

AGENDA
FINANCE COMMITTEE MEETING
OF THE EL CAMINO HOSPITAL BOARD
Monday, November 23, 2020 – 5:30 pm

El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040

PURSUANT TO STATE OF CALIFORNIA EXECUTIVE ORDER N-29-20 DATED MARCH 18, 2020, EL CAMINO HEALTH WILL NOT BE PROVIDING A PHYSICAL LOCATION FOR THIS MEETING. INSTEAD, THE PUBLIC IS INVITED TO JOIN THE OPEN SESSION MEETING VIA TELECONFERENCE AT:

1-669-900-9128, MEETING CODE: 760-083-0558#. No participant code. Just press #.

MISSION: To provide oversight, information sharing and financial reviews related to budgeting, capital budgeting, long-range financial planning and forecasting, and monthly financial reporting for the El Camino Hospital Board of Directors. In carrying out its review, advisory and oversight responsibilities, the Committee shall remain flexible in order to best define financial strategies that react to changing conditions.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1. CALL TO ORDER / ROLL CALL	John Zoglin, Chair		5:30 – 5:31pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Chair		information 5:31 – 5:32
3. PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	John Zoglin, Chair		information 5:32 – 5:35
4. CONSENT CALENDAR <i>Any Committee Member may remove an item for discussion before a motion is made.</i>	John Zoglin, Chair	<i>public comment</i>	motion required 5:35 – 5:38
Approval a. Minutes of the Open Session of the Finance Committees (09/29/2020) b. FY21 Period 3 Financial Report Information c. FY21 Pacing Plan d. Progress Against FY21 Committee Goals e. Major Capital Projects in Process			
5. REPORT ON BOARD ACTIONS ATTACHMENT 5	John Zoglin, Chair		information 5:38 – 5:43
6. FY21 PERIOD 4 FINANCIALS (INCLUDING COVID-19 RECOVERY PLAN) ATTACHMENT 6	Carlos Bohorquez, CFO	<i>public comment</i>	motion required 5:43 – 5:58
7. REVISED FY21 FINANCIAL FORECAST ATTACHMENT 7	Carlos Bohorquez, CFO		information 5:58 – 6:18
8. ECHMN FINANCIAL REPORT (INCLUDING PIR OF ASSET ACQUISITION AND CLINIC IT INFRASTRUCTURE) ATTACHMENT 8	Bruce Harrison, President, SVMD; David Neapolitan, VP of Finance, SVMD; Deb Muro, CIO		motion required 6:18 – 6:48

A copy of the agenda for the Regular Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting. In observance of the Americans with Disabilities Act, please notify us at 650-988-7504 prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
9. ADJOURN TO CLOSED SESSION	John Zoglin, Chair		motion required 6:48 – 6:49
10. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Chair		information 6:49 – 6:50
11. CONSENT CALENDAR <i>Any Committee Member may remove an item for discussion before a motion is made.</i> Approval <i>Gov't Code Section 54957.2:</i> - Minutes of the Closed Session of the Finance Committees (09/29/2020) Information <i>Health and Safety Code Section 32106(b):</i> - Physician Contracts a. MV Orthopedic Surgery Call Panel Renewal	John Zoglin, Chair		motion required 6:50 – 6:51
12. <i>Health and Safety Code Section 32106(b)</i> – for a report and discussion involving healthcare facility trade secrets: PAYOR UPDATE	Joan Kezic, VP of Payor Relations		discussion 6:51 – 7:11
13. <i>Health and Safety Code Section 32106(b)</i> – for a report and discussion involving healthcare facility trade secrets: MATERNAL CHILD HEALTH SERVICE LINE REVIEW	Jim Griffith, COO/ Heather Freeman, Sr. Director, Service Lines		discussion 7:11 – 7:31
14. <i>Health and Safety Code Section 32106(b)</i> – for a report and discussion involving healthcare facility trade secrets: PUBLIC HEALTH SERVICE ACT – HOSPITAL PRICE TRANSPARENCY	Carlos Bohorquez, CFO/Mary Rotunno, General Counsel		discussion 7:31 – 7:51
15. <i>Gov't Code Sections 54957</i> for report and discussion on personnel matters – Senior Management: - Executive Session	John Zoglin, Chair		information 7:51 – 7:56
16. ADJOURN TO OPEN SESSION	John Zoglin, Chair		motion required 7:56 – 7:57
17. RECONVENE OPEN SESSION / REPORT OUT	John Zoglin, Chair		information 7:57 – 7:58
To report any required disclosures regarding permissible actions taken during Closed Session.			
18. PHYSICIAN CONTRACTS a. MV Orthopedic Surgery Call Panel Renewal	M. Adams, CMO	<i>public comment</i>	motion required 7:58 – 7:59
19. CLOSING COMMENTS	John Zoglin, Chair		information 7:59 – 8:01
20. ADJOURNMENT	John Zoglin, Chair	<i>public comment</i>	motion required 8:01 – 8:02

Upcoming Meetings:

Regular Meetings: January 25, 2021 (Joint with Investment Committee), March 29, 2021, April 26, 2021, May 24, 2021 (Joint with ECHB)



**Minutes of the Open Session of the
Finance Committee of the
El Camino Hospital Board of Directors
Tuesday, September 29, 2020**

El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040

Members Present

John Zoglin, Chair**
Joseph Chow**
Boyd Faust**
Gary Kalbach**
Don Watters**
Wayne Doiguchi**

Members Absent

**via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Finance Committee of El Camino Hospital (the “Committee”) was called to order at 5:30pm by Chair John Zoglin. A verbal roll call was taken. Gary Kalbach was absent during roll call. All other members were present and participated telephonically. A quorum was present pursuant to State of California Executive Orders N-25-20 dated March 12, 2020 and N-29-20 dated March 18, 2020.	
2. POTENTIAL CONFLICT OF INTEREST	Chair Zoglin asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
3. PUBLIC COMMUNICATION	There were no comments from the public.	
4. CONSENT CALENDAR	<p>Chair Zoglin asked if any member of the Committee wished to remove an item from the consent calendar.</p> <p>Chair Zoglin pulled Item 4b Pacing Plan for discussion. The SVMD Financial Report is reviewed quarterly and the next meeting for it to be reviewed is on March 29, 2021 for the year-end report through December. Chair Zoglin suggested they be reviewed at the January 25, 2021 meeting. Carlos Bohorquez, CFO, agreed.</p> <p>Motion: To approve the consent calendar: (a) Minutes of the Open Session of the Joint Finance and ECHB meeting (08/25/20) and for information: (b) FY21 Committee Pacing Plan with the proposed change and (c) Progress Against FY21 Committee Goals.</p> <p>Movant: Kalbach Second: Watters Ayes: Chow, Doiguchi, Faust, Kalbach, Watters, and Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Consent Calendar was approved.</i>
5. REPORT ON BOARD ACTIONS	Chair Zoglin asked the Committee for any questions or feedback on the Report on Board Actions as further detailed in the packet. None were reported.	
6. FY21 PERIOD 2 FINANCIALS (INCLUDING COVID-19 RECOVERY PLAN)	Carlos Bohorquez presented the FY2021 Period 2 Financials. He stated through the end of August 31 2020, the organization has continued to experience some challenges related to COVID-19, but overall the organization is performing favorably to budget and management’s actions have helped significantly mitigate the COVID-19 impact. He reported	

that, overall, volumes have rebounded strongly. The only area that has not rebounded to pre-COVID levels is Mountain View (“MV”) inpatients. He stated that patients are still concerned about coming to the Emergency Department, so management has continued to focus on patient education. Nevertheless, from a revenue perspective, it has increased 3% from last year. Mr. Bohorquez stated that from an expense side, there was a significant increase in supplies month over month which is attributed to higher use of PPE, increased cost of PPE which is averaging 2x-3x pre-COVID levels and the capture of supply expenses for the prior month.

He stated there was a slight deterioration in payor mix in commercial volumes from July through August. With the increase of unemployment rates, there might be an increase in self-pay or Medi-Cal. Year to date, it has been favorable to budget on an operational side. However, it’s too soon to believe that the organization is completely safe in terms of COVID as there will be challenges in revenue and some deterioration in payor mix if the unemployment rate does not recover to pre-COVID levels. He believes that management will need to continue to manage variable expenses very tightly in order to ensure the organization is prepared for any additional impact of COVID and financial performance returns to pre-COVID levels.

Mr. Bohorquez stated that from a non-operating income stance, it’s been a very good month in investments. As far as overall performance and from a volume perspective, the MV campus has been lighter and Los Gatos is back to levels from pre-COVID. El Camino Health Medical Network’s (“ECHMN”) total visits were favorable to budget and have had an increase in urgent cares, this is most likely attributed to patients seeking care at urgent care centers vs. the emergency room. However, operating revenues and expenses were unfavorable to budget. ECHMN’s management team will need to continue to demonstrate improvement over the remainder of the fiscal year.

In response to committee members’ questions, Mr. Bohorquez stated that management will be incorporating solutions in the tracking of supplies in the next three to four months and implementing additional internal controls in the finance/accounting departments. They are currently being tracked on a legacy software. He also stated that volumes were up on the urgent care side regardless of the lower dollars per visit than a specialist or emergency care. He stated tele-medicine mix is also at a lower rate.

Mr. Faust requested a volume by trend by department to see how the different specialties are doing. Mr. Woods suggested keeping it as confidential. Other committee members and management agreed.

Motion: To approve the FY2021 Period 2 Financials (Including COVID-19 Recovery Plan) and recommend to the board.

Movant: Faust

Second: Doiguchi

Ayes: Chow, Doiguchi, Faust, Kalbach, Watters, and Zoglin

Noes: None

Abstentions: None

	<p>Absent: None Recused: None</p>	
<p>7. PROJECT COMPLETION REPORTS INCLUDING PERFORMANCE AGAINST BUDGET</p>	<p>Ken King, CASO, presented the Project Completion Reports including Performance Against Budget. For Taube Pavilion, he stated that the building is occupied but the project is not yet 100% finished. Management is currently working to complete the final improvements required at the end of the project related to issues of non-compliance with a life safety item. The project is anticipated to end at the end of October 2020.</p> <p>For Sobrato Pavilion, the project will come in slightly under the approved budget which included the tenant costs being attributed. There are some funds the City of Mountain View is holding that the hospital will get back once the project is completed. This project is to be completed by the end of October 2020. It is 90% leased with a few small suites available. Mr. King stated that this building is a high rise and with only a handful of high rises within the City of Mountain View, management is not worried about getting those available suites leased.</p> <p>In response to a committee member’s question, Mr. King stated that the biggest takeaway from this project is the attention to detail to compliance requirements.</p>	
<p>8. POST IMPLEMENTATION REVIEW</p>	<p>Ken King, CASO, presented the Post Implementation Review. He stated that the North 1st street clinic is a non-licensed clinic which does not require CDPH approval for physicians to occupy. There have been challenges with the City of San Jose, but management is confident in bringing this project to an end.</p> <p>In terms of the Mountain View Interventional Equipment Replacement Project, the board approved it for five existing rooms and one new room. Configurations will need to be done as some rooms will need to be enlarged and constructed with a new control station. Mr. King stated that there is still a lot of work to be done to estimate costs to comply with code modifications and management is not requesting funding at this time.</p> <p>In response to committee members’ questions, Mr. King stated that management is going to work at better forecasting at the beginning of the project. He also stated that all of the projects go through a competitive bid process. At this time, management has been waiting for the market since we predict a slowdown that will benefit the project. Mr. King stated that his team has already begun to do a more thorough analysis before putting together a preliminary estimate.</p> <p>In terms of the Mountain View Imaging Equipment Replacement Project, the cost was underestimated as the building codes were not factored in the total costs. The major element of this project was to add two new modality rooms to improve efficiency. Mr. King stated that the recommendation is now to expand the footprint of the department which will require displacement of the patient registration area and eliminate one of the gift shops. Preliminary estimates are presented in the packet.</p> <p>In response to committee members’ questions, Mr. King stated that during analysis of the equipment selection, the pricing that one vendor put forward was far better than the other and included equipment maintenance. Regardless of which vendor provides the equipment, there will still be code driven requirements. Mr. King stated that there is still</p>	

	additional work to be done on financial liability and the request for funding will not be ready until May or June at the earliest.	
9. DEPARTMENT OF MANAGED CARE REQUIREMENT LOC WITH ECH	<p>Carlos Bohorquez, CFO, presented an update on the Department of Managed Care's requirements for sponsoring organizations.</p> <p>He stated that the Department of Managed Health Care ("DMHC") requires a Risk Bearing Organization ("RBO"), which in this case is SVMD, meet certain financial ratios to ensure that an organization has the financial ability to meet and pay future obligations associated with patients that receive services under a capitation agreement. DMHC also allows an RBO to reduce these ratios if they are able to receive a guarantee from a sponsoring organization (i.e. El Camino Hospital) for a twelve (12) month period. On March 31, 2019 the Board of Directors of ECH, approved a guarantee of four million dollars (\$4,000,000.00) to be provided by ECH to SVMD. This guarantee has enable SVMD to meet DMHC's financial ratios and given that the twelve (12) month period has passed, SVMD is in the process of formally requesting a twelve month (12) extension to the DMHC.</p> <p>In response to committee members' questions, Mr. Bohorquez stated that David Neapolitan, VP of Finance, SVMD, will make a formal request to him to ensure that hospital is not providing more support than what was approved as part of the FY2021 budget. He also stated that the guarantee by ECH to SVMD and does not necessarily mean the money will be transferred directly to SVMD's balance sheet.</p>	
10. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 6:49pm.</p> <p>Movant: Kalbach Second: Watters Ayes: Chow, Doiguchi, Faust, Kalbach, Watters, and Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Adjourned to closed session at 6:49pm.</i>
11. AGENDA ITEM 18: RECONVENE OPEN SESSION/ REPORT OUT	The open session reconvened at 8:01 pm. Agenda Items 11-17 were covered in closed session. During the closed session, the Committee approved Meeting Minutes of the Closed Session of the Finance Committee (08/25/20) by a unanimous vote of all members present (Chow, Doiguchi, Faust, Kalbach, Watters, and Zoglin).	
12. AGENDA ITEM 19: PHYSICIAN CONTRACTS	<p>Motion: To approve the Neuro-Interventional Call Panel Renewal (MV) and Medical Director, Cardiac Rehab (MV).</p> <p>Movant: Kalbach Second: Watters Ayes: Chow, Doiguchi, Faust, Kalbach, Watters, and Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
13. AGENDA ITEM 20: CLOSING COMMENTS	There were no closing comments.	
14. AGENDA ITEM 21: ADJOURNMENT	<p>Motion: To adjourn at 8:05pm</p> <p>Movant: Kalbach Second: Watters</p>	<i>Meeting adjourned at 8:05pm.</i>

	Ayes: Chow, Doiguchi, Faust, Kalbach, Watters, and Zoglin Noes: None Abstentions: None Absent: None Recused: None	
--	--	--

Attest as to the approval of the foregoing minutes by the Finance Committee of El Camino Hospital:

John Zoglin
Chair, Finance Committee

DRAFT



El Camino Health

Summary of Financial Operations

Fiscal Year 2021 – Period 3

7/1/2020 to 9/30/2020

Overall Commentary for September

- For both ECH and SVMD the volumes continue to exceed budget
- Overall gross charges, a surrogate for volume, was exceeded budget by 34% in the month of September (Net Patient Revenue exceeded budget by 30%)
- Operating Expenses were \$8.6M or 11% greater than budget and driven by the increased volumes
- Operating income was favorable to the budget by \$11.5M and comparable to prior year
- Because of current / future revenue inflation pressures and Covid impact
 - Continued focus on managing variable expenses and monitoring changes to payor mix will be critical to ensure the organization returns to consistent strong operating performance
 - Non Operating Income includes:
 - Investment Income was a negative \$9.6M due to realized loss of \$1.4M with the remaining amount being unrealized losses in equity and fixed income positions during the month.

Consolidated Statement of Operations (\$000s)

Period ending 09/30/2020

Period 3 FY 2020	Period 3 FY 2021	Period 3 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
312,105	357,838	266,678	91,160	34.2%	Gross Revenue	943,255	1,030,188	782,037	248,151	31.7%
(232,266)	(267,829)	(197,259)	(70,570)	(35.8%)	Deductions	(694,407)	(768,638)	(578,847)	(189,791)	(32.8%)
79,839	90,009	69,418	20,590	29.7%	Net Patient Revenue	248,847	261,549	203,190	58,360	28.7%
5,632	3,996	4,424	(428)	(9.7%)	Other Operating Revenue	13,563	12,994	13,234	(240)	(1.8%)
85,471	94,005	73,842	20,163	27.3%	Total Operating Revenue	262,411	274,543	216,424	58,120	26.9%
					OPERATING EXPENSE					
44,976	48,136	43,161	(4,975)	(11.5%)	Salaries & Wages	136,079	142,306	130,033	(12,274)	(9.4%)
12,325	12,798	10,833	(1,965)	(18.1%)	Supplies	38,758	42,511	32,007	(10,504)	(32.8%)
13,126	14,949	14,476	(473)	(3.3%)	Fees & Purchased Services	40,278	42,233	43,519	1,286	3.0%
3,485	4,498	3,596	(902)	(25.1%)	Other Operating Expense	10,425	11,677	11,322	(355)	(3.1%)
525	1,428	926	(501)	(54.1%)	Interest	1,590	4,287	2,775	(1,512)	(54.5%)
4,368	5,795	5,962	168	2.8%	Depreciation	13,359	16,354	17,577	1,223	7.0%
78,805	87,604	78,954	(8,649)	(11.0%)	Total Operating Expense	240,490	259,367	237,232	(22,135)	(9.3%)
6,666	6,401	(5,112)	11,513	(225.2%)	Net Operating Margin	21,920	15,176	(20,809)	35,985	(172.9%)
2,677	(9,557)	3,228	(12,785)	(396.1%)	Non Operating Income	6,214	46,803	7,729	39,074	505.5%
9,342	(3,156)	(1,884)	(1,272)	67.5%	Net Margin	28,135	61,979	(13,079)	75,058	(573.9%)
					EBIDA	14.1%	13.0%	-0.2%	13.3%	
13.5%	14.5%	2.4%	12.1%		Operating Margin	8.4%	5.5%	-9.6%	15.1%	
7.8%	6.8%	-6.9%	13.7%		Net Margin	10.7%	22.6%	-6.0%	28.6%	
10.9%	-3.4%	-2.6%	(0.8%)							

Financial Overview – September

Financial Performance

Enterprise

- The primary drivers of favorable operating income continue to be volumes which in most cases exceed pre-covid levels:
 - Volumes and Revenues continue to be stronger than budget as demonstrated by:
 - Adjusted Discharges were 344 cases or 14% favorable to budget
 - Gross charges were \$91M or 34% favorable to budget
 - Inpatient Charges up \$49M or 35% driven by OR, Cath Lab, Critical Care areas, and related Ancillary services
 - Outpatient Charges up \$42M or 34% driven by Cath Lab, OR, Emergency Room, and related Ancillary services
 - Operating Expenses were unfavorable to budget by \$8.6M or (11%), due to increased patient activity
 - SWB were unfavorable by \$5.0M or (11.5%)
 - Supplies were unfavorable by \$1.4M or (19%)
 - Purchased Services were unfavorable by \$1.3M or (27%)
 - All other discretionary non volume driven expenses were unfavorable by \$0.9M

Financial Overview – September cont.

Financial Performance

Hospital

- Adjusted Discharges (AD) favorable to budget by 344 ADs or (14%) and unfavorable to prior year by 127 AD's or (-4%)
 - Mountain View: Favorable to budget by 309 ADs (16%) and unfavorable to prior year by 164 AD's or (-7%)
 - Los Gatos: Favorable to budget by 35 ADs (6%) and favorable to prior year by 37 AD's or (7%)
- Operating Expense* Per Adjusted Discharge was \$24,976 which is 1.4% below budget
 - Excluding Depreciation and Interest

El Camino Health Medical Network

- Total visits were 12.7% favorable to budget with Urgent Care Visits making up 68% of the favorable variance in the month of September
- ECHMN net income was 2% favorable to budget in the month and is 11% favorable for the first quarter of FY2021

Dashboard - as of September 30, 2020

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
Consolidated Financial Perf.								
Total Operating Revenue	85,471	94,005	73,842	20,163	262,411	274,543	216,424	58,120
Operating Expenses	78,805	87,604	78,954	(8,649)	240,490	259,367	237,232	(22,135)
Operating Margin \$	6,666	6,401	(5,112)	11,513	21,920	15,176	(20,809)	35,985
Operating Margin %	7.8%	6.8%	(6.9%)	13.7%	8.4%	5.5%	(9.6%)	15.1%
EBIDA \$	11,559	13,624	1,776	11,847	36,869	35,816	(457)	36,273
EBIDA %	13.5%	14.5%	2.4%	12.1%	14.1%	13.0%	(0.2%)	13.3%
Hospital Volume								
Licensed Beds	443	454	454	-	443	454	454	-
ADC	227	246	199	46	227	236	191	45
Utilization MV	63%	64%	52%	12.8%	62%	61%	49%	12.0%
Utilization LG	27%	32%	27%	4.7%	29%	32%	26%	5.7%
Utilization Combined	51%	54%	44%	10.2%	51%	52%	42%	10.0%
Adjusted Discharges	2,989	2,861	2,517	344	9,428	8,702	7,406	1,296
Total Discharges (Excl NNB)	1,575	1,543	1,354	189	4,953	4,635	3,986	649
Total Discharges	1,915	1,871	1,686	185	6,013	5,698	4,972	726
Inpatient Cases								
MS Discharges	1,096	1,041	838	203	3,440	3,054	2,459	595
Deliveries	358	357	351	6	1,112	1,140	1,042	98
BHS	82	94	121	(27)	275	296	355	(59)
Rehab	39	51	44	7	126	145	130	15
Outpatient Cases								
	13,083	15,181	10,123	5,058	38,775	45,314	29,739	15,575
ED	4,005	2,951	2,498	453	12,293	9,242	7,193	2,049
Procedural Cases								
OP Surg	448	504	330	174	1,447	1,514	981	533
Endo	216	214	138	76	648	699	402	297
Interventional	182	172	98	74	527	523	275	248
All Other	8,232	11,340	7,059	4,281	23,860	33,336	20,889	12,447
Hospital Payor Mix								
Medicare	52.5%	48.4%	48.2%	0.2%	49.9%	47.9%	48.4%	(0.5%)
Medi-Cal	7.7%	7.5%	7.6%	(0.1%)	7.8%	7.2%	7.4%	(0.2%)
Commercial IP	16.3%	21.1%	20.6%	0.6%	18.6%	20.9%	20.6%	0.2%
Commercial OP	21.3%	20.8%	21.1%	(0.3%)	21.6%	21.7%	21.1%	0.6%
Total Commercial	37.6%	41.9%	41.7%	0.3%	40.1%	42.6%	41.7%	0.8%
Other	2.2%	2.2%	2.5%	(0.3%)	2.1%	2.4%	2.5%	(0.1%)
Hospital Cost								
Total FTE ¹	2,760.0	2,763.9	2,834.9	71.0	2,749.1	2,734.5	2,818.0	83.5
Productive Hrs/APD	32.1	30.8	34.7	3.9	31.6	31.0	35.7	4.7
Consolidated Balance Sheet								
Net Days in AR	48.8	52.9	49.0	(3.9)	48.8	52.9	49.0	(3.9)
Days Cash	468	520	435	84	468	520	435	84

