



**El Camino Hospital**

THE HOSPITAL OF SILICON VALLEY

## Summary of Financial Operations

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

# EL CAMINO HOSPITAL

(Excludes Affiliates)

## EXECUTIVE FINANCIAL SUMMARY

Period Ending January 31, 2016

YTD STATEMENT OF REVENUE AND EXPENSES (\$000s)					BALANCE SHEET (\$000s)		
	Prior Year	Actual	Budget	Var F(U)		January 31, 2016	Jun 30, 2015
Gross Revenue	\$1,490,325	\$1,579,008	\$1,572,211	\$6,796	Cash and Investments	653,537	707,865
Deductions from Revenue	(1,073,775)	(1,137,202)	(1,139,480)	2,278	Non Cash Current Assets	169,327	143,766
Net Patient Revenue	416,550	441,806	432,731	9,074	Property, Plant & Equipment (Net)	696,848	686,537
Other Operating Revenue	11,484	14,000	11,905	2,095	Other Assets	90,076	94,707
<b>Total Operating Revenue</b>	<b>428,035</b>	<b>455,805</b>	<b>444,636</b>	<b>11,169</b>	<b>Total Assets</b>	<b>1,609,788</b>	<b>1,632,874</b>
Salaries & Wages	237,462	252,089	250,707	(1,383)	Current Liabilities	91,508	107,925
Supplies	63,550	66,691	64,787	(1,904)	Long-Term Liabilities	272,789	272,696
Fees & Purchased Services	43,396	50,308	48,318	(1,990)	Fund Balance/Capital Accounts	1,245,491	1,252,254
Other Operating Expense	21,791	30,469	23,126	(7,343)	<b>Total Liabilities &amp; Equity</b>	<b>1,609,788</b>	<b>1,632,874</b>
<b>Total Non Capital Operating Expense</b>	<b>366,198</b>	<b>399,558</b>	<b>386,938</b>	<b>(12,620)</b>	<b>KEY ECH STATISTICS - YTD</b>		
<b>OPERATING EBITDA</b>	<b>61,836</b>	<b>56,248</b>	<b>57,698</b>	<b>(1,451)</b>	<b>Balance Sheet</b>	<b>Actual</b>	<b>Target <sup>(1)</sup></b>
Interest, Depreciation & Amortization	30,427	30,565	29,111	(1,454)	Debt Service Coverage Ratio (MADS)	6.5	1.2
<b>NET OPERATING SURPLUS</b>	<b>31,410</b>	<b>25,682</b>	<b>28,587</b>	<b>(2,905)</b>	Debt to Capitalization	14.3%	29.0%
Non Operating Income	(25)	(32,997)	13,022	(46,019)	Days of Cash	349	262
<b>TOTAL NET SURPLUS</b>	<b>31,384</b>	<b>(7,315)</b>	<b>41,609</b>	<b>(48,924)</b>	Net AR Days	58.7	48.0
EBITDA Margin	14.4%	12.3%	13.0%	-0.6%	<b>Volume</b>	<b>Prior Year</b>	<b>Actual</b>
Operating Margin	7.3%	5.6%	6.4%	-0.8%	Acute Discharges	11,098	10,861
Total Margin	7.3%	-1.6%	9.4%	-11.0%	Acute Average Daily Census	241	237
					Licensed Beds	443	443
					Occupancy (%)	54%	53%
					Deliveries	3,044	2,777
					Emergency Department Visits	35,018	34,711
					Surgical Cases	6,381	6,262
					<b>Productivity</b>		
					Full Time Equivalent Employees	2,429	2,549
					Worked Hrs/Adjusted Patient Day	29.30	30.79

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

# Financial Trends and Commentary

## Volume:

For the year, inpatient volume remains 1.8 lower than prior year primarily due to lower deliveries.

## Operating Margin:

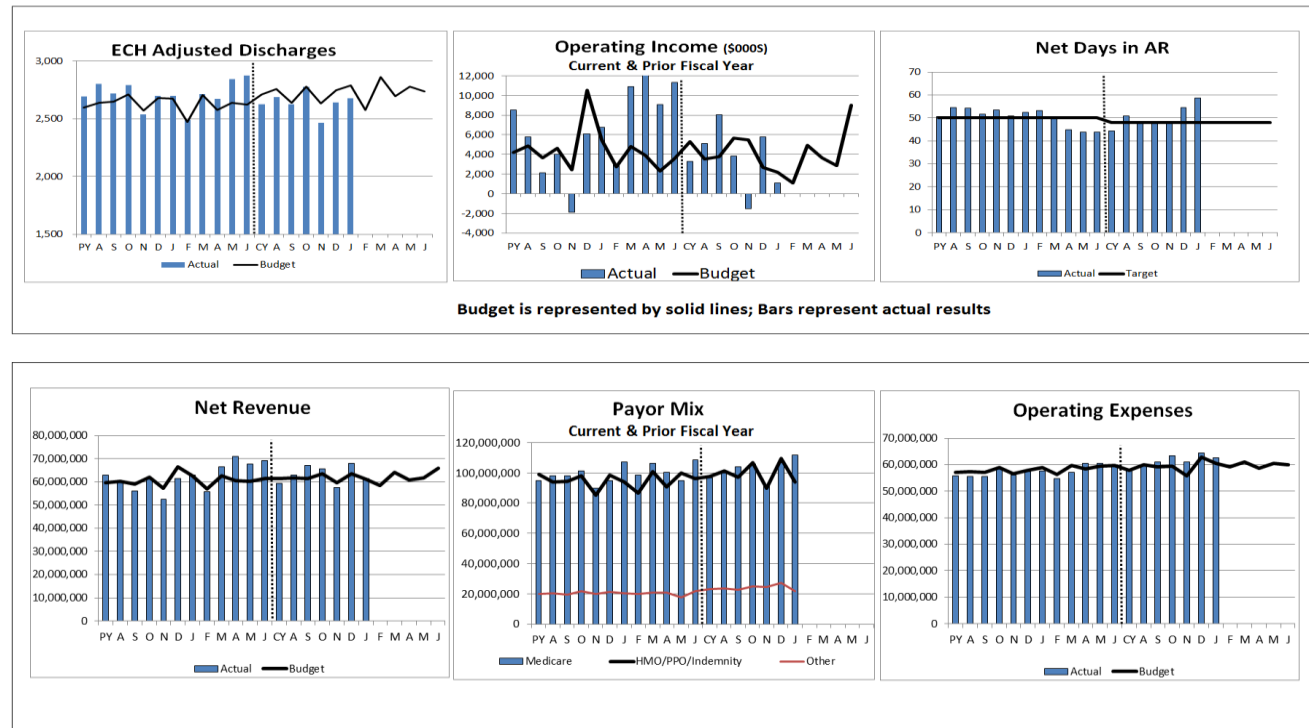
Operating margin is \$1.1 million unfavorable for the month due to lower commercial volume. Margin for the year is \$2.9 million unfavorable primarily due to EPIC related expenses in labor and training and pharmacy and surgical medical supply expenses.

## Non-Operating Margin:

Non operating income is \$46.0 million behind target primarily due to \$26.7 million in investment loss. Our cash position remains strong allowing a long term investment strategy.

