

AGENDA
FINANCE COMMITTEE MEETING
OF THE EL CAMINO HOSPITAL BOARD

Monday, March 26, 2018 – 5:30 pm

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

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

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1. CALL TO ORDER / ROLL CALL	John Zoglin, Chair		5:30 – 5:32pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Chair		5:32 – 5:33
3. PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed 3 minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	John Zoglin, Chair		information 5:33 – 5:36
4. CONSENT CALENDAR <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> Approval a. Minutes of the Open Session Joint Finance & Investment Committee – January 29, 2018 b. Minutes of the Open Session of the Finance Committee Meeting (January 29, 2018) c. FY 18 Period 7 Financials d. Proposed FY19 Committee Dates e. Policy Update: Pricing and Chargemaster Information f. Progress Against Goals g. Article of Interest h. Review Major Capital Project in Progress i. Credit Reports	John Zoglin, Chair	<i>public comment</i>	motion required 5:36 – 5:38
5. REPORT ON BOARD ACTIONS ATTACHMENT 5	John Zoglin, Chair		information 5:38 – 5:43
6. FY18 PERIOD 8 FINANCIALS ATTACHMENT 6	Iftikhar Hussain, CFO	<i>public comment</i>	motion required 5:43 – 5:58
7. BIENNIAL REVIEW OF COMMITTEE CHARTER ATTACHMENT 7	Iftikhar Hussain, CFO		information 5:58 – 6:08
8. REVIEW SELF-ASSESSMENT RESULTS ATTACHMENT 8	Iftikhar Hussain, CFO		information 6:08 – 6:28
9. ADJOURN TO CLOSED SESSION	John Zoglin, Chair		motion required

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
			6:28 – 6:29
10. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Chair		6:29 – 6:30
11. CONSENT CALENDAR <i>Any Committee Member may remove an item for discussion before a motion is made.</i> Approval <i>Gov't Code Section 54957.2.</i> a. Minutes of the Closed Session of the Joint Finance & Investment Committee (January 29, 2018) b. Minutes of the Closed Session of the Finance Committee Meeting (January 29, 2018) Informational <i>Health & Safety Code 32106(b)</i> c. Mountain View Hospitalist Contract d. Associate Chief Medical Office Contract	John Zoglin, Chair		motion required 6:30 – 6:31
12. Health & Safety Code 32106(b) For a report & discussion involving health care facility trade secrets: - Payor Update	Joan Kezic, Payor Relations		information 6:31 – 6:51
13. Health & Safety Code 32106(b) For a report & discussion involving health care facility trade secrets: - Review FY 19 Budget Part 1	Iftikhar Hussain, CFO		information 6:51 – 7:06
14. ADJOURN TO OPEN SESSION	John Zoglin, Chair		motion required 7:06 – 7:07
15. RECONVENE OPEN SESSION/ REPORT OUT To report any required disclosures regarding permissible actions taken during Closed Session.	John Zoglin, Chair		7:07 – 7:08
16. PHYSICIAN CONTRACTS a. Mountain View Hospitalist Contract b. Associate Chief Medical Office Contract		public comment	motion required 7:08 – 7:10
17. COMMITTEE PACING PLAN a. FY19 Pacing Plan & Goals b. FY18 Pacing Plan	Iftikhar Hussain, CFO	public comment	motion required 7:10 – 7:25
18. CLOSING COMMENTS	John Zoglin, Chair		information 7:25 – 7:27
19. ADJOURNMENT	John Zoglin, Chair		motion required 7:27 – 7:28 pm

Upcoming Meetings

- April 26, 2018
- May 29, 2018

Board and Committee Educational Sessions

- April 25, 2018

**Minutes of the Open Session of the Joint Meeting
 of the Investment & Finance Committees
 Monday, January 29, 2018
 El Camino Hospital, 2500 Grant Road, Mountain View, California
 Conference Room A&B**

Investment Committee
Members Present

Nicola Boone
 John Conover
 Jeffrey Davis, Chair
 Gary Kalbach
 Brooks Nelson

Finance Committee
Members Present

Joseph Chow
 Boyd Faust (By Phone)
 William Hobbs
 Richard Juelis
 David Reeder
 John Zoglin, Chair

A quorum was present at the El Camino Hospital Investment Committee on Monday, January 29, 2018 meeting.

Agenda Item	Comments/Discussion	Approvals/Action
1. CALL TO ORDER/ ROLL CALL	The meeting of the Investment Committee of El Camino Hospital (the "Committee") was called to order by Dr. Davis, Committee Chair at 5:05pm	<i>None</i>
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Davis asked if any Committee member or anyone in the audience believes that a Committee member may have a conflict of interest on any of the items on the agenda. No conflict of interest was reported.	<i>None</i>
3. PUBLIC COMMUNICATION	Chair Davis asked if there was any public communication to present. None were noted.	<i>None</i>
4. ADJOURN TO CLOSE SESSION	<u>Motion:</u> To adjourn to close session at 5:07 pm. <u>Movant:</u> Nelson <u>Second:</u> Davis <u>Ayes:</u> Boone, Chow, Conover, Davis, Faust, Hobbs, Juelis, Kalbach, Nelson, Reeder and Zoglin. <u>Abstentions:</u> None <u>Absent:</u> <u>Excused:</u> None <u>Recused:</u> None	<i>A motion to adjourn to the Investment Committee meeting at 5:07 was approved.</i>
5. AGENDA ITEM 7 RECONVENE OPEN SESSION	Agenda Items 6 was conducted in closed session.	
6. AGENDA ITEM 8 ADJOURMENT	<u>Motion:</u> To adjourn the Investment Committee meeting at 5:55 pm. <u>Movant:</u> Kalbach <u>Second:</u> Chow <u>Ayes:</u> Boone, Chow, Conover, Davis, Faust, Hobbs, Juelis, Kalbach, Nelson, Reeder and Zoglin. <u>Abstentions:</u> None <u>Absent:</u> None <u>Excused:</u> None <u>Recused:</u> None	<i>A motion to adjourn to the Investment Committee meeting at 5:55 pm was approved</i>

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

Jeffrey Davis, MD
Chair, Investment Committee

John Zoglin
Chair, Finance Committee



Minutes of the Open Session of the Finance Committee
Monday, January 29th 2018
El Camino Hospital | Conference Rooms A & B (ground floor)
2500 Grant Road, Mountain View, CA 94040

Members Present

John Zoglin, Chair
 Joseph Chow
 Boyd Faust (Telepresence)
 William Hobbs
 Richard Juelis
 David Reeder

Members Absent

Others Present

Agenda Item	Comments/Discussion	Approvals/Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Finance Committee of El Camino Hospital (the “Committee”) was called to order at 6:03pm by Chair John Zoglin. Mr. Hobbs was absent.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Zoglin asked if any Committee members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
3. PUBLIC COMMUNICATION	There were no comments from the public.	
4. CONSENT CALENDAR	<p>Chair Zoglin asked if any member of the Committee or the public wished to remove an item from the consent calendar.</p> <p>Motion: To approve the consent calendar: Minutes of the Open Session of the Finance Committee Meeting (September 25, 2017); FY18 Period 3 Financials</p> <p>Movant: Reeder Second: Hobbs Ayes: Chow, Faust, Hobbs, Juelis, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Consent calendar approved</i>
5. REPORT ON BOARD ACTIONS	Chair Zoglin briefly reviewed the Report on Board Actions as further detailed in the packet. Zoglin reported the ECH Board & Advisory Committee meeting was an open and closed session. Zoglin stated they addressed different styles of packets; however moving forward will remain the three layer approach: one page summary, 10 page detail and deep dive information if necessary.	
6. FY18 PERIOD 6 FINANCIALS	<p>Iftikhar Hussain, CFO, reviewed the FY18 Period 6 Financials with the Committee members. For the year, overall volume, measured in adjusted discharges is 5.5% higher than budget. IP cases are 5.1% over budget, specifically Neurosciences, HVI, BHS, Oncology and General Medicine. However deliveries are flat with prior year and 1.4% below budget. OP discharges are higher than budget in General Surgery, Imaging Services, MCH, Rehab, Outpatient Clinics and Urology.</p> <p>For the month, operating income is \$2.7M over budget. Revenue for the month includes \$1.2 million in unusual items. For the year op margin is \$34.1M ahead of target. Prod Hrs/APD for December is 28.1 and better than budget. YTD we are slightly better than budget. The overall balance sheet reflects the AR is 47.3 days which is .7days less than budget.</p> <p>In response to Mr. Reeder’s question, Mr. Hussain and Mr. King explained the end of life on the imaging equipment from 2009 is coming up. In the campus planning it’s reflected as part of the Capital budget request in two parts requesting funding, to replace the equipment’s on both floors of Los Gatos.</p>	<i>FY 18 Period 6 Financials approved</i>

	<p>In response to Mr. Juelis's question about market volatility, Mr. Hussain stated we balance back to our asset allocation in the investment policy. The stock market has been strong.</p> <p>Motion: To approve the FY18 Period 6 Financials.</p> <p>Movant: Juelis Second: Chow Ayes: Chow, Faust, Hobbs, Juelis, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>7. REVIEW MAJOR CAPITAL PROJECTS IN PROGRESS</p>	<p>Ken King, CASO, reported on the current development progress of Capital Projects in process with the Committee. Mr. King outlined the current projects updates on the following:</p> <ol style="list-style-type: none"> Behavioral Health Services (BHS) Building <ul style="list-style-type: none"> Steel Structure has been erected. Metal Decking installation is complete. Installation of system deck inserts is in process. Concrete placement on 2nd Floor metal deck is in process. Currently progressing on schedule with a target completion date for construction of March 2019. Final GMP Proposal has been accepted and is within the revised budget. Integrated Medical Office (IMOB) Building <ul style="list-style-type: none"> Foundation elements and under slab utilities are complete. Slab on grade for IMOB is complete IMOB Steel Structure erection began on 11/27/17 and is progressing toward completion by the end of February. Foundation elements for IMOB Garage are in process. Currently progressing on schedule with a target completion date for construction of May 2019. Acceptance of the Final GMP proposal is pending the receipt of various bids and negotiations. Current status is positive. Central Utility Plant (CUP) Upgrades <ul style="list-style-type: none"> Construction and equipment installation continues on schedule. Next major milestone is the installation of two new absorption chillers <ul style="list-style-type: none"> Absorption chillers use steam from our boilers to generate chilled water. This allows us to use gas instead of electricity when electric rates are high and when reducing our use of electricity is required. Currently progressing on schedule with a target completion date for construction of April 2018. Cost of construction is proceeding within the accepted GMP proposal. Women's Hospital Expansion <i>(Included for the first time)</i> <ul style="list-style-type: none"> Over the past 14 months, with the initial approved funding of \$6 million we have conducted an assessment of the existing building conditions and their compliance with current building codes. We have met with physicians and staff and conducted site visits to recently constructed facilities. We have completed the schematic floor plans for the expansion. <ul style="list-style-type: none"> Note that the "expansion" is to the 2nd & 3rd floors that are currently occupied by medical offices. There is no addition to the building footprint contemplated. The process of design development is 95% complete and 	

	<p>construction phasing and sequencing is being developed.</p> <ul style="list-style-type: none"> The initial construction cost estimate for the project has recently been received and a detailed review has been completed. <ul style="list-style-type: none"> The implications of the proposed costs, sequencing, schedule and impact on operations during construction has caused us to delay the development process, so that various options can be considered. Design Features include: <ul style="list-style-type: none"> Café with Indoor & Outdoor Seating Public Restrooms Updated Gift Shop Security Control Station Improved Interiors <p>Mr. King stated he's watching our contingency allowance. As of today we have obligated by contract 66% of the Total Project Budgets and paid 45% of the obligated amount. The Forecasted Cost is based on where we expect to complete the project with everything we know today.</p>	
8. CAPITAL FUNDING REQUEST	<p>Ken King, CASO, and Deb Muro, ICIS reported on the current Capital Funding Project with the Committee. They recommend to purchase and installation of hardware, software and services necessary to replace the existing Imaging Systems with a new Enterprise Imaging Picture Archive Communication System (PACS) at a cost not to exceed \$2.2 million.</p> <p>Motion: To approve the recommendation for the Board, to approve the new PACS.</p> <p>Movant: Reeder Second: Juelis Ayes: Chow, Faust, Hobbs, Juelis, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Capital Funding Approved</i>
9. REPORT ON FINANCIAL & OPERATIONAL BENCHMARKS	<p>Iftikhar Hussain, CFO, reported on the Moody's Not for Profit Healthcare Medians report. El Camino Hospital was one out of 50 hospitals that received an A1 rating among the 323 that were rated. ECH received high marks for several reasons:</p> <ul style="list-style-type: none"> Net revenue is low in our rating category margins Cash position and operating margin are very strong compared to our peers. In the long term forecast we show comparative commercial rates and cost position using OSHPD data. The data shows that we are midmarket in reimbursement and cost. <p>In response to Mr. Juelis possible margin drop as we seek higher revenue base, Mr. Hussain stated that Moody's is more focused on diversification. If your revenue is small, one bad event can take a heavy financial toll. From a risk side they want a larger revenue base.</p>	

<p>10. EPIC IMPLEMENTATION REVIEW</p>	<p>Deb Muro, Interim CIO reported on the Epic Implementation to the Committee members. She report key highlights on the implantation of EPIC: (1) The Epic system was implemented on time as per the scheduled timeframe of November 2015; (2) The Command Center was closed within 14 days of go-live due to system stabilization, achievement of go-live metrics and reduced ticket volumes; (3) As planned, Beacon, the Epic Oncology and Chemotherapy Module completed a successful go-live in April 2016; (4) The project team transitioned from the implementation phase to a reduced staffing model for ongoing support by 1st quarter of 2016; (5) Technical components of the Epic system continue to run; (6) Smoothly and reliably ECH received the highest “Good Install” award Epic bestowed on all of its customers for the years of 2015 and 2016 resulting in a \$547,000 rebate.</p> <p>Our goal is the following: (1) El Camino Hospital and Clinics share a common EMR platform. Independent physicians can use the ECH EMR for their practice as part of the Community Connect program; (2) Physicians can access the ECH Epic system remotely from their clinic office, home or other external settings; (3) Non-credentialed referring physicians can access the ECH Epic system using “EpicCare Link”; (4) Pathways Home Care and Hospice uses the ECH Epic system as their EMR and Home Care organizations within the community can access the ECH EMR for patient care treatment purposes using “EpicCare Link.” and lastly (5) Improve Revenue Cycle, charge capture and patient financial capabilities.</p> <p>In response to Mr. Faust cost per physician question, Mrs. Muro stated it cost \$28K per physician and we subsidize 80% through Community Connect.</p> <p>In response to Mr. Hobbs Apple question, Mrs. Muro reported she had several meetings already with Apple on mobile devices. Examples of mobile devise use are for nurses to have an iPhone/ watches so they can document while doing their patient rounding; for patients to use My Chart app, so they can view their account, receive reminders of their prep appointment, what the physician stated before their surgery and after by using the app on their iPhone.</p>	
<p>11. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 7:32 pm pursuant to Gov’t Code Section 54957.2 for approval of the Minutes of the Closed Session of the Finance Committee (November 27, 2017) pursuant to Health & Safety Code 32106(b) for discussion of Acute Rehab Agreement – LG, ED On-Call Interventional Radiology – LG, ED On-Call Interventional Radiology – MV, ED On-Call Urology Call Coverage – MV, ED On-Call Urology Call Coverage – LG, ED On-Call Stroke & Neurology – MV & LG, Urgent Care Clinics; pursuant to Health & Safety Code 32106(b) for discussion of Service Line Review – Behavioral Health Services for a report and discussion involving health care facility trade secrets.</p> <p>Movant: Juelis Second: Hobbs Ayes: Chow, Faust, Hobbs, Juelis, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Adjourned to closed session at 7:32 pm</i></p>
<p>12. AGENDA ITEM 16: RECONVENE OPEN SESSION/ REPORT OUT</p>	<p>Open session was reconvened at 8:09 pm. Agenda items 12-14 were covered in closed session. During the closed session the committee approved the Minutes of the Closed Session of Finance Committee (November 27, 2017). By a unanimous vote in favor by all present committee members (Chow, Faust, Hobbs, Juelis, Reeder, Zoglin).</p>	
<p>13. AGENDA ITEM 17: APPROVAL OF</p>	<p>Motion: To recommend that the Board approve the Acute Rehab Agreement – LG, ED On-Call Interventional Radiology – LG, ED On-Call Interventional</p>	<p><i>Physician Contracts approved</i></p>

CONTRACTS	Radiology – MV, ED On-Call Urology Call Coverage – MV, ED On-Call Urology Call Coverage – LG, ED On-Call Stroke & Neurology – MV & LG, and Urgent Care Clinics. Movant: Juelis Second: Hobbs Ayes: Chow, Faust, Hobbs, Juelis, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None	
14. AGENDA ITEM 18: FY18 COMMITTEE PACING PLAN	Mr. Zoglin stated to Mr. Hussain to present the Strategic Review and Goals on Service Lines in March or FY19. Mrs. Murphy stated that the Self-Assessment Results should be reviewed in March and not wait until May.	
15. AGENDA ITEM 19: CLOSING COMMENTS	None	
16. AGENDA ITEM 20: ADJOURNMENT	Motion: To adjourn at 8:20pm Movant: Reeder Second: Chow Ayes: Chow, Faust, Hobbs, Juelis, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>Meeting adjourned at 8:20 pm</i>

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

John Zoglin
Chair, Finance Committee



El Camino Hospital

THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2018 – Period 7
7/1/2017 to 01/31/2018

Financial Overview

Volume:

- For the year, overall volume, measured in adjusted discharges is 5.9% higher than budget.
- IP cases are 5.1% over budget, specifically Neurosciences, HVI, BHS, Oncology and General Medicine. Deliveries are slightly lower to prior year and 2.9% below budget
- OP cases are higher than budget in General Surgery, General Medicine, Emergency, Lab, Imaging Services, MCH, Rehab, Outpatient Clinics and Urology.

Financial Performance:

- Operating income is \$4.4M over budget. Revenue for the month include -\$453K in unusual items. For the year op margin is \$38.5M ahead of target

Payor Mix:

- Commercial insurance is 0.1% more of the Payor Mix in January than budget where Medicare has decreased .6%.

Cost:

- Prod Hrs/APD for January is 28.5 and better than budget . YTD we are slightly better than budget

Balance Sheet:

- Net days in AR is 48.1 which is .1 days more than budget.

Dashboard - ECH combined as of January 31, 2018

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
Volume								
Licensed Beds	443	443	443	-	443	443	443	-
ADC	257	261	255	7	235	244	236	8
Utilization MV	71%	70%	71%	0%	64%	67%	65%	2%
Utilization LG	31%	35%	30%	5%	29%	30%	29%	2%
Utilization Combined	58%	59%	57%	2%	53%	55%	53%	2%
Adjusted Discharges	3,026	3,167	2,914	253	19,545	21,101	19,919	1,182
Total Discharges (Excl NNB)	1,802	1,836	1,707	129	11,372	12,081	11,516	565
Total Discharges	2,098	2,122	2,013		13,619	14,356	13,654	
Inpatient Cases								
MS Discharges	1,315	1,341	1,182	159	7,799	8,440	7,884	556
Deliveries	380	355	403	(48)	2,752	2,733	2,814	(81)
BHS	75	101	78	23	539	651	527	124
Rehab	32	39	43	(4)	282	257	291	(34)
Outpatient Cases								
ED	12,385	13,369	12,509	860	83,972	87,833	85,579	2,254
Procedural Cases	4,310	4,962	4,153	809	27,861	29,150	28,419	731
OP Surg	367	357	391	(34)	2,557	2,739	2,667	72
Endo	194	185	181	4	1,375	1,399	1,238	161
Interventional	194	198	181	17	1,265	1,209	1,236	(27)
All Other	7,320	7,667	7,603	64	50,914	53,336	52,019	1,317
Financial Perf.								
Net Patient Revenues	68,826	76,925	71,088	5,837	472,861	522,811	485,313	37,498
Total Operating Revenue	69,528	78,848	72,943	5,905	488,297	540,540	499,101	41,438
Operating Expenses	60,181	68,451	66,981	1,470	425,872	453,497	450,594	2,903
Operating Income \$	9,347	10,397	5,962	4,435	62,425	87,043	48,508	38,535
Operating Margin	13.4%	13.2%	8.2%	5.0%	12.8%	16.1%	9.7%	6.4%
EBITDA \$	13,776	14,883	11,179	3,704	93,690	118,361	83,746	34,615
EBITDA %	19.8%	18.9%	15.3%	3.5%	19.2%	21.9%	16.8%	5.1%
IP Margin ¹	5.8%	12.9%	-10.2%	23.1%	5.8%	12.9%	-10.2%	23.1%
OP Margin ¹	37.0%	44.2%	31.7%	12.5%	37.0%	44.2%	31.7%	12.5%
Payor Mix								
Medicare	51.2%	50.7%	47.4%	3.3%	47.3%	46.8%	47.4%	-0.6%
Medi-Cal	7.5%	8.7%	7.2%	1.5%	7.2%	7.9%	7.2%	0.7%
Commercial IP	20.6%	20.4%	22.6%	-2.2%	22.7%	22.6%	22.6%	0.1%
Commercial OP	18.2%	18.2%	20.3%	-2.2%	20.3%	20.4%	20.3%	0.1%
Total Commercial	38.8%	38.5%	42.9%	-4.4%	43.0%	43.0%	42.9%	0.1%
Other	2.5%	2.0%	2.5%	-0.5%	2.5%	2.3%	2.5%	-0.2%
Cost								
Total FTE	2,527.8	2,599.8	2,569.8	30	2,479.9	2,573.6	2,512.1	62
Productive Hrs/APD	29.5	28.5	29.5	(1)	30.4	29.9	30.8	(1)
Balance Sheet								
Net Days in AR	44.8	48.1	48.0	0	44.8	48.1	48.0	0
Days Cash	444	486	266	220	444	486	266	220
Affiliates - Net Income (\$000s)								
Hosp	21,393	39,597	6,187	33,410	86,923	147,285	50,085	97,200
Concern	255	82	97	(14)	725	1,111	855	255
ECSC	(1)	(1)	0	(1)	(54)	(21)	0	(21)
Foundation	147	627	(22)	650	1,675	2,217	392	1,824
SVMD	200	(332)	6	(338)	190	134	(7)	141

Budget Variances

Fiscal Year 2018 YTD (7/1/2017-01/31/2018) Waterfall

(in thousands; \$000s)	Year to Date (YTD)	
	Net Income Impact	% Net Revenue
Budgeted Hospital Operations FY2018	48,508	9.7%
Net Revenue - Favorable due higher volume, favorable payor mix and \$13 million unusual items	41,438	7.7%
Labor and Benefit Expense Change - Labor favorable vs budget after adjusting for higher volume	(2,933)	-0.5%
Professional Fees & Purchased Services -Recruiting costs and backfill for vacant position;	(2,389)	-0.4%
Supplies - unfavorable due to increase in surgical and other general supplies, offset by savings in Spine supplies as well as Drugs. Higher volumes also driving increase.	(2,290)	-0.4%
Other Expenses - primarily due to no strategic fund expenses offset with property tax retro payment and regular payment for half year.	788	0.1%
Depreciation & Interest - Favorable due to delay in Parking Structure as well as LG projects	3,920	0.7%
Actual Hospital Operations FY2018	87,043	16.1%

El Camino Hospital (\$000s)

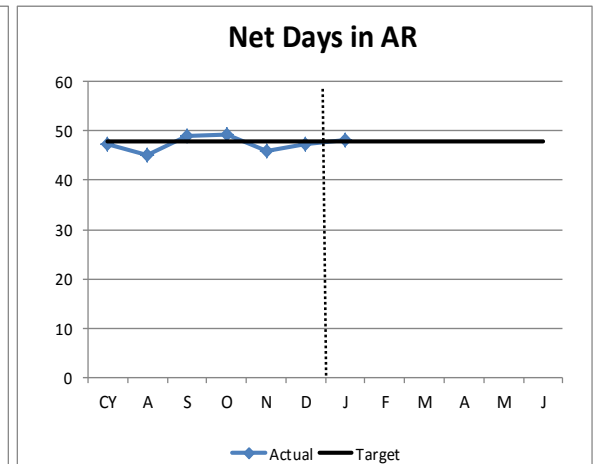
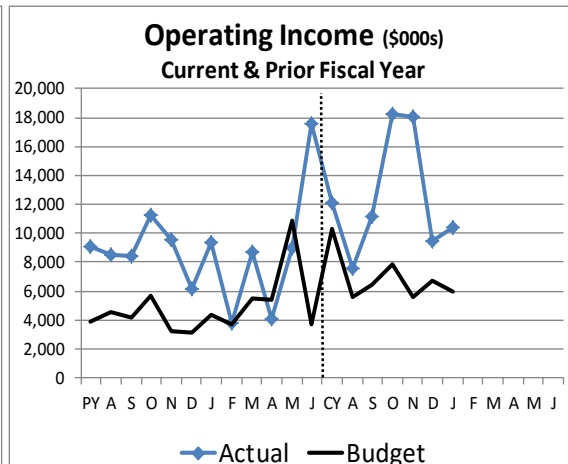
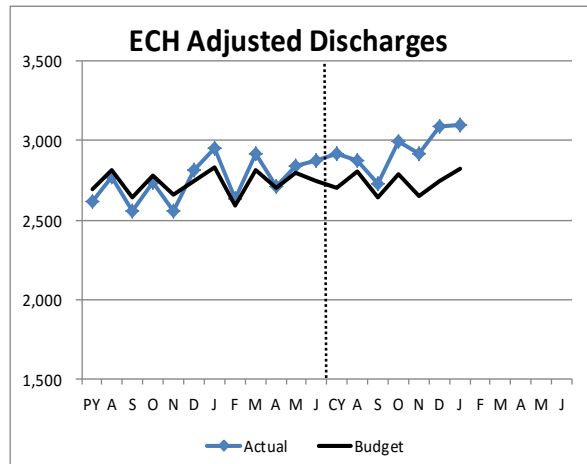
7 months ending 01/31/2018

