



El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2016 – Period 12
7/1/2015 to 6/30/2016

Dashboard - ECH combined as of June 30, 2016

	Annual						Month			YTD		
	2012	2013	2014	2015	2016 Proj.	2016 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume												
Licensed Beds	443	443	443	443	443	443	443	443	443	443	443	443
ADC	220	240	238	246	243	245	237	248	240	246	242	245
Adjusted Discharges	30,558	32,221	32,003	32,507	31,392	32,696	2,872	2,586	2,734	32,507	31,392	32,696
Inpatient Cases												
Total Discharges	18,231	19,220	18,567	19,081	18,618	19,262	1,611	1,531	1,599	19,081	18,618	19,262
Deliveries	4,600	5,227	5,155	5,273	4,914	5,193	446	415	429	5,273	4,914	5,191
BHS	899	851	844	872	798	850	77	68	72	872	798	850
Rehab	447	537	557	563	508	570	37	50	48	563	508	570
Outpatient												
ED	53,686	48,091	49,543	52,487	51,599	52,151	5,460	4,278	4,351	52,487	51,599	52,151
Procedural Cases												
OP Surg	5,318	5,838	6,385	6,474	6,098	6,676	591	564	566	6,474	6,098	6,677
Endo		2,400	2,635	2,829	2,458	2,825	252	217	238	2,829	2,458	2,826
Interventional		1,508	1,705	1,878	1,969	1,901	175	165	177	1,878	1,969	1,901
All Other	140,961	175,708	164,206	133,371	128,453	134,601	11,421	10,898	11,558	133,006	128,453	134,602
Financial Performance (\$000s)												
Net Revenues	629,585	686,327	721,123	746,645	772,573	743,754	69,257	73,717	65,909	746,645	772,573	743,754
Operating Expenses	576,354	632,353	669,680	689,631	743,101	715,481	60,060	65,591	60,095	689,631	743,101	715,481
Operating Income \$	67,276	69,126	70,305	78,120	52,839	50,138	11,355	11,677	9,027	78,120	52,839	50,138
Operating Margin	10.5%	9.9%	9.5%	10.2%	6.6%	6.5%	15.9%	15.1%	13.1%	10.2%	6.6%	6.5%
EBITDA \$	124,420	124,722	125,254	128,002	107,778	100,393	13,874	16,543	13,514	128,002	107,778	102,074
EBITDA %	19.3%	17.8%	16.9%	16.7%	13.5%	13.1%	19.4%	21.4%	19.6%	16.7%	13.5%	13.3%
IP Margin	0.4%	-1.1%	-3.2%	-4.5%	-7.1%	-1.0%	-4.4%	-7.0%	-1.0%	-3.4%	-7.1%	-1.0%
OP Margin	24.7%	25.9%	25.2%	28.1%	27.0%	25.0%	26.9%	28.4%	25.0%	27.1%	27.0%	25.0%
Payor Mix												
Medicare	46.2%	46.4%	44.7%	46.3%	46.6%	46.4%	47.9%	46.2%	46.4%	46.3%	46.6%	46.4%
Medi-Cal	5.3%	4.9%	6.0%	6.6%	7.4%	6.5%	7.0%	8.4%	6.5%	6.6%	7.4%	6.5%
Commercial IP	25.2%	25.3%	25.4%	24.2%	23.2%	24.0%	22.0%	23.2%	24.0%	24.2%	23.2%	24.0%
Commercial OP	16.3%	16.9%	18.6%	18.7%	18.7%	19.0%	19.2%	18.5%	19.0%	18.7%	18.7%	19.0%
total commercial	41.5%	42.2%	44.0%	42.9%	41.9%	43.0%	41.3%	41.8%	43.0%	42.8%	41.9%	43.0%
Other	7.0%	6.6%	5.4%	4.3%	4.1%	4.1%	3.9%	3.7%	4.1%	4.3%	4.1%	4.1%
Cost												
Employees	2,156.7	2,289.0	2,435.6	2,452.4	2,509.5	2,456.6	2,477.1	2,525.7	2,509.7	2,452.9	2,509.5	2,456.6
Hrs/APD	29.42	29.66	29.72	29.31	30.68	29.48	29.19	29.79	30.54	29.31	30.68	29.48
Balance Sheet												
Net Days in AR	48.1	47.8	50.9	43.6	53.5	48.0	43.6	53.5	48.0	43.6	53.5	48.0
Days Cash	321	350	382	401	361	262	402	361	262	402	361	262
Debt to Capitalization	15.8%	14.0%	12.6%	13.6%	13.8%	29.0%	14.8%	13.8%	29.0%	14.8%	13.8%	29.0%
MADS	7.2	8.0	9.5	8.9	6.1	1.2	9.0	6.1	1.2	9.0	6.1	1.2
Affiliates - Net Income (\$000s)												
Hosp	71,286	88,820	118,906	94,787	44,348	72,460	6,196	15,531	10,888	94,787	44,348	72,460
Concern	1,472	371	1,862	1,202	1,761	1,751	(406)	(176)	388	1,202	1,761	1,751
ECSC			(5)	(41)	(280)	0	(15)	31	0	(41)	(280)	0
Foundation	138	1,545	3,264	710	980	1,315	(403)	61	173	710	980	1,315
SVMD	(30)	(114)	32	106	29	0	(8)	(56)	0	106	29	0

Inpatient volume is 3.3% below budget for the year primarily due to lower surgeries and deliveries, and rehab cases due to construction.

Outpatient volume was lower than budget by 4.5% due to the lower than budget ED visits, OP surgeries and endoscopy cases both for the month of June and YTD. Interventional EP cases, on the other hand, shows a trend of increase with 3.6% ahead of budget for the year.

Operating margin for June was \$2.6M favorable compared to budget due to better charge capture, high collection rate and \$1.2M Prime IGT accrual. Operating margin for the year is \$2.7 million favorable primarily due to high revenue offset by EPIC related expenses in labor and training, pharmacy and surgical medical supply expenses and not achieving budget cost reduction targets in other expenses.

Payor mix is unfavorable primarily due to lower deliveries since deliveries are mainly commercial.

Productivity for the year is behind budget but has improved after EPIC go-live and hrs/APD are lower than budget in June.

AR days continue to improve after EPIC go-live. The Anthem renewal required a bill hold offsetting the improvement trend.

Fiscal Year 2016 Fiscal Period 12 (7/1/2015-6/30/2016) Waterfall

		Year to Date (YTD)	
		Net Income Impact	% Net Revenue
\$ in Thousands			
Budgeted Hospital Operations FY2016		50,138	6.3%
Net Revenue		30,321	4.0%
	* Patient Income		
	* Prime IGT		
	* Integrated Care budgeted (BPSI)		
	* Foundation Income (\$468) plus Misc		
Labor and Benefit Expense Change		(3,947)	-0.5%
	* Net Budgeted Labor -\$5.7M; \$2.3M is RN salaries (net Agency - \$5.9M and EE\$ 3.6M), EPIC Labor \$-1.6M, plus -\$1.8M budgeted savings not realized		
	* Actuarial over accrued earlier in year \$4M		
Professional Fees & Purchased Services		(4,103)	-0.5%
	* EPIC (-\$3.7M)		
	* Marketing (Web) (-\$1M)		
Supplies		(6,012)	-0.8%
	* Drug (-\$4.5M)		
	* Surgical (Implants, Joints, Valves, Spine; -\$3.9M)		
Other Expenses		(10,155)	-1.3%
	* HPO Savings (-\$7M)		
	* EPIC training (-\$3.3M)		
Depreciation & Interest		(3,403)	-0.4%
	* Interest Expense (-\$813K)		
	* Amortization Loss (-\$400K)		
	* Depreciation (-\$2.2M)		
Actual Hospital Operations FY2016		52,839	6.9%

