

AGENDA
FINANCE COMMITTEE MEETING
OF THE EL CAMINO HOSPITAL BOARD

Monday, March 27, 2017 – 5:30 pm

El Camino Hospital | Conference Rooms A&B (ground floor)
2500 Grant Road, Mountain View, CA 94040

Boyd Faust will be participating via teleconference from 3315 Peachtree Road Atlanta, GA 30326.

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

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1. CALL TO ORDER / ROLL CALL	John Zoglin, Finance Committee Member		5:30 – 5:32 pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Finance Committee Member		5:32 – 5:33
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	John Zoglin, Finance Committee Member		information 5:33 – 5:36
4. CONSENT CALENDAR <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> Approval a. Minutes of the Open Session of the Joint Meeting of the Finance and Investment Committees (January 30, 2017) b. Minutes of the Open Session of the Finance Committee Meeting (January 30, 2017) c. Proposed FY18 Committee Dates d. FY17 Pacing Plan e. FY17 Period 7 Financials Information f. Progress Against FY17 Committee Goals g. Article of Interest	John Zoglin, Finance Committee Member	<i>public comment</i>	motion required 5:36 – 5:38
5. REPORT ON BOARD ACTIONS ATTACHMENT 5	John Zoglin, Finance Committee Member		information 5:38 – 5:43
6. FY17 PERIOD 8 FINANCIALS ATTACHMENT 6	Iftikhar Hussain, CFO	<i>public comment</i>	possible motion 5:43 – 5:53
7. CAPITAL PROJECTS PROGRESS UPDATE (OVER \$2.5 MILLION) ATTACHMENT 7	Ken King, CASO		information 5:53 – 6:08

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
8. CAPITAL FUNDING REQUESTS a. MV Campus Master Plan, Women's Hospital Expansion Incremental Funding Request b. LG Facility Improvement Project Request	Ken King, CASO	<i>public comment</i>	possible motion 6:08 – 6:18
9. PROPOSED FY18 COMMITTEE GOALS ATTACHMENT 9	Iftikhar Hussain, CFO	<i>public comment</i>	possible motion 6:18 – 6:28
10. ADJOURN TO CLOSED SESSION	John Zoglin, Finance Committee Member		motion required 6:28 – 6:29
11. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Finance Committee Member		6:29 – 6:30
12. 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. Minutes of the Closed Session of the Finance Committee Meeting (January 30, 2017)	John Zoglin, Finance Committee Member		motion required 6:30 – 6:31
13. <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: - Physician Contracts	William Faber, MD, CMO Markettea Beneke, Sr. Director, Oncology Services Jeff Gruer, Exec. Director, Business Development		information 6:31 – 6:36
14. <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: - Medical Staff Development Plan	William Faber, MD, CMO; Jeff Gruer, Exec. Director, Business Development		discussion 6:36 – 6:51
15. <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: - FY18 Budget Status	Helen Tam, Director of Decision Support & Business Analytics		information 6:51 – 7:06
16. <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: - Payor Update	Iftikhar Hussain, CFO; Joan Kezic, VP, Payor Relations		information 7:06 – 7:16
17. ADJOURN TO OPEN SESSION	John Zoglin, Finance Committee Member		motion required 7:16 – 7:17
18. RECONVENE OPEN SESSION / REPORT OUT To report any required disclosures regarding permissible actions taken during Closed Session.	John Zoglin, Finance Committee Member		7:17 – 7:18

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
19. APPROVAL OF PHYSICIAN CONTRACTS a. SVPMG Physician Recruitment – Medical Oncologist b. General Surgery ED Call Panel (MV) c. Medical Director, Quality & Physician Services d. FY17 Physician Expense Mid-Year Summary	John Zoglin, Finance Committee Member	<i>public comment</i>	possible motion 7:18 – 7:20
20. ADJOURNMENT	John Zoglin, Finance Committee Member		motion required 7:20 – 7:21pm

Upcoming Meetings

- May 30, 2017 (*Joint Meeting with the Hospital Board*)
- May 30, 2017 (*Separate Finance Committee Meeting*)

**Minutes of the Open Session of the Joint Meeting
of the Finance and Investment Committees
Monday, January 30, 2017
El Camino Hospital | Medical Staff Conference Room
2500 Grant Road, Mountain View, CA 94040**

Finance Committee

Members Present

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

Investment Committee

Members Present

John Zoglin, Chair
Nicola Boone
John Conover
Brooks Nelson
Gary Kalbach

Members Absent

Jeffrey Davis, MD

Agenda Item	Comments/Discussion	Approvals/Action
1. CALL TO ORDER/ ROLL CALL	The joint meeting of the Finance Committee and Investment Committee of El Camino Hospital was called to order at 5:30pm by Investment Committee Chair Zoglin. A silent roll call was taken. Committee member Davis was absent. Committee member Boone arrived at 5:35 pm and Committee member Juelis arrived at 5:40 pm. All other Committee members were present at roll call.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Investment Committee Chair Zoglin 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	None.	
4. INVESTMENT OVERVIEW	<p>Iftikhar Hussain, CFO, reported that the planned 2016 Revenue Bond transaction did not close, but that interest rates are still low and the construction projects on the Mountain View campus are good candidates for revenue bond financing. He explained that if ECH uses cash for the projects it would decrease cash on hand to 250 days, but with financing ECH will remain at 400 days cash on hand.</p> <p>Chad Kenan of Citigroup reported that interest rates are still historically low and have been higher 90% of the time over the last 30 years. He explained that there was extreme volatility in the market after the November 2016 Presidential election, but rates have started to normalize and are presently .5% higher than the 2016 Bond pricing in October. Mr. Kenan reviewed the financing eligible projects (BHS building, IMOB, North Parking Garage and Women's Hospital) and explained that the hospital has the option to exclude and go back to the market at a later date for the Women's Hospital project.</p> <p>Mr. Kenan and Jennifer Brown of Ponder and Co. recommended going forward with refunding of the El Camino Healthcare District's General Obligation Bonds as long as there is 5% present value savings. The savings are currently 7% vs 17% at the 2016 pricing.</p> <p>The Committee members, consultants and staff discussed the next steps, including seeking Hospital Board approval on March 8th and</p>	

	<p>District Board approval on March 14th. The Committee members commented that the Finance Committee and the Board had already approved the 2016 Plan of Finance, questioned whether further Board approval was required, and suggested that staff consider going to market as quickly as possible if further Board approval is not necessary. Mr. Hussain and Mr. Kenan agreed to convene the working group as quickly as possible and confer with counsel with regards to necessary Board approvals.</p> <p>In response to questions from Committee members, Mr. Hussain reported that neither capital project or spending plans have changed over the last year.</p>	
<p>5. ADJOURNMENT</p>	<p>Motion: To adjourn at 6:07 pm.</p> <p>Movant: Kalbach Second: Nelson Ayes: Chow, Chiu, Faust, Juelis, Zoglin, Kalbach, Boone, Nelson, Hobbs Noes: None Abstentions: None Absent: Davis Recused: None</p>	<p><i>Meeting adjourned at 6:07pm.</i></p>

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

Dennis Chiu, JD
Chair, Finance Committee

John Zoglin
Chair, Investment Committee



Minutes of the Open Session of the Finance Committee
Monday, January 30, 2017
El Camino Hospital | Medical Staff Conference Room
2500 Grant Road, Mountain View, CA 94040

Members Present

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

Members Absent

None

Agenda Item	Comments/Discussion	Approvals/Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Finance Committee of El Camino Hospital (the “Committee”) was called to order at 6:30 pm by Chair Chiu. A silent roll call was taken. All Committee members were present.	
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	None.	
4. CONSENT CALENDAR	<p>Chair Chiu asked if any member of the Committee or the public wished to remove an item from the consent calendar. No items were removed.</p> <p>Motion: To approve the consent calendar: Meeting Minutes of the Open Session of the Finance Committee (November 28, 2016); FY17 Period 5 Financials.</p> <p>Movant: Faust Second: Hobbs Ayes: Chiu, Chow, Faust, Hobbs, Juelis, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Consent Calendar approved</i>
5. REPORT ON BOARD ACTIONS	Chair Chiu noted the written report in the packet. There were no questions or comments.	
6. FY17 PERIOD 6 FINANCIALS	<p>Iftikhar Hussain, CFO, reported that ECH’s FY financial performance is outstanding, with all indicators green except volume. Volume is stable compared to prior year but we are not achieving the growth goals in the budget. Days of cash on hand very healthy at 406 days as we prepare for the MV construction projects. Chair Chiu requested the modifications to the dashboard presentation on page 1 be reversed and Mr. Zoglin requested that more information on outpatient data be included.</p> <p>Mr. Hussain reported that \$10 million of the \$17 million favorable revenue variance is due to participation in the PRIME and Inter-Governmental Transfer (IGT) programs, and the other \$7 million is</p>	<i>FY17 Period 6 Financials recommended for approval</i>

	<p>due to improved revenue cycle operations including charge capture and reduction of denials. He noted that ECH expects the revenue cycle improvements to continue, but it will not continue to grow. We will receive another \$6.5 million from the IGT program before the end of FY17, but will probably not budget for the IGT program in FY18 due to uncertainty about the program. He also commented that FTE's are 70 ahead of plan. Mick Zdeblick, COO noted that the reduction is probably not sustainable as there are a number of open positions, particularly in the IT division, that need to be filled.</p> <p>The Committee discussed the proposed simplified version of the packet for presentation to the Board. Chair Chiu commented that at the January 11th Board meeting he requested that any Board member who had concerns about the level of detail in the packet contact him and he has not received any communications.</p> <p>Motion: To recommend the FY17 Period 6 Financials for approval as presented with the exception of the last two pages.</p> <p>Movant: Juelis Second: Chow Ayes: Chiu, Chow, Faust, Hobbs, Juelis, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>7. CAPITAL FUNDING REQUESTS</p>	<p>Ken King, CASO, requested approval of funding not to exceed \$1.1 million to replace ECH's entire fleet of 28 ventilators that have reached the end of their useful life. He reported that the new ventilators can be used with both adult and pediatric (NICU) patients which will be more efficient.</p> <p>Motion: To recommend the Board approve funding not to exceed \$1.1 million to replace ECH's entire fleet of 28 ventilators.</p> <p>Movant: Hobbs Second: Chow Ayes: Chiu, Chow, Faust, Hobbs, Juelis, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Capital funding request recommended for approval</i></p>
<p>8. COMMUNITY BENEFIT ENDOWMENT FUND EARNINGS</p>	<p>Mr. Hussain described the Board Designated Endowment Fund to support the El Camino Hospital Community Benefit Grant Program. The Hospital Grant Program is used to fund programs outside the El Camino Healthcare District. The \$10 million endowment fund was established in September 2015 to provide additional funding for these grants. He recommended approval of \$400,000 in funding for FY18 from earnings from the Fund without any change to the principal.</p> <p>Motion: To recommend the Board approve \$400,000 in funding for FY18 from earnings the Fund without any change to the principal.</p> <p>Movant: Faust Second: Hobbs Ayes: Chiu, Chow, Faust, Hobbs, Juelis, Zoglin</p>	

	<p>Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>9. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 7:00 pm pursuant to <i>Gov't Code Section 54957.2</i> for approval of Meeting Minutes of the Closed Session of the Finance Committee (November 28, 2016); pursuant to <i>Health & Safety Code 32106(b)</i> for a report involving health care facility trade secrets: Service Line Review; pursuant to <i>Health & Safety Code 32106(b)</i> for a report involving health care facility trade secrets: Physician Contracts.</p> <p>Movant: Zoglin Second: Juelis Ayes: Chiu, Chow, Faust, Hobbs, Juelis, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Adjourned to closed session at 7:00 pm.</i></p>
<p>10. AGENDA ITEM 15: RECONVENE OPEN SESSION/ REPORT OUT</p>	<p>Open session was reconvened at 7:48 pm. During the closed session, the Committee approved the Closed Session Minutes of the Finance Committee Meeting of November 28, 2016, as amended, by a vote of all members present (Chiu, Chow, Faust, Hobbs, Juelis, and Zoglin).</p>	
<p>11. AGENDA ITEM 16: APPROVAL OF PHYSICIAN CONTRACTS</p>	<p>Motion: To recommend that the Board a) approve the Orthopedic Co-Management Agreement for an amount not to exceed \$236,000/year and b) authorize the CEO to execute an amendment to the current LPCH PSA for PT/OT Services which will cost an additional \$19,000/ month annualized to \$228,000/year.</p> <p>Movant: Zoglin Second: Faust Ayes: Chiu, Chow, Faust, Hobbs, Juelis, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Contracts recommended for approval</i></p>
<p>12. FY17 PACING PLAN PRIORITIZATION</p>	<p>Mr. Zoglin requested that the pacing plan be amended to provide a brief update at each meeting on progress with respect to the service line decision support and analytics project (data resolution plan) that Helen Tam and her team members are working on.</p> <p>Motion: To approve the Pacing Plan as amended.</p> <p>Movant: Zoglin Second: Hobbs Ayes: Chiu, Chow, Faust, Hobbs, Juelis, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Pacing Plan approved as amended</i></p>
<p>13. AGENDA ITEM 16:</p>	<p>Motion: To adjourn at 7:51 pm.</p>	<p><i>Meeting</i></p>

ADJOURNMENT	Movant: Faust Second: Chow Ayes: Chiu, Chow, Faust, Hobbs, Juelis, Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>adjourned at 7:51 pm.</i>
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Attest as to the approval of the foregoing minutes by the Finance Committee of El Camino Hospital:

Dennis Chiu, JD
Chair, Finance Committee

DRAFT

Recommended Finance Committee Date	Corresponding Hospital Board Date
No July Meetings	July 2017 – No Meetings
July 24, 2017 Or Tuesday, August 1, 2017	August 9, 2017
September 25, 2017	October 11, 2017
No October Meeting	
November 27, 2017	January 10, 2018
No December Meetings	December 2017 – No meetings
January 29, 2018	February 14, 2018
No February Meeting	
March 26, 2018	April 11, 2018
No April Meeting	
Tuesday, May 29, 2018	June 13, 2018
No June Meeting	

PACING PLAN - FINANCE COMMITTEE FY 2017 – Updated 2/6/2017

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"> • 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 Capital Funding Requests Service Line Review (4/6) Progress Against Committee Goals Community Benefit Endowment Fund Earnings 	<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 Payor Update Service Line Review (5/6) Long Term Financial Forecast Presentation on High Performing Organization results, including expense controls/Integrated Performance Improvement <u>Medical Staff Development Plan</u>
FY2017 Q4		
APRIL 26, 2017	MAY 30, 2017 MEETING	JUNE 2017
	<ul style="list-style-type: none"> Joint Meeting with BOD Financial Report YTD Minutes Physician Contracts 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) <u>Summary of Physician Financial Arrangements</u> Service Line Review (6/6) 	



El Camino Hospital

THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

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

Dashboard - ECH combined as of January 31, 2017⁽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	237	245	253	257	260	237	235	241
Adjusted Discharges	22,206	22,342	22,499	23,008	22,992	1,886	2,208	1,932	13,038	13,421	13,523
Total Discharges	19,427	19,637	19,367	19,527	19,781	1,652	1,806	1,678	11,265	11,391	11,612
Outpatient											
ED	46,056	49,130	49,927	47,813	51,258	4,195	4,319	4,346	28,235	27,891	30,075
Procedural Cases											
OP Surg	6,444	6,479	6,053	6,552	6,427	489	542	545	3,651	3,822	3,771
Endo	2,492	2,520	2,322	2,139	2,479	156	180	210	1,369	1,248	1,455
Interventional	1,706	1,878	1,970	1,975	2,323	179	150	197	1,213	1,152	1,363
All Other	69,458	68,052	79,656	85,596	84,566	6,744	7,204	7,170	46,146	49,931	49,618
Financial Performance (\$000s)											
Net Revenues	721,123	746,645	772,020	810,619	789,585	61,534	68,826	66,217	441,806	472,861	454,966
Operating Expenses	669,680	689,631	743,044	730,066	764,828	62,492	60,181	63,932	430,123	425,872	440,591
Operating Income \$	70,305	78,120	52,613	107,015	49,817	1,116	9,347	4,339	25,682	62,425	28,988
Operating Margin	9.5%	10.2%	6.6%	12.8%	6.1%	1.8%	13.4%	6.4%	5.6%	12.8%	6.2%
EBITDA \$	125,254	128,002	108,554	160,612	109,890	5,756	13,776	9,489	56,248	93,690	62,220
EBITDA %	16.9%	16.7%	13.6%	19.2%	13.5%	9.0%	19.8%	13.9%	12.3%	19.2%	13.3%
IP Margin ¹	-3.2%	-3.9%	-8.7%	-6.9%	-6.1%	-15.9%	-15.4%	-6.1%	-11.6%	-6.9%	-6.1%
OP Margin ¹	25.2%	26.7%	26.7%	32.8%	26.4%	17.7%	29.0%	26.4%	25.0%	32.8%	26.4%
Payor Mix											
Medicare	44.6%	46.2%	46.6%	47.4%	46.4%	49.2%	51.2%	46.4%	45.4%	47.4%	46.4%
Medi-Cal	6.0%	6.6%	7.4%	7.2%	6.5%	7.2%	7.5%	6.5%	7.7%	7.2%	6.5%
Commercial IP	25.4%	24.2%	23.2%	22.7%	24.0%	22.2%	20.6%	24.0%	24.1%	22.7%	24.0%
Commercial OP	18.6%	18.7%	18.7%	20.2%	19.0%	19.1%	18.2%	19.0%	19.9%	20.2%	19.1%
Total Commercial	44.0%	42.9%	41.9%	42.9%	43.0%	41.3%	38.8%	43.0%	44.0%	42.9%	43.1%
Other	5.4%	4.3%	4.1%	2.5%	4.1%	2.3%	2.5%	4.1%	2.9%	2.5%	4.1%
Cost											
Employees	2,435.6	2,452.4	2,542.8	2,479.8	2,547.7	2,587.5	2,527.1	2,578.3	2,616.5	2,479.8	2,547.7
Hrs/APD	29.31	30.45	30.35	30.37	31.03	31.01	29.45	29.46	32.48	30.37	31.03
Balance Sheet											
Net Days in AR	50.9	43.6	53.7	49.0	48.0	53.7	49.0	48.0	53.7	49.0	48.0
Days Cash	382	401	361	408	266	361	408	266	361	408	266
Debt to Capitalization	12.6%	13.6%	13.8%	12.8%	17.3%	13.8%	12.8%	17.3%	13.8%	12.8%	17.3%
MADS	9.5	8.9	6.1	15.5	9.3	6.1	15.5	9.3	6.1	15.5	9.3
Affiliates - Net Income (\$000s)											
Hosp	118,906	94,787	43,043	149,016	67,032	(14,838)	21,384	5,068	(8,147)	86,926	52,836
Concern	1,862	1,202	1,823	1,249	2,604	258	255	219	1,372	728	1,440
ECSC	(5)	(41)	(282)	(92)	0	2	(1)	0	17	(54)	0
Foundation	3,264	710	982	2,871	(450)	(268)	147	(122)	(334)	1,675	(267)
SVMD	32	106	156	326	0	(2)	200	(1)	(12)	190	198

Inpatient Volume:

- o January inpatient discharges exceed budget and PY same period; YTD discharge budget gap is narrowed to 1.4%.
- o The late flu season is the main reason for jump in General Medicine discharges
- o Other services show a modest increase in case volume including Orthopedics and Urology cases.

