



El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2016 – Period 8
7/1/2015 to 2/29/2016

EL CAMINO HOSPITAL
(Excludes Affiliates)
EXECUTIVE FINANCIAL SUMMARY
Period Ending February 29, 2016

YTD STATEMENT OF REVENUE AND EXPENSES (\$000s)					BALANCE SHEET (\$000s)		
	Prior Year	Actual	Budget	Var F(U)		February 29, 2016	Jun 30, 2015
Gross Revenue	\$1,695,461	\$1,805,926	\$1,791,227	\$14,700	Cash and Investments	637,445	707,865
Deductions from Revenue	(1,223,232)	(1,306,320)	(1,299,985)	(6,335)	Non Cash Current Assets	158,776	143,766
Net Patient Revenue	472,230	499,606	491,242	8,364	Property, Plant & Equipment (Net)	721,938	686,537
Other Operating Revenue	13,434	16,073	13,589	2,484	Other Assets	87,755	94,707
Total Operating Revenue	485,664	515,679	504,830	10,848	Total Assets	1,605,915	1,632,874
Salaries & Wages	270,447	287,822	286,534	(1,288)	Current Liabilities	92,318	107,925
Supplies	71,845	75,754	73,888	(1,866)	Long-Term Liabilities	273,697	272,696
Fees & Purchased Services	49,485	57,572	55,346	(2,226)	Fund Balance/Capital Accounts	1,239,900	1,252,254
Other Operating Expense	24,860	34,236	25,671	(8,565)	Total Liabilities & Equity	1,605,915	1,632,874
Total Non Capital Operating Expense	416,636	455,385	441,439	(13,945)	KEY ECH STATISTICS - YTD		
OPERATING EBITDA	69,028	60,294	63,391	(3,097)	Balance Sheet	Actual	Target ⁽¹⁾
Interest, Depreciation & Amortization	34,673	35,406	33,739	(1,668)	Debt Service Coverage Ratio (MADS)	5.2	1.2
NET OPERATING SURPLUS	34,355	24,888	29,652	(4,765)	Debt to Capitalization	14.4%	29.0%
Non Operating Income	14,361	(37,083)	14,882	(51,965)	Days of Cash	339	262
TOTAL NET SURPLUS	48,716	(12,196)	44,534	(56,730)	Net AR Days	54.4	48.0
EBITDA Margin	14.2%	11.7%	12.6%	-0.9%	Volume	Prior Year	Actual
Operating Margin	7.1%	4.8%	5.9%	-1.0%	Acute Discharges	12,595	12,366
Total Margin	10.0%	-2.4%	8.8%	-11.2%	Acute Average Daily Census	244	240
					Licensed Beds	443	443
					Occupancy (%)	55%	54%
					Deliveries	3,422	3,214
					Emergency Department Visits	40,000	39,127
					Surgical Cases	7,214	7,075
					Productivity		
					Full Time Equivalent Employees	2,435	2,499
					Worked Hrs/Adjusted Patient Day	29.25	30.75

⁽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

⁽¹⁾ 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, OB services, and radiation oncology treatments/procedures.

Operating Margin:

Operating margin is \$1.5 million unfavorable for the month due to low volume and higher Medicare inpatient mix. Margin for the year is \$4.8 million unfavorable primarily due to EPIC related expenses in labor and training, pharmacy and surgical medical supply expenses and not achieving budget cost reduction targets in Other expenses.

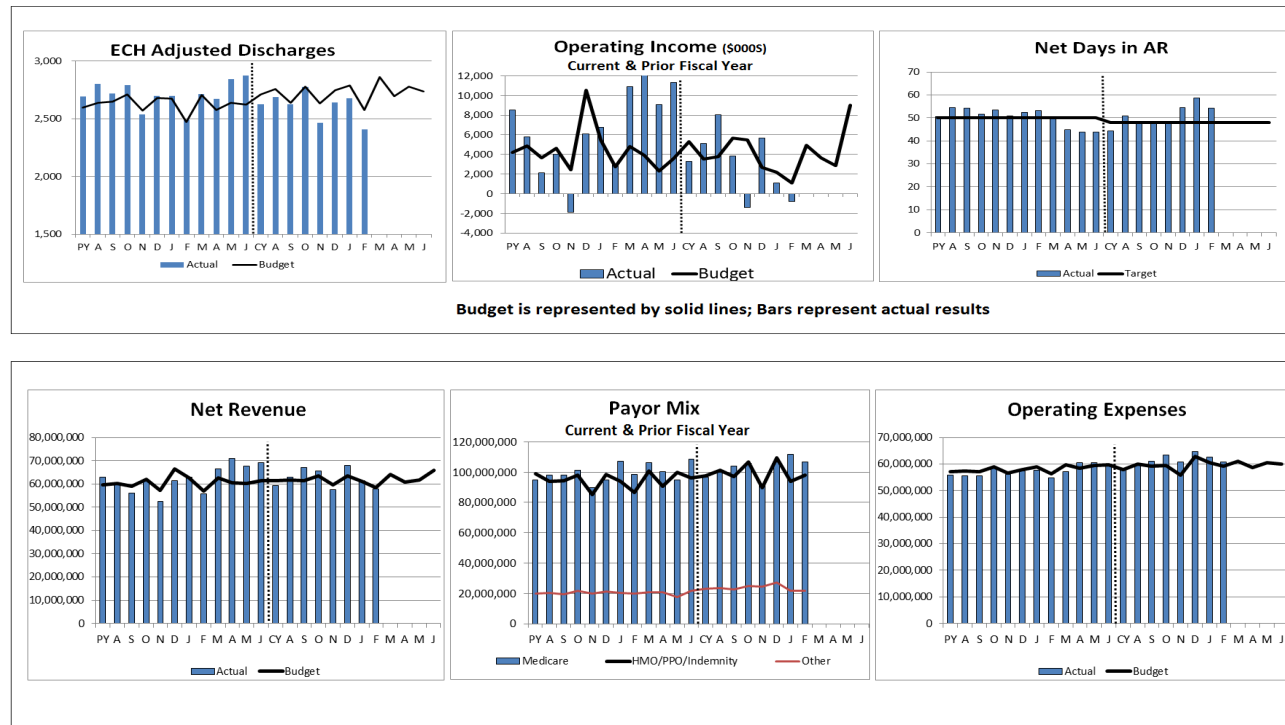
Non-Operating Margin:

Non operating income is \$52.0 million behind target primarily due to \$29.1 million in investment loss.

