

AGENDA
FINANCE COMMITTEE MEETING
OF THE EL CAMINO HOSPITAL BOARD

Monday, January 30, 2017 – 6:30 pm

Medical Staff Conference Room (in Administration)

El Camino Hospital | 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
1. CALL TO ORDER / ROLL CALL	Dennis Chiu, Chair		6:30 – 6:32 pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Dennis Chiu, Chair		6:32 – 6:33
3. PUBLIC COMMUNICATION 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		6:33 – 6:36
4. CONSENT CALENDAR <i>Any Committee Member may remove an item for discussion before a motion is made.</i> <i>Approval</i> a. Minutes of the Open Session of the Finance Committee Meeting (November 28, 2016) b. FY17 Period 5 Financials <i>Information</i> c. Article of Interest d. Progress Against Committee Goals	Dennis Chiu, Chair	<i>public comment</i>	motion required 6:36 – 6:37
5. REPORT ON BOARD ACTIONS ATTACHMENT 5	Dennis Chiu, Chair		information 6:37 – 6:42
6. FY17 PERIOD 6 FINANCIALS ATTACHMENT 6	Iftikhar Hussain, CFO	<i>public comment</i>	possible motion 6:42 – 6:52
7. CAPITAL FUNDING REQUESTS ATTACHMENT 7	Ken King, CASO;	<i>public comment</i>	possible motion 6:52 – 7:02
8. COMMUNITY BENEFIT ENDOWMENT FUND EARNINGS ATTACHMENT 8	Iftikhar Hussain, CFO	<i>public comment</i>	motion required 7:02 – 7:12
9. ADJOURN TO CLOSED SESSION	Dennis Chiu, Chair		motion required 7:12 – 7:13

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
10. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Dennis Chiu, Chair		7:13 – 7:14
11. CONSENT CALENDAR <i>Any Committee Member may remove an item for discussion before a motion is made.</i> Approval <i>Gov't Code Section 54957.2:</i> a. Meeting Minutes of the Closed Session of the Finance Committee (November 28, 2016)	Dennis Chiu, Chair		motion required 7:14 – 7:15
12. Health and Safety Code 32106(b) for a report involving health care facility trade secrets: - Service Line Review	Mick Zdeblick, COO; Bido Baines, Executive Director, Urology Services & Men's Health		discussion 7:15 – 7:35
13. Health and Safety Code Section 32106(b) for a report involving health care facility trade secrets: - Physician Contracts	Will Faber, MD, CMO; Mick Zdeblick, COO		discussion 7:35 – 7:55
14. ADJOURN TO OPEN SESSION	Dennis Chiu, Chair		motion required 7:55 – 7:56
15. RECONVENE OPEN SESSION / REPORT OUT To report any required disclosures regarding permissible actions taken during Closed Session.	Dennis Chiu, Chair		7:56 - 7:57
16. APPROVAL OF PHYSICIAN CONTRACTS a. Orthopedic Co-Management Program b. PT-OT Services Amendment	Dennis Chiu, Chair	<i>public comment</i>	motion required 7:57 – 8:00
17. FY17 PACING PLAN PRIORITIZATION ATTACHMENT 17	Dennis Chiu, Chair	<i>public comment</i>	possible motion 8:00 – 8:03
18. ADJOURNMENT	Dennis Chiu, Chair		motion required 8:03 – 8:04 pm

Upcoming Finance Committee Meetings in FY17:

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

Minutes of the Open Session of the Finance Committee
Monday, November, 28, 2016
El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040
Conference Rooms E&F

Members Present

Dennis Chiu, Chair
 Richard Juelis
 John Zoglin
 Joseph Chow
 Boyd Faust

Members Absent

William Hobbs

Agenda Item	Comments/Discussion	Approvals/Action
1. CALL TO ORDER/ ROLL CALL	The Open Session meeting of the Finance Committee of El Camino Hospital was called to order at 5:33 pm by Chair Chiu. A silent roll call was taken. A quorum was present, Chiu, Chow, Faust, Juelis, Zoglin. Committee member William Hobbs was absent.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	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.	
3. PUBLIC COMMUNICATION	There were no comments from the public.	
4. CONSENT CALENDAR	<p>Motion: To approve the consent calendar: Meeting Minutes of the Open Sessions of the Finance Committee (September 26, 2016)</p> <p>Movant: Faust Second: Juelis Ayes: Chiu, Chow, Faust, Juelis, Zoglin Noes: None Abstentions: None Absent: Hobbs Recused: None</p>	<i>Consent Calendar approved</i>
5. REPORT ON BOARD ACTIONS		
6. FY17 PERIOD 4 FINANCIALS	<p>Iftikhar Hussain, CFO, reported on the financial results. The Dashboard page of the finance packet provides an overview of the financial results. Other than volume and payor mix, all areas are at or above target.</p> <p>Operating margin is \$19 million ahead of target with \$11 million from higher revenues and \$8 million from lower expenses. Revenues are higher due to \$6.5 million IGT payment which was expected in the prior year. The remaining revenue variance is due to improvement in revenue cycle operations including charge capture and reduction in denials.</p> <p>Volume is below budget but stable compared to prior year. We have not achieved the budgeted growth and experiencing a late flu season.</p>	<i>Motion to approve the Financials</i>

	<p>Payor mix – Inpatient commercial is slightly unfavorable (.9%) due primarily due to OB and ortho services.</p> <p>Cash position remains strong at 404 days. Days in AR are ahead of target.</p> <p>Don Sibery, CEO, was introduced to the committee</p> <p>Los Gatos revenues are low because the volume is weak. OB revenue is soft but low on surgery numbers.</p> <p>Motion: To recommend the Board approve the FY 17 period 4 financials.</p> <p>Movant: Faust Second: Juelis Ayes: Juelis, Faust, Chiu, Chow, Zoglin Noes: None Abstentions: None Absent: Hobbs Recused: None</p>	
<p>7. CAPITAL FUNDING REQUESTS</p>	<p>Ken King, CASO presented to the Committee.</p> <p>7a. Request for Funding Approval for New Main Hospital Lab Upgrades – Mr. King reported that several areas require reconfiguration including a ventilation system and the automated hematology line. The upgrades will improve safety and efficiency. He explained that his team is still in plan review and hoping to lock down on more favorable costs but will bring this not to exceed request to the Board in January.</p> <p>Motion: To recommend the Board approve the New Main Hospital Lab Upgrades at a cost not to exceed \$3.1 Million.</p> <p>Movant: Faust Second: Juelis Ayes: Juelis, Zoglin, Chiu, Chow, Faust Noes: None Abstentions: None Absent: Hobbs Recused: None</p> <p>7b. Medical Office Building Improvements – In 2014 four buildings were purchased near the Los Gatos Campus in two different transactions acquiring about 74,000 sq. ft. generating \$1.5 million in annual rental income. Under the signed letter of intent 12 physicians would like to locate their practice in the MOB. ADA compliance and code upgrades need to be done to make other suites more marketable.</p> <p>Motion: To recommend the Board approve Medical Office Building Upgrades at a cost not to exceed \$5 million, pending execution of a lease for \$14,000 square feet.</p> <p>Movant: Zoglin Second: Faust</p>	<p><i>At 6pm Item 7a. was approved by Faust, Julius and Chiu</i></p>

	<p>Ayes: Juelis, Zoglin, Chiu, Chow, Faust Noes: None Abstentions: None Absent: Hobbs Recused: None</p> <p>7c. Replacement of the Stryker Laparoscopic Platform – presented by Shelly Reynolds (Director of Perioperative Services) and Joe Cistulli (Purchasing). The current Laparoscopic system in place was installed in 2009 and is reaching the end of its useful life. The \$1.54 million requested is \$1.4 million budgeted and \$123,000 unbudgeted.</p> <p>In response to questions, Ms. Reynolds reported that the new system will work hand in hand with the current Deviance system. Stryker platform is up to date and has a safety in place with an interface with EPIC. The end of life is anywhere from 2021-2023.</p> <p>Ms. Reynolds reported that the surgeons are excited about the new platform and the advanced safety that comes with the equipment.</p> <p>Motion: To recommend that the Board approve purchase of the 1588 Stryker Laparoscopic Platform by substituting \$1.4 million of budgeted items and \$123,000 in additional funds.</p> <p>Movant: Faust Second: Chiu Ayes: Juelis, Zoglin, Chiu, Chow, Faust Noes: None Abstentions: None Absent: Hobbs Recused: None</p>	<p><i>7b. Recommend approval of MOB Upgrades.</i></p> <p><i>7c Recommended approval of purchase of Stryker Platform</i></p>
<p>8. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 6:19pm.</p>	<p><i>Adjourned to closed session at 6:19 pm.</i></p>
<p>9. AGENDA ITEM 17: RECONVENE OPEN SESSION/ REPORT OUT</p>	<p>Open session was reconvened at 7:40 pm. During the closed session, the Committee approved the Closed Session Minutes of the Finance Committee Meeting of September 26, 2016</p>	
<p>10. AGENDA ITEM 18: APPROVAL OF HOSPITALIST CALL COVERAGE AGREEMENT LG</p>	<p>Motion: To approve the Hospitalist Call Coverage Agreement.</p> <p>Movant: Boyd Second: Juelis Ayes: Juelis, Zoglin, Chiu, Chow, Faust Noes: None Abstentions: None Absent: Hobbs Recused: None</p>	

11. AGENDA ITEM 19: FY17 FINANCE COMMITTEE PACING PLAN	<p>In January the Committee will cover Urology and Men's Health. The Committee would like staff to provide a standardized dashboard for the Service Line Reviews and an update on Bond financing and the strategy for how management plans for capital projects.</p> <p>Motion: To approve the Pacing Plan, but to standardize the dashboard for KPIs.</p> <p>Movant: Zoglin Second: Juelis Ayes: Juelis, Zoglin, Chiu, Chow, Faust Noes: None Abstentions: None Absent: Hobbs Recused: None</p>	
12. AGENDA ITEM 20 ADJOURNMENT	<p>Motion: To adjourn at 7:49 pm.</p> <p>Movant: Zoglin Second: Juelis Ayes: Juelis, Zoglin, Chiu, Chow, Faust Noes: None Abstentions: None Absent: Hobbs Recused: None</p>	<i>Meeting adjourned at 7:49pm.</i>

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

Dennis Chiu
Chair, Finance Committee



El Camino Hospital

THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2017 – Period 5
7/1/2016 to 11/30/2016

Dashboard - ECH combined as of November 30, 2016⁽²⁾

	Annual						Month			YTD		
	2013	2014	2015	2016	2017		PY	CY	Bud/Target	PY	CY	Bud/Target
					Proj.	Bud/Target						
Volume												
Licensed Beds	443	443	443	443	443	443	443	443	443	443	443	443
ADC	240	238	246	242	230	245	226	222	236	232	229	237
Adjusted Discharges	22,379	22,206	22,342	22,499	22,800	22,992	1,769	1,826	1,929	9,481	9,500	9,630
Total Discharges	19,970	19,427	19,637	19,367	19,246	19,781	1,511	1,520	1,648	7,987	8,019	8,240
Inpatient Cases												
MS Discharges	13,349	12,883	13,114	13,344	13,159	13,499	1,060	1,037	1,125	5,461	5,483	5,623
Deliveries	5,235	5,140	5,067	4,717	4,800	4,810	363	378	401	1,972	2,000	2,004
BHS	861	857	901	806	775	901	59	64	75	343	323	375
Rehab	525	547	555	500	511	570	29	41	48	211	213	238
Outpatient												
ED	45,525	46,056	49,130	49,927	48,242	51,258	3,928	3,847	4,272	20,571	20,101	21,360
Procedural Cases												
OP Surg	5,911	6,444	6,479	6,053	6,415	6,427	469	577	536	2,637	2,673	2,678
Endo	2,242	2,492	2,520	2,322	2,119	2,479	169	185	207	1,014	883	1,033
Interventional	1,507	1,706	1,878	1,970	2,023	2,323	150	152	194	862	843	968
All Other	64,435	69,458	68,052	79,656	83,525	84,566	9,020	6,992	7,048	30,765	34,802	35,235
Financial Performance (\$000s)												
Net Revenues	686,327	721,123	746,645	772,020	804,096	789,585	57,533	64,350	63,117	312,188	335,040	321,496
Operating Expenses	632,353	669,680	689,631	743,044	721,571	764,828	60,958	60,159	61,927	303,081	300,654	310,350
Operating Income \$	69,126	70,305	78,120	52,613	119,578	49,817	-1,498	9,570	3,252	18,797	46,910	21,540
Operating Margin	9.9%	9.5%	10.2%	6.6%	14.2%	6.1%	-2.5%	13.7%	5.0%	5.8%	13.5%	6.5%
EBITDA \$	124,722	125,254	128,002	108,554	185,959	109,890	2,903	14,079	7,890	40,159	69,569	45,063
EBITDA %	17.8%	16.9%	16.7%	13.6%	22.1%	13.5%	4.9%	20.2%	12.1%	12.5%	20.0%	13.6%
IP Margin ¹	-1.1%	-3.2%	-4.5%	-6.6%	-9.3%	-6.1%	-15.9%	-8.7%	-6.1%	-11.6%	-9.3%	-6.1%
OP Margin ¹	25.9%	25.2%	28.1%	26.1%	31.8%	26.4%	17.7%	31.0%	26.4%	25.0%	31.8%	26.4%
Payor Mix												
Medicare	46.3%	44.6%	46.2%	46.6%	46.7%	46.4%	44.7%	46.2%	46.4%	44.9%	46.7%	46.4%
Medi-Cal	4.9%	6.0%	6.6%	7.4%	7.4%	6.5%	7.9%	7.9%	6.5%	7.7%	7.4%	6.5%
Commercial IP	25.3%	25.4%	24.2%	23.2%	22.5%	24.0%	23.4%	21.5%	24.0%	23.6%	22.5%	24.0%
Commercial OP	16.9%	18.6%	18.7%	18.7%	20.0%	19.0%	18.6%	21.2%	19.0%	19.4%	20.0%	18.6%
Total Commercial	42.2%	44.0%	42.9%	41.9%	42.5%	43.0%	42.1%	42.7%	43.0%	43.0%	42.5%	42.6%
Other	6.6%	5.4%	4.3%	4.1%	3.4%	4.1%	5.3%	3.2%	4.1%	4.3%	3.4%	4.1%
Cost												
Employees	2,289.0	2,435.6	2,452.4	2,542.8	2,453.6	2,521.6	2,683.0	2,377.3	2,556.0	2,630.4	2,453.6	2,521.6
Hrs/APD	29.72	29.31	30.45	30.35	30.72	31.17	33.30	30.96	31.65	31.08	30.72	31.17
Balance Sheet												
Net Days in AR	47.8	50.9	43.6	53.7	47.4	48.0	48.5	47.4	48.0	48.5	47.4	48.0
Days Cash	350	382	401	361	409	266	376	409	266	376	409	266
Debt to Capitalization	14.0%	12.6%	13.6%	13.8%	13.2%	17.3%	14.5%	13.2%	17.3%	14.5%	13.2%	17.3%
MADS	8.0	9.5	8.9	6.1	11.9	9.3	7.9	11.9	9.3	7.9	11.9	9.3
Affiliates - Net Income (\$000s)												
Hosp	88,820	118,906	94,787	43,043	54,193	67,032	(2,472)	8,449	3,980	5,910	54,193	25,184
Concern	371	1,862	1,202	1,823	229	2,604	214	19	219	1,122	229	1,015
ECSC	(317)	(5)	(41)	(282)	(51)	0	1	(1)	0	11	(51)	0
Foundation	1,545	3,264	710	982	884	(450)	5	361	9	119	884	(90)
SVMD	(114)	32	106	156	31	0	(2)	(31)	2	(8)	31	(5)

The FY 2017 budget presented excludes 2016 bonds cost of issuance and interest expense since the issuance was delayed.

Inpatient Volume:

- YTD inpatient discharges are 3.6% below budget and flat compared to prior year.
- IP Service lines below budget are General Medicine (-11.1%) due to mild flu season, Ortho, Oncology and Rehab Services.
- YTD deliveries recovered the previous volume loss. YTD total deliveries was only 0.3% below budget.

Outpatient Volume:

- YTD OP Volume is below budget by 3.1%.
- OP service lines below budget are General Medicine (-10.3%) primarily in Endoscopy (-14.6%) and Observation (-15.1%); Imaging Services (-9.6%) primarily in Diagnostic Radiology (-19.4%) and Mammography (-21.9%); and Orthopedics (-15.5%).

Operation Income:

- Operating income for November was \$6.3M ahead of budget and \$25.4M favorable for the year.
- The favorable total revenue variance for November was mainly attributed to final first year payment for PRIME Medi-Cal payment of \$3.5M.
- Improved in rev cycle operations, reduction in denials and increase in Blue Cross reimbursement rate are all other factors contributed to a \$1.2M favorable net patient revenue.
- Total expenses for the month are lower than budget by \$1.8M. Expenses are low in labor and benefits by \$1.9M primarily due favorable productivity. Negative variances are in drug expense (-\$950K) infusion drugs offset by higher revenues, consulting (-\$117K), and bonds issuance costs (-\$107K).

For the second month AR remained ahead of target. Net days decreased (improvement) from 47.5 in October to 47.4 in November.

