



El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2018 – Period 9
7/1/2017 to 3/31/2018

Financial Overview

- **Volume:**
 - For the year, overall volume, measured in adjusted discharges is 5.7% higher than budget.
 - IP cases are 4.0% over budget, specifically Neurosciences, HVI, BHS, Oncology and General Medicine. Deliveries are lower to prior year and 4.2% below budget.
 - OP cases are higher than budget in General Surgery, General Medicine, Lab, Imaging Services, MCH, Rehab, Outpatient Clinics and Urology.
- **Financial Performance:**
 - Operating income is \$4.9M over budget. Revenue for the month include \$205K in unusual items. For the year op margin is \$46.5M ahead of target.
 - Investments had a \$3.2 million loss during the month but for the year, investment earnings remain \$32 million ahead of target.
- **Payor Mix:**
 - Commercial insurance is 3.6% less of the Payor Mix in March than budget where Medicare has increased 2.1%.
- **Cost:**
 - Prod Hrs/APD for March is 30.9 unfavorable vs. target due to lower volume. YTD we are ahead of budget.
- **Balance Sheet:**
 - Net days in AR is 48.1 which is 0.1 days more than budget.

Dashboard - ECH combined as of March 31, 2018

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
Volume								
Licenced Beds	443	443	443	-	443	443	443	-
ADC	259	244	251	(6)	239	244	240	4
Utilization MV	70%	67%	69%	-2%	65%	67%	66%	1%
Utilization LG	34%	31%	30%	1%	30%	30%	29%	1%
Utilization Combined	58%	55%	57%	-1%	54%	55%	54%	1%
Total Discharges (Excl NNB)	1,727	1,755	1,706	49	14,659	15,394	14,803	591
Financial Perf.								
Total Operating Revenue	75,169	82,224	73,641	8,583	628,926	692,328	641,138	51,189
Operating Income \$	8,704	11,398	6,416	4,982	74,932	106,040	59,554	46,487
Operating Margin	11.6%	13.9%	8.7%	5.1%	11.9%	15.3%	9.3%	6.0%
EBITDA %	17.2%	19.8%	15.7%	4.1%	18.3%	21.3%	16.4%	4.9%
Payor Mix								
Medicare	48.9%	49.5%	47.4%	2.1%	47.7%	47.4%	47.4%	0.0%
Medi-Cal	6.8%	7.5%	7.2%	0.3%	7.3%	7.8%	7.2%	0.6%
Total Commercial	41.5%	39.3%	42.9%	-3.6%	42.5%	42.2%	42.9%	-0.7%
Other	2.8%	3.7%	2.5%	1.2%	2.5%	2.5%	2.5%	0.0%
Cost								
Total FTE	2,549.6	2,605.8	2,569.9	36	2,491.7	2,579.9	2,528.1	52
Productive Hrs/APD	29.4	30.9	29.9	1	30.2	30.0	30.5	(0)
Balance Sheet								
Net Days in AR	44.8	48.1	48.0	0	44.8	48.1	48.0	0
Days Cash	444	481	266	215	444	481	266	215
Affiliates - Net Income (\$'000s)								
Hosp	18,926	9,771	6,641	3,130	114,328	149,758	61,581	88,177
Concern	51	141	87	54	1,054	1,006	1,059	(53)
ECSC	(12)	(19)	0	(19)	(72)	(41)	0	(41)
Foundation	43	5	99	(94)	2,089	1,520	549	971
SVMD	(43)	628	6	622	118	346	47	299

Budget Variances

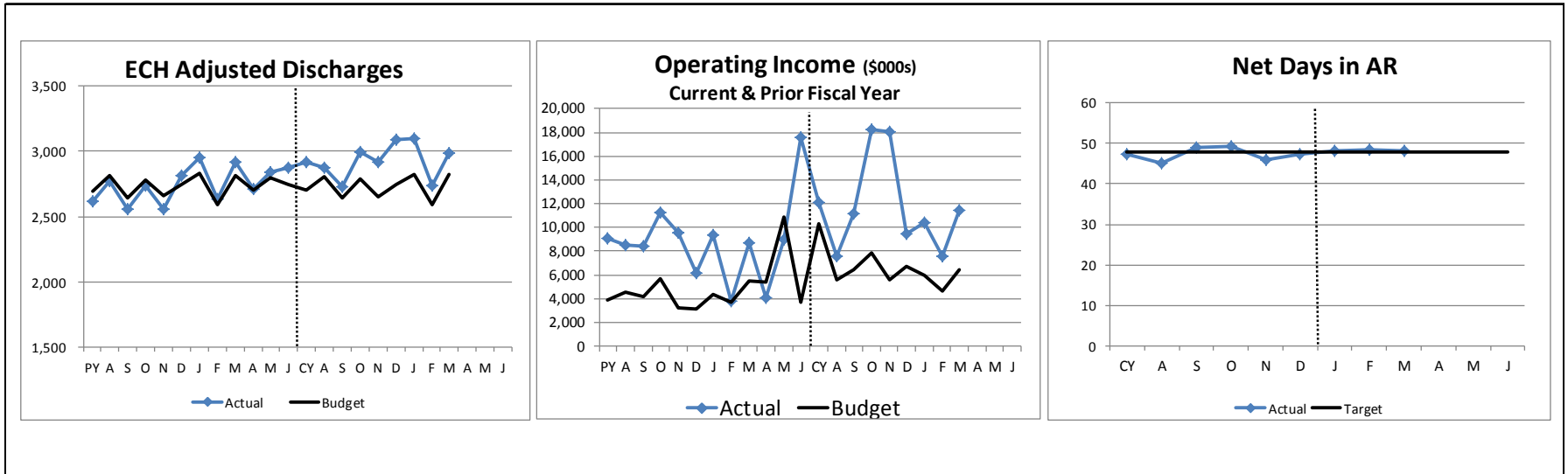
Fiscal Year 2018 YTD (7/1/2017-03/31/2018) Waterfall		
(in thousands; \$000s)	Year to Date (YTD)	
	Net Income Impact	% Net Revenue
Budgeted Hospital Operations FY2018	59,554	9.3%
Net Revenue - Favorable due higher volume, revenue cycle operations and \$11 million unusual items	51,189	7.4%
Labor and Benefit Expense Change - Labor favorable vs budget after adjusting for higher volume	(2,585)	-0.4%
Professional Fees & Purchased Services -Recruiting costs and backfill for vacant position;	(4,503)	-0.7%
Supplies - unfavorable due to increase in surgical and other general supplies, offset by savings in Spine supplies as well as Drugs. Higher volumes also driving increase.	(3,309)	-0.5%
Other Expenses - primarily due strategic fund expenses not spent	1,291	0.2%
Depreciation & Interest - Favorable due to delay in Parking Structure as well as LG projects	4,403	0.6%
Actual Hospital Operations FY2018	106,040	15.3%

El Camino Hospital (\$000s)

