

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

**Monday, November 27, 2017 – 5:30 pm**

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

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

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>1. CALL TO ORDER / ROLL CALL</b>	John Zoglin, Chair		<b>5:30 – 5:32pm</b>
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	John Zoglin, Chair		<b>5:32 – 5:33</b>
<b>3. PUBLIC COMMUNICATION</b> a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed 3 minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	John Zoglin, Chair		<b>information</b> <b>5:33 – 5:36</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 (September 25, 2017)</a> b. <a href="#">FY18 Period 3 Financials</a> <b>Information</b> c. <a href="#">Progress Against Goals</a> d. <a href="#">Article of Interest</a>	John Zoglin, Chair	<i>public comment</i>	<b>motion required</b> <b>5:36 – 5:38</b>
<b>5. REPORT ON BOARD ACTIONS</b> <a href="#">ATTACHMENT 5</a>	John Zoglin, Chair		<b>information</b> <b>5:38 – 5:43</b>
<b>6. FY18 PERIOD 4 FINANCIALS</b> <a href="#">ATTACHMENT 6</a>	Iftikhar Hussain, CFO	<i>public comment</i>	<b>motion required</b> <b>5:43 – 5:58</b>
<b>7. PROPOSED SUMMARY FINANCIAL REPORT TO THE BOARD</b> <a href="#">ATTACHMENT 7</a>	Iftikhar Hussain, CFO		<b>information</b> <b>5:58 – 6:03</b>
<b>8. REVIEW MAJOR CAPITAL PROJECTS IN PROGRESS</b> <a href="#">ATTACHMENT 8</a>	Ken King, CSO		<b>information</b> <b>6:03 – 6:23</b>
<b>9. QUARTERLY REPORT: RETURN ON INVESTMENT FOR THE LOS GATOS CAPITAL SPENDING</b> <a href="#">ATTACHMENT 9</a>	Iftikhar Hussain, CFO		<b>information</b> <b>6:23 – 6:38</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. SERVICE LINE: ONCOLOGY</b> <a href="#">ATTACHMENT 10</a>	Markettea Beneke, Sr. Director, Oncology Service Line		<b>information</b> <b>6:38 – 7:08</b>
<b>11. ADJOURN TO CLOSED SESSION</b>	John Zoglin, Chair		<b>motion required</b> <b>7:08 – 7:09</b>
<b>12. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	John Zoglin, Chair		<b>7:09 – 7:10</b>
<b>13. 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 (September 25, 2017)	John Zoglin, Chair		<b>motion required</b> <b>7:10 – 7:11</b>
<b>14. Health &amp; Safety Code 32106(b)</b> For a report & discussion involving health care facility trade secrets: - Long Term Financial Forecast	Iftikhar Hussain, CFO		<b>information</b> <b>7:11 – 7:41</b>
<b>15. Health &amp; Safety Code 32106(b)</b> For a report & discussion involving health care facility trade secrets: - Physician Contracts	William Faber, MD, CMO Iftikhar Hussain, CFO		<b>information</b> <b>7:41 – 7:56</b>
<b>16. ADJOURN TO OPEN SESSION</b>	John Zoglin, Chair		<b>motion required</b> <b>7:56 – 7:57</b>
<b>17. RECONVENE OPEN SESSION/ REPORT OUT</b>  To report any required disclosures regarding permissible actions taken during Closed Session.	John Zoglin, Chair		<b>7:57 – 7:58</b>
<b>18. PHYSICIAN CONTRACTS</b> a. Ophthalmology Call Coverage Renewal – Enterprise b. ED On-Call Gastroenterology Panel Renewal – LG Campus c. OB Hospitalist – MV/LG Campus	William Faber, MD, CMO	<i>public comment</i>	<b>motion required</b> <b>7:58 – 8:00</b>
<b>19. FY18 COMMITTEE PACING PLAN</b> <a href="#">ATTACHMENT 19</a>	John Zoglin, Chair		<b>discussion</b> <b>8:00 – 8:03</b>
<b>20. CLOSING COMMENTS</b>	John Zoglin, Chair		<b>information</b> <b>8:03 – 8:05</b>
<b>21. ADJOURNMENT</b>	John Zoglin, Chair		<b>motion required</b> <b>8:05 – 8:06 pm</b>

### Upcoming Meetings

- January 29, 2018
- March 26, 2018
- April 26, 2018
- May 29, 2018

**Board and Committee Educational Sessions**

- April 25, 2018



**Minutes of the Open Session of the Finance Committee**  
**Monday, September 25th 2017**  
**El Camino Hospital | Conference Rooms A & B (ground floor)**  
**2500 Grant Road, Mountain View, CA 94040**

**Members Present**  
**John Zoglin, Chair**  
**Joseph Chow**  
**Boyd Faust**  
**David Reeder**

**Members Absent**  
**William Hobbs**  
**Richard Juelis**

**Others Present**

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 5:34 pm by Chair John Zoglin. Mr. Hobbs and Mr. Juelis were absent.	
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Chair Zoglin asked if any Committee members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
<b>3. PUBLIC COMMUNICATION</b>	There were no comments from the public.	
<b>4. CONSENT CALENDAR</b>	<p>Chair Zoglin asked if any member of the Committee or the public wished to remove an item from the consent calendar. No items were removed.</p> <p><b>Motion:</b> To approve the consent calendar: Minutes of the Open Session of the Finance Committee Meeting (July 31, 2017); FY17 Period 12 Financials; FY18 Period 1 Financials and for information; Article of Interest; Progress Against Goals; and Follow-up Item – Finance Committee Meeting (July 31, 2017).</p> <p><b>Movant:</b> Faust  <b>Second:</b> Chow  <b>Ayes:</b> Chow, Faust, Reeder, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Hobbs &amp; Juelis  <b>Recused:</b> None</p>	<i><b>Consent calendar approved</b></i>
<b>5. REPORT ON BOARD ACTIONS</b>	Chair Zoglin briefly reviewed the Report on Board Actions as further detailed in the packet.	
<b>6. FY18 PERIOD 2 FINANCIALS</b>	<p>Iftikhar Hussain, CFO, reviewed the FY18 Period 2 Financials with the Committee members. FY18 for the year, overall volume measured in adjusted discharges was 5.8% higher than budget. IP Med-Surg cases were 4.7% over budget, specifically Neurosciences, HVI, BHS, Oncology and Urology. However deliveries are flat with prior year, and 4.8% below budget. OP discharges higher than budget in General Surgery, Imaging Services, MCH, Rehab and Urology.</p> <p>The month of August’s operating income is \$1.9 million over budget, due to favorable revenue due to higher volume. Also the EBITDA is favorable to budget by \$1.3 million and \$2.5 million YTD. Commercial cases are 0.7% more of the Payor Mix than budget. The overall balance sheet reflects that AR is 45.2 days which is 2.8 days</p>	



	<p>less than budget.</p> <p><b>Motion:</b> To approve the FY18 Period 2 Financials.</p> <p><b>Movant:</b> Faust  <b>Second:</b> Reeder  <b>Ayes:</b> Chow, Faust, Reeder, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Hobbs &amp; Juelis  <b>Recused:</b> None</p>	
<p><b>7. REVIEW MAJOR CAPITAL PROJECTS</b></p>	<p>Ken King, CASO, reported that, on September 13, 2017, he presented a request to the Board of Directors for increased funding in the amount of \$31.7 million over budget (\$4.6 million for the BHS project and \$27.1 million for the IMOB) M) for the Mountain View Campus major capital projects. He explained that the increases are primarily due to the result of permitting delays, increased material costs, and increased labor costs. He reported that the Board approved the increases on September 13, 2017.</p>	
<p><b>8. ADJOURN TO CLOSED SESSION</b></p>	<p><b>Motion:</b> To adjourn to closed session at 6:05 pm pursuant to <i>Gov't Code Section 54957.2.</i> for approved of the Minutes of the Closed Session of the Finance Committee (July 31, 2017); pursuant to <i>Health &amp; Safety Code 32106(b)</i> for discussion of Payor Update; pursuant to <i>Health &amp; Safety Code 32106(b)</i> for discussion of Level II NICU Call Panel Agreement and Physician Recruitment Loan; pursuant to <i>Health &amp; Safety Code 32106(b)</i> for a report and discussion involving health care facility trade secrets: HVI; pursuant to <i>Health &amp; Safety Code 32106(b)</i> for a report and discussion involving health care facility trade secrets: Summary of Physician Financial Arrangements; pursuant to <i>Health &amp; Safety Code 32106(b)</i> for a report and discussion involving health care facility trade secrets: Medical Staff Development Plan &amp; Physician Recruitment Plan &amp; Budget; pursuant to <i>Health &amp; Safety Code 32106(b)</i> for a report and discussion involving health care facility trade secrets: Education Topic: Ambulatory Care Business Model;</p> <p><b>Movant:</b> Reeder  <b>Second:</b> Chow  <b>Ayes:</b> Chow, Faust, Reeder, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Hobbs &amp; Juelis  <b>Recused:</b> None</p>	<p><b>Adjourned to closed session at 6:05 pm</b></p>
<p><b>9. AGENDA ITEM 16: RECONVENE OPEN SESSION/ REPORT OUT</b></p>	<p>Open session was reconvened at 7:44pm. Agenda items 10-15 were covered in closed session. During the closed session the committee approved the Minutes of the Closed Session of Finance Committee (July 31, 2017) By a unanimous vote in favor by all present committee members (Chow, Faust, Reeder, Zoglin), Hobbs and Juelis were absent.</p>	
<p><b>10. AGENDA ITEM 17: APPROVAL OF CONTRACTS</b></p>	<p><b>Motion:</b> To recommend that the Board approve the following:</p> <ol style="list-style-type: none"> <li>1. Level II NICU Call Panel Agreement renewal for the Los Gatos campus at an amount not to exceed \$100,000 per year.</li> <li>2. Recruitment Loan Agreement for a one-year income guarantee with a qualified physician specializing in orthopedic spine</li> </ol>	

	<p>services at a loan amount not to exceed \$720,000.</p> <p><b>Movant:</b> Reeder  <b>Second:</b> Chow  <b>Ayes:</b> Chow, Faust, Reeder, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Hobbs &amp; Juelis  <b>Recused:</b> None</p>	
<p><b>11. AGENDA ITEM 18: MEDICAL STAFF DEVELOPMENT PLAN &amp; PHYSICIAN RECRUITMENT BUDGET</b></p>	<p><b>Motion:</b> Motion to approve the Medical Staff Development Plan &amp; Physician Recruitment Budget of \$5.9 million for income guarantee loans within the parameters of 2 years.</p> <p><b>Movant:</b> Faust  <b>Second:</b> Reeder  <b>Ayes:</b> Chow, Faust, Reeder, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Hobbs &amp; Juelis  <b>Recused:</b> None</p>	
<p><b>12. AGENDA ITEM 19: FY18 COMMITTEE PACING PLAN</b></p>	<p>Chair Zoglin reminded the Finance Committee of two upcoming events: Board &amp; Committee Educational Session on October 25<sup>th</sup> and Estes Park Institute Conference October 29<sup>th</sup> – November 1<sup>st</sup> 2017. Mr. Faust mentioned he will not attend the Board &amp; Committee Educational Session. Chair Zoglin reported that an additional Finance Committee meeting date for late April 2018 will be added to the Pacing Plan by our next Finance Committee meeting.</p>	
<p><b>13. AGENDA ITEM 20: CLOSING COMMENTS</b></p>	<p>None</p>	
<p><b>14. AGENDA ITEM 21: ADJOURNMENT</b></p>	<p><b>Motion:</b> To adjourn at 7:55pm</p> <p><b>Movant:</b> Reeder  <b>Second:</b> Chow  <b>Ayes:</b> Chow, Faust, Reeder, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Hobbs &amp; Juelis  <b>Recused:</b> None</p>	<p><i>Meeting adjourned at 7:55pm</i></p>

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

\_\_\_\_\_  
 John Zoglin  
 Chair, Finance Committee



**El Camino Hospital**

THE HOSPITAL OF SILICON VALLEY

## Summary of Financial Operations

Fiscal Year 2018 – Period 3

7/1/2017 to 9/30/2017

## Dashboard - ECH combined as of September 30, 2017

	Annual				Month			YTD		
	2016	2017	2018 Proj.	2018 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	242	239	236	240	233	236	237	230	234	232
Adjusted Discharges	32,324	33,837	34,914	34,080	2,627	2,772	2,817	8,165	8,728	8,516
Total Discharges (Excl NNB)	19,171	19,649	19,908	19,695	1,548	1,597	1,627	4,732	4,977	4,914
<b>Inpatient Cases</b>										
MS Discharges	13,026	13,624	13,844	13,544	1,036	1,105	1,111	3,166	3,461	3,338
Deliveries	4,717	4,656	4,672	4,752	421	388	400	1,207	1,168	1,219
BHS	928	908	1,036	902	52	82	75	228	259	229
Rehab	500	461	356	497	39	22	41	131	89	127
<b>Outpatient Cases</b>										
ED	139,935	145,960	146,892	147,485	11,743	12,056	12,072	35,714	36,723	36,293
Procedural Cases	48,609	48,631	47,404	48,975	3,816	3,834	4,009	11,850	11,851	12,054
OP Surg	6,070	4,487	4,548	4,595	337	406	376	1,031	1,137	1,130
Endo	2,324	2,366	2,420	2,134	206	185	175	578	605	525
Interventional	2,021	2,134	2,068	2,130	179	159	175	550	517	524
All Other	80,911	88,342	90,452	89,651	7,205	7,472	7,338	21,705	22,613	22,060
<b>Financial Perf.</b>										
Net Patient Revenues	772,020	832,263	848,624	832,066	66,069	71,716	67,399	198,091	212,156	208,053
Total Operating Revenue	795,657	858,347	874,928	855,195	67,896	73,452	69,964	203,534	218,732	214,301
Operating Expenses	743,044	746,171	751,370	778,105	59,445	62,304	63,523	177,437	187,842	191,896
Operating Income \$	52,613	112,176	123,559	77,090	8,451	11,148	6,441	26,097	30,890	22,406
Operating Margin	6.6%	13.1%	14.1%	9.0%	12.4%	15.2%	9.2%	12.8%	14.1%	10.5%
EBITDA \$	108,554	161,811	174,978	138,862	13,012	15,468	11,403	39,702	43,744	37,146
EBITDA %	13.6%	18.9%	20.0%	16.2%	19.2%	21.1%	16.3%	19.5%	20.0%	17.3%
IP Margin <sup>1</sup>	-9.8%	5.8%	7.1%	-10.2%	5.8%	7.1%	-10.2%	5.8%	7.1%	-10.2%
OP Margin <sup>1</sup>	35.9%	37.0%	39.4%	31.7%	37.0%	39.4%	31.7%	37.0%	39.4%	31.7%
<b>Payor Mix</b>										
Medicare	46.6%	47.7%	45.9%	47.4%	47.7%	45.0%	47.4%	48.2%	45.9%	47.4%
Medi-Cal	7.4%	7.3%	7.7%	7.2%	7.0%	8.8%	7.2%	6.8%	7.7%	7.2%
Commercial IP	24.0%	22.3%	23.0%	22.6%	22.2%	23.0%	22.6%	22.4%	23.0%	22.6%
Commercial OP	19.3%	20.2%	20.6%	20.3%	20.6%	20.5%	20.3%	20.5%	20.6%	20.3%
Total Commercial	43.3%	42.5%	43.6%	42.9%	42.9%	43.6%	42.9%	42.8%	43.6%	42.9%
Other	2.7%	2.5%	2.8%	2.5%	2.5%	2.7%	2.5%	2.3%	2.8%	2.5%
<b>Cost</b>										
Total FTE	2,509.5	2,506.7	2,548.9	2,529.6	2,473.8	2,548.9	2,524.3	2,470.2	2,548.9	2,524.3
Productive Hrs/APD	30.7	30.3	30.9	31.2	31.0	31.2	30.8	30.5	30.9	31.2
<b>Balance Sheet</b>										
Net Days in AR	53.7	44.8	49.0	48.0	44.8	49.0	48.0	44.8	49.0	48.0
Days Cash	361	444	459	266	444	459	266	444	459	266
<b>Affiliates - Net Income (\$000s)</b>										
Hosp	43,043	169,576	190,462	79,793	7,376	19,024	6,666	40,937	47,616	40,937
Concern	1,823	1,556	2,898	1,430	(43)	302	134	461	725	387
ECSC	(282)	(105)	(28)	0	(40)	(2)	0	(43)	(7)	0
Foundation	982	2,420	2,038	737	(84)	334	13	556	510	402
SVMD	156	209	918	(0)	(43)	379	1	100	229	1

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

### Volume:

- For the year, overall volume, measured in adjusted discharges is 2.4% higher than budget.
- IP cases are 3.6% over budget, specifically Neurosciences, HVI, BHS, Oncology and Urology. However deliveries are lower than prior year by 3.2% and 4.4% below budget
- OP discharges are higher than budget in General Surgery, Imaging Services, MCH, Rehab and Urology.

### Financial Performance:

- Septembers operating income is \$4.7M over budget, due to favorable revenue and higher volume. Operating margin for the year is \$8.5 million ahead of target

### Payor Mix:

- Commercial insurance is 0.7% more of the Payor Mix in September than budget.

### Cost:

- Prod Hrs/APD for September is 31.2 and slightly worse than budget . YTD we are slightly better than budget

### Balance Sheet:

- Net days in AR is 49.0 which is 1 day more than budget.

# Budget Variances

## Fiscal Year 2018 YTD (7/1/2017-9/30/2017) Waterfall

(in thousands)	Year to Date (YTD)	
	Net Income Impact	% Net Revenue
<b>Budgeted Hospital Operations FY2018</b>	<b>22,406</b>	<b>10.5%</b>
<b>Net Revenue</b> - Favorable due to higher volume a favorable payor mix	4,431	2.0%
<b>Labor and Benefit Expense Change</b> - Labor is close to budget after adjusting for higher volume	(435)	-0.2%
<b>Professional Fees &amp; Purchased Services</b> -Recruiting costs in HVI, Admin, Pathology, IT and Medical Staff in combination with savings from IS Contracts	693	0.3%
<b>Supplies</b> - Favorable due to savings in Spine and Heart valves offsetting Robotics and Medical capital supplies	853	0.4%
<b>Other Expenses</b> - Favorable due quarterly BETA (insurance) rebate, reduction in property taxes due to common area correction, and no strategic fund expenses.	1,057	0.5%
<b>Depreciation &amp; Interest</b> - Favorable due to delay in Parking Structure as well as some LG projects	1,886	0.9%
<b>Actual Hospital Operations FY2018</b>	<b>30,890</b>	<b>14.1%</b>

# El Camino Hospital (\$000s)

3 months ending 9/30/2017

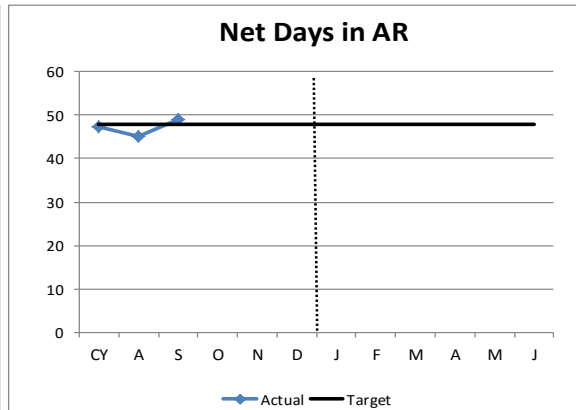
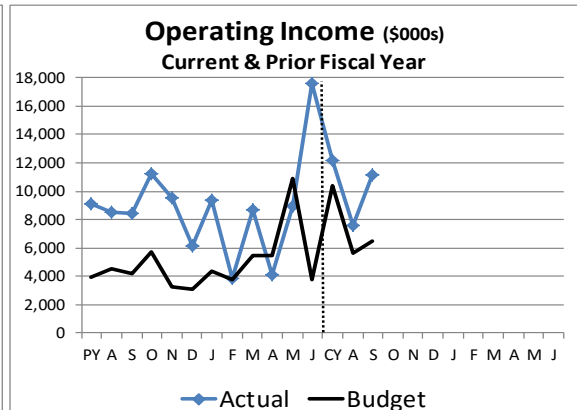
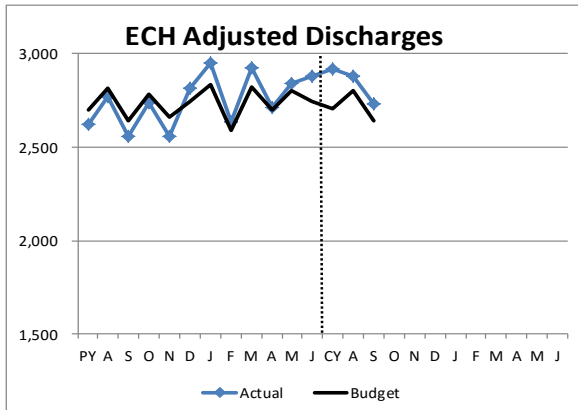
Period 3 FY 2017	Period 3 FY 2018	Period 3 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
241,002	270,383	261,191	9,192	3.5%	<b>Gross Revenue</b>	715,849	796,950	784,309	12,641	1.6%
(174,932)	(198,667)	(193,793)	(4,875)	1.0%	<b>Deductions</b>	(517,758)	(584,794)	(576,255)	(8,538)	1.5%
<b>66,069</b>	<b>71,716</b>	<b>67,399</b>	<b>4,317</b>	<b>6.4%</b>	<b>Net Patient Revenue</b>	<b>198,091</b>	<b>212,156</b>	<b>208,053</b>	<b>4,103</b>	<b>2.0%</b>
1,827	1,736	2,565	(830)	-32.3%	<b>Other Operating Revenue</b>	5,443	6,576	6,248	328	5.3%
<b>67,896</b>	<b>73,452</b>	<b>69,964</b>	<b>3,488</b>	<b>5.0%</b>	<b>Total Operating Revenue</b>	<b>203,534</b>	<b>218,732</b>	<b>214,301</b>	<b>4,431</b>	<b>2.1%</b>
<b>OPERATING EXPENSE</b>										
35,569	38,311	38,129	(182)	-0.5%	<b>Salaries &amp; Wages</b>	106,838	116,127	115,692	(435)	-0.4%
9,320	9,362	9,986	624	6.2%	<b>Supplies</b>	27,598	29,032	29,885	853	2.9%
8,197	7,949	8,077	128	1.6%	<b>Fees &amp; Purchased Services</b>	22,658	23,316	24,009	693	2.9%
1,798	2,361	2,369	7	0.3%	<b>Other Operating Expense</b>	6,737	6,513	7,570	1,057	14.0%
468	298	725	427	58.9%	<b>Interest</b>	1,389	1,050	2,176	1,127	51.8%
4,093	4,022	4,237	215	5.1%	<b>Depreciation</b>	12,217	11,805	12,564	759	6.0%
<b>59,445</b>	<b>62,304</b>	<b>63,523</b>	<b>1,219</b>	<b>1.9%</b>	<b>Total Operating Expense</b>	<b>177,437</b>	<b>187,842</b>	<b>191,896</b>	<b>4,053</b>	<b>2.1%</b>
<b>8,451</b>	<b>11,148</b>	<b>6,441</b>	<b>4,707</b>	<b>73.1%</b>	<b>Net Operating Income/(Loss)</b>	<b>26,097</b>	<b>30,890</b>	<b>22,406</b>	<b>8,484</b>	<b>37.9%</b>
(1,076)	7,875	225	7,650	3395.6%	<b>Non Operating Income</b>	14,841	16,726	676	16,050	2374.7%
<b>7,376</b>	<b>19,024</b>	<b>6,666</b>	<b>12,357</b>	<b>185.4%</b>	<b>Net Income(Loss)</b>	<b>40,937</b>	<b>47,616</b>	<b>23,081</b>	<b>24,534</b>	<b>106.3%</b>
19.2%	21.1%	16.3%	4.8%		<b>EBITDA</b>	19.5%	20.0%	17.3%	2.7%	
12.4%	15.2%	9.2%	6.0%		<b>Operating Margin</b>	12.8%	14.1%	10.5%	3.7%	
10.9%	25.9%	9.5%	16.4%		<b>Net Margin</b>	20.1%	21.8%	10.8%	11.0%	

# Non Operating Items and Net Income by Affiliate

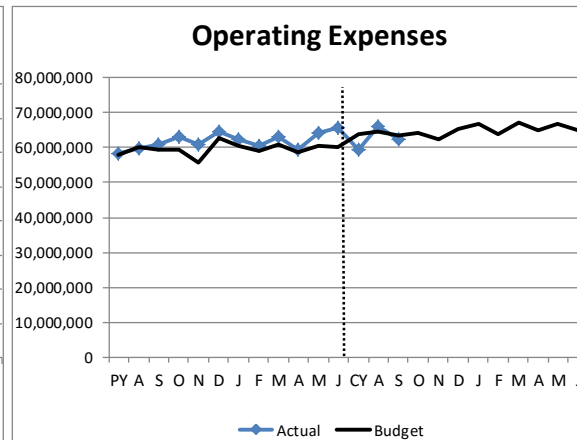
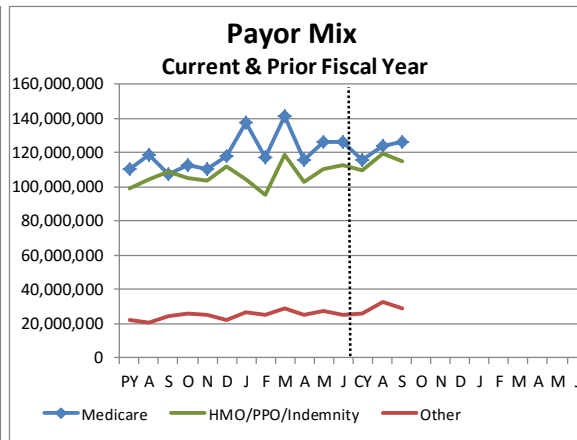
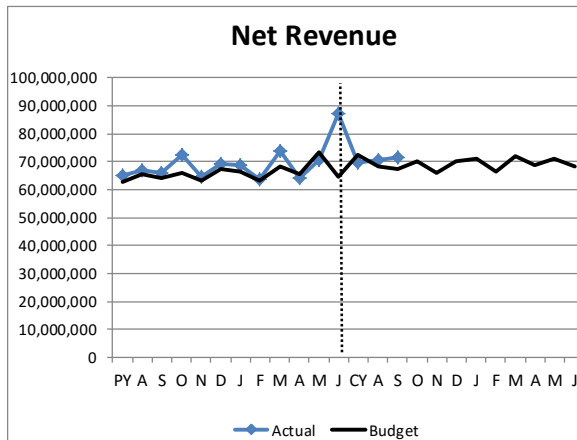
\$ in thousands

	Period 3 - Month			Period 3 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
	<b>El Camino Hospital Income (Loss) from Operations</b>					
Mountain View	9,122	5,078	4,045	27,991	18,583	9,409
Los Gatos	2,026	1,363	662	2,898	3,823	(924)
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>11,148</b>	<b>6,441</b>	<b>4,707</b>	<b>30,890</b>	<b>22,406</b>	<b>8,484</b>
<b>Operating Margin %</b>	<b>15.2%</b>	<b>9.2%</b>		<b>14.1%</b>	<b>10.5%</b>	
<b>El Camino Hospital Non Operating Income</b>						
Investments	7,693	1,516	6,177	19,696	4,547	15,150
Swap Adjustments	614	0	614	95	0	95
Community Benefit	(32)	(283)	251	(2,036)	(850)	(1,186)
Other (Affiliate Funding/Dialysis/Pathways)	(399)	(1,007)	608	(1,029)	(3,021)	1,991
<b>Sub Total - Non Operating Income</b>	<b>7,875</b>	<b>225</b>	<b>7,650</b>	<b>16,726</b>	<b>676</b>	<b>16,050</b>
<b>El Camino Hospital Net Income (Loss)</b>	<b>19,024</b>	<b>6,666</b>	<b>12,357</b>	<b>47,616</b>	<b>23,081</b>	<b>24,534</b>
<b>ECH Net Margin %</b>	<b>25.9%</b>	<b>9.5%</b>		<b>21.8%</b>	<b>10.8%</b>	
Concern	302	134	167	725	387	337
ECSC	(2)	0	(2)	(7)	0	(7)
Foundation	334	13	321	510	108	402
Silicon Valley Medical Development	379	149	230	229	1	229
<b>Net Income Hospital Affiliates</b>	<b>1,013</b>	<b>149</b>	<b>864</b>	<b>1,456</b>	<b>496</b>	<b>960</b>
<b>Total Net Income Hospital &amp; Affiliates</b>	<b>20,037</b>	<b>6,815</b>	<b>13,221</b>	<b>49,072</b>	<b>23,577</b>	<b>25,495</b>

# Monthly Financial Trends



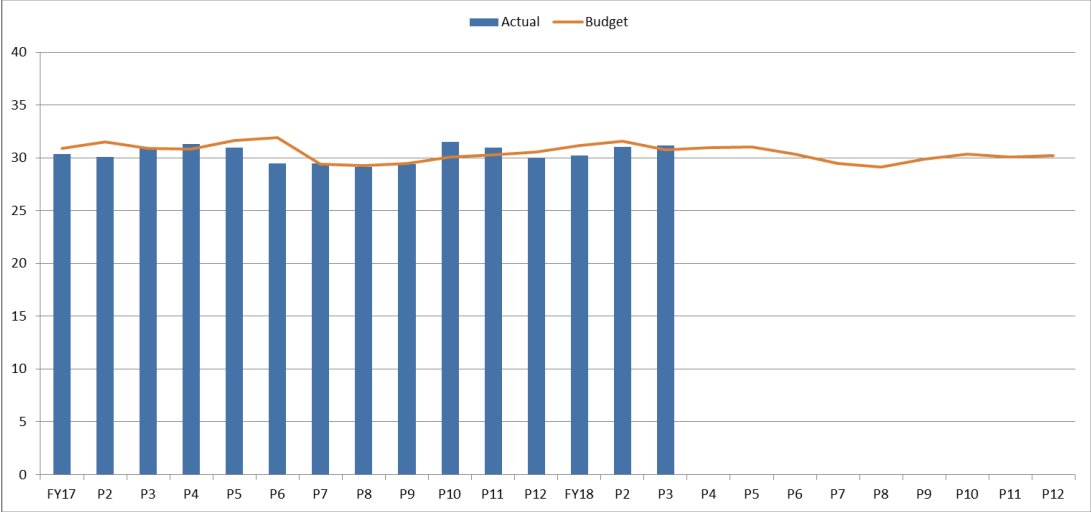
Volume is higher than budgeted for the month and the year. High inpatient volume is in Inpatient Neurosciences, BHS, HVI, Oncology. High Outpatient volume is General Surgery, Imaging Services, MCH, Outpatient Clinics and Urology.



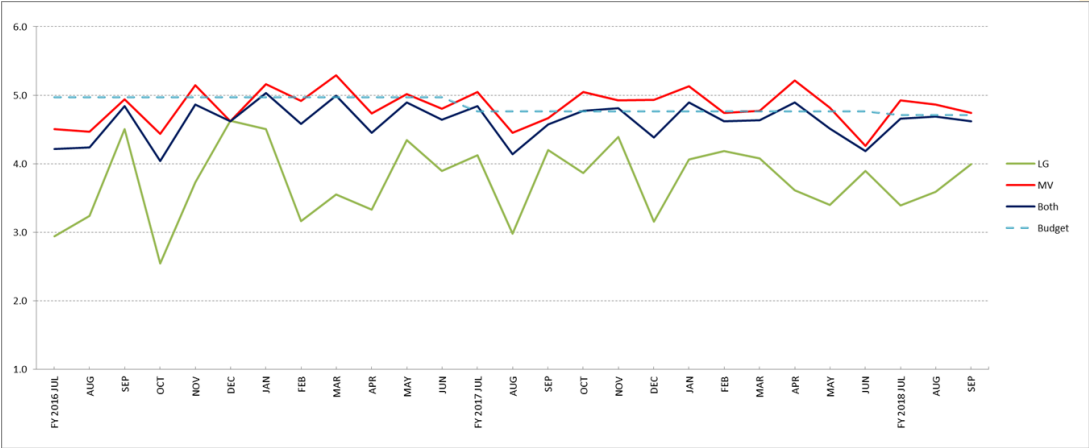


# Productivity and Medicare Length of Stay

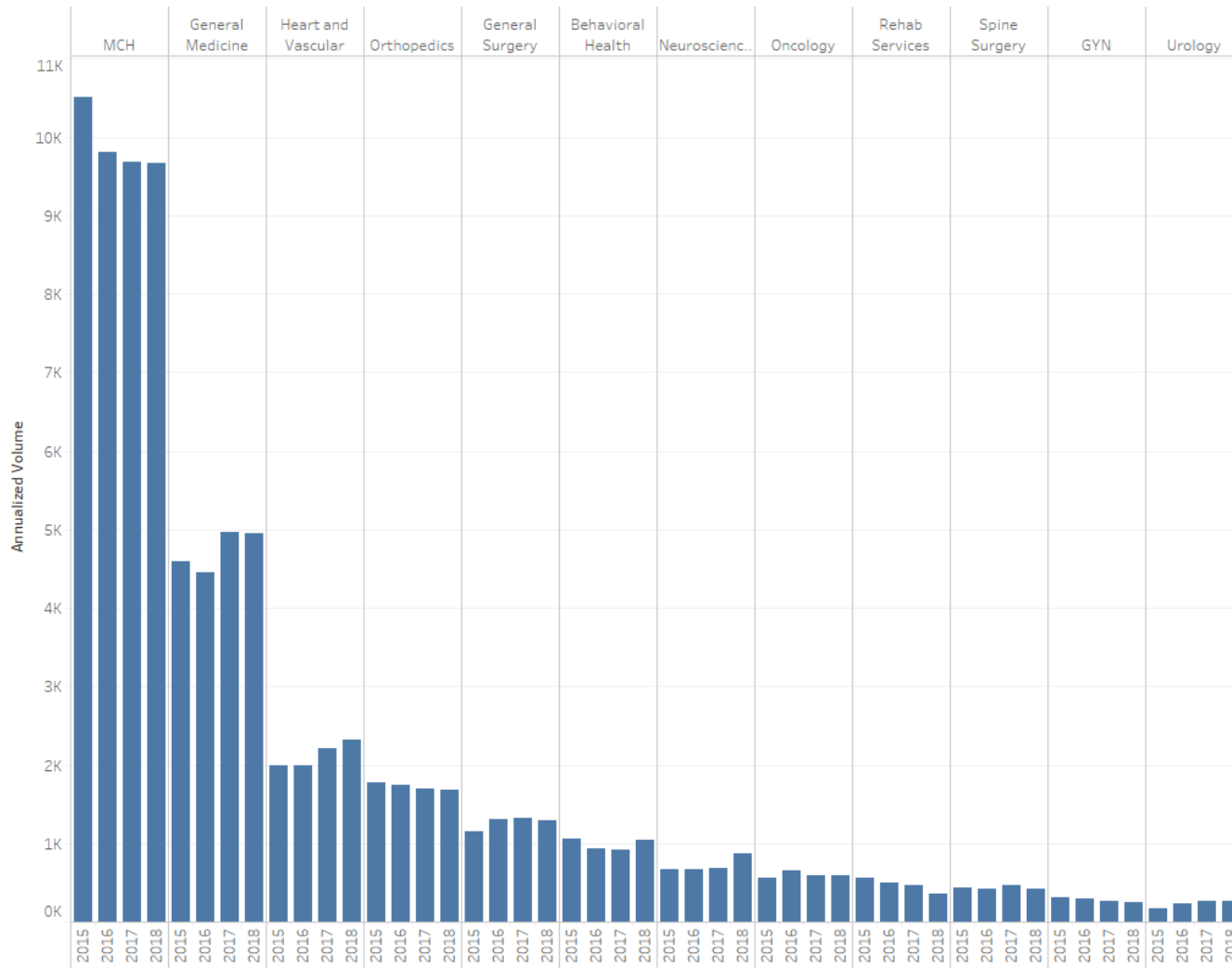
Work hours per adjusted patient day increased in September by 0.2. Overall the month of September is 31.2 worked hours per adjusted patient day.



ALOS remains better than target

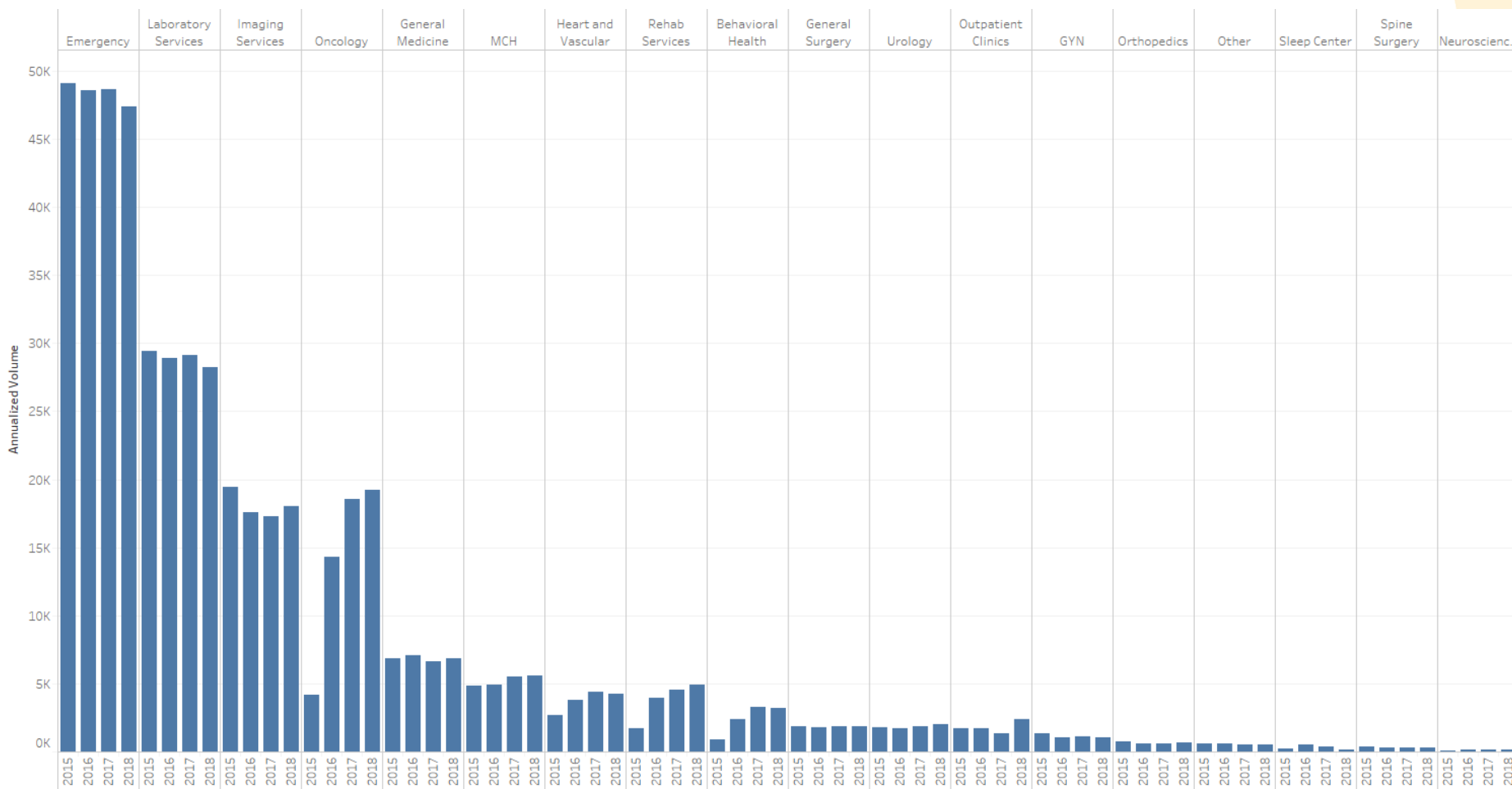


## El Camino Hospital Volume Annual Trends – Inpatient FY 2018 is annualized



- MCH, General Medicine, HVI, Orthopedics, Behavioral Health , Neuroscience and Urology display an increasing trend year to year.
- Conversely, General Surgery, Oncology, Rehab Services, Spine Surgery and GYN show a decreasing trend year to year.

## El Camino Hospital Volume Annual Trends – Outpatient FY 2018 is annualized



- Comparing year-over-year Imaging Services, Oncology, General Medicine, MCH, Rehab Services, Behavioral Health, Urology, General Surgery, and Outpatient Clinics are all increasing in volume.

# ECH Operating Margin

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



## FY 2018 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>

Revenue Adjustments	J	A	S	YTD
Insurance (Payment Variance)	-	-	-	-
Mcare Settlmt/Appeal/Tent Settlmt/PIP	54	155	905	1,114
Hospital Fee	-	-	-	-
Credit Balance Quarterly Review	-	-	2,201	2,201
Late Charge Accrual	-	-	-	-
Various Adjustments under \$250k	9	36	27	72
<b>Total</b>	<b>63</b>	<b>191</b>	<b>3,134</b>	<b>3,387</b>

## El Camino Hospital Investment Committee Scorecard September 30, 2017

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY18 Year-end Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>									
		3Q 2017		Fiscal Year-to-date		4y 11m Since Inception (annualized)			2017
Surplus cash balance & op. cash (millions)*		\$1,158.2	--	--	--	--	--	\$1,262.5	--
Surplus cash return	Green	2.7%	2.7%	2.7%	2.7%	5.7%	5.6%	1.9%	5.7%
Cash balance plan balance (millions)		\$250.4	--	--	--	--	--	\$257.1	--
Cash balance plan return	Green	3.1%	3.1%	3.1%	3.1%	8.2%	7.6%	6.0%	6.1%
403(b) plan balance (millions)		\$411.2	--	--	--	--	--	--	--
<b>Risk vs. Return</b>									
		3-year				4y 11m Since Inception (annualized)			2017
Surplus cash Sharpe ratio	Green	1.08	1.13	--	--	1.36	1.33	--	0.46
Net of fee return	Green	5.0%	5.3%	--	--	5.7%	5.6%	--	5.7%
Standard deviation	Green	4.4%	4.4%	--	--	4.0%	4.1%	--	7.2%
Cash balance Sharpe ratio	Green	1.08	1.07	--	--	1.45	1.39	--	0.43
Net of fee return	Green	6.3%	6.0%	--	--	8.2%	7.6%	--	6.1%
Standard deviation	Green	5.6%	5.3%	--	--	5.4%	5.2%	--	8.7%
<b>Asset Allocation</b>									
		3Q 2017							
Surplus cash absolute variances to target	Green	8.4%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target	Green	6.2%	< 10%	--	--	--	--	--	--
<b>Manager Compliance</b>									
		3Q 2017							
Surplus cash manager flags	Yellow	19	< 19 Green < 23 Yellow	--	--	--	--	--	--
Cash balance plan manager flags	Green	19	< 20 Green < 25 Yellow	--	--	--	--	--	--

\*Includes Debt Reserve funds, excludes District assets, Foundation assets, and Concern.