## Net Days in AR:

Net days in A/R increased to 58.9 due EPIC conversion. Candidate for billing has improved beginning in January which will lead to reduction in AR around March.

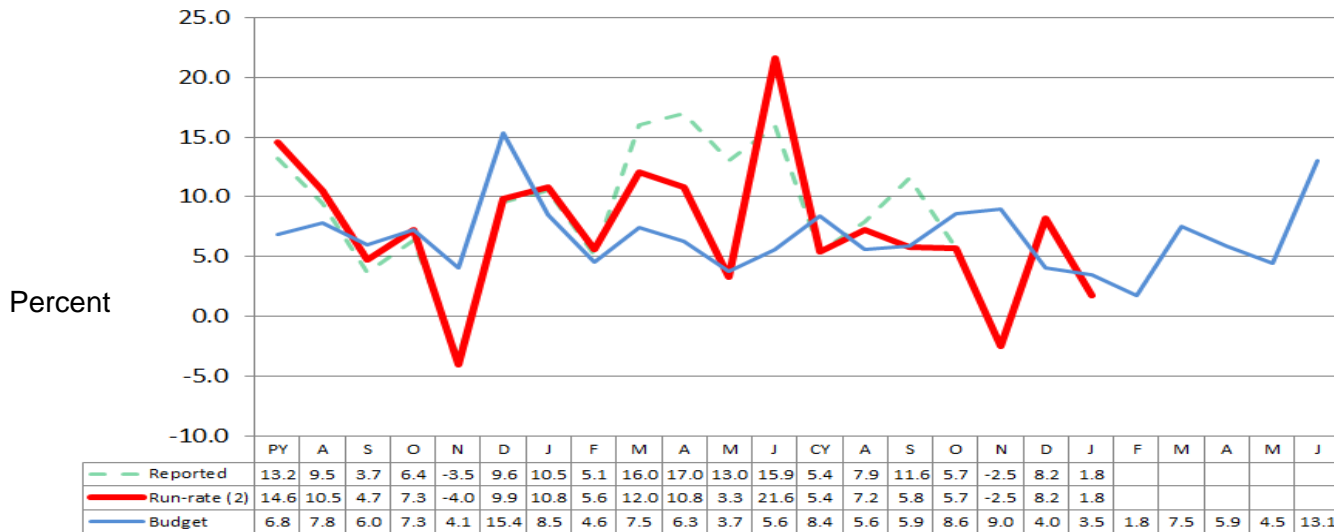


## Non-Labor Expenses:

EPIC training makes up -\$3.1 million year to date variance for other general and administrative expenses. In addition, the budget has a cost reduction target placeholder that was not achieved due go live. Depreciation is higher due to completion of the data center project and accelerated depreciation on the old hospital that will be demolished to build the iMOB.

# 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	J
Revenue Adjustments	RAC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Cost Reports Settlements	-\$49	-\$569	-\$616	\$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
	Insurance Overpayment Released	\$0	\$0	-\$4,913	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total	-\$49	-\$569	-\$5,530	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expense Adjustments	Pay-For-Performance Bonus	\$76	\$69	\$1,183	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total	\$76	\$69	\$1,183	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

- No revenue/expense adjustments for January.

# Summary of Financial Results

## \$ in Thousands

	Period 7 - Month			Period 7 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Income (Loss) from Operations</b>						
Mountain View	8,280	1,906	6,374	20,557	23,938	(3,381)
Los Gatos	(7,164)	298	(7,462)	5,125	4,650	475
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>1,116</b>	<b>2,204</b>	<b>(1,089)</b>	<b>25,682</b>	<b>28,587</b>	<b>(2,905)</b>
<b>Operating Margin %</b>	<b>1.8%</b>	<b>3.5%</b>		<b>5.6%</b>	<b>6.4%</b>	
<b>El Camino Hospital Non Operating Income</b>						
Investments	(14,449)	2,298	(16,747)	(26,681)	16,083	(42,765)
Swap Adjustments	(1,293)	0	(1,293)	(2,046)	0	(2,046)
Community Benefit	(58)	(233)	175	(1,567)	(1,633)	65
Other	(35)	(204)	169	(2,702)	(1,429)	(1,273)
<b>Sub Total - Non Operating Income</b>	<b>(15,835)</b>	<b>1,860</b>	<b>(17,695)</b>	<b>(32,997)</b>	<b>13,022</b>	<b>(46,019)</b>
<b>El Camino Hospital Net Income (Loss)</b>	<b>(14,719)</b>	<b>4,065</b>	<b>(18,784)</b>	<b>(7,315)</b>	<b>41,609</b>	<b>(48,924)</b>
<b>ECH Net Margin %</b>	<b>-23.1%</b>	<b>6.5%</b>		<b>-1.6%</b>	<b>9.4%</b>	
Concern	258	196	62	1,372	184	1,188
ECSC	1	0	1	17	0	17
Foundation	(268)	39	(307)	(334)	763	(1,097)
Silicon Valley Medical Development	(2)	0	(2)	(12)	0	(12)
<b>Net Income Hospital Affiliates</b>	<b>(11)</b>	<b>236</b>	<b>(246)</b>	<b>1,044</b>	<b>948</b>	<b>96</b>
<b>Total Net Income Hospital &amp; Affiliates</b>	<b>(14,730)</b>	<b>4,300</b>	<b>(19,030)</b>	<b>(6,271)</b>	<b>42,557</b>	<b>(48,828)</b>

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

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

## ECH COMBINED

	Month of Jan, 2016			Year to Date			Prior Year	
	Act	Bud	Var	Act	Bud	Var	Act	Var%
Discharges <sup>(2)</sup>	1,617	1,667	-3.0%	10,861	11,219	-3.2%	11,098	-2.1%
Deliveries	400	445	-10.2%	2,777	3,047	-8.9%	3,044	-8.8%
ED Visits	5,248	5,489	-4.4%	34,711	35,314	-1.7%	35,018	-0.9%
Surgical Cases	803	884	-9.1%	6,262	6,491	-3.5%	6,381	-1.9%
Licensed Beds	443	443	0.0%	443	443	0.0%	443	0.0%
ADC <sup>(2)</sup>	253	261	-3.1%	237	241	-1.9%	241	-1.8%
Occupancy %	57.2%	59.0%	-3.1%	53.5%	54.5%	-1.9%	54.5%	-1.8%

## MOUNTAIN VIEW

	Month of Jan, 2016			Year to Date			Prior Year	
	Act	Bud	Var%	Act	Bud	Var%	Act	Var%
Discharges <sup>(2)</sup>	1,350	1,362	-0.9%	8,917	9,179	-2.9%	9,080	-1.8%
Deliveries	359	385	-6.7%	2,400	2,634	-8.9%	2,631	-8.8%
ED Visits	4,118	4,386	-6.1%	27,538	28,215	-2.4%	27,980	-1.6%
Surgical Cases	494	549	-10.0%	3,843	4,031	-4.7%	3,890	-1.2%
Licensed Beds	300	300	0.0%	300	300	0.0%	300	0.0%
ADC <sup>(2)</sup>	206	214	-3.7%	194	197	-1.4%	196	-1.1%
Occupancy %	68.8%	71.5%	-3.7%	64.7%	65.6%	-1.4%	65.4%	-1.1%