¹ Paid FTE; Budget in this case is using the Flex Budget instead of Fixed Budget

Consolidated Balance Sheet

(in thousands)

ASSETS

	Audited	
	September 30, 2020	June 30, 2020
CURRENT ASSETS		
Cash	234,907	228,464
Short Term Investments	228,879	221,604
Patient Accounts Receivable, net	150,338	128,564
Other Accounts and Notes Receivable	12,973	13,811
Intercompany Receivables	73,779	72,592
Inventories and Prepaids	24,480	101,267
Total Current Assets	725,357	766,303
BOARD DESIGNATED ASSETS		
Foundation Board Designated	16,070	15,364
Plant & Equipment Fund	176,154	166,859
Women's Hospital Expansion	30,401	22,563
Operational Reserve Fund	159,684	148,917
Community Benefit Fund	16,197	17,916
Workers Compensation Reserve Fund	16,482	16,482
Postretirement Health/Life Reserve Fund	30,913	30,731
PTO Liability Fund	29,121	27,515
Malpractice Reserve Fund	1,955	1,919
Catastrophic Reserves Fund	18,727	17,667
Total Board Designated Assets	495,703	465,933
FUNDS HELD BY TRUSTEE	17,558	23,478
LONG TERM INVESTMENTS	390,230	372,175
CHARITABLE GIFT ANNUITY INVESTMENTS	689	680
INVESTMENTS IN AFFILIATES	30,939	29,065
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,345,563	1,342,012
Less: Accumulated Depreciation	(692,889)	(676,535)
Construction in Progress	500,823	489,848
Property, Plant & Equipment - Net	1,153,497 #	1,155,326
DEFERRED OUTFLOWS	21,575	21,416
RESTRICTED ASSETS	27,951	28,547
OTHER ASSETS	83,019	3,231
TOTAL ASSETS	2,946,518	2,866,153

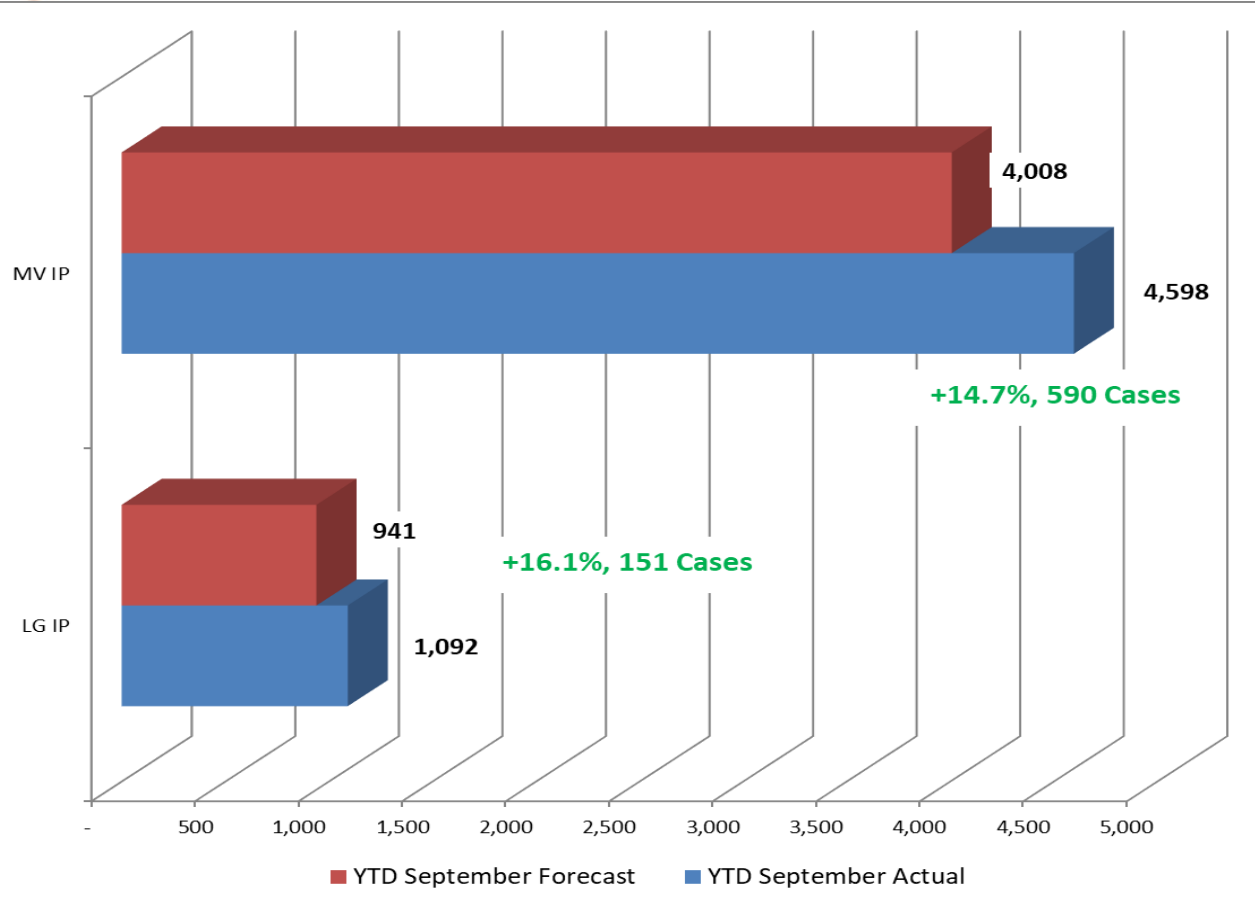
LIABILITIES AND FUND BALANCE

	Audited	
	September 30, 2020	June 30, 2020
CURRENT LIABILITIES		
(Accounts Payable	38,711	35,323
Salaries and Related Liabilities	37,849	35,209
Accrued PTO	29,816	28,124
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	11,060	10,956
Intercompany Payables	71,634	70,292
Malpractice Reserves	1,560	1,560
Bonds Payable - Current	9,020	9,020
Bond Interest Payable	3,385	8,463
Other Liabilities	2,417	3,222
Total Current Liabilities	207,752 #	204,469
LONG TERM LIABILITIES		
Post Retirement Benefits	31,003	30,731
Worker's Comp Reserve	16,482	16,482
Other L/T Obligation (Asbestos)	4,124	4,094
Bond Payable	520,697	513,602
Total Long Term Liabilities	572,306	564,908
DEFERRED REVENUE-UNRESTRICTED	77,081	77,133
DEFERRED INFLOW OF RESOURCES	31,009	30,700
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	1,835,457	1,771,854
Board Designated	194,544	188,457
Restricted	28,370	28,631
Total Fund Bal & Capital Accts	2,058,371	1,988,942
TOTAL LIABILITIES AND FUND BALANCE	2,946,518	2,866,153

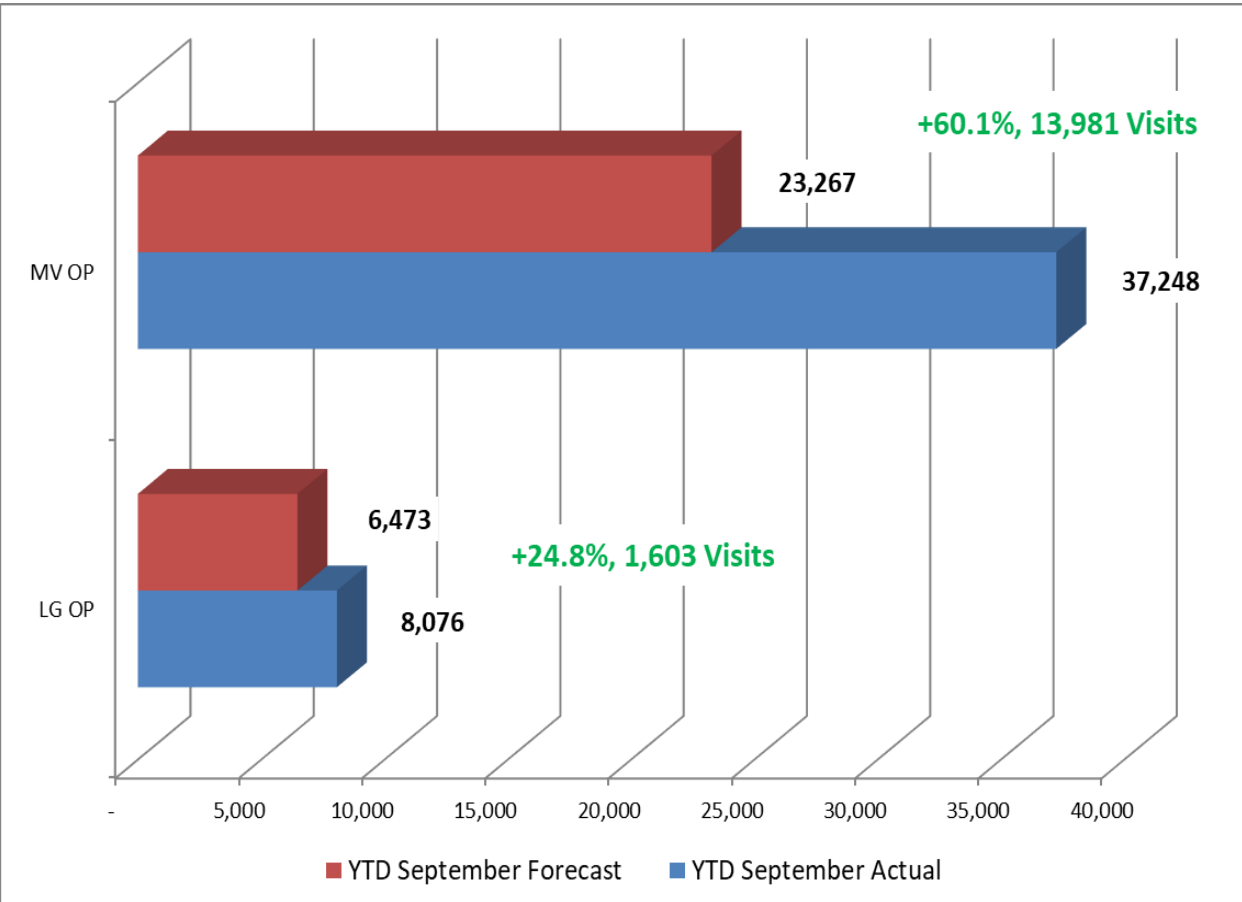
Year to Date September Volume Performance

FY2021 Budget vs Actual

INPATIENT



OUTPATIENT

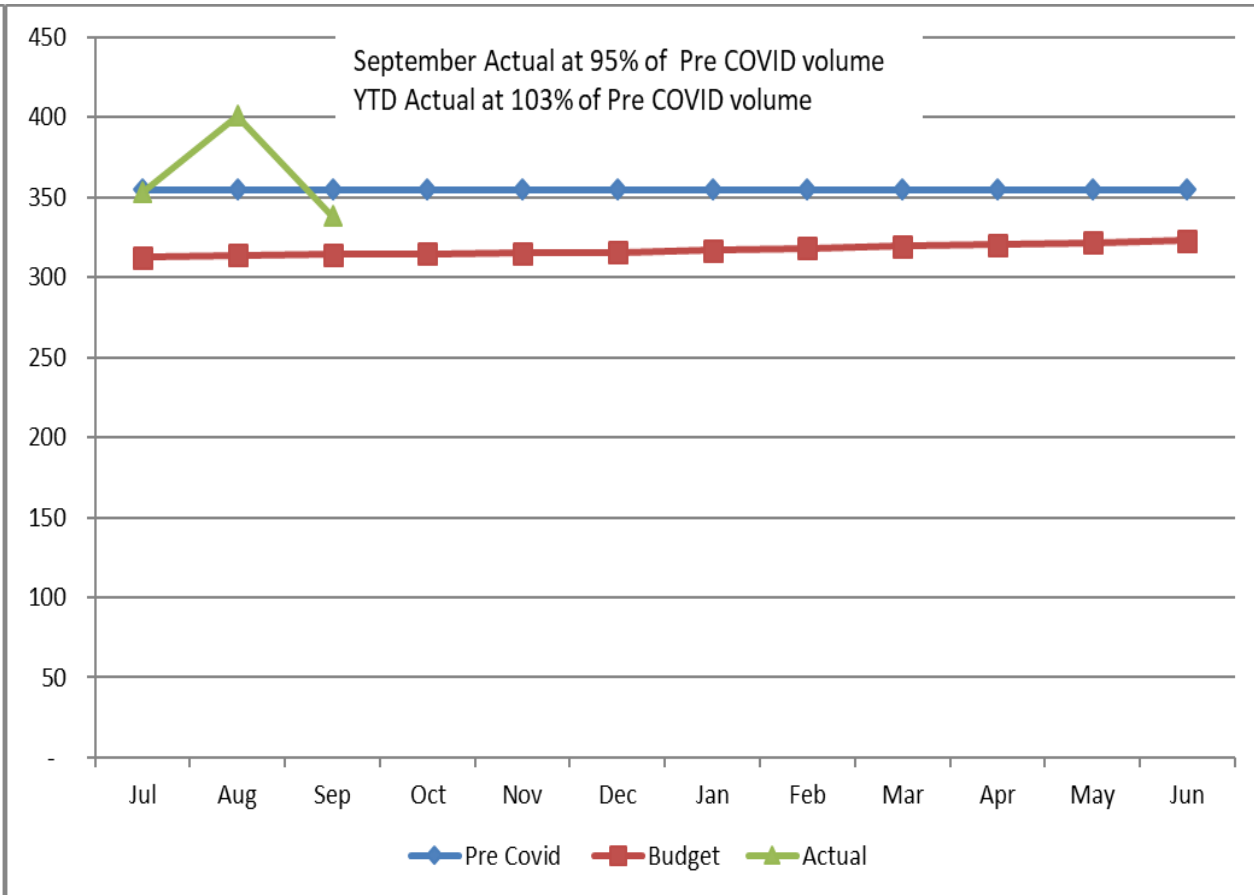
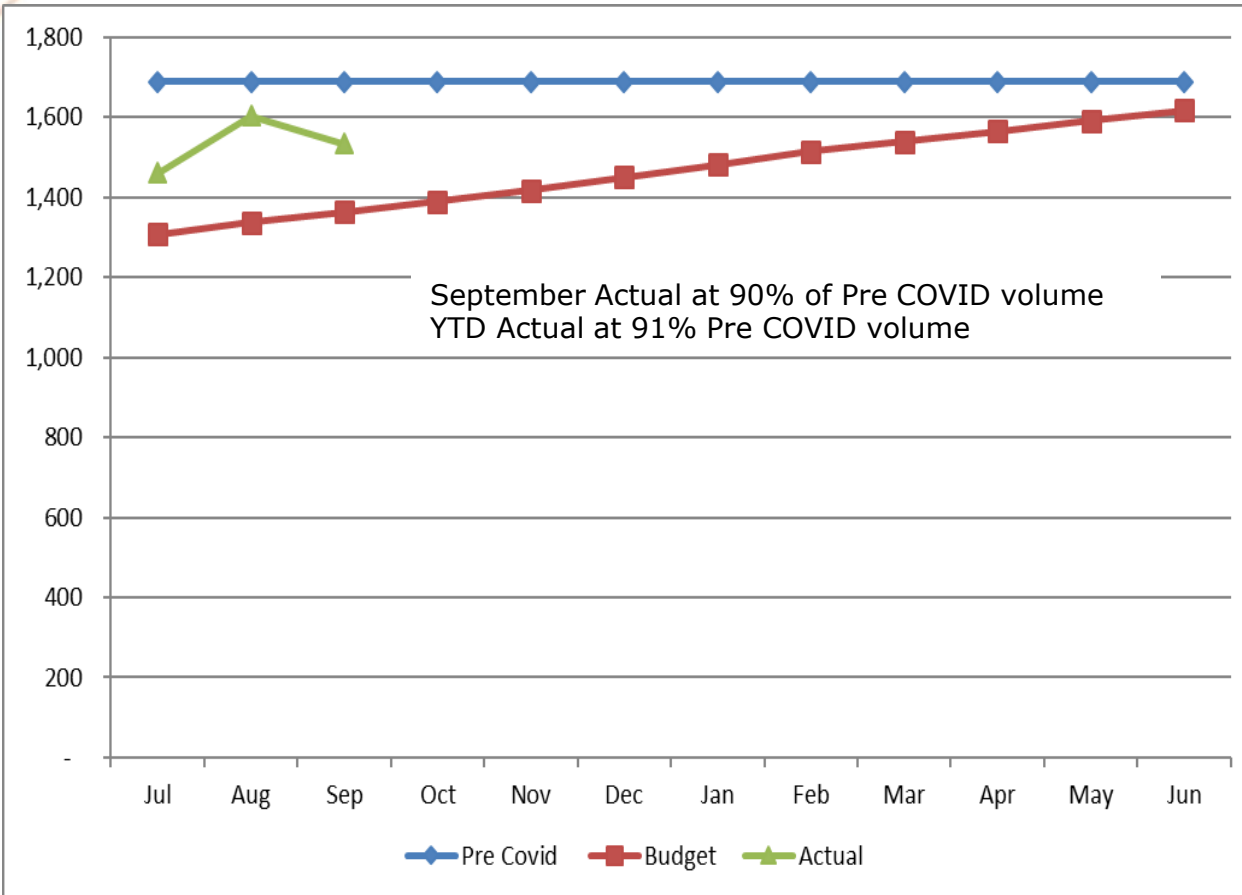