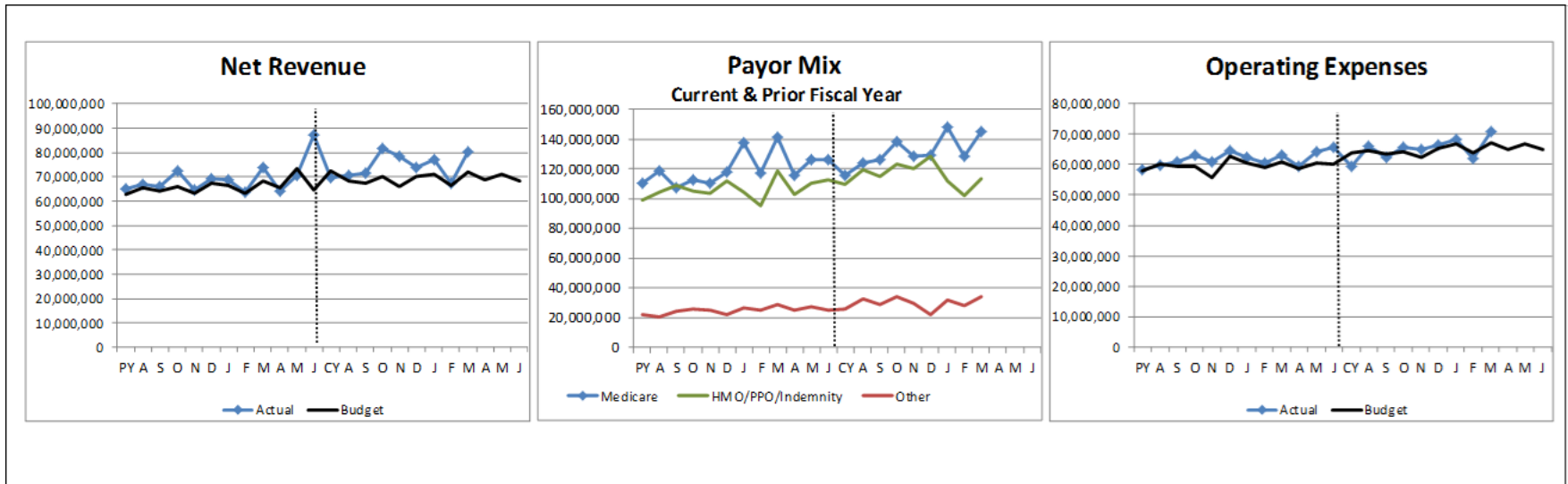
9 months ending 03/31/2018

Period 9 FY 2017	Period 9 FY 2018	Period 9 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
289,052	292,898	278,293	14,605	5.2%	OPERATING REVENUE					
(215,465)	(212,815)	(206,530)	(6,285)	1.0%	Gross Revenue	2,246,502	2,494,405	2,390,801	103,604	4.3%
73,587	80,083	71,763	8,320	11.6%	Deductions	(1,636,389)	(1,824,147)	(1,767,195)	(56,952)	3.2%
1,582	2,141	1,878	263	14.0%	Net Patient Revenue	610,114	670,258	623,606	46,652	7.5%
75,169	82,224	73,641	8,583	11.7%	Other Operating Revenue	18,813	22,069	17,532	4,537	25.9%
					Total Operating Revenue	628,926	692,328	641,138	51,189	8.0%
					OPERATING EXPENSE					
37,957	41,202	40,866	(336)	-0.8%	Salaries & Wages	334,058	353,569	350,984	(2,585)	-0.7%
11,651	12,219	10,766	(1,452)	-13.5%	Supplies	86,784	94,953	91,644	(3,309)	-3.6%
10,395	10,327	7,981	(2,346)	-29.4%	Fees & Purchased Services	72,539	75,972	71,469	(4,503)	-6.3%
2,256	2,188	2,466	278	11.3%	Other Operating Expense	20,753	20,629	21,920	1,291	5.9%
265	691	725	35	4.8%	Interest	3,688	4,293	6,529	2,236	34.2%
3,941	4,201	4,421	220	5.0%	Depreciation	36,172	36,871	39,039	2,167	5.6%
66,465	70,827	67,226	(3,601)	-5.4%	Total Operating Expense	553,994	586,287	581,585	(4,703)	-0.8%
8,704	11,398	6,416	4,982	77.7%	Net Operating Income/(Loss)	74,932	106,040	59,554	46,487	78.1%
10,223	(1,626)	225	(1,852)	-821.9%	Non Operating Income	39,395	43,718	2,028	41,690	2056.1%
18,926	9,771	6,641	3,130	47.1%	Net Income(Loss)	114,328	149,758	61,581	88,177	143.2%
17.2%	19.8%	15.7%	4.1%		EBITDA	18.3%	21.3%	16.4%	4.9%	
11.6%	13.9%	8.7%	5.1%		Operating Margin	11.9%	15.3%	9.3%	6.0%	
25.2%	11.9%	9.0%	2.9%		Net Margin	18.2%	21.6%	9.6%	12.0%	

