



El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2014 – Period 5
7/1/2013 to 11/30/2013

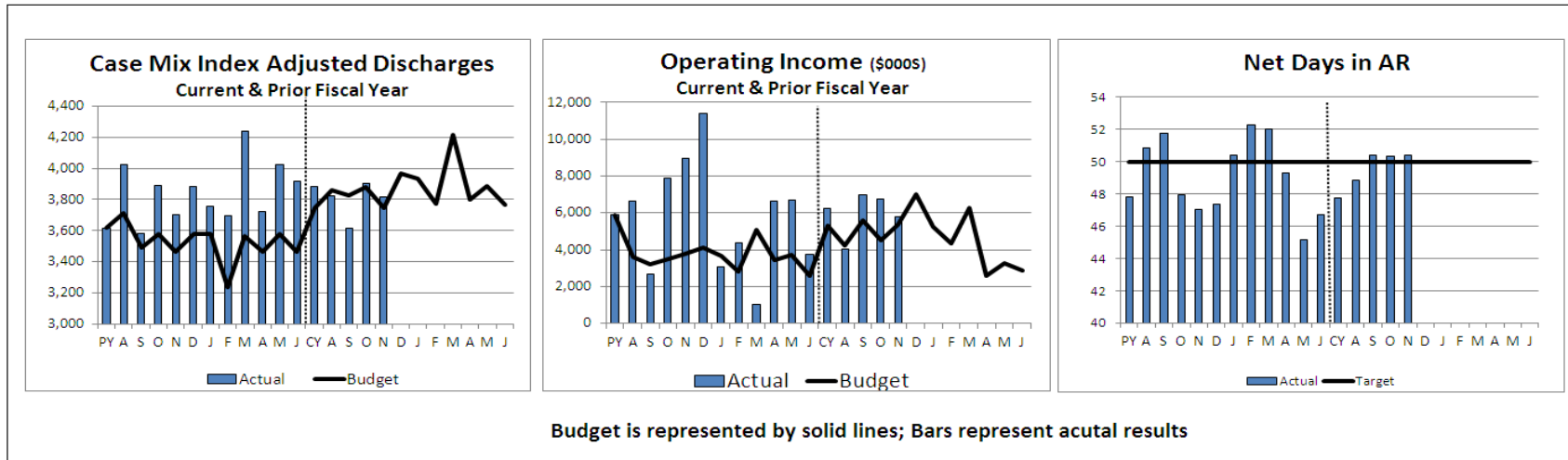
EL CAMINO HOSPITAL
(Excludes Controlled Affiliates)
EXECUTIVE FINANCIAL SUMMARY
Period Ending November 30, 2013

YTD STATEMENT OF REVENUE AND EXPENSES (\$000s)				BALANCE SHEET (\$000s)		
	Actual	Budget	Var F(U)		November 30, 2013	Nov 30, 2012
Gross Revenue	\$1,016,479	\$1,008,694	\$7,785	Cash and Investments	604,631	490,922
Deductions from Revenue	(721,365)	(720,720)	(645)	Non Cash Current Assets	158,941	140,051
Net Patient Revenue	295,114	287,974	7,140	Property, Plant & Equipment (Net)	624,274	647,236
Other Operating Revenue	8,415	6,619	1,796	Other Assets	38,066	35,077
Total Operating Revenue	303,529	294,593	8,936	Total Assets	1,425,912	1,313,286
Salaries & Wages	160,549	156,569	(3,980)	Current Liabilities	89,015	81,795
Supplies	42,486	43,353	867	Long-Term Debt	231,813	234,843
Fees & Purchased Services	33,076	31,349	(1,726)	Fund Balance/Capital Accounts	1,105,083	996,649
Other Operating Expense	14,341	13,913	(428)	Total Liabilities & Equity	1,425,912	1,313,286
Total Non Capital Operating Expense	250,452	245,185	(5,267)	KEY ECH STATISTICS - YTD		
OPERATING EBITDA	53,077	49,408	3,669	Balance Sheet	Actual	Target ⁽¹⁾
Interest, Depreciation & Amortization	23,235	24,417	1,182	Debt Service Coverage Ratio (MADS)	9.0	1.2
NET OPERATING SURPLUS	29,842	24,992	4,851	Debt to Capitalization	13.4%	37.5%
Non Operating Income	27,335	8,115	19,221	Days of Cash	365	225
TOTAL NET SURPLUS	57,178	33,106	24,071	Net AR Days	50.4	48.9
Yield Percent (NPR / Gross Revenue)	29.0%	28.5%	0.5%	Other	Actual	Budget
EBITDA Margin	17.5%	16.8%	0.7%	Acute Discharges	7,640	7,959
Operating Margin	9.8%	8.5%	1.3%	Acute Average Daily Census	226	228
Total Margin	18.8%	11.2%	7.6%	Deliveries	2,157	2,090
				Emergency Department Visits	23,448	23,080
				Surgical Cases	4,572	4,401
				Full Time Equivalent Employees	2,409	2,410
				Worked Hrs/CMI Adjusted Discharge	96.95	95.39

⁽¹⁾ For Debt Service Coverage Ratio and Debt to Capitalization, Target represents Bond Convenants
For Days Cash and Net AR Days, Target represents S&P A Rated Hospital Medians

⁽¹⁾ Hospital entity only, excludes controlled affiliates

Management Commentary⁽¹⁾



CMI Adjusted Discharges Case mix in November was 1% below budget and discharges were 4% short; these unfavorable variances were largely offset by outpatient revenues which exceeded budget by 14%, resulting in CMI Adjusted Discharges which were 2% favorable to budget. Fiscal year to date CMI Adjusted Discharges are 0.25% unfavorable to budget.