September Volume – Inpatient

FY2021 Budget vs Actual – Including Pre COVID Level

MV

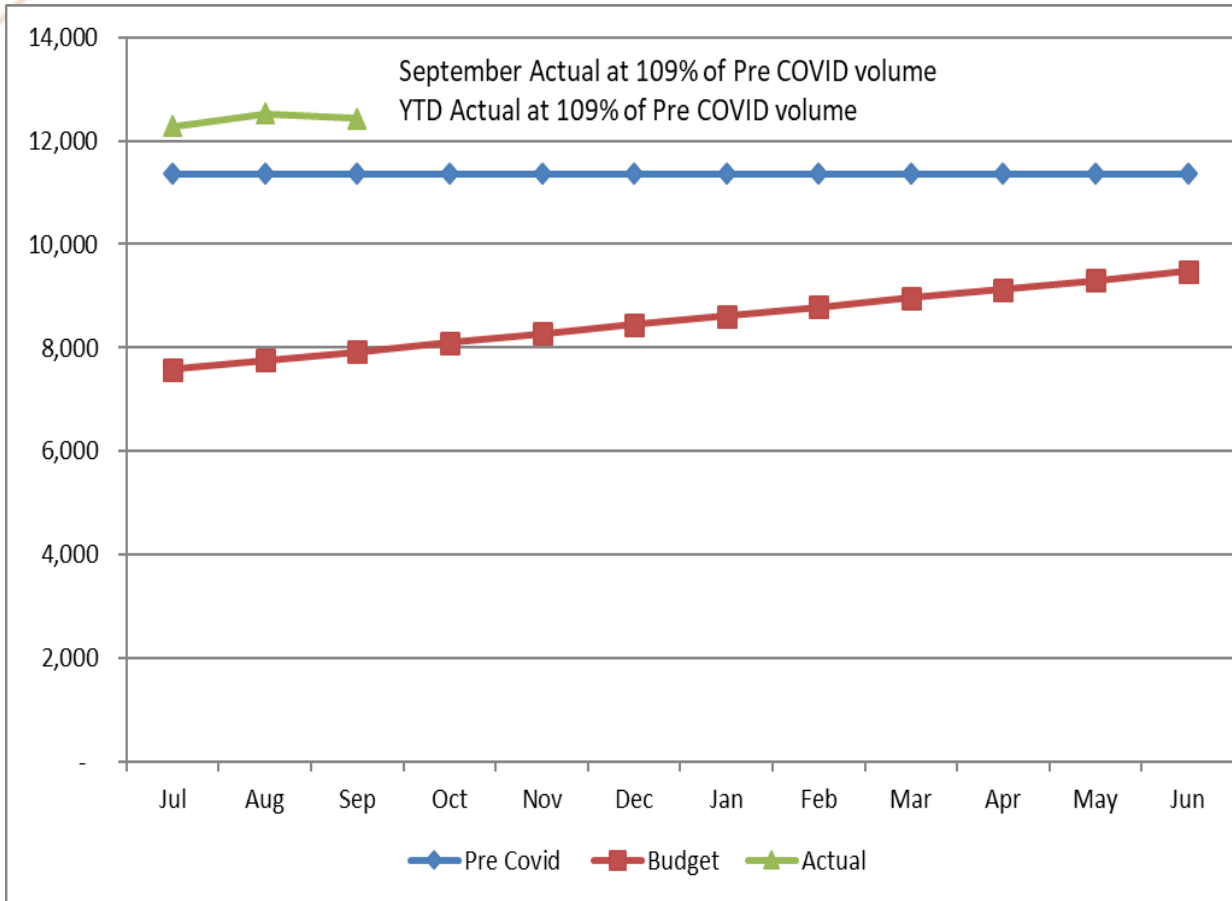
LG



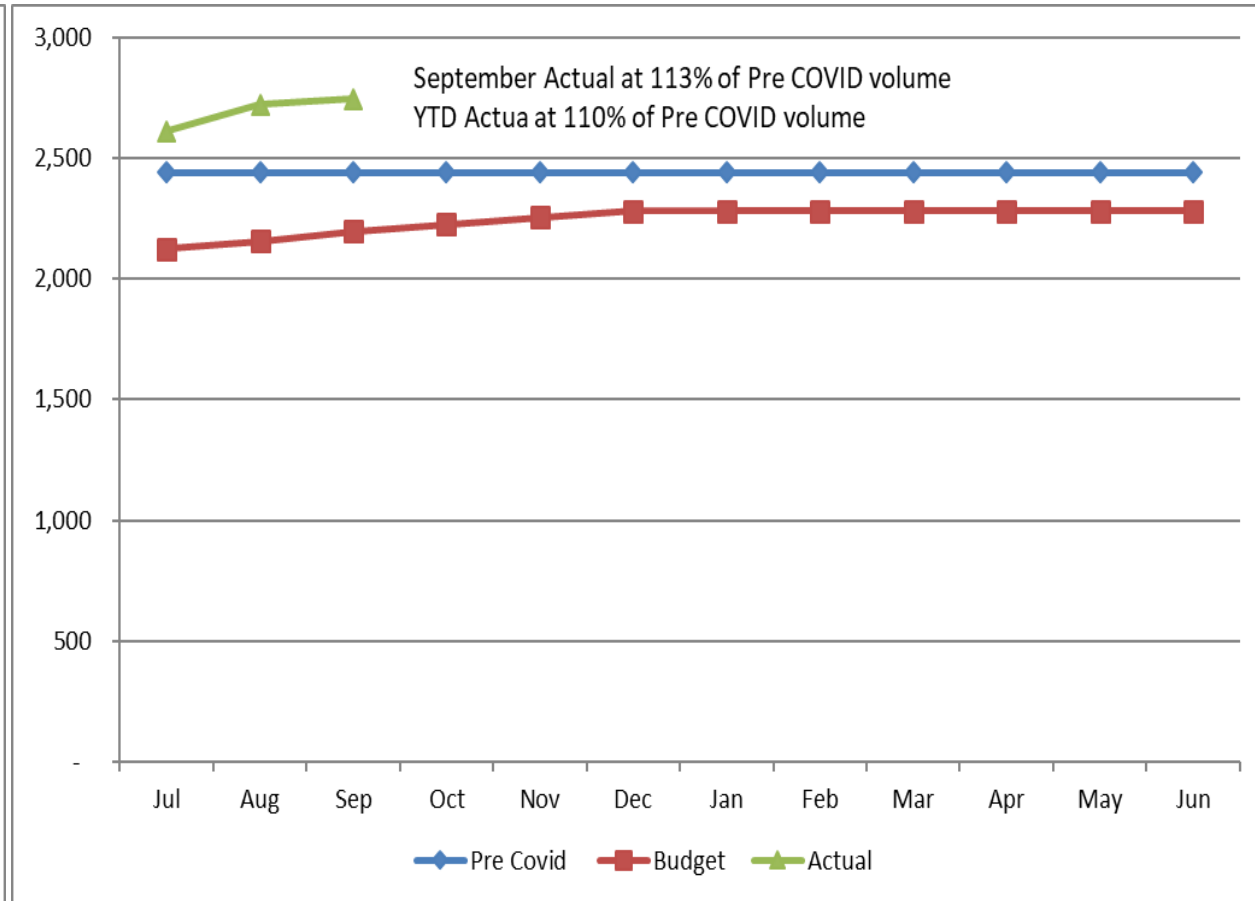
September Volume – Outpatient

FY2021 Budget vs Actual – Including Pre COVID Level

MV

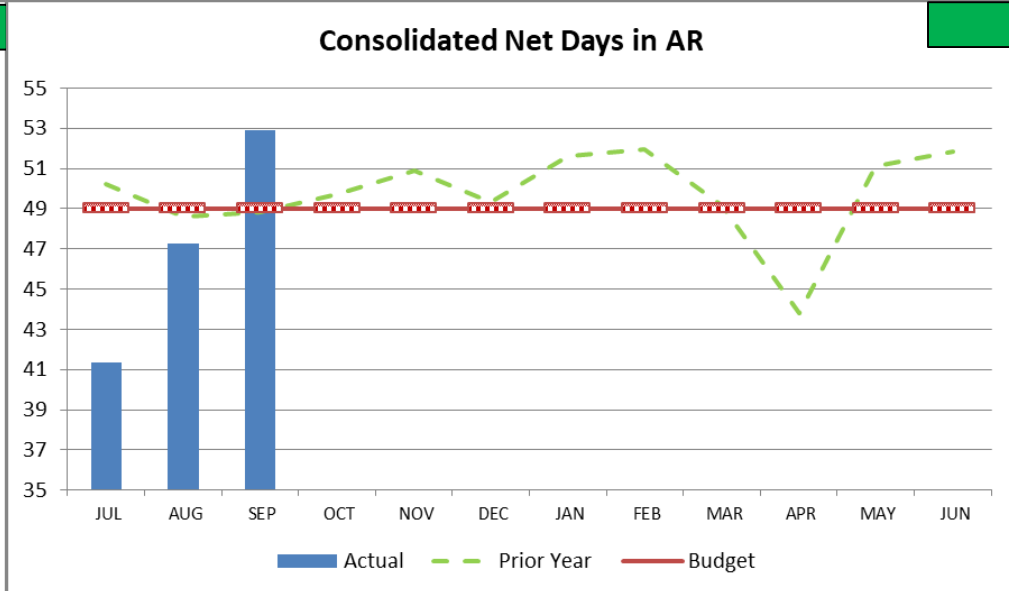
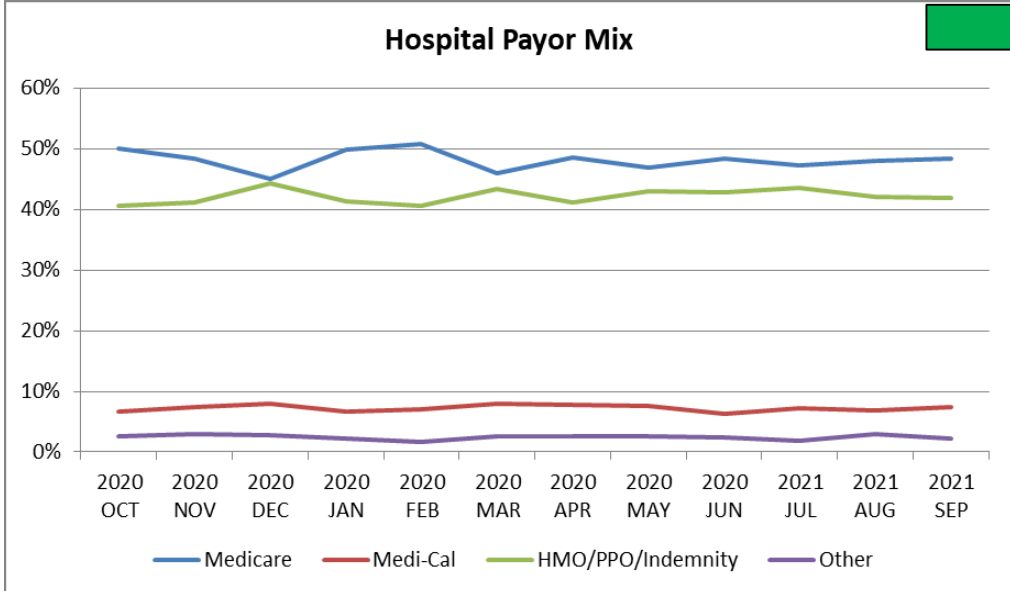
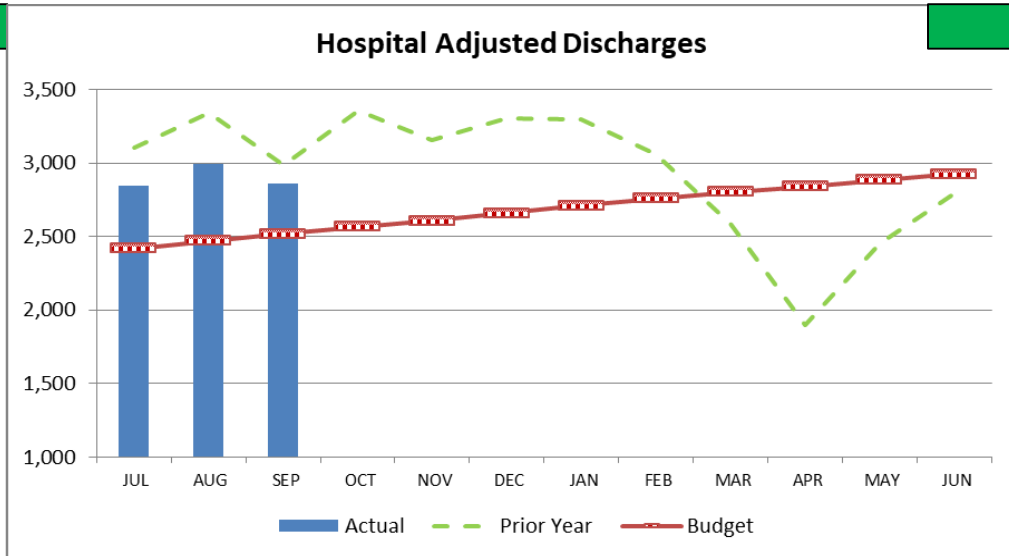
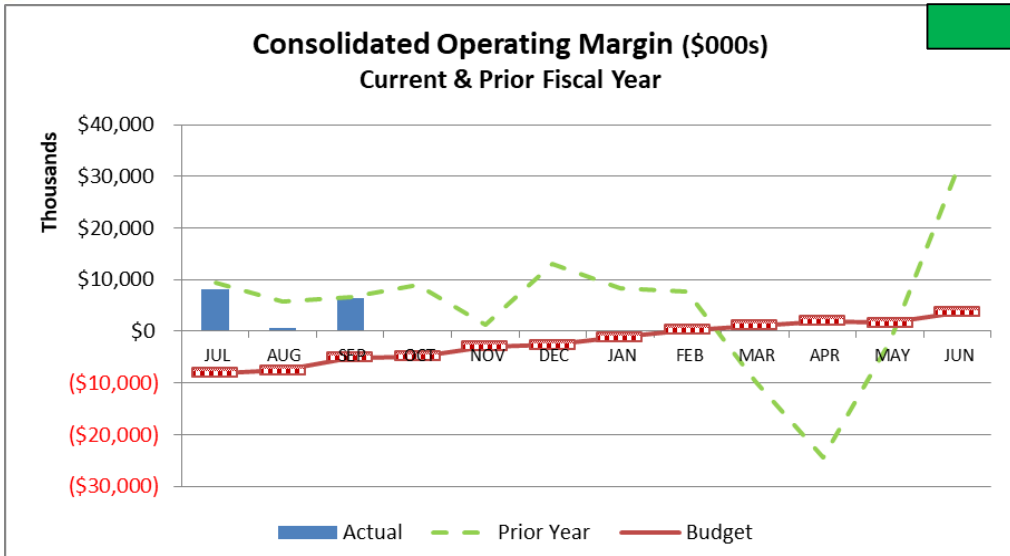


LG



APPENDIX

Monthly Financial Trends



Investment Portfolio Scorecard (as of 9/30/2020)

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY20 Budget	Expectation Per Asset Allocation
Investment Performance									
		3Q 2020		Fiscal Year-to-date		7y 11m Since Inception (annualized)		FY 2020	2019
Surplus cash balance*		\$1,120.8	--	--	--	--	--	--	--
Surplus cash return		4.1%	3.9%	4.1%	3.9%	5.7%	5.6%	4.0%	5.6%
Cash balance plan balance (millions)		\$301.8	--	--	--	--	--	--	--
Cash balance plan return		5.3%	4.6%	5.3%	4.6%	7.7%	7.0%	6.0%	6.0%
403(b) plan balance (millions)		\$581.5	--	--	--	--	--	--	--
Risk vs. Return									
		3-year			7y 11m Since Inception (annualized)				2019
Surplus cash Sharpe ratio		0.51	0.51	--	--	0.83	0.83	--	0.34
Net of fee return		5.8%	5.5%	--	--	5.7%	5.6%	--	5.6%
Standard deviation		8.2%	7.9%	--	--	6.0%	5.8%	--	8.7%
Cash balance Sharpe ratio		0.54	0.49	--	--	0.91	0.88	--	0.32
Net of fee return		7.0%	6.0%	--	--	7.7%	7.0%	--	6.0%
Standard deviation		10.3%	9.4%	--	--	7.7%	7.1%	--	10.3%
Asset Allocation									
		3Q 2020							
Surplus cash absolute variances to target		12.4%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Cash balance absolute variances to target		12.1%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Manager Compliance									
		3Q 2020							
Surplus cash manager flags		23	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		25	< 27 Green < 34 Yellow	--	--	--	--	--	--

*Excludes debt reserve funds (~\$18 mm), District assets (~\$42 mm), and balance sheet cash not in investable portfolio (\$236 mm). Includes Foundation (~\$37 mm) and Concern (~\$15 mm) assets.

Non Operating Items and Net Margin by Affiliate

\$ in thousands

	Period 3- Month			Period 3- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Operating Margin						
Mountain View	7,001	(3,310)	10,311	20,837	(13,719)	34,556
Los Gatos	2,698	1,535	1,163	3,992	3,703	289
Sub Total - El Camino Hospital, excl. Affiliates	9,698	(1,775)	11,474	24,828	(10,016)	34,845
Operating Margin %	11.0%	-2.6%		9.6%	-5.0%	
El Camino Hospital Non Operating Income						
Sub Total - Non Operating Income	(9,418)	3,029	(12,447)	45,225	6,926	38,299
El Camino Hospital Net Margin	281	1,254	(973)	70,053	(3,090)	73,143
ECH Net Margin %	0.3%	1.8%		27.1%	-1.5%	
Concern	(128)	(85)	(44)	(39)	(14)	(25)
ECSC	(0)	0	(0)	(2)	0	(2)
Foundation	(339)	(29)	(310)	823	25	798
El Camino Health Medical Network	(2,969)	(3,025)	56	(8,856)	(9,999)	1,144
Net Margin Hospital Affiliates	(3,437)	(3,139)	(298)	(8,074)	(9,989)	1,915
Total Net Margin Hospital & Affiliates	(3,156)	(1,884)	(1,272)	61,979	(13,079)	75,058

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

Period ending 9/30/2020

Period 3 FY 2020	Period 3 FY 2021	Period 3 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
255,491	275,631	202,052	73,579	36.4%	Gross Revenue	758,020	797,771	591,404	206,366	34.9%
(189,393)	(206,164)	(149,687)	(56,476)	(37.7%)	Deductions	(555,749)	(591,726)	(438,134)	(153,592)	(35.1%)
66,098	69,467	52,365	17,102	32.7%	Net Patient Revenue	202,271	206,045	153,270	52,775	34.4%
2,274	1,238	1,492	(253)	(17.0%)	Other Operating Revenue	5,169	4,237	4,437	(199)	(4.5%)
68,373	70,706	53,857	16,849	31.3%	Total Operating Revenue	207,441	210,282	157,707	52,575	33.3%
					OPERATING EXPENSE					
35,745	37,953	34,022	(3,931)	(11.6%)	Salaries & Wages	107,731	111,841	102,261	(9,580)	(9.4%)
10,046	9,660	8,082	(1,578)	(19.5%)	Supplies	31,092	32,922	23,945	(8,978)	(37.5%)
5,489	6,881	6,880	(2)	(0.0%)	Fees & Purchased Services	19,166	19,323	20,664	1,341	6.5%
2,361	3,019	2,405	(614)	(25.5%)	Other Operating Expense	7,380	7,814	7,461	(353)	(4.7%)
525	1,428	926	(501)	(54.1%)	Interest	1,590	4,287	2,775	(1,512)	(54.5%)
3,516	4,763	4,852	88	1.8%	Depreciation	10,796	13,258	14,320	1,062	7.4%
57,682	63,705	57,167	(6,538)	(11.4%)	Total Operating Expense	177,754	189,445	171,426	(18,019)	(10.5%)
10,691	7,001	(3,310)	10,311	(311.5%)	Net Operating Margin	29,686	20,837	(13,719)	34,556	(251.9%)
2,281	(9,418)	3,029	(12,447)	(410.9%)	Non Operating Income	4,426	45,225	6,926	38,299	553.0%
12,972	(2,417)	(281)	(2,136)	760.9%	Net Margin	34,112	66,061	(6,793)	72,855	(1072.4%)
21.5%	18.7%	4.6%	14.1%		EBIDA	20.3%	18.3%	2.1%	16.1%	
15.6%	9.9%	-6.1%	16.0%		Operating Margin	14.3%	9.9%	-8.7%	18.6%	
19.0%	-3.4%	-0.5%	(2.9%)		Net Margin	16.4%	31.4%	-4.3%	35.7%	

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

Period ending 9/30/2020

Period 3 FY 2020	Period 3 FY 2021	Period 3 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
50,337	72,668	56,665	16,003	28.2%	Gross Revenue	167,836	207,037	167,663	39,374	23.5%
(38,291)	(55,665)	(42,242)	(13,423)	(31.8%)	Deductions	(126,333)	(159,897)	(125,112)	(34,785)	(27.8%)
12,046	17,003	14,423	2,580	17.9%	Net Patient Revenue	41,503	47,140	42,551	4,589	10.8%
410	423	271	152	56.3%	Other Operating Revenue	1,175	1,218	811	407	50.2%
12,456	17,426	14,694	2,732	18.6%	Total Operating Revenue	42,678	48,358	43,362	4,995	11.5%
					OPERATING EXPENSE					
7,001	8,028	6,985	(1,043)	(14.9%)	Salaries & Wages	21,788	24,247	21,115	(3,132)	(14.8%)
1,865	2,564	2,309	(254)	(11.0%)	Supplies	6,481	8,046	6,721	(1,325)	(19.7%)
2,662	2,743	2,661	(82)	(3.1%)	Fees & Purchased Services	8,141	8,495	7,998	(497)	(6.2%)
386	576	358	(218)	(61.0%)	Other Operating Expense	953	1,122	1,360	238	17.5%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
798	818	847	29	3.4%	Depreciation	2,401	2,456	2,466	10	0.4%
12,713	14,728	13,159	(1,569)	(11.9%)	Total Operating Expense	39,763	44,366	39,659	(4,707)	(11.9%)
(257)	2,698	1,535	1,163	75.7%	Net Operating Margin	2,915	3,992	3,703	289	7.8%
0	0	0	0	0.0%	Non Operating Income	0	0	0	0	0.0%
(257)	2,698	1,535	1,163	75.7%	Net Margin	2,915	3,992	3,703	289	7.8%
4.3%	20.2%	16.2%	4.0%		EBIDA	12.5%	13.3%	14.2%	(0.9%)	
-2.1%	15.5%	10.4%	5.0%		Operating Margin	6.8%	8.3%	8.5%	(0.3%)	
-2.1%	15.5%	10.4%	5.0%		Net Margin	6.8%	8.3%	8.5%	(0.3%)	

El Camino Health Medical Network (\$000s)

Period ending 9/30/2020

Period 3 FY 2020	Period 3 FY 2021	Period 3 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
6,277	9,539	7,960	1,579	19.8%	Gross Revenue	17,399	25,380	22,969	2,410	10.5%
(4,582)	(6,001)	(5,330)	(671)	(12.6%)	Deductions	(12,325)	(17,015)	(15,602)	(1,414)	(9.1%)
1,695	3,538	2,630	908	34.5%	Net Patient Revenue	5,074	8,364	7,368	997	13.5%
2,032	1,660	1,938	(278)	(14.4%)	Other Operating Revenue	4,936	5,403	5,815	(412)	(7.1%)
3,726	5,198	4,568	630	13.8%	Total Operating Revenue	10,009	13,767	13,182	585	4.4%
					OPERATING EXPENSE					
1,782	1,724	1,664	(60)	(3.6%)	Salaries & Wages	5,234	4,882	5,160	278	5.4%
398	571	430	(141)	(32.7%)	Supplies	1,117	1,474	1,308	(166)	(12.7%)
4,613	4,836	4,474	(362)	(8.1%)	Fees & Purchased Services	11,999	13,103	13,638	536	3.9%
660	836	764	(72)	(9.5%)	Other Operating Expense	1,906	2,563	2,292	(271)	(11.8%)
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
52	200	261	61	23.3%	Depreciation	155	601	784	182	23.3%
7,505	8,167	7,593	(575)	(7.6%)	Total Operating Expense	20,411	22,623	23,182	559	2.4%
(3,779)	(2,969)	(3,025)	56	(1.8%)	Net Operating Margin	(10,401)	(8,856)	(9,999)	1,144	(11.4%)
0	0	0	0	0.0%	Non Operating Income	0	0	0	0	0.0%
(3,778)	(2,969)	(3,025)	56	(1.8%)	Net Margin	(10,401)	(8,856)	(9,999)	1,144	(11.4%)
-100.0%	-53.3%	-60.5%	7.2%		EBIDA	-102.4%	-60.0%	-69.9%	10.0%	
-101.4%	-57.1%	-66.2%	9.1%		Operating Margin	-103.9%	-64.3%	-75.9%	11.5%	
-101.4%	-57.1%	-66.2%	9.1%		Net Margin	-103.9%	-64.3%	-75.9%	11.5%	

FY21 Finance Committee Pacing Plan

FY21 FC Pacing Plan – Q3		
January 25, 2021	February 2021	March 29, 2021
<p>5:30pm Joint Meeting with the Investment Committee: Topic: Long Term Financial Forecast</p> <p>6:30pm Approval Items</p> <ul style="list-style-type: none"> • Financial Report (FY21 Periods 5 and 6) • <u>Revised Policy and Procedure for Enterprise Wide Capital Deployment and Reporting</u> <p>Discussion</p> <ul style="list-style-type: none"> • Service Line Report – Behavioral Health • COVID-19 Recovery Plan • <u>SVMD Financial Report ???</u> • <u>Revenue Cycle Patient Satisfaction Metrics</u> • PIR <ul style="list-style-type: none"> ○ Medical Staff Development Plan ○ Radiation Oncology Equipment ○ ED Remodel 	<p>No Scheduled Finance Committee Meeting</p>	<p>Approval Items</p> <ul style="list-style-type: none"> • Financial Report (FY21 Periods 7 and 8) • FY22 Committee Planning <ul style="list-style-type: none"> ○ Meeting Dates ○ Committee Goals ○ FY22 Pacing Plan <p>Discussion Items</p> <ul style="list-style-type: none"> • Preview FY22 Budget Part # 1 Process and Assumptions) • COVID 19 Recovery Plan • SVMD Financial Report ??? • Summary of Physician Financial Arrangements (Year-End) • PIR <ul style="list-style-type: none"> ○ Mountain View Campus Completion
FY20 FC Pacing Plan – Q4		
April 26, 2021	May 24, 2021	June 2021
<p>Discussion Items</p> <ul style="list-style-type: none"> • FY22 Budget Preview <p>April 28, 2021 Joint Board/Committee Educational Session</p>	<p>5:30pm Joint Meeting with the Hospital Board: FY22 Operating & Capital Budget</p> <p>6:30pm Approval Items</p> <ul style="list-style-type: none"> • Financial Report (FY21 Periods 9 and 10) • Review and Recommend FY22 Capital and Operating Budget • FY22 Organizational Goals • FY22 Committee Goals, Pacing Plan and Meeting Dates (If Necessary) <p>Discussion Items</p> <ul style="list-style-type: none"> • Payor Update • Revenue Cycle Patient Satisfaction Metrics • SVMD Financial Report 	<p>No Scheduled Finance Committee Meeting</p>

Formatted: Font: Bold

**FY21 Finance Committee Pacing Plan
Last 18 Months Capital Project Approvals
February 2019 – August 2020**

APPROVAL DATE	APPROVING BODY	PROJECT NAME	APPROVED AMOUNT	PROPOSED FC POST-IMPLEMENTATION REVIEW DATE
9/13/2017	ECH Board	Increase BHS Building Budget	Additional \$4.6 M	Update each meeting
9/13/2017	ECH Board	Increase Sobrato Pavilion Budget	Additional \$27.1 M	Update each meeting
2/13/2019	ECH Board	Women's Hospital Planning	\$10 M (Total Now \$16M)	9/2020
2/13/2019	ECH Board	SVMD Clinic Site Tenant Improvements	\$8 M	9/2020
2/13/2019	ECH Board	Interventional Equipment Replacement	\$13 M	9/2020
2/13/2019	ECH Board	Imaging Equipment Replacement	\$16.9 M	9/2020
2/13/2019	ECH Board	SVMD Asset Acquisition	\$1.2 M	11/2020 (w/SVMD Financials)
3/13/2019		None		
3/25/2019	Finance Committee	SVMD Clinic IT Infrastructure	\$4.6 M	11/2020 (w/SVMD Financials)
5/28/2019	Finance Committee	MV Campus Signage	\$1.1 M	N/A < \$2 M
8/21/2019	ECH Board	Medical Staff Development Plan	\$6.1 M	1/2021
8/21/2019	ECH Board	ED Remodel	\$6.75M	1/2021
10/10/19	ECH Board	MV Campus Completion (Old Main Demo)	\$24.9M	3/2021
1/25/20*	Finance Committee	Satellite Dialysis*	No approval on /1/25/20 – presented only	7/2021
7/27/20	Finance Committee	Sterile Processing Equipment	\$1,850,000	N/A < \$2 M
8/12/20	ECH Board	Radiation Oncology Replacement Equipment	10,300,000 (add'l \$3.55 M)	1/2022

FY21 COMMITTEE GOALS

Finance Committee

PURPOSE

The purpose of the Finance Committee (the “Committee”) is to provide oversight, information sharing, and financial reviews related to budgeting, capital budgeting, long-range financial planning and forecasting, and monthly financial reporting for the El Camino Hospital (ECH) Hospital Board of Directors (“Board”). In carrying out its review, advisory, and oversight responsibilities, the Finance Committee shall remain flexible in order to best define financial strategies that react to changing conditions.