(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

Fiscal Year 2017 YTD (7/1/2016-11/30/2016) 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)	65,179	69,728		331,890	347,564	
Budgeted Hospital Operations FY2017		3,252	5.0%		21,540	6.5%
Net Revenue		4,550	6.5%		15,674	4.5%
* Rev cycle improvements	1,040			5,629		
* Inter Govt Transfer (IGT)	0			6,535		
* Prime Medi-Cal	3,510			3,510		
Labor and Benefit Expense Change		1,968	2.8%		4,566	1.3%
* Flexing to meet volumes	2,135			7,530		
* Additional accrual for Ratification Bonus to PRN in November	(200)			(2,600)		
* Severance Pay	33			(365)		
Professional Fees & Purchased Services		(217)	-0.3%		925	0.3%
* Physician Fees	130			886		
* Admin and Consulting Fees (includes Decisive Consulting Solutions expenses \$89K in November)	(307)			(236)		
* Purchased Services (includes -\$127K variance for Clinical Informatics)	(668)			(1,480)		
* Repairs and Maintenance Fees	627			1,755		
Supplies		(351)	-0.5%		3,053	0.9%
* Drug Exp (due to higher Infusion Center volume; but offset by higher gross revenue)	(948)			(955)		
* Medical Supplies (includes November purchase of 256 Alaris pumps for cost center 8381 approx. \$595K); item was budgeted in capital but unit cost price negotiate down to below capital threshold.	288			2,574		
* Misc Net Supplies (Food/Volumes)	309			1,435		
Other Expenses		240	0.3%		287	0.1%
* Leases & Rental Fees (Rental Lease Costs)	(46)			(94)		
* Utilities & Telephone (continue on routine PG&E accrual but no payment yet)	53			299		
* Other G&A	329			191		
* MD Income Guarantee forgiveness	(96)			(109)		
Depreciation & Interest		129	0.2%		865	0.2%
* Depreciation (Ongoing depreciation on the Old 2nd & 3rd Fl & GL improvement projects)	151			981		
* Interest Expense	(22)			(116)		
Actual Hospital Operations FY2017		9,570	13.7%		46,910	13.5%

El Camino Hospital (\$000s) ⁽¹⁾

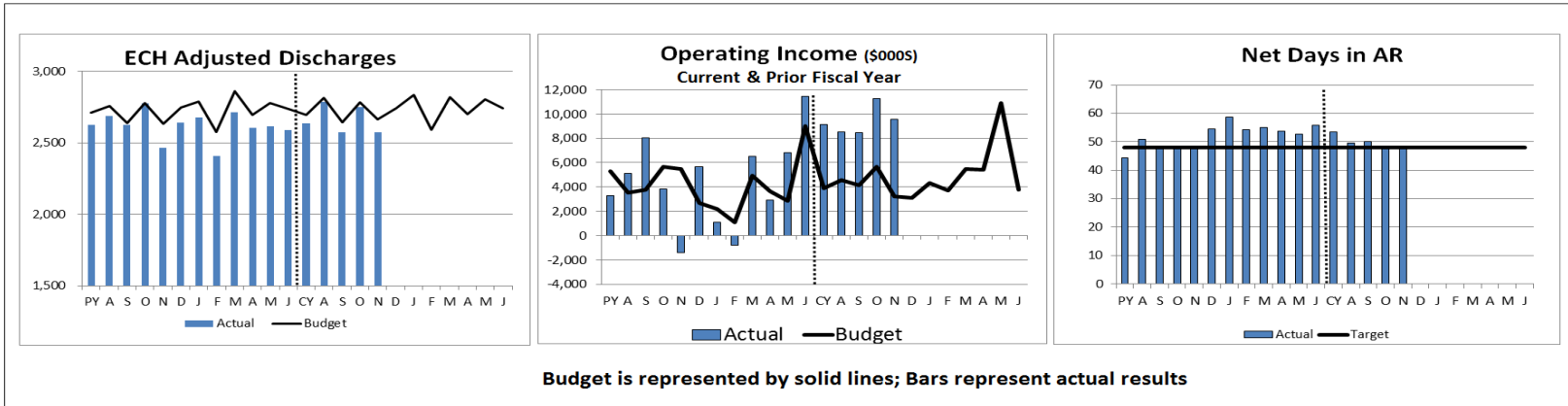
5 month ending 11/30/2016

PERIOD 5 FY 2016	PERIOD 5 FY 2017	PERIOD 5 Budget 2017	Variance Fav (Unfav)	Var%
206,349	238,597	234,048	4,549	1.9%
(148,816)	(174,248)	(170,931)	(3,316)	1.0%
57,533	64,350	63,117	1,233	2.0%
1,927	5,379	2,062	3,317	160.9%
59,460	69,728	65,179	4,550	7.0%
34,408	35,777	37,745	1,968	5.2%
9,572	9,937	9,586	(351)	-3.7%
7,542	7,746	7,529	(217)	-2.9%
4,951	2,189	2,429	240	9.9%
449	470	448	(22)	-4.9%
3,952	4,039	4,190	151	3.6%
60,874	60,159	61,927	1,768	2.9%
(1,414)	9,570	3,252	6,318	194.3%
(856)	(1,121)	729	(1,850)	-253.7%
(2,270)	8,449	3,980	4,468	112.3%
5.0%	20.2%	12.1%	8.1%	
-2.4%	13.7%	5.0%	8.7%	
-3.8%	12.1%	6.1%	6.0%	

\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
OPERATING REVENUE					
Gross Revenue	1,108,380	1,198,251	1,192,147	6,104	0.5%
Deductions	(796,192)	(863,211)	(870,651)	7,440	-0.9%
Net Patient Revenue	312,188	335,040	321,496	13,544	4.2%
Other Operating Revenue	9,690	12,524	10,394	2,131	20.5%
Total Operating Revenue	321,878	347,564	331,890	15,674	4.7%
OPERATING EXPENSE					
Salaries & Wages	176,050	181,969	186,535	4,566	2.4%
Supplies	48,390	45,977	49,030	3,053	6.2%
Fees & Purchased Services	38,454	38,420	39,345	925	2.4%
Other Operating Expense	18,721	11,629	11,917	287	2.4%
Interest	2,246	2,357	2,241	(116)	-5.2%
Depreciation	19,115	20,302	21,283	981	4.6%
Total Operating Expense	302,976	300,654	310,350	9,696	3.1%
Net Operating Income/(Loss)	18,902	46,910	21,540	25,370	117.8%
Non Operating Income	(12,293)	7,284	3,645	3,639	99.8%
Net Income(Loss)	6,608	54,193	25,184	29,009	115.2%
EBITDA	12.5%	20.0%	13.6%	6.4%	
Operating Margin	5.9%	13.5%	6.5%	7.0%	
Net Margin	2.1%	15.6%	7.6%	8.0%	

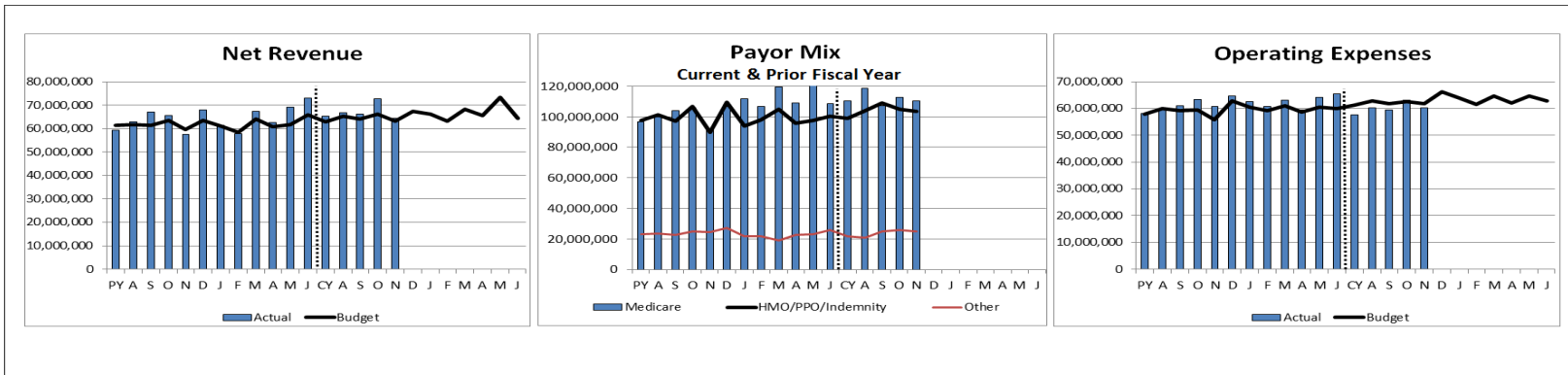
⁽¹⁾ Hospital entity only, excludes controlled affiliates

Monthly Financial Trends



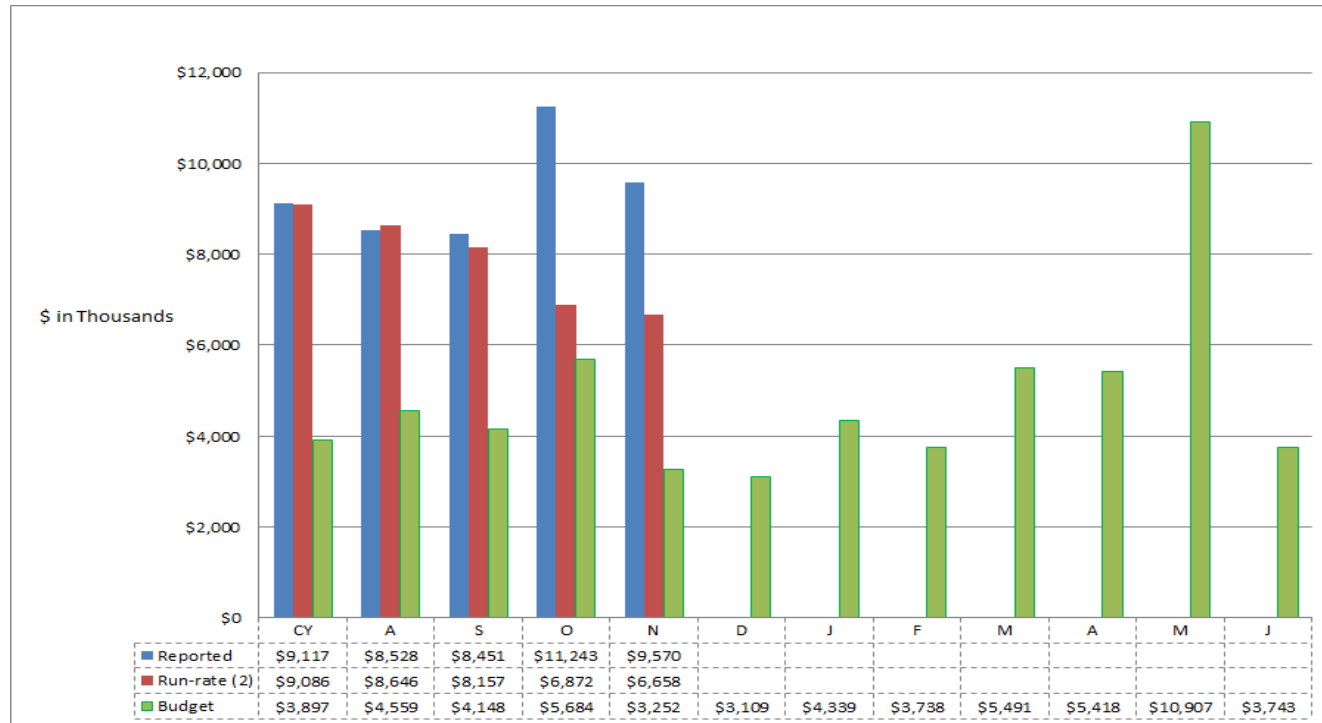
Volume stable compared to PY but below budget

AR days ahead of target and decreased 0.1 days from October to November.



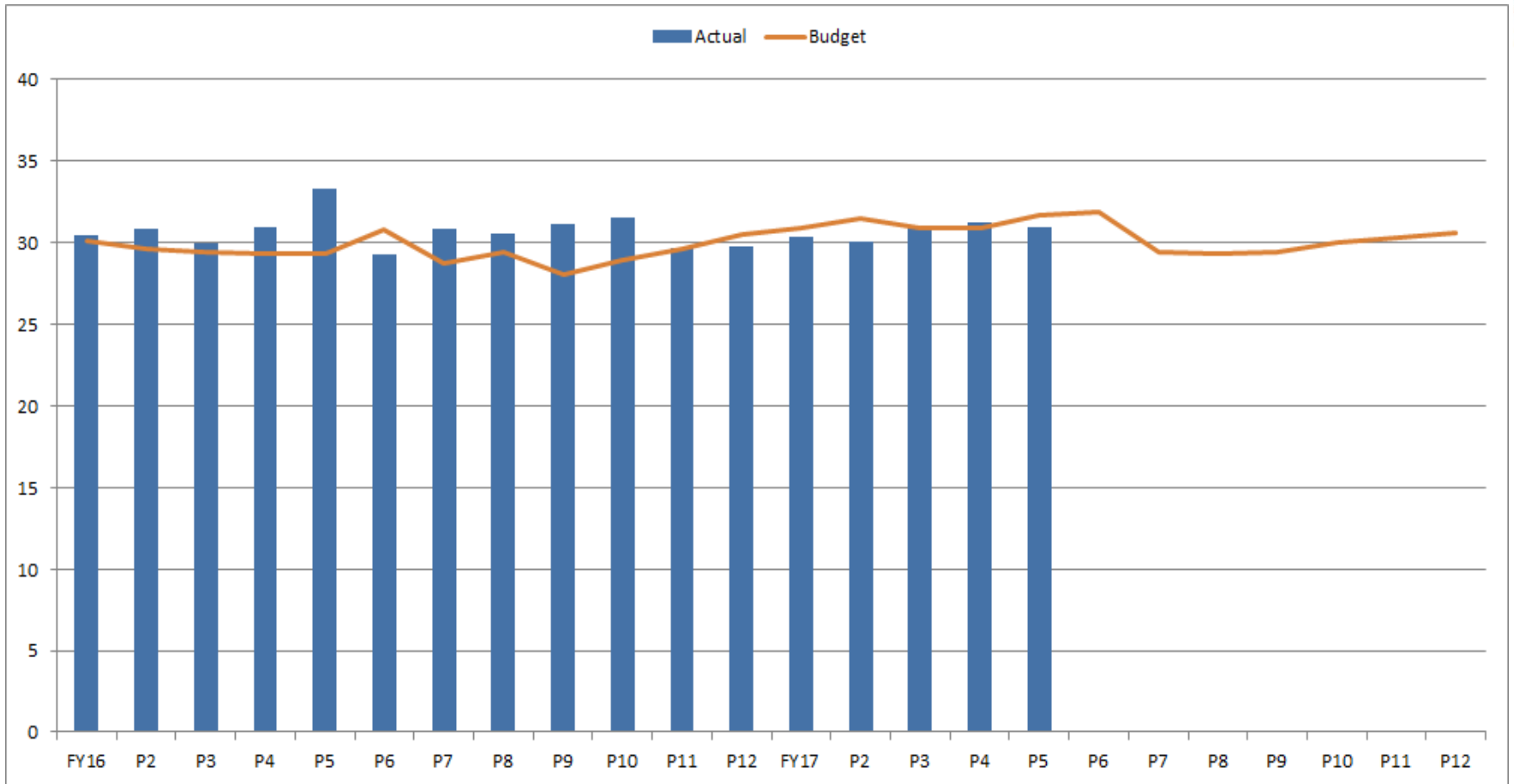
ECH Operating Margin

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 Settltm/Appeal/Tent Settltm/PIP	-\$100	\$158	-\$71	-\$67	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	IGT Supplemental	\$0	\$0	\$0	-\$6,535	-\$3,510	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prime IGT Misc Income												
	Total	-\$31	\$118	-\$295	-\$6,771	-\$3,510	\$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
	Inst & Minor Med Equipment	\$0	\$0	\$0	\$0	\$598	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total	\$0	\$0	\$0	\$2,400	\$598	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Worked Hours per Adjusted Patient Day



Productivity has improved after EPIC go-live and is lower than target in November.

