,901.0	2,027.6	2,029.9	2,121.0	2,035.9	2,050.6	2,096.9	2,086.0	2,030.4	2,087.6	2,035.9
Hrs/APD	29.28	29.58	30.16	29.60	30.97	29.93	29.65	30.75	31.10	29.60	30.97	29.93

Dashboard - Los Gatos

	Annual						Month			YTD		
	2012	2013	2014	2015	2016 Projection	2016 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume												
Licenced Beds	143	143	143	143	143	143	143	143	143	143	143	143
ADC	39	42	43	45	43	45	45	50	44	45	43	45
Adjusted Acute Discharges	5,178	5,582	5,856	5,880	5,495	5,992	528	467	502	5,880	5,495	5,992
Acute Discharges	3,212	3,344	3,390	3,462	3,257	3,506	301	277	291	3,462	3,257	3,506
Inpatient total												
Acute	3,212	3,344	3,390	3,462	3,257	3,506	301	277	291	3,462	3,257	3,506
Deliveries	627	747	791	700	655	705	65	58	58	700	655	703
BHS	0	0	0	0	0	0	0	0	0	0	0	0
Rehab	447	537	557	563	508	570	37	50	48	563	508	570
OP total												
ED	11,149	10,835	11,041	11,186	11,370	10,964	1,174	918	915	11,186	11,370	10,964
OP Surg	3,009	3,020	3,107	3,067	2,864	3,076	277	263	261	3,067	2,864	3,076
Endo	433	296	230	223	106	218	22	8	18	223	106	218
Interventional		11	17	22	27	22	2	4	2	22	27	22
All Other	9,304	14,360	15,513	17,128	15,684	17,542	1,545	1,267	1,564	17,334	15,684	17,542
Financial Performance ($000s)												
Net Revenues	122,457	128,794	131,702	142,858	139,197	140,765	15,535	11,965	11,683	142,858	139,197	140,765
Operating Expenses	105,641	115,461	118,944	126,841	135,976	134,499	11,139	12,096	11,238	126,841	135,976	134,499
Operating Income $	17,282	13,802	13,787	18,436	5,526	8,563	4,617	51	636	18,436	5,526	8,563
Operating Margin	14.1%	10.7%	10.4%	12.7%	3.9%	6.0%	29.3%	0.4%	5.4%	12.7%	3.9%	6.0%
EBITDA $	23,630	18,784	19,440	24,365	11,615	13,141	5,128	567	1,187	24,365	11,615	14,822
EBITDA %	19.2%	14.5%	14.6%	16.8%	8.2%	9.2%	32.5%	4.7%	10.0%	16.8%	8.2%	10.4%
Payor Mix												
Medicare	44.7%	45.5%	44.0%	46.1%	48.2%	43.1%	49.5%	47.9%	43.1%	46.1%	48.2%	43.1%
Medi-Cal	3.0%	2.9%	3.5%	4.3%	5.1%	3.0%	4.0%	7.3%	3.0%	4.3%	5.1%	3.0%
Commercial IP	26.3%	25.3%	25.9%	23.8%	21.4%	23.8%	22.7%	21.8%	23.8%	23.8%	21.4%	23.8%
Commercial OP	17.0%	17.0%	19.1%	20.0%	19.4%	21.5%	20.1%	19.7%	21.5%	20.0%	19.4%	21.5%
Other	9.0%	9.3%	7.5%	5.8%	5.9%	8.6%	3.7%	3.3%	8.6%	5.8%	5.9%	8.6%
Cost												
Employees	363.8	388.0	408.1	422.6	421.2	420.7	426.5	428.8	423.7	422.5	421.9	420.7
Hrs/APD	30.10	29.13	27.65	28.00	29.34	27.50	27.19	25.93	28.10	28.00	29.34	27.50

El Camino Hospital – Mountain View ($000s)[1]