Monthly Financial Trends

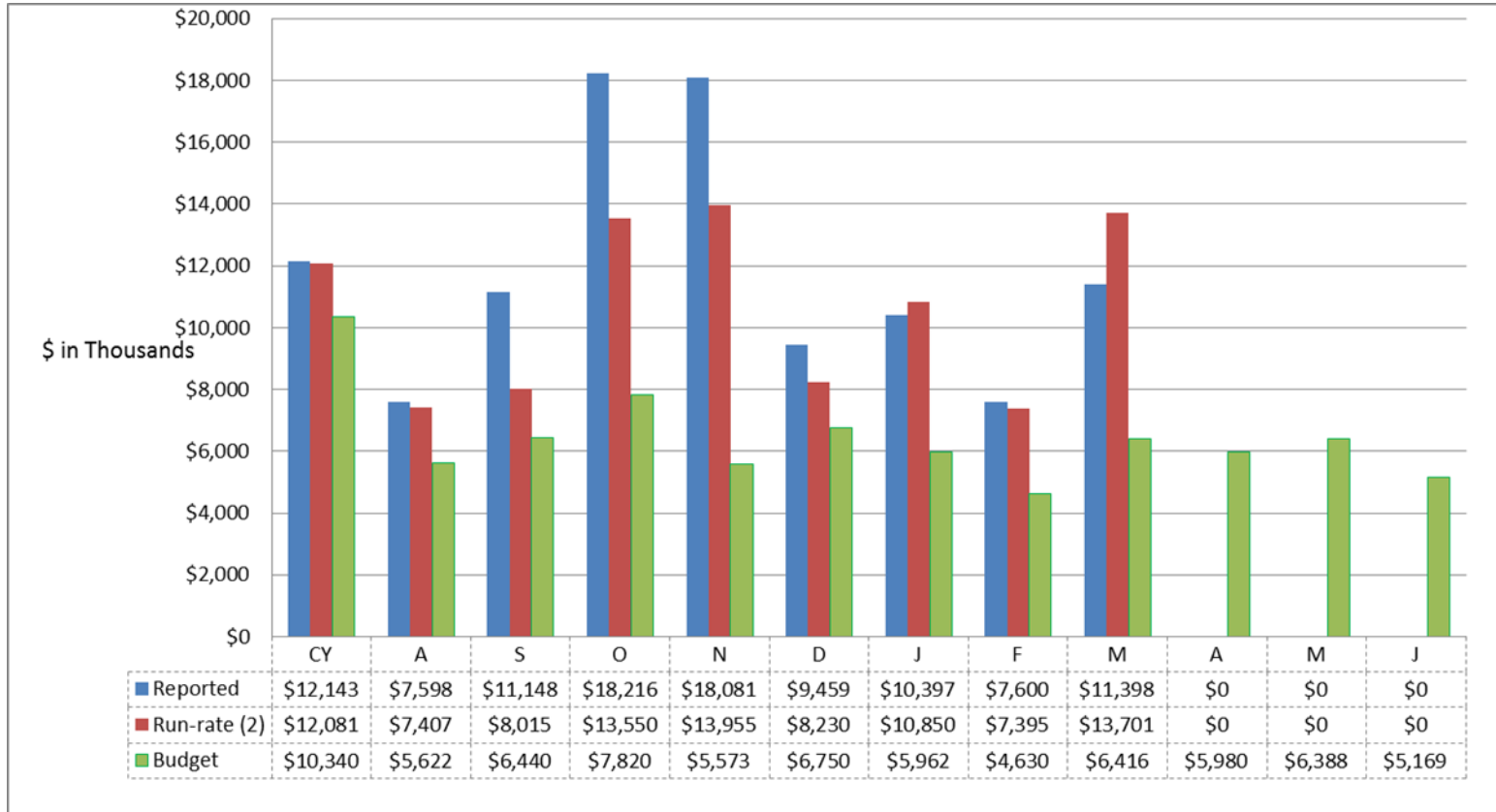


Volume is higher than budget for the month and the year. High inpatient volume is in Inpatient Behavioral Health, HVI, Neurosciences and General Medicine. High Outpatient volume is General Medicine, Imaging Services, MCH, Lab, Outpatient Clinics, General Surgery and Rehab.



ECH Operating Margin

Run rate is booked operating income adjusted for material non-recurring transactions



FY 2018 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>

Revenue Adjustments	J	A	S	O	N	D	J	F	M	YTD
Insurance (Payment Variance)	-	-	-	611	-	669	28	-	603	1,912
Mcare Settlmt/Appeal/Tent Settlmt/PIP	54	155	905	54	184	81	396	92	92	2,379
AB 915	-	-	-	-	-	-	-	103	926	1,029
Hospital Fee	-	-	-	712	1,024	-	-	-	-	1,736
PRIME Incentive	-	-	-	-	2,902	-	-	-	-	2,902
Credit Balance Quarterly Review	-	-	2,201	-	-	472	-	-	(789)	1,884
Late Charge Accrual	-	-	-	3,283	-	-	-	-	(3,152)	131
Various Adjustments under \$250k	9	36	27	6	16	8	(878)	10	17	(749)
Total	63	191	3,134	4,667	4,126	1,229	(453)	205	(2,303)	11,223

El Camino Hospital Investment Committee Scorecard March 31, 2018

Key Performance Indicator	Status	1Q 2018		Fiscal Year-to-date		5y 5m Since Inception (annualized)		FY18	Expectation
		El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	Year-end Budget	Per Asset Allocation
Investment Performance									
		1Q 2018		Fiscal Year-to-date		5y 5m Since Inception (annualized)			2018
Surplus cash balance*		\$875.2	--	--	--	--	--	\$926.1	--
Surplus cash return	█	0.1%	-0.6%	5.5%	4.9%	5.7%	5.5%	1.9%	5.3%
Cash balance plan balance (millions)		\$260.0	--	--	--	--	--	\$257.1	--
Cash balance plan return	█	0.4%	-0.7%	6.7%	6.0%	8.1%	7.4%	6.0%	5.7%
403(b) plan balance (millions)		\$455.1	--	--	--	--	--	--	--
Risk vs. Return									
		3-year		Fiscal Year-to-date		5y 5m Since Inception (annualized)			2018
Surplus cash Sharpe ratio	█	0.93	0.91	--	--	1.29	1.26	--	0.43
Net of fee return	█	4.9%	4.7%	--	--	5.7%	5.5%	--	5.3%
Standard deviation	█	4.8%	4.7%	--	--	4.1%	4.1%	--	6.7%
Cash balance Sharpe ratio	█	0.95	0.92	--	--	1.39	1.32	--	0.40
Net of fee return	█	6.0%	5.6%	--	--	8.1%	7.4%	--	5.7%
Standard deviation	█	5.9%	5.6%	--	--	5.5%	5.3%	--	8.1%
Asset Allocation									
		1Q 2018		Fiscal Year-to-date		5y 5m Since Inception (annualized)			2018
Surplus cash absolute variances to target	█	6.4%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target	█	4.9%	< 10%	--	--	--	--	--	--
Manager Compliance									
		1Q 2018		Fiscal Year-to-date		5y 5m Since Inception (annualized)			2018
Surplus cash manager flags	█	29	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags	█	32	< 27 Green < 34 Yellow	--	--	--	--	--	--

*Excludes debt reserve funds (~\$223 mm), District assets (~\$33 mm), and balance sheet cash not in investable portfolio (~\$133 mm). Includes Foundation (~\$26 mm) and Concern (~\$13 mm) assets. Budget adds back in current Foundation and Concern assets and backs out current debt reserve funds.



El Camino Hospital

Capital Spending (in millions)

