

**AGENDA**  
**JOINT MEETING OF THE**  
**EL CAMINO HOSPITAL BOARD OF DIRECTORS**  
**AND THE FINANCE COMMITTEE**  
**Tuesday, May 30, 2017 – 5:30 pm**  
Conference Rooms E, F & G (ground floor)  
2500 Grant Road, Mountain View, CA 94040

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

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

**FINANCE COMMITTEE PURPOSE:** To advise and assist the El Camino Hospital (ECH) Board of Directors (“Board”) in matters related to governance, board development, board effectiveness, and board composition, i.e., the nomination and appointment/reappointment process. The Governance Committee ensures the Board and Committees are functioning at the highest level of governance standards.

AGENDA ITEM	PRESENTED BY	ESTIMATED TIMES
<b>1. CALL TO ORDER / ROLL CALL</b>	Neal Cohen, MD, Board Chair	<b>5:30 – 5:32 pm</b>
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Neal Cohen, MD, Board 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	Neal Cohen, MD, Board Chair	<b>information</b> <b>5:33 – 5:36</b>
<b>4. FY18 OPERATING AND CAPITAL BUDGET</b> <a href="#">ATTACHMENT 4</a>	Neal Cohen, MD, Board Chair; Dennis Chiu, Finance Committee Chair; Iftikhar Hussain, CFO	<b>information</b> <b>5:36 – 6:10</b>
<b>5. ADJOURN TO CLOSED SESSION</b>	Neal Cohen, MD, Board Chair	<b>motion required</b> <b>6:10 – 6:11</b>
<b>6. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Neal Cohen, MD, Board Chair	<b>6:11 – 6:12</b>
<b>7. Health and Safety Code Section 32106(b) for a report and discussion involving health care facility trade secrets:</b> - Strategic Initiatives: Budgetary Implications	Donald Sibery, Interim CEO	<b>discussion</b> <b>6:12 – 6:27</b>
<b>8. ADJOURN TO OPEN SESSION</b>	Neal Cohen, MD, Board Chair	<b>motion required</b> <b>6:27 – 6:28</b>
<b>9. RECONVENE OPEN SESSION / REPORT OUT</b> To report any required disclosures regarding permissible actions taken during Closed Session.	Neal Cohen, MD, Board Chair	<b>6:28 – 6:29</b>
<b>10. ADJOURNMENT</b>	Neal Cohen, MD, Board Chair	<b>motion required</b> <b>6:29 – 6:30pm</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.



**El Camino Hospital**<sup>®</sup>

THE HOSPITAL OF SILICON VALLEY

Joint Meeting of the El Camino Hospital  
Board of Directors and Finance Committee

**May 30, 2017**

El Camino Hospital and Affiliates  
FY18 Operating & Capital Budget

Don Sibery, Interim CEO

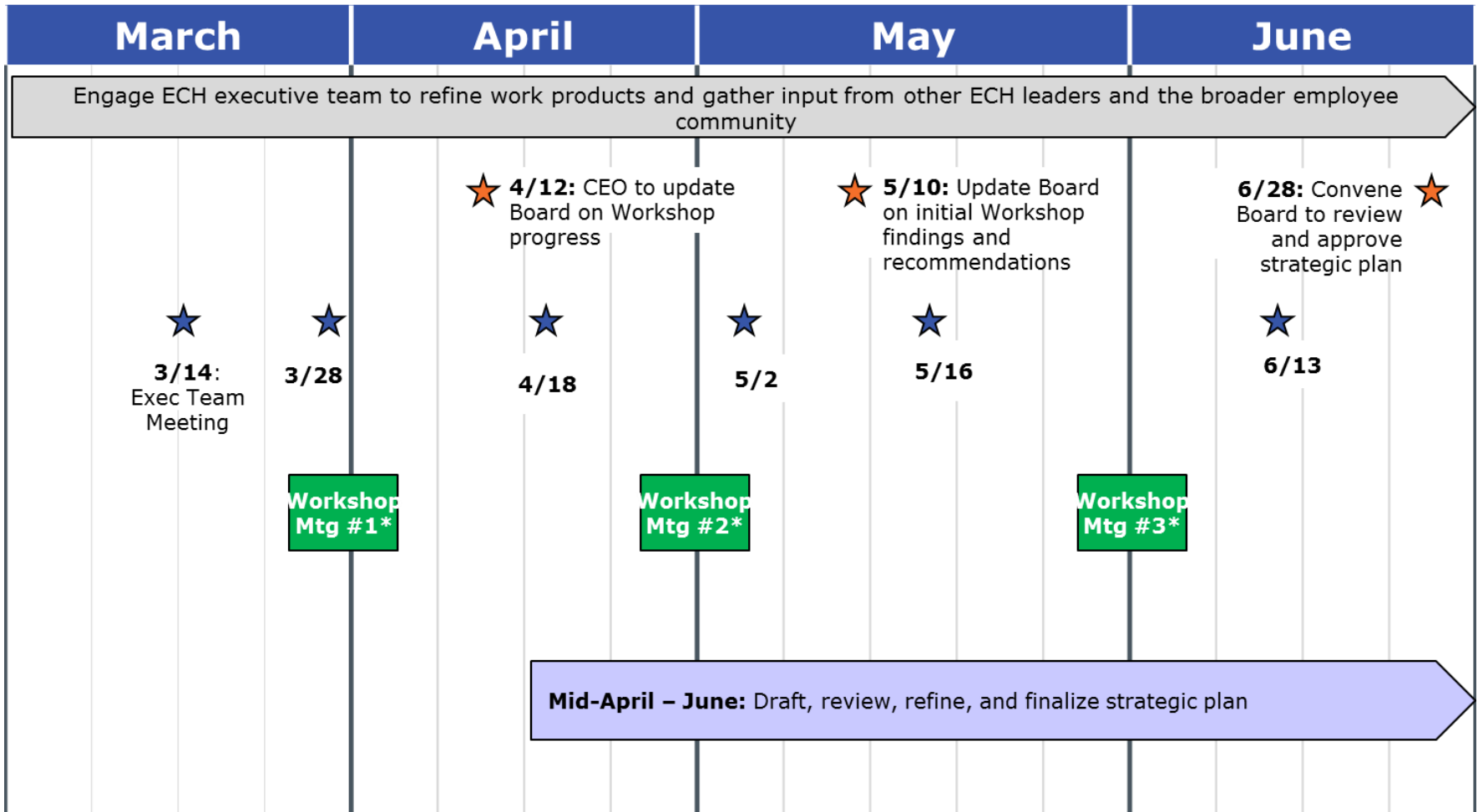
Mick Zdeblick, COO

Iftikhar Hussain, CFO

# Contents

Section	Page
• Draft Strategic Goal and Building Blocks	3
• FY 18 Organizational Goals	8
• FY 18 Operating Budget	
- Overview	16
- Revenue	27
- Volume	31
- Expenses	38
• FY 18 Capital Budget	45
• Board Designated Community Benefit	51
• Alignment with Marketing	52
• Appendix	
- Affiliate Profit & Loss Statement	69
- Non Operating Revenue / Expense	74

# Project Timeline



*\*Proposed Workshop meeting dates are contingent on member availability and may vary by Workshop*

# DRAFT El Camino Hospital's Mission, Vision & Values

drafted May 2017

## Mission

**Our mission is to heal, relieve suffering and advance wellness as your publicly accountable health partner**

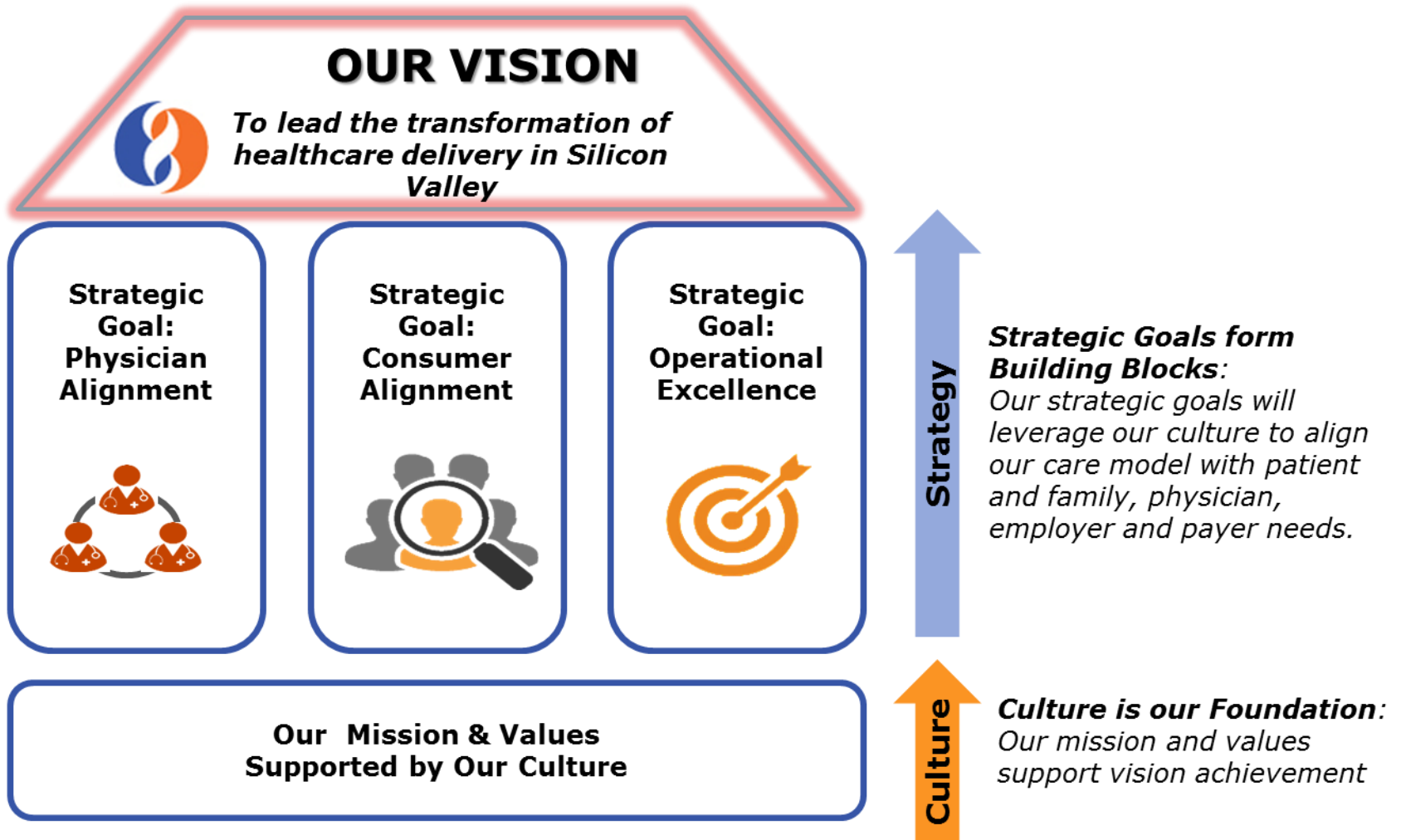
## Vision

**Our vision is to lead the transformation of healthcare delivery in Silicon Valley**

## Values

- **Quality.** We pursue excellence to deliver evidence based care in partnership with our patients and families.
- **Compassion.** We care for each individual uniquely with kindness, respect and empathy.
- **Community.** We partner with local organizations, volunteers and a philanthropic community to provide healthcare services across all stages of life.
- **Collaboration.** We partner for the best interests of our patients, their families and our community using a team approach.
- **Stewardship.** We carefully manage our resources to sustain, grow and enable services that meet the health needs of our community.
- **Innovation.** We embrace solutions and forward thinking approaches that lead to better health.
- **Accountability.** We take responsibility for the impact our actions have on the community and each other.

