

**AGENDA  
FINANCE COMMITTEE MEETING  
OF THE EL CAMINO HOSPITAL BOARD**

**Monday, January 31, 2022 – 6:00 pm**

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

PURSUANT TO GOVERNMENT CODE SECTION 54953(e)(1), EL CAMINO HEALTH **WILL NOT BE PROVIDING A PHYSICAL LOCATION TO THE PUBLIC FOR THIS MEETING**. INSTEAD, THE PUBLIC IS INVITED TO JOIN THE OPEN SESSION MEETING VIA TELECONFERENCE AT:

**Dial-In: 1-669-900-9128. Meeting Code: 986 9207 2901. 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
<b>1. CALL TO ORDER / ROLL CALL</b>	John Zoglin, Chair		<b>6:00 – 6:01pm</b>
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	John Zoglin, Chair		<b>information 6:01– 6:02</b>
<b>3. PUBLIC COMMUNICATION</b> 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		<b>information 6:02 – 6:05</b>
<b>4. CONSENT CALENDAR</b> <i>Any Committee Member may remove an item for discussion before a motion is made.</i> <b>Approval</b> a. <a href="#">Minutes of the Open Session of the Finance Committee (11/22/2021)</a> b. <a href="#">FY 22 Period 5 Financials</a> <b>Information</b> c. <a href="#">FY 2022 Pacing Plan</a> d. <a href="#">Article of Interest</a>	John Zoglin, Chair	<i>public comment</i>	<b>motion required 6:05 – 6:10</b>
<b>5. <u>REPORT ON BOARD ACTIONS</u></b>	John Zoglin, Chair		<b>information 6:10-6:15</b>
<b>6. <u>FY 2022 PERIOD 6 FINANCIALS</u></b>	Carlos Bohorquez, CFO	<i>public comment</i>	<b>motion required 6:15– 6:30</b>
<b>7. <u>ECHMN QUARTERLY FINANCIAL REPORT</u></b>	Vince Manoogian, Interim President ECHMN David Neapolitan, VP of Finance ECHMN		<b>information 6:30- 7:00</b>
<b>8. CAPITAL REQUEST</b> a. <a href="#">MV Chemistry Line Replacement Project Request</a>	Ken King, CASO		<b>motion required 7:00-7:10</b>
<b>9. ADJOURN TO CLOSED SESSION</b>	John Zoglin, Chair		<b>motion required 7:10– 7:11</b>

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 650-988-8483 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
<b>10. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	John Zoglin, Chair		<b>information</b> 7:11 – 7:12
<b>11. CONSENT CALENDAR</b> <i>Any Committee Member may remove an item for discussion before a motion is made.</i> <b>Approval</b> <i>Gov't Code Section 54957.2:</i> a. Minutes of the Closed Session of the Finance Committee (11/22/2021) <b>Information</b> <i>Health and Safety Code Section 32106(b):</i> Physician Contracts b. MV Hospitalist Services Renewal c. MV Interventional Radiology Panel	John Zoglin, Chair		<b>motion required</b> 7:12-7:13
<b>12. Health and Safety Code Section 32106(b)-</b> for a report and discussion involving healthcare facility trade secrets <b>MANAGED CARE UPDATE</b> ( <i>verbal report out</i> )	Carlos Bohorquez, CFO Joan Kezic, VP of Payor Relations		<b>information</b> 7:13-7:33
<b>13. Gov't Code Sections 54957</b> for report and discussion on personnel matters – Senior Management: - Executive Session	John Zoglin, Chair		<b>discussion</b> 7:33-7:38
<b>14. ADJOURN TO OPEN SESSION</b>	John Zoglin, Chair		<b>motion required</b> 7:38-7:39
<b>15. RECONVENE OPEN SESSION / REPORT OUT</b>	John Zoglin, Chair		<b>information</b> 7:39-7:40
To report any required disclosures regarding permissible actions taken during Closed Session.			
<b>16. CONTRACTS &amp; AGREEMENTS</b> <b>Approval</b> a. MV Hospitalist Professional Services Agreement <b>Recommended for Board Approval</b> b. MV Interventional Radiology Call Panel Agreement	Mark Adams, CMO		<b>motion required</b> 7:40-7:41
<b>17. CLOSING COMMENTS</b>	John Zoglin, Chair		<b>information</b> 7:41-7:45
<b>18. ADJOURNMENT</b>	John Zoglin, Chair	<i>public comment</i>	<b>motion required</b> 7:45-7:46pm

**Upcoming Meetings:**

Regular Meetings: March 28, 2022, April 25, 2022, May 23, 2022 (Joint ECHB-FC)



**Minutes of the Open Session of the  
Finance Committee of the  
El Camino Hospital Board of Directors  
Monday, November 22, 2021**

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

**Members Present**

**John Zoglin, Chair**  
**Joseph Chow\*\***  
**Wayne Doiguchi**  
**Peter Fung, MD**  
**Bill Hooper**  
**Cynthia Stewart**  
**Don Watters**

**Members Absent**

\*\*via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
<b>1. CALL TO ORDER/ ROLL CALL</b>	The open session meeting of the Finance Committee of El Camino Hospital (the “Committee”) was called to order at 5:30 pm by Chair John Zoglin. A verbal roll call was taken. All other members were present in person with one member participating 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.	
<b>2. POTENTIAL CONFLICT OF INTEREST</b>	Chair Zoglin asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
<b>3. PUBLIC COMMUNICATION</b>	There were no comments from the public.	
<b>4. CONSENT CALENDAR</b>	<p><b>Motion:</b> To approve the consent calendar: (a) Minutes of the Open Session of the Finance Committee meeting (09/27/2021) (b) FY2022 Period 3 Financials and for information: (c) FY2022 Pacing Plan (e) Article of Interest.</p> <p>Chair Zoglin asked if any of the Committee Members would like to pull an item from the consent calendar. Mr. Chow stated to review the motions and voting as he’s been marked absent but attended the meeting.</p> <p><b>Movant:</b> Watters <b>Second:</b> Doiguchi <b>Ayes:</b> Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None</p>	<i><b>Consent Calendar was approved.</b></i>
<b>5. REPORT ON BOARD ACTIONS</b>	Chair Zoglin asked the Committee for any questions or feedback on the Report on Board Actions as further detailed in the packet.	
<b>6. FY2022 PERIOD 4 FINANCIAL REPORT &amp; CAPITAL EXPENDITURE UPDATE</b>	<p>Carlos Bohorquez, Chief Financial Officer presented the FY2022 Period 4 Financial Report and Capital Expenditure Update and opened the discussion by highlighting the following:</p> <ul style="list-style-type: none"> <li>• Mr. Bohorquez stated all the items highlighted in green indicate key statistics of patient activity which is favorable versus budget and prior fiscal year.</li> <li>• Key statistics include the following: ADC (average daily census) Utilization MV and LG, combined utilization, MS discharges, ED</li> </ul>	

visits are all favorable to budget and prior year by double-digit percentages.

- As discussed in the other meetings, Mr. Bohorquez stated the organization has rebounded well from the various waves of Covid. This is attributed to actions taken by Management early and throughout the pandemic.
- Most service lines including the ER, are back to pre-Covid levels.
- Inpatient activity demonstrates solid improvement from last fiscal year, all service lines with the exception of rehab are favorable compared to prior fiscal and favorable to budget.
- Outpatient activity has been very strong, including the ER which had taken a bit longer to rebound to pre-Covid levels.
- Endoscopy and interventional cases are slightly unfavorable to budget, due to several key physicians scheduled vacations in the month of October.
- The overall payor mix is stable despite higher unemployment rates in community.

Mr. Bohorquez continued the discussion of Period 4 (Oct. 2021) financial results and highlighted the following:

- Mr. Bohorquez stated one item in red is total FTEs versus the prior fiscal year, we are unfavorable to budget by 9%. This is not an area of concern given that as additional volume is coming to the organization we are flexing up. As an organization, we have been very fortunate that we haven't decreased capacity due to the shortages of clinical and non-clinical staffing versus other organizations.
- Net Days in A/R are unfavorable to budget. The current year is at 55.6 which is higher than target. This is related to a payor which we expect will be corrected over the next 30-45 days.
- From an overall performance standpoint, net patient revenue is \$106.6M which is 9.6% favorable to budget and 17.8% favorable compared to prior fiscal year.
- Mr. Bohorquez stated three factors contribute to these variances: 1) strong patient activity 2) our payor mix has been steady and consistent with prior fiscal year 3) and other initiatives that we have implemented to improve revenue.
- Operating EBIDA of \$22.3M is favorable to budget by 51% and favorable to the prior fiscal year by 45.5%.
- Net income of \$39.4M is favorable to budget by \$24.0M, Mr. Bohorquez stated that this is mostly attributed to unrealized gains on our investment portfolio. He noted that given recent instability of the capital markets, there's a risk that net income will fluctuate significantly based on changes to unrealized gains/(losses) on our investment portfolio.
- Operating EBIDA margin \$20.1% versus 14.6% budget.

Mr. Bohorquez continued the discussion by presenting YTD FY2022 (as of 10/31/2021) performance and highlighted the following:

- Revenue has been strong given the rebound in volumes as previously discussed and revenue improvement strategies. YTD FY2022 total operating revenue is 10.4% favorable to budget and 17.2% favorable to the same period prior fiscal year.

	<ul style="list-style-type: none"> <li>• Operating EBIDA \$84.3M is 58.5% favorable to budget.</li> <li>• Overall, Mr. Bohorquez stated that management is pleased with the performance of the organization given the challenges presented by Covid and staffing shortages.</li> </ul> <p>Mr. Bohorquez finished the discussion by presenting an overview of all the capital projects that have been approved by the Finance Committee and the Board and stated moving forward we will ensure these projects are tracked to understand what commitments are being made by the organization and how we are doing overall as far as expenditure versus those commitments.</p> <p>In the discussion, Mr. Bohorquez highlighted the following metrics:</p> <ul style="list-style-type: none"> <li>• Approved projects: \$253M</li> <li>• Total spent to date: \$59M</li> <li>• Remaining: \$194M</li> </ul> <p><b>Motion:</b> To approve the FY2022 Period 4 Financial Report and Capital Expenditure Update</p> <p><b>Movant:</b> Fung  <b>Second:</b> Watters  <b>Ayes:</b> Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<p>7. <b>FY2023                  COMMUNITY                  BENEFIT GRANT                  APPLICATION                  GUIDING                  PRINCIPALS/PROC                  ESS</b></p>	<p>Jonathan Cowan, Senior Director Government Community Benefits and Relations presented an overview to provide input on the proposed “Guiding Principles” as well as the El Camino Health Community Benefit “Ranked &amp; Prioritized Health Needs,” including approximate grant funding percentages for each of the five health needs.</p> <p>Mr. Cowan stated this overview will orient the Finance Committee to staff-initiated Community Benefits grant proposals being investigated. Further details are discussed in the provided materials.</p>	
<p>8. <b>INTENT TO                  REIMBURSE:                  RESOLUTION</b></p>	<p>Mr. Bohorquez presented an overview of the Intent to Reimburse: Resolution. The purpose of the resolution is to enable the organization to reimburse itself for capital expenditures associated with the following projects, in the event the organization decides to issue new debt in the future:</p> <ul style="list-style-type: none"> <li>• Women’s Hospital Expansion</li> <li>• Interventional Radiology and Imaging suite upgrades and equipment replacement</li> <li>• Interventional Radiology and Nuclear Medicine suite upgrades and equipment replacement</li> <li>• Upgrade of Operating Room decontamination area</li> </ul> <p>Mr. Bohorquez also highlighted the following regarding the resolution:</p>	

	<ul style="list-style-type: none"> <li>The resolution does not authorize management to issue any new debt. Also, it does not authorize management or obligate the organization to fund any project or issue any new debt outside of the required approval process.</li> <li>This resolution will also enable the organization to reimburse itself for capital already spent to provide flexibility to the organization to not solely depend on cash flow from operations to fund all capital projects as it may not always be sufficient enough to do so.</li> </ul> <p><b>Motion:</b> To approve the Intent to Reimburse: Resolution</p> <p><b>Movant:</b> Watters  <b>Second:</b> Fung  <b>Ayes:</b> Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<p><b>9. CAPITAL REQUESTS:</b> (a) LG Interventional Radiology Equipment Replacement (b) LG Nuclear Medicine Equipment Replacement &amp; Code Upgrades (c) LG Operating Room Sterile Processing Upgrade</p>	<p>Jim Griffith, COO, Ken King, CASO, and Omar Chughtai, VP of Operations presented the following capital projects:</p> <ol style="list-style-type: none"> <li>1) LG Interventional Radiology Equipment Replacement</li> <li>2) LG Nuclear Medicine Equipment Replacement &amp; Code Upgrades</li> <li>3) LG Operating Room Sterile Processing Upgrade</li> </ol> <p>Management is requesting the Finance Committee to approve the projects with the requested spending amount as further detailed in the materials.</p> <p><b>Motion:</b> To approve the Capital Project requests</p> <p><b>Movant:</b> Fung  <b>Second:</b> Doiguchi  <b>Ayes:</b> Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<p><b>10. ADJOURN TO CLOSED SESSION</b></p>	<p><b>Motion:</b> To adjourn to closed session at 6:40 pm.</p> <p><b>Movant:</b> Fung  <b>Second:</b> Hooper  <b>Ayes:</b> Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<p><b>11. AGENDA ITEM 18: RECONVENE OPEN SESSION/REPORT OUT</b></p>	<p>Agenda Items 12-15 were discussed in the closed session and the Committee approved the consent calendar by a unanimous vote of all members present (Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin).</p>	
<p><b>12. AGENDA ITEM 19: PHYSICIAN CONTRACTS &amp; AGREEMENTS</b></p>	<p><b>Motion:</b> to approve the LG Critical Care Unit Emergency Department and Inpatient Coverage On-Call Panel Renewal Agreement and the Enterprise Radiology Professional Services Renewal Agreement</p> <p><b>Movant:</b> Watters  <b>Second:</b> Doiguchi</p>	

	<p><b>Ayes:</b> Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p> <p><b>Motion:</b> to recommend Board approval for the Mountain View OBGYN Call Panel Renewal Agreement.</p> <p><b>Movant:</b> Watters  <b>Second:</b> Doiguchi  <b>Ayes:</b> Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<p><b>13. AGENDA ITEM 20:                  CLOSING                  COMMENTS</b></p>	<p>No closing comments</p>	
<p><b>14. AGENDA ITEM 21:                  ADJOURNMENT</b></p>	<p><b>Motion:</b> to adjourn at 8:30 pm.  <b>Movant:</b> Fung  <b>Second:</b> Watters  <b>Ayes:</b> Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	

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

\_\_\_\_\_  
 John Zoglin  
 Chair, Finance Committee

Prepared by: Samreen Salehi, Executive Assistant II, Administrative Services



# El Camino Health

## Summary of Financial Operations

*Fiscal Year 2022 – Period 5*

*7/1/2021 to 11/30/2021*



## Executive Summary - Overall Commentary for Period 5

- Strong operating / financial results for Period 5 were attributed to the following:
  - Strong volume / patient activity primarily in the outpatient procedural areas and consistently strong emergency room activity
  - Continued focus on management of variable expenses.
- Total gross charges, a surrogate for volume, were favorable to budget by \$38.2M / 10.0% and \$77.6M / 22.7% higher than the same period last year.
  - Driven by Outpatient Surgery and Emergency Room activity at both hospitals and Cath Lab/Interventional Services at Mountain View.
- Net patient revenue was favorable to budget by \$12.3M / 13.0% and \$18.7M / 21.1% higher than the same period last year.
  - Strong payer mix driven by growth in the Maternal Child service line and significant increase in Emergency Room visits.
- Operating margin was favorable to budget by \$8.1M / 112.4% and \$9.6M / 168.4% better than the same period last year.
- Operating EBIDA was favorable to budget by \$8.9M / 62.7% and \$10M / 75.5% better than the same period last year.
- Net days in A/R continue to be unfavorable to target, but the main driver has been identified and we expect significant improvement over the next few months.
- Net income of (\$5.9M) is attributed to negative investment income of (\$20.2M). YTD net income is \$4.7M / (138.7%) unfavorable to budget and \$76.6M / (108.4%) lower than the same period last year, this is entirely attributed to unrealized losses on the investment portfolio.

# Operational / Financial Results: Period 5 – November 2022 (as of 11/30/2021)

## PERIOD 5 - RESULTS

(\$ thousands)		Current Year	Budget	Variance to Budget	Performance to Budget	Prior Year	Variance to Prior Year	Variance to Prior Year	Moody's	S&P	Performance to Rating Agency Medians
									'A1'	'AA'	
Activity / Volume	ADC	259	261	(2)	-0.9%	243	16	6.6%	---	---	---
	Total Acute Discharges	1,665	1,676	(11)	-0.7%	1,471	194	13.2%	---	---	---
	Adjusted Discharges	3,385	3,112	273	8.8%	2,749	636	23.2%	---	---	---
	Emergency Room Visits	5,525	4,076	1,449	35.6%	3,804	1,721	45.2%	---	---	---
	OP Procedural Cases	13,073	10,313	2,760	26.8%	13,185	(112)	(0.8%)	---	---	---
	Gross Charges (\$)	419,177	380,995	38,182	10.0%	341,648	77,529	22.7%	---	---	---
Operations	Total FTEs	3,041	3,038	3	0.1%	2,846	195	6.8%	---	---	---
	Productive Hrs. / APD	28.5	30.8	(2.3)	(7.6%)	30.9	(2.4)	(7.8%)	---	---	---
	Cost Per CMI AD	16,172	17,952	(1,780)	(9.9%)	17,608	(1,436)	(8.2%)	---	---	---
	Net Days in A/R	58.8	49.0	9.8	20.0%	48.3	10.5	21.8%	47.7	49.7	
Financial Performance	Net Patient Revenue (\$)	107,257	94,925	12,332	13.0%	88,597	18,660	21.1%	138,547	82,105	
	Total Operating Revenue (\$)	110,857	98,983	11,874	12.0%	91,831	19,027	20.7%	152,743	109,602	
	<b>Operating Margin (\$)</b>	<b>15,297</b>	<b>7,201</b>	<b>8,096</b>	<b>112.4%</b>	<b>5,695</b>	<b>9,602</b>	<b>168.6%</b>	<b>1,915</b>	<b>3,836</b>	
	<b>Operating EBIDA (\$)</b>	<b>23,156</b>	<b>14,231</b>	<b>8,925</b>	<b>62.7%</b>	<b>13,192</b>	<b>9,964</b>	<b>75.5%</b>	<b>11,188</b>	<b>10,741</b>	
	Net Income (\$)	(5,935)	15,321	(21,256)	(138.7%)	70,663	(76,598)	(108.4%)	8,124	7,343	
	<b>Operating Margin (%)</b>	<b>13.8%</b>	<b>7.3%</b>	<b>6.5%</b>	<b>89.7%</b>	<b>6.2%</b>	<b>7.6%</b>	<b>122.5%</b>	<b>1.9%</b>	<b>3.5%</b>	
	<b>Operating EBIDA (%)</b>	<b>20.9%</b>	<b>14.4%</b>	<b>6.5%</b>	<b>45.3%</b>	<b>14.4%</b>	<b>6.5%</b>	<b>45.4%</b>	<b>8.3%</b>	<b>9.8%</b>	
	DCOH (days)	328	325	3	1.0%	361	(32)	(9.0%)	306	355	

Moody's Medians: Not-for-profit and public healthcare annual report; September 9, 2021. Dollar amounts have been adjusted to reflect monthly averages.

S&P Medians: U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; August 30, 2021. Dollar amounts have been adjusted to reflect monthly averages.

DCOH total includes cash, short-term and long-term investments.

# Operational / Financial Results: YTD FY2022 (as of 11/30/2021)

## YTD FY2022 - RESULTS

(\$ thousands)

	Current Year	Budget	Variance to Budget	Performance to Budget	Prior Year	Variance to Prior Year	Variance to Prior Year	Moody's	S&P	Performance to Rating Agency Medians
								'A1'	'AA'	
<b>Activity / Volume</b>										
ADC	267	245	23	9.3%	239	28	11.9%	---	---	---
Total Acute Discharges	8,748	8,163	585	7.2%	7,735	1,013	13.1%	---	---	---
Adjusted Discharges	17,137	15,241	1,896	12.4%	14,537	2,600	17.9%	---	---	---
Emergency Room Visits	27,086	20,801	6,285	30.2%	20,057	7,029	35.0%	---	---	---
OP Procedural Cases	63,705	51,576	12,129	23.5%	62,596	1,109	1.8%	---	---	---
Gross Charges (\$)	2,078,281	1,859,578	218,703	11.8%	1,738,288	339,993	19.6%	---	---	---
<b>Operations</b>										
Total FTEs	3,008	3,047	(39)	(1.3%)	2,770	238	8.6%	---	---	---
Productive Hrs. / APD	28.6	32.0	(3.4)	(10.6%)	31.0	(2.4)	(7.8%)	---	---	---
Cost Per CMI AD	16,211	17,952	(1,741)	(9.7%)	17,009	(798)	(4.7%)	---	---	---
Net Days in A/R	58.8	49.0	9.8	20.0%	48.3	10.5	21.8%	47.7	49.7	
<b>Financial Performance</b>										
Net Patient Revenue (\$)	524,922	472,470	52,452	11.1%	440,700	84,222	19.1%	692,736	410,523	
Total Operating Revenue (\$)	543,368	490,803	52,565	10.7%	460,952	82,416	17.9%	759,547	548,010	
<b>Operating Margin (\$)</b>	<b>70,371</b>	<b>32,077</b>	<b>38,294</b>	<b>119.4%</b>	<b>28,962</b>	<b>41,409</b>	<b>143.0%</b>	<b>9,574</b>	<b>19,180</b>	
<b>Operating EBIDA (\$)</b>	<b>107,487</b>	<b>67,434</b>	<b>40,053</b>	<b>59.4%</b>	<b>64,326</b>	<b>43,161</b>	<b>67.1%</b>	<b>55,942</b>	<b>53,705</b>	
Net Income (\$)	65,344	70,051	(4,707)	(6.7%)	113,234	(47,890)	(42.3%)	40,622	36,717	
<b>Operating Margin (%)</b>	<b>13.0%</b>	<b>6.5%</b>	<b>6.4%</b>	<b>98.2%</b>	<b>6.3%</b>	<b>6.7%</b>	<b>106.1%</b>	<b>1.9%</b>	<b>3.5%</b>	
<b>Operating EBIDA (%)</b>	<b>19.8%</b>	<b>13.7%</b>	<b>6.0%</b>	<b>44.0%</b>	<b>14.0%</b>	<b>5.8%</b>	<b>41.8%</b>	<b>8.3%</b>	<b>9.8%</b>	
DCOH (days)	328	325	3	1.0%	361	(32)	(9.0%)	306	355	

Moody's Medians: Not-for-profit and public healthcare annual report; September 9, 2021.

