

AGENDA
REGULAR MEETING OF THE
EL CAMINO HOSPITAL BOARD OF DIRECTORS
Wednesday, January 11, 2017 – 5:30 pm
 Conference Rooms E, F & G (ground floor)
 2500 Grant Road, Mountain View, CA 94040

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

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1. CALL TO ORDER / ROLL CALL	Dennis Chiu, Board Vice Chair		5:30 – 5:32 pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Dennis Chiu, Board Vice Chair		5:32 – 5:33
3. BOARD RECOGNITION <i>Resolution 2017-01</i> The Board will recognize individual(s) who enhance the experience of the Hospital's patients and the community. ATTACHMENT 3	David Reeder, Hospital Board Liaison to the Foundation Board of Directors	<i>public comment</i>	motion required 5:33 – 5:38
4. FY17 PERIOD 4 FINANCIALS ATTACHMENT 4	Iftikhar Hussain, CFO	<i>public comment</i>	motion required 5:38 – 5:48
5. QUALITY COMMITTEE REPORT ATTACHMENT 5	David Reeder, Quality Committee Chair		information 5:48 – 5:53
6. MEDICAL SPOTLIGHT: HEART AND VASCULAR INSTITUTE ATTACHMENT 6	Chad Rammohan, MD		information 5:53 – 6:13
7. PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed 3 minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	Dennis Chiu, Board Vice Chair		information 6:13 – 6:16
8. ADJOURN TO CLOSED SESSION	Dennis Chiu, Board Vice Chair		motion required 6:16 – 6:17
9. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Dennis Chiu, Board Vice Chair		6:17 – 6:18
10. Health and Safety Code Section 32155, Report of the Medical Staff; deliberations concerning reports on Medical Staff quality assurance matters: - Medical Staff Report	Rebecca Fazilat, MD, Mountain View Chief of Staff; J. Augusto Bastidas, MD, Los Gatos Chief of Staff		motion required 6:18 – 6:28
11. Health and Safety Code Section 32155, Report of the Medical Staff; deliberations concerning reports on Medical Staff quality assurance matters: - Organizational Clinical Risks	Daniel Shin, MD, Medical Director of Quality Assurance		discussion 6:28 – 6:38

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
12. Discussion involving <i>Gov't Code Section 54956(d)(2)</i> – conference with legal counsel – pending or threatened litigation: - Litigation Update	Mary Rotunno, General Counsel; Diane Wigglesworth, Sr. Director, Corporate Compliance		information 6:38 – 6:43
13. Discussion involving <i>Health and Safety Code Section 32106(b)</i> for a report involving health care facility trade secrets: - Service Line Review - HVI	Mick Zdeblick, COO; Michelle McGowen, Director, Strategic Planning; Amy Maher, Director, Heart & Vascular Institute		discussion 6:43 – 7:03
14. Discussion involving <i>Health and Safety Code 32106(b)</i> for report involving health care facility trade secrets: - Informational Items	Donald Sibery, CEO		information 7:03 – 7:08
15. Discussion involving <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters and <i>Health and Safety Code 32106(b)</i> for report involving health care facility trade secrets: - CEO Search Committee Report	Lanhee Chen, CEO Search Committee Chair		discussion 7:08 – 7:18
16. Report involving <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters: - Executive Session	Dennis Chiu, Board Vice Chair		discussion 7:18 – 7:23
17. ADJOURN TO OPEN SESSION	Dennis Chiu, Board Vice Chair		motion required 7:23 – 7:24
18. RECONVENE OPEN SESSION / REPORT OUT To report any required disclosures regarding permissible actions taken during Closed Session.	Dennis Chiu, Board Vice Chair		7:24 – 7:25
19. CONSENT CALENDAR ITEMS: <i>Any Board Member or member of the public may remove an item for discussion before a motion is made.</i>	Dennis Chiu, Board Vice Chair	<i>public comment</i>	motion required 7:25 – 7:28
<i>Approval</i> a. Appointment of Foundation Board Member b. Appointment of Quality, Patient Care and Patient Experience Committee Member <i>Reviewed and Approved by the Corporate Compliance/Privacy and Internal Audit Committee</i> c. Appointment of Committee Member <i>Reviewed and Approved by the Executive Compensation Committee</i> d. Letters of Rebuttable Presumption of Reasonableness <i>Reviewed and Approved by the Finance Committee</i> e. FY17 Period 3 Financials f. New Main Hospital Lab Upgrades (MV) g. Medical Office Building Upgrades (LG) h. Stryker Laparoscopic Platform i. Hospitalist Call Coverage Agreement (LG)			

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<p><i>Reviewed and Approved by the Governance Committee</i></p> <p>j. Annual Board Self-Assessment and Board Chair Assessment Survey Tools</p> <p><i>Reviewed and Approved by the Medical Executive Committee</i></p> <p>k. Medical Staff Report</p> <p><i>Information</i></p> <p>l. FY17 Period 5 Financials</p>			
<p>20. CEO REPORT ATTACHMENT 20</p>	Donald Sibery, Interim CEO		information 7:28 – 7:30
<p>21. CEO POSITION PROFILE</p>	Lanhee Chen, CEO Search Committee Chair	<i>public comment</i>	possible motion 7:30 – 7:40
<p>22. BOARD COMMENTS</p>	Dennis Chiu, Board Vice Chair		information 7:40 – 7:44
<p>23. ADJOURNMENT</p>	Dennis Chiu, Board Vice Chair		motion required 7:44 – 7:45pm

Upcoming Regular Meetings

- February 8, 2017
- March 8, 2017
- April 12, 2017
- May 10, 2017
- June 14, 2017

Upcoming Study Sessions

- January 25, 2017
- February 15, 2017

Joint Meeting

- May 31, 2017 (*Joint with Finance Committee*)

Board & Committee Educational Gathering

- April 26, 2017

ATTACHMENT 3

EL CAMINO HOSPITAL BOARD

RESOLUTION 2017 - 01

RESOLUTION OF THE BOARD OF DIRECTORS OF EL CAMINO HOSPITAL REGARDING RECOGNITION OF SERVICE TO THE COMMUNITY

WHEREAS, the Board of Directors of El Camino Hospital values and wishes to recognize the contribution of individuals who enhance the experience of the hospital's patients, their families, the community and the staff, as well as individuals who in their efforts exemplify El Camino Hospital's mission and values.

WHEREAS, the Board wishes to honor and acknowledge the El Camino Hospital Foundation team for their fundraising success completing the \$1 million Scrivner Challenge match that created an adolescent mental health endowment.

Supporting the Foundation's *Fulfilling the Promise* fundraising initiative for mental health and addiction services, in April 2015, Los Altos Hills residents Mary and Doug Scrivner announced a \$1 million challenge gift to create an endowment for El Camino Hospital's outpatient adolescent mental health program. At the time, ASPIRE focused strictly on the mental health needs of high school students experiencing serious depression and anxiety and at risk of harming themselves – a response to the cluster of teen suicides that shocked Silicon Valley.

On December 8, 2016, the Foundation received the "topping off gift" that completed the \$1 million match. Seventy-four percent of the match came from outright gifts and pledges from our community, and the remaining funds were secured as event proceeds from the Foundation's 2015 and 2016 Heritage Golf Tournament, Tee Up for Teens.

The interest the endowment will enable the hospital to develop new programs that are expanding capacity and reach for adolescent mental health services. As of today, support from the community has helped to create a more intensive track for youth too ill for our current ASPIRE curriculum but for whom inpatient admission is not warranted, a middle school program for ages 11-13 and a transitional age youth program supporting ages 18-25.

WHEREAS, the Board would like to publically acknowledge the El Camino Hospital Foundation Team for their work to meet the \$1 million Scrivner Challenge to endow adolescent mental health services. The team's efforts achieved this milestone six months ahead of schedule.

NOW THEREFORE BE IT RESOLVED that the Board does formally and unanimously pay tribute to:

The El Camino Hospital Foundation Team

FOR THEIR FUNDRAISING PROWESS TO ENSURE THE FUTURE OF ADOLESCENT MENTAL HEALTH SERVICES AT EL CAMINO HOSPITAL.

IN WITNESS THEREOF, I have here unto set my hand this **11TH DAY OF JANUARY, 2017**.

EL CAMINO HOSPITAL BOARD OF DIRECTORS:

Lanhee Chen, JD, PhD
Dennis Chiu, JD
Neal Cohen, MD

Jeffrey Davis, MD
Peter Fung, MD
Julia Miller

David Reeder
John Zoglin

PETER FUNG, MD
SECRETARY/TREASURER,
EL CAMINO HOSPITAL BOARD OF DIRECTORS



ATTACHMENT 4



El Camino Hospital

THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2017 – Period 4
7/1/2016 to 10/31/2016

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

	Annual						Month			YTD		
	2013	2014	2015	2016	2017 Proj.	2017 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume												
Licensed Beds	443	443	443	443	443	443	443	443	443	443	443	443
ADC	240	238	246	242	233	245	229	230	236	233	230	237
Adjusted Discharges	22,379	22,206	22,342	22,499	22,376	22,992	2,014	1,911	1,922	7,720	7,459	7,705
Total Discharges	19,970	19,427	19,637	19,367	19,122	19,790	1,659	1,628	1,642	6,481	6,374	6,598
Inpatient Cases												
MS Discharges	13,349	12,883	13,114	13,344	12,966	13,499	1,134	1,107	1,120	4,406	4,322	4,500
Deliveries	5,235	5,140	5,067	4,717	4,866	4,810	406	414	399	1,609	1,622	1,604
BHS	861	857	901	806	777	910	70	67	76	284	259	303
Rehab	525	547	555	500	513	570	49	40	47	182	171	190
Outpatient												
ED	45,525	46,056	49,130	49,927	48,768	51,258	4,299	4,018	4,254	16,643	16,256	17,088
Procedural Cases												
OP Surg	5,911	6,444	6,479	6,053	6,288	6,427	567	555	533	2,168	2,096	2,143
Endo	2,242	2,492	2,520	2,322	2,094	2,479	222	177	206	845	698	827
Interventional	1,507	1,706	1,878	1,970	2,085	2,323	170	172	193	663	695	774
All Other	64,435	69,458	68,052	79,656	83,682	84,566	5,776	6,997	6,976	22,412	27,894	28,020
Financial Performance (\$000s)												
Net Revenues	686,327	721,123	746,645	772,020	812,071	789,585	65,439	72,600	66,147	254,655	270,690	258,379
Operating Expenses	632,353	669,680	689,631	743,044	721,487	764,828	63,277	63,059	62,548	242,123	240,496	248,423
Operating Income \$	69,126	70,305	78,120	52,613	112,021	49,817	3,838	11,243	5,684	20,295	37,340	18,288
Operating Margin	9.9%	9.5%	10.2%	6.6%	13.4%	6.1%	5.7%	15.1%	8.3%	7.7%	13.4%	6.9%
EBITDA \$	124,722	125,254	128,002	108,554	166,470	109,890	8,141	15,788	10,352	37,206	55,490	37,174
EBITDA %	17.8%	16.9%	16.7%	13.6%	20.0%	13.5%	12.1%	21.2%	15.2%	14.2%	20.0%	13.9%
IP Margin ¹	-1.1%	-3.2%	-4.5%	-6.6%	-6.9%	-6.1%	-12.3%	-3.8%	-6.1%	-10.0%	-6.9%	-6.1%
OP Margin ¹	25.9%	25.2%	28.1%	26.1%	33.4%	26.4%	25.7%	33.9%	26.4%	27.8%	33.4%	26.4%
Payor Mix												
Medicare	46.3%	44.6%	46.2%	46.6%	46.8%	46.4%	44.6%	46.3%	46.4%	45.0%	46.8%	46.4%
Medi-Cal	4.9%	6.0%	6.6%	7.4%	7.3%	6.5%	7.5%	8.4%	6.5%	7.7%	7.3%	6.5%
Commercial IP	25.3%	25.4%	24.2%	23.2%	22.8%	24.0%	23.8%	22.5%	24.0%	23.7%	22.8%	24.0%
Commercial OP	16.9%	18.6%	18.7%	18.7%	19.7%	19.0%	19.9%	19.8%	19.0%	19.6%	19.7%	19.9%
Total Commercial	42.2%	44.0%	42.9%	41.9%	42.5%	43.0%	43.7%	42.3%	43.0%	43.3%	42.5%	43.9%
Other	6.6%	5.4%	4.3%	4.1%	3.5%	4.1%	4.3%	3.1%	4.1%	4.1%	3.5%	4.1%
Cost												
Employees	2,289.0	2,435.6	2,452.4	2,542.8	2,472.8	2,513.0	2,580.9	2,480.2	2,498.4	2,528.5	2,472.8	2,513.0
Hrs/APD	29.72	29.31	30.45	30.35	30.66	31.05	30.97	31.29	30.87	30.57	30.66	31.05
Balance Sheet												
Net Days in AR	47.8	50.9	43.6	53.7	47.5	48.0	48.3	47.5	48.0	48.3	47.5	48.0
Days Cash	350	382	401	361	404	266	381	404	266	381	404	266
Debt to Capitalization	14.0%	12.6%	13.6%	13.8%	13.4%	17.3%	14.5%	13.4%	17.3%	14.5%	13.4%	17.3%
MADS	8.0	9.5	8.9	6.1	11.0	9.3	8.1	11.0	9.3	8.1	11.0	9.3
Affiliates - Net Income (\$000s)												
Hosp	88,820	118,906	94,787	43,043	45,745	67,032	20,198	4,807	6,413	8,382	45,745	21,204
Concern	371	1,862	1,202	1,823	480	2,604	159	104	207	909	480	796
ECSC	(317)	(5)	(41)	(282)	(50)	0	(6)	(7)	0	10	(50)	0
Foundation	1,545	3,264	710	982	524	(450)	733	(32)	76	114	524	(99)
SVMMD	(114)	32	106	156	62	0	(2)	(38)	(1)	(7)	62	(7)

(1) Due to timing of month end costing, In Patient and Out Patient Operating Margin % for FYTD 2017 are one month in arrears

(2) Green - Equal to or better than budget

Yellow - Unfav vs budget by up to 5%

Red - Greater than 5% unfav variance from budget

Inpatient Volume:

- YTD October Inpatient discharges was 3.4% below budget.
- Deliveries were higher than budget by 3.7% for the month of October and higher than budget by 1.1% YTD.
- General Medicine is low due to mild winter and lower flu cases

Outpatient Volume:

- YTD OP Volume was below budget by 2.8%
- YTD October cases were below budget in the following service lines: 10.8% in General Medicine - endoscopy, 9.8% in Imaging Services – mammo
- YTD October cases were above budget in the following service lines: 46.3% in General Surgery, 14.4% in Heart and Vascular, 18.2% in Oncology, and 10.4% in Sleep Center.

Operation Income:

- Operating margin for October was \$5.6M favorable to budget, \$19.1M favorable year to date. Both revenues and expenses are favorable compared to budget.
- The favorable net revenue variance for October can be mainly attributed to IGT of \$6.5M.
- Total expenses for the month are lower than budget by approximately \$511K. Expenses are high in labor and benefits by \$1.8M primarily due to PRN ratification bonus of \$2.4M and severance pay negative variance of \$412K. This is offset by positive variances in supplies (+\$1.9M).

In October net days in A/R decreased hit the lowest level for the year and are ahead of target

Fiscal Year 2017 YTD (7/1/2016-10/31/2016) Waterfall

		Month to Date (MTD)			Year to Date (YTD)		
		Detail	Net Income Impact	% Net Revenue	Detail	Net Income Impact	% Net Revenue
\$ in Thousands							
Net Revenue (FY2017 Budget/FY2017 Actual)		68,232	74,302		266,711	277,836	
Budgeted Hospital Operations FY2017			5,684	8.3%		18,288	6.9%
Net Revenue			6,070	8.2%		11,125	4.0%
*	IP/OP volumes are slightly decreasing. Rev is at budget due to improvement in revenue cycle processes mainly reduced denials	(465)			4,590		
*	Inter Govt Transfer (IGT)	6,535			6,535		
Labor and Benefit Expense Change			(1,766)	-2.4%		2,598	0.9%
*	Flexing to meet volumes. Productive hours currently under budget by 0.4%	1,047			5,396		
*	Ratification Bonus to PRN	(2,400)			(2,400)		
*	Severance Pay	(412)			(398)		
Professional Fees & Purchased Services			(181)	-0.2%		1,142	0.4%
*	Physician Fees	86			756		
*	Admin and Consulting Fees (Clinical Documentation Improvement)	(198)			71		
*	Purchased Services	(23)			(813)		
*	Repairs and Maintenance Fees	(46)			1,128		
Supplies			1,874	2.5%		3,404	1.2%
*	Drug Exp	162			(7)		
*	Medical Supplies (Volumes)	1,391			2,285		
*	Misc Net Supplies (Food/Volumes)	321			1,126		
Other Expenses			(562)	-0.8%		47	0.0%
*	Leases & Rental Fees (Rental Lease Costs)	(152)			(47)		
*	Utilities & Telephone	129			246		
*	Other G&A - (County Property taxes)	(539)			(151)		
Depreciation & Interest			123	0.2%		736	0.3%
Actual Hospital Operations FY2017			11,243	15.1%		37,340	13.4%

El Camino Hospital (\$000s) ⁽¹⁾

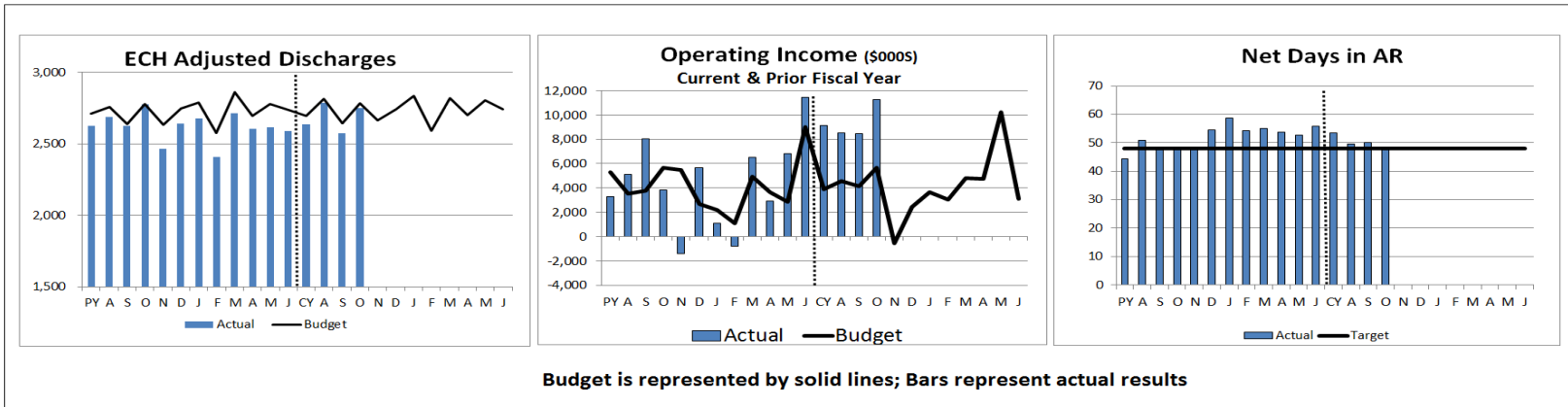
4 month ending 10/31/2016

PERIOD 4 FY 2016	PERIOD 4 FY 2017	PERIOD 4 Budget 2017	Variance Fav (Unfav)	Var%
237,125	243,805	245,281	(1,477)	-0.6%
(171,686)	(171,205)	(179,134)	7,929	1.0%
65,439	72,600	66,147	6,452	9.8%
1,676	1,702	2,085	(382)	-18.3%
67,115	74,302	68,232	6,070	8.9%
35,761	39,353	37,588	(1,766)	-4.7%
9,673	8,442	10,316	1,874	18.2%
8,341	8,016	7,835	(181)	-2.3%
5,179	2,703	2,141	(562)	-26.2%
449	498	448	(50)	-11.1%
3,854	4,046	4,220	173	4.1%
63,257	63,059	62,548	(511)	-0.8%
3,858	11,243	5,684	5,559	97.8%
16,836	(6,436)	729	(7,165)	-983.0%
20,694	4,807	6,413	(1,606)	-25.0%
12.2%	21.2%	15.2%	6.1%	
5.7%	15.1%	8.3%	6.8%	
30.8%	6.5%	9.4%	-2.9%	

\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
OPERATING REVENUE					
Gross Revenue	902,032	959,654	958,099	1,554	0.2%
Deductions	(647,377)	(688,964)	(699,720)	10,756	-1.5%
Net Patient Revenue	254,655	270,690	258,379	12,311	4.8%
Other Operating Revenue	7,764	7,145	8,332	(1,186)	-14.2%
Total Operating Revenue	262,419	277,836	266,711	11,125	4.2%
OPERATING EXPENSE					
Salaries & Wages	141,642	146,192	148,789	2,598	1.7%
Supplies	38,818	36,040	39,444	3,404	8.6%
Fees & Purchased Services	30,912	30,674	31,817	1,142	3.6%
Other Operating Expense	13,771	9,440	9,487	47	0.5%
Interest	1,797	1,887	1,793	(94)	-5.2%
Depreciation	15,163	16,263	17,093	830	4.9%
Total Operating Expense	242,103	240,496	248,423	7,927	3.2%
Net Operating Income/(Loss)	20,316	37,340	18,288	19,052	104.2%
Non Operating Income	(11,438)	8,404	2,916	5,489	188.2%
Net Income(Loss)	8,878	45,745	21,204	24,541	115.7%
EBITDA	14.2%	20.0%	13.9%	6.0%	
Operating Margin	7.7%	13.4%	6.9%	6.6%	
Net Margin	3.4%	16.5%	8.0%	8.5%	

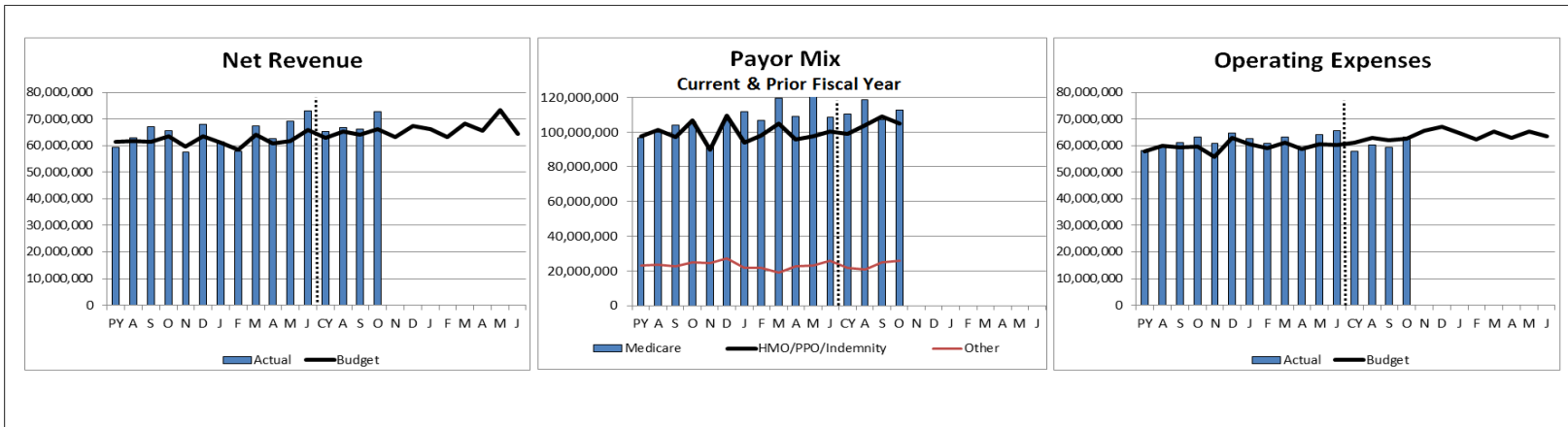
⁽¹⁾ Hospital entity only, excludes controlled affiliates

Monthly Financial Trends



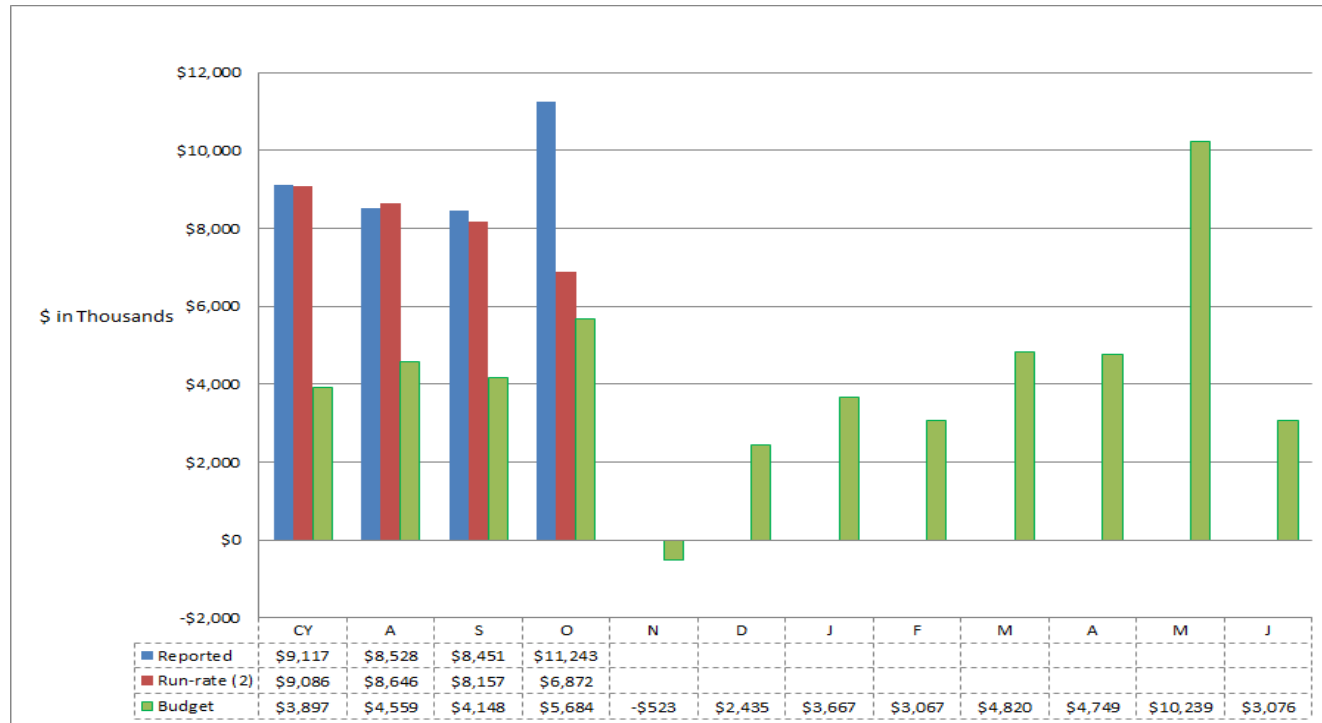
Volume is low mainly in surgeries, endoscopy cases, and mammography procedures.

AR days decreased 2.5 days from September to October.



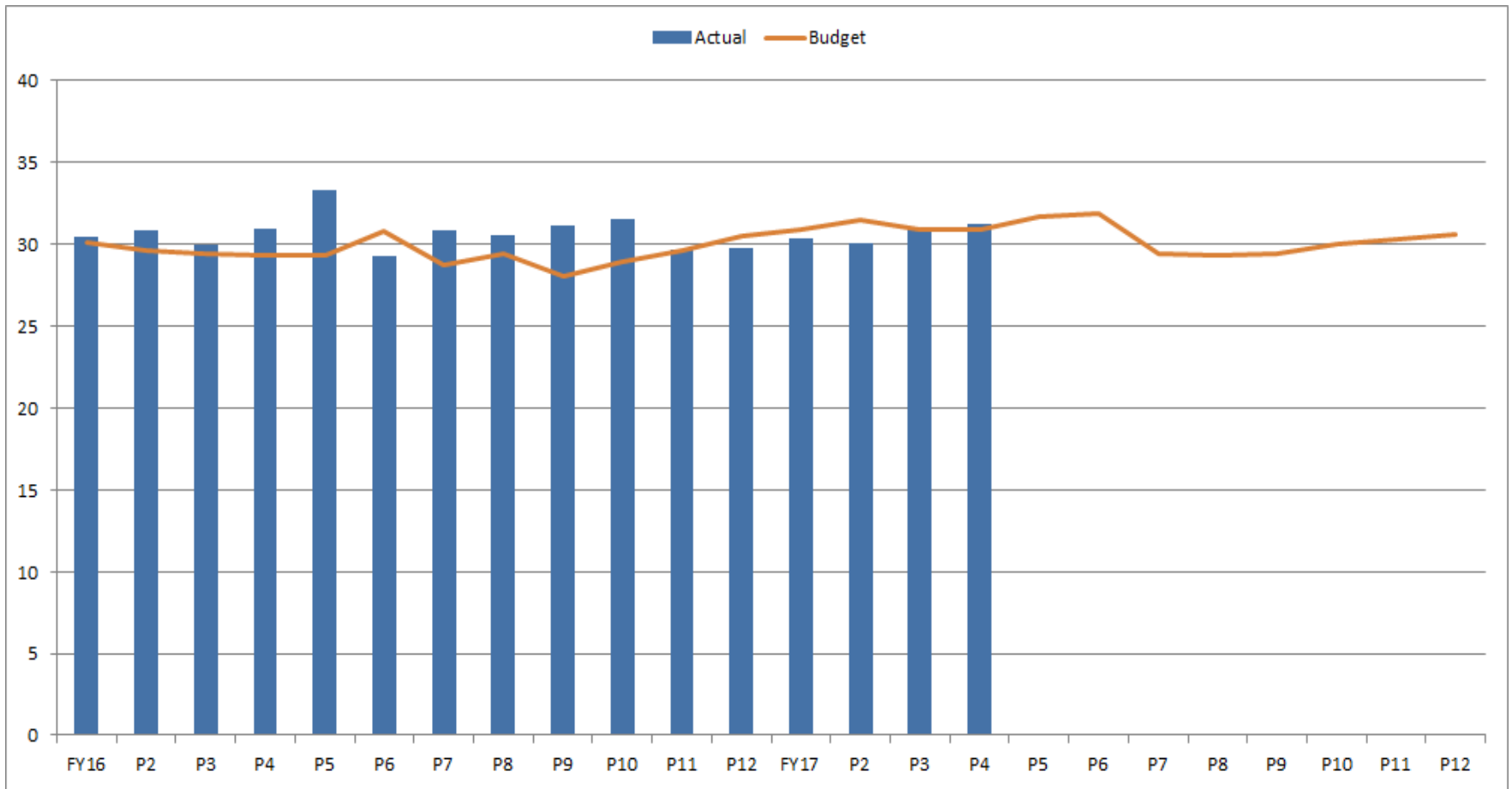
ECH Operating Margin

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



		J	A	S	O	N	D	J	F	M	A	M	J
Revenue Adjustments	RAC Release	\$76	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Insurance Overpayment Release Spine	\$0	\$0	-\$61	-\$145	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Mcare Settltmt/Appeal/Tent Settltmt/PIP	-\$100	\$158	-\$71	-\$67	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	IGT Supplemental	\$0	\$0	\$0	-\$6,535	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total	-\$31	\$118	-\$295	-\$6,771	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expense Adjustments	Pay-For-Performance Bonus	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Ratification Bonus	\$0	\$0	\$0	\$2,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total	\$0	\$0	\$0	\$2,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Worked Hours per Adjusted Patient Day



Productivity has improved after EPIC go-live and is slightly higher than target in October.

Summary of Financial Results

\$ in Thousands

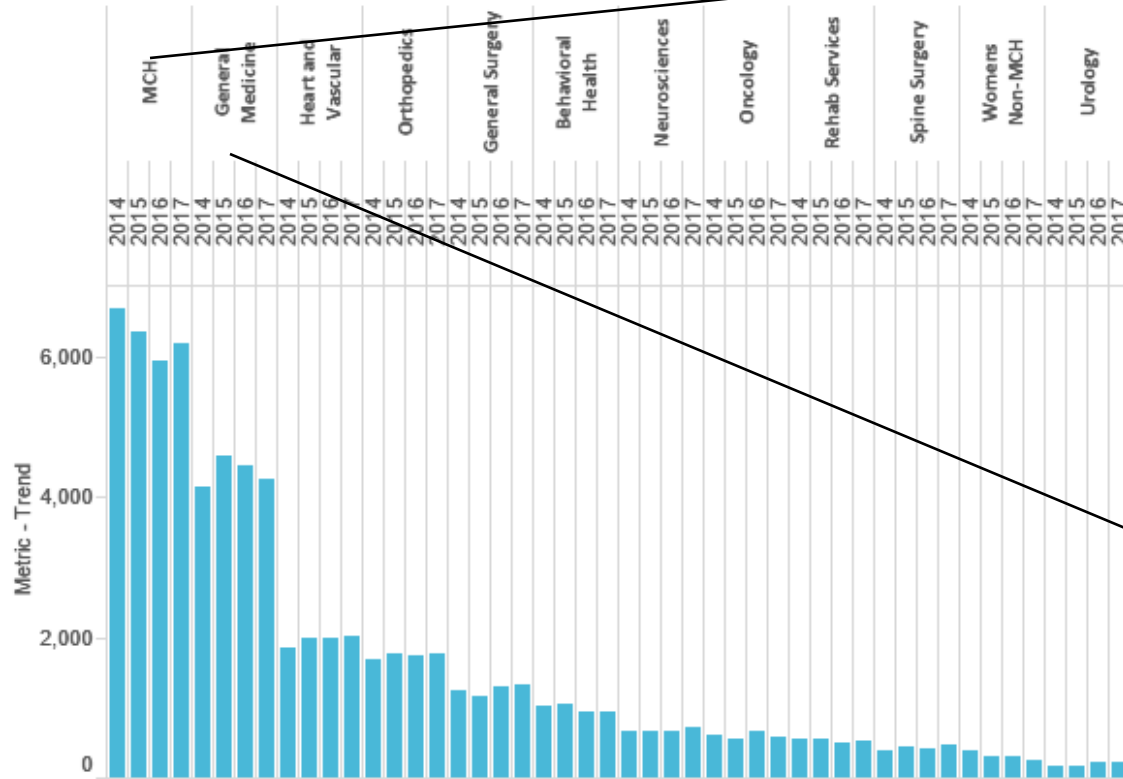
	Period 4 - Month			Period 4 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	10,274	4,234	6,040	34,465	13,838	20,627
Los Gatos	970	1,450	(480)	2,875	4,450	(1,575)
Sub Total - El Camino Hospital, excl. Affiliates	11,243	5,684	5,559	37,340	18,288	19,052
Operating Margin %	15.1%	8.3%		13.4%	6.9%	
El Camino Hospital Non Operating Income						
Investments	(6,934)	1,512	(8,446)	9,737	6,047	3,690
Swap Adjustments	946	0	946	1,184	0	1,184
Community Benefit	(99)	(283)	184	(1,723)	(1,133)	(590)
Other	(349)	(499)	151	(792)	(1,998)	1,205
Sub Total - Non Operating Income	(6,436)	729	(7,165)	8,404	2,916	5,489
El Camino Hospital Net Income (Loss)	4,807	6,413	(1,606)	45,745	21,204	24,541
ECH Net Margin %	6.5%	9.4%		16.5%	8.0%	
Concern	18	207	(188)	483	796	(314)
ECSC	(7)	0	(7)	(50)	0	(50)
Foundation	(32)	76	(108)	524	(99)	622
Silicon Valley Medical Development	(38)	(1)	(37)	62	(7)	69
Net Income Hospital Affiliates	(59)	282	(341)	1,015	691	325
Total Net Income Hospital & Affiliates	4,748	6,695	(1,947)	46,760	21,895	24,865

Favorable variance in other due to JV income mainly Pathways and lower loss on SVMD clinics.

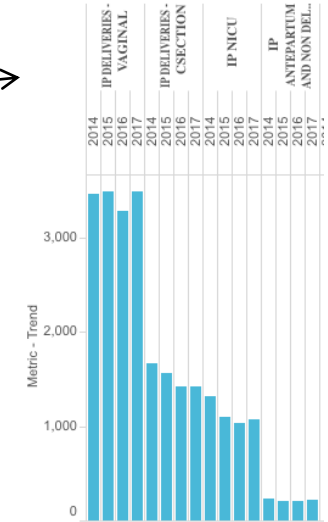
El Camino Hospital Volume Annual Trends – Inpatient

FY 2017 is annualized

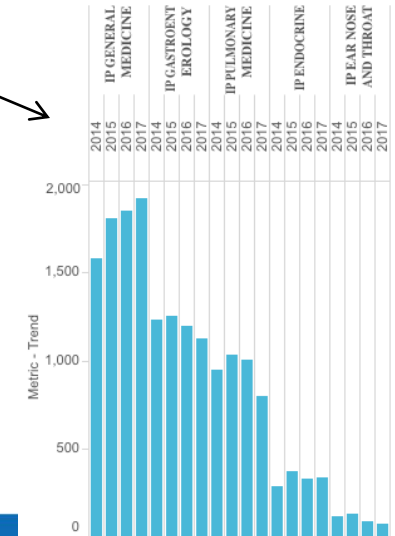
Service Line Trend - clicking on a service line excludes all others. Clicking a second time removes the filter. Filters apply to all graphs below.