Category	Detail	Approved	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	2018 Current Proj Spend	FY18 Orig Proj Spend	Variance Between Current		FY 18 YTD Spent
								Proj Spend	Orig Proj Spend	
CIP	EPIC Upgrade			1.9	1.0	1.9	1.9	0.0		1.0
	IT Hardware, Software, Equipment & Imaging*			12.2	1.0	12.2	12.2	0.0		1.0
	Medical & Non Medical Equipment FY 17**			14.0	12.9	8.6	0.0	8.6 ²		7.5
	Medical & Non Medical Equipment FY 18***			5.6	3.8	5.6	5.6	0.0		3.8
	Facility Projects									
	1245 Behavioral Health Bldg	FY16	96.1	96.1	35.4	27.0	51.4	-24.4 ¹		17.8
	1413 North Drive Parking Expansion	FY15	24.5	24.5	23.8	2.6	3.4	-0.8		4.1
	1414 Integrated MOB	FY15	302.1	302.1	88.5	72.0	130.1	-58.1 ¹		42.6
	1422 CUP Upgrade	FY16	9.0	9.0	5.7	5.5	4.0	1.5		3.4
	1430 Women's Hospital Expansion	FY16	120.0	6.0	2.8	3.6	7.0	-3.4		2.4
	1425 IMOB Preparation Project - Old Main	FY16	20.0	0.0	2.7	0.0	0.0	0.0		0.1
	1502 Cabling & Wireless Upgrades	FY16	0.0	0.0	2.5	0.0	0.0	0.0		0.1
	1525 New Main Lab Upgrades		3.1	3.1	2.2	2.5	0.0	2.5		1.7
	1515 ED Remodel Triage/Psych Observation	FY16	5.0	0.3	0.0	0.4	0.0	0.4		0.0
	1503 Willow Pavilion Tomosynthesis	FY16	0.8	0.0	0.3	0.0	0.0	0.0		0.0
	1602 JW House (Patient Family Residence)		6.5	0.5	0.1	0.5	0.5	0.0		0.1
	Site Signage and Other Improvements		1.0	0.0	0.0	0.3	1.0	-0.8		0.0
	Nurse Call System Upgrades		2.4	0.0	0.0	0.1	0.0	0.1		0.0
	1707 Imaging Equipment Replacement (5 or 6 rooms)		20.7	0.0	0.0	0.3	0.1	0.2		0.0
	1708 IR/ Cath Lab Equipment Replacement		19.4	0.0	0.0	0.3	2.0	-1.8		0.0
	Flooring Replacement		1.6	0.3	0.0	0.4	0.0	0.4		0.0
	1219 LG Spine OR	FY13	0.0	0.0	3.7	0.0	0.0	0.0		0.3
	1313 LG Rehab HVAC System & Structural	FY16	0.0	0.0	4.1	0.0	0.0	0.0		0.4
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	8.8	8.8	8.1	0.6	0.7	-0.1		0.7
	1307 LG Upgrades	FY13	19.3	19.3	17.0	4.9	5.0	-0.1		3.1
	1508 LG NICU 4 Bed Expansion	FY16	0.0	0.0	0.0	0.0	0.0	0.0		0.0
	1507 LG IR Upgrades		1.3	0.0	0.0	0.0	0.0	0.0		0.0
	1603 LG MOB Improvements (17)		5.0	5.0	4.4	3.5	3.5	0.0		4.2
	1711 Emergency Sanitary & Water Storage		1.4	0.3	0.1	0.2	3.2	-3.0		0.1
	LG Modular MRI & Awning		3.9	3.9	0.0	0.4	0.0	0.4		0.0
	LG Nurse Call System Upgrade		2.8	0.0	0.0	0.0	0.0	0.0		0.0
	LG Observation Unit (Conversion of ICU 2)		1.8	0.0	0.0	0.8	0.0	0.8		0.0
	1712 LG Cancer Center		2.4	0.3	0.1	0.4	0.0	0.4		0.1
	All Other Projects under \$1M		5.6	0.4	45.1	1.8	0.0	1.8		3.4
	GRAND TOTAL		684.4	479.6	246.6	128.0	211.9	-83.9		84.6

* Excluding EPIC

** Unspent Prior Year routine used as contingency

*** Includes 2 robot purchases

¹ Variance due to delay in MV campus plan

² Initial assumption was to spend all FY17 in FY17

Balance Sheet (in thousands)

ASSETS		Audited		LIABILITIES AND FUND BALANCE		Audited	
	March 31, 2018	June 30, 2017		March 31, 2018	June 30, 2017		
CURRENT ASSETS				CURRENT LIABILITIES			
Cash	133,219	125,551	(7) Accounts Payable	24,344	38,457		
Short Term Investments	140,491	140,284	(8) Salaries and Related Liabilities	16,618	25,109		
Patient Accounts Receivable, net	120,025	109,089	Accrued PTO	24,148	23,409		
Other Accounts and Notes Receivable	2,809	2,628	Worker's Comp Reserve	2,300	2,300		
Intercompany Receivables	1,324	1,495	Third Party Settlements	9,388	10,438		
(1) Inventories and Prepaids	54,533	50,657	Intercompany Payables	73	84		
Total Current Assets	452,400	429,705	Malpractice Reserves	1,634	1,634		
			Bonds Payable - Current	3,850	3,735		
BOARD DESIGNATED ASSETS			(9) Bond Interest Payable	5,059	11,245		
(2) Plant & Equipment Fund	148,343	131,153	Other Liabilities	7,660	4,889		
Women's Hospital Expansion	9,298	9,298	Total Current Liabilities	95,074	121,299		
(3) Operational Reserve Fund	127,908	100,196					
(4) Community Benefit Fund	18,299	12,237	LONG TERM LIABILITIES				
Workers Compensation Reserve Fund	21,352	20,007	Post Retirement Benefits	19,632	19,218		
Postretirement Health/Life Reserve Fund	19,632	19,218	Worker's Comp Reserve	19,052	17,707		
PTO Liability Fund	24,148	23,409	Other L/T Obligation (Asbestos)	3,831	3,746		
Malpractice Reserve Fund	1,634	1,634	Other L/T Liabilities (IT/Medl Leases)	-	-		
Catastrophic Reserves Fund	17,792	16,575	Bond Payable	521,971	527,371		
Total Board Designated Assets	388,406	333,727	Total Long Term Liabilities	564,485	568,042		
(5) FUNDS HELD BY TRUSTEE	222,181	287,052					
LONG TERM INVESTMENTS	301,597	256,652	DEFERRED REVENUE-UNRESTRICTED	517	567		
INVESTMENTS IN AFFILIATES	32,895	32,451	DEFERRED INFLOW OF RESOURCES	10,666	10,666		
PROPERTY AND EQUIPMENT			FUND BALANCE/CAPITAL ACCOUNTS				
(6) Fixed Assets at Cost	1,253,052	1,192,047	Unrestricted	1,222,860	1,132,525		
Less: Accumulated Depreciation	(565,353)	(531,785)	Board Designated	388,406	333,726		
Construction in Progress	168,319	138,017	Restricted	0	0		
Property, Plant & Equipment - Net	856,018	798,279	(10) Total Fund Bal & Capital Accts	1,611,266	1,466,251		
DEFERRED OUTFLOWS	28,510	28,960	TOTAL LIABILITIES AND FUND BALANCE	2,282,008	2,166,825		
RESTRICTED ASSETS - CASH	0	0					
TOTAL ASSETS	2,282,008	2,166,825					

MARCH 2018 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The increase is due to two quarterly pension fundings of \$2.6M in October and January.
- (2) The increase is due to 9 months of funded depreciation contributions (130% of straight depreciation expense. Note this amount also contains \$14M reserved for BHS replacement building currently under construction, in conjunction with bond proceeds, item (5).
- (3) The increase here is to reset the Operational Reserve (to cover 60 days of operating expenses) for FY2018. The prior year balance hadn't been reset in a couple of years.
- (4) The increase is due to an approved addition of \$5 million to the Community Benefit Board Designated Endowment as an outcome of the FY2018 budget process to generate additional investment income for the Community Benefits program.
- (5) The decrease is due to additional draws from the 2017 bond financing Project Funds in support of monthly payments to contractors involved with the construction projects at the Mountain View campus. As these projects are now in full progress greater amounts will be withdrawn in future periods.
- (6) The increase is due to the capitalization of the Parking Structure expansion in August and CT upgrades at LG in September.
- (7) The decrease is due to the significant General Contractor construction payments being accrued at year end, along with associated retentions and other general accounts payable activity that were subsequently relieved in this first quarter of fiscal year 2018.
- (8) This decrease is primarily due to the annual 403B match funding that occurred in January
- (9) The significant decrease is due to semi-annual 2015A and 2017 Bond interest payments having been paid in January.
- (10) The increase is attributable to the first nine periods of financial performance producing an operating income of \$106 million and non-operating of \$44 million (mostly from unrealized gains on investments).

