



El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2016 – Period 9
7/1/2015 to 3/31/2016

EL CAMINO HOSPITAL
(Excludes Affiliates)
EXECUTIVE FINANCIAL SUMMARY
Period Ending March 31, 2016

YTD STATEMENT OF REVENUE AND EXPENSES (\$000s)					BALANCE SHEET (\$000s)			
	Prior Year	Actual	Budget	Var F(U)		March 31, 2016	Jun 30, 2015	
Gross Revenue	\$1,923,430	\$2,049,455	\$2,031,255	\$18,200	Cash and Investments	653,496	707,865	
Deductions from Revenue	(1,384,665)	(1,482,529)	(1,475,788)	(6,740)	Non Cash Current Assets	156,760	143,766	
Net Patient Revenue	538,765	566,926	555,466	11,460	Property, Plant & Equipment (Net)	722,625	686,537	
Other Operating Revenue	15,080	18,471	15,277	3,194	Other Assets	87,626	94,707	
Total Operating Revenue	553,845	585,397	570,743	14,654	Total Assets	1,620,506	1,632,874	
Salaries & Wages	305,035	322,603	323,132	529	Current Liabilities	87,616	107,925	
Supplies	81,550	87,126	83,877	(3,249)	Long-Term Liabilities	270,832	272,696	
Fees & Purchased Services	55,801	66,310	62,477	(3,833)	Fund Balance/Capital Accounts	1,262,058	1,252,254	
Other Operating Expense	27,237	37,732	28,324	(9,408)	Total Liabilities & Equity	1,620,506	1,632,874	
Total Non Capital Operating Expense	469,622	513,770	497,810	(15,960)	KEY ECH STATISTICS - YTD			
OPERATING EBITDA	84,223	71,627	72,933	(1,306)	Balance Sheet	Actual	Target ⁽¹⁾	
					Debt Service Coverage Ratio (MADS)	5.8	1.2	
					Debt to Capitalization	14.3%	29.0%	
Interest, Depreciation & Amortization	38,941	40,230	38,335	(1,896)	Days of Cash	347	262	
					Net AR Days	55.1	48.0	
NET OPERATING SURPLUS	45,282	31,396	34,598	(3,202)	Volume	Prior Year	Actual	Budget
Non Operating Income	15,591	(21,431)	16,742	(38,173)	Acute Discharges	14,226	13,980	14,439
					Acute Average Daily Census	246	241	245
					Licensed Beds	443	443	443
TOTAL NET SURPLUS	60,873	9,965	51,340	(41,375)	Occupancy (%)	56%	54%	55%
					Deliveries	3,817	3,547	3,897
					Emergency Department Visits	45,387	44,114	45,605
EBITDA Margin	15.2%	12.2%	12.8%	-0.5%	Surgical Cases	8,178	8,018	8,322
Operating Margin	8.2%	5.4%	6.1%	-0.7%	Productivity			
Total Margin	11.0%	1.7%	9.0%	-7.3%	Full Time Equivalent Employees	2,441	2,506	2,450
					Worked Hrs/Adjusted Patient Day	29.25	30.81	29.41

⁽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:

In March, inpatient volume bounced back in Deliveries, General Medicine and General surgery service lines. For the year, IP volume remains 1.7% lower than prior year.

Operating Margin:

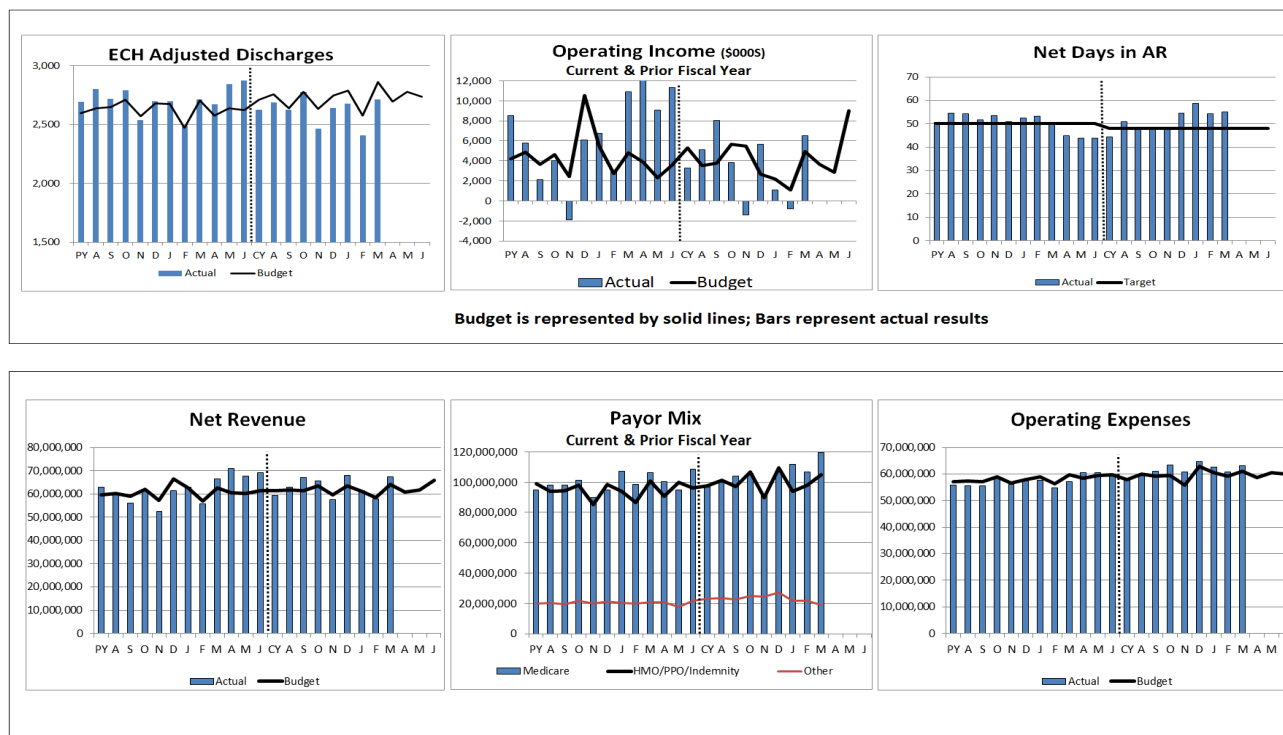
Operating margin is \$1.6 million favorable for the month primarily due to \$3.0M credit for workers compensation. Margin for the year is \$3.2 million unfavorable primarily due to EPIC related expenses in labor and training, pharmacy and surgical medical supply expenses and not achieving budget cost reduction targets in other expenses.

