



**El Camino Hospital**  
THE HOSPITAL OF SILICON VALLEY

## Summary of Financial Operations

Fiscal Year 2016 – Period 2  
7/1/2015 to 8/31/2015

Date Issue: September 21, 2015

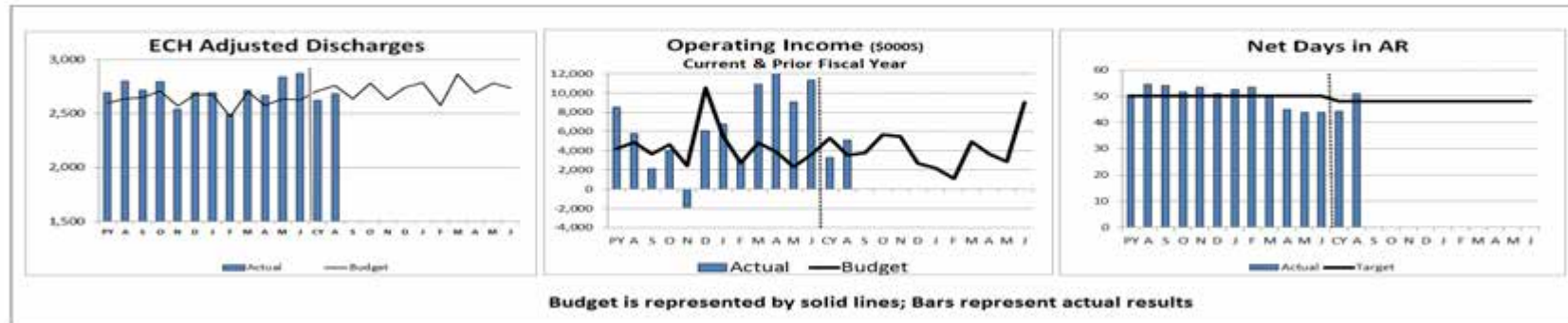
**EL CAMINO HOSPITAL**  
(Excludes Controlled Affiliates)  
**EXECUTIVE FINANCIAL SUMMARY**  
Period Ending August 31, 2015

YTD STATEMENT OF REVENUE AND EXPENSES (\$000s)					BALANCE SHEET (\$000s)			
	Prior Year	Actual	Budget	Var F(U)		August 31, 2015	Jun 30, 2015	
Gross Revenue	\$426,116	\$441,375	\$445,456	(\$4,081)	Cash and Investments	697,934	707,865	
Deductions from Revenue	(303,552)	(319,367)	(322,252)	2,885	Non Cash Current Assets	148,470	138,165	
Net Patient Revenue	122,564	122,009	123,205	(1,196)	Property, Plant & Equipment (Net)	680,677	686,537	
Other Operating Revenue	3,249	4,222	3,563	659	Other Assets	67,098	69,488	
Total Operating Revenue	125,813	126,230	126,767	(537)	Total Assets	1,594,179	1,602,056	
Salaries & Wages	67,179	70,053	69,948	(105)	Current Liabilities	106,025	107,925	
Supplies	17,865	19,581	18,244	(1,337)	Long-Term Liabilities	259,352	258,057	
Fees & Purchased Services	11,912	14,457	14,009	(447)	Fund Balance/Capital Accounts	1,228,802	1,236,074	
Other Operating Expense	5,772	5,231	7,572	2,341	Total Liabilities & Equity	1,594,179	1,602,056	
Total Non Capital Operating Expense	102,727	109,322	109,773	451	KEY ECH STATISTICS - YTD			
OPERATING EBITDA	23,086	16,908	16,994	(86)	Balance Sheet	Actual	Target <sup>(1)</sup>	
					Debt Service Coverage Ratio (MADS)	7.4	1.2	
Interest, Depreciation & Amortization	8,779	8,460	8,135	(325)	Debt to Capitalization	13.7%	29.0%	
					Days of Cash	393	262	
NET OPERATING SURPLUS	14,307	8,448	8,859	(412)	Net AR Days	50.9	48.0	
Non Operating Income	1,572	(15,768)	3,720	(19,488)	Other	Prior Year	Actual	Budget
					Acute Discharges	3,210	3,095	3,208
TOTAL NET SURPLUS	15,879	(7,320)	12,580	(19,900)	Acute Average Daily Census	238	233	233
					Deliveries	889	789	896
EBITDA Margin	18.3%	13.4%	13.4%	0.0%	Emergency Department Visits	9,550	8,634	9,976
					Surgical Cases	1,849	1,800	1,849
Operating Margin	11.4%	6.7%	7.0%	-0.3%	Full Time Equivalent Employees	2,430	2,493	2,388
Total Margin	12.6%	-5.8%	9.9%	-15.7%	Worked Hrs/Adjusted Patient Day	29.75	30.75	29.88

<sup>(1)</sup> 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

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

# Management Commentary<sup>(1)</sup>



## Volume:

Discharge volume recovered in August after a slow July mainly due to timing of MD vacations. Total discharges are 5.5% over prior year. ED visits have decreased 9.6% over prior year mainly in Los Gatos (14.6% decrease). The ED visit drop is mainly due to charging backlog. Deliveries decreased by 11.3% from prior year mainly in Los Gatos (15.4% decrease). Surgical volume decreased by 2.7% over prior year for ECH, mainly in Los Gatos (4.9% decrease).

## Operating Margin:

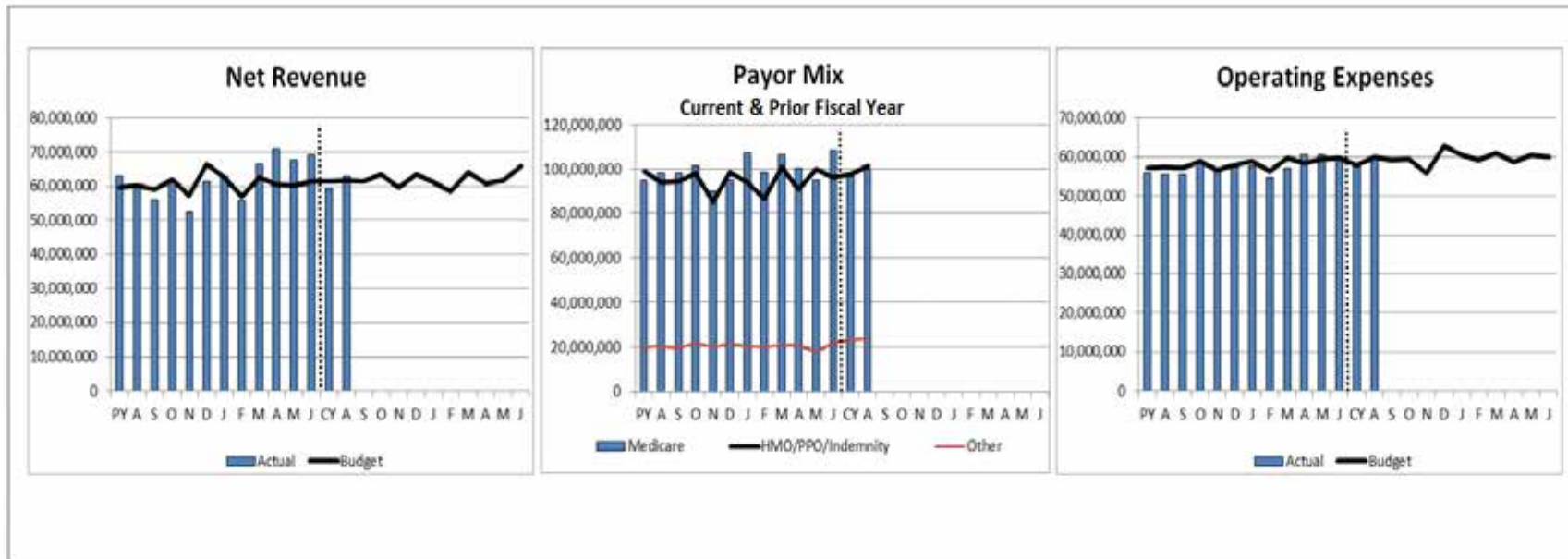
Due to the low volume operating margin for the year is unfavorable by \$412,000. Productivity is unfavorable compared to target.

