



El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

**El Camino Hospital
& Affiliates**

Budget FY 2016
Annual Operating & Capital Plan

Index

Section	Pages
Strategy and Goals	3
Operating Budget	9
Capital Budget	22
Appendix	
- Income Statements	28
- Bundled Payment Financial Impact	33
- Cash Flow	34

Strategy

Strategy

Strategy

El Camino Hospital will be a **locally controlled leader** in **optimizing the health and wellness** of our communities in Silicon Valley, differentiated by **innovative continuum of care** developed in partnership with physicians, businesses, and payers.

Positioning statement

El Camino Hospital will first be a **value-based healthcare** provider offering **top decile**, acute care quality at mid-level pricing, moving toward **continuum partnerships** that integrate care coordination and delivery strategies focused on the **Triple Aim of quality, service, and affordability**.



Strategic Themes



Strategic Outcomes: FY16

Plan and Build a Patient Centered Care Program. (Quality Aim TBD)	<i>Budgeted</i>
Achieve Medicare LOS reduction of .20 days.	<i>Budgeted</i>
Achieve 5% episode cost savings for Pneumonia and COPD.	<i>Budgeted</i>
Sustain Medicare FY15 Readmission Rates.	<i>Budgeted</i>
Achieve Enterprise Long-Term Financial Plan; Metrics including 300 additional Annual Admissions and 300 net new outpatient visits.	<i>300 IP/ 315 OP Surgeries Budgeted</i>
Achieve Physician Development Goals including 6 at LG and 9 at MV.	<i>New MD volume budgeted partial year</i>
Become a High Performance Organization. Achieve \$7M Cost Reduction (FY15 Actual to FY16 Budget).	<i>Budgeted</i>

Proposed Organizational Goals – FY 16 (version 2: Recommended)

Performance Measurement						
Organizational Goal FY16	Benchmark	2015 ECH Performance	Minimum	Target	Maximum	Weight
Threshold Goals						
Joint Commission Accreditation	Standard Threshold	Full accreditation	<i>Full Accreditation</i>			Threshold
Budgeted Operating Margin	90% threshold recommended by Exec Comp Consultant	Met	<i>90% of Budgeted</i>			Threshold
Patient Safety & iCare						
Achieve iCare Tier 1 Metric: Medication Reconciliation at Discharge	Epic Benchmark: 97% accuracy is 90%ile at stable state	FY14 <50%, In Process FY15	6 Months Post Go-Live: 60%	6 Months Post Go-Live: 75%	6 Months Post Go-Live: 90%	34%
Achieve Medicare Length of Stay reduction while maintaining current readmission rates for the same population	Internal Improvement	FY15 Actual for both LOS and Readmission will be the baseline	.10 Day Reduction, Readmission at or below FY15	.20 Day Reduction, Readmission at or below FY15	.30 Day Reduction, Readmission at or below FY15	33%
Smart Growth						
Achieve Enterprise Planned Growth (300 Admissions, 300 Outpatient Visits)	Internal Goal	FY15 Actual will be baseline	80% (240/240)	100%	120% (360/360)	33%
TOTAL						100.0%

FY16 Operating Budget

Updates Following the Joint Meeting of the Board and Finance Committee:

- Specificity regarding projection of \$1.5 million savings from bundled payment program (page 33).
- Revised Proposed FY 16 Organizational Goal Metrics (Version 2) in accordance with feedback from May 26th Joint Meeting and May 28th Executive Compensation Committee Meeting (page 8).
- Explicit information on in-patient and out-patient margins: performance this year and projected performance next year (page 15).
- Explanation of how we are investing and pacing managing risk and how we are modeling the infrastructure growth over the next 24 months to expand bundled payments and Medicare Advantage (page 33).
- Information about planned targeted growth (Closed Session CEO Report).
- Graph detailing PAMF vs Independent Physician (page 14).

Assumptions - Revenue

Category	Budget Assumption
Volume	Adjusted discharges increase of 1.4% <ul style="list-style-type: none"> • Growth in oncology, heart care & robotic surgery • New program development in spine and lung care • Creation of an outpatient stroke clinic • Approved physician recruitment <ul style="list-style-type: none"> Los Gatos: 2 OB 2 Ortho Spine 1 Med Onc Mountain View: 2 OB 1 Cardiologist 2 primaries Practice growth additions & geri psych
Prices	Prices to increase 5.0% <ul style="list-style-type: none"> • Overall charges at 35th percentile based on OSHPD charge per case review (inpatient 25th percentile/outpatient 50th percentile)
Reimbursement	<ul style="list-style-type: none"> • 5% increase in commercial including parity adjustment in Jan 2016 • Revenue from Govt. payers is flat • No IGT payment in 2016 due to two year catch-up in 2015 • Case Mix Index of 1.446 (FY2015 year to date is 1.445)
Bundled Payment & Medicare Advantage	<ul style="list-style-type: none"> • \$1.5 million other operating due to Bundled Payment Savings • Medicare Advantage - 4,000 lives may convert with potential upside not budgeted.