12 months ending 6/30/2016

PERIOD 12 FY 2015	PERIOD 12 FY 2016	PERIOD 12 Budget 2016	Variance Fav (Unfav)	Var%	$000s	YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
183,799	191,795	184,183	7,612	4.1%	Gross Revenue	2,101,568	2,261,921	2,223,725	38,196	1.7%
(130,077)	(130,043)	(129,957)	(86)	0.1%	Deductions	(1,497,781)	(1,628,545)	(1,620,735)	(7,810)	0.5%
53,722	**61,752**	**54,226**	**7,526**	**13.9%**	**Net Patient Revenue**	**603,788**	**633,376**	**602,989**	**30,386**	**5.0%**
1,935	3,369	3,022	347	11.5%	Other Operating Revenue	18,686	21,062	19,567	1,495	7.6%
55,658	**65,121**	**57,249**	**7,873**	**13.8%**	**Total Operating Revenue**	**622,473**	**654,438**	**622,556**	**31,882**	**5.1%**
					OPERATING EXPENSE					
27,355	31,668	30,791	(877)	-2.8%	Salaries & Wages	339,554	362,658	359,756	(2,901)	-0.8%
7,869	9,249	7,531	(1,718)	-22.8%	Supplies	88,963	96,615	91,422	(5,193)	-5.7%
10,611	7,774	6,663	(1,111)	-16.7%	Fees & Purchased Services	77,214	83,276	79,216	(4,060)	-5.1%
1,077	455	(63)	(518)	821.3%	Other Operating Expense	13,105	15,726	4,910	(10,816)	-220.3%
(1,206)	616	448	(168)	-37.6%	Interest	5,256	6,191	5,378	(813)	-15.1%
3,214	3,732	3,487	(245)	-7.0%	Depreciation	38,698	42,659	40,300	(2,359)	-5.9%
48,920	**53,495**	**48,857**	**(4,638)**	**-9.5%**	**Total Operating Expense**	**562,790**	**607,125**	**580,982**	**(26,143)**	**-4.5%**
6,737	**11,626**	**8,392**	**3,235**	**38.5%**	**Net Operating Income/(Loss)**	**59,684**	**47,313**	**41,574**	**5,739**	**13.8%**
(5,159)	3,854	1,860	1,994	107.2%	Non Operating Income	16,668	(8,575)	22,323	(30,897)	-138.4%
1,578	**15,481**	**10,252**	**5,229**	**51.0%**	**Net Income(Loss)**	**76,351**	**38,738**	**63,897**	**(25,159)**	**-39.4%**
14.1%	22.6%	19.3%	3.3%		EBITDA	15.0%	12.4%	11.6%	0.8%	
12.1%	17.9%	14.7%	3.2%		Operating Margin	9.6%	7.2%	6.7%	0.6%	
2.8%	23.8%	17.9%	5.9%		Net Margin	12.3%	5.9%	10.3%	-4.3%	

[1] Hospital only, excludes controlled affiliates

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

El Camino Hospital – Los Gatos($000s) [1]

Results from Operations vs. Prior Year

12 months ending 6/30/2016

PERIOD 12 FY 2015	PERIOD 12 FY 2016	PERIOD 12 Budget 2016	Variance Fav (Unfav)	Var%	$000s	YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
42,673	42,962	40,804	2,158	5.3%	Gross Revenue	472,313	493,466	489,715	3,752	0.8%
(27,138)	(30,996)	(29,121)	(1,875)	6.4%	Deductions	(329,455)	(354,269)	(348,950)	(5,320)	1.5%
15,535	**11,965**	**11,683**	**283**	**2.4%**	**Net Patient Revenue**	**142,858**	**139,197**	**140,765**	**(1,568)**	**-1.1%**
222	181	191	(10)	-5.3%	Other Operating Revenue	2,420	2,305	2,297	8	0.3%
15,757	**12,147**	**11,874**	**272**	**2.3%**	**Total Operating Revenue**	**145,278**	**141,502**	**143,062**	**(1,560)**	**-1.1%**
					OPERATING EXPENSE					
5,870	6,669	6,054	(616)	-10.2%	Salaries & Wages	70,518	73,300	72,255	(1,045)	-1.4%
2,291	2,047	1,740	(306)	-17.6%	Supplies	20,998	21,631	20,812	(819)	-3.9%
1,207	1,321	1,335	14	1.1%	Fees & Purchased Services	15,159	16,174	16,130	(44)	-0.3%
1,260	1,543	1,559	16	1.0%	Other Operating Expense	14,238	18,782	19,043	261	1.4%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
511	517	551	34	6.3%	Depreciation	5,929	6,089	6,259	170	2.7%
11,139	**12,096**	**11,238**	**(857)**	**-7.6%**	**Total Operating Expense**	**126,841**	**135,976**	**134,499**	**(1,477)**	**-1.1%**
4,617	**51**	**636**	**(585)**	**-92.0%**	**Net Operating Income/(Loss)**	**18,436**	**5,526**	**8,563**	**(3,037)**	**-35.5%**
0	(0)	0	(0)	0.0%	Non Operating Income	0	(26)	0	(26)	0.0%
4,617	**51**	**636**	**(585)**	**-92.1%**	**Net Income(Loss)**	**18,436**	**5,500**	**8,563**	**(3,064)**	**-35.8%**
38.1%	15.0%	20.5%	-5.6%		EBITDA	24.0%	18.8%	20.8%	-2.0%	
29.3%	0.4%	5.4%	-4.9%		Operating Margin	12.7%	3.9%	6.0%	-2.1%	
29.3%	0.4%	5.4%	-4.9%		Net Margin	12.7%	3.9%	6.0%	-2.1%	