## Net Days in AR:

In August, net days in A/R increased to 50.9 and is unfavorable compared to target. The increase is mainly due to Blue Shield error in processing our charge increase. This error was corrected in September.

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

# Financial Trends



## Net Revenue:

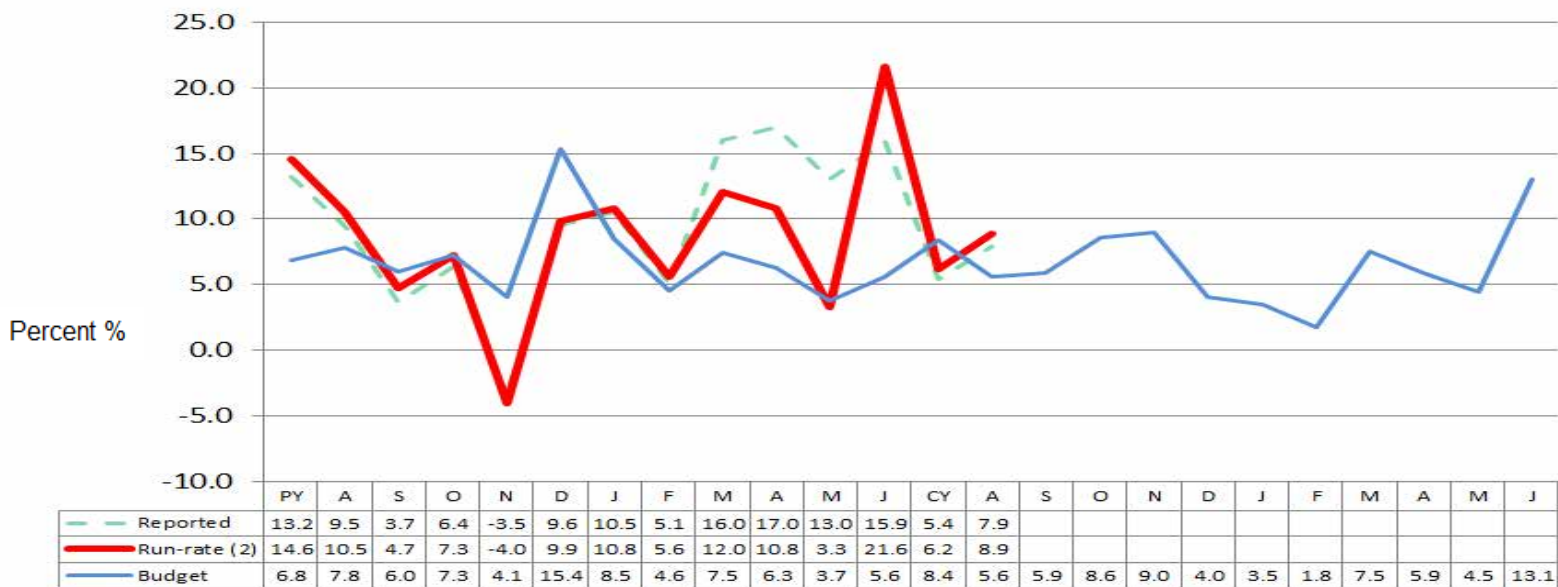
Although net patient revenue was favorable by \$1.1 million for the month (1.8%), year to date net patient revenue was unfavorable by \$1.2 million (-1.0%). Payor mix remained stable.

## Operating Expense:

Operating expense for the month was approximately \$363,000 favorable to budget, \$125,000 favorable to budget year to date. Productivity is unfavorable compared to target.

(1) Hospital entity only, excludes controlled affiliates

## ECH Operating Margin<sup>(1)</sup>



### FY 2016 Run Rate Adjustments (in thousands)

		J	A	S	O	N	D	J	F	M	A	M	J
Revenue Adjustments	Cost Reports Settlements	-\$49	-\$569	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	IGT-Inter Government Transfer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>-\$49</b>	<b>-\$569</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Expense Adjustments	EPIC Expenses	\$270	\$824	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Actuarial Exp for Workers Comp	\$182	\$247	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Pay-For-Performance Bonus	\$70	\$67	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$522</b>	<b>\$1,138</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates



## Summary of Financial Results

\$ 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	3,306	2,889	417	6,614	7,493	(879)
Los Gatos	1,837	661	1,175	1,834	1,367	467
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>5,142</b>	<b>3,550</b>	<b>1,593</b>	<b>8,448</b>	<b>8,859</b>	<b>(412)</b>
<b>Operating Margin %</b>	<b>7.9%</b>	<b>5.6%</b>		<b>6.7%</b>	<b>7.0%</b>	
<b>El Camino Hospital Non Operating Income</b>						
Investments	(15,614)	2,298	(17,911)	(13,388)	4,595	(17,983)
Swap Adjustments	(45)	0	(45)	(572)	0	(572)
Community Benefit	(995)	(233)	(762)	(1,067)	(467)	(601)
Other	(380)	(204)	(176)	(740)	(408)	(332)
<b>Sub Total - Non Operating Income</b>	<b>(17,034)</b>	<b>1,860</b>	<b>(18,894)</b>	<b>(15,768)</b>	<b>3,720</b>	<b>(19,488)</b>
<b>El Camino Hospital Net Income (Loss)</b>	<b>(11,891)</b>	<b>5,410</b>	<b>(17,301)</b>	<b>(7,320)</b>	<b>12,580</b>	<b>(19,900)</b>
<b>ECH Net Margin %</b>	<b>-18.4%</b>	<b>8.5%</b>		<b>-5.8%</b>	<b>9.9%</b>	
Concern	380	35	345	648	(48)	697
ECSC	18	0	18	19	0	19
Foundation	(580)	126	(706)	(311)	245	(555)
Silicon Valley Medical Development	(2)	0	(2)	(4)	0	(4)
<b>Net Income Hospital Affiliates</b>	<b>(184)</b>	<b>161</b>	<b>(345)</b>	<b>353</b>	<b>196</b>	<b>157</b>
<b>Total Net Income Hospital &amp; Affiliates</b>	<b>(12,076)</b>	<b>5,571</b>	<b>(17,646)</b>	<b>(6,967)</b>	<b>12,776</b>	<b>(19,743)</b>

Actual to Budget Variance for hospital affiliates primarily due to lower operating expenses and unrealized gain.