El Camino Hospital (\$000s) ⁽¹⁾

12 months ending 6/30/2016

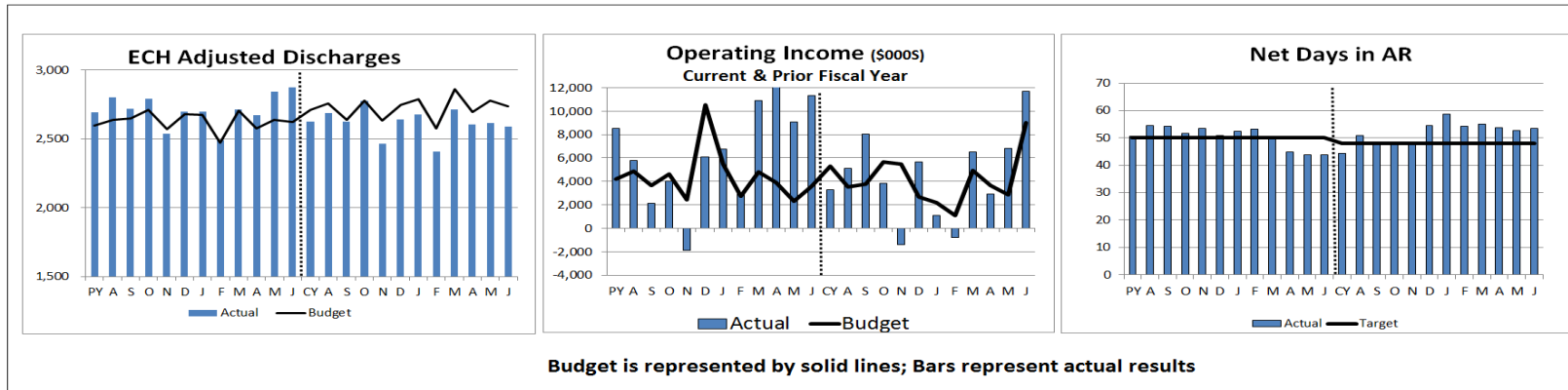
PERIOD 12 FY 2015	PERIOD 12 FY 2016	PERIOD 12 Budget 2016	Variance Fav (Unfav)	Var%
226,473	234,757	224,987	9,770	4.3%
(157,215)	(161,039)	(159,078)	(1,961)	1.0%
69,257	73,717	65,909	7,808	11.8%
2,157	3,551	3,214	337	10.5%
71,415	77,268	69,123	8,145	11.8%
33,226	38,338	36,844	(1,493)	-4.1%
10,160	11,296	9,271	(2,025)	-21.8%
11,818	9,094	7,998	(1,097)	-13.7%
2,338	1,998	1,496	(502)	-33.6%
(1,206)	616	448	(168)	-37.6%
3,725	4,249	4,039	(211)	-5.2%
60,060	65,591	60,095	(5,496)	-9.1%
11,355	11,677	9,027	2,650	29.4%
(5,159)	3,854	1,860	1,994	107.2%
6,196	15,531	10,888	4,644	42.7%
19.4%	21.4%	19.6%	1.9%	
15.9%	15.1%	13.1%	2.1%	
8.7%	20.1%	15.8%	4.3%	

\$000s
OPERATING REVENUE
Gross Revenue
Deductions
Net Patient Revenue
Other Operating Revenue
Total Operating Revenue
OPERATING EXPENSE
Salaries & Wages
Supplies
Fees & Purchased Services
Other Operating Expense
Interest
Depreciation
Total Operating Expense
Net Operating Income/(Loss)
Non Operating Income
Net Income(Loss)
EBITDA
Operating Margin
Net Margin

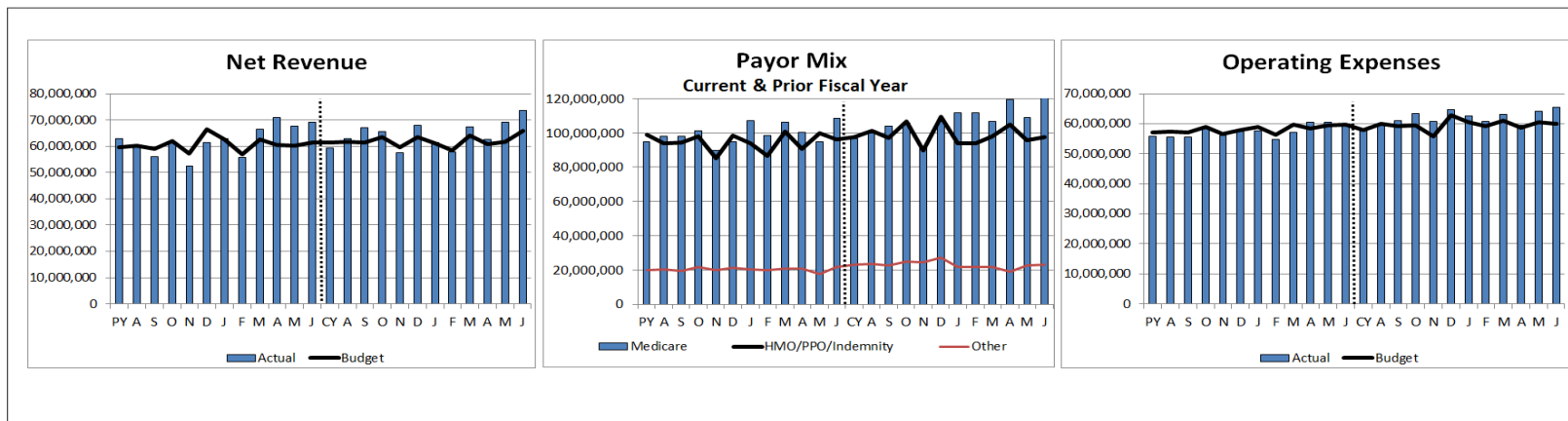
YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
2,573,881	2,755,387	2,713,439	41,948	1.5%
(1,827,236)	(1,982,815)	(1,969,685)	(13,130)	0.7%
746,645	772,573	743,754	28,818	3.9%
21,105	23,367	21,864	1,503	6.9%
767,751	795,939	765,618	30,321	4.0%
410,072	435,958	432,011	(3,947)	-0.9%
109,961	118,246	112,234	(6,012)	-5.4%
92,373	99,449	95,346	(4,103)	-4.3%
27,342	34,508	23,953	(10,555)	-44.1%
5,256	6,191	5,378	(813)	-15.1%
44,627	48,748	46,558	(2,189)	-4.7%
689,631	743,101	715,481	(27,620)	-3.9%
78,120	52,839	50,138	2,701	5.4%
16,668	(8,601)	22,323	(30,924)	-138.5%
94,787	44,238	72,460	(28,222)	-38.9%
16.7%	13.5%	13.3%	0.2%	
10.2%	6.6%	6.5%	0.1%	
12.3%	5.6%	9.5%	-3.9%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

Monthly Financial Trends

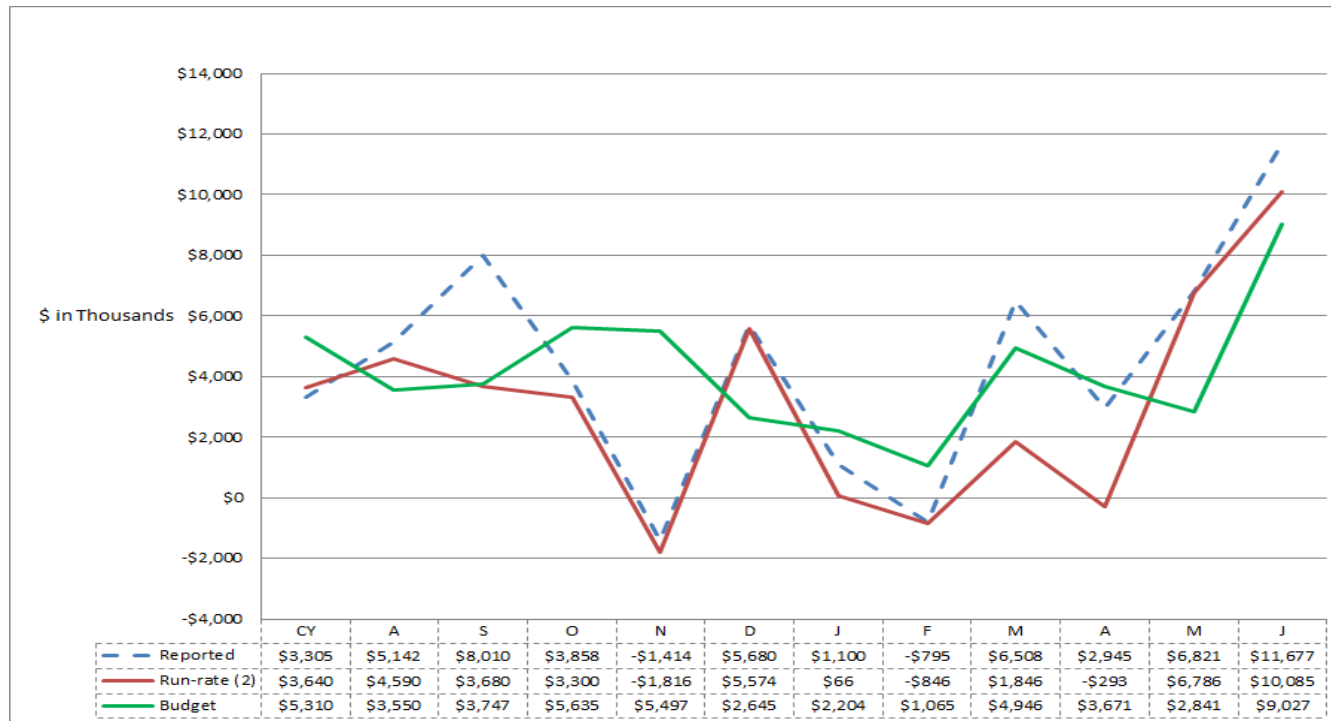


Volume is low mainly in deliveries and surgeries.
AR EPIC recovery offset by Anthem contract renewal bill hold.