STAFF: **Carlos Bohorquez**, Chief Financial Officer (Executive Sponsor)

The CFO shall serve as the primary staff to support the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair’s consideration. Additional members of the Executive Team may participate in the meetings upon the recommendation of the Executive Sponsor and at the discretion of the Committee Chair.

GOALS	TIMELINE	METRICS
1. Evaluate and monitor COVID-19 Recovery Plan	Q1, Q2, Q3 and Q4	Presentations in July (2020), September (2020) Included in Financial Reporting , November (2020, January (2021) and March (2021)
2. Capital Deployment Methodology & Reporting	Q1	Receive project completion reports on Taube and Sobrato Pavilions including performance against budget in July Provided in September
	Q1 and Q3	Review (September) and approve (November) a revised policy and procedure regarding an enterprise wide capital deployment and reporting. Delayed until November
3. Review strategy, goals, and performance of business affiliates and service lines: 1) Oncology, 2) Behavioral Health, 3) MCH, 4) SVMD	Q1	SVMD (July), Oncology Service Line (September) On Track
	Q2	Maternal Child Health Service Line and SVMD (November)
	Q3	Behavioral Health Service Line (January), SVMD (March)
	Q4	SVMD (May)
4. Review and evaluate ongoing customer service/patient experience tactics and metrics for the Revenue Cycle – possibly combined statements for SVMD & ECH	Q2 and Q4	Monitor customer service and patient satisfaction metrics

SUBMITTED BY: **Chair:** John Zoglin | **Executive Sponsor:** Michael Moody, Interim CFO

**EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING MEMO**

To: Board Finance Committee
From: Ken King, CASO
Date: November 23, 2020
Subject: Major Projects Update – For Information

Purpose: To keep the Finance Committee informed on the progress of major capital projects in process.

Summary:

1. **Situation:** **Taube Pavilion** (aka BHS): Upon receipt of the special safety glass for the “Life Safety” barrier wall the project will be 100% complete. We have been able to open two of the six rooms impacted and once the safety glass has been installed, the remaining rooms will be put into service. The close out of the construction contract is nearly complete and the projected final cost is approximately \$992,000 over the project budget.

Sobrato Pavilion (aka IMOB): The only two remaining scopes of work are nearly complete. The right turn lane from Grant Road needs stripping to be done and the completion of the 3-hour wall upgrade in the connector is pending inspections and approvals. The close out of the construction contract is nearly complete and the projected final cost is approximately \$984,000 below the project budget.

Women’s Hospital: The plans and specifications for the project are nearing the end of the OPSHD review process and we expect plan approval in early January. The General Contractor has been receiving competitive bids for the work of the project and we will have a final GMP proposal in early December. The plan is to bring the final funding request forward to the Finance Committee in January 2021 and to the Board in February 2021.

M.V. Campus Completion Project (Phases 1 and 2) which includes the demolition of the old main hospital has received OSHPD plan approval. We have delayed the start of this project until the early spring of 2021. In addition to slowing, spend of capital dollars, this will allow more time to explore and consider the Phase 3 development options, which are still under consideration.

Radiation Oncology Equipment Replacement Project: The preparations are underway to install the first piece of new treatment equipment, the HDR Brachytherapy Unit in early December. The Cyber Knife equipment has been removed and construction activities are underway to prepare the room for the new treatment equipment. Everything is currently on schedule and there are no issues.

Interventional Equipment Replacement Project: The plans are working their way through the OSHPD plan review process and we anticipate bringing the final funding request forward to the Finance Committee in January 2021 and to the Board in February 2021.

Imaging Equipment Replacement Project: We plan on submitting the plans for OSHPD plan review in January 2021 and anticipate plan approval in early Fall.

2. **Authority:** This memo is to keep the Finance Committee informed of the progress towards completion of the major development projects within the Mountain View Campus Development Plan.
3. **Background:** The Board of Directors approved the Mountain View Campus Development Projects which consist of the following:

Major Projects Update
November 23, 2020

Step I:

	<u>Status</u>
North Parking Garage Expansion -	Complete
Behavioral Health Services Building -	Substantially Complete - Occupied
Integrated Medical Office Building -	Substantially Complete - Occupied
Central Plant Upgrades -	Complete

Step II:

Women's Hospital Expansion -	Plan Review/Permit
Demolition of Old Main Hospital -	On Hold - Phases 1&2

- Assessment: In addition to the construction activities all impacted departments are working on the activation, training, move planning and budgeting for the future state of operations.
- Other Reviews: None.
- Outcomes: As stated in the status updates.

**EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING MEMO**

To: Finance Committee
From: Cindy Murphy, Director of Governance Services
Date: November 23, 2020
Subject: Report on Board Actions

Purpose: To keep the Committee informed with regards to actions taken by the El Camino Hospital and El Camino Healthcare District Boards.

Summary:

1. **Situation:** It is important to keep the Committees informed about Board activity to provide context for Committee work. The list below is not meant to be exhaustive, but includes agenda items the Board voted on that are most likely to be of interest to or pertinent to the work of El Camino Hospital's Board Advisory Committees.
2. **Authority:** This is being brought to the Committees at the request of the Board and the Committees.
3. **Background:** Since the last time we provided this report to the Finance Committee, the Hospital Board has met twice and the District Board has met twice. In addition, since the Board has delegated certain authority to the Executive Compensation Committee, the Compliance and Audit Committee and the Finance Committee, those approvals are also noted in this report.

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
ECH Board	October 14, 2020	<ul style="list-style-type: none"> - Resolution Recognizing the El Camino Health Foundation for Establishing COVID-19 Relief Fund - FY21 Period 2 Financials - FY20 Financial Audit and Cash Balance and 403(b) Plan Audits - Quality Committee Report Including Credentials and Privileges Report - FY20 Organizational Performance Score - FY21 Readmissions Organizational Performance Goal Metrics - Neuro-Interventional Call Panel - Medical Director, Cardiac Rehabilitation
	November 11, 2020	<ul style="list-style-type: none"> - Resolution 2020-10 Recognizing Brian Richards' Service to the Organization - Medical Staff Report - Quality Council Minutes - Medical Staff Credentials and Privileges Report - Election of Carlos Bohorquez, CFO and Deb Muro, CIO to the Pathways Home Health and Hospice Board of Directors - Pathways FY21 Budget - FY21 Board Action Plan (Attached) - Revised Policy and Procedures for Nomination and Appointment of Community Members to the Board's Advisory Committees (Attached)

Report on Board Actions
November 23, 2020

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
		<ul style="list-style-type: none"> - FY21 Board Retreat Agenda - Annual Safety Report for the Environment of Care - FY21 CEO Base Salary - FY20 CEO Incentive Compensation Payout
ECHD Board	October 20, 2020	<ul style="list-style-type: none"> - FY20 Year End Consolidated Financials - FY20 Year End Community Benefit Report - ECHD Conflict of Interest Code - FY20 Year End ECHD Stand Alone Financials - FY20 Financial Audit - FY21 Period 2 Financials - Appointment of District Director George Ting as Chair of the ECH Board Member Election Ad Hoc Committee and as Liaison to the Community Benefit Advisory Council - Revisions to the ECHD Community Benefit Grants Policy (moves up timeline for notification to the public regarding grant funding cycle)
Executive Compensation Committee	September 22, 2020	<ul style="list-style-type: none"> - FY21 Executive Base Salaries - FY21 Executive Individual Goals - FY21 Executive Compensation Incentive Payouts
	November 5, 2020	<ul style="list-style-type: none"> - FY21 CFO Individual Performance Goals - Renewal of Executive Compensation Consultant Contract
Compliance and Audit Committee	N/A	
Finance Committee	N/A	

List of Attachments: None.

Suggested Committee Discussion Questions: None.



EL CAMINO HOSPITAL
HOSPITAL BOARD ADVISORY COMMITTEE MEMBER NOMINATION AND
SELECTION POLICY

**XX.XX HOSPITAL BOARD ADVISORY COMMITTEE COMMUNITY MEMBER
NOMINATION AND SELECTION POLICY**

A. Coverage:

El Camino Hospital Board Advisory Committees

B. Adopted:

June 12, 2013;

C. Policy:

It is the policy of ECH that appointment of Hospital Board Advisory Committee Community Members to vacant or newly created positions follow the procedure set forth in the attached Document entitled:

Hospital Board Advisory Committee Community Member Nomination and Selection Procedure

1. Length of Service and Term Limits for Committee Members

As provided in the Committee Charters, Committee Community Members will serve a term of one (1) year, renewable annually.

D. Reviewed:

Governance Committee March 31, 2015; October 13, 2020
ECH Board Approved April 8, 2015, November 11, 2020

**EL CAMINO HOSPITAL
HOSPITAL BOARD ADVISORY COMMITTEE COMMUNITY MEMBER
NOMINATION AND SELECTION PROCEDURES**

Adopted February 12, 2014

Revised (Approved) April 8, 2015; November 11, 2020

**01.07 HOSPITAL BOARD ADVISORY COMMITTEE COMMUNITY MEMBER
NOMINATION AND SELECTION PROCEDURES**

A. Coverage: El Camino Hospital Board Advisory Committees

B. Adopted: 2/12/2014

C. Procedure Summary:

The nomination and selection of each Hospital Board Advisory Committee (Advisory Committee) member (Member) shall follow the procedures below.

D. Procedure for Nominating and Appointing an Advisory Committee Community Member:

1. Eligibility and Qualifications

Each Advisory Committee shall determine minimum qualifications and competencies for its Members. In addition, the Governance Committee will periodically conduct a strategic assessment of the respective Advisory Committee's membership needs and ensure that it evolves with the Hospital's strategy.

2. Nomination and Declaration

- a. Nominations for Advisory Committee Community Membership may be received from any source.
- b. The Director, Governance Services will notify the Board, the Advisory Committee members, the Executive Leadership Team and the public of all vacancies for which new Advisory Committee Community Members are being recruited.
- c. A candidate shall submit an application to the Director, Governance Services that includes reason(s) the candidate wishes to serve, the candidate's relevant experience and qualifications, potential conflicts of interest including any personal or professional connections to ECH, a release to permit ECH Human Resources to conduct a background check, and specifies which Advisory Committees that the candidate wishes to be considered for.
- d. If the interested candidate is currently serving on another Advisory Committee at ECH, the candidate shall notify the Chair(s) of the Advisory Committee with a vacancy and the Advisory Committee on which they are serving. The interested candidate shall also notify the Director, Governance Services, provide all application materials, and be subject to all other requirements of this procedure.

- e. All candidates will be considered in the candidate due diligence process.
- f. In the event that no qualified candidates can be found through the routine recruitment procedures of the Hospital, the Committee may, in its discretion, obtain the services of a recruiting firm to identify qualified candidates.

3. Review of Candidates and Selection of New Members.

- a. Any committee recruiting new members shall appoint an Ad Hoc Committee comprised of two members to recruit new members. The Committee Chair shall be given first right of refusal to serve as a member of the Ad hoc Committee,
- b. The Director, Governance Services will forward the names and resumes of all applicants to the Executive Sponsor and the members of the Ad hoc Committee for review.
- c. The Ad hoc Committee, in consultation with the Executive Sponsor, shall (1) select and interview first round candidates and (2) select finalists for interview by the full Committee.
- d. The Committee will interview finalists and recommend appointments to the Board for approval
- e. The Board shall appoint the Advisory Committee Members in accordance with the Hospital Bylaws.

4. Obtaining Approval to Increase the number of Community Members of an Advisory Committee

- a. If an Advisory Committee Chair proposes to increase the number of Community Members of such Chair's Advisory Committee, then the Advisory Committee Chair must submit a brief description of the need (e.g., gap in skill-set) for an increase in membership to the Governance Committee.
- b. Upon review of the request, the Governance Committee shall make a recommendation to the Board whether the Community membership of such Advisory Committee should be increased.

FY21 El Camino Hospital Board Action Plan (Approved November 11, 2020)

	What	Who	By When	Current Status
Strategic Oversight				
1.	Define the role and establish process for Board oversight and engagement of the upcoming strategic planning process.	Board Chair, CEO	12/9/20 Board	
Clarify Governance Processes and Structures				
2.	Review pacing plan and past agendas to identify items that could be placed on the consent agenda or delegated to create more time for strategic discussion.	Chair, CEO, Dir. Gov. Services	12/30/20	
3.	Continue to provide executive summaries and framing questions for each agenda item to focus attention and stimulate discussion.	CEO, Executives, Dir. Gov. Services	12/30/20	
4.	Conduct a review of the current committee structure to determine if it is still in alignment with current governance responsibilities.	Governance Committee	2/2/21 GC 2/10/21 Board	
5.	Work with committee leadership and executive sponsors to develop a more effective mechanism for communication between the board and committees.	Chairs, Vice Chairs, Executives, Dir. Gov. Services	1/15/21	
Increase the Board's Diversity				
6.	Request the Governance Committee develop a set of recommendations to increase the representation of diversity on our governing bodies as reflected from the communities we serve.	Governance Committee	3/23/20 GC 4/7/21 Board	



El Camino Health

Summary of Financial Operations

Fiscal Year 2021 – Period 4

7/1/2020 to 10/31/2020

Overall Commentary for Period 4 - October 2020

- ECH and ECHMN volumes continue to exceed budget and pre-Covid levels with the exception of MV's emergency room
- Overall gross charges, a surrogate for volume, were favorable to budget by \$93.2M / 34% and \$28.8M / 9% better than the same period last year
- Net patient revenue was favorable to budget by \$19.3M / 27% and \$912K / 1% better than the same period last year
- Operating expenses were \$5.8M / 7% unfavorable to budget, which is primarily attributed to higher than expected inpatient and outpatient volumes
- Operating margin was favorable to budget by \$13M / 265% and \$947K / 10% lower than the same period last year
- Operating EBIDA was favorable to budget by \$13.4M / 686% and \$1.3M / 9% better than the same period last year

Consolidated Statement of Operations (\$000s)

Period ending 10/31/2020

Period 4 FY 2020	Period 4 FY 2021	Period 4 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
337,610	366,453	273,274	93,179	34.1%	Gross Revenue	1,280,865	1,396,640	1,055,311	341,329	32.3%
(247,968)	(275,898)	(202,008)	(73,891)	(36.6%)	Deductions	(942,375)	(1,044,537)	(780,855)	(263,682)	(33.8%)
89,642	90,554	71,266	19,288	27.1%	Net Patient Revenue	338,490	352,103	274,456	77,648	28.3%
3,591	4,024	4,478	(455)	(10.2%)	Other Operating Revenue	17,154	17,018	17,712	(695)	(3.9%)
93,233	94,578	75,745	18,833	24.9%	Total Operating Revenue	355,643	369,121	292,168	76,953	26.3%
					OPERATING EXPENSE					
47,294	49,061	44,483	(4,578)	(10.3%)	Salaries & Wages	183,373	191,367	174,516	(16,852)	(9.7%)
14,479	13,496	11,091	(2,405)	(21.7%)	Supplies	53,238	56,007	43,099	(12,909)	(30.0%)
13,423	12,982	14,607	1,625	11.1%	Fees & Purchased Services	53,701	55,215	58,126	2,911	5.0%
4,006	3,721	3,615	(106)	(2.9%)	Other Operating Expense	14,431	15,398	14,937	(461)	(3.1%)
661	1,429	926	(503)	(54.3%)	Interest	2,251	5,716	3,701	(2,015)	(54.4%)
4,332	5,798	5,926	128	2.2%	Depreciation	17,691	22,151	23,503	1,352	5.8%
84,194	86,487	80,649	(5,838)	(7.2%)	Total Operating Expense	324,685	345,854	317,881	(27,973)	(8.8%)
9,038	8,091	(4,905)	12,996	(265.0%)	Net Operating Margin	30,959	23,267	(25,713)	48,980	(190.5%)
10,058	(27,499)	3,053	(30,552)	(1000.8%)	Non Operating Income	16,273	19,304	10,782	8,522	79.0%
19,097	(19,408)	(1,852)	(17,556)	948.1%	Net Margin	47,231	42,571	(14,931)	57,502	(385.1%)
15.1%	16.2%	2.6%	13.6%		EBIDA	14.3%	13.9%	0.5%	13.3%	
9.7%	8.6%	-6.5%	15.0%		Operating Margin	8.7%	6.3%	-8.8%	15.1%	
20.5%	-20.5%	-2.4%	(18.1%)		Net Margin	13.3%	11.5%	-5.1%	16.6%	

Financial Overview: Period 4 - October 2020

Financial Performance

- October's Operating income was \$8.1M compared to a budgeted loss of \$4.9M, resulting in a favorable variance of \$13.0M. The primary drivers were increased volumes in comparison to the budget, strong payor mix and close management of variable expenses
- Volumes and Revenues continue to be stronger than budget as demonstrated by:
 - Adjusted discharges were favorable to budget by 529 cases / 21%
 - Favorable variance in gross charges was almost evenly split between inpatient and outpatient services:
 - Inpatient gross charges: Favorable to budget by \$46M / 32% variance primarily attributed by surgery, cath. lab, critical care, pharmacy, and ancillary services
 - Outpatient gross charges: Favorable to budget by \$47M / 39% variance primarily driven by surgery, cath. lab, imaging, and ancillary services
 - Operating Expenses were unfavorable to budget by \$5.8M / 7%, primarily due to increased patient activity
 - SWB were unfavorable by \$4.6M / 10%
 - Supplies were unfavorable by \$1.7M / 22%
 - All other discretionary non-volume driven expenses were favorable to budget by \$0.5M
- Non Operating Income includes:
 - Investment Income was (\$27.5M) attributed to unrealized losses on investments and \$500K of realized gains

Financial Overview: Period 4 – October 2020 (cont.)

Financial Performance

Hospitals

- Adjusted Discharges (AD): Favorable to budget by 529 / 21% and unfavorable to prior year by 264 / 8%:
 - Mountain View: Favorable to budget by 358 ADs / 18% and unfavorable to prior year by 376 / 13%
 - Los Gatos: Favorable to budget by 170 ADs / 30% and favorable to prior year by 112 / 18%
- Operating Expense Per Adjusted Discharge: \$23,354 which is 8% favorable to budget

Note: Excludes depreciation and interest

El Camino Health Medical Network (ECHMN)

- Total visits were 2.4% favorable to the prior month, but 1.3% unfavorable to budget
- Urgent Care Visits continue to drive the favorable visit variance
- Through October 31, 2020 ECHMN's visits are favorable to budget by 8.1% and better by 4.2% over the same store visits excluding Urgent Care services
- October's net income of (\$2.4M) was favorable to budget by \$125K / 4.6%
- YTD net income is \$1.3M / 10% favorable to budget and \$1.4M / 11% better than the same period last year

Financial Overview: YTD FY2021 (as of 10/31/2020)

Financial Performance

- YTD FY2021 net operating margin of \$23.3M is favorable to budgeted by \$49M and \$7.7M lower than the same period last year. Lower year-over-year net operating margin is driven by increases in depreciation and interest expense.
- Post Covid volume recovery, strong payor mix and careful management of variable expenses have been the primary drivers of favorable performance
 - Adjusted discharges are 1,821 /18% favorable to budget and 894 / -7% lower than the same period last year
- Operating expenses are \$28M / 9% unfavorable to budget
 - Unfavorability driven by volume increase
 - Operating Expense Per Adjusted Discharge: \$24,262 which is 6% favorable to budget

Note: Excludes depreciation and interest

Consolidated Balance Sheet (as of 10/31/2020)

(in thousands)

ASSETS

	Audited	
	October 31, 2020	June 30, 2020
CURRENT ASSETS		
Cash	192,102	228,464
Short Term Investments	251,429	221,604
Patient Accounts Receivable, net	139,039	128,564
Other Accounts and Notes Receivable	9,369	13,811
Intercompany Receivables	40,724	72,592
Inventories and Prepaids	24,131	101,267
Total Current Assets	656,794	766,303
BOARD DESIGNATED ASSETS		
Foundation Board Designated	15,363	15,364
Plant & Equipment Fund	181,185	166,859
Women's Hospital Expansion	30,401	22,563
Operational Reserve Fund	159,684	148,917
Community Benefit Fund	17,354	17,916
Workers Compensation Reserve Fund	16,482	16,482
Postretirement Health/Life Reserve Fund	31,094	30,731
PTO Liability Fund	30,578	27,515
Malpractice Reserve Fund	1,958	1,919
Catastrophic Reserves Fund	17,665	17,667
Total Board Designated Assets	501,764	465,933
FUNDS HELD BY TRUSTEE	16,247	23,478
LONG TERM INVESTMENTS	404,867	372,175
CHARITABLE GIFT ANNUITY INVESTMENTS	683	680
INVESTMENTS IN AFFILIATES	31,389	29,065
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,347,868	1,342,012
Less: Accumulated Depreciation	(698,644)	(676,535)
Construction in Progress	502,910	489,848
Property, Plant & Equipment - Net	1,152,133	1,155,326
DEFERRED OUTFLOWS	21,525	21,416
RESTRICTED ASSETS	28,220	28,547
OTHER ASSETS	86,006	3,231
TOTAL ASSETS	2,899,629	2,866,153

LIABILITIES AND FUND BALANCE

	Audited	
	October 31, 2020	June 30, 2020
CURRENT LIABILITIES		
Accounts Payable	34,921	35,323
Salaries and Related Liabilities	42,942	35,209
Accrued PTO	31,227	28,124
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	11,047	10,956
Intercompany Payables	40,814	70,292
Malpractice Reserves	1,560	1,560
Bonds Payable - Current	9,020	9,020
Bond Interest Payable	5,078	8,463
Other Liabilities	22,627	3,222
Total Current Liabilities	201,537	204,469
LONG TERM LIABILITIES		
Post Retirement Benefits	31,094	30,731
Worker's Comp Reserve	16,482	16,482
Other L/T Obligation (Asbestos)	4,134	4,094
Bond Payable	500,131	513,602
Total Long Term Liabilities	551,840	564,908
DEFERRED REVENUE-UNRESTRICTED	77,024	77,133
DEFERRED INFLOW OF RESOURCES	31,009	30,700
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	1,815,057	1,771,854
Board Designated	194,495	188,457
Restricted	28,667	28,631
Total Fund Bal & Capital Accts	2,038,219	1,988,942
TOTAL LIABILITIES AND FUND BALANCE	2,899,629	2,866,153