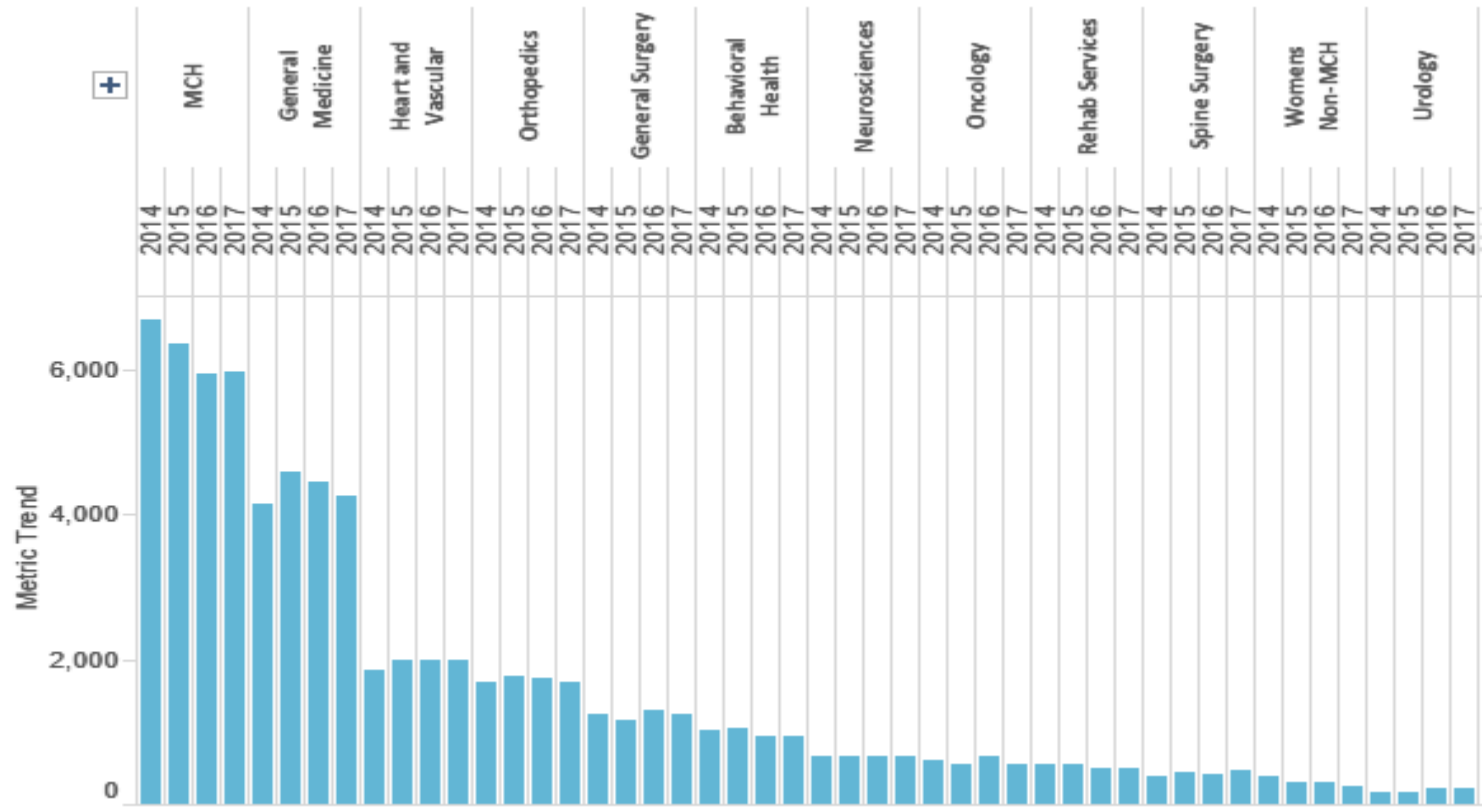
Summary of Financial Results

\$ in Thousands

	Period 5 - Month			Period 5 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	10,204	2,643	7,560	44,669	16,481	28,188
Los Gatos	(634)	608	(1,242)	2,241	5,058	(2,817)
Sub Total - El Camino Hospital, excl. Affiliates	9,570	3,252	6,318	46,910	21,540	25,370
Operating Margin %	13.7%	5.0%		13.5%	6.5%	
El Camino Hospital Non Operating Income						
Investments	(2,083)	1,512	(3,594)	7,654	7,558	96
Swap Adjustments	1,896	0	1,896	3,080	0	3,080
Community Benefit	(221)	(283)	62	(1,945)	(1,417)	(528)
Other	(713)	(499)	(214)	(1,506)	(2,497)	991
Sub Total - Non Operating Income	(1,121)	729	(1,850)	7,284	3,645	3,639
El Camino Hospital Net Income (Loss)	8,449	3,980	4,468	54,193	25,184	29,009
ECH Net Margin %	12.1%	6.1%		15.6%	7.6%	
Concern	(254)	219	(472)	229	1,015	(786)
ECSC	(1)	0	(1)	(51)	0	(51)
Foundation	361	9	352	884	(90)	975
Silicon Valley Medical Development	(31)	2	(33)	31	(5)	36
Net Income Hospital Affiliates	75	229	(154)	1,093	920	173
Total Net Income Hospital & Affiliates	8,524	4,210	4,314	55,287	26,104	29,183

Favorable variance in revenue bonds SWAP adjustments for November.

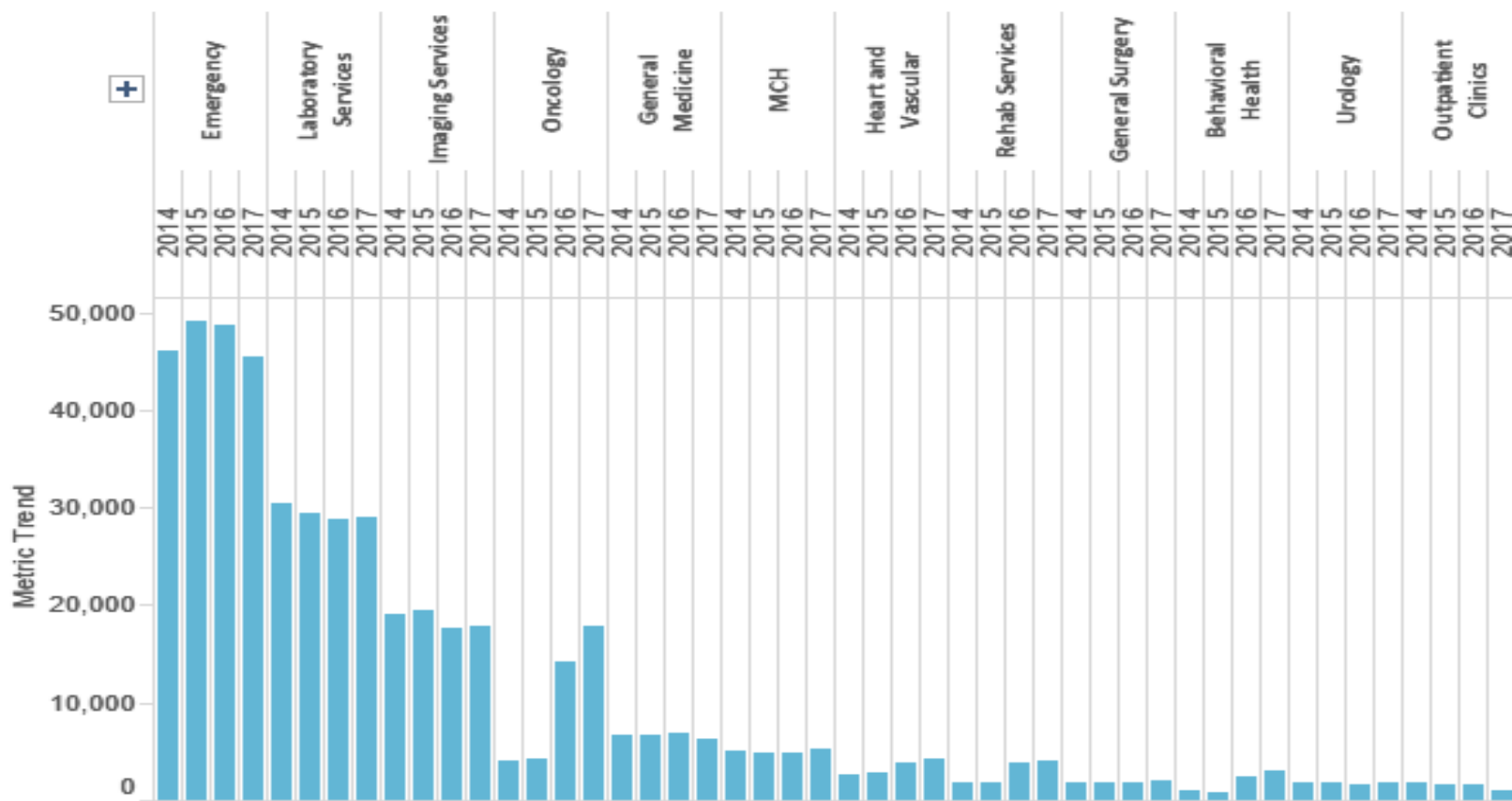
El Camino Hospital Volume Annual Trends – Inpatient FY 2017 is annualized



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

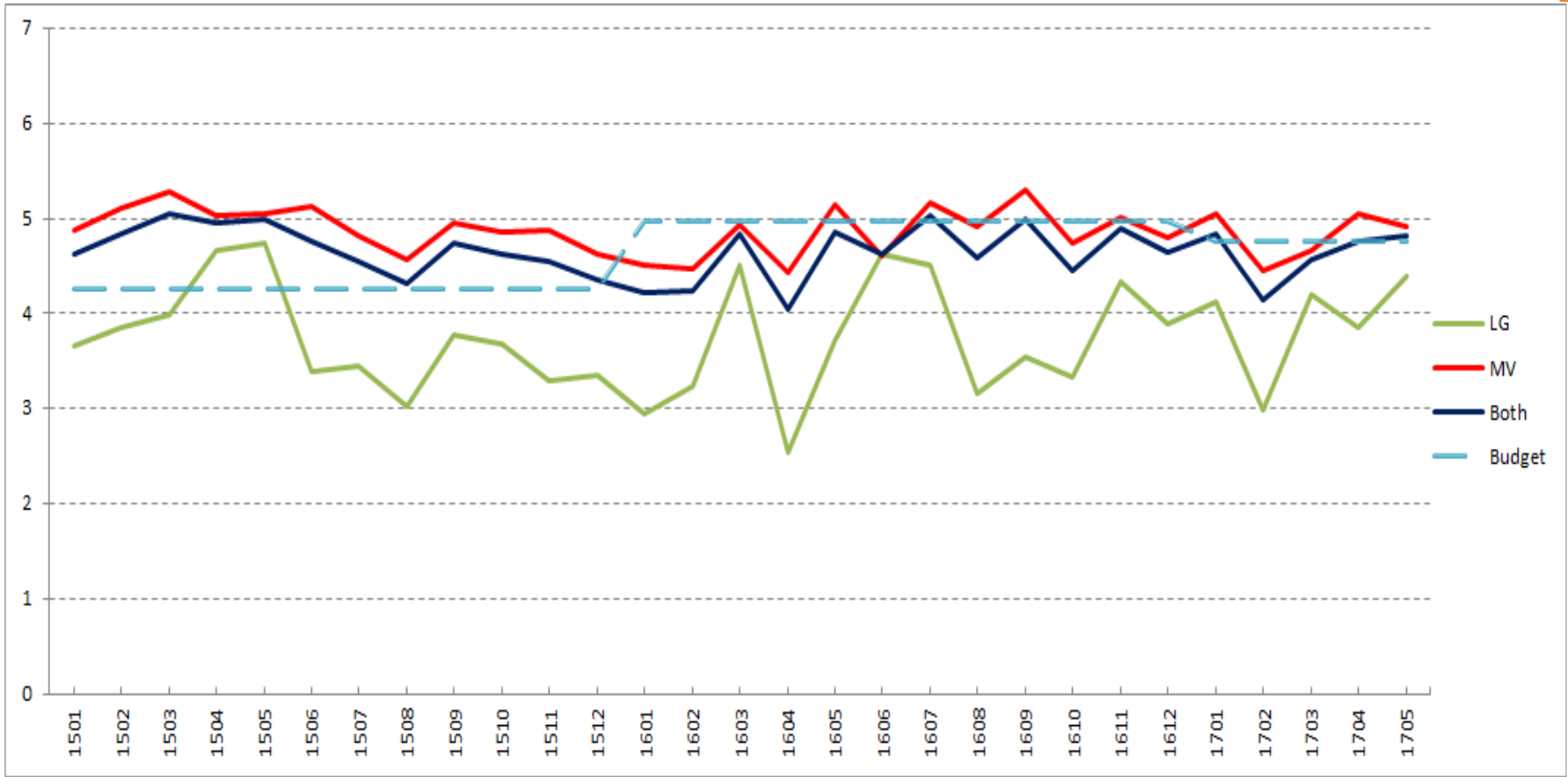
El Camino Hospital Volume Annual Trends – Outpatient

FY 2017 is annualized



- Imaging volume shows a steady decline primarily in Mammo OP volume – Tomo Technology is expected to reverse the decline; Other Imaging procedures shows a slight increase (CT, US, MRI)
- Growth in General Surgery (MV Robotic Surgery has grown by 5%; LG Non-Robotic surgeries grew 16.2%).
- HVI OP volume shows a steady increase Year-Over-Year. FY17 volume grew 4.7% from FY16; products with higher growth include OP EP Ablation, OP Interventional EP procedures.)

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

El Camino Hospital

Capital Spending (in millions)

Category	Detail	Approved	Total Estimated		Spent from Inception	FY 17 Proj Spend***	FY 17 YTD Spent	
			Cost of Project***	Total Authorized Active				
CIP	EPIC Upgrade				6.1	2.0	6.1	2.0
IT Hardware, Software, Equipment*					5.4	1.0	5.4	1.0
Medical & Non Medical Equipment FY 16**					4.3	0.2	4.3	0.2
Medical & Non Medical Equipment FY 17					10.3	1.5	10.3	1.5
Facility Projects								
	1307	LG Upgrades	FY13	17.3	17.3	11.6	6.3	0.8
	1219	LG Spine OR	FY13	4.1	4.1	2.4	3.1	1.2
	1414	Integrated MOB	FY15	275.0	28.0	23.0	100.0	9.2
	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	10.3	36.0	3.0
	1248	LG Imaging Phase II (CT & Gen Rad)	FY16	8.8	8.8	1.7	7.8	1.0
	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	0.2
	1425	IMOB Preparation Project - Old Main	FY16	3.0	3.0	2.6	1.0	1.8
	1430	Women's Hospital Expansion	FY16	91.0	0.0	0.0	5.0	0.0
	1422	CUP Upgrade	FY16	9.0	1.5	1.2	5.0	0.2
	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
New to FP 3	1525	New Main Lab Upgrades		1.6	0.4	0.2	1.6	0.2
New to FP 3	1515	ED Remodel Triage/Psych Observation	FY16	1.6	0.0	0.0	0.6	0.0
New to FP 3		Site Signage and Other Improvements		1.0	0.0	0.0	0.2	0.0
New to FP 3		IR Room #6 Development		2.6	0.0	0.0	0.6	0.0
New to FP 3	1602	JW House (Patient Family Residence)		2.5	0.0	0.0	1.5	0.0
New to FP 3	1507	LG IR Upgrades		1.1	0.0	0.0	0.2	0.0
New to FP 3		LG Building Infrastructure Upgrades		1.5	0.0	0.0	1.5	0.0
New to FP 3	1421	LG MOB Improvements (17)		5.0	0.9	0.7	4.0	0.1
		All Other Projects under \$1M		8.6	6.7	4.3	6.3	1.4
				569.9	122.7	66.2	211.8	21.5
GRAND TOTAL					148.8		237.9	26.1

*Excluding EPIC

** Unspent Prior Year routine used as contingency

*** Updated August, 2016

FY 17 Facility Project Request (in 000s)

	(Board Packet) Budgeted FY 17	(FY 17 Cashflow Projections) Projected FY 17*	Variance
Mountain View Campus Master Plan Projects			
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>
Sub-Total Mountain View Campus Master Plan**	\$162,500	\$167,500	(\$5,000)
Mountain View Capital Projects			
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>
Sub-Total Mountain View Projects	\$7,777	\$10,087	(\$2,310)
Los Gatos Capital Projects			
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>
Sub-Total Los Gatos Projects	\$30,200	\$29,643	\$557
Other Strategic Capital Projects			
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>
Sub-Total Strategic Capital Projects	\$4,000	\$4,000	\$0
Grand Total Facilities Projects	\$204,477	\$211,230	(\$6,753)

*FY 2017 Cashflow based on August 2016 Information

** Board Approved

El Camino Hospital⁽¹⁾

Balance Sheet (Thousands)

ASSETS		Audited		LIABILITIES AND FUND BALANCE			
	November 30, 2016	June 30, 2016		November 30, 2016	June 30, 2016		Audited
				November 30, 2016	June 30, 2016		November 30, 2016
CURRENT ASSETS							
(1) Cash	104,558	59,169	(7) Accounts Payable	25,622	28,519	(8) Salaries and Related Liabilities	20,874
Short Term Investments	115,336	105,284	Accrued PTO	22,360	22,984	Worker's Comp Reserve	2,300
(2) Patient Accounts Receivable, net	99,088	120,960	Third Party Settlements	11,155	11,314	Intercompany Payables	65
Other Accounts and Notes Receivable	3,089	4,369	Malpractice Reserves	1,936	1,936	Bonds Payable - Current	3,635
(3) Intercompany Receivables	1,428	2,200	(9) Bond Interest Payable	4,065	5,459	Other Liabilities	6,831
(4) Inventories and Prepays	43,917	39,678	Total Current Liabilities	95,952	106,830		
Total Current Assets	367,416	331,660					
BOARD DESIGNATED ASSETS							
Plant & Equipment Fund	120,503	119,650	LONG TERM LIABILITIES				
(5) Women's Hospital Expansion	9,298	-	Post Retirement Benefits	18,933	18,256		
Operational Reserve Fund	100,196	100,196	Worker's Comp Reserve	20,679	20,009		
Community Benefit Fund	12,838	13,037	Other L/T Obligation (Asbestos)	3,683	3,637		
Workers Compensation Reserve Fund	22,979	22,309	Other L/T Liabilities (IT/Medl Leases)	-	-		
Postretirement Health/Life Reserve Fund	18,933	18,256	Bond Payable	223,499	225,857		
PTO Liability Fund	22,360	22,984	Total Long Term Liabilities	266,794	267,759		
Malpractice Reserve Fund	1,800	1,800					
Catastrophic Reserves Fund	15,633	14,125	DEFERRED INFLOW OF RESOURCES	2,892	2,892		
Total Board Designated Assets	324,540	312,358	FUND BALANCE/CAPITAL ACCOUNTS				
(6) FUNDS HELD BY TRUSTEE	28,215	30,841	Unrestricted	1,031,510	985,583		
LONG TERM INVESTMENTS	205,797	207,597	Board Designated	324,540	312,358		
INVESTMENTS IN AFFILIATES	32,338	31,627	Restricted	0	-		
PROPERTY AND EQUIPMENT			(10) Total Fund Bal & Capital Accts	1,356,050	1,297,941		
Fixed Assets at Cost	1,179,599	1,171,372	TOTAL LIABILITIES AND FUND BALANCE	1,721,687	1,675,422		
Less: Accumulated Depreciation	(504,770)	(485,856)					
Construction in Progress	58,989	46,009					
Property, Plant & Equipment - Net	733,819	731,525					
DEFERRED OUTFLOWS	29,564	29,814					
RESTRICTED ASSETS - CASH	0	-					
TOTAL ASSETS	1,721,687	1,675,422					

(1) Hospital entity only, excludes controlled affiliates

El Camino Hospital Comparative Balance Sheet Variances and Footnotes ⁽¹⁾

- (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.