[1] Hospital only, excludes affiliates

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

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

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

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

ATTACHMENT 9

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

2500 Grant Road
Mountain View, CA 94040-4378
Phone: 650-940-7000
www.elcaminohospital.org

Memorandum
Administration

Date: July 26.2016
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.

Behavioral Health Building Replacement	-$ 72,500,000 (Final Request)
Integrated Medical Office Building	-$247,000,000 (Final Request)
Central Utility Plant Upgrade	-$ 7,500,000 (Final Request)

Also requested is that the CEO and CASO be authorized to execute all contracts and agreements necessary to deliver the projects in accordance with the signature authority policy.

Authority: As required by policy, capital projects exceeding $500,000 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:

1413 - North Parking Garage Expansion – Permitted and Underway

1245 - Behavioral Health Services Building

Phase I – Site Prep & Partial Demolition– Permitted and Underway

Phase II – New Building Construction – Final OSHPD Review

1414 - Integrated Medical Office Building

.1 IMOB Make Ready Site Work - Mountain View Permitted and Underway

.2 IMOB Make Ready Demolition of North Addition – OSHPD Permit 08/19/16

.3 IMOB New Main Connector – OSHPD 2nd Plan Review

.4 IMOB New Building & Parking Structure - Mountain View 1st Plan Review

1422 - Central Plant Upgrades - OSHPD 2nd Plan Review

1430 - Women's Hospital Expansion – Contractor and Design Team Selection

1428 - Old Main Hospital Demolition & Related Site Work – On Hold

We continue to seek final plan approvals and building permits for various project elements and we are in the final phases of negotiating the Construction GMP Agreements. Bids received to date are significantly higher than the estimates of just a few months ago. The Bay Area construction market is overbooked and under manned and cost escalation has been significant.

Process Description: Here is where we are in the overall process:

1. We obtained approval from the Mountain View City Council of the Environmental Impact Report and Planned Community Permit on June 28, 2016.
2. We obtained the Building Permits for the North Garage Expansion, Phase I BHS Project and one of the first two elements of the IMOB. The OSHPD Permit for the second element is anticipated to be in hand by 08/19/16.
3. We have begun demolition and construction of the projects indicated in step 2 as of July 21, 2016.
4. Due to bids being significantly higher than previously estimated we have delay the finalization of the General Contractors Guaranteed Maximum Price (GMP) agreements, however in order to maintain the projected schedules we are requesting funding approval with recommended contingencies. This will allow us to release a portion of the GMP agreement, while we seek better pricing on elements that are not acceptable.
5. Begin the planning process for designing and developing the Women's Hospital Expansion Project in August 2016.

Alternative Solutions: Other than consideration for negotiating the final construction contracts there are no alternatives presented.

Concurrence for Recommendation: This request is supported by the Executive Leadership Team and the CEO. Note that the El Camino Healthcare District will be reviewing the project expenditure request at a special meeting on August 10, 2016 as required.