S&P Medians: U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; August 30, 2021

DCOH total includes cash, short-term and long-term investments.

# Key Statistics: Period 5 and YTD (as of 11/30/2021)

Key Metrics	Month to Date			Variance (%)		Year to Date			Variance (%)	
	PY	CY	Budget	CY vs PY	CY vs Budget	PY	CY	Budget	CY vs PY	CY vs Budget
ADC	243	259	261	6.6%	(0.9%)	239	267	245	11.9%	9.3%
Utilization MV	63%	70%	69%	11.2%	1.7%	62%	71%	65%	14.1%	9.5%
Utilization LG	33%	29%	33%	(12.5%)	(12.7%)	32%	33%	30%	2.3%	8.2%
Utilization Combined	53%	57%	58%	6.6%	(0.9%)	53%	59%	54%	11.8%	9.2%
Adjusted Discharges	2,749	3,385	3,112	23.2%	8.8%	14,537	17,137	15,241	17.9%	12.4%
Total Discharges (Exc NB)	1,471	1,665	1,676	13.2%	(0.7%)	7,735	8,748	8,163	13.1%	7.2%
Total Discharges	1,794	2,068	2,062	15.3%	0.3%	9,475	10,800	10,086	14.0%	7.1%
<b>Inpatient Case Activity</b>										
MS Discharges	1,011	1,084	1,100	7.2%	-1.4%	5,171	5,783	5,338	11.8%	8.3%
Deliveries	329	430	404	30.7%	6.5%	1,848	2,207	2,031	19.4%	8.7%
BHS	92	114	121	23.9%	(5.7%)	486	560	578	15.2%	(3.2%)
Rehab	45	36	52	(20.0%)	(30.8%)	234	188	215	(19.7%)	(12.6%)
<b>Outpatient Case Activity</b>										
Total Outpatient Cases	16,163	17,210	13,297	6.5%	29.4%	77,950	84,802	67,085	8.8%	26.4%
ED	2,978	4,137	2,984	38.9%	38.6%	15,354	21,097	15,509	37.4%	36.0%
OP Surg	534	580	498	8.6%	16.4%	2,614	2,908	2,243	11.2%	29.6%
Endo	198	209	204	5.6%	2.5%	1,160	1,177	1,047	1.5%	12.4%
Interventional	142	188	182	32.4%	3.3%	877	950	886	8.3%	7.2%
All Other	12,311	12,096	9,429	(1.7%)	28.3%	57,945	58,670	47,399	1.3%	23.8%
<b>Hospital Payor Mix</b>										
Medicare	48.3%	46.2%	47.4%	(4.2%)	(2.5%)	48.2%	47.1%	47.5%	(2.4%)	(1.0%)
Medi-Cal	8.7%	8.3%	7.7%	-5.1%	7.3%	7.6%	8.3%	7.8%	9.7%	6.2%
Commercial	41.0%	43.0%	42.9%	4.9%	0.2%	42.0%	42.5%	42.6%	1.2%	(0.3%)
Other	2.0%	2.5%	2.0%	23.5%	18.0%	2.2%	2.1%	2.1%	(2.8%)	2.9%

# Income Statement: Rolling 16 Monthly Trend (\$000s)

	FY2021											FY2022					YTD FY2022	Rolling 16 Monthly Average
	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9	Period 10	Period 11	Period 12	Period 1	Period 2	Period 3	Period 4	Period 5		
	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21		
<b>Operating Revenues:</b>																		
Net Patient Revenue	85,672	90,009	90,554	88,597	92,289	89,795	85,273	97,171	94,903	95,542	112,238	101,774	104,482	104,776	106,632	107,257	524,922	96,685
Other Operating Revenue	4,331	3,996	4,024	3,234	3,079	4,427	3,352	3,537	3,692	5,385	4,706	3,116	3,746	3,479	4,506	3,600	18,446	3,888
<b>Total Operating Revenue</b>	<b>90,003</b>	<b>94,005</b>	<b>94,578</b>	<b>91,831</b>	<b>95,368</b>	<b>94,222</b>	<b>88,625</b>	<b>100,708</b>	<b>98,595</b>	<b>100,927</b>	<b>116,945</b>	<b>104,889</b>	<b>108,228</b>	<b>108,256</b>	<b>111,138</b>	<b>110,857</b>	<b>543,368</b>	<b>100,573</b>
<b>Operating Expenses:</b>																		
Salaries, Wages and Benefits	47,739	48,136	49,061	47,222	48,774	53,636	48,592	52,025	50,616	48,138	48,101	53,000	53,940	53,629	56,001	53,709	270,279	50,770
Supplies	16,893	12,798	13,496	13,641	14,519	13,888	13,587	15,421	14,256	15,241	15,156	15,109	14,569	14,862	14,502	14,941	73,982	14,555
Fees & Purchased Services	14,366	14,949	12,982	14,264	14,035	15,825	14,770	15,139	15,761	15,923	19,915	14,390	14,182	14,800	14,760	15,210	73,341	15,079
Other Operating Expenses	3,596	4,498	3,721	3,512	4,100	3,819	1,097	3,536	3,662	3,496	6,002	3,598	3,577	3,676	3,586	3,842	18,278	3,707
Interest	1,431	1,428	1,429	1,428	1,428	1,428	1,392	1,399	1,400	1,400	1,367	1,419	1,418	1,418	1,418	1,420	7,093	1,414
Depreciation	5,328	5,795	5,798	6,068	5,591	5,689	5,903	4,931	5,606	4,808	5,740	4,727	7,157	5,902	5,798	6,440	30,023	5,705
<b>Total Operating Expenses</b>	<b>89,352</b>	<b>87,604</b>	<b>86,487</b>	<b>86,136</b>	<b>88,446</b>	<b>94,284</b>	<b>85,341</b>	<b>92,450</b>	<b>91,301</b>	<b>89,006</b>	<b>96,281</b>	<b>92,242</b>	<b>94,844</b>	<b>94,286</b>	<b>96,065</b>	<b>95,561</b>	<b>472,997</b>	<b>91,230</b>
<b>Operating Margin</b>	<b>651</b>	<b>6,401</b>	<b>8,091</b>	<b>5,695</b>	<b>6,922</b>	<b>(62)</b>	<b>3,285</b>	<b>8,258</b>	<b>7,294</b>	<b>11,921</b>	<b>20,664</b>	<b>12,648</b>	<b>13,384</b>	<b>13,970</b>	<b>15,073</b>	<b>15,297</b>	<b>70,371</b>	<b>9,343</b>
Non-Operating Income	28,642	(9,557)	(27,499)	64,968	57,357	39	14,349	18,965	29,151	16,666	20,041	(4,099)	14,319	(18,378)	24,361	(21,232)	(5,028)	13,006
<b>Net Margin</b>	<b>29,293</b>	<b>(3,156)</b>	<b>(19,408)</b>	<b>70,663</b>	<b>64,279</b>	<b>(23)</b>	<b>17,633</b>	<b>27,223</b>	<b>36,445</b>	<b>28,588</b>	<b>40,705</b>	<b>8,549</b>	<b>27,703</b>	<b>(4,408)</b>	<b>39,435</b>	<b>(5,935)</b>	<b>65,344</b>	<b>22,349</b>
<b>Operating EBIDA</b>	<b>7,410</b>	<b>13,624</b>	<b>15,318</b>	<b>13,192</b>	<b>13,940</b>	<b>7,055</b>	<b>10,580</b>	<b>14,588</b>	<b>14,301</b>	<b>18,130</b>	<b>27,771</b>	<b>18,793</b>	<b>21,959</b>	<b>21,289</b>	<b>22,290</b>	<b>23,156</b>	<b>107,487</b>	<b>16,462</b>
Operating Margin (%)	0.7%	6.8%	8.6%	6.2%	7.3%	-0.1%	3.7%	8.2%	7.4%	11.8%	17.7%	12.1%	12.4%	12.9%	13.6%	13.8%	13.0%	9.3%
Operating EBIDA Margin (%)	8.2%	14.5%	16.2%	14.4%	14.6%	7.5%	11.9%	14.5%	14.5%	18.0%	23.7%	17.9%	20.3%	19.7%	20.1%	20.9%	19.8%	16.4%

# Financial Overview: Period 5 – November 2022

Period ending 11/30/2021

## Financial Performance

- November operating margin was \$15.3M compared to a budget of \$7.2M, resulting in a favorable variance of \$8.1M
- November volumes and revenues continue to be stronger than budget as demonstrated by:
  - Adjusted discharges were favorable to budget by 273 cases / 8.8% and 636 cases / 23.1% above the same period last year
  - Favorable variance of gross charges of \$38.2M was driven by increased outpatient activity activity:
    - Outpatient gross charges: Favorable to budget by 36.3M / 21.1% variance primarily driven by cath. lab, emergency services, surgery, radiation oncology, and corresponding ancillary services
  - Operating Expenses were unfavorable to budget by \$3.8M / 4.1% driven by the level of patient activity
    - SWB were unfavorable by \$2.4M / 4.7%
    - Supplies were unfavorable by \$255K / 1.7%
    - All other discretionary non-volume driven expenses were unfavorable to budget by \$1.1M
    - Additional expenses attributed to Covid-19 were \$853K in November and \$3.4M YTD
- Non Operating Income includes:
  - Unfavorable variance in non-operating revenue is primarily due to unrealized losses on investments

# Financial Overview: Period 5 – November 2022 (cont.)

Period ending 11/30/2021

## Financial Performance

### Hospital Operations:

- Adjusted Discharges (AD): Favorable to budget by 273 ADs / 8.8% and above prior year by 636 ADs / 21.3%:
  - Mountain View: Favorable to budget by 213 ADs / 8.7% and above prior year by 502 ADs / 23.3%
  - Los Gatos: Favorable to budget by 60 ADs / 8.9% and above prior year by 137 ADs / 22.7%
- Operating Expense Per CMI Adjusted Discharge: \$16,172 which is 9.9% favorable to budget  
Note: Excludes depreciation and interest

### El Camino Health Medical Network (ECHMN) Operations:

- November's total visits of 16,695 or 798 visits per day reflect a decrease of 6.7% and 2.2% over the prior month's total visits of 17,896 or 816 visits per day, respectively. Impacting patient volumes in November was the relocation of the Samaritan practice into two new locations and the Thanksgiving holiday.
- November's total visits were unfavorable to budget by 9.8% and have slipped to an unfavorable variance to budget for the fiscal year of 2.2%. The budget variance is related to the loss of several OBGYN providers, additional time off taken by providers and the relocation of the Samaritan Clinic.
- Net income for the month of November was favorable to budget by \$69K or 2.5% bringing the YTD variance to a favorable \$359K or 2.6%. November included the repayment of \$130K of COVID Stimulus funds that were advanced in April 2020. Compared to FY 2021 November YTD, ECHMN's net income is favorable by \$2.1M or 13.9% including this repayment.

# Financial Overview: YTD FY2022 (as of 11/30/2021)

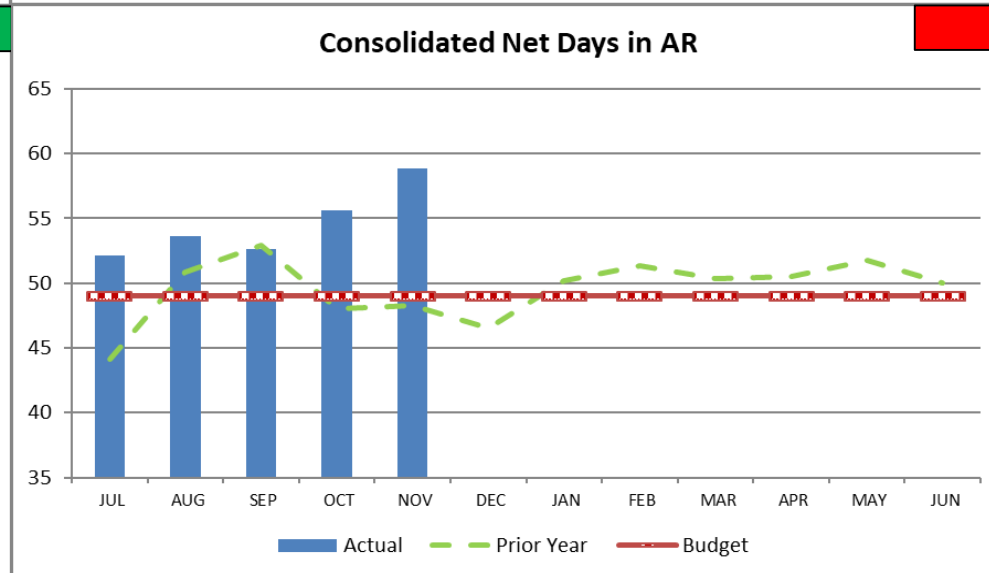
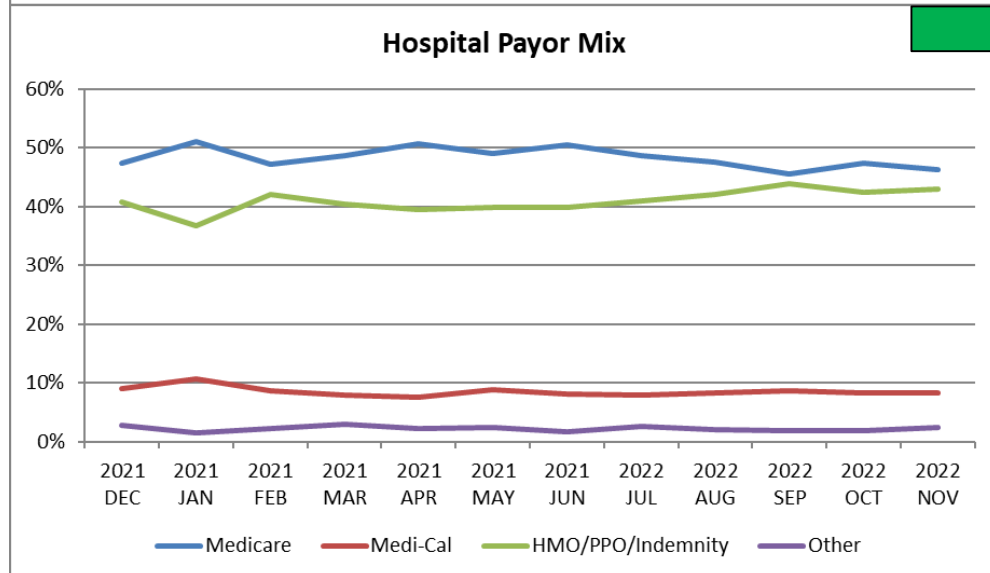
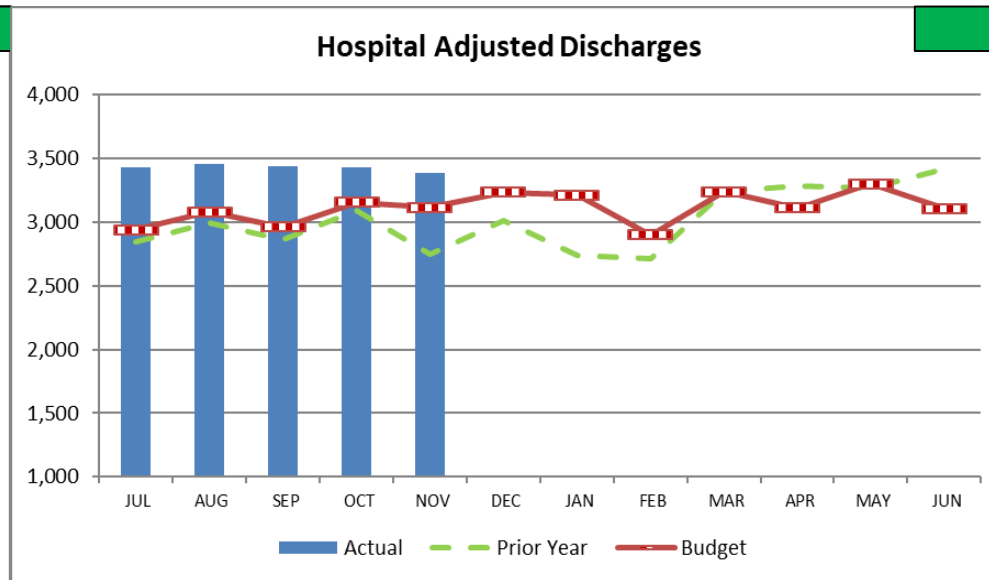
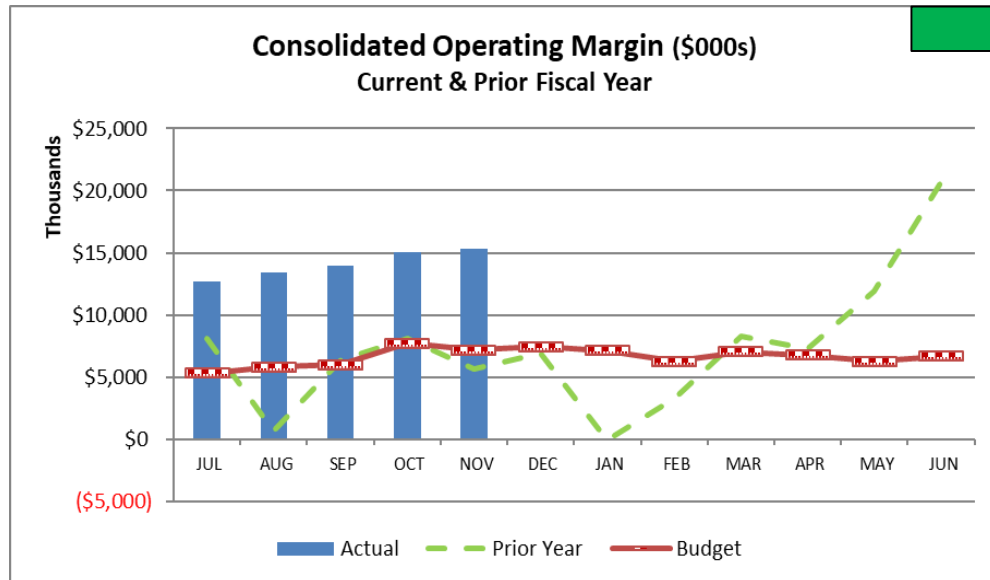
## Consolidated Financial Performance

- YTD FY2022 operating margin is \$70.4M compared to the budget of \$32.1M
  - Operating expense is \$473.0M / 3.1% unfavorable to budget
    - Operating expense per CMI adjusted discharge: \$16,211 which is 9.7% favorable to budget. This demonstrates consistent and effective management of variable expenses and the impact of initiatives implemented by management over the past 18 months.
- Note: Excludes depreciation and interest expense**
- Year-over-year operating margin is \$41.4M higher than the same period last year, which is primarily due to the strength in volumes as exhibited by year over year growth in:
    - Adjusted Discharges: 17.9%
    - Emergency Room Visits: 35.0%
    - Outpatient Surgeries: 11.9%
    - Deliveries - Maternal Child services: 19.7%
  - In addition, while revenue has driven improved year over year performance, variable expense management remains effective.



# APPENDIX

# YTD FY2022 Financial KPIs – Monthly Trends



# Investment Scorecard (as of 9/30/2021)

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY21 Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>		CY 3Q 2021 / FY 1Q 2022		Fiscal Year-to-Date 2022		By 11m Since Inception (annualized)		FY 2022	2019
Surplus cash balance*		\$1,455.2	--	--	--	--	--	--	--
Surplus cash return		0.0%	-0.4%	0.0%	-0.4%	6.7%	6.5%	4.0%	5.6%
Cash balance plan balance (millions)		\$356.3	--	--	--	--	--	--	--
Cash balance plan return		0.2%	-0.5%	0.2%	-0.5%	9.0%	8.0%	6.0%	6.0%
403(b) plan balance (millions)		\$731.5	--	--	--	--	--	--	--
<b>Risk vs. Return</b>		3-year			By 11m Since Inception (annualized)				2019
Surplus cash Sharpe ratio		0.82	0.85	--	--	0.98	0.98	--	0.34
Net of fee return		8.5%	8.5%	--	--	6.7%	6.5%	--	5.6%
Standard deviation		8.9%	8.5%	--	--	6.1%	5.9%	--	8.7%
Cash balance Sharpe ratio		0.82	0.81	--	--	1.04	1.01	--	0.32
Net of fee return		10.4%	9.4%	--	--	9.0%	8.0%	--	6.0%
Standard deviation		11.3%	10.2%	--	--	7.9%	7.2%	--	10.3%
<b>Asset Allocation</b>		CY 3Q 2021 / FY 1Q 2022							
Surplus cash absolute variances to target		4.9%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Cash balance absolute variances to target		5.0%	< 10% Green < 20% Yellow	--	--	--	--	--	--
<b>Manager Compliance</b>		CY 3Q 2021 / FY 1Q 2022							
Surplus cash manager flags		20	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		22	< 27 Green < 34 Yellow	--	--	--	--	--	--

\*Excludes debt reserve funds, District assets (~\$42 mm), and balance sheet cash not in investable portfolio (~\$155 mm). Includes Foundation (~\$41 mm) and Concern (~\$15 mm) assets.