⁽¹⁾ 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
Volume												
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	69,019	72,687	5,685	5,534	5,756	29,025	28,758	29,288
ADC	198	195	201	199	189	199	190	184	192	190	188	191
Adjusted Acute Discharges	18,804	18,465	18,455	18,721	19,186	18,879	1,438	1,533	1,585	7,769	7,994	7,911
Acute Discharges	11,206	10,718	10,825	11,105	11,042	11,082	858	868	924	4,502	4,601	4,617
Inpatient total												
MS Discharges	11,206	10,718	10,825	11,105	11,042	11,082	858	868	924	4,502	4,601	4,617
Deliveries	4,487	4,348	4,386	4,076	4,195	4,171	318	332	348	1,683	1,748	1,738
BHS	861	857	901	806	775	896	59	64	75	343	323	373
Rehab	0	0	0	0	0	0	0	0	0	0	0	0
OP total												
ED	34,920	35,447	38,443	39,005	37,798	40,212	3,086	2,980	3,351	16,116	15,749	16,756
OP Surg	2,808	3,273	3,402	3,189	3,473	3,447	260	304	287	1,394	1,447	1,436
Endo	1,979	2,300	2,365	2,231	2,052	2,320	161	175	193	950	855	967
Interventional	1,496	1,689	1,856	1,947	1,990	2,302	149	151	192	856	829	959
All Other	59,665	64,061	62,322	72,398	75,854	76,743	8,447	6,407	6,395	28,869	31,606	31,976
Financial Performance (\$000s)												
Net Revenues	557,533	589,420	603,788	632,800	667,877	640,625	37,996	54,001	51,212	244,156	278,282	260,160
Operating Expenses	516,892	550,736	562,790	607,214	588,649	625,093	49,764	49,002	50,409	247,239	245,270	252,999
Operating Income \$	55,324	56,518	59,684	46,918	114,199	38,016	-10,044	10,204	2,643	5,555	44,669	16,481
Operating Margin	9.7%	9.3%	9.6%	7.2%	16.2%	5.7%	-25.3%	17.2%	5.0%	2.2%	15.4%	6.1%
EBITDA \$	105,938	105,814	103,637	96,770	174,197	90,879	-6,140	14,199	6,785	24,429	64,668	37,388
EBITDA %	18.5%	17.4%	16.6%	14.8%	24.8%	13.7%	-15.5%	24.0%	12.8%	9.7%	22.3%	13.9%
Payor Mix												
Medicare	42.0%	44.0%	46.4%	46.2%	46.1%	45.0%	44.6%	46.1%	45.0%	44.3%	46.1%	45.0%
Medi-Cal	5.4%	6.5%	7.1%	7.9%	7.9%	8.3%	8.6%	8.2%	8.3%	8.4%	7.9%	8.3%
Commercial IP	28.6%	25.7%	24.2%	23.6%	23.0%	23.6%	23.4%	21.8%	23.6%	23.9%	23.0%	23.6%
Commercial OP	19.2%	18.9%	18.4%	18.6%	20.1%	19.1%	18.2%	21.3%	19.1%	19.2%	20.1%	19.1%
Total Commercial	47.8%	44.6%	42.6%	42.2%	43.1%	42.7%	41.6%	43.1%	42.7%	43.1%	43.1%	42.7%
Other	4.8%	4.9%	3.9%	3.7%	2.9%	4.0%	5.3%	2.6%	4.0%	4.2%	2.9%	4.0%
Cost												
Employees	1,901.0	2,027.6	2,029.9	2,163.0	2,039.9	2,123.0	2,267.4	1,979.2	2,125.9	2,207.5	2,039.9	2,097.7
Hrs/APD	29.58	30.16	29.60	30.97	31.01	31.95	32.91	30.95	32.28	31.37	31.01	31.95

Dashboard - Los Gatos

	Annual						Month			YTD		
	2013	2014	2015	2016	2017 Projection	2017 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume												
Licensed Beds	143	143	143	143	143	143	143	143	143	143	143	143
ADC	42	43	45	43	41	46	37	38	44	42	41	45
Adjusted Acute Discharges	3,578	3,740	3,888	3,778	3,621	4,113	331	294	344	1,710	1,509	1,719
Acute Discharges	2,143	2,165	2,289	2,239	2,117	2,417	202	169	201	959	882	1,007
Inpatient total												
MS Discharges	2,143	2,165	2,289	2,239	2,117	2,417	202	169	201	959	882	1,007
Deliveries	748	792	681	641	605	639	45	46	53	289	252	266
BHS	0	0	0	0	0	5	0	0	0	0	0	2
Rehab	525	547	555	500	511	570	29	41	48	211	213	238
OP total												
ED	10,605	10,609	10,687	10,922	10,445	11,046	842	867	921	4,455	4,352	4,603
OP Surg	3,103	3,171	3,077	2,864	2,942	2,980	209	273	248	1,243	1,226	1,242
Endo	263	192	155	91	67	159	8	10	13	64	28	66
Interventional	11	17	22	23	34	21	1	1	2	6	14	9
All Other	4,770	5,397	5,730	7,258	7,670	7,823	573	585	652	1,896	3,196	3,259
Financial Performance (\$000s)												
Net Revenues	128,794	131,702	142,858	139,221	136,219	148,960	19,537	10,349	11,905	68,032	56,758	61,336
Operating Expenses	115,461	118,944	126,841	135,830	132,921	139,735	11,193	11,156	11,518	55,842	55,384	57,351
Operating Income \$	13,802	13,787	18,436	5,695	5,379	11,801	8,546	-634	608	13,242	2,241	5,058
Operating Margin	10.7%	10.4%	12.7%	4.0%	3.9%	7.8%	43.3%	-6.0%	5.0%	19.2%	3.9%	8.1%
EBITDA \$	18,784	19,440	24,365	11,784	11,763	19,011	9,043	-120	1,105	15,730	4,901	7,675
EBITDA %	14.5%	14.6%	16.8%	8.3%	8.5%	12.5%	45.8%	-1.1%	9.1%	22.8%	8.5%	12.3%
Payor Mix												
Medicare	45.5%	44.0%	46.1%	48.2%	49.5%	47.5%	45.2%	46.6%	47.5%	47.8%	49.5%	47.5%
Medi-Cal	2.9%	3.5%	4.3%	5.1%	4.9%	4.7%	5.3%	6.5%	4.7%	4.8%	4.9%	4.7%
Commercial IP	25.3%	25.9%	23.8%	21.4%	20.3%	22.2%	23.7%	20.3%	22.2%	22.5%	20.3%	22.2%
Commercial OP	17.0%	19.1%	20.0%	19.4%	19.7%	20.2%	20.2%	20.3%	20.2%	20.1%	19.7%	20.2%
Total Commercial	42.3%	45.0%	43.8%	40.8%	39.9%	42.4%	43.9%	40.6%	42.4%	42.6%	39.9%	42.4%
Other	9.3%	7.5%	5.8%	5.9%	5.7%	5.5%	5.6%	6.3%	5.5%	4.9%	5.7%	5.5%
Cost												
Employees	388.0	408.1	422.6	421.8	413.8	424.0	415.6	398.1	430.1	422.9	413.8	424.0
Hrs/APD	29.13	27.65	28.00	29.34	29.36	27.83	35.40	31.01	28.87	29.77	29.36	27.83

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

5 months ending 11/30/2016

PERIOD 5 FY 2016	PERIOD 5 FY 2017	PERIOD 5 Budget 2017	Variance Fav (Unfav)	Var%
166,251	195,724	190,937	4,786	2.5%
(128,255)	(141,723)	(139,726)	(1,998)	1.4%
37,996	54,001	51,212	2,789	5.4%
1,725	5,205	1,841	3,365	182.8%
39,721	59,206	53,052	6,154	11.6%
28,766	29,851	31,378	1,527	4.9%
7,637	8,053	7,826	(227)	-2.9%
6,292	6,571	6,325	(246)	-3.9%
3,084	532	739	207	28.1%
449	470	448	(22)	-4.9%
3,454	3,525	3,693	168	4.5%
49,681	49,002	50,409	1,407	2.8%
(9,960)	10,204	2,643	7,560	286.0%
(856)	(1,121)	729	(1,850)	-253.7%
(10,815)	9,083	3,372	5,711	169.4%
-18.4%	21.9%	10.4%	11.4%	
-25.1%	17.2%	5.0%	12.3%	
-27.2%	15.3%	6.4%	9.0%	

\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
OPERATING REVENUE					
Gross Revenue	902,601	987,767	970,033	17,734	1.8%
Deductions	(658,445)	(709,485)	(709,873)	388	-0.1%
Net Patient Revenue	244,156	278,282	260,160	18,122	7.0%
Other Operating Revenue	8,638	11,657	9,320	2,337	25.1%
Total Operating Revenue	252,794	289,939	269,480	20,459	7.6%
OPERATING EXPENSE					
Salaries & Wages	146,448	152,040	155,178	3,138	2.0%
Supplies	39,545	38,071	40,129	2,058	5.1%
Fees & Purchased Services	31,681	31,901	33,063	1,161	3.5%
Other Operating Expense	10,587	3,259	3,722	463	12.4%
Interest	2,246	2,357	2,241	(116)	-5.2%
Depreciation	16,628	17,642	18,666	1,024	5.5%
Total Operating Expense	247,134	245,270	252,999	7,728	3.1%
Net Operating Income/(Loss)	5,660	44,669	16,481	28,188	171.0%
Non Operating Income	(12,293)	7,294	3,645	3,650	100.1%
Net Income(Loss)	(6,634)	51,963	20,126	31,837	158.2%
EBITDA	7.2%	20.1%	11.6%	8.6%	
Operating Margin	2.2%	15.4%	6.1%	9.3%	
Net Margin	-2.6%	17.9%	7.5%	10.5%	

⁽¹⁾ Hospital only, excludes controlled affiliates

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

5 months ending 11/30/2016

PERIOD 5 FY 2016	PERIOD 5 FY 2017	PERIOD 5 Budget 2017	Variance Fav (Unfav)	Var%
40,097	42,873	43,111	(237)	-0.6%
(20,561)	(32,524)	(31,206)	(1,319)	4.2%
19,537	10,349	11,905	(1,556)	-13.1%
202	173	221	(48)	-21.7%
19,739	10,522	12,126	(1,604)	-13.2%
5,643	5,926	6,367	441	6.9%
1,935	1,884	1,760	(124)	-7.1%
1,250	1,175	1,203	29	2.4%
1,867	1,657	1,690	33	1.9%
0	0	0	0	0.0%
498	514	497	(17)	-3.4%
11,193	11,156	11,518	362	3.1%
8,546	(634)	608	(1,242)	-204.2%
0	0	0	0	0.0%
8,546	(634)	608	(1,242)	-204.2%
52.1%	10.7%	19.4%	-8.7%	
43.3%	-6.0%	5.0%	-11.0%	
43.3%	-6.0%	5.0%	-11.0%	

\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
OPERATING REVENUE					
Gross Revenue	205,779	210,484	222,115	(11,630)	-5.2%
Deductions	(137,747)	(153,726)	(160,778)	7,052	-4.4%
Net Patient Revenue	68,032	56,758	61,336	(4,578)	-7.5%
Other Operating Revenue	1,052	867	1,074	(207)	-19.2%
Total Operating Revenue	69,084	57,625	62,410	(4,785)	-7.7%
OPERATING EXPENSE					
Salaries & Wages	29,602	29,929	31,357	1,428	4.6%
Supplies	8,845	7,906	8,901	995	11.2%
Fees & Purchased Services	6,773	6,519	6,282	(236)	-3.8%
Other Operating Expense	8,135	8,370	8,195	(176)	-2.1%
Interest	0	0	0	0	0.0%
Depreciation	2,488	2,660	2,617	(44)	-1.7%
Total Operating Expense	55,842	55,384	57,351	1,968	3.4%
Net Operating Income/(Loss)	13,242	2,241	5,058	(2,817)	-55.7%
Non Operating Income	0	(10)	0	(10)	0.0%
Net Income(Loss)	13,242	2,231	5,058	(2,828)	-55.9%
EBITDA	31.8%	19.4%	22.3%	-3.0%	
Operating Margin	19.2%	3.9%	8.1%	-4.2%	
Net Margin	19.2%	3.9%	8.1%	-4.2%	

⁽¹⁾ 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 - Pheumatic 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
Facilities Projects CIP cont.					
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 - Williwow 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
Subtotal Facilities Projects CIP	9,553	9,294	13,753	38,940	48,136
Grand Total	35,357	27,598	51,723	56,940	96,739
Forecast at Beginning of year	47,138	70,503	70,037	65,420	114,025

From: Harrington, Rebecca <rharrington@TheLeadershipInstitute.com>
Sent: Wednesday, January 18, 2017 6:36 AM
To: Members of The Leadership Institute
Subject: LI Literature Service: S&P, Cautiously: Not-for-Profit Healthcare Outlook Stable in 2017

”This email came from an external source”

HEALTH LEADERS MEDIA

S&P, Cautiously: Not-for-Profit Healthcare Outlook Stable in 2017

John Commins, [January 16, 2017](#)

Standard & Poor's says the outlook for the not-for-profit healthcare sector will be stable in 2017, but the forecast comes loaded with caveats.

The uncertain future of the Affordable Care Act, Medicare and Medicaid is making bond rating agencies anxious.

[Standard & Poor's Global Ratings](#) has extended its stable outlook for the not-for-profit healthcare sector in 2017, but not without trepidation.

"This is one of the more difficult decisions we've made," Kevin Halloran, senior director at Standard & Poor's Global Ratings, said in a recent media conference call.

"Everything we look at from a numbers standpoint almost demands a 'stable,' and yet there is a sense in the pit of your belly that maybe the sector isn't as stable as the numbers might indicate," he says.

"We are about to experience a shift in administrations and Congress and some of those changes could be very large and very impactful to the sector and could happen very quickly."

Health systems continue to do better than stand-alone hospitals.

"That's one leading indicator that if you are a little bit smaller, you're a little bit more constrained and you might not succeed going forward," Halloran says. "And secondly, the fairly robust pace of upgrades to downgrades that we saw in '16 appears to be slowing a little."

"As we look forward, it's our belief that the sector has peaked," he says.

"The ACA and its impact along with what hospitals and health systems were going to constrain expenses all came together in 2015. We saw volumes go up. We saw payer mixes improve. We saw upgrades outpacing downgrades, and that really flowed through 2016."

The first three quarters of 2016 were a positive trend with respect to upgrades, but that flat-lined in the fourth quarter, with 11 upgrades and 11 downgrades.

"One quarter does not a trend make," he says. "There was a lot of robust activity in 2015 and it bled into early 2016."

Weakness Coming?

"It appears that this is one of those data points that is starting to say 'there could be some weakness coming in the sector.' It backs up our opinion that we think the sector has peaked from a numeric standpoint. It's hard to hang your hat on these two data points: systems doing better than stand-alones, [and] fourth-quarter results with an even split in upgrades and downgrades. But it is factoring into our thinking."

Martin Arrick, managing director of S&P's Global Ratings' not-for-profit healthcare portfolio, says "healthcare has never been more complicated than it is now" in large part because of the potential for radical change with the repeal of the Affordable Care Act, and major overhauls to Medicare and Medicaid.

"There now is this huge overlay of legislative risk," he says. "We're concerned, and obviously we are going to monitor it fairly closely. It could be traumatic and it's unclear how quickly it could happen."

ACA Equivalent Unlikely

Arrick says it's hard to speculate on what would replace the ACA, because neither the Trump Administration nor Congress have offered any details.

"Obviously, everybody in the field is like 'OK, you've got to replace it with something that creates the same amount of healthcare for the same amount of people,' and I guess we're all feeling that is very unrealistic in terms of expectations," he says. "If it was easy it would have been done already."

Arrick says it's likely that the ACA will be repealed without an equivalent plan in place.

"Our expectations from a credit quality perspective is that there will be huge revenue losses for hospitals and healthcare systems, and in theory there will be some expense reductions because fewer people will be accessing the system as frequently as they are now. That could be a plus or a minus. Our sense is it's likely to be a minus."

With Medicaid expansion, for example, the numbers of uninsured went down and the numbers of insured went up, both of which were credit positives for hospitals and health systems expansion states. It's likely those positive trends could be reversed if Medicaid is swapped out for a block grant program, as some in Congress have proposed.