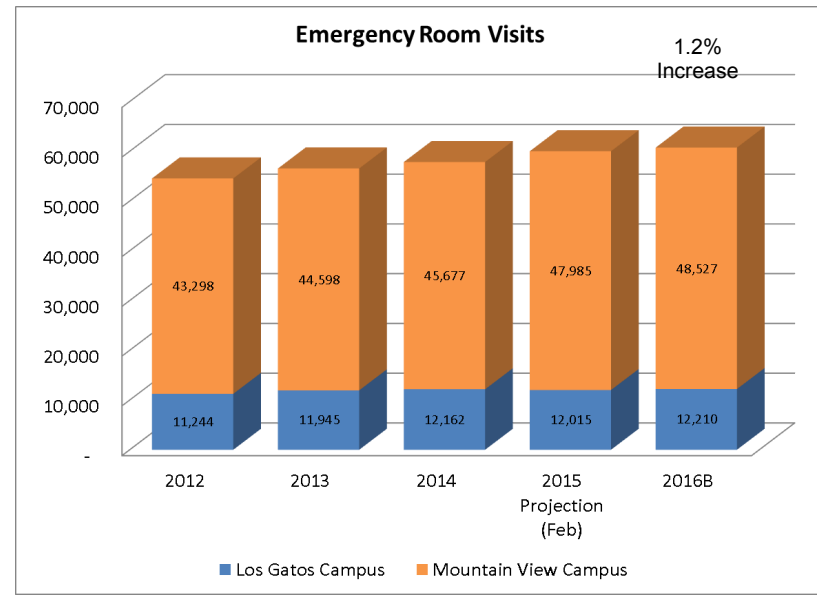
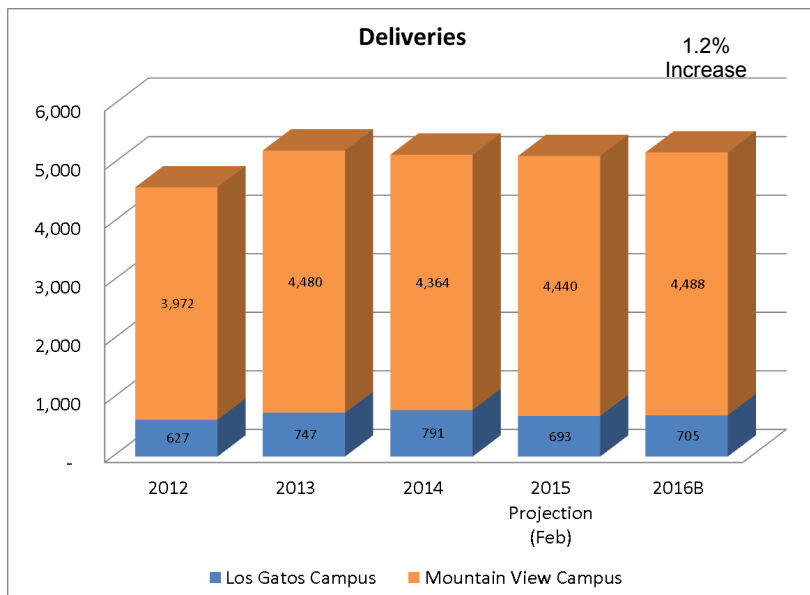
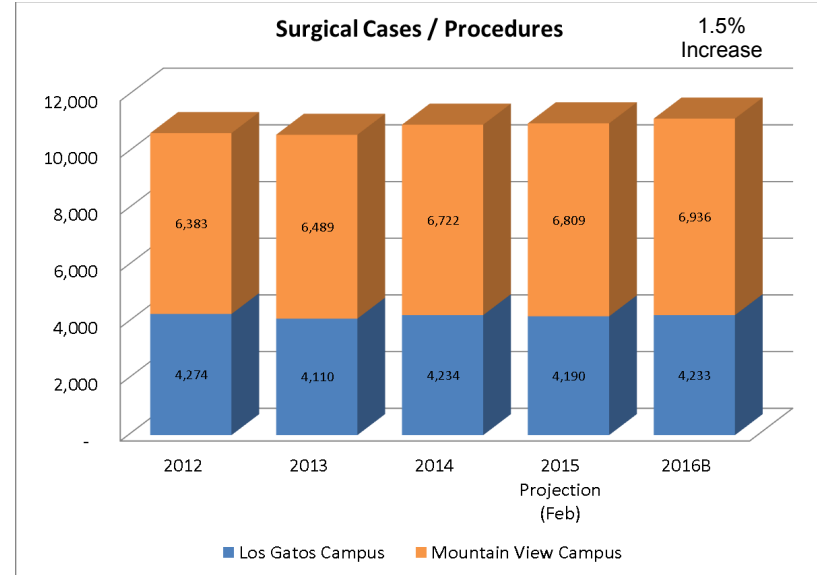
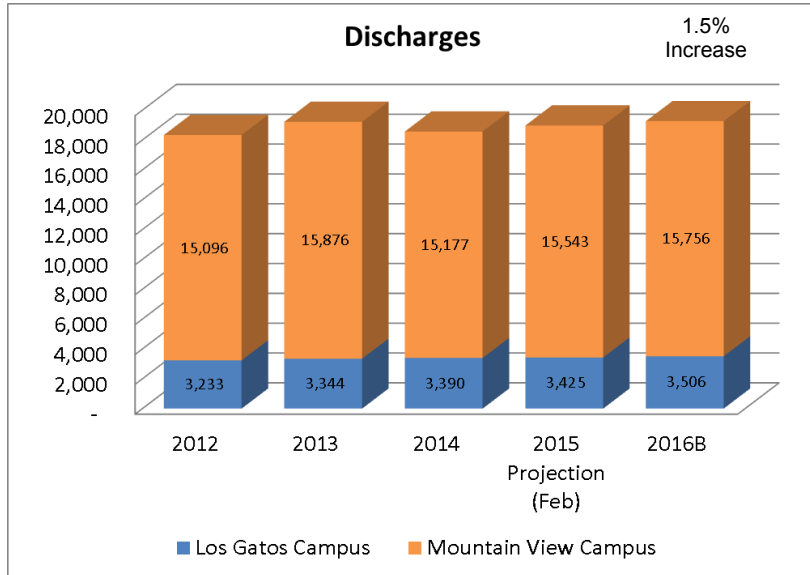
Assumptions – Market Position of Pricing

- CMS/OSHPD claim level data shows El Camino Hospital prices below mid-market level compared to the local peer group of Good Samaritan Hospital, Regional Medical Center, O’ Connor Hospital, Stanford Hospital, Sequoia Hospital, and Washington Hospital.
- Over the past three years, El Camino Hospital has kept annual price increases to a minimum (0% FY2013, 1% FY2014), while others have implemented more aggressive increases.
- Overall charges at 35th percentile based on OSHPD charge per case review (inpatient 25th percentile/outpatient 50th percentile)

Hospital	2012	2013	2014
EL CAMINO HOSPITAL	0.9%	0.1%	0.9%
GOOD SAMARITAN HOSPITAL	9.9%	12.8%	7.1%
O'CONNOR HOSPITAL	0.2%	0.1%	1.0%
REGIONAL MEDICAL CENTER OF SAN JOSE	10.6%	1.4%	5.3%
SEQUOIA HOSPITAL	5.4%	3.1%	0.0%
STANFORD HOSPITAL	9.6%	7.2%	6.9%
WASHINGTON HOSPITAL	0.6%	9.7%	1.0%