ECH Operating Margin

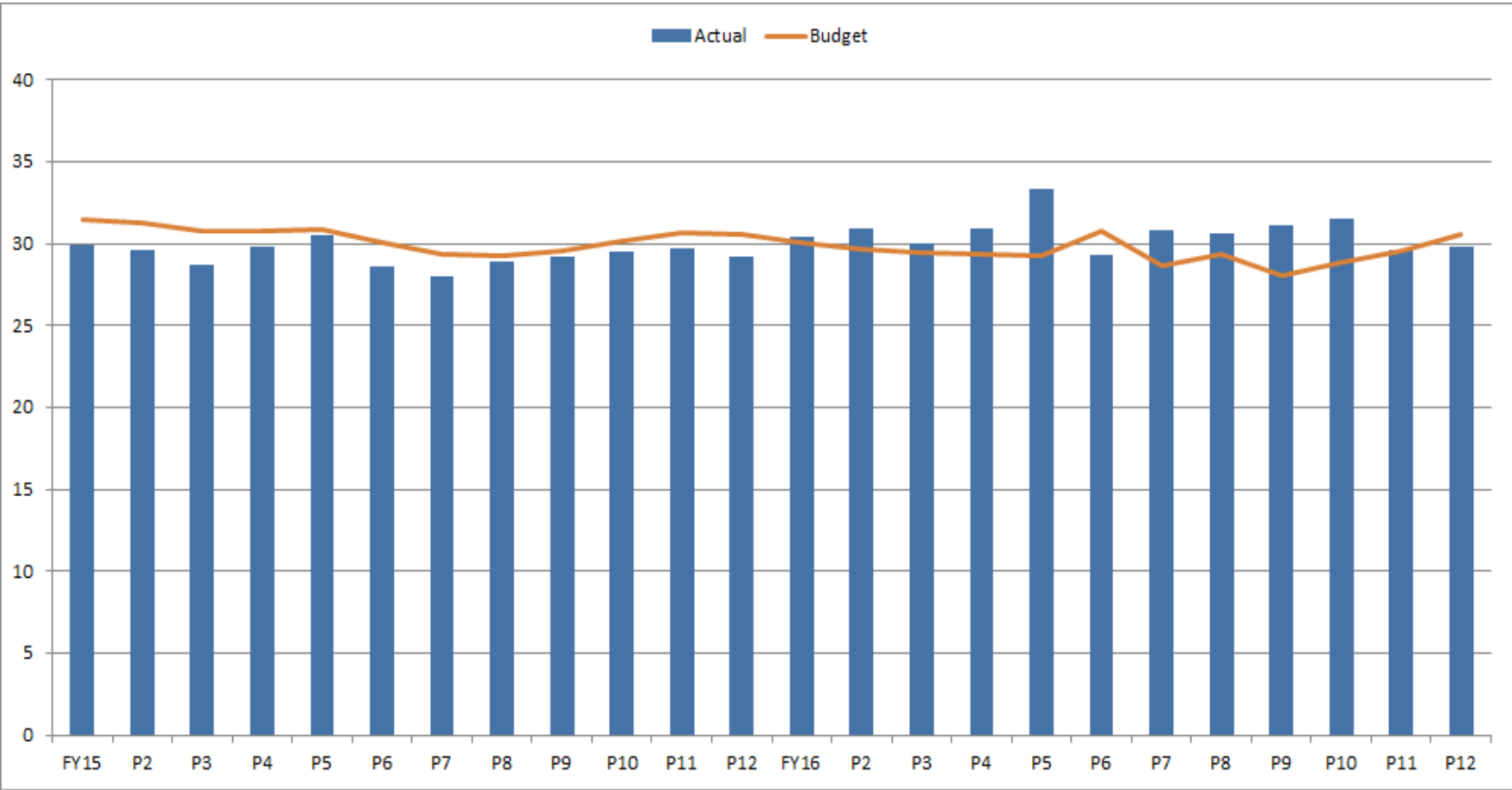
Run rate is booked operating income adjusted for material non-recurring transactions



FY 2016 Actual Run Rate Adjustments (in thousands)												
		J	A	S	O	N	D	J	F	M	A	M
Revenue Adjustments	RAC Release	\$549	\$0	\$17	-\$262	-\$369	\$76	-\$274	\$0	-\$1,326	-\$29	\$0
	Insurance Overpayment Release	-\$60	-\$53	-\$4,913	-\$240	\$0	-\$149	\$0	\$0	\$0	-\$2,102	\$0
	Medicare Settlements/Appeal/Tentative Settlement	-\$49	-\$569	-\$183	-\$33	-\$33	-\$33	-\$761	-\$51	-\$304	-\$78	-\$67
	BPCI settlement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$76
	RFBN Settlement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Meaningful use	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$54	\$0	\$0
	Tricare	-\$182	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Hospital Fee	\$0	\$0	-\$433	-\$24	\$0	\$0	\$0	\$0	\$0	\$0	-\$45
	AB 915	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$1,028	\$0
	PRIME Incentive	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$1,170
	Total	\$259	-\$622	-\$5,513	-\$559	-\$402	-\$106	-\$1,035	-\$51	-\$1,683	-\$3,238	-\$35
Expense Adjustments	Pay-For-Performance Bonus	\$76	\$69	\$1,183	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Actuarial Exp for Workers Comp	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,979	\$0	\$0	\$0
	Total	\$76	\$69	\$1,183	\$0	\$0	\$0	\$0	\$2,979	\$0	\$0	\$0

- Revenue adjustment of \$1.2M for Prime IGT accrual for June.

Worked Hours per Adjusted Patient Day



Productivity has improved after EPIC go-live and is ahead of target in June

Summary of Financial Results

\$ in Thousands

	Period 12 - Month			Period 12 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	11,626	8,392	3,235	47,313	41,574	5,739
Los Gatos	51	636	(585)	5,526	8,563	(3,037)
Sub Total - El Camino Hospital, excl. Affiliates	11,677	9,027	2,650	52,839	50,138	2,701
Operating Margin %	15.1%	13.1%		6.6%	6.5%	
El Camino Hospital Non Operating Income						
Investments	4,821	2,298	2,523	698	27,571	(26,874)
Swap Adjustments	(1,039)	0	(1,039)	(3,214)	0	(3,214)
Community Benefit	(86)	(233)	147	(2,716)	(2,799)	83
Other	159	(204)	363	(3,369)	(2,450)	(919)
Sub Total - Non Operating Income	3,854	1,860	1,994	(8,601)	22,323	(30,924)
El Camino Hospital Net Income (Loss)	15,531	10,888	4,644	44,238	72,460	(28,222)
ECH Net Margin %	20.1%	15.8%		5.6%	9.5%	
Concern	(176)	388	(564)	1,761	1,751	10
ECSC	31	0	31	(280)	0	(280)
Foundation	61	173	(112)	980	1,315	(335)
Silicon Valley Medical Development	(56)	0	(56)	29	0	29
Net Income Hospital Affiliates	(141)	561	(702)	2,490	3,066	(577)
Total Net Income Hospital & Affiliates	15,390	11,449	3,942	46,727	75,526	(28,799)

Actual to Budget Variance for hospital affiliates primarily due to drug, medical supplies, and EPIC labor/training expenses .

Tracking Smart Growth

COMBINED CAMPUS						Result Away from Goal
	FY15 Year to Date	FY16 Year to Date	Change	%	Annual Goal	
Inpatient Discharges	19,081	18,618	(463)	-2.4%	300	(763)
Surgical Outpatient Cases (incl Litho)	6,474	6,099	(375)	-5.8%	290	(665)
Endo Outpatient procedures	2,829	2,457	(372)	-13.1%	0	(372)
Outpatient Interventional Cases	1,878	1,965	87	4.6%	10	77
Total Case Volume	30,262	29,139	(1,123)	-3.7%	600	(1,723)
NEW Physician Total		460	460			
Pre-existing Physician Total	30,262	28,679	(1,583)	-5.2%		
# New Physicians*		10			15	

* New Physicians: MDs with 20% or more inpatient or procedural (above definition) cases (at least 10) and/or New PCP (OB, Internal Med, Fam Prac)

Mountain View Campus			
	FY15 Year to Date	FY16 Year to Date	Change
Inpatient Discharges	15,619	15,361	(258)
Surgical Outpatient Cases (incl Litho)	3,407	3,235	(172)
Endo Outpatient procedures	2,606	2,351	(255)
Outpatient Interventional Cases	1,856	1,942	86
Total Case Volume	23,488	22,889	(599)

Los Gatos Campus			
	FY15 Year to Date	FY16 Year to Date	Change
Inpatient Discharges	3,462	3,257	(205)
Surgical Outpatient Cases (incl Litho)	3,067	2,864	(203)
Endo Outpatient procedures	223	106	(117)
Outpatient Interventional Cases	22	23	1
Total Case Volume	6,774	6,250	(524)