Product line Trend



Product line Trend

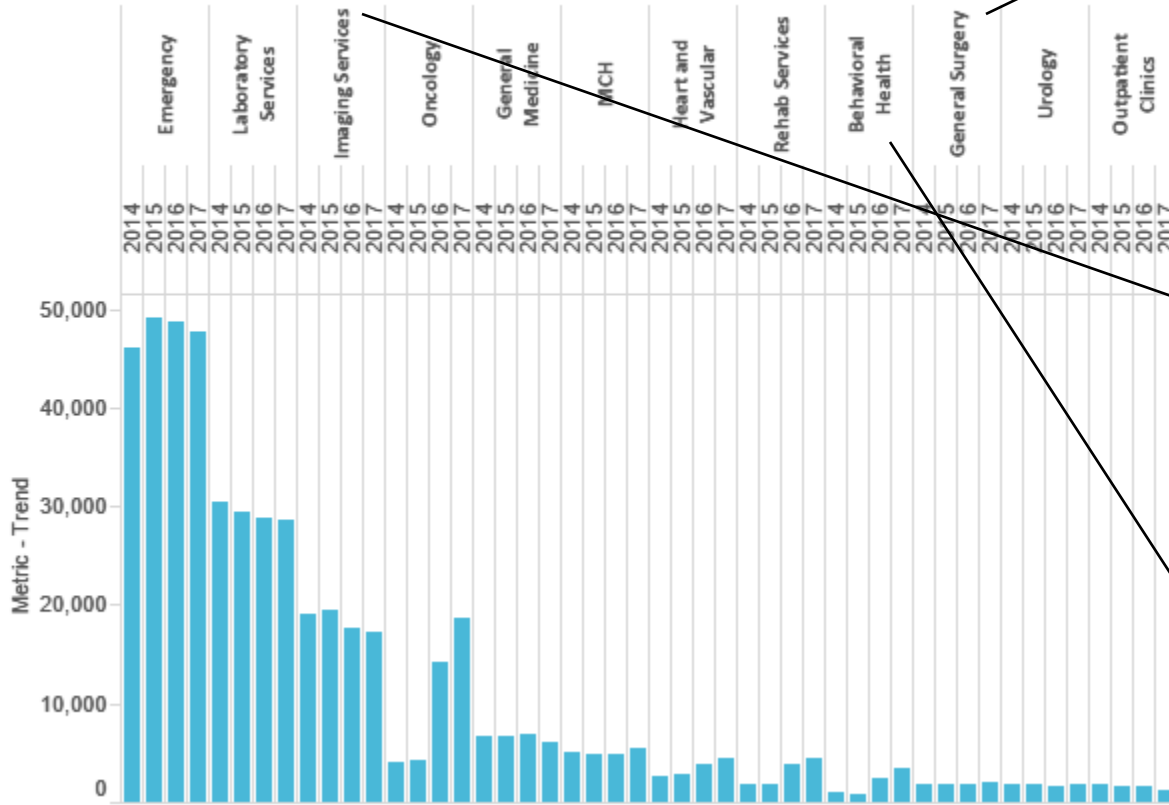


- Maternity volume recovering in FY17 due to growth in vaginal deliveries
- General medicine lower due to lower flu cases
- Other service lines are stable

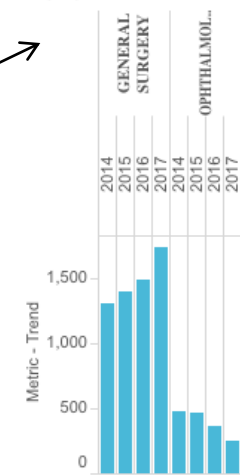
El Camino Hospital Volume Annual Trends – Outpatient

FY 2017 is annualized

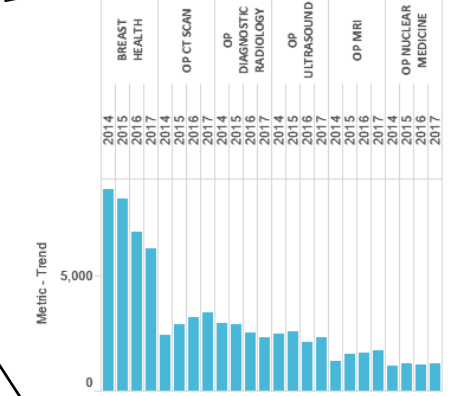
Service Line Trend - clicking on a service line excludes all others. Clicking a second time re below.



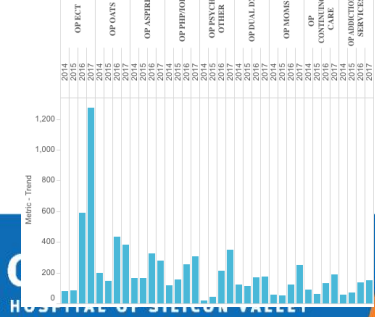
Sub Service Line Trend



Sub Service Line Trend



Product line Trend



- Decline in imaging due to mammo – Tomo technology will reverse the decline
- Growth in general surgery and Behav Health



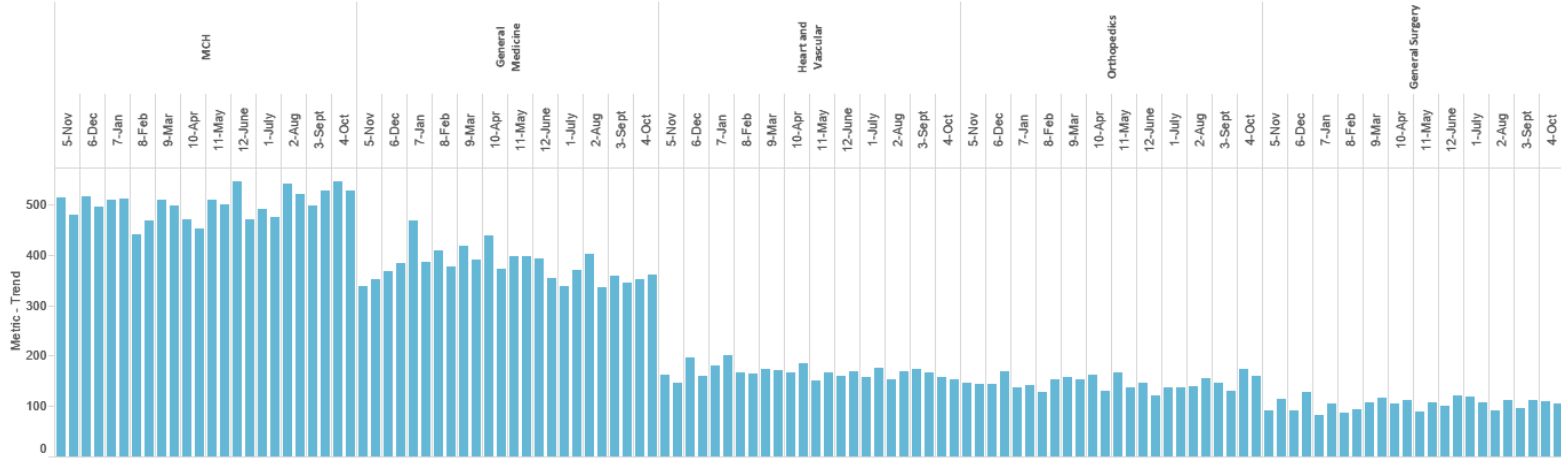
El Camino Hospital Volume Monthly Trends

Prior and Current Fiscal Years

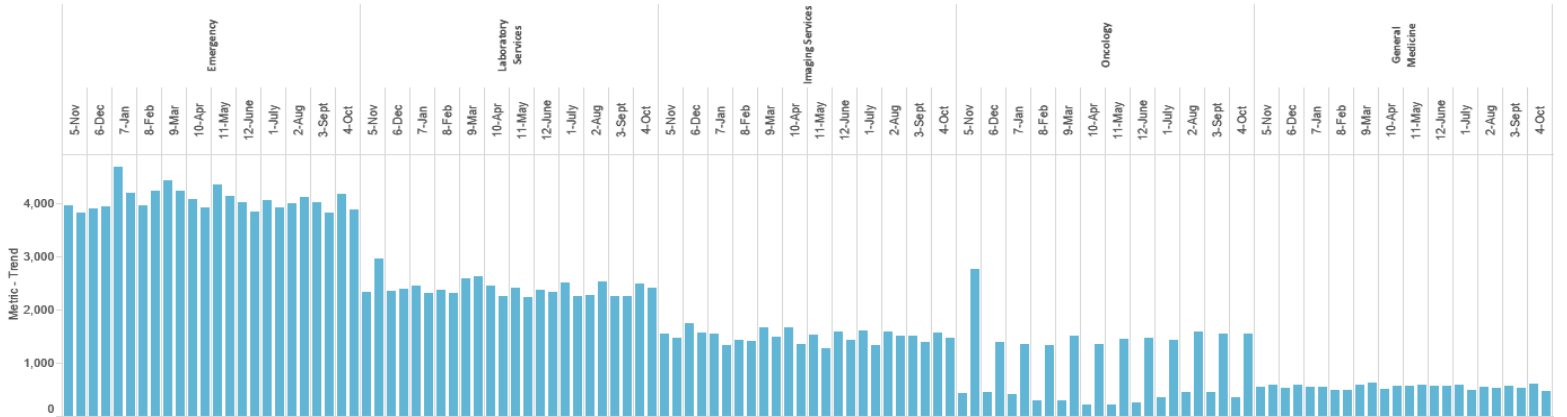
Columns are in PY, CY Order

IP

Service Line Trend - clicking on a service line excludes all others. Clicking a second time removes the filter. Filters apply to all graphs below.

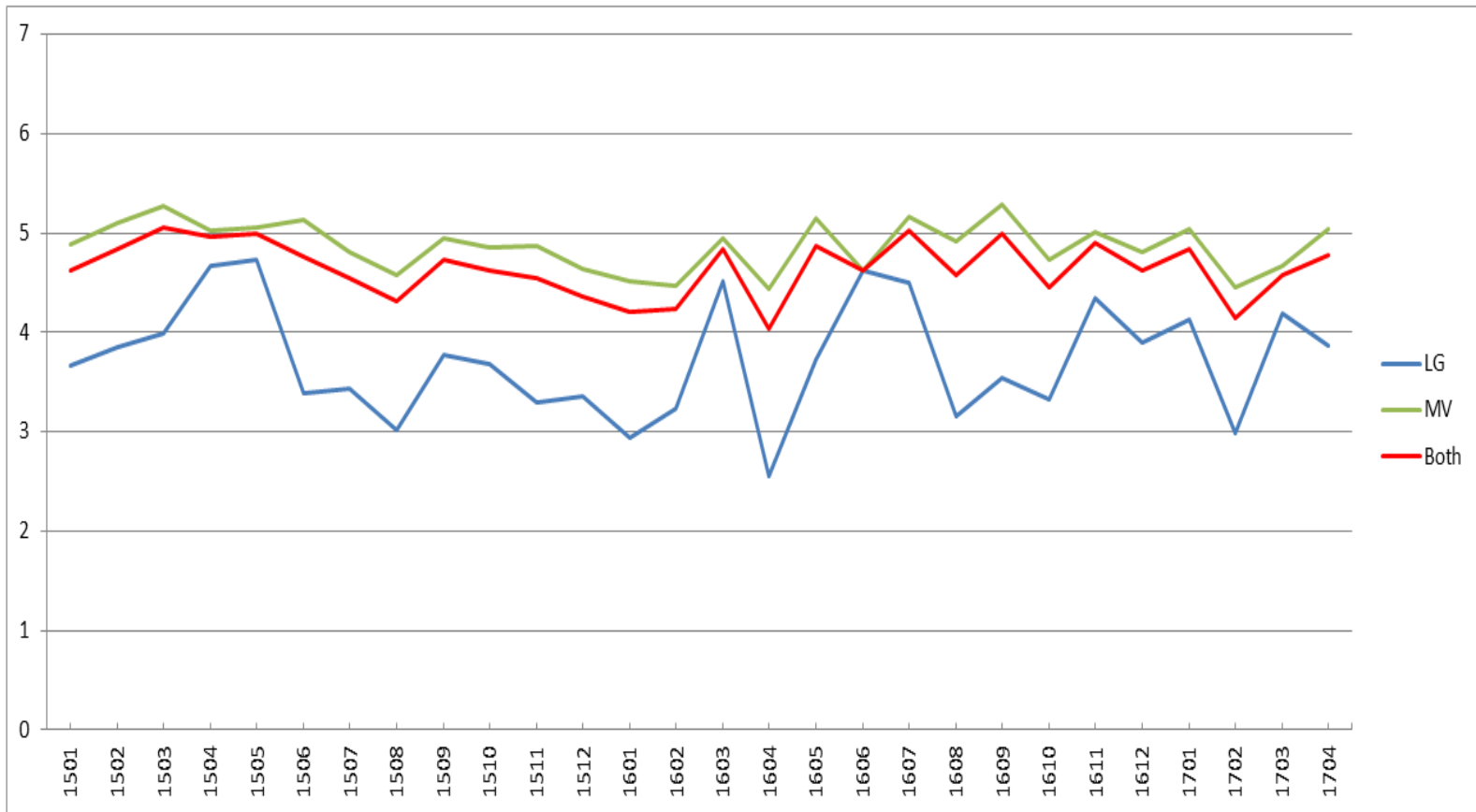


OP



Monthly volume consistent with annual trends describes on P 10 and P 11

Medicare ALOS



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

El Camino Hospital Investment Committee Scorecard

Updated Quarterly
September 30, 2016

Key Performance Indicator	Status	El Camino		Benchmark		El Camino		Benchmark		FY17 Year-end Budget	Expectation Per Asset Allocation
		3Q 2016	Benchmark	Fiscal Year-to-date	Benchmark	Since Inception (annualized)	Benchmark	Since Inception (annualized)	May 2016		
Investment Performance											
Surplus cash balance & op. cash (millions)		\$773.2	--	--	--	--	--	--	--	\$657.2	--
Surplus cash return	Green	2.7%	2.8%	2.7%	2.8%	4.9%	4.8%	4.9%	4.8%	4.0%	5.2%
Cash balance plan balance (millions)		\$228.9	--	--	--	--	--	--	--	\$220.6	--
Cash balance plan return	Green	3.5%	3.1%	3.5%	3.1%	7.5%	6.8%	7.5%	6.8%	6.0%	5.8%
403(b) plan balance (millions)		\$357.1	--	--	--	--	--	--	--	--	--
Risk vs. Return											
Surplus cash Sharpe ratio	Green	0.89	0.95	--	--	1.10	1.09	1.10	1.09	--	0.55
Net of fee return	Green	4.1%	4.4%	--	--	4.9%	4.8%	4.9%	4.8%	--	5.2%
Standard deviation	Green	4.6%	4.6%	--	--	4.3%	4.4%	4.3%	4.4%	--	8.6%
Cash balance Sharpe ratio	Green	0.91	0.91	--	--	1.24	1.18	1.24	1.18	--	0.49
Net of fee return	Green	5.5%	5.3%	--	--	7.5%	6.8%	7.5%	6.8%	--	5.8%
Standard deviation	Green	6.0%	5.8%	--	--	5.9%	5.7%	5.9%	5.7%	--	10.7%
Asset Allocation											
Surplus cash absolute variances to target	Green	6.2%	< 10%	--	--	--	--	--	--	--	--
Cash balance absolute variances to target	Green	5.2%	< 10%	--	--	--	--	--	--	--	--
Manager Compliance											
Surplus cash manager flags	Green	13	< 18	--	--	--	--	--	--	--	--
Cash balance plan manager flags	Green	12	< 18	--	--	--	--	--	--	--	--

El Camino Hospital

Capital Spending (in millions)

Category	Detail	Approved	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	FY 17 Proj Spend	FY 17 YTD Spent
CIP	EPIC Upgrade			6.1	2.0	6.1	2.0
IT Hardware, Software, Equipment*				5.4	1.0	5.4	1.0
Medical & Non Medical Equipment FY 16**				4.3	0.2	4.3	0.2
Medical & Non Medical Equipment FY 17				10.3	1.1	10.3	1.1
Facility Projects							
	1307 LG Upgrades	FY13	17.3	17.3	11.4	6.3	0.6
	1219 LG Spine OR	FY13	4.1	4.1	2.3	3.1	1.0
	1414 Integrated MOB	FY15	275.0	28.0	19.7	100.0	6.0
	1413 North Drive Parking Expansion	FY15	24.5	24.5	2.9	21.5	1.2
	1245 Behavioral Health Bldg	FY16	91.5	19.0	9.2	36.0	1.9
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	8.8	8.8	1.3	7.8	0.6
	1313/1224 LG Rehab HVAC System & Structural	FY16	3.7	3.7	2.7	1.0	1.0
	1502 Cabling & Wireless Upgrades	FY16	2.8	2.8	2.2	0.6	0.1
	1425 IMOB Preparation Project - Old Main	FY16	3.0	3.0	2.5	1.0	1.7
	1430 Women's Hospital Expansion	FY16	91.0	0.0	0.0	5.0	0.0
	1422 CUP Upgrade	FY16	9.0	1.5	1.1	5.0	0.1
	1503 Willow Pavilion Tomosynthesis	FY16	1.3	1.3	0.1	1.1	0.0
	1519/1314 LG Electrical Systems Upgrade	FY16	1.2	0.0	0.0	0.5	0.0
	1347 LG Central Sterile Upgrades	FY15	3.7	0.2	0.3	2.0	0.0
	1508 LG NICU 4 Bed Expansion	FY16	7.0	0.5	0.1	4.0	0.1
	1520 Facilities Planning Allowance	FY16	0.6	0.0	0.0	0.5	0.0
	1525 New Main Lab Upgrades		1.6	0.4	0.1	1.6	0.1
	1515 ED Remodel Triage/Psych Observation	FY16	1.6	0.0	0.0	0.6	0.0
	Site Signage and Other Improvements		1.0	0.0	0.0	0.2	0.0
	IR Room #6 Development		2.6	0.0	0.0	0.6	0.0
	1602 JW House (Patient Family Residence)		2.5	0.0	0.0	1.5	0.0
	1507 LG IR Upgrades		1.1	0.0	0.0	0.2	0.0
	LG Building Infrastructure Upgrades		1.5	0.0	0.0	1.5	0.0
	1421 LG MOB Improvements (17)		5.0	0.9	0.7	4.0	0.1
	All Other Projects under \$1M		8.6	7.2	4.4	6.3	1.2
			569.9	123.2	60.8	211.8	15.7
GRAND TOTAL				149.3		237.8	20.0

*Excluding EPIC

** Unspent Prior Year routine used as contingency

FY 17 Facility Project Request (in 000s)

	(Board Packet) Budgeted FY 17	(FY 17 Cashflow Projections) Projected FY 17*	Variance
Mountain View Campus Master Plan Projects			
1245 BHS Replacement	\$30,000	\$36,000	(\$6,000)
1413 North Dr. Parking Structure Expansion	\$20,500	\$21,500	(\$1,000)
1414 Integrated Medical Office Building	\$101,500	\$100,000	\$1,500
1422 CUP Upgrades	\$5,000	\$5,000	\$0
1430 Womens Hosp Expansion	<u>\$5,500</u>	<u>\$5,000</u>	<u>\$500</u>
Sub-Total Mountain View Campus Master Plan**	\$162,500	\$167,500	(\$5,000)
Mountain View Capital Projects			
1501 Womens Hosp NPC Closeout	\$327	\$527	(\$200)
1425 IMOB Preparation Project - Old Main	\$1,000	\$990	\$10
1502 Cabling and Wireless upgrades	\$400	\$600	(\$200)
1525 Histology Fume Hood Upgrades	\$1,200	\$1,570	(\$370)
1515 ED Remodel Triage/Psych Observation	\$1,400	\$600	\$800
1415 Signage & Wayfinding	\$300	\$500	(\$200)
1503 Breast Imaging Tomography	\$300	\$1,100	(\$800)
1316 Willow Pavilion FA Sys and Equip Upgrades	\$800	\$200	\$600
Furniture Systems Inventory	\$250	\$500	(\$250)
Site Signage & Other Improvements	\$200	\$200	\$0
MV Equipment & Infrastructure Upgrades	\$300	\$600	(\$300)
IR Room #6 Development	\$500	\$600	(\$100)
1602 JW House (Patient Family Residence)	\$500	\$1,500	(\$1,000)
Facilities Planning Allowance	<u>\$300</u>	<u>\$600</u>	<u>(\$300)</u>
Sub-Total Mountain View Projects	\$7,777	\$10,087	(\$2,310)
Los Gatos Capital Projects			
1219 LG Spine Room Expansion - OR 4	\$3,100	\$3,100	\$0
1313 LG Rehab HVAC Upgrades	\$400	\$1,000	(\$600)
1248 LG Imaging Phase II (CT & Gen Rad)	\$7,250	\$7,750	(\$500)
1307 LG Upgrades - Major	\$7,300	\$6,300	\$1,000
1327 LG Rehab Building Upgrades	\$500	\$655	(\$155)
1507 LG IR Upgrades	\$800	\$200	\$600
1508 LG NICU 4 Bed Expansion	\$5,000	\$4,000	\$1,000
LG Building Infrastructure Improvements	\$1,200	\$1,500	(\$300)
LG MOB Improvements (17)	\$4,000	\$4,000	\$0
LG Facilities Planning	\$500	\$500	\$0
1421 LG MOB Improvements	<u>\$150</u>	<u>\$638</u>	<u>(\$488)</u>
Sub-Total Los Gatos Projects	\$30,200	\$29,643	\$557
Other Strategic Capital Projects			
Primary Care Clinic (TI's Only)	\$1,600	\$1,600	\$0
Urgent Care Clinics (TI's Only)	<u>\$2,400</u>	<u>\$2,400</u>	<u>\$0</u>
Sub-Total Strategic Capital Projects	\$4,000	\$4,000	\$0
Grand Total Facilities Projects	\$204,477	\$211,230	(\$6,753)

*FY 2017 Cashflow based on August 2016 Information

** Board Approved

El Camino Hospital⁽¹⁾

Balance Sheet (Thousands)

ASSETS	Audited		LIABILITIES AND FUND BALANCE	Audited	
	October 31, 2016	June 30, 2016		October 31, 2016	June 30, 2016
CURRENT ASSETS			CURRENT LIABILITIES		
(1) Cash	91,189	59,169	(7) Accounts Payable	20,128	28,519
Short Term Investments	109,776	105,284	(8) Salaries and Related Liabilities	18,740	22,992
(2) Patient Accounts Receivable, net	101,164	120,960	Accrued PTO	22,935	22,984
Other Accounts and Notes Receivable	3,279	4,369	Worker's Comp Reserve	2,300	2,300
(3) Intercompany Receivables	1,296	2,200	Third Party Settlements	11,183	11,314
(4) Inventories and Prepays	42,841	39,678	Intercompany Payables	80	105
Total Current Assets	349,544	331,660	Malpractice Reserves	1,936	1,936
			Bonds Payable - Current	3,635	3,635
BOARD DESIGNATED ASSETS			(9) Bond Interest Payable	3,621	5,459
Plant & Equipment Fund	122,151	119,650	Other Liabilities	6,993	10,478
(5) Women's Hospital Expansion	8,961	-	Total Current Liabilities	88,659	106,830
Operational Reserve Fund	100,196	100,196			
Community Benefit Fund	13,068	13,037	LONG TERM LIABILITIES		
Workers Compensation Reserve Fund	22,688	22,309	Post Retirement Benefits	18,797	18,256
Postretirement Health/Life Reserve Fund	18,797	18,256	Worker's Comp Reserve	20,388	20,009
PTO Liability Fund	22,935	22,984	Other L/T Obligation (Asbestos)	3,674	3,637
Malpractice Reserve Fund	1,800	1,800	Other L/T Liabilities (IT/Medl Leases)	-	-
Catastrophic Reserves Fund	14,696	14,125	Bond Payable	225,396	225,857
Total Board Designated Assets	325,293	312,358	Total Long Term Liabilities	268,255	267,759
(6) FUNDS HELD BY TRUSTEE	28,192	30,841	DEFERRED INFLOW OF RESOURCES	2,892	2,892
LONG TERM INVESTMENTS	211,083	207,597	FUND BALANCE/CAPITAL ACCOUNTS		
INVESTMENTS IN AFFILIATES	32,560	31,627	Unrestricted	1,022,090	985,583
PROPERTY AND EQUIPMENT			Board Designated	325,293	312,358
Fixed Assets at Cost	1,177,292	1,171,372	Restricted	0	-
Less: Accumulated Depreciation	(500,731)	(485,856)	(10) Total Fund Bal & Capital Accts	1,347,382	1,297,941
Construction in Progress	54,343	46,009	TOTAL LIABILITIES AND FUND BALANCE	1,707,188	1,675,422
Property, Plant & Equipment - Net	730,904	731,525			
DEFERRED OUTFLOWS	29,614	29,814			
RESTRICTED ASSETS - CASH	0	-			
TOTAL ASSETS	1,707,188	1,675,422			

(1) Hospital entity only, excludes controlled affiliates

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

- (1) The increase in cash is due allowing for immediate cash to be available for the recent significant construction projects that have started in MV campus.
- (2) The decrease is primarily due to the significant cash payments the Patient Accounts team has brought in during the four months, two months were in excess of \$70M where the projected budgeted was approximately \$63M per month.
- (3) The decrease is just a timing issue of intercompany payments from one quarter to another. Normally at a fiscal year end, they are higher due to the books being held open for a longer period of time in preparation for audit.
- (4) The increase is principally due to a quarterly pension contribution of \$2.6M.
- (5) A new item, the District allocated its FY 2014 and FY 2015 Capital Appropriation Funds in support of future renovations to the Women's Hospital when the IMOB is completed and those floors become for patient care.
- (6) The decrease is due to additional withdraws from the 2015A Project Fund for the renovations at the Los Gatos campus.
- (7) The decrease is due significant General Contractor payments being accrued at year end, that were subsequently relieved during the first quarter of fiscal year 2017.
- (8) The decrease is due to timing of the release of the bi-weekly payroll liabilities, at June 30 there were 12/14's accrual on the books, at October 31 it was down to 9/14's.
- (9) The decrease is due a semi-annual 2015A bond interest payment made August 1, 2016.
- (10) The increase is due to this fiscal year's P&L affect (\$37M from Operations and \$6M for Non-Operations – primarily due to unrealized investment gain), and the \$9M transfer from the District in support of the future Women's Hospital renovations.

⁽¹⁾ Hospital entity only, excludes controlled affiliates

APPENDIX

Dashboard - Mountain View

	Annual						Month			YTD		
	2013	2014	2015	2016	2017 Projection	2017 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume												
Licensed Beds	300	300	300	300	300	300	300	300	300	300	300	300
Acute Patient Days	72,245	71,084	73,360	73,010	69,672	72,687	5,839	5,734	5,909	23,340	23,224	23,532
ADC	198	195	201	199	191	199	188	185	191	190	189	191
Adjusted Acute Discharges	18,804	18,465	18,455	18,721	18,815	18,879	1,694	1,622	1,579	6,338	6,272	6,330
Acute Discharges	11,206	10,718	10,825	11,105	10,872	11,082	950	924	920	3,648	3,624	3,695
Inpatient total												
MS Discharges	11,206	10,718	10,825	11,105	10,872	11,082	950	924	920	3,648	3,624	3,695
Deliveries	4,487	4,348	4,386	4,076	4,248	4,171	346	359	346	1,365	1,416	1,391
BHS	861	857	901	806	777	896	70	67	74	284	259	299
Rehab	0	0	0	0	0	0	0	0	0	0	0	0
OP total												
ED	34,920	35,447	38,443	39,005	38,313	40,212	3,392	3,198	3,337	13,030	12,771	13,405
OP Surg	2,808	3,273	3,402	3,189	3,426	3,447	320	306	286	1,134	1,142	1,149
Endo	1,979	2,300	2,365	2,231	2,040	2,320	197	163	193	789	680	773
Interventional	1,496	1,689	1,856	1,947	2,046	2,302	170	167	191	658	682	767
All Other	59,665	64,061	62,322	72,398	75,846	76,743	5,203	6,394	6,369	20,516	25,282	25,584
Financial Performance (\$000s)												
Net Revenues	557,533	589,420	603,788	632,800	672,844	640,625	53,766	60,366	53,356	206,159	224,281	208,948
Operating Expenses	516,892	550,736	562,790	607,214	588,804	625,093	51,980	51,623	50,988	197,474	196,268	202,589
Operating Income \$	55,324	56,518	59,684	46,918	103,395	38,016	3,263	10,274	4,234	15,599	34,465	13,838
Operating Margin	9.7%	9.3%	9.6%	7.2%	14.9%	5.7%	5.9%	16.6%	7.7%	7.3%	14.9%	6.4%
EBITDA \$	105,938	105,814	103,637	96,770	151,405	90,879	7,069	14,282	8,378	30,569	50,468	30,604
EBITDA %	18.5%	17.4%	16.6%	14.8%	21.9%	13.7%	12.8%	23.1%	15.2%	14.3%	21.9%	14.1%
Payor Mix												
Medicare	42.0%	44.0%	46.4%	46.2%	46.0%	45.0%	43.5%	44.7%	45.0%	44.2%	46.0%	45.0%
Medi-Cal	5.4%	6.5%	7.1%	7.9%	7.9%	8.3%	8.0%	9.5%	8.3%	8.4%	7.9%	8.3%
Commercial IP	28.6%	25.7%	24.2%	23.6%	23.3%	23.6%	24.7%	23.3%	23.6%	24.0%	23.3%	23.6%
Commercial OP	19.2%	18.9%	18.4%	18.6%	19.8%	19.1%	19.7%	20.3%	19.1%	19.5%	19.8%	19.1%
Total Commercial	47.8%	44.6%	42.6%	42.2%	43.1%	42.7%	44.4%	43.5%	42.7%	43.5%	43.1%	42.7%
Other	4.8%	4.9%	3.9%	3.7%	3.0%	4.0%	4.1%	2.4%	4.0%	3.9%	3.0%	4.0%
Cost												
Employees	1,901.0	2,027.6	2,029.9	2,163.0	2,055.1	2,123.0	2,170.7	2,058.3	2,078.9	2,103.8	2,055.1	2,090.6
Hrs/APD	29.58	30.16	29.60	30.97	31.02	31.87	31.18	31.79	31.72	31.01	31.02	31.87

Dashboard - Los Gatos

	Annual						Month			YTD		
	2013	2014	2015	2016	2017 Projection	2017 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume												
Licensed Beds	143	143	143	143	143	143	143	143	143	143	143	143
ADC	42	43	45	43	42	46	41	45	45	43	42	45
Adjusted Acute Discharges	3,578	3,740	3,888	3,778	3,567	4,113	321	295	342	1,380	1,189	1,375
Acute Discharges	2,143	2,165	2,289	2,239	2,094	2,417	184	183	200	758	698	805
Inpatient total												
MS Discharges	2,143	2,165	2,289	2,239	2,094	2,417	184	183	200	758	698	805
Deliveries	748	792	681	641	618	639	60	55	53	244	206	213
BHS	0	0	0	0	0	14	0	0	1	0	0	5
Rehab	525	547	555	500	513	570	49	40	47	182	171	190
OP total												
ED	10,605	10,609	10,687	10,922	10,455	11,046	907	820	917	3,613	3,485	3,682
OP Surg	3,103	3,171	3,077	2,864	2,862	2,980	247	249	247	1,034	954	994
Endo	263	192	155	91	54	159	25	14	13	56	18	53
Interventional	11	17	22	23	39	21	0	5	2	5	13	7
All Other	4,770	5,397	5,730	7,258	7,836	7,823	573	603	606	1,896	2,612	2,436
Financial Performance (\$000s)												
Net Revenues	128,794	131,702	142,858	139,221	139,227	148,960	11,673	12,233	12,791	48,496	46,409	49,431
Operating Expenses	115,461	118,944	126,841	135,830	132,683	139,735	11,298	11,436	11,560	44,649	44,228	45,833
Operating Income \$	13,802	13,787	18,436	5,695	8,626	11,801	575	970	1,450	4,697	2,875	4,450
Operating Margin	10.7%	10.4%	12.7%	4.0%	6.1%	7.8%	4.8%	7.8%	11.1%	9.5%	6.1%	8.9%
EBITDA \$	18,784	19,440	24,365	11,784	15,064	19,011	1,071	1,506	1,974	6,636	5,021	6,570
EBITDA %	14.5%	14.6%	16.8%	8.3%	10.7%	12.5%	9.0%	12.1%	15.2%	13.4%	10.7%	13.1%
IP Margin												
OP Margin												
Payor Mix												
Medicare	45.5%	44.0%	46.1%	48.2%	50.2%	47.5%	49.5%	53.2%	47.5%	48.4%	50.2%	47.5%
Medi-Cal	2.9%	3.5%	4.3%	5.1%	4.5%	4.7%	5.1%	3.9%	4.7%	4.6%	4.5%	4.7%
Commercial IP	25.3%	25.9%	23.8%	21.4%	20.3%	22.2%	19.6%	19.2%	22.2%	22.2%	20.3%	22.2%
Commercial OP	17.0%	19.1%	20.0%	19.4%	19.5%	20.2%	20.7%	17.7%	20.2%	20.1%	19.5%	20.2%
Total Commercial	42.3%	45.0%	43.8%	40.8%	39.8%	42.4%	40.3%	36.9%	42.4%	42.2%	39.8%	42.4%
Other	9.3%	7.5%	5.8%	5.9%	5.6%	5.5%	5.1%	6.1%	5.5%	4.8%	5.6%	5.5%
Cost												
Employees	388.0	408.1	422.6	421.8	417.7	422.4	410.2	421.9	419.5	424.7	417.7	422.4
Hrs/APD	29.13	27.65	28.00	29.34	28.99	27.58	29.97	29.09	27.30	28.66	28.99	27.58

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

4 months ending 10/31/2016

PERIOD 4 FY 2016	PERIOD 4 FY 2017	PERIOD 4 Budget 2017	Variance Fav (Unfav)	Var%		YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
194,824	197,826	198,961	(1,136)	-0.6%	\$000s					
(141,058)	(137,459)	(145,605)	8,146	-5.6%	OPERATING REVENUE					
53,766	60,366	53,356	7,010	13.1%	Gross Revenue	736,350	792,043	779,095	12,947	1.7%
1,476	1,530	1,866	(336)	-18.0%	Deductions	(530,190)	(567,762)	(570,147)	2,386	-0.4%
55,242	61,896	55,222	6,674	12.1%	Net Patient Revenue	206,159	224,281	208,948	15,333	7.3%
					Other Operating Revenue	6,914	6,452	7,479	(1,028)	-13.7%
					Total Operating Revenue	213,073	230,733	216,427	14,306	6.6%
					OPERATING EXPENSE					
29,954	33,188	31,269	(1,918)	-6.1%	Salaries & Wages	117,682	122,188	123,800	1,611	1.3%
7,938	7,086	8,429	1,342	15.9%	Supplies	31,908	30,018	32,303	2,285	7.1%
6,864	6,634	6,565	(69)	-1.1%	Fees & Purchased Services	25,389	25,330	26,738	1,407	5.3%
3,396	706	581	(125)	-21.5%	Other Operating Expense	7,503	2,727	2,983	255	8.6%
449	498	448	(50)	-11.1%	Interest	1,797	1,887	1,793	(94)	-5.2%
3,358	3,510	3,696	186	5.0%	Depreciation	13,173	14,117	14,973	856	5.7%
51,959	51,623	50,988	(635)	-1.2%	Total Operating Expense	197,454	196,268	202,589	6,322	3.1%
3,283	10,274	4,234	6,040	142.6%	Net Operating Income/(Loss)	15,619	34,465	13,838	20,627	149.1%
16,836	(6,436)	729	(7,165)	-983.0%	Non Operating Income	(11,438)	8,415	2,916	5,499	188.6%
20,119	3,837	4,963	(1,126)	-22.7%	Net Income(Loss)	4,182	42,880	16,754	26,126	155.9%
10.6%	21.1%	12.9%	8.1%		EBITDA	12.0%	19.7%	11.8%	7.9%	
5.9%	16.6%	7.7%	8.9%		Operating Margin	7.3%	14.9%	6.4%	8.5%	
36.4%	6.2%	9.0%	-2.8%		Net Margin	2.0%	18.6%	7.7%	10.8%	

⁽¹⁾ Hospital only, excludes controlled affiliates

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

4 months ending 10/31/2016

PERIOD 4 FY 2016	PERIOD 4 FY 2017	PERIOD 4 Budget 2017	Variance Fav (Unfav)	Var%
42,300	45,979	46,320	(341)	-0.7%
(30,628)	(33,746)	(33,529)	(217)	0.6%
11,673	12,233	12,791	(558)	-4.4%
200	172	219	(46)	-21.2%
11,873	12,406	13,010	(604)	-4.6%
5,807	6,166	6,318	152	2.4%
1,734	1,355	1,888	532	28.2%
1,477	1,382	1,270	(112)	-8.8%
1,783	1,997	1,560	(437)	-28.0%
0	0	0	0	0.0%
496	536	524	(13)	-2.4%
11,298	11,436	11,560	124	1.1%
575	970	1,450	(480)	-33.1%
0	0	0	0	0.0%
575	970	1,450	(480)	-33.1%
19.6%	22.2%	24.8%	-2.6%	
4.8%	7.8%	11.1%	-3.3%	
4.8%	7.8%	11.1%	-3.3%	

\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
OPERATING REVENUE					
Gross Revenue	165,682	167,611	179,004	(11,393)	-6.4%
Deductions	(117,186)	(121,202)	(129,573)	8,371	-6.5%
Net Patient Revenue	48,496	46,409	49,431	(3,022)	-6.1%
Other Operating Revenue	850	694	852	(158)	-18.6%
Total Operating Revenue	49,346	47,103	50,284	(3,181)	-6.3%
OPERATING EXPENSE					
Salaries & Wages	23,959	24,003	24,990	986	3.9%
Supplies	6,910	6,021	7,140	1,119	15.7%
Fees & Purchased Services	5,523	5,344	5,079	(265)	-5.2%
Other Operating Expense	6,268	6,713	6,505	(208)	-3.2%
Interest	0	0	0	0	0.0%
Depreciation	1,990	2,146	2,120	(27)	-1.3%
Total Operating Expense	44,649	44,228	45,833	1,606	3.5%
Net Operating Income/(Loss)	4,697	2,875	4,450	(1,575)	-35.4%
Non Operating Income	0	(10)	0	(10)	0.0%
Net Income(Loss)	4,697	2,865	4,450	(1,585)	-35.6%
EBITDA	23.7%	21.3%	23.0%	-1.7%	
Operating Margin	9.5%	6.1%	8.9%	-2.7%	
Net Margin	9.5%	6.1%	8.9%	-2.8%	

⁽¹⁾ Hospital only, excludes affiliates

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

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

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

ATTACHMENT 5

ECH BOARD MEETING AGENDA ITEM COVER SHEET

Item:	Quality, Patient Care and Patient Experience Committee (“Quality Committee”) Report El Camino Hospital Board of Directors January 11, 2017
Responsible party:	David Reeder, Quality Committee Chair
Action requested:	For Information
Background:	The Quality Committee meets 10 times per year. The Committee last met on December 5, 2016 and meets next on January 30, 2017.
Board Advisory Committee(s) that reviewed the issue and recommendation, if any:	None.
Summary and session objectives:	<p>1. Progress Against Goals: The Committee is on track to achieve its FY17 targets.</p> <p>2. Summary of December 5, 2016 Meeting:</p> <ul style="list-style-type: none"> a. Emergency Department Presentation: Dr. Laura Cook, MD, Medical Director of Emergency Medicine – Mountain View, highlighted the clinical and quality programs of the Emergency Department. Dr. Cook reviewed the ED’s current goals and collaborative efforts to identify and investigate all complaints and quality concerns, educate providers, sustain corrective action, as well as the ED’s robust peer review process, which includes a prospective quality measurement component. b. iCare Update: Deb Muro, Interim Chief Information Officer, updated the Committee on the upcoming iCare upgrade and anticipated impact on the staff, physicians, and patients. Ms. Muro further reported the scope and timeline of the project, and overview of the upgrade features. c. FY17 Quality Dashboard: Daniel Shin, MD, Medical Director of Patient Safety and Quality Assurance presented the FY17 Quality Dashboard to the Committee. He reported that nine metrics remain stable; the only exception being a slight decline in communications about medicines. d. Pain Management Goals: William Faber, MD, Chief Medical Officer, explained the addition of the two pain goals (and their parameters) to the quality dashboard. Dr. Faber reminded the Committee that we are measuring our baseline of responsiveness as we develop the program, but performance will be measured in the fourth quarter. e. Patient and Family Centered Care: Mick Zdeblick, Chief Operating Officer, briefly updated the Committee on the current status of Patient and Family Centered Care focus. Mr. Zdeblick reported on a recent successful site visit and feedback received from the participants to include the recommendation of the lean principle of introducing the care partner.
Suggested discussion questions:	None.
Proposed Board motion, if any:	None.
LIST OF ATTACHMENTS:	1. FY17 Quality Dashboard