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 Development Projects with the current request for incremental funding:

	1	2	3	4	5	6
	Aug-15	**May-16**	**Aug-16**	**To Date**	**Current Requests**	**Future**
Mountain View Campus Development Projects	Total Estimated Project Cost	Total Estimated Project Cost	Total Estimated Project Cost	**Total Funding Authorized**	Final Funding Request	Anticipated Future Funding Request
Behavioral Health Building Replacement	62,500,000	75,000,000	91,500,000	19,000,000	72,500,000	0
Integrated Medical Office Building - I MOB	232,000,000	246,500,000	275,000,000	28,000,000	247,000,000	0
North Parking Garage Expansion	17,000,000	24,500,000	24,500,000	24,500,000	0	0
Central Utility Plant (CUP) Upgrades	6,000,000	8,500,000	9,000,000	1,500,000	7,500,000	0
Women's Hospital Expansion	91,000,000	91,000,000	109,200,000	1,000,000	0	108,200,000
Demo Old Main & Related Site Work	15,000,000	15,000,000	15,000,000	0	0	15,000,000
Totals	**423,500,000**	**460,500,000**	**524,200,000**	**74,000,000**	**327,000,000**	**123,200,000**

The final cost projections include contingencies in both the estimated construction costs and the for the overall project costs. It is our goal to negotiate significantly lower GMP Agreements before the final execution of the contract amendments.

Additional information regarding the construction cost estimates will be presented at the Finance Committee Meeting on August 1, 2016.

The plan of finance for these projects will include revenue bond financing, use of ECHD designated capital allocation funds (where qualified), cash reserves and funds raised through philanthropy.

ATTACHMENT 10

El Camino Hospital®
THE HOSPITAL OF SILICON VALLEY

Medicare Margin Comparison

August 1, 2016

Background

- Medicare accounts for 46% of ECH patients
- ECH has a 58% loss on this business
- Controllable levers are:
  - ALOS
  - CDI
  - Cost structure
  - Charges

Key Findings

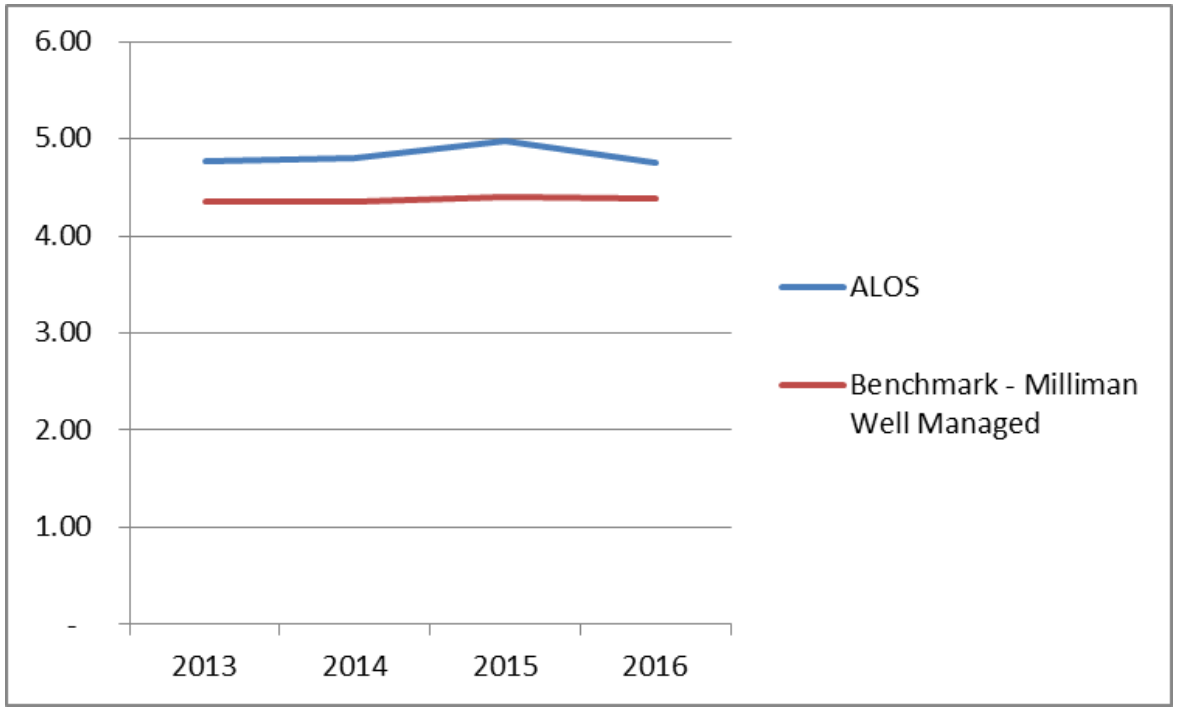
- ECH Medicare loss is in the range of other Bay Area hospitals
- Hospitals in high wage index areas have higher losses
- Current CDI initiative will increase reimbursement and lower the loss
- Current HPO initiative to reduce ALOS will reduce cost per discharge and improve margin