Dashboard - as of October 31, 2020

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
Consolidated Financial Perf.								
Total Operating Revenue	93,233	94,578	75,745	18,833	355,643	369,121	292,168	76,953
Operating Expenses	84,194	86,487	80,649	(5,838)	324,685	345,854	317,881	(27,973)
Operating Margin \$	9,038	8,091	(4,905)	12,996	30,959	23,267	(25,713)	48,980
Operating Margin %	9.7%	8.6%	(6.5%)	15.0%	8.7%	6.3%	(8.8%)	15.1%
EBIDA \$	14,032	15,318	1,948	13,370	50,901	51,134	1,491	49,643
EBIDA %	15.1%	16.2%	2.6%	13.6%	14.3%	13.9%	0.5%	13.3%
Hospital Volume								
Licensed Beds	443	454	454	-	443	454	454	-
ADC	232	242	196	46	228	238	192	46
Utilization MV	63%	64%	51%	12.8%	62%	62%	50%	12.2%
Utilization LG	31%	31%	26%	4.6%	30%	32%	26%	5.4%
Utilization Combined	52%	53%	43%	10.2%	51%	52%	42%	10.1%
Adjusted Discharges	3,358	3,093	2,564	529	12,786	11,795	9,971	1,824
Total Discharges (Excl NNB)	1,709	1,617	1,377	240	6,662	6,254	5,363	891
Total Discharges	2,079	1,969	1,712	257	8,092	7,669	6,684	985
Inpatient Cases								
MS Discharges	1,160	1,096	857	239	4,600	4,152	3,316	836
Deliveries	395	379	354	25	1,507	1,519	1,396	123
BHS	103	98	121	(23)	378	394	477	(83)
Rehab	51	44	44	0	177	189	174	15
Outpatient Cases	14,728	16,572	10,326	6,246	53,503	61,851	40,065	21,786
ED	4,076	3,138	2,599	539	16,369	12,379	9,792	2,587
Procedural Cases								
OP Surg	514	572	333	239	1,961	2,080	1,314	766
Endo	271	263	142	121	919	962	544	418
Interventional	203	206	104	102	730	735	378	357
All Other	9,664	12,393	7,148	5,245	33,524	45,695	28,037	17,658
Hospital Payor Mix								
Medicare	50.1%	49.2%	48.3%	0.9%	50.0%	48.2%	48.3%	(0.1%)
Medi-Cal	6.7%	7.5%	7.6%	(0.2%)	7.6%	7.3%	7.5%	(0.2%)
Commercial IP	18.0%	19.6%	20.5%	(0.9%)	18.4%	20.6%	20.6%	(0.0%)
Commercial OP	22.6%	21.8%	21.0%	0.7%	21.8%	21.7%	21.1%	0.6%
Total Commercial	40.6%	41.4%	41.6%	(0.1%)	40.3%	42.3%	41.7%	0.6%
Other	2.6%	1.9%	2.6%	(0.6%)	2.2%	2.3%	2.5%	(0.2%)
Hospital Cost								
Total FTE ¹	2,811.4	2,808.2	2,864.8	56.6	2,764.7	2,752.9	2,831.1	78.2
Productive Hrs/APD	31.3	31.4	35.1	3.7	31.5	31.1	35.5	4.4
Consolidated Balance Sheet								
Net Days in AR	49.7	48.0	49.0	1.0	49.7	48.0	49.0	1.0
Days Cash	473	522	435	87	473	522	435	87

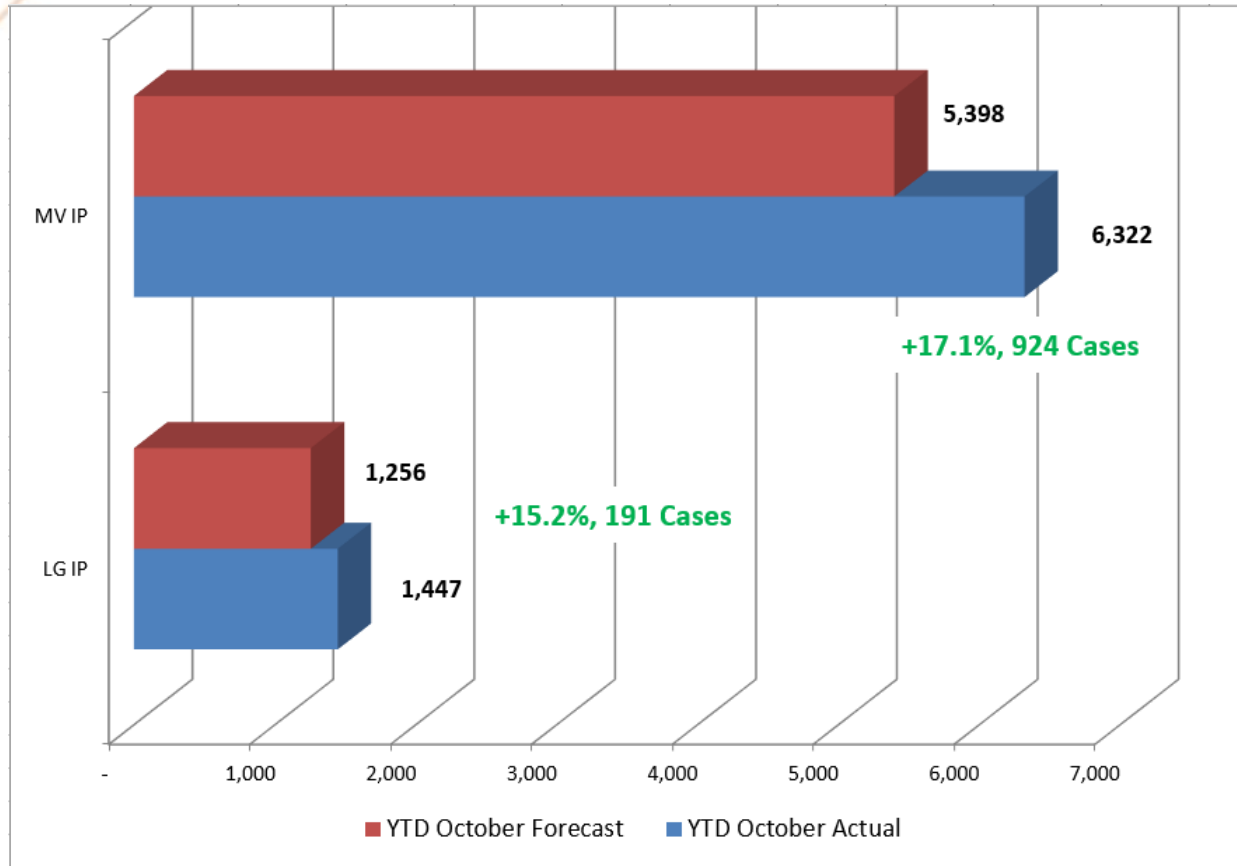
¹ Paid FTE; Budget in this case is using the Flex Budget instead of Fixed Budget

APPENDIX

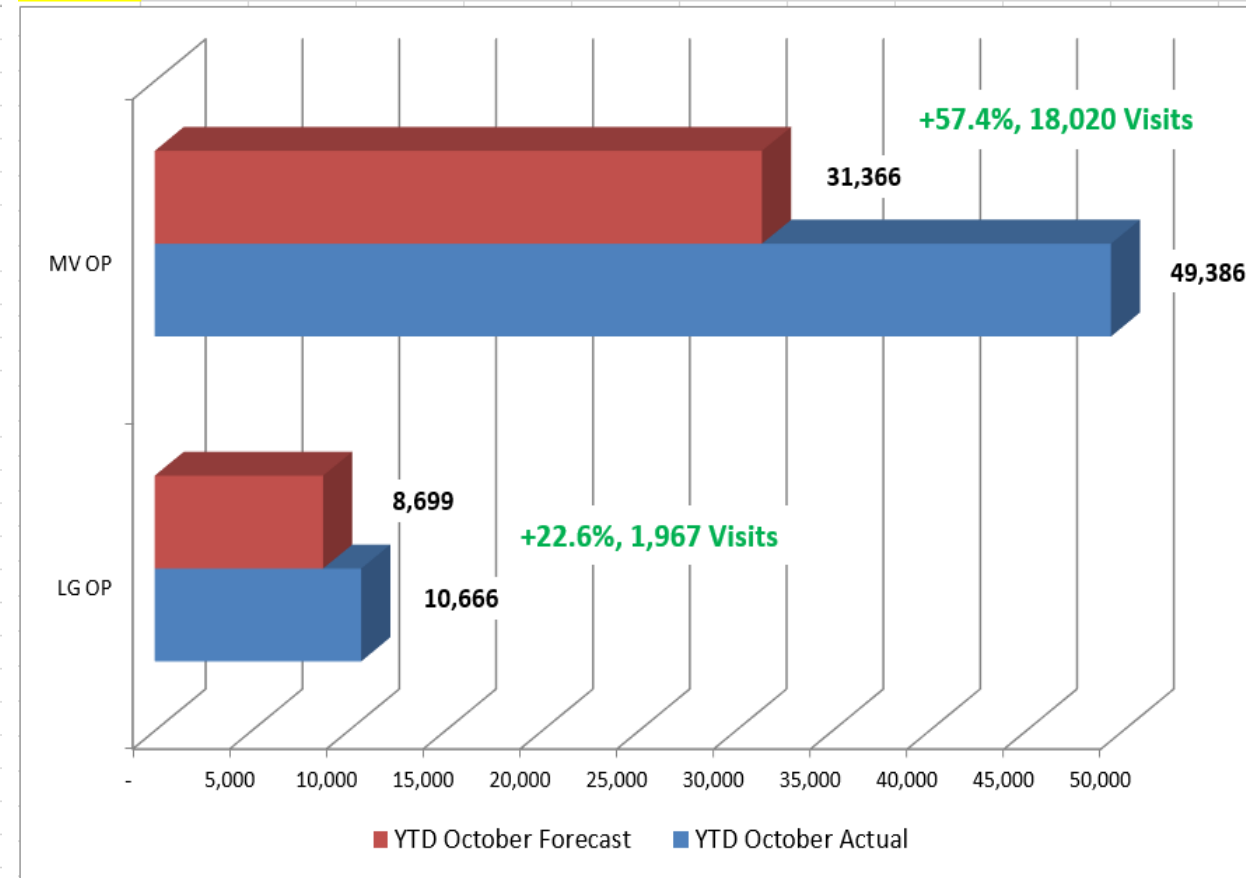
YTD and October Volume Totals

FY2021 Budget vs Actual

INPATIENT



OUTPATIENT

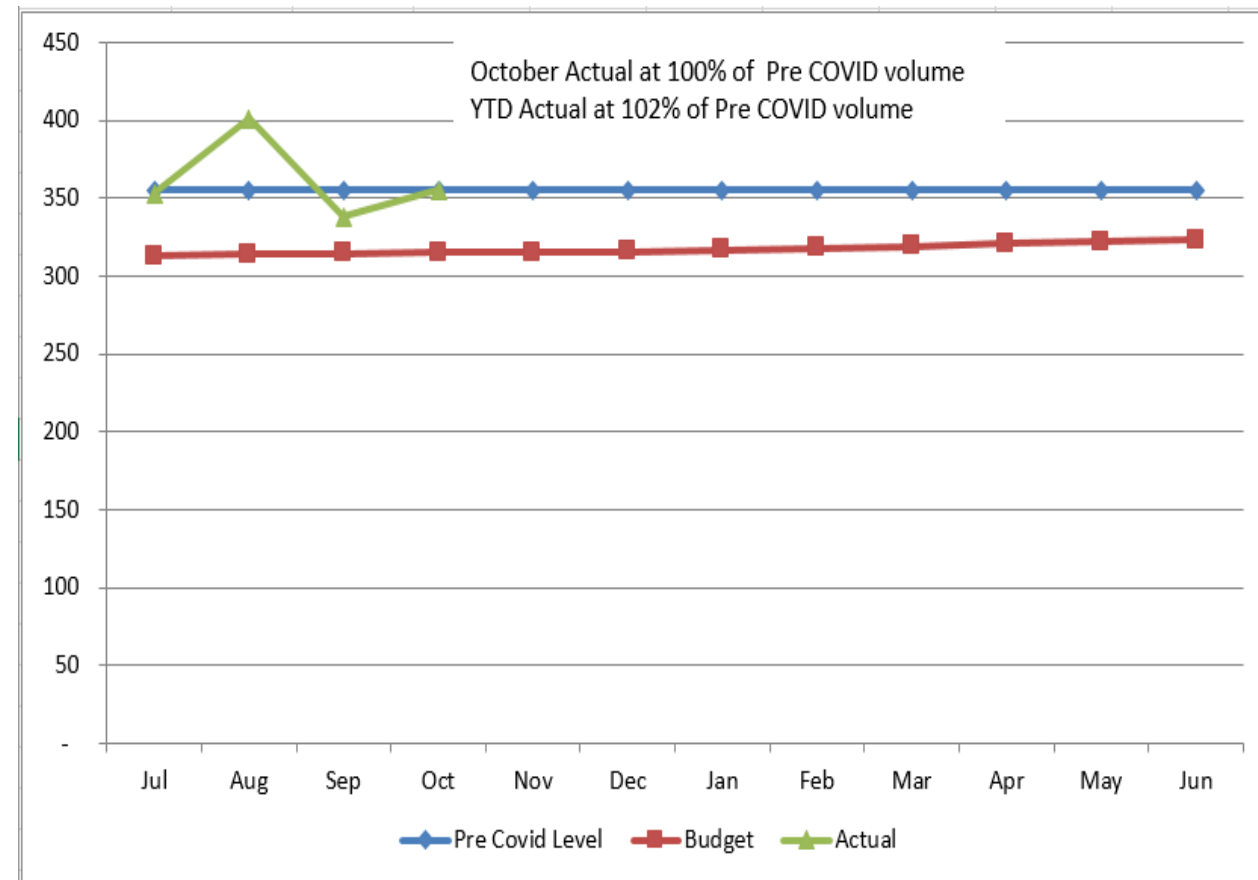
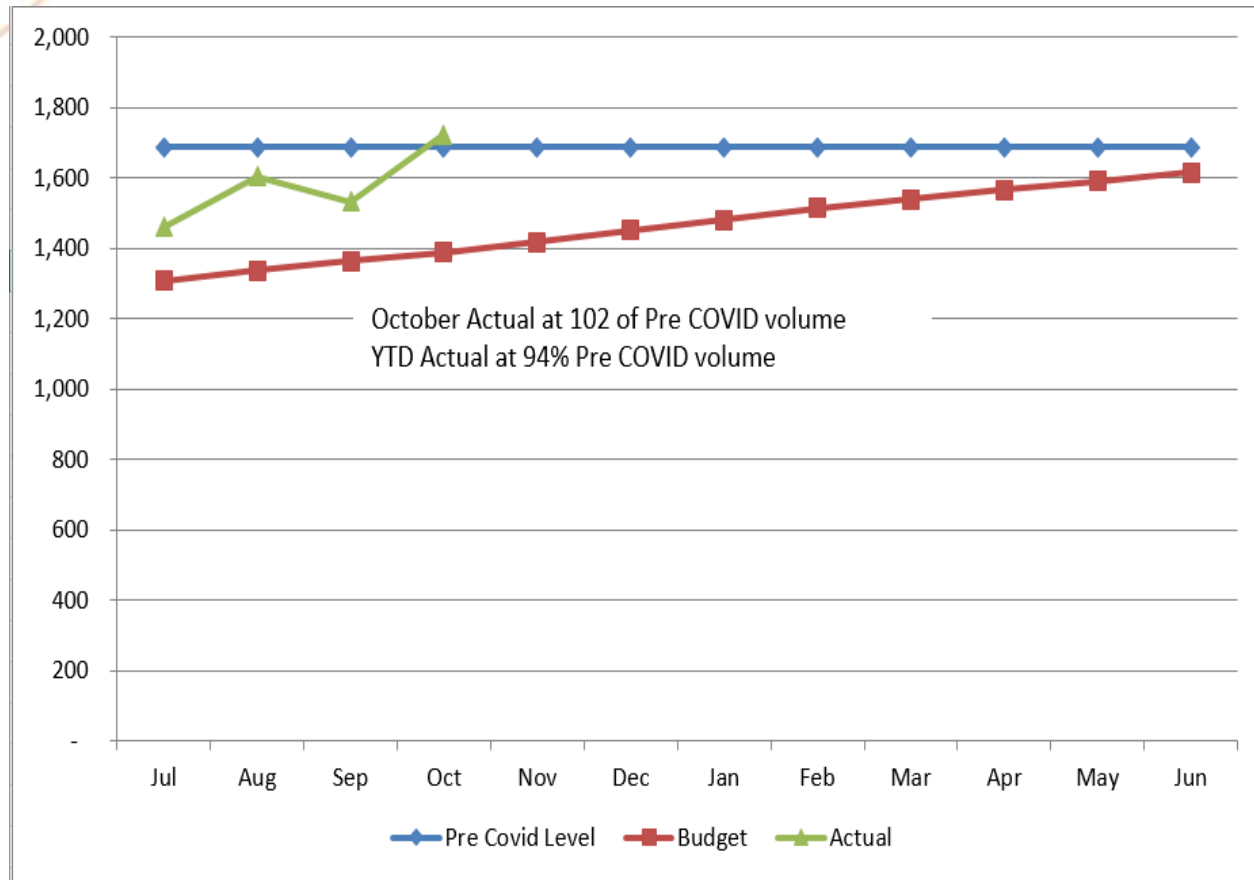