# Period 5 and YTD Operating Income, Non-Operating Income and Net Income by Affiliate (as of 11/30/2021)

(\$000s)

	Period 5- Month			Period 5- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Operating Margin</b>						
Mountain View	15,209	7,272	7,936	65,245	32,060	33,185
Los Gatos	2,568	2,974	(406)	18,392	14,816	3,576
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>17,776</b>	<b>10,246</b>	<b>7,530</b>	<b>83,637</b>	<b>46,876</b>	<b>36,761</b>
<b>Operating Margin %</b>	<b>16.8%</b>	<b>10.9%</b>		<b>16.2%</b>	<b>10.0%</b>	
<b>El Camino Hospital Non Operating Income</b>						
<b>Sub Total - Non Operating Income</b>	<b>(20,772)</b>	<b>7,786</b>	<b>(28,558)</b>	<b>(5,676)</b>	<b>36,723</b>	<b>(42,399)</b>
<b>El Camino Hospital Net Margin</b>	<b>(2,995)</b>	<b>18,033</b>	<b>(21,028)</b>	<b>77,961</b>	<b>83,599</b>	<b>(5,638)</b>
<b>ECH Net Margin %</b>	<b>-2.8%</b>	<b>19.1%</b>		<b>15.1%</b>	<b>17.9%</b>	
Concern	321	115	206	883	148	735
Foundation	(514)	(11)	(504)	(163)	0	(164)
El Camino Health Medical Network	(2,747)	(2,816)	69	(13,337)	(13,697)	359
<b>Net Margin Hospital Affiliates</b>	<b>(2,940)</b>	<b>(2,712)</b>	<b>(228)</b>	<b>(12,617)</b>	<b>(13,548)</b>	<b>931</b>
<b>Total Net Margin Hospital &amp; Affiliates</b>	<b>(5,935)</b>	<b>15,321</b>	<b>(21,256)</b>	<b>65,344</b>	<b>70,051</b>	<b>(4,707)</b>

# Consolidated Balance Sheet (as of 11/30/2021)

(\$000s)

## ASSETS

	Audited	
	November 30, 2021	June 30, 2021
<b>CURRENT ASSETS</b>		
Cash	135,658	151,641
Short Term Investments	234,053	284,262
Patient Accounts Receivable, net	205,968	166,283
Other Accounts and Notes Receivable	7,143	9,540
Intercompany Receivables	12,269	15,116
Inventories and Prepaids	31,279	23,079
<b>Total Current Assets</b>	<b>626,371</b>	<b>649,921</b>
<b>BOARD DESIGNATED ASSETS</b>		
Foundation Board Designated	21,242	20,932
Plant & Equipment Fund	292,202	258,191
Women's Hospital Expansion	30,401	30,401
Operational Reserve Fund	182,907	123,838
Community Benefit Fund	18,095	18,412
Workers Compensation Reserve Fund	17,002	16,482
Postretirement Health/Life Reserve Fund	31,020	30,658
PTO Liability Fund	33,618	32,498
Malpractice Reserve Fund	2,000	1,977
Catastrophic Reserves Fund	25,083	24,874
<b>Total Board Designated Assets</b>	<b>653,570</b>	<b>558,264</b>
<b>FUNDS HELD BY TRUSTEE</b>	<b>0</b>	<b>5,694</b>
<b>LONG TERM INVESTMENTS</b>	<b>554,665</b>	<b>603,211</b>
<b>CHARITABLE GIFT ANNUITY INVESTMENTS</b>	<b>981</b>	<b>728</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>34,508</b>	<b>34,170</b>
<b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,864,878	1,799,463
Less: Accumulated Depreciation	(774,093)	(742,921)
Construction in Progress	78,234	94,236
<b>Property, Plant &amp; Equipment - Net</b>	<b>1,169,019</b>	<b>1,150,778</b>
<b>DEFERRED OUTFLOWS</b>	<b>24,038</b>	<b>21,444</b>
<b>RESTRICTED ASSETS</b>	<b>29,864</b>	<b>29,332</b>
<b>OTHER ASSETS</b>	<b>111,035</b>	<b>86,764</b>
<b>TOTAL ASSETS</b>	<b>3,204,052</b>	<b>3,140,306</b>

## LIABILITIES AND FUND BALANCE

	Audited	
	November 30, 2021	June 30, 2021
<b>CURRENT LIABILITIES</b>		
Accounts Payable	41,360	39,762
Salaries and Related Liabilities	48,217	50,039
Accrued PTO	34,329	33,197
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	14,040	12,990
Intercompany Payables	10,543	14,704
Malpractice Reserves	1,665	1,670
Bonds Payable - Current	9,430	9,430
Bond Interest Payable	6,634	8,293
Other Liabilities	13,020	16,953
<b>Total Current Liabilities</b>	<b>181,538</b>	<b>189,338</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	31,020	30,658
Worker's Comp Reserve	17,002	17,002
Other L/T Obligation (Asbestos)	5,855	6,227
Bond Payable	482,770	479,621
<b>Total Long Term Liabilities</b>	<b>536,647</b>	<b>533,509</b>
<b>DEFERRED REVENUE-UNRESTRICTED</b>	<b>45,199</b>	<b>67,576</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>45,862</b>	<b>28,009</b>
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	2,170,861	2,097,010
Board Designated	192,252	193,782
Restricted	31,694	31,082
<b>Total Fund Bal &amp; Capital Accts</b>	<b>2,394,806</b>	<b>2,321,874</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>3,204,052</b>	<b>3,140,306</b>

# Consolidated Statement of Operations (\$000s)

Period 5 ending 11/30/2021

Period 5 FY 2021	Period 5 FY 2022	Period 5 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
341,648	419,177	380,995	38,182	10.0%	<b>Gross Revenue</b>	1,738,288	2,078,281	1,859,578	218,703	11.8%
(253,051)	(311,920)	(286,070)	(25,850)	(9.0%)	<b>Deductions</b>	(1,297,588)	(1,553,359)	(1,387,109)	(166,251)	(12.0%)
<b>88,597</b>	<b>107,257</b>	<b>94,925</b>	<b>12,332</b>	<b>13.0%</b>	<b>Net Patient Revenue</b>	<b>440,700</b>	<b>524,922</b>	<b>472,470</b>	<b>52,452</b>	<b>11.1%</b>
3,234	3,600	4,058	(457)	(11.3%)	<b>Other Operating Revenue</b>	20,252	18,446	18,333	113	0.6%
<b>91,831</b>	<b>110,857</b>	<b>98,983</b>	<b>11,874</b>	<b>12.0%</b>	<b>Total Operating Revenues</b>	<b>460,952</b>	<b>543,368</b>	<b>490,803</b>	<b>52,565</b>	<b>10.7%</b>
					<b>OPERATING EXPENSE</b>					
47,222	53,709	51,292	(2,417)	(4.7%)	<b>Salaries &amp; Wages</b>	238,589	270,279	256,481	(13,798)	(5.4%)
13,641	14,941	14,686	(255)	(1.7%)	<b>Supplies</b>	69,648	73,982	72,405	(1,577)	(2.2%)
14,264	15,210	14,403	(806)	(5.6%)	<b>Fees &amp; Purchased Services</b>	69,479	73,341	72,553	(788)	(1.1%)
3,512	3,842	4,371	530	12.1%	<b>Other Operating Expense</b>	18,910	18,278	21,930	3,652	16.7%
1,428	1,420	1,403	(17)	(1.2%)	<b>Interest</b>	7,144	7,093	7,007	(86)	(1.2%)
6,068	6,440	5,627	(812)	(14.4%)	<b>Depreciation</b>	28,220	30,023	28,350	(1,673)	(5.9%)
<b>86,136</b>	<b>95,561</b>	<b>91,782</b>	<b>(3,779)</b>	<b>(4.1%)</b>	<b>Total Operating Expenses</b>	<b>431,990</b>	<b>472,997</b>	<b>458,726</b>	<b>(14,271)</b>	<b>(3.1%)</b>
<b>5,695</b>	<b>15,297</b>	<b>7,201</b>	<b>8,096</b>	<b>112.4%</b>	<b>Net Operating Margin</b>	<b>28,962</b>	<b>70,371</b>	<b>32,077</b>	<b>38,294</b>	<b>119.4%</b>
64,968	(21,232)	8,120	(29,352)	(361.5%)	<b>Non Operating Income</b>	84,272	(5,028)	37,974	(43,002)	(113.2%)
<b>70,663</b>	<b>(5,935)</b>	<b>15,321</b>	<b>(21,256)</b>	<b>(138.7%)</b>	<b>Net Margin</b>	<b>113,234</b>	<b>65,344</b>	<b>70,051</b>	<b>(4,707)</b>	<b>(6.7%)</b>
<b>13,192</b>	<b>23,156</b>	<b>14,231</b>	<b>8,925</b>	<b>62.7%</b>	<b>Operating EBIDA</b>	<b>64,326</b>	<b>107,487</b>	<b>67,434</b>	<b>40,053</b>	<b>59.4%</b>
					<b>Operating EBIDA Margin</b>	<b>14.0%</b>	<b>19.8%</b>	<b>13.7%</b>	<b>6.0%</b>	
					<b>Operating Margin</b>	<b>6.3%</b>	<b>13.0%</b>	<b>6.5%</b>	<b>6.4%</b>	
					<b>Net Margin</b>	<b>24.6%</b>	<b>12.0%</b>	<b>14.3%</b>	<b>(2.2%)</b>	
14.4%	20.9%	14.4%	6.5%							
6.2%	13.8%	7.3%	6.5%							
76.9%	-5.4%	15.5%	(20.8%)							

# El Camino Hospital – Mountain View

## Statement of Operations (\$000s)

Period 5 ending 11/30/2021

Period 5 FY 2021	Period 5 FY 2022	Period 5 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
263,104	323,681	296,689	26,992	9.1%	<b>OPERATING REVENUES</b>					
(194,687)	(239,610)	(223,856)	(15,754)	(7.0%)	<b>Gross Revenue</b>	1,341,305	1,576,428	1,443,944	132,484	9.2%
<b>68,418</b>	<b>84,071</b>	<b>72,833</b>	<b>11,238</b>	<b>15.4%</b>	<b>Deductions</b>	(997,065)	(1,172,697)	(1,081,953)	(90,744)	(8.4%)
1,326	1,514	2,115	(601)	(28.4%)	<b>Net Patient Revenue</b>	<b>344,240</b>	<b>403,731</b>	<b>361,991</b>	<b>41,740</b>	<b>11.5%</b>
<b>69,744</b>	<b>85,585</b>	<b>74,948</b>	<b>10,637</b>	<b>14.2%</b>	<b>Other Operating Revenue</b>	7,323	7,678	8,243	(565)	(6.9%)
					<b>Total Operating Revenues</b>	<b>351,563</b>	<b>411,409</b>	<b>370,234</b>	<b>41,175</b>	<b>11.1%</b>
					<b>OPERATING EXPENSES</b>					
37,206	42,827	40,701	(2,125)	(5.2%)	<b>Salaries &amp; Wages</b>	187,746	213,850	203,191	(10,659)	(5.2%)
10,469	10,664	11,264	600	5.3%	<b>Supplies</b>	53,372	55,072	55,175	103	0.2%
7,001	7,775	7,013	(762)	(10.9%)	<b>Fees &amp; Purchased Services</b>	32,463	34,637	35,809	1,172	3.3%
2,218	2,635	2,855	220	7.7%	<b>Other Operating Expense</b>	12,447	12,269	14,613	2,344	16.0%
1,428	1,420	1,403	(17)	(1.2%)	<b>Interest</b>	7,144	7,093	7,007	(86)	(1.2%)
4,683	5,057	4,440	(616)	(13.9%)	<b>Depreciation</b>	22,708	23,244	22,381	(864)	(3.9%)
<b>63,005</b>	<b>70,377</b>	<b>67,676</b>	<b>(2,700)</b>	<b>(4.0%)</b>	<b>Total Operating Expenses</b>	<b>315,880</b>	<b>346,164</b>	<b>338,174</b>	<b>(7,990)</b>	<b>(2.4%)</b>
<b>6,739</b>	<b>15,209</b>	<b>7,272</b>	<b>7,936</b>	<b>109.1%</b>	<b>Net Operating Margin</b>	<b>35,683</b>	<b>65,245</b>	<b>32,060</b>	<b>33,185</b>	<b>103.5%</b>
62,600	(20,772)	7,786	(28,558)	(366.8%)	<b>Non Operating Income</b>	80,979	(5,699)	36,723	(42,422)	(115.5%)
<b>69,339</b>	<b>(5,563)</b>	<b>15,059</b>	<b>(20,622)</b>	<b>(136.9%)</b>	<b>Net Margin</b>	<b>116,662</b>	<b>59,546</b>	<b>68,783</b>	<b>(9,237)</b>	<b>(13.4%)</b>
<b>12,850</b>	<b>21,685</b>	<b>13,115</b>	<b>8,570</b>	<b>65.3%</b>	<b>Operating EBIDA</b>	<b>65,536</b>	<b>95,582</b>	<b>61,447</b>	<b>34,134</b>	<b>55.6%</b>
					<b>Operating EBIDA Margin</b>	18.6%	23.2%	16.6%	6.6%	
					<b>Operating Margin</b>	10.1%	15.9%	8.7%	7.2%	
					<b>Net Margin</b>	33.2%	14.5%	18.6%	(4.1%)	

# El Camino Hospital – Los Gatos

## Statement of Operations (\$000s)

Period 5 ending 11/30/2021

Period 5 FY 2021	Period 5 FY 2022	Period 5 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
70,736	86,581	76,259	10,322	13.5%	<b>Gross Revenue</b>	354,726	454,429	373,455	80,975	21.7%
(52,817)	(66,646)	(57,137)	(9,509)	(16.6%)	<b>Deductions</b>	(271,677)	(349,546)	(278,590)	(70,956)	(25.5%)
<b>17,920</b>	<b>19,936</b>	<b>19,122</b>	<b>813</b>	<b>4.3%</b>	<b>Net Patient Revenue</b>	<b>83,049</b>	<b>104,883</b>	<b>94,865</b>	<b>10,018</b>	<b>10.6%</b>
392	270	271	(1)	(0.3%)	<b>Other Operating Revenue</b>	1,998	1,387	1,350	37	2.7%
<b>18,312</b>	<b>20,206</b>	<b>19,393</b>	<b>813</b>	<b>4.2%</b>	<b>Total Operating Revenue</b>	<b>85,047</b>	<b>106,271</b>	<b>96,215</b>	<b>10,055</b>	<b>10.5%</b>
<b>OPERATING EXPENSE</b>										
8,081	8,825	8,547	(279)	(3.3%)	<b>Salaries &amp; Wages</b>	40,601	46,440	42,502	(3,939)	(9.3%)
2,730	3,711	3,127	(584)	(18.7%)	<b>Supplies</b>	13,994	17,194	15,756	(1,438)	(9.1%)
2,923	3,558	3,276	(282)	(8.6%)	<b>Fees &amp; Purchased Services</b>	14,416	17,185	16,018	(1,167)	(7.3%)
378	452	541	89	16.4%	<b>Other Operating Expense</b>	1,978	1,743	2,439	696	28.5%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
988	1,093	929	(163)	(17.6%)	<b>Depreciation</b>	4,263	5,317	4,684	(632)	(13.5%)
<b>15,100</b>	<b>17,638</b>	<b>16,419</b>	<b>(1,219)</b>	<b>(7.4%)</b>	<b>Total Operating Expense</b>	<b>75,253</b>	<b>87,879</b>	<b>81,400</b>	<b>(6,479)</b>	<b>(8.0%)</b>
<b>3,211</b>	<b>2,568</b>	<b>2,974</b>	<b>(406)</b>	<b>(13.7%)</b>	<b>Net Operating Margin</b>	<b>9,794</b>	<b>18,392</b>	<b>14,816</b>	<b>3,576</b>	<b>24.1%</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	0	23	0	23	0.0%
<b>3,211</b>	<b>2,568</b>	<b>2,974</b>	<b>(406)</b>	<b>(13.7%)</b>	<b>Net Margin</b>	<b>9,794</b>	<b>18,415</b>	<b>14,816</b>	<b>3,599</b>	<b>24.3%</b>
<b>4,200</b>	<b>3,660</b>	<b>3,903</b>	<b>(243)</b>	<b>(6.2%)</b>	<b>Operating EBIDA</b>	<b>14,058</b>	<b>23,709</b>	<b>19,500</b>	<b>4,209</b>	<b>21.6%</b>
22.9%	18.1%	20.1%	(2.0%)		<b>Operating EBIDA Margin</b>	16.5%	22.3%	20.3%	2.0%	
17.5%	12.7%	15.3%	(2.6%)		<b>Operating Margin</b>	11.5%	17.3%	15.4%	1.9%	
17.5%	12.7%	15.3%	(2.6%)		<b>Net Margin</b>	11.5%	17.3%	15.4%	1.9%	



# El Camino Health Medical Network Statement of Operations (\$000s)

Period 5 ending 11/30/2021

Period 5 FY 2021	Period 5 FY 2022	Period 5 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUES</b>										
7,807	8,915	8,048	867	10.8%	<b>Gross Revenue</b>	42,258	47,423	42,180	5,244	12.4%
(5,548)	(5,664)	(5,078)	(587)	(11.6%)	<b>Deductions</b>	(28,846)	(31,116)	(26,566)	(4,550)	(17.1%)
<b>2,259</b>	<b>3,250</b>	<b>2,970</b>	<b>280</b>	<b>9.4%</b>	<b>Net Patient Revenue</b>	<b>13,411</b>	<b>16,308</b>	<b>15,614</b>	<b>694</b>	<b>4.4%</b>
780	810	871	(62)	(7.1%)	<b>Other Operating Revenue</b>	7,270	4,684	4,740	(56)	(1.2%)
<b>3,040</b>	<b>4,060</b>	<b>3,841</b>	<b>219</b>	<b>5.7%</b>	<b>Total Operating Revenues</b>	<b>20,681</b>	<b>20,991</b>	<b>20,354</b>	<b>638</b>	<b>3.1%</b>
<b>OPERATING EXPENSES</b>										
1,501	1,634	1,565	(69)	(4.4%)	<b>Salaries &amp; Wages</b>	8,012	7,802	8,390	587	7.0%
427	553	285	(268)	(94.2%)	<b>Supplies</b>	2,195	1,666	1,423	(243)	(17.1%)
3,864	3,555	3,639	84	2.3%	<b>Fees &amp; Purchased Services</b>	20,559	19,357	18,399	(958)	(5.2%)
875	656	926	270	29.2%	<b>Other Operating Expense</b>	4,215	3,972	4,631	659	14.2%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
384	279	243	(36)	(14.9%)	<b>Depreciation</b>	1,184	1,402	1,208	(193)	(16.0%)
<b>7,051</b>	<b>6,676</b>	<b>6,657</b>	<b>(19)</b>	<b>(0.3%)</b>	<b>Total Operating Expenses</b>	<b>36,165</b>	<b>34,198</b>	<b>34,050</b>	<b>(148)</b>	<b>(0.4%)</b>
<b>(4,012)</b>	<b>(2,616)</b>	<b>(2,816)</b>	<b>200</b>	<b>7.1%</b>	<b>Net Operating Margin</b>	<b>(15,484)</b>	<b>(13,207)</b>	<b>(13,697)</b>	<b>489</b>	<b>3.6%</b>
0	(130)	0	(130)	0.0%	<b>Non Operating Income</b>	0	(130)	0	(130)	0.0%
<b>(4,012)</b>	<b>(2,747)</b>	<b>(2,816)</b>	<b>69</b>	<b>2.5%</b>	<b>Net Margin</b>	<b>(15,484)</b>	<b>(13,337)</b>	<b>(13,697)</b>	<b>359</b>	<b>2.6%</b>
<b>(3,627)</b>	<b>(2,338)</b>	<b>(2,573)</b>	<b>236</b>	<b>9.2%</b>	<b>Operating EBIDA</b>	<b>(14,300)</b>	<b>(11,806)</b>	<b>(12,489)</b>	<b>683</b>	<b>5.5%</b>
<b>Operating EBIDA Margin</b>										
-119.3%	-57.6%	-67.0%	9.4%			-69.1%	-56.2%	-61.4%	5.1%	
-132.0%	-64.4%	-73.3%	8.9%			-74.9%	-62.9%	-67.3%	4.4%	
-132.0%	-67.7%	-73.3%	5.7%			-74.9%	-63.5%	-67.3%	3.8%	

### FY2022 Finance Committee Pacing Plan

FY2022 FC Pacing Plan – Q1		
July 2021	August 9, 2021	September 27, 2021
<b>No Scheduled Finance Committee Meeting</b>	<p><b>Approval Items</b></p> <ul style="list-style-type: none"> <li>• Standing Consent Agenda Items</li> <li>• Minutes (motion)</li> <li>• Candidate Interviews and Recommendation to Appoint</li> <li>• Financial Report (FY2021 Periods 11 and 12)</li> </ul> <p><b>Discussion Items</b></p> <ul style="list-style-type: none"> <li>• Financial Report (Pre-Audit Fiscal Year End 2021 Results)</li> <li>• Service Line / Business Affiliate Review: JV Satellite Healthcare</li> <li>• Update on Kindred IP Rehab JV</li> <li>• Medical Staff Development Plan</li> <li>• Report on Board Actions</li> <li>• Other Standing Agenda Items</li> <li>• Executive Session</li> <li>• Post Implementation Review (“PIR”) Per Attached Schedule</li> </ul>	<p><b>Approval Items</b></p> <ul style="list-style-type: none"> <li>• Standing Consent Agenda Items</li> <li>• Minutes (motion)</li> <li>• Financial Report (FY2022 Periods 1 and 2)</li> <li>• Financial Report Fiscal Year End 2021 Results</li> </ul> <p><b>Discussion Items</b></p> <ul style="list-style-type: none"> <li>• Service Line / Business Affiliate Review: ECHMN Update</li> <li>• Progress Against FY2022 Committee Goals &amp; Pacing Plan</li> <li>• AdHoc Committee Update on Finance Committee Member Recruitment</li> <li>• Project Update: Women’s and Newborn Hospital Project</li> <li>• PIR</li> <li>• Report on Board Actions</li> <li>• Other Standing Agenda Items</li> <li>• Executive Session</li> </ul>
FY2022 FC Pacing Plan – Q2		
October 2021	November 22, 2021	December 2021
<b>No Scheduled Finance Committee Meeting</b>	<p><b>Approval Items</b></p> <ul style="list-style-type: none"> <li>• Standing Consent Agenda Items</li> <li>• Minutes (motion)</li> <li>• Financial Report (FY2022 Periods 3 and 4)</li> </ul> <p><b>Discussion Items</b></p> <ul style="list-style-type: none"> <li>• Service Line Review: Orthopedics</li> <li>• Foundation Update</li> <li>• FY2023 Community Benefit Grant Application Guiding Principles / Process</li> <li>• Review Progress on Opportunities / Risks Identified for FY2022</li> <li>• PIR</li> <li>• Report on Board Actions</li> <li>• Other Standing Agenda Items</li> <li>• Executive Session</li> </ul>	<b>No Scheduled Finance Committee Meeting</b>