## ECH Volume Statistics <sup>(1)</sup>

### ECH COMBINED

Discharges <sup>(2)</sup>

ADC <sup>(2)</sup>

Deliveries

ED Visits

Surgical Cases

Month of Aug, 2015		
Act	Bud	Var
1,592	1,618	-1.6%
237	233	1.7%
395	447	-11.7%
4,485	4,972	-9.8%
902	964	-6.5%

Year to Date			Prior Year	
Act	Bud	Var	Act	Var%
3,095	3,208	-3.5%	3,210	-3.6%
233	233	-0.1%	238	-2.0%
789	896	-11.9%	889	-11.2%
8,634	9,976	-13.5%	9,550	-9.6%
1,800	1,849	-2.7%	1,849	-2.7%

### MOUNTAIN VIEW

Discharges <sup>(2)</sup>

ADC <sup>(2)</sup>

Deliveries

ED Visits

Surgical Cases

Month of Aug, 2015		
Act	Bud	Var%
1,264	1,324	-4.5%
185	190	-2.3%
341	387	-11.8%
3,600	3,972	-9.4%
534	599	-10.8%

Year to Date			Prior Year	
Act	Bud	Var%	Act	Var%
2,520	2,623	-3.9%	2,610	-3.4%
187	190	-1.5%	194	-3.5%
679	774	-12.3%	759	-10.5%
6,996	7,971	-12.2%	7,633	-8.3%
1,087	1,148	-5.3%	1,099	-1.1%

### LOS GATOS

Discharges <sup>(2)</sup>

ADC <sup>(2)</sup>

Deliveries

ED Visits

Surgical Cases

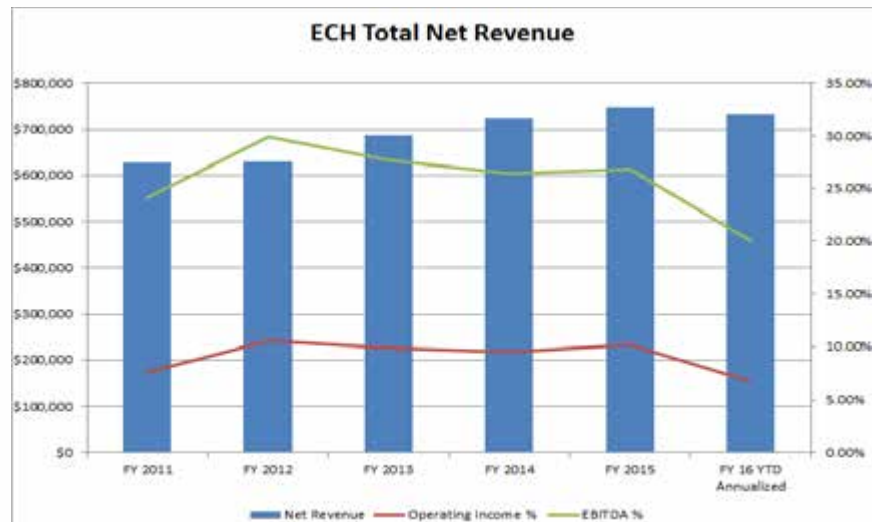
Month of Aug, 2015		
Act	Bud	Var
328	294	11.6%
52	43	19.2%
54	61	-11.1%
885	999	-11.4%
368	366	0.7%

Year to Date			Prior Year	
Act	Bud	Var	Act	Var%
575	585	-1.7%	600	-4.2%
46	43	6.0%	44	4.9%
110	122	-9.5%	130	-15.4%
1,638	2,005	-18.3%	1,917	-14.6%
713	701	1.7%	750	-4.9%

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

<sup>(2)</sup> Excludes normal newborns, includes discharges from L&D

## El Camino Hospital Financial Metrics Trend <sup>(1)</sup>



Annualized FY 16 revenues and operating margin % are lower than prior fiscal year.



Represents cash of \$698 million

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates



## Key Hospital Indicators<sup>(1)</sup>

Statistic	FYE 2013	FYE 2014	FYE 2015	FYTD 2016	Annual Target (2)	+/-
Operating Margin	9.9%	9.5%	10.2%	6.7%	6.5%	
EBITDA Margin	17.8%	16.9%	16.7%	13.4%	13.3%	
Days of Cash	350	382	401	393	262	
Debt Service Coverage Ratio (MADS)	7.9	9.5	8.9	7.4	4.8	
Debt to Capitalization	14.0%	12.6%	13.6%	13.7%	29.4%	
Net AR Days	48.3	50.9	43.6	53.8	48.0	
In Patient Operating Margin <sup>(3)</sup>	-1.1%	-3.2%	-4.5%	-4.9%	-1.0%	
Out Patient Operating Margin <sup>(3)</sup>	25.9%	25.2%	28.1%	33.4%	25.0%	

<sup>(1)</sup> Hospital Only - Excludes Affiliates

<sup>(2)</sup> Target source: Annual Budget for Operating Margin and EBITDA Margin

Target source: S&P 2014 A Rated Stand-Alone Hospital Median Ratios (last published 9/9/2015)

\*Prior Year numbers represent full year

<sup>(3)</sup> FYTD 2016 percentages represent 1 month in arrears

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

# Tracking Smart Growth

Mountain View Campus				
	FY15 Year to Date	FY16 Year to Date	Change	Goal
Inpatient Discharges	2610	2520	-90	
Surgical Outpatient Cases (incl Litho)	531	538	7	
Endo Outpatient procedures	482	358	-124	
Outpatient Interventional Cases	346	333	-13	
# New Physicians*		1	1	