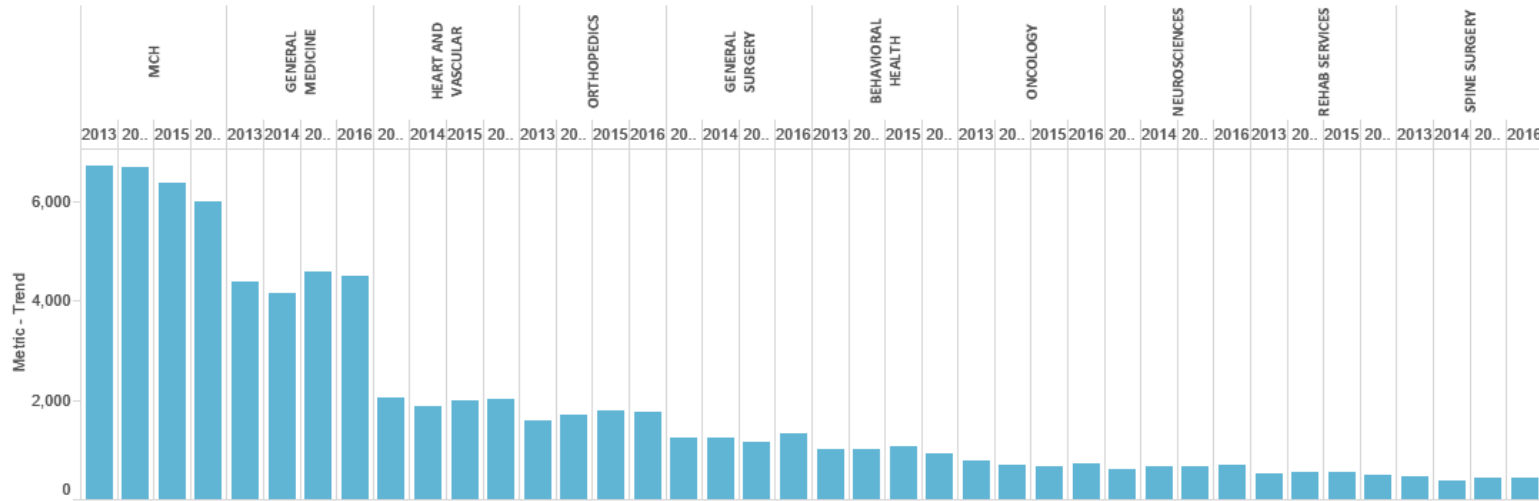
(1) Hospital entity only, excludes controlled affiliates

El Camino Hospital Volume Annual Trends

FY 2016 is annualized

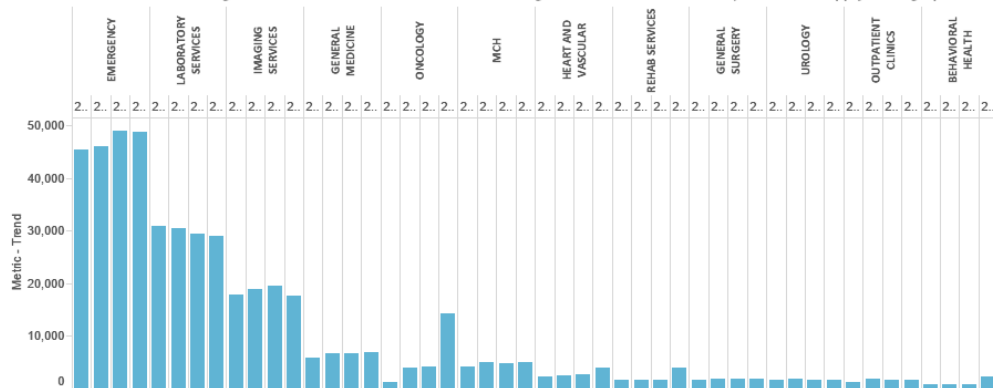
Service Line Trend - clicking on a service line excludes all others. Clicking a second time removes the filter. Filters apply to all graphs below.

IP



OP

Service Line Trend - clicking on a service line excludes all others. Clicking a second time removes the filter. Filters apply to all graphs below.



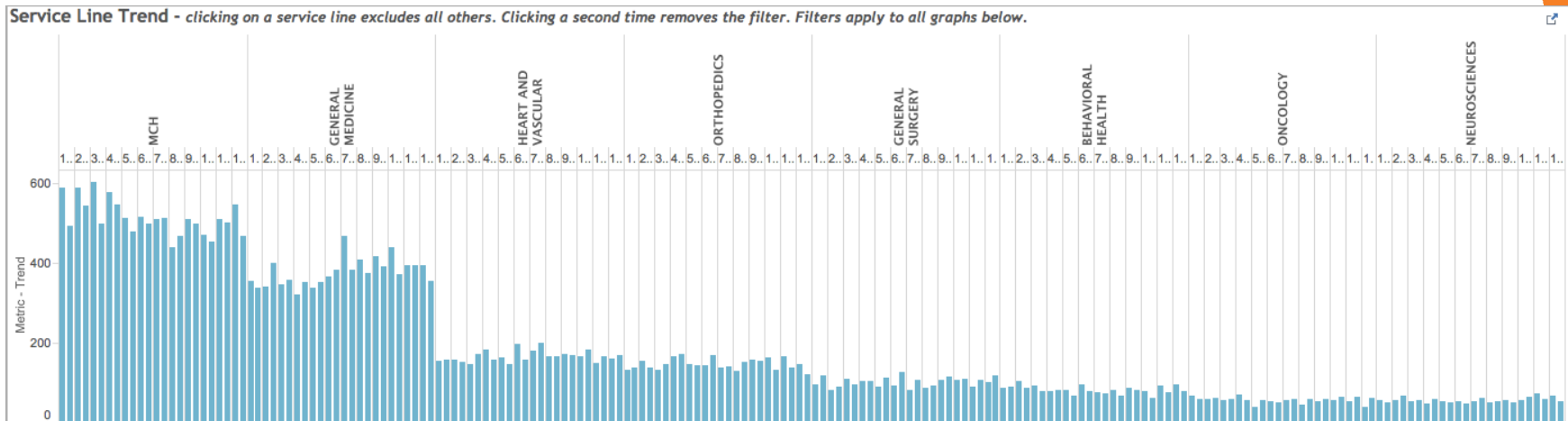
- IP declined in maternal child health service line – 2015 decline was NICU which recovered in 2016; the 2016 decline is in deliveries. Other service lines are stable
- OP – ED has grown due to ACO but plateaued in 2016. Oncology has grown but measure changed with EPIC and is not comparable to legacy count