"That may be revenue-neutral on Day One," Arrick says. "Over time, as medical inflation rises and it's historically always been rising faster than consumer price inflation, our expectation is that some sort of block grant program would not truly capture the increase in costs, and it's like a yearly inflator that fails to keep up over time. It would worsen Medicaid reimbursements."

Block Grants Concerning

Beyond that, Arrick noted that Medicaid is a counter-cyclical program. When states are in recession, Medicaid rolls tend to increase, more federal money comes into the states through the Medicaid program and it has a counter-cyclical impact on the economy.

"With a block grant situation, while we haven't seen the legislation, we have a concern that that mechanism would no longer function as effectively as it does now," Arrick says.

With respect to the proposed Medicare premium support programs, Arrick says the expectation is that vouchers will push more and more costs onto elderly Medicare enrollees.

"I don't know how that would work for providers," he says. "Our expectation is that over time that will contribute to weaker revenues and weaker performance at the provider level."

This e-mail, including attachments, is confidential and may be privileged. Use or disclosure of it by anyone other than a designated addressee is unauthorized. If you are not an intended recipient, please delete this e-mail from the computer on which you receive it. Thank you.

FINANCE COMMITTEE FY17 GOALS

Purpose

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

Staff: Iftikhar Hussain, CFO

The CFO shall serve as the primary staff support to the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair's consideration. Additional members of the executive team may participate in the Committee meetings upon the recommendation of the CFO and subsequent approval from the Committee Chair. The CEO is an ex-officio of this Committee.

Goals	Planned Timeline (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable)	Metrics
1. Review results of HPO Plan, including expense control	<ul style="list-style-type: none"> • Quarterly <p>Progress: introduced at Aug. 1, 2016 meeting (IPI); presented at Nov. 28, 2016 meeting; paced for March and May meetings</p>	<i>Present results to Finance Committee and Board of Directors.</i>
2. Review Capital Projects in progress	<ul style="list-style-type: none"> • Q3 <p>Progress: paced for March meeting</p>	<i>Update on capital projects in progress that exceed \$2.5M.</i>

Goals	Planned Timeline (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable)	Metrics
3. Evaluate 2 nd round of bond issuance	<ul style="list-style-type: none"> • Q2 – Discussion • Q3 – Consider Recommendation <p>Progress: paced for March meeting</p>	<i>Presentation for a possible Spring 2017 for Revenue Bonds</i>
4. Education Topic: Medicare Margin	<ul style="list-style-type: none"> • Q1 <p>COMPLETED presentation given at Sep. 26 meeting</p>	<i>Presentation given at August Meeting</i>

Submitted by:

Dennis Chiu - Chair, Finance Committee

Iftikhar Hussain - Executive Sponsor, Finance Committee

Approved by the Board of Directors: June 8, 2016

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

Item:	Report on Board Actions Corporate Compliance, Privacy and Internal Audit Committee Meeting Date: January 19, 2017
Responsible party:	Cindy Murphy, Board Liaison
Action requested:	For Information
Background:	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.
Other Board Advisory Committees that reviewed the issue and recommendation, if any:	None.
Summary and session objectives :	To inform the Committee about recent Board actions
Suggested discussion questions:	None.
Proposed Committee motion, if any:	None. This is an informational item
LIST OF ATTACHMENTS:	Report on November 2016 and January 2017 Board Actions

November 2016 – January 2017 Board Actions*

1. November 9, 2016 – Hospital Board
 - 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
2. December 6, 2016 – District Board
 - a. Elected Dennis Chiu, Julia Miller and John Zoglin to new terms on the Hospital Board
 - b. Directed an Ad Hoc Committee of the District Board to begin work on recruitment of a Hospital Board member to replace Dr. Neal Cohen who is not seeking reappointment when his current term ends on June 30, 2017.
3. January 4, 2017 – Hospital Board
 - a. Held a closed session study session on strategic priorities
4. January 11, 2017 – Hospital Board
 - a. Approved FY17 Period 3 and 4 Financials
 - b. Reviewed and discussed CEO Position Specification
 - c. Approved Annual Board Self-Assessment Survey Tool
 - d. Appointed Nahid Aliniyazee to the El Camino Hospital Foundation Board of Directors
 - e. Appointed Lica Hartman to the Corporate Compliance, Privacy and Internal Audit Committee
 - f. Approved Funding for MV Lab Upgrades, LG Medical Office Building Upgrades and an updated Stryker Laparoscopic Platform

*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.



El Camino Hospital

THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2017 – Period 6
7/1/2016 to 12/31/2016

Dashboard - ECH combined as of December 31, 2016⁽²⁾

	Annual					Month			YTD		
	2014	2015	2016	2017 Proj.	2017 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume											
Licensed Beds	443	443	443	443	443	443	443	443	443	443	443
ADC	238	246	242	271	245	226	238	236	232	231	237
Adjusted Discharges	22,206	22,342	22,499	26,913	22,992	1,869	2,074	1,952	10,982	11,214	11,592
Total Discharges	19,427	19,637	19,367	23,006	19,781	1,625	1,708	1,680	9,419	9,586	9,934
Financial Performance (\$000s)											
Net Revenues	721,123	746,645	772,020	808,071	789,585	68,083	68,996	67,253	380,271	404,036	388,749
Operating Expenses	669,680	689,631	743,044	731,382	764,828	64,550	65,037	66,309	367,631	365,691	376,659
Operating Income \$	70,305	78,120	52,613	106,157	49,817	5,769	6,169	3,109	24,567	53,078	24,648
Operating Margin	9.5%	10.2%	6.6%	12.7%	6.1%	8.2%	8.7%	4.5%	6.3%	12.7%	6.1%
EBITDA \$	125,254	128,002	108,554	159,830	109,890	10,333	10,346	7,668	50,492	79,915	52,731
EBITDA %	16.9%	16.7%	13.6%	19.1%	13.5%	14.7%	14.5%	11.0%	12.9%	19.1%	13.1%
IP Margin ¹	-3.2%	-4.5%	-6.6%	-9.3%	-6.1%	-15.9%	-8.7%	-6.1%	-11.6%	-9.3%	-6.1%
OP Margin ¹	25.2%	28.1%	26.1%	31.8%	26.4%	17.7%	31.0%	26.4%	25.0%	31.8%	26.4%
Payor Mix											
Medicare	44.6%	46.2%	46.6%	47.2%	46.4%	44.7%	46.8%	46.4%	44.9%	47.2%	46.4%
Medi-Cal	6.0%	6.6%	7.4%	7.1%	6.5%	7.9%	5.9%	6.5%	7.7%	7.1%	6.5%
Commercial IP	25.4%	24.2%	23.2%	22.6%	24.0%	23.4%	22.7%	24.0%	23.6%	22.6%	24.0%
Commercial OP	18.6%	18.7%	18.7%	20.2%	19.0%	18.6%	21.2%	19.0%	19.4%	20.2%	18.6%
Total Commercial	44.0%	42.9%	41.9%	42.8%	43.0%	42.1%	43.9%	43.0%	43.0%	42.8%	42.6%
Other	5.4%	4.3%	4.1%	3.4%	4.1%	5.3%	3.4%	4.1%	4.3%	3.4%	4.1%
Cost											
Employees	2,435.6	2,452.4	2,542.8	2,458.5	2,521.6	2,683.0	2,480.9	2,633.4	2,630.4	2,458.5	2,521.6
Hrs/APD	29.31	30.45	30.35	30.53	31.17	33.30	29.49	31.65	31.08	30.53	31.17
Balance Sheet											
Net Days in AR	50.9	43.6	53.7	45.2	48.0	48.5	45.2	48.0	48.5	45.2	48.0
Days Cash	382	401	361	406	266	376	406	266	376	406	266
Debt to Capitalization	12.6%	13.6%	13.8%	13.1%	17.3%	14.5%	13.1%	17.3%	14.5%	13.1%	17.3%
MADS	9.5	8.9	6.1	12.7	9.3	7.9	12.7	9.3	7.9	12.7	9.3
Affiliates - Net Income (\$000s)											
Hosp	118,906	94,787	43,043	131,063	67,032	(2,472)	11,338	3,838	5,910	65,531	29,022
Concern	1,862	1,202	1,823	952	2,604	(8)	247	206	1,115	476	1,221
ECSC	(5)	(41)	(282)	(105)	0	(5)	(1)	0	(16)	(52)	0
Foundation	3,264	710	982	3,056	(450)	(236)	644	(54)	(65)	1,528	(144)
SVMD	32	106	156	(19)	0	(2)	(41)	(1)	(10)	(10)	(6)

Inpatient Volume:

- YTD Inpatient discharges are 1.8% higher than prior year but 3.5% below budget.
- Due to the late flu season, census exceed the budget in December with an ADC of 238 comparing to a budget of 236.
- General Medicine and Pulmonary Medicine cases reached the highest level YTD and almost double than last month.
- Other case volume increased includes Heart Failure, Stroke and Cardiac Valve Surgery in December.

Outpatient Volume:

- Overall YTD outpatient volume is flat with PY but 2.9% below budget.

Operating Income:

- Operating Income was ahead of budget by \$3.1M for the month and \$28M YTD . The main contributing factors to a strong financial in December include: 1) improvement in commercial payer mix. YTD payer mix is now ahead of target 2) improvement in charge capture; and 3) productivity improvement
- The improvement in clinical documentation and better managed in denials results a steady improvement in payer reimbursement after EPIC went live.

- Cash collection remain strong in December, resulting a 45.2 Net AR Days

(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

* The FY2017 budget presented excludes 2016 bonds cost of issuance and interest expense since the issuance was delayed.

Budget Variances

\$ in Thousands	Month to Date (MTD)			Year to Date (YTD)		
	Detail	Net Income Impact	% Net Revenue	Detail	Net Income Impact	% Net Revenue
	Net Revenue (FY2017 Budget/FY2017 Actual)	69,418	71,205		401,307	418,769
	Budgeted Hospital Operations FY2017		3,109	4.5%		24,648
	Net Revenue		1,788	2.5%		17,462
	* Rev cycle improvements	1,476			7,105	
	* Medi-Cal Supplemental	312			312	
	* Inter Govt Transfer (IGT)	0			6,535	
	* Prime Medi-Cal	0			3,510	
	Labor and Benefit Expense Change		1,426	2.0%		5,992
	* Productivity and lower volume	3,761			11,384	
	* Pay-for-Performance Bonus Accrual	(2,400)			(2,400)	
	* Repricing of PTO Bank	404			404	
	* Old employee WC settlement	(432)			(432)	
	* Ratification Bonus to PRN	93			(2,600)	
	* Severance Pay	0			(365)	
	Professional Fees & Purchased Services		(638)	-0.9%		287
	* Physician Fees	(210)			677	
	* Consulting Fee including Premier for HPO, Mercer and COI expense.	(871)			(1,107)	
	* Purchased Services mainly due to backfill for vacant IT positions	(367)			(1,848)	
	* Repairs and Maintenance Fees	810			2,565	
	Supplies		279	0.4%		3,332
	* Drug Exp (due to higher Infusion Center volume; but offset by higher gross revenue)	(175)			(1,130)	
	* Medical Supplies	419			2,992	
	* Misc Net Supplies (Food/Volumes)	35			1,470	
	Other Expenses		(177)	-0.2%		110
	* Leases & Rental Fees (Rental Lease Costs)	19			(75)	
	* Utilities & Telephone (continue on routine PG&E accrual but no payment yet)	11			310	
	* Other G&A	(207)			(16)	
	* MD Income Guarantee forgiveness	0			(109)	
	Depreciation & Interest		382	0.5%		1,247
	* Depreciation (Ongoing depreciation on the Old 2nd & 3rd Fl & GL improvement projects)	111			1,092	
	* Interest Expense	271			155	
	Actual Hospital Operations FY2017		6,169	8.7%		53,078

El Camino Hospital (\$000s)

6 month ending 12/31/2016

PERIOD 6 FY 2016	PERIOD 6 FY 2017	PERIOD 6 Budget 2017	Variance Fav (Unfav)	Var%
243,321	252,128	249,399	2,729	1.1%
(175,237)	(183,132)	(182,146)	(986)	1.0%
68,083	68,996	67,253	1,743	2.6%
2,236	2,210	2,165	45	2.1%
70,320	71,205	69,418	1,788	2.6%
37,265	40,285	41,711	1,426	3.4%
9,966	9,730	10,009	279	2.8%
10,222	8,476	7,837	(638)	-8.1%
2,624	2,369	2,192	(177)	-8.1%
449	177	448	271	60.4%
4,115	4,000	4,111	111	2.7%
64,640	65,037	66,309	1,272	1.9%
5,680	6,169	3,109	3,060	98.4%
(4,869)	5,168	729	4,439	609.0%
811	11,336	3,838	7,499	195.4%
14.6%	14.5%	11.0%	3.5%	
8.1%	8.7%	4.5%	4.2%	
1.2%	15.9%	5.5%	10.4%	

\$000s OPERATING REVENUE

	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
Gross Revenue	1,351,701	1,450,379	1,441,546	8,833	0.6%
Deductions	(971,430)	(1,046,343)	(1,052,797)	6,454	-0.6%
Net Patient Revenue	380,271	404,036	388,749	15,286	3.9%
Other Operating Revenue	11,927	14,734	12,558	2,176	17.3%
Total Operating Revenue	392,198	418,769	401,307	17,462	4.4%

OPERATING EXPENSE

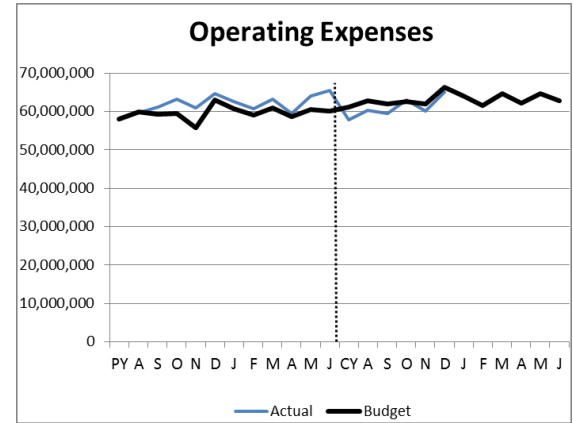
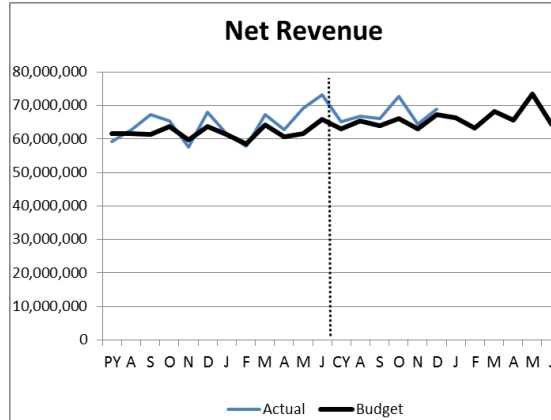
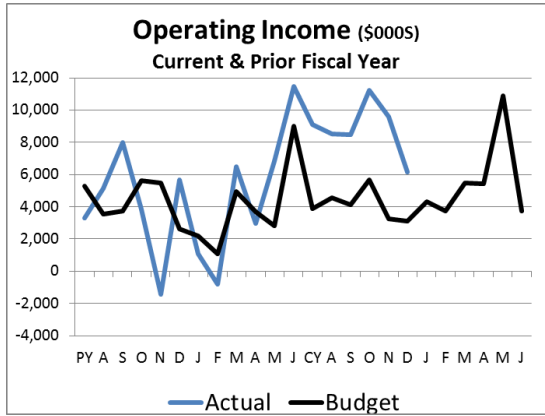
	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
Salaries & Wages	213,315	222,254	228,246	5,992	2.6%
Supplies	58,356	55,706	59,038	3,332	5.6%
Fees & Purchased Services	48,676	46,896	47,183	287	0.6%
Other Operating Expense	21,345	13,999	14,109	110	0.8%
Interest	2,695	2,534	2,689	155	5.8%
Depreciation	23,230	24,302	25,394	1,092	4.3%
Total Operating Expense	367,616	365,691	376,659	10,968	2.9%
Net Operating Income/(Loss)	24,582	53,078	24,648	28,430	115.3%
Non Operating Income	(17,162)	12,451	4,374	8,078	184.7%
Net Income(Loss)	7,420	65,530	29,022	36,508	125.8%

EBITDA 12.9% 19.1% 13.1% 5.9%

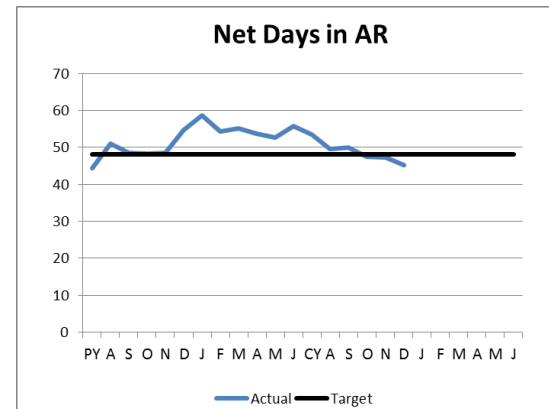
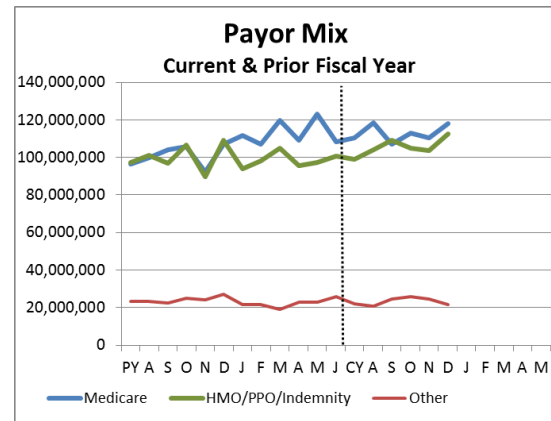
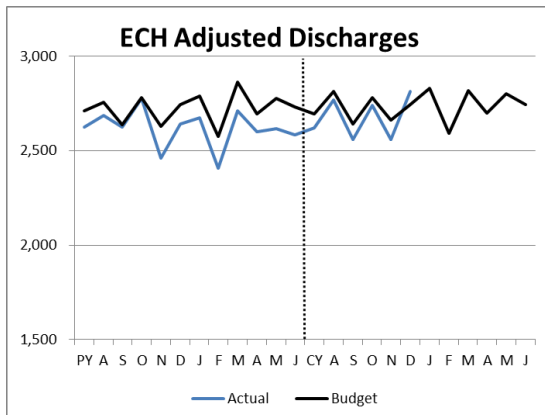
Operating Margin 6.3% 12.7% 6.1% 6.5%

Net Margin 1.9% 15.6% 7.2% 8.4%

Monthly Financial Trends



December volume is strong due to flu season. YTD volume stable compared to PY but below budget.
 AR days ahead of target
 Commercial payor mix improved in December and is now ahead of target for the year.