**FY2022 Finance Committee Pacing Plan**

FY2022 FC Pacing Plan – Q2		
January 31, 2022	February 2022	March 28, 2022
<p><b>5:30pm</b>  <b>Joint Meeting with the Investment Committee:</b>  <b>Topic: Long Term Financial Forecast</b></p> <p><b>6:30pm</b>  <b>Approval Items</b></p> <ul style="list-style-type: none"> <li>• Standing Consent Agenda Items</li> <li>• Minutes (motion)</li> <li>• Financial Report (FY2022 Periods 5 and 6)</li> </ul> <p><b>Discussion</b></p> <ul style="list-style-type: none"> <li>• Service Line / Business Affiliate Review: ECHMN Update</li> <li>• Managed Care Update</li> <li>• PIR</li> <li>• MV Campus Completion Plan</li> <li>• Report on Board Actions</li> <li>• Other Standing Agenda Items</li> <li>• Executive Session</li> </ul>	<p><b>No Scheduled Finance Committee Meeting</b></p>	<p><b>Approval Items</b></p> <ul style="list-style-type: none"> <li>• Standing Consent Agenda Items</li> <li>• Minutes (motion)</li> <li>• Financial Report (FY2022 Periods 7 and 8)</li> </ul> <p><b>Discussion Items</b></p> <ul style="list-style-type: none"> <li>• FY2023 Budget Part # 1 Process and Assumptions</li> <li>• Service Line Review: CONCERN</li> <li>• Community Benefit Grant Program Update</li> <li>• Summary Physician Financial Arrangements (Year-End)</li> <li>• FY2023 Committee Planning: Goals, Pacing Plan and Meeting Dates</li> <li>• PIR</li> <li>• Report on Board Actions</li> <li>• Other Standing Agenda Items</li> <li>• Executive Session</li> </ul>
FY2022 FC Pacing Plan – Q4		
April 25, 2022	May 30, 2022	June 2022
<p><b>Approval Items</b></p> <ul style="list-style-type: none"> <li>• Standing Consent Agenda Items</li> <li>• Minutes (motion)</li> <li>• Financial Report (FY2022 Period 9)</li> </ul> <p><b>Discussion Items</b></p> <ul style="list-style-type: none"> <li>• FY2023 Budget Preview Part 2</li> <li>• Service Line Report – ECHMN Update and Cardiology</li> <li>• Review Cycle Progress Report</li> <li>• Progress Against FY2022 Committee Goals &amp; Pacing Plan</li> <li>• FY2023 Committee Planning: Goals, Pacing Plan and Meeting Dates</li> <li>• PIR</li> <li>• Report on Board Actions</li> <li>• Other Standing Agenda Items</li> <li>• Executive Session</li> </ul>	<p><b>5:30pm</b>  <b>Joint Meeting with the Hospital Board</b>  <b>Approval Items: FY2023 Operating &amp; Capital Budget</b></p> <p><b>6:15pm</b>  <b>Approval Items</b></p> <ul style="list-style-type: none"> <li>• Financial Report (FY2022 Period 10)</li> <li>• FY2023 Organizational Goals</li> <li>• FY2023 Committee Planning: Goals, Pacing Plan and Meeting Dates</li> <li>• FY2023 El Camino Hospital Community Benefit Grant Program</li> </ul> <p><b>Discussion Items</b></p> <ul style="list-style-type: none"> <li>• Service Line Report: Pathways JV</li> <li>• PIR</li> <li>• Report on Board Actions</li> <li>• Other Standing Agenda Items</li> <li>• Executive Session</li> </ul>	<p><b>No Scheduled Finance Committee Meeting</b></p>

**FY2022 Finance Committee Pacing Plan**

APPROVAL DATE	APPROVING BODY	PROJECT NAME	APPROVED AMOUNT	PROPOSED FC PROJECT UPDATE / POST-IMPLEMENTATION REVIEW DATE
2/13/2019	ECH Board	Women's Hospital Planning	\$10M (Total Now \$16M)	09/2020
2/13/2019	ECH Board	SVMD Clinic Site Tenant Improvements	\$8M	09/2020
2/13/2019	ECH Board	Interventional Equipment Replacement	\$13M	09/2020
2/13/2019	ECH Board	Imaging Equipment Replacement	\$16.9M	09/2020
2/13/2019	ECH Board	SVMD Asset Acquisition	\$1.2M	11/2020 (w/SVMD Financials)
3/13/2019				
3/25/2019	Finance Committee	SVMD Clinic IT Infrastructure	\$4.6M	11/2020 (w/SVMD Financials)
5/28/2019	Finance Committee	MV Campus Signage	\$1.1M	N/A < \$2 M
8/21/2019	ECH Board	Medical Staff Development Plan	\$6.1M	01/2021
8/21/2019	ECH Board	ED Remodel	\$6.75M	01/2021
10/10/2020	ECH Board	MV Campus Completion (Old Main Demo)	\$24.9M	03/2021
1/25/2020*	Finance Committee	Satellite Dialysis*	*No approval on /1/25/2020 presented only	07/2021
7/27/2020	Finance Committee	Sterile Processing Equipment	\$1.85M	N/A < \$2 M
8/12/2020	ECH Board	Radiation Oncology Replacement Equipment	\$10,300,000 (add'l \$3.55 M)	01/2022
11/23/2020		None		
1/25/2021	Finance Committee	Real Estate Transaction	\$1.875M	09/2021
1/25/2021	Finance Committee	Cardiopulmonary Wellness Center (CPWC) Relocation	\$5.0M	03/2022
2/10/2021	ECH Board	Women's Hospital Expansion Project	\$149M	09/2021
3/29/2021		None		
4/26/2021		None		
5/24/2021	Finance Committee	MV Wireless / DAS Network Upgrades	\$3.3M	04/2022
8/9/2021	ECH Board	MV Cath. Lab Replacement Project	\$19.5M	05/2022
8/9/2021	ECH Board	Pyxis MedStation Replacement Project	\$6.64M	04/2022
8/9/2021	Finance Committee	ECHMN Clinic Relocation	\$3.09M	01/2022
10/13/2021	ECH Board	Real Estate Transaction	\$14.65M	01/2022
11/22/2021	Finance Committee	LG Interventional radiology Equipment Replacement	\$3.86M	01/2023
11/22/2021	Finance Committee	LG Nuclear Medicine Equipment Replacement & Code Upgrades	\$2.4M	01/2023
11/22/2021	Finance Committee	LG Operating Room Sterile Processing Update	\$2.386M	01/2023

# McDermott 2022 Health Policy Outlook

Thursday, January 13, 2022

**Article By: McDermott Will & Emery**

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As we start a new year and new congressional session, we are taking a look at the health policy priorities that are likely to dominate the agenda in 2022.

Following is our top 10 list (plus a few more) of health policy topics to watch.

## **COVID-19**

The pandemic continues to loom large (maybe larger than ever) with surges driven by new variants, soaring hospitalizations and mounting deaths, and for as long as that continues, expect strong focus from the Biden Administration and Congress. 2022 may bring relief in the form of novel treatments (*e.g.*, anti-viral oral medications), greater access to testing and higher vaccination rates.

The Biden Administration has continued to face challenges, from testing availability to vaccine mandate enforcement. Rules requiring insurers to cover the cost of at-home diagnostic tests were recently announced, and those may be expanded to include Medicare. Additionally, the fate of the Administration's vaccine mandate policy hangs in the balance. In one of its first actions in 2022, the Supreme Court of the United States considered challenges to the employer and healthcare worker vaccine mandate requirements. Decisions in these cases are expected soon, but challenges and court consideration will continue throughout the year

Additional legislative action is possible, as Congress will want to demonstrate a proactive response to COVID-19 challenges. That action may include more financial relief. Expect the monies remaining in the Provider Relief Fund to be distributed, and possibly supplemented by Congress.

## **TELEHEALTH AND OTHER FLEXIBILITY WAIVERS**

Early in the pandemic, former President Trump and US Department of Health and Human Services (HHS) Secretary Alex Azar issued public health emergency (PHE) declarations that gave HHS, the Centers for Medicare and Medicaid Services (CMS) and other agencies broad authority to waive hundreds of regulatory requirements to allow healthcare providers the flexibility necessary to meet the demands of the moment. Congress also approved legislation granting other flexibilities, including, most notably, broad latitude to deliver services to Medicare beneficiaries via telehealth.

Together, these [flexibilities](#) have fundamentally altered healthcare delivery by expanding telehealth access and the ability to provide care in patients' homes, including through the acute hospital care at home waiver program, as well as flexibilities around supervision. Enhanced payment for certain services to incentivize and facilitate access, and to account for new costs associated with different delivery modalities also changed the healthcare landscape. The experience of the past two years has led many providers and policymakers to consider which regulations should be permanently suspended or revised. Meanwhile, the Biden Administration continues to extend the PHE declaration in 90-day increments. The current PHE declaration expires in January 2022. The Administration has said that it would afford 60-days' notice prior to terminating the PHE, and no such notice has been given, so we expect the current PHE declaration to be

renewed for at least another 90 days. To date, Congress has declined to take legislative action on PHE-related measures since they continue in effect while the PHE declaration remains in place. In 2022, expect stakeholders to continue to press Congress to extend or make permanent certain flexibilities beyond the PHE.

## **BUILD BACK BETTER**

President Biden achieved two significant domestic policy wins in his first year in office with enactment of the [American Rescue Plan](#) in March 2021 and the Infrastructure Investment and Jobs Act, otherwise known as the Bipartisan Infrastructure Framework, which was enacted in November 2021. At the conclusion of 2021, the remaining piece of his infrastructure agenda—the so called “soft infrastructure” priorities contained in the Build Back Better (BBB) Act—stalled as Democrats could not rally the 51 votes needed for US Senate passage. Key BBB healthcare provisions include extension of the Affordable Care Act (ACA) subsidy expansions made by the American Rescue Plan, prescription drug pricing reforms, critical investments in home and community based services, new Medicare hearing benefits that include coverage for hearing aids, coverage through zero premium ACA plans for people in states that haven’t expanded Medicaid, continuous eligibility for children in Medicaid, one year of Medicaid eligibility for postpartum women and permanent reauthorization of the Children’s Health Insurance Program (CHIP). In addition to significant healthcare policy investments, BBB also includes major resources for childcare, early childhood education, climate change, paid family leave and revisions to federal tax policies, including extension of the expanded child tax credit.

The US House of Representatives approved a version of BBB on a party line vote (220–213) on November 19, 2021. On December 19, 2021, Senator Joe Manchin (D-WV) publicly announced that he would not support “this piece of legislation,” depriving Democrats of the majority necessary to advance the bill. We enter 2022 with uncertainty regarding the future of the BBB, as Senator Manchin has continued to oppose the existing bill. The way forward may be a reconfigured smaller package that sheds some of the aspects he finds objectionable. It is also possible that pieces of the broader bill—such as the child tax credit extension—may be advanced through different packages. Adding another layer of uncertainty, if a revised BBB package does get through the Senate, it must be able to pass the House again with only Democratic votes.

## **DRUG PRICING**

Addressing prescription drug pricing remains one of the most prominent policy and political issues in healthcare. In November 2021, the House passed a significant prescription drug pricing reform package as part of the BBB. The most controversial provision would give the federal government authority to negotiate drug prices with pharmaceutical manufacturers. The House- approved version would allow HHS to enter into negotiations on a limited number of drugs each year in Medicare with some extension into the private sector. The provision appears to have the support to move forward in the Senate, but may be limited to government programs and not directly affect the private market because of the Senate’s procedural rules governing reconciliation. The BBB also includes provisions related to pharmacy benefit managers and reform of the Medicare Part D program. If some form of the BBB does not come to fruition, more limited prescription drug pricing reform could be considered on a bipartisan basis in 2022, but that prospect is unlikely given the political sensitivity of the issue and election year politics. In either event, expect the Biden Administration to continue to pursue its own administrative authorities to achieve progress in this arena, given that the unaffordability of prescription drugs is a top issue for US consumers, particularly senior citizens.

Additionally, 340B policy will be front and center in 2022. The 340B program provides access to lower cost prescription drugs to certain safety net providers and continues to be a source of controversy. Much of

the focus in the early part of the year will be on the courts. In 2021, in response to an advisory opinion related to contract pharmacy arrangements issued by the Health Resources and Services Administration (HRSA), which oversees the 340B program, several pharmaceutical manufacturers sued the agency in federal district courts challenging HRSA's policy, among other things. Some decisions emerged late in the year, but more litigation is expected. In a separate matter, the Supreme Court is presently reviewing a lower court decision upholding a 2018 policy from CMS cutting Medicare payments to hospitals for certain drugs purchased under the 340B program. At issue in *American Hospital Assn., et al. v. Becerra* is whether CMS exceeded its statutory authority by reducing payments for 340B drugs under the Medicare Outpatient Prospective Payment System from average sales price (ASP) plus 6% to ASP minus 22.5% beginning in 2018—a reduction of approximately 30%. The decision in the case may have far-reaching implications not just for hospitals that participate in the Medicare program given the reimbursement impact of the 340B-specific payment cuts, but also for the administrative procedures review doctrine known as *Chevron* deference. Changes to that doctrine could upset decades of administrative law precedent. Outcomes in these cases may prompt legislative or regulatory action regarding the 340B program. Legislative action is unlikely while legal action is pending.\

## **SURPRISE BILLING AND TRANSPARENCY**

Congress enacted the No Surprises Act in December 2020. HHS, the US Departments of Labor and the Treasury, and the US Office of Personnel Management spent much of 2021 devising and announcing implementing regulations that protect patients from surprise medical bills and establish a payment dispute resolution process for payers and providers. The debates in Congress continued into 2021 as stakeholders on opposite sides of the issues praised and condemned the final regulations and pushed dueling members of Congress back into the discussion (hundreds of members of Congress signed onto nearly a dozen letters to the departments supporting or challenging agency policy decisions). As 2022 dawned, four lawsuits were pending in federal district courts challenging various aspects of the regulations and seeking to expand discretion available to independent dispute resolution arbiters charged with resolving provider-insurer/plan payment disagreements. Meanwhile, almost every healthcare provider and payer scrambled to implement and operationalize requirements that became effective on January 1. In 2022, watch for decisions on the pending lawsuits, which could upend implementation and operation of the dispute resolution programs and require the departments to revise key aspects of the regulations. Certain camps in Congress are likely to continue to press the agencies for more changes, and some may seek to advance legislative changes. Additional rulemakings are also expected, as the departments have not yet issued regulations for major components of the rules (mostly concerning charge transparency) or responded to requests to clarify certain aspects of the rulemakings unveiled in 2021.

## **MENTAL HEALTH POLICY**

The pandemic has taken a toll on the nation's mental health and increased demand for services, and Congress is focusing attention on these policy issues. In fall 2021, the Senate issued three comprehensive requests for information, including one from the bipartisan leaders of the Senate Finance Committee, seeking stakeholder feedback on efforts to address mental and behavioral healthcare barriers and improve how mental and behavioral healthcare are delivered. Such efforts are expected to produce further action in 2022, including hearings and draft legislation, we are likely to be bipartisan. The ongoing COVID-19 pandemic has also resulted in a continued focus on ensuring that mental health services are available through telehealth.

In July 2022, the new three-digit nationwide suicide prevention hotline number, 988, will be fully implemented. Lawmakers are working to ensure that states and local systems have the resources they need for this implementation. Bipartisan legislation to expand the capacity of the suicide prevention lifeline and mental health crisis centers is pending and may advance this year.

Healthcare workers caring for COVID-19 patients report high levels of exhaustion and trauma. In 2020, Dr. Lorna Breen, an emergency room physician who treated COVID-19 patients, died by suicide. In December 2021, the Lorna Breen Health Care Provider Protection Act (HR1667) passed the House after the Senate unanimously approved a companion measure earlier in the year. Look for the House and Senate to reconcile technical differences in the two bills and complete work in 2022.

BBB also would strengthen the Mental Health Parity and Addiction Act of 2008, which requires that insurance coverage for mental health and substance use disorder services be offered with the same access as other health services. BBB also would increase the number of clinicians working in behavioral health by adding residency training slots for psychiatry, providing funding for grants to establish programs to grow and diversify the maternal health/substance use disorder treatment workforce, and providing funding for the Substance Abuse and Mental Health Services Administration Minority and Fellowship program.

## **PHYSICIAN PAYMENT**

Medicare payments to physicians were threatened by the prospect of a 3.75% cut in calendar year 2022. However, at the end of 2021, Congress passed the [Protecting Medicare and American Farmers from Sequester Cuts Act](#), which was signed into law on December 10. This legislation directed Medicare to make a 3% positive adjustment to 2022 physician payments, offsetting some of the scheduled reduction. In addition to mitigating the cut to Medicare physician payments, this bipartisan legislation staved off other Medicare cuts, including a phased-in delay of the Medicare and PAYGO sequestration cuts that impact all Medicare payments. These provisions are only authorized for 2022 and, in the case of Medicare sequestration, will be phased out starting April 1, 2022. Given the time-limited nature of this relief, Congress undoubtedly will be under considerable pressure later in 2022 to revisit these cuts.

## **CURES 2.0 AND USER FEE REAUTHORIZATION LEGISLATION**

Every five years, the US Food and Drug Administration (FDA) and FDA-regulated industries (including prescription drugs, biosimilars and medical devices) negotiate user fee agreements (UFAs) that re-authorize the user fees that those industries pay to the FDA. These user fees fund approximately 80% of the FDA's personnel-related costs. The UFA deals can also serve as vehicles for other FDA-related programmatic and policy changes, such as setting targets for the number of FDA approvals for each industry. After the FDA and the industries reach initial agreement, the measures move to Congress. During that process, the House Energy and Commerce Committee and the Senate Health Education and Labor Committee consider legislation that may include other policy priorities. This process can be lengthy but has been consistently completed on time.

The FDA and affected industries have already reached agreements and sent packages to Congress. Generally, policies related to FDA jurisdiction over prescription drugs, biologics or medical devices are most likely to be attached to the UFAs, but it's also possible that Congress could add policies related to CMS coverage.

One large piece of legislation that could be added is HR 6000, also known as Cures 2.0. In 2016, the 21st Century Cures Act was spearheaded by House Energy and Commerce Committee Members Upton (R-MI) and DeGette (D-CO), and was signed into law. Cures 2.0 seeks to build upon the 2016 law and is focused on expanding opportunities for innovative healthcare products and services to come to market and receive coverage under public insurance programs. While it's unlikely that the entirety of Cures 2.0 will advance in 2022, various policies within Cures 2.0 could be pulled out and attached to the UFAs, given the related nature of the policies. Various sections of Cures 2.0 that enjoy strong bipartisan support also could be considered on their own during the 2022 legislative session. One such section is the president's signature policy, the Advanced Research Projects Agency for Health or ARPA-H, which would fund especially



innovative medical research, similar to how the Defense Advanced Research Projects Agency funds novel research through the US Department of Defense.

## **VALUE-BASED CARE**

In 2021, the Biden Administration released its long-awaited [strategy refresh](#) for the CMS Innovation Center. The new vision for delivery model reform focuses on ensuring that all Medicare and the vast majority of Medicaid beneficiaries are in an accountable care relationship by 2030. The strategy also focuses on advancing health equity, investing in innovative care delivery strategies, addressing healthcare affordability and fostering partnerships to achieve delivery system transformation

Notably absent from the strategy document is a focus on specialty care models or financial risk, both of which have been central to previous Innovation Center strategic approaches. In 2022, stakeholders anticipate another cohort of the Innovation Center’s most advanced accountable care organization offering, the Direct Contracting model. However, recent pushback from House Democrats could mean that changes to the model are on the horizon. We also anticipate learning more about the Administration’s intent to use model design to address health equity and whether any new models will be announced.

While early signals from the Administration focused on mandatory models, the rhetoric around the concept has faded as the pandemic has surged. Early this year, we expect to learn more about the Biden Administration’s approach to Medicare Advantage, including policy around risk adjustment, quality and health equity. Lastly, in 2022, the Medicare Access and CHIP Reauthorization Act bonuses for participation in an advanced Alternative Payment Model expire. Extension of the bonus payments could be on the table as other physician payment issues are addressed this year.

## **HEALTH EQUITY**

One of President Biden’s first actions when he took office was signing an executive order on “[Advancing Racial Equity and Support for Underserved Communities Through the Federal Government](#)” on January 20, 2021. This order directed the whole of government to promote policies that advance “equity for all, including people of color and others who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequality.” Since that executive order was signed, regulations and policies issued by the various agencies within HHS and throughout the Biden Administration assess their impact on equity. Health equity is also a priority for Democrats in Congress. In October 2021, the House Ways and Means Committee Democratic staff released a [report](#) examining role of race in clinical algorithms and exploring potential strategies to address inequities in clinical decision support tools that may lead to disparities in patient outcomes. Expect this committee to continue to explore these issues as well as the maternal health priorities long championed by Committee Democrats.

Vice President Harris also is focused on maternal health. In December 2021, the vice president announced a new call to action to reduce maternal morbidity, including through the creation of a new quality designation for hospitals for maternal health services. CMS plans to propose the establishment of a “birthing-friendly” hospital designation, which would be the first-ever hospital quality designation by HHS specifically focused on maternity care. This designation would be awarded to hospitals that participate in a collaborative program aimed at improving maternal outcomes and implement patient safety practices. CMS would add the designation to its “Care Compare” website to allow consumers to choose hospitals that have implemented best practices.

## **OTHER PRIORITIES**

Beyond our top 10, dozens of other important health policy priorities will receive attention and make progress in 2022. For example, look for potential action on post-acute care reimbursement. In 2014, Congress passed the Improving Medicare Post-Acute Care Transformation (IMPACT) Act to start a process to consolidate the different payment systems for skilled nursing facilities, long-term care hospitals, inpatient rehabilitation facilities and home health agencies into one unified post-acute care payment system. Since that time, CMS and the Medicare Payment Advisory Commission have been working to develop prototypes of a unified payment system that would span the four post-acute care settings. CMS is expected to release its prototype sometime in 2022, and that may prompt legislative action.

