

**AGENDA**  
**FINANCE COMMITTEE MEETING**  
**OF THE EL CAMINO HOSPITAL BOARD**  
**Monday, November 28, 2016 – 5:30 pm**  
 Conference Rooms A&B (ground floor)  
 2500 Grant Road, Mountain View, CA 94040

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

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>1. CALL TO ORDER / ROLL CALL</b>	Dennis Chiu, Chair		<b>5:30 – 5:32 pm</b>
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Dennis Chiu, Chair		<b>5:32 – 5:33</b>
<b>3. PUBLIC COMMUNICATION</b> a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed 3 minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	Dennis Chiu, Chair		<b>5:33 – 5:36</b>
<b>4. CONSENT CALENDAR</b> <i>Approval</i> a. <a href="#">Meeting Minutes of the Open Session of the Finance Committee (September 26, 2016)</a> b. <a href="#">FY17 Period 3 Financial Report</a> <i>Information</i> c. <a href="#">Article of Interest</a>	Dennis Chiu, Chair	<i>public comment</i>	<b>motion required</b> <b>5:36 – 5:37</b>
<b>5. REPORT ON BOARD ACTIONS</b> <a href="#">ATTACHMENT 5</a>	Dennis Chiu, Chair		<b>information</b> <b>5:37 – 5:42</b>
<b>6. FY17 PERIOD 4 FINANCIALS</b> <a href="#">ATTACHMENT 6</a>	Iftikhar Hussain, CFO	<i>public comment</i>	<b>possible motion</b> <b>5:42 – 5:52</b>
<b>7. CAPITAL FUNDING REQUESTS</b> a. <a href="#">New Main Hospital Lab Upgrades – MV Campus</a> b. <a href="#">Medical Office Building Improvements – LG Campus</a> c. <a href="#">Stryker Laparoscopic Platform</a>	Ken King, CASO Eric Guglielmoni	<i>public comment</i>	<b>possible motion</b> <b>5:52 – 6:02</b>
<b>8. ADJOURN TO CLOSED SESSION</b>	Dennis Chiu, Chair		<b>motion required</b> <b>6:02 – 6:03</b>
<b>9. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Dennis Chiu, Chair		<b>6:03 – 6:04</b>

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
<b>10. CONSENT CALENDAR</b> <i>Any Committee Member may remove an item for discussion before a motion is made.</i>  <i>Gov't Code Section 54957.2:</i> a. Meeting Minutes of the Closed Session of the Finance Committee (September 26, 2016)	Dennis Chiu, Chair		<b>motion required</b> <b>6:04 – 6:05</b>
<b>11. Gov't Code Section 54956(d)(2) Conference with Legal Counsel – pending or threatened litigation:</b> - 2016 Bond Update	Mary Rotunno, General Counsel		<b>discussion</b> <b>6:04 – 6:09</b>
<b>12. Health and Safety Code 32106(b) for a report involving health care facility trade secrets:</b> - Hospitalist Call Coverage Agreement LG	William Faber, MD, CMO		<b>discussion</b> <b>6:09– 6:14</b>
<b>13. Health and Safety Code Section 32106(b) for a report involving health care facility trade secrets:</b> - Service Line Review	Michelle McGowen, Director of Strategic Planning; Amy Maher, Director of HVI		<b>discussion</b> <b>6:14 – 6:34</b>
<b>14. Health and Safety Code Section 32106(b) for a report involving health care facility trade secrets:</b> - Integrated Performance Improvement	Mick Zdeblick, COO; Helen Tam, Director of Decision Support & Business Analytics		<b>discussion</b> <b>6:34 – 6:54</b>
<b>15. Health and Safety Code Section 32106(b) for a report involving health care facility trade secrets:</b> - HPO Results Incl. Expense Controls	Mick Zdeblick, COO;		<b>discussion</b> <b>6:54 – 7:14</b>
<b>16. ADJOURN TO OPEN SESSION</b>	Dennis Chiu, Chair		<b>motion required</b> <b>7:14– 7:15</b>
<b>17. RECONVENE OPEN SESSION / REPORT OUT</b> To report any required disclosures regarding permissible actions taken during Closed Session.	Dennis Chiu, Chair		<b>motion required</b> <b>7:15 – 7:16</b>
<b>18. APPROVAL OF HOSPITALIST CALL COVERAGE AGREEMENT LG</b>	Dennis Chiu, Chair	<i>public comment</i>	<b>motion required</b> <b>7:16 – 7:17</b>
<b>19. FY17 FINANCE COMMITTEE PACING PLAN</b> <a href="#"><u>ATTACHMENT 19</u></a>	Dennis Chiu, Chair	<i>public comment</i>	<b>possible motion</b> <b>7:17– 7:22</b>
<b>20. ADJOURNMENT</b>	Dennis Chiu, Chair		<b>motion required</b> <b>7:22 – 7:25 pm</b>

**Upcoming Finance Committee Meetings in FY17:**

- January 30, 2017 (*Joint Meeting w/Investment Committee*)
- March 27, 2017
- April 26, 2017 (*Board & Cmte Educational Gathering*)
- May 30, 2017 (*Joint Meeting w/El Camino Hospital Board*)

**a. Meeting Minutes of the Open Session of the Finance  
Committee (September 26, 2016)**

**Minutes of the Open Session of the Finance Committee**  
**Monday, September 26, 2016**  
**El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040**  
**Conference Rooms E&F**

**Members Present**

Dennis Chiu, Chair  
 Joseph Chow  
 Boyd Faust  
 William Hobbs (via videoconference)  
 Richard Juelis  
 John Zoglin (via videoconference)

**Members Absent**

None

Agenda Item	Comments/Discussion	Approvals/Action
<b>1. CALL TO ORDER/ ROLL CALL</b>	The open session meeting of the Finance Committee of El Camino Hospital (the “Committee”) was called to order at 5:30 pm by Chair Chiu. A verbal roll call was taken. Committee Members Hobbs and Zoglin participated via videoconference. All Committee members were present.	
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Chair Chiu asked if any Committee members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
<b>3. PUBLIC COMMUNICATION</b>	There were no comments from the public.	
<b>4. CONSENT CALENDAR</b>	<p>Chair Chiu asked if any member of the Committee or the public wished to remove an item from the consent calendar. No items were removed.</p> <p><b>Motion:</b> To approve the consent calendar: Meeting Minutes of the Open Session of the Finance Committee (August 1, 2016); FY17 Period 1 Financial Report.</p> <p><b>Movant:</b> Juelis  <b>Second:</b> Faust  <b>Ayes:</b> Chiu, Chow, Faust, Hobbs, Juelis, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<b><i>Consent Calendar approved</i></b>
<b>5. REPORT ON BOARD ACTIONS</b>	Chair Chiu summarized actions taken by the Board in August and September, including the approval of funding for capital projects. Chair Chiu and Mr. Zoglin reported that the Board decided not to renew Tomi Ryba’s contract as President and CEO, and that the appointment of an interim CEO is in process. Chair Chiu noted that there would be a Hospital Board meeting on September 27, 2016.	
<b>6. FY17 PERIOD 2 FINANCIALS</b>	Iftikhar Hussain, CFO, reported that YTD August inpatient discharges were 3.2% below budget and outpatient volume was close to budget. Operating margin for August was \$4 million favorable to budget, and \$9.2 million favorable year	

	<p>to date.</p> <p>In response to Mr. Juelis' questions, Mr. Hussain explained that there is an upcoming revamp of the OB program in Los Gatos to address lower volumes in deliveries.</p> <p>Mr. Hussain also described the success of the Integrated Performance Improvement meetings in raising departmental awareness and collaborative productivity. Subsequent updates on this topic are included in the pacing plan for the Committee meetings in November and May.</p> <p>In response to Mr. Faust's question, Mr. Hussain explained that investment returns are budgeted long-term (4% rate of return) rather than month-to-month.</p> <p><b>Motion:</b> To recommend for approval the FY17 Period 2 Financials.</p> <p><b>Movant:</b> Faust  <b>Second:</b> Juelis  <b>Ayes:</b> Chiu, Chow, Faust, Hobbs, Juelis, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<p><i>Staff to provide continuing updates on Integrated Performance Improvement</i></p>
<p><b>7. PRESENTATION OF BOND FINANCING AND PLAN</b></p>	<p>Chad Kenan from Citigroup outlined the Series 2016 Plan of Finance to capitalize on low interest rates and favorable market conditions. The plan includes:</p> <ol style="list-style-type: none"> <li>1. New Money Revenue Bonds: fund \$270 million of tax-exempt projects. Mr. Kenan explained that Ken King, Chief Administrative Services Officer, has identified additional projects (approximately \$20 million) that would be eligible. The \$290 million would be spent over the next 3 years on these projects.</li> <li>2. Series 2006 General Obligation Bonds: refinance and reduce interest costs (gross savings of approximately \$16 million). Mr. Kenan highlighted that these savings will be passed on to the District property owners.</li> </ol> <p>He provided an overview of the timeline (approvals and issuance), ECH's historical transactions over the last 10 years (both General Obligation and Revenue bonds), current debt service on both sets of bonds, and a detailed cash flow benefit of refunding.</p> <p>In response to Mr. Chow's question, Mr. Hussain and Chair Chiu explained that the projects to be funded by the revenue bonds would finish out the planned Mountain View campus development.</p> <p>Mr. Kenan reported that Standard &amp; Poor's recent affirmation of ECH's A+ rating assumed a \$300 million cap on borrowing. He also explained that the goal is to access the market before the election on November 8<sup>th</sup>.</p>	

	<p>The Committee discussed the priority of projects, historical conceptual and financial approvals, and planning and authorizations moving forward.</p> <p><b>Motion:</b> To recommend that the Board approve a Resolution adopting the 2016 Plan of Finance, approving transactions for the funding of new projects at the Mountain View campus and paying costs of issuance plus a capitalized interest account not to exceed \$325,000,000.</p> <p><b>Movant:</b> Chiu  <b>Second:</b> Juelis  <b>Ayes:</b> Chiu, Chow, Faust, Hobbs, Juelis, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<p><b>2016 Plan of Finance recommended for approval</b></p>
<p><b>8. PROPOSED REVISIONS TO FY17 BUDGET</b></p>	<p>Iftikhar Hussain, CFO, reported that the long term plan noted the need to go to the bond market to fund capital projects, but that the exact timing had not been determined and was not included in the preparation of the FY17 budget. Given the historically low rates and good access to the capital market, staff are proposing to issue bonds in the October/November time frame, and have included revisions to the FY17 budget to accommodate the impact of these bonds.</p> <p><b>Motion:</b> To recommend that the Board approve the revisions to the FY17 budget.</p> <p><b>Movant:</b> Faust  <b>Second:</b> Chow  <b>Ayes:</b> Chiu, Chow, Faust, Hobbs, Juelis, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<p><b>Revisions to the FY17 Budget recommended for approval</b></p>
<p><b>9. MEDICARE EDUCATION</b></p>	<p>Jay Hazelrigs and Mike Goran, MD, from Optum described MACRA: Medicare Access and CHIP Reauthorization Act of 2015, its direct impact on physicians, and effects on ECH.</p> <p>Mr. Hazelrigs explained that MACRA is a new comprehensive series of reforms that dictate the level of reimbursement that physicians will receive under Medicare. He outlined two new payment tracks for physicians: 1) Merit-based Incentive Payment System (MIPS) and 2) Advanced Alternative Payment Models (APMs).</p> <p>Dr. Goran emphasized that MACRA along with the Affordable Care Act are important pieces of Medicare's shift from volume to value-based reimbursement, which will particularly affect small group physicians and solo practitioners. He also stressed these rules are currently only proposals, with the final rules expected to come out in November, which may include modifications.</p> <p>On the MIPS track, metrics selected across four domains (quality, clinical practice improvement, advancement of care, resource utilization) will be used to score physicians to</p>	

	<p>determine reimbursement. Physicians will have over 200 metrics from which to choose for how they will be evaluated. Mr. Goran noted that the vast majority of physicians will be on the MIPS track because of the difficulty to qualify for an Advanced APM.</p> <p>The Committee discussed the metrics mix for evaluating physicians shifting from an emphasis on quality to more emphasis on resources/costs over time, creating pressure to reduce utilization.</p> <p>Mr. Hazelrigs highlighted that MACRA requires a partnership strategy and roadmap between major stakeholders in the market: hospitals, physicians, and other partners. Dr. Goran noted that for independent ECH physicians they will need 1) education on the significant impacts of MACRA and 2) to effectively manage the total cost of care for patients.</p> <p>Mr. Faust noted that these changes will be important for the rest of the commercial insurance space as well as Medicare.</p>	
<b>10. ADJOURN TO CLOSED SESSION</b>	<p><b>Motion:</b> To adjourn to closed session at 6:51 pm pursuant to <i>Gov't Code Section 54957.2</i> for approval of Meeting Minutes of the Closed Session of the Finance Committee (August 1, 2016); pursuant to <i>Health and Safety Code 32106(b)</i> for a report involving health care facility trade secrets: Payor Update; pursuant to <i>Health and Safety Code Section 32106(b)</i> for a report involving health care facility trade secrets: Review of Physician Contracts; pursuant to <i>Health and Safety Code Section 32106(b)</i> for a report involving health care facility trade secrets: Service Line Review.</p> <p><b>Movant:</b> Juelis  <b>Second:</b> Faust  <b>Ayes:</b> Chiu, Chow, Faust, Hobbs, Juelis, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<i>Adjourned to closed session at 6:51pm</i>
<b>11. AGENDA ITEM 17: RECONVENE OPEN SESSION/ REPORT OUT</b>	<p>Open session was reconvened at 7:57 pm. During the closed session, the Committee approved the Closed Session Minutes of the Finance Committee Meeting of August 1, 2016 by a vote of all members present (Chiu, Chow, Faust, Hobbs (by phone), Juelis, and Zoglin (by phone)).</p>	
<b>12. AGENDA ITEM 18: APPROVAL OF PHYSICIAN CONTRACTS</b>	<p><b>Motion:</b> To recommend for approval the renewal of the ED On-Call Orthopedic Panel (MV) contracts at the negotiated increased rate.</p> <p><b>Movant:</b> Juelis  <b>Second:</b> Chow  <b>Ayes:</b> Chiu, Chow, Faust, Hobbs, Juelis, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<i>ED On-Call Orthopedic Panel (MV) rate recommended for approval</i>

<b>13. AGENDA ITEM 19: FY17 FINANCE COMMITTEE PACING PLAN/MEETING FREQUENCY</b>	<p>The Board and Committee Educational Gathering will be on October 26, 2016.</p> <p>The Committee discussed the structure of the service line reviews, including financial information and strategic components.</p> <p>There were no additional comments on the pacing plan or meeting frequency.</p>	
<b>14. AGENDA ITEM 20: ADJOURNMENT</b>	<p><b>Motion:</b> To adjourn at 8:03 pm.</p> <p><b>Movant:</b> Juelis</p> <p><b>Second:</b> Faust</p> <p><b>Ayes:</b> Chiu, Chow, Faust, Hobbs, Juelis, Zoglin</p> <p><b>Noes:</b> None</p> <p><b>Abstentions:</b> None</p> <p><b>Absent:</b> None</p> <p><b>Recused:</b> None</p>	<p><i>Meeting adjourned at 8:03 pm.</i></p>

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

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Dennis Chiu  
Chair, Finance Committee



## **FY17 Period 3 Financial Report**



**El Camino Hospital**

THE HOSPITAL OF SILICON VALLEY

## Summary of Financial Operations

Fiscal Year 2017 – Period 3  
7/1/2016 to 9/30/2016

# Dashboard - ECH combined as of September 30, 2016<sup>(2)</sup>

	Annual						Month			YTD		
	2013	2014	2015	2016	2017	2017	PY	CY	Bud/Target	PY	CY	Bud/Target
					Proj.	Bud/Target						
<b>Volume</b>												
<b>Licensed Beds</b>	443	443	443	443	443	443	443	443	443	443	443	443
ADC	240	238	246	242	232	245	238	233	242	235	230	237
Adjusted Discharges	22,379	22,206	22,342	22,499	22,784	22,992	1,892	1,849	1,904	5,706	5,696	5,782
Total Discharges	19,970	19,427	19,637	19,367	19,328	19,790	1,591	1,592	1,648	4,822	4,832	4,954
<b>Inpatient Cases</b>												
MS Discharges	13,349	12,883	13,114	13,344	13,204	13,499	1,093	1,090	1,124	3,272	3,301	3,381
Deliveries	5,235	5,140	5,067	4,717	4,832	4,810	386	421	400	1,203	1,208	1,203
BHS	861	857	901	806	768	910	68	42	76	214	192	227
Rehab	525	547	555	500	524	570	44	39	47	133	131	143
<b>Outpatient</b>												
ED	45,525	46,056	49,130	49,927	48,952	51,258	4,141	3,944	4,269	12,344	12,238	12,834
Procedural Cases												
OP Surg	5,911	6,444	6,479	6,053	6,156	6,427	522	508	535	1,590	1,539	1,601
Endo	2,242	2,492	2,520	2,322	2,076	2,479	203	187	207	623	519	621
Interventional	1,507	1,706	1,878	1,970	2,088	2,323	157	164	194	493	522	582
All Other	64,435	69,458	68,052	79,656	83,580	84,566	5,416	3,944	7,044	16,636	20,895	21,173
<b>Financial Performance (\$000s)</b>												
Net Revenues	686,327	721,123	746,645	772,020	792,362	789,585	67,207	66,069	64,009	189,216	198,091	192,232
Operating Expenses	632,353	669,680	689,631	743,044	709,747	764,828	58,233	59,445	61,907	178,846	177,437	185,875
Operating Income \$	69,126	70,305	78,120	52,613	104,387	49,817	10,840	8,451	4,148	16,457	26,097	12,604
Operating Margin	9.9%	9.5%	10.2%	6.6%	12.8%	6.1%	15.7%	12.4%	6.3%	8.4%	12.8%	6.4%
EBITDA \$	124,722	125,254	128,002	108,554	158,808	109,890	15,038	13,012	8,863	29,065	39,702	26,821
EBITDA %	17.8%	16.9%	16.7%	13.6%	19.5%	13.5%	21.8%	19.2%	13.4%	14.9%	19.5%	13.5%
IP Margin <sup>1</sup>	-1.1%	-3.2%	-4.5%	-6.6%	-7.1%	-6.1%	-9.1%	-6.0%	-6.1%	-8.3%	-7.1%	-6.1%
OP Margin <sup>1</sup>	25.9%	25.2%	28.1%	26.1%	31.6%	26.4%	26.7%	29.6%	26.4%	29.0%	31.6%	26.4%
<b>Payor Mix</b>												
Medicare	46.3%	44.6%	46.2%	46.6%	46.9%	46.4%	46.5%	44.5%	46.4%	45.2%	46.9%	46.4%
Medi-Cal	4.9%	6.0%	6.6%	7.4%	6.9%	6.5%	7.4%	7.1%	6.5%	7.8%	6.9%	6.5%
Commercial IP	25.3%	25.4%	24.2%	23.2%	22.9%	24.0%	23.1%	24.9%	24.0%	23.6%	22.9%	24.0%
Commercial OP	16.9%	18.6%	18.7%	18.7%	19.7%	19.0%	19.0%	19.4%	19.0%	19.5%	19.7%	19.0%
Total Commercial	42.2%	44.0%	42.9%	41.9%	42.6%	43.0%	42.1%	44.3%	43.0%	43.1%	42.6%	43.0%
Other	6.6%	5.4%	4.3%	4.1%	3.6%	4.1%	4.0%	4.1%	4.1%	4.1%	3.6%	4.1%
<b>Cost</b>												
Employees	2,289.0	2,435.6	2,452.4	2,542.8	2,470.3	2,517.9	2,548.1	2,473.3	2,554.3	2,511.0	2,470.3	2,517.9
Hrs/APD	29.72	29.31	30.45	30.35	30.45	31.11	29.99	30.95	30.90	30.44	30.45	31.11
<b>Balance Sheet</b>												
Net Days in AR	47.8	50.9	43.6	53.7	50.0	48.0	48.4	50.0	48.0	48.4	50.0	48.0
Days Cash	350	382	401	361	407	266	385	407	266	385	407	266
Debt to Capitalization	14.0%	12.6%	13.6%	13.8%	13.6%	17.3%	14.6%	13.6%	17.3%	14.6%	13.6%	17.3%
MADS	8.0	9.5	8.9	6.1	12.2	9.3	7.3	12.2	9.3	7.3	12.2	9.3
<b>Affiliates - Net Income (\$000s)</b>												
Hosp	88,820	118,906	94,787	43,043	40,937	67,032	(4,496)	7,376	4,877	(11,816)	40,937	14,791
Concern	371	1,862	1,202	1,823	461	2,604	101	(43)	173	749	461	590
ECSC	(317)	(5)	(41)	(282)	(43)	0	(2)	(40)	0	17	(43)	0
Foundation	1,545	3,264	710	982	556	(450)	(308)	(84)	(85)	(619)	556	(175)
SVM	(114)	32	106	156	100	0	(1)	(43)	(4)	(5)	100	(6)

(1) Due to timing of month end costing, In Patient and Out Patient Operating Margin % for FYTD 2017 are one month in arrears

(2) Green - Equal to or better than budget

Yellow - Unfav vs budget by up to 5%

Red - Greater than 5% unfav variance from budget

## Inpatient Volume:

- YTD September Inpatient discharges was 2.5% below budget.
- # of Deliveries were lower than budget by 2.1%; GI, Pulmonary medicine, Oncology Surgery and GYN Surgery posted the highest YTD unfavorable budget variance.
- On the other hand, NICU, General Robotic Surgery, HVI, and Hips Ortho Surgery case volume showed increase ranging from 12% to 83% higher than budget.

## Outpatient Volume:

- YTD OP Volume was below budget by approximately 3.0%
- Lower cases show in areas of Imaging, General Medicine, OP Urology and OP Neuro and OP Orthopedic cases.
- Infusion Center, OP Cath Lab and Sleep Center cases continue to show an upward trend.

## Operating Income:

- Operating margin for September was \$4.3M favorable to budget, \$13.5M favorable year to date. Both revenues and expenses are favorable compared to budget.
- The favorable Net Revenue variance is primarily due to improved rev cycle operations including reduction in denials, Blue Cross rate increase and improvement in charge capture and cash collections.
- Expenses are low in labor by \$1.7M due to favorable productivity and pending PRN rate increase, in addition to positive variances in supplies (+\$357K), leases and rentals costs (+\$88K), and utilities costs (+\$121K).

In September net days in A/R increased slightly from 49.6 in August to 50.0.