# El Camino Hospital's Strategic Vision



# Strategic Focus

Strategic Focus	Strategic Building Blocks
<b>Physician Alignment</b>	<ul style="list-style-type: none"> <li>• <i>Physician Collaboration</i></li> <li>• <i>Destination Clinical Programs</i></li> <li>• <i>Preferred Physician Practice Environment</i></li> </ul>
<b>Consumer Alignment</b>	<ul style="list-style-type: none"> <li>• <i>Provide Patient- and Family-Centered Care</i></li> <li>• <i>Offer a Collaborative Physician Experience</i></li> <li>• <i>Deliver Value to Payers and Employers</i></li> <li>• <i>Engage Community</i></li> </ul>
<b>Operational Excellence</b>	<ul style="list-style-type: none"> <li>• <i>Lean Organization</i></li> <li>• <i>Financial Sustainability</i></li> <li>• <i>Leverage Assets</i></li> </ul>
<b>Cultural Foundation</b>	<ul style="list-style-type: none"> <li>• <i>Fostering Effective Teams</i></li> <li>• <i>Enabling and Expecting Excellence</i></li> <li>• <i>Seeking Out and Embracing Innovation</i></li> </ul>

## Proposed Next Steps

1. Revise building blocks per Board feedback
2. Incorporate workshop #3 feedback into final presentation
3. Convene Board to review and approve strategic plan on June 28th



# FY18 Organizational Goals

## (for discussion and approval)

- Format and framework of the organizational goals has been approved by the Executive Compensation Committee (ECC) of the Board.
- Specifically;
  - a threshold goal based on financial performance to budget
  - three goals that collectively impact the entire organization, generally focused on Quality, Service Affordability, and being Patient Centric
  - 1/2X, X, 1/2X format for Minimum, Target and Maximum. This is a change from last year, supported by the ECC at its May 23, 2017 meeting.
- The Quality Committee of the Board needs to review and recommend to the Board the three specific Quality, Service, Affordability, or Patient Centric goals

# FY18 Organizational Goals

(for discussion and approval)

## ECH FY18 Organizational Goals

**DRAFT**

Organizational Goals FY18	Benchmark	2017 ECH Baseline	Minimum	Target	Maximum	Weight	Performance Timeframe
<b>Threshold Goals</b>							
Budgeted Operating Margin	90% threshold	Achieved Budget		90% of Budgeted		Threshold	FY 18
Arithmetic Observed LOS Average / Geometric LOS Expected for Medicare population (ALOS / GMLOS)	External : Expected via Epic Methodology	FY2016: 1.21 (ALOS 4.86 / GMLOS 4.00) FY2017 YTD April: <b>1.18</b> (4.81/4.08)	1.12	1.11	1.09	34%	4Q FY18
HCAHPS Service Metric: Rate Hospital	External Benchmark	HCAHPS Baseline: 10/2016 - 12/2016: <b>75.5</b> 1/2017 - 3/2017: <b>75.1</b>	77	78	79	33%	4Q FY18
Standardized Infection Ratio (SIR) Observed HAIs / Predicted HAIs (Hospital Acquired Infections)	External Benchmark	July - Dec 2016: CAUTI 1.37, CLABSI .25, C.DIFF .59 <b>Avg of .738</b>	0.670	0.602	0.534	33%	FY18

# FY18 Organizational Goals

(for discussion and approval)

- For the last two years, we have set internally focused LOS and Readmission goals, *i.e.*, trend improvement. This year we are advancing the concept via an external component, expected GMLOS.
- By using an Observed (actual ECH performance) over Expected (GMLOS) ratio, it captures both improvement in LOS management and better coding/ documentation (CDI effort).

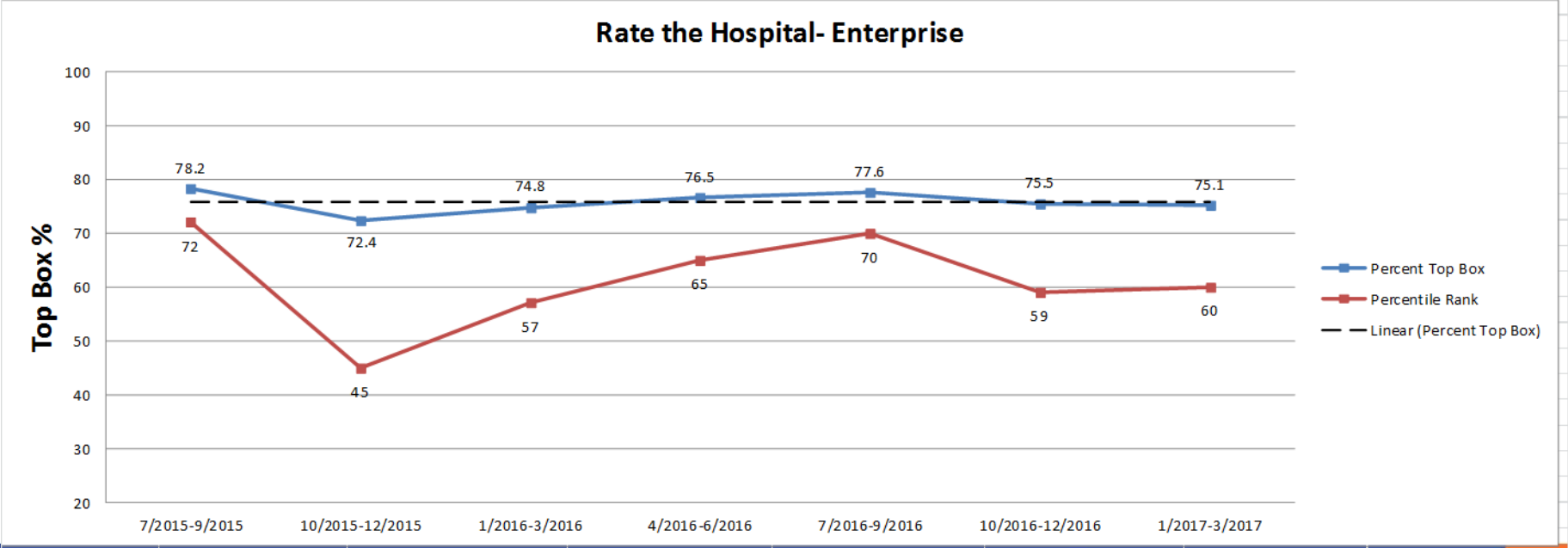
CMI impacting GMLOS	Baseline	4.08
	3.0%	4.20
	4.0%	4.25
	5.0%	4.29
ALOS impacted by day reduction	Baseline	4.81
	625	4.71
	750	4.72
	875	4.69

# FY18 Organizational Goals

(for discussion and approval)

- We are recommending "Rate the Hospital" CAHPS as the service goal, it allows for multiple interventions and is a very good capstone metric representing our consumers view of our service.

Rate hospital 0-10	7/2015-9/2015	10/2015-12/2015	1/2016-3/2016	4/2016-6/2016	7/2016-9/2016	10/2016-12/2016	1/2017-3/2017
Percent Top Box	78.2	72.4	74.8	76.5	77.6	75.5	75.1
Percentile Rank	72	45	57	65	70	59	60
n	660	543	810	918	866	803	635



# FY18 Organizational Goals

(for discussion and approval)

- We discussed goal setting options with Press Gainey and they provided the following perspective:

## FY 18 HCAHPS Goal Setting Analysis

5/8/17

Top box score from 5/1/16 – 4/30/17

El Camino Hospital (Aggregate)

Service/Level	Peer Group	Score Type	Your Score	Your Rank	The top 50% of improvers' saw this much change:			The top 30% of improvers' saw this much change:			The top 10% of improvers' saw this much change:			
					Threshold Goal			Target Goal			Stretch Goal			
					Top Box Score Increase	Top Box Score Goal	Percentile Rank Goal	Top Box Score Increase	Top Box Score Goal	Percentile Rank Goal	Top Box Score Increase	Top Box Score Goal	Percentile Rank Goal	
HCAHPS														
Rate hospital 0-10	All PG DB	Top Box	75.8	64	0.8	76.6	65	2.2	78.0	71	4.2	80.0	80	

Top xx% of improvers saw this much change: 50%, 30%, 10%: 76.6 78.0 80.0

Based on ECC feedback, the Maximum goal was set at 79.  
A straight line progression of improvement.

# FY18 Organizational Goals

## (for discussion and approval)

- After good discussion with the Quality Committee of the Board, we have revised our third Organizational Goal to be focused exclusively on quality. We are proposing SIR, specifically focused on CAUTI, CLABSI, and C-DIFF.

### *STANDARDIZED INFECTION RATIO (SIR)*

#### *What is a standardized infection ratio (SIR)?*

The standardized infection ratio (SIR) is a summary measure used to track HAIs at a national, state, or local level over time. The SIR adjusts for patients of varying risk within each facility. The method of calculating an SIR is similar to the method used to calculate the Standardized Mortality Ratio (SMR), a summary statistic widely used in public health to analyze mortality data. In HAI data analysis, the SIR compares the actual number of HAIs reported with the baseline U.S. experience (i.e., NHSN aggregate data are used as the standard population), adjusting for several risk factors that have been found to be significantly associated with differences in infection incidence. In other words, an SIR greater than 1.0 indicates that more HAIs were observed than predicted, accounting for differences in the types of patients followed; conversely, an SIR less than 1.0 indicates that fewer HAIs were observed than predicted.

# FY18 Organizational Goals

(for discussion and approval)

HAI	Facility – MV	# of HAI	Facility- LG	# OF HAI	AVE SIR	Target SIR	
<b>CAUTI</b>	2016 H2 – 1.817	11	2016 H2 – 0.932	1	1.375		
HX 2015-2016	0.767	20	0.6385	3	0.703	1.039	
<b>CLABSI</b>	2016 H2 – 0.492	2	2016 H2 - 0	0	0.246		
HX 2015-2016	0.31	5	0	1	0.155	0.201	
<b>C.DIFF</b>	2016 Q4-1.185	2016 Q4- 10	2016 - 0	2016 Q4 - 0	0.593		
HX 2016	0.753	23	0.331	1	0.542	0.567	
<b>AVE SIR CURRENT</b>					0.738		
AVE SIR HX					0.467		
Delta					0.271		
						Infection Rate Index: Target	
1/4 if Delta = Min					0.068	0.670	Minium
½ Delta = X					0.136	0.602	Target
Max = Delta					0.203	0.534	Max

# FY18 Organizational Goals

(for discussion and approval)

- Minimum is  $\frac{1}{4}$  to historical best (last 4 years)
- Target improvement is  $\frac{1}{2}$  to historical best
- Maximum is historical best on all three indicators
  
- An alternative would be 1 of 3, 2 of 3, 3 of 3 achievement of target SIR per each HAI

In raw numbers the occurrences are small, but the impact is significant.

HAI Type	Fiscal Yr 2016	Fiscal Yr 2017 to date (April 2017)
CAUTI	8	18
CLABSI	1	6
C.Diff	17	15



# FY18 Operating Budget Overview

# FY18 Budget and Organizational Priorities

## Key Themes:

### **Invest in our Strategic Plan**

- We have established \$5M in the budget “undesigned expenses” as a means of funding the initial priorities of the Strategic Plan.
- A portion of this \$5M is funded through a reduction of overhead expenses, both the overhead and release of any funding from the \$5M is at the discretion of the CEO

### **Invest in Growth**

- Two new Da Vinci Xi Surgical Robots, one dedicated to Los Gatos (Strategic Plan: Clinical Centers of Excellence)
- Physician Concierge Service in Los Gatos focused on “ease of interaction”, e.g. scheduling, preference cards, billing. (Strategic Plan: Physician Alignment)
- Los Gatos Infusion Center: continued growth of our Cancer Center. (Strategic Plan: Physician Alignment and Clinical Centers of Excellence)

# FY18 Budget and Organizational Priorities

Key Themes:

## **Invest in Growth**

- Spine Center: a comprehensive spine center in Mountain View  
(Strategic Plan: Clinical Centers of Excellence)
- Physician recruitments for Silicon Valley Medical Development (SVMD) –  
11 Primary Care Physicians and 4 Specialists  
(Strategic Plan: Physician Alignment)
- Winchester Primary Care Center: completion of build out and hiring of  
physicians and staff.  
(Strategic Plan: Physician Alignment and Land Assets)

# FY18 Budget and Organizational Priorities

Key Themes:

## **Invest in our Core Business**

- New RN Graduates Hiring and Training Program: training funds set aside to recruit and train over 20 new RN Grads (Strategic Plan: Operational Excellence)
- Community Connect: investment in people and subsidy coast as we roll-out our instance of Community Connect to independent physicians (Strategic Plan: Physician Alignment)
- IT Security: investment in both people and systems to enhance our IT security capabilities.
- Parking Management: investment is programs that enable and encourage staff to use alternative modes of transportation to our campus
- Lastly, investment in our team to tackle clinical variation, budgeting for a net impact of \$2M.