Monthly Inpatient Volume Trends

FY2021 Budget vs Actual – Including Pre COVID Level

MV

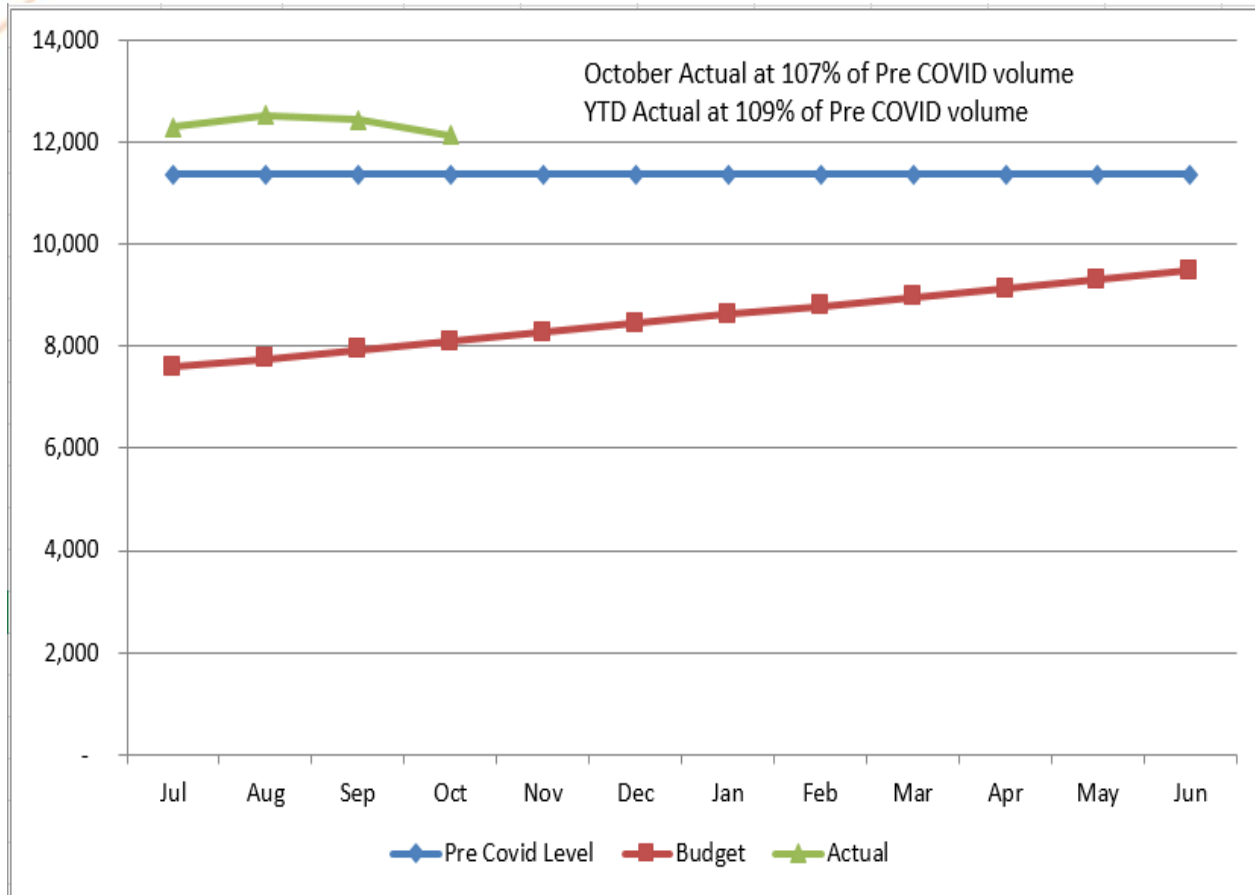
LG



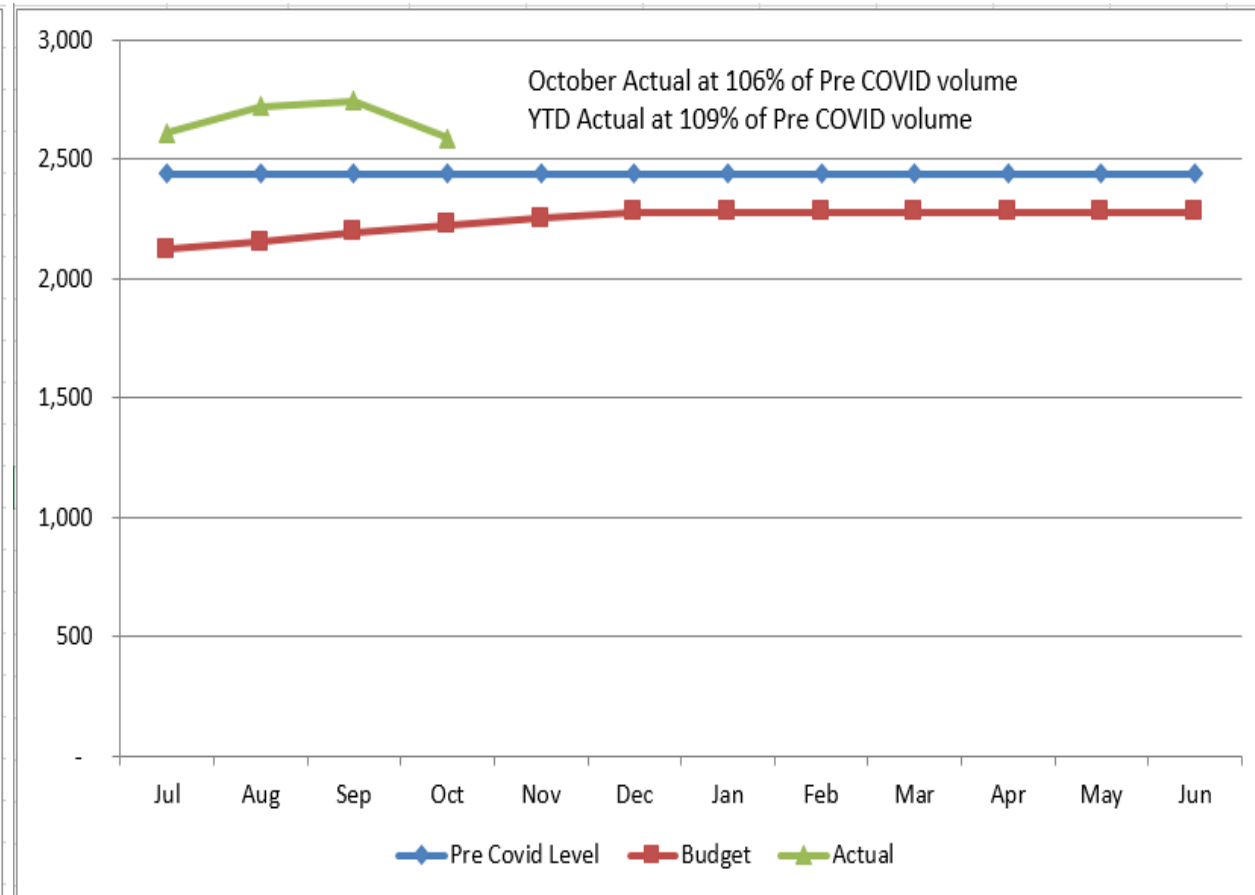
Monthly Outpatient Volume Trends

FY2021 Budget vs Actual – Including Pre COVID Level

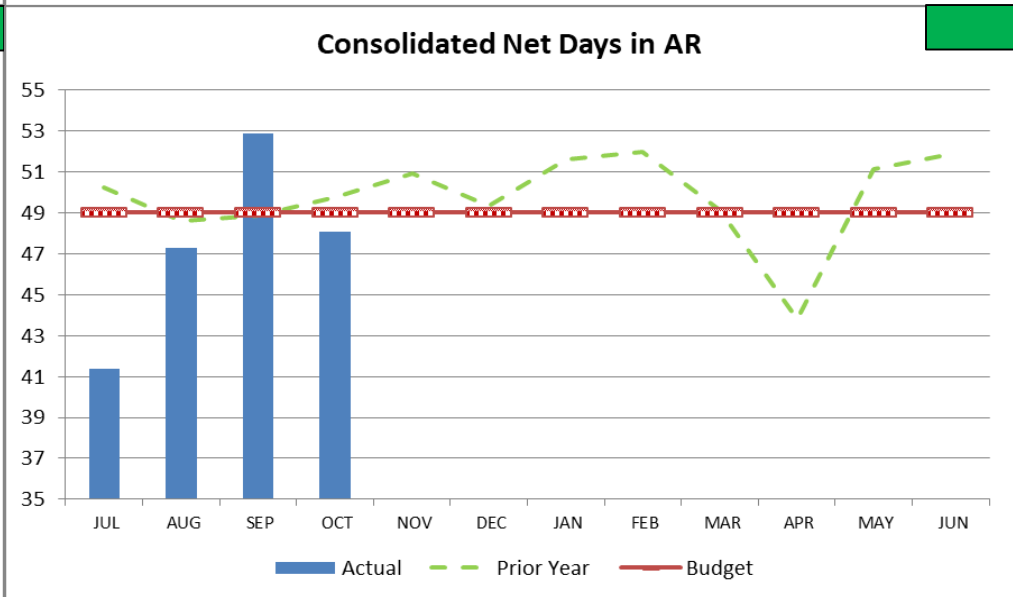
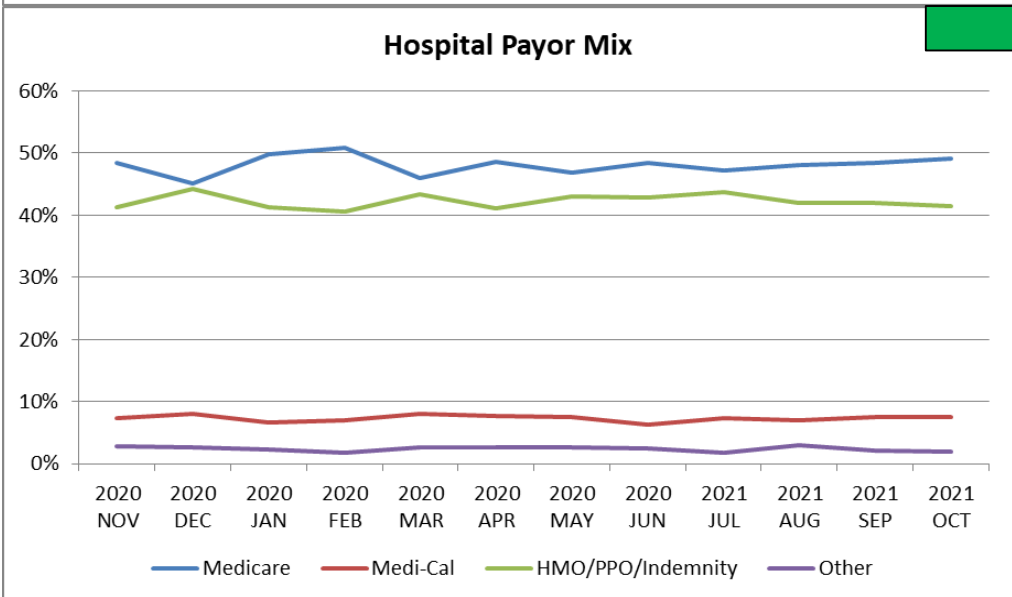
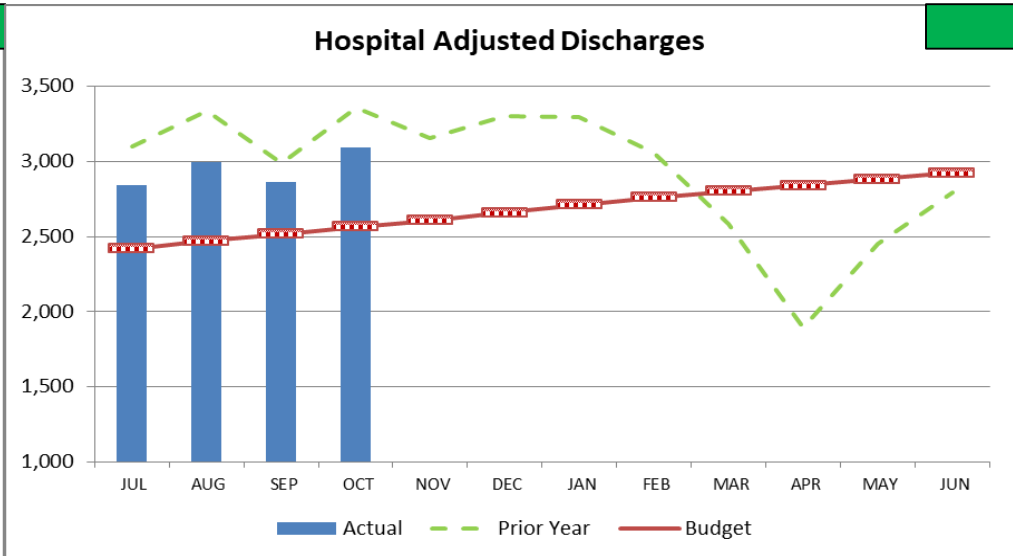
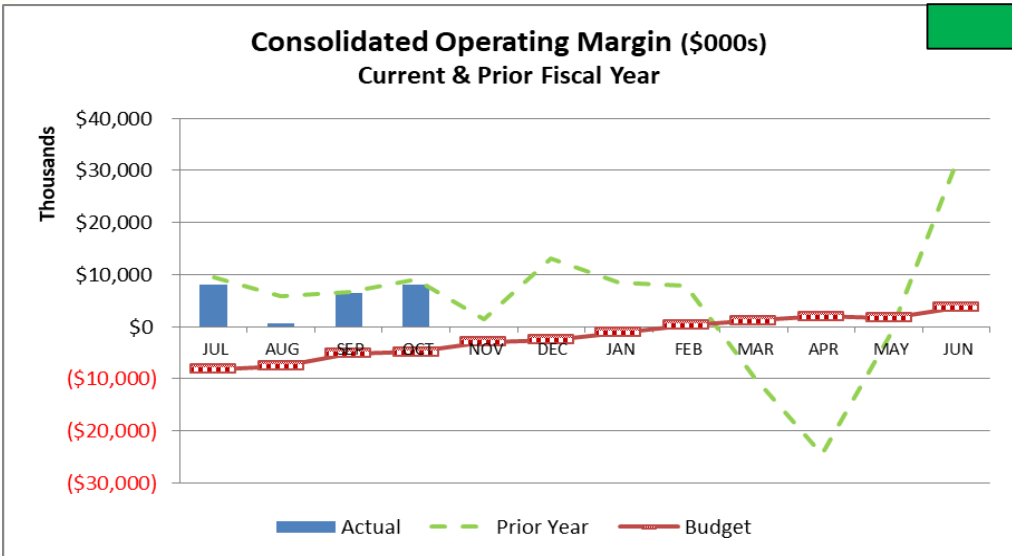
MV



LG



YTD FY2021 Financial KPIs – Monthly Trends



Investment Scorecard as of September 30, 2020

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY20 Budget	Expectation Per Asset Allocation
Investment Performance		3Q 2020		Fiscal Year-to-date		7y 11m Since Inception (annualized)		FY 2020	2019
Surplus cash balance*		\$1,120.8	--	--	--	--	--	--	--
Surplus cash return	Green	4.1%	3.9%	4.1%	3.9%	5.7%	5.6%	4.0%	5.6%
Cash balance plan balance (millions)		\$301.8	--	--	--	--	--	--	--
Cash balance plan return	Green	5.3%	4.6%	5.3%	4.6%	7.7%	7.0%	6.0%	6.0%
403(b) plan balance (millions)		\$581.5	--	--	--	--	--	--	--
Risk vs. Return		3-year				7y 11m Since Inception (annualized)			2019
Surplus cash Sharpe ratio	Green	0.51	0.51	--	--	0.83	0.83	--	0.34
Net of fee return	Green	5.8%	5.5%	--	--	5.7%	5.6%	--	5.6%
Standard deviation	Green	8.2%	7.9%	--	--	6.0%	5.8%	--	8.7%
Cash balance Sharpe ratio	Green	0.54	0.49	--	--	0.91	0.88	--	0.32
Net of fee return	Green	7.0%	6.0%	--	--	7.7%	7.0%	--	6.0%
Standard deviation	Green	10.3%	9.4%	--	--	7.7%	7.1%	--	10.3%
Asset Allocation		3Q 2020							
Surplus cash absolute variances to target	Yellow	12.4%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Cash balance absolute variances to target	Yellow	12.1%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Manager Compliance		3Q 2020							
Surplus cash manager flags	Green	23	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags	Green	25	< 27 Green < 34 Yellow	--	--	--	--	--	--

*Excludes debt reserve funds (~\$18 mm), District assets (~\$42 mm), and balance sheet cash not in investable portfolio (\$236 mm). Includes Foundation (~\$37 mm) and Concern (~\$15 mm) assets.

YTD FY2021 and October Operating Margin, Non-Operating Income and Net Margin by Affiliate (as of 10/31/2020)

(\$ in thousands)

	Period 4- Month			Period 4- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Operating Margin						
Mountain View	8,108	(3,350)	11,457	28,944	(17,069)	46,013
Los Gatos	2,591	1,475	1,117	6,583	5,178	1,405
Sub Total - El Camino Hospital, excl. Affiliates	10,699	(1,875)	12,574	35,527	(11,891)	47,418
Operating Margin %	11.9%	-2.7%		10.2%	-4.4%	
El Camino Hospital Non Operating Income						
Sub Total - Non Operating Income	(26,846)	2,895	(29,740)	18,379	9,820	8,558
El Camino Hospital Net Margin	(16,147)	1,020	(17,167)	53,906	(2,071)	55,977
ECH Net Margin %	-18.0%	1.5%		15.5%	-0.8%	
Concern	138	(120)	258	98	(134)	232
ECSC	(1)	0	(1)	(3)	0	(3)
Foundation	(782)	(10)	(772)	41	15	27
El Camino Health Medical Network	(2,616)	(2,741)	125	(11,472)	(12,741)	1,269
Net Margin Hospital Affiliates	(3,261)	(2,872)	(390)	(11,335)	(12,860)	1,525
Total Net Margin Hospital & Affiliates	(19,408)	(1,852)	(17,556)	42,571	(14,931)	57,502

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

Period ending 10/31/2020

Period 4 FY 2020	Period 4 FY 2021	Period 4 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
261,481	280,430	206,740	73,690	35.6%	Gross Revenue	1,019,501	1,078,201	798,144	280,056	35.1%
(191,577)	(210,653)	(153,156)	(57,497)	(37.5%)	Deductions	(747,325)	(802,378)	(591,290)	(211,089)	(35.7%)
69,904	69,777	53,584	16,193	30.2%	Net Patient Revenue	272,176	275,823	206,855	68,968	33.3%
1,418	1,760	1,565	195	12.4%	Other Operating Revenue	6,587	5,997	6,002	(5)	(0.1%)
71,322	71,537	55,149	16,388	29.7%	Total Operating Revenue	278,762	281,819	212,856	68,963	32.4%
					OPERATING EXPENSE					
37,100	38,699	35,199	(3,500)	(9.9%)	Salaries & Wages	144,830	150,540	137,461	(13,080)	(9.5%)
11,563	9,980	8,265	(1,716)	(20.8%)	Supplies	42,655	42,903	32,209	(10,693)	(33.2%)
6,791	6,139	6,873	734	10.7%	Fees & Purchased Services	25,958	25,462	27,537	2,075	7.5%
2,884	2,415	2,419	4	0.2%	Other Operating Expense	10,264	10,229	9,880	(349)	(3.5%)
661	1,429	926	(503)	(54.3%)	Interest	2,251	5,716	3,701	(2,015)	(54.4%)
3,481	4,767	4,817	50	1.0%	Depreciation	14,277	18,025	19,137	1,112	5.8%
62,480	63,430	58,499	(4,931)	(8.4%)	Total Operating Expense	240,234	252,875	229,925	(22,950)	(10.0%)
8,842	8,108	(3,350)	11,457	(342.1%)	Net Operating Margin	38,528	28,944	(17,069)	46,013	(269.6%)
9,398	(26,846)	2,895	(29,740)	(1027.5%)	Non Operating Income	13,823	18,379	9,820	8,558	87.2%
18,239	(18,738)	(455)	(18,283)	4018.9%	Net Margin	52,352	47,323	(7,248)	54,571	(752.9%)
18.2%	20.0%	4.3%	15.7%		EBIDA	19.8%	18.7%	2.7%	16.0%	
12.4%	11.3%	-6.1%	17.4%		Operating Margin	13.8%	10.3%	-8.0%	18.3%	
25.6%	-26.2%	-0.8%	(25.4%)		Net Margin	18.8%	16.8%	-3.4%	20.2%	

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

Period ending 10/31/2020

Period 4 FY 2020	Period 4 FY 2021	Period 4 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
66,941	76,952	57,190	19,762	34.6%	Gross Revenue	234,777	283,989	224,854	59,136	26.3%
(49,949)	(58,963)	(42,575)	(16,388)	(38.5%)	Deductions	(176,282)	(218,860)	(167,687)	(51,173)	(30.5%)
16,992	17,989	14,615	3,374	23.1%	Net Patient Revenue	58,494	65,129	57,167	7,962	13.9%
387	389	273	116	42.6%	Other Operating Revenue	1,563	1,606	1,083	523	48.3%
17,379	18,378	14,888	3,490	23.4%	Total Operating Revenue	60,057	66,735	58,250	8,485	14.6%
					OPERATING EXPENSE					
8,088	8,273	7,143	(1,130)	(15.8%)	Salaries & Wages	29,876	32,520	28,258	(4,262)	(15.1%)
2,497	3,218	2,385	(833)	(34.9%)	Supplies	8,978	11,264	9,106	(2,158)	(23.7%)
2,511	2,998	2,678	(321)	(12.0%)	Fees & Purchased Services	10,652	11,494	10,676	(818)	(7.7%)
413	477	361	(116)	(32.1%)	Other Operating Expense	1,367	1,600	1,722	122	7.1%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
797	819	846	26	3.1%	Depreciation	3,198	3,275	3,311	36	1.1%
14,306	15,787	13,413	(2,374)	(17.7%)	Total Operating Expense	54,069	60,153	53,072	(7,080)	(13.3%)
3,073	2,591	1,475	1,117	75.7%	Net Operating Margin	5,988	6,583	5,178	1,405	27.1%
0	0	0	0	0.0%	Non Operating Income	0	0	0	0	0.0%
3,073	2,591	1,475	1,117	75.7%	Net Margin	5,988	6,583	5,178	1,405	27.1%
22.3%	18.6%	15.6%	3.0%		EBIDA	15.3%	14.8%	14.6%	0.2%	
17.7%	14.1%	9.9%	4.2%		Operating Margin	10.0%	9.9%	8.9%	1.0%	
17.7%	14.1%	9.9%	4.2%		Net Margin	10.0%	9.9%	8.9%	1.0%	

El Camino Health Medical Network (\$000s)

Period ending 10/31/2020

Period 4 FY 2020	Period 4 FY 2021	Period 4 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
9,188	9,071	9,344	(273)	(2.9%)	Gross Revenue	26,587	34,450	32,313	2,138	6.6%
(6,442)	(6,283)	(6,277)	(6)	(0.1%)	Deductions	(18,767)	(23,299)	(21,878)	(1,420)	(6.5%)
2,746	2,788	3,067	(279)	(9.1%)	Net Patient Revenue	7,820	11,152	10,434	717	6.9%
1,161	1,087	1,917	(830)	(43.3%)	Other Operating Revenue	6,097	6,490	7,732	(1,242)	(16.1%)
3,907	3,875	4,984	(1,109)	(22.3%)	Total Operating Revenue	13,916	17,642	18,167	(525)	(2.9%)
					OPERATING EXPENSE					
1,609	1,629	1,622	(7)	(0.4%)	Salaries & Wages	6,843	6,511	6,782	271	4.0%
411	294	430	137	31.8%	Supplies	1,528	1,768	1,738	(30)	(1.7%)
3,720	3,592	4,647	1,055	22.7%	Fees & Purchased Services	15,719	16,695	18,285	1,590	8.7%
545	778	765	(13)	(1.7%)	Other Operating Expense	2,451	3,341	3,057	(284)	(9.3%)
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
52	198	261	63	24.1%	Depreciation	207	800	1,045	245	23.5%
6,337	6,491	7,726	1,235	16.0%	Total Operating Expense	26,748	29,114	30,907	1,794	5.8%
(2,430)	(2,616)	(2,741)	125	(4.6%)	Net Operating Margin	(12,831)	(11,472)	(12,741)	1,269	(10.0%)
0	0	0	0	0.0%	Non Operating Income	0	0	0	0	0.0%
(2,430)	(2,616)	(2,741)	125	(4.6%)	Net Margin	(12,831)	(11,472)	(12,741)	1,269	(10.0%)
-60.9%	-62.4%	-49.8%	(12.6%)		EBIDA	-90.7%	-60.5%	-64.4%	3.9%	
-62.2%	-67.5%	-55.0%	(12.5%)		Operating Margin	-92.2%	-65.0%	-70.1%	5.1%	
-62.2%	-67.5%	-55.0%	(12.5%)		Net Margin	-92.2%	-65.0%	-70.1%	5.1%	

**EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING COVER MEMO**

To: Finance Committee
From: Carlos A. Bohorquez, Chief Financial Officer
Date: November 23, 2020
Subject: FY2021 Q2 – Q4 Financial Forecast

Purpose: To provide the Committee an overview of the approach and results of the FY2021 Q2 – Q4 Financial Forecast.

Summary:

- Situation:** The FY2021 budget was developed during the onset of the Covid-19 pandemic, which created a number of unknowns related to the duration of the pandemic, impact on payor mix, inpatient/outpatient volumes and other key assumptions. Management committed to developing and updating a high-level quarterly financial forecast using actual data and updated Covid-19 assumptions. Please note that the forecast is not intended to replace the approved FY2021 budget.
- Authority:** This is being brought to the Committee for review prior to presentation to the Board of Directors.
- Background:** Based on the comparative analysis (see table below), FY2021 Q1 financial performance is comparable to the same period in prior fiscal year and significantly exceeds budget.

(\$ thousands)

		YTD (as of 9/30)						
		FY2020	FY2021		Variance to	Performance	Variance to	Performance
		Actual	Actual	Budget	Prior Year		Budget	
Utilization	ADC	227	236	191	9	 	45	
	Total Discharges	6,013	5,698	4,972	(315)	 	726	
	Outpatient Cases	38,775	45,314	29,739	6,539	 	15,575	
Financial Performance	Gross Charges	943,255	1,030,188	782,037	86,933	 	248,151	
	Total Operating Revenue	262,411	274,543	216,424	12,132	 	58,120	
	Total Operating Expenses	240,490	259,367	237,232	18,877	 	22,135	
	Operating Income	21,920	15,176	(20,809)	(6,744)	 	35,985	
	Operating EBIDA Margin (%)	14.1%	13.0%	-0.2%	-1.1%	 	13.2%	

- Assessment:** The organization's strong recovery from the Covid-19 pandemic, validates the need to develop a financial forecast which informs organizational leaders, Finance Committee and Board of Directors of projected FY2021 Q2 – Q4 financial performance.

FY2021 Q2 – Q4 Financial Forecast
November 23, 2020

5. **Outcomes:** Projected financial performance based on the forecast model, demonstrates a path to recovery to pre Covid-19 levels. However, given a remaining number of unknowns and continued lower ER volumes, management believes that a full recovery will not occur until FY2022.

FY2021 forecasted operating income is \$101.4 million better than budget (see the table below).

	Fiscal Year Ended (6/30)		FY2021	
	FY2019	FY2020	Budget	Forecast
Total Operating Revenue	\$ 996,674	\$ 1,031,137	\$ 947,142	\$ 1,146,439
Operating Income	\$ 118,289	\$ 63,648	\$ (23,743)	\$ 77,685
Operating Margin (%)	11.9%	6.2%	-2.5%	6.8%
Operating EBIDA Margin (%)	17.9%	12.7%	5.9%	14.2%

Management will present an updated financial forecast at the beginning of Q3 and Q4.

List of Attachments: None

Suggested Committee Discussion Questions: None



El Camino Health

Financial Forecast: FY2021 Q2 – Q4 Finance Committee

Carlos A. Bohorquez, Chief Financial Officer

November 23, 2020

Table of Contents

1. Q1 FY2021 Actual vs. Prior Year vs. Budget
2. Financial Forecast Development Approach / Assumptions
3. FY2021 Q2 – Q4 Financial Forecast
4. Forecast comparison to FY2019, FY2020 and Budget FY2021
5. Q & A

Q1 FY2021 Actual vs. Prior Year vs. Budget

(\$000s)

- Given a significant number of unknowns related to Covid-19 when the budget was prepared, management committed to developing and updating a financial forecast on a quarterly basis.
- Q1 volume and financial results have significantly exceeded budget.