Non-Operating Margin:

Non operating income is \$38.2 million behind target YTD primarily due to \$12.8 million in YTD investment loss. In March we recovered \$16.3 million in investment gain. Our cash position remains strong allowing a long term investment strategy. Investment scorecard is included in the financial report on page 15.

Net Days in AR:

Receivables were flat in March



Other Operating Expense:

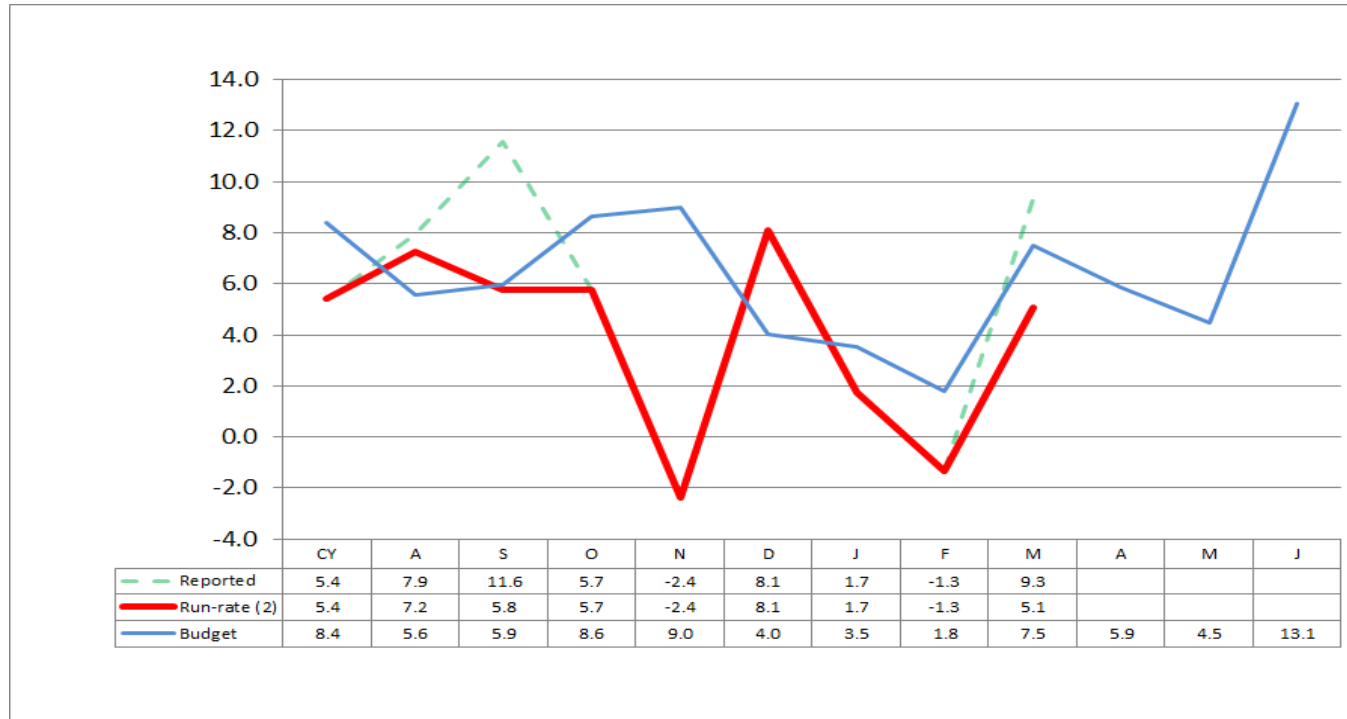
The \$8.6 million variance consists of \$3.2 million of EPIC go live expense variances and not achieving \$5.3 million of budget cost reduction target.

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	\$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
	Actuarial Exp for Workers Comp	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,979	\$0	\$0	\$0
	Total	\$76	\$69	\$1,183	\$0	\$0	\$0	\$0	\$0	\$2,979	\$0	\$0	\$0

- Revenue/expense adjustments for March include \$3M credit to workers compensation reserve expenses.

Summary of Financial Results

\$ in Thousands

	Period 9 - Month			Period 9 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	5,837	3,721	2,116	26,491	28,242	(1,751)
Los Gatos	671	1,224	(553)	4,905	6,356	(1,451)
Sub Total - El Camino Hospital, excl. Affiliates	6,508	4,946	1,563	31,396	34,598	(3,202)
Operating Margin %	9.3%	7.5%		5.4%	6.1%	
El Camino Hospital Non Operating Income						
Investments	16,339	2,298	14,041	(12,803)	20,679	(33,481)
Swap Adjustments	32	0	32	(2,315)	0	(2,315)
Community Benefit	(50)	(233)	183	(2,540)	(2,099)	(441)
Other	(669)	(204)	(464)	(3,773)	(1,837)	(1,936)
Sub Total - Non Operating Income	15,652	1,860	13,792	(21,431)	16,742	(38,173)
El Camino Hospital Net Income (Loss)	22,161	6,806	15,355	9,965	51,340	(41,375)
ECH Net Margin %	31.8%	10.3%		1.7%	9.0%	
Concern	(123)	219	(342)	1,465	633	832
ECSC	(327)	0	(327)	(314)	0	(314)
Foundation	690	141	549	371	1,012	(641)
Silicon Valley Medical Development	(23)	0	(23)	(36)	0	(36)
Net Income Hospital Affiliates	217	361	(144)	1,486	1,645	(159)
Total Net Income Hospital & Affiliates	22,378	7,167	15,211	11,451	52,985	(41,534)