Operating Margin November’s gross charges were \$7 million favorable to budget; excluding a \$3.3 million gain on filing the Medicare cost report and \$2.5 million of unfavorable accounts receivable adjustments, net revenues were \$1.9 million favorable to budget. Expenses were \$2.2 million unfavorable to budget. So reported hospital operations were \$0.5 million favorable to budget. Investment performance continued strong - \$4.6 million in November; \$28 million YTD. Total net surplus YTD is \$24 million favorable to budget

Net Days in AR Net outstanding receivables decreased by \$1 million between October and November, but net revenue dropped \$3 million. Consequently, net days in A/R increased slightly to 50.4 days (from 50.3 days). For the most recent 12-month period, A/R days averaged 49 days or 1 day favorable to the 50-day target.

(1) Hospital entity only, excludes controlled affiliates

Key Hospital Indicators⁽¹⁾

Statistic	FYE 2011	FYE 2012	FYE 2013	FYTD 2014	Target (2)	+/-
Operating Margin	7.9%	10.5%	9.9%	9.8%	8.5%	
EBITDA Margin	16.6%	19.4%	17.8%	17.5%	16.8%	
Days of Cash	250	321	350	365	225	
Debt Service Coverage Ratio (MADS)	7.5	7.2	7.9	9.0	4.5	
Debt to Capitalization	17.1%	15.8%	14.0%	13.4%	30.3%	
Net AR Days	48.6	48.1	48.3	50.4	48.9	

⁽¹⁾ Hospital Only - Excludes Affiliates

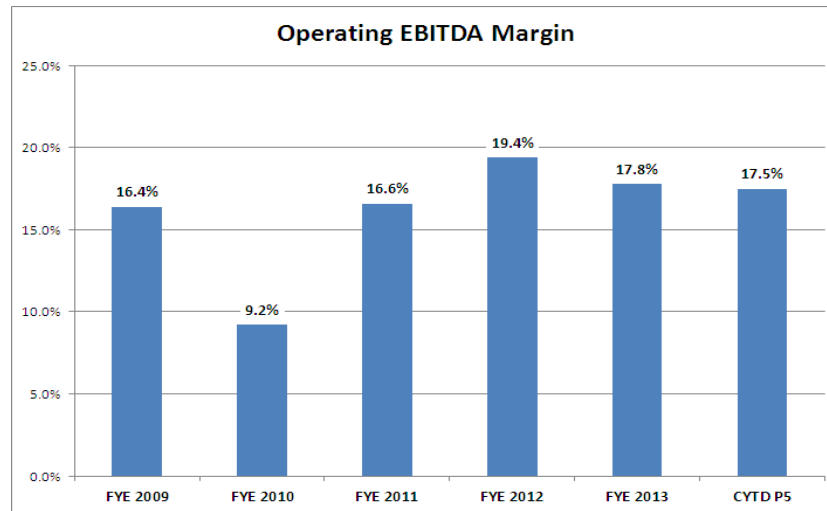
⁽²⁾ Target source: FYTD Budget for Operating Margin and EBITDA Margin

Target source: S&P 2013 A Rated Hospital Medians for all others

*Prior Year numbers represent full year

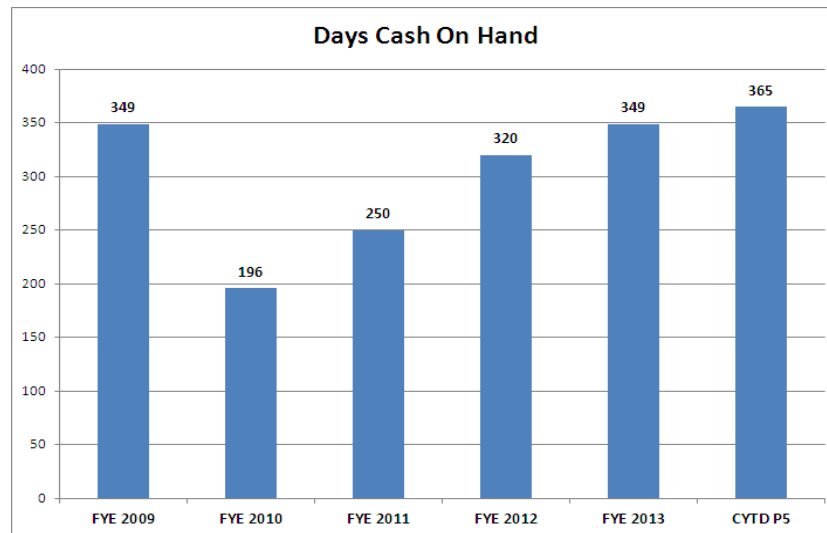
El Camino Hospital Financial Metrics Trend ⁽¹⁾

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**0.7%
Favorable to
Budget**