**Fiscal Year 2017 YTD (7/1/2016-9/30/2016) Waterfall**

				Month to Date (MTD)			Year to Date (YTD)		
				Detail	Net Income Impact	% Net Revenue	Detail	Net Income Impact	% Net Revenue
\$ in Thousands									
Net Revenue (FY2017 Budget/FY2017 Actual)				66,055	67,896		198,479	203,534	
Budgeted Hospital Operations FY2017					4,148	6.3%		12,604	6.4%
Net Revenue					1,841	2.7%		5,055	2.5%
	*	IP/OP volumes are slightly decreasing. Rev is higher than expected due to improvement in reve cycle processes mainly reduced denials		1,841			5,055		
Labor and Benefit Expense Change					1,705	2.5%		4,364	2.1%
	*	Flexing to meet volumes. Productive hours currently under budget by 4.2%		1,705			4,364		
Professional Fees & Purchased Services					(165)	-0.2%		1,324	0.7%
	*	Budgeted Medical Director fees/Consultants					939		
	*	Repairs/Software		452			1,174		
	*	Purchased Services		(617)			(790)		
Supplies					357	0.5%		1,530	0.8%
	*	Drug Exp		169			(169)		
	*	Medical Supplies (Volumes)		104			894		
	*	Misc Net Supplies (Food/Volumes)		84			805		
Other Expenses					410	0.6%		609	0.3%
	*	Leases & Rental Fees		88			104		
	*	Utilities & Telephone		122			117		
	*	Other G&A		201			388		
Depreciation & Interest					155	0.2%		612	0.3%
Actual Hospital Operations FY2017					8,451	12.4%		26,097	12.8%

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

3 month ending 9/30/2016

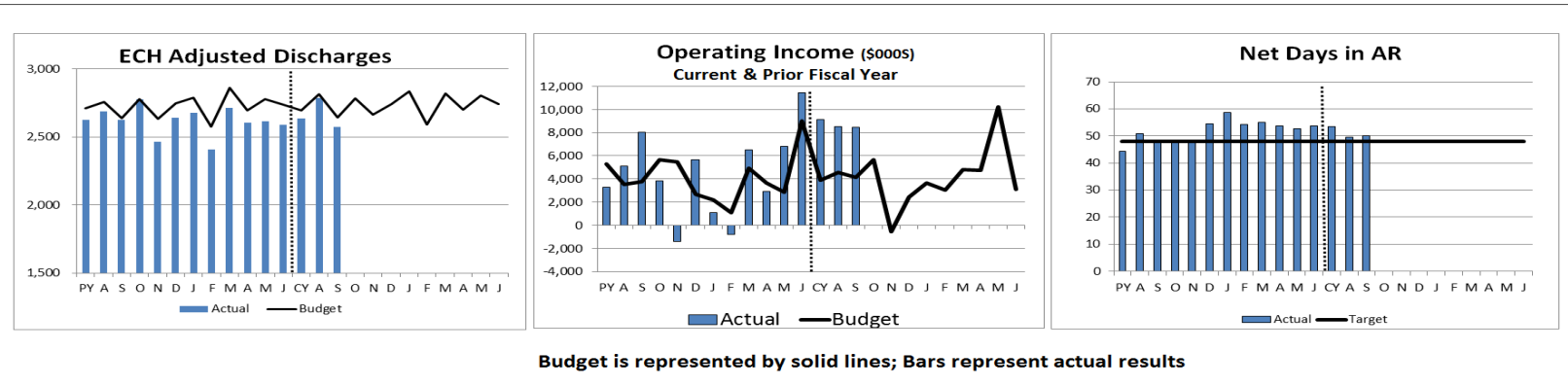
PERIOD 3 FY 2016	PERIOD 3 FY 2017	PERIOD 3 Budget 2017	Variance Fav (Unfav)	Var%
223,532	241,002	237,358	3,643	1.5%
(156,324)	(174,932)	(173,350)	(1,583)	1.0%
<b>67,207</b>	<b>66,069</b>	<b>64,009</b>	<b>2,061</b>	<b>3.2%</b>
1,866	1,827	2,047	(220)	-10.7%
<b>69,073</b>	<b>67,896</b>	<b>66,055</b>	<b>1,841</b>	<b>2.8%</b>
35,828	35,569	37,275	1,705	4.6%
9,564	9,320	9,677	357	3.7%
7,893	8,197	8,032	(165)	-2.1%
3,581	1,798	2,208	410	18.6%
449	468	448	(19)	-4.3%
3,749	4,093	4,267	174	4.1%
<b>61,063</b>	<b>59,445</b>	<b>61,907</b>	<b>2,463</b>	<b>4.0%</b>
<b>8,010</b>	<b>8,451</b>	<b>4,148</b>	<b>4,303</b>	<b>103.7%</b>
(12,506)	(1,076)	729	(1,805)	-247.6%
<b>(4,496)</b>	<b>7,376</b>	<b>4,877</b>	<b>2,499</b>	<b>51.2%</b>
17.7%	19.2%	13.4%	5.7%	
11.6%	12.4%	6.3%	6.2%	
-6.5%	10.9%	7.4%	3.5%	

\$000s
<b>OPERATING REVENUE</b>
Gross Revenue
Deductions
<b>Net Patient Revenue</b>
Other Operating Revenue
<b>Total Operating Revenue</b>
<b>OPERATING EXPENSE</b>
Salaries & Wages
Supplies
Fees & Purchased Services
Other Operating Expense
Interest
Depreciation
<b>Total Operating Expense</b>
<b>Net Operating Income/(Loss)</b>
Non Operating Income
<b>Net Income(Loss)</b>

YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
664,907	715,849	712,818	3,031	0.4%
(475,691)	(517,758)	(520,586)	2,827	-0.5%
<b>189,216</b>	<b>198,091</b>	<b>192,232</b>	<b>5,858</b>	<b>3.0%</b>
6,088	5,443	6,247	(804)	-12.9%
<b>195,304</b>	<b>203,534</b>	<b>198,479</b>	<b>5,055</b>	<b>2.5%</b>
105,881	106,838	111,202	4,364	3.9%
29,145	27,598	29,128	1,530	5.3%
22,571	22,658	23,982	1,324	5.5%
8,591	6,737	7,346	609	8.3%
1,349	1,389	1,345	(44)	-3.3%
11,309	12,217	12,873	656	5.1%
<b>178,846</b>	<b>177,437</b>	<b>185,875</b>	<b>8,438</b>	<b>4.5%</b>
<b>16,457</b>	<b>26,097</b>	<b>12,604</b>	<b>13,493</b>	<b>107.1%</b>
(28,274)	14,841	2,187	12,654	578.7%
<b>(11,816)</b>	<b>40,937</b>	<b>14,791</b>	<b>26,147</b>	<b>176.8%</b>
14.9%	19.5%	13.5%	6.0%	
8.4%	12.8%	6.4%	6.5%	
-6.1%	20.1%	7.5%	12.7%	

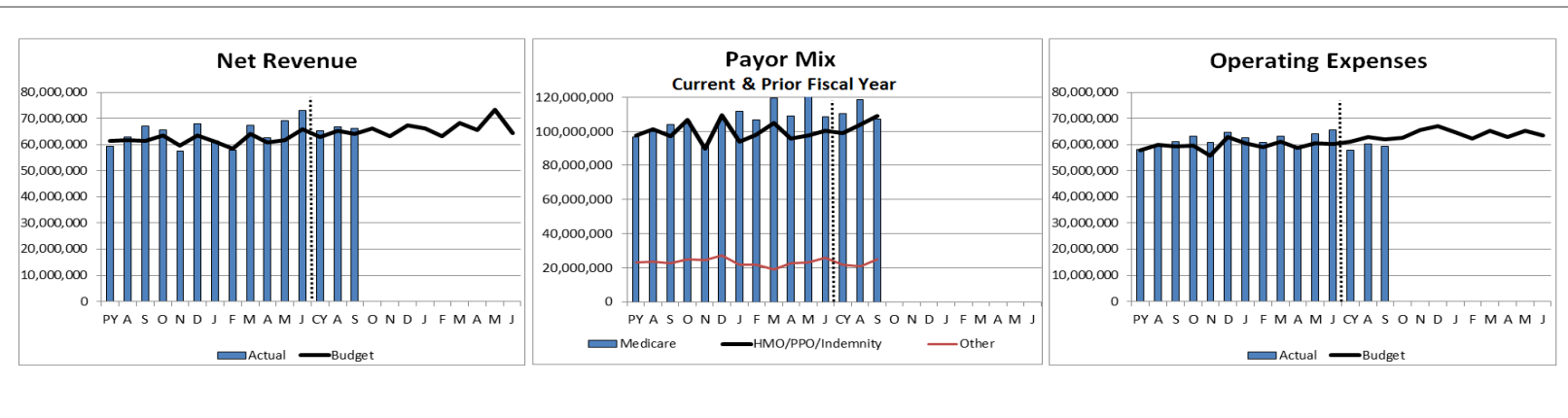
<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

# Monthly Financial Trends



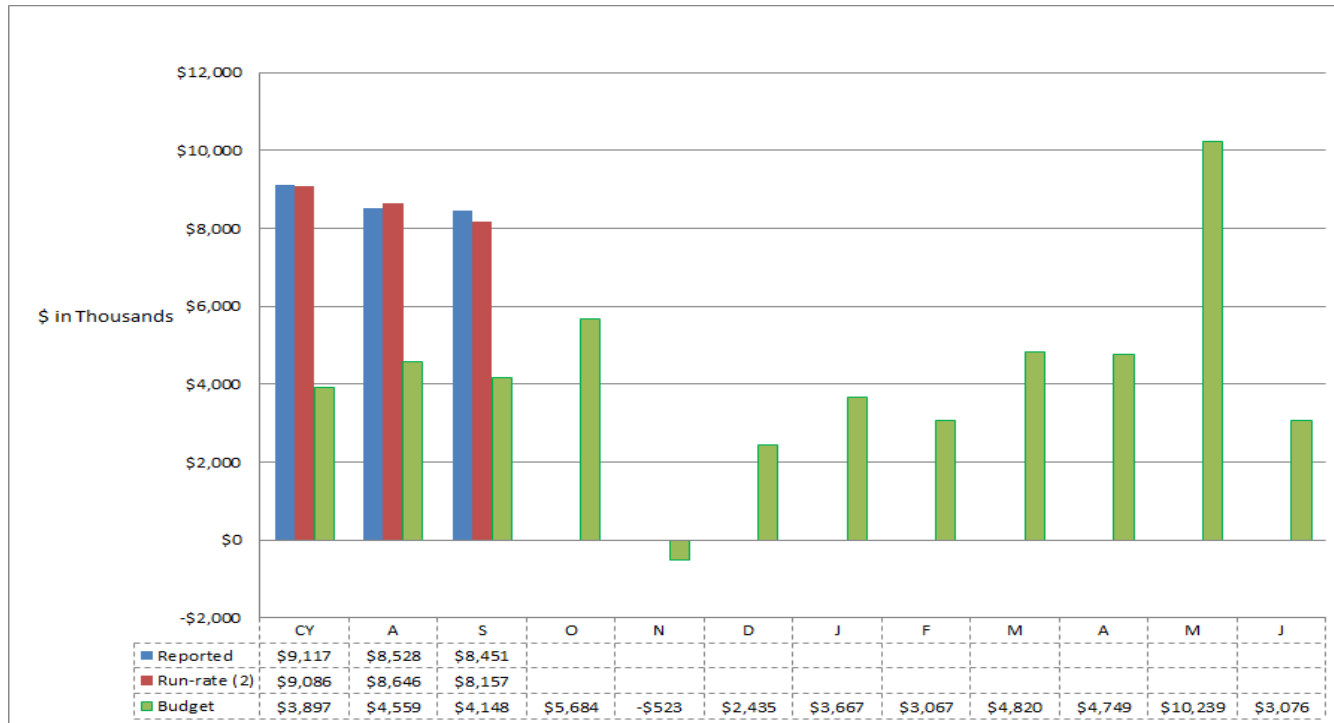
Volume is low mainly in surgeries and endoscopy cases.

AR days increased 0.4 days from August to September.



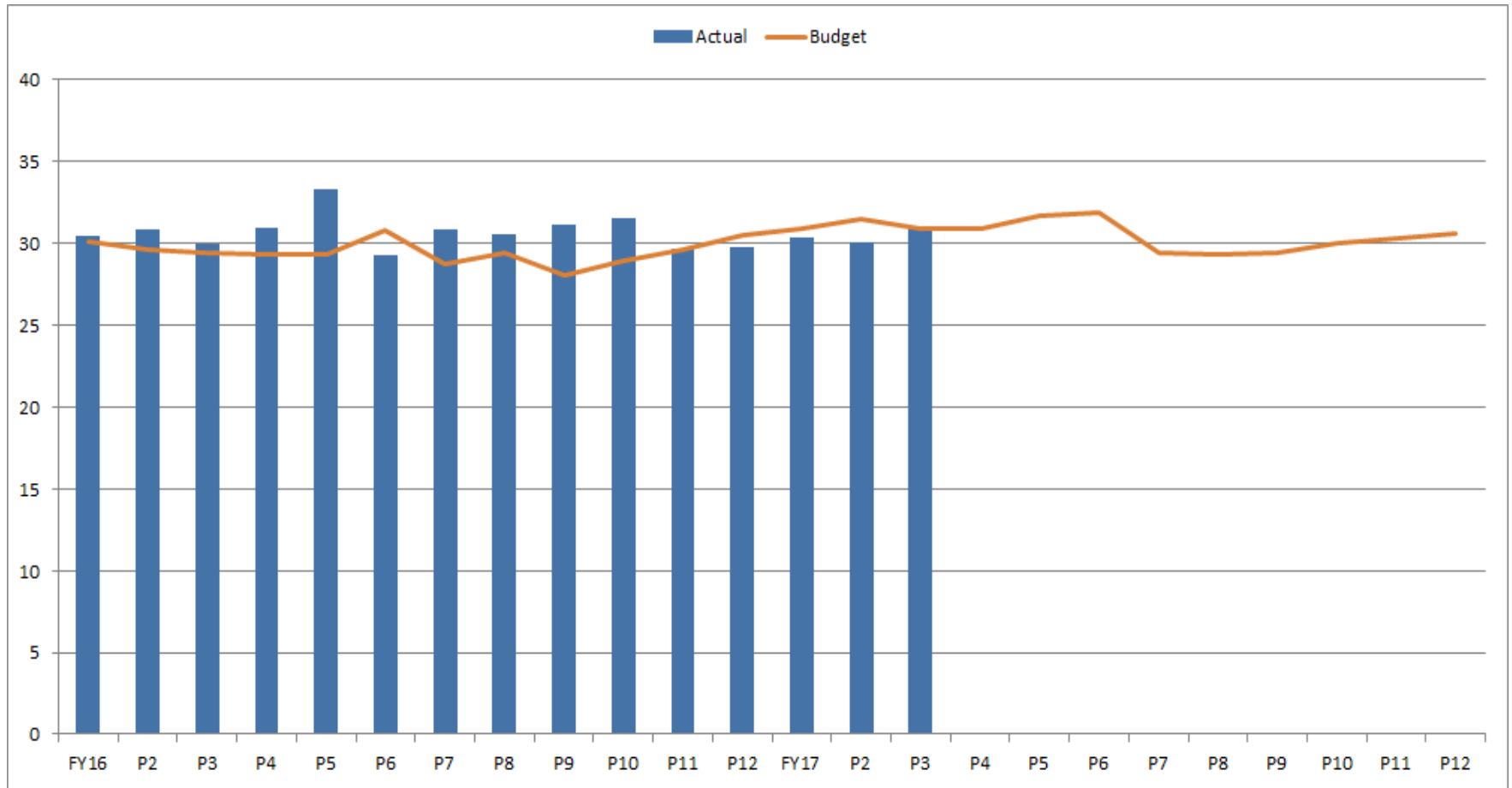
# ECH Operating Margin

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



FY 2017 Actual Run Rate Adjustments (in thousands)													
		J	A	S	O	N	D	J	F	M	A	M	J
Revenue Adjustments	RAC Release	\$76	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Insurance Overpayment Release Spine	\$0	\$0	-\$61	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Mcare Settlmt/Appeal/Tent Settlmt/PIP	-\$100	\$158	-\$71	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>-\$31</b>	<b>\$118</b>	<b>-\$295</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Expense Adjustments	Pay-For-Performance Bonus	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Actuarial Exp for Workers Comp	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Worked Hours per Adjusted Patient Day



Productivity has improved after EPIC go-live and is about equal to target in September .



## Summary of Financial Results

### \$ in Thousands

	Period 3 - Month			Period 3 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Income (Loss) from Operations</b>						
Mountain View	8,477	3,098	5,379	24,191	9,604	14,588
Los Gatos	(26)	1,050	(1,076)	1,905	3,000	(1,095)
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>8,451</b>	<b>4,148</b>	<b>4,303</b>	<b>26,097</b>	<b>12,604</b>	<b>13,493</b>
<b>Operating Margin %</b>	<b>12.4%</b>	<b>6.3%</b>		<b>12.8%</b>	<b>6.4%</b>	
<b>El Camino Hospital Non Operating Income</b>						
Investments	508	1,512	(1,004)	16,671	4,535	12,136
Swap Adjustments	308	0	308	238	0	238
Community Benefit	(1,304)	(283)	(1,021)	(1,624)	(850)	(774)
Other	(588)	(499)	(88)	(444)	(1,498)	1,055
<b>Sub Total - Non Operating Income</b>	<b>(1,076)</b>	<b>729</b>	<b>(1,805)</b>	<b>14,841</b>	<b>2,187</b>	<b>12,654</b>
<b>El Camino Hospital Net Income (Loss)</b>	<b>7,376</b>	<b>4,877</b>	<b>2,499</b>	<b>40,937</b>	<b>14,791</b>	<b>26,147</b>
<b>ECH Net Margin %</b>	<b>10.9%</b>	<b>7.4%</b>		<b>20.1%</b>	<b>7.5%</b>	
Concern	(43)	173	(215)	464	590	(125)
ECSC	(40)	0	(40)	(43)	0	(43)
Foundation	(84)	(85)	0	556	(175)	731
Silicon Valley Medical Development	(43)	(4)	(39)	100	(6)	106
<b>Net Income Hospital Affiliates</b>	<b>(210)</b>	<b>84</b>	<b>(294)</b>	<b>1,075</b>	<b>409</b>	<b>666</b>
<b>Total Net Income Hospital &amp; Affiliates</b>	<b>7,166</b>	<b>4,961</b>	<b>2,205</b>	<b>42,012</b>	<b>15,199</b>	<b>26,813</b>

Favorable variance in other due to JV income mainly Pathways.

## Smart Growth Summary FY2017 P3 YTD

	Actual YTD	Budget YTD	Diff	Notes
Deliveries	1,215	1,237	(22)	Delivery charge codes based on post date
NICU Level 2 & 3 Days	671	799	(128)	NICU 173 & 174 charge codes by post date
Inpatient Surgeries	1,065	1,173	(108)	Inpatient surgeries by post date
Outpatient Surgeries	1,463	1,622	(159)	Outpatient surgeries by post date (excludes Endo in OR)
OP Cath Lab Cases	495	506	(11)	Charge codes by service date, count # of patients
OP Endo Cases	541	671	(130)	Charge codes by service date, count # of patients
OP Infusion Cases	959	1,022	(63)	Charge codes by service date, count # of patients
OP Intvl Branch Procedures	126	121	5	Select charge codes by post date + EPIC location of Endo room

## Description of variances

**Deliveries:** Altos Oaks purchased by Stanford / loss of 2 physicians in group / one new recruit added another being sought

**Endoscopy:** 4 independent physicians account for loss of cases / Los Gatos Endo in OR to improve availability, service line administrator assigned to re-capture splitters

**Infusion:** Anticipated addition of new medical oncologist delayed by independent physician group

**General Surgery:** 142 of the 195 loss from FY216 is due to a loss of independent general surgeons due to retirement and new alignment to other hospitals

**Orthopedic Surgery:** Lost 2 surgeons mid-year at Los Gatos / key Mountain View surgeon on vacation in July. New co-management agreements under discussion to renew service line interest

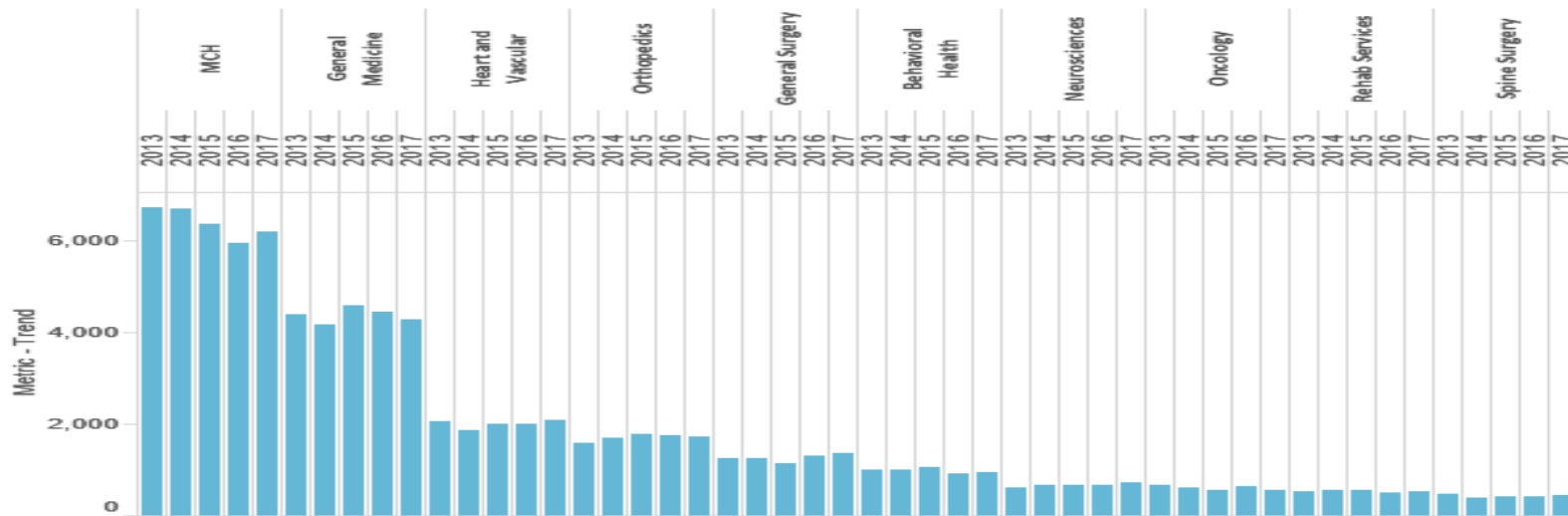
**Urology:** Work to recapture procedural volume underway, results remain below budget

(1) Hospital entity only, excludes controlled affiliates

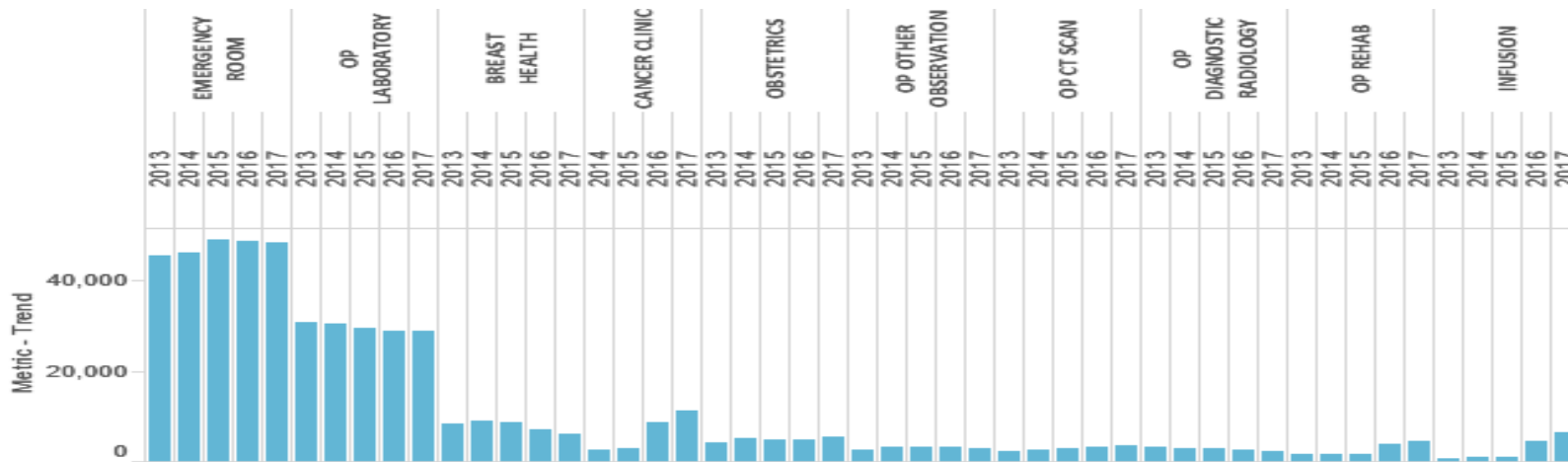
## El Camino Hospital Volume Annual Trends