Outpatient Volume:

- o Overall YTD outpatient volume is 2.6% below budget but higher than PY.

Operating Income:

- o Operating Income was ahead of budget by \$5.0M for the month and \$33.4M YTD . The main contributing factors to a strong financial in January include:
 - o \$3.8M lower operating expense due to better productivity helped by high volume
 - o better mix of surgical and outpatient cases
- o LG posted a net loss of \$1.1M for January due to higher Medicare mix in both IP and OP and lower in PPO cases.
- o January's revenue include, a \$2.2M loss for BPSI program. This loss covers 3 years.
- o This partially offset by the \$814K Medi-Cal managed care supplemental payment.
- o Net AR increase in January due to slowdown in cash payments during the holidays.
- o Total cash on hand is at all time high of 408 days in Jan.

(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)	68,271	69,528	469,578	488,297	
	Budgeted Hospital Operations FY2017		4,339		28,988	6.2%
	Net Revenue		1,257		18,719	3.8%
	* Rev cycle improvements	2,610		9,714		
	* Medi-Cal Supplemental	814		1,127		
	* Inter Govt Transfer (IGT)	0		6,535		
	* Prime Medi-Cal	0		3,510		
	* BPCI Settlement	(2,167)		(2,167)		
	Labor and Benefit Expense Change		3,801		9,793	2.0%
	* Improve Productivity & flexing down staffing during holidays	3,784		15,216		
	* Pay-for-Performance Bonus Accrual	(403)		(2,850)		
	* Repricing of PTO Bank	0		404		
	* Old employee WC settlement	0		(432)		
	* Ratification Bonus to PRN	0		(2,600)		
	* Severance Pay	0		(365)		
	* One time UH expense reduction	420		420		
	Professional Fees & Purchased Services		(145)		142	0.0%
	* Physician Fees	180		857		
	* Consulting Fee including LG Surgery Intrim Director, LG Rehab purchase service expense.	(307)		(1,415)		
	* Purchased Services mainly due to backfill for vacant IT positions	(347)		(2,195)		
	* Repairs and Maintenance Fees	329		2,894		
	Supplies		(171)		3,161	0.6%
	* Drug Exp (due to higher Infusion Center volume; but offset by higher gross revenue)	(336)		(1,466)		
	* Medical Supplies	152		3,144		
	* Misc Net Supplies (Food/Volumes)	13		1,483		
	Other Expenses		(456)		(345)	-0.1%
	* Leases & Rental Fees (Rental Lease Costs)	(232)		(307)		
	* Utilities & Telephone (continue on routine PG&E accrual but no payment yet)	5		315		
	* Other G&A	(228)		(244)		
	* MD Income Guarantee forgiveness	0		(109)		
	Depreciation & Interest		721		1,968	0.4%
	* Depreciation (Ongoing depreciation on the Old 2nd & 3rd Fl & GL improvement projects)	717		1,809		
	* Interest Expense	4		159		
	Actual Hospital Operations FY2017		9,347		62,425	12.8%

El Camino Hospital (\$000s)

7 month ending 1/31/2017

PERIOD 7 FY 2016	PERIOD 7 FY 2017	PERIOD 7 Budget 2017	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
227,307	268,834	245,584	23,249	9.5%	Gross Revenue	1,579,008	1,719,213	1,687,131	32,082	1.9%
(165,773)	(200,008)	(179,367)	(20,641)	1.0%	Deductions	(1,137,202)	(1,246,351)	(1,232,164)	(14,187)	1.2%
61,534	68,826	66,217	2,609	3.9%	Net Patient Revenue	441,806	472,861	454,966	17,895	3.9%
2,073	702	2,054	(1,352)	-65.8%	Other Operating Revenue	14,000	15,436	14,612	824	5.6%
63,607	69,528	68,271	1,257	1.8%	Total Operating Revenue	455,805	488,297	469,578	18,719	4.0%
					OPERATING EXPENSE					
38,775	35,920	39,721	3,801	9.6%	Salaries & Wages	252,089	258,173	267,967	9,793	3.7%
8,335	9,650	9,479	(171)	-1.8%	Supplies	66,691	65,356	68,517	3,161	4.6%
8,514	7,763	7,618	(145)	-1.9%	Fees & Purchased Services	57,190	54,659	54,801	142	0.3%
2,242	2,420	1,964	(456)	-23.2%	Other Operating Expense	23,588	16,418	16,073	(345)	-2.1%
449	444	448	4	0.9%	Interest	3,143	2,979	3,137	159	5.1%
4,192	3,984	4,702	717	15.3%	Depreciation	27,422	28,286	30,095	1,809	6.0%
62,507	60,181	63,932	3,751	5.9%	Total Operating Expense	430,123	425,872	440,591	14,719	3.3%
1,100	9,347	4,339	5,007	115.4%	Net Operating Income/(Loss)	25,682	62,425	28,988	33,438	115.4%
(15,835)	12,046	729	11,317	1552.6%	Non Operating Income	(32,997)	24,497	5,102	19,395	380.1%
(14,735)	21,393	5,068	16,325	322.1%	Net Income(Loss)	(7,315)	86,923	34,090	52,833	155.0%
9.0%	19.8%	13.9%	5.9%		EBITDA	12.3%	19.2%	13.3%	5.9%	
1.7%	13.4%	6.4%	7.1%		Operating Margin	5.6%	12.8%	6.2%	6.6%	
-23.2%	30.8%	7.4%	23.3%		Net Margin	-1.6%	17.8%	7.3%	10.5%	

Non Operating Items and Net Income by Affiliate

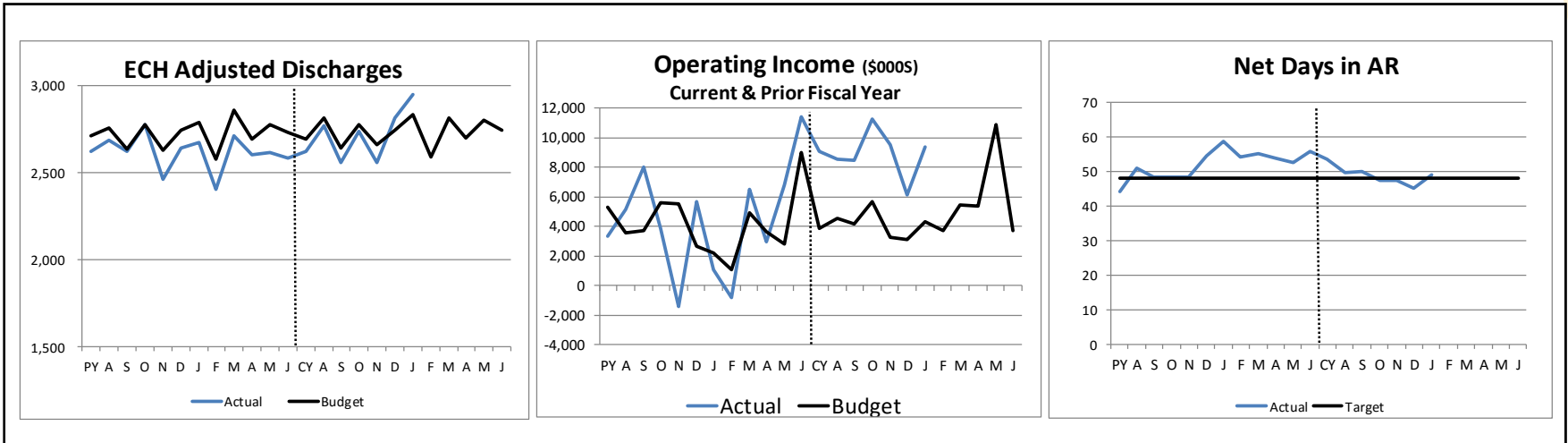
\$ in thousands

	Period 7 - Month			Period 7 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	10,429	3,584	6,845	61,067	22,227	38,840
Los Gatos	(1,082)	755	(1,837)	1,358	6,760	(5,402)
Sub Total - El Camino Hospital, excl. Affilates	9,347	4,339	5,007	62,425	28,988	33,438
Operating Margin %	13.4%	6.4%		12.8%	6.2%	
El Camino Hospital Non Operating Income						
Investments	12,747	1,512	11,235	26,158	10,582	15,576
Swap Adjustments	(35)	0	(35)	3,399	0	3,399
Community Benefit	(62)	(283)	221	(2,116)	(1,983)	(133)
Other	(604)	(499)	(105)	(2,944)	(3,496)	552
Sub Total - Non Operating Income	12,046	729	11,317	24,497	5,102	19,395
El Camino Hospital Net Income (Loss)	21,393	5,068	16,325	86,923	34,090	52,833
ECH Net Margin %	30.8%	7.4%		17.8%	7.3%	
Concern	255	219	37	728	1,440	(711)
ECSC	(1)	0	(1)	(54)	0	(54)
Foundation	147	(122)	269	1,675	(267)	1,941
Silicon Valley Medical Development	200	(1)	201	190	(7)	198
Net Income Hospital Affiliates	601	95	506	2,540	1,166	1,374
Total Net Income Hospital & Affiliates	21,993	5,163	16,830	89,462	35,256	54,207

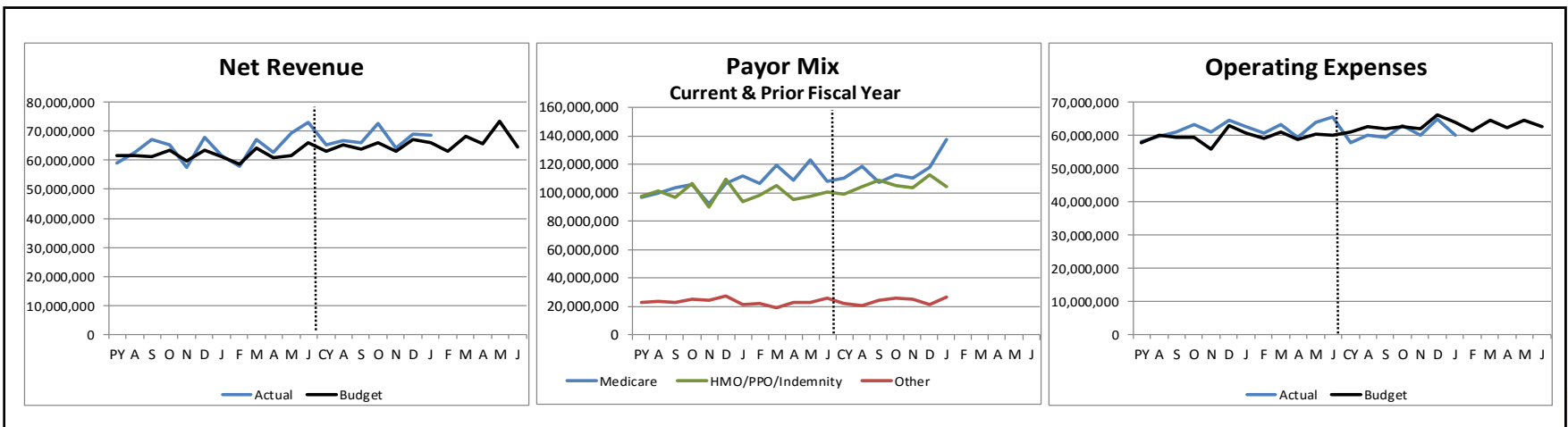
Swap gain due to rise in interest rates
Favorable variance in Other due to lower losses at SVMD

Higher Foundation income due to high unrestricted donations and investment income

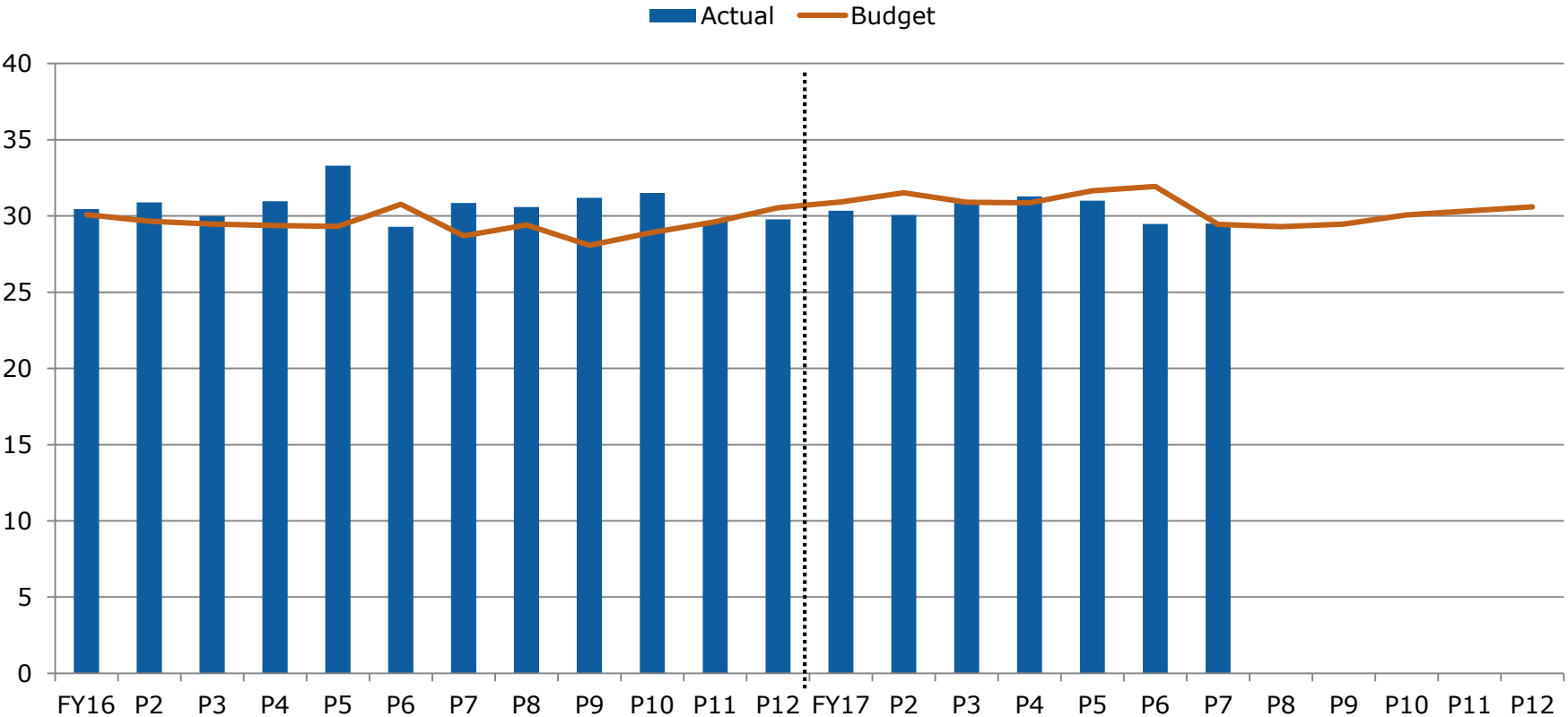
Monthly Financial Trends



January volume is strong due to flu season.
 Operating expenses lower than budgeted in January

