El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

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

MISSION: To heal, relieve suffering, and advance wellness as your publicly accountable health partner.

	AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1.	**CALL TO ORDER / ROLL CALL**	Lanhee Chen, Board Chair		**5:30 – 5:32 pm**
2.	**POTENTIAL CONFLICT OF INTEREST DISCLOSURES**	Lanhee Chen, Board Chair		**5:32 – 5:33**
3.	**BOARD RECOGNITION** *Resolution 2017-11* **ATTACHMENT 3**	Mick Zdeblick, COO	*public comment*	**motion required 5:33 – 5:38**
4.	**FY18 PERIOD 2 FINANCIALS** **ATTACHMENT 4**	Iftikhar Hussain, CFO		**motion required 5:38 – 5:48**
5.	**FY17 FINANCIAL AUDIT** **ATTACHMENT 5**	Brian Conner, Moss Adams		**information 5:48 – 5:53**
6.	**QUALITY COMMITTEE REPORT** **ATTACHMENT 6**	David Reeder, Quality Committee Chair		**information 5:53 – 6:03**
7.	**GOVERNANCE COMMITTEE REPORT** a. Draft Revised ECH Board Member Election and Re-Election Process b. FY18 Board and Committee Self-Assessment Tool c. Competency Matrix Survey Results and Draft ECH Board Member Position Specification **ATTACHMENT 7**	Peter Fung, MD, Governance Committee Chair	*public comment*	**possible motion(s) 6:03 – 6:18**
8.	**PUBLIC COMMUNICATION** a. Oral Comments *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.* b. Written Correspondence	Lanhee Chen, Board Chair		**information 6:18 – 6:21**
9.	**ADJOURN TO CLOSED SESSION**	Lanhee Chen, Board Chair		**motion required 6:21 – 6:22**
10.	**POTENTIAL CONFLICT OF INTEREST DISCLOSURES**	Lanhee Chen, Board Chair		**6:22 – 6:23**
11.	Report involving *Gov't Code Section 54957* for discussion and report on personnel performance matters: - FY17 Financial Audit	Brian Conner, Moss Adams		**information 6:23 – 6:28**

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.	**CONSENT CALENDAR** *Any Board Member may remove an item for discussion before a motion is made.* ***Approval*** *Gov't Code Section 54957.2:* a. Minutes of the Closed Session of the Hospital Board Meeting (September 13, 2017) b. Minutes of the Closed Session of the Executive Compensation Committee Meeting (May 23, 2017) ***Information*** *Health and Safety Code Section 32155* for a report of the Medical Staff; deliberations concerning reports on Medical Staff quality assurance matters: c. Organizational Clinical Risks	Lanhee Chen, Board Chair		**motion required** **6:28 – 6:30**
13.	*Gov't Code Section 54956.9(d)(2)* – conference with legal counsel – pending or threatened litigation: - FY17 Compliance Summary Report and Semi-Annual Physician Expense Summary Report	Diane Wigglesworth, Sr. Director, Corporate Compliance		**possible motion** **6:30 – 6:45**
14.	*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** **6:45 – 6:55**
15.	Discussion involving *Gov't Code Section 54957* and *54957.6* for report and discussion on personnel matters: - Proposed FY17 Individual Executive Goal Scores	Bob Miller, Executive Compensation Committee Chair		**motion required** **6:55 – 7:05**
16.	Discussion involving *Gov't Code Section 54957* and *54957.6* for report and discussion on personnel matters: - Proposed FY17 Individual Executive Incentive Payments	Bob Miller, Executive Compensation Committee Chair		**discussion** **7:05 – 7:15**
17.	Discussion involving *Health and Safety Code 32106(b)* for report involving health care facility trade secrets: - Medical Staff Development Plan and Recruitment Budget	Mick Zdeblick, COO		**discussion** **7:15 – 7:35**
18.	Discussion involving *Gov't Code Section 54957* and *54957.6* for report and discussion on personnel matters and *Health and Safety Code 32106(b)* for report involving health care facility trade secrets: - Informational Items	Dan Woods, CEO		**information** **7:35 – 7:55**
19.	Report involving *Gov't Code Section 54957* for discussion and report on personnel performance matters: - Executive Session	Lanhee Chen, Board Chair		**discussion** **7:55 – 8:00**

	AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
20.	**ADJOURN TO OPEN SESSION**	Lanhee Chen, Board Chair		**motion required 8:00 – 8:01**
21.	**RECONVENE OPEN SESSION / REPORT OUT** To report any required disclosures regarding permissible actions taken during Closed Session.	Lanhee Chen, Board Chair		**8:01 – 8:02**
22.	**CONSENT CALENDAR ITEMS:** *Any Board Member or member of the public may remove an item for discussion before a motion is made.* ***Approval*** a. Minutes of the Open Session of the Hospital Board Meeting (September 13, 2017) b. Appointment of Chair of Corporate Compliance/ Privacy and Internal Audit Committee ***Reviewed and Recommended for Approval by the Corporate Compliance/Privacy and Internal Audit Committee*** c. HR Leave of Absence Policy d. Annual 403(b) Audit e. Participant Cash Balance Plan Audit ***Reviewed and Recommended for Approval by the Executive Compensation Committee*** f. Minutes of the Open Session of the Executive Compensation Committee Meeting (May 23, 2017) ***Reviewed and Recommended for Approval by the Finance Committee*** g. FY18 Period 1 Financials h. Level II NICU Call Panel Agreement i. Physician Recruitment Loan ***Reviewed and Recommended for Approval by the Medical Executive Committee*** j. Medical Staff Report ***Acceptance*** k. FY17 Community Benefit Plan Report	Lanhee Chen, Board Chair	*public comment*	**motion required 8:02 – 8:04**
23.	**FY17 FINANCIAL AUDIT APPROVAL**	Lanhee Chen, Board Chair	*public comment*	**motion required 8:04 – 8:06**
24.	**MEDICAL STAFF DEVELOPMENT PLAN AND RECRUITMENT BUDGET**	William Faber, MD, CMO	*public comment*	**possible motion 8:06 – 8:08**
25.	**FY17 INDIVIDUAL EXECUTIVE INCENTIVE PAYMENTS**	Lanhee Chen, Board Chair	*public comment*	**possible motion 8:08 – 8:10**
26.	**INFORMATIONAL ITEMS** a. CEO Report	Dan Woods, CEO		**information 8:10 – 8:12**
27.	**BOARD COMMENTS**	Lanhee Chen, Board Chair		**information 8:12 – 8:14**
28.	**ADJOURNMENT**	Lanhee Chen, Board Chair		**motion required 8:14 – 8:15pm**

Upcoming Meetings

- November 8, 2017
- January 10, 2018
- February 14, 2018
- March 14, 2018
- April 11, 2018
- May 9, 2018
- June 13, 2018

Board & Committee Educational Gatherings

- October 25, 2017
- April 25, 2017

EL CAMINO HOSPITAL BOARD

RESOLUTION 2017-11

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 acknowledge the 10th Anniversary of the Cancer Center at El Camino Hospital. The Cancer Center began with the vision of creating a high-quality, patient-centered program to treat community members battling cancer. At its start, the center was small, but over the past ten years it has grown into a destination for both physicians and patients seeking a better way to fight cancer.

The original Cancer Center opened in 2007 in Melchor Pavilion and the program offered minimally-invasive procedures, infusion treatments, radiation oncology, and access to clinical trials. Over time, the program began to offer robotic-assisted surgery, robotic radiation oncology, cancer screening programs, and support services. When the new and expanded Cancer Center opened in 2015 in Oak Pavilion, the program expanded its offerings to include integrated services such as genetic counseling, a survivorship program, and nutrition counseling; holistic support services; an in-house laboratory and pharmacy; and evening hours for convenience and ease of scheduling treatments. Today, the Cancer Center has a staff of 40, has served more than 6,000 patients and provides many supplemental programs for a holistic and comprehensive approach to battling cancer, from prevention to diagnostics to treatment and survivorship.

The Cancer Center's multidisciplinary team approach to treating cancer as a complex group of diseases has achieved five-year survival rates for breast, colon, prostate, lung and uterine cancers that exceed national benchmarks. In addition, the Commission on Cancer (CoC) of the American College of Surgeons (ACoS) has granted two-consecutive Three-Year Accreditations with Commendations to the program. It's the highest accreditation that can be achieved by a community hospital.

WHEREAS, the Board would like to publically acknowledge the Cancer Center at El Camino Hospital for their dedication to delivering innovative, personalized care.

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

The Cancer Center at El Camino Hospital

FOR 10 YEARS OF PROVIDING HIGH-QUALITY CARE.

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

EL CAMINO HOSPITAL BOARD OF DIRECTORS:

Lanhee Chen, JD, PhD	Peter C. Fung, MD	Bob Rebitzer
Jeffrey Davis, MD	Julia Miller	David Reeder
Neysa Fligor		John Zoglin

JULIA MILLER
SECRETARY/TREASURER,
EL CAMINO HOSPITAL BOARD OF DIRECTORS

El Camino Hospital®
THE HOSPITAL OF SILICON VALLEY

ECH BOARD MEETING AGENDA ITEM COVER SHEET

	Item:	FY18 Period 2 Financials El Camino Hospital Board of Directors October 11, 2017
	Responsible party:	Iftikhar Hussain, CFO
	Action requested:	Possible Motion
	Background: Following each Finance Committee meeting, management brings a financial report to the Board for review and approval. At the July 31st meeting of the Finance Committee, we were asked to propose a higher level summary of the Financial Report for the Board's review. We plan to bring a proposal to the Finance Committee in November. For this month, in addition to the narrative summary below, the usual financial report is included.	
	Board Advisory Committees that reviewed the issue and recommendation, if any: At its September 25, 2017 meeting the Finance Committee voted to recommend that the Board approves the FY18 Period 2 Financials.	
	Summary and session objectives: The results for each of the first two months are ahead of target. Operating margin is $3.8 million ahead of budget and $2. 1 million higher than last year. Volume is higher than prior year and budget. We are also starting the year with good expense management. Revenue cycle operations continue to perform well. Days in AR are very favorable at 45.2 days. We quickly recovered from the Anthem bill hold in July and the disruption of the Nuance transcription system malware attack. Days of cash climbed to 463.	
	Suggested discussion questions: None.	
	Proposed Board motion, if any: To approve the FY18 Period 2 Financial Report.	
	LIST OF ATTACHMENTS: 1. FY18 Period 2 Financial Report	

El Camino Hospital®
THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2018 – Period 2

7/1/2017 to 8/31/2017

Dashboard - ECH combined as of August 31, 2017

	Annual				Month			YTD		
	2016	2017	2018 Proj.	2018 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume										
Licenced Beds	443	443	443	443	443	443	443	443	443	443
ADC	242	239	237	245	228	232	228	229	233	229
Adjusted Discharges	22,499	23,446	31,495	23,359	2,471	2,615	2,506	4,820	5,249	4,959
Total Discharges	19,367	19,660	24,048	19,781	1,948	1,990	1,969	3,827	4,008	3,911
Inpatient Cases										
MS Discharges	13,344	13,616	17,892	13,499	1,403	1,487	1,435	2,771	2,982	2,849
Deliveries	4,717	4,660	4,680	4,810	404	384	412	787	780	819
BHS	806	923	1,068	901	95	82	79	177	178	157
Rehab	500	461	408	570	46	37	43	92	68	86
Outpatient Cases	139,935	145,927	147,672	147,053	12,501	12,729	12,259	23,946	24,612	24,221
ED	48,609	48,648	48,120	51,258	4,122	3,988	4,023	8,034	8,020	8,045
Procedural Cases										
OP Surg	6,070	6,666	5,922	6,427	523	522	550	1,005	987	1,086
Endo	2,324	2,159	2,532	2,479	196	221	177	332	422	350
Interventional	2,021	1,963	1,932	2,323	162	157	172	349	322	339
All Other	80,911	86,491	89,166	84,566	7,498	7,841	7,337	14,226	14,861	14,401
Financial Perf.										
Net Patient Revenues	772,020	832,279	842,640	832,066	66,835	70,761	68,210	132,021	140,440	140,655
Total Operating Revenue	795,657	858,363	871,682	855,195	68,749	73,596	70,046	135,638	145,280	144,337
Operating Expenses	743,044	752,786	753,233	778,105	60,221	65,997	64,424	117,992	125,539	128,375
Operating Income $	52,613	105,578	118,449	77,090	8,528	7,598	5,622	17,645	19,742	15,962
Operating Margin	6.6%	12.3%	13.6%	9.0%	12.4%	10.3%	8.0%	13.0%	13.6%	11.1%
EBITDA $	108,554	157,631	169,657	138,862	13,081	11,825	10,498	26,690	28,276	25,741
EBITDA %	13.6%	18.4%	19.5%	16.2%	19.0%	16.1%	15.0%	19.7%	19.5%	17.8%
IP Margin[1]	-8.7%	-6.2%	-6.8%	-14.7%	-8.6%	0.3%	-14.7%	-8.7%	-6.8%	-14.7%
OP Margin[1]	26.7%	33.1%	33.3%	30.9%	30.1%	36.6%	30.9%	31.6%	33.3%	30.9%
Payor Mix										
Medicare	46.6%	47.7%	45.5%	47.4%	47.7%	45.0%	47.4%	48.2%	45.5%	47.4%
Medi-Cal	7.4%	7.3%	7.8%	7.2%	7.0%	8.8%	7.2%	6.8%	7.8%	7.2%
Commercial IP	23.2%	22.3%	23.1%	22.6%	22.2%	23.0%	22.6%	22.4%	23.1%	22.6%
Commercial OP	18.7%	20.2%	20.8%	20.3%	20.6%	20.5%	20.3%	20.5%	20.8%	20.3%
Total Commercial	41.9%	42.5%	43.9%	42.9%	42.9%	43.6%	42.9%	42.8%	43.9%	42.9%
Other	4.1%	2.5%	2.8%	2.5%	2.5%	2.7%	2.5%	2.3%	2.8%	2.5%
Cost										
Employees	2,542.8	2,510.0	2,229.2	2,238.9	2,114.6	2,229.2	2,238.9	2,174.5	2,229.2	2,238.9
Hrs/APD	30.4	30.3	30.8	31.4	30.1	31.3	31.6	30.2	30.8	31.4
Balance Sheet										
Net Days in AR	53.7	44.8	45.2	48.0	44.8	45.2	48.0	44.8	45.2	48.0
Days Cash	361	444	463	266	444	463	266	444	463	266
Affiliates - Net Income ($000s)										
Hosp	43,043	164,026	171,552	79,793	13,276	11,251	5,847	33,562	28,592	16,413
Concern	1,823	1,391	2,537	1,430	125	87	125	504	423	253
ECSC	(282)	(105)	(32)	0	(0)	(3)	0	(3)	(5)	0
Foundation	982	2,430	1,053	737	126	(27)	31	640	175	95
SVMD	156	195	(897)	(0)	(47)	(67)	(1)	143	(149)	(1)

Volume:

- For the year, overall volume, measured in adjusted discharges is 5.8% higher than budget.
- IP Med-Surg cases are 4.7% over budget, specifically Neurosciences, HVI, BHS, Oncology and Urology. However deliveries are flat with prior year but 4.8% below budget
- OP discharges are higher than budget in General Surgery, Imaging Services, MCH, Rehab and Urology.

Financial Performance:

- August's operating income is $1.9M over budget, due to favorable revenue due to higher volume.
- EBITDA for August is favorable to budget by $1.3M and $2.5M YTD.

Payor Mix:

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

Cost:

- Hrs/APD for August is 31.3 and slightly better than budget .

Balance Sheet:

- Net days in AR is 45.2 which is 2.8 less than budget. Total cash on hand is high for August at 463 days.

Budget Variances

(in thousands)	Month to Date (MTD) Net Income Impact	Month to Date (MTD) % Net Revenue	Year to Date (YTD) Net Income Impact	Year to Date (YTD) % Net Revenue
Budgeted Hospital Operations FY2018	**5,623**	**8.0%**	**15,964**	**11.1%**
Net Revenue - Favorable due to higher volume a favorable payor mix	3,550	4.8%	943	0.6%
Labor and Benefit Expense Change - Labor is close to budget after adjsuting for higher volume	(668)	-0.9%	(253)	-0.2%
Professional Fees & Purchased Services - Unfavorable due to recruiting costs in Imaging, Clincial Education and EHS.	(512)	-0.7%	564	0.4%
Supplies - Unfavorable due to drug expense (cancer drugs offset by revenue), robotic supplies and new non-capital surgical instruments in OR.	(1,523)	-2.1%	229	0.2%
Other Expenses - Favorable due quarterly BETA (insurance) rebate, reduction in property taxes due to common area correction, and no strategic fund expenses.	479	0.7%	1,050	0.7%
Depreciation & Interest - Favorable due to delay in new parking structure. Will start depreciation in P3.	650	0.9%	1,244	0.9%
Actual Hospital Operations FY2018	**7,598**	**10.3%**	**19,742**	**13.6%**

El Camino Hospital ($000s)

2 months ending 8/31/2017

PERIOD 2 FY 2017	PERIOD 2 FY 2018	PERIOD 2 Budget 2018	Variance Fav (Unfav)	Var%	$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
243,585	275,719	264,194	11,525	4.4%	**Gross Revenue**	474,847	526,566	523,118	3,449	0.7%
(176,750)	(204,958)	(195,983)	(8,974)	1.0%	**Deductions**	(342,826)	(386,126)	(382,463)	(3,663)	1.0%
66,835	**70,761**	**68,210**	**2,551**	**3.7%**	**Net Patient Revenue**	**132,021**	**140,440**	**140,655**	**(215)**	**-0.2%**
1,914	2,835	1,835	1,000	54.5%	**Other Operating Revenue**	3,616	4,840	3,682	1,158	31.4%
68,749	**73,596**	**70,046**	**3,550**	**5.1%**	**Total Operating Revenue**	**135,638**	**145,280**	**144,337**	**943**	**0.7%**
					OPERATING EXPENSE					
35,755	39,601	38,933	(668)	-1.7%	**Salaries & Wages**	71,269	77,816	77,563	(253)	-0.3%
9,838	11,460	9,937	(1,523)	-15.3%	**Supplies**	18,278	19,669	19,899	229	1.2%
7,463	8,333	7,821	(512)	-6.5%	**Fees & Purchased Services**	14,461	15,367	15,932	564	3.5%
2,612	2,377	2,856	479	16.8%	**Other Operating Expense**	4,940	4,152	5,202	1,050	20.2%
459	333	725	392	54.1%	**Interest**	921	751	1,451	699	48.2%
4,094	3,893	4,151	257	6.2%	**Depreciation**	8,124	7,783	8,327	544	6.5%
60,221	**65,997**	**64,423**	**(1,574)**	**-2.4%**	**Total Operating Expense**	**117,992**	**125,539**	**128,373**	**2,834**	**2.2%**
8,528	**7,598**	**5,623**	**1,976**	**35.1%**	**Net Operating Income/(Loss)**	**17,645**	**19,742**	**15,964**	**3,777**	**23.7%**
4,749	3,652	225	3,427	1521.0%	**Non Operating Income**	15,916	8,851	451	8,400	1864.2%
13,277	**11,251**	**5,848**	**5,403**	**92.4%**	**Net Income(Loss)**	**33,562**	**28,592**	**16,415**	**12,177**	**74.2%**
19.0%	16.1%	15.0%	1.1%		**EBITDA**	19.7%	19.5%	17.8%	1.6%	
12.4%	10.3%	8.0%	2.3%		**Operating Margin**	13.0%	13.6%	11.1%	2.5%	
19.3%	15.3%	8.3%	6.9%		**Net Margin**	24.7%	19.7%	11.4%	8.3%	

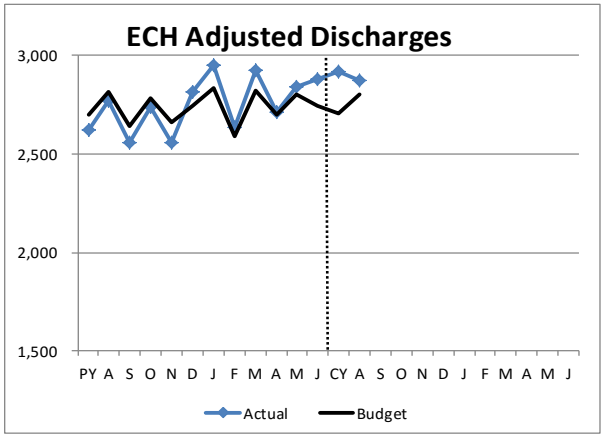
Non Operating Items and Net Income by Affiliate

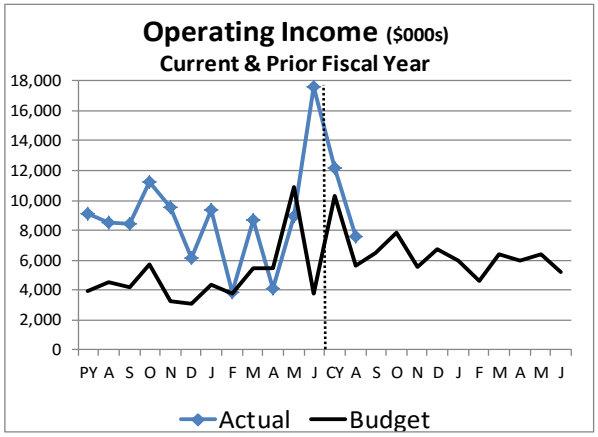
$ in thousands

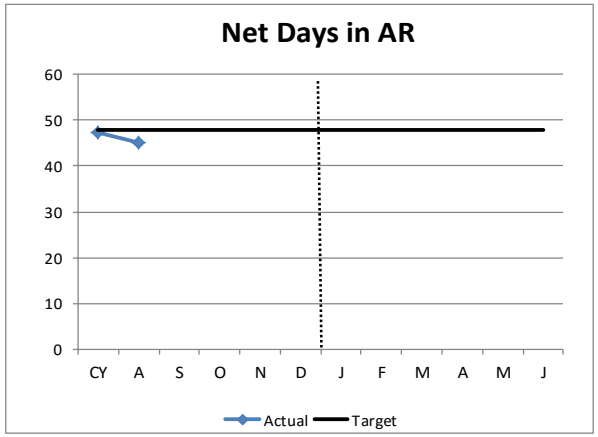
	Period 2 - Month			Period 2 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	6,926	4,344	2,582	18,870	13,505	5,364
Los Gatos	673	1,278	(606)	872	2,459	(1,587)
Sub Total - El Camino Hospital, excl. Afflilates	**7,598**	**5,623**	**1,976**	**19,742**	**15,964**	**3,777**
Operating Margin %	**10.3%**	**8.0%**		**13.6%**	**11.1%**	
El Camino Hospital Non Operating Income						
Investments	4,292	1,516	2,776	12,004	3,031	8,973
Swap Adjustments	(499)	0	(499)	(519)	0	(519)
Community Benefit	(33)	(283)	250	(2,004)	(567)	(1,437)
Affiliate Funding (IPECH / Foundation / SVMD)	(423)	(705)	282	(571)	(1,409)	838
Other	139	(309)	448	(35)	(617)	582
Satellite Dialysis	(70)	(35)	(34)	(70)	(71)	1
Pathways	245	42	204	45	83	(38)
Sub Total - Non Operating Income	**3,652**	**225**	**3,427**	**8,851**	**451**	**8,400**
El Camino Hospital Net Income (Loss)	**11,251**	**5,848**	**5,403**	**28,592**	**16,415**	**12,177**
ECH Net Margin %	**15.3%**	**8.3%**		**19.7%**	**11.4%**	
Concern	87	125	(38)	423	253	170
ECSC	(3)	0	(3)	(6)	0	(6)
Foundation	(27)	31	(57)	175	95	80
Silicon Valley Medical Development	(67)	(1)	(67)	(149)	(1)	(149)
Net Income Hospital Affiliates	**(11)**	**155**	**(166)**	**444**	**347**	**96**
Total Net Income Hospital & Affiliates	**11,240**	**6,003**	**5,237**	**29,036**	**16,762**	**12,273**

- Investment income favorable due to strong market
- Community Benefit variance due to timing of grants

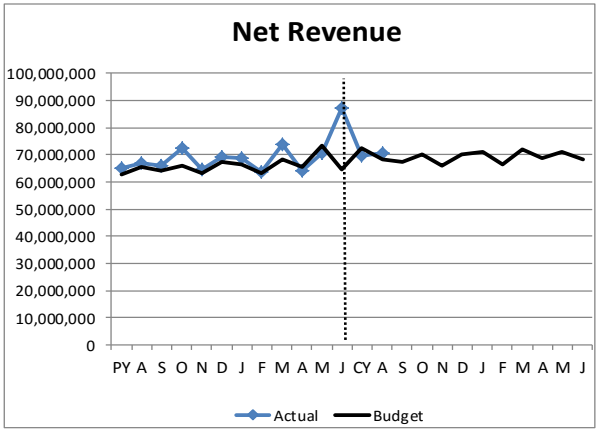
Monthly Financial Trends

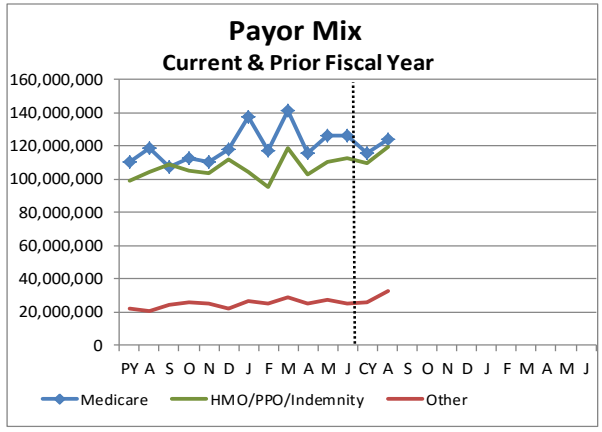


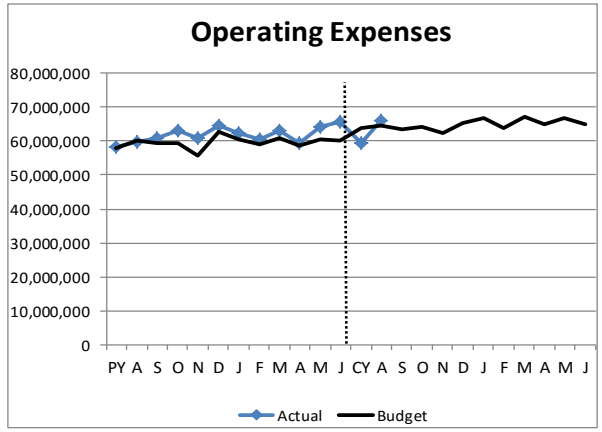




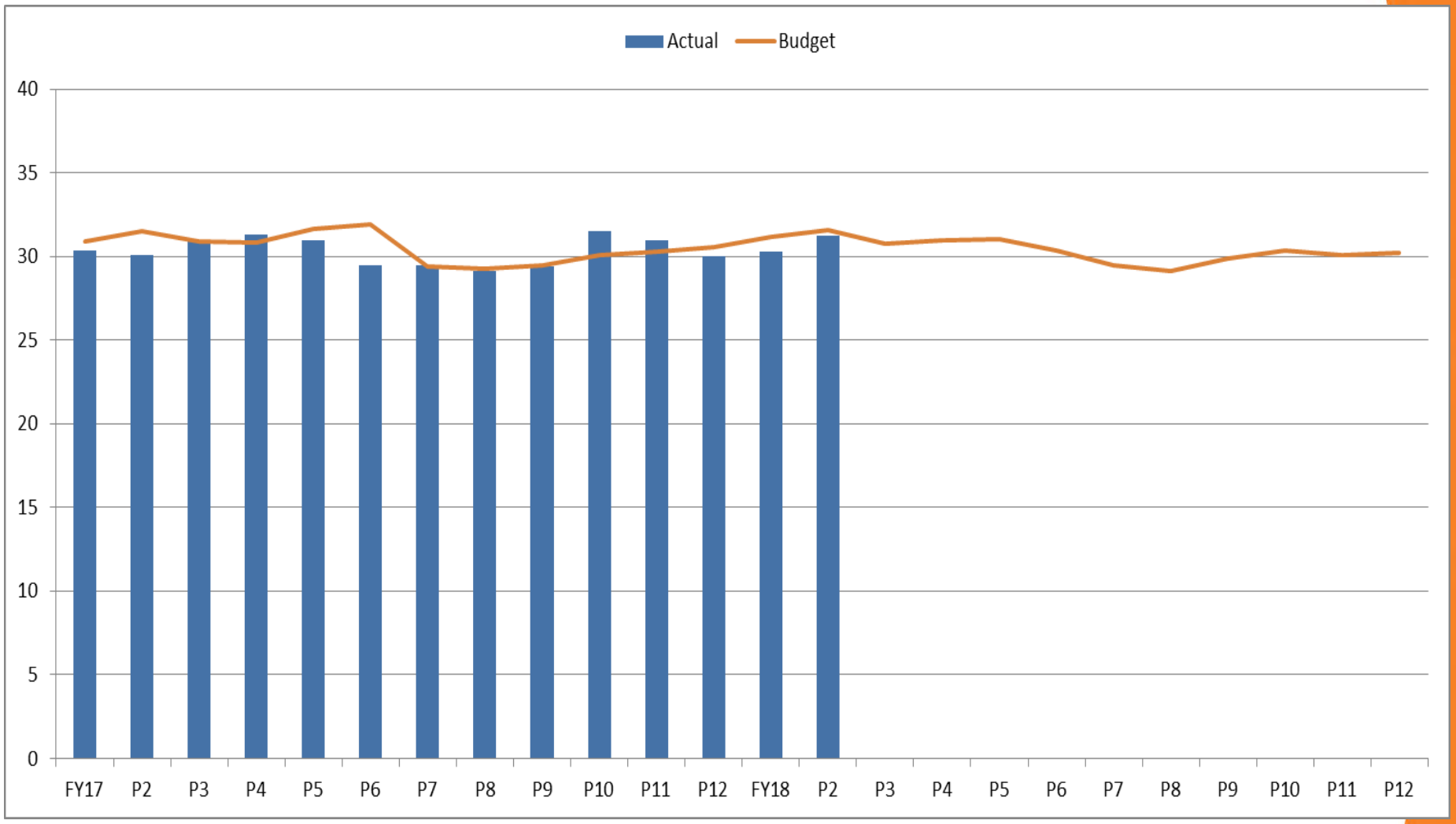
Volume is higher than budgeted for the month and the year. High inpatient volume is in Inpatient Neurosciences, BHS, HVI, Oncology. High Outpatient volume is General Surgery, Imaging Services, MCH, Outpatient Clinics and Urology.





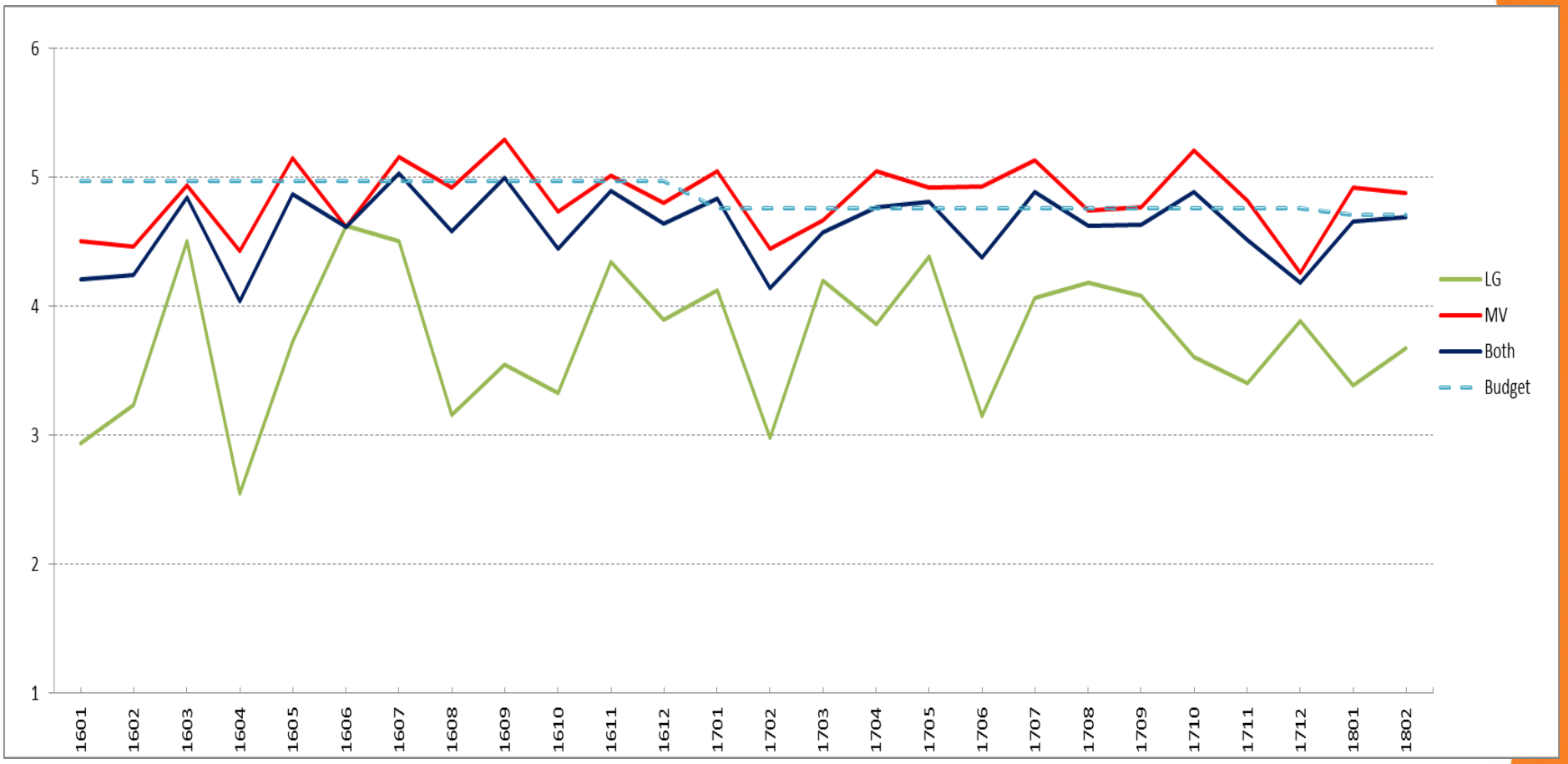


Worked Hours per Adjusted Patient Day



Work hours per adjusted patient day increased in August by 0.9. Overall the month of August is 31.2 worked hours per adjusted patient day.

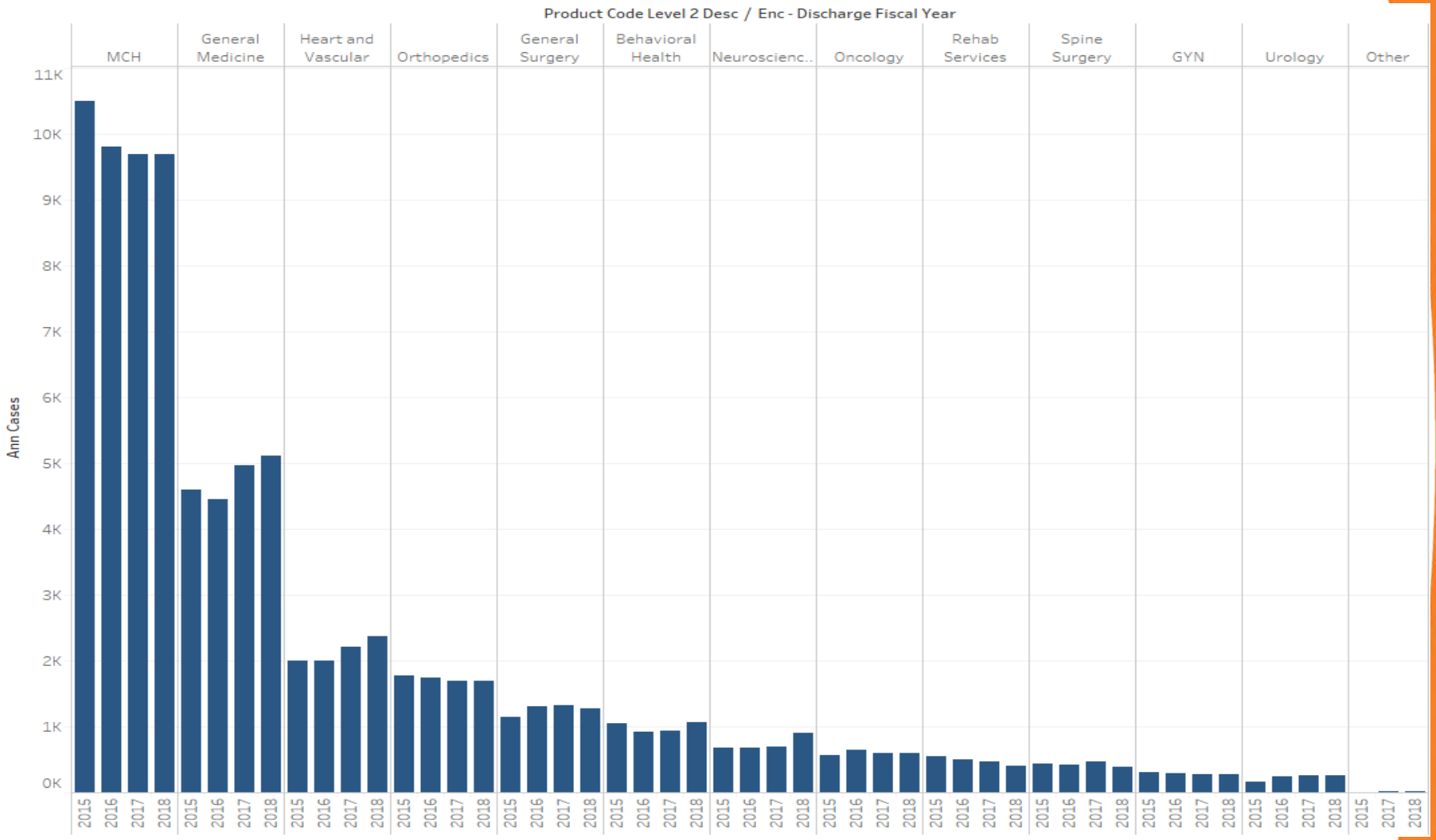
Medicare ALOS



•August ALOS is 4.69 and compared to ALOS budget of 4.71 is lower by 0.2.

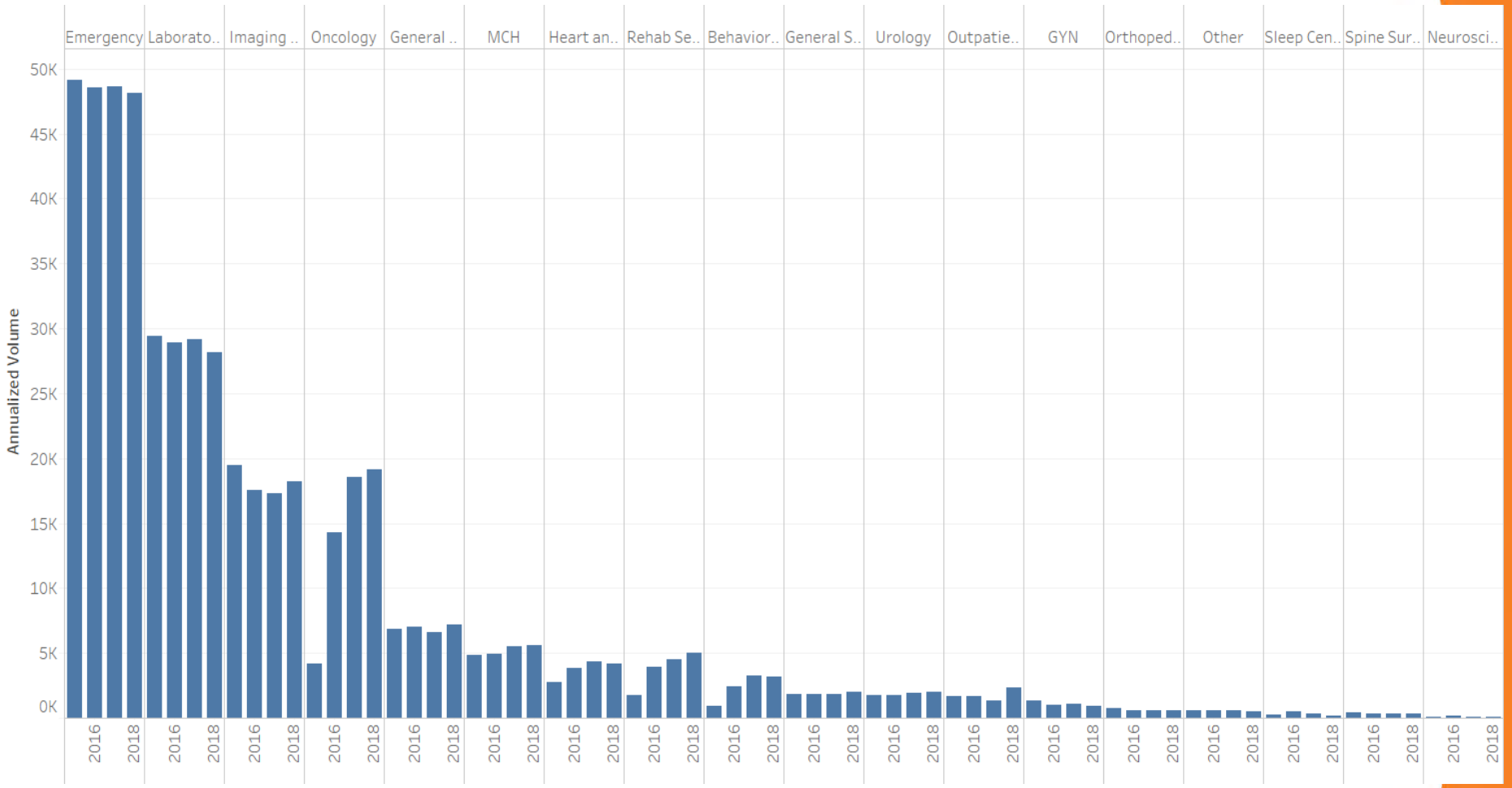
Medicare data excludes Medicare HMOs

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



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

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

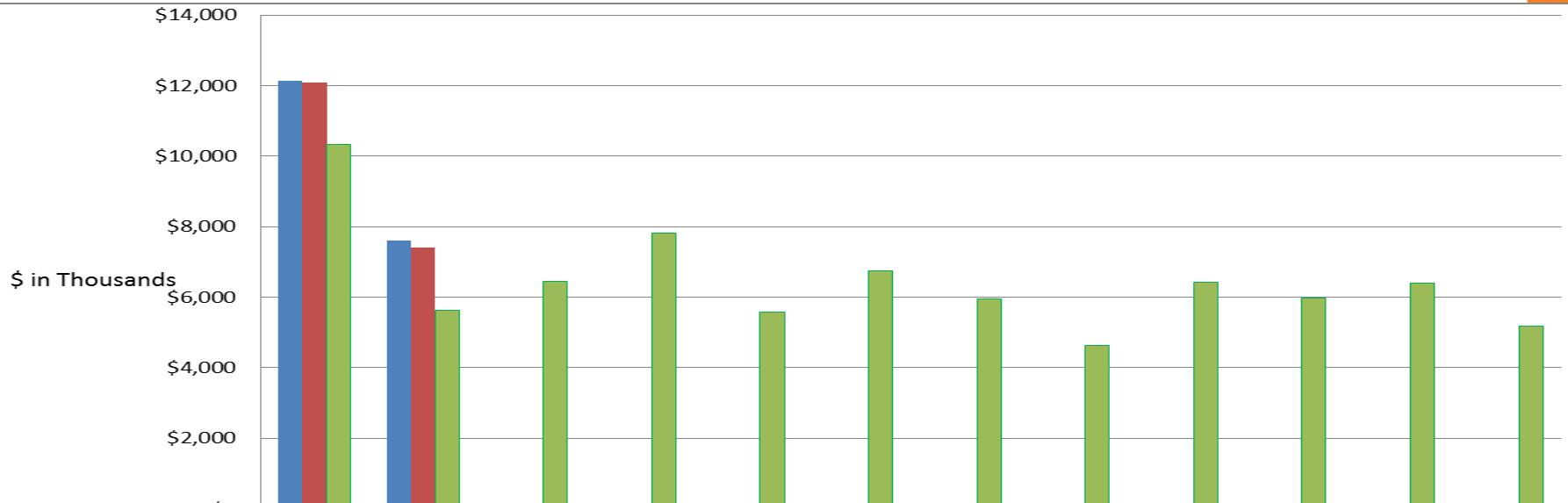


- Comparing year-over-year Imaging Services, Oncology, General Medicine, MCH, Rehab Services, Behavioral Health, Urology, General Surgery, and Outpatient Clinics are all increasing in volume.

Medicare data excludes Medicare HMOs

ECH Operating Margin

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



	CY	A	S	O	N	D	J	F	M	A	M	J
Reported	$12,143	$7,598	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Run-rate (2)	$12,081	$7,407	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Budget	$10,340	$5,622	$6,440	$7,820	$5,573	$6,750	$5,962	$4,630	$6,416	$5,980	$6,388	$5,169

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

Revenue Adjustments	J	A	S	O	N	D	J	F	M	A	M	J	YTD
Mcare Settlmt/Appeal/Tent Settlmt/PIP	54	155	-	-	-	-	-	-	-	-	-	-	209
Various Adjustments under $250k	9	36	-	-	-	-	-	-	-	-	-	-	45
Total	**63**	**191**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**254**

Updated Quarterly
Last update 06/30/17

El Camino Hospital Investment Committee Scorecard

June 30, 2017

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY17 Year-end Budget	Expectation Per Asset Allocation
Investment Performance		2Q 2017		Fiscal Year-to-date		4y 8m Since Inception (annualized)			May 2016
Surplus cash balance & op. cash (millions)		$900.5	--	--	--	--	--	$657.2	--
Surplus cash return		2.4%	2.1%	8.9%	8.7%	5.4%	5.3%	4.0%	5.2%
Cash balance plan balance (millions)		$243.8	--	--	--	--	--	$220.6	--
Cash balance plan return		3.1%	2.4%	11.2%	10.3%	7.9%	7.2%	6.0%	5.8%
403(b) plan balance (millions)		$406.6	--	--	--	--	--	--	--
Risk vs. Return		3-year				4y 8m Since Inception (annualized)			May 2016
Surplus cash Sharpe ratio		0.83	0.86	--	--	1.26	1.24	--	0.55
Net of fee return		3.9%	4.1%	--	--	5.4%	5.3%	--	5.2%
Standard deviation		4.5%	4.5%	--	--	4.1%	4.1%	--	8.6%
Cash balance Sharpe ratio		0.84	0.79	--	--	1.37	1.31	--	0.49
Net of fee return		4.9%	4.5%	--	--	7.9%	7.2%	--	5.8%
Standard deviation		5.7%	5.6%	--	--	5.6%	5.3%	--	10.7%
Asset Allocation		2Q 2017							
Surplus cash absolute variances to target		9.6%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		9.4%	< 10%	--	--	--	--	--	--
Manager Compliance		2Q 2017							
Surplus cash manager flags		19	< 19 Green < 23 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		20	< 20 Green < 25 Yellow	--	--	--	--	--	--

El Camino Hospital

Capital Spending (in millions)

Category		Detail	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	2018 Proj Spend	FY 18 YTD Spent
CIP		EPIC Upgrade		1.9	0.0	1.9	0.4
IT Hardware, Software, Equipment & Imaging*				12.2	0.0	12.2	0.0
Medical & Non Medical Equipment FY 17 **				10.3	8.4	6.4	6.4
Medical & Non Medical Equipment FY 18				5.6	0.2	5.6	0.2
Facility Projects							
	1245	Behavioral Health Bldg	91.5	91.5	22.1	51.4	4.5
	1413	North Drive Parking Expansion	24.5	24.5	21.5	3.4	1.8
	1414	Integrated MOB	275.0	275.0	54.9	130.1	9.0
	1422	CUP Upgrade	9.0	9.0	2.5	4.0	0.2
	1430	Women's Hospital Expansion	91.0	6.0	0.5	7.0	0.0
	1425	IMOB Preparation Project - Old Main	3.0	3.0	2.6	0.0	0.0
	1502	Cabling & Wireless Upgrades	2.8	2.8	2.4	0.0	0.0
	1525	New Main Lab Upgrades	1.6	3.1	0.5	0.5	0.0
	1515	ED Remodel Triage/Psych Observation	1.6	0.0	0.0	1.0	0.0
	1503	Willow Pavilion Tomosynthesis	1.3	1.3	0.3	0.0	0.0
	1602	JW House (Patient Family Residence)	2.5	0.0	0.0	0.0	0.0
		Site Signage and Other Improvements	1.0	0.0	0.0	0.1	0.0
		IR Room #6 Development	2.6	0.0	0.0	2.0	0.0
		Nurse Call System Upgrades	2.4	0.0	0.0	0.0	0.0
	1707	Imaging Equipment Replacement (5 or 6	20.7	0.0	0.0	0.0	0.0
	1708	IR/ Cath Lab Equipment Replacement	19.4	0.0	0.0	0.0	0.0
	1709	ED Remodel / CT Triage - Other	5.0	0.0	0.0	0.0	0.0
		Flooring Replacement	1.6	0.0	0.0	0.0	0.0
	1219	LG Spine OR	4.1	4.1	3.4	0.0	0.0
	1313	LG Rehab HVAC System & Structural	3.7	3.7	3.7	0.0	0.0
	1248	LG Imaging Phase II (CT & Gen Rad)	8.8	8.8	8.0	0.7	0.6
	1307	LG Upgrades	19.3	19.3	14.2	5.0	0.3
	1519	LG Electrical Systems Upgrade	1.2	0.0	0.0	0.0	0.0
	1508	LG NICU 4 Bed Expansion	0.0	0.5	0.2	0.0	0.0
	1507	LG IR Upgrades	1.1	0.0	0.0	0.0	0.0
		LG Building Infrastructure Upgrades	1.5	0.0	0.0	0.0	0.0
	1603	LG MOB Improvements (17)	5.0	5.0	0.4	3.5	0.2
		All Other Projects under $1M	26.4	4.8	42.9	3.2	0.2
			627.6	462.3	180.0	211.9	16.7
GRAND TOTAL				**492.4**	**188.6**	**231.7**	**23.6**

*Excluding EPIC

** Unspent Prior Year routine, subject to change as capital is purchased

Balance Sheet (in thousands)

ASSETS

		August 31, 2017	Audited June 30, 2017
	CURRENT ASSETS		
(1)	Cash	97,250	125,551
	Short Term Investments	126,385	140,284
	Patient Accounts Receivable, net	111,890	109,089
	Other Accounts and Notes Receivable	2,605	2,628
(2)	Intercompany Receivables	1,507	1,495
(3)	Inventories and Prepaids	54,402	50,657
	Total Current Assets	**394,039**	**429,705**
	BOARD DESIGNATED ASSETS		
	Plant & Equipment Fund	139,638	131,153
	Women's Hospital Expansion	9,298	9,298
(4)	Operational Reserve Fund	127,908	100,196
(5)	Community Benefit Fund	17,778	12,237
	Workers Compensation Reserve Fund	20,352	20,007
	Postretirement Health/Life Reserve Fund	19,424	19,218
	PTO Liability Fund	23,205	23,409
	Malpractice Reserve Fund	1,634	1,634
	Catastrophic Reserves Fund	16,403	16,575
	Total Board Designated Assets	**375,640**	**333,727**
(6)	**FUNDS HELD BY TRUSTEE**	**271,295**	**287,052**
	LONG TERM INVESTMENTS	**280,400**	**256,652**
	INVESTMENTS IN AFFILIATES	**32,450**	**32,451**
(7)	**PROPERTY AND EQUIPMENT**		
	Fixed Assets at Cost	1,216,577	1,192,047
	Less: Accumulated Depreciation	(536,344)	(531,785)
	Construction in Progress	124,007	138,017
	Property, Plant & Equipment - Net	**804,241**	**798,279**
	DEFERRED OUTFLOWS	28,860	28,960
	RESTRICTED ASSETS - CASH	0	0
	TOTAL ASSETS	**2,186,925**	**2,166,825**

LIABILITIES AND FUND BALANCE

		August 31, 2017	Audited June 30, 2017
	CURRENT LIABILITIES		
(8)	Accounts Payable	30,823	38,457
	Salaries and Related Liabilities	29,323	25,109
	Accrued PTO	23,205	23,409
	Worker's Comp Reserve	2,300	2,300
	Third Party Settlements	10,881	10,438
	Intercompany Payables	83	84
	Malpractice Reserves	1,634	1,634
	Bonds Payable - Current	3,735	3,735
(9)	Bond Interest Payable	5,534	11,245
	Other Liabilities	4,814	4,889
	Total Current Liabilities	**112,332**	**121,299**
	LONG TERM LIABILITIES		
	Post Retirement Benefits	19,424	19,218
	Worker's Comp Reserve	18,052	17,707
	Other L/T Obligation (Asbestos)	3,765	3,746
	Other L/T Liabilities (IT/Medl Leases)	-	-
	Bond Payable	527,890	527,371
	Total Long Term Liabilities	**569,131**	**568,042**
	DEFERRED REVENUE-UNRESTRICTED	540	567
	DEFERRED INFLOW OF RESOURCES	10,666	10,666
	FUND BALANCE/CAPITAL ACCOUNTS		
	Unrestricted	1,118,617	1,132,525
	Board Designated	375,640	333,726
	Restricted	0	0
(10)	**Total Fund Bal & Capital Accts**	**1,494,256**	**1,466,251**
	TOTAL LIABILITIES AND FUND BALANCE	**2,186,925**	**2,166,825**

August 2017 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

(1) The decrease in cash is due to $40M being moved into various investments during July (primarily Board Designated and Long Term investments), as currently having the 2017 Project Bond monies available for payments of the major construction projects, the daily cash reserves did not need to be at amounts greater than $100M.

(2) The increase over the 2017 fiscal year end is principally due a transfer into the 60-day Operational Reserve within the Board Designated Assets to adjust the balance to needed reserve for the 2018 fiscal. Note this balance hadn't been reset for a couple of years.

(3) The increase is due a quarterly $2.6M pension contribution was made in July. Also at the beginning of every July a number of significant annual insurance premiums (D&O, Property, Cyber, and Auto) were paid and classified as a Prepaid Expense that subsequently are amortized over the upcoming fiscal year.

(4) The increase here is to reset the Operational Reserve (to cover 60 days of operating expenses) for FY2018. The prior year balance hadn't been reset in a couple of years. Refer to item #2 above.

(5) The increase is due to an approved addition of $5 million to the Community Benefit Board Designated Endowment as an outcome of the FY2018 budget process to generate additional investment income for the Community Benefits program.

(6) The decrease is due to additional draws from the 2017 bond financing Project Funds in support of monthly payments to contractors involved with the construction projects at the Mountain View campus. As these projects are now in full progress greater amounts will be withdrawn in future periods.

(7) The increase is due to the capitalization of the Parking Structure expansion that has been put in service, which in turn reduced amounts in the Construction in Progress category.

(8) The decrease is due to the significant General Contractor construction payments being accrued at year end, along with associated retentions and other general accounts payable activity that were subsequently relieved in this first quarter of fiscal year 2018.

(9) The decrease in bond interest payable was due to the semi-annual interest payment due August 1st of $4.9 million.

(10) The increase is attributable to the first two periods of financial performance producing an operating income of $20 million and non-operating of $8 million (mostly from unrealized gains on investments).

(1) Hospital entity only, excludes controlled affiliates

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

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

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

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

Community Benefit Fund – following in the footsteps of the District in 2008 of forming its Community Benefit Fund using Gann Limit tax receipts, the Hospital in 2010 after opening its campus outside of District boundaries in Los Gatos formed its own Community Benefit Fund to provide grants/sponsorships in Los Gatos and surrounding areas. The funds come from the Hospital reserving $1.5M a year from its operations, the entity of CONCERN contributing 40% of its annual income each year (an amount it would have paid in corporate taxes if it wasn't granted tax exempt status), that generates an amount of $800,000 or more a year. $15 million within this fund is a board designated endowment fund formed in 2015 with a $10 million contribution, and added to at the end of the 2017 fiscal year end with another $5 million contribution, to generate investment income to be used for grants and sponsorships, currently anticipated to generate $500,000 a year in investment income for the program.

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

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

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

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

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

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

APPENDIX

El Camino Hospital – Mountain View ($000s)

2 months ending 8/31/2017

PERIOD 2 FY 2017	PERIOD 2 FY 2018	PERIOD 2 Budget 2018	Variance Fav (Unfav)	Var%	$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
202,034	224,886	216,406	8,479	3.9%	Gross Revenue	395,665	432,366	428,505	3,862	0.9%
(146,835)	(167,199)	(161,279)	(5,920)	3.7%	Deductions	(287,148)	(316,116)	(313,752)	(2,364)	0.8%
55,198	**57,687**	**55,128**	**2,559**	**4.6%**	Net Patient Revenue	**108,516**	**116,251**	**114,753**	**1,498**	**1.3%**
1,741	2,675	1,629	1,046	64.2%	Other Operating Revenue	3,275	4,521	3,269	1,252	38.3%
56,939	**60,363**	**56,757**	**3,606**	**6.4%**	Total Operating Revenue	**111,791**	**120,771**	**118,022**	**2,750**	**2.3%**
					OPERATING EXPENSE					
29,865	32,960	32,568	(392)	-1.2%	Salaries & Wages	59,405	64,656	64,859	203	0.3%
8,235	9,022	7,970	(1,051)	-13.2%	Supplies	15,316	15,849	15,963	114	0.7%
6,034	6,880	6,515	(365)	-5.6%	Fees & Purchased Services	11,686	12,731	13,321	590	4.4%
995	832	1,179	346	29.4%	Other Operating Expense	1,703	1,104	1,992	888	44.6%
459	333	725	392	54.1%	Interest	921	751	1,451	699	48.2%
3,558	3,410	3,456	46	1.3%	Depreciation	7,046	6,810	6,931	120	1.7%
49,146	**53,437**	**52,413**	**(1,024)**	**-2.0%**	Total Operating Expense	**96,077**	**101,901**	**104,516**	**2,615**	**2.5%**
7,793	**6,926**	**4,344**	**2,582**	**59.4%**	Net Operating Income/(Loss)	**15,714**	**18,870**	**13,505**	**5,364**	**39.7%**
4,759	3,697	225	3,471	1540.8%	Non Operating Income	15,927	8,895	451	8,445	1874.1%
12,553	**10,623**	**4,570**	**6,053**	**132.5%**	Net Income(Loss)	**31,641**	**27,765**	**13,956**	**13,809**	**98.9%**
20.7%	17.7%	15.0%	2.7%		EBITDA	21.2%	21.9%	18.5%	3.3%	
13.7%	11.5%	7.7%	3.8%		Operating Margin	14.1%	15.6%	11.4%	4.2%	
22.0%	17.6%	8.1%	9.5%		Net Margin	28.3%	23.0%	11.8%	11.2%	

El Camino Hospital – Los Gatos($000s)

2 months ending 8/31/2017

PERIOD 2 FY 2017	PERIOD 2 FY 2018	PERIOD 2 Budget 2018	Variance Fav (Unfav)	Var%	$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
41,551	50,833	47,787	3,046	6.4%	**Gross Revenue**	79,183	94,200	94,613	(413)	-0.4%
(29,915)	(37,759)	(34,704)	(3,055)	8.8%	**Deductions**	(55,678)	(70,011)	(68,711)	(1,300)	1.9%
11,637	**13,074**	**13,083**	**(9)**	**-0.1%**	**Net Patient Revenue**	**23,505**	**24,189**	**25,902**	**(1,713)**	**-6.6%**
173	159	206	(47)	-22.6%	**Other Operating Revenue**	341	320	413	(94)	-22.7%
11,810	**13,233**	**13,289**	**(55)**	**-0.4%**	**Total Operating Revenue**	**23,846**	**24,509**	**26,315**	**(1,806)**	**-6.9%**
					OPERATING EXPENSE					
5,890	6,641	6,365	(276)	-4.3%	**Salaries & Wages**	11,864	13,160	12,704	(456)	-3.6%
1,602	2,439	1,967	(471)	-24.0%	**Supplies**	2,962	3,820	3,935	115	2.9%
1,428	1,453	1,306	(147)	-11.2%	**Fees & Purchased Services**	2,775	2,637	2,611	(26)	-1.0%
1,617	1,545	1,677	132	7.9%	**Other Operating Expense**	3,237	3,048	3,210	162	5.0%
0	0	0	0	0.0%	**Interest**	0	0	0	0	0.0%
537	483	695	212	30.4%	**Depreciation**	1,077	973	1,397	424	30.4%
11,075	**12,561**	**12,010**	**(550)**	**-4.6%**	**Total Operating Expense**	**21,915**	**23,637**	**23,856**	**219**	**0.9%**
735	**673**	**1,278**	**(606)**	**-47.4%**	**Net Operating Income/(Loss)**	**1,931**	**872**	**2,459**	**(1,587)**	**-64.5%**
(10)	(45)	0	(45)	0.0%	**Non Operating Income**	(10)	(45)	0	(45)	0.0%
724	**628**	**1,278**	**(650)**	**-50.9%**	**Net Income(Loss)**	**1,921**	**827**	**2,459**	**(1,632)**	**-66.4%**
10.8%	8.7%	14.8%	-7.1%		**EBITDA**	12.6%	7.5%	14.6%	-7.1%	
6.2%	5.1%	9.6%	-4.5%		**Operating Margin**	8.1%	3.6%	9.3%	-5.8%	
6.1%	4.7%	9.6%	-4.9%		**Net Margin**	8.1%	3.4%	9.3%	-6.0%	

Capital Spend Trend & FY 18 Budget

Capital Spending (in 000's)	Actual FY2015	Actual FY2016	Actual FY2017	Projected FY2018
EPIC	29,849	20,798	2,755	1,922
IT Hardware / Software Equipment	4,660	6,483	2,659	12,238
Medical / Non Medical Equipment*	13,340	17,133	9,556	5,635
Non CIP Land, Land I , BLDG, Additions	-	4,189	-	-
Facilities	38,940	48,137	82,953	211,886
GRAND TOTAL	86,789	96,740	97,923	231,681

*Includes 2 robot purchases in projected FY2017 & FY2016 Medical/Non Medical Equipment spent FY2017

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

Category	2013	2014	2015	2016	2017
EPIC	**0**	**6,838**	**29,849**	**20,798**	**2,755**
IT Hardware/Software Equipment	**8,019**	**2,788**	**4,660**	**6,483**	**2,659**
Medical/Non Medical Equipment	**10,284**	**12,891**	**13,340**	**17,133**	**9,556**
Non CIP Land, Land I, BLDG, Additions	**0**	**22,292**	**0**	**4,189**	**0**
Facilities Projects CIP					
Mountain View Campus Master Plan Projects					
1245 - Behavioral Health Bldg Replace	0	1,257	3,775	1,389	10,323
1413 - North Drive Parking Structure Exp	0	0	167	1,266	18,120
1414 - Integrated MOB	0	0	2,009	8,875	32,805
1422 - CUP Upgrade	0	0	0	896	1,245
Sub-Total Mountain View Campus Master Plan	**0**	**1,257**	**5,950**	**12,426**	**62,493**
Mountain View Capital Projects					
9900 - Unassigned Costs	734	470	3,717	0	0
1108 - Cooling Towers	450	0	0	0	0
1120 - BHS Out Patient TI's	66	0	0	0	0
1129 - Old Main Card Rehab	9	0	0	0	0
0817 - Womens Hosp Upgrds	645	1	0	0	0
0906 - Slot Build-Out	1,003	1,576	15,101	1,251	294
1109 - New Main Upgrades	423	393	2	0	0
1111 - Mom/Baby Overflow	212	29	0	0	0
1204 - Elevator Upgrades	25	30	0	0	0
0800 - Womens L&D Expansion	2,104	1,531	269	0	0
1131 - MV Equipment Replace	216	0	0	0	0
1208 - Willow Pav. High Risk	110	0	0	0	0
1213 - LG Sterilizers	102	0	0	0	0
1225 - Rehab BLDG Roofing	7	241	4	0	0
1227 - New Main eICU	96	21	0	0	0
1230 - Fog Shop	339	80	0	0	0
1315 - 205 So. Drive TI's	0	500	2	0	0
0908 - NPCR3 Seismic Upgrds	1,302	1,224	1,328	240	342
1125 - Will Pav Fire Sprinkler	57	39	0	0	0
1211 - SIS Monitor Install	215	0	0	0	0
1216 - New Main Process Imp Office	19	1	16	0	0
1217 - MV Campus MEP Upgrades FY13	0	181	274	28	0
1224 - Rehab Bldg HVAC Upgrades	11	202	81	14	6
1301 - Desktop Virtual	0	13	0	0	0
1304 - Rehab Wander Mgmt	0	87	0	0	0
1310 - Melchor Cancer Center Expansion	0	44	13	0	0
1318 - Women's Hospital TI	0	48	48	29	2
1327 - Rehab Building Upgrades	0	0	15	20	0
1320 - 2500 Hosp Dr Roofing	0	75	81	0	0
1340 - New Main ED Exam Room TVs	0	8	193	0	0
1341 - New Main Admin	0	32	103	0	0
1344 - New Main AV Upgrd	0	243	0	0	0
1400 - Oak Pav Cancer Center	0	0	5,208	666	52

Category	2013	2014	2015	2016	2017
Facilities Projects CIP cont.					
1403 - Hosp Drive BLDG 11 TI's	0	86	103	0	0
1404 - Park Pav HVAC	0	64	7	0	0
1405 - 1 - South Accessibility Upgrades	0	0	0	168	95
1408 - New Main Accessibility Upgrades	0	0	7	46	501
1415 - Signage & Wayfinding	0	0	0	106	58
1416 - MV Campus Digital Directories	0	0	0	34	23
1423 - MV MOB TI Allowance	0	0	0	588	369
1425 - IMOB Preparation Project - Old Main	0	0	0	711	1,860
1429 - 2500 Hospital Dr Bldg 8 TI	0	0	101	0	0
1430 - Women's Hospital Expansion	0	0	0	0	464
1432 - 205 South Dr BHS TI	0	0	8	15	0
1501 - Women's Hospital NPC Comp	0	0	4	0	223
1502 - Cabling & Wireless Upgrades	0	0	0	1,261	367
1503 - Willow Pavillion Tomosynthesis	0	0	0	53	257
1504 - Equipment Support Infrastructure	0	0	61	311	0
1523 - Melchor Pavillion Suite 309 TI	0	0	0	10	59
1525 - New Main Lab Upgrades	0	0	0	0	464
1526 - CONCERN TI	0	0	0	37	99
Sub-Total Mountain View Projects	**8,145**	**7,219**	**26,744**	**5,588**	**5,535**
Los Gatos Capital Projects					
0904 - LG Facilities Upgrade	2	0	0	0	0
0907 - LG Imaging Masterplan	244	774	1,402	17	0
1005 - LG OR Light Upgrd	14	0	0	0	0
1122 - LG Sleep Studies	7	0	0	0	0
1210 - Los Gatos VOIP	147	89	0	0	0
1116 - LG Ortho Pavillion	177	24	21	0	0
1124 - LG Rehab BLDG	49	458	0	0	0
1247 - LG Infant Security	134	0	0	0	0
1307 - LG Upgrades	376	2,979	3,282	3,511	3,081
1308 - LG Infrastructure	0	114	0	0	0
1313 - LG Rehab HVAC System/Structural	0	0	0	1,597	1,904
1219 - LG Spine OR	0	214	323	633	2,163
1221 - LG Kitchen Refrig	0	85	0	0	0
1248 - LG - CT Upgrades	0	26	345	197	6,669
1249 - LG Mobile Imaging	0	146	0	0	0
1328 - LG Ortho Canopy FY14	0	255	209	0	0
1345 - LG Lab HVAC	0	112	0	0	0
1346 - LG OR 5, 6, and 7 Lights Replace	0	0	285	53	22
1347 - LG Central Sterile Upgrades	0	0	181	43	66
1421 - LG MOB Improvements	0	0	198	65	303
1508 - LG NICU 4 Bed Expansion	0	0	0	0	207
1600 - 825 Pollard - Aspire Phase II	0	0	0	0	80
1603 - LG MOB Improvements	0	0	0	0	285
Sub-Total Los Gatos Projects	**1,150**	**5,276**	**6,246**	**6,116**	**14,780**
1550 - Land Acquisition	0	0	0	24,007	0
1701 - 828 S Winchester Clinic TI	0	0	0	0	145
Sub-Total Other Strategic Projects	**0**	**0**	**0**	**24,007**	**145**
Subtotal Facilities Projects CIP	**9,294**	**13,753**	**38,940**	**48,137**	**82,953**
Grand Total	**27,598**	**58,561**	**86,789**	**96,740**	**97,923**
Forecast at Beginning of year	70,503	70,037	101,607	114,025	212,000

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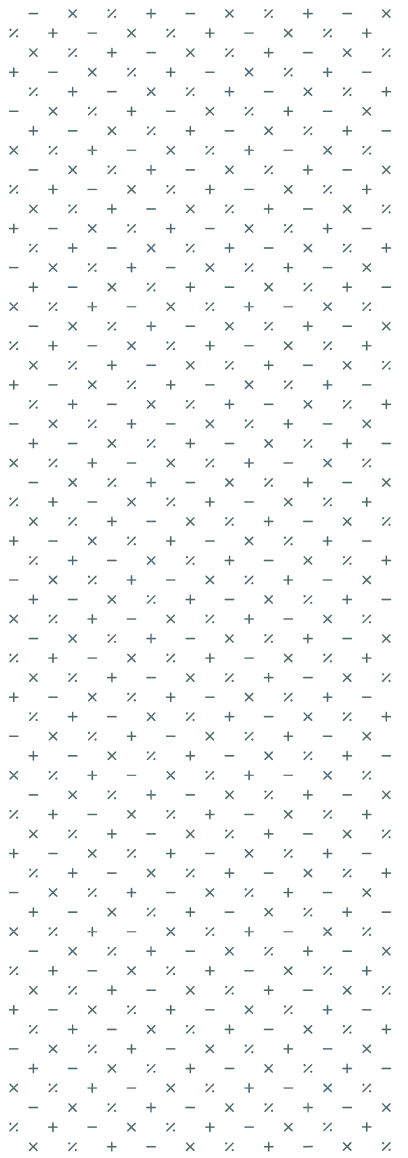
2017 Audit Results: El Camino Healthcare District



AUDIT COMMITTEE

El Camino Healthcare District

Dear Audit Committee Members:

Thank you for your continued engagement of Moss Adams LLP. We are pleased to have the opportunity to meet with you to discuss the results of our audit of the consolidated financial statements of El Camino Healthcare District ("the District") for the year ended June 30, 2017.

