

**AGENDA**  
**FINANCE COMMITTEE MEETING**  
**OF THE EL CAMINO HOSPITAL BOARD**

**Tuesday, May 30, 2017 – 6:30 pm**

El Camino Hospital | Conference Rooms E,F,&G (ground floor)  
 2500 Grant Road, Mountain View, CA 94040

**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
<b>1. CALL TO ORDER / ROLL CALL</b>	Dennis Chiu, Chair		<b>6:30 – 6:32pm</b>
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Dennis Chiu, Chair		<b>6:32 – 6:33</b>
<b>3. PUBLIC COMMUNICATION</b> a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed 3 minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	Dennis Chiu, Chair	<i>public comment</i>	<b>information</b> <b>6:33 – 6:36</b>
<b>4. CONSENT CALENDAR</b> <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> <b>Approval</b> a. <a href="#">Minutes of the Open Session of the Finance Committee Meeting (March 27, 2017)</a> b. <a href="#">FY18 Committee Meeting Dates</a> c. <a href="#">FY17 Period 8 Financials</a> d. <a href="#">FY17 Period 9 Financials</a> <b>Information</b> e. <a href="#">Article of Interest</a>	Dennis Chiu, Chair	<i>public comment</i>	<b>motion required</b> <b>6:36 – 6:38</b>
<b>5. REPORT ON BOARD ACTIONS</b> <b><a href="#">ATTACHMENT 5</a></b>	Dennis Chiu, Chair		<b>information</b> <b>6:38 – 6:43</b>
<b>6. FY17 PERIOD 10 FINANCIALS</b> <b><a href="#">ATTACHMENT 6</a></b>	Iftikhar Hussain, CFO	<i>public comment</i>	<b>motion required</b> <b>6:43 – 6:53</b>
<b>7. FY18 PROPOSED BUDGET</b> <b><a href="#">ATTACHMENT 7</a></b>	Iftikhar Hussain, CFO	<i>public comment</i>	<b>motion required</b> <b>6:53 – 7:03</b>
<b>8. PROPOSED FY18 ORGANIZATIONAL GOALS</b> <b><a href="#">ATTACHMENT 8</a></b>	Mick Zdeblick, COO	<i>public comment</i>	<b>motion required</b> <b>7:03 – 7:08</b>
<b>9. UPDATE ON MAJOR CAPITAL PROJECTS</b> <b><a href="#">ATTACHMENT 9</a></b>	Ken King, CASO		<b>discussion</b> <b>7:08 – 7:38</b>

A copy of the agenda for the Regular Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting. In observance of the Americans with Disabilities Act, please notify us at (650) 988-7504 prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>10. CAPITAL FUNDING REQUESTS</b> a. <a href="#">Xi da Vinci Robot</a> b. <a href="#">828 Winchester Primary Care Clinic Tenant Improvement</a> c. <a href="#">LG MRI Replacement</a> d. <a href="#">Feasibility Study &amp; Capital Facilities Project Request - Patient Family Residence</a>	Mick Zdeblick, COO Ken King, CASO	<i>public comment</i>	<b>possible motion(s)</b> <b>7:38 – 7:53</b>
<b>11. ADJOURN TO CLOSED SESSION</b>	Dennis Chiu, Chair		<b>motion required</b> <b>7:53 – 7:54</b>
<b>12. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Dennis Chiu, Chair		<b>7:54 – 7:55</b>
<b>13. Health and Safety Code Section 32106(b)</b> for a report and discussion involving health care facility trade secrets: - Draft Revised Physician Financial Arrangements Review and Approval Policy	Larry Trilops, Interim Physician Strategy Executive		<b>discussion</b> <b>7:55 – 8:05</b>
<b>PHYSICIAN FINANCIAL ARRANGEMENTS REVIEW AND APPROVAL POLICY</b> <a href="#">ATTACHMENT 13</a>			
<b>14. Health and Safety Code Section 32106(b)</b> for a report and discussion involving health care facility trade secrets: - Summary of Physician Financial Arrangements	Diane Wigglesworth, Sr. Director, Corporate Compliance		<b>motion required</b> <b>8:05 – 8:15</b>
<b>SUMMARY OF PHYSICIAN FINANCIAL ARRANGEMENTS</b> <a href="#">ATTACHMENT 14</a>			
<b>15. CONSENT CALENDAR</b> <i>Any Committee Member may remove an item for discussion before a motion is made.</i>  <b>Approval</b> <i>Gov't Code Section 54957.2.</i> a. Minutes of the Closed Session of the Finance Committee Meeting (March 27, 2017)  <b>Information</b> <i>Health &amp; Safety Code 32106(b).</i> b. Update on Data Governance Project c. Professional Services Agreement: Pre-Employment Evaluations and Clearances d. Medical Director Agreement, Utilization Management e. Medical Director Agreement, Interventional Pulmonology Program	Dennis Chiu, Chair		<b>motion required</b> <b>8:15 – 8:17</b>
<b>CONSENT CALENDAR</b> <b>Approval</b> - <a href="#">Minutes of the Closed Session of the Finance Committee Meeting (March 27, 2017)</a>  <b>Information</b> - <a href="#">Update on Data Governance Project</a> - <a href="#">PSA:Pre-Employment Evaluations and Clearances</a> - <a href="#">MDA: Utilization Management</a> - <a href="#">MDA: Interventional Pulmonology Program</a>			

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
16. <b>ADJOURN TO OPEN SESSION</b>	Dennis Chiu, Chair		<b>motion required 8:17 – 8:18</b>
17. <b>RECONVENE OPEN SESSION/ REPORT OUT</b> To report any required disclosures regarding permissible actions taken during Closed Session.	Dennis Chiu, Chair		<b>8:18 – 8:19</b>
18. <b>APPROVAL OF PHYSICIAN CONTRACTS</b> a. Professional Services Agreement: Pre-Employment Evaluations and Clearances b. Medical Director, Utilization Management c. Medical Director, Interventional Pulmonology Program	Dennis Chiu, Chair	<i>public comment</i>	<b>possible motion(s) 8:19 – 8:21</b>
19. <b>APPROVAL OF DRAFT REVISED PHYSICIAN FINANCIAL ARRANGEMENTS – REVIEW AND APPROVAL POLICY</b>	Dennis Chiu, Chair	<i>public comment</i>	<b>possible motion(s) 8:31 – 8:33</b>
20. <b>FY18 COMMITTEE GOALS</b> <a href="#">ATTACHMENT 20</a>	Dennis Chiu, Chair		<b>possible motion 8:23 – 8:25</b>
21. <b>FY18 COMMITTEE PACING PLAN</b> <a href="#">ATTACHMENT 21</a>	Dennis Chiu, Chair		<b>possible motion 8:25 – 8:32</b>
22. <b>CLOSING COMMENTS</b>	Dennis Chiu, Chair		<b>discussion 8:32 – 8:34</b>
23. <b>ADJOURNMENT</b>	Dennis Chiu, Chair		<b>motion required 8:34 – 8:35 pm</b>

**Upcoming Meetings** (*tentative upon Committee and Board approval*)

- July 31, 2017
- September 25, 2017
- November 27, 2017
- January 29, 2018
- March 26, 2018
- May 29, 2018



**Minutes of the Open Session of the Finance Committee**  
**Monday, March 27, 2017**  
**El Camino Hospital | Conference Rooms A&B (ground floor)**  
**2500 Grant Road, Mountain View, CA 94040**

**Members Present**

**Joseph Chow**  
**Boyd Faust** (via teleconference)  
**William Hobbs**  
**Richard Juelis**  
**John Zoglin**

**Members Absent**

**Dennis Chiu, Chair**

Agenda Item	Comments/Discussion	Approvals/Action
<b>1. CALL TO ORDER/ ROLL CALL</b>	The open session meeting of the Finance Committee of El Camino Hospital (the “Committee”) was called to order at 5:00pm by Mr. John Zoglin. A verbal roll call was taken. Mr. Boyd Faust participated via teleconference. Chair Dennis Chiu was absent. All other Committee members were present.	
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Mr. Zoglin asked if any Committee members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
<b>3. PUBLIC COMMUNICATION</b>	There were no comments from the public.	
<b>4. CONSENT CALENDAR</b>	<p>Mr. Zoglin asked if any member of the Committee or the public wished to remove an item from the consent calendar. Mr. Zoglin asked that Agenda Item 4c: FY18 Committee Meeting Dates be pulled for discussion. The Committee discussed the options of July 24th versus August 1st for the Committee’s first meeting of FY18. The Committee asked staff to propose other dates to accommodate more participation and report back.</p> <p><b>Motion:</b> To approve the consent calendar: Minutes of the Open Session of the Joint Meeting of the Finance and Investment Committees (January 30, 2017); Minutes of the Open Session of the Finance Committee Meeting (January 30, 2017); FY17 Pacing Plan; FY17 Period 7 Financials; and for information: Progress Against FY17 Committee Goals; and Article of Interest.</p> <p><b>Movant:</b> Hobbs  <b>Second:</b> Juelis  <b>Ayes:</b> Chow, Faust, Hobbs, Juelis, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chiu  <b>Recused:</b> None</p>	<p><i>Consent Calendar approved</i></p> <p><i>Updated FY18 proposed dates to be brought back</i></p>
<b>5. REPORT ON BOARD ACTIONS</b>	Mr. Zoglin briefly reviewed the Board Report as further detailed in the packet. Mr. Zoglin discussed the current CEO search, with the first round of interviews to occur at the beginning of April with hopes to secure a candidate by June.	
<b>6. FY17 PERIOD 8 FINANCIALS</b>	Iftikhar Hussain, Chief Financial Officer reviewed the Hospital’s current financial performance with the Committee. Mr. Hussain detailed the inpatient volume, outpatient volume, and operating income	



	<p>to include:</p> <ul style="list-style-type: none"> <li>- February inpatient discharges exceeded 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.</li> <li>- 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.</li> <li>- 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.</li> <li>- Payor mix is slightly improved from January from 38.8% to 40.4%, but still under budget due to higher Medicare general medicine cases during flu season. February unusual items include \$947k in Medicare 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 February. February results for MV and LG include a \$3 million correction to move net revenue to LG. There was no impact on combined net revenue.</li> </ul> <p>Mr. Hussain asked the Committee for questions and feedback and a brief discussion ensued.</p>	
<p><b>7. CAPITAL PROJECTS PROGRESS UPDATE (OVER \$2.5 MILLION)</b></p>	<p>Ken King, CASO, reported on the current progress of Capital Projects over \$2.5 million with the Committee. Mr. King outlined the facilities project development steps, managing construction risk through the execution of each process step, current project list, and current projects updates on the following:</p> <ul style="list-style-type: none"> <li>- Behavioral Health Services (BHS) Building - \$91.5m</li> <li>- North Parking Garage Expansion - \$24.5 m</li> <li>- Integrated Medical Office (IMOB) Building - \$275 m</li> <li>- Central Utility Plant (CUP) Upgrades - \$9 m</li> <li>- Women’s Hospital Expansion - \$91 m</li> <li>- IMOB Preparation Project – Old Main Hospital</li> <li>- Cabling and Wireless Upgrades</li> <li>- New Main Lab Upgrades</li> <li>- JW House (Patient Family Residence)</li> <li>- LG Spine Room Expansion</li> <li>- LG Rehab HVAC Upgrades</li> <li>- LG Imaging Phase II &amp; Sterile Processing</li> <li>- LG Upgrades – Major</li> <li>- LG MOB Improvements (17)</li> </ul> <p>Mr. King asked the Committee for feedback and questions and discussion ensued. Mr. Zoglin asked for more time at future meetings to discuss the status of the facility projects.</p>	
<p><b>8. CAPITAL FUNDING REQUESTS</b></p>	<p>Ken King, CASO, presented the following requests as further detailed in the packet recommended for approval:</p> <ul style="list-style-type: none"> <li>a. <b>MV Campus Master Plan, Women’s Hospital Expansion</b></li> </ul>	<p><i>Capital funding request recommended for</i></p>

	<p><b>Incremental Funding Request:</b> The incremental amount of \$5 million is sufficient to effectively evaluate, plan and effectively develop the project plan.</p> <p>b. <b>LG Facility Improvement Project Request:</b> 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. These upgrades will improve access, productivity, and correct poor functioning systems.</p> <p><b>Motion:</b> To recommend that the Board approve the Women’s Hospital Expansion and LG Facility Improvement funding requests.</p> <p><b>Movant:</b> Juelis  <b>Second:</b> Chow  <b>Ayes:</b> Chow, Faust, Hobbs, Juelis, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chiu  <b>Recused:</b> None</p>	<p><i>approval</i></p>
<p><b>9. PROPOSED FY18 COMMITTEE GOALS</b></p>	<p>Iftikhar Hussain, CFO, reviewed the Proposed FY18 Committee Goals with the Committee as follows:</p> <ul style="list-style-type: none"> <li>- Review results of HPO Plan, including cost vs. benchmarks, Progress on against Premier HPO plan and vs. benchmarks</li> <li>- Review Capital Projects in progress, Update on capital projects in progress that exceed \$2.5M.</li> <li>- Education Topic: Ambulatory Care Business Model, Presentation given at August Meeting</li> </ul> <p>Mr. Hussain asked the Committee for feedback and discussion ensued. Feedback included further discussion at the May 30<sup>th</sup> Committee meeting on the Committee Goals and Pacing Plan.</p>	<p><i>Goal discussion to continue at May 30<sup>th</sup> meeting</i></p>
<p><b>10. ADJOURN TO CLOSED SESSION</b></p>	<p><b>Motion:</b> To adjourn to closed session at 6:37pm pursuant to <i>Gov’t Code Section 54957.2</i> for approval of Minutes of the Closed Session of the Finance Committee Meeting (January 30, 2017); pursuant to <i>Health &amp; Safety Code 32106(b)</i> for a report involving health care facility trade secrets: Physician Contracts; pursuant to <i>Health &amp; Safety Code 32106(b)</i> for a report involving health care facility trade secrets: Medical Staff Development Plan; pursuant to <i>Health &amp; Safety Code 32106(b)</i> for a report involving health care facility trade secrets: FY18 Budget Status; pursuant to <i>Health &amp; Safety Code 32106(b)</i> for a report involving health care facility trade secrets: Payor Update.</p> <p><b>Movant:</b> Hobbs  <b>Second:</b> Chow  <b>Ayes:</b> Chow, Faust, Hobbs, Juelis, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chiu  <b>Recused:</b> None</p>	<p><i>Adjourned to closed session at 6:37pm.</i></p>
<p><b>11. AGENDA ITEM 18: RECONVENE</b></p>	<p>Open session was reconvened at 7:36. Agenda Items 11-17 were covered in closed session. During the closed session, the Committee</p>	

<b>OPEN SESSION/ REPORT OUT</b>	approved the Closed Session Minutes of the Finance Committee Meeting of January 30, 2017 by a vote of all members present (Chow, Faust, Hobbs, Juelis, Zoglin). Chair Chiu was absent.	
<b>12. AGENDA ITEM 19: APPROVAL OF PHYSICIAN CONTRACTS</b>	<b>Motion:</b> To recommend that the Board approve the SVPMG Physician Recruitment – Medical Oncologist; General Surgery ED Call Panel (MV); Medical Director, Quality & Physician Services; and FY17 Physician Expense Mid-Year Report.  <b>Movant:</b> Juelis <b>Second:</b> Chow <b>Ayes:</b> Chow, Faust, Hobbs, Juelis, Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> Chiu <b>Recused:</b> None	<i>Physician Contracts recommended for approval</i>
<b>13. AGENDA ITEM 20: ADJOURNMENT</b>	<b>Motion:</b> To adjourn at 7:38pm.  <b>Movant:</b> Hobbs <b>Second:</b> Juelis <b>Ayes:</b> Chow, Faust, Hobbs, Juelis, Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> Chiu <b>Recused:</b> None	<i>Meeting adjourned at 7:38pm.</i>

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

\_\_\_\_\_  
Dennis Chiu, JD  
Chair, Finance Committee



2500 Grant Road  
 Mountain View, CA 94040-4378  
 Phone: 650-940-7000  
[www.elcaminohospital.org](http://www.elcaminohospital.org)

Recommended Finance Committee Date	Corresponding Hospital Board Date
	July 2017 – No Meetings
<b>July 31, 2017</b>	August 9, 2017
<b>September 25, 2017</b>	October 11, 2017
No October Meeting	
<b>November 27, 2017</b>	January 10, 2018
No December Meetings	December 2017 – No meetings
<b>January 29, 2018</b>	February 14, 2018
No February Meeting	
<b>March 26, 2018</b>	April 11, 2018
No April Meeting	
<b>Tuesday, May 29, 2018</b>	June 13, 2018
No June Meeting	



**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<sup>(2)</sup>

	Annual					Month			YTD		
	2014	2015	2016	2017	2017	PY	CY	Bud/Target	PY	CY	Bud/Target
				Proj.	Bud/Target						
<b>Volume</b>											
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
<b>Inpatient Cases</b>											
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
<b>Outpatient</b>											
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
<b>Financial Performance (\$000s)</b>											
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 <sup>1</sup>	-3.2%	-3.9%	-8.7%	-6.9%	-6.1%	-15.9%	-15.4%	-6.1%	-11.6%	-6.9%	-6.1%
OP Margin <sup>1</sup>	25.2%	26.7%	26.7%	32.8%	26.4%	17.7%	29.0%	26.4%	25.0%	32.8%	26.4%
<b>Payor Mix</b>											
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%
<b>Cost</b>											
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
<b>Balance Sheet</b>											
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
<b>Affiliates - Net Income (\$000s)</b>											
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	
<b>Budgeted Hospital Operations FY2017</b>		<b>3,738</b>	<b>5.7%</b>		<b>32,726</b>	<b>6.1%</b>
<b>Net Revenue</b>		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		
<b>Labor and Benefit Expense Change</b>		(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		
<b>Professional Fees &amp; Purchased Services</b>		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		
<b>Supplies</b>		(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		
<b>Other Expenses</b>		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)		
<b>Depreciation &amp; Interest</b>		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		
<b>Actual Hospital Operations FY2017</b>		<b>3,803</b>	<b>5.8%</b>		<b>66,229</b>	<b>12.0%</b>



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

# Non Operating Items and Net Income by Affiliate

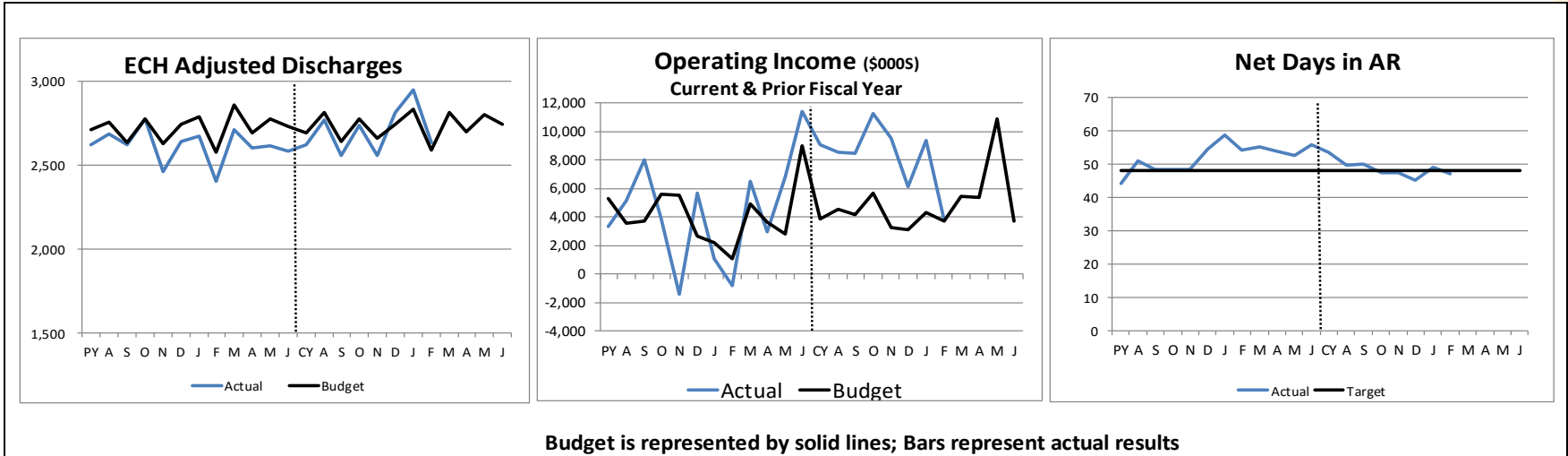
\$ in thousands

	Period 8 - Month			Period 8 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Income (Loss) from Operations</b>						
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)
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>3,803</b>	<b>3,738</b>	<b>65</b>	<b>66,229</b>	<b>32,726</b>	<b>33,503</b>
<b>Operating Margin %</b>	<b>5.8%</b>	<b>5.7%</b>		<b>12.0%</b>	<b>6.1%</b>	
<b>El Camino Hospital Non Operating Income</b>						
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
<b>Sub Total - Non Operating Income</b>	<b>4,675</b>	<b>729</b>	<b>3,946</b>	<b>29,173</b>	<b>5,831</b>	<b>23,341</b>
<b>El Camino Hospital Net Income (Loss)</b>	<b>8,479</b>	<b>4,467</b>	<b>4,011</b>	<b>95,401</b>	<b>38,557</b>	<b>56,844</b>
<b>ECH Net Margin %</b>	<b>13.0%</b>	<b>6.8%</b>		<b>17.2%</b>	<b>7.2%</b>	
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
<b>Net Income Hospital Affiliates</b>	<b>609</b>	<b>217</b>	<b>392</b>	<b>3,149</b>	<b>1,382</b>	<b>1,766</b>
<b>Total Net Income Hospital &amp; Affiliates</b>	<b>9,088</b>	<b>4,684</b>	<b>4,404</b>	<b>98,550</b>	<b>39,940</b>	<b>58,610</b>

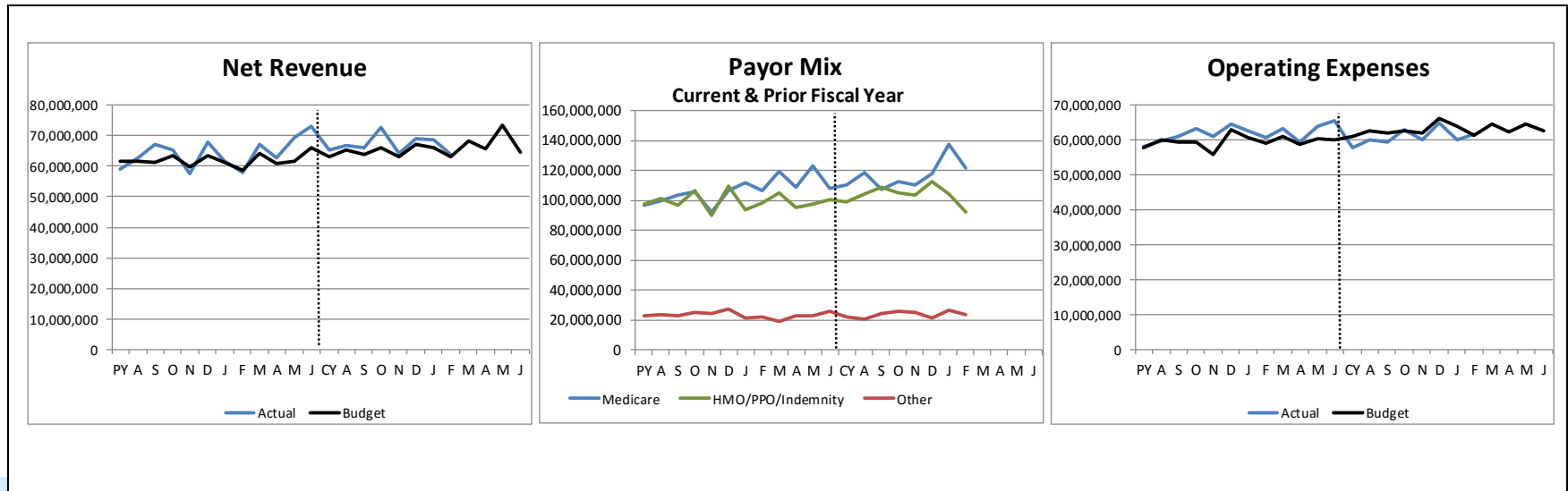
Swap gain due to rise in interest rates  
Favorable variance in Other due to lower losses at SVMD

Higher Foundation income due to high unrestricted donations and investment income

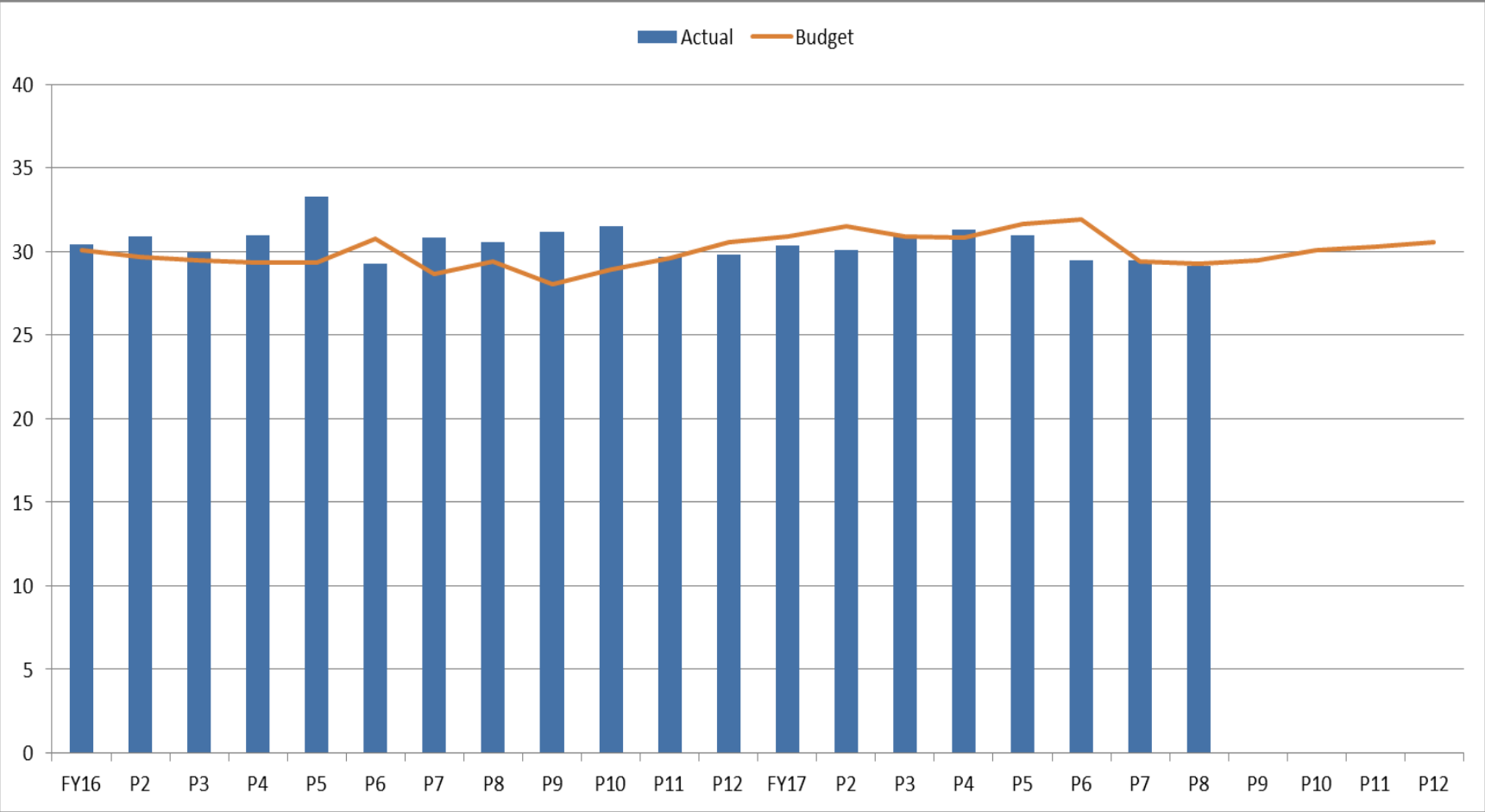
# Monthly Financial Trends



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

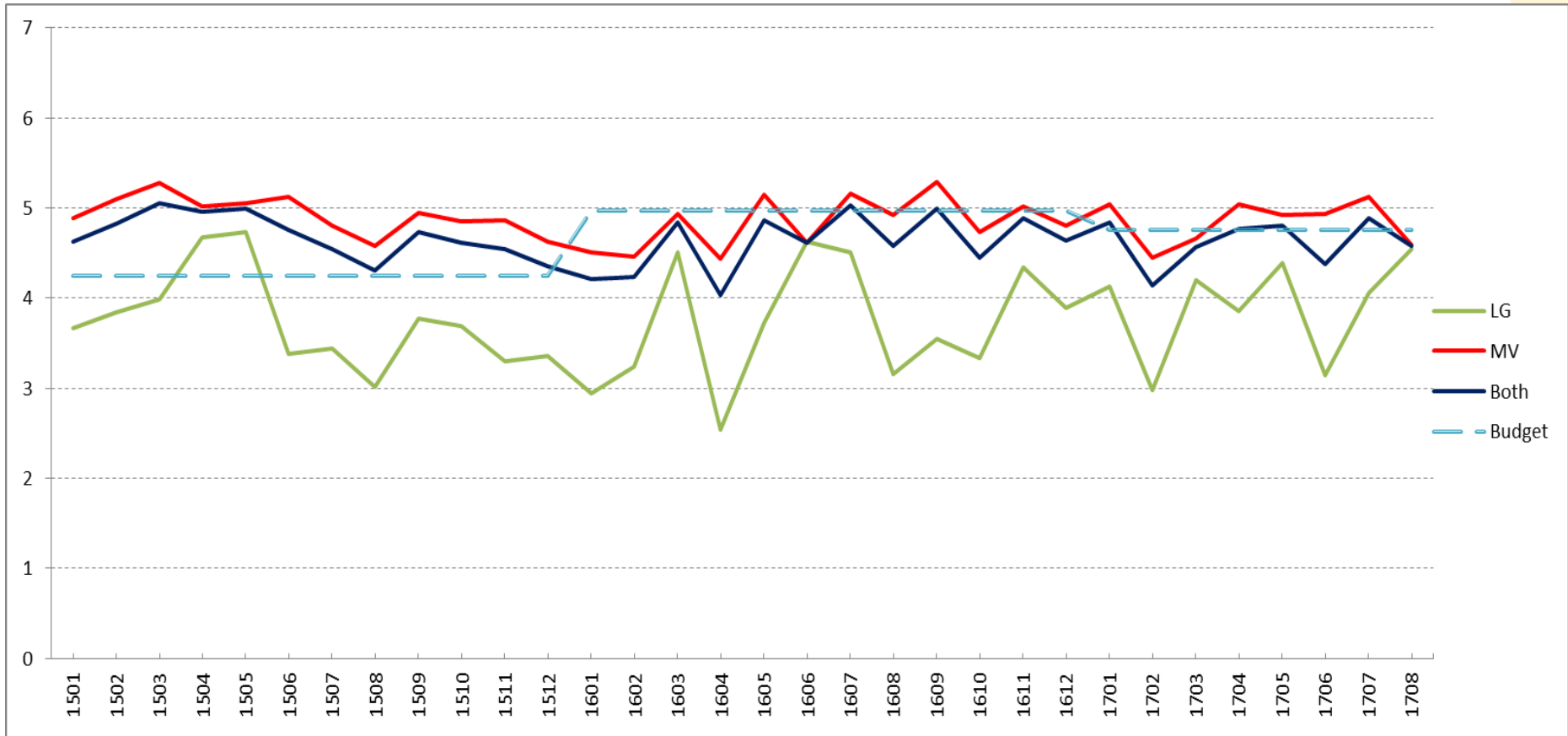


# Worked Hours per Adjusted Patient Day



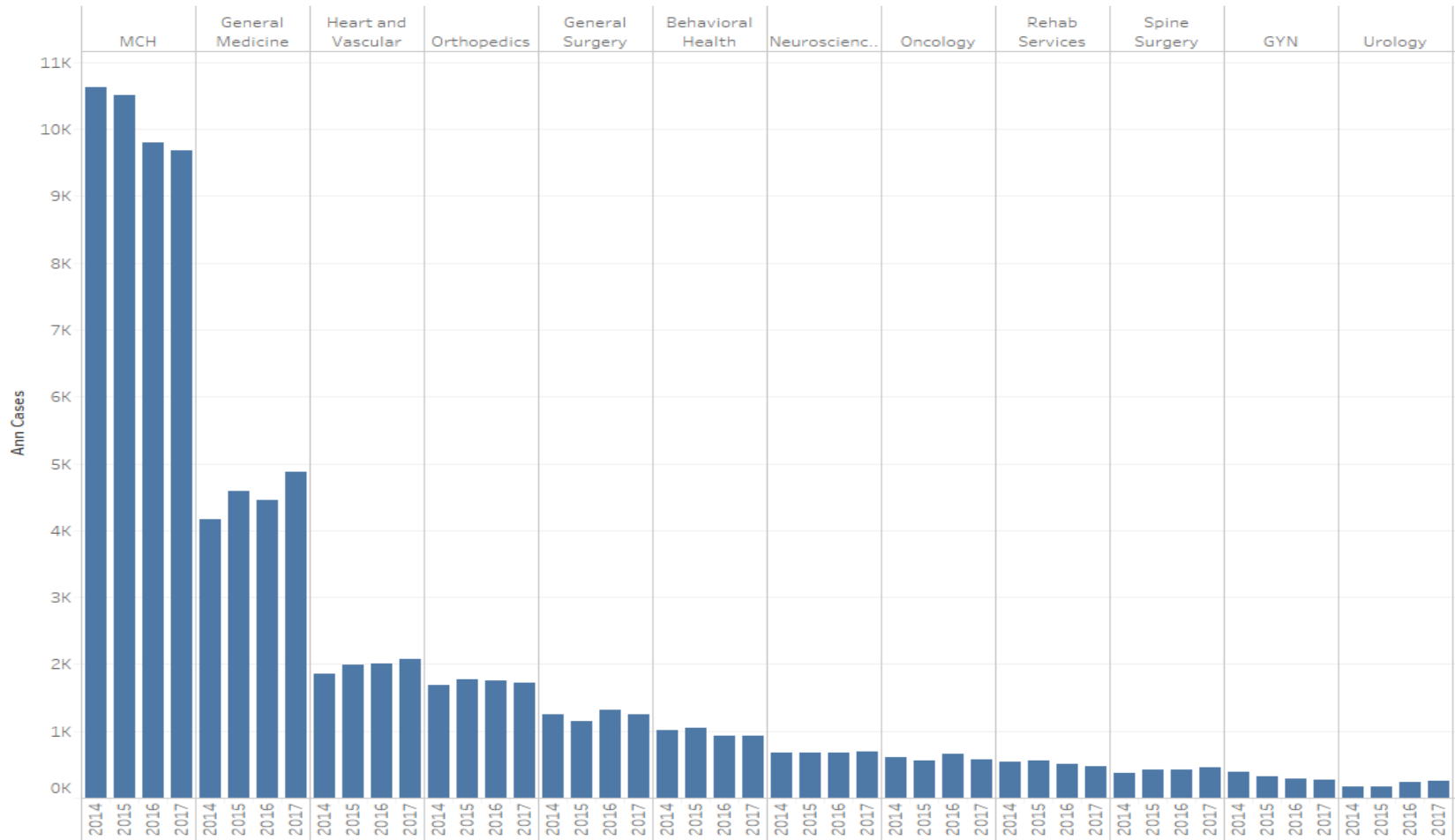
Productivity has improved after EPIC go-live and is favorable compared to budget.

## Medicare ALOS



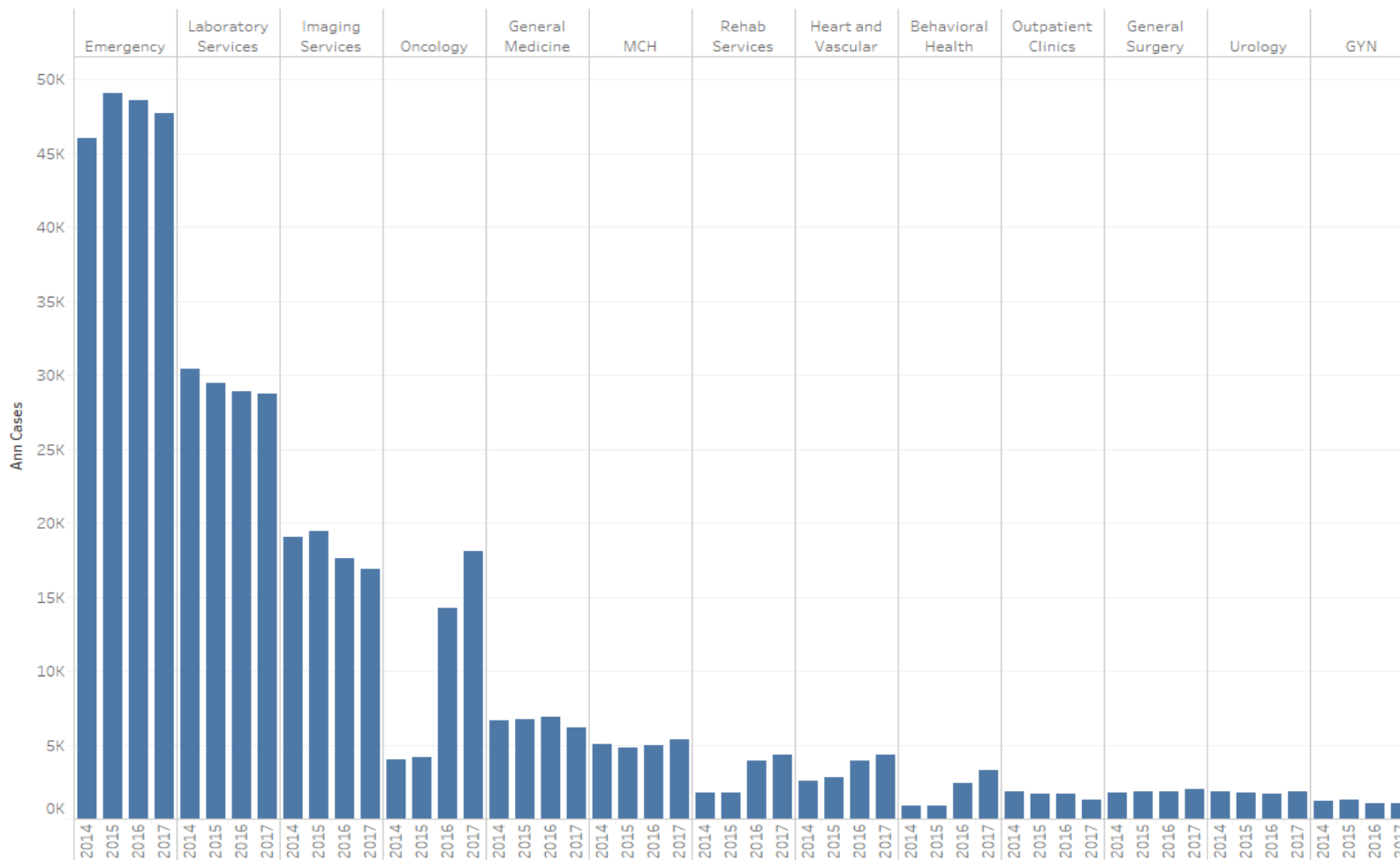
•ALOS decreased slightly in February due to short month.

## 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

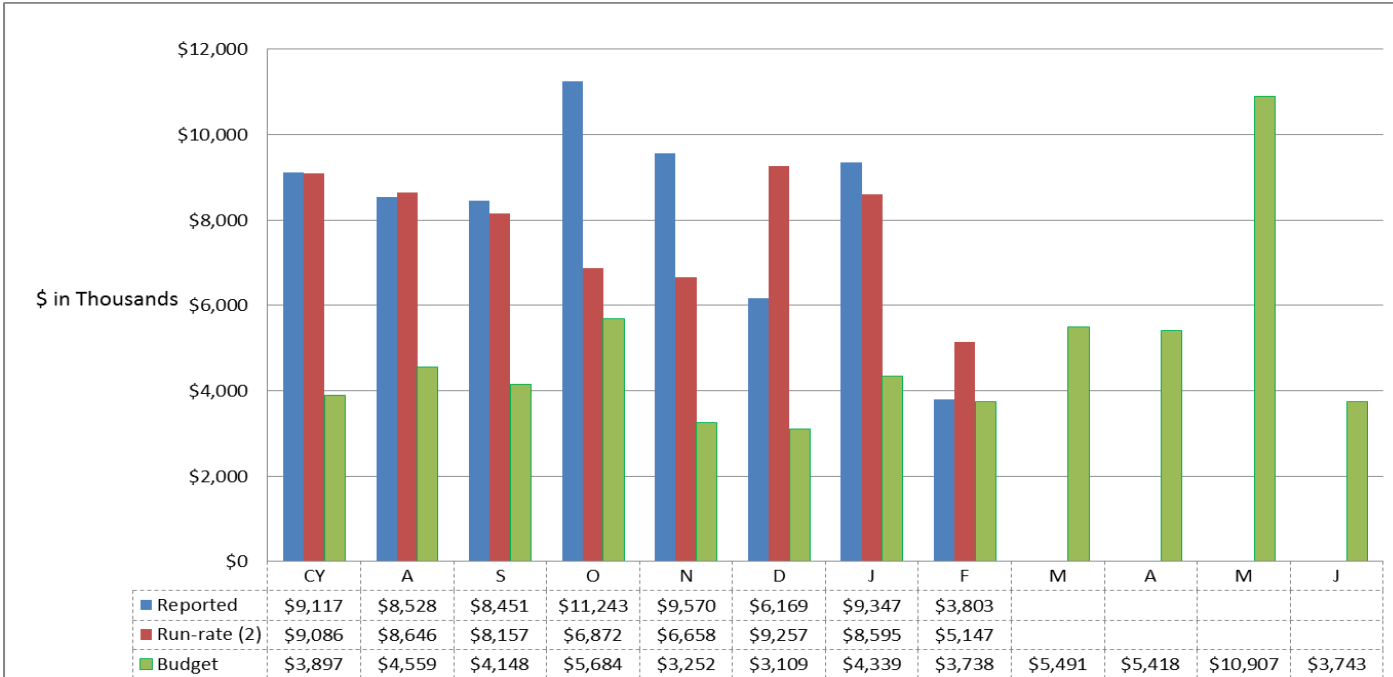


- General Surgery is 90.9% favorable budget for February, budgeted 55 cases where actual is 105.



# 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
<b>Revenue Adjustments</b>	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
<b>Total</b>		<b>-\$366</b>	<b>\$118</b>	<b>-\$299</b>	<b>-\$6,771</b>	<b>-\$115</b>	<b>-\$421</b>	<b>\$1,155</b>	<b>-\$1,344</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Expense Adjustments</b>	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
	<b>Total</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,400</b>	<b>\$598</b>	<b>\$3,600</b>	<b>\$403</b>	<b>\$401</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# 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		
<b>Investment Performance</b>											
		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	Green	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	Green	-0.2%	0.6%	3.4%	3.8%	7.0%	6.6%	6.0%	5.8%		
403(b) plan balance (millions)		\$362.4	-	-	-	-	-	-	-		-
<b>Risk vs. Return</b>											
		3-year				4y 2m Since Inception (annualized)					May 2016
Surplus cash Sharpe ratio	Green	0.67	0.76	-	-	1.06	1.05	-	0.55		
Net of fee return	Green	3.1%	3.6%	-	-	4.6%	4.6%	-	5.2%		
Standard deviation	Green	4.5%	4.6%	-	-	4.3%	4.3%	-	8.6%		
Cash balance Sharpe ratio	Green	0.65	0.69	-	-	1.18	1.15	-	0.49		
Net of fee return	Green	3.8%	4.0%	-	-	7.0%	6.6%	-	5.8%		
Standard deviation	Green	6.0%	5.8%	-	-	5.8%	5.6%	-	10.7%		
<b>Asset Allocation</b>											
		4Q 2016									
Surplus cash absolute variances to target	Green	7.5%	< 10%	-	-	-	-	-	-		-
Cash balance absolute variances to target	Green	5.7%	< 10%	-	-	-	-	-	-		-
<b>Manager Compliance</b>											
		4Q 2016									
Surplus cash manager flags	Green	18	< 19 Green < 23 Yellow	-	-	-	-	-	-		-
Cash balance plan manager flags	Yellow	21	< 20 Green < 25 Yellow	-	-	-	-	-	-		-

# El Camino Hospital

## Capital Spending (in millions)

Category	Detail	Approved	Total		Spent from Inception	FY 17 Proj Spend	FY 17 YTD Spent
			Total Estimated Cost of Project	Authorized Active			
<b>CIP</b>	EPIC Upgrade			6.1	2.0	6.1	2.0
<b>IT Hardware, Software, Equipment*</b>				5.4	0.3	5.4	0.3
<b>Medical &amp; Non Medical Equipment FY 16**</b>				4.3	0.0	4.3	0.0
<b>Medical &amp; Non Medical Equipment FY 17</b>				10.3	1.1	10.3	1.1
<b>Facility Projects</b>							
	1307 LG Upgrades	FY13	17.3	17.3	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
<b>GRAND TOTAL</b>				<b>427.3</b>		<b>157.0</b>	<b>41.1</b>

# El Camino Hospital

## Capital Spending – Facility Projects (in millions)

	(\$ in ,000)	Approved	A - FY17 Budgeted (Board packet)	D - FY17 Projected Spent	Variance from Budget
<b>Mountain View Campus Master Plan Projects</b>					
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
<b>Sub-Total</b>			<b>162,500</b>	<b>100,596</b>	<b>61,904</b>
<b>Other Capital Facilities Projects (Active/Budgeted)</b>					
0					
0					
1501	Womens Hosp NPC Closeout <sup>(1)</sup>	FY16	327	595	(268)
1425	IMOB Preparation Project - Old Main		1,000	2,466	(1,466)
1502	Cabling and Wireless upgrades <sup>(1)</sup>	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 <sup>(1)</sup>	FY15	-	108	(108)
1503	Breast Imaging Tomography (Excludes \$1M Equip) <sup>(1)</sup>	FY16	300	1,228	(928)
1316	Willow Pavilion FA Sys and Equip Upgrades		800	100	700
1423	MV MOB TI Allowance <sup>(1)</sup>	FY16	-	419	(419)
1520	Facilities Planning Allowance		300	-	300
1523	MV Melchor Suite 309 TI's <sup>(1)</sup>	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
<b>MV Capital Projects Sub-Total</b>			<b>7,777</b>	<b>10,153</b>	<b>(2,376)</b>
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 <sup>(1)</sup>	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 <sup>(1)</sup>	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
<b>LG Capital Projects Sub-Total</b>			<b>30,200</b>	<b>18,487</b>	<b>11,713</b>
0					
	Primary Care Clinic (TI's Only)		1,600	1,400	200
	Urgent Care Clinics (TI's Only)		2,400	-	2,400
<b>Other Strategic Capital Project Sub-Total</b>			<b>4,000</b>	<b>1,400</b>	<b>2,600</b>
0					
<b>Grand Total Facilities Projects</b>			<b>204,477</b>	<b>130,636</b>	<b>73,841</b>

<sup>(1)</sup> 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
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
(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
<b>Total Current Assets</b>	<b>369,894</b>	<b>331,660</b>	Malpractice Reserves	1,936	1,936
<b>BOARD DESIGNATED ASSETS</b>			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	<b>Total Current Liabilities</b>	<b>95,560</b>	<b>106,830</b>
Community Benefit Fund	12,189	13,037	<b>LONG TERM LIABILITIES</b>		
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
<b>Total Board Designated Assets</b>	<b>327,497</b>	<b>312,358</b>	<b>Total Long Term Liabilities</b>	<b>263,509</b>	<b>267,759</b>
(6) FUNDS HELD BY TRUSTEE	25,415	30,841	DEFERRED INFLOW OF RESOURCES	2,892	2,892
<b>LONG TERM INVESTMENTS</b>	<b>222,582</b>	<b>207,597</b>	<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
<b>INVESTMENTS IN AFFILIATES</b>	<b>32,412</b>	<b>31,627</b>	Unrestricted	1,071,826	985,583
<b>PROPERTY AND EQUIPMENT</b>			Board Designated	327,497	312,358
Fixed Assets at Cost	1,182,056	1,171,372	Restricted	0	-
Less: Accumulated Depreciation	(516,439)	(485,856)	(9) <b>Total Fund Bal &amp; Capital Accts</b>	<b>1,399,323</b>	<b>1,297,941</b>
Construction in Progress	88,453	46,009	<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>1,761,284</b>	<b>1,675,422</b>
<b>Property, Plant &amp; Equipment - Net</b>	<b>754,070</b>	<b>731,525</b>			
<b>DEFERRED OUTFLOWS</b>	29,414	29,814			
<b>RESTRICTED ASSETS - CASH</b>	0	-			
<b>TOTAL ASSETS</b>	<b>1,761,284</b>	<b>1,675,422</b>			

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

- (1) The increase in cash is due allowing for immediate cash to be available for the recent significant construction projects that have started in MV campus.
- (2) The decrease is primarily due to the significant cash payments the Patient Accounts team has brought in during the 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.