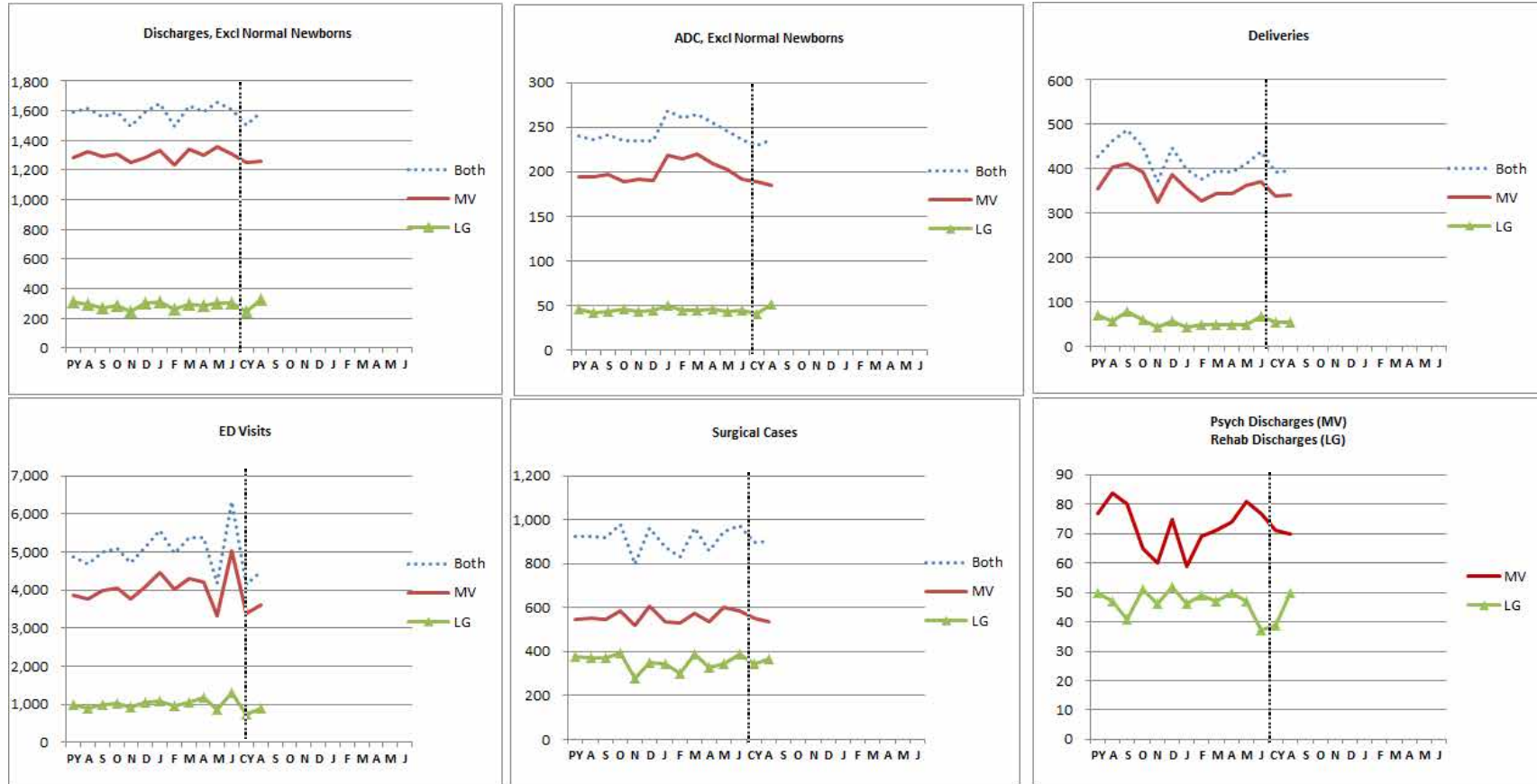
Los Gatos Campus				
	FY15 Year to Date	FY16 Year to Date	Change	Goal
Inpatient Discharges	600	575	-25	
Surgical Outpatient Cases (incl Litho)	554	520	-34	
Endo Outpatient procedures	40	26	-14	
Outpatient Interventional Cases	1	3	2	
# New Physicians*		0	0	

COMBINED				
	FY15 Year to Date	FY16 Year to Date	Change	Annual Goal
Inpatient Discharges	3210	3095	-115	300
Surgical Outpatient Cases (incl Litho)	1085	1058	-27	290
Endo Outpatient procedures	522	384	-138	0
Outpatient Interventional Cases	347	336	-11	10
# New Physicians*	0	1	1	15

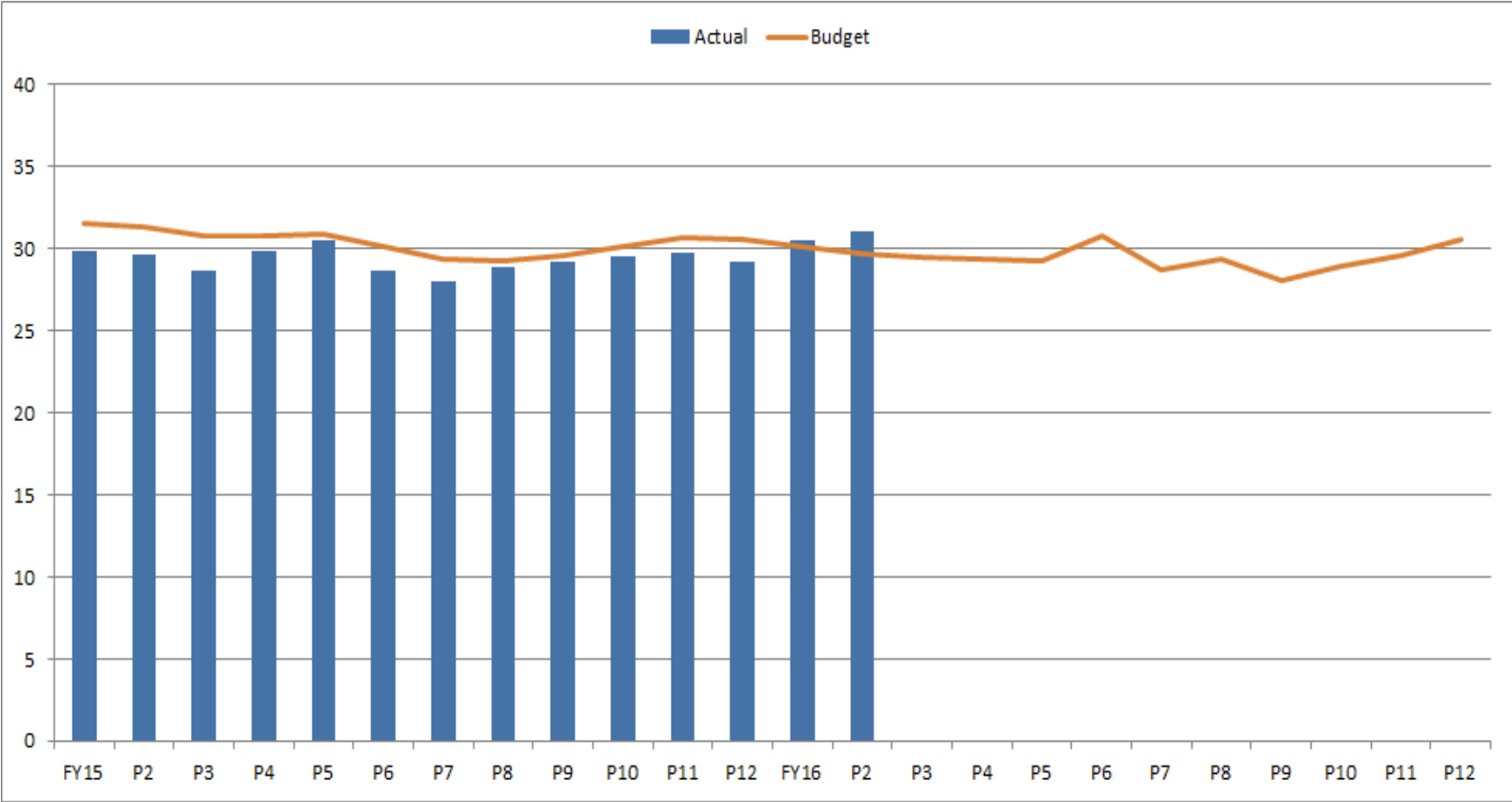
\* New Physicians: MDs with 20% or more inpatient or procedural (above definition) cases (at least 10) and/or New PCP (OB, Internal Med, Fam Prac)