The accompanying report, which is intended solely for the use of the Audit Committee and management, presents important information regarding the District's consolidated financial statements and our audit that we believe will be of interest to you. It is not intended and should not be used by anyone other than these specified parties.

We conducted our audit with the objectivity and independence that you expect. We receive the full support and assistance of the District's personnel. We are pleased to serve and be associated with the District's as its independent public accountants and look forward to our continued relationship.

We look forward to discussing our report or any other matters of interest with you during this meeting.

Agenda

- Auditor Opinions and Reports
- Communication with Those Charged with Governance
- Other information
- GASB Updates

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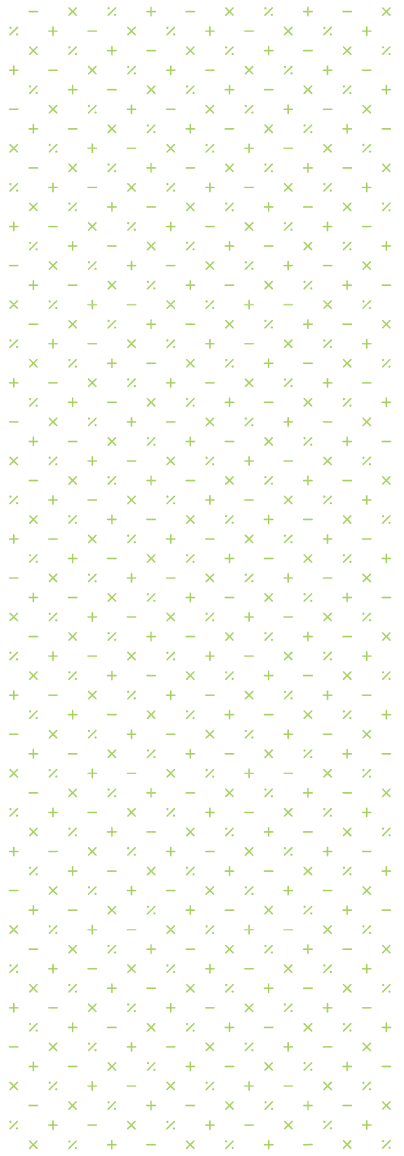
Auditor Opinion & Report

Better Together: Moss Adams & El Camino Healthcare District



Scope of Services

We have performed the following services for El Camino Healthcare District:

- Annual consolidated financial statement audit for the year ending June 30, 2017
- Annual El Camino Hospital Foundation financial statements audit for the year ended June 30, 2017
- Annual CONCERN:EAP financial statement audit for the year ended June 30, 2017
- Annual El Camino Hospital Auxiliary financial statement audit for the year ended June 30, 2017

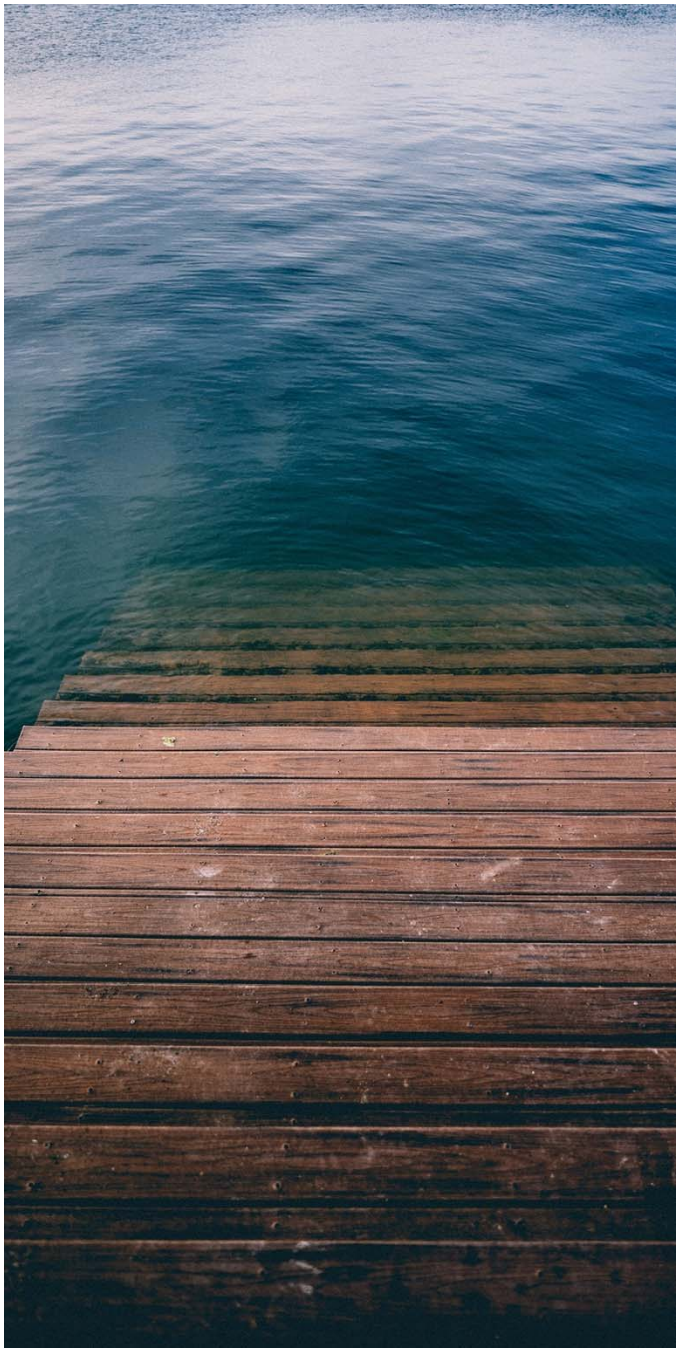
We have also performed the following non-attest services:

- Assisted in the drafting of the consolidated financial statements of El Camino Healthcare District
- Assisted in the drafting of the financial statements of El Camino Hospital Foundation
- Assisted in the drafting of the financial statements of CONCERN: EAP
- Assisted in the drafting of the financial statements of El Camino Hospital Auxiliary

Auditor Report on the Financial Statements

Unmodified Opinion

- Consolidated financial statements are presented fairly and in accordance with U.S. GAAP



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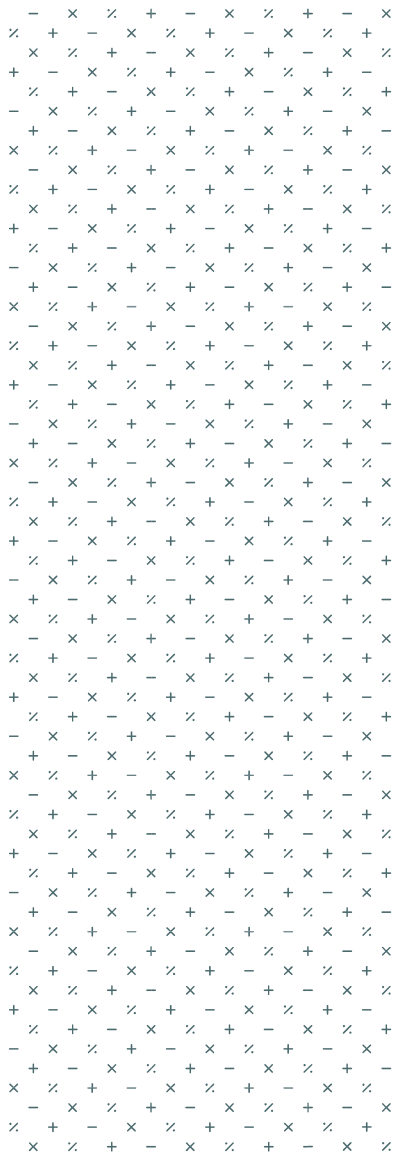
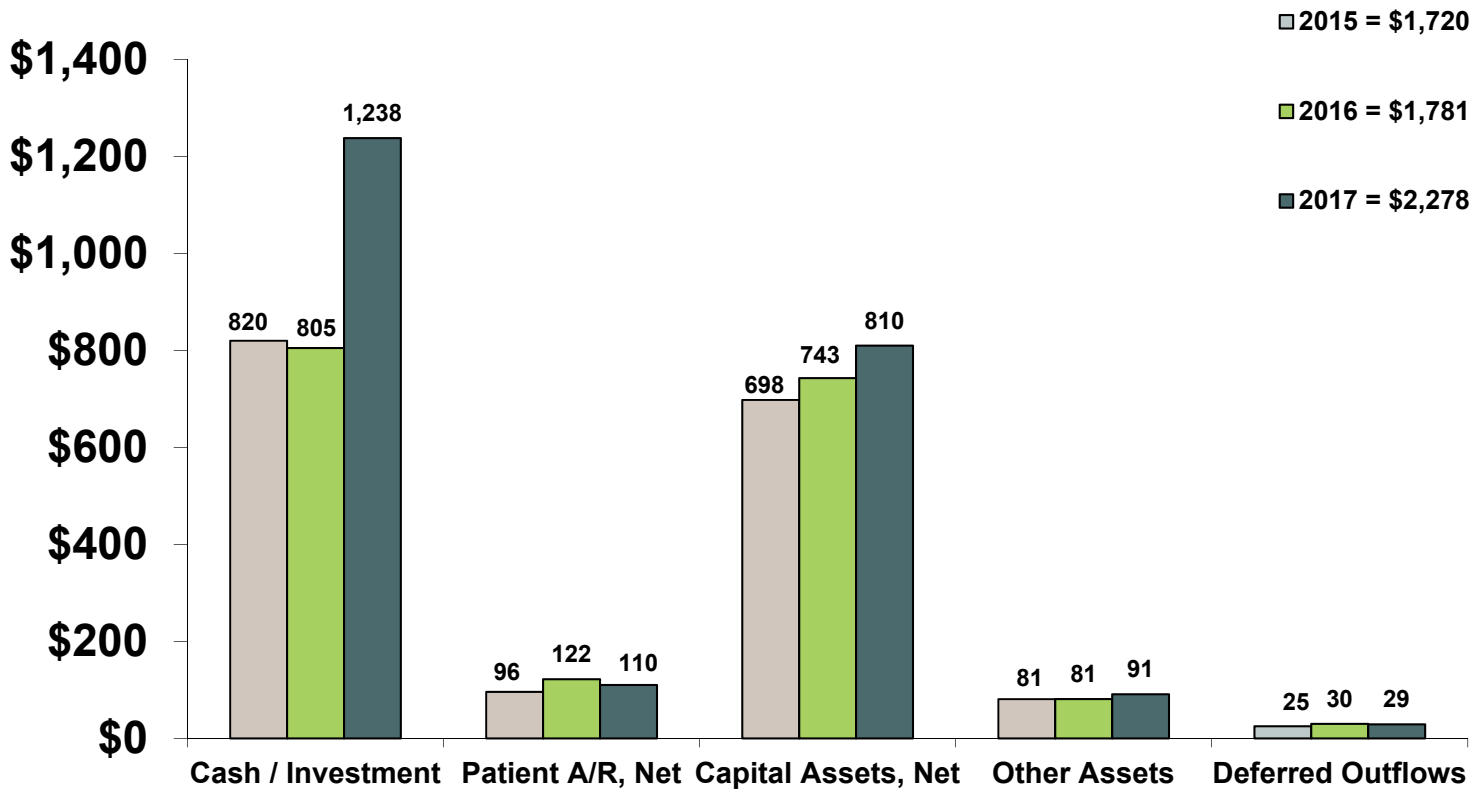
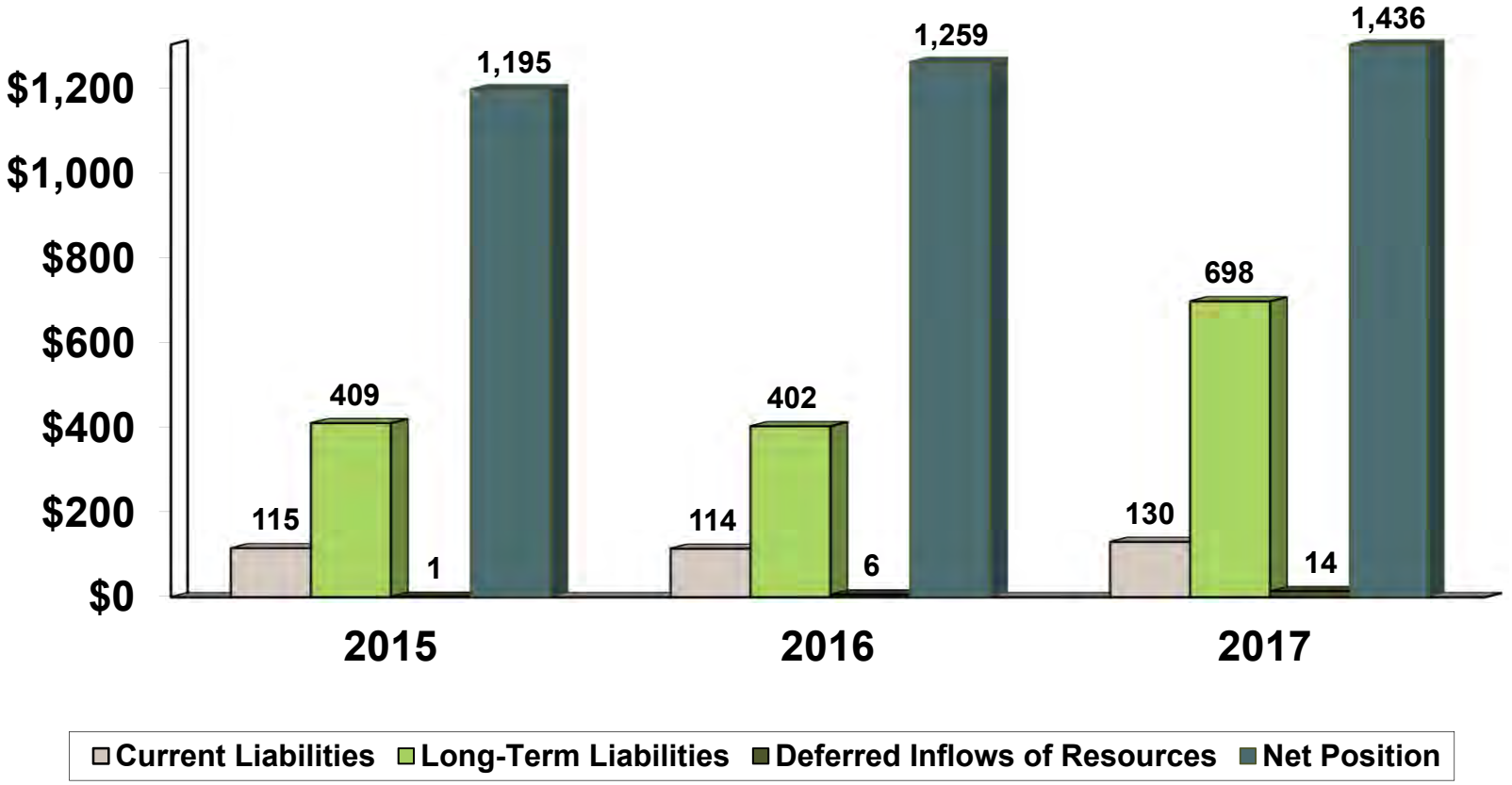
Statement of Net Position



Asset and Deferred Outflows (in millions)

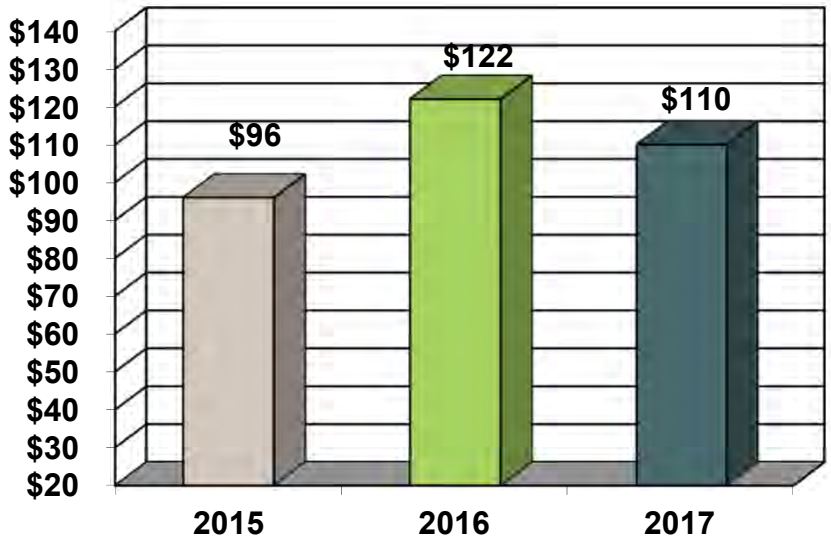


Liabilities, Deferred Inflows, and Net Position (in millions)

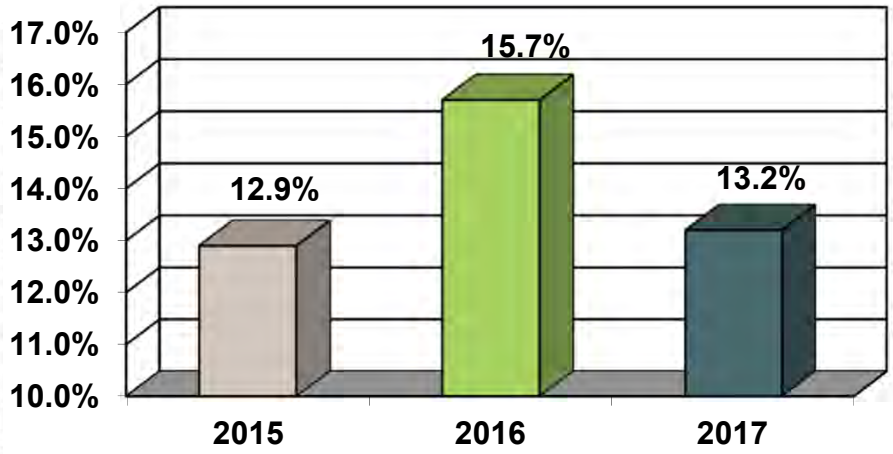


Net Patient Service Accounts Receivable

Dollars (in millions)



% Net Revenues



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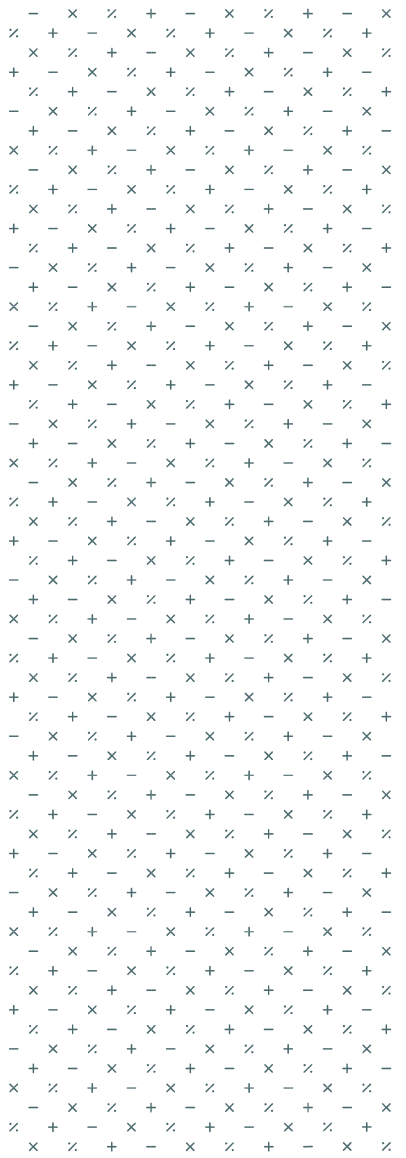
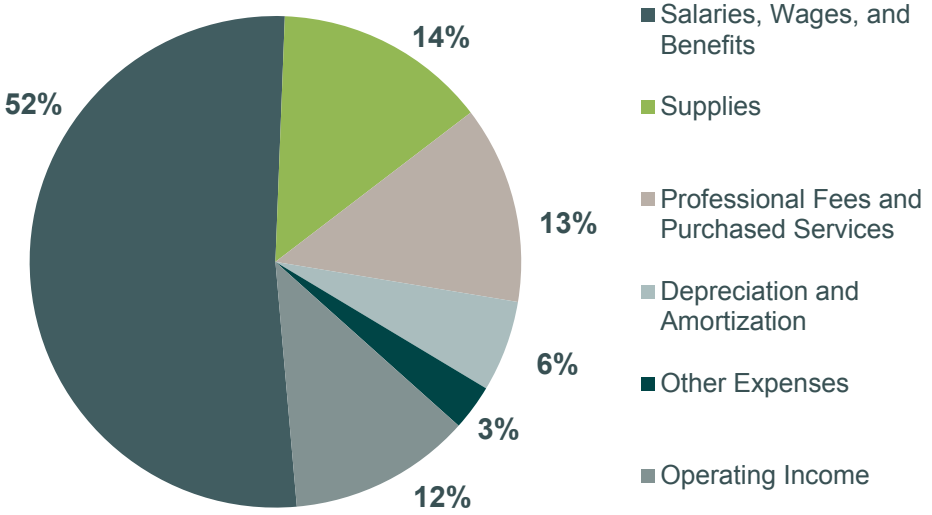
Operations



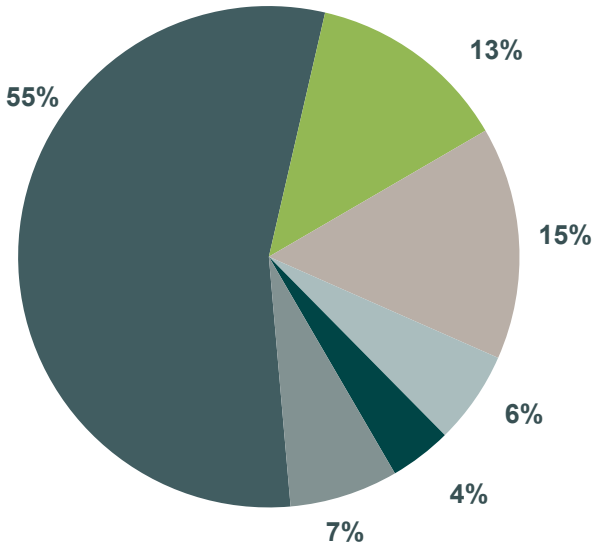
Income Statements Year to Year Comparison

Total Operating Revenues (in thousands)

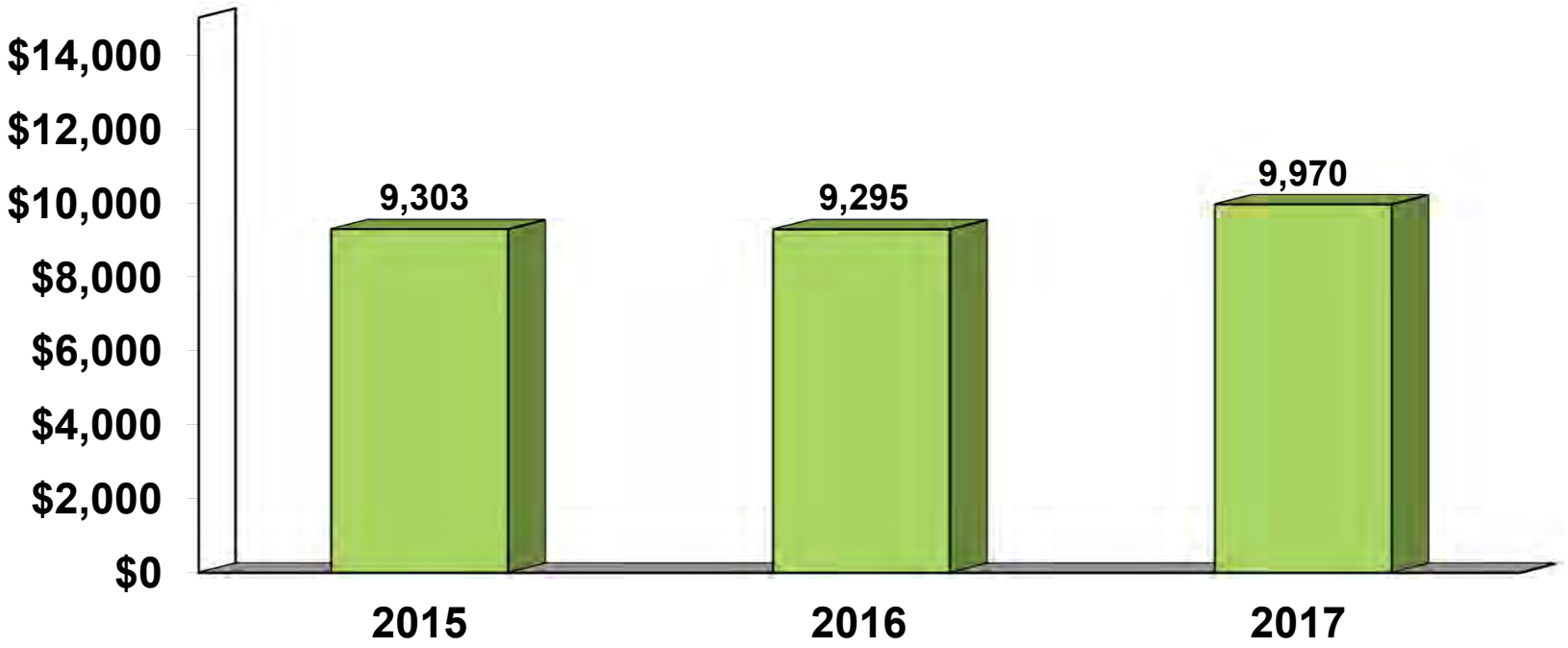
June 30, 2017
$870,489



June 30, 2016
$806,410



Community benefit expense (in thousands)



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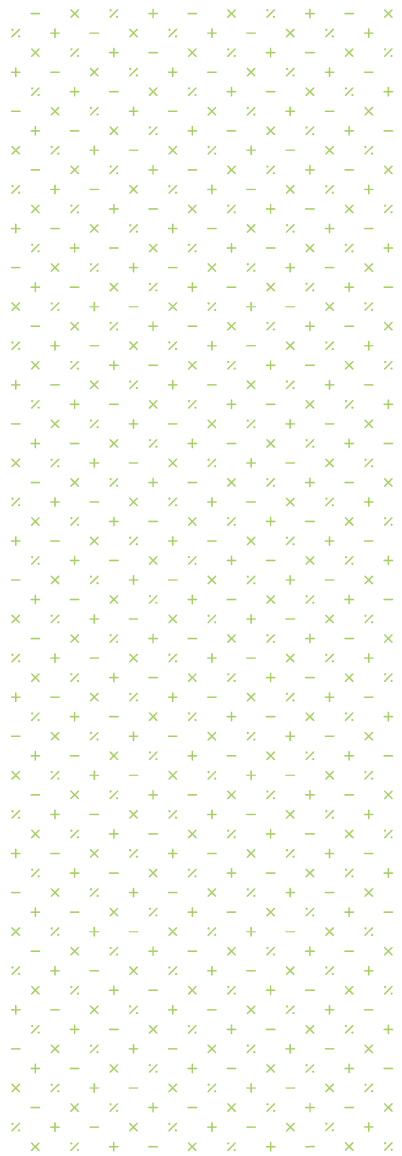
Communication with Those Charged with Governance

Better Together: Moss Adams & El Camino Healthcare District



Our Responsibility

Our responsibility under US Generally Accepted Auditing Standards and Government Auditing Standards.

1

To express our opinion on whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, and in accordance with U.S. GAAP. However, our audit does not relieve you or management of your responsibilities.

2

To perform an audit in accordance with generally accepted auditing standards issued by the AICPA, and design the audit to obtain reasonable, rather than absolute, assurance about whether the consolidated financial statements are free of material misstatement.

3

To consider internal control over financial reporting as a basis for designing audit procedures but not for the purpose of expressing an opinion on its effectiveness or to provide assurance concerning such internal control.

4

To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope & Timing of the Audit

It is the auditor's responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient and appropriate audit evidence and to communicate with those charged with governance and overview of the planned scope and timing of the audit.

OUR COMMENTS

- The planned scope and timing of the audit was communicated to the District's audit committee at the audit entrance meeting and was included in the engagement letter for the year ended June 30, 2017

Significant Accounting Policies & Unusual Transactions

The auditor should determine that the audit committee is informed about the initial selection of and changes in significant accounting policies or their application. The auditor should also determine that the audit committee is informed about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

OUR COMMENTS

- Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the footnotes to the consolidated financial statements. Throughout the course of an audit, we review changes, if any, to significant accounting policies or their application, and the initial selection and implementation of new policies. There were no changes to significant accounting policies for the year ended June 30, 2017.
- We believe management has selected and applied significant accounting policies appropriately and consistent with those of the prior year.

Management Judgements & Accounting Estimates

The audit committee should be informed about the process used by management in formulating particularly sensitive accounting estimates and about the basics for the auditor's conclusions regarding the reasonableness of those estimates.

OUR COMMENTS

- Management's judgements and accounting estimates are based on knowledge and experience about past and current events and assumptions about future events. We apply audit procedures to management's estimates to ascertain whether the estimates are reasonable under the circumstances and do not materially misstate the consolidated financial statements.
- Significant management estimates impacted the consolidated financial statements including the following: net patient service revenue, provision for uncollectible accounts, fair market values of investments, uninsured losses for professional liability, minimum pension liability, liability for workers' compensation claims, liability for post-retirement medical benefits, valuation of gift annuities and beneficial interest in charitable remainder unitrusts, and useful live of capital assets.
- We deem them to be reasonable

Management Judgements & Accounting Estimates

Our views about the quantitative aspects of the entity's significant accounting policies, accounting estimates, and financial statement disclosures.

OUR COMMENTS

- The disclosures in the consolidated financial statements are clear and consistent. Certain financial statement disclosures are particularly sensitive because of their significance to financial statements users, however we do not believe any of the footnotes are particularly sensitive. We call your attention to the following notes:

  - Note 2 – Significant concentration of net patient accounts receivable
  - Note 5 – Fair value of investments
  - Note 6 – Capital assets
  - Note 7 – Employee benefit plans
  - Note 8 – Post-retirement medical benefits
  - Note 10 – Long-term debt
  - Note 13 – Related party transactions

Significant Audit Adjustments & Unadjusted Differences Considered by Management to Be Immaterial

The audit committee should be informed of all significant audit adjustments arising from the audit. Consideration should be given to whether an adjustment is indicative of a significant deficiency or a material weakness in the District's internal control over financial reporting, or in its process for reporting interim financial information, that could cause future consolidated financial statements to be materially misstated.

The audit committee should also be informed of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the consolidated financial statements as a whole.

OUR COMMENTS

- The following passed adjustments were proposed:
  - $3 million of late charges to increase net patient accounts receivable & revenue
  - $2 million to recapture patient accounts receivable credit balances

Deficiencies in Internal Control

Any material weaknesses and significant deficiencies in the design or operation of internal control that came to the auditor's attention during the audit must be reported to the audit committee.

OUR COMMENTS

- Material weakness
  - None noted
- Significant deficiencies
  - Consistent with FY 2016, we noted a significant population of credit balances offsetting the ending patient accounts receivable balance
  - Consistent with FY 2016, we noted charges pertaining to services provided in FY 2017 that weren't recorded as of June 30, 2017

Difficulties Encountered in Performing the Audit

The audit committee should be informed of any significant difficulties encountered in dealing with management related to the performance of the audit, including disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the District's consolidated financial statements, or the auditor's report.

OUR COMMENTS

- No significant difficulties were encountered during our audit.
- We are pleased to report that there were no disagreements with management.
- We are not aware of any significant accounting or auditing matters for which management consulted other accountants.

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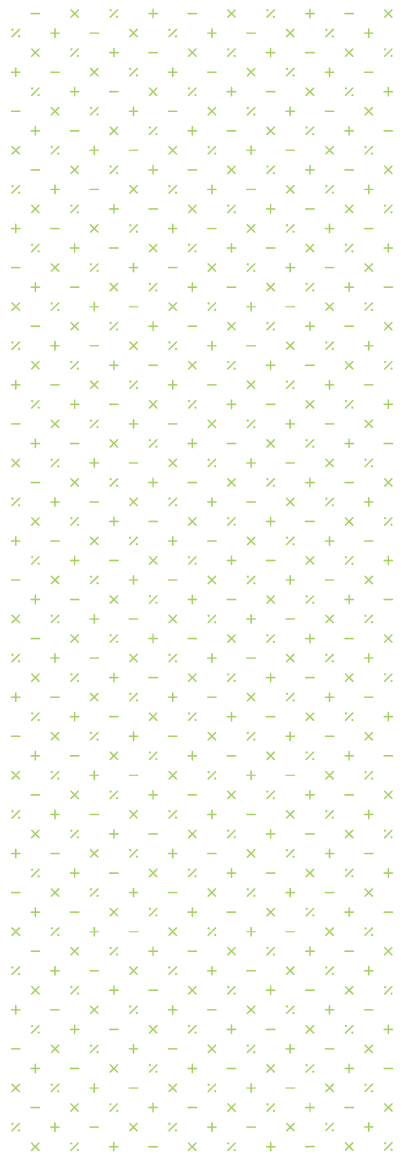
Internal Control Summary



Internal Control Matters

Observation	2017	2016	2015
Checks below $10,000 are automatically printed with the Controller's electronic signature and no review is performed			X
No resolution for aged payables over a year old			X
$11.4 million was accrued for insurance payment liability, however no refunds have been issued over the last 2 years	X		X
Employee reimbursement policy not followed			X
Inconsistencies with mapping and the presentation of contractual reserves, bad debt expense, and contractual adjustments related to AR and revenue		X	
Significant Patient AR credit balances	X	X	
Some current year patient charges not captured in the current year	X	X	
Rental income and rental expense schedules not properly reconciled to the GL		X	

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GASB updates

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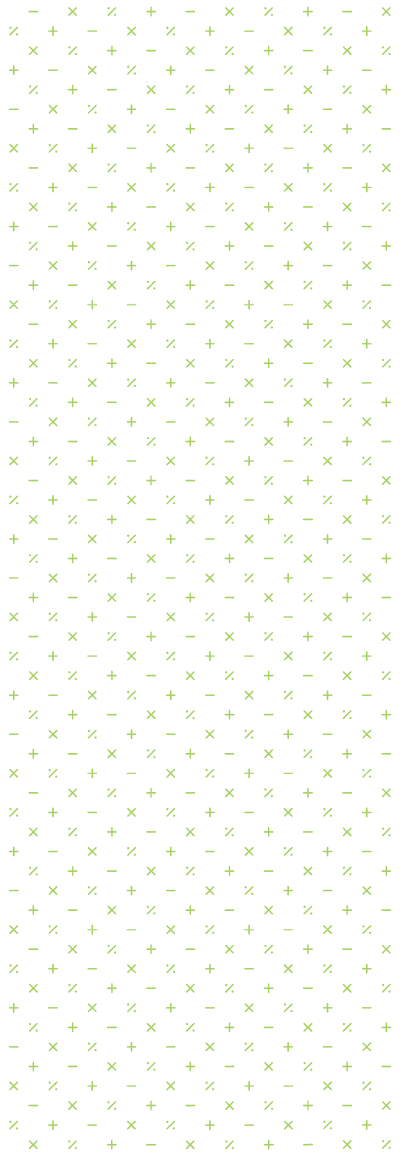

GASB Accounting Updates

- GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73. Adopted as of June 30, 2017.
- GASB Statement No. 80, Blending Requirements for Certain Component Units. Adopted as of June 30, 2017.
- GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Effective for the District beginning July 1, 2017.
- GASB Statement No. 87, Leases. Effective for the District beginning July 1, 2020.

We're pleased to present our 22nd annual health care conference at Red Rock Casino, Resort & Spa in Las Vegas on November 15–17, 2017. This year's conference promises to be one of our best yet, featuring:

- Dr. Sanjay Gupta, Emmy® award-winning chief medical correspondent for CNN and practicing neurosurgeon
- Dr. Tom Coburn, former Republican US Senator (OK), physician, and two-time cancer survivor
- Wendy Davis, former Democratic state senator (TX), recognized women's equality leader, and Secretary Clinton campaign supporter
- Ken Leonczyk, legal and public policy expert and Senior Director of The Advisory Board
- Dr. Lowell Catlett, futurist, renowned speaker, and author

This year, the conference will provide a forum for executives to discuss pressing topics including the Trump administration's progress and platform for repealing and replacing the ACA and the impact of reforming health care, again.

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2017 HEALTH CARE CONFERENCE

Our exclusive conference brings together notable C-suite and executive teams from across the country to share industry knowledge, best practices, and new ideas.

Dr. Sanjay Gupta

Emmy® award-winning chief medical correspondent for CNN and practicing neurosurgeon

Ken Leonczyk

Legal and public policy expert and Senior Director of The Advisory Board

Dr. Tom Coburn

Former Republican US Senator (OK), physician, and two-time cancer survivor

Dr. Lowell Catlett

Futurist, renowned speaker, and author

Wendy Davis

Former Democratic state Senator from Texas, recognized women's equality leader, and Secretary Clinton campaign supporter

Register at: www.mossadams.com/2017hcconf

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Assurance, tax, and consulting offered through Moss Adams LLP. Wealth management offered through Moss Adams Wealth Advisors LLC. Investment banking offered through Moss Adams Capital LLC.

THANK YOU

Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

El Camino Healthcare District

June 30, 2017 and 2016

Table of Contents

Management's Discussion and Analysis

El Camino Healthcare District (the "District") is comprised of six (6) entities: the District, the Hospital, El Camino Hospital Foundation (the "Foundation"), CONCERN: Employee Assistance Program ("CONCERN"), El Camino Surgery Center ("ECSC"), and Silicon Valley Medical Development, LLC ("SVMD").

Effective May 6, 2013, ECSC sold certain medical equipment, furnishings, fixtures, inventories, and other tangible personal property in exchange for a seven and one half percent (7.5%) interest in El Camino Ambulatory Surgery Center, ("ECASC"). As of March 2015, ECSC's interest in ECASC has increased to 33.4%. ECSC has provided a working capital line of credit to ECASC in a principal amount of $750,000 represented by a Promissory Note and has a term of 39 months with an interest rate of 5% per annum. At June 30, 2017, 2016, and 2015, there were total draws of $0, $484,000, and $414,000 against the line of credit, respectively. The Hospital leases the space to ECASC and provides certain services, such as utilities and building/equipment maintenance. There was $537,000 of rental income recorded for the year ended June 30, 2017, $771,000 of rental income recorded for the year ended June 30, 2016, and $717,000 of rental income recorded for the year ended June 30, 2015 related to the lease. On August 29, 2016, ESCS paid off the line of credit of $483,000.

Silicon Valley Medical Development, LLC is organized as a California limited liability company and was formed in 2008. SVMD was established by the Hospital to create initiatives between the independent physicians and the Hospital, to develop and maintain ambulatory ventures not located on the current Hospital campuses, and to provide management services to medical groups in association with the Hospital. In the last fiscal quarter of 2016, SVMD opened its first Primary Care Clinic in the San Jose area and anticipates opening approximately one or two other clinics in fiscal year 2018.

The complete financial statements of the Foundation can be obtained from the Foundation, 2500 Grant Road, PAR 116, Mountain View, California, 94040.

The complete financial statements of CONCERN can be obtained from CONCERN, 1503 Grant Road #120, Mountain View, California, 94040

Overview of the Consolidated Financial Statements

This annual report consists of the consolidated financial statements and notes to those statements. These statements are organized to present the District as a whole, including all the entities it controls. Financial information for each separate entity is shown in the supplemental schedules on the last pages of the report. In accordance with the Governmental Accounting Standards Board ("GASB") Codification Section 2200, *Comprehensive Annual Financial Report,* the District presents comparative financial highlights for the fiscal years ended June 30, 2017, 2016, and 2015. This discussion and analysis should be read in conjunction with the consolidated financial statements in this report.

The consolidated statements of net position, the consolidated statements of revenues, expenses, and changes in net position, and consolidated statements of cash flows provide an indication of the District's financial health. The consolidated statements of net position include all the District's assets and liabilities, using the accrual basis of accounting. The consolidated statements of revenues, expenses, and changes in net position report all of the revenues and expenses during the time periods indicated. The consolidated statements of cash flows report the cash provided by the operating activities, as well as other cash sources such as investment income and cash payments for capital additions and improvements.

Consolidated Financial Highlights

Year Ended June 30, 2017

In March 2017, El Camino Hospital issued Revenue Bonds in the amount of $292,435,000 to be used in its completion of the Master Facilities Plan at the Hospital's Mountain View campus. The primary projects that started in July 2016 are the Behavior Health Building replacement, expansion of the North Drive parking structure, and the construction of an integrated medical office building and associated parking structure.

Also in March 2017, El Camino Healthcare District refunded $99,035,000 of its $131,370,000 outstanding G.O. bonds that were issued in 2006 that assisted in building the Mountain View replacement hospital that was completed in November 2009. This refinancing resulted in a reduction of future interest payments with a present value of approximately $7,000,000 and along with increased assessed property values reduced District residents' G.O. tax rate from the original $12.90 per $100,000 of assessed valuation to $10.00 per $100,000 of current assessed valuation.

The 2017 fiscal year produced the greatest net income ever generated by the District as the net position increased by $177 million, of which $106 million was produced from operations and another $71 million in non-operating revenues, significantly driven by realized and unrealized gains from investments.

Year Ended June 30, 2016

During 2016 the Hospital completed an 18-month implementation of the replacement of its previous electronic healthcare patient record system with a state-of-the-art system purchased from the Epic Corporation. Internally known as "iCare" the new system went "live" as scheduled in November 2015. As of the end of fiscal year, the Hospital had a capital investment in the new system of $57 million and training expense of employees and medical staff in excess of $8 million, not including outside staff to back-fill positions to allow the training and needed support after go-live to stabilize the system and make changes to processes/workflows.

The Hospital has purchased land in South San Jose which will allow for the future growth of our nonprofit community based healthcare services in the southern portion of Silicon Valley. The Hospital is exploring partnerships with medical groups to co-develop the property for acute healthcare needs in the area sometime in the future.

The increase in the net position for 2016 was $64.1 million, which was a significant challenge given the go-live expenses of iCare. The ending net position for fiscal year 2016 was $1.3 billion.

Summary of Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position
As of June 30, 2017, 2016 and 2015

(In Thousands)

	2017	2016	2015
Assets:			
Current assets	$ 494,644	$ 411,110	$ 413,799
Board designated and restricted funds, net of current portion	568,776	491,544	474,888
Funds held by trustee, net of current portion	305,415	46,293	50,081
Capital assets, net	809,611	743,127	698,436
Other assets	70,095	59,399	57,885
Total assets	**2,248,541**	**1,751,473**	**1,695,089**
Deferred Outflows:			
Loss on defeasance of bond payable	14,163	14,764	15,364
Deferred outflow of resources	5,700	5,100	7,200
Deferred outflow - actuarial	9,097	9,950	2,654
Total deferred outflows	**28,960**	**29,814**	**25,218**
Total assets and deferred outflows	**$ 2,277,501**	**$ 1,781,287**	**$ 1,720,307**
Liabilities:			
Current liabilities	$ 129,508	$ 114,239	$ 115,252
Bonds payable, net of current portion	649,395	349,336	358,906
Other long-term liabilities	48,289	52,220	50,249
Total liabilities	**827,192**	**515,795**	**524,407**
Deferred Inflows:			
Deferred inflow of resources	3,521	3,596	1,015
Deferred inflow - actuarial	10,666	2,892	-
Total deferred inflows	**14,187**	**6,488**	**1,015**
Net position:			
Unrestricted and invested in capital assets, net	1,421,009	1,244,697	1,185,190
Restricted by donors - charity and other	11,651	11,599	7,460
Restricted - endowments	3,462	2,708	2,235
Total net position	**1,436,122**	**1,259,004**	**1,194,885**
Total liabilities, deferred inflow, and net position	**$ 2,277,501**	**$ 1,781,287**	**$ 1,720,307**
Operating cash equivalents & short-term investments	$ 350,689	$ 251,888	$ 285,907
Board designated, funds held by trustee, & restricted funds	887,324	553,309	534,267
Total available cash & investments	**$ 1,238,013**	**$ 805,197**	**$ 820,174**

Investments

The District maintains sufficient cash balances to pay daily operational expenses and all short term liabilities. In late fiscal year 2012, the Hospital (exclusive of the District) selected an Investment Consultant to assist the Hospital and its subsidiaries in managing its investments, and both the investment policies for Surplus Cash and Cash Balance Plan were updated and approved by the Hospital Board of Directors. The policies allow for greater diversification in the investment portfolios to balance the need for liquidity with a long-term investment focus in order to improve investment returns and the organization's financial strength. Beginning early in fiscal year 2013, an Investment Committee was formed to perform the following responsibilities, among others: monitor performance of investment managers, monitor allocations across investment styles and investment managers, review compliance with the policies, and make recommendations for revisions to the policies. Throughout fiscal years 2015 and 2014, the number of money managers expanded from two money managers for Surplus Cash to approximately twenty-eight managers.

Capital Assets

Early in fiscal year 2017, the Hospital started on its construction of the completion of its Facilities Master Plan at its Mountain View Campus. There are four (4) projects totaling $400 million in expenditures. The Hospital issued $292,435,000 in tax-exempt revenue bonds in March 2017 to assist in covering the expenditures of these projects. The remaining monies to complete the projects will come from surplus cash. The projects are:

Replacement of the Behavior Health Services building, this project is projected to be completed in early calendar year of 2019 at a current total cost of $91.5 million, with approximately $17.2 million in costs incurred at the end fiscal year 2017.

Expansion of the North Drive Parking Garage, this project to be completed in August 2017 at a current total cost of $24.5 million, with approximately $19.7 million in costs incurred at the end of fiscal year 2017.

Construction of an Integrated Medical Office Building ("IMOB") and associated parking structure to be completed in the spring of 2019 at a current total cost of $275 million, with approximately $45.9 million incurred at the end of fiscal year 2017.

An upgrade to the Central Utility Plant, this project to be completed in April 2018 at the current cost of $9 million, with approximately $2.2 million incurred at the end of fiscal year 2017.

At the Mountain View campus, the Hospital completed its temporary renovation of the old hospital tower at a cost of $2.9 million that is being used to house various departments (as in IT and Health Information Management Systems departments, among others) formerly located in the North Addition section of the old hospital that was demolished to make way for the construction of the IMOB. As the IMOB is completed these departments will move into the IMOB and subsequently the old tower will be demolished in 2019.

Expansion and renovation of the Women's Hospital at the Mountain View campus which will occur after the completion of the IMOB and the current physician tenants in the building on the second and third floors move into the IMOB in 2019 had initial Board approved funding in fiscal year 2017 of $5 million to begin design work. Current total project is estimated at $91 million.

The Board also approved a $3.1 million laboratory upgrades at the Mountain View site and tenant improvements at a site in the San Jose area for a Primary Care Clinic in the amount of $3.4 million with an anticipated opening date in November 2017.

At the end of fiscal year 2017 there was Board approval to acquire two more Surgical Robots for both the Mountain View and Los Gatos campuses for approximately $4 million.

At the Los Gatos campus, the significant capital renovation and upgrade projects continued in its Imaging and Surgery services and the Central Sterile Processing unit that was financed by $42 million of the $160 million 2015A tax exempt bonds issue.

Also at the Los Gatos campus the Board approved $5 million for renovations and upgrades to the medical office buildings adjacent to the hospital that began at the end of fiscal year 2017.

Revenues and Expenses

The following table displays revenues and expenses for 2017, 2016, and 2015:

Revenues & Expenses
Years Ended June 30, 2017, 2016 and 2015

(In Thousands)

	2017	2016	2015
Operating revenues:			
Net patient service revenue net of bad debt of $19,405, $18,966 $22,160 in 2017, 2016, and 2015, respectively	$ 832,573	$ 772,173	$ 746,645
Other revenue	37,916	34,237	29,830
Total operating revenues	**$ 870,489**	**$ 806,410**	**$ 776,475**
Operating expenses:			
Salaries, wages & benefits	$ 451,416	$ 439,877	$ 412,818
Professional fees and purchased services	111,990	106,838	100,152
Supplies	121,888	118,096	110,003
Depreciation	48,179	49,051	44,913
Rent and utilities	16,265	15,669	15,137
Other	14,595	19,456	12,881
Total operating expenses	**$ 764,333**	**$ 748,987**	**$ 695,904**
Operating income	**$ 106,156**	**$ 57,423**	**$ 80,571**
Nonoperating revenue (expense) items:			
Bond interest expense, net	(6,697)	(10,891)	(9,509)
Intergovernmental transfer expense	(10,328)	(802)	(6,759)
Realized investment income	15,913	16,672	14,795
Unrealized investment gain (loss)	47,552	(16,886)	3,979
Property tax revenues	25,540	23,633	21,097
Restricted gifts, grants and other net of contributions to related parties	4,201	7,038	4,344
Unrealized gain (loss) on interest rate swap	3,429	(3,214)	(1,009)
Community benefit expense	(9,970)	(9,295)	(11,303)
Other, net	1,322	441	4,549
Total nonoperating revenues and expenses	**$ 70,962**	**$ 6,696**	**$ 20,184**
Increase in net position	**$ 177,118**	**$ 64,119**	**$ 100,755**
Total net position, beginning of year	**1,259,004**	**1,194,885**	**1,103,255**
CUMULATIVE EFFECT OF RESTATEMENT	**-**	**-**	**(9,125)**
Total net position, beginning of year, as restated	**1,259,004**	**1,194,885**	**1,094,130**
Total net position, end of year	**$ 1,436,122**	**$ 1,259,004**	**$ 1,194,885**

Fiscal Year 2017 Consolidated Financial Analysis

Net Patient Services Revenues

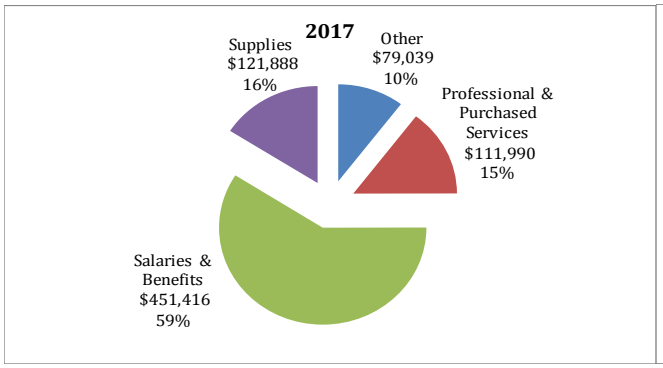
Net patient services revenue in fiscal year 2017 increased by $60.4 million, or 7.8% over fiscal year 2016. This increase was due to several factors which include a delayed IGT payment of $6.5 million from FY 2016 received in FY 2017, along with the FY 2017 participation being paid in June 2017 in the amount of $6.5 million; the participation in Public Redesign and Incentives in Medi-Cal ("PRIME") program in which an additional $4.0 million was received in FY 2017 over FY 2016; a $1.6 million of cost report settlement; volume increase in a number of product lines including heart and vascular (10.14%), Spine surgery (13.20%), outpatient surgery (9.20%), outpatient infusion (29.40%), and urology (11.20%).

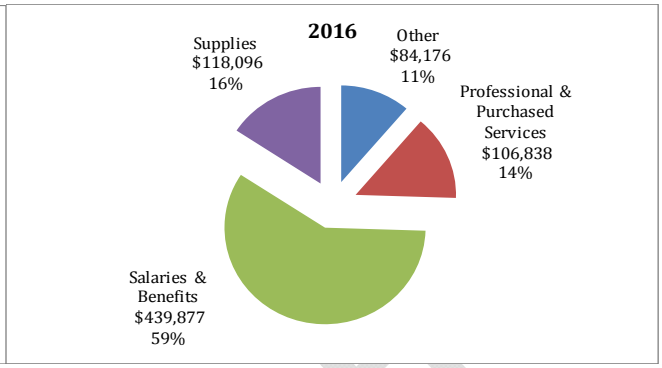
Specialty	2017 Days	2016 Days	% Change
Medical/Surgical	58,467	61,046	-4.2%
Maternity	11,406	14,465	-21.1%
Pediatrics	29	4	625.0%
NICU	5,089	5,199	-2.1%
Psychiatry	6,558	7,990	-17.9%
Rehab	5,727	-	0.0%
Normal newborn	10,498	10,717	-2.0%
Total	**97,774**	**99,421**	**-1.7%**

Specialty	2017 LOS	2016 LOS	% Change
Medical/Surgical	4.6	4.9	-6.1%
Maternity	2.4	3.0	-20.0%
Pediatrics	1.6	1.9	-15.8%
NICU	9.7	9.8	-1.0%
Psychiatry	9.2	10.0	-8.0%
Rehab	12.5	0.0	0.0%
Normal newborn	2.4	2.5	-4.0%
Total	**4.2**	**4.3**	**-2.3%**

The overall case mix index, which is an indicator of patient acuity, was 1.48 in fiscal year 2017 and fiscal year 2016.

Operating Expenses





Salaries and Wages

It is to be noted that the District as a stand-alone entity has no employees. All employees are at the Hospital and its related corporations.

Total salaries and wages (including employee benefits) increased by $11.5 million in fiscal year 2017 over 2016, which is 59% of total operating expenses and consistent with fiscal year 2016. Salaries and wages (exclusive of employee benefits) increased by $4.5 million over fiscal year 2016. Registered Nurse ("RN") payroll salaries increased by $3.5 million in fiscal year 2017 compared to 2016. A significant decrease in labor costs in fiscal year 2017 was for outside labor in the amount of $4.7 million, as in fiscal year 2016 the implementation of the Hospital's new Electronic Health Record ("EHR") system (Epic) was being completed [live in November 2015] and significant outside labor was brought in to allow certain clinical personnel to perform final testing and for a large segment of the employees to complete training classes on the use of the new system.

The RN turnover rate at the end of the first quarter of calendar year 2017 was for the Hospital 2.7% compared to Northern California of 1.9% and a statewide rate of 2.4%. The greatest reason for terminations of the Hospital's RN staff during the current fiscal year was for relocation which may be driven by the ever increasing prices in housing/rental market in and around Silicon Valley in which the Hospital resides.

In fiscal year 2017, the Hospital reduced Full Time Equivalents ("FTE") by 33 over 2016. This reduction was principally due to that in fiscal year 2016 with the implementation of Epic that went live November 2015 significant additional labor was needed to complete the testing of the system and training of all clinical staff and others in the use of Epic.

Employees represented by the Professional Resources for Nurses ("PRN") are currently under contract. The Memorandum of Understanding ("MOU") was dated October 26, 2016 with an expiration date of June 30, 2019. Employees of PRN received a 3% contractual increase effective November 20, 2016 and another 3% increase effective April 9, 2017.

Employees represented by SEIU United Healthcare Workers ("SEIU – UHW") are under a current contract that extends through June 2019. In fiscal year 2017 they received 3.0% increases in starting on September 25, 2016.

The Hospital's Stationary Engineers – Local 39 members ratified a 5-year contract that began November 1, 2016 through October 31, 2021, receiving a 3% contractual increase on November 1, 2016.

Hospital-represented, non-management staff on a merit based compensation structure received annual merit increases averaging 2.7% in July 2016.

Management and Executive staff received market-based adjustments or merit increases averaging just under 3%; Management in August 2016 and Executives in October 2016.

Aggregate employee benefits, including accrued Paid Time Off ("PTO") and Extended Sick Leave increased by $6.7 million.

Significant increases were as follows:

For the employees of PRN as they ratified their contract in October 2016, all members (1,218) were provided a Ratification Bonus that totaled $2.5 million that was paid out in December 2016.

Healthcare expense (medical, dental, and vision) increased by $2.2 million over 2016.

Performance bonuses to management and rank and file employees based on the outstanding financial outcome for the 2017 fiscal year were accrued by $700 thousand over fiscal year 2016.

FICA/Social Security employer expense and severance payments combined to become a $1 million increase over fiscal year 2016.

Professional and Purchased Services

Total professional and purchased services increased by $5.2 million over the prior fiscal year.

Significant increases/decreases were as follows:

Bond issuance costs associated with issuing the 2017 Revenue Bonds in the amount of $292,435,000 caused the most significant single increase over fiscal year 2016 by $2.7 million.

Professional consulting fees for the retention of the interim CEO of the Hospital for ten months during fiscal year 2017, recruitment fees to locate the permanent CEO (begins in late August 2017) and other senior critical leadership positions during fiscal year, along with the consulting expense to fill these open positions in the interim as they became permanently hired, and outside legal expenses lead to an increase of $3.3 million in fiscal year 2017 over 2016 in the aggregate.

Within the CONCERN employee assistance program, the expense for outside provider counselors to provide services to the covered employees of CONCERN's client base increased by $1.4 million in fiscal year 2017 over the prior 2016 fiscal year. This increase was due in part by increased clients and employee head count being covered, but also increased utilization of those counseling services.

A significant decrease of $2.2 million was for information system software maintenance as in fiscal year 2016 before migrating to Epic the Hospital was maintaining its then current EHR system and a number of supporting sub-systems. As Epic went live and became stabilized maintaining a number of the legacy systems were sunset towards to end of fiscal year 2016, thus reducing the annual software maintenance coming into fiscal year 2017.

Supplies

Total supplies increased by $3.8 million in fiscal year 2017 over 2016. Pharmaceuticals increased by $3.0 million over the 2016 year. With the expansion of the Cancer Infusion Center that opened the end of the 2016 fiscal year, the service saw increased patient volumes, along with a higher acuity of the patients. The pharmaceutical industry saw an overall inflation rate of 4.1% for the year. Medical supplies saw increases in heart and vascular devices, offset by a decrease in general medical surgical supplies.

Depreciation

Depreciation expense this fiscal year decreased by $872,000 over fiscal year 2016. Primarily the decrease was due to that in fiscal year 2016 a portion of the Mountain View old tower (the "North Addition") was on accelerated depreciation to end June 2016 as it was demolished the beginning of fiscal year 2017 to make way for the construction of the Integrated Medical Office Building. In addition, a number of significant pieces of capital equipment became fully depreciated.

Rent and Utilities

Rent and utilities this fiscal year was increased by an insignificant $596,000 over fiscal year 2016.

Other Expense

There was a decrease of $4.9 million in fiscal year 2017 over 2016. Primarily this was due to going "live" with new EHR Epic system in the prior fiscal year, in which all of the clinical staff and certain administrative support departments had to be trained on the new system in November 2015. This training expense was in excess of $7.8 million that was not repeated in fiscal year 2017.

Non-operating Revenue and Expenses

Interest Expense

Interest expense is primarily related to the 2015A Revenue Bonds ("2015A bonds") which refunded its 2007 Series Bonds ($120.1 million) and financed certain capital expenditures ($40.3 million) at the Hospital's Los Gatos campus. The advance refunding of the 2007 Series Bonds caused a loss on defeasance of $15.3 million which is being amortized as additional interest expense of the life of the 2015A Bonds, which adds an additional $600 thousand in interest expense per year. Secondly, with 2017 Revenue Bond issue in late March 2017 has added to operating interest, but a vast majority is being capitalized as part of the construction costs of the current four (4) major projects at the Mountain View campus.

Change in Net Unrealized Gains and Losses on Investments

For fiscal year 2017, the Hospital had 28 money managers with different investment objectives for the Hospital's surplus cash investments. Total net unrealized gains/losses are reported in the consolidated financial statements during this fiscal year.

The Hospital experienced net unrealized gains on investments of $47.5 million during fiscal year 2017 and the change in net unrealized gains and losses for fiscal year 2017 was a Year over Year (YOY) increase of $64.5 million. The net unrealized gains in 2017 were a result of strong investment results that were widespread across investment portfolios with the exception of fixed income portfolios. Externally held funds (excluding hedge funds) and mutual fund investments generated $41.5 million in unrealized gains. Within mutual funds, all equity funds generated significant unrealized gains throughout fiscal year 2017. These results were consistent with strong equity market returns within domestic and international equity markets as the S&P 500 Index returned +17.9% and the MSCI All Country World Index ex USA (net) returned +20.5% during fiscal year 2017. Separate account equities also experienced net unrealized gains of $2.1 million primarily driven by results from the portfolio's U.S. large-cap value equity manager. Hedge fund investments added $5.2 million to unrealized gains with particularly strong results from credit and equity oriented strategies. Fixed income investments partially offset the impact of other asset classes as they experienced net unrealized losses of $1.3 million during fiscal year 2017. An increase in interest rates led to unrealized losses for fixed income investments during fiscal year 2017.

The YOY increase in net unrealized gains and losses was primarily due to a $48.8 million increase in externally held funds (excluding hedge funds) and mutual fund investments, a $13.9 million increase due to hedge fund investments, and a $6.6 million increase due to separate account equities. Within mutual fund investments all equity funds contributed to YOY gains; however, the portfolio experienced particularly strong YOY gains from internationally equity funds (+17.6% during fiscal year 2017 versus -6.0% in fiscal year 2016) and the U.S. large-cap growth equity fund (+24.5% in fiscal year 2017 versus -10.6% in fiscal year 2016). Also, hedge fund investments returned +5.6% during fiscal year 2017, whereas they returned -7.2% in fiscal year 2016.

Economic Factors and Next Year's Budget

The Board approved the fiscal year 2018 budget at their June 2017 meeting. The District is budgeting net income of $93.8 million in fiscal year 2018. Volumes are budget to increase 2.2%. Reimbursement rates are projected to increase by 3.0%. Expenses are budgeted to increase by 3.5%. The organization is focused on being a value-based healthcare provider offering top decile, acute care quality at mid-level pricing, moving toward continuum partnerships that integrate care coordination and delivery strategies while maintaining triple aim of quality, service and affordability.

Fiscal Year 2016 Consolidated Financial Analysis

Net Patient Services Revenues

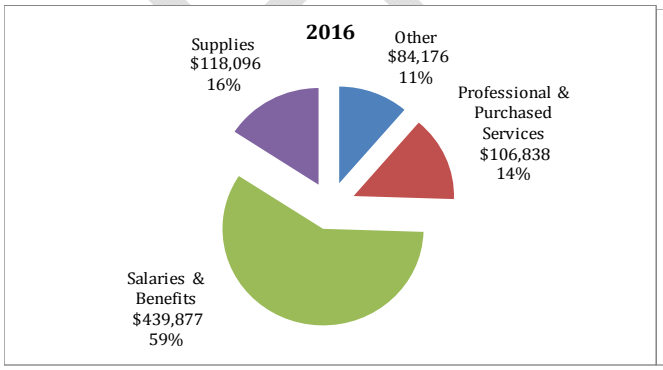
Net patient services revenue in fiscal year 2016 increased by $25.5 million, or 3.4% over fiscal year 2015. This increase was due to increases in volumes and net revenue in General Surgery, Oncology, Behavioral Health and Outpatient Interventional Services. There was also improved charge capture after Epic go-live and better reimbursement in Emergency Services, Heart & Vascular, Spine Surgery & Neurosciences services lines.

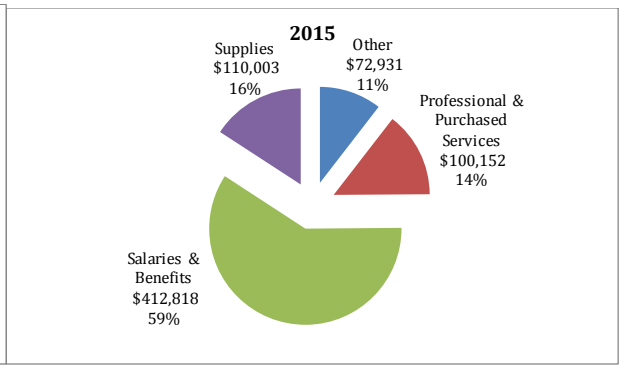
Specialty	2016 Days	2015 Days	% Change
Medical/Surgical	61,046	60,403	1.1%
Maternity	14,465	15,618	-7.4%
Pediatrics	4	15	-73.3%
NICU	5,199	5,808	-10.5%
Psychiatry	7,990	7,943	0.6%
Normal newborn	10,717	11,522	-7.0%
Total	**99,421**	**101,309**	**-1.9%**

Specialty	2016 LOS	2015 LOS	% Change
Medical/Surgical	4.9	4.9	1.2%
Maternity	3.0	3.0	-1.8%
Pediatrics	1.9	1.9	1.3%
NICU	9.8	9.8	0.0%
Psychiatry	10.0	9.7	9.9%
Normal newborn	2.5	2.5	-0.2%
Average LOS	**4.3**	**4.2**	**2.4%**

The overall case mix index, which is an indicator of patient acuity, was 1.48 in fiscal year 2016, compared to 1.44 in fiscal year 2015.

Operating Expenses





Salaries and Wages

It is to be noted that the District as a stand-alone entity has no employees. All employees are at the Hospital and its related corporations.

Total salaries and wages (including employee benefits) increased by $27.1 million in fiscal year 2016 over 2015, which is 58.7% of total operating expenses and consistent with fiscal year 2015. Salaries and wages (exclusive of employee benefits) increased by $17.7 million over fiscal year 2015. Registered Nurse ("RN") payroll salaries increased by $2.2 million in fiscal year 2016 compared to 2015, but this modest increase does not paint the entire picture. With the final months of the implementation and training of iCare healthcare patient records system, a significant amount, $5.7 million over fiscal year 2015, was spent on outside registries which provided RN backfill coverage as they finalized initial implementation and/or training in the use of iCare (refer to Other Expense section). Another area of significant in salary expense over the prior year, an amount of $8.5 million, was for technical and special employee base. The largest increase was for IT staff for implementation and support of the iCare system, while supporting of legacy systems being replaced over a period of time.

With an RN turnover rate of 9.6%, the Hospital continues to do better than the Northern California rate of 10.1% and the statewide rate of 10.1%, as published by the California Hospital Association ("CHA") at the end of the first quarter of the calendar year 2016.

In fiscal year 2016, the Hospital added 43 Full Time Equivalents ("FTE"). The impact of maintaining the new iCare electronic healthcare patient record system we added 31 FTE's. Other increases were due to bringing Clinical Trials personnel in-house (4 FTE's), Medical Records (2 FTE's), Environmental Services (4 FTE's), and Sterile Processing (2 FTE's).

The Corporation and Professional Resources for Nurses ("PRN") have been in negotiations since February 2016 for a new contract to replace or extend the current agreement. During negotiations, PRN extended the contract through September 15, 2016. While the contract has expired, its terms and conditions remain in place. The Hospital and PRN engaged an independent mediator and a tentative agreement reached in September. However, the tentative agreement was not ratified by a majority of union members. The mediator will report his recommendations and the Fact Finding process will continue in October 2016 as both the Hospital and PRN continue to work toward an agreement.

Employees represented by SEIU United Healthcare Workers ("SEIU – UHW") are under a current contract that extends through June 2017. In fiscal year 2016 they received 3.0% increases in July 2015.

The Hospital's Stationary Engineers – Local 39, per the current three-year contract through October 2016, received a 3.0% contractual increase in November 2015.

Hospital-represented, non-management staff already on a merit based system received an average of 3.2% in July 2015.

Management and Senior executive staff received market-based adjustments or merit increases in August 2015 that averaged 3.5% in the aggregate.

Employee Benefits

Aggregate employee benefits, including accrued Paid Time Off ("PTO") and Extended Sick Leave increased by $7.9 million.

Significant increases were as follows:

Accrued PTO increased by $2.1 million over the prior year driven by wage and salary increases during the year.

Employer Social Security and Medicare taxes increased by $1.1 million principally due to the increase in the Social Security wage base threshold and salary and wage increases.

Healthcare expense (medical, dental, and vision) increased a modest $772,000 over 2015.

The Hospital's provided 403(b) Match increased by $732,000 over 2015 primarily due to salary increases and greater employee contributions.

Retention bonuses of $484,000 were paid in fiscal year 2016 over 2015 to certain IT personnel to retain staff to support the legacy electronic medical record system and related systems that were replaced by the new iCare system in November 2015.

Postretirement healthcare expenses increased by $231,000 over 2015, primarily driven by increased actuarially determined expense for the 2016 fiscal year.

Professional and Purchased Services

Total professional and purchased services increased by $6.7 million over the prior fiscal year.

Significant increases were as follows:

24/7/365 coverage for OB Hospitalists Services at both campuses that had started in the second half of fiscal year 2015, and in fiscal year 2016 was fully implemented causing an increase of $1.6 million over prior year.

Other new or rate increases for physician medical fees for 24/7 on-call arrangements at Emergency Rooms and medical directorship expense increase by $1.9 million over the prior fiscal year.

To increase IT security safeguards, the Hospital engaged an outside firm to review IT security and assist in implementing additional safeguards and processes causing an additional expense in the current year of $1.0 million.

The implementation of iCare caused significant non-capital expense for backfilling numerous professional positions and workflow consulting within IT, Health Information Medical Systems, Clinical Analytics, etc. for expenses totaling $2.3 million in the current year.

Supplies

Total supplies increased by $8.1 million in fiscal year 2016 over 2015. Pharmaceuticals increased by $4.8 million. With the expansion of the Cancer Center that opened the end of fiscal year, the service saw an increased patient volumes during the current year causing a significant increase in cancer infusion drugs. The pharmaceutical industry saw an overall inflation rate of 7.2% for the year. Medical Supplies increased by approximately $3.0 million primarily heart & vascular devices, as the core value and the atrial closure device that is to eliminate the need for taking blood thinning agents for a patient's remaining life. Robotic surgeries increased in this current year given the acquisition of two of the latest robotic technology systems, which increased those certain robotic medical supplies. Other areas were for radioactive contract materials and updating the surgeon instrumentation sets.

Depreciation

Depreciation expense this fiscal year increased by $4.1 million over fiscal year 2015. Primarily this was due to the new Cancer Center that opened at the end of fiscal year 2015, thus fully operational for the entire 2016 year. Due to the impending construction of the Integrated Medical Office Building, the older two story building known as the "North Addition" completed in the 1980's was placed on accelerated depreciation for its remaining net book value in fiscal year 2016 as it is in the footprint of this new building and is scheduled to be demolished in the summer of 2016. Lastly the new IT data operations center completed in mid-fiscal year 2015 was fully in operation during 2016, thus increasing this year's depreciation expense.