Hospital entity only, excludes controlled affiliates

(1) MOUNTAIN VIEW | LOS GATOS

EL CAMINO HOSPITAL - BOARD DESIGNATED FUND DESCRIPTIONS/HISTORY (1 OF 2)

- **Plant & Equipment Fund** – original established by the District Board in the early 1960’s to fund new capital expansion projects of building facilities or equipment (new or replacements). The funds came from the M&O property taxes being received and the funding depreciation expense at 100%. When at the end of 1992, the 501(c)(3) Hospital was performed by the District, the property tax receipts remained with the District. The newly formed Hospital entity continued on with funding depreciation expense, but did that funding at 130% of the depreciation expense to account for an expected replacement cost of current plant and property assets. It is to be noted that within this fund is an itemized amount of \$14 million for the Behavioral Health Service building replacement project. This amount came from the District’s Capital Appropriation Fund (excess Gann Limit property taxes) of the fiscal years of 2010 thru 2013 by various District board actions.
- **Women’s Hospital Expansion** – established June 2016 by the District authorizing the amounts accumulated in its Capital Appropriation Fund (excess Gann Limit property taxes) for the fiscal years of 2014 and 2015 to be allocated for the renovation of the Women’s Hospital upon the completion of Integrated Medical Office Building currently under construction.
- **Operational Reserve Fund** – originally established by the District in May 1992 to establish a fund equal to sixty (60) days of operational expenses (based on projected budget) and only be used in the event of a major business interruption event and/or cash flow.
- **Community Benefit Fund** – following in the footsteps of the District in 2008 of forming its Community Benefit Fund using Gann Limit tax receipts, the Hospital in 2010 after opening its campus outside of District boundaries in Los Gatos formed its own Community Benefit Fund to provide grants/sponsorships in Los Gatos and surrounding areas. The funds come from the Hospital reserving \$1.5M a year from its operations, the entity of CONCERN contributing 40% of its annual income each year (an amount it would have paid in corporate taxes if it wasn’t granted tax exempt status), that generates an amount of \$800,000 or more a year. \$15 million within this fund is a board designated endowment fund formed in 2015 with a \$10 million contribution, and added to at the end of the 2017 fiscal year end with another \$5 million contribution, to generate investment income to be used for grants and sponsorships, currently anticipated to generate \$500,000 a year in investment income for the program.

EL CAMINO HOSPITAL - BOARD DESIGNATED FUND DESCRIPTIONS/HISTORY (2 OF 2)

- **Workers Compensation Reserve Fund** – as the Hospital is self-insured for its workers compensation program (since 1978) this fund was originally formed in early 2000's by management to reserve cash equal to the yearly actuarially determined Workers Compensation amount. The thought being if the business was to terminate for some reason this is the amount in cash that would be needed to pay out claims over the next few years.
- **Postretirement Health/Life Reserve Fund** – following the same formula as the Workers Compensation Reserve Fund this fund was formed in the early 2000's by management to reserve cash equal to the yearly actuarially determined amount to fund the Hospital's postretirement health and life insurance program. Note this program was frozen in 1995 for all new hires after that date.
- **PTO (Paid Time Off) Liability Fund** – originally formed in 1993 as the new 501(c)(3) Hospital began operations, management thought as a business requirement of this vested benefit program that monies should be set aside to extinguish this employee liability should such a circumstance arise. This balance is equal to the PTO Liability on the Balance Sheet.
- **Malpractice Reserve Fund** – originally established in 1989 by the then District's Finance Committee and continued by the Hospital. The amount is actuarially determined each year as part of the annual audit to fund potential claims less than \$50,000. Above \$50,000 our policy with the BETA Healthcare Group kicks in to a \$30 million limit per claim/\$40 million in the aggregate.
- **Catastrophic Loss Fund** – was established in 1999 by the Hospital Board to be a "self-insurance" reserve fund for potential non-major earthquake repairs. Initially funded by the District transferring \$5 million and has been added to by the last major payment from FEMA for the damage caused the Hospital by the October 1989 earthquake. It is to be noted that it took 10 years to receive final settlement from FEMA grants that totaled \$6.8 million that did mostly cover all the necessary repairs.

APPENDIX

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

9 months ending 03/31/2018

Period 9 FY 2017	Period 9 FY 2018	Period 9 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
232,871	242,772	228,787	13,985	6.1%	Gross Revenue	1,839,138	2,047,101	1,963,775	83,326	4.2%
(172,563)	(175,442)	(170,577)	(4,865)	2.9%	Deductions	(1,337,120)	(1,493,958)	(1,457,075)	(36,883)	2.5%
60,309	67,330	58,210	9,121	15.7%	Net Patient Revenue	502,018	553,143	506,700	46,444	9.2%
1,407	1,924	1,663	261	15.7%	Other Operating Revenue	17,311	20,476	15,606	4,870	31.2%
61,716	69,255	59,873	9,382	15.7%	Total Operating Revenue	519,330	573,619	522,306	51,314	9.8%
OPERATING EXPENSE										
31,187	34,332	34,198	(134)	-0.4%	Salaries & Wages	277,388	294,343	293,769	(573)	-0.2%
9,167	10,219	8,681	(1,538)	-17.7%	Supplies	70,273	77,010	73,840	(3,170)	-4.3%
8,979	9,082	6,677	(2,405)	-36.0%	Fees & Purchased Services *	60,278	63,993	59,942	(4,050)	-6.8%
651	664	933	269	28.9%	Other Operating Expense	6,241	6,556	7,927	1,371	17.3%
265	691	725	35	4.8%	Interest	3,688	4,293	6,529	2,236	34.2%
3,454	3,512	3,662	150	4.1%	Depreciation	31,520	31,463	32,437	974	3.0%
53,703	58,500	54,877	(3,623)	-6.6%	Total Operating Expense	449,388	477,658	474,445	(3,213)	-0.7%
8,012	10,754	4,996	5,758	115.3%	Net Operating Income/(Loss)	69,942	95,961	47,860	48,101	100.5%
10,223	(1,626)	225	(1,852)	-821.9%	Non Operating Income	39,406	43,762	2,028	41,735	2058.3%
18,235	9,128	5,221	3,907	74.8%	Net Income(Loss)	109,348	139,724	49,888	89,836	180.1%
19.0%	21.6%	15.7%	5.9%		EBITDA	20.2%	23.0%	16.6%	6.3%	
13.0%	15.5%	8.3%	7.2%		Operating Margin	13.5%	16.7%	9.2%	7.6%	
29.5%	13.2%	8.7%	4.5%		Net Margin	21.1%	24.4%	9.6%	14.8%	

