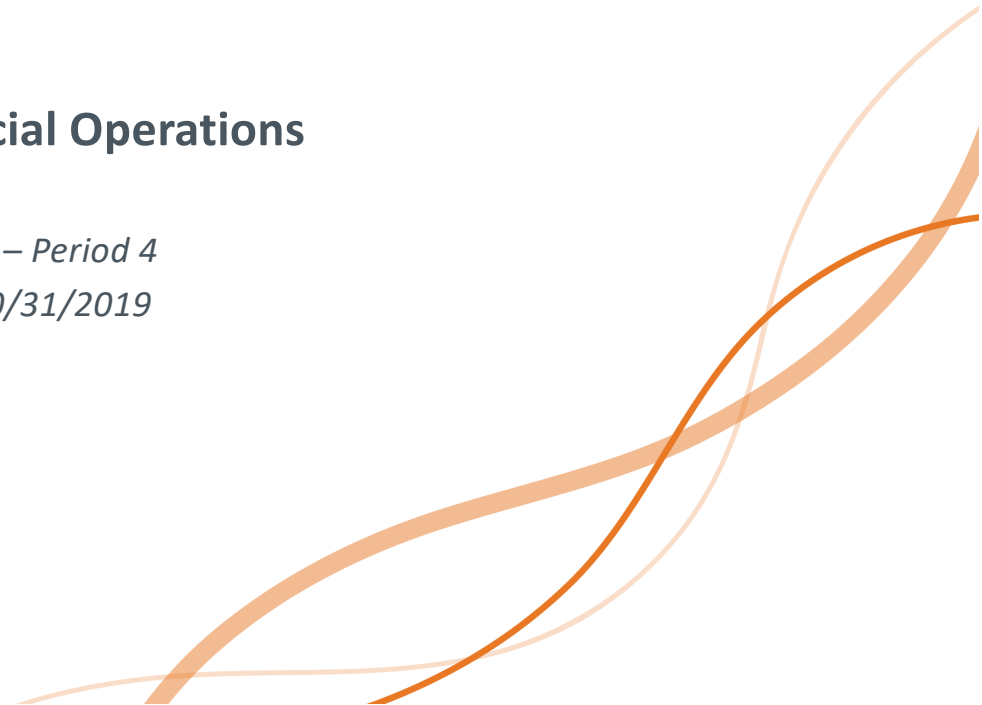




Summary of Financial Operations

*Fiscal Year 2020 – Period 4
7/1/2019 to 10/31/2019*





Financial Overview

Financial Performance

- Net income for the year is \$15.6 M or 45% ahead of target
- Investment income makes up \$3.4 million and operations makes up the remaining \$12.2 M driven by volume growth

Hospital Volume

- Adjusted Discharges 9% higher than budget and 12% higher than prior year. The budget target is based has a 3% growth vs 2.1% CAGR over the last 5 years
 - Mountain View:
 - Higher than budget by 8% and prior year by 10.0%
 - Overall procedural volume favorable to budget by 573 cases (6%)
 - Infusion Volumes favorable to budget by 357 encounters (14%) - extended hours, new Oncologist and increased productivity
 - Pulmonology procedures favorable to budget by 44 (25%) – new ION Robot for Lung Nodule Program
 - Emergency Room favorable to budget by 305 visits (3%)
 - Los Gatos:
 - Higher than budget by 17% and prior year by 24%
 - Overall procedural volume favorable to budget by 267 cases (14%)
 - Surgeries favorable to budget by 193 cases (27%) – Orthopedics & Spine (high producing ortho/spine surgeons), Ophthalmology (program moved from Willow ASC)
 - Op Emergency Room favorable to budget by 373 visits (11%)

Payor Mix

- Payor mix is unfavorable year to date driven by Inpatient (IP) activity in September & October
 - For September, MV IP Orthopedic Medicare activity increased while Commercial charges remained flat. Commercial charges are higher in October.
 - For October, LG IP General Medicine Medicare charges were high due to new Pulmonary Medicine procedures and LG IP Orthopedics Medicare charges increased due to higher overall activity in the service line due to new provider

Productivity

Year to date FTEs are in line with targets.