# APPENDIX

## El Camino Hospital Volume Trends Prior and Current Fiscal Years



# Worked Hours per Adjusted Patient Day



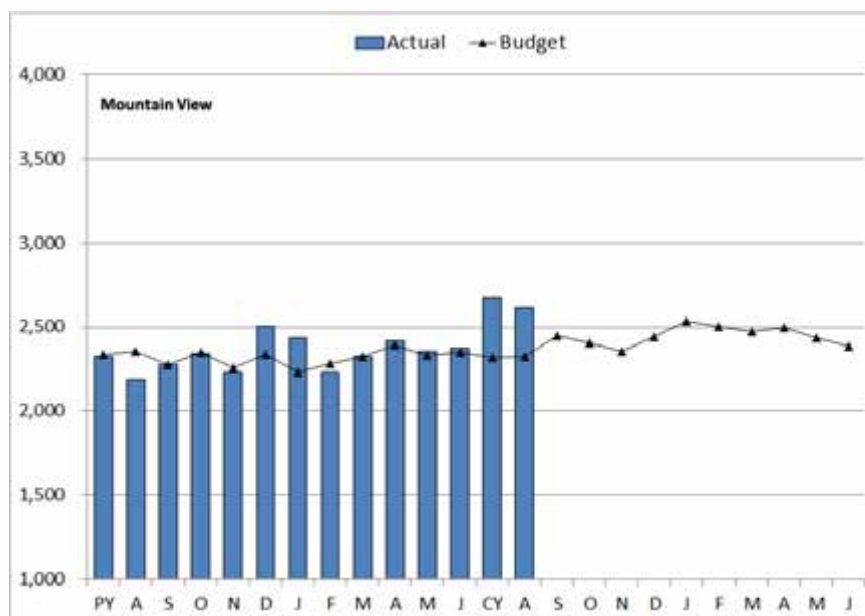
**Worked Hours per Adjusted Patient Day:** Worked hours are unfavorable to budget for the new fiscal year.