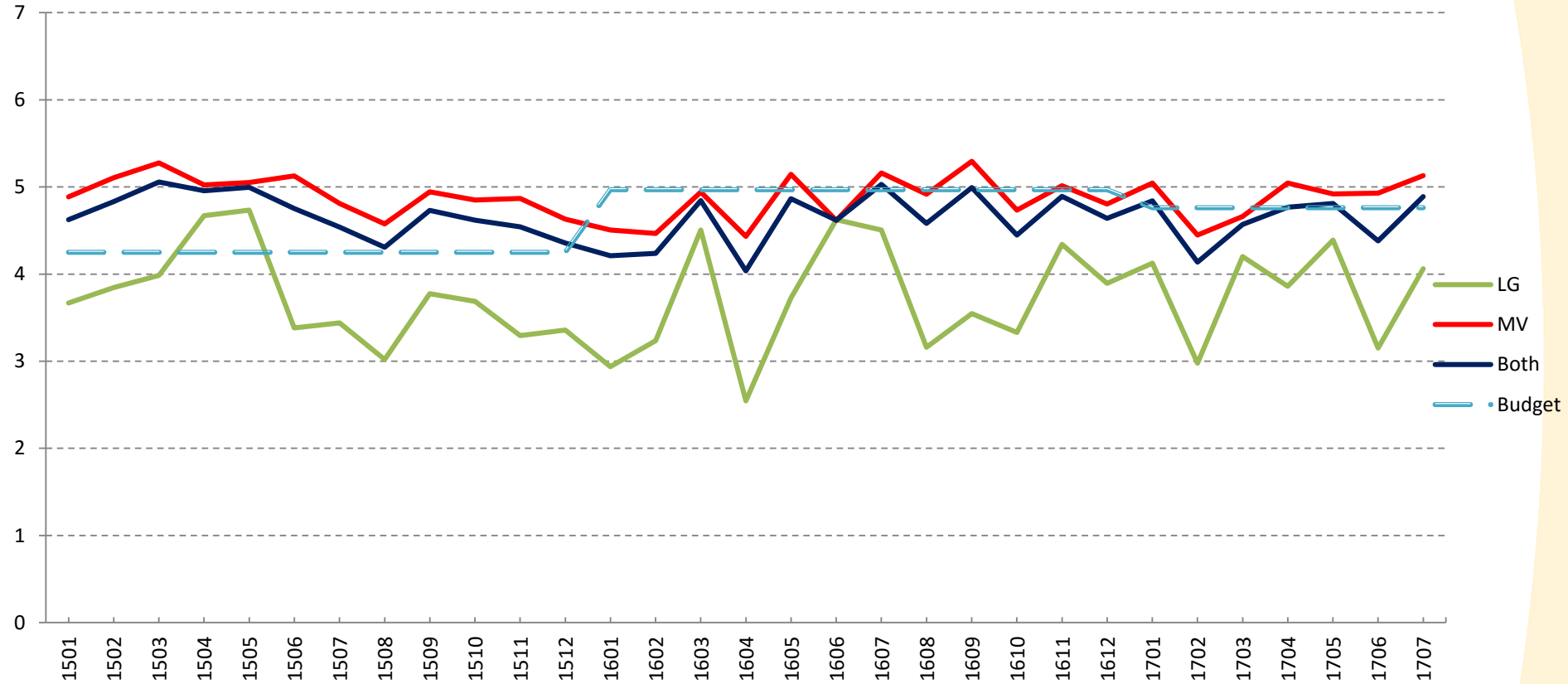


Worked Hours per Adjusted Patient Day



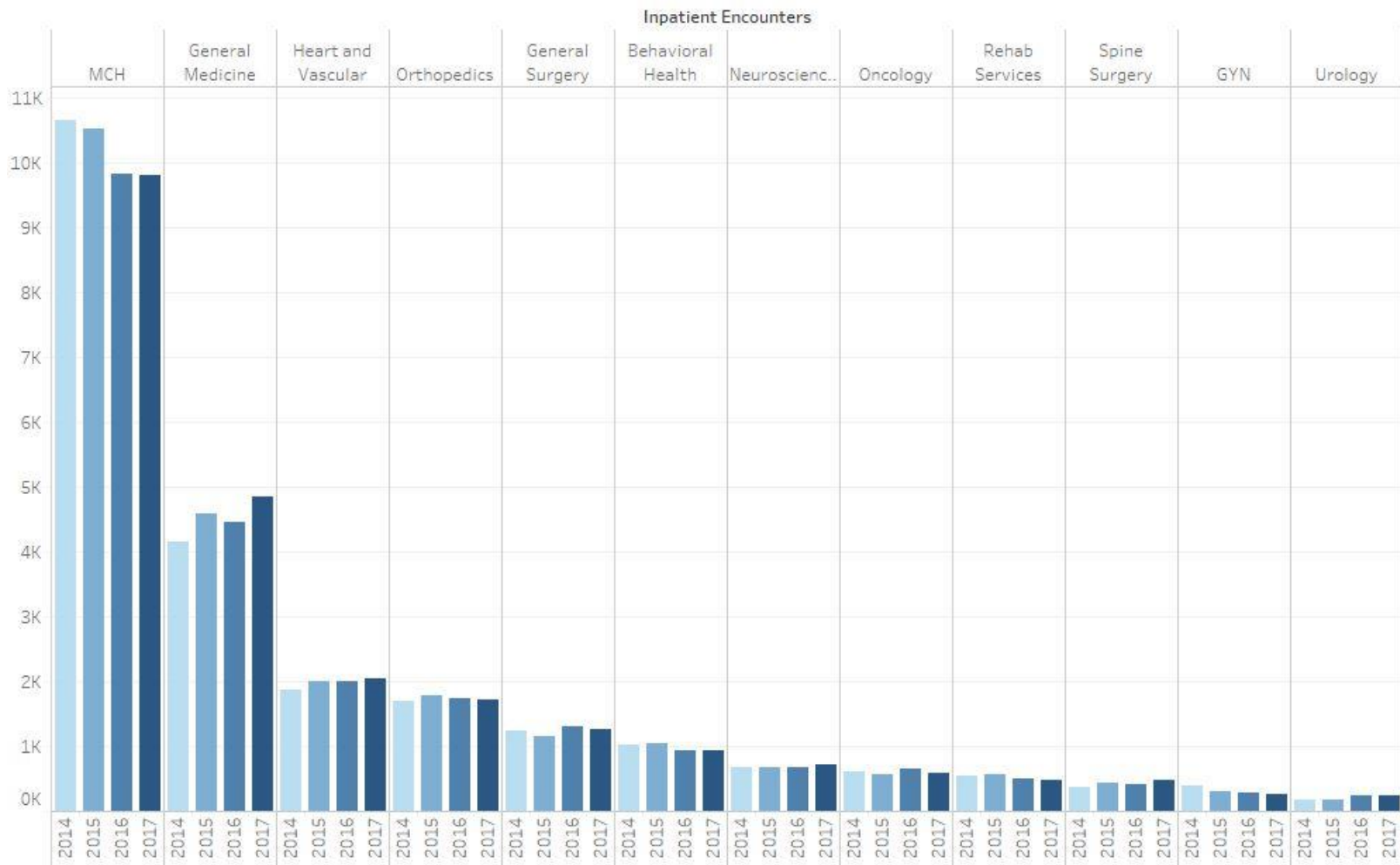
Productivity has improved after EPIC go-live and is favorable compared to budget.

Medicare ALOS



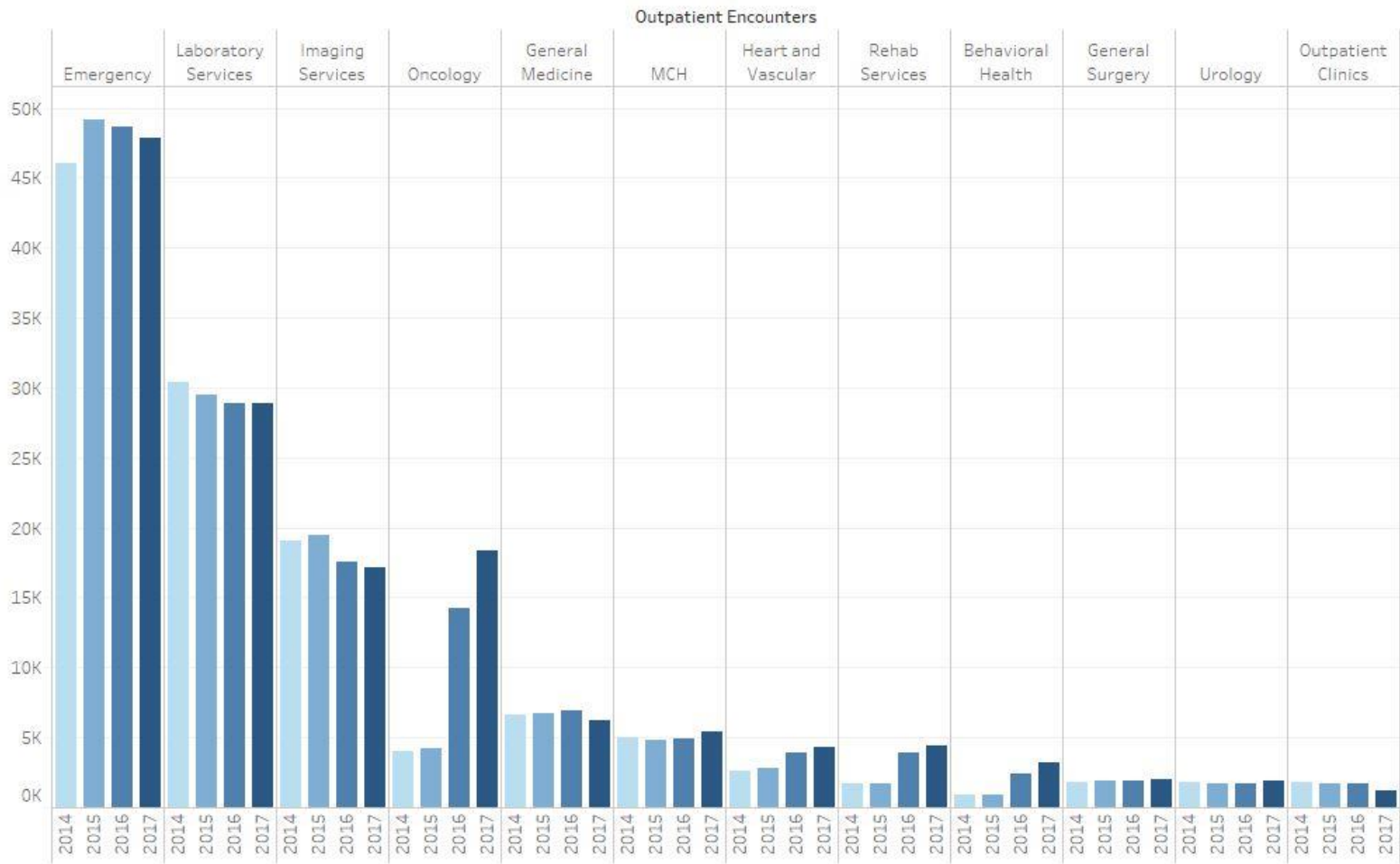
•ALOS increased slightly in January due to outlier cases.

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



- General Medicine experienced significant volume increases in January
- MCH volume recovered slightly from December with increases in vaginal deliveries and decreases in C-sections

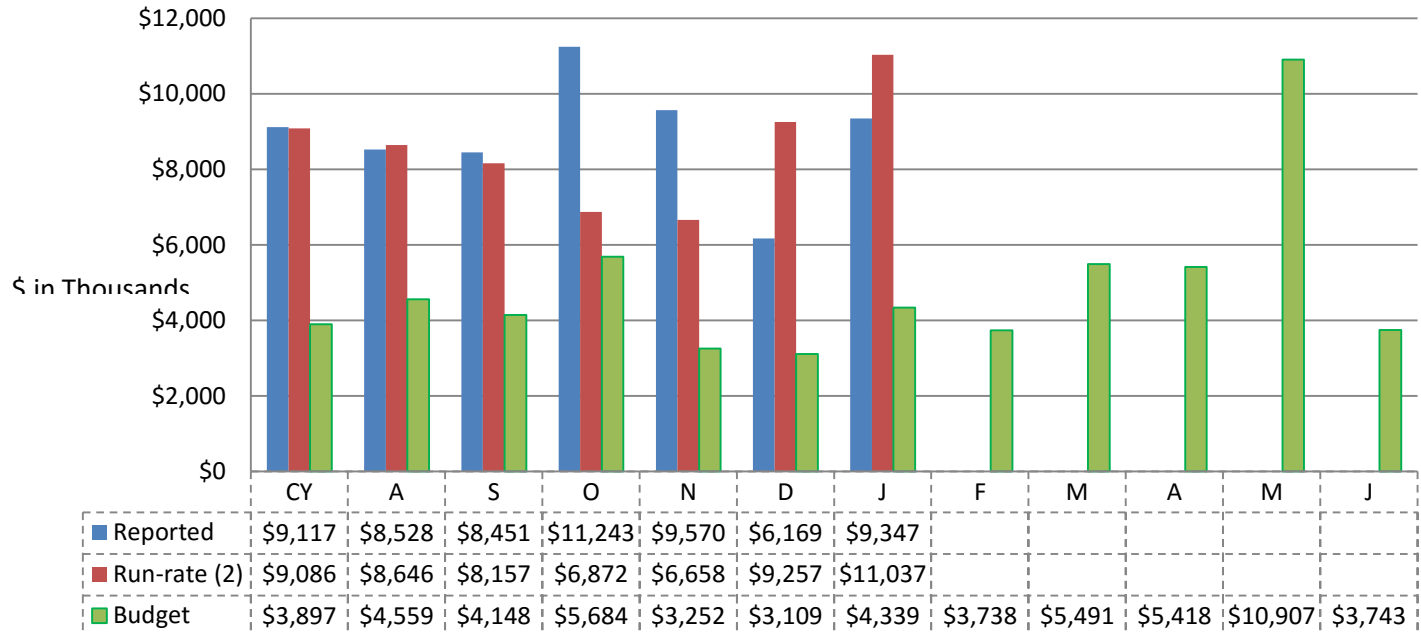
El Camino Hospital Volume Annual Trends – Outpatient FY 2017 is annualized



- Emergency room encounters increased 5% from the previous month.
- Infusion Center continues to report strong volume growth.

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	-\$2,101	\$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	\$814	\$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	-\$1,287	\$0	\$0	\$0	\$0	\$0
Expense Adjustments												
Pay-For-Performance Bonus	\$0	\$0	\$0	\$0	\$0	\$2,400	\$403	\$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	\$403	\$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 (millions)		\$801.9	–	–	–	–	–	–	–	\$657.2	–
Surplus cash return	■	0.0%	0.3%	2.9%	3.1%	4.6%	4.6%	4.6%	4.6%	4.0%	5.2%
Cash balance plan balance (millions)		\$227.9	–	–	–	–	–	–	–	\$220.6	–
Cash balance plan return	■	-0.2%	0.6%	3.4%	3.8%	7.0%	6.6%	7.0%	6.6%	6.0%	5.8%
403(b) plan balance (millions)		\$362.4	–	–	–	–	–	–	–	–	–
Risk vs. Return											
		3-year				4y 2m Since Inception (annualized)				May 2016	
Surplus cash Sharpe ratio	■	0.67	0.76	–	–	1.06	1.05	–	–	–	0.55
Net of fee return	■	3.1%	3.6%	–	–	4.6%	4.6%	–	–	–	5.2%
Standard deviation	■	4.5%	4.6%	–	–	4.3%	4.3%	–	–	–	8.6%
Cash balance Sharpe ratio	■	0.65	0.69	–	–	1.18	1.15	–	–	–	0.49
Net of fee return	■	3.8%	4.0%	–	–	7.0%	6.6%	–	–	–	5.8%
Standard deviation	■	6.0%	5.8%	–	–	5.8%	5.6%	–	–	–	10.7%
Asset Allocation											
		4Q 2016									
Surplus cash absolute variances to target	■	7.5%	< 10%	–	–	–	–	–	–	–	–
Cash balance absolute variances to target	■	5.7%	< 10%	–	–	–	–	–	–	–	–
Manager Compliance											
		4Q 2016									
Surplus cash manager flags	■	18	< 19 Green < 23 Yellow	–	–	–	–	–	–	–	–
Cash balance plan manager flags	■	21	< 20 Green < 25 Yellow	–	–	–	–	–	–	–	–

El Camino Hospital

Capital Spending (in millions)

Category	Detail	Approved	Total		Spent from Inception	FY 17 Proj Spend	FY 17 YTD Spent
			Total Estimated Cost of Project	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	8.1	3.1
	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	1.2	0.1
	1519/1314 LG Electrical Systems Upgrade	FY16	1.2	0.0	0.0	0.0	0.0
	1347 LG Central Sterile Upgrades	FY15	3.7	0.2	0.3	0.4	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	0.0	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	0.1	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	0.0	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	1.7	0.1
	All Other Projects under \$1M		8.6	6.7	4.6	4.1	1.7
			569.9	401.2	80.7	131.0	37.7
GRAND TOTAL				427.3		157.0	41.1

El Camino Hospital

Capital Spending – Facility Projects (in millions)

	(\$ 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)
1520	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	8,100	(850)
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)
1519	LG Electrical Systems Upgrade	FY16			
	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	18,487	11,713
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	130,636	73,841

⁽¹⁾ Approved Spending prior to FY17

Balance Sheet (in thousands)

ASSETS

	Audited	
	January 31, 2017	June 30, 2016
CURRENT ASSETS		
(1) Cash	88,983	59,169
Short Term Investments	118,444	105,284
(2) Patient Accounts Receivable, net	104,815	120,960
Other Accounts and Notes Receivable	2,493	4,369
(3) Intercompany Receivables	1,310	2,200
(4) Inventories and Prepaids	45,667	39,678
Total Current Assets	361,713	331,660
BOARD DESIGNATED ASSETS		
Plant & Equipment Fund	121,973	119,650
(5) Women's Hospital Expansion	9,298	-
Operational Reserve Fund	100,196	100,196
Community Benefit Fund	12,854	13,037
Workers Compensation Reserve Fund	23,118	22,309
Postretirement Health/Life Reserve Fund	19,203	18,256
PTO Liability Fund	21,874	22,984
Malpractice Reserve Fund	1,800	1,800
Catastrophic Reserves Fund	15,756	14,125
Total Board Designated Assets	326,071	312,358
(6) FUNDS HELD BY TRUSTEE	25,410	30,841
LONG TERM INVESTMENTS	221,582	207,597
INVESTMENTS IN AFFILIATES	32,129	31,627
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,181,729	1,171,372
Less: Accumulated Depreciation	(512,495)	(485,856)
Construction in Progress	77,442	46,009
Property, Plant & Equipment - Net	746,675	731,525
DEFERRED OUTFLOWS	29,464	29,814
RESTRICTED ASSETS - CASH	0	-
TOTAL ASSETS	1,743,045	1,675,422

LIABILITIES AND FUND BALANCE

	Audited	
	January 31, 2017	June 30, 2016
CURRENT LIABILITIES		
(7) Accounts Payable	20,822	28,519
(8) Salaries and Related Liabilities	16,431	22,992
Accrued PTO	21,874	22,984
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	13,242	11,314
Intercompany Payables	32	105
Malpractice Reserves	1,969	1,936
Bonds Payable - Current	3,735	3,635
(9) Bond Interest Payable	1,340	5,459
Other Liabilities	8,076	10,478
Total Current Liabilities	86,930	106,830
LONG TERM LIABILITIES		
Post Retirement Benefits	19,203	18,256
Worker's Comp Reserve	20,818	20,009
Other L/T Obligation (Asbestos)	3,701	3,637
Other L/T Liabilities (IT/Medl Leases)	-	-
Bond Payable	219,445	225,857
Total Long Term Liabilities	263,167	267,759
DEFERRED INFLOW OF RESOURCES	2,892	2,892
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	1,063,985	985,583
Board Designated	326,071	312,358
Restricted	0	-
(10) Total Fund Bal & Capital Accts	1,390,056	1,297,941
TOTAL LIABILITIES AND FUND BALANCE	1,743,045	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 two quarterly pension contributions of \$2.6M each since July 1, 2016.
- (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 January 31 it was down to 3/14's.
- (9) The decrease is due a semi-annual 2015A bond interest payment made in January, 2017.
- (10) The increase is due to this fiscal year's P&L affect (\$64M from Operations and \$24M for Non-Operations – primarily due to unrealized investment gain), and the 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)