FY 2017 is annualized

IP



OP



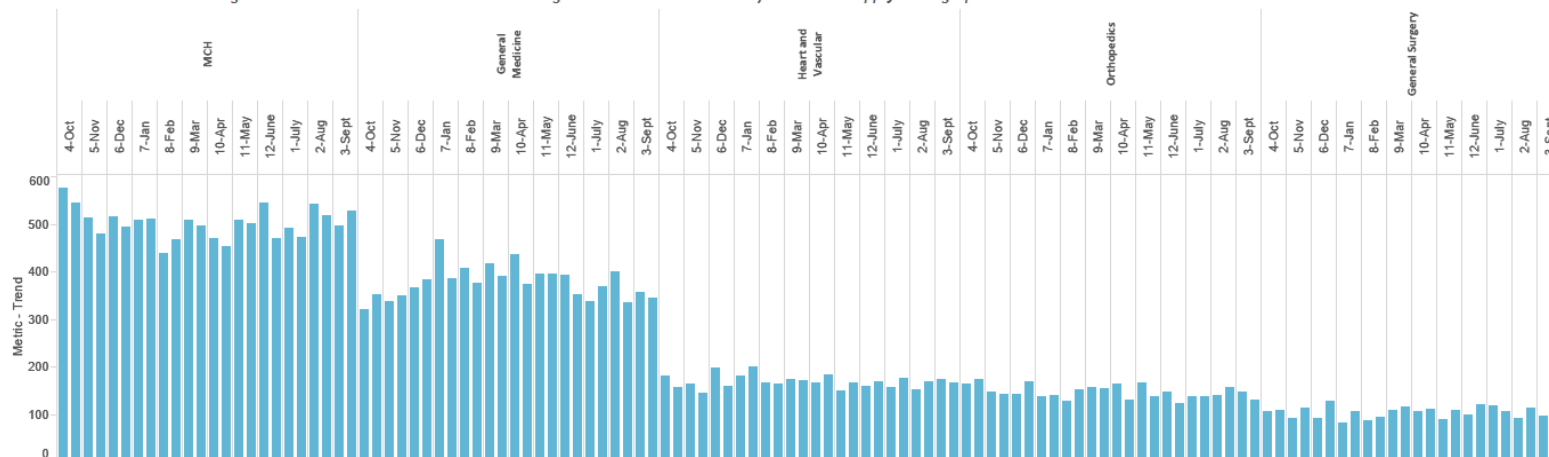
# El Camino Hospital Volume Monthly Trends

## Prior and Current Fiscal Years

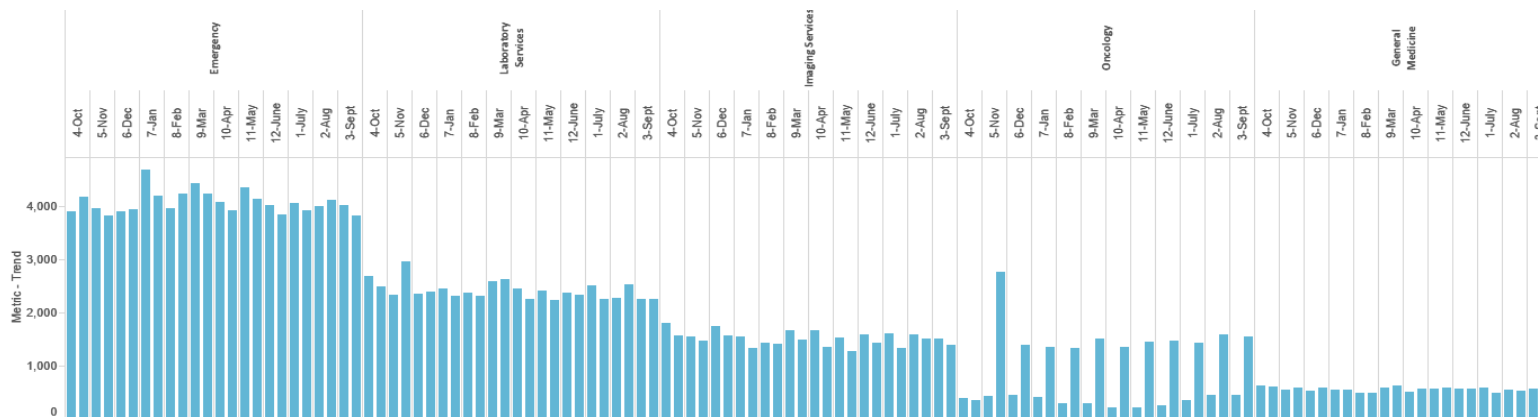
### Columns are in PY, CY Order

IP

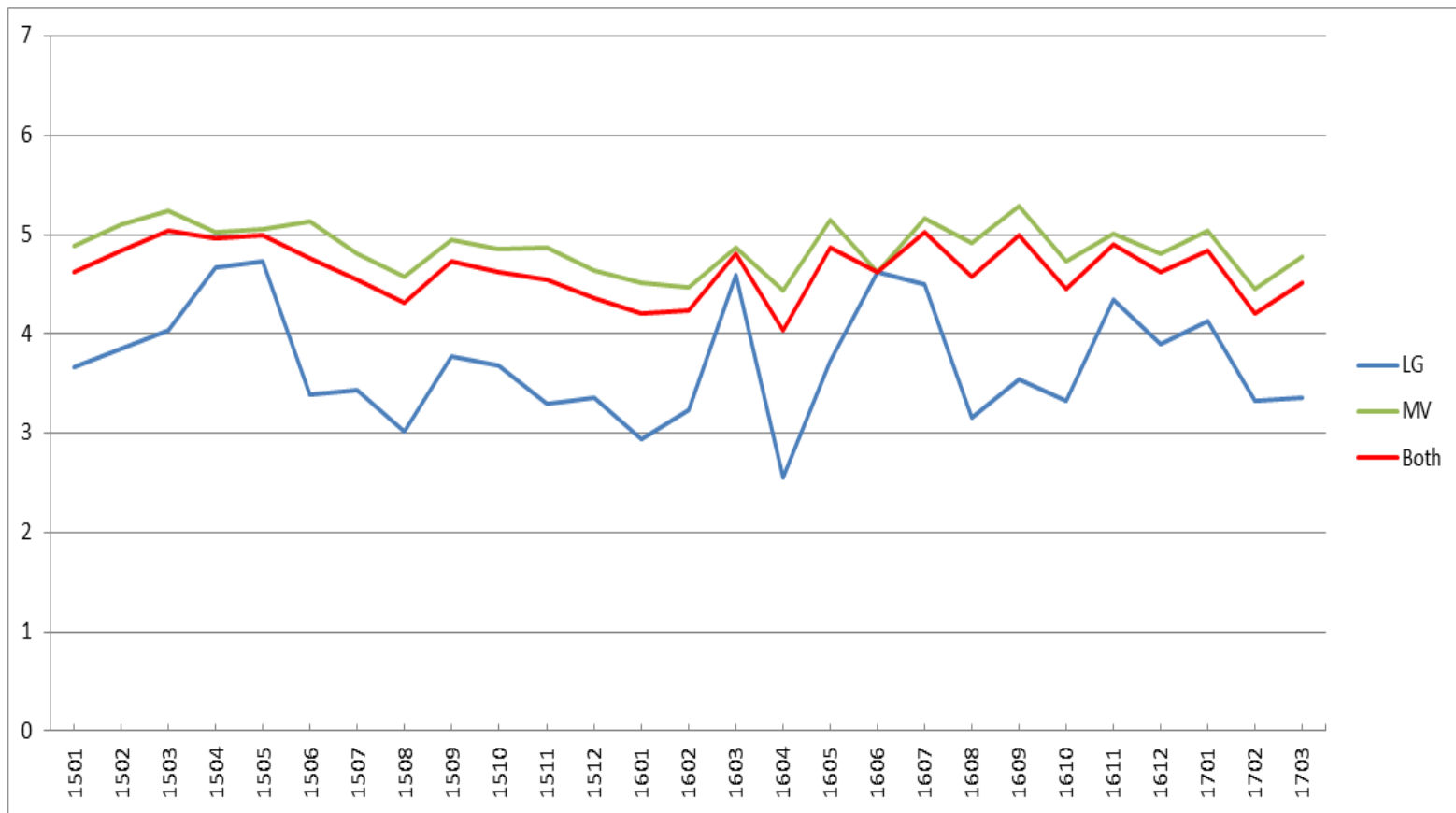
Service Line Trend - clicking on a service line excludes all others. Clicking a second time removes the filter. Filters apply to all graphs below.



OP



## Medicare ALOS



- Medicare: Due to DRG reimbursement, financial results usually improve with decreased LOS
- Trend shows improvement in ALOS

# El Camino Hospital Investment Committee Scorecard

Updated Quarterly

September 30, 2016

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY17 Year-end Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>		3Q 2016		Fiscal Year-to-date		Since Inception (annualized)		May 2016	
Surplus cash balance & op. cash (millions)		\$773.2	--	--	--	--	--	\$657.2	--
Surplus cash return		2.7%	2.8%	2.7%	2.8%	4.9%	4.8%	4.0%	5.2%
Cash balance plan balance (millions)		\$228.9	--	--	--	--	--	\$220.6	--
Cash balance plan return		3.5%	3.1%	3.5%	3.1%	7.5%	6.8%	6.0%	5.8%
403(b) plan balance (millions)		\$357.1	--	--	--	--	--	--	--
<b>Risk vs. Return</b>		3-year				Since Inception (annualized)		May 2016	
Surplus cash Sharpe ratio		0.89	0.95	--	--	1.10	1.09	--	0.55
Net of fee return		4.1%	4.4%	--	--	4.9%	4.8%	--	5.2%
Standard deviation		4.6%	4.6%	--	--	4.3%	4.4%	--	8.6%
Cash balance Sharpe ratio		0.91	0.91	--	--	1.24	1.18	--	0.49
Net of fee return		5.5%	5.3%	--	--	7.5%	6.8%	--	5.8%
Standard deviation		6.0%	5.8%	--	--	5.9%	5.7%	--	10.7%
<b>Asset Allocation</b>		3Q 2016							
Surplus cash absolute variances to target		6.2%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		5.2%	< 10%	--	--	--	--	--	--
<b>Manager Compliance</b>		3Q 2016							
Surplus cash manager flags		13	< 18	--	--	--	--	--	--
Cash balance plan manager flags		12	< 18	--	--	--	--	--	--

# El Camino Hospital

## Capital Spending (in millions)

	Category	Detail	Approved	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	FY 17 Proj Spend	FY 17 YTD Spent
<b>CIP</b>	EPIC Upgrade				6.1	2.0	6.1	2.0
<b>IT Hardware, Software, Equipment*</b>					5.4	0.3	5.4	0.3
<b>Medical &amp; Non Medical Equipment FY 16**</b>					4.3	0.0	4.3	0.0
<b>Medical &amp; Non Medical Equipment FY 17</b>					10.3	1.1	10.3	1.1
<b>Facility Projects</b>								
		1307 LG Upgrades	FY13	17.3	17.3	11.3	6.3	0.5
		1219 LG Spine OR	FY13	4.1	4.1	2.1	3.1	0.9
		1414 Integrated MOB	FY15	275.0	28.0	19.2	100.0	5.4
		1413 North Drive Parking Expansion	FY15	24.5	24.5	1.8	21.5	0.2
		1245 Behavioral Health Bldg	FY16	91.5	19.0	8.7	36.0	1.4
		1248 LG Imaging Phase II (CT & Gen Rad)	FY16	8.8	8.8	1.3	7.8	0.6
	1313/1224	LG Rehab HVAC System & Structural	FY16	3.7	3.7	2.7	1.0	0.9
		1502 Cabling & Wireless Upgrades	FY16	2.8	2.8	2.1	0.6	0.1
		1425 IMOB Preparation Project - Old Main	FY16	3.0	3.0	2.4	1.0	1.7
		1430 Women's Hospital Expansion	FY16	91.0	0.0	0.0	5.0	0.0
		1422 CUP Upgrade	FY16	9.0	1.5	1.1	5.0	0.1
		1503 Willow Pavilion Tomosynthesis	FY16	1.3	1.3	0.1	1.1	0.0
	1519/1314	LG Electrical Systems Upgrade	FY16	1.2	0.0	0.0	0.5	0.0
		1347 LG Central Sterile Upgrades	FY15	3.7	0.2	0.2	2.0	0.0
		1508 LG NICU 4 Bed Expansion	FY16	7.0	0.5	0.1	4.0	0.1
		1520 Facilities Planning Allowance	FY16	0.6	0.0	0.0	0.5	0.0
		1525 New Main Lab Upgrades		1.6	0.4	0.0	1.6	0.0
		1515 ED Remodel Triage/Psych Observation	FY16	1.6	0.0	0.0	0.6	0.0
		Site Signage and Other Improvements		1.0	0.0	0.0	0.2	0.0
		IR Room #6 Development		2.6	0.0	0.0	0.6	0.0
		1602 JW House (Patient Family Residence)		2.5	0.0	0.0	1.5	0.0
		1507 LG IR Upgrades		1.1	0.0	0.0	0.2	0.0
		LG Building Infrastructure Upgrades		1.5	0.0	0.0	1.5	0.0
		LG MOB Improvements (17)		5.0	0.0	0.0	4.0	0.0
		All Other Projects under \$1M		8.6	7.2	4.2	6.0	0.7
				569.9	122.3	57.4	211.5	12.7
<b>GRAND TOTAL</b>					<b>148.4</b>		<b>237.5</b>	<b>16.1</b>

\*Excluding EPIC

\*\* Unspent Prior Year routine used as contingency

**FY 17 Facility Project Request (in 000s)**

	(Board Packet) <b>Budgeted FY 17</b>	(FY 17 Cashflow Projections) <b>Projected FY 17*</b>	<b>Variance</b>
<b>Mountain View Campus Master Plan Projects</b>			
1245 BHS Replacement	\$30,000	\$36,000	(\$6,000)
1413 North Dr. Parking Structure Expansion	\$20,500	\$21,500	(\$1,000)
1414 Integrated Medical Office Building	\$101,500	\$100,000	\$1,500
1422 CUP Upgrades	\$5,000	\$5,000	\$0
1430 Womens Hosp Expansion	<u>\$5,500</u>	<u>\$5,000</u>	<u>\$500</u>
<b>Sub-Total Mountain View Campus Master Plan**</b>	<b>\$162,500</b>	<b>\$167,500</b>	<b>(\$5,000)</b>
<b>Mountain View Capital Projects</b>			
1501 Womens Hosp NPC Closeout	\$327	\$527	(\$200)
1425 IMOB Preparation Project - Old Main	\$1,000	\$990	\$10
1502 Cabling and Wireless upgrades	\$400	\$600	(\$200)
1525 Histology Fume Hood Upgrades	\$1,200	\$1,570	(\$370)
1515 ED Remodel Triage/Psych Observation	\$1,400	\$600	\$800
1415 Signage & Wayfinding	\$300	\$500	(\$200)
1503 Breast Imaging Tomography	\$300	\$1,100	(\$800)
1316 Willow Pavilion FA Sys and Equip Upgrades	\$800	\$200	\$600
Furniture Systems Inventory	\$250	\$500	(\$250)
Site Signage & Other Improvements	\$200	\$200	\$0
MV Equipment & Infrastructure Upgrades	\$300	\$600	(\$300)
IR Room #6 Development	\$500	\$600	(\$100)
1602 JW House (Patient Family Residence)	\$500	\$1,500	(\$1,000)
Facilities Planning Allowance	<u>\$300</u>	<u>\$600</u>	<u>(\$300)</u>
<b>Sub-Total Mountain View Projects</b>	<b>\$7,777</b>	<b>\$10,087</b>	<b>(\$2,310)</b>
<b>Los Gatos Capital Projects</b>			
1219 LG Spine Room Expansion - OR 4	\$3,100	\$3,100	\$0
1313 LG Rehab HVAC Upgrades	\$400	\$1,000	(\$600)
1248 LG Imaging Phase II (CT & Gen Rad)	\$7,250	\$7,750	(\$500)
1307 LG Upgrades - Major	\$7,300	\$6,300	\$1,000
1327 LG Rehab Building Upgrades	\$500	\$655	(\$155)
1507 LG IR Upgrades	\$800	\$200	\$600
1508 LG NICU 4 Bed Expansion	\$5,000	\$4,000	\$1,000
LG Building Infrastructure Improvements	\$1,200	\$1,500	(\$300)
LG MOB Improvements (17)	\$4,000	\$4,000	\$0
LG Facilities Planning	\$500	\$500	\$0
1421 LG MOB Improvements	<u>\$150</u>	<u>\$638</u>	<u>(\$488)</u>
<b>Sub-Total Los Gatos Projects</b>	<b>\$30,200</b>	<b>\$29,643</b>	<b>\$557</b>
<b>Other Strategic Capital Projects</b>			
Primary Care Clinic (TI's Only)	\$1,600	\$1,600	\$0
Urgent Care Clinics (TI's Only)	<u>\$2,400</u>	<u>\$2,400</u>	<u>\$0</u>
<b>Sub-Total Strategic Capital Projects</b>	<b>\$4,000</b>	<b>\$4,000</b>	<b>\$0</b>
<b>Grand Total Facilities Projects</b>	<b>\$204,477</b>	<b>\$211,230</b>	<b>(\$6,753)</b>

\*FY 2017 Cashflow based on August 2016 Information

\*\* Board Approved



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

## Balance Sheet (Thousands)

### ASSETS

	September 30, 2016	Unaudited June 30, 2016
<b>CURRENT ASSETS</b>		
Cash	78,772	59,169
Short Term Investments	113,913	105,284
Patient Accounts Receivable, net	103,252	116,059
Other Accounts and Notes Receivable	3,194	4,369
Intercompany Receivables	1,483	2,200
Inventories and Prepaids	40,395	43,278
<b>Total Current Assets</b>	<b>341,010</b>	<b>330,359</b>
<b>BOARD DESIGNATED ASSETS</b>		
Plant & Equipment Fund	122,134	119,650
Women's Hospital Expansion	8,961	-
Operational Reserve Fund	100,196	100,196
Community Benefit Fund	13,021	13,037
Workers Compensation Reserve Fund	22,548	22,309
Postretirement Health/Life Reserve Fund	18,662	18,256
PTO Liability Fund	22,539	22,984
Malpractice Reserve Fund	1,800	1,800
Catastrophic Reserves Fund	14,773	14,125
<b>Total Board Designated Assets</b>	<b>324,634</b>	<b>312,358</b>
<b>FUNDS HELD BY TRUSTEE</b>	<b>28,177</b>	<b>30,841</b>
<b>LONG TERM INVESTMENTS</b>	<b>213,605</b>	<b>207,597</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>32,564</b>	<b>31,148</b>
<b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,176,595	1,171,372
Less: Accumulated Depreciation	(497,411)	(485,856)
Construction in Progress	51,083	46,009
<b>Property, Plant &amp; Equipment - Net</b>	<b>730,266</b>	<b>731,525</b>
<b>DEFERRED OUTFLOWS</b>	<b>26,772</b>	<b>22,518</b>
<b>RESTRICTED ASSETS - CASH</b>	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>1,697,028</b>	<b>1,666,346</b>

### LIABILITIES AND FUND BALANCE

	September 30, 2016	Unaudited June 30, 2016
<b>CURRENT LIABILITIES</b>		
Accounts Payable	18,492	28,519
Salaries and Related Liabilities	15,867	22,992
Accrued PTO	22,539	22,984
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	13,827	11,314
Intercompany Payables	67	105
Malpractice Reserves	1,936	1,936
Bonds Payable - Current	3,635	3,635
Bond Interest Payable	3,177	5,459
Other Liabilities	2,983	2,684
<b>Total Current Liabilities</b>	<b>84,822</b>	<b>101,929</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	18,662	18,256
Worker's Comp Reserve	20,248	20,009
Other L/T Obligation (Asbestos)	3,665	3,637
Other L/T Liabilities (IT/Medl Leases)	-	-
Bond Payable	226,341	226,580
<b>Total Long Term Liabilities</b>	<b>268,916</b>	<b>268,482</b>
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	1,018,656	983,577
Board Designated	324,634	312,358
Restricted	0	0
<b>Total Fund Bal &amp; Capital Accts</b>	<b>1,343,290</b>	<b>1,295,935</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>1,697,028</b>	<b>1,666,346</b>

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

# APPENDIX

# Dashboard - Mountain View

	Annual						Month			YTD		
	2013	2014	2015	2016	2017	2017	PY	CY	Bud/Target	PY	CY	Bud/Target
					Projection	Bud/Target						
<b>Volume</b>												
Licensed Beds	300	300	300	300	300	300	300	300	300	300	300	300
Acute Patient Days	72,245	71,084	73,360	73,010	69,960	72,687	5,893	5,742	5,894	17,501	17,490	17,623
ADC	198	195	201	199	192	199	196	191	196	190	190	192
Adjusted Acute Discharges	18,804	18,465	18,455	18,721	19,118	18,879	1,565	1,552	1,562	4,645	4,779	4,750
Acute Discharges	11,206	10,718	10,825	11,105	11,100	11,082	904	915	923	2,698	2,775	2,776
<b>Inpatient total</b>												
MS Discharges	11,206	10,718	10,825	11,105	11,100	11,082	904	915	923	2,698	2,775	2,776
Deliveries	4,487	4,348	4,386	4,076	4,228	4,171	325	366	347	1,019	1,057	1,044
BHS	861	857	901	806	768	896	68	42	75	214	192	224
Rehab	0	0	0	0	0	0	0	0	0	0	0	0
<b>OP total</b>												
ED	34,920	35,447	38,443	39,005	38,292	40,212	3,231	3,060	3,349	9,638	9,573	10,068
OP Surg	2,808	3,273	3,402	3,189	3,336	3,447	264	265	287	807	834	863
Endo	1979	2,300	2,365	2,231	2,060	2,320	196	185	193	592	515	581
Interventional	1496	1,689	1,856	1,947	2,056	2,302	156	163	192	488	514	576
All Other	59,665	64,061	62,322	72,398	75,552	76,743	4,998	3,294	6,392	15,313	18,888	19,215
<b>Financial Performance (\$000s)</b>												
Net Revenues	557,533	589,420	603,788	632,800	655,660	640,625	54,169	55,399	51,866	152,393	163,915	155,592
Operating Expenses	516,892	550,736	562,790	607,214	578,581	625,093	47,238	48,568	50,598	145,495	144,645	151,601
Operating Income \$	55,324	56,518	59,684	46,918	96,766	38,016	8,553	8,477	3,098	12,336	24,191	9,604
Operating Margin	9.7%	9.3%	9.6%	7.2%	14.3%	5.7%	15.3%	14.9%	5.8%	7.8%	14.3%	6.0%
EBITDA \$	105,938	105,814	103,637	96,770	144,746	90,879	12,254	12,505	7,289	23,500	36,186	22,225
EBITDA %	18.5%	17.4%	16.6%	14.8%	21.4%	13.7%	22.0%	21.9%	13.6%	14.9%	21.4%	13.8%
<b>Payor Mix</b>												
Medicare	42.0%	44.0%	46.4%	46.2%	46.5%	45.0%	45.5%	45.3%	45.0%	44.5%	46.5%	45.0%
Medi-Cal	5.4%	6.5%	7.1%	7.9%	7.3%	8.3%	8.2%	7.4%	8.3%	8.5%	7.3%	8.3%
Commercial IP	28.6%	25.7%	24.2%	23.6%	23.3%	23.6%	23.6%	24.7%	23.6%	23.8%	23.3%	23.6%
Commercial OP	19.2%	18.9%	18.4%	18.6%	19.6%	19.1%	19.0%	19.4%	19.1%	19.4%	19.6%	19.1%
Total Commercial	47.8%	44.6%	42.6%	42.2%	43.0%	42.7%	42.6%	44.1%	42.7%	43.1%	43.0%	42.7%
Other	4.8%	4.9%	3.9%	3.7%	3.2%	4.0%	3.6%	3.3%	4.0%	3.8%	3.2%	4.0%
<b>Cost</b>												
Employees	1,901.0	2,027.6	2,029.9	2,163.0	2,054.0	2,123.0	2,122.2	2,052.8	2,124.9	2,081.5	2,054.0	2,094.5
Hrs/APD	29.58	30.16	29.60	30.97	30.76	31.92	29.96	31.34	31.64	30.95	30.76	31.92