Dashboard - as of October 31, 2019

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
Consolidated Financial Perf.								
Total Operating Revenue	80,883	93,233	92,089	1,144	310,442	355,643	342,604	13,040
Operating Margin \$	8,182	10,988	10,239	749	31,556	34,416	22,197	12,219
Operating Margin %	10.1%	11.8%	11.1%	0.7%	10.2%	9.7%	6.5%	3.2%
EBIDA %	17.0%	17.2%	16.9%	0.3%	16.2%	15.0%	12.4%	2.6%
Hospital Volume								
Licensed Beds	443	443	443	-	443	443	443	-
ADC	230	232	237	(5)	225	227	229	(3)
Utilization MV	64%	63%	64%	(1.8%)	62%	62%	62%	0.3%
Utilization LG	26%	31%	30%	0.5%	27%	30%	31%	(1.6%)
Utilization Combined	52%	52%	53%	(1.0%)	51%	51%	52%	(0.4%)
Total Discharges (Excl NNB)	1,613	1,714	1,662	52	6,185	6,669	6,360	309
Hospital Payor Mix								
Medicare	47.1%	50.1%	48.6%	1.5%	46.3%	50.0%	48.1%	1.8%
Medi-Cal	7.9%	6.7%	7.7%	(1.0%)	8.1%	7.6%	7.9%	(0.4%)
Total Commercial	42.6%	40.6%	41.5%	(0.9%)	43.1%	40.3%	41.6%	(1.4%)
Other	2.4%	2.6%	2.2%	0.4%	2.6%	2.2%	2.3%	(0.1%)
Hospital Cost								
Total FTE	2,639.8	2,811.4	2,799.9	(11.5)	2,602.5	2,764.7	2,756.5	(8.2)
Productive Hrs/APD	31.0	31.3	31.8	0.5	31.1	31.5	32.6	1.0
Consolidated Balance Sheet								
Net Days in AR	46.6	52.2	49.0	(3.2)	46.6	52.2	49.0	(3.2)
Days Cash	503	485	435	50	503	485	435	50