# FY18 Strategic Initiatives

Summary of FY18 Strategic Priorities		
Strategic Plan	Initiatives	Net Financial Result
☐ Growth	General Surgeries @ LG - add 100 cases	664,806
	LG Infusion Program - begin in 4Q, FY18	13,808
	Robotic Surgeries @ LG - add 200 cases	2,552,647
	Sleep Disorder (OSA) - add 300 cases	27,966
	Spine Program - add 30 cases	647,965
	SVMD - recruit 11 PCP and 4 Specialist	(2,496,063)
<b>Growth Total</b>		<b>1,411,129</b>
☐ Investment in Core Business	- Reduce Medicare Loss - CDI	3,500,000
	- Reduce Medicare Loss - Clinical Variation	2,000,000
	- Reduce Medicare Loss - Medicare ALOS reduction	875,000
	Community Connect	(2,000,000)
	IT Security	(1,200,000)
	Workforce Planning - New Grad Program	(1,600,000)
<b>Investment in Core Business Total</b>		<b>1,575,000</b>
☐ Strategic Plan	Overhead Reduction	1,698,470
	Strategic Plan	(5,000,000)
<b>Strategic Plan Total</b>		<b>(3,301,530)</b>
<b>Grand Total</b>		<b>(315,401)</b>

\*Number in () is a reduction of revenue

# El Camino Hospital & Affiliates

El Camino Hospital & Affiliates (\$ in thousands)					
	FY2016 Actual	FY2017 Annualized	FY2018 Budget	Change Favorable/ (Unfavorable)	% Change
<b>REVENUES</b>					
Net Patient Service Revenue	772,173	809,481	835,789	26,308	3.2%
Other Operating Revenue	39,407	41,133	41,322	189	0.5%
Total Net Revenue	811,580	850,614	877,111	26,497	3.1%
<b>EXPENSES</b>					
Salaries & Benefits	443,258	453,986	481,417	(27,431)	-5.7%
Supplies & Other Expenses	261,488	251,118	264,310	(13,192)	-5.0%
Interest	7,193	4,270	8,705	(4,435)	-50.9%
Depreciation/Amortization	48,803	48,170	53,442	(5,272)	-9.9%
TOTAL EXPENSES	760,746	757,544	807,874	(50,330)	-6.2%
<b>OPERATING INCOME</b>	<b>50,834</b>	<b>93,070</b>	<b>69,237</b>	<b>(23,833)</b>	<b>34.4%</b>
Non Operating Income	(5,112)	62,267	12,723	49,544	
<b>NET INCOME</b>	<b>45,722</b>	<b>155,337</b>	<b>81,960</b>	<b>(73,377)</b>	<b>-47.2%</b>
EBITDA	106,831	145,510	131,384	(14,126)	-9.7%
EBITDA Margin Percentage	13.2%	17.1%	15.0%	-2.1%	-12.4%
Operating Margin Percentage	6.3%	10.9%	7.9%	-3.0%	-27.9%

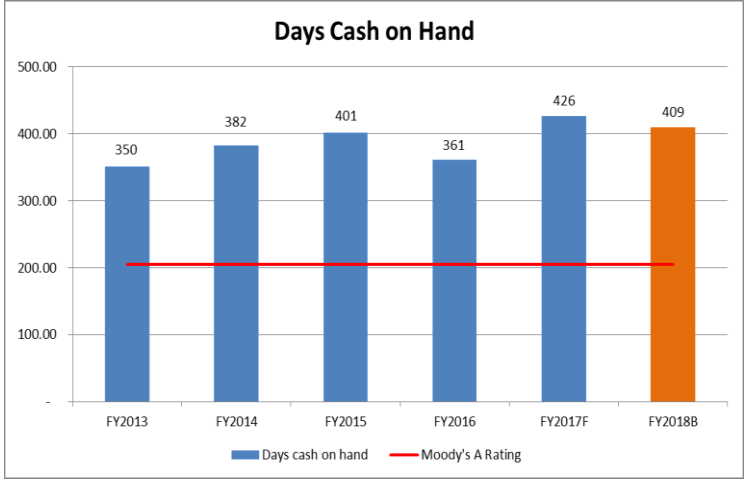
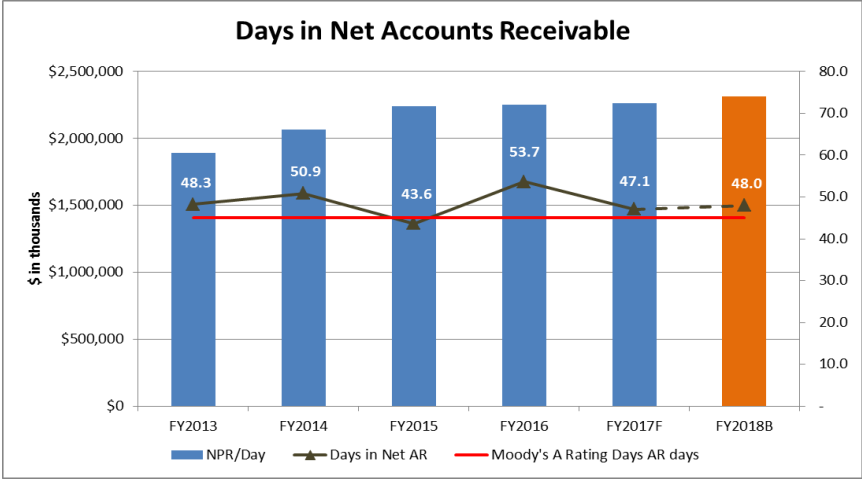
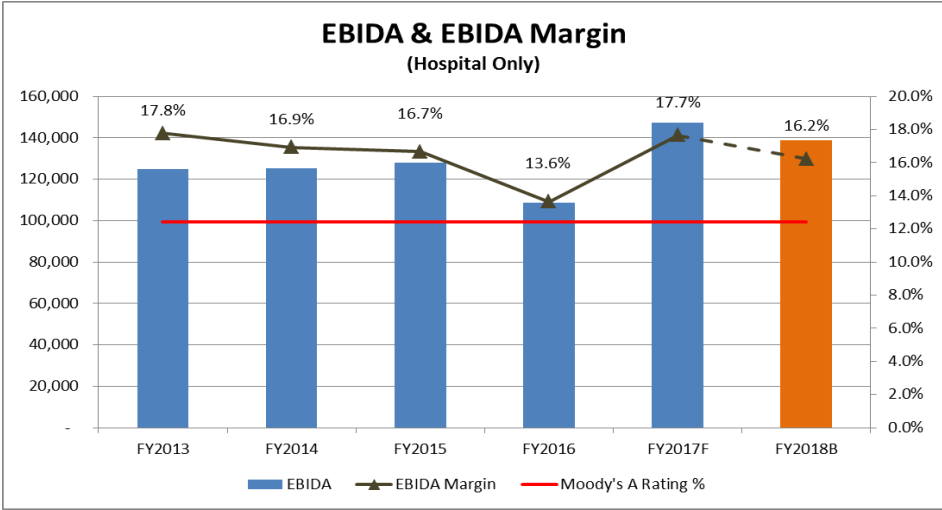
# El Camino Hospital FY18 Budget

## El Camino Hospital (\$ in thousands)

	FY2016 Actual	FY2017 Annualized	FY2018 Budget	Change Favorable/ (Unfavorable)	% Change
<b>REVENUES</b>					
Net Patient Service Revenue	772,020	809,104	832,066	22,962	2.8%
Other Operating Revenue	23,636	24,529	23,129	(1,400)	-5.7%
Total Net Revenue	795,657	833,633	855,195	21,562	2.6%
<b>EXPENSES</b>					
Salaries & Benefits	435,988	446,775	470,357	(23,581)	-5.0%
Supplies & Other Expenses	251,115	239,644	245,976	(6,332)	-2.6%
Interest	7,193	4,270	8,705	(4,435)	-50.9%
Depreciation/Amortization	48,748	48,125	53,067	(4,942)	-9.3%
TOTAL EXPENSES	743,044	738,815	778,105	(39,290)	-5.0%
<b>OPERATING INCOME</b>	<b>52,613</b>	<b>94,818</b>	<b>77,090</b>	<b>(17,729)</b>	<b>23.0%</b>
Non Operating Income	(9,570)	56,313	4,390	(51,923)	
<b>NET INCOME</b>	<b>43,043</b>	<b>151,131</b>	<b>81,480</b>	<b>(69,652)</b>	<b>-46.1%</b>
EBITDA	108,554	147,214	138,862	(8,352)	-5.7%
EBIDA Margin Percentage	13.6%	17.7%	16.2%	-1.4%	-8.1%
Operating Margin Percentage	6.6%	11.4%	9.0%	-2.4%	-20.7%
<b>KEY HOSPITAL INDICATORS</b>					
Hospital Discharges, excl normal newborns	19,401	19,580	19,705	125	0.6%
Total Hospital Patient Days	88,700	87,175	87,656	481	0.6%
Adjusted Discharges*	31,379	32,808	32,864	56.0	0.2%
Hospital Average Daily Census	243	239	240	1	0.6%

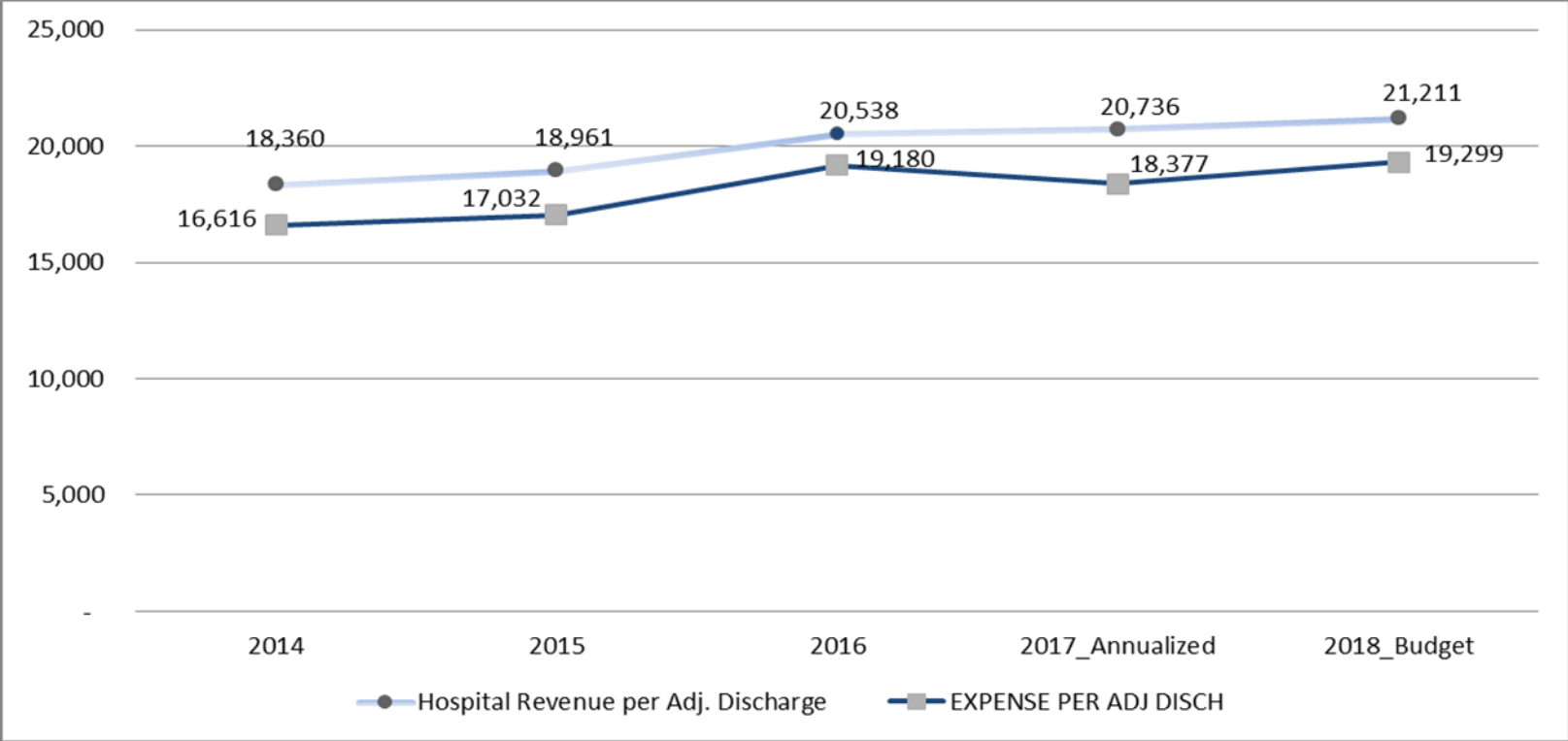
\* Adjusted Discharges exclude New Born discharges

# Key Financial Metrics

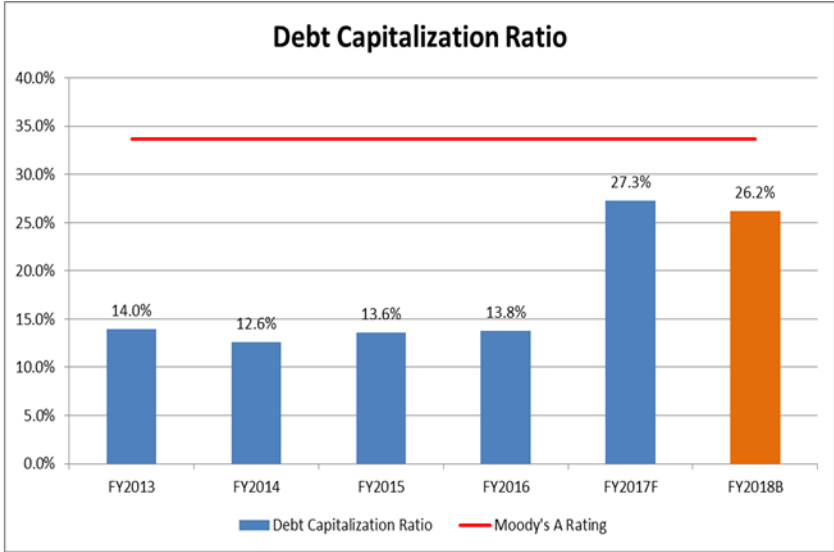
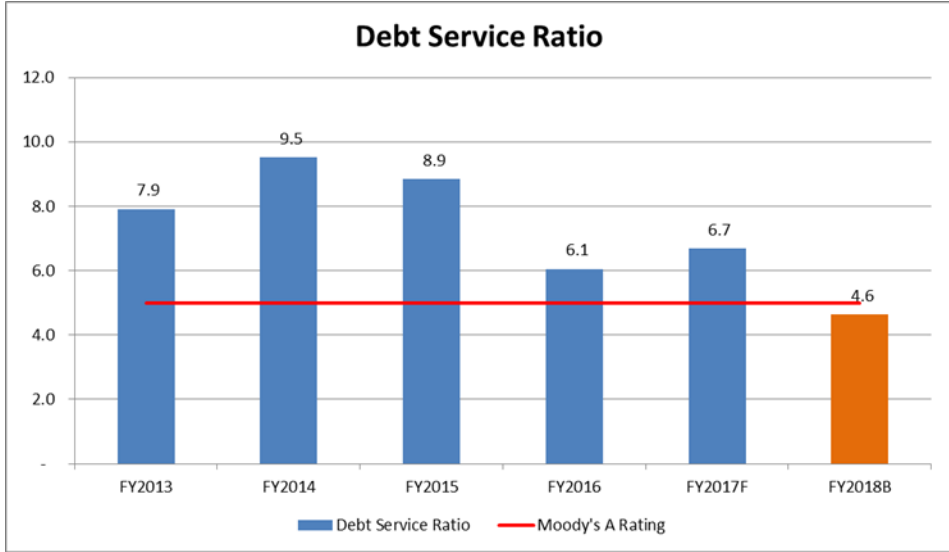