Period 7 FY 2017	Period 7 FY 2018	Period 7 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
268,834	291,509	275,872	15,636	5.7%	Gross Revenue	1,719,213	1,942,283	1,854,256	88,027	4.7%
(200,008)	(214,583)	(204,784)	(9,799)	1.0%	Deductions	(1,246,351)	(1,419,472)	(1,368,942)	(50,529)	3.7%
68,826	76,925	71,088	5,837	8.2%	Net Patient Revenue	472,861	522,811	485,313	37,498	7.7%
702	1,923	1,855	68	3.7%	Other Operating Revenue	15,436	17,728	13,788	3,940	28.6%
69,528	78,848	72,943	5,905	8.1%	Total Operating Revenue	488,297	540,540	499,101	41,438	8.3%
OPERATING EXPENSE										
35,920	41,150	40,884	(266)	-0.7%	Salaries & Wages	258,173	275,114	272,180	(2,933)	-1.1%
9,650	11,779	10,789	(989)	-9.2%	Supplies	65,356	73,109	70,820	(2,290)	-3.2%
7,763	8,904	7,798	(1,106)	-14.2%	Fees & Purchased Services	54,659	57,739	55,350	(2,389)	-4.3%
2,420	2,132	2,293	161	7.0%	Other Operating Expense	16,418	16,217	17,005	788	4.6%
444	256	725	470	64.8%	Interest	2,979	2,861	5,078	2,217	43.7%
3,984	4,231	4,492	261	5.8%	Depreciation	28,286	28,457	30,161	1,703	5.6%
60,181	68,451	66,981	(1,470)	-2.2%	Total Operating Expense	425,872	453,497	450,594	(2,903)	-0.6%
9,347	10,397	5,962	4,435	74.4%	Net Operating Income/(Loss)	62,425	87,043	48,508	38,535	79.4%
12,046	29,200	225	28,975	12860.7%	Non Operating Income	24,497	60,242	1,577	58,665	3719.9%
21,393	39,597	6,187	33,410	540.0%	Net Income(Loss)	86,923	147,285	50,085	97,200	194.1%
19.8%	18.9%	15.3%	3.5%		EBITDA	19.2%	21.9%	16.8%	5.1%	
13.4%	13.2%	8.2%	5.0%		Operating Margin	12.8%	16.1%	9.7%	6.4%	
30.8%	50.2%	8.5%	41.7%		Net Margin	17.8%	27.2%	10.0%	17.2%	

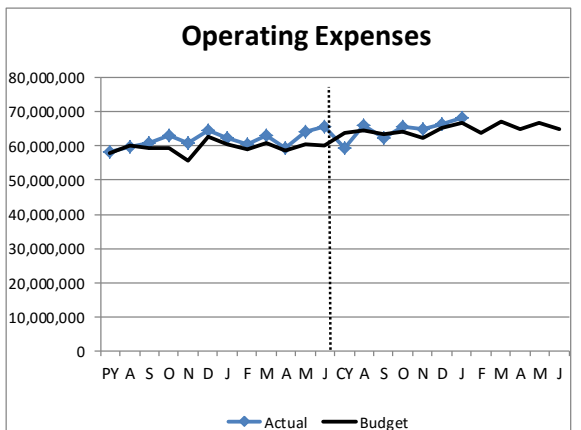
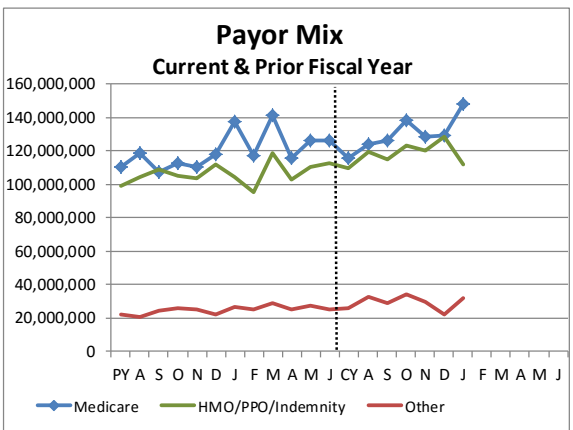
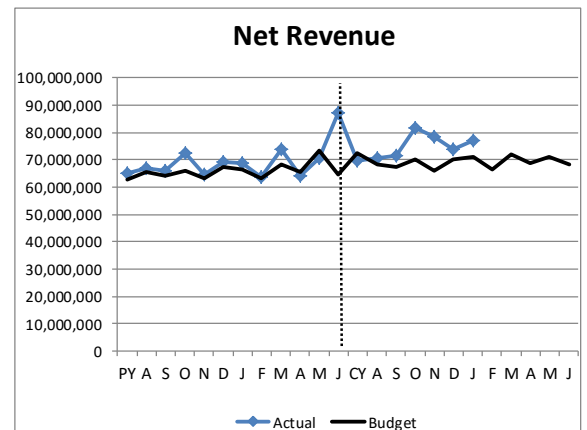
Non Operating Items and Net Income by Affiliate

	Period 7 - Month			Period 7 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	8,665	4,750	3,915	76,056	39,270	36,786
Los Gatos	1,732	1,212	520	10,986	9,237	1,749
Sub Total - El Camino Hospital, excl. Affilates	10,397	5,962	4,435	87,043	48,508	38,535
Operating Margin %	13.2%	8.2%		16.1%	9.7%	
El Camino Hospital Non Operating Income						
Investments	28,633	1,516	27,118	63,433	10,609	52,825
Swap Adjustments	842	0	842	1,450	0	1,450
Community Benefit	(36)	(283)	247	(2,205)	(1,983)	(222)
Pathways	101	42	59	423	292	132
Satellite Dialysis	0	(35)	35	(97)	(248)	151
SVMD Funding	(99)	(589)	490	(624)	(4,122)	3,498
Other	(241)	(424)	184	(2,137)	(2,970)	833
Sub Total - Non Operating Income	29,200	225	28,975	60,242	1,577	58,665
El Camino Hospital Net Income (Loss)	39,597	6,187	33,410	147,285	50,085	97,200
ECH Net Margin %	50.2%	8.5%		27.2%	10.0%	
Concern	82	97	(14)	1,111	855	255
ECSC	(1)	0	(1)	(21)	0	(21)
Foundation	627	(22)	650	2,217	392	1,824
Silicon Valley Medical Development	(332)	6	(338)	134	(7)	141
Net Income Hospital Affiliates	377	81	296	3,440	1,240	2,200
Total Net Income Hospital & Affiliates	39,974	6,268	33,706	150,725	51,325	99,400

Monthly Financial Trends



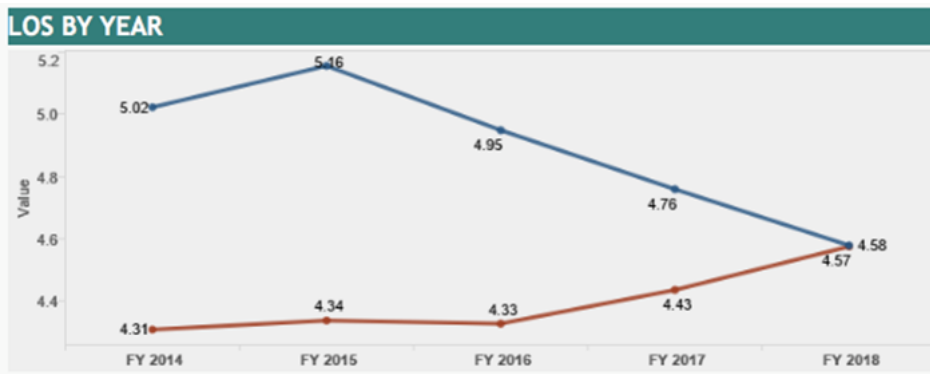
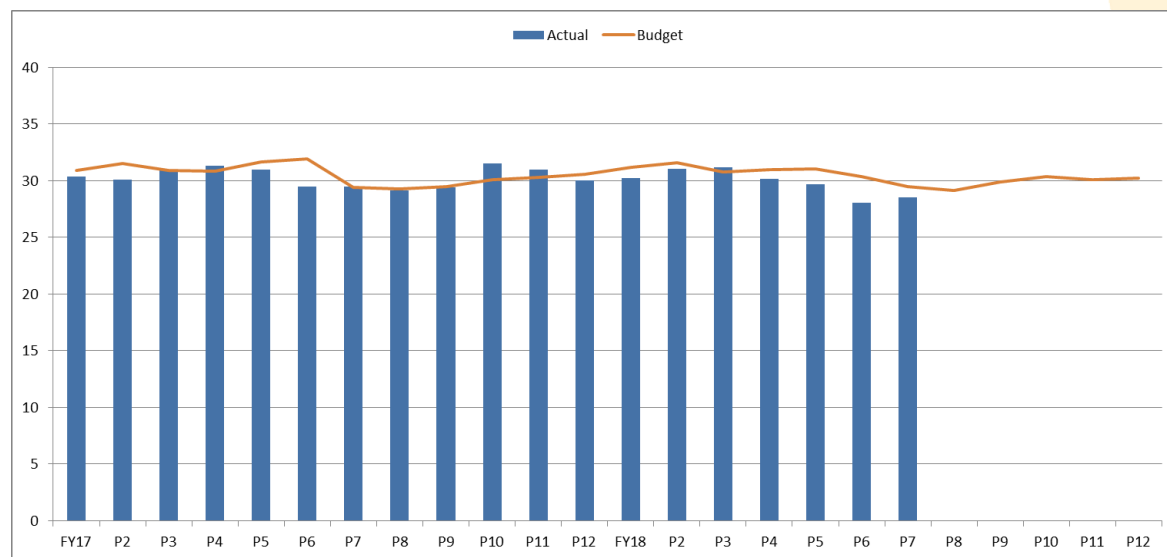
Volume is higher than budgeted for the month and the year. High inpatient volume is in Inpatient Behavioral Health, HVI, Neurosciences and General Medicine. High Outpatient volume is General Medicine, Imaging Services, MCH, Lab, Outpatient Clinics, General Surgery, Emergency and Rehab



Productivity and Medicare Length of Stay

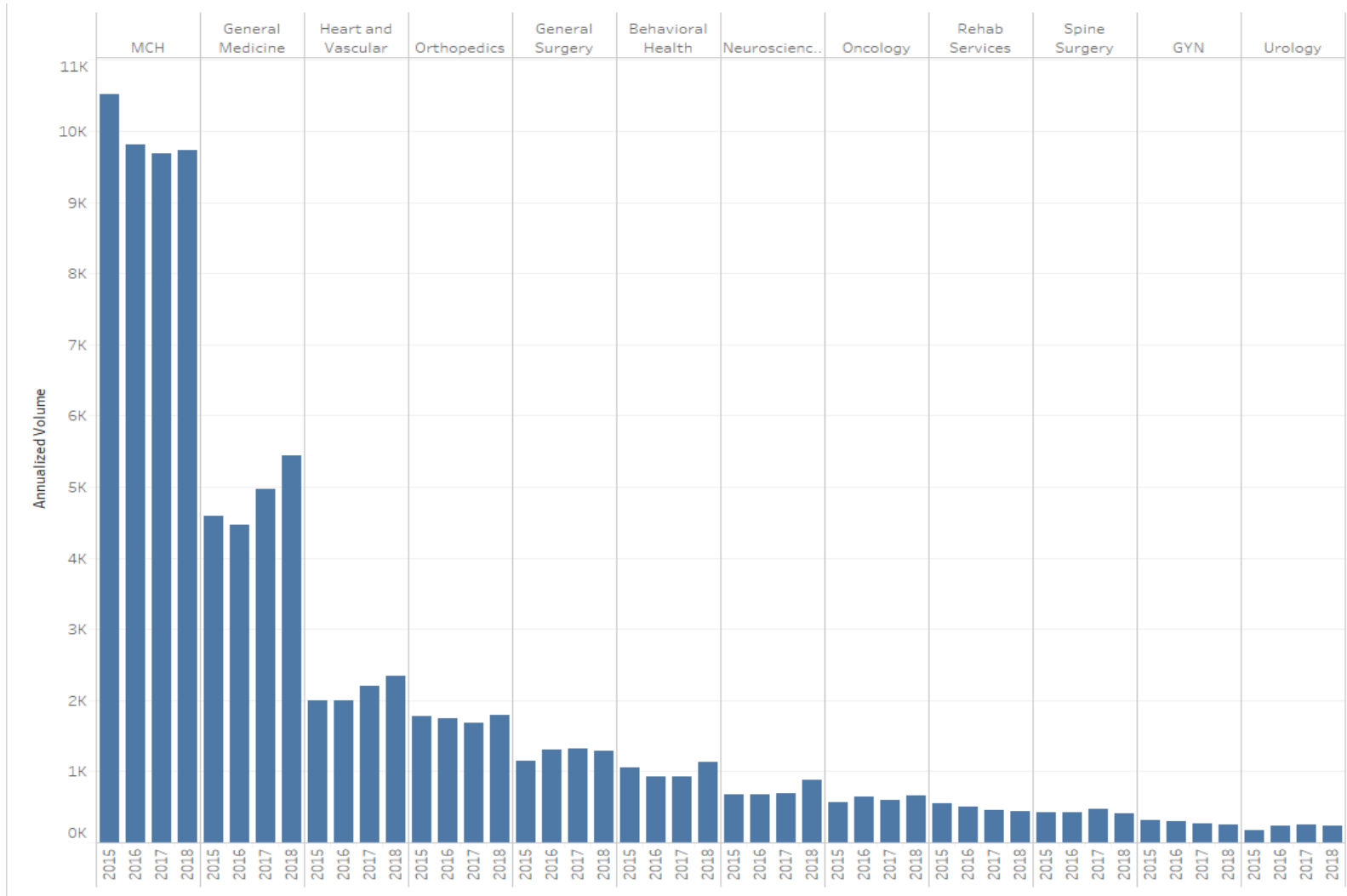
Work hours per adjusted patient day in January is under budget by -1. Overall the month of January is 28.5 worked hours per adjusted patient day

ALOS vs Milliman well-managed benchmark. Trend shows remarkable and steady improvement with FY 2018 at benchmark. Increase in benchmark beginning in FY 2017 due to Clinical Documentation Improvement (CDI)



El Camino Hospital Volume Annual Trends – Inpatient

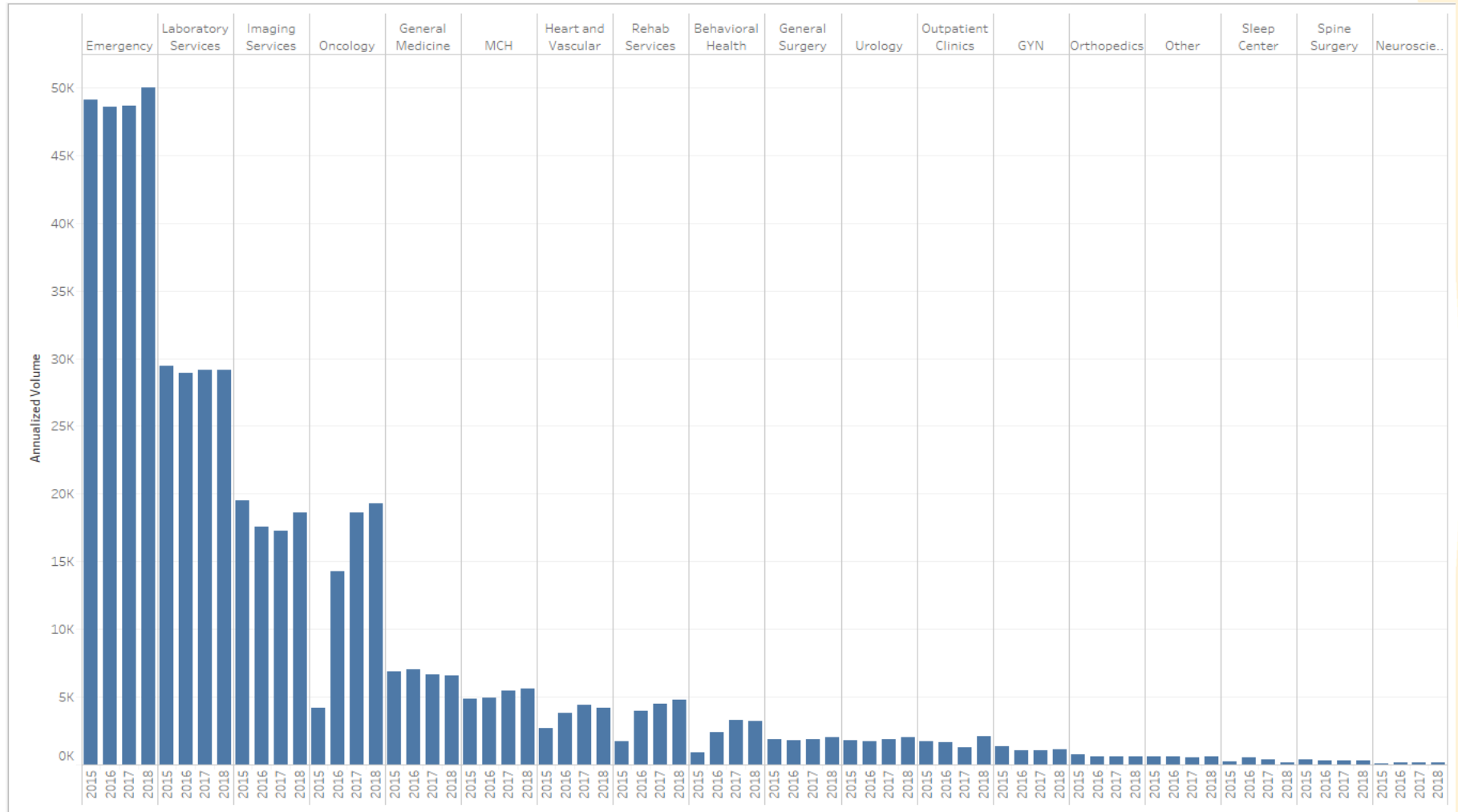
FY 2018 is annualized



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

El Camino Hospital Volume Annual Trends – Outpatient

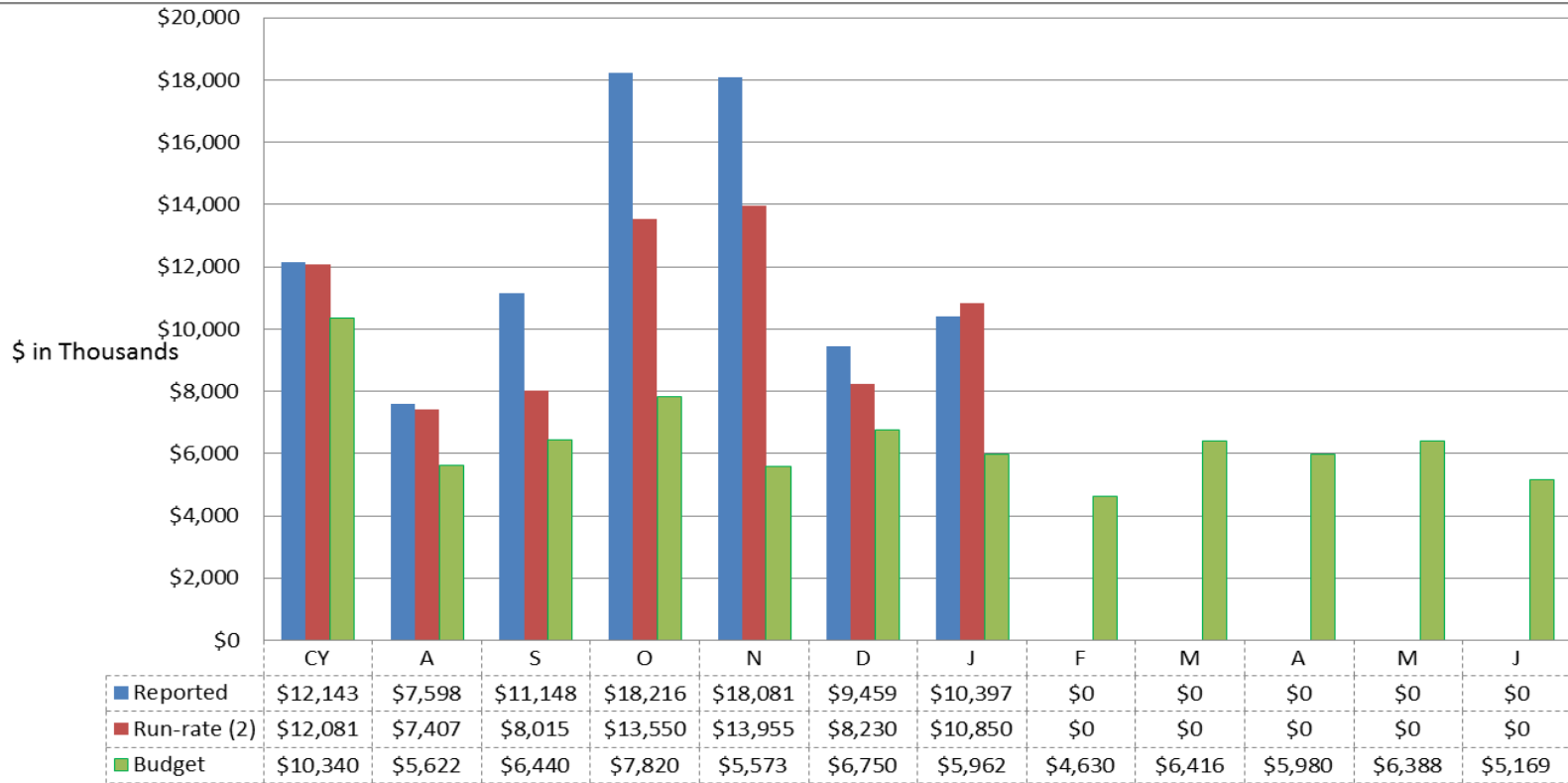
FY 2018 is annualized



- Comparing year-over-year Oncology, MCH, Rehab Services, Emergency and Outpatient Clinics are all increasing in volume. All others are remaining flat or decreasing.

ECH Operating Margin

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



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

Revenue Adjustments	J	A	S	O	N	D	J	YTD
Insurance (Payment Variance)	-	-	-	611	-	669	28	1,309
Mcare Settlmt/Appeal/Tent Settlmt/PIP	54	155	905	54	184	81	396	1,830
Hospital Fee	-	-	-	712	1,024	-	-	1,736
PRIME Incentive	-	-	-	-	2,902	-	-	2,902
Credit Balance Quarterly Review	-	-	2,201	-	-	472	-	2,673
Late Charge Accrual	-	-	-	3,283	-	-	-	3,283
Various Adjustments under \$250k	9	36	27	6	16	8	(878)	(777)
Total	63	191	3,134	4,667	4,126	1,229	(453)	12,955

El Camino Hospital Investment Committee Scorecard

December 31, 2017

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY18 Year-end Budget	Expectation Per Asset Allocation
Investment Performance		4Q 2017		Fiscal Year-to-date		5y 2m Since Inception (annualized)		2017	
Surplus cash balance*		\$872.0	--	--	--	--	--	\$926.1	--
Surplus cash return		2.6%	2.7%	5.4%	5.6%	6.0%	5.9%	1.9%	5.7%
Cash balance plan balance (millions)		\$259.2	--	--	--	--	--	\$257.1	--
Cash balance plan return		2.9%	3.3%	6.3%	6.7%	8.4%	7.9%	6.0%	6.1%
403(b) plan balance (millions)		\$441.7	--	--	--	--	--	--	--
Risk vs. Return		3-year				5y 2m Since Inception (annualized)		2017	
Surplus cash Sharpe ratio		1.16	1.19	--	--	1.44	1.42	--	0.46
Net of fee return		5.5%	5.6%	--	--	6.0%	5.9%	--	5.7%
Standard deviation		4.4%	4.4%	--	--	3.9%	4.0%	--	7.2%
Cash balance Sharpe ratio		1.13	1.16	--	--	1.51	1.47	--	0.43
Net of fee return		6.7%	6.5%	--	--	8.4%	7.9%	--	6.1%
Standard deviation		5.6%	5.3%	--	--	5.3%	5.1%	--	8.7%
Asset Allocation		4Q 2017							
Surplus cash absolute variances to target		5.9%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		7.5%	< 10%	--	--	--	--	--	--
Manager Compliance		4Q 2017							
Surplus cash manager flags		21	< 19 Green < 23 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		23	< 20 Green < 25 Yellow	--	--	--	--	--	--

*Excludes debt reserve funds (~\$245 mm), District assets (~\$31 mm), and balance sheet cash not in investable portfolio (~\$124 mm).

Includes Foundation (~\$26 mm) and Concern (~\$13 mm) assets. Budget adds back in current Foundation and Concern assets and backs out current debt reserve funds.