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 Mar, 2016		
Act	Bud	Var
1,614	1,690	-4.5%
333	444	-25.1%
4,987	5,349	-6.8%
943	965	-2.3%
443	443	0.0%
248	261	-5.2%
55.9%	59.0%	-5.2%

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

Month of Mar, 2016		
Act	Bud	Var%
1,354	1,381	-2.0%
274	384	-28.7%
3,967	4,274	-7.2%
591	600	-1.4%
300	300	0.0%
209	214	-2.3%
69.6%	71.2%	-2.3%

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

Month of Mar, 2016		
Act	Bud	Var
260	309	-15.9%
59	60	-2.2%
1,020	1,075	-5.1%
352	366	-3.8%
143	143	0.0%
39	48	-18.5%
27.2%	33.3%	-18.5%

ECH COMBINED

Year to Date			Prior Year	
Act	Bud	Var	Act	Var%
13,980	14,439	-3.2%	14,226	-1.7%
3,547	3,897	-9.0%	3,817	-7.1%
44,114	45,605	-3.3%	45,387	-2.8%
8,018	8,322	-3.6%	8,178	-2.0%
443	443	0.0%	443	0.0%
241	245	-1.6%	246	-2.0%
54.4%	55.3%	-1.6%	55.5%	-2.0%

MOUNTAIN VIEW

Year to Date			Prior Year	
Act	Bud	Var%	Act	Var%
11,518	11,811	-2.5%	11,652	-1.2%
3,063	3,368	-9.1%	3,305	-7.3%
34,979	36,438	-4.0%	36,307	-3.7%
4,957	5,168	-4.1%	4,996	-0.8%
300	300	0.0%	300	0.0%
198	200	-0.7%	201	-1.3%
66.1%	66.6%	-0.7%	67.0%	-1.3%

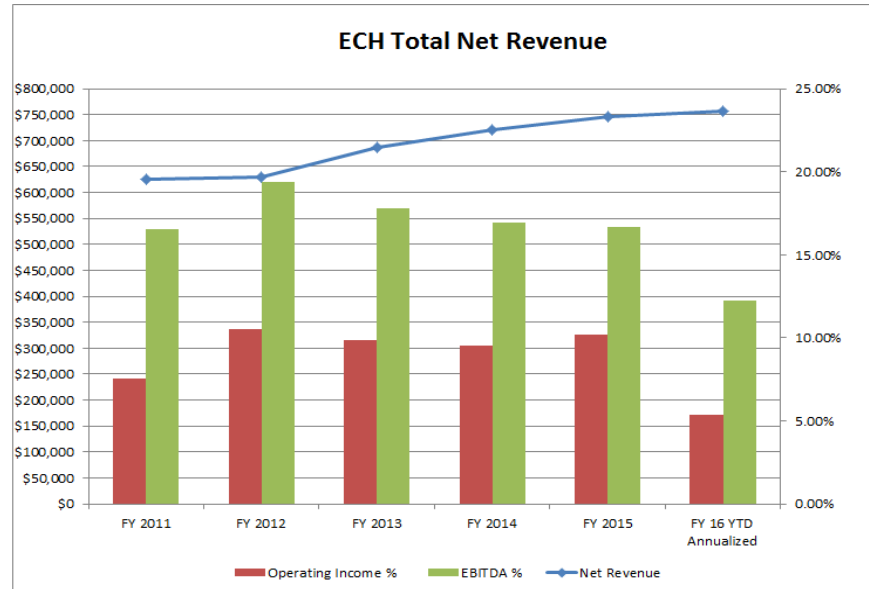
LOS GATOS

Year to Date			Prior Year	
Act	Bud	Var	Act	Var%
2,462	2,628	-6.3%	2,574	-4.4%
484	529	-8.5%	512	-5.5%
9,135	9,168	-0.4%	9,080	0.6%
3,061	3,154	-2.9%	3,182	-3.8%
143	143	0.0%	143	0.0%
43	45	-5.5%	45	-5.4%
29.8%	31.5%	-5.5%	31.5%	-5.4%

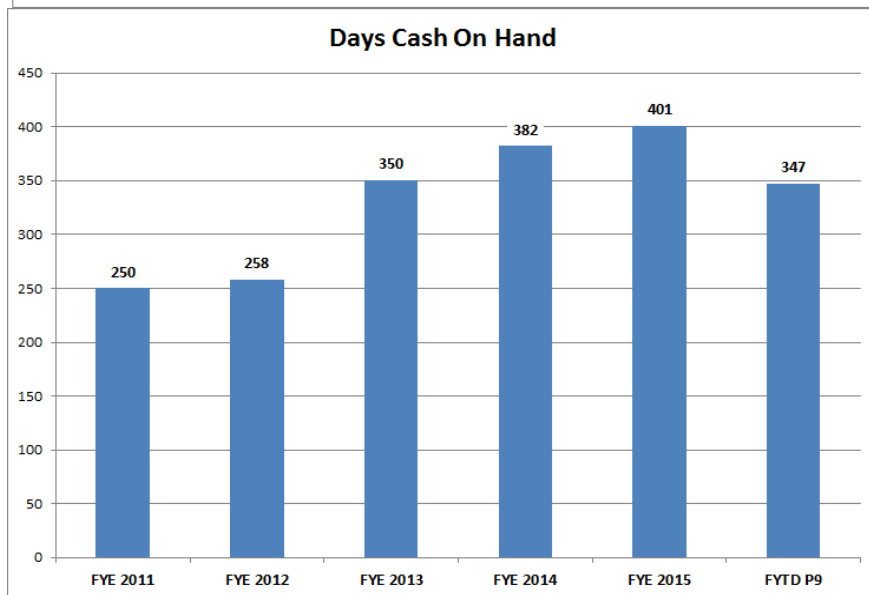
⁽¹⁾ Hospital entity only, excludes controlled affiliates

⁽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 EPIC related expenses.



Cash position remains strong. March includes \$16.3 million investment gain.

