

## AGENDA

### FINANCE COMMITTEE MEETING OF THE EL CAMINO HOSPITAL BOARD

**Monday, September 24<sup>th</sup> 2018 – 5:30 pm**

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

Bill Hobbs will be participating via teleconference from 99 Degaris Avenue S. Dartmouth, MA, 02748

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

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>1. CALL TO ORDER / ROLL CALL</b>	John Zoglin, Chair		<b>5:30 – 5:32pm</b>
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	John Zoglin, Chair		<b>5:32 – 5:33</b>
<b>3. PUBLIC COMMUNICATION</b> a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed 3 minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	John Zoglin, Chair		<b>information 5:33 – 5:36</b>
<b>4. CONSENT CALENDAR</b> <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> <b>Approval</b> a. <a href="#">Minutes of the Open Session of the Finance Committee Meeting (July 30, 2018)</a> b. <a href="#">FY19 Period 1 Financials</a> <b>Information</b> c. <a href="#">Article of Interest</a> d. <a href="#">Progress Against Goals</a> e. <a href="#">Update Capital Project in Process</a>	John Zoglin, Chair	<i>public comment</i>	<b>motion required 5:36 – 5:38</b>
<b>5. REPORT ON BOARD ACTIONS <a href="#">ATTACHMENT 5</a></b>	John Zoglin, Chair		<b>information 5:38 – 5:43</b>
<b>6. FY19 PERIOD 2 FINANCIALS <a href="#">ATTACHMENT 6</a></b>	Iftikhar Hussain, Chief Financial Officer	<i>public comment</i>	<b>motion required 5:43 – 5:58</b>
<b>7. CAPITAL FUNDING REQUEST – LOS GATOS IMAGING EQUIPMENT <a href="#">ATTACHMENT 7</a></b>	Cheryl Reinking, Chief Nursing Officer	<i>public comment</i>	<b>motion required 5:58 – 6:08</b>
<b>8. ADJOURN TO CLOSED SESSION</b>	John Zoglin, Chair		<b>motion required 6:08 – 6:09</b>
<b>9. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	John Zoglin, Chair		<b>6:09 – 6:10</b>

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

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>10. CONSENT CALENDAR</b> <i>Any Committee Member may remove an item for discussion before a motion is made.</i> <b>Approval</b> <i>Gov't Code Section 54957.2:</i> a. Minutes of the Closed Session of the Finance Committee Meeting (July 30, 2018) <b>Informational</b> <i>Health &amp; Safety Code 32106(b):</i> b. NICU Medical Director Agreement (MV) c. ED and Inpatient Consult On-Call Neuro-Interventional Panel Renewal (MV)	John Zoglin, Chair		<b>motion required 6:10 – 6:12</b>
<b>11.</b> <i>Health &amp; Safety Code 32106(b)</i> for a report & discussion involving health care facility trade secrets: - Heart & Vascular Institute	Amy Maher, Director Service Line, HVI; David Clark, Interim Chief Operating Officer		<b>information 6:12 – 6:57</b>
<b>12. ADJOURN TO OPEN SESSION</b>	John Zoglin, Chair		<b>motion required 6:57 – 6:58</b>
<b>13. RECONVENE OPEN SESSION/ REPORT OUT</b>	John Zoglin, Chair		<b>6:58 – 6:59</b>
To report any required disclosures regarding permissible actions taken during Closed Session.			
<b>14. PHYSICIAN CONTRACTS</b> a. NICU Medical Director Agreement (MV) b. ED and Inpatient Consult On-Call Neuro-Interventional Panel Renewal (MV)	Dr. Mark Adams, CMO	<i>public comment</i>	<b>motion required 6:59 – 7:02</b>
<b>15. FY18 COMMITTEE PACING PLAN</b> <a href="#">ATTACHMENT 15</a>	John Zoglin, Chair		<b>discussion 7:02 – 7:03</b>
<b>16. CLOSING COMMENTS</b>	John Zoglin, Chair		<b>information 7:03 – 7:04</b>
<b>17. ADJOURNMENT</b>	John Zoglin, Chair		<b>motion required 7:04 – 7:05 pm</b>

**Upcoming Meetings:** November 26, 2018 | January 28, 2019 (*including a Joint Meeting w/Investment Committee*) | March 25, 2019 | April 22, 2019 | May 28, 2019 (*including a Joint Meeting w/Hospital Board*)

**Board/Committee Educational Gathering:** October 24, 2018 | April 24, 2019



**Minutes of the Open Session of the Finance Committee**  
**Monday, July 30, 2018**  
**El Camino Hospital | Conference Rooms A & B (ground floor)**  
**2500 Grant Road, Mountain View, CA 94040**

**Members Present**

Joseph Chow  
Richard Juelis  
Gary Kalbach  
David Reeder  
John Zoglin, Chair

**Members Absent**

Boyd Faust  
William Hobbs

**Others Present**

Agenda Item	Comments/Discussion	Approvals/Action
<b>1. CALL TO ORDER/ ROLL CALL</b>	The open session meeting of the Finance Committee of El Camino Hospital (the “Committee”) was called to order at 5:31pm by Chair John Zoglin. Mr. Faust and Mr. Hobbs were absent. All other Committee members were present.	
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Chair Zoglin asked if any Committee members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
<b>3. PUBLIC COMMUNICATION</b>	There were no comments from the public.	
<b>4. CONSENT CALENDAR</b>	<p>Chair Zoglin asked if any member of the Committee or the public wished to remove an item from the consent calendar.</p> <p><b>Motion:</b> To approve the consent calendar: Minutes of Open Session of Finance Committee Meeting (April 26, 2018); Minutes of the Open Session of the Joint ECH Board and Finance Committee (May 29, 2018); and Minutes of the Open Session of the Finance Committee Meeting (May 29, 2018) and FY 18 Period 10 Financials.</p> <p><b>Movant:</b> Juelis  <b>Second:</b> Kalbach  <b>Ayes:</b> Chow, Juelis, Kalbach, Reeder, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Faust &amp; Hobbs  <b>Recused:</b> None</p>	<b><i>Consent calendar approved</i></b>
<b>5. APPOINTMENT OF VICE CHAIR TO THE FINANCE COMMITTEE</b>	Chair Zoglin briefly announced that Joseph Chow has accepted the role as Vice Chair of the Finance Committee.	
<b>6. DELEGATION OF AUTHORITY TO THE COMMITTEE</b>	<p>Cindy Murphy, Board Liaison and Iftikhar Hussain, CFO reviewed the main two objectives recommended for the Finance Committee:</p> <ul style="list-style-type: none"> <li>(1) To consider the Finance Committee is the appropriate committee for delegation of authority for Physician Contract exceptions under the Physician Financial Arrangements Policy.</li> <li>(2) Authority to approve funding requests not to exceed \$5 million.</li> </ul> <p>Mrs. Murphy asked the Committee for feedback and a brief discussion ensued.</p> <p><i>The Finance Committee suggested we explore what other District Hospitals are offering as signage authoring level for their CEO.</i></p> <p><b>Motion:</b> To recommend that the Governance Committee recommend Delegation Authority to the Finance Committee.</p>	<b><i>Delegation of Authority to the Finance Committee approved</i></b>

	<p><b>Movant:</b> Reeder  <b>Second:</b> Kalbach  <b>Ayes:</b> Chow, Juelis, Kalbach, Reeder, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Faust &amp; Hobbs  <b>Recused:</b> None</p>	
<b>7. REPORT ON BOARD ACTIONS</b>	Chair Zoglin briefly reviewed the Report on Board Actions as further detailed in the packet.	
<b>8. FY18 YEAR END FINANCIALS</b>	<p>Iftikhar Hussain, CFO, reviewed the FY18 Period 12 Financials with the Committee members. FY18 for the year, overall volume, measured in adjusted discharges is 5.4% higher than budget. Medical and ER cases were high due to the flu season. Strong service line growth in Neurosciences, HVI, BHS, Oncology. Deliveries are lower than prior year and 4.4% below budget primarily, due to the decline in birth rate. OP cases also show strong service line growth in General Surgery, General Medicine, Orthopedics, Imaging Services, MCH and Rehab.</p> <p>June's operating income is \$15.5 million better than budget of \$5.2 million due to \$8.4 million in Inter Governmental Transfer (IGT) revenue \$2.3 million in revenue due to reversal of Medicare RAC audit reserve. For the year operating margin is \$63.3 million ahead of target due to higher volume, \$29 million in unusual items and strong revenue cycle operations. The investment earnings are \$40.5 million ahead of target. Balance sheet is healthy with cash at 504 days and AR at 46.8 days which is 1.2 days better than target.</p> <p><b>Motion:</b> To approve the FY18 Year End Financials.</p> <p><b>Movant:</b> Juelis  <b>Second:</b> Kalbach  <b>Ayes:</b> Chow, Juelis, Kalbach, Reeder, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Faust &amp; Hobbs  <b>Recused:</b> None</p>	<b><i>FY 18 Year End Financials approved</i></b>
<b>9. PHYSICIAN TRANSACTION COMPLIANCE EDUCATION</b>	<p>Diane Wigglesworth, Director of Corporate Compliance and Mary Rotunno, General Counsel reviewed the material in the Physician Transaction Compliance Education packet. Mrs. Rotunno stated, as the Committee you're responsible under Hospital Policy 51.00 for reviewing and recommending for approval any physician contracts 1) over \$250,000, 2) over the 75th percentile of fair market value, and/or 3) with a 10% or more increase.</p> <p>In addition we need these points in our 10 steps: 1) Alignment with Mission Goals; 2) Industry Practice; 3) Frequency &amp; Intensity of Need; 4) Alternatives; 5) Duplication; 6) Financial Performance; 7) Qualifications; 8) Evaluation Metrics; and 9) Payment Terms. It's the Finance Committee responsibility to oversee if the 10 step is articulated correctly.</p> <p>Mrs. Wigglesworth asked the Committee for feedback and a brief discussion ensued.</p>	
<b>10. FINANCIAL INSTITUTIONS</b>	<p>Matt Harris, Controller reviewed each of the Financial Institutions with the Committee members. Mr. Harris stated Amex gives us the best rebate return. In 2011 ECH partnered with American Express Global Commercial Services, to improve business process automation, better efficiency, and enhanced cash flow management. ECH decided to enroll in their program BIP (Buyer Initiated Payments), to gain more in rebates. Since joining the program ECH received rebates in the range of \$130,000 to \$170,000 and have approximately \$35 million in payables processing a year through their payables solution. The most recent Institution is Comdata who we partnered, to expand our payment automation footprint beyond AMEX and our internal processes to leverage our A/P spend to achieve greater rebates. Depending on the growth</p>	

	over the next few months, ECH expected annual rebates could range \$550K to \$800K. Mr. Harris asked the Committee for feedback and a brief discussion ensued.	
<b>11. ADJOURN TO CLOSED SESSION</b>	<p><b>Motion:</b> To adjourn to closed session at 6:46pm pursuant to Gov't Code Section 54957.2 for approval of the Minutes of Closed Session of Finance Committee Meeting (April 26, 2018); Minutes of the Closed Session of the Joint ECH Board and Finance Committee (May 29, 2018); and Minutes of the Closed Session of the Finance Committee Meeting (May 29, 2018).</p> <p><b>Movant:</b> Juelis  <b>Second:</b> Kalbach  <b>Ayes:</b> Chow, Juelis, Kalbach, Reeder, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Faust &amp; Hobbs  <b>Recused:</b> None</p>	<i>Adjourned to closed session at 6:46 pm</i>
<b>12. AGENDA ITEM 15: RECONVENE OPEN SESSION/ REPORT OUT</b>	<p>Open session was reconvened at 7:27 pm. Agenda items 13-15 were covered in closed session. During the closed session the committee approved the Closed Session Joint Finance &amp; Investment Committee (January 29, 2018); Minutes of the Closed Session of the Finance Committee (January 29, 2018).</p> <p>By a unanimous vote in favor by all present Committee Members (Chow, Juelis, Kalbach, Reeder, and Zoglin). Faust &amp; Hobbs was absent.</p>	
<b>13. AGENDA ITEM 16: APPROVAL OF CONTRACTS</b>	<p><b>Motion:</b> To recommend that the Board approve the Mountain View Hospitalist and Associate Chief Medical Office contracts.</p> <p><b>Movant:</b> Kalbach  <b>Second:</b> Juelis  <b>Ayes:</b> Chow, Juelis, Kalbach, Reeder, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Faust &amp; Hobbs  <b>Recused:</b> None</p>	<i>Physician Contracts approved</i>
<b>14. AGENDA ITEM 17: FY19 COMMITTEE PACING PLAN</b>	Chair Zoglin discuss with the Committee on FY19 Pacing Plan that there's three Service lines presentations. He wants to make sure the key factors are presented within the presentations: 1) What is our Strategy; 2) What are the goals for this year; 3) Are the goals tied to our strategy. Mr. Juelis suggested please add new cutting edge technology tied to strategy if any.	
<b>15. AGENDA ITEM 18: CLOSING COMMENTS</b>	None	
<b>16. AGENDA ITEM 19: ADJOURNMENT</b>	<p><b>Motion:</b> To adjourn at 7:34pm</p> <p><b>Movant:</b> Juelis  <b>Second:</b> Chow  <b>Ayes:</b> Chow, Juelis, Kalbach, Reeder, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Faust &amp; Hobbs  <b>Recused:</b> None</p>	<i>Meeting adjourned at 7:34 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<sup>®</sup>**

THE HOSPITAL OF SILICON VALLEY

# **Summary of Financial Operations Fiscal Year 2019 – Period 1**

7/1/2018 to 7/31/2018

Finance Committee

Iftikhar Hussain, CFO

September 24, 2018

# Financial Overview

## Volume:

- For the first period of the year, IP volume (Acute Discharges) were below budget by 8.1% and below prior year by 10.2%. Deliveries were below budget by 12.8% and below prior year by 14.8%. The majority of the IP decline occurred in the MCH, HVI and General Medicine service lines respectively for both current and prior year.
- OP cases were favorable to budget by 2.1% and greater than prior year by 2.3%. Most notable increases in Imaging and Lab, however General Medicine as well as Oncology have decreased.

## Financial Performance:

- Net Patient Revenue was unfavorable to budget by 1.7% and above prior year by 1.4%. Driven primarily by lower IP activity partially offset by the increase in OP cases.
- Operating Expense was favorable to budget by 3.8% and above prior year by 9.5%. Primarily due to flexing of labor in line with reduction in volumes and timing in hiring budgeted management positions.
- Operating income was \$1.0M favorable to budget and \$4.9M below prior year.
- Strong investments continue for July, investment earnings are \$8.4 million ahead of target.

## Payor Mix:

- Commercial was on budget. Medicare was slightly below budget by 1.2% while Medi-Cal was slightly above budget by 1.1%. Compared for prior year, Commercial has dropped 1.6% and Medi-Cal has increased 2.3%.

## Cost:

- Prod Hrs/APD for July is favorable vs target by 3%.

## Balance Sheet:

- Net days in AR is 45.9 which is 2.1 days better than budget.

# Dashboard - ECH combined as of July 31, 2018

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
<b>Volume</b>								
Licensed Beds	443	443	443	-	443	443	443	-
ADC	233	216	234	(19)	233	216	234	(19)
Utilization MV	64%	59%	66%	-7%	64%	59%	66%	-7%
Utilization LG	29%	27%	26%	1%	29%	27%	26%	1%
Utilization Combined	53%	49%	53%	-4%	53%	49%	53%	-4%
Adjusted Discharges	3,003	2,781	2,845	(64)	3,003	2,781	2,845	(64)
Total Discharges (Excl NNB)	1,698	1,520	1,658	(138)	1,698	1,520	1,658	(138)
<b>Inpatient Cases</b>								
MS Discharges	1,180	1,065	1,154	(89)	1,180	1,065	1,154	(89)
Deliveries	392	334	383	(49)	392	334	383	(49)
BHS	95	79	90	(11)	95	79	90	(11)
Rehab	31	42	31	11	31	42	31	11
<b>Outpatient Cases</b>	11,777	12,045	11,793	252	11,777	12,045	11,793	252
ED	4,032	4,050	3,964	86	4,032	4,050	3,964	86
Procedural Cases								
OP Surg	353	358	356	2	353	358	356	2
Endo	199	198	203	(5)	199	198	203	(5)
Interventional	174	172	187	(15)	174	172	187	(15)
All Other	7,019	7,267	7,083	184	7,019	7,267	7,083	184
<b>Financial Perf.</b>								
Net Patient Revenues	69,679	70,623	71,859	(1,236)	69,679	70,623	71,859	(1,236)
Total Operating Revenue	71,684	72,437	73,937	(1,500)	71,684	72,437	73,937	(1,500)
Operating Expenses	59,541	65,213	67,768	(2,556)	59,541	65,213	67,768	(2,556)
Operating Income \$	12,143	7,224	6,169	1,055	12,143	7,224	6,169	1,055
Operating Margin	16.9%	10.0%	8.3%	1.6%	16.9%	10.0%	8.3%	1.6%
EBITDA \$	16,451	11,567	10,787	781	16,451	11,567	10,787	781
EBITDA %	22.9%	16.0%	14.6%	1.4%	22.9%	16.0%	14.6%	1.4%
<b>Payor Mix</b>								
Medicare	46.0%	45.5%	46.7%	-1.2%	46.0%	45.5%	46.7%	-1.2%
Medi-Cal	6.9%	9.2%	8.1%	1.1%	6.9%	9.2%	8.1%	1.1%
Commercial IP	23.1%	21.7%	22.9%	-1.2%	23.1%	21.7%	22.9%	-1.2%
Commercial OP	21.0%	20.9%	19.7%	1.2%	21.0%	20.9%	19.7%	1.2%
Total Commercial	44.2%	42.6%	42.6%	0.0%	44.2%	42.6%	42.6%	0.0%
Other	2.9%	2.8%	2.6%	0.1%	2.9%	2.8%	2.6%	0.1%
<b>Cost</b>								
Total FTE	2,569.5	2,564.8	2,611.8	(47)	2,569.5	2,564.8	2,611.8	(47)
Productive Hrs/APD	30.3	31.5	32.4	(1)	30.3	31.5	32.4	(1)
<b>Balance Sheet</b>								
Net Days in AR	47.7	45.9	48.0	(2)	47.7	45.9	48.0	(2)
Days Cash	505	529	266	263	505	529	266	263
<b>Affiliates - Net Income (\$000s)</b>								
Hosp	17,341	14,975	6,625	8,350	17,341	14,975	6,625	8,350
Concern	336	557	37	519	336	557	37	519
ECSC	(2)	(1)	0	(1)	(2)	(1)	0	(1)
Foundation	202	507	151	356	202	507	151	356
SVMD	(82)	554	(88)	642	(82)	554	(88)	642