## Dashboard - Los Gatos

	Annual						Month			YTD		
	2013	2014	2015	2016	2017 Projection	2017 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
<b>Volume</b>												
Licensed Beds	143	143	143	143	143	143	143	143	143	143	143	143
ADC	42	43	45	43	41	46	41	42	46	44	40	45
Adjusted Acute Discharges	3,578	3,740	3,888	3,778	3,664	4,113	476	298	343	1,061	916	1,032
Acute Discharges	2,143	2,165	2,289	2,239	2,104	2,417	275	175	201	574	526	605
<b>Inpatient total</b>												
MS Discharges	2,143	2,165	2,289	2,239	2,104	2,417	189	175	201	574	526	605
Deliveries	748	792	681	641	604	639	61	55	53	184	151	159
BHS	0	0	0	0	0	14	0	0	1	0	0	3
Rehab	525	547	555	500	524	570	44	39	47	133	131	143
<b>OP total</b>												
ED	10,605	10,609	10,687	10,922	10,660	11,046	910	884	920	2,706	2,665	2,766
OP Surg	3,103	3,171	3,077	2,864	2,820	2,980	258	243	248	783	705	738
Endo	263	192	155	91	16	159	7	2	13	31	4	40
Interventional	11	17	22	23	32	21	1	1	2	5	8	5
All Other	4,770	5,397	5,730	7,258	8,028	7,823	418	650	652	1,323	2,007	1,959
<b>Financial Performance (\$000s)</b>												
Net Revenues	128,794	131,702	142,858	139,221	136,703	148,960	13,039	10,671	12,143	36,823	34,176	36,640
Operating Expenses	115,461	118,944	126,841	135,830	131,166	139,735	10,995	10,876	11,310	33,352	32,792	34,274
Operating Income \$	13,802	13,787	18,436	5,695	7,622	11,801	2,287	-26	1,050	4,121	1,905	3,000
Operating Margin	10.7%	10.4%	12.7%	4.0%	5.5%	7.8%	17.2%	-0.2%	8.5%	11.0%	5.5%	8.0%
EBITDA \$	18,784	19,440	24,365	11,784	14,062	19,011	2,783	507	1,574	5,565	3,516	4,596
EBITDA %	14.5%	14.6%	16.8%	8.3%	10.1%	12.5%	21.0%	4.7%	12.7%	14.9%	10.1%	12.3%
<b>Payor Mix</b>												
Medicare	45.5%	44.0%	46.1%	48.2%	49.1%	47.5%	50.9%	40.7%	47.5%	48.0%	49.1%	47.5%
Medi-Cal	2.9%	3.5%	4.3%	5.1%	4.7%	4.7%	3.8%	6.0%	4.7%	4.5%	4.7%	4.7%
Commercial IP	25.3%	25.9%	23.8%	21.4%	20.7%	22.2%	20.9%	25.9%	22.2%	23.1%	20.7%	22.2%
Commercial OP	17.0%	19.1%	20.0%	19.4%	20.2%	20.2%	19.0%	19.4%	20.2%	19.8%	20.2%	20.2%
Total Commercial	42.3%	45.0%	43.8%	40.8%	40.9%	42.4%	40.0%	45.3%	42.4%	42.9%	40.9%	42.4%
Other	9.3%	7.5%	5.8%	5.9%	5.4%	5.5%	5.4%	8.1%	5.5%	4.7%	5.4%	5.5%
<b>Cost</b>												
Employees	388.0	408.1	422.6	421.8	416.3	423.4	425.9	420.5	429.4	429.5	416.3	423.4
Hrs/APD	29.13	27.65	28.00	29.34	28.96	27.68	30.12	29.19	27.30	28.26	28.96	27.68

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

3 month ending 9/30/2016

PERIOD 3 FY 2016	PERIOD 3 FY 2017	PERIOD 3 Budget 2017	Variance Fav (Unfav)	Var%
182,633	198,553	193,387	5,166	2.7%
(128,464)	(143,154)	(141,521)	(1,633)	1.2%
<b>54,169</b>	<b>55,399</b>	<b>51,866</b>	<b>3,532</b>	<b>6.8%</b>
1,622	1,647	1,830	(183)	-10.0%
<b>55,791</b>	<b>57,045</b>	<b>53,696</b>	<b>3,350</b>	<b>6.2%</b>
29,781	29,596	31,035	1,439	4.6%
7,936	7,616	7,941	325	4.1%
6,502	7,010	6,777	(233)	-3.4%
2,148	318	653	334	51.2%
449	468	448	(19)	-4.3%
3,253	3,560	3,743	183	4.9%
<b>50,069</b>	<b>48,568</b>	<b>50,598</b>	<b>2,029</b>	<b>4.0%</b>
<b>5,722</b>	<b>8,477</b>	<b>3,098</b>	<b>5,379</b>	<b>173.6%</b>
(12,506)	(1,076)	729	(1,805)	-247.6%
<b>(6,784)</b>	<b>7,401</b>	<b>3,827</b>	<b>3,574</b>	<b>93.4%</b>
14.7%	19.7%	11.2%	8.5%	
10.3%	14.9%	5.8%	9.1%	
-12.2%	13.0%	7.1%	5.8%	

\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>					
Gross Revenue	541,525	594,217	580,134	14,083	2.4%
Deductions	(389,132)	(430,302)	(424,542)	(5,760)	1.4%
<b>Net Patient Revenue</b>	<b>152,393</b>	<b>163,915</b>	<b>155,592</b>	<b>8,323</b>	<b>5.3%</b>
Other Operating Revenue	5,438	4,922	5,613	(692)	-12.3%
<b>Total Operating Revenue</b>	<b>157,831</b>	<b>168,837</b>	<b>161,205</b>	<b>7,631</b>	<b>4.7%</b>
<b>OPERATING EXPENSE</b>					
Salaries & Wages	87,728	89,001	92,530	3,530	3.8%
Supplies	23,970	22,932	23,875	943	3.9%
Fees & Purchased Services	18,525	18,696	20,173	1,476	7.3%
Other Operating Expense	4,107	2,021	2,402	381	15.8%
Interest	1,349	1,389	1,345	(44)	-3.3%
Depreciation	9,815	10,606	11,277	671	5.9%
<b>Total Operating Expense</b>	<b>145,495</b>	<b>144,645</b>	<b>151,601</b>	<b>6,956</b>	<b>4.6%</b>
<b>Net Operating Income/(Loss)</b>	<b>12,336</b>	<b>24,191</b>	<b>9,604</b>	<b>14,588</b>	<b>151.9%</b>
Non Operating Income	(28,274)	14,851	2,187	12,664	579.1%
<b>Net Income(Loss)</b>	<b>(15,937)</b>	<b>39,042</b>	<b>11,791</b>	<b>27,252</b>	<b>231.1%</b>
<b>EBITDA</b>	12.5%	19.2%	11.5%	7.8%	
<b>Operating Margin</b>	7.8%	14.3%	6.0%	8.4%	
<b>Net Margin</b>	-10.1%	23.1%	7.3%	15.8%	

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

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

3 month ending 9/30/2016

PERIOD 3 FY 2016	PERIOD 3 FY 2017	PERIOD 3 Budget 2017	Variance Fav (Unfav)	Var%
40,899	42,449	43,972	(1,523)	-3.5%
(27,860)	(31,778)	(31,829)	51	-0.2%
<b>13,039</b>	<b>10,671</b>	<b>12,143</b>	<b>(1,472)</b>	<b>-12.1%</b>
243	180	217	(37)	-17.2%
<b>13,282</b>	<b>10,851</b>	<b>12,360</b>	<b>(1,509)</b>	<b>-12.2%</b>
6,046	5,973	6,239	266	4.3%
1,628	1,704	1,736	32	1.9%
1,391	1,187	1,255	68	5.4%
1,433	1,480	1,556	76	4.9%
0	0	0	0	0.0%
496	533	524	(9)	-1.7%
<b>10,995</b>	<b>10,876</b>	<b>11,310</b>	<b>434</b>	<b>3.8%</b>
<b>2,287</b>	<b>(26)</b>	<b>1,050</b>	<b>(1,076)</b>	<b>-102.4%</b>
0	0	0	0	0.0%
<b>2,287</b>	<b>(26)</b>	<b>1,050</b>	<b>(1,076)</b>	<b>-102.4%</b>
30.4%	16.2%	22.8%	-6.7%	
17.2%	-0.2%	8.5%	-8.7%	
17.2%	-0.2%	8.5%	-8.7%	

## \$000s OPERATING REVENUE

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

## OPERATING EXPENSE

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

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

YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
123,382	121,632	132,684	(11,052)	-8.3%
(86,559)	(87,456)	(96,044)	8,588	-8.9%
<b>36,823</b>	<b>34,176</b>	<b>36,640</b>	<b>(2,465)</b>	<b>-6.7%</b>
650	521	633	(112)	-17.7%
<b>37,473</b>	<b>34,697</b>	<b>37,274</b>	<b>(2,577)</b>	<b>-6.9%</b>
18,153	17,838	18,671	834	4.5%
5,176	4,666	5,253	587	11.2%
4,045	3,962	3,809	(153)	-4.0%
4,484	4,716	4,945	228	4.6%
0	0	0	0	0.0%
1,494	1,610	1,596	(14)	-0.9%
<b>33,352</b>	<b>32,792</b>	<b>34,274</b>	<b>1,482</b>	<b>4.3%</b>
<b>4,121</b>	<b>1,905</b>	<b>3,000</b>	<b>(1,095)</b>	<b>-36.5%</b>
0	(10)	0	(10)	0.0%
<b>4,121</b>	<b>1,895</b>	<b>3,000</b>	<b>(1,105)</b>	<b>-36.8%</b>
25.0%	20.9%	22.4%	-1.5%	
11.0%	5.5%	8.0%	-2.6%	
11.0%	5.5%	8.0%	-2.6%	

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

# El Camino Hospital Capital Spending (in thousands) FY 2012 – FY 2016

Category	2012	2013	2014	2015	2016
IT Hardware/Software Equipment	7,289	8,019	2,788	4,660	6,483
Medical/Non Medical Equipment	11,203	10,284	12,891	13,340	11,846
Non CIP Land, Land I, BLDG, Additions	7,311	0	22,292	0	30,274

## Facilities Projects CIP

0101 - Hosp Replace	313	0	0	0	0
0317 - Melchor TI's	117	0	0	0	0
0701 - Cyberknife	0	0	0	0	0
0704 - 1 South Upgrade	2	0	0	0	0
0802 - Willow Pavillion Upgrades	0	0	0	0	0
0805 - Women's Hospital Finishes	0	0	0	0	0
0809 - Hosp Renovations	0	0	0	0	0
0815 - Orc Pav Water Heater	0	0	0	0	0
0816 - Hospital Signage	0	0	0	0	0
0904 - LG Facilities Upgrade	41	2	0	0	0
0907 - LG Imaging Masterplan	162	244	774	1,402	17
1000 - LG Rehab Building	0	0	0	0	0
1104 - New Main CDU TV's	0	0	0	0	0
9900 - Unassigned Costs	279	734	470	3,717	0
0803 - Park Pav Foundation	270	0	0	0	0
1005 - LG OR Light Upgrd	108	14	0	0	0
1101 - Melchor Pavilion - Genomics	0	0	0	0	0
1102 - LG Joint Hotel	657	0	0	0	0
1106 - SHC Project	2,245	0	0	0	0
1108 - Cooling Towers	932	450	0	0	0
1115 - Womens Hosp TI's	50	0	0	0	0
1118 - Park Pav Roto Care	119	0	0	0	0
1120 - BHS Out Patient TI's	472	66	0	0	0
1122 - LG Sleep Studies	147	7	0	0	0
1129 - Old Main Card Rehab	400	9	0	0	0
0817 - Womens Hosp Upgrds	1,242	645	1	0	0
0906 - Slot Build-Out	0	1,003	1,576	15,101	1,251
1107 - Boiler Replacement	49	0	0	0	0
1109 - New Main Upgrades	589	423	393	2	0
1111 - Mom/Baby Overflow	267	212	29	0	0
1129 - Cardic Rehab Improv	0	0	0	0	0
1132 - Pneumatic Tube Prj	78	0	0	0	0
1204 - Elevator Upgrades	24	25	30	0	0
1210 - Los Gatos VOIP	1	147	89	0	0
0800 - Womens L&D Expansion	129	2,104	1,531	269	0
1116 - LG Ortho Pavillion	44	177	24	21	0
1124 - LG Rehab BLDG	11	49	458	0	0
1128 - LG Boiler Replacement	3	0	0	0	0
1131 - MV Equipment Replace	190	216	0	0	0
1135 - Park Pavilion HVAC	47	0	0	0	0
1208 - Willow Pav. High Risk	0	110	0	0	0
1213 - LG Sterilizers	0	102	0	0	0
1225 - Rehab BLDG Roofing	0	7	241	4	0
1227 - New Main eICU	0	96	21	0	0
1230 - Fog Shop	0	339	80	0	0
1247 - LG Infant Security	0	134	0	0	0
1307 - LG Upgrades	0	376	2,979	3,282	3,511
1308 - LG Infrastructure	0	0	114	0	0
1313 - LG Rehab HVAC System/Structural	0	0	0	0	1,597
1315 - 205 So. Drive TI's	0	0	500	2	0
0908 - NPCR3 Seismic Upgrds	554	1,302	1,224	1,328	240

Category	2012	2013	2014	2015	2016
<b>Facilities Projects CIP cont.</b>					
1125 - Will Pav Fire Sprinkler	9	57	39	0	0
1211 - SIS Monitor Install	0	215	0	0	0
1216 - New Main Process Imp Office	0	19	1	16	0
1217 - MV Campus MEP Upgrades FY13	0	0	181	274	28
1219 - LG Spine OR	0	0	214	323	633
1221 - LG Kitchen Refrig	0	0	85	0	0
1224 - Rehab Bldg HVAC Upgrades	0	11	202	81	14
1245 - Behavioral Health Bldg Replace	0	0	1,257	3,775	1,389
1248 - LG - CT Upgrades	0	0	26	345	197
1249 - LG Mobile Imaging	0	0	146	0	0
1301 - Desktop Virtual	0	0	13	0	0
1304 - Rehab Wander Mgmt	0	0	87	0	0
1310 - Melchor Cancer Center Expansion	0	0	44	13	0
1318 - Women's Hospital TI	0	0	48	48	29
1327 - Rehab Building Upgrades	0	0	0	15	20
1320 - 2500 Hosp Dr Roofing	0	0	75	81	0
1328 - LG Ortho Canopy FY14	0	0	255	209	0
1340 - New Main ED Exam Room TVs	0	0	8	193	0
1341 - New Main Admin	0	0	32	103	0
1344 - New Main AV Upgrd	0	0	243	0	0
1345 - LG Lab HVAC	0	0	112	0	0
1346 - LG OR 5, 6, and 7 Lights Replace	0	0	0	285	53
1347 - LG Central Sterile Upgrades	0	0	0	181	43
1400 - Oak Pav Cancer Center	0	0	0	5,208	666
1403 - Hosp Drive BLDG 11 TI's	0	0	86	103	0
1404 - Park Pav HVAC	0	0	64	7	0
1405 - 1-South Accessibility Upgrades	0	0	0	0	168
1408 - New Main Accessibility Upgrades	0	0	0	7	46
1413 - North Drive Parking Structure Exp	0	0	0	167	1,266
1414 - Integrated MOB	0	0	0	2,009	8,875
1415 - Signage & Wayfinding	0	0	0	0	106
1416 - MV Campus Digital Directories	0	0	0	0	34
1421 - LG MOB Improvements	0	0	0	198	65
1422 - CUP Upgrade	0	0	0	0	896
1423 - MV MOB TI Allowance	0	0	0	0	588
1425 - IMOB Preparation Project - Old Mai	0	0	0	0	711
1429 - 2500 Hospital Dr Bldg 8 TI	0	0	0	101	0
1432 - 205 South Dr BHS TI	0	0	0	8	15
1501 - Women's Hospital NPC Comp	0	0	0	4	0
1502 - Cabling & Wireless Upgrades	0	0	0	0	1,261
1503 - Willow Pavilion Tomosynthesis	0	0	0	0	53
1504 - Equipment Support Infrastructure	0	0	0	61	311
1523 - Melchor Pavilion Suite 309 TI	0	0	0	0	10
1526 - CONCERN TI	0	0	0	0	37
1550 - Land Acquisition	0	0	0	0	24,007
<b>Subtotal Facilities Projects CIP</b>	<b>9,553</b>	<b>9,294</b>	<b>13,753</b>	<b>38,940</b>	<b>48,136</b>
<b>Grand Total</b>	<b>35,357</b>	<b>27,598</b>	<b>51,723</b>	<b>56,940</b>	<b>96,739</b>
Forecast at Beginning of year	47,138	70,503	70,037	65,420	114,025

# Article of Interest



## THE 2016 ELECTION

## Twelve Questions Every Executive Should Be Asking

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**Chas Roades**  
Chief Research Officer

In a stunning upset, Donald Trump took the stage early yesterday morning to claim victory as the next President of the United States while Republicans celebrated retaining control of both the House and the Senate. While the outcome of the election has long been expected to have a far-reaching impact across a number of policy areas, the Republican sweep of Congress and White House could result in profound changes in health policy after a hard-fought election on both sides of the aisle. While the exact implications of the race will become more apparent in the coming days and weeks, we expect Republicans to emphasize the election results as a mandate for change and use the opportunity to pursue significant new initiatives.

So what can providers expect from a Trump Administration and a GOP Congress? Let's take a look at what's potentially in store for Medicare, Medicaid, and the private insurance market—and what those changes mean for provider strategy—by looking at the most common questions I've already received following the election.

### **Is the Affordable Care Act headed for repeal?**

Since the enactment of the ACA in 2010, Republicans have voiced a clear opposition to the law and voted over 60 times in the House for its repeal. With the removal of President Obama's looming veto threat, we expect that repeal of the law—in some form—will be one of the first policy changes pursued by the Trump Administration following his inauguration, but the practical reality of how to do that given that much of it has been implemented could complicate the timing and scope of the effort. Moreover, outstanding questions linger on whether Republicans will pair that repeal with a replacement effort to mitigate some of the perceived negative outcomes of that repeal in terms of insurance coverage impact and other discontinued program investments.

Given the 60-vote requirement in the Senate, repeal will likely need to be developed in the context of reconciliation, which means the overall bill may require other reductions in federal spending to offset the cost of the effort. Additionally, the new Administration will need to assess whether it can quickly find party consensus on a replacement plan or if that portion of the dialogue will be pushed back to later in the year (or, perhaps, indefinitely). While there are many programs that could be impacted by such repeal, the biggest issues involve coverage expansion and payment reform.

### **If funding for Medicaid expansion is repealed, what happens to provider rates of uncompensated care?**

Republicans could seek to repeal the Medicaid expansion enacted under the ACA. Although the ultimate impact would be dependent on the specifics of any Republican replacement plan, the likely net effect is a reduction in the number of individuals covered by Medicaid, which would increase uncompensated care and bad debt.

As part of repeal, Republicans might seek to restore Medicaid Disproportionate Share Hospital Payments (DSH), which are slated to be cut significantly under the ACA, to pre-ACA levels. Congress has repeatedly delayed and extended those cuts in subsequent legislation and they have yet to take effect. But to restrain costs, it's possible that Congress could retain DSH cuts even if it repeals Medicaid expansion. Organizations should prepare for the possibility that the Medicaid expansion is undone, bad debt rises, and DSH payment cuts still eventually kick in.

### **How might Medicaid reform impact my organization's financial situation?**

Republicans, including President-elect Trump and Speaker Paul Ryan, have proposed significant Medicaid reforms by limiting the growth of federal funding for Medicaid while shifting greater control over eligibility and benefits to states. These reforms—whether in the form of per capita allotments or block grants—might lead states to cut some combination of eligibility, benefits, and payment rates. For providers, this would portend lower revenue and a need to double down on efforts to reduce costs.

### **What is the future of the ACA health insurance exchanges and private insurance mandates?**

While the future of the employer mandate to provide health insurance is uncertain, the individual mandate may not survive the GOP Congress (though Republicans have expressed some support for other reforms such as provisions for pre-existing conditions and parental coverage up to age 26). And while the so-called “Cadillac tax” might be doomed, the Ryan plan has proposed capping the tax exclusion for employer-sponsored insurance, which would have a similar effect on the value of pre-tax health benefits.

The health insurance exchanges, already embattled from stagnant enrollment and adverse selection, are certainly a potential target for repeal, but Republicans may alternatively implement some transition to phase out subsidies rather than immediately disrupt coverage. They may enact other insurance market reforms to try to improve coverage options and affordability (selling across state lines, increased use of HSAs, high risk pools, building portability into employer-sponsored insurance, etc.), in addition to a likely new focus on consumer transparency for provider costs and quality performance.

Other voices in the party have argued to keep some of the exchange infrastructure and modify the market so that it had fewer requirements and more state flexibility, but at this point, the future of the exchanges remains in doubt.

### **Can we expect a repeal of the ACA's cuts to long-term Medicare spending?**

Unlikely. One aspect of the ACA that will almost certainly remain is the Medicare spending cuts (including productivity adjustments) intended to offset the cost of the original legislation. In fact, the previous repeal legislation approved by the House has clearly left those rate reductions intact, meaning that the repeal scenario may be especially hard on providers who will no longer see the benefits of coverage expansion but will still be subject to a number of the significant rate cuts that were included in the ACA. Other cost reduction provisions, such as the creation of IPAB, are more controversial and thus expected to be repealed with little debate.

The upshot, of course, is that hospitals and health systems will almost certainly continue to bear the brunt of price cuts to Medicare, but may not enjoy the upside from coverage expansion. This is likely to place enormous downward pressure on price, making most providers rethink their approach to cost containment. For the past few years, hospitals and health systems have managed to maintain their profitability by cutting out the “low-hanging fruit” of excess costs. But further downward pressure on Medicare rates will likely force executives to look at more-radical sources of cost savings. Advisory Board analysis indicates that a plurality of available cost savings to providers today comes from minimizing variation in clinical procedures and outcomes. The challenge is significant—requiring alignment from clinicians and administrators across the care continuum—but the upside is enormous.

### **In general, is the pendulum swinging away from payment reform?**

If given the choice, many providers and other stakeholders might well voice a preference for accountable care models as a cost control strategy over even deeper fee-for-service rate cuts. That viewpoint could encourage the new Congress and Administration to continue to support risk-based payment and pay-for-performance models. But even if long-term momentum does shift away from such models, congressional experts agree that most existing programs would only be transitioned or phased out under a thoughtful repeal approach, not eliminated immediately.

### **Does this mean the end of the bundled payment programs?**

Probably not. There is generally support from both parties for the idea of bundling payments related to a single episode of care. While some Republicans have expressed discomfort with the mandatory Comprehensive Care for Joint Replacement (CJR) and proposed Episode-Based Payment Model (EPM) programs, that has had more to do with the mandates emanating from the ACA-created Centers for Medicare and Medicaid Innovation (CMMI) rather than from Congress. The pace and vigor of mandated bundling may flag if CMMI is weakened or eliminated (see below), but the clear cost-saving potential for CMS from bundled payment means provider efforts toward episodic efficiency and appropriate post-acute pathways must remain top priorities.

### **How about the ACO programs?**

It's true that the Medicare Shared Savings Program (MSSP) program was established by the ACA itself and as such would theoretically be eliminated by a full repeal. And the existing ACO programs' disappointing early results (they haven't generated significant savings to CMS) mean that CMS and Congress could be moving to emphasize bundled payments over ACOs as a clearer and simpler driver of savings. But as with bundled payments, there currently is no proposed replacement for alternative payment models (such as MSSP) per se, and little near-term indication that they would be targeted in more specific repeal efforts, though the situation bears watching. In the meantime, we believe providers should continue to prepare and execute near-term strategies for navigating population-level Medicare risk, including a deliberate approach to both the ACO options available and Medicare Advantage (more on that below).

### **Is CMMI on the chopping block?**

CMMI's loose financial accountability and unusually broad program authority have been subjects of Republican criticism, and previous House bills repealing the ACA have eliminated CMMI's authority and funding. For example, Speaker Paul Ryan has

proposed eliminating the Center's funding after 2020. That said, the notions of program innovation, private sector alignment and a desire for greater accountability through pay-for-performance and risk-based payment are all principles that enjoy broad bipartisan support in Congress, though it is unclear if the specific programs included will remain intact. And it's worth noting that while CMMI is not a congressional favorite at the moment, it does provide the Administration with tools to implement payment changes outside of the legislative process, giving President-elect Trump's team a reason to keep it.