Quality and Safety Dashboard (Monthly)

Date Reports Run: 11/29/2016		Performance		Baseline	FY17 Goal	Trend
SAFETY EVENTS		Performance		FY2016	FY2017	
1	Patient Falls Med / Surg / CC Falls / 1,000 CALNOC Pt Days Date Period: October 2016	8/4975	1.61	1.51	1.39 (goal for FY 16)	
	Pain reassessment within 60 mins after pain med administration Errors / 1000 Adj Total Patient Days Date Period: October 2016	7369/10889	67.7%	56.3% (Jan-Jun 2016)	75% to 80%, stretch goal=90%	
	Medication Errors (Overall, Reached to patients, and Near miss) Errors / 1000 Adj Total Patient Days Date Period: September 2016	31/13445	2.31	2.68	0.00	
COMPLICATIONS		Performance		FY 2016	FY 2017	
4	Surgical Site Infection (SSI) SSI per 100 Surgical Procedures Date Period: September 2016	0	0.00	0.20	0.18 (goal for FY 16)	
SERVICE		Performance		FY 2016	FY 2017	
5	Communication with Nurses (HCAHPS composite score, top box) Date Period: Aug 2016	220/281	78.3%	78.0%	78.5%	
	Responsiveness of Hospital Staff (HCAHPS composite score, top box) Date Period: Aug 2016	197/266	74.0%	64.9%	66.8%	
7	Pain management (HCAHPS composite score, top box) Date Period: Aug 2016	171/221	77.4%	72.5%		
8	Communication About Medicines (HCAHPS composite score, top box) Date Period: Aug 2016	125/185	67.7%	64.7%	68.3%	
EFFICIENCY		Performance		Jan-Jun 2016 (6-month ave)	FY 2017	
9	★Organizational Goal Average Length of Stay (days) (Medicare definition, MS-CC, ≥ 65, inpatient) Date Period: October 2016	FYTD 1566 01-06/16 2509	FYTD 4.56 01-06/16 4.78	4.78	4.87	
	★Organizational Goal 30-Day Readmission (Rate, LOS-Focused) (ALOS-Linked, All-Cause, Unplanned) Date Period: September 2016	FYTD 82/803 01-06/16 288/2497	FYTD 10.22 01-06/16 11.53	11.53	At or below 12.24	

ATTACHMENT 6



El Camino Hospital[®]

THE HOSPITAL OF SILICON VALLEY

Heart & Vascular Institute

ECH Board of Directors

January 11, 2017

Chad Rammohan, MD

Medical Director Catheterization Laboratory, Chest Pain Center and TAVR

Tej Singh, MD

Medical Director Vascular Surgery/Vascular Intervention and Wound Care Services

Amy Maher

Director Service Lines

ECH Strategy

Optimize Health & Wellness

Quality &
Service

Affordability

Continuum
of Care

Innovation
in Wellness

Achieve the Triple Aim: Quality, Service & Affordability

Top Decile Quality
Top Decile Core Measures
Reduce Complications & Mortality

Top Quartile Service
Value Based Purchasing

Efficient Operations
Reduce Variation in Practice
Lean Process Improvement

Competitive Pricing
Pricing within Market
Costs Aligned with Pricing

Moving Toward Continuum of Care

- Patient access to primary care & chronic disease management
- Coordinated Care Transitions
 - Employee Well-Being
- Business & Provider Alliances for Innovative Continuum of Care

Service Line Strategy and Goals

Strategy	Quality	Utilize leading edge therapies by world class experts, with outcomes at national average or top 10% performance compared to national hospitals
	Service	Inform community of performance with benchmarked metrics
	Affordability	Decrease Cost of Care to patients receiving surgical or interventional procedures
Goals / Desired Outcomes by end of FY2018	Quality	<ul style="list-style-type: none"> ◆ Outcomes at or better than national average or top decile performance benchmarks ◆ Launch a focused research evaluation committee to align studies to strategic initiatives ◆ Develop Left Atrial Appendage Occlusion program and track outcomes through submission to the national registry ◆ Form an EP program capable of fostering top decile results
	Service	<ul style="list-style-type: none"> ◆ Link to marketing via HVI outcomes brochure and web page to highlight PCI, CABG, AVR, TAVR and AMI ◆ Build new integrated care programs: FY17 Wound Care
	Affordability	<ul style="list-style-type: none"> ◆ Track cost per case metrics for newly established LAAO (Watchman) program ◆ Reduce cost per case for EVAR cases

Quality -- National Average & Top Decile Performance Cardiac and Vascular Registries

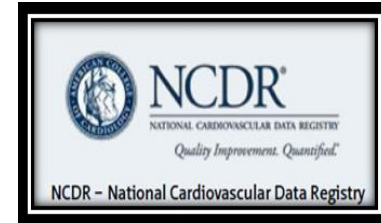
Top 5% in Nation for

- ◆ Coronary Artery Bypass Graft and Aortic Valve Replacement



Top Decile Performance in Mortality and Complication Rates:

- ◆ Percutaneous Coronary Intervention (PCI)
- ◆ Acute Myocardial Infarction Care (AMI)
- ◆ Transcatheter Aortic Valve Replacement (CoreValve)
- ◆ Transcatheter Mitral Valve Replacement (MitraClip)



Better than National Average Performance in Mortality Rate:

- ◆ Carotid Artery Treatments

Vascular Quality Initiative*

HVI Quality Review Model

➤ **Data Analyst –**

- review patient record for each procedure type/process of care
- extract standardized data set to submit to national registry
- Trend mortality, LOS, readmission, complications and performance against benchmarks

➤ **Clinical Nurse Specialist –**

- daily patient rounding
- provide education at discharge for appropriate diet, medication compliance & benefits of rehabilitation
- call patient post-discharge to monitor adherence to diet, medications & follow up visit with PCP/Cardiologist
- Nursing education

➤ **Medical Director -**

- review all complications and mortality prior to submission to registry
- provide education to physicians on outcomes and guidelines for appropriate treatment based on the evidence

Quality -- Launch focused research evaluation committee to align studies to strategic initiatives

New HVI Study Proposal Review Process

Principal Investigator Completes Study Questionnaire



**PI Present Study to Newly Appointed
HVI Research Committee**



Executive Leadership Team Review



IRB Review



Study Assigned to HVI Study Coordinator

Currently Enrolling Studies

SPONSOR	STUDY TITLE	PRINCIPAL INVESTIGATOR	PHASE	ENROLLMENT GOAL
eValve	Everest II	Chad Rammohan, M.D.	Phase III	29
Medtronic	CoreValve IDE	James Joye, D.O.	Phase II/III	31
Flexible Stenting Solution	OPEN	James Joye, D.O.	Phase II/III	11
Medtronic	CoreValve CAS	James Joye, D.O.	Phase II/III	70
Aptus EndoSystems	ANCHOR	James Joye, D.O.	Phase IV	16
St. Jude Medical Center	Quadripolar PAS	L. Bing Liem, D.O.	Phase IV	9
Medtronic	Surtavi	James Joye, D.O.	Phase II/III	15
St. Jude Medical Center	Leadless II	L. Bing Liem, D.O.	Phase III	15
Abbot Vascular	COAPT	Chad Rammohan, M.D.	Phase II	8
CVRx	Barostim	L. Bing Liem, D.O.	Phase II	8
CardioFlow Technologies	Elevated Left-Sided Filling Pressures	Daniel Kaiser, MD	Proof of Concept	10

◆ **11 Studies Open**

◆ **222 Patients Enrolled**

Studies in Progress

SPONSOR	STUDY TITLE	PRINCIPAL INVESTIGATOR	PHASE	CR EXECUTIVE COMMITTEE		IRB SUBMISSION		BUDGET	CONTRACT
				APPROVAL	APPROVAL	SUBMIT	APPROVAL		
Medtronic	EVOLUT R Low Risk	Chad Rammohan, MD Ajanta De, MD Peter Sal, MD	Phase III	Mar-16	Mar-16	Mar-16	Contingently Approved	Complete	In Process
St. Jude Medical	AMPLATZER Amulet	Chad Rammohan, MD	Phase II	Sep-16	Dec-16	IRB Reviewed at Dec-16 meeting. On Schedule for Jan-17 meeting to address follow-up questions with PI	In Process	In Process	
Boston Scientific	Evolve Short DAPT	Chad Rammohan, MD	Phase IV	Mar-16	Apr-16	Approved	Complete	Complete	

Quality -- Develop Left Atrial Appendage Occlusion program and track outcomes through submission to national registry



Watchman Device is a safe alternative to long term warfarin therapy that offers comparable stroke risk and enables patients to stop taking warfarin

REDUCTION:
Cardiovascular/Unexplained Death
52%
(p=0.006)

REDUCTION: Major Bleeding
> 6 months post-procedure
72%
(p<0.001)

REDUCTION:
Hemorrhagic Stroke
78%
(p=0.004)

ACC NCDR Left Atrial Appendage National Registry

◆ Mandated by Medicare

Outcomes

◆ Volume CYTD = 25 cases



◆ Mortality 0%

◆ Complication 0%

◆ LOS 1 Day

◆ Cost (report card)

Quality --

Form an EP program capable of fostering top decile results

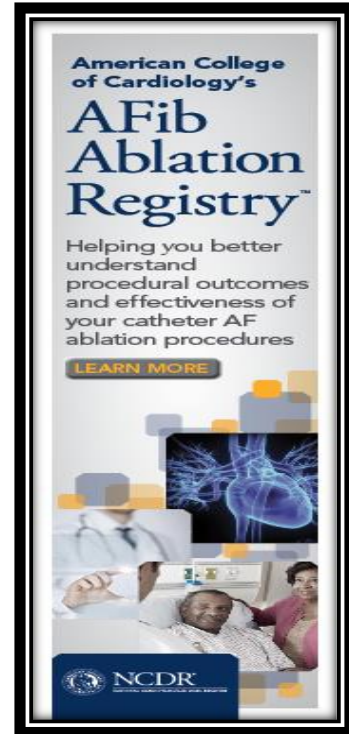
1. FY 2016 – Interventional Services 2 dedicated EP labs

2. Staffing model

- ◆ Interventional Services (IS) EP Medical Director
- ◆ IS EP Coordinator
- ◆ IS EP Technologists
- ◆ Clinical Nurse Leader
- ◆ Data Analyst for national registry submission

3. ACC NCDR National Atrial Fibrillation Registry

- ◆ Fist submission completed
- ◆ Data Quality Report expected Q3 2017 with nationally benchmarked outcomes



Dr. Shaun Cho

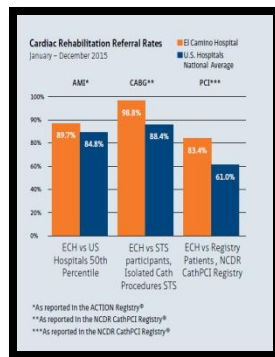
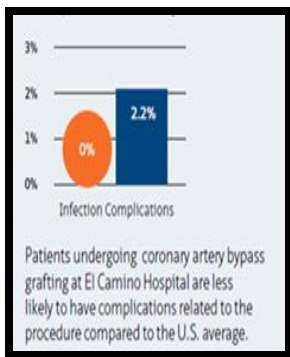
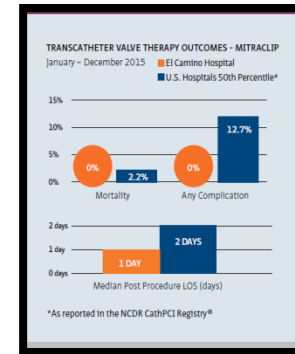
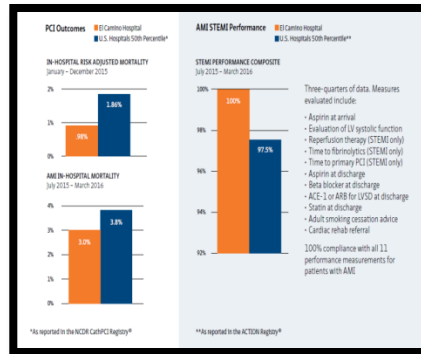
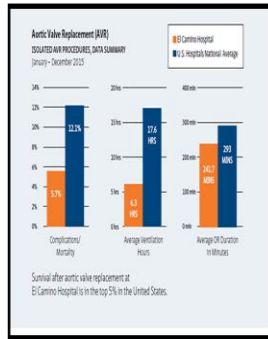
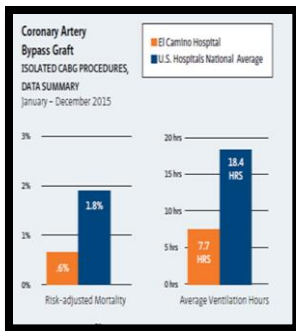
Service --

Link to marketing via HVI outcomes brochure and web page to highlight PCI, CABG, AVR, TAVR and AMI



QUALITY AND OUTCOMES REPORT

2017



February 2017

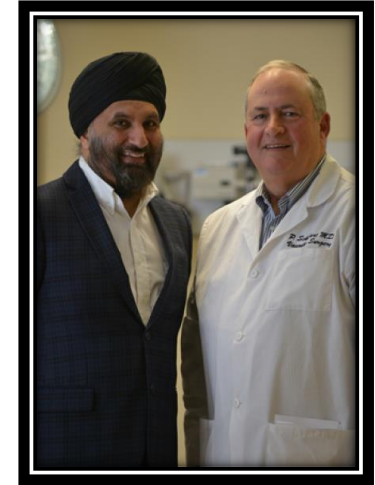
- ◆ Update report to community & referring physicians
- ◆ Publish registry outcomes to ECH Website

Service --

Build new integrated care program: FY17 Wound Care

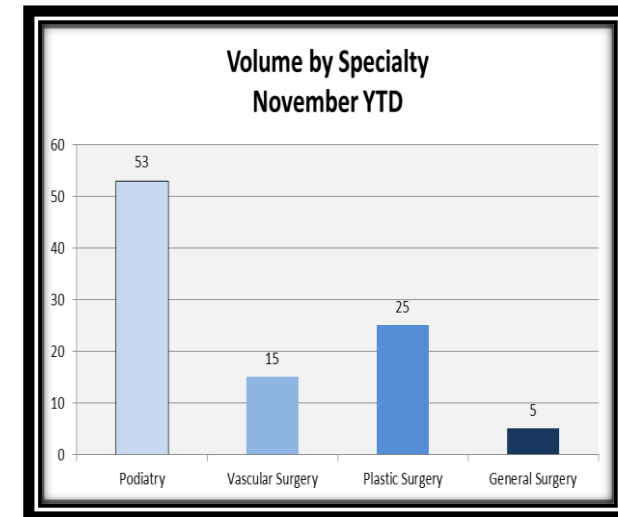
Vascular Medical Leadership

- ◆ Tej Singh, MD
- ◆ Peter Schubart, MD



Wound Care Center Opened November 2016

- ◆ 8 Physicians seeing patients
- ◆ 4 Specialties represented
- ◆ Over 100 patients treated
- ◆ Outcomes reports in development
- ◆ Surgical referrals and ancillary services
- ◆ Increasing marketing efforts



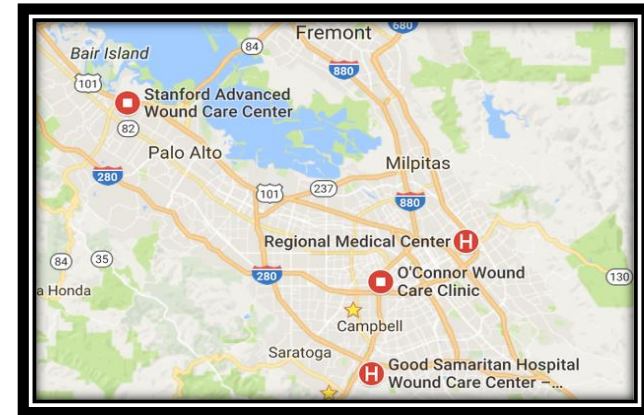
Service --

Integrated care programs: FY17 Wound Care



Wound Care Regional Competitors

- ◆ Regional Medical Center
- ◆ Good Samaritan
- ◆ O'Conner
- ◆ Stanford



Additional Vascular Accomplishments

- ◆ Dr. Singh named VQI Regional Medical Director
- ◆ VQI results leading regional hospitals
- ◆ Developing wellness program for patients with claudication
- ◆ Volume leader regionally for Carotid & AAA treatments

Affordability --

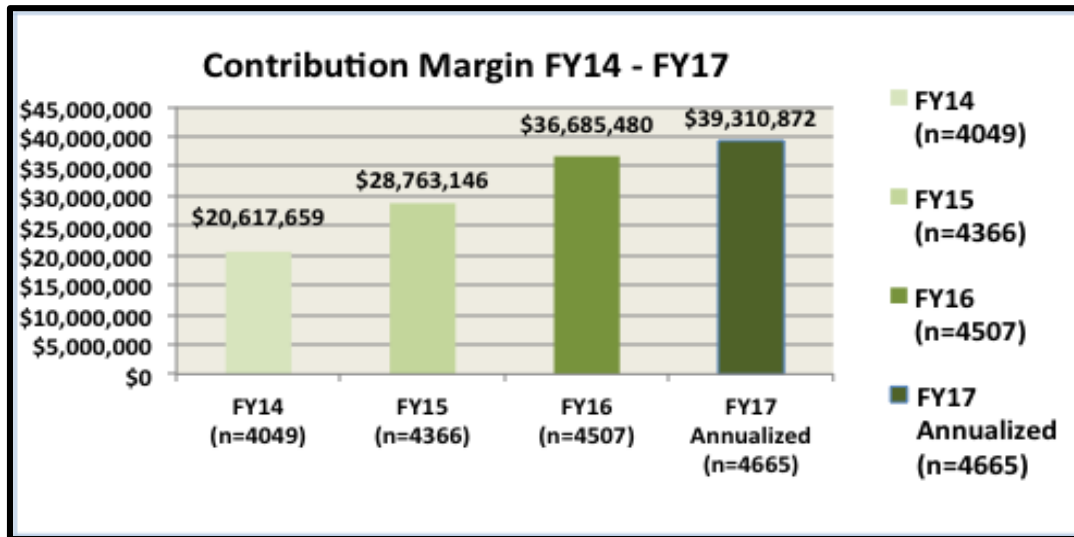
1. Track cost per case metrics for newly established LAAO (Watchman) program
2. Reduce cost per case for EVAR cases

Cost Savings Initiatives	FY16		
	FY16 Baseline	FY 17 Actual	Target
Watchman Cost of Care	\$25,052	\$23,716	\$22,547
EVAR Cost per Case	\$30,662	\$21,837	\$30,162

- ◆ Watchman Cost per Case Decreasing
- ◆ Endovascular Aneurysm Repair Cost per Case Decreasing
- ◆ PCI Same Day Discharge Program: 9.5% of cases < 1 day LOS

Affordability

HVI Financial Performance



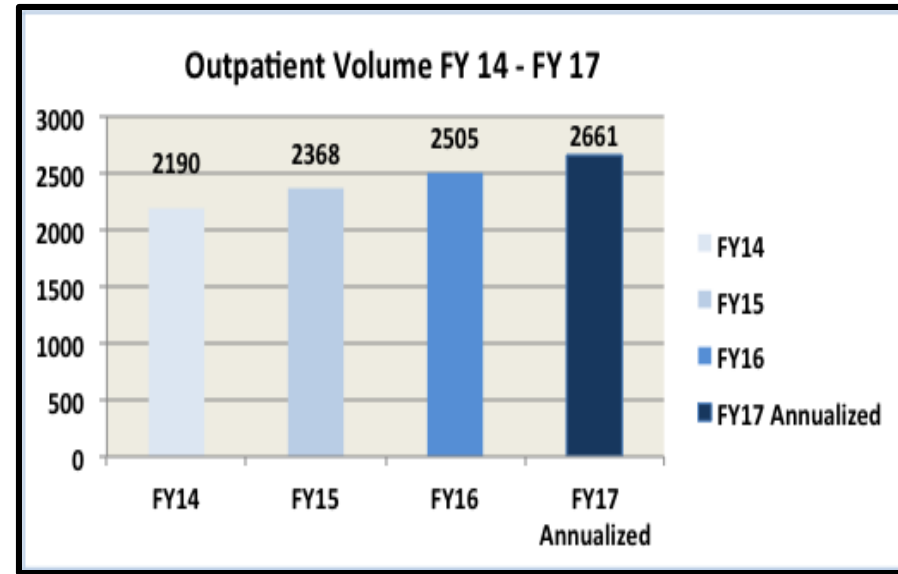
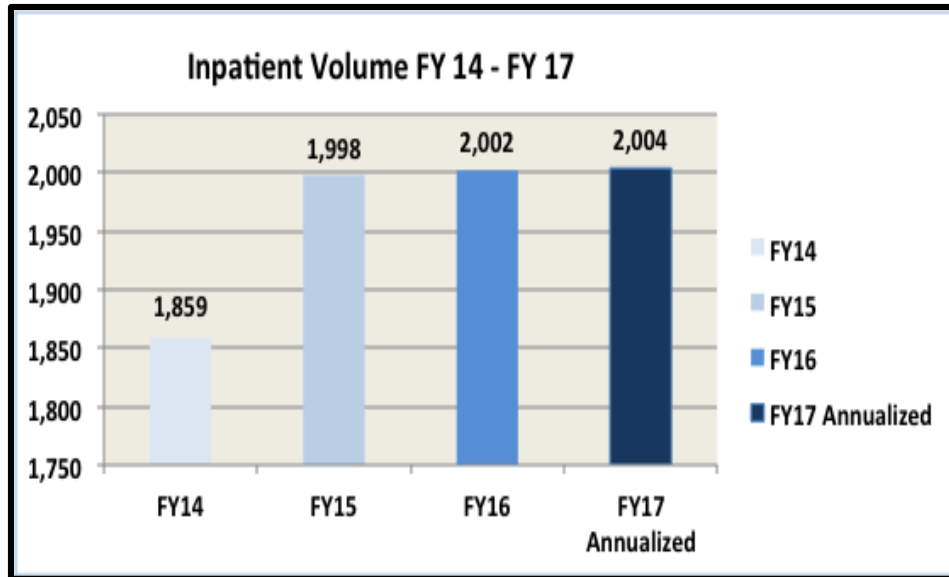
- ◆ Marked improvement in CM from FY14 to FY17
- ◆ Steady increase in volume

Cost Improvement Strategies:

- ◆ Length of stay for TAVR, MitraClip, Radial Access PCI
- ◆ Decreased blood utilization in cardiac surgery
- ◆ IP Order Status for carotid stent procedures
- ◆ Vendor negotiations with Value Analysis team for supplies and devices in cath lab
- ◆ Increase in outpatient EP Ablation ~100 cases in 2017 (200 vs 300)
- ◆ Increase in Structural Heart procedures

Affordability

HVI IP/OP Volume



- ◆ From FY16 to FY17 annualized increase in volumes
- ◆ Inpatient volume remains steady with shift from surgical valve to transcatheter valve replacement
- ◆ Outpatient volume increase in EP ablation, LAAO and vascular surgery

Cath Lab Staffing Challenges

Problem:

- **Experienced Cath Lab staff recruited to outpatient lab in Mountain View**
- **C.L. Manager recruited to Mills Peninsula**
- **Need met for specialized EP technicians**
- **Need for specialized IR technicians and manager**

Resolution:

- **Market analysis performed and salaries adjusted to meet demand of talented and experienced nurses and technicians**
- **Experienced electrophysiology technicians hired**
- **Nurse residency program developed**
- **Cath Lab Manager divided into 2 positions**
 - **Interventional Cardiology**
 - **Interventional Radiology**

Appointment of Foundation Board Member

ECH BOARD MEETING AGENDA ITEM COVER SHEET

Item:	Appointment of El Camino Hospital Foundation Board Member El Camino Hospital Board of Directors January 11, 2017
Responsible party:	Jodi Barnard, President, El Camino Hospital Foundation
Action requested:	Approval
Background: During its December 15, 2016 meeting, the El Camino Hospital Foundation Board approved one nominee to join the Foundation Board, per the approval of the Foundation Executive Committee meeting on December 1, 2016, and at the recommendation of the Foundation Governance Committee meeting on November 17, 2016. If appointed, she will begin her first three-year term in January 2017.	
Summary and session objectives : The Foundation Board is seeking to appoint Nahid Aliniabee as a member. Below is a brief summary of her background: <ul style="list-style-type: none"> • Philanthropist and community activist dedicated to the growth and development of non-profit organizations; • Member of the Board of Advisers of the Feminist Majority Foundation and a founding member of the Board of Regents at Northwest Suburban College, a new non-profit educational institution; • As an active member of the Castilleja School community, Nahid co-chaired Castilleja’s 2016 annual benefit (View 360) raising over \$1.1 million for the school (a record amount). She also co-chaired the same event in 2010, raising over \$450,000 for tuition assistance; and • Married to Kamal Ahmed, they live in Los Altos with their three daughters, ages 22, 19 & 15. 	
Suggested discussion questions: None, this is a consent item.	
Proposed board motion, if any: To approve the appointment of Nahid Aliniabee to the El Camino Hospital Foundation Board of Directors.	
LIST OF ATTACHMENTS: None.	

**b. Appointment of Quality, Patient Care and Patient
Experience Committee Member**

ECH BOARD MEETING AGENDA ITEM COVER SHEET

Item:	Appointment of Quality Committee Member El Camino Hospital Board of Directors January 11, 2017
Responsible party:	Neal Cohen, MD, Board Chair
Action requested:	For Approval
Background:	I am recommending that Director Jeffrey Davis be appointed to the Quality, Patient Care and Patient Experience Committee. Director Davis has expressed interest in serving and Director Reeder, Chair of the Committee, concurs in this recommendation.
Board Advisory Committees that reviewed the issue and recommendation, if any:	None.
Summary and session objectives :	To obtain the Board's approval to appoint Director Davis to the Quality, Patient Care, and Patient Experience Committee.
Suggested discussion questions:	None. This is a consent item.
Proposed Board motion, if any:	To appoint Director Davis to the Quality, Patient Care, and Patient Experience Committee.
LIST OF ATTACHMENTS:	None.

Appointment of Committee Member

ECH BOARD MEETING AGENDA ITEM COVER SHEET

Item:	Corporate Compliance, Privacy and Internal Audit Committee Member Appointment El Camino Hospital Board of Directors January 11, 2017
Responsible party:	Cindy Murphy, Board Liaison
Action requested:	For Approval
Background:	With the assistance of an Executive Recruiter, an Ad Hoc Committee (comprised of members Sharon Anolik Shakked and Christine Sublett) reviewed and interviewed a number of potential candidates, ultimately bringing three finalists forward for the full Committee to interview and consider.
Board Advisory Committees that reviewed the issue and recommendation, if any:	Following an interview of all three finalists, at its November 9, 2016 meeting, the Corporate Compliance/Privacy and Internal Audit Committee voted to recommend that the Board appoint Ms. Lica Hartman to the Committee. Since that time, Ms. Hartman's references have been confirmed and background check completed. In addition, since the time she interviewed with the Committee in November and as reflected in the attached resume, Ms. Hartman accepted a new position as Chief Audit Executive, Internal Audit with the LendingClub Corporation effective January 2017.
Summary and session objectives :	To obtain Board approval of the proposed appointment.
Suggested discussion questions:	None. This is a consent item.
Proposed Board motion, if any:	To appoint Lica Hartman to the Corporate Compliance/Privacy and Internal Audit Committee for a term expiring on June 30, 2017, renewable annually.
LIST OF ATTACHMENTS:	<ol style="list-style-type: none"> 1. Lica Hartman – Candidate Profile (Resume and Questionnaire) 2. Corporate Compliance Committee Member Qualifications

Att. 19c 01 Hartman Candidate Profile

LICA HARTMAN

San Francisco, CA | 646-683-5755 | lica.hartman@gmail.com

INTERNAL AUDIT ■ RISK MANAGEMENT ■ BANKING AND CAPITAL MARKETS

Accomplished and driven internal audit professional with over 15 years of experience in banking and capital markets, providing strategic and tactical solutions to organizations seeking to improve the effectiveness of their control environment. I believe in a creative and tailored approach to assessing the current state of an internal audit function that thoughtfully considers an organization's risks, mission, long-term strategy, size, and complexity. This method ensures that the design of the future state satisfies both internal objectives and regulatory expectations. I believe that long-term success can be achieved by designing and implementing an infrastructure of committed talent, sound processes, and scalable tools that effectively and efficiently support the internal audit function to achieve its commitments to the Audit Committee.

Core Knowledge and Areas of Expertise Include:

Strategic Planning ■ Change Management ■ Process Improvement ■ Risk Assessment
Integrated Audits ■ Data Analytics ■ Governance Reporting ■ Risk Management
FRB SR 13-1 ■ FRB SR 08-08 ■ FRB SR 11-7 ■ FRB SR 12-17 ■ FRB SR 95-51 ■ FRB SR 15-18/19

PROFESSIONAL HISTORY

CHIEF AUDIT EXECUTIVE, INTERNAL AUDIT LendingClub Corporation

January 2017 – Present
San Francisco, CA

Design and build a nimble and scalable co-sourced internal audit department to support a dynamic and fast-paced environment. Apply a risk-based approach and harness in-house technology to develop a data analytics approach and program to achieve more efficient and effective testing results. Reporting to the Audit Committee, key oversight responsibilities include: quarterly internal audit risk assessment and plan execution, Sarbanes-Oxley 404 Program, project monitoring and pre-implementation reviews, business monitoring and identification of emerging risks, and regular coordination with Risk Management, Compliance, external auditors, and regulators.

VICE PRESIDENT, INTERNAL AUDIT Charles Schwab Corporation

July 2013 – December 2016
San Francisco, CA

Designed and executed the multi-year strategy to transition the internal audit function from 100% outsourced to a co-sourced model composed of both in-house and contracted personnel. Strategy included creating hiring priorities, transitioning internal audit operations and institutional knowledge from contracted personnel to internal team, adapting to geographic complexities due to business relocations, and executing a communications plan to stakeholders emphasizing a commitment to maintain the department's priorities and standards for quality internal audit work throughout the transition.

- Designed and built the Professional Practices Group responsible for establishing internal audit policies, overhauling procedures for risk assessment and audit execution documentation standards, managing a Quality Assurance program, and performing ongoing analysis of all internal audit activities and results to report key metrics, themes and trends, and emerging risks to the Audit Committees and to various risk management committees.
- Developed audit approaches and managed audit teams to assess the effectiveness of risk management functions (Enterprise Risk Management, Operational Risk Management, Model Risk Management, Vendor Risk Management) and first-line business processes critical to capital planning and stress testing to determine adherence to DFAST and CCAR regulatory expectations.
- Established methodology and provided oversight to ensure adequate audit coverage is achieved to support annual opinions of key risk categories as required by FRB SR 13-1.
- Improved relationships with auditees, governance committees, and regulatory agencies (FRB and OCC) through transparent communications, promoting a positive risk culture, and working collaboratively with other risk functions.

SENIOR MANAGER – BANKING AND CAPITAL MARKETS ADVISORY Ernst & Young LLP

January 2007 – July 2013
New York, NY

Built and led internal audit teams to develop and execute risk-based annual audit plans within co-sourced and outsourced internal audit models to support broker dealers, asset managers, banks, and stock exchanges.

- Built each team with quality business and technology auditors, and supplemented as needed with appropriate subject matter resources for highly specialized and technical areas.

- Established standards and procedures for risk assessments, integrated audit execution, issue tracking and remediation validation, business monitoring, and project monitoring.
- Utilized data analytics to evaluate technology controls over data integrity and access, data accuracy and completeness, and change management associated with business processes.
- Provided guidance to auditees for remediating complex and pervasive issues spanning across multiple lines of businesses and/or enterprises.

MANAGER – INTERNAL CONTROL STANDARDS AND PROCEDURES

May 2006 – January 2007

Emblem Health of New York

New York, NY

Identified current processes and internal controls with material impact to financial statements to determine the scope of Sarbanes-Oxley 404 preparedness program and to design and execute testing to evaluate the effectiveness of the financial reporting process.

- Processes evaluated: General Ledger, Financial Reporting, Fixed Assets, Expenditures, and Premium Revenue
- Managed staff of five personnel to execute test plans and report results
- Provided guidance to process owners on effective control design and implementation

VARIOUS POSITIONS OF INCREASING RESPONSIBILITY

January 2001 – May 2006

AllianceBernstein L.P.

New York, NY

Designed, implemented, and managed internal controls program to demonstrate an effective risks and controls environment compliant with Sarbanes-Oxley standards.

ASSISTANT VICE PRESIDENT – OPERATIONS CONTROL & COMPLIANCE (2004 – 2006)

Evaluated internal design and operating effectiveness, identified control weaknesses and potential fraud risks, and presented findings to management.

- Processes evaluated: Capital Expenditures, Fixed Assets, Capital Projects, Procurement, Vendor Management, and Contract Management.
- Managed staff of four personnel to execute test plans and reports results.
- Provided recommendations for process improvements to key stakeholders.
- Regular consultation with Internal Audit, Legal, and external auditors.

OPERATIONS CONTROLS MANAGER (2002 – 2004)

- Designed and executed tests of reengineered policies, procedures, and internal controls to evaluate compliance with new standards and requirements; presented results to management.
- Trained personnel on reengineered processes and controls for vendor qualification, bids for services and bid documentation, contract compliance, and vendor invoice standards pertaining to Facilities Management and Design & Construction.

PROJECT ADMINISTRATOR – DESIGN & CONSTRUCTION (2001 – 2002)

- Coordinated with outside consulting firm to design and implement processes and controls related to vendor qualification, competitive bidding, service contracts, cost management, and project documentation.
- Facilitated department-wide rollout and implementation of new processes and controls.
- Monitored capital expenditure project budgets vendor compliance with contract terms and conditions.

PROJECT COORDINATOR – CORPORATE DESIGN & CONSTRUCTION

December 1997 – January 2001

Calvin Klein, Inc.

New York, NY

EDUCATION

Alfred University; Alfred, NY
Bachelor of Arts in History and Political Science, Cum Laude

CERTIFICATIONS AND AFFILIATIONS

Certified Fraud Examiner (CFE)
Certified Internal Auditor (CIA)

The Institute of Internal Auditors (IIA) – Member
Association of Certified Fraud Examiners (ACFE) – Member
Securities Industry and Financial Markets Association (SIFMA) - Member

Corporate Compliance, Internal Audit and Privacy Committee

Candidate Report and Questionnaire

Name: Lica Hartman

The presumption is made that financial services is an acceptable background.

Ms. Hartman is extremely engaging in an interview and would relate well at the board level. She has advanced in highly professional organizations, Schwab, Ernst & Young and AllianceBernstein. I believe she would be an excellent addition to the Committee. She is very interested in the role.

By (Grid) : Jeff Hodge October 4, 2016

CANDIDATE PROFILE (Priorities)	Unclear	Meets	Exceeds
Enterprise Risk Management			
Experience Instituting a formal ERM process in healthcare or other industries; specifically experience with Boards on the implementation of a Board sponsored ERM program		X	
Compliance			
Compliance experience in the healthcare or pharmaceutical industry. In particular, experience with OIG rules and regulations, regulatory actions, physician relationships, Medicare/Medicaid. Government contracts, STARK issues or a background in ethics		X	
Audit			
Internal audit experience, including financial audits, in the healthcare industry.			X
Affiliation with the Association of Healthcare Internal Auditors (AHIA) or similar internal audit groups			X
Privacy			
Privacy experience in a heavily regulated industry, i.e. banking or healthcare, that includes experience in the electronic exchange of data and the stewardship of data (data governance), or an IT department or potentially human resources background, or experience in a banking trust department.	N/A*	N/A*	N/A*
Other			
Board Committee experience with a small non-profit.	X		
Advanced degree.	No		
OVERALL			X

Candidate Questions (Candidate response):

1. Please describe how your background demonstrates your knowledge and experience with the following:

Background: My experience is exclusive to the financial services industry. I have been in this heavily regulated industry for 18 years and have worked specifically in internal audit and in process re-engineering for 15 of those years. Since 2008, much of my efforts have been focused on enhancing internal audit functions to meet regulatory expectations in the post-recession Dodd-Frank environment.

- a. Enterprise Risk Management – *I am well-versed in assessing the adequacy of ERM programs including:*
 - *ERM Framework*
 - *Risk Appetite Framework*
 - *Risk identification*
 - *Reasonableness of risk appetite statements, risk metrics, limits, and tolerances*
 - *Data governance*
 - *Governance reporting and escalation of breaches*
 - b. Internal Audit (healthcare) – *See above background description*
 - c. Compliance (healthcare or pharmaceutical) – *See above background description*
2. Please describe your prior Board experience. *Although I have never been a Board member, I report to several Boards and Risk Committees and am responsible for communicating and highlighting areas of emerging risks, issue patterns and trends, and adverse events in our industry and their potential impact to the organization.*
 3. Are you able to make the necessary time commitment? (6 evening committee and 2-3 joint meetings with the Board per year) *Yes*
 4. Would this position create conflict of interest with any of your other commitments? *No*
 5. The El Camino Hospital Corporate Compliance, Internal Audit and Privacy Committee Member Position is non-compensated, (i.e., volunteer) and has one-year renewable terms. Is this acceptable? *Yes*
 6. Are there any civil, employment related, or criminal incidents in your background that we may uncover in a reference or background check? Have you have ever been involved in a government investigation for business related issues (e.g. SEC)? Note: disclosure will not automatically disqualify you. The nature and time frame will be taken into account. *No to all*

Att. 19c 02 CC Member Qualifications Feb. 2016 (Final)

Corporate Compliance/Privacy and Audit Committee Charter and Responsibilities

See attached Charter.

Corporate Compliance/Privacy and Audit Committee Membership Requirements

The Corporate Compliance/Privacy and Audit Committee is to advise and assist the El Camino Hospital Board of Directors in its exercise of oversight by monitoring the compliance policies, controls and processes of the organization and the engagement, independence and performance of the internal auditor and external auditor. The Compliance and Audit Committee assists the Board in oversight of any organizational compliance and in assuring the integrity of El Camino Hospital in a manner consistent with its mission and purpose. This Committee typically meets 6 times per year on the third Thursday evening of the month at 5:00 p.m. The Committee also meets with the Board and/or other Committees 2-3 x per year at 5:30 pm. This Committee position is non-compensated (i.e. volunteer).