# FY18 Revenue & Expense per Adj. Discharge Trend



# Key Financial Metrics



# Key Drivers of FY18 Budget Operating Margin

\$ in Thousands (000s)		Detail	Net Income Impact	% Net Revenue
<b>Expected Hospital Operations FY2017</b>			<b>94,818</b>	<b>11.4%</b>
<b>Net Revenue</b>			21,562	2.5%
*	Revenue from Growth & Price Changes	23,773		
*	Non Recurring unusual items (IGT, AB915, CDI)	(1,205)		
*	PRIME project reduced	(3,479)		
*	Other Op Revenue	2,079		
*	Other	394		
<b>Labor Expense Change</b>			(23,581)	-2.8%
*	Vacancy GAP over FY17	(15,960)		
*	Merit increase	(10,989)		
*	Volume Increase / New Program	(1,471)		
*	Strategic Workforce	(1,217)		
*	Performance Bonus	3,080		
*	Ratification Bonus	2,417		
*	Medicare LOS reduction	875		
*	FTE increase	(2,589)		
*	Outside Labor Reduction	2,273		
<b>Professional Fees &amp; Purchased Services</b>			1,228	0.1%
*	Physician Fees: Increase in fees; New Medical Directors	(2,441)		
*	Consulting for Bond Issuance	3,095		
*	Legal	(754)		
*	Administrative Savings (IT,EVS,Lab)	3,649		
*	Shuttle Service	(1,121)		
*	IT Security	(1,200)		
<b>Supplies</b>			(5,993)	-0.7%
*	Central Supply - volumes + Inflation	(1,661)		
*	Medical Gases Contract increase	(481)		
*	New Programs: IFC (MV/LG),	(816)		
*	Drug Expenses: Infusion Volume increase + Inflation	(2,328)		
*	Other	(707)		
<b>Other Expenses</b>			(1,567)	-0.2%
*	Leases	769		
*	Utilities/Leases	(274)		
*	Strategic Planning	(5,000)		
*	Clinical Variation net savings	2,000		
*	Other	938		
<b>Depreciation &amp; Interest</b>			(9,377)	-1.1%
*	Interest Expense, full year	(4,435)		
*	New Construction projects completing	(4,942)		
<b>Expected Hospital Operations FY2018</b>			<b>77,090</b>	<b>9.0%</b>

# FY18 Operating Budget Detail

## Revenue Assumptions

# FY18 Budget Overview: Revenue Rates

Category	Budget Assumptions
Pricing	<p>Prices to increase to 5.0%</p> <p>Overall charges based on OSHPD per case review, ECH pricing remains at 35th percentile.</p> <p>Inpatient Charges were at 25th percentile</p> <p>Outpatient charges were at 50th percentile</p>
Reimbursement	<p>3% rate increase in commercial payors which accounts for 72% of the net revenue</p> <p>0% rate increase in Medicare accounts, which accounts for 48% of our payor mix but 25% of the net revenue; \$6.5M IGT discontinuance but expect CDI would improve Medicare payment by ~\$3.5M.</p> <p>0% rate increase in Medi-Cal accounts, which accounts for 7.2% payor mix of ECH patient population</p>
Other Payment	\$733K Other Operating Revenue from the PRIME Project

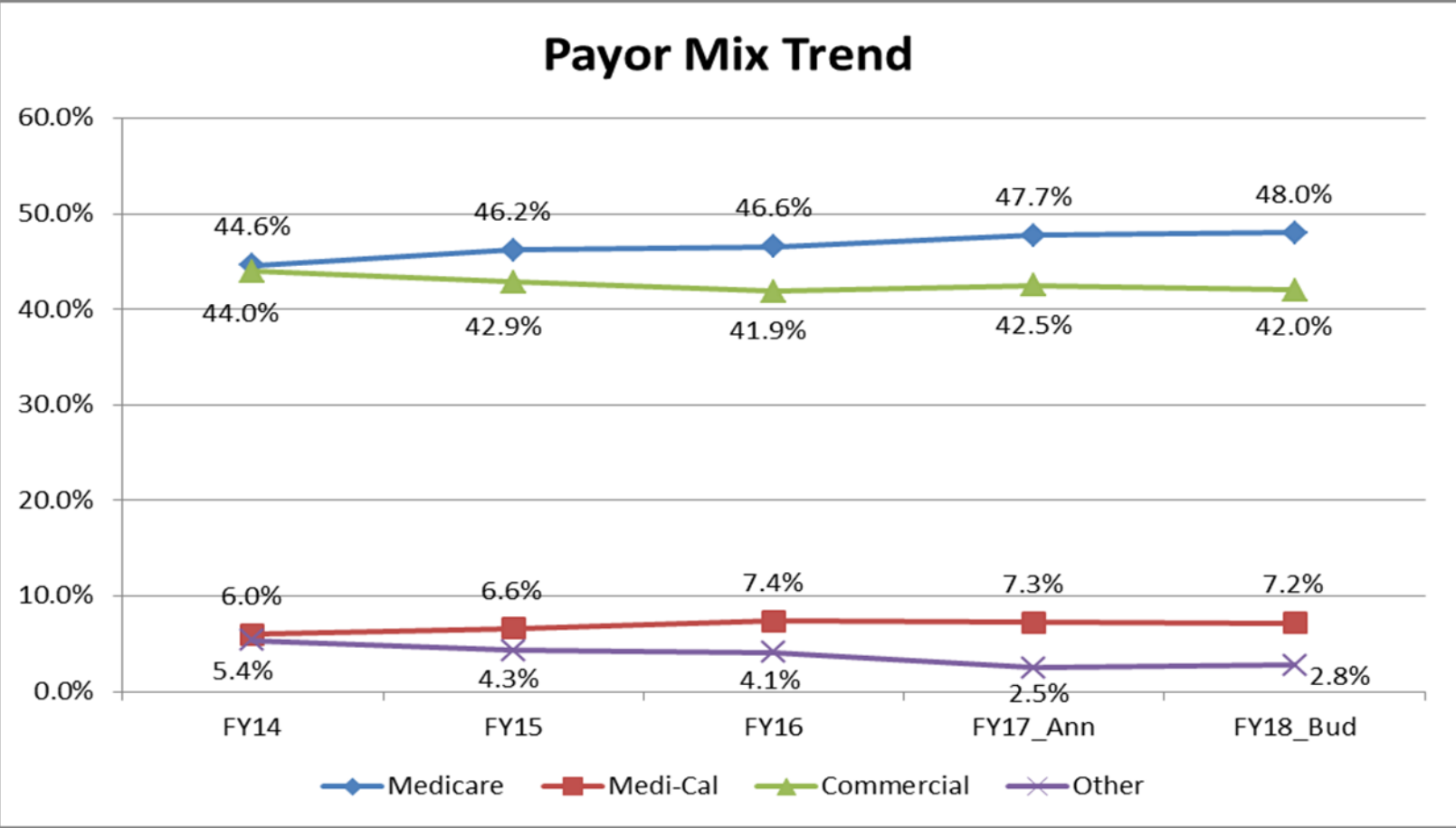
# Charge Master Pricing Changes with Benchmark Data

- CMS/OSHPD claim level data shows El Camino Hospital prices below mid-market level compared to the local peer group including Good Samaritan Hospital, Regional Medical Center, O'Connor Hospital, Stanford Hospital, Sequoia Hospital and Washington Hospital.
- Even with the 6.0% price increase in FY17, our overall charges remain at the 35th percentile based on OSHPD charge per case review (inpatient @ 25th percentile / outpatient @ 50th percentile).
- To catch up with the market pricing, a 5.0% charge increase is proposed in the FY18 budget

Hospital	2012	2013	2014	2015	2016	5-Year Average
EL CAMINO HOSPITAL	0.89%	0.06%	0.90%	5.00%	6.00%	2.57%
STANFORD UNIVERSITY HOSPITAL	9.60%	7.20%	6.90%	6.90%	6.80%	7.48%
REGIONAL MEDICAL CENTER OF SAN JOSE	10.60%	1.36%	5.28%	-1.32%	8.90%	4.96%
SEQUOIA HOSPITAL	5.40%	3.10%	0.00%	2.70%	3.10%	2.86%
WASHINGTON HOSPITAL - FREMONT	0.56%	9.71%	0.97%	2.12%	0.21%	2.71%
GOOD SAMARITAN HOSPITAL- SAN JOSE	9.90%	12.80%	7.10%	4.70%	2.40%	7.38%
O'CONNOR HOSPITAL	0.20%	0.13%	1.02%	0.06%	-19.79%	-3.68%

*\*Data Source: OSHPD*

# Payor Mix and Net Revenue Distribution by Payor



# FY18 Operating Budget Detail - Volume



# Volume Assumptions – Inpatient

## Service Line Inpatient Volume Trend

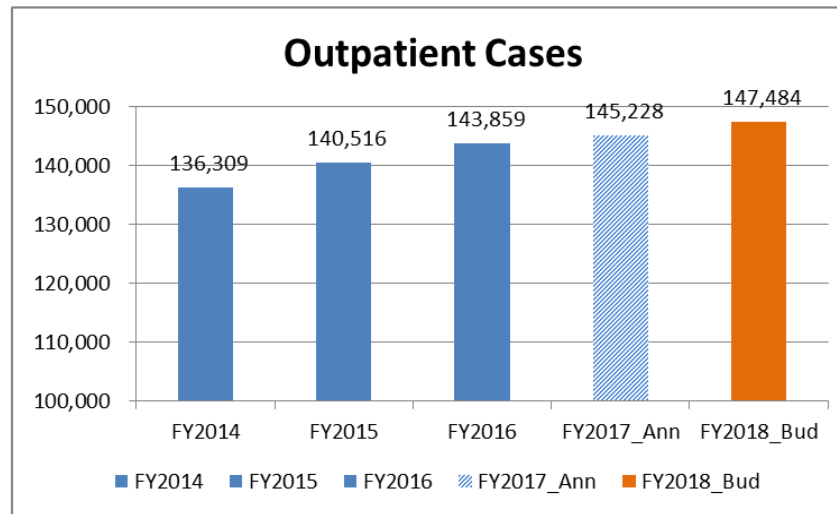
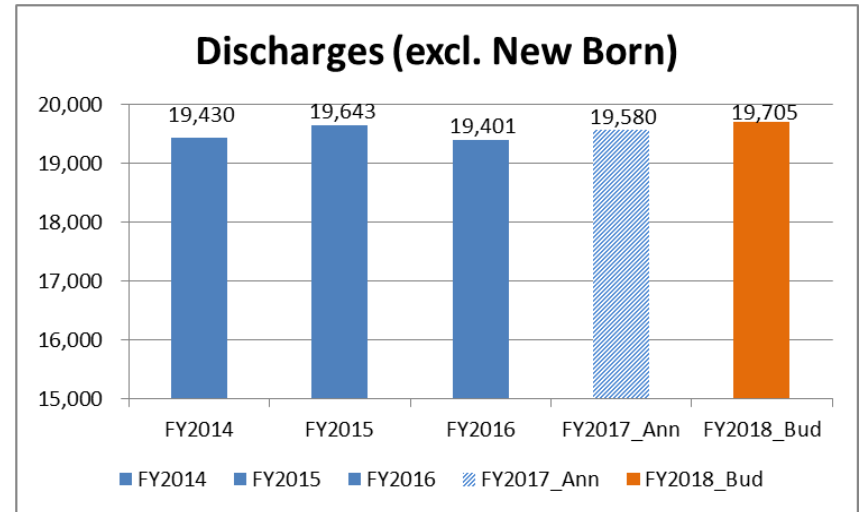
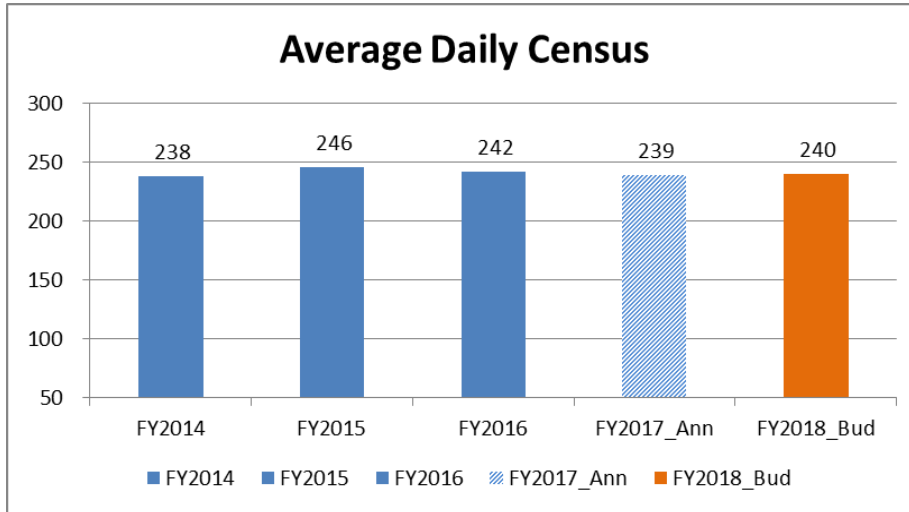
Service Line Volume Trend & FY18 Volume Projection							
	FY2014	FY2015	FY2016	FY17_Proj	FY18_Budget	FY18 Change	Notes
<b>I</b>	<b>19,430</b>	<b>19,643</b>	<b>19,401</b>	<b>19,580</b>	<b>19,705</b>	<b>0.6%</b>	
Behavioral Health	1,012	1,052	929	912	912	0.0%	Increase operating beds from 18 to 21 after 1 phase construction
General Medicine	4,160	4,591	4,465	4,940	4,679	-5.3%	High volume due to outbreak of flu in FY17; not expecting the same in FY18
General Surgery	1,243	1,150	1,312	1,289	1,306	1.3%	Modest increase due to population growth
Heart and Vascular	1,859	1,998	2,008	2,170	2,082	-4.0%	High volume increase in HVI cases in FY17 related to outbreak of flu; not expecting the same in FY18
MCH	6,695	6,372	6,136	5,845	6,206	6.2%	Physician recruitment
Neurosciences	667	672	678	680	697	2.4%	Recruitment of Neuro Surgeon beginning in FY18
Oncology	606	564	652	587	572	-2.5%	
Orthopedics	1,695	1,773	1,750	1,700	1,762	3.6%	Increase cases due to recruitment of 2 new Orthopedic physicians at LG, increase of Shoulder Replacement and Co-Management at MV
Other	7	5	24	4	-	0.0%	
Rehab Services	547	555	501	469	497	5.9%	Plan to increase higher acute Rehab patients in FY18
Spine Surgery	377	429	418	462	478	3.5%	Recruitment of Spine Surgeon beginning in FY18
Urology	172	169	234	250	240	-3.8%	
Womens Non-MCH	390	313	294	272	275	0.8%	
<b>Grand Total</b>	<b>19,430</b>	<b>19,643</b>	<b>19,401</b>	<b>19,580</b>	<b>19,705</b>	<b>0.6%</b>	
% Change from PY		1.1%	-1.2%	0.9%	0.6%		