# El Camino Hospital

## Capital Spending (in millions)

Category	Detail	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	2018 Proj Spend	FY 18 YTD Spent
<b>CIP</b>	EPIC Upgrade		1.9	0.0	1.9	0.8
<b>IT Hardware, Software, Equipment &amp; Imaging*</b>			12.2	0.0	12.2	0.0
<b>Medical &amp; Non Medical Equipment FY 17**</b>			10.3	7.0	3.3	7.0
<b>Medical &amp; Non Medical Equipment FY 18***</b>			5.6	0.8	4.9	0.8
<b>Facility Projects</b>						
	1245 Behavioral Health Bldg	96.1	96.1	25.6	51.4	8.0
	1413 North Drive Parking Expansion	24.5	24.5	21.6	3.4	1.9
	1414 Integrated MOB	302.1	302.1	60.1	130.1	14.2
	1422 CUP Upgrade	9.0	9.0	2.7	4.0	0.5
	1430 Women's Hospital Expansion	91.0	6.0	1.3	7.0	0.8
	1425 IMOB Preparation Project - Old Main	3.0	3.0	2.6	0.0	0.0
	1502 Cabling & Wireless Upgrades	2.8	2.8	2.4	0.0	0.0
	1525 New Main Lab Upgrades	1.6	3.1	1.0	0.5	0.5
	1515 ED Remodel Triage/Psych Observation	1.6	0.0	0.0	1.0	0.0
	1503 Willow Pavilion Tomosynthesis	1.3	1.3	0.3	0.0	0.0
	1602 JW House (Patient Family Residence)	2.5	0.0	0.0	0.0	0.0
	Site Signage and Other Improvements	1.0	0.0	0.0	0.1	0.0
	IR Room #6 Development	2.6	0.0	0.0	2.0	0.0
	Nurse Call System Upgrades	2.4	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
	1708 IR/ Cath Lab Equipment Replacement	19.4	0.0	0.0	0.0	0.0
	1709 ED Remodel / CT Triage - Other	5.0	0.0	0.0	0.0	0.0
	Flooring Replacement	1.6	0.0	0.0	0.0	0.0
	1219 LG Spine OR	4.1	4.1	3.6	0.0	0.2
	1313 LG Rehab HVAC System & Structural	3.7	3.7	3.7	0.0	0.0
	1248 LG Imaging Phase II (CT & Gen Rad)	8.8	8.8	8.0	0.7	0.7
	1307 LG Upgrades	19.3	19.3	14.4	5.0	0.5
	1519 LG Electrical Systems Upgrade	1.2	0.0	0.0	0.0	0.0
	1508 LG NICU 4 Bed Expansion	0.0	0.5	0.2	0.0	0.0
	1507 LG IR Upgrades	1.1	0.0	0.0	0.0	0.0
	LG Building Infrastructure Upgrades	1.5	0.0	0.0	0.0	0.0
	1603 LG MOB Improvements (17)	5.0	5.0	1.5	3.5	1.2
	All Other Projects under \$1M	26.4	4.8	6.3	3.2	0.9
		659.3	494.0	155.4	211.9	29.4
<b>GRAND TOTAL</b>			<b>524.1</b>	<b>163.1</b>	<b>234.2</b>	<b>37.9</b>

\*Excluding EPIC

\*\* Unspent Prior Year routine used as contingency

\*\*\*Includes 2 robot purchases



**El Camino Hospital**  
THE HOSPITAL OF SILICON VALLEY

# Balance Sheet (in thousands)

ASSETS		Audited		LIABILITIES AND FUND BALANCE		Audited	
		September 30, 2017	June 30, 2017			September 30, 2017	June 30, 2017
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
(1) Cash		89,101	125,551	(8) Accounts Payable		22,116	38,457
Short Term Investments		116,332	140,284	Salaries and Related Liabilities		19,135	25,109
Patient Accounts Receivable, net		112,881	109,089	Accrued PTO		23,394	23,409
Other Accounts and Notes Receivable		2,448	2,628	Worker's Comp Reserve		2,300	2,300
Intercompany Receivables		1,226	1,495	Third Party Settlements		11,136	10,438
(2) Inventories and Prepaids		53,854	50,657	Intercompany Payables		74	84
<b>Total Current Assets</b>		<b>375,842</b>	<b>429,705</b>	Malpractice Reserves		1,634	1,634
<b>BOARD DESIGNATED ASSETS</b>				Bonds Payable - Current		3,735	3,735
(3) Plant & Equipment Fund		142,254	131,153	(9) Bond Interest Payable		7,141	11,245
Women's Hospital Expansion		9,298	9,298	Other Liabilities		5,935	4,889
(4) Operational Reserve Fund		127,908	100,196	<b>Total Current Liabilities</b>		<b>96,601</b>	<b>121,299</b>
(5) Community Benefit Fund		18,426	12,237	<b>LONG TERM LIABILITIES</b>			
Workers Compensation Reserve Fund		20,550	20,007	Post Retirement Benefits		19,526	19,218
Postretirement Health/Life Reserve Fund		19,526	19,218	Worker's Comp Reserve		18,250	17,707
PTO Liability Fund		23,394	23,409	Other L/T Obligation (Asbestos)		3,775	3,746
Malpractice Reserve Fund		1,634	1,634	Other L/T Liabilities (IT/Medl Leases)		-	-
Catastrophic Reserves Fund		17,014	16,575	Bond Payable		527,276	527,371
<b>Total Board Designated Assets</b>		<b>380,005</b>	<b>333,727</b>	<b>Total Long Term Liabilities</b>		<b>568,827</b>	<b>568,042</b>
(6) FUNDS HELD BY TRUSTEE		262,236	287,052	<b>DEFERRED REVENUE-UNRESTRICTED</b>		483	567
<b>LONG TERM INVESTMENTS</b>		<b>293,494</b>	<b>256,652</b>	<b>DEFERRED INFLOW OF RESOURCES</b>		10,666	10,666
<b>INVESTMENTS IN AFFILIATES</b>		<b>32,840</b>	<b>32,451</b>	<b>FUND BALANCE/CAPITAL ACCOUNTS</b>			
(7) <b>PROPERTY AND EQUIPMENT</b>				Unrestricted		1,133,448	1,132,525
Fixed Assets at Cost		1,227,200	1,192,047	Board Designated		380,005	333,726
Less: Accumulated Depreciation		(540,366)	(531,785)	Restricted		0	0
Construction in Progress		129,969	138,017	(10) <b>Total Fund Bal &amp; Capital Accts</b>		<b>1,513,452</b>	<b>1,466,251</b>
<b>Property, Plant &amp; Equipment - Net</b>		<b>816,802</b>	<b>798,279</b>	<b>TOTAL LIABILITIES AND FUND BALANCE</b>		<b>2,190,030</b>	<b>2,166,825</b>
<b>DEFERRED OUTFLOWS</b>		28,810	28,960				
<b>RESTRICTED ASSETS - CASH</b>		0	0				
<b>TOTAL ASSETS</b>		<b>2,190,030</b>	<b>2,166,825</b>				

## September 2017 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The decrease in cash is due to \$40M being moved into various investments during July as currently having the 2017 Project Bond monies available for payments of the major construction projects. The acquisition of Bldg 3E as well as "thank you's" paid out in September added to the decrease.
- (2) The increase is due a quarterly \$2.6M pension contribution was made in July. Also at the beginning of every July a number of significant annual insurance premiums (D&O, Property, Cyber, and Auto) were paid and classified as a Prepaid Expense that subsequently are amortized over the upcoming fiscal year.
- (3) The increase over the 2017 fiscal year end is principally due a transfer into the 60-day Operational Reserve within the Board Designated Assets to adjust the balance to needed reserve for the 2018 fiscal. Note this balance hadn't been reset for a couple of years.
- (4) The increase here is to reset the Operational Reserve (to cover 60 days of operating expenses) for FY2018. The prior year balance hadn't been reset in a couple of years. See #3 above
- (5) The increase is due to an approved addition of \$5 million to the Community Benefit Board Designated Endowment as an outcome of the FY2018 budget process to generate additional investment income for the Community Benefits program.
- (6) The decrease is due to additional draws from the 2017 bond financing Project Funds in support of monthly payments to contractors involved with the construction projects at the Mountain View campus. As these projects are now in full progress greater amounts will be withdrawn in future periods.
- (7) The increase is due to the capitalization of the Parking Structure expansion in August and CT upgrades at LG in September.
- (8) The decrease is due to the significant General Contractor construction payments being accrued at year end, along with associated retentions and other general accounts payable activity that were subsequently relieved in this first quarter of fiscal year 2018.
- (9) The decrease in bond interest payable was due to the semi-annual interest payment due August 1st of \$4.9 million.
- (10) The increase is attributable to the first two periods of financial performance producing an operating income of \$30 million and non-operating of \$17 million (mostly from unrealized gains on investments).



## 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. \$15 million within this fund is a board designated endowment fund formed in 2015 with a \$10 million contribution, and added to at the end of the 2017 fiscal year end with another \$5 million contribution, to generate investment income to be used for grants and sponsorships, currently anticipated to generate \$500,000 a year in investment income for the program.

## 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)

3 months ending 9/30/2017

Period 3 FY 2017	Period 3 FY 2018	Period 3 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
198,553	223,244	214,494	8,750	4.1%	<b>OPERATING REVENUE</b>					
(143,154)	(164,377)	(159,880)	(4,497)	2.8%	<b>Gross Revenue</b>	594,217	655,610	642,999	12,612	2.0%
<b>55,399</b>	<b>58,867</b>	<b>54,614</b>	<b>4,253</b>	<b>7.8%</b>	<b>Deductions</b>	(430,302)	(480,493)	(473,632)	(6,861)	1.4%
1,647	1,573	2,347	(774)	-33.0%	<b>Net Patient Revenue</b>	<b>163,915</b>	<b>175,118</b>	<b>169,367</b>	<b>5,751</b>	<b>3.4%</b>
<b>57,045</b>	<b>60,440</b>	<b>56,961</b>	<b>3,478</b>	<b>6.1%</b>	<b>Other Operating Revenue</b>	4,922	6,093	5,616	478	8.5%
					<b>Total Operating Revenue</b>	<b>168,837</b>	<b>181,211</b>	<b>174,983</b>	<b>6,228</b>	<b>3.6%</b>
					<b>OPERATING EXPENSE</b>					
29,596	32,079	31,935	(144)	-0.5%	<b>Salaries &amp; Wages</b>	89,001	96,735	96,794	59	0.1%
7,616	7,795	8,044	249	3.1%	<b>Supplies</b>	22,932	23,645	24,007	362	1.5%
7,010	6,823	6,797	(26)	-0.4%	<b>Fees &amp; Purchased Services</b>	18,696	19,554	20,118	564	2.8%
318	809	840	31	3.6%	<b>Other Operating Expense</b>	2,021	1,913	2,832	919	32.5%
468	298	725	427	58.9%	<b>Interest</b>	1,389	1,050	2,176	1,127	51.8%
3,560	3,513	3,542	29	0.8%	<b>Depreciation</b>	10,606	10,324	10,473	149	1.4%
<b>48,568</b>	<b>51,318</b>	<b>51,884</b>	<b>566</b>	<b>1.1%</b>	<b>Total Operating Expense</b>	<b>144,645</b>	<b>153,220</b>	<b>156,400</b>	<b>3,180</b>	<b>2.0%</b>
<b>8,477</b>	<b>9,122</b>	<b>5,078</b>	<b>4,045</b>	<b>79.7%</b>	<b>Net Operating Income/(Loss)</b>	<b>24,191</b>	<b>27,991</b>	<b>18,583</b>	<b>9,409</b>	<b>50.6%</b>
(1,076)	7,875	225	7,650	3395.6%	<b>Non Operating Income</b>	14,851	16,771	676	16,095	2381.2%
<b>7,401</b>	<b>16,998</b>	<b>5,303</b>	<b>11,695</b>	<b>220.5%</b>	<b>Net Income(Loss)</b>	<b>39,042</b>	<b>44,762</b>	<b>19,259</b>	<b>25,503</b>	<b>132.4%</b>
21.9%	21.4%	16.4%	5.0%		<b>EBITDA</b>	21.4%	21.7%	17.8%	3.9%	
14.9%	15.1%	8.9%	6.2%		<b>Operating Margin</b>	14.3%	15.4%	10.6%	4.8%	
13.0%	28.1%	9.3%	18.8%		<b>Net Margin</b>	23.1%	24.7%	11.0%	13.7%	

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

3 months ending 9/30/2017

Period 3 FY 2017	Period 3 FY 2018	Period 3 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
42,449	47,139	46,697	442	0.9%	<b>Gross Revenue</b>	121,632	141,339	141,310	29	0.0%
(31,778)	(34,290)	(33,913)	(377)	1.1%	<b>Deductions</b>	(87,456)	(104,301)	(102,624)	(1,677)	1.6%
<b>10,671</b>	<b>12,849</b>	<b>12,784</b>	<b>65</b>	<b>0.5%</b>	<b>Net Patient Revenue</b>	<b>34,176</b>	<b>37,038</b>	<b>38,686</b>	<b>(1,648)</b>	<b>-4.3%</b>
180	163	218	(56)	-25.4%	<b>Other Operating Revenue</b>	521	483	632	(149)	-23.6%
<b>10,851</b>	<b>13,012</b>	<b>13,003</b>	<b>9</b>	<b>0.1%</b>	<b>Total Operating Revenue</b>	<b>34,697</b>	<b>37,521</b>	<b>39,318</b>	<b>(1,797)</b>	<b>-4.6%</b>
					<b>OPERATING EXPENSE</b>					
5,973	6,232	6,194	(38)	-0.6%	<b>Salaries &amp; Wages</b>	17,838	19,392	18,898	(494)	-2.6%
1,704	1,567	1,942	375	19.3%	<b>Supplies</b>	4,666	5,387	5,877	490	8.3%
1,187	1,126	1,280	154	12.0%	<b>Fees &amp; Purchased Services</b>	3,962	3,762	3,890	128	3.3%
1,480	1,552	1,529	(23)	-1.5%	<b>Other Operating Expense</b>	4,716	4,600	4,739	138	2.9%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
533	509	695	186	26.7%	<b>Depreciation</b>	1,610	1,482	2,091	610	29.2%
<b>10,876</b>	<b>10,986</b>	<b>11,639</b>	<b>653</b>	<b>5.6%</b>	<b>Total Operating Expense</b>	<b>32,792</b>	<b>34,623</b>	<b>35,496</b>	<b>873</b>	<b>2.5%</b>
<b>(26)</b>	<b>2,026</b>	<b>1,363</b>	<b>662</b>	<b>48.6%</b>	<b>Net Operating Income/(Loss)</b>	<b>1,905</b>	<b>2,898</b>	<b>3,823</b>	<b>(924)</b>	<b>-24.2%</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	(10)	(45)	0	(45)	0.0%
<b>(26)</b>	<b>2,026</b>	<b>1,363</b>	<b>662</b>	<b>48.6%</b>	<b>Net Income(Loss)</b>	<b>1,895</b>	<b>2,854</b>	<b>3,823</b>	<b>(969)</b>	<b>-25.3%</b>
4.7%	19.5%	15.8%	3.7%		<b>EBITDA</b>	10.1%	11.7%	15.0%	-3.4%	
-0.2%	15.6%	10.5%	5.1%		<b>Operating Margin</b>	5.5%	7.7%	9.7%	-2.0%	
-0.2%	15.6%	10.5%	5.1%		<b>Net Margin</b>	5.5%	7.6%	9.7%	-2.1%	

## Capital Spend Trend & FY 18 Budget

<b>Capital Spending (in 000's)</b>	<b>Actual FY2015</b>	<b>Actual FY2016</b>	<b>Actual FY2017</b>	<b>Projected FY2018</b>
EPIC	29,849	20,798	2,755	1,922
IT Hardware / Software Equipment	4,660	6,483	2,659	12,238
Medical / Non Medical Equipment*	13,340	17,133	9,556	8,199
Non CIP Land, Land I , BLDG, Additions	-	4,189	-	-
Facilities	38,940	48,137	82,953	211,886
<b>GRAND TOTAL</b>	<b>86,789</b>	<b>96,740</b>	<b>97,923</b>	<b>234,245</b>
*Includes 2 robot purchases in FY2017				

El Camino Hospital Capital Spending (in thousands) FY 2012 – FY 2017

Category	2013	2014	2015	2016	2017	Category	2013	2014	2015	2016	2017
<b>EPIC</b>	<b>0</b>	<b>6,838</b>	<b>29,849</b>	<b>20,798</b>	<b>2,755</b>	<b>Facilities Projects CIP cont.</b>					
<b>IT Hardware/Software Equipment</b>	<b>8,019</b>	<b>2,788</b>	<b>4,660</b>	<b>6,483</b>	<b>2,659</b>	1403 - Hosp Drive BLDG 11 TI's	0	86	103	0	0
<b>Medical/Non Medical Equipment</b>	<b>10,284</b>	<b>12,891</b>	<b>13,340</b>	<b>17,133</b>	<b>9,556</b>	1404 - Park Pav HVAC	0	64	7	0	0
<b>Non CIP Land, Land I, BLDG, Additions</b>	<b>0</b>	<b>22,292</b>	<b>0</b>	<b>4,189</b>	<b>0</b>	1405 - 1 - South Accessibility Upgrades	0	0	0	168	95
						1408 - New Main Accessibility Upgrades	0	0	7	46	501
						1415 - Signage & Wayfinding	0	0	0	106	58
						1416 - MV Campus Digital Directories	0	0	0	34	23
						1423 - MV MOB TI Allowance	0	0	0	588	369
<b>Facilities Projects CIP</b>						1425 - IMOB Preparation Project - Old Main	0	0	0	711	1,860
<b>Mountain View Campus Master Plan Projects</b>						1429 - 2500 Hospital Dr Bldg 8 TI	0	0	101	0	0
1245 - Behavioral Health Bldg Replace	0	1,257	3,775	1,389	10,323	1430 - Women's Hospital Expansion	0	0	0	0	464
1413 - North Drive Parking Structure Exp	0	0	167	1,266	18,120	1432 - 205 South Dr BHS TI	0	0	8	15	0
1414 - Integrated MOB	0	0	2,009	8,875	32,805	1501 - Women's Hospital NPC Comp	0	0	4	0	223
1422 - CUP Upgrade	0	0	0	896	1,245	1502 - Cabling & Wireless Upgrades	0	0	0	1,261	367
<b>Sub-Total Mountain View Campus Master Plan</b>	<b>0</b>	<b>1,257</b>	<b>5,950</b>	<b>12,426</b>	<b>62,493</b>	1503 - Willow Pavillion Tomosynthesis	0	0	0	53	257
						1504 - Equipment Support Infrastructure	0	0	61	311	0
<b>Mountain View Capital Projects</b>						1523 - Melchor Pavillion Suite 309 TI	0	0	0	10	59
9900 - Unassigned Costs	734	470	3,717	0	0	1525 - New Main Lab Upgrades	0	0	0	0	464
1108 - Cooling Towers	450	0	0	0	0	1526 - CONCERN TI	0	0	0	37	99
1120 - BHS Out Patient TI's	66	0	0	0	0	<b>Sub-Total Mountain View Projects</b>	<b>8,145</b>	<b>7,219</b>	<b>26,744</b>	<b>5,588</b>	<b>5,535</b>
1129 - Old Main Card Rehab	9	0	0	0	0	<b>Los Gatos Capital Projects</b>					
0817 - Womens Hosp Upgrds	645	1	0	0	0	0904 - LG Facilities Upgrade	2	0	0	0	0
0906 - Slot Build-Out	1,003	1,576	15,101	1,251	294	0907 - LG Imaging Masterplan	244	774	1,402	17	0
1109 - New Main Upgrades	423	393	2	0	0	1005 - LG OR Light Upgrd	14	0	0	0	0
1111 - Mom/Baby Overflow	212	29	0	0	0	1122 - LG Sleep Studies	7	0	0	0	0
1204 - Elevator Upgrades	25	30	0	0	0	1210 - Los Gatos VOIP	147	89	0	0	0
0800 - Womens L&D Expansion	2,104	1,531	269	0	0	1116 - LG Ortho Pavillion	177	24	21	0	0
1131 - MV Equipment Replace	216	0	0	0	0	1124 - LG Rehab BLDG	49	458	0	0	0
1208 - Willow Pav. High Risk	110	0	0	0	0	1247 - LG Infant Security	134	0	0	0	0
1213 - LG Sterilizers	102	0	0	0	0	1307 - LG Upgrades	376	2,979	3,282	3,511	3,081
1225 - Rehab BLDG Roofing	7	241	4	0	0	1308 - LG Infrastructure	0	114	0	0	0
1227 - New Main eICU	96	21	0	0	0	1313 - LG Rehab HVAC System/Structural	0	0	0	1,597	1,904
1230 - Fog Shop	339	80	0	0	0	1219 - LG Spine OR	0	214	323	633	2,163
1315 - 205 So. Drive TI's	0	500	2	0	0	1221 - LG Kitchen Refrig	0	85	0	0	0
0908 - NPCR3 Seismic Upgrds	1,302	1,224	1,328	240	342	1248 - LG - CT Upgrades	0	26	345	197	6,669
1125 - Will Pav Fire Sprinkler	57	39	0	0	0	1249 - LG Mobile Imaging	0	146	0	0	0
1211 - SIS Monitor Install	215	0	0	0	0	1328 - LG Ortho Canopy FY14	0	255	209	0	0
1216 - New Main Process Imp Office	19	1	16	0	0	1345 - LG Lab HVAC	0	112	0	0	0
1217 - MV Campus MEP Upgrades FY13	0	181	274	28	0	1346 - LG OR 5, 6, and 7 Lights Replace	0	0	285	53	22
1224 - Rehab Bldg HVAC Upgrades	11	202	81	14	6	1347 - LG Central Sterile Upgrades	0	0	181	43	66
1301 - Desktop Virtual	0	13	0	0	0	1421 - LG MOB Improvements	0	0	198	65	303
1304 - Rehab Wander Mgmt	0	87	0	0	0	1508 - LG NICU 4 Bed Expansion	0	0	0	0	207
1310 - Melchor Cancer Center Expansion	0	44	13	0	0	1600 - 825 Pollard - Aspire Phase II	0	0	0	0	80
1318 - Women's Hospital TI	0	48	48	29	2	1603 - LG MOB Improvements	0	0	0	0	285
1327 - Rehab Building Upgrades	0	0	15	20	0	<b>Sub-Total Los Gatos Projects</b>	<b>1,150</b>	<b>5,276</b>	<b>6,246</b>	<b>6,116</b>	<b>14,780</b>
1320 - 2500 Hosp Dr Roofing	0	75	81	0	0	1550 - Land Acquisition	0	0	0	24,007	0
1340 - New Main ED Exam Room TVs	0	8	193	0	0	1701 - 828 S Winchester Clinic TI	0	0	0	0	145
1341 - New Main Admin	0	32	103	0	0	<b>Sub-Total Other Strategic Projects</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,007</b>	<b>145</b>
1344 - New Main AV Upgrd	0	243	0	0	0	<b>Subtotal Facilities Projects CIP</b>	<b>9,294</b>	<b>13,753</b>	<b>38,940</b>	<b>48,137</b>	<b>82,953</b>
1400 - Oak Pav Cancer Center	0	0	5,208	666	52	<b>Grand Total</b>	<b>27,598</b>	<b>58,561</b>	<b>86,789</b>	<b>96,740</b>	<b>97,923</b>
						Forecast at Beginning of year	70,503	70,037	101,607	114,025	212,000



## 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 (ECH) Board of Directors (“Board”). 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, Chief Financial Officer

*The CFO shall serve as the primary staff to support 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 meetings upon the recommendation of the CFO and at the discretion of the Committee Chair. The CEO is an ex-officio member of this Committee.*

GOALS	TIMELINE by Fiscal Year <small>(Timeframe applies to when the Board approves the recommended action from the Committee, if applicable)</small>	METRICS
1. Develop and monitor industry benchmarks for operations and finance	<ul style="list-style-type: none"> <li>Q2 FY18</li> </ul>	<ul style="list-style-type: none"> <li>Receive report on operational and financial benchmarks. <b>LTF presentation in 11/17 shows performance vs benchmarks. More detailed benchmark report in the pacing plan for January’s meeting</b></li> </ul>
2. Review major capital projects	<ul style="list-style-type: none"> <li>Q3 FY18</li> </ul>	<ul style="list-style-type: none"> <li>Update on major capital projects in progress <b>Presented at each meeting</b></li> </ul>
3. Education Topic: Ambulatory Care Business Model	<ul style="list-style-type: none"> <li>Q1 FY18</li> </ul>	<ul style="list-style-type: none"> <li>Presentation at the August meeting. <b>Completed in the September meeting</b></li> </ul>
4. Epic Implementation Review	<ul style="list-style-type: none"> <li>Q2 FY18</li> </ul>	<ul style="list-style-type: none"> <li>Presentation at the November meeting. <b>On the pacing plan for January’s meeting</b></li> </ul>
5. Review top three service lines (HVI, Oncology, BHS)	<ul style="list-style-type: none"> <li>Q1 – Q2 FY18</li> </ul>	<ul style="list-style-type: none"> <li>Presentations at September, November and January meetings. <b>HVI presented in September; Oncology in November and BHS planned for January.</b></li> </ul>

**SUBMITTED BY:**

John Zoglin  
Iftikhar Hussain

**Chair**, Finance Committee  
**Executive Sponsor**, Finance Committee





**CALIFORNIA  
HOSPITAL  
ASSOCIATION**

*Providing Leadership in  
Health Policy and Advocacy*

# **MEDIA STATEMENT**

**November 15, 2017**

## **California Hospitals Oppose Congressional Effort to Eliminate Tax-Exempt Private Activity Bonds**

*Federal Tax Cuts and Jobs Act Threatens Not-for-Profit Hospital Financing, 25,000 Construction Jobs*

*By Carmela Coyle  
President/CEO*

*California Hospital Association*

A provision in the proposed federal Tax Cuts and Jobs Act that would eliminate the tax exemption for private activity bonds could have a devastating financial impact on California's private not-for-profit and district hospitals. These bonds provide a critical source of funding that result in job creation and economic development beyond hospital walls.

Charitable hospitals and health systems use these tax-exempt bonds to pay for a variety of capital improvement and building projects including mandated seismic compliance requirements, new technologies, diagnostic equipment and expanded and modernized patient care facilities. Removing the tax exemption from these financing vehicles could increase the costs of borrowing by California hospitals by as much as \$120 million annually, or \$3.5 billion over the life of a 30-year bond.

It's ironic that legislation intended to strengthen the economy and provide jobs will, in fact, have the opposite effect. Hospitals are significant employers – often the largest in their community – providing more than 500,000 jobs across California. The loss of these tax-exempt bonds could compromise the financial viability of some hospitals. Additionally, some hospitals may be unable to pay for required seismic retrofitting or rebuilding projects. Hospitals that fail to meet the seismic mandate by specified deadlines must be shut down under existing state law. More than 25,000 construction jobs related to the seismic building requirements also would be at risk if access to capital is compromised.

To protect access to vital health care services throughout our state, CHA urges the members of California's congressional delegation to oppose the elimination of tax-exempt private activity bonds in the Tax Cuts and Jobs Act. #####

**CONTACT:** Jan Emerson-Shea  
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(916) 804-0663 - Cell

## ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Report on ECH and ECHD Board Actions Finance Committee Meeting Date: November 27, 2017
<b>Responsible party:</b>	Cindy Murphy, Director of Governance Services
<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 a verbal report by the Chair of the Committee and/or Board members who also serve on the Committee.
<b>Other Board Advisory Committees that reviewed the issue and recommendation, if any:</b>	None.
<b>Summary and session objectives :</b>	To inform the Committee about recent Board actions.
<b>Suggested discussion questions:</b>	None.
<b>Proposed Committee motion, if any:</b>	None. This is an informational item.
<b>LIST OF ATTACHMENTS:</b>	Report on ECH and ECHD October and November 2017 Board Actions

## **October and November 2017 ECH Board Actions\***

1. October 11, 2017
  - a. Recognized the Cancer Center at El Camino Hospital for 10 years of providing high quality care.
  - b. Approved the FY18 Period 1 and Period 2 Financials.
  - c. Voted to recommend that the District Board adopt the Governance Committee's Proposals to Revise the ECH Board Member Election and Re-Election Process and the ECH Board Member Position Specification , retaining the same high priority competencies identified in FY17.
  - d. Approved the FY17 Compliance Summary Report and Semi-Annual Physician Expense Report,
  - e. Approved the FY17 Individual Executive Goal Scores and Incentive Plan Payments
  - f. Approved the HR Leave of Absence Policy
  - g. Approved the Annual Financial, 403(b), and Participant Cash Balance Plan Audits
  - h. Approved the Level II NICU Call Panel Agreement
  - i. Approved the Medical Staff Development Pan and Recruitment Budget not to exceed \$5.9 million
  
2. November 8, 2017
  - a. Approved the FY18 Board, Board Chair, and Committee Self-Assessment Tools. The Biennial Committee Assessment will launch in November or early December 2017 and we expect to have results in February. The Annual Board and Board Chair Assessment will launch in the Spring of 2018.
  - b. Approved the Annual Safety Report for the Environment of Care.

## **October 2017 ECHD Board Actions\***

1. October 17, 2017
  - a. Approved the FY17 Year End Consolidated and Stand-Alone Financials
  - b. Approved the FY 17 Financial Audit
  - c. Approved the Revised Budget for Major El Camino Hospital Capital Budgets: Behavioral Health Services Building (additional \$4.6 Million) and Integrated Medical Office Building (additional \$27.1 million).

\*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.

- d. Approved the Revised ECH Board Member Election and Re-Election Process and the ECH Board Member Position Specification, retaining the same high priority competencies identified in FY17.
- e. Re-Elected El Camino Hospital Board Director Lanhee Chen to the El Camino Hospital Board of Directors for a second term of three years effective July 1, 2018.
- f. Approved the FY17 Community Benefit Plan Report.

\*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 2018 – Period 4  
7/1/2017 to 10/31/2017

## Dashboard - ECH combined as of October 31, 2017

	Annual				Month			YTD		
	2016	2017	2018 Proj.	2018 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	242	239	239	240	230	244	230	230	236	231
Adjusted Discharges	32,324	33,837	35,331	34,080	2,807	3,054	2,895	10,972	11,777	11,412
Total Discharges (Excl NNB)	19,171	19,649	20,091	19,695	1,626	1,724	1,660	6,358	6,697	6,574
<b>Inpatient Cases</b>										
MS Discharges	13,026	13,624	13,911	13,544	1,090	1,178	1,127	4,256	4,637	4,464
Deliveries	4,717	4,656	4,737	4,752	414	411	413	1,621	1,579	1,633
BHS	928	908	1,059	902	82	96	77	310	353	307
Rehab	500	461	384	497	40	39	42	171	128	169
<b>Outpatient Cases</b>	139,935	145,957	148,950	147,485	11,923	12,909	12,440	47,637	49,650	48,733
ED	48,609	48,631	47,811	48,975	3,883	4,085	4,131	15,733	15,937	16,185
<b>Procedural Cases</b>										
OP Surg	6,070	4,488	4,626	4,595	371	403	387	1,402	1,542	1,517
Endo	2,324	2,366	2,397	2,134	193	195	180	771	799	705
Interventional	2,021	2,134	2,076	2,130	194	176	179	744	692	704
All Other	80,911	88,338	92,040	89,651	7,282	8,050	7,563	28,987	30,680	29,623
<b>Financial Perf.</b>										
Net Patient Revenues	772,020	832,263	881,236	832,066	72,600	81,589	70,033	270,690	293,745	278,086
Total Operating Revenue	795,657	858,347	908,160	855,195	74,302	83,988	71,897	277,836	302,720	286,198
Operating Expenses	743,044	746,171	760,841	778,105	63,059	65,771	64,077	240,496	253,614	255,975
Operating Income \$	52,613	112,176	147,318	77,090	11,243	18,216	7,820	37,340	49,106	30,223
Operating Margin	6.6%	13.1%	16.2%	9.0%	15.1%	21.7%	10.9%	13.4%	16.2%	10.6%
EBITDA \$	108,554	161,811	199,566	138,862	15,788	22,778	12,927	55,490	66,522	50,069
EBITDA %	13.6%	18.9%	22.0%	16.2%	21.2%	27.1%	18.0%	20.0%	22.0%	17.5%
IP Margin <sup>1</sup>	-9.8%	5.8%	10.6%	-10.2%	5.8%	10.6%	-10.2%	5.8%	10.6%	-10.2%
OP Margin <sup>1</sup>	35.9%	37.0%	40.8%	31.7%	37.0%	40.8%	31.7%	37.0%	40.8%	31.7%
<b>Payor Mix</b>										
Medicare	46.6%	47.7%	46.1%	47.4%	46.3%	46.7%	47.4%	46.8%	46.1%	47.4%
Medi-Cal	7.4%	7.3%	8.0%	7.2%	8.4%	8.9%	7.2%	7.3%	8.0%	7.2%
Commercial IP	24.0%	22.3%	22.7%	22.6%	23.1%	21.9%	22.6%	23.4%	22.7%	22.6%
Commercial OP	19.3%	20.2%	20.5%	20.3%	20.0%	20.3%	20.3%	20.1%	20.5%	20.3%
Total Commercial	43.3%	42.5%	43.2%	42.9%	43.1%	42.1%	42.9%	43.5%	43.2%	42.9%
Other	2.7%	2.5%	2.6%	2.5%	2.2%	2.2%	2.5%	2.5%	2.6%	2.5%
<b>Cost</b>										
Total FTE	2,509.5	2,506.7	2,580.3	2,529.6	2,480.3	2,580.3	2,494.0	2,472.8	2,580.3	2,494.0
Productive Hrs/APD	30.7	30.3	30.7	31.1	31.3	30.2	31.0	30.7	30.7	31.1
<b>Balance Sheet</b>										
Net Days in AR	53.7	44.8	49.3	48.0	44.8	49.3	48.0	44.8	49.3	48.0
Days Cash	361	444	463	266	444	463	266	444	463	266
<b>Affiliates - Net Income (\$000s)</b>										
Hosp	43,043	169,576	219,633	79,793	4,807	25,595	8,046	45,745	73,211	45,745
Concern	1,823	1,556	2,706	1,430	18	178	124	480	902	512
ECSC	(282)	(105)	(48)	0	(7)	(9)	0	(50)	(16)	0
Foundation	982	2,420	2,171	737	(32)	214	157	524	724	265
SVMD	156	209	528	(0)	(38)	(54)	21	62	176	22

### Volume:

- For the year, overall volume, measured in adjusted discharges is 3.1% higher than budget.
- IP cases are 1.9% over budget, specifically Neurosciences, HVI, BHS, Oncology and Urology. However deliveries are lower than prior year by 2.6% and 3.3% below budget
- OP discharges are higher than budget in General Surgery, Imaging Services, MCH, Rehab and Urology.

### Financial Performance:

- Oct op income is \$10.4M over budget, due to favorable revenue and higher volume. Rev for the month include \$4.7 million in unusual items. For the year op margin is \$18.9M ahead of target

### Payor Mix:

- Commercial insurance is 0.4% more of the Payor Mix in October than budget

### Cost:

- Prod Hrs/APD for October is 30.2 and slightly better than budget . YTD we are slightly better than budget

### Balance Sheet:

- Net days in AR is 49.3 which is 1.3 days more than budget.

# Budget Variances

## Fiscal Year 2018 YTD (7/1/2017-10/31/2017) Waterfall

(in thousands; \$000s)	Year to Date (YTD)	
	Net Income Impact	% Net Revenue
<b>Budgeted Hospital Operations FY2018</b>	<b>30,223</b>	<b>10.6%</b>
<b>Net Revenue</b> - Favorable due to higher volume, favorable payor mix and \$8.0 million unusual items	16,522	5.5%
<b>Labor and Benefit Expense Change</b> - Labor is close to budget after adjusting for higher volume	(1,611)	-0.5%
<b>Professional Fees &amp; Purchased Services</b> -Recruiting costs in HVI, Imaging Admin, Pathology, IT, Employee Health, and Clinical Education in combination with Consulting fee increases net to a lower amount due to savings in IT purchased services	(131)	0.0%
<b>Supplies</b> - Favorable due to savings in Spine and Heart valves offsetting Robotics and Medical capital supplies as well as a positive variance in our Drug supplies	642	0.2%
<b>Other Expenses</b> - Favorable due to reduction in property taxes due to common area correction, and no strategic fund expenses.	1,032	0.3%
<b>Depreciation &amp; Interest</b> - Favorable due to delay in Parking Structure as well as some LG projects	2,431	0.8%
<b>Actual Hospital Operations FY2018</b>	<b>49,106</b>	<b>16.2%</b>

# El Camino Hospital (\$000s)

4 months ending 10/31/2017

Period 4 FY 2017	Period 4 FY 2018	Period 4 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
243,805	295,615	266,372	29,242	11.0%	<b>Gross Revenue</b>	959,654	1,092,564	1,050,681	41,883	4.0%
(171,205)	(214,025)	(196,339)	(17,686)	1.0%	<b>Deductions</b>	(688,964)	(798,819)	(772,595)	(26,224)	3.4%
<b>72,600</b>	<b>81,589</b>	<b>70,033</b>	<b>11,556</b>	<b>16.5%</b>	<b>Net Patient Revenue</b>	<b>270,690</b>	<b>293,745</b>	<b>278,086</b>	<b>15,659</b>	<b>5.6%</b>
1,702	2,398	1,864	534	28.7%	<b>Other Operating Revenue</b>	7,145	8,974	8,112	863	10.6%
<b>74,302</b>	<b>83,988</b>	<b>71,897</b>	<b>12,091</b>	<b>16.8%</b>	<b>Total Operating Revenue</b>	<b>277,836</b>	<b>302,720</b>	<b>286,198</b>	<b>16,522</b>	<b>5.8%</b>
<b>OPERATING EXPENSE</b>										
39,353	39,768	38,589	(1,179)	-3.1%	<b>Salaries &amp; Wages</b>	146,192	155,895	154,284	(1,611)	-1.0%
8,442	10,295	10,084	(211)	-2.1%	<b>Supplies</b>	36,040	39,327	39,969	642	1.6%
8,016	8,819	7,995	(824)	-10.3%	<b>Fees &amp; Purchased Services</b>	30,674	32,135	32,004	(131)	-0.4%
2,703	2,327	2,301	(26)	-1.1%	<b>Other Operating Expense</b>	9,440	8,840	9,872	1,032	10.4%
498	453	725	273	37.6%	<b>Interest</b>	1,887	1,502	2,902	1,399	48.2%
4,046	4,108	4,381	273	6.2%	<b>Depreciation</b>	16,263	15,914	16,945	1,031	6.1%
<b>63,059</b>	<b>65,771</b>	<b>64,077</b>	<b>(1,695)</b>	<b>-2.6%</b>	<b>Total Operating Expense</b>	<b>240,496</b>	<b>253,614</b>	<b>255,975</b>	<b>2,362</b>	<b>0.9%</b>
<b>11,243</b>	<b>18,216</b>	<b>7,820</b>	<b>10,396</b>	<b>132.9%</b>	<b>Net Operating Income/(Loss)</b>	<b>37,340</b>	<b>49,106</b>	<b>30,223</b>	<b>18,884</b>	<b>62.5%</b>
(6,436)	7,379	225	7,153	3175.1%	<b>Non Operating Income</b>	8,404	24,105	901	23,204	2574.8%
<b>4,807</b>	<b>25,595</b>	<b>8,046</b>	<b>17,550</b>	<b>218.1%</b>	<b>Net Income(Loss)</b>	<b>45,745</b>	<b>73,211</b>	<b>31,124</b>	<b>42,087</b>	<b>135.2%</b>
21.2%	27.1%	18.0%	9.1%		<b>EBITDA</b>	20.0%	22.0%	17.5%	4.5%	
15.1%	21.7%	10.9%	10.8%		<b>Operating Margin</b>	13.4%	16.2%	10.6%	5.7%	
6.5%	30.5%	11.2%	19.3%		<b>Net Margin</b>	16.5%	24.2%	10.9%	13.3%	

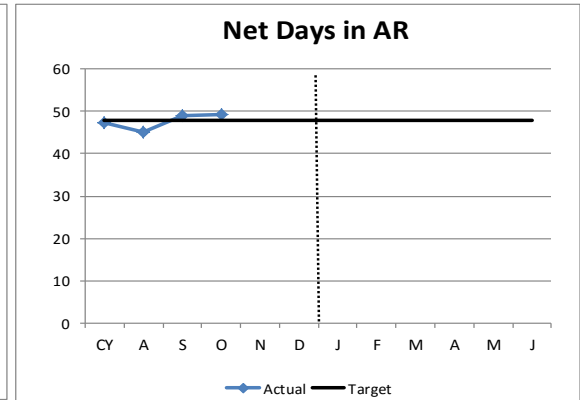
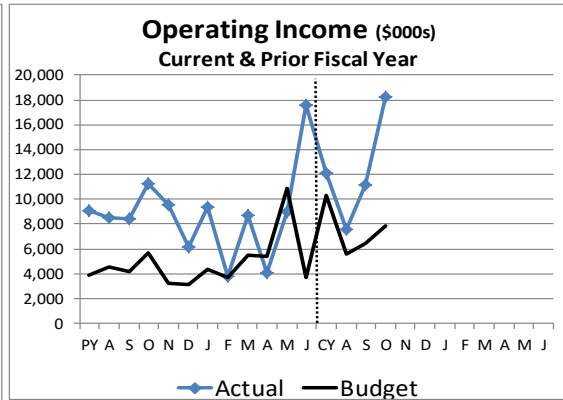
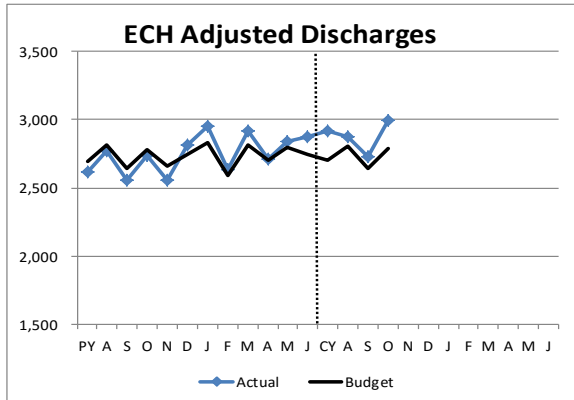