### **What does the election mean for MACRA—and more important, physician reimbursement and strategy?**

Some of the strongest evidence for bipartisan support of payment reform comes from the overwhelming majorities—92-8 in the Senate and 392-37 in the House—that voted in favor of MACRA, the comprehensive rewrite of Medicare's physician reimbursement model. MACRA continues to enjoy strong bipartisan congressional support today. Because MACRA puts long-term pressure on physicians to adopt Alternative Payment Models such as ACOs and bundled payments, any action to roll back those programs (repealing ACA wholesale or defunding CMMI, for example) would serve to undermine MACRA's effectiveness. Providers should watch carefully to see how the incoming government addresses many of the loose ends still outstanding after MACRA's 2017 transition year. In advance of more clarity on the technical points, providers should assume that tracking and managing physician performance will pay dividends in any case.

The potential for further payment cuts across the board will probably accelerate the trend toward physician practice aggregation already at work. Hospitals and health systems will need to be able to determine which physician groups to work with, what corporate structure to leverage, and which performance objectives to measure. Having a deliberate strategy around physician integration just assumed a new urgency.

### **Is Medicare Advantage going to become the dominant form of Medicare coverage?**

Of the 57 million Medicare beneficiaries, nearly 18 million are already enrolled in privately-administered Medicare Advantage plans. Both MA enrollment and provider interest in offering MA plans have been on the rise, and the advent of Republican-controlled government could augur an even quicker shift. While it is not likely that MA (or, for that matter, any other privatized Medicare model) will fully supplant traditional Medicare in the immediate future, providers would be wise to craft strategies that address both the MA and traditional Medicare segments in complementary, scalable ways.

### **Will traditional Medicare move toward a premium-support model under the GOP?**

The Ryan plan for Medicare does include a long-term goal to transition Medicare away from a traditional entitlement to a "premium-support" or defined-contribution model, which is essentially a voucher program allowing seniors to buy their own Medicare health plans. The proposal would add a new level of consumer choice into Medicare decisions. While the idea is certainly worth watching as the new Congress and Administration begin to work together, it's not clear that the idea has much support from the President-elect, who was notably unenthusiastic about significant reform of traditional entitlements.

## Key Takeaways for Provider Executives

It should be clear by now that the next several months are likely to be marked by uncertainty over the likelihood and nature of repeal or reform of the Affordable Care Act. But there are a few no-regrets strategies for providers that are likely to remain essential in any scenario:

- ▶ **Be prepared to live under further rate cuts to public reimbursement.** The Republicans that control Congress—and very soon the presidency—have the same goals of curbing Medicare spending growth. But they do not have the same patience, meaning that rate cuts are here to stay, while the coverage expansion upside may be much more limited. This means providers have to maintain a relentless focus on taking excess cost out of their systems, eliminating unwarranted clinical variation, and rationalizing their fixed cost footprints. The new Administration might also be more inclined to see the cost benefits of consolidation, assuming providers can demonstrate them.
- ▶ **Develop an intentional Medicare risk strategy to offset rate cuts.** Medicare's bundling, ACO, and MA programs may not be as endangered as other parts of the ACA, and for good reason: they are an essential building block of the bipartisan MACRA law. But they also provide an alternative to living under continued pressure from fee-for-service rate cuts. Determining the right mix of Medicare risk-based contracts for your own organization is still the key to a sustainable Medicare strategy.
- ▶ **Renew and revisit your physician alignment strategy.** The potential for disruption in Medicare reimbursement is likely going to add new urgency to the wave of medical group consolidation. Given the almost certain uptake in interest for alignment options among physicians, health systems will need to know with whom they want to work, in what capacity, and with which performance goals in mind.
- ▶ **Accelerate your investment in consumer-oriented care delivery.** Consumer-oriented health care just got a shot in the arm. Many of the reforms included in the Ryan plan include greater use of HSAs, individual insurance portability, and greater consumer transparency and choice for health plans. All of which only underscores how consumer preferences at the point of coverage and point of care are likely to have a profound impact on care delivery. Consumers increasingly demand easier and more-affordable access to care, and greater flexibility in payment options.

If you haven't yet registered for the **Health Care Advisory Board's National Meeting** series, please do so [here](#) or at [advisory.com/hcab/2016nationalmeeting](http://advisory.com/hcab/2016nationalmeeting).

This year's series will delve into the import of the election, its impact on Medicare, and the new challenges for engaging both physicians and consumers.

We look forward to serving you during what is all but certain to be a new era for health care reform.

## ATTACHMENT 5

## ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Report on Board Actions Finance Committee Meeting Date: November 28, 2016
<b>Responsible party:</b>	Cindy Murphy, Board Liaison
<b>Action requested:</b>	For Information
<b>Background:</b> IN FY16 we added this item to each Board Committee agenda to keep Committee members informed about Board actions via a verbal report by the Committee Chair. This written report is intended to supplement the Chair's verbal report.	
<b>Other Board Advisory Committees that reviewed the issue and recommendation, if any:</b> None.	
<b>Summary and session objectives :</b> To inform the Committee about recent Board actions	
<b>Suggested discussion questions:</b> None.	
<b>Proposed Committee motion, if any:</b> None. This is an informational item	
<b>LIST OF ATTACHMENTS:</b> Report on October and November 2016 Board Actions	

## **September 27th, October and November 2016 Board Actions\***

1. September 27, 2016 El Camino Hospital Board
  - a. Appointment of Donald C. Sibery as ECH's Interim CEO
  - b. Delegated Authority to Board Chair Cohen and ECC Chair Lanhee Chen to negotiate a final contract with interim CEO
  - c. Approved CEO's FY17 Incentive Compensation Bonus
2. October 12, 2016 El Camino Hospital Board
  - a. Approved 2016 Plan of Finance (Revenue Bonds) and related transactions for funding of MV Campus Projects, not to exceed \$325,000,000.
  - b. Approved Revised Budget to allow for interest related to Revenue Bonds
  - c. Approved FY16 Community Benefit Report
  - d. Approved CEO Separation Agreement
  - e. Authorized the CHRO to negotiate a contract with CEO Search Firm Russell Reynolds
  - f. Approved the FY 16 Financial Audit
3. October 18, 2016 District Board Meeting
  - a. Approved FY16 Community Benefit Report
  - b. Approved the FY 16 Financial Audit
  - c. Approved Revised Budget to allow for interest related to Revenue Bonds
4. November 9, 2016
  - a. Approved Collective Bargaining Agreements with PRN and Local 39
  - b. Approved FY17 Executive Salary Ranges and Base Salaries
  - c. Approved FY16 Executive Incentive Goal Scores and Incentive Payments
  - d. Approved Appointment of Lanhee Chen, Dave Reeder, John Zoglin, Lane Melchor, Ramtin Agah, MD; Karen Pike, MD; Teri Eyre and Gary Kalbach to the CEO Search Committee

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



## **ATTACHMENT 6**



**El Camino Hospital**

THE HOSPITAL OF SILICON VALLEY

## Summary of Financial Operations

Fiscal Year 2017 – Period 4  
7/1/2016 to 10/31/2016

# Dashboard - ECH combined as of October 31, 2016<sup>(2)</sup>

	Annual						Month			YTD		
	2013	2014	2015	2016	2017 Proj.	2017 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
<b>Volume</b>												
<b>Licensed Beds</b>	443	443	443	443	443	443	443	443	443	443	443	443
ADC	240	238	246	242	233	245	229	230	236	233	230	237
Adjusted Discharges	22,379	22,206	22,342	22,499	22,376	22,992	2,014	1,911	1,922	7,720	7,459	7,705
Total Discharges	19,970	19,427	19,637	19,367	19,122	19,790	1,659	1,628	1,642	6,481	6,374	6,598
<b>Inpatient Cases</b>												
MS Discharges	13,349	12,883	13,114	13,344	12,966	13,499	1,134	1,107	1,120	4,406	4,322	4,500
Deliveries	5,235	5,140	5,067	4,717	4,866	4,810	406	414	399	1,609	1,622	1,604
BHS	861	857	901	806	777	910	70	67	76	284	259	303
Rehab	525	547	555	500	513	570	49	40	47	182	171	190
<b>Outpatient</b>												
ED	45,525	46,056	49,130	49,927	48,768	51,258	4,299	4,018	4,254	16,643	16,256	17,088
Procedural Cases												
OP Surg	5,911	6,444	6,479	6,053	6,288	6,427	567	555	533	2,168	2,096	2,143
Endo	2,242	2,492	2,520	2,322	2,094	2,479	222	177	206	845	698	827
Interventional	1,507	1,706	1,878	1,970	2,085	2,323	170	172	193	663	695	774
All Other	64,435	69,458	68,052	79,656	83,682	84,566	5,776	6,997	6,976	22,412	27,894	28,020
<b>Financial Performance (\$000s)</b>												
Net Revenues	686,327	721,123	746,645	772,020	812,071	789,585	65,439	72,600	66,147	254,655	270,690	258,379
Operating Expenses	632,353	669,680	689,631	743,044	721,487	764,828	63,277	63,059	62,548	242,123	240,496	248,423
Operating Income \$	69,126	70,305	78,120	52,613	112,021	49,817	3,838	11,243	5,684	20,295	37,340	18,288
Operating Margin	9.9%	9.5%	10.2%	6.6%	13.4%	6.1%	5.7%	15.1%	8.3%	7.7%	13.4%	6.9%
EBITDA \$	124,722	125,254	128,002	108,554	166,470	109,890	8,141	15,788	10,352	37,206	55,490	37,174
EBITDA %	17.8%	16.9%	16.7%	13.6%	20.0%	13.5%	12.1%	21.2%	15.2%	14.2%	20.0%	13.9%
IP Margin <sup>1</sup>	-1.1%	-3.2%	-4.5%	-6.6%	-6.9%	-6.1%	-12.3%	-3.8%	-6.1%	-10.0%	-6.9%	-6.1%
OP Margin <sup>1</sup>	25.9%	25.2%	28.1%	26.1%	33.4%	26.4%	25.7%	33.9%	26.4%	27.8%	33.4%	26.4%
<b>Payor Mix</b>												
Medicare	46.3%	44.6%	46.2%	46.6%	46.8%	46.4%	44.6%	46.3%	46.4%	45.0%	46.8%	46.4%
Medi-Cal	4.9%	6.0%	6.6%	7.4%	7.3%	6.5%	7.5%	8.4%	6.5%	7.7%	7.3%	6.5%
Commercial IP	25.3%	25.4%	24.2%	23.2%	22.8%	24.0%	23.8%	22.5%	24.0%	23.7%	22.8%	24.0%
Commercial OP	16.9%	18.6%	18.7%	18.7%	19.7%	19.0%	19.9%	19.8%	19.0%	19.6%	19.7%	19.9%
Total Commercial	42.2%	44.0%	42.9%	41.9%	42.5%	43.0%	43.7%	42.3%	43.0%	43.3%	42.5%	43.9%
Other	6.6%	5.4%	4.3%	4.1%	3.5%	4.1%	4.3%	3.1%	4.1%	4.1%	3.5%	4.1%
<b>Cost</b>												
Employees	2,289.0	2,435.6	2,452.4	2,542.8	2,472.8	2,513.0	2,580.9	2,480.2	2,498.4	2,528.5	2,472.8	2,513.0
Hrs/APD	29.72	29.31	30.45	30.35	30.66	31.05	30.97	31.29	30.87	30.57	30.66	31.05
<b>Balance Sheet</b>												
Net Days in AR	47.8	50.9	43.6	53.7	47.5	48.0	48.3	47.5	48.0	48.3	47.5	48.0
Days Cash	350	382	401	361	404	266	381	404	266	381	404	266
Debt to Capitalization	14.0%	12.6%	13.6%	13.8%	13.4%	17.3%	14.5%	13.4%	17.3%	14.5%	13.4%	17.3%
MADS	8.0	9.5	8.9	6.1	11.0	9.3	8.1	11.0	9.3	8.1	11.0	9.3
<b>Affiliates - Net Income (\$000s)</b>												
Hosp	88,820	118,906	94,787	43,043	45,745	67,032	20,198	4,807	6,413	8,382	45,745	21,204
Concern	371	1,862	1,202	1,823	480	2,604	159	104	207	909	480	796
ECSC	(317)	(5)	(41)	(282)	(50)	0	(6)	(7)	0	10	(50)	0
Foundation	1,545	3,264	710	982	524	(450)	733	(32)	76	114	524	(99)
SVMD	(114)	32	106	156	62	0	(2)	(38)	(1)	(7)	62	(7)

(1) Due to timing of month end costing, In Patient and Out Patient Operating Margin % for FYTD 2017 are one month in arrears

(2) Green - Equal to or better than budget

Yellow - Unfav vs budget by up to 5%

Red - Greater than 5% unfav variance from budget

## Inpatient Volume:

- YTD October Inpatient discharges was 3.4% below budget.
- Deliveries were higher than budget by 3.7% for the month of October and higher than budget by 1.1% YTD.
- General Medicine is low due to mild winter and lower flu cases

## Outpatient Volume:

- YTD OP Volume was below budget by 2.8%
- YTD October cases were below budget in the following service lines: 10.8% in General Medicine - endoscopy, 9.8% in Imaging Services - mammo
- YTD October cases were above budget in the following service lines: 46.3% in General Surgery, 14.4% in Heart and Vascular, 18.2% in Oncology, and 10.4% in Sleep Center.

## Operation Income:

- Operating margin for October was \$5.6M favorable to budget, \$19.1M favorable year to date. Both revenues and expenses are favorable compared to budget.
- The favorable net revenue variance for October can be mainly attributed to IGT of \$6.5M.
- Total expenses for the month are lower than budget by approximately \$511K. Expenses are high in labor and benefits by \$1.8M primarily due to PRN ratification bonus of \$2.4M and severance pay negative variance of \$412K. This is offset by positive variances in supplies (+\$1.9M).

In October net days in A/R decreased hit the lowest level for the year and are ahead of target

**Fiscal Year 2017 YTD (7/1/2016-10/31/2016) Waterfall**

				Month to Date (MTD)			Year to Date (YTD)		
				Detail	Net Income Impact	% Net Revenue	Detail	Net Income Impact	% Net Revenue
\$ in Thousands									
Net Revenue (FY2017 Budget/FY2017 Actual)				68,232	74,302		266,711	277,836	
<b>Budgeted Hospital Operations FY2017</b>					<b>5,684</b>	<b>8.3%</b>		<b>18,288</b>	<b>6.9%</b>
<b>Net Revenue</b>					6,070	8.2%		11,125	4.0%
	*	IP/OP volumes are slightly decreasing. Rev is at budget due to improvement in revenue cycle processes mainly reduced denials		(465)			4,590		
	*	Inter Govt Transfer (IGT)		6,535			6,535		
<b>Labor and Benefit Expense Change</b>					(1,766)	-2.4%		2,598	0.9%
	*	Flexing to meet volumes. Productive hours currently under budget by 0.4%		1,047			5,396		
	*	Ratification Bonus to PRN		(2,400)			(2,400)		
	*	Severance Pay		(412)			(398)		
<b>Professional Fees &amp; Purchased Services</b>					(181)	-0.2%		1,142	0.4%
	*	Physician Fees		86			756		
	*	Admin and Consulting Fees (Clinical Documentation Improvement)		(198)			71		
	*	Purchased Services		(23)			(813)		
	*	Repairs and Maintenance Fees		(46)			1,128		
<b>Supplies</b>					1,874	2.5%		3,404	1.2%
	*	Drug Exp		162			(7)		
	*	Medical Supplies (Volumes)		1,391			2,285		
	*	Misc Net Supplies (Food/Volumes)		321			1,126		
<b>Other Expenses</b>					(562)	-0.8%		47	0.0%
	*	Leases & Rental Fees (Rental Lease Costs)		(152)			(47)		
	*	Utilities & Telephone		129			246		
	*	Other G&A - (County Property taxes)		(539)			(151)		
<b>Depreciation &amp; Interest</b>					123	0.2%		736	0.3%
<b>Actual Hospital Operations FY2017</b>					<b>11,243</b>	<b>15.1%</b>		<b>37,340</b>	<b>13.4%</b>

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

4 month ending 10/31/2016

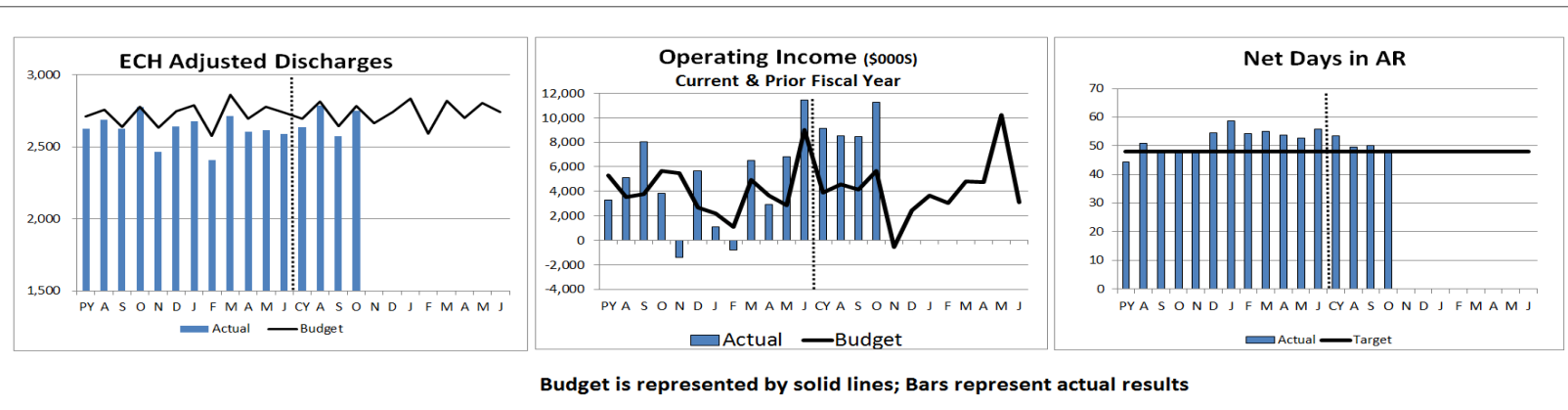
PERIOD 4 FY 2016	PERIOD 4 FY 2017	PERIOD 4 Budget 2017	Variance Fav (Unfav)	Var%
237,125	243,805	245,281	(1,477)	-0.6%
(171,686)	(171,205)	(179,134)	7,929	1.0%
<b>65,439</b>	<b>72,600</b>	<b>66,147</b>	<b>6,452</b>	<b>9.8%</b>
1,676	1,702	2,085	(382)	-18.3%
<b>67,115</b>	<b>74,302</b>	<b>68,232</b>	<b>6,070</b>	<b>8.9%</b>
35,761	39,353	37,588	(1,766)	-4.7%
9,673	8,442	10,316	1,874	18.2%
8,341	8,016	7,835	(181)	-2.3%
5,179	2,703	2,141	(562)	-26.2%
449	498	448	(50)	-11.1%
3,854	4,046	4,220	173	4.1%
<b>63,257</b>	<b>63,059</b>	<b>62,548</b>	<b>(511)</b>	<b>-0.8%</b>
<b>3,858</b>	<b>11,243</b>	<b>5,684</b>	<b>5,559</b>	<b>97.8%</b>
16,836	(6,436)	729	(7,165)	-983.0%
<b>20,694</b>	<b>4,807</b>	<b>6,413</b>	<b>(1,606)</b>	<b>-25.0%</b>
12.2%	21.2%	15.2%	6.1%	
5.7%	15.1%	8.3%	6.8%	
30.8%	6.5%	9.4%	-2.9%	

\$000s
<b>OPERATING REVENUE</b>
Gross Revenue
Deductions
<b>Net Patient Revenue</b>
Other Operating Revenue
<b>Total Operating Revenue</b>
<b>OPERATING EXPENSE</b>
Salaries & Wages
Supplies
Fees & Purchased Services
Other Operating Expense
Interest
Depreciation
<b>Total Operating Expense</b>
<b>Net Operating Income/(Loss)</b>
Non Operating Income
<b>Net Income(Loss)</b>
<b>EBITDA</b>
<b>Operating Margin</b>
<b>Net Margin</b>

YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
902,032	959,654	958,099	1,554	0.2%
(647,377)	(688,964)	(699,720)	10,756	-1.5%
<b>254,655</b>	<b>270,690</b>	<b>258,379</b>	<b>12,311</b>	<b>4.8%</b>
7,764	7,145	8,332	(1,186)	-14.2%
<b>262,419</b>	<b>277,836</b>	<b>266,711</b>	<b>11,125</b>	<b>4.2%</b>
141,642	146,192	148,789	2,598	1.7%
38,818	36,040	39,444	3,404	8.6%
30,912	30,674	31,817	1,142	3.6%
13,771	9,440	9,487	47	0.5%
1,797	1,887	1,793	(94)	-5.2%
15,163	16,263	17,093	830	4.9%
<b>242,103</b>	<b>240,496</b>	<b>248,423</b>	<b>7,927</b>	<b>3.2%</b>
<b>20,316</b>	<b>37,340</b>	<b>18,288</b>	<b>19,052</b>	<b>104.2%</b>
(11,438)	8,404	2,916	5,489	188.2%
<b>8,878</b>	<b>45,745</b>	<b>21,204</b>	<b>24,541</b>	<b>115.7%</b>
14.2%	20.0%	13.9%	6.0%	
7.7%	13.4%	6.9%	6.6%	
3.4%	16.5%	8.0%	8.5%	

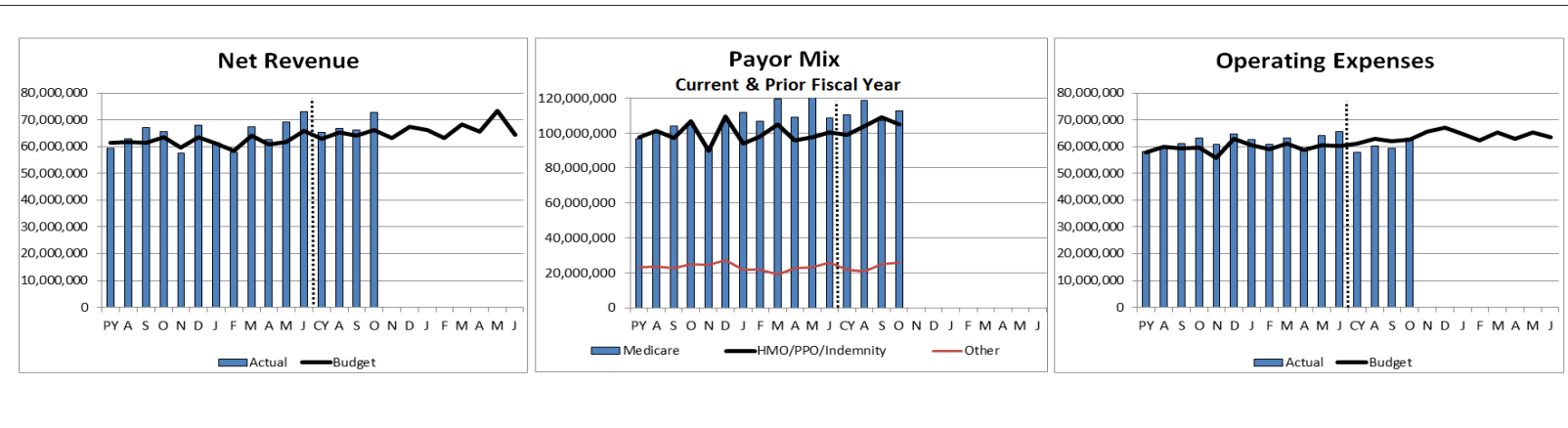
<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

# Monthly Financial Trends



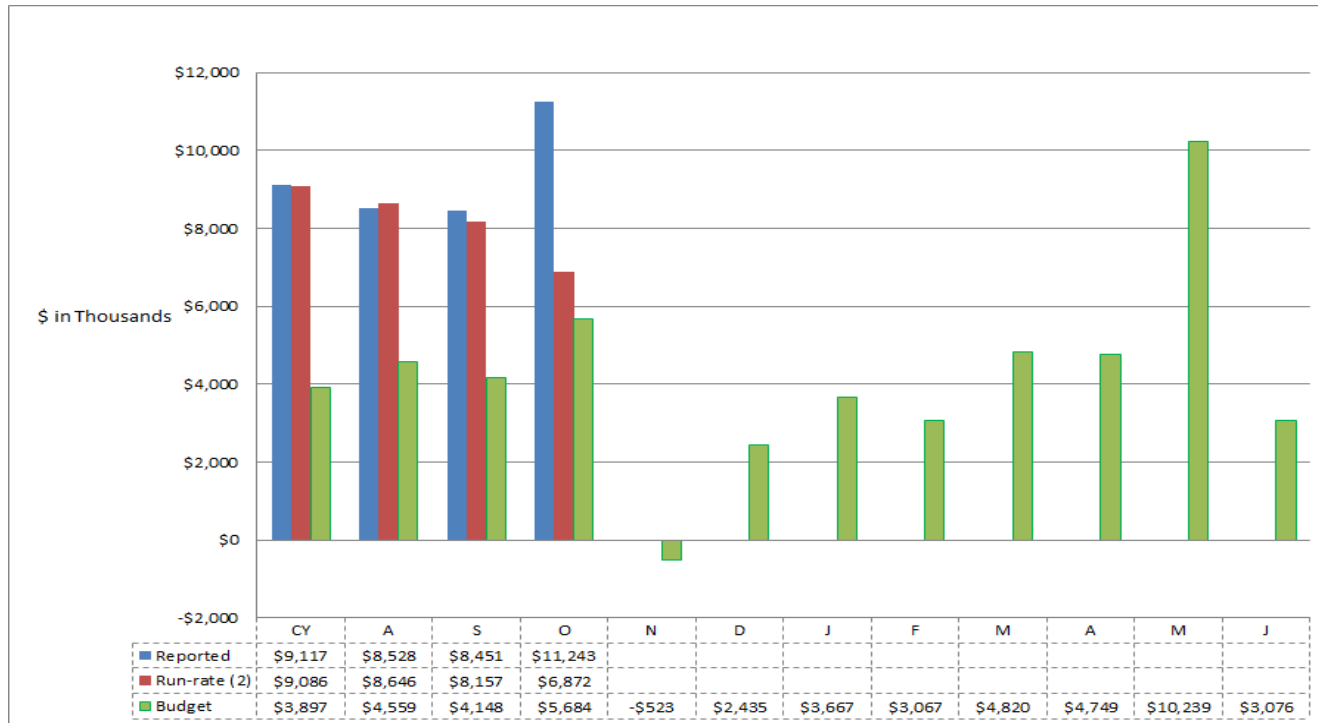
Volume is low mainly in surgeries, endoscopy cases, and mammography procedures.