Our cash position remains strong allowing a long term investment strategy. Investment scorecard is included in the financial report on page 13.

Net Days in AR:

In February, receivables decreased \$8.9 million from January. Net days in A/R decreased to 54.4. The reduction in AR after only two months of increases after go live is outstanding performance



Other Operating Expense:

The \$8.6 million variance consists of \$3.2 EPIC go live variance and not achieving \$4.6 of budget cost reduction target.

Depreciation:

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
	Cost Reports Settlements	-\$49	-\$569	-\$616	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	IGT-Inter Government Transfer	\$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
	Total	-\$49	-\$569	-\$5,530	\$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
	Total	\$76	\$69	\$1,183	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

- No revenue/expense adjustments for February.

Summary of Financial Results

\$ in Thousands

	Period 8 - Month			Period 8 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	104	583	(479)	20,654	24,521	(3,866)
Los Gatos	(898)	482	(1,381)	4,233	5,132	(898)
Sub Total - El Camino Hospital, excl. Affiliates	(795)	1,065	(1,860)	24,888	29,652	(4,765)
Operating Margin %	-1.3%	1.8%		4.8%	5.9%	
El Camino Hospital Non Operating Income						
Investments	(2,460)	2,298	(4,758)	(29,142)	18,381	(47,523)
Swap Adjustments	(301)	0	(301)	(2,347)	0	(2,347)
Community Benefit	(923)	(233)	(690)	(2,490)	(1,866)	(624)
Other	(402)	(204)	(198)	(3,104)	(1,633)	(1,471)
Sub Total - Non Operating Income	(4,086)	1,860	(5,946)	(37,083)	14,882	(51,965)
El Camino Hospital Net Income (Loss)	(4,881)	2,925	(7,806)	(12,196)	44,534	(56,730)
ECH Net Margin %	-8.2%	4.9%		-2.4%	8.8%	
Concern	215	229	(14)	1,588	413	1,174
ECSC	(4)	0	(4)	13	0	13
Foundation	14	107	(93)	(320)	871	(1,190)
Silicon Valley Medical Development	(1)	0	(1)	(13)	0	(13)
Net Income Hospital Affiliates	224	336	(112)	1,268	1,284	(16)
Total Net Income Hospital & Affiliates	(4,656)	3,262	(7,918)	(10,927)	45,818	(56,745)

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

ECH Volume Statistics ⁽¹⁾

Discharges ⁽²⁾
Deliveries
ED Visits
Surgical Cases
Licensed Beds
ADC ⁽²⁾
Occupancy %

Month of Feb, 2016		
Act	Bud	Var
1,505	1,530	-1.6%
437	406	7.8%
4,416	4,943	-10.7%
813	865	-6.0%
443	443	0.0%
263	241	9.5%
59.5%	54.3%	9.5%

Discharges ⁽²⁾
Deliveries
ED Visits
Surgical Cases
Licensed Beds
ADC ⁽²⁾
Occupancy %

Month of Feb, 2016		
Act	Bud	Var%
1,247	1,251	-0.3%
389	350	11.0%
3,474	3,949	-12.0%
523	537	-2.6%
300	300	0.0%
218	197	10.7%
72.7%	65.7%	10.7%

Discharges ⁽²⁾
Deliveries
ED Visits
Surgical Cases
Licensed Beds
ADC ⁽²⁾
Occupancy %

Month of Feb, 2016		
Act	Bud	Var
258	279	-7.5%
48	55	-12.8%
942	994	-5.2%
290	328	-11.5%
143	143	0.0%
45	44	4.2%
31.7%	30.4%	4.2%

ECH COMBINED

Year to Date			Prior Year	
Act	Bud	Var	Act	Var%
12,366	12,749	-3.0%	12,595	-1.8%
3,214	3,453	-6.9%	3,422	-6.1%
39,127	40,257	-2.8%	40,000	-2.2%
7,075	7,356	-3.8%	7,214	-1.9%
443	443	0.0%	443	0.0%
240	243	-1.2%	244	-1.4%
54.2%	54.9%	-1.2%	55.0%	-1.4%

MOUNTAIN VIEW

Year to Date			Prior Year	
Act	Bud	Var%	Act	Var%
10,164	10,430	-2.6%	10,313	-1.4%
2,789	2,984	-6.5%	2,960	-5.8%
31,012	32,164	-3.6%	31,990	-3.1%
4,366	4,568	-4.4%	4,421	-1.2%
300	300	0.0%	300	0.0%
197	198	-0.6%	199	-0.7%
65.7%	66.1%	-0.6%	66.2%	-0.7%