Capital Spending (in millions)

Capital Spending (in millions)								Variance	
			Total	Total	Spent from	2018 Current Proj	FY18 Orig Proj	Between Current	
Category	Detail	Approved	Estimated Cost	Authorized	Inception	Spend	Spend	Proj Spend and	FY 18 YTD Spent
			of Project	Active				Orig Proj Spend	
CIP	EPIC Upgrade			1.9	1.0	1.9	1.9	0.0	1.0
IT Hardware, Software, Equipment & Imaging*				12.2	1.0	12.2	12.2	0.0	1.0
Medical & Non Medical Equipment FY 17**				14.0	12.8	8.6	0.0	8.6 ²	7.4
Medical & Non Medical Equipment FY 18***				5.6	1.8	5.6	5.6	0.0	1.8
Facility Projects									
	1245 Behavioral Health Bldg	FY16	96.1	96.1	32.3	27.0	51.4	-24.4 ¹	14.7
	1413 North Drive Parking Expansion	FY15	24.5	24.5	23.4	2.6	3.4	-0.8	3.6
	1414 Integrated MOB	FY15	302.1	302.1	77.2	72.0	130.1	-58.1 ¹	31.3
	1422 CUP Upgrade	FY16	9.0	9.0	3.7	5.5	4.0	1.5	1.5
	1430 Women's Hospital Expansion	FY16	120.0	6.0	2.6	3.6	7.0	-3.4	2.2
	1425 IMOB Preparation Project - Old Main	FY16	20.0	0.0	2.7	0.0	0.0	0.0	0.1
	1502 Cabling & Wireless Upgrades	FY16	0.0	0.0	2.5	0.0	0.0	0.0	0.1
	1525 New Main Lab Upgrades		3.1	3.1	1.8	2.5	0.0	2.5	1.3
	1515 ED Remodel Triage/Psych Observation	FY16	5.0	0.3	0.0	0.4	0.0	0.4	0.0
	1503 Willow Pavilion Tomosynthesis	FY16	0.8	0.0	0.3	0.0	0.0	0.0	0.0
	1602 JW House (Patient Family Residence)		6.5	0.5	0.0	0.5	0.5	0.0	0.0
	Site Signage and Other Improvements		1.0	0.0	0.0	0.3	1.0	-0.8	0.0
	Nurse Call System Upgrades		2.4	0.0	0.0	0.1	0.0	0.1	0.0
	1707 Imaging Equipment Replacement (5 or 6 rooms)		20.7	0.0	0.0	0.3	0.1	0.2	0.0
	1708 IR/ Cath Lab Equipment Replacement		19.4	0.0	0.0	0.3	2.0	-1.8	0.0
	Flooring Replacement		1.6	0.3	0.0	0.4	0.0	0.4	0.0
	1219 LG Spine OR	FY13	0.0	0.0	3.7	0.0	0.0	0.0	0.3
	1313 LG Rehab HVAC System & Structural	FY16	0.0	0.0	4.1	0.0	0.0	0.0	0.4
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	8.8	8.8	8.1	0.6	0.7	-0.1	0.7
	1307 LG Upgrades	FY13	19.3	19.3	16.5	4.9	5.0	-0.1	2.7
	1508 LG NICU 4 Bed Expansion	FY16	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	1507 LG IR Upgrades		1.3	0.0	0.0	0.0	0.0	0.0	0.0
	1603 LG MOB Improvements (17)		5.0	5.0	4.3	3.5	3.5	0.0	4.0
	1711 Emergency Sanitary & Water Storage		1.4	0.3	0.1	0.2	3.2	-3.0	0.1
	LG Modular MRI & Awning		3.9	3.9	0.0	0.4	0.0	0.4	0.0
	LG Nurse Call System Upgrade		2.8	0.0	0.0	0.0	0.0	0.0	0.0
	LG Observation Unit (Conversion of ICU 2)		1.8	0.0	0.0	0.8	0.0	0.8	0.0
	1712 LG Cancer Center		2.4	0.3	0.0	0.4	0.0	0.4	0.0
	All Other Projects under \$1M		5.6	0.4	27.0	1.8	0.0	1.8	3.1
			684.4	479.6	210.3	128.0	211.9	-83.9	66.1
GRAND TOTAL				499.4	227.0	156.5	231.7	-75.2	77.3

* Excluding EPIC

** Unspent Prior Year routine used as contingency

*** Includes 2 robot purchases

1 Variance due to delay in MV campus plan

2 Initial assumption was to spend all FY17 in FY17

Balance Sheet (in thousands)

ASSETS

	Audited	
	January 31, 2018	June 30, 2017
CURRENT ASSETS		
Cash	112,739	125,551
Short Term Investments	151,829	140,284
Patient Accounts Receivable, net	119,840	109,089
Other Accounts and Notes Receivable	2,706	2,628
Intercompany Receivables	1,635	1,495
(1) Inventories and Prepaids	57,690	50,657
Total Current Assets	446,437	429,705
BOARD DESIGNATED ASSETS		
(2) Plant & Equipment Fund	148,795	131,153
Women's Hospital Expansion	9,298	9,298
(3) Operational Reserve Fund	127,908	100,196
(4) Community Benefit Fund	19,087	12,237
Workers Compensation Reserve Fund	21,147	20,007
Postretirement Health/Life Reserve Fund	19,529	19,218
PTO Liability Fund	22,737	23,409
Malpractice Reserve Fund	1,634	1,634
Catastrophic Reserves Fund	19,174	16,575
Total Board Designated Assets	389,308	333,727
(5) FUNDS HELD BY TRUSTEE	234,534	287,052
LONG TERM INVESTMENTS	307,269	256,652
INVESTMENTS IN AFFILIATES	33,315	32,451
PROPERTY AND EQUIPMENT		
(6) Fixed Assets at Cost	1,251,050	1,192,047
Less: Accumulated Depreciation	(557,018)	(531,785)
Construction in Progress	147,153	138,017
Property, Plant & Equipment - Net	841,185	798,279
DEFERRED OUTFLOWS	28,610	28,960
RESTRICTED ASSETS - CASH	0	0
TOTAL ASSETS	2,280,658	2,166,825

LIABILITIES AND FUND BALANCE

	Audited	
	January 31, 2018	June 30, 2017
CURRENT LIABILITIES		
(7) Accounts Payable	25,200	38,457
(8) Salaries and Related Liabilities	21,710	25,109
Accrued PTO	22,737	23,409
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	9,942	10,438
Intercompany Payables	73	84
Malpractice Reserves	1,634	1,634
Bonds Payable - Current	3,850	3,735
(9) Bond Interest Payable	2,222	11,245
Other Liabilities	6,522	4,889
Total Current Liabilities	96,190	121,299
LONG TERM LIABILITIES		
Post Retirement Benefits	19,529	19,218
Worker's Comp Reserve	18,847	17,707
Other L/T Obligation (Asbestos)	3,812	3,746
Other L/T Liabilities (IT/Medl Leases)	-	-
Bond Payable	522,071	527,371
Total Long Term Liabilities	564,259	568,042
DEFERRED REVENUE-UNRESTRICTED	500	567
DEFERRED INFLOW OF RESOURCES	10,666	10,666
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	1,219,735	1,132,525
Board Designated	389,308	333,726
Restricted	0	0
(10) Total Fund Bal & Capital Accts	1,609,044	1,466,251
TOTAL LIABILITIES AND FUND BALANCE	2,280,658	2,166,825

JANUARY 2018 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The increase is due to three quarterly pension fundings of \$2.6M in July, October and January.
- (2) The increase is due 6 months of funded depreciation contributions (130% of straight depreciation expense. Note this amount also contains \$14M reserved for BHS replacement building currently under construction, in conjunction with bond proceeds.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) The increase is due to the capitalization of the Parking Structure expansion in August and CT upgrades at LG in September.
- (7) 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.
- (8) This decrease is primarily due to the annual 403B match funding that occurred in January
- (9) The significant decrease is due to semi-annual 2015A and 2017 Bond interest payments having been paid in January.
- (10) The increase is attributable to the first seven periods of financial performance producing an operating income of \$87 million and non-operating of \$60 million (mostly from unrealized gains on investments).

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

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

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

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

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

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

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

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

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

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

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

APPENDIX

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

7 months ending 01/31/2018

Period 7 FY 2017	Period 7 FY 2018	Period 7 Budget 2018	Variance Fav (Unfav)	Var%		YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
					\$000s					
OPERATING REVENUE										
220,743	238,824	227,287	11,537	5.1%	Gross Revenue	1,413,282	1,586,778	1,521,987	64,791	4.3%
(162,494)	(176,741)	(169,500)	(7,241)	4.3%	Deductions	(1,020,465)	(1,159,093)	(1,127,639)	(31,455)	2.8%
58,248	62,083	57,787	4,296	7.4%	Net Patient Revenue	392,817	427,685	394,349	33,336	8.5%
664	1,762	1,638	125	7.6%	Other Operating Revenue	14,293	16,552	12,290	4,262	34.7%
58,913	63,845	59,425	4,420	7.4%	Total Operating Revenue	407,110	444,237	406,639	37,598	9.2%
OPERATING EXPENSE										
29,836	34,171	34,233	62	0.2%	Salaries & Wages	214,818	228,833	227,782	(1,050)	-0.5%
7,521	9,255	8,719	(536)	-6.2%	Supplies	53,420	58,680	57,015	(1,664)	-2.9%
6,378	7,285	6,514	(771)	-11.8%	Fees & Purchased Services *	45,282	48,254	46,347	(1,907)	-4.1%
822	677	760	83	10.9%	Other Operating Expense	4,935	5,125	6,067	943	15.5%
444	256	725	470	64.8%	Interest	2,979	2,861	5,078	2,217	43.7%
3,482	3,536	3,724	188	5.0%	Depreciation	24,609	24,429	25,079	650	2.6%
48,483	55,180	54,675	(505)	-0.9%	Total Operating Expense	346,043	368,181	367,369	(812)	-0.2%
10,429	8,665	4,750	3,915	82.4%	Net Operating Income/(Loss)	61,067	76,056	39,270	36,786	93.7%
12,046	29,200	225	28,975	12860.7%	Non Operating Income	24,508	60,287	1,577	58,710	3722.7%
22,475	37,865	4,975	32,890	661.1%	Net Income(Loss)	85,575	136,343	40,847	95,496	233.8%
24.4%	19.5%	15.5%	4.0%		EBITDA	21.8%	23.3%	17.1%	6.2%	
17.7%	13.6%	8.0%	5.6%		Operating Margin	15.0%	17.1%	9.7%	7.5%	
38.1%	59.3%	8.4%	50.9%		Net Margin	21.0%	30.7%	10.0%	20.6%	

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

7 months ending 01/31/2018

Period 7 FY 2017	Period 7 FY 2018	Period 7 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
48,091	52,685	48,585	4,099	8.4%	Gross Revenue	305,930	355,505	332,268	23,236	7.0%
(37,514)	(37,842)	(35,284)	(2,558)	7.2%	Deductions	(225,886)	(260,378)	(241,304)	(19,075)	7.9%
10,577	14,843	13,301	1,541	11.6%	Net Patient Revenue	80,044	95,126	90,965	4,162	4.6%
38	160	217	(57)	-26.2%	Other Operating Revenue	1,143	1,176	1,498	(322)	-21.5%
10,615	15,003	13,518	1,485	11.0%	Total Operating Revenue	81,187	96,302	92,462	3,840	4.2%
OPERATING EXPENSE										
6,083	6,979	6,651	(328)	-4.9%	Salaries & Wages	43,356	46,281	44,398	(1,883)	-4.2%
2,129	2,524	2,071	(453)	-21.9%	Supplies	11,936	14,430	13,805	(625)	-4.5%
1,385	1,619	1,283	(335)	-26.1%	Fees & Purchased Services *	9,376	9,485	9,003	(482)	-5.4%
1,598	1,455	1,533	78	5.1%	Other Operating Expense	11,483	11,092	10,938	(154)	-1.4%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
503	694	768	74	9.6%	Depreciation	3,677	4,028	5,081	1,053	20.7%
11,698	13,271	12,306	(965)	-7.8%	Total Operating Expense	79,829	85,316	83,225	(2,091)	-2.5%
(1,082)	1,732	1,212	520	42.9%	Net Operating Income/(Loss)	1,358	10,986	9,237	1,749	18.9%
0	0	0	0	0.0%	Non Operating Income	(10)	(45)	0	(45)	0.0%
(1,082)	1,732	1,212	520	42.9%	Net Income(Loss)	1,347	10,942	9,237	1,704	18.4%
-5.5%	16.2%	14.6%	1.5%		EBITDA	6.2%	15.6%	15.5%	0.1%	
-10.2%	11.5%	9.0%	2.6%		Operating Margin	1.7%	11.4%	10.0%	1.4%	
-10.2%	11.5%	9.0%	2.6%		Net Margin	1.7%	11.4%	10.0%	1.4%	

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	14,275
Non CIP Land, Land I , BLDG, Additions	-	4,189	-	-
Facilities	38,940	48,137	82,953	128,030
GRAND TOTAL	86,789	96,740	97,923	156,465
*Includes 2 robot purchases in FY2017				

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

Category	2013	2014	2015	2016	2017	Category	2013	2014	2015	2016	2017
EPIC	0	6,838	29,849	20,798	2,755	Facilities Projects CIP cont.					
IT Hardware/Software Equipment	8,019	2,788	4,660	6,483	2,659	1403 - Hosp Drive BLDG 11 TI's	0	86	103	0	0
Medical/Non Medical Equipment	10,284	12,891	13,340	17,133	9,556	1404 - Park Pav HVAC	0	64	7	0	0
Non CIP Land, Land I, BLDG, Additions	0	22,292	0	4,189	0	1405 - 1 - South Accessibility Upgrades	0	0	0	168	95
Land Acquisition (1550)	0	0	0	24,007	0	1408 - New Main Accessibility Upgrades	0	0	7	46	501
828 S Winchester Clinic TI (1701)	0	0	0	0	145	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
Facilities Projects CIP						1429 - 2500 Hospital Dr Bldg 8 TI	0	0	101	0	0
Mountain View Campus Master Plan Projects						1430 - Women's Hospital Expansion	0	0	0	0	464
1245 - Behavioral Health Bldg Replace	0	1,257	3,775	1,389	10,323	1432 - 205 South Dr BHS TI	0	0	8	15	0
1413 - North Drive Parking Structure Exp	0	0	167	1,266	18,120	1501 - Women's Hospital NPC Comp	0	0	4	0	223
1414 - Integrated MOB	0	0	2,009	8,875	32,805	1502 - Cabling & Wireless Upgrades	0	0	0	1,261	367
1422 - CUP Upgrade	0	0	0	896	1,245	1503 - Willow Pavillion Tomosynthesis	0	0	0	53	257
Sub-Total Mountain View Campus Master Plan	0	1,257	5,950	12,426	62,493	1504 - Equipment Support Infrastructure	0	0	61	311	0
						1523 - Melchor Pavillion Suite 309 TI	0	0	0	10	59
Mountain View Capital Projects						1525 - New Main Lab Upgrades	0	0	0	0	464
9900 - Unassigned Costs	734	470	3,717	0	0	1526 - CONCERN TI	0	0	0	37	99
1108 - Cooling Towers	450	0	0	0	0	Sub-Total Mountain View Projects	8,145	7,219	26,744	5,588	5,535
1120 - BHS Out Patient TI's	66	0	0	0	0	Los Gatos Capital Projects					
1129 - Old Main Card Rehab	9	0	0	0	0	0904 - LG Facilities Upgrade	2	0	0	0	0
0817 - Womens Hosp Upgrds	645	1	0	0	0	0907 - LG Imaging Masterplan	244	774	1,402	17	0
0906 - Slot Build-Out	1,003	1,576	15,101	1,251	294	1005 - LG OR Light Upgrd	14	0	0	0	0
1109 - New Main Upgrades	423	393	2	0	0	1122 - LG Sleep Studies	7	0	0	0	0
1111 - Mom/Baby Overflow	212	29	0	0	0	1210 - Los Gatos VOIP	147	89	0	0	0
1204 - Elevator Upgrades	25	30	0	0	0	1116 - LG Ortho Pavillion	177	24	21	0	0
0800 - Womens L&D Expansion	2,104	1,531	269	0	0	1124 - LG Rehab BLDG	49	458	0	0	0
1131 - MV Equipment Replace	216	0	0	0	0	1247 - LG Infant Security	134	0	0	0	0
1208 - Willow Pav. High Risk	110	0	0	0	0	1307 - LG Upgrades	376	2,979	3,282	3,511	3,081
1213 - LG Sterilizers	102	0	0	0	0	1308 - LG Infrastructure	0	114	0	0	0
1225 - Rehab BLDG Roofing	7	241	4	0	0	1313 - LG Rehab HVAC System/Structural	0	0	0	1,597	1,904
1227 - New Main eICU	96	21	0	0	0	1219 - LG Spine OR	0	214	323	633	2,163
1230 - Fog Shop	339	80	0	0	0	1221 - LG Kitchen Refrig	0	85	0	0	0
1315 - 205 So. Drive TI's	0	500	2	0	0	1248 - LG - CT Upgrades	0	26	345	197	6,669
0908 - NPCR3 Seismic Upgrds	1,302	1,224	1,328	240	342	1249 - LG Mobile Imaging	0	146	0	0	0
1125 - Will Pav Fire Sprinkler	57	39	0	0	0	1328 - LG Ortho Canopy FY14	0	255	209	0	0
1211 - SIS Monitor Install	215	0	0	0	0	1345 - LG Lab HVAC	0	112	0	0	0
1216 - New Main Process Imp Office	19	1	16	0	0	1346 - LG OR 5, 6, and 7 Lights Replace	0	0	285	53	22
1217 - MV Campus MEP Upgrades FY13	0	181	274	28	0	1347 - LG Central Sterile Upgrades	0	0	181	43	66
1224 - Rehab Bldg HVAC Upgrades	11	202	81	14	6	1421 - LG MOB Improvements	0	0	198	65	303
1301 - Desktop Virtual	0	13	0	0	0	1508 - LG NICU 4 Bed Expansion	0	0	0	0	207
1304 - Rehab Wander Mgmt	0	87	0	0	0	1600 - 825 Pollard - Aspire Phase II	0	0	0	0	80
1310 - Melchor Cancer Center Expansion	0	44	13	0	0	1603 - LG MOB Improvements	0	0	0	0	285
1318 - Women's Hospital TI	0	48	48	29	2	Sub-Total Los Gatos Projects	1,150	5,276	6,246	6,116	14,780
1327 - Rehab Building Upgrades	0	0	15	20	0	Subtotal Facilities Projects CIP	9,294	13,753	38,940	24,130	82,808
1320 - 2500 Hosp Dr Roofing	0	75	81	0	0						
1340 - New Main ED Exam Room TVs	0	8	193	0	0	Grand Total	27,598	58,561	86,789	96,740	97,923
1341 - New Main Admin	0	32	103	0	0	Forecast at Beginning of year	70,503	70,037	101,607	114,025	212,000
1344 - New Main AV Upgrd	0	243	0	0	0						
1400 - Oak Pav Cancer Center	0	0	5,208	666	52						



Finance Committee Meetings

Proposed FY19 Dates

RECOMMENDED FC DATE	CORRESPONDING HOSPITAL BOARD DATE
Monday, July 30, 2018	Wednesday, August 8, 2018
Monday, September 24, 2018	Wednesday, October 10, 2018
Monday, November 26, 2018 (Monday after Thanksgiving)	Wednesday, January 9, 2019
<i>Joint Meeting with the Investment Committee</i> Monday, January 28, 2019	N/A
Monday, January 28, 2019	Wednesday, February 13, 2019
Monday, March 25, 2019	Wednesday, April 10, 2019
Monday, April 22, 2019	Wednesday, May 8, 2019
<i>Joint Meeting with the Hospital Board</i> Tuesday, May 28, 2019 (Tuesday after Memorial Day)	N/A
Tuesday, May 28, 2019	Wednesday, June 12, 2019

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

Item:	Approval of Policies - Pricing and Chargemaster Policy Finance Committee March 26, 2018
Responsible party:	Iftikhar Hussain, Chief Finance Officer
Action requested:	For Possible Motion and Approval
Background:	<p>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.</p> <p>There are no changes to the policy.</p>
Proposed Committee motion, if any:	To recommend to the Hospital Board approval of the Pricing and Chargemaster Policy.
LIST OF ATTACHMENTS:	Finance: Pricing and Chargemaster Policy

POLICY/PROCEDURE TITLE: Finance: Pricing and Chargemaster Policy**CATEGORY: Administrative****LAST APPROVAL DATE: 1/14**

☒ Policy ☐ Procedure ☐ Protocol ☐ Standardized Procedure ☐ Scope of Service/ADT
☐ Guideline

SUB-CATEGORY: Finance**ORIGINAL DATE: 3/11****COVERAGE:**

All El Camino Hospital staff

PURPOSE:

The purpose of this policy is to ensure, through the implementation of prudent and reasonable controls, that El Camino Hospital has an established charge rate structure which, within appropriate business parameters, is reasonably and consistently related to the overall cost of providing medical care and to ensure compliance with the billing regulations of Government and Accrediting entities. The steps in this policy must be followed before new clinical procedures/services are performed or new supplies or new medications are added. In addition, the steps in this policy must all be followed if modifications are made to existing procedures, supplies, or medications.

STATEMENT:

This policy is established to maintain the integrity of the chargemaster, to ensure competitive and consistent pricing, to ensure compliance with all pertinent billing and coding regulations, and to maintain integrity in system generated reports. The organization's objective is to establish consistent prices reasonably related to the cost of providing the service through effective chargemaster maintenance and pricing in all revenue producing departments. Annual changes to the rate structure will be determined in the budget process and approved by the Board of Directors through their approval of the operating budget. Other changes may be made from time to time by management if costs or other relevant factors for a particular service change during the year.

Any changes to the rate structure – whether through the addition of new charges, deletion of existing charges or the modification of existing charges – will be reasonably and consistently related to the services. Charges will be rational and consider the complexity of the service rendered relative to other similar procedures. Guidelines related to charging for supplies, medications, room and board, and ancillary services are attached hereto in Appendices 1 – 4.

POLICY/PROCEDURE TITLE: Finance: Pricing and Chargemaster Policy

PROCEDURE:

Updates to the chargemaster and annual pricing adjustments will follow the guidelines prescribed in the Pricing and Chargemaster Change Management Procedures document, maintained by the Finance Division.

I. ENFORCEMENT:

VIOLATIONS OF THIS POLICY WILL BE ADDRESSED ACCORDING TO THE GUIDELINES OF THE ORGANIZATION'S DISCIPLINE AND DISCHARGE POLICY.

APPROVAL	APPROVAL DATES
Finance Committee :	
ePolicy Committee:	2/2018
Medical Executive Committee:	
Board of Directors:	

Historical Approvals:

Revised 3/2011, Revised 1/2014

ATTACHMENTS:, ADDENDUMS:, EXHIBITS:, OR APPENDICES:**Appendix 1 - Supply Charges**

Hospital supplies used for patient care can be separated into two categories: 1) supplies that are built into the room or procedure charge, 2) supplies charged separately from the room charge. In determining how to set up the supply charge in the Chargemaster, the department utilizing the supply must validate the cost of the supply and how it will be used.

Supplies charged per the first category (i.e. used on all patients and built into the room or procedures) are those supplies that are generally used for all patients for specific care. Such supplies include, but are not limited to, cotton swabs, gauze, etc. Equipment (non-disposable) is also included in this category and is not to be charged separately.

Supplies in the second category (i.e. charged to the patient separately) are necessary to patient care, necessary to the service/procedure being performed, separately identifiable to an individual patient, not reusable (with the exception of reusable supplies), and are not floorstock.

POLICY/PROCEDURE TITLE: Finance: Pricing and Chargemaster Policy

Appendix 2 - Medication Charges

Hospital medications used for patient care can be separated into two categories: 1) medications charged individually (separate from a procedure charge), 2) medications built into a procedure charge. In determining how to set up the medication charge in the Chargemaster, validation of compliance with appropriate requirements and billing regulations of Government and Accrediting entities must be performed.

Medications in the first category (charged to the patient individually) are necessary to patient care and are necessary to the procedure being performed and not included in the procedure charge (in compliance with appropriate requirements and billing regulations of Government and Accrediting entities).

Medications charged per the second category (built into the procedure charge) are those medications required by the billing regulations of Government and Accrediting entities to be included in the procedure charge.

Appendix 3 - Inpatient Room Charges

The hospital's inpatient room charge (also known as the "Daily Hospital Service" charge) shall be considered inclusive of the following: reusable items, supplies, equipment that are routinely used or provided to all patients during their stay on the inpatient unit. The inpatient room charge is not inclusive of procedures performed at the bedside by medical personnel when such procedures are not routine / provided to all patients in the unit. Such procedures may be charged separately, in addition to the inpatient room charge.

Appendix 4 – Ancillary Charges

Ancillary charges (in addition to the aforementioned supplies and pharmaceuticals) are charges that may include, but are not limited to, diagnostic testing, surgical or interventional procedures, therapy, and other medical services rendered to patients. Ancillary charges shall be charged separately from inpatient room charges as applicable.

FY18 FINANCE COMMITTEE GOALS

PURPOSE

The purpose of the Finance Committee is to provide oversight, information sharing, and financial reviews related to budgeting, capital budgeting, long-range financial planning and forecasting, and monthly financial reporting for El Camino Hospital (ECH) Board of Directors (“Board”). In carrying out its review, advisory and oversight responsibilities, the Finance Committee shall remain flexible in order to best define financial strategies that react to changing conditions.

STAFF: Iftikhar Hussain, Chief Financial Officer

The CFO shall serve as the primary staff to support the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair’s consideration. Additional members of the Executive Team may participate in the meetings upon the recommendation of the CFO and at the discretion of the Committee Chair. The CEO is an ex-officio member of this Committee.

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

SUBMITTED BY:

John Zoglin
Iftikhar Hussain

Chair, Finance Committee
Executive Sponsor, Finance Committee

Not-for-profit hospital downgrades surged in 2017

The ratio of not-for-profit hospital and health system credit downgrades to upgrades rose in 2017 to levels that were even higher than during the Great Recession in 2008 and 2009, according to a new report from Moody's Investors Service.

There were 41 downgrades and 12 upgrades in 2017, a ratio of 3.4-to-1. That's compared with 2.8-to-1 and 2-to-1 in 2008 and 2009, respectively. Last year's ratio was also higher than in 2016, a year that saw 32 downgrades and 21 upgrades, or a 1.5-to-1 ratio, according to Moody's.

"When we saw the ratio, we were like, 'Wait a second, wait a second, what's going on and what just happened?'" said Lisa Goldstein, an author on the report and an associate managing director with Moody's. "That's when we peeled a little bit of the onion back and said, 'It's the general pressures of the industry.'"