Rent and Utilities

Rent and utilities this fiscal year was increased by an insignificant $532,000 over fiscal year 2015.

Other Expense

There was an increase of $6.6 million in fiscal year 2016 over 2015. Primarily this was due to going "live" in November 2015 with the iCare electronic healthcare patient record. Employee training was needed for all clinical users, a number of support departments within the Hospital, and the entire medical staff which was at a cost of $8.1 million. There was an increase in property taxes ($507,000) that the Hospital must pay on its Medical Office Buildings that are leased to physicians, as these properties are not exempt from property taxes. Offsetting these increases was a significant decrease in marketing expenses of $1.3 million.

Non-operating Revenue and Expenses

Interest Expense

Interest expense is primarily related to the 2015A Revenue Bonds, ("Series 2015A bonds") which refunded its 2007 Series Bonds ($120.2 million) and financed certain capital expenditures ($40.3 million) at the Hospital's Los Gatos campus. The advance refunding of the 2007 Series Bonds caused a loss on defeasance of $15.3 million which is being amortized as additional interest expense of the life of the 2015A Bonds, which adds an additional $600,000 in interest expense per year.

Change in Net Unrealized Gains and Losses on Investments

For fiscal year 2016, the Hospital had 29 money managers with different investment objectives for the Hospital's surplus cash investments. Total net unrealized gains/losses are reported in the consolidated financial statements during this fiscal year.

The Hospital experienced a net unrealized loss on investments of -$16.9 million during fiscal year 2016 and the change in net unrealized gains and losses for fiscal year 2016 was a Year over Year ("YOY") decrease of $20.8 million. The change in net unrealized gains and losses in 2016 were primarily a result of poor hedge fund investment returns as they returned -7.2% for the twelve months ended June 30, 2016 and generated -$8.7 million in change in net unrealized gains and losses. Externally held funds (excluding hedge funds) and mutual fund investments generated -$7.2 million in change in unrealized gains and losses; however, $2.3 million was due to the realization of gains primarily from private real estate investments. Within mutual funds, international equity and U.S. large-cap growth equity strategies were the primary driver of unrealized losses throughout fiscal year 2016. Separate account equities also experienced negative changes in net unrealized gains and losses of -$4.5 million; however, $2.9 million was due to the realization of gains as an underlying manager was liquidated during fiscal year 2016. Fixed income investments partially offset the impact of other asset classes as they experienced a positive change in net unrealized gains and losses of $3.5 million during fiscal year 2016. A decrease in interest rates caused in increase in unrealized gains for fixed income investments.

The YOY decrease in net unrealized gains and losses were primarily due to a $12.3 million decrease in hedge fund investments and an $11.0 million decrease in externally held funds (excluding hedge funds) and mutual fund investments. Hedge fund investments returned -7.2% during fiscal year 2016, whereas they returned +2.0% in fiscal year 2015. Within mutual fund investments, internationally equity returned -6.0% during fiscal year 2016 versus -2.8% in fiscal year 2015 and U.S. large-cap growth equities returned -10.6% in 2016 versus +7.2% in 2015.

Report of Independent Auditors

To the Board of Directors
El Camino Healthcare District

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of El Camino Healthcare District (the "District"), which comprise the consolidated statements of net position as of June 30, 2017 and 2016, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the District as of June 30, 2017 and 2016, and the consolidated results of operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The accompanying Management's Discussion and Analysis on pages 1 through 16, and the accompanying supplemental pension and postretirement benefit information on pages 58 and 59, are not required parts of the consolidated financial statements but are supplementary information required by the Governmental Accounting Standards Board who considers them to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational economic, or historical context. This supplementary information is the responsibility of the District's management. We have applied certain limited procedures in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the consolidated financial statements, and other knowledge we obtained during our audit of the consolidated financial statements. We do not express an opinion or provide any assurance on the supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the District's consolidated financial statements. The accompanying consolidating statement of net position and consolidating statement of revenues, expenses, and changes in net position, on pages 55 through 57, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of the District's management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the District's consolidated financial statements. The accompanying supplemental schedule of community benefit on page 60 is presented for purpose of additional analysis and is not a required part of the consolidated financial statements. This supplementary information is the responsibility of the District's management. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

San Francisco, California
_____, 2017

Consolidated Financial Statements

El Camino Healthcare District
Consolidated Statements of Net Position
June 30, 2017 and 2016
(In Thousands)

	2017	2016
ASSETS AND DEFERRED OUTFLOWS		
Current assets		
Cash and cash equivalents	$ 131,563	$ 63,422
Short-term investments	219,126	188,466
Current portion of board designated and funds held by trustee	13,133	15,472
Patient accounts receivable, net of allowances for doubtful accounts of $32,537 and $25,927 in 2017 and 2016, respectively	110,005	121,570
Prepaid expenses and other current assets	20,817	22,180
Total current assets	494,644	411,110
Non-current cash and investments		
Board-designated funds	568,376	491,494
Restricted funds	400	50
Funds held by trustee	305,415	46,293
	874,191	537,837
Capital assets		
Nondepreciable	221,478	129,299
Depreciable, net	588,133	613,828
Total capital assets	809,611	743,127
Pledges receivable, net of current portion	2,630	2,683
Prepaid pension asset	32,682	22,651
Investments in healthcare affiliates	31,262	30,469
Beneficial interest in charitable remainder unitrusts	3,521	3,596
Total assets	2,248,541	1,751,473
Deferred outflows		
Loss on defeasance of bond payable	14,163	14,764
Deferred outflows of resources	5,700	5,100
Deferred outflows - actuarial	9,097	9,950
Total deferred outflows	28,960	29,814
Total assets and deferred outflows	$ 2,277,501	$ 1,781,287

See accompanying notes.

(In Thousands)

	2017	2016
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses	$ 38,986	$ 28,973
Salaries, wages, and related liabilities	51,688	49,053
Other current liabilities	16,459	16,754
Estimated third-party payor settlements	10,438	11,314
Current portion of bonds payable	11,937	8,145
Total current liabilities	129,508	114,239
Bonds payable, net of current portion	649,395	349,336
Other long-term obligations	11,364	13,955
Workers' compensation, net of current portion	17,707	20,009
Post-retirement medical benefits, net of current portion	19,218	18,256
Total liabilities	827,192	515,795
Deferred inflow of resources		
Deferred inflow of resources	3,521	3,596
Deferred inflow of resources - actuarial	10,666	2,892
Total deferred inflows	14,187	6,488
Net position		
Invested in capital assets, net of related debt	466,827	447,401
Restricted - expendable	11,651	11,599
Restricted - nonexpendable	3,462	2,708
Unrestricted	954,182	797,296
Total net position	1,436,122	1,259,004
Total liabilities, deferred inflow of resources, and net position	$ 2,277,501	$ 1,781,287

El Camino Healthcare District
Consolidated Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2017 and 2016
(In Thousands)

	2017	2016
OPERATING REVENUES		
Net patient service revenue (net of provision for bad debts of $19,405 and $18,966 in 2017 and 2016, respectively)	$ 832,573	$ 772,173
Other revenue	37,916	34,237
Total operating revenues	870,489	806,410
OPERATING EXPENSES		
Salaries, wages, and benefits	451,416	439,877
Professional fees and purchased services	111,990	106,838
Supplies	121,888	118,096
Depreciation	48,179	49,051
Rent and utilities	16,265	15,669
Other	14,595	19,456
Total operating expenses	764,333	748,987
Income from operations	106,156	57,423
NONOPERATING REVENUES (EXPENSES)		
Investment income (expense), net	63,465	(214)
Property tax revenue		
Designated to support community benefit programs and operating expenses	7,902	7,626
Designated to support capital expenditures	6,959	6,171
Levied for debt service	10,679	9,836
Bond interest expense, net	(6,697)	(10,891)
Intergovernmental transfer expense	(10,328)	(802)
Restricted gifts, grants and bequests, and other, net of contributions to related parties	4,201	7,038
Unrealized gain (loss) on interest rate swap	3,429	(3,214)
Community benefit expense	(9,970)	(9,295)
Other, net	1,322	441
Total nonoperating revenues	70,962	6,696
Increase in net position	177,118	64,119
TOTAL NET POSITION, beginning of year	1,259,004	1,194,885
TOTAL NET POSITION, end of year	$ 1,436,122	$ 1,259,004

See accompanying notes.

El Camino Healthcare District
Consolidated Statements of Cash Flows
Years Ended June 30, 2017 and 2016
(In Thousands)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from and on behalf of patients	$ 832,934	$ 736,915
Other cash receipts	37,917	34,237
Cash payments to employees	(442,947)	(433,431)
Cash payments to suppliers	(265,605)	(266,677)
Net cash provided by operating activities	162,299	71,044
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	14,861	12,252
Restricted contributions and investment income	4,254	3,365
Transfers to restricted funds and other	(350)	(2)
Net cash provided by noncapital financing activities	18,765	15,615
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of property, plant, and equipment	(112,510)	(87,337)
Payments on bonds payable	(10,572)	(7,712)
Proceeds from bond issuance	413,458	-
Interest paid on General Obligation bonds payable	(6,697)	(4,523)
Refunding of bonds payable	(99,035)	-
Tax revenue related to General Obligation bonds payable	10,679	9,836
Net cash provided by (used in) capital and related financing activities	195,323	(89,736)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(766,314)	(710,343)
Sales of investments	661,111	725,800
Investment income(expense), net	64,727	(214)
Community benefit and other investing activities	(8,648)	(8,854)
Change in funds held by trustee, net	(259,122)	3,788
Net cash (used in) provided by investing activities	(308,246)	10,177
Net increase in cash and cash equivalents	68,141	4,273
CASH AND CASH EQUIVALENTS at beginning of year	63,422	59,149
CASH AND CASH EQUIVALENTS at end of year	$ 131,563	$ 63,422
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income from operations	$ 106,156	$ 57,423
Adjustments to reconcile income from operations to net cash from operating activities		
Loss on disposal of property, plant and equipment	1,262	-
Depreciation	48,179	49,051
Provision for bad debts	19,405	18,966
Changes in assets and liabilities		
Patient accounts receivable, net	(8,716)	(54,224)
Prepaid expenses and other current assets	(9,531)	(2,910)
Current liabilities	8,938	1,089
Other long-term obligations	(1,464)	(2,302)
Deferred inflow of resources - actuarial	(2,892)	2,892
Post-retirement medical benefits	962	1,059
Net cash provided by operating activities	$ 162,299	$ 71,044
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Noncash purchase of property, plant, and equipment	$ 3,415	$ -
Change in fair value of beneficial interest in charitable remainder unitrusts, and deferred inflow of resources, net	$ 75	$ 2,581

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The District includes the following component units, which are included as blended component units of the District's consolidated financial statements: the Hospital, El Camino Hospital Foundation (the "Foundation"), CONCERN: Employee Assistance Program ("CONCERN"), El Camino Surgery Center, LLC ("ECSC"), and Silicon Valley Medical Development, LLC ("SVMD").

The District is organized as a political subdivision of the State of California and was created for the purpose of operating an acute care hospital and providing management services to certain related corporations. The District is the sole member of the Hospital, and the Hospital is the sole corporate member of the Foundation and CONCERN. As sole member, the District (with respect to the Hospital) and the Hospital (with respect to the Foundation and CONCERN) have certain powers, such as the appointment and removal of the boards of directors and approval of changes to the articles of incorporation and bylaws. As of June 30, 2017 and 2016, the Hospital owns 100% of ECSC.

SVMD was formed in September 2008 as a Limited Liability Corporation ("LLC"), a wholly owned subsidiary of the Hospital focused on the expansion of the clinical enterprise outside of the Hospital through various business ventures and physician alignment initiatives that improve access for the Hospital's current patients and new, underserved members of the community, extend healthcare into people's homes through the applications of electronic connectivity and assist independent physicians in clinical integration with the Hospital, among other initiatives. In the last fiscal quarter of 2016, SVMD opened its first Primary Care Clinic in the San Jose area and anticipates opening approximately one to two other clinics in fiscal year 2018.

All significant inter-entity accounts and transactions have been eliminated in the consolidated financial statements.

The District utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis and consolidated financial statements are prepared using the economic resources measurement focus.

Accounting standards – Pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the District's proprietary fund accounting and financial reporting practices are based on all applicable GASB pronouncements as well as codified pronouncements issued on or before November 30, 1989 and the California Code of Regulations, Title 2, Section 1131, State Controller's *Minimum Audit Requirements* for California Special Districts and the State Controller's Office prescribed reporting guidelines.

Use of estimates – The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Estimates include contractual allowances related to net patient service revenue, provision for uncollectible accounts, fair market values of investments, uninsured losses for professional liability, minimum pension liability, workers' compensation liability, post-retirement medical benefits liability, valuation of gift annuities and beneficial interest in charitable remainder unitrusts, and useful lives of capital assets. Actual results could differ from those estimates.

Cash and cash equivalents – Cash and cash equivalents include deposits with financial institutions, and investments in highly liquid debt instruments with an original maturity of three months or less. In addition, in fiscal years 2017 and 2016, cash and cash equivalents include repurchase agreements, which consist of highly liquid obligations of U.S. governmental agencies. Cash and cash equivalents exclude amounts whose use is limited by board designation or by legal restriction.

Investments – Investments consist primarily of highly liquid debt instruments and other short-term interest-bearing certificates of deposit, U.S. Treasury bills, U.S. government obligations, hedge funds, hedge fund of funds, and corporate debt, excluding amounts whose use is limited by board designation or other arrangements under trust agreements.

Board-designated and restricted funds include assets set aside by the Board of Directors for future capital improvements and other operational reserves, over which the Board of Directors retains control and may at its discretion use for other purposes; assets set aside for qualified capital outlay projects in compliance with state law; and assets restricted by donors or grantors.

Investment income, realized gains and losses, and unrealized gains and losses on investments are reflected as nonoperating revenue or expense.

Funds held by trustee – According to the terms of both indenture agreements (General Obligation and Revenue Bonds), these amounts are held by the bond trustee and paying agent and are maintained and managed by an investment manager or the trustee. These assets are available for the settlement of future current bond obligations and capital expenditures.

Capital assets – Capital asset acquisitions are recorded at cost. Donated property is recorded at its fair market value on the date of donation. All purchases over $2,500 are capitalized. Equipment under capital lease is amortized on the straight-line basis over the shorter of the lease term or the estimated useful life of the equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the related assets. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Land improvements	16 years
Buildings and fixtures	25 – 47 years
Equipment	3 – 16 years

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Impairment losses on capital assets are measured using the method that best reflects the diminished service utility of the capital asset.

Except for capital assets acquired through gifts, contributions or capital grants, interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Investments in healthcare affiliates – The Hospital holds an interest in Pathways Home Health & Hospice, Pathways Private Duty (formerly Pathways Continuous Care), and five Satellite Dialysis Centers, which are reported using the equity method of accounting. ECSC holds an interest in El Camino Ambulatory Surgery Center ("ECASC"), which is reported using the cost method of accounting.

Affiliate	Percent interest
Pathways	50%
Satellite Dialysis of Mountain View, LLC	30%

Deferred outflows and inflows – The District records deferred outflows or inflows of resources in its consolidated financial statements for consumption or acquisition of its consolidated net position that is applicable to a future reporting period. These financial statement elements are distinct from assets and liabilities.

Deferred outflows consist of unamortized loss on refunding of debt (Note 10), deferred outflows of pension contribution and actuarially determined deferred outflows of resources (Note 7).

Deferred inflows consist of actuarially determined deferred inflows of resources as it relates to pension (Note 7), as well as deferred inflow resulting from transactions in charitable remainder unitrusts (Note 12).

Risk management – The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Self-insurance plans – The Hospital maintains professional liability insurance on a claims-made basis, with liability limits of $40,000,000 in aggregate, and which is subject to a $50,000 deductible. Additionally, the Hospital is self-insured for workers' compensation benefits. The Hospital purchases a Workers' Compensation Excess Policy that insures claims greater than $1,000,000 with a limit of $25,000,000 and a $1,000,000 deductible. Actuarial estimates of uninsured losses for professional liability and workers' compensation have been accrued as other current liabilities and workers' compensation, net of current portion, respectively, in the accompanying consolidated financial statements.

The following is a summary of changes in workers' compensation liabilities for the years ended June 30 (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2017	$ 22,309	$ 4,055	$ 6,357	$ 20,007	$ 2,300

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2016	$ 24,719	$ 3,264	$ 5,674	$ 22,309	$ 2,300

Compensated absences – Vested or accumulated vacation and sick leave are recorded as an expense and liability of the Hospital as the benefits accrue to employees. For most employees, the maximum accumulated vacation is 400 hours. Sick leave is accumulated indefinitely at a maximum of 40 hours for a full-time employee per year, and is not vested with the employee upon termination.

The following is a summary of changes in compensated absences transactions for the years ended June 30, (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2017	$ 23,232	$ 44,012	$ 43,550	$ 23,694	$ 23,694
	Beginning Balance	**Increases**	**Decreases**	**Ending Balance**	**Current Portion**
2016	$ 22,474	$ 40,960	$ 40,202	$ 23,232	$ 23,232

Interest rate swap agreements – During the fiscal year ended June 30, 2007, the Hospital entered into derivative instruments in the form of three swap agreements to hedge variable interest rate exposure. During the fiscal year ended June 30, 2008, the underlying variable rate debt was refunded for fixed rate debt, leaving the Hospital with speculative derivative instruments that largely offset the variable rate debt issued in 2009. Two of these swaps were terminated in the fiscal year ended June 30, 2010. Refer to Note 10 for a full description of the interest rate swap agreements.

Net position – Net position of the District is classified as invested in capital assets, restricted - expendable, restricted - nonexpendable, and unrestricted net position.

Invested in capital assets, net of related debt – Invested in capital assets of $466,827,000 and $447,401,000 at June 30, 2017 and 2016, respectively, represent investments in all capital assets (building and building improvements, furniture and fixtures, and information and technology equipment), net of depreciation less any debt issued to finance those capital assets.

Restricted - expendable – The restricted expendable net position is restricted through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation and includes assets in self-insurance trust funds, revenue bond reserve fund assets, and net position restricted to use by donors.

Restricted - nonexpendable – The restricted nonexpendable net position is equal to the principal portion of permanent endowments.

Unrestricted net position – Unrestricted net position consists of net position that does not meet the definition of invested in capital assets, net of related debt, or restricted.

Statements of revenues, expenses, and changes in net position – For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provisions of healthcare services are reported as revenues and expenses. Peripheral or incidental transactions are reported as gains and losses. These peripheral activities include investment income, property tax revenue, gifts, grants and bequests, change in net unrealized gains and losses on short-term investments, unrealized losses or gains on interest rate swap, and nonexchange contributions received from the Foundation's fundraising activities and are reported as nonoperating. Investments in Pathways Home Health & Hospice and Pathways Private Duty, and Satellite Dialysis of Mountain View, LLC, are accounted for under the equity method. The Hospital's share of the operating income of these entities is included as other, net in the consolidated financial statements.

Net patient service revenue and patient accounts receivable – Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered, and adjusted in future periods as final settlements are determined. The distribution of net patient accounts receivable by payor at June 30, 2017 and 2016, is as follows:

	June 30,	
	2017	2016
Medicare	13%	14%
Medi-Cal	4%	4%
Commercial and other	82%	81%
Self pay	1%	1%
	100%	100%

Uncollectible accounts – The Hospital provides care to patients without requiring collateral or other security. Patient charges not covered by a third-party payor are billed directly to the patient if it is determined that the patient has the ability to pay. A provision for uncollectible accounts is recognized based on management's estimate of amounts that ultimately may be uncollectible.

Charity care – The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amount of estimated costs for services and supplies furnished under the Hospital's charity care policy aggregated approximately $1,285,000 and $2,290,000 for the years ended June 30, 2017 and 2016, respectively.

Property tax revenue – The District received approximately 14% in 2017 and 15% in 2016 of its total increase in net position from property taxes. These funds were designated as follows (in thousands):

	June 30,	
	2017	2016
Designated to support community benefit programs and operating expenses	$ 7,902	$ 7,626
Designated to support capital expenditures	$ 6,959	$ 6,171
Levied for debt service	$ 10,679	$ 9,836

Property taxes are levied by the County on the District's behalf on January 1 and are intended to finance the District's activities of the same calendar year. Amounts levied are based on assessed property values as of the preceding July 1. Property taxes are considered delinquent on the day following each payment due date. Property taxes are recorded as nonoperating revenue by the District when they are earned.

Grants and contributions – From time to time, the District receives grants as well as contributions from individuals and private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues.

Income taxes – The District operates under the purview of the Internal Revenue Code (the "Code"), Section 115, and corresponding California Revenue and Taxation Code provisions. As such, it is not subject to state or federal taxes on income. CONCERN has also been granted tax-exempt status. However, income from the unrelated business activities of the Hospital and the Foundation is subject to income taxes. ECSC and SVMD are limited liability companies and are treated as pass-through entities for federal income tax purposes. Accordingly, no recognition has been given to federal income taxes in the accompanying consolidated financial statements.

Reclassifications – Certain amounts in the 2016 consolidated financial statements have been reclassified to conform to the 2017 presentation.

New accounting pronouncements - The GASB issued GASB Statement No. 82, *Pension Issues – an amendment of GASB Statement No. 67, No. 68, and No. 73*, ("GASB No. 82"), which is effective for financial statements for periods beginning after June 15, 2016. GASB No. 82 addresses certain issues that have been raised with respect to GASB Statement No. 67, *Financial Reporting for Pension Plans,* No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68.* Specifically, GASB No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee contribution requirements. The District adopted GASB No. 82 in the current fiscal year. The adoption did not have a material impact on the District's consolidated financial statements.

The GASB also issued Statement No. 80, *Blending Requirements for Certain Component Units*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. The District adopted GASB No. 80 in the current fiscal year. The adoption did not have a material impact on the District's consolidated financial statements.

The GASB also issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, ("GASB No. 75"). GASB No. 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The adoption of GASB No. 75 is effective for the District beginning July 1, 2017. The District is currently assessing the impact of this standards on the District's consolidated financial statements.

The GASB also issued GASB Statement No. 87, *Leases*, ("GASB No. 87"), which intends to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB No. 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The adoption of GASB No. 87 is effective for the District beginning July 1, 2020. The District is currently assessing the impact of these standards on the District's consolidated financial statements.

NOTE 2 – OPERATING REVENUES

The following table reflects the percentage of net patient revenues by major payor group for the years ended June 30:

	2017	2016
Medicare (including Medicare HMO)	27%	27%
Commercial and other	68%	70%
Medi-Cal (including Medi-Cal HMO)	5%	3%
	100%	100%

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, fee schedules, prepaid payments per member, and per diem payments or a combination of these methods. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated settlements under reimbursement agreements with third-party payors.

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Inpatient services are paid at prospectively determined rates per discharge. Payments for outpatient services are based on a stipulated amount per procedure. The District is reimbursed for cost reimbursable items at a tentative rate, with final settlements determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The effect of updating prior year estimates for Medicare and other liabilities was to decrease 2017 income from operations by $1,808,000, and decrease 2016 income from operations by $8,939,000. The Hospital's cost reports have been audited by the Medicare fiscal intermediary through June 30, 2014.

Non-Designated Public Hospitals ("NDPHs"), including the Hospital, were authorized, in 2011's Assembly Bill ("AB") 113, to use intergovernmental transfers ("IGTs") to obtain federal supplemental funds for Medi-Cal inpatient fee-for-service. The IGTs are used to bring NDPHs, in the aggregate, up to their upper payment limit ("UPL"). The UPL is the federal maximum available under the Medicaid program, as calculated based on the actual costs of providing care. For the years ended June 30, 2017 and 2016, the Hospital recognized amounts under the IGT program of $18,338,000 and $1,170,000, respectively, which have been reported as net patient service revenue.

Medi-Cal and contracted rate payors are paid on a percentage of charges, per diem, per discharge, fee schedule, or a combination of these methods.

Laws and regulations governing the Medicare and Medi-Cal programs are complex and are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term.

Included in other revenue are amounts from investments in health-related activities, rental income, cafeteria, and other nonpatient care revenue.

NOTE 3 – CASH DEPOSITS

At June 30, 2017 and 2016, District cash deposits had carrying amounts of $131,563,000 and $63,422,000, respectively, and bank balances of $136,336,000 and $71,658,000, respectively. All of these funds were held in cash deposits, which are collateralized with the California Government Code ("CGC"), except for $250,000 per account that is federally insured by the Federal Deposit Insurance Corporation ("FDIC").

The District participates in a cash management program provided by its primary depository institution that allows cash in District concentration accounts to be swept daily and invested overnight in reverse agreements that are not exposed to custodial credit risk because the underlying securities are held by the buyer-lender. At June 30, 2017 and 2016, balances in repurchase agreements had bank balances of $134,883,000 and $71,658,000, respectively, and are included in the carrying amounts above.

NOTE 4 – BOARD-DESIGNATED, FUNDS HELD BY TRUSTEE, RESTRICTED FUNDS, AND INVESTMENTS

Board-designated funds, funds held by trustee, restricted funds, and short-term investments, collectively, as of June 30, 2017 and 2016, comprised the following (in thousands):

	Amortized Costs	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value
2017				
Cash and cash equivalents	$ 126,431	$ -	$ -	$ 126,431
Mutual funds	242,539	56,223	(3,952)	294,810
Real estate funds	18,421	8,271	-	26,692
Hedge funds	94,206	5,398	(315)	99,289
Equities	37,930	6,974	(703)	44,201
Fixed income securities	505,082	11,626	(1,681)	515,027
	$ 1,024,609	$ 88,492	$ (6,651)	$ 1,106,450
2016				
Cash and cash equivalents	$ 43,563	$ -	$ -	$ 43,563
Mutual funds	208,161	19,847	(2,385)	225,623
Real estate funds	23,426	3,644	-	27,070
Hedge funds	94,173	4,002	(4,134)	94,041
Equities	23,585	5,865	(1,177)	28,273
Fixed income securities	314,304	10,828	(1,927)	323,205
	$ 707,212	$ 44,186	$ (9,623)	$ 741,775

At June 30, 2017, investment balances and average maturities were as follows:

Investment Type	Fair Value (in thousands)	Investment Maturities (in years) Less than 1	1 to 5	6 to 10	More than 10
Short-term money market	$ 126,431	$ 126,431	$ -	$ -	$ -
Mutual funds	298,368	298,368	-	-	-
Real estate funds	26,692	26,692	-	-	-
Hedge funds	99,290	99,290	-	-	-
Government and agencies	120,095	5,103	99,262	10,421	5,309
Corporate bonds	375,766	40,021	226,659	18,828	90,258
Domestic fixed income	26,848	12,012	3,126	8,568	3,142
	1,073,490	$ 607,917	$ 329,047	$ 37,817	$ 98,709
Equities	32,960				
Total fair value	$ 1,106,450				

At June 30, 2016, investment balances and average maturities were as follows:

Investment Type	Fair Value (in thousands)	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
Short-term money market	$ 37,086	$ 37,086	$ -	$ -	$ -
Mutual funds	259,872	259,872	-	-	-
Real estate funds	27,070	27,070	-	-	-
Hedge funds	94,040	94,040	-	-	-
Government and agencies	105,141	12,563	55,275	17,424	19,879
Corporate bonds	101,957	12,843	69,046	12,003	8,065
Domestic fixed income	88,869	2,067	11,908	12,600	62,294
	714,035	$ 445,541	$ 136,229	$ 42,027	$ 90,238
Equities	27,740				
Total fair value	$ 741,775				

Interest rate risk – Through its investment policies, the District manages its exposure to fair value losses arising from increasing interest rates by limiting duration of fixed income securities in its portfolio to no more than 30% of the designated benchmark.

Credit risk – District investment policies require fixed income investments to have a minimum of 85% of a money manager's assets in investment grade assets. The investment policy requires investment managers maintain an average of A- or higher ratings as issued by a nationally recognized rating organization. Additionally, the investment policy requires no more than 5% of a money manager's portfolio at the time of purchase shall be invested in the securities of any one issuer, with the exception of a United States government agency, agency MBS or other Sovereign issues rated AAA or Aaa.

Foreign currency risk – The District's investment policy permits it to invest up to 30% of total investments in foreign currency denominated investments.

Alternative investments risk – The District's alternative investments include ownership interest in a wide variety of partnership and fund structures that may be domestic or offshore. Generally, there is little or no regulation of these investments by the Securities and Exchange Commission or U.S. state attorneys general. These investments employ a wide variety of strategies including absolute return, hedge, venture capital, private equity and other strategies. Investments in this category may employ leverage to enhance the investment return. The District's holdings can include financial assets such as marketable securities, nonmarketable securities, derivatives, and synthetic and structured instruments; real assets; tangible and intangible assets; and other funds and partnerships. Generally, these investments do not have a ready market. Interest in these investments may not be traded without approval of the general partner or fund management.

Alternative investments are subject to all of the risks described previously relating to equities and fixed income instruments. In addition, alternative strategies and their underlying assets and rights are subject to a broad array of economic and market vagaries that can limit or erode value. The underlying assets may not be held by a custodian either because they cannot be, or because the entity has chosen not to hold them in this form. Valuations determined by the investment manager, who has a conflict of interest in that he or she is compensated for performance are considered and reviewed by the District's Investment Committee and the Board of Directors. Real assets may be subject to physical damage from a variety of means, loss from natural causes, theft of assets, lawsuits involving rights and other loss and damage including mortgage foreclosure risk. These risks may not be insured or insurable. Tangible assets are subject to loss from theft and other criminal actions and from natural causes. Intangible assets are subject to legal challenge and other possible impairment.

The carrying amount of deposits and investments are included in the District's consolidated statements of net position as follows (in thousands):

	2017	2016
Included in the following consolidated statement of net position captions:		
Short-term investments	$ 219,126	$ 188,466
Current portion of board designated and funds held by trustee	13,133	15,472
Board designated, funds held by trustee, and restricted funds, less current portion	874,191	537,837
Total carrying amount of deposits and investments	$ 1,106,450	$ 741,775

NOTE 5 – FAIR VALUE

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the consolidated statements of net position at June 30, 2017 and 2016, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Mutual Funds: Shares of mutual funds are valued at the net asset value ("NAV") of shares held by the District and are valued at the closing price reported on the active market on which the individual securities are traded.

Common Stock: Common stock is valued at the closing price reported on the active market on which the individual securities are traded.

Asset-backed securities: Asset-backed securities are valued via model using various inputs such as but not limited to daily cash flow, U.S. Treasury market, floating rate indices such as LIBOR and Prime as a benchmark yield, spread over index, periodic and life caps, next coupon adjustment date, and convertibility of the bond.

Corporate bonds, foreign bonds, and municipal bonds: Valued using pricing models maximizing the use of observable inputs for similar securities which includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

U.S. Government securities: Fixed income funds are valued at the NAV of shares held by the District and are valued at the closing price reported on the active market on which the individual securities are traded.

Pooled, common & collective trusts: Investments are valued using the NAV of the fund. The NAV of a pooled or collective investment fund is calculated based on a compilation of primarily observable market information. The number of units of the fund that are outstanding on the calculation date is derived from observable purchase and redemption activity in the fund.

Hedge funds: The fair value of the investments is recorded at the investment managers' net asset values, as the managers have the greatest insight into the investments of their fund and the related industry and have the appropriate expertise to determine the NAV. The District assesses the NAV and takes into consideration events such as suspended redemptions, restructuring, secondary sales, and investor defaults to determine if an adjustment is necessary. Additionally, asset holdings are reviewed within investment managers' audited financial statements.

Partnership: The valuation of partnership interests may require significant management judgement. The District's ownership is based upon their percentage of limited partnership interests divided by the total commitment of the fund. Specifically, inputs used to determine fair value include financial statements provided by the investment partnerships, which typically include fair market value capital account balances.

Interest rate swap: The fair value is estimated by a third party using inputs that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Beneficial interest in charitable remainder unitrusts: The beneficial interest in charitable remainder unitrusts is measured at fair value, which is estimated as the present value of the expected future cash flows from trusts.

The following table presents the fair value measurements of assets recognized in the accompanying consolidated statements of net position measured at fair value on a recurring basis and the level within the GASB 72 fair value hierarchy in which the fair value measurements fall at June 30 (in thousands):

Description	Level 1	Level 2	Level 3	2017
Investments by fair value level				
Asset backed securities				
Corporate backed obligations	$ -	$ 10,368	$ -	$ 10,368
Corporate bonds	-	18,384	-	18,384
Mortgage backed obligations	-	47,741	-	47,741
Common stock				
ADR & U.S. foreign stock	-	4,371	-	4,371
Energy	3,635	-	-	3,635
Financial services industry	6,169	-	-	6,169
Healthcare industry	5,929	-	-	5,929
Information Technology	3,978	-	-	3,978
Telecommunication services	771	-	-	771
Other	8,107	-	-	8,107
Corporate, municipal and foreign bonds				
Corporate bonds	231,381	79,781	-	311,162
Private placements	-	16,253	-	16,253
Municipal taxable	-	4,805	-	4,805
Mutual funds				
Mutual funds - equity	282,832	-	-	282,832
Mutual funds - taxable	15,536	-	-	15,536
U.S. Government securities				
Government agencies	10,105	647	-	10,752
U.S. treasury notes and bonds	85,223	-	-	85,223
Partnership	-	-	26,692	26,692
Total investments by fair value level	$ 653,666	$ 182,350	$ 26,692	862,708
Cash equivalents				134,187
Investments measured at NAV				
Pooled, common & collective trusts				19,789
Equity, hedge funds				34,944
Credit hedge funds				25,246
Macro hedge funds				25,452
Relative value hedge funds				3,362
Fixed income limited partnership				762
Total investments measured at NAV				109,555
Total investments				$ 1,106,450
Beneficial interest in charitable remainder unitrusts	$ -	$ -	$ 3,521	$ 3,521
Interest rate swap	$ -	$ (7,618)	$ -	$ (7,618)

Description	Level 1	Level 2	Level 3	2016
Investments by fair value level				
Asset backed securities				
Corporate backed obligations	$ 41,661	$ 29,898	$ -	$ 71,559
Mortgage backed obligations	10,590	22,919	-	33,509
U.S. government mortgage pool	-	42,923	-	42,923
Common stock				
ADR & U.S. foreign stock	-	2,338	-	2,338
Financial services industry	1,461	-	-	1,461
Healthcare industry	2,671	751	-	3,422
Telecommunication services	1,182	-	-	1,182
Other	4,316	859	-	5,175
Corporate, municipal and foreign bonds				
Corporate bonds	119,807	106,222	-	226,029
Private placements	-	17,973	-	17,973
Municipal taxable	-	4,521	-	4,521
Mutual funds				
Mutual funds - equity	69,620	-	-	69,620
Mutual funds - taxable	13,518	-	-	13,518
U.S. Government securities				
Government agencies	-	790	-	790
U.S. treasury notes and bonds	64,758	1,324.00	-	66,082
Partnership	-	-	27,070	27,070
Total investments by fair value level	$ 329,584	$ 230,518	$ 27,070	587,172
Cash equivalents				42,350
Investments measured at NAV				
Pooled, common & collective trusts				17,092
Equity hedge funds				32,645
Credit hedge funds				19,368
Macro hedge funds				24,506
Relative value hedge funds				17,521
Fixed income limited partnership				1,121
Total investments measured at NAV				112,253
Total investments				$ 741,775
Beneficial interest in charitable remainder unitrusts	$ -	$ -	$ 3,596	$ 3,596
Interest rate swap	$ -	$ (11,041)	$ -	$ (11,041)

The following table provides the fair value and redemption terms and restrictions for investments redeemable NAV at June 30, 2017 (in thousands):

	2017 Fair value	2016 Fair value	Unfunded Commitment	Redemption Frequency	Redemption Notice
Pooled, common & collective trusts	$ 19,789	$ 17,092	$ -	Monthly	30 days
Equity hedge funds	34,944	32,645	-	Quarterly	90 days
Credit hedge funds	25,246	19,368	-	Monthly, Quarterly	15 - 60 days
Macro hedge funds	25,452	24,506	-	Monthly, Quarterly	5 - 90 days
Relative value hedge funds	3,362	17,521	-	Quarterly, Annually	45 days
Fixed income limited partnership	762	1,121	-	Monthly	1 day
Total investments measured at NAV	$ 109,555	$ 112,253	$ -		
Partnership	$ 26,692	$ 27,070	$ 20,862	n/a	n/a

Pooled, common & collective trusts - includes investments in 1 small cap fund that invest in domestic equity. Investments are valued using the NAV per share of the fund. The NAV per share is based on the value of the underlying assets owned by the fund, minus its liabilities, divided by the number of shares outstanding.

Equity Hedge Funds - includes investments in 8 hedge funds that employ both long and short strategies primarily in US common stocks. Equity hedge strategies typically have a directional bias (long or short) and trade in equities and equity related derivatives. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 14% of the value of the investments in this type include restrictions such as certain classes with side pocket investments which may only be redeemed upon realization of the underlying investments.

Credit Hedge Funds - includes investments in 3 hedge funds that is comprised of distressed securities, credit long/short, emerging market debt and credit event driven. Credit hedge strategies typically have a directional bias and involve the purchase of various types of debt, equity, trade claims and fixed income securities. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 76% of the value of the investments in this type include restrictions that do not allow for redemptions in the first year after acquisition and other imposed gates.

Macro Hedge Funds - includes investments in 4 hedge funds that invests in global macro, managed futures, commodities and currencies. Macro hedge strategies typically have a directional bias and involve the purchase of a variety of securities and/or derivatives related to major markets. Managed future strategies trade similar instruments but are typically implemented by computerized system. The fair values of the investments in this type have been determined using the NAV per share of the investments.

Relative Value Hedge Funds - includes investments in 2 hedge funds that typically does not display a distinct directional bias. Relative Value encompasses a range of strategies covering different asset classes. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments, except for 1 investment, calculated based upon a percentage of limited partnership interest. Inputs used to determine fair value include financial statements provided by the investment partnership, which typically include fair market value of capital account balances. Investments representing approximately 58% of the value of the investments may include lock up, imposed gates, and other restrictions that preclude them from redeeming their share or ownership interest for an uncertain or extended period of time from the measurement date.

Fixed income limited partnership - includes investments in a limited partnership fund of funds that invest primarily in investment grade non-US dollar denominated fixed income securities. The fund may enter into swap agreements, forward settlement agreements, futures, contracts, and options on future contracts as well as purchase and sell covered put and call options. Investments are valued using the NAV per share of the fund. There is a provision in the limited partnership agreement that allows the general partner to limit redemption under certain circumstances.

Partnership - investments in closed-end, commitment based private equity real estate partnerships. The valuation of partnership interests in these funds may require significant management judgement. The District's ownership is based upon their percentage of limited partnership interests divided by the total commitment of the fund. Inputs used to determine fair value include financial statements provided by the investment partnerships, which typically include fair market value capital account balances. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund.

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017, is as follows (in thousands):

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets not being depreciated				
Land	$ 83,462	$ -	$ -	$ 83,462
Construction in progress	45,837	92,179	-	138,016
	129,299	92,179	-	221,478
Capital assets being depreciated				
Land improvement	13,872	-	-	13,872
Buildings	755,211	5,310	-	760,521
Capital equipment	337,341	18,436	3,228	352,549
	1,106,424	23,746	3,228	1,126,942
Less accumulated depreciation for				
Land improvement	8,234	767	-	9,001
Buildings	258,304	22,553	-	280,857
Capital equipment	226,058	24,859	1,966	248,951
	492,596	48,179	1,966	538,809
Total capital assets being depreciated, net	613,828	(24,433)	1,262	588,133
Total capital assets, net	$ 743,127	$ 67,746	$ 1,262	$ 809,611

Capital assets activity for the year ended June 30, 2016, is as follows (in thousands):

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets not being depreciated				
Land	$ 55,130	$ 28,332	$ -	$ 83,462
Construction in progress	46,318	-	481	45,837
	101,448	28,332	481	129,299
Capital assets being depreciated				
Land improvement	13,872	-	-	13,872
Buildings	733,423	26,460	4,672	755,211
Capital equipment	330,050	38,936	31,645	337,341
	1,077,345	65,396	36,317	1,106,424
Less accumulated depreciation for				
Land improvement	7,414	820	-	8,234
Buildings	240,233	22,742	4,671	258,304
Capital equipment	232,710	25,489	32,141	226,058
	480,357	49,051	36,812	492,596
Total capital assets being depreciated, net	596,988	16,345	(495)	613,828
Total capital assets, net	$ 698,436	$ 44,677	$ (14)	$ 743,127

Construction contracts of approximately $489,293,000 exist for the construction of the four major projects at the Mountain View campus of the Integrated Medical Office Building ("IMOB"), Behavior Health Services replacement building, North Drive parking structure expansion, and Central Utility Plant Upgrade, as well as continued improvements at the Los Gatos site for the Imagining department, medical office building, and seismic upgrades. At June 30, 2017, the remaining commitment on these contracts approximated $317,286,000.

Capitalized interest expense was $7,081,000 and $130,000 as of June 30, 2017 and 2016, respectively.

NOTE 7 – EMPLOYEE BENEFIT PLANS

The Hospital sponsors a cash-balance pension plan (the "Plan"), which has been in effect since January 1, 1995. The Plan covers employees who are 21 years of age and have completed one year of credited service. Participants are entitled to a lump-sum distribution or monthly benefits at age 65 based on a predetermined formula that considers years of service and compensation. Effective July 1, 1999, employer Plan benefits are calculated as 5% of a participant's annual plan compensation, and the annual interest is an indexed rate based on the return on ten-year U.S. treasury securities. Participants are fully vested in their account balances after five pension years.

Certain retired and terminated employees and certain participants covered by a collective bargaining agreement continue to participate under provisions of a defined-benefit retirement plan in effect prior to January 1, 1995. Participant data for the Plan, as of the measurement date January 1 for the indicated years is as follows:

	2017	2016
Active	2,673	2,706
Retirees and beneficiaries	497	481
Vested terminated	1,017	924
Total participants	4,187	4,111

Components of pension cost and deferred outflows and inflows of resources as calculated under the requirements of GASB No. 68 are as follows (in thousands):

Deferred outflows of resources	2017	2016
Deferred outflows of resources as of June 30:		
Difference between expected and actual experience	$ 308	$ 414
Changes in assumptions	474	636
Difference between projected and actual investment earnings	8,315	8,900
Total	$ 9,097	$ 9,950
Deferred inflows of resources as of June 30:		
Difference between expected and actual experience	$ (3,607)	$ (1,236)
Changes in assumptions	(7,059)	(1,656)
Difference between projected and actual investment earnings	-	-
Total	$ (10,666)	$ (2,892)
Contributions between the measurement date and fiscal year end recognized as a deferred outflow of resources	$ 5,700	$ 5,100

Amounts reported as deferred outflows and inflows of resources to pensions will be recognized in pension expense are as follows (in thousands):

Future Years' Recognition of	
2018	$ 1,073
2019	1,073
2020	718
2021	(1,486)
2022	(1,352)
Thereafter	(1,595)

The following table summarizes changes in pension liability for fiscal year ended June 30, 2017 and 2016, with a measurement date of December 31, 2016 and 2015, respectively, (in thousands):

Total pension liability	**2017**	**2016**
Service cost	$ 8,948	$ 8,411
Interest	11,893	11,509
Differences between expected and actual experience	(3,044)	(1,484)
Changes of assumptions	(6,663)	(1,990)
Benefit payments	(9,912)	(11,252)
Net change in total pension liability	1,222	5,194
Total pension liability beginning of fiscal year	194,148	188,954
Total pension liability end of fiscal year	$ 195,370	$ 194,148

	2017 with Measurement Date of December 31, 2016	**2016 with Measurement Date of December 31, 2015**
Total pension liability	$ 195,370	$ 194,148
Plan fiduciary net position	228,052	216,799
Net pension liability	$ (32,682)	$ (22,651)
Plan's fiduciary net position as a percentage of total pension liability	116.73%	111.67%
Covered payroll	$ 283,435	$ 283,776
Net pension liability as a percentage of covered payroll	-11.53%	-7.98%
Contributions between the measurement date and year ended June 30, 2017 as deferred outflow of resources	$ 5,700	$ 5,100

The following table summarizes the actuarial assumptions used to determine net pension liability and plan fiduciary net position as of June 30, 2017 and 2016:

Assumptions

Valuation Date	Contributions related to the actuarially determined contributions are made for the plan year January 1 to December 31.
Actuarial Cost Method	Entry Age Normal Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Actuarial Assumptions	
Projected Salary Increases	2.00%
Mortality	Based on the RE-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006 and project with Mortality Improvement Scale MP-2016 and 2015
Discount Rate	6.00%

Sensitivity of the Net Pension Liability (in thousands):

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net Pension Liability (Asset) as of December 31, 2016	$ (12,665)	$ (32,682)	$ (49,843)
Net Pension Liability (Asset) as of December 31, 2015	$ (12)	$ (22,651)	$ (41,400)

Eligible employees of the Hospital may also elect to participate in a separate deferred compensation plan (the 403(b) plan) pursuant to Section 403(b) of the Code. The Hospital acts as the administrator and sponsor, and the 403(b) plan's assets are held by trustees designated by the Hospital's management. Employees are eligible to participate upon employment, and participants are immediately vested in their elective contributions plus actual earnings thereon. The Hospital will match employee contributions to the 403(b) plan, subject to a maximum of 4% of each participant's annual plan compensation. Participants are eligible for employer match in the second plan year in which they work at least 1,000 hours, and they must be on the payroll at the end of the plan year (December 31). Employer matching contributions under the 403(b) plan are made to the cash–balance pension plan and earn interest as defined by that plan. Employer matching contributions to the 403(b) plan of $10,031,000 and $9,853,000 in 2017 and 2016, respectively, are included in benefits expense. Participants are immediately vested in the employer contributions included in the cash–balance pension plan.

The Hospital's net pension liability was measured as of June 30, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The actuarial valuation was determined using the following assumptions:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the consolidated financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 8 – POST-RETIREMENT MEDICAL BENEFITS

The Hospital provides healthcare benefits and life insurance for retired employees who meet eligibility requirements as outlined in the plan document, as approved by the board of directors of the Hospital. All employees who attain age 55 with a minimum of 20 years of enrollment in the Hospital's healthcare program and are enrolled in one of the plans upon retirement, and who were hired prior to July 1, 1994, are eligible. Under the plan, employees are credited with employment history accumulated under a prior Hospital plan.

Benefits are funded by the Hospital on a pay-as-you go basis. If a participant terminates from the Hospital after 20 years of enrollment but before reaching age 62, he or she can choose to contribute to the plan between ages 55 and 61 to retain the plan's benefits. At age 62, eligible retirees are given an annual credit based on years of service to pay for health benefits. As of June 30, 2017 and 2016, approximately 581 and 593 employees and former employees, respectively, were eligible to participate in the plan. For the fiscal years ended June 30, 2017 and 2016, the Hospital contributed $663,000 and $592,000, respectively, to fund benefits paid in those years.

The Hospital's annual post-retirement benefit cost is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with parameters of GASB Codification Section P50, *Postemployment Benefits Other Than Pension Benefits - Employer Reporting*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Hospital's annual post-retirement benefit cost, the amount actually contributed to the plan, and the changes in the Hospital's post-retirement benefit obligation (in thousands):

	2017	2016
Annual required contribution	$ 1,936	$ 1,946
Interest on post-retirement benefit obligation	776	731
Adjustment to annual required contribution	(1,088)	(1,025)
Annual post-retirement benefit expense	1,624	1,652
Employer contributions	(662)	(593)
Increase in accumulated benefit obligation	$ 962	$ 1,059
Post-retirement benefit obligation, beginning of the year	$ 18,256	$ 17,197
Post-retirement benefit obligation, end of the year	$ 19,218	$ 18,256

The Hospital's annual post-retirement benefit cost, the percentage of annual post-retirement benefit cost contributed to the plan, and the post-retirement benefit obligation for 2017 and the two preceding years were as follows (in thousands):

	Annual Post-retirement Benefit Expense	Percentage of Annual Post-retirement Benefit Expense Contributed	Post-retirement Benefit Obligation
Fiscal Year Ended			
June 30, 2015	$ 1,432	36.66%	$ 17,197
June 30, 2016	$ 1,652	35.90%	$ 18,256
June 30, 2017	$ 1,624	40.76%	$ 19,218

As of July 1, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was $25,665,000, resulting in an unfunded actuarial accrued liability ("UAAL") of $26,069,000. The covered payroll (annual payroll of active employees covered by the plan) was $38,411,000, and the ratio of the UAAL to the covered payroll was 66.82%.

The measurement date for the baseline actuarial analysis as of June 30, 2017 and 2016, is July 1, 2015. For measurement purposes, annual rates of increase in the per capita cost of covered healthcare benefits of 9% were assumed for both fiscal years 2017 and 2016. The rate was assumed to decrease gradually to 4.5% over the next six years and remain at that level thereafter as of June 30, 2016 and June 30, 2015. The dental benefit trend rate was assumed to be 4.5% in all future years for 2016 and 2015, respectively. The discount rate used was 4.25% for both 2017 and 2016. The UAAL is being amortized as a level percentage over 30 years on an open basis.

NOTE 9 – INSURANCE PLANS

The Hospital purchases professional, general, automobile, and directors and officers liability insurance from BETA Healthcare Group ("BHG"), and also purchases all-risk property insurance (including limited flood), fiduciary, crime, cyber, and excess workers' compensation coverage needs from Alliant Insurance Services ("Alliant"). The Hospital's coverage is under a claims-made policy with limits of $30 million per occurrence, $40 million in the annual aggregate, and with a self-insured retention level of $50,000 per claim.

There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted from services provided to patients. The Hospital has actuarial estimates performed annually on its self-insurance plans of professional liability and workers' compensation benefits. Estimated liabilities (which have not been discounted) have been actuarially determined at an expected 75% confidence level and include an estimate of incurred, but not reported, claims. The balances are included in salaries and wages payable, workers' compensation and other long-term liabilities in the accompanying consolidated statements of net position.

NOTE 10 – BONDS PAYABLE

Bonds payable consists of the following obligations (in thousands):

	June 30, 2017	June 30, 2016
El Camino Hospital District		
2006 General Obligation Bonds		
Principal	$ 32,335	$ 136,280
Unamortized premium	723	180
2017 General Obligation Bonds		
Principal	99,035	-
Unamortized premium	1,842	-
El Camino Hospital Revenue Bonds		
Series 2009		
Principal	50,000	50,000
Series 2015A		
Principal	151,345	154,980
Unamortized premium	14,194	16,041
Series 2017A		
Principal	292,435	-
Unamortized premium	19,423	-
Total long-term debt	661,332	357,481
Less current maturities	11,937	8,145
Maturities due after one year	$ 649,395	$ 349,336

2017	Balance at June 30, 2016	Increases	Decreases	Balance at June 30, 2017
General obligation bonds	$ 136,460	$ 101,600	$ 104,125	$ 133,935
Revenue bonds	221,021	311,858	5,482	527,397
	$ 357,481	$ 413,458	$ 109,607	$ 661,332

2016	Balance at June 30, 2015	Increases	Decreases	Balance at June 30, 2016
General obligation bonds	$ 138,698	$ -	$ 2,238	$ 136,460
Revenue bonds	227,921	-	6,900	221,021
	$ 366,619	$ -	$ 9,138	$ 357,481

2006 General Obligation Bonds – Upon voter approval, in November 2003, the District issued in 2006, $148,000,000 principal amount of 2006 General Obligation Bonds, which consists of $115,665,000 of Current Interest Bonds. Interest on the Current Interest Bonds is payable semiannually at rates ranging from 4% to 5% and principal maturities ranging from $2,065,000 in 2016 to $18,050,000 in 2036 are due annually on August 1. Interest at rates ranging from 4.38% to 4.48% and principal of the Capital Appreciation Bonds are payable only at maturity. In March 2017, the District advanced refunded a portion of the 2006 General Obligation Bonds, through the issuance of the 2017 General Obligation Refunding Bonds.

The Current Interest Bonds maturing on or before August 1, 2016, are not subject to redemption. The Current Interest Bonds maturing on or after August 1, 2017, may be redeemed prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after February 1, 2017, at a redemption price equal to the principal amount of the Current Interest Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

The Bonds are general obligations of the District payable from ad valorem taxes. Payment of principal, interest and maturity value of the Bonds, when due, is insured by a municipal bond insurance policy.

2017 General Obligation Bonds – Upon voter approval, in March 2017, the District advanced refunded a portion of the 2006 General Obligation Bonds, through the issuance of the $99,035,000 2017 General Obligation Refunding Bonds, which consists of $115,665,000 of Current Interest Bonds, and $32,335,000 of Capital Appreciation Bonds. Interest on the 2017 General Obligation Refunding Bonds is payable semiannually at rates ranging from 2% to 5% and principal maturities ranging from $3,570,000 in 2017 to $17,480,000 in 2036 are due annually on August 1. This refinancing resulted in a reduction of future interest payments with a present value of approximately $7,000,000.

Revenue Bonds, Series 2009 – In April 2009, the Hospital issued $50,000,000 of Santa Clara County Financing Authority Insured Revenue Bonds, Series 2009A to fund completion of the Hospital replacement construction project. Interest on the bonds is payable on the business day immediately following the applicable remarketing period. Principal maturities on the bonds range from $100,000 in 2025 to $10,920,000 in 2044, and are due annually on February 1.

The 2009 Series Revenue bond agreement contains various restrictive covenants which include, among other things, minimum debt service coverage, maintenance of minimum liquidity, and requirement to maintain certain financial ratios.

The bonds are secured by a pledge of gross revenues to an Indenture of Trust (“Indenture”) dated March 16, 2007. The Indenture contains certain covenants that, among other things, require the District to deposit all Gross Revenues of the Hospital as soon as practicable upon receipt. The Indenture also requires the Hospital to maintain a long-term debt service coverage ratio of 1.15 to 1. Failure to comply with the restrictive covenants of the Indenture could result in all of the unpaid principal and accrued interest of the bonds becoming due immediately, at the option of the trustee.

Revenue Bonds, Series 2015A – In May 2015, the Hospital advance refunded its Series 2007 Santa Clara County Financing Authority Insured Revenue Bonds (“Series 2007”) through the issuance of the $160,455,000 of Santa Clara County Financing Authority Insured Revenue Bonds (“Series 2015A”). The issuance of the Series 2015A is to (i) finance and refinance certain capital expenditures owned by the Hospital (the Project - $40,300,000), (ii) advance refund ($120,100,000) the Santa Clara County Financing Authority Insured Revenue Bonds of the Hospital Series 2007A, 2007B, and 2007C, and (iii) pay costs incurred in the connection of the issuance of the Bonds.

Revenue Bonds, Series 2017A – In February 2017, the Hospital issued $292,435,000 of California Health Facilities Financing Authority Revenue Bonds ("Series 2017") to finance certain capital expenditures at facilities owned or operated by the Hospital, to finance a portion of the interest payable of the Series 2017 through January 31, 2019, and to pay costs incurred in connection with the issuance of the Series 2017. The Series 2017 consists of $130,660,000 Serial Bonds and $161,775,000 Term Bonds. Principal maturities for the Serial Bonds range from $4,665,000 in 2020 to $10,565,000 in 2037, and are due annually on February 1. Principal maturities for the Term Bonds range from $30,7101,000 in 2042 to $56,065,000 in 2047, and are due annually on February 1.

Letter of credit – In March 2009, in connection with the issuance of the 2009 Series Revenue bonds, the Hospital obtained an irrevocable Letter of Credit issued by a bank for $50,000,000. This Letter of Credit expires October of 2019 and requires the Hospital to maintain a long-term debt service coverage ratio of 1.20 to 1.

Debt service requirements for bonds payable are as follows (in thousands):

Year Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2018	$ 3,570	$ 3,477	$ 3,735	$ 18,974
2019	3,310	3,996	3,850	20,819
2020	3,800	3,886	8,630	20,703
2021	4,400	3,775	9,020	20,312
2022	5,050	3,660	9,430	19,902
2023-2027	23,012	54,781	54,720	91,961
2028-2032	15,083	52,321	69,710	77,156
2033-2037	73,145	3,971	87,995	59,888
2038-2042	-	-	110,815	41,579
2043-2047	-	-	135,875	18,873
	$ 131,370	$ 129,867	$ 493,780	$ 390,167

Interest rate swap – On March 7, 2007, the Hospital entered into three interest rate swap agreements in connection with the issuance of the Series 2007 Revenue Bonds. The intention of the swap is to create debt with a synthetic, fixed interest rate on the variable-rate Revenue Bonds. The swaps were effective March 23, 2007, with a termination date of February 1, 2041, and notional amounts of $50 million each, these terms match the terms of the underlying Series 2007 Revenue Bonds. Under each swap transaction, the Hospital pays a fixed rate of interest of 3.204% and the counterparty pays a variable rate of interest equal to the sum of (i) 56% of USD-LIBOR-BBA plus (ii) .23%. In March 2008, the Hospital Board directed management to terminate the floating to fixed interest rate swap when economically prudent in connection with the refunding of their Series 2007 Revenue Bonds. In December 2009, two of the three swaps were terminated. The fair value of the remaining swap is a liability of $7,618,000 at June 30, 2017, and $11,041,000 at June 30, 2016, included in other long-term obligations in the consolidated statements of net position.

Risks associated with the swap agreements – From the Hospital's perspective, the following risks are generally associated with swap agreements:

Credit risk – The counterparty becomes insolvent or is otherwise not able to perform its financial obligations. In the event the counterparty becomes insolvent or their credit rating falls below BBB-/Baa2 the Hospital has the right to terminate the swap. Upon exercise of early termination, the amounts due from or to the counterparty will be determined by the market pricing of the swaps at the time of termination.

Termination risk – The Hospital or counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If, at the time of the termination, the swap has a negative fair value, the Hospital would be liable to the counterparty for that payment.

NOTE 11 – RESTRICTED NET POSITION

Restricted net position consists of donor-restricted contributions and grants and cash restricted for regulatory requirements, which are to be used as follows (in thousands):

	2017	2016
Charity and other	$ 11,651	$ 11,599
Endowments	3,062	2,658
Restricted by donor for specific uses	14,713	14,257
Restricted by Department of Managed Health Care	400	50
Total restricted net position	$ 15,113	$ 14,307

Permanently restricted contributions ("endowments") remain intact, with the earnings on such funds providing an ongoing source of revenue to be used primarily for education.

NOTE 12 – CHARITABLE REMAINDER UNITRUSTS

The Foundation is the beneficiary of several irrevocable charitable remainder unitrusts in which the gift assets are held by trustees and administered for the benefit of the Foundation and other beneficiaries. The assets are held under trust agreements with an outside trustee. The donors maintain the right to income earned on the assets during their lifetime and, in some cases, during the lifetime of their survivors.

Pursuant to GASB 81, the Foundation recognizes an asset and a deferred inflow of resources when it becomes aware of the agreements and has sufficient information to measure the beneficial interest, in accordance with the asset recognition criteria in GASB 81. The beneficial interest asset is measured at fair value, which is estimated as the present value of the expected future cash flows from trusts. The applicable federal discount rate for June 2017 and June 2016 of 2.4% and 1.8% per annum, respectively, and The Standard Ordinary Mortality Rate Table were used to arrive at the present value. Change in the fair value of the beneficial interest asset is recognized as an increase or decrease in the related deferred inflow of resources. As the remainder interest beneficiary, the Foundation recognizes revenue for the beneficial interest at the termination of the agreement, as stipulated in the agreements.

NOTE 13 – RELATED-PARTY TRANSACTIONS

The Hospital pays vendor-related expenses on behalf of the Foundation and is reimbursed for these costs incurred. The Hospital also pays employee-related expenses, which are reimbursed by the Foundation. The Foundation's employees also participate in the cash-balance pension plan, sponsored by the Hospital. Full footnote disclosures relating to the cash-balance pension plan is included in the consolidated financial statements. The Hospital performs certain administrative functions on behalf of the Foundation for which no amounts are charged to the Foundation. As of June 30, 2017 and 2016, the Foundation has a payable to the Hospital in the amount of $203,000 and $523,000, respectively. During the fiscal years 2017 and 2016, the Foundation paid the Hospital $3,452,000 and $2,881,000 for such expenses, respectively, which included amounts for operations, but also disbursements from Donor Restricted Funds in support of Hospital operations and capital acquisitions.

In June 2012, the Hospital Board approved the funding of the Foundation's salaries, wages, and benefits for fiscal year 2017 and 2016, thus along with the 2012 fiscal year approved funding of the Foundation's rent provided a maximum funding of $1,783,000 for both items on an ongoing basis. All related party transactions are eliminated upon consolidation.

Effective May 6, 2013, ECSC sold certain medical equipment, furnishings, fixtures, inventories, and other tangible personal property in exchange for a seven and one half percent (7.5%) interest in El Camino Ambulatory Surgery Center, ("ECASC"). As of March 2015, ECSCs' interest in ECASC has change to 33.4%. ECSC has provided a working capital line of credit to ECASC in a principal amount of $750,000 represented by a Promissory Note and has a term of 39 months with an interest rate of 5% per annum. At June 30, 2017 and June 30, 2016, there was a total draw of $0, and $484,500 against the line of credit, respectively. On August 29, 2016, this line of credit was paid off.

The Hospital leases the space to ECASC and provides certain services, such as utilities and building/equipment maintenance. There was $537,000 of rental income recorded for the year ended June 30, 2017, and $771,000 of rental income recorded for the year ended June 30, 2016, related to the lease.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Litigation – The District is a defendant in various legal proceedings arising out of the normal conduct of its business. In the opinion of management and its legal representatives, the District has valid and substantial defenses, and settlements or awards arising from legal proceedings, if any, will not exceed existing insurance coverage, nor will they have a material adverse effect on the financial position, results of operations, or liquidity of the District.

Lease commitments – The District is obligated for land and office rental under the terms of various operating lease agreements. Following is a schedule by year of future minimum lease payments under operating leases as of June 30, 2017 (in thousands):

	Operating Lease Commitments	Lease Income	Net Lease Benefit
2018	$ 2,798	$ 10,688	$ 7,890
2019	2,865	8,760	5,895
2020	2,948	5,410	2,462
2021	2,640	3,723	1,083
2022	2,709	2,956	247
Thereafter	28,934	2,149	(26,785)
	$ 42,894	$ 33,686	$ (9,208)

Total rental expense in 2017 and 2016 for all operating leases was approximately $5,929,000 and $5,658,000, respectively.

Regulatory environment – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. The District is subject to routine surveys and reviews by federal, state and local regulatory authorities. The District has also received inquiries from healthcare regulatory authorities regarding its compliance with laws and regulations. Although the District management is not aware of any violations of laws and regulations, it has received corrective action requests as a result of completed and on-going surveys from applicable regulatory authorities. Management continually works in a timely manner to implement operational changes and procedures to address all corrective action requests from regulatory authorities. Breaches of these laws and regulations and noncompliance with survey corrective action requests could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Hospital Seismic Safety Act – In the 2010 fiscal year, the Mountain View campus completed its three-year construction of the Hospital Replacement Project with the opening of its new five story, 450,000 square foot, state-of-the-art hospital facility on November 15, 2009. This completion made the Mountain View hospital campus in compliance with the State of California's Senate Bill ("SB") 1953 in meeting all requirements of the Hospital Seismic Safety Act of 1994.

At the Los Gatos campus, where most of the buildings were constructed in the 1960's, the campus has been going through a seismic compliance review. All required seismic upgrades to make the Los Gatos site in seismic compliance to 2030 were completed during 2015.

NOTE 15 – HEALTH CARE REFORM

The Patient Protection and Affordable Care Act ("PPACA") allowed for the expansion of Medicaid members in the State of California. Any further federal or state changed funding could have an impact on the District. With the changes in the executive branch, the future of PPACA and impact of future changes in Medicaid to the District is uncertain at this time.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the consolidated statement of net position date but before the consolidated financial statements are available to be issued. The District recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the consolidated statement of net position date, including the estimates inherent in the process of preparing the consolidated financial statements. The District's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the consolidated statement of net position date but arose after the consolidated statement of net position date and before consolidated financial statements are available to be issued.

Supplementary Information

El Camino Healthcare District
Consolidating Statement of Net Position
June 30, 2017
(In Thousands)

	El Camino Healthcare District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	El Camino Surgery Center, LLC	Silicon Valley Medical Development	Eliminations	El Camino Healthcare District and Affiliates
ASSETS								
Current assets								
Cash and cash equivalents	$ 2,960	$ 125,551	$ 269	$ 1,453	$ 837	$ 493	$ -	$ 131,563
Short-term investments	1,710	202,918	1,403	13,095	-	-	-	219,126
Current portion of board designated and funds held by trustee	13,133	-	-	-	-	-	-	13,133
Patient accounts receivable, net of allowances for doubtful accounts of $32,537	-	109,089	-	916	-	-	-	110,005
Prepaid expenses and other current assets	30	22,098	123	356	-	44	(1,834)	20,817
Total current assets	17,833	459,656	1,795	15,820	837	537	(1,834)	494,644
Non-current cash and investments								
Board-designated funds	13,509	527,745	27,122	-	-	-	-	568,376
Restricted funds	-	-	-	400	-	-	-	400
Funds held by trustee	18,363	287,052	-	-	-	-	-	305,415
	31,872	814,797	27,122	400	-	-	-	874,191
Capital assets								
Nondepreciable	10,585	210,893	-	-	-	-	-	221,478
Depreciable, net	624	587,386	55	53	-	15	-	588,133
Total capital assets	11,209	798,279	55	53	-	15	-	809,611
Pledges receivable, net of current portion	-	-	2,630	-	-	-	-	2,630
Prepaid pension asset	-	32,682	-	-	-	-	-	32,682
Investments in healthcare affiliates	-	32,451	-	-	1,438	-	(2,627)	31,262
Beneficial interest in charitable remainder unitrust	-	-	3,521	-	-	-	-	3,521
Total assets	60,914	2,137,865	35,123	16,273	2,275	552	(4,461)	2,248,541
Deferred outflows of resources								
Loss on defeasance of bond payable	-	14,163	-	-	-	-	-	14,163
Deferred outflows of resources	-	5,700	-	-	-	-	-	5,700
Deferred outflows - actuarial	-	9,097	-	-	-	-	-	9,097
Total deferred outflows	-	28,960	-	-	-	-	-	28,960
Total assets and deferred outflows	$ 60,914	$ 2,166,825	$ 35,123	$ 16,273	$ 2,275	$ 552	$ (4,461)	$ 2,277,501

El Camino Healthcare District
Consolidating Statement of Net Position (continued)
June 30, 2017
(In Thousands)

	El Camino Healthcare District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	El Camino Surgery Center, LLC	Silicon Valley Medical Development	Eliminations	El Camino Healthcare District and Affiliates
LIABILITIES AND NET POSITION								
Current liabilities								
Accounts payable and accrued expenses	$ -	$ 38,082	$ -	$ 881	$ 15	$ 46	$ (38)	$ 38,986
Salaries, wages, and related liabilities	-	51,147	-	503	-	38	-	51,688
Other current liabilities	1,634	14,556	771	1,295	-	-	(1,797)	16,459
Estimated third-party payor settlements	-	10,438	-	-	-	-	-	10,438
Current portion of bonds payable	4,293	7,644	-	-	-	-	-	11,937
Total current liabilities	5,927	121,867	771	2,679	15	84	(1,835)	129,508
Bonds payable, net of current portion	129,642	519,753	-	-	-	-	-	649,395
Other long-term obligations	-	11,364	-	-	-	-	-	11,364
Workers' compensation, net of current portion	-	17,707	-	-	-	-	-	17,707
Post-retirement medical benefits, net of current portion	-	19,218	-	-	-	-	-	19,218
Total liabilities	135,569	689,909	771	2,679	15	84	(1,835)	827,192
Deferred inflows of resources								
Deferred inflows of resources	-	-	3,521	-	-	-	-	3,521
Deferred inflows of resources - actuarial	-	10,666	-	-	-	-	-	10,666
Total deferred inflows of resources	-	10,666	3,521	-	-	-	-	14,187
Net position								
Invested in capital assets, net of related debt	(91,230)	557,934	55	53	-	15	-	466,827
Restricted - expendable	-	-	11,651	-	-	-	-	11,651
Restricted - nonexpendable	-	-	3,062	400	-	-	-	3,462
Unrestricted	16,575	908,316	16,063	13,141	2,260	453	(2,626)	954,182
Total net position	(74,655)	1,466,250	30,831	13,594	2,260	468	(2,626)	1,436,122
Total liabilities, deferred inflows of resources, and net position	$ 60,914	$ 2,166,825	$ 35,123	$ 16,273	$ 2,275	$ 552	$ (4,461)	$ 2,277,501

El Camino Healthcare District
Consolidating Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2017
(In Thousands)

	El Camino Healthcare District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	El Camino Surgery Center, LLC	Silicon Valley Medical Development	Eliminations	El Camino Healthcare District and Affiliates
Operating revenues								
Net patient service revenue (net of provision for bad debts of $19,405)	$ -	$ 832,189	$ -	$ -	$ -	384	$ -	$ 832,573
Other revenue	90	26,085	-	14,961	-	-	(3,220)	37,916
Total operating revenues	90	858,274	-	14,961	-	384	(3,220)	870,489
Operating expenses								
Salaries, wages and benefits	-	446,085	1,570	3,635	-	400	(274)	451,416
Professional fees and purchased services	642	101,123	1,112	8,613	112	522	(134)	111,990
Supplies	-	121,826	60	-	-	2	-	121,888
Depreciation	240	47,925	13	1	-	-	-	48,179
Rent and utilities	-	15,851	133	372	-	-	(91)	16,265
Other	-	14,252	88	344	1	-	(90)	14,595
Total operating expenses	882	747,062	2,976	12,965	113	924	(589)	764,333
(Loss) income from operations	(792)	111,212	(2,976)	1,996	(113)	(540)	(2,631)	106,156
Nonoperating revenues (expenses):								
Investment income, net	38	61,591	1,775	54	7	-	-	63,465
Property tax revenue								
Designated for community benefit programs and operating expenses	7,902	-	-	-	-	-	-	7,902
Designated for capital expenditures	6,959	-	-	-	-	-	-	6,959
Levied for debt service	10,679	-	-	-	-	-	-	10,679
Bond interest expense, net	(4,387)	(2,310)	-	-	-	-	-	(6,697)
Intergovernmental transfer expense	(10,328)	-	-	-	-	-	-	(10,328)
Restricted gifts, grants and bequests, and other, net of contributions to related parties	-	-	3,424	-	-	-	777	4,201
Unrealized gain on interest rate swap	-	3,429	-	-	-	-	-	3,429
Community benefit expense	(6,484)	(3,076)	-	(2,397)	-	-	1,987	(9,970)
Other, net	-	(1,271)	-	1,903	-	750	(60)	1,322
Total nonoperating revenues (expenses)	4,379	58,363	5,199	(440)	7	750	2,704	70,962
Excess (deficit) of revenues over expenses before capital transfers	3,587	169,575	2,223	1,556	(106)	210	73	177,118
Capital transfers	1,638	(1,266)	(372)	-	-	-	-	-
Increase (decrease) in net position	5,225	168,309	1,851	1,556	(106)	210	73	177,118
Total net (deficit) position, beginning of year	(79,880)	1,297,941	28,980	12,038	2,366	258	(2,699)	1,259,004
Total net (deficit) position, end of year	$ (74,655)	$ 1,466,250	$ 30,831	$ 13,594	$ 2,260	$ 468	$ (2,626)	$ 1,436,122

Supplemental pension information – The following tables summarize changes in net pension liability (in thousands):

Total pension liability	**2017**	**2016**
Service cost	$ 8,948	$ 8,411
Interest	11,893	11,509
Differences between expected and actual experience	(3,044)	(1,484)
Changes of assumptions	(6,663)	(1,990)
Benefit payments	(9,912)	(11,252)
Net change in total pension liability	1,222	5,194
Total pension liability beginning of fiscal year	194,148	188,954
Total pension liability end of fiscal year	$ 195,370	$ 194,148

Plan fiduciary net position	**2017**	**2016**
Contributions	$ 10,300	$ 12,000
Net investment income	10,865	2,941
Benefit payments, including refunds of member contributions	(9,912)	(11,252)
Administrative expenses	-	(171)
Net change in Plan fiduciary net position	11,253	3,518
Plan fiduciary net position beginning of fiscal year	216,799	213,281
Plan fiduciary net position end of fiscal year	228,052	216,799
Plan's net pension liability end of the fiscal year	$ (32,682)	$ (22,651)
Covered payroll	$ 283,435	$ 283,776
Net pension liability as a percentage of covered payroll	-11.53%	-7.98%
Contributions	$ 5,700	$ 5,100

The following table summarizes the contribution status of the Hospital's cash-balance pension plan (in thousands) over the last 10 years:

	FY2017	FY2016	FY2015	FY2014	FY2013
Actuarially determined contribution	$ 8,445	$ 2,735	$ -	$ 8,463	$ 7,613
Contributions related to actuarially determined contribution	10,900	10,500	10,800	14,400	12,000
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	283,776	283,776	266,844	242,343	223,754
Contribution as % of covered payroll	-	-	-	-	-
Contributions made during the fiscal year	10,900	9,900	14,400	12,600	23,610

	FY2012	FY2011	FY2010	FY2009	FY2008
Actuarially determined contribution	$ 1,400	$ 12,023	$ 7,156	$ 4,656	$ 279
Contributions related to actuarially determined contribution	11,005	19,811	7,644	9,200	10,000
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	208,910	205,693	178,937	149,694	133,582
Contribution as % of covered payroll	-	-	-	-	-
Contributions made during the fiscal year	11,249	5,400	18,100	6,300	9,500

Actuarially determined contributions are calculated as of January 1 and are based on the IRS minimum funding requirement. The contributions related to the actuarially determined contributions are amounts made for the plan year January 1 to December 31. Contributions made during the fiscal year are contribution amounts made during July 1 and June 30.