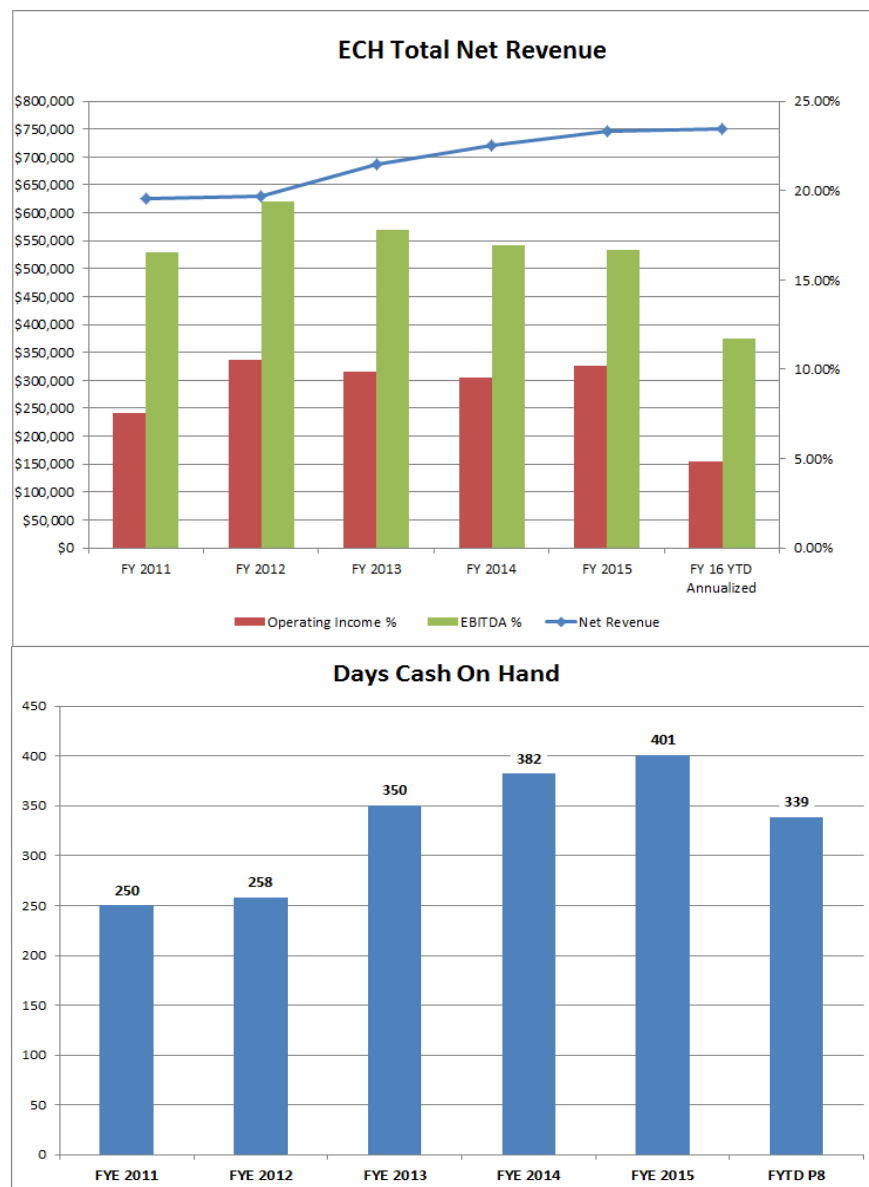
LOS GATOS

Year to Date			Prior Year	
Act	Bud	Var	Act	Var%
2,202	2,319	-5.0%	2,282	-3.5%
425	469	-9.3%	462	-8.0%
8,115	8,093	0.3%	8,010	1.3%
2,709	2,788	-2.8%	2,793	-3.0%
143	143	0.0%	143	0.0%
43	45	-3.8%	45	-4.5%
30.1%	31.3%	-3.8%	31.5%	-4.5%

⁽¹⁾ Hospital entity only, excludes controlled affiliates

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

El Camino Hospital Financial Metrics Trend ⁽¹⁾



Revenue growth is slowing down and margin has declined due to pharmacy, surgical, and EPIC related expenses.

Cash position remains strong despite \$29.1 million investment loss

⁽¹⁾ Hospital entity only, excludes controlled affiliates

Key Hospital Indicators⁽¹⁾

Statistic	FYE 2013	FYE 2014	FYE 2015	FYTD 2016	Annual Target (2)	+/-
Operating Margin	9.9%	9.5%	10.2%	4.8%	6.5%	
EBITDA Margin	17.8%	16.9%	16.7%	11.7%	13.3%	
Days of Cash	350	382	401	339	262	
Debt Service Coverage Ratio (MADS)	7.9	9.5	8.9	5.2	4.8	
Debt to Capitalization	14.0%	12.6%	13.6%	14.4%	29.4%	
Net AR Days	48.3	50.9	43.6	54.4	48.0	
In Patient Operating Margin	-1.1%	-3.2%	-4.5%	-8.7%	-1.0%	
Out Patient Operating Margin	25.9%	25.2%	28.1%	26.6%	25.0%	

⁽¹⁾ Hospital Only - Excludes Affiliates

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

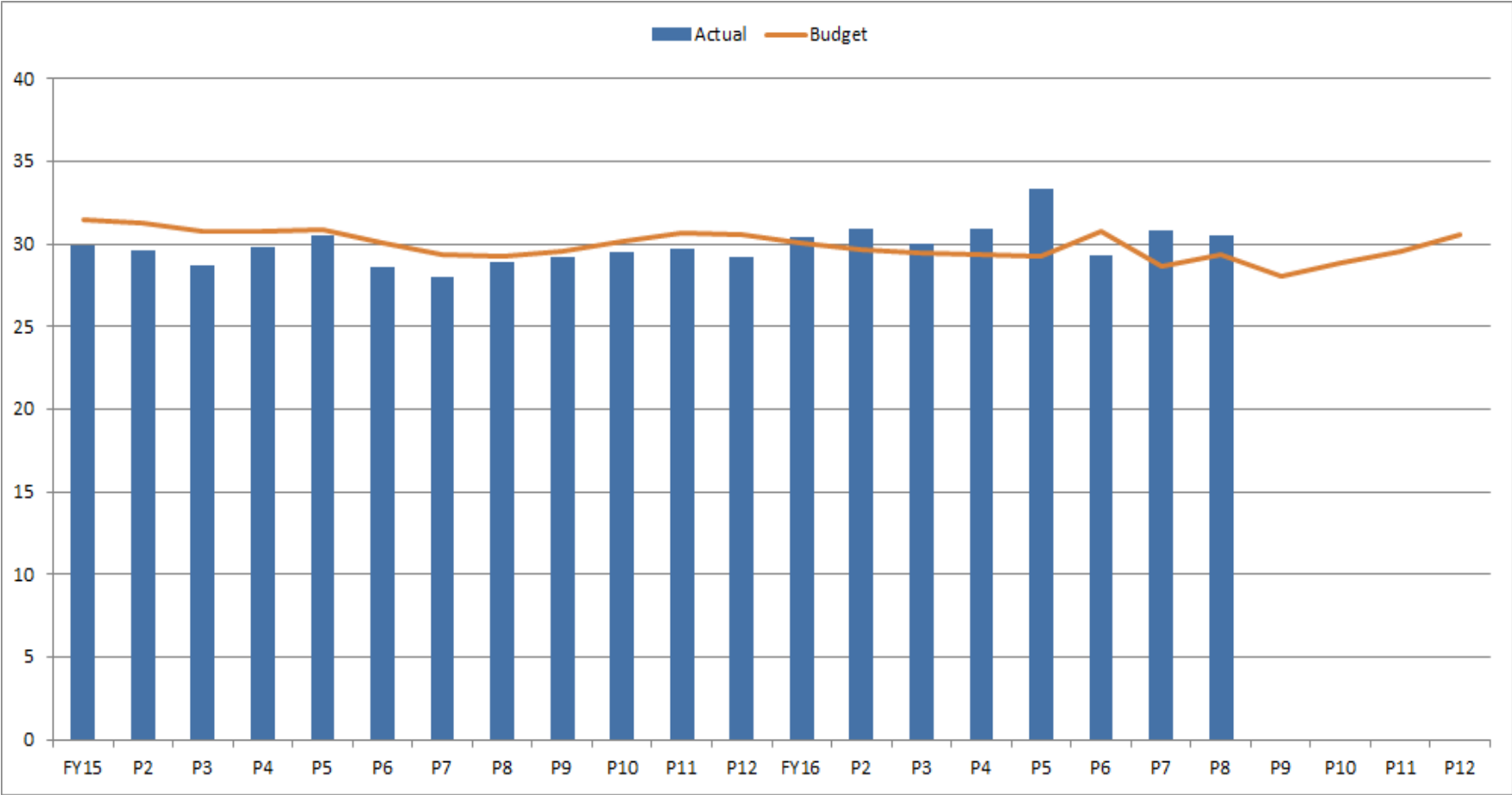
⁽³⁾ Target source: Annual Budget for Operating Margin and EBITDA Margin

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

*Prior Year numbers represent full year

⁽¹⁾ Hospital entity only, excludes controlled affiliates

Worked Hours per Adjusted Patient Day



Productivity has improved after EPIC go live but remains unfavorable compared to budget .