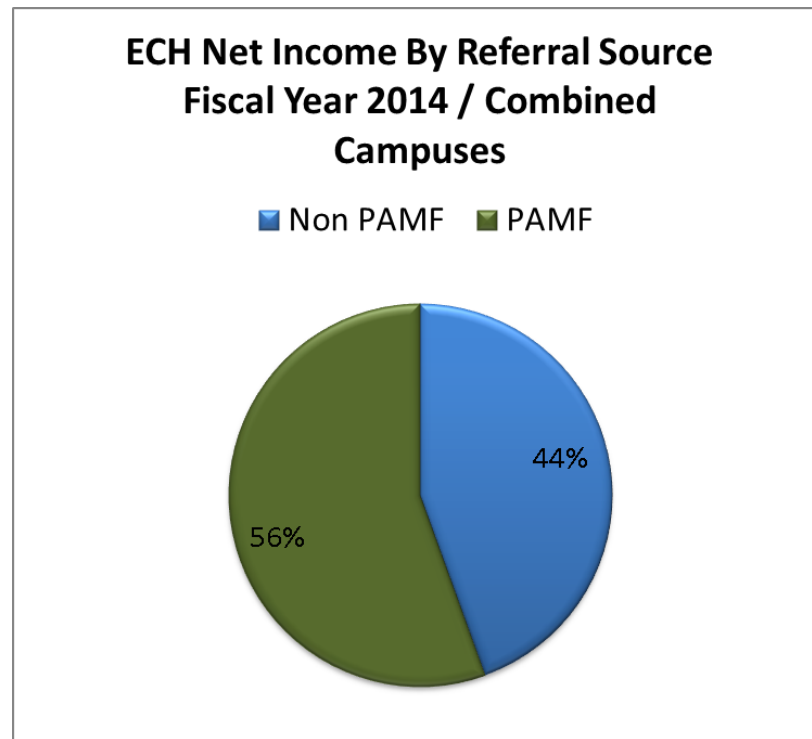
Data Source: OSHPD

Hospital Volumes



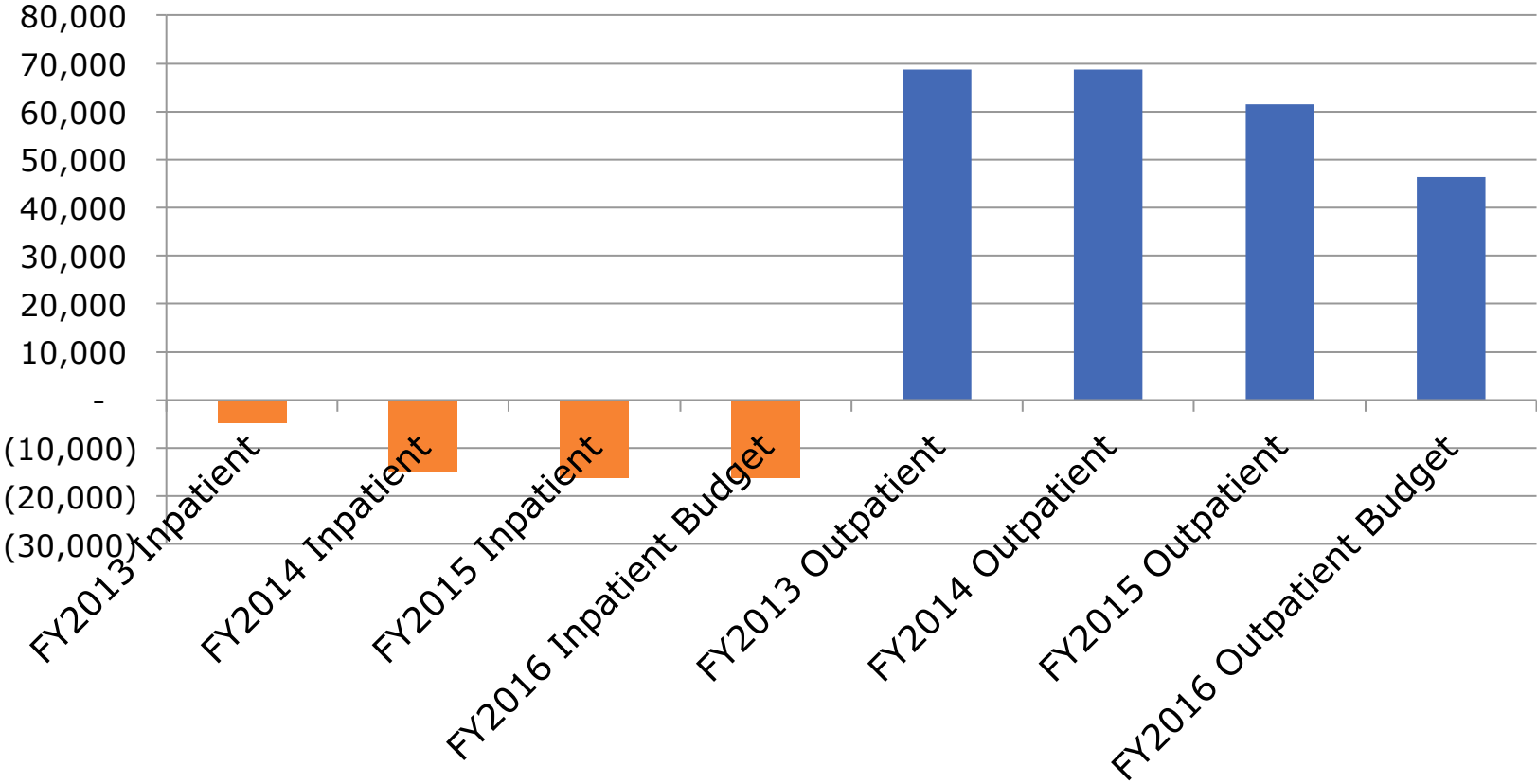
ECH relies on both PAMF and independent physicians to generate volume and net income across inpatient and outpatient settings

ECH is simultaneously working with independent physicians to support them and analyze a range of options to deepen their alignment to ECH



ECH is continuing to actively build its partnership with PAMF through shared clinical program development, post-acute and other initiatives

Net Income (\$ 000's)