<sup>(1)</sup> 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%
<b>OPERATING REVENUE</b>										
187,826	192,985	191,376	1,609	0.8%	<b>Gross Revenue</b>	1,475,112	1,606,267	1,565,280	40,987	2.6%
(139,774)	(144,092)	(140,053)	(4,039)	2.9%	<b>Deductions</b>	(1,067,728)	(1,164,557)	(1,145,488)	(19,070)	1.7%
<b>48,052</b>	<b>48,893</b>	<b>51,323</b>	<b>(2,430)</b>	<b>-4.7%</b>	<b>Net Patient Revenue</b>	<b>407,384</b>	<b>441,710</b>	<b>419,792</b>	<b>21,918</b>	<b>5.2%</b>
1,885	1,612	1,872	(260)	-13.9%	<b>Other Operating Revenue</b>	14,461	15,905	14,981	924	6.2%
<b>49,937</b>	<b>50,504</b>	<b>53,194</b>	<b>(2,690)</b>	<b>-5.1%</b>	<b>Total Operating Revenue</b>	<b>421,845</b>	<b>457,614</b>	<b>434,773</b>	<b>22,841</b>	<b>5.3%</b>
<b>OPERATING EXPENSE</b>										
29,867	31,383	30,860	(522)	-1.7%	<b>Salaries &amp; Wages</b>	239,630	246,200	253,895	7,695	3.0%
7,431	7,687	7,807	120	1.5%	<b>Supplies</b>	61,662	61,107	63,893	2,786	4.4%
6,953	6,017	6,565	548	8.4%	<b>Fees &amp; Purchased Services</b>	54,764	51,299	52,613	1,314	2.5%
1,263	655	545	(110)	-20.1%	<b>Other Operating Expense</b>	13,732	5,590	5,304	(286)	-5.4%
602	444	448	4	0.9%	<b>Interest</b>	3,746	3,423	3,586	163	4.5%
3,717	3,457	3,944	488	12.4%	<b>Depreciation</b>	27,657	28,066	30,231	2,165	7.2%
<b>49,834</b>	<b>49,642</b>	<b>50,170</b>	<b>528</b>	<b>1.1%</b>	<b>Total Operating Expense</b>	<b>401,191</b>	<b>395,685</b>	<b>409,521</b>	<b>13,837</b>	<b>3.4%</b>
<b>104</b>	<b>862</b>	<b>3,024</b>	<b>(2,162)</b>	<b>-71.5%</b>	<b>Net Operating Income/(Loss)</b>	<b>20,654</b>	<b>61,929</b>	<b>25,252</b>	<b>36,678</b>	<b>145.2%</b>
(4,086)	4,675	729	3,946	541.4%	<b>Non Operating Income</b>	(37,057)	29,183	5,831	23,352	400.5%
<b>(3,983)</b>	<b>5,537</b>	<b>3,753</b>	<b>1,784</b>	<b>47.5%</b>	<b>Net Income(Loss)</b>	<b>(16,403)</b>	<b>91,113</b>	<b>31,083</b>	<b>60,030</b>	<b>193.1%</b>
8.9%	9.4%	13.9%	-4.5%		<b>EBITDA</b>	8.9%	20.4%	13.6%	6.8%	
0.2%	1.7%	5.7%	-4.0%		<b>Operating Margin</b>	4.9%	13.5%	5.8%	7.7%	
-8.0%	11.0%	7.1%	3.9%		<b>Net Margin</b>	-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%
<b>OPERATING REVENUE</b>										
39,093	45,253	42,893	2,360	5.5%	<b>Gross Revenue</b>	330,814	351,183	356,119	(4,936)	-1.4%
(29,344)	(30,480)	(31,048)	568	-1.8%	<b>Deductions</b>	(238,592)	(256,366)	(257,778)	1,412	-0.5%
<b>9,748</b>	<b>14,773</b>	<b>11,845</b>	<b>2,928</b>	<b>24.7%</b>	<b>Net Patient Revenue</b>	<b>92,222</b>	<b>94,817</b>	<b>98,341</b>	<b>(3,524)</b>	<b>-3.6%</b>
188	183	214	(31)	-14.4%	<b>Other Operating Revenue</b>	1,611	1,326	1,717	(391)	-22.8%
<b>9,936</b>	<b>14,956</b>	<b>12,059</b>	<b>2,897</b>	<b>24.0%</b>	<b>Total Operating Revenue</b>	<b>93,834</b>	<b>96,143</b>	<b>100,059</b>	<b>(3,916)</b>	<b>-3.9%</b>
<b>OPERATING EXPENSE</b>										
5,866	6,545	6,176	(369)	-6.0%	<b>Salaries &amp; Wages</b>	48,192	49,901	51,108	1,207	2.4%
1,632	2,090	1,749	(341)	-19.5%	<b>Supplies</b>	14,093	14,026	14,180	154	1.1%
1,273	1,468	1,195	(274)	-22.9%	<b>Fees &amp; Purchased Services</b>	10,651	10,845	9,948	(897)	-9.0%
1,542	1,424	1,547	123	7.9%	<b>Other Operating Expense</b>	12,661	12,907	12,861	(46)	-0.4%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
522	487	678	191	28.2%	<b>Depreciation</b>	4,004	4,165	4,487	323	7.2%
<b>10,834</b>	<b>12,015</b>	<b>11,345</b>	<b>(670)</b>	<b>-5.9%</b>	<b>Total Operating Expense</b>	<b>89,600</b>	<b>91,844</b>	<b>92,584</b>	<b>740</b>	<b>0.8%</b>
<b>(898)</b>	<b>2,941</b>	<b>714</b>	<b>2,227</b>	<b>311.9%</b>	<b>Net Operating Income/(Loss)</b>	<b>4,233</b>	<b>4,299</b>	<b>7,474</b>	<b>(3,175)</b>	<b>-42.5%</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	(26)	(10)	0	(10)	0.0%
<b>(898)</b>	<b>2,941</b>	<b>714</b>	<b>2,227</b>	<b>311.9%</b>	<b>Net Income(Loss)</b>	<b>4,207</b>	<b>4,289</b>	<b>7,474</b>	<b>(3,186)</b>	<b>-42.6%</b>
8.78%	22.9%	11.5%	-2.1%		<b>EBITDA</b>	8.8%	8.8%	12.0%	-3.2%	
-9.0%	19.7%	5.9%	13.7%		<b>Operating Margin</b>	4.5%	4.5%	7.5%	-3.0%	
-9.0%	19.7%	5.9%	13.7%		<b>Net Margin</b>	4.5%	4.5%	7.5%	-3.0%	



**El Camino Hospital**

THE HOSPITAL OF SILICON VALLEY

## Summary of Financial Operations

Fiscal Year 2017 – Period 9  
7/1/2016 to 3/31/2017

# Dashboard - ECH combined as of March 31, 2017

	Annual				Month			YTD		
	2015	2016	2017 Proj.	2017 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
<b>Volume</b>										
Licensed Beds	443	443	443	443	443	443	443	443	443	443
ADC	246	242	244	245	248	259	256	242	239	245
Adjusted Discharges	22,342	22,499	23,724	22,992	1,843	2,109	1,933	16,559	17,421	17,278
Total Discharges	19,637	19,367	19,993	19,781	1,639	1,728	1,680	14,446	14,670	14,879
<b>Inpatient Cases</b>										
MS Discharges	13,114	13,344	13,793	13,499	1,096	1,225	1,146	9,813	10,126	10,149
Deliveries	5,067	4,717	4,756	4,810	414	398	408	3,548	3,507	3,617
BHS	901	806	910	901	83	65	77	709	681	684
Rehab	555	500	534	570	46	40	48	376	356	429
<b>Outpatient Cases</b>										
ED	49,106	48,609	49,608	51,258	4,244	4,378	4,337	36,710	36,171	38,414
Procedural Cases										
OP Surg	6,488	6,070	7,113	6,427	524	676	527	4,611	5,042	4,670
Endo	2,520	2,324	2,209	2,479	223	214	202	1,759	1,648	1,788
Interventional	1,998	2,021	2,043	2,323	174	197	194	1,525	1,529	1,715
All Other	67,998	80,911	86,997	84,566	7,536	7,951	6,901	60,385	64,538	61,115
<b>Financial Perf.</b>										
Net Revenues	746,645	772,020	831,501	789,585	67,320	73,587	68,130	566,926	610,114	586,264
Operating Expenses	689,631	743,044	756,093	764,828	63,210	66,465	64,727	554,001	553,994	566,833
Operating Income \$	78,120	52,613	100,742	49,817	6,508	8,704	5,491	31,396	74,932	38,217
Operating Margin	10.2%	6.6%	11.8%	6.1%	9.3%	11.6%	7.8%	5.4%	11.9%	6.3%
EBITDA \$	128,002	108,554	154,663	109,890	11,333	12,910	10,549	71,627	114,792	81,579
EBITDA %	16.7%	13.6%	18.1%	13.5%	16.3%	17.2%	15.0%	12.2%	18.3%	13.5%
IP Margin <sup>1</sup>	-3.9%	-8.7%	-5.8%	-6.1%	-6.9%	-5.1%	-6.1%	-11.1%	-5.8%	-6.1%
OP Margin <sup>1</sup>	26.7%	26.7%	34.1%	26.4%	26.0%	34.7%	26.4%	25.4%	34.1%	26.4%
<b>Payor Mix</b>										
Medicare	46.2%	46.6%	47.7%	46.4%	49.1%	48.9%	46.4%	46.0%	47.7%	46.4%
Medi-Cal	6.6%	7.4%	7.3%	6.5%	6.4%	6.8%	6.5%	7.4%	7.3%	6.5%
Commercial IP	24.2%	23.2%	22.3%	24.0%	24.4%	20.8%	24.0%	24.3%	22.3%	24.0%
Commercial OP	18.7%	18.7%	20.2%	19.0%	18.6%	20.7%	19.0%	19.5%	20.2%	18.6%
Total Commercial	42.9%	41.9%	42.5%	43.0%	43.0%	41.5%	43.0%	43.8%	42.5%	42.6%
Other	4.3%	4.1%	2.5%	4.1%	1.5%	2.8%	4.1%	2.8%	2.5%	4.1%
<b>Cost</b>										
Employees	2,452.4	2,542.8	2,491.7	2,554.9	2,564.6	2,549.6	2,542.8	2,604.7	2,491.7	2,554.9
Hrs/APD	30.45	30.35	29.61	29.48	31.32	28.47	28.28	31.18	29.61	29.48
<b>Balance Sheet</b>										
Net Days in AR	43.6	53.7	47.7	48.0	53.7	47.7	48.0	53.7	47.7	48.0
Days Cash	401	361	418	266	361	418	266	361	418	266
<b>Affiliates - Net Income (\$000s)</b>										
Hosp	94,787	43,043	171,492	67,032	22,161	18,926	6,220	9,965	114,328	44,777
Concern	1,202	1,823	1,581	2,604	(123)	51	221	1,465	1,054	1,918
ECSC	(41)	(282)	(108)	0	(327)	(12)	0	(314)	(72)	0
Foundation	710	982	3,134	(450)	690	43	(4)	371	2,089	(318)
SVMD	106	156	177	0	(23)	(43)	(1)	(36)	118	(2)

Green - Equal to or better than budget; Yellow - Unfav by up to 5%; Red - Greater than 5% unfav  
 FY2017 budget presented excludes 2016 and 2017 bonds cost of issuance and interest expense

## Inpatient Volume:

- March inpatient discharges exceed budget by 2.9% and 5.4% from PY; YTD discharge is lower than budget by 1.4%. With strong OP revenue, YTD adj. discharges are now ahead of budget.
- Delivery, BHS and Rehab volume all lagging from budget but we see a volume increase in HVI (5%, particularly cardiac surgery cases), Spine surgeries (9%), and GYN cases (11%).

## Outpatient Volume:

- OP volume posted a strong month in March with a 10.3% higher than budget. YTD overall OP volume ahead of budget by 1.1%
- We observed a significant increase in OP surgery at both campus in March (28%) as well as YTD (7.9%).
- Endo cases (5.9%), Cancer Center, Infusion Center case volume also posted an all time high volume in March which result a significant increase in gross charges.

## Payor Mix:

- Commercial mix improved from from February from 40.4% to 41.5% as respiratory cases eased with the warm weather. YTD PM is still under budget due to higher Medicare.

## Balance Sheet:

- Net days in AR are ahead of target and improved further in March. Total cash on hand is still at an all time high of 418 days in March.

# Budget Variances

(in thousands)	Month to Date (MTD)			Year to Date (YTD)		
	Detail	Net Income Impact	% Net Revenue	Detail	Net Income Impact	% Net Revenue
<b>Budgeted Hospital Operations FY2017</b>		<b>5,491</b>	<b>7.8%</b>		<b>38,217</b>	<b>6.3%</b>
<b>Net Revenue</b>		4,951	6.6%		23,876	3.8%
* Volume and service mix	3,868			2,019		
* Rev cycle improvements	500			7,500		
* IGT				6,535		
* BPCI Settlement				(2,169)		
* Medi-Cal managed care supplemental				1,366		
* Insurance (Payment Variance)	544			1,120		
* Mcare Settlement	27			1,291		
* Various Adjustments under \$250k	12			480		
<b>Labor and Benefit Expense Change</b>		955	1.3%		9,856	1.6%
* Productivity, volume and service mix	(1,731)			10,438		
* WC Reserve Update based on Favorable Exp	1,824			2,524		
* Vacancies filled with purchased services	862			2,498		
* Pay for performance bonus				(3,204)		
* Ratification bonus				(2,400)		
<b>Professional Fees &amp; Purchased Services</b>		(2,376)	-3.2%		(1,959)	-0.3%
* Physician Fees	299			1,356		
* Consulting Fee - Includes \$2M in 2017A Bond Issuance Cost	(2,245)			(3,728)		
* Purchased Services due to Clinical Informatics and IT backfill for vacant IT positions	(1,149)			(3,330)		
* Repairs and Maintenance Fees	719			3,743		
<b>Supplies</b>		(1,264)	-1.7%		1,676	0.3%
* Drug Exp (due to higher Infusion Center volume; but offset by higher revenue)	(624)			(2,099)		
* Medical Supplies	(611)			2,284		
* Non Med Supplies - Misc (Food/Volumes)	(29)			1,491		
<b>Other Expenses</b>		96	0.1%		(236)	0.0%
* Leases & Rental Fees (Rental Lease Costs)	45			(220)		
* Utilities & Telephone	(346)			97		
* Other G&A	398			(113)		
<b>Depreciation &amp; Interest</b>		850	1.1%		3,503	0.6%
* Depreciation (Ongoing depreciation on the Old 2nd & 3rd Fl & GL improvement projects)	668			3,156		
* Interest Expense - 2017 bonds	183			346		
<b>Actual Hospital Operations FY2017</b>		<b>8,704</b>	<b>11.6%</b>		<b>74,933</b>	<b>11.9%</b>

# El Camino Hospital (\$000s)

9 month ending 3/31/2017

PERIOD 9 FY 2016	PERIOD 9 FY 2017	PERIOD 9 Budget 2017	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
243,528	289,052	252,666	36,386	14.4%	<b>Gross Revenue</b>	2,049,455	2,246,502	2,174,065	72,437	3.3%
(176,208)	(215,465)	(184,536)	(30,929)	1.0%	<b>Deductions</b>	(1,482,529)	(1,636,389)	(1,587,801)	(48,587)	3.1%
<b>67,320</b>	<b>73,587</b>	<b>68,130</b>	<b>5,456</b>	<b>8.0%</b>	<b>Net Patient Revenue</b>	<b>566,926</b>	<b>610,114</b>	<b>586,264</b>	<b>23,850</b>	<b>4.1%</b>
2,398	1,582	2,088	(506)	-24.2%	<b>Other Operating Revenue</b>	18,471	18,813	18,786	27	0.1%
<b>69,718</b>	<b>75,169</b>	<b>70,218</b>	<b>4,951</b>	<b>7.1%</b>	<b>Total Operating Revenue</b>	<b>585,397</b>	<b>628,926</b>	<b>605,050</b>	<b>23,876</b>	<b>3.9%</b>
<b>OPERATING EXPENSE</b>										
34,781	37,957	38,911	955	2.5%	<b>Salaries &amp; Wages</b>	322,603	334,058	343,914	9,856	2.9%
11,371	11,651	10,387	(1,264)	-12.2%	<b>Supplies</b>	87,126	86,784	88,460	1,676	1.9%
9,851	10,395	8,019	(2,376)	-29.6%	<b>Fees &amp; Purchased Services</b>	75,266	72,539	70,580	(1,959)	-2.8%
2,383	2,256	2,352	96	4.1%	<b>Other Operating Expense</b>	28,776	20,753	20,517	(236)	-1.1%
602	265	448	183	40.9%	<b>Interest</b>	4,348	3,688	4,034	346	8.6%
4,222	3,941	4,610	668	14.5%	<b>Depreciation</b>	35,882	36,172	39,328	3,156	8.0%
<b>63,210</b>	<b>66,465</b>	<b>64,727</b>	<b>(1,737)</b>	<b>-2.7%</b>	<b>Total Operating Expense</b>	<b>554,001</b>	<b>553,994</b>	<b>566,833</b>	<b>12,840</b>	<b>2.3%</b>
<b>6,508</b>	<b>8,704</b>	<b>5,491</b>	<b>3,213</b>	<b>58.5%</b>	<b>Net Operating Income/(Loss)</b>	<b>31,396</b>	<b>74,932</b>	<b>38,217</b>	<b>36,716</b>	<b>96.1%</b>
15,652	10,223	729	9,494	1302.4%	<b>Non Operating Income</b>	(21,431)	39,395	6,560	32,835	500.5%
<b>22,161</b>	<b>18,926</b>	<b>6,220</b>	<b>12,707</b>	<b>204.3%</b>	<b>Net Income(Loss)</b>	<b>9,965</b>	<b>114,328</b>	<b>44,777</b>	<b>69,551</b>	<b>155.3%</b>
16.3%	17.2%	15.0%	2.2%		<b>EBITDA</b>	12.2%	18.3%	13.5%	4.8%	
9.3%	11.6%	7.8%	3.8%		<b>Operating Margin</b>	5.4%	11.9%	6.3%	5.6%	
31.8%	25.2%	8.9%	16.3%		<b>Net Margin</b>	1.7%	18.2%	7.4%	10.8%	

# Non Operating Items and Net Income by Affiliate

\$ in thousands

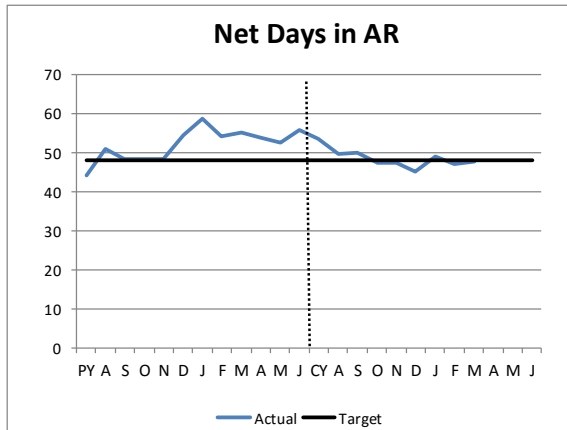
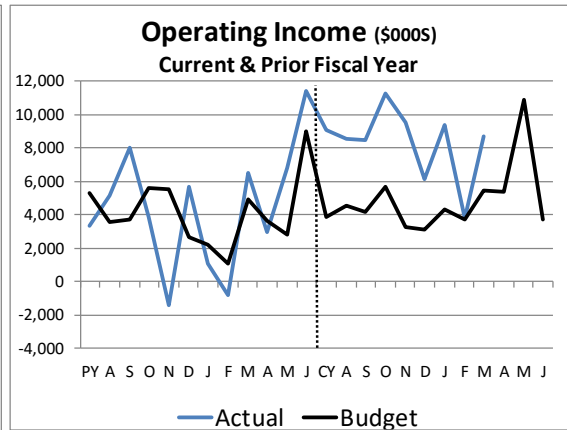
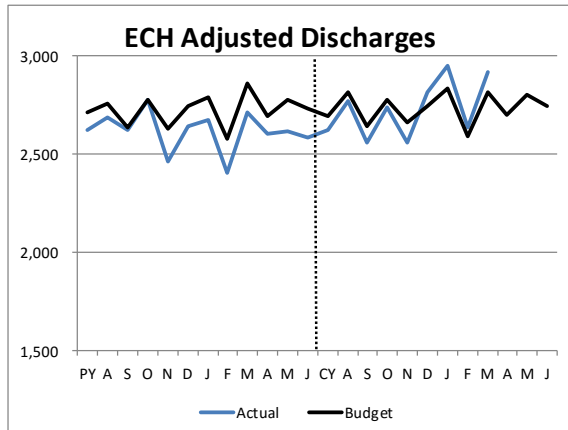
	Period 9 - Month			Period 9 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Income (Loss) from Operations</b>						
Mountain View	8,012	4,159	3,853	69,942	29,411	40,531
Los Gatos	692	1,332	(640)	4,991	8,806	(3,815)
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>8,704</b>	<b>5,491</b>	<b>3,213</b>	<b>74,932</b>	<b>38,217</b>	<b>36,716</b>
<b>Operating Margin %</b>	<b>11.6%</b>	<b>7.8%</b>		<b>11.9%</b>	<b>6.3%</b>	
<b>El Camino Hospital Non Operating Income</b>						
Investments	10,339	1,512	8,828	41,839	13,605	28,234
Swap Adjustments	184	0	184	3,526	0	3,526
Community Benefit	(182)	(283)	101	(2,951)	(2,550)	(401)
Other	(118)	(499)	381	(3,019)	(4,495)	1,476
<b>Sub Total - Non Operating Income</b>	<b>10,223</b>	<b>729</b>	<b>9,494</b>	<b>39,395</b>	<b>6,560</b>	<b>32,835</b>
<b>El Camino Hospital Net Income (Loss)</b>	<b>18,926</b>	<b>6,220</b>	<b>12,707</b>	<b>114,328</b>	<b>44,777</b>	<b>69,551</b>
<b>ECH Net Margin %</b>	<b>25.2%</b>	<b>8.9%</b>		<b>18.2%</b>	<b>7.4%</b>	
Concern	51	221	(170)	1,054	1,918	(864)
ECSC	(12)	0	(12)	(72)	0	(72)
Foundation	43	(4)	48	2,089	(318)	2,407
Silicon Valley Medical Development	(43)	(1)	(42)	118	(2)	119
<b>Net Income Hospital Affiliates</b>	<b>40</b>	<b>215</b>	<b>(175)</b>	<b>3,189</b>	<b>1,598</b>	<b>1,591</b>
<b>Total Net Income Hospital &amp; Affiliates</b>	<b>18,966</b>	<b>6,435</b>	<b>12,531</b>	<b>117,517</b>	<b>46,375</b>	<b>71,142</b>

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

- Concern unfavorable to unrealized loss on fixed income investments
- Foundation favorable due to investment income

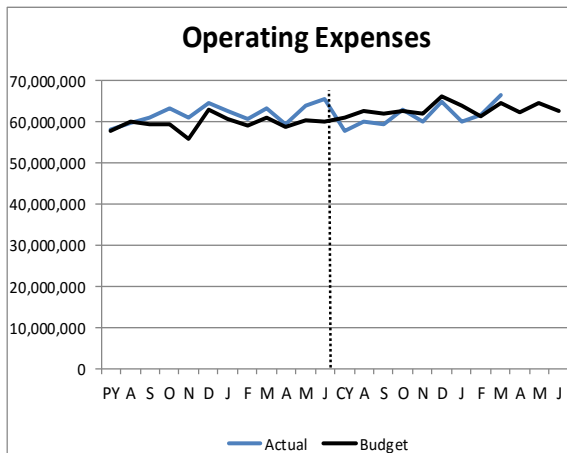
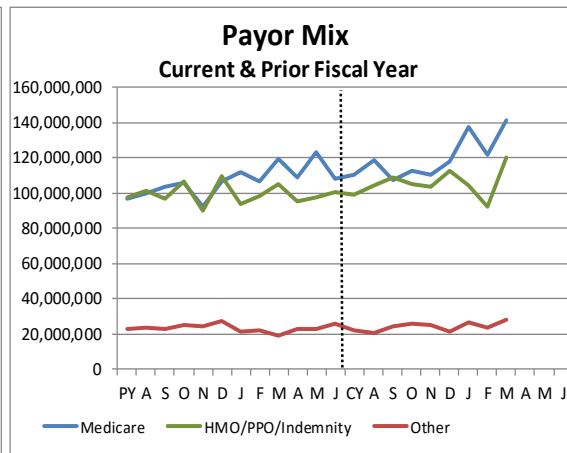
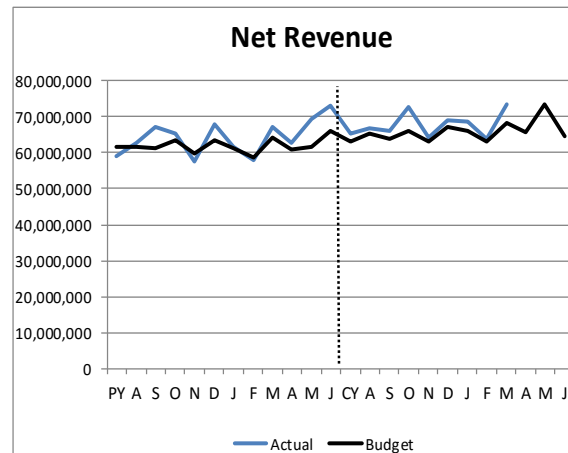


# Monthly Financial Trends

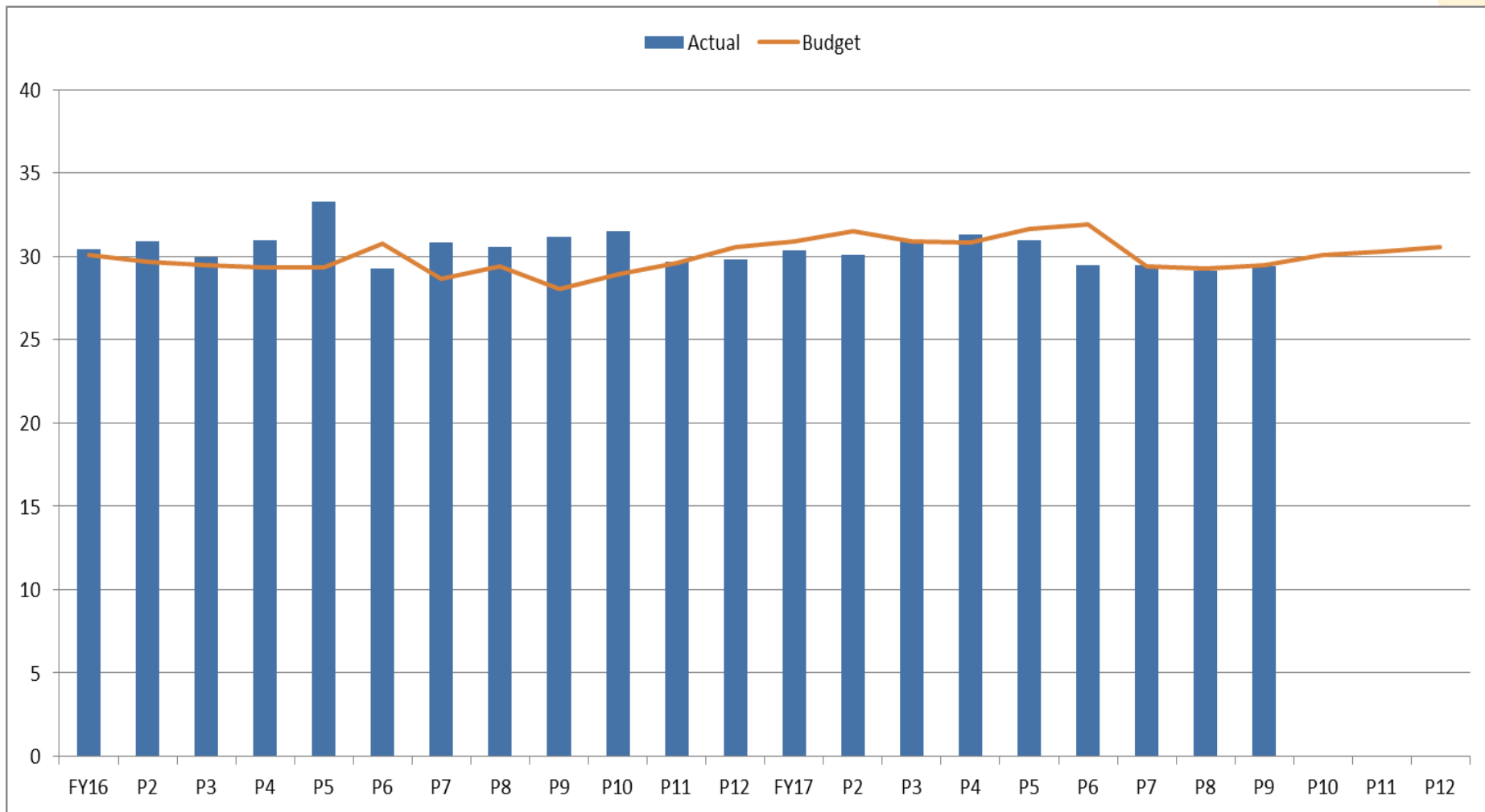


**Budget is represented by solid lines; Bars represent actual results**

March volume is higher than previous month with an increase in Surgery, Laboratory Services and Oncology. Operating expenses slightly higher than budgeted in March due to higher volume, but is \$12.85M favorable for budget YTD

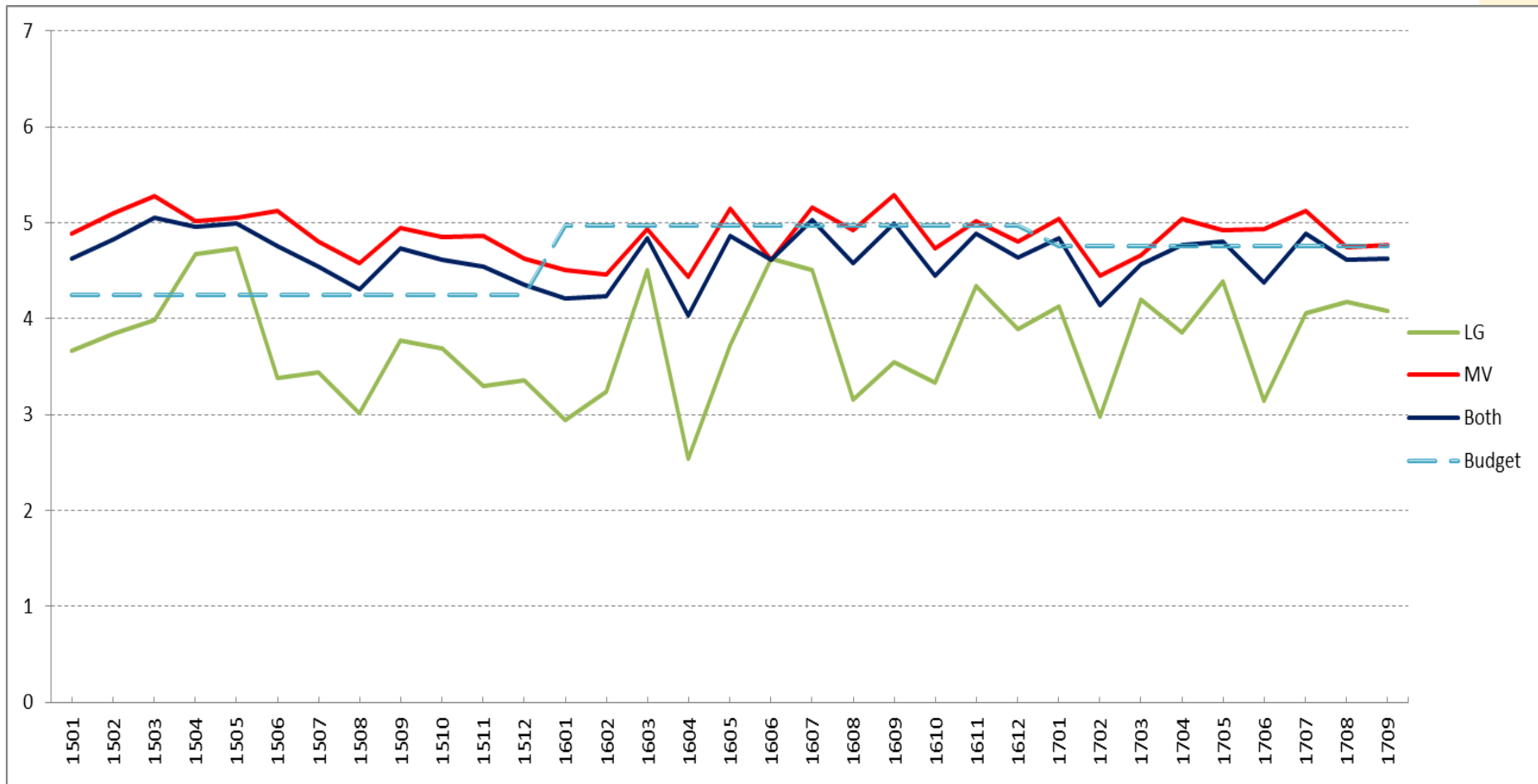


# Worked Hours per Adjusted Patient Day



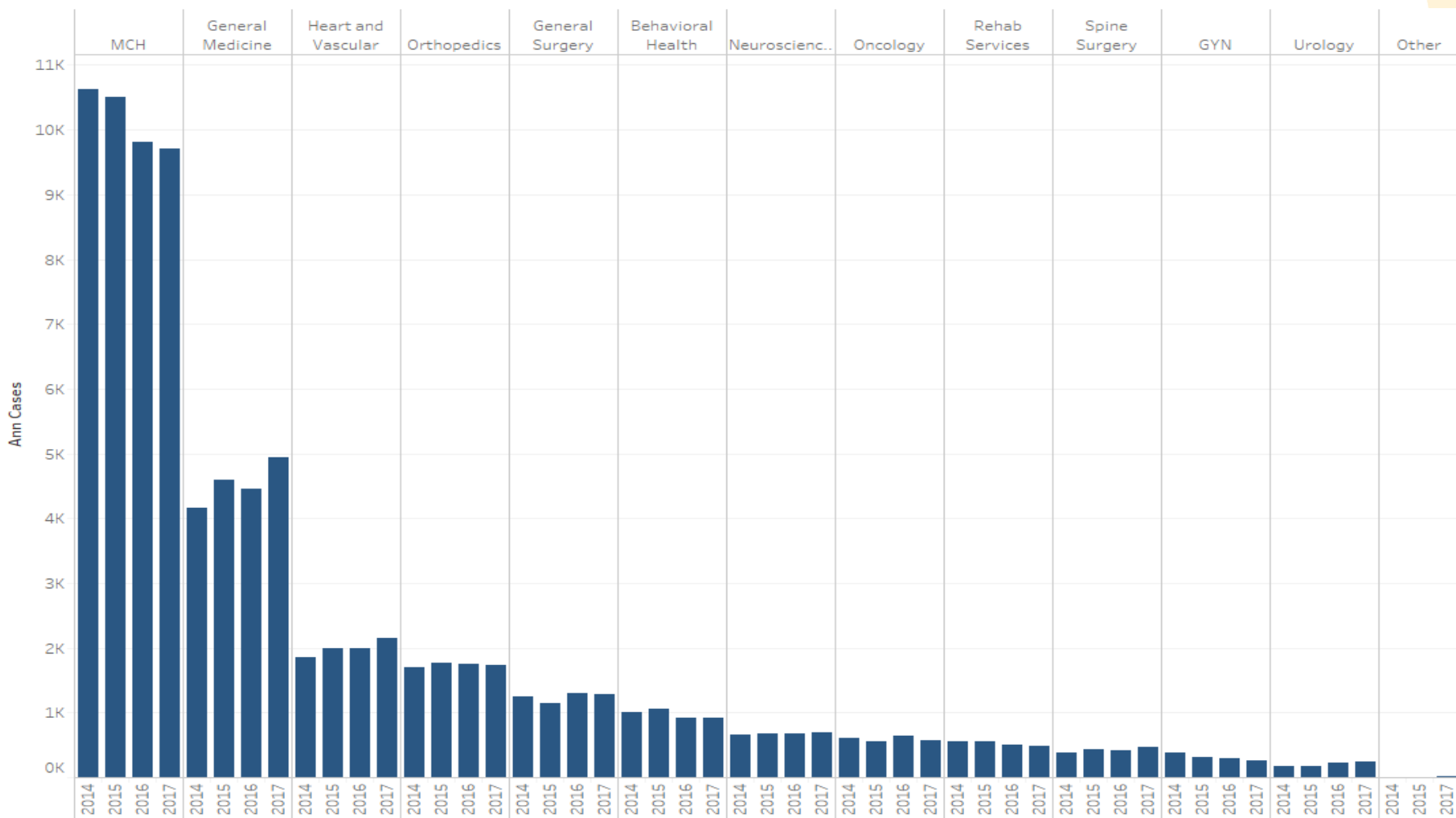
Productivity has improved after EPIC go-live and is favorable compared to budget, work hours per adjusted patient day remains flat for the last four Months and shows a decreasing trend for FY17.

## Medicare ALOS



•ALOS remained ahead of target.

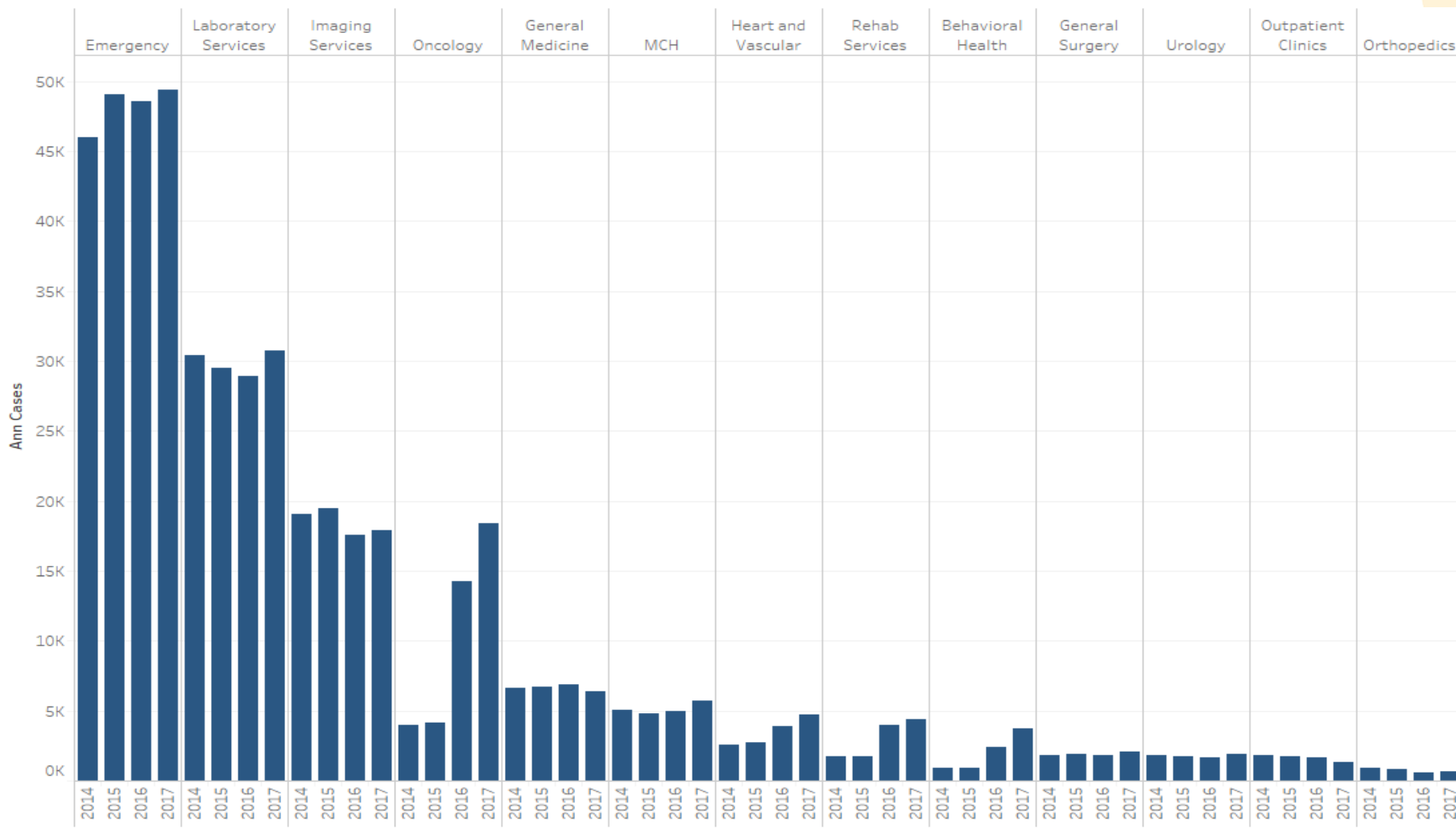
## El Camino Hospital Volume Annual Trends – Inpatient FY 2017 is annualized



- General Medicine volume increased in March, currently at 92% of budget YTD.
- MCH volume increased in March at line with budget YTD AT 99%

## El Camino Hospital Volume Annual Trends – Outpatient

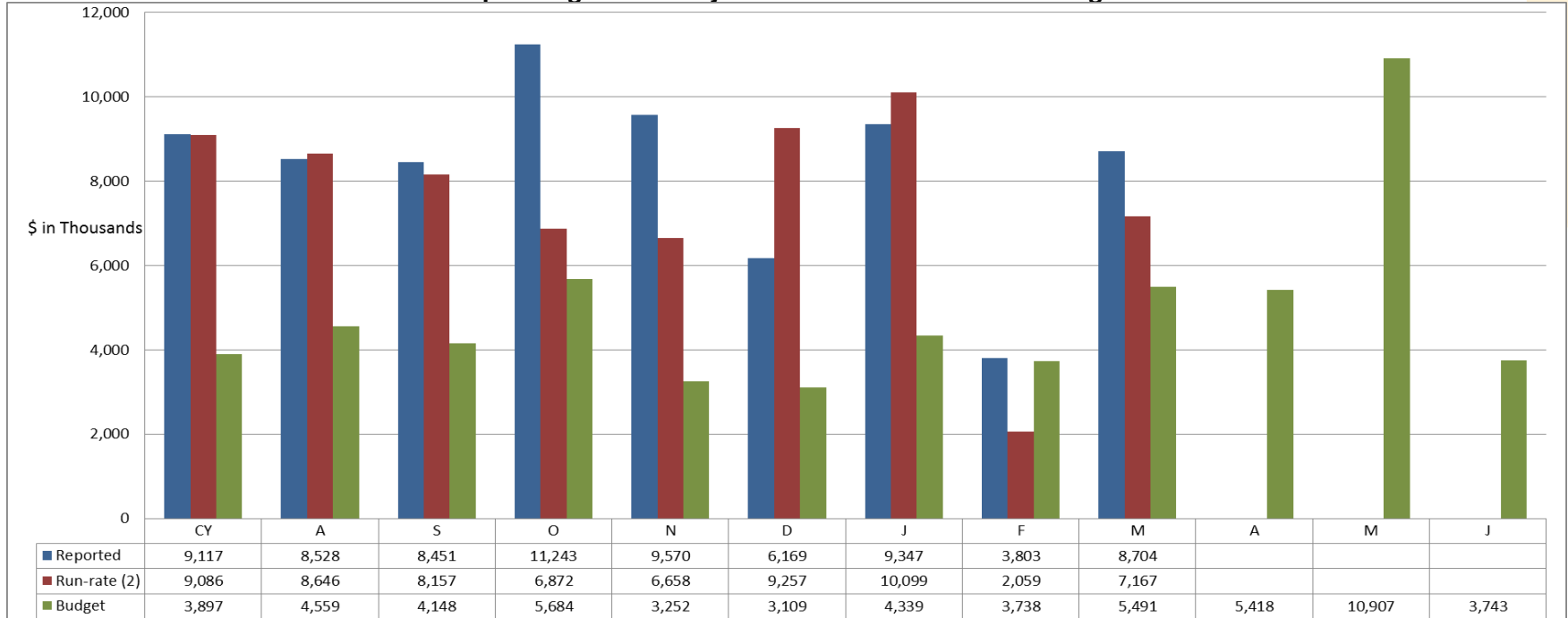
**FY 2017 is annualized**



- General Surgery, Heart and Vascular, Oncology and Laboratory Services are ahead of budget for the month and YTD.