# Volume Assumptions – Outpatient

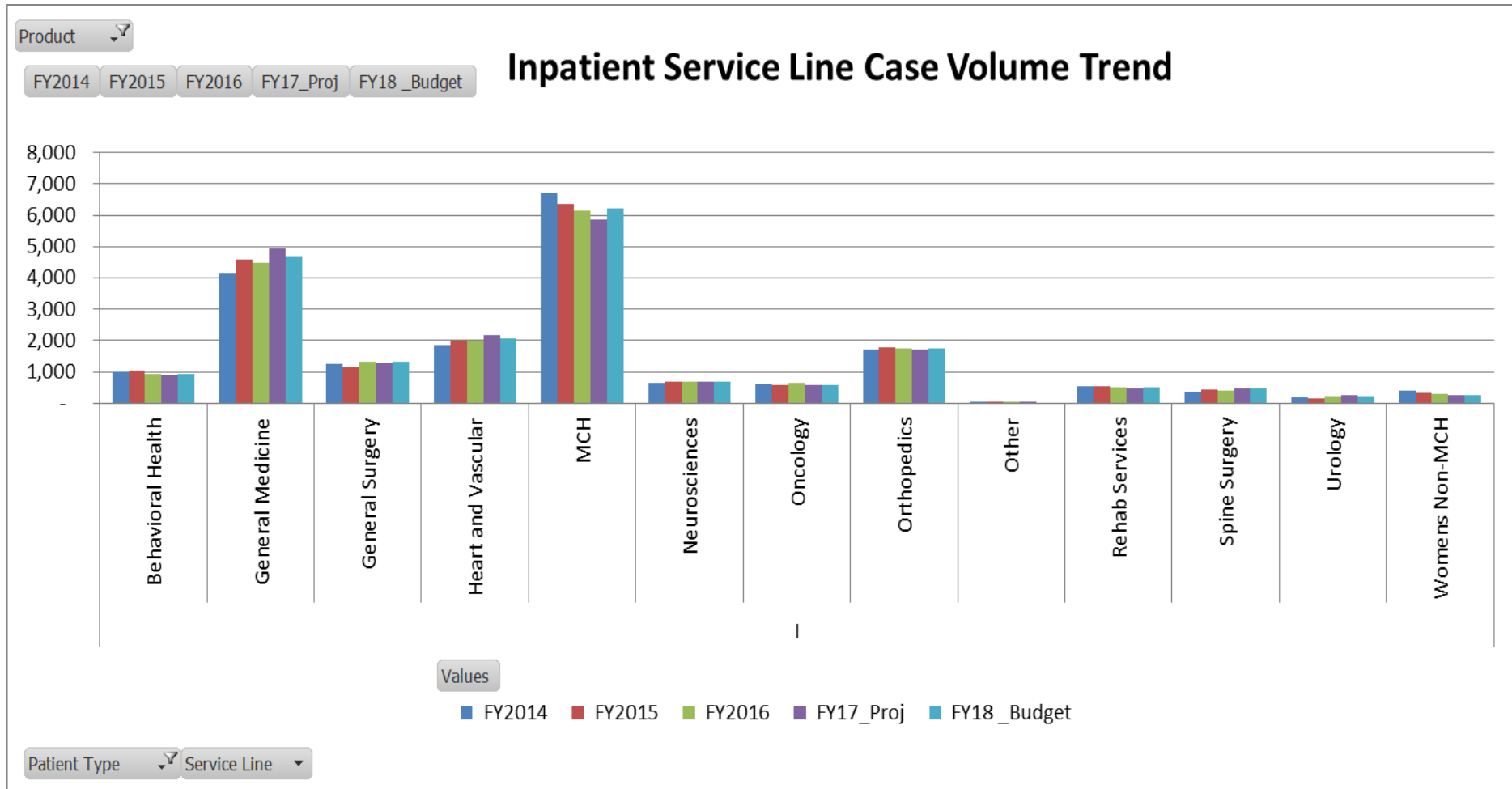
## Service Line Outpatient Volume Trend

Service Line Volume Trend & FY18 Volume Projection							
	FY2014	FY2015	FY2016	FY17_Proj	FY18_Budget	FY18 Change	Notes
<b>⊖ O</b>	<b>136,309</b>	<b>140,516</b>	<b>143,859</b>	<b>145,228</b>	<b>147,484</b>	<b>1.6%</b>	
Behavioral Health	2,565	2,496	2,859	3,284	3,282	-0.1%	
Emergency	46,025	49,106	48,513	48,231	48,975	0.0%	
General Medicine	6,656	6,735	6,877	6,257	6,504	3.9%	Increase of 10% in Interventional Bronch
General Surgery	1,785	1,866	1,857	2,051	2,049	-0.1%	
Heart and Vascular	3,474	3,749	4,239	4,440	4,392	-1.1%	
Imaging Services	19,025	19,480	17,535	17,248	17,597	2.0%	Projected increase in mammography volume with the install of Tomo.
Laboratory Services	30,413	29,488	28,810	29,165	28,741	-1.5%	
MCH	5,049	4,830	4,944	5,452	5,200	-4.6%	Less OP OB referrals due to one OB physicians retiring and 1 leaving the area.
Neurosciences	132	130	141	149	142	0.0%	
Oncology	10,462	11,673	17,251	18,348	19,438	5.9%	Projected 10% increase in MV Infusion Center and a new LG Infusion Center starting in the 4Q of FY18
Orthopedics	883	791	616	669	588	-12.2%	Lost of OP Orthopedic cases to surrounding ASC
Other	656	633	630	599	703	17.5%	Other Ancillary Services (Dietary Therapy, IV Therapy, EKG)
Outpatient Clinics	1,818	1,706	1,676	1,275	1,450	13.8%	2nd Year of Wound Care Operation projection
Rehab Services	3,878	4,223	4,372	4,396	4,326	-1.6%	
Sleep Center	160	223	498	403	720	78.8%	Recruit for new Sleep specialty physician, expect a 300 case volume increase in FY18
Spine Surgery	293	330	276	288	331	14.9%	New Spine Surgeon starting 2nd half of FY18
Urology	1,823	1,750	1,696	1,913	1,875	-2.0%	
Womens Non-MCH	1,212	1,307	1,069	1,060	1,171	10.5%	Part of the General Surgery and Robotic cases increase in LG and population growth.
<b>Grand Total</b>	<b>136,309</b>	<b>140,516</b>	<b>143,859</b>	<b>145,228</b>	<b>147,484</b>	<b>1.6%</b>	
% Change from PY		3.1%	2.4%	1.0%	1.6%		