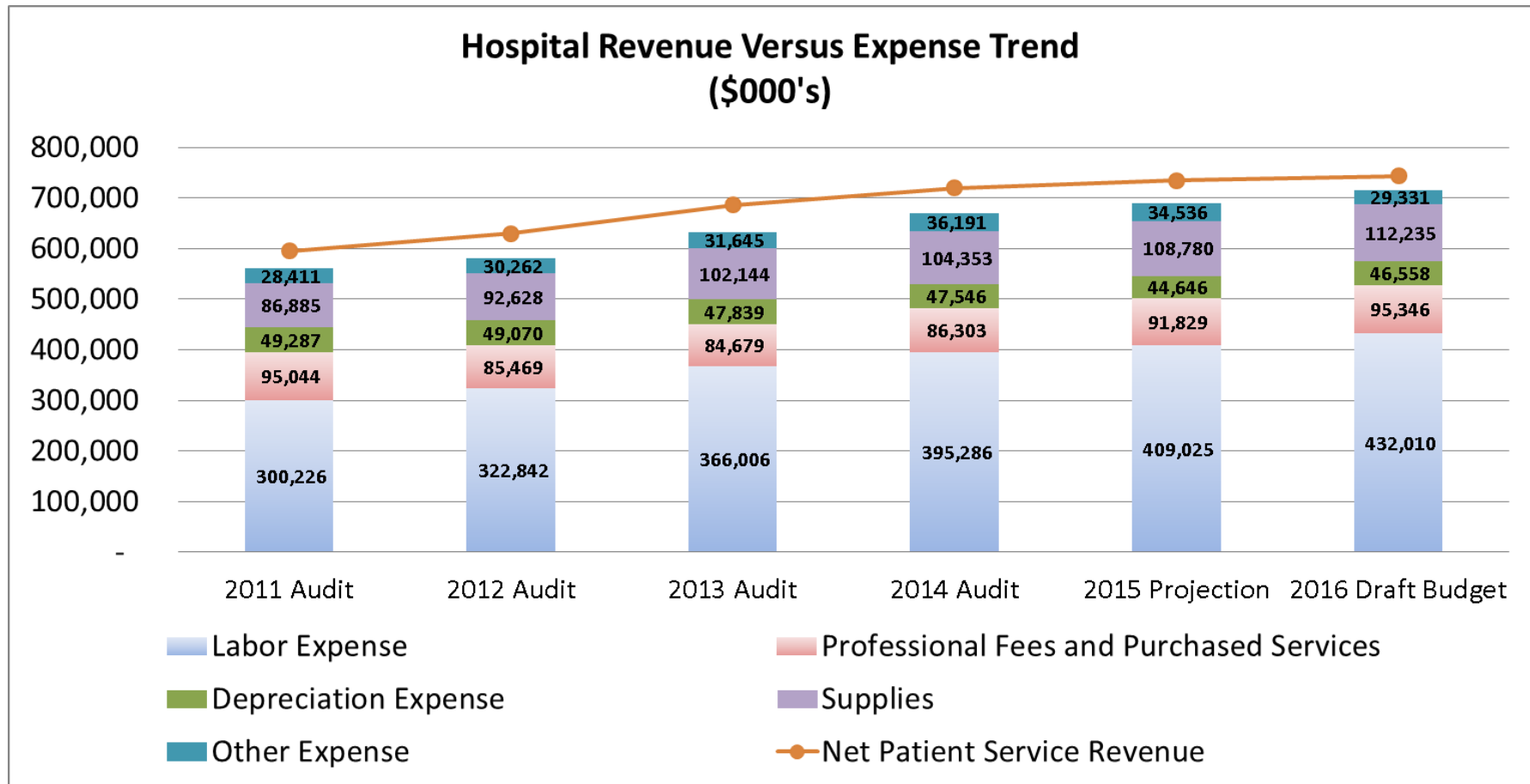


Assumptions – Operating Expenses

Category	Budget Assumption
Salaries	<ul style="list-style-type: none">• Net gain of 16 FTEs consisting of productivity improvement of 45 offset by investment of 61 (see table on page 18 for detail)• \$7 million cost reduction plan with Premier• Wage rates projected based on market adjustments, step increases and contractual agreements
Benefits	<ul style="list-style-type: none">• Health Benefits expense budgeted to increase by 5% on January 1, 2017
Supplies & Other	<ul style="list-style-type: none">• Supply and drug expenses adjusted for budgeted volume changes plus inflation (1.9% supplies/4% drug expense)• \$1 million supply cost reduction plan with Premier• G&A expenses budgeted based on current year expenditures, adjusted for non-recurring events• Adjustments made for new program and affordability initiatives
Depreciation	<ul style="list-style-type: none">• Depreciation was projected from current assets and anticipated capital spending

Hospital Revenue and Expense Trends

- Expense increases are out-pacing revenue increases.
- 2016 expenses include \$7 million one-time EPIC go-live costs
- 2015 fees includes expansion of outpatient services, radiology on-call, the Laborist program and pre-payment of legacy IT contract termination fees



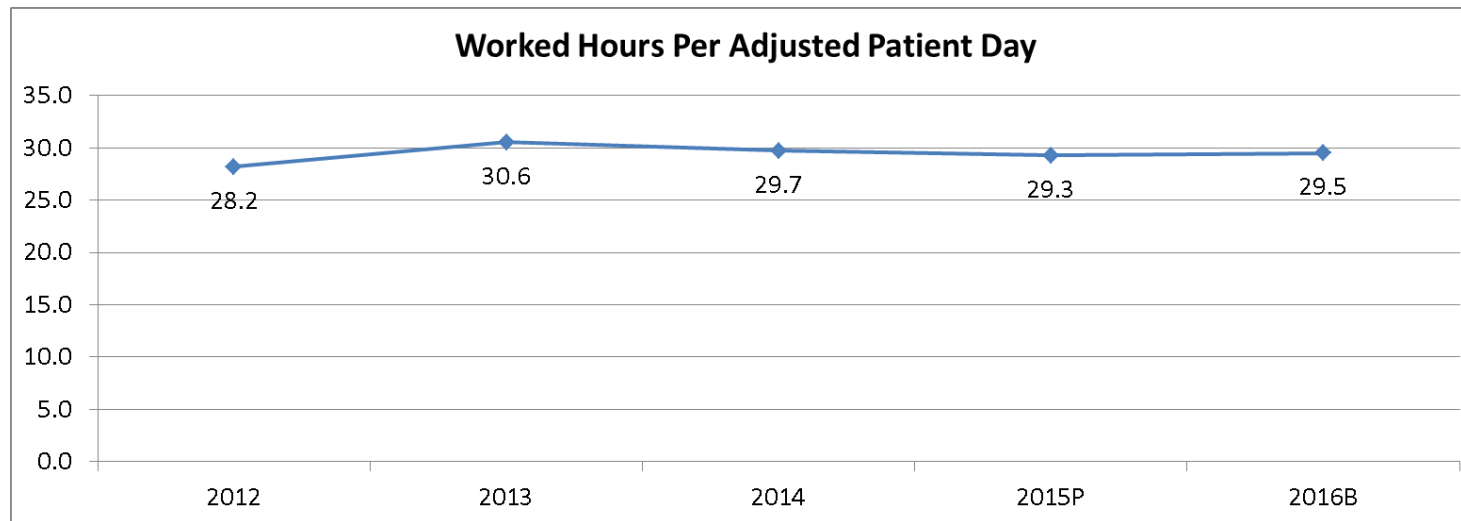
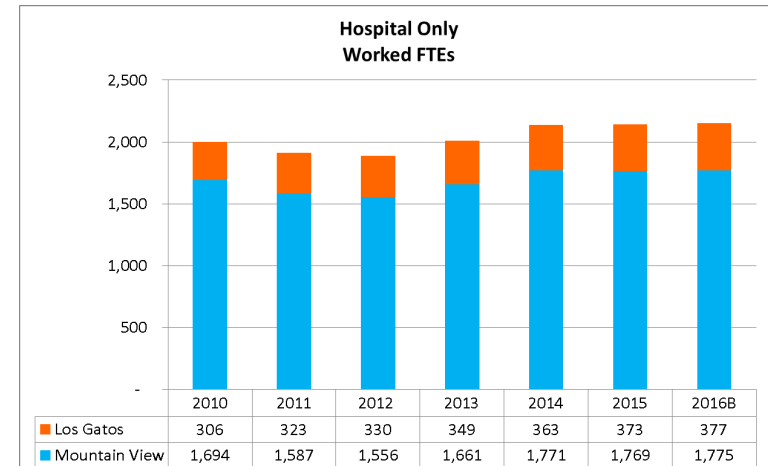
Change Drivers Updated