# Budget Variances

## Fiscal Year 2019 YTD (7/1/2018-07/31/2018) Waterfall

(in thousands; \$000s)	Year to Date (YTD)	
	Net Income	% Net Revenue
<b>Budgeted Hospital Operations FY2019</b>	<b>6,169</b>	<b>8.3%</b>
<b>Net Revenue</b> - Sharp decreases in IP volume	(1,500)	-2.1%
<b>Labor and Benefit Expense Change</b> - Flexing in staff and mgmt positions not yet filled.	1,459	2.0%
<b>Professional Fees &amp; Purchased Services</b> - Consulting services not expensed.	482	0.7%
<b>Supplies</b> - Medical and Non Medical Supplies are over budget, but savings in Drugs offset the variance	225	0.3%
<b>Other Expenses</b> - planned services not yet expensed.	115	0.2%
<b>Depreciation &amp; Interest</b>	275	0.4%
<b>Actual Hospital Operations FY2019</b>	<b>7,224</b>	<b>10.0%</b>

# El Camino Hospital (\$000s)

Period ending 07/31/2018

Period 1 FY 2018	Period 1 FY 2019	Period 1 Budget 2019	Variance Fav (Unfav)	Var%		YTD FY 2018	YTD FY 2019	YTD Budget 2019	Variance Fav (Unfav)	Var%
					\$000s					
					OPERATING REVENUE					
250,848	265,640	275,902	(10,261)	-3.7%	Gross Revenue	250,848	265,640	275,902	(10,261)	-3.7%
(181,169)	(195,018)	(204,043)	9,025	1.0%	Deductions	(181,169)	(195,018)	(204,043)	9,025	-4.4%
<b>69,679</b>	<b>70,623</b>	<b>71,859</b>	<b>(1,236)</b>	<b>-1.7%</b>	Net Patient Revenue	<b>69,679</b>	<b>70,623</b>	<b>71,859</b>	<b>(1,236)</b>	<b>-1.7%</b>
2,005	1,814	2,078	(264)	-12.7%	Other Operating Revenue	2,005	1,814	2,078	(264)	-12.7%
<b>71,684</b>	<b>72,437</b>	<b>73,937</b>	<b>(1,500)</b>	<b>-2.0%</b>	Total Operating Revenue	<b>71,684</b>	<b>72,437</b>	<b>73,937</b>	<b>(1,500)</b>	<b>-2.0%</b>
					OPERATING EXPENSE					
38,215	40,062	41,521	1,459	3.5%	Salaries & Wages	38,215	40,062	41,521	1,459	3.5%
8,209	9,939	10,164	225	2.2%	Supplies	8,209	9,939	10,164	225	2.2%
7,035	8,435	8,917	482	5.4%	Fees & Purchased Services	7,035	8,435	8,917	482	5.4%
1,775	2,434	2,549	115	4.5%	Other Operating Expense	1,775	2,434	2,549	115	4.5%
418	121	323	202	62.6%	Interest	418	121	323	202	62.6%
3,890	4,222	4,295	72	1.7%	Depreciation	3,890	4,222	4,295	72	1.7%
<b>59,541</b>	<b>65,213</b>	<b>67,768</b>	<b>2,556</b>	<b>3.8%</b>	Total Operating Expense	<b>59,541</b>	<b>65,213</b>	<b>67,768</b>	<b>2,556</b>	<b>3.8%</b>
<b>12,143</b>	<b>7,224</b>	<b>6,169</b>	<b>1,055</b>	<b>17.1%</b>	Net Operating Income/(Loss)	<b>12,143</b>	<b>7,224</b>	<b>6,169</b>	<b>1,055</b>	<b>17.1%</b>
5,198	7,751	456	7,295	1598.3%	Non Operating Income	5,198	7,751	456	7,295	1598.3%
<b>17,341</b>	<b>14,975</b>	<b>6,625</b>	<b>8,350</b>	<b>126.0%</b>	Net Income(Loss)	<b>17,341</b>	<b>14,975</b>	<b>6,625</b>	<b>8,350</b>	<b>126.0%</b>
22.9%	16.0%	14.6%	1.4%		EBITDA	22.9%	16.0%	14.6%	1.4%	
16.9%	10.0%	8.3%	1.6%		Operating Margin	16.9%	10.0%	8.3%	1.6%	
24.2%	20.7%	9.0%	11.7%		Net Margin	24.2%	20.7%	9.0%	11.7%	

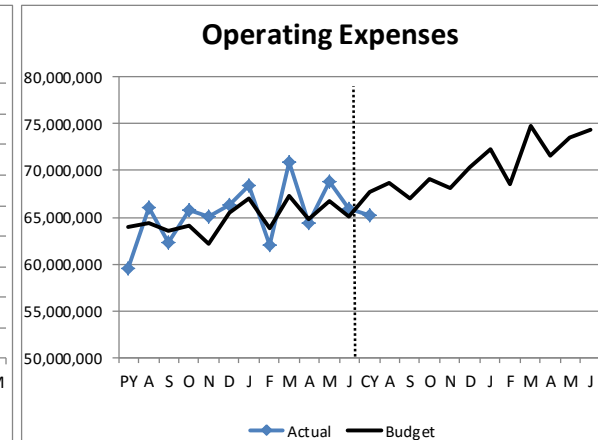
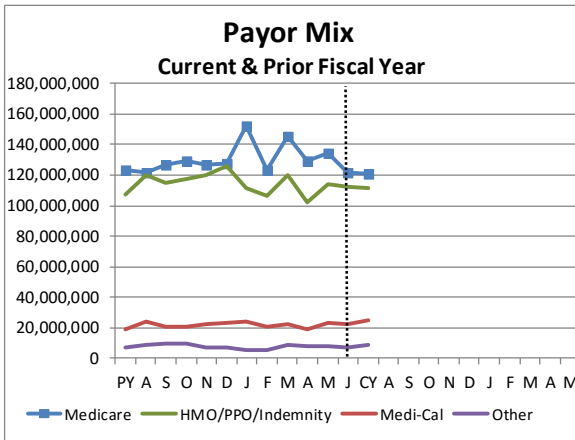
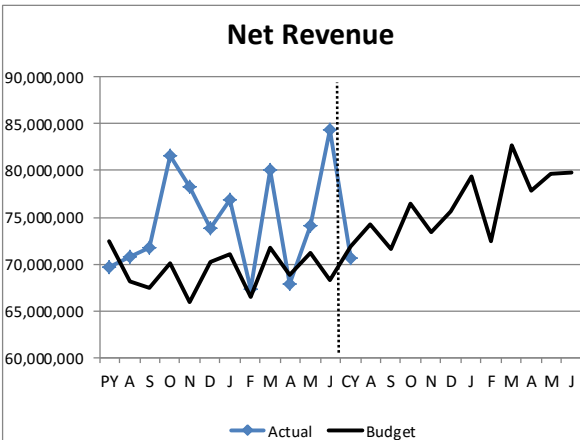
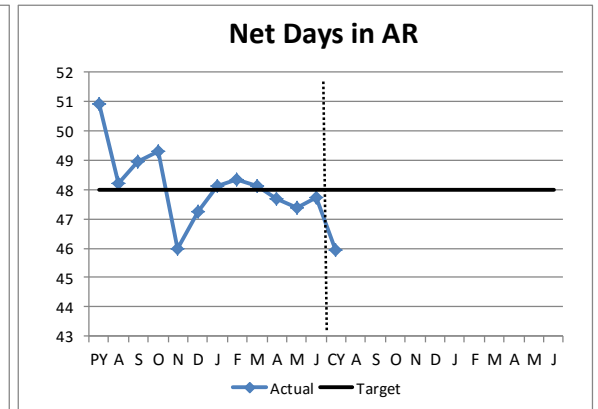
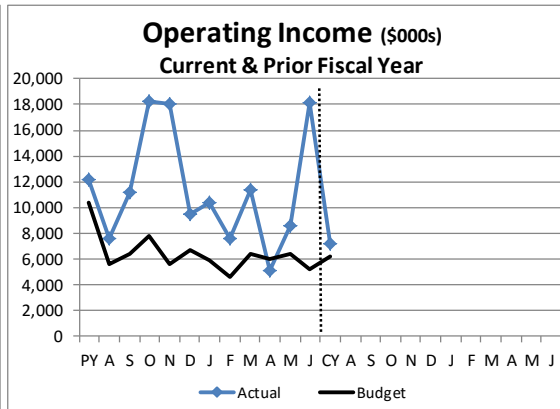
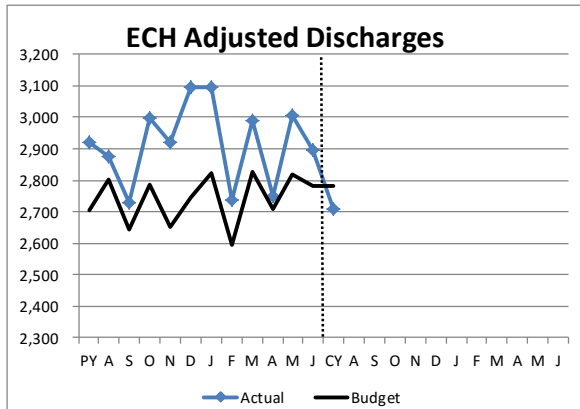
# Non Operating Items and Net Income by Affiliate

\$ in thousands

	Period 1 - Month			Period 1 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Income (Loss) from Operations</b>						
Mountain View	7,041	5,086	1,956	7,041	5,086	1,956
Los Gatos	182	1,083	(900)	182	1,083	(900)
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>7,224</b>	<b>6,169</b>	<b>1,055</b>	<b>7,224</b>	<b>6,169</b>	<b>1,055</b>
<b>Operating Margin %</b>	<b>10.0%</b>	<b>8.3%</b>		<b>10.0%</b>	<b>8.3%</b>	
<b>El Camino Hospital Non Operating Income</b>						
Investments	10,867	2,478	8,389	10,867	2,478	8,389
Swap Adjustments	298	(100)	398	298	(100)	398
Community Benefit	(2,581)	(300)	(2,281)	(2,581)	(300)	(2,281)
Pathways	(235)	0	(235)	(235)	0	(235)
Satellite Dialysis	0	(25)	25	0	(25)	25
Community Connect	0	(53)	53	0	(53)	53
SVMD Funding <sup>1</sup>	(398)	(1,219)	821	(398)	(1,219)	821
Other	(199)	(324)	125	(199)	(324)	125
<b>Sub Total - Non Operating Income</b>	<b>7,751</b>	<b>456</b>	<b>7,295</b>	<b>7,751</b>	<b>456</b>	<b>7,295</b>
<b>El Camino Hospital Net Income (Loss)</b>	<b>14,975</b>	<b>6,625</b>	<b>8,350</b>	<b>14,975</b>	<b>6,625</b>	<b>8,350</b>
<b>ECH Net Margin %</b>	<b>20.7%</b>	<b>9.0%</b>		<b>20.7%</b>	<b>9.0%</b>	
Concern	557	37	519	557	37	519
ECSC	(1)	0	(1)	(1)	0	(1)
Foundation	507	151	356	507	151	356
Silicon Valley Medical Development	554	(88)	642	554	(88)	642
<b>Net Income Hospital Affiliates</b>	<b>1,616</b>	<b>100</b>	<b>1,516</b>	<b>1,616</b>	<b>100</b>	<b>1,516</b>
<b>Total Net Income Hospital &amp; Affiliates</b>	<b>16,592</b>	<b>6,725</b>	<b>9,866</b>	<b>16,592</b>	<b>6,725</b>	<b>9,866</b>

<sup>1</sup>Favorable variances for SVMD and Community Connect are due to delayed implementation

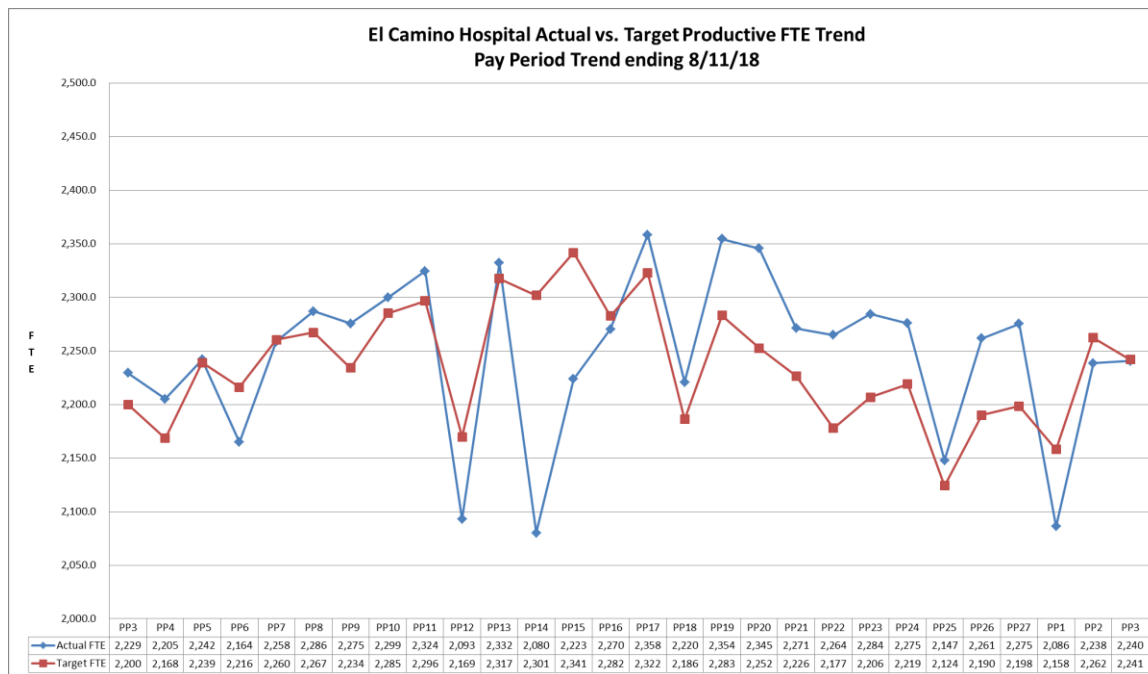
# Monthly Financial Trends



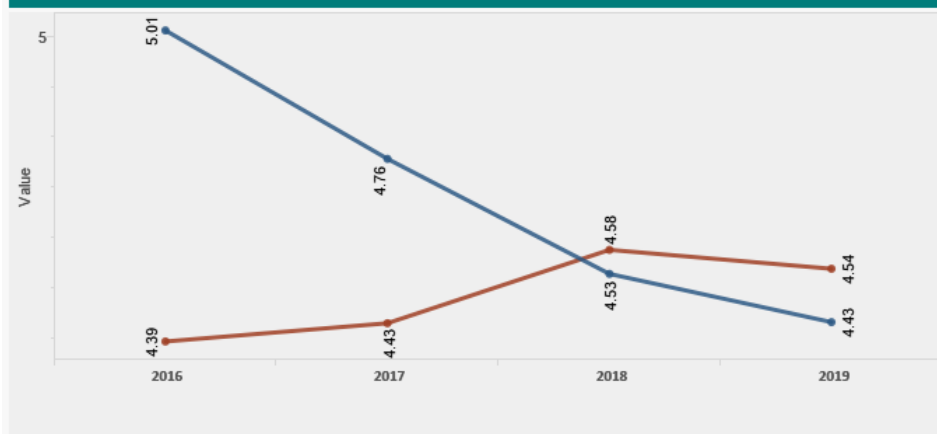
# Productivity and Medicare Length of Stay

At or below FTE target for the first three pay periods of the year.

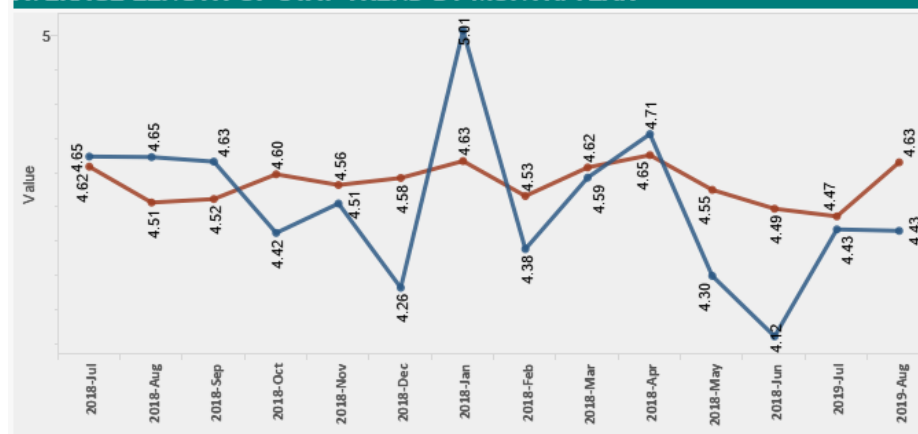
ALOS vs Milliman well-managed benchmark. Trend shows remarkable and steady improvement with FY 2019 below benchmark (blue). Increase in benchmark beginning in FY 2017 due to Clinical Documentation Improvement (CDI)



## AVERAGE LENGTH OF STAY TREND BY MONTH/YEAR



## AVERAGE LENGTH OF STAY TREND BY MONTH/YEAR



# Inpatient Volume

Inpatient	Annual Trend							FY 19 Bud vs FY 18		Month				
ServLn	2014	2015	2016	2017	2018	Bud 2018	Bud 2019	Cases	Percent	PY	CY	Bud	Bud Var	PY Var
Behavioral Health	1,012	1,052	928	924	1,099	912	1,062	(37)	-3.3%	96	83	91	(8)	(13)
General Medicine	4,160	4,591	4,459	4,962	5,288	4,679	5,325	37	0.7%	449	402	418	(16)	(47)
General Surgery	1,243	1,150	1,311	1,317	1,304	1,306	1,344	40	3.1%	95	99	100	(1)	4
GYN	390	313	293	270	244	275	255	11	4.5%	17	11	15	(4)	(6)
Heart and Vascular	1,859	1,998	2,001	2,203	2,372	2,082	2,445	73	3.1%	199	157	191	(34)	(42)
MCH	6,695	6,371	5,951	5,819	5,713	6,206	5,764	51	0.9%	498	422	482	(60)	(76)
Neurosciences	667	672	677	688	871	697	907	36	4.1%	77	70	85	(15)	(7)
Oncology	606	564	652	594	633	572	726	93	14.7%	46	61	47	14	15
Orthopedics	1,695	1,773	1,746	1,690	1,707	1,762	1,819	112	6.6%	137	133	141	(8)	(4)
Other	5	1				-	-	-			14	-	14	14
Rehab Services	547	555	500	461	442	497	436	(6)	-1.4%	31	42	31	11	11
Spine Surgery	377	429	417	474	375	478	465	90	24.0%	29	20	30	(10)	(9)
Urology	172	169	234	257	254	240	274	20	7.9%	25	11	26	(15)	(14)
	19,428	19,638	19,169	19,659	20,302	19,705	20,823	521	2.6%	1,699	1,525	1,659	(134)	(174)
Change		1.1%	-2.4%	2.6%	3.3%	0.2%	2.6%						-8.1%	-10.2%