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

9 months ending 03/31/2018

Period 9 FY 2017	Period 9 FY 2018	Period 9 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
56,181	50,126	49,507	619	1.3%	Gross Revenue	407,364	447,304	427,026	20,278	4.7%
(42,903)	(37,373)	(35,953)	(1,420)	3.9%	Deductions	(299,269)	(330,189)	(310,120)	(20,069)	6.5%
13,278	12,753	13,553	(801)	-5.9%	Net Patient Revenue	108,095	117,115	116,906	209	0.2%
175	217	215	2	0.9%	Other Operating Revenue	1,501	1,593	1,926	(333)	-17.3%
13,453	12,970	13,768	(799)	-5.8%	Total Operating Revenue	109,596	118,708	118,833	(124)	-0.1%
					OPERATING EXPENSE					
6,769	6,870	6,668	(202)	-3.0%	Salaries & Wages	56,670	59,226	57,214	(2,012)	-3.5%
2,484	1,999	2,085	86	4.1%	Supplies	16,511	17,943	17,804	(139)	-0.8%
1,416	1,245	1,304	59	4.6%	Fees & Purchased Services *	12,261	11,979	11,527	(452)	-3.9%
1,605	1,524	1,533	9	0.6%	Other Operating Expense	14,512	14,073	13,993	(80)	-0.6%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
487	689	759	70	9.2%	Depreciation	4,652	5,408	6,602	1,194	18.1%
12,762	12,326	12,349	22	0.2%	Total Operating Expense	104,606	108,629	107,139	(1,490)	-1.4%
692	643	1,420	(776)	-54.7%	Net Operating Income/(Loss)	4,991	10,079	11,694	(1,614)	-13.8%
0	0	0	0	0.0%	Non Operating Income	(10)	(45)	0	(45)	0.0%
692	643	1,420	(776)	-54.7%	Net Income (Loss)	4,980	10,035	11,694	(1,659)	-14.2%
					EBITDA	8.8%	13.0%	15.4%	-2.3%	
					Operating Margin	4.6%	8.5%	9.8%	-1.3%	
					Net Margin	4.5%	8.5%	9.8%	-1.4%	
8.8%	10.3%	15.8%	-5.6%							
5.1%	5.0%	10.3%	-5.4%							
5.1%	5.0%	10.3%	-5.4%							

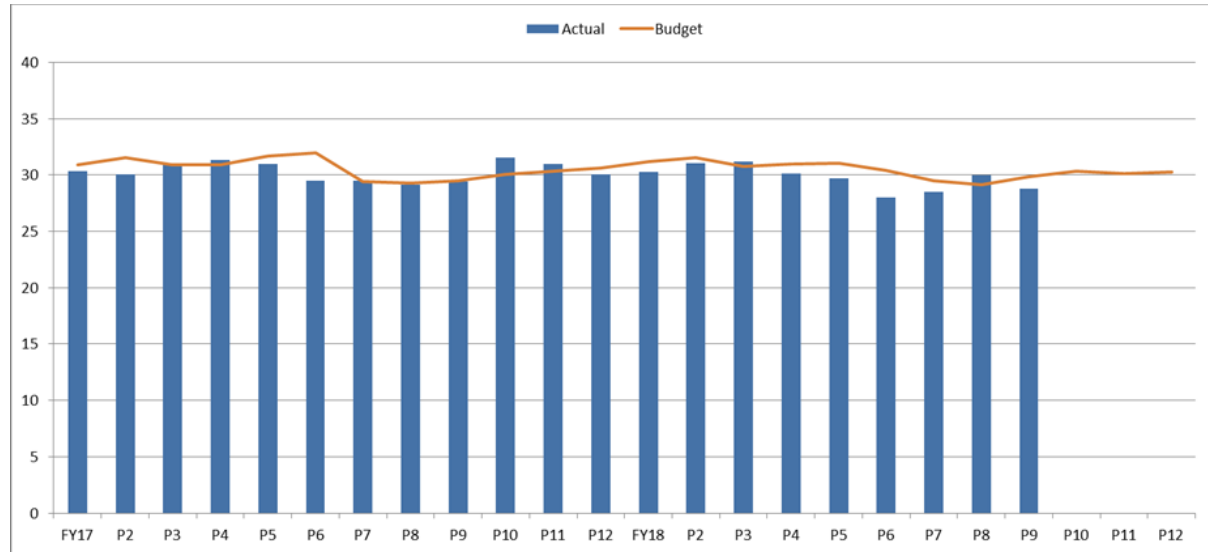
Non Operating Items and Net Income by Affiliate

\$ in thousands

	Period 9 - Month			Period 9 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	10,754	4,996	5,758	95,961	47,860	48,101
Los Gatos	643	1,420	(776)	10,079	11,694	(1,614)
Sub Total - El Camino Hospital, excl. Affiliates	11,398	6,416	4,982	106,040	59,554	46,487
Operating Margin %	13.9%	8.7%		15.3%	9.3%	
El Camino Hospital Non Operating Income						
Investments	(3,165)	1,516	(4,681)	45,549	13,640	31,910
Swap Adjustments	(221)	0	(221)	1,550	0	1,550
Community Benefit	(613)	(283)	(330)	(3,063)	(2,550)	(513)
Pathways	(1,136)	42	(1,177)	(210)	375	(585)
Satellite Dialysis	(40)	(35)	(4)	(190)	(319)	129
Community Connect	0	(141)	141	0	(1,265)	1,265
SVMD Funding	(416)	(448)	33	(1,365)	(4,035)	2,670
Premier Investment	4,234	0	4,234	4,528	0	4,528
Other	(270)	(424)	155	(3,082)	(3,819)	737
Sub Total - Non Operating Income	(1,626)	225	(1,852)	43,718	2,028	41,690
El Camino Hospital Net Income (Loss)	9,771	6,641	3,130	149,758	61,581	88,177
ECH Net Margin %	11.9%	9.0%		21.6%	9.6%	
Concern	141	87	54	1,006	1,059	(53)
ECSC	(19)	0	(19)	(41)	0	(41)
Foundation	5	99	(94)	1,520	549	971
Silicon Valley Medical Development	628	6	622	346	47	299
Net Income Hospital Affiliates	754	191	563	2,831	1,655	1,176
Total Net Income Hospital & Affiliates	10,526	6,832	3,693	152,590	63,236	89,353

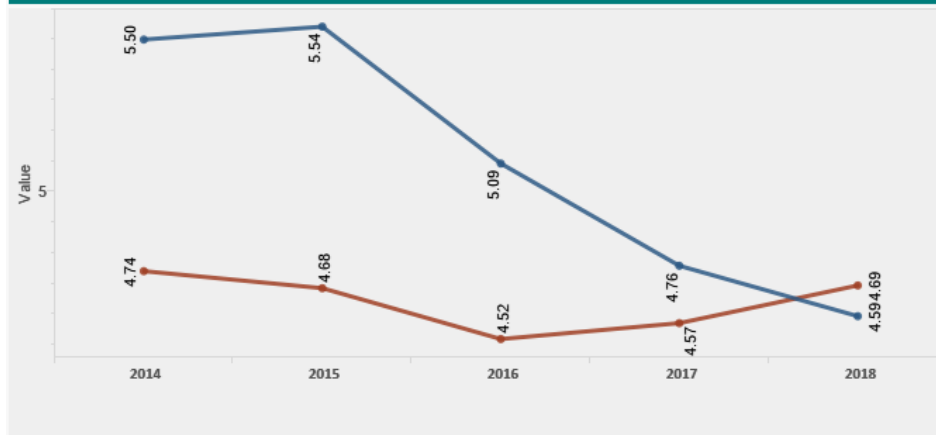
Productivity and Medicare Length of Stay

Work hours per adjusted patient day in March is over budget by 1.0. Overall the month of March is 30.8 worked hours per adjusted patient day