⁽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%	5.4%	6.5%	
EBITDA Margin	17.8%	16.9%	16.7%	12.2%	13.3%	
Days of Cash	350	382	401	347	262	
Debt Service Coverage Ratio (MADS)	7.9	9.5	8.9	5.8	4.8	
Debt to Capitalization	14.0%	12.6%	13.6%	14.3%	29.4%	
Net AR Days	48.3	50.9	43.6	55.1	48.0	
In Patient Operating Margin	-1.1%	-3.2%	-4.5%	-8.1%	-1.0%	
Out Patient Operating Margin	25.9%	25.2%	28.1%	26.9%	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

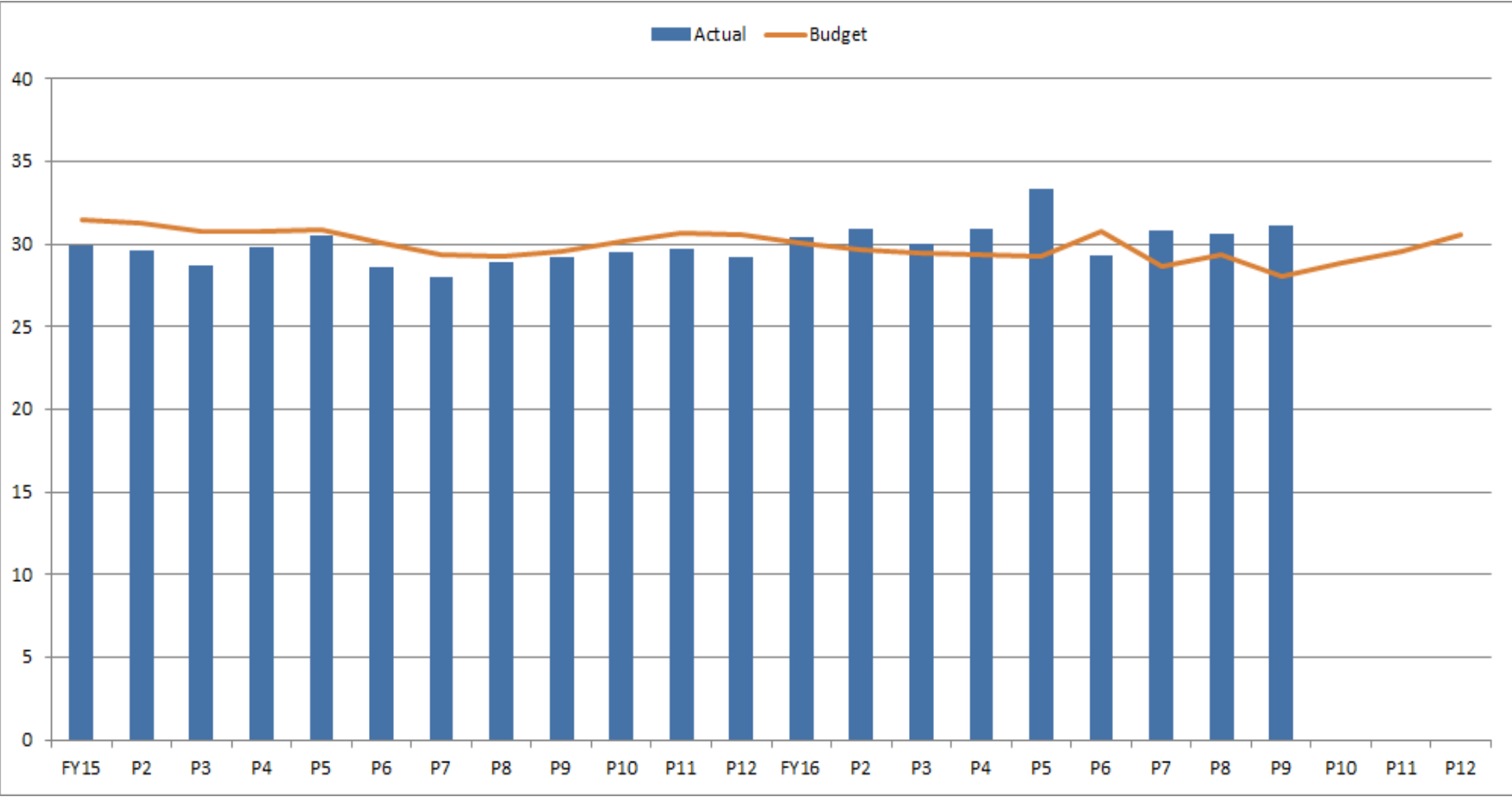
⁽³⁾ Target source: Annual Budget for Operating Margin and EBITDA Margin

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	14,226	13,980	(246)	-1.7%	300	(546)
Surgical Outpatient Cases (incl Lithc	4,802	4,615	(187)	-3.9%	290	(477)
Endo Outpatient procedures	2,156	1,848	(308)	-14.3%	0	(308)
Outpatient Interventional Cases	1,380	1,444	64	4.6%	10	54
Total Case Volume	22,564	21,887	(677)	-3.0%	600	(1,277)
NEW Physician Total		251	251			
Pre-existing Physician Total	22,564	21,636	(928)	-4.1%		
# New Physicians*		6			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)