# ECH Operating Margin

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



## FY 2017 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>

Revenue Adjustments	J	A	S	O	N	D	J	F	M	A	M	J	YTD
Insurance (Payment Variance)	335	-	61	145	36	-	-	-	544	-	-	-	1,120
Mcare Settlmt/Appeal/Tent Settlmt/PIP	100	(158)	74	67	67	100	67	947	27	-	-	-	1,291
BPCI Settlement	-	-	-	-	-	-	(2,167)	-	-	-	-	-	(2,167)
Medi-Cal Supplemental	-	-	-	-	-	312	814	240	-	-	-	-	1,366
IGT Supplemental	-	-	-	6,535	-	-	-	-	-	-	-	-	6,535
Various Adjustments under \$250k	(69)	40	164	25	12	9	131	157	12	-	-	-	480
<b>Total</b>	<b>366</b>	<b>(118)</b>	<b>299</b>	<b>6,771</b>	<b>115</b>	<b>421</b>	<b>(1,155)</b>	<b>1,344</b>	<b>582</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,105</b>
<b>Expense Adjustments</b>													
Pay-For-Performance Bonus	-	-	-	-	-	(2,400)	(403)	(401)	-	-	-	-	(3,204)
Ratification Bonus	-	-	-	(2,400)	-	-	-	-	-	-	-	-	(2,400)
Purchases Below Capital Threshold	-	-	-	-	(598)	-	-	-	-	-	-	-	(598)
WC Reserve Updates Based on Fav. Experience	-	-	-	-	-	700	-	-	1,824	-	-	-	2,524
Other Purchased Services	-	-	-	-	-	(500)	-	-	-	-	-	-	(500)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,400)</b>	<b>(598)</b>	<b>(2,200)</b>	<b>(403)</b>	<b>(401)</b>	<b>1,824</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,402</b>

\*Represents various adjustments under \$250k

# El Camino Hospital Investment Committee Scorecard

March 31, 2017

Key Performance Indicator	Status	1Q 2017		Fiscal Year-to-date		4y 5m Since Inception (annualized)		FY17	Expectation
		El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	Year-end Budget	Per Asset Allocation
<b>Investment Performance</b>		1Q 2017		Fiscal Year-to-date		4y 5m Since Inception (annualized)			May 2016
Surplus cash balance & op. cash (millions)		\$854.8	--	--	--	--	--	\$657.2	--
Surplus cash return	Green	3.3%	3.1%	6.4%	6.4%	5.1%	5.1%	4.0%	5.2%
Cash balance plan balance (millions)		\$238.0	--	--	--	--	--	\$220.6	--
Cash balance plan return	Green	4.1%	3.6%	7.7%	7.6%	7.6%	7.0%	6.0%	5.8%
403(b) plan balance (millions)		\$394.4	--	--	--	--	--	--	--
<b>Risk vs. Return</b>		3-year				4y 5m Since Inception (annualized)			May 2016
Surplus cash Sharpe ratio	Green	0.82	0.90	--	--	1.19	1.17	--	0.55
Net of fee return	Green	3.8%	4.2%	--	--	5.1%	5.1%	--	5.2%
Standard deviation	Green	4.5%	4.6%	--	--	4.2%	4.2%	--	8.6%
Cash balance Sharpe ratio	Green	0.82	0.84	--	--	1.29	1.26	--	0.49
Net of fee return	Green	4.8%	4.8%	--	--	7.6%	7.0%	--	5.8%
Standard deviation	Green	5.8%	5.6%	--	--	5.7%	5.5%	--	10.7%
<b>Asset Allocation</b>		1Q 2017							
Surplus cash absolute variances to target	Green	7.2%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target	Green	6.8%	< 10%	--	--	--	--	--	--
<b>Manager Compliance</b>		1Q 2017							
Surplus cash manager flags	Green	16	< 19 Green < 23 Yellow	--	--	--	--	--	--
Cash balance plan manager flags	Green	19	< 20 Green < 25 Yellow	--	--	--	--	--	--

# El Camino Hospital

## Capital Spending (in millions)

CIP	Category	Detail	Total Estimated Cost of Project	Total		FY 17 Proj Spend	FY 17 YTD Spent
				Authorized Active			
	EPIC Upgrade		6.1	6.1		6.1	2.0
	<b>IT Hardware, Software, Equipment*</b>		5.4	5.4		5.4	0.3
	<b>Medical &amp; Non Medical Equipment FY 17</b>		9.7	9.7		9.7	1.1
	<b>Imaging</b>		0.5	0.5		0.5	
	<b>Facility Projects</b>						
		1245 BHS Replacement	91.5	91.5		24.8	6.8
		1413 North Dr Parking Structure Expansion	24.5	24.5		21.1	12.2
		1414 Integrated Medical Office Building	275.0	275.0		70.1	24.3
		1422 CUP Upgrades	9.0	9.0		5.0	1.0
		1430 Women Hosp Expansion	91.0	1.0		0.8	0.1
		1501 Womens Hosp NPC Closeout	0.6	0.6		0.6	0.2
		1425 IMOB Preparation Project - Old Main	3.0	3.0		3.0	1.8
		1502 Cabling and Wireless upgrades	2.8	2.8		2.8	0.3
		1525 New Main Lab Upgrades	3.1	3.1		2.6	0.3
		1515 ED Remodel Triage / Psych Observation	1.6	-		0.6	
		1415 Signage & Wayfinding	0.4	0.4		0.5	0.0
		1416 Digital Directories	0.1	0.1		0.1	0.0
		1503 Breast Imaging Tomography (Excludes \$	1.3	1.3		1.3	0.2
		1316 Willow Pavilion FA Sys and Equip Upgra	0.8	-		0.1	
		1423 MV MOB TI Allowance	0.8	0.8		0.8	0.4
		Facilities Planning Allowance	0.6	-		-	
		1523 MV Melchor Suite 309 TI's	0.5	0.5		0.5	0.1
		Furniture Systems Inventory (17)	0.2	0.2		0.5	
		Site Signage & Other Improvements	1.0	-		0.1	
		MV Equipment & Infrastructure Upgrade	0.6	-		-	
		IR Room #6 Development	2.6	-		0.2	
		1602 JW House (Patient Family Residence)	2.5	-		-	
		1219 LG Spine Room Expansion - OR 4	4.1	4.1		4.1	1.9
		1313 LG Rehab HVAC Upgrades	3.7	3.7		3.7	1.8
		1248 LG Imaging Phase II (CT & Gen Rad) & Ste	8.8	8.8		8.1	5.0
		1307 LG Upgrades - Major	19.3	17.3		14.1	1.9
		1327 LG Rehab Building Upgrades	0.7	0.1		0.2	
		1346 LG Surgical Lights OR's 5,6 & 7	0.5	0.5		0.5	
		1421 LG MOB Improvements	0.9	0.9		0.9	0.5
		1507 LG IR Upgrades	1.1	-		-	
		1508 LG NICU 4 Bed Expansion	-	0.5		0.2	0.2
		1600 LG 825 Pollard - Aspire Phase 2	0.5	0.5		0.5	0.3
		LG Building Infrastructure Improvement:	-	-		-	
		LG Facilities Planning	0.8	-		-	
		1603 LG MOB Improvements (17)	5.0	5.0		1.5	1.4
		Primary Care Clinic (TI's Only) FY 17 (828	3.4	-		1.4	
		Urgent Care Clinics (TI's Only)	2.4	-		-	
			564.7	455.2		170.7	60.6

**GRAND TOTAL**

**586.4**

**477.0**

**192.4**

**64.0**

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



# El Camino Hospital

## Capital Spending – Facility Projects (in millions)

FACILITY	PROJ	CAPITAL PROJECT DESCRIPTION	TOTAL BUDGET FY17	FY17 PROJECTED SPEND	Variance from Budget
<b>Mountain View Campus Master Plan Projects</b>					
1 - Mountain View	1245	BHS Replacement	30,000,000	24,762,757	5,237,243
1 - Mountain View	1413	North Dr Parking Structure Expansion	20,500,000	21,145,944	(645,944)
1 - Mountain View	1414	Integrated Medical Office Building	101,500,000	70,087,267	31,412,733
1 - Mountain View	1422	CUP Upgrades	5,000,000	4,967,592	32,408
1 - Mountain View	1430	Women Hosp Expansion	5,500,000	800,000	4,700,000
<b>Sub-total Mountain View Campus Master Plan</b>			<b>162,500,000</b>	<b>121,763,560</b>	<b>40,736,440</b>
<b>Mountain View Capital Projects</b>					
1 - Mountain View	1501	Womens Hosp NPC Closeout	327,000	609,234	(282,234)
1 - Mountain View	1425	IMOB Preparation Project - Old Main	1,000,000	3,000,000	(2,000,000)
1 - Mountain View	1502	Cabling and Wireless upgrades	400,000	2,800,000	(2,400,000)
1 - Mountain View	1525	New Main Lab Upgrades	1,200,000	2,640,000	(1,440,000)
1 - Mountain View	1515	ED Remodel Triage / Psych Observation	1,400,000	600,000	800,000
1 - Mountain View	1415	Signage & Wayfinding	300,000	541,500	(241,500)
1 - Mountain View	1416	Digital Directories		125,000	(125,000)
1 - Mountain View	1503	Breast Imaging Tomography (Excludes \$1M Equip)	300,000	1,300,000	(1,000,000)
1 - Mountain View	1316	Willow Pavilion FA Sys and Equip Upgrades	800,000	100,000	700,000
1 - Mountain View	1423	MV MOB TI Allowance		784,000	(784,000)
1 - Mountain View		Facilities Planning Allowance	300,000	-	300,000
1 - Mountain View	1523	MV Melchor Suite 309 TI's		464,000	(464,000)
1 - Mountain View		Furniture Systems Inventory (17)	250,000	496,000	(246,000)
1 - Mountain View		Site Signage & Other Improvements	200,000	100,000	100,000
1 - Mountain View		MV Equipment & Infrastructure Upgrades (17)	300,000	-	300,000
1 - Mountain View		IR Room #6 Development	500,000	200,000	300,000
1 - Mountain View	1602	JW House (Patient Family Residence)	500,000	-	500,000
<b>Sub-total Mountain View Capital Projects</b>			<b>7,777,000</b>	<b>13,759,734</b>	<b>(5,982,734)</b>
<b>Los Gatos Capital Projects</b>					
11 - Los Gatos	1219	LG Spine Room Expansion - OR 4	3,100,000	4,100,000	(1,000,000)
11 - Los Gatos	1313	LG Rehab HVAC Upgrades	400,000	3,675,000	(3,275,000)
11 - Los Gatos	1248	LG Imaging Phase II (CT & Gen Rad) & Sterile Processing	7,250,000	8,100,000	(850,000)
11 - Los Gatos	1307	LG Upgrades - Major	7,300,000	14,100,000	(6,800,000)
11 - Los Gatos	1327	LG Rehab Building Upgrades	500,000	193,000	307,000
11 - Los Gatos	1346	LG Surgical Lights OR's 5,6 & 7		500,000	(500,000)
11 - Los Gatos	1421	LG MOB Improvements	150,000	900,000	(750,000)
11 - Los Gatos	1507	LG IR Upgrades	800,000	-	800,000
11 - Los Gatos	1508	LG NICU 4 Bed Expansion	5,000,000	247,000	4,753,000
11 - Los Gatos	1600	LG 825 Pollard - Aspire Phase 2		525,000	(525,000)
11 - Los Gatos		LG Building Infrastructure Improvements	1,200,000	-	1,200,000
11 - Los Gatos		LG Facilities Planning	500,000	-	500,000
11 - Los Gatos	1603	LG MOB Improvements (17)	4,000,000	1,500,000	2,500,000
<b>Sub-total Los Gatos Capital Projects</b>			<b>30,200,000</b>	<b>33,840,000</b>	<b>(3,640,000)</b>
<b>Other Strategic Capital Facility Projects</b>					
Other Cap Fac Proj		Primary Care Clinic (TI's Only) FY 17 (828 Winchester)	1,600,000	1,400,000	200,000
Other Cap Fac Proj		Urgent Care Clinics (TI's Only)	2,400,000	-	2,400,000
<b>Sub-total Other Strategic Projects</b>			<b>4,000,000</b>	<b>1,400,000</b>	<b>2,600,000</b>
<b>GRAND TOTAL FACILITIES PROJECTS</b>			<b>204,477,000</b>	<b>170,763,294</b>	<b>33,713,706</b>

Denotes project has been cancelled or replaced

# Balance Sheet (in thousands)

## ASSETS

	Audited	
	March 31, 2017	June 30, 2016
<b>CURRENT ASSETS</b>		
(1) Cash	81,186	59,169
Short Term Investments	135,030	105,284
(2) Patient Accounts Receivable, net	109,167	120,960
Other Accounts and Notes Receivable	2,788	4,369
(3) Intercompany Receivables	1,529	2,200
(4) Inventories and Prepays	43,115	39,678
<b>Total Current Assets</b>	<b>372,815</b>	<b>331,660</b>
<b>BOARD DESIGNATED ASSETS</b>		
Plant & Equipment Fund	123,541	119,650
(5) Women's Hospital Expansion	9,298	-
Operational Reserve Fund	100,196	100,196
Community Benefit Fund	12,197	13,037
Workers Compensation Reserve Fund	21,434	22,309
Postretirement Health/Life Reserve Fund	19,474	18,256
PTO Liability Fund	23,030	22,984
Malpractice Reserve Fund	1,800	1,800
Catastrophic Reserves Fund	16,162	14,125
<b>Total Board Designated Assets</b>	<b>327,133</b>	<b>312,358</b>
(6) <b>FUNDS HELD BY TRUSTEE</b>	<b>302,411</b>	<b>30,841</b>
<b>LONG TERM INVESTMENTS</b>	<b>247,441</b>	<b>207,597</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>32,583</b>	<b>31,627</b>
<b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,182,916	1,171,372
Less: Accumulated Depreciation	(520,148)	(485,856)
Construction in Progress	98,262	46,009
<b>Property, Plant &amp; Equipment - Net</b>	<b>761,031</b>	<b>731,525</b>
<b>DEFERRED OUTFLOWS</b>	<b>29,364</b>	<b>29,814</b>
<b>RESTRICTED ASSETS - CASH</b>	<b>0</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>2,072,778</b>	<b>1,675,422</b>

## LIABILITIES AND FUND BALANCE

	Audited	
	March 31, 2017	June 30, 2016
<b>CURRENT LIABILITIES</b>		
(7) Accounts Payable	20,214	28,519
(8) Salaries and Related Liabilities	10,934	22,992
Accrued PTO	23,030	22,984
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	11,455	11,314
Intercompany Payables	175	105
Malpractice Reserves	1,936	1,936
Bonds Payable - Current	3,735	3,635
Bond Interest Payable	2,024	5,459
Other Liabilities	7,391	10,478
<b>Total Current Liabilities</b>	<b>80,302</b>	<b>106,830</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	19,474	18,256
Worker's Comp Reserve	19,134	20,009
Other L/T Obligation (Asbestos)	3,719	3,637
Other L/T Liabilities (IT/Medl Leases)	-	-
(9) Bond Payable	531,929	225,857
<b>Total Long Term Liabilities</b>	<b>574,256</b>	<b>267,759</b>
<b>DEFERRED REVENUE-UNRESTRICTED</b>	<b>575,687</b>	
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>2,892</b>	<b>2,892</b>
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	1,087,619	985,583
Board Designated	327,133	312,358
Restricted	0	-
(10) <b>Total Fund Bal &amp; Capital Accts</b>	<b>1,414,752</b>	<b>1,297,941</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>2,072,778</b>	<b>1,675,422</b>

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

- (1) The increase in cash is due allowing for immediate cash to be available for the recent significant construction projects that have started in MV campus.
- (2) The decrease is primarily due to the significant cash payments the Patient Accounts team has brought in during the nine 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) This month reflects the 2017 Revenue Bonds that were issued in March. The total amount now reflects this new issue of \$292M, the bond premium on it of \$21M, less our initial refund out of these proceeds of \$31M for prior construction costs on the 4 major MV projects. Also there still exists \$23M in the LG Project Fund from the 2015A proceeds.
- (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 over June 2016, is that at the end of June we had yet to payout the end of June's payroll (occurred the beginning of July, where here in March the last payroll had been paid out, thus no needed accrued payroll that approximates \$12M.
- (9) The increase is due to the new 2017 debt added as of March 2017, along with the associated bond premium that will be amortized over the life of the new debt.
- (10) The increase is to this year's financial performance (\$75M from Operations and \$40M in Non-Operations income - primarily driven by significant incomes from unrealized investment gains).

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

# APPENDIX

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

9 months ending 3/31/2017

PERIOD 9 FY 2016	PERIOD 9 FY 2017	PERIOD 9 Budget 2017	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
202,098	232,871	205,776	27,095	13.2%	<b>Gross Revenue</b>	1,677,210	1,839,138	1,771,056	68,082	3.8%
(147,149)	(172,563)	(150,594)	(21,968)	14.6%	<b>Deductions</b>	(1,214,877)	(1,337,120)	(1,296,082)	(41,038)	3.2%
<b>54,949</b>	<b>60,309</b>	<b>55,182</b>	<b>5,127</b>	<b>9.3%</b>	<b>Net Patient Revenue</b>	<b>462,333</b>	<b>502,018</b>	<b>474,974</b>	<b>27,044</b>	<b>5.7%</b>
2,215	1,407	1,873	(466)	-24.9%	<b>Other Operating Revenue</b>	16,676	17,311	16,854	458	2.7%
<b>57,164</b>	<b>61,716</b>	<b>57,055</b>	<b>4,661</b>	<b>8.2%</b>	<b>Total Operating Revenue</b>	<b>479,009</b>	<b>519,330</b>	<b>491,828</b>	<b>27,502</b>	<b>5.6%</b>
<b>OPERATING EXPENSE</b>										
28,700	31,187	32,482	1,295	4.0%	<b>Salaries &amp; Wages</b>	268,330	277,388	286,377	8,990	3.1%
9,341	9,167	8,497	(670)	-7.9%	<b>Supplies</b>	71,003	70,273	72,390	2,116	2.9%
8,163	8,979	6,745	(2,234)	-33.1%	<b>Fees &amp; Purchased Services</b>	62,927	60,278	59,358	(921)	-1.6%
822	651	792	141	17.8%	<b>Other Operating Expense</b>	14,554	6,241	6,096	(145)	-2.4%
602	265	448	183	40.9%	<b>Interest</b>	4,348	3,688	4,034	346	8.6%
3,700	3,454	3,931	477	12.1%	<b>Depreciation</b>	31,357	31,520	34,163	2,643	7.7%
<b>51,327</b>	<b>53,703</b>	<b>52,896</b>	<b>(807)</b>	<b>-1.5%</b>	<b>Total Operating Expense</b>	<b>452,518</b>	<b>449,388</b>	<b>462,417</b>	<b>13,029</b>	<b>2.8%</b>
<b>5,837</b>	<b>8,012</b>	<b>4,159</b>	<b>3,853</b>	<b>92.6%</b>	<b>Net Operating Income/(Loss)</b>	<b>26,491</b>	<b>69,942</b>	<b>29,411</b>	<b>40,531</b>	<b>137.8%</b>
15,652	10,223	729	9,494	1302.4%	<b>Non Operating Income</b>	(21,405)	39,406	6,560	32,845	500.7%
<b>21,489</b>	<b>18,235</b>	<b>4,888</b>	<b>13,347</b>	<b>273.1%</b>	<b>Net Income(Loss)</b>	<b>5,086</b>	<b>109,348</b>	<b>35,971</b>	<b>73,377</b>	<b>204.0%</b>
17.7%	19.0%	15.0%	4.0%		<b>EBITDA</b>	13.0%	20.2%	13.7%	6.5%	
10.2%	13.0%	7.3%	5.7%		<b>Operating Margin</b>	5.5%	13.5%	6.0%	7.5%	
37.6%	29.5%	8.6%	21.0%		<b>Net Margin</b>	1.1%	21.1%	7.3%	13.7%	

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

9 months ending 3/31/2017

PERIOD 9 FY 2016	PERIOD 9 FY 2017	PERIOD 9 Budget 2017	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
41,430	56,181	46,890	9,291	19.8%	<b>Gross Revenue</b>	372,244	407,364	403,009	4,355	1.1%
(29,059)	(42,903)	(33,941)	(8,961)	26.4%	<b>Deductions</b>	(267,651)	(299,269)	(291,719)	(7,550)	2.6%
<b>12,371</b>	<b>13,278</b>	<b>12,948</b>	<b>330</b>	<b>2.5%</b>	<b>Net Patient Revenue</b>	<b>104,593</b>	<b>108,095</b>	<b>111,290</b>	<b>(3,195)</b>	<b>-2.9%</b>
183	175	215	(40)	-18.6%	<b>Other Operating Revenue</b>	1,795	1,501	1,932	(431)	-22.3%
<b>12,554</b>	<b>13,453</b>	<b>13,163</b>	<b>290</b>	<b>2.2%</b>	<b>Total Operating Revenue</b>	<b>106,388</b>	<b>109,596</b>	<b>113,222</b>	<b>(3,626)</b>	<b>-3.2%</b>
<b>OPERATING EXPENSE</b>										
6,081	6,769	6,429	(340)	-5.3%	<b>Salaries &amp; Wages</b>	54,273	56,670	57,537	867	1.5%
2,030	2,484	1,890	(594)	-31.4%	<b>Supplies</b>	16,123	16,511	16,070	(440)	-2.7%
1,688	1,416	1,274	(142)	-11.1%	<b>Fees &amp; Purchased Services</b>	12,339	12,261	11,222	(1,039)	-9.3%
1,562	1,605	1,560	(45)	-2.9%	<b>Other Operating Expense</b>	14,222	14,512	14,421	(91)	-0.6%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
522	487	678	191	28.1%	<b>Depreciation</b>	4,526	4,652	5,166	514	9.9%
<b>11,883</b>	<b>12,762</b>	<b>11,832</b>	<b>(930)</b>	<b>-7.9%</b>	<b>Total Operating Expense</b>	<b>101,483</b>	<b>104,606</b>	<b>104,416</b>	<b>(190)</b>	<b>-0.2%</b>
<b>671</b>	<b>692</b>	<b>1,332</b>	<b>(640)</b>	<b>-48.1%</b>	<b>Net Operating Income/(Loss)</b>	<b>4,905</b>	<b>4,991</b>	<b>8,806</b>	<b>(3,815)</b>	<b>-43.3%</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	(26)	(10)	0	(10)	0.0%
<b>671</b>	<b>692</b>	<b>1,332</b>	<b>(640)</b>	<b>-48.1%</b>	<b>Net Income(Loss)</b>	<b>4,879</b>	<b>4,980</b>	<b>8,806</b>	<b>(3,826)</b>	<b>-43.4%</b>
8.9%	8.8%	15.3%	3.7%		<b>EBITDA</b>	8.9%	8.8%	12.0%	-3.2%	
5.3%	5.1%	10.1%	-5.0%		<b>Operating Margin</b>	4.6%	4.6%	7.8%	-3.2%	
5.3%	5.1%	10.1%	-5.0%		<b>Net Margin</b>	4.6%	4.5%	7.8%	-3.2%	

## FY 2018 Capital Spending Trend

Capital Spending (in 000's)	Actual FY2013	Actual FY2014	Actual FY2015	Actual FY2016	Budget FY2017	Projected FY2017	Budget FY2018
IT Hardware / Software Equipment	\$ 8,019	\$ 2,788	\$ 4,660	\$ 6,483	\$ 5,391	\$ 5,391	\$ 9,435
Medical / Non Medical Equipment	\$ 10,284	\$ 12,891	\$ 13,340	\$ 11,846	\$ 9,714	\$ 9,714	\$ 5,635
Non CIP Land, Land I , BLDG, Additions		\$ 22,292	\$ -	\$ 30,274	\$ 540	\$ 540	\$ 2,803
Facilities	\$ 9,294	\$ 13,753	\$ 38,940	\$ 48,136	\$ 204,477	\$ 170,763	\$ 98,160
<b>GRAND TOTAL</b>	<b>\$ 27,597</b>	<b>\$ 51,724</b>	<b>\$ 56,940</b>	<b>\$ 96,739</b>	<b>\$ 220,122</b>	<b>\$ 186,408</b>	<b>\$ 116,033</b>

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

Category	2012	2013	2014	2015	2016
<b>IT Hardware/Software Equipment</b>	<b>7,289</b>	<b>8,019</b>	<b>2,788</b>	<b>4,660</b>	<b>6,483</b>
<b>Medical/Non Medical Equipment</b>	<b>11,203</b>	<b>10,284</b>	<b>12,891</b>	<b>13,340</b>	<b>11,846</b>
<b>Non CIP Land, Land I, BLDG, Additions</b>	<b>7,311</b>	<b>0</b>	<b>22,292</b>	<b>0</b>	<b>30,274</b>
<b>Facilities Projects CIP</b>					
0101 - Hosp Replace	313	0	0	0	0
0317 - Melchor TI's	117	0	0	0	0
0701 - Cyberknife	0	0	0	0	0
0704 - 1 South Upgrade	2	0	0	0	0
0802 - Willow Pavillion Upgrades	0	0	0	0	0
0805 - Women's Hospital Finishes	0	0	0	0	0
0809 - Hosp Renovations	0	0	0	0	0
0815 - Orc Pav Water Heater	0	0	0	0	0
0816 - Hospital Signage	0	0	0	0	0
0904 - LG Facilities Upgrade	41	2	0	0	0
0907 - LG Imaging Masterplan	162	244	774	1,402	17
1000 - LG Rehab Building	0	0	0	0	0
1104 - New Main CDU TV's	0	0	0	0	0
9900 - Unassigned Costs	279	734	470	3,717	0
0803 - Park Pav Foundation	270	0	0	0	0
1005 - LG OR Light Upgrd	108	14	0	0	0
1101 - Melchor Pavilion - Genomics	0	0	0	0	0
1102 - LG Joint Hotel	657	0	0	0	0
1106 - SHC Project	2,245	0	0	0	0
1108 - Cooling Towers	932	450	0	0	0
1115 - Womens Hosp TI's	50	0	0	0	0
1118 - Park Pav Roto Care	119	0	0	0	0
1120 - BHS Out Patient TI's	472	66	0	0	0
1122 - LG Sleep Studies	147	7	0	0	0
1129 - Old Main Card Rehab	400	9	0	0	0
0817 - Womens Hosp Upgrds	1,242	645	1	0	0
0906 - Slot Build-Out	0	1,003	1,576	15,101	1,251
1107 - Boiler Replacement	49	0	0	0	0
1109 - New Main Upgrades	589	423	393	2	0
1111 - Mom/Baby Overflow	267	212	29	0	0
1129 - Cardic Rehab Improv	0	0	0	0	0
1132 - Pneumatic Tube Prj	78	0	0	0	0
1204 - Elevator Upgrades	24	25	30	0	0
1210 - Los Gatos VOIP	1	147	89	0	0
0800 - Womens L&D Expansion	129	2,104	1,531	269	0
1116 - LG Ortho Pavillion	44	177	24	21	0
1124 - LG Rehab BLDG	11	49	458	0	0
1128 - LG Boiler Replacement	3	0	0	0	0
1131 - MV Equipment Replace	190	216	0	0	0
1135 - Park Pavilion HVAC	47	0	0	0	0
1208 - Willow Pav. High Risk	0	110	0	0	0
1213 - LG Sterilizers	0	102	0	0	0
1225 - Rehab BLDG Roofing	0	7	241	4	0
1227 - New Main eICU	0	96	21	0	0
1230 - Fog Shop	0	339	80	0	0
1247 - LG Infant Security	0	134	0	0	0
1307 - LG Upgrades	0	376	2,979	3,282	3,511
1308 - LG Infrastructure	0	0	114	0	0
1313 - LG Rehab HVAC System/Structural	0	0	0	0	1,597
1315 - 205 So. Drive TI's	0	0	500	2	0
0908 - NPCR3 Seismic Upgrds	554	1,302	1,224	1,328	240

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



# Trump budget would cut \$636 billion from HHS agencies

As part of his \$4 trillion budget for next year, President Donald Trump [is proposing](#) a \$636 billion cut in federal funding for CMS programs over the next decade. Those cuts would make room for more spending on defense and border security.

The budget also proposes deep cuts to Medicaid—previously reported around \$800 billion over the next decade. Those savings would come from transforming Medicaid into a per capita cap program starting in 2020. That's the same move proposed in the House's Obamacare replacement bill.

Medicare is not directly slashed in Trump's budget, allowing the President to maintain part of his campaign promise to not touch either entitlement program despite federally subsidized healthcare being one of the biggest contributors to the national debt. In its final report on the state of the CMS, the Obama administration [conceded that Medicaid](#) was on track to deplete other federal programs.

Trump's proposed budget still needs to be passed by Congress and that's unlikely to happen in its current form.

"I just think it's the prerogative of Congress to make those decisions in consultation with the president," Sen. John Cornyn (R-Texas) said as he predicted the Medicaid cuts wouldn't survive the Senate. "But almost every president's budget proposal that I know of is basically dead on arrival."

Trump's budget extends funding for the Children's Health Insurance

Program, which is up for renewal at the end of this year.

States, however, would lose the enhanced match funding provided by the Affordable Care Act. The law gave states a 23-percentage-point bump in federal matching rates.

The draft budget also ends a provision that prevented states from narrowing the pool of eligible CHIP beneficiaries below what it was in 2010, the first year the ACA kicked in.

The Independent Payment Advisory Board, a panel that was created in the ACA whose sole purpose was to rein in Medicare costs if the program reached insolvency, would be repealed. That move would garner \$7.6 billion in administrative costs over 10 years, according to the budget proposal.

Trump's plan promises that overhauling the tax code and easing regulations will lift economic growth from the lackluster 2.1 percent average rate of recent years to sustained annual gains of 3 percent or better. Higher growth means lower deficits and Trump's plan folds in more than \$2 trillion in unspecified deficit savings over the coming decade from "economic feedback" to promise balance.

Trump also wants to overhaul medical malpractice laws, stating they add to the average American's healthcare costs. The proposed reforms would save HHS programs \$31.8 billion over 10 years and \$55 billion to the federal government overall.

A chunk of these savings would result from fewer unnecessary services and curbing the practice of defensive medicine, according to the budget proposal. Trump proposes capping awards for noneconomic damages at \$250,000

indexed to inflation. There would also be a three-year statute of limitation on claims.

Trump's budget targets the National Institutes of Health, though Congress made it clear that it's willing to spend on medical research, adding \$2 billion to NIH funding when Trump had suggested a \$1.2 billion cut in the remainder of 2017.

For 2018, HHS continues to recommend a cut of \$5.8 billion, with the biggest cuts in the National Cancer Institute, at \$1 billion; National Institute of Allergy and Infectious Diseases, at about \$840 million; and National Institute of Diabetes & Digestive & Kidney Diseases at \$355 million.

The National Cancer Institute was particularly favored by appropriators earlier this month, with a \$476 million increase.

HHS seeks to reduce how much labs can put towards overhead, such as fringe benefits, utilities and buying lab equipment. On average, labs get 30% of the total grant for overhead, higher than the overhead percentage from private funders.

The budget said: "NIH will implement reforms to release grantees from the costly and time-consuming indirect rate setting process and reporting requirements. Applying a uniform indirect cost rate to all grants mitigates the risk for fraud and abuse because it can be simply and uniformly applied to grantees. The Budget includes this critical reform to reduce indirect costs and preserve more funding for direct science."

The budget did not say what that overhead amount would be, however.

It's not just overhead that would fall in the unlikely case that Congress passed this plan. The Trump draft budget would eliminate 1,648 grants in 2018 for a total of 7,326 for the year.

Diana Zuckerman, president of the National Center for Health Research, does not expect Congress, which was generous to the institutes earlier this month, to support Trump's cuts.

"I have never known Congress that enthusiastically cut NIH funding," she said.

But she's less sanguine about the fate of the Centers for Disease Control and Prevention, which would be cut by \$1.3 billion, or just over 20%, in this budget.

Congress loves NIH, but she said, "they don't realize, whether it's CDC or AHRQ (Agency for Healthcare Research and Quality), that they have a very important role to play."

AHRQ is zeroed out in the Trump budget, but NIH would receive \$272 million to carry out similar initiatives.

The budget says CDC can still protect the nation and the world at the proposed funding level and that it can even respond to emerging health threats such as Zika.

The administration is prioritizing opioid abuse prevention efforts, combating childhood obesity, vaccine stockpiling and investing in CDC infrastructure, the document states.

Despite that statement, the budget proposes a 17% cut to the CDC's sexually transmitted disease and tuberculosis prevention efforts. Immunization and influenza preparation funding would fall by 10%. Chronic disease prevention and health promotion would be cut by 19%.

Trump's plan promises that overhauling the tax code and easing regulations will lift economic growth from the lackluster 2.1% average rate of recent years to sustained annual gains of 3% or better. Higher growth means lower deficits and Trump's plan folds in more than \$2 trillion in unspecified deficit savings over the coming decade from "economic feedback" to promise balance.

***The Associated Press contributed to this report.***

## ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Report on El Camino Hospital Board and El Camino Healthcare District Board Actions  Finance Committee  May 30, 2017
<b>Responsible party:</b>	Cindy Murphy, Board Liaison
<b>Action requested:</b>	For Information
<b>Background:</b>	In FY16, we added this item to each Board Committee agenda to keep Committee members informed about Board actions via a verbal report by the Committee Chair. This written report is intended to supplement the Chair’s verbal report.
<b>Other Board Advisory Committees that reviewed the issue and recommendation, if any:</b>	None.
<b>Summary and session objectives:</b>	To inform the Committee about recent Board actions.
<b>Suggested discussion questions:</b>	None.
<b>Proposed Committee motion, if any:</b>	None. This is an informational item.
<b>LIST OF ATTACHMENTS:</b>	<ol style="list-style-type: none"> <li>1. Report on May 2017 ECHD Board Actions and Report on April – May ECH Board Actions</li> </ol>

### **May 2017 ECHD Board Actions\***

1. May 15, 2017
  - a. Expanded Hospital Board membership to add 2 additional appointed/subject matter experts. Also voted to change CEO to a non-voting member of the Board.
2. May 22, 2017
  - a. Appointed Robert Rebitzer to the El Camino Hospital Board of Directors

### **April and May 2017 ECH Board Actions\***

1. April 12, 2017
  - a. Approved FY17 Period 8 Financials
  - b. Approved Primary Care Physician Replacement for Silicon Valley Primary Care Clinic
  - c. Approved Revisions to the Board Director Compensation Policy – Approved Annual Board Chair Stipend of \$12,000, payable quarterly and \$100 stipend for Committee Chair (Directors only) participation in agenda planning meeting.
  - d. Appointment of Executive Compensation Committee Member Pat Wadors
  - e. Approved Primary Care Physician Replacement for Silicon Valley Primary Care Clinic
  - f. Approved Finance Committee Recommendations:
    - i. SVPMG Physician Recruitment – Medical Oncologist
    - ii. General Surgery ED Call Panel
    - iii. Medical Directorship renewal – Quality and Physician Services
    - iv. Capital Funding Request – Women’s Hospital Expansion Incremental Funding
    - v. Capital Funding Request – Los Gatos Facility Improvement Project
2. May 10, 2017
  - a. Biennial Board Officer Election (for a two year term, effective July 1, 2017):
    - i. Hospital Board Chair – Lanhee Chen
    - ii. Hospital Board Vice Chair – John Zoglin
    - iii. Hospital Board Secretary/Treasurer – Julia Miller
  - b. Approved Revised Board Director Compensation Policy
  - c. Approved El Camino Hospital Auxiliary Slate of Officers

\*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 10  
7/1/2016 to 4/30/2017



# Dashboard - ECH combined as of April 30, 2017

	Annual				Month			YTD		
	2015	2016	2017 Proj.	2017 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
<b>Volume</b>										
Licenced Beds	443	443	443	443	443	443	443	443	443	443
ADC	246	242	239	245	235	241	247	241	239	246
Adjusted Discharges	22,342	22,499	23,217	22,992	1,841	1,926	1,863	18,401	19,348	19,141
Total Discharges	19,637	19,367	19,576	19,781	1,553	1,643	1,609	15,999	16,313	16,488
<b>Inpatient Cases</b>										
MS Discharges	13,114	13,344	13,520	13,499	1,082	1,141	1,097	10,895	11,267	11,247
Deliveries	5,067	4,717	4,674	4,810	364	388	391	3,912	3,895	4,008
BHS	901	806	912	901	63	79	74	772	760	758
Rehab	555	500	469	570	44	35	46	420	391	475
<b>Outpatient Cases</b>										
ED	128,110	139,935	144,827	147,053	11,485	11,869	11,645	116,469	120,689	119,348
Procedural Cases	49,106	48,609	48,372	51,258	3,920	4,144	4,154	40,630	40,310	42,568
OP Surg	6,488	6,070	6,696	6,427	455	538	505	5,066	5,580	5,175
Endo	2,520	2,324	2,150	2,479	190	144	193	1,949	1,792	1,981
Interventional	1,998	2,021	2,015	2,323	174	142	185	1,699	1,679	1,900
All Other	67,998	80,911	85,594	84,566	6,746	6,901	6,608	67,125	71,328	67,724
<b>Financial Perf.</b>										
Net Patient Revenues	746,645	772,020	809,104	789,585	62,699	64,140	65,507	629,625	674,253	651,771
Total Operating Revenue	767,751	795,657	833,637	814,645	62,394	65,772	67,605	647,791	694,698	672,655
Operating Expenses	689,631	743,044	738,815	764,828	59,449	61,685	62,187	613,450	615,679	629,021
Operating Income \$	78,120	52,613	94,823	49,817	2,945	4,086	5,418	34,341	79,019	43,635
Operating Margin	10.2%	6.6%	11.4%	6.1%	4.7%	6.2%	8.0%	5.3%	11.4%	6.5%
EBITDA \$	128,002	108,554	147,218	109,890	7,924	7,889	10,452	79,550	122,682	92,031
EBITDA %	16.7%	13.6%	17.7%	13.5%	12.7%	12.0%	15.5%	12.3%	17.7%	13.7%
IP Margin <sup>1</sup>	-3.9%	-8.7%	-4.3%	-6.1%	-0.9%	-3.4%	-6.1%	-9.9%	-4.3%	-6.1%
OP Margin <sup>1</sup>	26.7%	26.7%	35.2%	26.4%	28.1%	37.1%	26.4%	25.7%	35.2%	26.4%
<b>Payor Mix</b>										
Medicare	46.2%	46.6%	47.7%	46.4%	48.0%	47.3%	46.4%	46.2%	47.7%	46.4%
Medi-Cal	6.6%	7.4%	7.3%	6.5%	6.3%	7.5%	6.5%	7.3%	7.3%	6.5%
Commercial IP	24.2%	23.2%	22.3%	24.0%	23.2%	22.4%	24.0%	24.2%	22.3%	24.0%
Commercial OP	18.7%	18.7%	20.2%	19.0%	18.9%	20.3%	19.0%	19.4%	20.2%	18.9%
Total Commercial	42.9%	41.9%	42.5%	43.0%	42.0%	42.7%	43.0%	43.7%	42.5%	42.8%
Other	4.3%	4.1%	2.5%	4.1%	3.7%	2.5%	4.1%	2.9%	2.5%	4.1%
<b>Cost</b>										
Employees	2,452.4	2,542.8	2,496.7	2,551.3	2,521.9	2,542.2	2,518.9	2,596.5	2,496.7	2,551.3
Hrs/APD	30.45	30.35	29.75	29.42	31.90	31.03	28.89	31.24	29.75	29.42
<b>Balance Sheet</b>										
Net Days in AR	43.6	53.7	47.1	48.0	53.7	47.1	48.0	53.7	47.1	48.0
Days Cash	401	361	429	266	361	429	266	361	429	266
<b>Affiliates - Net Income (\$000s)</b>										
Hosp	94,787	43,043	188,919	67,032	8,679	11,619	6,147	18,644	125,946	50,924
Concern	1,202	1,823	2,037	2,604	393	304	233	1,858	1,358	2,151
ECSC	(41)	(282)	(125)	0	2	(11)	0	(312)	(83)	0
Foundation	710	982	3,210	(450)	369	51	(139)	(457)	2,140	739
SVMD	106	156	136	0	191	(27)	1	155	91	(0)

## Inpatient Volume:

- April inpatient acute MS discharges exceed budget by 4.0% and 5.5% from PY. YTD discharge is higher than budget by 0.2%. Due to lower LOS inpatient days below budget by 2.4%
- YTD Delivery and Rehab volume both lower than budget but we see a volume increase in HVI (7.1%), Spine surgeries (9.5%), and GYN cases (15.5%) and General Medicine (4.0%)

## Outpatient Volume:

- OP was ahead of budget for the month of April (1.9%) and prior month last year by (3.3%). YTD OP remains ahead of budget by 1.1% and last year YTD by 3.6%
- General Surgery was 6.8% ahead of budget for April and 8.0% YTD and Rehab Services 5.1% ahead of budget for April, 13.7% YTD

## Financial Performance:

- Operating Income was behind budget by \$1.3M for the month, but remains ahead YTD by \$35.4M

## Payor Mix:

- Commercial mix improved from March from 41.5% to 42.7% as respiratory cases eased with the warm weather. YTD PM is still under budget due to higher Medicare.

## Cost:

- FTE compared to Fixed Budget is unfavorable but when compared to volume adj. flex budget we are at 61.0 FTE below flex.

## Balance Sheet:

- Net days in AR are ahead of target and improved further in April. Total cash on hand is still at an all time high of 429 days in April.

Green - Equal to or better than budget; Yellow - Unfav by up to 5%; Red - Greater than 5% unfav  
FY2017 budget presented excludes 2016 and 2017 bonds cost of issuance and interest expense

# Budget Variances

(in thousands)	Month to Date (MTD)			Year to Date (YTD)		
	Detail	Net Income Impact	% Net Revenue	Detail	Net Income Impact	% Net Revenue
<b>Budgeted Hospital Operations FY2017</b>		<b>5,418</b>	<b>8.0%</b>		<b>43,635</b>	<b>6.5%</b>
<b>Net Revenue</b>		(1,834)	-2.8%		22,043	3.2%
* Volume and Payor Mix	(4,306)			3,112		
* Rev cycle improvements	500			8,333		
* Insurance (Payment Variance)				1,120		
* Mcare Settlement	1,953			3,244		
* BPCI Settlement				(2,167)		
* Medi-Cal Supplemental				1,366		
* IGT Supplemental				6,535		
* Various Adjustments under \$250k	19			499		
<b>Labor and Benefit Expense Change</b>		(770)	-1.2%		9,086	1.3%
* Benefits - New calendar year, First Tier FICA	(299)			(1,677)		
* Accrued Time Off - Reprising PRN PTO Banks	(419)			733		
* Productivity, volume and service mix	(188)			10,476		
* WC Reserve Update based on Favorable Exp				2,524		
* Vacancies filled with purchased services	136			2,634		
* Pay for performance bonus				(3,204)		
* Ratification bonus				(2,400)		
<b>Professional Fees &amp; Purchased Services</b>		82	0.1%		(1,877)	-0.3%
* Physician Fees - Below Budget in MD Director Fee	125			1,481		
* Consulting Fee - Includes \$2M in 2017A Bond Issuance Cost & Strategic Planning	(400)			(4,128)		
* Purchased Services (Clinical Informatics backfilled labor)	(182)			(3,512)		
* Repairs and Maintenance Fees	538			4,281		
<b>Supplies</b>		(129)	-0.2%		1,547	0.2%
* Drug Expense (Increase in infusion volume offset by revenue)	(163)			(2,263)		
* Medical Supplies	41			2,325		
* Non Med Supplies - Misc (Food/Volumes)	(7)			1,485		
<b>Other Expenses</b>		88	0.1%		(147)	0.0%
* Leases & Rental Fees (Pharmacy & Imaging Equipment Rental)	(62)			(282)		
* Utilities & Telephone	173			270		
* Other G&A	(22)			(135)		
<b>Depreciation &amp; Interest</b>		1,231	1.9%		4,733	0.7%
* Depreciation (Depreciation on the backfill improvements in Old 2nd, 3rd, and ground floor improvement projects)	654			3,810		
* Interest Expense - 2017 bonds & Capital Interest 2015 bonds	578			924		
<b>Actual Hospital Operations FY2017</b>		<b>4,086</b>	<b>6.2%</b>		<b>79,019</b>	<b>11.4%</b>

# El Camino Hospital (\$000s)

10 months ending 4/30/2017

PERIOD 10 FY 2016	PERIOD 10 FY 2017	PERIOD 10 Budget 2017	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
227,364	243,934	239,111	4,823	2.0%	<b>Gross Revenue</b>	2,276,819	2,490,436	2,413,177	77,259	3.2%
(164,665)	(179,795)	(173,605)	(6,190)	1.0%	<b>Deductions</b>	(1,647,193)	(1,816,183)	(1,761,406)	(54,777)	3.1%
<b>62,699</b>	<b>64,140</b>	<b>65,507</b>	<b>(1,367)</b>	<b>-2.1%</b>	<b>Net Patient Revenue</b>	<b>629,625</b>	<b>674,253</b>	<b>651,771</b>	<b>22,483</b>	<b>3.4%</b>
(306)	1,632	2,099	(467)	-22.2%	<b>Other Operating Revenue</b>	18,166	20,445	20,885	(440)	-2.1%
<b>62,394</b>	<b>65,772</b>	<b>67,605</b>	<b>(1,834)</b>	<b>-2.7%</b>	<b>Total Operating Revenue</b>	<b>647,791</b>	<b>694,698</b>	<b>672,655</b>	<b>22,043</b>	<b>3.3%</b>
<b>OPERATING EXPENSE</b>										
35,464	38,255	37,485	(770)	-2.1%	<b>Salaries &amp; Wages</b>	358,067	372,313	381,399	9,086	2.4%
8,959	10,015	9,885	(129)	-1.3%	<b>Supplies</b>	96,085	96,798	98,345	1,547	1.6%
8,320	7,569	7,651	82	1.1%	<b>Fees &amp; Purchased Services</b>	83,586	80,108	78,230	(1,877)	-2.4%
1,726	2,044	2,132	88	4.1%	<b>Other Operating Expense</b>	30,503	22,797	22,650	(147)	-0.7%
610	(129)	448	578	128.9%	<b>Interest</b>	4,958	3,558	4,482	924	20.6%
4,369	3,932	4,586	654	14.3%	<b>Depreciation</b>	40,252	40,104	43,914	3,810	8.7%
<b>59,449</b>	<b>61,685</b>	<b>62,187</b>	<b>502</b>	<b>0.8%</b>	<b>Total Operating Expense</b>	<b>613,450</b>	<b>615,679</b>	<b>629,021</b>	<b>13,342</b>	<b>2.1%</b>
<b>2,945</b>	<b>4,086</b>	<b>5,418</b>	<b>(1,332)</b>	<b>-24.6%</b>	<b>Net Operating Income/(Loss)</b>	<b>34,341</b>	<b>79,019</b>	<b>43,635</b>	<b>35,384</b>	<b>81.1%</b>
5,734	7,532	729	6,803	933.3%	<b>Non Operating Income</b>	(15,697)	46,927	7,289	39,638	543.8%
<b>8,679</b>	<b>11,619</b>	<b>6,147</b>	<b>5,472</b>	<b>89.0%</b>	<b>Net Income(Loss)</b>	<b>18,644</b>	<b>125,946</b>	<b>50,924</b>	<b>75,023</b>	<b>147.3%</b>
12.7%	12.0%	15.5%	-3.5%		<b>EBITDA</b>	12.3%	17.7%	13.7%	4.0%	
4.7%	6.2%	8.0%	-1.8%		<b>Operating Margin</b>	5.3%	11.4%	6.5%	4.9%	
13.9%	17.7%	9.1%	8.6%		<b>Net Margin</b>	2.9%	18.1%	7.6%	10.6%	

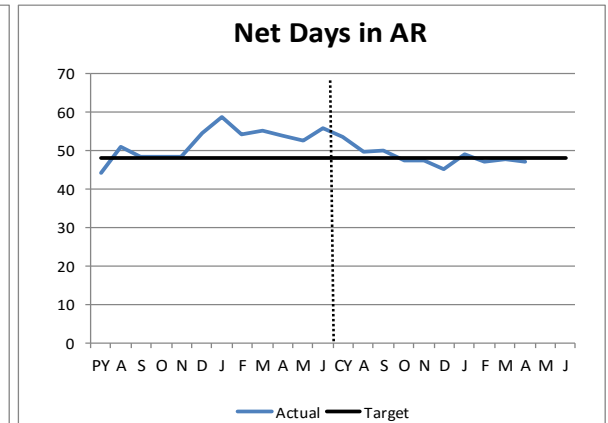
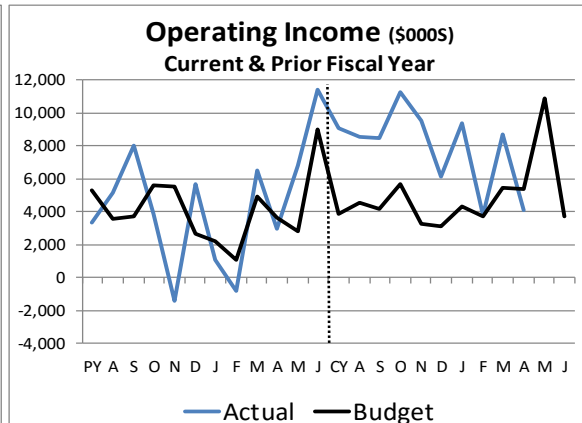
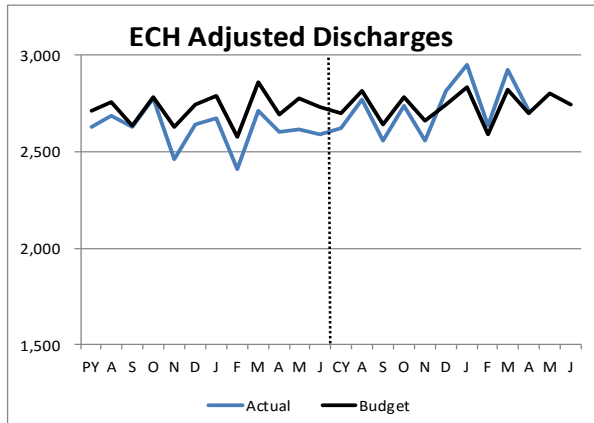
# Non Operating Items and Net Income by Affiliate

## \$ in thousands

	Period 10 - Month			Period 10 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Income (Loss) from Operations</b>						
Mountain View	4,817	4,467	350	74,759	33,877	40,881
Los Gatos	(730)	951	(1,682)	4,260	9,757	(5,497)
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>4,086</b>	<b>5,418</b>	<b>(1,332)</b>	<b>79,019</b>	<b>43,635</b>	<b>35,384</b>
<b>Operating Margin %</b>	<b>6.2%</b>	<b>8.0%</b>		<b>11.4%</b>	<b>6.5%</b>	
<b>El Camino Hospital Non Operating Income</b>						
Investments	7,806	1,512	6,295	49,646	15,117	34,529
Swap Adjustments	255	0	255	3,781	0	3,781
Community Benefit	(38)	(283)	246	(2,989)	(2,833)	(155)
Other (IPECH / Foundation)	(491)	(499)	8	(3,511)	(4,994)	1,484
<b>Sub Total - Non Operating Income</b>	<b>7,532</b>	<b>729</b>	<b>6,803</b>	<b>46,927</b>	<b>7,289</b>	<b>39,638</b>
<b>El Camino Hospital Net Income (Loss)</b>	<b>11,619</b>	<b>6,147</b>	<b>5,472</b>	<b>125,946</b>	<b>50,924</b>	<b>75,023</b>
<b>ECH Net Margin %</b>	<b>17.7%</b>	<b>9.1%</b>		<b>18.1%</b>	<b>7.6%</b>	
Concern	304	233	71	1,358	2,151	(793)
ECSC	(11)	0	(11)	(83)	0	(83)
Foundation	51	(139)	189	2,140	(457)	2,597
Silicon Valley Medical Development	(27)	1	(29)	91	(0)	91
<b>Net Income Hospital Affiliates</b>	<b>316</b>	<b>96</b>	<b>220</b>	<b>3,505</b>	<b>1,693</b>	<b>1,811</b>
<b>Total Net Income Hospital &amp; Affiliates</b>	<b>11,935</b>	<b>6,242</b>	<b>5,692</b>	<b>129,451</b>	<b>52,617</b>	<b>76,834</b>

- Swap gain due to rise in interest rates
- Unfavorable variance in Other due to IPECH funding (-\$230k) and Foundation Ops (-\$149k) for April
- Concern favorable for April, unfavorable YTD due to Investment
- Foundation favorable YTD due to unrealized investment gain

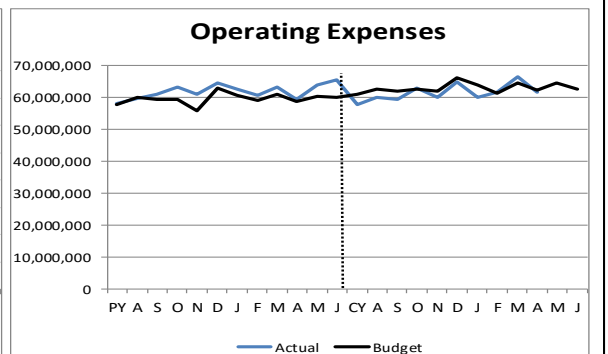
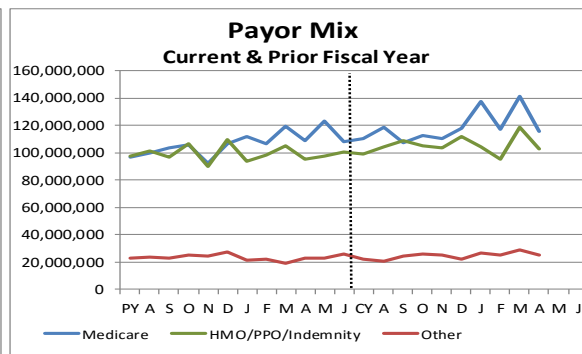
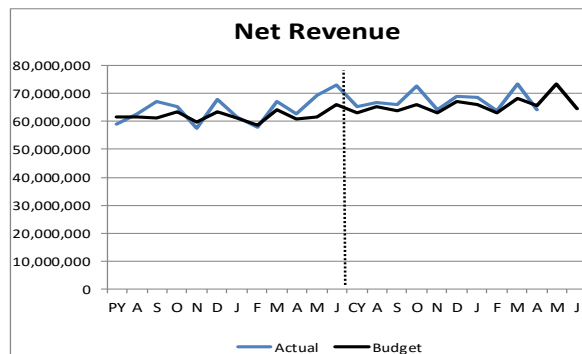
# Monthly Financial Trends



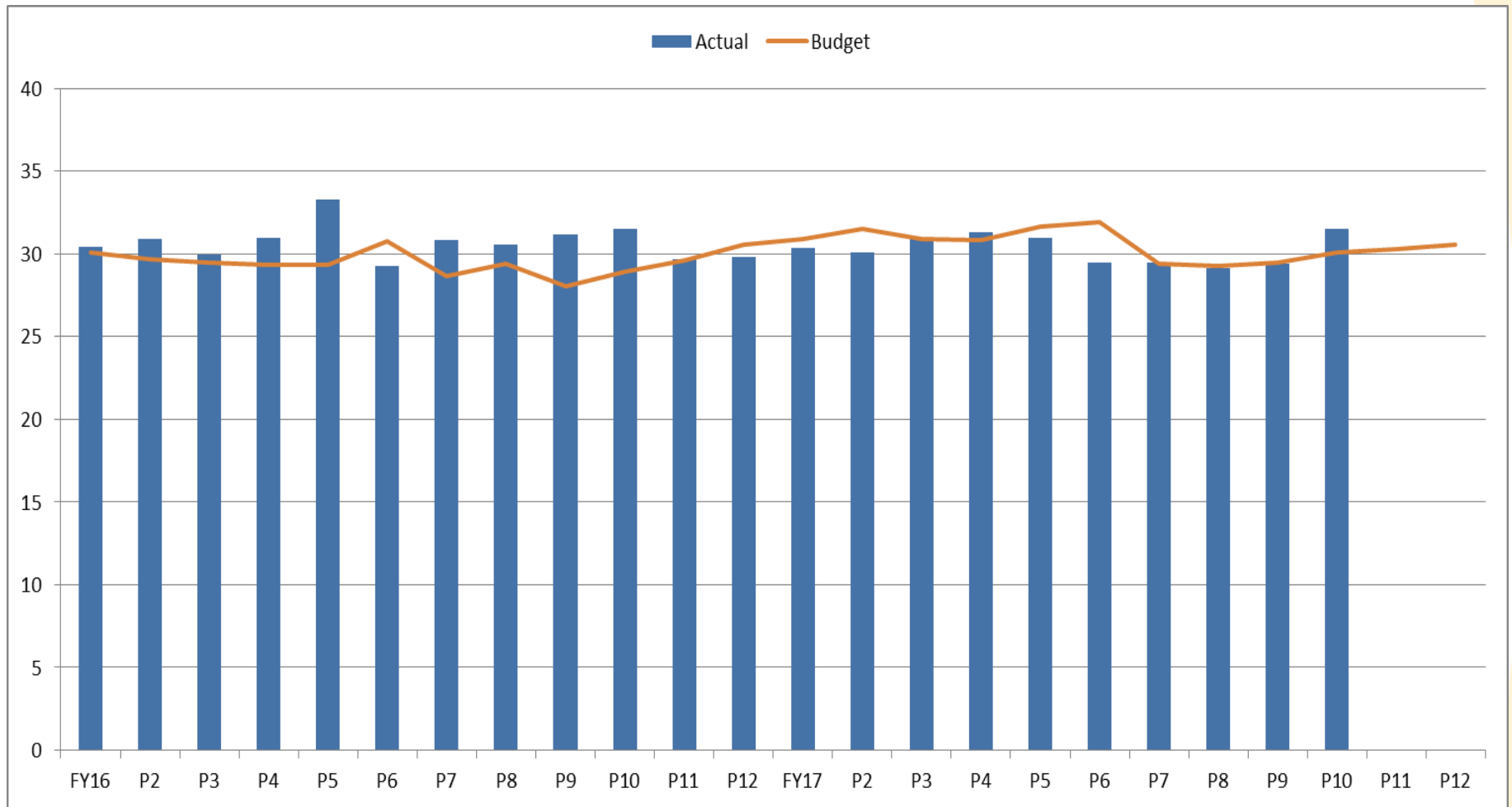
Budget is represented by solid lines; Bars represent actual results

April volume is lower than previous month with a low census at Los Gatos. LG discharges was at 96.9% of budget  
 Operating expenses favorable in April due to booking capitalized interest on 2015 bonds and is \$13.3M favorable to budget YTD.