Professional Experience/Competencies

- Members will have approximately 10 - 15 or more years of experience in one of the four noted areas: (can be a combination of one of the four areas below plus relevant board experience):
 1. Compliance
 - Compliance experience in the healthcare or pharmaceutical industry. In particular, experience with OIG rules and regulations, regulatory actions, physician relationships, Medicare/Medicaid, government contracts, STARK issues, and ability to advise regarding fraud, waste and abuse and billing integrity. A background in ethics is desirable. Experience with Corporate Integrity Agreements (CIA) would be a major plus.
 2. Audit
 - Internal audit experience in the healthcare industry is a must. Affiliation with Association of Healthcare Internal Auditors (AHIA) or similar internal audit groups would be a plus. SOX experience is not critical as this advisor will be supporting all other types of internal audits and not focused on the annual financial audit.
 3. Privacy
 - Privacy experience in a heavily regulated industry, i.e. banking or healthcare, that includes experience in the electronic exchange of data and the stewardship of data (data governance), or an IT Security background or potentially human resources background, or experience in a banking trust department.
 4. Enterprise Risk Management
 - Experience instituting a formal ERM process in healthcare or other industries, ideally experience with Boards on the implementation of a Board sponsored ERM program.
- Experience via a professional service firm is acceptable.
- Board Committee experience via a small nonprofit etc. is a plus.

- The successful Candidate will be independent as defined in the Committee Charter.

Education/Credentials

- Candidates with an advanced degree will be preferred, but not required.

Work Style and Personal Traits

- High Integrity
- Collaborative nature
- Energy and a sense of urgency
- Creative and imaginative. An innovator.
- A sense of humor
- Mission-driven

Contact

nominations@elcaminohospital.org

Letters of Rebuttable Presumption of Reasonableness

January 11, 2017

Neal Cohen, M.D.
Chair
El Camino Hospital
P.O. Box 7025
2500 Grant Road
Mountain View, CA 94040

Re: Reasonableness of Executive Compensation

Dear Neal:

El Camino Hospital engaged Mercer (US) Inc. (“Mercer”), an independent healthcare consulting firm, to evaluate executive compensation levels as part of its overall executive compensation process with respect to certain executives. El Camino Hospital intends to obtain the benefit of the rebuttable presumption of reasonableness pursuant to regulations implementing Section 4958 of the Internal Revenue Code. In order to invoke the presumption, the amount of compensation must be approved in advance by an authorized body; the decision must be based on appropriate data as to comparability; and the decision must be adequately documented.

El Camino Hospital’s decisions to compensate executives are approved in advance by its Board of Directors (“Board”) acting without the participation of any individual who has a conflict of interest with respect to the matter under consideration. The Board has created an advisory committee that undertakes certain activities with respect to executive compensation as provided in the advisory committee’s charter. The advisory committee also acts without the participation of any individual who has a conflict of interest with respect to the matter under consideration. The Board is an authorized body as defined by Section 4958. Further, the Board has relied upon comparability data: specifically, for example, data provided by Mercer analyzing the amount of compensation organizations in El Camino Hospital’s peer group pay executives in similar positions.

In its letter attached (dated November 17, 2016) (the “Letter”), Mercer concludes that the total compensation El Camino Hospital pays its executives (listed in Table 2 of the Letter) during fiscal year 2017¹ “falls within a reasonable range of competitive market practices applicable to

¹ Mercer was not asked to evaluate the compensation level of the Chief Executive Officer position for fiscal year 2017 as there was no change in the compensation level of the former Chief Executive Officer.

Neal Cohen, M.D.
January 11, 2017
Page 2

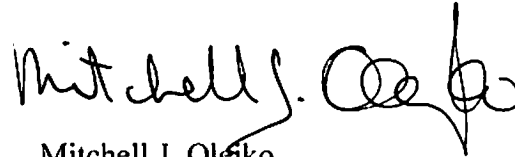
like positions among like organization under like conditions.” The Letter constitutes Mercer’s report of its conclusions, and includes a summary of its interactions with the advisory committee and the Board (prior to the January 11, 2017 meeting) and a summary of the information considered by the Board prior to the actions of the Board with respect to executive compensation.

Finally, in order to invoke the rebuttable presumption, El Camino Hospital must adequately document the basis for its decision. El Camino Hospital maintains documentation in the form of meeting minutes, which set forth the terms of the arrangements, the date(s) of approval, and the members who were present to vote on and discuss the arrangement. El Camino Hospital also maintains documentation – including the Letter – in the form of comparability data that it obtained and relied upon to reach the compensation levels. El Camino Hospital should keep this letter and the attached Letter as further documentation of the basis of its decision and its intent to obtain (and the steps taken to obtain) the benefits of the rebuttable presumption of reasonableness.

Very truly yours,

BUCHALTER NEMER
A Professional Corporation

By

A handwritten signature in black ink, appearing to read "Mitchell J. Olejko". The signature is written in a cursive style with a large, stylized initial "M".

Mitchell J. Olejko

MJO:eaj

Attachments

Private & Confidential

Lanhee J. Chen, Ph.D.
Chair, Executive Compensation Committee
El Camino Hospital
2500 Grant Rd
Mountain View, CA 94040

November 17, 2016

Subject: Reasonableness Opinion for El Camino Hospital Disqualified Persons

Dear Dr. Chen:

As requested by the Executive Compensation Committee ("Committee") of the Board of Directors ("Board") of El Camino Hospital ("El Camino" or "ECH"), Mercer has conducted an evaluation of the total remuneration program provided to the El Camino executives named in Table 2 for the fiscal year ending June 30, 2016 (FY 2016). The results of this assessment were presented in Mercer's report at the May Executive Compensation Committee meeting and were used to inform the approval of FY 2017 compensation and benefits. This letter outlines the study's objectives, Mercer's evaluation process, findings, and our opinion that the approved FY 2017 total remuneration program for the named executives falls within a reasonable range of the competitive practice.

I. Purpose

The purpose of this letter is to document comparability data and provide Mercer's opinion on the reasonableness of executive total remuneration program in support of the organization's pursuit of the rebuttable presumption of reasonableness under IRC §4958. To do so, we have:

- Presented relevant summary market comparability data at the May 2016 Committee and June 2016 Board meetings to ensure that the Committee and the Board are well-informed of current executive compensation and benefits practices when making decisions on El Camino's executive remuneration;
- Advised the Committee regarding interpretation of the market data;
- Assisted the Committee in its governance responsibility with respect to the compensation program for all executives by providing Mercer's opinion that all executives' total remuneration, approved in November 2016, falls within a reasonable range of competitive market practices applicable to like positions among like organizations under like circumstances in accordance with the Intermediate Sanctions legislation and applicable regulations; and

- Documented the recent changes to compensation approved by the Board of Directors based on the comparability data Mercer provided to the Committee in May 2016.

II. Background

Mercer serves as an independent advisor to the Committee. In this capacity, we provide advice and competitive compensation and benefits market data to management that has been used in its decision-making process relative to the compensation program for El Camino's executives.

The executive compensation program is governed by the Board of Directors and the Executive Compensation Committee which advises the Board to meet all applicable legal and regulatory requirements as it relates to executive compensation and effectiveness in attracting, retaining, and motivating executives.

Organization Context

El Camino is a nonprofit 501(c)(3) organization that strives to be an innovative, publicly accountable and locally controlled comprehensive health care organization. El Camino cares for the sick, relieves suffering and provides quality, cost-competitive services to improve the health and well-being of the community. El Camino opened its doors to its first patients on September 1, 1961 with 21 medical staff. An expanding population in Silicon Valley drove El Camino Hospital to develop further, and today El Camino Hospital consists of two campuses: Los Gatos and Mountain View. For fiscal year 2015, El Camino had net revenues of \$767.8 million. Net revenue for FY 2016 was \$806.4 million.

Executive Compensation Philosophy¹

El Camino's Executive Compensation Philosophy utilizes the following guiding principles and objectives to drive executive compensation decisions:

1. Support the Hospital's ability to attract, retain, and motivate a highly-talented executive team with the ability and dedication to manage the Hospital accordingly.
2. Support the Hospital's mission and vision and achievement of strategic goals.
3. Encompass a total compensation perspective in developing and administering cash compensation and benefit programs.
4. Consider the Hospital's financial performance and ability to pay which shall be balanced with the Hospital's ability to attract, retain and motivate executives.
5. Govern the executive compensation programs to comply with state and federal laws.

The executive compensation program encompasses both cash compensation (base salary, incentive compensation, and other cash compensation) and non-cash compensation (employer provided benefit plans and perquisites) which, in whole, represent total compensation.

¹ This is extracted from El Camino's official stated philosophy, as presented at the September 9, 2016 Board meeting.

The three key components of the program are base salary, incentives, and benefits. In evaluating executive compensation, the Executive Compensation Committee uses the following market definition and desired positioning guidelines.

Table 1 – El Camino Hospital Market Definition and Desired Positioning

Component	Market Definition and Desired Positioning
Market Definition	<ul style="list-style-type: none"> Primarily national, not-for-profit, independent hospitals/health systems of comparable net revenue size and complexity to ECH. Data increased by a 25% geographic salary differential to account for salary differences in the Bay Area.
Base Salary	<ul style="list-style-type: none"> Salary range midpoints are based on the 50th percentile. The salary range will be from 20% below to 20% above the salary range midpoint. Placement in the range is based on a combination of paying competitively, rewarding performance, and recognizing competence, credentials, and experience.
Incentives	<ul style="list-style-type: none"> Target incentive opportunities are set at competitive levels (i.e., 50th percentile). Actual total cash compensation will reflect an executive's current salary, individual performance and contributions, and organizational performance.
Benefits	<ul style="list-style-type: none"> Executive benefits and severance targeted at competitive levels (i.e., 50th percentile). Perquisites should only be provided when supported by specific business reasons. ECH's practice is to minimize the use of perquisites.

El Camino Executives

Table 2 details the list of incumbents included in Mercer's review of FY 2017 total remuneration. See Appendix C for detailed biographies of each incumbent.

Table 2 – Executives Reviewed

Incumbent	Title
Michael Zdeblick	Chief Operating Officer
William Faber	Chief Medical Officer
Iftikhar Hussain	Chief Financial Officer
Greg Walton	Chief Information Officer
Mary Rotunno	General Counsel
Kathryn Fisk	Chief Human Resource Officer
Ken King	Chief Administrative Services Officer
Cheryl Reinking	Chief Nursing Officer
Joan Kezic	Vice President of Payor Relations
Cecile Currier	Vice President of Corporate & Community Health Services; CEO of CONCERN: Employee Assistance Program
Jodi Barnard	President of El Camino Hospital Foundation

El Camino's Total Remuneration Program

Mercer assessed the value of the total remuneration provided to each executive, which consists of the following elements:

Table 3: Compensation Elements

Element	Overview
Base Salary	<ul style="list-style-type: none"> Annual cash salary based on position, market data, and incumbent skills and experience. For FY 2017, approved base salary increases ranged from 1.6%-5.0%, and were determined based on market, merit, and executive experience. Not all executives received base salary increases in FY 2017.
Incentives	<ul style="list-style-type: none"> Annual cash incentive awards were provided based on annual performance against system-wide financial, patient safety, quality outcomes, and smart growth metrics. For FY 2017, target opportunity remains at 20% of base salary for all executives, with maximum opportunity at 150% of target opportunity.
Retirement	<ul style="list-style-type: none"> Executives are eligible for the following employer paid retirement plans: a Qualified Defined Contribution (DC) Plan; a Qualified Defined Benefit (DB) Plan; and a Nonqualified DC SERP. Total employer contributions range from 10% to 15% for executives, depending on pay and years of service. Executives may also participate in 403(b) and 457(b) plans for voluntary deferrals, including unused allowance from the Taxable Benefit Plan. See Appendix B for a detailed breakdown of benefits values.
Health & Welfare	<ul style="list-style-type: none"> Executives are eligible to receive the same health benefits as all other El Camino employees. Executives receive group life insurance coverage of up to 3X base salary (capped at \$1.25 million). Executives receive short-term disability of 100% of base salary for six months. Executives receive long-term disability equal to 60% of base salary up to a monthly maximum of \$10,000. See Appendix B for a detailed breakdown of benefits values.
Perquisites	<ul style="list-style-type: none"> Executives receive an employer contribution of 7% of base salary to an Executive Taxable Benefit Plan to purchase voluntary long-term disability, long-term care, and life insurance; unused allowance can be deferred to the 457(b) plan or paid in cash. Most executives elect to defer their allowance into the 457(b) plan. Executive severance policy provides six months of base salary and health benefits.

Table 4 summarizes the approved target and maximum FY 2017 total compensation program for El Camino's executives. Target values below reflect the *structure* of El Camino's program; actual payouts will vary and are based on performance. Maximum values assume annual incentive is paid at the maximum value (150% of target) and is paid for attainment of stretch performance under the annual incentive plan.

Table 4: El Camino's FY 2017 Target and Maximum Total Remuneration Opportunity (Data in \$000s)

Incumbent	Base Salary	Total Cash Compensation				Total Remuneration		
		Target Bonus	Target TCC ⁽¹⁾	Max Bonus	Max TCC ⁽¹⁾	Benefits	Target TR ⁽²⁾	Max TR ⁽²⁾
Zdeblick	\$544	20%	\$653	30%	\$707	\$126	\$779	\$833
Faber	\$500	20%	\$600	30%	\$650	\$102	\$702	\$752
Hussain	\$459	20%	\$550	30%	\$596	\$109	\$660	\$705
Walton*	\$212	20%	\$254	30%	\$275	\$55	\$309	\$330
Rotunno	\$335	20%	\$402	30%	\$435	\$103	\$505	\$538
Fisk	\$328	20%	\$394	30%	\$427	\$81	\$474	\$507
King	\$289	20%	\$347	30%	\$376	\$85	\$432	\$461
Reinking	\$292	20%	\$351	30%	\$380	\$89	\$440	\$469
Kezic*	\$260	20%	\$312	30%	\$338	\$90	\$402	\$428
Cumier	\$253	20%	\$303	30%	\$329	\$77	\$381	\$406
Barnard	\$246	20%	\$295	30%	\$320	\$82	\$377	\$402

*Base salary reflects incumbent's FTE status: 0.6 for Walton and 0.9 for Kezic.

(1) Total Cash Compensation (TCC) calculated as Base Salary + Target/Max Bonus.

(2) Total Remuneration (TR) calculated as Total Cash Compensation + Benefits.

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III. Methodology

Mercer's evaluation was conducted in accordance with our firm's standards for reviewing compensation arrangements in tax-exempt organizations.

Cash Compensation Assessment Methodology

Our approach to evaluating competitive compensation practices for El Camino's executives is to develop a composite of market data, constructed by weighting each of the following published health care surveys equally.

- **Market Composite - Health care Surveys:**
 - Mercer (2015): *Integrated Health Networks (IHN) Compensation Survey*;
 - Integrated Healthcare Strategies (2015): *National Healthcare Leadership Compensation Survey*; and
 - Sullivan, Cotter and Associates, Inc. (2015): *Survey of Manager and Executive Compensation in Hospitals and Health Systems*.
- **Survey Data Methodology:**
 - From each survey, we collected market data for base salary and total cash compensation at the 25th, 50th, and 75th percentiles.
 - All survey data were scoped to approximate El Camino's net revenue size (\$375 million to \$1.5 billion, approximately 0.5x - 2.0x ECH's net revenue of \$750 million).
 - All data sources were trended to January 1, 2017 by 3.0%, the expected annual increase for executives at health care organizations according to Mercer's *2015/2016 US Compensation Planning Survey*.
 - All data sources were adjusted by 25% to account for the geographic salary differences in the Bay Area. See Appendix D for detail.
 - For incumbents with reduced Full Time Equivalence (FTE) status (Walton and Kezic) Mercer discounted the survey market data to reflect the same FTE in the market.
 - Mercer developed a position matching strategy for each role through a detailed review of job descriptions, discussions with El Camino, and interviews with executives.

We show a market ratio to 50th percentile (Market Ratio P50) which compares each El Camino's compensation element to the market 50th percentile. A market ratio of 100% means that executive's compensation element is at the 50th percentile.

Benefits Assessment

El Camino's benefits and perquisites were compared to practices among both not-for-profit organizations using Mercer's (2014/2015) *Health Care Executive Benefits and Perquisites Survey* (revenue ranging from \$375 million to \$1.5 billion) for not-for-profit organizations. To develop the survey total remuneration market perspective, Mercer added the market annualized value of retirement, health and welfare benefits and perquisites to market total cash compensation levels. To calculate Maximum Total Remuneration, Mercer added the annualized values of retirement

and other benefits to target and maximum total cash compensation at the market 25th, 50th and 75th percentiles.

IV. Findings and Observations

Target and Maximum Total Remuneration

Tables 5-7 display the comparison of El Camino's approved FY 2017 target and maximum total remuneration program to market composite levels.

Overall, base salaries generally fall below the 50th percentile of the not-for-profit health care market for nearly all executives when the geographic salary differential is applied. El Camino executives' target bonus levels bring target total cash compensation (i.e., base salary + target bonus) to a more competitive position; closer to the 50th percentile in aggregate. Target total remuneration (i.e., base salary + target bonus + benefits) is generally at or less than 10% above market 50th percentile, with a few exceptions of executives that are just under the market 50th percentile. In aggregate, target total remuneration of the executives is just above the market 50th percentile, which aligns with the desired positioning stated in El Camino's compensation philosophy. We will review individual circumstances that warrant compensation above target levels later in this letter. Maximum total cash compensation and maximum total remuneration for most executives is positioned below the 75th percentile of market data.

Base Salary

El Camino's philosophy calls for the following guidelines for placement in base salary range based upon a combination of the factors of paying competitively, rewarding performance, and recognizing competence, credentials and experience:

- Pay at 80% to 90% of market 50th percentile for newly-hired individuals with limited experience or for individuals who have recently been promoted and need developmental time in the position.
- Pay at 90% to 110% of market 50th percentile for fully experienced (6-8 years) individuals with demonstrated records of consistently meeting performance expectations.
- Pay at 110% to 120% of market 50th percentile may be appropriate for a highly experienced individual with demonstrated record of consistently exceeding performance expectations or with skills and expertise beyond those normally associated with the position.
- Board of Directors can approve salaries above the normal salary range for hard-to recruit positions or positions deemed critical to the organization's success.

As shown in Table 5, in aggregate, FY 2017 base salary levels fall below the 50th percentile of the not-for-profit health care market for nearly all executives.

Table 5: FY 2017 Approved Base Salary versus Market (Data in \$000s)

Incumbent	Title	ECH FY2017	Market Base Salary			Market Ratio P50
			P25	P50	P75	
Zdeblick	Chief Operating Officer	\$544	\$449	\$573	\$697	95%
Faber	Chief Medical Officer	\$500	\$472	\$519	\$589	98%
Hussain	Chief Financial Officer	\$459	\$478	\$539	\$610	85%
Walton*	Chief Information Officer	\$212	\$200	\$229	\$260	92%
-	Chief Strategy Officer	-	\$295	\$361	\$427	-
Rotunno	General Counsel	\$335	\$351	\$391	\$450	86%
Fisk	Chief Human Resource Officer	\$328	\$311	\$348	\$391	94%
King	Chief Administrative Services Officer	\$289	\$217	\$289	\$360	100%
Reinking	Chief Nursing Officer	\$292	\$267	\$325	\$410	90%
Kezic*	Vice President of Payor Relations	\$260	\$189	\$238	\$294	109%
Curner	VP Corp / Comm. Health Svcs & Pres. EAP	\$253	\$243	\$264	\$309	98%
Barnard	President of ECH Foundation	\$246	\$218	\$274	\$320	90%
Aggregate						93%

*Market data has been discounted to reflect incumbent's FTE status: 0.6 for Walton and 0.9 for Kezic.

Annual Incentives and Total Cash Compensation

Table 6 provides a comparison of El Camino's target total cash compensation (i.e., base salary + target bonus) to market composite target total cash compensation. In aggregate, El Camino's FY 2017 target total cash compensation is positioned within 10% of the 50th percentile, with the exception of two executives (Chief Nursing Officer, and VP of Payor Relations).

Table 6: FY 2017 Approved Target Total Cash Compensation versus Market (Data in \$000s)

Incumbent	Title	ECH/TCC FY2017		Market Total Cash Compensation			Market Ratio	
		(Target)	(Max)	P25	P50	P75	Target/P50	Max/P75
Zdeblick	Chief Operating Officer	\$653	\$707	\$522	\$663	\$820	98%	86%
Faber	Chief Medical Officer	\$600	\$650	\$484	\$562	\$716	107%	91%
Hussain	Chief Financial Officer	\$550	\$598	\$515	\$619	\$710	89%	84%
Walton*	Chief Information Officer	\$254	\$275	\$218	\$251	\$306	101%	80%
-	Chief Strategy Officer	-	-	\$309	\$403	\$488	-	-
Rotunno	General Counsel	\$402	\$435	\$378	\$446	\$538	90%	81%
Fisk	Chief Human Resource Officer	\$394	\$427	\$333	\$389	\$452	101%	94%
King	Chief Administrative Services Officer	\$347	\$376	\$230	\$319	\$401	108%	94%
Reinking	Chief Nursing Officer	\$351	\$380	\$309	\$372	\$477	94%	80%
Kezic*	Vice President of Payor Relations	\$312	\$338	\$190	\$260	\$321	120%	105%
Curner	VP Corp / Comm. Health Svcs & Pres. EAP	\$303	\$329	\$250	\$301	\$353	101%	93%
Barnard	President of ECH Foundation	\$295	\$320	\$233	\$308	\$356	86%	90%
Aggregate							99%	89%

*Market data has been discounted to reflect incumbent's FTE status: 0.6 for Walton and 0.9 for Kezic.

Benefits

Overall, El Camino's executive benefit offerings are comprehensive and generally consistent with market practice and those provided by comparators. The total value of El Camino's benefits program is generally aligned with the market 50th percentile of the not-for-profit health care industry.

Retirement

Overall, the types of retirement plans offered by El Camino are consistent with market practice. Like El Camino, the vast majority of similarly sized tax-exempt health care organizations provide a qualified defined contribution plan. Total employer contribution to retirement (including defined contribution, defined benefit and SERP) is generally aligned with the 50th percentile of the not-for-profit health care industry. However, with a flat 5% non-qualified contribution, higher paid executives receive lower overall retirement benefit values as a percent of base salary.

Health and Welfare Benefits

El Camino's executives receive the same health benefits as all other employees, which is consistent with market practice. Executives receive life insurance coverage of up to 3X base pay (\$1,250,000 maximum), which is aligned with the market 75th percentile. Executives receive short-term disability coverage of 100% of base salary for up to 6 months, and long-term disability coverage of 60% of base pay up to a monthly maximum benefit of \$10,000, which is consistent with market practice. Given the benefit levels, El Camino is generally consistent with market practice in its health and welfare benefit offerings.

Perquisites

El Camino provides executives with an employer contribution of 7% of base salary to an Executive Taxable Benefit Plan to purchase voluntary long-term disability coverage, long-term care, and life insurance. Any unused allowance can be deferred to the 457(b) plan or the executive may opt to receive in cash. Perquisites without a clear business-related purpose continue to become less prevalent in the market. Flexible benefit plans in particular are declining in prevalence for a variety of reasons including complexity and cost. El Camino's executive severance policy is to provide base salary and health benefits for six months. Severance on base salary is consistent with market practice and the length of El Camino's severance period is below market practices.

Target Total Remuneration

El Camino's target total remuneration values (base salary + target bonus + benefits) for executives are generally within 10% of the market 50th percentile. In aggregate target total remuneration is between the market 50th and 75th percentiles. (Table 7)

Maximum Total Remuneration Opportunity

In addition to examining the approved target total remuneration program for El Camino's executives, Mercer also has reviewed the *maximum* total remuneration opportunity for executives (maximum total direct compensation plus benefits). Maximum total remuneration assumes the annual incentive plan pays out at maximum (i.e., 150% of target opportunity) and payout requires attainment of stretch goals under the annual incentive plan. (Table 7)

Table 7: FY 2017 Approved Target and Maximum Total Remuneration versus Market (Data in \$000s)

Incumbent Title	ECH TR FY 2017		Market Total Remuneration			Market Ratio	Market Ratio
	(Target)	(Max)	P25	P50	P75	Target/P50	Max/P75
Zdeblick Chief Operating Officer	\$779	\$833	\$602	\$760	\$935	102%	89%
Faber Chief Medical Officer	\$702	\$752	\$563	\$648	\$811	108%	93%
Hussain Chief Financial Officer	\$660	\$705	\$590	\$703	\$803	94%	88%
Walton* Chief Information Officer	\$309	\$330	\$257	\$294	\$353	105%	94%
- Chief Strategy Officer	-	-	\$367	\$470	\$565	-	-
Rotunno General Counsel	\$505	\$538	\$444	\$518	\$618	98%	87%
Fisk Chief Human Resource Officer	\$474	\$507	\$389	\$451	\$519	105%	98%
King Chief Administrative Services Officer	\$432	\$461	\$264	\$358	\$446	121%	103%
Reinking Chief Nursing Officer	\$440	\$469	\$346	\$415	\$526	106%	89%
Kezic* Vice President of Payor Relations	\$402	\$428	\$223	\$298	\$363	135%	118%
Cumer VP Corp./ Comm. Health Svcs & Pres, EAP	\$381	\$406	\$295	\$349	\$406	109%	100%
Barnard President of ECH Foundation	\$377	\$402	\$280	\$363	\$417	104%	98%
Aggregate						106%	94%

*Market data has been discounted to reflect incumbent's FTE status: 0.6 for Walton and 0.9 for Kezic.

V. Basis for Opinion

Many factors are considered in an evaluation of the reasonableness of pay, including the organization's performance, its total rewards philosophy, and the qualifications and roles of the incumbents. Market data and external factors play a role in determining a reasonable range of compensation practices. Differences in pay levels between an organization and the market data (i.e., variation from the 75th) do not mean that an organization is necessarily over- or under-competitive. El Camino can compensate an executive above the 75th percentiles of the market and still be within a range of reasonable compensation, depending on the facts and circumstances of the particular situation.

- **Industry Pressure:** With the significant changes in the health care industry, El Camino faces a strategic crossroads as an independent community hospital system. The ability to attract and retain key talent remains critical to the future success of the organization during this turbulent time and providing compensation at market (50th percentile) or above levels is part of El Camino's strategy to ensure its ability to attract and retain executive talent.
- **Executive Compensation Philosophy:** El Camino's desired market positioning as described in the executive compensation philosophy is the market 50th percentile. In aggregate, El Camino executives are positioned at the 50th percentile for target compensation across compensation elements and in alignment with the compensation philosophy. Two individuals exceed target positioning, but this reflects specific circumstances for those individuals and the decision of El Camino to allocate its compensation spend strategically across the executive team. The Committee has discussed the rationale for the positioning of these two executives (see below).
- **The Qualifications and Roles of the Incumbents:** The El Camino executive team is critical to the success of the organization. The Committee has acknowledged that they are well-

regarded, experienced, and possess significant institutional and industry knowledge. Two incumbents' above-market compensation reflects unique circumstances by incumbent and role:

- The **Chief Administrative Services Officer** has nearly 30 years of experience with El Camino and his salary is positioned toward the conservative end of the range (100% of median) outlined in the executive compensation philosophy for highly-tenured individuals (110%-120% of market median). The addition of a slightly more generous benefits package pushes overall positioning at maximum total remuneration just above the 75th percentile.
- The **Vice President of Payor Relations** has responsibility for relationships that El Camino Hospital believes are essential for the continued success of the organization as an independent hospital, and the Committee believes that retention of top talent in this role is critical to the execution of the organization strategy. Therefore, the Committee is comfortable positioning base salary more aggressively to market which results in maximum total remuneration opportunity above the 75th percentile.

VI. Opinion of Reasonableness

Mercer (US) Inc. certifies that it (1) is a compensation consulting firm, (2) performs compensation valuation studies of this type on a regular basis, and (3) is qualified to perform the valuations of the type of property or services involved. In our opinion, the total remuneration we have reviewed falls within a reasonable range of competitive market practices applicable to like positions among like organizations under like circumstances.

Disclaimers

Mercer has relied on the information and data provided to us without any independent review or verification and we assume all data provided to us is accurate, factual and complete. This does not constitute an opinion regarding the underlying business decisions.

This opinion has been prepared exclusively for El Camino Hospital to assist in understanding market total remuneration positioning for its senior executives. This letter provides the Committee with market comparability data as required by Intermediate Sanctions regulations and we urge the Committee to ensure that the additional requirements for establishing the rebuttable presumption/determining reasonable compensation have been met and to seek the advice of counsel as needed in this regard. This letter may not be used or relied upon by any other party or for any other purpose; Mercer is not responsible for the consequences of any such unauthorized use.

We are unaware of any family members of the Executives listed in Table 2 that also work for El Camino Hospital who might also be considered disqualified persons



Page 12
November 17, 2016
Dr. Lanhee Chen
El Camino Hospital

As always, it is our pleasure to be of service. If you have any questions about this letter, please do not hesitate to contact me at (213) 346-2233.

Sincerely,

A handwritten signature in black ink that reads 'Stephen S. Pollack'.

Stephen S. Pollack
Partner

Copy:
Lisa Stella, Mercer

Appendix A: Market Evaluation Details (compensation data in 000s)

Table 8: Chief Operating Officer Market Data

Benchmark Match Information	Wgt	Adj	# of Cos	# of Incs	Base Salary			Total Compensation			Total Remuneration					
					25th	50th	75th	25th	50th	75th	25th	50th	75th			
US-HLTH-IHS-15 - 100 - Independent Chief Operating Officer - System: Net Rev \$500M-\$1.0B	1		30		\$396	\$475	\$571	\$464	\$543	\$664	\$464	\$566	\$664	-	-	-
_US-HLTH-MER-15 - 4102A - Chief Operating Officer (COO) - Healthcare System: Total Net Revenue: 350M to less than 1.5B USD	1		15	15	\$312	\$467	\$604	\$400	\$558	\$739	\$400	\$558	\$739	-	-	-
US-HLTH-SUL-15 - 7005 - Chief Operating Officer - System: \$400M to \$900M Net Revenue	1		59		\$369	\$433	\$497	\$387	\$490	\$565	\$387	\$496	\$565	-	-	-
Survey Composite					\$359	\$458	\$557	\$417	\$530	\$656	\$417	\$540	\$656	\$485	\$612	\$751
Survey Composite with 25% Geographic Differential					\$449	\$573	\$697	\$522	\$663	\$820	\$522	\$675	\$820	\$602	\$760	\$935

Table 9: Chief Medical Officer Market Data

Benchmark Match Information	Wgt	Adj	# of Cos	# of Incs	Base Salary			Total Compensation			Total Remuneration					
					25th	50th	75th	25th	50th	75th	25th	50th	75th			
US-HLTH-IHS-15 - 650 - Chief Medical Officer (MD/DO) - System: Net Rev \$500M-\$1.0B	1		37		\$395	\$413	\$449	\$402	\$461	\$564	\$402	\$461	\$564	-	-	-
_US-HLTH-MER-15 - 4320A - Chief Medical Officer (CMO) - Healthcare System: Total Net Revenue: 350M to less than 1.5B USD	1		19	19	\$369	\$434	\$495	\$385	\$450	\$602	\$394	\$450	\$602	-	-	-
US-HLTH-SUL-15 - 7010 - Chief Medical Officer - System: \$400M to \$900M Net Revenue	1		67		\$370	\$398	\$470	\$374	\$439	\$552	\$374	\$439	\$552	-	-	-
Survey Composite					\$378	\$415	\$471	\$387	\$450	\$573	\$390	\$450	\$573	\$453	\$521	\$651
Survey Composite with 25% Geographic Differential					\$472	\$519	\$589	\$484	\$562	\$716	\$487	\$562	\$716	\$563	\$648	\$811

Table 10: Chief Financial Officer Market Data

Benchmark Match Information	Wgt	Adj	# of Cos	# of Incs	Base			TCG			TDC			Total Compensation		
					25th	50th	75th	25th	50th	75th	25th	50th	75th	25th	50th	75th
US-HLTH-IHS-15 - 425 - Independent Chief Financial Officer - System: Net Rev \$500M-\$1.0B	1		38		\$396	\$440	\$475	\$443	\$499	\$577	\$443	\$499	\$577	-	-	-
_US-HLTH-MER-15 - 4230A - Chief Financial Officer (CFO) - Healthcare System: Total Net Revenue: 350M to less than 1.5B USD	1		29	29	\$384	\$437	\$533	\$392	\$531	\$605	\$392	\$531	\$632	-	-	-
US-HLTH-SUL-15 - 7015 - Chief Financial Officer - System: \$400M to \$900M Net Revenue	1		87		\$368	\$418	\$457	\$401	\$457	\$522	\$404	\$457	\$546	-	-	-
Survey Composite					\$383	\$432	\$488	\$412	\$495	\$588	\$413	\$495	\$585	\$473	\$564	\$644
Survey Composite with 25% Geographic Differential					\$478	\$539	\$610	\$515	\$619	\$710	\$516	\$619	\$731	\$590	\$703	\$803

Table 11: Chief Information Officer Market Data

Benchmark Match Information	Wgt	Adj	# of Cos	# of Incs	Base			TCG			TDC			Total Compensation		
					25th	50th	75th	25th	50th	75th	25th	50th	75th	25th	50th	75th
US-HLTH-IHS-15 - 550 - Chief Information Officer - System: Net Rev \$500M-\$1.0B	1	-40% for reduced FTE Status	36		\$167	\$186	\$218	\$182	\$200	\$259	\$183	\$200	\$259	-	-	-
_US-HLTH-MER-15 - 4185A - Chief Information Officer (CIO) - Healthcare System: Total Net Revenue: 350M to less than 1.5B USD	1	-40% for reduced FTE Status; -10% for Size	27	27	\$149	\$184	\$205	\$172	\$209	\$249	\$172	\$211	\$250	-	-	-
US-HLTH-SUL-15 - 7030 - Chief Information Officer - System: \$400M to \$900M Net Revenue	1	-40% for reduced FTE Status	56		\$163	\$179	\$200	\$170	\$194	\$225	\$170	\$194	\$225	-	-	-
Survey Composite					\$160	\$183	\$208	\$174	\$201	\$245	\$175	\$202	\$245	\$207	\$237	\$284
Survey Composite with 25% Geographic Differential					\$200	\$229	\$260	\$218	\$251	\$306	\$218	\$252	\$306	\$257	\$294	\$353

Table 12: Chief Strategy Officer Market Data

Benchmark Match Information	Wgt	Adj	# of Cos	# of Incs	BMO			TCG			TDC			Total Remuneration		
					25th	50th	75th	25th	50th	75th	25th	50th	75th	25th	50th	75th
_US-HLTH-MER-15 - 4391A - Top Strategic Planning Executive - Healthcare System: Total Net Revenue: 350M to less than 1.5B USD																
US-HLTH-SUL-15 - 7027 - Chief Strategy Officer - System: \$400M to \$900M Net Revenue	1	-10% for Size	18	18	\$213	\$244	\$314	\$215	\$282	\$379	\$215	\$293	\$379	-	-	-
Suney Composite					\$236	\$289	\$341	\$247	\$322	\$390	\$247	\$329	\$396	\$297	\$380	\$455
Suney Composite with 25% Geographic Differential					\$295	\$361	\$427	\$309	\$403	\$488	\$309	\$411	\$494	\$367	\$470	\$566

Table 13: General Counsel Market Data

Benchmark Match Information	Wgt	Adj	# of Cos	# of Incs	BMO			TCG			TDC			Total Remuneration		
					25th	50th	75th	25th	50th	75th	25th	50th	75th	25th	50th	75th
US-HLTH-HHS-15 - 590 - Top Executive, Legal Services (General Counsel) - System: Net Rev \$500M-\$1.0B																
_US-HLTH-MER-15 - 4280A - Chief Legal Counsel/Top Legal Services Executive - Healthcare System: Total Net Revenue: 350M to less than 1.5B USD	1	-10% for Size	24	24	\$290	\$320	\$366	\$312	\$356	\$439	\$312	\$356	\$439	-	-	-
US-HLTH-SUL-15 - 7075 - Top Legal Services Executive (General Counsel) - System: \$400M to \$900M Net Revenue	1		49	49	\$269	\$305	\$351	\$291	\$348	\$399	\$291	\$348	\$399	-	-	-
Suney Composite					\$280	\$313	\$360	\$302	\$356	\$430	\$302	\$358	\$430	\$358	\$417	\$498
Suney Composite with 25% Geographic Differential					\$351	\$391	\$460	\$378	\$446	\$538	\$378	\$447	\$538	\$444	\$518	\$618

Table 14: Chief Human Resource Officer Market Data

Benchmark Match Information	Wgt	Adj	# of Cos	# of Incs	BDO			TCC			TDC			Total Remuneration		
					25th	50th	75th	25th	50th	75th	25th	50th	75th	25th	50th	75th
US-HLTH-IHS-15 - 500 - Top Executive, Human Resources - System. Net Rev \$500M-\$1.0B	1		41		\$254	\$286	\$313	\$275	\$317	\$364	\$275	\$317	\$368	-	-	-
_US-HLTH-MER-15 - 4260A - Top Human Resources Executive - Healthcare System. Total Net Revenue: 350M to less than 1.5B USD	1		29	29	\$253	\$284	\$327	\$270	\$320	\$387	\$270	\$320	\$391	-	-	-
US-HLTH-SUL-15 - 7055 - Top Human Resources Executive - System: \$400M to \$900M Net Revenue	1		77		\$240	\$266	\$298	\$255	\$298	\$333	\$255	\$298	\$333	-	-	-
Survey Composite					\$249	\$279	\$313	\$266	\$311	\$361	\$266	\$311	\$364	\$314	\$363	\$418
Survey Composite with 25% Geographic Differential					\$311	\$348	\$391	\$333	\$389	\$452	\$333	\$389	\$455	\$389	\$451	\$519

Table 15: Chief Administrative Services Officer Market Data

Benchmark Match Information	Wgt	Adj	# of Cos	# of Incs	BDO			TCC			TDC			Total Remuneration		
					25th	50th	75th	25th	50th	75th	25th	50th	75th	25th	50th	75th
US-HLTH-IHS-15 - 215 - Top Executive, Support Services - System. Net Rev \$500M-\$1.0B	1		12		\$179	\$243	\$261	\$190	\$243	\$296	\$190	\$243	\$305	-	-	-
_US-HLTH-MER-15 - 4530A - Head of Support Services - Healthcare System. Total Net Revenue: 500M or More USD	1	-15% for Size	7	7	\$141	\$228	\$355	\$150	\$267	\$393	\$150	\$267	\$393	-	-	-
US-HLTH-SUL-15 - 7061 - Top Support Services Executive - System: \$400M to \$900M Net Revenue	1		13		\$200	\$222	\$249	\$213	\$256	\$272	\$222	\$256	\$272	-	-	-
Survey Composite					\$173	\$231	\$288	\$184	\$255	\$321	\$187	\$255	\$324	\$214	\$290	\$360
Survey Composite with 25% Geographic Differential					\$217	\$289	\$360	\$230	\$319	\$401	\$234	\$319	\$404	\$264	\$358	\$446