- Strong growth trend in of the last 2 years built into the FY 19 budget
- July volume lower than PY and budget

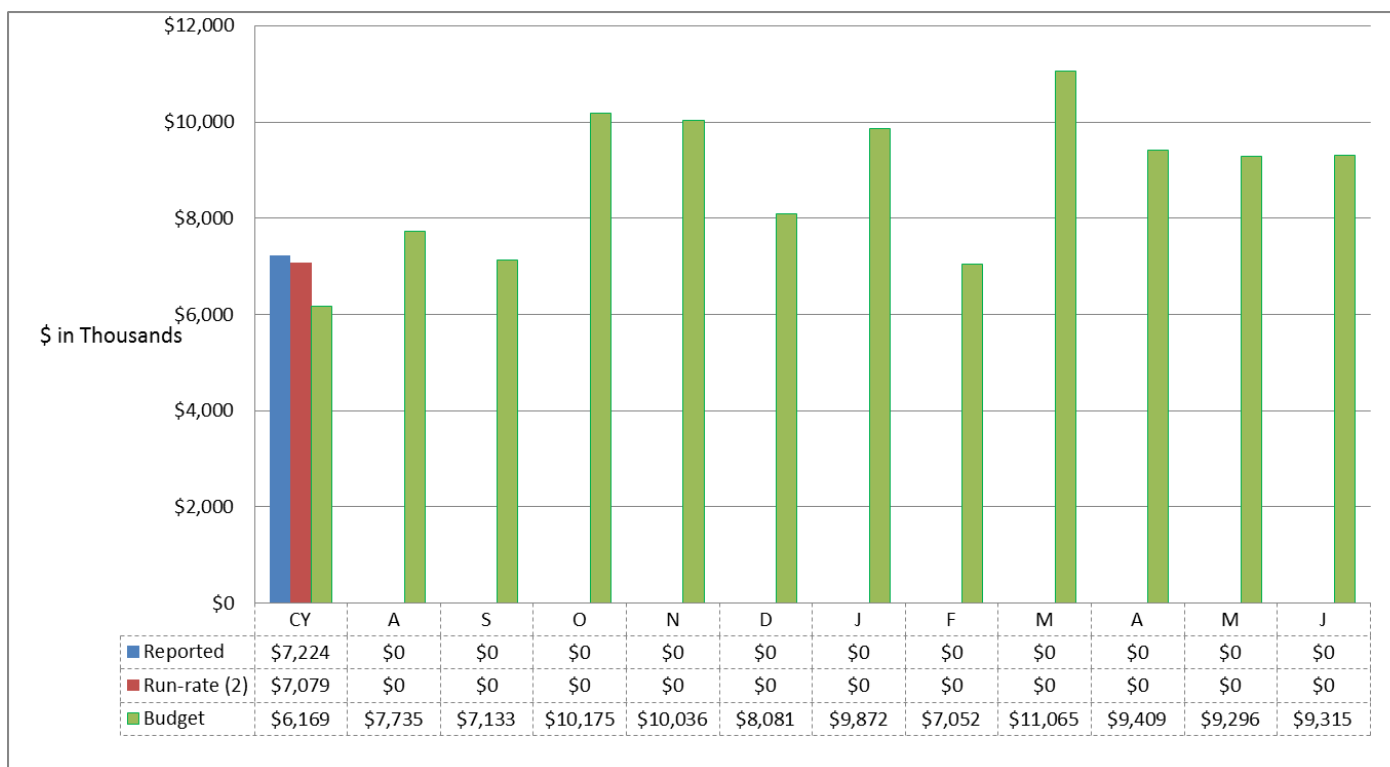
# Outpatient Volume

Outpatient	2014	2015	2016	2017	2018	Bud 2018	Bud 2019		Cases	Percent		PY	CY	Bud	Bud Var	PY Var
Behavioral Health	911	886	2,395	3,262	3,152	3,282	3,417		265	8.4%		260	224	260	(36)	(36)
Dialysis	1,060	154	7						-						-	-
Emergency	46,005	49,077	48,576	48,615	49,428	48,975	49,122		(306)	-0.6%		4,032	4,035	3,964	71	3
General Medicine	5,969	5,999	6,569	6,540	7,046	6,504	6,850		(196)	-2.8%		544	619	559	60	75
General Surgery	1,840	1,854	1,798	1,843	2,007	2,049	2,068		61	3.0%		149	156	150	6	7
GYN	1,221	1,308	1,018	1,080	1,096	1,172	1,171		75	6.8%		81	108	79	29	27
Heart and Vascular	2,575	2,719	3,811	4,372	4,367	4,393	4,410		43	1.0%		353	366	365	1	13
Imaging Services	19,549	20,077	17,801	17,244	18,514	17,597	18,744		230	1.2%		1,446	1,582	1,413	169	136
Laboratory Services	30,595	29,710	29,028	29,137	28,576	28,741	29,071		495	1.7%		2,191	2,354	2,182	172	163
MCH	5,038	4,830	5,092	5,583	5,646	5,200	5,928		282	5.0%		466	449	458	(9)	(17)
Neurosciences	110	61	127	125	114	142	155		41	36.0%		11	5	13	(8)	(6)
Oncology	4,002	4,174	14,306	18,578	19,279	19,438	22,037		2,758	14.3%		1,545	1,482	1,588	(106)	(63)
Orthopedics	866	776	584	616	642	588	714		72	11.2%		46	43	53	(10)	(3)
Other	664	635	629	543	513	703	607		94	18.3%		40	50	37	13	10
Outpatient Clinics	1,817	1,706	1,681	1,304	1,890	1,450	1,517		(373)	-19.7%		172	138	93	45	(34)
Rehab Services	1,732	1,747	3,951	4,518	4,929	4,326	4,900		(29)	-0.6%		398	444	395	49	46
Sleep Center	160	223	499	368	211	720	300		89	42.2%		12	14	23	(9)	2
Spine Surgery	325	401	309	324	310	331	326		16	5.2%		21	15	21	(6)	(6)
Urology	1,758	1,773	1,740	1,898	1,785	1,875	2,058		273	15.3%		138	123	138	(15)	(15)
	126,197	128,110	139,921	145,950	149,505	147,485	153,395		3,890	2.6%		11,905	12,207	11,793	414	302
Change		1.5%	9.2%	4.3%	2.4%	1.1%	2.6%								3.5%	2.5%

- Growth primarily in imaging and lab
- Drop in oncology, urology

# ECH Operating Margin

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



FY 2019 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>			
Revenue	Adjustments	J	YTD
	Mcare Settlmt/Appeal/Tent Settlmt/PIP	141	141
	Various Adjustments under \$250k	4	4
	<b>Total</b>	<b>145</b>	<b>145</b>



# El Camino Hospital Investment Committee Scorecard

June 30, 2018

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY18 Year-end Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>		2Q 2018		Fiscal Year-to-date		5y 8m Since Inception (annualized)			2018
Surplus cash balance*		\$942.9	--	--	--	--	--	\$926.1	--
Surplus cash return		1.3%	0.8%	6.9%	5.8%	5.7%	5.4%	1.9%	5.3%
Cash balance plan balance (millions)		\$264.4	--	--	--	--	--	\$257.1	--
Cash balance plan return		2.0%	0.9%	8.9%	7.0%	8.1%	7.2%	6.0%	5.7%
403(b) plan balance (millions)		\$464.6	--	--	--	--	--	--	--
<b>Risk vs. Return</b>		3-year				5y 8m Since Inception (annualized)			2018
Surplus cash Sharpe ratio		0.99	0.96	--	--	1.30	1.24	--	0.43
Net of fee return		5.3%	5.0%	--	--	5.7%	5.4%	--	5.3%
Standard deviation		4.7%	4.6%	--	--	4.1%	4.0%	--	6.7%
Cash balance Sharpe ratio		1.02	0.96	--	--	1.41	1.31	--	0.40
Net of fee return		6.6%	5.9%	--	--	8.1%	7.2%	--	5.7%
Standard deviation		5.8%	5.5%	--	--	5.4%	5.2%	--	8.1%
<b>Asset Allocation</b>		2Q 2018							
Surplus cash absolute variances to target		7.2%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		6.1%	< 10%	--	--	--	--	--	--
<b>Manager Compliance</b>		2Q 2018							
Surplus cash manager flags		20	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		22	< 27 Green < 34 Yellow	--	--	--	--	--	--

\*Excludes debt reserve funds (~\$223 mm), District assets (~\$33 mm), and balance sheet cash not in investable portfolio (~\$133 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
<b>CIP</b>	EPIC Upgrade			1.9	1.1	1.9	1.9	0.0		1.1
<b>IT Hardware, Software, Equipment &amp; Imaging*</b>				12.2	1.2	12.2	12.2	0.0		1.2
<b>Medical &amp; Non Medical Equipment FY 17**</b>				14.0	13.0	8.6	0.0	8.6 <sup>2</sup>		7.6
<b>Medical &amp; Non Medical Equipment FY 18***</b>				5.6	6.3	5.6	5.6	0.0		6.3
<b>Facility Projects</b>										
	1245 Behavioral Health Bldg	FY16	96.1	96.1	45.4	27.0	51.4	-24.4 <sup>1</sup>		27.8
	1413 North Drive Parking Expansion	FY15	24.5	24.5	24.2	2.6	3.4	-0.8		4.5
	1414 Integrated MOB	FY15	302.1	302.1	119.0	72.0	130.1	-58.1 <sup>1</sup>		73.1
	1422 CUP Upgrade	FY16	9.0	9.0	7.6	5.5	4.0	1.5		5.3
	1430 Women's Hospital Expansion	FY16	120.0	6.0	3.2	3.6	7.0	-3.4		2.8
	1425 IMOB Preparation Project - Old Main	FY16	20.0	0.0	2.8	0.0	0.0	0.0		0.2
	1502 Cabling & Wireless Upgrades	FY16	0.0	0.0	2.6	0.0	0.0	0.0		0.2
	1525 New Main Lab Upgrades		3.1	3.1	2.2	2.5	0.0	2.5		1.7
	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	0.2	0.5	0.5	0.0		0.2
	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	3.8	0.0	0.0	0.0		0.4
	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	9.0	8.9	0.6	0.7	-0.1		1.6
	1307 LG Upgrades	FY13	19.3	19.3	17.8	4.9	5.0	-0.1		3.9
	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	4.9	3.5	3.5	0.0		4.6
	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	0.2	0.4	0.0	0.4		0.2
	All Other Projects under \$1M		5.6	0.1	90.9	1.8	0.0	1.8		4.1
<b>GRAND TOTAL</b>			684.4	479.6	338.3	128.0	211.9	-83.9		131.2
				<b>499.4</b>	<b>360.0</b>	<b>156.5</b>	<b>231.7</b>	<b>-75.2</b>		<b>147.4</b>

\* Excluding EPIC

\*\* Unspent Prior Year routine used as contingency

\*\*\* Includes 2 robot purchases

<sup>1</sup> Variance due to delay in MV campus plan

<sup>2</sup> Initial assumption was to spend all FY17 in FY17

# Balance Sheet (in thousands)

## ASSETS

	July 31, 2018	UnAudited June 30, 2017
<b>CURRENT ASSETS</b>		
Cash	123,936	118,992
Short Term Investments	147,279	150,664
Patient Accounts Receivable, net	112,893	117,157
Other Accounts and Notes Receivable	2,753	3,402
Intercompany Receivables	1,755	2,090
(1) Inventories and Prepaids	79,809	75,594
<b>Total Current Assets</b>	<b>468,425</b>	<b>467,901</b>
<b>BOARD DESIGNATED ASSETS</b>		
Plant & Equipment Fund	155,033	153,784
(2) Women's Hospital Expansion	13,967	9,298
(3) Operational Reserve Fund	139,057	127,908
(4) Community Benefit Fund	16,111	18,675
Workers Compensation Reserve Fund	20,377	20,263
Postretirement Health/Life Reserve Fund	29,262	29,212
PTO Liability Fund	24,199	24,532
Malpractice Reserve Fund	1,831	1,831
Catastrophic Reserves Fund	19,041	18,322
<b>Total Board Designated Assets</b>	<b>418,877</b>	<b>403,826</b>
(5) <b>FUNDS HELD BY TRUSTEE</b>	<b>181,201</b>	<b>197,620</b>
<b>LONG TERM INVESTMENTS</b>	<b>349,723</b>	<b>345,684</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>32,779</b>	<b>32,412</b>
<b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,264,618	1,261,854
Less: Accumulated Depreciation	(582,181)	(577,959)
Construction in Progress	222,034	220,991
<b>Property, Plant &amp; Equipment - Net</b>	<b>904,471</b>	<b>904,886</b>
<b>DEFERRED OUTFLOWS</b>	21,127	21,177
<b>RESTRICTED ASSETS - CASH</b>	0	0
<b>TOTAL ASSETS</b>	<b>2,376,603</b>	<b>2,373,506</b>

## LIABILITIES AND FUND BALANCE

	July 31, 2018	UnAudited June 30, 2017
<b>CURRENT LIABILITIES</b>		
(6) Accounts Payable	38,747	49,925
(7) Salaries and Related Liabilities	31,310	26,727
Accrued PTO	24,199	24,532
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	10,032	10,068
Intercompany Payables	49	125
Malpractice Reserves	1,831	1,831
Bonds Payable - Current	3,850	3,850
(8) Bond Interest Payable	3,991	12,975
Other Liabilities	8,938	8,909
<b>Total Current Liabilities</b>	<b>125,247</b>	<b>141,242</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	29,262	29,212
Worker's Comp Reserve	18,077	17,963
Other L/T Obligation (Asbestos)	3,868	3,859
Other L/T Liabilities (IT/Medl Leases)	-	-
Bond Payable	517,427	517,781
<b>Total Long Term Liabilities</b>	<b>568,635</b>	<b>568,815</b>
<b>DEFERRED REVENUE-UNRESTRICTED</b>	482	528
<b>DEFERRED INFLOW OF RESOURCES</b>	22,835	22,835
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	1,240,527	1,236,259
Board Designated	418,877	403,825
Restricted	0	0
(9) <b>Total Fund Bal &amp; Capital Accts</b>	<b>1,659,404</b>	<b>1,640,085</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>2,376,603</b>	<b>2,373,506</b>

## July 2018 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) Increase is primarily due to a Cash Balance funding in July of \$2,600,000.
- (2) Increase of \$4.7 million is a partial transfer of the District's June approval of \$6.2 million to fund the Women's Hospital Expansion project. The remaining amount will occur in subsequent months.
- (3) The increase here is to reset the Operational Reserve (to cover 60 days of operating expenses) for FY2019.
- (4) The decrease is due to the first wave of Grants and Sponsorships paid to Community Benefit recipients in July.
- (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) Decrease is due to significant yearend accruals that were paid out in July.
- (7) Increase in due to an additional three (3) days of payroll accrual needed in the month of July.
- (8) Decrease is due to semi-annual Revenue Bond payments for the 2015A and 2017 bond debt.
- (9) The increase is due to a combination of July's net income and within the Board Designated Funds the increase in the Operational Reserve and the Women's Hospital Expansion.