# Financial Trends

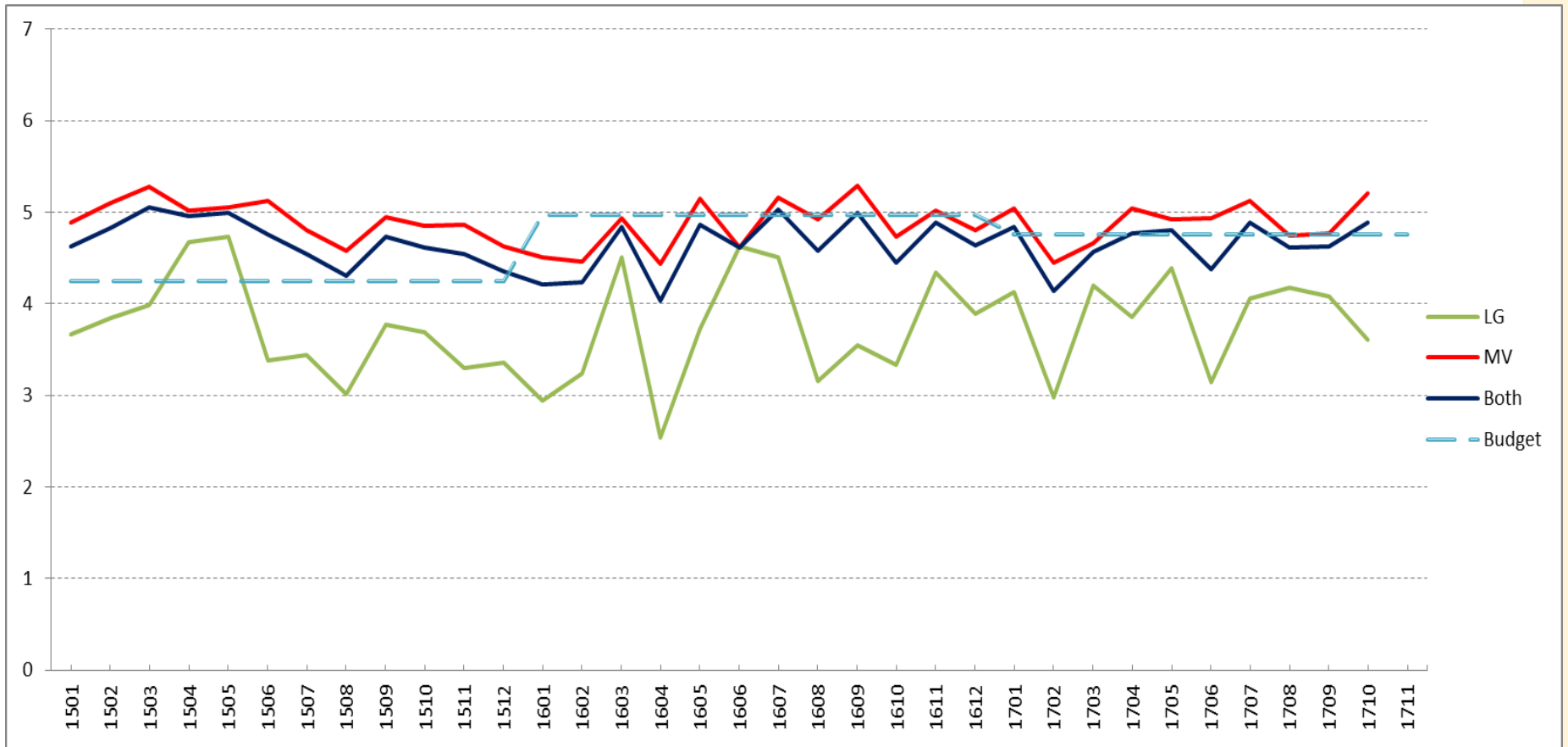


# Worked Hours per Adjusted Patient Day



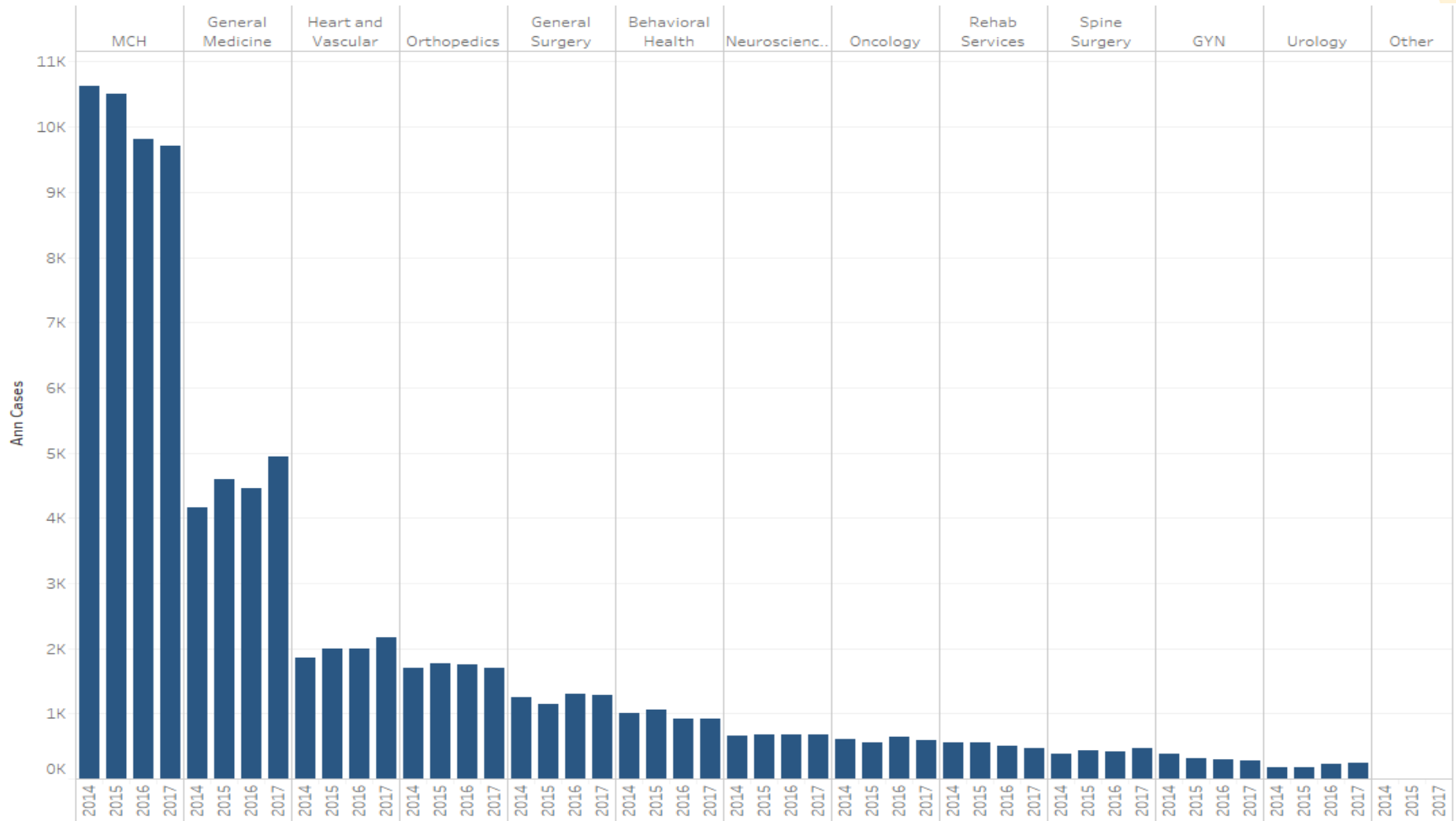
Work hours per adjusted patient day increased in April, with increases in both IT and Sitter hours. Overall, April increased after remaining flat the previous four months and has an average of 30.3 worked hours per adjusted patient day for FY 2017.

# Medicare ALOS



•ALOS is behind target as of April. YTD ALOS (4.64) is below budget (4.76) by .12.

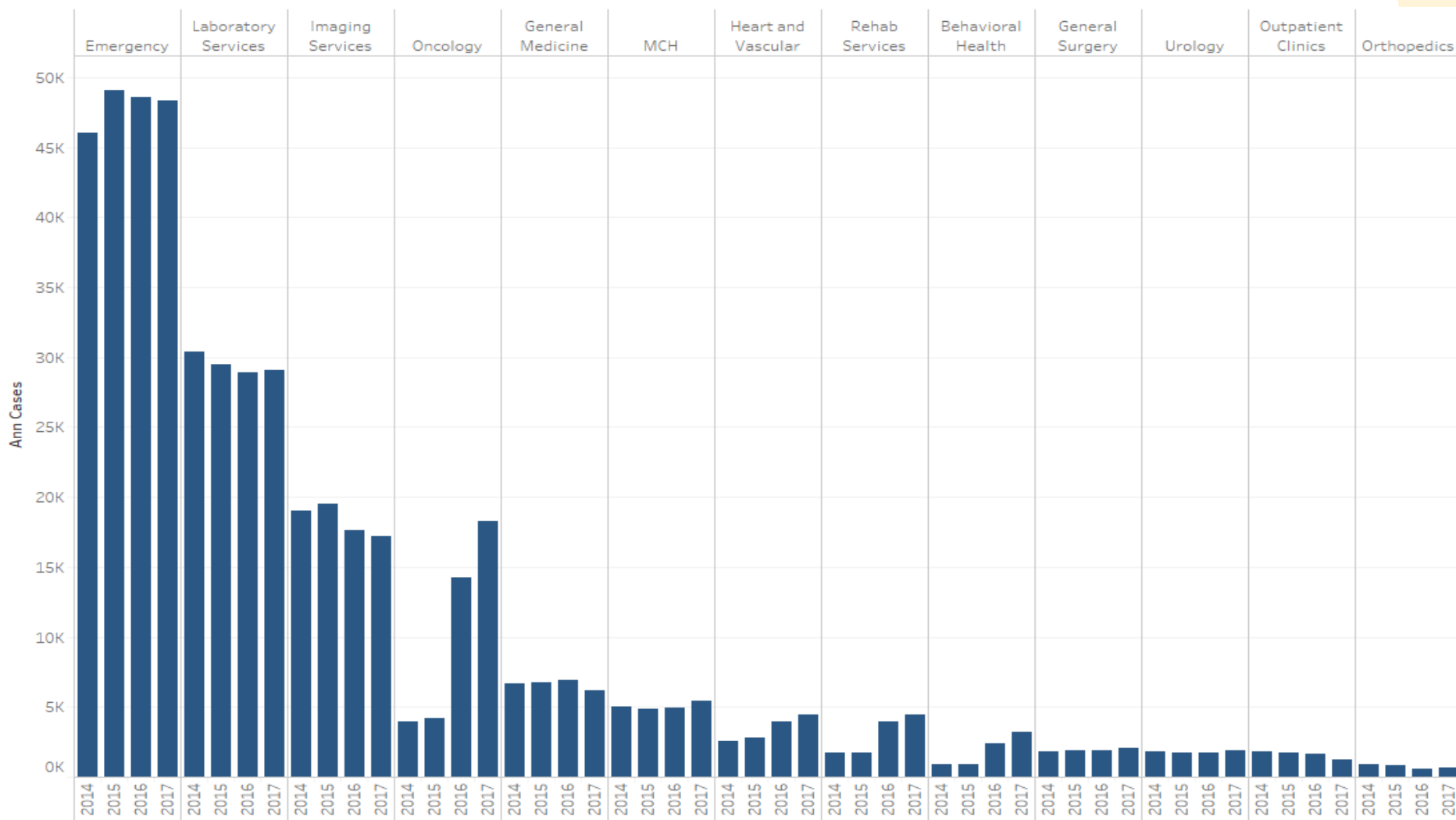
## El Camino Hospital Volume Annual Trends – Inpatient FY 2017 is annualized



- MCH volume remained flat for the month of April and is currently at 97.1% YTD of budget. Lower MCH due to 1 MD retiring and 1 MD leaving the area.
- General Medicine cases show an increasing trend year –over-year and is ahead of budget by 4.0% YTD. April volume, however reduced by 10% from previous month.



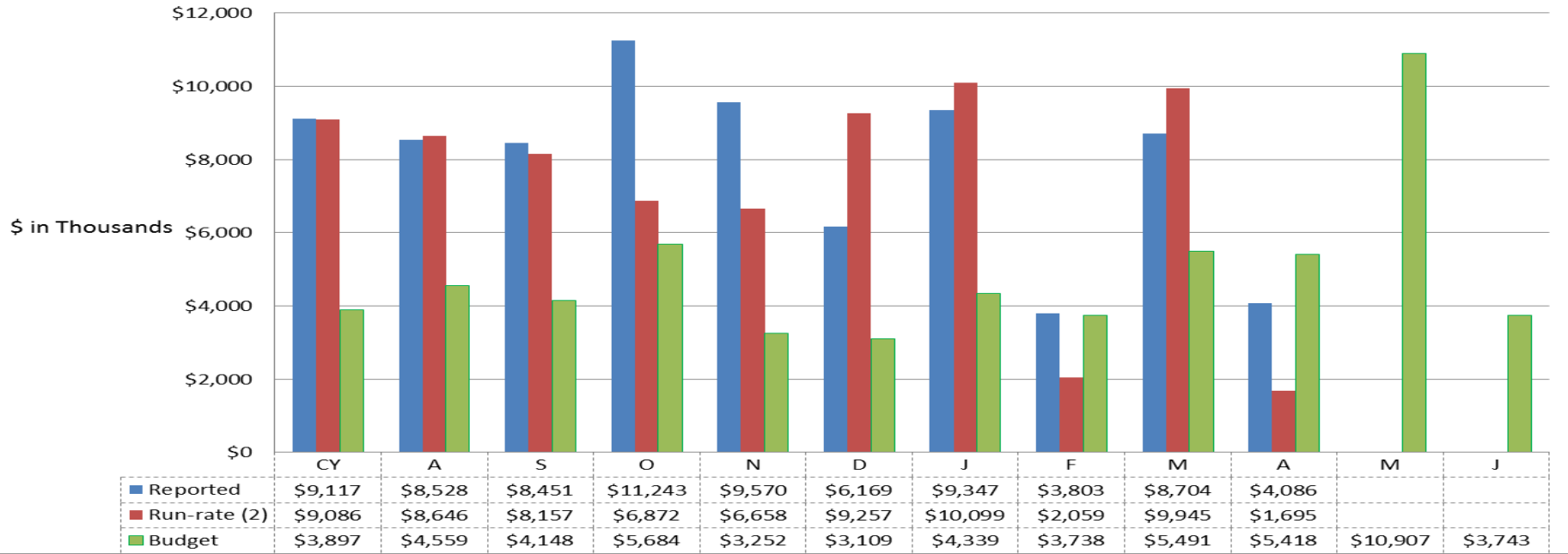
## El Camino Hospital Volume Annual Trends – Outpatient FY 2017 is annualized



- MCH, Oncology, Orthopedics, Rehab Services, and Urology are ahead of budget for the month of April.
- YTD, HVI, Oncology and MCH shows a trend of increase as well as comparing year-over-year.

# ECH Operating Margin

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



## FY 2017 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>

Revenue Adjustments		J	A	S	O	N	D	J	F	M	A	M	J	YTD
Insurance (Payment Variance)		335	-	61	145	36	-	-	-	544	-	-	-	1,120
Mcare Settlmt/Appeal/Tent Settlmt/PIP		100	(158)	74	67	67	100	67	947	27	1,953	-	-	3,244
BPCI Settlement		-	-	-	-	-	-	(2,167)	-	-	-	-	-	(2,167)
Medi-Cal Supplemental		-	-	-	-	-	312	814	240	-	-	-	-	1,366
IGT Supplemental		-	-	-	6,535	-	-	-	-	-	-	-	-	6,535
Various Adjustments under \$250k		(69)	40	164	25	12	9	131	157	12	19	-	-	499
<b>Total</b>		<b>366</b>	<b>(118)</b>	<b>299</b>	<b>6,771</b>	<b>115</b>	<b>421</b>	<b>(1,155)</b>	<b>1,344</b>	<b>582</b>	<b>1,972</b>	<b>-</b>	<b>-</b>	<b>10,597</b>
Expense Adjustments		J	A	S	O	N	D	J	F	M	A	M	J	YTD
Pay-For-Performance Bonus		-	-	-	-	-	(2,400)	(403)	(401)	-	-	-	-	(3,204)
Ratification Bonus		-	-	-	(2,400)	-	-	-	-	-	-	-	-	(2,400)
Purchases Below Capital Threshold		-	-	-	-	(598)	-	-	-	-	-	-	-	(598)
WC Reserve Updates Based on Fav. Experience		-	-	-	-	-	700	-	-	1,824	-	-	-	2,524
Other Purchased Services (Clinical Informatics)		-	-	-	-	-	(500)	-	-	-	-	-	-	(500)
Accrued Time Off (Repricing of PRN PTO)		-	-	-	-	-	-	-	-	-	(419)	-	-	(419)
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,400)</b>	<b>(598)</b>	<b>(2,200)</b>	<b>(403)</b>	<b>(401)</b>	<b>1,824</b>	<b>(419)</b>	<b>-</b>	<b>-</b>	<b>4,597</b>

\*Represents various adjustments under \$250k

# El Camino Hospital Investment Committee Scorecard

March 31, 2017

Updated Quarterly  
Last update 04/01/17

Key Performance Indicator	Status	1Q 2017		Fiscal Year-to-date		4y 5m Since Inception (annualized)		FY17	Expectation
		El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	Year-end Budget	Per Asset Allocation
<b>Investment Performance</b>		1Q 2017		Fiscal Year-to-date		4y 5m Since Inception (annualized)			May 2016
Surplus cash balance & op. cash (millions)		\$854.8	--	--	--	--	--	\$657.2	--
Surplus cash return	Green	3.3%	3.1%	6.4%	6.4%	5.1%	5.1%	4.0%	5.2%
Cash balance plan balance (millions)		\$238.0	--	--	--	--	--	\$220.6	--
Cash balance plan return	Green	4.1%	3.6%	7.7%	7.6%	7.6%	7.0%	6.0%	5.8%
403(b) plan balance (millions)		\$394.4	--	--	--	--	--	--	--
<b>Risk vs. Return</b>		3-year				4y 5m Since Inception (annualized)			May 2016
Surplus cash Sharpe ratio	Green	0.82	0.90	--	--	1.19	1.17	--	0.55
Net of fee return	Green	3.8%	4.2%	--	--	5.1%	5.1%	--	5.2%
Standard deviation	Green	4.5%	4.6%	--	--	4.2%	4.2%	--	8.6%
Cash balance Sharpe ratio	Green	0.82	0.84	--	--	1.29	1.26	--	0.49
Net of fee return	Green	4.8%	4.8%	--	--	7.6%	7.0%	--	5.8%
Standard deviation	Green	5.8%	5.6%	--	--	5.7%	5.5%	--	10.7%
<b>Asset Allocation</b>		1Q 2017							
Surplus cash absolute variances to target	Green	7.2%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target	Green	6.8%	< 10%	--	--	--	--	--	--
<b>Manager Compliance</b>		1Q 2017							
Surplus cash manager flags	Green	16	< 19 Green < 23 Yellow	--	--	--	--	--	--
Cash balance plan manager flags	Green	19	< 20 Green < 25 Yellow	--	--	--	--	--	--

# El Camino Hospital

## Capital Spending (in millions)

Category	Detail	Total Estimated Cost of Project	Total		Spent from Inception	2017 Proj Spend	FY 17 YTD Spent
			Authorized Active	Active			
<b>CIP</b>	EPIC Upgrade		6.1	6.1	2.0	6.1	2.3
<b>IT Hardware, Software, Equipment*</b>			5.4	5.4	1.8	5.4	1.8
<b>Medical &amp; Non Medical Equipment FY 16**</b>			4.3	4.3	4.2	4.3	4.2
<b>Medical &amp; Non Medical Equipment FY 17***</b>			10.3	10.3	6.5	13.9	6.5
<b>Facility Projects</b>							
	1245 Behavioral Health Bldg	91.5	91.5	91.5	15.2	24.8	8.0
	1413 North Drive Parking Expansion	24.5	24.5	24.5	15.3	21.1	13.7
	1414 Integrated MOB	275.0	275.0	275.0	40.7	70.1	26.9
	1422 CUP Upgrade	9.0	9.0	9.0	2.0	5.0	1.0
	1430 Women's Hospital Expansion	91.0	6.0	6.0	0.1	0.8	0.1
	1425 IMOB Preparation Project - Old Main	3.0	3.0	3.0	2.6	0.3	1.8
	1502 Cabling & Wireless Upgrades	2.8	2.8	2.8	2.4	2.8	0.3
	1525 New Main Lab Upgrades	1.6	3.1	3.1	0.3	2.6	0.3
	1515 ED Remodel Triage/Psych Observation	1.6	0.0	0.0	0.0	0.6	0.0
	1503 Willow Pavilion Tomosynthesis	1.3	1.3	1.3	0.3	1.3	0.2
	1602 JW House (Patient Family Residence)	2.5	0.0	0.0	0.0	0.0	0.0
	Site Signage and Other Improvements	1.0	0.0	0.0	0.0	0.2	0.0
	IR Room #6 Development	2.6	0.0	0.0	0.0	0.6	0.0
	Nurse Call System Upgrades	2.4	0.0	0.0	0.0	0.0	0.0
	1707 Imaging Equipment Replacement ( 5 or 6)	20.7	0.0	0.0	0.0	0.0	0.0
	1708 IR/ Cath Lab Equipment Replacement	19.4	0.0	0.0	0.0	0.0	0.0
	1709 ED Remodel / CT Triage - Other	5.0	0.0	0.0	0.0	0.0	0.0
	Flooring Replacement	1.6	0.0	0.0	0.0	0.0	0.0
	1219 LG Spine OR	4.1	4.1	4.1	3.2	3.1	1.9
	1313 LG Rehab HVAC System & Structural	3.7	3.7	3.7	3.6	1.0	1.8
	1248 LG Imaging Phase II (CT & Gen Rad)	8.8	8.8	8.8	6.4	7.8	5.7
	1307 LG Upgrades	19.3	19.3	19.3	12.7	6.3	1.9
	1519 LG Electrical Systems Upgrade	1.2	0.0	0.0	0.0	0.5	0.0
	1508 LG NICU 4 Bed Expansion	0.0	0.5	0.5	0.2	4.0	0.2
	1507 LG IR Upgrades	1.1	0.0	0.0	0.0	0.2	0.0
	LG Building Infrastructure Upgrades	1.5	0.0	0.0	0.0	1.5	0.0
	1603 LG MOB Improvements (17)	5.0	5.0	5.0	0.1	4.0	0.1
	All Other Projects under \$1M	26.4	4.8	4.8	0.0	12.2	1.0
		627.6	462.3	462.3	105.2	170.8	65.2
<b>GRAND TOTAL</b>			<b>488.4</b>	<b>488.4</b>	<b>105.2</b>	<b>200.4</b>	<b>80.0</b>

\*Excluding EPIC

\*\* Unspent Prior Year routine used as contingency

\*\*\*Includes 2 robot purchases

2017 projected spend includes items to be presented for approval during the fiscal year

# El Camino Hospital

## Capital Spending – Facility Projects (in millions)

Updated Quarterly  
Last update 04/01/17

FACILITY	PROJ	CAPITAL PROJECT DESCRIPTION	TOTAL BUDGET FY17	FY17 PROJECTED SPEND	Variance from Budget
<b>Mountain View Campus Master Plan Projects</b>					
1 - Mountain View	1245	BHS Replacement	30,000,000	24,762,757	5,237,243
1 - Mountain View	1413	North Dr Parking Structure Expansion	20,500,000	21,145,944	(645,944)
1 - Mountain View	1414	Integrated Medical Office Building	101,500,000	70,087,267	31,412,733
1 - Mountain View	1422	CUP Upgrades	5,000,000	4,967,592	32,408
1 - Mountain View	1430	Women Hosp Expansion	5,500,000	800,000	4,700,000
<b>Sub-total Mountain View Campus Master Plan</b>			<b>162,500,000</b>	<b>121,763,560</b>	<b>40,736,440</b>
<b>Mountain View Capital Projects</b>					
1 - Mountain View	1501	Womens Hosp NPC Closeout	327,000	609,234	(282,234)
1 - Mountain View	1425	IMOB Preparation Project - Old Main	1,000,000	3,000,000	(2,000,000)
1 - Mountain View	1502	Cabling and Wireless upgrades	400,000	2,800,000	(2,400,000)
1 - Mountain View	1525	New Main Lab Upgrades	1,200,000	2,640,000	(1,440,000)
1 - Mountain View	1515	ED Remodel Triage / Psych Observation	1,400,000	600,000	800,000
1 - Mountain View	1415	Signage & Wayfinding	300,000	541,500	(241,500)
1 - Mountain View	1416	Digital Directories		125,000	(125,000)
1 - Mountain View	1503	Breast Imaging Tomography (Excludes \$1M Equip)	300,000	1,300,000	(1,000,000)
1 - Mountain View	1316	Willow Pavilion FA Sys and Equip Upgrades	800,000	100,000	700,000
1 - Mountain View	1423	MV MOB TI Allowance		784,000	(784,000)
1 - Mountain View		Facilities Planning Allowance	300,000	-	300,000
1 - Mountain View	1523	MV Melchor Suite 309 TI's		464,000	(464,000)
1 - Mountain View		Furniture Systems Inventory (17)	250,000	496,000	(246,000)
1 - Mountain View		Site Signage & Other Improvements	200,000	100,000	100,000
1 - Mountain View		MV Equipment & Infrastructure Upgrades (17)	300,000	-	300,000
1 - Mountain View		IR Room #6 Development	500,000	200,000	300,000
1 - Mountain View	1602	JW House (Patient Family Residence)	500,000	-	500,000
<b>Sub-total Mountain View Capital Projects</b>			<b>7,777,000</b>	<b>13,759,734</b>	<b>(5,982,734)</b>
<b>Los Gatos Capital Projects</b>					
11 - Los Gatos	1219	LG Spine Room Expansion - OR 4	3,100,000	4,100,000	(1,000,000)
11 - Los Gatos	1313	LG Rehab HVAC Upgrades	400,000	3,675,000	(3,275,000)
11 - Los Gatos	1248	LG Imaging Phase II (CT & Gen Rad) & Sterile Processing	7,250,000	8,100,000	(850,000)
11 - Los Gatos	1307	LG Upgrades - Major	7,300,000	14,100,000	(6,800,000)
11 - Los Gatos	1327	LG Rehab Building Upgrades	500,000	193,000	307,000
11 - Los Gatos	1346	LG Surgical Lights OR's 5,6 & 7		500,000	(500,000)
11 - Los Gatos	1421	LG MOB Improvements	150,000	900,000	(750,000)
11 - Los Gatos	1507	LG IR Upgrades	800,000	-	800,000
11 - Los Gatos	1508	LG NICU 4 Bed Expansion	5,000,000	247,000	4,753,000
11 - Los Gatos	1600	LG 825 Pollard - Aspire Phase 2		525,000	(525,000)
11 - Los Gatos		LG Building Infrastructure Improvements	1,200,000	-	1,200,000
11 - Los Gatos		LG Facilities Planning	500,000	-	500,000
11 - Los Gatos	1603	LG MOB Improvements (17)	4,000,000	1,500,000	2,500,000
<b>Sub-total Los Gatos Capital Projects</b>			<b>30,200,000</b>	<b>33,840,000</b>	<b>(3,640,000)</b>
<b>Other Strategic Capital Facility Projects</b>					
Other Cap Fac Proj		Primary Care Clinic (TI's Only) FY 17 (828 Winchester)	1,600,000	1,400,000	200,000
Other Cap Fac Proj		Urgent Care Clinics (TI's Only)	2,400,000	-	2,400,000
<b>Sub-total Other Strategic Projects</b>			<b>4,000,000</b>	<b>1,400,000</b>	<b>2,600,000</b>
<b>GRAND TOTAL FACILITIES PROJECTS</b>			<b>204,477,000</b>	<b>170,763,294</b>	<b>33,713,706</b>

Denotes project has been cancelled or replaced

2017 projected spend includes items to be presented for approval during the fiscal year

# Balance Sheet (in thousands)

## ASSETS

	Audited	
	April 30, 2017	June 30, 2016
<b>CURRENT ASSETS</b>		
(1) Cash	95,300	59,169
Short Term Investments	135,541	105,284
(2) Patient Accounts Receivable, net	106,628	120,960
Other Accounts and Notes Receivable	2,627	4,369
(3) Intercompany Receivables	1,437	2,200
(4) Inventories and Prepays	44,401	39,678
<b>Total Current Assets</b>	<b>385,935</b>	<b>331,660</b>
<b>BOARD DESIGNATED ASSETS</b>		
Plant & Equipment Fund	124,678	119,650
(5) Women's Hospital Expansion	9,298	-
Operational Reserve Fund	100,196	100,196
Community Benefit Fund	12,205	13,037
Workers Compensation Reserve Fund	21,434	22,309
Postretirement Health/Life Reserve Fund	19,609	18,256
PTO Liability Fund	23,713	22,984
Malpractice Reserve Fund	1,800	1,800
Catastrophic Reserves Fund	16,206	14,125
<b>Total Board Designated Assets</b>	<b>329,139</b>	<b>312,358</b>
(6) FUNDS HELD BY TRUSTEE	<b>297,273</b>	<b>30,841</b>
<b>LONG TERM INVESTMENTS</b>	<b>253,005</b>	<b>207,597</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>32,595</b>	<b>31,627</b>
<b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,183,791	1,171,372
Less: Accumulated Depreciation	(523,965)	(485,856)
Construction in Progress	105,165	46,009
<b>Property, Plant &amp; Equipment - Net</b>	<b>764,991</b>	<b>731,525</b>
<b>DEFERRED OUTFLOWS</b>	<b>29,313</b>	<b>29,814</b>
<b>RESTRICTED ASSETS - CASH</b>	<b>0</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>2,092,251</b>	<b>1,675,422</b>

## LIABILITIES AND FUND BALANCE

	Audited	
	April 30, 2017	June 30, 2016
<b>CURRENT LIABILITIES</b>		
(7) Accounts Payable	21,658	28,519
(8) Salaries and Related Liabilities	17,546	22,992
Accrued PTO	23,713	22,984
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	11,382	11,314
Intercompany Payables	67	105
Malpractice Reserves	1,772	1,936
Bonds Payable - Current	3,735	3,635
(9) Bond Interest Payable	3,076	5,459
Other Liabilities	7,684	10,478
<b>Total Current Liabilities</b>	<b>90,042</b>	<b>106,830</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	19,609	18,256
Worker's Comp Reserve	19,134	20,009
Other L/T Obligation (Asbestos)	3,728	3,637
Other L/T Liabilities (IT/Medl Leases)	-	-
Bond Payable	530,863	225,857
<b>Total Long Term Liabilities</b>	<b>573,334</b>	<b>267,759</b>
<b>DEFERRED REVENUE-UNRESTRICTED</b>	<b>466,338</b>	
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>2,892</b>	<b>2,892</b>
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	1,096,378	985,583
Board Designated	329,139	312,358
Restricted	0	-
(10) <b>Total Fund Bal &amp; Capital Accts</b>	<b>1,425,517</b>	<b>1,297,941</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>2,092,251</b>	<b>1,675,422</b>

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

- (1) The increase in cash is due allowing for immediate cash to be available for the recent significant construction projects that have started in MV campus.
- (2) The decrease is primarily due to the significant cash payments the Patient Accounts team has brought in during the nine 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 three 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) This month reflects the 2017 Revenue Bonds that were issued in March. The total amount now reflects this new issue of \$292M, the bond premium on it of \$21M, less paybacks to the hospital of \$36M for prior construction costs on the 4 major MV projects. Also there still exists \$23M in the LG Project Fund from the 2015A proceeds.
- (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 over June 2016, is that at the end of June we had yet to payout the end of June's payroll (occurred the beginning of July, where here in April the last payroll had been paid out, thus no needed accrued payroll that approximates \$12M.
- (9) The increase is due to the new 2017 debt added as of March 2017, along with the associated bond premium that will be amortized over the life of the new debt.
- (10) The increase is to this year's financial performance (\$79M from Operations and \$46M in Non-Operations income - primarily driven by significant incomes from unrealized investment gains).

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

## EL CAMINO HOSPITAL - BOARD DESIGNATED FUND DESCRIPTIONS/HISTORY ( 1 OF 2)

**Plant & Equipment Fund** – original established by the District Board in the early 1960’s to fund new capital expansion projects of building facilities or equipment (new or replacements). The funds came from the M&O property taxes being received and the funding depreciation expense at 100%. When at the end of 1992, the 501(c)(3) Hospital was performed by the District, the property tax receipts remained with the District. The newly formed Hospital entity continued on with funding depreciation expense, but did that funding at 130% of the depreciation expense to account for an expected replacement cost of current plant and property assets. It is to be noted that within this fund is an itemized amount of \$14 million for the Behavioral Health Service building replacement project. This amount came from the District’s Capital Appropriation Fund (excess Gann Limit property taxes) of the fiscal years of 2010 thru 2013 by various District board actions.

**Women’s Hospital Expansion** – established June 2016 by the District authorizing the amounts accumulated in its Capital Appropriation Fund (excess Gann Limit property taxes) for the fiscal years of 2014 and 2015 to be allocated for the renovation of the Women’s Hospital upon the completion of Integrated Medical Office Building currently under construction.

**Operational Reserve Fund** – originally established by the District in May 1992 to establish a fund equal to sixty (60) days of operational expenses (based on projected budget) and only be used in the event of a major business interruption event and/or cash flow.

**Community Benefit Fund** – following in the footsteps of the District in 2008 of forming its Community Benefit Fund using Gann Limit tax receipts, the Hospital in 2010 after opening its campus outside of District boundaries in Los Gatos formed its own Community Benefit Fund to provide grants/sponsorships in Los Gatos and surrounding areas. The funds come from the Hospital reserving \$1.5M a year from its operations, the entity of CONCERN contributing 40% of its annual income each year (an amount it would have paid in corporate taxes if it wasn’t granted tax exempt status), that generates an amount of \$800,000 or more a year. \$10 million within this fund is board designated endowment fund formed in 2015 to generate investment income to be used for grants and sponsorships, currently generating approximately \$400,000 a year.



## EL CAMINO HOSPITAL - BOARD DESIGNATED FUND DESCRIPTIONS/HISTORY ( 2 OF 2)

**Workers Compensation Reserve Fund** – as the Hospital is self-insured for its workers compensation program (since 1978) this fund was originally formed in early 2000's by management to reserve cash equal to the yearly actuarially determined Workers Compensation amount. The thought being if the business was to terminate for some reason this is the amount in cash that would be needed to pay out claims over the next few years.

**Postretirement Health/Life Reserve Fund** – following the same formula as the Workers Compensation Reserve Fund this fund was formed in the early 2000's by management to reserve cash equal to the yearly actuarially determined amount to fund the Hospital's postretirement health and life insurance program. Note this program was frozen in 1995 for all new hires after that date.

**PTO (Paid Time Off) Liability Fund** – originally formed in 1993 as the new 501(c)(3) Hospital began operations, management thought as a business requirement of this vested benefit program that monies should be set aside to extinguish this employee liability should such a circumstance arise. This balance is equal to the PTO Liability on the Balance Sheet.

**Malpractice Reserve Fund** – originally established in 1989 by the then District's Finance Committee and continued by the Hospital. The amount is actuarially determined each year as part of the annual audit to fund potential claims less than \$50,000. Above \$50,000 our policy with the BETA Healthcare Group kicks in to a \$30 million limit per claim/\$40 million in the aggregate.

**Catastrophic Loss Fund** – was established in 1999 by the Hospital Board to be a "self-insurance" reserve fund for potential non-major earthquake repairs. Initially funded by the District transferring \$5 million and has been added to by the last major payment from FEMA for the damage caused the Hospital by the October 1989 earthquake. It is to be noted that it took 10 years to receive final settlement from FEMA grants that totaled \$6.8 million that did mostly cover all the necessary repairs.

# APPENDIX

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

10 months ending 4/30/2017

PERIOD 10 FY 2016	PERIOD 10 FY 2017	PERIOD 10 Budget 2017	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
189,207	202,246	194,629	7,617	3.9%	<b>OPERATING REVENUE</b>					
(138,765)	(148,592)	(141,406)	(7,186)	5.1%	Gross Revenue	1,866,418	2,041,384	1,965,685	75,699	3.9%
<b>50,443</b>	<b>53,654</b>	<b>53,223</b>	<b>431</b>	<b>0.8%</b>	Deductions	(1,353,642)	(1,485,712)	(1,437,488)	(48,224)	3.4%
(459)	1,463	1,884	(422)	-22.4%	Net Patient Revenue	<b>512,776</b>	<b>555,672</b>	<b>528,197</b>	<b>27,475</b>	<b>5.2%</b>
<b>49,984</b>	<b>55,116</b>	<b>55,107</b>	<b>9</b>	<b>0.0%</b>	Other Operating Revenue	16,218	18,774	18,738	36	0.2%
					Total Operating Revenue	<b>528,994</b>	<b>574,446</b>	<b>546,935</b>	<b>27,511</b>	<b>5.0%</b>
					<b>OPERATING EXPENSE</b>					
29,646	31,881	31,219	(662)	-2.1%	Salaries & Wages	297,976	309,269	317,596	8,327	2.6%
7,465	8,307	8,075	(232)	-2.9%	Supplies	78,467	78,581	80,465	1,884	2.3%
7,025	6,291	6,419	128	2.0%	Fees & Purchased Services	69,952	66,570	65,777	(793)	-1.2%
200	502	577	74	12.9%	Other Operating Expense	14,753	6,743	6,673	(70)	-1.1%
610	(129)	448	578	128.9%	Interest	4,958	3,558	4,482	924	20.6%
3,846	3,446	3,902	456	11.7%	Depreciation	35,203	34,966	38,065	3,098	8.1%
<b>48,793</b>	<b>50,299</b>	<b>50,641</b>	<b>341</b>	<b>0.7%</b>	Total Operating Expense	<b>501,310</b>	<b>499,687</b>	<b>513,058</b>	<b>13,370</b>	<b>2.6%</b>
<b>1,192</b>	<b>4,817</b>	<b>4,467</b>	<b>350</b>	<b>7.8%</b>	Net Operating Income/(Loss)	<b>27,683</b>	<b>74,759</b>	<b>33,877</b>	<b>40,881</b>	<b>120.7%</b>
5,734	7,532	729	6,803	933.3%	Non Operating Income	(15,671)	46,938	7,289	39,649	543.9%
<b>6,926</b>	<b>12,349</b>	<b>5,196</b>	<b>7,154</b>	<b>137.7%</b>	Net Income(Loss)	<b>12,012</b>	<b>121,697</b>	<b>41,167</b>	<b>80,530</b>	<b>195.6%</b>
11.3%	14.8%	16.0%	-1.2%		EBITDA	12.8%	19.7%	14.0%	5.7%	
2.4%	8.7%	8.1%	0.6%		Operating Margin	5.2%	13.0%	6.2%	6.8%	
13.9%	22.4%	9.4%	13.0%		Net Margin	2.3%	21.2%	7.5%	13.7%	

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

10 months ending 4/30/2017

PERIOD 10 FY 2016	PERIOD 10 FY 2017	PERIOD 10 Budget 2017	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
38,157	41,688	44,482	(2,794)	-6.3%	<b>Gross Revenue</b>	410,401	449,052	447,491	1,561	0.3%
(25,900)	(31,202)	(32,199)	996	-3.1%	<b>Deductions</b>	(293,551)	(330,471)	(323,918)	(6,553)	2.0%
<b>12,257</b>	<b>10,486</b>	<b>12,284</b>	<b>(1,798)</b>	<b>-14.6%</b>	<b>Net Patient Revenue</b>	<b>116,850</b>	<b>118,581</b>	<b>123,573</b>	<b>(4,992)</b>	<b>-4.0%</b>
153	169	215	(45)	-21.0%	<b>Other Operating Revenue</b>	1,948	1,671	2,147	(476)	-22.2%
<b>12,409</b>	<b>10,655</b>	<b>12,498</b>	<b>(1,843)</b>	<b>-14.7%</b>	<b>Total Operating Revenue</b>	<b>118,797</b>	<b>120,252</b>	<b>125,720</b>	<b>(5,468)</b>	<b>-4.3%</b>
<b>OPERATING EXPENSE</b>										
5,818	6,374	6,266	(108)	-1.7%	<b>Salaries &amp; Wages</b>	60,091	63,044	63,803	759	1.2%
1,495	1,707	1,810	103	5.7%	<b>Supplies</b>	17,618	18,218	17,880	(338)	-1.9%
1,295	1,277	1,232	(46)	-3.7%	<b>Fees &amp; Purchased Services</b>	13,634	13,538	12,454	(1,085)	-8.7%
1,527	1,541	1,556	14	0.9%	<b>Other Operating Expense</b>	15,749	16,054	15,977	(77)	-0.5%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
523	486	684	198	28.9%	<b>Depreciation</b>	5,048	5,138	5,850	711	12.2%
<b>10,657</b>	<b>11,386</b>	<b>11,547</b>	<b>161</b>	<b>1.4%</b>	<b>Total Operating Expense</b>	<b>112,140</b>	<b>115,992</b>	<b>115,963</b>	<b>(29)</b>	<b>0.0%</b>
<b>1,753</b>	<b>(730)</b>	<b>951</b>	<b>(1,682)</b>	<b>-176.8%</b>	<b>Net Operating Income/(Loss)</b>	<b>6,658</b>	<b>4,260</b>	<b>9,757</b>	<b>(5,497)</b>	<b>-56.3%</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	(26)	(10)	0	(10)	0.0%
<b>1,753</b>	<b>(730)</b>	<b>951</b>	<b>(1,682)</b>	<b>-176.8%</b>	<b>Net Income(Loss)</b>	<b>6,632</b>	<b>4,250</b>	<b>9,757</b>	<b>(5,508)</b>	<b>-56.4%</b>
18.3%	-2.3%	13.1%	1.7%		<b>EBITDA</b>	9.9%	7.8%	12.4%	-4.6%	
14.1%	-6.9%	7.6%	-14.5%		<b>Operating Margin</b>	5.6%	3.5%	7.8%	-4.2%	
14.1%	-6.9%	7.6%	-14.5%		<b>Net Margin</b>	5.6%	3.5%	7.8%	-4.2%	

For the month of April, lower volume in ED, Surgeries, Deliveries and Psych Visits resulting in lower gross charges. YTD, volume is close to budget, but lower net revenue due to Payor mix with increase in Medicare in recent months and a drop in PPO Payor (36% first 6 months & 31% last 4 months).