Supplemental post-retirement benefit information – The following table summarizes the funding status of the Hospital's post-retirement medical benefit plan (in thousands):

Fiscal Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded Actuarial Accrued Liability UAAL (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Assets in Excess/ (Shortfall) of UAAL as a Percentage of Covered Payroll ((a-b)/c)
2015	$ -	$ 25,795	$ (25,795)	0.0%	$ 40,733	-63.3%
2016	$ -	$ 25,666	$ (25,666)	0.0%	$ 38,411	-66.8%
2017	$ -	$ 25,447	$ (25,447)	0.0%	$ 35,222	-72.2%

The following table summarizes the calculation of the net benefit obligation for the Hospital's post-retirement medical benefit plan (in thousands):

Fiscal Year	Beginning of Year Net Benefit Obligation (a)	Annual Required Contribution (b)	Actual Contribution (c)	Annual Post-retirement Benefit Cost (d)	Increase in Net Benefit Obligation (d-c)	End of Year Net Benefit Obligation ((a)+(d-c))
2015	$ 16,290	$ 1,433	$ 525	$ 1,432	$ 907	$ 17,197
2016	$ 17,197	$ 1,652	$ 593	$ 1,652	$ 1,059	$ 18,256
2017	$ 18,256	$ 1,624	$ 662	$ 1,624	$ 962	$ 19,218

El Camino Healthcare District
Supplemental Schedule of Community Benefit (unaudited)
For the Years Ended June 30, 2017 and 2016

The District and the Hospital maintain records to identify and monitor the level of direct community benefit it provides. These records include the charges foregone for providing the patient care furnished under its charity care policy. For the years ended June 30, 2017 and 2016, the estimated costs of providing community benefit in excess of reimbursement from governmental programs were as follows (in thousands):

	2017	2016
Unpaid costs of Medi-Cal programs	$ 25,427	$ 22,362
Indigent charity care	1,285	2,290
	26,712	24,652
Other community-based programs		
Psychiatric	8,435	5,915
Clinical trial	99	295
Ambulatory care	11,371	10,071
Community health center	1,819	1,860
Psychiatric outpatient	3,073	3,895
Total other community-based programs	24,797	22,036
Total community benefits	$ 51,509	$ 46,688

In furtherance of its purpose to benefit the community, the Hospital provides numerous other services to the community for which charges are not generated and revenues have not been accounted for in the accompanying consolidated financial statements. These services include providing access to healthcare through interpreters, referral and transport services, healthcare screening, community support groups and health educational programs, and certain home care and hospice programs. The estimated costs of Medicare programs in excess of reimbursement from Medicare were $105,414,000 and $102,105,000 for the years ended June 30, 2017 and 2016, respectively.

The Hospital also provides services to the community through the operations of the El Camino Hospital Auxiliary, Inc. (the “Auxiliary”). Services provided by volunteers of the Auxiliary, free of charge to the community, include assistance and counseling to patients and visitors, provision of scholarship awards to qualifying paramedical students, and daily personal contact with members of the community who are living alone. In 2017 and 2016, these volunteers contributed approximately 106,000 hours, in providing these services, the value of which is not recorded in the accompanying consolidated financial statements.

Communications with
Those Charged with Governance

El Camino Healthcare District

June 30, 2017

Communications with Those Charged with Governance

To the Board of Directors
El Camino Healthcare District

We have audited the consolidated financial statements of El Camino Healthcare District (the "District") as of and for the year ended June 30, 2017, and have issued our report thereon dated _____, 2017. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated February 2, 2017, our responsibility, as described by professional standards, is to form and express an opinion about whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the consolidated financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with auditing standards generally accepted in the United States of America and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we considered District's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the consolidated financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing we previously communicated to you in the Compliance Committee meeting on May 18, 2017, and the engagement letter dated February 2, 2017.

Significant Audit Findings and issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the consolidated financial statements. During the year, the District adopted Governmental Accounting Standards Board ("GASB") Statement No. 82, *Pension Issues – an amendment of GASB Statement 67, 68, 73*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. There have been no other new accounting policies adopted and there were no changes in the application of existing policies during fiscal year 2017. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the consolidated financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's consolidated financial statements were:

- Management's estimate of net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. We evaluated the key factors and assumptions used to develop the estimated net realizable amounts. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimate of the provision for uncollectible accounts is recognized based on management's estimate of amounts that ultimately may be uncollectible. El Camino Hospital provides care to patients without requiring collateral or other security. Patient charges not covered by a third-party payor are billed directly to the patient if it is determined that the patient has the ability to pay. We evaluated the key factors and assumptions used to develop the provision for uncollectible accounts. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimate of the fair market values of investments in the absence of readily-determinable fair values is based on information provided by the fund managers. We have gained an understanding of management's estimate methodology and examined the documentation supporting this methodology. We evaluated the key factors and assumptions used to develop the fair market value of investments. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimate of uninsured losses for professional liability is recognized based on management's estimate of historical claims experience. We evaluated the key factors and assumptions used to develop the actuarial estimates of uninsured losses for professional liabilities and workers' compensation. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimate of the minimum pension liability is actuarially determined using assumptions on the long-term rate of return on pension plan assets, the discount rate used to determine the present value of benefit obligations, and the rate of compensation increases. These assumptions are provided by management. We have evaluated the key factors and assumptions used to develop the estimate. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimated liability for workers' compensation claims is recognized based on management's estimate of historical claims experience and known activity subsequent to year-end. We evaluated the key factors and assumptions used to develop the actuarial estimates of uninsured losses for professional liabilities and workers' compensation. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimated liability for post-retirement medical benefits is recognized based on management's estimate of historical claims experience and known activity subsequent to year-end. We have evaluated the key factors and assumptions used to develop the liability for post-retirement medical benefits. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimates of useful lives of capital assets are based on the intended use and are within accounting principles generally accepted in the United States of America. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimate of the discount rate used to value the gift annuities and beneficial interest in charitable remainder unitrusts have been estimated based on certain variables related to specific donor information. We evaluated key factors and assumptions used to develop the discount rate used to value the gift annuities and beneficial interest in charitable remainder unitrusts in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

Actual results could differ from these estimates. In accordance with accounting principles generally accepted in the United States of America, any change in these estimates is reflected in the consolidated financial statements in the year of change.

Consolidated Financial Statement Disclosures

The disclosures in the consolidated financial statements are consistent, clear, and understandable. Certain consolidated financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's consolidated financial statements were those surrounding related-party transactions, significant concentration of net patient accounts receivable, investments and fair value of investments, capital assets, employee benefit plans, post-retirement medical benefits, insurance plans, long-term debt, and commitment and contingencies.

Significant Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

The journal entries below show the passed adjustments of the financial statements. Management has determined that their effect is immaterial to the financial statements as a whole.

To correct late charges to increase net patient accounts receivables				
Dr. Net patient accounts receivable	$	3,106,827		
Cr. Net patient service revenue			$	3,106,827
	$	3,106,827	$	3,106,827

To reclass patient accounts receivable credit balances				
Dr. Net patient accounts receivable	$	2,000,000		
Cr. Net patient service revenue			$	2,000,000
	$	2,000,000	$	2,000,000

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, which could be significant to the District's consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated _____, 2017.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

San Francisco, California
_____, 2017

Communication of
Internal Control Related Matters

El Camino Healthcare District

June 30, 2017

Communication of Internal Control Related Matters

To the Board of Directors and Management
El Camino Healthcare District

In planning and performing our audit of the consolidated financial statements of El Camino Healthcare District (the "District") as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was also not designed to identify deficiencies in internal control that might be significant deficiencies. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the District's internal control to be significant deficiencies:

Observation: In connection with our testing of patient accounts receivable we noted a significant population of credit balances offsetting the ending patient accounts receivable balance which were not factored into the calculation of contractual adjustments. This resulted in an understatement of patient accounts receivable and patient service revenue.

Recommendation: We recommend management include consideration of any credit balances in establishing the overall contractual adjustments within patient accounts receivable.

Management Response: Starting July 2016, the Revenue and Reimbursement Unit routinely reviews the credit balance accounts each accounting period to identify the accounts related to potential refund or contractual adjustments except that reclassification of potential liabilities related to refund was done but not the reclassification of contractual adjustments. Going forward with fiscal year 2018, we will start making necessary reclassification of credit balance to both contractual adjustment and potential refund liability account on a quarterly basis.

Observation: During our testing procedures over patient revenues we noted charges posted in July 2017 (fiscal year 2018) that were related to services provided as of June 30, 2017.

Recommendation: The District should develop and implement a policy of reviewing charges posted after year-end for recording in the proper period or establish an accrual to estimate the late charges as of June 30, 2017.

Management Response: Starting fiscal year 2018, we will perform annual review of charges posted after year-end and accrue the charges into proper fiscal year.

The District's written response to the significant deficiencies identified in our audit was not subjected to the auditing procedures applied in the audit of the consolidated financial statement and accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the Board of Directors, management of the District, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

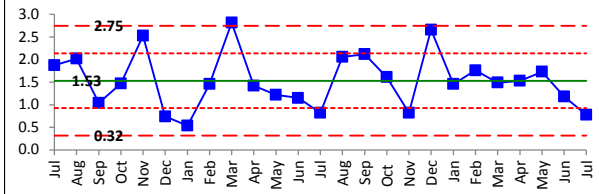
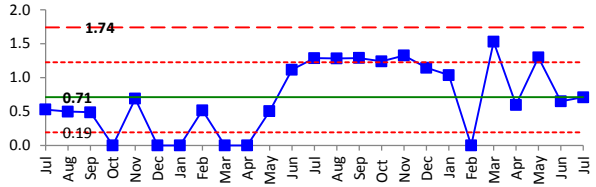
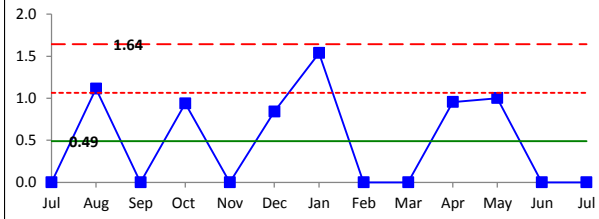
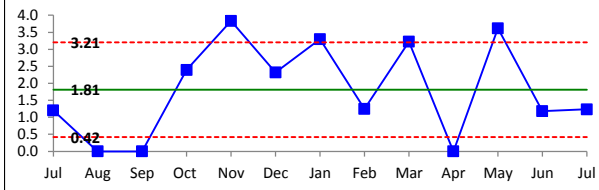
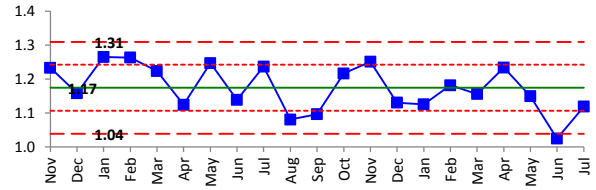
San Francisco, California
_____, 2017

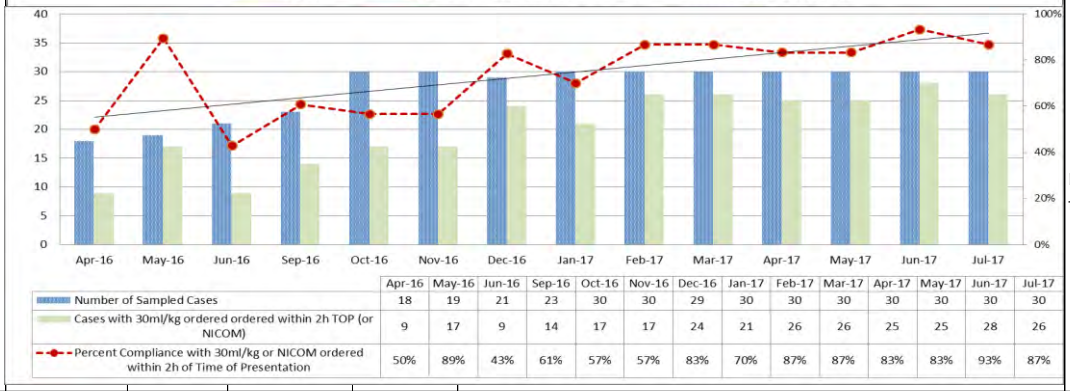
ECH BOARD MEETING AGENDA ITEM COVER SHEET

	Item:	Quality, Patient Care and Patient Experience Committee ("Quality Committee") Report El Camino Hospital Board of Directors October 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 October 2, 2017 and meets next on October 30, 2017.	
	Summary and session objectives: **Summary of October 2, 2017 Meeting:** Clinical Program Presentation: Albert Pisani, MD, Co-Medical Director for Robotic Surgery provided the Committee with an overview of the activities and accomplishments of the ECH Robotic Surgery program. Our robotic surgery program is the busiest in Northern California, with more than 6,500 cases done here yearly, yet due to our operational efficiency, we can provide robotic surgery at a lower cost than conventional surgery. Our robotic surgery patients are 33% less likely to be readmitted and 64% less likely to have a complication than those having conventional surgery for the same indication. The program's quality indicator performance is excellent. Dr. Pisani also told us about the ERAS (Early Recovery After Surgery) program, which is resulting in shorter hospital stays for post-surgical patients, based on new, evidence-based pre-operative conditioning and post-op feeding protocols. The ERAS program also decreases the use of post-operative narcotics. FY17 Quality Dashboard: Catherine Carson, RN, Senior Director, Quality Improvement and Patient Safety/Chief Quality Officer, reviewed the new quality dashboard with the committee and there are no negative trends. Our sepsis bundle performance remains strong. She also shared several new reports, as a part of our expanded quality reporting plan, including the PSI-90, which compares our performance with other facilities on hospital-acquired conditions. Culture of Safety Survey Results: William Faber, CMO, shared the safety-specific question results derived from the 2017 staff and physician combined engagement survey. Employee and physician results were tabulated separately and both aggregate scores were slightly below the national average. The safety team will use feedback from the committee members to craft plans to improve performance on specific indicators. Patient and Family Centered Care: Michelle Gabriel, Director of Performance Improvement, reported that we are interviewing several viable and highly qualified candidates for the position Manager of Patient Experience.	
	Suggested discussion questions: None.	
	Proposed Board motion, if any: None	
	Attachment: 1. FY18 Quality Dashboard	

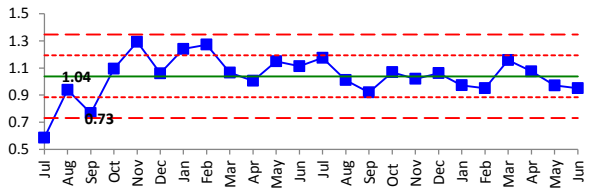
El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

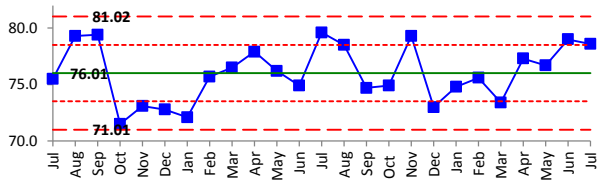
Quality and Safety Dashboard (Monthly)

Reports run: 9/20/17			Baseline	FY18 Goal	Trend	Comments
SAFETY EVENTS	**Performance**		**FY2017**	**FY2018**		
1	**Patient Falls** *Med / Surg / CC Falls / 1,000 CALNOC Pt Days* *Date Period: July 2017*	4/5101	0.78	1.49	1.39 (goal for FY 16)		These data will be shared with the Falls team, compared with CALNOC data to set another goal for FY2018. Trend of near or at goal since Jan. 2017.
2	*Organizational Goal **Hospital Acquired Infection (Infection rate)** *Catheter Associated Urinary Tract Infection (CAUTI)* *per 1,000 urinary catheter days* *Date Period: July 2017*	1/1414	0.71	1.09	MV = 10 LG=1		The Infection rate will be reported monthly for CAUTI, CLABSI, CDI and SIR (standardized infection ratio from NSHN) will be reported quarterly or q 6 months when released by NHSN. An A3 team has been intiated to address CAUTI, CDI, CLABSI infections in sub-teams meeting every other week and reporting monthly to a Steering Group. 1 CAUTI in July ICU LG.
3	*Central Line Associated Blood Stream Infection (CLABSI)* *per 1,000 central line days* *Date Period: July 2017*	0/1004	0.00	0.56	MV=4 LG=0		No ClABSI in July
4	*Clostridium Difficile Infection (CDI)* *per 1,000 patient days* *Date Period: July 2017*	1/8103	1.23	1.89	MV=22 LG=1		1 C.Diff Medical MV
Efficiency	**Performance**		**FY17**	**FY 2018**		
5	★Organizational Goal **Arthimetric Observed LOS Average/Geometric LOS Expected for Medicare Population (ALOS/Expected GMLOS)** *(Medicare definition, MS-CC, Inpatient)* *Date Period: July 2017*	4.66/ 4.16	1.11	1.16	1.11		New metric to anticipate Medicare LOS based on clinical documentation and working DRG to see expected GMLOS. Now part of daily enterprise Huddle Board.

Reports run: 9/20/17		Baseline	FY18 Goal	Trend	Comments
6	**Sepsis Core Measure** SEP-1 100% or O% *Date Period: July 2017*				SEP-1 Early Management Bundle, Severe Sepsis/Septic Shock Consista of: 1. Sepsis Tx 3-hr Window(initial lactate, antibiotic, blood cultures) 2. Sepsis Tx 6-hr window (Repeat Lactate) 3. Septic Shock Tx 3 Hr. Window (crystalloid fluids) 4. Septic Shock TX 6 Hr. Window (Septic Shock assessments)
7	**IVF Bolus Ordered within 2 Hours of TOP of Severe Sepsis or Septic Shock** (Patients lacking initial hypotension or lactate <3 excluded) *Date Period: July 2017*				ED Physicians are more consistent in ordering fluid resuscitaiton for Sepsis paitents.

	Apr-16	May-16	Jun-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
Number of Sampled Cases	18	19	21	23	30	30	29	30	30	30	30	30	30	30
Cases with 30ml/kg ordered ordered within 2h TOP (or NICOM)	9	17	9	14	17	17	24	21	26	26	25	25	28	26
Percent Compliance with 30ml/kg or NICOM ordered within 2h of Time of Presentation	50%	89%	43%	61%	57%	57%	83%	70%	87%	87%	83%	83%	93%	87%

Mortality	Performance		FY 2017	FY 2018		
8	**Mortality Rate** ***Observed/Expected*** *Date Period: June 2017*			1.02 (1.88%/ 1.83%)	0.62		The FY18 Goal is based on the Jul2016-May2017 top decile performers for mortality- do not have peer comparison through the end of FY17 in Premier yet. This rate is risk-adjusted.

SERVICE	Performance		FY 2016	FY 2018		
9	«Organizational Goal **HCAHPS Rate Hosptal 0-10 Top Box Rating 9 and 10** *Date Period: July 2017*	176/224 (preliminary not avail until 9/27)	78.6 (preliminary not avail until 9/27)	76.30			

ECH BOARD MEETING AGENDA ITEM COVER SHEET

	Item:	Governance Committee Report El Camino Hospital Board of Directors October 11, 2017
	Responsible party:	Peter C. Fung, MD, Chair, Governance Committee
	Action requested:	Possible Motion

Background:

A. <u>Proposed Revised ECH Board Member Election and Re-Election Process</u>

Each June, the El Camino Healthcare District ("ECHD") Board appoints an Ad Hoc Committee to address potential vacancies on the El Camino Hospital ("ECH") Board of Directors for the upcoming fiscal year in accordance with the attached Process. The FY18 Ad Hoc Committee is comprised of John Zoglin and David Reeder. This year, Christina Lai, ECH Governance Committee Member, serves as an advisor to the Committee.

At the request of the Ad Hoc Committee, staff brought the attached Proposed Revised Process to the Governance Committee for review. In summary, the major proposed revisions are as follows:

1. Section A(1) - Add a Hospital Director who is not a District Board member as an additional advisor to the District's Ad Hoc Committee.
2. Section A(3)(a)(i) – Includes all Hospital Directors as survey participants.
3. Section A(4)(a)(ii) – Governance Committee and Hospital Board develop revised ECH Board Member Position Description.
4. Section A(4)(b)(iv) – Addresses unexpected mid-term vacancies or addition of Board seats.
5. Sections A (5)-(7) – provides additional flexibility to recruitment timeline.

B. <u>Competency Matrix Survey and Proposed ECH Board Member Position Description</u>

In accordance with (or in furtherance of) the proposed revision to Section A1 (see above) the Ad Hoc Committee requested that all ECH Board members participate in the Competency Matrix Survey. The results are attached. Following discussion, even though some of the other survey items received lower ratings, the Governance Committee recommended the top five competency area priorities from FY17 be repeated in the ECH Board Member Position Description for FY18.

C. <u>Board and Committee Self-Assessment</u>

Each year the El Camino Hospital Board of Directors participates in a Board Self-Assessment and Board Chair Assessment, and, every other year, the Self-Assessment includes a self - assessment of the Advisory Committees. Last year, the Board conducted only the Board and Board Chair Self-Assessment, and a decision was made to delay taking action on the results until the new CEO was in place.

ECH BOARD MEETING AGENDA ITEM COVER SHEET

	1. Committee Assessment**:** The Governance Committee has the task, as one of its approved metrics this year, to assess the effectiveness of the Advisory Committee Structure that the Board expanded in 2012. The Governance Committee discussed assessing: 1) The added value of Committees, 2) Efficiency and effectiveness of the Committees, 3) Whether or not the Board utilizes the Committee recommendations and expertise of the Non-Director members, 4) How the Board might improve Committee structure/operations, and 5) Potential areas that would benefit from Committee work and deliberation not covered by the current structure (*e.g.*, strategic planning). To that end, at the request of the Governance Committee, Nygren Consulting developed the attached enhanced Committee Assessment Tool for FY18 and the Committee voted to recommend that the Board adopt it. 2. Board and Board Chair Assessment**:** The Governance Committee discussed at length the value of conducting the full Board and Board Chair assessments this year. For several reasons including the delayed action on last year's self-assessment results, the addition of two new Board members, the hiring of a new CEO, and the recent appointment of Board Chair Chen, the Committee voted to recommend that the Board conduct a limited Board and Board Chair Assessment this year with only a few open ended questions.
	Board Advisory Committees that reviewed the issue and recommendation, if any: The Governance Committee reviewed each of the above topics and made the following recommendations: A. The Board recommends to the District Board that it adopt the Proposed Revised ECH Board Member Election and Re-Election Process. B. The Board recommends to the District Board that it adopt the Proposed Revised ECH Board Member Position Description. C. The Board adopts the proposed Board, Board Chair, and Committee Assessment Tools for FY18.
	Summary and session objectives: To discuss the Governance Committee's recommendations, adopt a Board and Committee Self-Assessment Tool for FY18, and to make recommendations to the District Board regarding revising the ECH Board Member Election and Re- Election Process and Position Description.
	Suggested discussion questions: **A. Process** - Will the addition of a second advisor (a Hospital Director who is not a member of the District Board) to the District Ad Hoc Committee improve the Ad Hoc Committee's effectiveness? - If so, how? - Is the discretion to dispense with the Re-Election Report Survey given to the Ad hoc Committee in Section (A)(3)(a)(i) appropriate?

ECH BOARD MEETING AGENDA ITEM COVER SHEET

	B. Competency Matrix Survey Results and Proposed ECH Board Member Position Specification - Are last year's highest priorities still the highest priority? **C. Board and Committee Assessment** - In light of the fact that action on last year's self- assessment has been delayed, should the Board conduct a Board Self-Assessment this year? - If yes, should it be in the shortened (proposed) format? - If no, should the Board leverage last year's report and develop an action plan to enhance Board effectiveness? How? - Given that Board Chair Chen will only have been in office six months when the assessment is done, is it worthwhile to conduct a lengthy Board Chair Assessment this year? - What feedback does the Board have on the proposed Committee assessment tool?
	Proposed Board motion(s) , if any: 1. **Process**: To recommend to the El Camino Healthcare District Board of Directors that it approve the Proposed Revised El Camino Hospital Board Member Election and Re-Election Process. 2. **ECH Board Member Position Description**: To recommend to the El Camino Healthcare District Board of Directors that it approve the Proposed ECH Board Member Position Description. 3. **Board and Committee Assessment Tool**: To adopt the proposed Board and Committee Self-Assessment Tool.
	LIST OF ATTACHMENTS: 1. Proposed Revised ECH Board Member Election and Re-Election Process (redline) 2. Proposed Revised ECH Board Member Election and Re-Election Process (clean) 3. ECH Board Member Re-Election Report Survey 4. Draft ECH Board Member Position Description 5. Competency Matrix Survey Results 6. Proposed FY18 Board and Committee Assessment Tool

2500 Grant Road
Mountain View, CA 94040
Phone: 650-940-7300
www.elcaminohealthcaredistrict.org

Process for Re- Election and Election
Of Non-District Board Members
To The El Camino Hospital Board of Directors.*
Draft Revised 9/8/17

A. Timeline

1. Previous FYQ4: The District Board Chair shall appoint a District Director as Chair of an Ad Hoc Committee and the Board shall approve the appointment of one additional District Director as a member of the Committee. The Board shall also approve the appointment of up to atwo ~~member of the El Camino Hospital Governance Committee (who has been referred by the Chair of the Governance Committee) as an~~ advisors to the Ad Hoc Committee. One advisor should be a Non Hospital Director member of the El Camino Hospital Governance Committee (who has been referred by the Chair of the Governance Committee) and the other should be a Hospital Director who is not a member of the District Board (who has been referred by the Chair of the El Camino Hospital Board).
2. FYQ1 – Regular District Board Meeting:
   Prior to Meeting, District Board Chair (i) asks the El Camino Hospital Director, who is not also a member of the District Board whose term is next to expire (Non District Board Member "NDBM") to declare interest and (ii) informs the District Board of intent (via Board packet).
3. FYQ2 – Regular District Board Meeting:
   a. Prior to the Meeting~~:, District Board Members:~~
      i. District and Hospital Board Members: C~~c~~omplete the ECH Board Competency Matrix Survey ~~and~~ and, unless the Ad Hoc Committee votes not to use it in a given year, ECH Board Member Re-Election Report Survey~~s~~.
      ii. District Board Members: Review Position Specification in place at time of election to the Hospital Board and the ECH Board Member NDBM Job Description.
   b. At the Meeting: Discuss portfolio of skills needs.
4. FYQ2 – Regular District Board Meeting:
   a. Prior to the Meeting:
      i. Ad Hoc committee analyzes evaluations, (3) (a) above, interviews the NDBM, and develops recommendation regarding re-election of NDBM to the Hospital Board.
      ii. Hospital Board, on the recommendation of the Governance Committee, proposes a~~develops~~ revised ~~recommended~~ Position Description to ~~if~~ the District Board ~~requests it to do so~~.

b. At the Meeting:
    i. District Board considers re-election of NDBM.
    ii. If NDBM is re-elected, the Hospital Board shall be notified.
    iii. If NDBM is not re-elected, the District Board will authorize external recruitment of a new NDBM.
    ~~iii.~~ iv. If there are any mid-term vacancies or other open seats on the Hospital Board the District Board will authorize a timeline for recruitment to fill those seats.

5. FYQ2 or Q3 – Begin external search as authorized in Section 4(b)(iii) and (iv) if necessary.
6. FYQ2 or Q3 – Regular District Board Meeting:
    a. Ad Hoc Committee to present an interim update to the District Board.
        i. Incorporate Board feedback into further recruitment efforts.
        ii. Plan for interviews – direct staff to schedule.
7. FYQ3 or Q4 – Regular District Board Meeting:
    a. Prior to the Meeting: Ad Hoc Committee to summarize interviews for the Board packet and make a recommendation to the District Board
    b. District Board Considers AD Hoc Committee recommendation and votes to elect new NDBM(s) to the Hospital Board.
8. This process to be confirmed by the District Board annually when the process is complete.
9. The following matters are delegated to the El Camino Hospital Board Governance Committee:
    a. FYQ3 – Review and recommend changes to the survey tools identified in section 3(a)(i).
    b. FYQ3 – Review and recommend changes to this process.
    c. FYQ3 – Review and recommend changes to NDBM Position Specification and Job Description.
    d. Participate in the recruitment effort of new NDBM by referring a ~~a~~ member to advise the Ad Hoc Committee as described in #1 above.

B. General Competencies
1. Understanding of the vital role El Camino Hospital plays in the broader region.
2. Loyalty to El Camino Hospital's charitable purposes.
3. Knowledge of healthcare reform (Affordable Care Act) implications.
4. Ability to understand and monitor the following:
    a. Diverse portfolio of businesses and programs
    b. Complex partnerships with clinicians
    c. Programs to create a continuum of care
    d. Investment in technology
    e. Assumption of risk for population health
    f. Resource allocation
    g. Quality metrics
5. Commitment to continuing learning.
6. Demonstrated strategic thinking.
7. Efforts to recruit potential Advisory Committee members.

8. Understanding and support of the role the District Board plays in Governance of the 501(c)(3) corporation.

C. Portfolio Skill Set
   1. Complementary to skill sets of other Board members (gap-filling).
   2. Applicable to the then current market. (See, Competency Matrix)

D. Other Criteria
   1. Positive working relationship with other Board members.
   2. Productive working relationship with the El Camino Hospital CEO.
   3. Attendance at Board and Committee meetings.
   4. See, Competency Matrix.

**Approved 12/9/2014; revised 3/17/2015; revised 6/14/2016; revised 1/25/2017.*

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   a. Prior to the Meeting:
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   a. Prior to the Meeting:
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      ii. Hospital Board, on the recommendation of the Governance Committee proposes a revised Position Description to the District Board.
   b. At the Meeting:
      i. District Board considers re-election of NDBM.
      ii. If NDBM is re-elected, the Hospital Board shall be notified.

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**Approved 12/9/2014; revised 3/17/2015; revised 6/14/2016; revised 1/25/2017.*

NYGREN CONSULTING

Creating High-Performing Boards

El Camino Healthcare District

El Camino Hospital Board Member Evaluation (Re-Election Report Survey)

Prepared for: El Camino Healthcare District

March 2014

This peer assessment tool is prepared for members of the El Camino Healthcare District for use in the Evaluation of members of the El Camino Hospital Board of Directors. This tool can also be used for self-assessment to compare self-ratings with the average of peer ratings.

Board Member Peer Review

	Strongly Disagree	Disagree	Neither Agree/ Disagree	Agree	Strongly Agree	Not at all/Unable to Judge
Fiduciary and Strategic Oversight						
1. Demonstrates an understanding of fiduciary responsibility and stewardship of ECH's resources.	1	2	3	4	5	N/A
2. Demonstrates loyalty to ECH's charitable purposes.	1	2	3	4	5	N/A
3. Demonstrates an understanding of how ECH's strategic direction compliments the vital role ECH plays in the broader region.	1	2	3	4	5	N/A
4. Offers insights that reflect strategic thinking about the future of the institution.	1	2	3	4	5	N/A
5. Understands the board's role in governance and does not inappropriately intervene in areas delegated to management.	1	2	3	4	5	N/A
Knowledge and Expertise						
6. Brings skills and knowledge that distinctly adds value to the overall competency of the board.	1	2	3	4	5	N/A
7. Demonstrates sufficient knowledge of healthcare reform implications to govern effectively.	1	2	3	4	5	N/A
8. Seeks the appropriate level of information from staff to govern effectively.	1	2	3	4	5	N/A
9. Demonstrates a clear understanding of the role the District Board plays in governance of the 501(c)(3) corporation.	1	2	3	4	5	N/A
10. Is supportive of the role the District Board plays in governing ECH.	1	2	3	4	5	N/A

	Strongly Disagree	Disagree	Neither Agree/ Disagree	Agree	Strongly Agree	Not at all/Unable to Judge
11. Demonstrates ability to understand and oversee the following:						
a. Diverse portfolio of businesses and programs	1	2	3	4	5	N/A
b. Complex partnerships with clinicians	1	2	3	4	5	N/A
c. Programs to create a continuum of care	1	2	3	4	5	N/A
d. Investment in technology	1	2	3	4	5	N/A
e. Assumption of risk for population health	1	2	3	4	5	N/A
f. Resource allocation	1	2	3	4	5	N/A
g. Quality metrics	1	2	3	4	5	N/A
Interpersonal and Communication						
12. Treats others in a respectful manner.	1	2	3	4	5	N/A
13. Creates a blameless culture by giving others the benefit of the doubt; assumes good intent of others before making judgment.	1	2	3	4	5	N/A
14. Takes responsibility for his/her actions; is able to admit mistakes.	1	2	3	4	5	N/A
15. Communicates effectively during meetings.	1	2	3	4	5	N/A
16. Operates in an open and transparent manner.	1	2	3	4	5	N/A
17. Behaves in a manner that models the highest standard of ethics and integrity.	1	2	3	4	5	N/A
18. Possesses self-awareness of his/her strengths and limitations.	1	2	3	4	5	N/A
19. Is able to modify behavior with feedback given by other.	1	2	3	4	5	N/A
Relationships						
20. Has a positive working relationship with fellow board members.	1	2	3	4	5	N/A
21. Has a positive working relationship with the ECH CEO.	1	2	3	4	5	N/A
22. Has a positive working relationship with the management team.	1	2	3	4	5	N/A
23. Is able to foster relationships with others even when styles or personalities may differ.	1	2	3	4	5	N/A
Participation						
24. Comes prepared to meetings.	1	2	3	4	5	N/A

	Strongly Disagree	Disagree	Neither Agree/ Disagree	Agree	Strongly Agree	Not at all/Unable to Judge
25. Participates effectively in board meetings; speaks up and actively listens.	1	2	3	4	5	N/A
26. Participates effectively in committees.	1	2	3	4	5	N/A
27. Adds value in comments to the board.	1	2	3	4	5	N/A
28. Makes an effort to recruit potential Advisory Committee members.	1	2	3	4	5	N/A
29. Demonstrates a commitment to continuous learning.	1	2	3	4	5	N/A
30. Advocates on behalf of ECH.	1	2	3	4	5	N/A
Decision Making						
31. Demonstrates clear, logical thinking when deliberating an issue.	1	2	3	4	5	N/A
32. Demonstrates an ability to identify the costs, benefits, and consequences of Board decisions.	1	2	3	4	5	N/A
33. Weighs all sides of the issue before reaching a conclusion.	1	2	3	4	5	N/A
34. Supports the board once a decision has been made.	1	2	3	4	5	N/A
35. Appropriately questions data and information presented to the Board for its deliberations.	1	2	3	4	5	N/A

1. What do you believe are this Director's greatest strengths?

2. What are his/her areas for development?

If you marked a 1 or 2 on any of the items above, please provide an explanation.

DRAFT

POSITION SPECIFICATION
El Camino Hospital
Revised September 13, 2017

TITLE: Board Member

LOCATION: Mountain View, California

THE CURRENT BOARD

The El Camino Hospital Board is currently comprised of the five members of the El Camino Healthcare District Board, along with Jeffrey Davis, MD, Lanhee Chen, JD, PhD, and Bob Rebitzer. The three members of the ECH Board who are not District Board members now serve a maximum of 4 staggered 3-year terms. Director Davis is serving his third term and Director Rebitzer is serving his first term. Director Chen, the current Board Chair, is serving his first term which expires on June 30, 2018. There are two new (added in May 2017) open seats on the Board.

POSITION

BACKGROUND:

With the significant and continuing, large scale changes occurring in the healthcare environment, the District Board has determined that it will seek Hospital Director Candidates who will add to the thoughtful deliberations and guidance from the Board, regarding the Hospital's strategic priorities and who possess competencies in the following areas:

1. Complex Market Partnerships
2. Long-Range Strategic Planning
3. Healthcare Insurance/Payor
4. Finance/Entrepreneurship
5. Clinical Integration/Continuum of Care

QUALIFICATIONS:

To fill this role, El Camino is seeking a senior operating executive, consultant or academic leader who will reference as a leader in strategic dialogues. Since El Camino has relationships with most organizations of this type within Silicon Valley it will be important that conflicts are avoided. A recently retired, active executive might also be appropriate, as would consultants and advisors to this community.

SPECIFIC REQUIREMENTS:

- Physically attend at least two-thirds of all meetings.

  Meetings are defined as Hospital Board meetings and Standing Committee meeting(s) to which the Board member has been appointed. Attendance guidelines will be considered met if the Board member physically attends two-thirds of all Hospital Board meetings **and** two-thirds of the meetings of each Standing Board Advisory Committee to which the member is appointed

- Serve on at least two Standing Board Advisory Committees (credit will be given for assignment to other Board obligations, including but not limited to the El Camino Hospital Foundation Board, Chair of the Board, Ad Hoc Committees and the Community Benefit Advisory Council).
- Offer to Chair at least one of the Standing Board Advisory Committees.
- Give notice (in accordance with policy) for inability to attend a meeting in-person or via teleconference, except in the case of emergency, to the Director of Governance Services at least five business days prior to a meeting.
- Agree to abide by the "El Camino Hospital Board Management Compact" (dated December, 2012).

BOARD MEETINGS

The El Camino Hospital Board presently meets monthly, excluding July and December typically at 5:30pm on the second Wednesday of each month. In addition, two Joint Board and Committee evening educational sessions and one full day retreat are held each year.

COMMITTEE MEETINGS

Meetings are held on weekday evenings beginning between 4 and 5:30 pm and last approximately 1.5 to 2 hours.

Investment: 4x/year
Quality, Patient Care and Patient Experience: 10x/year
Finance: 6x/year
Governance: 4-6x/year
Executive Compensation: 4-6x/year
Corporate Compliance/Privacy and Internal Audit: 6x/year

COMPENSATION

Board members are eligible for compensation in the amount of $200 per Board meeting, $100 per Committee meeting, and $100 per Committee Prep meeting attended, up to 7 meetings per month. The Board Chair receives an annual $12,000 stipend, payable quarterly.

NYGREN CONSULTING
GOVERNANCE STRATEGY LEADERSHIP

El Camino Hospital

2017 Hospital Board Competency Matrix

Submitted on: September 25, 2017
Prepared for: Governance Committee
Prepared by: JoAnn McNutt, PhD

ECH Hospital Board Competency Matrix

Ratings from All ECH Directors

- 4.00 and Above
- Between 3.00 and 3.99
- Below 3.00

Collective Competencies										Universal Attributes		
Complex Market Partnerships	Long-range Strategic Planning	Health Care Insurance Payor	Finance/ Entrepren-eurship	Clinical Integration/ Continuum of Care	Healthcare Reform	Oversight of Diverse Business Portfolio	Complex Partnerships w/ Clinicians	Experience in More Than One Area of the Continuum of Care	Patient Care Quality and Safety Metrics	Analytical Thinker	Collaborative	Community Oriented
4.50	4.50	4.50	3.63	4.50	4.63	4.00	4.25	4.50	4.50	4.75	4.25	4.43
3.88	4.00	4.00	3.50	3.88	4.00	3.63	3.75	4.13	4.38	4.20	4.00	4.20
3.63	3.88	3.75	3.38	3.88	4.00	3.63	3.75	3.88	3.88	4.00	4.00	4.00
3.50	3.75	3.63	3.25	3.38	3.38	3.38	3.13	3.50	3.50	4.00	3.83	3.88
3.13	3.38	3.13	3.00	3.13	3.00	3.38	3.13	3.38	3.38	3.63	3.50	3.88
3.00	3.00	2.75	2.83	2.88	2.63	3.17	3.00	3.25	3.13	3.50	3.50	3.75
2.75	3.00	2.50	2.75	2.50	2.17	2.63	3.00	2.50	2.67	3.00	3.25	3.50
2.00	2.50	1.88	2.00	2.13	2.00	2.14	1.71	1.86	2.00	1.71	2.57	3.50
3.30	**3.50**	**3.27**	**3.04**	**3.28**	**3.22**	**3.24**	**3.21**	**3.37**	**3.43**	**3.60**	**3.61**	**3.89**
Overall = 3.29										**Overall = 3.70**		

Note

- N=8 (5 District Directors and 3 Hospital Board Members)
- Self-ratings are not included in the average scores above.

Year-Over-Year Comparison

- Last year's scores:
  - With Neal Cohen, MD: Collective Competencies was 3.46 and Universal Attributes was 3.82
  - Without Neal Cohen, MD: Collective Competencies was 3.33 and Universal Attributes was 3.78

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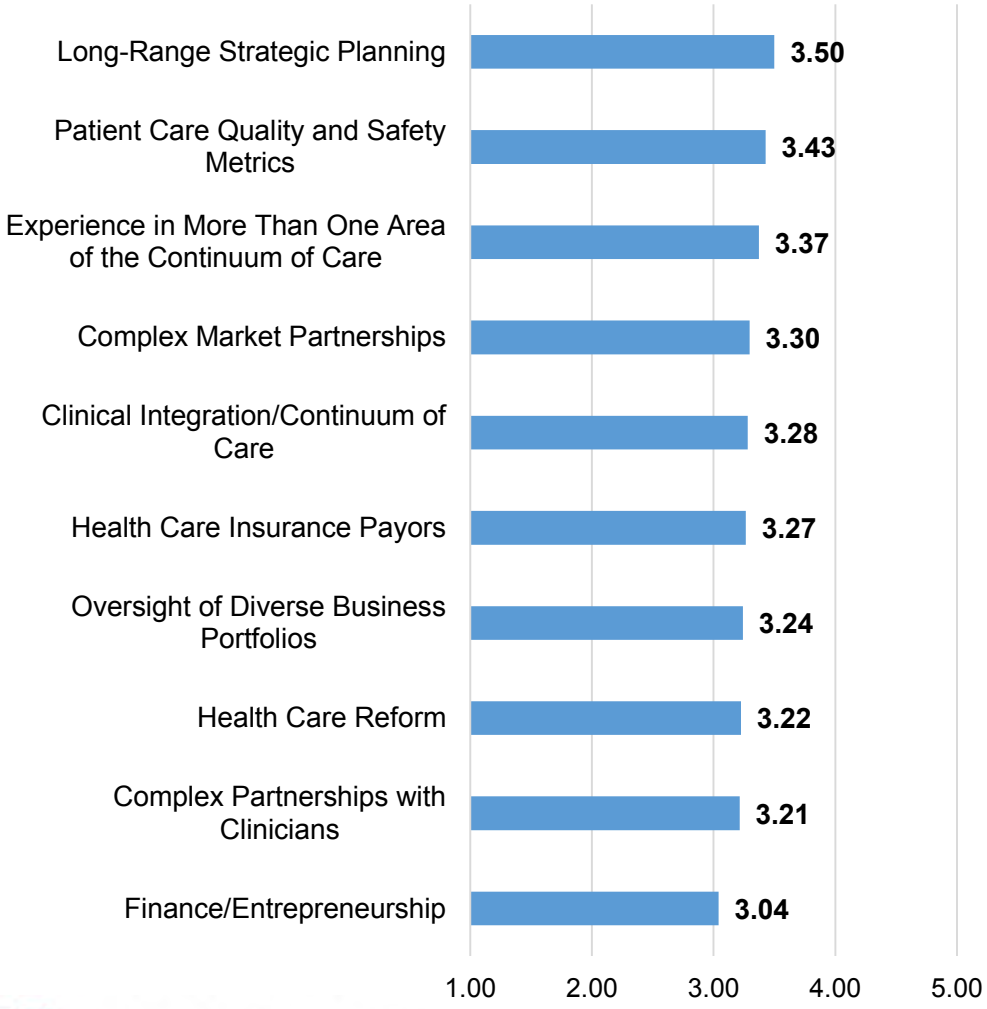
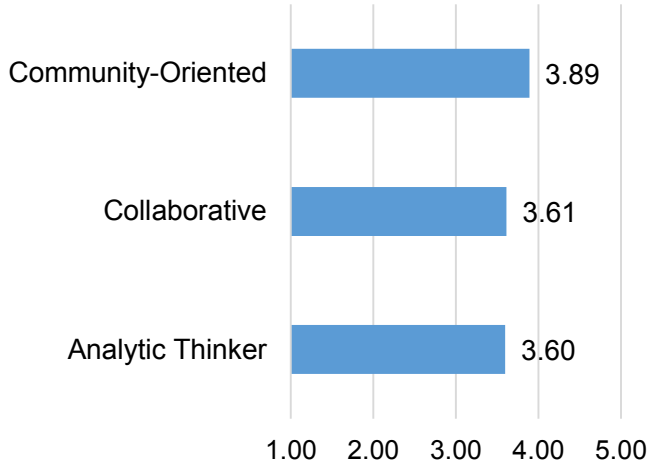
GOVERNANCE STRATEGY LEADERSHIP

Aggregate Results (Sorted High to Low)

Collective Competencies



Universal Attributes



District Board Results

- The results in this section represent the opinions of the District Directors. Ratings from Robert Rebitzer, Jeffrey Davis and Lanhee Chen are not included.
- Self-Ratings are not included

ECH Hospital Board Competency Matrix

Ratings from only the District Board

- 4.00 and Above
- Between 3.00 and 3.99
- Below 3.00

Collective Competencies										Universal Attributes		
Complex Market Partnerships	Long-range Strategic Planning	Health Care Insurance Payor	Finance/ Entrepren-eurship	Clinical Integration/ Continuum of Care	Healthcare Reform	Oversight of Diverse Business Portfolio	Complex Partnerships w/ Clinicians	Experience in More Than One Area of the Continuum of Care	Patient Care Quality and Safety Metrics	Analytical Thinker	Collaborative	Community Oriented
4.60	4.40	4.40	3.50	4.40	4.40	4.20	4.00	4.40	4.60	4.80	3.80	4.50
3.60	3.80	3.80	3.40	4.25	4.20	3.60	3.80	4.20	4.50	4.00	3.80	4.00
3.40	3.80	3.75	3.20	3.80	4.00	3.40	3.75	4.00	3.50	4.00	3.75	3.60
3.25	3.25	3.50	3.20	3.25	3.75	3.25	3.20	3.40	3.50	4.00	3.60	3.60
2.75	2.75	3.40	3.00	2.80	3.25	3.00	3.00	3.25	3.40	3.50	3.50	3.50
2.75	2.75	2.25	2.75	2.25	2.25	3.00	2.75	2.75	3.40	3.25	3.00	3.50
2.75	2.50	2.25	2.50	2.00	2.00	2.75	2.50	2.00	2.25	3.00	2.75	3.40
1.75	2.25	1.75	1.75	2.00	2.00	1.75	1.75	2.00	2.00	2.00	2.75	3.00
3.11	**3.19**	**3.14**	**2.91**	**3.09**	**3.23**	**3.12**	**3.09**	**3.25**	**3.39**	**3.57**	**3.37**	**3.64**
Overall = 3.15										**Overall = 3.53**		

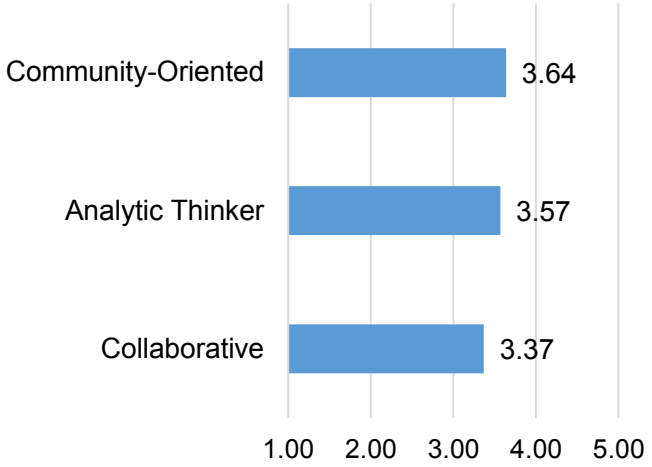
Note

- N=5 District Directors
- Self-ratings are not included in the average scores above.

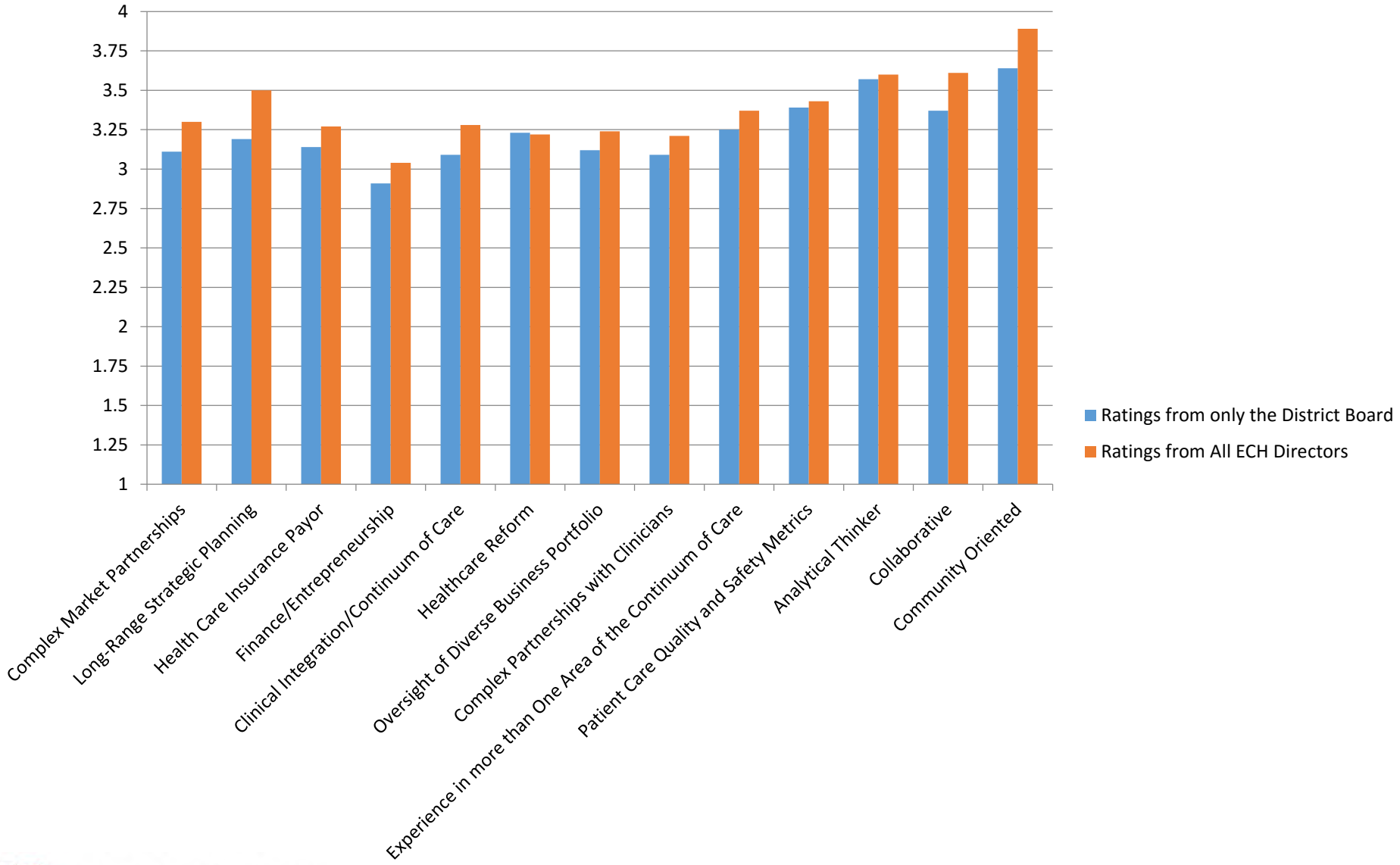
Aggregate Results (Sorted High to Low)

Collective Competencies

Universal Attributes



Side-by-Side Comparison



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PROPOSED Board and Committee Assessment Tool FY2018

El Camino Hospital

Submitted on: October 11, 2017
Prepared for: El Camino Hospital Board of Directors
Prepared by: David Nygren, PhD, and JoAnn McNutt, PhD

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 Brief Questionnaire.** This will be completed by the Hospital Board of Directors, the Executive Leadership Team and Chiefs of Staff.
- **Committee Assessments (x6).** This will be completed by Hospital Board of Directors, the members of each committee, and management that serves as staff to each committee.

Board Assessment – modified assessment (only four open questions)

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

1. As you reflect on the past fiscal year, what has the board done well?
2. What could we have done better as a board? What are the lessons learned, if any?
3. In what ways can we further improve our governance practices and principles?
4. What advice do you have for the board chair?

Committee Performance

A. Evaluating the Overall Effectiveness of the Committee Structure – New Section

This section is to be completed by the Hospital Board of Directors and non-director committee members.

Open-Ended Questions
1. What are the strengths of ECH's committee structure overall?
2. What are your recommendations for how the committees can strengthen their efficiency and effectiveness? Please be as specific as possible. (Consider committee structure, composition, meeting agendas, quality and timing of materials received from staff, quality of recommendations given to the board, annual committee goals, and any other relevant areas.)
3. How effectively does the board take into consideration committee recommendations and the expertise of the non-director members?
4. Are there areas that would benefit from committee work and deliberation not covered by the current structure (e.g., strategic planning)?
5. Do you benefit from the work of committees that you do not sit on?

6. In what ways would cross-committee collaboration enhance your committee's work?
7. For long-term board members: a. Have dynamics changed since the committee expansion? b. Have the committees been meeting their intended purpose? c. Have the community members added distinct value to the committee in terms of discussion, debate, recommendations reached, etc.?

B. Committee Evaluation

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

5-point agreement scale	Corporate Compliance, Privacy, and Audit Committee	Executive Compensation Committee	Finance Committee	Governance Committee	Investment Committee	Quality, Patient Care and Patient Experience Committee
This committee does an effective job of providing clear direction within its scope of responsibilities.						
This committee provides the board with key strategic issues and information for discussion and decision-making.						
This committee chair ensures the board stays adequately apprised of the work accomplished in the committee.						
Overall, this committee provides effective oversight of their functional area.						

C. Committee Self-Evaluation

In this section, individuals will evaluate only the committee(s) on which he/she serves.

Core items for all committees:

1. The committee chair provides effective leadership for this committee.
2. The committee leadership effectively recruits top talent.
3. The committee leadership effectively retains committee members.
4. The committee meets often enough to effectively carry out its duties.
5. Committee members understand the hospital well enough to add value.
6. The committee's meeting agendas focus on the right strategic topics.
7. The committee effectively leverages staff support to get the information it needs in a timely manner.
8. The committee has the resources needed to fulfill its purpose.
9. The committee has a healthy, professional group dynamic that is characterized by active engagement and open discussion.
10. The committee ensures that non value-added work is actively identified and eliminated.
11. The committee's decisions are aligned with board goals and organizational strategy.
12. The committee efficiently reaches consensus on its decisions or recommendations to the board.
13. Open-Ended Question: In what ways can this committee improve its overall performance or working relationship with: ▪ The board? ▪ Other committees? ▪ Support functions?
14. Open-Ended Question: Is the committee receiving the right information from management? If not, how can management improve?
15. Open-Ended Question: Are there any other resources the committee needs to complete its duties?

Committee-specific items:

Quality, Patient Care and Patient Experience Committee
1. The committee effectively oversees management's development of the hospital's goals encompassing the measurement and improvement of quality, patient safety, patient experience, risk and clinical resource utilization.
2. The committee effectively oversees management's development of a multi-year strategic quality plan to benchmark progress using a dashboard.
3. The committee effectively monitors and oversees the quality of patient care and service provided.
4. The committee effectively monitors compliance with accreditation and licensing requirements.
5. The committee effectively reviews sentinel events and the corresponding root cause analyses.
Executive Compensation Committee
1. The committee develops and maintains an executive compensation philosophy that clearly explains the guiding principles on which executive pay decisions are based.
2. The committee develops and maintains executive compensation policies in line with the board-approved executive compensation philosophy.
3. The committee reviews and maintains an executive compensation and benefit program consistent with the board-approved executive compensation policies.
4. The committee oversees the CEO's performance evaluation to inform his/her compensation.
5. The committee effectively reviews and provides input on the CEO's personal succession and development plan.
6. The committee effectively reviews and provides input on the CEO's succession and development plan for senior executives.
Finance Committee
1. The committee effectively advises management regarding what steps it should take to ensure that the hospital remains financially strong.
2. The committee effectively advises management on how to improve its financial reporting in order to ensure accountability and ease of reading/understanding.
3. The committee effectively reviews and provides input on management's assessment of expected results/benefits as well as potential risks related to payer contracts.
4. The committee effectively reviews and makes recommendations to the board regarding all new debt and derivatives.

5. The committee effectively reviews the business plans of all major budgeted capital items to make informed recommendations to the board.
Investment Committee
1. The committee effectively reviews and recommends for approval by the board the investment policies for corporate assets and pension assets.
2. The committee effectively monitors the performance of the investment managers through reports from the independent investment advisor.
3. The committee effectively reviews and makes recommendations to the Finance Committee and the board regarding the selection of an independent investment advisor.
4. The committee consistently seeks input from the Finance Committee.
5. The committee exercises due diligence before recommendations are made to the board.
6. The committee operates on an appropriate level of risk that is beneficial to ECH in the long run.
Governance Committee
1. The committee recommends effective policies, budgets and annual plans for board and committee member orientation, education, training and development.
2. The committee recommends useful updates to hospital board governance policies where necessary and as required by legal and regulatory agencies.
3. The committee effectively oversees and facilitates board evaluations.
4. The committee effectively oversees and facilitates the nomination and selection of board and committee members.
5. The committee effectively facilitates the development and synthesis of annual board and committee goals.
6. The committee effectively monitors board effectiveness and recommends improvements to the board and committees.
Corporate Compliance, Privacy, and Audit Committee
1. The committee effectively oversees and recommends changes to the corporate compliance program.
2. The committee actively encourages continuous improvement of policies and procedures for corporate accountability, integrity, and privacy.
3. The committee effectively oversees and facilitates the work of internal audit, corporate compliance, and patient privacy.

4. The committee serves as an effective escalation and risk mitigation vehicle to identify and address relevant issues from any source.
5. The committee effectively oversees and makes recommendations on the selection and work of the external auditor.
6. The committee effectively assists management in working with the external auditor to resolve any issues brought forth.

Minutes of the Open Session of the
El Camino Hospital Board of Directors
Wednesday, September 13, 2017
2500 Grant Road, Mountain View, CA 94040
Conference Rooms A&B (ground floor)

Board Members Present	Board Members Absent	Members Excused
Jeffrey Davis, MD (via teleconference)	**Lanhee Chen**, Chair	None
Neysa Fligor		
Peter Fung, MD		
Julia Miller		
Robert Rebitzer		
David Reeder		
John Zoglin, Vice Chair		

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Board of Directors of El Camino Hospital (the "Board") was called to order at 5:30pm by Vice Chair Zoglin. A verbal roll call was taken. Director Davis participated via teleconference and Director Chen was absent. Director Fung arrived at 5:32pm during Agenda Item 2: Potential Conflict of Interest Disclosures. All other Board members were present.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Director Zoglin asked if any Board members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
3. BOARD RECOGNITION	**Motion:** To approve *Resolution 2017-10*. **Movant:** Miller **Second:** Fung **Ayes:** Davis, Fligor, Fung, Miller, Rebitzer, Reeder, Zoglin **Noes:** None **Abstentions:** None **Absent:** Chen **Recused:** None Iftikhar Hussain, CFO, recognized the Financial Services and Marketing & Communications team for their work on the Online Price Estimator Tool to improve price transparency.	***Resolution 2017-10 approved***
4. QUALITY COMMITTEE REPORT	Director Reeder, Chair of the Quality Committee, reported that the Committee received a presentation from Carol Kemper, MD about the ECH Infection Prevention program. Director Reeder explained that there were no outliers on the quality dashboard; the FY18 dashboard will no longer include surgical site infections, but will include central line and catheter infections and C. diff. He highlighted the Committee's HCAHPS discussion and explained that areas of improvement include quietness in the Hospital and ED scores. Director Reeder noted that, after reviewing the strategic framework, the Committee suggested that quality and safety be emphasized more in the final strategic plan. The Committee received the Annual Patient Safety Report and discussed the declining trend in QRRs, which could be due to performance improvement projects or a reluctant reporting culture. Chair Zoglin commented that when the Compliance Committee reviewed the report, they	

	suggested reviewing reporting by campus.	
5. INVESTMENT REPORT	Director Davis, Chair of the Investment Committee, highlighted the investment strategy educational session and the exceptional FY17 investment results as further detailed in the packet. Chair Zoglin noted that the Committee will conduct a 5-year review of investment performance under the current strategy and advisor at its upcoming February meeting. In response to Ms. Fligor's question, Mr. Hussain explained that the ERM framework and asset allocation will be reviewed once per year. In response to Director Fung's question, Mr. Hussain described the education session for the Committee on hedge funds at its August meeting. **Motion:** To approve the proposed revised FY18 Investment Committee goals. **Movant:** Fung **Second:** Reeder **Ayes:** Davis, Fligor, Fung, Miller, Rebitzer, Reeder, Zoglin **Noes:** None **Abstentions:** None **Absent:** Chen **Recused:** None	***FY18 Investment Committee goals approved***
6. ORGANIZATIONAL GOALS	Mick Zdeblick, COO, Iftikhar Hussain, CFO, and Cheryl Reinking, RN, CNO, presented the FY17 highlights of initiatives around each organizational goal, including: - **Budgeted Operating Margin**: Operating margin was $47 million ahead of plan, mainly driven by revenues (well-managed expenses, 3.5% volume growth, better denials and charge capture). The numbers have been validated by the financial audit. Unusual items included IGT payments. - **Pain Reassessment and Pain Management**: Key initiatives included weekly meetings, new documentation tools and reporting in iCare, individual coaching, public recognition of reassessment compliance, and developing patient education. In response to questions from the Board, Ms. Reinking described pain reassessment for pediatric patients and written surveys used by ECH's vendor, Press Ganey. - **Length of Stay and Readmissions**: Key initiatives included rounds with utilization physician, growing the palliative team (including hiring a Medical Director and new nurse manager), discharge checklists for certain conditions, and follow-up appointment scheduling. In response to questions from the Board, Ms. Reinking described the development of the telemedicine pilot and the penalties by condition from CMS. - **Smart Growth**: Year-over-year growth was positive, but did not meet budget. Mr. Zdeblick noted the shift between inpatient and outpatient services. Mr. Zdeblick reviewed the scoring on the FY17 goals, prorating for partial achievement, for a total of 80.7%. **Motion:** To approve the FY17 Organizational Goal score of 80.7%, pending Board approval of the annual financial audit. **Movant:** Reeder	***FY17 Organizational Goal Score approved***

	Second: Fung **Ayes:** Davis, Fligor, Fung, Miller, Rebitzer, Reeder, Zoglin **Noes:** None **Abstentions:** None **Absent:** Chen **Recused:** None Mr. Zdeblick also provided an update on the FY18 Organizational Goals as of July. Three goals are currently on track, and preliminary data regarding standardized infection rates will be available next month. In response to Director Reeder's concerns about lack of a specific efficiency goal, Mr. Zdeblick noted that some of the organizational goals capture operational efficiency (financial performance and productivity are needed to achieve 95% of the budget; length of stay work). Director Reeder commented that there should also be a plan to address Medicare loss. Director Zoglin requested that Dan Woods, CEO, review the FY18 organizational goals and let the Board know if he thought any changes are warranted. In response to Director Miller's question, Mr. Zdeblick described how staffing is variable based on volume.	***Dan Woods to provide feedback on organizational goals***
7. MV SITE MAJOR CONSTRUCTION STATUS UPDATE AND PROPOSED REVISED BUDGET	Ken King, CASO, provided an overview of the major capital projects in the construction phase on the MV campus. He described the additional funding needs for the Behavioral Health Services building ($4.6 million) and Integrated Medical Office Building ($27.1 million); current forecasting indicates that the projects will exceed the budgets established at the August 2016 Board meeting by $31 million (for a total of 108% of the budget). Mr. King reported that Guaranteed Maximum Price (GMP) agreements with contractors on both the BHS and IMOB projects are being finalized. He also explained that lengthy multi-jurisdictional agency reviews (OSHPD and City of Mountain View) impacted construction; including: - Coordination and resolution of different interpretations of permit requirements, some requiring foundation and structural system changes late in the process - Labor cost increases due to the delayed resolution of agency reviews (must be permitted to proceed) - Additional testing and inspection requirements - Increased soft costs (administration and project management) - Increased allowances for trade work He explained that GMP proposals have been negotiated to maintain contingency in the overall BHS project. He noted that this funding request will not increase the FY18 Capital Facilities Project Budget; the funds will be offset by deferring other budgeted projects until a future year. In response to Director Fung's question, Mr. King commented that he is confident that there will be no further budget increases needed through the completion of these projects. He noted that the major construction efforts could not start until everything was permitted and priced, and that the longer we wait to start, the more expensive it will be. Director Miller expressed concerns about the increase in costs and requests for additional funding. She commented that these buildings should be the	***BHS ($4.6 million) and IMOB ($27.1 million) Capital Project budgets approved***

	safest and most efficient they can be. The Board discussed the factors out of ECH's control that affect construction timelines and costs. In response to Director Rebitzer's question, Mr. King explained that GMP agreements are not finalized, as they require the requested additional funding to proceed as written. Director Fligor left the meeting at 6:40pm. **Motion:** To approve the increase in the BHS Capital Project Budget not to exceed $4.6 million and IMOB Capital Project Budget not to exceed $27.1 million. **Movant:** Reeder **Second:** Rebitzer **Ayes:** Davis, Fung, Miller, Rebitzer, Reeder, Zoglin **Noes:** None **Abstentions:** None **Absent:** Fligor, Chen **Recused:** None	
8. PUBLIC COMMUNICATION	Director Reeder congratulated the ECH Foundation on the completion of their 3-year strategic fundraising plan.	
9. ADJOURN TO CLOSED SESSION	**Motion:** To adjourn to closed session at 6:54 pm pursuant to *Gov't Code Section 54957.2* for approval of the Minutes of the Closed Session of the Hospital Board Meeting (August 9, 2017); pursuant to *Health and Safety Code* 32155 for deliberations concerning reports on Medical Staff quality assurance matters: FY17 Annual Patient Safety Report; pursuant to *Health and Safety Code* 32155 for deliberations concerning reports on Medical Staff quality assurance matters: Medical Staff Report; pursuant to *Health and Safety Code* 32155 for deliberations concerning reports on Medical Staff quality assurance matters: Organizational Clinical Risks; pursuant to *Health and Safety Code 32106(b)* for a report involving health care facility trade secrets: Strategic Planning Update; pursuant to *Gov't Code Section 54957*and *54957.6* for discussion and report on personnel performance matters and *Health and Safety Code 32106(b)* for a report involving health care facility trade secrets: Informational Items; pursuant to *Gov't Code Section 54957* for discussion and report on personnel performance matters: Executive Session. **Movant:** Miller **Second:** Reeder **Ayes:** Davis, Fung, Miller, Rebitzer, Reeder, Zoglin **Noes:** None **Abstentions:** None **Absent:** Fligor, Chen **Recused:** None	***Adjourned to closed session at 6:54 pm.***
10. AGENDA ITEM 18: RECONVENE OPEN SESSION/ REPORT OUT	Open session was reconvened at 8:20pm. Agenda items 10-17 were addressed in closed session. During the closed session, the Board approved the Minutes of the Closed Session of the Hospital Board Meeting (August 9, 2017), the FY17 Annual Patient Safety Report, and the Medical Staff Report by a unanimous vote in favor of all members present (Directors Davis, Fung, Miller, Rebitzer, Reeder, and Zoglin). Directors Chen and Fligor were absent.	