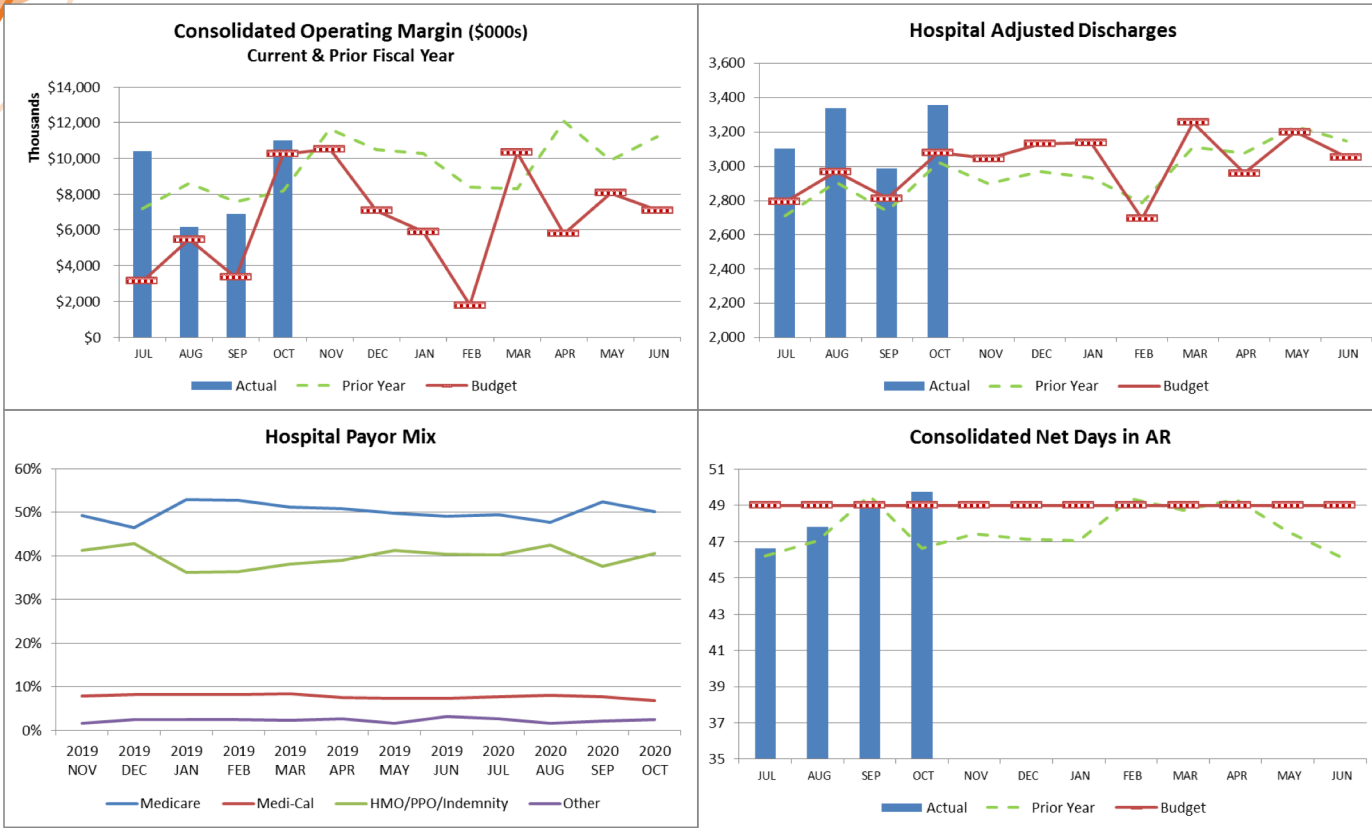
*Beginning with the June FY 19 report, the Dashboard and the financial report has been updated to show the ECH consolidated results instead of just the Hospitals. The descriptions of the metrics indicate whether the data is hospital only.

Consolidated Statement of Operations (\$000s)

Period ending 10/31/2019

Period 4 FY 2019	Period 4 FY 2020	Period 4 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
297,691	337,610	329,034	8,576	2.6%	Gross Revenue	1,123,785	1,280,865	1,247,645	33,220	2.7%
(220,035)	(247,968)	(241,395)	(6,572)	(2.7%)	Deductions	(825,794)	(942,375)	(921,463)	(20,912)	(2.3%)
77,656	89,642	87,638	2,004	2.3%	Net Patient Revenue	297,992	338,490	326,182	12,308	3.8%
3,227	3,591	4,450	(860)	(19.3%)	Other Operating Revenue	12,450	17,154	16,422	732	4.5%
80,883	93,233	92,089	1,144	1.2%	Total Operating Revenue	310,442	355,643	342,604	13,040	3.8%
					OPERATING EXPENSE					
42,092	47,294	46,547	(747)	(1.6%)	Salaries & Wages	165,351	183,373	183,617	244	0.1%
11,237	12,515	12,629	114	0.9%	Supplies	43,927	51,098	47,475	(3,623)	(7.6%)
10,775	13,389	13,402	13	0.1%	Fees & Purchased Services	40,368	53,280	52,693	(587)	(1.1%)
3,035	4,004	3,932	(72)	(1.8%)	Other Operating Expense	10,379	14,378	16,251	1,873	11.5%
1,237	711	495	(216)	(43.6%)	Interest	1,690	1,407	1,980	573	28.9%
4,324	4,332	4,845	513	10.6%	Depreciation	17,171	17,691	18,392	701	3.8%
72,701	82,245	81,850	(395)	(0.5%)	Total Operating Expense	278,886	321,228	320,407	(821)	(0.3%)
8,182	10,988	10,239	749	7.3%	Net Operating Margin	31,556	34,416	22,197	12,219	55.0%
(34,546)	10,109	2,919	7,190	246.3%	Non Operating Income	(13,385)	15,491	12,095	3,396	28.1%
(26,364)	21,097	13,158	7,939	60.3%	Net Margin	18,171	49,906	34,292	15,615	45.5%
17.0%	17.2%	16.9%	0.3%		EBITDA	16.2%	15.0%	12.4%	2.6%	
10.1%	11.8%	11.1%	0.7%		Operating Margin	10.2%	9.7%	6.5%	3.2%	
-32.6%	22.6%	14.3%	8.3%		Net Margin	5.9%	14.0%	10.0%	4.0%	