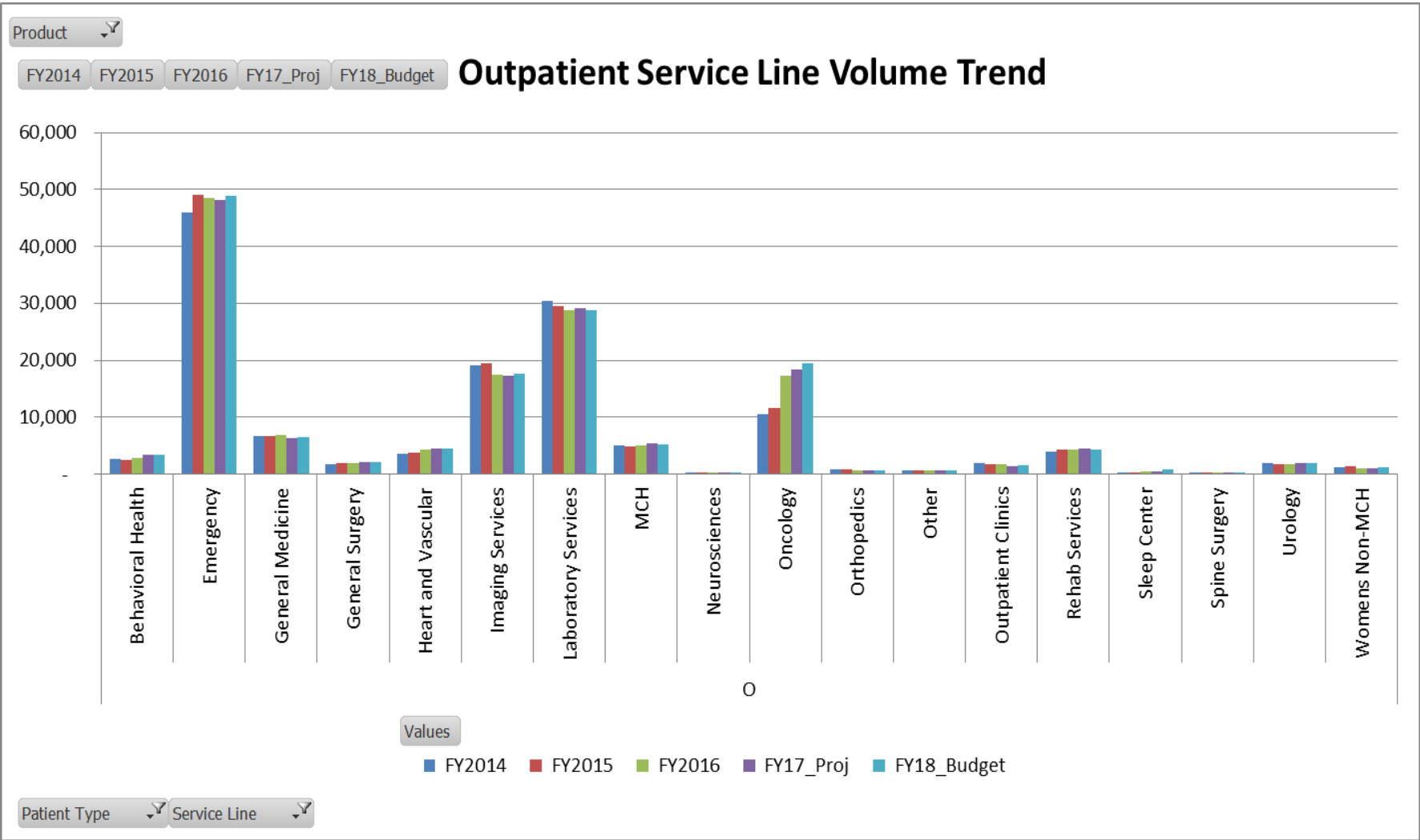
# Key Hospital Volume Statistics Trend



# Inpatient Service Line Volume Trend

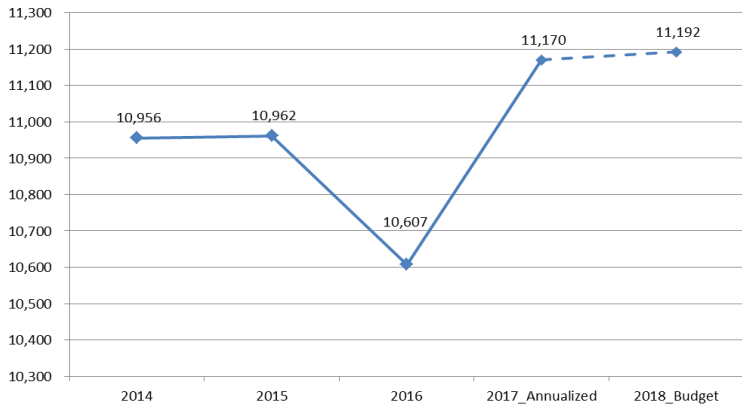


# Outpatient Service Line Volume Trend

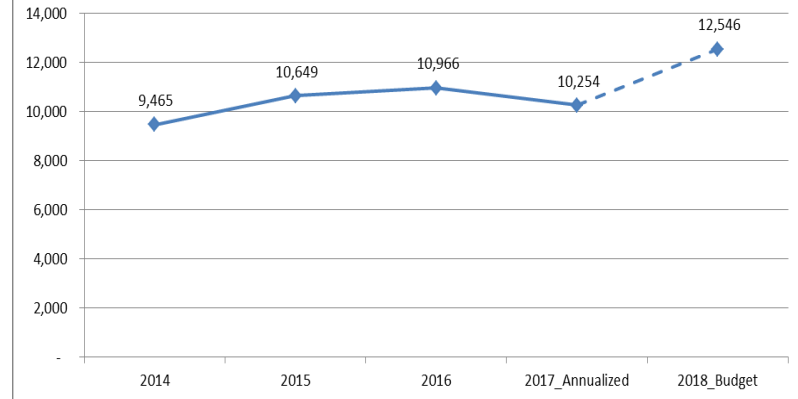


# Focus Volume and Growth – Ancillary & Procedural Areas

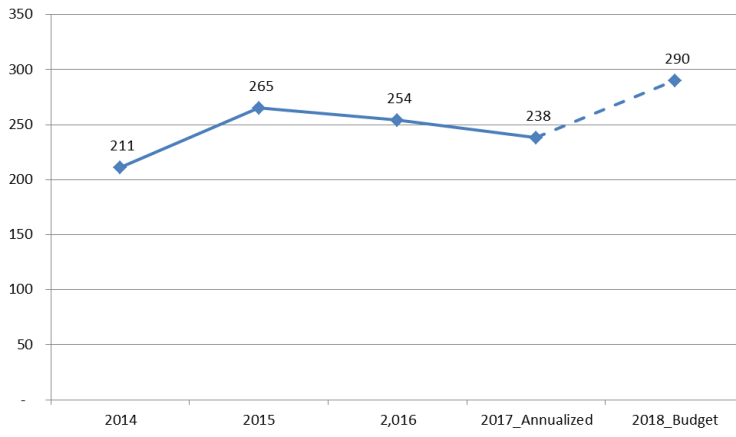
### Surgeries



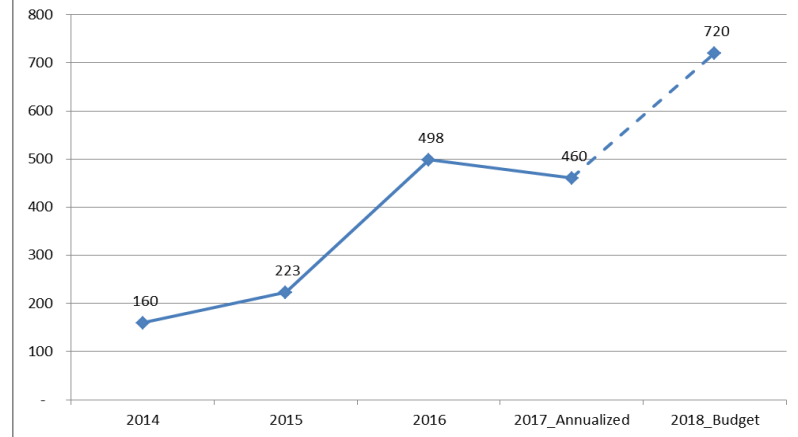
### Infusion Treatments



### Interventional Bronch



### Sleep Center



# FY18 Operating Budget Detail

## Expense Assumptions

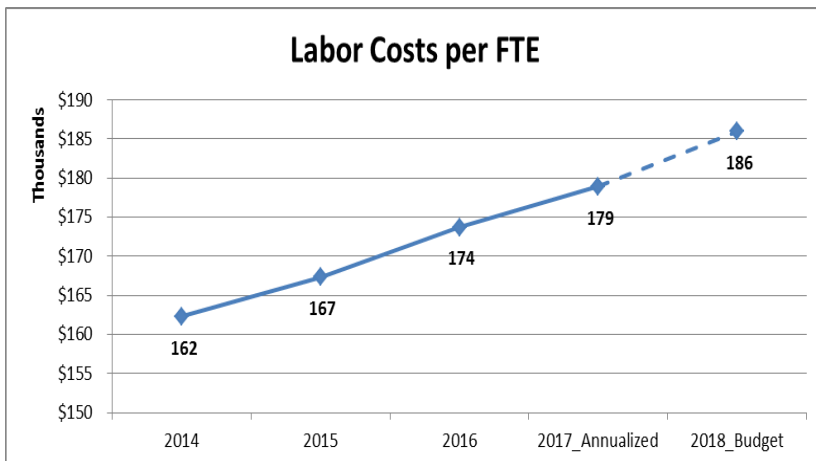
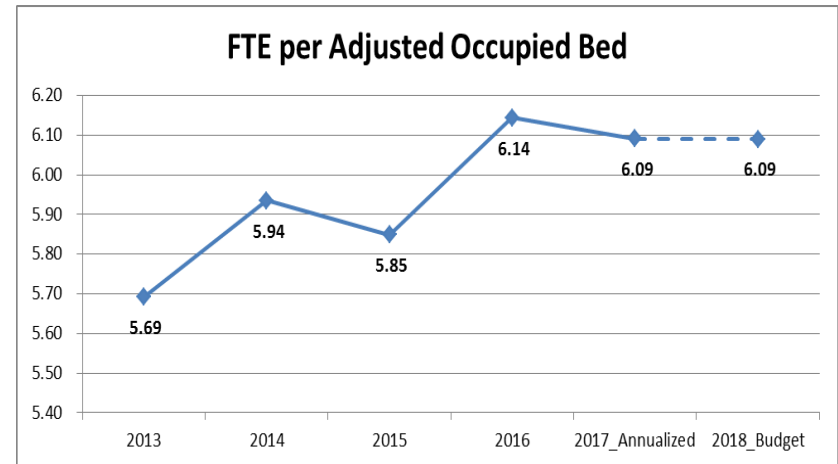
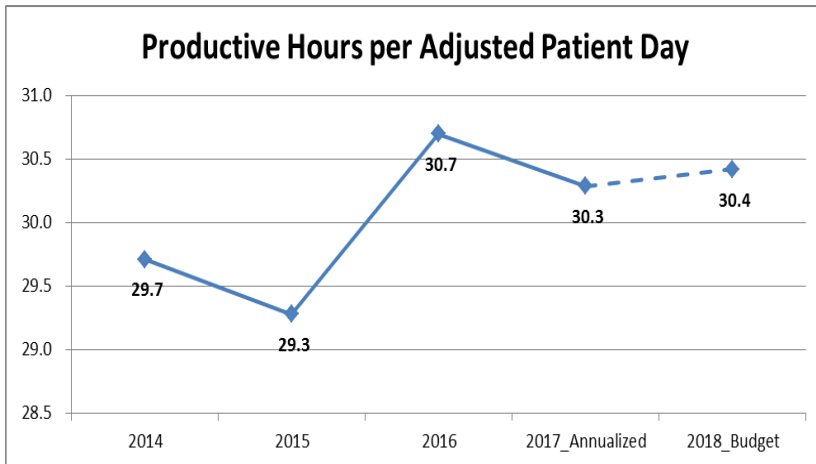
# FY18 Budget Overview: Expenses

## Expense Assumptions

Category	Inflation & Other Expense Assumptions
Group Health	Low base in FY17 with 3% inflation resulting an overall reduction comparing to actual FY17
Dental	3.0% increase for 2nd half of FY18; 1.5% overall increase in FY18
Pharmaceutical	4.2% inflation on drug cost
Medical Supplies	1.0% overall inflation
Other	2.0% inflation



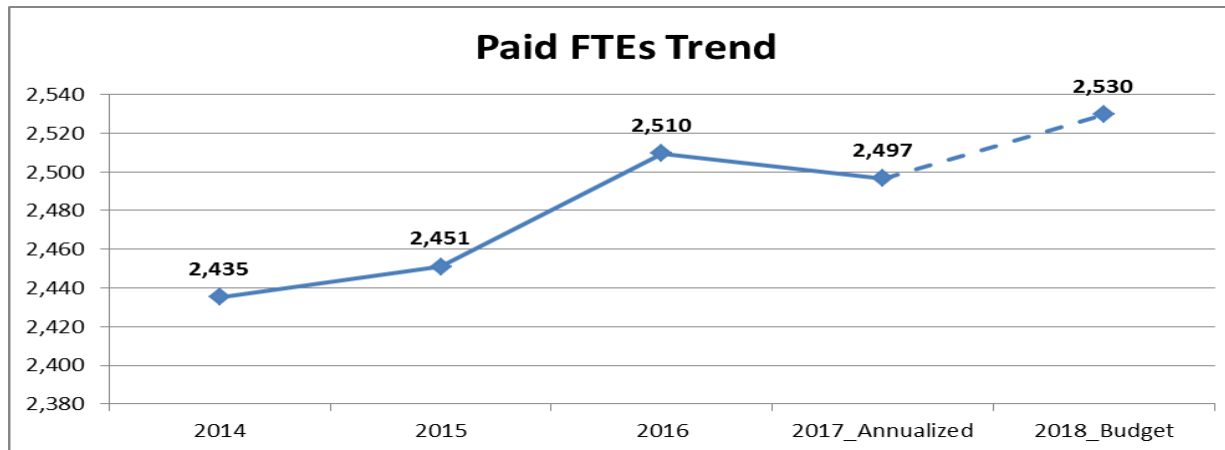
# Key Operational Metrics



- Productivity remains flat with the support of additional initiatives.
- The 3.9% increase in labor cost is primarily related to salary and benefit rate increase.

# FY18 Budgeted Hospital FTE

<b>Hospital Paid FTE</b>			
<b>Starting FTE FY2017 YTD Apr Ann</b>	<b>2,496.64</b>	<b>Volume/New Program</b>	<b>Productivity</b>
LG IFC	0.46	0.46	
OSA (Sleep Ctr)	0.81	0.81	
Spine	1.66	1.66	
LG Robotics 200 cases	5.00	5.00	
Strategic Workforce	6.00	6.00	
PSA (Video Monitoring Implementation)	(3.00)		(3.00)
ALOS Reduction	(4.04)		(4.04)
Other Volume Driven	2.97	2.97	
Change in Target (Run Rate vs BUD18)	(4.63)		(4.63)
Target Reduction (Overhead) Office of COO	(16.36)		(16.36)
Budgeted Vacant Position (Overhead):	30.37		30.37
- IT: 11.3 FTE (backfilled by Purchase Service)			
- CMO / Quality Svcs: 11.5 (partially backfilled by PS)			
Wound Care	2.40	2.40	
Approved FTEs:			
- CDI Manager; Pharmacy Tech (Stewardship); Compliance Manager; Jr. Attorney; Benefit Specialist	11.27		11.27
<b>Ending Budget FY18 Paid FTE</b>	<b>2,529.56</b>	<b>19.30</b>	<b>13.61</b>



# High Performance Organization (HPO) Initiatives

Work Stream	Focus Area	FY18 Budget
Variation	LOS Reduction (750 days)	875,000
	Resource Utilization Management	2,000,000
	Clinical Documentation Improvement	3,500,000
Workflow and Workforce Optimization		
	Productivity Target Reduction	1,505,000
	Incidental Overtime Management	425,000
Supply Chain	Pricing	1,300,000
<b>Total</b>		<b>9,605,000</b>