11. AGENDA ITEM 19: CONSENT CALENDAR	Vice Chair Zoglin asked if any member of the Board or the public wished to remove an item from the consent calendar. Director Reeder requested that Agenda Item 19b: Revised FY18 Advisory Committee Assignments be pulled for discussion. **Motion:** To approve the consent calendar: Minutes of the Open Session of the Hospital Board Meeting (August 9, 2017); Physician Recruitment Program Policy; and the Medical Staff Report; for information, the ECHD Ad Hoc Committee Report (minus Item 19b). **Movant:** Miller **Second:** Fung **Ayes:** Fung, Miller, Rebitzer, Reeder, Zoglin **Noes:** None **Abstentions:** None **Absent:** Chen, Davis, Fligor **Recused:** None Director Reeder noted that Dr. Robert Pinsker has resigned from the Quality Committee and Ms. Ina Bauman has been appointed to the Committee. **Motion:** To approve Item 19b, the Revised FY18 Advisory Committee Assignments, with the recent amendments to the Quality Committee memberships as noted. **Movant:** Reeder **Second:** Miller **Ayes:** Fung, Miller, Rebitzer, Reeder, Zoglin **Noes:** None **Abstentions:** None **Absent:** Chen, Davis, Fligor **Recused:** None	***Consent calendar approved***
12. AGENDA ITEM 20: INFORMATIONAL ITEMS	Dan Woods, CEO, noted that the ECH Auxiliary provided 7,000 volunteer hours this month and highlighted the Foundation staff's achievement of their 3-year strategic plan.	
13. AGENDA ITEM 21: BOARD COMMENTS	There were no questions or comments from the Board.	
14. AGENDA ITEM 22: ADJOURNMENT	**Motion**: To adjourn at 8:24pm. **Movant:** Fung **Second:** Miller **Ayes:** Fung, Miller, Rebitzer, Reeder, Zoglin **Noes:** None **Abstentions:** None **Absent:** Chen, Davis, Fligor **Recused:** None	***Meeting adjourned at 8:24 pm.***

Attest as to the approval of the foregoing minutes by the Board of Directors of El Camino Hospital:

_____
Lanhee Chen
Chair, ECH Board of Directors

_____
Julia Miller
Secretary, ECH Board of Directors

Prepared by: Cindy Murphy, Director of Governance Services
Sarah Rosenberg, Contracts & Board Services Coordinator

ECH BOARD MEETING AGENDA ITEM COVER SHEET

	Item:	Appointment of Chair of the Corporate Compliance/Privacy and Internal Audit Committee Chairperson El Camino Hospital Board of Directors October 11, 2017
	Responsible party:	Lanhee Chen, Board Chair
	Action requested:	Possible Motion
	Background: Director Zoglin has stepped down as Chair of the Corporate Compliance/Privacy and Internal Audit Committee based on the advice of legal counsel to ensure that the consolidated audit review conducted by the El Camino Hospital Corporate Compliance/Privacy and Internal Audit Committee on behalf of El Camino Hospital Foundation meets applicable statutory requirements.. Non-Director Committee Member Sharon Anolik Shakked has indicated interest and availability, and I recommend the Board appoint her to serve as Chair of the Committee for the remainder of FY18.	
	Board Advisory Committees that reviewed the issue and recommendation, if any: None.	
	Summary and session objectives: To appoint a new Chair of the Corporate Compliance/Privacy and Internal Audit Committee for the remainder of FY18.	
	Suggested discussion questions: None. This is a consent item.	
	Proposed Board motion, if any: To appoint Sharon Anolik Shakked as Chair of the Corporate Compliance/Privacy and Internal Audit Committee for the remainder of FY18.	
	LIST OF ATTACHMENTS: None.	

ECH BOARD MEETING AGENDA ITEM COVER SHEET

	Item:	Approval of Policies El Camino Hospital Board of Directors October 11, 2017
	Responsible party:	Diane Wigglesworth, Sr. Director of Corporate Compliance Cindy Murphy, Director of Governance Services
	Action requested:	For Possible Motion
	Background: As required by Title 22 and The Joint Commission, the Hospital's governing body must review and approve all organizational policies, plans, and scope of services at least every three years if there are no changes, and, if a policy is new or revised, it must be approved by the Board before the Hospital can adopt it. Policies are being brought to the appropriate Board Advisory Committee for review and recommendation before being placed on the Hospital Board consent calendar for approval. All policies have been internally reviewed and have received appropriate approvals before being presented to a Board Committee. The Corporate Compliance, Privacy and Internal Audit Committee reviewed the Proposed Revised Leave of Absence Policy and requested a further revision to clarify that a reportable leave of absence is an absence of five days or more. That revision has been made in the version presented here.	
	Board Advisory Committees that reviewed the issue and recommendation, if any: The Corporate Compliance, Privacy and Internal Audit Committee voted to recommend that the Board approve the Proposed Revised Leave of Absence Policy with an additional revision.	
	Summary and session objectives: To obtain Board approval of the Proposed Revised Leave of Absence Policy.	
	Suggested discussion questions: None. This is a Consent Item.	
	Proposed Board motion, if any: To approve the Proposed Revised Leave of Absence Policy.	
	LIST OF ATTACHMENTS: Summary of Policy Changes (*The proposed revisions of this policy is nearly a complete re-writes of the policy. Therefore, for ease of review, we are providing only a clean version and not a redlined version*) 1. Proposed Revised HR Leave of Absence Policy	

POLICY/PROCEDURE TITLE:HR- Leave of Absence (LOA)

CATEGORY: Human Resources
LAST APPROVAL DATE: 1/15
☑Policy ☐Procedure ☐Protocol ☐ Standardized Procedure ☐Scope of Service
☐ Practice Guideline

SUB-CATEGORY: Benefits
ORIGINAL DATE: 9/11/94

I. COVERAGE:

This policy applies to El Camino Hospital employees. If there is a conflict between the Hospital policy and the applicable MOU or federal or state law, the MOU or federal or state law will prevail.

II. PURPOSE:

The purpose of the policy is to support employees and the Hospital in complying with state, federal, and local leaves laws and to define types of leave of absence allowed under hospital policy. A reportable leave of absence is considered an absence of 5 or more days.

III. POLICY STATEMENT:

El Camino Hospital provides all leaves required under state and federal laws. In addition, the Hospital has defined types of leaves of absence available to employees under specific circumstances at its discretion.

The Hospital will consider an employee's request for leave under leave laws first. If the request does not meet state or federal regulatory leave criteria, the leave request will then be considered under the Hospital's discretionary leaves.

Employees must report absences or planned absences of 5 or more days to their supervisor and apply for a leave of absence with the Leave Administrator promptly.

Employees may refer to Human Resources (HR) Policies Time Away from Work regarding other protected time off that do not require they apply for a leave of absence (i.e., Jury Duty, School Activities, Time off for Voting, Crime Victim) and HR Policy Education Programs regarding literacy assistance. If other protected time off, other than Jury Duty or Witness Leave, requires the employee to be absent from

work for 5 or more scheduled work days, the employee will be instructed to apply for a Personal Leave of Absence.

Except as otherwise required by law, the maximum duration that an employee is eligible to be on an approved medical leave of absence due to an injury or illness is no more than 12 consecutive months, inclusive of any periods of full- or part-time leave, family and medical leave, pregnancy disability leave, or leave for personal reasons.

IV. PROCEDURE:

The procedures that implement this policy are documented under the following title:

HR—Leaves of Absence (LOA) Procedure (Benefits)

APPROVAL	APPROVAL DATES
Originating Committee or UPC Committee:	5/2017
_____Medical Committee (if applicable):	
ePolicy Committee:	5/2017
Pharmacy and Therapeutics (if applicable):	
Medical Executive Committee:	
Board of Directors:	

Historical Approvals: 9/11/94, 5/1/98, 3/14/01, 11/03, 1/04, 12/13/06, 2/17/09, 11/2012, 1/15

Report of Independent Auditors and
Financial Statements with
Supplemental Schedule

El Camino Hospital 403(b) Retirement Plan

December 31, 2016 and 2015

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

CONTENTS

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

To the Trustees
El Camino Hospital 403(b) Retirement Plan

Report on Financial Statements

We were engaged to audit the accompanying financial statements of El Camino Hospital 403(b) Retirement Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL's) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 7, which was certified by Fidelity Management Trust Company, Lincoln National Life Insurance Company, and The Variable Annuity Life Insurance Company, custodians of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the custodians hold the Plan's investment assets and execute investment transactions. The plan administrator has obtained a certification from the custodians as of December 31, 2016 and 2015, and for the year ended December 31, 2016, that the information provided to the plan administrator by the custodians is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year) as of December 31, 2016, is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodians, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

San Francisco, California
_____ __, 2017

FINANCIAL STATEMENTS

EL CAMINO HOSPITAL 403(b) RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2016 and 2015

	2016	2015
ASSETS		
Investments, at fair value		
Registered investment companies	$ 312,575,616	$ 269,682,485
Money market account	13,751,171	12,227,516
Self directed brokerage account	7,660,464	6,424,293
	333,987,251	288,334,294
Guaranteed investment contract, at contract value	28,521,487	26,495,661
Total investments	362,508,738	314,829,955
Receivables		
Notes receivable from participants	6,785,550	6,355,459
Employer match receivable	10,030,948	9,857,231
	16,816,498	16,212,690
NET ASSETS AVAILABLE FOR BENEFITS	$ 379,325,236	$ 331,042,645

See accompanying notes.

ADDITIONS TO NET ASSETS ATTRIBUTED TO		
Investment income		
Net appreciation in fair value of investments	$	11,753,359
Dividends and interest		12,705,221
Total investment income		24,458,580
Interest income on notes receivable from participants		273,428
Revenue credits		80,446
Contributions		
Participant deferrals		27,698,987
Employer match contributions		10,030,948
Rollover contributions		4,565,731
Total contributions		42,295,666
Total additions		67,108,120
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO		
Benefits paid to participants		18,796,912
Deemed distributions		28,617
Total deductions		18,825,529
CHANGE IN NET ASSETS		48,282,591
NET ASSETS AVAILABLE FOR BENEFITS, beginning of year		331,042,645
NET ASSETS AVAILABLE FOR BENEFITS, end of year	$	379,325,236

See accompanying notes.

NOTE 1 – DESCRIPTION OF PLAN

The following description of the El Camino Hospital 403(b) Retirement Plan (the Plan) provides only general information. Participants should refer to the plan agreement, as amended, for a more complete description of plan provisions.

General – The Plan is a 403(b) defined contribution retirement plan covering all employees of El Camino Hospital (the Hospital), including hospital-represented, PRN, and SEIU-UHW participants. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Hospital is the Plan's sponsor and serves as plan administrator.

Eligibility – All full-time, part-time, and per-diem employees of the Hospital are eligible to participate in elective contributions in the Plan upon date of hire. Employees are eligible to receive employer matching contributions upon completion of one year of service, defined as working 12 months for a minimum of 1,000 hours.

Contributions – Participants may elect to contribute up to the legal limit on a before-tax basis. The Plan permits the automatic enrollment of eligible full time employees in the Plan with contributions of 2% of eligible compensation (1% prior to June 1, 2016), unless the employee affirmatively elects otherwise. Employer matching contributions are made for eligible employees based on a percentage of a participant's eligible compensation. Employer matching contributions range from 4% to 6% and are determined based on years of continuous service. Contributions are subject to regulatory limitations.

Participant accounts – Each participant's account is credited with the participant's and employer's contributions and allocations of plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. Participants may direct the investment of their account balances into various investment options offered by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting – Participants are fully vested in their salary deferrals plus actual earnings thereon. All participants vest 100% in the Hospital's matching contributions after three benefit years of credited service.

Notes receivable from participants – Participants may borrow from their accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. The maximum loan term is five years unless the loan term qualifies as a home loan, in which case the term of the loan is not to exceed fifteen years.

Loans are secured by the balance of the participant's account and bear fixed, reasonable rates of interest, as determined by the custodians. Principal and interest are paid ratably through payroll deductions or paid directly by the participant to the custodians through monthly ACH transactions. As of December 31, 2016, the rates of interest on outstanding loans with Fidelity Management Trust Company (Fidelity) ranged from 4.25% to 6.25%, with various maturities through August 2031. The loans with Fidelity are considered assets of the Plan and totaled $6,785,550 and $6,355,459 as of December 31, 2016 and 2015, respectively.

Prior to 2009, the Plan allowed plan loans made directly between the participant and Lincoln National Life Insurance Company (Lincoln) and The Variable Annuity Life Insurance Company (VALIC) and collateralized by the participant's account. For loans outstanding with Lincoln, participants are charged an interest rate of 7%, of which 4.5% is credited to participant accounts and 2.5% is paid to Lincoln as a loan administration fee. The outstanding loans with Lincoln had various maturities through June 2020. The rates of interest on outstanding loans with VALIC ranged from 3% to 4.50%, with various maturities through November 2018. The total collateral included in the Plan's assets was approximately $212,000 and $217,000 at Lincoln and $39,000 at VALIC as of December 31, 2016 and 2015. The loans themselves are not reported assets of the Plan.

Payment of benefits – On termination of service due to death, disability, or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's account balance, or annual installments over a period of time. For termination of service for other reasons, a participant may receive the value of the vested interest in their account as a lump-sum distribution.

Forfeitures – Forfeitures are the non-vested portion of a participant's account that is lost upon termination of employment. Forfeitures are retained in the Plan and will be used to pay plan administrative expenses or to reduce future Hospital contributions. As of December 31, 2016 and 2015, forfeited non-vested accounts totaled approximately $110,000 and $49,000, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – The financial statements of the Plan are prepared under the accrual method of accounting.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates.

Investment valuation – The investments are reported at fair value and contract value. The Plan's custodians, Fidelity, Lincoln and VALIC, certify the contract value of the guaranteed investment contracts and the fair market value of all other investments. If available, quoted market prices are used to value investments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability (the "exit price") in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

Contract value is the relevant measurement for assets invested in fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the Plan.

Income recognition – Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis. The net appreciation or depreciation in fair value of investments consists of both the realized gains and losses and unrealized appreciation and depreciation of those investments.

Benefits paid to participants – Benefits are recorded when paid.

Administrative and investment expenses – Administrative expenses related to operating and maintaining the Plan are paid by the Hospital. Certain investment and transaction fees are paid by participants in the Plan.

The Plan entered into a revenue credit program with Fidelity where revenue credits are deposited to an account held in the plan. The amount of the revenue sharing received from each investment manager and calculated for each quarter using the fund balances in the Program is credited to the account. Amounts in this account are used to offset program administrative expenses and any amounts unused for expenses will be allocated to participant accounts. During the year ended December 31, 2016, the account was credited with $123,000 in revenue sharing, used $11,000 to pay administrative fees and $480,000 of revenue sharing credits was allocated to participants. As of December 31, 2016 and 2015, revenue credits held in the plan were approximately $41,000 and $409,000, and will be allocated to participants subsequent to year end.

Subsequent events – Subsequent events are events or transactions that occur after the statement of net assets available for benefits date but before the financial statements are available to be issued. The Plan recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of net assets available for benefits, including the estimates inherent in the process of preparing the financial statements. The Plan's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of net assets available for benefits but arose after the statement of net assets available for benefits date and before the financial statements are available to be issued.

The Plan has evaluated subsequent events through _____ __, 2017, which is the date the financial statements were available to be issued.

NOTE 3 – FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of inputs used to establish fair value are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following are descriptions of the valuation methodologies used for assets measured at fair value:

Registered investment companies (mutual funds): Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Self-directed brokerage accounts: Accounts primarily consist of mutual funds and common stocks that are valued on the basis of readily determinable market prices.

Interest bearing cash (money market accounts): Certificates of deposit are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

The following table discloses the fair value hierarchy of the Plan's assets at fair value at December 31:

	2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Registered investment companies	$ 312,575,616	$ -	$ -	$ 312,575,616
Money market account	13,751,171	-	-	13,751,171
Self directed brokerage account	7,660,464	-	-	7,660,464
Total assets in the fair value hierarchy	$ 333,987,251	$ -	$ -	333,987,251
Investments at fair value				$ 333,987,251

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Registered investment companies	$ 269,682,485	$ -	$ -	$ 269,682,485
Money market account	12,227,516	-	-	12,227,516
Self directed brokerage account	6,424,293	-	-	6,424,293
Total assets in the fair value hierarchy	$ 288,334,294	$ -	$ -	288,334,294
Investments at fair value				$ 288,334,294

NOTE 4 – GUARANTEED INVESTMENT CONTRACTS

The Plan's guaranteed annuity contracts meet the fully benefit-responsive guaranteed investment contract (FBRIC) criteria and therefore are reported at contract value. Contract value is the relevant measure for FBRICs because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value as reported to the Plan by Fidelity, Lincoln, and VALIC represents contributions made under the contract, plus earnings, less participant withdrawals. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

The Plan's ability to receive amounts due is dependent on the issuer's ability to meet its financial obligations, which may be affected by future economic and regulatory developments.

Certain events might limit the ability of the plan to transact at contract value with the issuer. Such events include the following: (1) amendments to the plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the plan, or (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA, or (5) premature termination of the contract. No events are probable of occurring that might limit the Plan's ability to transact at contract value with the contract issuer and that also would limit the ability of the Plan to transact at contract value with the participants.

The Plan invests in the New York Life Guaranteed Interest Account, which is a stable value product that guarantees principal and accumulated interest. Guarantees are provided to participating retirement plans through a group annuity contract issued by New York Life Insurance Company. The fund seeks to provide competitive yields and limited volatility with a guarantee of principal and accumulated interest. These guarantees are backed by the full faith and credit of New York Life Insurance Company. Contributions to the Guaranteed Interest Account are invested in a group annuity contract issued by New York Life Insurance Company. Contributions to the contract are currently invested in a broadly diversified fixed income portfolio within New York Life Insurance Company's general account. The investments in the general account are intended to provide a stable crediting rate consistent with preservation of principal.

The Plan invests in the Principal Fixed Account Principal Financial 403(b), which is a stable value fund annuity contract issued by Principal Life Insurance Company. The investment's objective is to provide a high quality investment option, earnings stability, and liquidity, while offering a guarantee of principal and interest. The Principal Fixed Account Principal Financial 403(b) is backed by the general account of Principal Life Insurance Company, which consists of a diversified general account portfolio of public and private securities, commercial and residential mortgages, and U.S. agency securities. Guarantees are subject to the claims-paying ability of the issuing insurance company.

The Plan invests in the Lincoln Financial Fixed Account, which is a guaranteed investment annuity contract. Funds under the guaranteed investment contract are maintained in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. Lincoln is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

The Plan invests in the VALIC Fixed Account Plus, which is a guaranteed investment annuity contract and generally invests in long-term investments. The current interest rate is established on a portfolio basis with the same rate applicable to all amounts on deposit for the period such current rate is in effect. Funds under the guaranteed investment contract that have been allocated and applied to purchase annuities (that is, VALIC is obligated to pay the related benefits) are excluded from the Plan's assets.

There are no reserves against contract value for credit risk or the contract issuer or otherwise. Crediting rates on the investment contracts are based on a formula agreed upon with the issuer. Interest rates are reviewed on an annual basis for resetting.

Crediting interest rates estimated for each of the custodians for the years ended December 31, were as follows:

	2016	2015
Fidelity Guaranteed Investment Contracts		
New York Life Guaranteed Interest Account		
Crediting interest rate	2.74%	2.48%
The Principal Fixed Account		
Crediting interest rate	0.75%	0.82%
Lincoln Guaranteed Investment Contracts		
Fixed Account		
Crediting interest rate	3.40%	3.50%

NOTE 5 – TAX STATUS

The Plan has been designed to qualify under Section 403(b) of the Internal Revenue Code (IRC). The terms of the Plan have been prepared to conform with the sample language provided by the IRS. The Plan is required to operate in conformity with the IRC to maintain the tax exempt status for participants under Section 403(b).

In accordance with guidance on accounting for uncertainty in income taxes, the plan administrator has evaluated the Plan's tax positions and does not believe the Plan has any uncertain tax positions that require disclosure or adjustment to the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 6 – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market volatility, and credit risks. It is reasonably possible, given the level of risk associated with investment securities, that changes in the near term could materially affect a participant's account balance and the amounts reported in the financial statements.

NOTE 7 – INFORMATION CERTIFIED BY THE CUSTODIANS

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Fidelity, Lincoln, and VALIC, have certified to the completeness and accuracy of:

- Investments and notes receivable from participants reflected in the accompanying statements of net assets available for benefits as of December 31, 2016 and 2015;
- Net appreciation in fair value of participant-directed investments, dividends and interest, and interest income on notes receivable from participants reflected in the accompanying statement of changes in net assets available for benefits for the year ended December 31, 2016; and
- Investments reflected on the supplemental schedule of assets (held at end of year).

NOTE 8 – PARTY-IN-INTEREST TRANSACTIONS

Plan investments include shares of registered investment company funds managed by Fidelity, Lincoln, and VALIC. As these are custodians of the Plan, transactions with these entities qualify as exempt party-in-interest transactions.

NOTE 9 – PLAN TERMINATION

Although it has not expressed any intention to do so, the Hospital has the right to terminate the Plan and discontinue its contributions at any time. If the Plan is terminated, amounts allocated to a participant's account become fully vested.

SUPPLEMENTAL SCHEDULE

REQUIRED BY THE DEPARTMENT OF LABOR

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EL CAMINO HOSPITAL 403(b) RETIREMENT PLAN
SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2016

Plan Sponsor: El Camino Hospital
Employer Identification Number: 94-3167314
Plan Number: 002
Schedule H, Line 4(i)

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
Registered investment company				
	T. Rowe Price Retirement 2020	Registered investment company	**	$ 40,053,404
	T. Rowe Price Retirement 2030	Registered investment company	**	35,159,720
*	Spartan 500 Index	Registered investment company	**	27,402,520
	T. Rowe Price Retirement 2025	Registered investment company	**	24,787,746
	T. Rowe Price Retirement 2035	Registered investment company	**	22,846,559
	T. Rowe Price Retirement 2040	Registered investment company	**	22,075,580
	T. Rowe Price Retirement 2015	Registered investment company	**	19,565,429
	J.P. Morgan Large Cap Growth R5	Registered investment company	**	17,427,003
	T. Rowe Price Retirement 2045	Registered investment company	**	14,292,437
*	Spartan Extended Market Index	Registered investment company	**	13,246,090
	T. Rowe Price Retirement 2050	Registered investment company	**	9,707,095
*	Fidelity Total Bond Fund	Registered investment company	**	9,192,363
	Northern Small Cap Value Fund	Registered investment company	**	9,021,766
	AF Europac Growth R4	Registered investment company	**	7,632,659
	T. Rowe Price Retirement 2010	Registered investment company	**	6,229,465
	T. Rowe Price Equity Income Adv	Registered investment company	**	5,657,312
	C&S Investment Reality Shares	Registered investment company	**	5,075,076
	T. Rowe Price Retirement 2005	Registered investment company	**	4,048,314
	American Beacon Small Cap Growth I	Registered investment company	**	3,992,978
*	Fidelity VIP Contrafund	Registered investment company	**	1,553,902
*	Spartan U.S. Bond Index Investor Fund	Registered investment company	**	1,540,243
	Delaware VIP SMID Cap Growth	Registered investment company	**	1,354,251
	American Funds Growth	Registered investment company	**	1,208,170
*	LVIP Delaware Special Opportunities	Registered investment company	**	1,072,219
	T. Rowe Price Retirement 2055	Registered investment company	**	1,057,218
*	LVIP Dimensional U.S. Core Equity 1	Registered investment company	**	834,269
	American Funds International	Registered investment company	**	799,834
	American Funds Growth-Income	Registered investment company	**	417,221
*	LVIP Delaware Social Awareness	Registered investment company	**	394,085
	T. Rowe Price Retirement 2060	Registered investment company	**	385,492
	Delaware VIP Small Cap Value	Registered investment company	**	374,251
*	LVIP Del Foundation Conservative Alloc.	Registered investment company	**	358,440
	Delaware VIP Diversified Income	Registered investment company	**	343,623
	Delaware VIP Value	Registered investment company	**	342,332
*	LVIP Delaware Bond	Registered investment company	**	340,543
*	LVIP Blackrock Equity Dividend RPM	Registered investment company	**	295,896
	Dodge & Cox International Stock Fund	Registered investment company	**	273,484
*	LVIP SSGA S&P 500 Index	Registered investment company	**	251,310
*	LVIP Baron Growth Opportunities	Registered investment company	**	215,535
	Delaware VIP REIT	Registered investment company	**	183,060

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
	DFA International Small Company Portfolio I	Registered investment company	**	177,702
*	Spartan Global XUS Index	Registered investment company	**	175,891
	Pimco Vit Total Return Portfolio	Registered investment company	**	150,280
*	LVIP Mondrain International Value	Registered investment company	**	140,137
*	LVIP Global Moderate Allocation Managed risk	Registered investment company	**	120,378
*	LVIP T. Rowe Price Structured Mid-Cap Growth	Registered investment company	**	115,455
	MFS Utilities	Registered investment company	**	111,291
*	LVIP Global Income	Registered investment company	**	106,235
*	LVIP Del Foundation Aggressive Alloc.	Registered investment company	**	97,908
*	LVIP Global Growth Allocation Managed Risk	Registered investment company	**	82,056
*	LVIP UBS Large Cap Growth Managed Volatility	Registered investment company	**	62,357
*	Fidelity VIP Growth	Registered investment company	**	50,187
*	LVIP Vanguard International Equity ETF	Registered investment company	**	36,565
	American Funds Global Growth	Registered investment company	**	36,155
*	LVIP Clarion Global Real Estate	Registered investment company	**	30,181
	Delaware VIP High Yield	Registered investment company	**	26,513
	Blackrock Global Allocation	Registered investment company	**	15,394
*	LVIP Blackrock Inflation Protected Bond	Registered investment company	**	14,953
*	LVIP SSGA Small-cap Index	Registered investment company	**	9,166
*	LVIP SSGA Emerging Markets 100	Registered investment company	**	7,541
*	LVIP SSGA Global Tactical Allocation Managed Volatility	Registered investment company	**	377
	Total Registered Investment funds			312,575,616
Money Market accounts				
*	Fidelity Money Market Trust Retirement Government	Money market account	**	13,749,810
*	LVIP Money Market	Money market account	**	1,361
	Total Money Market			13,751,171
Self Directed Brokerage accounts				
*	Fidelity Self Directed Brokerage account	Self directed brokerage account	**	7,660,464
	Total Self Directed Brokerage accounts			7,660,464
Guaranteed investment contract				
	New York Life Guaranteed Interest Account	Guaranteed investment contract	**	14,493,611
	Principal Fixed Account	Guaranteed investment contract	**	10,008,493
*	Fixed Account	Guaranteed investment contract	**	3,978,033
*	Loan Collateral Fund	Guaranteed investment contract	**	37,281
*	Fixed Account Plus	Guaranteed investment contract	**	2,215
*	Loan Escrow Fund	Guaranteed investment contract	**	1,854
	Total Guaranteed investment contracts			28,521,487
Participant Loans				
*	Participant loans	Interest rates range from 4.25% to 6.25% maturing through August 2031	-	6,785,550
				$ 369,294,288

* Indicates party-in-interest.
** Information is not required as investments are participant directed.

Report of Independent Auditors and
Financial Statements with
Supplemental Schedules

El Camino Hospital
Cash Balance Plan

December 31, 2016 and 2015

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

CONTENTS

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

To the Trustees
El Camino Hospital Cash Balance Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of El Camino Hospital Cash Balance Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL's) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 6, which was certified by Wells Fargo Bank, N.A. (Wells Fargo), the custodian of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the custodian as of December 31, 2016 and 2015, and for the years then ended, that the information provided to the plan administrator by the custodian is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The Schedule H, Line 4(i) – Schedule of Assets (Held at Year End) and Schedule H, Line 4(j) – Schedule of Reportable Transactions as of and for the year ended December 31, 2016, are required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the custodian, have been audited by u in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

San Francisco, California
October XX, 2017

FINANCIAL STATEMENTS

EL CAMINO HOSPITAL CASH BALANCE PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2016 and 2015

	2016	2015
ASSETS		
Investments, at fair value		
Mutual funds	$ 151,154,671	$ 136,386,898
Limited liability company	28,678,618	28,881,923
Common stock	17,058,472	19,615,082
Partnerships	14,329,648	17,235,829
Pooled, common and collective trusts	6,825,235	5,509,566
Corporate bonds	4,372,493	5,464,105
U.S. government securities	2,190,276	1,846,972
Cash and cash equivalents	3,392,641	1,770,335
Total investments, at fair value	228,002,054	216,710,710
Receivables		
Non-interest bearing cash	10,374	-
Employer contributions	2,600,000	2,400,000
Interest and dividends	60,007	52,058
Total receivables	2,670,381	2,452,058
Net pending trades	(19,686)	36,527
NET ASSETS AVAILABLE FOR BENEFITS	$ 230,652,749	$ 219,199,295

See accompanying notes.

	2016	2015
ADDITIONS TO NET ASSETS ATTRIBUTED TO		
Investment income		
Net appreciation (depreciation) in fair value of investments	$ 7,481,986	$ (358,800)
Dividends	3,300,505	3,101,469
Interest	347,420	181,297
Total investment income	11,129,911	2,923,966
Contributions		
Employer contributions	10,500,000	10,800,000
Pending investment settlements	16,424	17,244
Total contributions	10,516,424	10,817,244
Total additions	21,646,335	13,741,210
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO		
Benefits paid to participants	9,911,679	11,252,351
Administrative expenses	281,202	170,894
Total deductions	10,192,881	11,423,245
CHANGE IN NET ASSETS	11,453,454	2,317,965
NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	219,199,295	216,881,330
NET ASSETS AVAILABLE FOR BENEFITS, end of year	$ 230,652,749	$ 219,199,295

See accompanying notes.

NOTE 1 – DESCRIPTION OF PLAN

The following description of the El Camino Hospital Cash Balance Plan (the Plan) provides only general information. Participants should refer to the Plan agreement, as amended, for a more complete description of plan provisions.

General – The Plan was originally adopted as a defined benefit plan and was amended and restated in its entirety to a cash-balance formula effective January 1, 1995. Effective January 1, 2009, the Plan was restated and amended. The Plan is administered by the sponsor, El Camino Hospital (the Hospital), and Plan assets are held by the custodian of the Plan, Wells Fargo Bank, N.A. (Wells Fargo). The Plan is a noncontributory defined benefit plan intended to qualify under Section 401(a) of the Internal Revenue Code (IRC).

Participant accounts – The Plan maintains "participant account balances" equal to a participant's account balance established as of January 1, 1995, upon the conversion to the cash-balance formula, plus subsequent contribution credits and interest credits related to the participant's accumulated cash balance, participant match contribution credits, and participant match interest credits.

Contribution credits of 5% of eligible compensation for the year are credited to a participant's account as of the last day of the Plan year. Each year, interest credits related to a participant's cash balance are credited to the participant's account in an amount that is equal to a percentage of a participant's account balance at the beginning of the Plan year. The percentage rate used is the annual rate of return on 10-year Treasury Securities in effect for the third month (October) immediately preceding the first day of the applicable Plan year. The rates credited were 2.30% and 2.62% for the years beginning January 1, 2016 and 2015, respectively.

Employee contributions – Contributions by participants are not required or permitted by the Plan.

Employer contributions – The Hospital's funding policy is to contribute amounts to the Plan necessary to meet minimum funding requirements. The Hospital's contributions for 2016 and 2015 exceeded the minimum funding requirements of ERISA.

Although it has not expressed any intention to do so, the Hospital has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

Eligibility – Hospital employees are eligible to participate on the first day of the month succeeding the later of the date on which they complete one year of service, defined as working 12 months for a minimum of 1,000 hours, and they reach age 21.

Funding policy – The amount of employer contributions is determined based on actuarial valuations and recommendations as to the amounts required to fund benefits. Contributions are made by the Hospital based on the results of the actuarial recommendations. The Hospital intends to make contributions in amounts not less than the minimum required by the funding standards of the Employee Retirement Income Security Act of 1974 (ERISA), and are required to keep the Plan qualified under Section 401(a) of the IRC. Participants are not permitted to contribute to the Plan.

Vesting – Participants are fully vested with their third year of service.

Pension benefits – Monthly benefit payments, based upon a formula described in the Plan document, commence within 30 days of the normal retirement date, early retirement date, or deferred retirement date. A participant may elect to defer retirement past the normal retirement age, which will result in benefits greater than 100%, based on a published scale. The eligibility requirement for early retirement is age 55. Early retirement benefits are calculated by multiplying the accrued benefit as of the early retirement date by a percentage defined in the Plan document.

On termination of service, a participant may elect to receive either a lump-sum amount equal to the value of the participant's account balance or annuity payments based upon formulas described in the Plan document.

Death benefits – The Plan provides death benefits in the form of a qualified pre-retirement survivor annuity for life equal to the annuity that would have been payable to the spouse if the participant had retired on the day preceding the participant's death. At the option of the beneficiary, the benefit may be paid in a lump-sum.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, using the accrual method of accounting.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein; disclosure of contingent assets and liabilities; and the actuarial present value of accumulated plan benefits, at the date of the financial statements. Actual results could differ from those estimates.

Investment valuation – The Plan's investments are stated at fair value, as certified by the Plan's custodian, based generally on quoted market prices.

Fair value is the price that would be received to sell an asset or paid to transfer a liability (the "exit price") in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Income recognition - Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The net appreciation or depreciation in fair value of investments consists of both the realized gains or losses and unrealized appreciation (depreciation) of those investments.

Benefits paid to participants – Benefit payments to participants are recorded upon distribution.

Administrative expenses – Administrative fees, such as custodian, actuarial, and certain other administrative expenses, may be paid by the Plan or the Hospital.

Subsequent events – Subsequent events are events or transactions that occur after the statement of net assets available for benefits date but before the financial statements are available to be issued. The Plan recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of net assets available for benefits, including the estimates inherent in the process of preparing the financial statements. The Plan's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of net assets available for benefits but arose after the statement of net assets available for benefits date and before the financial statements are available to be issued.

The Plan has evaluated subsequent events through October __, 2017, which is the date the financial statements were available to be issued.

NOTE 3 – ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

Actuarial present value of accumulated Plan benefits is those estimated future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions for services rendered by employees to the valuation date. Accumulated Plan benefits include benefits expected to be paid to: (a) retired or terminated employees or their beneficiaries; and (b) present employees or their beneficiaries.

Conduent HR Services (formerly known as Buck Consultants), consulting actuaries, estimates the actuarial present value of accumulated Plan benefits. This is the amount that results from applying actuarial assumptions to adjust the accumulated Plan benefits earned by the participants to reflect the time value of money through discounts for interest, and the probability of payment by means of decrements, such as for death, withdrawal, or retirement, between the valuation date and the expected date of payment.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

The actuarial present value of accumulated Plan benefits as of January 1, the beginning of each Plan year, was as follows:

	2016	2015
Vested benefits		
Other participants	$ 134,304,074	$ 130,031,828
Participants currently receiving payments	40,414,864	39,303,114
Total vested benefits	174,718,938	169,334,942
Non-vested benefits	4,284,361	4,054,658
	$ 179,003,299	$ 173,389,600

The change in actuarial present value of accumulated Plan benefits from the prior year was as follows:

Actuarial present value of accumulated Plan benefits at January 1, 2015	$ 173,389,600
Increase (decrease) during the year attributable to:	
Benefits accumulated	7,764,498
Assumption changes	(969,171)
Interest	10,070,723
Benefits paid	(11,252,351)
Actuarial present value of accumulated Plan benefits at January 1, 2016	$ 179,003,299

The significant actuarial assumptions underlying the actuarial valuation as of January 1, 2016 and 2015:

Discount rates	6% (2016 and 2015)
Mortality basis 2016	The IRS applicable 2016 Mortality Table is the RP-2014 with MP-2015 mortality table for annuitants and non-annuitants with projections from the valuation date
Mortality basis 2015	The IRS applicable 2015 Mortality Table is the RP-2014 with MP-2014 mortality table for annuitants and non-annuitants with projections from the valuation date
Retirement	Normal retirement age is 65

NOTE 4 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Common stock: Shares of common stock are valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities which includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

U.S. government securities: Fixed income funds are valued at the NAV of shares held by the Plan and are valued at the closing price reported on the active market on which the individual securities are traded.

Cash and cash equivalents: Cash and cash equivalents are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

Pooled, common and collective trusts: Units held in pooled investment accounts are valued using the NAV practical expedient of the pooled investment account as reported by the account managers. The NAV is based on the fair value of the underlying assets owned by the pooled investment account, minus its liabilities, and then divided by the number of units outstanding. The NAV of a pooled investment account is calculated based on a compilation of primarily observable market information. The Plan invests in the following pooled investment account:

The Wellington CIF Small Cap Value Fund (Fund) was established pursuant to the Wellington Trust Multiple Collective Investment Funds Plan and Declaration of Trust (Plan and Declaration of Trust) dated June 24, 1982, as most recently amended and restated as of September 1, 2010. The Fund's investment objective is long-term total return in excess of the Russell 2000 Value Index. Wellington Management Company, LLP, an affiliate of the Custodian, serves as Investment Adviser (Investment Adviser) to the Fund. As a practical expedient the investment manager used published NAV to fair value this investment.

Limited liability company and partnerships: These categories include investments in private equity-fund of funds and private equity-real estate. The valuation of partnership interests in private equity funds may require significant management judgment. The NAV practical expedient reported by the asset manager is adjusted when management determines that NAV is not representative of fair value. In making such an assessment, a variety of factors are reviewed by management, including, but not limited to, the timeliness of NAV as reported by the asset manager and changes in general economic and market conditions subsequent to the last NAV reported by the asset manager. The Plan invests in the following private equity funds:

The Lighthouse Diversified Fund Limited Class A seeks consistent stable returns by allocation of the Fund's assets to a wide range of alternative investment strategies across the global financial markets. The Fund's assets are managed primarily through investments in other corporations and other investment vehicles, as well as indirectly through segregated portfolio companies, collectively referred to as investment funds. The investment funds are valued based on observable data such as ongoing redemption and subscription activity. As a practical expedient the investment manager used published NAV to fair value this investment.

The Pointer Offshore III, Ltd Fund (the fund) was organized for purposes of trading and investing in securities, private investment companies and other investments. The fund invests substantially all of its assets through a master-feeder structure in Pointer (QA) L.P. (the Master Fund), an investment company that has the same investment objectives of this fund. The Master Fund's investments include securities that are freely tradable and listed on a national securities exchange or reported on the NASDAQ, if the securities were sold as of reporting date, or if no sale occurred on such date, the Master Fund values these investments as the mean between the closing "bid" and "asked" prices on such day. The Master Fund's investments in private investment companies are valued utilizing the net asset value practical expedient valuations provided by the underlying private investment companies.

The Oaktree Real Estate Opportunities Fund VI, L.P. seeks superior risk-adjusted returns through investments in real estate and real estate-related debt, companies, securities, and other assets on a global basis, with a primary emphasis on investments in the United States. Distributions from the fund are at the sole discretion of the General Partner.

The Walton Street Fund VII was organized for the purpose of making investments in and acquisitions of Real Estate Assets and to engage in any and all activities incidental or ancillary thereto. The funds initial closing was May 2012, with serval subsequent closings through January 2014. The funds commitment period, during which the General Partner may call capital from investors, goes through November 2017, and the term of the fund will continue until the sixth anniversary of the expiration of the commitment period. Distributions from the fund are at the sole discretion of the General Partner.

The following table provides additional information for investments in certain entities that calculate NAV per share (or its equivalent):

	Fair value 12/31/15	Fair value 12/31/16	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited Liability Company					
Lighthouse diversified fund limited class A	$ 15,330,536	$ 15,510,263	$ -	Monthly	90 days
Pointer offshore III, Ltd	13,551,387	13,168,355	$ -	*	**
Common Collective Trust					
Wellington CIF small cap value	5,509,566	6,825,235	$ -	Monthly	N/A
Partnerships					
Oaktree real estate opportunities fund VI	9,436,975	7,705,574	$ 1,932,000	No redemptions	N/A
Walton Street Teal Estate Partners LP	7,798,854	6,624,074	$ 4,247,743	No redemptions	N/A
	$ 51,627,318	$ 49,833,501			

* 50% semiannual liquidity (after 2-year lock, $2,000,000 made in September 2014 expires September 2016)
** notice on March 15 for June 30 redemption and on September 15 for December 31 redemption

The following sets forth, by level within the fair value hierarchy, the Plan's assets at fair value at December 31:

	2016			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 3,392,641	$ -	$ -	$ 3,392,641
Common stock	15,994,762	1,063,710	-	17,058,472
Corporate bonds	-	4,372,493	-	4,372,493
Mutual funds	151,154,671	-	-	151,154,671
U.S. government securities	2,190,276	-	-	2,190,276
Total assets in the fair value hierarchy	$ 172,732,350	$ 5,436,203	$ -	178,168,553
Investments measured at NAV practical expedient				49,833,501
Total assets, at fair value				$ 228,002,054

	2015			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 1,770,335	$ -	$ -	$ 1,770,335
Common stock	18,447,720	1,167,362	-	19,615,082
Corporate bonds	-	5,464,105	-	5,464,105
Mutual funds	136,386,898	-	-	136,386,898
U.S. government securities	1,846,972	-	-	1,846,972
Total assets in the fair value hierarchy	$ 158,451,925	$ 6,631,467	$ -	165,083,392
Investments measured at NAV practical expedient				51,627,318
Total assets, at fair value				$ 216,710,710

NOTE 5 – TAX STATUS

The Internal Revenue Service (IRS) issued a determination letter dated December 1, 2015, that stated that the Plan and related trust were designed in accordance with applicable sections of the IRC. Although the Plan has been amended and restated since receiving the determination letter, the plan administrator believes the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 6 – INFORMATION CERTIFIED BY THE CUSTODIAN

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Wells Fargo, the custodian of the Plan, has certified to the completeness and accuracy of:

- investments, interest, and dividends receivable, and net pending trades reflected on the accompanying statements of net assets available for benefits as of December 31, 2016 and 2015;
- net appreciation (depreciation) in fair value of investments, dividends, interest, and other income (loss) reflected on the accompanying statements of changes in net assets available for benefits for the years ended December 31, 2016 and 2015;
- investments reflected on the supplemental schedule of assets (held at end of year); and
- investments reflected on the supplemental schedule of reportable transactions.

NOTE 7 – RISKS AND UNCERTAINTIES

The Plan provides for investment in various investment securities that are exposed to various risks, such as interest rate, market volatility, and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made, and the actuarial present value of accumulated Plan benefits is reported, based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE 8 – PARTY-IN-INTEREST TRANSACTIONS

The Hospital is the Plan sponsor and administrator. Trustees who serve on the Plan's administrative committee are also participants of the Plan.

The Plan's investments include a short-term investment fund and shares of corporate bonds managed by Wells Fargo. As Wells Fargo is the custodian of the Plan, transactions with this entity qualifies as exempt party-in-interest transactions.

NOTE 9 – PLAN TERMINATION

Although it has not expressed any intention to do so, the Hospital has the right to discontinue its contributions at any time and to terminate the Plan, subject to the provisions set forth in ERISA.

In the event the Plan is terminated, the net assets will be allocated for payment of Plan benefits to the participants in order of priority determined in accordance with ERISA, applicable regulations thereunder, and the plan document.

Certain benefits are insured by the Pension Benefit Guaranty Corporation (PBGC), if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits, and the amount of benefit protection is subject to certain limitations. Vested benefits are guaranteed at the level in effect on the date of the Plan's termination, subject to a statutory ceiling on the amount of an individual's monthly benefit.

Whether all participants receive their benefits, should the Plan be terminated at some future time, will depend on the sufficiency, at the time, of the net assets to provide those benefits, the priority of those benefits to be paid, and the level and type of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the then-existing assets and the PBGC guaranty, while other benefits may not be provided at all.

SUPPLEMENTAL SCHEDULES

REQUIRED BY THE DEPARTMENT OF LABOR

_____

Plan Sponsor: El Camino Hospital
Employer Identification Number: 94-3167314
Plan Number: 001
Schedule H, Line 4(i)

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
	Mutual Funds			
	VANGUARD INSTITUTIONAL INDEX FUND	Mutual Fund; Shares: 175,900.277	$ 24,375,139	$ 35,853,754
	DODGE & COX INCOME FD COM #147	Mutual Fund; Shares: 2,089,772.206	28,946,662	28,400,004
	METROPOLITAN WEST TOTAL RETURN BOND	Mutual Fund; Shares: 2,661,165.995	29,172,051	28,022,078
	DREYFUS PREMIER INTERNATIONAL STOCK	Mutual Fund; Shares: 1,212,713.941	17,163,701	18,033,056
	HARBOR INTERNATIONAL FUND CLASS INSTL	Mutual Fund; Shares: 278,618.582	16,738,404	16,274,111
	TOUCHSTONE SANDS CAPITAL INST GROWTH	Mutual Fund; Shares: 749,148.090	13,364,972	13,709,410
	CONNESTOGA SMALL CAP FUND CLASS INST	Mutual Fund; Shares: 137,825.334	4,844,841	5,581,926
	HARDING LOEVNER INSTITUTIONAL EMERGING MARKETS FUND PORTFOLIO	Mutual Fund; Shares: 313,558.882	5,532,390	5,280,332
	Total Mutual Funds		140,138,160	151,154,671
	Common Stock			
*	WELLS FARGO & CO	Common Stock; Shares: 10,700	366,693	589,677
	BP PLC - ADR	Common Stock; Shares: 14,872	558,409	555,915
	PHILLIPS 66	Common Stock; Shares: 6,400	453,404	553,024
	CVS HEALTH CORPORATION	Common Stock; Shares: 7,000	583,306	552,370
	JPMORGAN CHASE & CO	Common Stock; Shares: 6,300	251,357	543,627
	WAL MART STORES INC	Common Stock; Shares: 7,600	517,841	525,312
	VERIZON COMMUNICATIONS	Common Stock; Shares: 9,725	459,221	519,121
	AMERICAN INTERNATIONAL GROUP, INC	Common Stock; Shares: 7,900	429,077	515,949
	PFIZER INC	Common Stock; Shares: 15,000	283,311	487,200
	JOHNSON CONTROLS INC	Common Stock; Shares: 11,637	527,391	479,328
	QUALCOMM INC	Common Stock; Shares: 7,200	505,349	469,440
	ORACLE CORPORATION	Common Stock; Shares: 12,200	498,780	469,090
	EXPRESS SCRIPTS HOLDING COMPANY	Common Stock; Shares: 6,726	481,877	462,682
	AIR PRODS & CHEMS INC COM	Common Stock; Shares: 3,200	389,872	460,224
	CITIGROUP INC.	Common Stock; Shares: 7,700	311,455	457,611
	TEXAS INSTRUMENTS INC	Common Stock; Shares: 6,010	205,350	438,550
	MERCK & CO INC NEW	Common Stock; Shares: 7,200	317,239	423,864
	UNITED TECHNOLOGIES CORP	Common Stock; Shares: 3,854	370,131	422,475
	JOHNSON & JOHNSON	Common Stock; Shares: 3,600	270,219	414,756
	HESS CORP	Common Stock; Shares: 6,600	334,229	411,114
	LOWES COS INC	Common Stock; Shares: 5,600	398,751	398,272
	CONOCOPHILLIPS	Common Stock; Shares: 7,900	400,363	396,106
	TWENTY FIRST CENTURY FOX INC	Common Stock; Shares: 14,000	369,285	392,560
	MEDTRONIC INC	Common Stock; Shares: 5,500	425,378	391,765
	GENERAL DYNAMICS CORP	Common Stock; Shares: 2,200	177,396	379,852
	CHEVRON CORP	Common Stock; Shares: 3,200	275,519	376,640

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
	ANTHEM INC	Common Stock; Shares: 2,590	228,639	372,364
	AMERICAN EXPRESS CO	Common Stock; Shares: 5,000	285,506	370,400
	UNITEDHEALTH GROUP INC	Common Stock; Shares: 2,300	133,826	368,092
	DU PONT E I DE NEMOURS & CO	Common Stock; Shares: 4,900	357,210	359,660
	XL GROUP LIMITED	Common Stock; Shares: 9,600	343,065	357,696
	CISCO SYSTEMS INC	Common Stock; Shares: 11,800	353,114	356,596
	TARGET CORP	Common Stock; Shares: 4,900	324,778	353,927
	MICROSOFT CORP	Common Stock; Shares: 5,600	154,363	347,984
	CARDINAL HEALTH INC COM	Common Stock; Shares: 4,700	226,864	338,259
	TEVA PHARMACEUTICAL INDUSTRIES - ADR	Common Stock; Shares: 9,100	352,669	329,875
	OCCIDENTAL PETE CORP	Common Stock; Shares: 4,415	266,575	314,480
	KEYCORP NEW	Common Stock; Shares: 14,500	174,462	264,915
	PNC FINANCIAL SERVICES GROUP	Common Stock; Shares: 1,900	123,425	222,224
	STATE STREET CORP	Common Stock; Shares: 2,300	102,787	178,756
	AIR LIQUIDE - ADR	Common Stock; Shares: 8,000	170,259	177,920
	LYONDELLBASELL INDUSTRIES NV	Common Stock; Shares: 2,000	165,313	171,560
	CAPITAL ONE FINANCIAL CORP	Common Stock; Shares: 1,000	47,354	87,240
	Total Common Stock		13,971,412	17,058,472
	Pooled, Common & Collective Trusts			
	WELLINGTON CIF SMALL CAP VALUE	Pooled investments; 540,398.614 shares	3,981,967	6,825,235
	Total Pooled, Common & Collective Trusts		3,981,967	6,825,235
	Limited Liability Company			
	LIGHTHOUSE DIVERSIFIED FUND LIMITED CLASS A	Pooled investments; 7,120.864 shares	13,000,000	15,510,263
	POINTER OFFSHORE III, LTD	Pooled investments; 10,400,000 shares	10,400,000	13,168,355
			23,400,000	28,678,618
	Partnerships			
	OAKTREE REAL ESTATE OPPORTUNITIES FUND VI	Partnership; Shares: 4,820,753	4,820,753	7,705,574
	WALTON STREET REAL ESTATE PARTNERS LP	Partnership; Shares: 4,820,010.96	4,820,011	6,624,074
	Total Partnerships		9,640,764	14,329,648
	Corporate Bonds			
	FORD CREDIT FLOORPLAN MASTER O	Corporate Backed Obligation; Maturity Date: 08/15/2019; 1.400%; Shares: 160,000	159,954	160,110
	CHASE ISSUANCE TRUST	Corporate Backed Obligation; Maturity Date: 06/15/2021; 1.370%; Shares: 125,000	125,000	123,795
	AMERICAN EXPCRESS CREDIT	Corporate Bond; Maturity Date: 11/05/2018; 1.875%; Shares: 120,000	121,069	120,174
*	WELLS FARGO & COMPANY	Corporate Bond; Maturity Date: 01/15/2019; 2.150%; Shares: 105,000	105,585	105,578
	JPMPRGAN CHASE & CO	Corporate Bond; Maturity Date: 03/01/2018; 1.700%; Shares: 105,000	105,153	104,991
	JOHN DEERE CAPITAL CORP	Corporate Bond; Maturity Date: 03/04/2019; 1.950%; Shares: 100,000	100,361	100,350
	GOLDMAN SACHS GROUP INC	Corporate Bond; Maturity Date: 01/18/2018; 5.950%; Shares: 95,000	104,099	98,965

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
	CHEVRON CORP	Corporate Bond; Maturity Date: 06/24/2018; 1.718%; Shares: 95,000	95,312	95,291
	UNION BANK NA	Corporate Bond; Maturity Date: 06/16/2017; 2.125%; Shares: 90,000	91,572	90,292
	ANHEUSER-BUSCH INBEV WOR	Corporate Bond; Maturity Date: 02/01/2019; 1.900%; Shares: 90,000	89,756	90,130
	WISCONSIN ENERGY CORP	Corporate Bond; Maturity Date: 06/15/2018; 1.650%; Shares: 85,000	85,256	84,922
	BB&T CORPORATION	Corporate Bond; Maturity Date: 01/12/2018; 1.450%; Shares: 85,000	85,286	84,860
	ORACLE CORP	Corporate Bond; Maturity Date: 10/08/2019; 2.250%; Shares: 80,000	81,853	80,971
	MASTERCARD INC	Corporate Bond; Maturity Date: 04/01/2019; 2.000%; Shares: 80,000	81,967	80,506
	TOYOTA MOTOR CREDIT CORP	Corporate Bond; Maturity Date: 07/18/2019; 2.125; Shares: 80,000	81,431	80,347
	ABBOTT LABORATORIES	Corporate Bond; Maturity Date: 11/22/2019; 2.350%; Shares: 80,000	79,922	80,094
	EXXON MOBIL CORPORATION	Corporate Bond; Maturity Date: 03/06/2018; 1.305%; Shares: 80,000	80,109	79,981
	SOUTHERN CO	Corporate Bond; Maturity Date: 07/01/2018; 1.550%; Shares: 80,000	79,943	79,702
	DIAMOND 1 FIN/DIAMOND 2	Private Placement; Shares: 75,000; 3.480%; 06/01/2019	74,981	76,561
	MORGAN STANLEY	Corporate Bond; Maturity Date: 02/01/2019; 2.450%; Shares: 75,000	75,635	75,515
	FIFTH THIRD BANK	Corporate Bond; Maturity Date: 08/20/2018; 2.150%; Shares: 75,000	76,035	75,474
	ENERGY TRANSFER PARTNERS	Corporate Bond; Maturity Date: 06/15/2018; 2.500%; Shares: 75,000	74,960	75,275
	PNC FINANCIAL SERVICES	Corporate Bond; Maturity Date: 07/20/2018; 1.850%; Shares: 75,000	75,761	75,131
	WAL-MART STORES INC	Corporate Bond; Maturity Date: 04/11/2018; 1.125%; Shares: 75,000	74,942	74,825
	TEVA PHARMACEUTICALS NE	Corporate Bond; Maturity Date: 07/19/2019; 1.700%; Shares: 75,000	74,993	73,690
	NEWELL RUBBERMAID INC	Corporate Bond; Maturity Date: 03/29/2019; 2.600%; Shares: 70,000	69,984	70,768
	AT&T INC	Corporate Bond; Maturity Date: 11/27/2018; 2.375%; Shares: 70,000	70,594	70,612
	BHP BILLITON FIN USA LTD	Corporate Bond; Maturity Date: 09/30/2018; 2.050%; Shares: 70,000	70,511	70,393
	ZIMMER HOLDINGS INC	Corporate Bond; Maturity Date: 04/01/2018; 2.000%; Shares: 70,000	70,164	70,085
	MICROSOFT CORP	Corporate Bond; Maturity Date: 11/03/2018; 1.300%; Shares: 70,000	69,930	69,944
	PEPSICO INC	Corporate Bond; Maturity Date: 02/22/2019; 1.500%; Shares: 70,000	70,352	69,755
	CISCO SYSTEMS INC	Corporate Bond; Maturity Date: 09/20/2019; 1.400%; Shares: 70,000	69,922	69,237
	VERIZON COMMUNICATIONS	Corporate Bond; Maturity Date: 09/14/2018; 3.650%; Shares: 65,000	68,415	67,146
	TELEFONICA EMISIONES SAU	Corporate Bond; Maturity Date: 04/27/2018; 3.192%; Shares: 65,000	67,607	65,935
	ROYAL BANK OF CANADA	Corporate Bond; Maturity Date: 07/27/2018; 2.200%; Shares: 65,000	65,879	65,434
	NYSE EURONEXT	Corporate Bond; Maturity Date: 10/05/2017; 2.000%; Shares: 65,000	65,843	65,421
	MORGAN STANLEY	Corporate Bond; Maturity Date: 04/25/2018; 2.125%; Shares: 65,000	65,611	65,259
	ST JUDE MEDICAL INC	Corporate Bond; Maturity Date: 09/15/2018; 2.000%; Shares: 65,000	65,745	65,092
	BANK OF AMERICA NA	Corporate Bond; Maturity Date: 03/26/2018; 1.650%; Shares: 65,000	65,033	65,060
	ABBVIE INC	Corporate Bond; Maturity Date: 11/06/2018; 2.000%; Shares: 65,000	65,768	65,040
	HSBC USA INC	Corporate Bond; Maturity Date: 01/16/2018; 1.625%; Shares: 65,000	65,203	64,886
	AETNA INC	Corporate Bond; Maturity Date: 06/07/2019; 1.900%; Shares: 65,000	64,951	64,851
	CATERPILLAR INC	Corporate Bond; Maturity Date: 05/18/2019; 1.350%; Shares: 65,000	65,072	64,101
	MCDONALD'S CORP	Corporate Bond; Maturity Date: 12/07/2018; 2.100%; Shares: 60,000	59,971	60,356
	BLACK HILLS CORP	Corporate Bond; Maturity Date: 01/11/2019; 2.500%; Shares: 60,000	59,926	60,239
	BP CAPITAL MARKETS PLC	Corporate Bond; Maturity Date: 02/13/2018; 1.674%; Shares: 60,000	60,340	60,061
	CITIGROUP INC	Corporate Bond; Maturity Date: 12/17/2018; 2.050%; Shares: 60,000	59,992	59,993
	COSTCO WHOLESALE CORP	Corporate Bond; Maturity Date: 12/15/2019; 1.700%; Shares: 60,000	61,133	59,936
	PEPSICO INC	Corporate Bond; Maturity Date: 04/30/2018; 1.250%; Shares: 60,000	59,695	59,924
	ACTAVIS FUNDING SCS	Corporate Bond; Maturity Date: 03/12/2018; 2.350%; Shares: 55,000	55,366	55,318
	CELGENE CORP	Corporate Bond; Maturity Date: 08/15/2018; 2.125%; Shares: 55,000	54,997	55,221

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
	KEY BANK NA	Corporate Bond; Maturity Date: 06/01/2018; 1.700%; Shares: 55,000	55,322	54,969
	BANK OF AMERICA CORP	Corporate Bond; Maturity Date: 01/11/2018; 2.000%; Shares: 50,000	50,352	50,115
	UBS AG STAMFORD CT	Corporate Bond; Maturity Date: 06/01/2017; 1.375%; Shares: 50,000	49,953	49,989
	US BANK NA CINCINNATI	Corporate Bond; Maturity Date: 01/26/2018; 1.350%; Shares: 50,000	49,890	49,913
	WELLPOINT INC	Corporate Bond; Maturity Date: 02/15/2017; 2.375%; Shares: 45,000	46,386	45,050
	GEORGIA POWER CO	Corporate Bond; Maturity Date: 12/01/2018; 1.950%; Shares: 40,000	39,965	40,162
	BERKSHIRE HATHAWAY FIN	Corporate Bond; Maturity Date: 03/07/2018; 1.450%; Shares: 40,000	39,984	40,039
	VISA	Corporate Bond; Maturity Date: 12/14/2017; 1.200%; Shares: 35,000	34,982	34,995
	BUCKEYE PARTNERS LP	Corporate Bond; Maturity Date: 11/15/2018; 2.625%; Shares: 30,000	29,411	30,197
	AMERICAN HONDA FINANCE	Corporate Bond; Maturity Date: 07/12/2019; 1.200%; Shares: 30,000	29,970	29,467
	Total Corporate Bonds		4,395,154	4,372,493
	U.S. Government Securities			
	US TREASURY NOTE	US Government; Maturity Date: 06/30/2019; 1.625%; Shares: 815,000	831,608	821,080
	US TREASURY NOTE	US Government; Maturity Date: 12/31/2018; 1.5%; Shares: 735,000	746,174	739,278
	US TREASURY NOTE	US Government; Maturity Date: 09/30/2020; 1.375%; Shares: 400,000	401,084	395,468
	US TREASURY NOTE	US Government; Maturity Date: 02/28/2018; 0.75%; Shares: 235,000	235,123	234,450
	Total U.S. Government Securities		2,213,989	2,190,276
	Short Term Investment Funds			
*	WELLS FARGO SHORT-TERM INVESTMENT FUND N	Cash and cash equivalents	3,392,641	3,392,641
			$ 201,134,087	$ 228,002,054

* Indicates party-in-interest

Plan Sponsor: El Camino Hospital
Employer Identification Number: 94-3167314
Plan Number: 001
Schedule H, Line 4(j)

(a) Identity of party involved	(b) Description of assets	(c) Purchase price	(d) Selling price	(e) Cost of asset	(h) Current value of asset on transaction date	(i) Net gain or (loss)
Category (iii) - series of transactions in excess of 5% of plan assets						
* Wells Fargo Short-Term Investment Fund N	Series of cash sweep purchases	$ 50,858,027	$ -	$ 50,858,027	$ 50,858,027	$ -
	Series of cash sweep sales	-	49,235,713	49,235,713	49,235,713	-

* Indicates party-in-interest

Minutes of the Open Session of the
Executive Compensation Committee
Tuesday, May 23, 2017
El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040
Medical Staff Conference Room (administration)

Members Present	Members Absent
Lanhee Chen, Chair	**Teri Eyre**
Jaison Layney	**Pat Wadors**
Bob Miller, Vice Chair	

Agenda Item	Comments/Discussion	Approvals/Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Executive Compensation Committee of El Camino Hospital (the "Committee") was called to order at 10:06am by Chair Chen. Ms. Eyre and Ms. Wadors were absent. All other Committee members were present.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Chen asked if any Committee members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
3. PUBLIC COMMUNICATION	None.	
4. CONSENT CALENDAR	Chair Chen asked if any member of the Committee or the public wished to remove an item from the consent calendar. No items were removed. **Motion:** To approve the consent calendar: Minutes of the Open Session of the Executive Compensation Committee Meeting (March 23, 2017). **Movant:** Miller **Second:** Layney **Ayes:** Chen, Layney, Miller **Noes:** None **Abstentions:** None **Absent:** Eyre, Wadors **Recused:** None	***Consent calendar approved***
5. REPORT ON BOARD ACTIONS	Chair Chen reported that the District Board made a decision to expand the Hospital Board to 10 members and make the CEO a non-voting ex-officio member and referred the Committee members to the packet for further details on the Boards' recent actions.	
6. ADJOURN TO CLOSED SESSION	**Motion:** To adjourn to closed session at 10:12 am. **Movant:** Miller **Second:** Layney **Ayes:** Chen, Layney, Miller **Noes:** None **Abstentions:** None **Absent:** Eyre, Wadors **Recused:** None	***Adjourned to closed session at 10: 12am.***
7. AGENDA ITEM 17: RECONVENE OPEN SESSION/ REPORT OUT	Open session was reconvened at 11:55 am. Agenda items 7-16 were addressed in closed session. During the closed session, the Committee approved the Minutes of the Closed Session of the Executive Compensation Committee Meeting of March 23, 2017 and voted to recommend Board approval of the Proposed FY18 Executive Incentive Goals by a unanimous vote in favor of all	

	members present (Chen, Layney, Miller). Ms. Eyre and Ms. Wadors were absent.	
8. AGENDA ITEM 18: PROPOSED FY18 ORGANIZATIONAL GOALS	**Motion:** To recommend that the Board approve the Proposed FY18 Organizational Performance Incentive Plan Goals modified to reflect a straight line relationship with respect to the deltas between minimum and target and target and maximum. **Movant:** Miller **Second:** Layney **Ayes:** Chen, Layney, Miller **Noes:** None **Abstentions:** None **Absent:** Eyre, Wadors **Recused:** None	***FY18 Organizational Goals recommended for approval***
9. AGENDA ITEM 19: FY18 CEO AND EXECUTIVE SALARY RANGES	**Motion:** To recommend that the Board approve the proposed FY18 executive salary ranges subject to a 10% cap on CNO FY18 increase and no change to the CASO ranges for FY18. **Movant:** Miller **Second:** Chen **Ayes:** Chen, Layney, Miller **Noes:** None **Abstentions:** None **Absent:** Eyre, Wadors **Recused:** None	***FY18 Executive Salary Ranges recommended for approval***
10. AGENDA ITEM 20: FY18 EXECUTIVE BASE SALARIES	**Motion:** To recommend that the Board approve the proposed FY18 executive base salaries with the following modifications: No lump sum for CASO ($296,140) or VP Payor Relations ($266,530). **Movant:** Miller **Second:** Layney **Ayes:** Chen, Layney, Miller **Noes:** None **Abstentions:** None **Absent:** Eyre, Wadors **Recused:** None	***FY18 Executive Base Salaries recommended for approval***
11. AGENDA ITEM 21: DRAFT REVISED EXECUTIVE BENEFIT POLICY	**Motion:** To recommend that the Board approve the proposed Executive Benefit Plan Policy Revisions (Severance, SERP, and Long-Term Disability) effective January 1, 2018. **Movant:** Chen **Second:** Miller **Ayes:** Chen, Layney, Miller **Noes:** None **Abstentions:** None **Absent:** Eyre, Wadors **Recused:** None	***Executive Benefit Plan policy revisions recommended for approval***
12. AGENDA ITEM 22: PROPOSED FY18 COMMITTEE PACING PLAN	The Committee members requested that the topic of compensation policies be moved from November to September in the Proposed FY18 Committee Pacing Plan. **Motion:** To approve the FY18 Pacing Plan as modified. **Movant:** Chen **Second:** Miller **Ayes:** Chen, Layney, Miller	***FY18 Pacing Plan approved***

	Noes: None **Abstentions:** None **Absent:** Eyre, Wadors **Recused:** None	
13. AGENDA ITEM 23: CLOSING COMMENTS	None.	
14. AGENDA ITEM 24: ADJOURNMENT	**Motion**: To adjourn at 12:10 pm **Movant:** Miller **Second:** Chen **Ayes:** Chen, Layney, Miller **Noes:** None **Abstentions:** None **Absent:** Eyre, Wadors **Recused:** None	***Meeting adjourned at 12:10 pm.***

Attest as to the approval of the foregoing minutes by the Executive Compensation Committee and the Board of Directors of El Camino Hospital.

_____
Bob Miller
Chair, Executive Compensation Committee

_____
Julia Miller
Secretary, ECH Board of Directors

Prepared by: Cindy Murphy, Director of Governance Services

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2018 – Period 1

7/1/2017 to 7/31/2017

	Annual				Month			YTD		
	2016	2017	2018 Proj.	2018 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume										
Licenced Beds	443	443	443	443	443	443	443	443	443	443
ADC	242	239	238	245	230	233	230	230	233	230
Adjusted Discharges	22,499	23,446	31,411	23,359	1,806	2,644	2,448	1,806	2,618	2,448
Total Discharges	19,367	19,660	24,216	19,781	1,563	2,018	1,942	1,563	2,018	1,942
Inpatient Cases										
MS Discharges	13,344	13,616	17,760	13,499	1,052	1,495	1,414	1,052	1,480	1,414
Deliveries	4,717	4,660	4,752	4,810	383	396	407	383	396	407
BHS	806	923	1,332	901	82	96	78	82	111	78
Rehab	500	461	372	570	46	31	43	46	31	43
Outpatient Cases	139,935	145,927	142,788	147,053	11,456	11,899	11,459	11,456	11,899	11,459
ED	48,609	48,648	48,372	51,258	4,073	4,031	4,087	4,073	4,031	4,087
Procedural Cases										
OP Surg	6,070	6,666	5,676	6,427	496	473	497	496	473	497
Endo	2,324	2,159	2,196	2,479	136	183	190	136	183	190
Interventional	2,021	1,963	1,872	2,323	194	156	182	194	156	182
All Other	80,911	86,491	84,672	84,566	6,557	7,056	6,503	6,557	7,056	6,503
Financial Perf.										
Net Patient Revenues	772,020	832,279	836,148	832,066	65,187	69,679	72,444	65,187	69,679	72,444
Total Operating Revenue	795,657	858,363	860,213	855,195	66,889	71,684	74,291	66,889	71,684	74,291
Operating Expenses	743,044	752,786	714,496	778,105	57,772	59,541	63,950	57,772	59,541	63,950
Operating Income $	52,613	105,578	145,717	77,090	9,117	12,143	10,342	9,117	12,143	10,342
Operating Margin	6.6%	12.3%	16.9%	9.0%	13.6%	16.9%	13.9%	13.6%	16.9%	13.9%
EBITDA $	108,554	157,631	197,413	138,862	13,609	16,451	15,244	13,609	16,451	15,244
EBITDA %	13.6%	18.4%	22.9%	16.2%	20.3%	22.9%	20.5%	20.3%	22.9%	20.5%
IP Margin[1]	-8.7%	-6.2%	-13.9%	-14.7%	-9.9%	-13.9%	-14.7%	-9.9%	-13.9%	-14.7%
OP Margin[1]	26.7%	33.1%	29.0%	30.9%	32.6%	29.0%	30.9%	-32.6%	29.0%	30.9%
Payor Mix										
Medicare	46.6%	47.7%	46.0%	47.4%	47.7%	46.0%	47.4%	47.7%	46.0%	47.4%
Medi-Cal	7.4%	7.3%	6.9%	7.2%	7.0%	6.9%	7.2%	7.0%	6.9%	7.2%
Commercial IP	23.2%	22.3%	23.1%	22.6%	22.2%	23.1%	22.6%	22.2%	23.1%	22.6%
Commercial OP	18.7%	20.2%	21.0%	20.3%	20.6%	21.0%	20.3%	20.6%	21.0%	20.3%
Total Commercial	41.9%	42.5%	44.2%	42.9%	42.9%	44.2%	42.9%	42.9%	44.2%	42.9%
Other	4.1%	2.5%	2.9%	2.5%	2.5%	2.9%	2.5%	2.5%	2.9%	2.5%
Cost										
Employees	2,542.8	2,510.0	2,573.4	2,479.4	2,481.3	2,573.4	2,479.4	2,481.3	2,573.4	2,479.4
Hrs/APD	30.4	30.3	30.3	31.2	30.4	30.3	31.2	30.4	30.3	31.2
Balance Sheet										
Net Days in AR	53.7	44.8	47.4	48.0	44.8	47.4	48.0	44.8	47.4	48.0
Days Cash	361	444	480	266	444	480	266	444	480	266
Affiliates - Net Income ($000s)										
Hosp	43,043	164,026	208,097	79,793	20,285	17,341	10,567	20,285	17,341	10,567
Concern	1,823	1,391	4,035	1,430	379	336	128	379	336	128
ECSC	(282)	(105)	(23)	0	(3)	(2)	0	(3)	(2)	0
Foundation	982	2,430	2,425	737	514	202	64	514	202	64
SVMD	156	195	(985)	(0)	191	(82)	(0)	191	(82)	(0)

Volume:

- Adjusted discharges were 7% ahead of budget but charges were lower due to lower inpatient procedural volume
- OP discharges over budget, specifically, OP MCH, Imaging, ER, and General Surgery
- In[patient procedural volume was down in Spine Surgery, NICU, General Surgery, HVI Structural Heart, & Orthopedic Surgery

Financial Performance:

- July's operating income $1.8M over budget, due to favorable favorable expenses in labor, purchased services, and other expenses

Payor Mix:

- Commercial insurance is 1.3% more than budget

Cost:

- Hrs/APD is July is 30.3 and favorable to budget, due to the July 4th holiday

Balance Sheet:

- Net days in AR are 47.4, .6 less than budget. Total cash on hand is at an all time high of 480 days in July.