# Non Operating Items and Net Income by Affiliate

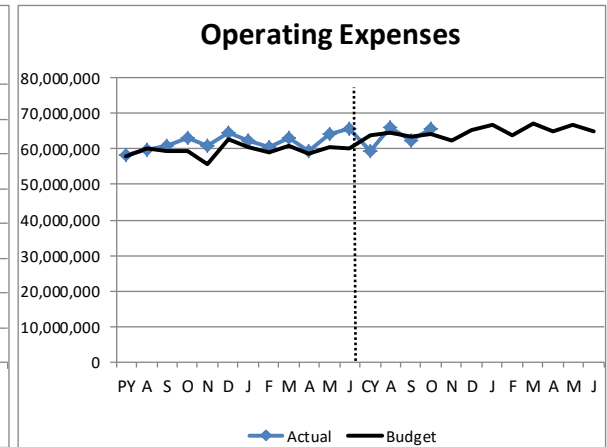
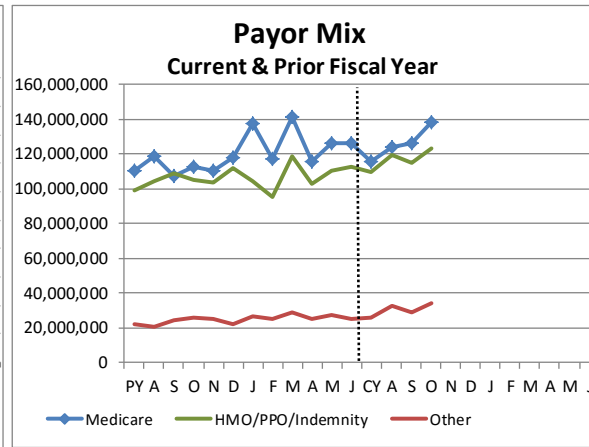
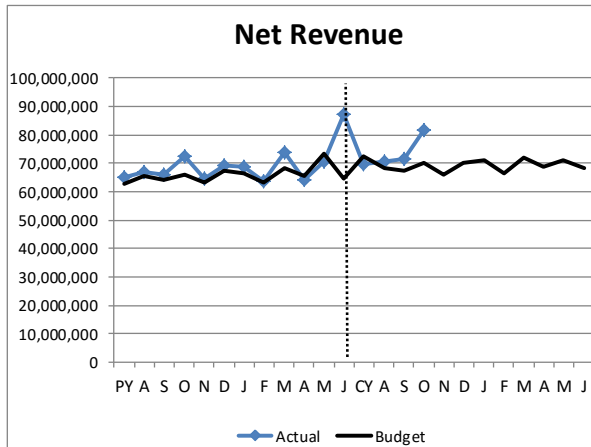
\$ in thousands

	Period 4 - Month			Period 4 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Income (Loss) from Operations</b>						
Mountain View	16,363	6,269	10,094	44,354	24,852	19,502
Los Gatos	1,854	1,552	302	4,752	5,371	(619)
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>18,216</b>	<b>7,820</b>	<b>10,396</b>	<b>49,106</b>	<b>30,223</b>	<b>18,884</b>
<b>Operating Margin %</b>	<b>21.7%</b>	<b>10.9%</b>		<b>16.2%</b>	<b>10.6%</b>	
<b>El Camino Hospital Non Operating Income</b>						
Investments	7,991	1,516	6,475	27,687	6,062	21,625
Swap Adjustments	81	0	81	175	0	175
Community Benefit	(28)	(283)	256	(2,063)	(1,133)	(930)
Pathways	135	42	93	177	167	11
Satellite Dialysis	0	(35)	35	(78)	(142)	64
Other	(800)	(1,013)	213	(1,794)	(4,053)	2,258
<b>Sub Total - Non Operating Income</b>	<b>7,379</b>	<b>225</b>	<b>7,153</b>	<b>24,105</b>	<b>901</b>	<b>23,204</b>
<b>El Camino Hospital Net Income (Loss)</b>	<b>25,595</b>	<b>8,046</b>	<b>17,550</b>	<b>73,211</b>	<b>31,124</b>	<b>42,087</b>
<b>ECH Net Margin %</b>	<b>30.5%</b>	<b>11.2%</b>		<b>24.2%</b>	<b>10.9%</b>	
Concern	178	124	53	902	512	390
ECSC	(9)	0	(9)	(16)	0	(16)
Foundation	214	157	57	724	265	458
Silicon Valley Medical Development	(54)	303	(357)	176	22	154
<b>Net Income Hospital Affiliates</b>	<b>329</b>	<b>303</b>	<b>26</b>	<b>1,786</b>	<b>799</b>	<b>987</b>
<b>Total Net Income Hospital &amp; Affiliates</b>	<b>25,924</b>	<b>8,349</b>	<b>17,576</b>	<b>74,996</b>	<b>31,923</b>	<b>43,074</b>

# Monthly Financial Trends

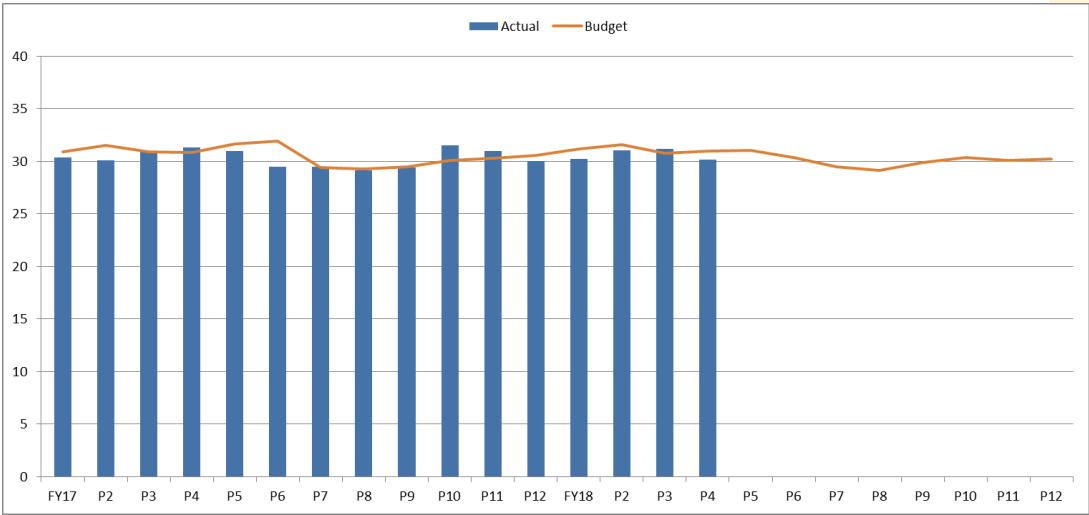


Volume is higher than budgeted for the month and the year. High inpatient volume is in Inpatient Neurosciences, BHS, HVI, Oncology. High Outpatient volume is General Surgery, Imaging Services, MCH, Outpatient Clinics and Urology.



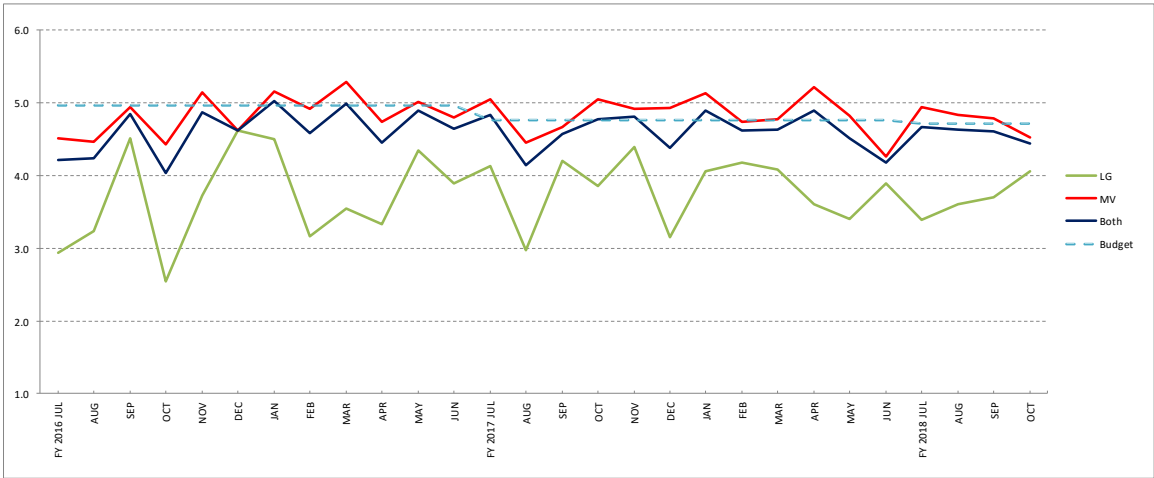
# Productivity and Medicare Length of Stay

Work hours per adjusted patient day decreased in October over budget by 0.8. Overall the month of October is 30.2 worked hours per adjusted patient day.

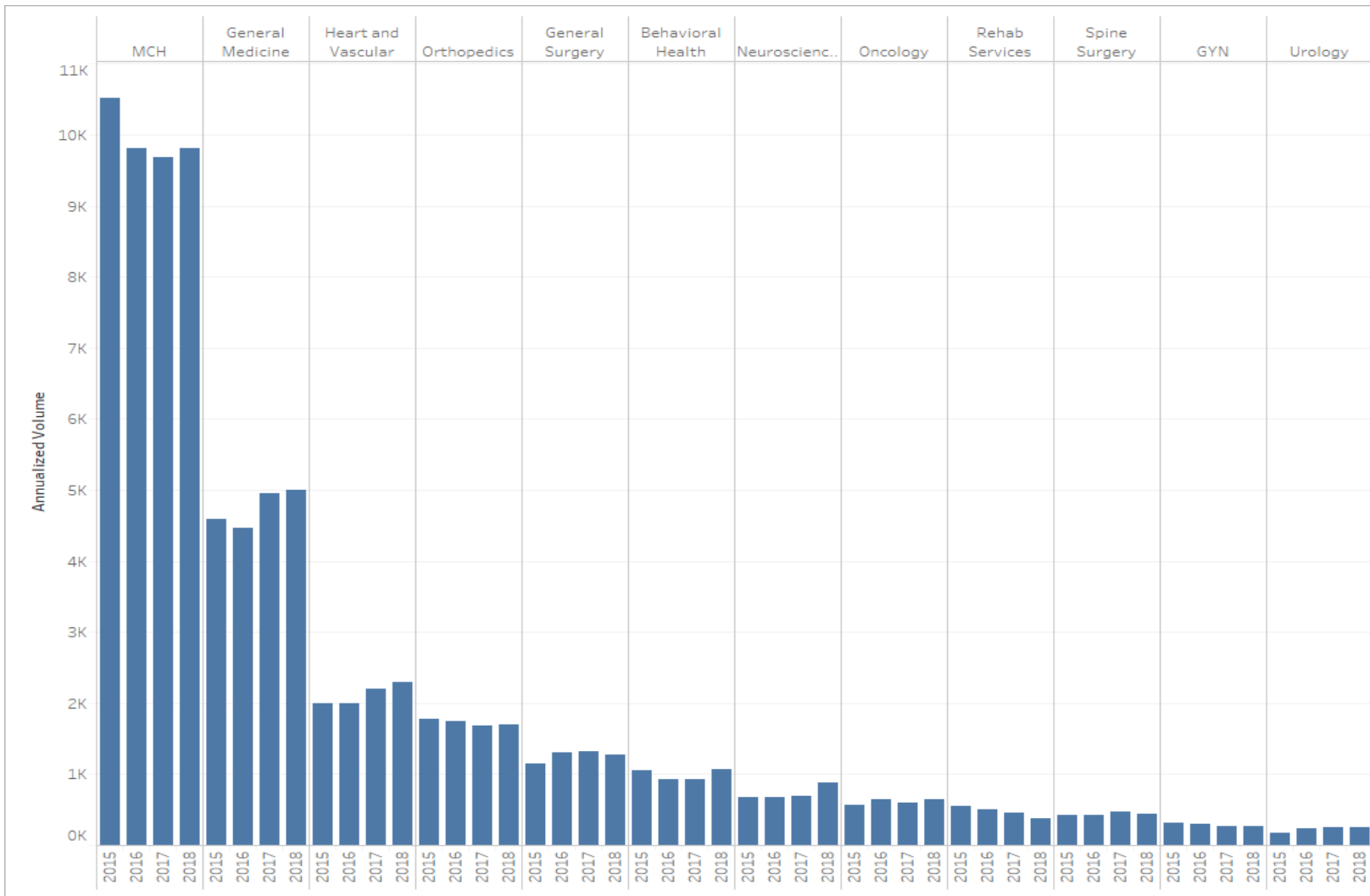


Medicare ALOS

ALOS remains better than target

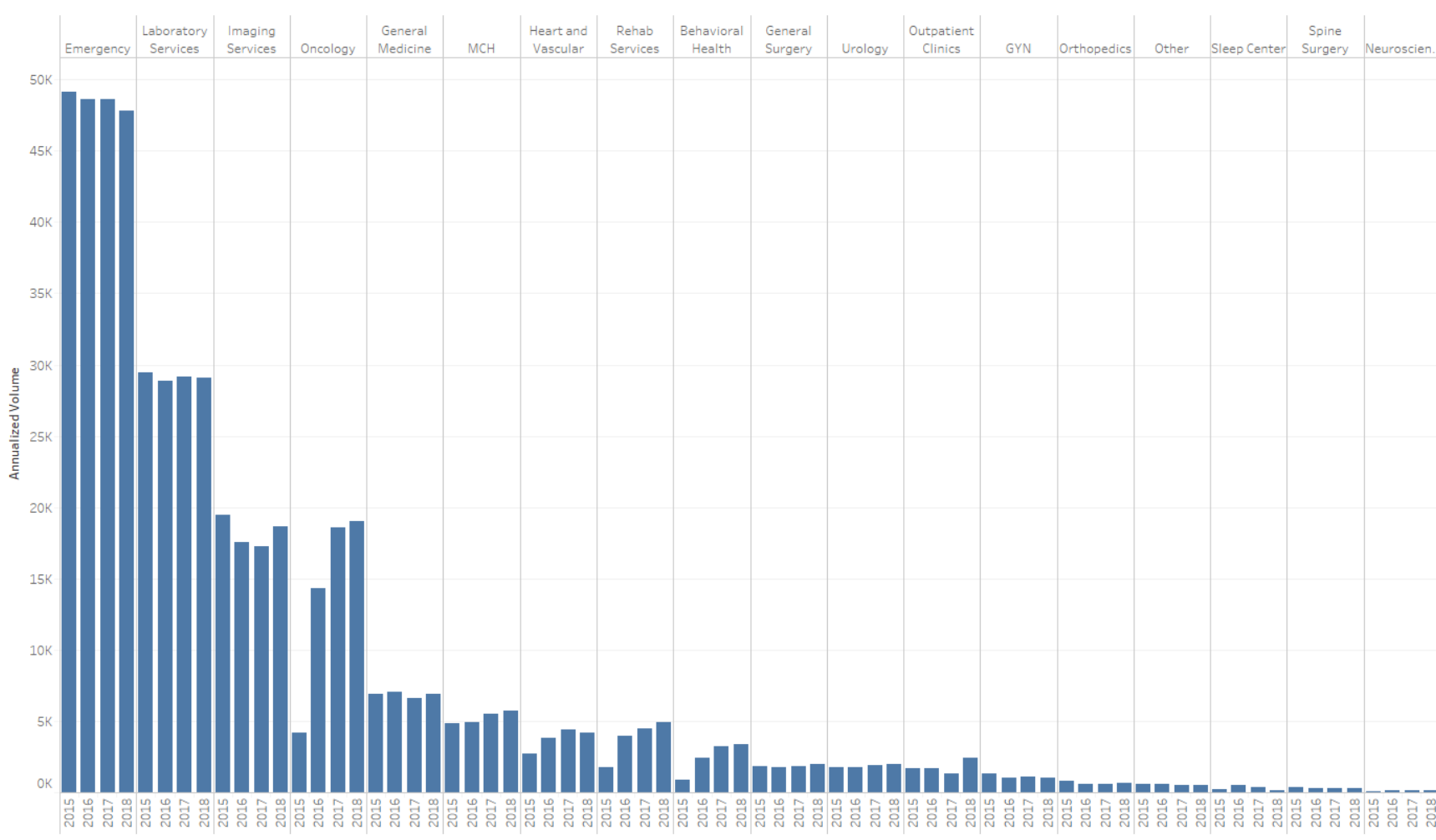


## El Camino Hospital Volume Annual Trends – Inpatient



- General Medicine, HVI, Behavioral Health, and Neuroscience display an increasing trend year to year.
- Conversely, Orthopedics, Rehab Services and GYN show a decreasing trend year to year.
- The remaining service lines are staying flat.

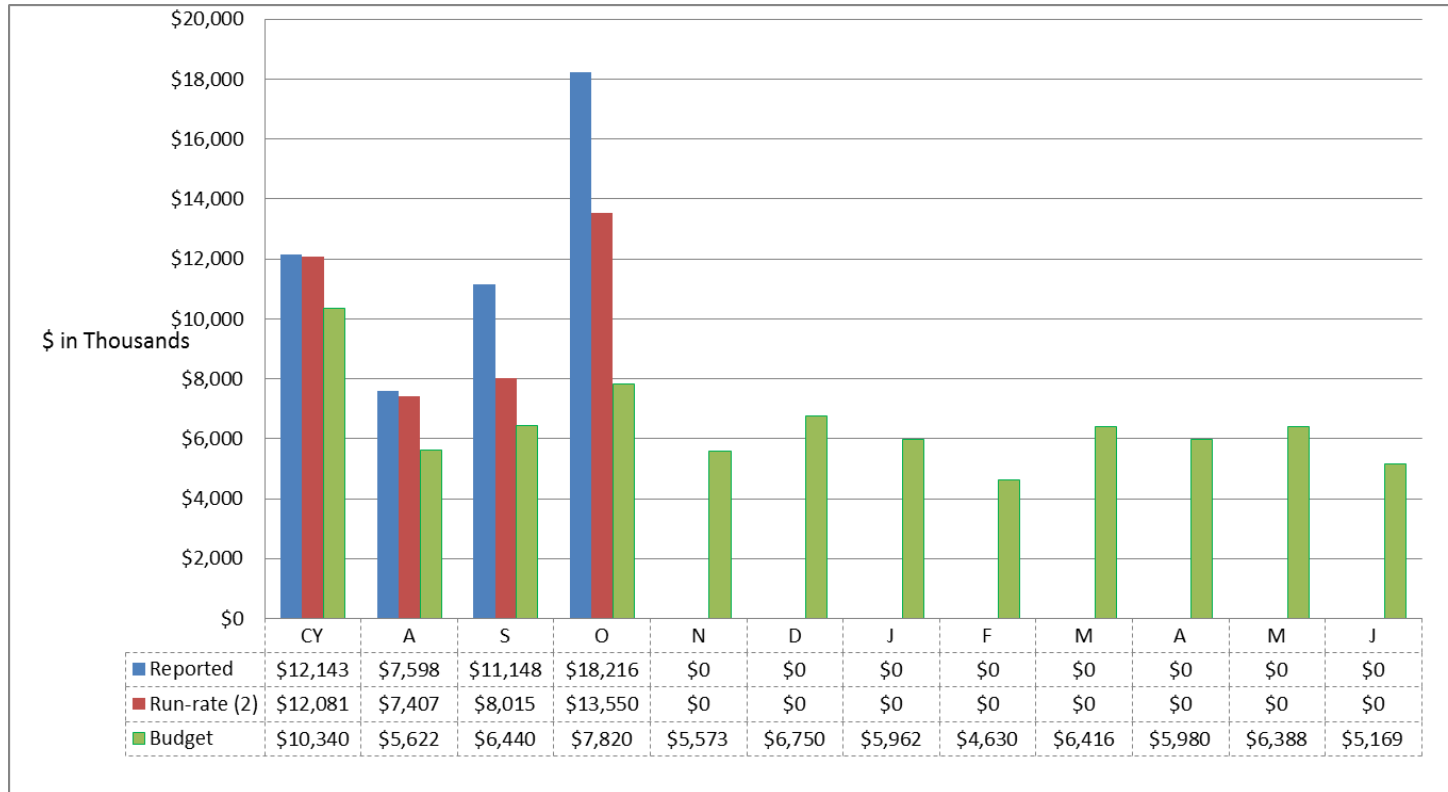
## El Camino Hospital Volume Annual Trends – Outpatient FY 2018 is annualized



- Comparing year-over-year Oncology, MCH, Rehab Services, Behavioral Health, General Surgery, and Outpatient Clinics are all increasing in volume.

# ECH Operating Margin

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



## FY 2018 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>

Revenue Adjustments	J	A	S	O	YTD
Insurance (Payment Variance)	-	-	-	611	611
Mcare Settlmt/Appeal/Tent Settlmt/PIP	54	155	905	54	1,168
Hospital Fee	-	-	-	712	712
Credit Balance Quarterly Review	-	-	2,201	-	2,201
Late Charge Accrual	-	-	-	3,283	3,283
Various Adjustments under \$250k	9	36	27	6	78
<b>Total</b>	<b>63</b>	<b>191</b>	<b>3,134</b>	<b>4,667</b>	<b>8,054</b>

## El Camino Hospital Investment Committee Scorecard September 30, 2017

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY18 Year-end Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>									
		3Q 2017		Fiscal Year-to-date		4y 11m Since Inception (annualized)			2017
Surplus cash balance & op. cash (millions)*		\$1,158.2	--	--	--	--	--	\$1,262.5	--
Surplus cash return	Green	2.7%	2.7%	2.7%	2.7%	5.7%	5.6%	1.9%	5.7%
Cash balance plan balance (millions)		\$250.4	--	--	--	--	--	\$257.1	--
Cash balance plan return	Green	3.1%	3.1%	3.1%	3.1%	8.2%	7.6%	6.0%	6.1%
403(b) plan balance (millions)		\$411.2	--	--	--	--	--	--	--
<b>Risk vs. Return</b>									
		3-year				4y 11m Since Inception (annualized)			2017
Surplus cash Sharpe ratio	Green	1.08	1.13	--	--	1.36	1.33	--	0.46
Net of fee return	Green	5.0%	5.3%	--	--	5.7%	5.6%	--	5.7%
Standard deviation	Green	4.4%	4.4%	--	--	4.0%	4.1%	--	7.2%
Cash balance Sharpe ratio	Green	1.08	1.07	--	--	1.45	1.39	--	0.43
Net of fee return	Green	6.3%	6.0%	--	--	8.2%	7.6%	--	6.1%
Standard deviation	Green	5.6%	5.3%	--	--	5.4%	5.2%	--	8.7%
<b>Asset Allocation</b>									
		3Q 2017							
Surplus cash absolute variances to target	Green	8.4%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target	Green	6.2%	< 10%	--	--	--	--	--	--
<b>Manager Compliance</b>									
		3Q 2017							
Surplus cash manager flags	Yellow	19	< 19 Green < 23 Yellow	--	--	--	--	--	--
Cash balance plan manager flags	Green	19	< 20 Green < 25 Yellow	--	--	--	--	--	--

\*Includes Debt Reserve funds, excludes District assets, Foundation assets, and Concern.

# El Camino Hospital

## Capital Spending (in millions)

Capital Spending  
As of October 2017

Category	Detail	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	2018 Proj Spend	FY 18 YTD Spent
<b>CIP</b>	EPIC Upgrade		1.9	0.8	1.1	0.8
<b>IT Hardware, Software, Equipment &amp; Imaging*</b>			12.2	0.0	12.2	0.0
<b>Medical &amp; Non Medical Equipment FY 17**</b>			10.3	7.2	3.1	7.2
<b>Medical &amp; Non Medical Equipment FY 18***</b>			5.6	0.9	4.8	0.9
<b>Facility Projects</b>						
	1245 Behavioral Health Bldg	96.1	96.1	27.1	27.0	9.5
	1413 North Drive Parking Expansion	24.5	24.5	22.3	2.6	2.5
	1414 Integrated MOB	302.1	302.1	64.1	72.0	18.2
	1422 CUP Upgrade	9.0	9.0	2.9	5.5	0.6
	1430 Women's Hospital Expansion	120.0	6.0	1.3	3.6	0.9
	1425 IMOB Preparation Project - Old Main	20.0	0.0	2.6	0.0	0.0
	1502 Cabling & Wireless Upgrades	0.0	0.0	2.4	0.0	0.0
	1525 New Main Lab Upgrades	3.1	3.1	1.1	2.5	0.7
	1515 ED Remodel Triage/Psych Observation	5.0	0.3	0.0	0.4	0.0
	1503 Willow Pavilion Tomosynthesis	0.8	0.0	0.3	0.0	0.0
	1602 JW House (Patient Family Residence)	6.5	0.5	0.0	0.5	0.0
	Site Signage and Other Improvements	1.0	0.0	0.0	0.3	0.0
	IR Room #6 Development	0.0	0.0	0.0	0.0	0.0
	Nurse Call System Upgrades	2.4	0.0	0.0	0.1	0.0
	1707 Imaging Equipment Replacement ( 5 or 6)	20.7	0.0	0.0	0.3	0.0
	1708 IR/ Cath Lab Equipment Replacement	19.4	0.0	0.0	0.3	0.0
	1709 ED Remodel / CT Triage - Other	0.0	0.0	0.0	0.0	0.0
	Flooring Replacement	1.6	0.3	0.0	0.4	0.0
	1219 LG Spine OR	0.0	0.0	3.7	0.0	0.3
	1313 LG Rehab HVAC System & Structural	0.0	0.0	3.7	0.0	0.0
	1248 LG Imaging Phase II (CT & Gen Rad)	8.8	8.8	8.0	0.6	0.7
	1307 LG Upgrades	19.3	19.3	14.6	4.9	0.7
	1519 LG Electrical Systems Upgrade	0.0	0.0	0.0	0.0	0.0
	1508 LG NICU 4 Bed Expansion	0.0	0.0	0.2	0.0	0.0
	1507 LG IR Upgrades	1.3	0.0	0.0	0.0	0.0
	LG Building Infrastructure Upgrades	0.0	0.0	0.0	0.0	0.0
	1603 LG MOB Improvements (17)	5.0	5.0	2.5	3.5	2.2
	Emergency Sanitary & Water Storage	1.4	0.3	0.0	0.2	0.0
	LG Modular MRI & Awning	3.9	3.9	0.0	0.4	0.0
	LG Nurse Call System Upgrade	2.8	0.0	0.0	0.0	0.0
	LG Observation Unit (Conversion of ICU)	1.8	0.0	0.0	0.8	0.0
	LG Cancer Center	2.4	0.0	0.0	0.4	0.0
	All Other Projects under \$1M	5.6	0.6	0.3	1.8	1.6
		<b>684.4</b>	<b>479.6</b>	<b>157.1</b>	<b>128.0</b>	<b>37.8</b>
			<b>509.7</b>	<b>166.0</b>	<b>149.3</b>	<b>46.6</b>

**GRAND TOTAL**

\*Excluding EPIC

\*\* Unspent Prior Year routine used as contingency

\*\*\*Includes 2 robot purchases



# Balance Sheet (in thousands)

## ASSETS

	Audited	
	October 31, 2017	June 30, 2017
<b>CURRENT ASSETS</b>		
(1) Cash	97,574	125,551
Short Term Investments	125,211	140,284
Patient Accounts Receivable, net	120,043	109,089
Other Accounts and Notes Receivable	2,624	2,628
Intercompany Receivables	2,178	1,495
(2) Inventories and Prepays	55,621	50,657
<b>Total Current Assets</b>	<b>403,252</b>	<b>429,705</b>
<b>BOARD DESIGNATED ASSETS</b>		
(3) Plant & Equipment Fund	141,336	131,153
Women's Hospital Expansion	9,298	9,298
(4) Operational Reserve Fund	127,908	100,196
(5) Community Benefit Fund	18,438	12,237
Workers Compensation Reserve Fund	20,671	20,007
Postretirement Health/Life Reserve Fund	19,629	19,218
PTO Liability Fund	23,905	23,409
Malpractice Reserve Fund	1,634	1,634
Catastrophic Reserves Fund	17,194	16,575
<b>Total Board Designated Assets</b>	<b>380,014</b>	<b>333,727</b>
(6) FUNDS HELD BY TRUSTEE	255,396	287,052
<b>LONG TERM INVESTMENTS</b>	292,648	256,652
<b>INVESTMENTS IN AFFILIATES</b>	32,821	32,451
(7) <b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,228,420	1,192,047
Less: Accumulated Depreciation	(544,474)	(531,785)
Construction in Progress	138,205	138,017
<b>Property, Plant &amp; Equipment - Net</b>	<b>822,150</b>	<b>798,279</b>
<b>DEFERRED OUTFLOWS</b>	28,760	28,960
<b>RESTRICTED ASSETS - CASH</b>	0	0
<b>TOTAL ASSETS</b>	<b>2,215,041</b>	<b>2,166,825</b>

## LIABILITIES AND FUND BALANCE

	Audited	
	October 31, 2017	June 30, 2017
<b>CURRENT LIABILITIES</b>		
(8) Accounts Payable	22,441	38,457
(9) Salaries and Related Liabilities	19,171	25,109
Accrued PTO	23,905	23,409
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	10,446	10,438
Intercompany Payables	197	84
Malpractice Reserves	1,634	1,634
Bonds Payable - Current	3,735	3,735
(10) Bond Interest Payable	7,529	11,245
Other Liabilities	5,913	4,889
<b>Total Current Liabilities</b>	<b>97,272</b>	<b>121,299</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	19,629	19,218
Worker's Comp Reserve	18,371	17,707
Other L/T Obligation (Asbestos)	3,784	3,746
Other L/T Liabilities (IT/Medl Leases)	-	-
Bond Payable	527,195	527,371
<b>Total Long Term Liabilities</b>	<b>568,980</b>	<b>568,042</b>
<b>DEFERRED REVENUE-UNRESTRICTED</b>	526	567
<b>DEFERRED INFLOW OF RESOURCES</b>	10,666	10,666
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	1,157,583	1,132,525
Board Designated	380,014	333,726
Restricted	0	0
(11) <b>Total Fund Bal &amp; Capital Accts</b>	<b>1,537,597</b>	<b>1,466,251</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>2,215,041</b>	<b>2,166,825</b>

## October 2017 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The decrease in cash is due to \$40M being moved into various investments during July as currently having the 2017 Project Bond monies available for payments of the major construction projects. A. Even with this transfer to investments in early July, overall cash receipts have exceeded budgets in a number months in FY2018, thus adding to the cash balance.
- (2) The increase is due to two quarterly pension fundings of \$2.6M in July and October.
- (3) The increase is due 4 months of funded depreciation contributions (130% of straight depreciation expense. Note this amount also contains \$14M reserved for BHS replacement building currently under construction, in conjunction with bond proceeds.
- (4) The increase here is to reset the Operational Reserve (to cover 60 days of operating expenses) for FY2018. The prior year balance hadn't been reset in a couple of years. To increase this Operational Reserve, some of the needed amount was taken from the Short Term Investments in the Current Assets above.
- (5) The increase is due to an approved addition of \$5 million to the Community Benefit Board Designated Endowment as an outcome of the FY2018 budget process to generate additional investment income for the Community Benefits program.
- (6) The decrease is due to additional draws from the 2017 bond financing Project Funds in support of monthly payments to contractors involved with the construction projects at the Mountain View campus. As these projects are now in full progress greater amounts will be withdrawn in future periods.
- (7) The increase is due to the capitalization of the Parking Structure expansion in August and CT upgrades at LG in September.
- (8) The decrease is due to the significant General Contractor construction payments being accrued at year end, along with associated retentions and other general accounts payable activity that were subsequently relieved in this first quarter of fiscal year 2018.
- (9) Primarily the decrease in current year is due to the Management incentives and "Thank You" bonuses paid to all staff in appreciation of the outcomes of fiscal year 2017 in October. These amounts were accrued during the 2017 fiscal year
- (10) The decrease in bond interest payable was due to the semi-annual interest payment due August 1st of \$4.9 million.
- (11) The increase is attributable to the first four periods of financial performance producing an operating income of \$52 million and non-operating of \$24 million (mostly from unrealized gains on investments).

## 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. \$15 million within this fund is a board designated endowment fund formed in 2015 with a \$10 million contribution, and added to at the end of the 2017 fiscal year end with another \$5 million contribution, to generate investment income to be used for grants and sponsorships, currently anticipated to generate \$500,000 a year in investment income for the program.

## 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)

4 months ending 10/31/2017

Period 4 FY 2017	Period 4 FY 2018	Period 4 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
197,826	240,707	218,001	22,706	10.4%	<b>Gross Revenue</b>	792,043	896,317	861,000	35,318	4.1%
(137,459)	(173,090)	(161,211)	(11,879)	7.4%	<b>Deductions</b>	(567,762)	(653,582)	(634,842)	(18,740)	3.0%
<b>60,366</b>	<b>67,618</b>	<b>56,791</b>	<b>10,827</b>	<b>19.1%</b>	<b>Net Patient Revenue</b>	<b>224,281</b>	<b>242,735</b>	<b>226,158</b>	<b>16,578</b>	<b>7.3%</b>
1,530	2,239	1,648	591	35.9%	<b>Other Operating Revenue</b>	6,452	8,332	7,264	1,068	14.7%
<b>61,896</b>	<b>69,856</b>	<b>58,438</b>	<b>11,418</b>	<b>19.5%</b>	<b>Total Operating Revenue</b>	<b>230,733</b>	<b>251,067</b>	<b>233,421</b>	<b>17,646</b>	<b>7.6%</b>
					<b>OPERATING EXPENSE</b>					
33,188	33,016	32,249	(766)	-2.4%	<b>Salaries &amp; Wages</b>	122,188	129,751	129,043	(707)	-0.5%
7,086	8,169	8,102	(67)	-0.8%	<b>Supplies</b>	30,018	31,814	32,109	296	0.9%
6,634	7,534	6,686	(848)	-12.7%	<b>Fees &amp; Purchased Services</b>	25,330	27,088	26,804	(283)	-1.1%
706	794	769	(26)	-3.3%	<b>Other Operating Expense</b>	2,727	2,707	3,600	893	24.8%
498	453	725	273	37.6%	<b>Interest</b>	1,887	1,502	2,902	1,399	48.2%
3,510	3,529	3,638	109	3.0%	<b>Depreciation</b>	14,117	13,852	14,111	259	1.8%
<b>51,623</b>	<b>53,494</b>	<b>52,170</b>	<b>(1,324)</b>	<b>-2.5%</b>	<b>Total Operating Expense</b>	<b>196,268</b>	<b>206,713</b>	<b>208,570</b>	<b>1,856</b>	<b>0.9%</b>
<b>10,274</b>	<b>16,363</b>	<b>6,269</b>	<b>10,094</b>	<b>161.0%</b>	<b>Net Operating Income/(Loss)</b>	<b>34,465</b>	<b>44,354</b>	<b>24,852</b>	<b>19,502</b>	<b>78.5%</b>
(6,436)	7,379	225	7,153	3175.1%	<b>Non Operating Income</b>	8,415	24,149	901	23,248	2579.7%
<b>3,837</b>	<b>23,741</b>	<b>6,494</b>	<b>17,247</b>	<b>265.6%</b>	<b>Net Income(Loss)</b>	<b>42,880</b>	<b>68,503</b>	<b>25,753</b>	<b>42,750</b>	<b>166.0%</b>
23.1%	29.1%	18.2%	10.9%		<b>EBITDA</b>	21.9%	23.8%	17.9%	5.8%	
16.6%	23.4%	10.7%	12.7%		<b>Operating Margin</b>	14.9%	17.7%	10.6%	7.0%	
6.2%	34.0%	11.1%	22.9%		<b>Net Margin</b>	18.6%	27.3%	11.0%	16.3%	

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

4 months ending 10/31/2017

Period 4 FY 2017	Period 4 FY 2018	Period 4 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
45,979	54,907	48,371	6,536	13.5%	<b>OPERATING REVENUE</b>					
(33,746)	(40,936)	(35,129)	(5,807)	16.5%	<b>Gross Revenue</b>	167,611	196,247	189,681	6,566	3.5%
<b>12,233</b>	<b>13,972</b>	<b>13,242</b>	<b>729</b>	<b>5.5%</b>	<b>Deductions</b>	(121,202)	(145,236)	(137,752)	(7,484)	5.4%
172	160	216	(57)	-26.2%	<b>Net Patient Revenue</b>	<b>46,409</b>	<b>51,010</b>	<b>51,929</b>	<b>(919)</b>	<b>-1.8%</b>
<b>12,406</b>	<b>14,131</b>	<b>13,458</b>	<b>673</b>	<b>5.0%</b>	<b>Other Operating Revenue</b>	694	642	848	(206)	-24.3%
					<b>Total Operating Revenue</b>	<b>47,103</b>	<b>51,652</b>	<b>52,777</b>	<b>(1,124)</b>	<b>-2.1%</b>
					<b>OPERATING EXPENSE</b>					
6,166	6,753	6,340	(413)	-6.5%	<b>Salaries &amp; Wages</b>	24,003	26,145	25,241	(904)	-3.6%
1,355	2,127	1,982	(144)	-7.3%	<b>Supplies</b>	6,021	7,514	7,860	346	4.4%
1,382	1,285	1,309	24	1.8%	<b>Fees &amp; Purchased Services</b>	5,344	5,048	5,200	152	2.9%
1,997	1,533	1,533	(0)	0.0%	<b>Other Operating Expense</b>	6,713	6,133	6,272	138	2.2%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
536	580	743	163	22.0%	<b>Depreciation</b>	2,146	2,061	2,834	773	27.3%
<b>11,436</b>	<b>12,277</b>	<b>11,907</b>	<b>(371)</b>	<b>-3.1%</b>	<b>Total Operating Expense</b>	<b>44,228</b>	<b>46,900</b>	<b>47,406</b>	<b>506</b>	<b>1.1%</b>
<b>970</b>	<b>1,854</b>	<b>1,552</b>	<b>302</b>	<b>19.5%</b>	<b>Net Operating Income/(Loss)</b>	<b>2,875</b>	<b>4,752</b>	<b>5,371</b>	<b>(619)</b>	<b>-11.5%</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	(10)	(45)	0	(45)	0.0%
<b>970</b>	<b>1,854</b>	<b>1,552</b>	<b>302</b>	<b>19.5%</b>	<b>Net Income(Loss)</b>	<b>2,865</b>	<b>4,708</b>	<b>5,371</b>	<b>(663)</b>	<b>-12.4%</b>
12.1%	17.2%	17.0%	0.2%		<b>EBITDA</b>	10.7%	13.2%	15.5%	-2.4%	
7.8%	13.1%	11.5%	1.6%		<b>Operating Margin</b>	6.1%	9.2%	10.2%	-1.0%	
7.8%	13.1%	11.5%	1.6%		<b>Net Margin</b>	6.1%	9.1%	10.2%	-1.1%	

## Capital Spend Trend & FY 18 Budget

<b>Capital Spending (in 000's)</b>	<b>Actual FY2015</b>	<b>Actual FY2016</b>	<b>Actual FY2017</b>	<b>Projected FY2018</b>
EPIC	29,849	20,798	2,755	1,128
IT Hardware / Software Equipment	4,660	6,483	2,659	12,238
Medical / Non Medical Equipment*	13,340	17,133	9,556	7,889
Non CIP Land, Land I , BLDG, Additions	-	4,189	-	-
Facilities	38,940	48,137	82,953	128,030
<b>GRAND TOTAL</b>	<b>86,789</b>	<b>96,740</b>	<b>97,923</b>	<b>149,286</b>
*Includes 2 robot purchases in FY2017				