Page 17
 November 17, 2016
 Dr. Lanhee Chen
 El Camino Hospital

Table 16: Chief Nursing Officer Market Data

Benchmark Match Information	Wgt	Adj	BDO			TDC			Total Revenue							
			# of Cos	# of Inps		25th	50th	75th	25th	50th	75th					
US-HLTH-HS-15 - 120 - Top Executive, Patient Care - System, Net Rev \$500M-\$1.0B	1		17		\$183	\$226	\$348	\$183	\$253	\$402	\$183	\$253	\$410	-	-	-
US-HLTH-MER-15 - 4381A - Top Patient Care Executive - Healthcare System, Median Net Revenue: 1.95B USD	1	-20% for Size	7	7	\$247	\$267	\$309	\$333	\$336	\$369	\$333	\$366	\$373	-	-	-
US-HLTH-SUL-15 - 7045 - Top Patient Care Executive - System, \$400M to \$900M Net Revenue	1		25		\$212	\$288	\$326	\$225	\$304	\$373	\$225	\$304	\$373	-	-	-
Survey Composite					\$214	\$260	\$328	\$247	\$298	\$381	\$247	\$308	\$385	\$280	\$335	\$424
Survey Composite with 25% Geographic Differential					\$267	\$325	\$410	\$308	\$372	\$477	\$308	\$385	\$482	\$346	\$415	\$526

Table 17: Vice President of Payor Relations Market Data

Benchmark Match Information	Wgt	Adj	BDO			TDC			Total Revenue							
			# of Cos	# of Inps		25th	50th	75th	25th	50th	75th					
US-HLTH-HS-15 - 800 - Head of Managed Care - System, Net Rev \$500M-\$1.0B	1	-10% for FTE Status	15		\$131	\$176	\$226	\$131	\$176	\$252	\$133	\$176	\$252	-	-	-
US-HLTH-MER-15 - 4330A - Head of Managed Care - Healthcare System, Total Net Revenue: 350M to less than 1.5B USD	1	-10% for FTE Status	16	16	\$140	\$193	\$239	\$143	\$219	\$269	\$143	\$219	\$269	-	-	-
US-HLTH-SUL-15 - 7229 - Top Managed Care Executive - System, \$400M to \$900M Net Revenue	1	-10% for FTE Status	12		\$182	\$201	\$240	\$182	\$231	\$249	\$182	\$231	\$249	-	-	-
Survey Composite					\$151	\$190	\$235	\$152	\$208	\$257	\$153	\$208	\$257	\$182	\$241	\$294
Survey Composite with 25% Geographic Differential					\$189	\$238	\$294	\$190	\$260	\$321	\$191	\$260	\$321	\$223	\$298	\$363



Table 18: Vice President of Corporate and Community Health Services; CEO of CONCERN: Employee Assistance Program Market Data

Benchmark Match Information	Wgt	Adj	# of Cos	# of Incs	25th			50th			75th			Total Compensation		
					25th	50th	75th	25th	50th	75th	25th	50th	75th	25th	50th	75th
_US-HLTH-MER-15 - 4600A - Head of Product/Service Line - Healthcare System- Total Net Revenue: 350M to less than 1.5B USD	1	-15% for Size, +20% for Org Level	8	16	\$173	\$187	\$202	\$173	\$208	\$251	\$173	\$208	\$251	-	-	-
US-HLTH-IHS-15 - 325 - Head of Service Line (with Nursing) - System: National	1	+20% for Org Level	12		\$193	\$208	\$262	\$200	\$253	\$300	\$200	\$253	\$300	-	-	-
US-HLTH-SUL-15 - 7260 - Top Service Line Executive - Other - System: All Organizations	1	+20% for Org Level	16		\$217	\$238	\$277	\$228	\$261	\$298	\$228	\$261	\$298	-	-	-
US-HLTH-SUL-15 - 7930 - Head of Service Line - Other - System: All Organizations	0	+20% for Org Level	8		\$156	\$169	\$182	\$165	\$181	\$198	\$165	\$181	\$198	-	-	-
Survey Composite					\$194	\$211	\$247	\$200	\$241	\$283	\$200	\$241	\$283	\$239	\$282	\$328
Survey Composite with 25% Geographic Differential					\$243	\$264	\$309	\$250	\$301	\$353	\$250	\$301	\$353	\$295	\$349	\$406

Table 19: President of El Camino Hospital Foundation Market Data

Benchmark Match Information	Wgt	Adj	# of Cos	# of Incs	25th			50th			75th			Total Compensation		
					25th	50th	75th	25th	50th	75th	25th	50th	75th	25th	50th	75th
US-HLTH-IHS-15 - 735 - Head of Foundation/Fund Development - System: Net Rev \$500M-\$1.0B	1		32		\$165	\$209	\$254	\$182	\$217	\$274	\$182	\$217	\$274	-	-	-
_US-HLTH-MER-15 - 4240A - Head of Foundation - Healthcare System: Total Net Revenue: 350M to less than 1.5B USD	1	-10% for Size	16	16	\$159	\$217	\$243	\$159	\$254	\$281	\$159	\$254	\$281	-	-	-
US-HLTH-SUL-15 - 7090 - Top Foundation/Fund Development Executive - System: \$400M to \$900M Net Revenue	1		39		\$199	\$233	\$271	\$217	\$268	\$298	\$217	\$268	\$298	-	-	-
Survey Composite					\$174	\$219	\$256	\$186	\$246	\$284	\$186	\$246	\$284	\$227	\$294	\$337
Survey Composite with 25% Geographic Differential					\$218	\$274	\$320	\$233	\$308	\$356	\$233	\$308	\$356	\$280	\$363	\$417

Appendix B: Executive Benefits and Perquisites Review

Retirement Plans Summary

	El Camino	Market Practice	Comments
Employer-paid Retirement Benefits	<p>Qualified Defined Contribution (DC) Plan <u>403(b) Plan</u></p> <ul style="list-style-type: none"> • Employer matching contribution of base salary deferred, subject to IRS limits (\$270,000 in 2017), based on years of service: <ul style="list-style-type: none"> – 1-14 years: 4% – 15-19 years: 5% – 20+ years: 6% <p>Qualified Defined Benefit (DB) Plan <u>Cash Balance Plan</u></p> <ul style="list-style-type: none"> • Employer contribution of 5% of base salary, subject to IRS limits (\$270,000 in 2017) <p>Nonqualified DC SERP <u>457(f) Plan</u></p> <ul style="list-style-type: none"> • Executives receive an employer contribution equal to 5% of base salary <p>Total employer contribution ranges from 10% to 16% for executives, depending on pay and years of service</p>	<p>Not-for-Profit</p> <ul style="list-style-type: none"> • The vast majority of organizations provide employer contributions to a qualified DC plan <ul style="list-style-type: none"> – Approximately 15% provide a qualified DB plan • Approximately 75% provide a supplemental plan to Tier 1 executives (~35% provide to Tier 2 executives) <ul style="list-style-type: none"> – The vast majority are DC SERPs • Total contribution from all employer-provided sources (as a percentage of base salary) is 13.5% to Tier 1 and 7% to Tier 2 at the median (25%), and 14% at 75th percentile respectively) <p>For-Profit</p> <ul style="list-style-type: none"> • The vast majority of organizations provide employer contributions to a qualified DC plan <ul style="list-style-type: none"> – Less than 10% provide a qualified DB plan • Approximately 45% provide a supplemental plan to executives • Total contribution from all employer-provided sources (as a percentage of base salary) is 5% at the median (9% at the 75th percentile) 	<ul style="list-style-type: none"> • Overall structure of the benefit (including providing a DC SERP) is generally consistent with market practice, although prevalence of DB plans continues to decline. • Total employer contribution is generally aligned with market median of the not-for-profit industry and above market 75th percentile in the for-profit industry, depending on pay, level, and years of service. <ul style="list-style-type: none"> – Higher-paid executives are positioned lower due to IRS limits on pay in the qualified plans and the SERP contribution is not enough to bring the benefit up to market median

Sources: Mercer's 2014/2015 Health Care Executive Benefits and Perquisites Survey for nonprofit comparators and SEC filings for for-profit comparators. Tier 1 Executives: CEO direct report; Tier 2 Executives: Tier 1 direct report.

Retirement Plans Summary, continued

	El Camino	Market Practice	Comments
Voluntary Employee Retirement Deferrals	<p><u>403(b) Plan</u></p> <ul style="list-style-type: none"> Allows for deferral of pay (up to \$18,000 in 2017; \$24,000 if age 50+) <p><u>457(b) Plan</u></p> <ul style="list-style-type: none"> Allows for additional deferral up to \$18,000 in 2017 Most executives have elected to defer some of their Taxable Benefit Plan into the 457(b) plan 	<ul style="list-style-type: none"> Nearly all organizations allow for employee deferrals to a 403(b)/401(k) plan <p>Not-for-Profit</p> <ul style="list-style-type: none"> Approximately 80% of organizations allow additional employee deferrals into a 457(b) plan for Tier 1 executives (65% for Tier 2) <p>For-Profit</p> <ul style="list-style-type: none"> Approximately 55% of organizations allow additional employee deferrals into a nonqualified voluntary deferred compensation plan 	<ul style="list-style-type: none"> Consistent with market practice to provide a 457(b) plan

Sources: Mercer's 2014/2015 Healthcare Executive Benefits and Perquisites Survey for nonprofit comparators and SEC filings for for-profit comparators. Tier 1 Executives: CEO direct report; Tier 2 Executives: Tier 1 direct report.

Health & Welfare Plans Summary

	El Camino	Market Practice	Comments
Medical	<ul style="list-style-type: none"> Executives receive the same health benefits as all employees 	<ul style="list-style-type: none"> Common to provide the same health benefits and employer/employee cost sharing to all employees Supplemental executive medical coverage is not market prevalent, and this trend continues to decrease in light of healthcare reform 	<ul style="list-style-type: none"> Consistent with market practice
Life Insurance	<ul style="list-style-type: none"> Employer-paid group coverage for executives only up to 3X annual base salary, up to a maximum of \$1.25 million 	<ul style="list-style-type: none"> Almost all comparable organizations provide employer-paid group term life insurance benefits Approximately 50% provide additional life insurance coverage to Tier 1 executives and 30% to Tier 2 Median employer-paid coverage is typically 2X base salary (3X base salary at the 75th percentile) 	<ul style="list-style-type: none"> Coverage level is aligned with market 75th percentile

Sources: Mercer's 2014/2015 Health Care Executive Benefits and Perquisites Survey for nonprofit comparators and SEC filings for for-profit comparators. Tier 1 Executives: CEO direct report; Tier 2 Executives: Tier 1 direct report

Health & Welfare Plans Summary, continued

	El Camino	Market Practice	Comments
Short-term Disability (STD)	<ul style="list-style-type: none"> • Employer-paid executive coverage equal to 100% of base salary for up to 6 months 	<ul style="list-style-type: none"> • Approximately 75% of comparable organizations provide employer-paid group short-term disability <ul style="list-style-type: none"> – 60% of base salary is the most common benefit • Approximately 35% provide supplemental employer-paid STD coverage to Tier 1 executives (30% to Tier 2) <ul style="list-style-type: none"> – 100% of base salary is the most common benefit 	<ul style="list-style-type: none"> • Consistent with market practice
Long-term Disability (LTD)	<ul style="list-style-type: none"> • Employer-paid group coverage to all employees equal to 60% of base salary up to a monthly maximum of \$10,000 	<ul style="list-style-type: none"> • The vast majority of comparable organizations provide employer-paid group LTD coverage • Approximately 60% provide additional employer-paid LTD coverage to Tier 1 executives (40% to Tier 2) <ul style="list-style-type: none"> – Median total employer-paid coverage is 60% of base salary up to \$15,000 per month 	<ul style="list-style-type: none"> • Coverage level is consistent with market practice • Maximum benefit is slightly below market median

Sources: Mercer's 2014/2015 Health Care Executive Benefits and Perquisites Survey for nonprofit comparators and SEC filings for for-profit comparators. Tier 1 Executives: CEO direct report; Tier 2 Executives: Tier 1 direct report

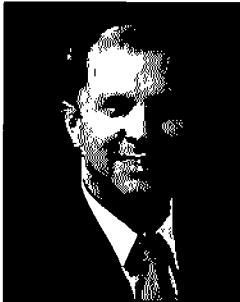
Severance and Perquisites Summary

	El Camino	Market Practice	Comments
Executive Severance	<ul style="list-style-type: none"> • Salary and health benefits continue for 6 months 	<ul style="list-style-type: none"> • Approximately 80% provide executive severance benefits to Tier 1 executives (~45% to Tier 2). <ul style="list-style-type: none"> – Median severance period is 12 months for Tier 1 and Tier 2 executives – Over 75% continue benefits during the severance period 	<ul style="list-style-type: none"> • Length of severance period is below market median
Executive Perquisites	<ul style="list-style-type: none"> • Executives receive an employer contribution of 7% of base salary to an Executive Taxable Benefit Plan to purchase voluntary LTD, Long-term Care, and Life insurance; unused allowance can be deferred to the 457(b) plan or paid in cash, which most executives elect 	<ul style="list-style-type: none"> • Car/car allowance is the only perquisite that remains somewhat prevalent (30% for Tier 1, 5% for Tier 2) 	<ul style="list-style-type: none"> • Perquisites without a clear business-related purpose continue to become less prevalent

Sources: Mercer's 2014/2015 Health Care Executive Benefits and Perquisites Survey for nonprofit comparators and SEC filings for for-profit comparators. Tier 1 Executives: CEO direct report; Tier 2 Executives: Tier 1 direct report

Appendix C: Executive Biographies

Mick Zdeblick Chief Operating Officer



Mick Zdeblick joined El Camino Hospital as the chief operating officer in the fall of 2012. He has more than 25 years of management and operational experience. Mick spent the majority of his career at APM Inc. (acquired by CSC in 2001). He previously served as vice president of operations at Rush University Medical Center in Chicago, Illinois. Mick earned a bachelor's degree in business administration from Marquette University and a master's degree from Northwestern University Kellogg School of Management in Chicago.

William Faber, MD Chief Medical Officer



Dr. William Faber joined El Camino Hospital as the Chief Medical Officer in the summer of 2016, bringing 30 years of medical experience. Before coming to El Camino Hospital, he held many senior leadership roles, including several with Advocate Health Care in Oakbrook, Illinois and most recently with General Electric (GE) Healthcare Camden Group in Chicago. Dr. Faber earned both his medical degree and his master's degree in medical ethics from Loma Linda University, and received a master of science in health care management from Harvard School of Public Health. Dr. Faber, board certified in Family Medicine, completed his residency at Family Medicine at Hinsdale Family Medicine Practice in Hinsdale, Illinois. He's a Fellow of the American Academy of Family Practice and a member of the American Academy of Family Physicians, in addition to several other professional organizations.

Iftikhar Hussain
Chief Financial Officer



Iftikhar Hussain joined El Camino Hospital as the chief financial officer in the spring of 2014. He has more than 30 years of health care financial experience. Most recently, Iftikhar was chief executive officer of Mills-Peninsula Health Services in Burlingame, California. Other previous roles include director of finance at Alta Bates Summit Medical Center in Oakland, California, and director of accounting services at Mercy Healthcare/Catholic Healthcare West in Sacramento, California. He earned a bachelor's degree in finance and accounting from the University of California, Berkeley. Iftikhar is a member of the Healthcare Financial Management Association.

Greg Walton
Chief Information Officer



Greg Walton joined El Camino Hospital as the chief information officer in late 2007. He has more than 35 years of health information technology experience. Most recently, he served as senior vice president and chief information officer at Carilion Health System in Roanoke, Virginia. He has also held management positions at the University of Pittsburgh Medical Center, CapGemini, and SMS. Greg holds a master's degree in business administration from Widener University in Chester, Pennsylvania, and a bachelor's degree in social science from the University of Miami, Florida. He's a fellow of the Healthcare Information and Management Systems Society (HIMSS), as well as the past chair of the HIMSS Board of Directors.

Mary Rotunno
General Counsel



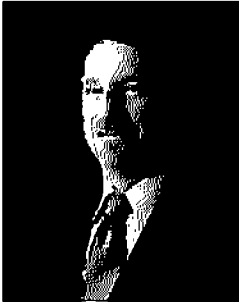
Mary Rotunno is the General Counsel for El Camino Hospital. Before joining the hospital in early 2014, she served for over 11 years as Senior Counsel for the Bay Area Region at Dignity Health in San Francisco, California. Mary has more than 25 years of experience as an attorney specializing in litigation and health care law. Mary graduated from University of Illinois at the Medical Center with a Bachelor of Science in Nursing and worked as a registered nurse before earning her Juris Doctor degree from University of California, Hastings College of Law. Her long-term commitment to service provided a natural transition from serving patients to serving clients, both allowing her to pursue her passion for helping others.

Kathryn Fisk
Chief Human Resource Officer



Kathryn Fisk is the chief human resources officer for El Camino Hospital. She joined the hospital in early 2014. Most recently Kathryn was regional director of human resources for the Florida Region of Tenet Healthcare. She also served in several senior-level human resources positions at the University of Miami Health System, Baptist Health South Florida and the University of Massachusetts Medical Center and School. Along with master's degrees in biology and business administration, she holds a lifetime Senior Professional in Human Resources certification from the Society of Human Resources Management (SHRM).

Ken King
Chief Administrative Services Officer



Ken King is the chief administrative services officer for El Camino Hospital. He joined the hospital in 1988. Before joining the El Camino Hospital, Ken worked in various engineering management positions in hospitals in Southern California. He's a member of the American Society of Hospital Engineers, National Fire Protection Agency, and the Association for the Advancement of Medical Instrumentation.

Cheryl Reinking, RN, MS
Chief Nursing Officer



Cheryl Reinking serves as the chief nursing officer for El Camino Hospital. She has served the hospital in progressive nursing leadership roles for the past 25 years. Cheryl received a bachelor's degree in nursing from Illinois Wesleyan University and a master's degree from San Jose State University. She's a member of the El Camino Hospital Community Benefit Advisory Board, Integrated Nurse Leadership Program Board, and Private Duty for Pathways Home Health and Hospice Board. Cheryl is also certified by American Nurses Credentialing Center in advanced nursing administration.

Joan Kezic
Vice President of Payor Relations



Joan Kezic is the vice president of payor relations for El Camino Hospital. She joined the hospital in 1996 after 10 years as director of contracting at Sequoia Hospital in Redwood City, California. Joan received a bachelor's degree in health planning and business administration from Penn State University. She's a member of the Managed Care Committee of the California Healthcare Association and the Healthcare Financial Management Association.

Cecile Currier
Vice President of Corporate and Community Health Services; CEO of CONCERN: Employee Assistance Program



Cecile Currier is the vice president of corporate and community health services for El Camino Hospital, as well as the chief executive officer of CONCERN: Employee Assistance Program. An employee of El Camino Hospital since 1985, she has many years of experience in health care with a focus on behavioral health, community health services, occupational health and employee assistance programs. Cecile earned a bachelor's degree in sociology and a master's degree in social work from the University of California, Santa Barbara. She's also a licensed clinical social worker.

Jodi Barnard
President of the El Camino Hospital Foundation



Jodi Barnard joined El Camino Hospital as the president of the El Camino Hospital Foundation in the fall of 2013. She has more than 25 years of development leadership experience across acute and pediatric health care, higher education and nonprofit institutions. Most recently, Jodi served as the regional executive director for statewide foundations of Providence Health & Services in Oregon and executive director of the Providence Community Health Foundation, Southern Oregon Service Area. Before moving to Oregon, she led development programs at Dayton's Children's Medical Center, the University of Dayton and Qbase. Jodi is a graduate of Interlochen Arts Academy and DePauw University.

Appendix D: Geographic Salary Differential

- A geographic salary differential is a numerical value that expresses how a position's pay in a particular location compares to the national average pay for the same position.
 - For example, a differential of 27% for Mountain View means that the average executive salary in Mountain View is 27% higher than the average salary of executives across the US.
- The purpose of applying a geographic salary differential to market data is to account for the market differences in that employee's location.
 - Geographic salary differentials used in this study are calculated using data from the Economic Research Institute (ERI), which determines differentials using salary survey data from across the country. The differential in the Bay Area has been increasing over the past decade, with that increase accelerating over the past three to five years.

Table 20: Geographic Salary Differential Data

	Bay Area	Silicon Valley	Mountain View	San Francisco
Avg. Differential	26%	26%	27%	25%

- A geographic salary differential of 25% has been applied to survey data for base salary, total cash, and total remuneration in this study.

FY17 Period 3 Financials



El Camino Hospital

THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2017 – Period 3
7/1/2016 to 9/30/2016

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

	Annual						Month			YTD		
	2013	2014	2015	2016	2017	2017	PY	CY	Bud/Target	PY	CY	Bud/Target
					Proj.	Bud/Target						
Volume												
Licensed Beds	443	443	443	443	443	443	443	443	443	443	443	443
ADC	240	238	246	242	232	245	238	233	242	235	230	237
Adjusted Discharges	22,379	22,206	22,342	22,499	22,784	22,992	1,892	1,849	1,904	5,706	5,696	5,782
Total Discharges	19,970	19,427	19,637	19,367	19,328	19,790	1,591	1,592	1,648	4,822	4,832	4,954
Inpatient Cases												
MS Discharges	13,349	12,883	13,114	13,344	13,204	13,499	1,093	1,090	1,124	3,272	3,301	3,381
Deliveries	5,235	5,140	5,067	4,717	4,832	4,810	386	421	400	1,203	1,208	1,203
BHS	861	857	901	806	768	910	68	42	76	214	192	227
Rehab	525	547	555	500	524	570	44	39	47	133	131	143
Outpatient												
ED	45,525	46,056	49,130	49,927	48,952	51,258	4,141	3,944	4,269	12,344	12,238	12,834
Procedural Cases												
OP Surg	5,911	6,444	6,479	6,053	6,156	6,427	522	508	535	1,590	1,539	1,601
Endo	2,242	2,492	2,520	2,322	2,076	2,479	203	187	207	623	519	621
Interventional	1,507	1,706	1,878	1,970	2,088	2,323	157	164	194	493	522	582
All Other	64,435	69,458	68,052	79,656	83,580	84,566	5,416	3,944	7,044	16,636	20,895	21,173
Financial Performance (\$000s)												
Net Revenues	686,327	721,123	746,645	772,020	792,362	789,585	67,207	66,069	64,009	189,216	198,091	192,232
Operating Expenses	632,353	669,680	689,631	743,044	709,747	764,828	58,233	59,445	61,907	178,846	177,437	185,875
Operating Income \$	69,126	70,305	78,120	52,613	104,387	49,817	10,840	8,451	4,148	16,457	26,097	12,604
Operating Margin	9.9%	9.5%	10.2%	6.6%	12.8%	6.1%	15.7%	12.4%	6.3%	8.4%	12.8%	6.4%
EBITDA \$	124,722	125,254	128,002	108,554	158,808	109,890	15,038	13,012	8,863	29,065	39,702	26,821
EBITDA %	17.8%	16.9%	16.7%	13.6%	19.5%	13.5%	21.8%	19.2%	13.4%	14.9%	19.5%	13.5%
IP Margin ¹	-1.1%	-3.2%	-4.5%	-6.6%	-7.1%	-6.1%	-9.1%	-6.0%	-6.1%	-8.3%	-7.1%	-6.1%
OP Margin ¹	25.9%	25.2%	28.1%	26.1%	31.6%	26.4%	26.7%	29.6%	26.4%	29.0%	31.6%	26.4%
Payor Mix												
Medicare	46.3%	44.6%	46.2%	46.6%	46.9%	46.4%	46.5%	44.5%	46.4%	45.2%	46.9%	46.4%
Medi-Cal	4.9%	6.0%	6.6%	7.4%	6.9%	6.5%	7.4%	7.1%	6.5%	7.8%	6.9%	6.5%
Commercial IP	25.3%	25.4%	24.2%	23.2%	22.9%	24.0%	23.1%	24.9%	24.0%	23.6%	22.9%	24.0%
Commercial OP	16.9%	18.6%	18.7%	18.7%	19.7%	19.0%	19.0%	19.4%	19.0%	19.5%	19.7%	19.0%
Total Commercial	42.2%	44.0%	42.9%	41.9%	42.6%	43.0%	42.1%	44.3%	43.0%	43.1%	42.6%	43.0%
Other	6.6%	5.4%	4.3%	4.1%	3.6%	4.1%	4.0%	4.1%	4.1%	4.1%	3.6%	4.1%
Cost												
Employees	2,289.0	2,435.6	2,452.4	2,542.8	2,470.3	2,517.9	2,548.1	2,473.3	2,554.3	2,511.0	2,470.3	2,517.9
Hrs/APD	29.72	29.31	30.45	30.35	30.45	31.11	29.99	30.95	30.90	30.44	30.45	31.11
Balance Sheet												
Net Days in AR	47.8	50.9	43.6	53.7	50.0	48.0	48.4	50.0	48.0	48.4	50.0	48.0
Days Cash	350	382	401	361	407	266	385	407	266	385	407	266
Debt to Capitalization	14.0%	12.6%	13.6%	13.8%	13.6%	17.3%	14.6%	13.6%	17.3%	14.6%	13.6%	17.3%
MADS	8.0	9.5	8.9	6.1	12.2	9.3	7.3	12.2	9.3	7.3	12.2	9.3
Affiliates - Net Income (\$000s)												
Hosp	88,820	118,906	94,787	43,043	40,937	67,032	(4,496)	7,376	4,877	(11,816)	40,937	14,791
Concern	371	1,862	1,202	1,823	461	2,604	101	(43)	173	749	461	590
ECSC	(317)	(5)	(41)	(282)	(43)	0	(2)	(40)	0	17	(43)	0
Foundation	1,545	3,264	710	982	556	(450)	(308)	(84)	(85)	(619)	556	(175)
SVMD	(114)	32	106	156	100	0	(1)	(43)	(4)	(5)	100	(6)

Inpatient Volume:

- YTD September Inpatient discharges was 2.5% below budget.
- # of Deliveries were lower than budget by 2.1%; GI, Pulmonary medicine, Oncology Surgery and GYN Surgery posted the highest YTD unfavorable budget variance.
- On the other hand, NICU, General Robotic Surgery, HVI, and Hips Ortho Surgery case volume showed increase ranging from 12% to 83% higher than budget.

Outpatient Volume:

- YTD OP Volume was below budget by approximately 3.0%
- Lower cases show in areas of Imaging, General Medicine, OP Urology and OP Neuro and OP Orthopedic cases.
- Infusion Center, OP Cath Lab and Sleep Center cases continue to show an upward trend.

Operating Income:

- Operating margin for September was \$4.3M favorable to budget, \$13.5M favorable year to date. Both revenues and expenses are favorable compared to budget.
- The favorable Net Revenue variance is primarily due to improved rev cycle operations including reduction in denials, Blue Cross rate increase and improvement in charge capture and cash collections.
- Expenses are low in labor by \$1.7M due to favorable productivity and pending PRN rate increase, in addition to positive variances in supplies (+\$357K), leases and rentals costs (+\$88K), and utilities costs (+\$121K).

In September net days in A/R increased slightly from 49.6 in August to 50.0.

(1) Due to timing of month end costing, In Patient and Out Patient Operating Margin % for FYTD 2017 are one month in arrears

(2) Green - Equal to or better than budget

Yellow - Unfav vs budget by up to 5%

Red - Greater than 5% unfav variance from budget

Fiscal Year 2017 YTD (7/1/2016-9/30/2016) Waterfall

	Month to Date (MTD)			Year to Date (YTD)		
	Detail	Net Income Impact	% Net Revenue	Detail	Net Income Impact	% Net Revenue
\$ in Thousands						
Net Revenue (FY2017 Budget/FY2017 Actual)	66,055	67,896		198,479	203,534	
Budgeted Hospital Operations FY2017		4,148	6.3%		12,604	6.4%
Net Revenue		1,841	2.7%		5,055	2.5%
* IP/OP volumes are slightly decreasing. Rev is higher than expected due to improvement in reve cycle processes mainly reduced denials	1,841			5,055		
Labor and Benefit Expense Change		1,705	2.5%		4,364	2.1%
* Flexing to meet volumes. Productive hours currently under budget by 4.2%	1,705			4,364		
Professional Fees & Purchased Services		(165)	-0.2%		1,324	0.7%
* Budgeted Medical Director fees/Consultants				939		
* Repairs/Software	452			1,174		
* Purchased Services	(617)			(790)		
Supplies		357	0.5%		1,530	0.8%
* Drug Exp	169			(169)		
* Medical Supplies (Volumes)	104			894		
* Misc Net Supplies (Food/Volumes)	84			805		
Other Expenses		410	0.6%		609	0.3%
* Leases & Rental Fees	88			104		
* Utilities & Telephone	122			117		
* Other G&A	201			388		
Depreciation & Interest		155	0.2%		612	0.3%
Actual Hospital Operations FY2017		8,451	12.4%		26,097	12.8%

El Camino Hospital (\$000s) ⁽¹⁾

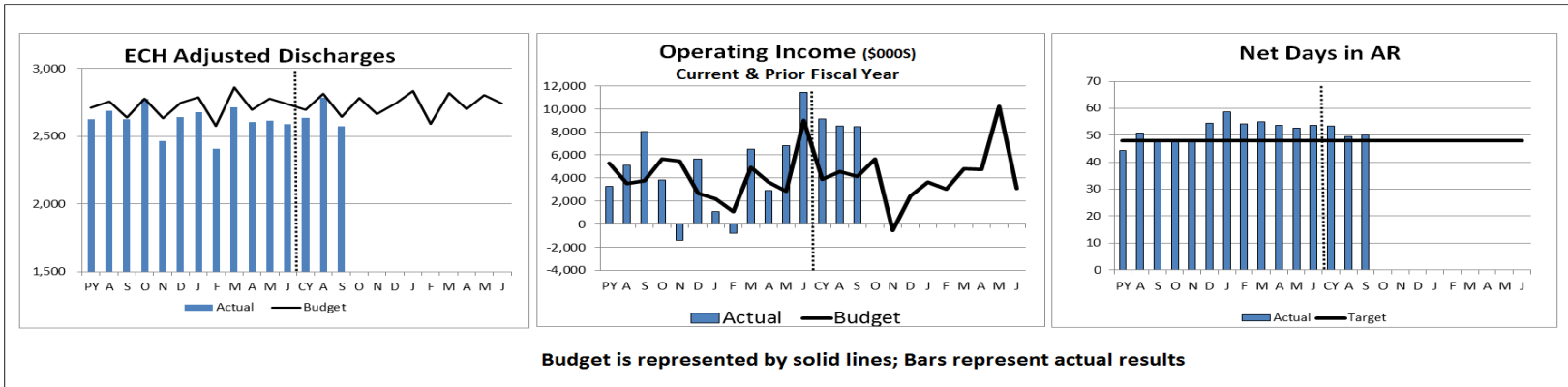
3 month ending 9/30/2016

PERIOD 3 FY 2016	PERIOD 3 FY 2017	PERIOD 3 Budget 2017	Variance Fav (Unfav)	Var%
223,532	241,002	237,358	3,643	1.5%
(156,324)	(174,932)	(173,350)	(1,583)	1.0%
67,207	66,069	64,009	2,061	3.2%
1,866	1,827	2,047	(220)	-10.7%
69,073	67,896	66,055	1,841	2.8%
35,828	35,569	37,275	1,705	4.6%
9,564	9,320	9,677	357	3.7%
7,893	8,197	8,032	(165)	-2.1%
3,581	1,798	2,208	410	18.6%
449	468	448	(19)	-4.3%
3,749	4,093	4,267	174	4.1%
61,063	59,445	61,907	2,463	4.0%
8,010	8,451	4,148	4,303	103.7%
(12,506)	(1,076)	729	(1,805)	-247.6%
(4,496)	7,376	4,877	2,499	51.2%
17.7%	19.2%	13.4%	5.7%	
11.6%	12.4%	6.3%	6.2%	
-6.5%	10.9%	7.4%	3.5%	

\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
OPERATING REVENUE					
Gross Revenue	664,907	715,849	712,818	3,031	0.4%
Deductions	(475,691)	(517,758)	(520,586)	2,827	-0.5%
Net Patient Revenue	189,216	198,091	192,232	5,858	3.0%
Other Operating Revenue	6,088	5,443	6,247	(804)	-12.9%
Total Operating Revenue	195,304	203,534	198,479	5,055	2.5%
OPERATING EXPENSE					
Salaries & Wages	105,881	106,838	111,202	4,364	3.9%
Supplies	29,145	27,598	29,128	1,530	5.3%
Fees & Purchased Services	22,571	22,658	23,982	1,324	5.5%
Other Operating Expense	8,591	6,737	7,346	609	8.3%
Interest	1,349	1,389	1,345	(44)	-3.3%
Depreciation	11,309	12,217	12,873	656	5.1%
Total Operating Expense	178,846	177,437	185,875	8,438	4.5%
Net Operating Income/(Loss)	16,457	26,097	12,604	13,493	107.1%
Non Operating Income	(28,274)	14,841	2,187	12,654	578.7%
Net Income(Loss)	(11,816)	40,937	14,791	26,147	176.8%
EBITDA	14.9%	19.5%	13.5%	6.0%	
Operating Margin	8.4%	12.8%	6.4%	6.5%	
Net Margin	-6.1%	20.1%	7.5%	12.7%	

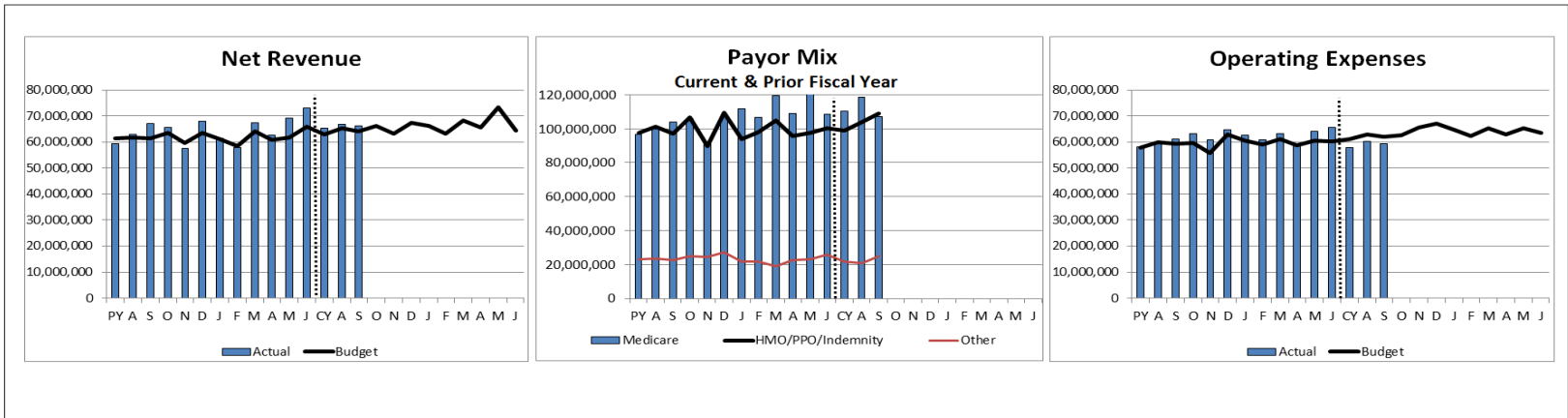
⁽¹⁾ Hospital entity only, excludes controlled affiliates

Monthly Financial Trends



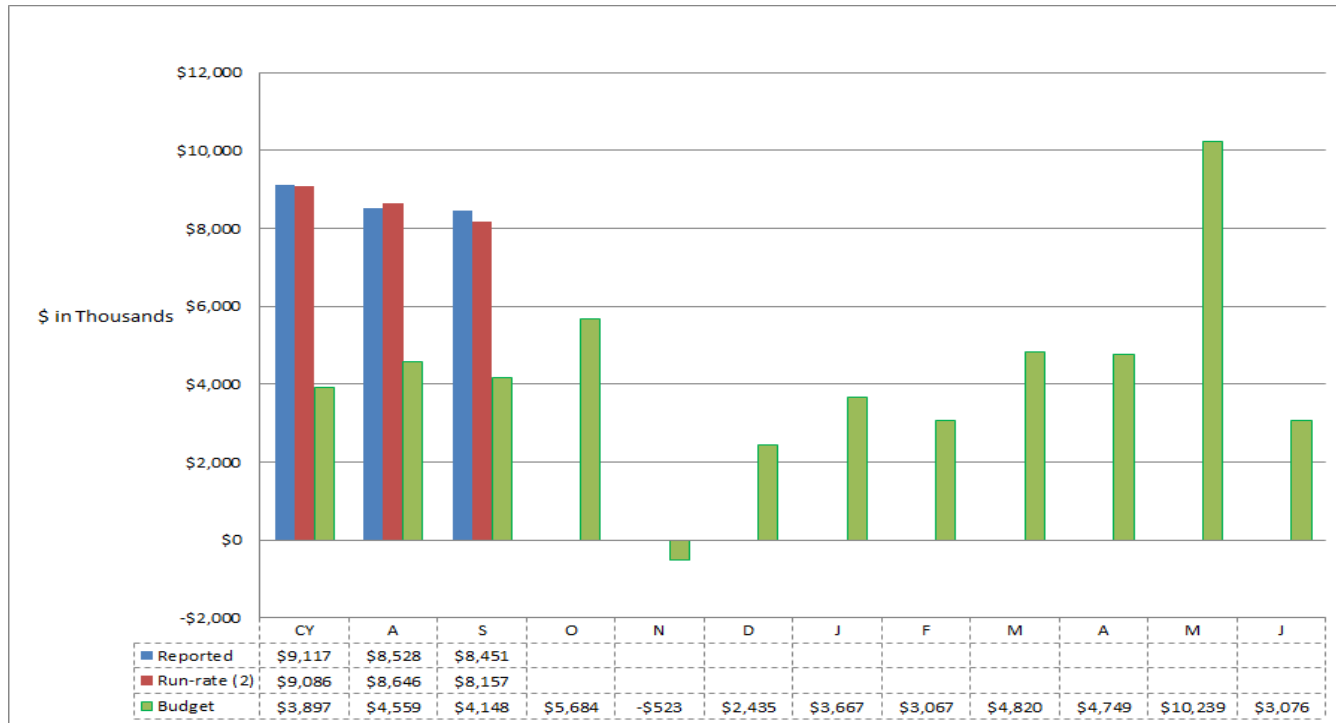
Volume is low mainly in surgeries and endoscopy cases.

AR days increased 0.4 days from August to September.