Tracking Smart Growth

COMBINED CAMPUS					Result Away from Goal
	FY15 Year to Date	FY16 Year to Date	Change	Annual Goal	
Inpatient Discharges	12,595	12,366	(229)	300	(529)
Surgical Outpatient Cases (incl Litho)	4,244	4,068	(176)	290	(466)
Endo Outpatient procedures	1,927	1,596	(331)	0	(331)
Outpatient Interventional Cases	1,224	1,260	36	10	26
Total Case Volume	19,990	19,290	(700)	600	(1,300)
NEW Physician Total		212	212		
Pre-existing Physician Total	19,990	19,078	(912)		
# New Physicians*		5		15	

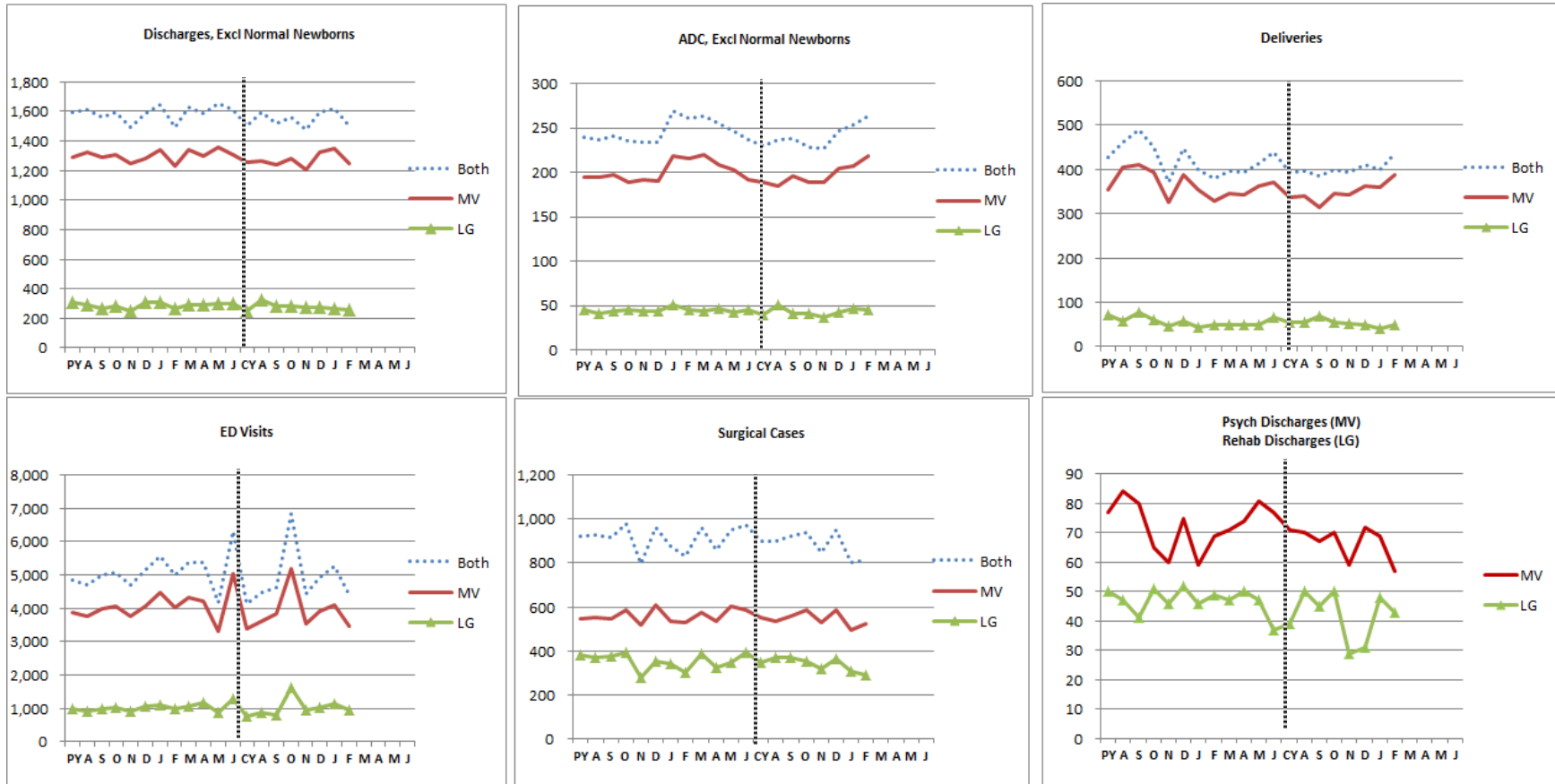
* New Physicians: MDs with 20% or more inpatient or procedural (above definition) cases (at least 10) and/or New PCP (OB, Internal Med, Fam Prac)

Mountain View Campus			
	FY15 Year to Date	FY16 Year to Date	Change
Inpatient Discharges	10,313	10,164	(149)
Surgical Outpatient Cases (incl Litho)	2,215	2,164	(51)
Endo Outpatient procedures	1,777	1,516	(261)
Outpatient Interventional Cases	1,211	1,250	39
Total Case Volume	15,516	15,094	(422)

Los Gatos Campus			
	FY15 Year to Date	FY16 Year to Date	Change
Inpatient Discharges	2,282	2,202	(80)
Surgical Outpatient Cases (incl Litho)	2,029	1,904	(125)
Endo Outpatient procedures	150	80	(70)
Outpatient Interventional Cases	13	10	(3)
Total Case Volume	4,474	4,196	(278)

