



El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

**Summary of Financial Operations
Fiscal Year 2019 – Period 7**

7/1/2018 to 1/31/2019

El Camino Hospital Board of Directors

Iftikhar Hussain, CFO

April 10, 2018



The image cannot be displayed. Your computer may not have enough memory to open the image, or the image may have been corrupted. Restart your computer, and then open the file again. If the red x still appears, you may have to delete the image and then insert it again.

Financial Overview

Volume:

- Slow volume in January brings the YTD combined volume measured in adjusted discharges .9% below budget. Inpatient volume is lower in General/Pulmonary Medicine related to decline in flu activity and lower MCH (deliveries).
- YTD outpatient volume is below budget -0.2% (151 cases) mainly in ED due to lower level of flu activity. Imaging and Rehab services remain favorable to budget.

Financial Performance:

- Operating income is favorable to budget by 19.4% (\$11.3M) YTD primarily due to favorable revenue cycle operations. Net Patient Revenue is favorable to budget by 2.1% (\$11.1M).
- YTD Operating Expense is favorable to budget 0.8% (\$3.8M). YTD Salaries & Wages are favorable to budget by .8% (\$2.2M). YTD Non Labor expenses are also favorable to budget by .8% (\$1.5M).

Payor Mix:

- YTD, Medicare is 1.2 percentage points unfavorable to budget and the Commercial Payor mix is 1.1 percentage points unfavorable to budget. For January, the Medicare Mix increased due to flu related activity. Similar spike in Medicare cases experienced in Jan of 2018.

Cost:

- Prod FTEs were favorable to target for January by 2.0% and right at budget YTD.

•Balance Sheet:

- Cash position remains strong and revenue cycle operation consistently ahead of targets and benchmarks.

The image cannot be displayed. Your computer may not have enough memory to open the image, or the image may have been corrupted. Restart your computer, and then open the file again. If the red x still appears, you may have to delete the image and then insert it again.

Dashboard - ECH combined as of January 31, 2019

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
Volume								
Licensed Beds	443	443	443	-	443	443	443	-
ADC	261	259	266	(7)	244	234	241	(7)
Utilization MV	70%	71%	72%	-1%	67%	64%	66%	-2%
Utilization LG	35%	32%	36%	-4%	30%	29%	29%	-1%
Utilization Combined	59%	59%	60%	-2%	55%	53%	54%	-2%
Total Discharges (Excl NNB)	1,840	1,712	1,928	(216)	12,092	11,427	11,941	(514)
Financial Perf.								
Total Operating Revenue	78,848	83,534	82,096	1,439	540,540	550,027	542,485	7,542
Operating Income \$	10,397	11,489	9,771	1,718	87,043	69,820	58,495	11,325
Operating Margin	13.2%	13.8%	11.9%	1.9%	16.1%	12.7%	10.8%	1.9%
EBIDA %	18.9%	19.3%	17.9%	1.4%	21.9%	18.6%	17.0%	1.6%
Payor Mix								
Medicare	50.7%	53.0%	47.4%	5.6%	46.8%	47.8%	46.6%	1.2%
Medi-Cal	8.7%	8.3%	8.3%	-0.1%	7.9%	8.1%	7.9%	0.2%
Total Commercial	38.5%	36.2%	41.7%	-5.5%	43.0%	41.7%	42.9%	-1.1%
Other	2.0%	2.5%	2.6%	-0.1%	2.3%	2.4%	2.7%	-0.3%
Cost								
Total FTE	2,601.0	2,691.4	2,789.7	(98)	2,573.8	2,638.4	2,665.8	(27)
Productive Hrs/APD	28.7	29.3	30.5	(1)	29.9	30.7	31.7	(1)
Balance Sheet								
Net Days in AR	50.7	46.9	48.0	(1)	50.7	46.9	48.0	(1.1)
Days Cash	505	492	449	43	505	492	449	43
Affiliates - Net Income (\$000s)								
Hosp	39,597	32,262	10,118	22,144	147,285	52,577	61,580	(9,003)
Concern	82	307	21	286	1,111	1,572	496	1,076
ECSC	(1)	(1)	0	(1)	(21)	(30)	0	(30)
Foundation	627	1,070	72	998	2,217	949	935	14
SVMD	(332)	(172)	46	(218)	134	1,176	(196)	1,372

Budget Variances

Fiscal Year 2019 YTD (7/1/2018-01/31/2019) Waterfall

(in thousands; \$000s)	Year to Date (YTD)	
	Net Op Income	% Net Revenue
Budgeted Hospital Operations FY2019	58,495	10.8%
Net Revenue	7,542	1.4%
Labor and Benefit Expense Change - Flexing staff and vacancies in support departments.	2,237	0.4%
Professional Fees & Purchased Services - JACHO readiness and purchased services (in place of FTE) are the biggest drivers	(1,262)	-0.2%
Supplies - Positive variance in Drugs due to slow growth in OP Pharmacy.	1,621	0.3%
Other Expenses	87	0.0%
Depreciation & Interest - primarily due to delayed capital spending	1,099	0.2%
Actual Hospital Operations FY2019	69,820	12.7%

The image cannot be displayed. Your computer may not have enough memory to open the image, or the image may have been corrupted. Restart your computer, and then open the file again. If the red x still appears, you may have to delete the image and then insert it again.