		YTD (as of 9/30)						
		FY2020	FY2021		Variance to Prior Year	Performance	Variance to Budget	Performance
		Actual	Actual	Budget				
Utilization	ADC	227	236	191	9	Green	45	Green
	Total Discharges	6,013	5,698	4,972	(315)	Yellow	726	Green
	Outpatient Cases	38,775	45,314	29,739	6,539	Green	15,575	Green
Financial Performance	Gross Charges	943,255	1,030,188	782,037	86,933	Green	248,151	Green
	Total Operating Revenue	262,411	274,543	216,424	12,132	Green	58,120	Green
	Total Operating Expenses	240,490	259,367	237,232	18,877	Green	22,135	Green
	Operating Income	21,920	15,176	(20,809)	(6,744)	Yellow	35,985	Green
	Operating EBIDA Margin (%)	14.1%	13.0%	-0.2%	-1.1%	Yellow	13.2%	Green

Financial Forecast Development Approach and Assumptions

- Financial Forecast Model was developed using the following baseline data:
 - Q1 volumes, revenue and expense relationships by service line and site of care
- Key assumptions:
 - Volume growth assumptions to 102% of pre Covid-19 levels for all service lines with the following exceptions:
 - » New programs
 - » Service lines with continued Covid-19 impact or which have experienced significant growth in Q1
 - Added seasonality with volumes peaking in December and January

FY2021 Q2 – Q4 Financial Forecast

Enterprise Forecast	YTD FY2021	Projected									Projected -
	Q1 (as of 9/30)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY2021
OPERATING REVENUE											
Charges	\$ 1,030,187,633	\$ 357,370,592	\$ 358,683,195	\$ 363,045,826	\$ 371,078,075	\$ 361,733,934	\$ 366,110,640	\$ 362,482,595	\$ 361,625,426	\$ 357,997,381	\$ 4,290,315,295
Deductions	\$ 768,638,473	\$ 266,958,703	\$ 266,979,086	\$ 270,269,289	\$ 276,260,411	\$ 269,394,961	\$ 272,669,267	\$ 270,017,816	\$ 269,417,588	\$ 266,766,136	\$ 3,197,371,730
Net Patient Revenue	\$ 261,549,160	\$ 90,411,889	\$ 91,704,109	\$ 92,776,536	\$ 94,817,664	\$ 92,338,973	\$ 93,441,373	\$ 92,464,780	\$ 92,207,838	\$ 91,231,244	\$ 1,092,943,565
Other Operating Revenue	\$ 12,994,059	\$ 4,059,823	\$ 5,053,443	\$ 5,055,407	\$ 4,388,741	\$ 4,388,741	\$ 4,388,741	\$ 4,388,741	\$ 4,388,741	\$ 4,388,739	\$ 53,495,173
Total Revenue	\$ 274,543,219	\$ 94,471,712	\$ 96,757,551	\$ 97,831,944	\$ 99,206,404	\$ 96,727,714	\$ 97,830,113	\$ 96,853,520	\$ 96,596,578	\$ 95,619,983	\$ 1,146,438,738
OPERATING EXPENSES											
Salaries & Wages	\$ 142,306,955	\$ 49,682,590	\$ 49,788,522	\$ 50,229,259	\$ 50,987,936	\$ 50,220,301	\$ 50,683,210	\$ 50,394,790	\$ 50,377,205	\$ 50,088,804	\$ 594,759,572
Supplies and Drugs	\$ 42,511,713	\$ 13,510,441	\$ 14,507,599	\$ 14,612,080	\$ 14,857,343	\$ 14,440,548	\$ 14,554,415	\$ 14,365,422	\$ 14,281,265	\$ 14,092,277	\$ 171,733,104
All Other Expenses	\$ 53,907,973	\$ 16,535,649	\$ 18,365,949	\$ 18,408,575	\$ 18,303,740	\$ 18,195,310	\$ 18,519,956	\$ 18,371,173	\$ 18,518,821	\$ 18,335,543	\$ 217,462,689
Depreciation	\$ 16,353,673	\$ 5,708,445	\$ 5,708,445	\$ 5,708,445	\$ 5,708,256	\$ 5,708,256	\$ 5,708,256	\$ 5,708,256	\$ 5,708,238	\$ 5,708,238	\$ 67,728,509
Interest Expense	\$ 4,286,779	\$ 1,426,344	\$ 1,426,344	\$ 1,426,344	\$ 1,426,344	\$ 1,415,514	\$ 1,415,514	\$ 1,415,514	\$ 1,415,514	\$ 1,415,514	\$ 17,069,727
Total Operating Expense	\$ 259,367,094	\$ 86,863,469	\$ 89,796,859	\$ 90,384,703	\$ 91,283,619	\$ 89,979,930	\$ 90,881,352	\$ 90,255,156	\$ 90,301,044	\$ 89,640,376	\$ 1,068,753,602
Operating Income	\$ 15,176,125	\$ 7,608,243	\$ 6,960,693	\$ 7,447,241	\$ 7,922,785	\$ 6,747,784	\$ 6,948,761	\$ 6,598,365	\$ 6,295,534	\$ 5,979,607	\$ 77,685,136
Operating Margin (%)	5.5%	8.1%	7.2%	7.6%	8.0%	7.0%	7.1%	6.8%	6.5%	6.3%	6.8%
Operating EBIDA Margin (%)	13.0%	15.6%	14.6%	14.9%	15.2%	14.3%	14.4%	14.2%	13.9%	13.7%	14.2%

Forecast Comparison to FY2019, FY2020 and Budget FY2021

(\$000s)

- FY2021 forecast projects consistent and strong financial performance for Q2 to Q4.
- Given a number of unknown factors associated with the Covid-19 pandemic and lingering impact to ED volumes, management does not anticipate a full financial recovery until FY2022.

	Fiscal Year Ended (6/30)		FY2021	
	FY2019	FY2020	Budget	Forecast
Total Operating Revenue	\$ 996,674	\$ 1,031,137	\$ 947,142	\$ 1,146,439
Operating Income	\$ 118,289	\$ 63,648	\$ (23,743)	\$ 77,685
Operating Margin (%)	11.9%	6.2%	-2.5%	6.8%
Operating EBIDA Margin (%)	17.9%	12.7%	5.9%	14.2%

- FY2021 budget will continue to be used to measure performance and the forecast will be used to inform organizational leaders, Finance Committee and Board of Directors of projected financial performance based on Q1 results and updated Covid-19 assumptions.
- Management will present an updated forecast at the beginning of Q3 and Q4.

Q & A

**EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING MEMO**

To: El Camino Hospital Finance Committee
From: Bruce Harrison, President, SVMD
David Neapolitan, Vice President of Finance, SVMD
Date: November 23, 2020
Subject: El Camino Health Medical Network Update

Purpose:

Review and discuss the financial performance of the El Camino Health Medical Network (ECHMN) for the four months ended October 31, 2020.

Summary:

1. Situation: ECHMN will provide quarterly financial metric updates to the Finance Committee.
2. Authority: The Finance Committee role as delineated in the Operating Agreement between El Camino Hospital and Silicon Valley Medical Development, LLC dba El Camino Health Medical Network.
 - A. Reviews quarterly financial metric updates
 - B. Reviews the ECHMN financial plan and annual report of performance metrics
 - C. Approves annual operating and capital budgets
 - D. Approves long-range financial plans
3. Background: The Finance Committee has requested ECHMN report Quarterly its financial results and performance on the following metrics:
 - A. Patient Active Lives
 - i. Unique Patients
 - ii. Capitated Lives
 - B. New versus Established Patient Visits
 - C. Productivity Metrics
 - i. Total Visits by Month
 - ii. Total Visits per Business Day by Month
 - iii. Urgent Care Visits by Month
 - iv. Work RVU's by Month
 - v. Productivity by Provider

D. Fiscal Year to Date Financial Performance by Practice

E. Revenue Cycle Trends

- i. Quarterly Payer Mix Trend
- ii. Collection Rate Trend
- iii. Days Accounts Receivable Outstanding
- iv. Percentage of Accounts Receivable Greater than 90 Days

4. Assessment:

For the first four months of fiscal year 2021 ECHMN is \$1.0M or 8.8% favorable to the budgeted operating margin and \$1.9M or 15.5% greater than the prior fiscal year.

- i. Operating revenues are unfavorable to budget by \$525K but are \$3.7M greater than the prior fiscal year. These variances are driven by:
 - a. Net patient revenue is favorable to budget by \$717K or 6.9% for the four months ended October 31, 2020 and \$3.4M or 44.8% greater than the prior fiscal year. This favorability is driven by:
 - i. Total patient visits for the first quarter have been very strong across all divisions and particularly at our Urgent Care locations that have seen significant volume increases as a result of COVID-19. Same Store visit levels excluding Carbon Urgent Care operations are 4% greater than prior year performance.
 - ii. The realization of improved payer contracts that took effect in the latter portion of fiscal year 2020.
 - b. Other revenue is unfavorable to budget by \$\$1.1M primarily as a result of the termination of the County Hospitalist and Intensivist contract (\$748K) that ended September 30, 2020. This is offset by lower physician service costs associated with the physicians previously providing coverage under this agreement.
- ii. Operating expenses are favorable to the operating budget by \$1.5K or 5.2%.
 - a. Salary, wages and benefits are favorable to budget as a result of continued management of staffing levels and open positions.
 - b. Professional fees and purchased services are favorable to budget by \$1.4M as a result of lower physician services costs, \$1,2M with \$551K related to the termination of the Hospitalist and Intensivist contract.
- iii. Beginning in the second quarter of fiscal year 2021 management has implemented two budgeted strategies that include the outsourcing of the MSO operations and the restructuring of the Willow Glen Urgent Care operations. Additionally, the contract for Hospitalist and Intensivist services ended on September 30th. Management has

developed a replacement strategy that will provide Hospitalist and Intensivist services at other local hospitals that will help to mitigate the impact of the loss of this program.

5. Other Reviews: N/A

6. Outcomes: N/A

List of Attachments:

1. ECHMN Finance Committee Report presentation

Suggested Committee Discussion Questions:

1. How is ECHMN performing against target?
2. What actions are being taken to achieve performance objectives?
3. What challenges and opportunities does ECHMN see in meeting its performance measures over the remainder of the fiscal year?



El Camino Health Medical Network YTD FY2021 Financial Performance Summary

Bruce Harrison, President, SVMD

November 23, 2020

El Camino Health Medical Network

FY2021 Review – October 31, 2020

- Operating income is favorable to budget by \$1.0M or 9% for the first four months of FY2021 and \$1.9M or 16% favorable to the prior year.
- Total Visits per day of 880 is favorable to budget by 7% and 22% favorable to the first four months of FY2020.
- Net patient revenues are favorable to budget by \$717K or 7% and \$3.4M or 45% favorable to the prior fiscal year.
- Operating expenses are favorable to budget by \$1.5M:
 - Favorable variance in labor costs of \$271K resulting from continued emphasis on flexing staff and limited hiring of budgeted and vacant positions.
 - Favorable variance in physician service costs of \$1.2M.

El Camino Health Medical Network YTD FY2021 Results (as 10/31/2020)

Favorable

- Net income is favorable to prior year by \$1.4M or 11%.
- Same store volumes excluding Carbon urgent care sites are favorable by 4% over prior year.
- MSO Operations successfully outsourced to All Care To You effective October 1, 2020 saving \$1.1M annually.
- Completed analysis of Willow Glen Urgent care restructure with implementation date of November 1, 2020, annual savings estimated at \$1.6M.

Unfavorable

- Santa Clara County notifies that Hospital and Intensivist Agreement to be terminated effective September 30, 2020.
- This will result in an unfavorable variance from budget of approximately \$2.1M.

El Camino Health Medical Network

FYTD October 31, 2020 Financial Performance

	Fiscal Year to Date October 31, 2020				Fiscal Year to Date October 31, 2019		
	Actual	Budget	\$ Variance	% Variance	Actual	\$ Variance	% Variance
Net Patient Revenue	11,151,891	10,434,476	717,415	6.9%	7,703,179	3,448,712	44.8%
Capitated Premiums	1,675,702	1,811,027	(135,325)	-7.5%	2,199,475	(523,773)	-23.8%
Other Revenue	4,814,069	5,921,017	(1,106,948)	-18.7%	4,013,635	800,434	19.9%
Total Operating Revenue	17,641,662	18,166,519	(524,857)	-2.9%	13,916,289	3,725,373	26.8%
Pro Fees & Purch Services	16,664,748	18,088,198	1,423,450	7.9%	15,601,619	(1,063,129)	-6.8%
Labor Expenses	6,510,748	6,782,189	271,441	4.0%	6,842,932	332,184	4.9%
Facilities Expenses	2,927,436	2,906,338	(21,098)	-0.7%	2,229,692	(697,744)	-31.3%
Other Expenses	2,211,101	2,085,791	(125,310)	-6.0%	1,866,436	(344,665)	-18.5%
Total Operating Expenses	28,314,033	29,862,517	1,548,484	5.2%	26,540,679	(1,773,354)	-6.7%
EBIDA	(10,672,371)	(11,695,998)	1,023,627	8.8%	(12,624,390)	1,952,019	15.5%
Depreciation / Amortization	799,570	1,044,900	245,330	23.5%	206,840	(592,730)	-286.6%
Other Income	-	-	-	-	-	-	-
Net Income / (Loss)	(11,471,941)	(12,740,898)	1,268,957	10.0%	(12,831,230)	1,359,289	10.6%

El Camino Health Medical Network

KPIs: YTD FY2021 Actual vs. Budget vs. Prior Year

	FY 20	FY 21	FY 21
	<u>Actual</u>	<u>Budget</u>	YTD
Key Stats			<u>Actual</u>
Avg Clinic Visits per Business Day	668	809	768
Avg Clinic wRVU's per Business Day	994	1,270	1,065
Urgent Care Visits per Business Day	43	69	113
Unique Lives	54,954	80,000	66,280
Capitated Member Months	77,212	69,336	24,783

Finance Committee Quarterly Metrics

Table of Contents

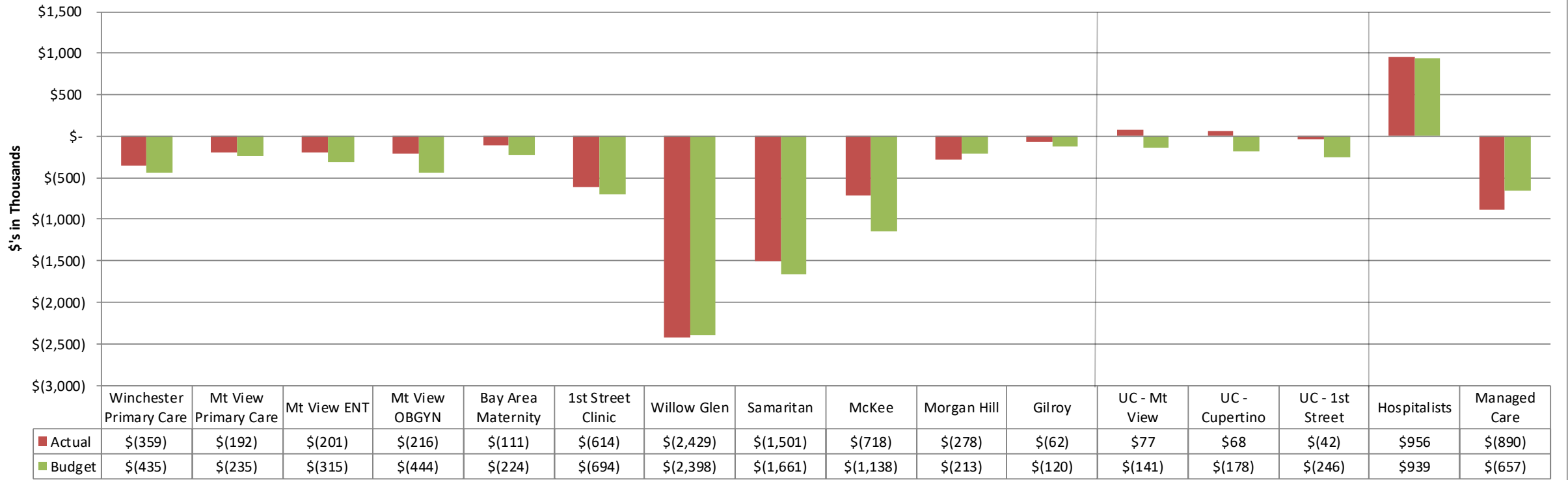
Finance Metric	Page
Operating Margin vs. Budget by Division	7
Active Lives - Ambulatory Lives - 18 mos. - Capitated Membership	8
Productivity - Visits - Visits per Business Days - Urgent Care Visits - wRVUs	9
New Visits vs. Established	10
% of Providers with Productivity (wRVUs) above and below benchmark median	11
Total % of In-Network vs. Out-of-Network	12
Revenue Cycle - Payer Mix - Days in Accounts Receivable - A/R Above 90 Days - Net Collection Ratio	13
Total Operating Margin per Physician - New Providers < 2 yrs - Established Providers >2 yrs	In Development

ECHMN - FY2021 Leading Metrics

Financial Performance by Division

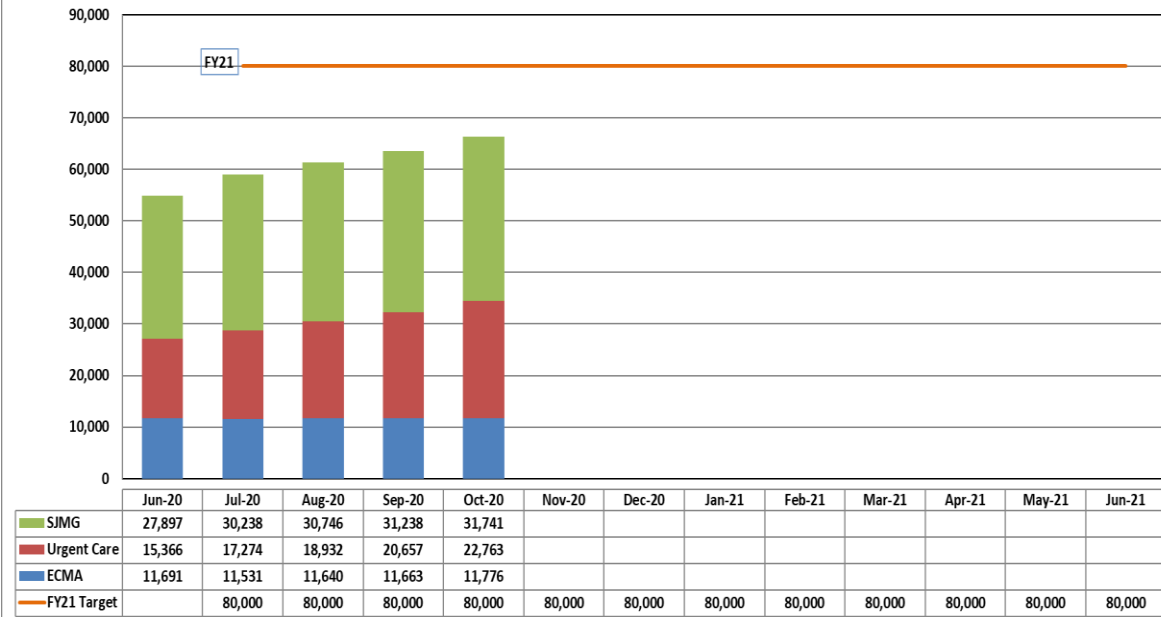
FYTD October 31, 2020

EBIDA by Location

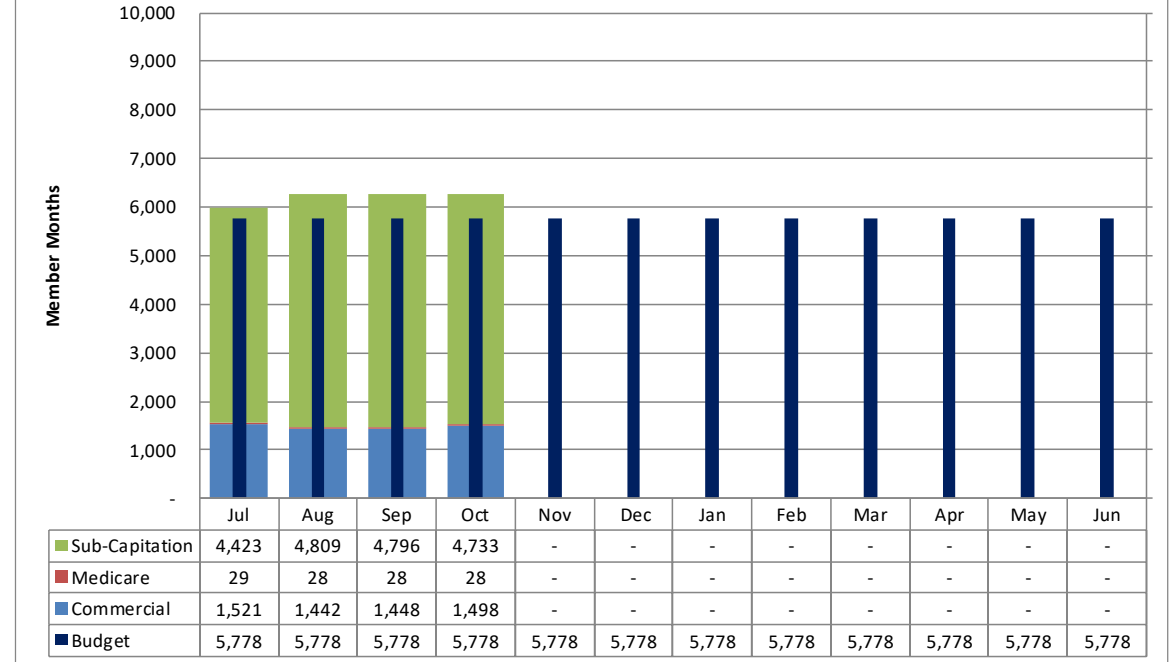


ECHMN - FYTD 2021 – Leading Metrics – Active Lives

FY21 SVMD Unique Patients Seen in last 18 months

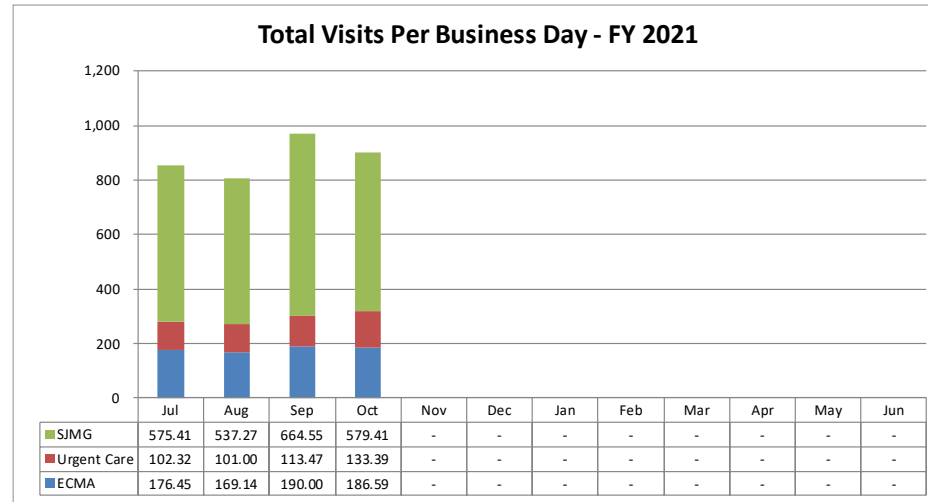
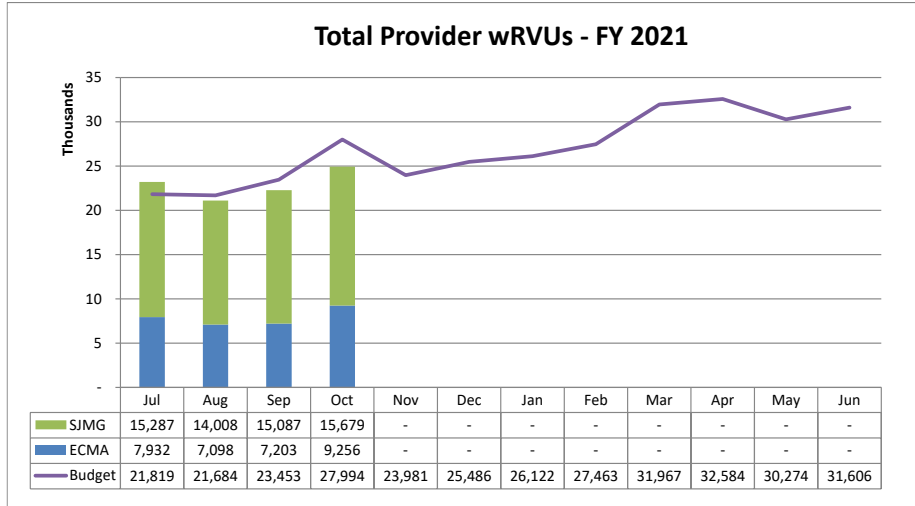


Capitated Membership

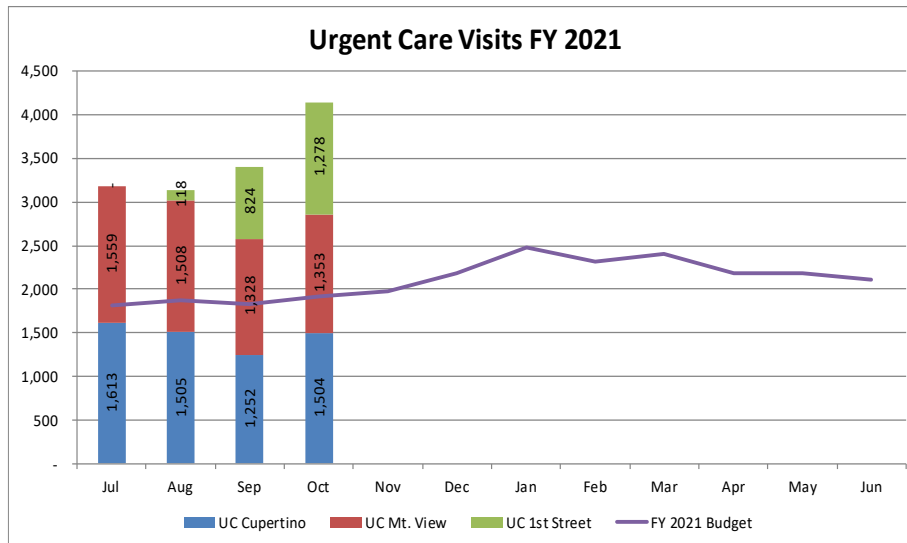


Unique lives are meeting expected budgeted targets and tracking with increased volumes.