## Capital Spend Trend & FY 18 Budget

Capital Spending (in 000's)	Actual FY2013	Actual FY2014	Actual FY2015	Actual FY2016	Budget FY2017	Projected FY2017	Budget FY2018	
EPIC	-	6,838	29,849	20,798	6,137	6,137	1,922	
IT Hardware / Software Equipment	8,019	2,788	4,660	6,483	5,391	5,391	12,238	
Medical / Non Medical Equipment*	10,284	12,891	13,340	17,133	10,254	18,185	5,635	
Non CIP Land, Land I , BLDG, Additions		22,292	-	4,189	-	-	-	
Facilities	9,294	13,753	38,940	48,137	204,477	170,763	211,886	
<b>GRAND TOTAL</b>	<b>27,598</b>	<b>58,561</b>	<b>86,789</b>	<b>96,740</b>	<b>226,259</b>	<b>200,476</b>	<b>231,681</b>	
*Includes 2 robot purchases in projected FY 2017 & FY16 Medical/Non Medical Equipment spent in FY17								

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

Category	2012	2013	2014	2015	2016	Category	2012	2013	2014	2015	2016
EPIC	0	0	6,838	29,849	20,798	<b>Facilities Projects CIP cont.</b>					
IT Hardware/Software Equipment	7,289	8,019	2,788	4,660	6,483	1327 - Rehab Building Upgrades	0	0	0	15	20
Medical/Non Medical Equipment	11,203	10,284	12,891	13,340	17,133	1320 - 2500 Hosp Dr Roofing	0	0	75	81	0
Non CIP Land, Land I, BLDG, Additions	7,311	0	22,292	0	4,189	1340 - New Main ED Exam Room TVs	0	0	8	193	0
<b>Facilities Projects CIP</b>						1341 - New Main Admin	0	0	32	103	0
<b>Mountain View Camputs Master Plan Projects</b>						1344 - New Main AV Upgrd	0	0	243	0	0
1245 - Behavioral Health Bldg Replace	0	0	1,257	3,775	1,389	1400 - Oak Pav Cancer Center	0	0	0	5,208	666
1413 - North Drive Parking Structure Exp	0	0	0	167	1,266	1403 - Hosp Drive BLDG 11 TI's	0	0	86	103	0
1414 - Integrated MOB	0	0	0	2,009	8,875	1404 - Park Pav HVAC	0	0	64	7	0
1422 - CUP Upgrade	0	0	0	0	896	1405 - 1 - South Accessibility Upgrades	0	0	0	0	168
<b>Sub-Total Mountain View Campus Master Plan</b>	<b>0</b>	<b>0</b>	<b>1,257</b>	<b>5,950</b>	<b>12,426</b>	1408 - New Main Accessibility Upgrades	0	0	0	7	46
<b>Mountain View Capital Projects</b>						1415 - Signage & Wayfinding	0	0	0	0	106
0101 - Hosp Replace	313	0	0	0	0	1416 - MV Campus Digital Directories	0	0	0	0	34
0317 - Melchor TI's	117	0	0	0	0	1423 - MV MOB TI Allowance	0	0	0	0	588
0704 - 1 South Upgrade	2	0	0	0	0	1425 - IMOB Preparation Project - Old Main	0	0	0	0	711
9900 - Unassigned Costs	279	734	470	3,717	0	1429 - 2500 Hospital Dr Bldg 8 TI	0	0	0	101	0
0803 - Park Pav Foundation	270	0	0	0	0	1432 - 205 South Dr BHS TI	0	0	0	8	15
1106 - SHC Project	2,245	0	0	0	0	1501 - Women's Hospital NPC Comp	0	0	0	4	0
1108 - Cooling Towers	932	450	0	0	0	1502 - Cabling & Wireless Upgrades	0	0	0	0	1,261
1115 - Womens Hosp TI's	50	0	0	0	0	1503 - Willow Pavillion Tomosynthesis	0	0	0	0	53
1118 - Park Pav Roto Care	119	0	0	0	0	1504 - Equipment Support Infrastructure	0	0	0	61	311
1120 - BHS Out Patient TI's	472	66	0	0	0	1523 - Melchor Pavillion Suite 309 TI	0	0	0	0	10
1129 - Old Main Card Rehab	400	9	0	0	0	1526 - CONCERN TI	0	0	0	0	37
0817 - Womens Hosp Upgrds	1,242	645	1	0	0	<b>Sub-Total Mountain View Projects</b>	<b>8,380</b>	<b>8,145</b>	<b>7,219</b>	<b>26,744</b>	<b>5,588</b>
1107 - Boiler Replacement	49	0	0	0	0	0904 - LG Facilities Upgrade	41	2	0	0	0
1109 - New Main Upgrades	589	423	393	2	0	0907 - LG Imaging Masterplan	162	244	774	1,402	17
1111 - Mom/Baby Overflow	267	212	29	0	0	1000 - LG Rehab Building	0	0	0	0	0
1129 - Cardiac Rehab Improv	0	0	0	0	0	1005 - LG OR Light Upgrd	108	14	0	0	0
1132 - Pneumatic Tube Prj	78	0	0	0	0	1102 - LG Joint Hotel	657	0	0	0	0
1204 - Elevator Upgrades	24	25	30	0	0	1122 - LG Sleep Studies	147	7	0	0	0
0800 - Womens L&D Expansion	129	2,104	1,531	269	0	1210 - Los Gatos VOIP	1	147	89	0	0
1131 - MV Equipment Replace	190	216	0	0	0	1116 - LG Ortho Pavillion	44	177	24	21	0
1135 - Park Pavilion HVAC	47	0	0	0	0	1124 - LG Rehab BLDG	11	49	458	0	0
1208 - Willow Pav. High Risk	0	110	0	0	0	1128 - LG Boiler Replacement	3	0	0	0	0
1213 - LG Sterilizers	0	102	0	0	0	1247 - LG Infant Security	0	134	0	0	0
1225 - Rehab BLDG Roofing	0	7	241	4	0	1307 - LG Upgrades	0	376	2,979	3,282	3,511
1227 - New Main eLCU	0	96	21	0	0	1308 - LG Infrastructure	0	0	114	0	0
1230 - Fog Shop	0	339	80	0	0	1313 - LG Rehab HVAC System/Structural	0	0	0	0	1,597
1315 - 205 So. Drive TI's	0	0	500	2	0	1219 - LG Spine OR	0	0	214	323	633
0908 - NPCR3 Seismic Upgrds	554	1,302	1,224	1,328	240	1221 - LG Kitchen Refrig	0	0	85	0	0
1125 - Will Pav Fire Sprinkler	9	57	39	0	0	1248 - LG - CT Upgrades	0	0	26	345	197
1211 - SIS Monitor Install	0	215	0	0	0	1249 - LG Mobile Imaging	0	0	146	0	0
1216 - New Main Process Imp Office	0	19	1	16	0	1328 - LG Ortho Canopy FY14	0	0	255	209	0
1217 - MV Campus MEP Upgrades FY13	0	0	181	274	28	1345 - LG Lab HVAC	0	0	112	0	0
1224 - Rehab Bldg HVAC Upgrades	0	11	202	81	14	1346 - LG OR 5, 6, and 7 Lights Replace	0	0	0	285	53
1301 - Desktop Virtual	0	0	13	0	0	1347 - LG Central Sterile Upgrades	0	0	0	181	43
1304 - Rehab Wander Mgmt	0	0	87	0	0	1421 - LG MOB Improvements	0	0	0	198	65
1310 - Melchor Cancer Center Expansion	0	0	44	13	0	<b>Sub-Total Los Gatos Projects</b>	<b>1,174</b>	<b>1,150</b>	<b>5,276</b>	<b>6,246</b>	<b>6,116</b>
1318 - Women's Hospital TI	0	0	48	48	29	1550 - Land Acquisition	0	0	0	0	24,007
						<b>Sub-Total Other Strategic Projects</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,007</b>
						<b>Subtotal Facilities Projects CIP</b>	<b>9,553</b>	<b>9,294</b>	<b>13,753</b>	<b>38,940</b>	<b>48,137</b>
						<b>Grand Total</b>	<b>35,357</b>	<b>27,598</b>	<b>58,561</b>	<b>86,789</b>	<b>96,740</b>
						Forecast at Beginning of year	47,138	70,503	70,037	101,607	114,025



**El Camino Hospital**<sup>®</sup>

THE HOSPITAL OF SILICON VALLEY

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

**May 30, 2017**

El Camino Hospital and Affiliates  
FY18 Operating & Capital Budget

Don Sibery, Interim CEO

Mick Zdeblick, COO

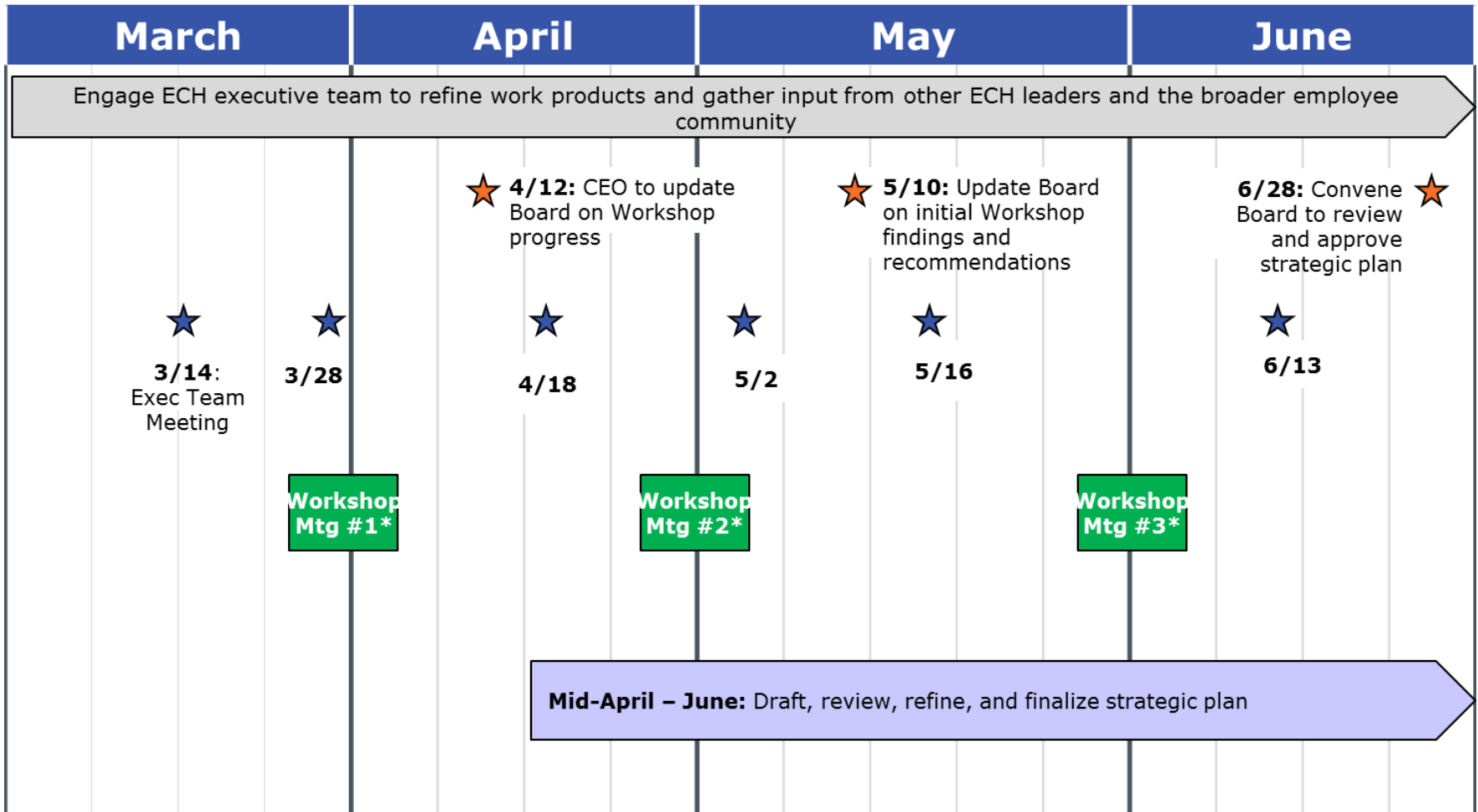
Iftikhar Hussain, CFO

# Contents

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



# Project Timeline



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

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

drafted May 2017

## Mission

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

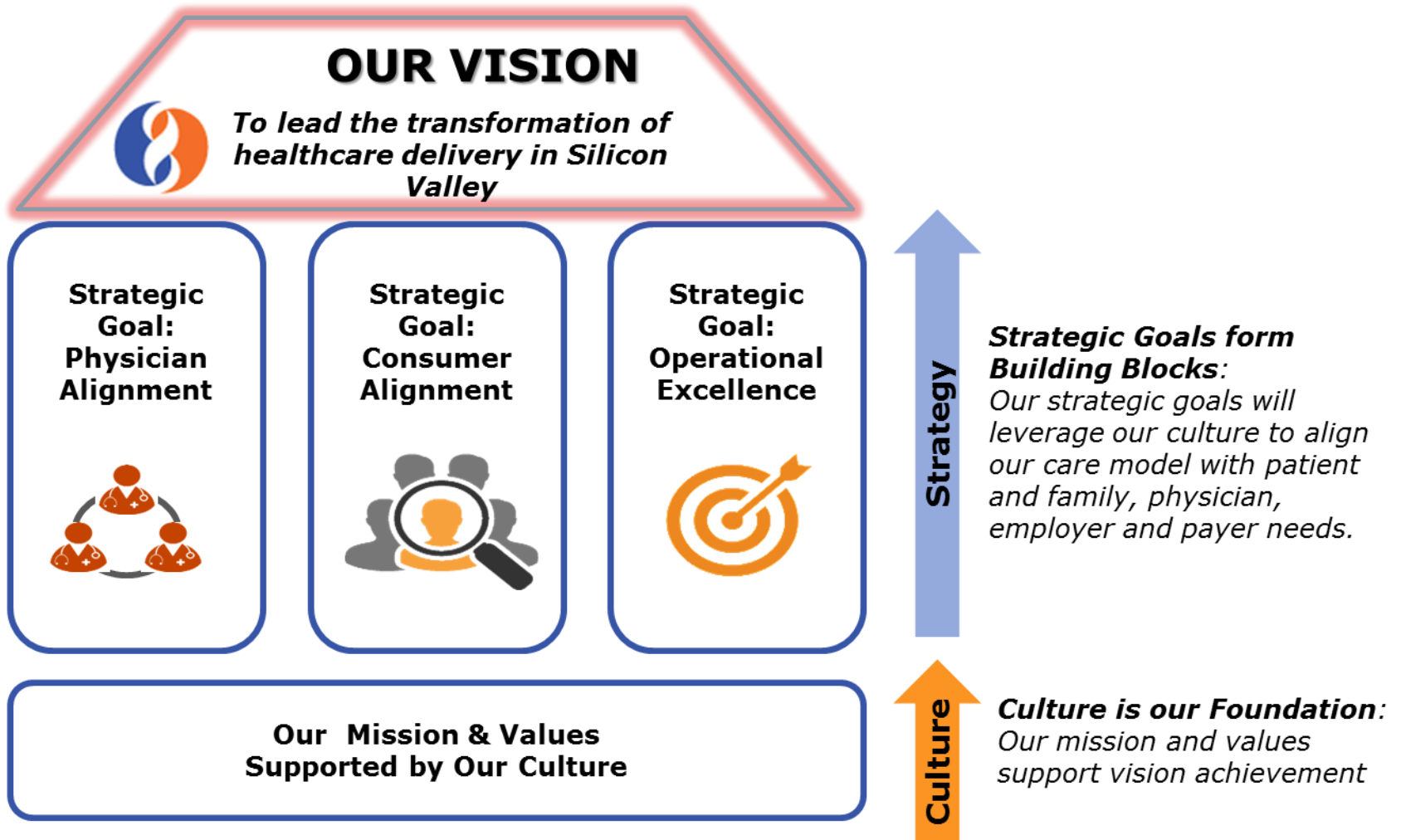
## Vision

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

## Values

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

# El Camino Hospital's Strategic Vision



# Strategic Focus

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

## Proposed Next Steps

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

# FY18 Organizational Goals (for discussion)

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

# FY18 Organizational Goals

(for discussion and approval)

## ECH FY18 Organizational Goals

**DRAFT**

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

# FY18 Organizational Goals

(for discussion and approval)

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

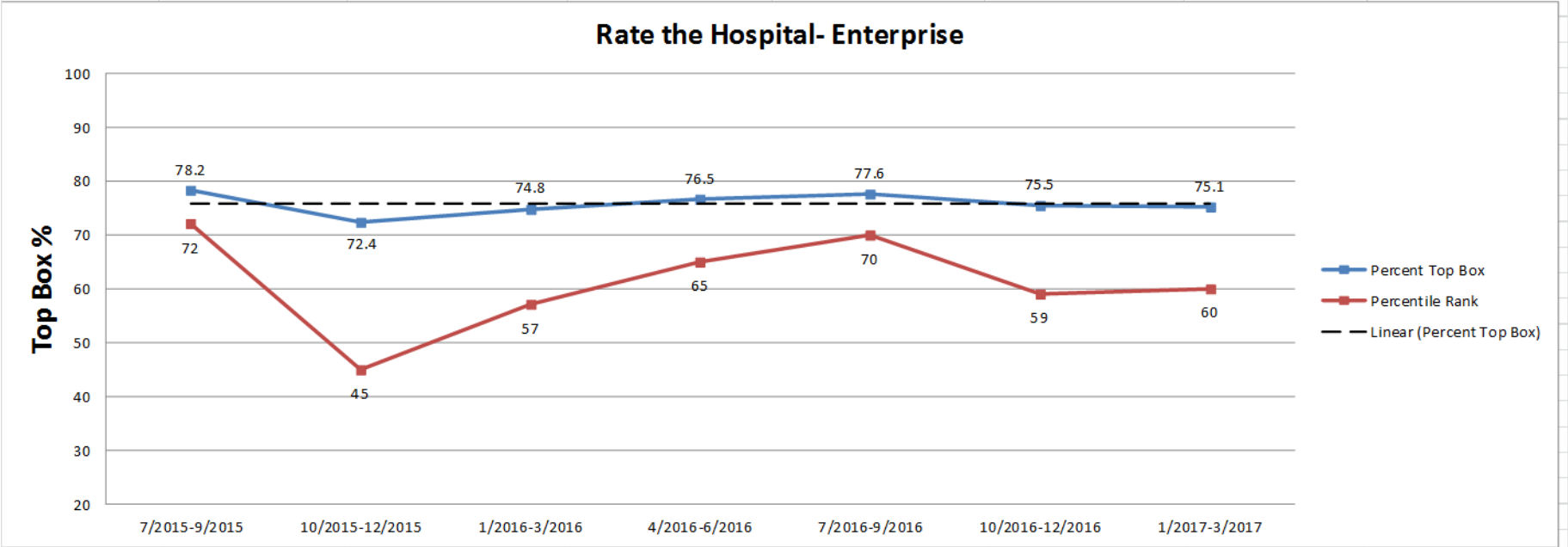
CMI impacting GMLOS	Baseline	4.08
	3.0%	4.20
	4.0%	4.25
	5.0%	4.29
ALOS impacted by day reduction	Baseline	4.81
	625	4.71
	750	4.72
	875	4.69



# FY18 Organizational Goals (for discussion and approval)

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

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



# FY18 Organizational Goals (for discussion and approval)

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

## FY 18 HCAHPS Goal Setting Analysis

5/8/17

Top box score from 5/1/16 – 4/30/17

El Camino Hospital (Aggregate)

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

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

76.6

78.0

80.0

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

# FY18 Organizational Goals

## (for discussion and approval)

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

### *STANDARDIZED INFECTION RATIO (SIR)*

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

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

# FY18 Organizational Goals

(for discussion and approval)

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

# FY18 Organizational Goals

(for discussion and approval)

- Minimum is ¼ to historical best (last 4 years)
- Target improvement is ½ to historical best
- Maximum is historical best on all three indicators
- An alternative would be 1 of 3, 2 of 3, 3 of 3 achievement of target SIR per each HAI. This was not supported by ECC discussions.

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

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

# FY18 Operating Budget Overview

# FY18 Budget and Organizational Priorities

## Key Themes:

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

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

### **Invest in Growth**

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

# FY18 Budget and Organizational Priorities

Key Themes:

## **Invest in Growth**

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



# FY18 Budget and Organizational Priorities

Key Themes:

## **Invest in our Core Business**

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

# FY18 Strategic Initiatives

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

\*Number in () is a reduction of revenue

# El Camino Hospital & Affiliates

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

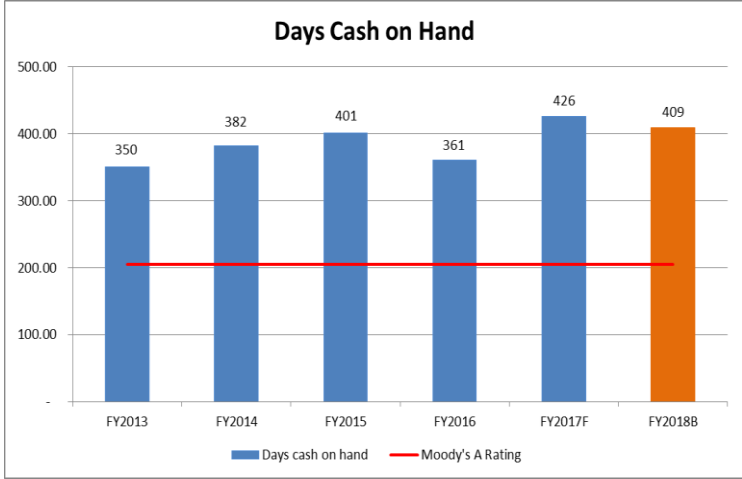
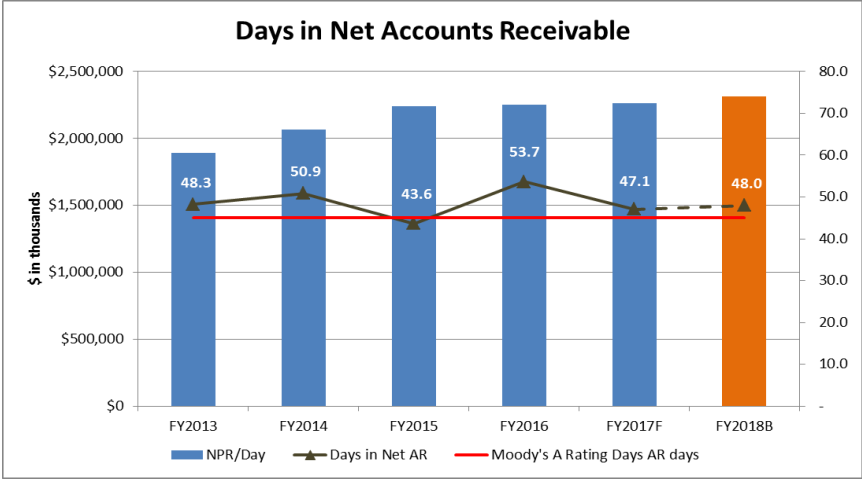
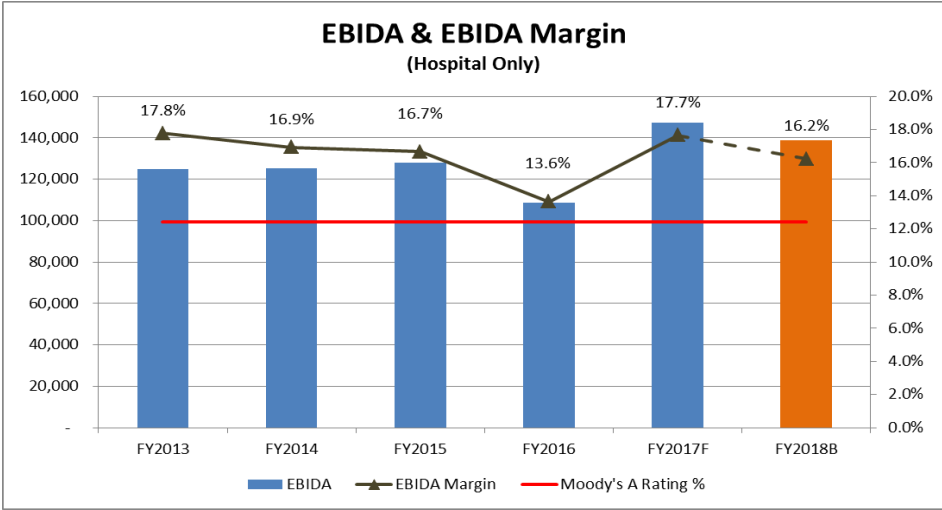
# El Camino Hospital FY18 Budget

## El Camino Hospital (\$ in thousands)

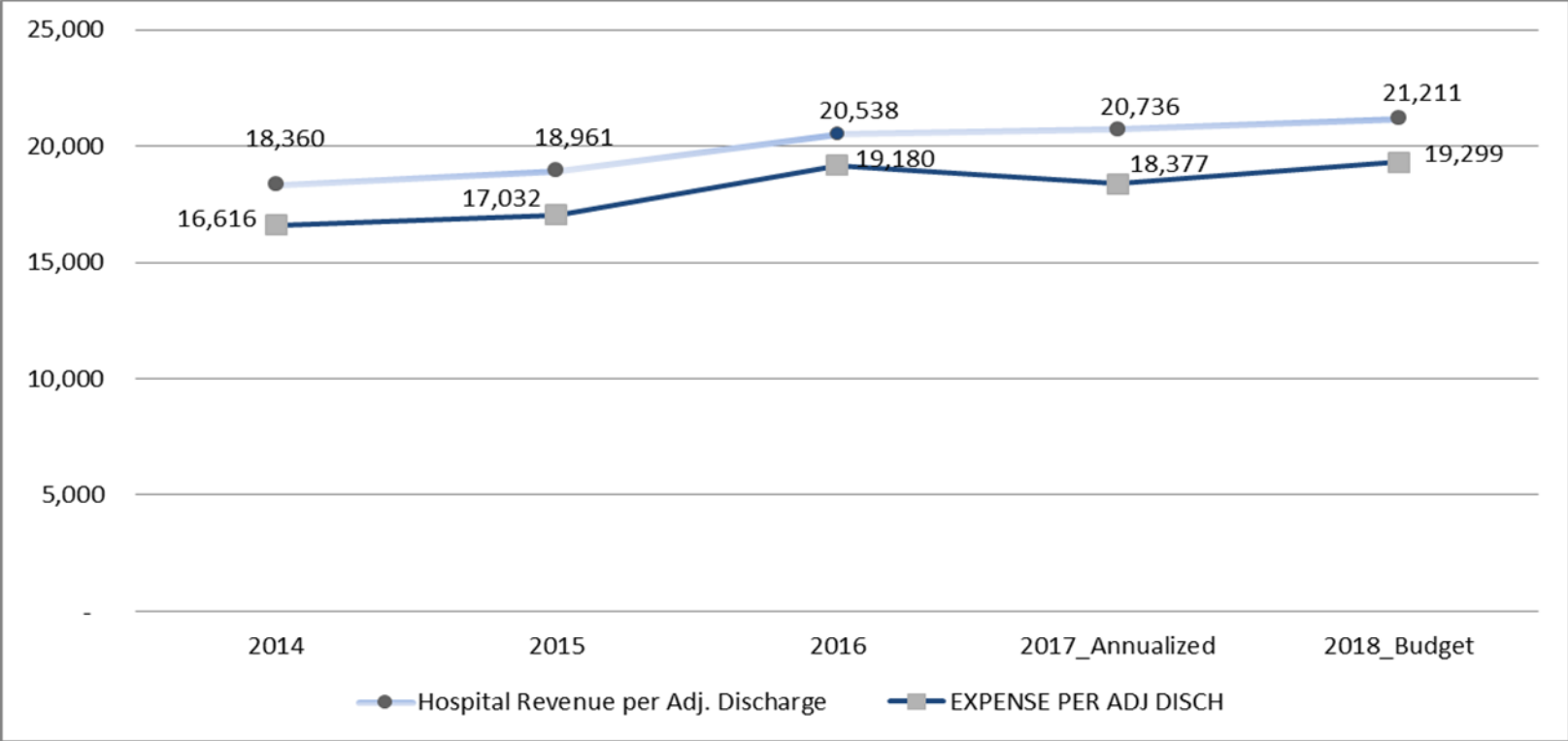
	FY2016 Actual	FY2017 Annualized	FY2018 Budget	Change Favorable/ (Unfavorable)	% Change
<b>REVENUES</b>					
Net Patient Service Revenue	772,020	809,104	832,066	22,962	2.8%
Other Operating Revenue	23,636	24,529	23,129	(1,400)	-5.7%
Total Net Revenue	795,657	833,633	855,195	21,562	2.6%
<b>EXPENSES</b>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

\* Adjusted Discharges exclude New Born discharges

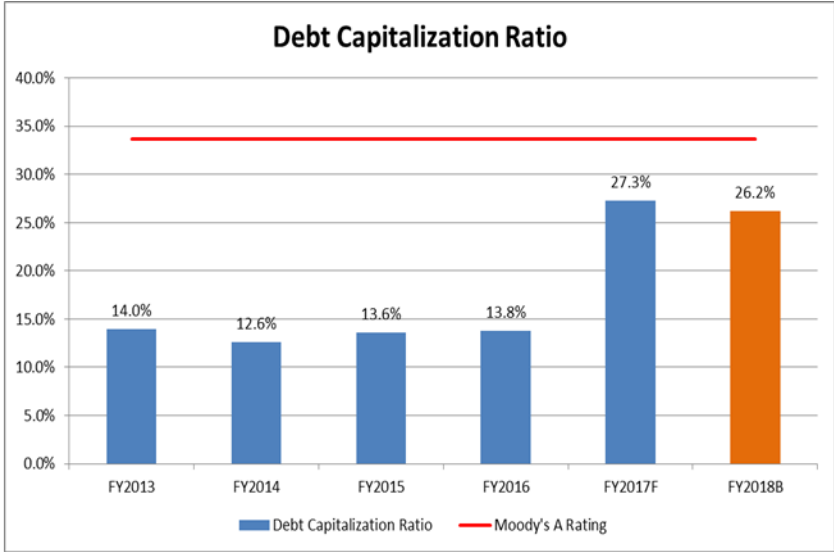
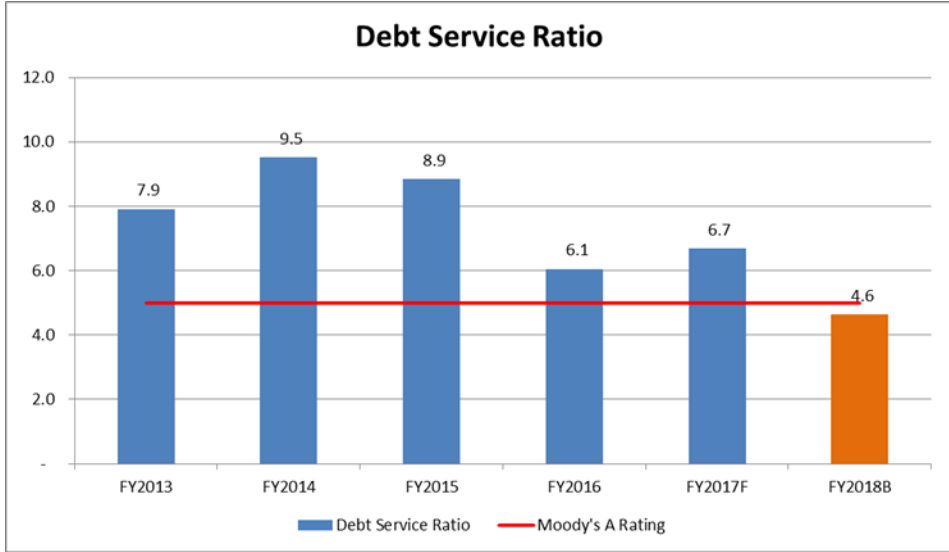
# Key Financial Metrics



# FY18 Revenue & Expense per Adj. Discharge Trend



# Key Financial Metrics



# Key Drivers of FY18 Budget Operating Margin

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



# FY18 Operating Budget Detail

## Revenue Assumptions

# FY18 Budget Overview: Revenue Rates

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

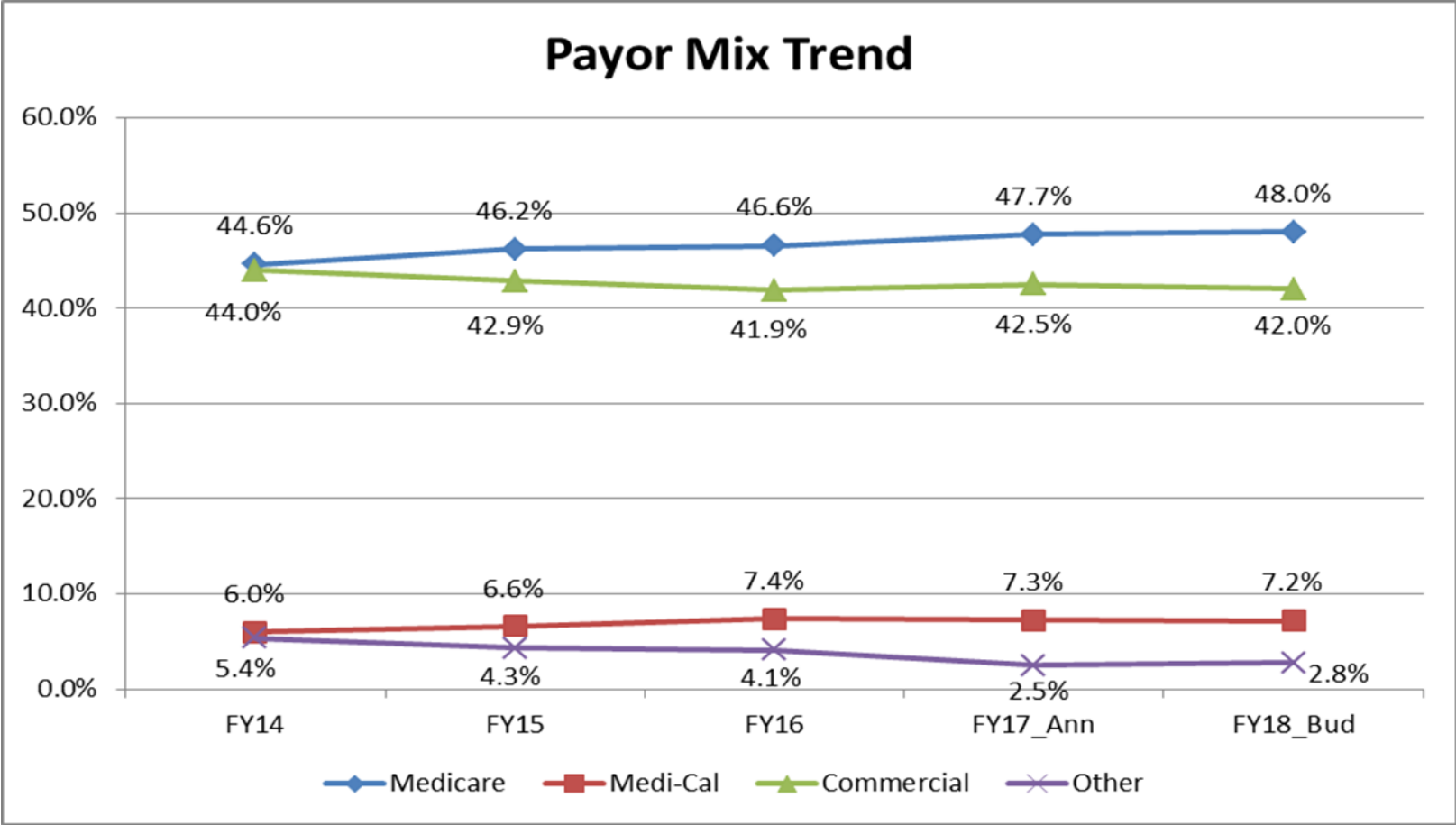
# Charge Master Pricing Changes with Benchmark Data

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

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

*\*Data Source: OSHPD*

# Payor Mix and Net Revenue Distribution by Payor



# FY18 Operating Budget Detail - Volume

# Volume Assumptions – Inpatient

## Service Line Inpatient Volume Trend

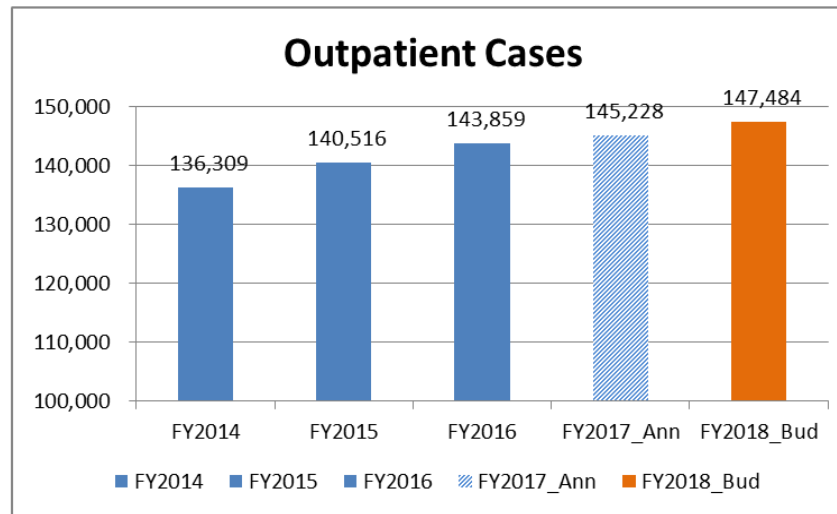
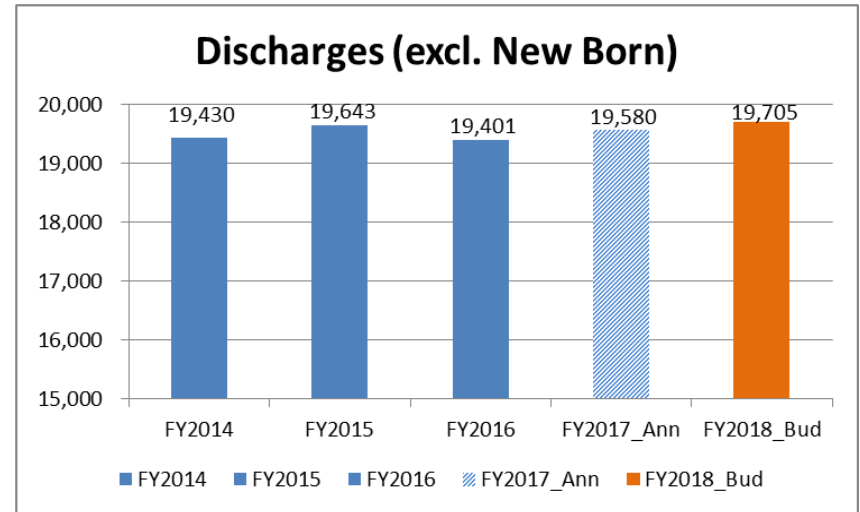
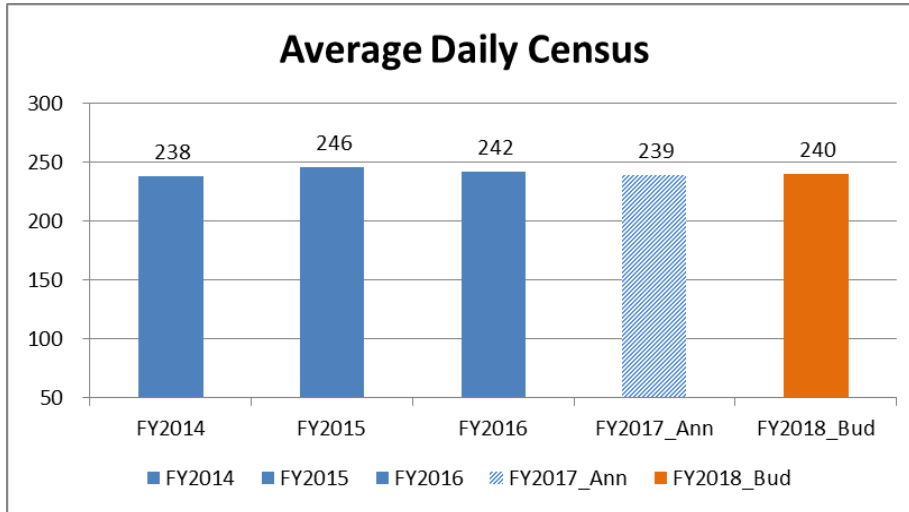
Service Line Volume Trend & FY18 Volume Projection							
	FY2014	FY2015	FY2016	FY17_Proj	FY18_Budget	FY18 Change	Notes
<b>I</b>	<b>19,430</b>	<b>19,643</b>	<b>19,401</b>	<b>19,580</b>	<b>19,705</b>	<b>0.6%</b>	
Behavioral Health	1,012	1,052	929	912	912	0.0%	Increase operating beds from 18 to 21 after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

# Volume Assumptions – Outpatient

## Service Line Outpatient Volume Trend

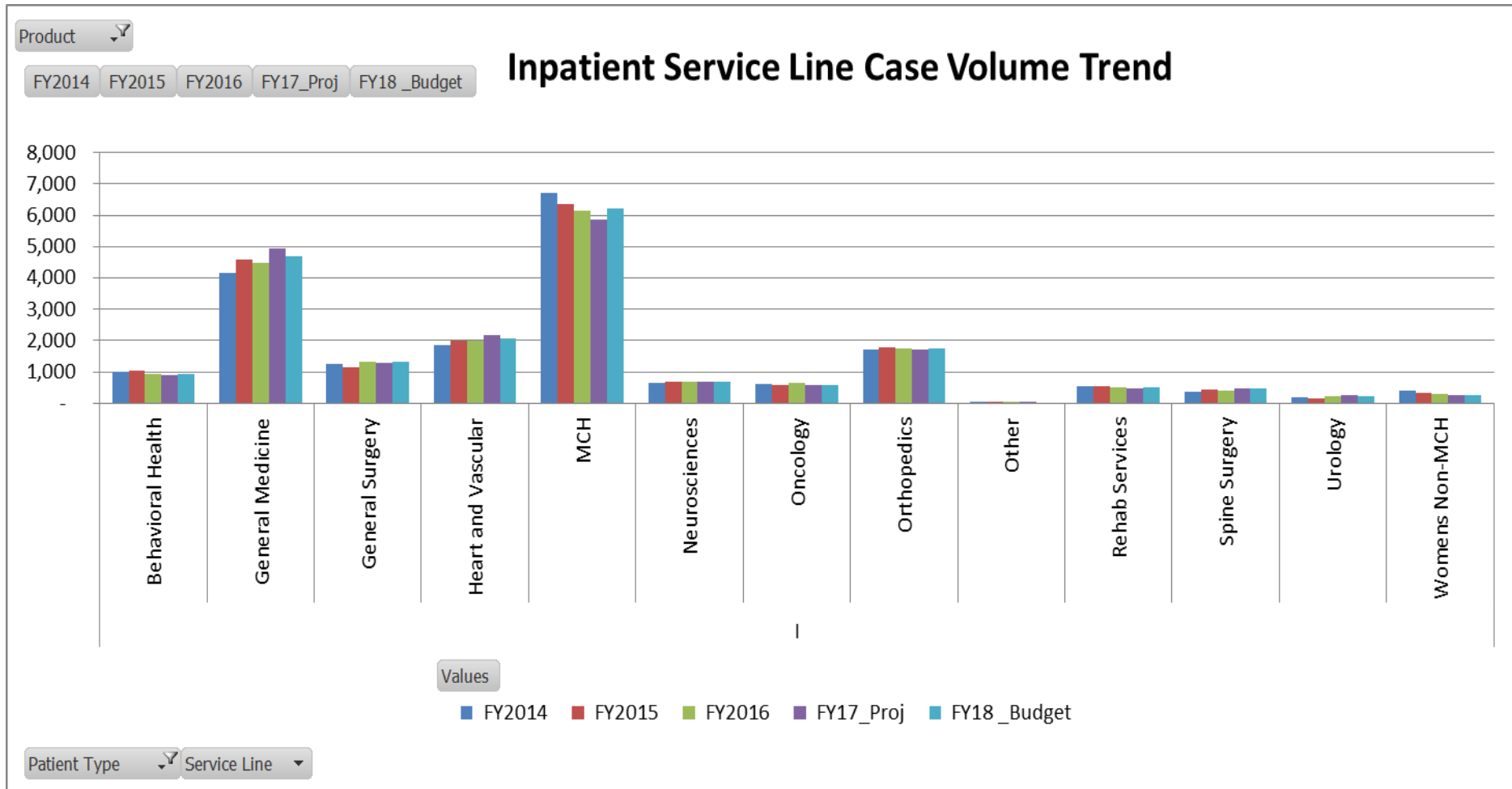
Service Line Volume Trend & FY18 Volume Projection							
	FY2014	FY2015	FY2016	FY17_Proj	FY18_Budget	FY18 Change	Notes
<b>⊖ O</b>	<b>136,309</b>	<b>140,516</b>	<b>143,859</b>	<b>145,228</b>	<b>147,484</b>	<b>1.6%</b>	
Behavioral Health	2,565	2,496	2,859	3,284	3,282	-0.1%	
Emergency	46,025	49,106	48,513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

# Key Hospital Volume Statistics Trend

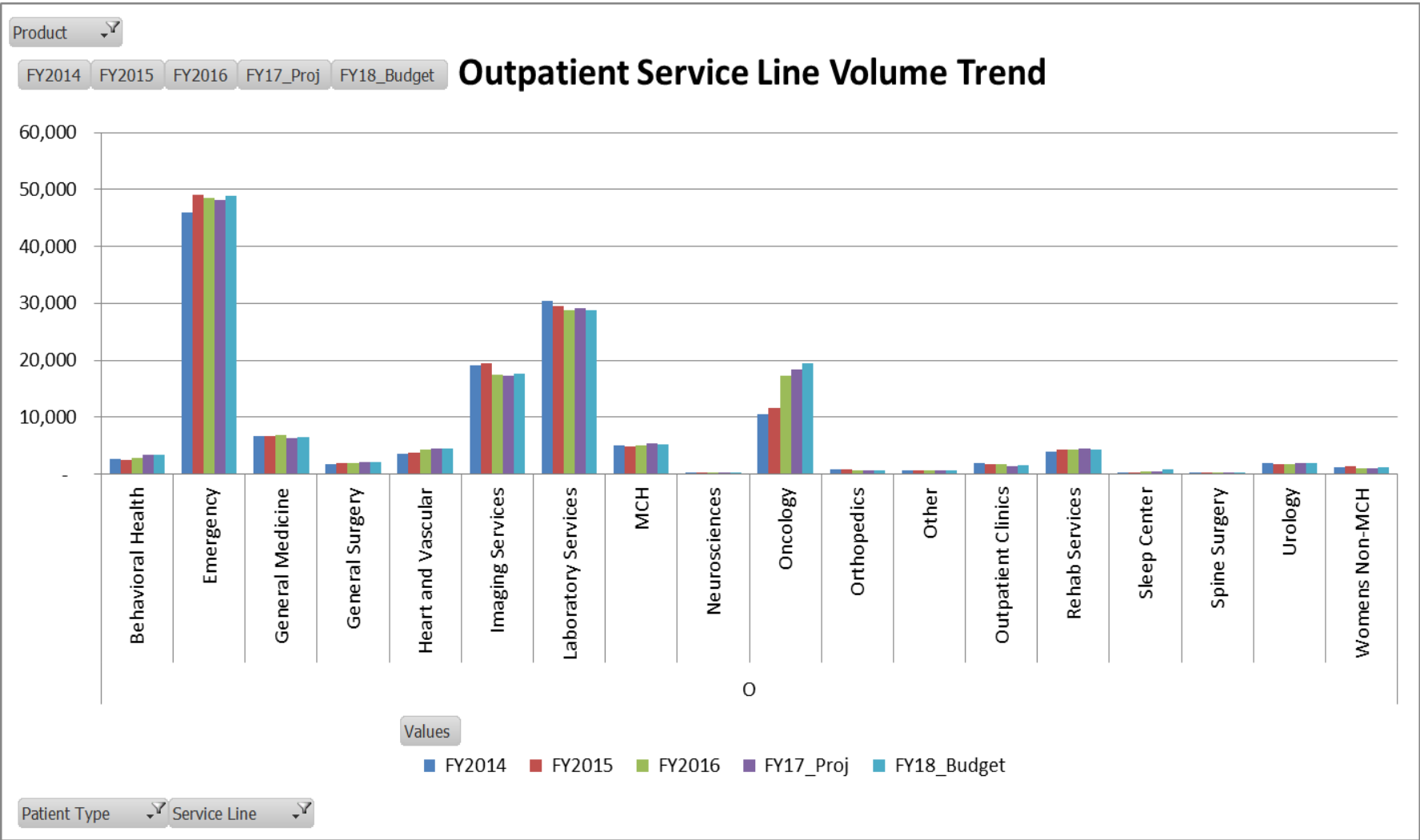




# Inpatient Service Line Volume Trend

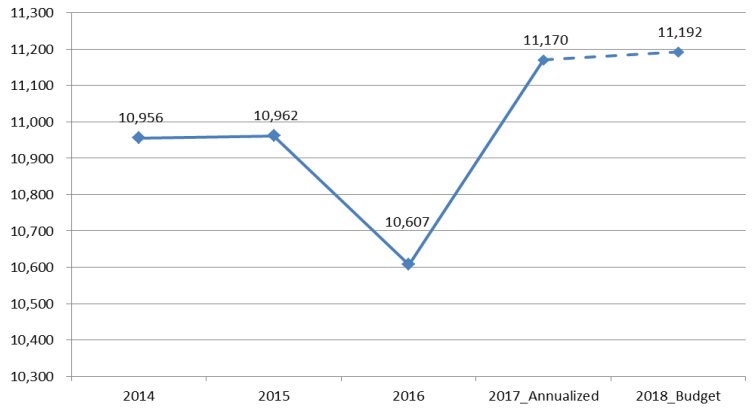


# Outpatient Service Line Volume Trend

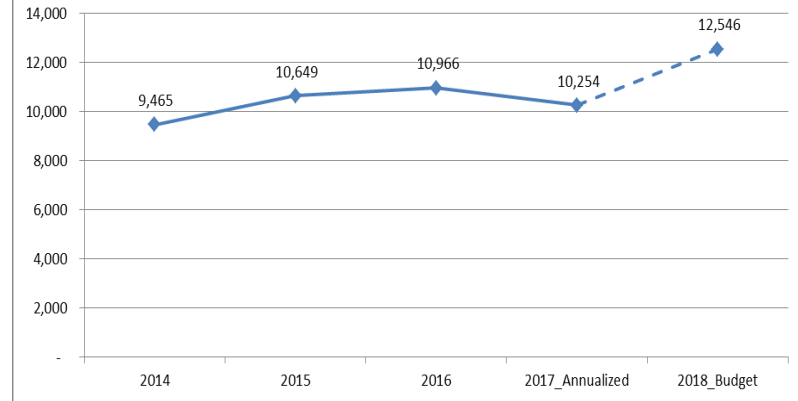


# Focus Volume and Growth – Ancillary & Procedural Areas

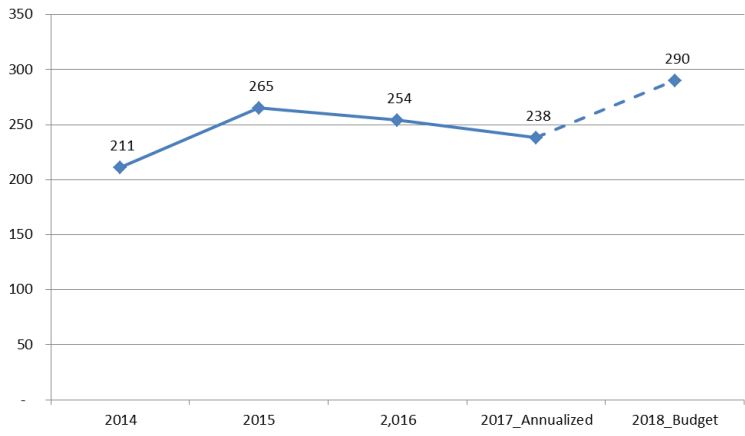
### Surgeries



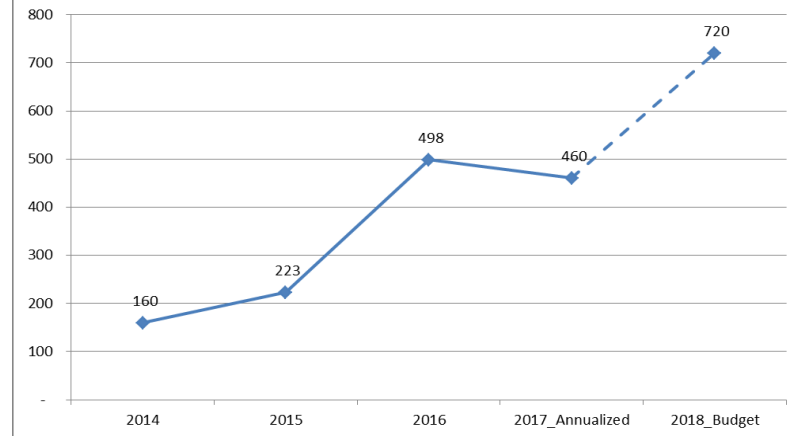
### Infusion Treatments



### Interventional Bronch



### Sleep Center



# FY18 Operating Budget Detail

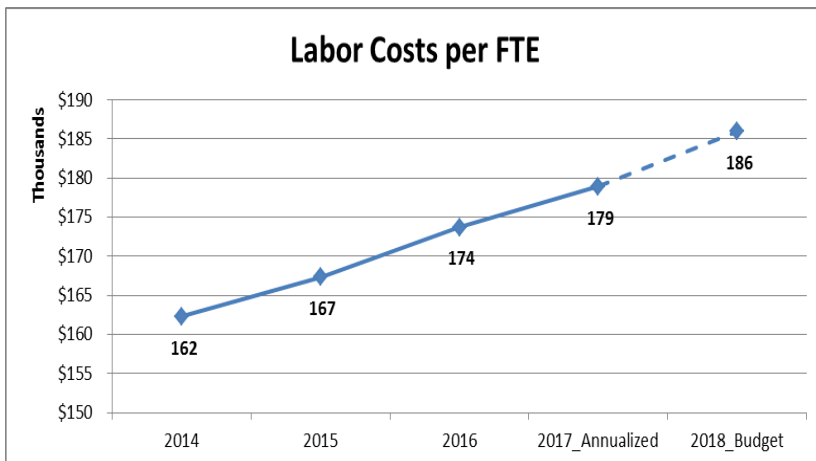
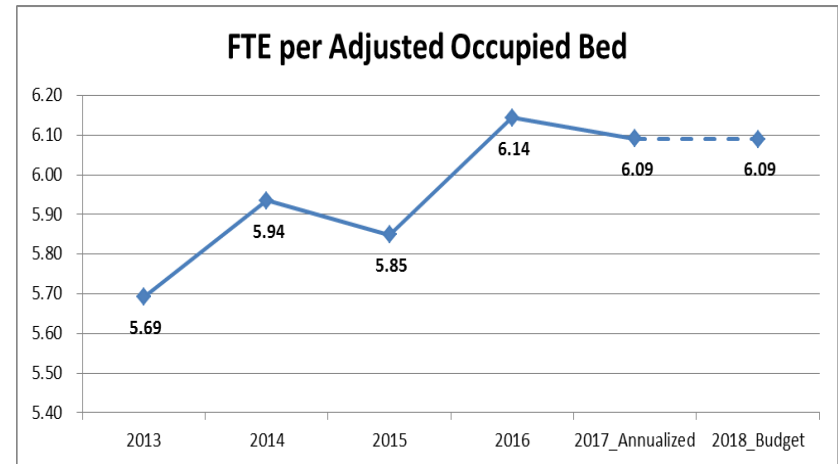
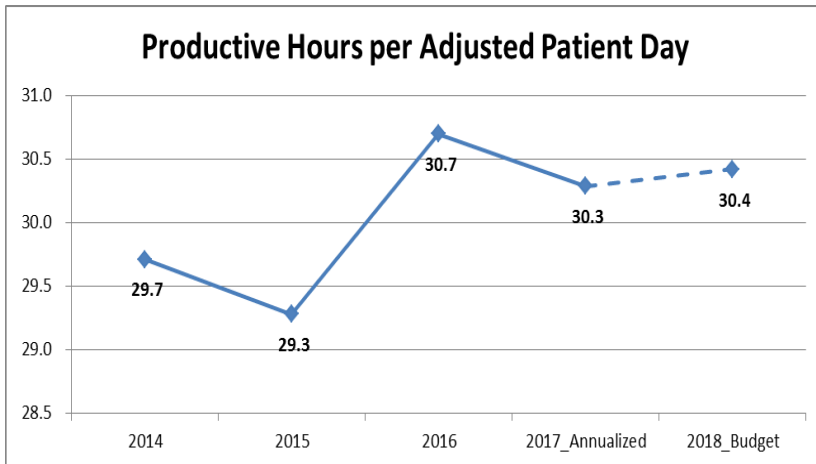
## Expense Assumptions