Comparison

Medicare Margin Comparison
Excludes Psych, SNF and Rehab
Dollar amounts in thousands

	El Camino Hospital Mountain View	John Muir Walnut Creek	Washington Hosp Fremont	Memorial Hosp Modesto	Mills-Peninsula Burlingame	John Muir Concord
Revenue						
Inpatient						
IP Medicare Reimbursements (Bef Reductior	96,814	103,548	86,194	84,120	57,920	73,440
Hospital Readmission (E Pt A Ln70.94)	(267)	-	(730)	(86)	(21)	(16)
VBP (E Pt A Ln70.93)	370	21	(273)	94	85	19
Sequestration -2% eff 4/1/13 (E Pt A Ln 71.0	(1,845)	(1,962)	(1,615)	(1,598)	(1,090)	(1,406)
Sub-total Reductions	(1,742)	(1,940)	(2,618)	(1,590)	(1,026)	(1,402)
total inpatient reimbursement	95,072	101,608	83,576	82,529	56,894	72,038
Outpatient						
OP Medicare Reimbursements (E Pt B Ln 24)	47,624	23,068	22,089	25,565	24,798	26,505
	142,696	124,676	105,664	108,095	81,692	98,542
Less DSH for comparibility	(2,712)	(3,272)	(6,866)	(9,131)	(1,962)	(3,723)
Revenue excluding DSH	139,984	121,404	98,798	98,964	79,730	94,819
Reimb per day excluding DSH	3,329	3,357	2,899	2,512	3,123	3,552
Reimb per disch excluding DSH	17,056	18,234	17,160	15,342	15,499	19,403
Cost						
IP Medicare Costs (D-1 Ln 49)	147,543	152,204	129,502	108,485	79,694	104,932
OP Medicare Costs (WS D Pt V Col 5,6&7)	73,750	39,795	26,411	27,823	30,859	36,078
Cost per Day	5,318	5,195	4,895	3,713	4,530	5,455
Cost per Discharge	27,247	26,801	25,782	19,786	21,326	27,723
Margin						
Dollar	(81,309)	(70,595)	(57,115)	(37,344)	(30,822)	(46,190)
%	-58%	-58%	-58%	-38%	-39%	-49%
IP	-60%	-55%	-69%	-48%	-45%	-54%
IP with ALOS and CDI opportunity	-52%					
OP	-58%	-75%	-22%	-11%	-26%	-39%
Statistics						
Wage Index - FFY 2016	1.72	1.69	1.72	1.30	1.71	1.69
Medicare CMI - FY 2014 Medpar	1.87	1.73	1.76	1.79	1.62	1.90
Outlier % of DRG Reimb	8%	24%	12%	7%	11%	17%
ALOS	5.1	5.2	5.3	5.3	4.7	5.1
Charges per day	21,309	27,409	26,945	17,820	14,760	30,890
Charges per discharege	109,183	141,400	141,931	94,956	69,479	156,982

ALOS



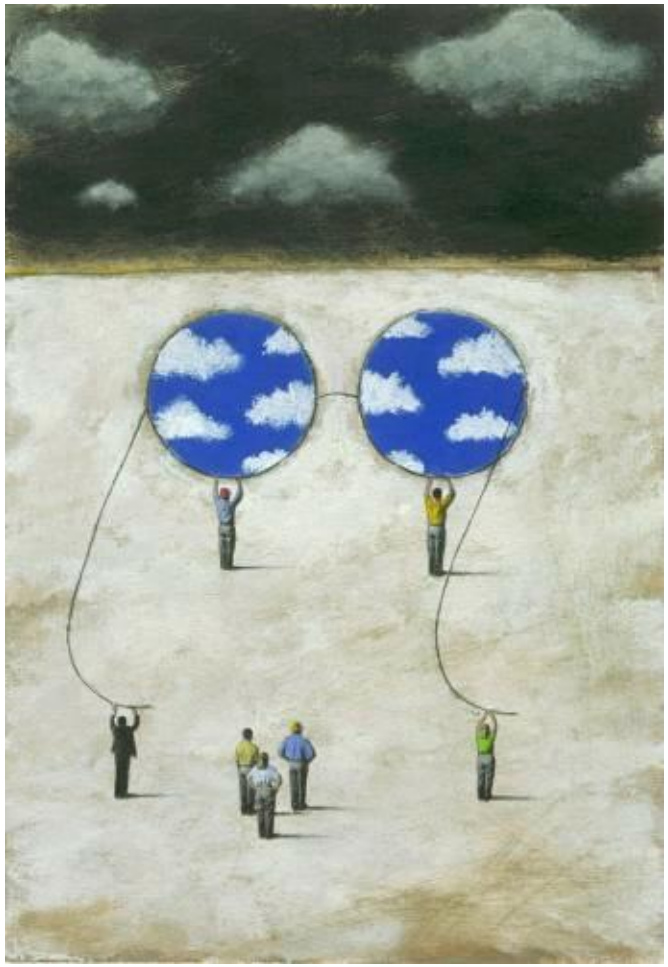
- **ALOS has improved in FY 2016.**
- **Benchmarks show opportunity for additional reduction with $2.7 million annual benefit**