El Camino Hospital Capital Spending (in thousands) FY 2012 – FY 2017

Category	2013	2014	2015	2016	2017	Category	2013	2014	2015	2016	2017
<b>EPIC</b>	<b>0</b>	<b>6,838</b>	<b>29,849</b>	<b>20,798</b>	<b>2,755</b>	<b>Facilities Projects CIP cont.</b>					
<b>IT Hardware/Software Equipment</b>	<b>8,019</b>	<b>2,788</b>	<b>4,660</b>	<b>6,483</b>	<b>2,659</b>	1403 - Hosp Drive BLDG 11 TI's	0	86	103	0	0
<b>Medical/Non Medical Equipment</b>	<b>10,284</b>	<b>12,891</b>	<b>13,340</b>	<b>17,133</b>	<b>9,556</b>	1404 - Park Pav HVAC	0	64	7	0	0
<b>Non CIP Land, Land I, BLDG, Additions</b>	<b>0</b>	<b>22,292</b>	<b>0</b>	<b>4,189</b>	<b>0</b>	1405 - 1 - South Accessibility Upgrades	0	0	0	168	95
						1408 - New Main Accessibility Upgrades	0	0	7	46	501
						1415 - Signage & Wayfinding	0	0	0	106	58
						1416 - MV Campus Digital Directories	0	0	0	34	23
						1423 - MV MOB TI Allowance	0	0	0	588	369
<b>Facilities Projects CIP</b>						1425 - IMOB Preparation Project - Old Main	0	0	0	711	1,860
<b>Mountain View Campus Master Plan Projects</b>						1429 - 2500 Hospital Dr Bldg 8 TI	0	0	101	0	0
1245 - Behavioral Health Bldg Replace	0	1,257	3,775	1,389	10,323	1430 - Women's Hospital Expansion	0	0	0	0	464
1413 - North Drive Parking Structure Exp	0	0	167	1,266	18,120	1432 - 205 South Dr BHS TI	0	0	8	15	0
1414 - Integrated MOB	0	0	2,009	8,875	32,805	1501 - Women's Hospital NPC Comp	0	0	4	0	223
1422 - CUP Upgrade	0	0	0	896	1,245	1502 - Cabling & Wireless Upgrades	0	0	0	1,261	367
<b>Sub-Total Mountain View Campus Master Plan</b>	<b>0</b>	<b>1,257</b>	<b>5,950</b>	<b>12,426</b>	<b>62,493</b>	1503 - Willow Pavillion Tomosynthesis	0	0	0	53	257
						1504 - Equipment Support Infrastructure	0	0	61	311	0
<b>Mountain View Capital Projects</b>						1523 - Melchor Pavillion Suite 309 TI	0	0	0	10	59
9900 - Unassigned Costs	734	470	3,717	0	0	1525 - New Main Lab Upgrades	0	0	0	0	464
1108 - Cooling Towers	450	0	0	0	0	1526 - CONCERN TI	0	0	0	37	99
1120 - BHS Out Patient TI's	66	0	0	0	0	<b>Sub-Total Mountain View Projects</b>	<b>8,145</b>	<b>7,219</b>	<b>26,744</b>	<b>5,588</b>	<b>5,535</b>
1129 - Old Main Card Rehab	9	0	0	0	0	<b>Los Gatos Capital Projects</b>					
0817 - Womens Hosp Upgrds	645	1	0	0	0	0904 - LG Facilities Upgrade	2	0	0	0	0
0906 - Slot Build-Out	1,003	1,576	15,101	1,251	294	0907 - LG Imaging Masterplan	244	774	1,402	17	0
1109 - New Main Upgrades	423	393	2	0	0	1005 - LG OR Light Upgrd	14	0	0	0	0
1111 - Mom/Baby Overflow	212	29	0	0	0	1122 - LG Sleep Studies	7	0	0	0	0
1204 - Elevator Upgrades	25	30	0	0	0	1210 - Los Gatos VOIP	147	89	0	0	0
0800 - Womens L&D Expansion	2,104	1,531	269	0	0	1116 - LG Ortho Pavillion	177	24	21	0	0
1131 - MV Equipment Replace	216	0	0	0	0	1124 - LG Rehab BLDG	49	458	0	0	0
1208 - Willow Pav. High Risk	110	0	0	0	0	1247 - LG Infant Security	134	0	0	0	0
1213 - LG Sterilizers	102	0	0	0	0	1307 - LG Upgrades	376	2,979	3,282	3,511	3,081
1225 - Rehab BLDG Roofing	7	241	4	0	0	1308 - LG Infrastructure	0	114	0	0	0
1227 - New Main eICU	96	21	0	0	0	1313 - LG Rehab HVAC System/Structural	0	0	0	1,597	1,904
1230 - Fog Shop	339	80	0	0	0	1219 - LG Spine OR	0	214	323	633	2,163
1315 - 205 So. Drive TI's	0	500	2	0	0	1221 - LG Kitchen Refrig	0	85	0	0	0
0908 - NPCR3 Seismic Upgrds	1,302	1,224	1,328	240	342	1248 - LG - CT Upgrades	0	26	345	197	6,669
1125 - Will Pav Fire Sprinkler	57	39	0	0	0	1249 - LG Mobile Imaging	0	146	0	0	0
1211 - SIS Monitor Install	215	0	0	0	0	1328 - LG Ortho Canopy FY14	0	255	209	0	0
1216 - New Main Process Imp Office	19	1	16	0	0	1345 - LG Lab HVAC	0	112	0	0	0
1217 - MV Campus MEP Upgrades FY13	0	181	274	28	0	1346 - LG OR 5, 6, and 7 Lights Replace	0	0	285	53	22
1224 - Rehab Bldg HVAC Upgrades	11	202	81	14	6	1347 - LG Central Sterile Upgrades	0	0	181	43	66
1301 - Desktop Virtual	0	13	0	0	0	1421 - LG MOB Improvements	0	0	198	65	303
1304 - Rehab Wander Mgmt	0	87	0	0	0	1508 - LG NICU 4 Bed Expansion	0	0	0	0	207
1310 - Melchor Cancer Center Expansion	0	44	13	0	0	1600 - 825 Pollard - Aspire Phase II	0	0	0	0	80
1318 - Women's Hospital TI	0	48	48	29	2	1603 - LG MOB Improvements	0	0	0	0	285
1327 - Rehab Building Upgrades	0	0	15	20	0	<b>Sub-Total Los Gatos Projects</b>	<b>1,150</b>	<b>5,276</b>	<b>6,246</b>	<b>6,116</b>	<b>14,780</b>
1320 - 2500 Hosp Dr Roofing	0	75	81	0	0	1550 - Land Acquisition	0	0	0	24,007	0
1340 - New Main ED Exam Room TVs	0	8	193	0	0	1701 - 828 S Winchester Clinic TI	0	0	0	0	145
1341 - New Main Admin	0	32	103	0	0	<b>Sub-Total Other Strategic Projects</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,007</b>	<b>145</b>
1344 - New Main AV Upgrd	0	243	0	0	0	<b>Subtotal Facilities Projects CIP</b>	<b>9,294</b>	<b>13,753</b>	<b>38,940</b>	<b>48,137</b>	<b>82,953</b>
1400 - Oak Pav Cancer Center	0	0	5,208	666	52	<b>Grand Total</b>	<b>27,598</b>	<b>58,561</b>	<b>86,789</b>	<b>96,740</b>	<b>97,923</b>
						Forecast at Beginning of year	70,503	70,037	101,607	114,025	212,000



**El Camino Hospital**

THE HOSPITAL OF SILICON VALLEY

Proposed Summary Financial Report to  
the Board Report

Fiscal Year 2018 – Period 4  
7/1/2017 to 10/31/2017

## Dashboard - ECH combined as of October 31, 2017

	Annual				Month			YTD		
	2016	2017	2018 Proj.	2018 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
<b>Volume</b>										
ADC	242	239	239	240	230	244	230	230	236	231
Total Discharges (Excl NNB)	19,171	19,649	20,091	19,695	1,626	1,724	1,660	6,358	6,697	6,574
<b>Outpatient Cases</b>	139,935	145,957	148,950	147,485	11,923	12,909	12,440	47,637	49,650	48,733
<b>Financial Perf.</b>										
Total Operating Revenue	795,657	858,347	908,160	855,195	74,302	83,988	71,897	277,836	302,720	286,198
Operating Income \$	52,613	112,176	147,318	77,090	11,243	18,216	7,820	37,340	49,106	30,223
Operating Margin	6.6%	13.1%	16.2%	9.0%	15.1%	21.7%	10.9%	13.4%	16.2%	10.6%
EBITDA \$	108,554	161,811	199,566	138,862	15,788	22,778	12,927	55,490	66,522	50,069
EBITDA %	13.6%	18.9%	22.0%	16.2%	21.2%	27.1%	18.0%	20.0%	22.0%	17.5%
<b>Payor Mix</b>										
Medicare	46.6%	47.7%	46.1%	47.4%	46.3%	46.7%	47.4%	46.8%	46.1%	47.4%
Medi-Cal	7.4%	7.3%	8.0%	7.2%	8.4%	8.9%	7.2%	7.3%	8.0%	7.2%
Total Commercial	43.3%	42.5%	43.2%	42.9%	43.1%	42.1%	42.9%	43.5%	43.2%	42.9%
Other	2.7%	2.5%	2.6%	2.5%	2.2%	2.2%	2.5%	2.5%	2.6%	2.5%
<b>Cost</b>										
Total FTE	2,509.5	2,506.7	2,580.3	2,529.6	2,480.3	2,580.3	2,494.0	2,472.8	2,580.3	2,494.0
Productive Hrs/APD	30.7	30.3	30.7	31.1	31.3	30.2	31.0	30.7	30.7	31.1
<b>Balance Sheet</b>										
Net Days in AR	53.7	44.8	49.3	48.0	44.8	49.3	48.0	44.8	49.3	48.0
Days Cash	361	444	463	266	444	463	266	444	463	266
<b>Affiliates - Net Income (\$000s)</b>										
Hosp	43,043	169,576	219,633	79,793	4,807	25,595	8,046	45,745	73,211	45,745
Concern	1,823	1,556	2,706	1,430	18	178	124	480	902	512
ECSC	(282)	(105)	(48)	0	(7)	(9)	0	(50)	(16)	0
Foundation	982	2,420	2,171	737	(32)	214	157	524	724	265
SVMD	156	209	528	(0)	(38)	(54)	21	62	176	22

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

### Financial Performance:

- Oct op income is \$10.4M over budget, due to favorable revenue and higher volume. Rev for the month include \$4.7 million in unusual items. For the year op margin is \$18.9M ahead of target

### Cost:

- Prod Hrs/APD for October is 30.2 and slightly better than budget . YTD we are slightly better than budget

### Balance Sheet:

- Net days in AR is 49.3 which is 1.3 days more than budget.

### Volume:

- For the year, overall volume, measured in adjusted discharges is 3.1% higher than budget.
- IP cases are 1.9% over budget, specifically Neurosciences, HVI, BHS, Oncology and Urology. However deliveries are lower than prior year by 2.6% and 3.3% below budget
- OP discharges are higher than budget in General Surgery, Imaging Services, MCH, Rehab and Urology.

### Payor Mix:

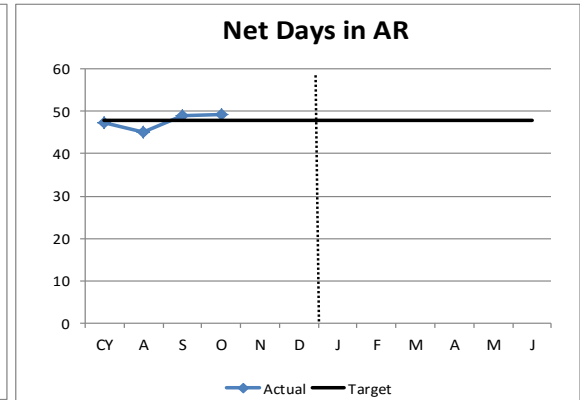
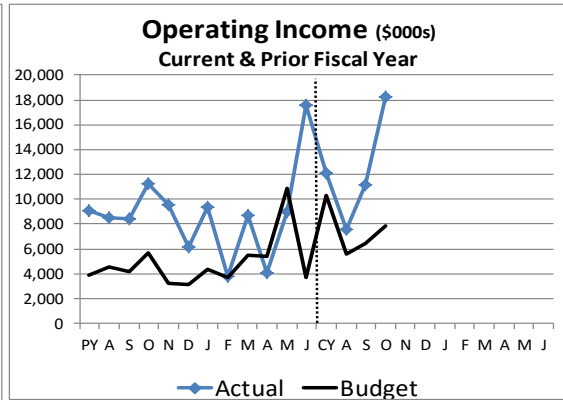
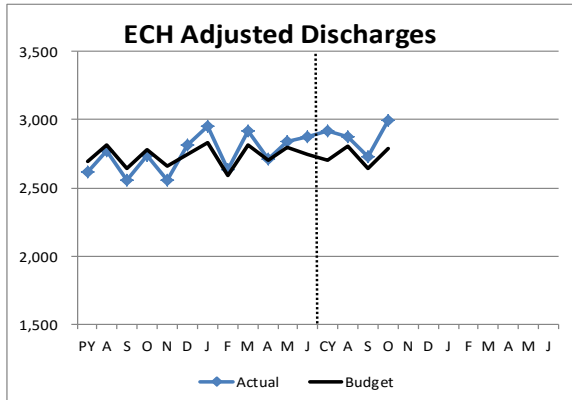
- Commercial insurance is 0.4% more of the Payor Mix in October than budget.

# El Camino Hospital (\$000s)

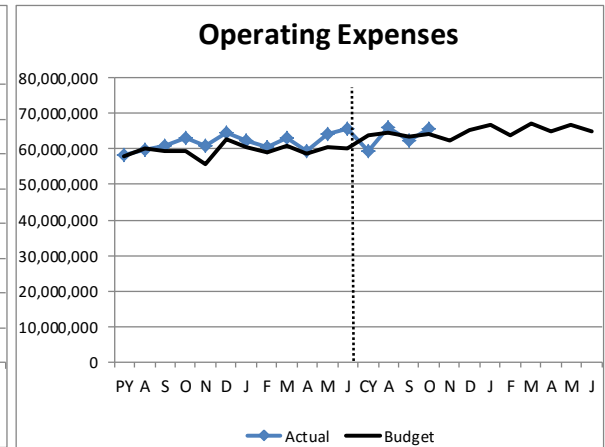
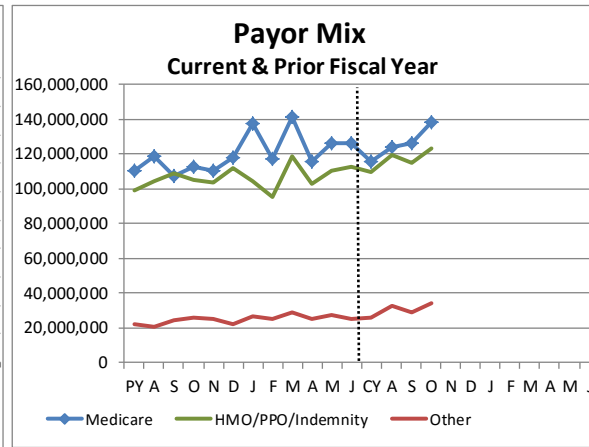
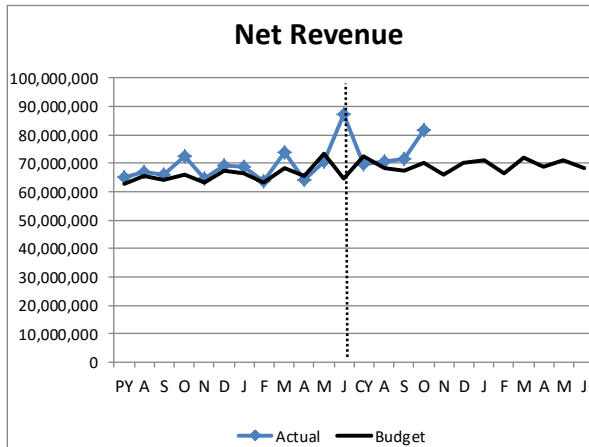
4 months ending 10/31/2017

Period 4 FY 2017	Period 4 FY 2018	Period 4 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
243,805	295,615	266,372	29,242	11.0%	<b>Gross Revenue</b>	959,654	1,092,564	1,050,681	41,883	4.0%
(171,205)	(214,025)	(196,339)	(17,686)	1.0%	<b>Deductions</b>	(688,964)	(798,819)	(772,595)	(26,224)	3.4%
<b>72,600</b>	<b>81,589</b>	<b>70,033</b>	<b>11,556</b>	<b>16.5%</b>	<b>Net Patient Revenue</b>	<b>270,690</b>	<b>293,745</b>	<b>278,086</b>	<b>15,659</b>	<b>5.6%</b>
1,702	2,398	1,864	534	28.7%	<b>Other Operating Revenue</b>	7,145	8,974	8,112	863	10.6%
<b>74,302</b>	<b>83,988</b>	<b>71,897</b>	<b>12,091</b>	<b>16.8%</b>	<b>Total Operating Revenue</b>	<b>277,836</b>	<b>302,720</b>	<b>286,198</b>	<b>16,522</b>	<b>5.8%</b>
<b>OPERATING EXPENSE</b>										
39,353	39,768	38,589	(1,179)	-3.1%	<b>Salaries &amp; Wages</b>	146,192	155,895	154,284	(1,611)	-1.0%
8,442	10,295	10,084	(211)	-2.1%	<b>Supplies</b>	36,040	39,327	39,969	642	1.6%
8,016	8,819	7,995	(824)	-10.3%	<b>Fees &amp; Purchased Services</b>	30,674	32,135	32,004	(131)	-0.4%
2,703	2,327	2,301	(26)	-1.1%	<b>Other Operating Expense</b>	9,440	8,840	9,872	1,032	10.4%
498	453	725	273	37.6%	<b>Interest</b>	1,887	1,502	2,902	1,399	48.2%
4,046	4,108	4,381	273	6.2%	<b>Depreciation</b>	16,263	15,914	16,945	1,031	6.1%
<b>63,059</b>	<b>65,771</b>	<b>64,077</b>	<b>(1,695)</b>	<b>-2.6%</b>	<b>Total Operating Expense</b>	<b>240,496</b>	<b>253,614</b>	<b>255,975</b>	<b>2,362</b>	<b>0.9%</b>
<b>11,243</b>	<b>18,216</b>	<b>7,820</b>	<b>10,396</b>	<b>132.9%</b>	<b>Net Operating Income/(Loss)</b>	<b>37,340</b>	<b>49,106</b>	<b>30,223</b>	<b>18,884</b>	<b>62.5%</b>
(6,436)	7,379	225	7,153	3175.1%	<b>Non Operating Income</b>	8,404	24,105	901	23,204	2574.8%
<b>4,807</b>	<b>25,595</b>	<b>8,046</b>	<b>17,550</b>	<b>218.1%</b>	<b>Net Income(Loss)</b>	<b>45,745</b>	<b>73,211</b>	<b>31,124</b>	<b>42,087</b>	<b>135.2%</b>
21.2%	27.1%	18.0%	9.1%		<b>EBITDA</b>	20.0%	22.0%	17.5%	4.5%	
15.1%	21.7%	10.9%	10.8%		<b>Operating Margin</b>	13.4%	16.2%	10.6%	5.7%	
6.5%	30.5%	11.2%	19.3%		<b>Net Margin</b>	16.5%	24.2%	10.9%	13.3%	

# Monthly Financial Trends

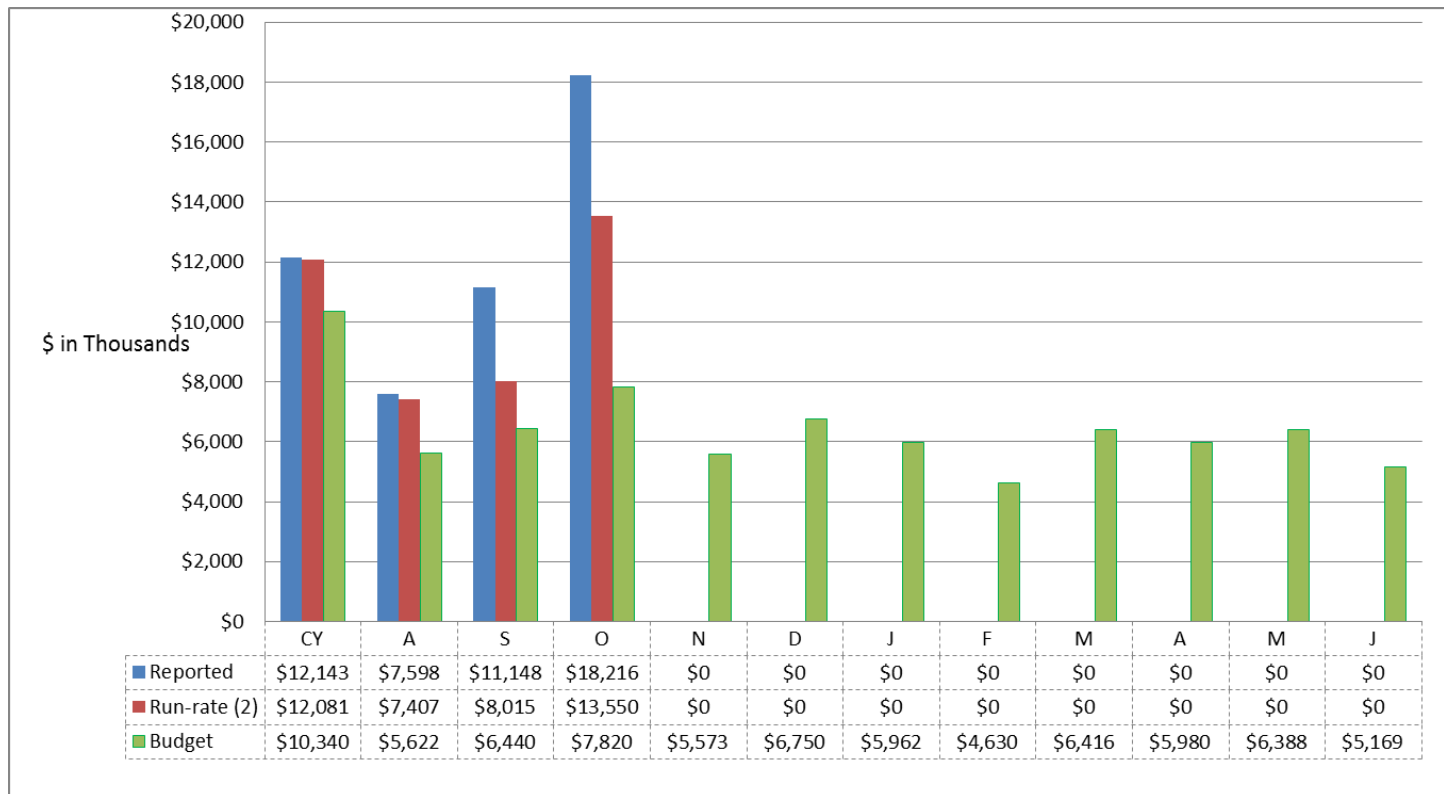


Volume is higher than budgeted for the month and the year. High inpatient volume is in Inpatient Neurosciences, BHS, HVI, Oncology. High Outpatient volume is General Surgery, Imaging Services, MCH, Outpatient Clinics and Urology.



# ECH Operating Margin

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



## FY 2018 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>

Revenue Adjustments	J	A	S	O	YTD
Insurance (Payment Variance)	-	-	-	611	611
Mcare Settlmt/Appeal/Tent Settlmt/PIP	54	155	905	54	1,168
Hospital Fee	-	-	-	712	712
Credit Balance Quarterly Review	-	-	2,201	-	2,201
Late Charge Accrual	-	-	-	3,283	3,283
Various Adjustments under \$250k	9	36	27	6	78
<b>Total</b>	<b>63</b>	<b>191</b>	<b>3,134</b>	<b>4,667</b>	<b>8,054</b>

## El Camino Hospital Investment Committee Scorecard September 30, 2017

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY18 Year-end Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>									
		3Q 2017		Fiscal Year-to-date		4y 11m Since Inception (annualized)			2017
Surplus cash balance & op. cash (millions)*		\$1,158.2	--	--	--	--	--	\$1,262.5	--
Surplus cash return	Green	2.7%	2.7%	2.7%	2.7%	5.7%	5.6%	1.9%	5.7%
Cash balance plan balance (millions)		\$250.4	--	--	--	--	--	\$257.1	--
Cash balance plan return	Green	3.1%	3.1%	3.1%	3.1%	8.2%	7.6%	6.0%	6.1%
403(b) plan balance (millions)		\$411.2	--	--	--	--	--	--	--
<b>Risk vs. Return</b>									
		3-year				4y 11m Since Inception (annualized)			2017
Surplus cash Sharpe ratio	Green	1.08	1.13	--	--	1.36	1.33	--	0.46
Net of fee return	Green	5.0%	5.3%	--	--	5.7%	5.6%	--	5.7%
Standard deviation	Green	4.4%	4.4%	--	--	4.0%	4.1%	--	7.2%
Cash balance Sharpe ratio	Green	1.08	1.07	--	--	1.45	1.39	--	0.43
Net of fee return	Green	6.3%	6.0%	--	--	8.2%	7.6%	--	6.1%
Standard deviation	Green	5.6%	5.3%	--	--	5.4%	5.2%	--	8.7%
<b>Asset Allocation</b>									
		3Q 2017							
Surplus cash absolute variances to target	Green	8.4%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target	Green	6.2%	< 10%	--	--	--	--	--	--
<b>Manager Compliance</b>									
		3Q 2017							
Surplus cash manager flags	Yellow	19	< 19 Green < 23 Yellow	--	--	--	--	--	--
Cash balance plan manager flags	Green	19	< 20 Green < 25 Yellow	--	--	--	--	--	--

\*Includes Debt Reserve funds, excludes District assets, Foundation assets, and Concern.

# El Camino Hospital

## Capital Spending (in millions)

Capital Spending  
As of October 2017

Category	Detail	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	2018 Proj Spend	FY 18 YTD Spent
<b>CIP</b>	EPIC Upgrade		1.9	0.8	1.1	0.8
<b>IT Hardware, Software, Equipment &amp; Imaging*</b>			12.2	0.0	12.2	0.0
<b>Medical &amp; Non Medical Equipment FY 17**</b>			10.3	7.2	3.1	7.2
<b>Medical &amp; Non Medical Equipment FY 18***</b>			5.6	0.9	4.8	0.9
<b>Facility Projects</b>						
	1245 Behavioral Health Bldg	96.1	96.1	27.1	27.0	9.5
	1413 North Drive Parking Expansion	24.5	24.5	22.3	2.6	2.5
	1414 Integrated MOB	302.1	302.1	64.1	72.0	18.2
	1422 CUP Upgrade	9.0	9.0	2.9	5.5	0.6
	1430 Women's Hospital Expansion	120.0	6.0	1.3	3.6	0.9
	1425 IMOB Preparation Project - Old Main	20.0	0.0	2.6	0.0	0.0
	1502 Cabling & Wireless Upgrades	0.0	0.0	2.4	0.0	0.0
	1525 New Main Lab Upgrades	3.1	3.1	1.1	2.5	0.7
	1515 ED Remodel Triage/Psych Observation	5.0	0.3	0.0	0.4	0.0
	1503 Willow Pavilion Tomosynthesis	0.8	0.0	0.3	0.0	0.0
	1602 JW House (Patient Family Residence)	6.5	0.5	0.0	0.5	0.0
	Site Signage and Other Improvements	1.0	0.0	0.0	0.3	0.0
	IR Room #6 Development	0.0	0.0	0.0	0.0	0.0
	Nurse Call System Upgrades	2.4	0.0	0.0	0.1	0.0
	1707 Imaging Equipment Replacement ( 5 or 6)	20.7	0.0	0.0	0.3	0.0
	1708 IR/ Cath Lab Equipment Replacement	19.4	0.0	0.0	0.3	0.0
	1709 ED Remodel / CT Triage - Other	0.0	0.0	0.0	0.0	0.0
	Flooring Replacement	1.6	0.3	0.0	0.4	0.0
	1219 LG Spine OR	0.0	0.0	3.7	0.0	0.3
	1313 LG Rehab HVAC System & Structural	0.0	0.0	3.7	0.0	0.0
	1248 LG Imaging Phase II (CT & Gen Rad)	8.8	8.8	8.0	0.6	0.7
	1307 LG Upgrades	19.3	19.3	14.6	4.9	0.7
	1519 LG Electrical Systems Upgrade	0.0	0.0	0.0	0.0	0.0
	1508 LG NICU 4 Bed Expansion	0.0	0.0	0.2	0.0	0.0
	1507 LG IR Upgrades	1.3	0.0	0.0	0.0	0.0
	LG Building Infrastructure Upgrades	0.0	0.0	0.0	0.0	0.0
	1603 LG MOB Improvements (17)	5.0	5.0	2.5	3.5	2.2
	Emergency Sanitary & Water Storage	1.4	0.3	0.0	0.2	0.0
	LG Modular MRI & Awning	3.9	3.9	0.0	0.4	0.0
	LG Nurse Call System Upgrade	2.8	0.0	0.0	0.0	0.0
	LG Observation Unit (Conversion of ICU)	1.8	0.0	0.0	0.8	0.0
	LG Cancer Center	2.4	0.0	0.0	0.4	0.0
	All Other Projects under \$1M	5.6	0.6	0.3	1.8	1.6
		<b>684.4</b>	<b>479.6</b>	<b>157.1</b>	<b>128.0</b>	<b>37.8</b>
<b>GRAND TOTAL</b>			<b>509.7</b>	<b>166.0</b>	<b>149.3</b>	<b>46.6</b>

\*Excluding EPIC

\*\* Unspent Prior Year routine used as contingency

\*\*\*Includes 2 robot purchases



# Balance Sheet (in thousands)

## ASSETS

	Audited	
	October 31, 2017	June 30, 2017
<b>CURRENT ASSETS</b>		
(1) Cash	97,574	125,551
Short Term Investments	125,211	140,284
Patient Accounts Receivable, net	120,043	109,089
Other Accounts and Notes Receivable	2,624	2,628
Intercompany Receivables	2,178	1,495
(2) Inventories and Prepays	55,621	50,657
<b>Total Current Assets</b>	<b>403,252</b>	<b>429,705</b>
<b>BOARD DESIGNATED ASSETS</b>		
(3) Plant & Equipment Fund	141,336	131,153
Women's Hospital Expansion	9,298	9,298
(4) Operational Reserve Fund	127,908	100,196
(5) Community Benefit Fund	18,438	12,237
Workers Compensation Reserve Fund	20,671	20,007
Postretirement Health/Life Reserve Fund	19,629	19,218
PTO Liability Fund	23,905	23,409
Malpractice Reserve Fund	1,634	1,634
Catastrophic Reserves Fund	17,194	16,575
<b>Total Board Designated Assets</b>	<b>380,014</b>	<b>333,727</b>
(6) FUNDS HELD BY TRUSTEE	255,396	287,052
<b>LONG TERM INVESTMENTS</b>	292,648	256,652
<b>INVESTMENTS IN AFFILIATES</b>	32,821	32,451
(7) <b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,228,420	1,192,047
Less: Accumulated Depreciation	(544,474)	(531,785)
Construction in Progress	138,205	138,017
<b>Property, Plant &amp; Equipment - Net</b>	<b>822,150</b>	<b>798,279</b>
<b>DEFERRED OUTFLOWS</b>	28,760	28,960
<b>RESTRICTED ASSETS - CASH</b>	0	0
<b>TOTAL ASSETS</b>	<b>2,215,041</b>	<b>2,166,825</b>

## LIABILITIES AND FUND BALANCE

	Audited	
	October 31, 2017	June 30, 2017
<b>CURRENT LIABILITIES</b>		
(8) Accounts Payable	22,441	38,457
(9) Salaries and Related Liabilities	19,171	25,109
Accrued PTO	23,905	23,409
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	10,446	10,438
Intercompany Payables	197	84
Malpractice Reserves	1,634	1,634
Bonds Payable - Current	3,735	3,735
(10) Bond Interest Payable	7,529	11,245
Other Liabilities	5,913	4,889
<b>Total Current Liabilities</b>	<b>97,272</b>	<b>121,299</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	19,629	19,218
Worker's Comp Reserve	18,371	17,707
Other L/T Obligation (Asbestos)	3,784	3,746
Other L/T Liabilities (IT/Medl Leases)	-	-
Bond Payable	527,195	527,371
<b>Total Long Term Liabilities</b>	<b>568,980</b>	<b>568,042</b>
<b>DEFERRED REVENUE-UNRESTRICTED</b>	526	567
<b>DEFERRED INFLOW OF RESOURCES</b>	10,666	10,666
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	1,157,583	1,132,525
Board Designated	380,014	333,726
Restricted	0	0
(11) <b>Total Fund Bal &amp; Capital Accts</b>	<b>1,537,597</b>	<b>1,466,251</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>2,215,041</b>	<b>2,166,825</b>

## October 2017 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The decrease in cash is due to \$40M being moved into various investments during July as currently having the 2017 Project Bond monies available for payments of the major construction projects. A. Even with this transfer to investments in early July, overall cash receipts have exceeded budgets in a number months in FY2018, thus adding to the cash balance.
- (2) The increase is due to two quarterly pension fundings of \$2.6M in July and October.
- (3) The increase is due 4 months of funded depreciation contributions (130% of straight depreciation expense. Note this amount also contains \$14M reserved for BHS replacement building currently under construction, in conjunction with bond proceeds.
- (4) The increase here is to reset the Operational Reserve (to cover 60 days of operating expenses) for FY2018. The prior year balance hadn't been reset in a couple of years. To increase this Operational Reserve, some of the needed amount was taken from the Short Term Investments in the Current Assets above.
- (5) The increase is due to an approved addition of \$5 million to the Community Benefit Board Designated Endowment as an outcome of the FY2018 budget process to generate additional investment income for the Community Benefits program.
- (6) The decrease is due to additional draws from the 2017 bond financing Project Funds in support of monthly payments to contractors involved with the construction projects at the Mountain View campus. As these projects are now in full progress greater amounts will be withdrawn in future periods.
- (7) The increase is due to the capitalization of the Parking Structure expansion in August and CT upgrades at LG in September.
- (8) The decrease is due to the significant General Contractor construction payments being accrued at year end, along with associated retentions and other general accounts payable activity that were subsequently relieved in this first quarter of fiscal year 2018.
- (9) Primarily the decrease in current year is due to the Management incentives and "Thank You" bonuses paid to all staff in appreciation of the outcomes of fiscal year 2017 in October. These amounts were accrued during the 2017 fiscal year
- (10) The decrease in bond interest payable was due to the semi-annual interest payment due August 1st of \$4.9 million.
- (11) The increase is attributable to the first four periods of financial performance producing an operating income of \$52 million and non-operating of \$24 million (mostly from unrealized gains on investments).

## 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. \$15 million within this fund is a board designated endowment fund formed in 2015 with a \$10 million contribution, and added to at the end of the 2017 fiscal year end with another \$5 million contribution, to generate investment income to be used for grants and sponsorships, currently anticipated to generate \$500,000 a year in investment income for the program.

## 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.



**El Camino Hospital<sup>®</sup>**

THE HOSPITAL OF SILICON VALLEY

Major Capital Projects Update  
Finance Committee  
For Information

November 27, 2017

Ken King

Chief Administrative Services Officer

# Mountain View Campus Development Projects Status Update –November 16, 2017

- North Parking Garage Expansion
  - Substantially complete with only the scheduled installation of the battery system (under a separate agreement) to be completed. Target Completion Date is February 2018.
- Behavioral Health Services (BHS) Building
  - The steel structure has been erected and completing the installation of metal decking and deck inserts is the next step in the construction sequence. Fire proofing & concrete placement is scheduled to be completed by the end of December. (Weather Permitting) Target Completion Date (Construction) March 2019.
- Integrated Medical Office (IMOB) Building
  - The foundation elements and under slab utilities are complete and the slab on grades is 75% complete for the IMOB. The foundation elements and under slab utilities for the IMOB Parking Structure are in process. The structural steel erection is scheduled to begin on 11/27/17 and be completed by the end of February 2018. Target Completion Date (Construction) May 2019.
- Central Utility Plant (CUP) Upgrades
  - Construction and equipment installation continues on schedule. The next major milestone is the installation of two new absorption chillers which has been scheduled for the winter months to avoid operational impacts during hot spring and summer days. Target Completion Date (Construction) April 2018.
- Women's Hospital Expansion (*Included for the first time*)
  - The Schematic Plans have been completed and Design Development is 85% complete and the sequencing of the construction activities are being planned in great detail. The design development cost estimate will be received in late December and will be presented to the Finance Committee at the scheduled meeting in January 2018.

# Project Cost Projections – November 16, 2017

Mountain View Master Plan Projects - Financial Summary & Forecasted Cost					
Current Projection				Updated 11/16/17	
Through November 16, 2017	Approved Funding	Total Obligated	Paid to Date	Forecasted Cost	Forecasted to Budget Variance
North Drive Parking Structure Expansion	\$24,500,000	\$24,769,525	\$21,843,804	\$24,237,751	\$262,249
Behavioral Health Services Building	\$96,100,000	\$66,100,031	\$28,630,222	\$96,100,000	\$0
Integrated Medical Office Building & Parking Structure	\$302,100,000	\$179,775,646	\$61,950,750	\$302,100,000	\$0
Central Utility Plant Upgrade	\$9,000,000	\$8,868,283	\$3,113,505	\$8,965,783	\$34,217
Women's Hospital Expansion					
<b>Total All Projects</b>	<b>\$431,700,000</b>	<b>\$279,513,485</b>	<b>\$115,538,281</b>	<b>\$431,403,534</b>	<b>\$296,466</b>

- To date we have obligated by contract 65% of the Total Project Budgets and paid 41% of the obligated amount.
- The Forecasted Cost anticipates spending nearly all of the approved funding to complete the projects at this time.
- The El Camino Healthcare District Board approved the requested increase in the project funding at their meeting on October 17, 2017.

# Construction Progress Photos

BHS Project

IMOB Project



BHS West Side  
11/15/17





BHS East Side  
11/15/17





# IMOB Southeast View

11/15/17





# IMOB East View

11/15/17



# Women's Hospital Expansion

Schematic Floor Plans



# Women's Hospital Expansion – Design Phase



Canopy & Entrance Design

# Women's Hospital Expansion – Design Phase



*Ground*

# Women's Hospital Expansion – Design Phase



*Labor & Delivery Level 1*

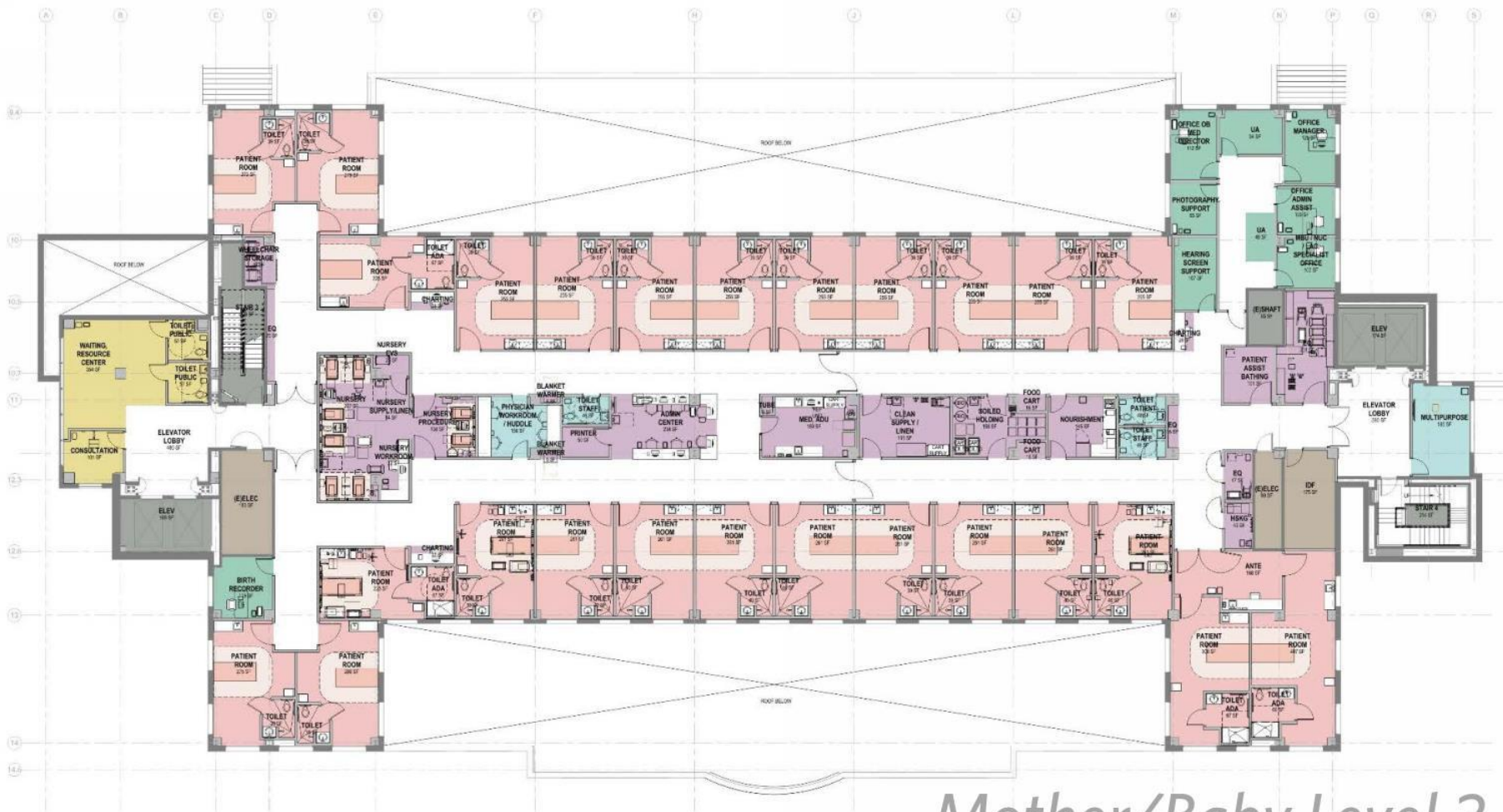


# Women's Hospital Expansion – Design Phase



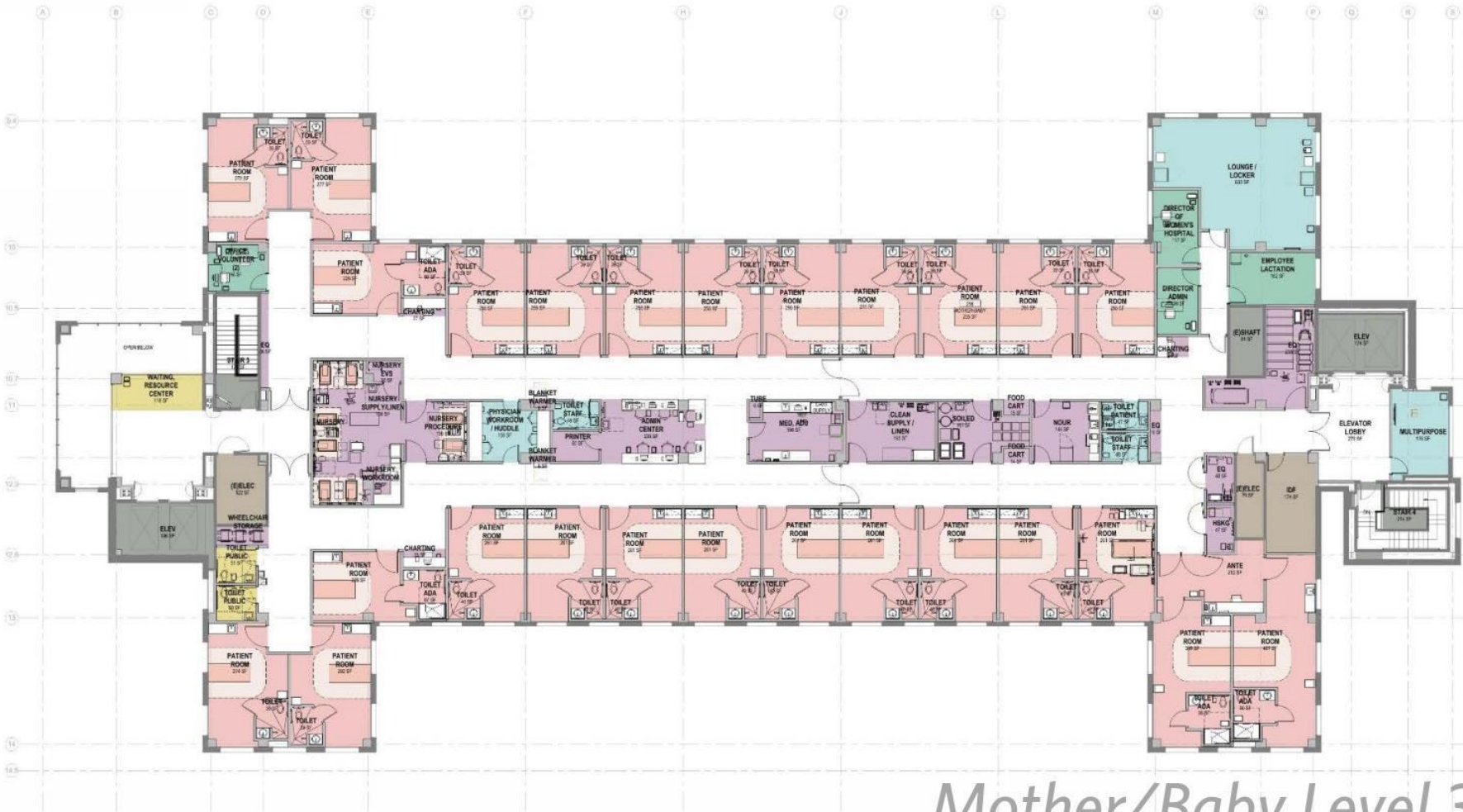
NICU Level 1

# Women's Hospital Expansion – Design Phase



*Mother/Baby Level 2*

# Women's Hospital Expansion – Design Phase



Mother/Baby Level 3

# Questions?





**El Camino Hospital<sup>®</sup>**

THE HOSPITAL OF SILICON VALLEY

## Return on Investment on LG Capital Projects

Iftikhar Hussain

November 27, 2017

# Summary

- Most of the capital spending in Los Gatos has been to replace failed equipment and provide basic services.
- LG cash flow supports these investments
- Volume at LG is stable