# FY18 Budget Overview: Expenses

## Expense Assumptions

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

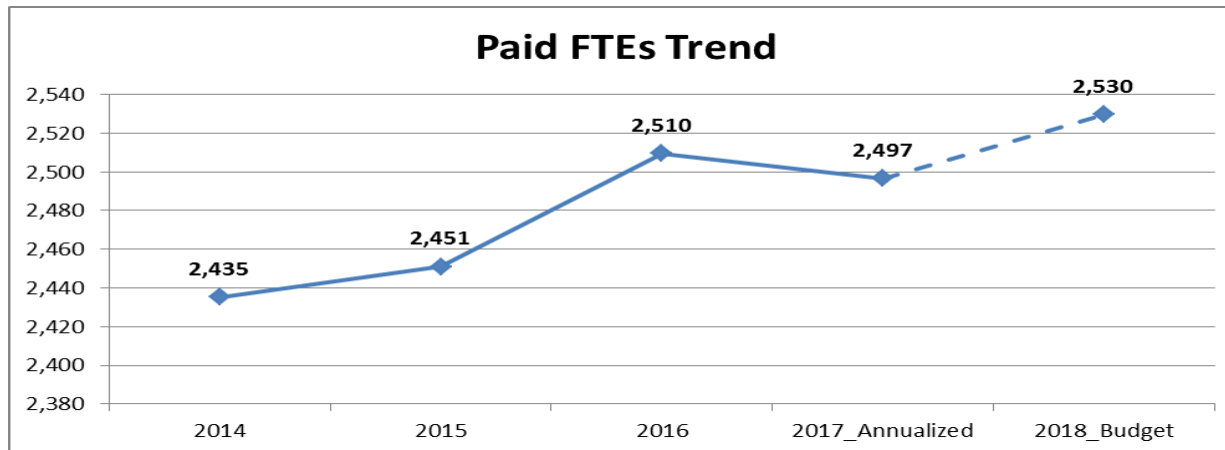
# Key Operational Metrics



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

# FY18 Budgeted Hospital FTE

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



# High Performance Organization (HPO) Initiatives

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



# HPO Status Update

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

# Impact of IT Initiatives FY17 to FY18

## IT Initiatives for FY18

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

# FY18 Capital Budget

# FY18 Capital Spending Trend

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

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

# FY18 IT/Imaging/HR Capital Request

(in 000s)

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

# FY18 Equipment Capital Request

(in 000s)

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

# FY18 Facility Project Capital Request (with details)

(in 000s) 1 of 2

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

# FY18 Facility Project Capital Request (with details)

(in 000s) 2 of 2

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



# Board-Designated Community Benefit Endowment Fund

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

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

# FY18 Operating Budget Detail

Alignment with Marketing

# FY18 Marketing & Communications Plan: Strategic Alignment

## Strategic Goals

**Consumer  
Alignment**

**Cultural  
Foundation**

**Physician  
Alignment**

**Operational  
Excellence**

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

**Business  
Priorities**

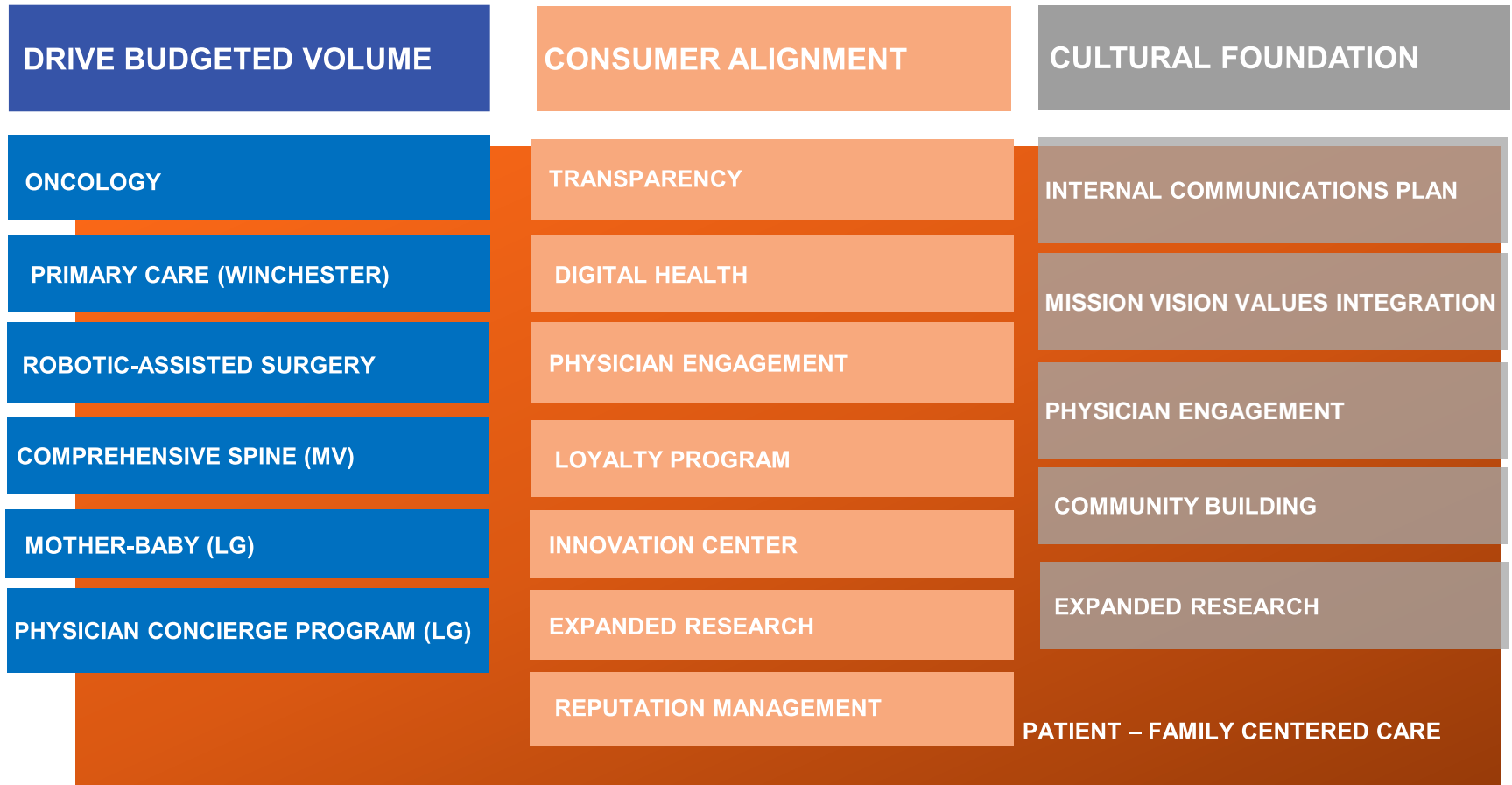
**Audiences**

**Tactical focus**

**Metrics**

**Budget/  
Resources**

# FY18 Marketing & Communications Plan: Major Marketing Priorities



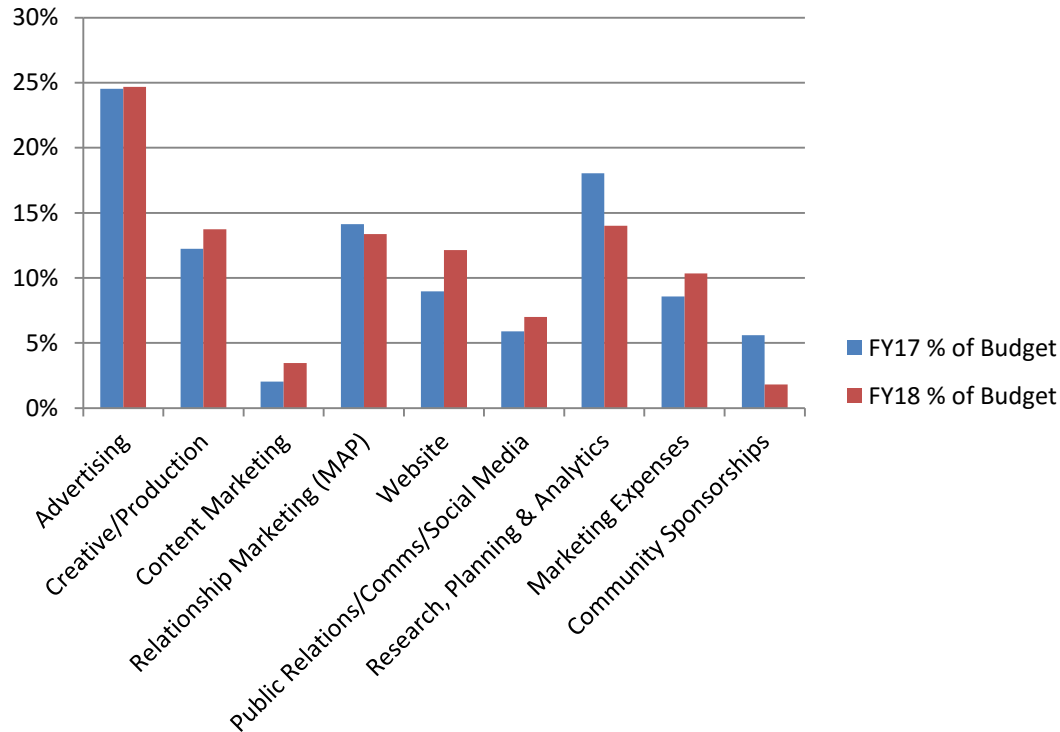
*\*Denotes supports of smart growth and integrated care strategic themes; N = new, M = maintenance  
Source: ECH strategic planning*

# FY18 Marketing & Communications Plan: Major Marketing Priorities Funding

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

*\*Does not include Labor Costs*

# FY18 Marketing & Communications Plan: Budget Assumptions & Trends



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

# Appendix

# CONCERN – FY18 Budget Financial

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



# CONCERN Commentary

## CONCERN Initiatives:

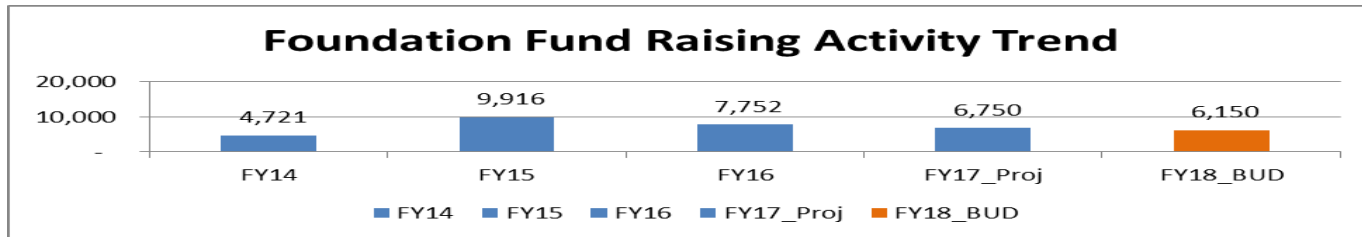
- Implement our Technology Roadmap required by our largest tech customers
  - Video Counseling
  - Texting for service requests
  - Company specific online portal
  - Digital therapeutics including online interventions for depression and anxiety
- Implement Phase II of EAPExpert CRM Platform to streamline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

## Margin

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

# Foundation – FY18 Budget Financial

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



- FY 18 fundraising goal is low pending organizational strategic plan

# SVMD – FY18 Budget Financial

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

# SVMD – Primary Care Clinic

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

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

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

# Non-Operating Revenue Detail

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

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

**CONFIDENTIAL**

**ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET**

<b>Item:</b>	Proposed FY18 Organizational Goals for Executive Performance Incentive Plan Finance Committee May 30, 2017
<b>Responsible party:</b>	Mick Zdeblick, COO
<b>Action requested:</b>	For Discussion (possible motion in open session)
<b>Background:</b>	<ul style="list-style-type: none"><li>• The Executive Compensation Committee provides input into the organizational goals and measurements as they relate to the Executive Performance Incentive Plan.</li><li>• The Finance Committee provides input into the proposed threshold and annual goals and measurements related to growth, expenses, and performance to budget.</li><li>• The Quality Committee provides input into the proposed threshold and annual goals and measurements related to patient satisfaction, quality, and clinical outcomes.</li><li>• The Board approves the annual organizational goals and measurements for the Executive Performance Incentive Plan.</li></ul>
<b>Other Board Advisory Committees that reviewed the issue and recommendation, if any:</b>	The Quality Committee reviewed three goals and approved two to move forward. The Quality Committee is meeting on June 5, 2017 to discuss the third proposed goal. The Executive Compensation Committee met on May 23, 2017 to discuss proposed goals.
<b>Summary and session objectives:</b>	<ul style="list-style-type: none"><li>• To share proposed FY18 organizational goals with the Committee</li></ul>
<b>Suggested discussion questions:</b>	<ol style="list-style-type: none"><li>1. Are there any questions about the proposed goals and measurements?</li><li>2. Are there any suggestions?</li></ol>
<b>Proposed Committee motion, if any:</b>	None, there is a possible motion in open session.
<b>LIST OF ATTACHMENTS:</b>	<ol style="list-style-type: none"><li>1. Overview of Approach to Goal Setting (with Proposed FY18 Organizational Goals)</li></ol>

# FY18 Organizational Goals (for discussion)

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

# FY18 Organizational Goals

(for discussion and approval)

## ECH FY18 Organizational Goals

**DRAFT**

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



# FY18 Organizational Goals

(for discussion and approval)

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

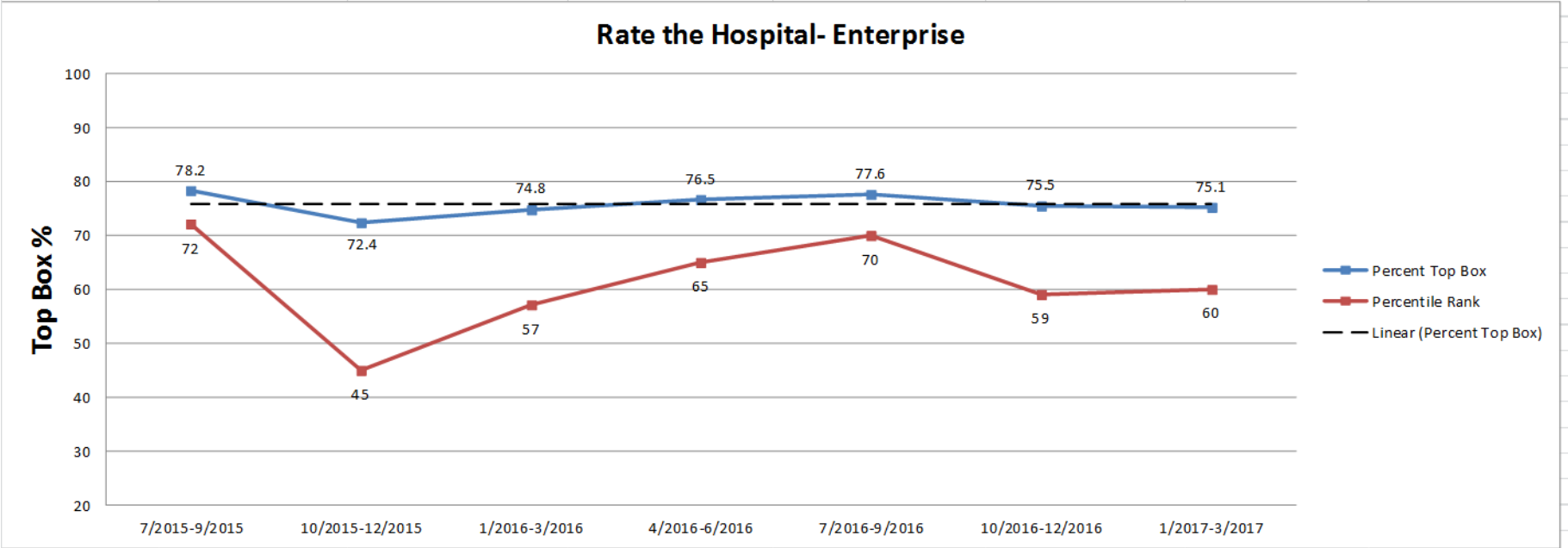
CMI impacting GMLOS	Baseline	4.08
	3.0%	4.20
	4.0%	4.25
	5.0%	4.29
ALOS impacted by day reduction	Baseline	4.81
	625	4.71
	750	4.72
	875	4.69

# FY18 Organizational Goals

(for discussion and approval)

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

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



# FY18 Organizational Goals

(for discussion and approval)

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

## FY 18 HCAHPS Goal Setting Analysis

5/8/17

Top box score from 5/1/16 – 4/30/17

El Camino Hospital (Aggregate)

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

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

76.6

78.0

80.0

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

# FY18 Organizational Goals

## (for discussion and approval)

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

### *STANDARDIZED INFECTION RATIO (SIR)*

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

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

# FY18 Organizational Goals (for discussion and approval)

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

# FY18 Organizational Goals

(for discussion and approval)

- Minimum is ¼ to historical best (last 4 years)
- Target improvement is ½ to historical best
- Maximum is historical best on all three indicators
- An alternative would be 1 of 3, 2 of 3, 3 of 3 achievement of target SIR per each HAI. This was not supported by ECC discussions.

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

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



**El Camino Hospital**<sup>®</sup>

THE HOSPITAL OF SILICON VALLEY

## Major Capital Projects Update Finance Committee

May 30, 2017

Ken King

Chief Administrative Services Officer

# Major Capital Projects – Mountain View Master Plan Projects

Projects with Fully Approved Budgets - In Construction Phase

- **North Parking Garage Expansion**
  - 400 Car Expansion Structure with Solar Panels & Upgrades to Existing 850 Car Structure
- **Behavioral Health Services (BHS) Building**
  - New 2-Story BHS Building with 36 Beds & Outpatient Services & Support
- **Integrated Medical Office Building (IMOB) & Parking Structure**
  - New 7-Story Structure housing hospital services on G,1 and 2 with leased medical office space on floors 3-6, with 360 Car Parking Structure adjacent. Includes connection to new main hospital on 3 levels.
- **Central Utility Plant Upgrades**
  - Utility systems upgrades designed to serve the new BHS and IMOB projects.



# Major Capital Projects – Mountain View Master Plan Projects

Projects with Partial Budgets - In Planning & Design Phase

- **Women's Hospital Expansion**

- Remodel of existing building to move post partum to 52 private rooms on the 2<sup>nd</sup> and 3<sup>rd</sup> Floors, Expand the NICU to 32 beds on the north side of 1<sup>st</sup> Floor and Expand Labor and Delivery with anti-partum beds and additional LDR's on the south side of 1<sup>st</sup> Floor.

- **Old Main Hospital Demolition & Related Site Work**

- Demolition of Old Main Hospital, Connection structure between BHS and New Main Hospital and a new Service Yard and Loading Dock Access along with finished grading and landscaping.

# Projects Under Construction

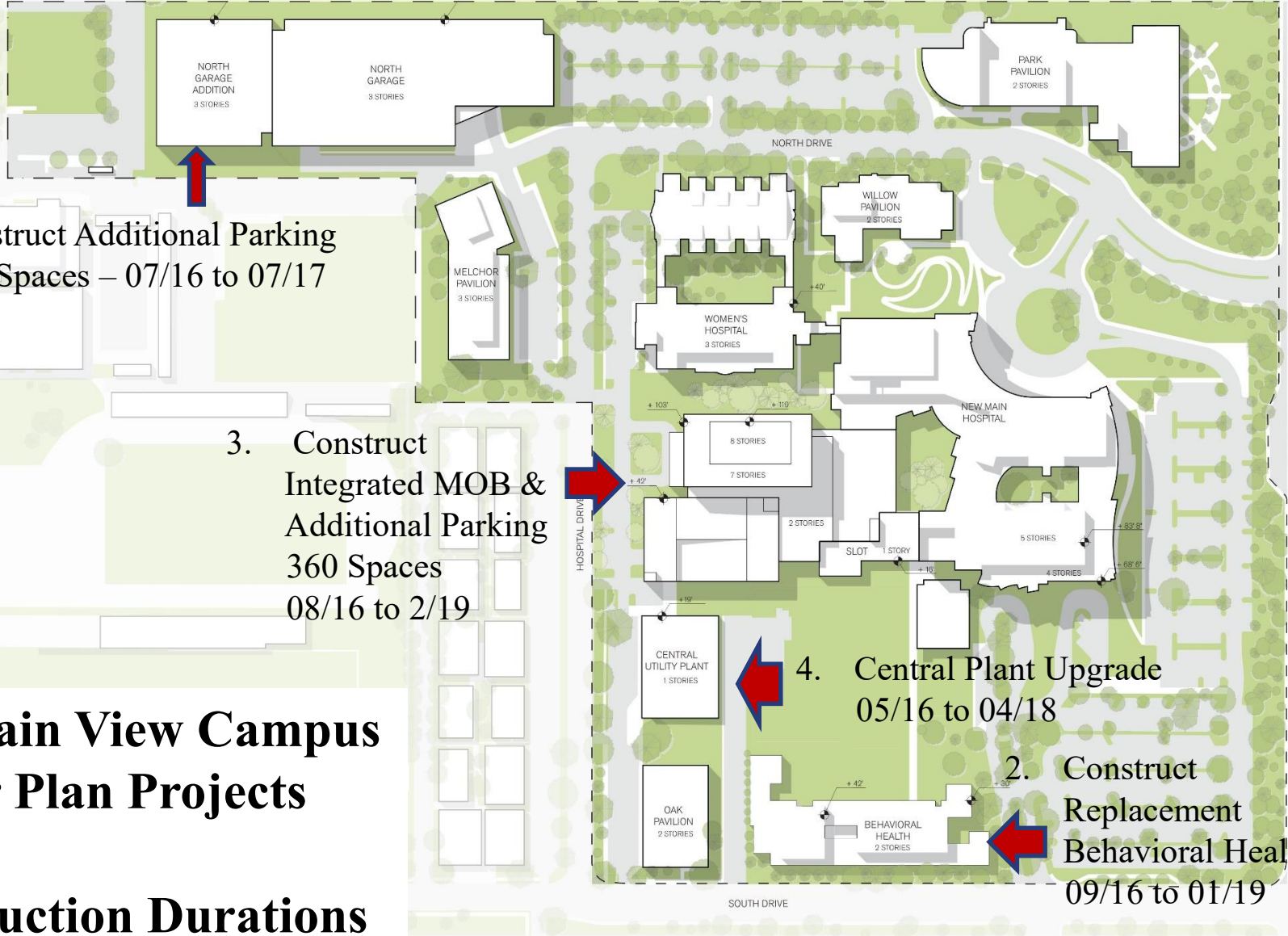
1. Construct Additional Parking  
400 Spaces – 07/16 to 07/17

3. Construct Integrated MOB & Additional Parking  
360 Spaces  
08/16 to 2/19

4. Central Plant Upgrade  
05/16 to 04/18

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

## Mountain View Campus Master Plan Projects with Construction Durations



PROPOSED SITE PLAN

# North Garage – Top Level View

New Garage Expansion  
Photo Date 03/16/17



New Garage Expansion  
Photo Date 05/09/17





# Behavioral Health Services Building Project Site

BHS Site  
Photo Date 03/16/17



BHS Site  
Photo Date 05/22/17



# Integrated Medical Office Building Project Site

IMOB Site

Photo Date 03/16/17

IMOB Site

Photo Date 05/22/17



# Project Timeline Report – The Past Year

## Mountain Veiw Campus Development Projects

Big Picture Schedule Update May 2017

		May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Target Completion Date	
1	EIR & Planned Community Permit Process	Entitlements													Complete	
2	Relocation of Departments & Services	Construction Preparation Move Project													Complete	
3	Plan 5/16 North Parking Garage Expansion	Plan Approval & Permit (City of)			Construction											
4	Actual 5/17	Plan Approval & Permit (City of MV)			x Construction											July-17
5	<b>Behavioral Health Services - Building</b>															
6	Plan 5/16 BHS Phase I - Partial Demo & Site Prep	Plan Approval & Permit (OSHDP)			Construction											
7	Actual 5/17	Plan Approval & Permit (OSHDP & City of MV)			Construction											Complete
8	Plan 5/16 BHS Phase II - New Building Construction	Plan Approval & Permit (OSHDP)			Construction											
9	Actual 5/17	Plan Approval & Permit (OSHDP)			Construction											Jan-19
10	<b>Integrated Medical Office Building</b>															
11	Plan 5/16 IMOB Make Ready - Sitwork	Plan Approval & Permit (City of)			Construction											
12	Actual 5/17	Plan Approval & Permit (City of)			Construction											Complete
13	Plan 5/16 IMOB Make Ready - Demolition of North Addition	Plan Approval & Permit (OSHDP)			Construction											
14	Actual 5/17	Plan Approval & Permit (City of MV)			x Construction											Complete
15	Plan 5/16 IMOB New Main Connector Construction	Plan Approval & Permit (OSHDP & City of MV)			Construction											
16	Actual 5/17	Plan Approval & Permit (City of MV)			x Hold Start of Construction											Co Apr-19
17	Plan 5/16 IMOB New Building & Parking Construction	Plan Approval & Permit (City of MV & OHSPD)			Construction											
18	Actual 5/17	Plan Approval & Permit (City of MV & OHSPD)			x Construction											Feb-19
19	Plan 5/16 Central Plant Upgrades	Plan Approval & Permit (OSHDP)			Construction											
20	Actual 5/17	Plan Approval & Permit (OSHDP)			x Hold Start of Construction											Construct Apr-18

The North Parking Garage is tracking on schedule, however the target completion dates for BHS and IMOB have been pushed out four months to reflect the impact of the extremely wet winter and the complexity of the multi-jurisdictional permitting issues that were unanticipated.

# Project Cost Projections – May 2017

<b>Mountain View Master Plan Projects (In Process)</b>				
<b>May 2017</b>	Approved Budget	Total Obligated	Forecasted Cost	Variance
North Drive Parking Structure Expansion	\$24,500,000	\$24,307,397	\$23,861,747	\$638,253
Behavioral Health Services Building	\$91,500,000	\$47,543,603	\$89,592,794	\$1,907,206
Integrated Medical Office Building & Parking Structure	\$275,000,000	\$140,179,230	\$275,964,719	(\$964,719)
Central Utility Plant Upgrade	\$9,000,000	\$8,133,936	\$8,785,435	\$214,565
<b>Total All Projects</b>	<b>\$400,000,000</b>	<b>\$220,164,166</b>	<b>\$398,204,695</b>	<b>\$1,795,305</b>

- To date we have obligated by contract 55% of the Total Project Budgets, however at this time we are forecasting to spend 99.5% of the Total Project Budgets at completion.
- The forecast is based on proposals and bids that have not yet been accepted.
- We have contracted for all of the work that is on the critical path and we are currently awaiting final pricing that will reflect plan review and permit pricing adjustments.
- The final GMPs on both the BHS and IMOB Projects are expected to be finalized by June 30<sup>th</sup>.
- Final negotiations of the GMPs may require additional project funding.



# Mountain View Campus Development Projects Status Update

- North Parking Garage Expansion - \$24.5 m
  - The construction of the North Garage Expansion is progressing well with the initial occupancy granted on May 9, 2017. The date for substantial completion of construction including the installation of Solar Panels on the existing garage is early July 2017. This project is projected to be completed within budget.
- Behavioral Health Services (BHS) Building - \$91.5m
  - Increment #1 Demolition and Construction of site elements is now complete and Increment #2 (Construction of the New Building) is underway. Final negotiations of those GMP items not yet contracted for may require additional project funding.
- Integrated Medical Office (IMOB) Building - \$275 m
  - The Demolition and Site Utilities Phases are complete. The OSHPD "Examination Project" has been approved and the excavation and foundation permits are expected to be in hand from the City of Mountain View by May 26<sup>th</sup>. 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.

May 30, 2017

To: El Camino Hospital Finance Committee

From: Eric Guglielmoni, Mick Zdeblick

Subject: **DaVinci Surgical Robots**

Action: **Possible Motion** – To recommend the approval of the purchase of two (2) new Xi DaVinci Surgical Robots.

1. **Recommendation:** To recommend that the Board of Directors approve this request for two (2) new DaVinci Xi Surgical Robots.

2. **Problem/Opportunity Definition:** The current fleet of Surgical Robots is a mix of older (Si) and new (Xi) technology. The newer technology (Xi) has a distinctive advantage for specific types of surgeries. Per the Robotic Program Director, there is an increase in procedures in which the Xi technology is requested by Surgeons. Subsequently, cases are being scheduled on the evening shift in order to avoid equipment conflicts. Due to the unavailability of the Xi, cases have been lost to Stanford and Mills hospital. To continue to accommodate additional volume and growth in specific cases suited to the Xi, (see procedure count by quarter shown below) we are requesting the acquisition of one additional Xi for Mountain View.

Los Gatos is currently utilizing one (1) fully depreciated Si Surgical Robot purchased in October 2009. Volume continues to be relatively low on the Si in Los Gatos, the main reasons identified are self-fulfilling; old technology hence low volume, low volume hence inexperienced tech support leads to less confidence in staff, leads to low volume. To break this cycle, and to capitalize on market shifts in the Los Gatos market, we want to re-establish the program with the latest technology, build volume that supports and grows experienced staff. Additionally, it begins to establish the Los Gatos campus as a technology advanced procedural entity.

Los Gatos will receive one (1) new Xi with a trade-in value of \$250,000 for the fully depreciated Si unit.

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

4. **Process Description:** Active discussions with our Robotic Steering Committee has identified both of these needs, Administration and Purchasing have negotiated the highest discount reported by ECRi for this technology, 15% discount.

5. **Alternative Solution which Includes Cost Benefit/SWOT Analysis:** Providing the best technology to our patients and surgeons as well as increasing volumes is critical. Other than deferring this investment, no other alternatives have been considered.

6. **Concurrence for Recommendation:** The Executive Committee of the CEO, Operations Council, and the Perioperative Departments support this recommendation.

7. **Technology Improvements:** Comparison of Si vs. Xi technology shown below.

8. **Purchase Timetable:**

Milestones	30-May-17	14-Jun-17	16-Jun-17
Finance Committee Approval			
BOD Approval			
Delivery of Equipment			

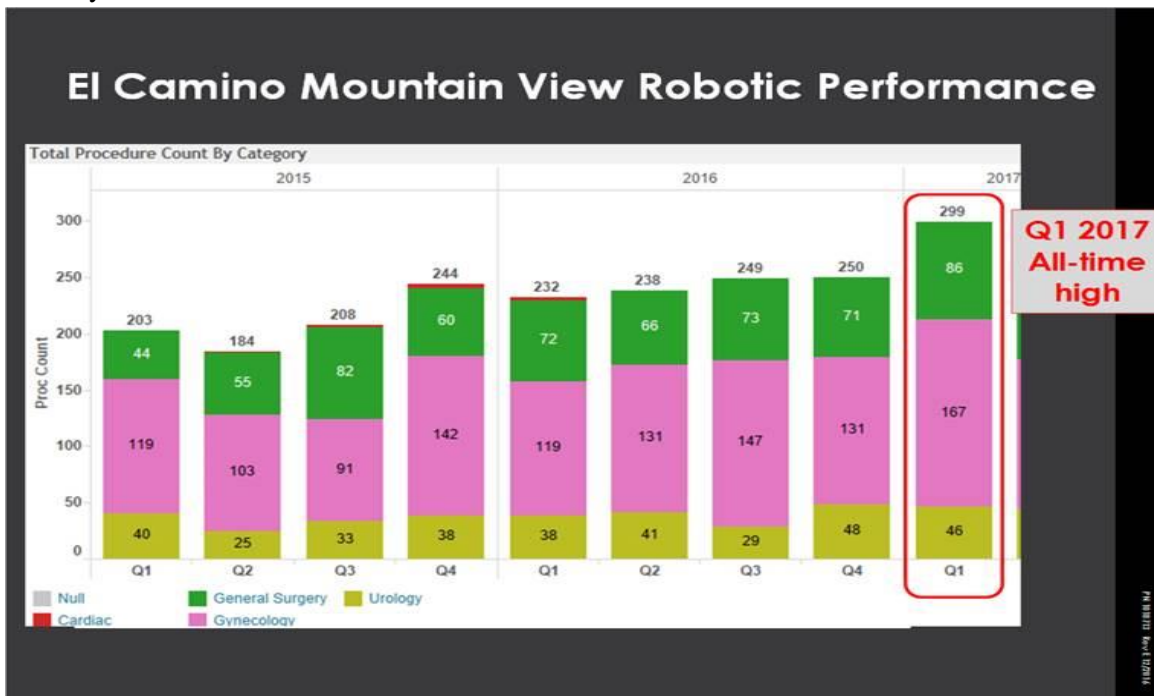
9. **Legal Review:** This will occur when final proposal is received.

10. **Financial Review:**

System Replacement & Addition	2 Xi Robots and Accessories
Unbudgeted Dollars Requested	\$3,940,000

\*includes set-up, training, freight, and tax

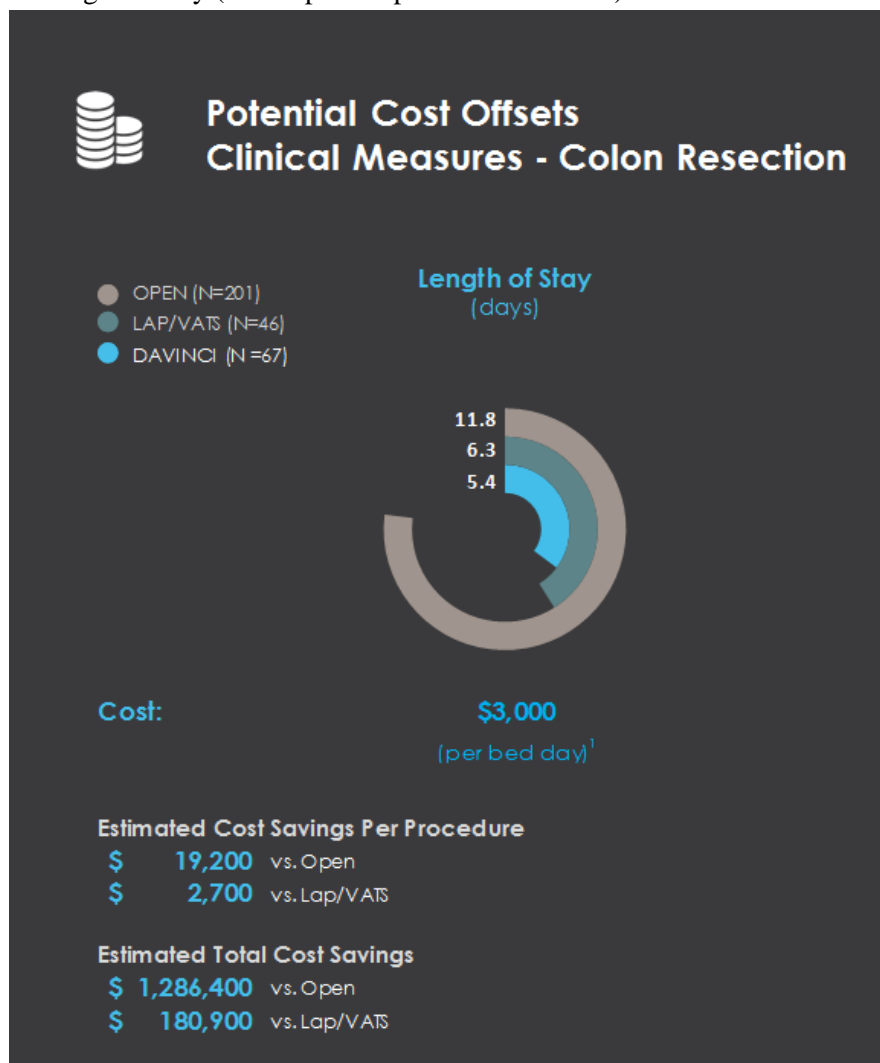
Robotic system utilization in Mountain View hit an all-time high in Q1 2017 at 299 cases. This was driven largely by increases in General/Colorectal Surgery and Complex GYN/GYN-Oncology procedures on the Xi systems:



In addition, a recent internal data collection and analysis focused on length of stay and overall cost per case showed robotic colectomy procedures outperformed open colectomy and laparoscopic colectomy at El Camino both from an outcomes and economic perspective:

Surgical Approach	Average Length of Stay	Cost per Case (includes direct costs + hospitalization)
Open Colectomy	11.8 days	\$59,313
Laparoscopic Colectomy	6.3 days	\$34,573
Robotic Colectomy	5.4 days	\$30,582

Increased Xi access for colon procedures provides a significant opportunity for additional cost savings through decreased length of stay (and improved patient satisfaction):



### Comparison of clinical benefits - Si vs. Xi technologies:

Both platforms include the primary pillars of robotic technology:

- 3D, HD visualization with 10x magnification
- Wristed articulation for increased precision
- Intuitive motion, more degrees of freedom
- Ergonomic console for operating surgeon

However the Xi platform has additional clinical and operational advantages, including:

- Rotating boom allows for revolutionary anatomical access (can reach all 4 quadrants in a single dock)
- Integrated, handheld scope with crystal clear 3D HD vision
- Integrated Table Motion technology (optimizes patient positioning intraoperatively for dynamic anatomical access & exposure, safety and procedure efficiency)
- Platform for advanced technologies, including widest variety of stapler configurations and reload sizes
- Streamlined setup and turnover

What these features mean clinically per specialty is outlined below and in the attached document:

**da Vinci Xi**  
SURGICAL SYSTEM

## CLINICAL VALUE OF THE DA VINCI XI<sup>™</sup> SURGICAL SYSTEM

**UROLOGY**

- Access from the kidney to the pelvis in a single docking
- Crystal-clear 3D HD visualization facilitates delineation between tissue planes
- Port hop to gain equal visibility on both sides of target anatomy
- Port hop to move the "third" arm from one side to another without undocking

**GYNECOLOGIC ONCOLOGY**

- Access to nodes from pelvic dock for infrarenal lymphadenectomy
- Crystal-clear 3D HD visualization of critical structures such as lymph nodes and tissue planes
- Boom rotation gives assistant access to uterine manipulator
- Port hop for a comprehensive survey of endometrial disease

**COLORECTAL**

- Access to all 4 quadrants in either a single docking or with boom rotation
- Redesigned patient cart allows use of all arms for traction and counter traction to provide clear exposure to pelvic anatomy
- Facilitates surgeon control by minimizing need for an assistant due to range of motion, access, and port hopping ability

**THORACIC**

- Access to chest, particularly inferior to superior, in a single docking
- Boom rotation gives the anesthesiologist access to airway
- Ability to place ports closer (as close as 6 cm) while minimizing external collisions
- Port hop to get additional vantage points without retracting the lung
- Port hop to switch retracting instrument from posterior to anterior as needed

**OPERATIONAL**

**Fewer OR resources**

- Use a *da Vinci Xi* endoscope instead of a laparoscope with tower
- Integrated ERBE VIO DV energy source eliminates the need for third-party generators

**Simplified setup**

- Fully integrated endoscope with no setup needed
- Flip the endoscope view 30° up and down with the press of a button
- Streamlined draping and docking process

INTUITIVE  
SURGICAL<sup>®</sup>

May 30, 2017

To: El Camino Hospital Finance Committee

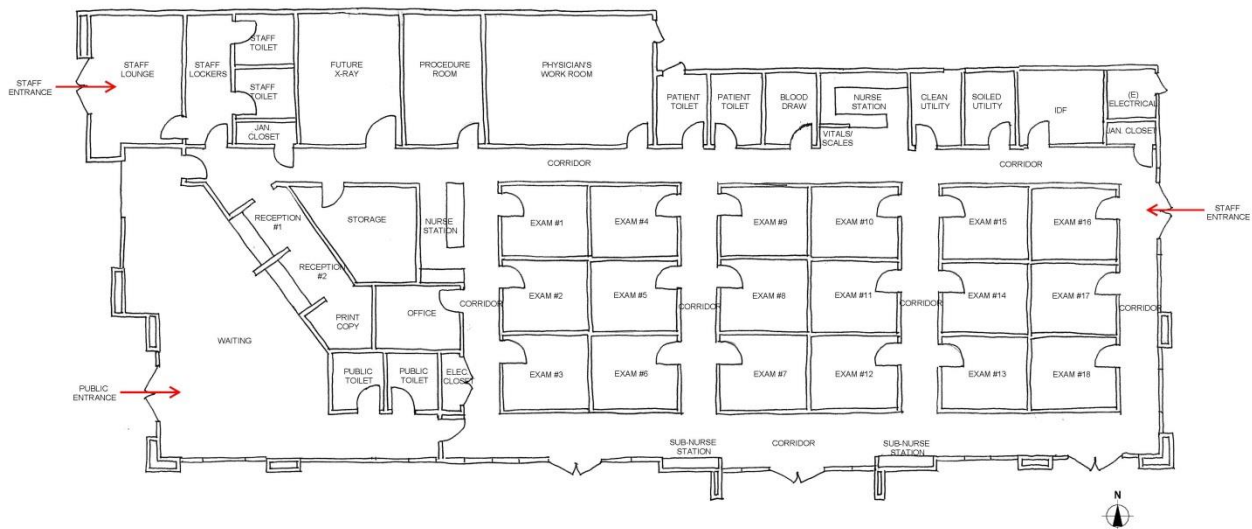
From: Ken King, CASO

Subject: **Capital Facilities Project Request – 828 Winchester Primary Care Clinic**

1. **Recommendation:** To recommend that the Board approve funding for the tenant improvements, equipment, and furnishings for a Primary Care Clinic at 828 Winchester Avenue, at a cost not to exceed \$3.6 million.
2. **Problem/Opportunity Definition:** Consistent with the strategic plan and with prior approvals to secure a site in the proximity of our Los Gatos Campus, funds to construct and fit up a Primary Care Clinic at a recently leased location are needed. The location consists of a newly constructed 9,350 square foot retail building shell on approximately three quarter (3/4) acres. The scope of the project consists of the complete build out and fit up of a clinic environment with 18 exam rooms, a procedure room, and an environment to support 6-8 physicians.
3. **Authority:** As required by policy capital projects exceeding \$500,000 require approval by the Board of Directors.
4. **Process Description:** In September 2016, the Board of Directors authorized management to enter into a lease for property located at 828 Winchester Avenue in San Jose. After a lengthy but successful negotiation, a lease was executed on January 26, 2017. The construction of the new building was complete and accepted in late February. The programming and space planning has been completed and plans are being readied for submission for a building permit to be issued by the City of San Jose. Skyline Construction has been selected to be the Construction Manager/General Contractor and will be responsible for the design/build of the mechanical, electrical and plumbing elements of the project. See Enclosed Floor Plan.
5. **Alternative Solution which Includes Cost Benefit/SWOT Analysis:** It was noted with the Board's approval of the lease that a future tenant improvement development project would be forthcoming; no alternatives have been considered.
6. **Concurrence for Recommendation:** The Executive Team supports the recommendation to construct these improvements.
7. **Legal Review:** The standard form of construction agreement developed by Cox, Castle and Nicholson is being utilized and no additional legal review is required.
8. **Compliance Review:** The development of this project does not require a Compliance Review.

9. **Financial Review:** The current fiscal year capital facilities budget included a total of \$4 million for strategic facilities projects. The not to exceed cost of this project is \$3.6 million and consists of the following elements:

Item	Amount	Note
Construction	\$2,593,316	\$277 per square foot
Furniture, Fixtures & Equipment (FF&E)	\$391,000	Allowance
Soft Costs, Permits & Fees	\$379,183	13% of Construction and FF&E
Contingency	\$236,501	7% of Total Project Cost
<b>Total</b>	<b>\$3,600,000</b>	



May 30, 2017

To: El Camino Hospital Finance Committee

From: Ken King, CASO

Subject: **Capital Facilities Project Request - Los Gatos MRI**

1. **Recommendation:** To recommend that the Board of Directors approve funding for the development and installation of a Modular Building to house a replacement MRI Unit at a cost not to exceed \$3.9 million.
2. **Problem/Opportunity Definition:** In 2005, we purchased a mobile MRI Unit and placed it on the Mountain View Campus as a temporary solution before moving into the new hospital building. In 2010, we relocated the mobile MRI Unit to the Los Gatos Campus. This MRI Unit is now over 12 years old, is past its useful life, and needs to be replaced in order for us to continue providing MRI services in Los Gatos.

This project was to be planned for in the 2018 Capital Budget, however one of the NICU Expansions, an FY17 budgeted projects, which was a 2015 Revenue Bond Funded project at the Los Gatos campus, has been eliminated. This MRI project qualifies as an acceptable substitution. The bond funds have a timeline in which they are to be spent and proceeding with this substituted project at this time will allow us to spend the bond funds within the original spending timeline.

3. **Authority:** As required by policy capital projects exceeding \$500,000 require approval by the Board of Directors.
4. **Process Description:** To date, only preliminary planning has been completed, and the proposed project scope consists of site preparation for a Modular Building to house a new 1.5T MRI Unit and a lightweight canopy structure that will span between the existing hospital structure and the new Modular Building. By using the location just east of the hospital, currently occupied by the mobile CT scanner (in use until the completion of the Imaging Phase II Project), we will be able to maintain MRI service in the current location during the construction. The project will require approvals from both the Town of Los Gatos and OSHPD. Upon approval, we will proceed with the development of the project.
5. **Alternative Solution which Includes Cost Benefit/SWOT Analysis:** There is no location within the hospital building to install an MRI and a Modular Building to be located on the east side of the hospital building is the only viable solution. No other reasonable alternative solution exists.
6. **Concurrence for Recommendation:** This recommendation is supported by the Radiologists, the Imaging Department management team, and the Executive Team.
7. **Outcome Measures/Deadlines:** The entire duration for design, plan approval and permitting, construction and installation is estimated to be nine to twelve months depending on agency approvals.