El Camino Hospital Volume Monthly Trends

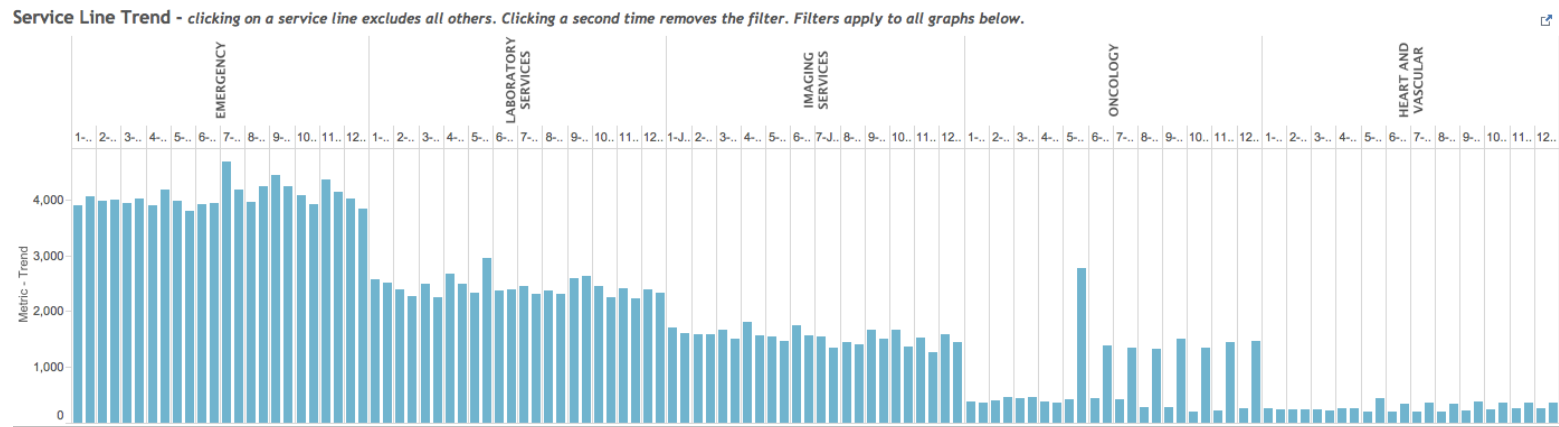
Prior and Current Fiscal Years

Columns are in PY, CY Order

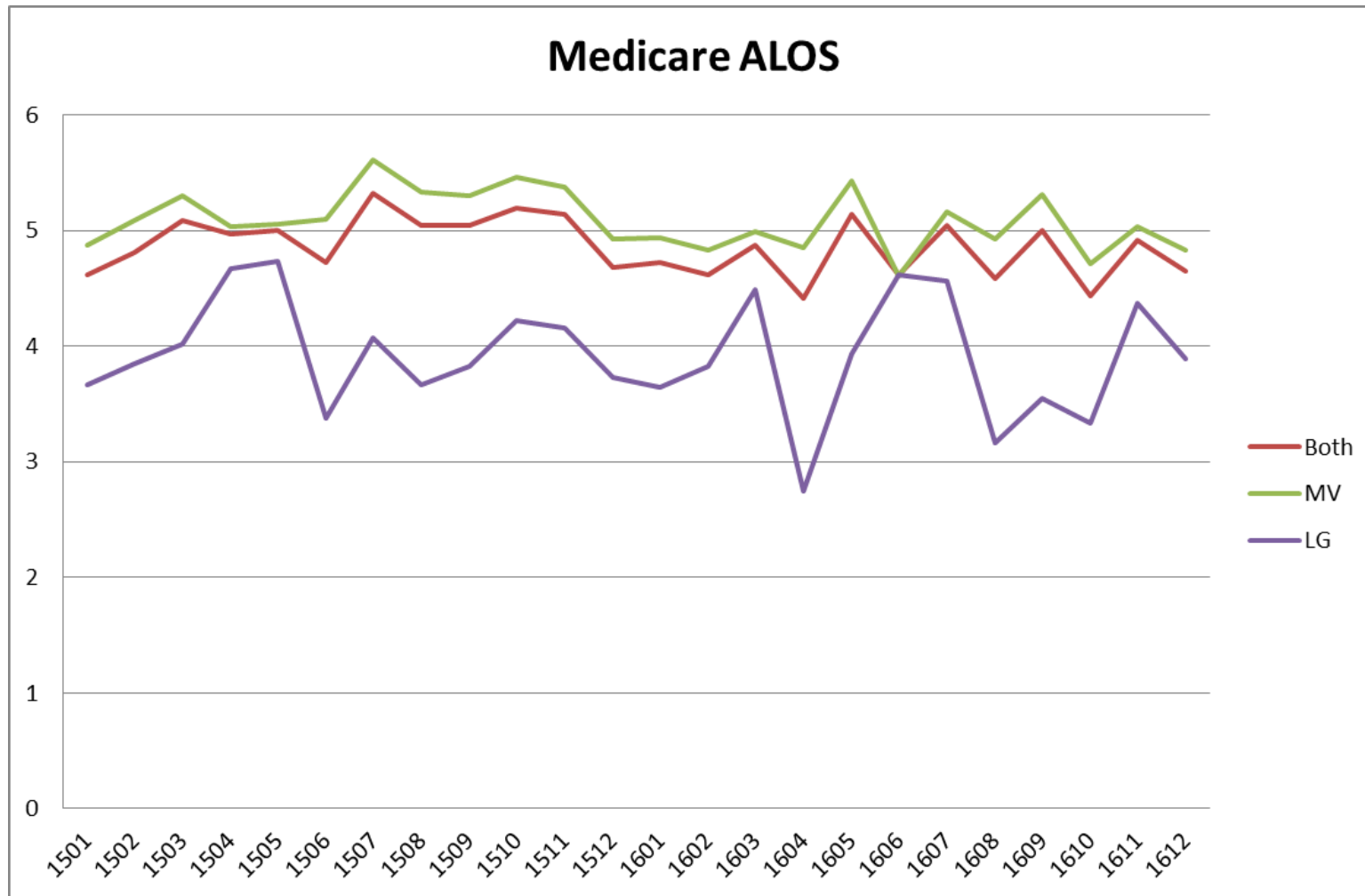
IP



OP



- IP volume declined in deliveries but other service lines are stable
- OP – Oncology volume has grown but visit count in EPIC is not comparable to legacy count



- Medicare: Due to DRG reimbursement, financial results usually improve with decreased LOS

El Camino Hospital Investment Committee Scorecard

Updated Quarterly

June 30, 2016

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY16 Year-end Budget	Expectation Per Asset Allocation
Investment Performance		2Q 2016		Fiscal Year-to-date		Since Inception (annualized)			Mar 2014/2012
Surplus cash balance & op. cash (millions)		\$727.7	--	--	--	--	--	\$699.8	--
Surplus cash return		1.8%	1.4%	0.1%	0.5%	4.4%	4.4%	4.0%	5.0%
Cash balance plan balance (millions)		\$221.5	--	--	--	--	--	\$224.2	--
Cash balance plan return		1.7%	1.4%	-0.3%	0.4%	7.0%	6.4%	6.0%	6.7%
403(b) plan balance (millions) ¹		\$330.6	--	--	--	--	--	--	--
Risk vs. Return		3-year				Since Inception (annualized)			Mar 2014/2012
Surplus cash Sharpe ratio		0.90	0.93	--	--	1.00	0.98	--	0.66
Net of fee return		4.3%	4.4%	--	--	4.4%	4.4%	--	5.0%
Standard deviation		4.7%	4.7%	--	--	4.4%	4.4%	--	7.2%
Cash balance Sharpe ratio		0.97	0.93	--	--	1.14	1.09	--	0.54
Net of fee return		6.2%	5.7%	--	--	7.0%	6.4%	--	6.7%
Standard deviation		6.4%	6.1%	--	--	6.0%	5.8%	--	10.6%
Asset Allocation		2Q 2016							
Surplus cash absolute variances to target		4.9%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		4.3%	< 10%	--	--	--	--	--	--
Manager Compliance		2Q 2016							
Surplus cash manager flags		15	< 18	--	--	--	--	--	--
Cash balance plan manager flags		16	< 18	--	--	--	--	--	--

El Camino Hospital

Capital Spending (in millions)

Category	Detail	Approved	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	FY 16 YTD Spent
CIP	EPIC Installation			73.8	57.0	20.8
IT Hardware, Software, Equipment*				6.9		6.5
Medical & Non Medical Equipment				16.5		17.1
Facility Projects						
	1307 LG Upgrades	FY13	15.5	17.3	10.3	3.5
	1219 LG Spine OR	FY13	4.1	4.1	1.2	0.6
	1414 Integrated MOB	FY15	232.0	28.0	11.6	8.9
	1413 North Drive Parking Expansion	FY15	15.0	3.0	1.5	1.3
	1245 Behavioral Health Bldg	FY16	62.5	9.0	6.8	1.4
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	6.8	8.8	0.0	0.0
	1313/1224 LG Rehab HVAC System & Structural	FY16	3.7	3.7	1.6	1.6
	1502 Cabling & Wireless Upgrades	FY16	2.5	2.8	1.3	1.3
	1425 IMOB Preparation Project - Old Main	FY16	2.3	3.0	0.7	0.7
	1430 Women's Hospital Expansion	FY16	91.0	0.0	0.0	0.0
	1422 CUP Upgrade	FY16	4.0	1.5	1.0	0.9
	1503 Willow Pavilion Tomosynthesis	FY16	0.3	1.3	0.1	0.1
	1519/1314 LG Electrical Systems Upgrade	FY16	1.2	0.0	0.0	0.0
	1347 LG Central Sterile Upgrades	FY15	3.7	0.2	0.2	0.0
	1508 LG NICU 4 Bed Expansion	FY16	7.0	0.0	0.0	0.0
	1520 Facilities Planning Allowance	FY16	1.0	0.0	0.0	0.0
	Land Acquisition Approved in 12/15	FY16	27.1	27.1	27.1	27.1
	All Other Projects under \$1M		16.2	40.2	35.8	1.7
			495.9	150.0	99.2	49.1
GRAND TOTAL				247.2		93.5
Forecast at start of fiscal year						125.8

2016 projected spend includes items to be presented for approval during the fiscal year

Comparative El Camino Hospital with Variances and Footnotes ⁽¹⁾
Balance Sheet (\$ Thousands)