Non Operating Items and Net Income by Affiliate

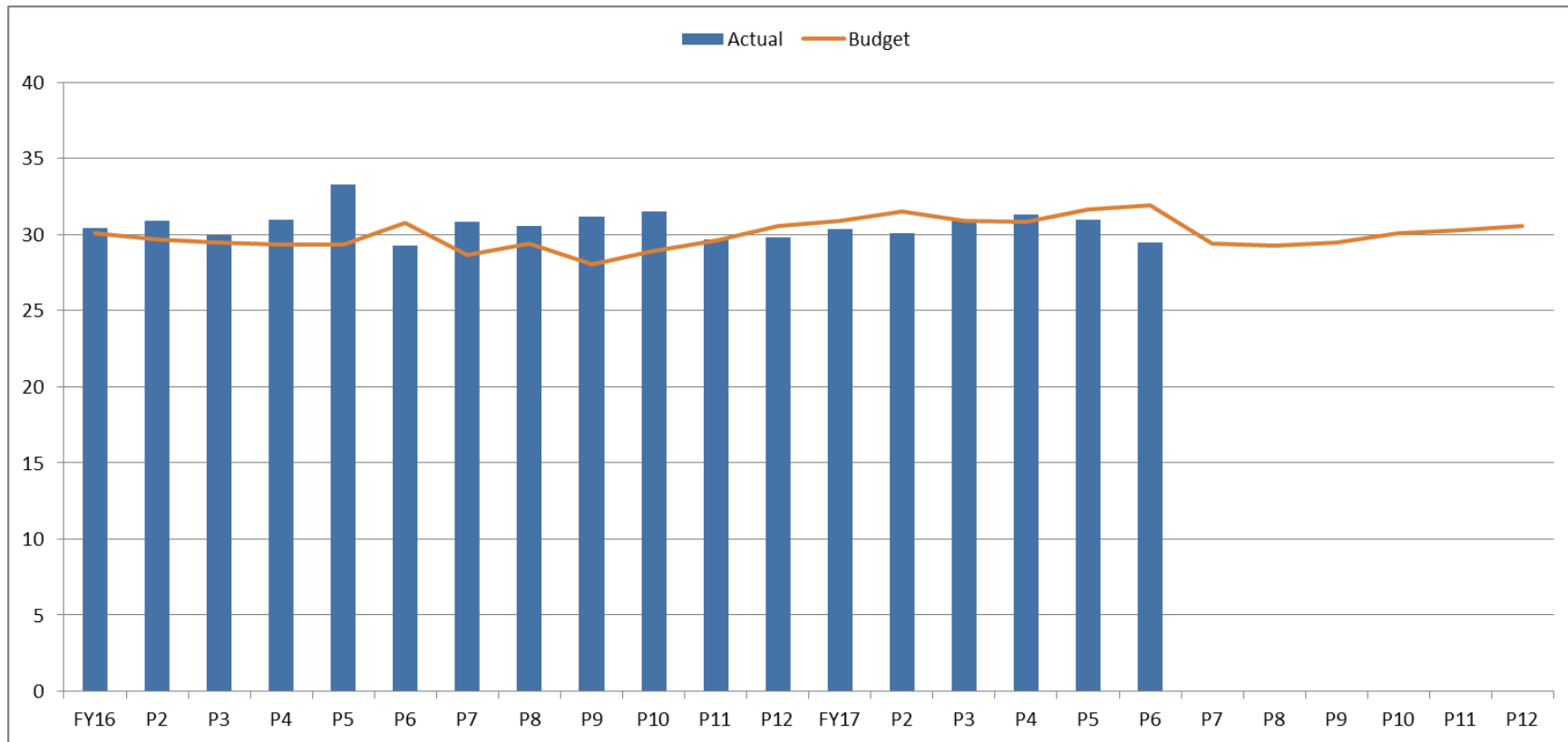
\$ in thousands

	Period 6 - Month			Period 6 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	5,970	2,162	3,808	50,638	18,643	31,995
Los Gatos	199	947	(748)	2,440	6,005	(3,565)
Sub Total - El Camino Hospital, excl. Affiliates	6,169	3,109	3,060	53,078	24,648	28,430
Operating Margin %	8.7%	4.5%		12.7%	6.1%	
El Camino Hospital Non Operating Income						
Investments	5,757	1,512	4,245	13,411	9,070	4,341
Swap Adjustments	354	0	354	3,434	0	3,434
Community Benefit	(110)	(283)	174	(2,054)	(1,700)	(354)
Other	(834)	(499)	(334)	(2,340)	(2,997)	657
Sub Total - Non Operating Income	5,168	729	4,439	12,451	4,374	8,078
El Camino Hospital Net Income (Loss)	11,336	3,838	7,499	65,530	29,022	36,508
ECH Net Margin %	15.9%	5.5%		15.6%	7.2%	
Concern	247	206	41	476	1,221	(745)
ECSC	(1)	0	(1)	(52)	0	(52)
Foundation	644	(54)	698	1,528	(144)	1,672
Silicon Valley Medical Development	(41)	(1)	(40)	(10)	(6)	(4)
Net Income Hospital Affiliates	75	229	(154)	1,093	920	173
Total Net Income Hospital & Affiliates	11,411	4,067	7,345	66,623	29,942	36,681

Swap gain due to rise in interest rates
Favorable variance in Other due to lower losses at SVMD

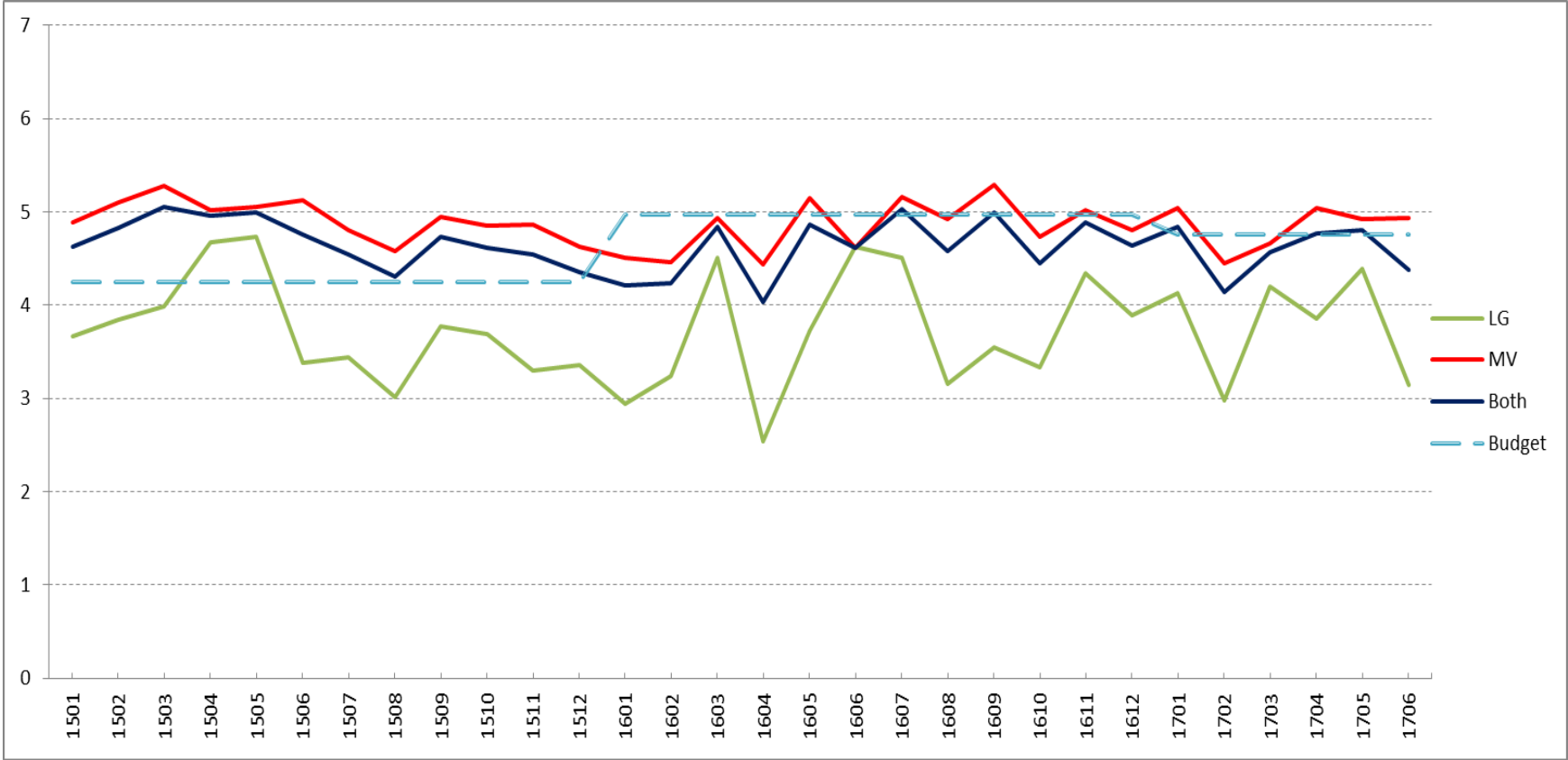
Higher Foundation income due to high unrestricted donations and investment income

Worked Hours per Adjusted Patient Day



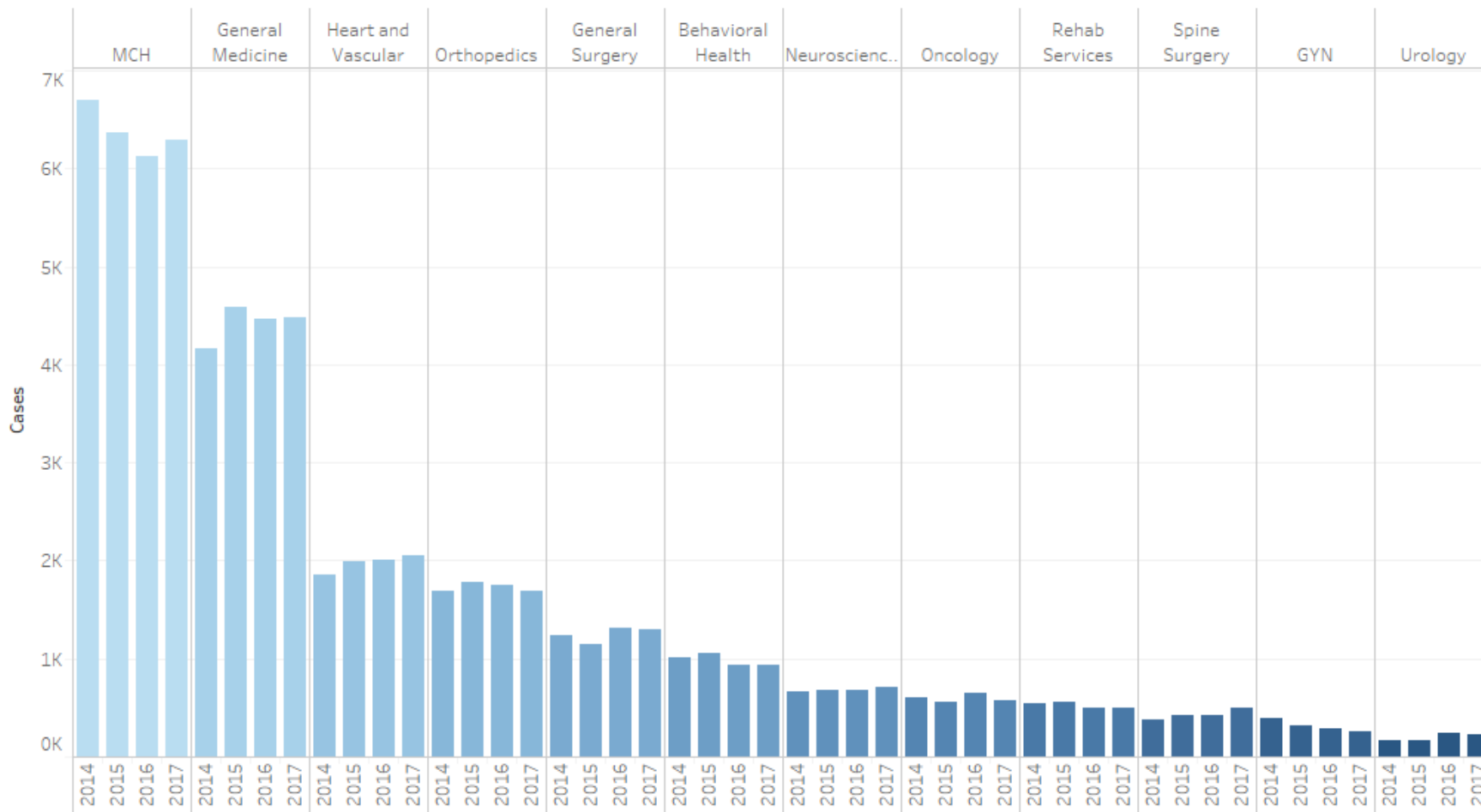
Productivity has improved after EPIC go-live and is favorable compared to budget.

Medicare ALOS



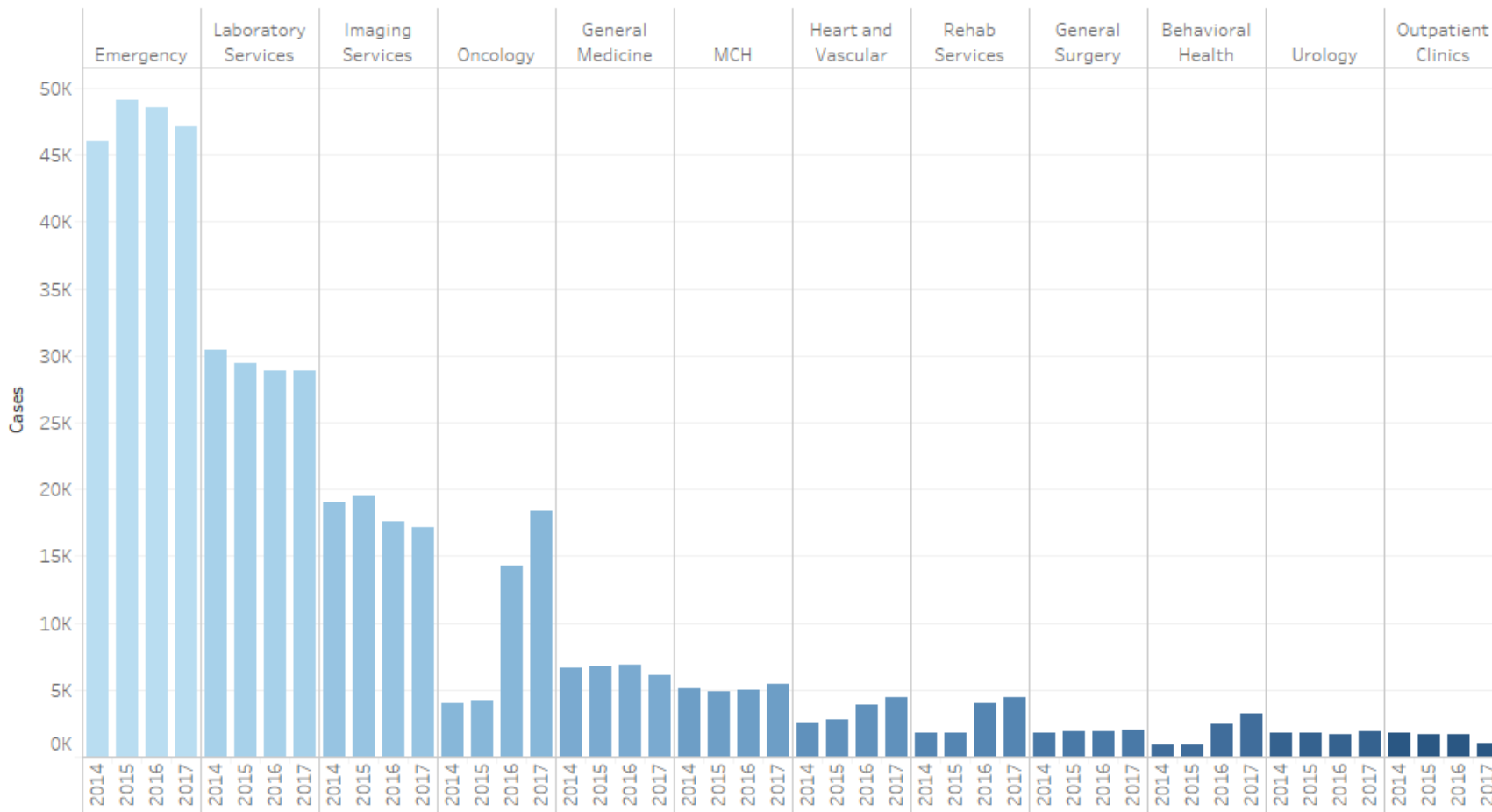
- Medicare margin improves with decreased LOS
- Trend shows improvement in ALOS