ECHMN - FYTD 2021 – Leading Metrics - Productivity

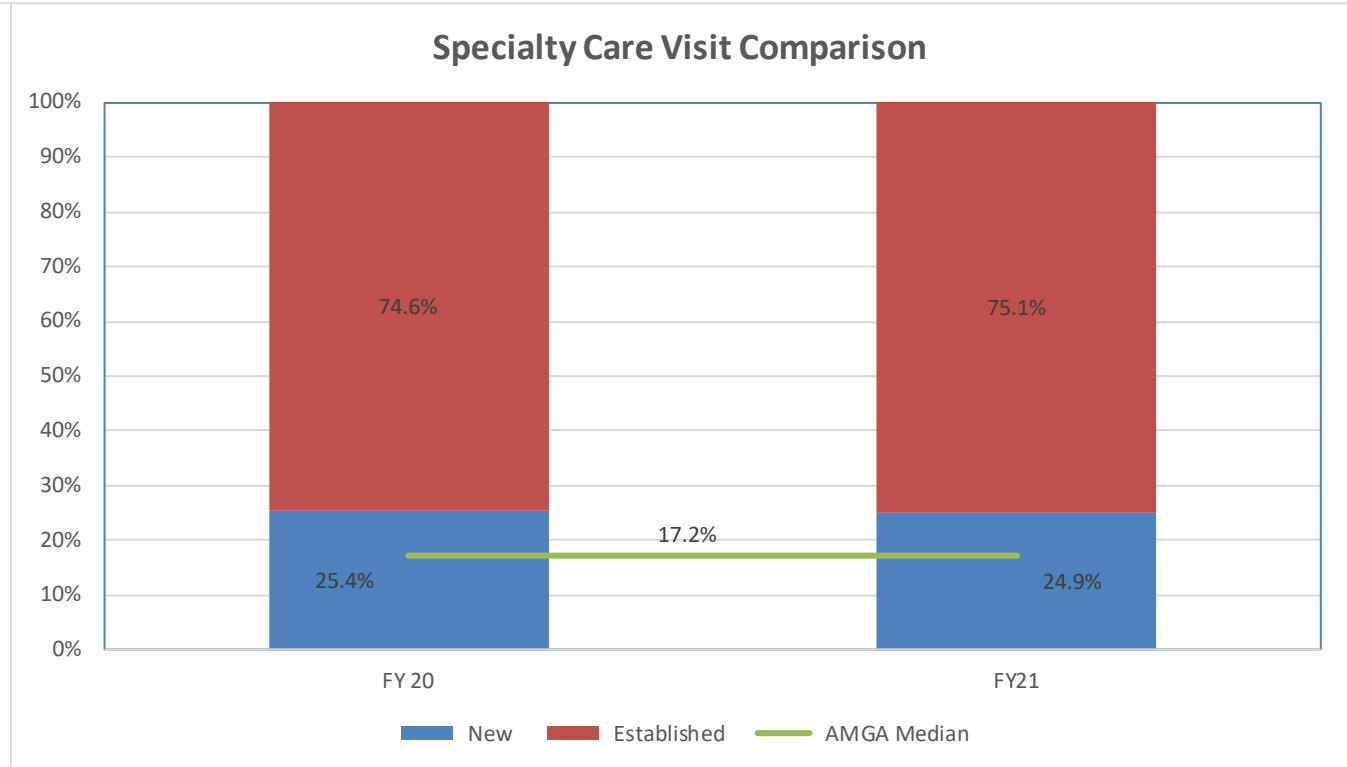
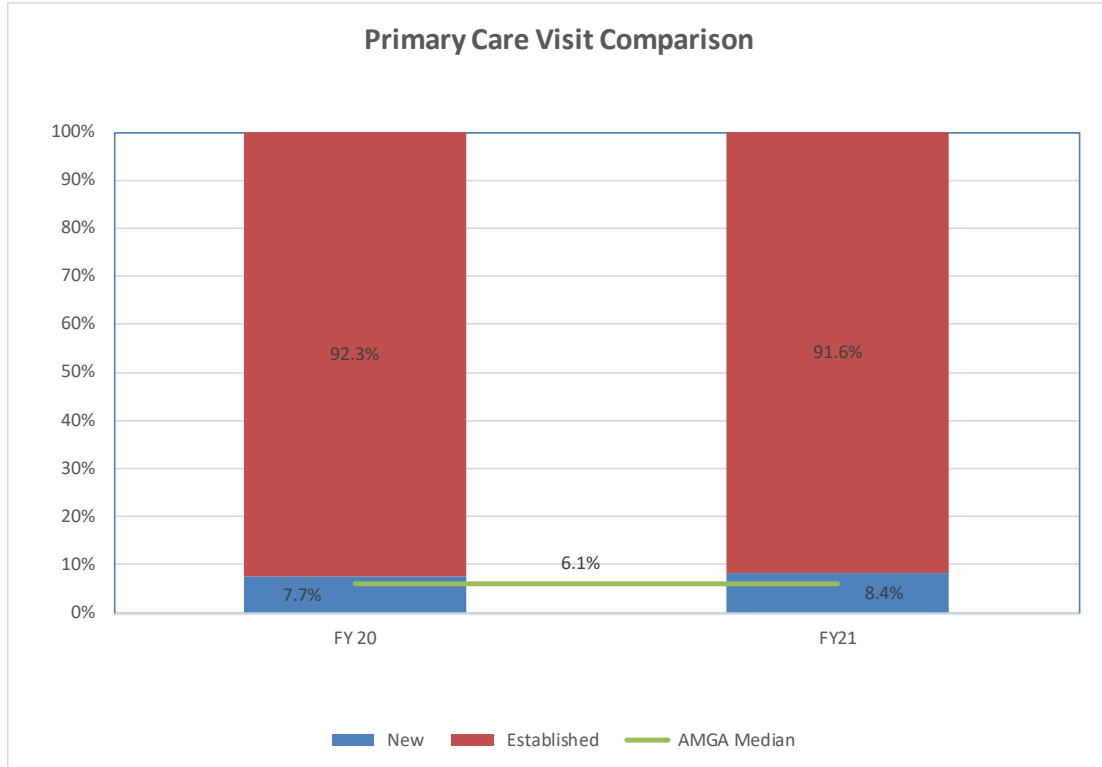


- Total visits per business day are 7% favorable to budget and 4% favorable to the prior year on a same store basis excluding urgent care visits



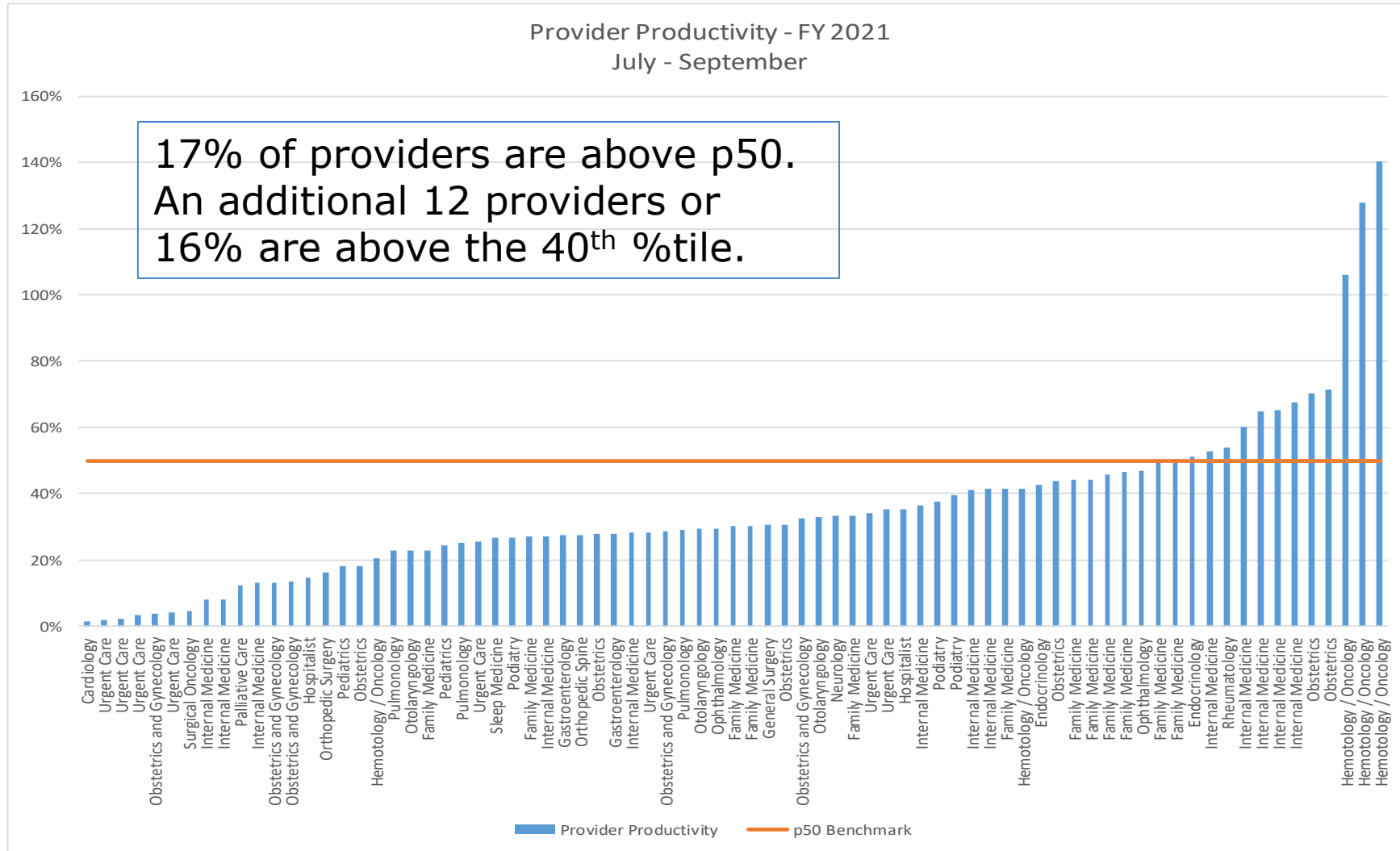
- Urgent care visits during the quarter enhanced as a result of COVID testing encounters and reopening of 1st Street location

ECHMN - New vs Established Patients



New patient visits continue to exceed AMGA Benchmark, driving new patients to the organization.

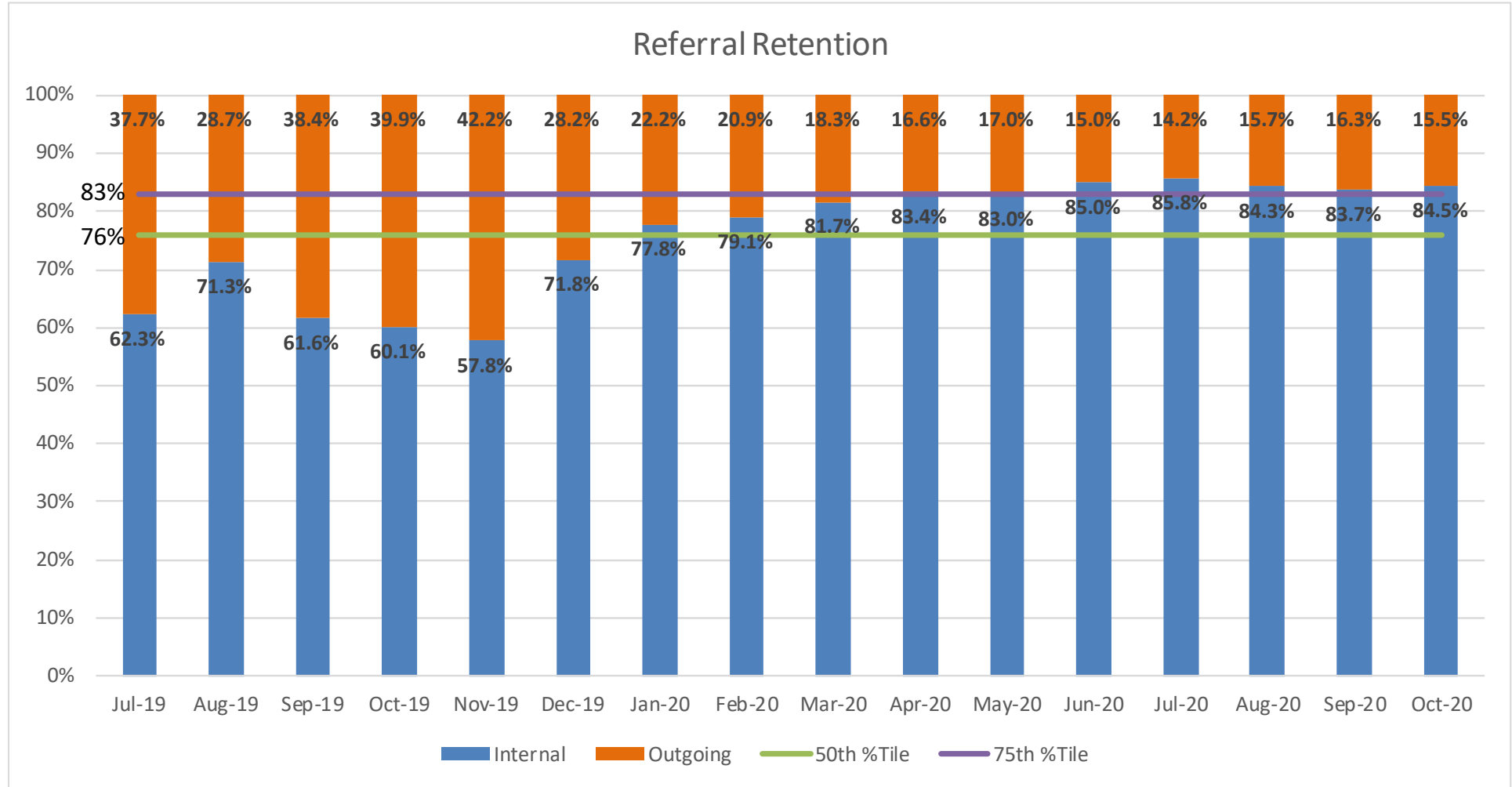
ECHMN - FY2021 Leading Metrics – Provider Productivity



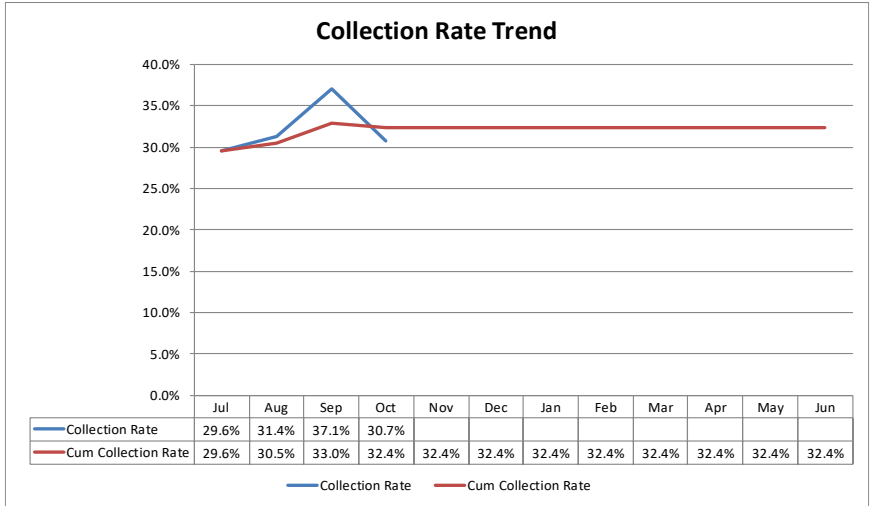
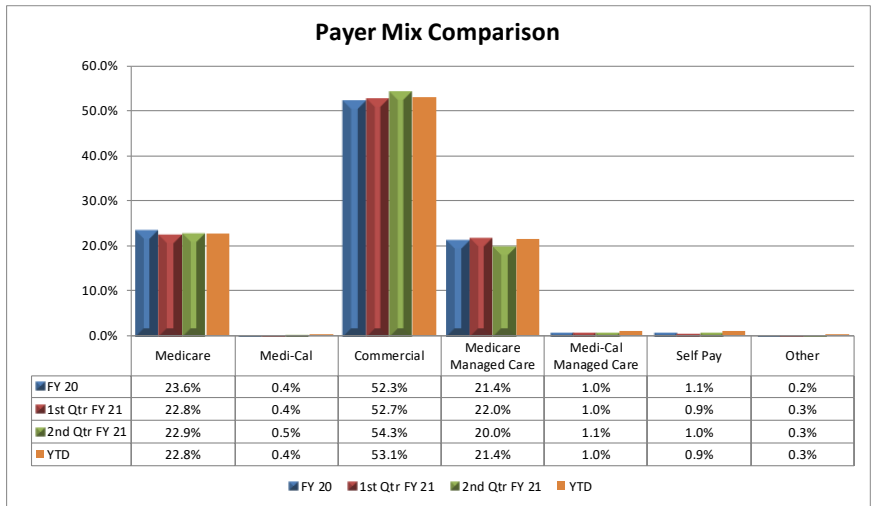
Excludes: Carbon Urgent Care providers and Contracted providers

ECHMN - Total In-Network vs Out-of-Network

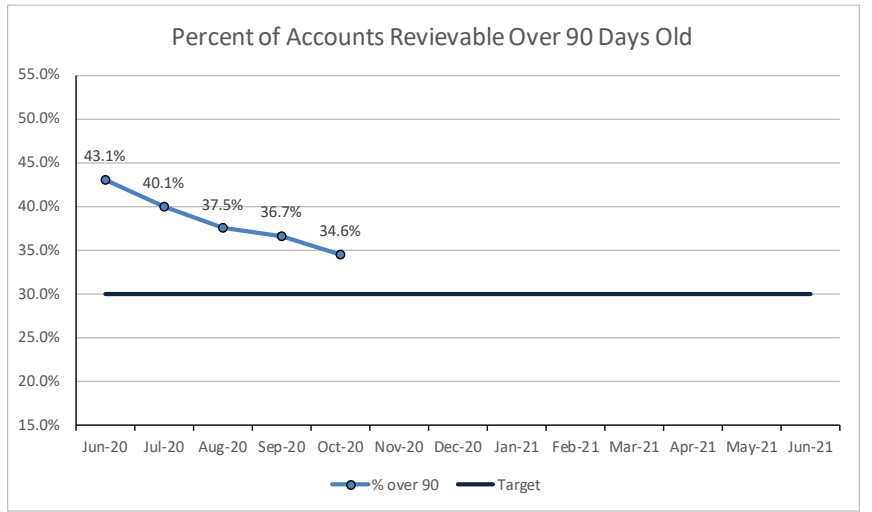
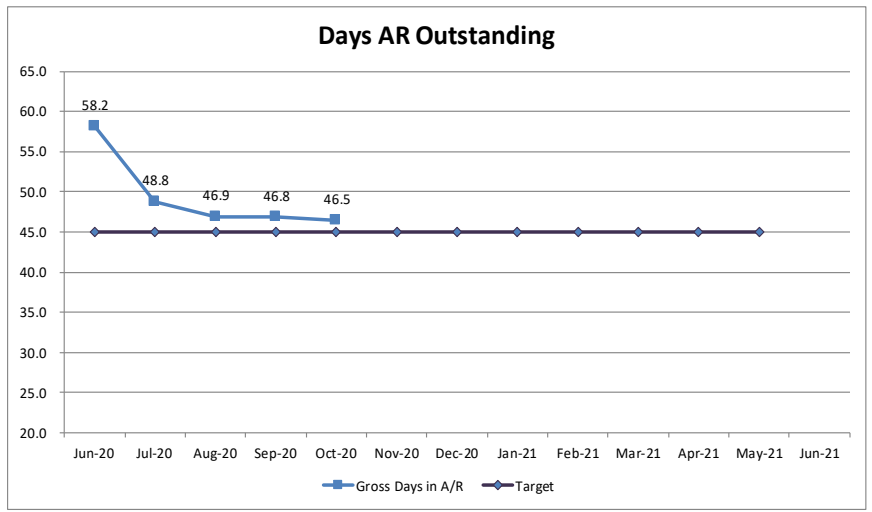
In-Network referral patterns exceeding the 75th percentile drive increased volumes across the enterprise



ECHMN - FY2021 – Leading Metrics – Revenue Cycle Trends



- Payer mix continues to be weighted to commercial coverages and remains in line with budget
- YTD Collection rates for the year are tracking with budget as impact from contract increases are being realized as planned



- Revenue cycle measures for days in accounts receivable and over 90 improving as revenue cycle operational improvements are being implemented