## 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. At the end of fiscal year 2018 another \$6.2 million was added to this fund.
- **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 the current 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 \$500,000 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, in fiscal year it generated over \$1.1 million of 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. At the end of fiscal year 2018, GASB #75 was implemented that now represents the full actuarially determined liability.
- **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)

Period ending 07/31/2018

Period 1 FY 2018	Period 1 FY 2019	Period 1 Budget 2019	Variance Fav (Unfav)	Var%		YTD FY 2018	YTD FY 2019	YTD Budget 2019	Variance Fav (Unfav)	Var%
					\$000s					
					<b>OPERATING REVENUE</b>					
207,481	218,059	228,863	(10,804)	-4.7%	Gross Revenue	207,481	218,059	228,863	(10,804)	-4.7%
(148,917)	(159,876)	(169,642)	9,767	-5.8%	Deductions	(148,917)	(159,876)	(169,642)	9,767	-5.8%
<b>58,563</b>	<b>58,184</b>	<b>59,220</b>	<b>(1,037)</b>	<b>-1.8%</b>	Net Patient Revenue	<b>58,563</b>	<b>58,184</b>	<b>59,220</b>	<b>(1,037)</b>	<b>-1.8%</b>
1,845	1,552	1,853	(300)	-16.2%	Other Operating Revenue	1,845	1,552	1,853	(300)	-16.2%
<b>60,408</b>	<b>59,736</b>	<b>61,073</b>	<b>(1,337)</b>	<b>-2.2%</b>	Total Operating Revenue	<b>60,408</b>	<b>59,736</b>	<b>61,073</b>	<b>(1,337)</b>	<b>-2.2%</b>
					<b>OPERATING EXPENSE</b>					
31,696	33,162	35,051	1,889	5.4%	Salaries & Wages	31,696	33,162	35,051	1,889	5.4%
6,828	7,967	8,356	389	4.7%	Supplies	6,828	7,967	8,356	389	4.7%
5,851	7,071	7,631	561	7.3%	Fees & Purchased Services	5,851	7,071	7,631	561	7.3%
271	886	1,032	145	14.1%	Other Operating Expense	271	886	1,032	145	14.1%
418	121	323	202	62.6%	Interest	418	121	323	202	62.6%
3,400	3,488	3,594	107	3.0%	Depreciation	3,400	3,488	3,594	107	3.0%
<b>48,465</b>	<b>52,695</b>	<b>55,987</b>	<b>3,293</b>	<b>5.9%</b>	Total Operating Expense	<b>48,465</b>	<b>52,695</b>	<b>55,987</b>	<b>3,293</b>	<b>5.9%</b>
<b>11,943</b>	<b>7,041</b>	<b>5,086</b>	<b>1,956</b>	<b>38.5%</b>	Net Operating Income/(Loss)	<b>11,943</b>	<b>7,041</b>	<b>5,086</b>	<b>1,956</b>	<b>38.5%</b>
5,198	7,751	456	7,295	1598.3%	Non Operating Income	5,198	7,751	456	7,295	1598.3%
<b>17,142</b>	<b>14,793</b>	<b>5,542</b>	<b>9,251</b>	<b>166.9%</b>	Net Income(Loss)	<b>17,142</b>	<b>14,793</b>	<b>5,542</b>	<b>9,251</b>	<b>166.9%</b>
26.1%	17.8%	14.7%	3.1%		EBITDA	26.1%	17.8%	14.7%	3.1%	
19.8%	11.8%	8.3%	3.5%		Operating Margin	19.8%	11.8%	8.3%	3.5%	
28.4%	24.8%	9.1%	15.7%		Net Margin	28.4%	24.8%	9.1%	15.7%	



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

Period ending 07/31/2018

Period 1 FY 2018	Period 1 FY 2019	Period 1 Budget 2019	Variance Fav (Unfav)	Var%		YTD FY 2018	YTD FY 2019	YTD Budget 2019	Variance Fav (Unfav)	Var%
					\$000s					
					<b>OPERATING REVENUE</b>					
43,367	47,581	47,039	542	1.2%	<b>Gross Revenue</b>	43,367	47,581	47,039	542	1.2%
(32,252)	(35,142)	(34,400)	(741)	2.2%	<b>Deductions</b>	(32,252)	(35,142)	(34,400)	(741)	2.2%
<b>11,116</b>	<b>12,439</b>	<b>12,639</b>	<b>(199)</b>	<b>-1.6%</b>	<b>Net Patient Revenue</b>	<b>11,116</b>	<b>12,439</b>	<b>12,639</b>	<b>(199)</b>	<b>-1.6%</b>
160	262	226	36	15.9%	<b>Other Operating Revenue</b>	160	262	226	36	15.9%
<b>11,276</b>	<b>12,701</b>	<b>12,864</b>	<b>(163)</b>	<b>-1.3%</b>	<b>Total Operating Revenue</b>	<b>11,276</b>	<b>12,701</b>	<b>12,864</b>	<b>(163)</b>	<b>-1.3%</b>
					<b>OPERATING EXPENSE</b>					
6,518	6,900	6,470	(430)	-6.6%	<b>Salaries &amp; Wages</b>	6,518	6,900	6,470	(430)	-6.6%
1,381	1,972	1,809	(164)	-9.0%	<b>Supplies</b>	1,381	1,972	1,809	(164)	-9.0%
1,184	1,364	1,285	(79)	-6.1%	<b>Fees &amp; Purchased Services</b>	1,184	1,364	1,285	(79)	-6.1%
1,503	1,547	1,517	(30)	-2.0%	<b>Other Operating Expense</b>	1,503	1,547	1,517	(30)	-2.0%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
489	735	700	(34)	-4.9%	<b>Depreciation</b>	489	735	700	(34)	-4.9%
<b>11,076</b>	<b>12,518</b>	<b>11,781</b>	<b>(737)</b>	<b>-6.3%</b>	<b>Total Operating Expense</b>	<b>11,076</b>	<b>12,518</b>	<b>11,781</b>	<b>(737)</b>	<b>-6.3%</b>
<b>200</b>	<b>182</b>	<b>1,083</b>	<b>(900)</b>	<b>-83.2%</b>	<b>Net Operating Income/(Loss)</b>	<b>200</b>	<b>182</b>	<b>1,083</b>	<b>(900)</b>	<b>-83.2%</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	0	0	0	0	0.0%
<b>200</b>	<b>182</b>	<b>1,083</b>	<b>(900)</b>	<b>-83.2%</b>	<b>Net Income(Loss)</b>	<b>200</b>	<b>182</b>	<b>1,083</b>	<b>(900)</b>	<b>-83.2%</b>
6.1%	7.2%	13.9%	-6.6%		<b>EBITDA</b>	6.1%	7.2%	13.9%	-6.6%	
1.8%	1.4%	8.4%	-7.0%		<b>Operating Margin</b>	1.8%	1.4%	8.4%	-7.0%	
1.8%	1.4%	8.4%	-7.0%		<b>Net Margin</b>	1.8%	1.4%	8.4%	-7.0%	

## Capital Spend Trend & FY19 Budget

Capital Spending (in 000's)	Actual FY2016	Actual FY2017	Actual FY2018	Budget 2019
EPIC	20,798	2,755	1,922	-
IT Hardware / Software Equipment	6,483	2,659	12,238	19,732
Medical / Non Medical Equipment	17,133	9,556	14,275	11,206
Non CIP Land, Land I , BLDG, Additions	4,189	-	-	-
Facilities	48,137	82,953	128,030	279,450
<b>GRAND TOTAL</b>	<b>96,740</b>	<b>97,923</b>	<b>156,465</b>	<b>310,388</b>

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

Category	2013	2014	2015	2016	2017
EPIC	0	6,838	29,849	20,798	2,755
IT Hardware/Software Equipment	8,019	2,788	4,660	6,483	2,659
Medical/Non Medical Equipment	10,284	12,891	13,340	17,133	9,556
Non CIP Land, Land I, BLDG, Additions	0	22,292	0	4,189	0
Land Acquisition (1550)	0	0	0	24,007	0
828 S Winchester Clinic TI (1701)	0	0	0	0	145

**Facilities Projects CIP**

**Mountain View Campus Master Plan Projects**

1245 - Behavioral Health Bldg Replace	0	1,257	3,775	1,389	10,323
1413 - North Drive Parking Structure Exp	0	0	167	1,266	18,120
1414 - Integrated MOB	0	0	2,009	8,875	32,805
1422 - CUP Upgrade	0	0	0	896	1,245
<b>Sub-Total Mountain View Campus Master Plan</b>	<b>0</b>	<b>1,257</b>	<b>5,950</b>	<b>12,426</b>	<b>62,493</b>

**Mountain View Capital Projects**

9900 - Unassigned Costs	734	470	3,717	0	0
1108 - Cooling Towers	450	0	0	0	0
1120 - BHS Out Patient TI's	66	0	0	0	0
1129 - Old Main Card Rehab	9	0	0	0	0
0817 - Womens Hosp Upgrds	645	1	0	0	0
0906 - Slot Build-Out	1,003	1,576	15,101	1,251	294
1109 - New Main Upgrades	423	393	2	0	0
1111 - Mom/Baby Overflow	212	29	0	0	0
1204 - Elevator Upgrades	25	30	0	0	0
0800 - Womens L&D Expansion	2,104	1,531	269	0	0
1131 - MV Equipment Replace	216	0	0	0	0
1208 - Willow Pav. High Risk	110	0	0	0	0
1213 - LG Sterilizers	102	0	0	0	0
1225 - Rehab BLDG Roofing	7	241	4	0	0
1227 - New Main eICU	96	21	0	0	0
1230 - Fog Shop	339	80	0	0	0
1315 - 205 So. Drive TI's	0	500	2	0	0
0908 - NPCR3 Seismic Upgrds	1,302	1,224	1,328	240	342
1125 - Will Pav Fire Sprinkler	57	39	0	0	0
1211 - SIS Monitor Install	215	0	0	0	0
1216 - New Main Process Imp Office	19	1	16	0	0
1217 - MV Campus MEP Upgrades FY13	0	181	274	28	0
1224 - Rehab Bldg HVAC Upgrades	11	202	81	14	6
1301 - Desktop Virtual	0	13	0	0	0
1304 - Rehab Wander Mgmt	0	87	0	0	0
1310 - Melchor Cancer Center Expansion	0	44	13	0	0
1318 - Women's Hospital TI	0	48	48	29	2
1327 - Rehab Building Upgrades	0	0	15	20	0
1320 - 2500 Hosp Dr Roofing	0	75	81	0	0
1340 - New Main ED Exam Room TVs	0	8	193	0	0
1341 - New Main Admin	0	32	103	0	0
1344 - New Main AV Upgrd	0	243	0	0	0
1400 - Oak Pav Cancer Center	0	0	5,208	666	52

Category	2013	2014	2015	2016	2017
<b>Facilities Projects CIP cont.</b>					
1403 - Hosp Drive BLDG 11 TI's	0	86	103	0	0
1404 - Park Pav HVAC	0	64	7	0	0
1405 - 1 - South Accessibility Upgrades	0	0	0	168	95
1408 - New Main Accessibility Upgrades	0	0	7	46	501
1415 - Signage & Wayfinding	0	0	0	106	58
1416 - MV Campus Digital Directories	0	0	0	34	23
1423 - MV MOB TI Allowance	0	0	0	588	369
1425 - IMOB Preparation Project - Old Main	0	0	0	711	1,860
1429 - 2500 Hospital Dr Bldg 8 TI	0	0	101	0	0
1430 - Women's Hospital Expansion	0	0	0	0	464
1432 - 205 South Dr BHS TI	0	0	8	15	0
1501 - Women's Hospital NPC Comp	0	0	4	0	223
1502 - Cabling & Wireless Upgrades	0	0	0	1,261	367
1503 - Willow Pavillion Tomosynthesis	0	0	0	53	257
1504 - Equipment Support Infrastructure	0	0	61	311	0
1523 - Melchor Pavillion Suite 309 TI	0	0	0	10	59
1525 - New Main Lab Upgrades	0	0	0	0	464
1526 - CONCERN TI	0	0	0	37	99
<b>Sub-Total Mountain View Projects</b>	<b>8,145</b>	<b>7,219</b>	<b>26,744</b>	<b>5,588</b>	<b>5,535</b>
<b>Los Gatos Capital Projects</b>					
0904 - LG Facilities Upgrade	2	0	0	0	0
0907 - LG Imaging Masterplan	244	774	1,402	17	0
1005 - LG OR Light Upgrd	14	0	0	0	0
1122 - LG Sleep Studies	7	0	0	0	0
1210 - Los Gatos VOIP	147	89	0	0	0
1116 - LG Ortho Pavillion	177	24	21	0	0
1124 - LG Rehab BLDG	49	458	0	0	0
1247 - LG Infant Security	134	0	0	0	0
1307 - LG Upgrades	376	2,979	3,282	3,511	3,081
1308 - LG Infrastructure	0	114	0	0	0
1313 - LG Rehab HVAC System/Structural	0	0	0	1,597	1,904
1219 - LG Spine OR	0	214	323	633	2,163
1221 - LG Kitchen Refrig	0	85	0	0	0
1248 - LG - CT Upgrades	0	26	345	197	6,669
1249 - LG Mobile Imaging	0	146	0	0	0
1328 - LG Ortho Canopy FY14	0	255	209	0	0
1345 - LG Lab HVAC	0	112	0	0	0
1346 - LG OR 5, 6, and 7 Lights Replace	0	0	285	53	22
1347 - LG Central Sterile Upgrades	0	0	181	43	66
1421 - LG MOB Improvements	0	0	198	65	303
1508 - LG NICU 4 Bed Expansion	0	0	0	0	207
1600 - 825 Pollard - Aspire Phase II	0	0	0	0	80
1603 - LG MOB Improvements	0	0	0	0	285
<b>Sub-Total Los Gatos Projects</b>	<b>1,150</b>	<b>5,276</b>	<b>6,246</b>	<b>6,116</b>	<b>14,780</b>
<b>Subtotal Facilities Projects CIP</b>	<b>9,294</b>	<b>13,753</b>	<b>38,940</b>	<b>24,130</b>	<b>82,808</b>
<b>Grand Total</b>	<b>27,598</b>	<b>58,561</b>	<b>86,789</b>	<b>96,740</b>	<b>97,923</b>
Forecast at Beginning of year	70,503	70,037	101,607	114,025	212,000

# Health systems' scale not linked to higher revenue



BY [ALEX KACIK](#) | SEPTEMBER 12, 2018

Bigger isn't necessarily better.

New [data](#) from Navigant Consulting challenge the common perception that scale will improve healthcare providers' operations, researchers said. The report, which covered 104 highly rated health systems comprising about half of nation's hospitals, showed that there was no correlation between higher revenues and better operating margins from 2015 to 2017.

The largest for-profit systems had steeper declines in operating income than their smaller peers, granted they started with much higher revenues. The data opposes some of the rationale that conflicts with the speeding train of mergers and acquisitions, said Jeff Goldsmith, national adviser for Navigant.

"There is no relationship at all between profitability and the size of the system," Goldsmith said, adding that most of the health systems analyzed had AA and A credit ratings. "This flies in the face of the conventional wisdom that has driven mergers."

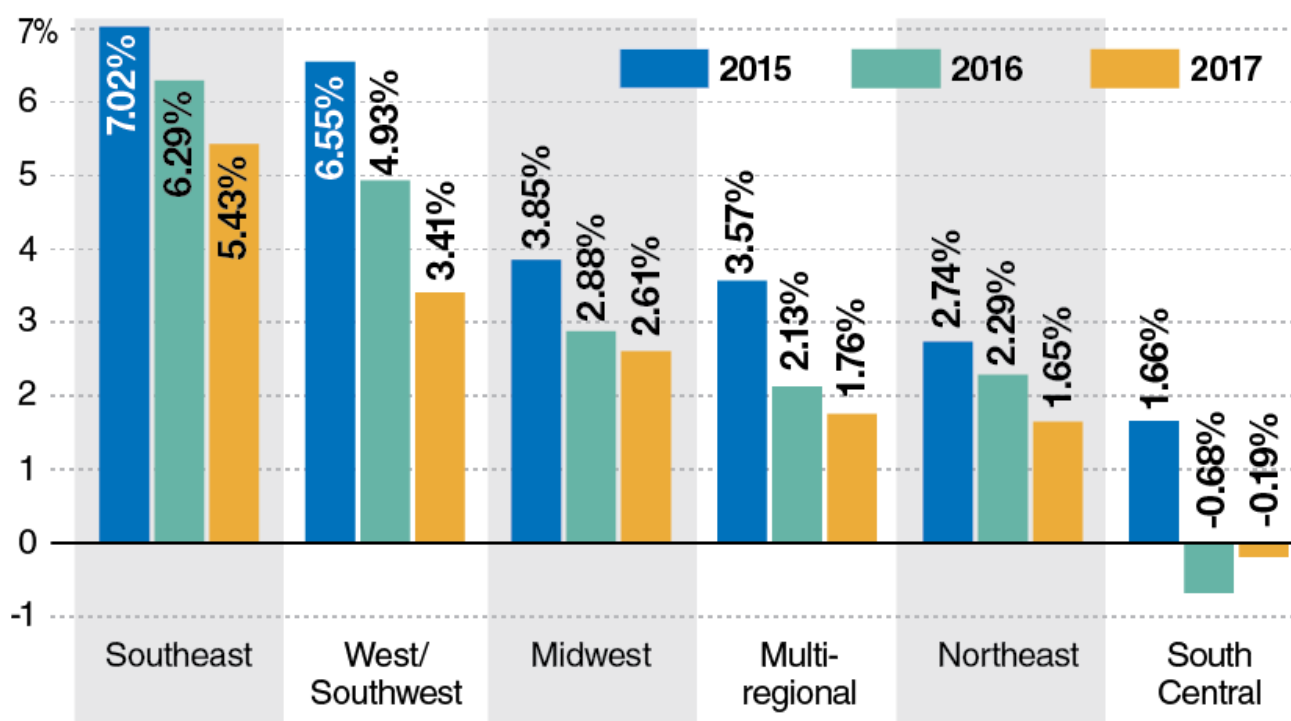
Some that did the worst were roll-ups, where small struggling systems were acquired by bigger ones that wanted to dominate a market, Goldsmith added.

Two-thirds of the health systems analyzed experienced operating income declines over the three-year period. Health system operating margins dropped by 38.7% from 2015 to 2017. Not-for-profit system margins fell by 34% while for-profit system margins fell by 39%. More than a quarter lost money on operations in at least one of the three years, and 11% had negative margins throughout.

Hospitals' expenses grew by 3 percentage points faster than their revenues, leading to a combined \$6.8 billion erosion of earnings, a 44% reduction. Top-line operating revenue growth fell from 7% (2015 to 2016) to only 5.5% from (2016 to 2017).

"Overhead should go down as percentage of operations when you merge, but that isn't necessarily the case," Goldsmith said.

## Regional differences in operating margins



Source: Navigant Consulting

Executives argue that scale is necessary in today's environment to drive more efficient, cost-effective operations. Bundling purchasing, attracting more physicians and patients, spreading risk, and better coordinating care across the continuum require more capital and control of a diverse array of services and assets, they say.

But policy experts counter that the primary interest is padding profit margins. It's difficult for insurers to survive without the dominant provider. They use that leverage through offer all-or-nothing contracts that inflate healthcare prices, economists contend.

"I think there is a gap between these proposed nine-figure 'synergies' and the realistic outcomes," Goldsmith said.

A number of health systems have had buyer's remorse, particularly when acquired hospitals don't align with the systems' overall strategy, said Thomas Fahey, partner at the law firm Nixon Peabody. They can also run into technology and data-sharing issues that can lead to inconsistent referral patterns, take on managed-care contracts that don't yield the expected bargaining leverage, and fail to gain market share in competitive markets, he said.

Still, there is plenty of momentum for mergers and acquisitions, Fahey said.

"A lot of which is being driven by the weariness of the independent hospital," he said.

While operating margins waned, [investment returns covered up a number of operating losses in 2017](#). That makes for a precarious dynamic subject to the whims of the broader economy, Goldsmith said.

"When markets turn downward there are going to be a lot of naked swimmers," he said. "2017 was a great year for investment returns that has covered up a lot of operating losses."

Weakening demand for inpatient and surgery services has led to tighter margins. Waning reimbursement for commercially insured patients in states that didn't expand Medicaid, reductions in Medicare payments due to the Affordable Care Act, and the failure of "value-based" contracts to deliver enough patients to offset steep upfront discounts for insurers also contributed to deteriorating balance sheets, according to the report.

For instance, hospital losses in treating Medicare patients rose from \$20.1 billion in 2010 to \$48.8 billion in 2016, according to American Hospital Association analyses.

Health systems weathered rising technology costs related to electronic medical record implementation. They also spent a lot of money acquiring physicians and establishing clinically integrated networks aimed at satisfying alternative payment models, according to the Navigant report. Labor shortages and bolstered benefit packages drove up labor costs while hospitals endured rising specialty drug prices.

Hospitals should renegotiate contracts with vendors, eliminate duplicative layers of management, consolidate or close sub-optimal facilities, and take time to better understand physician behavior, Goldsmith said.