# Active and Planned LG Capital Projects

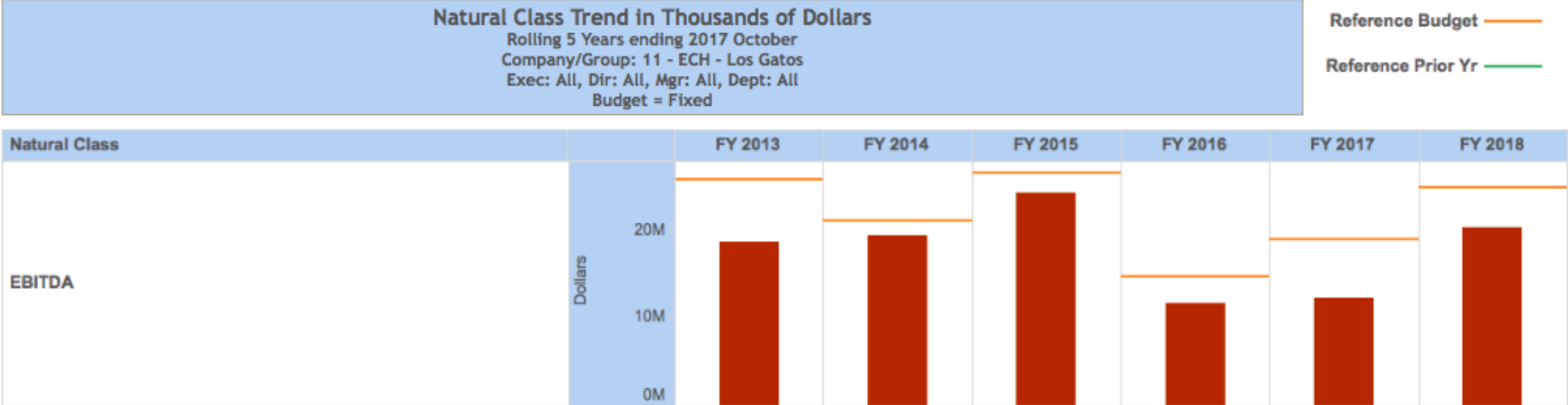
	Estimated Total Project Cost July 2017	Total Approved Funding To Date	Completion / Depreciation Begins Date	Depreciation Years	Total Spend Through FY -18 Period 3	
<b>Los Gatos Capital Projects</b>						
LG Spine Room Expansion - OR 4	4,100,000	4,100,000	01/01/17	15	3,610,291	OR #4 was a complete upgrade of the room with new equipment to support spine surgery. The room went into service in December 2016.
LG Rehab HVAC Upgrades	3,700,000	3,700,000	07/01/16	15	3,715,983	This project was an infrastructure replacement of failed equipment.
LG Imaging Phase II (CT & Gen Rad) & Sterile Processing	8,750,000	8,750,000	06/01/17	10	8,341,465	This project was completed in April of 2017 and it was replacement of outdated equipment.
LG Upgrades - Major	19,300,000	19,300,000	04/01/18	15	14,351,881	This project is nearing completion and consists of infrastructure and finish upgrades.
LG Rehab Building Upgrades (Cancelled)	700,000	100,000	Cancelled		57,006	Cancelled
LG Surgical Lights OR's 5,6 & 7	499,100	499,100	01/01/17	15	460,838	Completed replacement of failed OR Lights.
LG MOB Improvements	937,883	937,883	04/01/16	15	921,174	Various MOB Improvements
LG IR Upgrades	1,100,000	0	01/01/19	15		HOLD
LG NICU 4 Bed Expansion	0	0	Cancelled			Cancelled
LG 825 Pollard - Aspire Phase 2	522,497	522,497	Cancelled		79,929	Cancelled
LG Building Infrastructure Improvements	0	0	Cancelled			Included in 1307
LG Facilities Planning	800,000	0	NA			Placeholder
LG MOB Improvements (17)	5,000,000	5,000,000	11/01/17	15	1,464,482	Recently completed but not yet closed out project. Improvements to house new Tenant.
LG Modular MRI & Awning	3,900,000	3,900,000	07/01/18	10	0	In process
LG Nurse Call System Replacement (M/S, Ortho, Women's, ED)	2,800,000	0	07/01/18	10		HOLD
LG OPS Expansion & Physician Lounge	850,000	0	Cancelled			Cancelled
LG Observation Unit (Conversion of ICU 2)	1,800,000	0	07/01/18	10		In process
LG Security System	460,000	0	07/01/18	10		HOLD
LG Pharmacy USP800 Upgrades	400,000	0	Cancelled			To be included with LG Cancer Center
LG Men's Health Clinic TI's	450,000	0	04/01/18	10		In process
LG Cancer Center	1,900,000	0	12/01/18	10		In process
		0				
<b>Sub-Total Los Gatos Projects</b>	<b>57,969,480</b>	<b>46,809,480</b>			<b>33,003,050</b>	

# Historical spend by year

Category	2013	2014	2015	2016	2017
<b>Los Gatos Capital Projects</b>					
0904 - LG Facilities Upgrade	2	0	0	0	0
0907 - LG Imaging Masterplan	244	774	1,402	17	0
1005 - LG OR Light Upgrd	14	0	0	0	0
1122 - LG Sleep Studies	7	0	0	0	0
1210 - Los Gatos VOIP	147	89	0	0	0
1116 - LG Ortho Pavillion	177	24	21	0	0
1124 - LG Rehab BLDG	49	458	0	0	0
1247 - LG Infant Security	134	0	0	0	0
1307 - LG Upgrades	376	2,979	3,282	3,511	3,081
1308 - LG Infrastructure	0	114	0	0	0
1313 - LG Rehab HVAC System/Structural	0	0	0	1,597	1,904
1219 - LG Spine OR	0	214	323	633	2,163
1221 - LG Kitchen Refrig	0	85	0	0	0
1248 - LG - CT Upgrades	0	26	345	197	6,669
1249 - LG Mobile Imaging	0	146	0	0	0
1328 - LG Ortho Canopy FY14	0	255	209	0	0
1345 - LG Lab HVAC	0	112	0	0	0
1346 - LG OR 5, 6, and 7 Lights Replace	0	0	285	53	22
1347 - LG Central Sterile Upgrades	0	0	181	43	66
1421 - LG MOB Improvements	0	0	198	65	303
1508 - LG NICU 4 Bed Expansion	0	0	0	0	207
1600 - 825 Pollard - Aspire Phase II	0	0	0	0	80
1603 - LG MOB Improvements	0	0	0	0	285
<b>Sub-Total Los Gatos Projects</b>	<b>1,150</b>	<b>5,276</b>	<b>6,246</b>	<b>6,116</b>	<b>14,780</b>

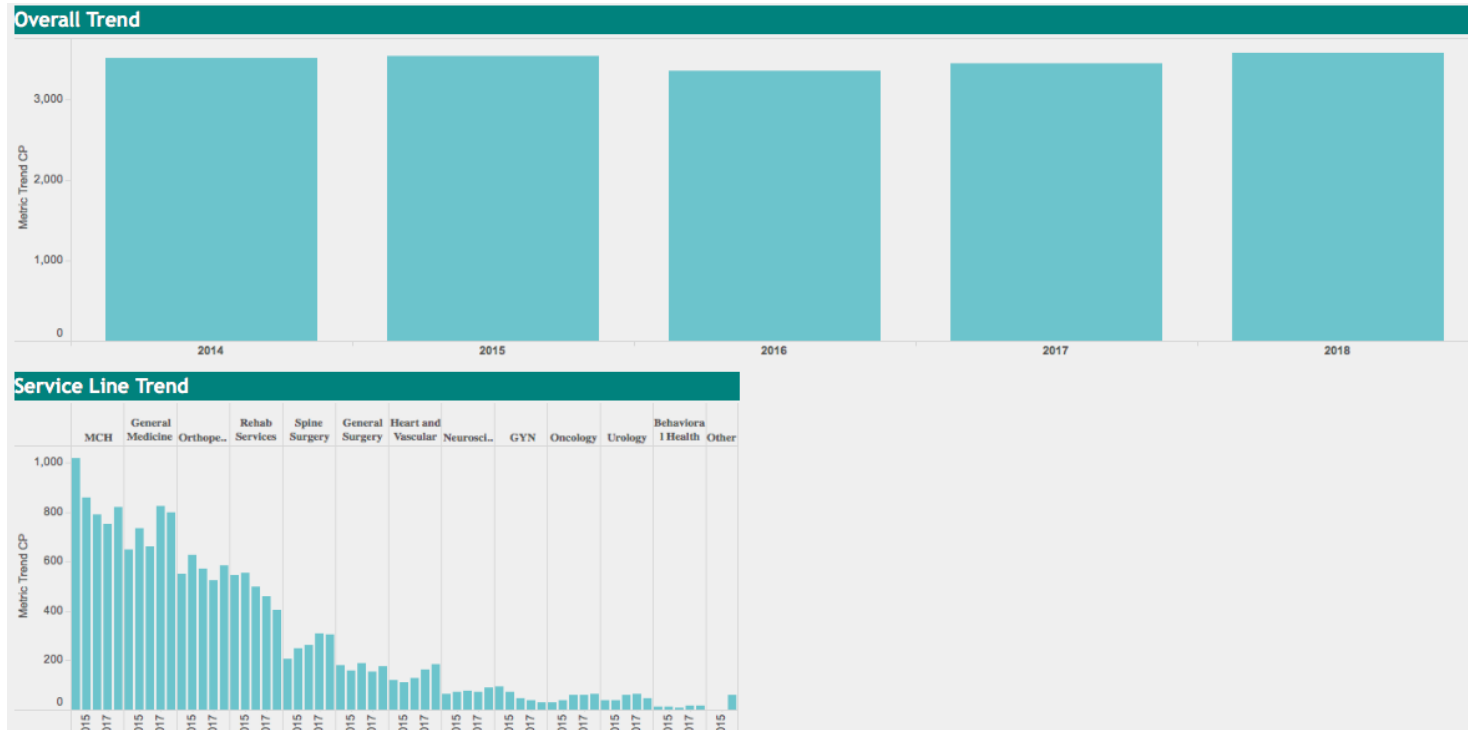


# LG Historical EBITDA



- Cash flow from operations is \$20 million per year
- These numbers include \$15 million overhead allocation from MV
- Drop in FY 16 due to EPIC go-live and \$5 million increase in overhead allocation

# Inpatient volume



- Inpatient volume is stable for most services except for MCH and Acute Rehab
- Rehab drop due to general shift of Rehab to SNF
- MCH drop due loss of full service program at nearby Good Sam
- Strong growth in Spine Surgery

# Outpatient Volume



- Steady growth in OP volume



**El Camino Hospital**<sup>®</sup>

THE HOSPITAL OF SILICON VALLEY

November 27, 2017

Finance Committee Meeting

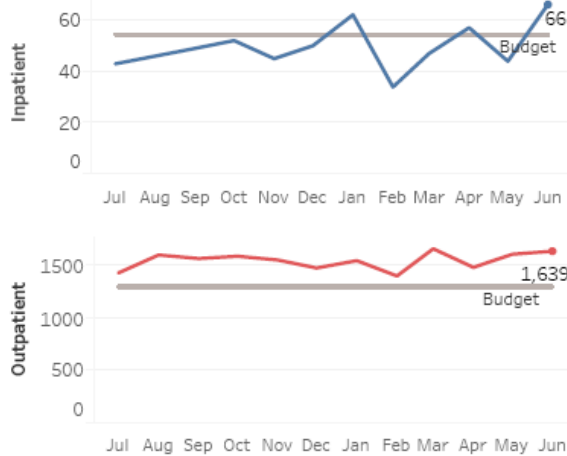
Oncology Service Line

Markettea Beneke, Senior Director

# Presentation

- Service Line Dashboard
- Market Distinction
- Current Projects
- Future Projects
- Survival Rates
- Prevention

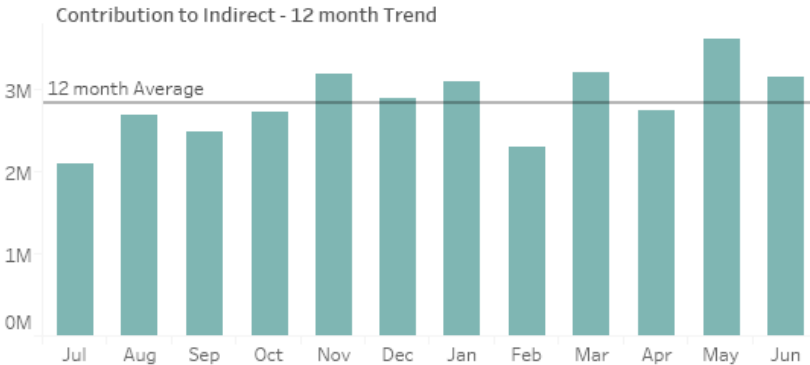
## VOLUME



## KEY METRICS

	Target	Actual
<b>Quality</b>		
Rad Onc Tx Plan Turn-Around-Time	90.0%	80.0%
Percent of Survivorship Care Plans completed	25.0%	48.0%
4B Increase # of Chemo competent RNs	4	4
<b>Service</b>		
Hospital Rating (Press Ganey)	79.0%	81.0%
Pain (Press Ganey)	78.0%	76.0%
Physician Experience (Press Ganey)	88.0%	83.0%
<b>Financial/Efficiency</b>		
Clinic Room time within 5 min	90.0%	97.0%
IFC sch. independent from MD sch.	80.0%	71.0%

## FINANCIAL



### Inpatient

	FY 2017	FY 2016	% Ch
Estimated Net Revenue	13,689,699	17,747,202	-22.9%
Direct Costs	9,280,778	10,378,895	-10.6%
Contribution to Indirect	4,408,921	7,368,307	-40.2%
Direct Margin %	32.2%	41.5%	-9.3%
Indirect Costs	4,178,237	5,316,038	-21.4%
Net Income	230,683	2,052,269	-88.8%
Net Profit Margin %	1.7%	11.6%	-9.9%

### Outpatient

	FY 2017	FY 2016	% Ch
Estimated Net Revenue	67,048,484	64,800,743	+3.5%
Direct Costs	37,238,975	40,229,476	-7.4%
Contribution to Indirect	29,809,509	24,571,267	+21.3%
Direct Margin %	44.5%	37.9%	+6.5%
Indirect Costs	5,977,158	10,510,027	-43.1%
Net Income	23,832,351	14,061,240	+69.5%
Net Profit Margin %	35.5%	21.7%	+13.8%

### Inpatient and Outpatient

	FY 2017	FY 2016	% Ch
Estimated Net Revenue	80,738,183	82,547,944	-2.2%
Direct Costs	46,519,753	50,608,370	-8.1%
Contribution to Indirect	34,218,430	31,939,574	+7.1%
Direct Margin %	42.4%	38.7%	+3.7%
Indirect Costs	10,155,395	15,826,065	-35.8%
Net Income	24,063,034	16,113,509	+49.3%
Net Profit Margin %	29.8%	19.5%	+10.3%



# FY 2017 Financial Highlights

- Profitability improvements
- Positive trends in Net Income
- Surgical volume continues to shift from Inpatient to Outpatient
- Strong growth for Infusion Center

# Improvements in overall profitability

## Compared to FY 2016

Net Revenue  
decreased...

**2.2%**

Net Income  
improved

**49.3%**

Driven by increasingly profitable  
Outpatient Services

### OUTPATIENT

Net Revenue

Year	Net Revenue
2016	\$64.8 M
2017	\$67.0 M

↑ \$2.2 M

Net Income

Year	Net Income
2016	\$14.1 M
2017	\$23.8 M

↑ \$9.7 M

### INPATIENT

Net Revenue

Year	Net Revenue
2016	\$17.7 M
2017	\$13.7 M

↓ \$4.0 M

Net Income

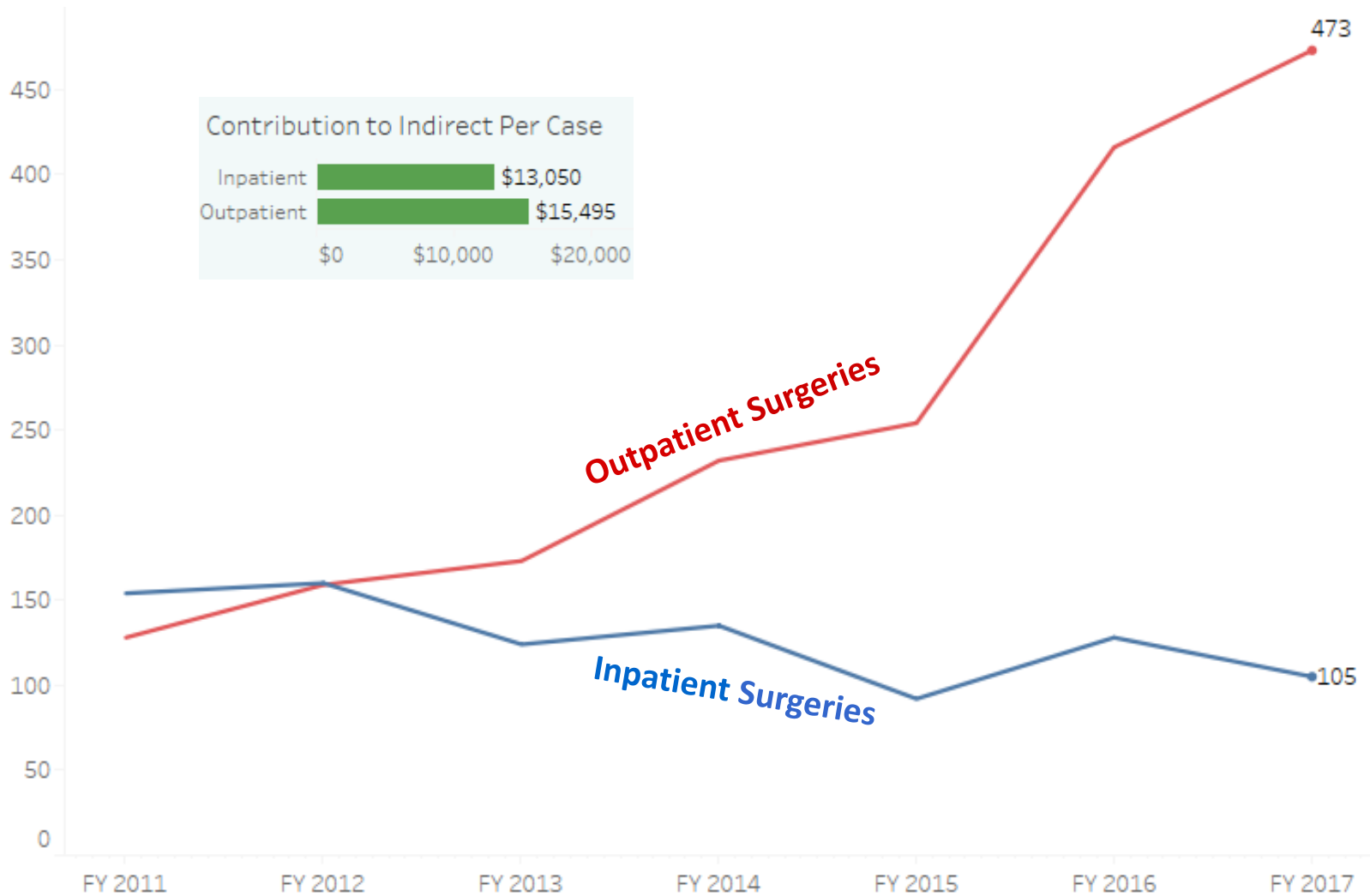
Year	Net Income
2016	\$2.1 M
2017	\$0.2 M

↓ \$0.9 M



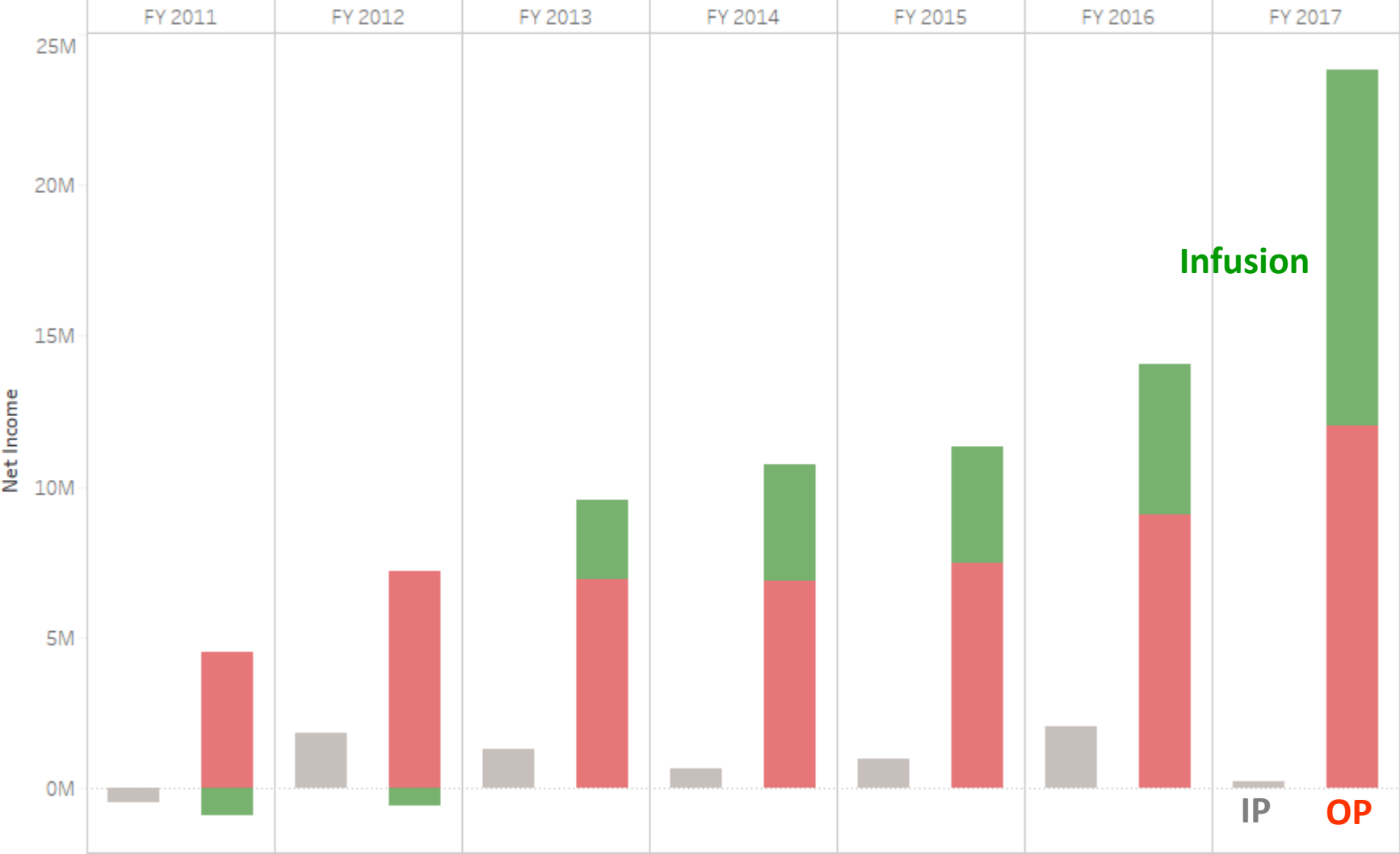
# Surgical volume continues to shift to Outpatient

Overall positive effect on profitability as Outpatient has better margins



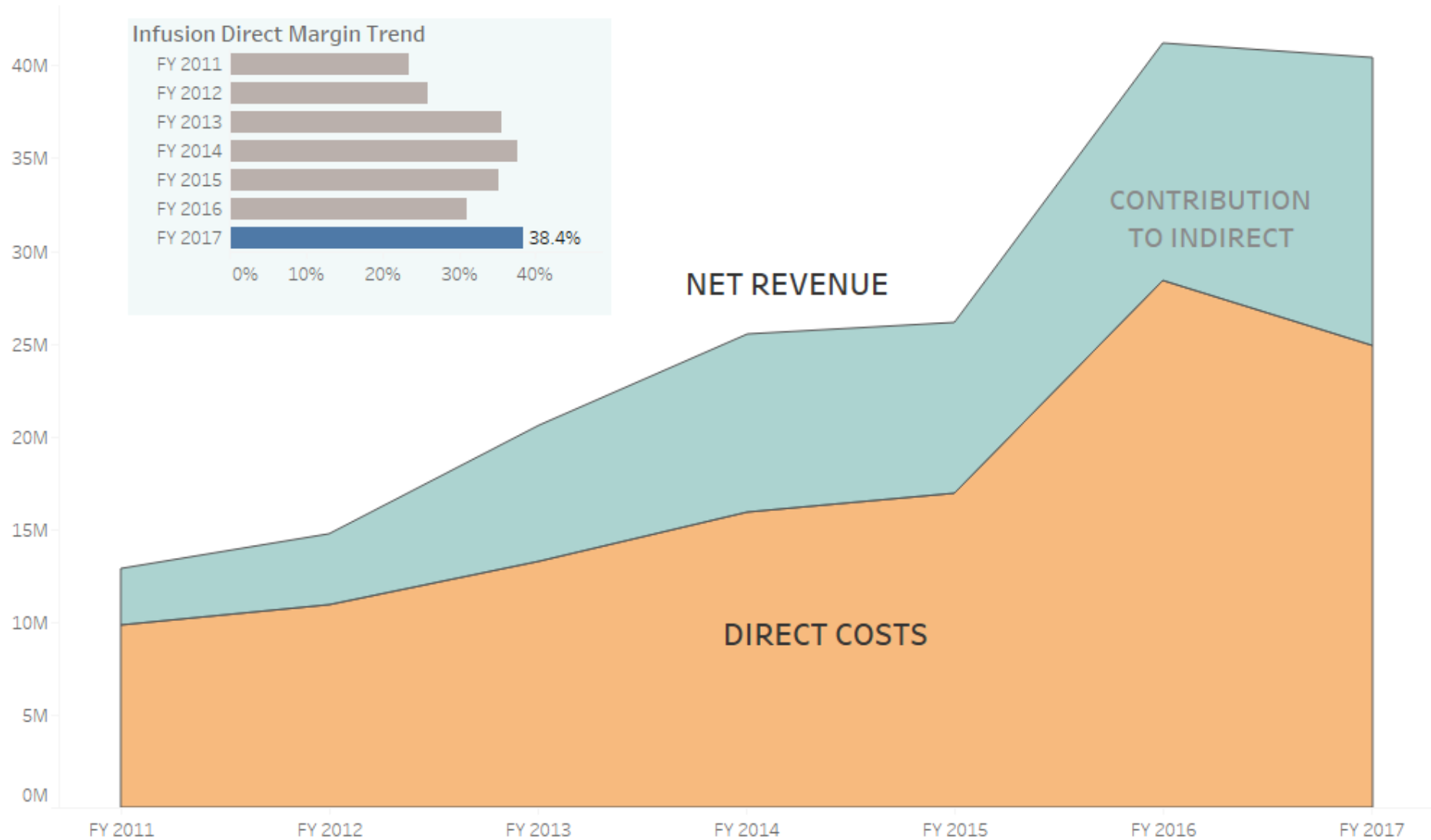
# Net income increases from Outpatient growth

Infusion Center accounts for most of the growth

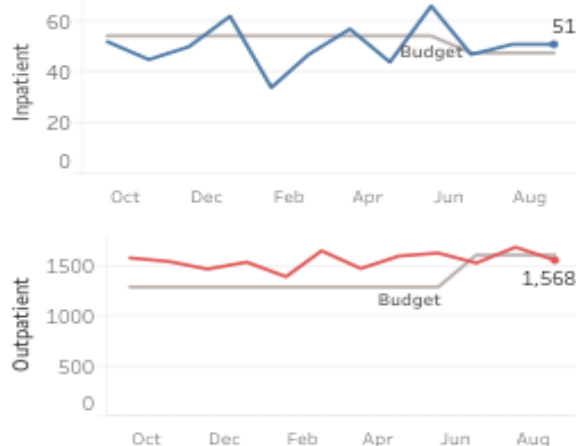


# Infusion Center Performance is Driving Outpatient Growth

Net Revenue has been increasing and margins are improving



**VOLUME**



FY 2018	FY 2017
149	138

% Ch.

**+8.0%**

FY 2018	FY 2017
4,807	4,604

% Ch.

**+4.4%**

**KEY METRICS**

**Quality**

	Target	Actual
QOPI - Pain Intensity and Intervention	85.0%	<b>95.8%</b>
% Survivorship Care Plans completed by CY17	50.0%	36.0%
4B to have 4 Geriatric Resource Nurses in FY18	4	3

**Service**

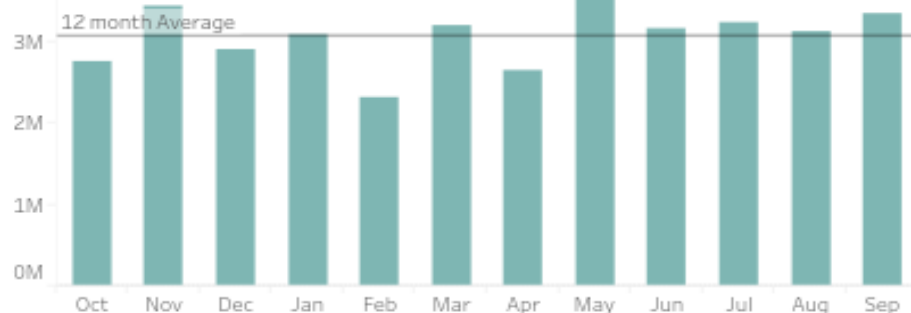
	Target	Actual
Hospital Rating (Press Ganey)	79.0%	<b>90.0%</b>
Pain (Press Ganey)	78.0%	<b>75.0%</b>
Physician Experience (Press Ganey)	88.0%	<b>90.0%</b>
Financial Advocacy Trained Employees in FY18	5	1
Leader Rounding - Patients Per Day	4	14

**Financial**

	Target	Actual
Increase Total Outpatient Net Revenue (YoY)	2.5%	<b>18.0%</b>
Overtime Hrs Less than 5% of total Hrs	5.0%	<b>1.2%</b>

**FINANCIAL**

Contribution to Indirect - 12 month Trend



**Inpatient and Outpatient**

	FY 2018	FY 2017	% Ch
Estimated Net Revenue	21,893,086	18,044,152	+21.3%
Direct Costs	12,196,905	10,765,229	+13.3%
Contribution to Indirect	9,696,181	7,278,923	+33.2%
Direct Margin %	44.3%	40.3%	+3.9%
Indirect Costs	2,488,173	2,273,335	+9.5%
Net Income	7,208,008	5,005,589	+44.0%
Net Profit Margin %	32.9%	27.7%	+5.2%

**Inpatient**

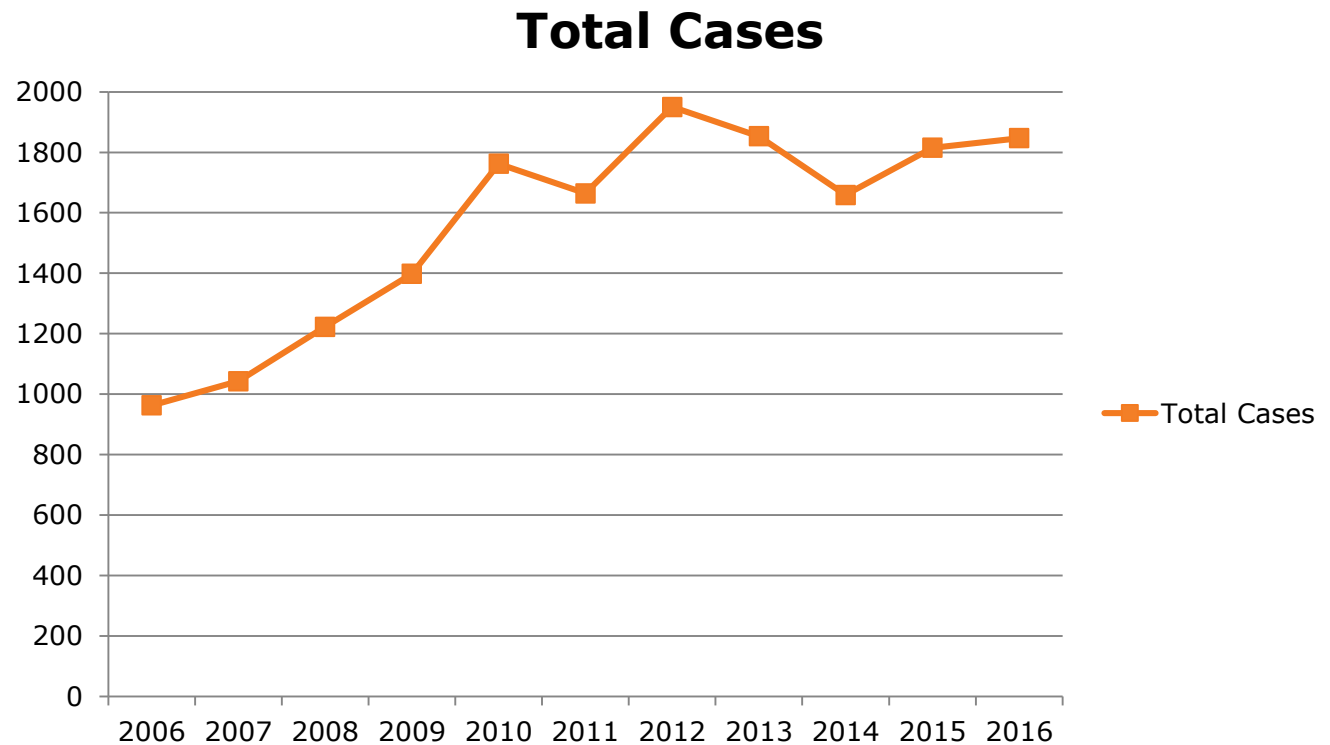
	FY 2018	FY 2017	% Ch
Estimated Net Revenue	3,728,313	2,655,773	+40.4%
Direct Costs	2,372,003	1,943,281	+22.1%
Contribution to Indirect	1,356,310	712,491	+90.4%
Direct Margin %	36.4%	26.8%	+9.6%
Indirect Costs	1,028,805	881,289	+16.7%
Net Income	327,505	-168,797	+294.0%
Net Profit Margin %	8.8%	-6.4%	+15.1%
Per Case - Est Net Revenue	25,022	19,245	+30.0%
Per Case - Direct Costs	15,919	14,082	+13.1%
Per Case - Cont to Indirect	9,103	5,163	+76.3%

**Outpatient**

	FY 2018	FY 2017	% Ch
Estimated Net Revenue	18,164,773	15,388,380	+18.0%
Direct Costs	9,824,903	8,821,948	+11.4%
Contribution to Indirect	8,339,870	6,566,432	+27.0%
Direct Margin %	45.9%	42.7%	+3.2%
Indirect Costs	1,459,368	1,392,046	+4.8%
Net Income	6,880,502	5,174,386	+33.0%
Net Profit Margin %	37.9%	33.6%	+4.3%
Per Case - Est Net Revenue	3,779	3,342	+13.1%
Per Case - Direct Costs	2,044	1,916	+6.7%
Per Case - Cont to Indirect	1,735	1,426	+21.6%

# Cases through the years 2006-2016

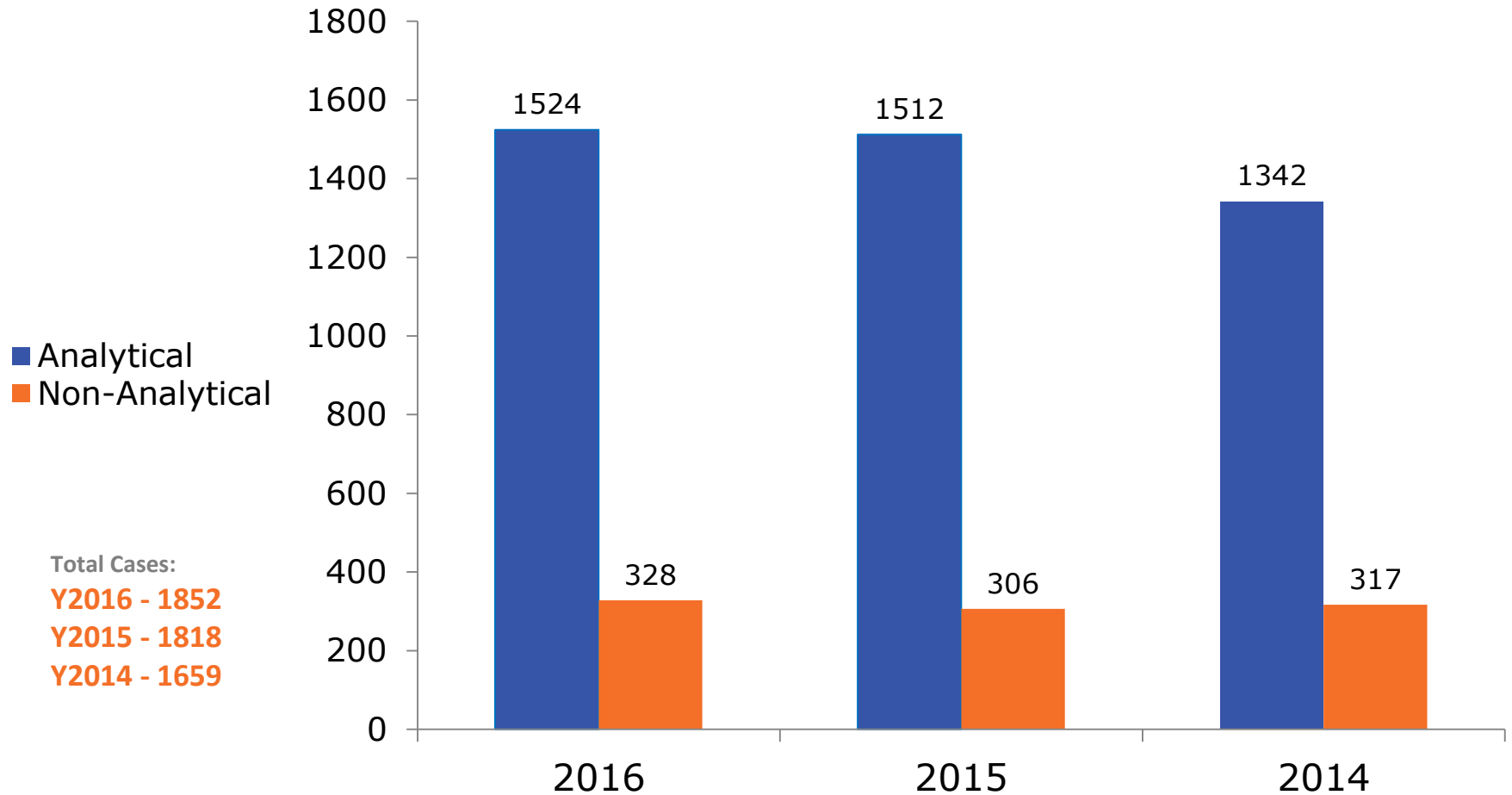
Year	Total Cases (both analytic & non analytic)
2006	963
2007	1043
2008	1223
2009	1398
2010	1762
2011	1664
2012	1950
2013	1853
2014	1659
2015	1815
2016	1847



# Oncology Cases

## Analytical Vs. Non-Analytical

2014 - 2016

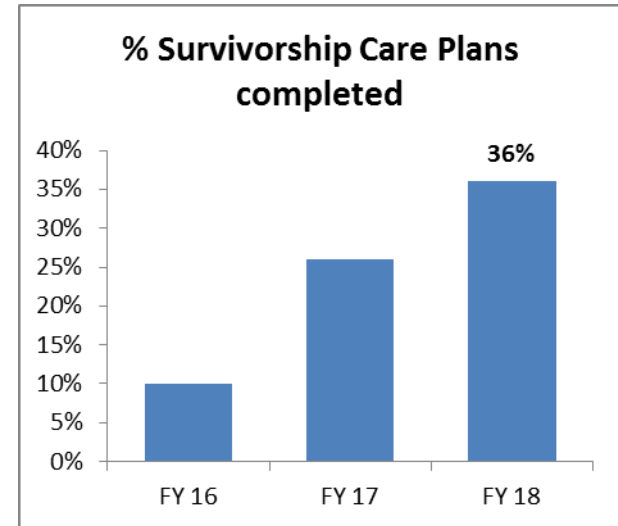
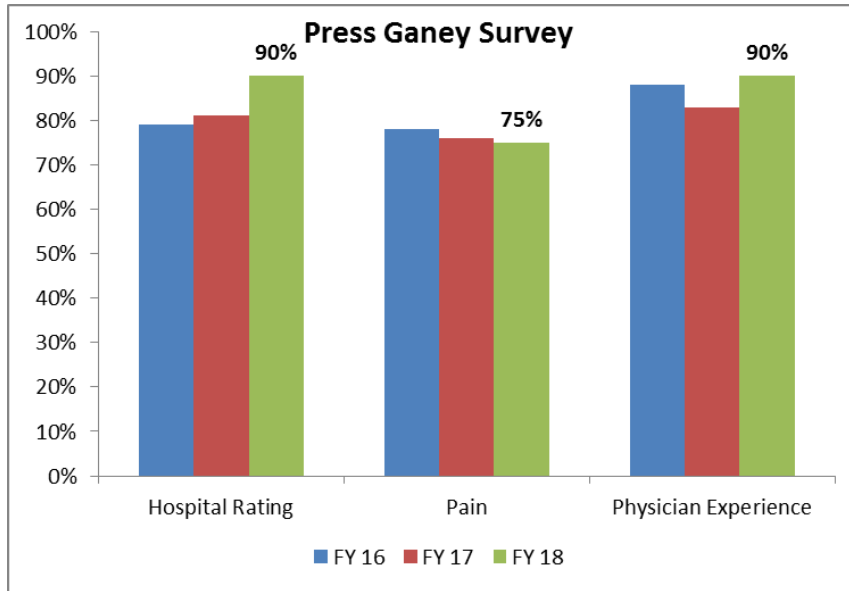


# FY17 Oncology Patient Count

- Inpatient: 485
- Outpatient: 2,890 (Includes Radiation Oncology cases)

# Key Metrics: Change over last three FY

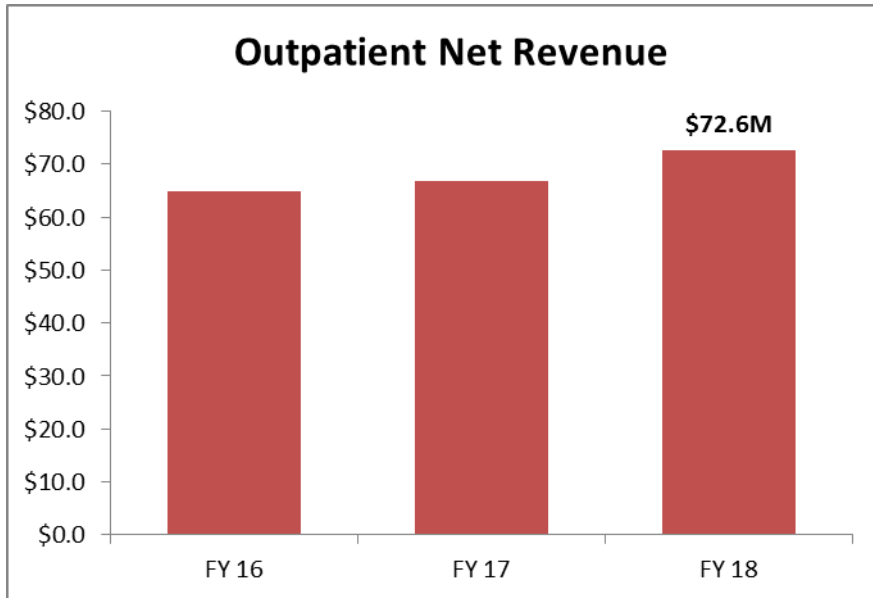
## Quality Metrics



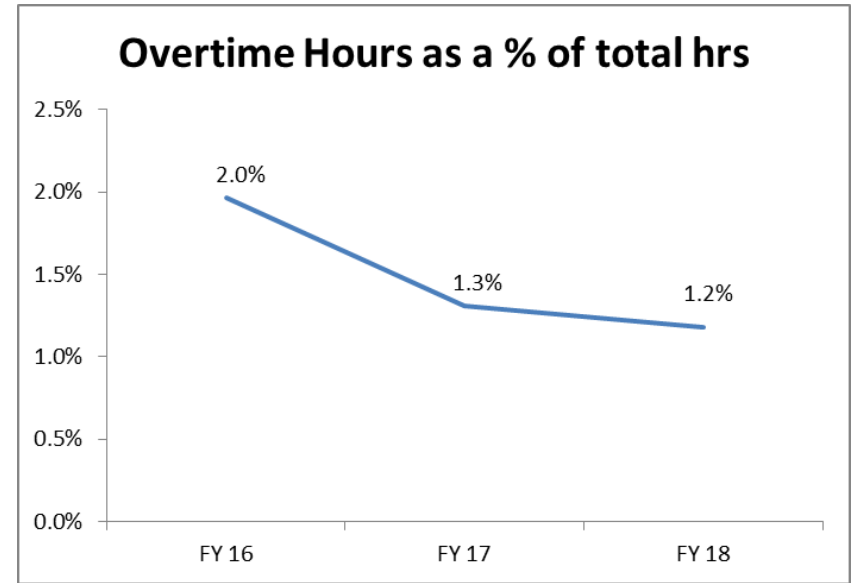


# Key Metrics: Change over last three FY

## Financial Metrics



**YoY % increase:**  
FY 16: 51.2%,  
FY 17: 3.1%  
FY 18 (Annualized) : 8.6%



# FY16 Quality Measures

Description	Type	Baseline	Actual	Target
Press Ganey Satisfaction Survey (Inpatient 4B)	Service	61.80%	62%	Top Box
Rad Onc TAT treatment plan to Therapist	Quality	82%	77%	95%
Chemotherapy TAT inpatient	Efficiency	75 min	81 min	90 min
Independent IFC schedule	Efficiency	78%	80%	80%

# FY17 Quality Measures

Description	Type	Baseline	Target	Actual
Hospital Rating	Service	79%	79%	81%
Pain	Service	78%	78%	76%
Physical Experience	Service	88%	88%	83%
Rad Onc Treatment Plan Turn-Around Time	Quality	82%	90%	80%
Percentage of Survivorship Care Plans Completed	Quality	10%	25%	48%
4B Increase of Chemo Competent RNs	Quality	2	4	4
Clinic Rooming time w/in 5 minutes	Efficiency	90%	95%	97%
IFC schedule independent from MD schedule	Efficiency	80%	80%	71%

# New FY18 Quality Measures

Description	Type	Source	Baseline	Target	Actual
5 Employees to complete ACCC Financial Advocacy Training in FY18	Service	Jaimee	N/A	5	1
Leader Rounding-- Manager and delegate will round on 4 patients/day from Monday-Friday	Service	Ann	N/A	4	14
4B will have 4 Geriatric Resource Nurses in FY18	Quality	Ann	N/A	4	3
QOPI- Pain Intensity and Intervention	Quality	Monica	N/A	85%	95.80%
Percentage of Survivorship Care Plans Completed	Quality	Monica	10%	50%	36.00%

# Market Distinction

*Provide a patient-centric,  
personalized, integrated, community  
based cancer center that outperforms  
the competition.*

**Good enough never is. Set your standards so high that even the flaws are considered excellent.**

**-Debbi Fields**

# ECH Distinction

**“Provide a patient-centric, personalized, integrated, community based cancer center.”**

Strategic Focus Areas:

- Clinical Outcomes
- Research
- Education
- Outreach

**Patient-centric:** You and your family are involved throughout the treatment planning and implementation process, allowing you to make informed decisions about your care.