The Great Recession brought severe volume declines as people put off surgeries and other procedures, along with interest rate spikes driven by risky debt structures. Even though the country's economy is stronger today and more Americans have insurance, the healthcare sector is facing a whole new set of challenges.

Hospitals and health systems today are dealing with rising pharmaceutical, supply and labor expenses and difficult payer environments in which commercial payers in some cases steer members toward free-standing imaging and urgent-care centers, contributing to the ongoing issue of flat

volumes at some hospitals. That leaves many systems with expense growth that outpaces revenue growth.

Importantly, more than 60% of last year's downgrades were among small to medium-sized hospitals and health systems with less than \$1 billion in operating revenue, demonstrating that larger systems are better positioned to weather industry challenges. That's because systems that are spread across multiple cities or states can use sites that are performing well to subsidize those that are under stress, Goldstein said.

"Whereas if you're a single site, you're not going to have that diversification at least geographically to absorb if there is a down year," she said.

Twelve of the downgrades in 2017 were in Ohio and Pennsylvania, states where Moody's said health systems are further bogged down by lagging economies, aging demographics, a difficult payer environment and competitive service areas.

In Pennsylvania, half of the state's rural hospitals operated at a net loss in 2016, compared with 29% of hospitals overall, said Jeff Bechtel, senior vice president of health economics and policy for the Hospital and Healthsystem Association of Pennsylvania. And rural hospitals disproportionately rely on government programs like Medicare and Medicaid, which reimburse less than commercial payers, he said.

"In addition to the rural nature of the state, the older demographics, the difficult financial operating results, a lot of it I think is the disproportionate reliance on government programs," he said.

In Ohio, some providers are starting to adopt value-based reimbursement

strategies, which can lead to acute operational challenges that rating agencies frown upon, said Mike Browning, chief financial officer of Toledo, Ohio-based ProMedica Health System. Moody's [issued a downgrade](#) for ProMedica one year ago affecting about \$775 million of the health system's debt.

"We're making decisions that are good long-term decisions, but sometimes might have negative financial consequences in the short run," he said.

Browning said ProMedica's expensive Epic implementation in 2016 was a major contributor to the system's operating loss that year, which he described as being another temporary factor.

John Palmer, a spokesman for the Ohio Hospital Association, wrote in an email that the Moody's report reaffirms its deep concerns about the financial challenges hospitals in the state face. He said 61 Ohio hospitals have low or negative operating margins.

"The challenges facing not only this group, but all Ohio hospitals, are clearly driven by reimbursement pressure from Medicare and Medicaid, renewed efforts by commercial payers to exclude more services from payment, growing pharmaceutical and supply chain costs, physician and nursing shortages, and the costs of keeping up with new health care technology," he wrote.

Mergers and acquisitions had both a positive and negative impact on credit quality last year. Baptist Health South Florida was downgraded after acquiring Bethesda Healthcare System.

Similarly, the UMPC health system was downgraded after its merger with Pinnacle Health System. Other factors like revenue and expense pressures

influenced both of those cases.

In its [year-ahead outlook](#) for the not-for-profit and public healthcare sector in December, Moody's downgraded the sector from stable to negative for 2018. Given that downgrade, Goldstein said she expects the downgrade-to-upgrade ratio to remain elevated this year.

Tara Bannow covers hospital finance for Modern Healthcare in Chicago. She previously covered all aspects of healthcare for the Bulletin, a daily newspaper in Bend, Ore. Prior to that, she covered higher education for the Iowa City Press-Citizen. She earned a bachelor's degree in journalism in 2010 from the University of Minnesota.



El Camino Hospital[®]

THE HOSPITAL OF SILICON VALLEY

Major Capital Projects Update
Finance Committee
For Information

March 26, 2018

Ken King

Chief Administrative Services Officer

Mountain View Campus Plan – Project List

Project Name

Current Phase

Step 1

- | | |
|---|--------------|
| • North Parking Garage Expansion - | Complete |
| • Behavioral Health Services (BHS) Building - | Construction |
| • Integrated Medical Office (IMOB) Building - | Construction |
| • Central Utility Plant (CUP) Upgrades - | Construction |

Step 2

- | | |
|--|------------|
| • Women's Hospital Expansion - | Design |
| • Demo Old Main Hospital & Related Site Work - | Assessment |

Mountain View Campus Development Projects

Status Update – March 19, 2018

- **Behavioral Health Services (BHS) Building**

- Concrete deck placement and fire proofing is complete
- Exterior scaffolding has been installed to support the installation of exterior elements.
- Priority wall construction is underway.
- Mechanical & Electrical rough-in is in process.
- Currently progressing on schedule with a target completion date for construction of March 2019.
- Final GMP Proposal has been accepted and is within the revised budget

BHS West Side
01/18/18



BHS West Side
03/19/18



Ox Blue®

BHS East Side
01/18/18



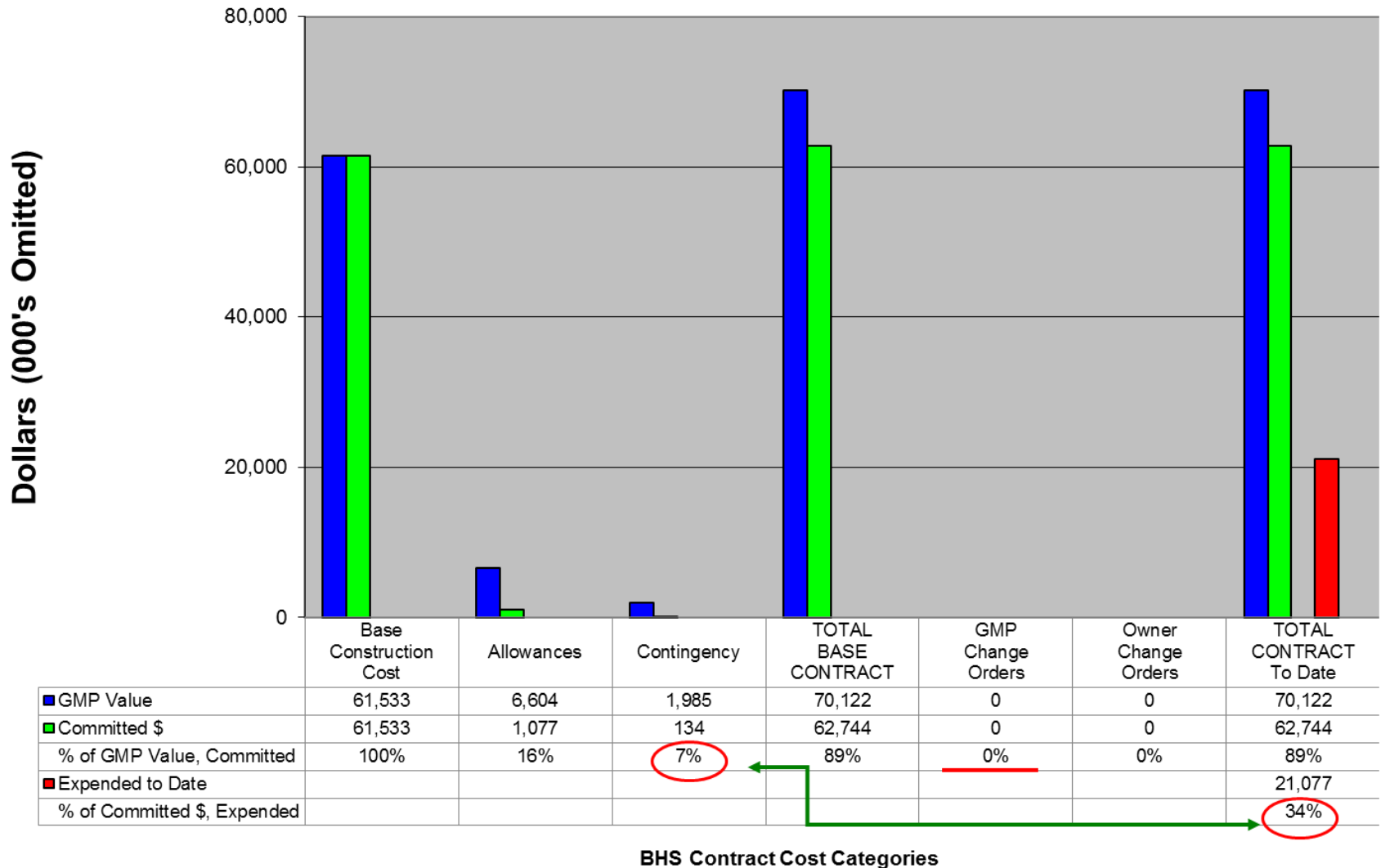
OxBlue®

BHS East Side
03/19/18



OxBlue®

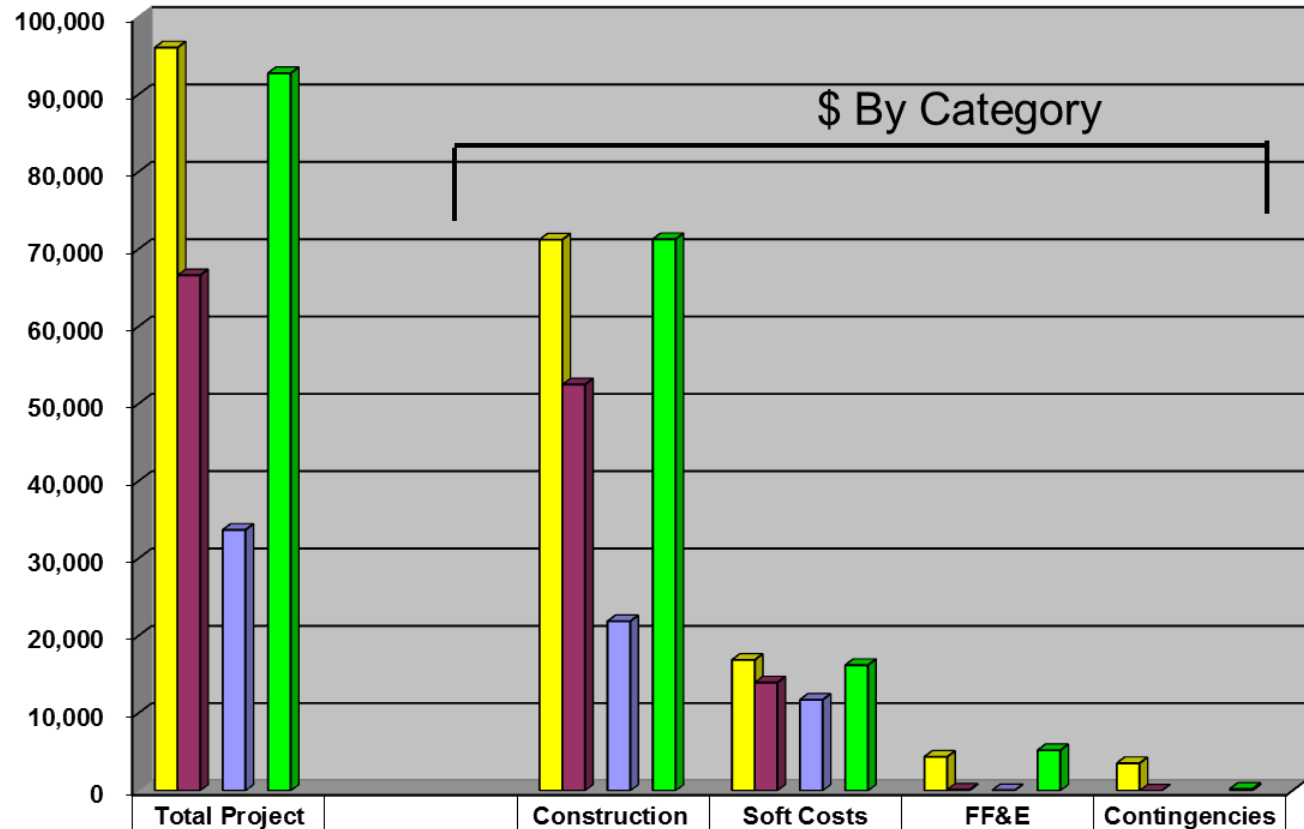
Behavioral Health Services Building – Construction Contract Summary



Behavioral Health Services Building – Project Cost Summary

BHS Project

Dollars (000's Omitted)



	Total Project	Construction	Soft Costs	FF&E	Contingencies
Board Approved Funding	96,100	71,260	16,910	4,378	3,552
Costs Committed to Date	66,651	52,532	13,990	129	0
% of Funding Committed	69%	74%	83%	3%	
Paid to Date	33,728	21,913	11,759	55	
% of Comitted Paid	51%	42%	84%	43%	
Forecast of Final Cost	92,787	71,319	16,235	5,233	239
% of Board Approved Funding	97%	100%	96%	120%	7%

Mountain View Campus Development Projects Status Update –March 19, 2018

- **Integrated Medical Office (IMOB) Building**

- IMOB Steel Structure was completed February 28th.
- Scaffolding has been installed on the east portion of the building to support the installation of exterior skin elements.
- Concrete decks have been poured to the 3rd Floor level.
- Priority wall construction is underway.
- Mechanical and Electrical system rough-in is in process
- Foundation elements for IMOB Garage are substantially complete
- Currently progressing on schedule with a target completion date for construction of May 2019.
- Acceptance of the Final GMP proposal is within the revised budget and will be finalized by the end of the month.

IMOB Southeast View

01/18/18



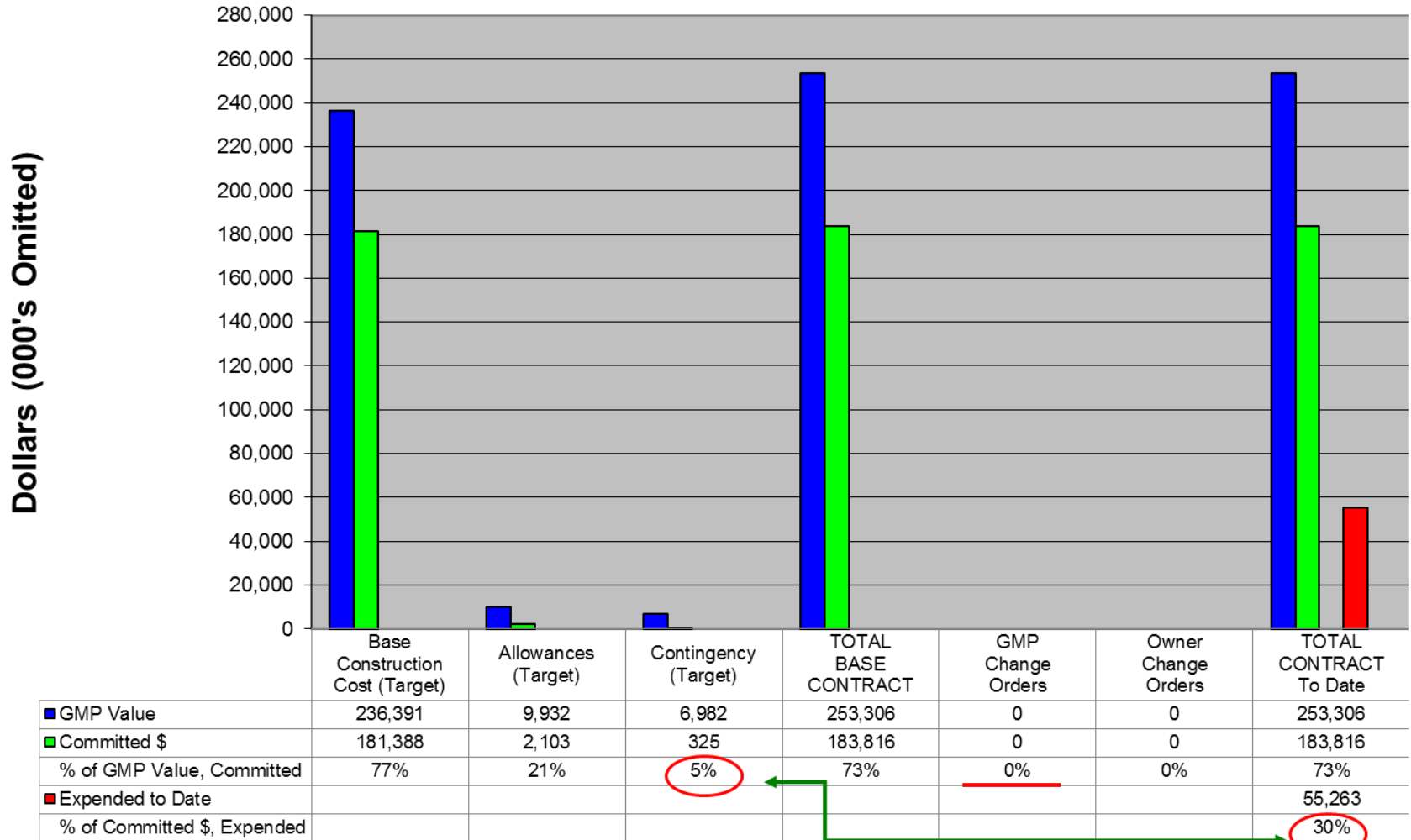
IMOB Southeast View

03/19/18



OxBlue®

Integrated Medical Office Building – Construction Contract Summary

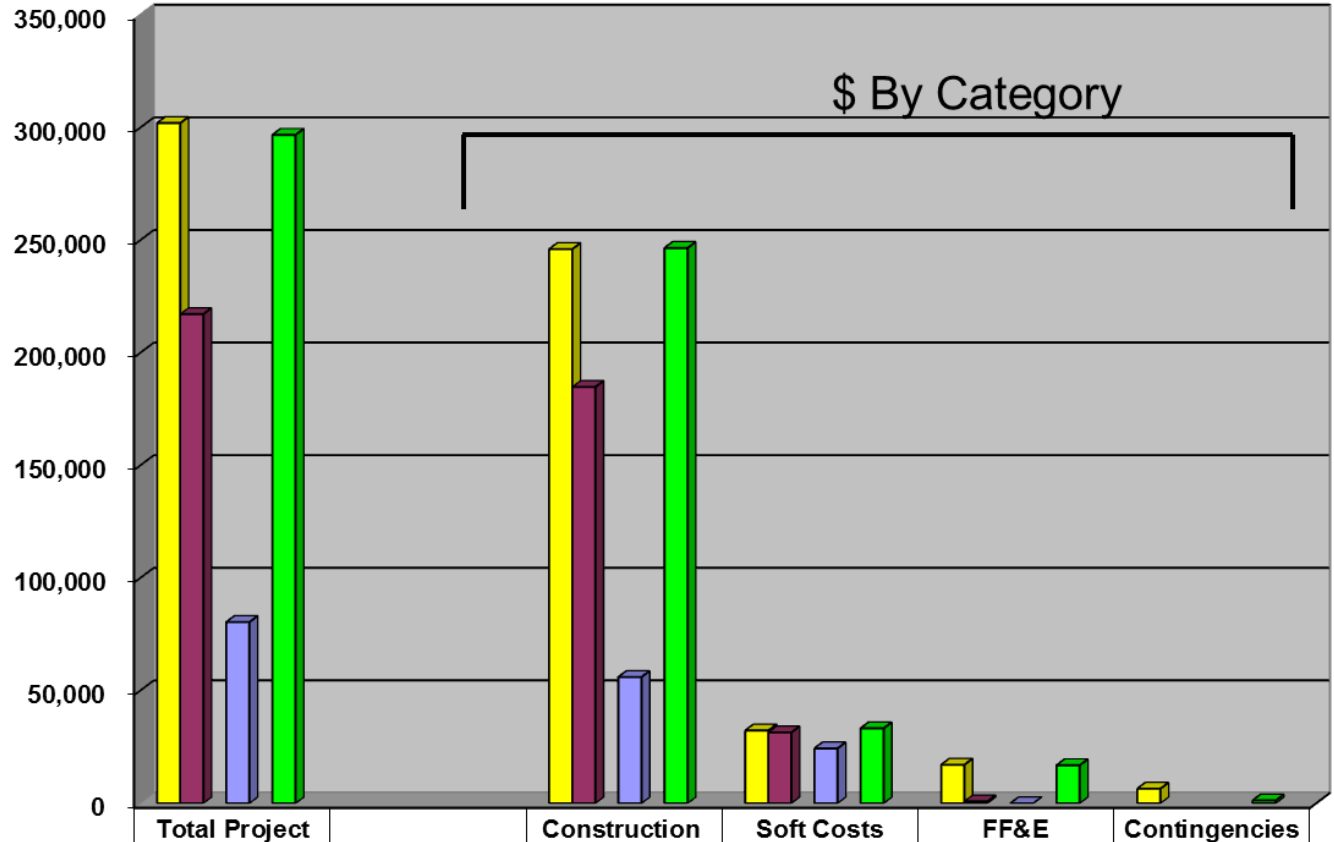


IMOB Contract Cost Categories

Integrated Medical Office Building

IMOB Project

Dollars (ooo; Ommitted)



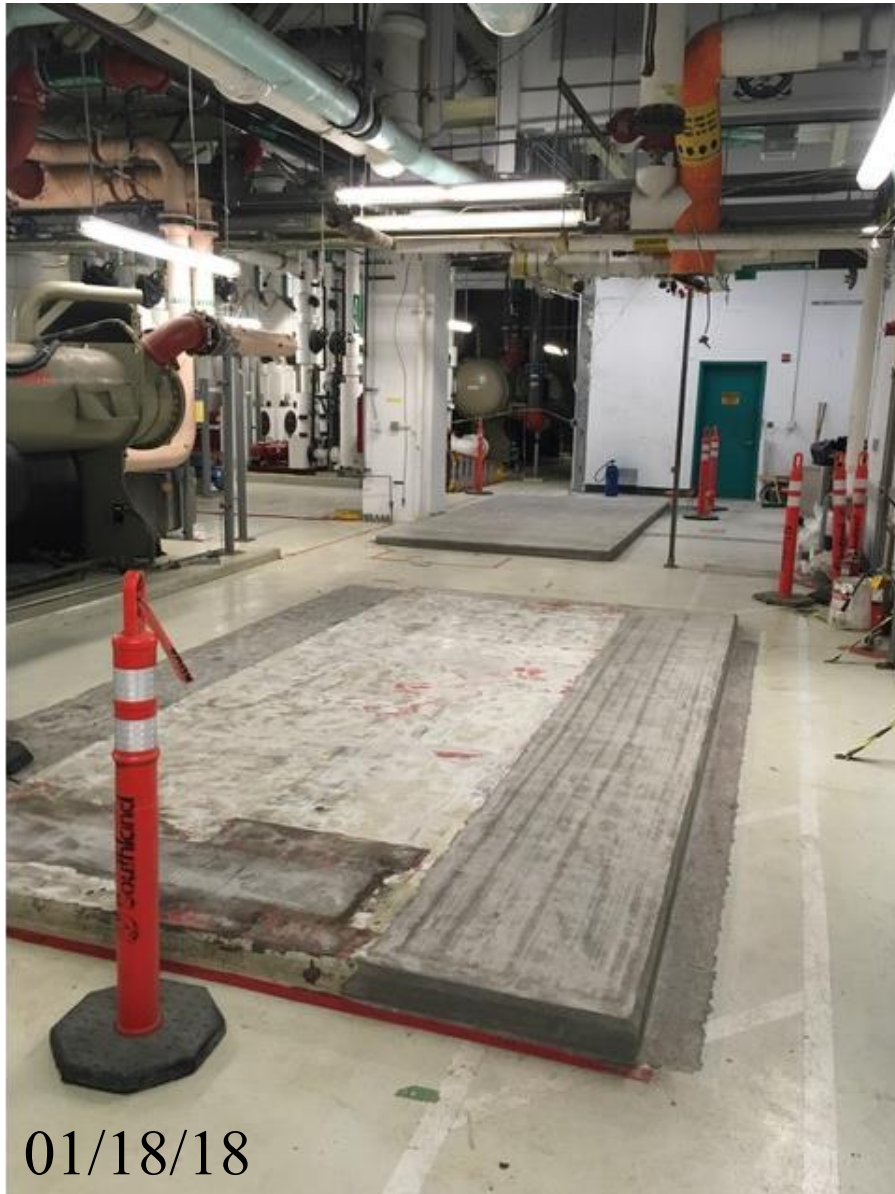
	Total Project	Construction	Soft Costs	FF&E	Contingencies
Board Approved Funding	302,100	246,109	32,350	17,141	6,500
Costs Committed to Date	217,260	184,891	31,494	875	
% of Funding Committed	72%	75%	97%	5%	
Paid to Date	80,506	56,097	24,404	5	
% of Comitted Paid	37%	30%	77%	1%	
Forecast of Final Cost	296,864	246,639	33,303	16,923	1,264
% of Board Approved Funding	98%	100%	103%	99%	19%

Mountain View Campus Development Projects Status Update –March 19,2018

- **Central Utility Plant (CUP) Upgrades**

- Construction and equipment installation continues on schedule
- New chillers have been installed and the start-up procedures have been completed. Final commissioning of controls and sequence of operations is in process.
- Currently progressing on schedule with a target completion date for construction of April 2018.
- Cost of construction is proceeding within the accepted GMP proposal.

Concrete Pads for New Chillers



01/18/18

Central Utility Plant (CUP) 03/19/18

New Chillers Installed



02/18/18

Mountain View Campus Development Projects Status Update –March 19,2018

- **Women's Hospital Expansion**

- Various options for sequencing the construction have been evaluated and contractors are working to forecast schedules and costs associated with each option.
- We anticipate that all options will be reviewed with schedule and cost information so that the recommendations for proceeding can be presented at the next Finance Committee meeting.