\$ in Thousands	Detail	Net Income Impact	% Net Revenue
Expected Hospital Operations FY2015		65,597	8.7%
Patient Care Revenue		11,205	1.3%
* Revenue from Growth & Price Changes	9,630		
* Other operating revenue	1,576		
Labor Expense Change		(22,985)	-3.0%
* Salary, Wage Expense Increases, Net of Productivity and ALOS Improvements	(9,785)		
* EPIC One Time Labor Expense (110 FTE Nov - March)	(6,875)		
* Benefit Expense Increase (covered lives, plus cost per FTE)	(6,326)		
Professional Fees and Purchased Services		(3,517)	-0.5%
* Obstetrical Emergency Department Physician Fees	(1,945)		
* Clinically Integrated Network Development	(500)		
* Incremental interventional radiology on call physician fees	(365)		
* Psychiatric Outpatient Physician Fees	(294)		
* Survivorship Professional Fees	(147)		
* Spine Center Physician Fees	(105)		
* Lung Institute Physician Fees	(98)		
* ICare Software Fees	(2,834)		
* Prepayment of Fees & Services	2,771		
Depreciation		(1,913)	-0.2%
* EPIC	(3,673)		
* Other capital	1,760		
Supplies		(3,455)	-0.5%
* Drug (4% drug expense inflation, plus volume changes)	(812)		
* Supply (1.9% expense inflation, plus volume changes)	(2,643)		
Other Expense		5,206	0.7%
* Cost Reduction (Premier & Supply)	7,000		
* Stroke Clinic	(168)		
* Behavioral Health Outpatient Program expansion	(117)		
* Integrated Care (Other Operating Revenue of \$1.5m)	(1,536)		
* Other	27		
Expected Hospital Operations FY2016		50,138	6.5%

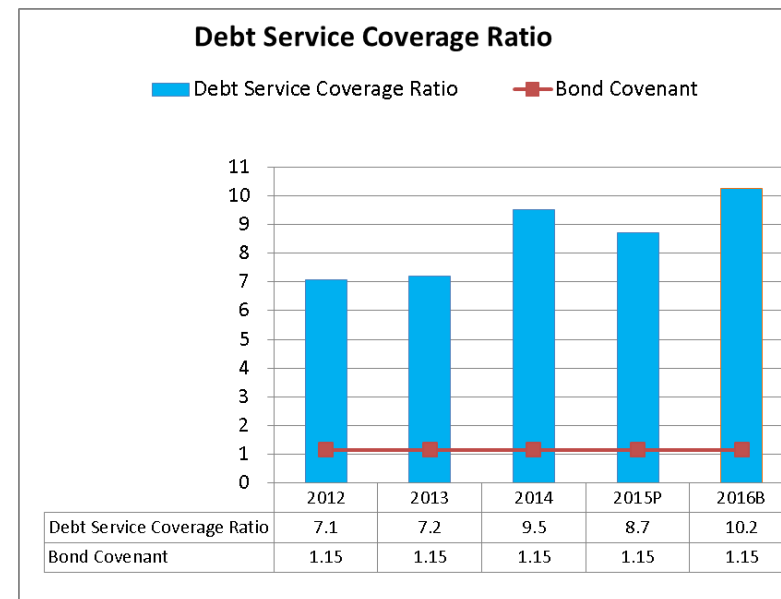
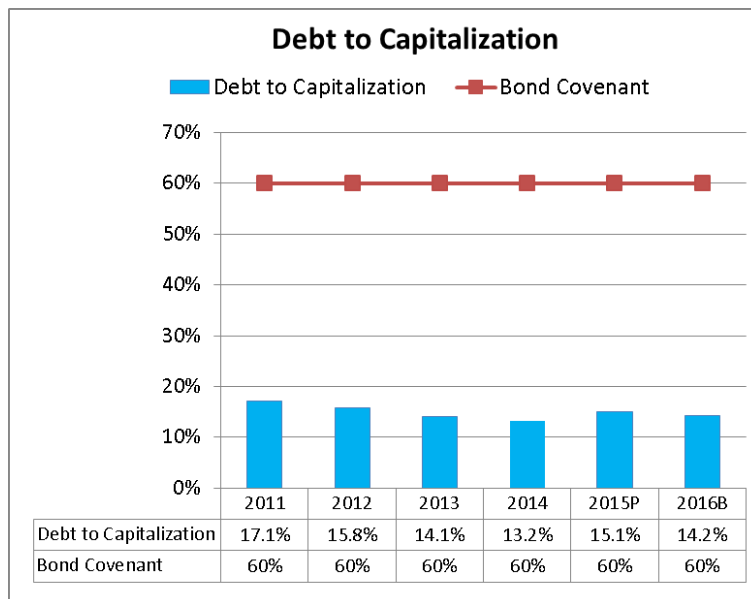
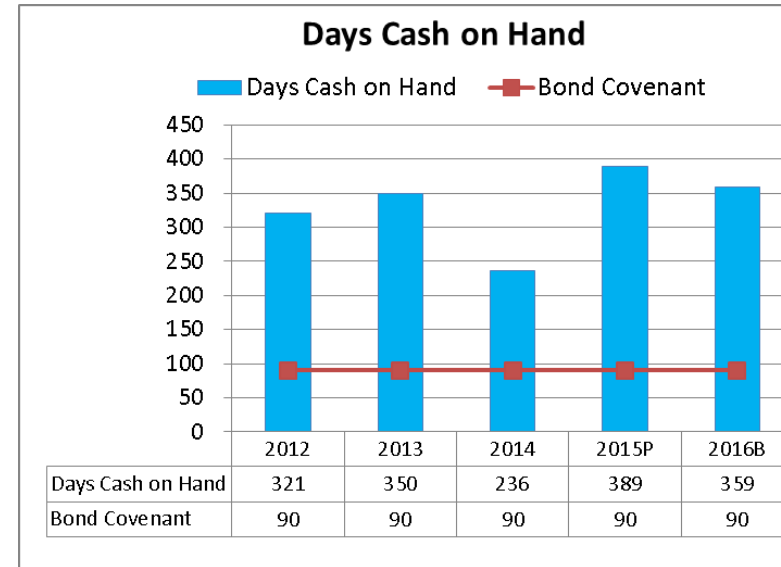
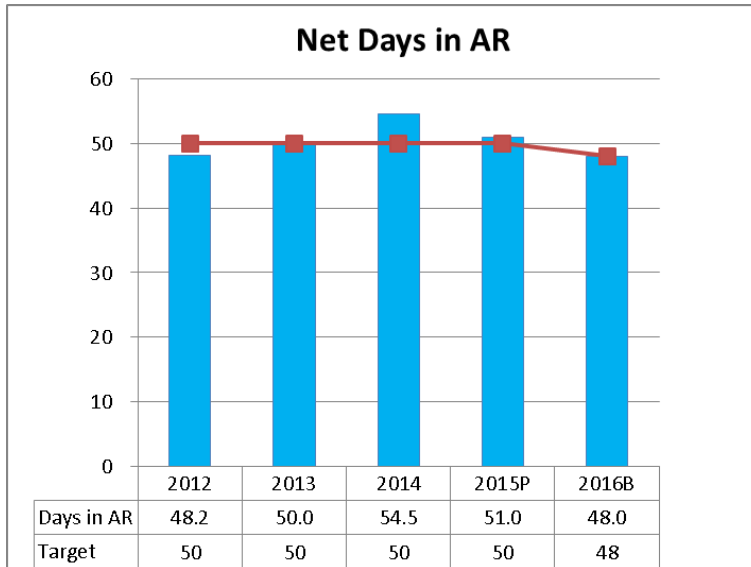
Dollars in thousands
Totals may not agree due to rounding