The ongoing COVID-19 pandemic has accelerated and exacerbated healthcare workforce shortages. Legislative initiatives in 2021 to alleviate these workforce issues included several bills, many of which were bipartisan, related to increasing Medicare-supported graduate medical education slots. The Protecting the Right to Organize (PRO) Act also has implications related to the healthcare workforce. The PRO Act is a comprehensive bill to expand various labor protections related to employees' rights to organize and collectively bargain in the workplace, and is a priority for congressional Democrats and the White House. The House passed its version of the PRO Act (HR 842) largely along party lines in March 2021, but the bill has not advanced in the closely divided Senate given the lack of support among

Republicans and the 60-vote threshold necessary to avoid a filibuster. As a result, Democrats included key provisions of the PRO Act in the BBB package, including the authorization of civil monetary penalties for employers that commit unfair labor practices related to collective bargaining and workers' rights to form a union. BBB also includes a number of provisions to address ongoing healthcare workforce shortage issues, including funding for the creation of new graduate medical education residency training programs and the expansion of existing programs, scholarship and loan repayment efforts through the National Health Service Corps and Nursing Corps, a new Health Professions Opportunity Grant program, and incentives for physicians to practice in rural and underserved communities. While the fate of BBB remains uncertain, these aspects of the bill may advance independently, and key healthcare committees in the House and Senate may take additional steps to address healthcare workforce shortages in 2022.

Abortion politics also will color 2022. Last year saw some of the most restrictive state-level abortion policies yet and set the stage for an impending decision on the constitutionality of these laws by the Supreme Court later this year. That forthcoming decision could fundamentally alter the abortion landscape nationwide and influence congressional policy in the process.

In sum, we expect another significant year for health care policy. Of course, action on these items will be colored by the mid-term congressional elections, and the politicking around the elections may push policymakers to identify additional policy opportunities.

Depending on the outcome of the elections, health care stakeholders may face significant changes in many of the priorities outlined above, making this a potentially volatile year.

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

**To:** Finance Committee  
**From:** Stephanie Iljin, Manager Executive Administrative Services  
**Date:** January 31, 2022  
**Subject:** Report on Board Actions

**Purpose:** To keep the Committee informed regarding actions taken by the El Camino Hospital and El Camino Healthcare District Boards.

**Summary:**

1. **Situation:** It is essential to keep the Committees informed about Board activity to provide context for Committee work. The list below is not meant to be exhaustive; still, it 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 District Board has met once. In addition, since the Board has delegated specific authority to the Executive Compensation Committee, the Compliance and Audit Committee, and the Finance Committee, those approvals are also noted in this report.

<b>Board/Committee</b>	<b>Meeting Date</b>	<b>Actions (Approvals unless otherwise noted)</b>
<b>ECH Board</b>	December 01, 2021 Study Session	- N/A
	December 08, 2021	<ul style="list-style-type: none"> <li>- Minutes of the Open &amp; Closed Session of the Hospital Board Meeting (11/10/2021)</li> <li>- Chief Quality Officer Base Salary</li> <li>- Credentialing and Privileges Report</li> <li>- Continuation of Resolution 2021-10 of the Board of Directors Making Findings and Determinations Under AB 361 for Teleconference Meetings</li> <li>- Policy Revisions</li> <li>- FY 21 Period 4 Financials</li> <li>- Intent to Reimburse: Resolution</li> <li>- MV OBGYN Call Panel Renewal Physician Contract</li> <li>- Executive Compensation Committee Community Member Composition &amp; new Community Members Appointments</li> <li>- Medical Staff Report</li> </ul>

Report on Board Actions  
 January 31, 2022

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
<b>ECHD Board</b>	December 01, 2021	<ul style="list-style-type: none"> <li>- Minutes of the Open &amp; Closed Session of the District Board Meeting (10/19/2021)</li> <li>- Continuation of Resolution 2021-10 of the Board of Directors Making Findings and Determinations Under AB 361 for Teleconference Meetings</li> <li>- Appointment of the FY 22 ECH Board Member Election Ad Hoc Committee Members &amp; Advisors</li> <li>- Appointment of the FY 22 ECH District Policy &amp; Bylaw Review Ad Hoc Committee Members</li> </ul>
<b>Executive Compensation Committee</b>	- N/A	
<b>Compliance Committee</b>	- N/A	
<b>Finance Committee</b>	- N/A	

**List of Attachments:** None.

**Suggested Committee Discussion Questions:** None.



# El Camino Health

## Summary of Financial Operations

*Fiscal Year 2022 – Period 6  
7/1/2021 to 12/31/2021*

## Executive Summary - Overall Commentary for Period 6

- Continued strong financial results for Period 6 driven by:
  - Outpatient procedural activity and growth in emergency department visits
  - When adjusted for volume increase, costs are being managed effectively
  - Year-over-year improvement in commercial payor mix from 40.8% to 43.7%
- Total gross charges, a surrogate for volume, were favorable to budget by \$41.2M / 10.5% and \$65.5M / 17.8% higher than the same period last year.
  - Favorable outpatient charges of \$45.9M were partially offset by a marginally unfavorable charge variance for inpatient services -\$5.3M.
- Net patient revenue was favorable to budget by \$15.5M / 15.8%% and \$20.7M / 22.5% higher than the same period last year due to continued strong growth and stable payor mix.
- Operating margin was favorable to budget by \$10.5M / 141.0% and \$11.1M / 160.3% better than the same period last year.
- Operating EBIDA was favorable to budget by \$11.2M / 77.2% and \$11.7M / 83.7% better than the same period last year.
- Net days in A/R decreased from 58.8 to 50.1 days, this is attributed to the anticipated payment of aged claims by a large commercial payor.
- Unrealized gains on our investments of \$16.1M contributed to Net Income of \$35.6M which is \$19.8M / 125.0 % favorable to budget and \$28.7M / (44.6%) lower than prior year.

# Operational / Financial Results: Period 6 – December 2022 (as of 12/31/2021)

(\$ thousands)		Current Year	Budget	Variance to Budget	Performance to Budget	Prior Year	Variance to Prior Year	Variance to Prior Year	Moody's	S&P	Performance to Rating Agency Medians
									'A1'	'AA'	
Activity / Volume	ADC	255	266	(10)	-3.9%	245	10	4.1%	---	---	---
	Total Acute Discharges	1,744	1,788	(44)	-2.4%	1,595	149	9.3%	---	---	---
	Adjusted Discharges	3,576	3,232	344	10.6%	3,010	566	18.8%	---	---	---
	Emergency Room Visits	6,281	4,638	1,643	35.4%	5,065	1,216	24.0%	---	---	---
	OP Procedural Cases	13,706	9,872	3,834	38.8%	14,538	(832)	(5.7%)	---	---	---
	Gross Charges (\$)	433,046	391,856	41,190	10.5%	367,494	65,552	17.8%	---	---	---
Operations	Total FTEs	3,061	3,052	9	0.3%	2,873	188	6.5%	---	---	---
	Productive Hrs. / APD	28.7	31.3	(2.6)	(8.4%)	30.0	(1.3)	(4.4%)	---	---	---
	Cost Per CMI AD	16,698	17,952	(1,254)	(7.0%)	16,257	440	2.7%	---	---	---
	Net Days in A/R	50.1	49.0	1.1	2.3%	46.5	3.6	7.7%	47.7	49.7	
Financial Performance	Net Patient Revenue (\$)	113,033	97,572	15,461	15.8%	92,289	20,744	22.5%	138,547	82,105	
	Total Operating Revenue (\$)	116,681	101,673	15,008	14.8%	95,368	21,313	22.3%	152,743	109,602	
	<b>Operating Margin (\$)</b>	<b>18,016</b>	<b>7,475</b>	<b>10,541</b>	<b>141.0%</b>	<b>6,922</b>	<b>11,094</b>	<b>160.3%</b>	<b>1,915</b>	<b>3,836</b>	
	<b>Operating EBIDA (\$)</b>	<b>25,608</b>	<b>14,452</b>	<b>11,156</b>	<b>77.2%</b>	<b>13,940</b>	<b>11,668</b>	<b>83.7%</b>	<b>11,188</b>	<b>10,741</b>	
	Net Income (\$)	35,596	15,818	19,778	125.0%	64,279	(28,682)	(44.6%)	8,124	7,343	
	<b>Operating Margin (%)</b>	<b>15.4%</b>	<b>7.4%</b>	<b>8.1%</b>	<b>110.0%</b>	<b>7.3%</b>	<b>8.2%</b>	<b>112.7%</b>	<b>1.9%</b>	<b>3.5%</b>	
	<b>Operating EBIDA (%)</b>	<b>21.9%</b>	<b>14.2%</b>	<b>7.7%</b>	<b>54.4%</b>	<b>14.6%</b>	<b>7.3%</b>	<b>50.1%</b>	<b>8.3%</b>	<b>9.8%</b>	
	DCOH (days)	335	325	10	3.2%	377	(42)	(11.1%)	306	355	

Moody's Medians: Not-for-profit and public healthcare annual report; September 9, 2021. Dollar amounts have been adjusted to reflect monthly averages.

S&P Medians: U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; August 30, 2021. Dollar amounts have been adjusted to reflect monthly averages.

DCOH total includes cash, short-term and long-term investments.

# Operational / Financial Results: YTD FY2022 (as of 12/31/2021)

(\$ thousands)		Current Year	Budget	Variance to Budget	Performance to Budget	Prior Year	Variance to Prior Year	Variance to Prior Year	Moody's	S&P	Performance to Rating Agency Medians
									'A1'	'AA'	
Activity / Volume	ADC	265	248	17	6.9%	240	25	10.5%	---	---	---
	Total Acute Discharges	10,492	9,951	541	5.4%	9,330	1,162	12.5%	---	---	---
	Adjusted Discharges	20,713	18,472	2,240	12.1%	17,547	3,166	18.0%	---	---	---
	Emergency Room Visits	33,367	25,438	7,929	31.2%	25,122	8,245	32.8%	---	---	---
	OP Procedural Cases	77,443	61,448	15,995	26.0%	77,134	309	0.4%	---	---	---
	Gross Charges (\$)	2,511,327	2,251,434	259,893	11.5%	2,105,782	405,545	19.3%	---	---	---
Operations	Total FTEs	3,017	3,049	(32)	(1.0%)	2,788	229	8.2%	---	---	---
	Productive Hrs. / APD	28.6	31.9	(3.3)	(10.2%)	30.9	(2.2)	(7.2%)	---	---	---
	Cost Per CMI AD	16,291	17,952	(1,661)	(9.3%)	16,875	(584)	(3.5%)	---	---	---
	Net Days in A/R	50.1	49.0	1.1	2.3%	46.5	3.6	7.7%	47.7	49.7	---
Financial Performance	Net Patient Revenue (\$)	637,954	570,042	67,913	11.9%	532,989	104,966	19.7%	831,284	492,628	---
	Total Operating Revenue (\$)	660,049	592,476	67,573	11.4%	556,320	103,730	18.6%	911,456	657,613	---
	<b>Operating Margin (\$)</b>	<b>88,387</b>	<b>39,552</b>	<b>48,835</b>	<b>123.5%</b>	<b>35,884</b>	<b>52,503</b>	<b>146.3%</b>	<b>11,489</b>	<b>23,016</b>	---
	<b>Operating EBIDA (\$)</b>	<b>133,095</b>	<b>81,886</b>	<b>51,209</b>	<b>62.5%</b>	<b>78,266</b>	<b>54,829</b>	<b>70.1%</b>	<b>67,130</b>	<b>64,446</b>	---
	Net Income (\$)	100,940	85,869	15,071	17.6%	177,512	(76,572)	(43.1%)	48,747	44,060	---
	<b>Operating Margin (%)</b>	<b>13.4%</b>	<b>6.7%</b>	<b>6.7%</b>	<b>100.6%</b>	<b>6.5%</b>	<b>6.9%</b>	<b>107.6%</b>	<b>1.9%</b>	<b>3.5%</b>	---
	<b>Operating EBIDA (%)</b>	<b>20.2%</b>	<b>13.8%</b>	<b>6.3%</b>	<b>45.9%</b>	<b>14.1%</b>	<b>6.1%</b>	<b>43.3%</b>	<b>8.3%</b>	<b>9.8%</b>	---
	DCOH (days)	335	325	10	3.2%	377	(42)	(11.1%)	306	355	---

Moody's Medians: Not-for-profit and public healthcare annual report; September 9, 2021.

S&P Medians: U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; August 30, 2021

DCOH total includes cash, short-term and long-term investments.



# Key Statistics: Period 6 and YTD (as of 12/31/2021)

Key Metrics	Month to Date			Variance (%)			Year to Date			Variance (%)	
	PY	CY	Budget	CY vs PY	CY vs Budget		PY	CY	Budget	CY vs PY	CY vs Budget
ADC	245	255	266	4.1%	(3.9%)		240	265	248	10.5%	6.9%
Utilization MV	64%	68%	70%	6.4%	(3.3%)		62%	70%	66%	12.8%	7.2%
Utilization LG	33%	31%	33%	(5.6%)	(6.7%)		32%	32%	31%	0.9%	5.5%
Utilization Combined	54%	56%	59%	4.1%	(3.9%)		53%	58%	55%	10.5%	6.9%
Adjusted Discharges	3,010	3,576	3,232	18.8%	10.6%		17,547	20,713	18,472	18.0%	12.1%
Total Discharges (Exc NB)	1,595	1,744	1,788	9.3%	(2.4%)		9,330	10,492	9,951	12.5%	5.4%
Total Discharges	1,866	2,145	2,187	15.0%	(1.9%)		11,341	12,944	12,273	14.1%	5.5%
<b>Inpatient Case Activity</b>											
MS Discharges	1,134	1,163	1,196	2.6%	-2.7%		6,305	6,946	6,534	10.2%	6.3%
Deliveries	291	426	418	46.4%	1.9%		2,139	2,633	2,449	23.1%	7.5%
BHS	124	125	128	0.8%	(2.3%)		610	684	706	12.1%	(3.2%)
Rehab	47	32	46	(31.9%)	(30.4%)		281	220	261	(21.7%)	(15.7%)
<b>Outpatient Case Activity</b>											
Total Outpatient Cases	17,681	18,342	13,317	3.7%	37.7%		95,631	103,175	80,402	7.9%	28.3%
ED	3,143	4,636	3,445	47.5%	34.6%		18,497	25,732	18,954	39.1%	35.8%
OP Surg	563	646	495	14.7%	30.4%		3,177	3,555	2,739	11.9%	29.8%
Endo	194	231	234	19.1%	(1.3%)		1,354	1,408	1,281	4.0%	9.9%
Interventional	168	209	151	24.4%	38.4%		1,045	1,162	1,037	11.2%	12.1%
All Other	13,613	12,620	8,992	(7.3%)	40.4%		71,558	71,318	56,391	-0.3%	26.5%
<b>Hospital Payor Mix</b>											
Medicare	47.3%	46.9%	47.2%	(0.8%)	(0.6%)		48.1%	47.0%	47.5%	(2.1%)	(0.9%)
Medi-Cal	9.0%	7.4%	8.3%	-18.3%	(12.3%)		7.8%	8.1%	7.9%	4.1%	3.3%
Commercial	40.8%	43.7%	42.4%	7.0%	2.9%		41.8%	42.7%	42.6%	2.2%	0.3%
Other	2.9%	2.1%	2.1%	(28.0%)	(3.3%)		2.3%	2.1%	2.1%	(8.2%)	1.8%

# Enterprise Income Statement: Rolling 16 Monthly Trend (\$000s)

	FY2021										FY2022						YTD FY2022	Rolling 16 Monthly Average
	Period 3 Sep-20	Period 4 Oct-20	Period 5 Nov-20	Period 6 Dec-20	Period 7 Jan-21	Period 8 Feb-21	Period 9 Mar-21	Period 10 Apr-21	Period 11 May-21	Period 12 Jun-21	Period 1 Jul-21	Period 2 Aug-21	Period 3 Sep-21	Period 4 Oct-21	Period 5 Nov-21	Period 6 Dec-21		
<b>Operating Revenues:</b>																		
Net Patient Revenue	90,009	90,554	88,597	92,289	89,795	85,273	97,171	94,903	95,542	112,238	101,774	104,482	104,776	106,632	107,257	113,033	637,954	98,395
Other Operating Revenue	3,996	4,024	3,234	3,079	4,427	3,352	3,537	3,692	5,385	4,706	3,116	3,746	3,479	4,506	3,600	3,648	22,095	3,846
<b>Total Operating Revenue</b>	<b>94,005</b>	<b>94,578</b>	<b>91,831</b>	<b>95,368</b>	<b>94,222</b>	<b>88,625</b>	<b>100,708</b>	<b>98,595</b>	<b>100,927</b>	<b>116,945</b>	<b>104,889</b>	<b>108,228</b>	<b>108,256</b>	<b>111,138</b>	<b>110,857</b>	<b>116,681</b>	<b>660,049</b>	<b>102,241</b>
<b>Operating Expenses:</b>																		
Salaries, Wages and Benefits	48,136	49,061	47,222	48,774	53,636	48,592	52,025	50,616	48,138	48,101	53,000	53,940	53,629	56,001	53,709	55,947	326,226	51,283
Supplies	12,798	13,496	13,641	14,519	13,888	13,587	15,421	14,256	15,241	15,156	15,109	14,569	14,862	14,502	14,941	16,060	90,042	14,503
Fees & Purchased Services	14,949	12,982	14,264	14,035	15,825	14,770	15,139	15,761	15,923	19,915	14,390	14,182	14,800	14,760	15,210	14,955	88,296	15,116
Other Operating Expenses	4,498	3,721	3,512	4,100	3,819	1,097	3,536	3,662	3,496	6,002	3,598	3,577	3,676	3,586	3,842	4,112	22,390	3,740
Interest	1,428	1,429	1,428	1,428	1,428	1,392	1,399	1,400	1,400	1,367	1,419	1,418	1,418	1,418	1,420	1,419	8,512	1,413
Depreciation	5,795	5,798	6,068	5,591	5,689	5,903	4,931	5,606	4,808	5,740	4,727	7,157	5,902	5,798	6,440	6,173	36,196	5,758
<b>Total Operating Expenses</b>	<b>87,604</b>	<b>86,487</b>	<b>86,136</b>	<b>88,446</b>	<b>94,284</b>	<b>85,341</b>	<b>92,450</b>	<b>91,301</b>	<b>89,006</b>	<b>96,281</b>	<b>92,242</b>	<b>94,844</b>	<b>94,286</b>	<b>96,065</b>	<b>95,561</b>	<b>98,665</b>	<b>571,662</b>	<b>91,812</b>
<b>Operating Margin</b>	<b>6,401</b>	<b>8,091</b>	<b>5,695</b>	<b>6,922</b>	<b>(62)</b>	<b>3,285</b>	<b>8,258</b>	<b>7,294</b>	<b>11,921</b>	<b>20,664</b>	<b>12,648</b>	<b>13,384</b>	<b>13,970</b>	<b>15,073</b>	<b>15,297</b>	<b>18,016</b>	<b>88,387</b>	<b>10,429</b>
Non-Operating Income	(9,557)	(27,499)	64,968	57,357	39	14,349	18,965	29,151	16,666	20,041	(4,099)	14,319	(18,378)	24,361	(21,232)	17,581	12,553	12,314
<b>Net Margin</b>	<b>(3,156)</b>	<b>(19,408)</b>	<b>70,663</b>	<b>64,279</b>	<b>(23)</b>	<b>17,633</b>	<b>27,223</b>	<b>36,445</b>	<b>28,588</b>	<b>40,705</b>	<b>8,549</b>	<b>27,703</b>	<b>(4,408)</b>	<b>39,435</b>	<b>(5,935)</b>	<b>35,596</b>	<b>100,940</b>	<b>22,743</b>
<b>Operating EBIDA</b>	<b>13,624</b>	<b>15,318</b>	<b>13,192</b>	<b>13,940</b>	<b>7,055</b>	<b>10,580</b>	<b>14,588</b>	<b>14,301</b>	<b>18,130</b>	<b>27,771</b>	<b>18,793</b>	<b>21,959</b>	<b>21,289</b>	<b>22,290</b>	<b>23,156</b>	<b>25,608</b>	<b>133,095</b>	<b>17,600</b>
Operating Margin (%)	6.8%	8.6%	6.2%	7.3%	-0.1%	3.7%	8.2%	7.4%	11.8%	17.7%	12.1%	12.4%	12.9%	13.6%	13.8%	15.4%	13.4%	10.2%
Operating EBIDA Margin (%)	14.5%	16.2%	14.4%	14.6%	7.5%	11.9%	14.5%	14.5%	18.0%	23.7%	17.9%	20.3%	19.7%	20.1%	20.9%	21.9%	20.2%	17.2%

# Financial Overview: Period 6 – December 2022

Period ending 12/31/2021

## Financial Performance

- December operating margin was \$18.0M compared to a budget of \$7.5M, resulting in a favorable variance of \$10.5M
- December volumes and revenues continue to be stronger than budget as demonstrated by:
  - Adjusted discharges were favorable to budget by 344 cases / 10.6% and 566 cases / 18.8% above the same period last year
  - Favorable variance of gross charges of \$38.2M continues to be driven by increased outpatient activity activity:
    - Outpatient gross charges: Favorable to budget by 45.9M / 26.8% variance primarily driven by cath. lab, radiation oncology, emergency services, surgery, and corresponding ancillary services
  - Operating Expenses were unfavorable to budget by \$4.5M / 4.7% driven by the level of patient activity
    - SWB were unfavorable by \$2.3M / 4.3%
    - Supplies were unfavorable by \$1.3M / 8.6%
      - Supply expenses attributed to Covid-19 were \$792K in December and \$4.2M YTD
    - All other discretionary non-volume driven expenses were unfavorable to budget by \$900K
- Non Operating Income includes:
  - Favorable variance in non-operating revenue is primarily due to realized gains on investments

# Financial Overview: Period 6 – December 2022 (cont.)

Period ending 12/31/2021

## Financial Performance

### Hospital Operations:

- Adjusted Discharges (AD): Favorable to budget by 344 ADs / 10.6% and above prior year by 566 ADs / 18.8%:
  - Mountain View: Favorable to budget by 241 ADs / 9.1% and above prior year by 472 ADs / 19.5%
  - Los Gatos: Favorable to budget by 103 ADs / 14.5% and above prior year by 94 ADs / 13.1%
- Operating Expense Per CMI Adjusted Discharge: \$16,698 which is 7.0% favorable to budget

Note: Excludes depreciation and interest

### El Camino Health Medical Network (ECHMN) Operations:

- December's total visits of 16,641 or 796 visits per day reflect a decrease of 0.3% and 0.4% over the prior month's total visits of 16,704 or 798 visits per day, respectively. Impacting patient volumes in December was the relocation of the Samaritan practice into two new locations and end of year holidays.
- December's total visits were unfavorable to budget by 13.9% and have slipped to an unfavorable variance to budget for the fiscal year of 4.1%. The budget variance is related to the loss of several OBGYN providers, additional time off taken by providers and the relocation of the Samaritan Clinic.
- Net income for the month of December was favorable to budget by \$51.5K or 1.8%. However YTD variance is favorable by \$307K or 1.8%. Compared to FY2021 December YTD, ECHMN's net income is favorable by \$2.0M or 11.1%.