Health systems need to [better control their referral networks](#), particularly those that rapidly added doctors, according to the Navigant report. They need to better schedule and coordinate care by matching referrals with health systems' sub-acute and ambulatory services portfolios, which may result in weeding out any low-performing providers.

Despite all the hype around "value-based" care, health systems have been [slow to bet on new payment models](#), especially any that entail downside risk. Providers would get the most bang for their buck by tailoring value-based payment models to Medicare and Medicaid beneficiaries, Goldsmith said.

"The industry is in a vulnerable position right now politically and economically and it is the challenge of management and boards to do something constructive about it," Goldsmith said. "If they picked all the low-hanging-fruit, maybe they need to get a ladder."

## FY19 COMMITTEE GOALS

### Finance Committee

#### PURPOSE

The purpose of the Finance Committee (the "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 the El Camino Hospital (ECH) Hospital 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 (Executive Sponsor)

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 Executive Sponsor and at the discretion of the Committee Chair.

GOALS	TIMELINE	METRICS
1. Review major capital projects	Each regular meeting	Update on major capital projects in progress
2. Review two education topics: 1) Medicare Loss and 2) Inpatient and Outpatient Margins	Q1	Presentation at the July meeting <b>COMPLETED</b>
3. Post-Implementation review	Q2	Review results of major investments after their first year of implementation
4. Review the top three (3) service lines: 1) Heart & Vascular Institute (HVI), 2) Oncology, and 3) Behavioral Health Services (BHS)	- HVI (Q1) - Oncology (Q2) - BHS (Q3)	Presentations in September, November, and January

#### SUBMITTED BY:

**Chair:** John Zoglin

**Executive Sponsor:** Iftikhar Hussain

Approved by the El Camino Hospital Board on June 13, 2018



**El Camino Hospital<sup>®</sup>**  
THE HOSPITAL OF SILICON VALLEY

# **Major Capital Projects Update**

## **For Information**

Finance Committee

Ken King, Chief Administrative Services Officer  
September 24, 2018



# 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 -      | Complete     |

### Step 2

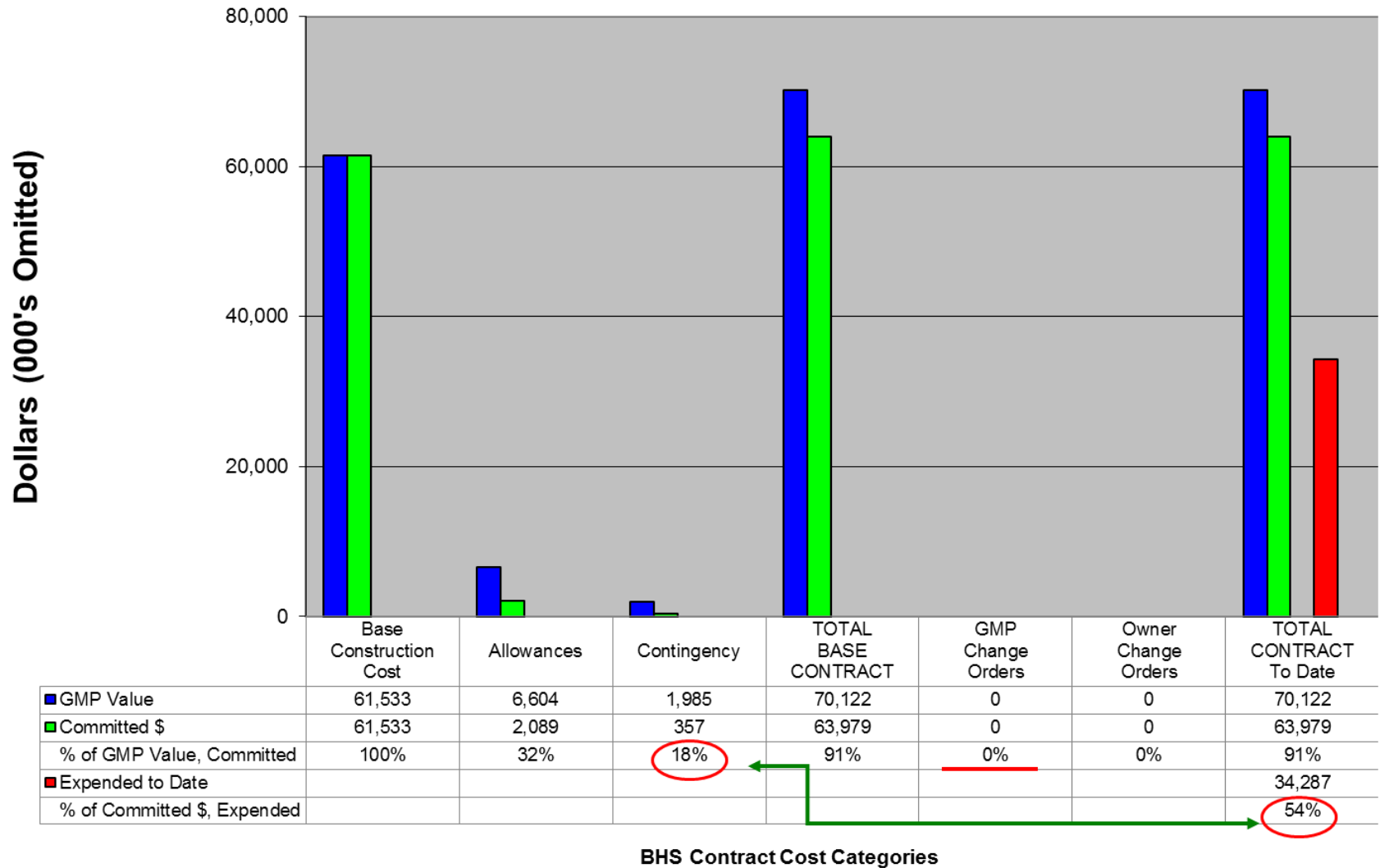
- |  |             |
|--|-------------|
| • Women's Hospital Expansion -                 | Design/Hold |
| • Demo Old Main Hospital & Related Site Work - | Assessment  |

# MV Campus Development Projects Status Update

## September 24, 2018

- **Behavioral Health Services (BHS) Building**
  - Construction is progressing as scheduled with a target completion in March 2019 and the project is forecasted to be within the approved budget.
- **Integrated Medical Office Building (IMOB) & Garage**
  - In addition to the construction of the building and parking garage the required site improvements throughout the campus are underway. Construction is progressing as scheduled with a target completion in May 2019 and the project is forecasted to be within the approved budget.
- **Central Utility Plant (CUP) Upgrade – *No Change***
  - Construction and equipment installation is substantially complete, with only commissioning and close out activities remaining. The project is forecasted to be within the approved budget.
- **Women's Hospital Expansion**
  - The project is being re-evaluated and a recommendation on how to proceed is pending.

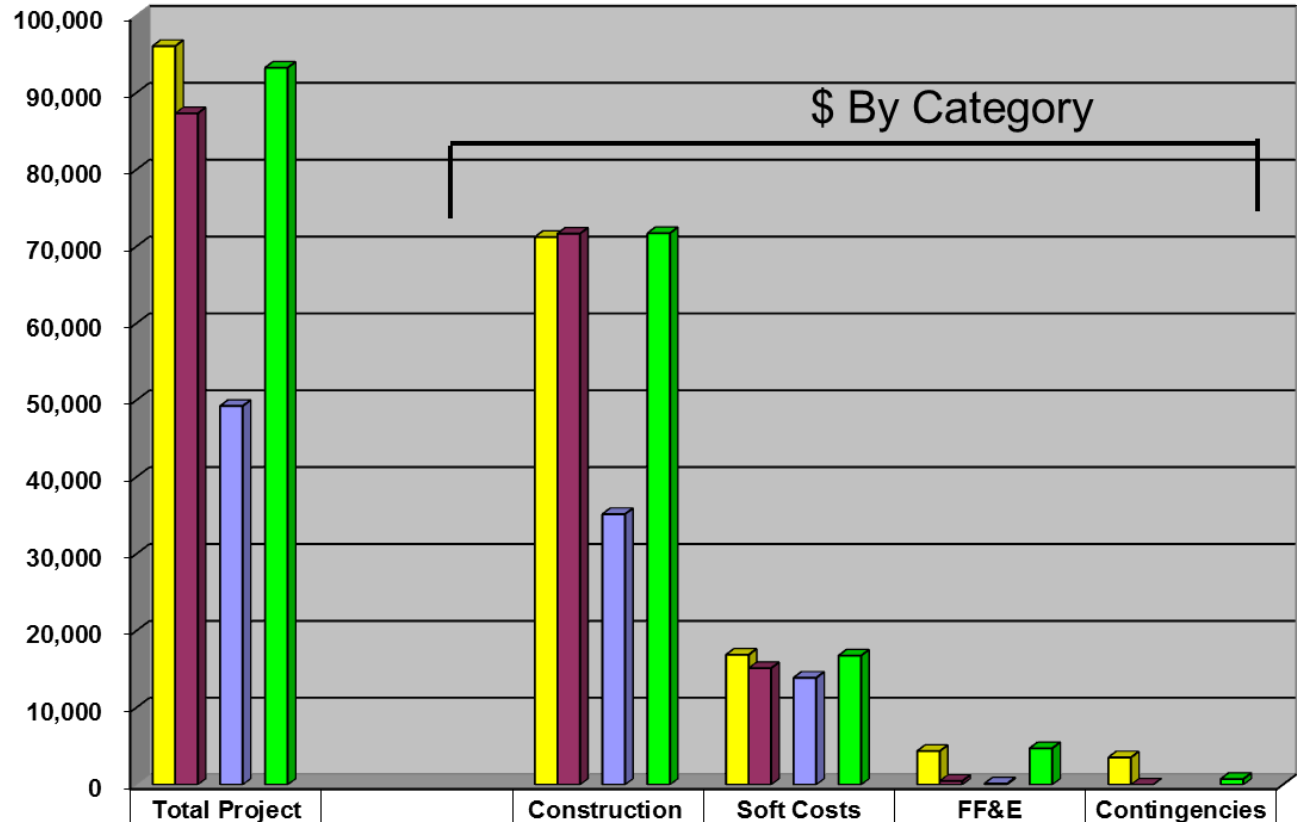
# Behavioral Health Services Building – Construction Contract Summary



# Behavioral Health Services Building – Project Cost Summary

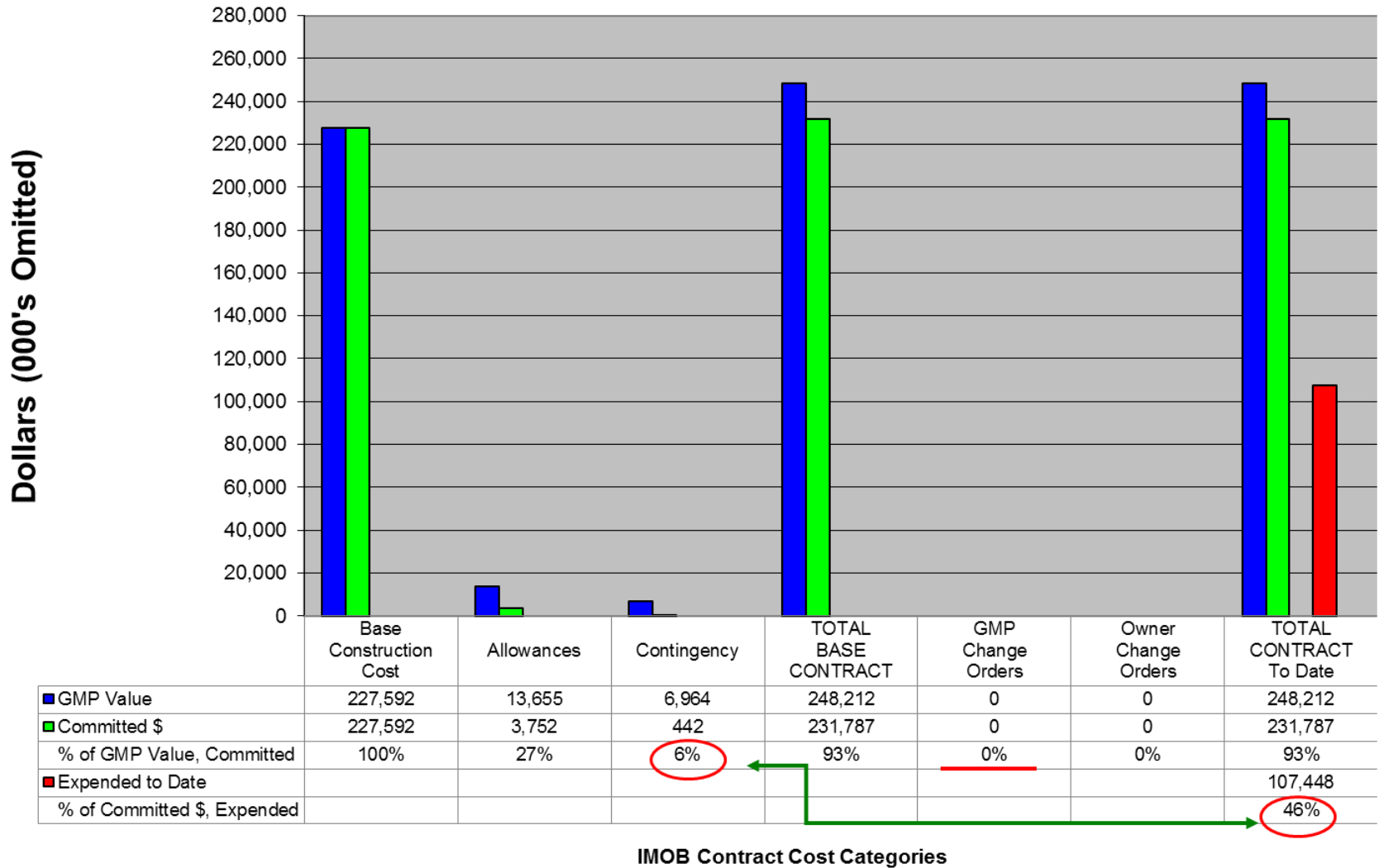
## BHS Project

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	87,352	71,699	15,161	492	0
% of Funding Committed	91%	101%	90%	11%	
Paid to Date	49,274	35,204	13,910	161	
% of Comitted Paid	56%	49%	92%	33%	
Forecast of Final Cost	93,291	71,754	16,796	4,741	743
% of Board Approved Funding	97%	101%	99%	108%	21%

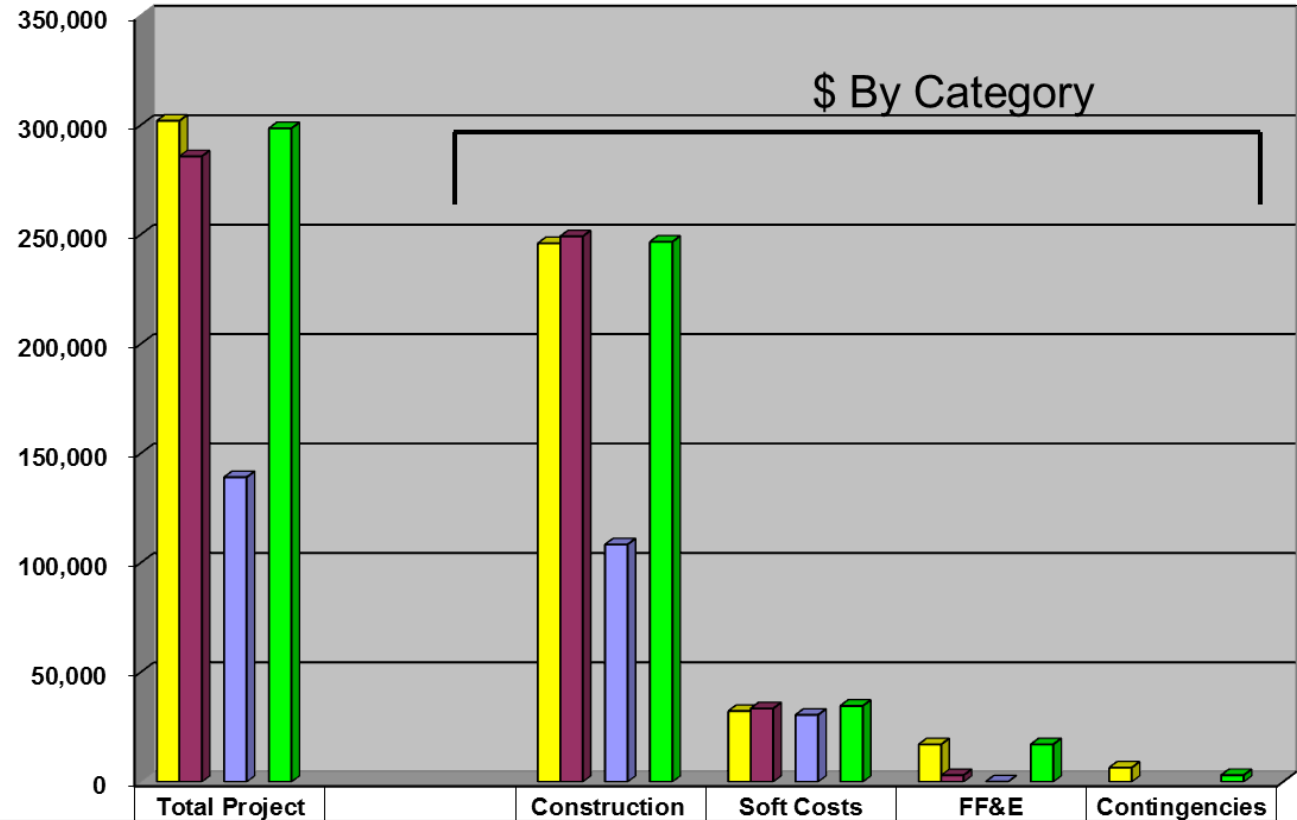
# Integrated Medical Office Building – Construction Contract Summary



# Integrated Medical Office Building - Project Cost Summary

IMOB Project

Dollars (ooo;s 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	285,862	249,300	33,539	3,024	
% of Funding Committed	73%	75%	103%	6%	
Paid to Date	139,216	108,479	30,598	138	
% of Comitted Paid	49%	44%	91%	5%	
Forecast of Final Cost	298,672	246,800	34,731	17,141	3,072
% of Board Approved Funding	99%	100%	107%	100%	47%

# Overall Project Cost Projections – September 14, 2018

Mountain View Master Plan Projects - Financial Summary & Forecasted Cost					
Current Projection				Updated 09/14/18	
Through September 14, 2018	Approved Funding	Total Obligated	Paid to Date	Forecasted Cost	Forecasted to Budget Variance
North Drive Parking Structure Expansion	\$24,500,000	23,780,482	23,562,257	\$24,070,482	\$429,518
Behavioral Health Services Building	\$96,100,000	86,731,984	49,273,999	\$93,290,730	\$2,809,270
Integrated Medical Office Building & Parking Structure	\$302,100,000	285,862,195	139,215,597	\$298,671,631	\$3,428,369
Central Utility Plant Upgrade	\$9,000,000	9,015,232	7,717,855	\$8,990,232	\$9,768
Women's Hospital Expansion	\$6,000,000	5,928,854	4,025,807	\$6,000,000	\$0
<b>Total All Projects</b>	<b>\$437,700,000</b>	<b>\$411,318,747</b>	<b>\$223,795,516</b>	<b>\$431,023,076</b>	<b>\$6,676,924</b>
		94%	54%		

- To date we have obligated by contract 94% of the Total Project Budgets and paid 54% of the obligated amount.
- The Forecasted Cost for the IMOB & Parking Structure includes the following assumptions.
  - \$500,000 in savings from the Phase I construction contract.
  - \$2,000,000 in tenant contributions to be credited to TI construction costs.
- 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.

## ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Report on ECH and ECHD Board Actions Finance Committee September 24, 2018
<b>Responsible party:</b>	Cindy Murphy, Director of Governance Services
<b>Action requested:</b>	For Information
<b>Background:</b> <p>In FY16, we added this item to each Board Committee agenda to keep Committee members informed about Board actions via a verbal report by the Committee Chair. This written report is intended to supplement a verbal report by the Chair of the Committee and/or Board members who also serve on the Committee.</p>	
<b>Other Board Advisory Committees that reviewed the issue and recommendation, if any:</b> <p>None.</p>	
<b>Summary and session objectives:</b> <p>To inform the Committee about recent Board actions.</p>	
<b>Suggested discussion questions:</b> None.	
<b>Proposed Committee motion, if any:</b> None. This is an informational item.	
<b>LIST OF ATTACHMENTS:</b> <ol style="list-style-type: none"> <li>1. Report on August and September 2018 ECH and ECHD Board Actions</li> </ol>	



### **ECH Board Actions\***

1. August 15, 2018
  - a. Resolution 2018-08 Recognizing the Sepsis Team for Joint Commission Gold Seal of Approval Award
  - b. FY18 Year End Financials
  - c. FY19 Base Salary for Chief Medical Officer Mark Adams, MD
  - d. FY19 CEO Salary Range and Base Salary
  - e. Second Amendment to Executive (CEO) Employment Agreement extending Mortgage Assistance benefit for additional 12 months.
  - f. Approval of Re-Branding Using New Brand Architecture (El Camino Health)
2. September 12, 2018
  - a. Approved FY18 Organizational Goal Score

### **ECHD Board Actions**

3. September 12, 2018 - Approval of Re-Branding Using New Brand Architecture (El Camino Health)

\*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 2019 – Period 2**

7/1/2018 to 8/31/2018

Finance Committee

Iftikhar Hussain, CFO

September 24, 2018

# Financial Overview

## Volume:

- Strong volume in August brings the adjusted discharges for the year to budget. IP volume is below budget by 6.2% and below prior year by 8.0%. YTD Deliveries are below budget by 5.4% and below prior year by 7.8%. The majority of the IP decline occurred in the MCH, HVI, Ortho/Neuro/Spine and Orthopedics service lines.
- OP cases YTD are favorable to budget by 1.6% and greater than prior year by 0.6%. Most notable increases are in Imaging and Lab, however Oncology, Urology, as well as BHS are lower than budget.

## Financial Performance:

- Net Patient Revenue favorable to budget YTD by 1.5% and above prior year by 5.7%. The increase in OP volumes contributed to the overall positive revenue.
- Operating Expense was favorable to budget by 1.2% YTD and above prior year by 7.6%, primarily due to flexing of labor and supplies in line with reduction in volumes and timing in hiring budgeted management positions.
- Operating income YTD is \$3.2M favorable to budget but \$2.8M below prior year for the same time period.
- Strong investments continue for August, investment earnings are \$15.5 million ahead of target.

## Payor Mix:

- Commercial has decreased slightly over expected and PY. Medicare has increased slightly for the month, but YTD is down whereas the opposite is true for Medi-Cal. Some shifting of Commercial to Medicare looks to be occurring.

## Cost:

- Prod Hrs/APD for August is favorable vs target by 4.3%. Staff is doing a good job flexing to meet volumes.

## Balance Sheet:

- Net days in AR is 46.9 which is 1.1 days better than budget.

# Dashboard - ECH combined as of August 31, 2018

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
<b>Volume</b>								
Licensed Beds	443	443	443	-	443	443	443	-
ADC	232	225	230	(5)	233	220	232	(12)
Utilization MV	64%	61%	64%	-2%	64%	60%	65%	-5%
Utilization LG	27%	29%	28%	1%	28%	28%	27%	1%
Utilization Combined	52%	51%	52%	-1%	53%	50%	52%	-3%
Adjusted Discharges	2,949	2,990	2,881	109	5,953	5,771	5,727	44
Total Discharges (Excl NNB)	1,677	1,627	1,644	(17)	3,376	3,147	3,302	(155)
<b>Inpatient Cases</b>								
MS Discharges	1,179	1,107	1,161	(54)	2,360	2,171	2,315	(144)
Deliveries	381	378	371	7	773	713	754	(41)
BHS	81	102	76	26	176	181	166	15
Rehab	36	40	36	4	67	82	67	15
<b>Outpatient Cases</b>	12,758	12,608	12,618	(10)	24,663	24,812	24,411	401
ED	3,987	3,861	3,921	(60)	8,019	7,909	7,885	24
Procedural Cases								
OP Surg	380	452	379	73	733	811	735	76
Endo	219	217	221	(4)	418	415	424	(9)
Interventional	181	194	191	3	360	371	377	(6)
All Other	7,991	7,884	7,906	(22)	15,133	15,306	14,990	316
<b>Financial Perf.</b>								
Net Patient Revenues	70,761	77,779	74,304	3,475	140,440	148,402	146,163	2,239
Total Operating Revenue	73,596	79,617	76,441	3,176	145,280	152,054	150,378	1,676
Operating Expenses	65,997	69,896	68,807	1,088	125,539	135,108	136,677	(1,568)
Operating Income \$	7,598	9,721	7,634	2,087	19,742	16,945	13,702	3,244
Operating Margin	10.3%	12.2%	10.0%	2.2%	13.6%	11.1%	9.1%	2.0%
EBITDA \$	11,825	14,130	12,236	1,894	28,276	25,697	22,922	2,775
EBITDA %	16.1%	17.7%	16.0%	1.7%	19.5%	16.9%	15.2%	1.7%
<b>Payor Mix</b>								
Medicare	45.0%	47.3%	46.6%	0.8%	45.5%	46.4%	46.6%	-0.2%
Medi-Cal	8.8%	7.6%	7.7%	-0.1%	7.8%	8.4%	7.9%	0.5%
Commercial IP	23.0%	21.8%	22.8%	-1.0%	23.1%	21.7%	22.8%	-1.1%
Commercial OP	20.5%	21.1%	20.3%	0.8%	20.8%	21.0%	20.0%	1.0%
Total Commercial	43.6%	42.9%	43.1%	-0.2%	43.9%	42.7%	42.8%	-0.1%
Other	2.7%	2.2%	2.7%	-0.5%	2.8%	2.5%	2.6%	-0.2%
<b>Cost</b>								
Total FTE	2,554.3	2,596.0	2,623.1	(27)	2,561.9	2,580.4	2,617.4	(37)
Productive Hrs/APD	31.1	31.0	32.4	(1)	30.7	31.2	32.4	(1)
<b>Balance Sheet</b>								
Net Days in AR	47.7	46.9	48.0	(1)	47.7	46.9	48.0	(1.1)
Days Cash	505	503	266	237	505	503	266	237
<b>Affiliates - Net Income (\$000s)</b>								
Hosp	11,251	18,380	8,090	10,289	28,592	33,355	14,614	18,741
Concern	87	139	(71)	210	423	696	(33)	729
ECSC	(3)	(1)	0	(1)	(5)	(2)	0	(2)
Foundation	(27)	431	102	329	175	938	253	685
SVMD	(67)	343	(97)	439	(149)	896	(184)	1,081

# Budget Variances

## Fiscal Year 2019 YTD (7/1/2018-08/31/2018) Waterfall

(in thousands; \$000s)	Year to Date (YTD)	
	Net Op Income	% Net Revenue
<b>Budgeted Hospital Operations FY2019</b>	<b>13,702</b>	<b>9.1%</b>
<b>Net Revenue</b> - IP volumes continue to be lower than expectation, however higher OP volumes are making up the difference.	1,676	1.1%
<b>Labor and Benefit Expense Change</b> - Flexing in staff and mgmt positions not yet filled.	1,935	1.3%
<b>Professional Fees &amp; Purchased Services</b> - Consulting services for prior year expensed in current year	(252)	-0.2%
<b>Supplies</b> - Medical and Non Medical Supplies are over budget, but savings in Drugs offset the variance	(1,165)	-0.8%
<b>Other Expenses</b> - timing difference for services .	581	0.4%
<b>Depreciation &amp; Interest</b>	468	0.3%
<b>Actual Hospital Operations FY2019</b>	<b>16,945</b>	<b>11.1%</b>

# El Camino Hospital (\$000s)

Period ending 08/31/2018

Period 2 FY 2018	Period 2 FY 2019	Period 2 Budget 2019	Variance Fav (Unfav)	Var%		YTD FY 2018	YTD FY 2019	YTD Budget 2019	Variance Fav (Unfav)	Var%
					\$000s					
					<b>OPERATING REVENUE</b>					
275,719	290,884	287,234	3,649	1.3%	Gross Revenue	526,566	556,524	563,136	(6,612)	-1.2%
(204,958)	(213,105)	(212,930)	(174)	1.0%	Deductions	(386,126)	(408,122)	(416,973)	8,851	-2.1%
<b>70,761</b>	<b>77,779</b>	<b>74,304</b>	<b>3,475</b>	<b>4.7%</b>	Net Patient Revenue	<b>140,440</b>	<b>148,402</b>	<b>146,163</b>	<b>2,239</b>	<b>1.5%</b>
2,835	1,838	2,137	(299)	-14.0%	Other Operating Revenue	4,840	3,652	4,215	(564)	-13.4%
<b>73,596</b>	<b>79,617</b>	<b>76,441</b>	<b>3,176</b>	<b>4.2%</b>	Total Operating Revenue	<b>145,280</b>	<b>152,054</b>	<b>150,378</b>	<b>1,676</b>	<b>1.1%</b>
					<b>OPERATING EXPENSE</b>					
39,601	41,093	41,570	476	1.1%	Salaries & Wages	77,816	81,155	83,090	1,935	2.3%
11,460	12,369	10,979	(1,390)	-12.7%	Supplies	19,669	22,308	21,143	(1,165)	-5.5%
8,333	9,697	8,863	(834)	-9.4%	Fees & Purchased Services	15,367	18,132	17,880	(252)	-1.4%
2,377	2,328	2,794	466	16.7%	Other Operating Expense	4,152	4,761	5,342	581	10.9%
333	157	323	166	51.4%	Interest	751	278	647	369	57.0%
3,893	4,252	4,279	27	0.6%	Depreciation	7,783	8,474	8,573	100	1.2%
<b>65,997</b>	<b>69,896</b>	<b>68,807</b>	<b>(1,088)</b>	<b>-1.6%</b>	Total Operating Expense	<b>125,539</b>	<b>135,108</b>	<b>136,677</b>	<b>1,568</b>	<b>1.1%</b>
<b>7,598</b>	<b>9,721</b>	<b>7,634</b>	<b>2,087</b>	<b>27.3%</b>	Net Operating Income/(Loss)	<b>19,742</b>	<b>16,945</b>	<b>13,702</b>	<b>3,244</b>	<b>23.7%</b>
3,652	8,658	456	8,202	1797.0%	Non Operating Income	8,851	16,410	913	15,497	1697.7%
<b>11,251</b>	<b>18,380</b>	<b>8,090</b>	<b>10,289</b>	<b>127.2%</b>	Net Income(Loss)	<b>28,592</b>	<b>33,355</b>	<b>14,614</b>	<b>18,741</b>	<b>128.2%</b>
16.1%	17.7%	16.0%	1.7%		EBITDA	19.5%	16.9%	15.2%	1.7%	
10.3%	12.2%	10.0%	2.2%		Operating Margin	13.6%	11.1%	9.1%	2.0%	
15.3%	23.1%	10.6%	12.5%		Net Margin	19.7%	21.9%	9.7%	12.2%	

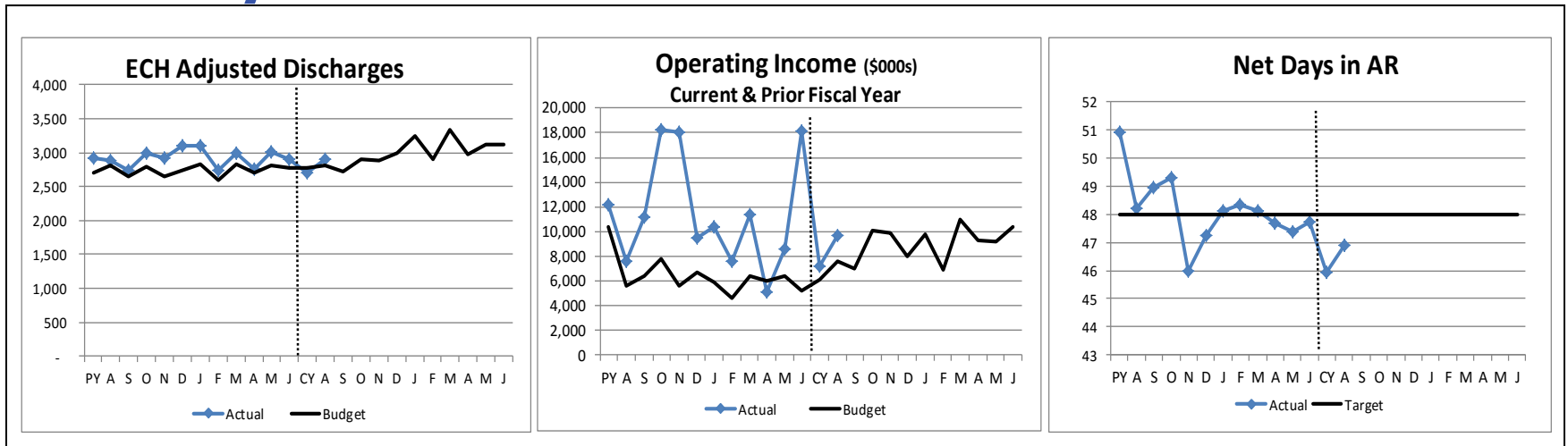
# Non Operating Items and Net Income by Affiliate

\$ in thousands

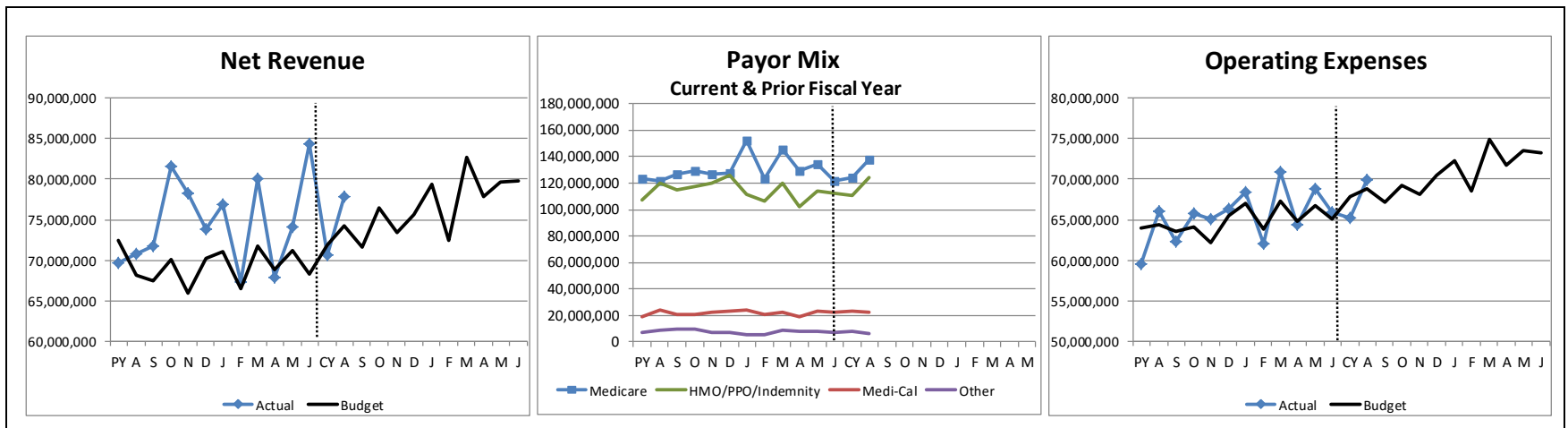
	Period 2 - Month			Period 2 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Income (Loss) from Operations</b>						
Mountain View	9,350	6,079	3,271	16,392	11,064	5,328
Los Gatos	371	1,555	(1,184)	554	2,638	(2,084)
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>9,721</b>	<b>7,634</b>	<b>2,087</b>	<b>16,945</b>	<b>13,702</b>	<b>3,244</b>
<b>Operating Margin %</b>	<b>12.2%</b>	<b>10.0%</b>		<b>11.1%</b>	<b>9.1%</b>	
<b>El Camino Hospital Non Operating Income</b>						
Investments	9,580	2,478	7,102	20,447	4,955	15,492
Swap Adjustments	(404)	(100)	(304)	(106)	(200)	94
Community Benefit	(36)	(300)	264	(2,617)	(600)	(2,017)
Pathways	189	0	189	(46)	0	(46)
Satellite Dialysis	2	(25)	27	2	(50)	52
Community Connect	0	(53)	53	0	(106)	106
SVMD Funding <sup>1</sup>	(446)	(1,219)	773	(844)	(2,438)	1,594
Other	(226)	(324)	98	(425)	(648)	223
<b>Sub Total - Non Operating Income</b>	<b>8,658</b>	<b>456</b>	<b>8,202</b>	<b>16,410</b>	<b>913</b>	<b>15,497</b>
<b>El Camino Hospital Net Income (Loss)</b>	<b>18,380</b>	<b>8,090</b>	<b>10,289</b>	<b>33,355</b>	<b>14,614</b>	<b>18,741</b>
<b>ECH Net Margin %</b>	<b>23.1%</b>	<b>10.6%</b>		<b>21.9%</b>	<b>9.7%</b>	
Concern	139	(71)	210	696	(33)	729
ECSC	(1)	0	(1)	(2)	0	(2)
Foundation	431	102	329	938	253	685
Silicon Valley Medical Development	343	(97)	439	896	(184)	1,081
<b>Net Income Hospital Affiliates</b>	<b>912</b>	<b>(65)</b>	<b>977</b>	<b>2,528</b>	<b>35</b>	<b>2,493</b>
<b>Total Net Income Hospital &amp; Affiliates</b>	<b>19,292</b>	<b>8,025</b>	<b>11,266</b>	<b>35,883</b>	<b>14,650</b>	<b>21,234</b>