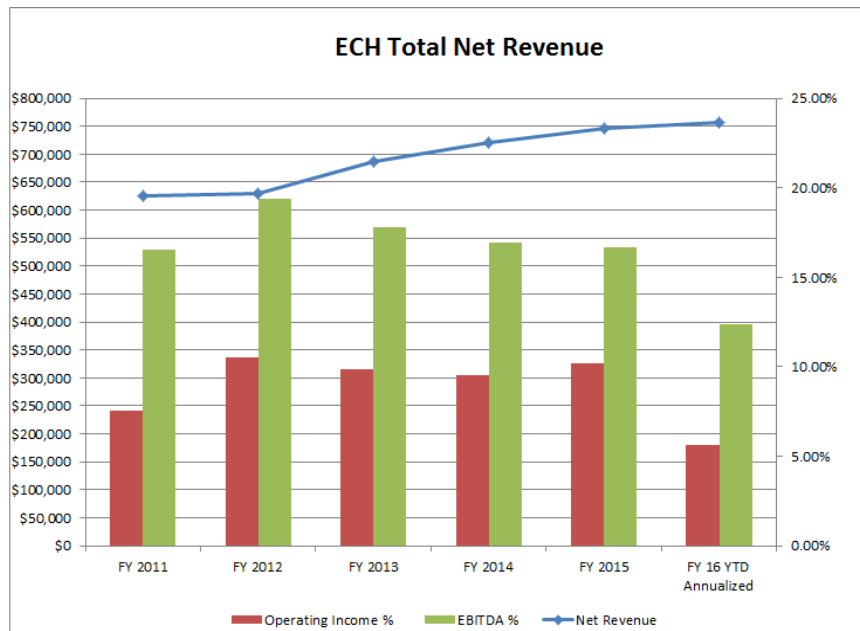
## LOS GATOS

	Month of Jan, 2016			Year to Date			Prior Year	
	Act	Bud	Var	Act	Bud	Var	Act	Var%
Discharges <sup>(2)</sup>	267	305	-12.5%	1,944	2,040	-4.7%	2,018	-3.7%
Deliveries	41	60	-32.2%	377	414	-8.8%	413	-8.7%
ED Visits	1,130	1,103	2.4%	7,173	7,099	1.0%	7,038	1.9%
Surgical Cases	309	335	-7.7%	2,419	2,460	-1.7%	2,491	-2.9%
Licensed Beds	143	143	0.0%	143	143	0.0%	143	0.0%
ADC <sup>(2)</sup>	47	47	-0.3%	43	45	-4.1%	45	-5.1%
Occupancy %	32.8%	32.9%	-0.3%	29.9%	31.2%	-4.1%	31.5%	-5.1%

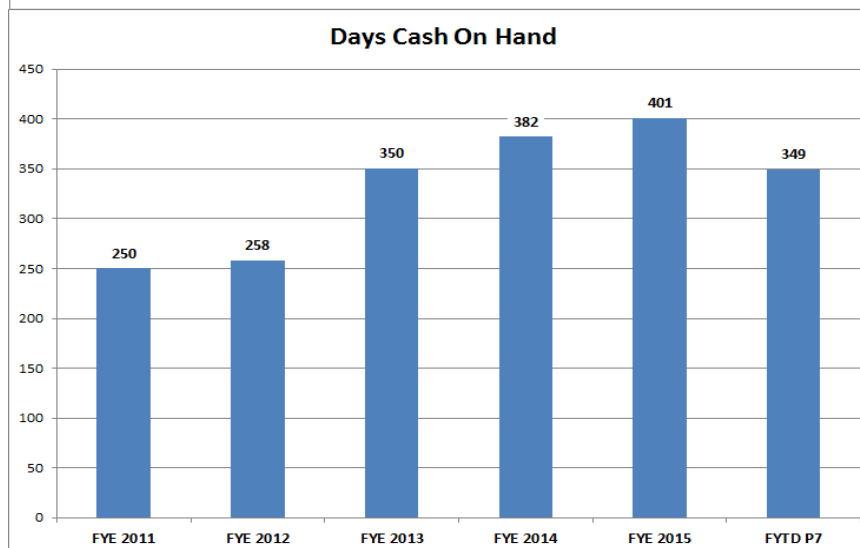
(1) Hospital entity only, excludes controlled affiliates

(2) Excludes normal newborns, includes discharges from L&D

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



Revenue growth is slowing down and margin has declined due to EPIC go live



Cash position remains strong despite \$26.7 million investment loss

<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%	5.6%	6.5%	
EBITDA Margin	17.8%	16.9%	16.7%	12.3%	13.3%	
Days of Cash	350	382	401	349	262	
Debt Service Coverage Ratio (MADS)	7.9	9.5	8.9	6.5	4.8	
Debt to Capitalization	14.0%	12.6%	13.6%	14.3%	29.4%	
Net AR Days	48.3	50.9	43.6	58.7	48.0	
In Patient Operating Margin	-1.1%	-3.2%	-4.5%	-7.8%	-1.0%	
Out Patient Operating Margin	25.9%	25.2%	28.1%	27.1%	25.0%	

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

<sup>(2)</sup> Due to timing of month end costing, In Patient and Out Patient Operating Margin % for FYTD 2016 are one month in arrears

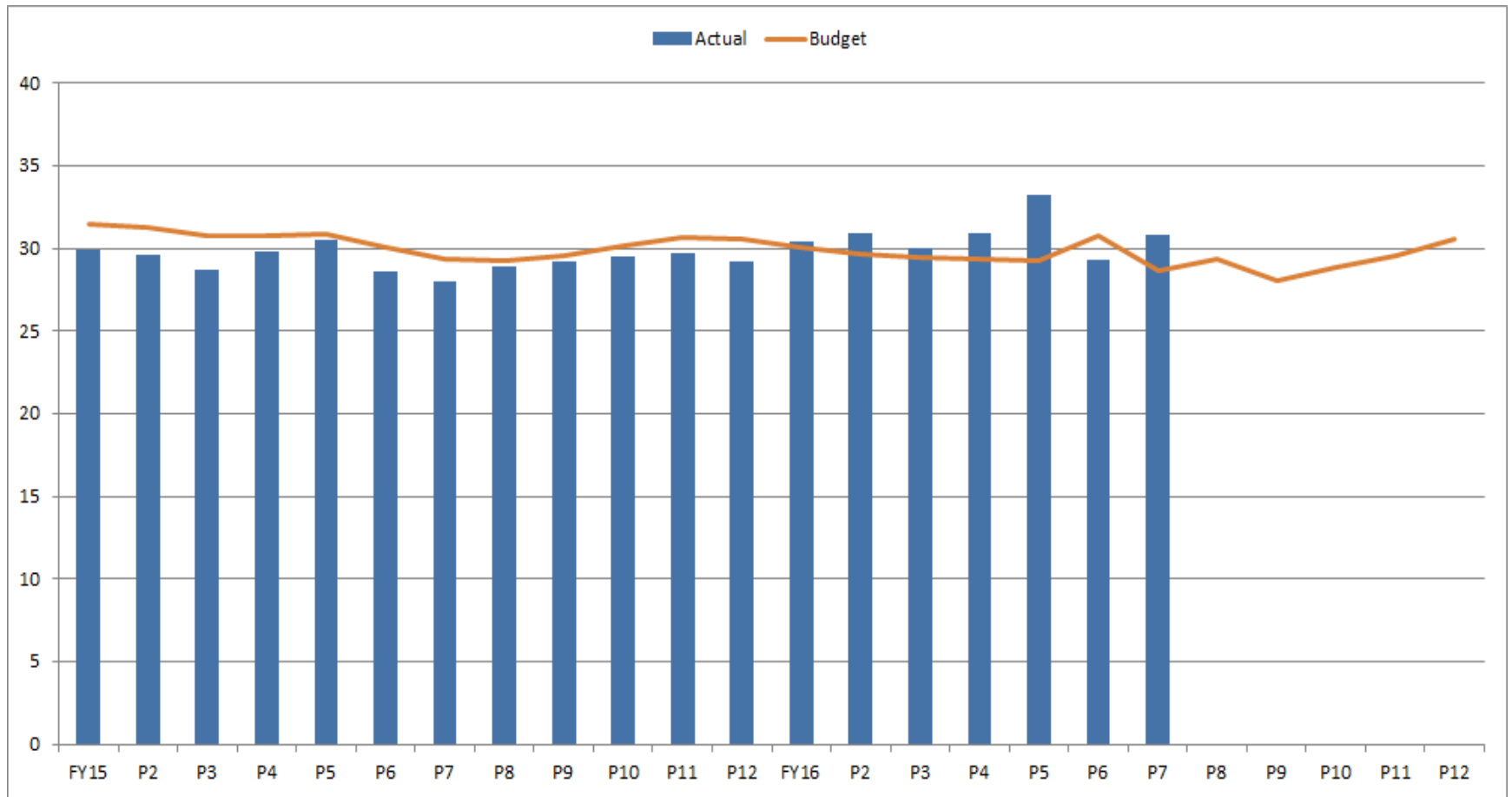
<sup>(3)</sup> Target source: Annual Budget for Operating Margin and EBITDA Margin