El Camino Hospital Volume Annual Trends – Inpatient FY 2017 is annualized



- Maternity volume recovering slightly in FY2017 with growth in Vaginal Deliveries in the 1st quarter. C-section volume has been mostly flat. Lower C-section rate is due to quality efforts by service line MDs
- IP Heart and Vascular volume has increased by 7.7% in FY2017 compared to the same period last FY. The increase is driven by service line MDs desire to build a regional program at ECH. Strong growth was achieved in the following Product Lines: Cardiac Surgery – CABG (22%), Medical – Heart Failure (22.5%), Medical Arrhythmia (25.8%), Structural Heart (25.4%)

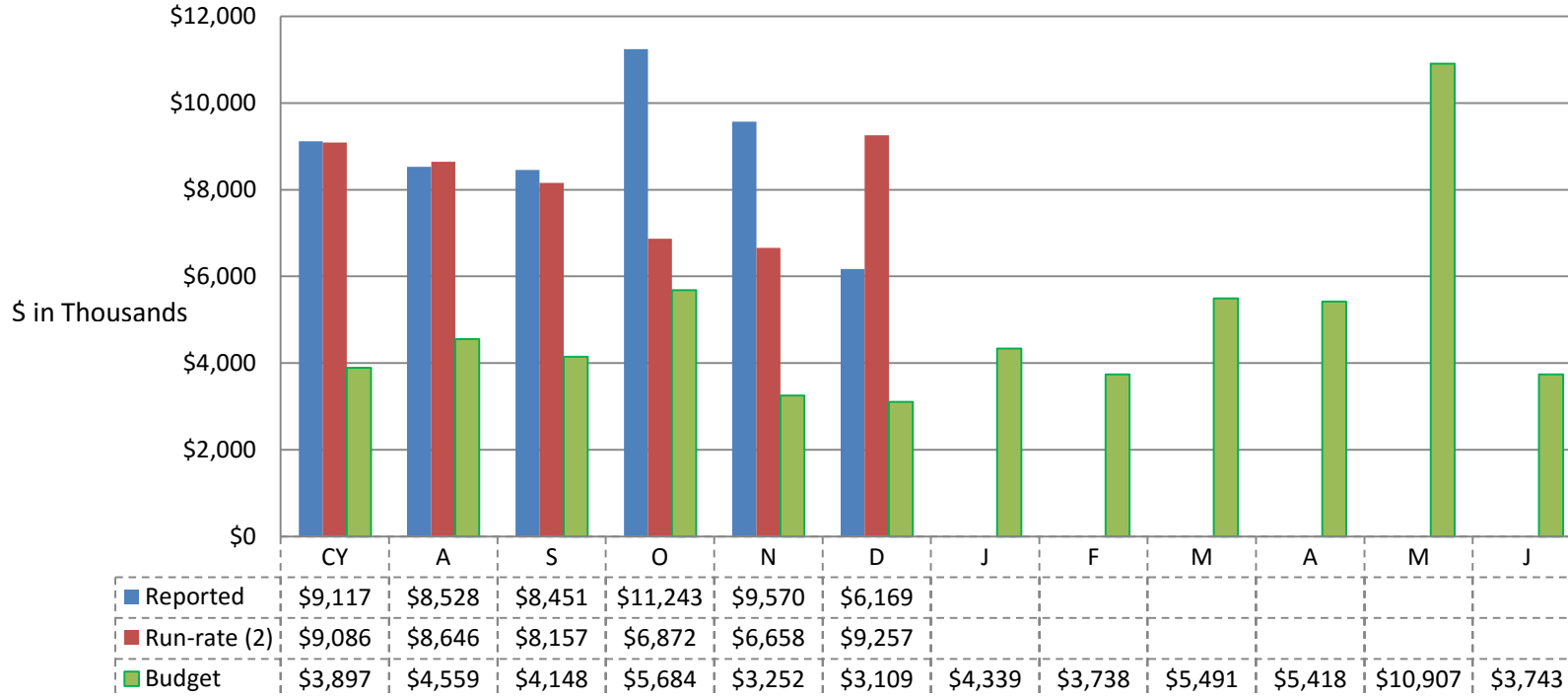
El Camino Hospital Volume Annual Trends – Outpatient FY 2017 is annualized



- Emergency room encounters in FY2017 have declined by 2% compared to the same period last FY.
- Imaging Services volume declined mainly in Mamo but trend will reverse with implementation of Tomo technology
- Outpatient Oncology volume increase due to counting change with EPIC implementation. Actual growth is 2%.

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
LPCH Adjstmt	-\$8	-\$41	-\$19	-\$25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Medi-Cal Supplemental	\$0	\$0	\$0	\$0	\$0	-\$312	\$0	\$0	\$0	\$0	\$0	\$0
Tricare	\$0	\$0	-\$144	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SVPMG Quarterly Payment	\$0	\$0	\$0	\$0	\$0	-\$199	\$0	\$0	\$0	\$0	\$0	\$0
IGT Supplemental	\$0	\$0	\$0	-\$6,535	-\$3,510	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	-\$31	\$118	-\$295	-\$6,771	-\$3,510	-\$512	\$0	\$0	\$0	\$0	\$0	\$0
Expense Adjustments												
Pay-For-Performance Bonus	\$0	\$0	\$0	\$0	\$0	\$2,400	\$0	\$0	\$0	\$0	\$0	\$0
Ratification Bonus	\$0	\$0	\$0	\$2,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inst & Minor Med Equipment	\$0	\$0	\$0	\$0	\$598	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Worker's Comp Settlement	\$0	\$0	\$0	\$0	\$0	\$700	\$0	\$0	\$0	\$0	\$0	\$0
Other Purchased Services	\$0	\$0	\$0	\$0	\$0	\$500	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$2,400	\$598	\$3,600	\$0	\$0	\$0	\$0	\$0	\$0

El Camino Hospital Investment Committee Scorecard

December 31, 2016

Key Performance Indicator	Status	El Camino		Benchmark		El Camino		Benchmark		FY17 Year-end Budget	Expectation Per Asset Allocation
		4Q 2016	Benchmark	Fiscal Year-to-date	Benchmark	4y 2m Since Inception (annualized)	Benchmark	4y 2m Since Inception (annualized)	May 2016		
Investment Performance											
Surplus cash balance & op. cash (milions)		\$801.9	-	-	-	-	-	-	-	\$657.2	-
Surplus cash return	Green	0.0%	0.3%	2.9%	3.1%	4.6%	4.6%	4.6%	4.6%	4.0%	5.2%
Cash balance plan balance (milions)		\$227.9	-	-	-	-	-	-	-	\$220.6	-
Cash balance plan return	Green	-0.2%	0.6%	3.4%	3.8%	7.0%	6.6%	7.0%	6.6%	6.0%	5.8%
403(b) plan balance (milions)		\$362.4	-	-	-	-	-	-	-	-	-
Risk vs. Return											
		3-year				4y 2m Since Inception (annualized)				May 2016	
Surplus cash Sharpe ratio	Green	0.67	0.76	-	-	1.06	1.05	1.06	1.05	-	0.55
Net of fee return	Green	3.1%	3.6%	-	-	4.6%	4.6%	4.6%	4.6%	-	5.2%
Standard deviation	Green	4.5%	4.6%	-	-	4.3%	4.3%	4.3%	4.3%	-	8.6%
Cash balance Sharpe ratio	Green	0.65	0.69	-	-	1.18	1.15	1.18	1.15	-	0.49
Net of fee return	Green	3.8%	4.0%	-	-	7.0%	6.6%	7.0%	6.6%	-	5.8%
Standard deviation	Green	6.0%	5.8%	-	-	5.8%	5.6%	5.8%	5.6%	-	10.7%
Asset Allocation											
		4Q 2016									
Surplus cash absolute variances to target	Green	7.5%	< 10%	-	-	-	-	-	-	-	-
Cash balance absolute variances to target	Green	5.7%	< 10%	-	-	-	-	-	-	-	-
Manager Compliance											
		4Q 2016									
Surplus cash manager flags	Green	18	< 19 Green < 23 Yellow	-	-	-	-	-	-	-	-
Cash balance plan manager flags	Yellow	21	< 20 Green < 25 Yellow	-	-	-	-	-	-	-	-

El Camino Hospital

Capital Spending (in millions)

Category	Detail	Approved	Total Estimated Cost of Project	Total		Spent from Inception	FY 17 Proj Spend	FY 17 YTD Spent
				Authorized	Active			
CIP	EPIC Upgrade				6.1	2.0	6.1	2.0
	IT Hardware, Software, Equipment*				5.4	0.3	5.4	0.3
	Medical & Non Medical Equipment FY 16**				4.3	0.0	4.3	0.0
	Medical & Non Medical Equipment FY 17				10.3	1.1	10.3	1.1
	Facility Projects							
	1307 LG Upgrades	FY13	17.3	17.3	12.0		3.3	2.0
	1219 LG Spine OR	FY13	4.1	4.1	2.6		2.7	1.3
	1414 Integrated MOB	FY15	275.0	247.0	30.0		58.2	16.2
	1413 North Drive Parking Expansion	FY15	24.5	24.5	6.9		19.7	5.3
	1245 Behavioral Health Bldg	FY16	91.5	72.5	10.8		17.9	3.5
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	8.8	8.8	2.8		7.1	2.1
	1313/1224 LG Rehab HVAC System & Structural	FY16	3.7	3.7	3.0		1.6	1.2
	1502 Cabling & Wireless Upgrades	FY16	2.8	2.8	2.4		1.0	0.3
	1425 IMOB Preparation Project - Old Main	FY16	3.0	3.0	2.5		2.5	1.8
	1430 Women's Hospital Expansion	FY16	91.0	0.0	0.0		0.8	0.0
	1422 CUP Upgrade	FY16	9.0	7.5	1.5		4.0	0.5
	1503 Willow Pavilion Tomosynthesis	FY16	1.3	1.3	0.2		0.1	0.1
	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	0.2		0.2	0.2
	1520 Facilities Planning Allowance	FY16	0.6	0.0	0.0		0.5	0.0
New to FP 3	1525 New Main Lab Upgrades		1.6	0.4	0.3		2.6	0.3
New to FP 3	1515 ED Remodel Triage/Psych Observation	FY16	1.6	0.0	0.0		0.6	0.0
New to FP 3	Site Signage and Other Improvements		1.0	0.0	0.0		0.4	0.0
New to FP 3	IR Room #6 Development		2.6	0.0	0.0		0.2	0.0
New to FP 3	1602 JW House (Patient Family Residence)		2.5	0.0	0.0		0.0	0.0
New to FP 3	1507 LG IR Upgrades		1.1	0.0	0.0		0.2	0.0
New to FP 3	LG Building Infrastructure Upgrades		1.5	0.0	0.0		0.0	0.0
New to FP 3	1421 LG MOB Improvements (17)		5.0	0.9	0.7		0.2	0.1
New to FP 3	All Other Projects under \$1M		8.6	6.7	4.6		6.3	1.7
			569.9	401.2	80.7		132.7	36.7
GRAND TOTAL					427.3		158.8	40.2

El Camino Hospital

Capital Spending – Facility Projects (in millions)

Capital Facilities Projects		Budget & Spend Report			
(\$ in ,000)		Approved	A - FY17 Budgeted (Board packet)	D - FY17 Projected Spent	Variance from Budget
Mountain View Campus Master Plan Projects					
1245	BHS Replacement	FY16	30,000	17,890	12,110
1413	North Dr Parking Structure Expansion	FY15	20,500	19,651	849
1414	Integrated Medical Office Building	FY15	101,500	58,230	43,270
1422	CUP Upgrades	FY16	5,000	4,025	975
1430	Womens Hosp Expansion	FY16	5,500	800	4,700
Sub-Total			162,500	100,596	61,904
Other Capital Facilities Projects (Active/Budgeted)					
0					
0					
1501	Womens Hosp NPC Closeout ⁽¹⁾	FY16	327	595	(268)
1425	IMOB Preparation Project - Old Main		1,000	2,466	(1,466)
1502	Cabling and Wireless upgrades ⁽¹⁾	FY16	400	1,010	(610)
1525	New Main Lab Upgrades		1,200	2,575	(1,375)
1515	ED Remodel Triage / Psych Observation		1,400	600	800
1415	Signage & Wayfinding		300	425	(125)
1416	Digital Directories ⁽¹⁾	FY15	-	108	(108)
1503	Breast Imaging Tomography (Excludes \$1M Equip) ⁽¹⁾	FY16	300	1,228	(928)
1316	Willow Pavilion FA Sys and Equip Upgrades		800	100	700
1423	MV MOB TI Allowance ⁽¹⁾	FY16	-	419	(419)
	Facilities Planning Allowance		300	-	300
1523	MV Melchor Suite 309 TI's ⁽¹⁾	FY16	-	76	(76)
	Furniture Systems Inventory		250	250	0
	Site Signage & Other Improvements		200	100	100
	MV Equipment & Infrastructure Upgrades (17)		300	-	300
	IR Room #6 Development		500	200	300
1602	JW House (Patient Family Residence)		500	-	500
MV Capital Projects Sub-Total			7,777	10,153	(2,376)
0					
1219	LG Spine Room Expansion - OR 4	FY13	3,100	2,717	383
1313	LG Rehab HVAC Upgrades (CIP# 1313 / 1224)	FY15	400	1,643	(1,243)
1248	LG Imaging & Sterile Processing		7,250	7,128	122
1307	LG Upgrades - Major	FY13	7,300	3,266	4,034
1327	LG Rehab Building Upgrades		500	100	400
1346	LG Surgical Lights OR's 5,6 & 7 ⁽¹⁾	FY15	-	154	(154)
1347	LG Central Sterile Upgrades		-	40	(40)
1421	LG MOB Improvements		150	219	(69)
1507	LG IR Upgrades		800	-	800
1508	LG NICU 4 Bed Expansion		5,000	247	4,753
1600	LG 825 Pollard - Aspire Phase 2 ⁽¹⁾	FY16	-	500	(500)
	LG Building Infrastructure Improvements		1,200	-	1,200
	LG Facilities Planning		500	-	500
	LG MOB Improvements (17)		4,000	1,500	2,500
LG Capital Projects Sub-Total			30,200	17,515	12,685
0					
	Primary Care Clinic (TI's Only)		1,600	1,400	200
	Urgent Care Clinics (TI's Only)		2,400	-	2,400
Other Strategic Capital Project Sub-Total			4,000	1,400	2,600
0					
Grand Total Facilities Projects			204,477	129,664	74,813
⁽¹⁾ Approved Spending prior to FY17					

Balance Sheet (in thousands)

ASSETS		Audited		LIABILITIES AND FUND BALANCE		
	December 31, 2016	June 30, 2016	December 31, 2016	June 30, 2016		
CURRENT ASSETS						
(1) Cash	100,961	59,169	(7) Accounts Payable	19,817	28,519	
Short Term Investments	113,489	105,284	(8) Salaries and Related Liabilities	28,759	22,992	
(2) Patient Accounts Receivable, net	101,259	120,960	Accrued PTO	21,609	22,984	
Other Accounts and Notes Receivable	3,353	4,369	Worker's Comp Reserve	2,300	2,300	
(3) Intercompany Receivables	1,296	2,200	Third Party Settlements	11,153	11,314	
(4) Inventories and Prepaids	43,230	39,678	Intercompany Payables	219	105	
Total Current Assets	363,588	331,660	Malpractice Reserves	1,969	1,936	
BOARD DESIGNATED ASSETS						
Plant & Equipment Fund	121,003	119,650	Bonds Payable - Current	3,635	3,635	
(5) Women's Hospital Expansion	9,298	-	(9) Bond Interest Payable	4,508	5,459	
Operational Reserve Fund	100,196	100,196	Other Liabilities	8,451	10,478	
Community Benefit Fund	12,890	13,037	Total Current Liabilities	99,528	106,830	
Workers Compensation Reserve Fund	22,979	22,309	LONG TERM LIABILITIES			
Postretirement Health/Life Reserve Fund	19,068	18,256	Post Retirement Benefits	19,068	18,256	
PTO Liability Fund	21,609	22,984	Worker's Comp Reserve	20,679	20,009	
Malpractice Reserve Fund	1,800	1,800	Other L/T Obligation (Asbestos)	3,692	3,637	
Catastrophic Reserves Fund	15,837	14,125	Other L/T Liabilities (IT/Medl Leases)	-	-	
Total Board Designated Assets	324,679	312,358	Bond Payable	223,145	225,857	
(6) FUNDS HELD BY TRUSTEE	28,238	30,841	Total Long Term Liabilities	266,584	267,759	
LONG TERM INVESTMENTS	214,297	207,597	DEFERRED INFLOW OF RESOURCES	2,892	2,892	
INVESTMENTS IN AFFILIATES	31,828	31,627	FUND BALANCE/CAPITAL ACCOUNTS			
PROPERTY AND EQUIPMENT			Unrestricted	1,043,372	985,583	
Fixed Assets at Cost	1,180,435	1,171,372	Board Designated	324,679	312,358	
Less: Accumulated Depreciation	(508,511)	(485,856)	Restricted	0	-	
Construction in Progress	72,988	46,009	(10) Total Fund Bal & Capital Accts	1,368,051	1,297,941	
Property, Plant & Equipment - Net	744,913	731,525	TOTAL LIABILITIES AND FUND BALANCE	1,737,056	1,675,422	
DEFERRED OUTFLOWS	29,514	29,814				
RESTRICTED ASSETS - CASH	0	-				
TOTAL ASSETS	1,737,056	1,675,422				

El Camino Hospital Comparative Balance Sheet Variances and Footnotes ⁽¹⁾

- (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.