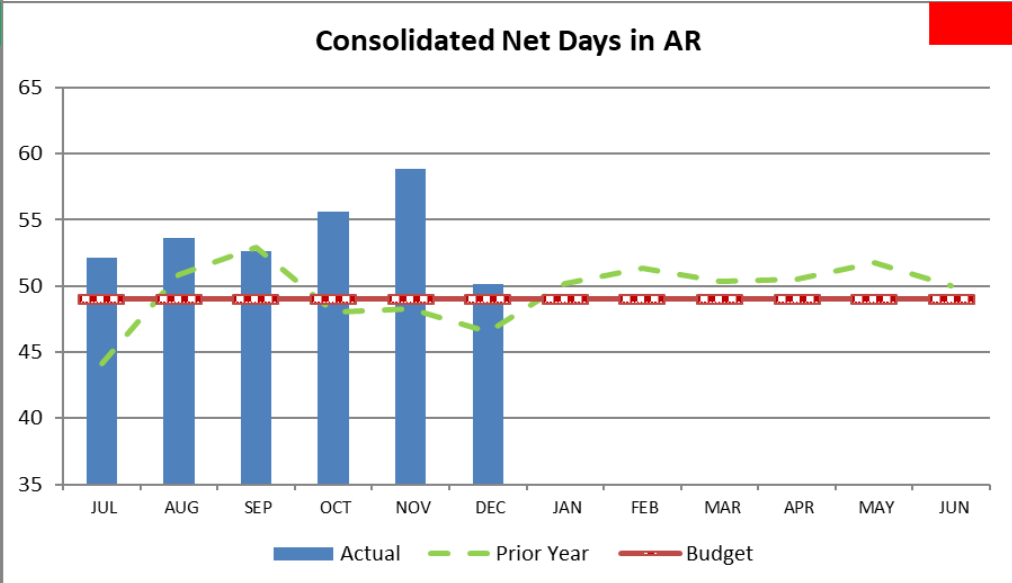
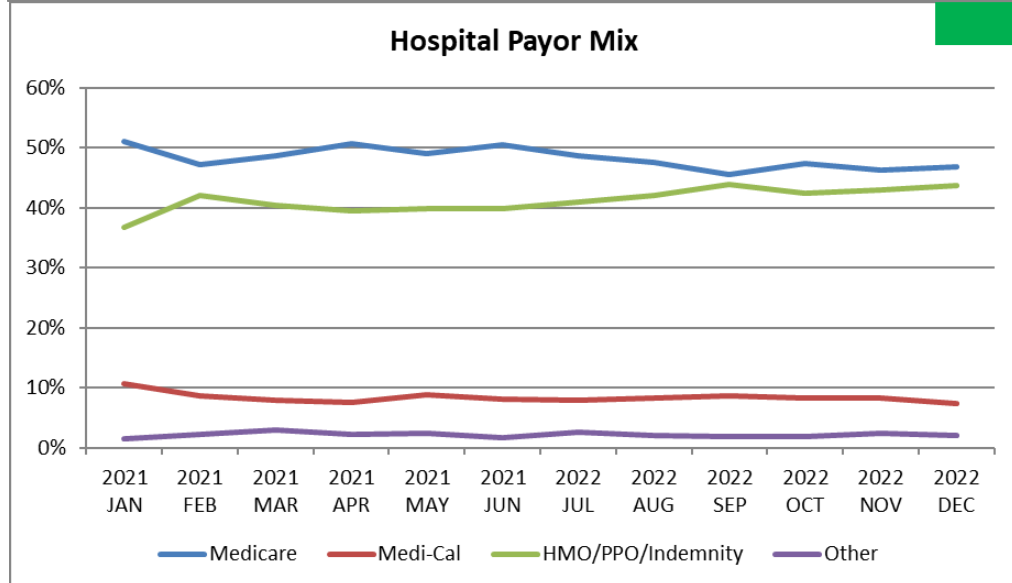
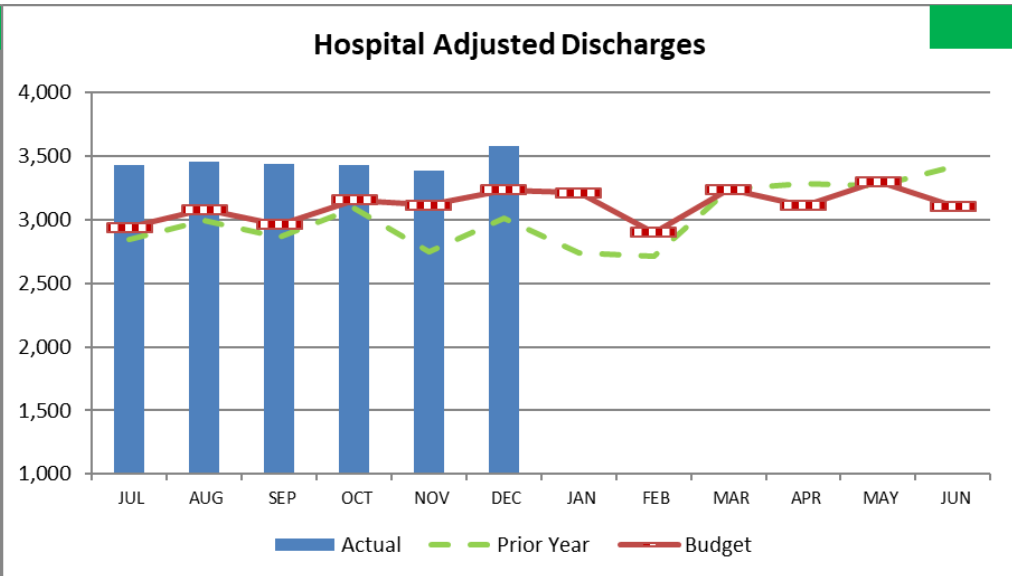
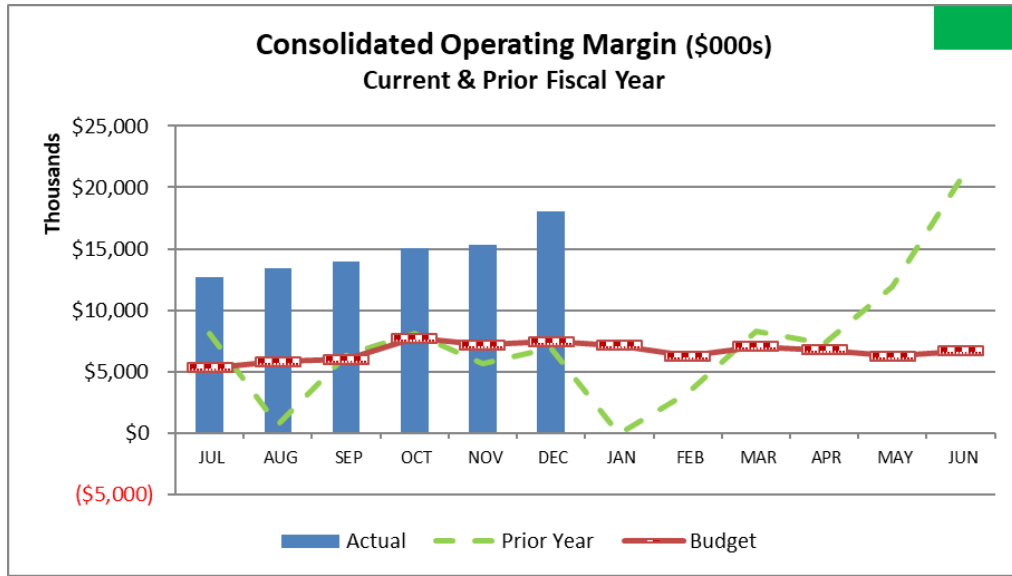
# Financial Overview: YTD FY2022 (as of 12/31/2021)

## Consolidated Financial Performance

- YTD FY2022 operating margin is \$88.4M compared to the budget of \$39.6M
  - Operating expense is \$552.9M / 3.4% unfavorable to budget
    - Operating expense per CMI adjusted discharge: \$16,291 which is 9.3% favorable to budget. This continues to demonstrate effective management of variable expenses and the impact of initiatives implemented by management over the past 18 months.
- Note: Excludes depreciation and interest expense**
- Year-over-year operating margin is \$52.5M higher than the same period last year, which is primarily due to the strength in volumes as exhibited by year over year growth in:
    - Outpatient Surgeries: 12.6% primarily driven by Heart/Vascular, Orthopedic, and Spine surgery activity
    - Emergency Room Visits: 37.2%
    - Deliveries - Maternal Child services: 22.7%

# APPENDIX

# YTD FY2022 Financial KPIs – Monthly Trends



# Investment Scorecard (as of 9/30/2021)

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY21 Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>		CY 3Q 2021 / FY 1Q 2022		Fiscal Year-to-Date 2022		By 11m Since Inception (annualized)		FY 2022	2019
Surplus cash balance*		\$1,455.2	--	--	--	--	--	--	--
Surplus cash return		0.0%	-0.4%	0.0%	-0.4%	6.7%	6.5%	4.0%	5.6%
Cash balance plan balance (millions)		\$356.3	--	--	--	--	--	--	--
Cash balance plan return		0.2%	-0.5%	0.2%	-0.5%	9.0%	8.0%	6.0%	6.0%
403(b) plan balance (millions)		\$731.5	--	--	--	--	--	--	--
<b>Risk vs. Return</b>		3-year				By 11m Since Inception (annualized)			2019
Surplus cash Sharpe ratio		0.82	0.85	--	--	0.98	0.98	--	0.34
Net of fee return		8.5%	8.5%	--	--	6.7%	6.5%	--	5.6%
Standard deviation		8.9%	8.5%	--	--	6.1%	5.9%	--	8.7%
Cash balance Sharpe ratio		0.82	0.81	--	--	1.04	1.01	--	0.32
Net of fee return		10.4%	9.4%	--	--	9.0%	8.0%	--	6.0%
Standard deviation		11.3%	10.2%	--	--	7.9%	7.2%	--	10.3%
<b>Asset Allocation</b>		CY 3Q 2021 / FY 1Q 2022							
Surplus cash absolute variances to target		4.9%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Cash balance absolute variances to target		5.0%	< 10% Green < 20% Yellow	--	--	--	--	--	--
<b>Manager Compliance</b>		CY 3Q 2021 / FY 1Q 2022							
Surplus cash manager flags		20	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		22	< 27 Green < 34 Yellow	--	--	--	--	--	--

\*Excludes debt reserve funds, District assets (~\$42 mm), and balance sheet cash not in investable portfolio (~\$155 mm). Includes Foundation (~\$41 mm) and Concern (~\$15 mm) assets.



# Period 6 and YTD Operating Income, Non-Operating Income and Net Income by Affiliate (as of 12/31/2021)

(\$000s)

	Period 6- Month			Period 6- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Operating Margin</b>						
Mountain View	13,426	7,400	6,025	78,671	39,460	39,210
Los Gatos	7,494	3,133	4,361	25,886	17,949	7,937
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>20,919</b>	<b>10,533</b>	<b>10,386</b>	<b>104,556</b>	<b>57,409</b>	<b>47,147</b>
<b>Operating Margin %</b>	<b>18.6%</b>	<b>10.9%</b>		<b>16.6%</b>	<b>10.2%</b>	
<b>El Camino Hospital Non Operating Income</b>						
<b>Sub Total - Non Operating Income</b>	<b>16,295</b>	<b>7,846</b>	<b>8,449</b>	<b>10,620</b>	<b>44,569</b>	<b>(33,950)</b>
<b>El Camino Hospital Net Margin</b>	<b>37,215</b>	<b>18,379</b>	<b>18,835</b>	<b>115,176</b>	<b>101,978</b>	<b>13,197</b>
<b>ECH Net Margin %</b>	<b>33.1%</b>	<b>19.0%</b>		<b>18.3%</b>	<b>18.1%</b>	
Concern	98	268	(169)	982	416	566
Foundation	1,148	(16)	1,164	985	(15)	1,000
El Camino Health Medical Network	(2,865)	(2,813)	(52)	(16,202)	(16,510)	308
<b>Net Margin Hospital Affiliates</b>	<b>(1,618)</b>	<b>(2,561)</b>	<b>943</b>	<b>(14,236)</b>	<b>(16,109)</b>	<b>1,874</b>
<b>Total Net Margin Hospital &amp; Affiliates</b>	<b>35,596</b>	<b>15,818</b>	<b>19,778</b>	<b>100,940</b>	<b>85,869</b>	<b>15,071</b>

# Consolidated Balance Sheet (as of 12/31/2021)

(\$000s)

## ASSETS

	Audited	
	December 31, 2021	June 30, 2021
<b>CURRENT ASSETS</b>		
Cash	159,237	151,641
Short Term Investments	240,427	284,262
Patient Accounts Receivable, net	180,046	166,283
Other Accounts and Notes Receivable	6,942	9,540
Intercompany Receivables	13,334	15,116
Inventories and Prepaids	30,795	23,079
<b>Total Current Assets</b>	<b>630,780</b>	<b>649,921</b>
<b>BOARD DESIGNATED ASSETS</b>		
Foundation Board Designated	22,864	20,932
Plant & Equipment Fund	299,916	258,191
Women's Hospital Expansion	39,250	30,401
Operational Reserve Fund	182,907	123,838
Community Benefit Fund	18,791	18,412
Workers Compensation Reserve Fund	17,002	16,482
Postretirement Health/Life Reserve Fund	31,111	30,658
PTO Liability Fund	33,108	32,498
Malpractice Reserve Fund	2,004	1,977
Catastrophic Reserves Fund	26,739	24,874
<b>Total Board Designated Assets</b>	<b>673,692</b>	<b>558,264</b>
<b>FUNDS HELD BY TRUSTEE</b>	<b>0</b>	<b>5,694</b>
<b>LONG TERM INVESTMENTS</b>	<b>554,700</b>	<b>603,211</b>
<b>CHARITABLE GIFT ANNUITY INVESTMENTS</b>	<b>978</b>	<b>728</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>34,152</b>	<b>34,170</b>
<b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,872,021	1,799,463
Less: Accumulated Depreciation	(780,267)	(742,921)
Construction in Progress	74,250	94,236
<b>Property, Plant &amp; Equipment - Net</b>	<b>1,166,005</b>	<b>1,150,778</b>
<b>DEFERRED OUTFLOWS</b>	<b>23,988</b>	<b>21,444</b>
<b>RESTRICTED ASSETS</b>	<b>29,584</b>	<b>29,332</b>
<b>OTHER ASSETS</b>	<b>110,179</b>	<b>86,764</b>
<b>TOTAL ASSETS</b>	<b>3,224,059</b>	<b>3,140,306</b>

## LIABILITIES AND FUND BALANCE

	Audited	
	December 31, 2021	June 30, 2021
<b>CURRENT LIABILITIES</b>		
Accounts Payable	29,667	39,762
Salaries and Related Liabilities	35,382	50,039
Accrued PTO	33,806	33,197
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	13,353	12,990
Intercompany Payables	10,986	14,704
Malpractice Reserves	1,665	1,670
Bonds Payable - Current	9,430	9,430
Bond Interest Payable	8,293	8,293
Other Liabilities	11,798	16,953
<b>Total Current Liabilities</b>	<b>156,680</b>	<b>189,338</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	31,111	30,658
Worker's Comp Reserve	17,002	17,002
Other L/T Obligation (Asbestos)	6,256	6,227
Bond Payable	482,698	479,621
<b>Total Long Term Liabilities</b>	<b>537,067</b>	<b>533,509</b>
<b>DEFERRED REVENUE-UNRESTRICTED</b>	<b>44,955</b>	<b>67,576</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>45,862</b>	<b>28,009</b>
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	2,205,736	2,097,010
Board Designated	201,783	193,782
Restricted	31,976	31,082
<b>Total Fund Bal &amp; Capital Accts</b>	<b>2,439,495</b>	<b>2,321,874</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>3,224,059</b>	<b>3,140,306</b>

# Consolidated Statement of Operations (\$000s)

Period 6 ending 12/31/2021

Period 6 FY 2021	Period 6 FY 2022	Period 6 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
367,494	433,046	391,856	41,190	10.5%	<b>Gross Revenue</b>	2,105,782	2,511,327	2,251,434	259,893	11.5%
(275,206)	(320,014)	(294,284)	(25,730)	(8.7%)	<b>Deductions</b>	(1,572,793)	(1,873,373)	(1,681,393)	(191,980)	(11.4%)
<b>92,289</b>	<b>113,033</b>	<b>97,572</b>	<b>15,461</b>	<b>15.8%</b>	<b>Net Patient Revenue</b>	<b>532,989</b>	<b>637,954</b>	<b>570,042</b>	<b>67,913</b>	<b>11.9%</b>
3,079	3,648	4,101	(452)	(11.0%)	<b>Other Operating Revenue</b>	23,331	22,095	22,434	(339)	(1.5%)
<b>95,368</b>	<b>116,681</b>	<b>101,673</b>	<b>15,008</b>	<b>14.8%</b>	<b>Total Operating Revenues</b>	<b>556,320</b>	<b>660,049</b>	<b>592,476</b>	<b>67,573</b>	<b>11.4%</b>
					<b>OPERATING EXPENSE</b>					
48,774	55,947	53,645	(2,301)	(4.3%)	<b>Salaries &amp; Wages</b>	287,363	326,226	310,126	(16,099)	(5.2%)
14,519	16,060	14,792	(1,268)	(8.6%)	<b>Supplies</b>	84,167	90,042	87,197	(2,845)	(3.3%)
14,035	14,955	14,485	(469)	(3.2%)	<b>Fees &amp; Purchased Services</b>	83,514	88,296	87,038	(1,257)	(1.4%)
4,100	4,112	4,298	186	4.3%	<b>Other Operating Expense</b>	23,010	22,390	26,228	3,838	14.6%
1,428	1,419	1,403	(17)	(1.2%)	<b>Interest</b>	8,572	8,512	8,409	(103)	(1.2%)
5,591	6,173	5,574	(599)	(10.7%)	<b>Depreciation</b>	33,810	36,196	33,924	(2,271)	(6.7%)
<b>88,446</b>	<b>98,665</b>	<b>94,198</b>	<b>(4,468)</b>	<b>(4.7%)</b>	<b>Total Operating Expenses</b>	<b>520,436</b>	<b>571,662</b>	<b>552,924</b>	<b>(18,738)</b>	<b>(3.4%)</b>
<b>6,922</b>	<b>18,016</b>	<b>7,475</b>	<b>10,541</b>	<b>141.0%</b>	<b>Net Operating Margin</b>	<b>35,884</b>	<b>88,387</b>	<b>39,552</b>	<b>48,835</b>	<b>123.5%</b>
					<b>Non Operating Income</b>	141,628	12,553	46,317	(33,764)	(72.9%)
57,357	17,581	8,343	9,238	110.7%	<b>Net Margin</b>	<b>177,512</b>	<b>100,940</b>	<b>85,869</b>	<b>15,071</b>	<b>17.6%</b>
<b>64,279</b>	<b>35,596</b>	<b>15,818</b>	<b>19,778</b>	<b>125.0%</b>	<b>Operating EBIDA</b>	<b>78,266</b>	<b>133,095</b>	<b>81,886</b>	<b>51,209</b>	<b>62.5%</b>
<b>13,940</b>	<b>25,608</b>	<b>14,452</b>	<b>11,156</b>	<b>77.2%</b>						
14.6%	21.9%	14.2%	7.7%		<b>Operating EBIDA Margin</b>	14.1%	20.2%	13.8%	6.3%	
7.3%	15.4%	7.4%	8.1%		<b>Operating Margin</b>	6.5%	13.4%	6.7%	6.7%	
67.4%	30.5%	15.6%	14.9%		<b>Net Margin</b>	31.9%	15.3%	14.5%	0.8%	