<sup>1</sup>Favorable variances for SVMD and Community Connect are due to delayed implementation

# Monthly Financial Trends



Volume recovered in August. Favorable rev cycle operations with low AR days

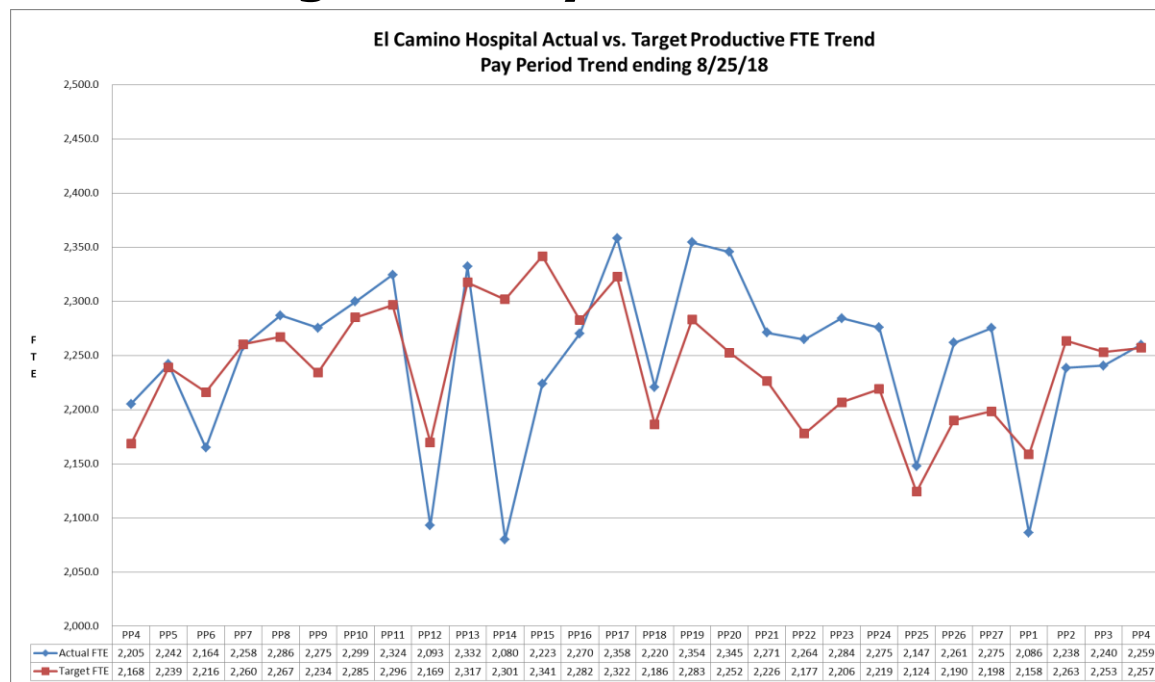




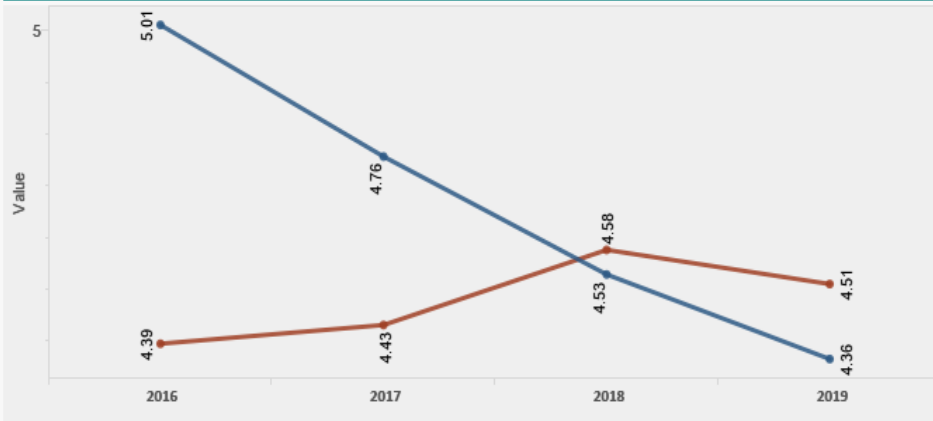
# Productivity and Medicare Length of Stay

At or below FTE target for the first four pay periods of the year.

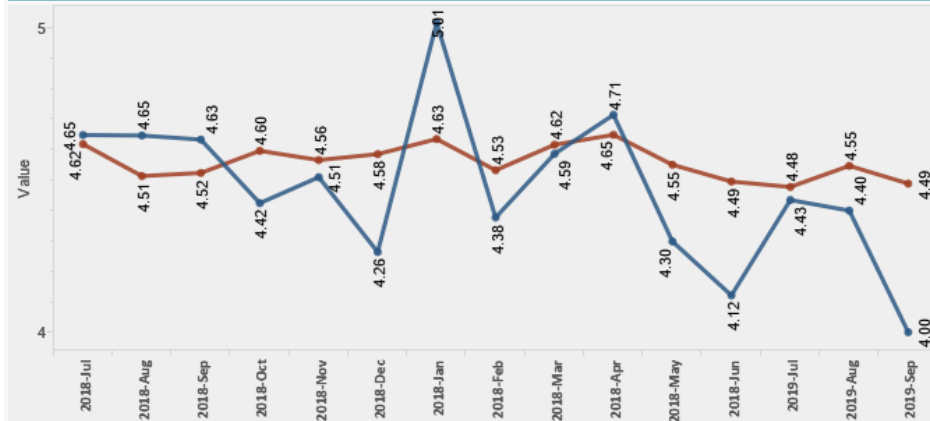
ALOS vs Milliman well-managed benchmark. Trend shows remarkable and steady improvement with FY 2019 below benchmark (blue). Increase in benchmark beginning in FY 2017 due to Clinical Documentation Improvement (CDI)



## AVERAGE LENGTH OF STAY TREND BY MONTH/YEAR



## AVERAGE LENGTH OF STAY TREND BY MONTH/YEAR



# El Camino Hospital Volume Annual Trends

Inpatient	Annual Trend							FY 19 Bud vs FY 18		Month					YTD				
ServLn	2014	2015	2016	2017	2018	Bud 2018	Bud 2019	Cases	Percent	PY	CY	Bud	Bud Var	PY Var	PY	CY	Bud	Bud Var	PY Var
Behavioral Health	1,012	1,052	928	924	1,098	912	1,062	(36)	-3.2%	82	104	77	27	22	178	187	168	19	9
General Medicine	4,160	4,591	4,459	4,962	5,288	4,679	5,325	37	0.7%	403	379	376	3	(24)	852	776	794	(18)	(76)
General Surgery	1,243	1,150	1,311	1,317	1,304	1,306	1,344	40	3.1%	123	126	128	(2)	3	218	235	228	7	17
GYN	390	313	293	270	244	275	255	11	4.5%	28	21	25	(4)	(7)	45	32	41	(9)	(13)
Heart and Vascular	1,859	1,998	2,001	2,203	2,372	2,082	2,445	73	3.1%	198	167	193	(26)	(31)	397	326	384	(58)	(71)
MCH	6,695	6,371	5,951	5,819	5,715	6,206	5,764	49	0.9%	485	467	470	(3)	(18)	984	891	952	(61)	(93)
Neurosciences	667	672	677	688	870	697	907	37	4.3%	73	69	85	(16)	(4)	150	139	170	(31)	(11)
Oncology	606	564	652	594	633	572	726	93	14.7%	51	63	51	12	12	97	124	98	26	27
Orthopedics	1,695	1,773	1,746	1,690	1,706	1,762	1,819	113	6.6%	144	136	148	(12)	(8)	281	268	289	(21)	(13)
Other	5	1				-	-	-			1	-	1	1	-	1	-	1	1
Rehab Services	547	555	500	461	442	497	436	(6)	-1.4%	36	40	36	4	4	67	82	67	15	15
Spine Surgery	377	429	417	474	375	478	465	90	24.0%	37	30	39	(9)	(7)	66	54	69	(15)	(12)
Urology	172	169	234	257	254	240	274	20	7.9%	18	27	17	10	9	43	39	44	(5)	(4)
	19,428	19,638	19,169	19,659	20,301	19,705	20,823	522	2.6%	1,678	1,630	1,645	(15)	(48)	3,378	3,154	3,304	(150)	(224)
Change		1.1%	-2.4%	2.6%	3.3%	0.2%	2.6%						-0.9%	-2.9%				-4.5%	-6.6%
Outpatient	2014	2015	2016	2017	2018	Bud 2018	Bud 2019	Cases	Percent	PY	CY	Bud	Bud Var	PY Var	PY	CY	Bud	Bud Var	PY Var
Behavioral Health	911	886	2,395	3,262	3,152	3,282	3,417	265	8.4%	270	230	257	(27)	(40)	530	456	517	(61)	(74)
Dialysis	1,060	154	7					-					-	-	-	-	-	-	-
Emergency	46,005	49,077	48,576	48,615	49,424	48,975	49,122	(302)	-0.6%	3,987	3,861	3,921	(60)	(126)	8,019	7,909	7,885	24	(110)
General Medicine	5,969	5,999	6,569	6,540	7,048	6,504	6,850	(198)	-2.8%	614	669	624	45	55	1,158	1,275	1,184	91	117
General Surgery	1,840	1,854	1,798	1,843	2,007	2,049	2,068	61	3.0%	150	183	150	33	33	299	340	300	40	41
GYN	1,221	1,308	1,018	1,080	1,096	1,172	1,171	75	6.8%	82	120	81	39	38	163	232	160	72	69
Heart and Vascular	2,575	2,719	3,811	4,372	4,367	4,393	4,410	43	1.0%	370	402	381	21	32	723	785	746	39	62
Imaging Services	19,549	20,077	17,801	17,244	18,512	17,597	18,744	232	1.3%	1,574	1,702	1,539	163	128	3,020	3,273	2,952	321	253
Laboratory Services	30,595	29,710	29,028	29,137	28,575	28,741	29,071	496	1.7%	2,497	2,431	2,485	(54)	(66)	4,688	4,769	4,666	103	81
MCH	5,038	4,830	5,092	5,583	5,646	5,200	5,928	282	5.0%	489	464	484	(20)	(25)	955	923	943	(20)	(32)
Neurosciences	110	61	127	125	114	142	155	41	36.0%	13	5	16	(11)	(8)	24	9	29	(20)	(15)
Oncology	4,002	4,174	14,306	18,578	19,278	19,438	22,037	2,759	14.3%	1,698	1,692	1,743	(51)	(6)	3,243	3,171	3,330	(159)	(72)
Orthopedics	866	776	584	616	642	588	714	72	11.2%	55	63	63	(0)	8	101	105	116	(11)	4
Other	664	635	629	543	513	703	607	94	18.3%	49	55	47	8	6	89	101	85	16	12
Outpatient Clinics	1,817	1,706	1,681	1,304	1,890	1,450	1,517	(373)	-19.7%	223	133	130	3	(90)	395	271	223	48	(124)
Rehab Services	1,732	1,747	3,951	4,518	4,928	4,326	4,900	(28)	-0.6%	441	437	438	(1)	(4)	839	880	833	47	41
Sleep Center	160	223	499	368	211	720	300	89	42.2%	15	20	29	(9)	5	27	34	52	(18)	7
Spine Surgery	325	401	309	324	310	331	326	16	5.2%	31	36	30	6	5	52	53	51	2	1
Urology	1,758	1,773	1,740	1,898	1,785	1,875	2,058	273	15.3%	200	106	201	(95)	(94)	338	227	339	(112)	(111)
	126,197	128,110	139,921	145,950	149,498	147,485	153,395	3,897	2.6%	12,758	12,609	12,618	(9)	(149)	24,663	24,813	24,411	402	150
Change		1.5%	9.2%	4.3%	2.4%	1.1%	2.6%						-0.1%	-1.2%				1.6%	0.6%

# ECH Operating Margin

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



## FY 2019 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>

### Revenue Adjustments

	J	A	YTD
Mcare Settlmt/Appeal/Tent Settlmt/PIP	141	112	253
Various Adjustments under \$250k	4	5	9
<b>Total</b>	<b>145</b>	<b>116</b>	<b>262</b>

## El Camino Hospital Investment Committee Scorecard

June 30, 2018

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY18 Year-end Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>		2Q 2018		Fiscal Year-to-date		5y 8m Since Inception (annualized)		2018	
Surplus cash balance*		\$942.9	--	--	--	--	--	\$926.1	--
Surplus cash return		1.3%	0.8%	6.9%	5.8%	5.7%	5.4%	1.9%	5.3%
Cash balance plan balance (millions)		\$264.4	--	--	--	--	--	\$257.1	--
Cash balance plan return		2.0%	0.9%	8.9%	7.0%	8.1%	7.2%	6.0%	5.7%
403(b) plan balance (millions)		\$464.6	--	--	--	--	--	--	--
<b>Risk vs. Return</b>		3-year				5y 8m Since Inception (annualized)		2018	
Surplus cash Sharpe ratio		0.99	0.96	--	--	1.30	1.24	--	0.43
Net of fee return		5.3%	5.0%	--	--	5.7%	5.4%	--	5.3%
Standard deviation		4.7%	4.6%	--	--	4.1%	4.0%	--	6.7%
Cash balance Sharpe ratio		1.02	0.96	--	--	1.41	1.31	--	0.40
Net of fee return		6.6%	5.9%	--	--	8.1%	7.2%	--	5.7%
Standard deviation		5.8%	5.5%	--	--	5.4%	5.2%	--	8.1%
<b>Asset Allocation</b>		2Q 2018							
Surplus cash absolute variances to target		7.2%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		6.1%	< 10%	--	--	--	--	--	--
<b>Manager Compliance</b>		2Q 2018							
Surplus cash manager flags		20	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		22	< 27 Green < 34 Yellow	--	--	--	--	--	--

\*Excludes debt reserve funds (~\$223 mm), District assets (~\$33 mm), and balance sheet cash not in investable portfolio (~\$133 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.

# Balance Sheet (in thousands)

## ASSETS

		UnAudited
	August 31, 2018	June 30, 2017
<b>CURRENT ASSETS</b>		
(1) Cash	76,683	118,992
(2) Short Term Investments	155,535	150,664
Patient Accounts Receivable, net	117,128	117,157
Other Accounts and Notes Receivable	2,588	3,402
Intercompany Receivables	1,960	2,090
Inventories and Prepaids	78,471	75,594
<b>Total Current Assets</b>	<b>432,364</b>	<b>467,901</b>
<b>BOARD DESIGNATED ASSETS</b>		
(3) Plant & Equipment Fund	160,264	153,784
(4) Women's Hospital Expansion	13,967	9,298
(5) Operational Reserve Fund	139,057	127,908
Community Benefit Fund	18,129	18,675
Workers Compensation Reserve Fund	20,734	20,263
Postretirement Health/Life Reserve Fund	29,312	29,212
PTO Liability Fund	24,446	24,532
Malpractice Reserve Fund	1,831	1,831
Catastrophic Reserves Fund	19,497	18,322
<b>Total Board Designated Assets</b>	<b>427,237</b>	<b>403,826</b>
(6) <b>FUNDS HELD BY TRUSTEE</b>	<b>173,670</b>	<b>197,620</b>
(7) <b>LONG TERM INVESTMENTS</b>	<b>367,638</b>	<b>345,684</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>33,738</b>	<b>32,412</b>
<b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,265,755	1,261,854
Less: Accumulated Depreciation	(586,084)	(577,959)
Construction in Progress	241,911	220,991
<b>Property, Plant &amp; Equipment - Net</b>	<b>921,582</b>	<b>904,886</b>
<b>DEFERRED OUTFLOWS</b>	<b>21,077</b>	<b>21,177</b>
<b>RESTRICTED ASSETS - CASH</b>	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>2,377,305</b>	<b>2,373,506</b>

## LIABILITIES AND FUND BALANCE

		UnAudited
	August 31, 2018	June 30, 2017
<b>CURRENT LIABILITIES</b>		
(8) Accounts Payable	30,977	49,925
Salaries and Related Liabilities	18,051	26,727
Accrued PTO	24,446	24,532
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	10,159	10,068
Intercompany Payables	104	125
Malpractice Reserves	1,831	1,831
Bonds Payable - Current	3,850	3,850
(9) Bond Interest Payable	5,416	12,975
Other Liabilities	8,901	8,909
<b>Total Current Liabilities</b>	<b>106,033</b>	<b>141,242</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	29,312	29,212
Worker's Comp Reserve	18,434	17,963
Other L/T Obligation (Asbestos)	3,878	3,859
Other L/T Liabilities (IT/Medl Leases)	-	-
Bond Payable	517,779	517,781
<b>Total Long Term Liabilities</b>	<b>569,404</b>	<b>568,815</b>
<b>DEFERRED REVENUE-UNRESTRICTED</b>	<b>616</b>	<b>528</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>22,835</b>	<b>22,835</b>
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	1,251,179	1,236,259
Board Designated	427,237	403,825
Restricted	0	0
(10) <b>Total Fund Bal &amp; Capital Accts</b>	<b>1,678,416</b>	<b>1,640,085</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>2,377,305</b>	<b>2,373,506</b>

## August 2018 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) Decrease in Cash is primarily due to the \$25K net transfer to investments (see increases in short-term, plant, and long-term investments)
- (2) Increase is primarily due to transfer of surplus cash to short-term investments.
- (3) Increase is primarily due to transfer of surplus cash to plant investments.
- (4) Increase of \$4.7 million is a partial transfer of the District's June approval of \$6.2 million to fund the Women's Hospital Expansion project. The remaining amount will occur in subsequent months.
- (5) The increase here is to reset the Operational Reserve (to cover 60 days of operating expenses) for FY2019.
- (6) The decrease is due to additional draws from the 2017 bond financing Project Funds in support of monthly payments to contractors involved with the construction projects at the Mountain View campus. As these projects are now in full progress greater amounts will be withdrawn in future periods.
- (7) Increase is due to transfer of surplus cash to long-term investments.
- (8) Decrease is due to significant yearend accruals that were paid out in July.
- (9) Decrease is due to semi-annual Revenue Bond payments for the 2015A and 2017 bond debt.
- (10) The increase is due to a combination of July/August net income and within the Board Designated Funds the increase in the Operational Reserve and the Women's Hospital Expansion.