Clinical Documentation Improvement - CDI

MedPAR Year Ended	# of Medicare Cases	Annual Opportunity
2009	4,630	**$5,285,294**
2010	5,740	**$8,477,648**
2011	5,331	$4,570,215
Claro Assessment		
2012	5,316	$2,975,941
2013	5,598	$4,078,184
2014	5,307	**$5,061,873**

- Using Claro benchmarks, improved clinical documentation opportunity is $3 to $5 million
- Requires MD engagement
- CDI Project underway

ATTACHMENT 11



S&P Revised Rating Methodology for Jointly Supported Financial Obligations

May, 2016

PONDER&CO

the art and science of healthcare finance

S&P Revised Rating Methodology – Jointly Supported Obligations

S&P revised its criteria for how it rates jointly supported financial obligations, effective immediately

- "Methodology and Assumptions for Rating Jointly Supported Financial Obligations" published May 23, 2016

Under this criteria S&P may rate an obligation jointly supported at a higher rating than that of either party if the two are not too highly correlated

A rating on the jointly supported obligation that is above the rating on the higher-rated party reflects S&P's view that the obligation's default risk is lower than the risk of either of the supporting parties defaulting

The methodology applies to all financial obligations where two or more supporting parties are contractually committed to irrevocably provide full and timely payments on the obligation

For jointly supported VRDOs, only the long term rating can be rated above the higher-rated supporting party unless both supporting parties have short-term ratings and are contractually committed to irrevocably provide for full and timely payments when the put option is exercised

80% of jointly supported obligations will be downgraded by one to three notches with this new criteria

S&P Revised Rating Methodology – Jointly Supported Obligations

The potential rating uplift above the higher rated party is based on:

(1) Rating of each party

(2) Proximity of the rating of the lower party to the higher rated supporting party - the closer the proximity the higher potential uplift

- for example an A- credit and an A credit will have the potential to be rated higher than an A and a BBB credit

(3) Level of credit risk correlation between the parties:

Correlation	Description*	Potential Rating Uplift
High	the two parties operate in the same region and industry	0 - 1 Notch
Medium	the two parties operate in either the same region or same industry (not both)	0 - 2 Notches
Low	the two parties operate in different regions and industries	0 - 3 Notches

** Same region typically means significant operations and exposure in a shared state*

Note, parties domiciled in the same country on the jointly supported obligations are subject to "Sovereign" risk. The rating may be capped based on the country risk.

S&P Global
Ratings

RatingsDirect®

S&P Global Ratings Takes Various Rating Actions Following Updated Joint-Support Criteria

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NEW YORK (S&P Global Ratings) May 24, 2016--S&P Global Ratings took various rating actions on 565 ratings following the release of its updated Methodology and Assumptions for Rating Jointly Supported Financial Obligations criteria (see list).

S&P Global Ratings affirmed the ratings on 119 issues, lowered ratings on 431 issues, lowered and removed from Creditwatch with positive implications the ratings on two issues, and lowered and placed on Creditwatch with positive implications the ratings on 13 issues.

The rating actions result from revisions to the criteria, including the updated maximum potential joint-support rating outcomes correlation tables.