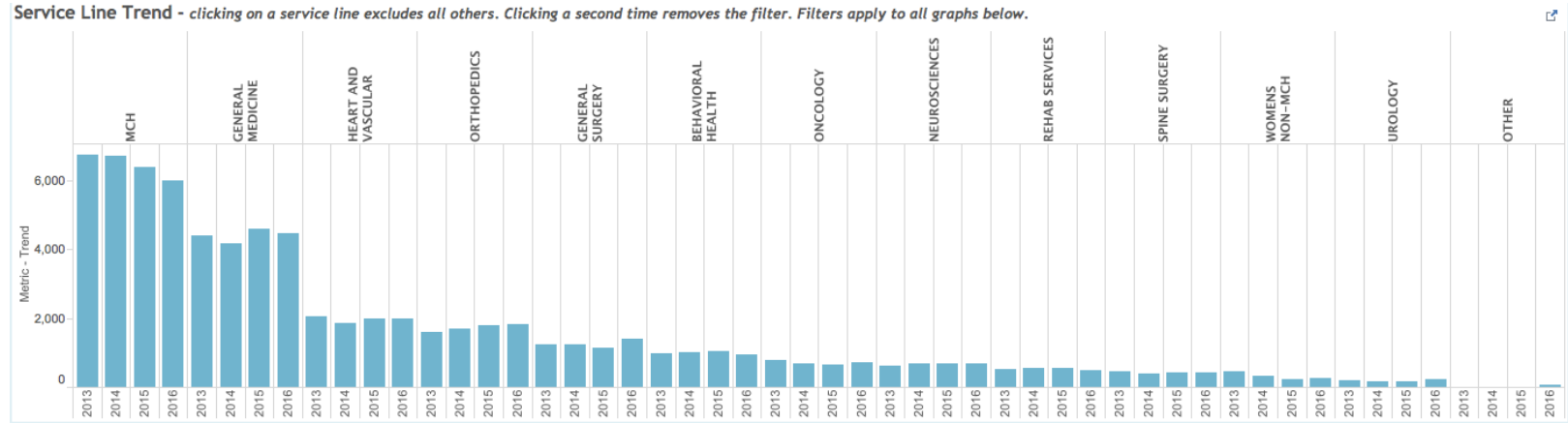
Mountain View Campus			
	FY15 Year to Date	FY16 Year to Date	Change
Inpatient Discharges	11,652	11,518	(134)
Surgical Outpatient Cases (incl Lithc	2,493	2,453	(40)
Endo Outpatient procedures	1,990	1,756	(234)
Outpatient Interventional Cases	1,363	1,432	69
Total Case Volume	17,498	17,159	(339)

Los Gatos Campus			
	FY15 Year to Date	FY16 Year to Date	Change
Inpatient Discharges	2,574	2,462	(112)
Surgical Outpatient Cases (incl Lithc	2,309	2,162	(147)
Endo Outpatient procedures	166	92	(74)
Outpatient Interventional Cases	17	12	(5)
Total Case Volume	5,066	4,728	(338)

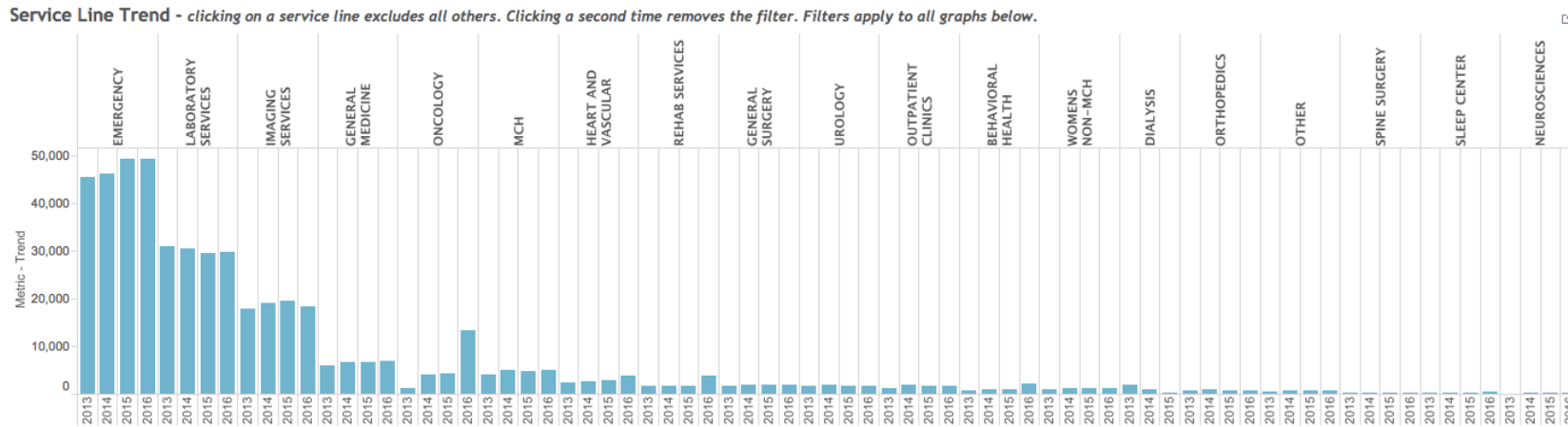
(1) Hospital entity only, excludes controlled affiliates

El Camino Hospital Volume Annual Trends FY 2016 is annualized

IP



OP



- 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. Oncology has grown but measure changed with EPIC and is not comparable to legacy count

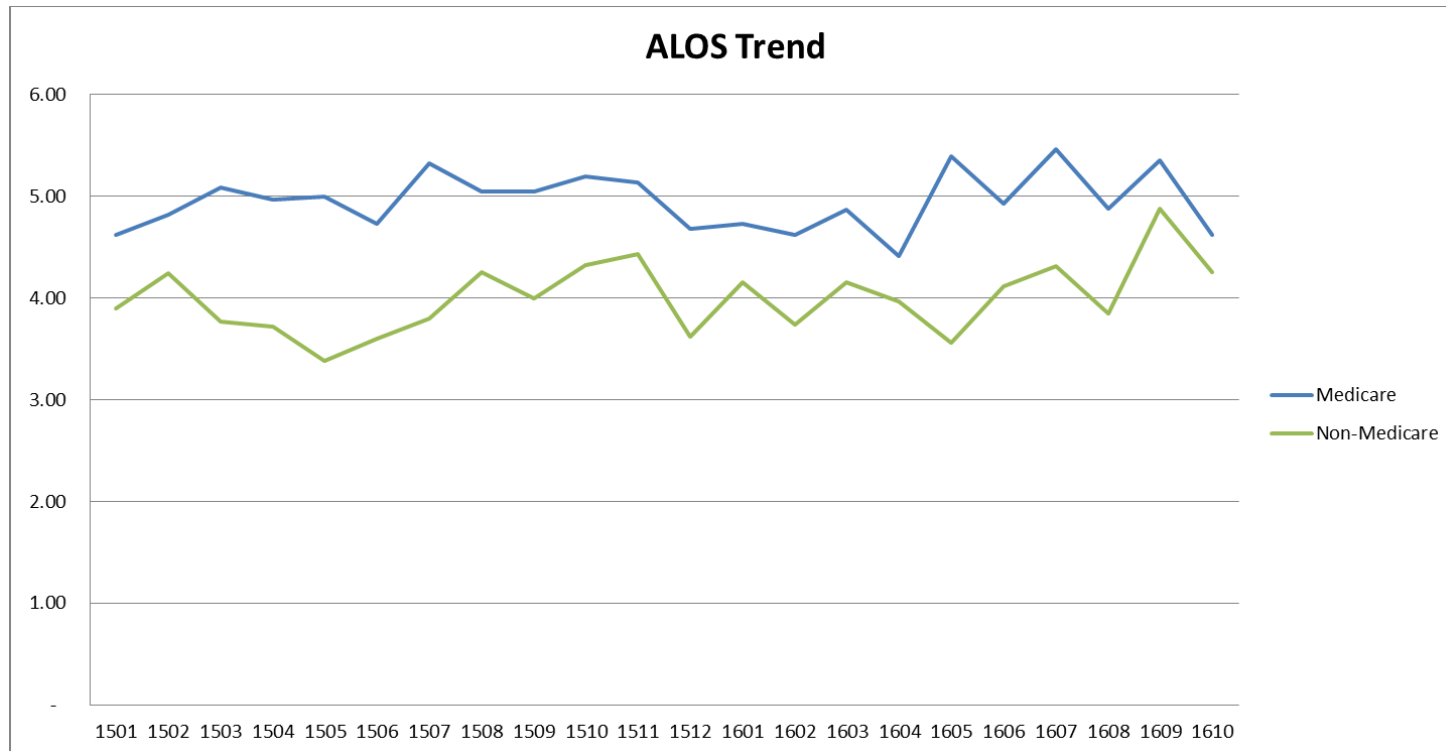
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Service Line Trend - clicking on a service line excludes all others. Clicking a second time removes the filter. Filters apply to all graphs below.