ECH Operating Margin

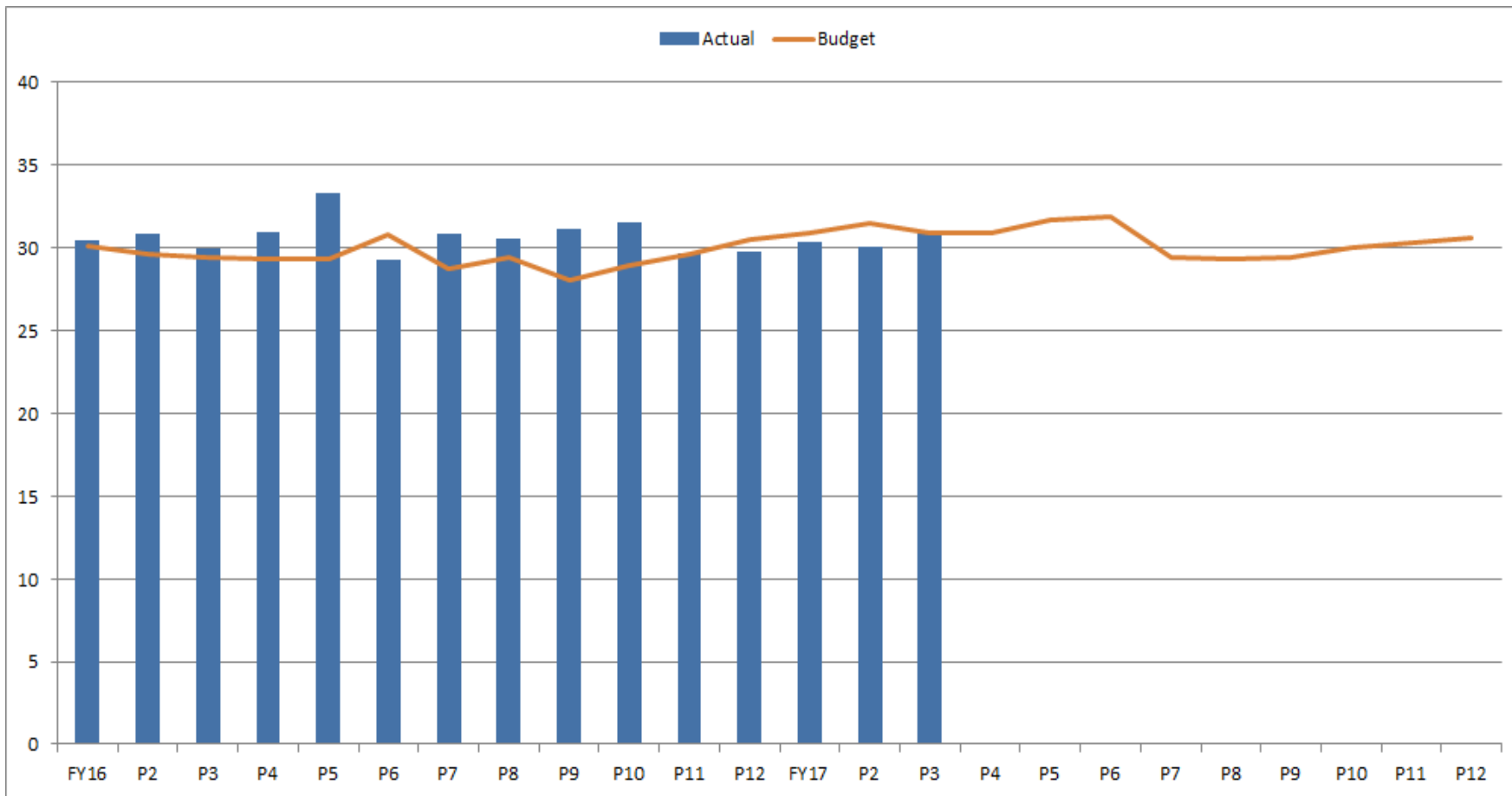
Run rate is booked operating income adjusted for material non-recurring transactions



FY 2017 Actual Run Rate Adjustments (in thousands)

		J	A	S	O	N	D	J	F	M	A	M	J
Revenue Adjustments	RAC Release	\$76	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Insurance Overpayment Release Spine	\$0	\$0	-\$61	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Mcare Settlmt/ Appeal/ Tent Settlmt/ PIP	-\$100	\$158	-\$71	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total	-\$31	\$118	-\$295	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expense Adjustments	Pay-For-Performance Bonus	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Actuarial Exp for Workers Comp	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Worked Hours per Adjusted Patient Day



Productivity has improved after EPIC go-live and is about equal to target in September.

Summary of Financial Results

\$ in Thousands

	Period 3 - Month			Period 3 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	8,477	3,098	5,379	24,191	9,604	14,588
Los Gatos	(26)	1,050	(1,076)	1,905	3,000	(1,095)
Sub Total - El Camino Hospital, excl. Affiliates	8,451	4,148	4,303	26,097	12,604	13,493
Operating Margin %	12.4%	6.3%		12.8%	6.4%	
El Camino Hospital Non Operating Income						
Investments	508	1,512	(1,004)	16,671	4,535	12,136
Swap Adjustments	308	0	308	238	0	238
Community Benefit	(1,304)	(283)	(1,021)	(1,624)	(850)	(774)
Other	(588)	(499)	(88)	(444)	(1,498)	1,055
Sub Total - Non Operating Income	(1,076)	729	(1,805)	14,841	2,187	12,654
El Camino Hospital Net Income (Loss)	7,376	4,877	2,499	40,937	14,791	26,147
ECH Net Margin %	10.9%	7.4%		20.1%	7.5%	
Concern	(43)	173	(215)	464	590	(125)
ECSC	(40)	0	(40)	(43)	0	(43)
Foundation	(84)	(85)	0	556	(175)	731
Silicon Valley Medical Development	(43)	(4)	(39)	100	(6)	106
Net Income Hospital Affiliates	(210)	84	(294)	1,075	409	666
Total Net Income Hospital & Affiliates	7,166	4,961	2,205	42,012	15,199	26,813

Favorable variance in other due to JV income mainly Pathways.

**Smart Growth Summary
FY2017 P3 YTD**

	<u>Actual YTD</u>	<u>Budget YTD</u>	<u>Diff</u>	<u>Notes</u>
Deliveries	1,215	1,237	(22)	Delivery charge codes based on post date
NICU Level 2 & 3 Days	671	799	(128)	NICU 173 & 174 charge codes by post date
Inpatient Surgeries	1,065	1,173	(108)	Inpatient surgeries by post date
Outpatient Surgeries	1,463	1,622	(159)	Outpatient surgeries by post date (excludes Endo in OR)
OP Cath Lab Cases	495	506	(11)	Charge codes by service date, count # of patients
OP Endo Cases	541	671	(130)	Charge codes by service date, count # of patients
OP Infusion Cases	959	1,022	(63)	Charge codes by service date, count # of patients
OP Intvl Bronch Procedures	126	121	5	Select charge codes by post date + EPIC location of Endo room

Description of variances

Deliveries: Altos Oaks purchased by Stanford / loss of 2 physicians in group / one new recruit added another being sought

Endoscopy: 4 independent physicians account for loss of cases / Los Gatos Endo in OR to improve availability, service line administrator assigned to re-capture splitters

Infusion: Anticipated addition of new medical oncologist delayed by independent physician group

General Surgery: 142 of the 195 loss from FY216 is due to a loss of independent general surgeons due to retirement and new alignment to other hospitals

Orthopedic Surgery: Lost 2 surgeons mid-year at Los Gatos / key Mountain View surgeon on vacation in July. New co-management agreements under discussion to renew service line interest

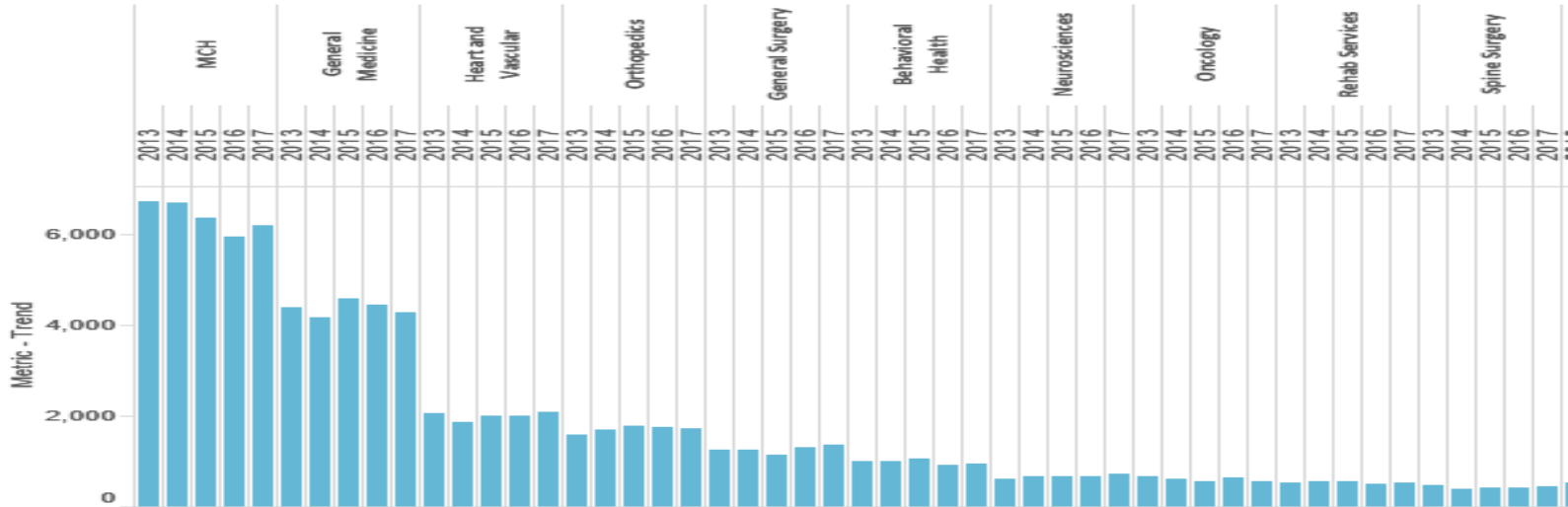
Urology: Work to recapture procedural volume underway, results remain below budget

⁽¹⁾ Hospital entity only, excludes controlled affiliates

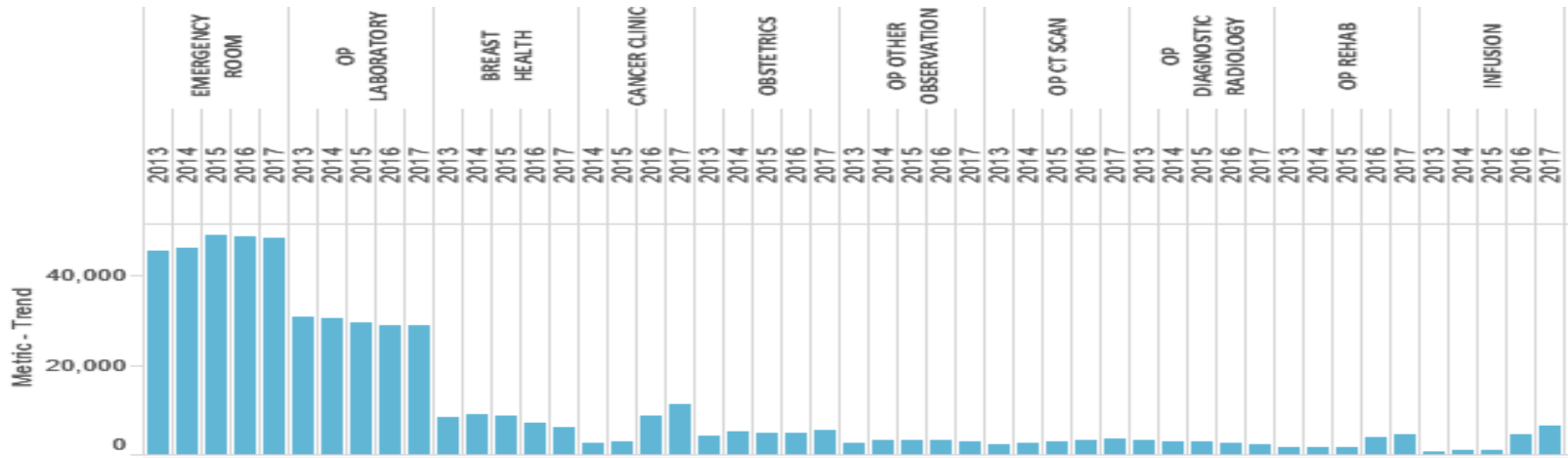
El Camino Hospital Volume Annual Trends

FY 2017 is annualized

IP



OP



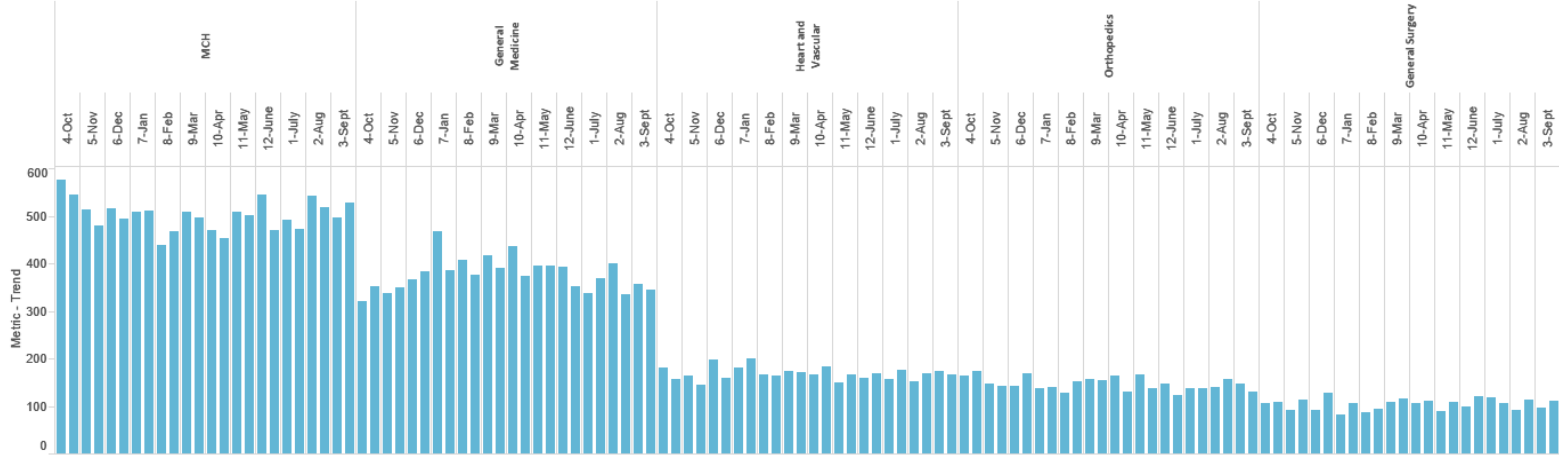
El Camino Hospital Volume Monthly Trends

Prior and Current Fiscal Years

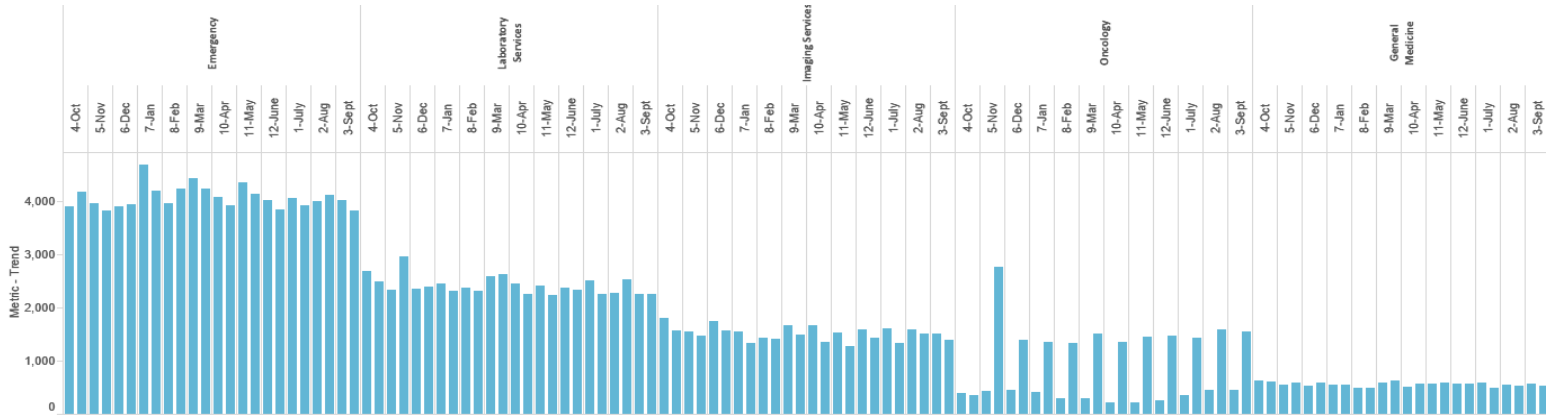
Columns are in PY, CY Order

IP

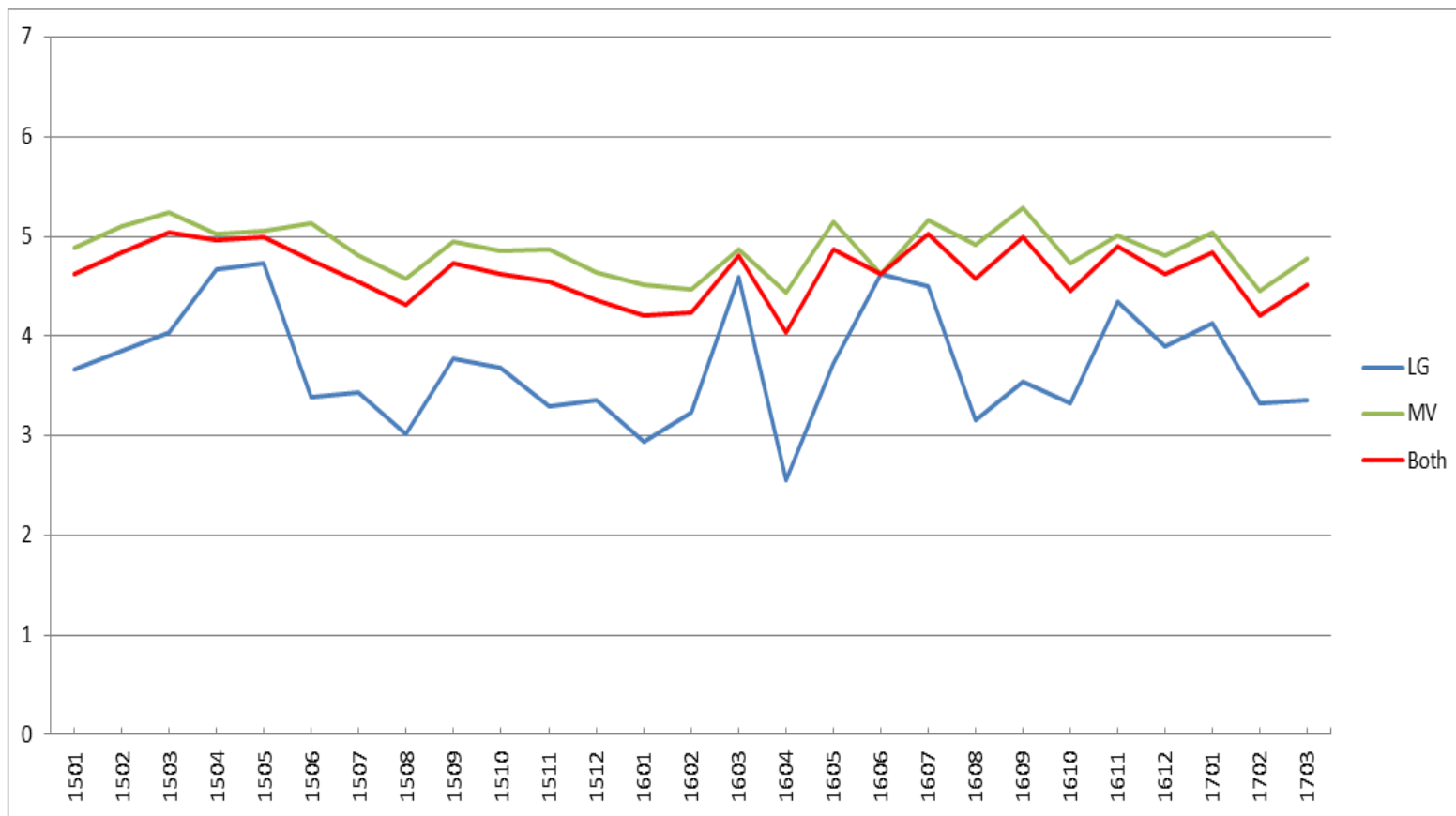
Service Line Trend - clicking on a service line excludes all others. Clicking a second time removes the filter. Filters apply to all graphs below.



OP



Medicare ALOS



- Medicare: Due to DRG reimbursement, financial results usually improve with decreased LOS
- Trend shows improvement in ALOS

El Camino Hospital Investment Committee Scorecard

Updated Quarterly
September 30, 2016

Key Performance Indicator	Status	3Q 2016		Fiscal Year-to-date		Since Inception (annualized)		FY17	Expectation
		El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	Year-end Budget	Per Asset Allocation
Investment Performance		3Q 2016		Fiscal Year-to-date		Since Inception (annualized)			May 2016
Surplus cash balance & op. cash (millions)		\$773.2	--	--	--	--	--	\$657.2	--
Surplus cash return	Green	2.7%	2.8%	2.7%	2.8%	4.9%	4.8%	4.0%	5.2%
Cash balance plan balance (millions)		\$228.9	--	--	--	--	--	\$220.6	--
Cash balance plan return	Green	3.5%	3.1%	3.5%	3.1%	7.5%	6.8%	6.0%	5.8%
403(b) plan balance (millions)		\$357.1	--	--	--	--	--	--	--
Risk vs. Return		3-year				Since Inception (annualized)			May 2016
Surplus cash Sharpe ratio	Green	0.89	0.95	--	--	1.10	1.09	--	0.55
Net of fee return	Green	4.1%	4.4%	--	--	4.9%	4.8%	--	5.2%
Standard deviation	Green	4.6%	4.6%	--	--	4.3%	4.4%	--	8.6%
Cash balance Sharpe ratio	Green	0.91	0.91	--	--	1.24	1.18	--	0.49
Net of fee return	Green	5.5%	5.3%	--	--	7.5%	6.8%	--	5.8%
Standard deviation	Green	6.0%	5.8%	--	--	5.9%	5.7%	--	10.7%
Asset Allocation		3Q 2016							
Surplus cash absolute variances to target	Green	6.2%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target	Green	5.2%	< 10%	--	--	--	--	--	--
Manager Compliance		3Q 2016							
Surplus cash manager flags	Green	13	< 18	--	--	--	--	--	--
Cash balance plan manager flags	Green	12	< 18	--	--	--	--	--	--

El Camino Hospital

Capital Spending (in millions)

Category	Detail	Approved	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	FY 17 Proj Spend	FY 17 YTD Spent
CIP	EPIC Upgrade			6.1	2.0	6.1	2.0
IT Hardware, Software, Equipment*				5.4	0.3	5.4	0.3
Medical & Non Medical Equipment FY 16**				4.3	0.0	4.3	0.0
Medical & Non Medical Equipment FY 17				10.3	1.1	10.3	1.1
Facility Projects							
	1307 LG Upgrades	FY13	17.3	17.3	11.3	6.3	0.5
	1219 LG Spine OR	FY13	4.1	4.1	2.1	3.1	0.9
	1414 Integrated MOB	FY15	275.0	28.0	19.2	100.0	5.4
	1413 North Drive Parking Expansion	FY15	24.5	24.5	1.8	21.5	0.2
	1245 Behavioral Health Bldg	FY16	91.5	19.0	8.7	36.0	1.4
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	8.8	8.8	1.3	7.8	0.6
	1313/1224 LG Rehab HVAC System & Structural	FY16	3.7	3.7	2.7	1.0	0.9
	1502 Cabling & Wireless Upgrades	FY16	2.8	2.8	2.1	0.6	0.1
	1425 IMOB Preparation Project - Old Main	FY16	3.0	3.0	2.4	1.0	1.7
	1430 Women's Hospital Expansion	FY16	91.0	0.0	0.0	5.0	0.0
	1422 CUP Upgrade	FY16	9.0	1.5	1.1	5.0	0.1
	1503 Willow Pavilion Tomosynthesis	FY16	1.3	1.3	0.1	1.1	0.0
	1519/1314 LG Electrical Systems Upgrade	FY16	1.2	0.0	0.0	0.5	0.0
	1347 LG Central Sterile Upgrades	FY15	3.7	0.2	0.2	2.0	0.0
	1508 LG NICU 4 Bed Expansion	FY16	7.0	0.5	0.1	4.0	0.1
	1520 Facilities Planning Allowance	FY16	0.6	0.0	0.0	0.5	0.0
	1525 New Main Lab Upgrades		1.6	0.4	0.0	1.6	0.0
	1515 ED Remodel Triage/Psych Observation	FY16	1.6	0.0	0.0	0.6	0.0
	Site Signage and Other Improvements		1.0	0.0	0.0	0.2	0.0
	IR Room #6 Development		2.6	0.0	0.0	0.6	0.0
	1602 JW House (Patient Family Residence)		2.5	0.0	0.0	1.5	0.0
	1507 LG IR Upgrades		1.1	0.0	0.0	0.2	0.0
	LG Building Infrastructure Upgrades		1.5	0.0	0.0	1.5	0.0
	LG MOB Improvements (17)		5.0	0.0	0.0	4.0	0.0
	All Other Projects under \$1M		8.6	7.2	4.2	6.0	0.7
			569.9	122.3	57.4	211.5	12.7
GRAND TOTAL				148.4		237.5	16.1

*Excluding EPIC

** Unspent Prior Year routine used as contingency

FY 17 Facility Project Request (in 000s)

	(Board Packet) Budgeted FY 17	(FY 17 Cashflow Projections) Projected FY 17*	Variance
Mountain View Campus Master Plan Projects			
1245 BHS Replacement	\$30,000	\$36,000	(\$6,000)
1413 North Dr. Parking Structure Expansion	\$20,500	\$21,500	(\$1,000)
1414 Integrated Medical Office Building	\$101,500	\$100,000	\$1,500
1422 CUP Upgrades	\$5,000	\$5,000	\$0
1430 Womens Hosp Expansion	<u>\$5,500</u>	<u>\$5,000</u>	<u>\$500</u>
Sub-Total Mountain View Campus Master Plan**	\$162,500	\$167,500	(\$5,000)
Mountain View Capital Projects			
1501 Womens Hosp NPC Closeout	\$327	\$527	(\$200)
1425 IMOB Preparation Project - Old Main	\$1,000	\$990	\$10
1502 Cabling and Wireless upgrades	\$400	\$600	(\$200)
1525 Histology Fume Hood Upgrades	\$1,200	\$1,570	(\$370)
1515 ED Remodel Triage/Psych Observation	\$1,400	\$600	\$800
1415 Signage & Wayfinding	\$300	\$500	(\$200)
1503 Breast Imaging Tomography	\$300	\$1,100	(\$800)
1316 Willow Pavilion FA Sys and Equip Upgrades	\$800	\$200	\$600
Furniture Systems Inventory	\$250	\$500	(\$250)
Site Signage & Other Improvements	\$200	\$200	\$0
MV Equipment & Infrastructure Upgrades	\$300	\$600	(\$300)
IR Room #6 Development	\$500	\$600	(\$100)
1602 JW House (Patient Family Residence)	\$500	\$1,500	(\$1,000)
Facilities Planning Allowance	<u>\$300</u>	<u>\$600</u>	<u>(\$300)</u>
Sub-Total Mountain View Projects	\$7,777	\$10,087	(\$2,310)
Los Gatos Capital Projects			
1219 LG Spine Room Expansion - OR 4	\$3,100	\$3,100	\$0
1313 LG Rehab HVAC Upgrades	\$400	\$1,000	(\$600)
1248 LG Imaging Phase II (CT & Gen Rad)	\$7,250	\$7,750	(\$500)
1307 LG Upgrades - Major	\$7,300	\$6,300	\$1,000
1327 LG Rehab Building Upgrades	\$500	\$655	(\$155)
1507 LG IR Upgrades	\$800	\$200	\$600
1508 LG NICU 4 Bed Expansion	\$5,000	\$4,000	\$1,000
LG Building Infrastructure Improvements	\$1,200	\$1,500	(\$300)
LG MOB Improvements (17)	\$4,000	\$4,000	\$0
LG Facilities Planning	\$500	\$500	\$0
1421 LG MOB Improvements	<u>\$150</u>	<u>\$638</u>	<u>(\$488)</u>
Sub-Total Los Gatos Projects	\$30,200	\$29,643	\$557
Other Strategic Capital Projects			
Primary Care Clinic (TI's Only)	\$1,600	\$1,600	\$0
Urgent Care Clinics (TI's Only)	<u>\$2,400</u>	<u>\$2,400</u>	<u>\$0</u>
Sub-Total Strategic Capital Projects	\$4,000	\$4,000	\$0
Grand Total Facilities Projects	\$204,477	\$211,230	(\$6,753)

*FY 2017 Cashflow based on August 2016 Information

** Board Approved

El Camino Hospital⁽¹⁾

Balance Sheet (Thousands)

ASSETS	Unaudited		LIABILITIES AND FUND BALANCE	Unaudited	
CURRENT ASSETS	September 30, 2016	June 30, 2016	CURRENT LIABILITIES	September 30, 2016	June 30, 2016
Cash	78,772	59,169	Accounts Payable	18,492	28,519
Short Term Investments	113,913	105,284	Salaries and Related Liabilities	15,867	22,992
Patient Accounts Receivable, net	103,252	116,059	Accrued PTO	22,539	22,984
Other Accounts and Notes Receivable	3,194	4,369	Worker's Comp Reserve	2,300	2,300
Intercompany Receivables	1,483	2,200	Third Party Settlements	13,827	11,314
Inventories and Prepaids	40,395	43,278	Intercompany Payables	67	105
Total Current Assets	341,010	330,359	Malpractice Reserves	1,936	1,936
BOARD DESIGNATED ASSETS			Bonds Payable - Current	3,635	3,635
Plant & Equipment Fund	122,134	119,650	Bond Interest Payable	3,177	5,459
Women's Hospital Expansion	8,961	-	Other Liabilities	2,983	2,684
Operational Reserve Fund	100,196	100,196	Total Current Liabilities	84,822	101,929
Community Benefit Fund	13,021	13,037	LONG TERM LIABILITIES		
Workers Compensation Reserve Fund	22,548	22,309	Post Retirement Benefits	18,662	18,256
Postretirement Health/Life Reserve Fund	18,662	18,256	Worker's Comp Reserve	20,248	20,009
PTO Liability Fund	22,539	22,984	Other L/T Obligation (Asbestos)	3,665	3,637
Malpractice Reserve Fund	1,800	1,800	Other L/T Liabilities (IT/Medl Leases)	-	-
Catastrophic Reserves Fund	14,773	14,125	Bond Payable	226,341	226,580
Total Board Designated Assets	324,634	312,358	Total Long Term Liabilities	268,916	268,482
FUNDS HELD BY TRUSTEE	28,177	30,841	FUND BALANCE/CAPITAL ACCOUNTS		
LONG TERM INVESTMENTS	213,605	207,597	Unrestricted	1,018,656	983,577
INVESTMENTS IN AFFILIATES	32,564	31,148	Board Designated	324,634	312,358
PROPERTY AND EQUIPMENT			Restricted	0	0
Fixed Assets at Cost	1,176,595	1,171,372	Total Fund Bal & Capital Accts	1,343,290	1,295,935
Less: Accumulated Depreciation	(497,411)	(485,856)	TOTAL LIABILITIES AND FUND BALANCE	1,697,028	1,666,346
Construction in Progress	51,083	46,009			
Property, Plant & Equipment - Net	730,266	731,525			
DEFERRED OUTFLOWS	26,772	22,518			
RESTRICTED ASSETS - CASH	0	0			
TOTAL ASSETS	1,697,028	1,666,346			

(1) Hospital entity only, excludes controlled affiliates

APPENDIX

Dashboard - Mountain View

	Annual						Month			YTD		
	2013	2014	2015	2016	2017	2017	PY	CY	Bud/Target	PY	CY	Bud/Target
					Projection	Bud/Target						
Volume												
Licensed Beds	300	300	300	300	300	300	300	300	300	300	300	300
Acute Patient Days	72,245	71,084	73,360	73,010	69,960	72,687	5,893	5,742	5,894	17,501	17,490	17,623
ADC	198	195	201	199	192	199	196	191	196	190	190	192
Adjusted Acute Discharges	18,804	18,465	18,455	18,721	19,118	18,879	1,565	1,552	1,562	4,645	4,779	4,750
Acute Discharges	11,206	10,718	10,825	11,105	11,100	11,082	904	915	923	2,698	2,775	2,776
Inpatient total												
MS Discharges	11,206	10,718	10,825	11,105	11,100	11,082	904	915	923	2,698	2,775	2,776
Deliveries	4,487	4,348	4,386	4,076	4,228	4,171	325	366	347	1,019	1,057	1,044
BHS	861	857	901	806	768	896	68	42	75	214	192	224
Rehab	0	0	0	0	0	0	0	0	0	0	0	0
OP total												
ED	34,920	35,447	38,443	39,005	38,292	40,212	3,231	3,060	3,349	9,638	9,573	10,068
OP Surg	2,808	3,273	3,402	3,189	3,336	3,447	264	265	287	807	834	863
Endo	1,979	2,300	2,365	2,231	2,060	2,320	196	185	193	592	515	581
Interventional	1,496	1,689	1,856	1,947	2,056	2,302	156	163	192	488	514	576
All Other	59,665	64,061	62,322	72,398	75,552	76,743	4,998	3,294	6,392	15,313	18,888	19,215
Financial Performance (\$000s)												
Net Revenues	557,533	589,420	603,788	632,800	655,660	640,625	54,169	55,399	51,866	152,393	163,915	155,592
Operating Expenses	516,892	550,736	562,790	607,214	578,581	625,093	47,238	48,568	50,598	145,495	144,645	151,601
Operating Income \$	55,324	56,518	59,684	46,918	96,766	38,016	8,553	8,477	3,098	12,336	24,191	9,604
Operating Margin	9.7%	9.3%	9.6%	7.2%	14.3%	5.7%	15.3%	14.9%	5.8%	7.8%	14.3%	6.0%
EBITDA \$	105,938	105,814	103,637	96,770	144,746	90,879	12,254	12,505	7,289	23,500	36,186	22,225
EBITDA %	18.5%	17.4%	16.6%	14.8%	21.4%	13.7%	22.0%	21.9%	13.6%	14.9%	21.4%	13.8%
Payor Mix												
Medicare	42.0%	44.0%	46.4%	46.2%	46.5%	45.0%	45.5%	45.3%	45.0%	44.5%	46.5%	45.0%
Medi-Cal	5.4%	6.5%	7.1%	7.9%	7.3%	8.3%	8.2%	7.4%	8.3%	8.5%	7.3%	8.3%
Commercial IP	28.6%	25.7%	24.2%	23.6%	23.3%	23.6%	23.6%	24.7%	23.6%	23.8%	23.3%	23.6%
Commercial OP	19.2%	18.9%	18.4%	18.6%	19.6%	19.1%	19.0%	19.4%	19.1%	19.4%	19.6%	19.1%
Total Commercial	47.8%	44.6%	42.6%	42.2%	43.0%	42.7%	42.6%	44.1%	42.7%	43.1%	43.0%	42.7%
Other	4.8%	4.9%	3.9%	3.7%	3.2%	4.0%	3.6%	3.3%	4.0%	3.8%	3.2%	4.0%
Cost												
Employees	1,901.0	2,027.6	2,029.9	2,163.0	2,054.0	2,123.0	2,122.2	2,052.8	2,124.9	2,081.5	2,054.0	2,094.5
Hrs/APD	29.58	30.16	29.60	30.97	30.76	31.92	29.96	31.34	31.64	30.95	30.76	31.92

Dashboard - Los Gatos

	Annual						Month			YTD		
	2013	2014	2015	2016	2017 Projection	2017 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume												
Licensed Beds	143	143	143	143	143	143	143	143	143	143	143	143
ADC	42	43	45	43	41	46	41	42	46	44	40	45
Adjusted Acute Discharges	3,578	3,740	3,888	3,778	3,664	4,113	476	298	343	1,061	916	1,032
Acute Discharges	2,143	2,165	2,289	2,239	2,104	2,417	275	175	201	574	526	605
Inpatient total												
MS Discharges	2,143	2,165	2,289	2,239	2,104	2,417	189	175	201	574	526	605
Deliveries	748	792	681	641	604	639	61	55	53	184	151	159
BHS	0	0	0	0	0	14	0	0	1	0	0	3
Rehab	525	547	555	500	524	570	44	39	47	133	131	143
OP total												
ED	10,605	10,609	10,687	10,922	10,660	11,046	910	884	920	2,706	2,665	2,766
OP Surg	3,103	3,171	3,077	2,864	2,820	2,980	258	243	248	783	705	738
Endo	263	192	155	91	16	159	7	2	13	31	4	40
Interventional	11	17	22	23	32	21	1	1	2	5	8	5
All Other	4,770	5,397	5,730	7,258	8,028	7,823	418	650	652	1,323	2,007	1,959
Financial Performance (\$000s)												
Net Revenues	128,794	131,702	142,858	139,221	136,703	148,960	13,039	10,671	12,143	36,823	34,176	36,640
Operating Expenses	115,461	118,944	126,841	135,830	131,166	139,735	10,995	10,876	11,310	33,352	32,792	34,274
Operating Income \$	13,802	13,787	18,436	5,695	7,622	11,801	2,287	-26	1,050	4,121	1,905	3,000
Operating Margin	10.7%	10.4%	12.7%	4.0%	5.5%	7.8%	17.2%	-0.2%	8.5%	11.0%	5.5%	8.0%
EBITDA \$	18,784	19,440	24,365	11,784	14,062	19,011	2,783	507	1,574	5,565	3,516	4,596
EBITDA %	14.5%	14.6%	16.8%	8.3%	10.1%	12.5%	21.0%	4.7%	12.7%	14.9%	10.1%	12.3%
Payor Mix												
Medicare	45.5%	44.0%	46.1%	48.2%	49.1%	47.5%	50.9%	40.7%	47.5%	48.0%	49.1%	47.5%
Medi-Cal	2.9%	3.5%	4.3%	5.1%	4.7%	4.7%	3.8%	6.0%	4.7%	4.5%	4.7%	4.7%
Commercial IP	25.3%	25.9%	23.8%	21.4%	20.7%	22.2%	20.9%	25.9%	22.2%	23.1%	20.7%	22.2%
Commercial OP	17.0%	19.1%	20.0%	19.4%	20.2%	20.2%	19.0%	19.4%	20.2%	19.8%	20.2%	20.2%
Total Commercial	42.3%	45.0%	43.8%	40.8%	40.9%	42.4%	40.0%	45.3%	42.4%	42.9%	40.9%	42.4%
Other	9.3%	7.5%	5.8%	5.9%	5.4%	5.5%	5.4%	8.1%	5.5%	4.7%	5.4%	5.5%
Cost												
Employees	388.0	408.1	422.6	421.8	416.3	423.4	425.9	420.5	429.4	429.5	416.3	423.4
Hrs/APD	29.13	27.65	28.00	29.34	28.96	27.68	30.12	29.19	27.30	28.26	28.96	27.68

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

3 month ending 9/30/2016

PERIOD 3 FY 2016	PERIOD 3 FY 2017	PERIOD 3 Budget 2017	Variance Fav (Unfav)	Var%
182,633	198,553	193,387	5,166	2.7%
(128,464)	(143,154)	(141,521)	(1,633)	1.2%
54,169	55,399	51,866	3,532	6.8%
1,622	1,647	1,830	(183)	-10.0%
55,791	57,045	53,696	3,350	6.2%
29,781	29,596	31,035	1,439	4.6%
7,936	7,616	7,941	325	4.1%
6,502	7,010	6,777	(233)	-3.4%
2,148	318	653	334	51.2%
449	468	448	(19)	-4.3%
3,253	3,560	3,743	183	4.9%
50,069	48,568	50,598	2,029	4.0%
5,722	8,477	3,098	5,379	173.6%
(12,506)	(1,076)	729	(1,805)	-247.6%
(6,784)	7,401	3,827	3,574	93.4%
14.7%	19.7%	11.2%	8.5%	
10.3%	14.9%	5.8%	9.1%	
-12.2%	13.0%	7.1%	5.8%	

\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
OPERATING REVENUE					
Gross Revenue	541,525	594,217	580,134	14,083	2.4%
Deductions	(389,132)	(430,302)	(424,542)	(5,760)	1.4%
Net Patient Revenue	152,393	163,915	155,592	8,323	5.3%
Other Operating Revenue	5,438	4,922	5,613	(692)	-12.3%
Total Operating Revenue	157,831	168,837	161,205	7,631	4.7%
OPERATING EXPENSE					
Salaries & Wages	87,728	89,001	92,530	3,530	3.8%
Supplies	23,970	22,932	23,875	943	3.9%
Fees & Purchased Services	18,525	18,696	20,173	1,476	7.3%
Other Operating Expense	4,107	2,021	2,402	381	15.8%
Interest	1,349	1,389	1,345	(44)	-3.3%
Depreciation	9,815	10,606	11,277	671	5.9%
Total Operating Expense	145,495	144,645	151,601	6,956	4.6%
Net Operating Income/(Loss)	12,336	24,191	9,604	14,588	151.9%
Non Operating Income	(28,274)	14,851	2,187	12,664	579.1%
Net Income(Loss)	(15,937)	39,042	11,791	27,252	231.1%
EBITDA	12.5%	19.2%	11.5%	7.8%	
Operating Margin	7.8%	14.3%	6.0%	8.4%	
Net Margin	-10.1%	23.1%	7.3%	15.8%	

⁽¹⁾ Hospital only, excludes controlled affiliates

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

3 month ending 9/30/2016

PERIOD 3 FY 2016	PERIOD 3 FY 2017	PERIOD 3 Budget 2017	Variance Fav (Unfav)	Var%
40,899	42,449	43,972	(1,523)	-3.5%
(27,860)	(31,778)	(31,829)	51	-0.2%
13,039	10,671	12,143	(1,472)	-12.1%
243	180	217	(37)	-17.2%
13,282	10,851	12,360	(1,509)	-12.2%
6,046	5,973	6,239	266	4.3%
1,628	1,704	1,736	32	1.9%
1,391	1,187	1,255	68	5.4%
1,433	1,480	1,556	76	4.9%
0	0	0	0	0.0%
496	533	524	(9)	-1.7%
10,995	10,876	11,310	434	3.8%
2,287	(26)	1,050	(1,076)	-102.4%
0	0	0	0	0.0%
2,287	(26)	1,050	(1,076)	-102.4%
30.4%	16.2%	22.8%	-6.7%	
17.2%	-0.2%	8.5%	-8.7%	
17.2%	-0.2%	8.5%	-8.7%	

\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
OPERATING REVENUE					
Gross Revenue	123,382	121,632	132,684	(11,052)	-8.3%
Deductions	(86,559)	(87,456)	(96,044)	8,588	-8.9%
Net Patient Revenue	36,823	34,176	36,640	(2,465)	-6.7%
Other Operating Revenue	650	521	633	(112)	-17.7%
Total Operating Revenue	37,473	34,697	37,274	(2,577)	-6.9%
OPERATING EXPENSE					
Salaries & Wages	18,153	17,838	18,671	834	4.5%
Supplies	5,176	4,666	5,253	587	11.2%
Fees & Purchased Services	4,045	3,962	3,809	(153)	-4.0%
Other Operating Expense	4,484	4,716	4,945	228	4.6%
Interest	0	0	0	0	0.0%
Depreciation	1,494	1,610	1,596	(14)	-0.9%
Total Operating Expense	33,352	32,792	34,274	1,482	4.3%
Net Operating Income/(Loss)	4,121	1,905	3,000	(1,095)	-36.5%
Non Operating Income	0	(10)	0	(10)	0.0%
Net Income(Loss)	4,121	1,895	3,000	(1,105)	-36.8%
EBITDA	25.0%	20.9%	22.4%	-1.5%	
Operating Margin	11.0%	5.5%	8.0%	-2.6%	
Net Margin	11.0%	5.5%	8.0%	-2.6%	

⁽¹⁾ Hospital only, excludes affiliates

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

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

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

New Main Hospital Lab Upgrades (MV)



Memorandum Administration

Date: December 28, 2016
To: El Camino Hospital Board of Directors
From: Ken King, CASO
Re: New Main Lab Upgrades
Capital Facilities Project Funding Request

Recommendation: The Board Finance Committee has recommended Board approval for the funding of the budgeted New Main Lab Upgrades Project at a cost not to exceed \$3.1 million.