Project Cost Projections – November 16, 2017

Mountain View Master Plan Projects - Financial Summary & Forecasted Cost					
Current Projection				Updated 03/19/18	
Through March 19, 2018	Approved Funding	Total Obligated	Paid to Date	Forecasted Cost	Forecasted to Budget Variance
North Drive Parking Structure Expansion	\$24,500,000	\$24,798,405	\$22,840,995	\$24,457,260	\$42,740
Behavioral Health Services Building	\$96,100,000	\$66,651,452	\$33,727,781	\$92,786,657	\$3,313,343
Integrated Medical Office Building & Parking Structure	\$302,100,000	\$217,260,067	\$80,505,673	\$296,864,304	\$5,235,696
Central Utility Plant Upgrade	\$9,000,000	\$8,912,254	\$5,623,910	\$8,965,783	\$34,217
Women's Hospital Expansion	\$6,000,000	\$5,357,005	\$2,778,670	\$6,000,000	\$0
Total All Projects	\$437,700,000	\$322,979,183	\$145,477,029	\$429,074,004	\$8,625,996
		74%	45%		

- To date we have obligated by contract 74% of the Total Project Budgets and paid 45% of the obligated amount.
- The Forecasted Cost is based on where we expect to complete the project with everything we know today. This essentially will track our use of the project contingency.

March 9, 2017

Mr. Iftikhar Hussain
Chief Financial Officer
El Camino Hospital
2500 Grant Road
Mail Stop Oak 209
Mountain View, CA 94040

Dear Mr. Hussain:

We wish to inform you that on March 7, 2017, Moody's Investors Service assigned an **A1** rating to El Camino Hospital's Series 2017 fixed rate revenue bonds. Bonds will be issued by the California Health Facilities Financing Authority. The outlook is **stable**.

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March 9, 2017

Mr. Iftikhar Hussain
Chief Financial Officer
El Camino Hospital
2500 Grant Road
Mail Stop Oak 209
Mountain View, CA 94040

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If there is a conflict between the terms of this rating letter and any related Moody's rating application, the terms of the executed rating application will govern and supercede this rating letter.

Should you have any questions regarding the above, please do not hesitate to contact the analyst assigned to this transaction, Eugene Spielman at 415-274-1719.

Sincerely,

Moody's Investors Service Inc

Moody's Investors Service Inc.

Cc: Mr. Matt Harris

March 9, 2017

Mr. Iftikhar Hussain
Chief Financial Officer
El Camino Hospital
2500 Grant Road
Mail Stop Oak 209
Mountain View, CA 94040

CREDIT OPINION

7 March 2017

New Issue

Rate this Research >>

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El Camino Healthcare District, CA

New Issue - Moody's Assigns Aa1 to El Camino Healthcare District's (CA) 2017 GO Refunding Bonds

Summary Rating Rationale

Moody's Investors Service has assigned an Aa1 rating to El Camino Healthcare District's \$94.5 million 2017 General Obligation Refunding Bonds. We maintain an Aa1 rating on the district's outstanding parity debt, affecting \$133.7 million.

The Aa1 rating reflects the district's large and diverse tax base supported by a healthy economy, very strong socioeconomic indicators, modest debt burden and strong financial position. The rating also incorporates the enterprise risk associated with El Camino Hospital and the strength of the voter-approved, general obligation unlimited property tax pledge securing the bonds.

Credit Strengths

- » Large and diverse tax base supported by a healthy economy
- » Very strong socioeconomic indicators
- » Strong financial position
- » Low debt burden

Credit Challenges

- » Competitive operating environment for the hospital
- » Large capital program

Rating Outlook

Outlooks are not usually assigned to issuers with this amount of debt outstanding

Factors that Could Lead to an Upgrade

- » Successful execution of capital plan; return to strong debt measures
- » Continuation of very strong operating and balance sheet measures

Factors that Could Lead to a Downgrade

- » Significant decline in assessed value
- » Largely weakened financial position

Key Indicators

Exhibit 1

El Camino Healthcare District	2012	2013	2014	2015	2016
Economy/Tax Base					
Total Full Value (\$000)	\$ 50,790,950	\$ 52,101,993	\$ 54,775,589	\$ 59,437,150	\$ 63,604,641
Full Value Per Capita	N/A	\$ 208,408	\$ 219,102	\$ 237,749	\$ 279,820
Median Family Income, % of US Median (City of Mountain View)					182.0%
Finances					
Operating Revenues	\$ 659,822	\$ 719,624	\$ 754,818	\$ 783,818	\$ 814,036
Operating Cash Flow Margin (%)	16.1	17.7	17.1	16.0	13.9
Days Cash On Hand	301	336	374	387	358
Debt/Pensions					
Net Direct Debt (\$000)	\$ 143,805	\$ 142,280	\$ 141,310	\$ 140,010	\$ 138,345
Net Direct Debt / Full Value (%)	0.28%	0.27%	0.26%	0.24%	0.22%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)				0.05x	0.03x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)				0.06%	0.04%

Source: Moody's Investors Service

Recent Developments

This report is largely a reproduction of our last rating report that was published on October 19, 2016 in conjunction with the sale of 2016 GO Refunding Bonds. That sale was postponed, and the district has now decided to move forward with the current offering.

Detailed Rating Considerations

Economy and Tax Base: Moderate Growth is Expected to Continue in Large and Diverse Tax Base; Strong Wealth Indicators

The district is the sole member of El Camino Hospital, which is a single hospital comprised of two campuses with one located in Mountain View and the other is in Los Gatos, California.

El Camino Healthcare District is located in the heart of the Silicon Valley in Santa Clara County (GO Aa2/POS). The district spans 48 miles including the entirety of the cities of Mountain View, Los Altos and Los Altos Hills (representing about 30%, 20%, and 10% of the district's AV, respectively) and portions of Sunnyvale, Santa Clara, Cupertino, and Palo Alto. The area's economy is healthier than most: by comparison with the state's unemployment rate of 5.0% and U.S. unemployment rate of 4.5%, Mountain View's unemployment rate stands at 2.5%, and the City of Los Altos (also serves as a proxy for Los Altos Hills) at 2.1%. Wealth indicators are strong with median family income at 180.8% of the US median.

The district's large and affluent tax base has experienced strong growth in recent years with assessed value reaching \$76.8 billion in 2017. The district's tax base has increased by an average of approximately 8% over the last five years and moderate growth is projected to continue over the near-term due to new residential and commercial development as well as the disparity between current market prices and average assessed value (AV). The top ten taxpayers in the district comprise 8.83% of secured AV, with Google Inc. being the top taxpayer comprising 3.09% of secured AV.

Financial Operations and Reserves: Financial Position Expected To Remain Strong

While the pledged tax revenue of the GO bonds is legally separate from the healthcare's operational revenue, the hospital's financial profile nevertheless is incorporated in the district's overall credit quality.

Financial operations for El Camino Hospital have been strong as evident with a fifth consecutive year of strong operating margins, and operating cash flow margins averaging of 16.3% over this time frame. Fiscal 2016 figures have moderated slightly, but remain strong, with operating margin and operating cash flow margin measuring 7.2% and 14%, respectively.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Moody's rates the hospital's revenue bonds A1 with a stable outlook. For further discussion of the financial performance and other credit factors incorporated into the revenue bond rating, please see Moody's new issue report pertaining to that rating, which is being released concurrently with this report.

LIQUIDITY

The district's liquidity position remains strong at 358 days cash on hand in 2016 which approximates the previous year.

Debt and Pensions: Debt Burden Will Remain Modest

The district's direct debt burden is modest at 0.17% of assessed value. We expect that the district's direct debt burden will remain low given that the district has no authorized unissued debt remaining and has no plans of going to voters for future bond measures as well as our expectation that AV will continue to experience moderate growth.

DEBT STRUCTURE

All of the district's GO debt is fixed rate and final maturity is in 2036.

DEBT-RELATED DERIVATIVES

The district has no exposure to debt-related derivatives.

PENSIONS AND OPEB

Pensions are not a material source of credit pressure for the district. The moody's three-year adjusted net pension liability (ANPL) for the district, under our methodology for adjusting reported pension data, is \$32.5 million in fiscal 2016. Moody's ANPL reflects certain adjustments we make to improve comparability of reported pension liabilities. The adjustments are not intended to replace the district's reported liability information, but to improve comparability with other rated entities. The three-year average of ANPL to assessed value is a modest 0.04% and the three year average of ANPL to operating revenues is very low at 0.03 times.

Management and Governance

California hospital/healthcare districts have an institutional framework score of "Baa". As competitive enterprises, pricing power is very limited, and these districts are subject to the same tax and fee limitations as other local governments in the state. These limitations most significantly include Props. 13 and 218. Often relatively small operations, district revenues can be volatile and depend on patient volumes and payer mix. Expenditure flexibility is moderate, since few services are explicitly mandated by law. However, health care services are inherently difficult to cut, particularly for the under-insured populations typically served by hospital/healthcare special districts.

Legal Security

The bonds are secured by the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the district.

Use of Proceeds

The current offering will be used to refund a portion of the district's outstanding GO Bonds Series 2006. Net present value savings is currently estimated at \$6.9 million or 6.8% of refunded bonds.

Obligor Profile

El Camino Healthcare District is located in the heart of the Silicon Valley in Santa Clara County. The district spans 48 miles including the entirety of the cities of Mountain View, Los Altos and Los Altos Hills (representing about 30%, 20%, and 10% of the district's AV, respectively) and portions of Sunnyvale, Santa Clara, Cupertino, and Palo Alto. The district is the sole member of El Camino Hospital, which is a single hospital comprised of two campuses with one located in Mountain View and the other in Los Gatos, California and serves a population of over 250,000.

Methodology

The principal methodology used in this rating was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on www.moody's.com for a copy of this methodology.

Ratings

Exhibit 2

El Camino Healthcare District, CA

Issue	Rating
2017 General Obligation Refunding Bonds	Aa1
Rating Type	Underlying LT
Sale Amount	\$94,560,000
Expected Sale Date	03/14/2017
Rating Description	General Obligation

Source: Moody's Investors Service

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REPORT NUMBER

1061777

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

Item:	Report on ECH and ECHD Board Actions Finance Committee March 26, 2018
Responsible party:	Cindy Murphy, Director of Governance Services
Action requested:	For Information
Background: In FY16, we added this item to each Board Committee agenda to keep Committee members informed about Board actions via a verbal report by the Committee Chair. This written report is intended to supplement the Chair's verbal report.	
Other Board Advisory Committees that reviewed the issue and recommendation, if any: None.	
Summary and session objectives: To inform the Committee about recent Board actions.	
Suggested discussion questions: None.	
Proposed Committee motion, if any: None. This is an informational item.	
LIST OF ATTACHMENTS: 1. Report on ECH Board Actions	

February 2018 ECH Board Actions*

1. February 14, 2018

- a. Approved Changes to Executive Compensation Philosophy, Executive Base Salary Administration Policy and Executive Incentive Plan Policy
- b. Approved FY18 CIO Base Salary – Deb Muro named CIO
- c. Approved FY 18 SVMD President Base Salary – Bruce Harrison named President of SVMD
- d. Approved the Government Investigations and Physician Financial Arrangements Policies
- e. Approved the PACS Image and Archive System Replacement (\$2.2 million)
- f. Approved ED Call Panel Agreements for Interventional Radiology, Stroke & Neurology, and Urology at both campuses
- g. Approved FY18 Period 5 and 6 Financials
- h. Appointed Director Julie Kliger to the Quality, Patient Care and Patient Experience Committee and the Executive Compensation Committee.
- i. Considered a proposal to delegate certain decision making authority to the Executive Compensation Committee, and gave direction to the Committee to develop procedures for exercising the proposed authority.
- j. Approved a revised Board and Committee Education Policy.

March 2018 ECH Board Actions*

1. March 14, 2018

- a. Approved Resolution 2018-03 recognizing Emergency Department physicians and staff for their work during this winter's severe flu season
- b. Received annual Compliance education
- c. Approved the Community Benefit Mid-Year Metrics
- d. Approved Resolution 2018-04: required by Premier, Inc. listing the CEO and CFO as authorized individuals to sell stock

*This list is not meant to be exhaustive, but includes agenda items the Board voted on that are most likely to be of interest to or pertinent to the work of El Camino Hospital's Board Advisory Committees.



El Camino Hospital

THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2018 – Period 8
7/1/2017 to 02/28/2018

Financial Overview

Volume:

- For the year, overall volume, measured in adjusted discharges is 5.6% higher than budget. However, the monthly growth trend reversed in February as the flu cases dropped.
- IP cases are 4.3% over budget, specifically Neurosciences, HVI, BHS, Oncology and General Medicine. Deliveries are slightly lower to prior year and 3.9% below budget.
- OP cases are higher than budget in General Surgery, General Medicine, Emergency, Lab, Imaging Services, MCH, Rehab, Outpatient Clinics and Urology.

Financial Performance:

- Operating income is \$2.9M over budget. Revenue for the month include \$205K in unusual items. For the year op margin is \$41.5M ahead of target.
- Investments had a \$15 million loss during the month but for the year, investment earnings remain \$36 million ahead of target.

Payor Mix:

- Commercial insurance is 3.3% less of the Payor Mix in February than budget where Medicare has increased 2.2%.

Cost:

- Prod Hrs/APD for February is 30.2 unfavorable vs target due to lower volume. YTD we are ahead of budget.

Balance Sheet:

- Net days in AR is 48.4 which is .4 days more than budget.

Dashboard - ECH combined as of February 28, 2018

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
Volume								
Licensed Beds	443	443	443	-	443	443	443	-
ADC	249	243	261	(18)	236	244	239	5
Utilization MV	67%	68%	72%	-5%	65%	67%	66%	1%
Utilization LG	33%	28%	31%	-3%	29%	30%	29%	1%
Utilization Combined	56%	55%	59%	-4%	53%	55%	54%	1%
Adjusted Discharges	2,701	2,781	2,703	77	22,246	23,880	22,621	1,259
Total Discharges (Excl NNB)	1,560	1,560	1,581	(21)	12,932	13,640	13,097	543
Total Discharges	1,852	1,834	1,862		15,471	16,190	15,516	
Inpatient Cases								
MS Discharges	1,105	1,117	1,102	15	8,904	9,557	8,987	570
Deliveries	354	328	370	(42)	3,106	3,061	3,184	(123)
BHS	67	80	70	10	606	731	597	134
Rehab	34	35	38	(3)	316	291	329	(38)
Outpatient Cases								
ED	11,447	11,752	11,730	22	95,415	99,545	97,309	2,236
Procedural Cases	3,911	4,101	3,896	205	31,772	33,245	32,315	930
OP Surg	358	369	365	4	2,915	3,110	3,032	78
Endo	201	188	170	18	1,576	1,585	1,408	177
Interventional	162	173	169	4	1,427	1,391	1,405	(14)
All Other	6,815	6,921	7,130	(209)	57,725	60,214	59,149	1,065
Financial Perf.								
Net Patient Revenues	63,665	67,364	66,529	835	536,527	590,175	551,843	38,333
Total Operating Revenue	65,460	69,564	68,395	1,168	553,757	610,103	567,497	42,607
Operating Expenses	61,657	61,963	63,765	(1,802)	487,529	515,460	514,359	1,102
Operating Income \$	3,803	7,600	4,630	2,970	66,229	94,643	53,138	41,505
Operating Margin	5.8%	10.9%	6.8%	4.2%	12.0%	15.5%	9.4%	6.1%
EBITDA \$	8,192	12,554	9,813	2,741	101,882	130,915	93,559	37,356
EBITDA %	12.5%	18.0%	14.3%	3.7%	18.4%	21.5%	16.5%	5.0%
IP Margin ¹	5.8%	12.9%	-10.2%	23.1%	5.8%	12.9%	-10.2%	23.1%
OP Margin ¹	37.0%	44.2%	31.7%	12.5%	37.0%	44.2%	31.7%	12.5%
Payor Mix								
Medicare	49.3%	49.6%	47.4%	2.2%	47.6%	47.2%	47.4%	-0.2%
Medi-Cal	8.1%	7.9%	7.2%	0.7%	7.3%	7.9%	7.2%	0.7%
Commercial IP	21.2%	20.4%	22.6%	-2.2%	22.5%	22.3%	22.6%	-0.2%
Commercial OP	19.2%	19.2%	20.3%	-1.1%	20.1%	20.2%	20.3%	-0.1%
Total Commercial	40.4%	39.6%	42.9%	-3.3%	42.7%	42.6%	42.9%	-0.3%
Other	2.2%	2.9%	2.5%	0.3%	2.5%	2.4%	2.5%	-0.1%
Cost								
Total FTE	2,518.4	2,597.0	2,605.1	(8)	2,484.3	2,576.6	2,522.8	54
Productive Hrs/APD	29.4	30.2	29.2	1	30.3	29.9	30.6	(1)
Balance Sheet								
Net Days in AR	44.8	48.4	48.0	0	44.8	48.4	48.0	0
Days Cash	444	484	266	218	444	484	266	218
Affiliates - Net Income (\$000s)								
Hosp	8,479	(7,298)	4,856	(12,153)	95,401	139,987	54,940	85,047
Concern	274	(245)	117	(362)	1,003	865	972	(107)
ECSC	(6)	(1)	0	(1)	(60)	(22)	0	(22)
Foundation	371	(701)	58	(760)	2,046	1,516	451	1,065
SVMD	(30)	(416)	48	(464)	160	(282)	41	(323)

Budget Variances

Fiscal Year 2018 YTD (7/1/2017-02/28/2018) Waterfall

(in thousands; \$000s)	Year to Date (YTD)	
	Net Income Impact	% Net Revenue
Budgeted Hospital Operations FY2018	53,138	9.4%
Net Revenue - Favorable due higher volume, revenue cycle operations and \$13 million unusual items	42,607	7.0%
Labor and Benefit Expense Change - Labor favorable vs budget after adjusting for higher volume	(2,249)	-0.4%
Professional Fees & Purchased Services -Recruiting costs and backfill for vacant position;	(2,157)	-0.4%
Supplies - unfavorable due to increase in surgical and other general supplies, offset by savings in Spine supplies as well as Drugs. Higher volumes also driving increase.	(1,857)	-0.3%
Other Expenses - primarily due to no strategic fund expenses offset with property tax retro payment and regular payment for half year.	1,013	0.2%
Depreciation & Interest - Favorable due to delay in Parking Structure as well as LG projects	4,149	0.7%
Actual Hospital Operations FY2018	94,643	15.5%

El Camino Hospital (\$000s)

8 months ending 02/28/2018

Period 8 FY 2017	Period 8 FY 2018	Period 8 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
238,237	259,224	258,252	972	0.4%	Gross Revenue	1,957,450	2,201,507	2,112,508	88,999	4.2%
(174,572)	(191,860)	(191,723)	(138)	1.0%	Deductions	(1,420,923)	(1,611,332)	(1,560,665)	(50,667)	3.2%
63,665	67,364	66,529	835	1.3%	Net Patient Revenue	536,527	590,175	551,843	38,333	6.9%
1,795	2,200	1,866	334	17.9%	Other Operating Revenue	17,231	19,928	15,654	4,274	27.3%
65,460	69,564	68,395	1,168	1.7%	Total Operating Revenue	553,757	610,103	567,497	42,607	7.5%
OPERATING EXPENSE										
37,928	37,254	37,937	684	1.8%	Salaries & Wages	296,101	312,367	310,118	(2,249)	-0.7%
9,777	9,625	10,058	433	4.3%	Supplies	75,133	82,735	80,878	(1,857)	-2.3%
7,485	7,906	8,138	232	2.9%	Fees & Purchased Services	62,144	65,645	63,488	(2,157)	-3.4%
2,079	2,224	2,448	224	9.2%	Other Operating Expense	18,497	18,441	19,454	1,013	5.2%
444	741	725	(15)	-2.1%	Interest	3,423	3,602	5,804	2,201	37.9%
3,944	4,213	4,457	244	5.5%	Depreciation	32,230	32,670	34,618	1,947	5.6%
61,657	61,963	63,765	1,802	2.8%	Total Operating Expense	487,529	515,460	514,359	(1,102)	-0.2%
3,803	7,600	4,630	2,970	64.1%	Net Operating Income/(Loss)	66,229	94,643	53,138	41,505	78.1%
4,675	(14,898)	225	(15,123)	-6712.7%	Non Operating Income	29,173	45,344	1,802	43,542	2415.8%
8,479	(7,298)	4,856	(12,153)	-250.3%	Net Income(Loss)	95,401	139,987	54,940	85,047	154.8%
12.5%	18.0%	14.3%	3.7%		EBITDA	18.4%	21.5%	16.5%	5.0%	
5.8%	10.9%	6.8%	4.2%		Operating Margin	12.0%	15.5%	9.4%	6.1%	
13.0%	-10.5%	7.1%	-17.6%		Net Margin	17.2%	22.9%	9.7%	13.3%	

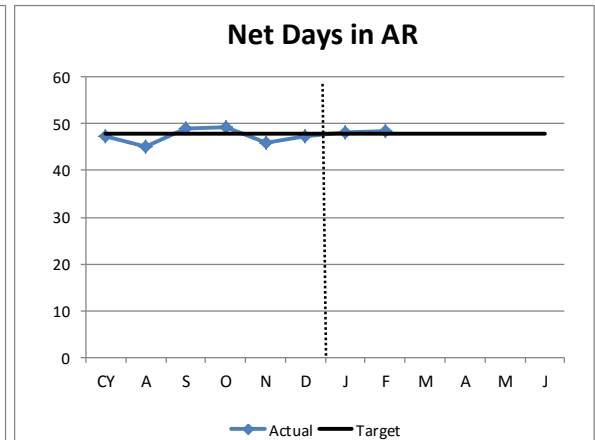
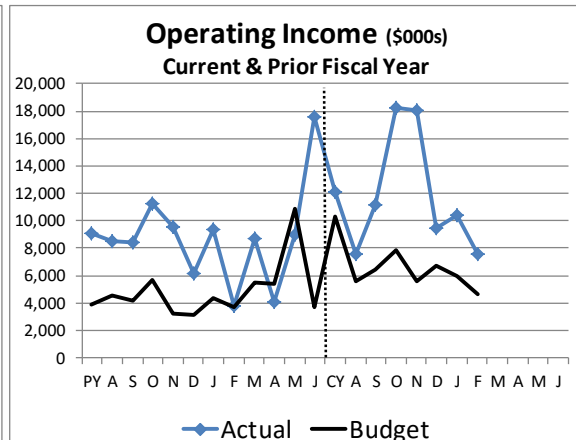
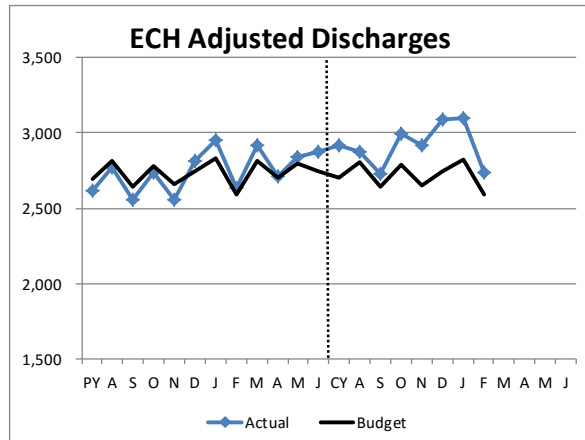
Non Operating Items and Net Income by Affiliate

\$ in thousands

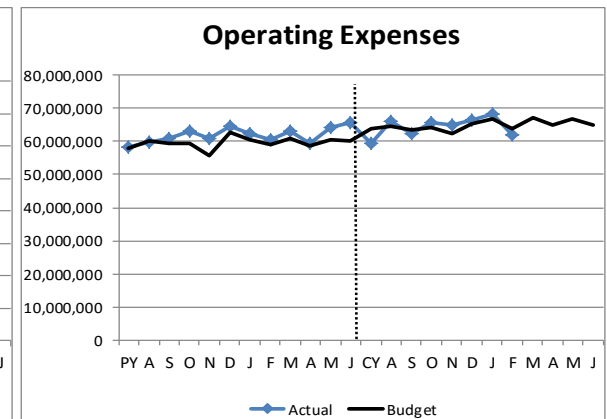
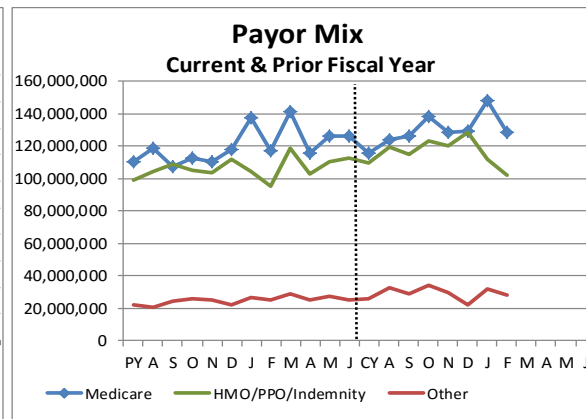
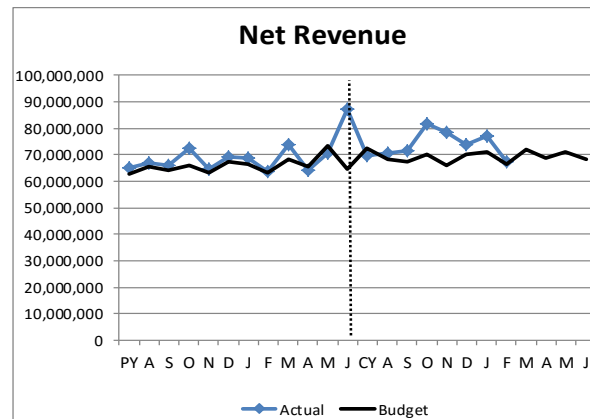
	Period 8 - Month			Period 8 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	9,151	3,594	5,557	85,207	42,864	42,343
Los Gatos	(1,550)	1,036	(2,587)	9,436	10,274	(838)
Sub Total - El Camino Hospital, excl. Affiliates	7,600	4,630	2,970	94,643	53,138	41,505
Operating Margin %	10.9%	6.8%		15.5%	9.4%	
El Camino Hospital Non Operating Income						
Investments	(14,719)	1,516	(16,234)	48,715	12,124	36,590
Swap Adjustments	322	0	322	1,771	0	1,771
Community Benefit	(244)	(283)	39	(2,450)	(2,267)	(183)
Pathways	502	42	461	925	333	592
Satellite Dialysis	(54)	(35)	(18)	(150)	(283)	133
Community Connect	0	(141)	141	0	(1,124)	1,124
SVMD Funding	(325)	(448)	124	(949)	(3,587)	2,638
Other	(381)	(424)	43	(2,518)	(3,394)	876
Sub Total - Non Operating Income	(14,898)	225	(15,123)	45,344	1,802	43,542
El Camino Hospital Net Income (Loss)	(7,298)	4,856	(12,153)	139,987	54,940	85,047
ECH Net Margin %	-10.5%	7.1%		22.9%	9.7%	
Concern	(245)	117	(362)	865	972	(107)
ECSC	(1)	0	(1)	(22)	0	(22)
Foundation	(701)	58	(760)	1,516	451	1,065
Silicon Valley Medical Development	(416)	48	(464)	(282)	41	(323)
Net Income Hospital Affiliates	(1,364)	223	(1,587)	2,077	1,463	614
Total Net Income Hospital & Affiliates	(8,661)	5,079	(13,740)	142,064	56,404	85,660