Monthly Financial Trends



Operating margin ahead of target mainly due to strong growth

INVESTMENT SCORECARD AS OF SEPTEMBER 30, 2019

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY19 Year End Budget	Expectation Per Asset Allocation
Investment Performance		3Q 2019		Fiscal Year-to-date		6y 11m Since Inception (annualized)			2019
Surplus cash balance*		\$1,046.2	--	--	--	--	--	\$892.9	--
Surplus cash return		0.8%	0.6%	0.8%	0.6%	5.6%	5.4%	3.2%	5.6%
Cash balance plan balance (millions)		\$278.3	--	--	--	--	--	\$276.9	--
Cash balance plan return		0.2%	0.5%	0.2%	0.5%	7.5%	6.9%	6.0%	6.0%
403(b) plan balance (millions)		\$516.7	--	--	--	--	--	--	--
Risk vs. Return		3-year				6y 11m Since Inception (annualized)			2019
Surplus cash Sharpe ratio		0.92	0.88	--	--	1.01	0.99	--	0.34
Net of fee return		6.4%	6.0%	--	--	5.6%	5.4%	--	5.6%
Standard deviation		5.3%	5.1%	--	--	4.8%	4.7%	--	8.7%
Cash balance Sharpe ratio		0.91	0.87	--	--	1.08	1.04	--	0.32
Net of fee return		7.6%	6.9%	--	--	7.5%	6.9%	--	6.0%
Standard deviation		6.7%	6.1%	--	--	6.2%	5.9%	--	10.3%
Asset Allocation		3Q 2019							
Surplus cash absolute variances to target		10.2%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		7.7%	< 10%	--	--	--	--	--	--
Manager Compliance		3Q 2019							
Surplus cash manager flags		15	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		20	< 27 Green < 34 Yellow	--	--	--	--	--	--

*Excludes debt reserve funds (~\$64 mm), District assets (~\$32 mm), and balance sheet cash not in investable portfolio (~\$109 mm). Includes Foundation (~\$35 mm) and Concern (~\$13 mm) assets. Budget adds back in current Foundation and Concern assets and backs out current debt reserve funds.

Consolidated Balance Sheet

(in thousands)