8. **Legal Review:** Contracts for construction and or purchase of equipment will follow normal procurement procedures with legal review as required.
9. **Compliance:** The development of this project does not require a Compliance Review.
10. **Financial Review:** The current fiscal year capital facilities budget included \$6.5 million for a NICU expansion project, which has been cancelled. The not to exceed cost of this MRI project is \$3.9 million and consists of the following elements:

<b>Item</b>	<b>Amount</b>	<b>Note</b>
Construction	\$1,120,000	Site work, Canopy & Modular Structure
Furniture, Fixtures & Equipment (FF&E)	\$1,720,000	MRI Unit, Misc. Equipment
Soft Costs, Permits & Fees	\$646,000	23% of Construction and FF&E
Contingency	\$414,000	12% of Total Project Cost
<b>Total</b>	<b>\$3,900,000</b>	

The soft costs and the contingency reflect the yet unknown impact of multi-jurisdictional plan review requirements and permitting.

May 30, 2017

To: El Camino Hospital Finance Committee

From: Ken King, CASO

Subject: **Feasibility Study & Capital Facilities Project Request - Patient Family Residence**

1. **Recommendation:** To recommend that the Board of Directors accept the project concept and approve initial funding not to exceed \$500,000 for the initial development of plans for a patient's family residence.
2. **Problem/Opportunity Definition:** There are instances nearly every day where a patient's family has a need to stay overnight in close proximity to the hospital. These families often face limited or no vacancy at area hotels and if rooms are available the costs are prohibitively high. We have an opportunity to consider the development of a residential facility in close proximity to the Mountain View hospital campus that could address this need.

The attached presentation provides elements of the feasibility study that was conducted to determine how our 1.75 acre property at the end of South Drive could be redeveloped into a short stay patient's family residence. This property often referred to as the Higgins's property has one acre that is leased to St. Francis High School for a parking lot, and there is a three bedroom home that is currently used by our Road Runners program on the remaining portion of the property.

We have also conducted preliminary meetings with a non-profit organization named J.W. House concerning a possible partnership to operate such a facility. J.W. House currently operates a four suite patients' family residence at the Kaiser Hospital in Santa Clara.

Additionally, the El Camino Hospital Foundation staff sees a significant opportunity to raise philanthropic funds for a project that supports patients' families.

3. **Authority:** As required by policy capital projects exceeding \$500,000 require approval by the Board of Directors.
4. **Process Description:** We engaged the services of Steinberg Architects, the firm who designed the J.W. House in Santa Clara, to conduct the feasibility study. The study indicated two possible options to consider for the development of a patients' family residence:

**Option A:** Remodel an addition to the existing house and develop a six to eight suite facility with a floor area of approximately 10,000 square feet.

**Option B:** New construction of a six to twelve suite facility with a floor area of approximately 16,000 square feet.

**Option C:** Maximum use of the site for medical use. This is not considered to be viable due to traffic and environmental concerns within the Medical Park Precise Plan Zone of the City of Mountain View's General Plan.

Option B is the preferred option due to the fact that the existing house is in poor condition and it sits in close proximity to the creek. In this option, the new facility would be moved forward on the site. \*Note that the project also requires development approval from the El Camino Healthcare District.

If the development of the project is approved, we would begin forming an actual building design and we would begin discussions with the City of Mountain View concerning the entitlement requirements. We would also seek to determine a form of lease and or operating agreement with the J.W. House non-profit entity to operate the facility.

5. **Alternative Solution which Includes Cost Benefit/SWOT Analysis:** If approval is granted to further the development of this project the size and scope alternatives will be determined through reviews with the local planning and building officials.
6. **Concurrence for Recommendation:** This recommendation is supported by the Patient Experience staff and the Executive Team.
7. **Outcome Measures/Deadlines:** It is anticipated that it will take four to six months of development effort to determine exactly what is reasonable and viable to entitle and construct. A more definitive timeline would be determined over this period of time and would be included with any future funding approvals.
8. **Legal Review:** Contracts for planning and development efforts will follow normal procurement procedures with legal review as required.
9. **Compliance:** The development of this project does not require a Compliance Review.
10. **Financial Review:** The FY17 Capital Facilities Budget included a \$2.5 million placeholder for this project, however the estimated cost of a 16,000 square foot, wood framed building with associated site work is estimated to cost \$5.5 to \$6.0 million. It is not anticipated that there is a financial return on this proposed investment, however it would qualify as a community benefit and it would be a great service to our patients and their families.

## ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Physician Financial Arrangements Review and Approval Policy  Finance Committee  May 30, 2017
<b>Responsible party:</b>	Larry Trilops, Interim Physician Strategy Executive
<b>Action requested:</b>	For Discussion (possible motion in open session)
<b>Background:</b>	<p>Silicon Valley Primary Medical Group (SVPMG) is the professional corporation that employs physicians who provide services solely to with El Camino Hospital (ECH) and its affiliated clinics. The purpose of the modification to this policy is to give the authority that Professional Service Agreements (PSA) between SVPMG and ECH may be executed by the CEO up to the 75<sup>th</sup> percentile of the Total Cash Compensation (TCC) or not to exceed \$1,000,000 in TCC based upon a third party fair market value survey. Currently, all PSAs over \$250,000 must be approved by the ECH Board. The current approval limit impedes the timely and efficient recruitment of physician candidates.</p>
<b>Other Board Advisory Committees that reviewed the issue and recommendation, if any:</b>	The Corporate Compliance/Privacy and Internal Audit Committee recommended this policy as modified for approval at its meeting on May 18, 2017.
<b>Summary and session objectives:</b>	Review policy revision and recommend for ECH Board approval.
<b>Suggested discussion questions:</b>	None.
<b>Proposed Committee motion, if any:</b>	To recommend that the ECH Board approve the policy as modified.
<b>LIST OF ATTACHMENTS:</b>	<ol style="list-style-type: none"> <li>1. Corporate Compliance: 51.00 Physician Financial Arrangements – Review and Approval</li> </ol>



**POLICY/PROCEDURE TITLE: Corporate Compliance: 51.00 Physician Financial Arrangements - Review and Approval**  
**Last Approval Date: 05/14**

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**SUB-CATEGORY: Administrative Policies and Procedures**  
**ORIGINAL DATE: 6/08**

**COVERAGE:**

All El Camino Hospital staff, Contract Personnel, Physicians, Healthcare Providers, and the Governing Board

**PURPOSE:**

The purpose of this policy is to comply with the Stark law, Anti-Kickback, HIPAA and all other Federal and State Laws.

**STATEMENT:**

This policy implements the overall compliance goals of the Hospital with respect to Physician financial arrangements.

This policy establishes administrative principles and guidelines, Board delegation of authority and oversight, and review processes and approvals that must be followed before the Hospital enters into a direct or indirect financial arrangement with an individual physician, a physician group, other organizations representing a physician, or a member of immediate family of a physician ("Physician"). Physician financial arrangements that involve any transfer of value, including monetary compensation, are subject to this and the following policies: 1) Signature Authority policy 17.00, 2) Reimbursement of Business Expenses policy 5.00, and 3) Physician Recruitment policy 42.00.

All financial arrangements of any kind involving Physician, including but not limited to, medical director, consulting, on-call arrangements, professional service agreements, education and training, conference reimbursement or real estate leases, will comply with the Stark law, Anti-Kickback, HIPAA and all other Federal and State Laws.

**NOTE:** Printed copies of this document are uncontrolled. In the case of a conflict between printed and electronic versions of this document, the electronic version prevails.



**POLICY/PROCEDURE TITLE: Corporate Compliance: 51.00 Physician Financial Arrangements - Review and Approval**  
**Last Approval Date: 05/14**

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**All Physician financial arrangements are prohibited except those Physician financial arrangements that are approved and documented as provided in this Policy.**

Physician financial arrangements may be entered into only where they are needed and serve the strategic goals (including quality and value) of the Hospital. Each Physician financial arrangement must meet or exceed the complex and stringent legal requirements that regulate Physician financial relationships with the Hospital. All Physician financial arrangements between a physician and the Hospital must be in writing and meet fair market value, commercial reasonableness and the following requirements as applicable.

**PROCEDURE:**

A. **Administrative Standards:**

When creating or renewing a Physician financial arrangement, the following principles must be followed. This Policy applies to any Physician financial arrangement including, but not limit to: Medical Directorships, ED Call Panels, Professional Services, Panel Professional Services, Consulting, Lease, Education and Training, Conference Payment, and Physician Recruitment.

1. **All Physician Financial Arrangements:**

- a) Each Physician financial arrangement (except Physician Lease Contracts) must provide a service that is needed for at least one of the following reasons: 1) it is required by applicable law, 2) required administrative or clinical oversight can only be provided by a qualified physician, 3) the administrative services to be provided support an articulated strategic goal of the Hospital, such as patient safety, and 4) the arrangement must solve, prevent or mitigate an identified operational problem for the Hospital.
- b) The terms of the Physician financial arrangement must be fair market value and commercially reasonable and must not take into account the volume or value of any referrals or other business generated between the parties. All of the terms of the Physician financial arrangement must be in a written contract that details the work or activities to be performed

**NOTE:** Printed copies of this document are uncontrolled. In the case of a conflict between printed and electronic versions of this document, the electronic version prevails.



**POLICY/PROCEDURE TITLE: Corporate Compliance: 51.00 Physician Financial Arrangements - Review and Approval**  
**Last Approval Date: 05/14**

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and all compensation of any kind or the lease terms (“Physician Contracts”). The services contracted for may not exceed those that are reasonable and necessary for the legitimate business purposes of the Physician financial arrangement. If there is more than one Physician Contract with a Physician, the Physician Contracts must cross-reference one another (or be identified on a list of Physician Contracts) and be reviewed for potential overlapping commitments prior to negotiating additional agreements.

The process for determining Physician compensation for each Physician financial arrangement must be set forth in the Physician Contract file and identified in sufficient detail so that it can be objectively verified as meeting fair market value standards. Any compensation paid to or remuneration received by a Physician shall not vary based on the volume or value of services referred or business otherwise generated by the Physician and must reflect fair market value. Compensation cannot exceed the seventy-fifth percentile of fair market value without prior Board approval. ~~Medical Director Agreements should use national market data and On-Call agreements~~ All Physician contracts should use local or regional market data, when available, to determine the seventy-fifth percentile of FMV.

In order to support reasonableness of compensation or remuneration, written fair market data must accompany the Physician Contract and show compensation paid by similar situated organizations and/or independent compensation surveys by nationally recognized independent firms.

- c) Compensation cannot be revised or modified during the first twelve (12) months of any Physician financial arrangement. If the compensation is revised thereafter, it must be evidenced by a written amendment to the Physician Contract, signed by both parties before the increase in compensation takes effect. For example, if the increase in compensation is to take effect on April 1, the amendment must be signed by both parties on or before April 1 and the original Physician Contract must have been effective on or before March 31 of the prior year. The compensation cannot be changed for twelve (12) months after the effective date of such amendment.



**POLICY/PROCEDURE TITLE: Corporate Compliance: 51.00 Physician Financial Arrangements - Review and Approval**  
**Last Approval Date: 05/14**

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- d) All Physician Contract renewals must be signed before the expiration of the term of the existing Physician Contract.
- e) Physician Contracts must be in writing and executed by the parties before commencement. Only the CEO of Hospital may execute a Physician Contract, except Physicians Contracts that are real estate or equipment leases with Physicians may be signed by the Chief Administrative Services Officer (“CASO”). Physicians cannot be compensated for work performed, nor may a lease commence, prior to execution by both parties.
- f) The Physician financial arrangement must not violate the Stark law, the anti-kickback statute (section 1128B(b) of the Act) or any Federal or State law or regulations.
- g) The Physician Contract will permit the Hospital to suspend performance under the Physician Contract if there is a compliance concern. Concerns about compliance should be directed to Compliance, Legal, or the office of the Chief Medical Officer (“CMO”). Performance under Physician Contracts deemed to not meet the administrative guidelines shall be suspended until the Physician Contract can be remedied.
- h) Physician Contracts must contain termination without cause provisions (except for real estate and equipment leases). Physician Contracts which grant an exclusive right to Hospital-based physicians to perform services may not exceed five years. If a Physician Contract is terminated, then the Hospital may not enter into a new financial arrangement with the same Physician covering the same arrangement on different terms within twelve (12) months of the effective date of the terminated Physician Contract.
- i) Physicians with potential conflicts of interest must complete a conflict of interest form (see Policy 4.00) that must be reviewed by the Compliance Officer prior to entering into a Physician Contract. The conflict must be addressed and referenced in the Physician Contract. A conflict may prevent entry into a Physician Contract.
- j) All Physician Contracts must be prepared using the appropriate Hospital contract template prepared by Legal ~~and Contracting~~ Services. All

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**POLICY/PROCEDURE TITLE: Corporate Compliance: 51.00 Physician Financial Arrangements - Review and Approval**  
**Last Approval Date: 05/14**

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Physician Contracts must be drafted by personnel designated by Legal ~~and Contracting~~ Services.

- k) Attached to the final version of a Physician Contract prior to execution by Hospital must be a completed “~~Contract Cover Sheet and Summary of Terms~~ **Physician Arrangement Review Checklist**” and a signed “**Certification of Necessity and Fair Market Value**” ~~Contract Certification~~” (Appendix A) (a Physician Lease Contract must also include a signed “**Contract Certification**” (Appendix B) and “**Lease Contract Review Checklist**” (Appendix ~~BC~~) to be reviewed and approved by Legal ~~and Contracting~~ Services and Compliance.
  - l) All executed Physician Contracts must be scanned into the Meditract system.
  - m) Payments may not be made to a Physician unless there is adherence with all of the requirements of this Policy.
  - n) Each Physician Contract shall comply with all applicable laws.
2. **Medical Director Contracts:** In addition to the criteria set forth above (D.1) for *All Physician Financial Arrangements*, the following must be met *prior* to creating, renewing or amending a Medical Directorship:
- a) A Medical Directorship may not be intended or used as a means to recruit a Physician to practice at the Hospital.
  - b) A Medical Directorship must fit within a rational management framework that optimizes coordination of the Medical Director’s knowledge and work efforts with Hospital needs and resources. To meet this requirement, the Medical Director must work with, and be accountable to, a supporting Hospital manager-partner who is a Hospital supervisor, manager or executive director who verifies the Medical Director’s work and efforts. The Hospital manager-partner shall participate in the negotiation of the Medical Director Contract, including setting duties and goals, and will be familiar with the details of the Medical Director Contract.
  - c) The number of hours assigned to the Medical Directorship must be appropriate considering the work required. An annual evaluation shall

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**POLICY/PROCEDURE TITLE: Corporate Compliance:51.00 Physician Financial Arrangements - Review and Approval**  
**Last Approval Date: 05/14**

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be conducted by the CMO and the Hospital manager-partner to evaluate whether all such services are needed in any new or renewal term, whether new services are needed and if the hours are still reasonable and necessary for the legitimate business purpose of the Medical Directorship arrangement. The proposed services may not duplicate work that is provided to the Hospital by other Physicians unless the total work under all arrangements are needed.

- d) Medical Director Contracts must require Physician completion and submission of Physician Time Study Reports (see Exhibit C) each month, and each such report must be approved by the Hospital manager-partner and the Compliance Department before any compensation is paid. There must be one or more internal review processes to verify that the Medical Director is performing the expected duties and tasks, of which the required time report is one example.
- e) All Medical Director Contracts providing for total compensation of \$30,000 or more shall include two (2) annual quality incentive goals that support the Hospital's strategic initiatives, one of which shall be related to an outcome quality metric and the other shall be related to a process metric or milestone for service to patients. For Medical Director Contracts greater than \$100,000 in compensation per year, 20% of the total compensation will be held at risk based on the completion of the quality incentive goals. For Medical Director Contracts between \$50,000 to \$99,999 per year, 10% of the total compensation will be held at risk based on the completion of the goals. For Medical Director Contracts between \$30,000 to \$49,999 per year, 5% of the total compensation will be held at risk based on the completion of the goals.
- f) If a Medical Director would oversee a function in a service line, then a development and selection committee (that includes at least one physician leader in the service line) will evaluate the candidates and recommend a final candidate with whom the Hospital should negotiate. An effective alignment of the Physician and the service line should be created.



**POLICY/PROCEDURE TITLE: Corporate Compliance:51.00 Physician Financial Arrangements - Review and Approval**  
**Last Approval Date: 05/14**

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- g) If the Medical Directorship is intended to oversee a function outside of a defined service line, the CMO will evaluate and approve the Medical Director candidates for the proposed function.
- h) Each year, the Medical Executive Committee will review a summary report of all Medical Directorship arrangements and goals.
- i) Medical Director Contracts must include a Hospital-approved HIPAA Business Associate Agreement.

**3. Physician Consulting Contracts:**

In addition to the criteria set forth in the *All Physician Financial Arrangements* section (D.1) above, the following criteria must be met *before* creating or renewing a Physician Consulting Contract:

- a) Physician Consulting Contracts must require concise deliverables and due dates and require completion of a Physician Time Study Report (see Exhibit C). The deliverables and due dates must be set for the duration of the Physician Consulting Contract before the services begin and the Physician Consulting Contract is signed.
- b) The number of hours assigned to the Physician Consulting Contract must be appropriate in light of the work required.
- c) Physician Consulting Contracts must include a Hospital-approved HIPAA Business Associate Agreement.

**4. Physician Lease Contracts:**

In addition to the criteria set forth in the *All Physician Financial Arrangements* section above (D.1), the following criteria must be met *before* creating, amending, or renewing a Physician Lease Contract:

- a) Attached to the final version of a Physician Lease Contract, and prior to execution, must be a completed "Lease Contract Review Checklist" (Appendix ~~BC~~) and ~~applicable sections of Appendix A and~~ an executed "Contract Certification" (Appendix B).
- b) Tenant Improvements must be incorporated into the Physician Lease Contract as a Tenant expense.

**POLICY/PROCEDURE TITLE: Corporate Compliance:51.00 Physician Financial Arrangements - Review and Approval**  
**Last Approval Date: 05/14**

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- c) Physician must not use the space and the Hospital must not make the space available for use prior to the execution of the Physician Lease Contract by both parties.
  - d) The Physician Lease Contract shall require that all property taxes are to be paid by the Tenant for Triple Net leases.
  - e) Physician Lease Contracts are executed by the CEO or the CASO.
5. **Physician Education, Training and Conference Payment Contracts:**  
In addition to the criteria set forth in the *All Physician Financial Arrangements* section above (D.1) , the following criteria must be met *before* creating a new Education, Training and Conference Reimbursement Contracts and prior to attendance:
- a) Physician Education, Training and Conference Payment Contracts must be created and reimbursed in accordance with Hospital Policy Reimbursement of Business, Education and Travel Expenses (see Hospital Policy 5.00).
  - b) The Hospital’s need for this training to be provided to the Physician shall be documented as part of the approval process.
6. **Physician Recruitment Contracts:**  
In addition to the criteria set forth in the *All Physician Financial Arrangements* section above (D.1), the following criteria must be met *before* creating a new Physician Recruitment Contract:
- a) Physician Recruitment Contracts must be created in accordance with the Physician Recruitment Policy Program, (see Hospital Policy 42.00) and must be presented to the Board for review before the recruitment proposal is developed.

**B. Approval of Physician Contracts:**

1. Attached to the final version of a Physician Contract *before* CEO execution must be a completed “Contract Cover Sheet and Summary of Terms” and “Certification of Necessity and Fair Market Value”, Physician Arrangement Review Checklist” and signed “Contract Certification” (Appendix A).
2. Attached to the final version of a Physician Lease Contract, *prior* to execution by the CEO or the CASO, must be a completed “Lease Contract Review Checklist” (Appendix BC) and a completed “Physician Arrangement Review Checklist” and signed “Contract Certification” (Appendix AB).

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**POLICY/PROCEDURE TITLE: Corporate Compliance: 51.00 Physician Financial Arrangements - Review and Approval**  
**Last Approval Date: 05/14**

3. Corporate Compliance and the ~~General Counsel~~ Director of Legal & Contracting Services will verify the checklist, certification, and documentation accompanying all Physician Contracts (including FMV) prior to execution by the CEO or the CASO. Incomplete or missing checklist and certifications will be returned to the originator for completion.
4. All proposed Physician Contracts lacking the appropriate documentation will be returned to the originator for completion. No services may be performed under the Physician Contract or leases implemented until the Physician Contract is fully executed.
5. CEO Approval: The CEO will have authority to execute new, renewal and amended Physician Contracts (up to \$250,000.00 in total possible compensation annually), except as set forth in Section 6(b) below.

If a new arrangement is over \$250,000.00; or a renewal or amended agreement is over \$250,000; or the annual increase is greater than ten percent (10%), the Board must approve prior to CEO execution, except as set forth in Section 6(b) below. All recruitment proposals must be approved prior to the CEO executing.

6. Board Approval:
  - a. If a new arrangement is over \$250,000.00; or a renewal or amended agreement is over \$250,000; or the annual increase is greater than ten percent (10%), the Board must approve prior to CEO execution of the Physician Contract.
    - 1) All new Physician financial arrangements that exceed \$250,000 annually should be presented to the appropriate Board Committees for review and recommendation to the Board of Directors prior to being placed on the Board of Directors' agenda and prior to execution.
    - 2) A memo prepared by Hospital-Manager Partner that justifies the Hospital's needs shall be provided to the appropriate Board Committees and Board of Directors as part of the approval documents.

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**POLICY/PROCEDURE TITLE: Corporate Compliance:51.00 Physician Financial Arrangements - Review and Approval**  
**Last Approval Date: 05/14**

2) b. Notwithstanding Section 6(a), the CEO may execute without Board approval a renewal or amended Professional Services Agreement with SV Primary Medical Group, P.C. (“SVPMG”) so long as the total cash compensation to each individual physician employed by SVPMG does not exceed 75% percentile of fair market value or \$1,000,000 annually.

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**C. Board Oversight and Internal Review Process:**

During the second and fourth quarter of each Hospital fiscal year, management and staff will prepare a summary report for all Physician financial arrangements describing: 1) the names of all such arrangements and associated physicians, 2) the organizational need that justifies each arrangement, 3) the total amounts paid to each physician and/or group for each Physician Contract annually (and in total for duration on of contract term), 4) current and prior year annual financial comparison, 5) Education, Training or Conference Contracts that reimburse for travel expenses out of the state of California, and 6) any recommendations for changes to the Policy or any procedure.

For Medical Directorships, the summary report will also include: 1) the goals set forth for each Medical Directorship, 2) the contracted rate and hours, and 3) assessment of the performance of Medical Directors over the past year.

The CFO, COO & CMO will review the information and prepare recommendations if any regarding specific actions or changes that will be implemented.

The report will then be reviewed by the CEO and presented to the Compliance and Finance committees of the Board of Directors for review and submission to the Board of Directors no later than the end of the following quarter.

**D. Exceptions:**

There are no exceptions to this Policy unless approved by the Board of Directors in advance.

**E. Review and/or Validate:**

The CEO and the Corporate Compliance Officer shall be responsible for reviewing the policy and guidelines as conditions warrant but at a minimum at



**POLICY/PROCEDURE TITLE: Corporate Compliance:51.00 Physician Financial Arrangements - Review and Approval**  
**Last Approval Date: 05/14**

least annually to assure consistency with Board expectations. The Compliance department will annually monitor organizations adherence to the policy and report to the Board.

**F. Policy Enforcement**

El Camino Hospital’s Compliance Officer is responsible for monitoring enforcement of this policy. Any workforce member found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.

APPROVAL	APPROVAL DATES
Originating Committee or UPC Committee:	
Medical Committee (if applicable):	
ePolicy Committee: <b>(Please don't remove this line)</b>	
Pharmacy and Therapeutics (if applicable):	
Medical Executive Committee:	
Board of Directors:	

Historical Approvals:

New 6/08, 06/09; 8/12, 10/12, 11/13, 1/14, 5/14

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**POLICY/PROCEDURE TITLE: Corporate Compliance: 51.00 Physician Financial Arrangements - Review and Approval**

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**APPENDIX A  
ECH Contract Cover Sheet and Summary of Terms**

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Physician/Physician Group Name Party to Agreement:

Type of Agreement:     Medical Director     Consulting Services     Professional Services  
                                  ED Call     Hospital-Based Physician Services  
                                  Other:

Agreement is:     New     Amendment     Extension     Renewal

Department/Program:

Campus:

Designated ECH Manager:

Effective Date:

Expiration Date:

Need for Agreement:

Reason Physician or Physician group was chosen for the position:

Number of Hours to be Worked:

Hourly/PerDiem Rate to Physician/Physician Group:

Does Agreement include two Quality Goals for Medical Directorships, if Total Annual Compensation is greater than \$30,000.00 annually:

Total Annual Amount:

Finance Committee Review and Board approval required under Policy 51.00:

No     Yes (if yes, attach approval documentation)

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**Approvals**  
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Compliance: \_\_\_\_\_ Date: \_\_\_\_\_

Legal: \_\_\_\_\_ Date: \_\_\_\_\_

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**POLICY/PROCEDURE TITLE: Corporate Compliance: 51.00 Physician Financial Arrangements - Review and Approval**

**CERTIFICATION OF NECESSITY AND FAIR MARKET VALUE:**

I certify that: (1) the services to be provided by Physician/Medical Group are reasonable and necessary because

\_\_\_\_; and (2) the compensation proposed for this arrangement is fair market value because (check one):

\_\_\_ MD Rater Data attached hereto, is at or below the 75<sup>th</sup> percentile, or

\_\_\_ I have a FMV opinion, attached hereto, which demonstrates fair market value.

Signature: \_\_\_\_\_  
Designated ECH Manager

**APPENDIX B**

**Compliance Checklist**

- Yes  No  1. ~~Has the amount of compensation been determined based on the volume or value of any actual or anticipated referral by the physician or other business generated by the parties?~~
- Yes  No  2. ~~Do aggregate services contracted or space or equipment leased exceed those that are reasonable and necessary for legitimate business purposes of the arrangement?~~
- Yes  No  3. ~~Are any payments or other consideration made in consideration of, or to obtain, referrals?~~
- Yes  No  4. ~~Do the services to be furnished involve counseling or promotion of any arrangement or other activity that violates any state or federal law?~~
- Yes  No  5. ~~Has the Hospital paid the Physician including an immediate family member any amount of money within the last 12 months?~~
- Yes  No  6. ~~Other than this Physician Contract, will the Hospital pay the Physician including an immediate family member any amount of money within the next 12 months?~~
- Yes  No  7. ~~Were any loans or loan guarantees made by Hospital to the Physician?~~
- Yes  No  8. ~~Will there be any non-monetary compensation to the Physician?~~
- Yes  No  9. ~~Has this Physician Contract been executed, terminated or modified, or has it expired within the last 12 months?~~
- Yes  No  10. ~~Is there another Physician arrangement at the Hospital with similar duties and responsibilities?~~
- Yes  No  11. ~~Does the Physician Contract automatically renew?~~
- Yes  No  12. ~~Were any of the approved contracts' standard terms modified? If yes, attach a copy marked to show changes~~
- Yes  No  13. ~~Does the Physician currently have any other financial arrangement with the Hospital?~~
- Yes  No  14. ~~If yes, are the other arrangements identified in the current Physician Contract, or on a master list?~~



**POLICY/PROCEDURE TITLE: Corporate Compliance: 51.00 Physician Financial Arrangements - Review and Approval**

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- Yes  No  15. Has the Physician completed a conflict of interest disclosure form?
- Yes  No  16. Are the services needed by the Hospital to carry out its tax exempt mission?
- Yes  No  17. Has a fair market value (FMV) analysis been completed?
- Yes  No  18. Is the analysis attached? Who completed the FMV analysis? \_\_\_\_\_
- Yes  No  19. Do all of the services contracted for or lease price meet reasonable FMV?
- Yes  No  20. Was the amount ECH was willing to pay determined before negotiations with the Physician?
- Yes  No  21. Does the Physician Contract clearly detail the scope of work, all the services, duties and responsibilities and/or deliverables to be furnished by the Physician?
- Yes  No  22. Are all the referenced documents (attachments or exhibits) complete and submitted with the final Physician Contract and certification?
- Yes  No  23. If this is a Medical Director Contract, have "quality outcome goals" been included in the contract?
- Yes  No  24. If this is a Medical Director Contract, has Medical Executive Committee approved? Date Approved by Medical Executive Committee: \_\_\_\_\_
- Yes  No  25. Is the term of the arrangement for at least one year?
- Yes  No  26. Is it possible to cancel/terminate the Physician Contract for failure to perform?
- Yes  No  27. If needed, have business associate contracts been signed by all parties to the Physician Contract?
- Yes  No  28. Has a legal firm reviewed this specific contract?  
Name of legal firm that reviewed contract: \_\_\_\_\_
- Yes  No  29. Was an approved Hospital template used to create this Physician Contract?

\_\_\_\_\_  
[NB: Lease Contracts ignore questions 10, 16, 19, 21, 22, 23 and 24 which do not apply or are covered by Appendix B.]

in approval

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**POLICY/PROCEDURE TITLE: Corporate Compliance: 51.00 Physician Financial Arrangements - Review and Approval**

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**Contract Certification**

I, \_\_\_\_\_ of El Camino Hospital hereby certify that to the best of my knowledge,  
(responsible party negotiating)

the following matters are true for the attached contract by and between El Camino Hospital and \_\_\_\_\_

(Physician) dated \_\_\_\_\_ (the "Arrangement").

- 1) There are no other arrangements, written or oral with the physician except set forth in the Arrangement;
- 2) No payment has been or will be made to the physician referenced herein outside of the terms and condition of the arrangement unless such outside payment is also consistent with El Camino Hospital's policies;
- 3) The contract is in compliance with Administrative Policy 51.00 guidelines.
- 4) All of the statements above and in the Compliance Checklist are complete and correct.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
(Hospital responsible party negotiating)

in approval

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**POLICY/PROCEDURE TITLE: Corporate Compliance:51.00 Physician Financial Arrangements - Review and Approval**

**CATEGORY: Administrative**  
**LAST APPROVAL DATE:**

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**APPENDIX C**

**Lease Contract Review Checklist**

- Yes \_\_\_ No \_\_\_ 1. Is the term of the Physician Lease Contract for at least one year?
- Yes \_\_\_ No \_\_\_ 2. Does the Physician Lease Contract describe what is being leased and all services that will be included?
- Yes \_\_\_ No \_\_\_ 3. Are the costs of Tenant Improvements incorporated into the Physician Lease Contract?
- Yes \_\_\_ No \_\_\_ 4. Have fair-market value (FMV) rates been determined based at time of signing? [The Physician Lease Contract
- Yes \_\_\_ No \_\_\_ 5. Does the lease rate include an inflator value for future FMV?
- Yes \_\_\_ No \_\_\_ 6. Is Physician using the space now?
- Yes \_\_\_ No \_\_\_ 7. Will all applicable property taxes be paid by the Physician under the Physician Lease Contract?
- Yes \_\_\_ No \_\_\_ 8. Were any loans or loan guarantees made to the Physician?
- Yes \_\_\_ No \_\_\_ 9. Was the Hospital template used to create this Physician Lease Contract?
- Yes \_\_\_ No \_\_\_ 10. Were any of the terms modified? If yes, attach a copy marked to show changes.
- Yes \_\_\_ No \_\_\_ 11. Within 5 days after final execution, the Physician Lease Contract must be forwarded for scanning into Meditract.

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**POLICY/PROCEDURE TITLE: Corporate Compliance:51.00 Physician Financial Arrangements - Review and Approval**

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**APPENDIX D  
FORM OF PHYSICIAN MONTHLY TIME**

*in approval*

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**CONFIDENTIAL**

Date: May 30, 2017  
To: Finance Committee  
From: Diane Wigglesworth, Sr. Director, Corporate Compliance  
Subject: **Bi-Annual Report on Physician Expenses for Fiscal Year 2017 Compared to FY17 Budget and Prior Years**

**Overview**

In accordance with the Physician Financial Arrangements Review and Approval Policy (Policy 51.00), attached for review by the Finance Committee and the Board are the Physician Financial Arrangements Expenses Reports.

The three summary reports attached are: 1) Medical Director Arrangements, 2) ED Call Panel Arrangements, and 3) Professional Clinical Services/Consulting & Management Arrangements.

Included on the spreadsheet is the FMV percentile, which is generally based on a proprietary database consisting of data primarily from California hospitals for similar arrangements. For certain arrangements, the Hospital obtained a FMV opinion from a consultant using national data. The Hospital recently obtained a Bay Area specific report that will be analyzed to assess those arrangements that are over the 75<sup>th</sup> percentile.

As requested by the Committee, summarized below is the FMV comparisons for Medical Directorships and ED Call Panels for three fiscal years.

**MEDICAL DIRECTORSHIPS**

<b>Fiscal Year 2017</b>	<b>At or Over 90<sup>th</sup> Percentile</b>	<b>Over 75<sup>th</sup> and Below 90<sup>th</sup> Percentile</b>	<b>At or Below 75<sup>th</sup> Percentile</b>	<b>At or Below 50<sup>th</sup> Percentile</b>	<b>At or Below 25<sup>h</sup> Percentile</b>
<i>YTD Actual Spend: (6 months): \$ 1,732,871</i>	<b>11%</b>	<b>11%</b>	40%	28%	10%
<i>Total Number of Medical Directorships: 53</i>	<b>6</b>	<b>6</b>	21	15	5
<i>Total Spend by FMV Category: (6 months)</i>	<b>\$488,653</b>	<b>\$173,277</b>	\$877,466	\$161,830	\$31,645
<b>% of total spend</b>	<b>28%</b>	<b>10%</b>	51%	9%	2%

<b>Fiscal Year 2016</b>	<b>At or Over 90<sup>th</sup> Percentile</b>	<b>Over 75<sup>th</sup> and Below 90<sup>th</sup> Percentile</b>	<b>At or Below 75<sup>th</sup> Percentile</b>	<b>At or Below 50<sup>th</sup> Percentile</b>	<b>At or Below 25<sup>h</sup> Percentile</b>
<i>Total Actual Spend: \$ 3,355,881</i>	<b>14%</b>	<b>15%</b>	37%	22%	12%
<i>Total Number of Medical Directorships: 51</i>	<b>7</b>	<b>8</b>	19	11	6
<i>Total Spend by FMV Category</i>	<b>\$963,928</b>	<b>\$326,602</b>	\$1,737,414	\$251,632	\$76,305
<b>% of total spend</b>	<b>29%</b>	<b>10%</b>	52%	7%	2%

<b>Fiscal Year 2015</b>	<b>At or Over 90<sup>th</sup> Percentile</b>	<b>At or Below 75<sup>th</sup> Percentile</b>	<b>At or Below 50<sup>th</sup> Percentile</b>	<b>At or Below 25<sup>h</sup> Percentile</b>
<i>Total Actual Spend: \$3,279,850</i>	<b>9%</b>	37%	20%	28%
<i>Total Number of Medical Directorships: 57</i>	<b>5</b>	21	15	16
<i>Total Spend by FMV Category</i>	<b>\$359,416</b>	\$1,449,000	\$654,001	\$817,433
<b>% of total spend</b>	<b>11%</b>	<b>44%</b>	20%	25%

*Note: FMV for medical directorships is based on Total Annual Maximum Allowable Compensation.*



## ED CALL PANELS

<b>Fiscal Year 2017</b>	<b>At or Over 90<sup>th</sup> Percentile</b>	<b>Over 75<sup>th</sup> and Below 90<sup>th</sup> Percentile</b>	<b>At or Below 75<sup>th</sup> Percentile</b>	<b>At or Below 50<sup>th</sup> Percentile</b>	<b>At or Below 25<sup>h</sup> Percentile</b>
<i>Total YTD Actual Spend (6 months):</i> <b>\$5,326,185</b>	<b>11%</b>	<b>22%</b>	47%	11%	9%
<i>Total Number of ED Call Panels:</i> <b>36</b>	<b>4</b>	<b>8</b>	17	4	3
<i>Total Spend by FMV Category (6 months)</i>	<b>\$471,480</b>	<b>\$1,560,900</b>	\$2,501,303	\$583,072	\$209,430
<b>% of total spend</b>	<b>9%</b>	<b>29%</b>	47%	11%	4%

<b>Fiscal Year 2016</b>	<b>At or Over 90<sup>th</sup> Percentile</b>	<b>Over 75<sup>th</sup> and Below 90<sup>th</sup> Percentile</b>	<b>At or Below 75<sup>th</sup> Percentile</b>	<b>At or Below 50<sup>th</sup> Percentile</b>	<b>At or Below 25<sup>h</sup> Percentile</b>
<i>Total Actual Spend:</i> <b>\$ 10,505,815</b>	<b>12%</b>	<b>24%</b>	44%	12%	8%
<i>Total Number of ED Call Panels:</i> <b>34</b>	<b>4</b>	<b>8</b>	15	4	3
<i>Total Spend by FMV Category</i>	<b>\$966,800</b>	<b>\$2,799,820</b>	\$5,160,255	\$1,139,910	\$439,030
<b>% of total spend</b>	<b>9%</b>	<b>27%</b>	49%	11%	4%

<b>Fiscal Year 2015</b>	<b>At or Over 90<sup>th</sup> Percentile</b>	<b>At or Below 75<sup>th</sup> Percentile</b>	<b>At or Below 50<sup>th</sup> Percentile</b>	<b>At or Below 25<sup>h</sup> Percentile</b>
<i>Total Actual Spend:</i> <b>\$10,136,258</b>	<b>6%</b>	60%	23%	11%
<i>Total Number of ED Call Panels:</i> <b>35</b>	<b>2</b>	21	8	4
<i>Total Spend by FMV Category</i>	<b>\$265,755</b>	\$7,269,020	\$2,167,150	\$434,333
<b>% of total spend</b>	<b>3%</b>	<b>72%</b>	21%	4%

*Note: FMV for ED Call Panels is based on Per Diem Rate.*



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**CONFIDENTIAL**

Date: March 27, 2017

To: Finance Committee

From: Diane Wigglesworth, Sr. Director, Corporate Compliance

Subject: **Bi-Annual Report on Physician Expenses for Fiscal Year 2017 Compared to FY17 Budget and Prior Years**

**Overview**

In accordance with the Physician Financial Arrangements Review and Approval Policy (Policy 51.00), attached for review by the Corporate Compliance Committee and the Board are the Physician Financial Arrangements Expenses Reports.

The three summary reports attached are: 1) Medical Director Arrangements, 2) ED Call Panel Arrangements, and 3) Professional Clinical Services/Consulting & Management Arrangements.

Included on the spreadsheet is the FMV percentile, which is generally based on a proprietary database consisting of data primarily from California hospitals for similar arrangements. For certain arrangements, the Hospital obtained a FMV opinion from a consultant using national data. The Hospital recently obtained a Bay Area specific report that will be analyzed to assess those arrangements that are over the 75<sup>th</sup> percentile.

As requested by the Committee, summarized below is the FMV comparisons for Medical Directorships and ED Call Panels for three fiscal years.

**MEDICAL DIRECTORSHIPS**

<b>Fiscal Year 2017</b>	<b>At or Over 90<sup>th</sup> Percentile</b>	<b>Over 75<sup>th</sup> and Below 90<sup>th</sup> Percentile</b>	<b>At or Below 75<sup>th</sup> Percentile</b>	<b>At or Below 50<sup>th</sup> Percentile</b>	<b>At or Below 25<sup>h</sup> Percentile</b>
YTD Actual Spend: <b>[6 months]: \$ 1,732,871</b>	<b>11%</b>	<b>11%</b>	40%	28%	10%
Total Number of Medical Directorships: <b>53</b>	<b>6</b>	<b>6</b>	21	15	5
Total Spend by FMV Category: <b>[6 months]</b>	<b>\$488,653</b>	<b>\$173,277</b>	\$877,466	\$161,830	\$31,645
<b>% of total spend</b>	<b>28%</b>	<b>10%</b>	51%	9%	2%

<b>Fiscal Year 2016</b>	<b>At or Over 90<sup>th</sup> Percentile</b>	<b>Over 75<sup>th</sup> and Below 90<sup>th</sup> Percentile</b>	<b>At or Below 75<sup>th</sup> Percentile</b>	<b>At or Below 50<sup>th</sup> Percentile</b>	<b>At or Below 25<sup>h</sup> Percentile</b>
Total Actual Spend: <b>\$ 3,355,881</b>	<b>14%</b>	<b>15%</b>	37%	22%	12%
Total Number of Medical Directorships: <b>51</b>	<b>7</b>	<b>8</b>	19	11	6
Total Spend by FMV Category	<b>\$963,928</b>	<b>\$326,602</b>	\$1,737,414	\$251,632	\$76,305
<b>% of total spend</b>	<b>29%</b>	<b>10%</b>	52%	7%	2%

<b>Fiscal Year 2015</b>	<b>At or Over 90<sup>th</sup> Percentile</b>	<b>At or Below 75<sup>th</sup> Percentile</b>	<b>At or Below 50<sup>th</sup> Percentile</b>	<b>At or Below 25<sup>h</sup> Percentile</b>
Total Actual Spend: <b>\$3,279,850</b>	<b>9%</b>	37%	20%	28%
Total Number of Medical Directorships: <b>57</b>	<b>5</b>	21	15	16
Total Spend by FMV Category	<b>\$359,416</b>	\$1,449,000	\$654,001	\$817,433
<b>% of total spend</b>	<b>11%</b>	<b>44%</b>	20%	25%

*Note: FMV for medical directorships is based on Total Annual Maximum Allowable Compensation.*

## ED CALL PANELS

<b>Fiscal Year 2017</b>	<b>At or Over 90<sup>th</sup> Percentile</b>	<b>Over 75<sup>th</sup> and Below 90<sup>th</sup> Percentile</b>	<b>At or Below 75<sup>th</sup> Percentile</b>	<b>At or Below 50<sup>th</sup> Percentile</b>	<b>At or Below 25<sup>h</sup> Percentile</b>
<i>Total YTD Actual Spend (6 months): \$5,326,185</i>	<b>11%</b>	<b>22%</b>	47%	11%	9%
<i>Total Number of ED Call Panels: 36</i>	<b>4</b>	<b>8</b>	17	4	3
<i>Total Spend by FMV Category (6 months)</i>	<b>\$471,480</b>	<b>\$1,560,900</b>	\$2,501,303	\$583,072	\$209,430
<b>% of total spend</b>	<b>9%</b>	<b>29%</b>	47%	11%	4%

<b>Fiscal Year 2016</b>	<b>At or Over 90<sup>th</sup> Percentile</b>	<b>Over 75<sup>th</sup> and Below 90<sup>th</sup> Percentile</b>	<b>At or Below 75<sup>th</sup> Percentile</b>	<b>At or Below 50<sup>th</sup> Percentile</b>	<b>At or Below 25<sup>h</sup> Percentile</b>
<i>Total Actual Spend: \$ 10,505,815</i>	<b>12%</b>	<b>24%</b>	44%	12%	8%
<i>Total Number of ED Call Panels: 34</i>	<b>4</b>	<b>8</b>	15	4	3
<i>Total Spend by FMV Category</i>	<b>\$966,800</b>	<b>\$2,799,820</b>	\$5,160,255	\$1,139,910	\$439,030
<b>% of total spend</b>	<b>9%</b>	<b>27%</b>	49%	11%	4%

<b>Fiscal Year 2015</b>	<b>At or Over 90<sup>th</sup> Percentile</b>	<b>At or Below 75<sup>th</sup> Percentile</b>	<b>At or Below 50<sup>th</sup> Percentile</b>	<b>At or Below 25<sup>h</sup> Percentile</b>
<i>Total Actual Spend: \$10,136,258</i>	<b>6%</b>	60%	23%	11%
<i>Total Number of ED Call Panels: 35</i>	<b>2</b>	21	8	4
<i>Total Spend by FMV Category</i>	<b>\$265,755</b>	\$7,269,020	\$2,167,150	\$434,333
<b>% of total spend</b>	<b>3%</b>	<b>72%</b>	21%	4%

*Note: FMV for ED Call Panels is based on Per Diem Rate.*

**Medical Director FY17 Actual Spend (6 months) Compared to FY17 Budget and Prior Year Summary Report**

*Confidential: Attorney-Client Privilege*

*Sorted by Fair Market Value Percentile & Maximum Allowable Annual Compensation*

	Medical Directorship Program	Physician	Maximum Allowable Annual Compensation	PRIOR FY16 Actual	FY 2017 CURRENT YTD (6 months) July '16- Dec'16	FY 2017 Budget	Fair Market Value (based on max. allowable annual compensation)	Variance Explanation / Notes
1	Quality & Patient Safety Enterprise	Shin, Daniel MD (PAMF)	\$343,000	\$316,280	\$162,600	\$343,000	Over 90th Percentile	
2	Cancer Center Enterprise	Singhal, Shyamali MD	\$278,208	\$259,661	\$125,193	\$278,208	Over 90th Percentile	
3	Utilization & Resource Management - MV (Co-Medical Director)	Pezzani, Michelle MD (PAMF)	\$200,000	\$37,692	\$46,230	\$200,000	Over 90th Percentile	
4	Cath Lab & Chest Pain Center MV	Rammohan, Chad MD (PAMF)	\$120,000	\$107,835	\$44,163	\$120,000	Over 90th Percentile	
5	Interventional Pulmonology Program - MV	Krishna, Ramesh MD (PAMF)	\$96,000	\$157,020	\$38,040	\$96,000	Over 90th Percentile	
6	Radiation Oncology - MV	Sinha, Robert MD	\$85,440	\$85,440	\$38,448	\$85,440	Over 90th Percentile	
7	Surgical Quality Improvement - Enterprise	Legha, Prithvi MD (PAMF)	\$144,000	\$20,930	\$2,469	\$54,000	Over the 75th Percentile and Below 90th percentile	
8	Utilization & Resource Management - MV (Co-Medical Director)	Agarwal, Sanjay MD	\$100,000	\$31,720	\$42,970	\$100,000	Over the 75th Percentile and Below 90th percentile	
9	After-School Program Interventions and Resiliency Education (ASPIRE) - LG	Hashemi, Bahar MD	\$71,400	\$60,225	\$26,129	\$71,400	Over the 75th Percentile and Below 90th percentile	
10	Youth & Women's Services Enterprise	Reena Trivedi, MD	\$71,400	\$50,577	\$17,747	\$116,779	Over the 75th Percentile and Below 90th percentile	
11	Respiratory Care Services - MV	Saw, Chandon MD	\$66,000	\$58,101	\$36,053	\$66,000	Over the 75th Percentile and Below 90th percentile	
12	Maternal Outreach Mood Services (MOMS) - MV	Dhami, Nirmaljit MD	\$48,924	\$48,626	\$13,093	\$44,880	Over the 75th Percentile and Below 90th percentile	
13	Vascular Surgery - Enterprise	Singh, Tej MD (PAMF)	\$90,000 reduced from \$105,000 7/16	\$110,250	\$64,751	\$105,000	At or Below 75th Percentile	
14	Pathology - Enterprise	Lombard, Charles , MD	\$347,508	\$347,508	\$208,505	\$417,851	At or Below 75th percentile	

**Medical Director FY17 Actual Spend (6 months) Compared to FY17 Budget and Prior Year Summary Report**

*Confidential: Attorney-Client Privilege*

*Sorted by Fair Market Value Percentile & Maximum Allowable Annual Compensation*

	<b>Medical Directorship Program</b>	<b>Physician</b>	<b>Maximum Allowable Annual Compensation</b>	<b>PRIOR FY16 Actual</b>	<b>FY 2017 CURRENT YTD (6 months) July '16- Dec'16</b>	<b>FY 2017 Budget</b>	<b>Fair Market Value (based on max. allowable annual compensation)</b>	<b>Variance Explanation / Notes</b>
15	<b>Associate Chief Medical Officer, Los Gatos Campus</b>	<b>Mallur, Shreyas MD</b>	\$249,600	\$160,400	\$99,840	\$62,400	At or Below 75th Percentile	
16	<b>Radiology - Enterprise</b>	<b>Qureshi, Imiaz MD &amp; Ramesh Gopi, MD</b>	\$188,100	\$109,560	\$5,775	\$188,100	At or Below 75th percentile	
17	<b>Obstetrical Services - Enterprise</b> (Co-Medical Director)	<b>Francisco, David MD</b>	\$125,400	\$102,078	\$26,737	\$79,800	At or Below 75th percentile	
18	<b>Medical Oncology - MV</b>	<b>Dormady, Shane MD / University Healthcare Alliance</b>	\$124,800	\$166,400	\$49,920	\$124,800	At or Below 75th percentile	
19	<b>Anesthesiology - Enterprise</b>	<b>Pinsker, Robert MD</b>	\$121,440	\$97,152	\$72,864	\$121,440	At or Below 75th Percentile	
20	<b>Emergency Medicine - Enterprise</b> (Co-Medical Directors)	<b>Cook, Laura MD (MV) / Karen Pike (LG)</b>	\$100,800	\$95,760	\$57,420	\$100,800	At or Below 75th Percentile	
21	<b>Heart and Vascular Institute - MV</b>	<b>Gaudiani, Vincent MD (PAMF)</b>	\$96,000	\$56,320	\$44,570	\$120,000	At or Below 75th percentile	
22	<b>Gyn/Robotics - Enterprise</b> (Co-Medical Directors)	<b>Chen, Dwight MD, Pisani, Albert, MD (PAMF)</b>	\$96,000	\$36,200	\$15,300	\$96,000	At or Below 75th percentile	
23	<b>Stroke Program - Enterprise</b>	<b>Jindal, Jenelle, MD</b>	\$84,480	\$0	\$9,720	\$0	At or Below 75th Percentile	unanticipated need; new effective 10/16
24	<b>Infection Control - Enterprise</b>	<b>Kemper, Carol MD (PAMF)</b>	\$76,800	\$76,800	\$42,880	\$76,800	At or Below 75th percentile	
25	<b>Critical Care Unit - Enterprise</b>	<b>Chausow, Alan MD (PAMF)</b>	\$75,240	\$73,491	\$40,185	\$79,800	At or Below 75th Percentile	
26	<b>NICU - MV</b>	<b>Sivakumar, Dharshi, MD</b>	\$75,000	\$75,000	\$21,798	\$93,750	At or Below 75th Percentile	
27	<b>Perioperative Screening Program for Obstructive Sleep Apnea - Enterprise</b>	<b>Masri, Tony MD</b>	\$59,850	\$0	\$0	\$0	At or Below 75th Percentile	New agreement effective 10/16; no timesheets turned in
28	<b>Obstetrical Services - Enterprise</b> (Co-Medical Director)	<b>Kunz, Liza MD (PAMF)</b>	\$57,000	\$36,576	\$21,081	\$57,000	At or Below 75th percentile	