Green - Equal to or better than budget; Yellow - Unfav by up to 5%; Red - Greater than 5% unfav

Budget Variances

(in thousands)	Month to Date (MTD)		Year to Date (YTD)	
	Net Income Impact	% Net Revenue	Net Income Impact	% Net Revenue
Budgeted Hospital Operations FY2018	**10,342**	**13.9%**	**10,342**	**13.9%**
Net Revenue - Unfavorable due to low procedural volume: specifically HVI, Spine Surgery, NICU, Sleep Center and General Surgery.	(2,607)	-3.6%	(2,607)	-3.6%
Labor and Benefit Expense - Favorable due to vacation taken during the 4th of July holidays	415	0.6%	415	0.6%
Professional Fees & Purchased Services - Favorable due lower IT and Rev cycle collection agency services	1,076	1.5%	1,076	1.5%
Supplies - Medical supplies favorable due to lower volumes in IP Structural Heart and IP Spine Surgery.	1,752	2.4%	1,752	2.4%
Other Expenses - Favorable due to no use of strategic discretionary fund.	571	0.8%	571	0.8%
Depreciation & Interest - Favorable as budget includes new parking garage extension, actual depreciation starts in P2.	594	0.8%	594	0.8%
Actual Hospital Operations FY2018	**12,143**	**16.9%**	**12,143**	**16.9%**

El Camino Hospital ($000s)

1 month ending 7/31/2017

PERIOD 1 FY 2017	PERIOD 1 FY 2018	PERIOD 1 Budget 2018	Variance Fav (Unfav)	Var%	$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
231,262	250,848	258,924	(8,076)	-3.1%	Gross Revenue	231,262	250,848	258,924	(8,076)	-3.1%
(166,076)	(181,169)	(186,480)	5,311	1.0%	Deductions	(166,076)	(181,169)	(186,480)	5,311	-2.8%
65,187	**69,679**	**72,444**	**(2,765)**	**-3.8%**	Net Patient Revenue	**65,187**	**69,679**	**72,444**	**(2,765)**	**-3.8%**
1,702	2,005	1,847	158	8.6%	Other Operating Revenue	1,702	2,005	1,847	158	8.6%
66,889	**71,684**	**74,291**	**(2,607)**	**-3.5%**	Total Operating Revenue	**66,889**	**71,684**	**74,291**	**(2,607)**	**-3.5%**
					OPERATING EXPENSE					
35,514	38,215	38,630	415	1.1%	Salaries & Wages	35,514	38,215	38,630	415	1.1%
8,441	8,209	9,961	1,752	17.6%	Supplies	8,441	8,209	9,961	1,752	17.6%
6,998	7,035	8,111	1,076	13.3%	Fees & Purchased Services	6,998	7,035	8,111	1,076	13.3%
2,327	1,775	2,346	571	24.3%	Other Operating Expense	2,327	1,775	2,346	571	24.3%
462	418	725	307	42.3%	Interest	462	418	725	307	42.3%
4,030	3,890	4,177	287	6.9%	Depreciation	4,030	3,890	4,177	287	6.9%
57,772	**59,541**	**63,950**	**4,408**	**6.9%**	Total Operating Expense	**57,772**	**59,541**	**63,950**	**4,408**	**6.9%**
9,117	**12,143**	**10,342**	**1,801**	**17.4%**	Net Operating Income/(Loss)	**9,117**	**12,143**	**10,342**	**1,801**	**17.4%**
11,168	5,198	225	4,973	2207.4%	Non Operating Income	11,168	5,198	225	4,973	2207.4%
20,285	**17,341**	**10,567**	**6,774**	**64.1%**	Net Income(Loss)	**20,285**	**17,341**	**10,567**	**6,774**	**64.1%**
20.3%	22.9%	20.5%	2.4%		EBITDA	20.3%	22.9%	20.5%	2.4%	
13.6%	16.9%	13.9%	3.0%		Operating Margin	13.6%	16.9%	13.9%	3.0%	
30.3%	24.2%	14.2%	10.0%		Net Margin	30.3%	24.2%	14.2%	10.0%	

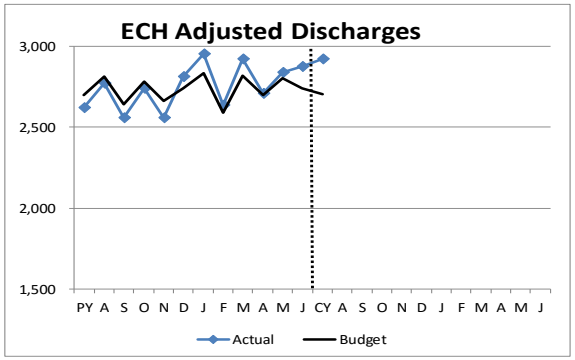
Non Operating Items and Net Income by Affiliate

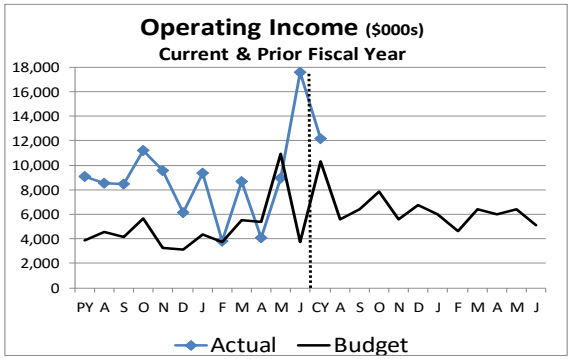
$ in thousands

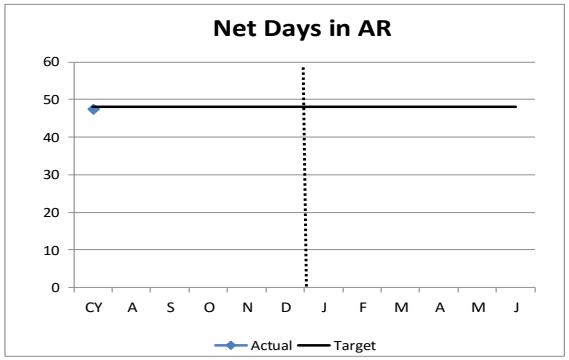
	Period 1 - Month			Period 1 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	11,944	9,161	2,783	11,944	9,161	2,783
Los Gatos	199	1,181	(982)	199	1,181	(982)
Sub Total - El Camino Hospital, excl. Afflilates	**12,143**	**10,342**	**1,801**	**12,143**	**10,342**	**1,801**
Operating Margin %	**16.9%**	**13.9%**		**16.9%**	**13.9%**	
El Camino Hospital Non Operating Income						
Investments	7,712	1,516	6,196	7,712	1,516	6,196
Swap Adjustments	(20)	0	(20)	(20)	0	(20)
Community Benefit	(1,970)	(283)	(1,687)	(1,970)	(283)	(1,687)
Other (IPECH / Foundation)	(523)	(1,007)	484	(523)	(1,007)	484
Sub Total - Non Operating Income	**5,198**	**225**	**4,973**	**5,198**	**225**	**4,973**
El Camino Hospital Net Income (Loss)	**17,341**	**10,567**	**6,774**	**17,341**	**10,567**	**6,774**
ECH Net Margin %	**24.2%**	**14.2%**		**24.2%**	**14.2%**	
Concern	336	128	208	336	128	208
ECSC	(2)	0	(2)	(2)	0	(2)
Foundation	202	64	138	202	64	138
Silicon Valley Medical Development	(82)	(0)	(82)	(82)	(0)	(82)
Net Income Hospital Affiliates	**454**	**192**	**262**	**454**	**192**	**262**
Total Net Income Hospital & Affiliates	**17,796**	**10,759**	**7,037**	**17,796**	**10,759**	**7,037**

- Investment income favorable for July due to strong market
- Community Benefit variance due to timing

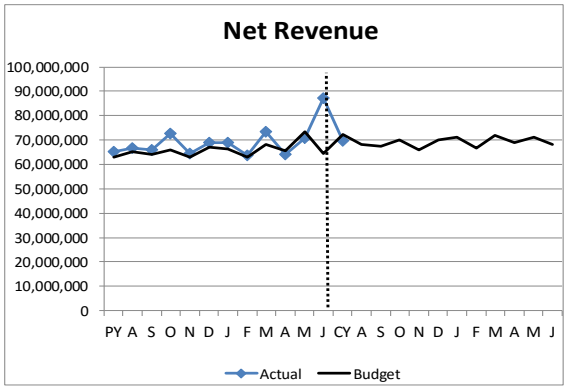
Monthly Financial Trends

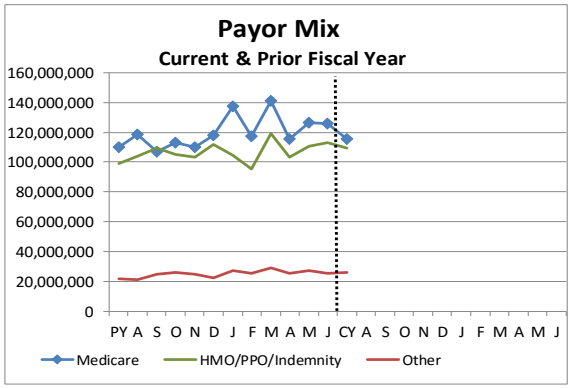


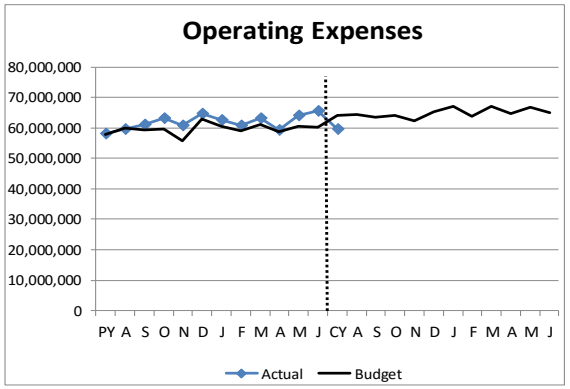




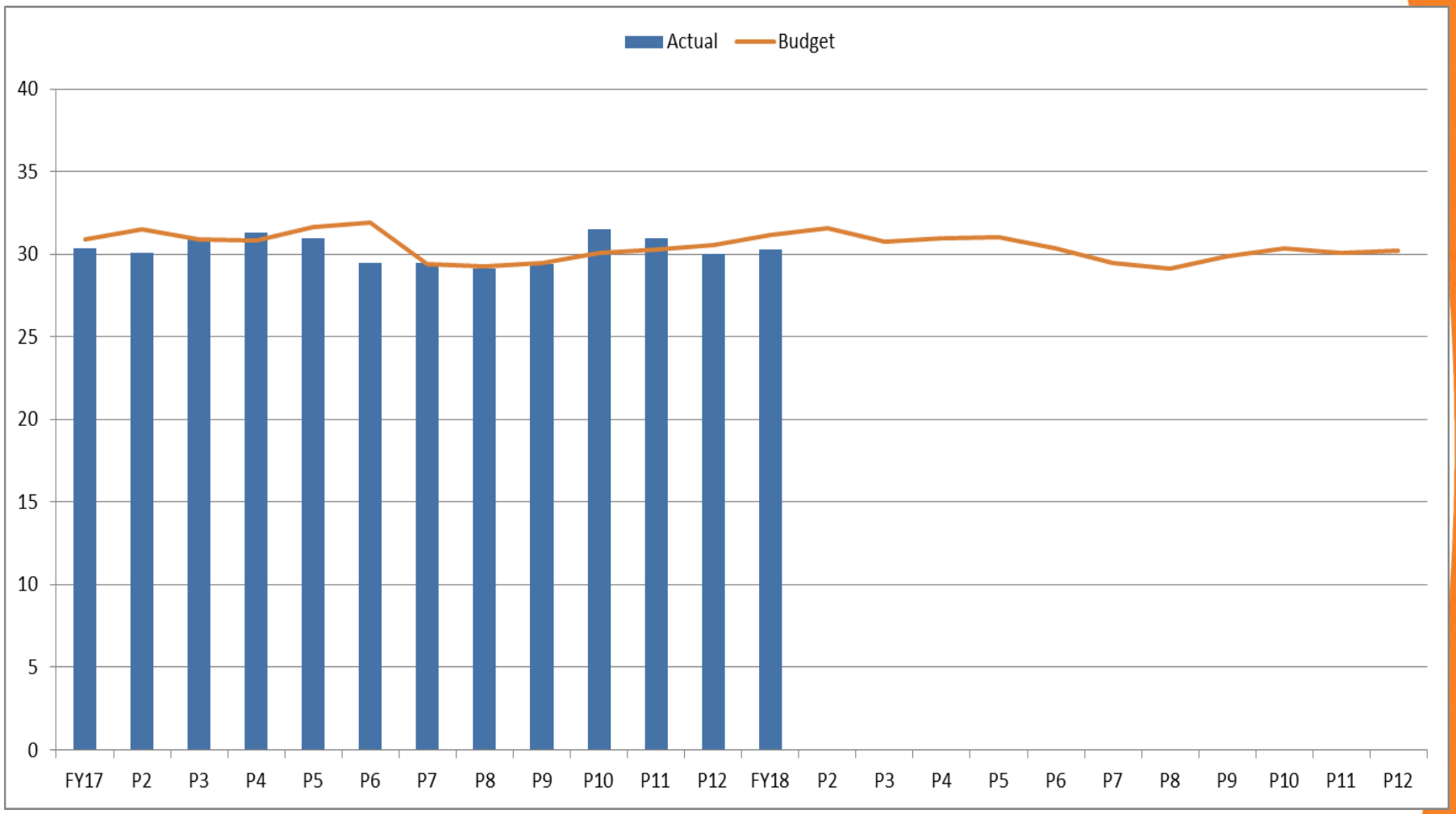
Charges and net revenue are behind budget but operating income is ahead of budget due to low expenses





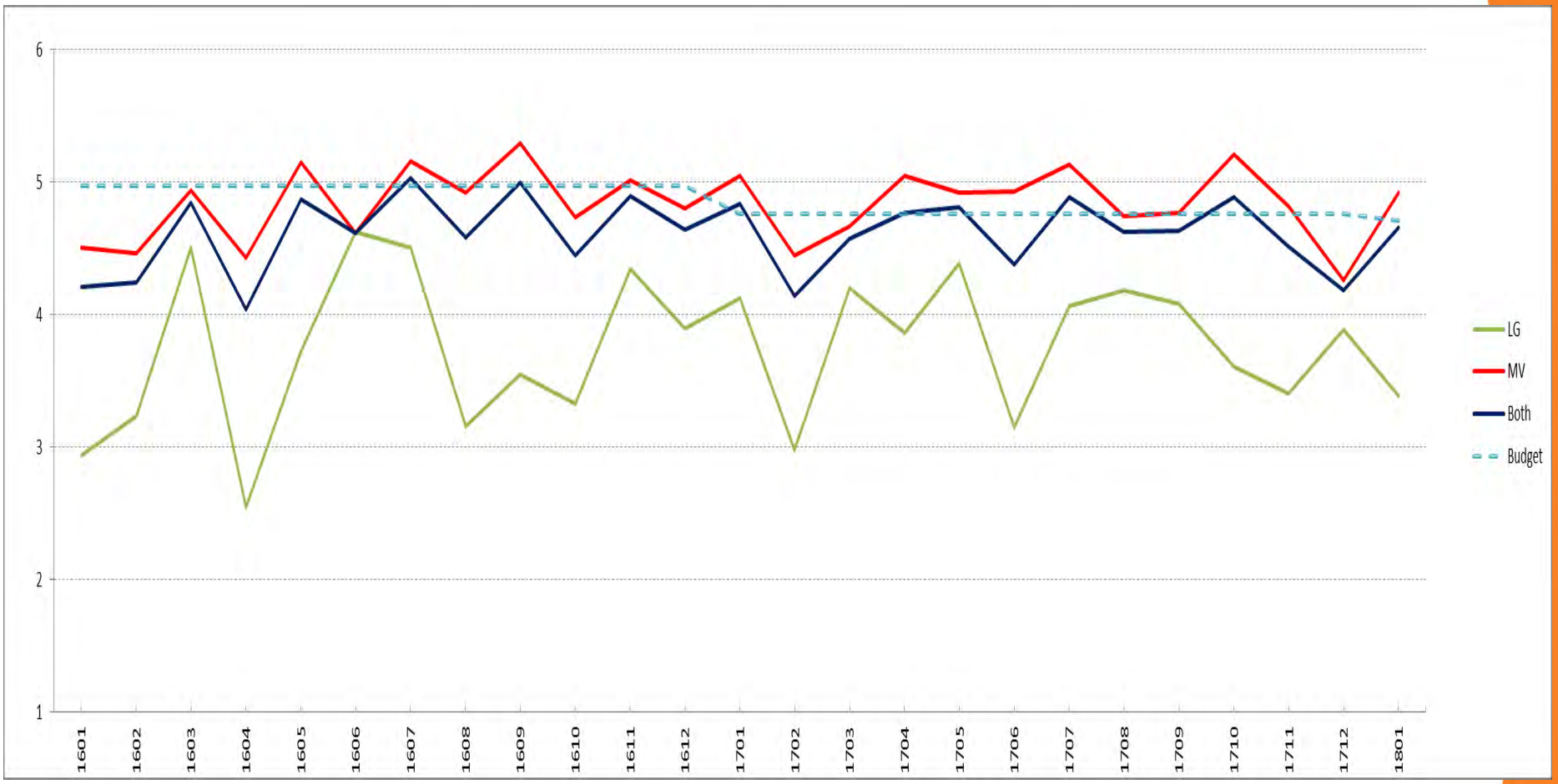


Worked Hours per Adjusted Patient Day



Work hours per adjusted patient day increased slightly in July but is lower than budget.

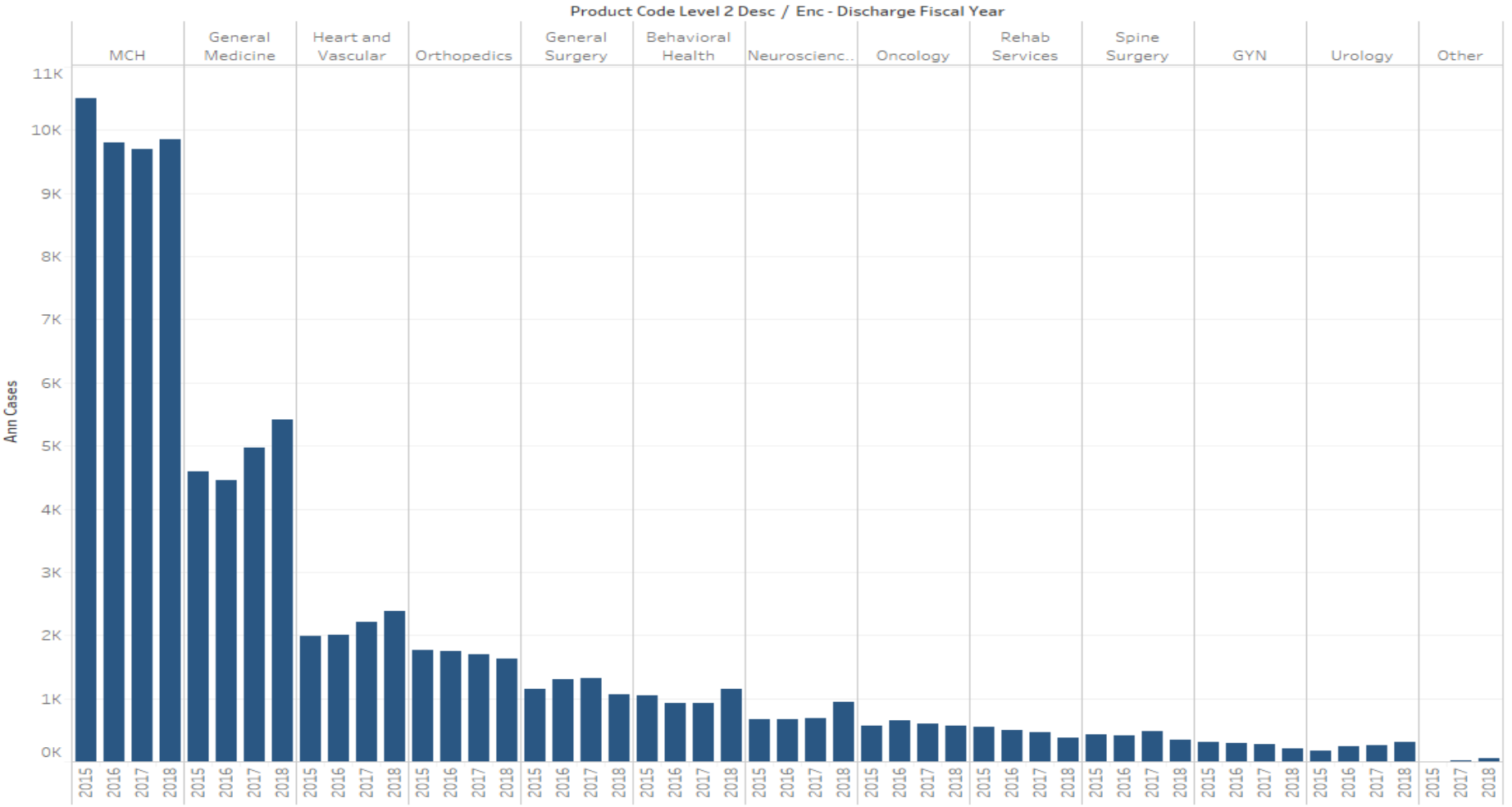
Medicare ALOS



•July ALOS is 4.66 and is lower by 0.05 compared to ALOS budget of 4.71.

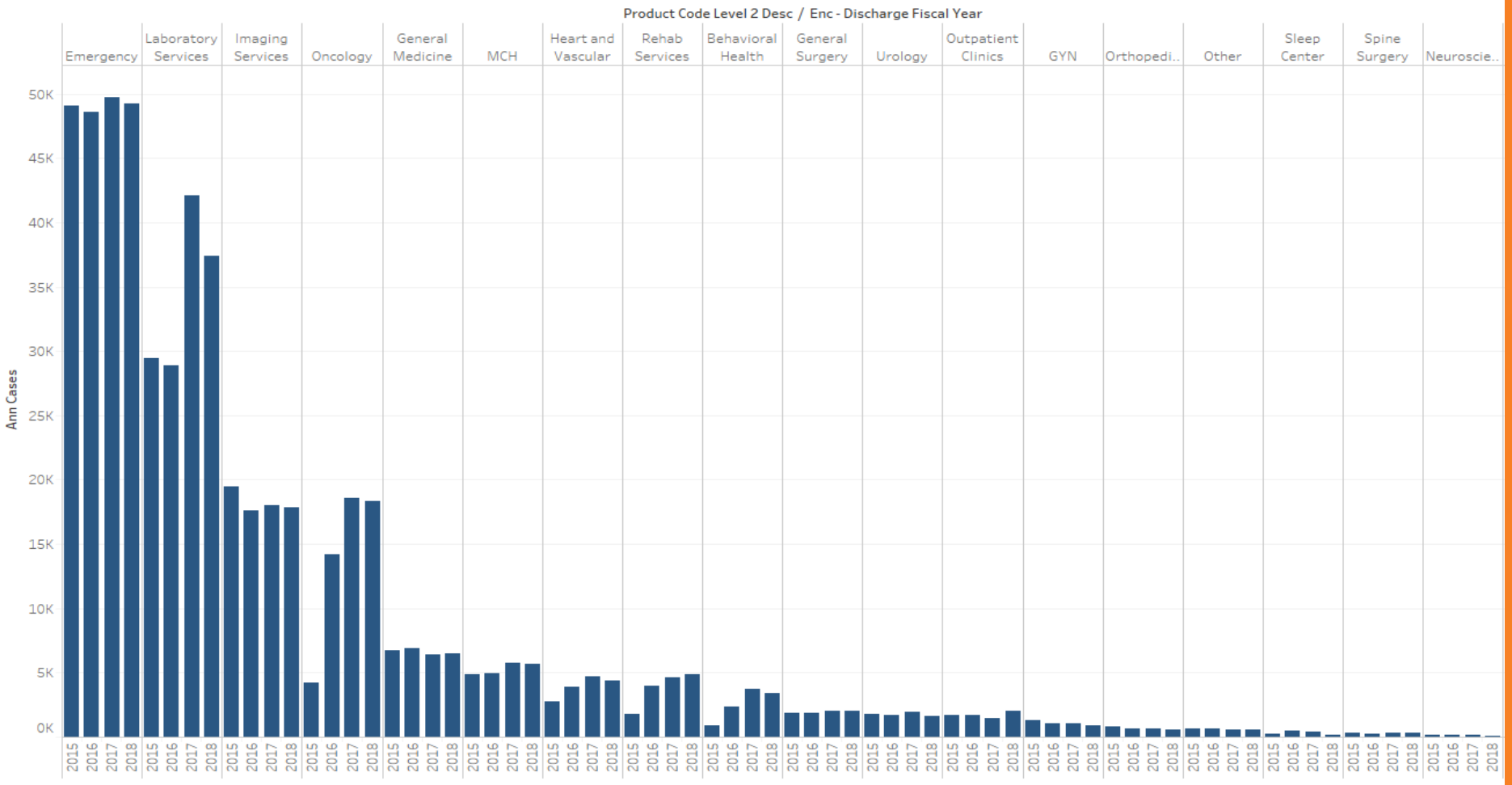
Medicare data excludes Medicare HMOs

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



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

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

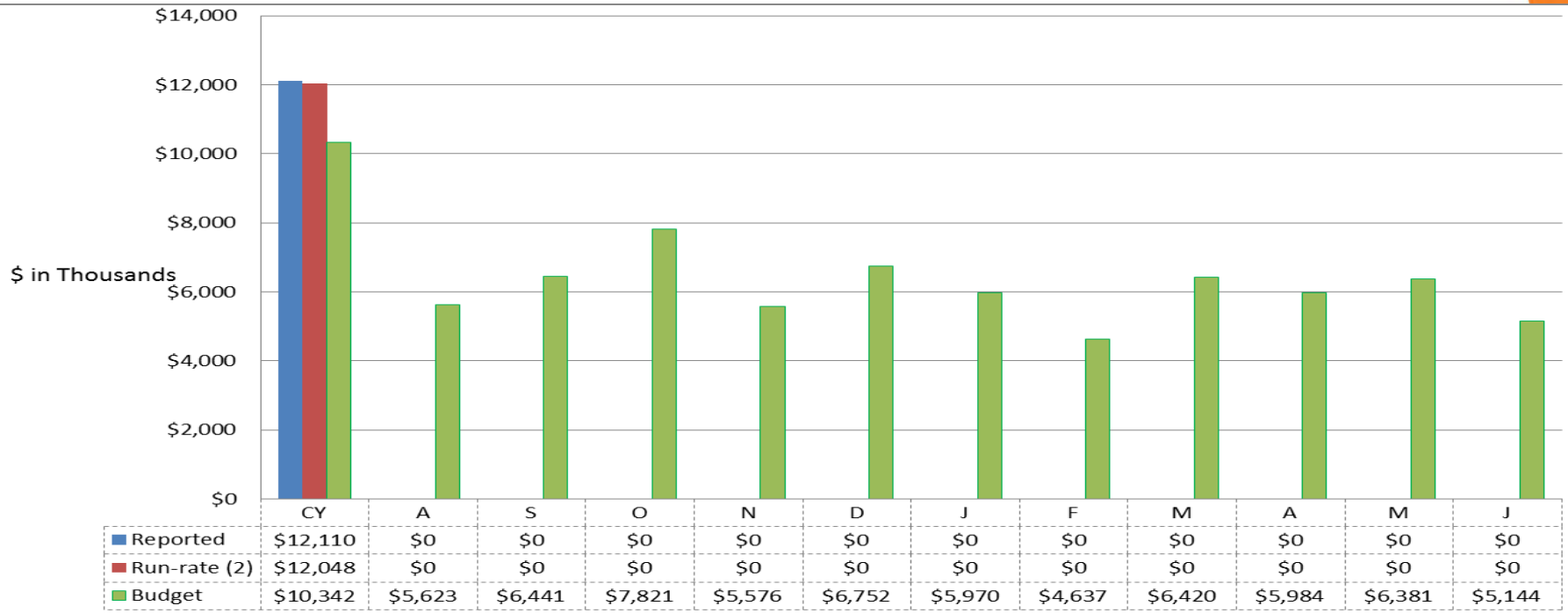


- Comparing year-over-year MCH, Rehab Services, Behavioral Health, General Surgery, and Outpatient Clinics are all increasing in volume.

Medicare data excludes Medicare HMOs

ECH Operating Margin

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



	CY	A	S	O	N	D	J	F	M	A	M	J
Reported	$12,110	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Run-rate (2)	$12,048	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Budget	$10,342	$5,623	$6,441	$7,821	$5,576	$6,752	$5,970	$4,637	$6,420	$5,984	$6,381	$5,144

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

Revenue Adjustments	J	A	S	O	N	D	J	F	M	A	M	J	YTD
Mcare Settlmt/Appeal/Tent Settlmt/PIP	54	-	-	-	-	-	-	-	-	-	-	-	54
Various Adjustments under $250k	9	-	-	-	-	-	-	-	-	-	-	-	9
Total	**63**	-	-	-	-	-	-	-	-	-	-	-	**63**

Updated Quarterly
Last update 06/30/17

El Camino Hospital Investment Committee Scorecard

June 30, 2017

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY17 Year-end Budget	Expectation Per Asset Allocation
Investment Performance		2Q 2017		Fiscal Year-to-date		4y 8m Since Inception (annualized)			May 2016
Surplus cash balance & op. cash (millions)		$900.5	--	--	--	--	--	$657.2	--
Surplus cash return		2.4%	2.1%	8.9%	8.7%	5.4%	5.3%	4.0%	5.2%
Cash balance plan balance (millions)		$243.8	--	--	--	--	--	$220.6	--
Cash balance plan return		3.1%	2.4%	11.2%	10.3%	7.9%	7.2%	6.0%	5.8%
403(b) plan balance (millions)		$406.6	--	--	--	--	--	--	--
Risk vs. Return		3-year				4y 8m Since Inception (annualized)			May 2016
Surplus cash Sharpe ratio		0.83	0.86	--	--	1.26	1.24	--	0.55
Net of fee return		3.9%	4.1%	--	--	5.4%	5.3%	--	5.2%
Standard deviation		4.5%	4.5%	--	--	4.1%	4.1%	--	8.6%
Cash balance Sharpe ratio		0.84	0.79	--	--	1.37	1.31	--	0.49
Net of fee return		4.9%	4.5%	--	--	7.9%	7.2%	--	5.8%
Standard deviation		5.7%	5.6%	--	--	5.6%	5.3%	--	10.7%
Asset Allocation		2Q 2017							
Surplus cash absolute variances to target		9.6%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		9.4%	< 10%	--	--	--	--	--	--
Manager Compliance		2Q 2017							
Surplus cash manager flags		19	< 19 Green < 23 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		20	< 20 Green < 25 Yellow	--	--	--	--	--	--

El Camino Hospital

Capital Spending (in millions)

	Category		Detail	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	2018 Proj Spend	FY 18 YTD Spent
CIP	EPIC Upgrade				1.9	0.0	1.9	0.0
IT Hardware, Software, Equipment & Imaging*					12.2	0.0	12.2	0.0
Medical & Non Medical Equipment FY 17 **					10.3	8.4	3.0	3.0
Medical & Non Medical Equipment FY 18					5.6	0.0	5.6	0.0
Facility Projects								
		1245	Behavioral Health Bldg	91.5	91.5	17.7	51.4	0.1
		1413	North Drive Parking Expansion	24.5	24.5	21.2	3.4	1.4
		1414	Integrated MOB	275.0	275.0	48.6	130.1	2.7
		1422	CUP Upgrade	9.0	9.0	2.3	4.0	0.1
		1430	Women's Hospital Expansion	91.0	6.0	0.5	7.0	0.0
		1425	IMOB Preparation Project - Old Main	3.0	3.0	2.6	0.0	0.0
		1502	Cabling & Wireless Upgrades	2.8	2.8	2.4	0.0	0.0
		1525	New Main Lab Upgrades	1.6	3.1	0.5	0.5	0.0
		1515	ED Remodel Triage/Psych Observation	1.6	0.0	0.0	1.0	0.0
		1503	Willow Pavilion Tomosynthesis	1.3	1.3	0.3	0.0	0.0
		1602	JW House (Patient Family Residence)	2.5	0.0	0.0	0.0	0.0
			Site Signage and Other Improvements	1.0	0.0	0.0	0.1	0.0
			IR Room #6 Development	2.6	0.0	0.0	2.0	0.0
			Nurse Call System Upgrades	2.4	0.0	0.0	0.0	0.0
		1707	Imaging Equipment Replacement (5 or 6	20.7	0.0	0.0	0.0	0.0
		1708	IR/ Cath Lab Equipment Replacement	19.4	0.0	0.0	0.0	0.0
		1709	ED Remodel / CT Triage - Other	5.0	0.0	0.0	0.0	0.0
			Flooring Replacement	1.6	0.0	0.0	0.0	0.0
		1219	LG Spine OR	4.1	4.1	3.4	0.0	0.0
		1313	LG Rehab HVAC System & Structural	3.7	3.7	3.7	0.0	0.0
		1248	LG Imaging Phase II (CT & Gen Rad)	8.8	8.8	7.8	0.7	0.4
		1307	LG Upgrades	19.3	19.3	13.9	5.0	0.1
		1519	LG Electrical Systems Upgrade	1.2	0.0	0.0	0.0	0.0
		1508	LG NICU 4 Bed Expansion	0.0	0.5	0.2	0.0	0.0
		1507	LG IR Upgrades	1.1	0.0	0.0	0.0	0.0
			LG Building Infrastructure Upgrades	1.5	0.0	0.0	0.0	0.0
		1603	LG MOB Improvements (17)	5.0	5.0	0.3	3.5	0.0
			All Other Projects under $1M	26.4	4.8	51.3	3.2	0.1
				627.6	462.3	176.8	211.9	5.0
GRAND TOTAL					**492.4**	**185.2**	**231.7**	**8.0**

*Excluding EPIC

** Unspent Prior Year routine, subject to change as capital is purchased

Balance Sheet (in thousands)

	ASSETS	July 31, 2017	Un-Audited June 30, 2017
	CURRENT ASSETS		
(1)	Cash	84,017	125,551
	Short Term Investments	124,611	140,284
	Patient Accounts Receivable, net	117,354	109,089
	Other Accounts and Notes Receivable	2,564	2,628
(2)	Intercompany Receivables	3,419	1,495
(3)	Inventories and Prepaids	54,783	50,657
	Total Current Assets	**386,749**	**429,705**
	BOARD DESIGNATED ASSETS		
	Plant & Equipment Fund	137,072	131,153
	Women's Hospital Expansion	9,298	9,298
(4)	Operational Reserve Fund	127,908	100,196
	Community Benefit Fund	17,766	12,237
	Workers Compensation Reserve Fund	20,208	20,007
	Postretirement Health/Life Reserve Fund	19,321	19,218
	PTO Liability Fund	23,376	23,409
	Malpractice Reserve Fund	1,634	1,634
	Catastrophic Reserves Fund	16,715	16,575
	Total Board Designated Assets	**373,298**	**333,727**
	FUNDS HELD BY TRUSTEE	**274,165**	**287,052**
	LONG TERM INVESTMENTS	**280,404**	**256,652**
	INVESTMENTS IN AFFILIATES	**32,251**	**32,451**
	PROPERTY AND EQUIPMENT		
	Fixed Assets at Cost	1,192,167	1,192,047
	Less: Accumulated Depreciation	(535,675)	(531,785)
	Construction in Progress	131,474	138,017
	Property, Plant & Equipment - Net	**787,966**	**798,279**
	DEFERRED OUTFLOWS	28,910	28,960
	RESTRICTED ASSETS - CASH	0	0
	TOTAL ASSETS	**2,163,743**	**2,166,825**

	LIABILITIES AND FUND BALANCE	July 31, 2017	Un-Audited June 30, 2017
	CURRENT LIABILITIES		
(5)	Accounts Payable	22,828	38,457
	Salaries and Related Liabilities	28,278	25,109
	Accrued PTO	23,376	23,409
	Worker's Comp Reserve	2,300	2,300
	Third Party Settlements	10,886	10,438
	Intercompany Payables	86	84
	Malpractice Reserves	1,634	1,634
	Bonds Payable - Current	3,735	3,735
	Bond Interest Payable	3,125	11,245
	Other Liabilities	4,887	15,554
	Total Current Liabilities	**101,135**	**121,299**
	LONG TERM LIABILITIES		
	Post Retirement Benefits	19,321	19,218
	Worker's Comp Reserve	17,908	17,707
	Other L/T Obligation (Asbestos)	3,756	3,746
	Other L/T Liabilities (IT/Medl Leases)	-	-
	Bond Payable	527,391	527,371
	Total Long Term Liabilities	**568,376**	**568,042**
	DEFERRED REVENUE-UNRESTRICTED	561	567
(6)	**DEFERRED INFLOW OF RESOURCES**	10,666	10,666
	FUND BALANCE/CAPITAL ACCOUNTS		
	Unrestricted	1,109,708	1,132,525
	Board Designated	373,298	333,726
	Restricted	0	0
(7)	**Total Fund Bal & Capital Accts**	**1,483,006**	**1,466,251**
	TOTAL LIABILITIES AND FUND BALANCE	**2,163,743**	**2,166,825**

El Camino Hospital Comparative Balance Sheet Variances and Footnotes

(1) The decrease in cash is due to $40M being moved into various investments during July (primarily Board Designated and Long Term investments), as currently having the 2017 Project Bond monies for payments of the major construction projects, the daily cash reserves did not need to be at amounts greater than $100M.

(2) The increase is due to that the District needed a short-term bridge loan in cash of $2.5M from the Hospital to cover the significant Community Benefit expenditures made in July ($4.1M), while they liquidated $2.5M of their investments at no loss to cover these disbursements. This was repaid on August 4.

(3) The increase is primarily driven by annual GASB 68 Pension entries booked at the final close of FY2017 to recognize the difference between projected and actual investment earnings ($8.5M). This amount is offset in the Deferred Inflow of Resources on the liability side of the Balance Sheet. Also a quarterly $2.6M pension contribution was made in July. Lastly at the beginning of July a number of significant annual insurance premiums (D&O, Property, Cyber, Auto) were paid that subsequently are amortized over the upcoming fiscal year.

(4) The increase here is to reset the Operational Reserve (to cover 60 days of operating expenses) for FY2018. The prior year balance hadn't been reset in a couple of years.

(5) The decrease is due to significant General Contractor payments being accrued at year end, that were subsequently relieved during the first quarter of fiscal year 2017.

(6) The increase in Deferred Inflow of Resources – refer to Item # 3 above as it relates to GASB 68 Pension entries.

(7) The increase is due to the first accounting period's performance in FY2018.

(1) Hospital entity only, excludes controlled affiliates

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

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

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

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

Community Benefit Fund – following in the footsteps of the District in 2008 of forming its Community Benefit Fund using Gann Limit tax receipts, the Hospital in 2010 after opening its campus outside of District boundaries in Los Gatos formed its own Community Benefit Fund to provide grants/sponsorships in Los Gatos and surrounding areas. The funds come from the Hospital reserving $1.5M a year from its operations, the entity of CONCERN contributing 40% of its annual income each year (an amount it would have paid in corporate taxes if it wasn't granted tax exempt status), that generates an amount of $800,000 or more a year. $10 million within this fund is board designated endowment fund formed in 2015 to generate investment income to be used for grants and sponsorships, which was added to by $5 million the beginning of FY 2018.

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

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

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

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

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

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

APPENDIX

El Camino Hospital – Mountain View ($000s)

1 month ending 7/31/2017

PERIOD 1 FY 2017	PERIOD 1 FY 2018	PERIOD 1 Budget 2018	Variance Fav (Unfav)	Var%	$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
193,631	207,481	212,098	(4,618)	-2.2%	**Gross Revenue**	193,631	207,481	212,098	(4,618)	-2.2%
(140,313)	(148,917)	(152,473)	3,556	-2.3%	**Deductions**	(140,313)	(148,917)	(152,473)	3,556	-2.3%
53,318	**58,563**	**59,625**	**(1,061)**	**-1.8%**	**Net Patient Revenue**	**53,318**	**58,563**	**59,625**	**(1,061)**	**-1.8%**
1,534	1,845	1,640	206	12.5%	**Other Operating Revenue**	1,534	1,845	1,640	206	12.5%
54,852	**60,408**	**61,264**	**(856)**	**-1.4%**	**Total Operating Revenue**	**54,852**	**60,408**	**61,264**	**(856)**	**-1.4%**
					OPERATING EXPENSE					
29,540	31,696	32,291	595	1.8%	**Salaries & Wages**	29,540	31,696	32,291	595	1.8%
7,080	6,828	7,993	1,165	14.6%	**Supplies**	7,080	6,828	7,993	1,165	14.6%
5,652	5,851	6,806	955	14.0%	**Fees & Purchased Services**	5,652	5,851	6,806	955	14.0%
708	271	813	542	66.6%	**Other Operating Expense**	708	271	813	542	66.6%
462	418	725	307	42.3%	**Interest**	462	418	725	307	42.3%
3,489	3,400	3,475	75	2.1%	**Depreciation**	3,489	3,400	3,475	75	2.1%
46,931	**48,465**	**52,104**	**3,639**	**7.0%**	**Total Operating Expense**	**46,931**	**48,465**	**52,104**	**3,639**	**7.0%**
7,921	**11,944**	**9,161**	**2,783**	**30.4%**	**Net Operating Income/(Loss)**	**7,921**	**11,944**	**9,161**	**2,783**	**30.4%**
11,168	5,198	225	4,973	2207.4%	**Non Operating Income**	11,168	5,198	225	4,973	2207.4%
19,089	**17,142**	**9,386**	**7,756**	**82.6%**	**Net Income(Loss)**	**19,089**	**17,142**	**9,386**	**7,756**	**82.6%**
21.6%	26.1%	21.8%	4.3%		**EBITDA**	21.6%	26.1%	21.8%	4.3%	
14.4%	19.8%	15.0%	4.8%		**Operating Margin**	14.4%	19.8%	15.0%	4.8%	
34.8%	28.4%	15.3%	13.1%		**Net Margin**	34.8%	28.4%	15.3%	13.1%	

El Camino Hospital – Los Gatos($000s)

1 month ending 7/31/2017

PERIOD 1 FY 2017	PERIOD 1 FY 2018	PERIOD 1 Budget 2018	Variance Fav (Unfav)	Var%	$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
37,631	43,367	46,826	(3,459)	-7.4%	**Gross Revenue**	37,631	43,367	46,826	(3,459)	-7.4%
(25,763)	(32,252)	(34,006)	1,755	-5.2%	**Deductions**	(25,763)	(32,252)	(34,006)	1,755	-5.2%
11,868	**11,116**	**12,819**	**(1,704)**	**-13.3%**	**Net Patient Revenue**	**11,868**	**11,116**	**12,819**	**(1,704)**	**-13.3%**
168	160	207	(47)	-22.7%	**Other Operating Revenue**	168	160	207	(47)	-22.7%
12,037	**11,276**	**13,027**	**(1,751)**	**-13.4%**	**Total Operating Revenue**	**12,037**	**11,276**	**13,027**	**(1,751)**	**-13.4%**
					OPERATING EXPENSE					
5,974	6,519	6,339	(180)	-2.8%	**Salaries & Wages**	5,974	6,519	6,339	(180)	-2.8%
1,360	1,382	1,968	587	29.8%	**Supplies**	1,360	1,382	1,968	587	29.8%
1,347	1,184	1,304	121	9.3%	**Fees & Purchased Services**	1,347	1,184	1,304	121	9.3%
1,619	1,503	1,533	29	1.9%	**Other Operating Expense**	1,619	1,503	1,533	29	1.9%
0	0	0	0	0.0%	**Interest**	0	0	0	0	0.0%
541	489	702	212	30.3%	**Depreciation**	541	489	702	212	30.3%
10,841	**11,077**	**11,846**	**769**	**6.5%**	**Total Operating Expense**	**10,841**	**11,077**	**11,846**	**769**	**6.5%**
1,196	**199**	**1,181**	**(982)**	**-83.1%**	**Net Operating Income/(Loss)**	**1,196**	**199**	**1,181**	**(982)**	**-83.1%**
0	0	0	0	0.0%	**Non Operating Income**	0	0	0	0	0.0%
1,196	**199**	**1,181**	**(982)**	**-83.1%**	**Net Income(Loss)**	**1,196**	**199**	**1,181**	**(982)**	**-83.1%**
14.4%	6.1%	14.5%	-8.3%		**EBITDA**	14.4%	6.1%	14.5%	-8.3%	
9.9%	1.8%	9.1%	-7.3%		**Operating Margin**	9.9%	1.8%	9.1%	-7.3%	
9.9%	1.8%	9.1%	-7.3%		**Net Margin**	9.9%	1.8%	9.1%	-7.3%	

Capital Spend Trend & FY 18 Budget

Capital Spending (in 000's)	Actual FY2015	Actual FY2016	Actual FY2017	Projected FY2018
EPIC	29,849	20,798	2,755	1,922
IT Hardware / Software Equipment	4,660	6,483	2,659	12,238
Medical / Non Medical Equipment*	13,340	17,133	9,556	5,635
Non CIP Land, Land I , BLDG, Additions	-	4,189	-	-
Facilities	38,940	48,137	82,953	211,886
GRAND TOTAL	86,789	96,740	97,923	231,681

*Includes 2 robot purchases in projected FY2017 & FY2016 Medical/Non Medical Equipment spent FY2017

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

Category	2013	2014	2015	2016	2017
EPIC	**0**	**6,838**	**29,849**	**20,798**	**2,755**
IT Hardware/Software Equipment	**8,019**	**2,788**	**4,660**	**6,483**	**2,659**
Medical/Non Medical Equipment	**10,284**	**12,891**	**13,340**	**17,133**	**9,556**
Non CIP Land, Land I, BLDG, Additions	**0**	**22,292**	**0**	**4,189**	**0**
Facilities Projects CIP					
Mountain View Campus Master Plan Projects					
1245 - Behavioral Health Bldg Replace	0	1,257	3,775	1,389	10,323
1413 - North Drive Parking Structure Exp	0	0	167	1,266	18,120
1414 - Integrated MOB	0	0	2,009	8,875	32,805
1422 - CUP Upgrade	0	0	0	896	1,245
Sub-Total Mountain View Campus Master Plan	**0**	**1,257**	**5,950**	**12,426**	**62,493**
Mountain View Capital Projects					
9900 - Unassigned Costs	734	470	3,717	0	0
1108 - Cooling Towers	450	0	0	0	0
1120 - BHS Out Patient TI's	66	0	0	0	0
1129 - Old Main Card Rehab	9	0	0	0	0
0817 - Womens Hosp Upgrds	645	1	0	0	0
0906 - Slot Build-Out	1,003	1,576	15,101	1,251	294
1109 - New Main Upgrades	423	393	2	0	0
1111 - Mom/Baby Overflow	212	29	0	0	0
1204 - Elevator Upgrades	25	30	0	0	0
0800 - Womens L&D Expansion	2,104	1,531	269	0	0
1131 - MV Equipment Replace	216	0	0	0	0
1208 - Willow Pav. High Risk	110	0	0	0	0
1213 - LG Sterilizers	102	0	0	0	0
1225 - Rehab BLDG Roofing	7	241	4	0	0
1227 - New Main eICU	96	21	0	0	0
1230 - Fog Shop	339	80	0	0	0
1315 - 205 So. Drive TI's	0	500	2	0	0
0908 - NPCR3 Seismic Upgrds	1,302	1,224	1,328	240	342
1125 - Will Pav Fire Sprinkler	57	39	0	0	0
1211 - SIS Monitor Install	215	0	0	0	0
1216 - New Main Process Imp Office	19	1	16	0	0
1217 - MV Campus MEP Upgrades FY13	0	181	274	28	0
1224 - Rehab Bldg HVAC Upgrades	11	202	81	14	6
1301 - Desktop Virtual	0	13	0	0	0
1304 - Rehab Wander Mgmt	0	87	0	0	0
1310 - Melchor Cancer Center Expansion	0	44	13	0	0
1318 - Women's Hospital TI	0	48	48	29	2
1327 - Rehab Building Upgrades	0	0	15	20	0
1320 - 2500 Hosp Dr Roofing	0	75	81	0	0
1340 - New Main ED Exam Room TVs	0	8	193	0	0
1341 - New Main Admin	0	32	103	0	0
1344 - New Main AV Upgrd	0	243	0	0	0
1400 - Oak Pav Cancer Center	0	0	5,208	666	52

Category	2013	2014	2015	2016	2017
Facilities Projects CIP cont.					
1403 - Hosp Drive BLDG 11 TI's	0	86	103	0	0
1404 - Park Pav HVAC	0	64	7	0	0
1405 - 1 - South Accessibility Upgrades	0	0	0	168	95
1408 - New Main Accessibility Upgrades	0	0	7	46	501
1415 - Signage & Wayfinding	0	0	0	106	58
1416 - MV Campus Digital Directories	0	0	0	34	23
1423 - MV MOB TI Allowance	0	0	0	588	369
1425 - IMOB Preparation Project - Old Main	0	0	0	711	1,860
1429 - 2500 Hospital Dr Bldg 8 TI	0	0	101	0	0
1430 - Women's Hospital Expansion	0	0	0	0	464
1432 - 205 South Dr BHS TI	0	0	8	15	0
1501 - Women's Hospital NPC Comp	0	0	4	0	223
1502 - Cabling & Wireless Upgrades	0	0	0	1,261	367
1503 - Willow Pavillion Tomosynthesis	0	0	0	53	257
1504 - Equipment Support Infrastructure	0	0	61	311	0
1523 - Melchor Pavillion Suite 309 TI	0	0	0	10	59
1525 - New Main Lab Upgrades	0	0	0	0	464
1526 - CONCERN TI	0	0	0	37	99
Sub-Total Mountain View Projects	**8,145**	**7,219**	**26,744**	**5,588**	**5,535**
Los Gatos Capital Projects					
0904 - LG Facilities Upgrade	2	0	0	0	0
0907 - LG Imaging Masterplan	244	774	1,402	17	0
1005 - LG OR Light Upgrd	14	0	0	0	0
1122 - LG Sleep Studies	7	0	0	0	0
1210 - Los Gatos VOIP	147	89	0	0	0
1116 - LG Ortho Pavillion	177	24	21	0	0
1124 - LG Rehab BLDG	49	458	0	0	0
1247 - LG Infant Security	134	0	0	0	0
1307 - LG Upgrades	376	2,979	3,282	3,511	3,081
1308 - LG Infrastructure	0	114	0	0	0
1313 - LG Rehab HVAC System/Structural	0	0	0	1,597	1,904
1219 - LG Spine OR	0	214	323	633	2,163
1221 - LG Kitchen Refrig	0	85	0	0	0
1248 - LG - CT Upgrades	0	26	345	197	6,669
1249 - LG Mobile Imaging	0	146	0	0	0
1328 - LG Ortho Canopy FY14	0	255	209	0	0
1345 - LG Lab HVAC	0	112	0	0	0
1346 - LG OR 5, 6, and 7 Lights Replace	0	0	285	53	22
1347 - LG Central Sterile Upgrades	0	0	181	43	66
1421 - LG MOB Improvements	0	0	198	65	303
1508 - LG NICU 4 Bed Expansion	0	0	0	0	207
1600 - 825 Pollard - Aspire Phase II	0	0	0	0	80
1603 - LG MOB Improvements	0	0	0	0	285
Sub-Total Los Gatos Projects	**1,150**	**5,276**	**6,246**	**6,116**	**14,780**
1550 - Land Acquisition	0	0	0	24,007	0
1701 - 828 S Winchester Clinic TI	0	0	0	0	145
Sub-Total Other Strategic Projects	**0**	**0**	**0**	**24,007**	**145**
Subtotal Facilities Projects CIP	**9,294**	**13,753**	**38,940**	**48,137**	**82,953**
Grand Total	**27,598**	**58,561**	**86,789**	**96,740**	**97,923**
Forecast at Beginning of year	70,503	70,037	101,607	114,025	212,000

ECH BOARD MEETING AGENDA ITEM COVER SHEET

	Item:	Level II NICU Call Panel Agreement Renewal El Camino Hospital Board of Directors October 11, 2017
	Responsible party:	William Faber, MD, Chief Medical Officer
	Action requested:	For Motion
	Background: See attached 10-Step.	
	Board Advisory Committees that reviewed the issue and recommendation, if any: Finance Committee at its September 25, 2017 meeting	
	Summary and session objectives: To obtain approval of a Level II NICU Call Panel Agreement renewal for the Los Gatos campus at an amount not to exceed $100,000 per year.	
	Suggested discussion questions: None, this is a consent item.	
	Proposed Committee motion, if any: To approve a Level II NICU Call Panel Agreement renewal for the Los Gatos campus at an amount not to exceed $100,000 per year.	
	LIST OF ATTACHMENTS: 1. 10-Step	

El Camino Hospital®
THE HOSPITAL OF SILICON VALLEY

2500 Grant Road
Mountain View, CA 94040-4378
Phone: 650-940-7000
www.elcaminohospital.org

October 11, 2017

To: El Camino Hospital Board of Directors

From: William Faber, MD, Chief Medical Officer

Subject: **Level II NICU Call Panel Agreement Renewal – Los Gatos**

1. **Recommendation:** We request that the Board of Directors approve delegating to the Chief Executive Officer the authority to execute a Level II NICU Call Panel Agreement renewal for the Los Gatos campus at an amount not to exceed $100,000 per year.

2. **Problem/Opportunity Definition:** Since 2011, the Hospital has been in contract with a medical group that provides 24/7 on-site Level II NICU physician coverage at the Los Gatos Campus for Twenty Four Thousand Dollars ($24,000.00) per year, which is below the 25th percentile for fair market value. This agreement expires October 31, 2017 and the medical group has requested an increase to One Hundred Thousand Dollars ($100,000.00) per year or $274.00/day, which is slightly above the 50th percentile according to 2017 MD Ranger National data. There is no bay area data available for neonatology coverage.

3. **Authority:** According to ECH Administrative Policies and Procedures 51.00., Finance Committee review and Board approval is required prior to the Chief Executive Officer's execution of physician agreements when there is a greater than 10% increase in compensation.

4. **Process Description:** Upon Board approval, the Los Gatos Level II NICU Call Panel Agreement will be renewed for an additional two-year term effective November 1, 2017.

5. **Alternative Solution which Includes Cost Benefit/SWOT Analysis:** An alternative solution is not being considered at this time.

6. **Concurrence for Recommendation:** The proposed Agreement is supported by the Chief Operating Officer and was recommended by the Finance Committee for approval at its September 25, 2017 meeting.

7. **Outcome Measures and Deadlines:** Physicians will participate in the peer review process for consultations and care related to Level II NICU Coverage at the Los Gatos Campus.

8. **Legal Review:** Legal counsel will review and approve the final amendment and compensation prior to execution.

9. **Compliance Review:** Compliance will review and approve the final amendment and compensation prior to execution.

10. **Financial Review:** Compensation will be constrained to a not-to-exceed amount of $100,000.00 per year or $274.00/day, which is slightly above the 50th percentile according to 2017 MD Ranger National data ($260.00/day is at the 50th percentile). A renewal term of two years will be proposed.

ECH BOARD MEETING AGENDA ITEM COVER SHEET

	Item:	Physician Recruitment Loan – Orthopedic Spine Surgeon El Camino Hospital Board of Directors October 11, 2017
	Responsible party:	William Faber, MD, Chief Medical Officer
	Action requested:	For Motion
	Background: See attached 10-Step.	
	Board Advisory Committees that reviewed the issue and recommendation, if any: Finance Committee at its September 25, 2017 meeting	
	Summary and session objectives: To obtain approval of a recruitment loan agreement for a one-year income guarantee with a qualified physician specializing in orthopedic spine services at a loan amount not exceed $720,000.	
	Suggested discussion questions: None, this is a consent item.	
	Proposed Board motion, if any: To approve a recruitment loan agreement for a one-year income guarantee with a qualified physician specializing in orthopedic spine services at a loan amount not exceed $720,000.	
	LIST OF ATTACHMENTS: 1. 10-Step	

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October 11, 2017

To: El Camino Hospital Board of Directors

From: William Faber, MD, Chief Medical Officer

Subject: **Physician Recruitment Loan – Orthopedic Spine Surgeon**

1. **Recommendation:** We request that the Board approve delegating to management (per policy) the authority to execute a recruitment loan agreement for a one-year income guarantee with a qualified physician specializing in orthopedic spine services. The amount of the recruitment loan shall not exceed $720,000.

2. **Problem/Opportunity Definition:** El Camino Hospital had previous approval for orthopedic spine surgeon recruitment into Los Gatos from the El Camino Hospital Board in the current recruitment plan. The decision to now place a comprehensive spine program in Mountain View is due to the lack of orthopedic spine services in the Mountain View primary service area. The new 2017 ECH consult report provides support for the community need for orthopedic spine in the primary service area. There are 5 orthopedic spine surgeons in Los Gatos and 1 orthopedic spine surgeon in Mountain View. Adding this "one stop" comprehensive Spine Center to Mountain View will differentiate ECH in the medical community. The "one-stop" hospital-based Spine Center will provide our community with spinal assessment, multimodal treatment of back pain, and surgical services in the hospital when all other modalities have failed.

   ECH has recruited a well-qualified spine specialist to join the Hospital's Medical Staff to provide the specialized spine services that the Hospital lacks. If approved, this physician will become the main orthopedic spine surgeon in a "one stop" comprehensive spine center.

3. **Authority:** According to Administrative Policies and Procedures 42.00 and 51.00, Finance Committee review and Board approval is required prior to CEO signature for all physician recruitment agreements that have not been previously approved in the Board's approval of the Physician Recruitment Plan.

4. **Process Description:** Upon Board approval, a recruitment loan agreement will be implemented with the recruited physician effective on a date to be negotiated with the physician.

5. **Alternative Solution which Includes Cost Benefit/SWOT Analysis:** Alternatives include depending on local neurosurgeons for spine services in Mountain View or depending on orthopedic spine services provided in areas outside of the Mountain View primary service area.

6. **Concurrence for Recommendation:** Approval of this recommendation is supported by the CEO, COO, CNO, and many members of the Hospital's Medical Staff. The Finance Committee reviewed this request and recommended it for approval at its September 25, 2017 meeting.

7. **Outcome Measures and Deadlines:** The recruited physician must give notice to his current employer and also move to the area. Approval of this recommendation is requested as soon as possible or the candidate may entertain other alternatives. Upon Board approval, the effective date of the new agreement will be negotiated with the physician.

8. **Legal Review:** Legal counsel will review and approve the final agreement and FMV of the loan prior to execution.

9. **Compliance Review:** Compliance will review and approve the final agreement and FMV of the loan prior to execution.

10. **Financial Review:** Loan amount will be constrained to fair market value limits at a not to exceed amount of $720,000.

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Board of Directors Open Session – October 11, 2017

To: El Camino Hospital Board of Directors

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

Date: October 2, 2017

RE: REPORT FROM THE MEDICAL STAFF EXECUTIVE COMMITTEE

This report is based upon the Medical Staff Executive Committee meeting of September 28, 2017.

Request Approval of the Following:

A. Patient Care Policies & Procedures – Policy Summary (pp 2)
- New Policies/Procedures (1)
  - Pharmacy Drug Supply Chain Security Act (pp 3-6)
- Policies with Major Revisions - None
- Policies with Minor Revisions
  - Utilization Review Process for Inpatient Admission Changed to Outpatient Observation for Medicare A Patients (pp 7-9)
  - Scope of Service Nutrition (pp 10-13)
  - Ongoing Professional practice Evaluation (OPPE) (pp 14-16)
- Policies with No Revisions – None
- Policies for Information Only - None

Other :
- Cardiology FPPE/Proctoring (pp 17-19); Approved with the following revision: Remove the following from the top of Page 1: "Proctor must be present at beginning of case and must remain throughout the procedure" This applies to left atrial appendage occlusion with Watchman device" privilege only.
- Telemetry Policy (pp 20-24); Approved with the following revision: Telemetry Policy approved with the following change: "3 (c) Document the name of the current ~~hospitalist~~ attending physician and physically remove telemetry box from patient."

SUMMARY OF POLICIES/PROTOCOLS FOR REVIEW AND APPROVAL - MEC

Sep-17

NEW POLICIES/PROCEDURES			
Document Name	**Department**	**Type of Document**	**Summary of Document Changes**
Pharmacy Drug Supply Chain Security Act (DSCSA)	Pharmacy	Policy	New
DOCUMENTS WITH MAJOR REVISIONS			
Document Name	**Department**	**Type of Document**	**Summary of Policy Changes**
N/A			
DOCUMENTS WITH MINOR REVISIONS			
Document Name	**Department**	**Type of Document**	**Summary of Policy Changes**
Utilization Review Process for Inpatient Admission Changed to Outpatient Observation for Medicare A Patients	Care Coordination	Policy	Language Updated, clarified to reflect current process
Scope of Service Nutrition	Nutrition Services	Scope of Service	New Template
Ongoing Professional Practice Evaluation (OPPE)	Medical Staff	Policy	Minor Edits
DOCUMENTS WITH NO REVISIONS			
Document Name	**Department**	**Type of Document**	
N/A			
DOCUMENTS FOR INFORMATION ONLY			
Document Name	**Department**	**Type of Document**	**Summary of Policy Changes**

TYPE:	☑ Policy ☐ Protocol ☐ Practice Guideline ☐ Standardized ☐ Procedure ☐ Plan ☐ Scope of Service/ADT Procedure
SUB-CATEGORY:	*Pharmacy*
OFFICE OF ORIGIN:	*Pharmacy*
ORIGINAL DATE:	New

I. COVERAGE:

All El Camino Hospital Pharmacy staff

II. PURPOSE:

- To ensure that pedigree requirements regarding drug supply transfers are protected
- To aid trading partners in identifying a suspect pharmaceutical product
- To initiate notifications regarding illegitimate product

III. POLICY STATEMENT:

Starting January 1, 2015, section 582 of the FD&C Act requires trading partners, upon determining that a product in their possession or control is illegitimate, to notify FDA and all immediate trading partners (that they have reason to believe may have received the illegitimate product) not later than 24 hours after making the determination.

On 7/1/15, dispensers are required to receive TH/TI/TS and must capture information and maintain documentation for 6 years. In addition, dispensers must respond to requests for information regarding suspect or illegitimate product within two business days.

IV. DEFINITIONS :

Dispenser:
A retail pharmacy, hospital pharmacy, a group of chain pharmacies under common ownership and control that do not act as a wholesale distributor, or any other person authorized by law to dispense or administer prescription drugs, and the affiliated warehouses or distribution centers of such entities under common ownership and control that do not act as a wholesale distributor, and does not include a person who dispenses only products to be used in animals in accordance with section 512(a)(5).
EXCEPTION: *The dispenser requirements for product tracing and verification shall not apply to* ***licensed health care practitioners*** *authorized to prescribe or administer medication under State law or* ***other licensed individuals under the supervision or***

direction of such practitioners who dispense or administer product in the usual course of professional practice.

Trading Partners: Trading partners are manufacturers, repackagers, wholesale distributors, or dispensers including physician offices.

V. PROCEDURE:

A. On November 27, 2013, the Drug Quality and Security Act (DQSA) was signed into law, and Title II of the DQSA, the Drug Supply Chain Security Act (DSCSA) sets forth new definitions and requirements related to product tracing.

B. Beginning in 7/1/2015, trading partners (defined as manufacturers, wholesale distributors, repackagers, and dispensers) are required to provide the subsequent purchaser with product tracing information when engaging in transactions involving certain prescription drugs. Trading partners are also required to capture the product tracing information and maintain that data for not less than six years after the transaction occurs.

C. DSCSA Traceability requirements:

1. Apply to Products = Prescription drugs in finished dosage form that are for human use. No OTC, medical devices, API, or drugs indicated for animal use.
2. A number of prescription drugs are exempted from the definition of product, including:
    a. Blood and blood components intended for transfusion
    b. Radioactive drugs and radioactive biologics
    c. Imaging drugs
    d. Intravenous products
    e. Medical gases
    f. Homeopathic drugs
    g. Compounded drugs.

3. Transaction is the transfer of product in which a change of ownership occurs.

4. A number of transfers are exempted from the definition of transaction, including:
    a. Dispensing of prescription drugs to patients
    b. Intercompany distribution between members of an affiliate
    c. Distributions of product among hospitals or health care entities under common control
    d. Distribution of minimal quantities of products by a license retail pharmacy to a licensed practitioner for office use.
    e. Distribution of combination products (device+ drug/device/biologic)
    f. Distribution for emergency medical reasons
    g. Distribution of medical convenience kits

D. Trading partners must have systems in place that enable them, upon determining that a product in their possession or control is suspect or upon receiving a request for verification from the FDA, to quarantine suspect product and promptly conduct an investigation, in coordination with other trading partners, as applicable, to determine whether a suspect product is illegitimate.

E. Starting on January 1, 2015 manufacturers, repackagers, wholesale distributor ("trading partner") are required to provide the subsequent purchaser with product tracing information each time the drug is sold in the U.S market. This transaction document has three required pieces:

1. TRANSACTION HISTORY (TH)—The term "transaction history" means a statement, in paper or electronic form, including the transaction information for each prior transaction going back to the manufacturer of the product.

2. TRANSACTION INFORMATION (TI)—The term "transaction information" means the:
(A) proprietary or established name or names of the product;
(B) strength and dosage form of the product;
(C) National Drug Code number of the product;
(D) container size;
(E) number of containers;
(F) lot number of the product;
(G) date of the transaction;
(H) date of the shipment, if more than 24 hours after the date of the transaction;
(I) business name and address of the person from whom ownership is being transferred; and
(J) business name and address of the person to whom ownership is being transferred.

3. TRANSACTION STATEMENT (TS)—The "transaction statement" is a statement, in paper or electronic form, that the entity transferring ownership in a transaction:
(A) is authorized as required under the Drug Supply Chain Security Act;
(B) received the product from a person that is authorized as required under the Drug Supply Chain Security Act;
(C) received transaction information and a transaction statement from the prior owner of the product, as required under section 582;
(D) did not knowingly ship a suspect or illegitimate product;
(E) had systems and processes in place to comply with verification requirements under section 582;
(F) did not knowingly provide false transaction information.

VI. REFERENCES:

1. Guidance for Industry Drug Supply Chain Security Act Implementation: Identification of Suspect Product and Notification
Guidance for the Drug Industry.pdf
2. Drug Quality and Security Act – Overview and Implementation
DQSA - Drug Quality and Security Act Title II Track and Trace.ppt.pdf
3. Draft Guidance for Industry DSCSA Implementation: Identification of Suspect Product and Notification Drug Quality and Security Act - Identification of Suspicious Products and Notification Guidance FDA July 1, 2014.pdf
4. Drug Supply Chain Security Act (DSCSA) – Updates and Actions for Health System Pharmacy
GAD.SPPM DSCSA_Final-1.pdf
5. Following Pharmaceutical Products Through the Supply Chain
Following-Pharmaceutical-Product Through Supply Chails.pdf
6. Impact of the Drug Supply Chain Security Act on Pharmacy Management: 2015 to 2023 (ASHP)
DSCSA-Compliance(ASHP).pdf
7. DSCSA Implementation: Product Tracing Requirements — Compliance Policy Guidance for Industry
DSCSA_ Product_Tracing_Requirements_Compliance_Policy.pdf
8. Impact of the Drug Supply Chain Security Act on Pharmacy Management: 2015 to 2023
DSCSA-Compliance(ASHP).pdf

VII. APPROVAL:

APPROVING COMMITTEES AND AUTHORIZING BODY	APPROVAL DATES
Originating Committee or UPC Committee	N/A
ePolicy Committee:	09/2017
Pharmacy and Therapeutics (if applicable):	07/2017
Medical Executive Committee:	
Board of Directors:	
Historical Approvals:	

VIII. ATTACHMENTS (N/A):

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

SUB-CATEGORY: Care Coordination
ORIGINAL DATE: 1/05

I.COVERAGE:

All El Camino Hospital staff

Medicare Recipients

II. PURPOSE:

Comply with regulations issued by the Centers for Medicare & Medicaid Services (CMS) to implement Condition Code 44 process to change an inpatient status to outpatient status.

III. STATEMENT:

All patients assigned to a bed will be in a designated admission status ~~have a status order~~ (inpatient, observation, outpatient, etc). ~~medical (OPM) or outpatient surgical (OPS)~~ Inpatient and Observation orders will be dated, timed, and signed by the admitting physician in the medical record.

InterQual criteria for medical necessity will be utilized as a guideline by the Case Manager to make a recommendation for admission status. ~~patient placement on admission~~.

In some instances, physicians order a patient to be admitted to inpatient status, however on subsequent review it is determined that an inpatient admission did not meet criteria for inpatient status~~admission.~~ In such cases, Case Management staff will initiate the process for a patient status change from inpatient to observation status.

IV. PROCEDURE:

I. The Case Manager:

El Camino Hospital
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A. Reviews the patient's medical record and confirms that the admitting status ordered by the physician is "inpatient" and determines that clinical documentation indicates the does not meet InterQual Criteria for inpatient status. Makes appropriate referrals to second level reviewers as needed (Contracted Physician Advisr services or ~~(E.H.R.~~, internal Medical Directors, etc).