(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	Total Spent YTD	Spent from Inception	FY 16 Proj Spend**	FY 16 YTD Spent	FY 16 Remaining
CIP	EPIC Installation			73.8	18.7	54.8	35.9	18.7	17.2
	IT Hardware, Software, Equipment*			6.9	5.9		6.9	5.9	1.0
	Medical & Non Medical Equipment			12.6	8.2		12.6	8.2	4.4
	Facility Projects								
	0908 NPCR3 Seismic Upgrades	FY12	6.7	6.7	0.2	5.0	0.2	0.2	0.0
	0907 LG Imaging Masterplan	FY12	0.0	3.1	0.0	2.8	0.0	0.0	0.0
	0906 Slot Build-Out	FY13	0.0	19.0	1.2	18.7	1.2	1.2	0.0
	1307 LG Upgrades	FY13	15.5	13.0	2.5	9.4	9.5	2.5	7.0
	1219 LG Spine OR	FY13	4.1	4.1	0.3	0.9	4.1	0.3	3.8
	1400 Oak Pavilion Cancer Ctr TI	FY14	0.0	5.9	0.4	5.8	0.4	0.4	0.0
	1414 Integrated MOB	FY15	232.0	28.0	5.6	8.3	13.7	5.6	8.1
	1413 North Drive Parking Expansion	FY15	15.0	3.0	1.0	1.3	2.2	1.0	1.2
	1245 Behavioral Health Bldg	FY16	62.5	9.0	1.3	6.7	4.5	1.3	3.2
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	6.8	0.0	0.0	0.0	1.6	0.0	1.6
	1313/1224 LG Rehab HVAC System & Structural	FY16	3.7	3.7	0.8	0.8	3.4	0.8	2.6
	1502 Cabling & Wireless Upgrades	FY16	2.5	2.8	1.1	1.1	2.2	1.1	1.1
	1425 IMOB Preparation Project - Old Main	FY16	2.3	0.5	0.0	0.0	1.0	0.0	1.0
	1430 Women's Hospital Expansion	FY16	91.0	0.0	0.0	0.0	1.5	0.0	1.5
	1422 CUP Upgrade	FY16	4.0	1.5	0.6	0.7	2.9	0.6	2.3
	1503 Willow Pavilion Tomosynthesis	FY16	0.3	1.3	0.0	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	0.0
	1347 LG Central Sterile Upgrades	FY15	3.7	0.2	0.0	0.2	1.2	0.0	1.2
	1508 LG NICU 4 Bed Expansion	FY16	7.0	0.0	0.0	0.0	0.5	0.0	0.5
	1520 Facilities Planning Allowance	FY16	1.0	0.0	0.0	0.0	1.0	0.0	1.0
	Land Acquisition Approved in 12/15	FY16	24.1	24.1	24.1	24.1	24.1	24.1	0.0
	All Other Projects under \$1M		9.5	6.0	1.0	2.8	7.5	1.0	6.5
			492.9	131.9	40.3	88.6	83.1	40.3	42.8
GRAND TOTAL				225.2	73.2		138.5	73.2	65.3
	Forecast at start of fiscal year						125.8		

* Excluding EPIC

** Updated quarterly

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

Investment Scorecard

As of December 31, 2015

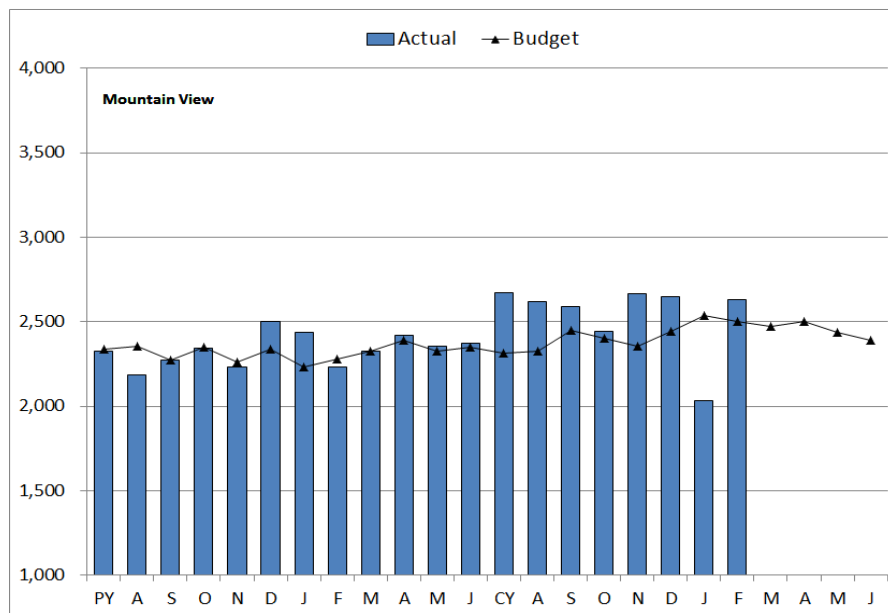
Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY16 Year-end Budget	Expectation Per Asset Allocation
Investment Performance		4Q 2015		Fiscal Year-to-date		Since Inception (annualized)		Mar 2014/2012	
Surplus cash balance & op. cash (millions)		\$735.8	--	--	--	--	--	\$699.8	--
Surplus cash return		1.9%	2.1%	-2.1%	-1.8%	4.4%	4.3%	4.0%	5.0%
Cash balance plan balance (millions)		\$216.5	--	--	--	--	--	\$224.2	--
Cash balance plan return		3.1%	2.7%	-1.8%	-2.0%	7.6%	6.6%	6.0%	6.7%
403(b) plan balance (millions)		\$314.8	--	--	--	--	--	--	--
Risk vs. Return		3-year				Since Inception (annualized)		Mar 2014/2012	
Surplus cash Sharpe ratio		1.00	0.98	--	--	1.06	1.03	--	0.66
Net of fee return		4.2%	4.2%	--	--	4.4%	4.3%	--	5.0%
Standard deviation		4.2%	4.2%	--	--	4.1%	4.1%	--	7.2%
Cash balance Sharpe ratio		1.21	1.11	--	--	1.29	1.17	--	0.54
Net of fee return		7.3%	6.4%	--	--	7.6%	6.6%	--	6.7%
Standard deviation		5.9%	5.7%	--	--	5.8%	5.6%	--	10.6%
Asset Allocation		4Q 2015							
Surplus cash absolute variances to target		5.4%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		5.4%	< 10%	--	--	--	--	--	--
Manager Compliance		4Q 2015							
Surplus cash manager flags		14	< 18	--	--	--	--	--	--
Cash balance plan manager flags		15	< 18	--	--	--	--	--	--