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

\*Prior Year numbers represent full year



## Worked Hours per Adjusted Patient Day



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

# Tracking Smart Growth

COMBINED CAMPUS					Result Away from Goal
	FY15 Year to Date	FY16 Year to Date	Change	Annual Goal	
Inpatient Discharges	11,098	10,861	(237)	300	(537)
Surgical Outpatient Cases (incl Litho)	3,783	3,624	(159)	290	(449)
Endo Outpatient procedures	1,710	1,439	(271)	0	(271)
Outpatient Interventional Cases	1,069	1,117	48	10	38
Total Case Volume	17,660	17,041	(619)	600	(1,219)
NEW Physician Total		186	186		
Pre-existing Physician Total	17,660	16,855	(805)		
# New Physicians*		3		15	

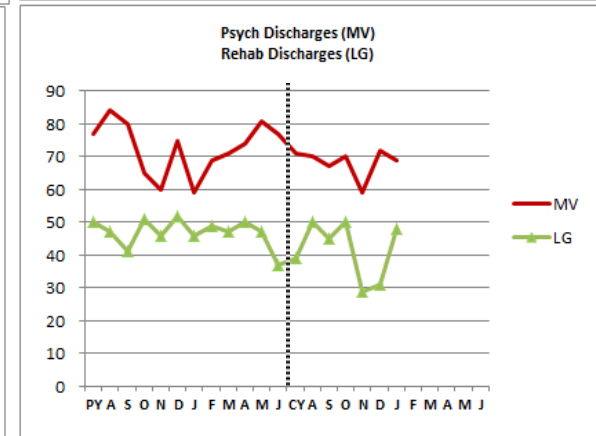
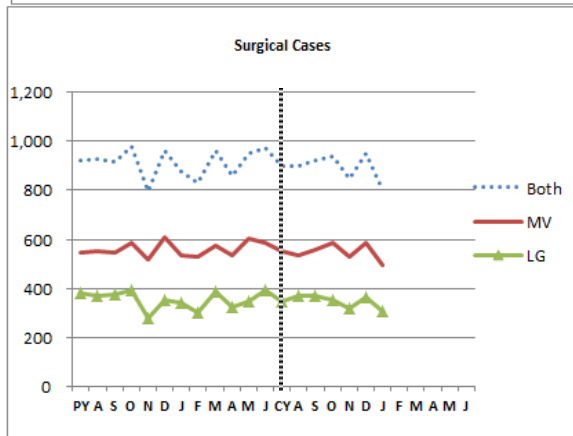
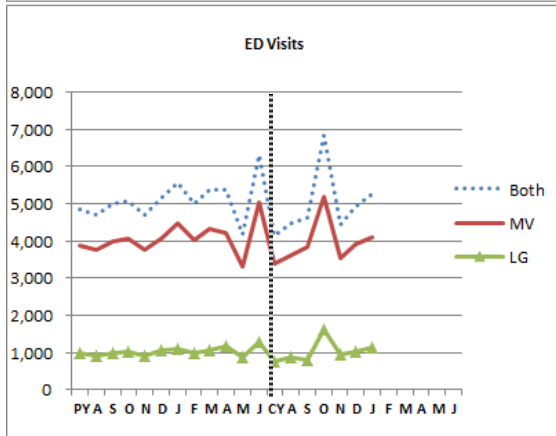
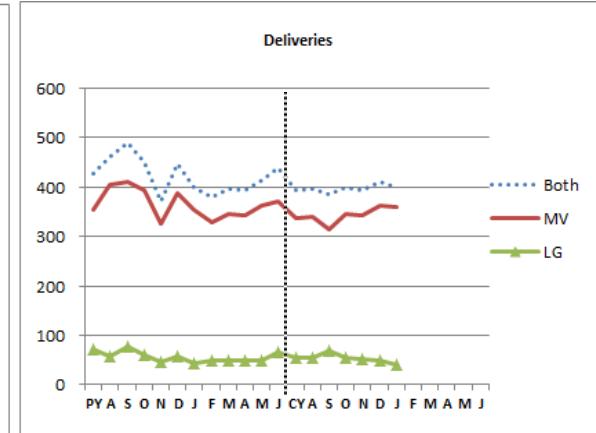
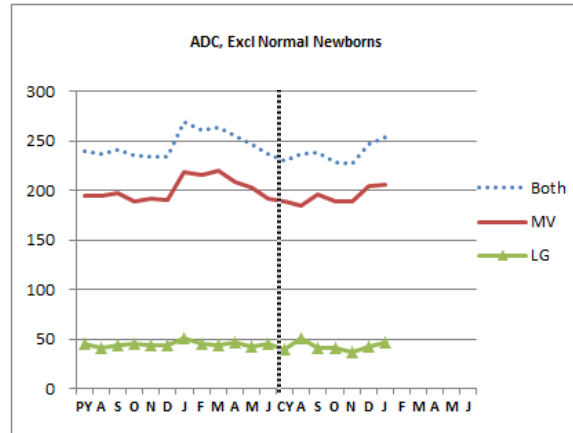
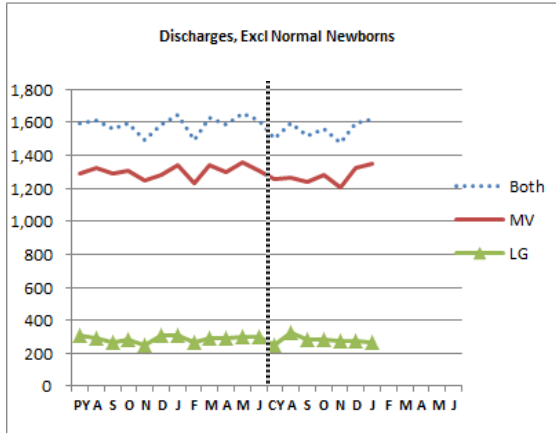
\* New Physicians: MDs with 20% or more inpatient or procedural (above definition) cases (at least 10) and/or New PCP (OB, Internal Med, Fam Prac)