ASSETS				LIABILITIES AND FUND BALANCE			
	Unaudited	Audited			Unaudited	Audited	
	June 30, 2016	June 30, 2015	Change		June 30, 2016	June 30, 2015	Change
CURRENT ASSETS				CURRENT LIABILITIES			
Cash	59,127	55,224	3,903	(9) Accounts Payable	22,360	30,142	(7,782)
(1) Short Term Investments	103,323	145,027	(41,704)	(10) Salaries and Related Liabilities	23,535	20,812	2,723
(2) Patient Accounts Receivable, net	116,081	95,737	20,344	Accrued PTO	23,124	22,212	912
(3) Other Accounts and Notes Receivable	4,369	2,378	1,991	Worker's Comp Reserve	2,300	2,300	0
Intercompany Receivables	2,074	1,595	479	(11) Third Party Settlements	10,785	20,253	(9,468)
Inventories and Prepaids	45,052	44,055	997	Intercompany Payables	106	108	(2)
Total Current Assets	330,027	344,016	(13,990)	Malpractice Reserves	1,936	1,800	136
				(12) Bonds Payable - Current	3,635	5,475	(1,840)
BOARD DESIGNATED ASSETS				(13) Bond Interest Payable	4,857	1,711	3,146
Plant & Equipment Fund	119,650	117,965	1,685	Other Liabilities	2,943	3,111	(168)
Operational Reserve Fund	100,196	100,196	0	Total Current Liabilities	95,581	107,925	(12,344)
(4) Community Benefit Fund	13,037	2,085	10,952				
(5) Workers Compensation Reserve Fund	23,552	24,719	(1,167)	LONG TERM LIABILITIES			
(6) Postretirement Health/Life Reserve Fund	18,857	17,197	1,660	(14) Post Retirement Benefits	18,857	17,197	1,660
PTO Liability Fund	23,124	22,212	912	(15) Worker's Comp Reserve	21,252	22,419	(1,167)
Malpractice Reserve Fund	1,800	1,800	0	Other L/T Obligation (Asbestos)	3,637	3,531	106
Catastrophic Reserves Fund	14,125	14,150	(25)	(16) Bond Payable	226,580	229,548	(2,968)
Total Board Designated Assets	314,341	300,324	14,017	Total Long Term Liabilities	270,326	272,696	(2,370)
(7) FUNDS HELD BY TRUSTEE	30,847	37,676	(6,829)	FUND BALANCE/CAPITAL ACCOUNTS			
				Unrestricted	982,789	951,924	30,865
LONG TERM INVESTMENTS	208,419	207,290	1,129	Board Designated	314,341	300,324	14,017
				Restricted	0	5	(5)
INVESTMENTS IN AFFILIATES	31,265	31,808	(543)	(17) Total Fund Bal & Capital Accts	1,297,130	1,252,254	44,876
PROPERTY AND EQUIPMENT				TOTAL LIABILITIES AND FUND BALANCE	1,663,036	1,632,874	30,162
Fixed Assets at Cost	1,171,096	1,077,951	93,145				
Less: (Accumulated Depreciation)	(485,856)	(473,920)	(11,936)				
Construction in Progress	38,279	82,506	(44,227)				
(8) Property, Plant & Equipment - Net	723,518	686,537	36,982				
DEFERRED OUTFLOWS	24,618	25,218	(600)				
RESTRICTED ASSETS - CASH	0	5	(5)				
TOTAL ASSETS	1,663,036	1,632,874	30,162				

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital Comparative Balance Sheet Variances and Footnotes ⁽¹⁾

- (1) Decrease is primarily due to purchase of Santa Teresa land (\$25M) and transfer (\$10M) to establish an Endowment for the Hospital's Community Benefit programs.
- (2) Increase due to establishment of new Epic A/R and still having the old HBOC A/R prior to the conversion to Epic that is being worked down.
- (3) Increase due to higher intercompany accounts receivables (payables) this year over FY2015 and a number of new MD Income Guarantee Agreements established during FY2016.
- (4) Increase due to this year's establishment of a \$10M Endowment to support the Hospital's Community Benefit program.
- (5) Decrease due to a lesser actuarially determined Workers Compensation needed reserve.
- (6) Increase due to the actuarially determined Postretirement Healthcare/Life insurance reserves in FY2016.
- (7) Decrease due to paybacks to the Hospital from the 2015A Bond Project funds for those certain construction-in-progress projects at Los Gatos.
- (8) Increase due to the acquisition of the Santa Teresa land in San Jose and remaining capitalization of the Epic implementation and various construction-in-progress projects at Los Gatos in the current year.
- (9) Decrease due to having a very significant accrued construction-in-progress payment due the General Contractor for the new Data Center project at the end of FY2015.
- (10) Increase due to an additional three (3) days of needed payroll accrual to get to month end.
- (11) Decrease is due to a Cost Report Settlement (2012) that was substantially settled in the current year and the RAC Review and Insurance Review Liability Reserves were re-evaluated decreasing the expected needed reserves for the current year.
- (12) Decrease due to a lesser current year 2015A bond principal due (February 2017) over the amount due in the prior year.
- (13) Increase due to a full semi-annual payment due 8/1/16 opposed to last year's first 2015A interest payment due in 2015 for only a two and one-half month period.
- (14) Refer to footnote # 6.
- (15) Refer to footnote # 5.
- (16) Decrease due to first bond principal payment made in FY2016, and the upcoming second payment being reclassified to current year liabilities.
- (17) Increase due to this year's P&L affect and a fund balance cash transfer from CONCERN to the Hospital in support of its Community Benefit programs for FY2017.

⁽¹⁾ Hospital entity only, excludes controlled affiliates

APPENDIX

EL CAMINO HOSPITAL
(Excludes Affiliates)
EXECUTIVE FINANCIAL SUMMARY
Period Ending June 30, 2016

YTD STATEMENT OF REVENUE AND EXPENSES (\$000s)					BALANCE SHEET (\$000s)		
	Prior Year	Actual	Budget	Var F(U)		June 30, 2016	Jun 30, 2015
Gross Revenue	\$2,573,881	\$2,755,387	\$2,713,439	\$41,948	Cash and Investments	685,211	707,865
Deductions from Revenue	(1,827,236)	(1,982,815)	(1,969,685)	(13,130)	Non Cash Current Assets	167,576	143,766
Net Patient Revenue	746,645	772,573	743,754	28,818	Property, Plant & Equipment (Net)	723,518	686,537
Other Operating Revenue	21,105	23,367	21,864	1,503	Other Assets	86,730	94,707
Total Operating Revenue	767,751	795,939	765,618	30,321	Total Assets	1,663,036	1,632,874
Salaries & Wages	410,072	435,958	432,011	(3,947)	Current Liabilities	95,579	107,925
Supplies	109,961	118,246	112,234	(6,012)	Long-Term Liabilities	270,326	272,696
Fees & Purchased Services	80,223	88,558	83,340	(5,218)	Fund Balance/Capital Accounts	1,297,130	1,252,254
Other Operating Expense	39,493	45,400	35,959	(9,440)	Total Liabilities & Equity	1,663,036	1,632,874
Total Non Capital Operating Expense	639,748	688,162	663,544	(24,617)	KEY ECH STATISTICS - YTD		
OPERATING EBITDA	128,002	107,778	102,074	5,704	Balance Sheet	Actual	Target ⁽¹⁾
Interest, Depreciation & Amortization	49,883	54,939	51,936	(3,003)	Debt Service Coverage Ratio (MADS)	6.1	1.2
NET OPERATING SURPLUS	78,120	52,839	50,138	2,701	Debt to Capitalization	13.8%	29.0%
Non Operating Income	16,668	(8,601)	22,323	(30,924)	Days of Cash	361	262
TOTAL NET SURPLUS	94,787	44,238	72,460	(28,222)	Net AR Days	53.5	48.0
EBITDA Margin	16.7%	13.5%	13.3%	0.2%	Volume	Prior Year	Actual
Operating Margin	10.2%	6.6%	6.5%	0.1%	Acute Discharges	19,081	18,618
Total Margin	12.3%	5.6%	9.5%	-3.9%	Acute Average Daily Census	246	242
					Licensed Beds	443	443
					Occupancy (%)	56%	55%
					Deliveries	5,273	4,914
					Emergency Department Visits IP	8,799	8,834
					Emergency Department Visits OP	52,487	51,599
					Surgical Cases	10,962	10,607
					Productivity		
					Full Time Equivalent Employees	2,452	2,509
					Worked Hrs/Adjusted Patient Day	29.31	30.68

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

This summary is replaced by the dashboard. It is provided in this report for reference and will be removed from next report