7 months ending 1/31/2017

PERIOD 7 FY 2016	PERIOD 7 FY 2017	PERIOD 7 Budget 2017	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
187,196	220,743	200,942	19,800	9.9%	Gross Revenue	1,287,286	1,413,282	1,373,904	39,378	2.9%
(130,246)	(162,494)	(147,053)	(15,441)	10.5%	Deductions	(927,954)	(1,020,465)	(1,005,435)	(15,031)	1.5%
56,950	58,248	53,889	4,359	8.1%	Net Patient Revenue	359,332	392,817	368,470	24,348	6.6%
1,894	664	1,839	(1,175)	-63.9%	Other Operating Revenue	12,576	14,293	13,109	1,184	9.0%
58,844	58,913	55,728	3,184	5.7%	Total Operating Revenue	371,908	407,110	381,579	25,531	6.7%
OPERATING EXPENSE										
32,149	29,836	33,119	3,282	9.9%	Salaries & Wages	209,763	214,818	223,035	8,217	3.7%
6,401	7,521	7,772	251	3.2%	Supplies	54,230	53,420	56,086	2,666	4.8%
7,178	6,378	6,395	17	0.3%	Fees & Purchased Services	47,812	45,282	46,048	765	1.7%
715	822	404	(418)	-103.3%	Other Operating Expense	12,469	4,935	4,759	(176)	-3.7%
449	444	448	4	0.9%	Interest	3,143	2,979	3,137	159	5.1%
3,694	3,482	4,006	524	13.1%	Depreciation	23,941	24,609	26,287	1,677	6.4%
50,586	48,483	52,144	3,660	7.0%	Total Operating Expense	351,357	346,043	359,351	13,308	3.7%
8,258	10,429	3,584	6,845	191.0%	Net Operating Income/(Loss)	20,551	61,067	22,227	38,840	174.7%
(15,809)	12,046	729	11,317	1552.6%	Non Operating Income	(32,971)	24,508	5,102	19,405	380.3%
(7,551)	22,475	4,313	18,162	421.1%	Net Income(Loss)	(12,421)	85,575	27,330	58,245	213.1%
19.0%	22.2%	12.2%	10.1%		EBITDA	10.5%	19.6%	11.2%	8.4%	
14.0%	17.7%	6.4%	11.3%		Operating Margin	5.5%	15.0%	5.8%	9.2%	
-12.8%	38.1%	7.7%	30.4%		Net Margin	-3.3%	21.0%	7.2%	13.9%	

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

7 months ending 1/31/2017

PERIOD 7 FY 2016	PERIOD 7 FY 2017	PERIOD 7 Budget 2017	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
40,111	48,091	44,642	3,449	7.7%	Gross Revenue	291,722	305,930	313,226	(7,296)	-2.3%
(35,526)	(37,514)	(32,314)	(5,199)	16.1%	Deductions	(209,248)	(225,886)	(226,730)	844	-0.4%
4,584	10,577	12,328	(1,750)	-14.2%	Net Patient Revenue	82,474	80,044	86,497	(6,452)	-7.5%
179	38	215	(177)	-82.4%	Other Operating Revenue	1,424	1,143	1,503	(360)	-24.0%
4,763	10,615	12,543	(1,928)	-15.4%	Total Operating Revenue	83,898	81,187	88,000	(6,813)	-7.7%
OPERATING EXPENSE										
6,626	6,083	6,602	519	7.9%	Salaries & Wages	42,327	43,356	44,932	1,576	3.5%
1,934	2,129	1,708	(422)	-24.7%	Supplies	12,461	11,936	12,431	495	4.0%
1,336	1,385	1,223	(162)	-13.2%	Fees & Purchased Services	9,378	9,376	8,753	(623)	-7.1%
1,527	1,598	1,560	(38)	-2.4%	Other Operating Expense	11,119	11,483	11,314	(169)	-1.5%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
497	503	696	193	27.7%	Depreciation	3,481	3,677	3,809	132	3.5%
11,921	11,698	11,788	90	0.8%	Total Operating Expense	78,766	79,829	81,239	1,410	1.7%
(7,157)	(1,082)	755	(1,837)	-243.3%	Net Operating Income/(Loss)	5,132	1,358	6,760	(5,402)	-79.9%
(26)	0	0	0	0.0%	Non Operating Income	(26)	(10)	0	(10)	0.0%
(7,184)	(1,082)	755	(1,837)	-243.3%	Net Income(Loss)	5,106	1,347	6,760	(5,413)	-80.1%
-113.6%	6.3%	21.5%	-15.2%		EBITDA	20.7%	17.0%	22.0%	-5.0%	
-150.3%	-10.2%	6.0%	-16.2%		Operating Margin	6.1%	1.7%	7.7%	-6.0%	
-150.8%	-10.2%	6.0%	-16.2%		Net Margin	6.1%	1.7%	7.7%	-6.0%	

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 as part of budget presentations</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: 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>Completed – Revenue bonds issued 3/21/17; GO bonds issued 3/22/17</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

What the CBO says about the Republican plan, by the numbers

What the CBO says about the House GOP's health-care plans

Play Video 01:53

The Congressional Budget Office released estimates, March 13, for how House Republicans' proposal to revise the Affordable Care Act might affect Americans. (Sarah Parnass/The Washington Post)

On Monday afternoon, the Congressional Budget Office released its [analysis](#) of the American Health Care Act, the Republican legislation intended to replace the [Affordable Care Act](#), more commonly known as Obamacare.

One of the most highly anticipated parts of the analysis was how the CBO would estimate that the AHCA might affect insurance coverage. Independent analysis from Standard & Poors and Brookings [estimated](#) that anywhere from 6 million to 15 million fewer people might be insured in the 2024 to 2026 time period if the AHCA went into effect.

The CBO's estimate is higher.

[\[Obamacare revision would reduce insured numbers by 24 million\]](#)

The nonpartisan office's analysis looked at the effects of the AHCA on three pools of insurance recipients: Those who get Medicaid, those who buy insurance on the exchange, and those who get coverage through their employers. The CBO figures look at the possible reductions in the number of people receiving insurance through each pool *relative to current law*.

Meaning that the comparison here is between life under Obamacare and life

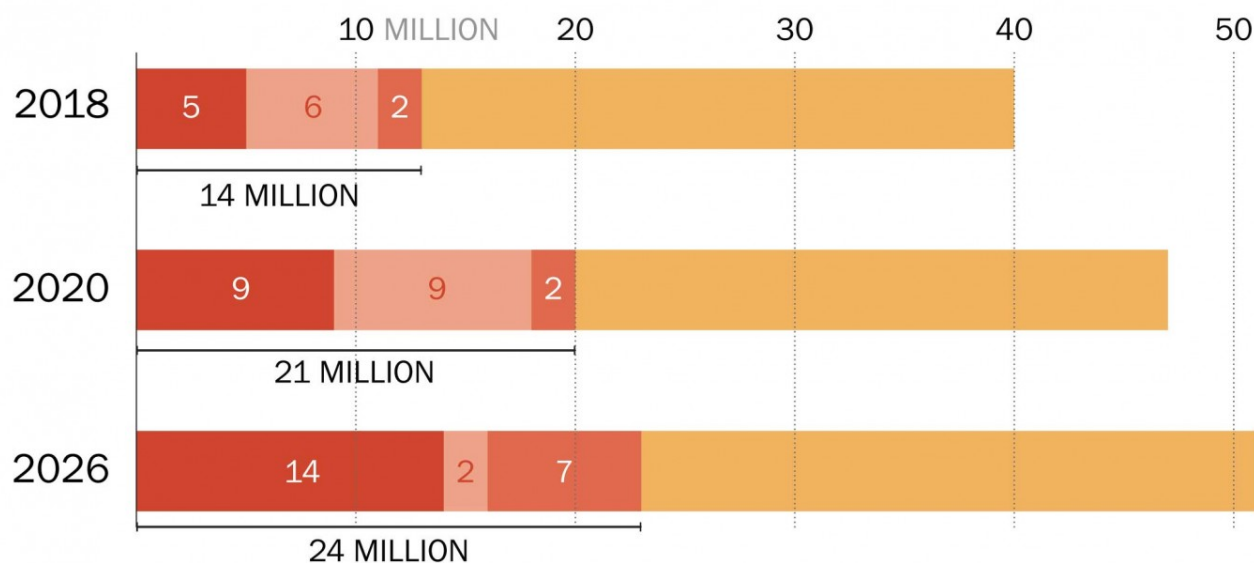
under the AHCA — not between the AHCA and a world where Obamacare never existed at all.

In short:

How insurance coverage is likely to drop under AHCA

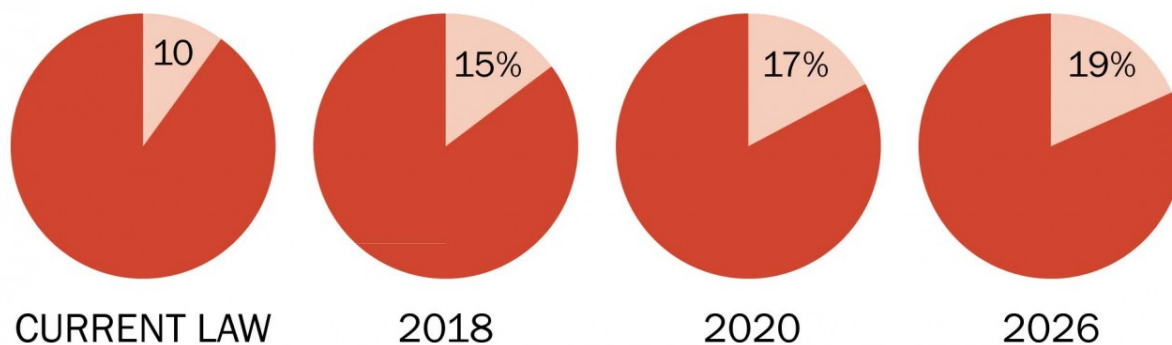
Projections from the Congressional Budget Office of how many fewer people would have coverage from various pools, relative to the current law. Differences in figures are due to rounding. Analysis by The Post.

■ MEDICAID REDUCTION
 ■ INDIVIDUAL MARKET REDUCTION
 ■ EMPLOYER COVERAGE REDUCTION
■ OTHER UNINSURED



Percent of non-senior population lacking coverage

Estimates based on Census Bureau projections, Congressional Budget Office data.



By 2018, the CBO estimates, 14 million more people would lack insurance. Six million of those would be people who would otherwise be buying individual insurance, 5 million would otherwise be covered by Medicaid and 2 million

would lose employer-based coverage. (Due to rounding, the figures don't total as you might expect.) Most of the reason those 6 million would lose coverage would be voluntary, with the removal of the [individual mandate](#) meaning they didn't face a tax penalty for not being covered. The total pool of those uninsured would be about 41 million — some 15 percent of the population that's under the age of 65.

Local Politics Alerts

Breaking news about local government in D.C., Md., Va.

By 2020, the figures increase. Nine million fewer people would have coverage through individual insurance or Medicaid, and 2 million fewer would have it from an employer, for a total of 21 million. That would mean that about 17 percent of the non-senior population would lack coverage.

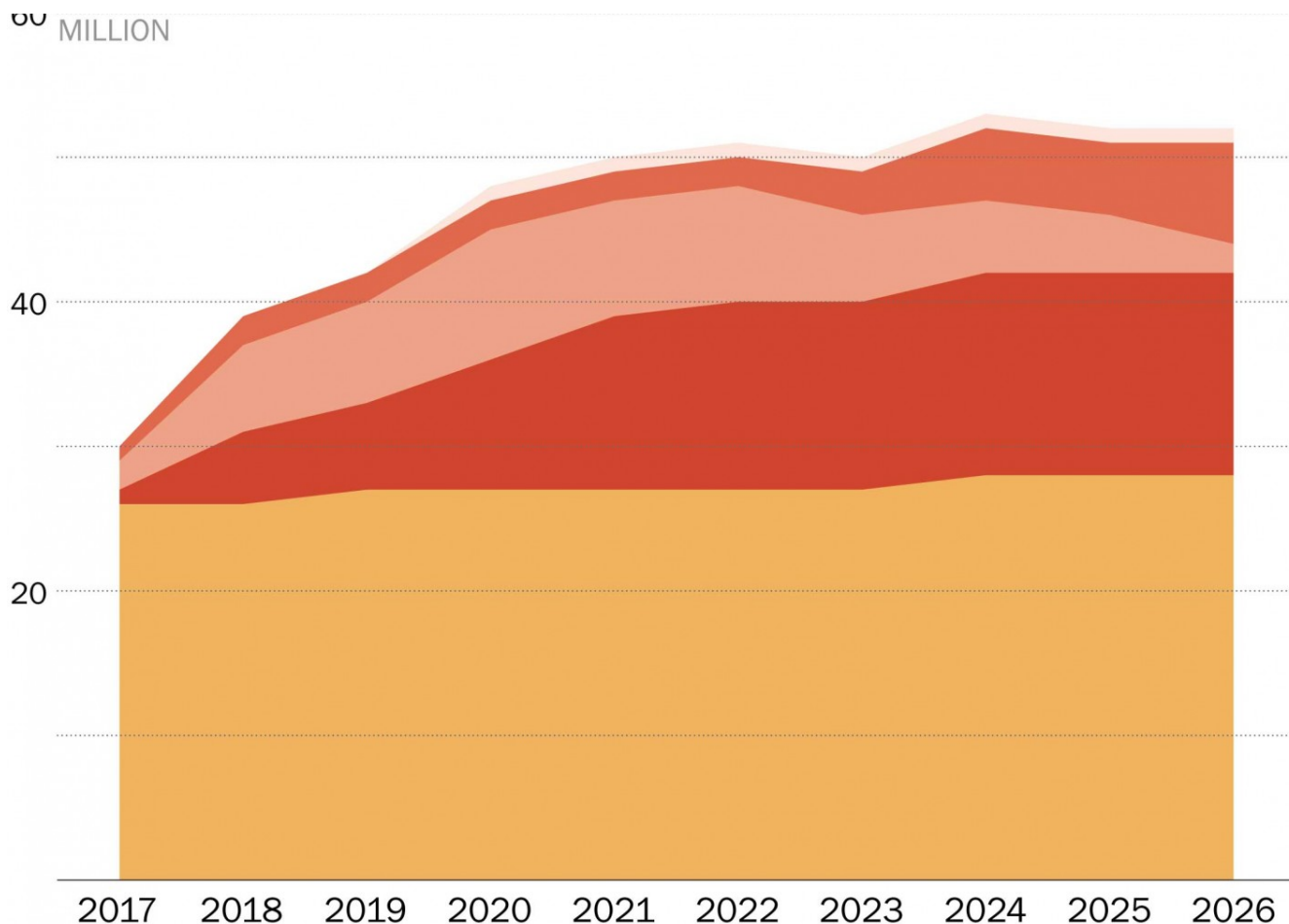
By 2026, we hit 24 million fewer people with coverage than would have it under Obamacare. Fourteen million fewer people would have it under Medicaid, 7 million fewer from an employer and 2 million fewer people would buy it from the exchange. (Why the drop in those not buying coverage individually? In part, the CBO says, because people would be more used to the tax credit structure under the new legislation.)

That's means that about 19 percent of the non-senior population in the United States would lack coverage, as opposed to an estimated 10 percent who would lack it if Obamacare were kept in place. That's the trade-off being made by the Republicans, the CBO suggests: a reduction in federal spending for a reduction in coverage.

How insurance coverage is likely to drop under AHCA

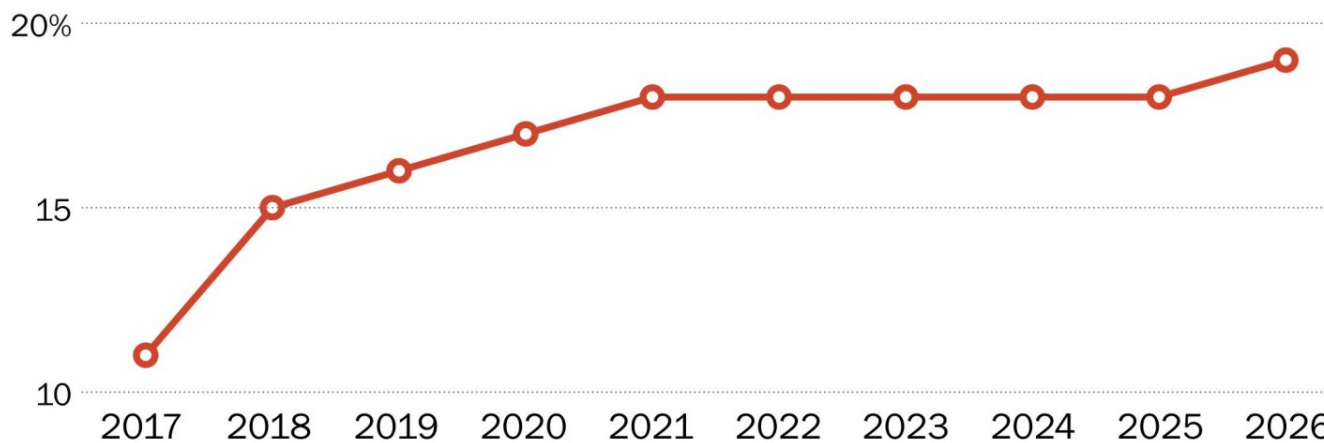
Projections from the Congressional Budget Office of how many fewer people would have coverage from various pools, relative to the current law. Analysis by The Post.

■ MEDICAID REDUCTION
 ■ INDIVIDUAL MARKET REDUCTION
 ■ EMPLOYER COVERAGE REDUCTION
■ UNINSURED UNDER CURRENT LAW
 ■ OTHER INSURED



Percent of non-senior population lacking coverage

Estimates based on Census Bureau projections, Congressional Budget Office data.



Republican leaders, though, argue that this is only part of the revisions they propose, and that, over the long run, reduced costs could mean [no net loss in the number of insured](#) — or even a gain.

Working with the AHCA as introduced, though, the CBO clearly doesn't agree with that prediction.