# HPO Status Update

HPO Plan Reporting & Projection							
Work Stream	Focus Area	Total Identified	Confirmed Opportunities	FY 2016 Actual	FY17 Implemented - Achieved	FY18 Budget	Remaining HPO Opportunities
Patient Flow and Capacity Management	SPD	\$321,054	\$183,282	\$0	\$165,543		\$17,739
	<i>Emergency Department</i>	\$1,612,592	\$1,612,592	\$0	\$1,580,321		\$32,271
	<i>Periop MV / Endo / Cath</i>	\$1,226,234	\$576,202	\$35,000	\$541,202		\$0
	<i>Periop LG</i>	\$334,732	\$288,394	\$0	\$140,006		\$148,388
	<i>Laboratory</i>	\$1,882,000	\$1,113,782	\$82,068	\$1,031,714		\$0
	<i>Imaging</i>	\$451,000	\$334,200	\$183,000	\$151,200		\$0
Variation	Level and Duration of Care	\$2,367,600	\$2,367,600	\$1,483,445	\$529,273	\$875,000	-\$520,118
	RUM - Blood	\$378,000	\$378,000	\$46,000	\$332,000		\$0
	RUM - Inpatient	\$1,090,417	\$1,090,417	\$0			\$1,090,417
	RUM - Other Services	\$7,926,583	\$7,926,583	\$0	\$1,000,000	\$2,000,000	\$4,926,583
	Care Coordination	\$196,728	\$201,344	\$78,919	\$0		\$122,425
	Quality Cycle Management	\$0		\$0			\$0
	Clinical Documentation	\$3,661,000	\$4,300,000	\$0	\$1,800,000	\$3,500,000	-\$1,000,000
Workflow and Workforce Optimization	Benefits	\$4,070,000	\$900,000	\$0	\$900,000		\$0
	IP Nursing & MCH	\$6,320,152	\$1,967,175		\$376,414		\$1,590,761
	Productivity Improvement					\$1,505,000	-\$1,505,000
	Premium Pay	\$3,639,194	\$3,639,194	\$0	\$0	\$425,000	\$3,214,194
	Span of Control	\$31,000	\$0	\$0	\$0		\$0
	Workforce Management	\$0	\$0	\$0			\$0
Revenue Cycle Enhancement	HIM and Coding	\$356,096	\$356,096	\$0	\$308,000		\$48,096
	Revenue Cycle Staffing	\$614,788	\$0	\$0	\$0		\$0
	Revenue Cycle Enhancement*	\$3,222,000	\$3,222,000	\$7,360,000			-\$4,138,000
Supply Chain	PPI	\$2,652,120	\$2,652,120	\$1,955,957			\$696,163
	Pricing	\$0	\$0	\$0		\$1,300,000	-\$1,300,000
	Rx Best Practices	\$50,000	\$0	\$0			\$0
	Drugs	\$1,844,360	\$727,312	\$533,270	\$194,042		\$0
	Endo-Mechanicals	\$658,501	\$658,501	\$0	\$512,000		\$146,501
<b>Total</b>		<b>\$44,906,151</b>	<b>\$34,494,794</b>	<b>\$11,757,659</b>	<b>\$9,561,715</b>	<b>\$9,605,000</b>	<b>\$3,570,420</b>

# Impact of IT Initiatives FY17 to FY18

## IT Initiatives for FY18

Description	Additional Operating Expense for FY18	Budgeted Capital Cost FY18 (Adjusted)
ERP (Enterprise Resource Planning System)	895,500	4,725,500
IS Baseline: Software, Devices, Network, Server, Storage & Telecom	-	3,069,650
PACS, VNA, Universal Viewer Enterprise Imaging IT	-	2,286,400
iCare Program	-	1,922,000
IS Security Program	-	964,500
Community Connect (Company 91)	1,802,068	675,000
<b>Total FY18</b>	<b>2,697,568</b>	<b>13,643,050</b>

# FY18 Capital Budget

# FY18 Capital Spending Trend

Capital Spending (in 000's)	Actual FY2014	Actual FY2015	Actual FY2016	Projected FY2017	Budget FY2018
EPIC	6,838	29,849	20,798	6,137	1,922
IT Hardware / Software Equipment	2,788	4,660	6,483	5,391	12,238
Medical / Non Medical Equipment*	12,891	13,340	17,133	18,185	5,635
Non CIP Land, Land I , BLDG, Additions	22,292	-	4,189	-	-
Facilities	13,753	38,940	48,137	170,763	211,886
<b>GRAND TOTAL</b>	<b>58,561</b>	<b>86,789</b>	<b>96,740</b>	<b>200,476</b>	<b>231,681</b>

\*Includes 2 robot purchases in projected FY 2017 & FY16 Medical/Non Medical Equipment spent in FY17

# FY18 IT/Imaging/HR Capital Request

(in 000s)

FY18 IT, HR & Imaging Requested Capital	FY18 Budgeted Commitment	FY18 Budgeted Spend
iCare Program (EPIC)	1,922	1,922
<b>EPIC Total</b>	<b>1,922</b>	<b>1,922</b>
ERP (Enterprise Resource Planning)	4,725	4,725
PACS, VNA, Universal Viewer Enterprise Imaging IT	2,286	2,286
IS Security Program	965	965
IS Baseline: Storage - Baseline Primary & Backup	882	882
IS Baseline: Network - Baseline Replacement & Maint.	771	771
IS Baseline: Server - Baseline Replacement & Maint.	717	717
Community Connect (Company 91)	675	675
Imaging: Convert all CR equipments to DR	357	357
IS Baseline: Software Upgrades: Existing Software	250	250
IS Baseline: Devices - Baseline Deviec Replacement	250	250
All Other*	361	361
<b>IT Hardware/Software Equipment/Imaging</b>	<b>12,238</b>	<b>12,238</b>



# FY18 Equipment Capital Request

(in 000s)

FY18 Medical / Non Medical Equipment Requested Capital	FY18 Budgeted Spend
Centralized ECG Monitoring	1,300
Siemens CT scanner	600
ARIA Optimization Solution	600
Navigation Unit (Electromagnetic Navigational Bronch Unit)	300
All Other*	2,835
<b>Total</b>	<b>5,635</b>

# FY18 Facility Project Capital Request (with details)

(in 000s) 1 of 2

	FY18 Budgeted Commitment	FY18 Budgeted Spend
<b>Mountain View Campus Master Plan Projects</b>		
BHS Replacement	\$0 **	\$51,400
North Dr Parking Structure Expansion	\$0 **	\$3,354
Integrated Medical Office Building	\$0 **	\$130,100
CUP Upgrades	\$0 **	\$4,032
Womens Hosp Expansion	\$6,000 **	\$7,000
<b>Sub-Total Mountain View Campus Master Plan</b>	<b>\$6,000</b>	<b>\$195,886</b>
<b>Mountain View Capital Projects</b>		
New Main Lab Upgrades	\$0 *	\$500
ED Remodel Triage / Psych Observation	\$0 *	\$1,000
Willow Pavilion FA Sys and Equip Upgrades	\$800	\$700
Facilities Planning Allowance	\$600	\$0
Site Signage & Other Improvements	\$1,000	\$100
IR Room #6 Development	\$0 *	\$2,000
JW House (Patient Family Residence)	\$2,500	\$0
Nurse Call System Upgrades	\$2,400	\$0
Imaging Equipment Replacement (Imaging Dept. Only)	\$20,700	\$0
IR / Cath Lab Equipment Replacement (5 or 6 Rooms)	\$19,400	\$0
ED Remodel / CT - Triage - Other	\$5,000	\$0
MV Equipment & Infrastructure Upgrades (18)	\$600	\$0
Various Relocation Projects	\$800	\$0
Flooring Replacement	\$1,600	\$0
<b>Sub-Total Mountain View Projects</b>	<b>\$55,400</b>	<b>\$4,300</b>

# FY18 Facility Project Capital Request (with details)

(in 000s) 2 of 2

	FY18 Budgeted Commitment	FY18 Budgeted Spend
<b>Los Gatos Capital Projects</b>		
LG Imaging Phase II (CT & Gen Rad) & Sterile Processing	\$0 **	\$700
LG Upgrades - Major	\$0 **	\$5,000
LG Rehab Building Upgrades	\$0 **	\$500
LG IR Upgrades	\$1,100	\$0
LG Facilities Planning	\$800	\$0
LG MOB Improvements (17)	\$0 *	\$3,500
LG Nurse Call System Replacement (M/S, Ortho, Women's, ED)	\$2,800	\$0
LG OPS Expansion & Physician Lounge	\$850	\$0
LG Observation Unit (Conversion of ICU 2)	\$1,800	\$0
LG Security System	\$460	\$0
LG Pharmacy USP800 Upgrades	\$400	\$0
LG Men's Health Clinic TI's	\$450	\$0
LG Cancer Center	\$1,900	\$0
<b>Sub-Total Los Gatos Projects</b>	<b>\$10,560</b>	<b>\$9,700</b>
<b>Other Strategic Capital Projects</b>		
Primary Care Clinic (TI's Only)	\$0 *	\$2,000
Urgent Care Clinics (Tis Only)	\$3,800	\$0
New 28K MOB (Courthouse Prop)	\$22,400	\$0
<b>Sub-Total Other Strategic Capital Projects</b>	<b>\$26,200</b>	<b>\$2,000</b>
<b>Grand Total Facilities Projects</b>	<b>\$98,160</b>	<b>\$211,886</b>

# Board-Designated Community Benefit Endowment Fund

- In FY 2016, the Board established an endowment to provide investment income to fund community benefit.
- We agreed to evaluate whether the fund should be increased during the annual budget cycle.
- Recommendation
  - Endowment funding evaluation in FY17 Q3 determined the budgeted amount for FY18 Community Benefit to be \$500k.
  - Increase community benefit endowment fund by \$5 million – 50% increase over the amount established in 2016.

	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17 Ann</u>	<u>FY18 Bud</u>
Community Benefit	(1,477,050)	(2,397,226)	(2,716,041)	(3,586,367)	(3,400,000)

# FY18 Operating Budget Detail

Alignment with Marketing

# FY18 Marketing & Communications Plan: Strategic Alignment

## Strategic Goals

**Consumer  
Alignment**

**Cultural  
Foundation**

**Physician  
Alignment**

**Operational  
Excellence**

**Core marketing strategies and  
objectives align with..**

**Business  
Priorities**

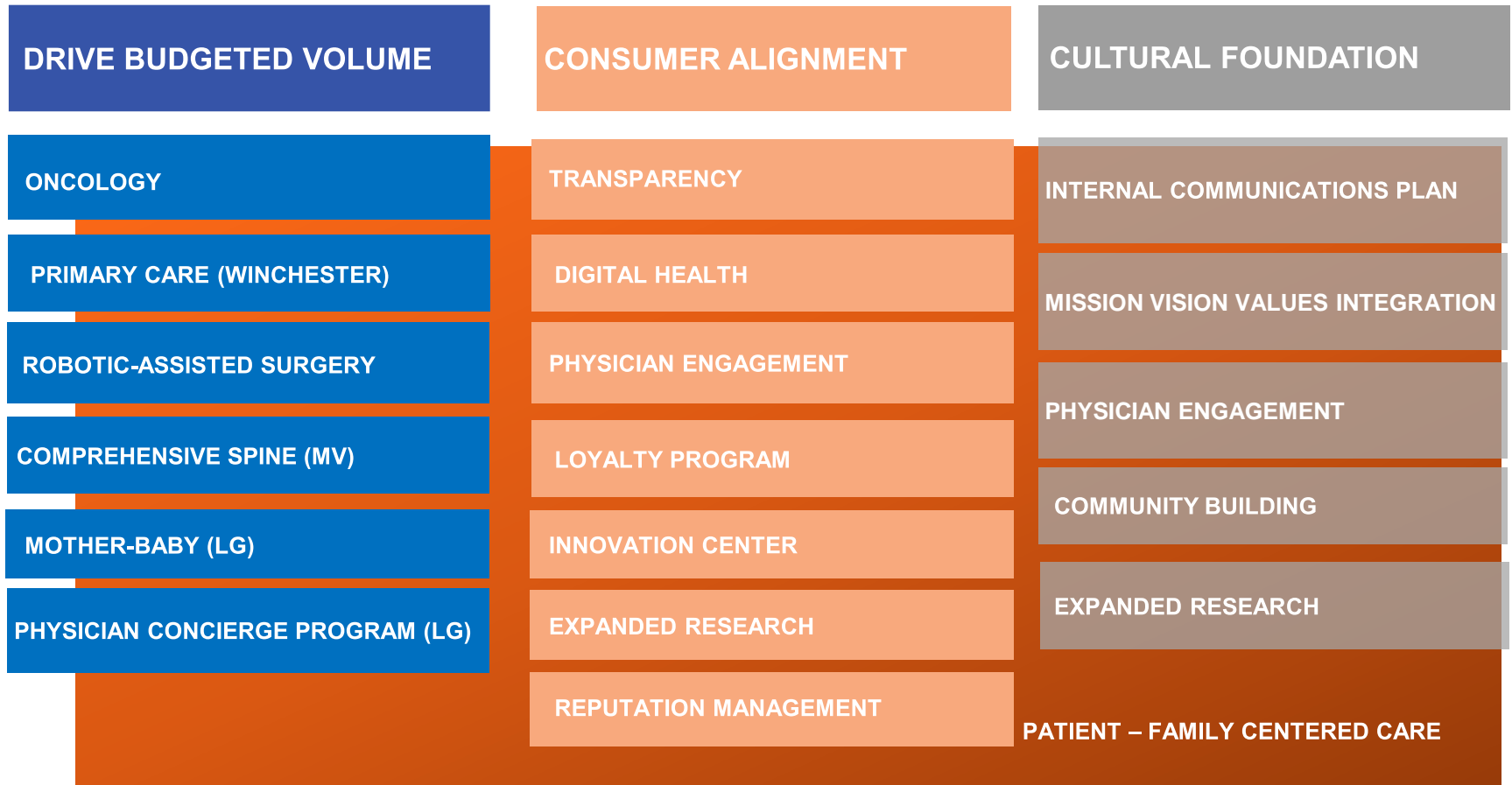
**Audiences**

**Tactical focus**

**Metrics**

**Budget/  
Resources**

# FY18 Marketing & Communications Plan: Major Marketing Priorities



*\*Denotes supports of smart growth and integrated care strategic themes; N = new, M = maintenance  
Source: ECH strategic planning*