ASSETS

	Unaudited	
	October 31, 2019	June 30, 2019
CURRENT ASSETS		
Cash	142,424	124,912
Short Term Investments	193,858	177,165
Patient Accounts Receivable, net	143,618	132,198
Other Accounts and Notes Receivable	5,415	5,058
Intercompany Receivables	4,983	8,549
Inventories and Prepaids	70,358	64,093
Total Current Assets	560,657	511,976
BOARD DESIGNATED ASSETS		
Foundation Board Designated	17,253	16,895
Plant & Equipment Fund	164,049	171,304
Women's Hospital Expansion	22,430	15,472
Operational Reserve Fund	144,294	139,057
Community Benefit Fund	17,993	18,260
Workers Compensation Reserve Fund	21,487	20,732
Postretirement Health/Life Reserve Fund	30,506	29,480
PTO Liability Fund	26,301	26,149
Malpractice Reserve Fund	1,831	1,831
Catastrophic Reserves Fund	22,943	19,678
Total Board Designated Assets	469,087	458,857
FUNDS HELD BY TRUSTEE	55,285	83,073
LONG TERM INVESTMENTS	384,153	375,729
CHARITABLE GIFT ANNUITY INVESTMENTS	596	602
INVESTMENTS IN AFFILIATES	35,246	38,532
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,760,054	1,692,693
Less: Accumulated Depreciation	(636,230)	(622,877)
Property, Plant & Equipment - Net	1,123,825	1,069,816
DEFERRED OUTFLOWS	33,676	33,876
RESTRICTED ASSETS	25,230	24,279
OTHER ASSETS	1,016	1,036
TOTAL ASSETS	2,688,770	2,597,775

LIABILITIES AND FUND BALANCE

	Unaudited	
	October 31, 2019	June 30, 2019
CURRENT LIABILITIES		
Accounts Payable	16,364	38,390
Salaries and Related Liabilities	50,810	30,296
Accrued PTO	19,610	26,502
Third Party Settlements	12,481	11,331
Intercompany Payables	4,918	8,464
Bonds Payable - Current	8,630	8,630
Bond Interest Payable	8,366	12,775
Other Liabilities	12,050	14,577
Total Current Liabilities	133,228	150,966
LONG TERM LIABILITIES		
Post Retirement Benefits	29,522	29,480
Worker's Comp Reserve	18,932	18,432
Other L/T Obligation (Asbestos)	7,391	3,975
Bond Payable	508,645	507,531
Total Long Term Liabilities	564,490	559,417
DEFERRED REVENUE-UNRESTRICTED	1,062	1,113
DEFERRED INFLOW OF RESOURCES	13,268	13,715
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	1,582,601	1,389,510
Board Designated	390,428	458,839
Restricted	25,142	24,215
Total Fund Bal & Capital Accts	1,976,722	1,872,563
TOTAL LIABILITIES AND FUND BALANCE	2,688,770	2,597,775

➤ Classification and grouping have changed from the prior reports due to conversion to the new WorkDay system. All changes have been consistently applied to both periods so amounts are comparable



APPENDIX

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

Period ending 10/31/2019

Period 4 FY 2019	Period 4 FY 2020	Period 4 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
245,648	261,481	260,763	718	0.3%	Gross Revenue	921,681	1,019,391	988,171	31,220	3.2%
(181,004)	(191,577)	(192,144)	568	0.3%	Deductions	(676,109)	(747,325)	(733,727)	(13,598)	(1.9%)
64,644	69,904	68,618	1,286	1.9%	Net Patient Revenue	245,572	272,066	254,444	17,621	6.9%
1,697	1,418	1,950	(533)	(27.3%)	Other Operating Revenue	6,646	6,587	7,048	(461)	(6.5%)
66,341	71,322	70,569	753	1.1%	Total Operating Revenue	252,218	278,653	261,492	17,160	6.6%
					OPERATING EXPENSE					
34,764	37,100	36,659	(441)	(1.2%)	Salaries & Wages	135,663	144,830	144,627	(204)	(0.1%)
9,152	9,988	9,808	(181)	(1.8%)	Supplies	35,370	41,055	37,006	(4,049)	(10.9%)
6,841	6,765	5,933	(832)	(14.0%)	Fees & Purchased Services	25,401	25,696	23,692	(2,004)	(8.5%)
2,147	2,884	2,600	(284)	(10.9%)	Other Operating Expense	8,242	10,212	10,713	501	4.7%
1,237	711	495	(216)	(43.6%)	Interest	1,690	1,407	1,980	573	28.9%
3,521	3,481	3,805	323	8.5%	Depreciation	14,024	14,248	14,337	89	0.6%
57,663	60,929	59,299	(1,630)	(2.7%)	Total Operating Expense	220,391	237,449	232,354	(5,094)	(2.2%)
8,679	10,393	11,269	(877)	(7.8%)	Net Operating Margin	31,827	41,204	29,138	12,066	41.4%
(34,259)	9,448	2,627	6,821	259.7%	Non Operating Income	(17,939)	13,041	10,596	2,445	23.1%
(25,580)	19,840	13,896	5,944	42.8%	Net Margin	13,888	54,245	39,735	14,510	36.5%
20.3%	20.4%	22.1%	(1.6%)		EBITDA	18.8%	20.4%	17.4%	3.0%	
13.1%	14.6%	16.0%	(1.4%)		Operating Margin	12.6%	14.8%	11.1%	3.6%	
-38.6%	27.8%	19.7%	8.1%		Net Margin	5.5%	19.5%	15.2%	4.3%	