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

Item:	Report on El Camino Healthcare District Board Actions Finance Committee March 27, 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:	<ol style="list-style-type: none"> 1. Report on March ECHD Board Actions

Att. 05a Report on ECH Board Actions March 2017

January – March 2017 ECH Board Actions*

1. January 25, 2017
 - a. Closed session study session on strategic priorities held
2. February 8, 2017
 - a. Approved Extension of MOU with SEIU/UHW – 3% across the board increases for two years and market adjustments for 12 difficult to recruit for positions.
 - b. Approved FY 17 period 6 Financials.
 - c. Approved funding of \$400,000 from the Board-Designated Community Benefit Fund in FY18 and no changes to the endowment principal.
 - d. Approved amendment to contract with Stanford to provide PT and OT services in the NICU
 - e. Board of Director Approval of Policies;
 - f. Approved 2 policies: Board of Director Approval of Policies and Policy and Procedure Formulation, Approval, and Distribution (Policy on Policies).
 - g. Approved Orthopedic Co-Management Agreement.
 - h. Approved Funding for Replacement of 28 Ventilators
3. February 15, 2017
 - a. Closed session study session on strategic priorities is scheduled for this date.
4. March 3, and 4, 2017 – Board Retreat - Closed session study session on strategic priorities held
5. March 8, 2017
 - a. 2017 Plan of Finance (Revenue Bonds)
 - b. FY17 CMO Incentive Plan Goals
 - c. Revised VP, Corporate and Community Health Services, President Concern FY 17 Incentive Goals
 - d. Appointment of ECC Member Jaison Layney

*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.

Att. 05b ECHD Board Actions March 2017

March 2017 ECHD Board Actions*

1. March 8, 2017 –
 - a. Approved the 2017 General Obligation (GO) Bond Refinancing
2. March 14, 2017 –
 - a. Approved the District Financials FY17 YTD
 - b. Asked the staff to bring back proposals for Community Benefit Advisory Council Structure
 - c. Affirmed District Board Officers will be elected through nominations from the floor at its June 20, 2016 meeting
 - d. Received Ad Hoc Committee Report: Working with executive recruiting firm to identify candidates for the El Camino Hospital Board of Directors. Expect to bring forward finalists to the District Board for interview on May 22, 2017.

*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 8
7/1/2016 to 2/28/2017

Dashboard - ECH combined as of February 28, 2017⁽²⁾

	Annual					Month			YTD			
	2014	2015	2016	2017	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	
ADC	238	246	242	236	245	268	245	262	241	236	244	
Adjusted Discharges	22,206	22,342	22,499	22,980	22,992	1,692	1,915	1,824	14,699	15,320	15,346	
Total Discharges	19,427	19,637	19,367	19,422	19,781	1,543	1,565	1,587	12,787	12,948	13,199	
Inpatient Cases												
MS Discharges	12,883	13,114	13,344	13,359	13,499	1,058	1,106	1,083	8,706	8,906	9,003	
Deliveries	5,140	5,067	4,717	4,664	4,810	376	356	386	3,128	3,109	3,208	
BHS	857	901	806	924	901	67	68	73	623	616	607	
Rehab	547	555	500	476	570	42	35	46	330	317	380	
Outpatient												
ED	46,056	49,130	49,927	47,702	51,258	4,234	3,917	4,110	32,446	31,801	34,186	
Procedural Cases												
OP Surg	6,444	6,479	6,053	6,552	6,427	436	546	515	4,082	4,368	4,287	
Endo	2,492	2,520	2,322	2,150	2,479	167	184	199	1,534	1,433	1,653	
Interventional	1,706	1,878	1,970	1,988	2,323	138	142	186	1,348	1,325	1,549	
All Other	69,458	68,052	79,656	80,867	84,566	6,706	6,657	6,782	52,820	53,912	56,400	
Financial Performance (\$000s)												
Net Revenues	721,123	746,645	772,020	804,790	789,585	57,800	63,665	63,167	499,606	536,527	518,133	
Operating Expenses	669,680	689,631	743,044	731,293	764,828	60,668	61,657	61,515	490,791	487,529	502,106	
Operating Income \$	70,305	78,120	52,613	99,343	49,817	-795	3,803	3,738	24,888	66,229	32,726	
Operating Margin	9.5%	10.2%	6.6%	12.0%	6.1%	-1.3%	5.8%	5.7%	4.8%	12.0%	6.1%	
EBITDA \$	125,254	128,002	108,554	152,823	109,890	4,046	8,192	8,809	60,294	101,882	71,030	
EBITDA %	16.9%	16.7%	13.6%	18.4%	13.5%	6.8%	12.5%	13.5%	11.7%	18.4%	13.3%	
IP Margin ¹	-3.2%	-3.9%	-8.7%	-6.9%	-6.1%	-15.9%	-15.4%	-6.1%	-11.6%	-6.9%	-6.1%	
OP Margin ¹	25.2%	26.7%	26.7%	32.8%	26.4%	17.7%	29.0%	26.4%	25.0%	32.8%	26.4%	
Payor Mix												
Medicare	44.6%	46.2%	46.6%	47.6%	46.4%	49.2%	51.2%	46.4%	45.4%	47.6%	46.4%	
Medi-Cal	6.0%	6.6%	7.4%	7.3%	6.5%	7.2%	7.5%	6.5%	7.7%	7.3%	6.5%	
Commercial IP	25.4%	24.2%	23.2%	22.5%	24.0%	22.2%	20.6%	24.0%	24.1%	22.5%	24.0%	
Commercial OP	18.6%	18.7%	18.7%	20.1%	19.0%	19.1%	18.2%	19.0%	19.9%	20.1%	19.1%	
Total Commercial	44.0%	42.9%	41.9%	42.6%	43.0%	41.3%	38.8%	43.0%	44.0%	42.6%	43.1%	
Other	5.4%	4.3%	4.1%	2.5%	4.1%	2.3%	2.5%	4.1%	2.9%	2.5%	4.1%	
Cost												
Employees	2,435.6	2,452.4	2,542.8	2,484.0	2,556.4	2,559.7	2,515.0	2,623.5	2,609.8	2,484.0	2,556.4	
Hrs/APD	29.31	30.45	30.35	30.23	30.82	30.62	29.17	29.33	30.79	30.23	30.82	
Balance Sheet												
Net Days in AR	50.9	43.6	53.7	49.0	48.0	53.7	49.0	48.0	53.7	49.0	48.0	
Days Cash	382	401	361	408	266	361	408	266	361	408	266	
Debt to Capitalization	12.6%	13.6%	13.8%	12.8%	17.3%	13.8%	12.8%	17.3%	13.8%	12.8%	17.3%	
MADS	9.5	8.9	6.1	15.5	9.3	6.1	15.5	9.3	6.1	15.5	9.3	
Affiliates - Net Income (\$000s)												
Hosp	118,906	94,787	43,043	143,102	67,032	(4,881)	8,479	4,467	(12,196)	95,401	38,557	
Concern	1,862	1,202	1,823	1,504	2,604	215	274	257	1,588	1,003	1,697	
ECSC	(5)	(41)	(282)	(90)	0	(4)	(6)	0	13	(60)	0	
Foundation	3,264	710	982	3,068	(450)	14	371	(47)	(320)	2,046	(314)	
SVMD	32	106	156	241	0	(1)	(30)	7	(13)	160	1,097	

Inpatient Volume:

- February inpatient discharges exceed budget and PY; YTD discharge budget gap is 1.9%
- YTD General Medicine is higher than budget by 2.6%, as well as Cardiovascular by 2.3% and Spine Surgery 7.9%. Deliveries are down by 3.1% and rehab cases are also down by 16.7% due to total cost of care effort to reduce the lower acuity cases.

Outpatient Volume:

- Overall YTD outpatient volume is 5.3% below budget but higher than PY.
- Total ED visits including admission are flat with prior year even though OP ED cases are down.
- The OP Surgery is 1.9% higher than budget and 7% higher than last year.
- OP Oncology remains strong with 8.6% higher than budget.

Operating Income:

- Operating Income was ahead of budget by \$65k for the month and \$33.5M YTD.
- February results are at budget despite lower volume due to higher mix of surgical volume.

- Payor Mix slightly improved from January from 38.8% to 40.4%, but still under budget due to higher Medicare general medicine cases during flu season.

- Feb Unusual Items we include \$947k in Mcare settlement for FY16 and \$143K in RAC Release

- Net days in AR remained the same for February at 49 days.

- Total cash on hand is still at an all time high of 408 days in Feb.

- February results for MV and LG include a \$3 million correction to move net revenue to LG. No impact on combined net revenue

(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

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)						
	65,253	65,460		534,832	553,757	
Budgeted Hospital Operations FY2017		3,738	5.7%		32,726	6.1%
Net Revenue		207	0.3%		18,926	3.4%
* Rev cycle improvements	(1,123)			12,608		
* Medi-Cal Supplemental	240			1,366		
* Mcare Settlement	947			1,264		
* Prime Medi-Cal	0			3,510		
* RAC Release	143			178		
Labor and Benefit Expense Change		(892)	-1.4%		8,902	1.6%
* Improve Productivity & flexing down staffing during holidays	(892)			14,341		
* Pay-for-Performance Bonus Accrual	0			(2,447)		
* Repricing of PTO Bank	0			404		
* Old employee WC settlement	0			(432)		
* Ratification Bonus to PRN	0			(2,600)		
* Severance Pay	0			(365)		
* One time UH expense reduction	0			0		
Professional Fees & Purchased Services		275	0.4%		417	0.1%
* Physician Fees	200			1,057		
* Consulting Fee including LG Surgery Intrim Director, LG Rehab purchase service expense.	(69)			(1,484)		
* Purchased Services mainly due to backfill for vacant IT positions	14			(2,181)		
* Repairs and Maintenance Fees	130			3,024		
Supplies		(221)	-0.3%		2,940	0.5%
* Drug Exp (due to higher Infusion Center volume; but offset by higher gross revenue)	(9)			(1,476)		
* Medical Supplies	(250)			2,895		
* Misc Net Supplies (Food/Volumes)	38			1,521		
Other Expenses		13	0.0%		(332)	-0.1%
* Leases & Rental Fees (Rental Lease Costs)	42			(265)		
* Utilities & Telephone (continue on routine PG&E accrual but no payment yet)	128			443		
* Other G&A	(158)			(402)		
* MD Income Guarantee forgiveness	0			(109)		
Depreciation & Interest		683	1.0%		2,651	0.5%
* Depreciation (Ongoing depreciation on the Old 2nd & 3rd FI & GL improvement projects)	679			2,488		
* Interest Expense	4			163		
Actual Hospital Operations FY2017		3,803	5.8%		66,229	12.0%

El Camino Hospital (\$000s)

8 month ending 2/28/2017

PERIOD 8 FY 2016	PERIOD 8 FY 2017	PERIOD 8 Budget 2017	Variance			YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance	
			Fav (Unfav)	Var%	\$000s				Fav (Unfav)	Var%
OPERATING REVENUE										
226,918	238,237	234,268	3,969	1.7%	Gross Revenue	1,805,926	1,957,450	1,921,399	36,051	1.9%
(169,118)	(174,572)	(171,101)	(3,471)	1.0%	Deductions	(1,306,320)	(1,420,923)	(1,403,266)	(17,658)	1.3%
57,800	63,665	63,167	498	0.8%	Net Patient Revenue	499,606	536,527	518,133	18,393	3.5%
2,073	1,795	2,086	(291)	-14.0%	Other Operating Revenue	16,073	17,231	16,698	533	3.2%
59,873	65,460	65,253	207	0.3%	Total Operating Revenue	515,679	553,757	534,832	18,926	3.5%
OPERATING EXPENSE										
35,733	37,928	37,036	(892)	-2.4%	Salaries & Wages	287,822	296,101	305,003	8,902	2.9%
9,063	9,777	9,556	(221)	-2.3%	Supplies	75,754	75,133	78,073	2,940	3.8%
8,225	7,485	7,760	275	3.5%	Fees & Purchased Services	65,415	62,144	62,561	417	0.7%
2,805	2,079	2,092	13	0.6%	Other Operating Expense	26,393	18,497	18,165	(332)	-1.8%
602	444	448	4	0.9%	Interest	3,746	3,423	3,586	163	4.5%
4,239	3,944	4,623	679	14.7%	Depreciation	31,661	32,230	34,718	2,488	7.2%
60,668	61,657	61,515	(142)	-0.2%	Total Operating Expense	490,791	487,529	502,106	14,577	2.9%
(795)	3,803	3,738	65	1.7%	Net Operating Income/(Loss)	24,888	66,229	32,726	33,503	102.4%
(4,086)	4,675	729	3,946	541.4%	Non Operating Income	(37,083)	29,173	5,831	23,341	400.3%
(4,881)	8,479	4,467	4,011	89.8%	Net Income(Loss)	(12,196)	95,401	38,557	56,844	147.4%
6.8%	12.5%	13.5%	-1.0%		EBITDA	11.7%	18.4%	13.3%	5.1%	
-1.3%	5.8%	5.7%	0.1%		Operating Margin	4.8%	12.0%	6.1%	5.8%	
-8.2%	13.0%	6.8%	6.1%		Net Margin	-2.4%	17.2%	7.2%	10.0%	

Non Operating Items and Net Income by Affiliate

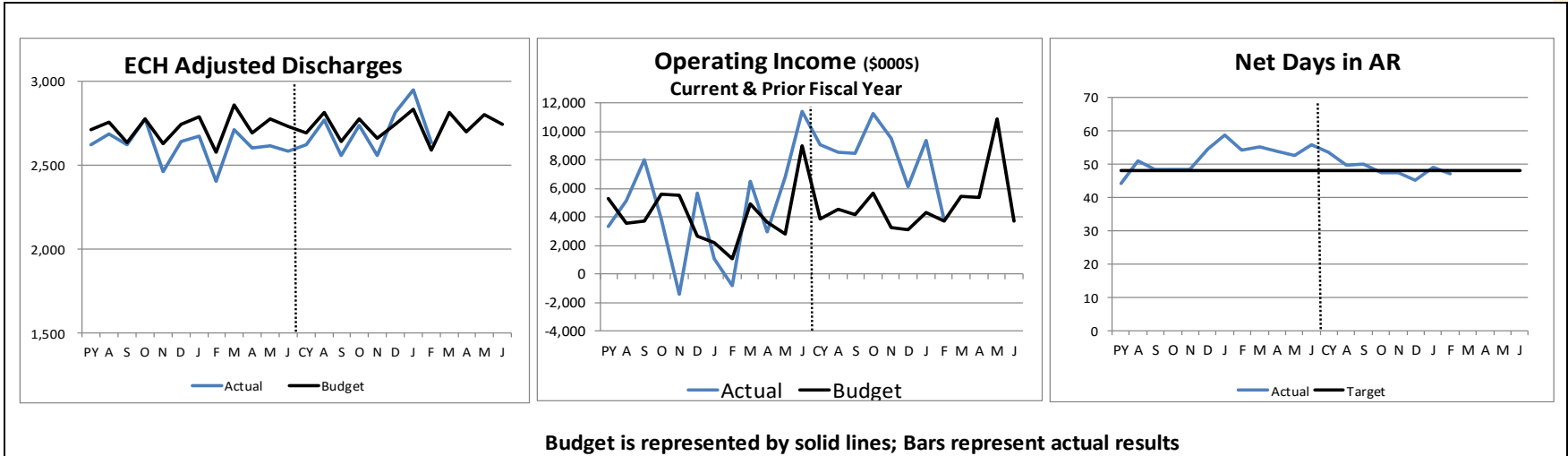
\$ in thousands

	Period 8 - Month			Period 8 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	862	3,024	(2,162)	61,929	25,252	36,678
Los Gatos	2,941	714	2,227	4,299	7,474	(3,175)
Sub Total - El Camino Hospital, excl. Affiliates	3,803	3,738	65	66,229	32,726	33,503
Operating Margin %	5.8%	5.7%		12.0%	6.1%	
El Camino Hospital Non Operating Income						
Investments	5,342	1,512	3,830	31,500	12,093	19,406
Swap Adjustments	(57)	0	(57)	3,342	0	3,342
Community Benefit	(653)	(283)	(369)	(2,769)	(2,267)	(502)
Other	43	(499)	542	(2,901)	(3,995)	1,095
Sub Total - Non Operating Income	4,675	729	3,946	29,173	5,831	23,341
El Camino Hospital Net Income (Loss)	8,479	4,467	4,011	95,401	38,557	56,844
ECH Net Margin %	13.0%	6.8%		17.2%	7.2%	
Concern	274	257	17	1,003	1,697	(694)
ECSC	(6)	0	(6)	(60)	0	(60)
Foundation	371	(47)	418	2,046	(314)	2,359
Silicon Valley Medical Development	(30)	7	(37)	160	(0)	161
Net Income Hospital Affiliates	609	217	392	3,149	1,382	1,766
Total Net Income Hospital & Affiliates	9,088	4,684	4,404	98,550	39,940	58,610

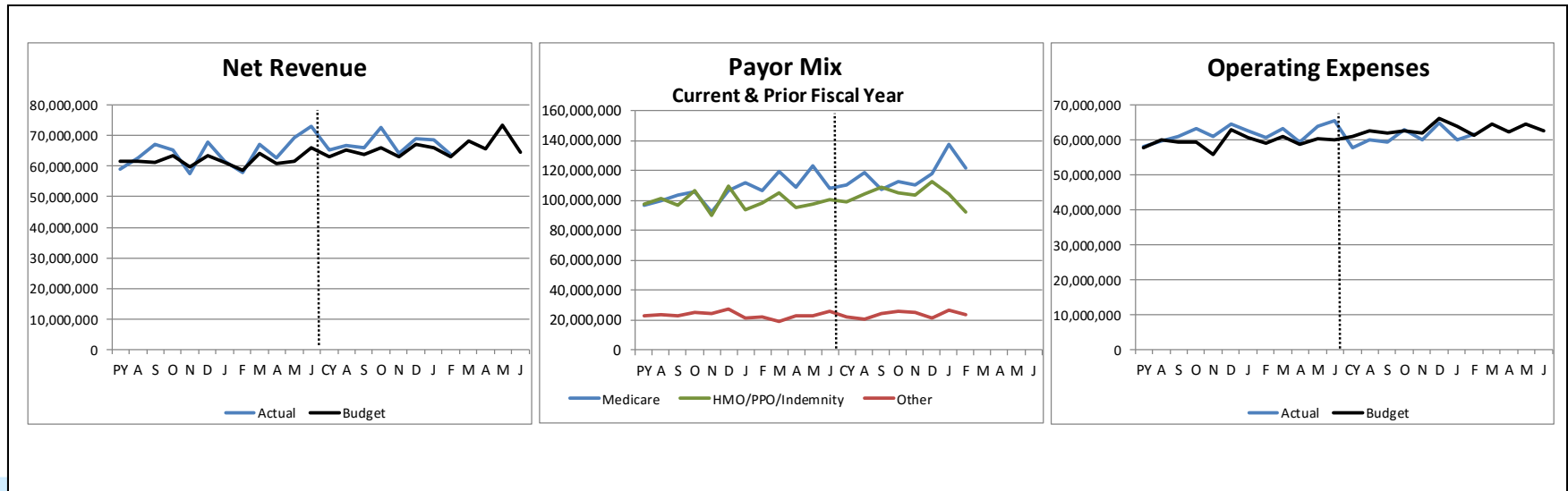
Swap gain due to rise in interest rates
Favorable variance in Other due to lower losses at SVMD