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

Problem / Opportunity Definition: There are two issues in the Laboratory that need to be addressed. The first is the issue of chemical odors in the pathology/histology area that need to be vented through a custom hood, which requires the reconfiguration of equipment and systems in the histology area. The second issue in the clinical lab area is that the existing Beckman automated hematology line has exceeded its useful life, is experiencing frequent failures and needs to be replaced with new equipment. The problem is that the existing system must remain functional until the new system is installed, tested and validated, which requires a complicated sequence of construction, installation, and relocation of functions. The opportunity in both cases is improved safety and creates efficiencies that will improve staff productivity.

Process Description: The architect (KMD) and engineers (Mazzetti & Assoc.) who designed the New Main Hospital and the Lab were engaged to work with the Lab and Facilities staff to determine the most effective and efficient way to address the issues described. Additionally, the solution also requires that the existing lab and pathology operations remain completely functional throughout the process. The plan that has been developed requires nine (9) phases of specific steps to be completed in sequence in each area. The goal of the project is to complete all phases while maintaining critical lab operations in a safe and efficient manner.

Alternative Solutions: The only alternative that was considered was to shut down large portions of Lab services in order to make the necessary changes. This would require outsourcing Lab services at a significant cost and risk to quality and safety.

Concurrence for Recommendation: This request is supported by the medical and clinical leadership of the Laboratory and Pathology departments and the Executive Leadership Team and the Board Finance Committee.

Outcome Measures / Deadlines: The target timeline is to obtain an OSHPD Building Permit by March 2017 and to be ready to begin the multi-phased construction and installation as soon as the permit is received. The duration of construction and installation is approximately six to seven months.

Legal Review: Not Required

Compliance Review: Not Required

Financial Review: The not to exceed cost for this OSHPD permitted project is as follows:

Construction (Includes OSHPD Permit Contingency)	\$1,432,996
Soft Costs (Includes Design, PM, Permit Fees & Inspections, Misc.)	\$ 811,933
Furniture Systems	\$ 80,000
Lab Equipment (New Hematology Line)	\$ 498,000
Project Contingency @ 6%	\$ 277,071
Total	\$3,100,000

Note that the FY17 Capital Facilities Budget for this project is \$1.6 million and the lab equipment was budgeted in the prior fiscal year. The delta of approximately \$1 million between the fiscal year budget estimates and the actual cost of the project is due to the estimate being a "Cost per Square Foot" estimate and the actual cost being priced in accordance with the detailed requirements of the project. This delta amount will be offset by adjusting or deferring other budgeted facility projects in this fiscal year.

Medical Office Building Upgrades (LG)

Memorandum Administration

Date: December 28, 2016
To: El Camino Hospital Board of Directors
From: Ken King, CASO
Re: LG MOB Improvements
Capital Facilities Project Funding Request

Recommendation: The Board Finance Committee has recommended Board approval for the funding of the budgeted Los Gatos MOB Improvements Project at a cost not to exceed \$5 million. The Finance Committee recommendation is contingent on the execution of a new lease for approximately 14,000 square feet, which incorporates a large element of the requested improvements. (See **Concurrence for Recommendation** below for the status of the lease.)

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

Problem / Opportunity Definition: ECH acquired four medical office buildings adjacent to our Los Gatos Hospital in 2014. The buildings are approximately 35 to 40 years old and have not ever been significantly upgraded. Of the 74,000 gross square feet in all four buildings, approximately 24,000 square feet are vacant. Over the past two years we have only made necessary repairs and minor tenant improvements to a few suites.

We currently have an opportunity to lease approximately 14,000 square feet of space to a large orthopedic physician group. In order to accommodate this tenant we are required to completely reconfigure the entire area. This work will also trigger required code compliance and ADA upgrades on the site and we can perform various other suite upgrades that are needed to make the remaining vacant suites more marketable.

Process Description: This property improvement project is included in the FY17 Capital Facilities project budget in anticipation of securing a major tenant. We currently have a letter of intent in place and a lease that is in the final stages of negotiation. We have engaged an architect and general contractor to develop the plans and cost estimates to complete the required work. The scope of the project is essentially a gut and reconstruction of 14,000 square feet of interior space to accommodate code compliant exam rooms, x-ray, and MRI equipment, along with office and support space. It also includes code and other upgrades needed on the site in various other suites. We are currently preparing the documents that are needed in order to obtain a building permit and pending Board approval of the project funding in January we expect to begin construction as soon as a building permit is obtained.

Alternative Solutions: No alternatives were considered.

Concurrence for Recommendation: This request is supported by Executive Leadership Team and the Finance Committee with the condition that a lease is executed for approximately 14,000 square feet. As the time of writing this memo, the lease negotiations and lease document is in the final stages with only a few items to be resolved. It is expected that a lease will be executed prior to the Board meeting date and will be confirmed at that time.

Outcome Measures / Deadlines: The plan is to complete the construction of the improvements in 14 to 16 weeks and to have the space ready for occupancy before the end of June 2017.

Legal Review: The construction and lease agreements are utilizing the standard forms prepared by Greg Caligari from Cox, Castle, and Nicholson.

Compliance Review: All leases are reviewed for compliance by the Compliance Officer and construction agreements follow standard protocols.

Financial Review: The not to exceed cost for this non-OSHPD project equal to the FY17 budgeted amount of \$5 million and breaks down as follows:

Construction (Includes Permit Fees, Design Build MEP, Permit Contingency)	\$4,295,243
Soft Costs (Includes Design, PM, Tests & Inspections, Misc.)	\$ 320,021
Project Contingency @ 8%	\$ 369,941
Total	\$4,994,205
Rounded	\$5,000,000

Note that the cost of these improvements will be depreciated over fifteen years with an annual depreciation expense of \$333,333. The annual rent on the 14,000 square feet of vacant space is over \$620,000 in the first year. This investment is needed in order to accommodate the large physician group and to attract new tenants to the remaining 10,000 square feet of vacant space within these medical office buildings.

Stryker Laparoscopic Platform

Memorandum

DATE: January 11, 2017

TO: El Camino Hospital Board of Directors

FROM: Mick Zdeblick, COO; Eric Guglielmoni, Director of Materials Management

SUBJECT: Stryker 1588 Laparoscopic Platform

ACTION: **Possible Motion:** To approve purchase of the new 1588 Stryker Laparoscopic Platform.

Recommendation: On November 28, 2016, the Finance Committee voted to recommend that the Board of Directors approve this request for replacement of the current Stryker 1288 Laparoscopic system. The request will be funded by substituting \$1.4 million of budgeted items and \$123,000 in additional funds.

Authority: The Peri-Operative department at the Mountain View campus and Purchasing are requesting authorization to replace the current Stryker system.

Problem / Opportunity Definition: The current system was purchased in 2009 and is fully depreciated. Key components have reached “end of life” support as of December 31, 2016. Our plan is to replace the critical components such as the router for all 10 rooms and upgrade the equipment in 5 rooms in FY17. The remaining 5 room will be budgeted and completed in FY18.

Alternative Solutions: Per the Surgery department, failure of the current equipment, particularly the routers that function as the “brains” of the system, could cause delay in procedures and/or closure of an OR suite.

Technology Improvements: Captures images in robotic procedures; larger monitors; enhanced intraoperative imaging (potential reduction of injury to surrounding structures).

Replacement Timetable:

	2017				
Milestones	11-Jan	12-Jan	Feb	Mar	Apr
BOD Approval					
PO Issue					
Vendor Prep					
Installation					

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

Financial Review:

System Replacement	\$ 1,540,743
FY17 Budgeted Dollars Applied	\$ 1,418,101
Unbudgeted Dollars Requested	\$ 122,642

***Current equipment is fully depreciated**

Hospitalist Call Coverage Agreement (LG)

ECH BOARD MEETING AGENDA ITEM COVER SHEET

Item:	On-Call Coverage Agreement for Hospitalist Services – LG; PAMF El Camino Hospital Board of Directors January 11, 2017
Responsible party:	William Faber, MD, Chief Medical Officer
Action requested:	Board Approval
Background:	The current On-Call Coverage Agreement for Hospitalist Services with Paragon Physician Medical Group, Inc. has been in place since the opening of the Los Gatos Campus in 2009. Paragon will cease operations on January 8, 2017 and the core group of physicians will join PAMF effective January 9, 2017 at which time the Hospital will enter into an assignment agreement with PAMF for some of Paragon’s physicians to provide Hospitalist services until the termination date of the Paragon/ECH Agreement on January 31, 2017.
Board Advisory Committees that reviewed the issue and recommendation, if any:	Finance Committee, November 28, 2016
Summary and session objectives :	It is requested that the Board approve delegating to the CEO the authority to enter into a new Agreement with PAMF effective February 1, 2017 for the same core physicians to provide on-site coverage for 8 hours/day (7:00 am to 3:00 pm) and on call coverage the remainder 16 hours/day at the Los Gatos Campus. The PAMF physicians will provide hospitalist care and coverage to any unassigned patients present at the Los Gatos Campus.
Suggested discussion questions:	None.
Proposed Board motion, if any:	To approve delegating to the CEO the authority to enter into a new Agreement with PAMF for two years at the current per diem payment of \$1700.00, resulting in an annual payment of \$620,500.00, which is below the 50 th percentile for fair market value according to MD Ranger reports. This amount is included in the current budget for FY17. We are not recommending an increase in compensation.
LIST OF ATTACHMENTS:	1. 10-Step

Date: January 11, 2017

To: El Camino Hospital Board of Directors

From: William Faber, MD, Chief Medical Officer

Subject: **On-Call Coverage Agreement for Hospitalist Services - LG**

1. **Recommendation:** We request that the Board of Directors approve delegating to the CEO the authority to enter into an agreement with PAMF for on-call coverage for hospitalist services at the Los Gatos Campus.
2. **Problem/Opportunity Definition:** The current On-Call Coverage Agreement for Hospitalist Services with Paragon Physician Medical Group, Inc. has been in place since the opening of the Los Gatos Campus in 2009. Paragon physicians have provided 24/7/365 coverage to the Los Gatos Emergency Department and specialists for internal medicine consults and admissions, including admissions to ICU. This Agreement expires January 31, 2017.

Paragon will cease operations on January 8, 2017 and the core group of physicians will join PAMF effective January 9, 2017 at which time the Hospital will enter into an assignment agreement with PAMF for some of Paragon's physicians to provide Hospitalist services until the termination date of the Paragon/ECH Agreement on January 31, 2017.

The Hospital desires to enter into a new agreement with PAMF effective February 1, 2017 for the same core physicians to provide on-site coverage for 8 hours/day (7:00 am to 3:00 pm) and on call coverage the remainder 16 hours/day at the Los Gatos Campus. The PAMF physicians will provide hospitalist care and coverage to any unassigned patients present at the Los Gatos Campus.

3. **Authority:** According to Administrative Policies and Procedures, Board approval is required prior to CEO signature for all new or renewal physician agreements that exceed the Policy's annual compensation threshold of \$250,000.
4. **Process Description:** Upon Board approval, an On-Call Coverage Agreement for Hospitalist Services at the Los Gatos Campus will be entered into with PAMF effective February 1, 2017 for a two-year term through January 31, 2019.

5. **Alternative Solution which Includes Cost Benefit/SWOT Analysis:** There are no alternative solutions being considered at this time.
6. **Concurrence for Recommendation:** The proposed Agreement is supported by Finance Committee, the Chief Financial Officer, and Chief Operating Officer.
7. **Outcome Measures and Deadlines:** Upon Board approval, the effective date of the new agreement will be February 1, 2017.
8. **Legal Review:** Legal counsel will review the final Agreement prior to execution.
9. **Compliance Review:** Compliance will review and approve the proposed Agreement and compensation prior to execution.
10. **Financial Review:** The current Agreement authorizes a per diem payment of \$1700.00, resulting in an annual payment of \$620,500.00, which is below the 50th percentile for fair market value according to MD Ranger reports. This amount is included in the current budget for FY17. We are not recommending an increase in compensation.

j. Annual Board Self-Assessment and Board Chair Assessment Survey Tools

ECH BOARD MEETING AGENDA ITEM COVER SHEET

Item:	Annual Board Self-Assessment and Board Chair Assessment Surveys El Camino Hospital Board of Director January 11, 2017
Responsible party:	Cindy Murphy, Board Liaison
Action requested:	For Approval
Background:	
<p>Each year, the Board engages in a Board Self-Assessment and Board Chair Assessment process facilitated by Nygren Consulting, LLC. Committee self-assessments are done every other year. At its November 10, 2016 meeting, the Governance Committee reviewed last year's Self-Assessment tools with the assistance of JoAnn McNutt of Nygren Consulting, LLC. Following substantial dialogue, the Committee voted to recommend that the Board approve the tools with the following revisions:</p> <ol style="list-style-type: none"> 1. Board Self- Assessment – Revise survey question #24 to reflect the Board's role in overseeing management's development and execution of a Compliance Program and #17 to reflect the Board's role in overseeing development of a Medical Staff Development Plan. 2. Board Chair Assessment – Since Board Chair Cohen will not be continuing in his role as Board Chair, the Committee requested revisions to provide feedback to Chair Cohen on his achievements, positive contributions to the Board and any advice for his last few months of service, (2) to inform the incoming Chair regarding the most important skills/behaviors they might expect of an effective Board Chair and (3) to offer any advice to the incoming chair. <p>Following Board approval, the surveys will be launched in February. Results will be brought back to the Governance Committee in March and to the Board in April.</p>	
Committees that reviewed the issue and recommendation, if any: The Governance Committee voted to recommend Board approval of the Annual Board Self-Assessment and Board Chair Assessment Tools as revised.	
Summary and Session Objectives: To obtain Board approval of the proposed survey tools.	
Suggested discussion questions: None.	
Proposed Board motion, if any:	
To approve the FY17 Board Self-Assessment and Board Chair Assessment Tools.	
LIST OF ATTACHMENTS:	
Proposed FY17 Annual Board Self-Assessment and Board Chair Assessment Tools (CLEAN and REDLINES)	

**Att. 19j 01 ECH 2017 Board Assessment Survey Items -
October 27, 2016 (Updated Draft -- clean)**

El Camino Hospital
Board Assessment 2017

Prepared for: ECH Hospital Board

For Internal Use Only - Do Not Distribute

Board Competency Areas

1. Fiduciary Oversight
2. Strategic Oversight
3. Quality Oversight
4. Management Oversight
5. Board Development
6. Board Culture and Dynamics
7. Information and Decision Making

Survey Components

There will be separate links for each survey. This will break up the length and make it easier to track who has completed the following surveys:

- **Board Assessment.** This will be completed by the Hospital Board of Directors, the Executive Leadership Team and Chiefs of Staff.
- **Board Chair Assessment.** This will be completed by the Hospital Board of Directors, the Executive Leadership Team and Chiefs of Staff.

Board Assessment

This section is to be completed by the Hospital Board of Directors, the Executive Leadership Team and Chiefs of Staff.

Fiduciary Oversight
1. The board continually ensures that the organization's mission is being followed.
2. The board effectively monitors the organization's financial performance against goals.
3. The board carefully evaluates whether a major initiative aligns to the organization's mission, vision, values and strategy and presents positive net value before approving it.
4. The board regularly assesses the adequacy of its conflict-of-interest/confidentiality policies and procedures.
5. The board's actions ensure ECH remains a valuable asset to the community.
Strategic Oversight
6. The board is engaged at the appropriate level in establishing the organization's strategic direction.
7. The board ensures that all plans in the organization (e.g., financial, capital, operational, quality improvement) are aligned with the organization's overall strategic plan/direction.
8. The board discusses the needs of all key stakeholders (i.e., patients, physicians, employees and the community) when setting the strategic direction for the organization.
9. The board ensures that major strategic projects specify both measurable criteria for success and a detailed plan for implementation.
10. The board effectively evaluates proposed new programs or services on factors such as financial feasibility, market potential, impact on quality and patient safety, customer service, etc.
11. The board is effectively guiding ECH away from hospital centric care and towards the continuum of care.
Quality Oversight
12. The board carefully evaluates and approves annual strategic initiatives for quality that include specific top-level aims/goals for quality improvement in the organization.
13. The board carefully reviews quality performance to identify needs for corrective action.
14. The board seeks a high level of physician involvement in governance (e.g., strategic planning, capital planning, quality, patient safety, etc.).

15. The board places the right amount of emphasis on quality and patient care.
16. The board has mechanisms in place to effectively oversee quality.
17. The board effectively oversees the review and development of the medical staffing plan on a routine basis.
18. The board effectively reviews and oversees the physician credentialing process.
19. The board's oversight of performance improvement includes initiatives designed to reduce cost (i.e. lean initiatives, fewer labs).
Management Oversight
20. The board has a fair and effective procedure for evaluating the CEO's performance.
21. The board has an effective working relationship with the CEO.
22. The board carefully reviews the organization's top management succession plan.
23. The board oversees management at the appropriate governing level.
24. The board ensures that management executes a formal, detailed and relevant compliance and internal audit program.
Board Development
25. The board has an effective orientation program for new board and committee members.
26. The board has an effective annual education plan to ensure ongoing board and committee member education.
27. The board regularly reviews necessary competencies and skill gaps resulting in the use of the right competency-based criteria when appointing new board and committee members and identifying recruiting needs.
28. The board fosters a culture of continuous learning and improvement.
29. An annual goal-setting process for board performance is treated as a top priority by the board.
Board Culture and Dynamics
30. Board members display professional courtesy and respect when interacting with others.
31. The board has frank and open discussions.
32. Board members work well as part of a team.
33. Board members exhibit a willingness to challenge traditional thinking.

34. The board effectively demonstrates its commitment to creating a culture of transparency and integrity.

Information and Decision Making

35. Strategic alignment and quality serve as the framework for all decision making.

36. The board is effective at making decisions in line with board committee recommendations.

37. The board seeks the appropriate level of information from staff to govern effectively.

38. The board is effective at reaching consensus on key strategic decisions.

Open-Ended

39. What is working well in terms of board performance?

40. What are the one or two things the board did in the past year that made a positive difference for the hospital?

41. What specific strategic issues or goals would you like to see the board address this year?

42. What are one or two things that the board MUST improve on in the coming year?

43. What is the risk to the board/organization if these things are not accomplished?

Board Chair Performance

This section is to be completed by the Hospital Board of Directors, the Executive Leadership Team and Chiefs of Staff.

The Board Chair

1. Open-Ended: As you reflect back on Neal Cohen's tenure as Board Chair, what stands out as being his greatest achievements?

2. Open-Ended: In what ways has he made a positive contribution to the Board?

3. Open-Ended: What advice or comments might you have for Neal, if any, as he prepares to complete his service on the ECH Hospital Board?

Preparing for the New Board Chair

This section is to be completed by the Hospital Board of Directors.

From the list below, please select the 5 most important skills/behaviors that you would expect of an effective Board Chair.

1. Ensures the board leverages the individual skills and expertise of directors and committee chairs.
2. Structures the agenda such that there is adequate time for in-depth discussion on important matters.
3. Is effective in creating consensus on the board.
4. Ensures board meetings successfully integrate the work of all committees.
5. Ensures that non value-added work is actively identified and eliminated.
6. Interacts with others in a fair, honest and respectful manner.
7. Sets a high standard for the board's general conduct, especially in areas such as conflicts of interest, confidentiality, etc.
8. Leads the board in generative thinking.
9. Works diligently to facilitate productive discussion in the board room.
10. Understands the board's role in governance and does not inappropriately intervene in areas delegated to management.
11. Ensures that the hospital's policies and procedures reinforce positive behaviors and high performance.
12. Effectively oversees the selection of committee chairs.
13. Effectively mentors committee chairs.
14. Has a strong understanding of committee dynamics.
15. Clearly understands each committee's recruiting needs.
16. Attends committee meetings frequently enough to understand the work of the committees.
17. Open-Ended: What advice do you have for the new Board Chair?

**Att. 19j 02 ECH 2017 Board Assessment Survey Items -
October 27, 2016 (Updated Draft--redline)**



Governance | Strategy | Leadership

El Camino Hospital

Board Assessment 2017

Prepared for: ECH Hospital Board

For Internal Use Only - Do Not Distribute



Board Competency Areas

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- ~~6. Interacts with others in a fair, honest and respectful manner.~~
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- ~~15. Clearly understands each committee's recruiting needs.~~
- ~~16. Attends committee meetings frequently enough to understand the work of the committees.~~
- 17.1. Open-Ended: As you reflect back on Neal Cohen's tenure as Board Chair, what stands out as being his greatest achievements? What are the Board Chair's strengths?
- 18.2. Open-Ended: In what ways has he made a positive contribution to the Board? In what ways can he improve his effectiveness as a Board Chair?
- 19.3. Open-Ended: What advice or comments might you have for Neal, if any, as he prepares to complete his service on the ECH Hospital Board? If you marked a 1 or 2 on any of the items above, please provide an explanation.

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Preparing for the New Board Chair

This section is to be completed by the Hospital Board of Directors.

From the list below, please select the 5 most important skills/behaviors that you would expect of an effective Board Chair.

- 1. Ensures the board leverages the individual skills and expertise of directors and committee chairs.

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Medical Staff Report

Board of Directors Open Session – January 11, 2016

To: El Camino Hospital Board of Directors

From: Rebecca Fazilat, MD, Chief of Staff MV
J. Augusto Bastidas, MD, Chief of Staff LG

Date: December 27th, 2016

RE: REPORT FROM THE MEDICAL STAFF EXECUTIVE COMMITTEE

This report is based upon the Medical Staff Executive Committee meeting of **November 17th, 2016**.

Request Approval of the Following:

A. Patient Care Policies & Procedures – Policy Summaries (p. 2)

- Policies with Minor Revisions (See Summary p. 2)

SUMMARY OF POLICIES/PROTOCOLS FOR REVIEW AND APPROVAL

POLICIES WITH MINOR REVISIONS				
Policy Number	Policy Name	Department	Review or Revised Date	Summary of Policy Changes
	Protocol -Implanted Vascular Access Device (IVAD), Adult and Pediatric	Patient Care Services	11/4	Combines 2 policies into 1
	Infant Feeding LG	MB	11/4	Minor Changes for baby friendly compliance
	Guidelines for Attendance of Neonatologists at High Risk Deliveries	NICU	11/4	Minor clarifying elements
	Finance - Value Analysis	Finance	8/17	Title change to: Patient Care -Purchase of Supplies/Equipment for Patient Care or Hospital Use - Added language to clarify that it is not OK for MD's or others to bring product or equipment into the procedural area from the outside.
	Nutrition Services - Tray Assembly	Nutrition Services	11/4	Combined as Enterprise
	Radial Artery Compression (TR Band), Management of the Patient With	HVI	11/4	Transcribed original policy and procedure content from old template into new policy and procedure template version July 2015. Inclusion of supportive data to include 1.5 hour post radial band application time deflation in uterine artery embolization's performed in Los Gatos

FY17 Period 5 Financials



El Camino Hospital

THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

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

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

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

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

Inpatient Volume:

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

Outpatient Volume:

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

Operation Income:

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

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

(1) Due to timing of month end costing, In Patient and Out Patient Operating Margin % for FYTD 2017 are one month in arrears

(2) Green - Equal to or better than budget

Yellow - Unfav vs budget by up to 5%

Red - Greater than 5% unfav variance from budget

Fiscal Year 2017 YTD (7/1/2016-11/30/2016) Waterfall

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

El Camino Hospital (\$000s) ⁽¹⁾

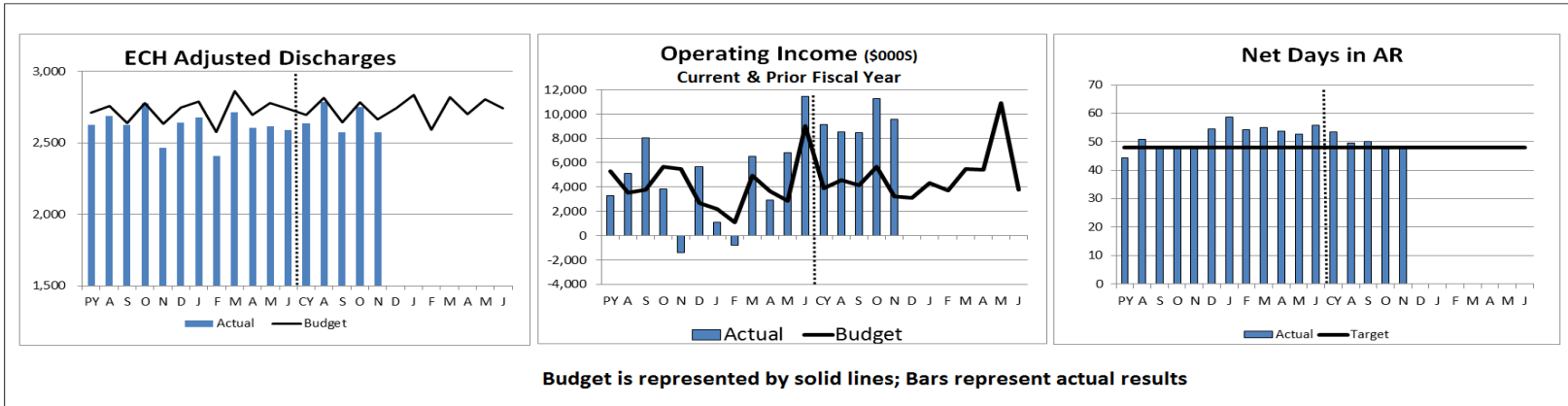
5 month ending 11/30/2016

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

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

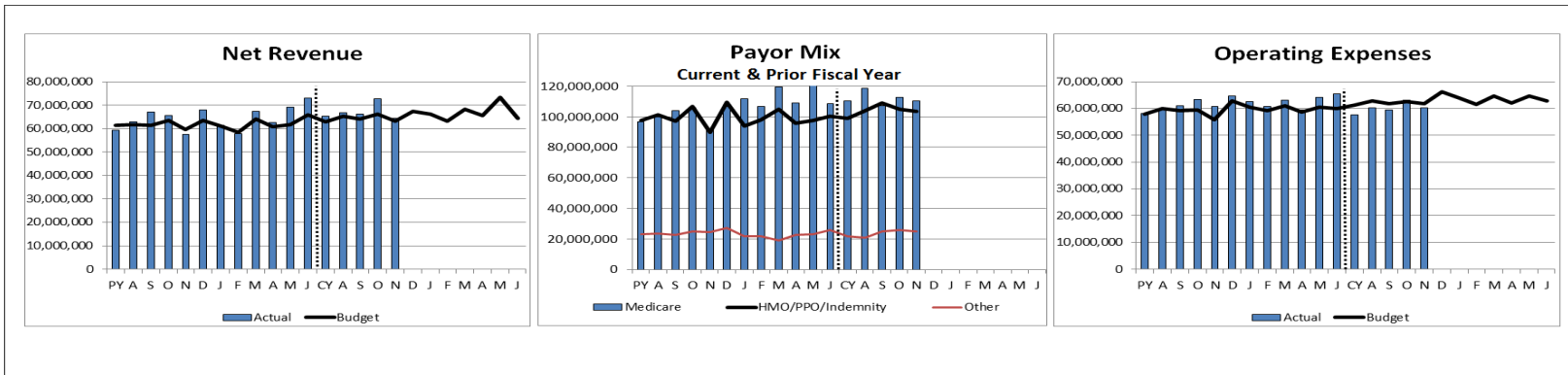
⁽¹⁾ Hospital entity only, excludes controlled affiliates

Monthly Financial Trends



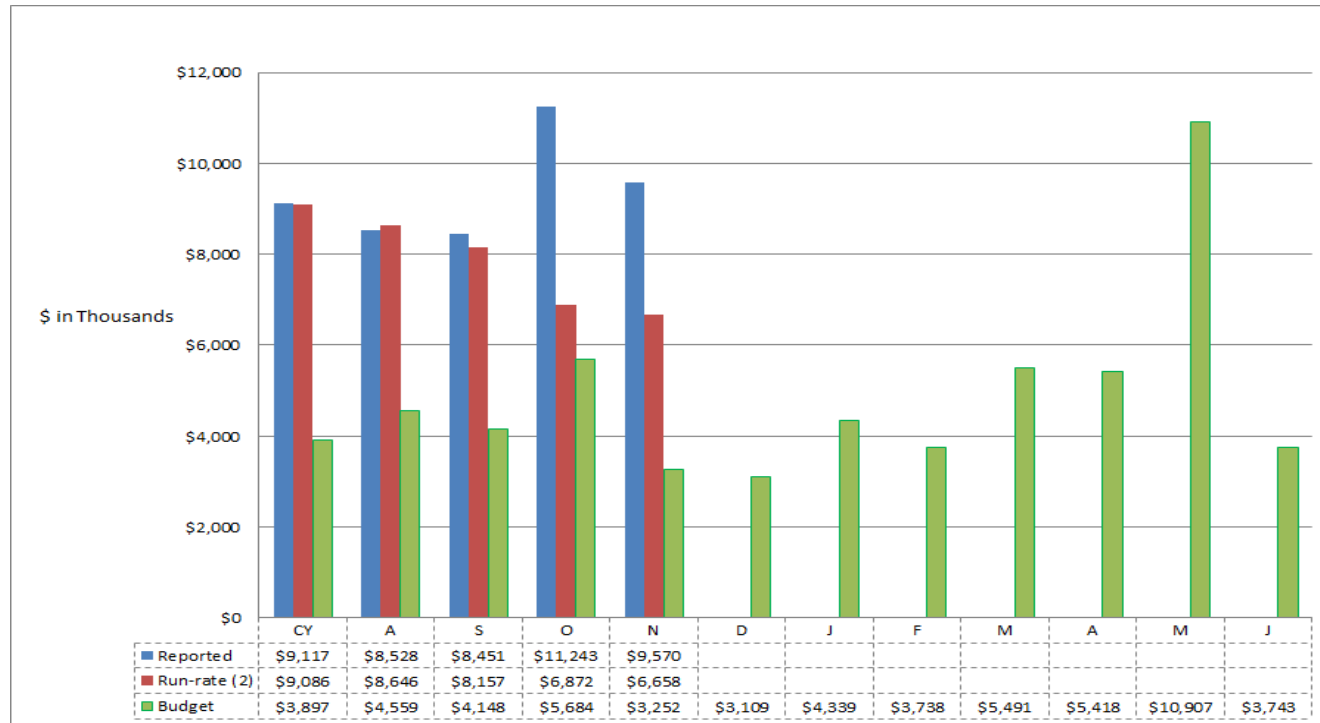
Volume stable compared to PY but below budget

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



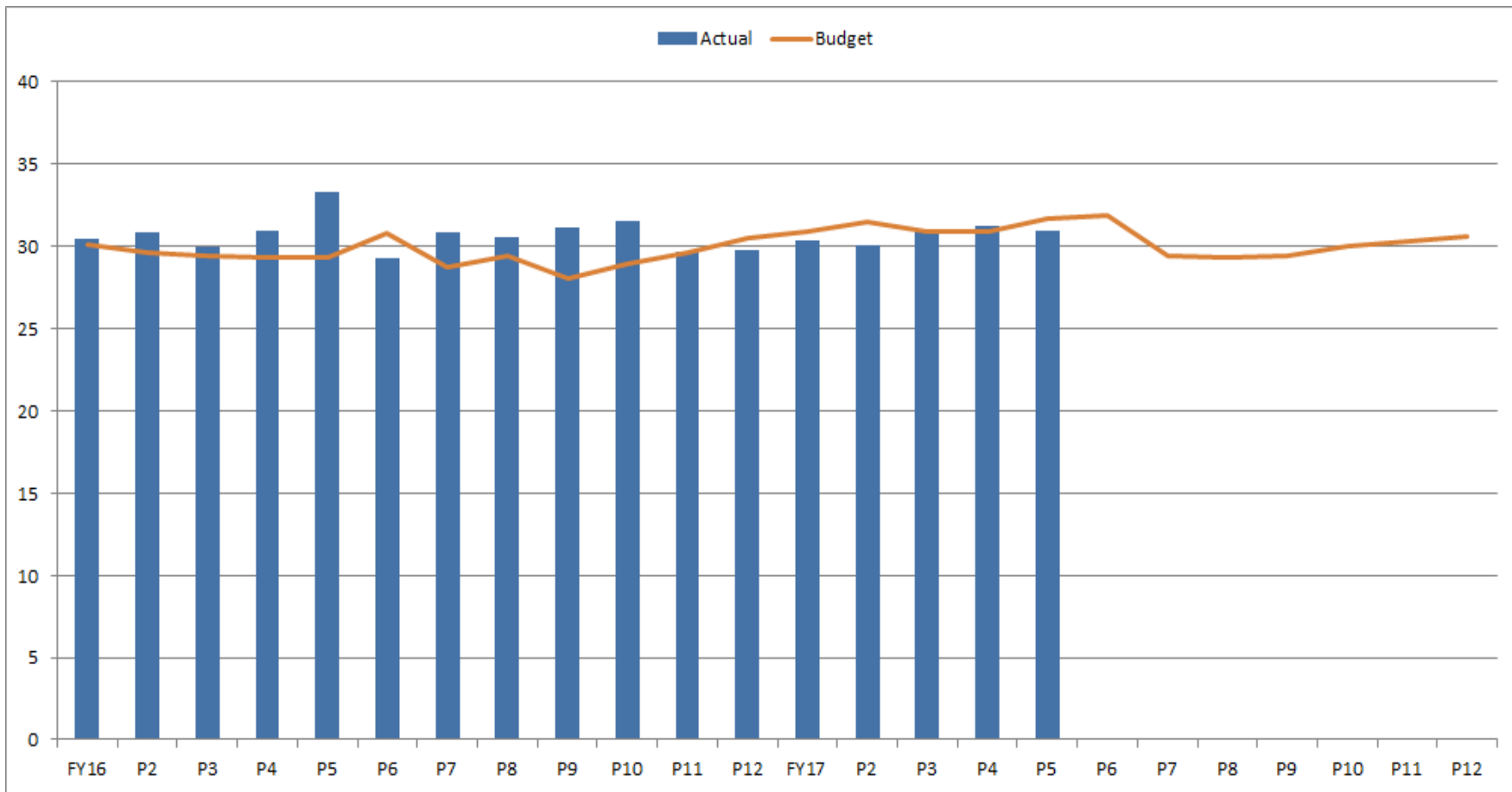
ECH Operating Margin

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



FY 2017 Actual Run Rate Adjustments (in thousands)		J	A	S	O	N	D	J	F	M	A	M	J
Revenue Adjustments	RAC Release	\$76	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Insurance Overpayment Release Spine	\$0	\$0	-\$61	-\$145	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Mcare Settltm/Appeal/Tent Settltm/PIP	-\$100	\$158	-\$71	-\$67	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	IGT Supplemental	\$0	\$0	\$0	-\$6,535	-\$3,510	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prime IGT Misc Income												
	Total	-\$31	\$118	-\$295	-\$6,771	-\$3,510	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expense Adjustments	Pay-For-Performance Bonus	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Ratification Bonus	\$0	\$0	\$0	\$2,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Inst & Minor Med Equipment	\$0	\$0	\$0	\$0	\$598	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total	\$0	\$0	\$0	\$2,400	\$598	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Worked Hours per Adjusted Patient Day



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

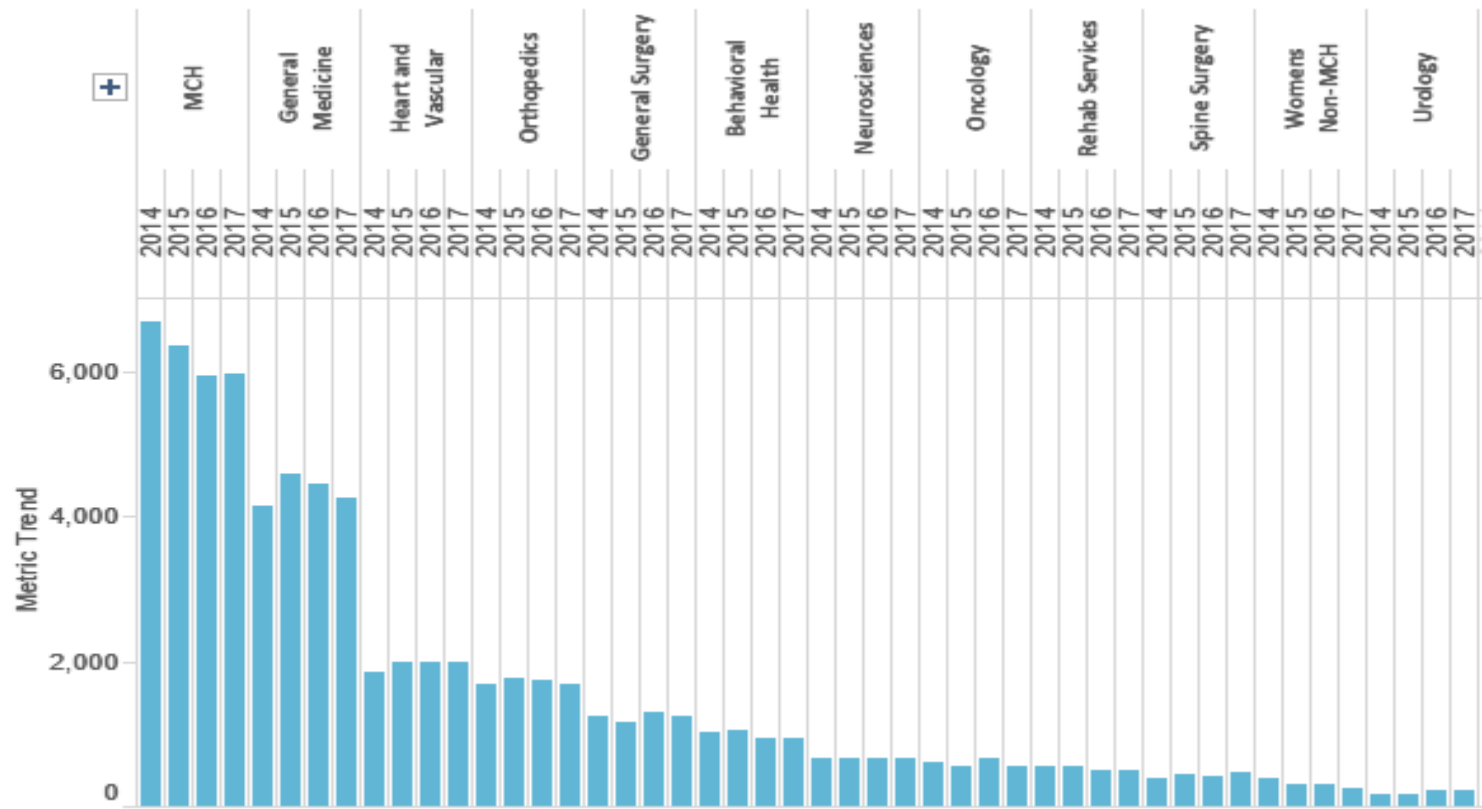
Summary of Financial Results

\$ in Thousands

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

Favorable variance in revenue bonds SWAP adjustments for November.