⁽¹⁾ Hospital entity only, excludes controlled affiliates

APPENDIX

El Camino Hospital – Mountain View (\$000s)

6 months ending 12/31/2016

PERIOD 6 FY 2016	PERIOD 6 FY 2017	PERIOD 6 Budget 2017	Variance Fav (Unfav)	Var%
197,489	204,773	202,929	1,844	0.9%
(139,263)	(148,486)	(148,509)	22	0.0%
58,226	56,287	54,421	1,866	3.4%
2,044	1,972	1,950	21	1.1%
60,270	58,259	56,371	1,888	3.3%
31,166	32,941	34,738	1,797	5.2%
8,285	7,828	8,186	358	4.4%
8,953	7,003	6,590	(413)	-6.3%
1,167	854	633	(222)	-35.0%
449	177	448	271	60.4%
3,619	3,485	3,615	129	3.6%
53,637	52,289	54,209	1,920	3.5%
6,633	5,970	2,162	3,808	176.1%
(4,869)	5,168	729	4,439	609.0%
1,764	11,137	2,891	8,246	285.2%
15.7%	14.4%	8.8%	5.6%	
11.0%	10.2%	3.8%	6.4%	
2.9%	19.1%	5.1%	14.0%	

\$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%
1,100,090	1,192,540	1,172,962	19,578	1.7%
(797,708)	(857,971)	(858,382)	411	0.0%
302,382	334,569	314,580	19,988	6.4%
10,682	13,629	11,270	2,359	20.9%
313,064	348,198	325,851	22,347	6.9%
177,614	184,981	189,916	4,935	2.6%
47,830	45,899	48,315	2,415	5.0%
40,634	38,904	39,653	749	1.9%
11,753	4,113	4,354	241	5.5%
2,695	2,534	2,689	155	5.8%
20,246	21,127	22,281	1,153	5.2%
300,771	297,559	307,208	9,648	3.1%
12,293	50,638	18,643	31,995	171.6%
(17,162)	12,462	4,374	8,088	184.9%
(4,869)	63,100	23,017	40,083	174.1%
8.9%	19.2%	11.1%	8.1%	
3.9%	14.5%	5.7%	8.8%	
-1.6%	18.1%	7.1%	11.1%	

El Camino Hospital – Los Gatos(\$000s)

6 months ending 12/31/2016

PERIOD 6 FY 2016	PERIOD 6 FY 2017	PERIOD 6 Budget 2017	Variance Fav (Unfav)	Var%
45,832	47,355	46,470	885	1.9%
(35,974)	(34,646)	(33,637)	(1,009)	3.0%
9,857	12,709	12,832	(124)	-1.0%
193	238	214	24	11.1%
10,050	12,947	13,047	(100)	-0.8%
6,099	7,343	6,973	(371)	-5.3%
1,681	1,902	1,823	(78)	-4.3%
1,269	1,473	1,248	(225)	-18.1%
1,457	1,515	1,560	45	2.9%
0	0	0	0	0.0%
496	514	497	(18)	-3.6%
11,003	12,748	12,100	(648)	-5.4%
(953)	199	947	(748)	-79.0%
0	0	0	0	0.0%
(953)	199	947	(748)	-79.0%
7.9%	15.2%	20.6%	-5.5%	
-9.5%	1.5%	7.3%	-5.7%	
-9.5%	1.5%	7.3%	-5.7%	

\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
OPERATING REVENUE					
Gross Revenue	251,611	257,839	268,584	(10,745)	-4.0%
Deductions	(173,722)	(188,372)	(194,415)	6,043	-3.1%
Net Patient Revenue	77,890	69,467	74,169	(4,702)	-6.3%
Other Operating Revenue	1,244	1,105	1,288	(183)	-14.2%
Total Operating Revenue	79,134	70,572	75,457	(4,885)	-6.5%
OPERATING EXPENSE					
Salaries & Wages	35,701	37,273	38,330	1,057	2.8%
Supplies	10,526	9,807	10,724	917	8.5%
Fees & Purchased Services	8,042	7,992	7,530	(462)	-6.1%
Other Operating Expense	9,592	9,885	9,755	(131)	-1.3%
Interest	0	0	0	0	0.0%
Depreciation	2,984	3,175	3,113	(61)	-2.0%
Total Operating Expense	66,845	68,132	69,451	1,320	1.9%
Net Operating Income/(Loss)	12,289	2,440	6,005	(3,565)	-59.4%
Non Operating Income	0	(10)	0	(10)	0.0%
Net Income(Loss)	12,289	2,430	6,005	(3,575)	-59.5%
EBITDA	28.8%	18.6%	22.0%	-3.4%	
Operating Margin	15.5%	3.5%	8.0%	-4.5%	
Net Margin	15.5%	3.4%	8.0%	-4.5%	

Proposed Finance Packet For The Board

Dashboard - ECH combined as of December 31, 2016⁽²⁾

	Month			YTD		
	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume						
Licensed Beds	443	443	443	443	443	443
ADC	226	238	236	232	231	237
Adjusted Discharges	1,869	2,074	1,952	10,982	11,214	11,592
Total Discharges	1,625	1,708	1,680	9,419	9,586	9,934
Financial Performance (\$000s)						
Net Revenues	68,083	68,996	67,253	380,271	404,036	388,749
Operating Expenses	64,550	65,037	66,309	367,631	365,691	376,659
Operating Income \$	5,769	6,169	3,109	24,567	53,078	24,648
Operating Margin	8.2%	8.7%	4.5%	6.3%	12.7%	6.1%
EBITDA %	14.7%	14.5%	11.0%	12.9%	19.1%	13.1%
IP Margin ¹	-15.9%	-8.7%	-6.1%	-11.6%	-9.3%	-6.1%
OP Margin ¹	17.7%	31.0%	26.4%	25.0%	31.8%	26.4%
Payor Mix						
Medicare	44.7%	46.8%	46.4%	44.9%	47.2%	46.4%
Medi-Cal	7.9%	5.9%	6.5%	7.7%	7.1%	6.5%
Commercial IP	23.4%	22.7%	24.0%	23.6%	22.6%	24.0%
Commercial OP	18.6%	21.2%	19.0%	19.4%	20.2%	18.6%
Total Commercial	42.1%	43.9%	43.0%	43.0%	42.8%	42.6%
Other	5.3%	3.4%	4.1%	4.3%	3.4%	4.1%
Cost						
Employees	2,683.0	2,480.9	2,633.4	2,630.4	2,458.5	2,521.6
Hrs/APD	33.30	29.49	31.65	31.08	30.53	31.17
Balance Sheet						
Net Days in AR	48.5	45.2	48.0	48.5	45.2	48.0
Days Cash	376	406	266	376	406	266
Debt to Capitalization	14.5%	13.1%	17.3%	14.5%	13.1%	17.3%
MADS	7.9	12.7	9.3	7.9	12.7	9.3
Affiliates - Net Income (\$000s)						
Hosp	(2,472)	11,338	3,838	5,910	65,531	29,022
Concern	(8)	247	206	1,115	476	1,221
ECSC	(5)	(1)	0	(16)	(52)	0
Foundation	(236)	644	(54)	(65)	1,528	(144)
SVMD	(2)	(41)	(1)	(10)	(10)	(6)

Inpatient Volume:

- YTD Inpatient discharges are 1.8% higher than prior year but 3.5% below budget.
- Due to the late flu season, census exceed the budget in December with an ADC of 238 comparing to a budget of 236.
- General Medicine and Pulmonary Medicine cases reached the highest level YTD and almost double than last month.
- Other case volume increased includes Heart Failure, Stroke and Cardiac Valve Surgery in December.

Outpatient Volume:

- Overall YTD outpatient volume is flat with PY but 2.9% below budget.

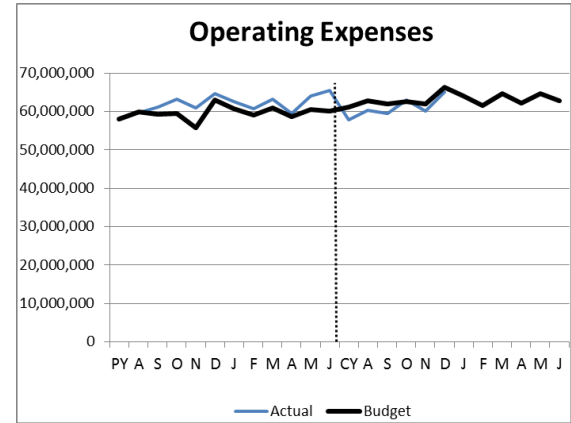
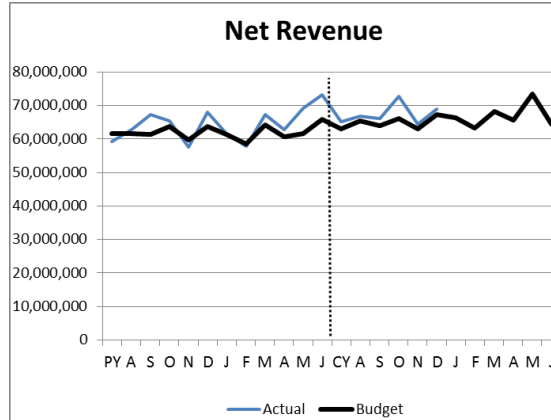
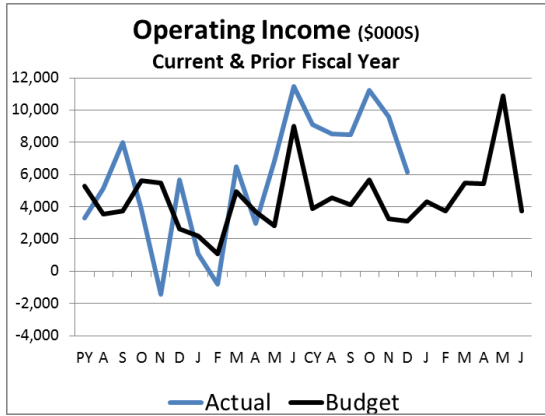
Operating Income:

- Operating Income was ahead of budget by \$3.1M for the month and \$28M YTD . The main contributing factors to a strong financial in December include: 1) improvement in commercial payer mix. YTD payor mix is now ahead of target 2) improvement in charge capture; and 3) productivity improvement
- The improvement in clinical documentation and better managed in denials results a steady improvement in payer reimbursement after EPIC went live.
- Cash collection remain strong in December, resulting a 45.2 Net AR Days

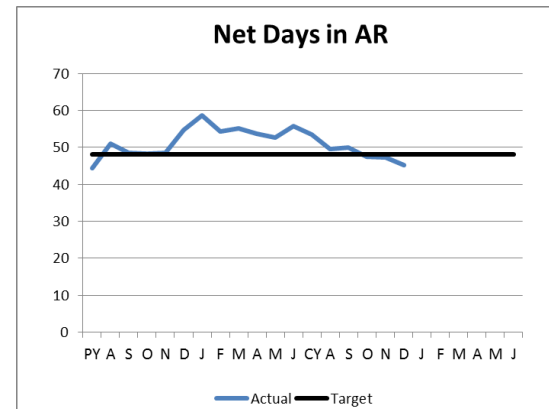
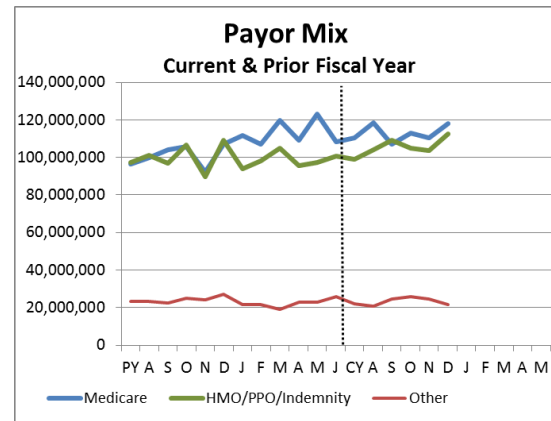
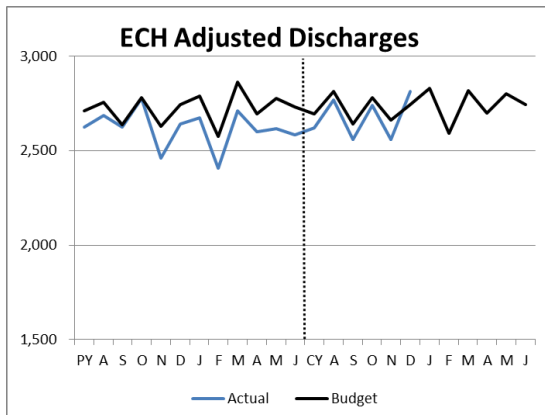
Notes

- Budget presented excludes 2016 bonds cost of issuance and interest expense
- Color key
 - Green – equal or better than budget
 - Yellow – 5% unfavorable variance
 - Red >5% unfavorable variance

Monthly Financial Trends



December volume is strong due to flu season. YTD volume stable compared to PY but below budget.
 AR days ahead of target
 Commercial payor mix improved in December and is now ahead of target for the year.



Memorandum Administration

Date: January 20, 2017
To: El Camino Hospital Board of Directors
From: Cheryl Reinking, CNO
Ken King, CASO
Re: Ventilator Replacements - Budgeted Capital Equipment Request

Recommendation: The Board Finance Committee is requested to recommend Board approval for the purchase of the budgeted Ventilator Replacements (Total of 28) at a cost not to exceed \$1.1 million.

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

Problem / Opportunity Definition: The Respiratory Care Services Department has a fleet of (28) twenty-eight Puritan Bennett 840 ventilators that are at the end of their useful life. All of the ventilators in the fleet are between 9 and 13 years old and the manufacturer will no longer support these ventilators after 2017. The new replacement ventilators manufactured by the Drager Corporation will standardize the entire fleet to single model that can be utilized on both adults and infants and it will integrate with other systems and processes such as EPIC.

Process Description: The purchasing department has been successful negotiating better than expected pricing and both Clinical Engineering and Information Technology departments have reviewed the specifications of the equipment for conformance with other systems and operations.

Alternative Solutions: This is a routine replacement of equipment that is vital for patient care and no alternatives were considered.

Concurrence for Recommendation: The Operations Council and the Respiratory Care Services Department support this recommendation.

Outcome Measures / Deadlines: The equipment will be ordered upon approval and will arrive six to eight weeks from the date of order. There will also be a fit up and training process over a period of six to eight weeks before the new ventilators are put into service.

Legal Review: Not Required

Compliance Review: Not Required

Financial Review: The capital budget for FY-17 included \$1.394 million for this equipment and the current estimated cost including tax, freight, set up and training is not to exceed \$1.1 million. Note that the existing ventilators will be traded in and we will receive a \$36,000 trade in credit included in the purchase price.

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

Item:	Annual Evaluation of Board Designated Community Benefit Fund Finance Committee January 30, 2017
Responsible party:	Iftikhar Hussain, Chief Financial Officer
Action requested:	Review/Recommendation for Board Approval
<p>Background: The Board approved a \$10 million community benefit fund that was established in September 2015. The goal was to provide a stable source of additional community benefit funding. Each year management recommends changes to this fund and the amount of investment income available for the Community Benefit plan for the next fiscal year.</p> <p>The FY 2017 community benefit budget was increased by \$500,000 in anticipation of investment income from this fund. As of December 31, 2016, the inception to date investment income is \$439,360. We need to recommend the funding for the FY 2018 community benefit program.</p> <p>Note that we commit to the funding as part of the budget before the investment income is earned. In order to keep the funding stable we use a conservative investment income rate. This conservatism will reduce the risk of having a year where the funding is reduced or not available due to deficit in the endowment fund.</p> <p>Our investment manager has stated that the long term return on surplus cash is 5.2%. Our inception to date return is 4.6%. Management recommends using a 4% rate.</p>	
<p>Proposed Committee motion, if any:</p> <p>Fund \$400,000 from the Community Benefit Fund in FY 2018. We are not recommending any changes to the principal due to high capital needs of the facility plan.</p>	
<p>LIST OF ATTACHMENTS:</p> <p>1. None</p>	

PACING PLAN - FINANCE COMMITTEE FY 2017 – Updated 1/18/2017

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.

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

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