Favorable variances for SVMD and Community Connect are due to delayed implementation

Monthly Financial Trends



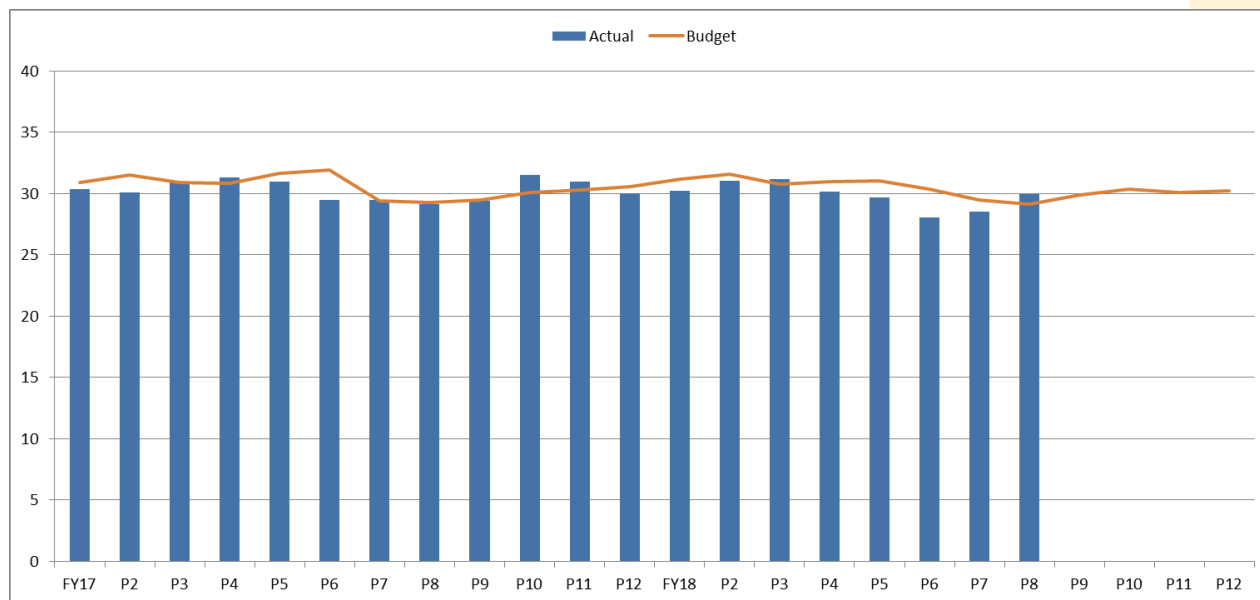
Volume is higher than budget for the month and the year. High inpatient volume is in Inpatient Behavioral Health, HVI, Neurosciences and General Medicine. High Outpatient volume is General Medicine, Imaging Services, MCH, Lab, Outpatient Clinics, General Surgery, Emergency and Rehab



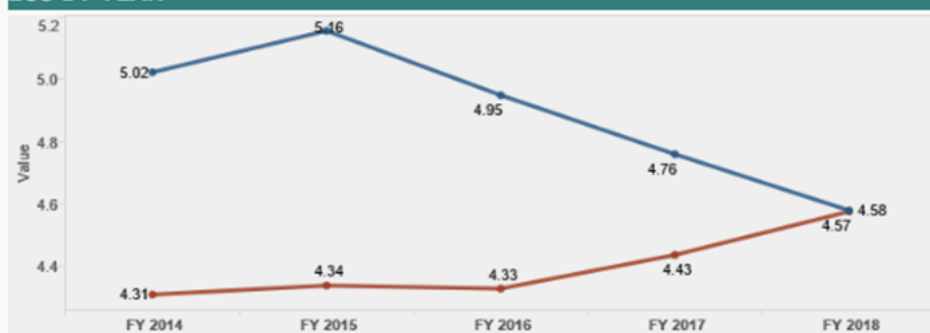
Productivity and Medicare Length of Stay

Work hours per adjusted patient day in February is over budget by 1.1. Overall the month of February is 30.2 worked hours per adjusted patient day

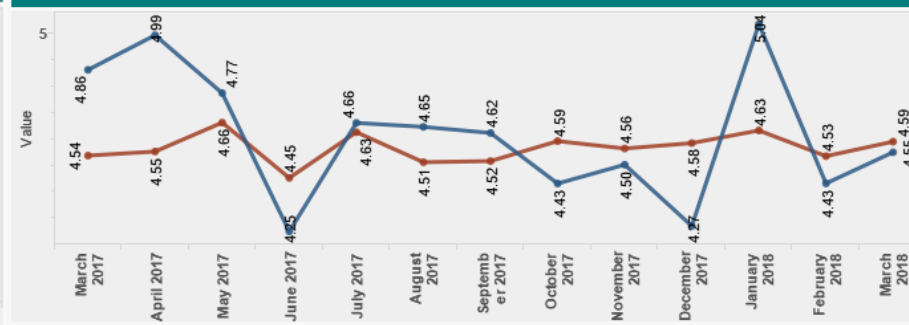
ALOS vs Milliman well-managed benchmark. Trend shows remarkable and steady improvement with FY 2018 at benchmark. Increase in benchmark beginning in FY 2017 due to Clinical Documentation Improvement (CDI)



LOS BY YEAR

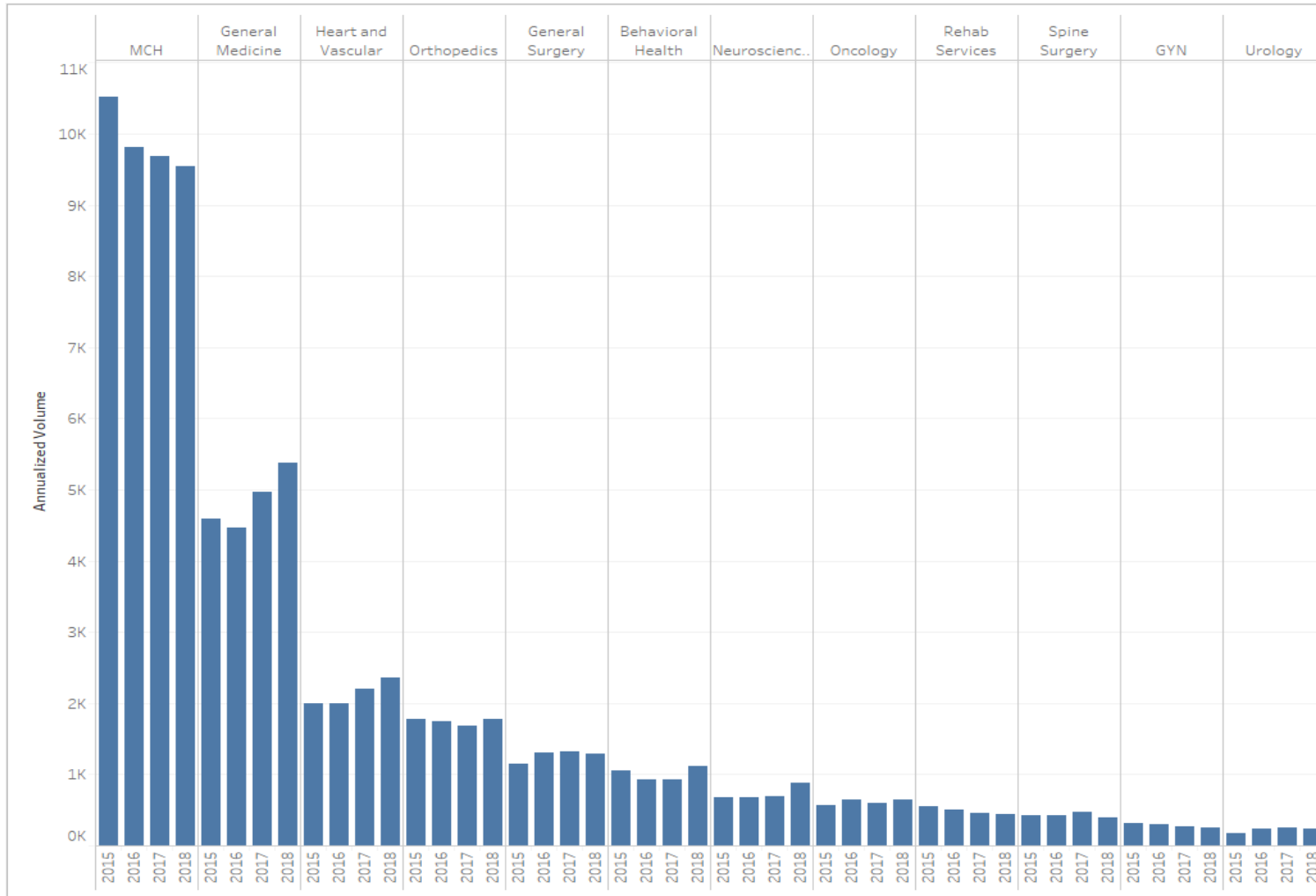


LOS BY MONTH



El Camino Hospital Volume Annual Trends – Inpatient

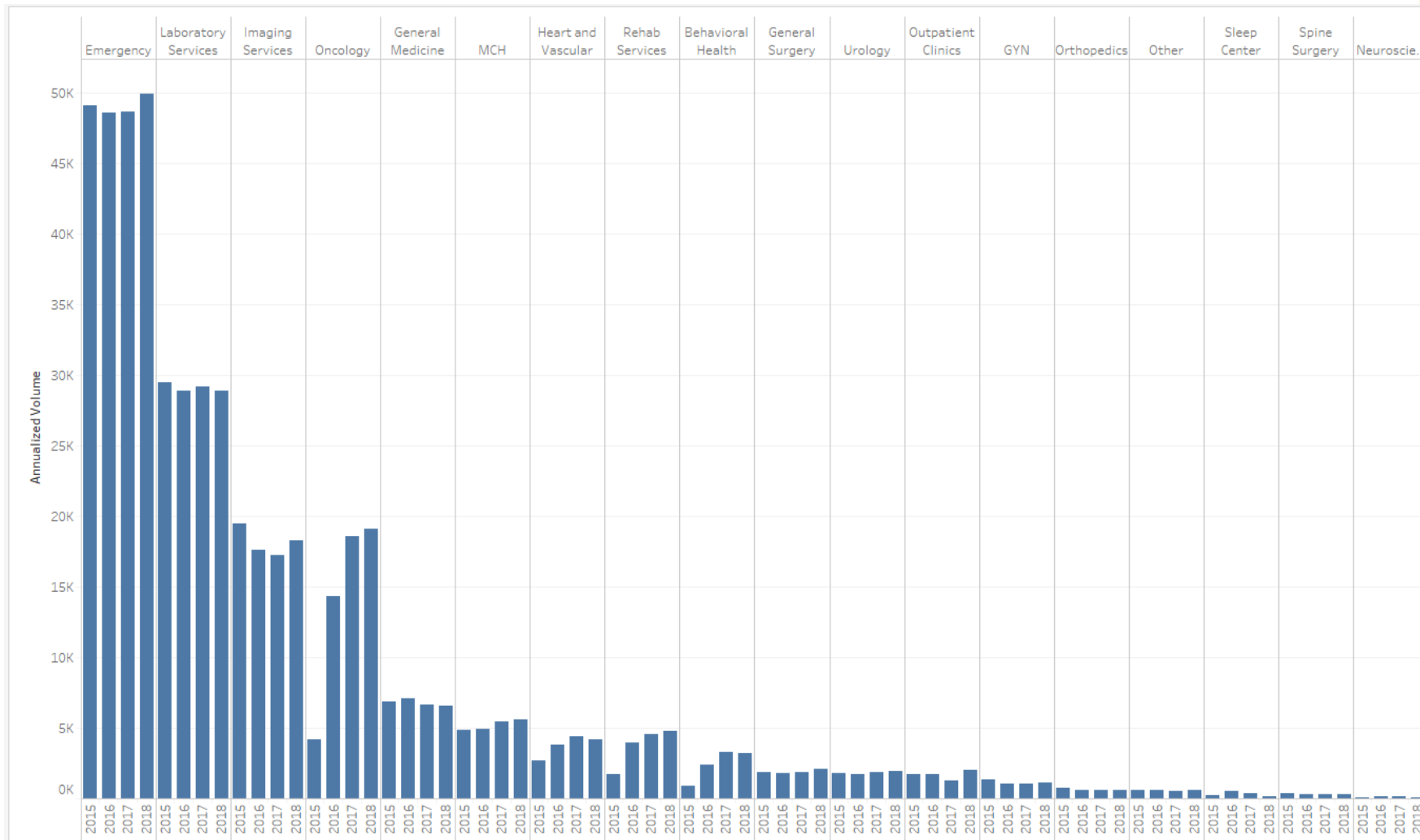
FY 2018 is annualized



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

El Camino Hospital Volume Annual Trends – Outpatient

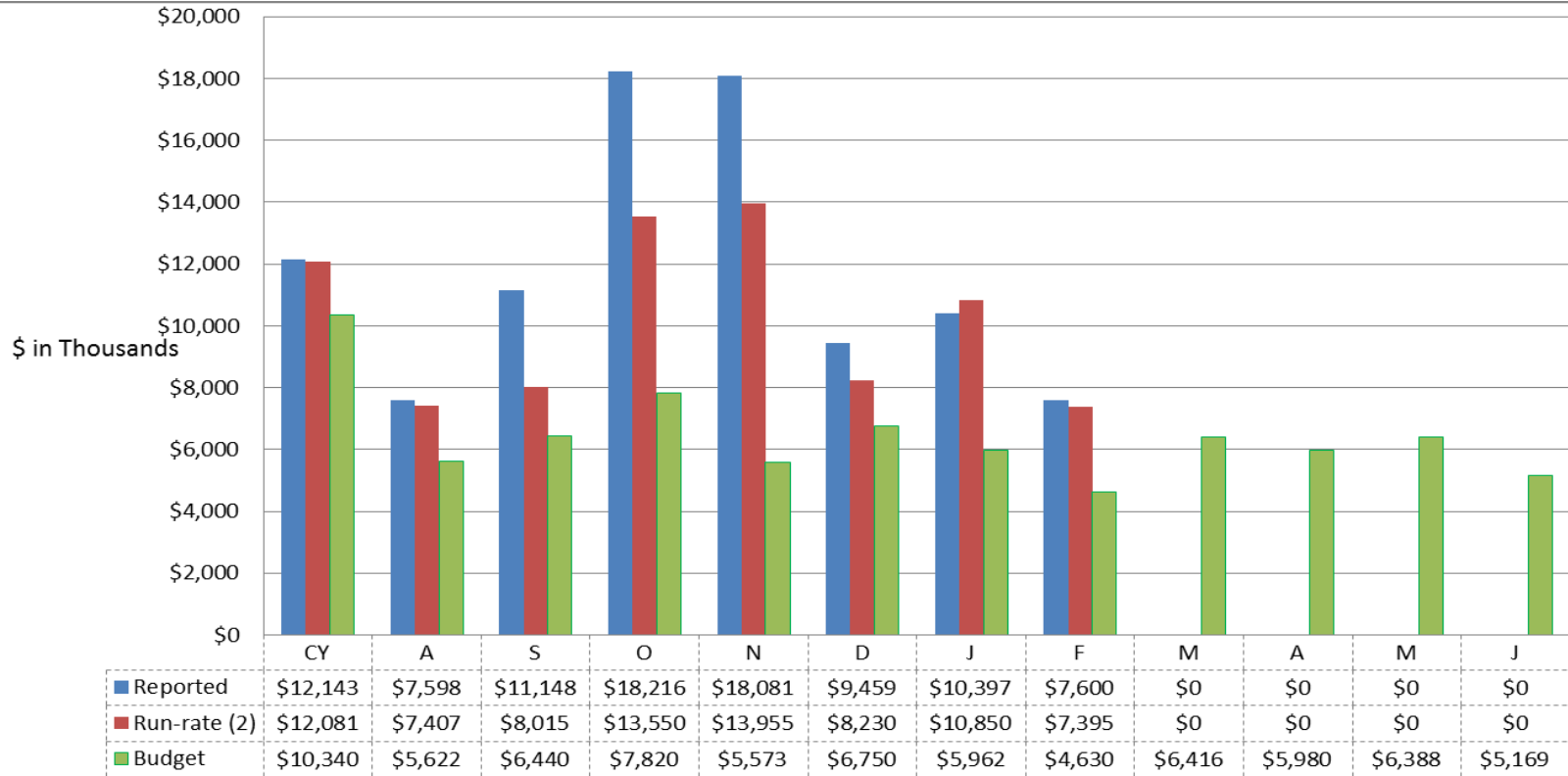
FY 2018 is annualized



- Comparing year-over-year Oncology, MCH, Rehab Services, Emergency and Outpatient Clinics are all increasing in volume. All others are remaining flat or decreasing.

ECH Operating Margin

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



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

Revenue Adjustments	J	A	S	O	N	D	J	F	YTD
Insurance (Payment Variance)	-	-	-	611	-	669	28	-	1,309
Mcare Settlmt/Appeal/Tent Settlmt/PIP	54	155	905	54	184	81	396	92	1,921
AB 915	-	-	-	-	-	-	-	103	103
Hospital Fee	-	-	-	712	1,024	-	-	-	1,736
PRIME Incentive	-	-	-	-	2,902	-	-	-	2,902
Credit Balance Quarterly Review	-	-	2,201	-	-	472	-	-	2,673
Late Charge Accrual	-	-	-	3,283	-	-	-	-	3,283
Various Adjustments under \$250k	9	36	27	6	16	8	(878)	10	(767)
Total	63	191	3,134	4,667	4,126	1,229	(453)	205	13,160

El Camino Hospital Investment Committee Scorecard

December 31, 2017

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY18 Year-end Budget	Expectation Per Asset Allocation
Investment Performance		4Q 2017		Fiscal Year-to-date		5y 2m Since Inception (annualized)		2017	
Surplus cash balance*		\$872.0	--	--	--	--	--	\$926.1	--
Surplus cash return		2.6%	2.7%	5.4%	5.6%	6.0%	5.9%	1.9%	5.7%
Cash balance plan balance (millions)		\$259.2	--	--	--	--	--	\$257.1	--
Cash balance plan return		2.9%	3.3%	6.3%	6.7%	8.4%	7.9%	6.0%	6.1%
403(b) plan balance (millions)		\$441.7	--	--	--	--	--	--	--
Risk vs. Return		3-year				5y 2m Since Inception (annualized)		2017	
Surplus cash Sharpe ratio		1.16	1.19	--	--	1.44	1.42	--	0.46
Net of fee return		5.5%	5.6%	--	--	6.0%	5.9%	--	5.7%
Standard deviation		4.4%	4.4%	--	--	3.9%	4.0%	--	7.2%
Cash balance Sharpe ratio		1.13	1.16	--	--	1.51	1.47	--	0.43
Net of fee return		6.7%	6.5%	--	--	8.4%	7.9%	--	6.1%
Standard deviation		5.6%	5.3%	--	--	5.3%	5.1%	--	8.7%
Asset Allocation		4Q 2017							
Surplus cash absolute variances to target		5.9%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		7.5%	< 10%	--	--	--	--	--	--
Manager Compliance		4Q 2017							
Surplus cash manager flags		21	< 19 Green < 23 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		23	< 20 Green < 25 Yellow	--	--	--	--	--	--

*Excludes debt reserve funds (~\$245 mm), District assets (~\$31 mm), and balance sheet cash not in investable portfolio (~\$124 mm).

Includes Foundation (~\$26 mm) and Concern (~\$13 mm) assets. Budget adds back in current Foundation and Concern assets and backs out current debt reserve funds.



El Camino Hospital

Capital Spending (in millions)

Category	Detail	Approved	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	2018 Current Proj Spend	FY18 Orig Proj Spend	Variance Between Current Proj Spend and Orig Proj Spend	FY 18 YTD Spent
CIP	EPIC Upgrade			1.9	1.0	1.9	1.9	0.0	1.0
IT Hardware, Software, Equipment & Imaging*				12.2	1.0	12.2	12.2	0.0	1.0
Medical & Non Medical Equipment FY 17**				14.0	12.9	8.6	0.0	8.6 ²	7.5
Medical & Non Medical Equipment FY 18***				5.6	3.4	5.6	5.6	0.0	3.4
Facility Projects									
	1245 Behavioral Health Bldg	FY16	96.1	96.1	34.0	27.0	51.4	-24.4 ¹	16.4
	1413 North Drive Parking Expansion	FY15	24.5	24.5	23.8	2.6	3.4	-0.8	4.1
	1414 Integrated MOB	FY15	302.1	302.1	82.5	72.0	130.1	-58.1 ¹	36.6
	1422 CUP Upgrade	FY16	9.0	9.0	4.3	5.5	4.0	1.5	2.0
	1430 Women's Hospital Expansion	FY16	120.0	6.0	2.7	3.6	7.0	-3.4	2.2
	1425 IMOB Preparation Project - Old Main	FY16	20.0	0.0	2.7	0.0	0.0	0.0	0.1
	1502 Cabling & Wireless Upgrades	FY16	0.0	0.0	2.5	0.0	0.0	0.0	0.1
	1525 New Main Lab Upgrades		3.1	3.1	1.8	2.5	0.0	2.5	1.3
	1515 ED Remodel Triage/Psych Observation	FY16	5.0	0.3	0.0	0.4	0.0	0.4	0.0
	1503 Willow Pavilion Tomosynthesis	FY16	0.8	0.0	0.3	0.0	0.0	0.0	0.0
	1602 JW House (Patient Family Residence)		6.5	0.5	0.1	0.5	0.5	0.0	0.1
	Site Signage and Other Improvements		1.0	0.0	0.0	0.3	1.0	-0.8	0.0
	Nurse Call System Upgrades		2.4	0.0	0.0	0.1	0.0	0.1	0.0
	1707 Imaging Equipment Replacement (5 or 6 rooms)		20.7	0.0	0.0	0.3	0.1	0.2	0.0
	1708 IR/ Cath Lab Equipment Replacement		19.4	0.0	0.0	0.3	2.0	-1.8	0.0
	Flooring Replacement		1.6	0.3	0.0	0.4	0.0	0.4	0.0
	1219 LG Spine OR	FY13	0.0	0.0	3.7	0.0	0.0	0.0	0.3
	1313 LG Rehab HVAC System & Structural	FY16	0.0	0.0	4.1	0.0	0.0	0.0	0.4
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	8.8	8.8	8.1	0.6	0.7	-0.1	0.7
	1307 LG Upgrades	FY13	19.3	19.3	16.9	4.9	5.0	-0.1	3.0
	1508 LG NICU 4 Bed Expansion	FY16	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	1507 LG IR Upgrades		1.3	0.0	0.0	0.0	0.0	0.0	0.0
	1603 LG MOB Improvements (17)		5.0	5.0	4.4	3.5	3.5	0.0	4.2
	1711 Emergency Sanitary & Water Storage		1.4	0.3	0.1	0.2	3.2	-3.0	0.1
	LG Modular MRI & Awning		3.9	3.9	0.0	0.4	0.0	0.4	0.0
	LG Nurse Call System Upgrade		2.8	0.0	0.0	0.0	0.0	0.0	0.0
	LG Observation Unit (Conversion of ICU 2)		1.8	0.0	0.0	0.8	0.0	0.8	0.0
	1712 LG Cancer Center		2.4	0.3	0.0	0.4	0.0	0.4	0.0
	All Other Projects under \$1M		5.6	0.4	35.5	1.8	0.0	1.8	3.3
GRAND TOTAL			684.4	479.6	227.5	128.0	211.9	-83.9	75.0
				499.4	245.8	156.5	231.7	-75.2	87.8

* Excluding EPIC

** Unspent Prior Year routine used as contingency

*** Includes 2 robot purchases

¹ Variance due to delay in MV campus plan

² Initial assumption was to spend all FY17 in FY17

Balance Sheet (in thousands)

ASSETS

		Audited	
	February 28, 2018	June 30, 2017	
CURRENT ASSETS			
Cash	127,575	125,551	
Short Term Investments	160,110	140,284	
Patient Accounts Receivable, n	117,190	109,089	
Other Accounts and Notes Rec	2,905	2,628	
Intercompany Receivables	1,881	1,495	
(1) Inventories and Prepaids	56,001	50,657	
Total Current Assets	465,662	429,705	
BOARD DESIGNATED ASSETS			
(2) Plant & Equipment Fund	148,432	131,153	
Women's Hospital Expansion	9,298	9,298	
(3) Operational Reserve Fund	127,908	100,196	
(4) Community Benefit Fund	18,481	12,237	
Workers Compensation Reser	21,151	20,007	
Postretirement Health/Life Re	19,580	19,218	
PTO Liability Fund	23,200	23,409	
Malpractice Reserve Fund	1,634	1,634	
Catastrophic Reserves Fund	18,153	16,575	
Total Board Designated Assets	387,837	333,727	
(5) FUNDS HELD BY TRUSTEE	229,106	287,052	
LONG TERM INVESTMENTS	285,697	256,652	
INVESTMENTS IN AFFILIATES	33,487	32,451	
PROPERTY AND EQUIPMENT			
(6) Fixed Assets at Cost	1,252,325	1,192,047	
Less: Accumulated Depreciatio	(561,152)	(531,785)	
Construction in Progress	156,644	138,017	
Property, Plant & Equipment - Net	847,816	798,279	
DEFERRED OUTFLOWS	28,560	28,960	
RESTRICTED ASSETS - CASH	0	0	
TOTAL ASSETS	2,278,165	2,166,825	

LIABILITIES AND FUND BALANCE

	February 28, 2018	Audited June 30, 2017	
CURRENT LIABILITIES			
(7) Accounts Payable	26,950	38,457	
(8) Salaries and Related Liabilities	22,425	25,109	
Accrued PTO	23,200	23,409	
Worker's Comp Reserve	2,300	2,300	
Third Party Settlements	10,967	10,438	
Intercompany Payables	72	84	
Malpractice Reserves	1,634	1,634	
Bonds Payable - Current	3,850	3,735	
(9) Bond Interest Payable	3,640	11,245	
Other Liabilities	6,487	4,889	
Total Current Liabilities	101,524	121,299	
LONG TERM LIABILITIES			
Post Retirement Benefits	19,580	19,218	
Worker's Comp Reserve	18,851	17,707	
Other L/T Obligation (Asbestos)	3,821	3,746	
Other L/T Liabilities (IT/Medl Leases)	-	-	
Bond Payable	521,750	527,371	
Total Long Term Liabilities	564,002	568,042	
DEFERRED REVENUE-UNRESTRICTED	478	567	
DEFERRED INFLOW OF RESOURCES	10,666	10,666	
FUND BALANCE/CAPITAL ACCOUNTS			
Unrestricted	1,213,658	1,132,525	
Board Designated	387,837	333,726	
Restricted	0	0	
(10) Total Fund Bal & Capital Accts	1,601,494	1,466,251	
TOTAL LIABILITIES AND FUND BALANCE	2,278,165	2,166,825	

FEBRUARY 2018 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The increase is due to two quarterly pension fundings of \$2.6M in October and January.
- (2) The increase is due 8 months of funded depreciation contributions (130% of straight depreciation expense. Note this amount also contains \$14M reserved for BHS replacement building currently under construction, in conjunction with bond proceeds, item (5).
- (3) 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.
- (4) 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.
- (5) 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.
- (6) The increase is due to the capitalization of the Parking Structure expansion in August and CT upgrades at LG in September.
- (7) 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.
- (8) This decrease is primarily due to the annual 403B match funding that occurred in January
- (9) The significant decrease is due to semi-annual 2015A and 2017 Bond interest payments having been paid in January.
- (10) The increase is attributable to the first eight periods of financial performance producing an operating income of \$94 million and non-operating of \$45 million (mostly from unrealized gains on investments).