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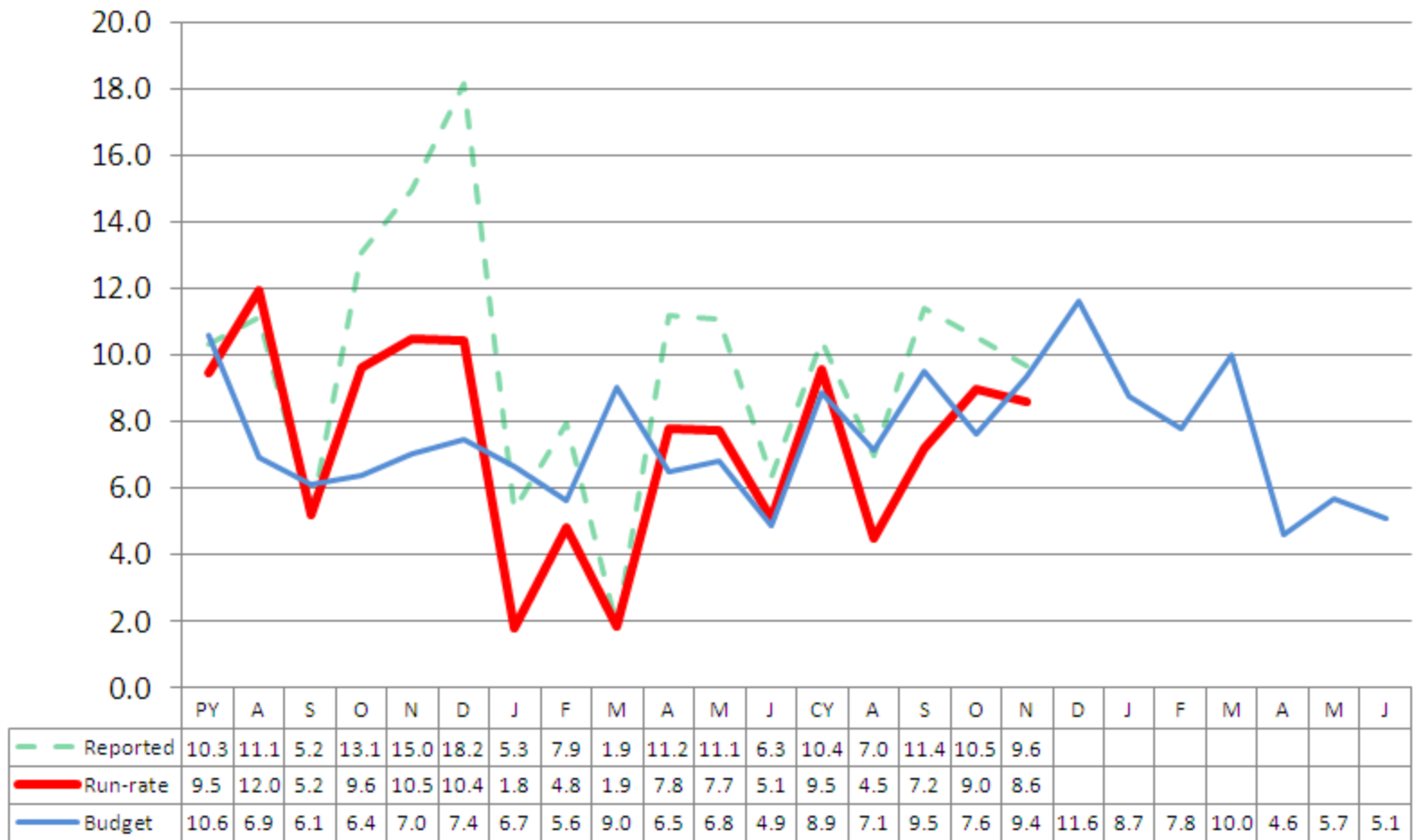


**1 Day
Unfavorable
to Budget**

**Represents
cash of \$605
million**

⁽¹⁾ Hospital entity only, excludes controlled affiliates

ECH Operating Margin ⁽¹⁾



⁽¹⁾ Hospital entity only, excludes controlled affiliates

ECH Volume Statistics ⁽¹⁾

Discharges ⁽²⁾
 ADC ⁽²⁾
 Deliveries
 ED Visits
 Surgical Cases

Month of Nov, 2013		
Act	Bud	Var%
1,222	1,294	-5.6%
186	188	-1.3%
329	350	-6.0%
3,371	3,613	-6.7%
551	547	0.8%

MOUNTAIN VIEW

Year to Date			Prior Year	
Act	Bud	Var%	Act	Var%
6,210	6,557	-5.3%	6,610	-6.1%
183	187	-2.4%	183	-0.2%
1,846	1,774	4.1%	2,048	-9.9%
18,396	18,307	0.5%	17,904	2.7%
2,771	2,769	0.1%	2,659	4.2%

Discharges ⁽²⁾
 ADC ⁽²⁾
 Deliveries
 ED Visits
 Surgical Cases

Month of Nov, 2013		
Act	Bud	Var
287	277	3.7%
44	41	7.3%
57	62	-8.8%
860	942	-8.7%
343	322	6.5%

LOS GATOS

Year to Date			Prior Year	
Act	Bud	Var	Act	Var%
1,430	1,403	2.0%	1,398	2.3%
44	41	6.7%	40	8.7%
311	317	-1.7%	321	-3.1%
5,052	4,773	5.8%	4,841	4.4%
1,801	1,632	10.4%	1,790	0.6%

Discharges ⁽²⁾
 ADC ⁽²⁾
 Deliveries
 ED Visits
 Surgical Cases

Month of Nov, 2013		
Act	Bud	Var
1,509	1,571	-3.9%
230	230	0.3%
386	412	-6.4%
4,231	4,555	-7.1%
894	869	2.9%

ECH

Year to Date			Prior Year	
Act	Bud	Var	Act	Var%
7,640	7,959	-4.0%	8,008	-4.6%
226	228	-0.8%	223	1.4%
2,157	2,090	3.2%	2,369	-8.9%
23,448	23,080	1.6%	22,745	3.1%
4,572	4,401	3.9%	4,449	2.8%