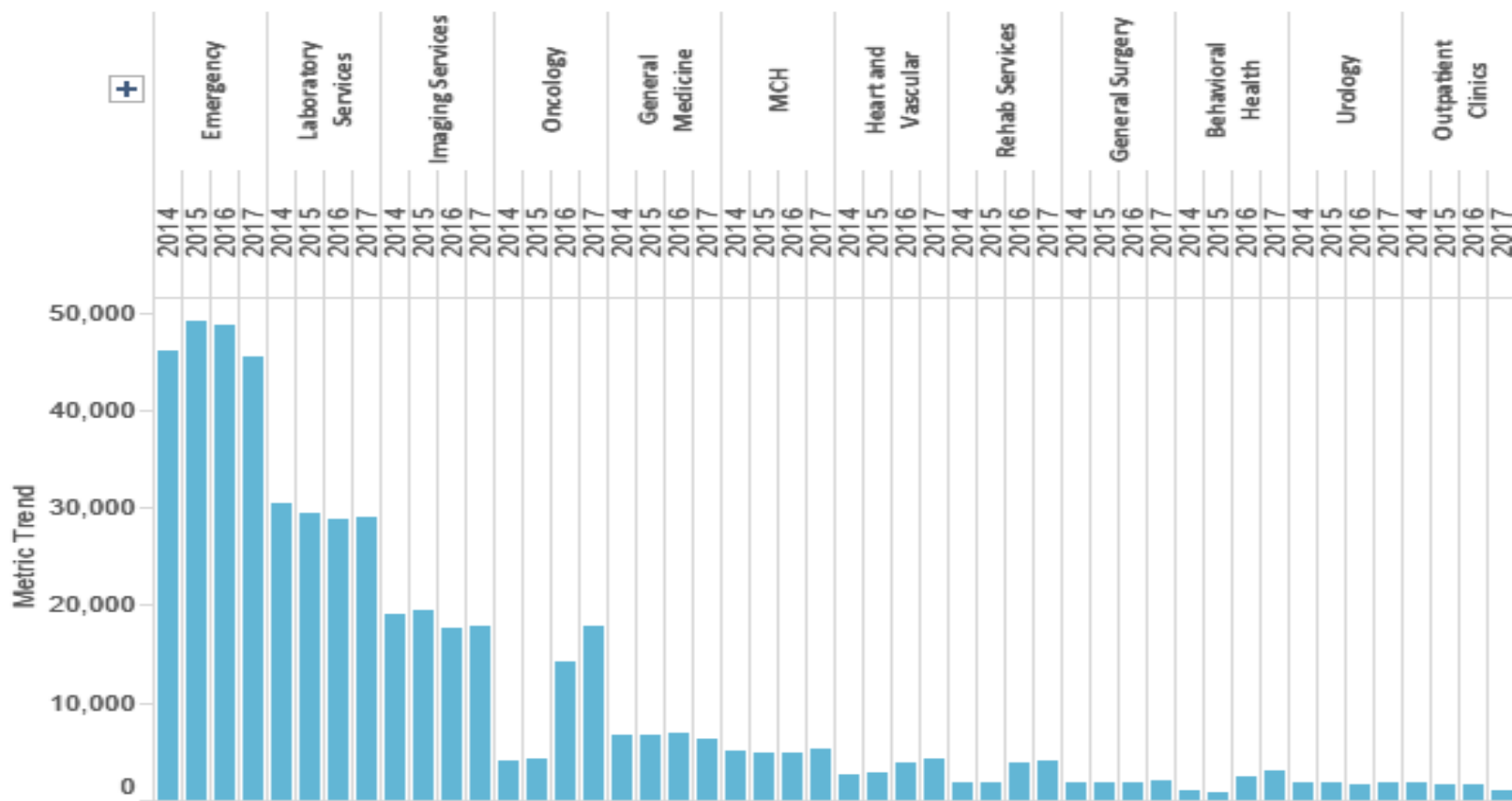
El Camino Hospital Volume Annual Trends – Inpatient FY 2017 is annualized



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

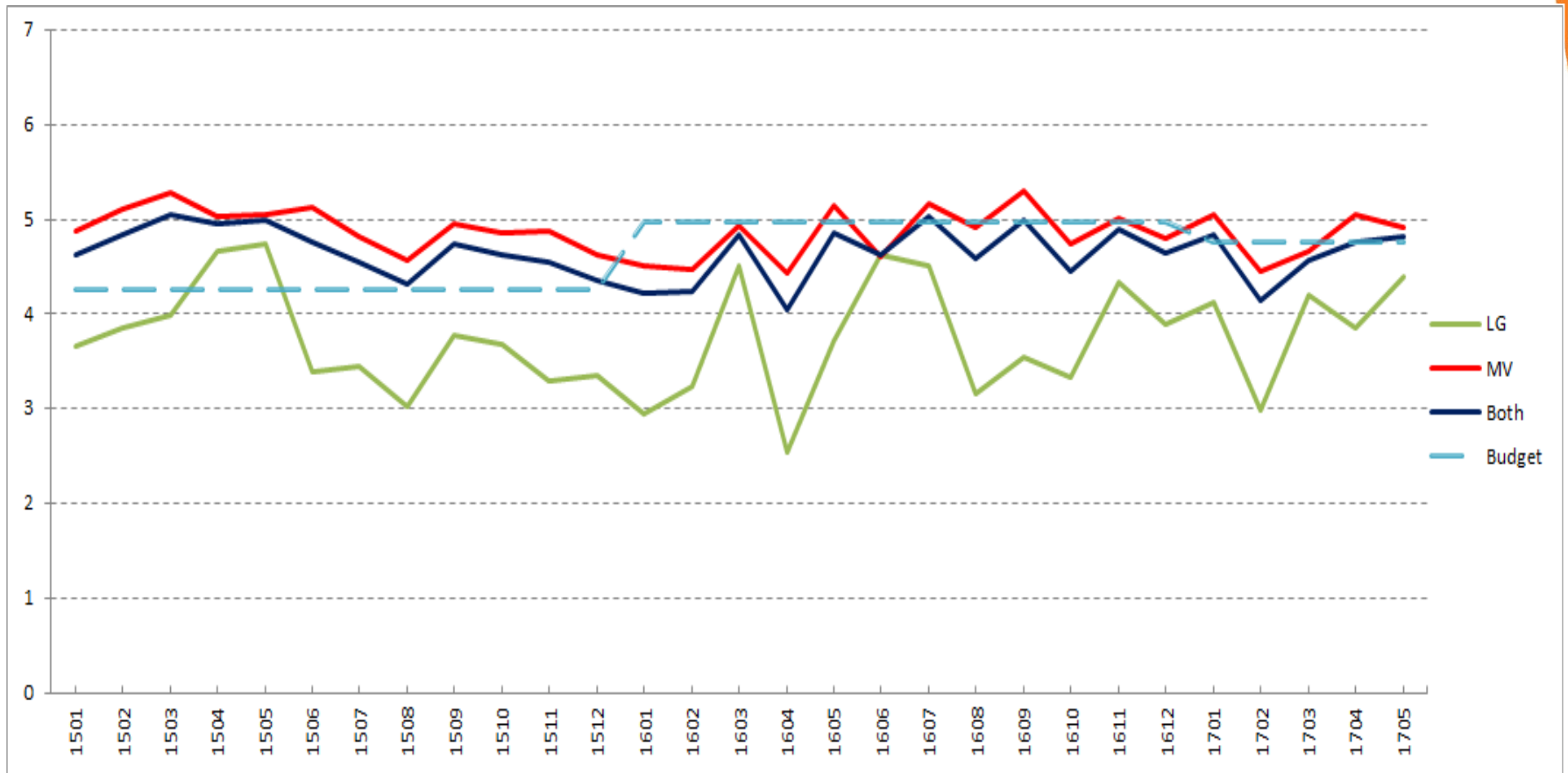
El Camino Hospital Volume Annual Trends – Outpatient

FY 2017 is annualized



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

Medicare ALOS



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

El Camino Hospital Investment Committee Scorecard

Updated Quarterly
September 30, 2016

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY17 Year-end Budget	Expectation Per Asset Allocation
Investment Performance		3Q 2016		Fiscal Year-to-date		Since Inception (annualized)			May 2016
Surplus cash balance & op. cash (millions)		\$773.2	--	--	--	--	--	\$657.2	--
Surplus cash return	Green	2.7%	2.8%	2.7%	2.8%	4.9%	4.8%	4.0%	5.2%
Cash balance plan balance (millions)		\$228.9	--	--	--	--	--	\$220.6	--
Cash balance plan return	Green	3.5%	3.1%	3.5%	3.1%	7.5%	6.8%	6.0%	5.8%
403(b) plan balance (millions)		\$357.1	--	--	--	--	--	--	--
Risk vs. Return		3-year				Since Inception (annualized)			May 2016
Surplus cash Sharpe ratio	Green	0.89	0.95	--	--	1.10	1.09	--	0.55
Net of fee return	Green	4.1%	4.4%	--	--	4.9%	4.8%	--	5.2%
Standard deviation	Green	4.6%	4.6%	--	--	4.3%	4.4%	--	8.6%
Cash balance Sharpe ratio	Green	0.91	0.91	--	--	1.24	1.18	--	0.49
Net of fee return	Green	5.5%	5.3%	--	--	7.5%	6.8%	--	5.8%
Standard deviation	Green	6.0%	5.8%	--	--	5.9%	5.7%	--	10.7%
Asset Allocation		3Q 2016							
Surplus cash absolute variances to target	Green	6.2%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target	Green	5.2%	< 10%	--	--	--	--	--	--
Manager Compliance		3Q 2016							
Surplus cash manager flags	Green	13	< 18	--	--	--	--	--	--
Cash balance plan manager flags	Green	12	< 18	--	--	--	--	--	--

El Camino Hospital

Capital Spending (in millions)

Category	Detail	Approved	Total Estimated		Spent from Inception	FY 17 Proj Spend***	FY 17 YTD Spent	
			Cost of Project***	Total Authorized Active				
CIP	EPIC Upgrade				6.1	2.0	6.1	2.0
IT Hardware, Software, Equipment*					5.4	1.0	5.4	1.0
Medical & Non Medical Equipment FY 16**					4.3	0.2	4.3	0.2
Medical & Non Medical Equipment FY 17					10.3	1.5	10.3	1.5
Facility Projects								
	1307 LG Upgrades	FY13	17.3	17.3	11.6	6.3	0.8	
	1219 LG Spine OR	FY13	4.1	4.1	2.4	3.1	1.2	
	1414 Integrated MOB	FY15	275.0	28.0	23.0	100.0	9.2	
	1413 North Drive Parking Expansion	FY15	24.5	24.5	2.9	21.5	1.2	
	1245 Behavioral Health Bldg	FY16	91.5	19.0	10.3	36.0	3.0	
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	8.8	8.8	1.7	7.8	1.0	
	1313/1224 LG Rehab HVAC System & Structural	FY16	3.7	3.7	2.7	1.0	1.0	
	1502 Cabling & Wireless Upgrades	FY16	2.8	2.8	2.2	0.6	0.2	
	1425 IMOB Preparation Project - Old Main	FY16	3.0	3.0	2.6	1.0	1.8	
	1430 Women's Hospital Expansion	FY16	91.0	0.0	0.0	5.0	0.0	
	1422 CUP Upgrade	FY16	9.0	1.5	1.2	5.0	0.2	
	1503 Willow Pavilion Tomosynthesis	FY16	1.3	1.3	0.1	1.1	0.0	
	1519/1314 LG Electrical Systems Upgrade	FY16	1.2	0.0	0.0	0.5	0.0	
	1347 LG Central Sterile Upgrades	FY15	3.7	0.2	0.3	2.0	0.0	
	1508 LG NICU 4 Bed Expansion	FY16	7.0	0.5	0.1	4.0	0.1	
	1520 Facilities Planning Allowance	FY16	0.6	0.0	0.0	0.5	0.0	
New to FP 3	1525 New Main Lab Upgrades		1.6	0.4	0.2	1.6	0.2	
New to FP 3	1515 ED Remodel Triage/Psych Observation	FY16	1.6	0.0	0.0	0.6	0.0	
New to FP 3	Site Signage and Other Improvements		1.0	0.0	0.0	0.2	0.0	
New to FP 3	IR Room #6 Development		2.6	0.0	0.0	0.6	0.0	
New to FP 3	1602 JW House (Patient Family Residence)		2.5	0.0	0.0	1.5	0.0	
New to FP 3	1507 LG IR Upgrades		1.1	0.0	0.0	0.2	0.0	
New to FP 3	LG Building Infrastructure Upgrades		1.5	0.0	0.0	1.5	0.0	
New to FP 3	1421 LG MOB Improvements (17)		5.0	0.9	0.7	4.0	0.1	
	All Other Projects under \$1M		8.6	6.7	4.3	6.3	1.4	
			569.9	122.7	66.2	211.8	21.5	
GRAND TOTAL				148.8	237.9	26.1		

*Excluding EPIC

** Unspent Prior Year routine used as contingency

*** Updated August, 2016

FY 17 Facility Project Request (in 000s)

	(Board Packet) Budgeted FY 17	(FY 17 Cashflow Projections) Projected FY 17*	Variance
Mountain View Campus Master Plan Projects			
1245 BHS Replacement	\$30,000	\$36,000	(\$6,000)
1413 North Dr. Parking Structure Expansion	\$20,500	\$21,500	(\$1,000)
1414 Integrated Medical Office Building	\$101,500	\$100,000	\$1,500
1422 CUP Upgrades	\$5,000	\$5,000	\$0
1430 Womens Hosp Expansion	<u>\$5,500</u>	<u>\$5,000</u>	<u>\$500</u>
Sub-Total Mountain View Campus Master Plan**	\$162,500	\$167,500	(\$5,000)
Mountain View Capital Projects			
1501 Womens Hosp NPC Closeout	\$327	\$527	(\$200)
1425 IMOB Preparation Project - Old Main	\$1,000	\$990	\$10
1502 Cabling and Wireless upgrades	\$400	\$600	(\$200)
1525 Histology Fume Hood Upgrades	\$1,200	\$1,570	(\$370)
1515 ED Remodel Triage/Psych Observation	\$1,400	\$600	\$800
1415 Signage & Wayfinding	\$300	\$500	(\$200)
1503 Breast Imaging Tomography	\$300	\$1,100	(\$800)
1316 Willow Pavilion FA Sys and Equip Upgrades	\$800	\$200	\$600
Furniture Systems Inventory	\$250	\$500	(\$250)
Site Signage & Other Improvements	\$200	\$200	\$0
MV Equipment & Infrastructure Upgrades	\$300	\$600	(\$300)
IR Room #6 Development	\$500	\$600	(\$100)
1602 JW House (Patient Family Residence)	\$500	\$1,500	(\$1,000)
Facilities Planning Allowance	<u>\$300</u>	<u>\$600</u>	<u>(\$300)</u>
Sub-Total Mountain View Projects	\$7,777	\$10,087	(\$2,310)
Los Gatos Capital Projects			
1219 LG Spine Room Expansion - OR 4	\$3,100	\$3,100	\$0
1313 LG Rehab HVAC Upgrades	\$400	\$1,000	(\$600)
1248 LG Imaging Phase II (CT & Gen Rad)	\$7,250	\$7,750	(\$500)
1307 LG Upgrades - Major	\$7,300	\$6,300	\$1,000
1327 LG Rehab Building Upgrades	\$500	\$655	(\$155)
1507 LG IR Upgrades	\$800	\$200	\$600
1508 LG NICU 4 Bed Expansion	\$5,000	\$4,000	\$1,000
LG Building Infrastructure Improvements	\$1,200	\$1,500	(\$300)
LG MOB Improvements (17)	\$4,000	\$4,000	\$0
LG Facilities Planning	\$500	\$500	\$0
1421 LG MOB Improvements	<u>\$150</u>	<u>\$638</u>	<u>(\$488)</u>
Sub-Total Los Gatos Projects	\$30,200	\$29,643	\$557
Other Strategic Capital Projects			
Primary Care Clinic (TI's Only)	\$1,600	\$1,600	\$0
Urgent Care Clinics (TI's Only)	<u>\$2,400</u>	<u>\$2,400</u>	<u>\$0</u>
Sub-Total Strategic Capital Projects	\$4,000	\$4,000	\$0
Grand Total Facilities Projects	\$204,477	\$211,230	(\$6,753)

*FY 2017 Cashflow based on August 2016 Information

** Board Approved

El Camino Hospital⁽¹⁾

Balance Sheet (Thousands)

ASSETS			LIABILITIES AND FUND BALANCE		
	Audited			Audited	
	November 30, 2016	June 30, 2016		November 30, 2016	June 30, 2016
CURRENT ASSETS			CURRENT LIABILITIES		
(1) Cash	104,558	59,169	(7) Accounts Payable	25,622	28,519
Short Term Investments	115,336	105,284	(8) Salaries and Related Liabilities	20,874	22,992
(2) Patient Accounts Receivable, net	99,088	120,960	Accrued PTO	22,360	22,984
Other Accounts and Notes Receivable	3,089	4,369	Worker's Comp Reserve	2,300	2,300
(3) Intercompany Receivables	1,428	2,200	Third Party Settlements	11,155	11,314
(4) Inventories and Prepays	43,917	39,678	Intercompany Payables	65	105
Total Current Assets	367,416	331,660	Malpractice Reserves	1,936	1,936
BOARD DESIGNATED ASSETS			Bonds Payable - Current	3,635	3,635
Plant & Equipment Fund	120,503	119,650	(9) Bond Interest Payable	4,065	5,459
(5) Women's Hospital Expansion	9,298	-	Other Liabilities	6,831	10,478
Operational Reserve Fund	100,196	100,196	Total Current Liabilities	95,952	106,830
Community Benefit Fund	12,838	13,037	LONG TERM LIABILITIES		
Workers Compensation Reserve Fund	22,979	22,309	Post Retirement Benefits	18,933	18,256
Postretirement Health/Life Reserve Fund	18,933	18,256	Worker's Comp Reserve	20,679	20,009
PTO Liability Fund	22,360	22,984	Other L/T Obligation (Asbestos)	3,683	3,637
Malpractice Reserve Fund	1,800	1,800	Other L/T Liabilities (IT/Medl Leases)	-	-
Catastrophic Reserves Fund	15,633	14,125	Bond Payable	223,499	225,857
Total Board Designated Assets	324,540	312,358	Total Long Term Liabilities	266,794	267,759
(6) FUNDS HELD BY TRUSTEE	28,215	30,841	DEFERRED INFLOW OF RESOURCES	2,892	2,892
LONG TERM INVESTMENTS	205,797	207,597	FUND BALANCE/CAPITAL ACCOUNTS		
INVESTMENTS IN AFFILIATES	32,338	31,627	Unrestricted	1,031,510	985,583
PROPERTY AND EQUIPMENT			Board Designated	324,540	312,358
Fixed Assets at Cost	1,179,599	1,171,372	Restricted	0	-
Less: Accumulated Depreciation	(504,770)	(485,856)	(10) Total Fund Bal & Capital Accts	1,356,050	1,297,941
Construction in Progress	58,989	46,009	TOTAL LIABILITIES AND FUND BALANCE	1,721,687	1,675,422
Property, Plant & Equipment - Net	733,819	731,525			
DEFERRED OUTFLOWS	29,564	29,814			
RESTRICTED ASSETS - CASH	0	-			
TOTAL ASSETS	1,721,687	1,675,422			

(1) Hospital entity only, excludes controlled affiliates

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

- (1) The increase in cash is due allowing for immediate cash to be available for the recent significant construction projects that have started in MV campus.
- (2) The decrease is primarily due to the significant cash payments the Patient Accounts team has brought in during the four months, two months were in excess of \$70M where the projected budgeted was approximately \$63M per month.
- (3) The decrease is just a timing issue of intercompany payments from one quarter to another. Normally at a fiscal year end, they are higher due to the books being held open for a longer period of time in preparation for audit.
- (4) The increase is principally due to a quarterly pension contribution of \$2.6M.
- (5) A new item, the District allocated its FY 2014 and FY 2015 Capital Appropriation Funds in support of future renovations to the Women's Hospital when the IMOB is completed and those floors become for patient care.
- (6) The decrease is due to additional withdraws from the 2015A Project Fund for the renovations at the Los Gatos campus.
- (7) The decrease is due significant General Contractor payments being accrued at year end, that were subsequently relieved during the first quarter of fiscal year 2017.
- (8) The decrease is due to timing of the release of the bi-weekly payroll liabilities, at June 30 there were 12/14's accrual on the books, at October 31 it was down to 9/14's.
- (9) The decrease is due a semi-annual 2015A bond interest payment made August 1, 2016.
- (10) The increase is due to this fiscal year's P&L affect (\$37M from Operations and \$6M for Non-Operations – primarily due to unrealized investment gain), and the \$9M transfer from the District in support of the future Women's Hospital renovations.

⁽¹⁾ Hospital entity only, excludes controlled affiliates

APPENDIX

Dashboard - Mountain View

	Annual						Month			YTD		
	2013	2014	2015	2016	2017 Projection	2017 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume												
Licensed Beds	300	300	300	300	300	300	300	300	300	300	300	300
Acute Patient Days	72,245	71,084	73,360	73,010	69,019	72,687	5,685	5,534	5,756	29,025	28,758	29,288
ADC	198	195	201	199	189	199	190	184	192	190	188	191
Adjusted Acute Discharges	18,804	18,465	18,455	18,721	19,186	18,879	1,438	1,533	1,585	7,769	7,994	7,911
Acute Discharges	11,206	10,718	10,825	11,105	11,042	11,082	858	868	924	4,502	4,601	4,617
Inpatient total												
MS Discharges	11,206	10,718	10,825	11,105	11,042	11,082	858	868	924	4,502	4,601	4,617
Deliveries	4,487	4,348	4,386	4,076	4,195	4,171	318	332	348	1,683	1,748	1,738
BHS	861	857	901	806	775	896	59	64	75	343	323	373
Rehab	0	0	0	0	0	0	0	0	0	0	0	0
OP total												
ED	34,920	35,447	38,443	39,005	37,798	40,212	3,086	2,980	3,351	16,116	15,749	16,756
OP Surg	2,808	3,273	3,402	3,189	3,473	3,447	260	304	287	1,394	1,447	1,436
Endo	1,979	2,300	2,365	2,231	2,052	2,320	161	175	193	950	855	967
Interventional	1,496	1,689	1,856	1,947	1,990	2,302	149	151	192	856	829	959
All Other	59,665	64,061	62,322	72,398	75,854	76,743	8,447	6,407	6,395	28,869	31,606	31,976
Financial Performance (\$000s)												
Net Revenues	557,533	589,420	603,788	632,800	667,877	640,625	37,996	54,001	51,212	244,156	278,282	260,160
Operating Expenses	516,892	550,736	562,790	607,214	588,649	625,093	49,764	49,002	50,409	247,239	245,270	252,999
Operating Income \$	55,324	56,518	59,684	46,918	114,199	38,016	-10,044	10,204	2,643	5,555	44,669	16,481
Operating Margin	9.7%	9.3%	9.6%	7.2%	16.2%	5.7%	-25.3%	17.2%	5.0%	2.2%	15.4%	6.1%
EBITDA \$	105,938	105,814	103,637	96,770	174,197	90,879	-6,140	14,199	6,785	24,429	64,668	37,388
EBITDA %	18.5%	17.4%	16.6%	14.8%	24.8%	13.7%	-15.5%	24.0%	12.8%	9.7%	22.3%	13.9%
Payor Mix												
Medicare	42.0%	44.0%	46.4%	46.2%	46.1%	45.0%	44.6%	46.1%	45.0%	44.3%	46.1%	45.0%
Medi-Cal	5.4%	6.5%	7.1%	7.9%	7.9%	8.3%	8.6%	8.2%	8.3%	8.4%	7.9%	8.3%
Commercial IP	28.6%	25.7%	24.2%	23.6%	23.0%	23.6%	23.4%	21.8%	23.6%	23.9%	23.0%	23.6%
Commercial OP	19.2%	18.9%	18.4%	18.6%	20.1%	19.1%	18.2%	21.3%	19.1%	19.2%	20.1%	19.1%
Total Commercial	47.8%	44.6%	42.6%	42.2%	43.1%	42.7%	41.6%	43.1%	42.7%	43.1%	43.1%	42.7%
Other	4.8%	4.9%	3.9%	3.7%	2.9%	4.0%	5.3%	2.6%	4.0%	4.2%	2.9%	4.0%
Cost												
Employees	1,901.0	2,027.6	2,029.9	2,163.0	2,039.9	2,123.0	2,267.4	1,979.2	2,125.9	2,207.5	2,039.9	2,097.7
Hrs/APD	29.58	30.16	29.60	30.97	31.01	31.95	32.91	30.95	32.28	31.37	31.01	31.95

Dashboard - Los Gatos

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

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

5 months ending 11/30/2016

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

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

⁽¹⁾ Hospital only, excludes controlled affiliates

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

5 months ending 11/30/2016

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

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

⁽¹⁾ Hospital only, excludes affiliates

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

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

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

ATTACHMENT 20



Date: January 11, 2017
 To: El Camino Hospital Board of Directors
 From: Donald Sibery, Interim CEO
 Re: CEO Report - Open Session

Organizational Goals FY17	Benchmark	2016 ECH Baseline	Minimum	Target	Maximum	Weight	Performance Timeframe	FY17 through Nov		
Threshold Goals										
Budgeted Operating Margin	90% threshold <i>[Recommended by Exec Comp Consultant (FY16)]</i>	TBD	90% of Budgeted			Threshold	FY 17		Met	
Quality, Patient Safety & iCare										
Quality Pain Management	Pain Reassessment (% Pain Reassessment Documented within 60 min on RN Flowsheet)	Internal Improvement	56.3% <i>Nov 2015 (post iCare go-live) to Apr 2016 [6-month measurement]</i>	75%	80%	90%	34%	Q4 FY 2017		69.7%
	Pain Patient Satisfaction (CMS HCAPHS Pain Management % Scored Top Box- 2 month delay)	Internal Improvement	72.9% <i>FY 2016 Q1 - Q3 [9-month measurement]</i>	73%	74%	76%				75.60%
LOS & Readmission	Achieve Medicare Length of Stay Reduction while Maintaining Current Readmission Rates for Same Population (Readmission - 45 day delay)	Internal Improvement	FY16 Max Goal 4.86 LOS Readmission Target 12.39%	4.81 .05 Day Reduction from FY16 Max, Readmission at or below FY16 Target	4.76 .10 Day Reduction from FY16 Max, Readmission at or below FY16 Target	4.66 .20 Day Reduction from FY16 Max, Readmission at or below FY16 Target	33%	FY17		LOS: 4.61 Readmission: 10.86% (210/1933)
Smart Growth										
Achieve budgeted inpatient growth (surgical and procedural cases plus Deliveries and NICU), and budgeted outpatient growth (surgical and procedural cases plus infusion).	Internal Documentation	TBD	95% of Budgeted Volume	100% of budgeted Volume	110% of Budgeted Volume	33%	FY 17		92.83% of Budgeted Volume	

**El Camino Hospital Auxiliary
Activity Report to the Hospital Board
January 2017**

December Highlights:

- Auxiliary leadership has been focusing on preparations for 2017 activities, such as In-service meetings, Friendship Luncheons, Wishlist and Scholarship awards, our annual junior application seminar, and preparations for the Annual General Meeting (held in May).

- Several Auxiliary Board members and Auxiliary staff have been working on converting our archived paper files into read-only e-files. This is an enormous undertaking, but one we believe to be essential.

- Access to the hospital's data base/server is now in place for our "Getting to Know You" volunteers to begin interviewing patients and documenting their social history. (There was a glitch in initiating the program, which has now been resolved.) When complete, the history is given to the patient/family and also made available to clinical staff. Research has demonstrated that hospitals who have this kind of program seem to have higher patient satisfaction scores.

El Camino Hospital Auxiliary
Membership Report to the Hospital Board
Meeting of January 11, 2016

Combined Data as of November 31, 2016 for Mountain View and Los Gatos Campuses

Membership Data:

Senior Members

Active Members	384	No change relative to previous month
Dues Paid Inactive	89	(Includes Associates & Patrons)
Leave of Absence	10	
Subtotal	483	

Resigned in Month 2
Deceased in Month 2

Junior Members

Active Members	256	-4 change relative to previous month
Dues Paid Inactive	0	
Leave of Absence	3	
Subtotal	259	

Total Active Members 640

Total Membership 742

Combined Auxiliary Hours from Inception (to November 30, 2016): 5,675,291
Combined Auxiliary Hours for FY2016 (to November 30, 2016): 40,202
Combined Auxiliary Hours for November 2016: 7,395

Memorandum

DATE: December 22, 2016

TO: El Camino Hospital Board of Directors

FROM: David Reeder, Hospital Board Liaison to the Foundation Board of Directors

SUBJECT: Report on Foundation Activities FY 2017 – Period 5

ACTION: For Information

El Camino Hospital Foundation advances health care through philanthropy by raising funds that support El Camino Hospital's strategic priorities, foster innovation, and support patient and family-centered care.

During period 5, the Foundation secured \$408,819 bringing total FY 2017 revenue to \$4,571,642, which is 74% of the annual goal.

In December, the Foundation received the gift that put the \$1 million Scrivner Challenge over the top, resulting in a \$2 million endowment for ASPIRE, El Camino Hospital's adolescent mental health program. More details will be reported in the Period 6 fundraising report.

Upcoming Events

Please mark your calendars and plan to support one or more of the following events:

February 2, 2017 – 5th anniversary Norma's Literary Luncheon, benefiting women's health services and featuring Pulitzer Prize winning author Anna Quindlen

February 16, 2017 – Allied Professionals Seminar, benefiting planned giving

March 18, 2017 – Scarlet Masquerade (formerly Scarlet Night), benefiting the South Asian Heart Center

April 29, 2017 – Sapphire Soirée, celebrating the Cancer Center's 10th anniversary

Memorandum

DATE: December 22, 2016

TO: El Camino Hospital Board of Directors

FROM: Russ Satake, Chair, El Camino Hospital Foundation Board of Directors
Jodi Barnard, President, El Camino Hospital Foundation

SUBJECT: Report on Foundation Activities FY 2017 – Period 5

ACTION: For Information

During the month of November, the Foundation raised \$408,819. This brings total revenue secured to date in fiscal year 2017 to \$4,571,642, which is 74% of goal.

Major Gifts

The Foundation received \$30,000 in major gifts during November, bringing the year-to-date total to \$110,000. These include two \$10,000 unrestricted gifts, and a donation to the Scrivner Challenge. By November 30, gifts to the Scrivner Challenge to create an endowment for ASPIRE totaled \$843,486. The challenge was fully met in December, six months earlier than expected. The last gifts to it will be included in the December fundraising report. With the completion of the challenge and receipt of Mary and Doug Scrivner's matching contribution, ASPIRE will have a \$2 million endowment.

Planned Gifts

In November, the Foundation received \$26,852 in the category of planned gifts. This includes two realized legacy gifts, as well as registrations for the 25th annual Allied Professionals Seminar. The educational program for professional advisors will be held at Palo Alto Hills Golf & Country Club on February 16, 2017.

Special Events

- ***El Camino Heritage Golf Tournament*** – Although the golf tournament was held in October, in November the Foundation received \$14,200 to meet outstanding commitments. This brings total tournament proceeds to \$269,600, with a net of \$177,000 going to the Scrivner Challenge to endow adolescent mental health services. This represents a 35% cost of fundraising, as compared to the industry standard of 50%.
- ***Scarlet Masquerade*** – The Foundation received \$1,400 in ticket sales and sponsorships. The gala benefit for the South Asian Heart Center will be held on March 18, 2017 at Mountain Winery in Saratoga.

- ***Norma's Literary Luncheon*** –The luncheon is showing a negative amount of -\$800. The October fundraising report mistakenly credited a \$1,000 gift to this event that was intended to be a Hope to Health membership. This report reflects the adjustment. Event registration opened in November and the Foundation received 1 ticket purchase. Many additional registrations and sponsorships have since been received and will be reflected in the December fundraising report.

Annual Giving

During November, the Foundation received \$74,632 from direct mail, Hope to Health (H2H) membership dues, online gifts, Circle of Caring gifts from grateful patients, and contributions to the Employee Giving Campaign. This is the first year that employees who contributed to the campaign through payroll deduction last year, had their commitments automatically renew. They had until December 16 to increase, decrease, stop, or change the fund designation of their gifts, so we will wait until January to report the final results. At the time of this report, the Foundation is documenting a 3.4% increase in participation over last year, with gifts totaling \$150,000, also a slight increase over last year.



ECH Foundation Fundraising Report

FY17 Income figures through November 30, 2016 (Period 5)

ACTIVITY		FY17 YTD (7/1/16 - 11/30/16)	FY17 Goals	FY17 % of Goal	Difference Period 4 & 5	FY16 YTD (7/1/15 - 11/30/15)	FY15 YTD (7/1/14 - 11/30/14)
Major Gifts		\$110,000	\$2,500,000	4%	\$30,000	\$1,440,000	\$171,200
Planned Gifts		\$3,379,825	\$1,000,000	338%	\$26,852	\$160,178	\$1,162,015
Special Events	Sapphire Soirée	\$6,750	\$850,000	1%	\$0	\$31,700	\$6,600
	Golf	\$269,600	\$325,000	83%	\$14,200	\$317,205	\$319,150
	Scarlet Masquerade	\$3,900	\$300,000	1%	\$1,400	\$21,070	\$7,245
	Norma's Literary Luncheon	\$450	\$145,000	0%	-\$800	\$83,550	\$63,900
Annual Gifts		\$162,118	\$550,000	29%	\$75,632	\$226,653	\$285,528
Grants*		-	-	-	-	\$26,833	\$318,750
Investment Income		\$638,999	\$500,000	128%	\$261,535	\$256,842	\$239,243
TOTALS		\$4,571,642	\$6,170,000	74%	\$408,819	\$2,564,031	\$2,573,631

*Beginning in FY17 Grants is no longer an activity line. Any grants received in the future will either be reflected in the Annual Gifts or Major Gifts activity line pending funding level.