# El Camino Hospital – Mountain View

## Statement of Operations (\$000s)

Period 6 ending 12/31/2021

Period 6 FY 2021	Period 6 FY 2022	Period 6 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUES</b>										
281,351	322,998	302,408	20,590	6.8%	<b>Gross Revenue</b>	1,622,656	1,899,426	1,746,352	153,074	8.8%
(211,048)	(238,279)	(227,724)	(10,555)	(4.6%)	<b>Deductions</b>	(1,208,113)	(1,410,977)	(1,309,677)	(101,299)	(7.7%)
<b>70,303</b>	<b>84,718</b>	<b>74,683</b>	<b>10,035</b>	<b>13.4%</b>	<b>Net Patient Revenue</b>	<b>414,543</b>	<b>488,449</b>	<b>436,674</b>	<b>51,775</b>	<b>11.9%</b>
1,161	1,501	2,160	(659)	(30.5%)	<b>Other Operating Revenue</b>	8,484	9,179	10,403	(1,224)	(11.8%)
<b>71,464</b>	<b>86,220</b>	<b>76,843</b>	<b>9,376</b>	<b>12.2%</b>	<b>Total Operating Revenues</b>	<b>423,027</b>	<b>497,629</b>	<b>447,078</b>	<b>50,551</b>	<b>11.3%</b>
<b>OPERATING EXPENSES</b>										
38,539	44,036	42,492	(1,544)	(3.6%)	<b>Salaries &amp; Wages</b>	226,285	257,886	245,683	(12,203)	(5.0%)
10,923	11,572	11,167	(405)	(3.6%)	<b>Supplies</b>	64,294	66,644	66,341	(303)	(0.5%)
7,077	7,743	7,118	(625)	(8.8%)	<b>Fees &amp; Purchased Services</b>	39,540	42,380	42,927	547	1.3%
2,920	3,217	2,875	(341)	(11.9%)	<b>Other Operating Expense</b>	15,367	15,485	17,488	2,002	11.5%
1,428	1,419	1,403	(17)	(1.2%)	<b>Interest</b>	8,572	8,512	8,409	(103)	(1.2%)
4,459	4,807	4,389	(418)	(9.5%)	<b>Depreciation</b>	27,167	28,051	26,770	(1,281)	(4.8%)
<b>65,345</b>	<b>72,794</b>	<b>69,443</b>	<b>(3,351)</b>	<b>(4.8%)</b>	<b>Total Operating Expenses</b>	<b>381,225</b>	<b>418,958</b>	<b>407,618</b>	<b>(11,341)</b>	<b>(2.8%)</b>
<b>6,118</b>	<b>13,426</b>	<b>7,400</b>	<b>6,025</b>	<b>81.4%</b>	<b>Net Operating Margin</b>	<b>41,802</b>	<b>78,671</b>	<b>39,460</b>	<b>39,210</b>	<b>99.4%</b>
56,113	16,295	7,846	8,449	107.7%	<b>Non Operating Income</b>	137,091	10,597	44,569	(33,973)	(76.2%)
<b>62,231</b>	<b>29,721</b>	<b>15,246</b>	<b>14,474</b>	<b>94.9%</b>	<b>Net Margin</b>	<b>178,893</b>	<b>89,267</b>	<b>84,030</b>	<b>5,237</b>	<b>6.2%</b>
<b>12,005</b>	<b>19,652</b>	<b>13,191</b>	<b>6,460</b>	<b>49.0%</b>	<b>Operating EBIDA</b>	<b>77,541</b>	<b>115,233</b>	<b>74,639</b>	<b>40,595</b>	<b>54.4%</b>
<b>16.8%</b>	<b>22.8%</b>	<b>17.2%</b>	<b>5.6%</b>		<b>Operating EBIDA Margin</b>	<b>18.3%</b>	<b>23.2%</b>	<b>16.7%</b>	<b>6.5%</b>	
8.6%	15.6%	9.6%	5.9%		<b>Operating Margin</b>	9.9%	15.8%	8.8%	7.0%	
87.1%	34.5%	19.8%	14.6%		<b>Net Margin</b>	42.3%	17.9%	18.8%	(0.9%)	

# El Camino Hospital – Los Gatos

## Statement of Operations (\$000s)

Period 6 ending 12/31/2021

Period 6 FY 2021	Period 6 FY 2022	Period 6 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
77,112	101,186	81,165	20,021	24.7%	<b>Gross Revenue</b>	431,838	555,615	454,620	100,995	22.2%
(58,346)	(75,145)	(61,334)	(13,811)	(22.5%)	<b>Deductions</b>	(330,023)	(424,691)	(339,924)	(84,767)	(24.9%)
<b>18,766</b>	<b>26,040</b>	<b>19,830</b>	<b>6,210</b>	<b>31.3%</b>	<b>Net Patient Revenue</b>	<b>101,815</b>	<b>130,924</b>	<b>114,695</b>	<b>16,228</b>	<b>14.1%</b>
270	305	271	33	12.3%	<b>Other Operating Revenue</b>	2,268	1,692	1,622	70	4.3%
<b>19,036</b>	<b>26,345</b>	<b>20,102</b>	<b>6,243</b>	<b>31.1%</b>	<b>Total Operating Revenue</b>	<b>104,083</b>	<b>132,616</b>	<b>116,317</b>	<b>16,298</b>	<b>14.0%</b>
<b>OPERATING EXPENSE</b>										
8,279	9,866	9,053	(813)	(9.0%)	<b>Salaries &amp; Wages</b>	48,880	56,306	51,554	(4,752)	(9.2%)
3,170	4,304	3,331	(973)	(29.2%)	<b>Supplies</b>	17,164	21,498	19,087	(2,410)	(12.6%)
2,517	3,442	3,252	(190)	(5.9%)	<b>Fees &amp; Purchased Services</b>	16,934	20,627	19,270	(1,357)	(7.0%)
336	164	406	242	59.7%	<b>Other Operating Expense</b>	2,314	1,907	2,845	938	33.0%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
888	1,076	928	(148)	(16.0%)	<b>Depreciation</b>	5,152	6,393	5,612	(781)	(13.9%)
<b>15,190</b>	<b>18,851</b>	<b>16,969</b>	<b>(1,882)</b>	<b>(11.1%)</b>	<b>Total Operating Expense</b>	<b>90,443</b>	<b>106,730</b>	<b>98,369</b>	<b>(8,362)</b>	<b>(8.5%)</b>
<b>3,846</b>	<b>7,494</b>	<b>3,133</b>	<b>4,361</b>	<b>139.2%</b>	<b>Net Operating Margin</b>	<b>13,640</b>	<b>25,886</b>	<b>17,949</b>	<b>7,937</b>	<b>44.2%</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	0	23	0	23	0.0%
<b>3,846</b>	<b>7,494</b>	<b>3,133</b>	<b>4,361</b>	<b>139.2%</b>	<b>Net Margin</b>	<b>13,640</b>	<b>25,909</b>	<b>17,949</b>	<b>7,960</b>	<b>44.3%</b>
<b>4,734</b>	<b>8,570</b>	<b>4,061</b>	<b>4,509</b>	<b>111.0%</b>	<b>Operating EBIDA</b>	<b>18,792</b>	<b>32,278</b>	<b>23,561</b>	<b>8,718</b>	<b>37.0%</b>
<b>24.9%</b>	<b>32.5%</b>	<b>20.2%</b>	<b>12.3%</b>		<b>Operating EBIDA Margin</b>	<b>18.1%</b>	<b>24.3%</b>	<b>20.3%</b>	<b>4.1%</b>	
20.2%	28.4%	15.6%	12.9%		<b>Operating Margin</b>	13.1%	19.5%	15.4%	4.1%	
20.2%	28.4%	15.6%	12.9%		<b>Net Margin</b>	13.1%	19.5%	15.4%	4.1%	

# El Camino Health Medical Network

## Statement of Operations (\$000s)

Period 6 ending 12/31/2021

Period 6 FY 2021	Period 6 FY 2022	Period 6 Budget 2022	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2021	YTD FY 2022	YTD Budget 2022	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUES</b>					
9,031	8,863	8,283	580	7.0%	<b>Gross Revenue</b>	51,289	56,286	50,463	5,823	11.5%
(5,811)	(6,589)	(5,225)	(1,364)	(26.1%)	<b>Deductions</b>	(34,658)	(37,705)	(31,791)	(5,914)	(18.6%)
<b>3,220</b>	<b>2,274</b>	<b>3,058</b>	<b>(784)</b>	<b>(25.6%)</b>	<b>Net Patient Revenue</b>	<b>16,631</b>	<b>18,582</b>	<b>18,672</b>	<b>(90)</b>	<b>(0.5%)</b>
803	1,033	869	164	18.8%	<b>Other Operating Revenue</b>	8,073	5,717	5,609	108	1.9%
<b>4,023</b>	<b>3,307</b>	<b>3,927</b>	<b>(620)</b>	<b>(15.8%)</b>	<b>Total Operating Revenues</b>	<b>24,704</b>	<b>24,299</b>	<b>24,281</b>	<b>17</b>	<b>0.1%</b>
					<b>OPERATING EXPENSES</b>					
1,603	1,626	1,607	(20)	(1.2%)	<b>Salaries &amp; Wages</b>	9,615	9,429	9,996	568	5.7%
426	178	285	106	37.3%	<b>Supplies</b>	2,621	1,844	1,708	(137)	(8.0%)
3,942	3,415	3,639	223	6.1%	<b>Fees &amp; Purchased Services</b>	24,501	22,772	22,038	(735)	(3.3%)
801	673	968	295	30.5%	<b>Other Operating Expense</b>	5,016	4,645	5,599	954	17.0%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
231	279	243	(36)	(14.9%)	<b>Depreciation</b>	1,414	1,680	1,451	(229)	(15.8%)
<b>7,003</b>	<b>6,172</b>	<b>6,741</b>	<b>569</b>	<b>8.4%</b>	<b>Total Operating Expenses</b>	<b>43,168</b>	<b>40,370</b>	<b>40,791</b>	<b>420</b>	<b>1.0%</b>
<b>(2,980)</b>	<b>(2,865)</b>	<b>(2,813)</b>	<b>(52)</b>	<b>(1.8%)</b>	<b>Net Operating Margin</b>	<b>(18,464)</b>	<b>(16,072)</b>	<b>(16,510)</b>	<b>438</b>	<b>2.7%</b>
229	0	0	0	0.0%	<b>Non Operating Income</b>	229	(130)	0	(130)	0.0%
<b>(2,751)</b>	<b>(2,865)</b>	<b>(2,813)</b>	<b>(52)</b>	<b>(1.8%)</b>	<b>Net Margin</b>	<b>(18,235)</b>	<b>(16,202)</b>	<b>(16,510)</b>	<b>308</b>	<b>1.9%</b>
<b>(2,750)</b>	<b>(2,586)</b>	<b>(2,570)</b>	<b>(15)</b>	<b>(0.6%)</b>	<b>Operating EBIDA</b>	<b>(17,049)</b>	<b>(14,392)</b>	<b>(15,059)</b>	<b>667</b>	<b>4.4%</b>
<b>-68.4%</b>	<b>-78.2%</b>	<b>-65.4%</b>	<b>(12.7%)</b>		<b>Operating EBIDA Margin</b>	<b>-69.0%</b>	<b>-59.2%</b>	<b>-62.0%</b>	<b>2.8%</b>	
-74.1%	-86.6%	-71.6%	(15.0%)		<b>Operating Margin</b>	-74.7%	-66.1%	-68.0%	1.9%	
-68.4%	-86.6%	-71.6%	(15.0%)		<b>Net Margin</b>	-73.8%	-66.7%	-68.0%	1.3%	

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

**To:** El Camino Hospital Finance Committee  
**From:** Vince Manoogian, Interim President ECHMN  
David Neapolitan, Vice President of Finance ECHMN  
**Date:** January 31, 2022  
**Subject:** El Camino Health Medical Network Update

**Purpose:**

Review and discuss the financial performance of the El Camino Health Medical Network (ECHMN) for the six (6) months ended December 31, 2021.

**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
  - 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:

**Fiscal Year 2022 – Six Months Ended December 31, 2021**

For the six months ended December 31, 2021, ECHMN is \$308K or 1.9% favorable to the budgeted net loss and \$2.0M or 11.1% better than the prior fiscal year.

- i. Total operating revenues were slightly favorable to budget by \$127K or 0.5%. This variance is driven by:
  - a. Net patient revenue is unfavorable to budget by \$84K or .4% for the six months ended December 31, 2021 and \$2.0M or 11.7% greater than the prior fiscal year.
  - b. Capitated premiums and other revenues are slightly favorable to budget through December 31, 2021 by \$210K.
- ii. Operating expenses are favorable to the operating budget by \$541K or 1.4%. This favorable variance is attributable in part to lower than budgeted labor expenses of \$568K, driven by the earlier than anticipated closure of vaccination clinics and timing of filing budgeted positions. Facilities expenses are favorable to budget by \$392k mainly due to lower rents in the new Samaritan and Parr locations. These favorable variances were offset by higher professional fees and purchased services being unfavorable to budget by \$653K as a result of higher wRVU production and the addition of a Hospital Based Behavioral Health program that was not budgeted.

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?





## **ECHMN - YTD FY2022 Financial Update Period 6 (as of 12/31/2021)**

*Vince Manoogian, Interim President*

*David Neapolitan, Vice President, Finance*

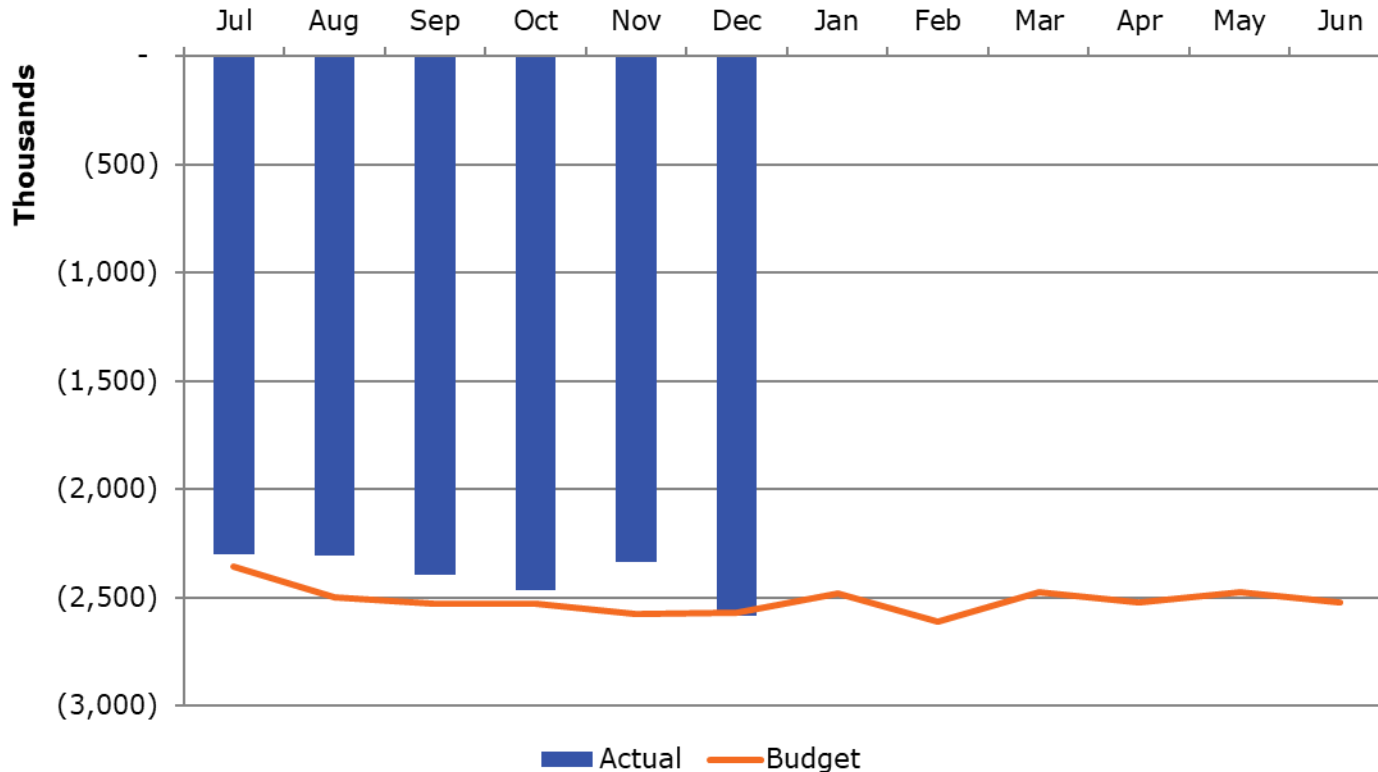
*January 31, 2022*

## Executive Summary: YTD FY2022 Financial Performance

- Multi-year improvement in overall ECHMN financial performance, \$2.0 million improvement over YTD FY2021.
- YTD FY2022 Financial performance \$308K better than budget.
- Total wRVU production 11.2% above budgeted expectations.
- Increased number of providers above the P50 threshold in FY2022 over FY2021.
- Capitation membership delayed resulting in unfavorable variance to budget of \$978K, but favorable to prior year by \$169K.
- Operating expenses are favorable to budget, \$541K and prior year \$3.1M.

# El Camino Health Medical Network FY2022 Operating Income

## FY 22 Monthly Operating Income / (Loss)



### Favorable

- YTD net income is favorable to budget by \$308K or 1.9%.
- YTD net income is favorable to prior year by \$2M or 11.1%.
- YTD facilities expense is favorable to budget by \$392K or 8.5% mainly due to lower rents in new Samaritan & Parr locations.
- Labor expense is favorable to budget due to unfilled headcounts.

### Unfavorable

- Physician fees higher as a result of the new Hospital Based Behavioral Health program and increased wRVU production.
- Capitated revenues are unfavorable by \$978K due lower than budgeted membership and renegotiation of key health plan contract.

# El Camino Health Medical Network

## YTD FY2022 (as of 12/31/2021) Financial Performance

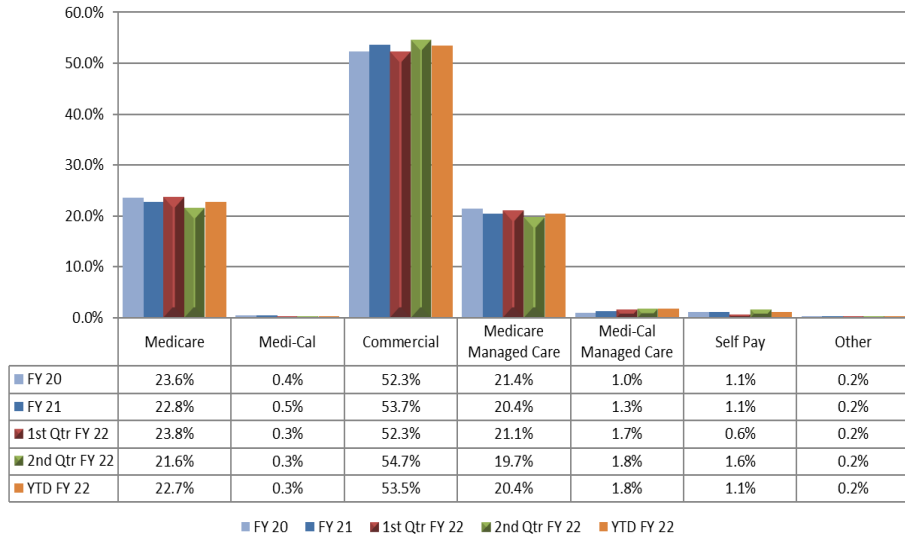
Fiscal Year to Date December 31, 2021

Fiscal Year to Date December 31, 2020

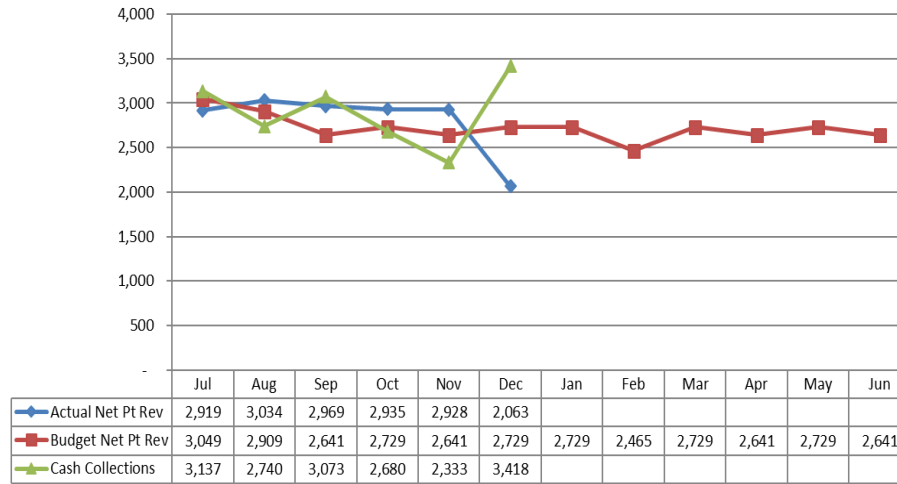
	Actual	Budget	\$ Variance	% Variance	Actual	\$ Variance	% Variance
Net Patient Revenue	18,581,511	18,665,088	(83,577)	-0.4%	16,630,880	1,950,631	11.7%
Capitated Premiums	2,690,715	3,668,828	(978,113)	-26.7%	2,522,015	168,700	6.7%
Other Revenue	3,026,294	1,838,100	1,188,194	64.6%	5,551,137	(2,524,843)	-45.5%
Total Operating Revenue	24,298,520	24,172,016	126,504	0.5%	24,704,032	(405,512)	-1.6%
Pro Fees & Purch Services	22,529,190	21,876,246	(652,944)	-3.0%	24,452,243	1,923,053	7.9%
Labor Expenses	9,428,525	9,996,129	567,604	5.7%	9,615,402	186,877	1.9%
Facilities Expenses	4,236,260	4,628,484	392,224	8.5%	4,355,639	119,379	2.7%
Other Expenses	2,496,063	2,730,187	234,124	8.6%	3,330,174	834,111	25.0%
Total Operating Expenses	38,690,038	39,231,046	541,008	1.4%	41,753,458	3,063,420	7.3%
<b>EBIDA</b>	<b>(14,391,518)</b>	<b>(15,059,030)</b>	<b>667,512</b>	<b>4.4%</b>	<b>(17,049,426)</b>	<b>2,657,908</b>	<b>15.6%</b>
Depreciation / Amortization	1,680,271	1,450,804	(229,467)	-15.8%	1,414,292	(265,979)	-18.8%
Other Income	(130,253)	-	(130,253)	-100.0%	228,679	(358,932)	-157.0%
<b>Net Income / (Loss)</b>	<b>(16,202,042)</b>	<b>(16,509,834)</b>	<b>307,792</b>	<b>1.9%</b>	<b>(18,235,039)</b>	<b>2,032,997</b>	<b>11.1%</b>

# ECHMN FY2022: Leading Metrics – Revenue Cycle Trends

**Payer Mix Comparison**

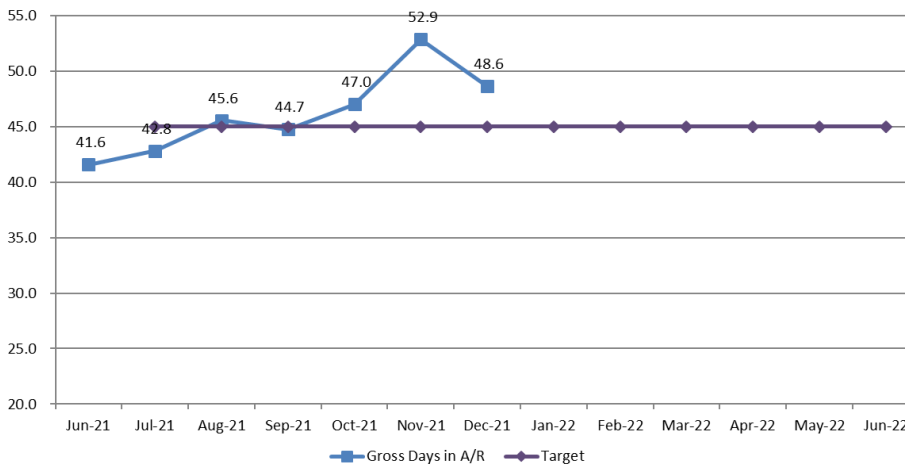


**Total Monthly Net Patient Revenue Compared to Collections**  
in Thousands

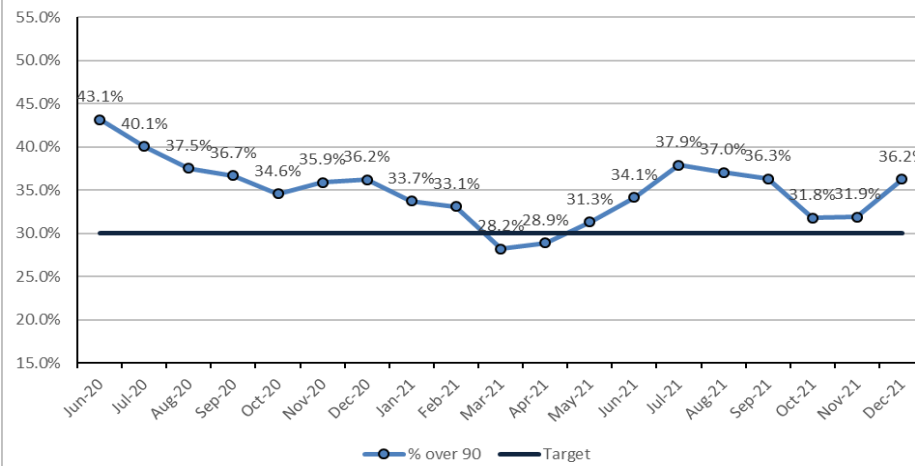


- There was a slight decrease in Medicare volume while an increase in Commercial compared to prior quarter.
- Revenue cycle measures for days in accounts receivable decreased to 48.6 days.