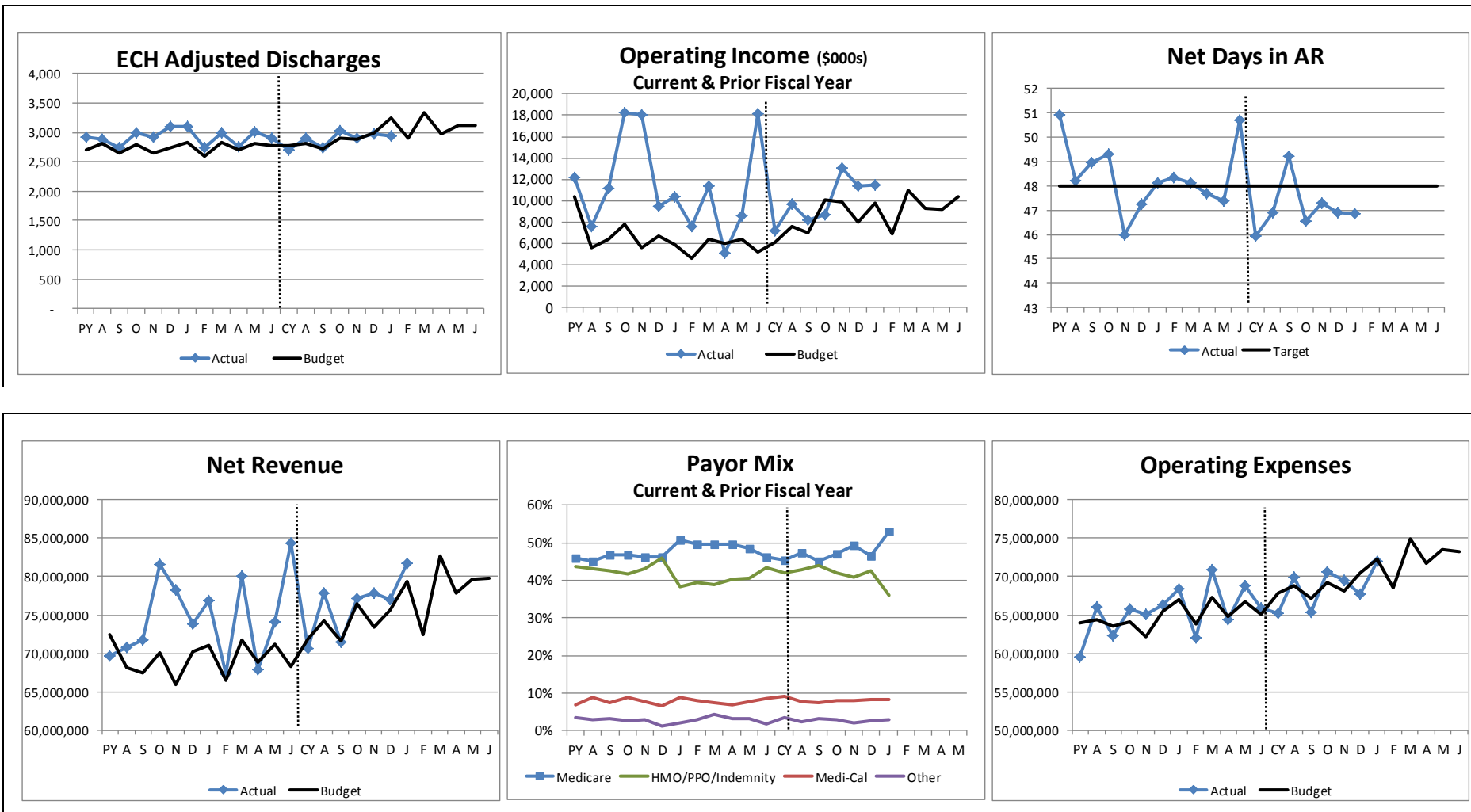
El Camino Hospital (\$000s)

Period ending 01/31/2019

Period 7 FY 2018	Period 7 FY 2019	Period 7 Budget 2019	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2018	YTD FY 2019	YTD Budget 2019	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
291,509	304,299	309,055	(4,756)	(1.5%)	Gross Revenue	1,942,283	2,008,375	2,023,909	(15,535)	(0.8%)
(214,583)	(222,588)	(229,739)	7,151	3.1%	Deductions	(1,419,472)	(1,474,756)	(1,501,380)	26,624	1.8%
76,925	81,712	79,316	2,395	3.0%	Net Patient Revenue	522,811	533,619	522,529	11,089	2.1%
1,923	1,823	2,779	(957)	(34.4%)	Other Operating Revenue	17,728	16,409	19,956	(3,547)	(17.8%)
78,848	83,534	82,096	1,439	1.8%	Total Operating Revenue	540,540	550,027	542,485	7,542	1.4%
OPERATING EXPENSE										
41,150	44,046	44,656	610	1.4%	Salaries & Wages	275,114	291,087	293,325	2,237	0.8%
11,779	11,536	11,780	244	2.1%	Supplies	73,109	76,747	78,368	1,621	2.1%
8,904	9,478	8,746	(733)	(8.4%)	Fees & Purchased Services	57,739	63,100	61,838	(1,262)	(2.0%)
2,132	2,378	2,216	(162)	(7.3%)	Other Operating Expense	16,217	16,916	17,002	87	0.5%
256	269	490	221	45.2%	Interest	2,861	2,497	2,431	(67)	(2.7%)
4,231	4,338	4,436	98	2.2%	Depreciation	28,457	29,860	31,026	1,166	3.8%
68,451	72,045	72,325	280	0.4%	Total Operating Expense	453,497	480,208	483,990	3,783	0.8%
10,397	11,489	9,771	1,718	17.6%	Net Operating Income/(Loss)	87,043	69,820	58,495	11,325	19.4%
29,200	20,772	346	20,426	5896.2%	Non Operating Income	60,242	(17,243)	3,085	(20,328)	(659.0%)
39,597	32,262	10,118	22,144	218.9%	Net Income(Loss)	147,285	52,577	61,580	(9,003)	(14.6%)
18.9%	19.3%	17.9%	1.4%		EBITDA	21.9%	18.6%	17.0%	1.6%	
13.2%	13.8%	11.9%	1.9%		Operating Margin	16.1%	12.7%	10.8%	1.9%	
50.2%	38.6%	12.3%	26.3%		Net Margin	27.2%	9.6%	11.4%	(1.8%)	

The image cannot be displayed. Your computer may not have enough memory to open the image, or the image may have been corrupted. Restart your computer, and then open the file again. If the red x still appears, you may have to delete the image and then insert it again.

Monthly Financial Trends



El Camino Hospital Investment Committee Scorecard December 31, 2018

Key Performance Indicator	Status	El Camino		Benchmark		El Camino		Benchmark		FY19	Expectation
		El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	Year-end Budget	Per Asset Allocation		
Investment Performance											
		4Q 2018		Fiscal Year-to-date		6y 2m Since Inception (annualized)					2018
Surplus cash balance*		\$933.4	--	--	--	--	--	\$886.6	--		
Surplus cash return	Yellow	-6.2%	-5.7%	-4.0%	-3.8%	4.5%	4.3%	3.2%	5.3%		
Cash balance plan balance (millions)		\$249.2	--	--	--	--	--	\$276.9	--		
Cash balance plan return	Yellow	-7.9%	-7.0%	-5.3%	-4.7%	6.5%	5.8%	6.0%	5.7%		
403(b) plan balance (millions)		\$435.2	--	--	--	--	--	--	--		
Risk vs. Return											
		3-year		Fiscal Year-to-date		6y 2m Since Inception (annualized)					2018
Surplus cash Sharpe ratio	Green	0.73	0.70	--	--	0.88	0.86	--	0.43		
Net of fee return	Green	4.6%	4.3%	--	--	4.5%	4.3%	--	5.3%		
Standard deviation	Green	5.0%	4.7%	--	--	4.5%	4.4%	--	6.7%		
Cash balance Sharpe ratio	Green	0.70	0.70	--	--	1.00	0.94	--	0.40		
Net of fee return	Green	5.3%	5.0%	--	--	6.5%	5.8%	--	5.7%		
Standard deviation	Green	6.2%	5.7%	--	--	6.0%	5.6%	--	8.1%		
Asset Allocation											
		4Q 2018		Fiscal Year-to-date		6y 2m Since Inception (annualized)					
Surplus cash absolute variances to target	Green	9.4%	< 10%	--	--	--	--	--	--		
Cash balance absolute variances to target	Green	5.4%	< 10%	--	--	--	--	--	--		
Manager Compliance											
		4Q 2018		Fiscal Year-to-date		6y 2m Since Inception (annualized)					
Surplus cash manager flags	Yellow	28	<24 Green < 30 Yellow	--	--	--	--	--	--		
Cash balance plan manager flags	Yellow	33	<27 Green < 34 Yellow	--	--	--	--	--	--		

*Excludes debt reserve funds (~\$129 mm), District assets (~\$34 mm), and balance sheet cash not in investable portfolio (~\$125 mm). Includes Foundation (~\$28 mm) and Concern (~\$13 mm) assets. Budget adds back in current Foundation and Concern assets and backs out current debt reserve funds.