(1) Hospital entity only, excludes controlled affiliates

(2) Excludes normal newborns (MS-DRG 795)

El Camino Hospital Volume Trends Prior and Current Fiscal Years



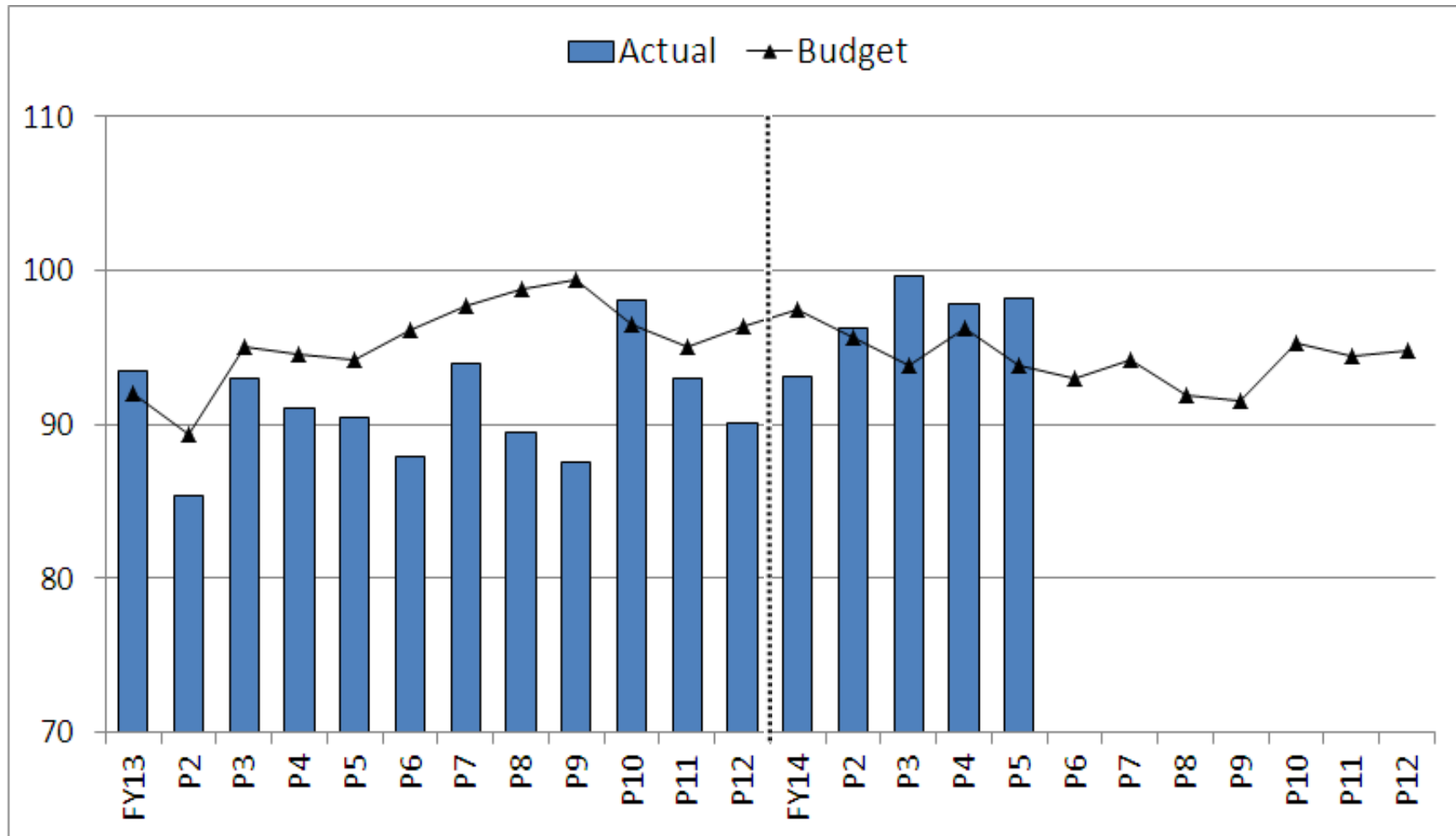
APPENDIX

Summary of Financial Results

\$ in Thousands

	Period 5 - Month			Period 5 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	3,700	4,118	(418)	21,974	19,266	2,708
Los Gatos	2,091	1,251	840	7,869	5,726	2,143
Sub Total - El Camino Hospital, excl. Affiliates	5,791	5,369	422	29,842	24,992	4,851
Operating Margin %	9.6%	9.4%		9.8%	8.5%	
El Camino Hospital Non Operating Income						
Investments **	4,669	1,850	2,819	28,372	9,831	18,541
Swap Adjustments	98	0	98	648	0	648
Community Benefit	(4)	0	(4)	(779)	0	(779)
Other	(93)	(323)	230	(906)	(1,717)	811
Sub Total - Non Operating Income	4,671	1,527	3,143	27,335	8,115	19,221
El Camino Hospital Net Income (Loss)	10,462	6,896	3,566	57,178	33,106	24,071
ECH Net Margin %	17.4%	12.0%		18.8%	11.2%	
Net Income Hospital Affiliates	505	137	368	2,359	1,053	1,306
Total Net Income Hospital & Affiliates	10,967	7,033	3,934	59,537	34,160	25,378