APPENDIX

Supply Cost per CMI Adjusted Discharges⁽¹⁾

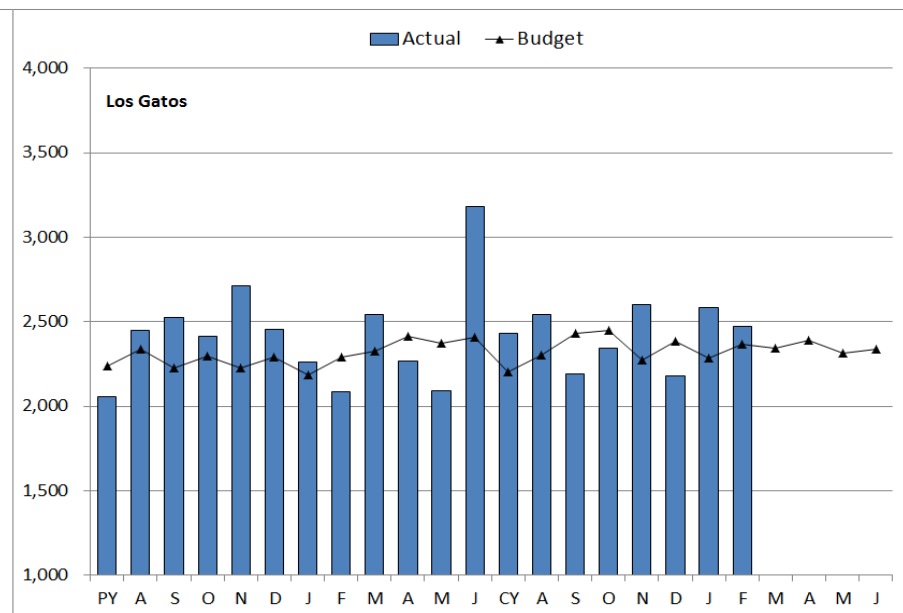
YTD: 5.0% over budget

Mountain View



YTD: 3.4% over budget

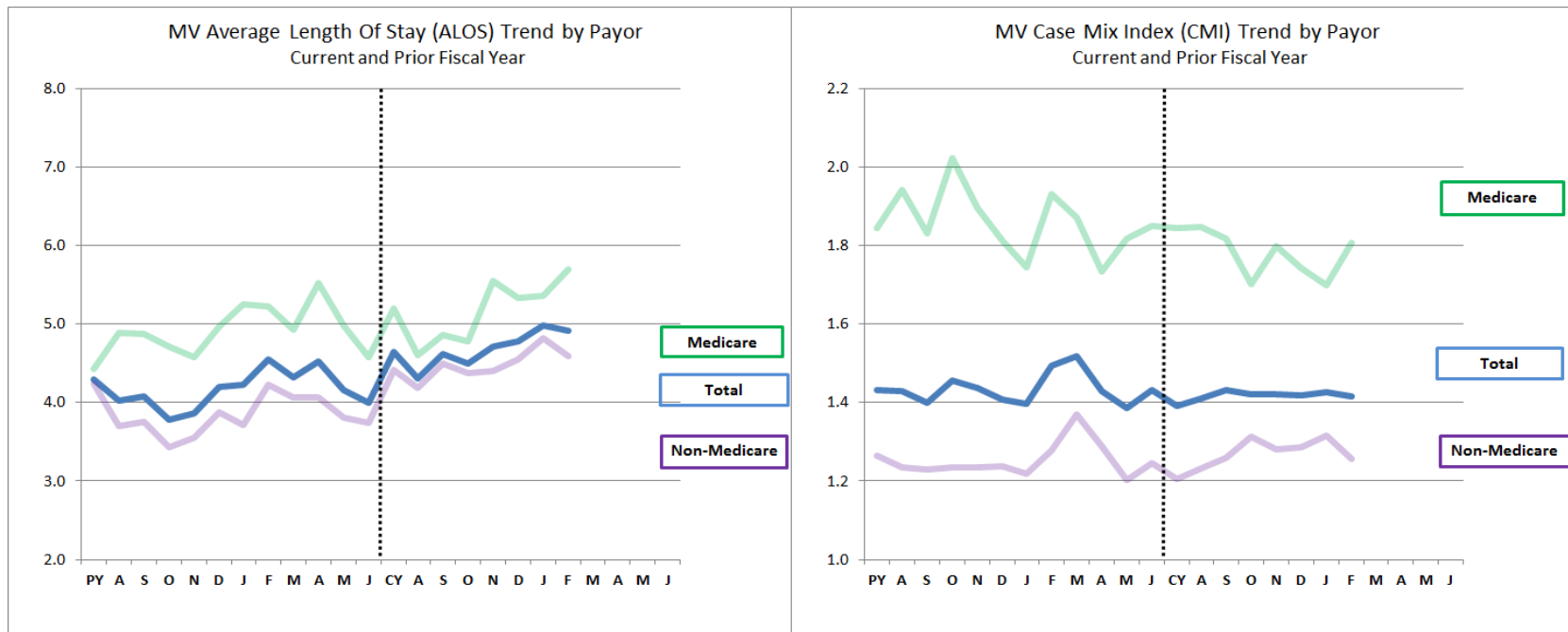
Los Gatos



Continued high cost in February related to cardiac rhythm management and general surgery supplies.