Balance Sheet (in thousands)

ASSETS			LIABILITIES AND FUND BALANCE		
	Audited			Audited	
	January 31, 2019	June 30, 2018		January 31, 2019	June 30, 2018
CURRENT ASSETS			CURRENT LIABILITIES		
Cash	106,244	118,992	(5) Accounts Payable	42,100	49,925
Short Term Investments	158,059	150,664	(6) Salaries and Related Liabilities	23,793	26,727
Patient Accounts Receivable, net	120,490	124,427	Accrued PTO	23,821	24,532
Other Accounts and Notes Receivable	2,679	3,402	Worker's Comp Reserve	2,300	2,300
Intercompany Receivables	2,217	2,090	Third Party Settlements	10,647	10,068
(1) Inventories and Prepays	80,479	75,594	Intercompany Payables	204	125
Total Current Assets	470,167	475,171	Malpractice Reserves	1,831	1,831
BOARD DESIGNATED ASSETS			Bonds Payable - Current	3,965	3,850
Plant & Equipment Fund	160,788	153,784	(7) Bond Interest Payable	2,123	12,975
(2) Women's Hospital Expansion	15,472	9,298	Other Liabilities	7,682	8,909
(3) Operational Reserve Fund	139,057	127,908	Total Current Liabilities	118,467	141,242
Community Benefit Fund	18,732	18,675	LONG TERM LIABILITIES		
Workers Compensation Reserve Fund	21,403	20,263	Post Retirement Benefits	29,562	29,212
Postretirement Health/Life Reserve Fund	29,562	29,212	Worker's Comp Reserve	19,103	17,963
PTO Liability Fund	23,821	24,532	Other L/T Obligation (Asbestos)	3,926	3,859
Malpractice Reserve Fund	1,831	1,831	Other L/T Liabilities (IT/Medl Leases)	-	-
Catastrophic Reserves Fund	18,411	18,322	(8) Bond Payable	514,218	517,781
Total Board Designated Assets	429,077	403,826	Total Long Term Liabilities	566,809	568,815
(4) FUNDS HELD BY TRUSTEE	118,770	197,620	DEFERRED REVENUE-UNRESTRICTED	230	528
LONG TERM INVESTMENTS	336,380	345,684	DEFERRED INFLOW OF RESOURCES	22,835	22,835
INVESTMENTS IN AFFILIATES	32,460	32,412	FUND BALANCE/CAPITAL ACCOUNTS		
PROPERTY AND EQUIPMENT			Unrestricted	1,275,470	1,243,529
Fixed Assets at Cost	1,284,078	1,261,854	Board Designated	429,077	403,825
Less: Accumulated Depreciation	(600,126)	(577,959)	Restricted	0	0
Construction in Progress	321,257	220,991	(9) Total Fund Bal & Capital Accts	1,704,548	1,647,355
Property, Plant & Equipment - Net	1,005,208	904,886	TOTAL LIABILITIES AND FUND BALANCE	2,412,889	2,380,776
DEFERRED OUTFLOWS	20,827	21,177			
RESTRICTED ASSETS - CASH	0	0			
TOTAL ASSETS	2,412,889	2,380,776			



The image cannot be displayed. Your computer may not have enough memory to open the image, or the image may have been corrupted. Restart your computer, and then open the file again. If the red x still appears, you may have to delete the image and then insert it again.

January 2019 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The increase is due to annual insurance premiums for D&O, Property and Auto that are paid in July and amortized throughout the fiscal year. Also a quarterly pension funding was paid.
- (2) The increase is due to the District making a transfer from its Capital Appropriation Fund in support of the upcoming renovation to the Women's Hospital.
- (3) The increase is due to annual resetting of the 60 day Operational Reserve based on the new FY2019 budget that has started.
- (4) Decrease is due to draws from the 2015A/2017 Bond Project funds for the on-going IMOB and BHS construction and semi-annual 2015/2017 bond payment
- (5) Decrease is due to the yearend accruals that were paid out in July and August.
- (6) Decrease is due a lesser number of days of payroll expenses and payroll taxes for October opposed to a full 14 day pay period that was needed for June 30.
- (7) Semi-annual bond payments of interest and principal were made on the 2015A and 2017 Bonds in August and January.
- (8) Decrease is due to the establishment of FY2020 2015A Bond Principal Payable in January.
- (9) Increase in total Fund Balance is driven by y-t-d net income and that Capital Appropriate Fund transfer by District, discussed in item #2 above.



The image cannot be displayed. Your computer may not have enough memory to open the image, or the image may have been corrupted. Restart your computer, and then open the file again. If the red x still appears, you may have to delete the image and then insert it again.

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. At the end of fiscal year 2018 another \$6.2 million was added to this fund.
- **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 the current 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 \$500,000 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, in fiscal year it generated over \$1.1 million of investment income for the program.



The image cannot be displayed. Your computer may not have enough memory to open the image, or the image may have been corrupted. Restart your computer, and then open the file again. If the red x still appears, you may have to delete the image and then insert it again.

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. At the end of fiscal year 2018, GASB #75 was implemented that now represents the full actuarially determined liability.
- **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.



The image cannot be displayed. Your computer may not have enough memory to open the image, or the image may have been corrupted. Restart your computer, and then open the file again. If the red x still appears, you may have to delete the image and then insert it again.

APPENDIX

The image cannot be displayed. Your computer may not have enough memory to open the image, or the image may have been corrupted. Restart your computer, and then open the file again. If the red x still appears, you may have to delete the image and then insert it again.