Dashboard - Mountain View

	Annual						Month			YTD		
	2012	2013	2014	2015	2016 Projection	2016 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume	443.28											
Licensed Beds	300	300	300	300	300	300	300	300	300	300	300	300
Acute Patient Days	65,989	72,245	71,084	73,360	73,011	73,061	5,753	5,958	5,865	73,360	73,011	73,060
ADC	181	198	195	201	200	200	192	199	196	201	199	200
Adjusted Acute Discharges	25,420	26,640	26,147	26,627	25,896	26,705	2,345	2,119	2,232	26,627	25,896	26,705
Acute Discharges	15,019	15,876	15,177	15,619	15,361	15,756	1,310	1,254	1,308	15,619	15,361	15,756
Inpatient total												
Acute	15,019	15,876	15,177	15,619	15,361	15,756	1,310	1,254	1,308	15,619	15,361	15,756
Deliveries	3,973	4,480	4,364	4,573	4,259	4,488	381	357	371	4,573	4,259	4,488
BHS	899	851	844	872	798	850	77	68	72	872	798	850
Rehab	0	0	0	0	0	0	0	0	0	0	0	0
OP total												
ED	42,537	37,256	38,502	41,301	40,229	41,187	4,286	3,360	3,436	41,301	40,229	41,187
OP Surg	2,309	2,818	3,278	3,407	3,234	3,600	314	301	305	3,407	3,234	3,601
Endo	1942	2,104	2,405	2,606	2,352	2,607	230	209	220	2,606	2,352	2,608
Interventional		1,497	1,688	1,856	1,942	1,878	173	161	175	1,856	1,942	1,878
All Other	131,657	161,348	148,693	116,243	112,769	117,059	9,876	9,631	9,995	115,672	112,769	117,060
Financial Performance (\$000s)												
Net Revenues	507,128	557,533	589,420	603,788	633,376	602,989	53,722	61,752	54,226	603,788	633,376	602,989
Operating Expenses	470,713	516,892	550,736	562,790	607,125	580,982	48,920	53,495	48,857	562,790	607,125	580,982
Operating Income \$	49,994	55,324	56,518	59,684	47,313	41,574	6,737	11,626	8,392	59,684	47,313	41,574
Operating Margin	9.6%	9.7%	9.3%	9.6%	7.2%	6.7%	12.1%	17.9%	14.7%	9.6%	7.2%	6.7%
EBITDA \$	100,790	105,938	105,814	103,637	96,163	87,252	8,745	15,975	12,327	103,637	96,163	87,252
EBITDA %	19.4%	18.5%	17.4%	16.6%	14.7%	14.0%	15.7%	24.5%	21.5%	16.6%	14.7%	14.0%
IP Margin												
OP Margin												
Payor Mix												
Medicare	41.4%	42.0%	44.0%	46.4%	46.2%	46.4%	47.5%	45.8%	46.4%	46.4%	46.2%	46.4%
Medi-Cal	6.0%	5.4%	6.5%	7.1%	7.9%	7.0%	7.7%	8.7%	7.0%	7.1%	7.9%	7.0%
Commercial IP	29.0%	28.6%	25.7%	24.2%	23.6%	24.2%	21.9%	23.6%	24.2%	24.2%	23.6%	24.2%
Commercial OP	18.7%	19.2%	18.9%	18.4%	18.6%	18.7%	19.0%	18.3%	18.7%	18.4%	18.6%	18.7%
Other	4.9%	4.8%	4.9%	3.9%	3.7%	3.7%	3.9%	3.7%	3.7%	3.9%	3.7%	3.7%
Cost												
Employees	1,793.0	1,901.0	2,027.6	2,029.9	2,121.0	2,035.9	2,050.6	2,096.9	2,086.0	2,030.4	2,087.6	2,035.9
Hrs/APD	29.28	29.58	30.16	29.60	30.97	29.93	29.65	30.75	31.10	29.60	30.97	29.93

Dashboard - Los Gatos

	Annual						Month			YTD		
	2012	2013	2014	2015	2016 Projection	2016 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume												
Licensed Beds	143	143	143	143	143	143	143	143	143	143	143	143
ADC	39	42	43	45	43	45	45	50	44	45	43	45
Adjusted Acute Discharges	5,178	5,582	5,856	5,880	5,495	5,992	528	467	502	5,880	5,495	5,992
Acute Discharges	3,212	3,344	3,390	3,462	3,257	3,506	301	277	291	3,462	3,257	3,506
Inpatient total												
Acute	3,212	3,344	3,390	3,462	3,257	3,506	301	277	291	3,462	3,257	3,506
Deliveries	627	747	791	700	655	705	65	58	58	700	655	703
BHS	0	0	0	0	0	0	0	0	0	0	0	0
Rehab	447	537	557	563	508	570	37	50	48	563	508	570
OP total												
ED	11,149	10,835	11,041	11,186	11,370	10,964	1,174	918	915	11,186	11,370	10,964
OP Surg	3,009	3,020	3,107	3,067	2,864	3,076	277	263	261	3,067	2,864	3,076
Endo	433	296	230	223	106	218	22	8	18	223	106	218
Interventional		11	17	22	27	22	2	4	2	22	27	22
All Other	9,304	14,360	15,513	17,128	15,684	17,542	1,545	1,267	1,564	17,334	15,684	17,542
Financial Performance (\$000s)												
Net Revenues	122,457	128,794	131,702	142,858	139,197	140,765	15,535	11,965	11,683	142,858	139,197	140,765
Operating Expenses	105,641	115,461	118,944	126,841	135,976	134,499	11,139	12,096	11,238	126,841	135,976	134,499
Operating Income \$	17,282	13,802	13,787	18,436	5,526	8,563	4,617	51	636	18,436	5,526	8,563
Operating Margin	14.1%	10.7%	10.4%	12.7%	3.9%	6.0%	29.3%	0.4%	5.4%	12.7%	3.9%	6.0%
EBITDA \$	23,630	18,784	19,440	24,365	11,615	13,141	5,128	567	1,187	24,365	11,615	14,822
EBITDA %	19.2%	14.5%	14.6%	16.8%	8.2%	9.2%	32.5%	4.7%	10.0%	16.8%	8.2%	10.4%
Payor Mix												
Medicare	44.7%	45.5%	44.0%	46.1%	48.2%	43.1%	49.5%	47.9%	43.1%	46.1%	48.2%	43.1%
Medi-Cal	3.0%	2.9%	3.5%	4.3%	5.1%	3.0%	4.0%	7.3%	3.0%	4.3%	5.1%	3.0%
Commercial IP	26.3%	25.3%	25.9%	23.8%	21.4%	23.8%	22.7%	21.8%	23.8%	23.8%	21.4%	23.8%
Commercial OP	17.0%	17.0%	19.1%	20.0%	19.4%	21.5%	20.1%	19.7%	21.5%	20.0%	19.4%	21.5%
Other	9.0%	9.3%	7.5%	5.8%	5.9%	8.6%	3.7%	3.3%	8.6%	5.8%	5.9%	8.6%
Cost												
Employees	363.8	388.0	408.1	422.6	421.2	420.7	426.5	428.8	423.7	422.5	421.9	420.7
Hrs/APD	30.10	29.13	27.65	28.00	29.34	27.50	27.19	25.93	28.10	28.00	29.34	27.50

El Camino Hospital – Mountain View (\$000s)⁽¹⁾

12 months ending 6/30/2016

PERIOD 12 FY 2015	PERIOD 12 FY 2016	PERIOD 12 Budget 2016	Variance Fav (Unfav)	Var%		YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
					\$000s					
					OPERATING REVENUE					
183,799	191,795	184,183	7,612	4.1%	Gross Revenue	2,101,568	2,261,921	2,223,725	38,196	1.7%
(130,077)	(130,043)	(129,957)	(86)	0.1%	Deductions	(1,497,781)	(1,628,545)	(1,620,735)	(7,810)	0.5%
53,722	61,752	54,226	7,526	13.9%	Net Patient Revenue	603,788	633,376	602,989	30,386	5.0%
1,935	3,369	3,022	347	11.5%	Other Operating Revenue	18,686	21,062	19,567	1,495	7.6%
55,658	65,121	57,249	7,873	13.8%	Total Operating Revenue	622,473	654,438	622,556	31,882	5.1%
					OPERATING EXPENSE					
27,355	31,668	30,791	(877)	-2.8%	Salaries & Wages	339,554	362,658	359,756	(2,901)	-0.8%
7,869	9,249	7,531	(1,718)	-22.8%	Supplies	88,963	96,615	91,422	(5,193)	-5.7%
10,611	7,774	6,663	(1,111)	-16.7%	Fees & Purchased Services	77,214	83,276	79,216	(4,060)	-5.1%
1,077	455	(63)	(518)	821.3%	Other Operating Expense	13,105	15,726	4,910	(10,816)	-220.3%
(1,206)	616	448	(168)	-37.6%	Interest	5,256	6,191	5,378	(813)	-15.1%
3,214	3,732	3,487	(245)	-7.0%	Depreciation	38,698	42,659	40,300	(2,359)	-5.9%
48,920	53,495	48,857	(4,638)	-9.5%	Total Operating Expense	562,790	607,125	580,982	(26,143)	-4.5%
6,737	11,626	8,392	3,235	38.5%	Net Operating Income/(Loss)	59,684	47,313	41,574	5,739	13.8%
(5,159)	3,854	1,860	1,994	107.2%	Non Operating Income	16,668	(8,575)	22,323	(30,897)	-138.4%
1,578	15,481	10,252	5,229	51.0%	Net Income(Loss)	76,351	38,738	63,897	(25,159)	-39.4%
14.1%	22.6%	19.3%	3.3%		EBITDA	15.0%	12.4%	11.6%	0.8%	
12.1%	17.9%	14.7%	3.2%		Operating Margin	9.6%	7.2%	6.7%	0.6%	
2.8%	23.8%	17.9%	5.9%		Net Margin	12.3%	5.9%	10.3%	-4.3%	