⁽¹⁾ Hospital entity only, excludes controlled affiliates

Mountain View LOS & CMI Trend⁽¹⁾



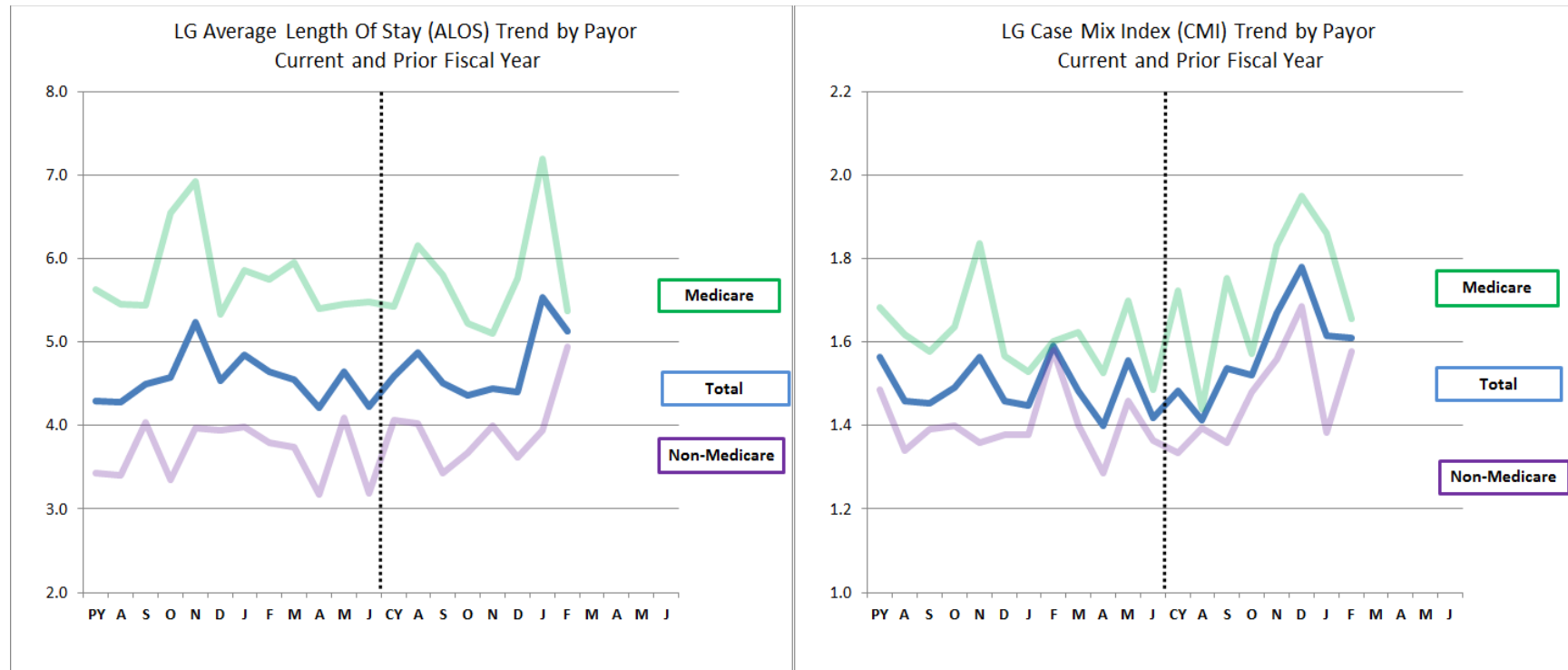
- Medicare: Due to DRG reimbursement, financial results usually improve with decreased LOS and increased CMI
- Non-Medicare: Reimbursement varies; financial results usually improve when both LOS & CMI increase

Length of stay has a slight downward trend while CMI remains relatively flat .

(1) Hospital entity only, excludes controlled affiliates

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

Los Gatos LOS & CMI Trend⁽¹⁾



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

The Los Gatos Medicare caseload shows a sharp decrease in length of stay and decreasing case complexity. The non-Medicare caseload shows an upward trend in length of stay. The small campus is impacted by relatively slight shifts in surgical volume.

⁽¹⁾ Hospital entity only, excludes controlled affiliates

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

El Camino Hospital (\$000s) ⁽¹⁾

8 months ending 2/29/2016

PERIOD 8 FY 2015	PERIOD 8 FY 2016	PERIOD 8 Budget 2016	Variance Fav (Unfav)	Var%		YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
					\$000s					
					OPERATING REVENUE					
205,136	226,918	219,015	7,903	3.6%	Gross Revenue	1,695,461	1,805,926	1,791,227	14,700	0.8%
(149,457)	(169,118)	(160,505)	(8,613)	5.4%	Deductions	(1,223,232)	(1,306,320)	(1,299,985)	(6,335)	0.5%
55,679	57,800	58,510	(710)	-1.2%	Net Patient Revenue	472,230	499,606	491,242	8,364	1.7%
1,950	2,073	1,684	389	23.1%	Other Operating Revenue	13,434	16,073	13,589	2,484	18.3%
57,629	59,873	60,194	(321)	-0.5%	Total Operating Revenue	485,664	515,679	504,830	10,848	2.1%
					OPERATING EXPENSE					
32,985	35,733	35,828	95	0.3%	Salaries & Wages	270,447	287,822	286,534	(1,288)	-0.4%
8,295	9,063	9,101	38	0.4%	Supplies	71,845	75,754	73,888	(1,866)	-2.5%
6,088	7,264	7,028	(236)	-3.4%	Fees & Purchased Services	49,485	57,572	55,346	(2,226)	-4.0%
7,316	8,608	7,172	(1,435)	-20.0%	Other Operating Expense	59,533	69,642	59,409	(10,233)	-17.2%
54,684	60,668	59,129	(1,539)	-2.6%	Total Operating Expense	451,309	490,791	475,178	(15,613)	-3.3%
2,945	(795)	1,065	(1,860)	-174.6%	Net Operating Income/(Loss)	34,355	24,888	29,652	(4,765)	-16.1%
14,387	(4,086)	1,860	(5,946)	-319.7%	Non Operating Income	14,361	(37,083)	14,882	(51,965)	-349.2%
17,332	(4,881)	2,925	(7,806)	-266.8%	Net Income(Loss)	48,716	(12,196)	44,534	(56,730)	-127.4%
12.5%	6.8%	9.5%	-2.7%		EBITDA	14.2%	11.7%	12.6%	-0.9%	
5.1%	-1.3%	1.8%	-3.1%		Operating Margin	7.1%	4.8%	5.9%	-1.0%	
30.1%	-8.2%	4.9%	-13.0%		Net Margin	10.0%	-2.4%	8.8%	-11.2%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