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

Period ending 01/31/19

Period 7 FY 2018	Period 7 FY 2019	Period 7 Budget 2019	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2018	YTD FY 2019	YTD Budget 2019	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
238,824	251,909	245,745	6,164	2.5%	Gross Revenue	1,586,778	1,650,846	1,652,659	(1,812)	(0.1%)
(176,741)	(184,993)	(183,122)	(1,870)	(1.0%)	Deductions	(1,159,093)	(1,211,795)	(1,228,555)	16,760	1.4%
62,083	66,916	62,623	4,293	6.9%	Net Patient Revenue	427,685	439,052	424,104	14,948	3.5%
1,762	1,474	2,533	(1,060)	(41.8%)	Other Operating Revenue	16,552	14,382	18,277	(3,895)	(21.3%)
63,845	68,390	65,156	3,234	5.0%	Total Operating Revenue	444,237	453,433	442,381	11,052	2.5%
OPERATING EXPENSE										
34,171	36,833	36,692	(142)	(0.4%)	Salaries & Wages	228,833	242,520	245,231	2,711	1.1%
9,255	9,590	9,349	(240)	(2.6%)	Supplies	58,680	62,457	63,726	1,268	2.0%
7,285	7,987	7,373	(614)	(8.3%)	Fees & Purchased Services	48,254	53,183	52,408	(775)	(1.5%)
677	863	698	(165)	(23.6%)	Other Operating Expense	5,125	5,987	6,174	188	3.0%
256	269	490	221	45.2%	Interest	2,861	2,497	2,431	(67)	(2.7%)
3,536	3,533	3,683	150	4.1%	Depreciation	24,429	24,568	25,823	1,255	4.9%
55,180	59,076	58,285	(791)	(1.4%)	Total Operating Expense	368,181	391,213	395,793	4,580	1.2%
8,665	9,314	6,871	2,443	35.6%	Net Operating Income/(Loss)	76,056	62,221	46,588	15,632	33.6%
29,200	20,772	346	20,426	5896.2%	Non Operating Income	60,287	(17,243)	3,085	(20,328)	(659.0%)
37,865	30,086	7,217	22,869	316.9%	Net Income(Loss)	136,343	44,977	49,673	(4,696)	(9.5%)
19.5%	19.2%	16.9%	2.2%		EBITDA	23.3%	19.7%	16.9%	2.8%	
13.6%	13.6%	10.5%	3.1%		Operating Margin	17.1%	13.7%	10.5%	3.2%	
59.3%	44.0%	11.1%	32.9%		Net Margin	30.7%	9.9%	11.2%	(1.3%)	

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

Period ending 01/31/2019

Period 7 FY 2018	Period 7 FY 2019	Period 7 Budget 2019	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2018	YTD FY 2019	YTD Budget 2019	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
52,685	52,391	63,310	(10,920)	(17.2%)	Gross Revenue	355,505	357,528	371,250	(13,722)	(3.7%)
(37,842)	(37,595)	(46,616)	9,021	19.4%	Deductions	(260,378)	(262,961)	(272,825)	9,864	3.6%
14,843	14,796	16,694	(1,898)	(11.4%)	Net Patient Revenue	95,126	94,567	98,426	(3,859)	(3.9%)
160	349	246	103	41.9%	Other Operating Revenue	1,176	2,027	1,678	349	20.8%
15,003	15,145	16,940	(1,795)	(10.6%)	Total Operating Revenue	96,302	96,594	100,104	(3,510)	(3.5%)
OPERATING EXPENSE										
6,979	7,213	7,964	751	9.4%	Salaries & Wages	46,281	48,567	48,093	(474)	(1.0%)
2,524	1,946	2,431	485	19.9%	Supplies	14,430	14,290	14,643	353	2.4%
1,619	1,491	1,373	(118)	(8.6%)	Fees & Purchased Services	9,485	9,916	9,430	(487)	(5.2%)
1,455	1,514	1,518	3	0.2%	Other Operating Expense	11,092	10,929	10,828	(101)	(0.9%)
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
694	805	753	(51)	(6.8%)	Depreciation	4,028	5,293	5,203	(89)	(1.7%)
13,271	12,969	14,039	1,070	7.6%	Total Operating Expense	85,316	88,995	88,197	(798)	(0.9%)
1,732	2,176	2,901	(725)	(25.0%)	Net Operating Income/(Loss)	10,986	7,599	11,907	(4,308)	(36.2%)
0	0	0	0	0.0%	Non Operating Income	(45)	0	0	0	0.0%
1,732	2,176	2,901	(725)	(25.0%)	Net Income(Loss)	10,942	7,599	11,907	(4,308)	(36.2%)
16.2%	19.7%	21.6%	(1.9%)		EBITDA	15.6%	13.3%	17.1%	(3.7%)	
11.5%	14.4%	17.1%	(2.8%)		Operating Margin	11.4%	7.9%	11.9%	(4.0%)	
11.5%	14.4%	17.1%	(2.8%)		Net Margin	11.4%	7.9%	11.9%	(4.0%)	

Non Operating Items and Net Income by Affiliate

\$ in thousands

	Period 7 - Month			Period 7 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	9,314	6,871	2,443	62,221	46,588	15,632
Los Gatos	2,176	2,901	(725)	7,599	11,907	(4,308)
Sub Total - El Camino Hospital, excl. Affiliates	11,489	9,771	1,718	69,820	58,495	11,325
Operating Margin %	13.8%	11.9%		12.7%	10.8%	
El Camino Hospital Non Operating Income						
Investments ²	22,631	2,368	20,263	(5,928)	17,234	(23,162)
Swap Adjustments	(80)	(100)	20	(696)	(700)	4
Community Benefit	(41)	(300)	259	(2,585)	(2,100)	(485)
Pathways	(898)	0	(898)	(1,990)	0	(1,990)
Satellite Dialysis	58	(25)	83	390	(175)	565
Community Connect	0	(53)	53	0	(371)	371
SVMD Funding ¹	(847)	(1,219)	372	(4,860)	(8,533)	3,674
Other	(50)	(324)	274	(1,695)	(2,269)	574
Sub Total - Non Operating Income	20,772	346	20,426	(17,243)	3,085	(20,328)
El Camino Hospital Net Income (Loss)	32,262	10,118	22,144	52,577	61,580	(9,003)
ECH Net Margin %	38.6%	12.3%		9.6%	11.4%	
Concern	307	21	286	1,572	496	1,076
ECSC	(1)	0	(1)	(30)	0	(30)
Foundation	1,070	72	998	949	935	14
Silicon Valley Medical Development	(172)	46	(218)	1,176	(196)	1,372
Net Income Hospital Affiliates	1,204	139	1,065	3,667	1,235	2,432
Total Net Income Hospital & Affiliates	33,466	10,257	23,209	56,243	62,815	(6,572)

¹Favorable variances for SVMD and Community Connect are due to delayed implementation

²Equity markets experienced a massive selloff during October, and volatility is continuing

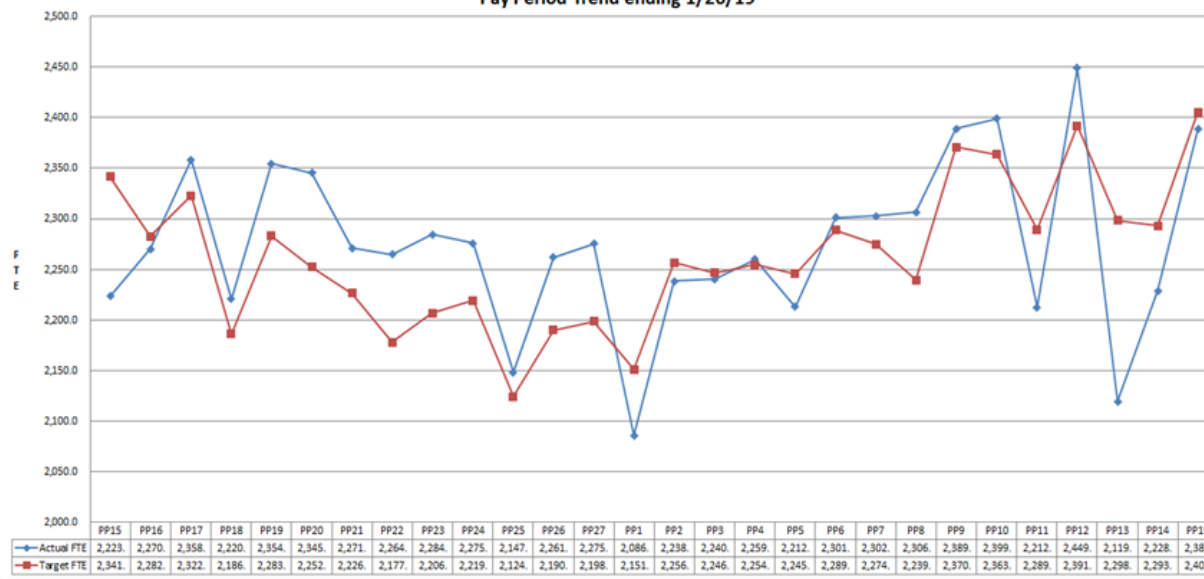
The image cannot be displayed. Your computer may not have enough memory to open the image, or the image may have been corrupted. Restart your computer, and then open the file again. If the red x still appears, you may have to delete the image and then insert it again.