# 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. At the end of fiscal year 2018 another \$6.2 million was added to this fund.
- **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 the current 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 \$500,000 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, in fiscal year it generated over \$1.1 million of 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. At the end of fiscal year 2018, GASB #75 was implemented that now represents the full actuarially determined liability.
- **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)

Period ending 08/31/2018

Period 2 FY 2018	Period 2 FY 2019	Period 2 Budget 2019	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2018	YTD FY 2019	YTD Budget 2019	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
224,886	238,623	235,883	2,740	1.2%	<b>Gross Revenue</b>	432,366	456,683	464,746	(8,063)	-1.7%
(167,199)	(173,892)	(175,285)	1,393	-0.8%	<b>Deductions</b>	(316,116)	(333,768)	(344,928)	11,160	-3.2%
<b>57,687</b>	<b>64,731</b>	<b>60,598</b>	<b>4,133</b>	<b>6.8%</b>	<b>Net Patient Revenue</b>	<b>116,251</b>	<b>122,915</b>	<b>119,818</b>	<b>3,097</b>	<b>2.6%</b>
2,675	1,580	1,913	(333)	-17.4%	<b>Other Operating Revenue</b>	4,521	3,133	3,766	(633)	-16.8%
<b>60,363</b>	<b>66,312</b>	<b>62,512</b>	<b>3,800</b>	<b>6.1%</b>	<b>Total Operating Revenue</b>	<b>120,771</b>	<b>126,048</b>	<b>123,584</b>	<b>2,463</b>	<b>2.0%</b>
<b>OPERATING EXPENSE</b>										
32,960	34,159	34,896	738	2.1%	<b>Salaries &amp; Wages</b>	64,656	67,321	69,947	2,627	3.8%
9,022	9,953	8,986	(967)	-10.8%	<b>Supplies</b>	15,850	17,920	17,342	(578)	-3.3%
6,880	8,389	7,515	(874)	-11.6%	<b>Fees &amp; Purchased Services</b>	12,731	15,460	15,247	(213)	-1.4%
832	798	1,133	335	29.6%	<b>Other Operating Expense</b>	1,104	1,685	2,165	480	22.2%
333	157	323	166	51.4%	<b>Interest</b>	751	278	647	369	57.0%
3,410	3,506	3,579	73	2.0%	<b>Depreciation</b>	6,810	6,993	7,173	179	2.5%
<b>53,437</b>	<b>56,962</b>	<b>56,433</b>	<b>(529)</b>	<b>-0.9%</b>	<b>Total Operating Expense</b>	<b>101,902</b>	<b>109,656</b>	<b>112,521</b>	<b>2,864</b>	<b>2.5%</b>
<b>6,926</b>	<b>9,350</b>	<b>6,079</b>	<b>3,271</b>	<b>53.8%</b>	<b>Net Operating Income/(Loss)</b>	<b>18,869</b>	<b>16,392</b>	<b>11,064</b>	<b>5,328</b>	<b>48.2%</b>
3,697	8,658	456	8,202	1797.0%	<b>Non Operating Income</b>	8,895	16,410	913	15,497	1697.7%
<b>10,623</b>	<b>18,008</b>	<b>6,535</b>	<b>11,473</b>	<b>175.6%</b>	<b>Net Income(Loss)</b>	<b>27,764</b>	<b>32,801</b>	<b>11,977</b>	<b>20,825</b>	<b>173.9%</b>
17.7%	19.6%	16.0%	3.7%		<b>EBITDA</b>	21.9%	18.8%	15.3%	3.5%	
11.5%	14.1%	9.7%	4.4%		<b>Operating Margin</b>	15.6%	13.0%	9.0%	4.1%	
17.6%	27.2%	10.5%	16.7%		<b>Net Margin</b>	23.0%	26.0%	9.7%	16.3%	

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

Period ending 08/31/2018

Period 2 FY 2018	Period 2 FY 2019	Period 2 Budget 2019	Variance Fav (Unfav)	Var%		YTD FY 2018	YTD FY 2019	YTD Budget 2019	Variance Fav (Unfav)	Var%
					\$000s					
OPERATING REVENUE										
50,833	52,260	51,351	909	1.8%	Gross Revenue	94,200	99,841	98,390	1,451	1.5%
(37,759)	(39,213)	(37,645)	(1,567)	4.2%	Deductions	(70,011)	(74,355)	(72,046)	(2,309)	3.2%
13,074	13,048	13,706	(658)	-4.8%	Net Patient Revenue	24,189	25,487	26,344	(857)	-3.3%
159	258	224	34	15.1%	Other Operating Revenue	320	519	449	70	15.5%
13,233	13,305	13,929	(624)	-4.5%	Total Operating Revenue	24,509	26,006	26,794	(788)	-2.9%
OPERATING EXPENSE										
6,641	6,934	6,673	(261)	-3.9%	Salaries & Wages	13,160	13,834	13,143	(691)	-5.3%
2,439	2,416	1,992	(423)	-21.3%	Supplies	3,820	4,388	3,801	(587)	-15.4%
1,453	1,308	1,348	40	2.9%	Fees & Purchased Services	2,637	2,672	2,633	(39)	-1.5%
1,545	1,529	1,661	131	7.9%	Other Operating Expense	3,048	3,077	3,178	101	3.2%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
483	746	700	(45)	-6.5%	Depreciation	973	1,481	1,401	(80)	-5.7%
12,561	12,934	12,374	(559)	-4.5%	Total Operating Expense	23,637	25,452	24,156	(1,296)	-5.4%
673	371	1,555	(1,184)	-76.1%	Net Operating Income/(Loss)	872	554	2,638	(2,084)	-79.0%
(45)	0	0	0	0.0%	Non Operating Income	(45)	0	0	0	0.0%
628	371	1,555	(1,184)	-76.1%	Net Income(Loss)	828	554	2,638	(2,084)	-79.0%
8.7%	8.4%	16.2%	-7.8%		EBITDA	7.5%	7.8%	15.1%	-7.3%	
5.1%	2.8%	11.2%	-8.4%		Operating Margin	3.6%	2.1%	9.8%	-7.7%	
4.7%	2.8%	11.2%	-8.4%		Net Margin	3.4%	2.1%	9.8%	-7.7%	

Combined volume measured in gross revenue is higher than budget. Net revenue is unfavorable to lower commercial mix.

# Capital Spend Trend & FY19 Budget

Capital Spending (in 000's)	Actual FY2016	Actual FY2017	Actual FY2018	Budget 2019
EPIC	20,798	2,755	1,922	-
IT Hardware / Software Equipment	6,483	2,659	12,238	19,732
Medical / Non Medical Equipment	17,133	9,556	14,275	11,206
Non CIP Land, Land I , BLDG, Additions	4,189	-	-	-
Facilities	48,137	82,953	128,030	279,450
<b>GRAND TOTAL</b>	<b>96,740</b>	<b>97,923</b>	<b>156,465</b>	<b>310,388</b>

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

Category	2013	2014	2015	2016	2017	Category	2013	2014	2015	2016	2017
<b>EPIC</b>	<b>0</b>	<b>6,838</b>	<b>29,849</b>	<b>20,798</b>	<b>2,755</b>	<b>Facilities Projects CIP cont.</b>					
<b>IT Hardware/Software Equipment</b>	<b>8,019</b>	<b>2,788</b>	<b>4,660</b>	<b>6,483</b>	<b>2,659</b>	1403 - Hosp Drive BLDG 11 TI's	0	86	103	0	0
<b>Medical/Non Medical Equipment</b>	<b>10,284</b>	<b>12,891</b>	<b>13,340</b>	<b>17,133</b>	<b>9,556</b>	1404 - Park Pav HVAC	0	64	7	0	0
<b>Non CIP Land, Land I, BLDG, Additions</b>	<b>0</b>	<b>22,292</b>	<b>0</b>	<b>4,189</b>	<b>0</b>	1405 - 1 - South Accessibility Upgrades	0	0	0	168	95
<b>Land Acquisition (1550)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,007</b>	<b>0</b>	1408 - New Main Accessibility Upgrades	0	0	7	46	501
<b>828 S Winchester Clinic TI (1701)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>145</b>	1415 - Signage & Wayfinding	0	0	0	106	58
						1416 - MV Campus Digital Directories	0	0	0	34	23
<b>Facilities Projects CIP</b>						1423 - MV MOB TI Allowance	0	0	0	588	369
<b>Mountain View Campus Master Plan Projects</b>						1425 - IMOB Preparation Project - Old Main	0	0	0	711	1,860
1245 - Behavioral Health Bldg Replace	0	1,257	3,775	1,389	10,323	1429 - 2500 Hospital Dr Bldg 8 TI	0	0	101	0	0
1413 - North Drive Parking Structure Exp	0	0	167	1,266	18,120	1430 - Women's Hospital Expansion	0	0	0	0	464
1414 - Integrated MOB	0	0	2,009	8,875	32,805	1432 - 205 South Dr BHS TI	0	0	8	15	0
1422 - CUP Upgrade	0	0	0	896	1,245	1501 - Women's Hospital NPC Comp	0	0	4	0	223
<b>Sub-Total Mountain View Campus Master Plan</b>	<b>0</b>	<b>1,257</b>	<b>5,950</b>	<b>12,426</b>	<b>62,493</b>	1502 - Cabling & Wireless Upgrades	0	0	0	1,261	367
						1503 - Willow Pavillion Tomosynthesis	0	0	0	53	257
<b>Mountain View Capital Projects</b>						1504 - Equipment Support Infrastructure	0	0	61	311	0
9900 - Unassigned Costs	734	470	3,717	0	0	1523 - Melchor Pavillion Suite 309 TI	0	0	0	10	59
1108 - Cooling Towers	450	0	0	0	0	1525 - New Main Lab Upgrades	0	0	0	0	464
1120 - BHS Out Patient TI's	66	0	0	0	0	1526 - CONCERN TI	0	0	0	37	99
1129 - Old Main Card Rehab	9	0	0	0	0	<b>Sub-Total Mountain View Projects</b>	<b>8,145</b>	<b>7,219</b>	<b>26,744</b>	<b>5,588</b>	<b>5,535</b>
0817 - Womens Hosp Upgrds	645	1	0	0	0	<b>Los Gatos Capital Projects</b>					
0906 - Slot Build-Out	1,003	1,576	15,101	1,251	294	0904 - LG Facilities Upgrade	2	0	0	0	0
1109 - New Main Upgrades	423	393	2	0	0	0907 - LG Imaging Masterplan	244	774	1,402	17	0
1111 - Mom/Baby Overflow	212	29	0	0	0	1005 - LG OR Light Upgrd	14	0	0	0	0
1204 - Elevator Upgrades	25	30	0	0	0	1122 - LG Sleep Studies	7	0	0	0	0
0800 - Womens L&D Expansion	2,104	1,531	269	0	0	1210 - Los Gatos VOIP	147	89	0	0	0
1131 - MV Equipment Replace	216	0	0	0	0	1116 - LG Ortho Pavillion	177	24	21	0	0
1208 - Willow Pav. High Risk	110	0	0	0	0	1124 - LG Rehab BLDG	49	458	0	0	0
1213 - LG Sterilizers	102	0	0	0	0	1247 - LG Infant Security	134	0	0	0	0
1225 - Rehab BLDG Roofing	7	241	4	0	0	1307 - LG Upgrades	376	2,979	3,282	3,511	3,081
1227 - New Main eICU	96	21	0	0	0	1308 - LG Infrastructure	0	114	0	0	0
1230 - Fog Shop	339	80	0	0	0	1313 - LG Rehab HVAC System/Structural	0	0	0	1,597	1,904
1315 - 205 So. Drive TI's	0	500	2	0	0	1219 - LG Spine OR	0	214	323	633	2,163
0908 - NPCR3 Seismic Upgrds	1,302	1,224	1,328	240	342	1221 - LG Kitchen Refrig	0	85	0	0	0
1125 - Will Pav Fire Sprinkler	57	39	0	0	0	1248 - LG - CT Upgrades	0	26	345	197	6,669
1211 - SIS Monitor Install	215	0	0	0	0	1249 - LG Mobile Imaging	0	146	0	0	0
1216 - New Main Process Imp Office	19	1	16	0	0	1328 - LG Ortho Canopy FY14	0	255	209	0	0
1217 - MV Campus MEP Upgrades FY13	0	181	274	28	0	1345 - LG Lab HVAC	0	112	0	0	0
1224 - Rehab Bldg HVAC Upgrades	11	202	81	14	6	1346 - LG OR 5, 6, and 7 Lights Replace	0	0	285	53	22
1301 - Desktop Virtual	0	13	0	0	0	1347 - LG Central Sterile Upgrades	0	0	181	43	66
1304 - Rehab Wander Mgmt	0	87	0	0	0	1421 - LG MOB Improvements	0	0	198	65	303
1310 - Melchor Cancer Center Expansion	0	44	13	0	0	1508 - LG NICU 4 Bed Expansion	0	0	0	0	207
1318 - Women's Hospital TI	0	48	48	29	2	1600 - 825 Pollard - Aspire Phase II	0	0	0	0	80
1327 - Rehab Building Upgrades	0	0	15	20	0	1603 - LG MOB Improvements	0	0	0	0	285
1320 - 2500 Hosp Dr Roofing	0	75	81	0	0	<b>Sub-Total Los Gatos Projects</b>	<b>1,150</b>	<b>5,276</b>	<b>6,246</b>	<b>6,116</b>	<b>14,780</b>
1340 - New Main ED Exam Room TVs	0	8	193	0	0	<b>Subtotal Facilities Projects CIP</b>	<b>9,294</b>	<b>13,753</b>	<b>38,940</b>	<b>24,130</b>	<b>82,808</b>
1341 - New Main Admin	0	32	103	0	0	<b>Grand Total</b>	<b>27,598</b>	<b>58,561</b>	<b>86,789</b>	<b>96,740</b>	<b>97,923</b>
1344 - New Main AV Upgrd	0	243	0	0	0	Forecast at Beginning of year	70,503	70,037	101,607	114,025	212,000
1400 - Oak Pav Cancer Center	0	0	5,208	666	52						

September 24, 2018

To: Finance Committee  
From: Ken King, CASO  
Cheryl Reinking, RN, CNO  
Subject: **Capital Equipment Purchase - Medtronic O-Arm Replacement**

1. **Recommendation:** We request that the Finance Committee recommend that the Board of Directors approve purchasing a replacement O-Arm portable x-ray unit and two Stealth Navigation Stations at a cost not to exceed \$1.6 million for the ECH Los Gatos Surgery Department.
2. **Problem/Opportunity Definition:** The existing O-Arm portable x-ray unit along with the S-7 Stealth Navigation Station is over 7 years old and needs to be replaced. The new replacement O-Arm along with the S-8 Stealth Navigation station is a mobile imaging platform optimized for spine and orthopedic surgery. This unit has a telescoping “O” shaped gantry that allows for 2-D fluoroscopy and 3-D imaging, providing a multidimensional surgical image. Included in this request is a second Stealth Navigation Station that will allow for two complicated ortho/spine surgeries to be performed at the same time by only moving the portable O-Arm from room to room with the navigation stations remaining in each room.
3. **Authority:** As required by policy, capital expenditures exceeding \$1 million require approval by the Board of Directors.
4. **Process Description:** This is a routine planned replacement of existing equipment and adding the second navigation station is justified by the enhanced patient safety and staff efficiency.
5. **Alternative Solution which Includes Cost Benefit/SWOT Analysis:** This equipment is needed in order to provide high quality surgical services, no alternative solutions have been considered.
6. **Concurrence for Recommendation:** This request is supported by the Department of Surgery and the Executive Leadership Team.
7. **Outcome Measures and Deadlines:** Delivery of the replacement equipment is approximately 8 weeks from date of order. Set up and training to occur within 2 weeks of delivery.
8. **Legal Review:** The purchase agreement will follow normal legal review and validation.
9. **Compliance Review:** Not required.

## Finance Committee

Updated September 4, 2018

FY19 FC Pacing Plan – Q1		
July 30, 2018	August 2018	September 24, 2018
<ul style="list-style-type: none"> <li>- Meeting Minutes (May 2018), any policies</li> <li>- Financial Report (FY18 Period 11, 12)</li> <li>- Physician Contracts</li> <li>- Capital Funding Requests</li> <li>- Review Major Capital Projects in progress</li> <li>- Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions</li> <li>- Physician Transaction Compliance Education</li> <li>- Year-End Financial Report</li> <li>- Financial Institutions</li> <li>- Delegation of Authority to the Committee</li> <li>- El Camino Ambulatory Surgery Center JV Purchase</li> <li>- Education Topic: Medicare Loss and IP/OP margins</li> </ul>	<p>No scheduled meeting</p>	<ul style="list-style-type: none"> <li>- Meeting Minutes (July 2018), any policies</li> <li>- Financial Report (FY19 Period 1, 2)</li> <li>- Physician Contracts</li> <li>- Capital Funding Requests</li> <li>- Review Major Capital Projects in Progress</li> <li>- Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions</li> <li>- Service Line Review – HVI</li> </ul>
FY19 FC Pacing Plan – Q2		
October 2018	November 26, 2018	December 2018
<ul style="list-style-type: none"> <li>- <b>October 24, 2018 – Board and Committee Educational Session</b></li> </ul>	<ul style="list-style-type: none"> <li>- Meeting Minutes (September 2018), any policies</li> <li>- Financial Report (FY19 Period 3,4)</li> <li>- Physician Contracts</li> <li>- Capital Funding Requests – <b>Woman's Hospital</b></li> <li>- Review Major Capital Projects in progress</li> <li>- Info: Progress Against Goals, Pacing Plan, Article, Report on Board Actions</li> <li>- Service Line Review – Oncology</li> <li>- Proposed Summary Financial Report to the Board</li> <li>- Post implementation Review</li> <li>- <b>Payor Update</b></li> </ul>	<p>No scheduled meeting</p>

Updated September 4, 2018