B. Completes Condition Code 44 form

C. Places the form in the paper record

D. Notifies a physician member of the Utilization Management Committee (UMC) that a review of the patient's case is necessary

2.~~II~~. The UMC member:

A. Reviews the case to validate the Case Manager's determination

B. Documents and signs their determination on the Condition Code 44 form

~~III~~3.. The Case Manager (if the UMC member determines that the admission was not medically necessary for inpatient admission):

A. Contacts the attending physician and informs him/her of the determination

B. Requests a telephone or verbal order from the attending physician to change the patient status from inpatient to observation if the attending physician agrees to change the patient status to Observation and is not on site to enter the order

(NOTE: The order should be written as "Change to Observation status per Condition Code 44", dated, timed, and signed/authenticated by the attending physician.)

C. Requests that the attending physician complete and sign the mandatory Condition Code 44 form (found in the progress note section of the paper record) indicating his/her concurrence with the UMC member regarding the status change

D. Assures that an order to change the patient's status to Observation is communicated to the Registration Department.

E. Notifies the patient of the change in status, provides appropriate written notices as applicable such as the Medicare Observation Notice (MOON).

(NOTE: The change in patient status from inpatient to observation can only occur when all the following conditions have been met:

- The change in patient status from inpatient to outpatient is made prior to the discharge order AND
- The hospital has not submitted a claim to Medicare AND
- The attending physician concurs with the Utilization Review Committee member physician AND
- The attending physician's concurrence is documented in the medical record AND
- There is an attending physician order to change the status to observation

If any of these conditions are not met, the status must remain as inpatient regardless of whether the stay meets medical necessity criteria for inpatient status.

APPROVAL	APPROVAL DATES
UM Director:	8/2017
_____Medical Committee (if applicable):	
ePolicy Committee:	8/2017
Medical Executive Committee:	
Board of Directors:	N/A

Historical Approvals:

Utilization Committee: 11/04, 02/05, 12/08, 3/12
Medical Executive Committee: 05/05, 07/06, 04/09, 06/09, 4/12
Board of Directors: 06/05, 08/06, 05/09, 07/09, 05/12

TYPE:	☐ Policy ☐ Protocol ☐ Practice Guideline ☐ Standardized Procedure ☐ Procedure ☐ Plan ☑ Scope of Service/ADT
SUB-CATEGORY:	*Nutrition Services*
OFFICE OF ORIGIN:	*Nutrition Services*
ORIGINAL DATE:	6/2009

Types and Ages of Patients Served

The Department of Nutrition Services provides medical nutritional therapy (MNT) to patients and families for the neonate to geriatric continuum. These include inpatients' in general medical and surgical care, pediatric and neonatal services, gynecological and obstetrical care, intensive care, and psychiatric care services.

Assessment Methods

Patients are screened for nutritional risk, within 8 hours of admission, by the Nursing Staff as part of the Admission Assessment. The Clinical Dietitians (RD) perform further screening assessment upon receiving referrals from Nursing Staff. Patients are assessed to be at low, moderate and high nutritional risks are under the care of the Medical Nutritional Staff as well as other members of the care team, in consultation and under the direction of the Physician. Such care includes development and monitoring of the nutritional care plans delivered in a multidisciplinary manner.

Scope and Complexity of Services

The Department of Nutrition Services supports the mission and vision of El Camino Hospital Services provided include: nutritious meals that meet local, state and federal sanitation and safety standards for patients and cafeteria customers which include hospital employees, physicians, and visitors; catering services and conference room scheduling for requested departments to support hospital functions; patient and family education; nutritional screening and assessment; development and implementation of nutritional care plans which include clinical monitoring and consultation regarding nutritional support of patients, e.g. enteral and parenteral nutrition.

Appropriateness, Necessity and Timeliness of Services

The Clinical Dietitians assess the appropriateness of nutritional therapy regimens using evidence based practice guidelines and make recommendation to the Physicians as needed. The department services are delivered in a timely manner, including meal services, nutrition screening, assessment, intervention, and reassessment following defined guidelines.

Staffing

The Nutrition Services Department is staffed from 4:30 AM to 9:00 PM (MV campus) and 5:30 AM to 8:30 PM (LG campus) seven days a week including holidays. A management team member is accessible on a 24 hour basis. After-hour food items for patients are available from unit floor stock The MV campus may have additional food items available from designated night refrigerators on the ground floor and 3B unit accessible by the Nursing Supervisor, Nursing Managers and other designated staff.

Clinical Dietitians are scheduled seven days a week. Usual staffing pattern at the Mountain View campus includes three to five Registered Dietitians and two to three Diet Clerks during the week; one Registered Dietitian and two Diet Clerks on weekends and holidays. Usual staffing pattern at the Los Gatos campus includes one to two Registered Dietitians and two Diet Clerks during the week; one Registered Dietitian and two Diet Clerks on weekends and holidays. As feasible and necessary, the staffing level will be adjusted when substantial fluctuation of patient care activities occurs. In addition, there is an Outpatient Dietitian available at the Mountain View campus.

Level of Services Provided

Patients receive the same level of care based on their nutritional needs regardless of their ability to pay.

The activities and processes related to performance within the scope of Nutritional Services reflects collaboration of appropriate departments, services, and disciplines involved in the provision of patient care, and are in accordance with prescribed orders of the Physician.

A Performance Improvement process consistent with the organizational mission is in place to ensure that provided services meet patient needs. The multidisciplinary performance improvement processes are utilized to maximize team collaboration.

Accountability to the medical staff and administration

The Nutrition Services Department-

- Is under the direction of a Registered Dietitian (see CBJDPE of Director , Nutrition Services & CBJDPE of Manager, Nutrition Services, Los Gatos)
- Functions as a viable and integral component of the health care team and act as a resource by providing therapeutic nutrition expertise to other health care professionals.
- Contributes positively to patient's medical outcome by timely assessing patient nutritional needs and implementing nutritional care plans including nutrition education under the direction of and in consultation with the medical staff members..
- Serves on Administrative and Medical committees as appropriate, i.e. Performance Improvement Committee, Pharmacy and Therapeutic Committee, Infection Control Committee, Safety Committee, and Patient Care Committee.
- Aligns Departmental Goals with organizational goals. Manages both labor expenses and food/supply expenses to meet or exceed the established productivity and budget goals.
- Fosters a spirit of cooperative teamwork among Nutrition Services employees allowing each to perform at the highest level of efficiency.
- Encourages the professional and personal growth of employees.
- Promotes effective community and interdepartmental relations to enhance the professional image and goodwill of the department.

Standards of Practice

The Nutrition Services Department is governed by the State mandates as outlined in Title 22 and Federal regulation as outlined in Center for Medicare and Medicaid. The department also follows guidelines set forth by the Joint Commission These guidelines include standards for patient care, safe and sanitary handling of foods, as well as others relating to the environment of care.

The Clinical Dietitians who coordinate the medical nutrition therapy activities are registered by the Commission on Dietetic Registration (CDR), the credentialing agency of the Academy of Nutrition and Dietetics.

I. APPROVAL:

APPROVING COMMITTEES AND AUTHORIZING BODY	APPROVAL DATES
Originating Committee or UPC Committee	
(name of) Medical Committee (if applicable):	
ePolicy Committee:	8/2017
Pharmacy and Therapeutics (if applicable):	
Medical Executive Committee:	
Board of Directors:	
Historical Approvals:	

TYPE:	☑ Policy ☐ Protocol ☐ Scope of Service/ADT ☐ Procedure ☐ Standardized Process/Procedure
SUB-CATEGORY:	***Medical Staff***
OFFICE OF ORIGIN:	***Medical Staff Services***
ORIGINAL DATE:	November 2008

I. COVERAGE:

All members of the medical staff and allied health practitioners. ~~.~~

II. PURPOSE:

To define the process for ongoing professional practice evaluation (OPPE) of medical staff members at El Camino Hospital. The primary goal is to use OPPE as a tool to identify professional practice trends that impact the quality and safety of patient care and to ~~assess and ensure~~ ensure current clinical competence of medical staff members as part of El Camino Hospital's commitment to quality.

III. POLICY STATEMENT:

OPPE is conducted on an ongoing basis and will include review of performance data for all practitioners with clinical privileges at ECH

IV. REFERENCES:

1. Comprehensive Accreditation Manual for Hospitals, Janaury 1, 2017, Medical Staff Chapter. ~~The Joint Commission Standards 2008- 2009 - 2010~~
2. ~~The Joint Commission "Credentialing, Privileging, and Appointment" – August 13, 2008~~
3. ~~Briefings on Credentialing – September 2008, Vol. 17, No. 9~~

V. PROCEDURE:

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A. OPPE will be conducted every eight (8) months.

B. The Medical Executive Committee (MEC) will establish criteria for the ongoing professional practice evaluation which may include mortality and complication data, blood and medication usage data, length of stay, use of tests and procedures, use of consultants and other pertinent data. All practitioners will be part of this ongoing evaluation, not only those with performance issues.

~~A.~~C. Duties and responsibilities: Each medical staff department chief (or one of the department officers, if designated by the chief) shall be responsible for:

1. ~~Assisting the department executive committee in E~~establishing additional criteria for the specialty that will be included in the ongoing evaluation and is approved by the department executive committee. ~~for data to be reviewed. All practitioners will require an evaluation, not just those with performance issues. The department executive~~

~~committee will determine the type of data and amount of data to be collected.~~ MEC and the Board will review and approve or make recommendations for revision.

~~2. Reviewing the data in the time frame prescribed by the MEC.~~

2. Review, investigate, and address any concerns regarding the information in each department practitioner's OPPE report. The department chief will sign off each report in a timely manner.

3. Information resulting from the evaluation will be used to determine whether to continue, limit, or revoke any existing privileges at the time the information is analyzed.
   a) Continue privileges – Practitioner is performing well or within desired expectations and no further action is warranted - department chief may make this decision and the record of the decision, along with the data, will be filed in the practitioner's credentials file.
   b) Determine that issues exist that require a focused practitioner performance evaluation (FPPE – see Medical Staff Policy 13.5.1) – department chief may make this decision.
   c) Determine whether zero performance of a privilege should trigger FPPE (i.e. proctoring) – department chief may make this decision.
   d) Determine that the privilege should be continued because the organization's mission is to be able to provide the privilege to its patients and there are no competence issues in the other data available for this practitioner – department chief may make this decision.
   e) Limit or revoke privileges – department chief will make a recommendation to the MEC and the corrective action procedure will be invoked (Medical Staff Bylaws, Article 7).

~~B.~~D. Medical Staff Executive Committee (MEC) will be responsible for:

1. Reviewing and approving recommendations from each department with regard to the type of data and amount of data that will be reviewed.
2. Determining how often the data will be reviewed.

~~3. 10/23/08 MEC meeting determined the frequency of review will be every 8-10 months.~~

~~4.~~3. Acting upon recommendations ~~received from department chiefs when corrective action is deemed necessary (in compliance with~~ for corrective action as described in Medical Staff Bylaws, Article 7&8 (Corrective Action and Hearings and Appellate Reviews Section)~~7).~~

~~C.~~E. Board of Directors will be responsible for:

1. Reviewing and approving recommendations from each department with regard to the type of data and amount of data that will be reviewed.
2. Acting upon recommendations for corrective action as described in Medical Staff Bylaws Articles 7 & 8 (Corrective Action and Fair Hearing Sections).

~~D.~~F. Methodologies for Collecting Data

1. Quality indicators selected and approved by medical staff
2. Quality review reports
3. Periodic chart review
4. Direct observation

5. Monitoring of diagnostic and treatment techniques
6. Discussion with other individuals involved in the care of each patient including consulting physicians, assistants at surgery, nursing, and administrative personnel.
7. Peer recommendation from a peer who is in the same professional discipline and is knowledgeable about the applicant's professional performance and competence.
8. Quality data obtained from a practitioner's primary hospital (when the primary hospital is not ECH). It will be the practitioner's responsibility to obtain such data. The department chief, upon review of this data, will determine whether the data is sufficient to assess ongoing clinical competence.
9. National Practitioner DataBank (NPDB) ECH obtains reports from NPDB at the time of initial appointment, reappointment, addition of privileges and ongoing vai the NPDB Continuous Query Service. ~~Reports – the medical staff participates in the Proactive Disclosure Service.~~
10. Medical Board of CA Disciplinary Action Reports – ECH reviews actions taken regarding all licensed practitioners. ~~Action Reports – the medical staff receives email alerts of all actions taken for licensed practitioners.~~

VI. APPROVAL:

APPROVING COMMITTEES AND AUTHORIZING BODY	APPROVAL DATES
Medical Staff Planning:	
ePolicy Committee:	8/2017
Medical Executive Committee:	
Board of Directors:	
Historical Approvals:	*November 2008, January 2010, February 2011, July 2012, January 2016*

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MEDICAL STAFF - CARDIOLOGY
FOCUSED PROFESSIONAL PRACTITIONER EVALUATION (FPPE)

~~**PROCTOR MUST BE PRESENT AT BEGINNING OF CASE AND MUST REMAIN THROUGHOUT THE PROCEDURE**~~

Date On Staff:

Practitioner Name: **ID #:**

- ☐ **New Applicant**
- ☐ **Request Additional Privilege(s)**
- ☐ **For Ongoing Professional Practice Evaluation**

Proctoring Required:

Name of Privilege/Procedure	Type of Observation/Review	Number of Cases Proctored
Left Atrial Appendage Occlusion with WATCHMAN Device	Direct Observation – proctor must be present at start of case and remain throughout procedure	5
TEE	Direct Observation – proctor must be present at start of case	3
Invasive Procedures (if 3 Peripheral cases are proctored, invasive procedures do not need to be proctored)	Direct Observation – proctor must be present at start of case	3
Interventional Cardiology Procedures (1 case PFO/ASD, if requested)	Direct Observation – proctor must be present at start of case	3
Peripheral (Non-Coronary)	Direct Observation – proctor must be present at start of case	3
Endovascular Repair Aortic Aneurysm	Direct Observation – proctor must be present at start of case	3
Carotid Angioplasty & Stenting	Direct Observation – proctor must be present at start of case	3
Electrophysiology	Direct Observation – proctor must be present at start of case	3
Name(s) of Proctors: Any Active Staff ECH practitioner who holds the privilege that is being proctored (roster attached).		

Evaluation period: Up to 12 months - ***proctoring that is not completed within 12 months will result in relinquishment of the privileges where proctoring is incomplete.*** After the practitioner has completed the proctoring requirements and a minimum of 6 months (maximum 12 months) have elapsed, practitioner will be promoted to the appropriate category based on patient contacts. A patient contact is defined as an admission, discharge, surgical assist, ED short stay, ED discharge, consultation, or procedure.

Terms of evaluation (one or more of the following):

- ☐ Chart Review Concurrent
- ☐ Chart Review Retrospective
- ☐ Clinical Practice Patterns
- ☐ Direct Observation
- ☐ External Peer Review
- ☐ Discussion with other individuals involved in the care of each patient (e.g., consulting physicians, assistants at surgery, nursing or administrative personnel).

Advancement to Active Staff: The Provisional Staff member may be promoted to the appropriate staff category after the following:

1. Proctoring requirements have been completed.
2. The Provisional Staff member has been a member of the medical staff for at least 6 months.

ED/On Call: Practitioners who are initially appointed to the medical staff may not serve alone – that is, without his/her proctor – in the emergency department or on call until all required proctoring (either concurrent or retrospective, as determined by the departments) has been completed and the practitioner has been removed from proctoring by the department chief.

Department Chief: Proctor forms submitted to the Department Chief when the required number of forms has been submitted by the proctor.

- ☐ A sufficient number of cases done at El Camino Hospital have been presented for review to properly evaluate the clinical privileges requested.

- ☐ Proctoring not completed in the timeframe prescribed by FPPE Policy #13.5.1. Privileges shall be relinquished as noted below:

  _____
  _____
  _____

Recommendation:

New Applicant (select one)

- ☐ Recommend removal of proctoring and continued clinical privileges as requested. Transfer to _____ status after 6 months on Provisional Staff (based on # patient contacts during the provisional period).
- ☐ Recommend limited removal of proctoring as noted:

  _____
  _____
  _____

- ☐ Do not recommend permanent membership and continued clinical privileges as requested – follow Bylaws with regard to adverse action (Article 7).

New or Additional Privileges (select one)

- ☐ Recommend that the practitioner be granted privileges to independently perform the requested privileges.
- ☐ Recommend an additional proctoring period.

☐ Do not recommend granting of the new privilege as requested – follow Bylaws with regard to adverse action (Article 7).

Department Chief Signature **Date**

Office Use Only:

Computer Updated: _____ (date)

Practitioner Informed: _____ (date)

Credentials Report, transfer to _____ Staff on _____
(date of Board Approval)

Documents scanned and uploaded to MSOW: _____ (date)

Menu - Images – Scan Image – FPPE Complete

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THE HOSPITAL OF SILICON VALLEY

TITLE:	Protocol: Telemetry Cardiac Monitoring – Justification of Indications, Continued Use and Discontinuation
CATEGORY:	Patient Care Services
LAST APPROVAL:	

TYPE:	☐ Policy ☐ Procedure ☑ Protocol ☐ Plan ☐ Practice Guideline ☐ Scope of Service/ADT ☐ Standardized Procedure
SUB-CATEGORY:	***Patient Care Services***
OFFICE OF ORIGIN:	***Norma Melchor Heart & Vascular Institute***
AUTHORS:	***Chad Rammohan MD; Kathryn S. Jaramillo MS RN CNS-BC; Shreyas Mallur MD;***
ORIGINAL DATE:	May 19, 2017
COVERAGE:	All El Camino Hospital Nursing and Medical Staff

I. OUTCOME:

1. Patients admitted to medical surgical units and telemetry units outside of the Critical Care Unit (CCU)/Intensive Care Unit (ICU) with orders for cardiac monitoring will be safely and appropriately discontinued from cardiac monitoring without any adverse outcomes.

II. SUPPORTIVE DATA:

1. Research has shown that non-ICU inpatient telemetry monitoring is known to be frequently overused and has the potential to add significant cost and unnecessary testing.
2. Published recommendations from the American Heart Association, American College of Cardiology, Society of Hospital Medicine address the use of non-ICU cardiac telemetry and stratify patients into different risk categories based on clinical diagnosis.
3. Healthcare systems have incorporated these guidelines into their computerized physician order entry (CPOE) so that telemetry cardiac monitoring orders have a pre-specified duration of monitoring times and a standardized assessment by a Registered Nurse prior to removal/discontinuation of telemetry cardiac monitoring.
4. Telemetry cardiac monitoring orders in the EHR do not affect and are independent from admission orders to a specific unit/level of care or orders indicating frequency of vital sign monitoring.
5. Telemetry cardiac monitoring orders in the EHR are not for patients who are
   a. Do Not Resuscitate (DNR) patient is terminal and requires comfort care only
   b. Patient has chronic, stable dysrhythmias in which the treatment for the dysrhythmia is not anticipated to change (i.e. permanent chronic atrial fibrillation)
6. To ensure and monitor this stated outcome, this clinical protocol:

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a. Establishes a safety net for the patient whereby a Registered Nurse will perform a standardized assessment prior to physical removal of telemetry box from patient.
b. Will be monitored for quality and safety outcomes by a process already in place to track the number of Rapid Responses, Codes and Alerts, and transfers to higher level of care from non-ICU units.

III. CONTENT:

1. Physician orders for telemetry cardiac monitoring indicate a pre-specified duration of monitoring and reason for monitoring
    a. 48 hours telemetry cardiac monitoring
        - ☐ Atrial fibrillation - Chronic
        - ☐ Cardiac Rhythm Procedure – ICD, PM
        - ☐ Chest Pain/Low Risk ACS - Rule Out MI
        - ☐ Percutaneous Coronary Intervention – PCI, non-urgent
        - ☐ Syncope of unknown origin
        - ☐ Other: Respiratory – Pulmonary Embolism
        - ☐ Other: Major Surgery
        - ☐ Other: MD Type in _____
    b. Continuous telemetry cardiac monitoring
        - ☐ ACS – STEMI
        - ☐ ACS – NSTEMI
        - ☐ ACS – Unstable Angina
        - ☐ Arrhythmia – New Onset
        - ☐ Complex cardiac disorder (i.e. ventricular tachycardia storm)
        - ☐ EP – Electrophysiology Procedure: Uncomplicated ablation of an arrhythmia
        - ☐ Heart failure, acute/subacute with ICD
        - ☐ Heart Failure, acute/subacute without ICD
        - ☐ Heart Failure, with persistent electrolyte abnormalities
        - ☐ Medications – IV Push, IV Bolus, or IV drip of inotropes, antiarrhythmic meds, antihypertensive meds (digoxin, dopamine, dobutamine, amiodarone, diltiazem, verapamil)
        - ☐ Open Heart Surgery / Structural Heart Procedure this admission
        - ☐ Stroke, acute (cryptogenic)
        - ☐ Stroke, acute with known etiology (i.e. carotid disease, SAH)
        - ☐ Syncope with suspected arrhythmia
        - ☐ TIA – Transient Ischemic Attack
        - ☐ Thoracic (non-cardiac) surgery
        - ☐ Other: MD Type In _____

2. Prior to the end of a pre-specified telemetry cardiac monitoring order a Registered Nurse will complete this standardized assessment for the following conditions:

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TITLE:	Protocol: Telemetry Cardiac Monitoring – Justification of Indications, Continued Use and Discontinuation
CATEGORY:	Patient Care Services
LAST APPROVAL:	

- ☐ Abnormal Vital Signs in past 24 hours: SBP < 90, HR < 45 or >120, RR >20 or < 8 Hemodynamically unstable patients requiring frequent assessments and interventions beyond the routine period of every 4 hours for more than 8 hours
- ☐ New onset/worsening symptoms in past 24 hours (chest pain, angina, shortness of breath, acute changes in mental status, syncope, orthostatic hypotension, fall)
- ☐ Significant arrhythmias in past 24 hours (VT/VF, asystole, new onset AF/Aflutter, SVT, 2nd or 3rd degree heart block, symptomatic brady/tachy arrhythmias)
- ☐ Abnormal Basic Chemistry Lab results: Potassium <3 and Potassium >5.5 or Magnesium <1.6
- ☐ Positive troponin in past 24 hours, ruled in for an acute myocardial infarction
- ☐ LVEF <35%
- ☐ Patient currently requiring Intravenous Medications (digoxin, dopamine, dobutamine, amiodarone, diltiazem, verapamil)

3. When the RN checks "NO" to all of the conditions above, the patient meets criteria to ~~end~~ discontinue cardiac monitoring, and the nurse will:
   a. Report to Unit Charge Nurse to begin bed planning as needed
   b. Notify MD to confirm discontinuation of telemetry AND obtain plan for discharge or transfer orders to an alternative unit and/or change in accommodation code.
      a. If telemetry cardiac monitoring order is timed to discontinue between 1800 and 0700, the nurse will schedule call to MD after 0700
   ~~a.~~c. Complete and discontinue the order as previously specified, no cosign required. Document ~~under~~ the name of the current hospitalist and physically remove telemetry box from patient
   ~~b.a. Report to Unit Charge Nurse to begin bed planning as needed~~
   ~~c.~~d. ~~For telemetry cardiac monitoring orders timed to discontinue between 1800 and 0700, the nurse will schedule call to MD after 0700 to obtain transfer orders to an alternative unit and/or change accommodation code~~

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4. When the RN checks "YES" to any one of the conditions above, the patient does not meet criteria to end/discontinue cardiac monitoring, the patient must remain on the monitor, and the nurse will:
    a. Extend duration of telemetry cardiac monitoring by modifying the original telemetry cardiac monitoring order to continuous for another 24 hours per protocol, no cosign required ~~by current hospitalist~~
    b. No additional call to the MD is required to continue telemetry

IV. CROSS REFERENCES: Policy – Telemetry Cardiac Monitoring

V. DOCUMENTATION:

1. Standardized Nursing Assessment will be documented in the EHR
2. Notifications to the MD will be documented in the EHR
3. Physicians will document clinical reason for continuous cardiac monitoring in the EHR

VI. APPROVAL:

APPROVING COMMITTEES AND AUTHORIZING BODY	APPROVAL DATES
Med Staff Cardiology Business Meeting	May 25, 2017
HVI Operations Meeting	July 6, 2017
ePolicy Committee:	8/2017
Pharmacy and Therapeutics (if applicable):	July 20, 2017
Medical Executive Committee:	
Board of Directors:	
Historical Approvals:	*NEW DOCUMENT*

VII. REFERENCES:

1. Keys, J. Erlanger Health System Cardiac Telemetry Order Sets
2. Perrin, K. et al "Effect of a Nurse-Managed Telemetry Discontinuation Protocol on Monitoring Duration, Alarm Frequency, and Adverse Patient Events" Journal of Nursing Care Quality
3. Kansara P. et al "Potential of missing life-threatening arrhythmias after limiting the use of cardiac telemetry" JAMA Internal Medicine; DOI;10.1001/jamainternmed.2015.2387
4. Dressler R, et al "Altering Overuse of Cardiac Telemetry in Non-Intensive Care Unit Settings by Hardwiring Use of American Heart Association Guidelines. JAMA Internal Medicine 2014, DOI:10.1001/jamainternmed.2014.4491

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5. Najafi, Nader "A Call for Evidence-Based Telemetry Monitoring: The Beep Goes On" JAMA Internal Medicine November 2014 Volume 174, Number 11
6. Frasier, N. et al "New Telemetry Protocols Aim to Improve Patient Safety: Progress Notes Methodist Health System Vol 3 July – August 2014: 1-2
7. Chen, E. "Appropriate Use of Telemetry Monitoring in Hospitalized Patients" Current Emergency Hospital Medicine (December 2014) 2:52-56 DOI:10.1007/s40138-013-0030-6
8. Choosing Wisely – An Initiative of the ABIM Foundation. Society of Hospital Medicine – Adult Hospital Medicine. "Don't order continuous telemetry monitoring outside of the ICU without using a protocol that governs continuation." February 21, 2013
9. Sabharwal, A et al. "Cardiac Telemetry Guidelines Improve Bed Utilization and Resources" Patient Safety and Quality healthcare" October 2008 https://www.psqh.com/sepoct08/cardiac.html
10. Kanwar, M et al "Inpatient Cardiac Telemetry Monitoring: Are we Overdoing it?" Journal of clinical Outcomes Management Vol 15, No. 1 January 2008:16-20
11. Ivonye, C., et al "Evaluation of Telemetry Utilization, Policy, and Outcomes in an Inner City Academic Medical Center" Circulation 2004: 110:2721-2746
12. Drew, B et al. "AHA Scientific Statement: Practice Standards for Electrocardiographic Monitoring in Hospital Settings" Journal of Cardiovascular Nursing Vol 20 No 2:76-106
13. Estada, CA, et al "Evaluation of Guidelines for the Use of Telemetry in the Non-Intensive Care Setting" Journal of General Intensive Medicine, Vol. 15, January 20000:51-55
14. Jaffe, A et al. "Recommended Guidelines for In-Hospital Cardiac Monitoring of Adults for Detection of Arrhythmia" JACC Vol 18., No 6. November 15, 2991: 1431-3.

VIII. ATTACHMENTS :N/A

BOARD MEETING AGENDA ITEM COVER SHEET

	Item:	FY17 Community Benefit Dashboard and Annual Report El Camino Hospital Board of Directors October 11, 2017
	Responsible party:	Cecile Currier, VP Corporate and Community Health Services and President, CONCERN, EAP; Barbara Avery, Director Community Benefit
	Action requested:	For Acceptance
	Background: We are pleased to present the FY17 El Camino Hospital Community Benefit Dashboard and Annual Report. The dashboard includes results achieved by the Hospital's 35 grant programs. Please note that there is also a dashboard for the El Camino Healthcare District, which includes all the grants serving District residents. This dashboard will be presented at the October 17th District Board meeting. El Camino Hospital invested $3,056,492 in grants and sponsorships in FY17. Our grantees were very successful in achieving their program metrics. Of the 123 metrics, 90% of targets were met or exceeded. Overall, El Camino Hospital provided $64,484,407 in Community Benefit, a 22% increase from FY16. Additionally, the Hospital provided $105,413,699 in uncompensated Medicare, a 3% increase from FY16. The hospital can be proud of the impact its generous support is having on addressing unmet health needs in the community. Thank you for your continued support. We look forward to another successful year in FY18.	
	Board Advisory Committees that reviewed the issue and recommendation, if any: None	
	Summary and session objectives: None	
	Suggested discussion questions: None, this is a consent item.	
	Proposed board motion, if any: To accept the FY17 Community Benefit Report.	
	LIST OF ATTACHMENTS: 1. FY17 El Camino Hospital Community Benefit Year-over-Year Dashboard 2. FY17 Community Benefit Annual Report	

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Community Benefit FY17 Annual Summary

Financial Summary

FY17 $64,484,407

FY16 $52,987,510

FY15 $52,084,189

22% INCREASE IN TOTAL COMMUNITY BENEFIT OVER FY16

$3,056,492 INVESTED IN GRANTS AND SPONSORSHIPS

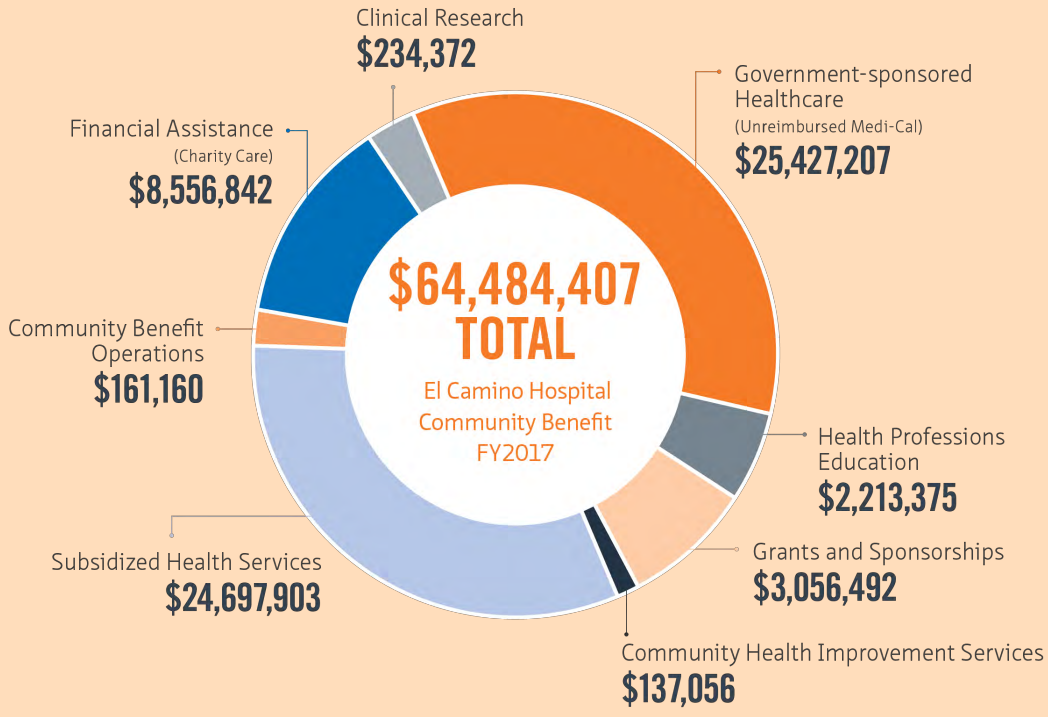
6.5% INCREASE OVER FY16

35 GRANT PROGRAMS

7 NEW GRANT PROGRAMS

27 SPONSORSHIPS

FY17 Total Community Benefit



In addition, total uncompensated Medicare for FY2017 was $105,413,699

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Community Benefit
FY17 Annual Summary

Grant Program & Metric Performance Summary

Grant programs that met at least 80% of their program's metrics (see column AA of Dashboard) **80%**

Total individual metrics across all 35 grant programs (see column C of Dashboard) **123**

Individual metrics that achieved annual targets (see column Z of Dashboard) **90%**

Individual metrics that were new or revised to be more robust **33%**

Individual year-over-year (trending) metrics **67%**

Individual trending metric targets that:

Increased **34%**

Decreased **18%**

Remained the same **48%**

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Community Benefit
FY17 Annual Summary

FY17 Expanded Dashboard Guide

The FY17 Expanded Annual Dashboard provides data for programs funded in FY17, FY16, and/or FY15.

Column C: All FY17 metrics

Columns D – Z: 6-month and annual targets and actuals, and percent of all metrics achieved by grant

- FY15 6-month target and actual (Columns D & E)
- FY15 annual target and actual (Columns H & I)
- FY16 6-month target and actual (Columns L & M)
- FY16 annual target and actual (Columns P & Q)
- FY17 6-month target and actual (Columns T & U)
- FY17 annual target and actual (Column X & Y)
- FY15, FY16 and FY17 6-month & annual percent of metrics met (Columns G, K, O , S, W & AA)

Note: Only those with FY17 trending metrics appear on this dashboard

A dash "– " represents either 1) agency is a new FY17 partner so no metrics from prior years, or 2) new metric with no previous data

- A metric receives a "green dot" if the target was met, exceeded or within 10% of the target goal
- A metric receives a "red dot" if the target was not met in excess of 10% of the target goal

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HEALTHY BODY	**5-2-1-0** FY17 Approved: $20,000 FY17 Spent: $15,181 FY16 Approved: $29,500 FY16 Spent: $2,638 FY15 Approved: $15,000 FY15 Spent: $4,669 New Metrics: 0 of 3	Students served	2,100	2,200	●	100%	2,500	2,946	●	100%	3,500	4,066	●	100%	4,562	6,500	●	100%	3,700	5,300	●	100%	6,300	8,800	●	100%	Added five new schools in the Cupertino Union School District
		Students who report being active one or more hours per day after 5210 engagement	N/A	N/A			50%	60%	●		N/A	N/A			50%	53%	●		N/A	N/A			53%	59%	●		
		Students who report the knowledge to limit sweetened beverage to 0 per day after 5210 engagement	N/A	N/A			70%	71%	●		N/A	N/A			70%	68%	●		N/A	N/A			70%	71%	●		
	BAWSI FY17 Approved: $16,000 F17 Spent: $16,000 FY16 Approved: $15,000 FY16 Spent: $15,000 FY15 Approved: $11,000 FY15 Spent: $11,000 New Metrics: 0 of 3	Youth served	48	65	●	80%	96	131	●	100%	55	61	●	100%	110	128	●	100%	60	65	●	100%	120	133	●	100%	
		Average weekly attendance	80%	90%	●		80%	81%	●		80%	88%	●		80%	82%	●		80%	88%	●		80%	89%	●		
		Focus Girls who are observed to have improved behavior or attitudes after each season	80%	100%	●		80%	100%	●		80%	100%	●		80%	100%	●		90%	85%	●		90%	93%	●		
	Breathe California FY17 Approved: $50,000 FY17 Spent: $49,994 FY16 Approved: N/A FY16 Spent: N/A FY15 Approved: N/A FY15 Spent: N/A New Metrics: N/A	Parents, children, teachers, and care providers served through air quality assessment and asthma management training	-	-		New Partner in FY17	-	-		New Partner in FY17	-	-		New Partner in FY17	-	-		New Partner in FY17	80	87	●	100%	650	767	●	100%	
		Trained parents, teachers, and childcare providers who gain at least a 35% increase in knowledge of asthma management, environmental triggers and remediation steps.	-	-			-	-			-	-			-	-			55%	70%	●		55%	58%	●		
		Parents reporting their children gained at least a 30% increase in knowledge/skills after receiving multi-session education	-	-			-	-			-	-			-	-			45%	83%	●		45%	72%	●		New small group sessions with asthmatic children allowed time for more one on one explanations and greater learning.
	Campbell Union School District School Nurse Program FY17 Approved: $215,000 FY17 Spent: $215,000 FY16 Approved: $225,000 FY16 Spent: $225,000 FY15 Approved: $219,787 FY15 Spent: $219,787 New Metrics: 0 of 5	Students served	1,951	2,051	●	100%	3,902	4,102	●	100%	2,051	2,380	●	100%	4,102	4,512	●	80%	2,060	2,073	●	100%	3,924	3,942	●	80%	
		Uninsured students who have applied for healthcare insurance	30%	50%	●		62%	79%	●		30%	46%	●		65%	73%	●		35%	38%	●		70%	64%	●		
		Students with a failed health screening who saw a healthcare provider	20%	25%	●		70%	77%	●		20%	18%	●		70%	76%	●		20%	45%	●		72%	75%	●		
		Students identified as needing urgent dental care through on-site screenings who saw a dentist	N/A	N/A			80%	77%	●		N/A	N/A			80%	81%	●		N/A	N/A			80%	68%	●		An outbreak of the Norovirus greatly affected the nurses ability to prioritize follow-up on failed dental screenings. The virus was active from April to June spreading to 9 of the District's 12 schools. Nurses were focused on the affected students, disease surveillance, parent communication and required daily Public Health reporting.
		Schools with at least 25% of staff CPR certified	25%	69%	●		85%	85%	●		40%	67%	●		100%	83%	●		65%	73%	●		100%	92%	●		
	Challenge Diabetes Program FY17 Approved: $200,922 FY17 Spent: $200,922 FY16 Approved: $168,953 FY16 Spent: $113,731 FY15 Approved: $62,578 FY15 Spent: $59,299 New Metrics: 0 of 3	Clients served in the program	N/A	N/A		N/A	200	282	●	80%	300	458	●	100%	300	458	●	100%	375	542	●	100%	375	542	●	100%	Successfully retained clients who were eligible for year two of the program.
		Clients post-screened for HbA1c	N/A	N/A			200	245	●		N/A	N/A			300	358	●		N/A	N/A			250	405	●		The new Coordinator enhanced participation by introducing new program components in multiple languages.
		Participants who report a moderate to significant increase in their knowledge of the risks and causes of diabetes	N/A	N/A			30%	18%	●		N/A	N/A			30%	84%	●		N/A	N/A			70%	69%	●		
	Cristo Rey Network FY17 Approved: $27,402 FY17 Spent: $26,102 FY16 Approved: N/A FY16 Spent: N/A FY15 Approved: N/A FY15 Spent: N/A New Metrics: N/A	Students served	-	-		New Partner in FY17	-	-		New Partner in FY17	-	-		New Partner in FY17	-	-		New Partner in FY17	82	82	●	100%	82	82	●	100%	
		Physical activity sessions provided	-	-			-	-			-	-			-	-			656	809	●		1,610	1,635	●		
		Students who show improved Body Mass Index per scoring in the healthy range of 14-23	-	-			-	-			-	-			-	-			50%	53%	●		70%	73%	●		
	Cupertino Union School District FY17 Approved: $68,997 FY17 Spent: $68,997 FY16 Approved: $103,233 FY16 Spent: $103,233 FY15 Approved: $101,969 FY15 Spent: $101,970 New metrics: 1 of 4	Students served	1,550	1,474	●	75%	3,100	3,075	●	100%	1,000	1,088	●	100%	2,200	2,225	●	100%	554	538	●	100%	1,482	1,411	●	100%	
		Students who failed a mandated health screening who saw a healthcare provider	35%	43%	●		70%	80%	●		35%	50%	●		80%	77%	●		40%	71%	●		75%	84%	●		
		Kindergarteners identified as needing early intervention or urgent dental care through on-site screenings who saw a dentist	N/A	N/A			50%	52%	●		N/A	N/A			55%	81%	●		N/A	N/A			75%	86%	●		
		Teachers/staff at target schools that receive training on severe allergies, anaphylaxis, and EpiPen usage	-	-			-	-			-	-			-	-			50%	87%	●		75%	87%	●		

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HEALTHY BODY	**Gardner Family Health Network** FY17 Approved: $180,000 FY17 Spent: $180,000 FY16 Approved: $160,600 FY16 Spent: $149,229 FY15 Approved: N/A FY15 Spent: N/A New Metrics: 0 of 4	Patients served	-	-		New Partner in FY16	-	-		New Partner in FY16	600	86		25%	600	513		40%	250	664		100%	600	1,341		100%	Program in second year is well integrated in the clinic's system, leading to stronger participation.
		Services provided, including patient visits with a Registered Dietitian and/or Wellness Coordinator	-	-			-	-			1,600	162			1,800	1,878			750	995			1,800	2,762			New program in FY16 which required ramp-up time and understanding program challenges, resulting in the need for a Wellness Coordinator. This position dramatically enhanced participation through adjustments in workflow and enrollment outreach.
		Patients demonstrating a reduction in body weight	-	-			-	-			N/A	N/A			50%	25%			15%	55%			30%	60%			
		Patients demonstrating a reduction in HbA1c levels	-	-			-	-			N/A	N/A			50%	25%			15%	51%			30%	47%			
	GoNoodle FY17 Approved: $110,000 FY17 Spent:$110,000 FY16 Approved: $74,000 FY16 Spent: $74,000 FY15 Approved: $63,000 FY15 Spent: $63,000 New Metrics: 0 of 4	Schools served	145	131		100%	145	153		100%	184	184		100%	184	184		100%	183	183		100%	183	183		100%	
		GoNoodle physical activity breaks played	3,000	18,631			7,228	80,597			45,000	98,929			90,000	227,697			100,000	161,211			200,000	299,311			Increased trainings and new popular campaigns rolled out to schools helped drive further awareness and utilization of program.
		Teachers who believe GoNoodle benefits their students' focus and attention in the classroom	N/A	N/A			90%	90%			N/A	N/A			80%	96%			N/A	N/A			90%	96%			
		Teachers who agree that GoNoodle Plus physical activity breaks are a valuable resource in helping their students succeed in core subjects	-	-			-	-			N/A	N/A			80%	98%			N/A	N/A			90%	90%			
	Medical Respite FY17 Approved: $13,500 FY17 Spent: $13,500 FY16 Approved: $13,500 FY16 Spent: $13,500 FY15 Approved: $13,500 FY15 Spent: $13,500 New Metrics: 0 of 3	Patients served(based on full Medical Respite program)	70	79		100%	140	183		100%	70	71		100%	145	250		100%	70	111		100%	145	221		100%	Overflow beds allowed for more patients to be admitted to the program.
		Program patients linked to Primary Care home (based on full Medical Respite program)	92%	93%			92%	91%			92%	93%			92%	87%			92%	91%			92%	90%			
		Hospital days avoided for total program (based on full Medical Respite program)	250	270			500	584			250	260			530	1,025			275	444			550	884			Overflow beds allowed for more patients to be admitted to the program therefore saving more hospital days.
	Playworks FY17 Approved: $110,000 FY17 Spent: $110,000 FY16 Approved: $105,000 FY16 Spent: $105,000 FY15 Approved: $90,000 FY15 Spent: $90,000 New Metrics: 0 of 4	Students served	1,700	1,725		100%	1,700	1,745		100%	2,305	2,333		100%	2,305	2,325		100%	2,710	2,690		100%	2,710	2,690		100%	
		Teachers and administrators surveyed who agree or strongly agree that Playworks helps increase physical activity	N/A	N/A			90%	100%			N/A	N/A			90%	92%			N/A	N/A			90%	98%			
		Teachers and administrators surveyed who agree or strongly agree that Playworks helps reduce bullying during recess	N/A	N/A			85%	82%			N/A	N/A			90%	82%			N/A	N/A			90%	98%			
		Teachers and administrators surveyed who agree or strongly agree that Playworks helps improve overall school climate	N/A	N/A			85%	88%			N/A	N/A			90%	100%			N/A	N/A			95%	100%			
	SCCOE: Early Head Start FY17 Approved: $40,000 FY17 Spent: $40,000 FY16 Approved: $80,724 FY16 Spent: $69,956 FY15 Approved: $80,724 FY15 Spent: $57,491 New Metrics: 0 of 4	Individuals served	88	88		100%	88	88		100%	88	88		100%	88	88		100%	38	33		75%	38	38		100%	
		Services provided	370	375			500	523			370	375			500	519			360	327			564	564			
		Children meeting the Child Health and Disabilities Prevention periodicity schedule on time as required by age	80%	82%			95%	96%			80%	78%			95%	97%			80%	80%			95%	95%			
		Children who are not up to date on recommended procedures who come under medical care	50%	60%			90%	92%			50%	54%			90%	91%			50%	50%			90%	100%			
	SCC Foster Care Orthodontic Program FY17 Approved: $70,000 FY17 Spent: $53,787 FY16 Approved: $68,144 FY16 Spent: $68,144 FY15 Approved: $52,896 FY15 Spent: $52,896 New Metrics: 3 of 3	Youth receiving braces and those in process of completing treatment plan	-	-		N/A	-	-		N/A	-	-		N/A	-	-		N/A	17	22		100%	44	80		100%	
		Youth undergoing treatment who report being satisfied or highly satisfied with orthodontic care services	-	-			-	-			-	-			-	-			75%	78%			75%	80%			
		Social workers who indicate that orthodontic care has had a positive impact on well-being and self-esteem of youth served in the program	-	-			-	-			-	-			-	-			75%	78%			75%	80%			
	Vision to Learn FY17 Approved: $34,226 FY17 Spent: $15,510 FY16 Approved: N/A FY16 Spent: N/A FY15 Approved: N/A FY15 Spent: N/A New Metrics: N/A	Free eye exams provided	-	-		New Partner in FY17	-	-		New Partner in FY17	-	-		New Partner in FY17	-	-		New Partner in FY17	100	95		100%	441	195		0%	School nurses expressed extremely appreciation for this program because it effectively solved a problem for their students. As often happens in schools, the first year of a program may experience difficulty scheduling, which delays implementation. However, the positive impact of program where it occurred exceeded expectations.
		Free eyeglasses provided	-	-			-	-			-	-			-	-			100	91			353	180			

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HEALTHY MIND	**AACI - Healthy IDEAS** FY17 Approved: $50,000 FY17 Spent: $50,000 FY16 Approved: $50,000 FY16 Spent: $50,000 FY15 Approved: $45,000 FY15 Spent: $45,000 New Metrics: 0 of 4	Seniors screened for depression	75	91	●	50%	150	160	●	80%	75	124	●	100%	150	203	●	80%	75	77	●	100%	150	158	●	100%	
		Participants who enroll in the Healthy IDEAS program	20	28	●		40	64	●		20	38	●		40	71	●		20	36	●		40	53	●		
		Healthy IDEAS services provided	200	151	●		400	322	●		195	314	●		390	470	●		195	252	●		390	465	●		
		Participants who demonstrate at least a one-point decrease in score on Geriatric Depression Scale	N/A	N/A			85%	84%	●		N/A	N/A			85%	74%	●		N/A	N/A			85%	90%	●		
	Almaden Valley Counseling Services FY17 Approved: $43,457 FY17 Spent: $43,457 FY16 Approved: N/A FY16 Spent: N/A FY15 Approved: N/A FY15 Spent: N/A New Metrics: N/A	Students served	-	-		New Partner in FY17	-	-		New Partner in FY17	-	-		New Partner in FY17	-	-		New Partner in FY17	100	126	●	100%	290	187	●	75%	Similar to reports from most school-based mental health programs, increases in the amount of crisis intervention impeded planned group sessions and therefore the numbers of students served. At-risk students required more counseling resulting in fewer unique people served.
		Counseling sessions provided	-	-			-	-			-	-			-	-			600	756	●		2,030	2,711	●		
		Students who show an increase in at least 50% of the 7 relevant External Developmental Assets for their age group	-	-			-	-			-	-			-	-			N/A	N/A			70%	90%	●		
		Teachers of the elementary school youth who state that the child shows an improved attitude in school	-	-			-	-			-	-			-	-			N/A	N/A			70%	90%	●		
	Cupertino Union School District FY17 Approved: $105,000 FY17 Spent: $105,000 FY16 Approved: $100,000 FY16 Spent: $100,000 FY15 Approved: $100,000 FY15 Spent: $100,000 New Metrics: 0 of 4	Middle school students served	50	70	●	75%	110	134	●	75%	80	93	●	100%	170	133	●	75%	80	73	●	100%	170	143	●	50%	Variance due to change in referral process and increase in high-risk students needing more counseling. Similar to reports from other school-based mental health programs, students required more counseling resulting in fewer unique people served.
		Services provided	780	465	●		1,800	2,000	●		750	780	●		2,300	2,282	●		750	832	●		2,300	2,176	●		
		Students who improve on treatment plan goals by 20% in 6 months and 50% by the end of the school year as measured by counselor report	60%	60%	●		90%	90%	●		60%	59%	●		90%	85%	●		60%	63%	●		90%	73%	●		Many students had serious mental health issues with high-risk behaviors, requiring more time in counseling to meet treatment plan goals.
		Students who improve on the Strength and Difficulties Questionnaire and Impact Assessment by 50%	25%	50%	●		75%	60%	●		50%	100%	●		75%	79%	●		50%	100%	●		75%	75%	●		
	linkAges FY17 Approved: $50,000 FY17 Spent: $50,000 FY16 Approved: $50,000 FY16 Spent: $50,000 FY15 Approved: $50,000 FY15 Spent: $50,000 New Metrics: 1 of 3	Participants enrolled in linkAges	350	302	●	83%	600	531	●	80%	700	746	●	100%	1,000	929	●	80%	800	1,115	●	66%	1,600	1,373	●	66%	linkAges enrollment required very intensive efforts within multiple communities. The pilot revealed that this model, while addressing a key need, did not prove to be a rapid spread network as much as anticipated. Grant program did not reapply for funding in FY18.
		Services provided	-	-			-	-			-	-			-	-			1,000	768	●		2,000	2,349	●		
		Participants expressing satisfaction and usefulness of the experience, intention to use linkAges again, and intent to refer others to linkAges									75%	80%	●		75%	72%	●		75%	82%	●		75%	82%	●		
	Meet and Move FY17 Approved: $19,500 FY17 Spent: $19,500 FY16 Approved: N/A FY16 Spent: N/A FY15 Approved: $18,000 FY15 Spent: $18,000 New Metrics: 0 of 2	Individuals served	40	31	●	25%	75	75	●	100%				N/A				N/A	50	83	●	100%	100	85	●	50%	Difficulty recruiting and increasing engagement in program; did not apply for FY18 funding.
		Participants who increase number of steps per week from baseline to end of program period	60%	0%	●		60%	74%	●										60%	66%	●		60%	67%	●		
	Momentum for Mental Health FY17 Approved: $26,000 FY17 Spent: $26,000 FY16 Approved: $26,000 FY16 Spent: $26,000 FY15 Approved: $26,000 FY15 Spent: $24,590 New Metrics: 0 of 3	Patients served	16	18	●	80%	22	22	●	100%	16	15	●	100%	22	23	●	100%	16	17	●	100%	22	22	●	100%	
		Services provided	90	85	●		180	168	●		90	97	●		180	190	●		90	191	●		180	331	●		
		Patients who avoid psychiatric hospitalization for 12 months after admission after beginning services with Momentum	90%	100%	●		90%	100%	●		90%	100%	●		90%	100%	●		95%	100%	●		95%	100%	●		

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HEALTHY MIND	**Peninsula HealthCare Connection** FY17 Approved: $90,000 FY17 Spent: $90,000 FY16 Approved: $80,202 FY16 Spent: $80,202 FY15 Approved: $65,000 FY15 Spent: $65,000 New Metrics: 0 of 4	Patients served	50	78	●	75%	125	165	●	100%	75	121	●	100%	150	367	●	100%	85	103	●	100%	170	325	●	100%	Agency exceeded target due to additional volunteer physician.
		Visits including psychiatry, therapy, and case management	250	202	●		500	687	●		260	321	●		520	581	●		275	281	●		550	532	●		
		Actively managed patients who obtain permanent housing	5	4	●		12	12	●		6	9	●		12	13	●		6	8	●		12	11	●		
		Psychiatric patients not hospitalized in a 12 month period	85%	85%	●		85%	85%	●		85%	89%	●		85%	87%	●		85%	97%	●		85%	91%	●		
	Santa Clara Unified School District FY17 Approved: $100,000 FY17 Spent: $91,598 FY16 Approved: $100,000 FY16 Spent: $84,158 FY15 Approved: $52,280 FY15 Spent: $46,535 New Metrics: 0 of 5	Students served through classroom presentations	N/A	N/A		N/A	500	877	●	67%	530	494	●	80%	1,000	935	●	71%	200	222	●	100%	560	422	●	60%	Similar to reports from other school-based mental health programs, high need students required more hours of services than anticipated, resulting in lower volume. Program did not reapply for funding in FY18 because the School Board funded a comprehensive, multi-year Wellness and Counseling program.
		Case management interactions	N/A	N/A			30	50	●		30	55	●		90	118	●		30	33	●		90	69	●		
		Counseling services group or individual	N/A	N/A			400	241	●		380	252	●		990	548	●		15	49	●		40	147	●		
		Students receiving counseling services who increase their days of attendance compared to previous year	N/A	N/A			20%	15%	●		15%	38%	●		30%	36%	●		20%	22%	●		20%	25%	●		
		Reduction in referrals for high risk behaviors that could result in suspension or discipline for students receiving counseling services	N/A	N/A			15%	0%	●		10%	150%	●		25%	24%	●		10%	33%	●		15%	33%	●		
	Uplift *(formerly EMQ)* FY17 Approved: $230,000 FY17 Spent: $230,000 FY16 Approved: $150,000 FY16 Spent: $150,000 FY15 Approved: $150,000 FY15 Spent: $150,000 New Metrics: 1 of 5	Students served with individual and/or group counseling and classroom presentations	860	787	●	100%	2,215	2,537	●	100%	900	1,224	●	100%	2,415	2,621	●	100%	1,200	1,034	●	60%	3,000	2,745	●	100%	
		Services provided	1,050	1,064	●		2,775	2,811	●		1,100	990	●		2,975	3,121	●		1,500	1,231	●		3,500	3,211	●		
		Youth in individual and group sessions who show at least 50% increase in improved choices related to high risk behaviors	75%	79%	●		75%	78%	●		75%	80%	●		75%	84%	●		75%	79%	●		75%	76%	●		
		Youth participating in classroom presentations who show an increase in knowledge which may improve behaviors related to high risk activities	-	-			-	-			-	-			-	-			85%	87%	●		85%	86%	●		
		Parents/caregivers who show an increase in knowledge of the topics presented and a better understanding of how to access services for youth	95%	97%	●		95%	98%	●		95%	95%	●		95%	95%	●		95%	95%	●		95%	96%	●		
HEALTHY COMMUNITY	**Cancer CAREpoint** FY17 Approved: $20,000 FY17 Spent: $20,000 FY16 Approved: N/A FY16 Spent: N/A FY16 Approved: N/A FY16 Spent: N/A New Metrics: N/A	Individuals served	-	-		New Partner in FY17	-	-		New Partner in FY17	-	-		New Partner in FY17	-	-		New Partner in FY17	50	151	●	100%	130	419	●	100%	New program exceeded targets due to successful piloting of bilingual classes in East San Jose; outreach was also conducted in two languages.
		Nutrition class service hours provided	-	-			-	-			-	-			-	-			440	465	●		900	1,380	●		
		Participants who report increased understanding of how nutrition may affect cancer treatments and medications	-	-			-	-			-	-			-	-			50%	94%	●		50%	91%	●		
	Chinese Health Initiative FY17 Approved: $30,000 FY17 Spent: $30,000 FY16 Approved: $30,000 FY16 Spent: $30,000 FY15 Approved: $30,000 FY15 Spent: $30,000 New Metrics: 0 of 3	Individuals served	30	32	●	100%	75	97	●	100%	60	80	●	67%	125	216	●	100%	60	65	●	100%	125	145	●	100%	
		Services provided	200	210	●		400	475	●		125	100	●		250	272	●		125	120	●		250	315	●		
		Participants who strongly agree or agree that the program's health education or screening helps them better manage their health	N/A	N/A			80%	99%	●		N/A	N/A			85%	96%	●		N/A	N/A			85%	86%	●		
	Falls Prevention SCC FY17 Approved: $40,000 FY17 Spent: $40,000 FY16 Approved: $70,000 FY16 Spent: $70,000 FY15 Approved: $70,000 FY15 Spent: $70,000 New Metrics: 1 of 3	Individuals served	1,000	1,493	●		2,500	2,638	●		740	716	●		1,480	1,592	●		440	855	●		800	1,282	●		
		Matter of Balance class participants who report that they are "sure" or "very sure" of their ability to find a way to get up if they fall, find ways to reduce falls, protect themselves if they fall, increase physical strength, and be steadier on their feet	-	-		100%	-	-		100%	N/A	N/A		100%	85%	100%	●	100%	85%	85%	●	100%	85%	85%	●	100%	
		EnhanceFitness participants who will demonstrate an improvement in their upper extremity strength, lower extremity strength, and dynamic balance	-	-			-	-			-	-			-	-			85%	85%	●		85%	85%	●		
	Great NonProfits FY17 Approved: $30,000 FY17 Spent: $30,000 FY16 Approved: $42,350 FY16 Spent: $42,350 FY15 Approved: N/A FY15 Spent: N/A New Metrics: 1 of 2	Participants who receive text-message interventions	-	-		New Partner in FY16	-	-		New Partner in FY16	-	-		N/A	-	-		N/A	80	78	●	100%	80	78	●	100%	
		Percent of participants in experiment group who report drinking at least one more unit of water per day	-	-			-	-			-	-			-	-			20%	43%	●		20%	43%	●		
	Health Library Resource Center, Los Gatos FY17 Approved: $63,672 FY17 Spent: $63,672 FY16 Approved: $63,672 FY16 Spent: $63,672 FY15 Approved: $61,500 FY15 Spent: $57,956 New Metrics: 0 of 2	Individuals served	700	641	●	100%	1,400	1,314	●	100%	700	762	●	100%	1,400	1,363	●	100%	702	664	●	100%	1,404	1,270	●	100%	
		Individuals who strongly agree or agree that eldercare referrals appropriate to their needs	N/A	N/A			95%	98%	●		N/A	N/A			95%	100%	●		N/A	N/A			96%	87%	●		

Community Benefit Dashboard Notes

● A metric receives a "green" dot if the target was met, exceeded or within 10% of the target goal

● A metric receives a "red" dot if the target was not met by an excess of 10% of the target goal

N/A There are some 6-month metric targets with "N/A" because the client/patient has not had significant exposure to the intervention in order to accurately evaluate effectiveness or because activities or surveys are not scheduled until the second half of the year

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Health Priority Area *(Column A)*	Partner *(Column B)*	FY17 Metrics *(Column C)*	FY15 6-month target *(Column D)*	FY15 6-month actual *(Column E)*		FY15 % of 6-month metrics met *(Column G)*	FY15 Annual target *(Column H)*	FY15 Annual actual *(Column I)*		FY15 % of ALL annual metrics met *(Column K)*	FY16 6-month target *(Column L)*	FY16 6-month actual *(Column M)*		FY16 %of ALL 6-month metrics met *(Column O)*	FY16 Annual target *(Column P)*	FY16 Annual Actual *(Column Q)*		FY16 % of ALL annual metrics met *(Column S)*	FY17 6-month target *(Column T)*	FY17 6-month actual *(Column U)*		FY17 % 6-month metrics met *(Column W)*	FY17 Annual Target *(Column X)*	FY17 Annual Actual *(Column Y)*		FY17 % Annual metrics met *(Column AA)*	Supporting Details for Variance *(Column AB)*
HEALTHY COMMUNITY	**Next Door Solutions** FY17 Approved: $75,000 FY17 Spent: $75,000 FY16 Approved: $50,000 FY16 Spent: $50,000 FY15 Approved: N/A FY15 Spent: N/A New Metrics: 1 of 4	Adults served	-	-		New Partner in FY16	-	-		New Partner in FY16	700	1,215	●	80%	1,300	1,988	●	100%	170	191	●	100%	340	344	●	100%	
		Services provided	-	-			-	-			-	-			-	-			833	779	●		1,665	1,623	●		
		Surveyed participants who report that they have gained at least one strategy to increase their safety or their children's safety	-	-			-	-			67%	98%	●		67%	97%	●		65%	95%	●		65%	92%	●		
		Clients newly engaged in Self-Sufficiency Case Management who will complete a risk assessment, safety planning, and a self-sufficiency action plan	-	-			-	-			-	-			-	-			50%	50%	●		50%	56%	●		
	Prediabetes Initiative (Hill and Company) FY17 Approved: $204,596 FY17 Spent: $204,596 FY16 Approved: N/A FY16 Spent: N/A New Metrics: N/A	Community members reached through Promotores outreach program	-	-		New Partner in FY17	-	-		New Partner in FY17	-	-		New Partner in FY17	-	-		New Partner in FY17	1,500	3,468	●	67%	3,000	5,754	●	100%	Promotores (community health workers) have been especially successful in their efforts to conduct outreach, administer risk-assessments and motivate individuals to get clinically tested for diabetes.
		Pre-diabetes outreach events	-	-			-	-			-	-			-	-			50	119	●		185	211	●		
		CDC Risk-Assessments Administered	-	-			-	-			-	-			-	-			900	2,993	●		3,000	4,535	●		
		Short Surveys Administered	-	-			-	-			-	-			-	-			566	2,483	●		1,888	3,952	●		
		Impressions through culturally relevant television ads	-	-			-	-			-	-			-	-			61,655	44,000	●		123,310	312,400	●		Projected number of impressions (a standard media measure) were based on past ratings and far exceeded targets.
		Impressions through culturally relevant radio ads	-	-			-	-			-	-			-	-			195,600	92,000	●		391,200	460,000	●		
	Racing Hearts FY17 Approved: $25,000 FY17 Spent: $25,000 FY16 Approved: N/A FY16 Spent: N/A FY15 Approved: N/A FY15 Spent: N/A New Metrics: N/A	School Districts served	-	-		New Partner in FY17	-	-		New Partner in FY17	-	-		New Partner in FY17	-	-		New Partner in FY17	5	11	●	100%	10	13	●	100%	Greater than targeted number of school districts served; 92% now have AEDs onsite. This is the largest county deployment within schools throughout the state.
		AEDs placed	-	-			-	-			-	-			-	-			100	214	●		200	373	●		
		Teachers and/or staff who attend an AED orientation will report knowing 3+ steps to do when an AED is needed.	-	-			-	-			-	-			-	-			60%	92%	●		80%	94%	●		
	RoadRunners - LG FY17 Approved: $81,462 FY17 Spent: $54,308 FY16 Approved: $81,462 FY16 Spent: $81,462 FY15 Approved: $80,000 FY15 Spent: $80,000 New Metrics: 0 of 3	Older adults served	40	12	●	50%	100	48	●	75%	40	26	●	75%	100	45	●	75%	41	16	●	66%	100	27	●	66%	Program discontinued services in March; not continuing in FY18.
		Older adults who strongly agree or agree that having RoadRunners services helped in maintaining their independence	N/A	N/A			90%	94%	●		90%	99%	●		90%	92%	●		90%	96%	●		92%	92%	●		
		Older adults who strongly agree or agree with the statement that having RoadRunners services made it possible to get to their medical appointments	N/A	N/A			95%	95%	●		95%	96%	●		95%	92%	●		95%	96%	●		95%	93%	●		
	South Asian Heart Center FY17 Approved: $360,000 FY17 Spent: $360,000 FY16 Approved: $400,000 FY16 Spent: $400,000 FY15 Approved: $400,000 FY15 Spent: $344,000 New Metrics: 4 of 6	Individuals served	500	396	●	100%	1,000	860	●	50%	625	680	●	100%	1,250	2,250	●	100%	625	657	●	100%	1,250	1,356	●	83%	
		Services provided	3,250	3,509	●		6,700	7,222	●		2,500	2,610	●		7,000	6,475	●		2,750	2,607	●		7,500	6,468	●		
		Improvement in average level of weekly physical activity from baseline	-	-			-	-			-	-			-	-			14%	18%	●		16%	17%	●		
		Improvement in average levels of daily servings of vegetables from baseline	-	-			-	-			-	-			-	-			11%	18%	●		13%	14%	●		
		Improvement in levels of HDL-C as measured by follow-up lab test	-	-			-	-			-	-			-	-			3%	5%	●		4%	4%	●		
		Improvement in cholesterol ratio as measured by follow-up lab test	-	-			-	-			-	-			-	-			5%	6%	●		6%	6%	●		
	West Valley Community Services - CARE FY17 Approved: $150,000 FY17 Spent: $150,000 FY16 Approved: $150,000 FY16 Spent: $150,000 FY15 Approved: $126,150 FY15 Spent: $126,150 New Metrics: 1 of 4	Households served	60	60	●	75%	120	120	●	100%	60	66	●	80%	120	125	●	100%	60	66	●	100%	120	128	●	100%	
		Households that receive intensive Case Management services	-	-			-	-			40	41	●		60	61	●		30	30	●		60	63	●		
		Case managed clients who increased in 3 of the 18 domains measured by Self Sufficiency Index	N/A	N/A			80%	80%	●		N/A	N/A			80%	80%	●		N/A	N/A			80%	80%	●		
		Program participants who will improve 1 point in the health domain through supportive services	-	-			-	-			-	-			-	-			N/A	N/A			60%	80%	●		Agency exceeded target by offering additional monthly supportive services, such as benefit clinics and nutrition and health education.
	West Valley Community Services - CARE Senior Services FY17 Approved: $25,000 FY17 Spent: $25,000 FY16 Approved: $25,000 FY16 Spent: $25,000 FY15 Approved: $25,000 FY15 Spent: $25,000 New Metrics: 0 of 2	Individuals served	10	10	●	100%	20	20	●	100%	10	10	●	100%	20	25	●	100%	10	10	●	100%	22	22	●	100%	
		Encounters provided	80	131	●		160	180	●		120	128	●		240	250	●		120	130	●		240	278	●		

Community Benefit Dashboard Notes

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● A metric receives a "red" dot if the target was not met by an excess of 10% of the target goal

N/A There are some 6-month metric targets with "N/A" because the client/patient has not had significant exposure to the intervention in order to accurately evaluate effectiveness or because activities or surveys are not scheduled until the second half of the year

2017

COMMUNITY BENEFIT REPORT

For the fiscal year ending June 30, 2017

Published: September 2017

EL CAMINO HEALTHCARE DISTRICT

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SEPT17

2017

COMMUNITY BENEFIT REPORT

This report provides a recap of the Community Benefit Programs for El Camino Hospital and El Camino Healthcare District for fiscal year 2017.

Each organization has a separate Community Benefit Fund, sharing a common purpose: to improve the health and well-being of the people served. Both organizations have helped drive positive change for a diverse group of individuals and families throughout Santa Clara County. This report illustrates key issues facing underserved residents, strategies to address them, and the impact Community Benefit dollars have made in our community.

Additional El Camino Hospital Information

The 2017 Community Benefit Plan, 2017 Community Benefit Report, and Community Health Needs Assessment are available at www.elcaminohospital.org/communitybenefit

Additional El Camino Healthcare District Information

The 2017 El Camino Healthcare District Community Benefit Plan and 2017 Community Benefit Report are available at www.elcaminohealthcaredistrict.org/communitybenefit

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For the Benefit of Our Community


El Camino Hospital, Mountain View

El Camino Healthcare District Community Benefit Program

El Camino Healthcare District (ECHD) Community Benefit strives to meet the needs of underserved and vulnerable District individuals and families. The District works to address these needs by funding programs and services administered by nonprofits, school districts, and other community-based organizations.

- Program Grants
- Support Grants
- Sponsorships

All funds must be approved by the El Camino Healthcare District Board of Directors.

"We are a strong partner with organizations serving our community's most vulnerable members. The needs are striking: About a quarter of our community lives in poverty, and almost 40 percent of children are eligible for free or reduced-price lunch at school. One in 10 lacks insurance, and homelessness is on the rise. The programs we fund improve health by combating significant hardships people face every day."

Cecile Currier, Vice President, Corporate & Community Health Services, El Camino Hospital

El Camino Hospital Community Benefit Program

As an independent, nonprofit community hospital, El Camino Hospital (ECH) is committed to delivering quality care to everyone in our community. El Camino Hospital Community Benefit funds a variety of community-based programs in the hospital's service area, including Campbell, Cupertino, Los Gatos, San Jose, Santa Clara, and Saratoga.

All funds must be approved by the El Camino Hospital Board of Directors.

ECH Community Benefit includes additional categories such as:

- Financial Assistance (Charity Care)
- Subsidized Health Services
- Training and Education for Health Professionals
- Unreimbursed Medi-Cal Costs
- Clinical Research
- Community Health Improvement Services
- Community Benefit Operations
- Grants and Sponsorships

How do we identify unmet health needs in our community?

El Camino Hospital conducts a Community Health Needs Assessment (CHNA) every three years to identify our community's top unmet health needs. This robust process includes:

- Collecting and analyzing data on health conditions, such as obesity, diabetes, Alzheimer's disease, mental health, and injuries from falls
- Capturing input from a wide spectrum of community members through:
  - » Interviews with local health experts
  - » Surveys with community stakeholders
  - » Focus groups representing issues facing the homeless, the medically underserved, those with mental health conditions, seniors, youth, immigrant children, and more
- Prioritizing health needs to address

El Camino Hospital's CHNA builds on work done with health leaders in the Santa Clara County Community Benefit Coalition. This coalition includes El Camino Hospital and six other hospitals, the Santa Clara County Public Health Department, the Hospital Council of Northern and Central California, and the Palo Alto Medical Foundation.

The El Camino Hospital 2016 CHNA report is available online at www.elcaminohospital.org/communitybenefit

How do we decide which programs to fund?

El Camino Hospital and El Camino Healthcare District use the most current (2016) CHNA to guide the Community Benefit Grants Programs with the following priority area framework:

HEALTHY BODY

HEALTHY MIND

HEALTHY COMMUNITY

Annual Community Benefit Grant Application Process

January	February	March/April/May	June	July
Release of Grant Applications on Hospital and District websites	Applications due	Formal Application Review Process Presentation to the El Camino Hospital and El Camino Healthcare District's Community Benefit Advisory Councils for review Community Benefit Advisory Councils provide grant recommendations Development of Annual Community Benefit Plans	El Camino Hospital and El Camino Healthcare District Boards of Directors assess and approve the fiscal year Community Benefit Plans Applicants are notified of funding allocations	New Grant Programs begin (fiscal year is July 1 – June 30)

COMMUNITY BENEFIT GRANTS SUPPORT
Three Health Priorities

HEALTHY BODY

These grants support efforts to prevent the onset of disease and improve access to primary care, chronic disease management, health and wellness education, and oral health.

HEALTHY MIND

These grants provide access to mental health services for youth and adults. Issues addressed include depression, anxiety, dementia, domestic violence, and substance use.

HEALTHY COMMUNITY

These grants promote the improvement of overall health in the community. Programs focus on issues such as access to transportation, falls prevention, free community screenings, and health education.