Productivity and Medicare Length of Stay

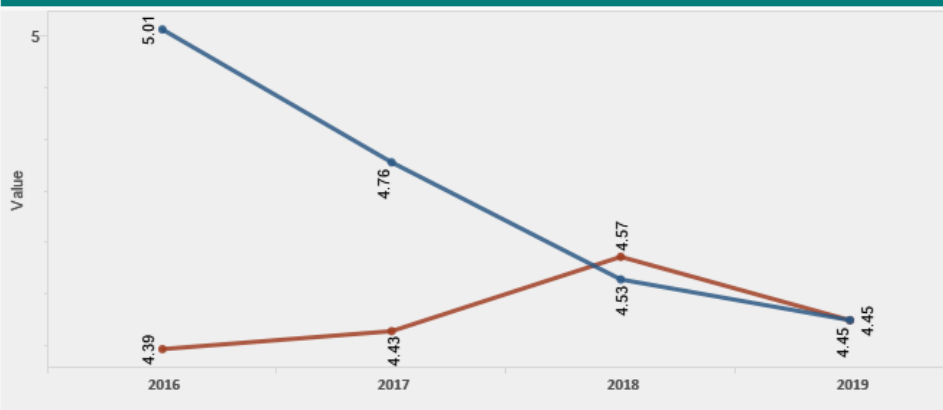
At or below FTE target. Uptick end of Sept due to mandatory training for all employees. YTD we are on budget (adjusted for volume)

ALOS vs Milliman well-managed benchmark. Trend shows steady improvement with FY 2019 below benchmark (blue). Increase in benchmark beginning in FY 2017 due to Clinical Documentation Improvement (CDI)

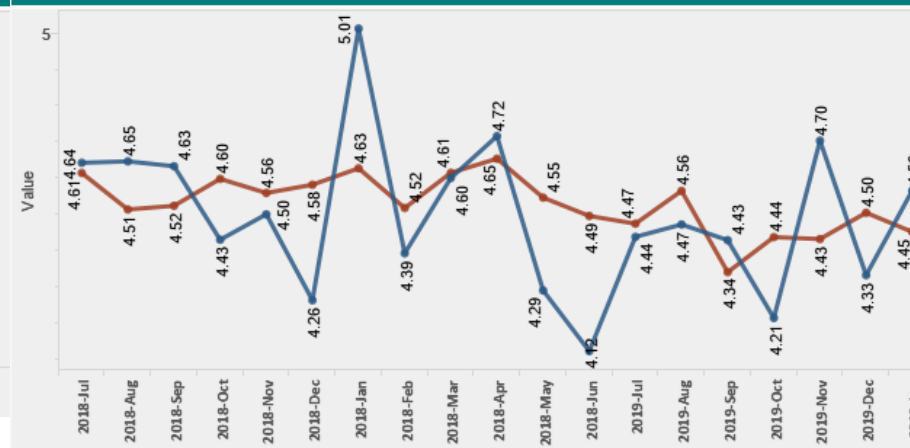
El Camino Hospital Actual vs. Target Productive FTE Trend
Pay Period Trend ending 1/26/19




AVERAGE LENGTH OF STAY TREND BY MONTH/YEAR




AVERAGE LENGTH OF STAY TREND BY MONTH/YEAR



 The image cannot be displayed. Your computer may not have enough memory to open the image, or the image may have been corrupted. Restart your computer, and then open the file again. If the red x still appears, you may have to delete the image and then insert it again.