Mountain View Campus			
	FY15 Year to Date	FY16 Year to Date	Change
Inpatient Discharges	9,080	8,917	(163)
Surgical Outpatient Cases (incl Litho)	1,967	1,925	(42)
Endo Outpatient procedures	1,583	1,359	(224)
Outpatient Interventional Cases	1,059	1,109	50
Total Case Volume	13,689	13,310	(379)

Los Gatos Campus			
	FY15 Year to Date	FY16 Year to Date	Change
Inpatient Discharges	2,018	1,944	(74)
Surgical Outpatient Cases (incl Litho)	1,816	1,699	(117)
Endo Outpatient procedures	127	80	(47)
Outpatient Interventional Cases	10	8	(2)
Total Case Volume	3,971	3,731	(240)

(1) Hospital entity only, excludes controlled affiliates

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



# El Camino Hospital

## Capital Spending (in millions)

Category	Detail	Approved	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	FY 16 Proj Spend	FY 16 YTD Spent	FY 16 Remaining
<b>CIP</b>	EPIC Installation			73.8	52.9	35.9	16.7	19.2
	<b>IT Hardware, Software, Equipment*</b>			6.9		6.9	5.9	1.0
	<b>Medical &amp; Non Medical Equipment</b>			12.6		12.6	7.4	5.2
<b>Facility Projects</b>								
	0908 NPCR3 Seismic Upgrades	FY12	6.7	6.7	5.0	0.2	0.2	0.0
	0907 LG Imaging Masterplan	FY12	0.0	3.1	2.8	0.0	0.0	0.0
	0906 Slot Build-Out	FY13	0.0	19.0	18.7	1.2	1.2	0.0
	1307 LG Upgrades	FY13	15.5	13.0	9.2	9.5	2.3	7.2
	1219 LG Spine OR	FY13	4.1	4.1	0.7	4.1	0.2	3.9
	1400 Oak Pavilion Cancer Ctr TI	FY14	0.0	5.9	5.8	0.4	0.4	0.0
	1414 Integrated MOB	FY15	232.0	28.0	8.0	13.7	5.3	8.4
	1413 North Drive Parking Expansion	FY15	15.0	3.0	1.3	2.2	1.0	1.2
	1245 Behavioral Health Bldg	FY16	62.5	9.0	6.1	4.5	0.7	3.8
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	6.8	0.0	0.0	1.6	0.0	1.6
	1313/1224 LG Rehab HVAC System & Structural	FY16	3.7	3.7	0.3	3.4	0.3	3.1
	1502 Cabling & Wireless Upgrades	FY16	2.5	2.8	1.1	2.2	1.1	1.1
	1425 IMOB Preparation Project - Old Main	FY16	2.3	0.5	0.0	1.0	0.0	1.0
	1430 Women's Hospital Expansion	FY16	91.0	0.0	0.0	1.5	0.0	1.5
	1422 CUP Upgrade	FY16	4.0	1.5	0.7	2.9	0.6	2.3
	1503 Willow Pavilion Tomosynthesis	FY16	0.3	1.3	0.0	0.3	0.0	0.3
	1519/1314 LG Electrical Systems Upgrade	FY16	1.2	0.0	0.0	0.0	0.0	0.0
	1347 LG Central Sterile Upgrades	FY15	3.7	0.2	0.2	1.2	0.0	1.2
	1508 LG NICU 4 Bed Expansion	FY16	7.0	0.0	0.0	0.5	0.0	0.5
	1520 Facilities Planning Allowance	FY16	1.0	0.0	0.0	1.0	0.0	1.0
	Land Acquisition Approved in 12/15	FY16	24.1	24.1	0.0	24.1	0.0	24.1
	All Other Projects under \$1M		9.5	5.8	2.7	7.5	0.9	6.6
			492.9	131.7	62.5	83.1	14.3	68.8