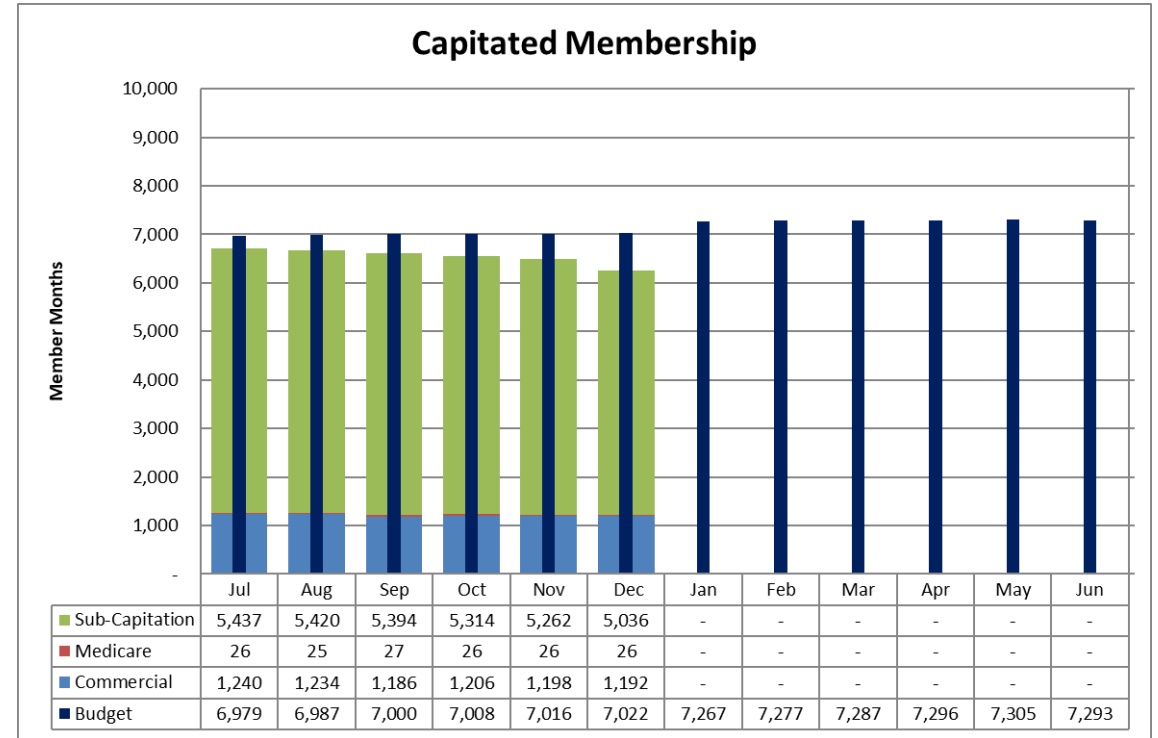
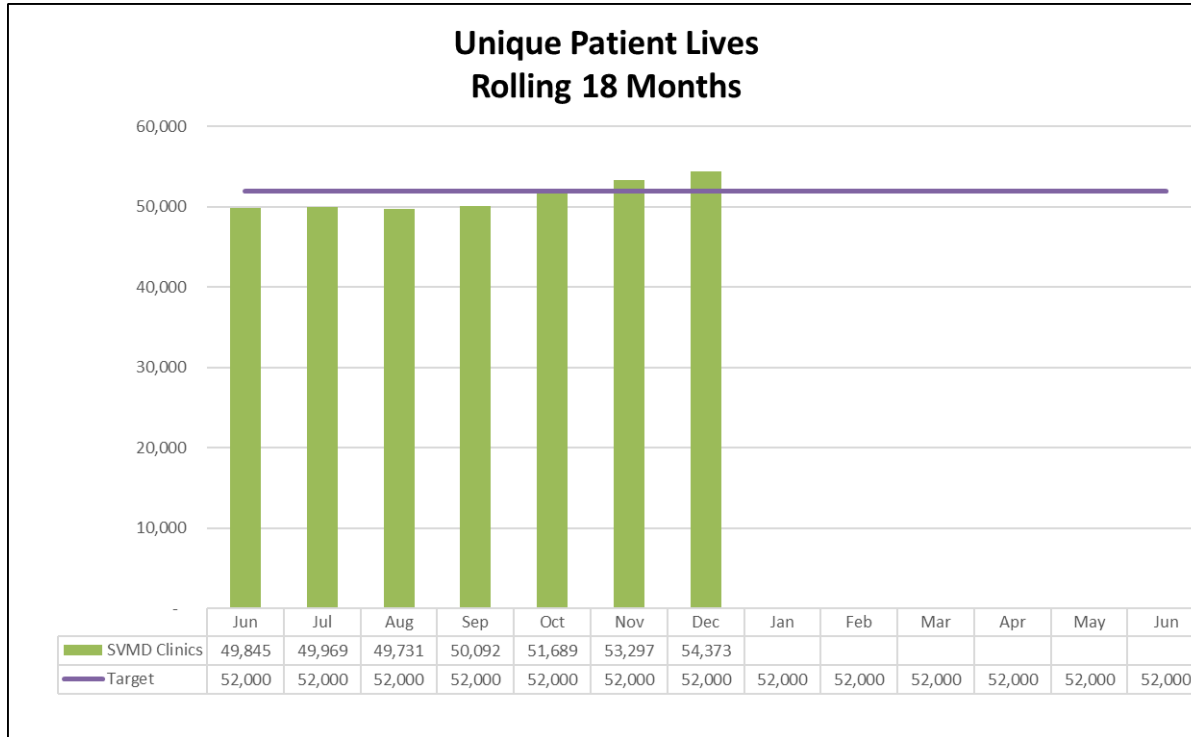
**Days AR Outstanding**



**Percent of Accounts Reviewable Over 90 Days Old**

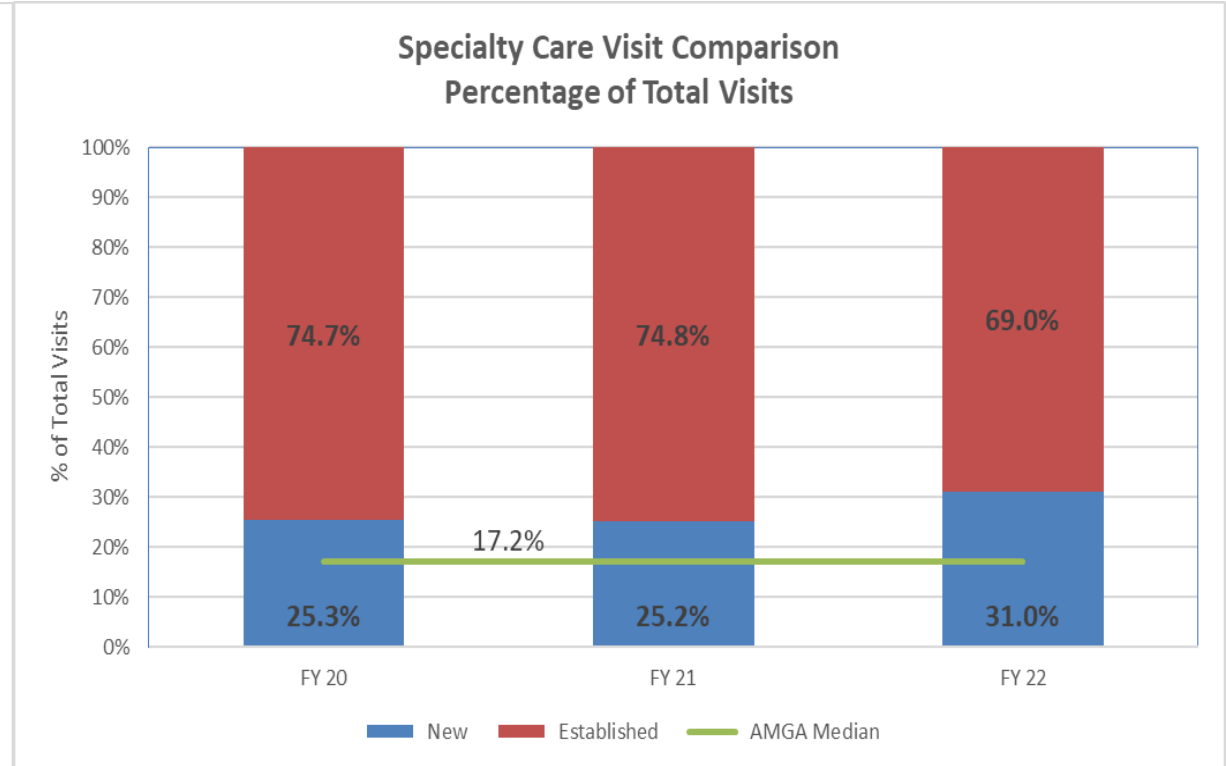
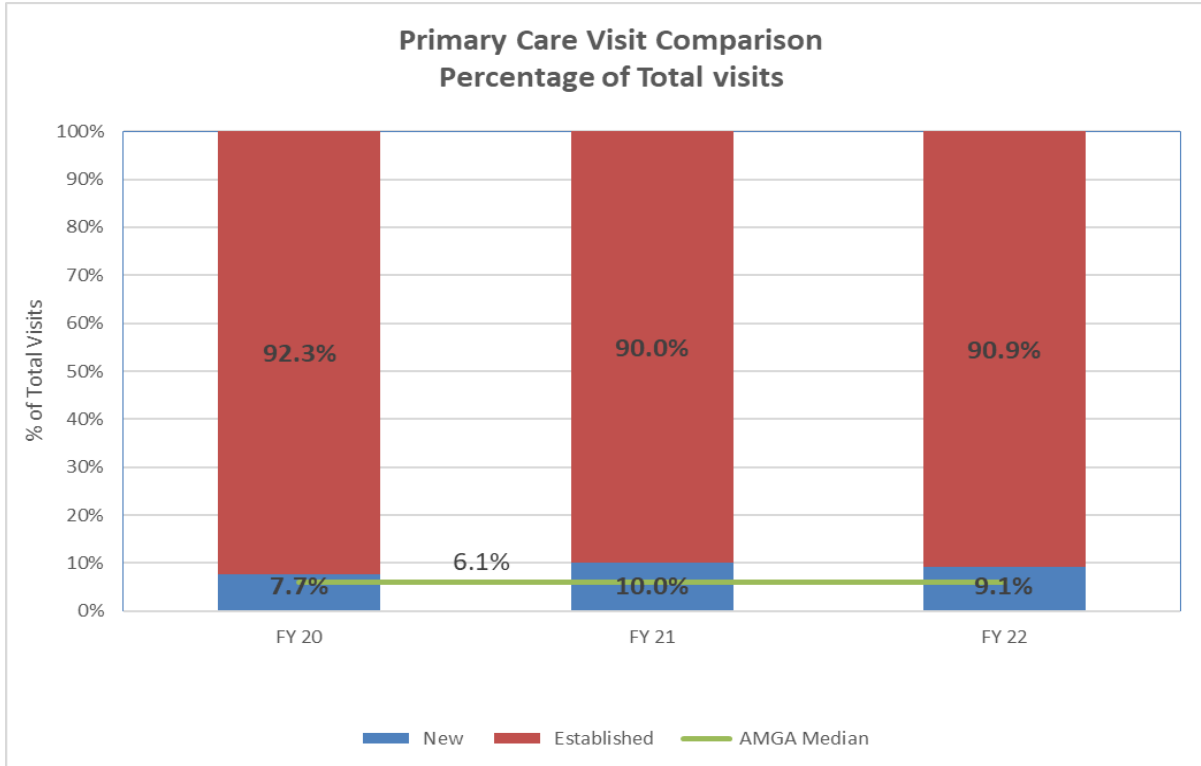


# ECHMN - FY2022 – Leading Metrics – Active Lives



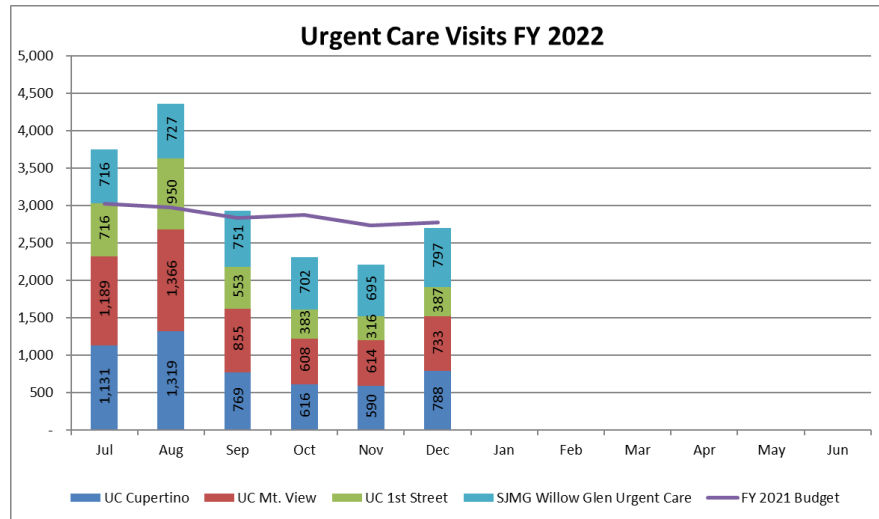
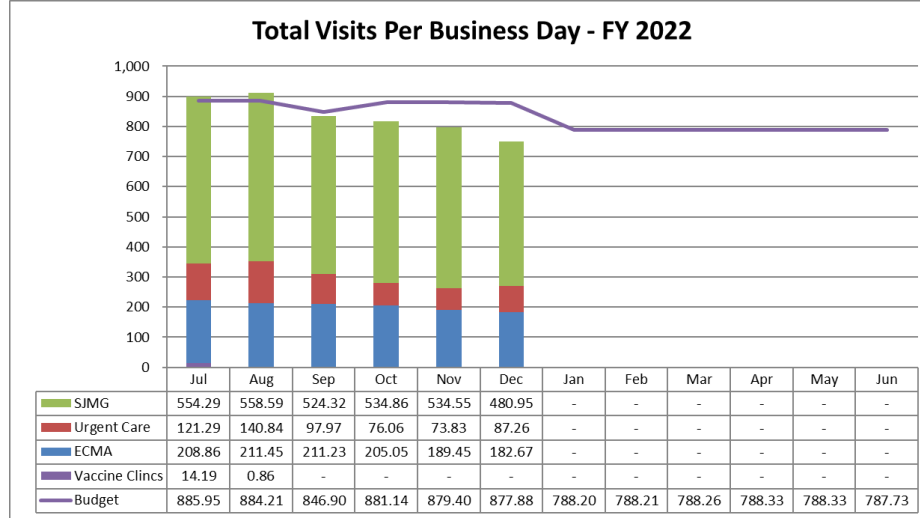
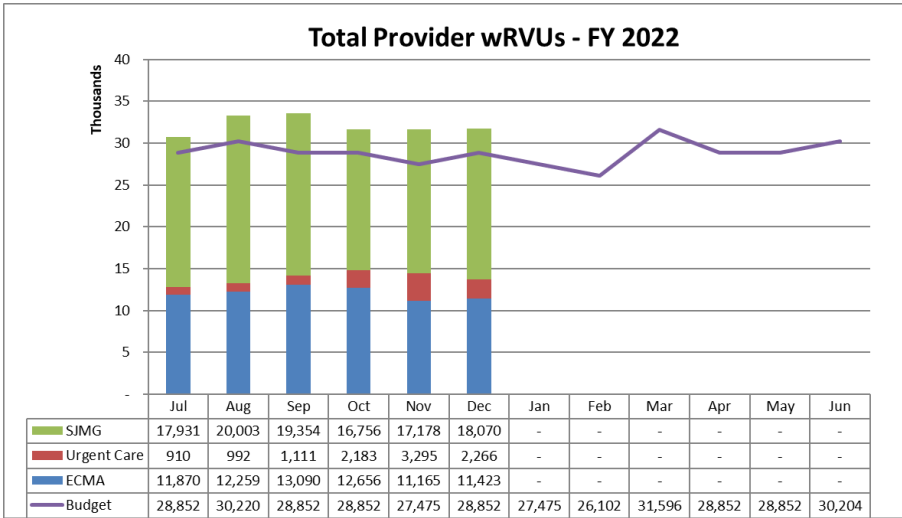
- Unique Patient Lives has increased by 2% compared to prior month.

# ECHMN - New vs Established Patients



- The percentage of New Patient Visit of Specialty Care rose to 31% over the first six months of the new fiscal year.
- New Patient Visit Percentages of both Primary Care and Specialty Care continue to exceed AMGA Benchmark.

# ECHMN FY2022: Leading Metrics - Productivity



- Total visits per business day decreased due to the loss of several OB/GYN providers in Oct & Nov and holidays (Christmas and New Year's Eve).
- Despite the decline in visits per day, wRVUs increased steadily and continues to exceed budget (favorable by 10%).
- Urgent care visits increased by 490 or 22% compared to prior month.



# Q & A

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

**To:** Finance Committee  
**From:** Cheryl Reinking, CNO  
 Ken King, CAO  
**Date:** January 31, 2022  
**Subject:** MV Chemistry Line Replacement Project Request

**Recommendation:**

To approve a capital facilities project budget not to exceed \$2.8 million for the replacement of the Mountain View Lab, Chemistry Line.

**Summary:**

1. **Situation:** The automated chemistry line was relocated from the Old Main Hospital when the lab moved into the New Main Hospital in 2009. The system is now 18 years old and needs to be replaced with updated technology. In order for the lab to continue operations during the replacement, there are seven phases of work to sequence over a three-month duration.
2. **Authority:** Capital Expenditures exceeding \$1 million require the approval of the Finance Committee.
3. **Background:** The Facilities Development Team began working with the Lab leadership and the equipment vendor, Beckman Coulter over a year ago to develop an acceptable plan to replace the aging automated chemistry line. The team prepared detailed plans and specifications, which have been reviewed and approved by the Department of Healthcare Access and Information (HCAi), previously known as OSHPD. The construction scope of work includes wall construction, ceiling modifications, plumbing, electrical, HVAC, equipment anchorage and infection control during all phases of work. The general contractor for this project is FTG Construction, a qualified contractor with experience in our facility.

The cost of the project is as follows:

Equipment from Beckman/Coulter	\$1,039,093
Construction / Reconfiguration / Installation	\$1,068,245
Soft Costs - Design, Permits, Inspections & PM	\$557,427
Proejct Contingency of 5%	\$133,238
Total	\$2,798,003
<b>Rounded</b>	<b>\$2,800,000</b>

4. **Assessment:** The Laboratory Chemistry Automation Line is essential in processing 65% of all Laboratory Tests that are performed in the Core Laboratory. It is critical for supporting throughput in the Emergency Room and Acute Care departments. Ninety percent of all stat tests ordered in the Emergency Room are resulted within one hour. Our current automation Chemistry line allows specimens to be read by barcode, centrifuged, uncapped, analyzed, resulted, recapped and stored to a refrigerated unit. However, the age of the current automation line has been riddled with numerous downtimes, which effects throughput, turnaround time and staffing. The 18-year-old line must be replaced in order to consistently provide lab tests.

MV Chemistry Line Replacement Project Request  
January 31, 2022

The smart technology and total testing management system with the new automation line will add enhancements that include specimen volume/quality checks, a 4-lane track system for higher throughput processing, which will improve turnaround time by 25% and increase testing capacity without increasing labor costs. In addition, the automation line will continue to minimize the need for more Clinical Laboratory Scientist managing chemistry analyzers at a 1:1 ratio. The centralized testing workstation allows the Clinical Laboratory Scientist to manage and result multiple tests from each analyzer on the automation line from one location

5. Other Reviews: The Pathology Department, Laboratory Leadership and Executive Capital Committee have reviewed and support this project request.
6. Outcomes: Upon approval of funding, the initial pre-construction activities will begin and once all materials are in hand the actual replacement phases will begin. The target completion for all phases is mid-May 2022.
7. List of Attachments:  
  
None