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

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

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

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

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

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

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

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

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

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

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

APPENDIX

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

8 months ending 02/28/2018

Period 8 FY 2017	Period 8 FY 2018	Period 8 Budget 2018	Variance Fav (Unfav)	Var%		YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
					\$000s					
					OPERATING REVENUE					
192,985	217,551	213,000	4,550	2.1%	Gross Revenue	1,606,267	1,804,329	1,734,988	69,341	4.0%
(144,092)	(159,423)	(158,859)	(563)	0.4%	Deductions	(1,164,557)	(1,318,516)	(1,286,498)	(32,018)	2.5%
48,893	58,128	54,141	3,987	7.4%	Net Patient Revenue	441,710	485,813	448,490	37,323	8.3%
1,612	2,000	1,653	347	21.0%	Other Operating Revenue	15,905	18,552	13,943	4,609	33.1%
50,504	60,128	55,793	4,334	7.8%	Total Operating Revenue	457,614	504,365	462,433	41,932	9.1%
					OPERATING EXPENSE					
31,383	31,178	31,789	611	1.9%	Salaries & Wages	246,200	260,011	259,571	(440)	-0.2%
7,687	8,111	8,144	33	0.4%	Supplies	61,107	66,791	65,159	(1,632)	-2.5%
6,017	6,657	6,919	262	3.8%	Fees & Purchased Services *	51,299	54,910	53,265	(1,645)	-3.1%
655	768	927	159	17.2%	Other Operating Expense	5,590	5,892	6,994	1,102	15.8%
444	741	725	(15)	-2.1%	Interest	3,423	3,602	5,804	2,201	37.9%
3,457	3,523	3,696	173	4.7%	Depreciation	28,066	27,952	28,775	824	2.9%
49,642	50,977	52,199	1,223	2.3%	Total Operating Expense	395,685	419,158	419,568	410	0.1%
862	9,151	3,594	5,557	154.6%	Net Operating Income/(Loss)	61,929	85,207	42,864	42,343	98.8%
4,675	(14,898)	225	(15,123)	-6712.7%	Non Operating Income	29,183	45,389	1,802	43,586	2418.3%
5,537	(5,748)	3,819	(9,567)	-250.5%	Net Income(Loss)	91,113	130,596	44,667	85,929	192.4%
9.4%	22.3%	14.4%	7.9%		EBITDA	20.4%	23.2%	16.7%	6.4%	
1.7%	15.2%	6.4%	8.8%		Operating Margin	13.5%	16.9%	9.3%	7.6%	
11.0%	-9.6%	6.8%	-16.4%		Net Margin	19.9%	25.9%	9.7%	16.2%	

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

8 months ending 02/28/2018

Period 8 FY 2017	Period 8 FY 2018	Period 8 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
45,253	41,674	45,251	(3,578)	-7.9%	Gross Revenue	351,183	397,178	377,520	19,658	5.2%
(30,480)	(32,437)	(32,863)	426	-1.3%	Deductions	(256,366)	(292,816)	(274,167)	(18,649)	6.8%
14,773	9,236	12,388	(3,152)	-25.4%	Net Patient Revenue	94,817	104,363	103,353	1,010	1.0%
183	200	213	(14)	-6.4%	Other Operating Revenue	1,326	1,376	1,711	(335)	-19.6%
14,956	9,436	12,602	(3,166)	-25.1%	Total Operating Revenue	96,143	105,738	105,064	674	0.6%
OPERATING EXPENSE										
6,545	6,076	6,149	73	1.2%	Salaries & Wages	49,901	52,356	50,547	(1,810)	-3.6%
2,090	1,514	1,914	400	20.9%	Supplies	14,026	15,944	15,719	(225)	-1.4%
1,468	1,249	1,220	(30)	-2.4%	Fees & Purchased Services *	10,845	10,734	10,223	(512)	-5.0%
1,424	1,457	1,522	65	4.3%	Other Operating Expense	12,907	12,549	12,460	(89)	-0.7%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
487	691	761	71	9.3%	Depreciation	4,165	4,719	5,842	1,124	19.2%
12,015	10,986	11,566	579	5.0%	Total Operating Expense	91,844	96,303	94,790	(1,512)	-1.6%
2,941	(1,550)	1,036	(2,587)	-249.6%	Net Operating Income/(Loss)	4,299	9,436	10,274	(838)	-8.2%
0	0	0	0	0.0%	Non Operating Income	(10)	(45)	0	(45)	0.0%
2,941	(1,550)	1,036	(2,587)	-249.6%	Net Income(Loss)	4,289	9,391	10,274	(882)	-8.6%
22.9%	-9.1%	14.3%	-23.4%		EBITDA	8.8%	13.4%	15.3%	-2.0%	
19.7%	-16.4%	8.2%	-24.7%		Operating Margin	4.5%	8.9%	9.8%	-0.9%	
19.7%	-16.4%	8.2%	-24.7%		Net Margin	4.5%	8.9%	9.8%	-0.9%	

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	14,275
Non CIP Land, Land I , BLDG, Additions	-	4,189	-	-
Facilities	38,940	48,137	82,953	128,030
GRAND TOTAL	86,789	96,740	97,923	156,465
*Includes 2 robot purchases in FY2017				

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

Category	2013	2014	2015	2016	2017	Category	2013	2014	2015	2016	2017
EPIC	0	6,838	29,849	20,798	2,755	Facilities Projects CIP cont.					
IT Hardware/Software Equipment	8,019	2,788	4,660	6,483	2,659	1403 - Hosp Drive BLDG 11 TI's	0	86	103	0	0
Medical/Non Medical Equipment	10,284	12,891	13,340	17,133	9,556	1404 - Park Pav HVAC	0	64	7	0	0
Non CIP Land, Land I, BLDG, Additions	0	22,292	0	4,189	0	1405 - 1 - South Accessibility Upgrades	0	0	0	168	95
Land Acquisition (1550)	0	0	0	24,007	0	1408 - New Main Accessibility Upgrades	0	0	7	46	501
828 S Winchester Clinic TI (1701)	0	0	0	0	145	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
Facilities Projects CIP						1429 - 2500 Hospital Dr Bldg 8 TI	0	0	101	0	0
Mountain View Campus Master Plan Projects						1430 - Women's Hospital Expansion	0	0	0	0	464
1245 - Behavioral Health Bldg Replace	0	1,257	3,775	1,389	10,323	1432 - 205 South Dr BHS TI	0	0	8	15	0
1413 - North Drive Parking Structure Exp	0	0	167	1,266	18,120	1501 - Women's Hospital NPC Comp	0	0	4	0	223
1414 - Integrated MOB	0	0	2,009	8,875	32,805	1502 - Cabling & Wireless Upgrades	0	0	0	1,261	367
1422 - CUP Upgrade	0	0	0	896	1,245	1503 - Willow Pavillion Tomosynthesis	0	0	0	53	257
Sub-Total Mountain View Campus Master Plan	0	1,257	5,950	12,426	62,493	1504 - Equipment Support Infrastructure	0	0	61	311	0
						1523 - Melchor Pavillion Suite 309 TI	0	0	0	10	59
Mountain View Capital Projects						1525 - New Main Lab Upgrades	0	0	0	0	464
9900 - Unassigned Costs	734	470	3,717	0	0	1526 - CONCERN TI	0	0	0	37	99
1108 - Cooling Towers	450	0	0	0	0	Sub-Total Mountain View Projects	8,145	7,219	26,744	5,588	5,535
1120 - BHS Out Patient TI's	66	0	0	0	0	Los Gatos Capital Projects					
1129 - Old Main Card Rehab	9	0	0	0	0	0904 - LG Facilities Upgrade	2	0	0	0	0
0817 - Womens Hosp Upgrds	645	1	0	0	0	0907 - LG Imaging Masterplan	244	774	1,402	17	0
0906 - Slot Build-Out	1,003	1,576	15,101	1,251	294	1005 - LG OR Light Upgrd	14	0	0	0	0
1109 - New Main Upgrades	423	393	2	0	0	1122 - LG Sleep Studies	7	0	0	0	0
1111 - Mom/Baby Overflow	212	29	0	0	0	1210 - Los Gatos VOIP	147	89	0	0	0
1204 - Elevator Upgrades	25	30	0	0	0	1116 - LG Ortho Pavillion	177	24	21	0	0
0800 - Womens L&D Expansion	2,104	1,531	269	0	0	1124 - LG Rehab BLDG	49	458	0	0	0
1131 - MV Equipment Replace	216	0	0	0	0	1247 - LG Infant Security	134	0	0	0	0
1208 - Willow Pav. High Risk	110	0	0	0	0	1307 - LG Upgrades	376	2,979	3,282	3,511	3,081
1213 - LG Sterilizers	102	0	0	0	0	1308 - LG Infrastructure	0	114	0	0	0
1225 - Rehab BLDG Roofing	7	241	4	0	0	1313 - LG Rehab HVAC System/Structural	0	0	0	1,597	1,904
1227 - New Main eICU	96	21	0	0	0	1219 - LG Spine OR	0	214	323	633	2,163
1230 - Fog Shop	339	80	0	0	0	1221 - LG Kitchen Refrig	0	85	0	0	0
1315 - 205 So. Drive TI's	0	500	2	0	0	1248 - LG - CT Upgrades	0	26	345	197	6,669
0908 - NPCR3 Seismic Upgrds	1,302	1,224	1,328	240	342	1249 - LG Mobile Imaging	0	146	0	0	0
1125 - Will Pav Fire Sprinkler	57	39	0	0	0	1328 - LG Ortho Canopy FY14	0	255	209	0	0
1211 - SIS Monitor Install	215	0	0	0	0	1345 - LG Lab HVAC	0	112	0	0	0
1216 - New Main Process Imp Office	19	1	16	0	0	1346 - LG OR 5, 6, and 7 Lights Replace	0	0	285	53	22
1217 - MV Campus MEP Upgrades FY13	0	181	274	28	0	1347 - LG Central Sterile Upgrades	0	0	181	43	66
1224 - Rehab Bldg HVAC Upgrades	11	202	81	14	6	1421 - LG MOB Improvements	0	0	198	65	303
1301 - Desktop Virtual	0	13	0	0	0	1508 - LG NICU 4 Bed Expansion	0	0	0	0	207
1304 - Rehab Wander Mgmt	0	87	0	0	0	1600 - 825 Pollard - Aspire Phase II	0	0	0	0	80
1310 - Melchor Cancer Center Expansion	0	44	13	0	0	1603 - LG MOB Improvements	0	0	0	0	285
1318 - Women's Hospital TI	0	48	48	29	2	Sub-Total Los Gatos Projects	1,150	5,276	6,246	6,116	14,780
1327 - Rehab Building Upgrades	0	0	15	20	0	Subtotal Facilities Projects CIP	9,294	13,753	38,940	24,130	82,808
1320 - 2500 Hosp Dr Roofing	0	75	81	0	0						
1340 - New Main ED Exam Room TVs	0	8	193	0	0	Grand Total	27,598	58,561	86,789	96,740	97,923
1341 - New Main Admin	0	32	103	0	0	Forecast at Beginning of year	70,503	70,037	101,607	114,025	212,000
1344 - New Main AV Upgrd	0	243	0	0	0						
1400 - Oak Pav Cancer Center	0	0	5,208	666	52						



Finance Committee Charter

Purpose

The purpose of the Finance Committee (the “Committee”) is to provide oversight, information sharing and financial reviews related to operating and capital budgeting, financial planning, financial reporting, capital structure, banking relationships and certain contractual agreements for El Camino Hospital (ECH) Board of Directors (“Board”). In carrying out its review, advisory and oversight responsibilities, the Committee shall remain flexible in order to best define financial strategies that react to changing conditions.

Authority

All governing authority for ECH resides with the Board and the Committee serves as an advisory body only. The Committee will report to the Board at the next scheduled meeting any recommendation made within the Committee’s authority. The Committee has the authority to select, engage, and supervise any consultant it deems necessary to advise the Committee on issues related to its responsibilities. In addition, the Committee, by resolution, may adopt a temporary advisory committee (ad hoc) of less than a quorum of the members of the Committee. The resolution shall state the total number of members, the number of board members to be appointed, and the specific task or assignment to be considered by the advisory committee.

Voting members of the Committee shall include the directors assigned to the Committee and external (non-director) members appointed to the Committee.

Membership

- The Committee shall be comprised of two (2) or more Hospital Board members. The Chair of the Committee shall be appointed by the Board Chair, subject to approval by the Board. All members of the Committee shall be eligible to serve as Chair of the Committee.
- The Finance Committee may also include 2-4 external (non-Hospital Board member) members with expertise which is relevant to the Committee’s areas of responsibility, such as banking, financial management, planning and real estate development, etc.
- All Committee members shall be appointed by the Board Chair, subject to approval by the Board, for a term of one year expiring on June 30th each year, renewable annually.
- It shall be within the discretion of the Chair of the Committee to appoint a Vice-Chair from among the members of the Committee. If the Chair of the Committee is not a Hospital Board member, the Vice-Chair must be a Hospital Board member.

Staff Support and Participation

The CFO shall serve as the primary staff support to the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair's consideration. Additional members of the executive team may participate in the Committee meetings as deemed necessary.

General Responsibilities

The Committee's primary role is to provide oversight and to advise the management team and the Board on matters brought to this Committee. With input from the Committee, the management team shall develop dashboard metrics that will be used to measure and track financial performance for the Committee's review. It is the management team's responsibility to develop and provide the Committee with reports, plans, assessments, and other pertinent materials to inform, educate, and update the Committee, thereby allowing Committee members to engage in meaningful, data-driven discussions. Upon careful review and discussion and with input from management, the Committee shall then make recommendations to the Board. The Committee is responsible for ensuring that performance metrics which are not being met to the Board's expectations are reported to the Board.

Specific Duties

The specific duties of the Committee are:

A. Budgeting

- Review the annual operating and capital budgets for alignment with the mission and vision of ECH and make recommendations to the Board.
- Review any financial requests in excess of the CEO's signing authority and make recommendations to the Board.
- Review ECH's long-range forecasts and financial plans and make recommendations to management regarding steps advisable to improve ECH's financial strength.

B. Financial Reporting

- Review each accounting period's financial statements and ensure the Board is advised of any necessary corrective actions.
- Obtain a clear understanding of ECH's financial reporting process by reviewing the hospital's dashboard items and periodic financial reports and advise management on how to improve its financial reporting in order to improve accountability and ease of reading and understanding.

C. Financial Planning and Forecasting

- Semi - Annually, receive an update on management's assessment of expected results as well as potential risks related to the payor contracts.

- Evaluate the financial implications of emerging payment processes and provide advice to management regarding associated risk management concerns.
- Evaluate financial planning and forecasting to help ensure it remains in alignment with the mission and strategic direction of ECH.

D. Treasury, Pension Plans & Contracting Concerns

- Review and make recommendations to the Board regarding all new debt issuances and derivative instruments in excess of \$1m.
- Monitor compliance with debt covenants and evaluate ECH's capital structure.
- Review and make recommendations to the Board regarding changes in banking relationships, including, without limitation, depository accounts, investment accounts and major credit facilities. The term "major credit facilities" does not include management-approved trade credit facilities offered in the ordinary course of business by vendors to the hospital. The Committee may recommend delegation of approval authority for specified changes to the CFO, but must maintain reporting and oversight of any such changes.
- Review and make recommendations to the Board regarding proposed plan design or benefit design changes in excess of management authority limits to employee retirement plans, excluding changes to investments within those plans.
- Review and make recommendations to the Board regarding contractual agreements with persons considered to be "insiders" under IRS regulations, and those which are in excess of the CEO's signing authority.

E. Capital and Program Analysis

- Review and make recommendations to the Board with respect to the business plans of all capital items or proposed business ventures in excess of the CEO's signing authority, and all variances to budget in excess of the CEO's signing authority on projects in process.
- Review retrospective analyses of all strategic business ventures and all strategic capital expenditures in excess of \$2.5 million, as presented by management or as per the review schedule set forth by the Committee, to assess the reasonableness of business plans that were developed at the time of original approval and to promote learning as a result of any identified issues or concerns.
- Review and approve the acquisition or disposition of any real property which is in excess of the CEO's signing authority.

F. Financial Policies

- Review and recommend approval of any Board-level financial policies, excluding any financial policies for which responsibility has been specifically assigned to another Board Committee.

G. Ongoing Education

- Endorse and encourage Committee education and dialog relative to emerging healthcare issues that will impact the viability and strategic direction of ECH.

H. Management Partnership

- Work in partnership with the CFO and other hospital executives to assist in the development of financial policies which will help ensure organizational success.
- Provide ongoing counsel to the CFO regarding areas of opportunity for either personal or organizational improvement.

Committee Effectiveness

The Committee is responsible for establishing its annual goals, objectives and workplan in alignment with the Board and ECH's strategic goals. The Committee strives for continuous improvement with regard to its processes, procedures, materials, and meetings, and other functions to enhance its contribution to the Board.

Meetings and Minutes

The Committee shall meet at least once per quarter. The Committee Chair shall determine the frequency of meetings based on the Committee's annual goals and work plan and the operational requirements of the organization. Minutes shall be kept by the assigned staff and shall be delivered to all members of the Committee when the agenda for the subsequent meeting is delivered. The approved minutes shall be forwarded to the Board for review and approval.

Meetings and actions of the advisory committees of the Board shall be governed by, and held and taken in accordance with, the provisions of Article VI of the Bylaws. Special meetings of the committees may also be called by resolution of the Board or the Committee Chair. Notice of special meetings of the advisory committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the Committee. Notice of any special meetings of the Committee requires a 24 hour notice.

Approved as Revised: August 10, 2016



NYGREN CONSULTING
GOVERNANCE STRATEGY LEADERSHIP

El Camino Hospital

Finance Committee

FY2017-18 Assessment Report



Submitted on: January 25, 2018
Prepared for: Finance Committee
Prepared by: JoAnn McNutt, PhD and Zach Morfin, PhD

Introduction

Background

In keeping with the ECH Hospital Board's commitment to effective governance, Nygren Consulting was engaged to conduct the biennial performance assessment of the board committees, providing them with an opportunity to reflect on their performance during the Fiscal Year 2017-2018. The goal of the assessment was to identify the committees' strengths and areas for improvement, which would be integrated into their annual goals. This report provides the results of the Finance Committee's self-assessment.

Interpreting the Results

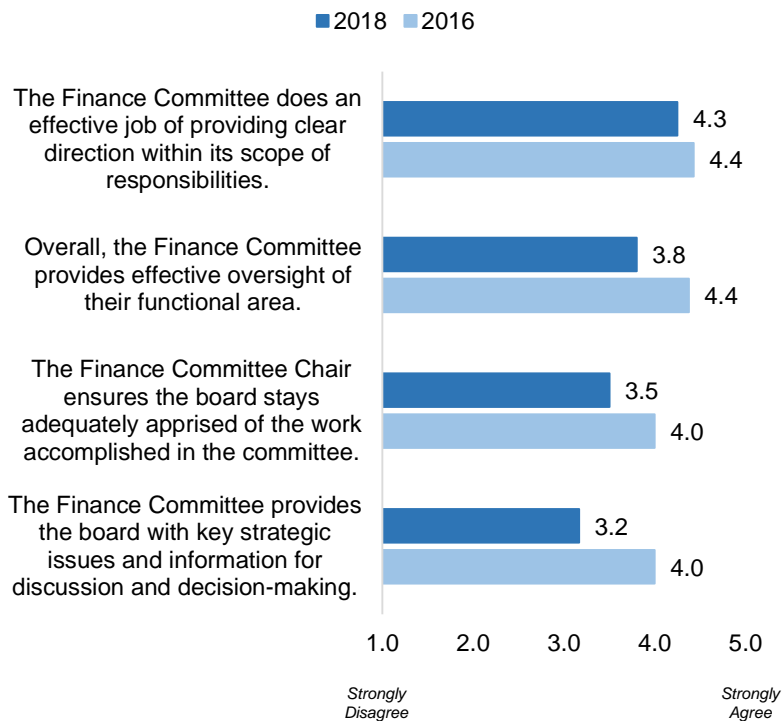
The Finance Committee assessment tool was comprised of twelve core items and three open-ended questions that applied to all committees, as well as five committee-specific items. Please note that because committee assessments are conducted on a biennial basis, the year-over-year analysis compares the committee's performance in 2018 against 2016.

The purpose of the assessment was to provide directional feedback to the Finance Committee. The quantitative scores herein are meant to provide insight into how the Finance Committee perceives its own performance. The assessment is not intended to provide statistically significant results, which cannot be achieved with a small sample size. Average scores are rounded to the nearest tenth decimal point as this will show variation in the ratings.

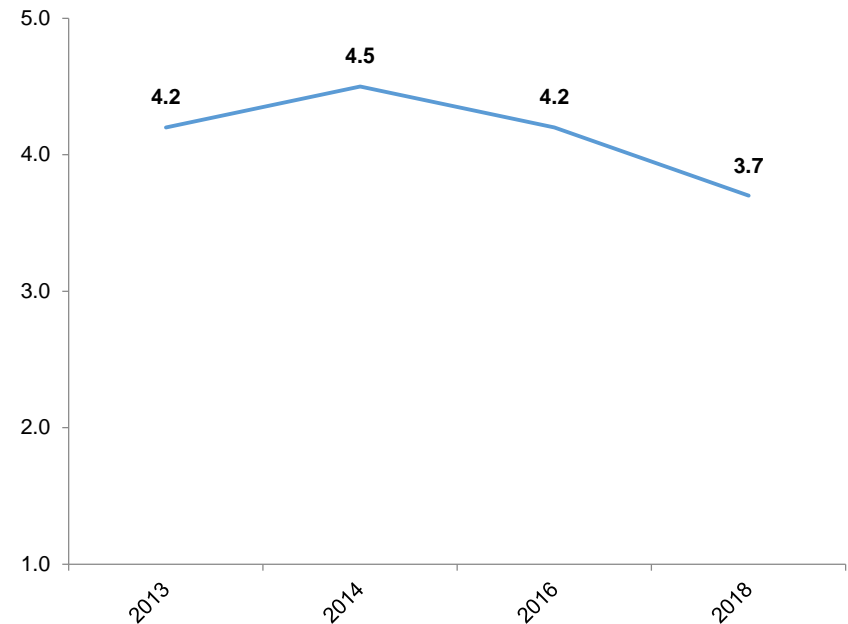
We set 3.5 as the threshold to determine whether a response is favorable. It is rare to achieve a perfect score of 5.0. Occasionally, we see an average score of 4.5 and above on exceptional cases.