Various Rating Actions Taken Following Joint-Support Criteria Update

Santa Clara Cnty	CA	El Camino Hosp	US$50. mil hosp VRDO (El Camino Hosp) ser 2009A dtd 04/07/2009 due 02/01/2044	AA+/A-1+	AAA/A-1+	801642BN8

ATTACHMENT 22

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

	Item:	Draft Revised Finance Committee Charter Finance Committee Meeting Date: August 1, 2016
	Responsible party:	Cindy Murphy, Board Liaison
	Action requested:	For Information
	Background: The Committee is currently undertaking recruitment of new members. The Charter currently provides that the Committee membership may include 2-3 external (non-Hospital Board member) members with expertise which is relevant to the Committee's areas of responsibility. If the Committee recommends that the Board appoint more than one new member, the Charter will require revision. If the total Committee membership is increased to six, four members will need to be present within the District at each meeting to constitute a quorum.	
	Other Board Advisory Committees that reviewed the issue and recommendation, if any: None.	
	Summary and session objectives : To revise the Committee Charter, if necessary and appropriate.	
	Suggested discussion questions: None.	
	Proposed Committee motion, if any: To approve the Draft Revised Finance Committee Charter	
	LIST OF ATTACHMENTS: Draft Revised Finance Committee Charter.	

Finance Committee Charter

Draft Revised 8-1-16

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 2-4~~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 30th 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 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.

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 $2.5 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.

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: June 8, 2016

ATTACHMENT 25

PACING PLAN - FINANCE COMMITTEE FY 2017 – Updated 7/12/16

FY2017: Q1		
JULY 2015	**AUGUST 1, 2016 MEETING**	**SEPTEMBER 26, 2016 MEETING**
	• Financial Report FY16 Period 11 • Year End Financial Report • Minutes • Physician Contracts • Post Implementation Reports • Capital Funding Requests (iMOB, BHS) • Semi-Annual Review of Service Line Performance • Medicare Education (Margin/Impact of Changing Models) • Committee Recruitment (Revise Charter?) • 2009 Variable Bond rating change • Presentation on Evaluation of Second Round Bond Financing Discussion • Integrated Performance Improvement	• Financial Report YTD • Minutes (open and closed) • Physician Contracts • Post Implementation Reports • Capital Funding Requests • Payer Update • Presentation on High Performing Organization results, including expense controls • Bond Presentation| Formal Financing and Plan Approval • Proposed revisions to FY 2017 budget related to bond financing
FY2017: Q2		
OCTOBER 26, 2016	**NOVEMBER 28, 2016 MEETING**	**DECEMBER 2015**
• BOD and Committee Educational Gathering	• Financial Report YTD • Minutes • Physician Contracts • Post Implementation Reports • Capital Funding Requests • Update on Long Term Financial Forecast • Presentation on High Performing Organization results, including expense controls • Progress Against Committee Goals • Integrated performance Improvement	

FY2017: Q3		
JANUARY 30, 2017 MEETING	**MARCH 15, 2017**	**MARCH 27, 2017 MEETING**
▪ Joint Meeting with Investment Committee ▪ Financial Report YTD ▪ Minutes ▪ Physician Contracts ▪ Post Implementation Reports ▪ Capital Funding Requests ▪ Consider Recommendation of 2nd Round of Bond Financing ▪ Semi-Annual Service Line Review ▪ Review Prelim FY18 Budget Assumptions	▪ BOD and Committee Educational Gathering	▪ Financial Report YTD ▪ Minutes ▪ Physician Contracts ▪ Post Implementation Reports ▪ Capital Funding Requests ▪ Review FY18 Budget Status ▪ Discuss FY18 Organizational Goals ▪ Discuss/recommend FY 18 committee goals ▪ FY18 Committee Meeting Dates ▪ Update on capital projects in progress that exceed $2.5M ▪ Payer Update ▪ Presentation on High Performing Organization results, including expense controls/Integrated Performance Improvement
FY2017: Q4		
APRIL 2017	**MAY 30, 2017 MEETING**	**JUNE 2017**
	▪ Joint Meeting with BOD ▪ Financial Report YTD ▪ Minutes ▪ Physician Contracts ▪ Post Implementation Reports ▪ Capital Funding Requests ▪ Review/recommend budget ▪ Review/recommend FY18 corporate goals ▪ Presentation on High Performing Organization results, including expense controls/Integrated Performance Improvement ▪ Review self-assessment results every two years (In FY18)	