Higher Foundation income due to high unrestricted donations and investment income

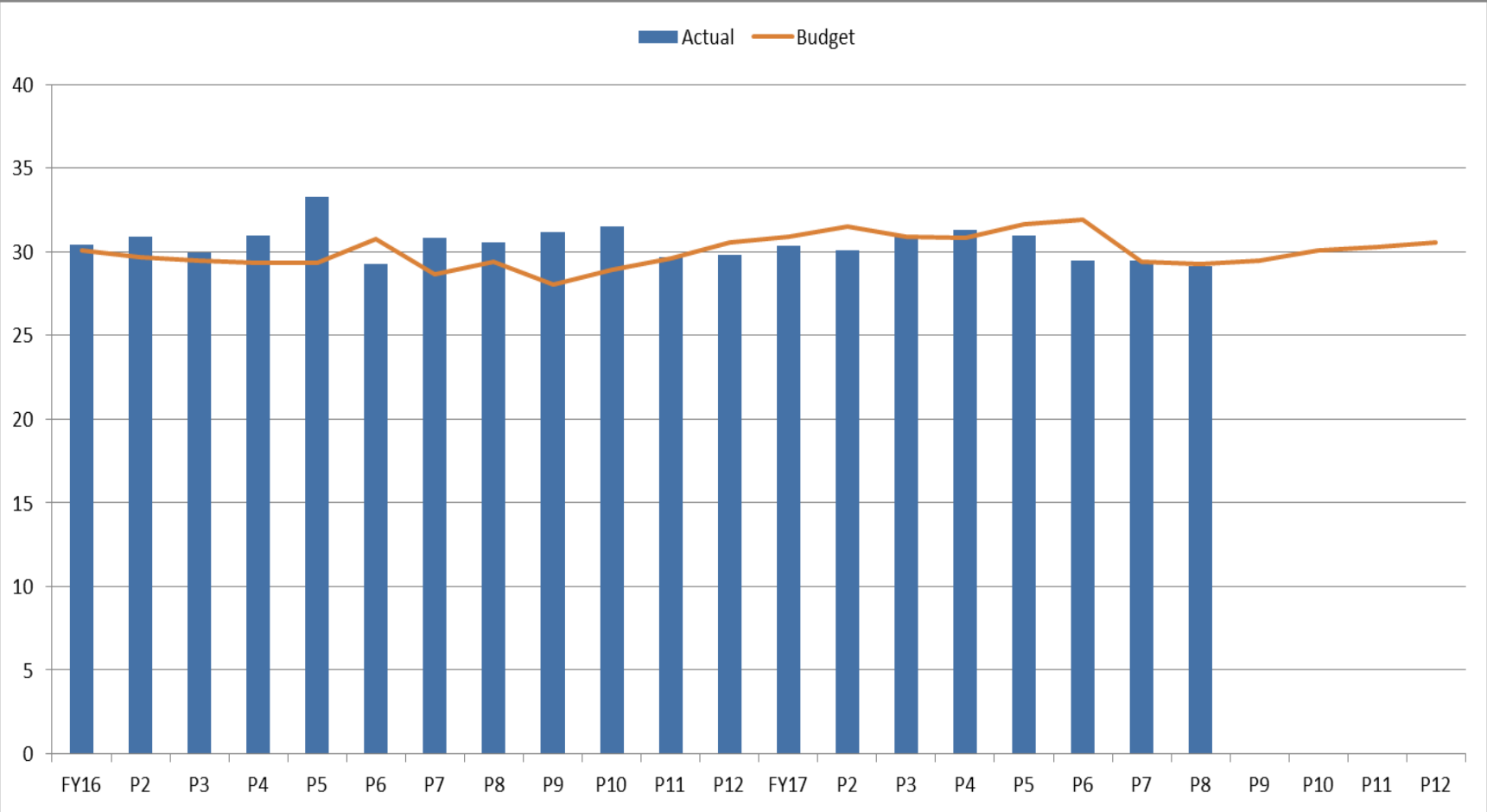
Monthly Financial Trends



February volume is lower than previous month, where January's volume spike was due to flu season. Operating expenses slightly higher than budgeted in February, but is \$14.5M under budget YTD

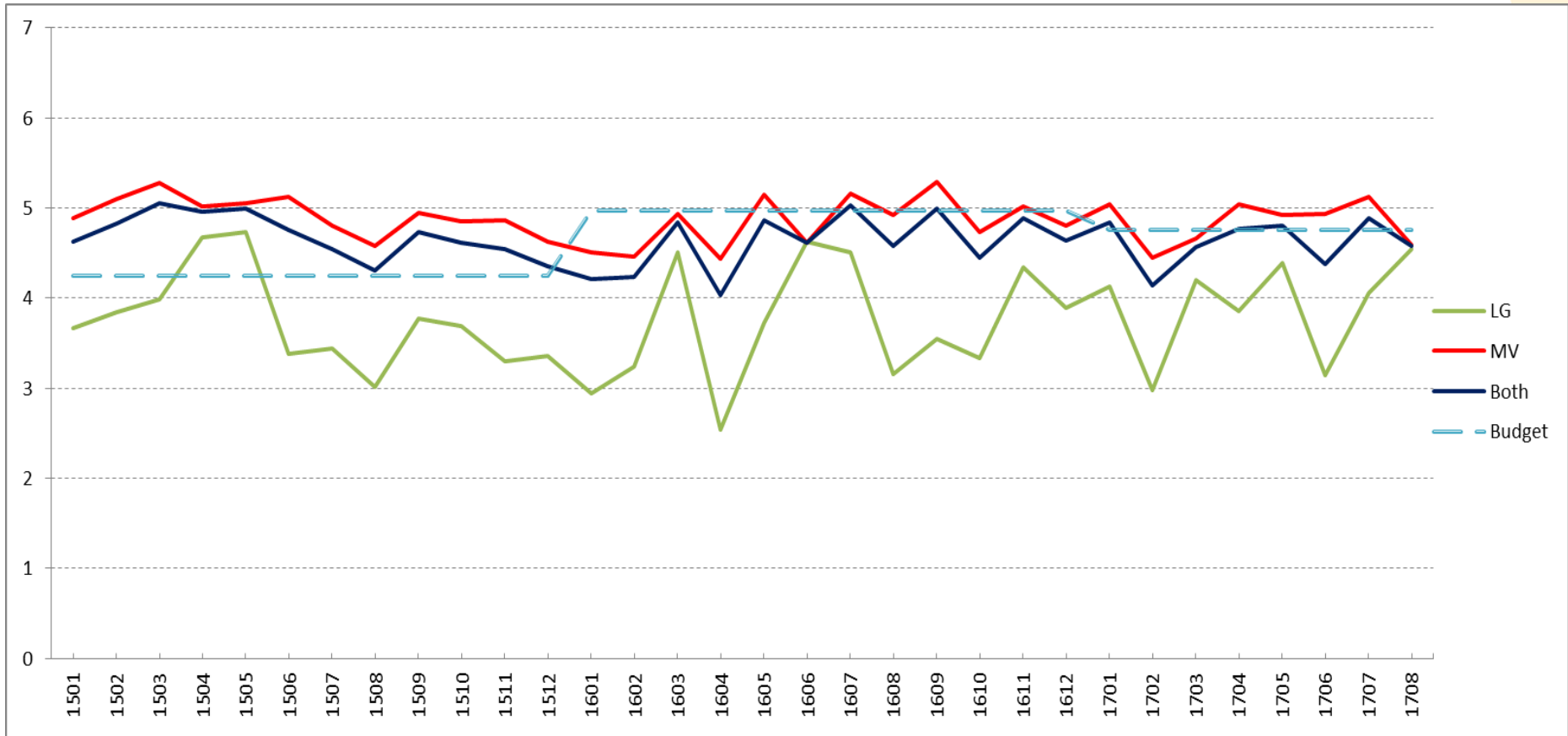


Worked Hours per Adjusted Patient Day



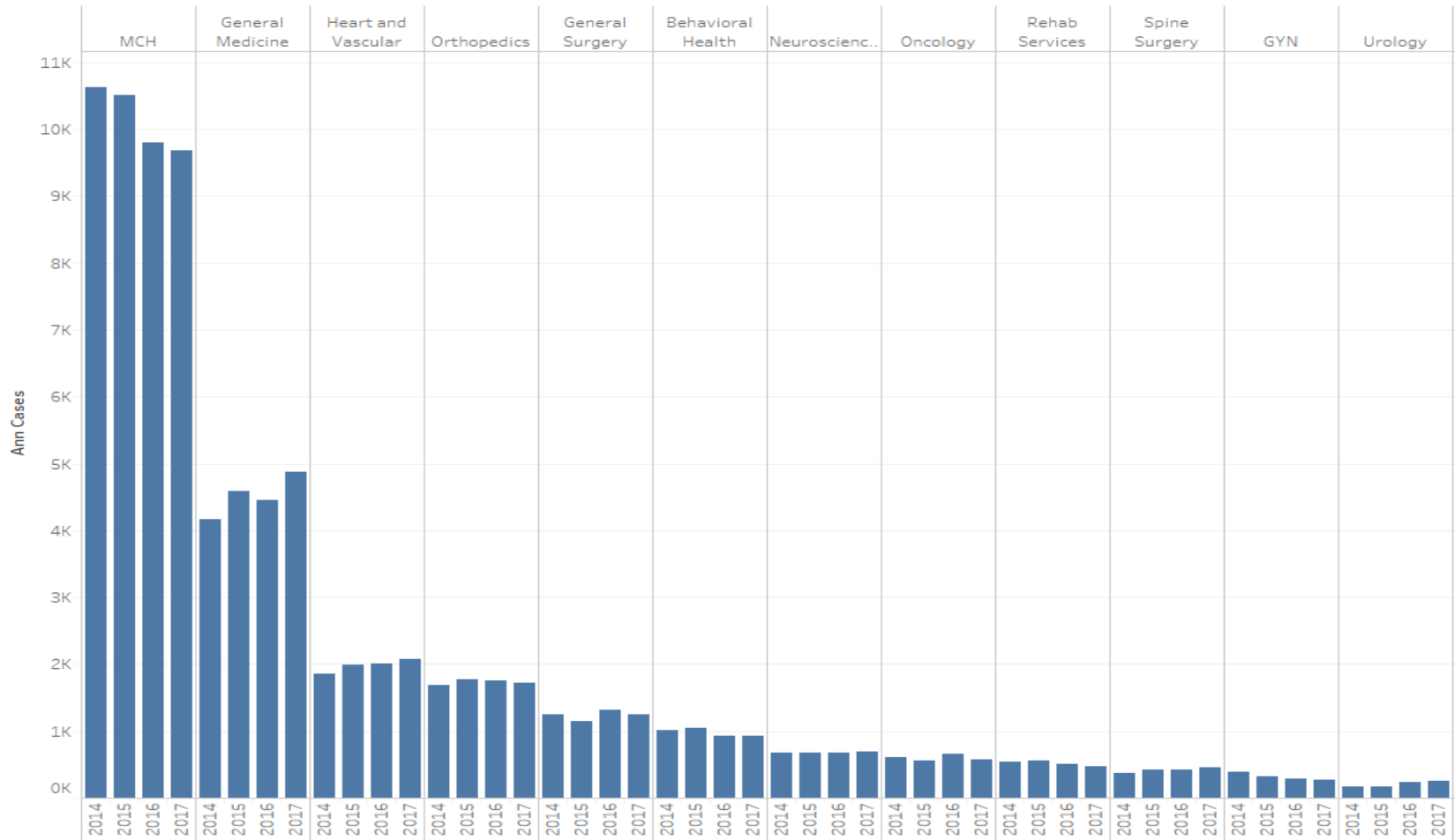
Productivity has improved after EPIC go-live and is favorable compared to budget.

Medicare ALOS



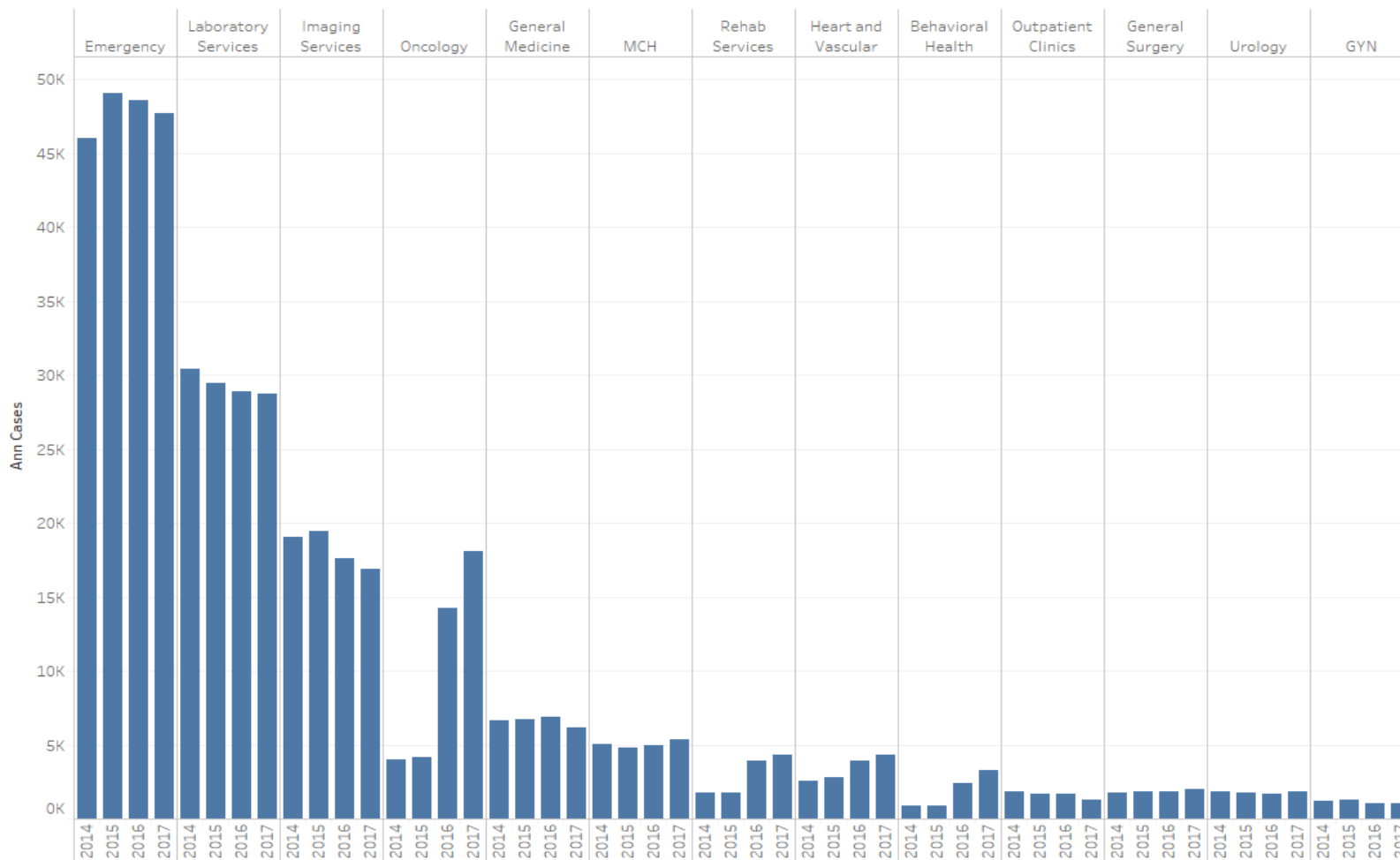
•ALOS decreased slightly in February due to short month.

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



- General Medicine experienced a volume decrease from January to February
- MCH volume decreased in February with decreases in both vaginal & C-section deliveries

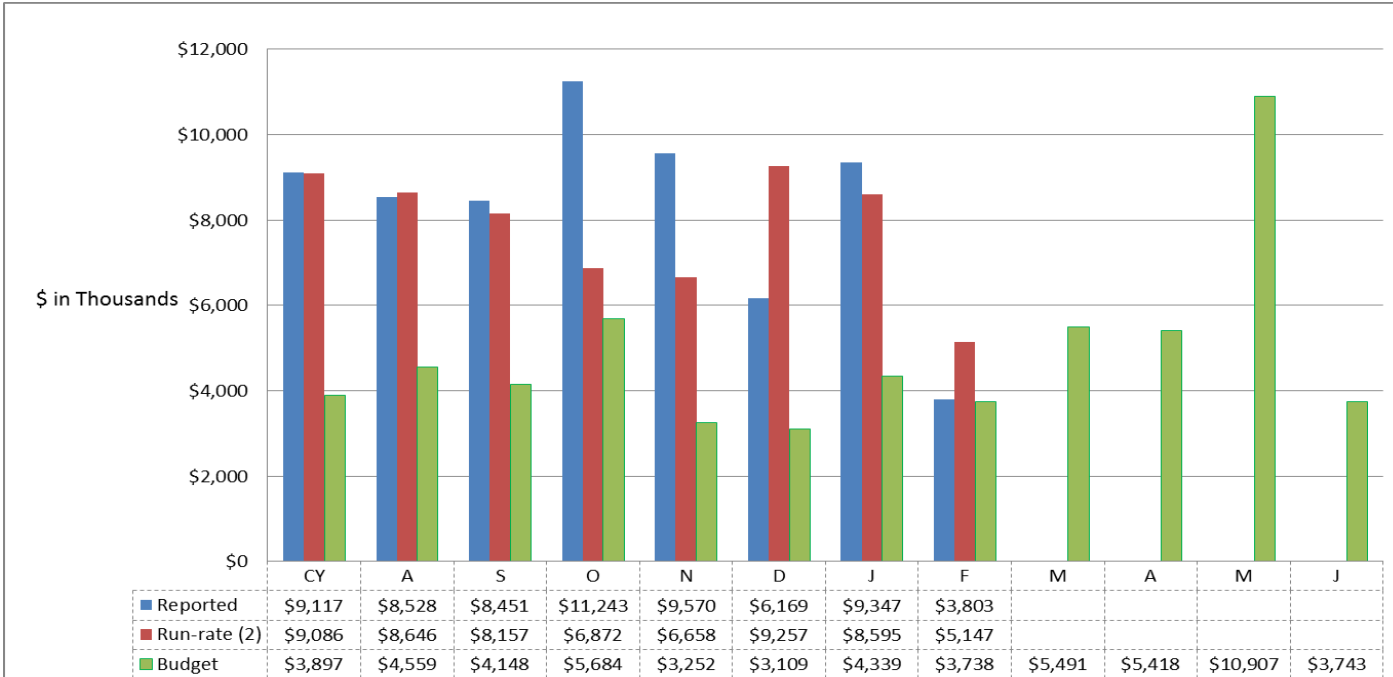
El Camino Hospital Volume Annual Trends – Outpatient FY 2017 is annualized



- General Surgery is 90.9% favorable budget for February, budgeted 55 cases where actual is 105.