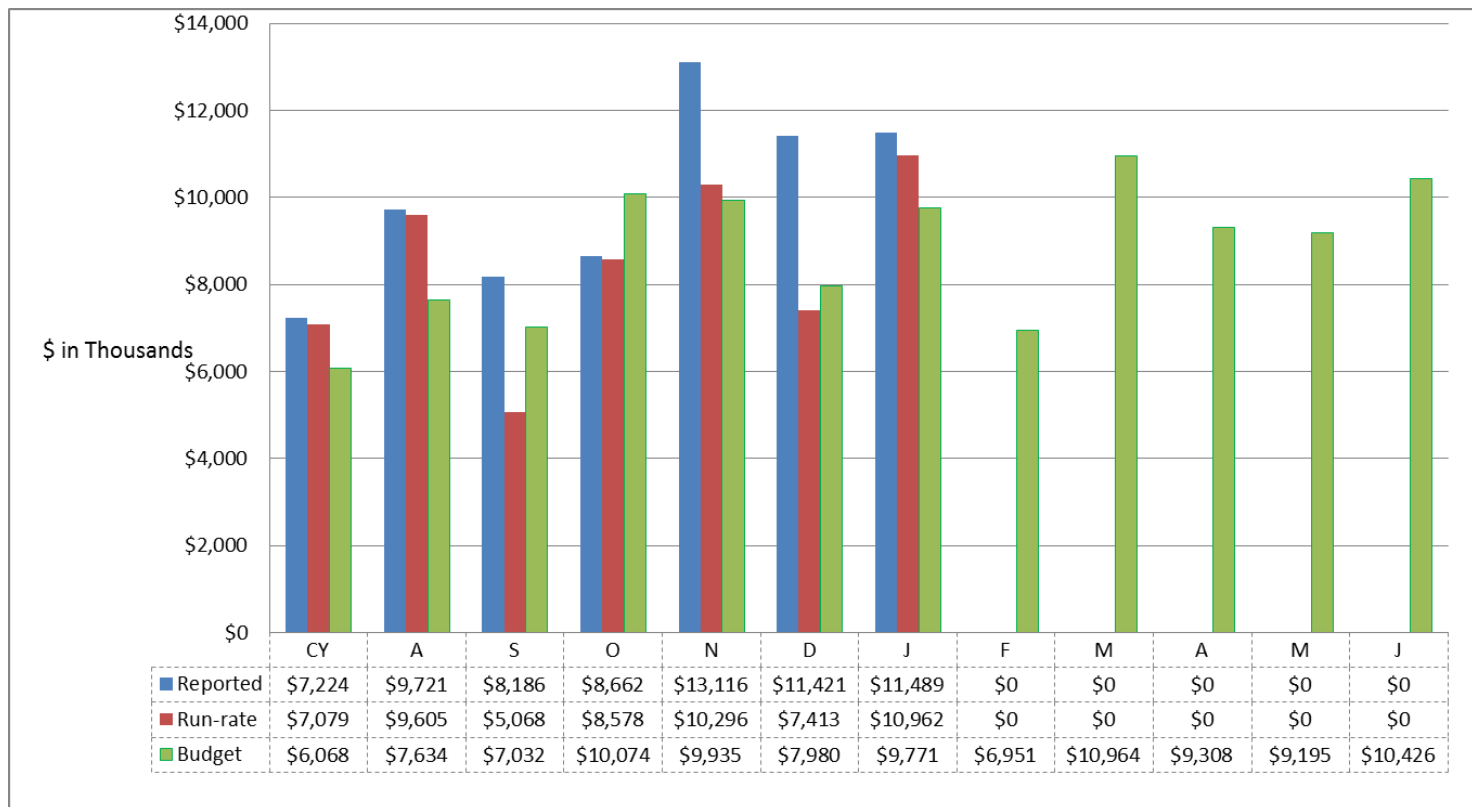
El Camino Hospital Volume Annual Trends

 VOLUME BY SERVICE LINE		ANNUAL TREND					FY19 Bud vs FY18		MONTH					YEAR					
		2014	2015	2016	2017	2018	2019(b)	Cases	Percent	PY	CY	Bud	Bud Var	PY Var	PY	CY	Bud	Bud Var	PY Var
IP	Behavioral Health	1,012	1,052	928	924	1,098	1,062	-36	-3.2%	103	93	89	4	-10	663	668	617	51	5
	General Medicine & ..	4,165	4,592	4,459	4,961	5,286	5,325	39	0.7%	587	461	612	-151	-126	3,170	2,810	3,031	-221	-360
	General Surgery	1,243	1,150	1,311	1,318	1,305	1,344	39	3.0%	113	104	90	14	-9	755	809	755	54	54
	GYN	390	313	293	270	243	255	12	4.9%	20	22	24	-2	2	148	134	137	-3	-14
	Heart and Vascular	1,859	1,998	2,001	2,203	2,372	2,445	73	3.1%	208	202	188	14	-6	1,369	1,282	1,314	-32	-87
	MCH	6,695	6,371	5,953	5,822	5,718	5,764	46	0.8%	446	453	496	-43	7	3,405	3,189	3,359	-170	-216
	Neurosciences	667	672	677	688	870	907	37	4.3%	78	83	82	1	5	516	516	562	-46	0
	Oncology	606	564	652	594	632	726	94	14.9%	49	61	76	-15	12	384	410	416	-6	26
	Orthopedics	1,695	1,773	1,746	1,690	1,706	1,819	113	6.6%	155	135	162	-27	-20	1,043	969	1,075	-106	-74
	Rehab Services	547	555	500	461	441	436	-5	-1.1%	39	43	37	6	4	256	290	255	35	34
	Spine Surgery	377	429	417	474	375	465	90	24.0%	23	27	38	-11	4	243	184	268	-84	-59
Urology	172	169	234	257	255	274	19	7.4%	19	28	33	-5	9	140	166	154	12	26	
Total	19,428	19,638	19,171	19,662	20,301	20,823	522	2.6%	1,840	1,712	1,928	-216	-128	12,092	11,427	11,941	-514	-665	
OP	Behavioral Health	910	886	2,394	3,260	3,151	3,417	266	8.4%	257	224	302	-78	-33	1,884	1,595	1,860	-265	-289
	Dialysis	1,059	155	6			0												
	Emergency	46,006	49,091	48,590	48,625	49,415	49,122	-293	-0.6%	4,937	4,100	4,357	-257	-837	29,118	27,596	28,145	-549	-1,522
	General Medicine & ..	6,637	6,620	7,195	7,129	7,266	7,457	191	2.6%	574	696	663	33	122	4,225	4,561	4,294	267	336
	General Surgery	1,837	1,853	1,797	1,836	2,003	2,068	65	3.2%	169	159	173	-14	-10	1,141	1,144	1,164	-20	3
	GYN	1,220	1,308	1,018	1,081	1,099	1,171	72	6.6%	81	92	88	4	11	660	810	647	163	150
	Heart and Vascular	2,570	2,712	3,795	4,361	4,363	4,410	47	1.1%	365	356	371	-15	-9	2,477	2,655	2,535	120	178
	Imaging Services	19,546	20,072	17,807	17,249	18,503	18,744	241	1.3%	1,478	1,570	1,594	-24	92	10,809	11,302	10,748	554	493
	Laboratory Services	30,599	29,726	29,007	29,153	28,567	29,071	504	1.8%	2,572	2,373	2,465	-92	-199	16,951	16,136	16,799	-663	-815
	MCH	5,034	4,826	5,092	5,577	5,644	5,928	284	5.0%	465	432	521	-89	-33	3,310	3,159	3,348	-189	-151
	Neurosciences	110	61	127	125	114	155	41	36.0%	7	11	17	-6	4	74	49	100	-51	-25
	Oncology	4,015	4,179	14,329	18,540	19,277	22,037	2,760	14.3%	1,673	1,736	1,755	-19	63	11,308	11,696	11,641	55	388
	Orthopedics	866	776	584	615	641	714	73	11.4%	38	65	65	0	27	347	407	420	-13	60
	Outpatient Clinics	1,817	1,705	1,680	1,288	1,884	1,517	-367	-19.5%	108	156	130	26	48	1,195	1,030	888	142	-165
	Rehab Services	1,731	1,747	3,954	4,518	4,926	4,900	-26	-0.5%	389	457	370	87	68	2,796	3,073	2,763	310	277
	Sleep Center	160	223	498	368	242	300	58	24.0%	25	28	25	3	3	107	177	175	2	70
	Spine Surgery	325	399	309	324	311	326	15	4.8%	21	24	24	0	3	189	173	188	-15	-16
Urology	1,755	1,771	1,739	1,898	2,052	2,058	6	0.3%	178	180	167	13	2	1,173	1,178	1,177	1	5	
Total	126,197	128,110	139,921	145,947	149,458	153,395	3,937	2.6%	13,337	12,659	13,087	-428	-678	87,764	86,741	86,892	-151	-1,023	

The image cannot be displayed. Your computer may not have enough memory to open the image, or the image may have been corrupted. Restart your computer, and then open the file again. If the red x still appears, you may have to delete the image and then insert it again.