**Personalized:** Speed to treatment, tailored to you and quickly adjusted to fit your needs.

**Integrated:** Your care team works together, all under one roof, coordinated by a dedicated care manager who helps to orchestrate your schedule, communication, education and follow up.

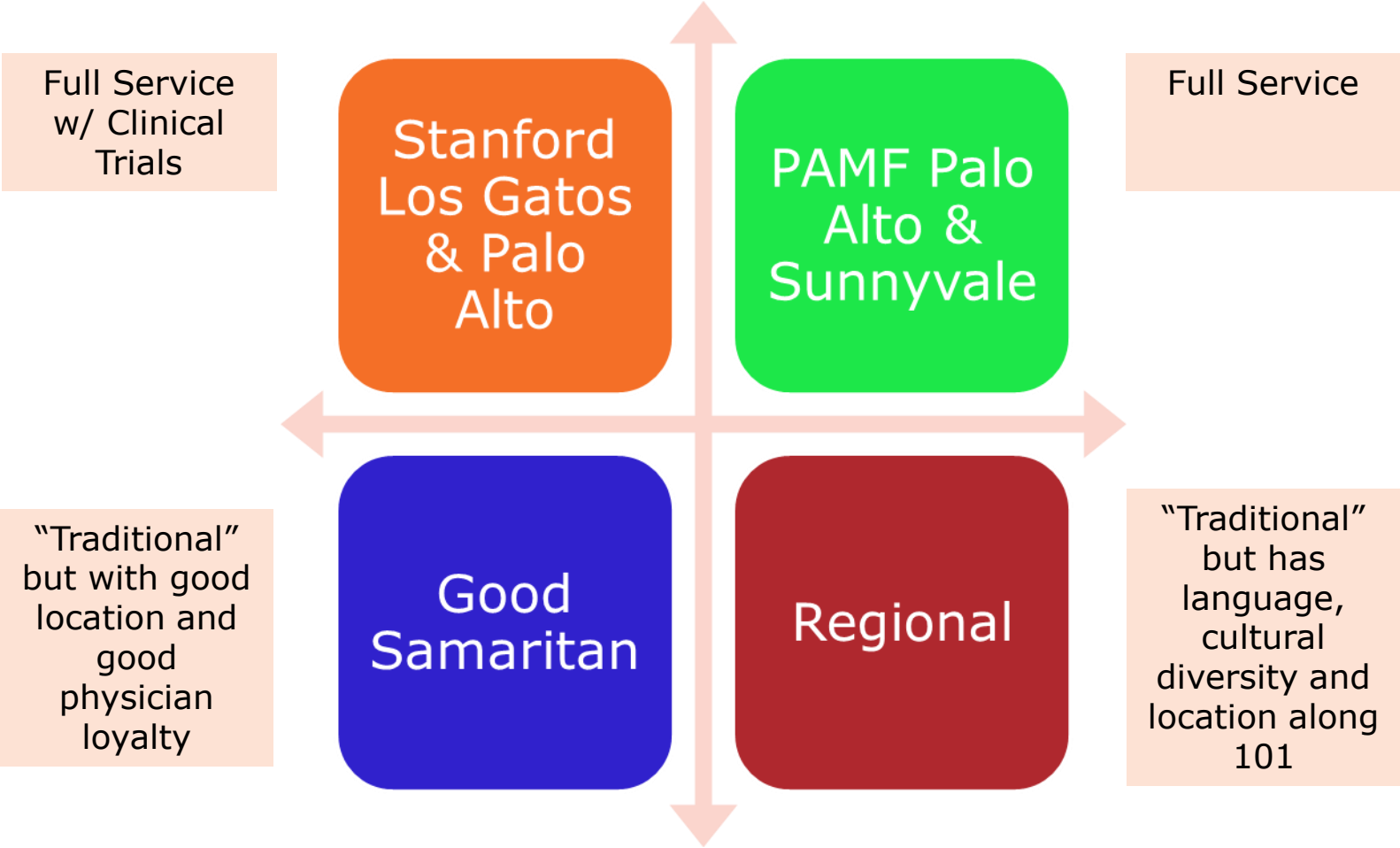
**Community based:** Local care by local care providers.

**Equal to Academic:** Great outcomes, clinical trials are available.



# Environmental Trends and Market Distinction

*ECH requires market distinction to compete*



# Verity Health System

## O'Connor Hospital

- Patrick Soon-Shiong, M.D.
- History: 1<sup>st</sup> hospital in Santa Clara County
- Infusion of money



## *10 Insights from the Cancer Patient Experience Survey*

1. Clinical excellence truly does matter the most.
2. Convenience is king.
3. Cancer patients aren't so deferential anymore.
4. Cost matters more than you think.
5. "Patient researchers" are a growing opportunity.
6. Age isn't just a number: younger patients really are different.
7. Breast cancer patients have higher expectations.
8. Newly diagnosed patients have unique preferences.
9. Priorities shift as patients move across the continuum of care.
10. Everything matters to someone.

**El Camino Hospital**

2500 Grant Road  
Mountain View, CA 94040

This Hospital's Grade



**Stanford Health Care**

300 Pasteur Drive  
Stanford, CA 94305

This Hospital's Grade



**Kaiser Foundation Hospital - Santa Clara**

700 Lawrence Expressway  
Santa Clara, CA 95051-5173

This Hospital's Grade



**O'Connor Hospital**

2105 Forest Avenue  
San Jose, CA 95128-1471

This Hospital's Grade



**Santa Clara Valley Medical Center**








751 S. Bascom Avenue  
San Jose, CA 95128-2604

This Hospital's Grade



# Medicare.gov | Hospital Compare

The Official U.S. Government Site for Medicare

<b>El Camino Hospital</b>	<b><i>4 out of 5 stars</i></b> 
<b>Stanford Health Care</b>	<b><i>4 out of 5 stars</i></b> 
<b>Good Samaritan Hospital</b>	<b><i>2 out of 5 stars</i></b> 
<b>Kaiser Foundation Hospital- Santa Clara</b>	<b><i>3 out of 5 stars</i></b> 
<b>O'Connor Hospital</b>	<b><i>2 out of 5 stars</i></b> 
<b>Santa Clara Valley Medical Center</b>	<b><i>2 out of 5 stars</i></b> 
<b>Regional Medical Center of San Jose</b>	<b><i>2 out of 5 stars</i></b> 

	<b>EL CAMINO HOSPITAL</b>	<b>STANFORD HEALTH CARE</b>	<b>GOOD SAMARITAN HOSPITAL</b>	<b>California Average</b>	<b>National Average</b>
Central line-associated bloodstream infections (CLABSI) in ICUs and select wards	<b>Better</b> than the National Benchmark	No Different than National Benchmark	No Different than National Benchmark	Not Available	Not Available
<i>Clostridium difficile</i> (C.diff.) Laboratory-identified Events (Intestinal infections)	<b>Better</b> than the National Benchmark	<b>Worse</b> than the National Benchmark	No Different than National Benchmark	Not Available	Not Available
Percentages of patients with history of polyps receiving follow-up colonoscopy in the appropriate timeframe <i>*Higher percentages are better</i>	<b>91%</b>	<b>69%</b>	<b>Not Available</b>	<b>80%</b>	<b>87%</b>
Patients who reported that their pain was "Always" well controlled	<b>73%</b>	<b>69%</b>	<b>68%</b>	<b>68%</b>	<b>71%</b>
Patients who reported that their room and bathroom were "Always" clean	<b>75%</b>	<b>71%</b>	<b>67%</b>	<b>71%</b>	<b>75%</b>

Information from Medicare.gov/hospitalcompare

# Cancer Scorecard

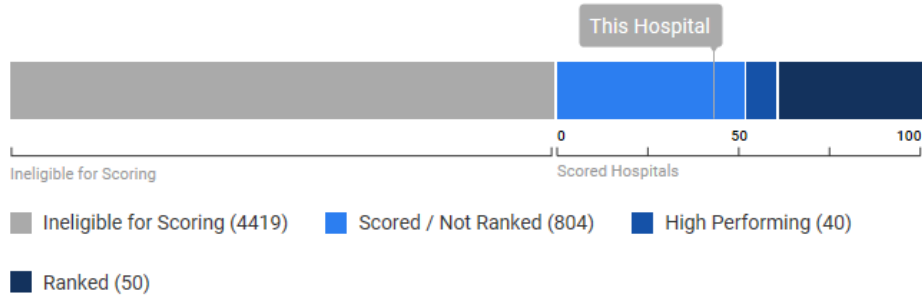
A hospital's overall Cancer score is based on various data categories, including volume of high-risk patients, nurse staffing and patient survival. The 50 top-scoring hospitals are nationally ranked. See the full U.S. News national rankings in [Cancer](#) or hospital ratings in [lung cancer surgery](#) and [colon cancer surgery](#).

## Overall

National Rank Not Ranked

Overall Score 43/100

### National Score Distribution



## Conditions/Procedure Applicable to Cancer

Lung Cancer Surgery Average  
[See full procedure metrics »](#)

Colon Cancer Surgery High performing  
[See full procedure metrics »](#)



## Outcomes and Experience (48.2% of score)

Higher numbers suggest better survival odds, fewer complications and more patients treated.

30-day cancer survival Above Average ?  
 Survival 30 days after being admitted relative to other hospitals treating similarly complex conditions.

Patient safety Average ?  
 Ability to prevent four types of accidents and medical errors across the hospital.   
[+ See more patient safety metrics](#)

Number of patients High ?  
 Relative volume of high-risk patients treated for cancer-related disorders over three years. Higher volume is associated with better outcomes.

# FY18 Current Projects



# Los Gatos Infusion Center

*Tentatively scheduled for July 2018*

# Program Advances, New Technology, Patient/Client Outreach

- Partnership with Safeway
- Middle Schools
- Restaurants
- Web-based Food Delivery Sites

# Future Projects

## Future Projects – 2 to 5 years

- New Radiation equipment
- Complementary services:
  - Acupuncture, Massage, Meditation
- Physician Integration:
  - Medical Oncologist, Breast Surgeon, General Surgeon
- Breast Program
- Enhanced Men's Health Program
- "Stand Alone" Centers (one-stop shop)
- Bra Fitting Nordstrom's
- Mobile Mammography Unit
- Interdisciplinary Clinics
- Integration of palliative care
- Psychiatric services
- Interventional nerve blocking

# Radiation Oncology Equipment

- **Cyberknife replacement/upgrade:**

1. Upgrade to latest version of the Cyberknife system, M6:
  - Pros: More efficient and versatile unit, excellent “branding”
  - Cons: Expensive service contract; no redundancy with LINAC
2. Upgrade to Varian Edge SRS System:
  - Pros: Fastest radiosurgery system 15-20 minutes per treatment vs 40-60 min, redundancy with LINAC
  - Cons: Branding
3. Upgrade to ViewRay MRI LINAC:
  - Pros: First to have in Bay Area, unique technology, higher reimbursement per patient, Mountain View based company, possible partnership opportunities.
  - Cons: No redundancy

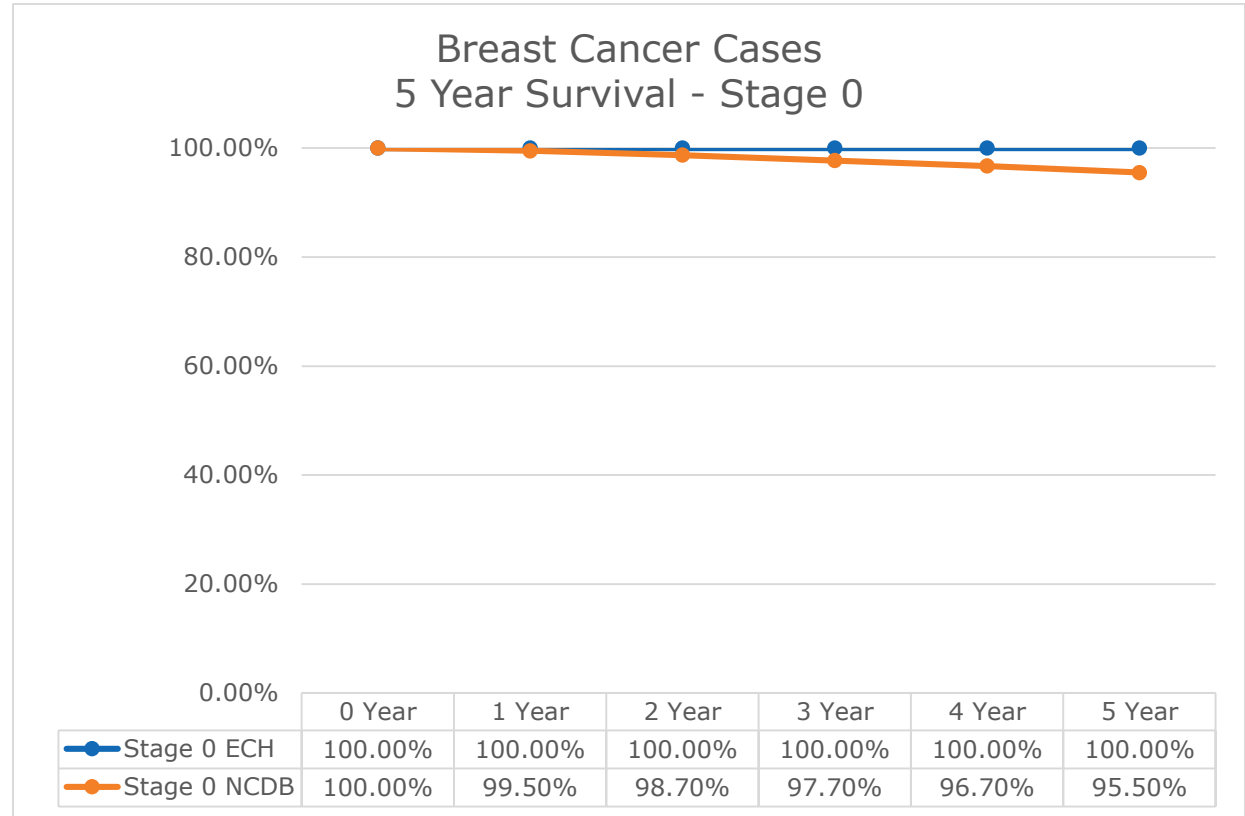
- **Options for LINAC Upgrade:**

1. Upgrade to a Varian TruBeam System
  - Latest digital machine, more reliable, upgradeable, 10+ year life span
2. Changing to Varian HDR after service contract expires with current Nucletron Unit.

# Survival Rates

# Breast Cancer ECH 5 Year Survival Data

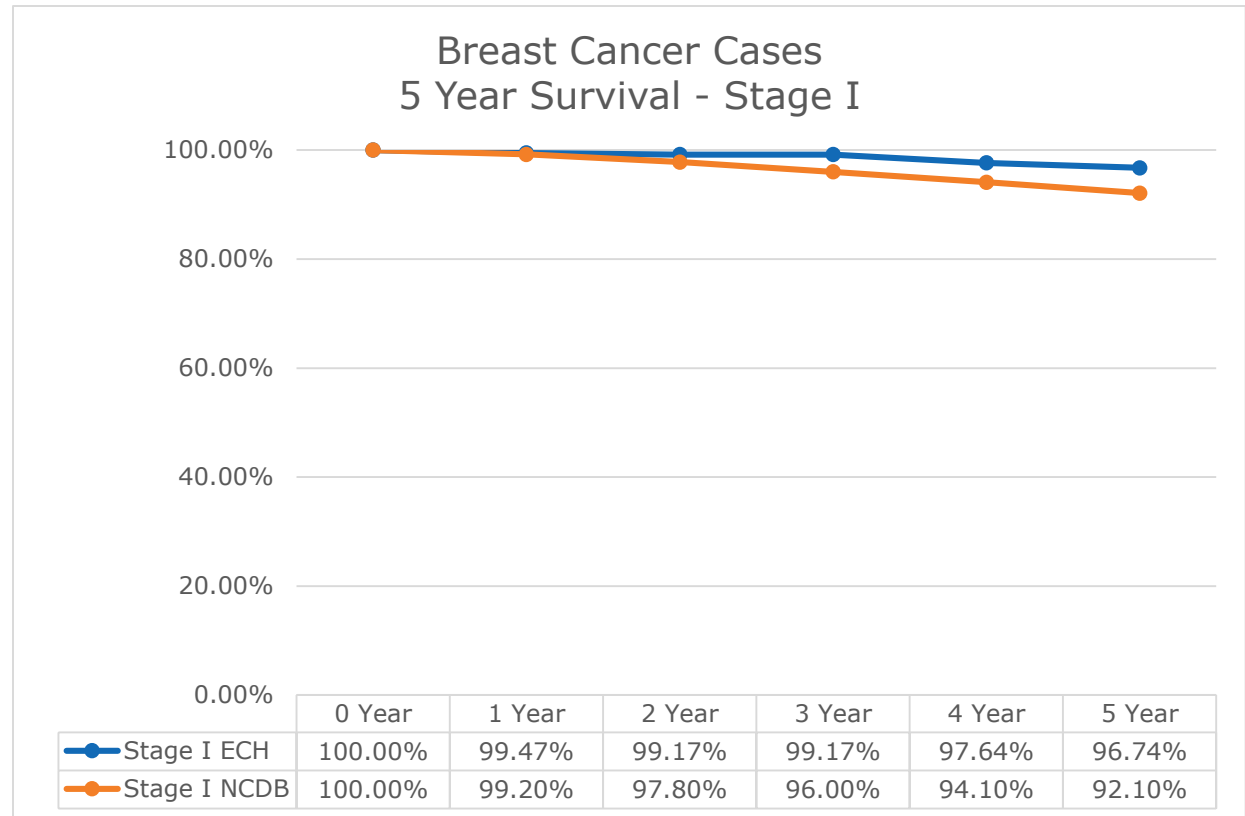
	Stage 0 ECH	Stage 0 NCDB
0 Year	100.00%	100.00%
1 Year	100.00%	99.50%
2 Year	100.00%	98.70%
3 Year	100.00%	97.70%
4 Year	100.00%	96.70%
5 Year	100.00%	95.50%
Total Patients	161	214,882



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Breast Cancer ECH 5 Year Survival Data

	Stage I ECH	Stage I NCDB
0 Year	100.00%	100.00%
1 Year	99.47%	99.20%
2 Year	99.17%	97.80%
3 Year	99.17%	96.00%
4 Year	97.64%	94.10%
5 Year	96.74%	92.10%
Total Patients	395	421,431

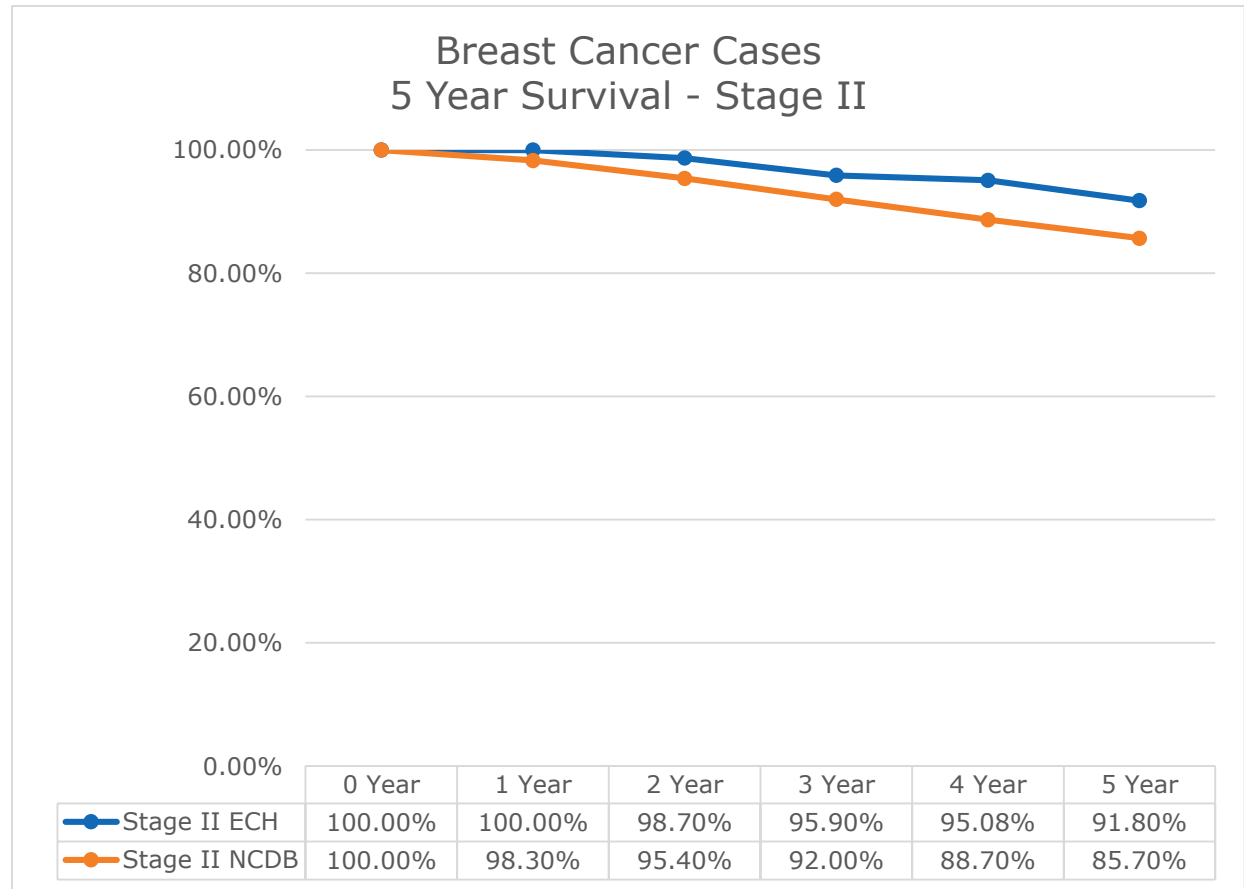


\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data



# Breast Cancer ECH 5 Year Survival Data

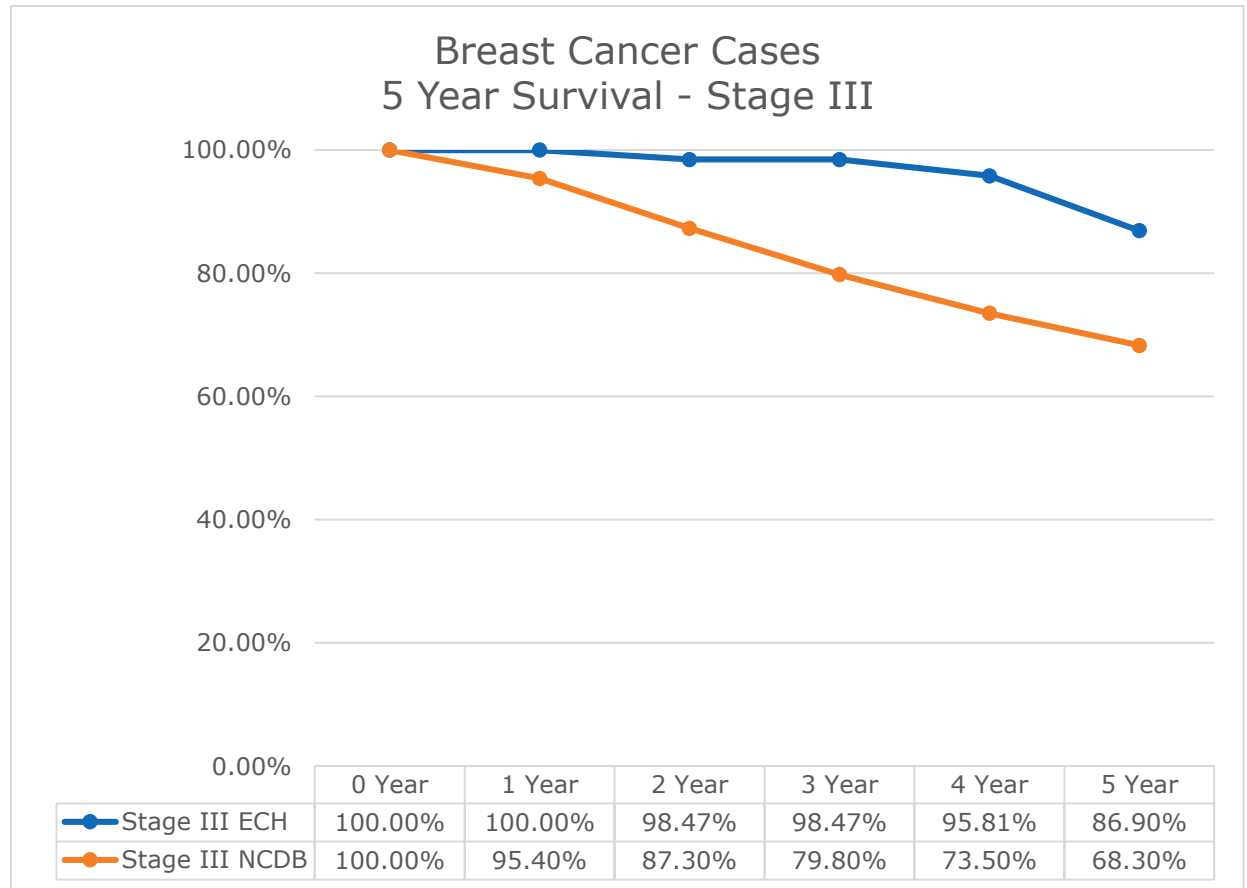
	Stage II ECH	Stage II NCDB
0 Year	100.00%	100.00%
1 Year	100.00%	98.30%
2 Year	98.70%	95.40%
3 Year	95.90%	92.00%
4 Year	95.08%	88.70%
5 Year	91.80%	85.70%
Total Patients	270	300,882



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Breast Cancer ECH 5 Year Survival Data

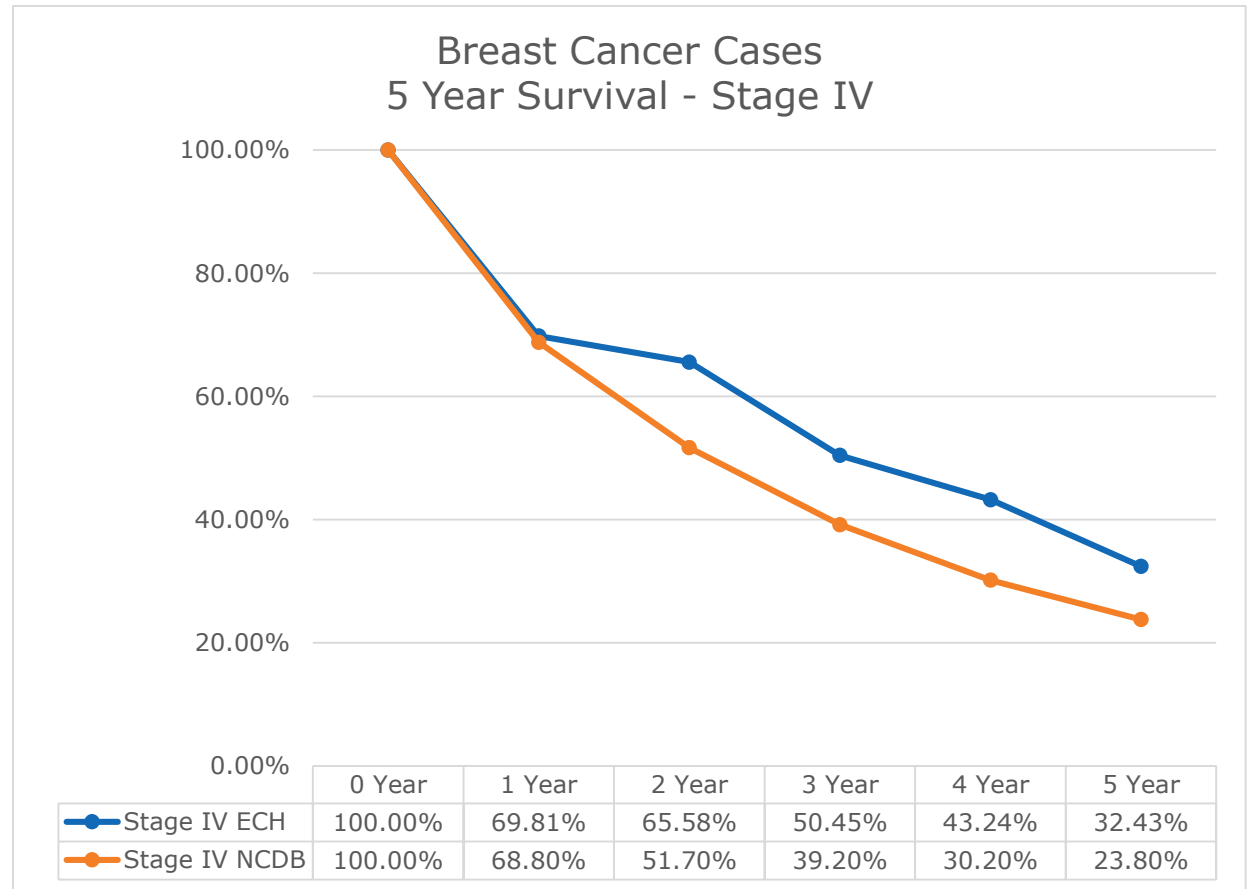
	Stage III ECH	Stage III NCDB
0 Year	100.00%	100.00%
1 Year	100.00%	95.40%
2 Year	98.47%	87.30%
3 Year	98.47%	79.80%
4 Year	95.81%	73.50%
5 Year	86.90%	68.30%
Total Patients	74	112,966



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Breast Cancer ECH 5 Year Survival Data

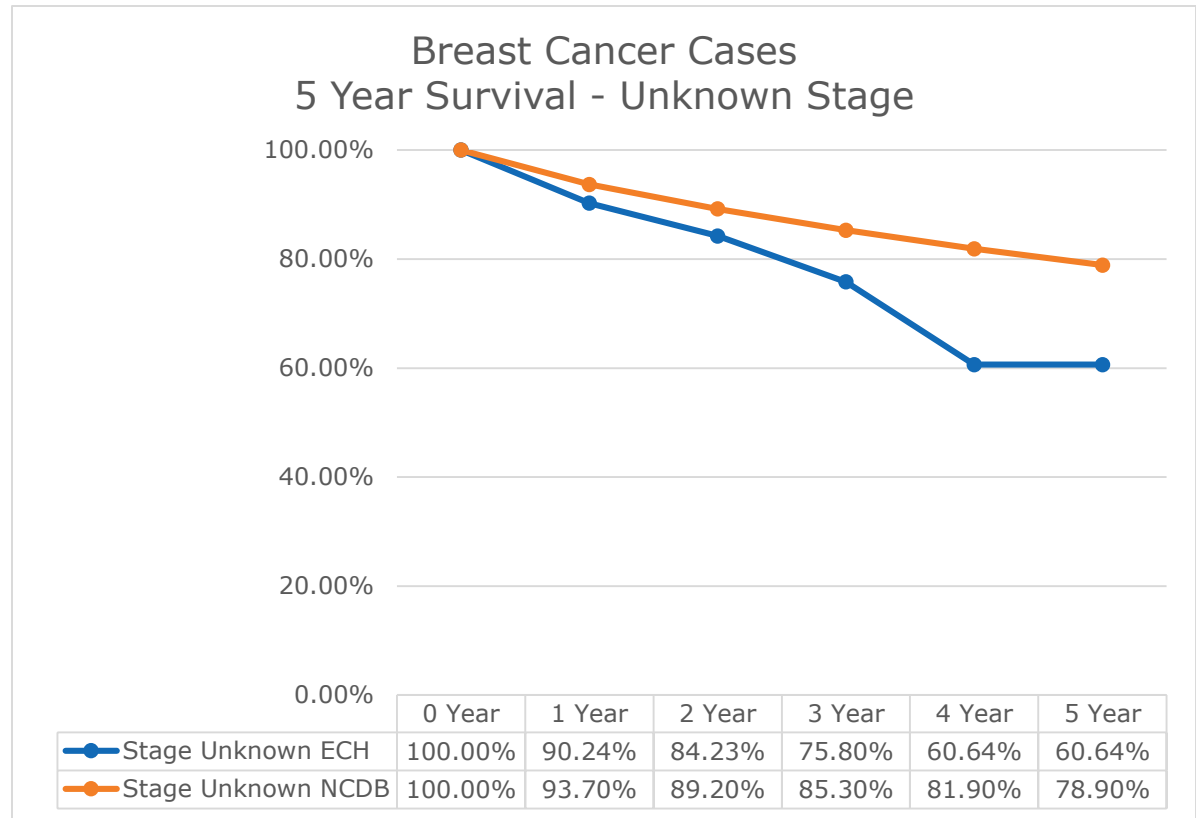
	Stage IV ECH	Stage IV NCDB
0 Year	100.00%	100.00%
1 Year	69.81%	68.80%
2 Year	65.58%	51.70%
3 Year	50.45%	39.20%
4 Year	43.24%	30.20%
5 Year	32.43%	23.80%
Total Patients	27	41,288



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Breast Cancer ECH 5 Year Survival Data

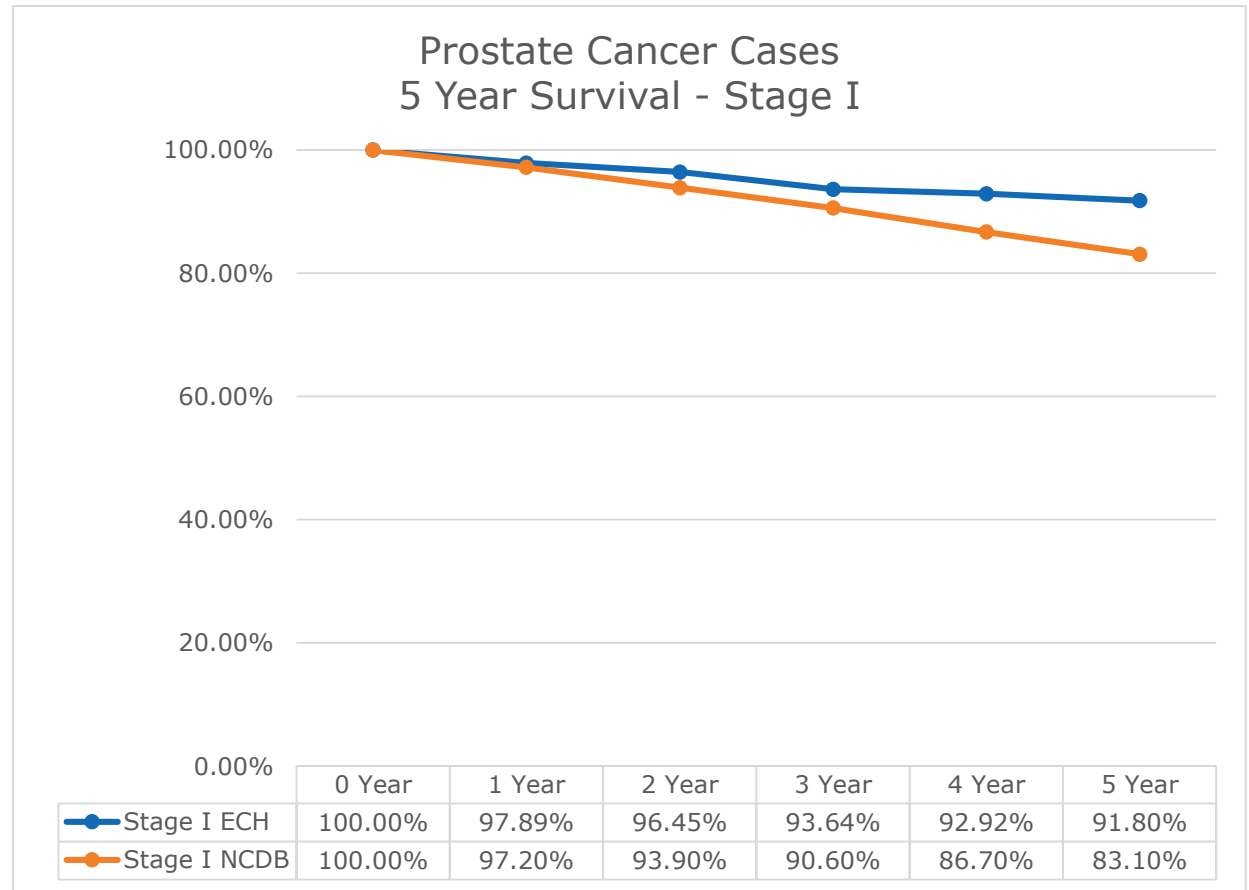
	Stage Unknown ECH	Stage Unknown NCDB
0 Year	100.00%	100.00%
1 Year	90.24%	93.70%
2 Year	84.23%	89.20%
3 Year	75.80%	85.30%
4 Year	60.64%	81.90%
5 Year	60.64%	78.90%
Total Patients	21	49,745



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Prostate Cancer ECH 5 Year Survival Data