AR days decreased 2.5 days from September to October.



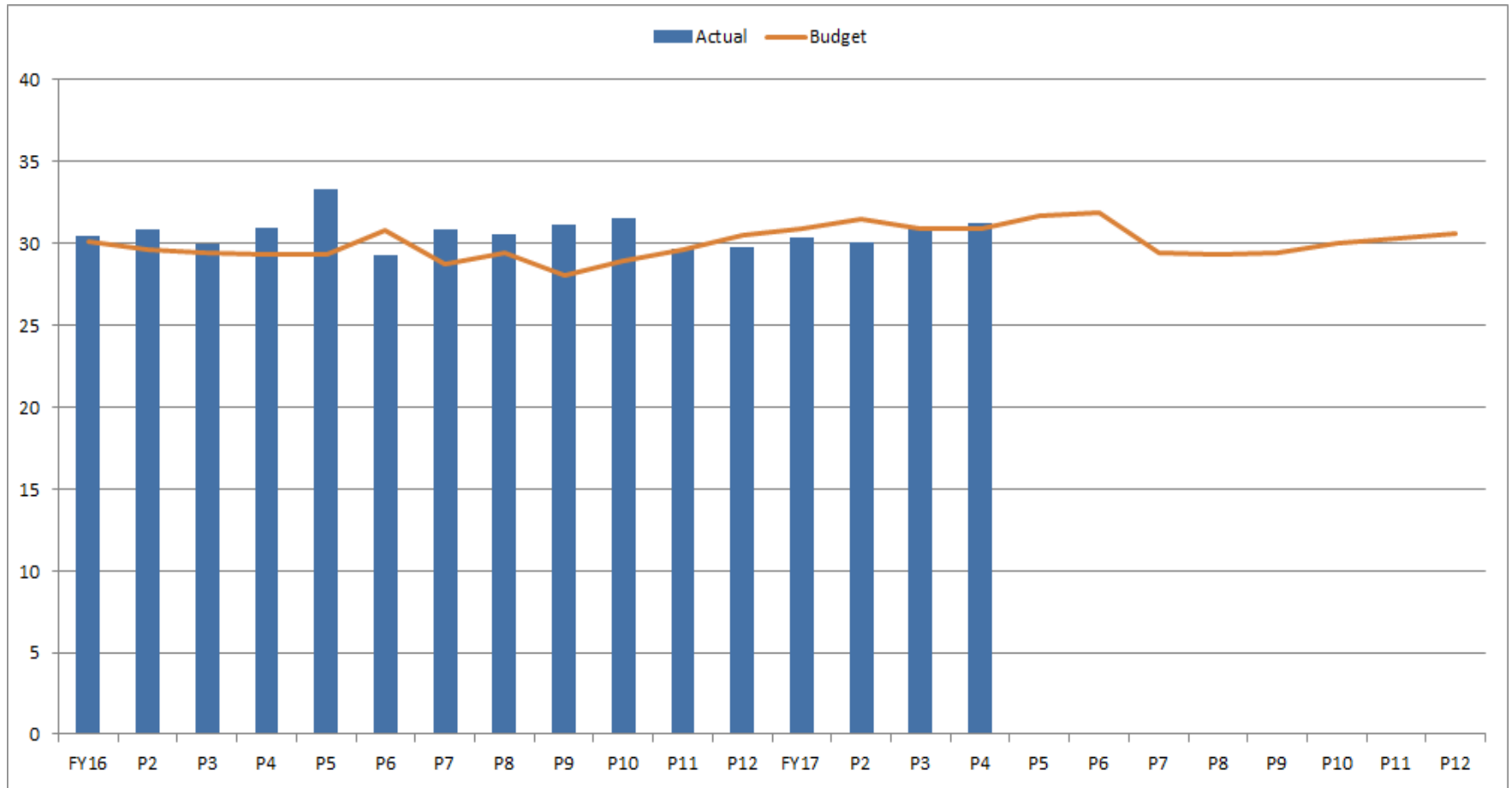
# ECH Operating Margin

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



FY 2017 Actual Run Rate Adjustments (in thousands)													
		J	A	S	O	N	D	J	F	M	A	M	J
Revenue Adjustments	RAC Release	\$76	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Insurance Overpayment Release Spine	\$0	\$0	-\$61	-\$145	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Mcare Settlmt/Appeal/Tent Settlmt/PIP	-\$100	\$158	-\$71	-\$67	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	IGT Supplemental	\$0	\$0	\$0	-\$6,535	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total	-\$31	\$118	-\$295	-\$6,771	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expense Adjustments	Pay-For-Performance Bonus	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Ratification Bonus	\$0	\$0	\$0	\$2,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total	\$0	\$0	\$0	\$2,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

## Worked Hours per Adjusted Patient Day



Productivity has improved after EPIC go-live and is slightly higher than target in October.



## Summary of Financial Results

### \$ in Thousands

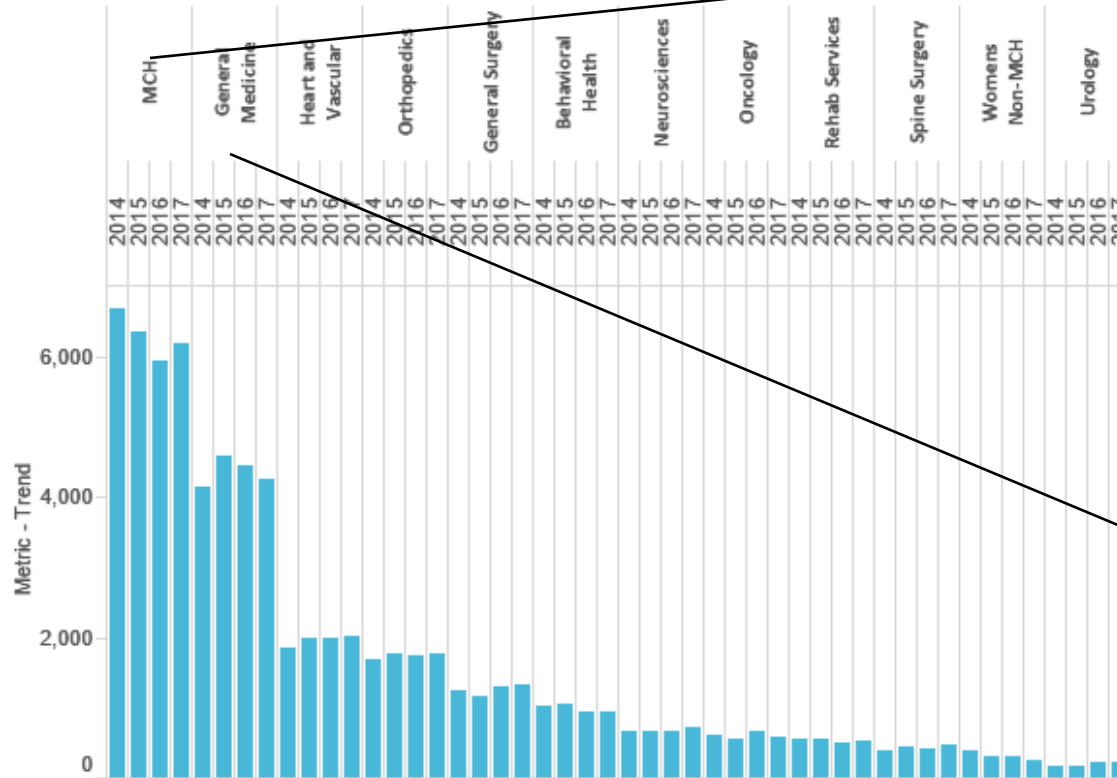
	Period 4 - Month			Period 4 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Income (Loss) from Operations</b>						
Mountain View	10,274	4,234	6,040	34,465	13,838	20,627
Los Gatos	970	1,450	(480)	2,875	4,450	(1,575)
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>11,243</b>	<b>5,684</b>	<b>5,559</b>	<b>37,340</b>	<b>18,288</b>	<b>19,052</b>
<b>Operating Margin %</b>	<b>15.1%</b>	<b>8.3%</b>		<b>13.4%</b>	<b>6.9%</b>	
<b>El Camino Hospital Non Operating Income</b>						
Investments	(6,934)	1,512	(8,446)	9,737	6,047	3,690
Swap Adjustments	946	0	946	1,184	0	1,184
Community Benefit	(99)	(283)	184	(1,723)	(1,133)	(590)
Other	(349)	(499)	151	(792)	(1,998)	1,205
<b>Sub Total - Non Operating Income</b>	<b>(6,436)</b>	<b>729</b>	<b>(7,165)</b>	<b>8,404</b>	<b>2,916</b>	<b>5,489</b>
<b>El Camino Hospital Net Income (Loss)</b>	<b>4,807</b>	<b>6,413</b>	<b>(1,606)</b>	<b>45,745</b>	<b>21,204</b>	<b>24,541</b>
<b>ECH Net Margin %</b>	<b>6.5%</b>	<b>9.4%</b>		<b>16.5%</b>	<b>8.0%</b>	
Concern	18	207	(188)	483	796	(314)
ECSC	(7)	0	(7)	(50)	0	(50)
Foundation	(32)	76	(108)	524	(99)	622
Silicon Valley Medical Development	(38)	(1)	(37)	62	(7)	69
<b>Net Income Hospital Affiliates</b>	<b>(59)</b>	<b>282</b>	<b>(341)</b>	<b>1,015</b>	<b>691</b>	<b>325</b>
<b>Total Net Income Hospital &amp; Affiliates</b>	<b>4,748</b>	<b>6,695</b>	<b>(1,947)</b>	<b>46,760</b>	<b>21,895</b>	<b>24,865</b>

Favorable variance in other due to JV income mainly Pathways and lower loss on SVMD clinics.

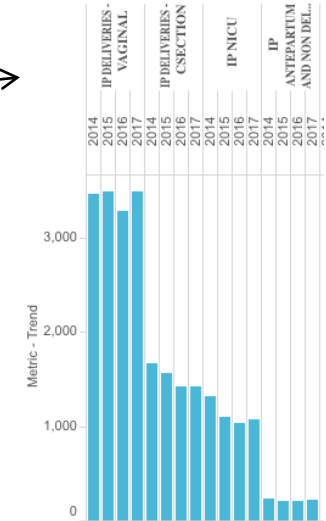
# El Camino Hospital Volume Annual Trends – Inpatient

## FY 2017 is annualized

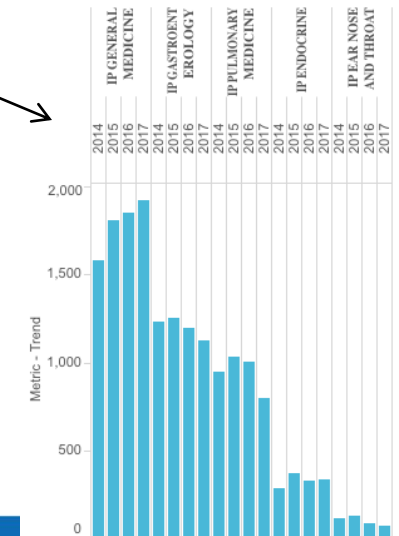
**Service Line Trend** - clicking on a service line excludes all others. Clicking a second time removes the filter. Filters apply to all graphs below.



Product line Trend



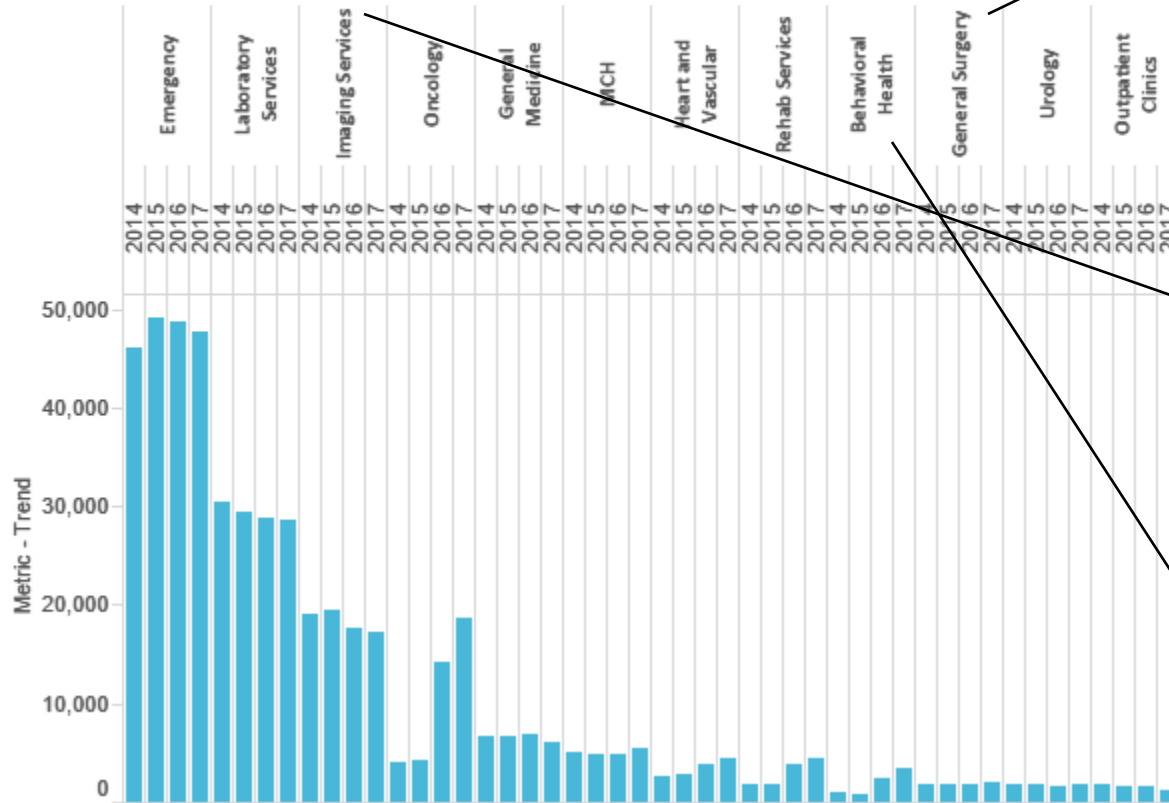
Product line Trend



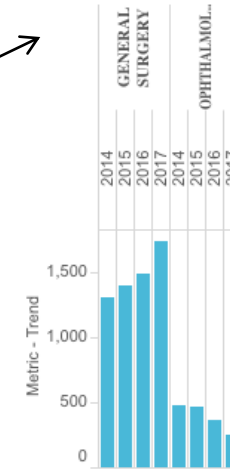
- Maternity volume recovering in FY17 due to growth in vaginal deliveries
- General medicine lower due to lower flu cases
- Other service lines are stable

# El Camino Hospital Volume Annual Trends – Outpatient FY 2017 is annualized

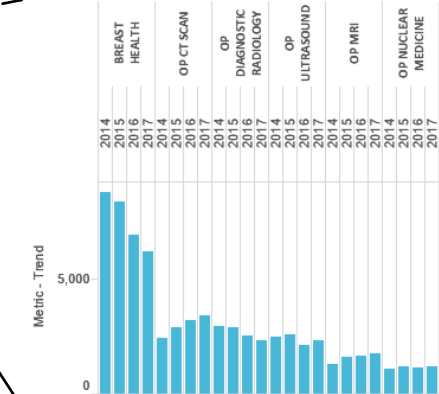
Service Line Trend - clicking on a service line excludes all others. Clicking a second time re below.



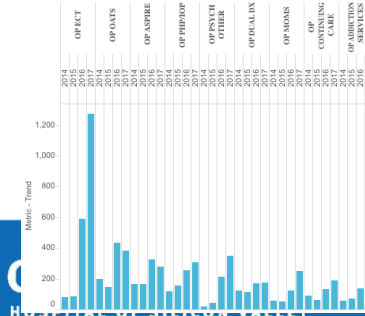
Sub Service Line Trend



Sub Service Line Trend



Product line Trend



- Decline in imaging due to mammo – Tomo technology will reverse the decline
- Growth in general surgery and Behav Health



EL CAMINO HOSPITAL  
THE HOSPITAL OF SILICON VALLEY

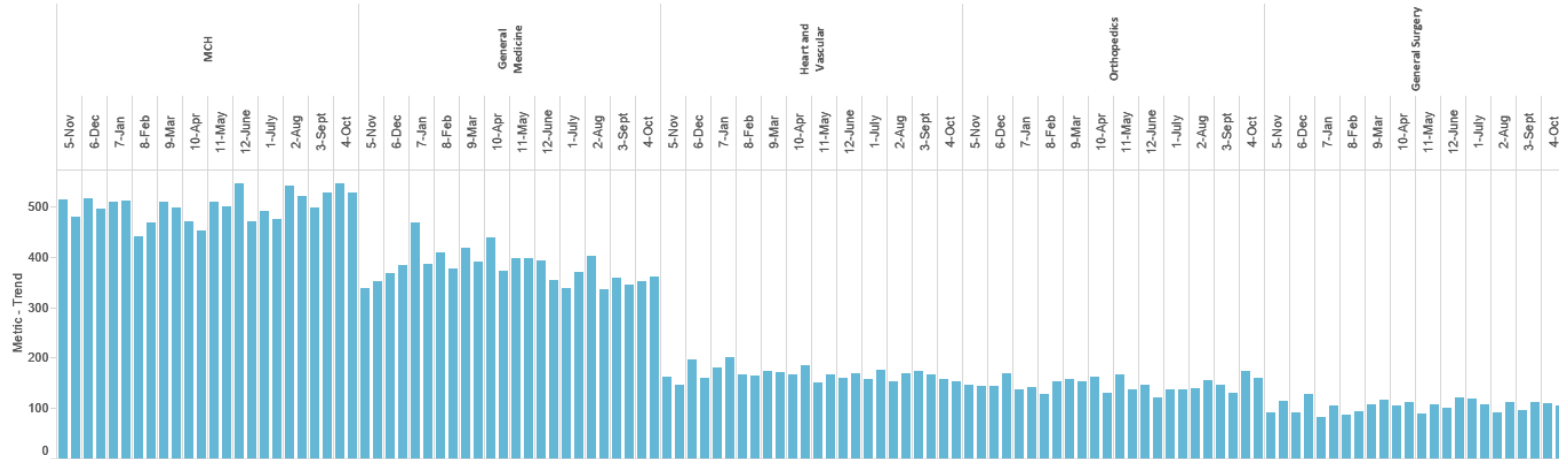
# El Camino Hospital Volume Monthly Trends