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

Period ending 10/31/2019

Period 4 FY 2019	Period 4 FY 2020	Period 4 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
51,106	66,941	58,081	8,860	15.3%	Gross Revenue	199,485	234,887	223,131	11,756	5.3%
(38,548)	(49,949)	(43,041)	(6,908)	(16.1%)	Deductions	(147,999)	(176,282)	(165,575)	(10,707)	(6.5%)
12,558	16,992	15,040	1,952	13.0%	Net Patient Revenue	51,486	58,604	57,556	1,048	1.8%
337	387	273	115	42.1%	Other Operating Revenue	1,109	1,563	1,083	479	44.2%
12,895	17,379	15,312	2,067	13.5%	Total Operating Revenue	52,595	60,167	58,639	1,528	2.6%
					OPERATING EXPENSE					
6,658	8,088	7,251	(837)	(11.5%)	Salaries & Wages	27,273	29,876	28,952	(924)	(3.2%)
2,019	2,204	2,388	184	7.7%	Supplies	8,360	8,534	8,839	304	3.4%
2,804	2,505	2,719	213	7.8%	Fees & Purchased Services	10,551	10,570	10,928	358	3.3%
677	413	353	(61)	(17.2%)	Other Operating Expense	1,470	1,366	1,680	314	18.7%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
754	797	846	49	5.8%	Depreciation	2,976	3,227	3,311	85	2.6%
12,912	14,007	13,556	(451)	(3.3%)	Total Operating Expense	50,629	53,572	53,708	136	0.3%
(17)	3,372	1,757	1,616	92.0%	Net Operating Margin	1,966	6,595	4,931	1,664	33.7%
0	0	0	0	0.0%	Non Operating Income	0	0	0	0	0.0%
(17)	3,372	1,757	1,616	92.0%	Net Margin	1,966	6,595	4,931	1,664	33.7%
5.7%	24.0%	17.0%	7.0%		EBITDA	9.4%	16.3%	14.1%	2.3%	
-0.1%	19.4%	11.5%	7.9%		Operating Margin	3.7%	11.0%	8.4%	2.6%	
-0.1%	19.4%	11.5%	7.9%		Net Margin	3.7%	11.0%	8.4%	2.6%	

Non Operating Items and Net Margin by Affiliate

\$ in thousands

	Period 4- Month			Period 4- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Operating Margin						
Mountain View	10,393	11,269	(877)	41,204	29,138	12,066
Los Gatos	3,372	1,757	1,616	6,595	4,931	1,664
Sub Total - El Camino Hospital, excl. Affiliates	13,765	13,026	739	47,799	34,069	13,730
Operating Margin %	15.5%	15.2%		14.1%	10.6%	
El Camino Hospital Non Operating Income						
Sub Total - Non Operating Income	9,448	2,627	6,821	13,041	10,596	2,445
El Camino Hospital Net Margin	23,213	15,653	7,560	60,840	44,666	16,174
ECH Net Margin %	26.2%	18.2%		18.0%	14.0%	
Concern	(234)	(62)	(172)	311	61	250
ECSC	(0)	0	(1)	(28)	1	(29)
Foundation	451	136	315	1,443	562	881
Silicon Valley Medical Development	(2,334)	(2,570)	236	(12,660)	(10,998)	(1,662)
Net Margin Hospital Affiliates	(2,117)	(2,495)	378	(10,934)	(10,374)	(560)
Total Net Margin Hospital & Affiliates	21,096	13,158	7,939	49,906	34,292	15,614