Worked Hours per CMI Adjusted Discharge⁽¹⁾

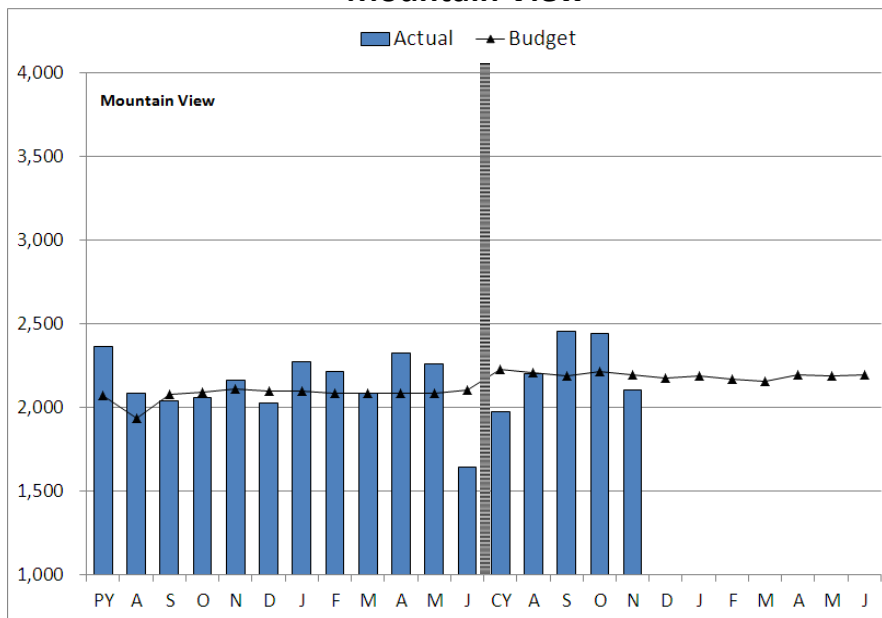


⁽¹⁾ Hospital entity only, excludes controlled affiliates

Supply Cost per CMI Adjusted Discharges ⁽¹⁾

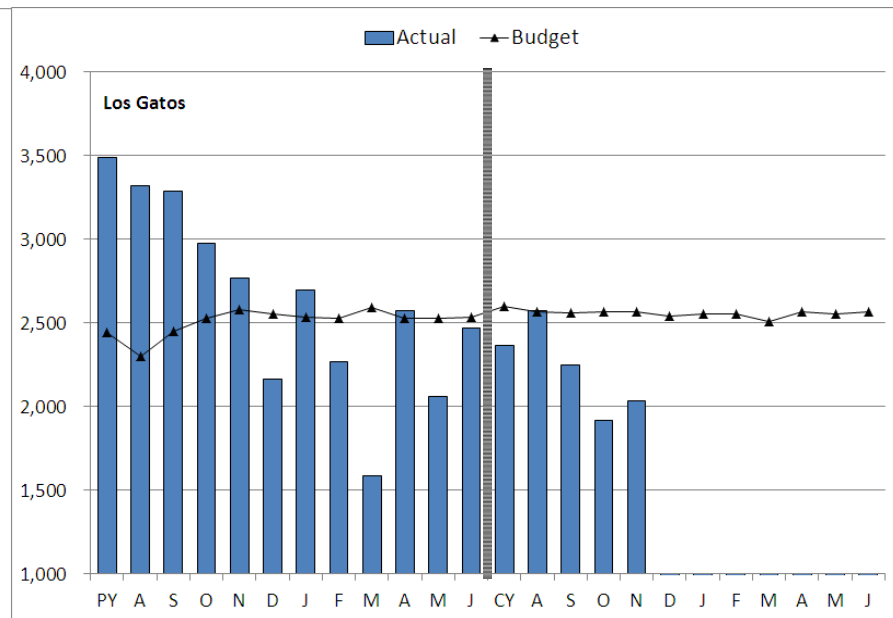
YTD: 1.3% over budget

Mountain View



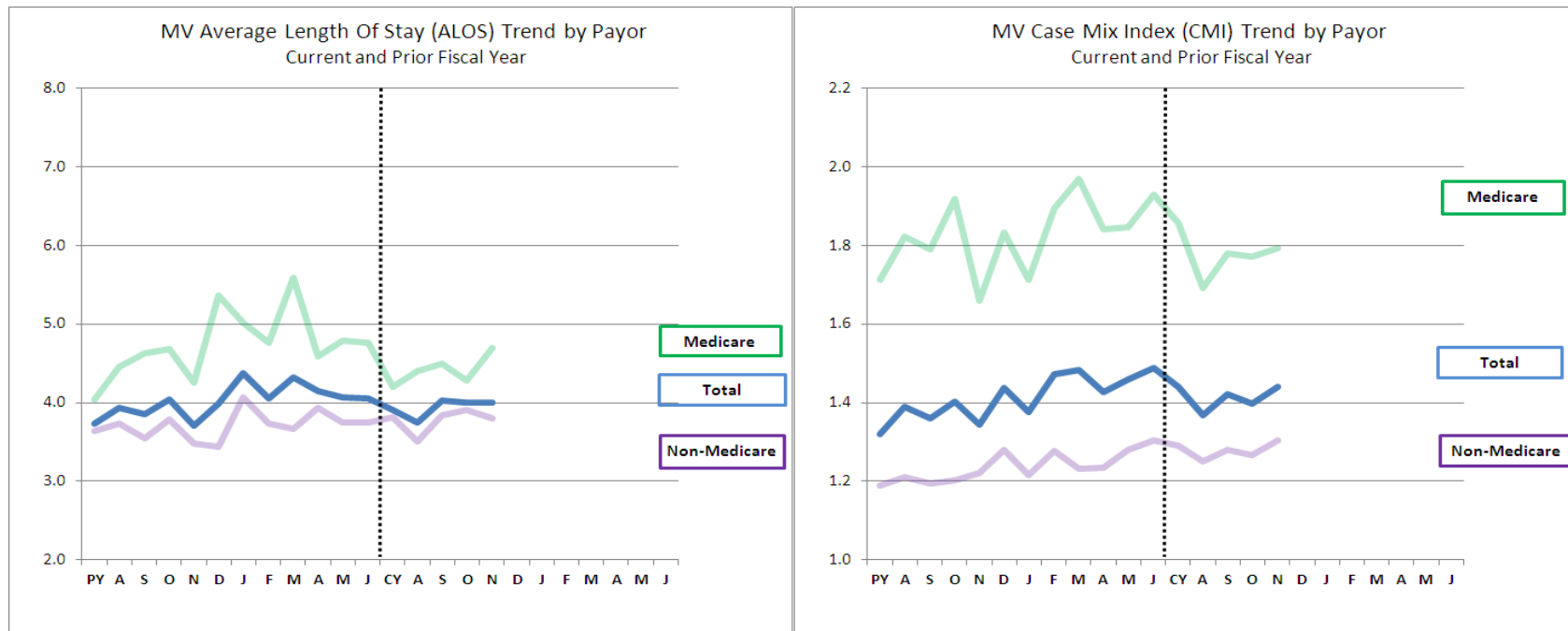
YTD: -13.4% under budget

Los Gatos



⁽¹⁾ Hospital entity only, excludes controlled affiliates