## Prior and Current Fiscal Years

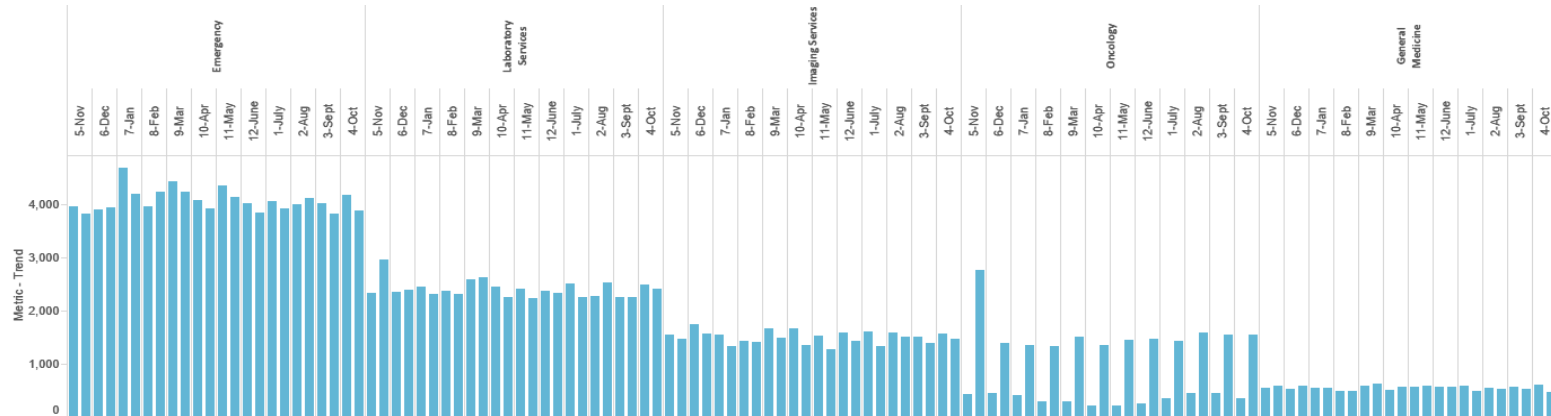
### Columns are in PY, CY Order

IP

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

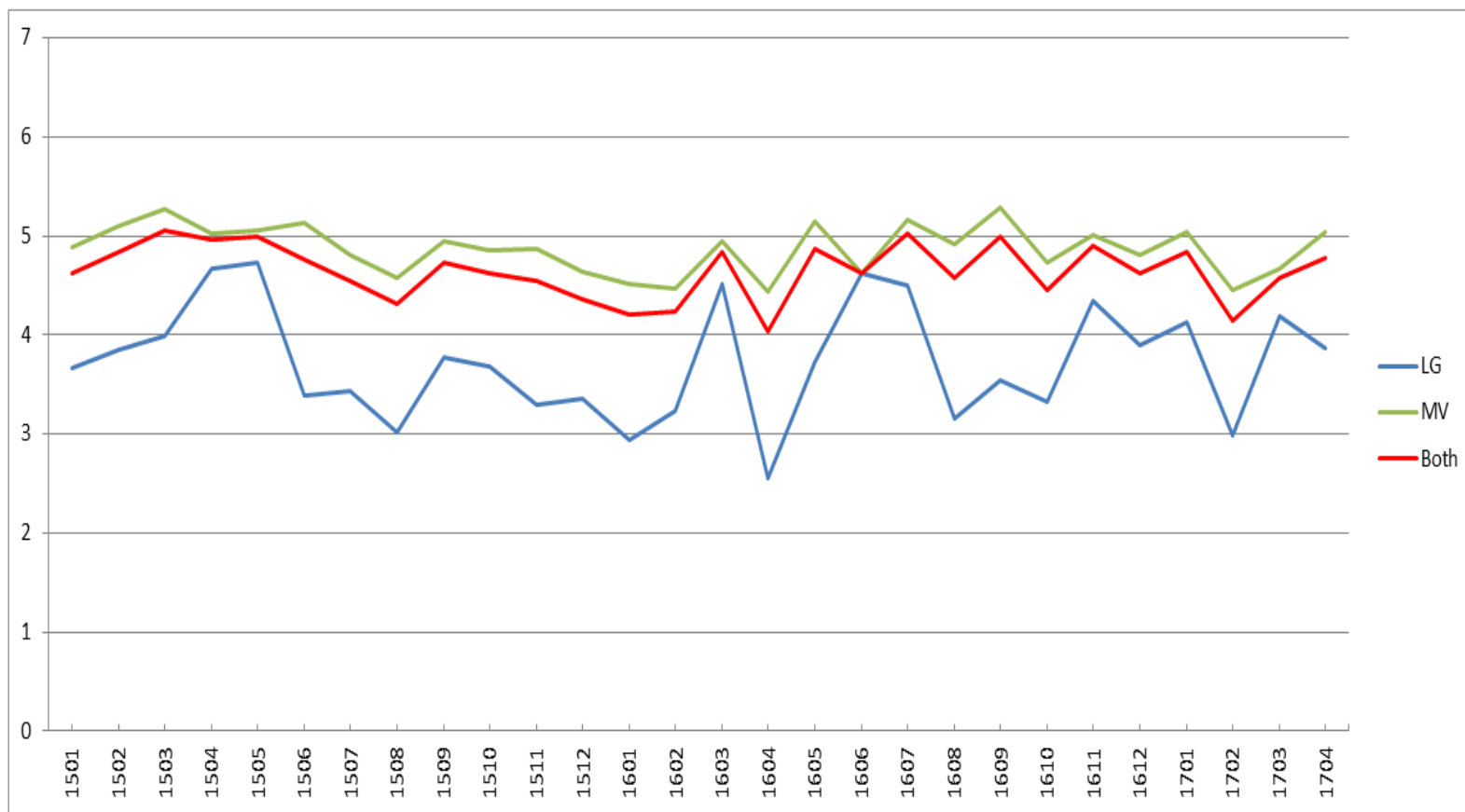


OP



Monthly volume consistent with annual trends describes on P 10 and P 11

## Medicare ALOS



- Medicare margin improves with decreased LOS
- Trend shows improvement in ALOS

# El Camino Hospital Investment Committee Scorecard

Updated Quarterly

September 30, 2016

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY17 Year-end Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>		3Q 2016		Fiscal Year-to-date		Since Inception (annualized)		May 2016	
Surplus cash balance & op. cash (millions)		\$773.2	--	--	--	--	--	\$657.2	--
Surplus cash return		2.7%	2.8%	2.7%	2.8%	4.9%	4.8%	4.0%	5.2%
Cash balance plan balance (millions)		\$228.9	--	--	--	--	--	\$220.6	--
Cash balance plan return		3.5%	3.1%	3.5%	3.1%	7.5%	6.8%	6.0%	5.8%
403(b) plan balance (millions)		\$357.1	--	--	--	--	--	--	--
<b>Risk vs. Return</b>		3-year				Since Inception (annualized)		May 2016	
Surplus cash Sharpe ratio		0.89	0.95	--	--	1.10	1.09	--	0.55
Net of fee return		4.1%	4.4%	--	--	4.9%	4.8%	--	5.2%
Standard deviation		4.6%	4.6%	--	--	4.3%	4.4%	--	8.6%
Cash balance Sharpe ratio		0.91	0.91	--	--	1.24	1.18	--	0.49
Net of fee return		5.5%	5.3%	--	--	7.5%	6.8%	--	5.8%
Standard deviation		6.0%	5.8%	--	--	5.9%	5.7%	--	10.7%
<b>Asset Allocation</b>		3Q 2016							
Surplus cash absolute variances to target		6.2%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		5.2%	< 10%	--	--	--	--	--	--
<b>Manager Compliance</b>		3Q 2016							
Surplus cash manager flags		13	< 18	--	--	--	--	--	--
Cash balance plan manager flags		12	< 18	--	--	--	--	--	--

# El Camino Hospital

Capital Spending (in millions)

Category	Detail	Approved	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	FY 17 Proj Spend	FY 17 YTD Spent
<b>CIP</b>	EPIC Upgrade			6.1	2.0	6.1	2.0
<b>IT Hardware, Software, Equipment*</b>				5.4	1.0	5.4	1.0
<b>Medical &amp; Non Medical Equipment FY 16**</b>				4.3	0.2	4.3	0.2
<b>Medical &amp; Non Medical Equipment FY 17</b>				10.3	1.1	10.3	1.1
<b>Facility Projects</b>							
	1307 LG Upgrades	FY13	17.3	17.3	11.4	6.3	0.6
	1219 LG Spine OR	FY13	4.1	4.1	2.3	3.1	1.0
	1414 Integrated MOB	FY15	275.0	28.0	19.7	100.0	6.0
	1413 North Drive Parking Expansion	FY15	24.5	24.5	2.9	21.5	1.2
	1245 Behavioral Health Bldg	FY16	91.5	19.0	9.2	36.0	1.9
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	8.8	8.8	1.3	7.8	0.6
	1313/1224 LG Rehab HVAC System & Structural	FY16	3.7	3.7	2.7	1.0	1.0
	1502 Cabling & Wireless Upgrades	FY16	2.8	2.8	2.2	0.6	0.1
	1425 IMOB Preparation Project - Old Main	FY16	3.0	3.0	2.5	1.0	1.7
	1430 Women's Hospital Expansion	FY16	91.0	0.0	0.0	5.0	0.0
	1422 CUP Upgrade	FY16	9.0	1.5	1.1	5.0	0.1
	1503 Willow Pavilion Tomosynthesis	FY16	1.3	1.3	0.1	1.1	0.0
	1519/1314 LG Electrical Systems Upgrade	FY16	1.2	0.0	0.0	0.5	0.0
	1347 LG Central Sterile Upgrades	FY15	3.7	0.2	0.3	2.0	0.0
	1508 LG NICU 4 Bed Expansion	FY16	7.0	0.5	0.1	4.0	0.1
	1520 Facilities Planning Allowance	FY16	0.6	0.0	0.0	0.5	0.0
	1525 New Main Lab Upgrades		1.6	0.4	0.1	1.6	0.1
	1515 ED Remodel Triage/Psych Observation	FY16	1.6	0.0	0.0	0.6	0.0
	Site Signage and Other Improvements		1.0	0.0	0.0	0.2	0.0
	IR Room #6 Development		2.6	0.0	0.0	0.6	0.0
	1602 JW House (Patient Family Residence)		2.5	0.0	0.0	1.5	0.0
	1507 LG IR Upgrades		1.1	0.0	0.0	0.2	0.0
	LG Building Infrastructure Upgrades		1.5	0.0	0.0	1.5	0.0
	1421 LG MOB Improvements (17)		5.0	0.9	0.7	4.0	0.1
	All Other Projects under \$1M		8.6	7.2	4.4	6.3	1.2
			569.9	123.2	60.8	211.8	15.7
<b>GRAND TOTAL</b>				<b>149.3</b>		<b>237.8</b>	<b>20.0</b>

\*Excluding EPIC

\*\* Unspent Prior Year routine used as contingency

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

**FY 17 Facility Project Request (in 000s)**

	(Board Packet) <b>Budgeted FY 17</b>	(FY 17 Cashflow Projections) <b>Projected FY 17*</b>	<b>Variance</b>
<b>Mountain View Campus Master Plan Projects</b>			
1245 BHS Replacement	\$30,000	\$36,000	(\$6,000)
1413 North Dr. Parking Structure Expansion	\$20,500	\$21,500	(\$1,000)
1414 Integrated Medical Office Building	\$101,500	\$100,000	\$1,500
1422 CUP Upgrades	\$5,000	\$5,000	\$0
1430 Womens Hosp Expansion	<u>\$5,500</u>	<u>\$5,000</u>	<u>\$500</u>
<b>Sub-Total Mountain View Campus Master Plan**</b>	<b>\$162,500</b>	<b>\$167,500</b>	<b>(\$5,000)</b>
<b>Mountain View Capital Projects</b>			
1501 Womens Hosp NPC Closeout	\$327	\$527	(\$200)
1425 IMOB Preparation Project - Old Main	\$1,000	\$990	\$10
1502 Cabling and Wireless upgrades	\$400	\$600	(\$200)
1525 Histology Fume Hood Upgrades	\$1,200	\$1,570	(\$370)
1515 ED Remodel Triage/Psych Observation	\$1,400	\$600	\$800
1415 Signage & Wayfinding	\$300	\$500	(\$200)
1503 Breast Imaging Tomography	\$300	\$1,100	(\$800)
1316 Willow Pavilion FA Sys and Equip Upgrades	\$800	\$200	\$600
Furniture Systems Inventory	\$250	\$500	(\$250)
Site Signage & Other Improvements	\$200	\$200	\$0
MV Equipment & Infrastructure Upgrades	\$300	\$600	(\$300)
IR Room #6 Development	\$500	\$600	(\$100)
1602 JW House (Patient Family Residence)	\$500	\$1,500	(\$1,000)
Facilities Planning Allowance	<u>\$300</u>	<u>\$600</u>	<u>(\$300)</u>
<b>Sub-Total Mountain View Projects</b>	<b>\$7,777</b>	<b>\$10,087</b>	<b>(\$2,310)</b>
<b>Los Gatos Capital Projects</b>			
1219 LG Spine Room Expansion - OR 4	\$3,100	\$3,100	\$0
1313 LG Rehab HVAC Upgrades	\$400	\$1,000	(\$600)
1248 LG Imaging Phase II (CT & Gen Rad)	\$7,250	\$7,750	(\$500)
1307 LG Upgrades - Major	\$7,300	\$6,300	\$1,000
1327 LG Rehab Building Upgrades	\$500	\$655	(\$155)
1507 LG IR Upgrades	\$800	\$200	\$600
1508 LG NICU 4 Bed Expansion	\$5,000	\$4,000	\$1,000
LG Building Infrastructure Improvements	\$1,200	\$1,500	(\$300)
LG MOB Improvements (17)	\$4,000	\$4,000	\$0
LG Facilities Planning	\$500	\$500	\$0
1421 LG MOB Improvements	<u>\$150</u>	<u>\$638</u>	<u>(\$488)</u>
<b>Sub-Total Los Gatos Projects</b>	<b>\$30,200</b>	<b>\$29,643</b>	<b>\$557</b>
<b>Other Strategic Capital Projects</b>			
Primary Care Clinic (TI's Only)	\$1,600	\$1,600	\$0
Urgent Care Clinics (TI's Only)	<u>\$2,400</u>	<u>\$2,400</u>	<u>\$0</u>
<b>Sub-Total Strategic Capital Projects</b>	<b>\$4,000</b>	<b>\$4,000</b>	<b>\$0</b>
<b>Grand Total Facilities Projects</b>	<b>\$204,477</b>	<b>\$211,230</b>	<b>(\$6,753)</b>

\*FY 2017 Cashflow based on August 2016 Information

\*\* Board Approved



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

## Balance Sheet (Thousands)

### ASSETS

	Audited	
	October 31, 2016	June 30, 2016
<b>CURRENT ASSETS</b>		
(1) Cash	91,189	59,169
Short Term Investments	109,776	105,284
(2) Patient Accounts Receivable, net	101,164	120,960
Other Accounts and Notes Receivable	3,279	4,369
(3) Intercompany Receivables	1,296	2,200
(4) Inventories and Prepaids	42,841	39,678
<b>Total Current Assets</b>	<b>349,544</b>	<b>331,660</b>
<b>BOARD DESIGNATED ASSETS</b>		
Plant & Equipment Fund	122,151	119,650
(5) Women's Hospital Expansion	8,961	-
Operational Reserve Fund	100,196	100,196
Community Benefit Fund	13,068	13,037
Workers Compensation Reserve Fund	22,688	22,309
Postretirement Health/Life Reserve Fund	18,797	18,256
PTO Liability Fund	22,935	22,984
Malpractice Reserve Fund	1,800	1,800
Catastrophic Reserves Fund	14,696	14,125
<b>Total Board Designated Assets</b>	<b>325,293</b>	<b>312,358</b>
(6) FUNDS HELD BY TRUSTEE	28,192	30,841
<b>LONG TERM INVESTMENTS</b>	<b>211,083</b>	<b>207,597</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>32,560</b>	<b>31,627</b>
<b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,177,292	1,171,372
Less: Accumulated Depreciation	(500,731)	(485,856)
Construction in Progress	54,343	46,009
<b>Property, Plant &amp; Equipment - Net</b>	<b>730,904</b>	<b>731,525</b>
<b>DEFERRED OUTFLOWS</b>	<b>29,614</b>	<b>29,814</b>
<b>RESTRICTED ASSETS - CASH</b>	<b>0</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>1,707,188</b>	<b>1,675,422</b>

### LIABILITIES AND FUND BALANCE

	Audited	
	October 31, 2016	June 30, 2016
<b>CURRENT LIABILITIES</b>		
(7) Accounts Payable	20,128	28,519
(8) Salaries and Related Liabilities	18,740	22,992
Accrued PTO	22,935	22,984
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	11,183	11,314
Intercompany Payables	80	105
Malpractice Reserves	1,936	1,936
Bonds Payable - Current	3,635	3,635
(9) Bond Interest Payable	3,621	5,459
Other Liabilities	6,993	10,478
<b>Total Current Liabilities</b>	<b>88,659</b>	<b>106,830</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	18,797	18,256
Worker's Comp Reserve	20,388	20,009
Other L/T Obligation (Asbestos)	3,674	3,637
Other L/T Liabilities (IT/Medl Leases)	-	-
Bond Payable	225,396	225,857
<b>Total Long Term Liabilities</b>	<b>268,255</b>	<b>267,759</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>2,892</b>	<b>2,892</b>
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	1,022,090	985,583
Board Designated	325,293	312,358
Restricted	0	-
(10) <b>Total Fund Bal &amp; Capital Accts</b>	<b>1,347,382</b>	<b>1,297,941</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>1,707,188</b>	<b>1,675,422</b>

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

## El Camino Hospital Comparative Balance Sheet Variances and Footnotes <sup>(1)</sup>

- (1) The increase in cash is due allowing for immediate cash to be available for the recent significant construction projects that have started in MV campus.
- (2) The decrease is primarily due to the significant cash payments the Patient Accounts team has brought in during the four months, two months were in excess of \$70M where the projected budgeted was approximately \$63M per month.
- (3) The decrease is just a timing issue of intercompany payments from one quarter to another. Normally at a fiscal year end, they are higher due to the books being held open for a longer period of time in preparation for audit.
- (4) The increase is principally due to a quarterly pension contribution of \$2.6M.
- (5) A new item, the District allocated its FY 2014 and FY 2015 Capital Appropriation Funds in support of future renovations to the Women's Hospital when the IMOB is completed and those floors become for patient care.
- (6) The decrease is due to additional withdraws from the 2015A Project Fund for the renovations at the Los Gatos campus.
- (7) The decrease is due significant General Contractor payments being accrued at year end, that were subsequently relieved during the first quarter of fiscal year 2017.
- (8) The decrease is due to timing of the release of the bi-weekly payroll liabilities, at June 30 there were 12/14's accrual on the books, at October 31 it was down to 9/14's.
- (9) The decrease is due a semi-annual 2015A bond interest payment made August 1, 2016.
- (10) The increase is due to this fiscal year's P&L affect (\$37M from Operations and \$6M for Non-Operations – primarily due to unrealized investment gain), and the \$9M transfer from the District in support of the future Women's Hospital renovations.

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

# APPENDIX

### Dashboard - Mountain View

	Annual						Month			YTD		
	2013	2014	2015	2016	2017 Projection	2017 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
<b>Volume</b>												
Licensed Beds	300	300	300	300	300	300	300	300	300	300	300	300
Acute Patient Days	72,245	71,084	73,360	73,010	69,672	72,687	5,839	5,734	5,909	23,340	23,224	23,532
ADC	198	195	201	199	191	199	188	185	191	190	189	191
Adjusted Acute Discharges	18,804	18,465	18,455	18,721	18,815	18,879	1,694	1,622	1,579	6,338	6,272	6,330
Acute Discharges	11,206	10,718	10,825	11,105	10,872	11,082	950	924	920	3,648	3,624	3,695
<b>Inpatient total</b>												
MS Discharges	11,206	10,718	10,825	11,105	10,872	11,082	950	924	920	3,648	3,624	3,695
Deliveries	4,487	4,348	4,386	4,076	4,248	4,171	346	359	346	1,365	1,416	1,391
BHS	861	857	901	806	777	896	70	67	74	284	259	299
Rehab	0	0	0	0	0	0	0	0	0	0	0	0
<b>OP total</b>												
ED	34,920	35,447	38,443	39,005	38,313	40,212	3,392	3,198	3,337	13,030	12,771	13,405
OP Surg	2,808	3,273	3,402	3,189	3,426	3,447	320	306	286	1,134	1,142	1,149
Endo	1979	2,300	2,365	2,231	2,040	2,320	197	163	193	789	680	773
Interventional	1496	1,689	1,856	1,947	2,046	2,302	170	167	191	658	682	767
All Other	59,665	64,061	62,322	72,398	75,846	76,743	5,203	6,394	6,369	20,516	25,282	25,584
<b>Financial Performance (\$000s)</b>												
Net Revenues	557,533	589,420	603,788	632,800	672,844	640,625	53,766	60,366	53,356	206,159	224,281	208,948
Operating Expenses	516,892	550,736	562,790	607,214	588,804	625,093	51,980	51,623	50,988	197,474	196,268	202,589
Operating Income \$	55,324	56,518	59,684	46,918	103,395	38,016	3,263	10,274	4,234	15,599	34,465	13,838
Operating Margin	9.7%	9.3%	9.6%	7.2%	14.9%	5.7%	5.9%	16.6%	7.7%	7.3%	14.9%	6.4%
EBITDA \$	105,938	105,814	103,637	96,770	151,405	90,879	7,069	14,282	8,378	30,569	50,468	30,604
EBITDA %	18.5%	17.4%	16.6%	14.8%	21.9%	13.7%	12.8%	23.1%	15.2%	14.3%	21.9%	14.1%
<b>Payor Mix</b>												
Medicare	42.0%	44.0%	46.4%	46.2%	46.0%	45.0%	43.5%	44.7%	45.0%	44.2%	46.0%	45.0%
Medi-Cal	5.4%	6.5%	7.1%	7.9%	7.9%	8.3%	8.0%	9.5%	8.3%	8.4%	7.9%	8.3%
Commercial IP	28.6%	25.7%	24.2%	23.6%	23.3%	23.6%	24.7%	23.3%	23.6%	24.0%	23.3%	23.6%
Commercial OP	19.2%	18.9%	18.4%	18.6%	19.8%	19.1%	19.7%	20.3%	19.1%	19.5%	19.8%	19.1%
Total Commercial	47.8%	44.6%	42.6%	42.2%	43.1%	42.7%	44.4%	43.5%	42.7%	43.5%	43.1%	42.7%
Other	4.8%	4.9%	3.9%	3.7%	3.0%	4.0%	4.1%	2.4%	4.0%	3.9%	3.0%	4.0%
<b>Cost</b>												
Employees	1,901.0	2,027.6	2,029.9	2,163.0	2,055.1	2,123.0	2,170.7	2,058.3	2,078.9	2,103.8	2,055.1	2,090.6
Hrs/APD	29.58	30.16	29.60	30.97	31.02	31.87	31.18	31.79	31.72	31.01	31.02	31.87

# Dashboard - Los Gatos

Annual							Month			YTD		
	2013	2014	2015	2016	2017 Projection	2017 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
<b>Volume</b>												
Licensed Beds	143	143	143	143	143	143	143	143	143	143	143	143
ADC	42	43	45	43	42	46	41	45	45	43	42	45
Adjusted Acute Discharges	3,578	3,740	3,888	3,778	3,567	4,113	321	295	342	1,380	1,189	1,375
Acute Discharges	2,143	2,165	2,289	2,239	2,094	2,417	184	183	200	758	698	805
<b>Inpatient total</b>												
MS Discharges	2,143	2,165	2,289	2,239	2,094	2,417	184	183	200	758	698	805
Deliveries	748	792	681	641	618	639	60	55	53	244	206	213
BHS	0	0	0	0	0	14	0	0	1	0	0	5
Rehab	525	547	555	500	513	570	49	40	47	182	171	190
<b>OP total</b>												
ED	10,605	10,609	10,687	10,922	10,455	11,046	907	820	917	3,613	3,485	3,682
OP Surg	3,103	3,171	3,077	2,864	2,862	2,980	247	249	247	1,034	954	994
Endo	263	192	155	91	54	159	25	14	13	56	18	53
Interventional	11	17	22	23	39	21	0	5	2	5	13	7
All Other	4,770	5,397	5,730	7,258	7,836	7,823	573	603	606	1,896	2,612	2,436
<b>Financial Performance (\$000s)</b>												
Net Revenues	128,794	131,702	142,858	139,221	139,227	148,960	11,673	12,233	12,791	48,496	46,409	49,431
Operating Expenses	115,461	118,944	126,841	135,830	132,683	139,735	11,298	11,436	11,560	44,649	44,228	45,833
Operating Income \$	13,802	13,787	18,436	5,695	8,626	11,801	575	970	1,450	4,697	2,875	4,450
Operating Margin	10.7%	10.4%	12.7%	4.0%	6.1%	7.8%	4.8%	7.8%	11.1%	9.5%	6.1%	8.9%
EBITDA \$	18,784	19,440	24,365	11,784	15,064	19,011	1,071	1,506	1,974	6,636	5,021	6,570
EBITDA %	14.5%	14.6%	16.8%	8.3%	10.7%	12.5%	9.0%	12.1%	15.2%	13.4%	10.7%	13.1%
IP Margin												
OP Margin												
<b>Payor Mix</b>												
Medicare	45.5%	44.0%	46.1%	48.2%	50.2%	47.5%	49.5%	53.2%	47.5%	48.4%	50.2%	47.5%
Medi-Cal	2.9%	3.5%	4.3%	5.1%	4.5%	4.7%	5.1%	3.9%	4.7%	4.6%	4.5%	4.7%
Commercial IP	25.3%	25.9%	23.8%	21.4%	20.3%	22.2%	19.6%	19.2%	22.2%	22.2%	20.3%	22.2%
Commercial OP	17.0%	19.1%	20.0%	19.4%	19.5%	20.2%	20.7%	17.7%	20.2%	20.1%	19.5%	20.2%
Total Commercial	42.3%	45.0%	43.8%	40.8%	39.8%	42.4%	40.3%	36.9%	42.4%	42.2%	39.8%	42.4%
Other	9.3%	7.5%	5.8%	5.9%	5.6%	5.5%	5.1%	6.1%	5.5%	4.8%	5.6%	5.5%
<b>Cost</b>												
Employees	388.0	408.1	422.6	421.8	417.7	422.4	410.2	421.9	419.5	424.7	417.7	422.4
Hrs/APD	29.13	27.65	28.00	29.34	28.99	27.58	29.97	29.09	27.30	28.66	28.99	27.58