	Metric - Trend	
EMERGENCY	5-November 8-February 11-May	
	3-September	
	7-January	
	5-November 8-February 11-May	
	3-September	
	7-January	
	5-November 8-February 11-May	
	3-September	
LABORATORY SERVICES	5-November 8-February 11-May	
	3-September	
	7-January	
	5-November 8-February 11-May	
	3-September	
	7-January	
IMAGING SERVICES	5-November 8-February 11-May	
	3-September	
	7-January	
	5-November 8-February 11-May	
ONCOLOGY	5-November 8-February 11-May	
	3-September	
GENERAL MEDICINE	5-November 8-February 11-May	
	3-September	
	7-January	
	5-November 8-February 11-May	
MCH	5-November 8-February 11-May	
	3-September	
HEART AND VASCULAR	5-November 8-February 11-May	
	3-September	
	7-January	
	5-November 8-February 11-May	
REHAB SERVICES	5-November 8-February 11-May	
	3-September	
	7-January	
	5-November 8-February 11-May	
GENERAL SURGERY	5-November 8-February 11-May	
	3-September	
	7-January	
	5-November 8-February 11-May	
UROLOGY	5-November 8-February 11-May	
	3-September	
	7-January	
	5-November 8-February 11-May	
OUTPATIENT CLINICS	5-November 8-February 11-May	
	3-September	
	7-January	
	5-November 8-February 11-May	
BEHAVIORAL HEALTH	5-November 8-February 11-May	
	3-September	
	7-January	
	5-November 8-February 11-May	
WOMEN'S NON-MCH	5-November 8-February 11-May	
	3-September	
	7-January	
	5-November 8-February 11-May	
ORTHOPEDICS	5-November 8-February 11-May	
	3-September	
	7-January	
	5-November 8-February 11-May	
OTHER	5-November 8-February 11-May	
	3-September	
	7-January	
	5-November 8-February 11-May	
SLEEP CENTER	5-November 8-February 11-May	
	3-September	
	7-January	
	5-November 8-February 11-May	
SPINE SURGERY	5-November 8-February 11-May	
	3-September	
	7-January	
	5-November 8-February 11-May	
NEUROSCIENCES	5-November 8-February 11-May	
	3-September	
	7-January	
	5-November 8-February 11-May	

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- El Camino Hospital**
THE HOSPITAL OF SILICON VALLEY



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

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
CIP	EPIC Installation			73.8	56.0	35.9	19.8	16.1
	IT Hardware, Software, Equipment*			6.9		6.9	5.9	1.0
	Medical & Non Medical Equipment			12.6		12.6	8.8	3.8
	Facility Projects							
	0908 NPCR3 Seismic Upgrades	FY12	6.7	6.7	5.0	0.4	0.2	0.2
	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	1.6	1.3	0.3
	1307 LG Upgrades	FY13	15.5	13.0	9.8	10.5	3.0	7.5
	1219 LG Spine OR	FY13	4.1	4.1	0.9	0.8	0.4	0.4
	1400 Oak Pavilion Cancer Ctr TI	FY14	0.0	5.9	5.8	0.5	0.4	0.1
	1414 Integrated MOB	FY15	232.0	28.0	9.6	11.8	6.9	4.9
	1413 North Drive Parking Expansion	FY15	15.0	3.0	1.3	2.2	1.1	1.1
	1245 Behavioral Health Bldg	FY16	62.5	9.0	6.7	4.5	1.3	3.2
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	6.8	0.0	0.0	0.9	0.0	0.9
	1313/1224 LG Rehab HVAC System & Structural	FY16	3.7	3.7	0.9	3.4	0.9	2.5
	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	2.4	0.0	2.4
	1430 Women's Hospital Expansion	FY16	91.0	0.0	0.0	0.0	0.0	0.0
	1422 CUP Upgrade	FY16	4.0	1.5	0.8	0.7	0.7	0.0
	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	0.6	0.0	0.6
	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	0.0	0.0	0.0
	Land Acquisition Approved in 12/15	FY16	24.1	24.1	24.1	24.1	24.1	0.0
	All Other Projects under \$1M		9.5	6.0	2.9	7.5	1.1	6.4
			492.9	131.9	90.6	74.9	42.4	32.5
GRAND TOTAL				225.2		130.3	76.9	53.4
	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