SANTA CLARA COUNTY HAS THE
5th LARGEST
ALZHEIMER'S DISEASE POPULATION IN CALIFORNIA

SOUTH ASIANS ARE
2 TIMES
MORE LIKELY TO HAVE HEART DISEASE THAN THE GENERAL POPULATION

15,000
LOW-INCOME SANTA CLARA COUNTY SCHOOL CHILDREN ARE ESTIMATED TO
NEED GLASSES

36%
OF ADULTS IN SANTA CLARA COUNTY
LACK DENTAL INSURANCE

7,045
HOMELESS PEOPLE RESIDE IN OUR COUNTY

HYPERTENSION AFFECTS
27%
OF ADULTS IN SANTA CLARA COUNTY

1 IN 3 ADULTS HAS PREDIABETES

El Camino Healthcare District 2017 Grant Recipients

HEALTHY BODY | HEALTHY MIND | HEALTHY COMMUNITY

$6.4 million was invested to address unmet health needs and improve the health of people in the district

HEALTHY BODY PROGRAM PARTNERS

5210 Health Awareness Program
BAWSI (Bay Area Women's Sports Initiative)
Breathe California
Community Services Agency, Mountain View
Cupertino Union School District – School Nurse Program
Day Worker Center of Mountain View
Fresh Approach
GoNoodle
Healthier Kids Foundation
Health Mobile
Hope's Corner
Living Classroom
Lucile Packard Foundation for Children's Health – Teen Van
MayView Community Health Center
Medical Respite
Mountain View Whisman School District – School Nurse Program
New Directions
Pathways Home Health & Hospice
Playworks
Sunnyvale School District – School Nurse Program
Valley Health Center Sunnyvale
Vision to Learn

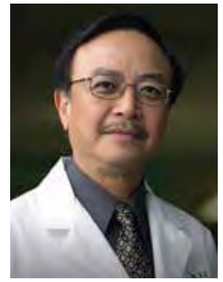
HEALTHY MIND PROGRAM PARTNERS

Acknowledge Alliance
Alzheimer's Association – Asian Dementia Initiative and Latino Family Connections
Cancer CAREpoint
CHAC (Community Health Awareness Council) at Sunnyvale School District
Eating Disorders Resource Center
International Association for Human Values
Law Foundation of Silicon Valley
Los Altos School District – Mental Health Counseling Program
Momentum for Mental Health
Mountain View Los Altos High School District – Mental Health Counseling Program
National Alliance on Mental Illness (NAMI) Santa Clara County
Prevention Partnership International
Seniors Council

HEALTHY COMMUNITY PROGRAM PARTNERS

American Heart Association Silicon Valley
Chinese Health Initiative
Family & Children's Services of Silicon Valley (a division of Caminar)
Farewell to Falls
Friends for Youth
Health Library & Resource Center Mountain View
Hypertension Initiative #KnowYourBloodPressure Public Awareness Campaign
Maitri
Matter of Balance
Mountain View Police Department Youth Services Unit
Next Door Solutions to Domestic Violence
Rebuilding Together
RoadRunners
South Asian Heart Center
Sunnyvale Community Services
Working Partnerships USA
YMCA Silicon Valley

Dear Community Members,



I am delighted to share with you my great pride and enthusiasm for all that the El Camino Healthcare District Community Benefit Program accomplished in FY2017. Our funding of primary and dental care services enabled thousands of underserved community members to get needed medical and dental care. The Hypertension Initiative, including the #KnowYourBloodPressure public awareness campaign, reached more than 100,000 community members with information about the too often unknown risks of high blood pressure and provided free screenings to hundreds of District residents. Our school nurse and mental health programs yielded huge dividends for school children and teens, with improved rates of follow-up appointments for children failing hearing and vision tests and access to counseling. These are just a few of the positive results our Community Benefit partners have achieved to improve the health and well-being of our community.

The rigorous process of the triennial Community Health Needs Assessment identifies unmet health needs in our community and sets priorities for the El Camino Healthcare District Community Benefit Grants Program. Our three priority areas, new in FY17, are Healthy Body, Healthy Mind, and Healthy Community. We are eager to continue tackling these priorities. I encourage you to review this report to better understand both the health needs in our community, and the important strategies and programs we are supporting to address them.

In this time of great uncertainty in our healthcare delivery system, our community's most vulnerable members deserve security, access to health services, and peace of mind more than ever. Our Community Benefit Grants Program addresses this overarching need in multiple ways. I am honored to be a part of this effort and look forward to another year of positive change.

Sincerely,

Peter C. Fung, MD, MS, FACP, FAAN, FAHA
FY17 Chair, Board of Directors, El Camino Healthcare District

EL CAMINO HEALTHCARE DISTRICT




Tackling Chronic Disease and Preventable Illness

Working to prevent and detect diseases early can make a significant and even lifesaving difference in our community's health. We support a wide range of programs that deliver valuable education, provide critical screenings, and empower people to manage their health proactively.

We're providing unique services to address health issues threatening our multicultural community

Some cultural behaviors may increase the risk for health conditions such as diabetes, heart disease, and some cancers. We are raising awareness and lowering risk with targeted programs that provide education, training, support, and resources tailored appropriately to these audiences.

The **Chinese Health Initiative** continued raising awareness of health issues affecting the Chinese community, with a focus this year on combating hypertension.

By combining research, specialized screenings, and lifestyle coaching, the **South Asian Heart Center** worked to reduce this community's particularly high risk of cardiovascular disease and diabetes.

40 COMMUNITY EVENTS

HELPED RAISE AWARENESS

of hypertension in the Chinese community

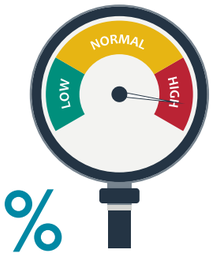
64%

IMPROVED cholesterol ratio

among South Asian Heart Center participants since program inception

Hypertension is widespread in Santa Clara County

Hypertension is a "silent killer" that causes damage to the heart and blood vessels over time. Many in our community have no idea their blood pressure is elevated, putting them at risk for heart attacks and strokes.



27%

OF SANTA CLARA COUNTY ADULTS HAVE HYPERTENSION

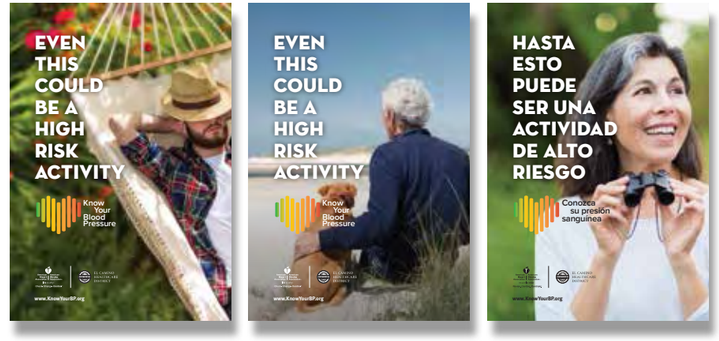
We're raising awareness — and lowering blood pressure

Because hypertension is often silent, we spoke loudly on the issue to help alert our community about the dangers of untreated high blood pressure. The Hypertension Initiative addressed the problem head-on with a concentrated public service campaign.

The El Camino Healthcare District, in partnership with the **American Heart Association Silicon Valley**, launched a public awareness program, **Know Your Blood Pressure**. This initiative also funded blood pressure screenings and free hypertension management classes for community members. Screening opportunities are listed at www.KnowYourBP.org

The public awareness campaign reached more than 100,000 district residents

Know Your Blood Pressure



We're helping people navigate information about crucial health decisions

For many, the **Health Library & Resource Center in Mountain View** is a vital, no-cost resource for assistance with advanced healthcare directives, Medicare forms, and understanding other health-related information that is challenging to patients and their families. The library also provides elder care consults and referrals for family caregivers.

5,700

PEOPLE ASSISTED

by phone or in person

Ensuring Access to Essential Care

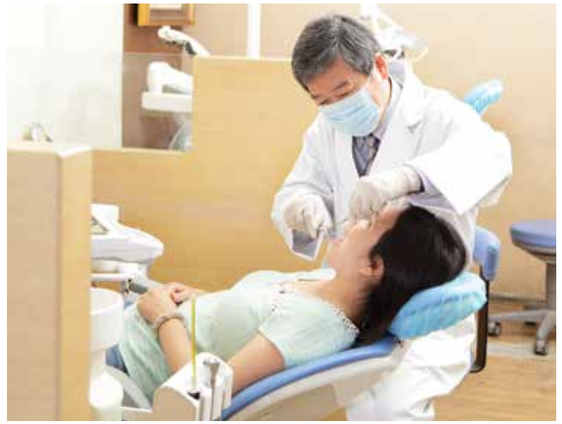
There are many reasons people are unable to get the healthcare they need. Not having a "medical home" is a common challenge. Other barriers to care include homelessness, language, lack of insurance, and poor health literacy.

We're filling the gap with convenient, free care, where and when it's needed

Our Community Benefit support to **Valley Health Center Sunnyvale** provided both dental and medical care — doubling the number of evening hours for Express Care services to make it even more convenient. This resulted in 2,800 services to nearly 1,400 people. More evening hours were also added for dental services, providing more than 3,100 encounters to nearly 950 underserved community members.

Health Mobile provided no-cost dental services to low-income families and homeless individuals at places they frequent, such as a community services agency and safety net clinic.

6,280 DENTAL SERVICES provided by
Valley Health Center Sunnyvale and Health Mobile



We're providing a "medical home" for those who need support

MayView Community Health Center provided an accessible and affordable "medical home" for many in our community who might otherwise have nowhere to go. This past year, the center served 2,400 patients and performed more than 5,700 services. Clients received comprehensive care, wellness services, and ongoing medical oversight, regardless of their ability to pay.

"El Camino Healthcare District has supported MayView in caring for our uninsured patients in the district. These community members receive preventive services, integrated behavioral health, chronic disease management, immunizations and care when they're sick. Without this program, many people would not have a medical home. Besides funding, they are MayView's vital thought partner and bridge to other community resources."

Kelvin Quan, JD EdD MPH, President & CEO
MayView Community Health Center

Care When You Leave the Hospital

For the homeless and seniors living alone, discharge after hospitalization poses special risks. Meeting their basic needs requires social services and, in some cases, providing a safe place to heal to avoid relapse or complications. In the long term, many vulnerable people need help stabilizing their health — and their lives.

With our support, case management, physical and occupational therapy, and other crucial services reached those in need

Medical Respite provided a room, medical care, counseling, meals, and case management for homeless people post-hospitalization.

884 HOSPITAL DAYS AVOIDED

New Directions provided critical help to homeless and housing-insecure or unstable people who frequently visit the hospital. The program provided access to healthcare, housing, mental health treatment, and other essential services. In doing so, New Directions helped break the cycle of at-risk people who frequently use the hospital and promoted broader life stability.

Thanks to **Pathways Home Health & Hospice**, low-income community members lacking adequate insurance received nursing visits, physical, occupational, and speech therapy at home.

The Senior Intensive Case Management Program at the **Community Services Agency Mountain View Los Altos** provided home-based clinical support to ensure older adults can recover after hospitalization and live independently in their homes.

HOMELESS IN OUR AREA
31% have a physical disability
27% have a chronic condition
38% have psychiatric or emotional conditions

We're helping cancer patients with support during treatment and recovery

Cancer survivors do better when they are supported physically, mentally, and emotionally. **Cancer CAREpoint** provided effective tools to transition from being a patient to a survivor through counseling and integrative healing methods.

Nurturing Children at School

Children spend a lot of time in school, and that provides a perfect platform to instill healthy habits. School-based programs that promote physical, mental, and emotional health reach a large number of young people and families in one familiar, trusted setting.

For many youngsters, the school nurse is the only healthcare professional they ever see

Funding School Nurses

Cupertino Union School District
Mountain View Whisman School District
Sunnyvale School District

Many schools have a large percentage of socioeconomically disadvantaged students. Community Benefit funds significantly improved the ratio of nurses to students in the El Camino Healthcare District. School nurses went far beyond treating skinned knees, often filling the gap of care for children who are disabled, medically fragile, or suffering from chronic conditions, while also conducting vision, dental, and hearing screenings. For children who failed health screenings, nurses provided a critical function in following up with families to be certain their child saw a doctor. To ensure there's timely help in every school, nurses trained staff on EpiPen® and CPR administration.

24 schools
SERVED ACROSS
3 districts

We invested in mobile services — bringing care where it's needed

An estimated 15,000 school children in Santa Clara County need glasses to read a book or see the blackboard but lack access to an optometrist or the means to purchase glasses. The **Vision to Learn** mobile van offered free eye exams at local schools and free eyeglasses for children who needed them.

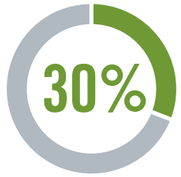
The **Lucile Packard Foundation for Children's Health Teen Van** offered comprehensive healthcare on-site for underserved youth in the **Mountain View Los Altos Union High School District**. Nearly 70 percent of teens using the van relied on this service for ongoing care.

We fund counselors and programs that teach social/emotional skills and resiliency

School-based Counseling

To help young people dealing with mental health conditions, including those recovering from traumatic experiences or living through turmoil at home, **CHAC (Community Health Awareness Council)** provided mental health counseling in the **Sunnyvale School District**. CHAC also provided group sessions on resiliency and life skills at 23 elementary schools in the **Los Altos, Mountain View Whisman** and **Sunnyvale School Districts.**

We funded licensed therapists to serve middle and high school students in the **Los Altos School District** and **Mountain View Los Altos High School District**. These therapists provided individual and family therapy, case management, and crisis intervention for at-risk youth.



ONLY 30% OF YOUTH
with mental health needs
are getting treatment

Fremont High School students were energized and inspired by the breathing and stretching techniques offered by the **International Association for Human Values** Youth Empowerment Seminar (YES!) which was designed to help them cope with negative emotions, impulse control, and conflict resolution.

Psychological resilience makes all the difference for youth dealing with difficult situations. **Acknowledge Alliance's** Social Emotional Learning Lessons is an evidence-based program to help children build coping skills, which was provided in the **Sunnyvale School District.** The program also provided monthly resiliency support groups for teachers.

Samples of Student Art Therapy

Created by participants of the Los Altos School District Counseling Program

With our help, children increased their activity levels and raised their nutrition IQ

Physical Activity and Nutrition

By restructuring recess activities and teaching kids how to resolve conflicts, **Playworks** reduced bullying and increased safe, active play in 11 schools in the **Mountain View Whisman** and **Sunnyvale School Districts**.

Thousands of fidgety youngsters were calmed and captivated by **GoNoodle's** engaging and educational classroom videos and web-based games in 25 schools in the El Camino Healthcare District. "Brain breaks" helped children focus, and research showed this program improved math and reading skills.

More than 7,000 school children learned healthier habits through the **5210 Health Awareness Program** in **Sunnyvale** and **Cupertino Union School Districts.**

- **5** or more fruits and vegetables a day
- **2** hours or less of recreational screen time
- At least **1** hour a day of physical activity
- **0** sweetened beverages

The innovative **Living Classroom** school garden program paired science and nutrition education with hands-on experience in gardening and harvesting the vegetables students grew. Students prepared healthy plant-based recipes.

Local collegiate athletes volunteered with **BAWSI (Bay Area Women's Sports Initiative)** to lead underserved elementary school girls in fun activities to boost fitness and self-esteem.

The **Healthier Kids Foundation's** "10 Steps to a Healthier You!" conducted workshops for parents with tips and tools to foster healthy family lifestyles and help their children develop nutritious eating habits.

Funded programs made positive strides

Supporting Youth Outside of School

We're funding programs that support youth physically, emotionally, and socially

Community Benefit supported action-packed camps through the **Mountain View Police Department Youth Services Unit** and **YMCA Silicon Valley**. These camps gave low-income children a chance to make new friends, learn about nutrition, and stay active during the summer.

The right mentor can change a young person's life by building self-esteem, strengthening resiliency and modeling positive behaviors. **Friends for Youth** paired children with carefully recruited adult role models.

Helping People Make Healthy Food Choices

Making healthy choices is a challenge for many families in our area. Obesity and poor nutrition are widespread, largely due to lack of access to fresh produce, information about wholesome foods, or the money to buy better options.

We're working to make the healthy choice the easy choice

Fresh Approach taught nutrition and healthy meal planning, and provided BMI screenings, goal setting for participants' health monitoring, and vouchers for easy-to-access fresh produce. Overall, 39 percent of all VeggieRx class participants lost weight during the program.

Hope's Corner provided 300 weekly nutritious breakfasts and to-go lunches to homeless and low-income community members. The community could also access nutrition information, flu shots, and consultations with a social worker.

The **Day Worker Center of Mountain View** served wholesome breakfasts and lunches, and offered exercise classes and bilingual tips for better nutrition. These services helped address diabetes and obesity in the low-income population.

The U.S. Department of Agriculture defines **FOOD INSECURITY** as a lack of consistent access to enough food for an active, healthy life.

Helping Older Adults Live Fuller Lives

Helping seniors stay healthy, safe, and enjoy the best possible quality of life takes a multipronged approach. This means providing help with daily living, companionship, falls prevention, and support to caregivers.

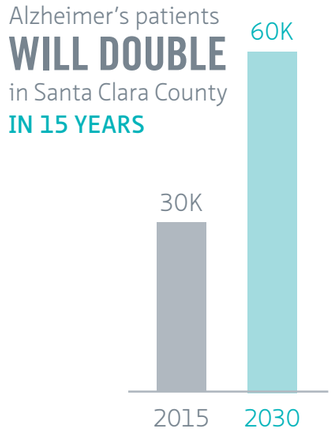
Support for seniors and their caregivers

The **Asian Dementia Initiative** provided by the **Alzheimer's Association** worked to reduce social stigma about the disease in the Chinese and Korean communities through educational forums and support groups. Caregivers also received one-on-one consultations.

A higher rate of diabetes and vascular disease puts Latinos at risk for Alzheimer's disease and dementia. The **Alzheimer's Association's Latino Family Connections** gave culturally sensitive educational presentations in Spanish to caregivers and families. Topics included symptoms, caregiver tips, and the need to overcome the social stigma that accompanies memory loss.

Breathe California helped underserved and isolated seniors breathe easier with services that included education on lung disease, indoor air quality assessments, smoking cessation consultations, breathing exercises, and caregiver training.

To provide lonely, isolated elders with companionship, **Seniors Council** arranged for peer volunteer companions to visit homebound and disabled seniors.



We're providing transportation to help older adults stay active and independent

Giving up driving shouldn't mean losing your independence. **RoadRunners** transportation service gave local seniors and disabled people door-to-door rides to the doctor, dentist, and other important appointments or errands. To accommodate the growing need for rides, RoadRunners partnered with Lyft to expand the number of rides they could provide.

"The RoadRunners are an invaluable resource for my mom and me. My mom is a widow, has moderate Alzheimer's disease, and can no longer drive. With the help they provide, my mom can keep her appointments.... The staff is great at keeping me informed of situations that may come up with my mom."

Daughter of RoadRunners client

Falls are the #1 cause of fatal and nonfatal injuries in seniors

For older adults, falls are the most common cause of trauma-related hospital admissions and the leading cause of fatal injury. Fall-related injuries, such as hip fractures, may put an end to living at home, and fear of falling is common among senior citizens.

An older adult **DIES FROM A FALL** every 19 minutes in the U.S.

We're helping seniors avoid falls and make their homes safer

Older adults received personal in-home visits from occupational therapists who performed home safety assessments, made recommendations, and learned exercises to improve strength and balance through the **Farewell to Falls** program. This program also trained local firefighters and responders to treat fall victims.

> 57 seniors benefited from two home safety visits

Injuries from falls can cost seniors their independence. **Rebuilding Together** provided in-home falls risk assessments for low-income community members and followed up with free, safety-enhancing repairs and modifications.

> 14 older adults received help fall-proofing their homes

For aging community members, **Matter of Balance** classes are a matter of personal safety. More than 100 people benefited from this evidence-based program designed to reduce their fear of falling and increase their confidence in being physically active.

72%
OF PARTICIPANTS
in Matter of Balance classes showed improvement in sit-to-stand assessment, a key indicator of strength and balance

Caring for Our Community's Most Vulnerable

Help is available for vulnerable people in our community, but many lack awareness about the options and may not have the skills to access them. Our funding helps people in need connect with and navigate medical and social services to improve their health and their lives.

We're addressing basic needs — food, shelter, medical bills

At-risk community members in Sunnyvale received assistance navigating social benefits through **Sunnyvale Community Services'** Case Management Program. This included referrals and counseling for health and medical care, nutrition programs, affordable housing, and other basic needs influencing self-sufficiency.

With rents continuing to climb, families may sacrifice food, healthcare, and other essentials to keep a roof over their head. Through **Sunnyvale Community Services'** Emergency Assistance Program, vulnerable community members were able to access nutritious food and financial assistance for medically related bills.

Community Benefit funds helped **Working Partnerships USA** assist underserved families who still lacked insurance to find and enroll in health coverage.

We're reaching out to troubled teens and their parents

Getting help for a troubled teen can be especially hard for low-income families. **Prevention Partnership International** tailored the evidence-based Celebrating Families!™ program for the Latino community to support adolescents dealing with behavioral health issues such as substance use and mental health conditions.

4,000
uninsured residents of Mountain View and Sunnyvale
CONSULTED ON HEALTH COVERAGE OPTIONS
[Working Partnerships USA]

Mental health conditions call for compassionate care and resources

60% **of adults with mental illness** didn't receive mental health services in the previous year

We're stepping in with access, advocacy, and support

Uninsured people with mental conditions found help and hope, thanks to **Momentum for Mental Health**. Patients received psychiatric evaluation and treatment, counseling, and medication management.

The **Law Foundation of Silicon Valley** provided legal services to assist people with mental health conditions to navigate challenges such as evictions and denial of public benefits. The program also educated clinics, community service agencies, and other organizations.

The **Eating Disorders Resource Center** provided support to those suffering from anorexia, bulimia, and related conditions. The center also educated physicians on identifying potential eating disorder patients.

The **National Alliance on Mental Illness (NAMI) Santa Clara County** provided a peer mentoring program for adults from all walks of life suffering with bipolar, schizophrenia, and other severe mental health conditions. The program countered isolation and established connections to the wider community.

Survey results from NAMI program participants

feel less isolated | feel more hopeful about the future and recovery | are more cooperative with treatment

We're stepping up for the victims of domestic violence

Due to cultural and language barriers, domestic violence survivors from South Asian countries are often reluctant to seek help. **Maitri** empowered these women by explaining their legal rights, and offering safety planning, peer counseling, and even legal representation.

Next Door Solutions to Domestic Violence helped survivors through services such as support groups and safety planning.

1 IN 8
Santa Clara County residents has been physically abused by a partner at least once

Domestic violence victims found a safety net of support through **Family & Children Services of Silicon Valley**. Survivors received professional counseling, case management, and advocacy, available in English and Spanish.

"Thank you for helping me. I never thought I would be in this situation. You were very kind and patient. I would be homeless without your assistance. You helped me keep my home. I really appreciate your help."

61-year-old senior client with 24-year-old disabled son, Sunnyvale Community Services

"The clinic saved me from becoming depressed and probably suicidal. The people working there have a true beautiful heart and beautiful mind to help others. I felt so supported at the time of my worst panic attacks. I owe them for the service they provided. Thank you from the bottom of my heart!"

Program participant, Momentum for Mental Health

"It is truly amazing to have the physician and his Teen Van staff visit our school monthly, providing students access to a medical doctor, a nutritionist, and other services. Many students also have severe trust issues as a result of repeated disappointments from the adults in their lives. The connection with a trusted adult means almost as much as the medical care they receive through the Teen Health Van."

Bill Pierce, Principal, Alta Vista High School, where the Teen Health Van visits monthly

"The Cupertino Union School District is extremely grateful for El Camino Healthcare District's funding of our nursing program. This helps us support those in our community who need resources and access to basic healthcare services. The result is better health for our students, which means better attendance, and therefore better learning opportunities. Our entire community is healthier when our students achieve success."

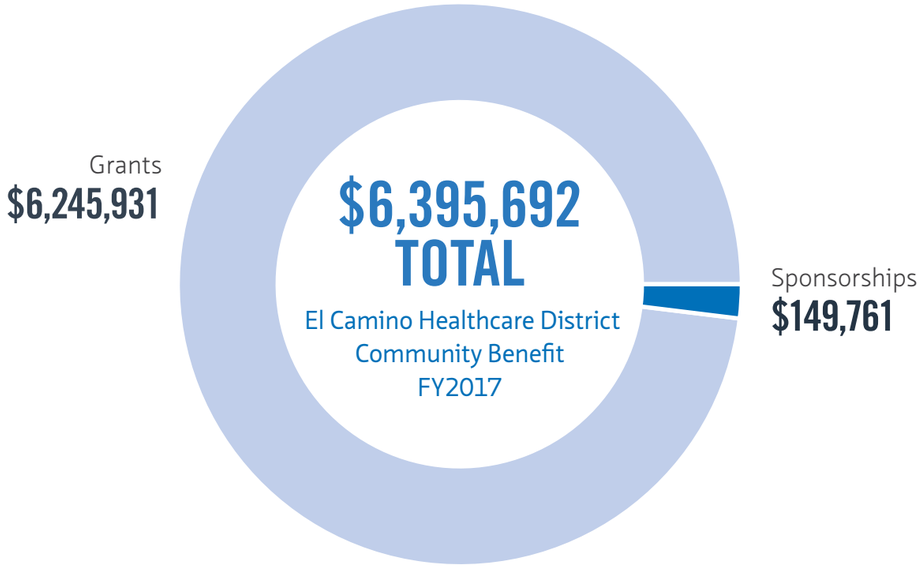
Debbie Textor, Executive Director of Pupil Services, Cupertino Union School District

"I have been trying to eat healthy to drop my blood pressure. I was unaware of all the sodium in processed foods ... and believed a lot of false information on products. It doesn't cost a lot to eat healthy, natural veggies, and once I quit buying processed foods, my health began improving."

Participant, Fresh Approach VeggieRx class

EL CAMINO HEALTHCARE DISTRICT

Financial Accounting



El Camino Healthcare District Fiscal Year 2017 Sponsorships Recipients

Adolescent Counseling Services
Alzheimer's Association
American Diabetes Association
American Red Cross
BAWSI (Bay Area Women's Sports Initiative)
City of Mountain View – Senior Health Events
City of Sunnyvale – Senior Health Events
Community Services Agency Mountain View
Day Worker Center of Mountain View
Family & Children Services of Silicon Valley
Foundation for Mental Health
Healthier Kids Foundation
HomeFirst – Sunnyvale Cold Weather Shelter
Hospice of the Valley
Mentor Tutor Connection
Pacific Stroke Association
Pathways Home Health & Hospice
Rebuilding Together Silicon Valley
Sunnyvale PAL (Police Athletics League) – Kick, Lead, Dream Soccer Camp
Sunnyvale Rotary Foundation
Unity Care
Valley Medical Center Foundation

El Camino Hospital 2017 Grant Recipients

$3.1 million was invested to address unmet health needs and improve the health of people in our community

HEALTHY BODY PROGRAM PARTNERS

- 5210 Health Awareness Program
- BAWSI (Bay Area Women's Sports Initiative)
- Breathe California
- Campbell Union School District – School Nurse Program
- Cancer CAREpoint
- Challenge Diabetes Program
- Cristo Rey Network
- Cupertino Union School District – School Nurse Program
- Gardner Family Health Network
- GoNoodle
- Medical Respite
- Playworks
- Santa Clara County Office of Education – Early Head Start
- The Superior Court of the County of Santa Clara – Foster Care Orthodontic Program
- Vision to Learn

HEALTHY MIND PROGRAM PARTNERS

- Almaden Valley Counseling Service
- Asian Americans for Community Involvement (AACI)
- Cupertino Union School District – Mental Health Counseling Program
- linkAges
- Meet and Move
- Momentum for Mental Health
- Peninsula HealthCare Connection
- Santa Clara Unified School District – Mental Health Counseling Program
- Uplift Family Services at Campbell Union High School District

HEALTHY COMMUNITY PROGRAM PARTNERS

- Chinese Health Initiative
- Falls Prevention of Santa Clara County
- GreatNonprofits
- Health Library & Resource Center Los Gatos
- Next Door Solutions to Domestic Violence
- Prediabetes Initiative
- Racing Hearts
- South Asian Heart Center
- West Valley Community Services – CARE
- West Valley Community Services – CARE Senior Services

Dear Community Members,

As I exit my role as chairman of the El Camino Hospital Board of Directors, I am proud of all our organization has achieved during the last five years of my tenure. It has been especially rewarding to witness the impact our Community Benefit Program has had on the overall health of our community.

Over the past five years, the hospital's Community Benefit expenditures have grown steadily from $50.5 million in FY13 to $64.4 million in FY17 — a 28 percent increase. During that time, our Community Benefit grants and sponsorships increased from $1.45 million in FY13 to nearly $3.1 million in FY17 — a 111 percent increase. This increase is a clear reflection of the Board's dedication to improving the health of everyone in our community, especially those most in need, and I have no doubt the Board will continue to support such worthy programs.

We channeled funds strategically to target specific problems and populations at risk, adjusting our priorities for 2017 Community Benefit funds based on the 2016 Community Health Needs Assessment. The new health priority areas are Healthy Body, Healthy Mind, and Healthy Community.

The range of critical unmet needs we are addressing is impressive. For example, various programs we partnered with confront four very different issues facing senior citizens: depression, transportation barriers, falls, and access to vital services. School-based health programs — including school nurses, mental health counselors, and physical activity programs — have resulted in students getting glasses, learning how to manage conditions such as asthma and anxiety, and promoting healthier school climates.

It has been an honor and a pleasure to serve on the El Camino Hospital Board of Directors. I will always be grateful for this opportunity, and I am delighted with the progress we have made to date. I welcome the new chairman, Lanhee J. Chen, JD, PhD, and I know that he and the rest of the Board will continue these good works to support our unique community.

Sincerely,

Neal H. Cohen, MD, MPH, MS
FY17 Chair, Board of Directors, El Camino Hospital

El Camino Hospital®
THE HOSPITAL OF SILICON VALLEY

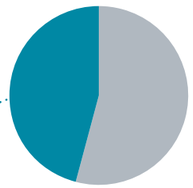
Tackling Chronic Disease and Preventable Illness

Our approach to community health begins with a strong commitment to prevention problems before they occur. We assess and address emerging health issues and then support programs that equip residents with information and tools they need to be and stay well.

Diabetes is an epidemic nationally and in our area

Studies show that eliminating risk factors for chronic disease could prevent 80 percent of heart disease, stroke, and type 2 diabetes, and 40 percent of cancer cases. El Camino Hospital Community Benefit is addressing prediabetes by funding programs that help people manage their blood sugar and reduce their risk of developing type 2 diabetes.

46%



of adults in SANTA CLARA COUNTY have prediabetes or undiagnosed diabetes

TYPE 2 DIABETES, once known as adult-onset or noninsulin-dependent diabetes, is a chronic condition that affects the way your body metabolizes sugar (glucose), your body's important source of fuel.

1 OUT OF 3

Americans has prediabetes

11% OF LATINOS

in Santa Clara County have type 2 diabetes

compared to just 8% of the general population

We're fighting back with programs that create awareness, provide screenings, and help prevent and manage diabetes

Spearheaded by El Camino Hospital, **Challenge Diabetes Program (CDP)** is a partnership offering clients at **Community Services Agency Mountain View, Sunnyvale Community Services,** and **West Valley Community Services** the opportunity to learn about their risk for prediabetes and diabetes. Free on-site screenings help identify individuals who can benefit from CDP's multilingual workshops on healthy lifestyles, physical activity classes, and access to nutritious foods provided by the Second Harvest Food Bank.

CHALLENGE DIABETES program

Prediabetic and diabetic participants in the **Down with Diabetes Program** at **Gardner Family Health Network** met with physicians and specially trained dietitians to integrate proven exercise and diet recommendations with the aim of managing their condition.

The **Prediabetes Initiative** was a culturally relevant radio and television social marketing initiative to encourage at-risk community members to get screened using the promotores (community health worker) model.

GreatNonprofits' innovative texting program gathered insights from underserved community members as research to help plan for targeted diabetes prevention programs promoting behavior change.

Our support drove key strategies to prevent diabetes

Improve Disease Management Skills

Lose Weight

Lower A1c

Test that identifies average blood sugar rates over a few months

We placed AEDs in the community to help reduce deaths from heart attack

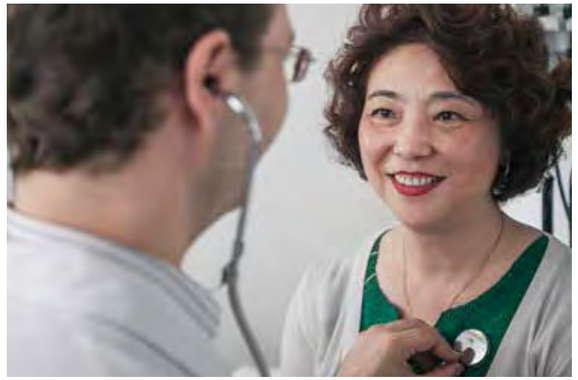
A strategically located automated external defibrillator (AED) delivers help in a hurry when a heart attack strikes. Offered in partnership with the Santa Clara County Public Health Department and the Santa Clara County Board of Supervisors, **Racing Hearts** raised awareness of AEDs and placed them in strategic locations around the community, such as schools and county shelters.

373

DEFIBRILLATORS PLACED

92% of local schools now have AEDs –

Santa Clara County has the largest deployment of AEDs in public schools in California



We delivered culturally focused care to groups with specific health risks

Our local communities are increasingly diverse and so are the health problems that affect them. We supported key programs that identify and address serious health disparities affecting specific ethnicities.

The **Chinese Health Initiative** hosted lectures, workshops, and screenings focusing on hypertension, prediabetes, and other health issues. The initiative also referred patients to physicians who are fluent in Mandarin or Cantonese. We supported the organization's efforts to educate the Chinese community about common risks. For example, most people with hypertension (high blood pressure) have no symptoms, yet left untreated, it can damage blood vessels and the heart.

El Camino Hospital's **South Asian Heart Center (SAHC)** is dedicated to halting the twin epidemics of heart disease and diabetes in people of South Asian descent. This year, our support helped the center launch STOP-D, a diabetes prevention program for participants diagnosed with prediabetes. In an effort to get the word out on this population's unique risk factors, SAHC conducted free screenings at large community health fairs all over the South Bay.

We provided the community with vetted, evidence-based medical information

Researching health conditions on the internet can lead to misinformation and confusion. The **El Camino Hospital Health Library & Resource Center** provided free access to accurate health information, along with assistance from friendly medical librarians to help guide or conduct targeted searches. Our support helped patrons communicate effectively with providers, make more informed decisions, and potentially avoid adverse events.

Nurturing Children at School

Many underserved children in our community don't have a regular pediatrician to oversee their development. Vision, hearing, and dental issues may go undiagnosed. Obesity and inactivity, if not addressed, can also lead to lifelong health issues.

Vision to Learn's mobile van offered free eye exams and glasses at Blackford Elementary School in San Jose, part of the Campbell Union School District.

We're funding school nurses to attend to children's vital needs

School Nurses and On-Site Programs

The School Nurse Program in **Cupertino Union School District** targeted schools with very diverse populations and a high percentage of English learners. El Camino Hospital Community Benefit funding provided:

- On-site dental screenings for kindergartners
- Hearing tests
- Staff training for severe allergies, anaphylaxis, and EpiPen® usage
- Promotion of the **GoNoodle** program to alert staff about its benefits
- **Vision to Learn** eye exams and free glasses for students at low-income schools

School nurses at **Campbell Union School District** served nearly 4,000 students with El Camino Hospital Community Benefit funding, which provided:

- Follow-up with students who failed health screenings to ensure ongoing care
- Case management for students with chronic diseases and the medically fragile
- Bicycle safety programs for students, and CPR and first-aid training for staff
- Fluoride varnish program
- Families with connection to insurance enrollment
- **Vision to Learn** eye exams and glasses

"Since my daughter started wearing her new glasses, I have noticed newfound confidence. This brings me so much joy and also means a brighter future for her."

Parent of student who received free eye exam and glasses from Vision to Learn

97% of teachers said PLAYWORKS increased student cooperation on the playground and in the classroom

Poor nutrition and inadequate exercise harm children's health

We're encouraging children to eat right and move more, which improves their focus

"GoNoodle helps my kids through guided meditation to reconnect to their minds. The content-driven activities help to provide an additional avenue for teaching."

1st grade teacher, Anderson Elementary, Moreland School District

Exercise and Nutrition to Grow Up Healthy

Playworks helped children in the **Campbell Union School District** get safe, active play at recess and throughout the school day. The program also decreased bullying by teaching conflict resolution on the playground.

The **5210 Health Awareness Program** is an easy mnemonic device for youngsters to remember what to do — and not do — every day. Eat **five** or more fruits and vegetables, spend **two** hours or less on recreational screen time, be active for at least **one** hour, and drink **zero** sweetened beverages. This program served 8,800 elementary and middle schoolers.

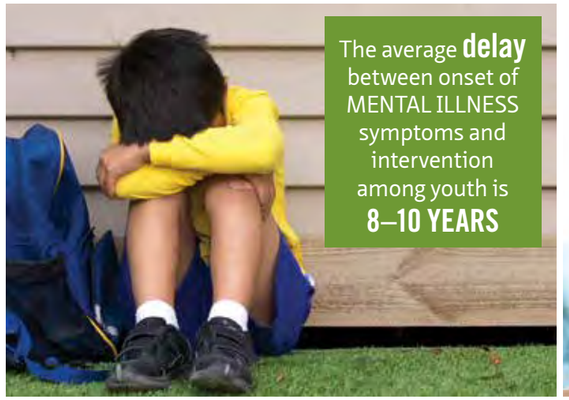
Community Benefit funds made it possible for the **Cristo Rey Network** to conduct daily physical fitness sessions during school hours for the many students who have unhealthy diets and struggle with obesity.

BAWSI (Bay Area Women's Sports Initiative) helped elementary school girls improve their fitness and overall confidence. Female college athletes coached the students, serving as positive role models.

GoNoodle, in 183 local schools thanks to Community Benefit funds, is a suite of movement games and videos designed to bring mindfulness and physical activity breaks into elementary classrooms. The games were built on research showing short bursts of physical activity positively impacts academic achievement, cognitive skills, and behavior, as well as overall health. Kids and teachers love GoNoodle.

GoNoodle App Takes Off!

The debut of the GoNoodle Kids app was impressive! Within the first couple of weeks, it was ranked the #1 free app in both the Kids and Education categories and, most excitingly, it was named overall #1 free iPad app in the Apple Store! This is an exciting step in bringing GoNoodle from the classroom to the living room.



The average **delay** between onset of MENTAL ILLNESS symptoms and intervention among youth is **8–10 YEARS**

Vulnerable children and teens lack the counseling and support they need

We're funding counselors for students in our schools

School-based Counseling

Cliques. Bullying. Family problems. Middle school and high school — and even elementary school — can be challenging times. Our school-based mental health program partners address a critical unmet need in our community. At 16 schools in the **Cupertino Union School District**, **Santa Clara Unified School District,** and the **Campbell Union High School District** (through **Uplift Family Services**), students and school communities had access to:

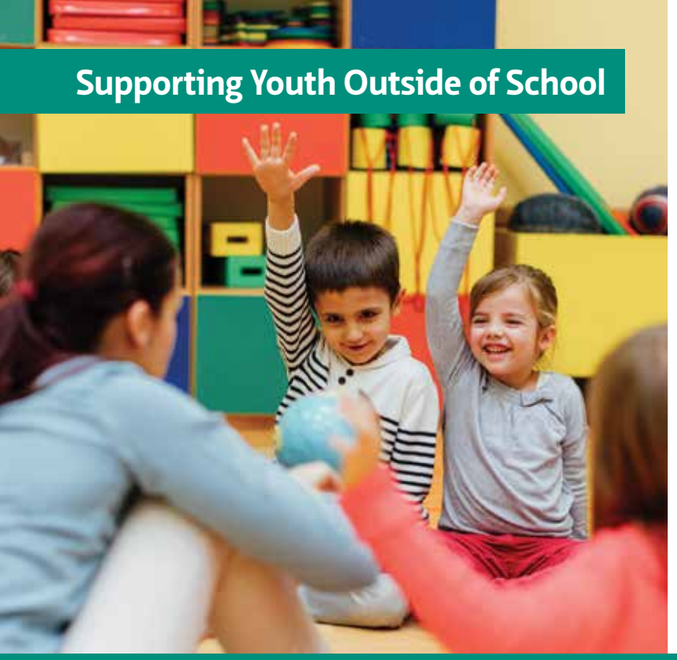
- Individual and group counseling
- Crisis intervention
- Case management
- Support and education for parents and teachers

We also supported social skills development among elementary school children through **Almaden Valley Counseling Service**. This program provided group sessions, in English and Spanish, to children with identified emotional or behavioral challenges at 16 schools in three school districts: **San Jose Unified**, **Union,** and **Cambrian**.

HELPING TROUBLED YOUTH GET BACK ON TRACK

A 15-year-old girl in the **Campbell Union High School District** was experiencing daily panic attacks. Her anxiety caused her to leave class crying, breathing quickly, and feeling that her heart was beating too fast. A school-based counselor from **Uplift Family Services** worked with her to build coping and grounding skills to focus on the present moment. Cognitive Behavior Therapy also helped the teen reduce negative self-talk. By the end of the semester, she was able to stay in class most days by using her coping skills, and challenging negative self-talk to reduce her anxiety. Ultimately, the student was able to end the year with academic success.

Supporting Youth Outside of School



Many children and teens in our area do not receive the healthcare and special attention they need to be well, stay well, and do well. Community Benefit funding supports key programs that bring young people and their parents information and services to help them be at their best.

Community Benefit funds helped parents and kids alike to smile and breathe easier

The Superior Court of the County of Santa Clara gave foster youth new smiles and a confidence boost, thanks to its Foster Care Orthodontic Program and assistance from Community Benefit funds.

Underserved young families learned to oversee their child's physical and dental health through **Santa Clara County Office of Education – Early Head Start.** Families got help finding insurance and medical homes for their children.

Through asthma education, on-site assessments for respiratory hazards, and even free respiratory therapy equipment, **Breathe California** helped young asthma sufferers stay safe.

- 500+ had lung health screenings
- 400 received asthma education
- 100 got FREE asthma devices

NEW SMILES

14%

of children in Santa Clara County

HAVE ASTHMA

Helping Older Adults Live Fuller Lives

Seniors are becoming a larger portion of our population, and they face unique health risks. Our grant programs are working to remove the barriers that make it hard for many older community members to remain healthy, independent, and connected to others.

We're taking on issues like depression, loneliness, and fear of falling to help seniors get more out of life

Falls Prevention of Santa Clara County provided evidence-based classes that helped seniors build strength, reduce fear of falling, promote balance, and avoid falls. This program also raised awareness about falls prevention throughout the county.

Low-income and homeless seniors received assistance with self-sufficiency, case management, health and financial education, benefits clinics, and emergency assistance through the **West Valley Community Services Senior CARE Program.**

Working with the Palo Alto Medical Foundation and other local partners, **linkAges'** community-based multigenerational network arranged friendly home visits for isolated homebound seniors.

At-risk seniors are getting help with depression and isolation through **Asian Americans for Community Involvement's (AACI)** Healthy IDEAS (Identifying Depression, Empowering Activities for Seniors) program. This culturally sensitive, evidence-based program offered bilingual depression screening and education.

24% OF ASIAN AMERICAN SENIORS REPORTED

ISOLATION

as a serious concern

as compared to 11% of seniors in the general population

We're giving caregivers some well-deserved quality time

Chronic stress and isolation put caregivers at risk for a variety of health conditions. **Meet and Move** organized monthly lectures on topics relevant to caregivers, and hosted weekly walks to help them get out of the house and make new friends.

Caring for Our Community's Most Vulnerable

Where do you go for care if you're uninsured? How do you get coverage? What if your family is food- or housing-insecure? We offer guidance for navigating social benefits and accessing essential resources.

We're working hard to ensure vulnerable populations don't miss out on valuable resources

Medical Respite provided services for homeless patients who needed support after leaving the hospital, including medical care, counseling, help with housing, and, most importantly, a place to rest and recover.

West Valley Community Services CARE offered a lifeline to vulnerable families by providing case management, food pantry access, help with public benefit applications, and other basic needs to promote self-sufficiency.

The damage caused by domestic violence isn't just physical: It includes depression, anxiety, PTSD, memory loss, personality changes, and suicidal ideation. Children often suffer emotional consequences, even if they are not directly abused themselves. **Next Door Solutions to Domestic Violence** provided counseling, safety planning, and shelter for victims and their children.

Nutrition is an important issue for cancer patients, both because they need to maintain their strength and because chemo can make certain foods taste unpleasant. **Cancer CAREpoint** provided nutrition classes for cancer survivors, their families, and caregivers.

Peninsula Healthcare Connection provided homeless or housing-insecure community members with psychiatric treatment, medication management, and social work support.

Community Benefit funds enabled **Momentum for Mental Health** to provide critical psychiatric evaluations, medication management, and counseling to uninsured community members.

Peninsula Healthcare Connection and **Momentum for Mental Health** did critical work to help vulnerable people with mental health conditions achieve and maintain stability.

"The nutrition and exercise recommendations I received as part of the Down with Diabetes program are helping me achieve my goal to reduce my risk of diabetes. I have lost 10 pounds in four months. I learned that healthy eating is a way of life, and not a restricted diet."

Patient, Gardner Family Health Network

"If El Camino Hospital is willing to provide such a great service to so many students in the area, it really shows they care for the well-being and health of our children."

2nd grade teacher, Matsumoto Elementary, Evergreen Elementary School District, where El Camino Hospital funds GoNoodle

"We use GoNoodle to improve transitions into subjects like math — the students are more focused and ready to learn when they do the program's cross-lateral activities and brain-ercize activities."

5th grade teacher, Daves Elementary, Los Gatos Union School District where El Camino Hospital funds GoNoodle

"Since we are a Title 1 school, we have a higher percentage of students who are socioeconomically disadvantaged and English learners. Having a school nurse benefits our students in many ways. This year, with our school nurse's hard work, we were one of the first schools in the county to pilot a Fluoride Varnish and Dental Screening Program. We are grateful to El Camino Hospital for funding nursing services to our students and families in need."

Anne Ajlouni, Vice Principal of Lynhaven Elementary School in San Jose, Campbell Union School District

"We had so many kids who for so long needed glasses. Vision to Learn sees them, gets them the exam, gets them glasses, even a referral for additional care, as needed. This program is a godsend because these are kids that we couldn't help."

Nurse, Campbell Union School District, where Vision to Learn provided services

"If I didn't have Next Door Solutions in my life, I think I wouldn't have made it. A year has passed since I ended my domestic violence relationship. My two sons and I are survivors of domestic violence. Truly, I can say that with no emotion NOW. Thanks for always being my safe zone."

Client, Next Door Solutions to Domestic Violence

Vital Support Beyond Community Benefit Grants

We're finding ways to make care better, more affordable, and more accessible

This report focuses primarily on the work our grants partners do to make a positive impact on individuals, families, and the greater community. El Camino Hospital also provides substantial financial support through other channels, including subsidizing professional training and research, and providing financial assistance to those who cannot afford to pay. Here are a few examples.

Financial Assistance

Under the hospital's financial assistance (Charity Care) guidelines, qualifying individuals who can't pay for medically necessary hospital services are eligible for a fee reduction. Some may qualify for elimination of their hospital bill. This policy applies to both inpatients and outpatients whose family income is up to 399 percent of the federal poverty level.

Clinical Research

Participating in clinical research allows us to bring the latest advances in medical science to our patients. Community Benefit support enabled the Clinical Research Program to provide a robust service that would not typically be available in a community hospital setting.

The Taft Center for Clinical Research is currently conducting trials in the fields of oncology, cardiology, pulmonology, gastroenterology, and robotic technologies.

Healthcare Professionals Education

El Camino Hospital provided 441 trainee positions in respiratory care services, nursing, clinical laboratory, behavioral health, and other specialties. This provides new health workers with valuable experience and ensures our community has highly trained healthcare professionals. The hospital also supports interns, practicum students, and postdoctoral fellows in mental health services.

"El Camino Hospital is deeply committed to research and providing access to leading-edge therapies that will ultimately advance healthcare and help to improve community health."

Ryan Schroeder
Director, Taft Center for Clinical Research

"The students are often amazed at how many things respiratory therapists can do, as well as the varied directions that a career in respiratory care can provide. They invigorate the staff to keep pace with national trends in the industry."

Jolie M. Fournet, MBA, RRT-NPS,
Director, Respiratory Care Services

"El Camino Hospital strives to provide excellent patient care. We also know that much of healthcare happens outside of hospitals. That's why our Community Benefit program provided $64.4 million this year to address unmet health needs, including nearly $3.1 million in grants and sponsorships. Whether it's providing nurses and counselors in schools, safe housing for domestic violence victims, or care after hospitalization for homeless individuals, our steadfast commitments make the entire community healthier."

Barbara Avery, Director, Community Benefit, El Camino Hospital

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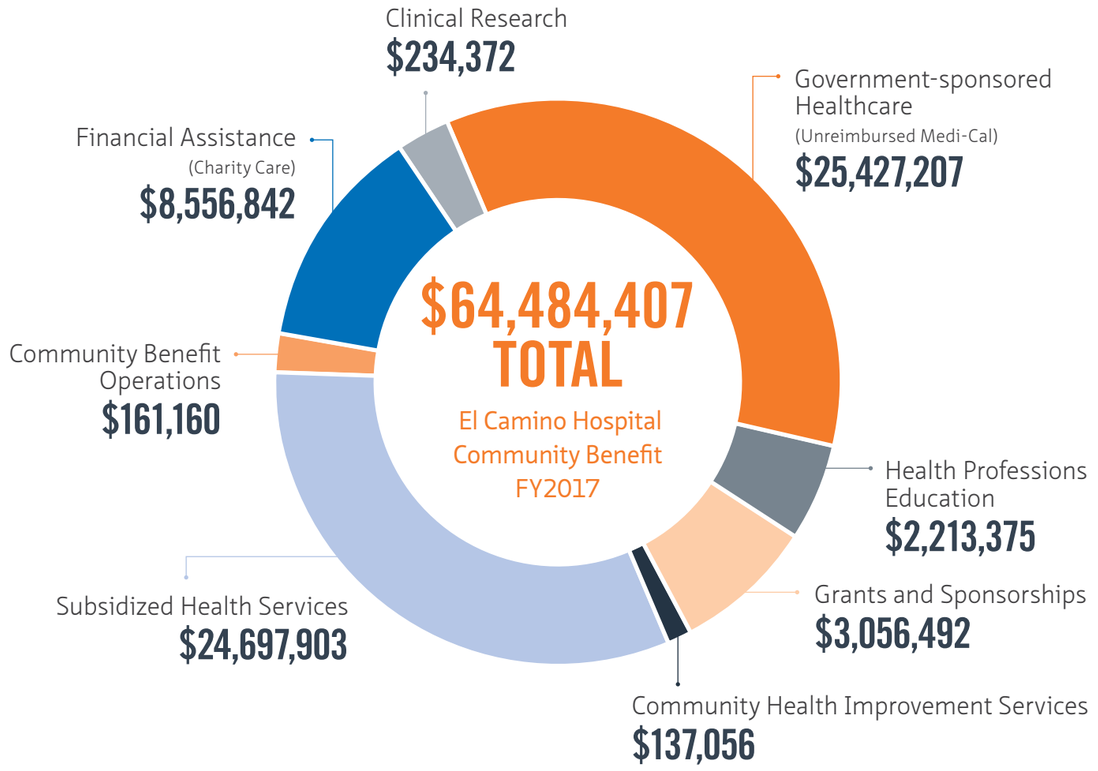

In addition, total uncompensated Medicare for FY2017 was $105,413,699

El Camino Hospital Fiscal Year 2017 Sponsorships Recipients

AACI (Asian Americans for Community Involvement)
Abilities United
Aging Services Collaborative
Alum Rock Counseling Center
Alzheimer's Association
American Diabetes Association
Bay Area Older Adults
Congregation Shir Hadash Health Fair
Cystic Fibrosis Foundation
Indian Health Center
Los Gatos Lions Club Mental Health Event
Lung Cancer Foundation
NAMI (National Alliance on Mental Illness)
Next Door Solutions to Domestic Violence
PACT (People Acting in Community Together)
Planned Parenthood Mar Monte
Preeclampsia Foundation
Project Cornerstone
Saratoga Area Senior Coordinating Council
Silicon Valley Council of Nonprofits
Silicon Valley Leadership Group – Turkey Trot and Heart & Sole Run
Strides for Life Colon Cancer
Synchronized Swimming Athletes with Disabilities
Uplift Family Services
West Valley Community Services
YWCA Silicon Valley

Community Health Is a Team Effort

Community Benefit Advisory Council Members

Barbara Avery**
Chair, Director, Community Benefit, El Camino Hospital

Cynthia Bojorquez*
Library and Community Services Director, City of Sunnyvale

Bonnie Broderick, RD, MPH**
Director, Chronic Disease and Injury Prevention, Santa Clara County Public Health Department

Cecile Currier,** Vice President, Corporate and Community Health Services, El Camino Hospital

Rhonda Farber, PhD**
Past Superintendent, Campbell Union High School District

Laura Macias**
Past Mayor/Councilmember, City of Mountain View

Kathi McShane*
Senior Pastor, Los Altos United Methodist Church

Naomi N. Nakano-Matsumoto, LCSW,** Assistant Director, Social Sector Ethics, Markkula Center for Applied Ethics, Santa Clara University

James Ramoni, LCSW,* Director, Department of Aging and Adult Services, Santa Clara County

Anil Singhal, MD,** Physician, Past El Camino Hospital Foundation Board of Directors

Paul Taylor*
Past CEO of Momentum for Mental Health

Marilyn Winkleby, PhD, MPH,** Professor of Medicine and Director of the Office of Community Health, Stanford University School of Medicine

*Member of the El Camino Hospital Community Benefit Advisory Council

**Member of both the El Camino Hospital and the El Camino Healthcare District Community Benefit Advisory Council

Community Benefit Advisory Council Board Liaisons

Peter C. Fung, MD, MS, FACP, FAAN, FAHA
El Camino Hospital Board of Directors, Secretary/Treasurer, CBAC Liaison
El Camino Healthcare District Board of Directors, Chair

Julia E. Miller
El Camino Hospital Board of Directors, Member
El Camino Healthcare District Board of Directors, Secretary/Treasurer, CBAC Liaison

Community Benefit Staff

Cecile Currier, Vice President, Corporate and Community Health Services, El Camino Hospital

Barbara Avery, Director, Community Benefit

Anne Boyd Rabkin, Senior Community Benefit Specialist

Sharan Johal, Senior Community Benefit Specialist

Laurie Withers, Sponsorship Coordinator

El Camino Healthcare District Board of Directors

Peter C. Fung, MD, MS, FACP, FAAN, FAHA, FY17 Chair

Dennis W. Chiu, JD, FY17 Vice Chair

Julia E. Miller, FY17 Secretary/Treasurer

David Reeder, MS

John L. Zoglin

El Camino Hospital Board of Directors

Neal H. Cohen, MD, MPH, MS, FY17 Chair

Dennis W. Chiu, JD, FY17 Vice Chair

Peter C. Fung, MD, MS, FACP, FAAN, FAHA, FY17 Secretary/Treasurer

Lanhee J. Chen, JD, PhD

Jeffrey M. Davis, MD

Julia E. Miller

David Reeder, MS

John L. Zoglin

Don Sibery, Interim CEO, El Camino Hospital

Additional El Camino Hospital Information

The 2017 Community Benefit Plan, 2017 Community Benefit Report, and Community Health Needs Assessment are available at www.elcaminohospital.org/communitybenefit

Additional El Camino Healthcare District Information

The 2017 El Camino Healthcare District Community Benefit Plan and 2017 Community Benefit Report are available at www.elcaminohealthcaredistrict.org/communitybenefit

Community Benefit Fiscal Year 2017 Grant Program Recipient Contact Information†

5210 Health Awareness Program Palo Alto Medical Foundation 701 E. El Camino Real Mountain View, CA 94040	Acknowledge Alliance 2483 Old Middlefield Way, Suite 208 Mountain View, CA 94043	Almaden Valley Counseling (AVCS) 6529 Crown Blvd., Suite D San Jose, CA 95120
Alzheimer's Association 2290 N. First Street, Suite 101 San Jose, CA 95131	American Heart Association Silicon Valley One Almaden Boulevard, Suite 500 San Jose, CA 95113	Asian Americans for Community Involvement (AACI) 2400 Moorpark Avenue, Suite 300 San Jose, CA 95128
BAWSI (Bay Area Women's Sports Initiative) 1922 The Alameda, Suite 420 San Jose, CA 95126	Breathe California 1469 Park Avenue San Jose, CA 95126	Campbell Union School District 155 N. Third Street Campbell, CA 95008
Cancer CAREpoint 2505 Samaritan Drive, Suite 402 San Jose, CA 95124	CHAC (Community Health Awareness Council) 590 W. El Camino Real Mountain View, CA 94040	Chinese Health Initiative 2500 Grant Road Mountain View, CA 94040
Community Services Agency Mountain View 204 Stierlin Road Mountain View, CA 94043	Cristo Rey Network 1390 Five Wounds Lane San Jose, CA 95116	Cupertino Union School District 10301 Vista Drive Cupertino, CA 95014-2091
Day Worker Center of Mountain View 113 Escuela Avenue Mountain View, CA 94040	Eating Disorders Resource Center 15891 Los Gatos-Almaden Road Los Gatos, CA 95032	Falls Prevention of Santa Clara County One Washington Square San Jose, CA 95192-0257
Family & Children Services of Silicon Valley 375 Cambridge Avenue Palo Alto, CA 94306	Farewell to Falls 300 Pasteur Drive MC 5898 Stanford, CA 94305	Fresh Approach 5060 Commercial Circle, Suite C Concord, CA 94520
Friends for Youth 1741 Broadway Redwood City, CA 94063	Gardner Family Health Network 160 E. Virginia Street San Jose, CA 95112	GoNoodle 209 Tenth Avenue S., Suite 350 Nashville, TN 37203
Great Nonprofits 330 Twin Dolphin Drive, Suite 131 Redwood City, CA 94065	Health Library & Resource Center, Mountain View – El Camino Hospital 2500 Grant Road Mountain View, CA 94040	Health Mobile 1659 Scott Blvd., #4 Santa Clara, CA 95050
Healthier Kids Foundation 4010 Moorpark Avenue, Suite 118 San Jose, CA 95117	Hope's Corner 748 Mercy Street Mountain View, CA 94041	International Association for Human Values (IAHV) 495 Blossom Hill Road San Jose, CA 95123
Law Foundation of Silicon Valley 152 N. Third Street, 3rd Floor San Jose, CA 95112	Living Classroom P.O. Box 3501 Los Altos, CA 94024	Los Altos School District 201 Covington Road Los Altos, CA 94024
Lucile Packard Foundation for Children's Health 400 Hamilton Avenue, Suite 340 Palo Alto, CA 94301	linkAges 2350 W. El Camino Real Mountain View, CA 94040	Maitri P.O. Box 697 Santa Clara, CA 95052
Matter of Balance 300 Pasteur Drive MC 5898 Stanford, CA 94305	MayView Community Health Center 270 Grant Avenue Palo Alto, CA 94306	Medical Respite 1215 K Street, Suite 800 Sacramento, CA 95814
Meet and Move 2350 W. El Camino Real Mountain View, CA 94040	Momentum for Mental Health 438 N. White Road San Jose, CA 95127	Mountain View Los Altos Union High School District 1299 Bryant Avenue Mountain View, CA 94040
Mountain View Police Department Youth Services Unit 1000 Villa Street Mountain View, CA 94041	Mountain View Whisman School District 750-A San Pierre Way Mountain View, CA 94043	National Alliance on Mental Illness (NAMI), Santa Clara County 1150 S. Bascom Avenue, Suite 24 San Jose, CA 95128
New Directions 33 Encina Avenue, Suite 103 Palo Alto, CA 94301	Next Door Solutions to Domestic Violence 234 E. Gish Road, Suite 200 San Jose, CA 95112	Pathways Home Care and Hospice 585 N. Mary Avenue Sunnyvale, CA 94085
Peninsula HealthCare Connection 33 Encina Avenue, Suite 103 Palo Alto, CA 94301	Playworks 2155 S. Bascom Avenue, Suite 201 Campbell, CA 95008	Prediabetes Initiative 1290 B Street, Suite 201 Hayward, CA 94541
Prevention Partnership International 15040 Encina Court Saratoga, CA 95070	Racing Hearts info@racinghearts.org 650-308-4183	Rebuilding Together 841 Kaynyne Street Redwood City, CA 94063
RoadRunners Mountain View – El Camino Hospital 2500 Grant Road Mountain View, CA 94040	Santa Clara County Office of Education 1290 Ridder Park Drive MC 225 San Jose, CA 95131-2304	Santa Clara Unified School District 1889 Lawrence Road Santa Clara, CA 95052
Seniors Council 234 Santa Cruz Avenue Aptos, CA 95003	South Asian Heart Center 2500 Grant Road Mountain View, CA 94040	Superior Court of California, Santa Clara County 191 N. First Street San Jose, CA 95113
Sunnyvale Community Services 725 Kifer Road Sunnyvale, CA 94086	Sunnyvale School District 819 W. Iowa Avenue Sunnyvale, CA 94086	Uplift Family Services 251 Llewellyn Avenue Campbell, CA 95008
Valley Health Center Sunnyvale 2325 Enborg Lane, Suite 320 San Jose, CA 95128	Vision to Learn 11611 San Vicente Blvd., #500 Los Angeles, CA 90049	West Valley Community Services 10104 Vista Drive Cupertino, CA 95014
Working Partnerships USA 2102 Almaden Road, Suite 112 San Jose, CA 95125	YMCA Silicon Valley 2500 Grant Road Mountain View, CA 94040	

† *Some organizations have offices outside of the El Camino Hospital service area or the El Camino Healthcare District boundaries; however, all grants awarded support programs providing services within these geographic areas.*

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

OPEN SESSION CEO Report
October 11, 2017

Dan Woods, CEO

FY 18 Organizational Goal Status through August 31, 2017

Presented here are the FY18 Organizational Goals as of August 2017, two months into our new fiscal year. We are performing better than budget on the financials, so the trigger goal is green. The observed over expected Length of Stay (LOS) is at 1.11, meeting target. A word of caution, this metric will become more difficult to achieve as we enter into the flu season and we tend to have longer staying general medicine patients, e.g. challenges with discharges to SNF during high flu season. The Rate the Hospital HCHAPS score for August exceeds maximum, maintaining that level will be the challenge. The last metric is not reported due to the quarterly nature of this metric, although we can share that through August we have had 4 occurrences of CAUTI, 0 occurrences of CLABSI, and 4 occurrences of C-Diff.

Organizational Goals FY18	Benchmark	2017 ECH Baseline	Minimum	Target	Maximum	Weight	Performance Timeframe	FY18 through Aug	
Threshold Goals									
Budgeted Operating Margin	95% Threshold	Achieved Budget	95% of Budgeted			Threshold	FY 18		Met
Quality, Patient Safety & iCare									
Arithmetic Observed LOS Average / Geometric LOS Expected for Medicare Population (ALOS /GMLOS)	External: Expected via Epic Methodology	FY 2016: 1.21 (ALOS 4.86/GMLOS 4.00) FY 2017 YTD April: **1.18** (4.81/4.08)	1.12	1.11	1.09	34%	4Q FY18		1.11
HCHAPS Service Metric: Rate Hospital	External Benchmark	HCAHPs Baseline: 10/2016-12/2016: **75.5%** 1/2017-3/2017: **75.1%**	77%	78%	79%	33%	4Q FY18		79.4%
Standarized Infection Ratio (SIR) Observed HAIs/Predicted HAIs (Hospital Acquired Infections)	External Benchmark	July- Dec 2016L CAUTI 1.37, CLABSI 0.25, C.DIFF 0.59 Avg: **0.738**	0.670	0.602	0.534	33%	FY18		HAI Data will be available next month

Survey Update

We have had two recent surveys. The Laboratory completed its one-day College of American Pathologists (CAP) accreditation survey on September 22nd. The surveyors learned from our Laboratory team best practices as much as they imparted their own knowledge. To summarize, there are opportunities identified and recommendations that will help us improve our work for the patients we serve. Our intra-cycle review for

our Joint Commission Ortho Disease-Specific Certification (DSC) Programs (Hip Fracture, Joint Replacement – Hip, Joint Replacement – Knee, and Spinal Fusion) went very well. The surveyor commended the valuable efforts of our multi-disciplinary team and the good work that we do towards positive outcomes with our orthopedic population and did not identify any requirements for improvement.

El Camino Hospital Foundation and Auxiliary Reports

We are grateful to our Auxiliary which "donated" 7,300 hours of volunteer service to El Camino Hospital in August 2017 and added 11 new junior members. The Foundation continues its success, securing $1,627.602 during period 2 of FY18, $1.5 million of which is the lead gift for a patient family residence on the Mountain View Campus. Full reports are attached.

Recognitions and Achievement

I am pleased to report that two El Camino teams were asked to present and disseminate best practices at the recent Epic User Group Conference; " How to Easily Adopt a Release Management Strategy for a Community Hospital" by Ann Calcagno and Maritza Lew; and "Nursing and IT Collaboration to Improve Pain Management" by Alex Manzo, Suann Schutt, and Chris Tarver.

In addition, ECH was one of only 21 hospitals in California to receive Hospitals and Health Networks "Most Wired Hospital" Award sponsored by the American Hospital Association and we completed our 2nd Epic Upgrade (Version 2017) to meet system requirements for Meaningful Use Stage 3.

El Camino Hospital Auxiliary

Membership Report to the Hospital Board
Meeting of October 11, 2017

Combined Data as of August 31, 2017 for Mountain View and Los Gatos Campuses

Membership Data:

Senior Members

Active Members	377	-1 Net change compared to previous month
Dues Paid Inactive	102	(Includes Associates & Patrons)
Leave of Absence	14	
Subtotal	**493**	

Resigned in Month	13
Deceased in Month	0

Junior Members

Active Members	261	+11 Net Change compared to previous month
Dues Paid Inactive	0	
Leave of Absence	4	
Subtotal	**265**	

Total Active Members	**638**
Total Membership	**758**

Combined Auxiliary Hours from Inception (to August 31, 2017): 5,866,798
Combined Auxiliary Hours for FY2017 (to August 31, 2017): 14,297
Combined Auxiliary Hours for August 2017: 7,300
Hooks & Needles hours for August estimated.

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

2500 Grant Road
Mountain View, CA 94040-4378
Phone: 650-940-7000
www.elcaminohospital.org

Memorandum

DATE: September 26, 2017

TO: El Camino Hospital Board of Directors

FROM: Lane Melchor, Chair, El Camino Hospital Foundation Board of Directors
Jodi Barnard, President, El Camino Hospital Foundation

SUBJECT: Report on Foundation Activities FY 2018 Period 2

ACTION: For Information

During the month of August, El Camino Hospital Foundation secured a total of $1,627,602. By close of period 2, the Foundation had reached 29% of its fundraising goal for FY18.

FY 18 Period 2 Fundraising Performance

Major & Planned Gifts

The Foundation received $1,514,173 in major and planned gifts during the month of August. This includes two unrestricted planned gifts and a $1.5 million outright commitment from a new donor as the lead gift for a new patient family residence.

Special Events

- **Golf** – The 22nd annual El Camino Heritage Golf Tournament will be held on Monday, October 23, 2017 at Sharon Heights Golf & Country Club. Proceeds will go to the Taft Center for Clinical Research at El Camino Hospital. Tournament registration opened in July. In August, the Foundation received $35,250 in sponsorships and donations.

Annual Giving

In August, the Foundation raised $23,198 in annual gifts from Hope to Health membership renewals, Circle of Caring, responses from the spring direct mail appeal, Path of Hope, external fundraising events, and online donations.

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

2500 Grant Road
Mountain View, CA 94040-4378
Phone: 650-940-7000
www.elcaminohospital.org

Memorandum

DATE: September 26, 2017

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 2018 Period 2

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 two of FY18, the new fiscal year, the Foundation secured $1,627.602. $1.5 million of those gifts is an outright commitment from a new donor as the lead gift to build a new patient family residence.

Upcoming Events

Please mark your calendars:

October 23, 2017 – 22nd annual El Camino Heritage Golf Tournament at Sharon Heights Golf & Country Club, benefiting innovation at the Taft Center for Clinical Research

February 8, 2018 – 6th annual Norma's Literary Luncheon featuring mystery writer Jacqueline Winspear, supporting family and patient-centered care at El Camino Hospital.

March 17, 2018 – Scarlet Ball at the Dolce Hayes Mansion, benefiting the South Asian Heart Center

El Camino Hospital® Foundation
THE HOSPITAL OF SILICON VALLEY

FOUNDATION PERFORMANCE

FY18 Fundraising Report through 8/31/17

ACTIVITY		FY18 YTD (7/1/17 - 8/31/17)	FY18 Goals	FY18 % of Goal	Difference Period 1 & 2	FY17 YTD (7/1/16 - 8/31/16)	FY16 YTD (7/1/15 - 8/31/15)
Major & Planned Gifts		$1,565,372	$3,750,000	42%	$1,514,173	$3,325,124	$1,080,055
Special Events	**Spring Event**	$1,000	$600,000	0%	$0	$6,750	$21,500
	Golf	$66,750	$300,000	22%	$35,250	$37,225	$34,675
	South Asian Heart Center Event	$0	$300,000	0%	$0	$2,500	$5,060
	Norma's Literary Luncheon	$100	$150,000	0%	$0	$0	$50,000
Annual Gifts		$71,045	$550,000	13%	$23,198	$34,067	$38,906
Grants*		-	-	-	-	-	$26,333
Investment Income		$75,246	$500,000	15%	$54,981	$145,874	$147,803
TOTALS		***$1,779,513***	***$6,150,000***	***29%***	***$1,627,602***	***$3,551,540***	***$1,404,332***

*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 & Planned Gifts activity line pending funding level.

Highlighted Assets through 8/31/17

Board Designated Allocations	$1,426,618
Donor Endowments	$3,108,063
Operational Endowments	$13,901,195
Pledge Receivables	$4,203,197
Restricted Donations	$9,123,391
Unrestricted Donations	$791,136

5.9% Investment Return through 6/30/17