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

4 months ending 10/31/2016

PERIOD 4 FY 2016	PERIOD 4 FY 2017	PERIOD 4 Budget 2017	Variance Fav (Unfav)	Var%
194,824	197,826	198,961	(1,136)	-0.6%
(141,058)	(137,459)	(145,605)	8,146	-5.6%
<b>53,766</b>	<b>60,366</b>	<b>53,356</b>	<b>7,010</b>	<b>13.1%</b>
1,476	1,530	1,866	(336)	-18.0%
<b>55,242</b>	<b>61,896</b>	<b>55,222</b>	<b>6,674</b>	<b>12.1%</b>
29,954	33,188	31,269	(1,918)	-6.1%
7,938	7,086	8,429	1,342	15.9%
6,864	6,634	6,565	(69)	-1.1%
3,396	706	581	(125)	-21.5%
449	498	448	(50)	-11.1%
3,358	3,510	3,696	186	5.0%
<b>51,959</b>	<b>51,623</b>	<b>50,988</b>	<b>(635)</b>	<b>-1.2%</b>
<b>3,283</b>	<b>10,274</b>	<b>4,234</b>	<b>6,040</b>	<b>142.6%</b>
16,836	(6,436)	729	(7,165)	-983.0%
<b>20,119</b>	<b>3,837</b>	<b>4,963</b>	<b>(1,126)</b>	<b>-22.7%</b>
10.6%	21.1%	12.9%	8.1%	
5.9%	16.6%	7.7%	8.9%	
36.4%	6.2%	9.0%	-2.8%	

## \$000s OPERATING REVENUE

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

## OPERATING EXPENSE

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

EBITDA

Operating Margin

Net Margin

YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
736,350	792,043	779,095	12,947	1.7%
(530,190)	(567,762)	(570,147)	2,386	-0.4%
<b>206,159</b>	<b>224,281</b>	<b>208,948</b>	<b>15,333</b>	<b>7.3%</b>
6,914	6,452	7,479	(1,028)	-13.7%
<b>213,073</b>	<b>230,733</b>	<b>216,427</b>	<b>14,306</b>	<b>6.6%</b>
117,682	122,188	123,800	1,611	1.3%
31,908	30,018	32,303	2,285	7.1%
25,389	25,330	26,738	1,407	5.3%
7,503	2,727	2,983	255	8.6%
1,797	1,887	1,793	(94)	-5.2%
13,173	14,117	14,973	856	5.7%
<b>197,454</b>	<b>196,268</b>	<b>202,589</b>	<b>6,322</b>	<b>3.1%</b>
<b>15,619</b>	<b>34,465</b>	<b>13,838</b>	<b>20,627</b>	<b>149.1%</b>
(11,438)	8,415	2,916	5,499	188.6%
<b>4,182</b>	<b>42,880</b>	<b>16,754</b>	<b>26,126</b>	<b>155.9%</b>
12.0%	19.7%	11.8%	7.9%	
7.3%	14.9%	6.4%	8.5%	
2.0%	18.6%	7.7%	10.8%	

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

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

4 months ending 10/31/2016

PERIOD 4 FY 2016	PERIOD 4 FY 2017	PERIOD 4 Budget 2017	Variance Fav (Unfav)	Var%
42,300	45,979	46,320	(341)	-0.7%
(30,628)	(33,746)	(33,529)	(217)	0.6%
<b>11,673</b>	<b>12,233</b>	<b>12,791</b>	<b>(558)</b>	<b>-4.4%</b>
200	172	219	(46)	-21.2%
<b>11,873</b>	<b>12,406</b>	<b>13,010</b>	<b>(604)</b>	<b>-4.6%</b>
5,807	6,166	6,318	152	2.4%
1,734	1,355	1,888	532	28.2%
1,477	1,382	1,270	(112)	-8.8%
1,783	1,997	1,560	(437)	-28.0%
0	0	0	0	0.0%
496	536	524	(13)	-2.4%
<b>11,298</b>	<b>11,436</b>	<b>11,560</b>	<b>124</b>	<b>1.1%</b>
<b>575</b>	<b>970</b>	<b>1,450</b>	<b>(480)</b>	<b>-33.1%</b>
0	0	0	0	0.0%
<b>575</b>	<b>970</b>	<b>1,450</b>	<b>(480)</b>	<b>-33.1%</b>
19.6%	22.2%	24.8%	-2.6%	
4.8%	7.8%	11.1%	-3.3%	
4.8%	7.8%	11.1%	-3.3%	

## \$000s

### OPERATING REVENUE

Gross Revenue

Deductions

**Net Patient Revenue**

Other Operating Revenue

**Total Operating Revenue**

### OPERATING EXPENSE

Salaries & Wages

Supplies

Fees & Purchased Services

Other Operating Expense

Interest

Depreciation

**Total Operating Expense**

**Net Operating Income/(Loss)**

Non Operating Income

**Net Income(Loss)**

**EBITDA**

**Operating Margin**

**Net Margin**

YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
165,682	167,611	179,004	(11,393)	-6.4%
(117,186)	(121,202)	(129,573)	8,371	-6.5%
<b>48,496</b>	<b>46,409</b>	<b>49,431</b>	<b>(3,022)</b>	<b>-6.1%</b>
850	694	852	(158)	-18.6%
<b>49,346</b>	<b>47,103</b>	<b>50,284</b>	<b>(3,181)</b>	<b>-6.3%</b>
23,959	24,003	24,990	986	3.9%
6,910	6,021	7,140	1,119	15.7%
5,523	5,344	5,079	(265)	-5.2%
6,268	6,713	6,505	(208)	-3.2%
0	0	0	0	0.0%
1,990	2,146	2,120	(27)	-1.3%
<b>44,649</b>	<b>44,228</b>	<b>45,833</b>	<b>1,606</b>	<b>3.5%</b>
<b>4,697</b>	<b>2,875</b>	<b>4,450</b>	<b>(1,575)</b>	<b>-35.4%</b>
0	(10)	0	(10)	0.0%
<b>4,697</b>	<b>2,865</b>	<b>4,450</b>	<b>(1,585)</b>	<b>-35.6%</b>
23.7%	21.3%	23.0%	-1.7%	
9.5%	6.1%	8.9%	-2.7%	
9.5%	6.1%	8.9%	-2.8%	

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



# El Camino Hospital Capital Spending (in thousands) FY 2012 – FY 2016

Category	2012	2013	2014	2015	2016
IT Hardware/Software Equipment	7,289	8,019	2,788	4,660	6,483
Medical/Non Medical Equipment	11,203	10,284	12,891	13,340	11,846
Non CIP Land, Land I, BLDG, Additions	7,311	0	22,292	0	30,274

## Facilities Projects CIP

0101 - Hosp Replace	313	0	0	0	0
0317 - Melchor TI's	117	0	0	0	0
0701 - Cyberknife	0	0	0	0	0
0704 - 1 South Upgrade	2	0	0	0	0
0802 - Willow Pavilion Upgrades	0	0	0	0	0
0805 - Women's Hospital Finishes	0	0	0	0	0
0809 - Hosp Renovations	0	0	0	0	0
0815 - Orc Pav Water Heater	0	0	0	0	0
0816 - Hospital Signage	0	0	0	0	0
0904 - LG Facilities Upgrade	41	2	0	0	0
0907 - LG Imaging Masterplan	162	244	774	1,402	17
1000 - LG Rehab Building	0	0	0	0	0
1104 - New Main CDU TV's	0	0	0	0	0
9900 - Unassigned Costs	279	734	470	3,717	0
0803 - Park Pav Foundation	270	0	0	0	0
1005 - LG OR Light Upgrd	108	14	0	0	0
1101 - Melchor Pavilion - Genomics	0	0	0	0	0
1102 - LG Joint Hotel	657	0	0	0	0
1106 - SHC Project	2,245	0	0	0	0
1108 - Cooling Towers	932	450	0	0	0
1115 - Womens Hosp TI's	50	0	0	0	0
1118 - Park Pav Roto Care	119	0	0	0	0
1120 - BHS Out Patient TI's	472	66	0	0	0
1122 - LG Sleep Studies	147	7	0	0	0
1129 - Old Main Card Rehab	400	9	0	0	0
0817 - Womens Hosp Upgrds	1,242	645	1	0	0
0906 - Slot Build-Out	0	1,003	1,576	15,101	1,251
1107 - Boiler Replacement	49	0	0	0	0
1109 - New Main Upgrades	589	423	393	2	0
1111 - Mom/Baby Overflow	267	212	29	0	0
1129 - Cardic Rehab Improv	0	0	0	0	0
1132 - Pneumatic Tube Prj	78	0	0	0	0
1204 - Elevator Upgrades	24	25	30	0	0
1210 - Los Gatos VOIP	1	147	89	0	0
0800 - Womens L&D Expansion	129	2,104	1,531	269	0
1116 - LG Ortho Pavillion	44	177	24	21	0
1124 - LG Rehab BLDG	11	49	458	0	0
1128 - LG Boiler Replacement	3	0	0	0	0
1131 - MV Equipment Replace	190	216	0	0	0
1135 - Park Pavilion HVAC	47	0	0	0	0
1208 - Willow Pav. High Risk	0	110	0	0	0
1213 - LG Sterilizers	0	102	0	0	0
1225 - Rehab BLDG Roofing	0	7	241	4	0
1227 - New Main eICU	0	96	21	0	0
1230 - Fog Shop	0	339	80	0	0
1247 - LG Infant Security	0	134	0	0	0
1307 - LG Upgrades	0	376	2,979	3,282	3,511
1308 - LG Infrastructure	0	0	114	0	0
1313 - LG Rehab HVAC System/Structural	0	0	0	0	1,597
1315 - 205 So. Drive TI's	0	0	500	2	0
0908 - NPCR3 Seismic Upgrds	554	1,302	1,224	1,328	240

Category	2012	2013	2014	2015	2016
<b>Facilities Projects CIP cont.</b>					
1125 - Will Pav Fire Sprinkler	9	57	39	0	0
1211 - SIS Monitor Install	0	215	0	0	0
1216 - New Main Process Imp Office	0	19	1	16	0
1217 - MV Campus MEP Upgrades FY13	0	0	181	274	28
1219 - LG Spine OR	0	0	214	323	633
1221 - LG Kitchen Refrig	0	0	85	0	0
1224 - Rehab Bldg HVAC Upgrades	0	11	202	81	14
1245 - Behavioral Health Bldg Replace	0	0	1,257	3,775	1,389
1248 - LG - CT Upgrades	0	0	26	345	197
1249 - LG Mobile Imaging	0	0	146	0	0
1301 - Desktop Virtual	0	0	13	0	0
1304 - Rehab Wander Mgmt	0	0	87	0	0
1310 - Melchor Cancer Center Expansion	0	0	44	13	0
1318 - Women's Hospital TI	0	0	48	48	29
1327 - Rehab Building Upgrades	0	0	0	15	20
1320 - 2500 Hosp Dr Roofing	0	0	75	81	0
1328 - LG Ortho Canopy FY14	0	0	255	209	0
1340 - New Main ED Exam Room TVs	0	0	8	193	0
1341 - New Main Admin	0	0	32	103	0
1344 - New Main AV Upgrd	0	0	243	0	0
1345 - LG Lab HVAC	0	0	112	0	0
1346 - LG OR 5, 6, and 7 Lights Replace	0	0	0	285	53
1347 - LG Central Sterile Upgrades	0	0	0	181	43
1400 - Oak Pav Cancer Center	0	0	0	5,208	666
1403 - Hosp Drive BLDG 11 TI's	0	0	86	103	0
1404 - Park Pav HVAC	0	0	64	7	0
1405 - 1-South Accessibility Upgrades	0	0	0	0	168
1408 - New Main Accessibility Upgrades	0	0	0	7	46
1413 - North Drive Parking Structure Exp	0	0	0	167	1,266
1414 - Integrated MOB	0	0	0	2,009	8,875
1415 - Signage & Wayfinding	0	0	0	0	106
1416 - MV Campus Digital Directories	0	0	0	0	34
1421 - LG MOB Improvements	0	0	0	198	65
1422 - CUP Upgrade	0	0	0	0	896
1423 - MV MOB TI Allowance	0	0	0	0	588
1425 - IMOB Preparation Project - Old Mai	0	0	0	0	711
1429 - 2500 Hospital Dr Bldg 8 TI	0	0	0	101	0
1432 - 205 South Dr BHS TI	0	0	0	8	15
1501 - Women's Hospital NPC Comp	0	0	0	4	0
1502 - Cabling & Wireless Upgrades	0	0	0	0	1,261
1503 - Willow Pavilion Tomosynthesis	0	0	0	0	53
1504 - Equipment Support Infrastructure	0	0	0	61	311
1523 - Melchor Pavilion Suite 309 TI	0	0	0	0	10
1526 - CONCERN TI	0	0	0	0	37
1550 - Land Acquisition	0	0	0	0	24,007
<b>Subtotal Facilities Projects CIP</b>	<b>9,553</b>	<b>9,294</b>	<b>13,753</b>	<b>38,940</b>	<b>48,136</b>
<b>Grand Total</b>	<b>35,357</b>	<b>27,598</b>	<b>51,723</b>	<b>56,940</b>	<b>96,739</b>
Forecast at Beginning of year	47,138	70,503	70,037	65,420	114,025



## **a. New Main Hospital Lab Upgrades – MV Campus**

## Memorandum Administration

Date: November 15, 2016  
To: El Camino Hospital Board Finance Committee  
From: Ken King, CASO  
Re: New Main Lab Upgrades  
Capital Facilities Project Funding Request

**Recommendation:** The Board Finance Committee is requested to recommend Board approval for the funding of the budgeted New Main Lab Upgrades Project at a cost not to exceed \$3.1 million.

**Authority:** As required by policy, capital projects exceeding \$500,000 require approval by the Board of Directors.

**Problem / Opportunity Definition:** There are two issues in the Laboratory that need to be addressed. The first is the issue of chemical odors in the pathology/histology area that need to be vented through a custom hood which requires the reconfiguration of equipment and systems in the histology area. The second issue in the clinical lab area is that the existing Beckman automated hematology line has exceeded its useful life, is experiencing frequent failures and needs to be replaced with new equipment. The problem is that the existing system must remain functional until the new system is installed, tested and validated; which requires a complicated sequence of construction, installation and relocation of functions. The opportunity in both cases is improved safety and creates efficiencies that will improve staff productivity.

**Process Description:** The architect (KMD) and engineers (Mazzetti & Assoc.) who designed the new main hospital and the lab were engaged to work with the Lab and Facilities staff to determine the most effective and efficient way to address the issues described. Additionally the solution also requires that the existing lab and pathology operations remain completely functional throughout the process. The plan that has been developed requires nine (9) phases of specific steps to be completed in sequence in each area. The goal of the project is to complete all phases while maintaining critical lab operations in a safe and efficient manner.

**Alternative Solutions:** The only alternative that was considered was to shut down large portions of Lab services in order to make the necessary changes. This would require outsourcing Lab services at a significant cost and risk to quality and safety.

**Concurrence for Recommendation:** This request is supported by the medical and clinical leadership of the Laboratory and Pathology departments and the Executive Leadership Team.

**Outcome Measures / Deadlines:** The target timeline is to obtain an OSHPD Building Permit by March 2017 and to be ready to begin the multi-phased construction and installation as soon as the permit is received. The duration of construction and installation is approximately six to seven months.

**Legal Review:** Not Required

**Compliance Review:** Not Required

**Financial Review:** The not to exceed cost for this OSHPD permitted project is as follows:

Construction (Includes OSHPD Permit Contingency)	\$1,432,996
Soft Costs (Includes Design, PM, Permit Fees & Inspections, Misc.)	\$ 811,933
Furniture Systems	\$ 80,000
Lab Equipment (New Hematology Line)	\$ 498,000
Project Contingency @ 6%	\$ 277,071
<b>Total</b>	<b>\$3,100,000</b>

Note that the FY-17 Capital Facilities Budget for this project is \$1.6 million and the lab equipment was budgeted in the prior fiscal year. The delta of approximately \$1 million between the fiscal year budget estimates and the actual cost of the project is due to the estimate being a “Cost per Square Foot” estimate and the actual cost being priced in accordance with the detailed requirements of the project. This delta amount will be offset by adjusting or deferring other budgeted facility projects in this fiscal year.

## **b. Medical Office Building Improvements – LG Campus**

## Memorandum Administration

Date: November 15, 2016  
To: El Camino Hospital Board Finance Committee  
From: Ken King, CASO  
Re: LG MOB Improvements  
Capital Facilities Project Funding Request

**Recommendation:** The Board Finance Committee is requested to recommend Board approval for the funding of the budgeted Los Gatos MOB Improvements Project at a cost not to exceed \$5 million.

**Authority:** As required by policy, capital projects exceeding \$500,000 require approval by the Board of Directors.

**Problem / Opportunity Definition:** ECH acquired four medical office buildings adjacent to our Los Gatos Hospital in 2014. The buildings are approximately 35 to 40 years old and have not ever been significantly upgraded. Of the 74,000 gross square feet in all four buildings, approximately 24,000 square feet are vacant. Over the past two years we have only made necessary repairs and minor tenant improvements to a few suites.

We currently have an opportunity to lease approximately 14,000 square feet of space to a large orthopedic physician group. In order to accommodate this tenant we are required to completely reconfigure the entire area. This work will also trigger required code compliance and ADA upgrades on the site and we can perform various other suite upgrades that are needed to make the remaining vacant suites more marketable.

**Process Description:** This property improvement project is included in the FY-17 Capital Facilities project budget in anticipation of securing a major tenant. We currently have a letter of intent in place and a lease that is in the final stages of negotiation. We have engaged an architect and general contractor to develop the plans and cost estimates to complete the required work. The scope of the project is essentially a gut and reconstruction of 14,000 square feet of interior space to accommodate code compliant exam rooms, x-ray and MRI equipment, along with office and support space. It also includes code and other upgrades needed on the site and in various other suites. We are currently preparing the documents that are needed in order to obtain a building permit and pending Board approval of the project funding in January we expect to begin construction as soon as a building permit is obtained.

**Alternative Solutions:** No alternatives were considered.

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

**Outcome Measures / Deadlines:** The plan is to complete the construction of the improvements in 14 to 16 weeks and to have the space ready for occupancy before the end of June 2017.

**Legal Review:** The construction and lease agreements are utilizing the standard forms prepared by Greg Caligari from Cox, Castle and Nicholson.

**Compliance Review:** All leases are reviewed for compliance by the compliance officer and construction agreements follow standard protocols.

**Financial Review:** The not to exceed cost for this non-OSHPD project equal to the FY-17 Budgeted amount of \$5 million and breaks down as follows:

Construction (Includes Permit Fees, Design Build MEP, Permit Contingency)	\$4,295,243
Soft Costs (Includes Design, PM, Tests & Inspections, Misc.)	\$ 320,021
Project Contingency @ 8%	\$ 369,941
Total	\$4,994,205
<b>Rounded</b>	<b>\$5,000,000</b>

Note that the cost of these improvements will be depreciated over fifteen years with an annual depreciation expense of \$333,333. The annual rent on the 14,000 square feet of vacant space is over \$620,000 in the first year. This investment is needed in order to accommodate the large physician group and to attract new tenants to the remaining 10,000 square feet of vacant space within these medical office buildings.

# Stryker Laparoscopic Platform

## Memorandum

**DATE:** November 21, 2016

**TO:** El Camino Hospital Finance Committee

**FROM:** Eric Guglielmoni, Mick Zdeblick

**SUBJECT:** Stryker 1588 Laparoscopic Platform

**ACTION:** **Possible Motion:** To approve purchase of the new 1588 Stryker Laparoscopic Platform.

**Recommendation:** Recommend that Board of Directors approve this request for replacement of the current Stryker 1288 Laparoscopic system. The request will be funded by substituting \$1.4 million of budgeted items and \$123,000 in additional funds.

**Authority:** The Peri-Operative department at the Mountain View campus and Purchasing are requesting authorization to replace the current Stryker system.

**Problem / Opportunity Definition:** The current system was purchased in 2009 and is fully depreciated. Key components have reached “end of life” support as of December 31, 2016. Our plan is to replace the critical components such as the router for all 10 rooms and upgrade the equipment in 5 rooms in FY 2017. The remaining 5 room will be budgeted and completed in FY 2018

**Alternative Solutions:** Per the Surgery department failure of the current equipment, particularly the routers that function as the “brains” of the system could cause delay in procedures and/or closure of an OR suite.

**Technology Improvements:** Captures images in robotic procedures; larger monitors; enhanced intraoperative imaging (potential reduction of injury to surrounding structures)

### Replacement Timetable:

	2017				
Milestones	11-Jan	12-Jan	Feb	Mar	Apr
BOD Approval					
PO Issue					
Vendor Prep					
Installation					



**Legal Review:** This will occur when final proposal is received.

**Financial Review:**

System Replacement	\$	1,540,743
FY17 Budgeted Dollars Applied	\$	1,418,101
Unbudgeted Dollars Requested	\$	122,642

**\*Current equipment is fully depreciated**

**ATTACHMENT 19**

**PACING PLAN - FINANCE COMMITTEE FY 2017 – Updated 11/7/16**

<b>FY2017: Q1</b>		
<b>JULY 2015</b>	<b>AUGUST 1, 2016 MEETING</b>	<b>SEPTEMBER 26, 2016 MEETING</b>
	<ul style="list-style-type: none"> <li>• Financial Report FY16 Period 11</li> <li>• Year End Financial Report</li> <li>• Minutes</li> <li>• Physician Contracts</li> <li>• Post Implementation Reports</li> <li>• Capital Funding Requests (iMOB, BHS)</li> <li>• Service Line Review (1/6)</li> <li>• Committee Recruitment (Revise Charter?)</li> <li>• 2009 Variable Bond rating change</li> <li>• Presentation on Evaluation of Second Round Bond Financing Discussion</li> <li>• Integrated Performance Improvement</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Report YTD</li> <li>• Minutes (open and closed)</li> <li>• Physician Contracts</li> <li>• Payer Update</li> <li>• Bond Presentation  Formal Financing and Plan Approval</li> <li>• Proposed revisions to FY17 budget related to bond financing</li> <li>• Medicare Education (Margin/Impact of Changing Models)</li> <li>• Service Line Review (2/6)</li> </ul>
<b>FY2017: Q2</b>		
<b>OCTOBER 26, 2016</b>	<b>NOVEMBER 28, 2016 MEETING</b>	<b>DECEMBER 2015</b>
<ul style="list-style-type: none"> <li>• BOD and Committee Educational Gathering</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Report YTD</li> <li>• Minutes</li> <li>• Physician Contracts</li> <li>• Capital Funding Requests</li> <li>• Presentation on High Performing Organization results, including expense controls</li> <li>• Integrated Performance Improvement</li> <li>• Service Line Review (3/6)</li> </ul>	

FY2017: Q3		
JANUARY 30, 2017 MEETING	MARCH 3-4, 2017	MARCH 27, 2017 MEETING
<ul style="list-style-type: none"> <li>Joint Meeting with Investment Committee</li> <li>Financial Report YTD</li> <li>Minutes</li> <li>Physician Contracts</li> <li>Post Implementation Reports</li> <li>Capital Funding Requests</li> <li>Consider Recommendation of 2<sup>nd</sup> Round of Bond Financing</li> <li>Semi-Annual Service Line Review</li> <li>Review Prelim FY18 Budget Assumptions</li> <li>Service Line Review (4/6)</li> <li>Progress Against Committee Goals</li> </ul>	<ul style="list-style-type: none"> <li>Board Retreat (Board and ELT Only)</li> </ul>	<ul style="list-style-type: none"> <li>Financial Report YTD</li> <li>Minutes</li> <li>Physician Contracts</li> <li>Capital Funding Requests</li> <li>Review FY18 Budget Status</li> <li>Discuss FY18 Organizational Goals</li> <li>Discuss/recommend FY 18 committee goals</li> <li>FY18 Committee Meeting Dates</li> <li>Update on capital projects in progress that exceed \$2.5M</li> <li>Payer Update</li> <li>Service Line Review (5/6)</li> <li>Long Term Financial Forecast</li> </ul>
FY2017: Q4		
APRIL 26, 2017	MAY 30, 2017 MEETING	JUNE 2017
BOD and Committee Educational Gathering	<ul style="list-style-type: none"> <li>Joint Meeting with BOD</li> <li>Financial Report YTD</li> <li>Minutes</li> <li>Physician Contracts</li> <li>Post Implementation Reports</li> <li>Capital Funding Requests</li> <li>Review/recommend budget</li> <li>Review/recommend FY18 corporate goals</li> <li>Presentation on High Performing Organization results, including expense controls/Integrated Performance Improvement</li> <li>Review self-assessment results every two years (In FY18)</li> <li>Service Line Review (6/6)</li> </ul>	