Mountain View LOS & CMI Trend⁽¹⁾

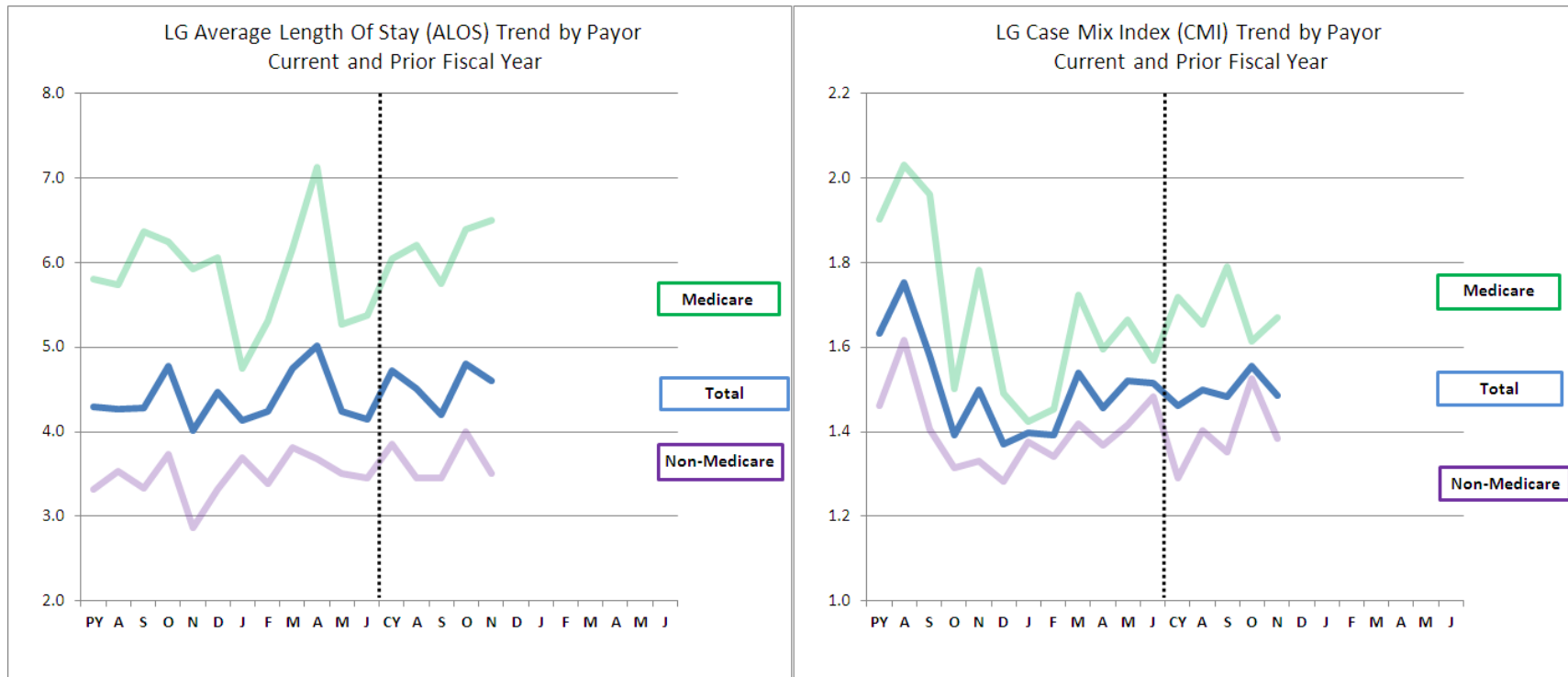


- Medicare: Due to DRG reimbursement, financial results usually improve with decreased LOS and increased CMI
- Non-Medicare: Reimbursement varies; financial results usually improve when both LOS & CMI increase

⁽¹⁾ Hospital entity only, excludes controlled affiliates

All data excludes normal newborns (MS-DRG=795), Medicare data excludes Medicare HMOs and PPOs