El Camino Hospital Investment Committee Scorecard

March 31, 2016

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY16 Year-end Budget	Expectation Per Asset Allocation
Investment Performance		1Q 2016		Fiscal Year-to-date		Since Inception (annualized)			Mar 2014/2012
Surplus cash balance & op. cash (millions)		\$695.4	--	--	--	--	--	\$699.8	--
Surplus cash return		0.2%	0.9%	-1.8%	-0.9%	4.2%	4.3%	4.0%	5.0%
Cash balance plan balance (millions)		\$216.3	--	--	--	--	--	\$224.2	--
Cash balance plan return		-0.4%	1.0%	-2.1%	-1.0%	6.9%	6.4%	6.0%	6.7%
403(b) plan balance (millions)		\$314.8 ¹	--	--	--	--	--	--	--
Risk vs. Return		3-year				Since Inception (annualized)			Mar 2014/2012
Surplus cash Sharpe ratio		0.73	0.76	--	--	0.92	0.93	--	0.66
Net of fee return		3.5%	3.7%	--	--	4.2%	4.3%	--	5.0%
Standard deviation		4.7%	4.8%	--	--	4.5%	4.6%	--	7.2%
Cash balance Sharpe ratio		0.88	0.83	--	--	1.11	1.06	--	0.54
Net of fee return		5.7%	5.2%	--	--	6.9%	6.4%	--	6.7%
Standard deviation		6.5%	6.2%	--	--	6.2%	6.0%	--	10.6%
Asset Allocation		1Q 2016							
Surplus cash absolute variances to target		3.9%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		3.0%	< 10%	--	--	--	--	--	--
Manager Compliance		1Q 2016							
Surplus cash manager flags		15	< 18	--	--	--	--	--	--
Cash balance plan manager flags		16	< 18	--	--	--	--	--	--

¹ Data as of 12/31/15 as 3/31/16 data was not yet available.

APPENDIX

El Camino Hospital (\$000s) ⁽¹⁾

9 months ending 3/31/2016

PERIOD 9 FY 2015	PERIOD 9 FY 2016	PERIOD 9 Budget 2016	Variance Fav (Unfav)	Var%		YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
					\$000s					
					OPERATING REVENUE					
227,969	243,528	240,028	3,500	1.5%	Gross Revenue	1,923,430	2,049,455	2,031,255	18,200	0.9%
(161,433)	(176,208)	(175,803)	(405)	1.0%	Deductions	(1,384,665)	(1,482,529)	(1,475,788)	(6,740)	0.5%
66,535	67,320	64,225	3,095	4.8%	Net Patient Revenue	538,765	566,926	555,466	11,460	2.1%
1,646	2,398	1,688	710	42.0%	Other Operating Revenue	15,080	18,471	15,277	3,194	20.9%
68,181	69,718	65,913	3,805	5.8%	Total Operating Revenue	553,845	585,397	570,743	14,654	2.6%
					OPERATING EXPENSE					
34,588	34,781	36,598	1,817	5.0%	Salaries & Wages	305,035	322,603	323,132	529	0.2%
9,705	11,371	9,989	(1,383)	-13.8%	Supplies	81,550	87,126	83,877	(3,249)	-3.9%
6,316	8,738	7,131	(1,607)	-22.5%	Fees & Purchased Services	55,801	66,310	62,477	(3,833)	-6.1%
6,645	8,320	7,250	(1,070)	-14.8%	Other Operating Expense	66,178	77,962	66,659	(11,304)	-17.0%
57,254	63,210	60,967	(2,243)	-3.7%	Total Operating Expense	508,563	554,001	536,145	(17,856)	-3.3%
10,927	6,508	4,946	1,563	31.6%	Net Operating Income/(Loss)	45,282	31,396	34,598	(3,202)	-9.3%
1,230	15,652	1,860	13,792	741.4%	Non Operating Income	15,591	(21,431)	16,742	(38,173)	-228.0%
12,157	22,161	6,806	15,355	225.6%	Net Income(Loss)	60,873	9,965	51,340	(41,375)	-80.6%
22.3%	16.3%	14.5%	1.8%		EBITDA	15.2%	12.2%	12.8%	-0.5%	
16.0%	9.3%	7.5%	1.8%		Operating Margin	8.2%	5.4%	6.1%	-0.7%	
17.8%	31.8%	10.3%	21.5%		Net Margin	11.0%	1.7%	9.0%	-7.3%	

Labor costs for the month include \$3 million workers comp credit due to low claims

Supplies variance for the month is due to pharmacy and start of HVI watchman heart valve procedure

Purchased services variance for the month is due to IT security project, Premier High Performance Organization project and underpayment recovery costs

⁽¹⁾ Hospital entity only, excludes controlled affiliates

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

9 months ending 3/31/2016

PERIOD 9 FY 2015	PERIOD 9 FY 2016	PERIOD 9 Budget 2016	Variance Fav (Unfav)	Var%		YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
					\$000s					
					OPERATING REVENUE					
185,838	202,098	196,936	5,162	2.6%	Gross Revenue	1,571,876	1,677,210	1,664,846	12,365	0.7%
(132,039)	(147,149)	(145,044)	(2,106)	1.5%	Deductions	(1,137,026)	(1,214,877)	(1,214,836)	(42)	0.0%
53,799	54,949	51,892	3,057	5.9%	Net Patient Revenue	434,850	462,333	450,010	12,323	2.7%
1,414	2,215	1,497	719	48.0%	Other Operating Revenue	13,317	16,676	13,554	3,122	23.0%
55,213	57,164	53,389	3,775	7.1%	Total Operating Revenue	448,167	479,009	463,564	15,445	3.3%
					OPERATING EXPENSE					
28,197	28,700	30,618	1,919	6.3%	Salaries & Wages	252,680	268,330	268,873	544	0.2%
7,786	9,341	8,154	(1,187)	-14.6%	Supplies	65,997	71,003	68,312	(2,690)	-3.9%
5,044	7,276	5,717	(1,559)	-27.3%	Fees & Purchased Services	44,482	54,210	50,157	(4,053)	-8.1%
5,071	6,010	5,179	(832)	-16.1%	Other Operating Expense	51,142	58,975	47,979	(10,996)	-22.9%
46,097	51,327	49,667	(1,659)	-3.3%	Total Operating Expense	414,301	452,518	435,322	(17,196)	-4.0%
9,116	5,837	3,721	2,116	56.9%	Net Operating Income/(Loss)	33,866	26,491	28,242	(1,751)	-6.2%
1,230	15,652	1,860	13,792	741.4%	Non Operating Income	15,591	(21,405)	16,742	(38,147)	-227.9%
10,346	21,489	5,582	15,908	285.0%	Net Income(Loss)	49,457	5,086	44,984	(39,898)	-88.7%
21.8%	15.6%	12.2%	3.4%		EBITDA	13.5%	10.6%	10.9%	-0.3%	
16.5%	10.2%	7.0%	3.2%		Operating Margin	7.6%	5.5%	6.1%	-0.6%	
18.7%	37.6%	10.5%	27.1%		Net Margin	11.0%	1.1%	9.7%	-8.6%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