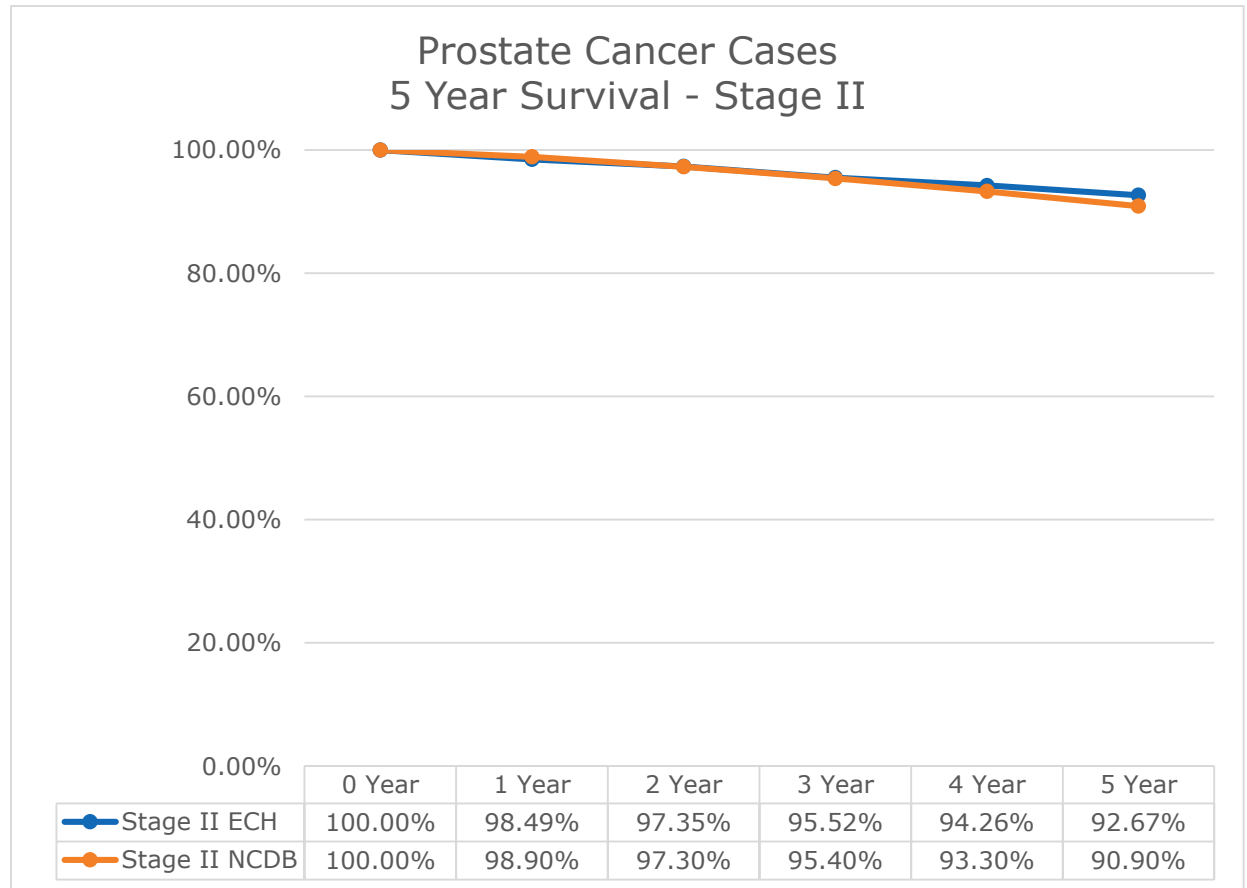
	Stage I ECH	Stage I NCDB
0 Year	100.00%	100.00%
1 Year	97.89%	97.20%
2 Year	96.45%	93.90%
3 Year	93.64%	90.60%
4 Year	92.92%	86.70%
5 Year	91.80%	83.10%
Total Patients	257	10,929



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Prostate Cancer ECH 5 Year Survival Data

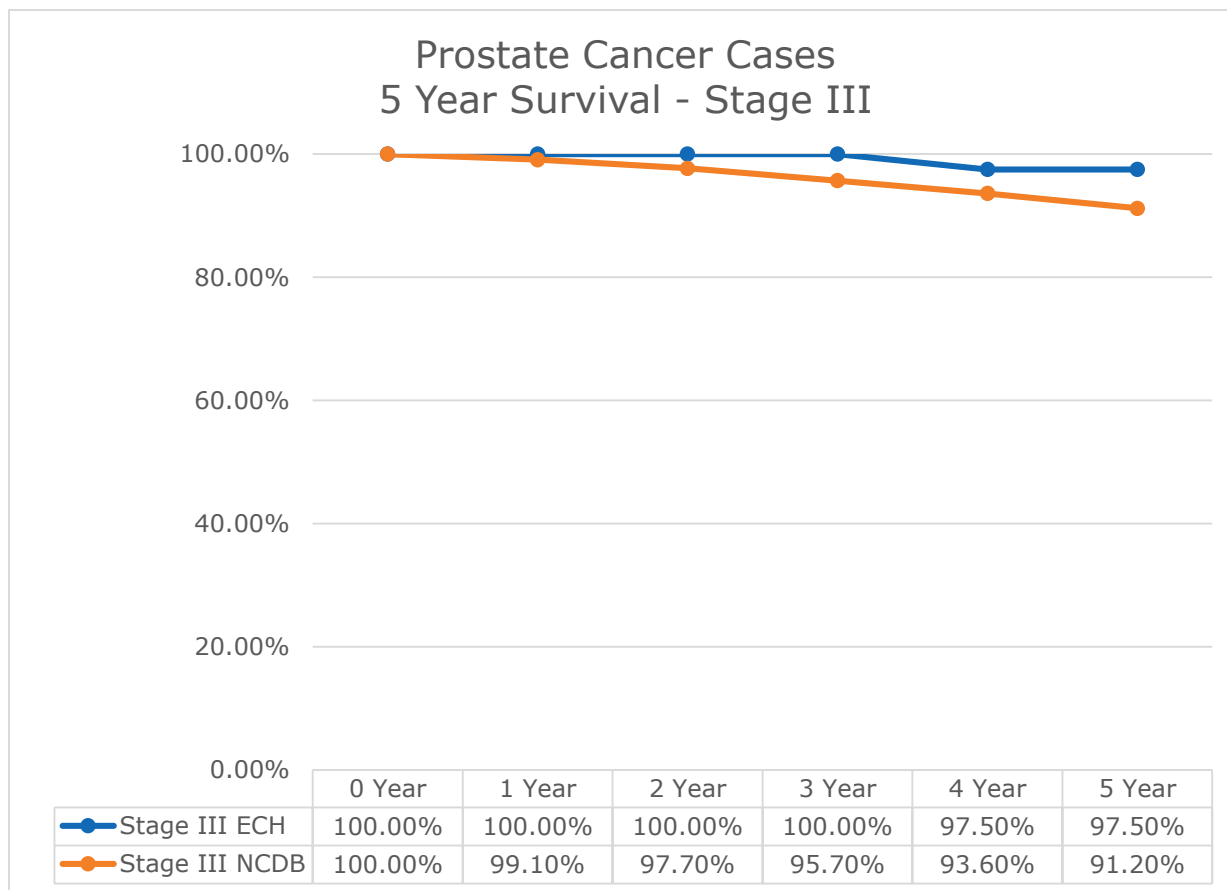
	Stage II ECH	Stage II NCDB
0 Year	100.00%	100.00%
1 Year	98.49%	98.90%
2 Year	97.35%	97.30%
3 Year	95.52%	95.40%
4 Year	94.26%	93.30%
5 Year	92.67%	90.90%
Total Patients	629	652,152



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Prostate Cancer ECH 5 Year Survival Data

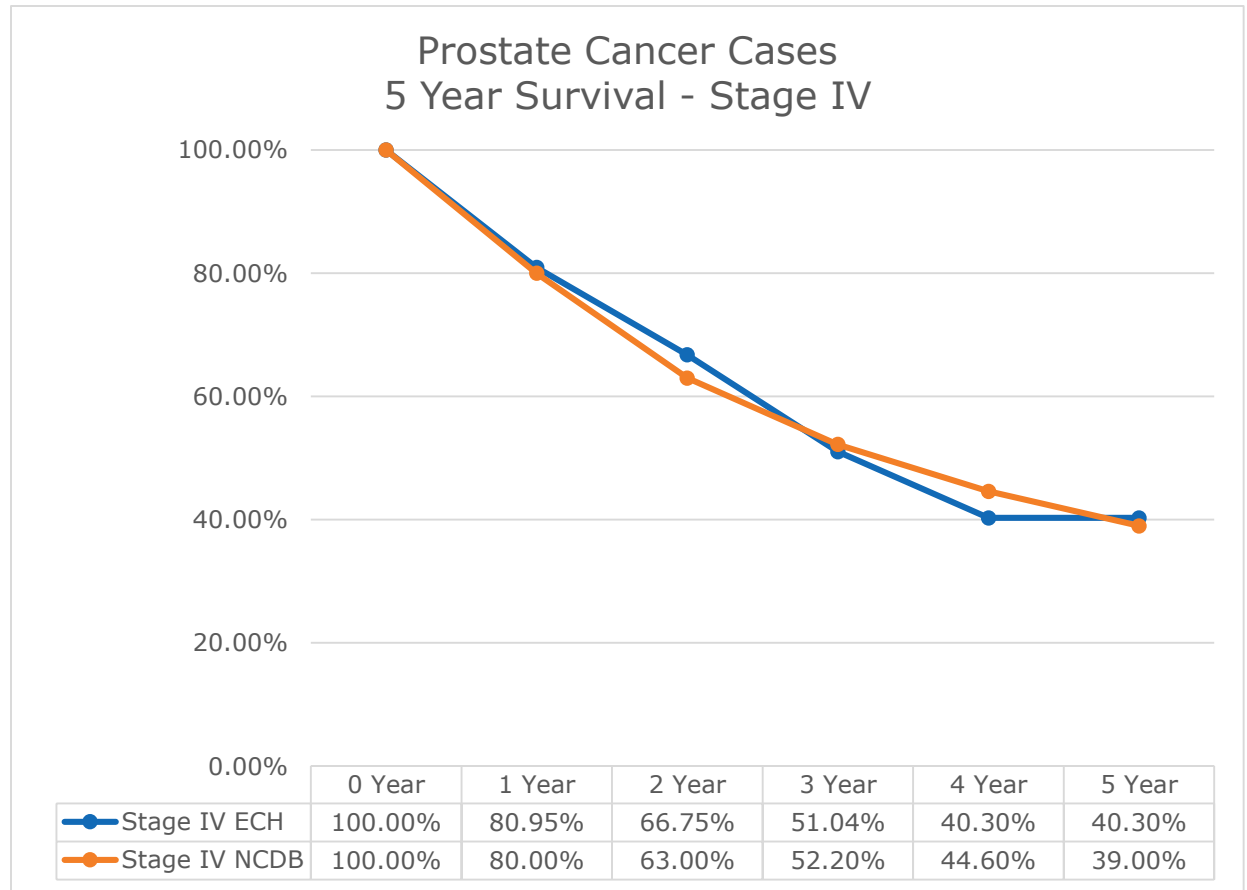
	Stage III ECH	Stage III NCDB
0 Year	100.00%	100.00%
1 Year	100.00%	99.10%
2 Year	100.00%	97.70%
3 Year	100.00%	95.70%
4 Year	97.50%	93.60%
5 Year	97.50%	91.20%
Total Patients	83	69,802



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Prostate Cancer ECH 5 Year Survival Data

	Stage IV ECH	Stage IV NCDB
0 Year	100.00%	100.00%
1 Year	80.95%	80.00%
2 Year	66.75%	63.00%
3 Year	51.04%	52.20%
4 Year	40.30%	44.60%
5 Year	40.30%	39.00%
Total Patients	43	40,368

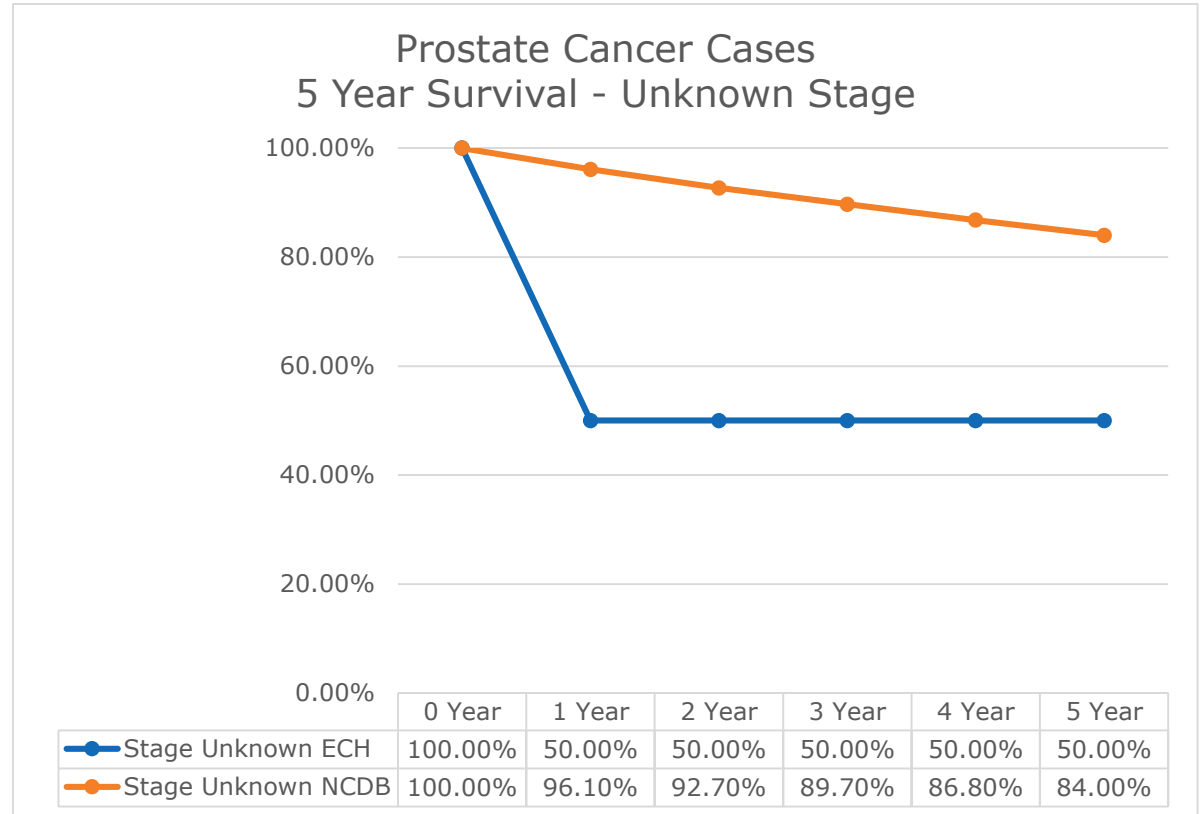


\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data



# Prostate Cancer ECH 5 Year Survival Data

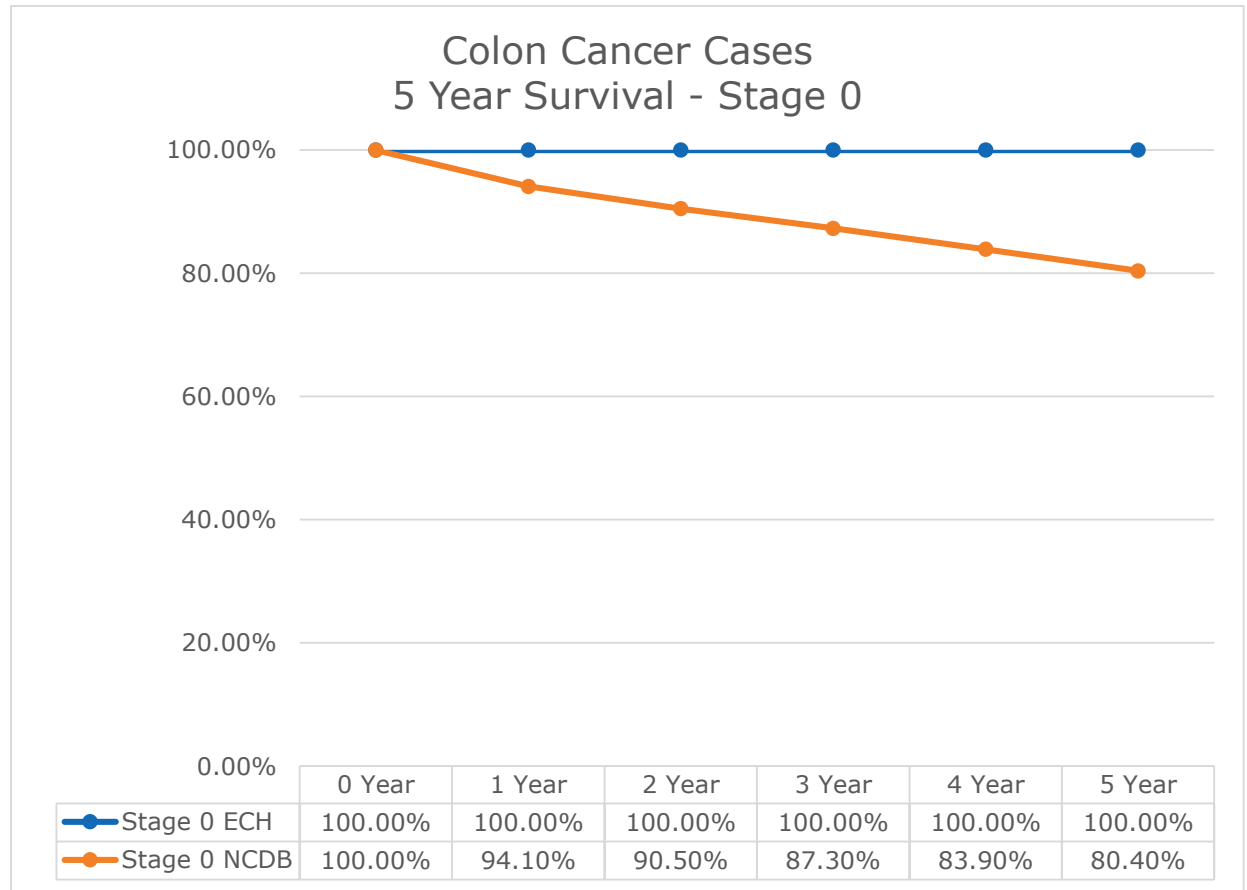
	Stage Unknown ECH	Stage Unknown NCDB
0 Year	100.00%	100.00%
1 Year	50.00%	96.10%
2 Year	50.00%	92.70%
3 Year	50.00%	89.70%
4 Year	50.00%	86.80%
5 Year	50.00%	84.00%
Total Patients	3	61,928



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Colon Cancer ECH 5 Year Survival Data

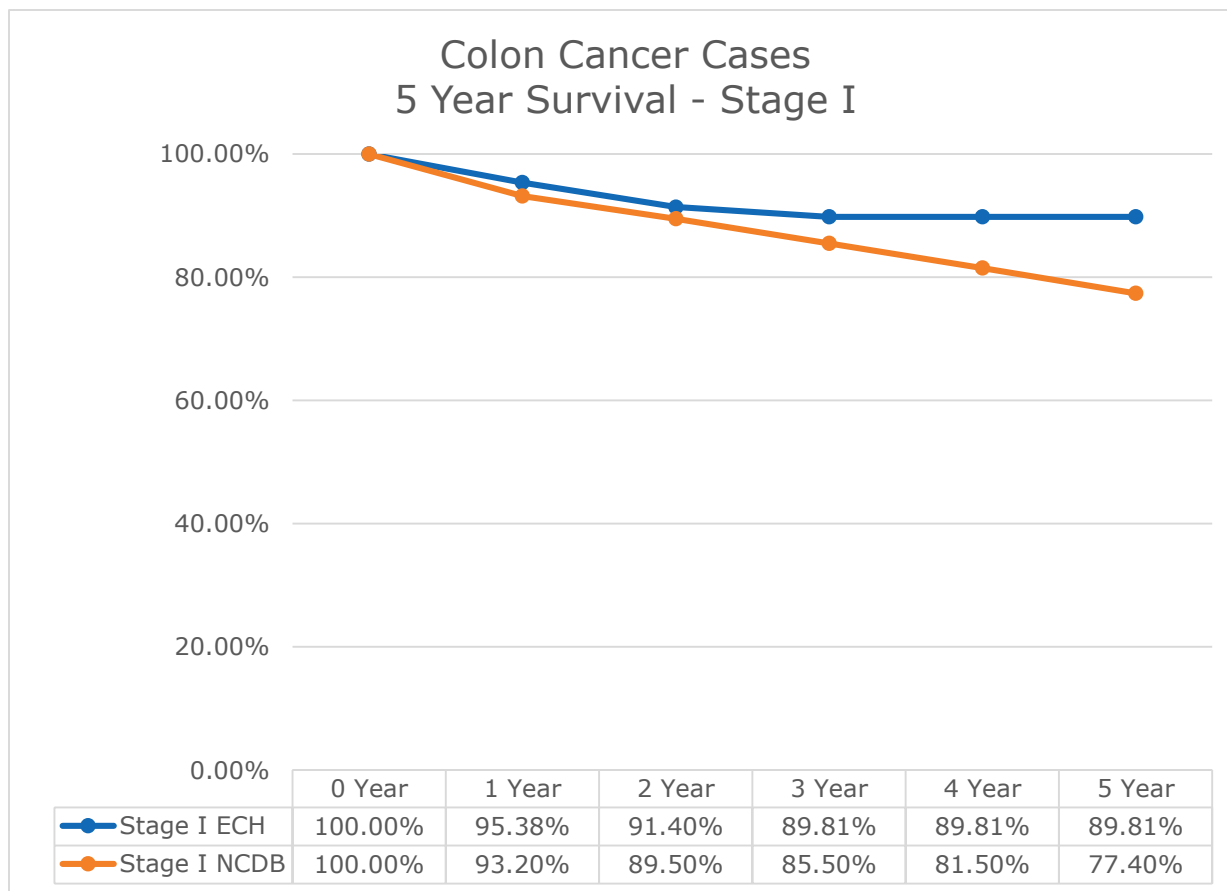
	Stage 0 ECH	Stage 0 NCDB
0 Year	100.00%	100.00%
1 Year	100.00%	94.10%
2 Year	100.00%	90.50%
3 Year	100.00%	87.30%
4 Year	100.00%	83.90%
5 Year	100.00%	80.40%
Total Patients	8	28,825



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Colon Cancer ECH 5 Year Survival Data

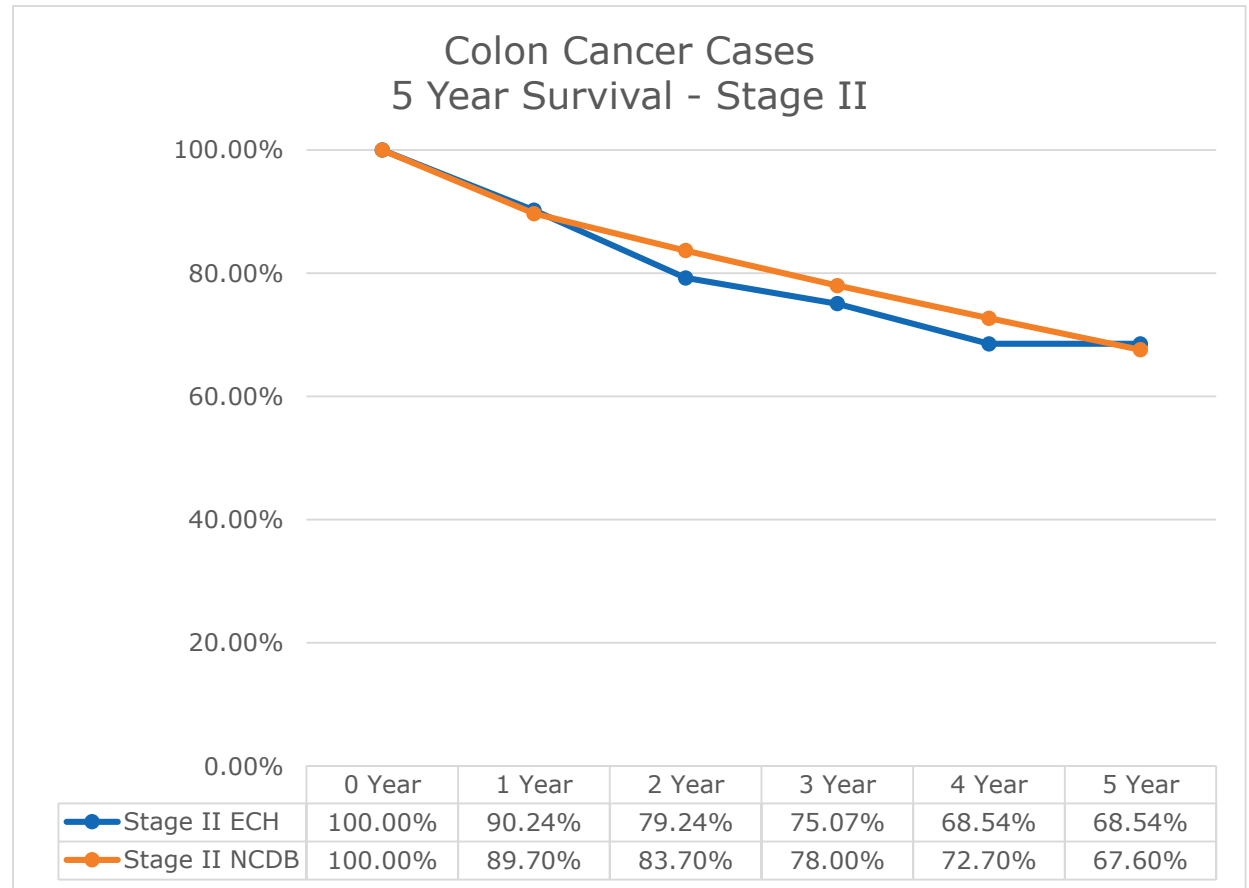
	Stage I ECH	Stage I NCDB
0 Year	100.00%	100.00%
1 Year	95.38%	93.20%
2 Year	91.40%	89.50%
3 Year	89.81%	85.50%
4 Year	89.81%	81.50%
5 Year	89.81%	77.40%
Total Patients	91	82,732



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Colon Cancer ECH 5 Year Survival Data

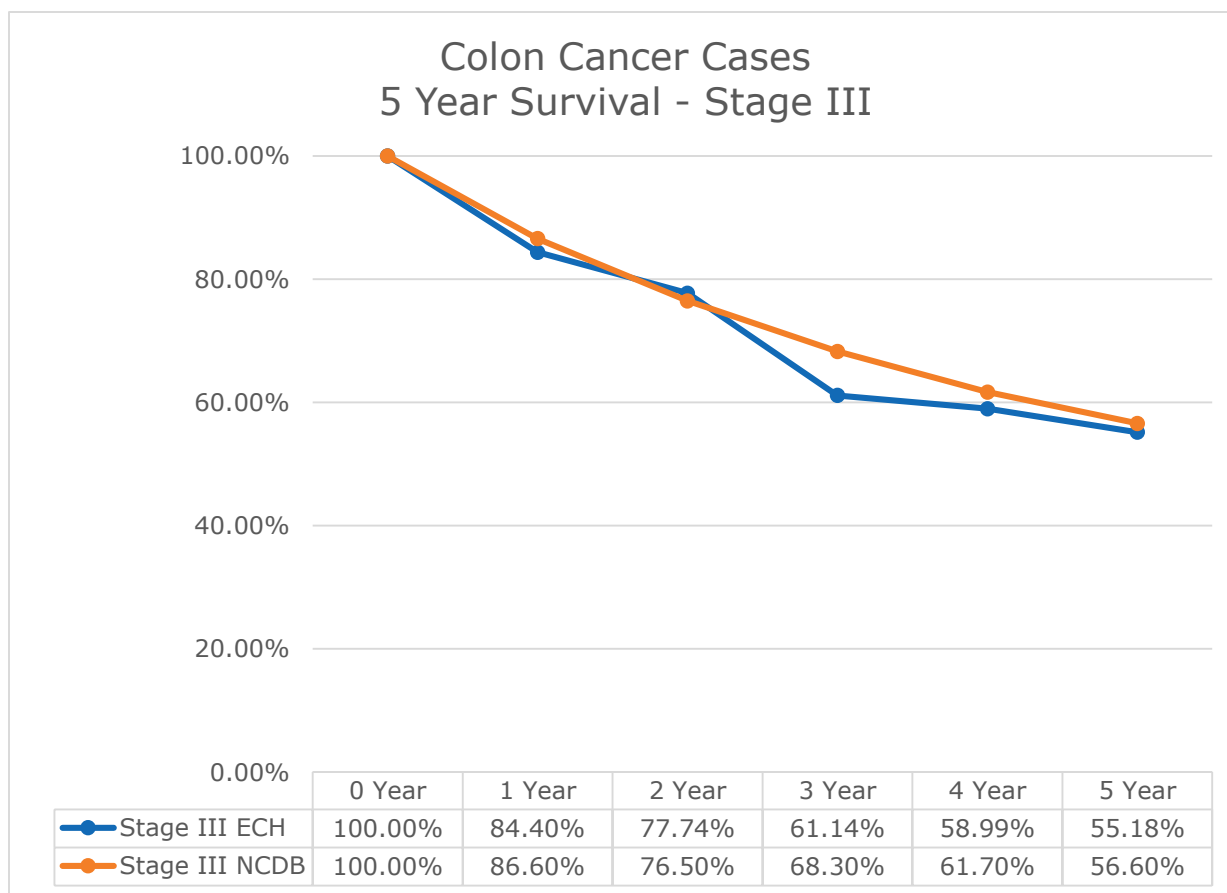
	<b>Stage II ECH</b>	<b>Stage II NCDB</b>
0 Year	100.00%	100.00%
1 Year	90.24%	89.70%
2 Year	79.24%	83.70%
3 Year	75.07%	78.00%
4 Year	68.54%	72.70%
5 Year	68.54%	67.60%
<b>Total Patients</b>	<b>108</b>	<b>104,912</b>



*\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data*

# Colon Cancer ECH 5 Year Survival Data

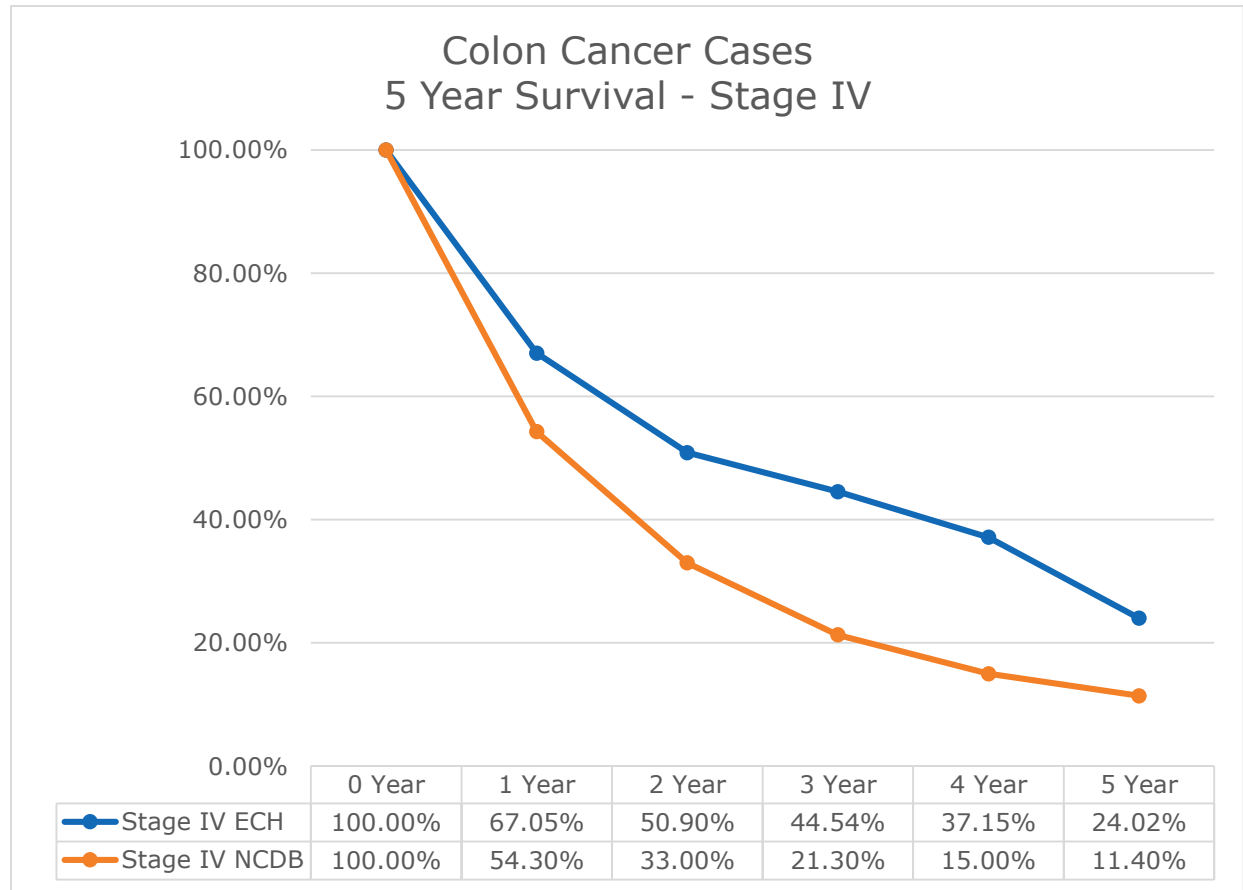
	Stage III ECH	Stage III NCDB
0 Year	100.00%	100.00%
1 Year	84.40%	86.60%
2 Year	77.74%	76.50%
3 Year	61.14%	68.30%
4 Year	58.99%	61.70%
5 Year	55.18%	56.60%
Total Patients	113	100,937



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Colon Cancer ECH 5 Year Survival Data

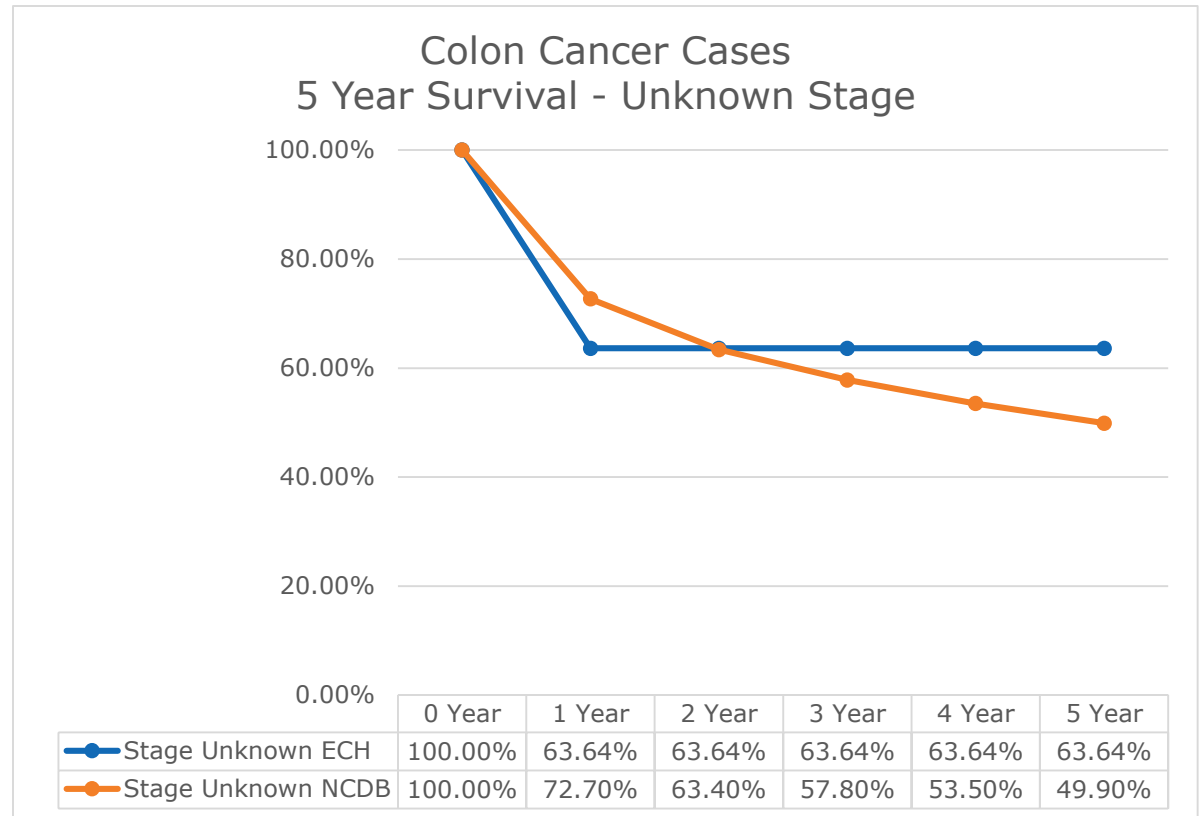
	Stage IV ECH	Stage IV NCDB
0 Year	100.00%	100.00%
1 Year	67.05%	54.30%
2 Year	50.90%	33.00%
3 Year	44.54%	21.30%
4 Year	37.15%	15.00%
5 Year	24.02%	11.40%
Total Patients	89	78,204



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Colon Cancer ECH 5 Year Survival Data

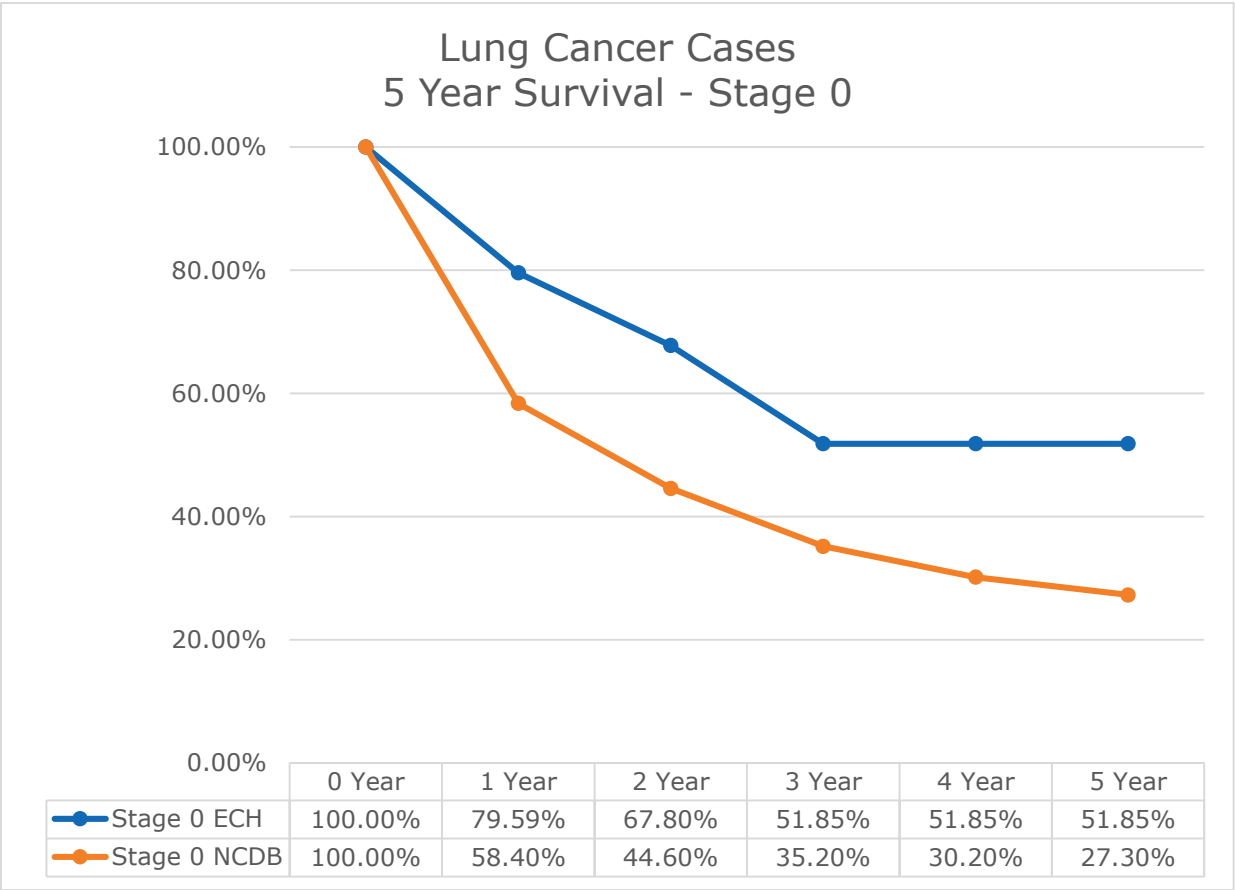
	Stage Unknown ECH	Stage Unknown NCDB
0 Year	100.00%	100.00%
1 Year	63.64%	72.70%
2 Year	63.64%	63.40%
3 Year	63.64%	57.80%
4 Year	63.64%	53.50%
5 Year	63.64%	49.90%
Total Patients	6	34,351



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Lung Cancer ECH 5 Year Survival Data

	<b>Stage 0 ECH</b>	<b>Stage 0 NCDB</b>
0 Year	100.00%	100.00%
1 Year	79.59%	58.40%
2 Year	67.80%	44.60%
3 Year	51.85%	35.20%
4 Year	51.85%	30.20%
5 Year	51.85%	27.30%
<b>Total Patients</b>	<b>4</b>	<b>1,064</b>