Los Gatos LOS & CMI Trend ⁽¹⁾



- Medicare: Due to DRG reimbursement, financial results usually improve with decreased LOS and increased CMI
- Non-Medicare: Reimbursement varies; financial results usually improve when both LOS & CMI increase

⁽¹⁾ Hospital entity only, excludes controlled affiliates

All data excludes normal newborns (MS-DRG=795), Medicare data excludes Medicare HMOs and PPOs

El Camino Hospital⁽¹⁾

Results from Operations vs. Prior Year
5 months ending 11/30/2013

\$000s	FY 2014	FY 2013	Variance Fav (Unfav)	Var%
OPERATING REVENUE:				
Gross Revenue	1,016,479	1,009,295	7,184	0.7%
Deductions	(721,365)	(726,646)	5,281	-0.7%
Net Patient Revenue	295,114	282,649	12,465	4.4%
Other Operating Revenue	8,415	6,357	2,058	32.4%
Total Operating Revenue	303,529	289,006	14,523	5.0%
OPERATING EXPENSE:				
Salaries & Wages	160,549	144,815	(15,734)	-10.9%
Supplies	42,486	44,003	1,517	3.4%
Fees & Purchased Services	33,076	35,226	2,150	6.1%
Other Operating Expense	37,576	32,895	(4,681)	-14.2%
Total Operating Expense	273,686	256,938	(16,748)	-6.5%
Net Operating Income/(Loss)	29,842	32,067	(2,225)	-6.9%
Non Operating Income	27,335	5,219	22,116	423.8%
Net Income(Loss)	57,178	37,286	19,891	53.3%
Collection Rate	29.0%	28.0%	1.0%	
Operating Margin	9.8%	11.1%	-1.3%	
Net Margin	18.8%	12.9%	5.9%	

(1) Hospital entity only, excludes controlled affiliates

El Camino Hospital – Mountain View⁽¹⁾

Results from Operations vs. Prior Year

5 months ending 11/30/2013

\$000s	FY 2014	FY 2013	Variance Fav (Unfav)	Var%
OPERATING REVENUE:				
Gross Revenue	822,153	810,177	11,976	1.5%
Deductions	(583,539)	(582,374)	(1,165)	0.2%
Net Patient Revenue	238,614	227,803	10,812	4.7%
Other Operating Revenue	8,186	6,141	2,045	33.3%
Total Operating Revenue	246,800	233,944	12,857	5.5%
OPERATING EXPENSE:				
Salaries & Wages	133,587	120,277	(13,309)	-11.1%
Supplies	34,492	32,567	(1,926)	-5.9%
Fees & Purchased Services	27,152	29,358	2,206	7.5%
Other Operating Expense	29,596	25,245	(4,351)	-17.2%
Total Operating Expense	224,827	207,447	(17,380)	-8.4%
Net Operating Income/(Loss)	21,974	26,497	(4,523)	-17.1%
Non Operating Income	27,338	5,208	22,130	424.9%
Net Income(Loss)	49,311	31,705	17,607	55.5%
Collection Rate	29.0%	28.1%	0.9%	
Operating Margin	8.9%	11.3%	-2.4%	
Net Margin	20.0%	13.6%	6.4%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital – Los Gatos⁽¹⁾

Results from Operations vs. Prior Year
5 months ending 11/30/2013

\$000s	FY 2014	FY 2013	Variance Fav (Unfav)	Var%
OPERATING REVENUE:				
Gross Revenue	194,325	199,118	(4,792)	-2.4%
Deductions	(137,826)	(144,272)	6,446	-4.5%
Net Patient Revenue	56,500	54,846	1,654	3.0%
Other Operating Revenue	229	216	13	6.0%
Total Operating Revenue	56,728	55,062	1,667	3.0%
OPERATING EXPENSE:				
Salaries & Wages	26,963	24,538	(2,425)	-9.9%
Supplies	7,993	11,436	3,443	30.1%
Fees & Purchased Services	5,924	5,868	(56)	-1.0%
Other Operating Expense	7,980	7,649	(330)	-4.3%
Total Operating Expense	48,860	49,491	632	1.3%
Net Operating Income/(Loss)	7,869	5,570	2,298	41.3%
Non Operating Income	(2)	11	(13)	-119.2%
Net Income(Loss)	7,866	5,582	2,285	40.9%
Collection Rate	29.1%	27.5%	1.5%	
Operating Margin	13.9%	10.1%	3.8%	
Net Margin	13.9%	10.1%	3.7%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital⁽¹⁾

Results from Operations vs. Budget
5 months ending 11/30/2013

\$000s	FY 2014	Budget 2014	Variance Fav (Unfav)	Var%
OPERATING REVENUE:				
Gross Revenue	1,016,479	1,008,694	7,785	0.8%
Deductions	(721,365)	(720,720)	(645)	0.1%
Net Patient Revenue	295,114	287,974	7,140	2.5%
Other Operating Revenue	8,415	6,619	1,796	27.1%
Total Operating Revenue	303,529	294,593	8,936	3.0%
OPERATING EXPENSE:				
Salaries & Wages	160,549	156,569	(3,980)	-2.5%
Supplies	42,486	43,353	867	2.0%
Fees & Purchased Services	33,076	31,349	(1,726)	-5.5%
Other Operating Expense	37,576	38,329	754	2.0%
Total Operating Expense	273,686	269,601	(4,085)	-1.5%
Net Operating Income/(Loss)	29,842	24,992	4,851	19.4%
Non Operating Income	27,335	8,115	19,221	236.9%
Net Income(Loss)	57,178	33,106	24,071	72.7%
Collection Rate	29.0%	28.5%	0.5%	
Operating Margin	9.8%	8.5%	1.3%	
Net Margin	18.8%	11.2%	7.6%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital – Mountain View⁽¹⁾