### GRAND TOTAL

225.0

138.5

44.3

94.2

Forecast at start of fiscal year

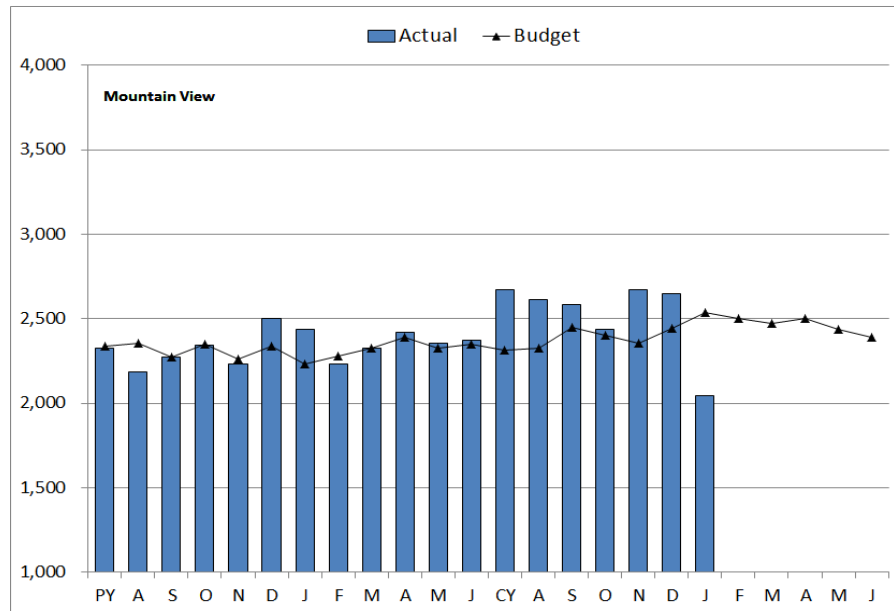
125.8

# APPENDIX

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

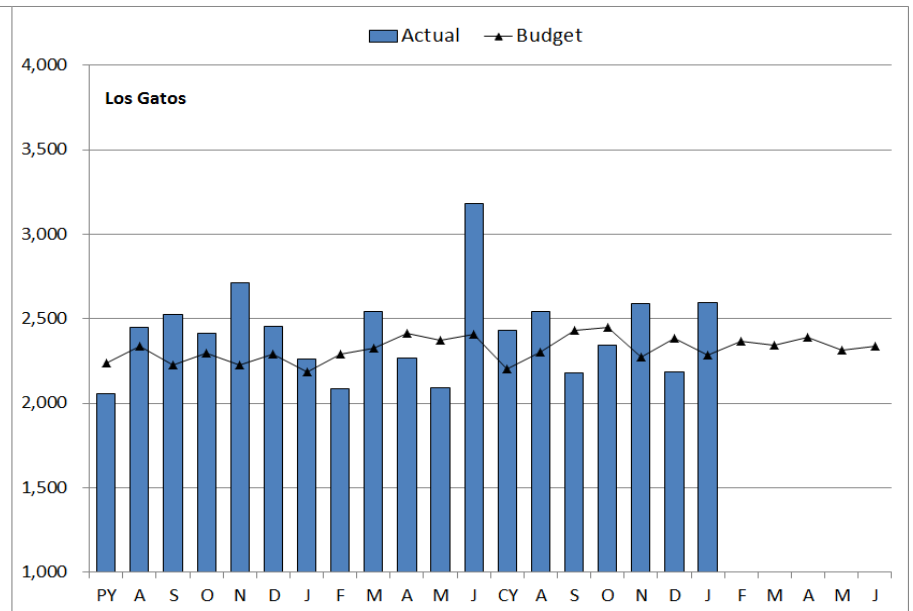
YTD: 5.0% over budget

## Mountain View



YTD: 3.3% over budget

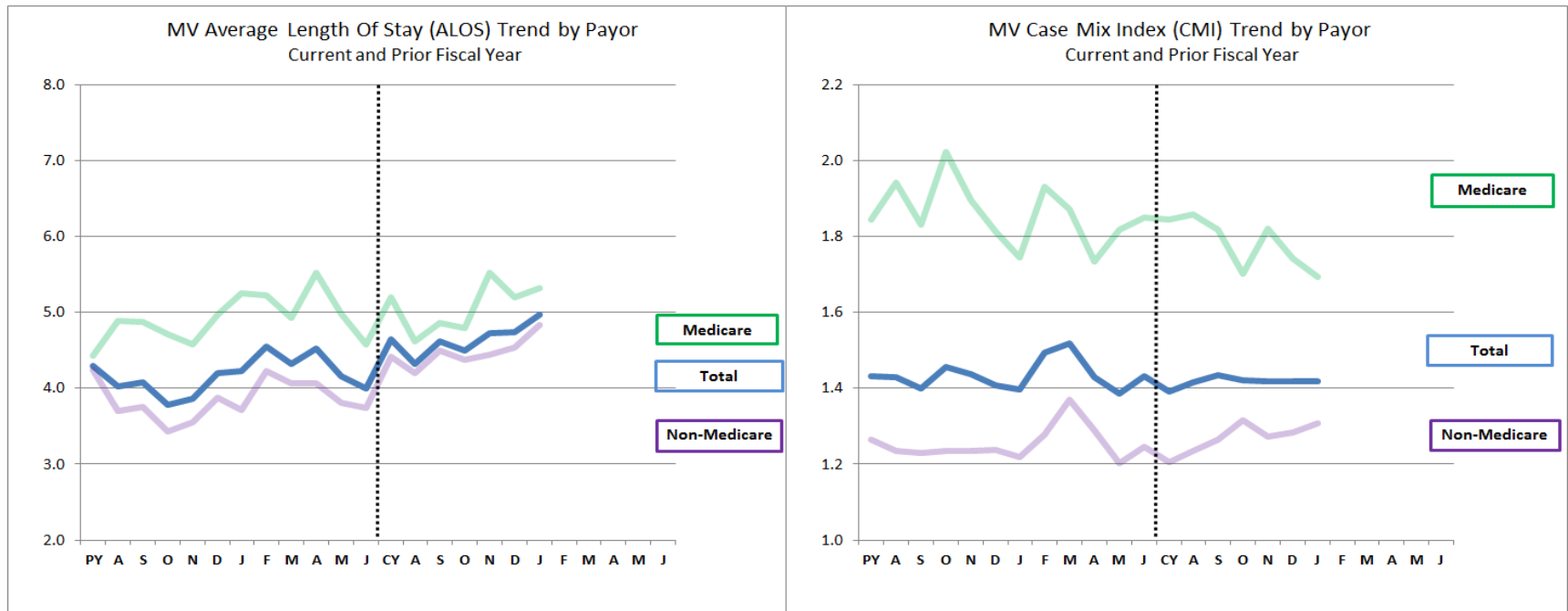
## Los Gatos



Continued high cost in December related to pharmacy and general surgery supplies.

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

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



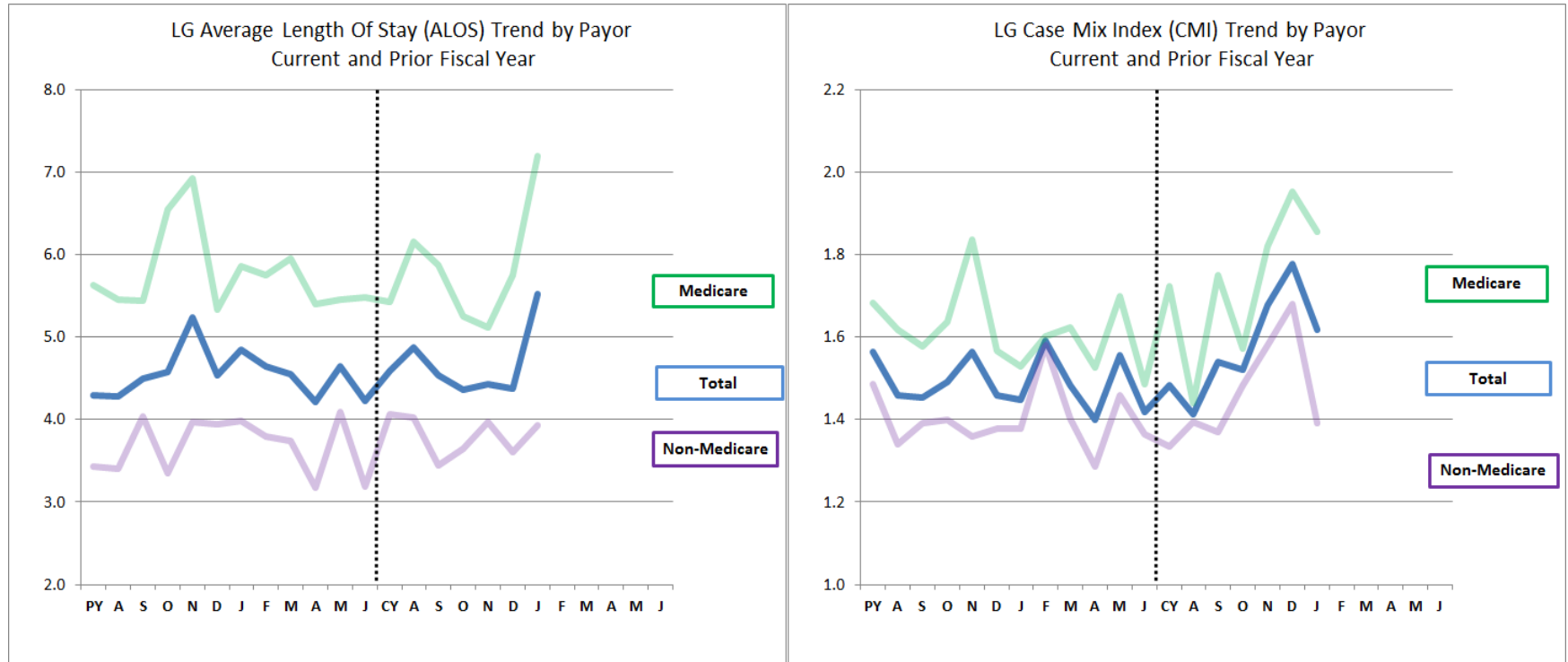
- Medicare: Due to DRG reimbursement, financial results usually improve with decreased LOS and increased CMI
- Non-Medicare: Reimbursement varies; financial results usually improve when both LOS & CMI increase

Length of stay continues an upward trend while CMI remains relatively flat .