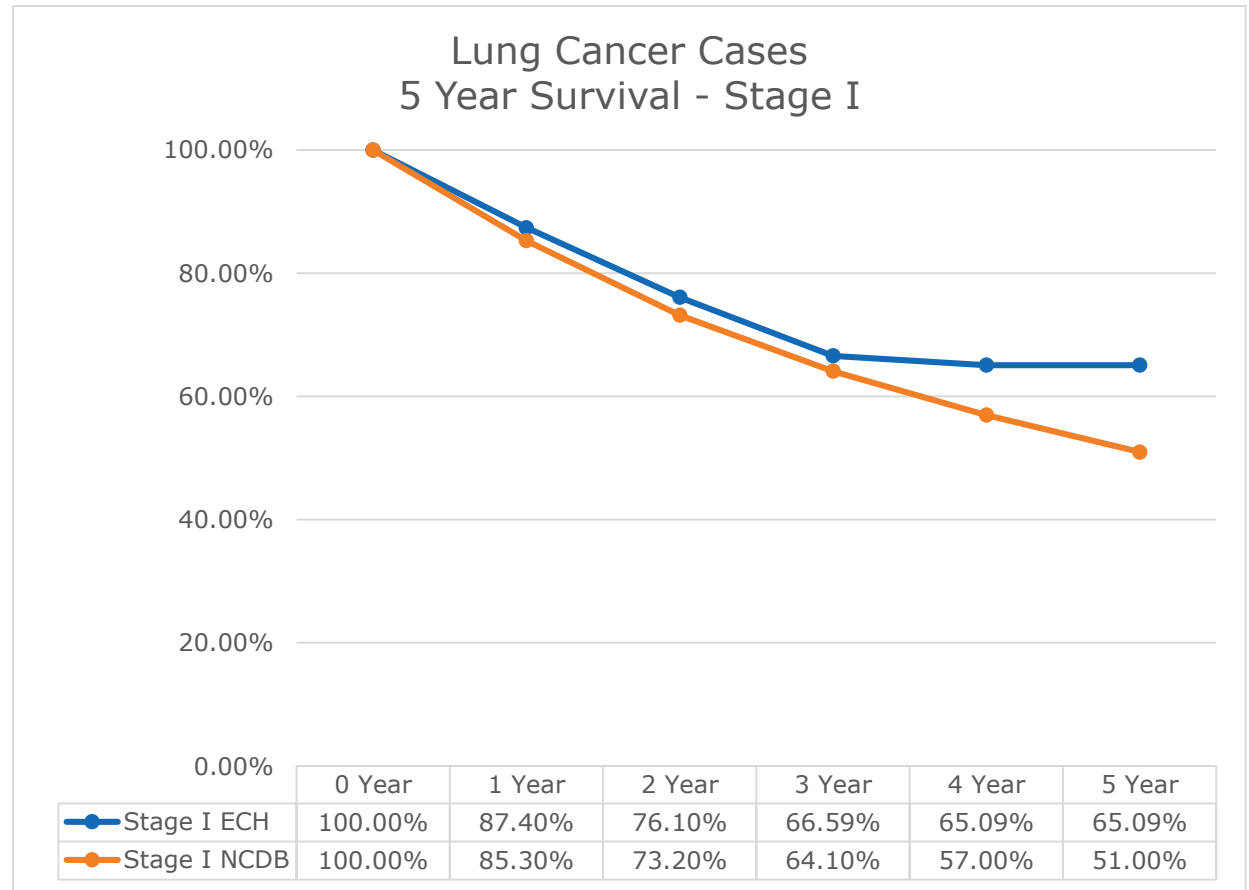


\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data



# Lung Cancer ECH 5 Year Survival Data

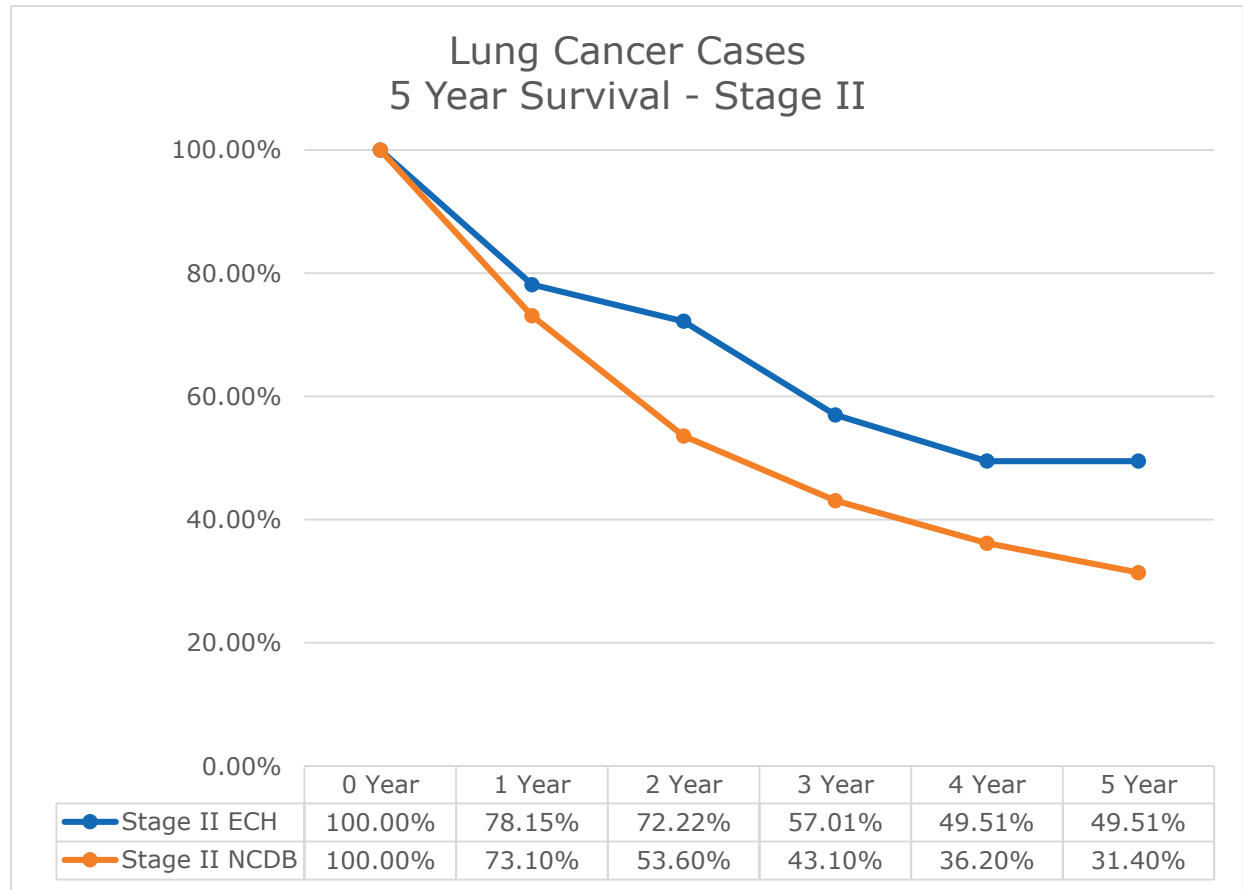
	Stage I ECH	Stage I NCDB
0 Year	100.00%	100.00%
1 Year	87.40%	85.30%
2 Year	76.10%	73.20%
3 Year	66.59%	64.10%
4 Year	65.09%	57.00%
5 Year	65.09%	51.00%
Total Patients	204	136,872



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Lung Cancer ECH 5 Year Survival Data

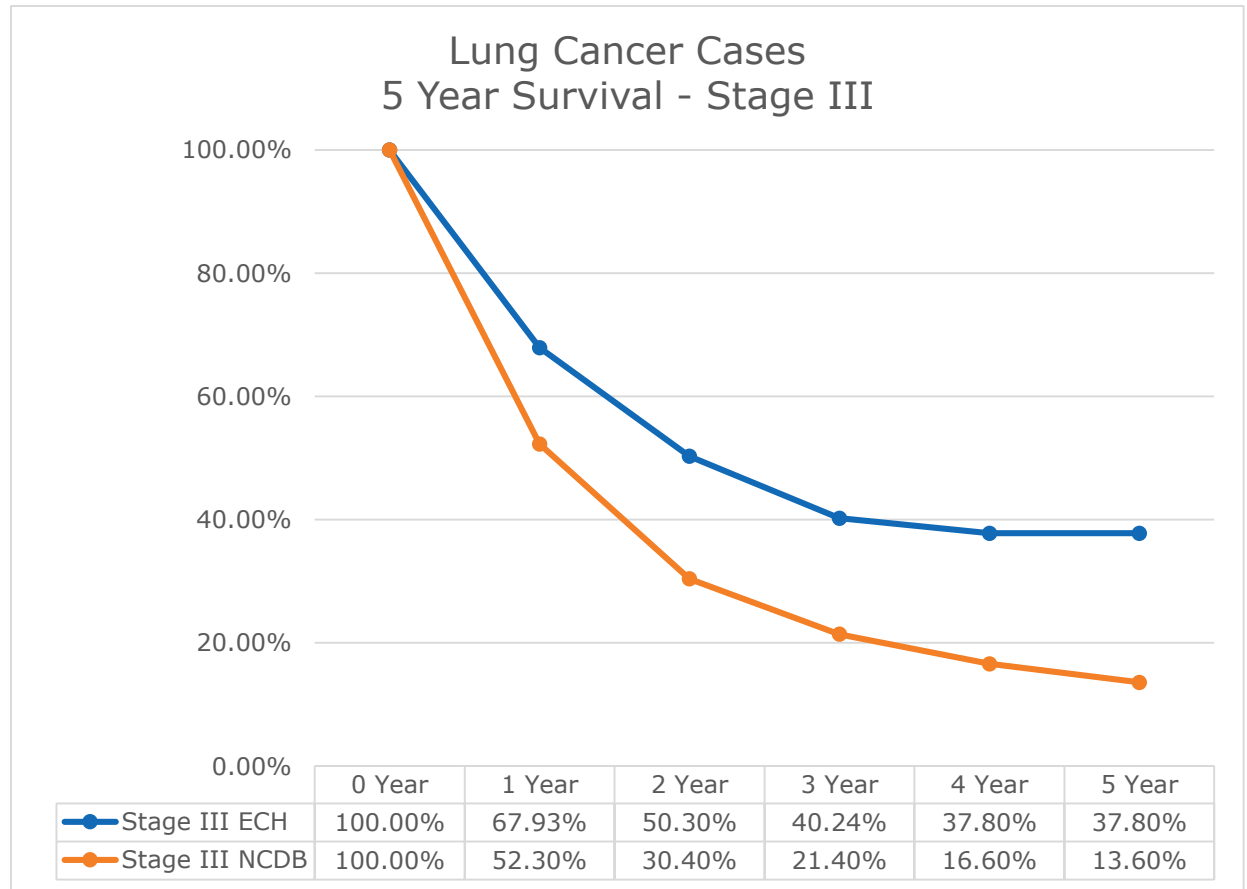
	Stage II ECH	Stage II NCDB
0 Year	100.00%	100.00%
1 Year	78.15%	73.10%
2 Year	72.22%	53.60%
3 Year	57.01%	43.10%
4 Year	49.51%	36.20%
5 Year	49.51%	31.40%
Total Patients	62	40,915



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Lung Cancer ECH 5 Year Survival Data

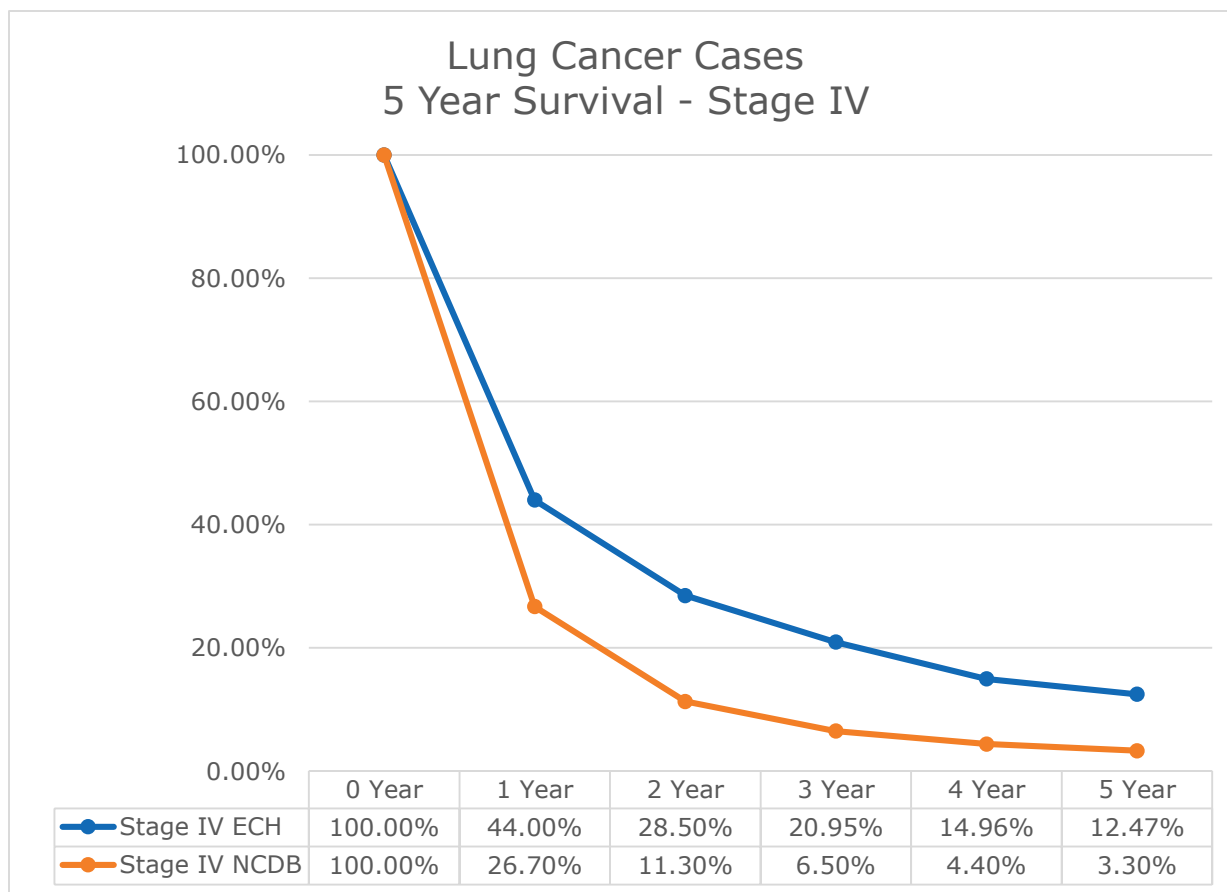
	Stage III ECH	Stage III NCDB
0 Year	100.00%	100.00%
1 Year	67.93%	52.30%
2 Year	50.30%	30.40%
3 Year	40.24%	21.40%
4 Year	37.80%	16.60%
5 Year	37.80%	13.60%
Total Patients	126	148,935



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Lung Cancer ECH 5 Year Survival Data

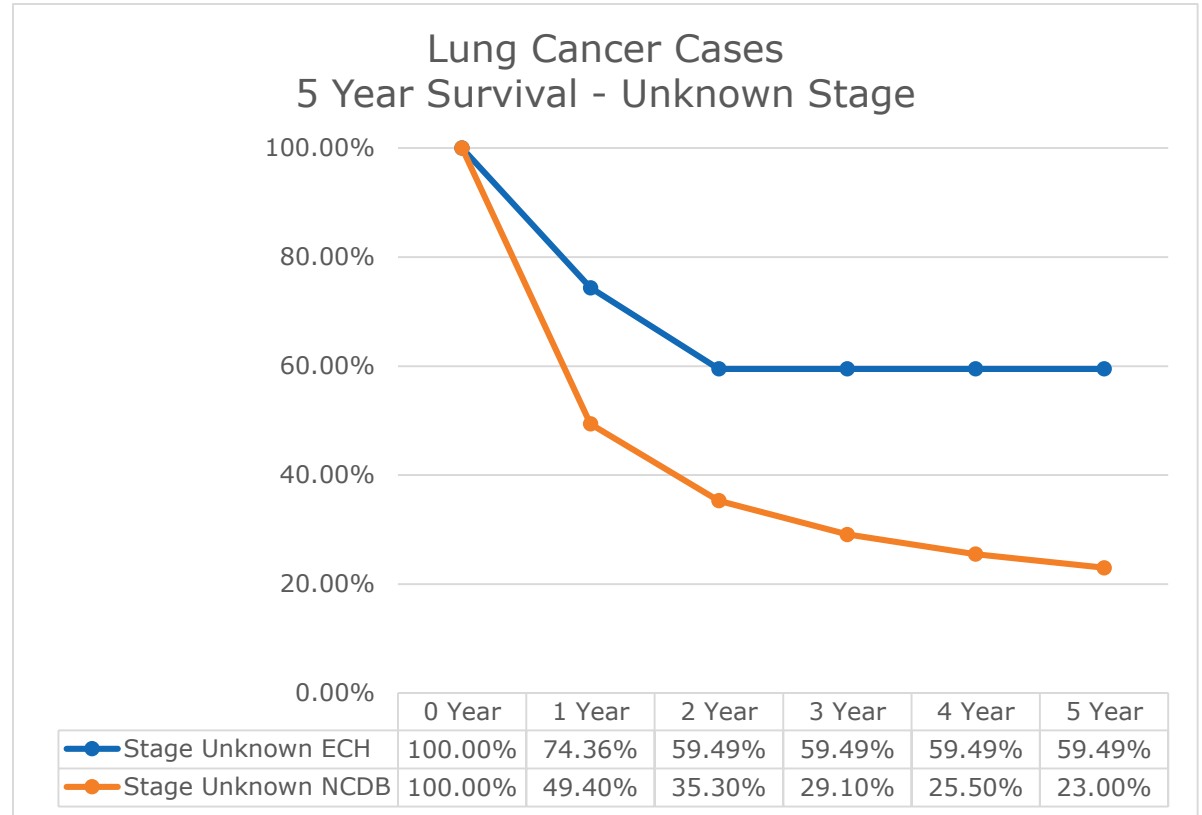
	Stage IV ECH	Stage IV NCDB
0 Year	100.00%	100.00%
1 Year	44.00%	26.70%
2 Year	28.50%	11.30%
3 Year	20.95%	6.50%
4 Year	14.96%	4.40%
5 Year	12.47%	3.30%
Total Patients	247	231,711



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Lung Cancer ECH 5 Year Survival Data

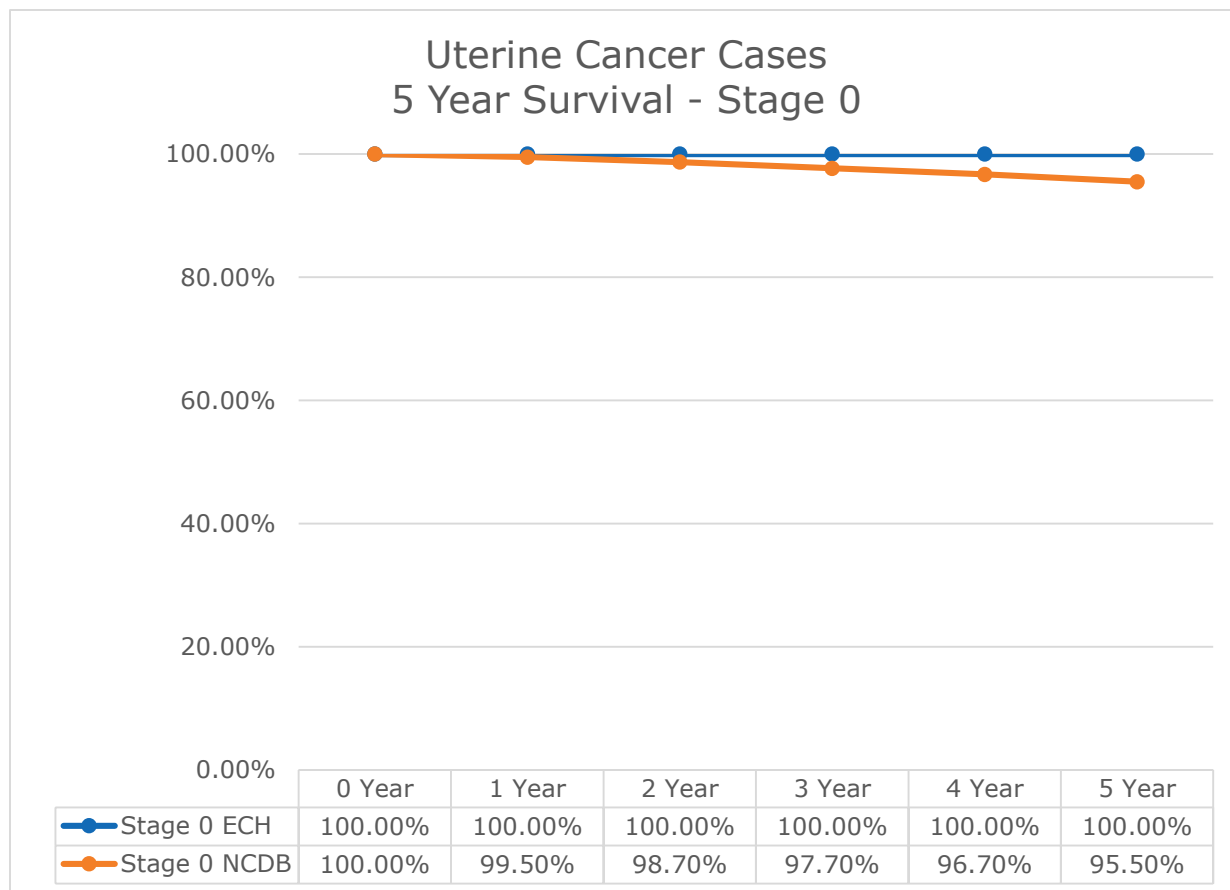
	Stage Unknown ECH	Stage Unknown NCDB
0 Year	100.00%	100.00%
1 Year	74.36%	49.40%
2 Year	59.49%	35.30%
3 Year	59.49%	29.10%
4 Year	59.49%	25.50%
5 Year	59.49%	23.00%
Total Patients	22	52,884



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Uterine Cancer ECH 5 Year Survival Data

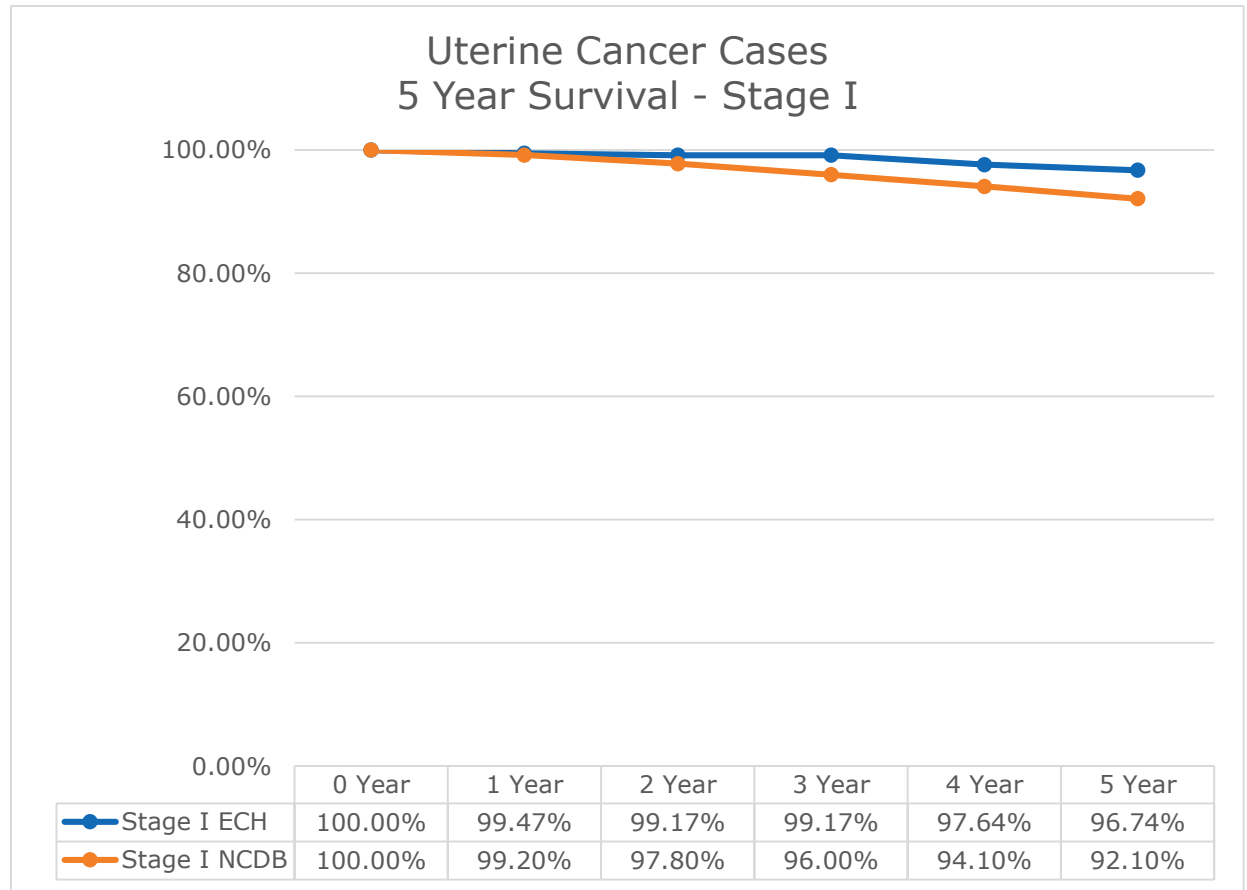
	Stage 0 ECH	Stage 0 NCDB
0 Year	100.00%	100.00%
1 Year	81.82%	97.80%
2 Year	81.82%	96.50%
3 Year	81.82%	95.10%
4 Year	81.82%	93.70%
5 Year	81.82%	92.50%
Total Patients	6	2,118



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Uterine Cancer ECH 5 Year Survival Data

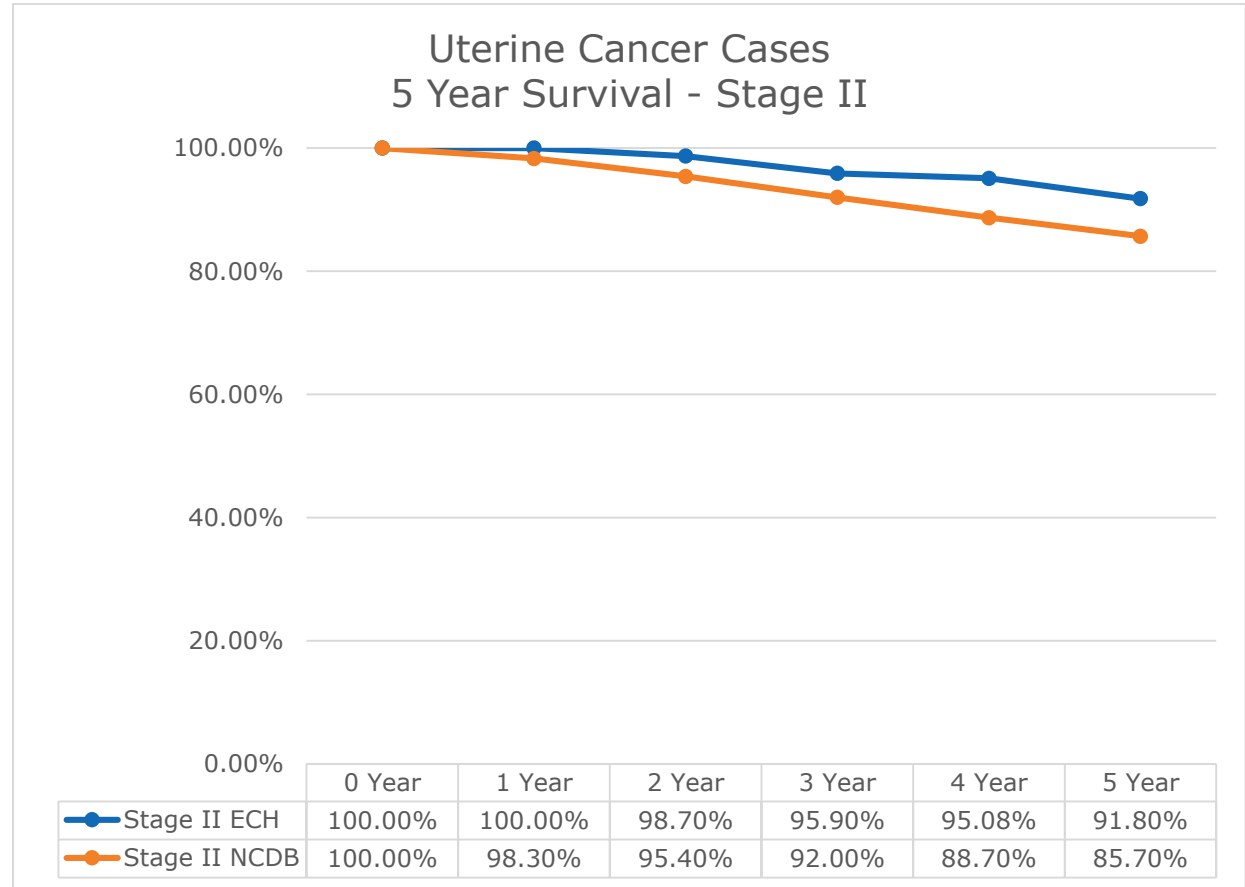
	Stage I ECH	Stage I NCDB
0 Year	100.00%	100.00%
1 Year	97.51%	97.90%
2 Year	95.92%	95.50%
3 Year	94.90%	93.00%
4 Year	92.38%	90.70%
5 Year	91.38%	88.50%
Total Patients	470	122,414



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Uterine Cancer ECH 5 Year Survival Data

	Stage II ECH	Stage II NCDB
0 Year	100.00%	100.00%
1 Year	100.00%	94.70%
2 Year	82.22%	88.20%
3 Year	76.55%	82.90%
4 Year	68.05%	78.20%
5 Year	68.05%	74.20%
Total Patients	29	14,584

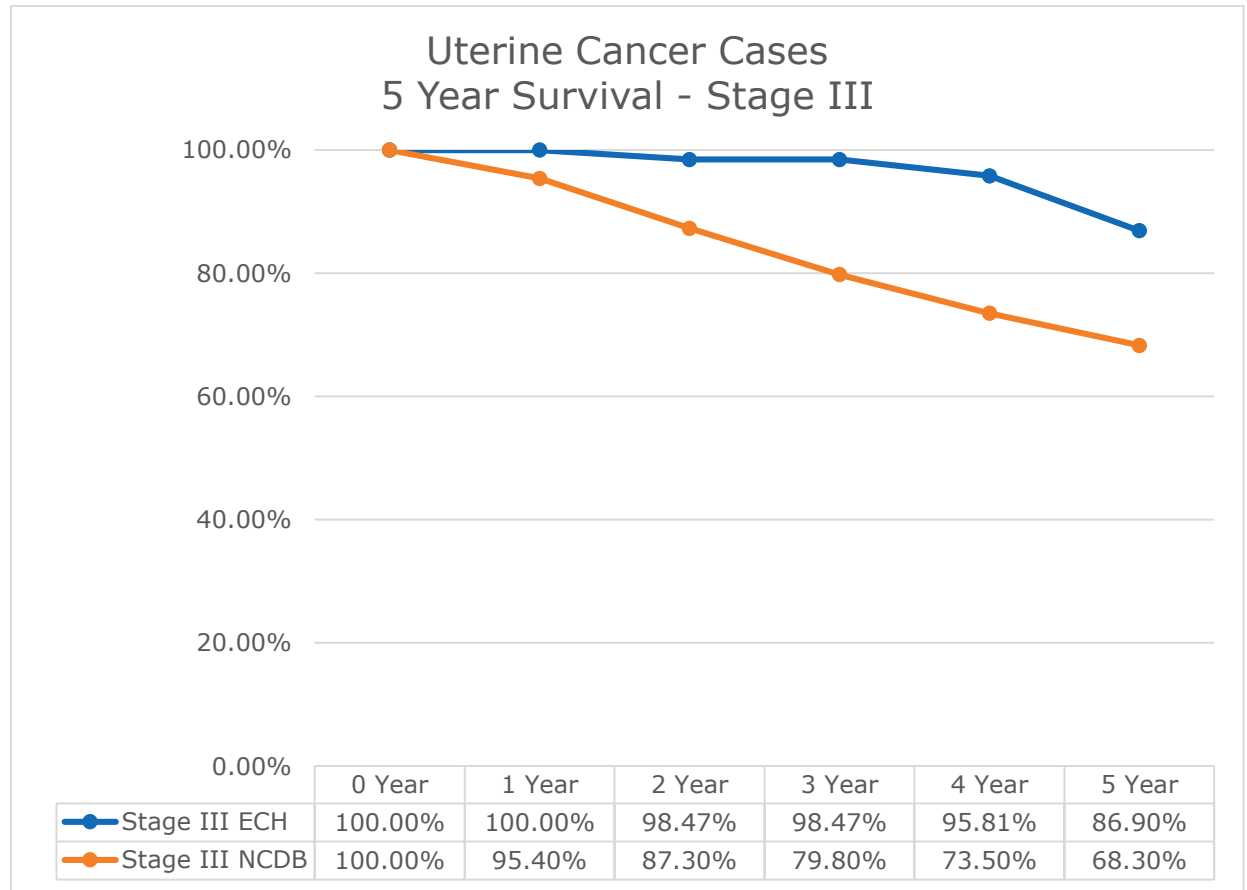


\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data



# Uterine Cancer ECH 5 Year Survival Data

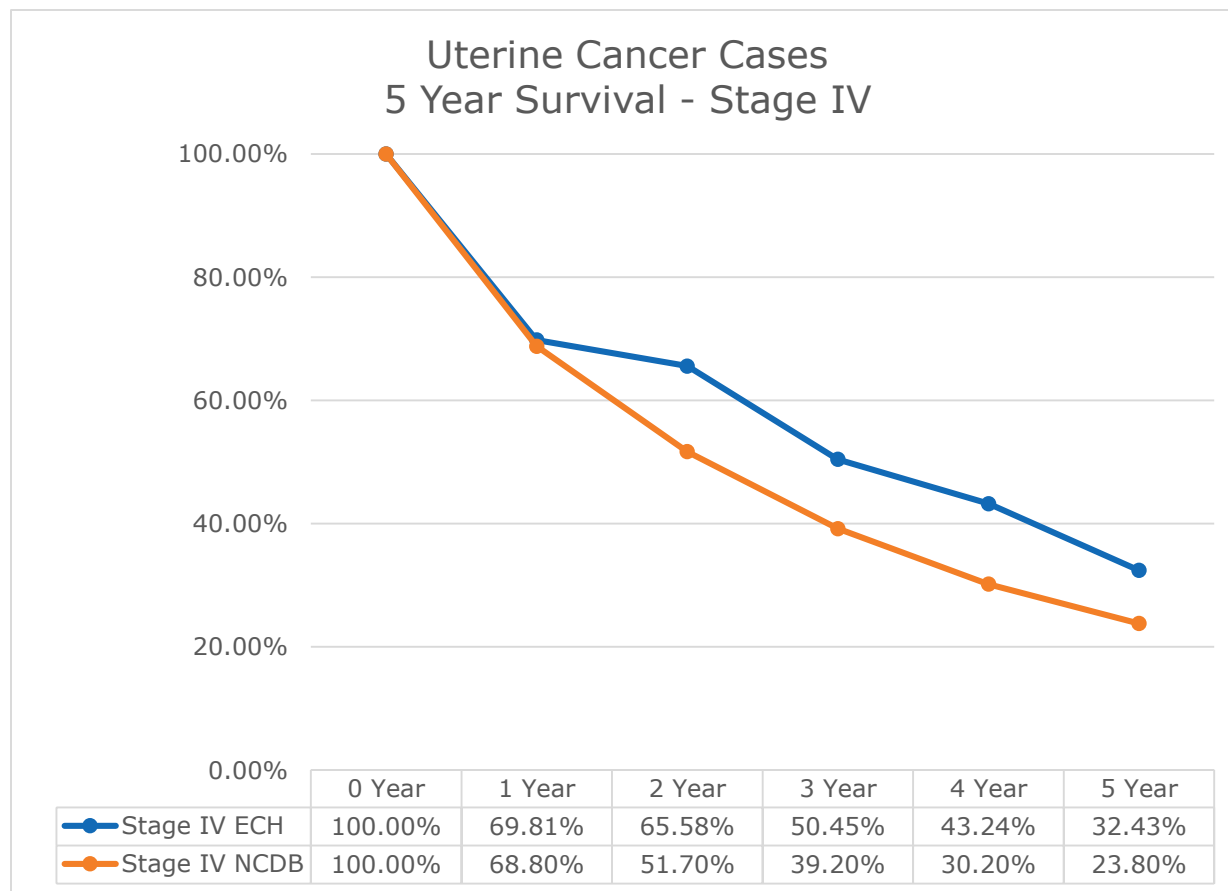
	Stage III ECH	Stage III NCDB
0 Year	100.00%	100.00%
1 Year	90.30%	88.10%
2 Year	80.02%	74.70%
3 Year	77.92%	65.70%
4 Year	71.14%	59.90%
5 Year	71.14%	55.70%
Total Patients	90	22,913



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Uterine Cancer ECH 5 Year Survival Data

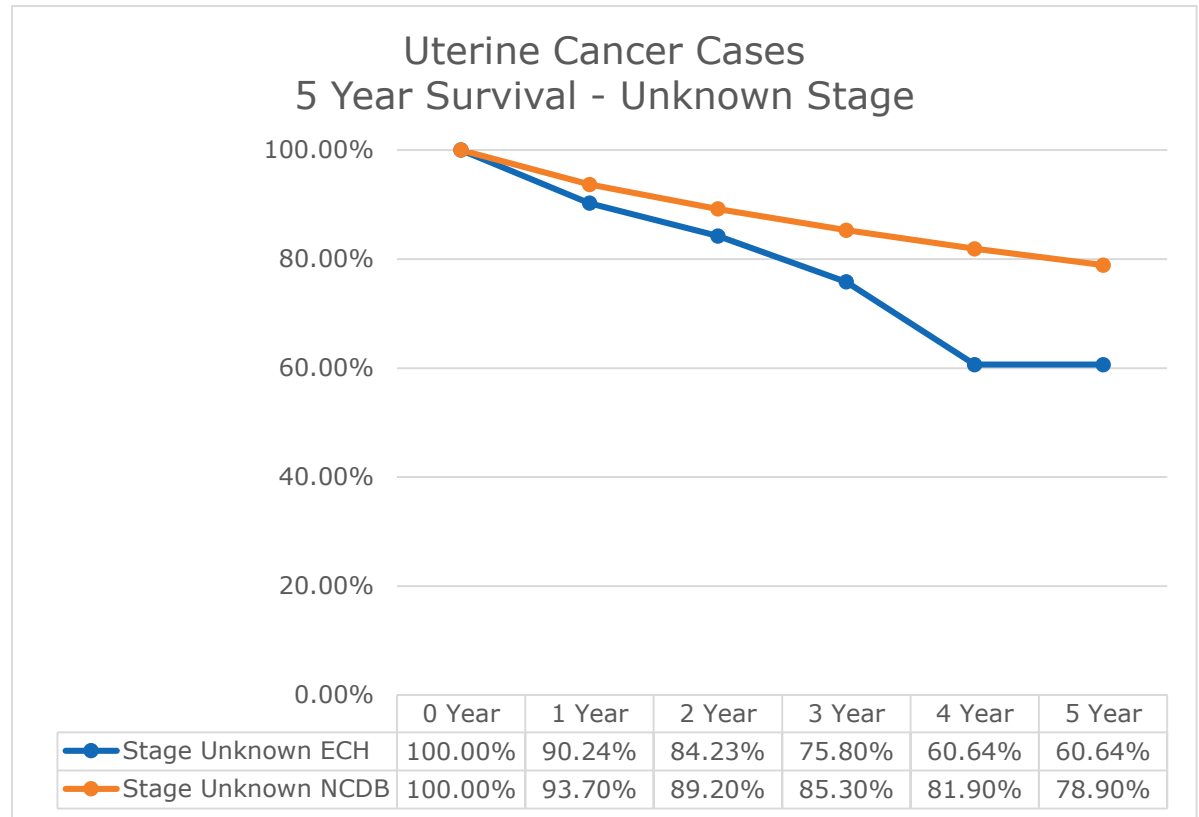
	<b>Stage IV ECH</b>	<b>Stage IV NCDB</b>
0 Year	100.00%	100.00%
1 Year	52.73%	54.90%
2 Year	40.07%	34.20%
3 Year	40.07%	24.90%
4 Year	27.74%	20.10%
5 Year	27.74%	17.30%
<b>Total Patients</b>	<b>30</b>	<b>10,868</b>



*\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data*

# Uterine Cancer ECH 5 Year Survival Data

	Stage Unknown ECH	Stage Unknown NCDB
0 Year	100.00%	100.00%
1 Year	100.00%	86.70%
2 Year	100.00%	79.30%
3 Year	100.00%	74.50%
4 Year	81.82%	71.40%
5 Year	81.82%	68.80%
Total Patients	10	17,200



\*ECH 2011-2015 Data  
\*NCDB 2003-2009 Data

# Prevention - Cancer Healthy

**From:** Schroeder, Philip C. [<mailto:pschroeder@buchalter.com>]

**Sent:** Wednesday, November 08, 2017 9:50 PM

**To:** Markettea Beneke

**Cc:** ipdocket; Mary Rotunno; Olejko, Mitchell J.; Kelsey Martinez; Monica Frankel

**Subject:** FW: Official USPTO Notice of Acceptance of SOU: U.S. Trademark SN 87374473: CANCER HEALTHY: Docket/Reference No. E4192-5011

**WARNING:** This email originated outside of the El Camino Hospital email system!

**DO NOT CLICK** links if the sender is unknown, and never provide your User ID or Password.

---

Trademark: CANCER HEALTHY  
Owner: El Camino Hospital  
Class: 44 (Providing information in the fields of health, wellness and cancer prevention)  
Serial No.: 87374473  
Docket No.: E4192-5011

Hi Markettea,

Congratulations. The United States Patent and Trademark Office (the "USPTO") accepted our Statement of Use for the above referenced trademark, and the application will now proceed to registration.

Below is the Notice of Acceptance of Statement of Use received from the USPTO. We will forward the Certificate of Registration to you when we receive it.

Best regards,  
Phil

*Philip C. Schroeder*  
*Shareholder*

**Buchalter**

A Professional Corporation

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Email: [pschroeder@buchalter.com](mailto:pschroeder@buchalter.com) | [www.buchalter.com](http://www.buchalter.com) | [Bio](#)

# Program Advances, New Technology, Patient/Client Outreach



# Questions?

# Thank you!





**Finance Committee**

Updated August 29, 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>- Physician Transaction Compliance Education</li> <li>- Year-End Financial Report</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> <li>- <del>Quarterly Report: ROI for LG Capital Spend (e.g. Surgical Robot)</del></li> <li>- Medical Staff Development Plan</li> <li>- Education Topic: Ambulatory Care Business Model (presentation)</li> <li>- Consent Calendar – FY17 Year End Financials</li> </ul>
<b>FY18 FC Pacing Plan – Q2</b>		
<b>October 2017</b>	<b>November 27, 2017</b>	<b>December 2017</b>
<p><b>10/25 – Board and Committee Education Session</b></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>- Quarterly Report: ROI for LG Capital Spend (e.g. Surgical Robot)</li> <li>- Service Line Review</li> <li>- <b>Proposed Summary Financial Report to the Board</b></li> </ul>	<p><i>No scheduled meeting</i></p>

**Finance Committee**

Updated August 29, 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>- Service Line Review</li> <li>- Epic Implementation Review (presentation)</li> <li>- Report on Financial and Operational Benchmarks</li> <li>- Board Designed Funds</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 Part # 1</li> <li>- Discuss and recommend FY19 Committee Goals</li> <li>- Discuss FY19 Committee Dates</li> <li>- Biennial Review of Committee Charter</li> <li>- Payor Update</li> <li>- Summary of Physician Financial Arrangements (Mid-Year)</li> <li>- Quarterly Report: ROI for LG Capital Spend (e.g. Surgical Robot)</li> <li>- Update on Patient Portal Status (Price Estimator)</li> </ul>
<b>FY18 FC Pacing Plan – Q4</b>		
<b>April 2018</b>	<b>May 29, 2019</b>	<b>June 2018</b>
<ul style="list-style-type: none"> <li>- Scheduled date 4/26</li> </ul> <p><b>4/25 – Board and Committee Education Session</b></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>- 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> <li>- Quarterly Report: ROI for LG Capital Spend (e.g. Surgical Robot)</li> </ul>	<p><i>No scheduled meeting</i></p>