Results from Operations vs. Budget
5 months ending 11/30/2013

\$000s	FY 2014	Budget 2014	Variance	
			Fav (Unfav)	Var%
OPERATING REVENUE:				
Gross Revenue	822,153	819,653	2,500	0.3%
Deductions	(583,539)	(585,352)	1,814	-0.3%
Net Patient Revenue	238,614	234,301	4,314	1.8%
Other Operating Revenue	8,186	6,400	1,786	27.9%
Total Operating Revenue	246,800	240,701	6,099	2.5%
OPERATING EXPENSE:				
Salaries & Wages	133,587	131,403	(2,184)	-1.7%
Supplies	34,492	34,215	(277)	-0.8%
Fees & Purchased Services	27,152	25,208	(1,943)	-7.7%
Other Operating Expense	29,596	30,608	1,013	3.3%
Total Operating Expense	224,827	221,435	(3,391)	-1.5%
Net Operating Income/(Loss)	21,974	19,266	2,708	14.1%
Non Operating Income	27,338	8,115	19,223	236.9%
Net Income(Loss)	49,311	27,381	21,931	80.1%
Collection Rate	29.0%	28.6%	0.4%	
Operating Margin	8.9%	8.0%	0.9%	
Net Margin	20.0%	11.4%	8.6%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital – Los Gatos⁽¹⁾

Results from Operations vs. Budget

5 months ending 11/30/2013

\$000s	FY 2014	Budget 2014	Variance Fav (Unfav)	Var%
OPERATING REVENUE:				
Gross Revenue	194,325	189,040	5,285	2.8%
Deductions	(137,826)	(135,367)	(2,459)	1.8%
Net Patient Revenue	56,500	53,673	2,826	5.3%
Other Operating Revenue	229	219	10	4.5%
Total Operating Revenue	56,728	53,892	2,836	5.3%
OPERATING EXPENSE:				
Salaries & Wages	26,963	25,166	(1,796)	-7.1%
Supplies	7,993	9,138	1,144	12.5%
Fees & Purchased Services	5,924	6,141	217	3.5%
Other Operating Expense	7,980	7,721	(259)	-3.4%
Total Operating Expense	48,860	48,166	(693)	-1.4%
Net Operating Income/(Loss)	7,869	5,726	2,143	37.4%
Non Operating Income	(2)	0	(2)	0.0%
Net Income(Loss)	7,866	5,726	2,141	37.4%
Collection Rate	29.1%	28.4%	0.7%	
Operating Margin	13.9%	10.6%	3.2%	
Net Margin	13.9%	10.6%	3.2%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital⁽¹⁾

Balance Sheet (\$ Thousands)

ASSETS

	Period Ending Nov 30	
	FY 2014	FY 2013
CURRENT ASSETS		
Cash	44,131	35,610
Short Term Investments	149,347	162,965
Patient Accounts Receivable, NET	96,876	86,206
Other Accounts and Notes Receivable	6,381	3,378
Intercompany Receivables	1,090	1,231
Inventories and Prepaids	54,595	49,237
Total Current Assets	352,419	338,626
BOARD DESIGNATED ASSETS		
Plant & Equipment Fund	91,681	65,115
Operational Reserve Fund	100,196	100,196
Community Benefit Fund	1,584	2,122
Workers Compensation Reserve Fund	27,172	21,200
Postretirement Health/Life Reserve Fund	16,133	15,307
PTO Liability Fund	19,686	16,430
Malpractice Reserve Fund	2,002	2,318
Catastrophic Reserves Fund	16,348	12,028
Total Board Designated Assets	274,801	234,716
FUNDS HELD BY TRUSTEE	9,384	9,385
LONG TERM INVESTMENTS	136,353	57,631
INVESTMENTS IN AFFILIATES	24,015	20,925
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,018,785	1,002,419
Less: Accumulated Depreciation	(404,632)	(363,270)
Construction in Progress	10,121	8,087
Property, Plant & Equipment - Net	624,274	647,236
DEFERRED COSTS/BOND ISSUE COSTS	4,662	4,768
RESTRICTED ASSETS - CASH	4	(1)
TOTAL ASSETS	1,425,912	1,313,286

LIABILITIES AND FUND BALANCE

	Period Ending Nov 30	
	FY 2014	FY 2013
CURRENT LIABILITIES		
Accounts Payable	19,251	12,278
Salaries and Related Liabilities	16,260	12,403
Accrued PTO	19,686	16,430
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	17,965	22,382
Intercompany Payables	68	396
Malpractice Reserves	2,002	2,318
Bonds Payable - Current	3,000	2,850
Bond Interest Payable	3,126	3,204
Other Liabilities	5,358	7,234
Total Current Liabilities	89,015	81,795
LONG TERM LIABILITIES		
Post Retirement Benefits	16,133	15,307
Worker's Comp Reserve	24,872	18,900
Other L/T Obligation (Asbestos)	3,329	3,216
Other L/T Liabilities (IT/Medl Leases)	-	2,269
Bond Payable	187,479	195,151
Total Long Term Liabilities	231,813	234,843
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	830,250	761,933
Board Designated	274,801	234,716
Restricted	32	(1)
Total Fund Bal & Capital Accts	1,105,083	996,649
TOTAL LIABILITIES AND FUND BALANCE	1,425,912	1,313,286

⁽¹⁾ Hospital entity only, excludes controlled affiliates