<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 and increasing case complexity. The non-Medicare caseload also shows an upward trend 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

7 months ending 1/31/2016

\$000s	FY 2016	FY 2015	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE:</b>				
Gross Revenue	1,579,008	1,490,325	88,683	6.0%
Deductions	(1,137,202)	(1,073,775)	(63,427)	5.9%
<b>Net Patient Revenue</b>	<b>441,806</b>	<b>416,550</b>	<b>25,255</b>	<b>6.1%</b>
Other Operating Revenue	14,000	11,484	2,515	21.9%
<b>Total Operating Revenue</b>	<b>455,805</b>	<b>428,035</b>	<b>27,771</b>	<b>6.5%</b>
<b>OPERATING EXPENSE:</b>				
Salaries & Wages	252,089	237,462	(14,628)	-6.2%
Supplies	66,691	63,550	(3,141)	-4.9%
Fees & Purchased Services	50,308	43,396	(6,912)	-15.9%
Other Operating Expense	61,034	52,217	(8,817)	-16.9%
<b>Total Operating Expense</b>	<b>430,123</b>	<b>396,625</b>	<b>(33,498)</b>	<b>-8.4%</b>
<b>Net Operating Income/(Loss)</b>	<b>25,682</b>	<b>31,410</b>	<b>(5,727)</b>	<b>-18.2%</b>
Non Operating Income	(32,997)	(25)	(32,972)	130005.0%
<b>Net Income(Loss)</b>	<b>(7,315)</b>	<b>31,384</b>	<b>(38,699)</b>	<b>-123.3%</b>
 <b>Collection Rate</b>	 28.0%	 28.0%	 0.0%	
<b>Operating Margin</b>	5.6%	7.3%	-1.7%	
<b>Net Margin</b>	-1.6%	7.3%	-8.9%	

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

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

Results from Operations vs. Prior Year  
7 months ending 1/31/2016

\$000s	FY 2016	FY 2015	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE:</b>				
Gross Revenue	1,287,293	1,216,466	70,827	5.8%
Deductions	(927,954)	(881,528)	(46,426)	5.3%
<b>Net Patient Revenue</b>	<b>359,338</b>	<b>334,938</b>	<b>24,400</b>	<b>7.3%</b>
Other Operating Revenue	12,576	10,179	2,397	23.5%
<b>Total Operating Revenue</b>	<b>371,915</b>	<b>345,117</b>	<b>26,797</b>	<b>7.8%</b>
<b>OPERATING EXPENSE:</b>				
Salaries & Wages	209,763	196,937	(12,826)	-6.5%
Supplies	54,230	51,386	(2,844)	-5.5%
Fees & Purchased Services	41,034	34,567	(6,467)	-18.7%
Other Operating Expense	46,330	40,463	(5,867)	-14.5%
<b>Total Operating Expense</b>	<b>351,357</b>	<b>323,353</b>	<b>(28,004)</b>	<b>-8.7%</b>
<b>Net Operating Income/(Loss)</b>	<b>20,557</b>	<b>21,764</b>	<b>(1,206)</b>	<b>-5.5%</b>
Non Operating Income	(32,971)	(25)	(32,946)	129902.2%
<b>Net Income(Loss)</b>	<b>(12,414)</b>	<b>21,738</b>	<b>(34,152)</b>	<b>-157.1%</b>
 <b>Collection Rate</b>	 27.9%	 27.5%	 0.4%	
<b>Operating Margin</b>	5.5%	6.3%	-0.8%	
<b>Net Margin</b>	-3.3%	6.3%	-9.6%	

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

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

Results from Operations vs. Prior Year  
7 months ending 1/31/2016

\$000s	FY 2016	FY 2015	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE:</b>				
Gross Revenue	291,715	273,859	17,856	6.5%
Deductions	(209,248)	(192,247)	(17,001)	8.8%
<b>Net Patient Revenue</b>	<b>82,467</b>	<b>81,612</b>	<b>855</b>	<b>1.0%</b>
Other Operating Revenue	1,424	1,305	118	9.1%
<b>Total Operating Revenue</b>	<b>83,891</b>	<b>82,918</b>	<b>973</b>	<b>1.2%</b>
<b>OPERATING EXPENSE:</b>				
Salaries & Wages	42,327	40,525	(1,801)	-4.4%
Supplies	12,461	12,163	(297)	-2.4%
Fees & Purchased Services	9,274	8,829	(445)	-5.0%
Other Operating Expense	14,704	11,754	(2,950)	-25.1%
<b>Total Operating Expense</b>	<b>78,766</b>	<b>73,272</b>	<b>(5,494)</b>	<b>-7.5%</b>
<b>Net Operating Income/(Loss)</b>	<b>5,125</b>	<b>9,646</b>	<b>(4,521)</b>	<b>-46.9%</b>
Non Operating Income	(26)	0	(26)	0.0%
<b>Net Income(Loss)</b>	<b>5,099</b>	<b>9,646</b>	<b>(4,547)</b>	<b>-47.1%</b>
 <b>Collection Rate</b>	 28.3%	 29.8%	 -1.5%	
<b>Operating Margin</b>	6.1%	11.6%	-5.5%	
<b>Net Margin</b>	6.1%	11.6%	-5.6%	

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

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

Results from Operations vs. Budget  
7 months ending 1/31/2016

\$000s	FY 2016	Budget 2016	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE:</b>				
Gross Revenue	1,579,008	1,572,211	6,796	0.4%
Deductions	(1,137,202)	(1,139,480)	2,278	-0.2%
<b>Net Patient Revenue</b>	<b>441,806</b>	<b>432,731</b>	<b>9,074</b>	<b>2.1%</b>
Other Operating Revenue	14,000	11,905	2,095	17.6%
<b>Total Operating Revenue</b>	<b>455,805</b>	<b>444,636</b>	<b>11,169</b>	<b>2.5%</b>
<b>OPERATING EXPENSE:</b>				
Salaries & Wages	252,089	250,707	(1,383)	-0.6%
Supplies	66,691	64,787	(1,904)	-2.9%
Fees & Purchased Services	50,308	48,318	(1,990)	-4.1%
Other Operating Expense	61,034	52,237	(8,798)	-16.8%
<b>Total Operating Expense</b>	<b>430,123</b>	<b>416,049</b>	<b>(14,075)</b>	<b>-3.4%</b>
<b>Net Operating Income/(Loss)</b>	<b>25,682</b>	<b>28,587</b>	<b>(2,905)</b>	<b>-10.2%</b>
Non Operating Income	(32,997)	13,022	(46,019)	-353.4%
<b>Net Income(Loss)</b>	<b>(7,315)</b>	<b>41,609</b>	<b>(48,924)</b>	<b>-117.6%</b>
<b>Collection Rate</b>	<b>28.0%</b>	<b>27.5%</b>	<b>0.5%</b>	
<b>Operating Margin</b>	<b>5.6%</b>	<b>6.4%</b>	<b>-0.8%</b>	
<b>Net Margin</b>	<b>-1.6%</b>	<b>9.4%</b>	<b>-11.0%</b>	