Hospital Staffing

PAID FTE COMBINED HOSPITAL, FOUNDATION, CONCERN AND SVMG				
Starting FTE (FY 2015 Actual)	2,501	Productivity	Investment	Other
IS Technical Services, Including Icare Go Live	36		36	
Behavioral Health (Addictions, Aspire)	12		12	
Clinical Trial/Research Administration	6			6
Care Coordination/Integrated Care, Net of Transitions Program	5		5	
Cancer Survivorship (expense offset by Foundation)	3		3	
Oncology Program Expansion	4		4	
Nursing Education for Icare backfill (education of float)	4		4	
Spine Center	2		2	
Stroke Clinic	2		2	
Lung Institute	1		1	
Nursing & Lab Units, move to 50th	(21)	(21)		
Support and Administrative Services, move to 50th Net of Vacancy	(24)	(24)		
Closure of Outpatient Dialysis	(11)			(11)
Ending FTEs (FY 2016 Budgeted)	2,517	(45)	66	(5)
Does not include Premier Opportunity of \$7 million				



Financial Ratios Reflect Financial Strength



* Days Cash on Hand reduction due to \$120.38 million in capital expenditure

El Camino Hospital & Affiliates

Consolidated Revenue and Expense Budget (\$ 000's)				
	El Camino Hospital	Concern	Foundation	Total
Inpatient Revenue	1,598,563			\$ 1,598,563
Outpatient Revenue	1,114,876			\$ 1,114,876
Gross Patient Service Revenue	2,713,439			2,713,439
Deductions from Revenue	(1,969,685)			(1,969,685)
Net Patient Service Revenue	743,754	0	0	743,754
Other Operating Revenue	21,864	15,574	0	37,438
Total Net Revenue	765,618	15,574	-	781,193
Salaries	329,867	4,651	1,273	335,792
Employee Benefits	102,143	1,692	366	104,201
Supplies & Other Expenses	231,534	7,932	1,699	241,165
Interest	5,378	0	0	5,378
Depreciation/Amoritization	46,558	44	13	46,616
Total Expense	715,481	14,320	3,351	733,152
Operating Income	\$ 50,138	\$ 1,254	\$ (3,351)	\$ 48,041
Non Operating Income	22,323	497	4,667	27,486
Total Net Income	\$72,460	\$1,751	\$1,315	\$75,527
<i>Operating EBIDA</i>	\$ 124,397	\$ 1,795	\$ 1,329	\$ 127,521
<i>Operating Margin Percentage</i>	6.5%	8.1%		6.4%

Dollars in thousands
Totals may not agree due to rounding

Capital Budget

FY2016 Budgeted Capital Commitment and Expenditure

El Camino Hospital								
Capital Commitments vs. Capital Expenditures								
	Budgeted Commitment	<i>Amount expenditures/estimated to be spent</i>						
		2012	2013	2014	2015	2016	2017	2018
2012 Capital Budget								
Equipment	14,433	11,785						
Info technology	10,345	6,679						
Facilities*	22,360	11,068	4,288	2,232	533			
Total	47,138	29,532						
2013 Capital Budget								
Equipment	11,157		9,752					
Info technology	10,007		7,752					
Facilities*	49,339		6,046	4,833	20,610			
Total	70,503		27,838					
2014 Capital Budget								
Equipment	11,500			10,542				
Info technology	11,100			3,619				
Facilities*	24,700			4,837	4,154			
EPIC	77,700			6,838	25,746	30,358		
Unbudgeted land	22,737			22,373				
Total	147,737							
2015 Capital Budget								
Equipment	13,710				11,420			
Info technology	10,520				4,778			
Facilities*	41,190			1,522	6,510			
Total	65,420			56,795	73,751			
2016 Capital Budget								
Equipment	12,664					12,664		
Info technology	6,905					6,905		
Facilities*	324,855					70,449	122,165	188,750
Total	344,424					120,376		

FY 2016 IT Requested Capital

(In 000s)