ECH Operating Margin

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

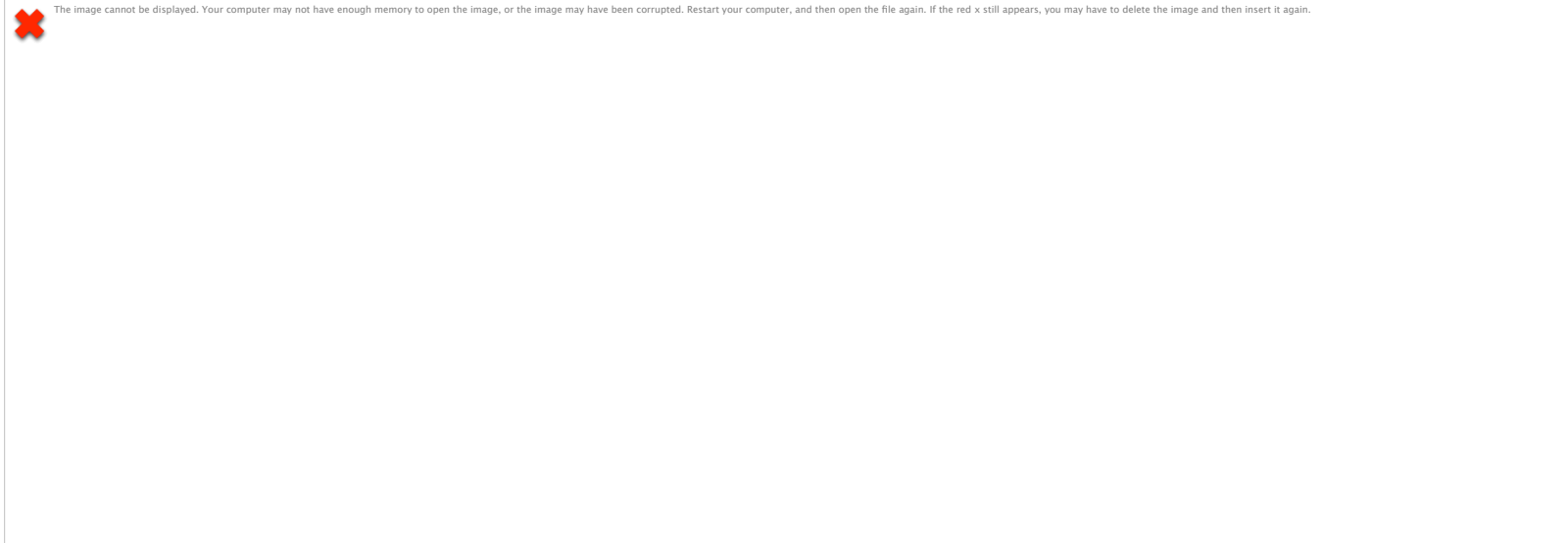


FY 2019 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>

Revenue Adjustments	J	A	S	O	N	D	J	YTD
Mcare Settlmt/Appeal/Tent Settlmt/PIP	141	112	92	76	137	443	516	1,516
IGT Supplemental	-	-	-	-	2,672	-	-	2,672
AB 915	-	-	2,875	-	-	-	-	2,875
RAC Release	-	-	161	-	-	(305)	-	(144)
Credit Balance Quarterly Review	-	-	(19)	-	-	3,858	-	3,839
Various Adjustments under \$250k	4	5	6	8	11	12	12	58
Total	145	116	3,118	84	2,820	4,008	528	10,819

 The image cannot be displayed. Your computer may not have enough memory to open the image, or the image may have been corrupted. Restart your computer, and then open the file again. If the red x still appears, you may have to delete the image and then insert it again.

Capital Spend Trend & FY 19 Budget



Facilities

- Projected facilities spend is lower than forecast in the budget primarily due to timing of project activity.
 - \$27M for iMOB
 - \$6M Patient Family Residence
 - \$5M Women's Hospital Expansion
 - \$3M Behavioral Health Hospital replacement

The image cannot be displayed. Your computer may not have enough memory to open the image, or the image may have been corrupted. Restart your computer, and then open the file again. If the red x still appears, you may have to delete the image and then insert it again.

El Camino Hospital

Capital Spending (in millions)

Category	Detail	Approved	Total		Spent from Inception	FY19 Budget	FY 19Proj Spend	Variance		
			Total Estimated Cost of Project	Authorized Active				Projected vs Budget*	FY 19 YTD Spent	
CIP	ERP Upgrade			9.6	9.6	2.2	9.6	9.6	0.0	2.2
IT Hardware, Software, Equipment & Imaging				10.1		3.2	10.1	10.1	0.0	3.2
Medical & Non Medical Equipment FY 18				5.6		9.5	0.0	0.0	0.0	3.5
Medical & Non Medical Equipment FY 19				11.2		4.0	11.2	11.2	0.0	4.0
Facility Projects										
	1245 Behavioral Health Bldg	FY16	96.1	96.1	62.1	45.0	41.7	-3.3	16.2	
	1413 North Drive Parking Expansion	FY15	24.5	24.5	24.3	0.0	0.7	0.7	0.0	
	1414 Integrated MOB	FY15	302.1	302.1	191.6	150.0	123.3	-26.7	71.1	
	1422 CUP Upgrade	FY16	9.0	9.0	8.0	0.8	1.4	0.6	0.4	
	1430 Women's Hospital Expansion	FY16	135.0	135.0	5.0	10.0	4.8	-5.2	1.8	
	Demo Old Main & Related Site Work		30.0	30.0	0.0	2.0	0.6	-1.4	0.0	
	1502 Cabling & Wireless Upgrades	FY16	0.0	0.0	2.8	0.0	0.0	0.0	0.0	
	1525 New Main Lab Upgrades		3.1	3.1	2.6	0.3	0.0	-0.3	0.4	
	1515 ED Remodel Triage/Psych Observation	FY16	5.0	5.0	0.0	4.6	0.3	-4.3	0.0	
	1503 Willow Pavilion Tomosynthesis	FY16	1.0	0.0	0.4	1.0	0.0	-1.0	0.0	
	1602 JW House (Patient Family Residence)		6.5	6.5	0.3	6.0	0.1	-5.9	0.0	
	Site Signage and Other Improvements		1.3	0.0	0.0	1.0	0.3	-0.7	0.0	
	Nurse Call System Upgrades		2.4	0.0	0.0	2.4	0.2	-2.2	0.0	
	1707 Imaging Equipment Replacement (5 or 6 rooms)		20.7	0.3	0.0	6.0	6.0	0.0	0.0	
	1708 IR/ Cath Lab Equipment Replacement		19.4	19.4	0.0	5.0	1.0	-4.0	0.8	
	Flooring Replacement		1.6	1.6	0.0	1.5	0.4	-1.1	0.0	
	1219 LG Spine OR	FY13	0.0	0.0	4.0	0.0	0.0	0.0	0.2	
	1313 LG Rehab HVAC System & Structural	FY16	0.0	0.0	4.1	0.0	0.0	0.0	0.0	
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	9.0	9.0	9.0	0.0	0.0	0.0	0.1	
	1307 LG Upgrades	FY13	19.3	19.3	18.7	0.8	0.0	-0.8	0.9	
	1507 LG IR Upgrades		1.3	0.0	0.0	1.3	1.3	0.1	0.0	
	1603 LG MOB Improvements (17)		5.0	5.0	5.0	0.5	0.0	-0.5	0.0	
	1711 Emergency Sanitary & Water Storage		1.5	1.5	0.2	1.3	1.5	0.3	0.0	
	LG Modular MRI & Awning		3.9	3.9	0.2	3.5	0.6	-2.9	0.1	
	LG Nurse Call System Upgrade		0.8	0.0	0.0	0.5	0.4	-0.1	0.0	
	LG Observation Unit (Conversion of ICU 2)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	1712 LG Cancer Center		5.0	5.0	0.3	4.8	3.7	-1.1	0.1	
	Workstation Inventory Replacement		2.0	2.0	0.0	0.0	0.0	0.0	0.0	
	Primary Care Clinic Development (2 @ \$3 Million Ea		6.0	6.0	0.0	5.0	4.0	-1.0	0.0	
	Other Strategic Capital FY-19		5.0	5.0	0.0	15.0	9.0	-6.0	0.0	
	Willow SC Upgrades (35,000 @ \$50)		1.8	1.8	0.0	1.8	0.0	-1.8	0.0	
	New 28k MOB (Courthouse Prop)		22.4	22.4	0.0	1.2	0.2	-1.0	0.0	
	80 Great Oaks Upgrades		4.5	4.5	0.0	0.0	0.0	0.0	0.0	
	Primary Care Clinic (TI's Only) FY 17 (828 Wincheste		3.6	3.6	0.0	0.3	0.0	-0.3	0.0	
	All Other Projects		7.2	6.6	81.0	7.8	3.9	-3.9	0.9	
GRAND TOTAL				755.9	728.4	419.6	279.5	205.5	-74.0	93.3
				759.3	438.5	300.8	236.4	-74.0	106.2	