Hospital Board's Assessment of the Finance Committee

Board's Assessment of the Finance Committee on the Four Standard Items



Board's Assessment of the Finance Committee Over Time



High-Level Summary of the Committee's Self-Assessment

Participation:

- 9 out of 9 stakeholders participated in the assessment (100%):
 - Non-director committee members = 4
 - Board members = 2
 - Executive leadership team members = 3

Self-Assessment Averages:

2018 = 4.3

2016 = 4.3

2014 = 3.8

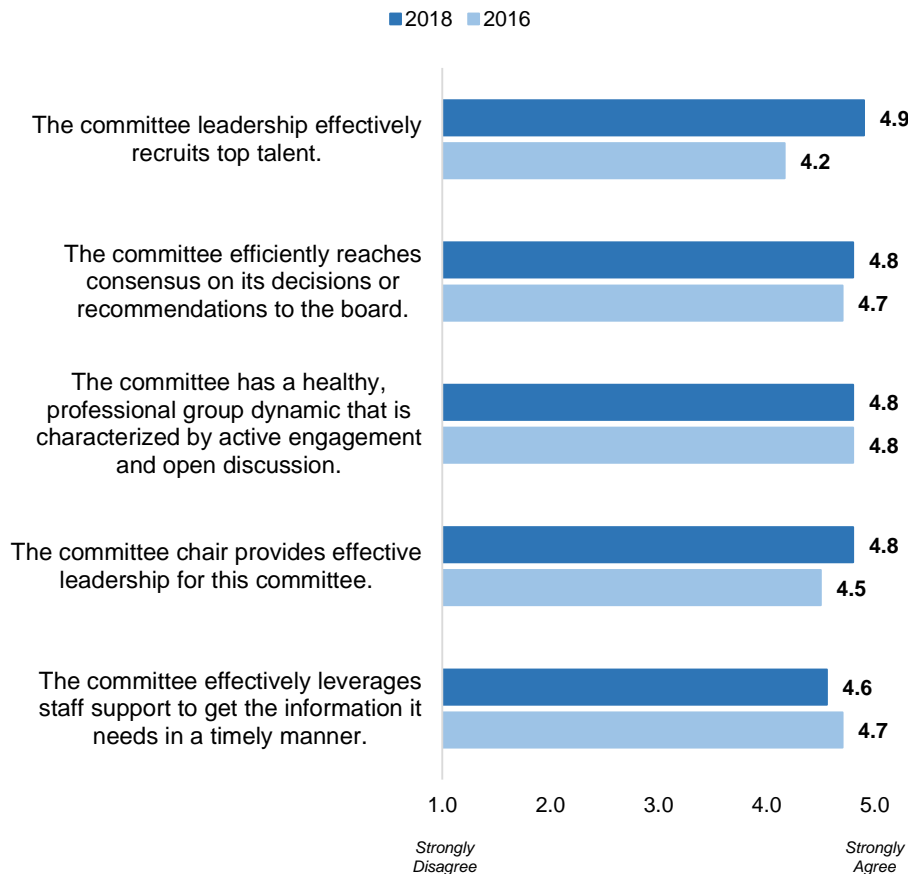
2013 = 3.6

Key Findings:

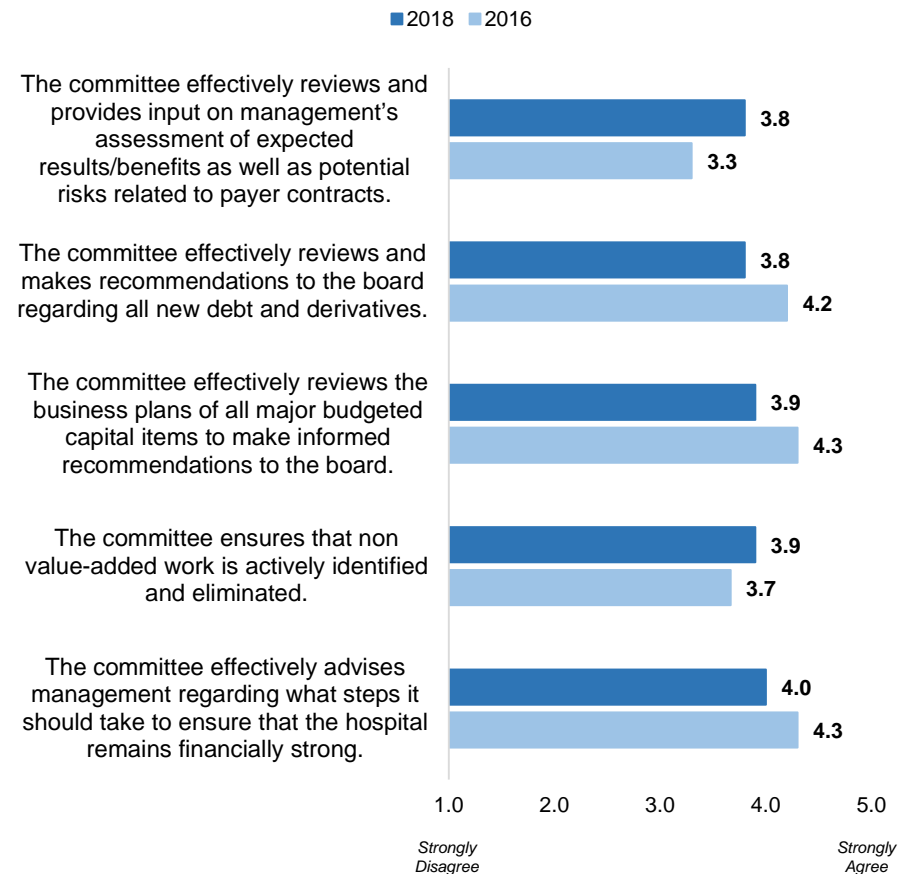
- The committee rated its overall performance the same as in 2016. There was only one item that showed a notable increase this year:
 - The committee leadership effectively recruits top talent. (+0.7)
- Open-ended comments pointed to the need for the following:
 - More strategic discussion informed by an in-depth understanding of the hospital's strategic financial goals and business plans
 - Improvement in materials with better presentation of data, particularly service line financial performance
 - Interaction and alignment with the board and other committees
 - Discussion of payer contracts

Highest and Lowest Rated Items

Highest Rated Items



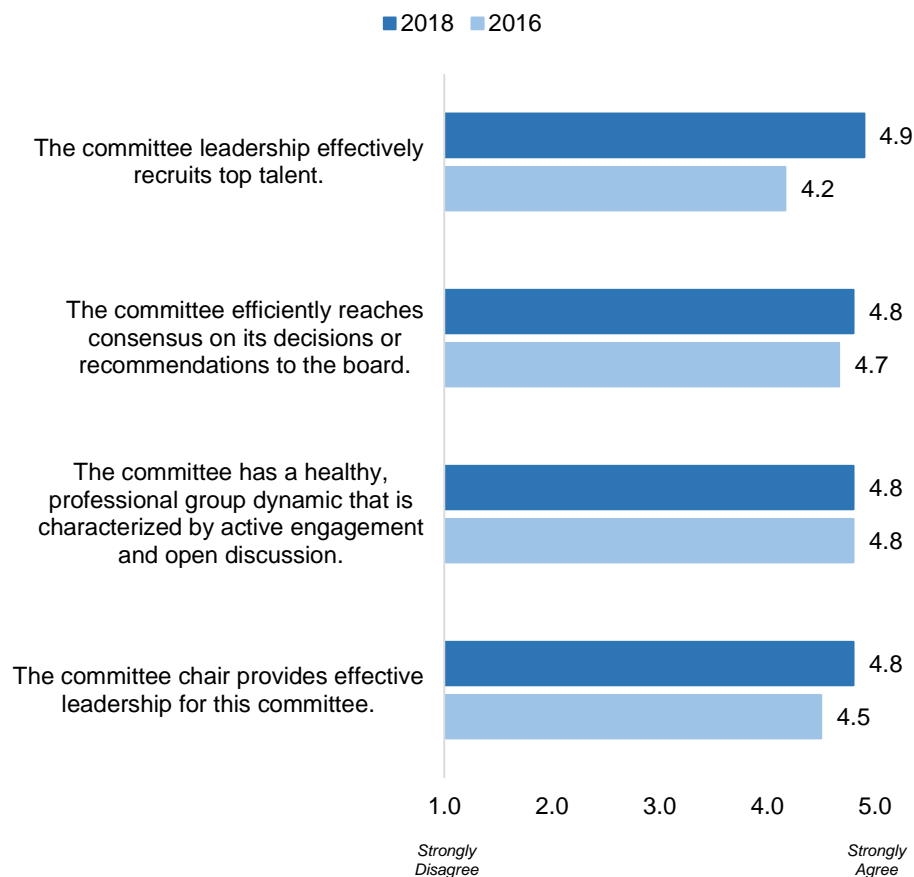
Lowest Rated Items



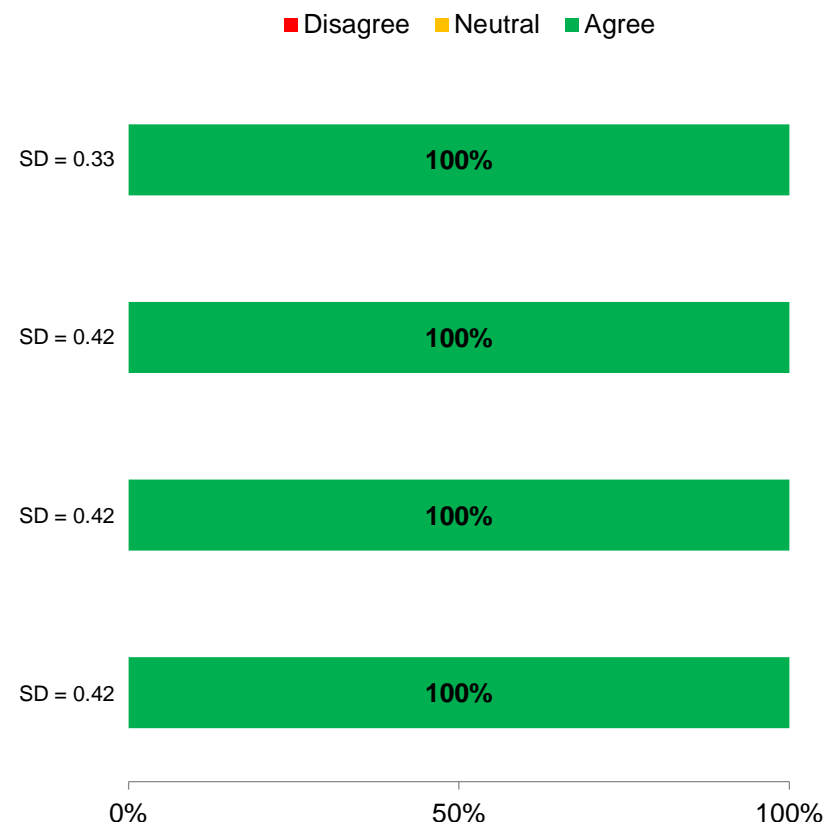
Areas of Greatest Agreement

Areas of agreement are determined by the standard deviation (SD), which is a measure of the dataset's spread around the mean. Higher standard deviations relate to a lower consistency or agreement across ratings for a particular survey item. The lower the SD, the greater agreement there is among respondents. The higher the SD, the less agreement there is among respondents. The distribution of ratings shows the corresponding number of individual ratings of 1 or 2, neutral responses of 3, and favorable responses of 4 or 5.

Areas of Greatest Agreement

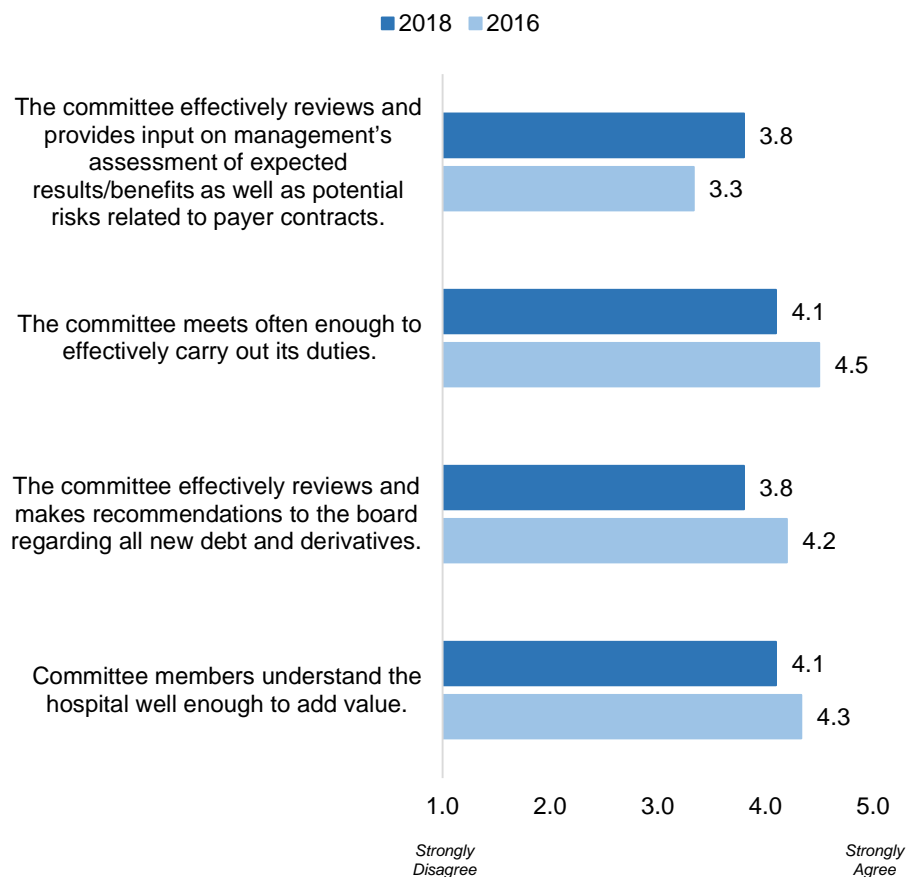


Distribution of Ratings

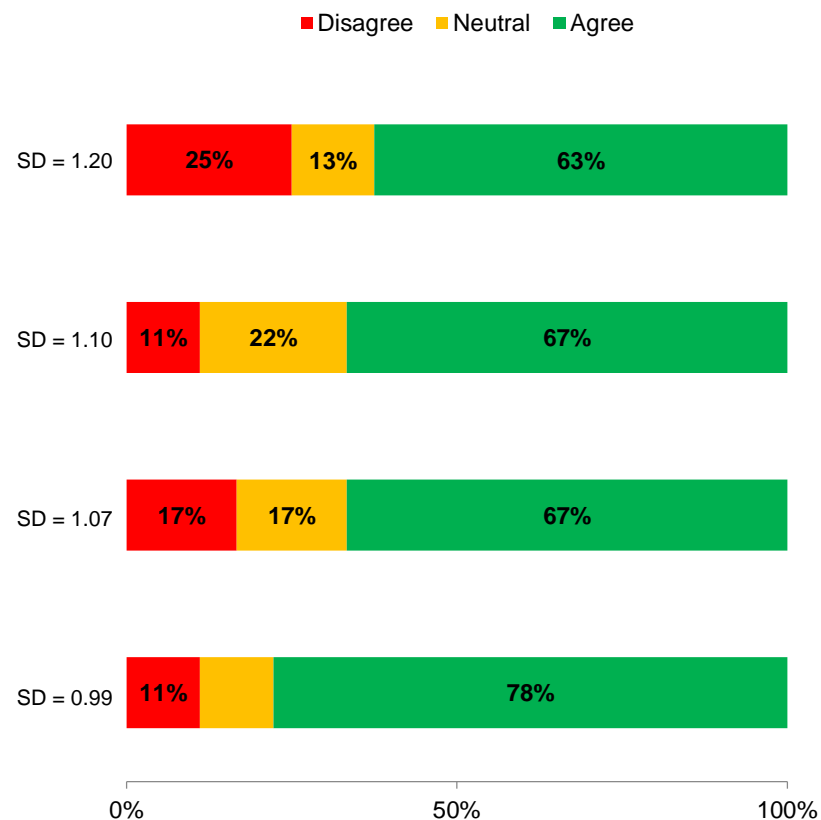


Areas of Least Agreement

Areas of Least Agreement



Distribution of Ratings



Detailed Results by Item

The table below shows all survey items, sorted highest to lowest by 2018 rating. The *Difference* column represents the difference in ratings between the committee's 2018 vs. 2016 ratings. A positive difference indicates items where committee members rated the committee's performance **higher** than in 2016. Conversely, a negative difference indicates where members rated the committee's performance **lower** than in 2016.

Items Sorted Highest to Lowest by Stakeholder Rating	↓ 2018	2016	N	Difference
The committee leadership effectively recruits top talent.	4.9	4.2	8	0.7
The committee chair provides effective leadership for this committee.	4.8	4.5	9	0.3
The committee has a healthy, professional group dynamic that is characterized by active engagement and open discussion.	4.8	4.8	9	0.0
The committee efficiently reaches consensus on its decisions or recommendations to the board.	4.8	4.7	9	0.1
The committee effectively leverages staff support to get the information it needs in a timely manner.	4.6	4.7	9	-0.1
The committee has the resources needed to fulfill its purpose.	4.4	4.5	9	-0.1
The committee leadership effectively retains committee members.	4.4	4.3	8	0.1
The committee's decisions are aligned with board goals and organizational strategy.	4.3	4.3	9	0.0
The committee effectively advises management on how to improve its financial reporting in order to ensure accountability and ease of reading/understanding.	4.3	4.3	9	0.0
The committee meets often enough to effectively carry out its duties.	4.1	4.5	9	-0.4
Committee members understand the hospital well enough to add value.	4.1	4.3	9	-0.2
The committee's meeting agendas focus on the right strategic topics.	4.1	4.3	9	-0.2
The committee effectively advises management regarding what steps it should take to ensure that the hospital remains financially strong.	4.0	4.3	9	-0.3
The committee ensures that non value-added work is actively identified and eliminated.	3.9	3.7	9	0.2
The committee effectively reviews the business plans of all major budgeted capital items to make informed recommendations to the board.	3.9	4.3	9	-0.4
The committee effectively reviews and makes recommendations to the board regarding all new debt and derivatives.	3.8	4.2	6	-0.4
The committee effectively reviews and provides input on management's assessment of expected results/benefits as well as potential risks related to payer contracts.	3.8	3.3	8	0.5

*Determine the reason for the low response.

Thematic Summaries of the Qualitative Feedback

Opportunities for Improvement

- It would benefit the committee to have more in-depth discussions based on a fuller understanding of the hospital's strategic financial goals and business plans.
- A few individuals suggested increasing collaboration with the board and other committees to ensure alignment.
- Improvement of materials and presentation of data is needed, particularly regarding service line financial performance.
- Reviewing payer contracts was mentioned twice as needing focus.



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Finance Committee

Updated March 15, 2018

FY19 FC Pacing Plan – Q1		
July 30, 2018	August 2018	September 24, 2018
<ul style="list-style-type: none"> - Meeting Minutes (May 2018), any policies - Financial Report (FY18 Period 11, 12) - Physician Contracts - Capital Funding Requests - Review Major Capital Projects in progress - Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions - Physician Transaction Compliance Education - Year-End Financial Report 	<p>No scheduled meeting</p>	<ul style="list-style-type: none"> - Meeting Minutes (July 2018), any policies - Financial Report (FY19 Period 1, 2) - Physician Contracts - Capital Funding Requests - Review Major Capital Projects in Progress - Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions - Payor Update - Summary of Physician Financial Arrangements (Year-End) - Service Line Review - Medical Staff Development Plan - Education Topic: Ambulatory Care Business Model (presentation) - Consent Calendar – FY18 Year End Financials
FY19 FC Pacing Plan – Q2		
October 2018	November 26, 2018	December 2018
<ul style="list-style-type: none"> - October 24, 2018 – Board and Committee Educational Session 	<ul style="list-style-type: none"> - Meeting Minutes (September 2018), any policies - Financial Report (FY19 Period 3,4) - Physician Contracts - Capital Funding Requests - Review Major Capital Projects in progress - Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions - Long-Term Financial Forecast - Service Line Review - Proposed Summary Financial Report to the Board 	<p>No scheduled meeting</p>

Finance Committee

Updated March 15, 2018

FY19 FC Pacing Plan – Q3		
January 28, 2019	February 2019	March 25, 2019
**Joint Meeting with the Investment Committee <ul style="list-style-type: none"> - Meeting Minutes (November 2018), any policies - Financial Report (FY19 Period 5,6) - Physician Contracts - Capital Funding Requests - Review Major Capital Projects in progress - Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions - Service Line Review - Epic Implementation Review (presentation) - Report on Financial and Operational Benchmarks - Board Designed Funds 	<p>No scheduled meeting</p>	<ul style="list-style-type: none"> - Meeting Minutes (January 2019), any policies - Financial Report (FY19 Period 7,8) - Physician Contracts - Capital Funding Requests - Review Major Capital Projects in progress - Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions - Preview FY20 Budget Part # 1 - Discuss and recommend FY19 Committee Goals - Discuss FY20 Committee Dates - Payor Update
FY19 FC Pacing Plan – Q4		
April 22, 2019	May 28, 2019	June 2019
<ul style="list-style-type: none"> - Fy20 Budget Review - April 24, 2019 – Board and Committee Educational Session 	**Joint Meeting with the Hospital Board on the Operating & Capital Budget <ul style="list-style-type: none"> - Meeting Minutes (March 2019), any policies - Financial Report (FY19 Period 9,10) - Physician Contracts - Capital Funding Requests - Review Major Capital Projects in progress - Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions - Review and recommend FY20 Budget - Review and recommend FY20 Organizational Goals 	<p>No scheduled meeting</p>

FY19 COMMITTEE GOALS - Draft

Finance Committee

PURPOSE

The purpose of the Finance Committee is to provide oversight, information sharing, and financial reviews related to budgeting, capital budgeting, long-range financial planning and forecasting, and monthly financial reporting for El Camino Hospital (ECH) Board of Directors (“Board”). In carrying out its review, advisory and oversight responsibilities, the Finance Committee shall remain flexible in order to best define financial strategies that react to changing conditions.

STAFF: Iftikhar Hussain, Chief Financial Officer

The CFO shall serve as the primary staff to support the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair’s consideration. Additional members of the Executive Team may participate in the meetings upon the recommendation of the CFO and at the discretion of the Committee Chair. The CEO is an ex-officio member of this Committee.

GOALS	TIMELINE by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable)	METRICS
1. Review major capital projects	<ul style="list-style-type: none"> Each regular meeting 	<ul style="list-style-type: none"> Update on major capital projects in progress
2. Education Topic: Lean Operating Model	<ul style="list-style-type: none"> Q1 	<ul style="list-style-type: none"> Presentation at the August meeting
3. Review top three service lines (HVI, Oncology, BHS)	<ul style="list-style-type: none"> Q1, Q2, Q3 	<ul style="list-style-type: none"> Presentations at September, January, and March meetings

SUBMITTED BY:

John Zoglin
Iftikhar Hussain

Chair, Finance Committee
Executive Sponsor, Finance Committee

Finance Committee

Updated February 5, 2018

FY18 FC Pacing Plan – Q1		
July 31, 2017	August 2017	September 25, 2017
<ul style="list-style-type: none"> - Meeting Minutes (May 2017), any policies - Financial Report (FY17 Period 11, 12) - Physician Contracts - Capital Funding Requests - Review Major Capital Projects in progress - Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions - Physician Transaction Compliance Education - Year-End Financial Report 	<p><i>No scheduled meeting</i></p>	<ul style="list-style-type: none"> - Meeting Minutes (July 2017), any policies - Financial Report (FY18 Period 1, 2) - Physician Contracts - Capital Funding Requests - Review Major Capital Projects in Progress - Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions - Payor Update - Summary of Physician Financial Arrangements (Year-End) - Service Line Review - Medical Staff Development Plan - Education Topic: Ambulatory Care Business Model (presentation) - Consent Calendar – FY17 Year End Financials
FY18 FC Pacing Plan – Q2		
October 2017	November 27, 2017	December 2017
<p>10/25 – Board and Committee Education Session</p>	<ul style="list-style-type: none"> - Meeting Minutes (September 2017), any policies - Financial Report (FY18 Period 3,4) - Physician Contracts - Capital Funding Requests - Review Major Capital Projects in progress - Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions - Long-Term Financial Forecast - Quarterly Report: ROI for LG Capital Spend (e.g. Surgical Robot) - Service Line Review - Proposed Summary Financial Report to the Board 	<p><i>No scheduled meeting</i></p>

Finance Committee

Updated February 5, 2018

FY18 FC Pacing Plan – Q3		
January 29, 2018	February 2018	March 26, 2018
<p><i>**Joint Meeting with the Investment Committee</i></p> <ul style="list-style-type: none"> - Meeting Minutes (November 2017), any policies - Financial Report (FY18 Period 5,6) - Physician Contracts - Capital Funding Requests - Review Major Capital Projects in progress - Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions - Service Line Review - Epic Implementation Review (presentation) - Report on Financial and Operational Benchmarks - Board Designed Funds 	<p><i>No scheduled meeting</i></p>	<ul style="list-style-type: none"> - Meeting Minutes (January 2018), any policies - Financial Report (FY18 Period 7,8) - Physician Contracts - Capital Funding Requests - Review Major Capital Projects in progress - Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions - Preview FY19 Budget Part # 1 - Discuss and recommend FY19 Committee Goals - Discuss FY19 Committee Dates - Biennial Review of Committee Charter - Payor Update - Review Self-Assessment Results (FY18, FY20) every two years Summary of Physician Financial Arrangements (Mid-Year) Quarterly Report: ROI for LG Capital Spend (e.g. Surgical Robot) Update on Patient Portal Status (Price Estimator)
FY18 FC Pacing Plan – Q4		
April 26, 2018	May 29, 2018	June 2018
<ul style="list-style-type: none"> - Fy19 Budget Review <p>4/25 – Board and Committee Education Session</p>	<p><i>**Joint Meeting with the Hospital Board on the Operating & Capital Budget</i></p> <ul style="list-style-type: none"> - Meeting Minutes (March 2018), any policies - Financial Report (FY18 Period 9,10) - Physician Contracts - Capital Funding Requests - Review Major Capital Projects in progress - Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions - Review and recommend FY19 Budget - Review and recommend FY19 Organizational Goals - Quarterly Report: ROI for LG Capital Spend (e.g. Surgical Robot) 	<p><i>No scheduled meeting</i></p>