Capital Project Description	Budgeted Commitment	Budgeted Spend	Capital Purchase Goal
Estimated EPIC Spend in FY2016*		\$ 30,358	Strategic
IS Baseline: Network - Baseline Replacement & Maintenance Parts	\$ 675		Baseline
One Pager: LAB SCC Software	\$ 666		Quality/Safety
IS Baseline: Server - Baseline Replacement & Maintenance Parts	\$ 565		Baseline
One Pager: Security: Forensics and eDiscovery (FY15 Carry-Over)	\$ 400		Security
IS Baseline: Storage - Baseline Primary & Backup Storage Growth	\$ 395		Baseline
One Pager: Security: IM Filtering (FY15 Carry-Over)	\$ 380		Security
IS Baseline: SCC SoftLab Upgrade v4.0.7	\$ 376		Baseline
One Pager: Security: Incident Management (FY15 Carry-Over)	\$ 300		Baseline
SCC SoftLab Upgrade and SCC SoftBank Implementation (HCLL Blood Bank System Replacement)	\$ 292		Quality/Safety
One Pager: Security: Encryption Key Management (FY15 Carry-Over)	\$ 280		Security
All Other	\$ 2,575		
Total Information Technology	\$ 6,905	\$ 6,905	

*EPIC estimated spending schedule:

FY2014	\$6.8 M
FY2015	\$25.7 M
FY2016	\$30.3 M
FY2017-2019	\$14.9 M

2016 Equipment Requested Capital Budget updated

(In 000s)

Capital Project Description	Budgeted Commitment	Budgeted Spend
One Pager: Respiratory Ventilator Replacement PB 840	\$ 1,310	
One Pager: Tomosynthesis *	\$ 1,100	
Contingency Fund Unanticipated Capital	\$ 1,000	
One Pager: Los Gatos Interventional Radiology	\$ 973	
Endoscopes/Ultrasound/Video Processor	\$ 583	
One Pager: Aspire Expansion to Middle School *	\$ 350	
Anesthesia Machines x 2	\$ 277	
All other	\$ 7,069	
Total Equipment	\$ 12,664	\$ 12,664

* Incremental Revenue Producing

FY 2016 Facilities Projects Detail updated

(In 000s)

	Budgeted Commitment	Budgeted Spend
Mountain View Campus Master Plan Projects		
BHS Replacement **	\$53,500	\$4,500
North Dr Parking Structure Expansion	\$14,000 *	\$14,500
Integrated Medical Office Building **	\$229,000	\$10,000
CUP Upgrades	\$500	\$500
Womens Hosp Expansion **	\$2,000	\$1,500
	\$299,000	\$31,000
Mountain View Capital Projects		
Womens Hosp NPC Closeout	\$750	\$500
IMOB Preparation Project - Old Main	\$2,250	\$2,250
Cabling and Wireless upgrades	\$2,800	\$2,800
Histology Fume Hood Upgrades	\$500	\$500
ED Remodel Triage / Psych Observation	\$300	\$100
Signage & Wayfinding	\$600	\$600
MV Equipment & Infrastructure Upgrades	\$750	\$750
Breast Imaging Tomography **	\$300	\$300
Willow Pavilion FA Sys and Equip Upgrades	\$800	\$800
Ceiling Lifts - Imaging Dept.	\$200	\$200
Misc. Reconfiguration Upgrades	\$600	\$600
MV MOB TI Allowance	\$500	\$500
Facilities Planning Allowance	\$1,000	\$1,000
	\$11,350	\$10,900
Los Gatos Capital Projects		
LG Spine Room Expansion - OR 4 **	0 *	\$4,100
LG Rehab HVAC Upgrades	0 *	\$3,400
LG Imaging Phase II (CT & Gen Rad)	\$4,650 *	\$4,800
LG Upgrades - Major	\$2,500 *	\$9,500
LG Electrical Systems Upgrade	\$1,000	\$1,000
LG Rehab Building Upgrades	\$500	\$500
LG Surgical Lights OR's 5,6 & 7	\$0 *	\$149
LG Central Sterile Upgrades	\$3,455 *	\$3,600
LG MOB Improvements	\$500	\$150
LG IR Upgrades **	\$800	\$600
LG NICU 4 Bed Expansion **	\$500	\$150
LG Misc. Reconfiguration Upgrades	\$600	\$600
	\$14,505	\$28,549
	\$324,855	\$70,449

* Spending includes prior year commitments

* Incremental Revenue Producing
Capital < 250k includes exploration of ED Lobby Space Redesign

Appendix

El Camino Hospital updated

El Camino Hospital (\$ in thousands)					
	FY2014 Actual	FY 2015 Projection	FY 2016 Budget	Change Favorable/ (Unfavorable)	% Change
Revenues					
Net Patient Service Revenue	719,487	734,125	743,754	9,630	1.3%
Other Operating Revenue	20,498	20,288	21,864	1,576	7.8%
Total Net Revenue	739,985	754,413	765,618	11,205	1.5%
Expenses					
Salaries, Wages & Benefits	395,286	409,025	432,010	(22,985)	5.6%
Supplies & Other Expenses	219,444	227,932	231,534	(3,602)	-7.0%
Interest	7,403	7,214	5,378	1,836	1.2%
Depreciation/Amoritzation	47,546	44,646	46,558	(1,913)	2.3%
Total Expense	669,679	688,816	715,481	(26,665)	-4.7%
Operating Income	\$ 70,306	\$ 65,597	\$ 50,138	\$ (15,460)	-12.4%
Non Operating Income	48,601	25,404	22,323	(3,081)	-55.0%
Total Net Income	\$ 118,907	\$ 91,001	\$ 72,460	\$ (18,541)	-27.4%
<i>Operating EBIDA</i>	<i>125,255</i>	<i>117,457</i>	<i>102,074</i>	<i>(15,382)</i>	<i>-7.5%</i>
<i>Operating Margin Percentage</i>	<i>9.5%</i>	<i>8.7%</i>	<i>6.5%</i>	<i>-2.1%</i>	
KEY HOSPITAL INDICATORS					
Hospital Discharges, excl normal newborns	18,567	18,968	19,262	294	1.5%
Total Hospital Patient Days	86,883	89,790	89,554	(236)	-0.3%
Acute Length of Stay	4.68	4.73	4.65	(0.08)	-1.8%
Hospital Average Daily Census	238	246	243	(3)	-1.2%