## Supply Cost per CMI Adjusted Discharges<sup>(1)</sup>

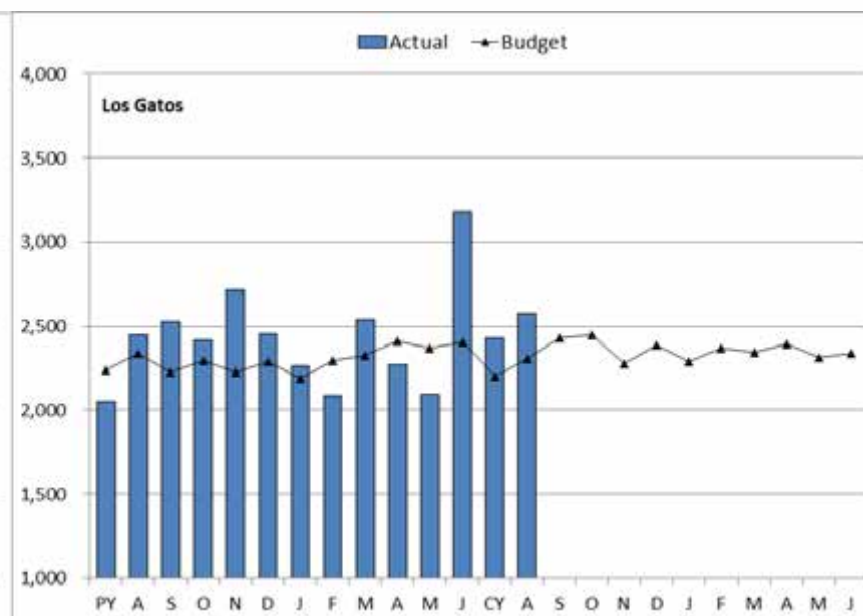
YTD: 14.0% over budget

### Mountain View



YTD: 11.0% over budget

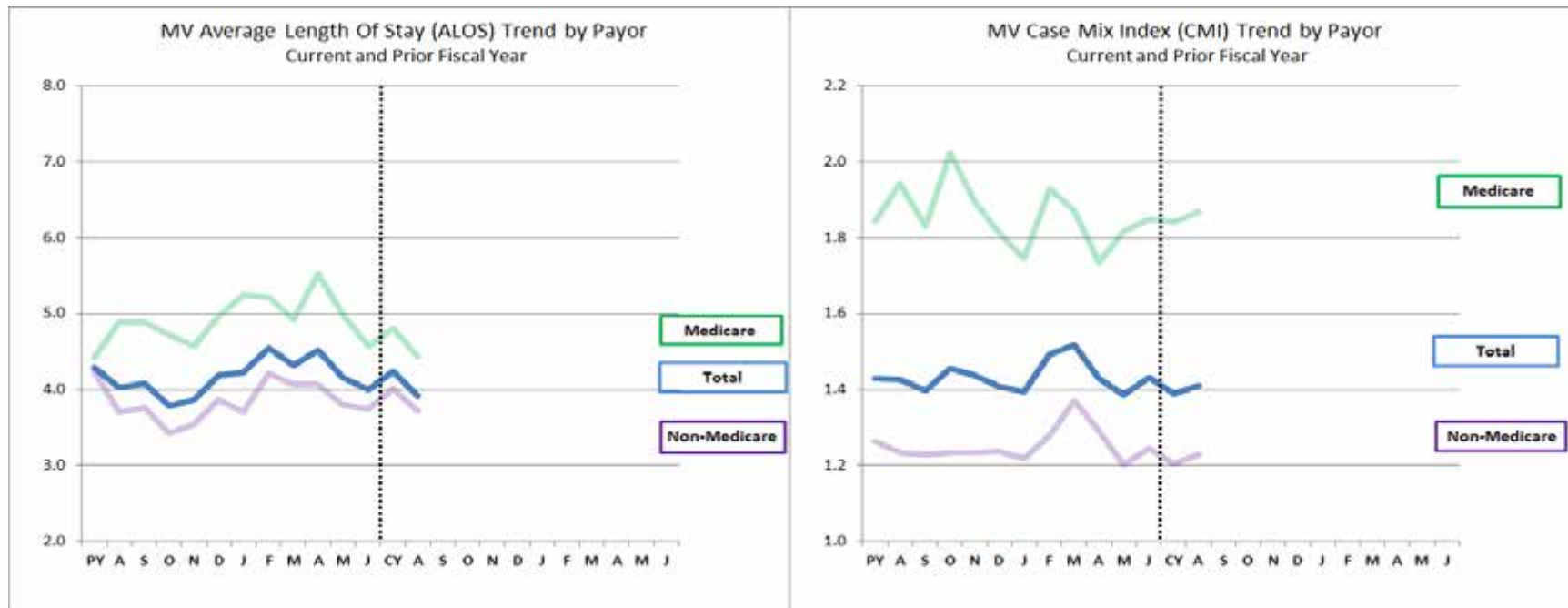
### Los Gatos



High cost in August related to pharmacy **DRAFT**

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

## Mountain View LOS & CMI Trend<sup>(1)</sup>



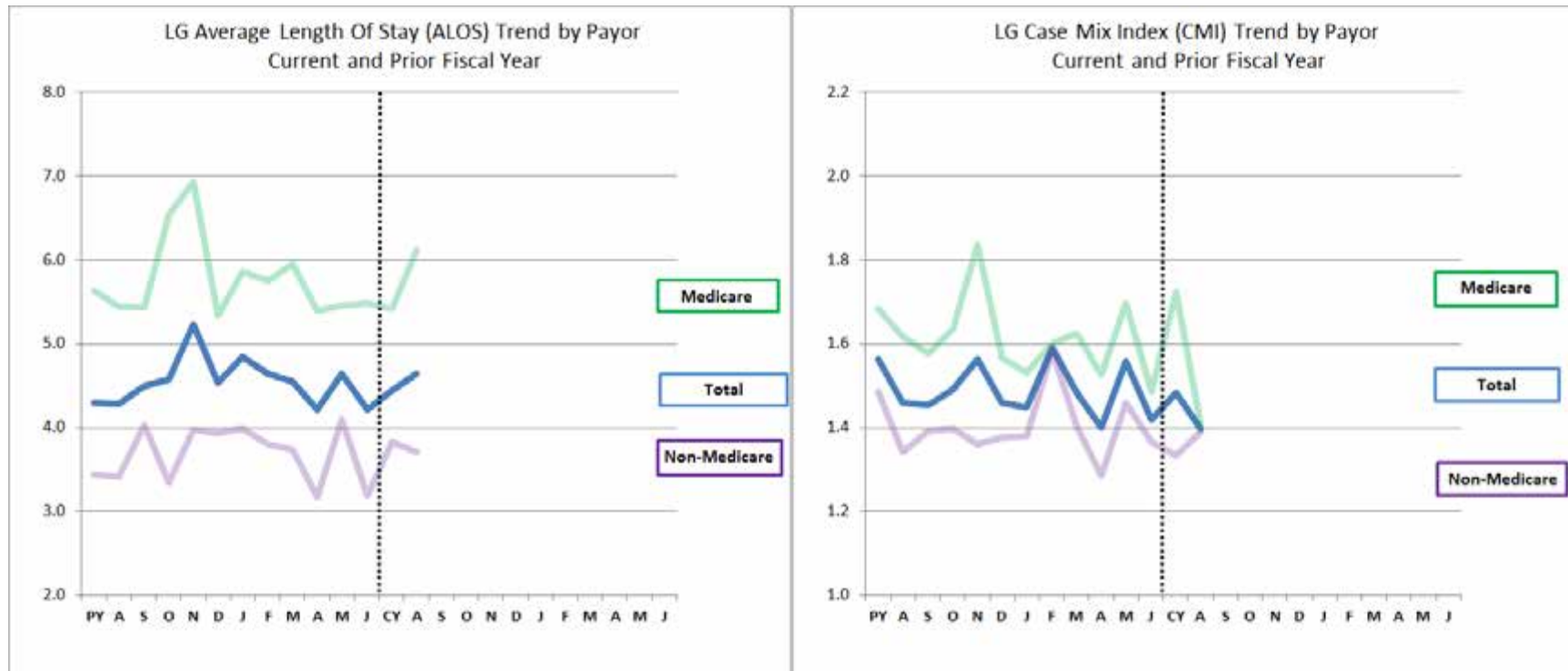
- Medicare: Due to DRG reimbursement, financial results usually improve with decreased LOS and increased CMI
- Non-Medicare: Reimbursement varies; financial results usually improve when both LOS & CMI increase

Length of stay has a downward trend while CMI appears to be slightly increasing.

<sup>(1)</sup> 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<sup>(1)</sup>



- 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

The Los Gatos Medicare caseload shows a sharp increase in length of stay, but also decreasing case complexity while the non-Medicare caseload shows a slight decrease in length of stay. The small campus is impacted by relatively slight shifts in surgical volume.

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

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

# El Camino Hospital<sup>(1)</sup>

Results from Operations vs. Prior Year  
2 months ending 8/31/2015

\$000s	FY 2016	FY 2015	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE:</b>				
Gross Revenue	441,375	426,116	15,259	3.6%
Deductions	(319,367)	(303,552)	(15,815)	5.2%
<b>Net Patient Revenue</b>	<b>122,009</b>	<b>122,564</b>	<b>(556)</b>	<b>-0.5%</b>
Other Operating Revenue	4,222	3,249	973	30.0%
<b>Total Operating Revenue</b>	<b>126,230</b>	<b>125,813</b>	<b>417</b>	<b>0.3%</b>
<b>OPERATING EXPENSE:</b>				
Salaries & Wages	70,053	67,179	(2,874)	-4.3%
Supplies	19,581	17,865	(1,717)	-9.6%
Fees & Purchased Services	14,457	11,912	(2,545)	-21.4%
Other Operating Expense	13,691	14,551	859	5.9%
<b>Total Operating Expense</b>	<b>117,783</b>	<b>111,506</b>	<b>(6,277)</b>	<b>-5.6%</b>
<b>Net Operating Income/(Loss)</b>	<b>8,448</b>	<b>14,307</b>	<b>(5,859)</b>	<b>-41.0%</b>
Non Operating Income	(15,768)	1,572	(17,340)	-1102.9%
<b>Net Income(Loss)</b>	<b>(7,320)</b>	<b>15,879</b>	<b>(23,199)</b>	<b>-146.1%</b>
 <b>Collection Rate</b>	 27.6%	 28.8%	 -1.1%	
<b>Operating Margin</b>	6.7%	11.4%	-4.7%	
<b>Net Margin</b>	-5.8%	12.6%	-18.4%	

(1) Hospital entity only, excludes controlled affiliates

# El Camino Hospital – Mountain View<sup>(1)</sup>

Results from Operations vs. Prior Year

2 months ending 8/31/2015

\$000s	FY 2016	FY 2015	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE:</b>				
Gross Revenue	358,892	347,207	11,685	3.4%
Deductions	(260,668)	(248,187)	(12,481)	5.0%
<b>Net Patient Revenue</b>	<b>98,224</b>	<b>99,020</b>	<b>(796)</b>	<b>-0.8%</b>
Other Operating Revenue	3,815	2,903	913	31.4%
<b>Total Operating Revenue</b>	<b>102,040</b>	<b>101,923</b>	<b>117</b>	<b>0.1%</b>
<b>OPERATING EXPENSE:</b>				
Salaries & Wages	57,947	55,711	(2,236)	-4.0%
Supplies	16,034	14,422	(1,612)	-11.2%
Fees & Purchased Services	11,735	9,255	(2,480)	-26.8%
Other Operating Expense	9,710	11,335	1,625	14.3%
<b>Total Operating Expense</b>	<b>95,426</b>	<b>90,724</b>	<b>(4,702)</b>	<b>-5.2%</b>
<b>Net Operating Income/(Loss)</b>	<b>6,614</b>	<b>11,199</b>	<b>(4,585)</b>	<b>-40.9%</b>
Non Operating Income	(15,768)	1,572	(17,340)	-1102.9%
<b>Net Income(Loss)</b>	<b>(9,154)</b>	<b>12,771</b>	<b>(21,925)</b>	<b>-171.7%</b>
 Collection Rate	 27.4%	 28.5%	 -1.2%	
Operating Margin	6.5%	11.0%	-4.5%	
Net Margin	-9.0%	12.5%	-21.5%	