FY 20 Capital Cash Flow Projections

Reformatted to separate active and planned facility projects

Capital Spending (in 000's)	Actual FY2017	Actual FY2018	Actual FY2019	Budget Cash Flow 2020
ERP	-	-	5,830	-
IT Hardware / Software Equipment/EPIC	5,414	2,222	7,859	6,000
Medical / Non Medical Equipment	9,556	15,780	12,082	18,000
Facilities Total	82,953	139,434	158,010	244,665
Active				
Mountain View Campus Master Plan Projects	62,493	114,093	140,000	112,700
Mountain View Capital Projects	5,535	7,948	9,620	66,992
Los Gatos Capital Projects	14,780	12,306	6,901	12,773
Placeholder/Deferred				
Other Strategic Capital Facility Projects	145	5,088	1,489	19,200
Other Major Projects				33,000
GRAND TOTAL	97,923	157,435	183,782	268,665

FY20 Detail Facility Cash Flow Projections (\$000s)

	FY 2020 Cash Flow		FY 2020 Cash Flow
Mountain View Campus Master Plan Projects		Los Gatos Capital Projects	
BHS Replacement	8,143	LG IR Upgrades	1,250
Integrated Medical Office Building	57,557	LG Modular MRI & Awning	3,205
Women's Hosp Expansion	33,000	LG Nurse Call System Upgrade	1,000
Demo Old Main & Related Site Work	14,000	LG Security System	340
	<u>112,700</u>	LG Cancer Center	2,598
		LG MOB Upgrades FY 20	500
		LG Facilities Planning Allowance FY 20	500
		LG Equipment & Infrastructure Upgrades FY 20	600
		LG Rehab Finish Upgrades	400
		LG Campus Signage	500
		LG Wireless Infrastructure Upgrades	480
		LG Paving Upgrades	800
		LG Decontamination in OR	600
			<u>12,773</u>
Mountain View Capital Projects		Other Strategic Capital Facility Projects	
ED Remodel Triage / Psych Observation	6,106	Primary Care Clinic	4,000
Willow Pavilion FA Sys and Equip Upgrades	1,400	New MOB	12,200
Willow Surgery Center Improvements	2,000	SVMD - Facilities Future Years	3,000
Site Signage & Other Improvements	1,700		<u>19,200</u>
Patient Family Residence	6,150		
Nurse Call System Upgrade	2,200	Other Major Projects & Annual Forecasts	
Imaging Equipment Replacement (Imaging Dept. Only)	11,700	LG Campus Redevelopment	12,000
IR / Cath Lab Equipment Replacement (5 or 6 Rooms)	9,500	Property Acquisitions	21,000
Various Relocation Projects	700		<u>33,000</u>
Flooring Replacement	1,180		
Emergency Sanitary & Water Storage	2,216		
CT Equipment Replacement @ Radiation Oncology	440		
Radiation Oncology Equipment Replacement	10,000		
MV MOB Upgrades FY 20	500		
MV Facilities Planning Allowance FY 20	600		
MV Equipment & Infrastructure Upgrades FY 20	900		
MV Cancer Center Expansion	1,200		
MV Wireless Infrastructure Upgrade	1,000		
Other Undefined	500		
MV Undefined Annual Forecast	7,000		
	<u>66,992</u>	TOTAL	<u>244,665</u>