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

8 months ending 2/29/2016

PERIOD 8 FY 2015	PERIOD 8 FY 2016	PERIOD 8 Budget 2016	Variance Fav (Unfav)	Var%		YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
					\$000s					
					OPERATING REVENUE					
169,572	187,826	179,942	7,884	4.4%	Gross Revenue	1,386,038	1,475,112	1,467,910	7,202	0.5%
(123,459)	(139,774)	(132,613)	(7,161)	5.4%	Deductions	(1,004,987)	(1,067,728)	(1,069,792)	2,064	-0.2%
46,113	48,052	47,328	724	1.5%	Net Patient Revenue	381,051	407,384	398,117	9,266	2.3%
1,724	1,885	1,493	392	26.3%	Other Operating Revenue	11,903	14,461	12,058	2,404	19.9%
47,837	49,937	48,821	1,116	2.3%	Total Operating Revenue	392,954	421,845	410,175	11,670	2.8%
					OPERATING EXPENSE					
27,546	29,867	30,024	157	0.5%	Salaries & Wages	224,483	239,630	238,255	(1,375)	-0.6%
6,825	7,431	7,434	2	0.0%	Supplies	58,211	61,662	60,159	(1,503)	-2.5%
4,871	5,900	5,680	(221)	-3.9%	Fees & Purchased Services	39,438	46,934	44,440	(2,494)	-5.6%
5,608	6,635	5,101	(1,533)	-30.1%	Other Operating Expense	46,071	52,965	42,800	(10,165)	-23.7%
44,851	49,834	48,239	(1,595)	-3.3%	Total Operating Expense	368,204	401,191	385,654	(15,537)	-4.0%
2,986	104	583	(479)	-82.2%	Net Operating Income/(Loss)	24,750	20,654	24,521	(3,866)	-15.8%
14,387	(4,086)	1,860	(5,946)	-319.7%	Non Operating Income	14,361	(37,057)	14,882	(51,939)	-349.0%
17,373	(3,983)	2,443	(6,425)	-263.0%	Net Income(Loss)	39,111	(16,403)	39,402	(55,805)	-141.6%
12.3%	6.4%	7.0%	-0.6%		EBITDA	12.3%	10.0%	10.8%	-0.8%	
6.2%	0.2%	1.2%	-1.0%		Operating Margin	6.3%	4.9%	6.0%	-1.1%	
36.3%	-8.0%	5.0%	-13.0%		Net Margin	10.0%	-3.9%	9.6%	-13.5%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

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

Results from Operations vs. Prior Year

8 months ending 2/29/2016

PERIOD 8 FY 2015	PERIOD 8 FY 2016	PERIOD 8 Budget 2016	Variance Fav (Unfav)	Var%		YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
					\$000s					
					OPERATING REVENUE					
35,564	39,093	39,074	19	0.0%	Gross Revenue	309,423	330,814	323,317	7,498	2.3%
(25,998)	(29,344)	(27,892)	(1,453)	5.2%	Deductions	(218,245)	(238,592)	(230,192)	(8,400)	3.6%
9,566	9,748	11,182	(1,434)	-12.8%	Net Patient Revenue	91,179	92,222	93,124	(902)	-1.0%
226	188	191	(3)	-1.6%	Other Operating Revenue	1,531	1,611	1,531	80	5.3%
9,792	9,936	11,373	(1,437)	-12.6%	Total Operating Revenue	92,710	93,834	94,655	(822)	-0.9%
					OPERATING EXPENSE					
5,439	5,866	5,804	(62)	-1.1%	Salaries & Wages	45,964	48,192	48,279	87	0.2%
1,470	1,632	1,667	35	2.1%	Supplies	13,633	14,093	13,730	(363)	-2.6%
1,217	1,364	1,348	(15)	-1.1%	Fees & Purchased Services	10,046	10,638	10,906	268	2.5%
1,708	1,973	2,071	98	4.7%	Other Operating Expense	13,461	16,677	16,609	(68)	-0.4%
9,833	10,834	10,890	56	0.5%	Total Operating Expense	83,105	89,600	89,523	(77)	-0.1%
(41)	(898)	482	(1,381)	-286.2%	Net Operating Income/(Loss)	9,605	4,233	5,132	(898)	-17.5%
0	0	0	0	0.0%	Non Operating Income	0	(26)	0	(26)	0.0%
(41)	(898)	482	(1,381)	-286.2%	Net Income(Loss)	9,605	4,207	5,132	(925)	-18.0%
13.6%	8.8%	20.2%	-11.4%		EBITDA	22.2%	19.4%	20.2%	-0.8%	
-0.4%	-9.0%	4.2%	-13.3%		Operating Margin	10.4%	4.5%	5.4%	-0.9%	
-0.4%	-9.0%	4.2%	-13.3%		Net Margin	10.4%	4.5%	5.4%	-0.9%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital⁽¹⁾

Balance Sheet (\$ Thousands)

ASSETS

	February 29, 2016	Audited June 30, 2015
CURRENT ASSETS		
Cash	42,148	55,224
Short Term Investments	92,306	145,027
Patient Accounts Receivable, net	107,429	95,737
Other Accounts and Notes Receivable	3,268	2,378
Intercompany Receivables	1,210	1,595
Inventories and Prepaids	46,870	44,055
Total Current Assets	293,230	344,016
BOARD DESIGNATED ASSETS		
Plant & Equipment Fund	112,972	117,965
Operational Reserve Fund	100,196	100,196
Community Benefit Fund	12,348	2,085
Workers Compensation Reserve Fund	26,531	24,719
Postretirement Health/Life Reserve Fund	18,304	17,197
PTO Liability Fund	22,903	22,212
Malpractice Reserve Fund	1,800	1,800
Catastrophic Reserves Fund	12,949	14,150
Total Board Designated Assets	308,004	300,324
FUNDS HELD BY TRUSTEE	32,653	37,676
LONG TERM INVESTMENTS	194,987	207,290
INVESTMENTS IN AFFILIATES	30,282	31,808
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,170,979	1,077,951
Less: Accumulated Depreciation	(486,683)	(473,920)
Construction in Progress	37,643	82,506
Property, Plant & Equipment - Net	721,938	686,537
DEFERRED OUTFLOWS	24,818	25,218
RESTRICTED ASSETS - CASH	3	5
TOTAL ASSETS	1,605,915	1,632,874

LIABILITIES AND FUND BALANCE

	February 29, 2016	Audited June 30, 2015
CURRENT LIABILITIES		
Accounts Payable	22,508	30,142
Salaries and Related Liabilities	20,558	20,812
Accrued PTO	22,903	22,212
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	14,149	20,253
Intercompany Payables	74	108
Malpractice Reserves	1,800	1,800
Bonds Payable - Current	3,635	5,475
Bond Interest Payable	1,077	1,711
Other Liabilities	3,313	3,111
Total Current Liabilities	92,318	107,925
LONG TERM LIABILITIES		
Post Retirement Benefits	18,304	17,197
Worker's Comp Reserve	24,231	22,419
Other L/T Obligation (Asbestos)	3,602	3,531
Other L/T Liabilities (IT/Medl Leases)	-	7,102
Bond Payable	227,560	222,446
Total Long Term Liabilities	273,697	272,696
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	931,893	951,924
Board Designated	308,004	300,324
Restricted	3	5
Total Fund Bal & Capital Accts	1,239,900	1,252,254
TOTAL LIABILITIES AND FUND BALANCE	1,605,915	1,632,874

⁽¹⁾ 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

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 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
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 Expansion	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