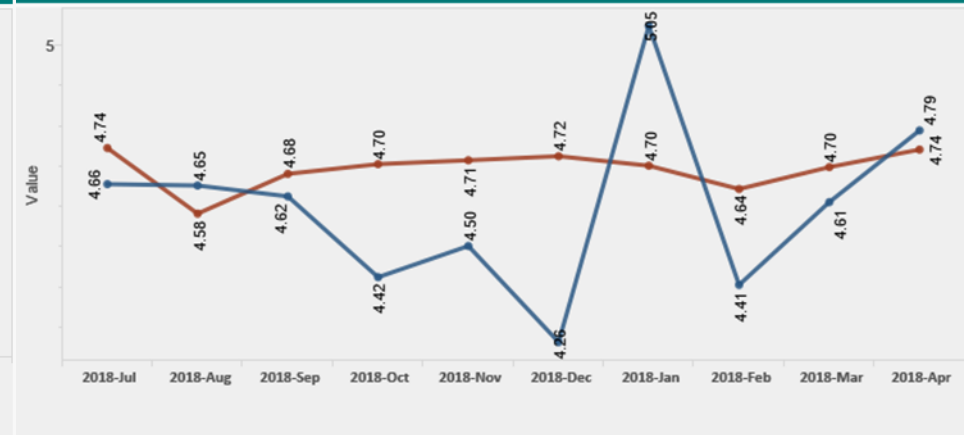


ALOS vs Milliman well-managed benchmark. Trend shows remarkable and steady improvement with FY 2018 at benchmark. Increase in benchmark beginning in FY 2017 due to Clinical Documentation Improvement (CDI)

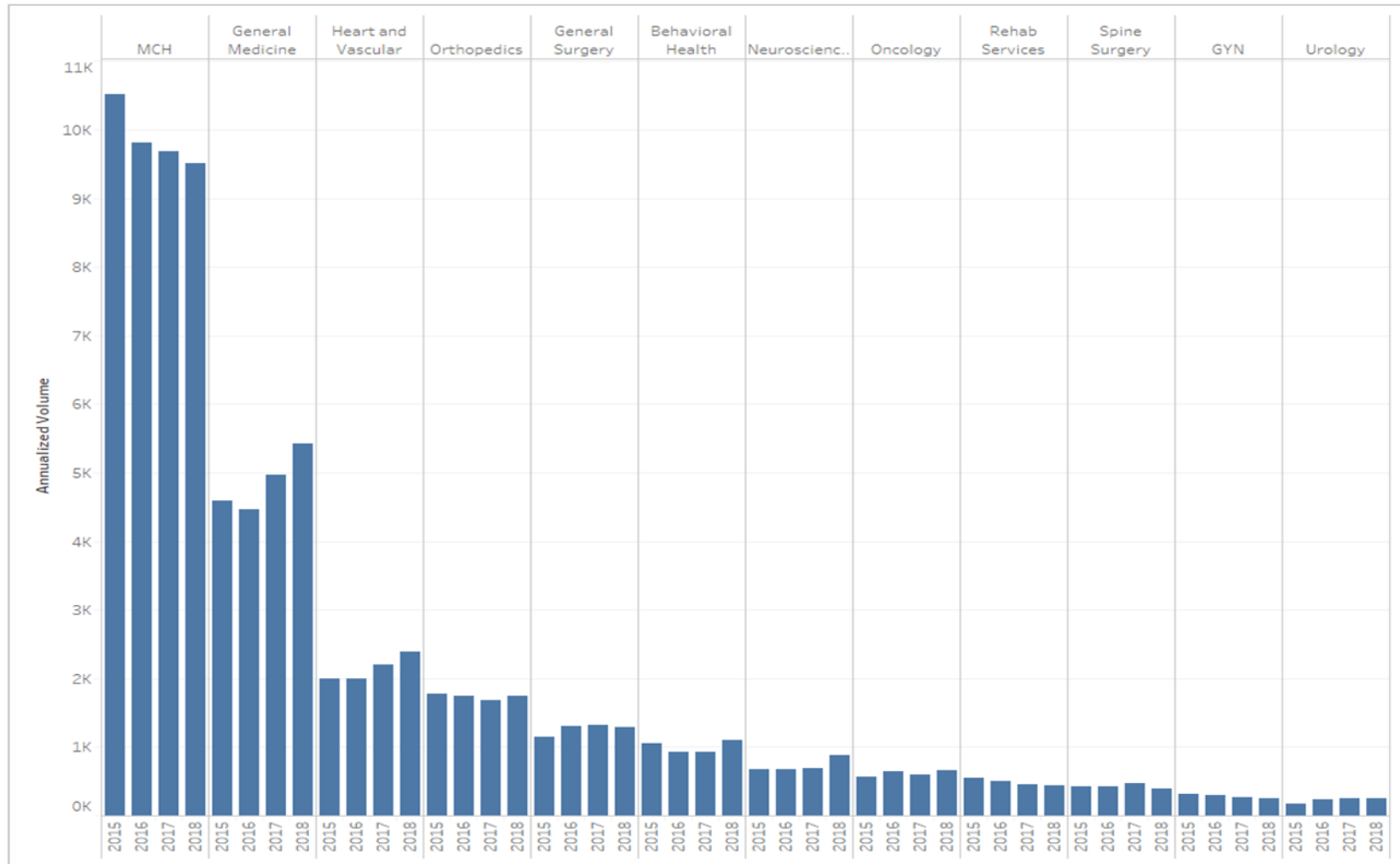
AVERAGE LENGTH OF STAY TREND BY MONTH/YEAR