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	-\$112	-\$143	\$0	\$0	\$0	\$0
	Insurance Overpayment Release Spine	-\$335	\$0	-\$61	-\$145	-\$36	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Mcare Settlnmt/Appeal/Tent Settlnmt/PIP	-\$100	\$158	-\$74	-\$67	-\$67	-\$100	-\$67	-\$947	\$0	\$0	\$0	\$0
	LPCH Adjstmt	-\$8	-\$41	-\$19	-\$25	-\$12	-\$9	-\$19	-\$14	\$0	\$0	\$0	\$0
	BPCI Settlement	\$0	\$0	\$0	\$0	\$0	\$0	\$2,167	\$0	\$0	\$0	\$0	\$0
	Medi-Cal Supplemental	\$0	\$0	\$0	\$0	\$0	-\$312	-\$814.29	-\$240	\$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	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	IGT Supplemental	\$0	\$0	\$0	-\$6,535	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total		-\$366	\$118	-\$299	-\$6,771	-\$115	-\$421	\$1,155	-\$1,344	\$0	\$0	\$0	\$0
Expense Adjustments	Pay-For-Performance Bonus	\$0	\$0	\$0	\$0	\$0	\$2,400	\$403	\$401	\$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	\$403	\$401	\$0	\$0	\$0

El Camino Hospital Investment Committee Scorecard

December 31, 2016

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

El Camino Hospital

Capital Spending (in millions)

Category	Detail	Approved	Total		Spent from Inception	FY 17 Proj Spend	FY 17 YTD Spent
			Total Estimated Cost of Project	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	8.1	3.1
	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	1.2	0.1
	1519/1314 LG Electrical Systems Upgrade	FY16	1.2	0.0	0.0	0.0	0.0
	1347 LG Central Sterile Upgrades	FY15	3.7	0.2	0.3	0.4	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	0.0	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	0.1	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	0.0	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	1.7	0.1
	All Other Projects under \$1M		8.6	6.7	4.6	4.1	1.7
			569.9	401.2	80.7	131.0	37.7
GRAND TOTAL				427.3		157.0	41.1

El Camino Hospital

Capital Spending – Facility Projects (in millions)

	(\$ 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)
1520	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	8,100	(850)
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)
1519	LG Electrical Systems Upgrade	FY16			
	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	18,487	11,713
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	130,636	73,841

⁽¹⁾ Approved Spending prior to FY17

Balance Sheet (in thousands)

ASSETS			LIABILITIES AND FUND BALANCE		
	Audited			Audited	
	February 28, 2017	June 30, 2016		February 28, 2017	June 30, 2016
CURRENT ASSETS			CURRENT LIABILITIES		
(1) Cash	93,700	59,169	(7) Accounts Payable	21,863	28,519
Short Term Investments	122,486	105,284	Salaries and Related Liabilities	23,447	22,992
(2) Patient Accounts Receivable, net	105,816	120,960	Accrued PTO	22,054	22,984
Other Accounts and Notes Receivable	2,122	4,369	Worker's Comp Reserve	2,300	2,300
(3) Intercompany Receivables	1,493	2,200	Third Party Settlements	13,110	11,314
(4) Inventories and Prepays	44,277	39,678	Intercompany Payables	53	105
Total Current Assets	369,894	331,660	Malpractice Reserves	1,936	1,936
BOARD DESIGNATED ASSETS			Bonds Payable - Current	3,735	3,635
Plant & Equipment Fund	123,178	119,650	(8) Bond Interest Payable	1,783	5,459
(5) Women's Hospital Expansion	9,298	-	Other Liabilities	8,171	10,478
Operational Reserve Fund	100,196	100,196	Total Current Liabilities	95,560	106,830
Community Benefit Fund	12,189	13,037	LONG TERM LIABILITIES		
Workers Compensation Reserve Fund	23,258	22,309	Post Retirement Benefits	19,339	18,256
Postretirement Health/Life Reserve Fund	19,339	18,256	Worker's Comp Reserve	20,958	20,009
PTO Liability Fund	22,054	22,984	Other L/T Obligation (Asbestos)	3,710	3,637
Malpractice Reserve Fund	1,800	1,800	Other L/T Liabilities (IT/Medl Leases)	-	-
Catastrophic Reserves Fund	16,185	14,125	Bond Payable	219,502	225,857
Total Board Designated Assets	327,497	312,358	Total Long Term Liabilities	263,509	267,759
(6) FUNDS HELD BY TRUSTEE	25,415	30,841	DEFERRED INFLOW OF RESOURCES		
LONG TERM INVESTMENTS	222,582	207,597		2,892	2,892
INVESTMENTS IN AFFILIATES	32,412	31,627	FUND BALANCE/CAPITAL ACCOUNTS		
PROPERTY AND EQUIPMENT			Unrestricted	1,071,826	985,583
Fixed Assets at Cost	1,182,056	1,171,372	Board Designated	327,497	312,358
Less: Accumulated Depreciation	(516,439)	(485,856)	Restricted	0	-
Construction in Progress	88,453	46,009	(9) Total Fund Bal & Capital Accts	1,399,323	1,297,941
Property, Plant & Equipment - Net	754,070	731,525	TOTAL LIABILITIES AND FUND BALANCE		
DEFERRED OUTFLOWS	29,414	29,814		1,761,284	1,675,422
RESTRICTED ASSETS - CASH	0	-			
TOTAL ASSETS	1,761,284	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 eight 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 two quarterly pension contributions of \$2.6M each since July 1, 2016.
- (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 a semi-annual 2015A bond interest payment made in January, 2017.
- (9) The increase is due to this fiscal year's P&L affect (\$67M from Operations and \$30M for Non-Operations – primarily due to unrealized investment gain), and the 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)

8 months ending 2/28/2017

PERIOD 8 FY 2016	PERIOD 8 FY 2017	PERIOD 8 Budget 2017	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
187,826	192,985	191,376	1,609	0.8%	Gross Revenue	1,475,112	1,606,267	1,565,280	40,987	2.6%
(139,774)	(144,092)	(140,053)	(4,039)	2.9%	Deductions	(1,067,728)	(1,164,557)	(1,145,488)	(19,070)	1.7%
48,052	48,893	51,323	(2,430)	-4.7%	Net Patient Revenue	407,384	441,710	419,792	21,918	5.2%
1,885	1,612	1,872	(260)	-13.9%	Other Operating Revenue	14,461	15,905	14,981	924	6.2%
49,937	50,504	53,194	(2,690)	-5.1%	Total Operating Revenue	421,845	457,614	434,773	22,841	5.3%
OPERATING EXPENSE										
29,867	31,383	30,860	(522)	-1.7%	Salaries & Wages	239,630	246,200	253,895	7,695	3.0%
7,431	7,687	7,807	120	1.5%	Supplies	61,662	61,107	63,893	2,786	4.4%
6,953	6,017	6,565	548	8.4%	Fees & Purchased Services	54,764	51,299	52,613	1,314	2.5%
1,263	655	545	(110)	-20.1%	Other Operating Expense	13,732	5,590	5,304	(286)	-5.4%
602	444	448	4	0.9%	Interest	3,746	3,423	3,586	163	4.5%
3,717	3,457	3,944	488	12.4%	Depreciation	27,657	28,066	30,231	2,165	7.2%
49,834	49,642	50,170	528	1.1%	Total Operating Expense	401,191	395,685	409,521	13,837	3.4%
104	862	3,024	(2,162)	-71.5%	Net Operating Income/(Loss)	20,654	61,929	25,252	36,678	145.2%
(4,086)	4,675	729	3,946	541.4%	Non Operating Income	(37,057)	29,183	5,831	23,352	400.5%
(3,983)	5,537	3,753	1,784	47.5%	Net Income(Loss)	(16,403)	91,113	31,083	60,030	193.1%
8.9%	9.4%	13.9%	-4.5%		EBITDA	8.9%	20.4%	13.6%	6.8%	
0.2%	1.7%	5.7%	-4.0%		Operating Margin	4.9%	13.5%	5.8%	7.7%	
-8.0%	11.0%	7.1%	3.9%		Net Margin	-3.9%	19.9%	7.1%	12.8%	

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

8 months ending 2/28/2017

PERIOD 8 FY 2016	PERIOD 8 FY 2017	PERIOD 8 Budget 2017	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
39,093	45,253	42,893	2,360	5.5%	Gross Revenue	330,814	351,183	356,119	(4,936)	-1.4%
(29,344)	(30,480)	(31,048)	568	-1.8%	Deductions	(238,592)	(256,366)	(257,778)	1,412	-0.5%
9,748	14,773	11,845	2,928	24.7%	Net Patient Revenue	92,222	94,817	98,341	(3,524)	-3.6%
188	183	214	(31)	-14.4%	Other Operating Revenue	1,611	1,326	1,717	(391)	-22.8%
9,936	14,956	12,059	2,897	24.0%	Total Operating Revenue	93,834	96,143	100,059	(3,916)	-3.9%
OPERATING EXPENSE										
5,866	6,545	6,176	(369)	-6.0%	Salaries & Wages	48,192	49,901	51,108	1,207	2.4%
1,632	2,090	1,749	(341)	-19.5%	Supplies	14,093	14,026	14,180	154	1.1%
1,273	1,468	1,195	(274)	-22.9%	Fees & Purchased Services	10,651	10,845	9,948	(897)	-9.0%
1,542	1,424	1,547	123	7.9%	Other Operating Expense	12,661	12,907	12,861	(46)	-0.4%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
522	487	678	191	28.2%	Depreciation	4,004	4,165	4,487	323	7.2%
10,834	12,015	11,345	(670)	-5.9%	Total Operating Expense	89,600	91,844	92,584	740	0.8%
(898)	2,941	714	2,227	311.9%	Net Operating Income/(Loss)	4,233	4,299	7,474	(3,175)	-42.5%
0	0	0	0	0.0%	Non Operating Income	(26)	(10)	0	(10)	0.0%
(898)	2,941	714	2,227	311.9%	Net Income(Loss)	4,207	4,289	7,474	(3,186)	-42.6%
8.78%	22.9%	11.5%	-2.1%		EBITDA	8.8%	8.8%	12.0%	-3.2%	
-9.0%	19.7%	5.9%	13.7%		Operating Margin	4.5%	4.5%	7.5%	-3.0%	
-9.0%	19.7%	5.9%	13.7%		Net Margin	4.5%	4.5%	7.5%	-3.0%	



El Camino Hospital[®]

THE HOSPITAL OF SILICON VALLEY

Capital Facilities Project
Update > \$2.5m

March 27, 2017

Ken King

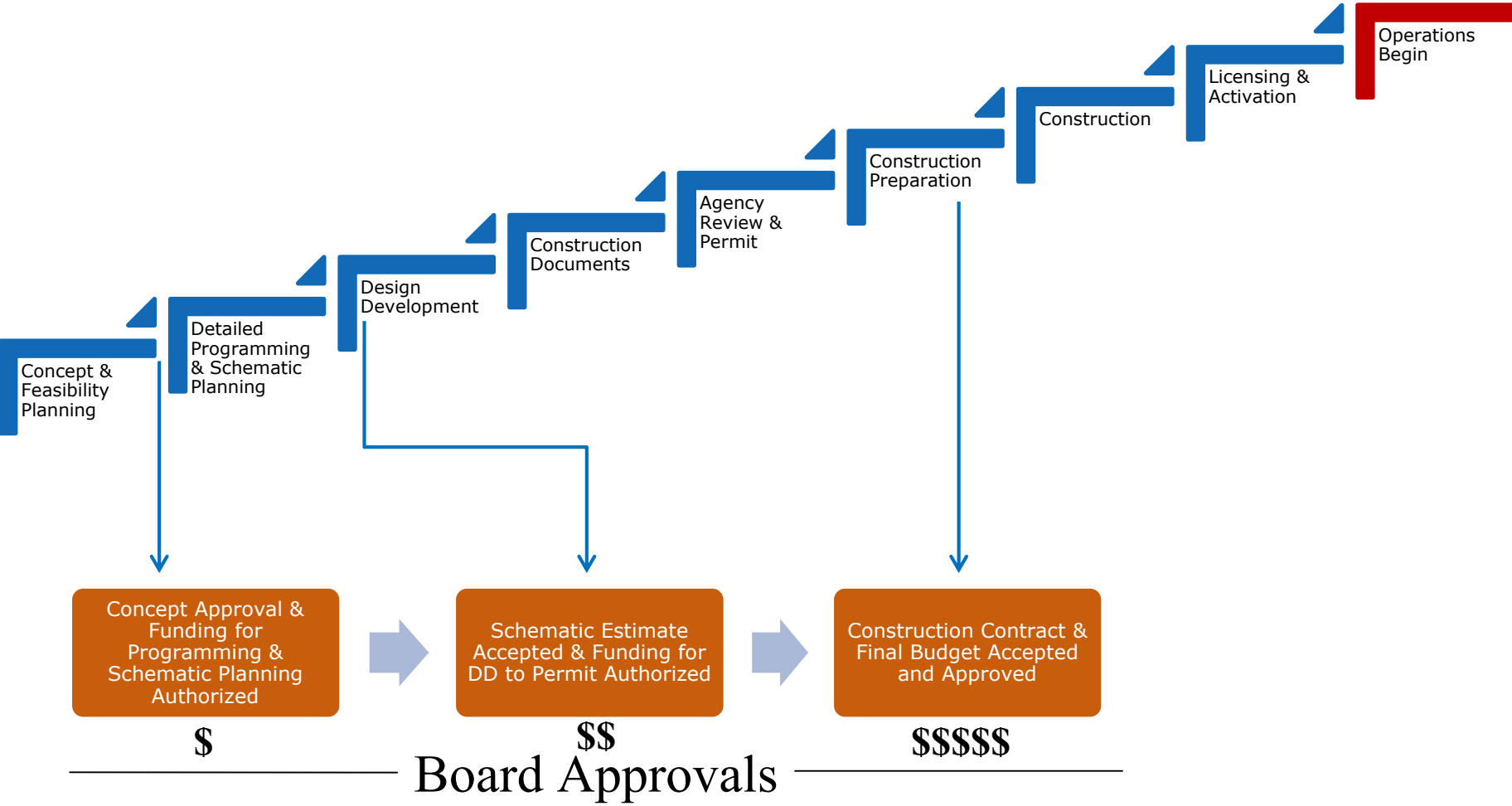
Chief Administrative Services
Officer

Informational Update

- This Capital Facilities Project Update regarding projects over \$2.5 million is provided to the Finance Committee for information only.
- Update Outline
 - Process Background
 - Project List – Projects > \$2.5M
 - Project Updates
 - Discussion & Questions