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

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

Results from Operations vs. Budget  
7 months ending 1/31/2016

\$000s	FY 2016	Budget 2016	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE:</b>				
Gross Revenue	1,287,293	1,287,968	(675)	-0.1%
Deductions	(927,954)	(937,179)	9,225	-1.0%
<b>Net Patient Revenue</b>	<b>359,338</b>	<b>350,789</b>	<b>8,549</b>	<b>2.4%</b>
Other Operating Revenue	12,576	10,564	2,012	19.0%
<b>Total Operating Revenue</b>	<b>371,915</b>	<b>361,353</b>	<b>10,561</b>	<b>2.9%</b>
<b>OPERATING EXPENSE:</b>				
Salaries & Wages	209,763	208,231	(1,532)	-0.7%
Supplies	54,230	52,725	(1,505)	-2.9%
Fees & Purchased Services	41,034	38,761	(2,273)	-5.9%
Other Operating Expense	46,330	37,699	(8,631)	-22.9%
<b>Total Operating Expense</b>	<b>351,357</b>	<b>337,416</b>	<b>(13,942)</b>	<b>-4.1%</b>
<b>Net Operating Income/(Loss)</b>	<b>20,557</b>	<b>23,938</b>	<b>(3,381)</b>	<b>-14.1%</b>
Non Operating Income	(32,971)	13,022	(45,993)	-353.2%
<b>Net Income(Loss)</b>	<b>(12,414)</b>	<b>36,959</b>	<b>(49,373)</b>	<b>-133.6%</b>
 <b>Collection Rate</b>	 27.9%	 27.2%	 0.7%	
<b>Operating Margin</b>	5.5%	6.6%	-1.1%	
<b>Net Margin</b>	-3.3%	10.2%	-13.6%	

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

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

Results from Operations vs. Budget  
7 months ending 1/31/2016

\$000s	FY 2016	Budget 2016	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE:</b>				
Gross Revenue	291,715	284,243	7,472	2.6%
Deductions	(209,248)	(202,301)	(6,947)	3.4%
<b>Net Patient Revenue</b>	<b>82,467</b>	<b>81,942</b>	<b>525</b>	<b>0.6%</b>
Other Operating Revenue	1,424	1,340	84	6.2%
<b>Total Operating Revenue</b>	<b>83,891</b>	<b>83,283</b>	<b>608</b>	<b>0.7%</b>
<b>OPERATING EXPENSE:</b>				
Salaries & Wages	42,327	42,476	149	0.4%
Supplies	12,461	12,062	(398)	-3.3%
Fees & Purchased Services	9,274	9,557	283	3.0%
Other Operating Expense	14,704	14,538	(166)	-1.1%
<b>Total Operating Expense</b>	<b>78,766</b>	<b>78,633</b>	<b>(133)</b>	<b>-0.2%</b>
<b>Net Operating Income/(Loss)</b>	<b>5,125</b>	<b>4,650</b>	<b>475</b>	<b>10.2%</b>
Non Operating Income	(26)	0	(26)	0.0%
<b>Net Income(Loss)</b>	<b>5,099</b>	<b>4,650</b>	<b>449</b>	<b>9.7%</b>
 <b>Collection Rate</b>	 28.3%	 28.8%	 -0.6%	
<b>Operating Margin</b>	6.1%	5.6%	0.5%	
<b>Net Margin</b>	6.1%	5.6%	0.5%	

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

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

## Balance Sheet (\$ Thousands)

### ASSETS

	Audited	
	January 31, 2016	June 30, 2015
<b>CURRENT ASSETS</b>		
Cash	55,151	55,224
Short Term Investments	92,465	145,027
Patient Accounts Receivable, net	116,286	95,737
Other Accounts and Notes Receivable	2,899	2,378
Intercompany Receivables	1,137	1,595
Inventories and Prepaids	49,004	44,055
<b>Total Current Assets</b>	<b>316,943</b>	<b>344,016</b>
<b>BOARD DESIGNATED ASSETS</b>		
Plant & Equipment Fund	113,920	117,965
Operational Reserve Fund	100,196	100,196
Community Benefit Fund	13,197	2,085
Workers Compensation Reserve Fund	26,072	24,719
Postretirement Health/Life Reserve Fund	18,165	17,197
PTO Liability Fund	22,459	22,212
Malpractice Reserve Fund	1,800	1,800
Catastrophic Reserves Fund	13,053	14,150
<b>Total Board Designated Assets</b>	<b>308,863</b>	<b>300,324</b>
<b>FUNDS HELD BY TRUSTEE</b>	<b>34,340</b>	<b>37,676</b>
<b>LONG TERM INVESTMENTS</b>	<b>197,057</b>	<b>207,290</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>30,868</b>	<b>31,808</b>
<b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,145,722	1,077,951
Less: Accumulated Depreciation	(482,466)	(473,920)
Construction in Progress	33,593	82,506
<b>Property, Plant &amp; Equipment - Net</b>	<b>696,848</b>	<b>686,537</b>
<b>DEFERRED OUTFLOWS</b>	<b>24,868</b>	<b>25,218</b>
<b>RESTRICTED ASSETS - CASH</b>	<b>0</b>	<b>5</b>
<b>TOTAL ASSETS</b>	<b>1,609,788</b>	<b>1,632,874</b>

### LIABILITIES AND FUND BALANCE

	Audited	
	January 31, 2016	June 30, 2015
<b>CURRENT LIABILITIES</b>		
Accounts Payable	24,520	30,142
Salaries and Related Liabilities	18,730	20,812
Accrued PTO	22,459	22,212
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	14,143	20,253
Intercompany Payables	80	108
Malpractice Reserves	1,800	1,800
Bonds Payable - Current	3,635	5,475
Bond Interest Payable	594	1,711
Other Liabilities	3,247	3,111
<b>Total Current Liabilities</b>	<b>91,508</b>	<b>107,925</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	18,165	17,197
Worker's Comp Reserve	23,772	22,419
Other L/T Obligation (Asbestos)	3,593	3,531
Other L/T Liabilities (IT/Medl Leases)	-	7,102
Bond Payable	227,259	222,446
<b>Total Long Term Liabilities</b>	<b>272,789</b>	<b>272,696</b>
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	936,628	951,924
Board Designated	308,863	300,324
Restricted	0	5
<b>Total Fund Bal &amp; Capital Accts</b>	<b>1,245,491</b>	<b>1,252,254</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>1,609,788</b>	<b>1,632,874</b>

<sup>(1)</sup> Hospital entity only, excludes controlled 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
<b>Facilities Projects CIP</b>					
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 Pavillion - 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 - Pheumatic 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 Pavillion 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
<b>Facilities Projects CIP cont.</b>					
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 Expansio	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
<b>Subtotal Facilities Projects CIP</b>	<b>4,674</b>	<b>9,553</b>	<b>9,294</b>	<b>13,753</b>	<b>38,940</b>
<b>Grand Total</b>	<b>17,368</b>	<b>35,357</b>	<b>27,598</b>	<b>51,723</b>	<b>56,940</b>
Forecast at Beginning of year		47,138	49,399	47,300	65,420