**Medical Director FY17 Actual Spend (6 months) Compared to FY17 Budget and Prior Year Summary Report**

*Confidential: Attorney-Client Privilege*

*Sorted by Fair Market Value Percentile & Maximum Allowable Annual Compensation*

	Medical Directorship Program	Physician	Maximum Allowable Annual Compensation	PRIOR FY16 Actual	FY 2017 CURRENT YTD (6 months) July '16- Dec'16	FY 2017 Budget	Fair Market Value (based on max. allowable annual compensation)	Variance Explanation / Notes
29	Echocardiography Services - MV	Nair, Deepu MD (PAMF)	\$47,520	\$45,266	\$21,087	\$47,520	At or Below 75th Percentile	
30	Sleep Medicine Laboratory - LG	Masri, Tony MD	\$43,500	\$45,906	\$27,728	\$43,500	At or Below 75th Percentile	
31	Cardiac Rehabilitation - MV	Collings, Catherine MD	\$43,200	\$32,470	\$11,527	\$30,000	At or Below 75th percentile	
32	Endoscopy Program - MV	Ramrakhiani, Sanjay (PAMF)	\$38,400	\$35,177	\$19,728	\$38,400	At or Below 75th percentile	
33	Respiratory Medicine - LG	Salfen, SJ MD	\$36,000	\$35,100	\$16,050	\$54,000	At or Below 75th percentile	
34	Cardiothoracic Surgery - MV	Tsau, Pei MD (PAMF)	\$36,000 reduced from \$288,000 7/16	\$89,120	\$26,160	\$104,000	At or Below 50th Percentile	
35	South Asian Heart Center - MV	Molina, Cesar MD	\$65,280	\$13,440	\$58,590	\$53,760	At or Below 50th percentile	FY16 payments included in FY17 actual
36	Brain Stimulation - MV	Taylor, Katherine MD	\$48,924	\$47,680	\$25,097	\$44,500	At or Below 50th Percentile	
37	Continuing Care Program for Thought Disorders - Enterprise	Simran Singh, MD	\$48,924	\$0	\$3,299	\$0	At or Below 50th Percentile	New Agreement effective 12/16; budget offset by Dr. Bernal departure in November 2016
38	Chemical Dependency & Addiction Services Program - MV	Garner, Evan MD	\$48,924	\$42,878	\$24,132	\$42,321	At or Below 50th percentile	
39	Bariatric Surgery Program - MV	Legha, Prithvi MD (PAMF)	\$39,600	\$2,930	\$1,097	\$39,600	At or Below 50th percentile	Physician Time Reports not submitted
40	Heart Failure Program - MV	Yoon, Geoffrey MD (PAMF)	\$38,400	\$8,190	\$3,928	\$52,500	At or Below 50th Percentile	
41	Electrophysiology - MV (Co-Medical Director)	Sean Cho, MD (PAMF)	\$35,100	\$0	\$2,316	\$54,350	At or Below 50th Percentile	New agreement effective 9/16
42	Electrophysiology - MV (Co-Medical Director)	Liem, L. Bing MD	\$35,100	\$27,729	\$5,557	\$54,350	At or Below 50th percentile	

**Medical Director FY17 Actual Spend (6 months) Compared to FY17 Budget and Prior Year Summary Report**

*Confidential: Attorney-Client Privilege*

*Sorted by Fair Market Value Percentile & Maximum Allowable Annual Compensation*

	Medical Directorship Program	Physician	Maximum Allowable Annual Compensation	PRIOR FY16 Actual	FY 2017 CURRENT YTD (6 months) July '16- Dec'16	FY 2017 Budget	Fair Market Value (based on max. allowable annual compensation)	Variance Explanation / Notes
43	Urology Services - LG (Co-Medical Director)	Lai, Frank MD	\$28,560	\$19,665	\$11,654	\$32,000	At or Below 50th percentile	
44	Wound Care Program - MV (Co-Medical Director)	Peter Schubart, MD	\$27,000	\$0	\$0	\$52,500	At or Below 50th percentile	New agreement effective 10/16
45	Wound Care Program - MV (Co-Medical Director)	Tej Singh, MD (PAMF)	\$27,000	\$0	\$0	\$52,500	At or Below 50th percentile	New agreement effective 1/17
46	Men's Health Services - LG (Co-Medical Director)	Wherry, Patrick MD	\$20,400	\$0	\$0	\$0	At or Below 50th percentile	Physician Time Reports not submitted
47	Men's Health Services - LG (Co-Medical Director)	Karpman, Edward MD	\$20,400	\$0	\$0	\$0	At or Below 50th percentile	Physician Time Reports not submitted
48	Pulmonary Rehabilitation - MV	Shetty, Mahesh MD	\$16,500	\$0	\$0	\$16,500	At or Below 50th percentile	Physician Time Reports not submitted
49	Critical Care Services - LG	Lai, Minhtruong MD	\$36,000	\$36,000	\$14,250	\$36,000	At or Below 25th percentile	
50	Urology Services - LG (Co-Medical Director)	King, David MD	\$28,560	\$2,652	\$2,635	\$0	At or Below 25th percentile	
51	NICU - LG	Venigalla, Sridevi MD	\$24,000	\$23,450	\$14,000	\$24,000	At or Below 25th Percentile	
52	Plastics & Breast Reconstruction Surgery - LG (Co-Medical Directors)	Liu Plastic Surgery	\$22,800	\$5,653	\$760	\$0	At or Below 25th percentile	Will terminate 3/17
53	Nephrology/Dialysis - MV	El Camino Renal Medical Group	\$12,480	\$0	\$0	\$5,830	At or Below 25th percentile	Physician Time Reports not submitted
	Neuro-Interventional & Neuro-Critical Care Program Enterprise	Wolfe, Thomas J. MD (PAMF)	\$110,464	\$0	\$33,979	\$110,464	<del>Over 90th Percentile</del>	termed 9/30/16
	After-School Program Interventions and Resiliency Education (ASPIRE) - MV	Bernal, Pilar MD	\$71,400	\$56,423	\$34,816	\$71,400	<del>Over the 75th Percentile and Below 90th percentile</del>	Agreement terminated 11/16
	Expenses paid in FY16 for terminated directorships			\$8,550				
			<b>\$4,516,826</b>	<b>\$3,355,881</b>	<b>\$1,732,871</b>	<b>\$4,359,243</b>		



**ED Call Panel**

**FY17 Actual (6 months) Compared to FY17 Budget and Prior Year Summary Report**

*Confidential - Attorney-Client Privilege*

*Sorted by Campus & Fair Market Value Percentile*

ED Call Panel Agreement	Contracted Current Rate	Maximum Allowable Annual Compensation	PRIOR Fiscal Year 2016 Actual	FY 2017 CURRENT YTD (6 months) July '16- Dec'16	FY 2017 Budget	Fair Market Value (based on per diem rate)	Variance Explanation / Notes
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*Mountain View Campus or Enterprise*

1	<b>Neuro Interventional &amp; Neuro Critical Care (PAMF) Enterprise</b>	\$1,500.00/day	\$547,500	\$391,500	\$115,500	\$547,500	<b>Over 90th percentile</b>	agreement termed 9/30/16
2	<b>Gastroenterology</b>	\$1000/day	\$365,000	\$0	\$61,000	\$0	<b>Over 90th percentile</b>	New panel effective 10/16
3	<b>Cardiac Rehabilitation</b>	\$160.00/8-hour shift (Mon-Fri)	\$41,600	\$36,800	\$20,480	\$40,000	<b>At 90th percentile</b>	
4	<b>General Surgery</b>	\$1500.00/day	\$547,500	\$538,500	\$274,500	\$547,500	<b>At 90th percentile</b>	
5	<b>Neurosurgery</b>	\$1,850.00/day	\$675,250	\$546,000	\$327,100	\$675,250	<b>Over the 75th percentile and below the 90th percentile</b>	
6	<b>Critical Care Unit (PAMF)</b>	\$1,750.00/day	\$638,750	\$675,500	\$320,250	\$638,750	<b>Over the 75th percentile and below the 90th percentile</b>	Previous fiscal year retro payment included in current fiscal year
7	<b>Bariatric Surgery (PAMF)</b>	\$400.00/day \$1,000/in person for unassigned patients	\$146,000	\$48,400	\$72,800	\$146,500	<b>Over the 75th percentile and below the 90th percentile</b>	
8	<b>Vascular Surgery - Enterprise</b>	\$900.00/day	\$328,500	\$328,500	\$164,700	\$328,500	<b>Over the 75th percentile and below the 90th percentile</b>	
9	<b>Urology</b>	\$700.00/day	\$255,500	\$177,100	\$128,100	\$255,500	<b>Over the 75th percentile and below the 90th percentile</b>	
10	<b>Orthopedic Surgery</b>	\$1200.00/day	\$438,000	\$333,040	\$172,660	\$335,800	At 75th percentile	
11	<b>Cardiology</b>	\$700.00/day	\$255,500	\$255,500	\$125,300	\$255,500	At 75th Percentile	
12	<b>Psychiatric Consultations Enterprise</b>	MV: \$400/day LG: additional \$400 when physician provides written consult in person	\$146,000	\$138,800	\$74,000	\$108,000	At 75th percentile	

**ED Call Panel**

**FY17 Actual (6 months) Compared to FY17 Budget and Prior Year Summary Report**

*Confidential - Attorney-Client Privilege*

*Sorted by Campus & Fair Market Value Percentile*

	<b>ED Call Panel Agreement</b>	<b>Contracted Current Rate</b>	<b>Maximum Allowable Annual Compensation</b>	<b>PRIOR Fiscal Year 2016 Actual</b>	<b>FY 2017 CURRENT YTD (6 months) July '16- Dec'16</b>	<b>FY 2017 Budget</b>	<b>Fair Market Value (based on per diem rate)</b>	<b>Variance Explanation / Notes</b>
13	<b>Cardiothoracic Surgery (PAMF)</b>	\$900.00/day	\$328,500	\$328,500	\$164,700	\$328,500	Below 75th Percentile	
14	<b>ENT &amp; Otolaryngology Surgery</b>	\$550.00/day	\$200,750	\$182,500	\$94,550	\$182,500	Below 75th Percentile	Per diem increase effective 10/1/16
15	<b>Hospitalists</b>	\$110,417/month	\$1,559,792	\$1,509,800	\$686,162	\$1,418,000	Below 75th Percentile	
16	<b>Interventional Radiology (PAMF)</b>	\$1,000.00/day	\$365,000	\$365,000	\$178,000	\$365,000	Below 75th Percentile	
17	<b>Interventional Stemi</b>	\$680.00/day	\$248,200	\$248,200	\$123,760	\$248,200	Below 75th Percentile	
18	<b>Neonatal Cardiology</b>	\$325.00/call	varies based on volume	\$35,955	\$9,159	\$39,000	Below 75th percentile	
19	<b>Gynecology</b>	\$600.00/day	\$219,000	\$244,065	\$109,800	\$219,375	Below 75th Percentile	
20	<b>Plastic Surgery</b>	\$800.00/day	\$292,000	\$273,750	\$139,200	\$273,750	Below 75th Percentile	Rate increase effective 11/1/16
21	<b>Stroke &amp; Neurology</b>	\$1,040.00/day	\$379,600	\$383,760	\$194,376	\$379,600	Below 75th Percentile	
22	<b>Pediatrics</b>	\$4,167.00/month	\$50,004	\$50,000	\$25,002	\$50,000	Below 50th Percentile	
23	<b>Unassigned Newborn Exam (for patients without pediatrician)</b>	\$100/day	\$36,500	\$0	\$1,400	\$0	FMV based on comparables	New Panel effective 11/16; unanticipated need
24	<b>Ophthalmology - Enterprise</b>	\$1,000.00/patient seen in person	varies based on volume	\$51,000	\$19,000	\$36,000	Below 25th Percentile	
		<b><i>MV Total</i></b>	<b><i>\$8,064,446</i></b>	<b><i>\$ 7,142,170</i></b>	<b><i>\$ 3,601,499</i></b>	<b><i>\$ 7,418,725</i></b>		

**ED Call Panel**

**FY17 Actual (6 months) Compared to FY17 Budget and Prior Year Summary Report**

*Confidential - Attorney-Client Privilege*

*Sorted by Campus & Fair Market Value Percentile*

ED Call Panel Agreement	Contracted Current Rate	Maximum Allowable Annual Compensation	PRIOR Fiscal Year 2016 Actual	FY 2017 CURRENT YTD (6 months) July '16- Dec'16	FY 2017 Budget	Fair Market Value (based on per diem rate)	Variance Explanation / Notes
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*Los Gatos Campus*

1	Urology	\$700.00/day	\$255,500	\$177,100	\$128,100	\$255,500	Over the 75th percentile and below the 90th percentile
2	Hospitalists (PAMF)	\$1,700.00/day	\$620,500	\$622,220	\$311,100	\$620,500	Over the 75th percentile and below the 90th percentile
3	Gastroenterology	\$625.00/day	\$228,125	\$225,000	\$108,750	\$228,125	Over the 75th percentile and below the 90th percentile
4	Cardiology	\$700.00/day	\$255,500	\$255,500	\$128,100	\$255,500	At 75th Percentile
5	ENT & Otolaryngology Surgery	\$1000.00/appearance \$3000,00/surgical procedure	varies based on volume	\$14,400	\$7,000	\$30,000	At 75th Percentile
6	Interventional Radiology	\$1,000.00/day	\$365,000	\$359,667	\$183,000	\$365,000	Below 75th Percentile
7	Stroke & Neurology	\$624.00/day	\$227,760	\$231,818	\$110,136	\$227,760	Below 75th Percentile
8	Critical Care Unit	\$1,200.00/day	\$438,000	\$425,550	\$226,965	\$438,000	At 50th percentile
9	General Surgery	\$900.00/day	\$328,500	\$330,400	\$158,400	\$328,500	At 50th percentile
10	Orthopedic Surgery	\$920.00/day	\$335,800	\$333,960	\$172,705	\$335,800	At 50th percentile
11	Neurosurgery	\$1,000.00/day	\$365,000	\$365,000	\$183,000	\$365,000	At 25th percentile
12	Level II NICU (Pediatrix)	\$24,000.00/year	\$24,000	\$23,030	\$7,430	\$13,714	Below 25th Percentile
		<b>LG Total</b>	<b>\$3,443,685</b>	<b>\$3,363,645</b>	<b>\$1,724,686</b>	<b>\$3,463,399</b>	
		<b>Enterprise Total</b>	<b>\$11,508,131</b>	<b>\$10,505,815</b>	<b>\$5,326,185</b>	<b>\$10,882,124</b>	

**Consulting and Management Services and Professional Services  
FY17 Actual (6 months) Compared to FY17 Budget and Prior Year Summary Report**

*Confidential - Attorney-Client Privilege*

*Sorted by FY17 Actual Spend*

Agreements	PRIOR FY2016 Actual	FY 2017 CURRENT YTD (6 months) July '16- Dec'16	FY 2017 Budget	Variance Explanation / Notes
<b>Professional Clinical Services Agreements</b>				
<b>OB Laborist Services - MV &amp; LG</b>				
1 OBHGManagement Services	\$3,106,542	\$1,557,960	\$3,115,920	
<b>Lithotripsy - per click</b>				
2 Urological Surgeons of Northern Ca	\$1,573,050	\$800,995	\$1,648,467	
<b>Radiology Services - MV &amp; LG</b>				
3 Silicon Valley Diagnostic Imaging	\$395,680	\$554,628	\$730,000	
<b>Maternal Fetal Services (PDC) - MV</b>				
4 LPCH	\$1,032,354	\$435,330	\$959,809	
<b>Electronic ICU (eICU) - MV</b>				
5 Sutter West	\$722,928	\$364,464	\$580,000	
<b>Cancer Center Clinic - MV</b>				
6 University Healthcare Alliance	\$507,727	\$294,674	\$1,550,000	
<b>Senior Center &amp; Community Clinic</b>				
7 Silicon Valley Primary Care, PDC	\$897,995	\$285,668	\$405,000	
<b>EKG Reading Panel - LG &amp; MV</b>				
8 Several physicians	\$397,238	\$195,340	\$360,000	
<b>Telepsych Services</b>				
9 Specialists On-Call	\$193,560	\$76,248	\$108,000	
<b>High Risk Infant (HRIF) Clinic</b>				
10 LPCH	\$96,800	\$76,000	\$72,000	
<b>Lithotripsy - Employee</b>				
11 Urological Surgeons of Northern Ca	\$194,079	\$49,195	\$196,776	
<b>El Camino Counseling Services - Psych - MV</b>				
12 Several physicians	\$136,200	\$48,345	\$45,000	
<b>Behavioral Health Health &amp; Physicals - MV</b>				
13 Several physicians	\$71,175	\$37,200	\$51,750	
<b>Neuromonitoring Services MV &amp; LG</b>				
14 William Martin, MD	\$57,750	\$36,000	\$70,000	

**Consulting and Management Services and Professional Services  
FY17 Actual (6 months) Compared to FY17 Budget and Prior Year Summary Report**

*Confidential - Attorney-Client Privilege*

*Sorted by FY17 Actual Spend*

	<b>PRIOR FY2016 Actual</b>	<b>FY 2017 CURRENT YTD (6 months) July '16- Dec'16</b>	<b>FY 2017 Budget</b>	<b>Variance Explanation / Notes</b>
<b>Agreements</b>				
<b>Gastroenterology Services</b>				
15 Andrew Roorda, MD	\$65,434	\$35,267	\$30,000	
<b>Anatomic Pathology &amp; Laboratory Services</b>				
16 El Camino Pathology Medical Group	\$78,828	\$32,210	\$65,000	
<b>ROP Screening Service for Newborns</b>				
17 LPCH	\$44,000	\$22,500	\$35,000	
<b>Gastroenterology Services</b>				
18 George Triadafilopoulos, MD	\$32,694	\$21,739	\$20,000	
<b>Pulmonary Reading Panel - MV &amp; LG</b>				
19 several physicians	\$19,490	\$12,231	\$20,000	
<b>Medical Review Officer for drug testing evaluations</b>				
20 The Newman Medical Group	\$15,000	\$7,500	\$0	
<b>Nuclear Med Radiology/Cardiology Reading Panel</b>				
21 MV & LG several physicians	\$11,275	\$5,019	\$10,000	
<b>Infant Hearing Screening Services</b>				
22 Pediatrix	\$900	\$2,610	\$0	
<b>EEG Reading Panel - MV</b>				
23 several physicians	\$2,807	\$936	\$2,500	
<b>Fitness for Duty Evaluations for Employee Health Svcs</b>				
24 Alliance Occupational Medical	\$1,845	\$0	\$0	
<b>Professional Clinical Services Subtotal</b>	<b>\$9,655,351</b>	<b>\$4,952,059</b>	<b>\$10,075,222</b>	

**Consulting and Management Services**

<b>Palliative Care Consulting Agreement</b>				
1 Pathways Hospice	\$0	\$40,950	\$0	New contract effective 4/16
<b>Interventional Pulmonology Fellowship Program</b>				
2 Ganesh Krishna, MD (PAMF)	\$68,925	\$36,030	\$0	

**Consulting and Management Services and Professional Services  
FY17 Actual (6 months) Compared to FY17 Budget and Prior Year Summary Report**

*Confidential - Attorney-Client Privilege*

*Sorted by FY17 Actual Spend*

	<b>PRIOR FY2016 Actual</b>	<b>FY 2017 CURRENT YTD (6 months) July '16- Dec'16</b>	<b>FY 2017 Budget</b>	<b>Variance Explanation / Notes</b>
<b>Agreements</b>				
3 <b>EPIC iCare Improvement - MV &amp; LG</b>				
Several physicians	\$956,729	\$18,720	\$0	
4 <b>NICU Quality Projects - MV</b>				
LPCH	\$0	\$15,500	\$0	New contract effective 9/16
5 <b>Interim CMO Consulting Agreements - MV &amp; LG</b>				
Several Physicians	\$36,040	\$6,600	\$17,190	contracts terminated
6 <b>BPCI - MV &amp; LG</b>				
Several physicians	\$32,925	\$5,438	\$5,000	
7 <b>QA/UM Case Review - MV &amp; LG</b>				
(PAMF)+B44	\$58,077	\$4,320	\$38,400	
8 <b>Employee Health Services -MV &amp; LG</b>				
California Emergency Physicians	\$6,360	\$1,060	\$6,360	
9 <b>Orthopedic Co-Management Agreement</b>				
Orthopedic Management Associates - MV & LG	\$202,899	\$0	\$290,536	Group stopped invoicing as of 11/15 and subsequently terminated agreement
10 <b>Cancer Center Accreditation Support - MV</b>				
Joshua Sickel, MD	\$6,800	\$0	\$0	
11 <b>Employer Based Sleep Program - MV &amp; LG</b>				
Tony Masri, MD	\$6,600	\$0	\$60,000	terminated 10/16
12 <b>Comprehensive Spine Program - MV &amp; LG</b>				
Thomas Kula, MD	\$0	\$0	\$51,000	
13 <b>ECT Committee Meetings Attendance - MV</b>				
2 physicians	\$1,050	\$0	\$1,100	received no invoices
<b>Consulting and Management Services Subtotal</b>	<b>\$1,376,405</b>	<b>\$128,618</b>	<b>\$469,586</b>	
<b>Professional Clinical Services/Consulting and Management Services Grand Total</b>	<b>\$11,031,756</b>	<b>\$5,080,677</b>	<b>\$10,544,808</b>	

**Minutes of the Closed Session of the Finance Committee**  
**Monday, March 27, 2017**  
**El Camino Hospital | Conference Rooms A&B (ground floor)**  
**2500 Grant Road, Mountain View, CA 94040**

**Members Present**

**Joseph Chow**  
**Boyd Faust** (via teleconference)  
**William Hobbs**  
**Richard Juelis**  
**John Zoglin**

**Members Absent**

**Dennis Chiu, Chair**

**Others Present**

**Don Sibery**, Interim CEO  
**Iftikhar Hussain**, CFO  
**Mick Zdeblick**, COO  
**Will Faber, MD**, CMO  
**Joan Kezic**, VP, Payor Relations  
**Jeff Gruer**, Executive Director, Business Development  
**Stephanie Iljin**, Executive Assistant

Agenda Item	Comments/Discussion	Approvals/Action
<b>1. CALL TO ORDER</b>	The closed session meeting of the Finance Committee (the “Committee”) was called to order at 6:37 pm. A verbal roll call was taken. Mr. Boyd Faust participated via teleconference. Chair Dennis Chiu was absent. All other Committee members were present.	
<b>2. POTENTIAL CONFLICTS OF INTEREST</b>	Mr. Zoglin asked if any of the Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
<b>3. AGENDA ITEM 12: CONSENT CALENDAR</b>	<p>Mr. Zoglin asked if any member of the Committee wished to remove an item from the consent calendar. No items were removed.</p> <p><b>Motion:</b> To approve the Consent Calendar: Minutes of the Closed Session of the Finance Committee Minutes (January 30, 2017).</p> <p><b>Movant:</b> Chow  <b>Second:</b> Hobbs  <b>Ayes:</b> Chow, Faust, Hobbs, Juelis, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chiu  <b>Recused:</b> None</p>	<i>Consent Calendar was approved.</i>
<b>4. AGENDA ITEM 13: PHYSICIAN CONTRACTS</b>	<p>William Faber, MD, CMO reported on the following contracts to the Committee:</p> <p style="padding-left: 40px;"><b>a. SVPMG Physician Recruitment – Medical Oncologist</b></p> <p>In December 2016, Valley Medical Oncology (VMOC) was acquired by University Healthcare Alliance (UHA), a Stanford-affiliated medical group. This affects ECH’s Oncology Service Line because our two oncologists are now part of UHA/Stanford. Although few changes were made to the Professional Services Agreement with UHA at the time of acquisition, the PSA is expiring May 31, 2017 and UHA has indicated its intent to renegotiate the PSA. ECH must safeguard the care of our oncology patients by maintaining service continuity and engaging a medical oncologist through SVPMG, an ECH affiliated medical group. More importantly, the Cancer Center volume continues to grow demonstrating an increased community need for medical oncology services. It has become an overwhelming burden for our physicians to carry such a heavy caseload. Dr. Faber further reported that we</p>	

	<p>anticipate this growth to continue. In order to provide access to excellent care for oncology patients in the ECH community, Dr. Faber recommended that we contract with another oncologist. This is in keeping with the oncology strategic plan.</p> <p><b>b. General Surgery ED Call Panel (MV)</b></p> <p>Dr. Faber reported that the Hospital has for many years maintained a panel of general surgeons at the Mountain View Campus that respond when needed for emergency evaluations and surgical interventions for patients in the emergency department and inpatient services. On June 10, 2015, the ECH Board of Directors approved an increase to the General Surgery Call Panel rate from \$1100/day to \$1500/day, and 2-year renewal contracts were entered into with the increased rate. The majority of the General Surgery Call Panel Agreements expire 6/30/17. Dr. Faber requested that the Finance Committee recommend that the Board of Directors approve the execution of renewals of the General Surgery On-Call Panel agreements for the Mountain View Campus at the same per diem rate for a 2 year period.</p> <p><b>c. Medical Director, Quality &amp; Physician Services</b></p> <p>Dr. Shin, a PAMF physician, has been serving as the Medical Director for Quality and Physician Services since July 2015, with a term extending through June 30, 2017. The agreement is due for renewal on July 1, 2017. Dr. Shin has made significant contributions to quality and physician services efforts. Dr. Shin works up to approximately a .8 FTE time of one hundred thirty hours each month for the following activities: quality assurance matters, transitions in care, clinical documentation, medical informatics, utilization management, communications with medical staff, antibiotic stewardship program, clinical quality improvements, and chief medical information officer activities. Dr. Faber requested that the Finance Committee recommend that the Board of Directors approve the execution of the renewal of the Medical Director, Quality &amp; Physician Services agreement at the same compensation for a 2 year period.</p> <p><b>d. FY17 Physician Expenses Mid-Year Summary</b></p> <p>Materials were submitted in the packet for informational purposes only and not discussed during the Committee meeting.</p>	
<p><b>5. AGENDA ITEM 14: MEDICAL STAFF DEVELOPMENT PLAN</b></p>	<p>William Faber, MD, CMO, presented the Medical Staff Development Plan as further detailed in the packet to the Committee. Dr. Faber explained that ECG was engaged by ECH to assist in the creation of a medical staff development plan based on the healthcare needs of our medical service area. The submitted plan included both an analysis of ECH's service area and specific recommendations regarding appropriate staffing levels in a variety of medical specialties. The intent is to serve as a guide for strategic staff planning for ECH and contribute to its effort to document community need for physicians, as is required by federal physician recruiting regulations. The development plan included an analysis of key medical specialties within ECH and in its service area, as well as ECG's recruitment recommendations and strategies by specialty for primary care and specialty services. Dr. Faber reviewed current physician need by specialty (80), growth physician need by specialty in the next 3 years (80), and succession risk by specialty in the next 3 years (217). He advised that it would be appropriate to recruit for both current and growth needs.</p>	



	Dr. Faber asked for the Committee for feedback and questions and a brief discussion ensued.	
<b>6. AGENDA ITEM 15: FY18 BUDGET STATUS</b>	<p>Iftikhar Hussain, CFO, updated the Committee on the status of FY18 Operating and Capital Budget planning as further detailed in the packet. Mr. Hussain reviewed our proposed Mission, Vision, and Values as well as our Long Range Financial Targets and Historical Trends and Local Benchmarks. He further detailed the summary of challenges in the FY18 Budget to include: external challenges of competitive market, limited volume growth, modest reimbursement increase from commercial payers with no increase from Medicare and Medi-Cal, and an upward trend in Medicare volume. Internal challenges include: Cost per Adjusted Discharge is positioned in the middle in the local market but the cost for many competitors are lower than ECH, higher Medicare population in the inpatient services with longer length of stay, higher acuity which demands a lot more resources resulting in an increase of the inpatient margin loss, and upward trend in FTEs despite a very small increase in volume. Mr. Hussain reported on FY2018 Preliminary Operating Budget Summary, Overview, Assumptions, anticipated changes in FY 18, Volume Growth, Volume and Budget Assumptions, and Capital Budget Planning. He further noted current initiatives to include: High Performance Organization (HPO) Initiatives to lower cost and improvement reimbursement through CDI, ALOS Trend and Benchmarks, and Sepsis ALOS Initiative.</p> <p>Mr. Hussain noted that we are currently \$14 million behind budget target and that the final FY18 budget will be presented at next joint meeting with the Board and a brief discussion ensued. Mr. Hobbs expressed concern about the 5% increase in wages but noted that this was still work in progress.</p>	<i>None</i>
<b>7. AGENDA ITEM 16: PAYOR UPDATE</b>	<p>Joan Kezic, VP of Payor Relations, reviewed the payor update with the Finance Committee members as further detailed in the packet. She highlighted the payor mix, narrow networks, and centers of excellence. In regards to payor mix, Ms. Kezic reported on the net revenue versus gross revenue, commercial mix by type of plan, commercial payors rate benchmarks using 2016 OSHPD data, Medicare mix, and Medi-Cal plans. Ms. Kezic submitted an article for informational purposes that was not discussed in the meeting.</p> <p>Ms. Kezic asked the Committee for feedback or questions and a brief discussion ensued.</p>	<i>None</i>
<b>8. AGENDA ITEM 17: ADJOURN TO OPEN SESSION</b>	<p><b>Motion:</b> To adjourn to open session 7:36pm.</p> <p><b>Movant:</b> Hobbs  <b>Second:</b> Juelis  <b>Ayes:</b> Chow, Faust, Hobbs, Juelis, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chiu  <b>Recused:</b> None</p>	<i>Adjourned to open session at 7:36pm.</i>

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

\_\_\_\_\_  
 Dennis Chiu, JD  
 Chair, Finance Committee



2500 Grant Road  
Mountain View, CA 94040-4378  
Phone: 650-940-7000  
[www.elcaminohospital.org](http://www.elcaminohospital.org)

May 30, 2017

To: El Camino Hospital Finance Committee

From: Iftikhar Hussain, CFO

Subject: **Service Line Data Resolution Update**

## Background

At the January Finance Committee meeting, we reported that there were some data issues related to loading EPIC data into EPSI, our decision support system. This memo provides an update.

## Update

### Resolved:

1. Data from EPIC into EPSI is loaded and audited.
2. Updated inpatient service line criteria.
3. Updated cost allocation methodology.
4. Refined net revenue estimates based on JDA, our contract management system.

### Open:

Update OP services line assignments to more closely match smart growth. This will be completed by September 30, 2017.

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**ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET**

<b>Item:</b>	Renewal of Medical Review Officer Professional Services Agreement  Finance Committee  May 30, 2017
<b>Responsible party:</b>	Kathryn Fisk, Chief Human Resources Officer
<b>Action requested:</b>	Review/Recommendation for Board Approval
<b>Background:</b>	<p>Dr. Newman has been providing services as Medical Review Officer for drug testing evaluations including employment and pre-employment evaluations and clearances for the Hospital since the last renewal of his agreement in July 2014 at the rate of \$1,250.00 per month. This rate had been in place prior to that renewal, and has not been adjusted despite an increase in the volume of work. Dr. Newman is requesting an increase to \$2,000.00 per month effective upon the renewal of this agreement on July 1, 2017. Dr. Newman has been a valued partner for many years collaborating with Employee Wellness &amp; Services to ensure regulatory compliance and provide guidance and counsel regarding sensitive employee situations with compassion, integrity and competence.</p>
<b>Other Board Advisory Committees that reviewed the issue and recommendation, if any:</b>	None.
<b>Summary and session objectives:</b>	<p>It is requested that the Finance Committee recommend that the Board of Directors approve delegating to the CEO the authority to execute the two-year renewal of the Medical Review Officer Professional Services Agreement with an increase monthly rate of \$2,000.00, which is a greater than 10% increase.</p>
<b>Suggested discussion questions:</b>	None.
<b>Proposed Committee motion, if any:</b>	<p>To recommend that the Board to approve delegating to the CEO the authority to execute a two-year renewal of the Medical Review Officer Professional Services Agreement. Compensation will be constrained to fair market value limits at a not to exceed amount of \$2,000.00 per month.</p>
<b>LIST OF ATTACHMENTS:</b>	<ol style="list-style-type: none"><li>1. 10-Step</li></ol>

May 30, 2017

To: El Camino Hospital Finance Committee

From: Kathryn Fisk, Chief Human Resources Officer

Subject: **Renewal of Medical Review Officer Professional Services Agreement**

1. **Recommendation:** We request that the Finance Committee recommend that the Board of Directors approve delegating to the CEO the authority to execute a two-year renewal of the Medical Review Officer Professional Services Agreement with Walter Newman, MD to continue to provide Hospital with drug testing evaluations including employee and pre-employment evaluations and clearances.
2. **Problem/Opportunity Definition:** Dr. Newman has been providing services as Medical Review Officer for drug testing evaluations including employment and pre-employment evaluations and clearances for the Hospital since the last renewal of his agreement July 2014 at the rate of \$1,250.00 per month. This rate had been in place prior to that renewal as well and has not been adjusted despite an increase in the volume of work. Dr. Newman is requesting an increase to \$2,000.00 per month effective upon the renewal of this agreement on July 1, 2017. Dr. Newman has been a valued partner for many years collaborating with Employee Wellness & Services to ensure regulatory compliance and provide guidance and counsel regarding sensitive employee situations with compassion, integrity and competence.
3. **Authority:** According to Administrative Policies and Procedures 51.00, Finance Committee review and Board approval is required prior to CEO signature for all physician agreements with a greater than 10% increase in compensation.
4. **Process Description:** Upon Board approval, a two-year renewal with an increased rate of \$2,000.00 per month will be entered into effective July 1, 2017.
5. **Alternative Solution which Includes Cost Benefit/SWOT Analysis:** An alternative solution is not being considered at this time.
6. **Concurrence for Recommendation:** Approval of this recommendation is supported by the Director, Talent Development/ Employee Wellness and Health Services.
7. **Outcome Measures and Deadlines:** The services to be provided include: medical review of urine and blood drug tests, interpretation of drug screen results, subject matter expertise on employer substance abuse policy, communication with employees and potential employees, as needed, regarding results, coordination with EWHS, and CONCERN:EAP regarding fitness for duty/substance abuse policy. Expectation of response is within one business day for consultation on situations related to drug use in the workplace. Upon Board approval, the effective date of the new agreement will be July 1, 2017.
8. **Legal Review:** Legal counsel will review the final amendment prior to execution.

9. **Compliance Review:** Compliance will review and approve the final amendment and compensation prior to execution.
10. **Financial Review:** Compensation will be constrained to fair market value limits at a not to exceed amount of \$2,000.00 per month.

**CONFIDENTIAL**

**ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET**

<b>Item:</b>	Renewal Medical Director Agreement for Utilization & Resource Management – Mountain View Campus  Finance Committee  May 30, 2017
<b>Responsible party:</b>	William Faber, MD, Chief Medical Officer
<b>Action requested:</b>	Review/Recommendation for Board Approval
<b>Background:</b>	<p>The Hospital has been in contract with PAMF since December 2015 to provide administrative services by Michelle Pezzani, MD for the Co-Medical Director oversight of Utilization and Resource Management at the Mountain View campus. Dr. Pezzani shared the medical director oversight with Team Health physician, Sanjay Agarwal, MD who resigned April 2017. Dr. Agarwal will not be replaced as Co-Medical Director and Dr. Pezzani will be the sole medical director.</p> <p>Dr. Pezzani has been instrumental in reducing length of stay, developing clinical variation reduction guidelines and developing and implementing the ECH Utilization Review Plan. Utilization Management is vital to controlling ECH’s significant Medicare losses and ensuring that ECH patients receive appropriate care.</p>
<b>Other Board Advisory Committees that reviewed the issue and recommendation, if any:</b>	None.
<b>Summary and session objectives:</b>	<p>It is requested that the Finance Committee recommend that the Board of Directors approve delegating to the CEO the authority to execute the renewal of the Medical Director, Utilization Management with the same compensation.</p>
<b>Suggested discussion questions:</b>	None.
<b>Proposed Committee motion, if any:</b>	<p>To recommend that the Board to approve delegating to the CEO the authority to execute the two-year renewal of the Medical Director, Utilization Management. Compensation will be constrained to \$200.00 per hour and \$200,000.00 per year. According to the 2017 MD Ranger National Utilization Management report, the hourly rate is at the 90<sup>th</sup> percentile, and the annual compensation exceeds the 90<sup>th</sup> percentile for fair market value. We are not requesting an increase in either dollars or hours.</p>
<b>LIST OF ATTACHMENTS:</b>	<ol style="list-style-type: none"><li>1. 10-Step</li></ol>

May 30, 2017

To: El Camino Hospital Finance Committee

From: William Faber, MD, Chief Medical Officer

Subject: **Renewal Medical Director Agreement for Utilization & Resource Management – Mountain View Campus**

1. **Recommendation:** We request that the Finance Committee recommend that the Board of Directors approve delegating to the CEO the authority to execute a two-year renewal to the Utilization and Resource Management Medical Director agreement with Palo Alto Medical Foundation (PAMF) to provide Hospital with the administrative services of Michelle Pezzani, MD.
2. **Problem/Opportunity Definition:** The Hospital has been in contract with PAMF since December 2015 to provide administrative services by Michelle Pezzani, MD for the Co-Medical Director oversight of Utilization and Resource Management at the Mountain View campus. Dr. Pezzani shared the medical director oversight with Team Health physician, Sanjay Agarwal, MD who resigned April 2017. Dr. Agarwal will not be replaced as Co-Medical Director and Dr. Pezzani will be the sole medical director.  
  
Dr. Pezzani has been instrumental in reducing length of stay, developing clinical variation reduction guidelines and developing and implementing the ECH Utilization Review Plan. Utilization Management is vital to controlling ECH's significant Medicare losses and ensuring that ECH patients receive appropriate care.
3. **Authority:** According to Administrative Policies and Procedures 51.00, Finance Committee review and Board approval is required prior to CEO signature for all physician agreements with compensation that exceeds the 75th percentile for fair market value.
4. **Process Description:** Upon Board approval, a two-year renewal with the same terms will be entered into effective July 1, 2017.
5. **Alternative Solution Which Includes Cost Benefit/SWOT Analysis:** An alternative solution is not being considered at this time.
6. **Concurrence for Recommendation:** Approval of this recommendation is supported by the Chief Operating Officer, Chief Nursing Officer, and Director, Care Coordination.
7. **Outcome Measures and Deadlines:** Current goals run through June 30, 2017 and FY18 goals will be developed effective July 1, 2017.
8. **Legal Review:** Legal counsel will review the final Agreement prior to execution.
9. **Compliance Review:** Compliance will review and approve the proposed Agreement and compensation prior to execution.

10. **Financial Review:** Compensation will be constrained to \$200.00 per hour and \$200,000.00 per year. According to the 2017 MD Ranger National Utilization Management report, the hourly rate is at the 90th percentile, and the annual compensation exceeds the 90th percentile for fair market value. We are not requesting an increase in either dollars or hours.



**CONFIDENTIAL**

**ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET**

<b>Item:</b>	Renewal Medical Director Agreement for Interventional Pulmonology Program – Mountain View Campus  Finance Committee  May 30, 2017
<b>Responsible party:</b>	William Faber, MD, Chief Medical Officer
<b>Action requested:</b>	Review/Recommendation for Board Approval
<b>Background:</b>	<p>The Hospital has been in contract with PAMF since August 2015 to provide administrative services by Ganesh Krishna, MD for the medical director oversight of the Interventional Pulmonology Program at the Mountain View campus. Dr. Krishna has been instrumental in creating this nationally recognized center of excellence that has advanced clinical solutions for the substantial burden of lung disease in this community and draws patients from throughout the region.</p> <p>Dr. Krishna is performing research studies that are in alignment with advancing Interventional Pulmonary Medicine. He provides oversight and training to the Interventional Pulmonary Medicine core team of respiratory therapists. He is also instrumental in growing the program to include procedures at the Los Gatos campus. Dr. Krishna has contributed to the recruitment of another PAMF Interventional Pulmonary attending physician who will also help grow services to provide the latest interventions in lung cancer and lung diseases.</p>
<b>Other Board Advisory Committees that reviewed the issue and recommendation, if any:</b>	None.
<b>Summary and session objectives:</b>	It is requested that the Finance Committee recommend that the Board of Directors approve delegating to the CEO the authority to execute the renewal of the Medical Director, Interventional Pulmonology Program with the same compensation.
<b>Suggested discussion questions:</b>	None.
<b>Proposed Committee motion, if any:</b>	To recommend that the Board approve delegating to the CEO the authority to execute the two-year renewal of the Medical Director, Interventional Pulmonology Program. Compensation will be constrained to a not to exceed \$200.00 per hour, 40 hours per month, and \$96,000.00 per year. MD Ranger does not have any other Interventional Pulmonology Medical Director Agreements in their database. According to the 2017 MD Ranger Bay Area Pulmonary/ Respiratory report, the hourly rate is at the 75 <sup>th</sup> percentile the total annual hours is at the 90 <sup>th</sup> percentile and the annual compensation exceeds the 90 <sup>th</sup> percentile for fair market value. We are not requesting an increase in either dollars or hours.
<b>LIST OF ATTACHMENTS:</b>	<ol style="list-style-type: none"><li>1. 10-Step</li></ol>

May 30, 2017

To: El Camino Hospital Finance Committee

From: William Faber, MD, Chief Medical Officer

Subject: **Renewal Medical Director Agreement for Interventional Pulmonology Program – Mountain View Campus**

- 1. Recommendation:** We request that the Finance Committee recommend that the Board of Directors approve delegating to the CEO the authority to execute a two-year renewal to the Interventional Pulmonology Program Medical Director agreement with Palo Alto Medical Foundation (PAMF) to provide Hospital with the administrative services of Ganesh Krishna, MD.
- 2. Problem/Opportunity Definition:** The Hospital has been in contract with PAMF since August 2015 to provide administrative services by Ganesh Krishna, MD for the medical director oversight of the Interventional Pulmonology Program at the Mountain View campus. Dr. Krishna has been instrumental in creating this nationally recognized center of excellence that has advanced clinical solutions for the substantial burden of lung disease in this community and draws patients from throughout the region.  
  
Dr. Krishna is performing research studies that are in alignment with advancing Interventional Pulmonary Medicine. He provides oversight and training to the Interventional Pulmonary Medicine core team of respiratory therapists. He is also instrumental in growing the program to include procedures at the Los Gatos campus.  
  
Dr. Krishna has contributed to the recruitment of another PAMF Interventional Pulmonary attending physician who will also help grow services to provide the latest interventions in lung cancer and lung diseases.
- 3. Authority:** According to Administrative Policies and Procedures 51.00, Finance Committee review and Board approval is required prior to CEO signature for all physician agreements with compensation that exceeds the 75th percentile for fair market value.
- 4. Process Description:** Upon Board approval, a two-year renewal with same terms will be entered into effective July 1, 2017.
- 5. Alternative Solution which Includes Cost Benefit/SWOT Analysis:** An alternative solution is not being considered at this time.
- 6. Concurrence for Recommendation:** Approval of this recommendation is supported by the Chief Operating Officer, Chief Nursing Officer, and Director, Respiratory Care Services.
- 7. Outcome Measures and Deadlines:** Current goals run through June 30, 2017 and FY18 goals will be developed effective July 1, 2017.

8. **Legal Review:** Legal counsel will review the final Agreement prior to execution.
9. **Compliance Review:** Compliance will review and approve the proposed Agreement and compensation prior to execution.
10. **Financial Review:** Compensation will be constrained to a not to exceed \$200.00 per hour, 40 hours per month, and \$96,000.00 per year. MD Ranger does not have any other Interventional Pulmonology Medical Director Agreements in their database. According to the 2017 MD Ranger Bay Area Pulmonary/Respiratory report, the hourly rate is at the 75th percentile the total annual hours is at the 90th percentile and the annual compensation exceeds the 90th percentile for fair market value. We are not requesting an increase in either dollars or hours.



**PROPOSED**  
**FY18 FINANCE COMMITTEE 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 member of this Committee.*

	<b>Goals</b>	<b>Planned Timeline</b> <small>(Timeframe applies to when the Board approves the recommended action from the Committee, if applicable)</small>	<b>Metrics</b>
1	Review results of High Performance Organization (HPO) Plan	Q3 and Q4	Progress of HPO Initiatives
2	Review major capital projects in progress	Q3	Update on major capital projects in progress
3	Education Topic: Ambulatory Care Business Model	Q1	Presentation at the August Committee meeting
4	EPIC Implementation Review	Q2	Presentation at the November Committee meeting

Submitted by:

**Dennis Chiu** - Chair, Finance Committee

**Iftikhar Hussain** - Executive Sponsor, Finance Committee

**Finance Committee**

Updated May 18, 2017

<b>FY18 FC Pacing Plan – Q1</b>		
<b>July 31, 2017</b>	<b>August 2017</b>	<b>September 25, 2017</b>
<ul style="list-style-type: none"> <li>- Meeting Minutes (May 2017), any policies</li> <li>- Financial Report (FY17 Period 11, 12)</li> <li>- Physician Contracts</li> <li>- Capital Funding Requests</li> <li>- Review Major Capital Projects in progress</li> <li>- Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions</li>   <li>- Education Topic: Ambulatory Care Business Model (presentation)</li> <li>- Year-End Financial Report</li> <li>- Medical Staff Development Plan</li> </ul>	<p><i>No scheduled meeting</i></p>	<ul style="list-style-type: none"> <li>- Meeting Minutes (July 2017), any policies</li> <li>- Financial Report (FY18 Period 1, 2)</li> <li>- Physician Contracts</li> <li>- Capital Funding Requests</li> <li>- Review Major Capital Projects in progress</li> <li>- Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions</li>   <li>- Payor Update</li> <li>- Summary of Physician Financial Arrangements (Year-End)</li> <li>- Service Line Review</li> </ul>
<b>FY18 FC Pacing Plan – Q2</b>		
<b>October 2017</b>	<b>November 27, 2017</b>	<b>December 2017</b>
<p><i>No scheduled meeting</i></p>	<ul style="list-style-type: none"> <li>- Meeting Minutes (September 2017), any policies</li> <li>- Financial Report (FY18 Period 3,4)</li> <li>- Physician Contracts</li> <li>- Capital Funding Requests</li> <li>- Review Major Capital Projects in progress</li> <li>- Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions</li>   <li>- Long-Term Financial Forecast</li> <li>- Epic Implementation Review (presentation)</li> </ul>	<p><i>No scheduled meeting</i></p>

**Finance Committee**  
**Updated May 18, 2017**

<b>FY18 FC Pacing Plan – Q3</b>		
<b>January 29, 2018</b>	<b>February 2018</b>	<b>March 26, 2018</b>
<p><b>**Joint Meeting with the Investment Committee</b></p> <ul style="list-style-type: none"> <li>- Meeting Minutes (November 2017), any policies</li> <li>- Financial Report (FY18 Period 5,6)</li> <li>- Physician Contracts</li> <li>- Capital Funding Requests</li> <li>- Review Major Capital Projects in progress</li> <li>- Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions</li>   <li>- HPO Plan Review</li> <li>- Service Line Review</li> </ul>	<p><i>No scheduled meeting</i></p>	<ul style="list-style-type: none"> <li>- Meeting Minutes (January 2018), any policies</li> <li>- Financial Report (FY18 Period 7,8)</li> <li>- Physician Contracts</li> <li>- Capital Funding Requests</li> <li>- Review Major Capital Projects in progress</li> <li>- Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions</li>   <li>- Preview FY19 Budget</li> <li>- Discuss and recommend FY19 Committee Goals</li> <li>- Discuss FY19 Committee Dates</li> <li>- Payor Update</li> <li>- Summary of Physician Financial Arrangements (Mid-Year)</li> </ul>
<b>FY18 FC Pacing Plan – Q4</b>		
<b>April 2018</b>	<b>May 29, 2019</b>	<b>June 2018</b>
<p><i>No scheduled meeting</i></p>	<p><b>**Joint Meeting with the Hospital Board on the Operating &amp; Capital Budget</b></p> <ul style="list-style-type: none"> <li>- Meeting Minutes (March 2018), any policies</li> <li>- Financial Report (FY18 Period 9,10)</li> <li>- Physician Contracts</li> <li>- Capital Funding Requests</li> <li>- Review Major Capital Projects in progress</li> <li>- Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions</li>   <li>- HPO Plan review</li> <li>- Review Major Capital Projects in progress</li> <li>- Review and recommend FY19 Budget</li> <li>- Review and recommend FY19 Organizational Goals</li> <li>- Review Self-Assessment Results (FY18, FY20) <i>every two years</i></li> </ul>	<p><i>No scheduled meeting</i></p>