⁽¹⁾ Hospital only, excludes controlled affiliates

El Camino Hospital – Los Gatos(\$000s) ⁽¹⁾

Results from Operations vs. Prior Year

12 months ending 6/30/2016

PERIOD 12 FY 2015	PERIOD 12 FY 2016	PERIOD 12 Budget 2016	Variance Fav (Unfav)	Var%		YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
					\$000s					
					OPERATING REVENUE					
42,673	42,962	40,804	2,158	5.3%	Gross Revenue	472,313	493,466	489,715	3,752	0.8%
(27,138)	(30,996)	(29,121)	(1,875)	6.4%	Deductions	(329,455)	(354,269)	(348,950)	(5,320)	1.5%
15,535	11,965	11,683	283	2.4%	Net Patient Revenue	142,858	139,197	140,765	(1,568)	-1.1%
222	181	191	(10)	-5.3%	Other Operating Revenue	2,420	2,305	2,297	8	0.3%
15,757	12,147	11,874	272	2.3%	Total Operating Revenue	145,278	141,502	143,062	(1,560)	-1.1%
					OPERATING EXPENSE					
5,870	6,669	6,054	(616)	-10.2%	Salaries & Wages	70,518	73,300	72,255	(1,045)	-1.4%
2,291	2,047	1,740	(306)	-17.6%	Supplies	20,998	21,631	20,812	(819)	-3.9%
1,207	1,321	1,335	14	1.1%	Fees & Purchased Services	15,159	16,174	16,130	(44)	-0.3%
1,260	1,543	1,559	16	1.0%	Other Operating Expense	14,238	18,782	19,043	261	1.4%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
511	517	551	34	6.3%	Depreciation	5,929	6,089	6,259	170	2.7%
11,139	12,096	11,238	(857)	-7.6%	Total Operating Expense	126,841	135,976	134,499	(1,477)	-1.1%
4,617	51	636	(585)	-92.0%	Net Operating Income/(Loss)	18,436	5,526	8,563	(3,037)	-35.5%
0	(0)	0	(0)	0.0%	Non Operating Income	0	(26)	0	(26)	0.0%
4,617	51	636	(585)	-92.1%	Net Income(Loss)	18,436	5,500	8,563	(3,064)	-35.8%
38.1%	15.0%	20.5%	-5.6%		EBITDA	24.0%	18.8%	20.8%	-2.0%	
29.3%	0.4%	5.4%	-4.9%		Operating Margin	12.7%	3.9%	6.0%	-2.1%	
29.3%	0.4%	5.4%	-4.9%		Net Margin	12.7%	3.9%	6.0%	-2.1%	

⁽¹⁾ Hospital only, excludes affiliates

El Camino Hospital Capital Spending (in thousands) FY 2011 – FY 2015

Category	2011	2012	2013	2014	2015
IT Hardware/Software Equipment	3,544	7,289	8,019	2,788	4,660
Medical/Non Medical Equipment	6,632	11,203	10,284	12,891	13,340
Non CIP Land, Land I, BLDG, Additions	2,518	7,311	0	22,292	0

Facilities Projects CIP

0101 - Hosp Replace	232	313	0	0	0
0317 - Melchor TI's	925	117	0	0	0
0701 - Cyberknife	735	0	0	0	0
0704 - 1 South Upgrade	0	2	0	0	0
0802 - Willow Pavillion Upgrades	7	0	0	0	0
0805 - Women's Hospital Finishes	51	0	0	0	0
0809 - Hosp Renovations	262	0	0	0	0
0815 - Orc Pav Water Heater	29	0	0	0	0
0816 - Hospital Signage	41	0	0	0	0
0904 - LG Facilities Upgrade	254	41	2	0	0
0907 - LG Imaging Masterplan	0	162	244	774	1,402
1000 - LG Rehab Building	258	0	0	0	0
1104 - New Main CDU TV's	124	0	0	0	0
9900 - Unassigned Costs	921	279	734	470	3,717
0803 - Park Pav Foundation	207	270	0	0	0
1005 - LG OR Light Upgrd	89	108	14	0	0
1101 - Melchor Pavilion - Genomics	15	0	0	0	0
1102 - LG Joint Hotel	359	657	0	0	0
1106 - SHC Project	0	2,245	0	0	0
1108 - Cooling Towers	4	932	450	0	0
1115 - Womens Hosp TI's	0	50	0	0	0
1118 - Park Pav Roto Care	0	119	0	0	0
1120 - BHS Out Patient TI's	0	472	66	0	0
1122 - LG Sleep Studies	0	147	7	0	0
1129 - Old Main Card Rehab	0	400	9	0	0
0817 - Womens Hosp Upgrds	132	1,242	645	1	0
0906 - Slot Build-Out	0	0	1,003	1,576	15,101
1107 - Boiler Replacement	0	49	0	0	0
1109 - New Main Upgrades	0	589	423	393	2
1111 - Mom/Baby Overflow	0	267	212	29	0
1129 - Cardiac Rehab Improv	0	0	0	0	0
1132 - Pneumatic Tube Prj	0	78	0	0	0
1204 - Elevator Upgrades	0	24	25	30	0
1210 - Los Gatos VOIP	0	1	147	89	0
0800 - Womens L&D Expansion	27	129	2,104	1,531	269
1116 - LG Ortho Pavillion	0	44	177	24	21
1124 - LG Rehab BLDG	0	11	49	458	0
1128 - LG Boiler Replacement	0	3	0	0	0
1131 - MV Equipment Replace	0	190	216	0	0
1135 - Park Pavilion HVAC	0	47	0	0	0
1208 - Willow Pav. High Risk	0	0	110	0	0
1213 - LG Sterilizers	0	0	102	0	0
1225 - Rehab BLDG Roofing	0	0	7	241	4
1227 - New Main eICU	0	0	96	21	0
1230 - Fog Shop	0	0	339	80	0
1247 - LG Infant Security	0	0	134	0	0
1307 - LG Upgrades	0	0	376	2,979	3,282
1308 - LG Infrastructure	0	0	0	114	0
1315 - 205 So. Drive TI's	0	0	0	500	2
0908 - NPCR3 Seismic Upgrds	0	554	1,302	1,224	1,328

Category	2011	2012	2013	2014	2015
Facilities Projects CIP cont.					
1125 - Will Pav Fire Sprinkler	0	9	57	39	0
1211 - SIS Monitor Install	0	0	215	0	0
1216 - New Main Process Imp Office	0	0	19	1	16
1217 - MV Campus MEP Upgrades FY13	0	0	0	181	274
1219 - LG Spine OR	0	0	0	214	323
1221 - LG Kitchen Refrig	0	0	0	85	0
1224 - Rehab Bldg HVAC Upgrades	0	0	11	202	81
1245 - Behavioral Health Bldg Replace	0	0	0	1,257	3,775
1248 - LG - CT Upgrades	0	0	0	26	345
1249 - LG Mobile Imaging	0	0	0	146	0
1301 - Desktop Virtual	0	0	0	13	0
1304 - Rehab Wander Mgmt	0	0	0	87	0
1310 - Melchor Cancer Center Expansior	0	0	0	44	13
1318 - Women's Hospital TI	0	0	0	48	48
1327 - Rehab Building Upgrades	0	0	0	0	15
1320 - 2500 Hosp Dr Roofing	0	0	0	75	81
1328 - LG Ortho Canopy FY14	0	0	0	255	209
1340 - New Main ED Exam Room TVs	0	0	0	8	193
1341 - New Main Admin	0	0	0	32	103
1344 - New Main AV Upgrd	0	0	0	243	0
1345 - LG Lab HVAC	0	0	0	112	0
1346 - LG OR 5, 6, and 7 Lights Replace	0	0	0	0	285
1347 - LG Central Sterile Upgrades	0	0	0	0	181
1400 - Oak Pav Cancer Center	0	0	0	0	5,208
1403 - Hosp Drive BLDG 11 TI's	0	0	0	86	103
1404 - Park Pav HVAC	0	0	0	64	7
1408 - New Main Accessibility Upgrades	0	0	0	0	7
1413 - North Drive Parking Structure Exp	0	0	0	0	167
1414 - Integrated MOB	0	0	0	0	2,009
1421 - LG MOB Improvements	0	0	0	0	198
1429 - 2500 Hospital Dr Bldg 8 TI	0	0	0	0	101
1432 - 205 South Dr BHS TI	0	0	0	0	8
1501 - Women's Hospital NPC Comp	0	0	0	0	4
1504 - Equipment Support Infrastructure	0	0	0	0	61
Subtotal Facilities Projects CIP	4,674	9,553	9,294	13,753	38,940
Grand Total	17,368	35,357	27,598	51,723	56,940
Forecast at Beginning of year		47,138	49,399	47,300	65,420