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

Results from Operations vs. Prior Year

9 months ending 3/31/2016

PERIOD 9 FY 2015	PERIOD 9 FY 2016	PERIOD 9 Budget 2016	Variance Fav (Unfav)	Var%		YTD FY 2015	YTD FY 2016	YTD Budget 2016	Variance Fav (Unfav)	Var%
					\$000s					
					OPERATING REVENUE					
42,130	41,430	43,092	(1,662)	-3.9%	Gross Revenue	351,554	372,244	366,409	5,835	1.6%
(29,394)	(29,059)	(30,760)	1,701	-5.5%	Deductions	(247,639)	(267,651)	(260,952)	(6,699)	2.6%
12,736	12,371	12,332	39	0.3%	Net Patient Revenue	103,915	104,593	105,457	(864)	-0.8%
232	183	192	(9)	-4.5%	Other Operating Revenue	1,763	1,795	1,723	72	4.2%
12,968	12,554	12,524	30	0.2%	Total Operating Revenue	105,678	106,388	107,180	(792)	-0.7%
					OPERATING EXPENSE					
6,391	6,081	5,979	(101)	-1.7%	Salaries & Wages	52,355	54,273	54,259	(14)	0.0%
1,920	2,030	1,835	(195)	-10.6%	Supplies	15,553	16,123	15,565	(558)	-3.6%
1,272	1,462	1,414	(48)	-3.4%	Fees & Purchased Services	11,319	12,100	12,320	220	1.8%
1,574	2,310	2,071	(239)	-11.5%	Other Operating Expense	15,035	18,987	18,680	(307)	-1.6%
11,157	11,883	11,300	(583)	-5.2%	Total Operating Expense	94,262	101,483	100,823	(660)	-0.7%
1,811	671	1,224	(553)	-45.2%	Net Operating Income/(Loss)	11,416	4,905	6,356	(1,451)	-22.8%
0	0	0	0	0.0%	Non Operating Income	0	(26)	0	(26)	0.0%
1,811	671	1,224	(553)	-45.2%	Net Income(Loss)	11,416	4,879	6,356	(1,477)	-23.2%
24.5%	19.5%	24.3%	-4.8%		EBITDA	22.4%	19.4%	20.7%	-1.3%	
14.0%	5.3%	9.8%	-4.4%		Operating Margin	10.8%	4.6%	5.9%	-1.3%	
14.0%	5.3%	9.8%	-4.4%		Net Margin	10.8%	4.6%	5.9%	-1.3%	

⁽¹⁾ Hospital entity only, excludes controlled affiliates

El Camino Hospital⁽¹⁾

Balance Sheet (\$ Thousands)

ASSETS

	March 31, 2016	Audited June 30, 2015
CURRENT ASSETS		
Cash	41,708	55,224
Short Term Investments	100,278	145,027
Patient Accounts Receivable, net	107,498	95,737
Other Accounts and Notes Receivable	2,909	2,378
Intercompany Receivables	1,297	1,595
Inventories and Prepaids	45,056	44,055
Total Current Assets	298,745	344,016
BOARD DESIGNATED ASSETS		
Plant & Equipment Fund	115,583	117,965
Operational Reserve Fund	100,196	100,196
Community Benefit Fund	12,305	2,085
Workers Compensation Reserve Fund	23,552	24,719
Postretirement Health/Life Reserve Fund	18,442	17,197
PTO Liability Fund	23,562	22,212
Malpractice Reserve Fund	1,800	1,800
Catastrophic Reserves Fund	13,696	14,150
Total Board Designated Assets	309,137	300,324
FUNDS HELD BY TRUSTEE	32,616	37,676
LONG TERM INVESTMENTS	202,372	207,290
INVESTMENTS IN AFFILIATES	30,241	31,808
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,171,989	1,077,951
Less: Accumulated Depreciation	(490,905)	(473,920)
Construction in Progress	41,541	82,506
Property, Plant & Equipment - Net	722,625	686,537
DEFERRED OUTFLOWS	24,768	25,218
RESTRICTED ASSETS - CASH	0	5
TOTAL ASSETS	1,620,506	1,632,874

LIABILITIES AND FUND BALANCE

	March 31, 2016	Audited June 30, 2015
CURRENT LIABILITIES		
Accounts Payable	26,911	30,142
Salaries and Related Liabilities	11,655	20,812
Accrued PTO	23,562	22,212
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	12,822	20,253
Intercompany Payables	92	108
Malpractice Reserves	1,800	1,800
Bonds Payable - Current	3,635	5,475
Bond Interest Payable	1,561	1,711
Other Liabilities	3,278	3,111
Total Current Liabilities	87,616	107,925
LONG TERM LIABILITIES		
Post Retirement Benefits	18,442	17,197
Worker's Comp Reserve	21,252	22,419
Other L/T Obligation (Asbestos)	3,611	3,531
Other L/T Liabilities (IT/Medl Leases)	-	7,102
Bond Payable	227,528	222,446
Total Long Term Liabilities	270,832	272,696
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	952,920	951,924
Board Designated	309,137	300,324
Restricted	0	5
Total Fund Bal & Capital Accts	1,262,058	1,252,254
TOTAL LIABILITIES AND FUND BALANCE	1,620,506	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 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