CONCERN: EAP

CONCERN (\$ in thousands)					
	FY2014 Actual	FY 2015 Projection	FY 2016 Budget	Change Favorable/ (Unfavorable)	% Change
Revenues					
Other Operating Revenue	\$ 10,125	\$ 13,859	\$ 15,574	\$ 1,716	4%
Total Net Revenue	10,125	13,859	15,574	1,716	4%
Expenses					
Salaries, Wages & Benefits	2,906	5,485	6,343	(858)	0%
Supplies & Other Expenses	5,207	7,003	7,932	(929)	-11%
Interest	0	0	0	0	0%
Depreciation/Amoritization	192	68	44	24	3%
Total Expense	8,305	12,557	14,320	(1,763)	-10%
Operating Income	\$ 1,820	\$ 1,302	\$ 1,254	\$ (48)	-51%
Non Operating Income	42	441	497	56	30%
Total Net Income	\$ 1,862	\$ 1,743	\$ 1,751	\$ 8	-36%
Operating EBIDA	\$ 2,012	\$ 1,371	\$ 1,299	\$ (72)	-49%
Operating Margin Percentage	18.0%	9.4%	8.1%		

El Camino Hospital Foundation

FOUNDATION (\$ in thousands)					
	FY2014 Actual	FY 2015 Projection	FY 2016 Budget	Change Favorable/ (Unfavorable)	% Change
Revenues					
Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	
Total Net Revenue	0	0	0	0	
Expenses					
Salaries, Wages & Benefits	1,446	1,418	1,639	(221)	-16%
Supplies & Other Expenses	1,635	1,175	1,699	(524)	-45%
Interest	0	0	0	0	
Depreciation/Amoritization	13	13	13	(0)	0%
Total Expense	3,094	2,606	3,351	(745)	-29%
Operating Income	\$ (3,094)	\$ (2,606)	\$ (3,351)	\$ (127)	4%
Non Operating Income	5,680	3,918	4,667	749	2%
Total Net Income	\$ 2,586	\$ 1,312	\$ 1,315	\$ 4	-2%
Operating EBIDA	\$ (3,081)	\$ (2,593)	\$ (3,338)	\$ (745)	4%

El Camino Hospital & Affiliates updated

El Camino Hospital & Affiliates (\$ in thousands)					
	FY2014 Actual	FY 2015 Projection	FY 2016 Budget	Change Favorable/ (Unfavorable)	% Change
Revenues					
Net Patient Service Revenue	719,487	734,125	743,754	9,630	1.3%
Other Operating Revenue	30,729	34,159	37,438	3,280	9.6%
Total Net Revenue	750,216	768,283	781,193	12,909	1.7%
Expenses					
Salaries, Wages & Benefits	400,285	416,233	439,992	(23,759)	5.7%
Supplies & Other Expenses	226,678	236,246	241,165	(4,919)	-7.0%
Interest	7,403	7,214	5,378	1,836	1.2%
Depreciation/Amoritization	47,751	44,727	46,616	(1,889)	2.3%
Total Expense	682,117	704,421	733,152	(28,731)	-4.7%
Operating Income	\$ 68,099	\$ 63,863	\$ 48,041	\$ (15,822)	-12.4%
Non Operating Income	55,288	30,315	27,486	(2,829)	-55.0%
Total Net Income	\$ 123,387	\$ 94,177	\$ 75,527	\$ (18,651)	-27.4%
<i>Operating EBIDA</i>	123,253	115,804	100,035	(15,769)	-7.5%
<i>Operating Margin Percentage</i>	9.1%	8.3%	6.1%		

Prior years contain Silicon Valley Medical Development & El Camino Surgery Center LLC

El Camino Hospital & Affiliates – Budget FY2016

Consolidated Revenue and Expense Budget (\$ 000's)				
	El Camino Hospital	Concern	Foundation	Total
Inpatient Revenue	1,598,563			\$ 1,598,563
Outpatient Revenue	1,114,876			\$ 1,114,876
Gross Patient Service Revenue	2,713,439			2,713,439
Deductions from Revenue	(1,969,685)			(1,969,685)
Net Patient Service Revenue	743,754	0	0	743,754
Other Operating Revenue	21,864	15,574	0	37,438
Total Net Revenue	765,618	15,574	-	781,193
Salaries	329,867	4,651	1,273	335,792
Employee Benefits	102,143	1,692	366	104,201
Supplies & Other Expenses	231,534	7,932	1,699	241,165
Interest	5,378	0	0	5,378
Depreciation/Amoritization	46,558	44	13	46,616
Total Expense	715,481	14,320	3,351	733,152
Operating Income	\$ 50,138	\$ 1,254	\$ (3,351)	\$ 48,041
Non Operating Income	22,323	497	4,667	27,486
Total Net Income	\$72,460	\$1,751	\$1,315	\$75,527
<i>Operating EBIDA</i>	\$ 124,397	\$ 1,795	\$ 1,329	\$ 127,521
<i>Operating Margin Percentage</i>	6.5%	8.1%		6.4%

Bundled Payment Financial Impact

Savings increase with experience and expansion of bundles

Clinical Episode	FY 2015			FY 2016			FY 2017		
	Savings - 25% of Benchmark opportunity			Savings - 50% of Benchmark			Savings - 50% of Benchmark - full year		
	Total NPRA	Total	Net Financial	Total NPRA	Total	Net Financial	Total NPRA	Total	Net Financial
	Payments	Costs	Impact	Payments	Costs	Impact	Payments	Costs	Impact
Simple Pneumonia	\$36,210	(\$966,063)	(\$929,853)	416,262	(1,903,125)	(1,486,863)	416,262	(2,025,000)	(1,608,738)
Chronic Obstructive Pulmonary Disease	\$18,711		\$18,711	210,672		210,672	210,672		210,672
Hip & Femur Procedures exc Joint Repl	\$0	\$0	\$0	276,857		276,857	465,276		465,276
Major Joint Replacement - Lower	\$0	\$0	\$0	119,502		119,502	242,165		242,165
Stroke	\$0	\$0	\$0	251,292	(56,250)	195,042	417,888	(75,000)	342,888
Sepsis	\$0	\$0	\$0	251,353	(215,625)	35,728	430,996	(262,500)	168,496
Congestive Heart Failure	\$0	\$0	\$0	92,772	(84,375)	8,397	123,696	(112,500)	11,196
TOTAL	\$54,921	(\$966,063)	(\$911,142)	1,618,709	(2,259,375)	(640,666)	2,306,955	(2,475,000)	(168,045)

Cash Flow

Hospital only, in millions	Projected FY15	Budget FY16
Net income	\$91.00	\$72.46
Depreciation/interest	51.86	51.94
Cash flow	142.86	124.40
Capital expenditures	73.75	120.38
Debt service	12.00	10.90
Pension funding (over expense)	5.70	5.50
Working capital (incr. in A/R, etc)	6.60	7.00
Uses of cash	98.05	143.78
Net cash flow	44.81	(19.38)
Beginning cash balance	651.70	696.51
Ending cash balance	\$ 696.51	\$ 677.13