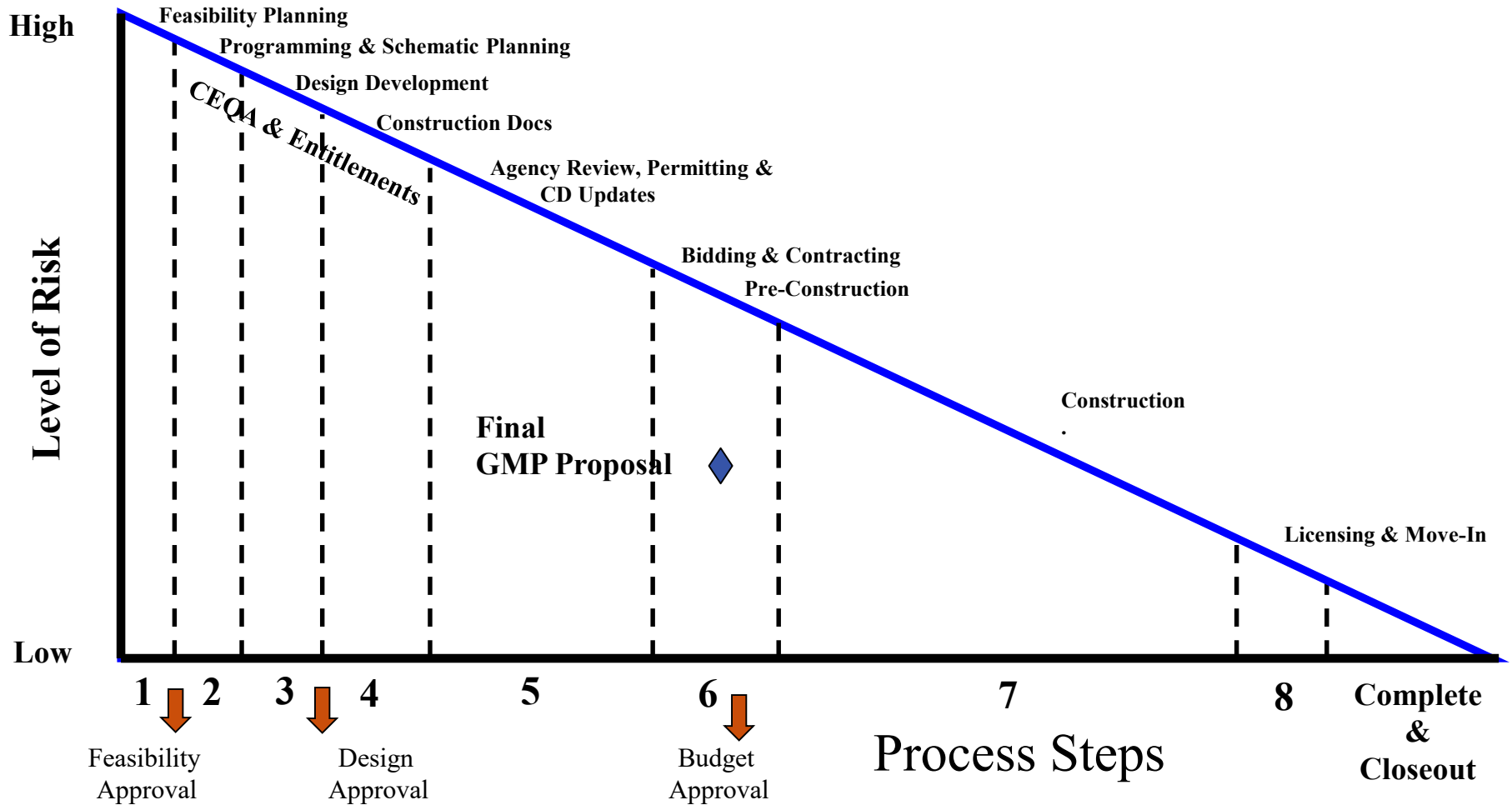
Process Background

Facilities Project Development Steps



Process Background

Managing Construction Risk through the execution of each Process Step



Project List

Projects > \$2.5M

	Project #	Project Name	Total Estimated Cost	Board Approved Funding to Date	Anticipated Future Funding Request	Note
MV Campus Master Plan Projects	1245	BHS Replacement	91,500,000	91,500,000	?	GMP Final Negotiation
	1413	North Dr Parking Structure Expansion	24,500,000	24,500,000	0	Construction
	1414	Integrated Medical Office Building	275,000,000	275,000,000	?	GMP Final Negotiation
	1422	CUP Upgrades	9,000,000	9,000,000	0	Construction
	1430	Womens Hosp Expansion	91,000,000	1,000,000	90,000,000	Design
MV Capital Projects	1425	IMOB Preparation Project - Old Main	2,990,000	2,990,000	0	Substantially Complete
	1502	Cabling and Wireless upgrades	2,800,000	2,800,000	0	Substantially Complete
	1525	New Main Lab Upgrades	3,100,000	3,100,000	0	OSHPD Plan Review
	1602	JW House (Patient Family Residence)	2,500,000	0	2,500,000	Feasibility Assessment
Los Gatos Capital Projects	1219	LG Spine Room Expansion - OR 4	4,100,000	4,100,000	0	Substantially Complete
	1313	LG Rehab HVAC Upgrades	3,700,000	3,700,000	0	Substantially Complete
	1248	LG Imaging Phase II & Sterile Processing	8,750,000	8,750,000	0	Construction
	1307	LG Upgrades - Major	19,500,000	17,300,000	2,200,000	Construction
	1603	LG MOB Improvements (17)	5,000,000	5,000,000	0	City Plan Review
Other	1606	828 Winchester - Primary Care Clinic	3,400,000	0	3,400,000	Schematic Design

Proposed Site Plan

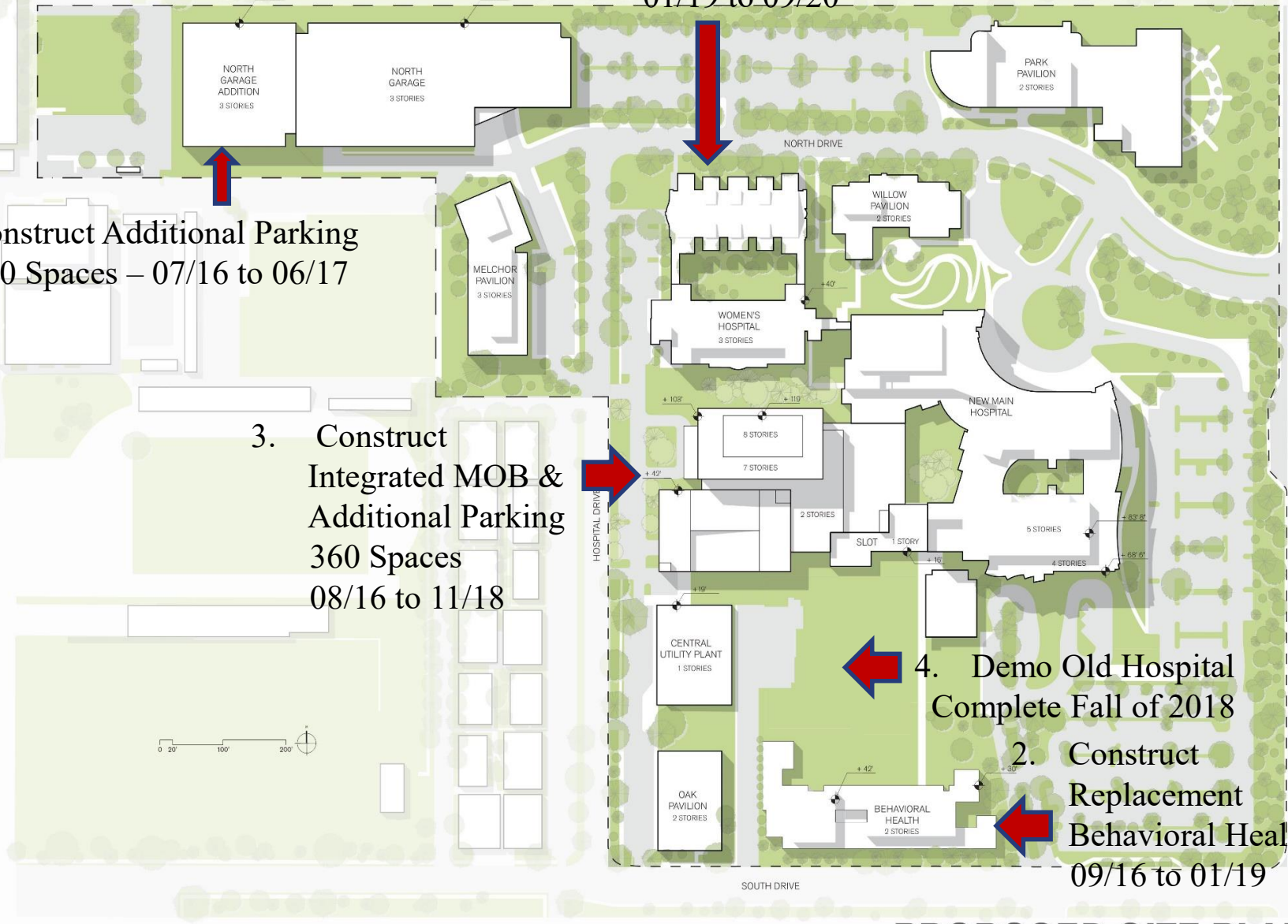
5. Expand to Upper Floors
01/19 to 09/20

1. Construct Additional Parking
400 Spaces – 07/16 to 06/17

3. Construct
Integrated MOB &
Additional Parking
360 Spaces
08/16 to 11/18

4. Demo Old Hospital
Complete Fall of 2018

2. Construct
Replacement
Behavioral Health
09/16 to 01/19



PROPOSED SITE PLAN

Behavioral Health Services Building Project Site



North Garage – Top Level View



Integrated Medical Office Building Project Site



Mountain View Campus Development Projects Status Update

- Behavioral Health Services (BHS) Building - \$91.5m
 - Increment #1 Demolition and Construction of site elements is nearly complete and OSHPD Plan Approval of Increment #2 (New Building) was finally received in mid-March after 27 months of reviews and back checks. The contractor is finalizing the GMP Proposal and initial indicators point to higher than projected costs for various elements of construction. Schedule critical elements have been released and construction of the new building will begin in the next two weeks. Final negotiations of GMP may require additional project funding.
- North Parking Garage Expansion - \$24.5 m
 - The construction of the North Garage Expansion is progressing well with the initial occupancy anticipated in the first week of May 2017. The date for substantial completion of construction including the installation of Solar Panels is early June 2017. This project is projected to be completed within budget.
- Integrated Medical Office (IMOB) Building - \$275 m
 - The Demolition and Site Utilities Phases are complete and we are currently awaiting the excavation and foundation permits from the City of Mountain View, which are contingent on the approval from OSHPD of the "Examination Project". The OSHPD Examination Project is the method we were required to follow due to the proximity and impact of the new non-OHSPD structures on the existing OSHPD utility tunnels and New Main Hospital structures. This includes a foundation pile test protocol that both jurisdictions must approve. Permits are expected to be released in the next few weeks. The contractor is finalizing the GMP Proposal and initial indicators point to higher than projected costs for various elements of construction. Schedule critical elements have been released and construction of the new building will begin as soon as permits are received. Final negotiations of GMP may require additional project funding.

Mountain View Campus Development Projects Update - Continued

- Central Utility Plant (CUP) Upgrades - \$9 m
 - The OSHPD Permit for this project has been issued and we are in the process of finalizing the GMP with the contractor. It is projected that this project will be within the approved budget. Schedule critical elements have been released and the critical path construction elements are underway. There are currently no problems anticipated for completing the upgrades in time to support the new BHS and IMOB projects.
- Women's Hospital Expansion - \$91 m
 - To date we have engaged the design team, the construction manager / general contractor and various consultants to evaluate and document the existing building components and prepare schematic plans. The target timeline is to develop this project through design development by the August 2017 and plan final plan submission to OSHPD in early 2018. A funding request for this work has been submitted. The project is preliminarily estimated to cost \$91 million. A detailed cost estimate with various options to consider will be an element of the completed design development phase. This will allow for a more precise projection of costs for the project.

Mountain View Capital Projects

Status Update

- **IMOB Preparation Project – Old Main Hospital - \$2.99 m**
 - This project to make necessary improvements to house service and support functions in the old main hospital is substantially complete and in the closeout phase. It will be closed out approximately \$33,000 below the approved budget.
- **Cabling and Wireless Upgrades - \$2.8 m**
 - This project to reroute the incoming MPOE and primary cabling infrastructure along with required wireless network upgrades is substantially complete and in the closeout phase. It will be closed out approximately \$48,000 below the approved budget.
- **New Main Lab Upgrades - \$3.1 m**
 - This project was approved by the Board in January 2017 and plans are currently in OSPHD Review. Key equipment has been ordered and preparations not requiring a building permit are underway. The project is currently proceeding in accordance with the target schedule and approved budget.
- **JW House (Patient Family Residence) - \$2.5 m**
 - This is an FY 2017 Budgeted project that we are currently completing a feasibility study on. Other than preliminary expenditures, no funding approvals have been requested. The concept is consider the development of a “Ronald McDonald” type facility on the “Higgins” property at the end of South Dr. where a single family residence owed by the El Camino Healthcare District exists. We are exploring the possibilities of developing a facility that could be operated by the “JW House” non profit organization that operates a similar facility near the Santa Clara Kaiser Hospital. This project was identified as an element of our Patient Centered Care initiative and would provide a much needed service to patients families.

Los Gatos Capital Projects

Status Update

- **LG Spine Room Expansion – OR 4 - \$4.1 m**
 - This project is substantially complete with only a few schedule scope elements remaining. The expanded Spine Room has been in operation since November 2016 and the project is anticipated to be complete and closed out within the approved budget.
- **LG Rehab HVAC Upgrades - \$3.7 m**
 - This project is complete. The new HVAC system has been in operation since September 2016 and the project is in the process of being closed out \$54,000 or 1.4% over budget. This was due to the complexity of working in and around an occupied environment.
- **LG Imaging Phase II & Sterile Processing - \$8.75 m**
 - This project is nearing the completion of construction and major equipment including the CT Scanner, X-ray and Sterilizers are scheduled to be installed during the month of April. The anticipated occupancy of all the upgrade spaces is late May 2017. This project is projected to be completed within the approved budget.
- **LG Upgrades – Major - \$17.3 m (\$2 m additional requested)**
 - This project is in the final phase of construction and funding for additional improvements has been requested. We began making improvements to the finishes, furniture, fixtures and mechanical systems at ECH Los Gatos in March 2013. We have completed improvements in the Conference & Administrative Areas, the Emergency Department, the Women's Hospital Departments, the Medical/Surgical Unit and the Operating Room Mechanical Systems. We have upgraded electrical systems, boilers and chillers and we are in the process of completing the Lobby, Cafeteria and Main Corridor improvements. (See submitted funding request for additional information)

Los Gatos Capital Projects Status Update

- LG MOB Improvements (17) - \$5 m
 - The primary scope of this project is to reconstruct approximately 14,500 of medical office space in 340 Dardanelli for a new tenant, along with other improvements required on the site and within other LG medical offices. The Lease was fully executed on January 16th and the improvement plans are scheduled to be submitted to the Town of Los Gatos by the end of the month. We have engaged an architect and a contractor and we are currently on schedule for a September 2017 substantial completion date.

Final Slide

Discussion & QUESTIONS?

Memorandum Administration

Date: March 20, 2017
To: El Camino Hospital Board Finance Committee
From: Ken King, CASO
Re: Mountain View Campus Master Plan, Women's Hospital Expansion
Incremental Funding Request

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

Women's Hospital Expansion (Project Development) - \$5,000,000 (Incremental Request)

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

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

North Parking Garage Expansion – Funds Approved

Behavioral Health Services (BHS) Building – Funds Approved

Integrated Medical Office Building (IMOB) – Funds Approved

Central Plant Upgrades (CUP) – Funds Approved

Women's Hospital Expansion – Current Request

Old Main Hospital Demolition & Related Site Work – Future Request

Now that we have begun construction on the initial Campus Master Plan Projects, we are focusing on the planning, design and plan approval of the Women's Hospital Expansion Project. Our goal is to be ready to start construction in the Women's Hospital as soon as we relocate the physicians from the 2nd and 3rd Floors to the new IMOB in late 2018.

Process Description: To date we have engaged the design team, the construction manager / general contractor and various consultants to evaluate and document the existing building components and prepare schematic plans. This incremental funding of \$5 million along with the initial funding of \$1 million will allow the team to proceed through design development and initial OSHPD plan review. Included in this scope of the project is preconstruction services and coordination between design consultants and contractors to effectively plan for construction in an occupied facility with sensitive environmental conditions.

Alternative Solutions: The only alternatives that are contemplated are the extent of modifications and improvements to be made. This next phase of development will provide various options for consideration.

Concurrence for Recommendation: This request is supported by the Executive Leadership Team and the Women's Hospital medical staff departments of OB and NICU.

Outcome Measures / Deadlines: The target timeline is to develop this project through design development by the August 2017 and plan final plan submission to OSHPD in early 2018.

Legal Review: Legal counsel from Cox, Castle, and Nicholson has been engaged to support the development of the major design and construction.

Compliance Review: NA

Financial Review: This preliminary project estimate for this expansion of the Women's Hospital is \$91 million and once the design effort is substantially complete we will have a detailed cost estimate with various options to consider. The FY 2017 capital budget includes \$10 million for the further development of the project and we have concluded that the incremental amount of \$5 million is sufficient to effectively evaluate, plan and effectively develop the project plan.

This project is included in the 2017 Bond Financing Plan and also has the benefit of funding from the El Camino Healthcare District's Designated Capital Outlay Funds in the amount of \$9,297,651 from fiscal years 2014 and 2015.

Memorandum Administration

Date: March 20, 2017
To: El Camino Hospital Board Finance Committee
From: Ken King, Chief Administrative Services Officer
Re: ECH Los Gatos Facility Improvement Project Funding Request

Recommendation: The Board Finance Committee is requested to recommend Board approval of funding for additional improvements for the Los Gatos Facility at a cost not to exceed \$2 million.

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

Problem / Opportunity Definition:

We began making improvements to the finishes, furniture, fixtures and mechanical systems at ECH Los Gatos in March 2013. We have completed improvements in the Conference & Administrative Areas, the Emergency Department, the Women's Hospital Departments, the Medical/Surgical Unit and the Operating Room Mechanical Systems. We have upgraded electrical systems, boilers and chillers and we are in the process of completing the Lobby, Cafeteria and Main Corridor improvements. The additional improvements requested include ADA Upgrades to staff and public toilets and the installation of a point to point Pneumatic Tube System between the Lab and Emergency Department along with additional improvements to mechanical systems serving both the OR and the sterile processing areas.

Process Description:

As we have executed of the improvement work in multiple small phases we have discovered opportunities to make additional improvements that improve access and productivity and that correct poor functioning systems. The FY 17 capital facilities project budget anticipated \$2.3 million in planning and infrastructure improvements in the Los Gatos facility and it is most efficient to extend the existing contracts to the contractor performing the initial upgrades work.

Alternative Solutions: These projects are necessary to continue providing patient care services, in an acceptable environment, no alternatives have been considered.

Concurrence for Recommendation: The Executive Team supports the recommendation to make these needed improvements.

Outcome Measures / Deadlines: While the work will be completed in small phases the target completion date for all the additional project work is November 2017.

Legal Review: All contracts for services and construction will follow organization policies, procedures and protocols. No legal review is required.

Compliance Review: Not Applicable

Financial Review: The cost of the entire improvements project breakdown as follows:

ECH Los Gatos Facility Improvement Project	Phase I Approved April 2013	Phase II Approved June 2014	Phase III Approved April 2016	Current Request	Total
Construction & Building Equipment	5,100,000	4,750,000	3,400,000	1,600,000	14,850,000
Moveable & Fixed, FF&E	750,000	250,000	-	200,000	1,200,000
Soft Costs	650,000	1,000,000	900,000	200,000	2,750,000
Contingency	500,000	-	-	-	500,000
Total	7,000,000	6,000,000	4,300,000	2,000,000	19,300,000

Note that the Funding Requested for the additional upgrades is less than the \$2.3 million forecasted in the FY 2017 Capital Budget. Also note that the funding for this project is included in the SERIES 2015 Bond Financing.

Recommendation: The Board Finance Committee recommends that the Board of Directors approve the funding for additional improvements to the ECH Los Gatos facility at a cost not to exceed \$2 million.

FINANCE COMMITTEE
Proposed FY18 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 cost vs. benchmarks	<ul style="list-style-type: none"> • Q3 and Q4 	<i>Progress on against Premier HPO plan and vs benchmarks</i>
2. Review Capital Projects in progress	<ul style="list-style-type: none"> • Q3 	<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. Education Topic: Ambulatory Care Business Model	<ul style="list-style-type: none"> • Q1 	<i>Presentation given at August Meeting</i>

Submitted by:

Dennis Chiu - Chair, Finance Committee

Iftikhar Hussain - Executive Sponsor, Finance Committee

DRAFT