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates



# El Camino Hospital – Los Gatos<sup>(1)</sup>

Results from Operations vs. Prior Year

2 months ending 8/31/2015

\$000s	FY 2016	FY 2015	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE:</b>				
Gross Revenue	82,483	78,909	3,574	4.5%
Deductions	(58,699)	(55,366)	(3,334)	6.0%
<b>Net Patient Revenue</b>	<b>23,784</b>	<b>23,544</b>	<b>240</b>	<b>1.0%</b>
Other Operating Revenue	407	346	61	17.5%
<b>Total Operating Revenue</b>	<b>24,191</b>	<b>23,890</b>	<b>301</b>	<b>1.3%</b>
<b>OPERATING EXPENSE:</b>				
Salaries & Wages	12,106	11,467	(639)	-5.6%
Supplies	3,548	3,442	(105)	-3.1%
Fees & Purchased Services	2,722	2,657	(65)	-2.5%
Other Operating Expense	3,981	3,216	(765)	-23.8%
<b>Total Operating Expense</b>	<b>22,357</b>	<b>20,782</b>	<b>(1,575)</b>	<b>-7.6%</b>
<b>Net Operating Income/(Loss)</b>	<b>1,834</b>	<b>3,108</b>	<b>(1,274)</b>	<b>-41.0%</b>
Non Operating Income	0	0	0	0.0%
<b>Net Income(Loss)</b>	<b>1,834</b>	<b>3,108</b>	<b>(1,274)</b>	<b>-41.0%</b>
 <b>Collection Rate</b>	 28.8%	 29.8%	 -1.0%	
<b>Operating Margin</b>	<b>7.6%</b>	<b>13.0%</b>	<b>-5.4%</b>	
<b>Net Margin</b>	<b>7.6%</b>	<b>13.0%</b>	<b>-5.4%</b>	

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

# El Camino Hospital<sup>(1)</sup>

Results from Operations vs. Budget

2 months ending 8/31/2015

\$000s	FY 2016	Budget 2016	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE:</b>				
Gross Revenue	441,375	445,456	(4,081)	-0.9%
Deductions	(319,367)	(322,252)	2,885	-0.9%
<b>Net Patient Revenue</b>	<b>122,009</b>	<b>123,205</b>	<b>(1,196)</b>	<b>-1.0%</b>
Other Operating Revenue	4,222	3,563	659	18.5%
<b>Total Operating Revenue</b>	<b>126,230</b>	<b>126,767</b>	<b>(537)</b>	<b>-0.4%</b>
<b>OPERATING EXPENSE:</b>				
Salaries & Wages	70,053	69,948	(105)	-0.2%
Supplies	19,581	18,244	(1,337)	-7.3%
Fees & Purchased Services	14,457	14,009	(447)	-3.2%
Other Operating Expense	13,691	15,707	2,015	12.8%
<b>Total Operating Expense</b>	<b>117,783</b>	<b>117,908</b>	<b>125</b>	<b>0.1%</b>
<b>Net Operating Income/(Loss)</b>	<b>8,448</b>	<b>8,859</b>	<b>(412)</b>	<b>-4.6%</b>
Non Operating Income	(15,768)	3,720	(19,488)	-523.8%
<b>Net Income(Loss)</b>	<b>(7,320)</b>	<b>12,580</b>	<b>(19,900)</b>	<b>-158.2%</b>
<b>Collection Rate</b>	<b>27.6%</b>	<b>27.7%</b>	<b>0.0%</b>	
<b>Operating Margin</b>	<b>6.7%</b>	<b>7.0%</b>	<b>-0.3%</b>	
<b>Net Margin</b>	<b>-5.8%</b>	<b>9.9%</b>	<b>-15.7%</b>	

(1) Hospital entity only, excludes controlled affiliates

# El Camino Hospital – Mountain View<sup>(1)</sup>

Results from Operations vs. Budget  
2 months ending 8/31/2015

\$000s	FY 2016	Budget 2016	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE:</b>				
Gross Revenue	358,892	364,959	(6,067)	-1.7%
Deductions	(260,668)	(264,985)	4,317	-1.6%
<b>Net Patient Revenue</b>	<b>98,224</b>	<b>99,974</b>	<b>(1,750)</b>	<b>-1.8%</b>
Other Operating Revenue	3,815	3,195	621	19.4%
<b>Total Operating Revenue</b>	<b>102,040</b>	<b>103,169</b>	<b>(1,129)</b>	<b>-1.1%</b>
<b>OPERATING EXPENSE:</b>				
Salaries & Wages	57,947	58,157	210	0.4%
Supplies	16,034	14,841	(1,193)	-8.0%
Fees & Purchased Services	11,735	11,270	(465)	-4.1%
Other Operating Expense	9,710	11,408	1,698	14.9%
<b>Total Operating Expense</b>	<b>95,426</b>	<b>95,676</b>	<b>250</b>	<b>0.3%</b>
<b>Net Operating Income/(Loss)</b>	<b>6,614</b>	<b>7,493</b>	<b>(879)</b>	<b>-11.7%</b>
Non Operating Income	(15,768)	3,720	(19,488)	-523.8%
<b>Net Income(Loss)</b>	<b>(9,154)</b>	<b>11,213</b>	<b>(20,367)</b>	<b>-181.6%</b>
 Collection Rate	 27.4%	 27.4%	 0.0%	
Operating Margin	6.5%	7.3%	-0.8%	
Net Margin	-9.0%	10.9%	-19.8%	

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

# El Camino Hospital – Los Gatos<sup>(1)</sup>

Results from Operations vs. Budget

2 months ending 8/31/2015

\$000s	FY 2016	Budget 2016	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE:</b>				
Gross Revenue	82,483	80,497	1,986	2.5%
Deductions	(58,699)	(57,267)	(1,432)	2.5%
<b>Net Patient Revenue</b>	<b>23,784</b>	<b>23,230</b>	<b>554</b>	<b>2.4%</b>
Other Operating Revenue	407	368	38	10.4%
<b>Total Operating Revenue</b>	<b>24,191</b>	<b>23,598</b>	<b>592</b>	<b>2.5%</b>
<b>OPERATING EXPENSE:</b>				
Salaries & Wages	12,106	11,791	(315)	-2.7%
Supplies	3,548	3,403	(144)	-4.2%
Fees & Purchased Services	2,722	2,739	17	0.6%
Other Operating Expense	3,981	4,298	317	7.4%
<b>Total Operating Expense</b>	<b>22,357</b>	<b>22,232</b>	<b>(125)</b>	<b>-0.6%</b>
<b>Net Operating Income/(Loss)</b>	<b>1,834</b>	<b>1,367</b>	<b>467</b>	<b>34.2%</b>
Non Operating Income	0	0	0	0.0%
<b>Net Income(Loss)</b>	<b>1,834</b>	<b>1,367</b>	<b>467</b>	<b>34.2%</b>
 <b>Collection Rate</b>	 28.8%	 28.9%	 0.0%	
<b>Operating Margin</b>	<b>7.6%</b>	<b>5.8%</b>	<b>1.8%</b>	
<b>Net Margin</b>	<b>7.6%</b>	<b>5.8%</b>	<b>1.8%</b>	