AVERAGE LENGTH OF STAY TREND BY MONTH/YEAR

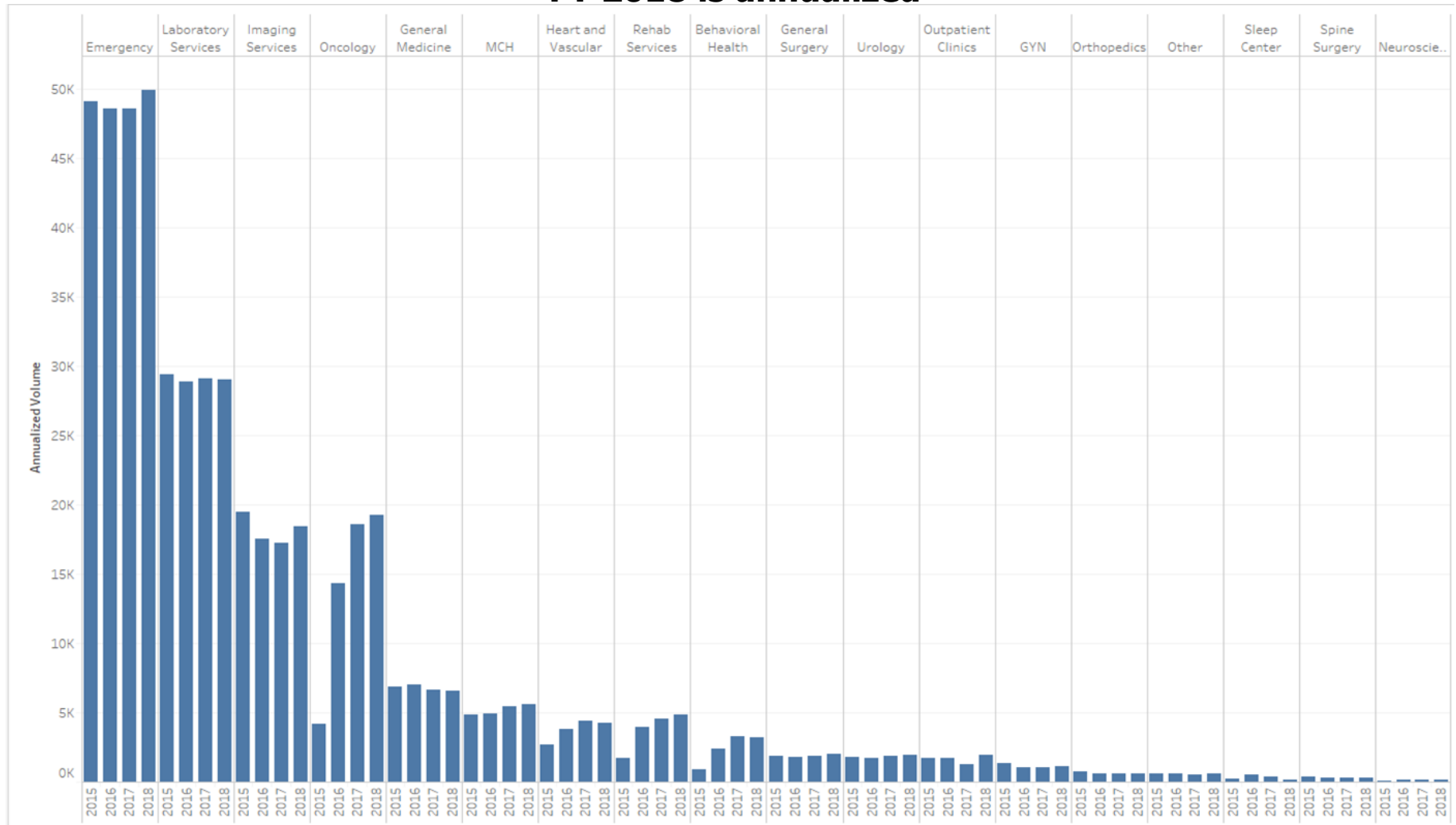


El Camino Hospital Volume Annual Trends – Inpatient FY 2018 is annualized



- General Medicine, HVI, Behavioral Health, and Neuroscience display an increasing trend.
- Conversely, Rehab Services, MCH and GYN show a decreasing trend.
- The remaining service lines are staying flat.

El Camino Hospital Volume Annual Trends – Outpatient FY 2018 is annualized



- Comparing year-over-year Oncology, MCH, Rehab Services, Emergency and Outpatient Clinics are all increasing in volume. All others are remaining flat or decreasing.

Capital Spend Trend & FY18 Budget

Capital Spending (in 000's)	Actual FY2015	Actual FY2016	Actual FY2017	Projected FY2018
EPIC	29,849	20,798	2,755	1,922
IT Hardware / Software Equipment	4,660	6,483	2,659	12,238
Medical / Non Medical Equipment*	13,340	17,133	9,556	14,275
Non CIP Land, Land I , BLDG, Additions	-	4,189	-	-
Facilities	38,940	48,137	82,953	128,030
GRAND TOTAL	86,789	96,740	97,923	156,465
*Includes 2 robot purchases in FY2017				

El Camino Hospital Capital Spending (in thousands) FY12 – FY17

Category	2013	2014	2015	2016	2017	Category	2013	2014	2015	2016	2017
EPIC	0	6,838	29,849	20,798	2,755	Facilities Projects CIP cont.					
IT Hardware/Software Equipment	8,019	2,788	4,660	6,483	2,659	1403 - Hosp Drive BLDG 11 TI's	0	86	103	0	0
Medical/Non Medical Equipment	10,284	12,891	13,340	17,133	9,556	1404 - Park Pav HVAC	0	64	7	0	0
Non CIP Land, Land I, BLDG, Additions	0	22,292	0	4,189	0	1405 - 1 - South Accessibility Upgrades	0	0	0	168	95
Land Acquisition (1550)	0	0	0	24,007	0	1408 - New Main Accessibility Upgrades	0	0	7	46	501
828 S Winchester Clinic TI (1701)	0	0	0	0	145	1415 - Signage & Wayfinding	0	0	0	106	58
						1416 - MV Campus Digital Directories	0	0	0	34	23
						1423 - MV MOB TI Allowance	0	0	0	588	369
						1425 - IMOB Preparation Project - Old Main	0	0	0	711	1,860
						1429 - 2500 Hospital Dr Bldg 8 TI	0	0	101	0	0
						1430 - Women's Hospital Expansion	0	0	0	0	464
						1432 - 205 South Dr BHS TI	0	0	8	15	0
						1501 - Women's Hospital NPC Comp	0	0	4	0	223
						1502 - Cabling & Wireless Upgrades	0	0	0	1,261	367
						1503 - Willow Pavillion Tomosynthesis	0	0	0	53	257
						1504 - Equipment Support Infrastructure	0	0	61	311	0
						1523 - Melchor Pavillion Suite 309 TI	0	0	0	10	59
						1525 - New Main Lab Upgrades	0	0	0	0	464
						1526 - CONCERN TI	0	0	0	37	99
						Sub-Total Mountain View Projects	8,145	7,219	26,744	5,588	5,535
						Los Gatos Capital Projects					
						0904 - LG Facilities Upgrade	2	0	0	0	0
						0907 - LG Imaging Masterplan	244	774	1,402	17	0
						1005 - LG OR Light Upgrd	14	0	0	0	0
						1122 - LG Sleep Studies	7	0	0	0	0
						1210 - Los Gatos VOIP	147	89	0	0	0
						1116 - LG Ortho Pavillion	177	24	21	0	0
						1124 - LG Rehab BLDG	49	458	0	0	0
						1247 - LG Infant Security	134	0	0	0	0
						1307 - LG Upgrades	376	2,979	3,282	3,511	3,081
						1308 - LG Infrastructure	0	114	0	0	0
						1313 - LG Rehab HVAC System/Structural	0	0	0	1,597	1,904
						1219 - LG Spine OR	0	214	323	633	2,163
						1221 - LG Kitchen Refrig	0	85	0	0	0
						1248 - LG - CT Upgrades	0	26	345	197	6,669
						1249 - LG Mobile Imaging	0	146	0	0	0
						1328 - LG Ortho Canopy FY14	0	255	209	0	0
						1345 - LG Lab HVAC	0	112	0	0	0
						1346 - LG OR 5, 6, and 7 Lights Replace	0	0	285	53	22
						1347 - LG Central Sterile Upgrades	0	0	181	43	66
						1421 - LG MOB Improvements	0	0	198	65	303
						1508 - LG NICU 4 Bed Expansion	0	0	0	0	207
						1600 - 825 Pollard - Aspire Phase II	0	0	0	0	80
						1603 - LG MOB Improvements	0	0	0	0	285
						Sub-Total Los Gatos Projects	1,150	5,276	6,246	6,116	14,780
						Subtotal Facilities Projects CIP	9,294	13,753	38,940	24,130	82,808
						Grand Total	27,598	58,561	86,789	96,740	97,923
						Forecast at Beginning of year	70,503	70,037	101,607	114,025	212,000