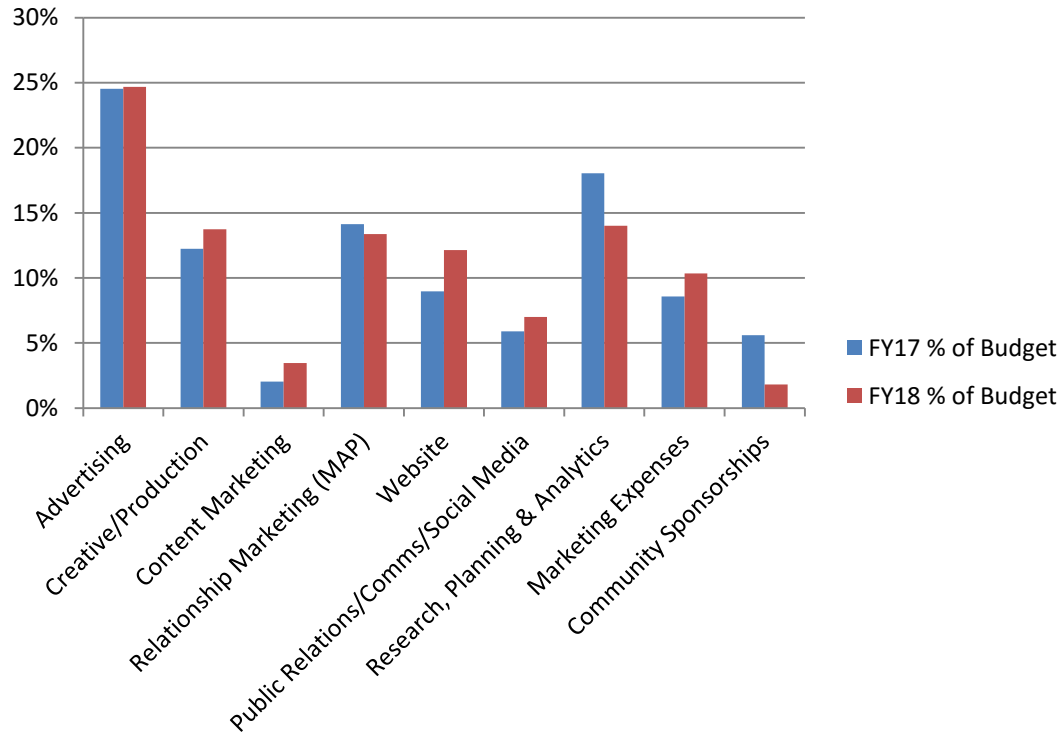
# FY18 Marketing & Communications Plan: Major Marketing Priorities Funding

Core Marketing Strategies	Allocation	Building Blocks			
		Drive Budgeted Volume & Operational Excellence	Cultural Foundation	Consumer Alignment	Physician Alignment
<b>POSITIONING + DIFFERENTIATION:</b> Increase awareness and understanding of uniqueness of El Camino Hospital among target audiences across the region	2.24M	X	X	X	X
<b>ELEVATE COMMUNITY PURPOSE &amp; ENGAGEMENT:</b> Engage targets to create loyalty, affinity and relationships that drive positive behaviors	1.22M	X	X	X	X
<b>PERSONALIZED MARKETING:</b> Provide value to consumer audiences by maximizing relevant messaging and content across interactions	670K	X		X	
<b>FACILITATE POSITIVE CULTURE:</b> Increase employee and physician engagement through community building	400K	X	X	X	X

*\*Does not include Labor Costs*



# FY18 Marketing & Communications Plan: Budget Assumptions & Trends



- FY18 budget **flat to FY17**; aligned with organizational goals and priorities
- Creative/production 2% increase to cover refreshed campaign creative
- **Increased allocation for website** enhancements and optimization
- **Increased allocation for content marketing** includes both written and video content that differentiates services and physicians
- Integrated advertising efforts with increased efficiency through capability to target audiences via digital channels
- Increase in marketing expenses includes **new digital asset management system**, events, printing and postage and depreciation
- FY18 local **community sponsorship spend same** as FY17; large annual sponsorship paid in FY17 accounts for reduction

# Appendix

# CONCERN – FY18 Budget Financial

CONCERN (\$ in thousands)					
	FY2016 Actual	FY2017 Annualized	FY2018 Budget	Change Favorable/ (Unfavorable)	% Change
<b>REVENUES</b>					
Other Operating Revenue	15,755	16,604	18,090	1,486	9.0%
Total Net Revenue	15,755	16,604	18,090	1,486	9.0%
<b>EXPENSES</b>					
Salaries & Benefits	5,754	5,283	5,694	(411)	-7.2%
Supplies & Other Expenses	8,721	9,620	11,432	(1,813)	-15.9%
Interest	-	-	-	-	0.0%
Depreciation/Amortization	42	29	31	(1)	-3.7%
<b>TOTAL EXPENSES</b>	<b>14,518</b>	<b>14,932</b>	<b>17,157</b>	<b>(2,225)</b>	<b>-13.0%</b>
<b>OPERATING INCOME</b>	<b>1,238</b>	<b>1,672</b>	<b>934</b>	<b>(738)</b>	<b>79.1%</b>
Non Operating Income	585	(43)	497	539	
<b>NET INCOME</b>	<b>1,823</b>	<b>1,629</b>	<b>1,430</b>	<b>(199)</b>	<b>-12.2%</b>
<i>Operating EBIDA</i>	<i>1,280</i>	<i>1,701</i>	<i>964</i>	<i>(737)</i>	<i>-43.3%</i>
<i>EBIDA Margin Percentage</i>	<i>8.1%</i>	<i>10.2%</i>	<i>5.3%</i>	<i>-4.9%</i>	<i>-48.0%</i>
<i>Operating Margin Percentage</i>	<i>7.9%</i>	<i>10.1%</i>	<i>5.2%</i>	<i>-4.9%</i>	<i>-48.7%</i>

# CONCERN Commentary

## CONCERN Initiatives:

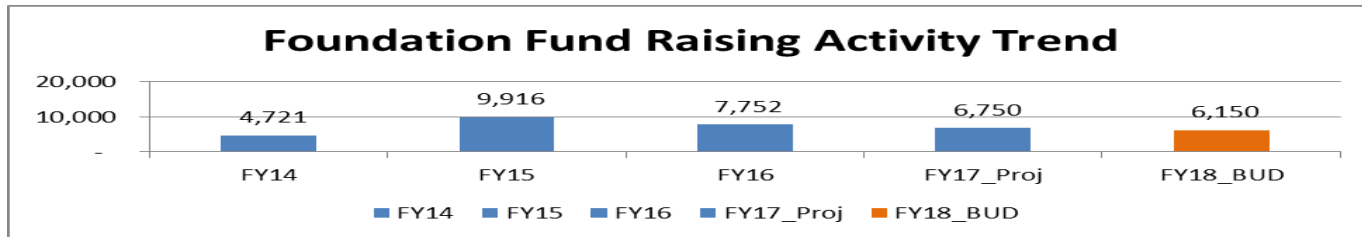
- Implement our Technology Roadmap required by our largest tech customers
  - Video Counseling
  - Texting for service requests
  - Company specific online portal
  - Digital therapeutics including online interventions for depression and anxiety
- Implement Phase II of EAPExpert CRM Platform to streamline claims payment, clinical documentation and employer customized reporting
- Increase the size of the provider network nationally by 10%
- Become licensed/certified in 6 states as required by the DMHC

## Margin

- Margin remains healthy but is declining due to price competition from national insurance companies and industry wide increase in utilization

# Foundation – FY18 Budget Financial

FOUNDATION (\$ in thousands)					
	FY2016 Actual	FY2017 Annualized	FY2018 Budget	Change Favorable/ (Unfavorable)	% Change
<b>REVENUES</b>					
Other Operating Revenue	-	-	-	-	\$0
Total Net Revenue	-	-	-	-	0%
<b>EXPENSES</b>					
Salaries & Benefits	1,430	1,579	1,686	(107)	-6%
Supplies & Other Expenses	1,489	1,228	1,667	(438)	-26%
Interest	-	-	-	-	0%
Depreciation/Amortization	13	13	13	-	0%
<b>TOTAL EXPENSES</b>	<b>2,933</b>	<b>2,821</b>	<b>3,366</b>	<b>(545)</b>	<b>-16%</b>
<b>OPERATING INCOME</b>	<b>(2,933)</b>	<b>(2,821)</b>	<b>(3,366)</b>	<b>(545)</b>	<b>-16%</b>
Non Operating Income	3,915	5,388	4,102	(1,286)	
<b>NET INCOME</b>	<b>982</b>	<b>2,568</b>	<b>737</b>	<b>(1,831)</b>	<b>-71%</b>
<i>Operating EBIDA</i>	<i>(2,920)</i>	<i>(2,807)</i>	<i>(3,352)</i>	<i>(545)</i>	19%



- FY 18 fundraising goal is low pending organizational strategic plan

# SVMD – FY18 Budget Financial

SVMD (\$ in thousands)					
	FY2016 Actual	FY2017 Annualized	FY2018 Budget	Change Favorable/ (Unfavorable)	% Change
<b>REVENUES</b>					
Net Patient Service Revenue	153	377	3,723	3,346	100%
Othe Operating Revenue	-	-	102	102	
Total Net Revenue	153	377	3,826	3,346	0%
<b>EXPENSES</b>					
Salaries & Benefits	85	348	3,681	(3,333)	-91%
Supplies & Other Expenses	162	519	5,235	(4,716)	-90%
Interest	-	-	-	-	0%
Depreciation/Amortization	-	2	331	(329)	0%
TOTAL EXPENSES	247	869	9,247	(8,378)	-91%
<b>OPERATING INCOME</b>	<b>(94)</b>	<b>(491)</b>	<b>(5,421)</b>	<b>(4,930)</b>	<b>-91%</b>
Non Operating Income	250	600	3,735	3,135	
<b>NET INCOME</b>	<b>156</b>	<b>109</b>	<b>(1,686)</b>	<b>(1,795)</b>	<b>-1653%</b>
<i>Operating EBIDA</i>	<i>(94)</i>	<i>(489)</i>	<i>(5,090)</i>	<i>(4,601)</i>	940%
<i>EBIDA Margin Percentage</i>	<i>-61.6%</i>	<i>-129.8%</i>	<i>-133.1%</i>	<i>-3.3%</i>	2.5%
<i>Operating Margin Percentage</i>	<i>-61.6%</i>	<i>-130.3%</i>	<i>-141.7%</i>	<i>-11.4%</i>	8.8%

# SVMD – Primary Care Clinic

- Primary care physicians: Recruit 11 MDs (5 starting Oct and 6 starting Jan); total of 7.68 FTEs by end of the year.
- Specialists: Recruit 4 MDs (starting Jan); total of 2 FTEs by end of the year.

<b>Primary Care Clinic</b>	
	<b>Total</b>
<b>REVENUES</b>	
Net Patient Service Revenue	3,723,065
Total Net Revenue	3,723,065
<b>EXPENSES</b>	
Salaries & Benefits	3,415,750
Supplies	123,573
Purchased Services	2,090,901
Facility Expenses*	494,306
Other General and Administrative	91,845
Depreciation	2,753
<b>TOTAL EXPENSES</b>	<b>6,219,128</b>
<b>OPERATING INCOME</b>	<b>(\$2,496,063)</b>
<b>TOTAL FTEs</b>	
	<b>9.68</b>
	<i>Loss per MD FTE</i> (\$257,783)
<b>Primary Care Clinic Administration Expenses</b>	<b>1,238,667</b>

\*Facility Expenses: Lease/Repairs & Maintenance/Utilities

# Non-Operating Revenue Detail

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

	FY2016 Actual	FY2017 Annualized	FY2018 Budget	Change Favorable/ (Unfavorable)	% Change
<b>Non Operating Revenue Detail</b>					
Investments	(1,710)	59,376	18,100	(41,277)	-69.5%
Swap Adjustments	(3,214)	4,537	-	(4,537)	-100.0%
Bond Amortization	1,611	266	70	(196)	-73.7%
Community Benefit	(2,716)	(3,586)	(3,400)	186	-5.2%
Support for Foundation	(1,783)	(1,783)	(1,783)	-	0.0%
Support for SVMD	(213)	(459)	(5,380)	(4,921)	1072.8%
Investment in Satellite Dialysis	(434)	(573)	(425)	148	-25.9%
Gain/<Loss> on Community Connect	-	-	-	-	
Gain/<Loss> on Pathways	143	1,471	500	(971)	-66.0%
Other	(1,254)	(2,936)	(3,292)	(355)	12.1%
	<b>(9,570)</b>	<b>56,313</b>	<b>4,390</b>	<b>(51,923)</b>	<b>-92%</b>