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates

# El Camino Hospital<sup>(1)</sup>

## Balance Sheet (\$ Thousands)

### ASSETS

#### CURRENT ASSETS

	August 31, 2015	June 30, 2015
Cash	58,093	55,224
Short Term Investments	127,461	145,027
Patient Accounts Receivable, net	103,442	95,737
Other Accounts and Notes Receivable	2,423	2,378
Intercompany Receivables	1,005	1,595
Inventories and Prepaids	41,600	38,455
<b>Total Current Assets</b>	<b>334,024</b>	<b>338,416</b>

#### BOARD DESIGNATED ASSETS

Plant & Equipment Fund	117,594	117,965
Operational Reserve Fund	100,196	100,196
Community Benefit Fund	2,575	2,085
Workers Compensation Reserve Fund	25,148	24,719
Postretirement Health/Life Reserve Fund	17,474	17,197
PTO Liability Fund	22,304	22,212
Malpractice Reserve Fund	1,800	1,800
Catastrophic Reserves Fund	13,448	14,150
<b>Total Board Designated Assets</b>	<b>300,539</b>	<b>300,324</b>

<b>FUNDS HELD BY TRUSTEE</b>	<b>35,354</b>	<b>37,676</b>
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<b>LONG TERM INVESTMENTS</b>	<b>211,841</b>	<b>207,290</b>
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<b>INVESTMENTS IN AFFILIATES</b>	<b>31,741</b>	<b>31,808</b>
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#### PROPERTY AND EQUIPMENT

Fixed Assets at Cost	1,079,428	1,077,951
Less: Accumulated Depreciation	(481,398)	(473,920)
Construction in Progress	82,648	82,506
<b>Property, Plant &amp; Equipment - Net</b>	<b>680,677</b>	<b>686,537</b>

#### DEFERRED COSTS/BOND ISSUE COSTS

	-	-
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<b>RESTRICTED ASSETS - CASH</b>	<b>3</b>	<b>5</b>
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<b>TOTAL ASSETS</b>	<b>1,594,179</b>	<b>1,602,056</b>
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### LIABILITIES AND FUND BALANCE

#### CURRENT LIABILITIES

	August 31, 2015	June 30, 2015
Accounts Payable	21,111	30,142
Salaries and Related Liabilities	28,251	20,812
Accrued PTO	22,304	22,212
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	20,690	20,253
Intercompany Payables	175	108
Malpractice Reserves	1,800	1,800
Bonds Payable - Current	5,475	5,475
Bond Interest Payable	896	1,711
Other Liabilities	3,023	3,111
<b>Total Current Liabilities</b>	<b>106,025</b>	<b>107,925</b>

#### LONG TERM LIABILITIES

Post Retirement Benefits	17,474	17,197
Worker's Comp Reserve	22,848	22,419
Other L/T Obligation (Asbestos)	3,549	3,531
Other L/T Liabilities (IT/Medl Leases)	-	-
Bond Payable	215,482	214,909
<b>Total Long Term Liabilities</b>	<b>259,352</b>	<b>258,057</b>

#### FUND BALANCE/CAPITAL ACCOUNTS

Unrestricted	928,260	935,745
Board Designated	300,539	300,324
Restricted	3	5
<b>Total Fund Bal &amp; Capital Accts</b>	<b>1,228,802</b>	<b>1,236,074</b>

<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>1,594,179</b>	<b>1,602,056</b>
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<sup>(1)</sup> Hospital entity only, excludes controlled affiliates



# El Camino Hospital

## Capital Spending (in millions)

Capital Spending  
As of August 2015

Category	Detail	Approved	Total Authorized Active	Total Spent YTD	Spent from Inception	Remaining	2016 Proj Spend
<b>CIP</b>	EPIC Installation		73.8	4.9	41.1	32.7	35.9
	<b>IT Hardware, Software, Equipment*</b>		6.9	1.0		5.9	6.9
	<b>Medical &amp; Non Medical Equipment</b>		12.6	1.1		11.5	12.6
Facility Projects	Multi Use/Specialty Building	OTHER	1.5	0.0	0.8	0.8	0.0
	NPCR3 Seismic Upgrades	FY12	6.7	0.1	4.9	1.8	0.0
	LG Imaging Masterplan	FY12	3.1	0.0	2.8	0.3	0.0
	Slot Build-Out	FY13	19.0	0.1	17.8	1.2	0.0
	LG Upgrades	FY13	13.0	0.1	6.9	6.1	9.5
	LG Spine OR	FY13	4.1	0.0	0.5	3.6	4.1
	Oak Pavilion Cancer Ctr TI	FY14	5.9	0.3	5.6	0.3	0.0
	Integrated MOB	FY15	28.0	0.4	2.3	25.7	10.0
	North Drive Parking Expansion	FY15	1.0	0.0	0.3	0.7	14.5
	Behavioral Health Bldg	FY16	9.0	0.3	5.7	3.3	4.5
	LG Imaging Phase II (CT & Gen Rad)	FY16	0.0	0.0	0.0	0.0	4.8
	LG Rehab HVAC System & Structural	FY16	3.7	0.0	0.0	3.7	3.4
	Cabling & Wireless Upgrades	FY16	2.8	0.0	0.0	2.8	2.8
	IMOB Preparation Project - Old Main	FY16	0.0	0.0	0.0	0.0	2.3
	Women's Hospital Expansion	FY16	0.0	0.0	0.0	0.0	1.5
	Willow Pavilion Tomosynthesis	FY16	1.3	0.0	0.0	1.3	0.0
	LG Electrical Systems Upgrade	FY16	0.0	0.0	0.0	0.0	1.0
	Facilities Planning Allowance	FY16	0.0	0.0	0.0	0.0	1.0
	All Other	OTHER	0.1	0.0	0.1	0.0	0.0
	All Other	FY12	0.2	0.0	0.2	0.0	0.0
	All Other	FY13	0.7	0.0	0.7	0.1	0.0
	All Other	FY14	1.7	0.1	1.5	0.2	0.1
	All Other	FY15	1.3	0.1	0.7	0.6	6.5
	All Other	FY16	0.5	0.0	0.1	0.4	4.5
	** Unassigned Costs		0.0	-6.1	1.6	0.0	0.0
			103.6	-4.8	52.6	52.7	70.4
	<b>GRAND TOTAL</b>		<b>196.9</b>	<b>2.2</b>			<b>125.8</b>

(1) Hospital entity only, excludes controlled affiliates

# FY 2016 Facilities Projects Detail

(In 000s)

	Budgeted Commitment	Budgeted Spend
<b>Mountain View Campus Master Plan Projects</b>		
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
	<b>\$299,000</b>	<b>\$31,000</b>
<b>Mountain View Capital Projects</b>		
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
	<b>\$11,350</b>	<b>\$10,900</b>
<b>Los Gatos Capital Projects</b>		
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
	<b>\$14,505</b>	<b>\$28,549</b>
<b>Grand Total Facilities Projects</b>	<b>\$324,855</b>	<b>\$70,449</b>

\* Spending includes prior year commitments

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