The image cannot be displayed. Your computer may not have enough memory to open the image, or the image may have been corrupted. Restart your computer, and then open the file again. If the red x still appears, you may have to delete the image and then insert it again.

El Camino Hospital Capital Spending (in thousands) FY 2014 – FY 2018

Category	2014	2015	2016	2017	2018	Category	2014	2015	2016	2017	2018
EPIC	6,838	29,849	20,798	2,755	1,114	Facilities Projects CIP cont.					
IT Hardware/Software Equipment	2,788	4,660	6,483	2,659	1,108	1415 - Signage & Wayfinding	-	-	106	58	136
Medical/Non Medical Equipment	12,891	13,340	17,133	9,556	15,780	1416 - MV Campus Digital Directories	-	-	34	23	95
Non CIP Land, Land I, BLDG, Additions	22,292	-	4,189	-	2,070	1423 - MV MOB TI Allowance	-	-	588	369	-
Facilities Projects CIP						1425 - IMOB Preparation Project - Old Main	-	-	711	1,860	215
Mountain View Campus Master Plan Projects						1429 - 2500 Hospital Dr Bldg 8 TI	-	101	-	-	-
1245 - Behavioral Health Bldg Replace	1,257	3,775	1,389	10,323	28,676	1430 - Women's Hospital Expansion	-	-	-	464	2,763
1413 - North Drive Parking Structure Exp	-	167	1,266	18,120	4,670	1432 - 205 South Dr BHS TI	-	8	15	-	52
1414 - Integrated MOB	-	2,009	8,875	32,805	75,319	1501 - Women's Hospital NPC Comp	-	4	-	223	320
1422 - CUP Upgrade	-	-	896	1,245	5,428	1502 - Cabling & Wireless Upgrades	-	-	1,261	367	984
Sub-Total Mountain View Campus Master Plan	1,257	5,950	12,426	62,493	114,093	1503 - Willow Pavillion Tomosynthesis	-	-	53	257	31
Mountain View Capital Projects						1504 - Equipment Support Infrastructure	-	61	311	-	60
9900 - Unassigned Costs	470	3,717	-	-	-	1523 - Melchor Pavillion Suite 309 TI	-	-	10	59	392
0906 - Slot Build-Out	1,576	15,101	1,251	294	-	1525 - New Main Lab Upgrades	-	-	-	464	1,739
1109 - New Main Upgrades	393	2	-	-	-	1526 - CONCERN TI	-	-	37	99	10
1111 - Mom/Baby Overflow	29	-	-	-	-	Sub-Total Mountain View Projects	7,219	26,744	5,588	5,535	7,948
1204 - Elevator Upgrades	30	-	-	-	-	Los Gatos Capital Projects					
0800 - Womens L&D Expansion	1,531	269	-	-	-	0904 - LG Facilities Upgrade	-	-	-	-	-
1225 - Rehab BLDG Roofing	241	4	-	-	-	0907 - LG Imaging Masterplan	774	1,402	17	-	-
1227 - New Main eICU	21	-	-	-	-	1210 - Los Gatos VOIP	89	-	-	-	-
1230 - Fog Shop	80	-	-	-	-	1116 - LG Ortho Pavillion	24	21	-	-	-
1315 - 205 So. Drive TI's	500	2	-	-	-	1124 - LG Rehab BLDG	458	-	-	-	-
0908 - NPCR3 Seismic Upgrds	1,224	1,328	240	342	961	1307 - LG Upgrades	2,979	3,282	3,511	3,081	4,551
1125 - Will Pav Fire Sprinkler	39	-	-	-	-	1308 - LG Infrastructure	114	-	-	-	-
1216 - New Main Process Imp Office	1	16	-	-	-	1313 - LG Rehab HVAC System/Structural	-	-	1,597	1,904	550
1217 - MV Campus MEP Upgrades FY13	181	274	28	-	-	1219 - LG Spine OR	214	323	633	2,163	447
1224 - Rehab Bldg HVAC Upgrades	202	81	14	6	-	1221 - LG Kitchen Refrig	85	-	-	-	-
1301 - Desktop Virtual	13	-	-	-	-	1248 - LG - CT Upgrades	26	345	197	6,669	1,673
1304 - Rehab Wander Mgmt	87	-	-	-	-	1249 - LG Mobile Imaging	146	-	-	-	-
1310 - Melchor Cancer Center Expansion	44	13	-	-	-	1328 - LG Ortho Canopy FY14	255	209	-	-	-
1318 - Women's Hospital TI	48	48	29	2	-	1345 - LG Lab HVAC	112	-	-	-	-
1327 - Rehab Building Upgrades	-	15	20	-	22	1346 - LG OR 5, 6, and 7 Lights Replace	-	285	53	22	127
1320 - 2500 Hosp Dr Roofing	75	81	-	-	-	1347 - LG Central Sterile Upgrades	-	181	43	66	-
1340 - New Main ED Exam Room TVs	8	193	-	-	-	1421 - LG MOB Improvements	-	198	65	303	356
1341 - New Main Admin	32	103	-	-	-	1508 - LG NICU 4 Bed Expansion	-	-	-	207	-
1344 - New Main AV Upgrd	243	-	-	-	-	1600 - 825 Pollard - Aspire Phase II	-	-	-	80	10
1400 - Oak Pav Cancer Center	-	5,208	666	52	156	1603 - LG MOB Improvements	-	-	-	285	4,593
1403 - Hosp Drive BLDG 11 TI's	86	103	-	-	-	Sub-Total Los Gatos Projects	5,276	6,246	6,116	14,780	12,306
1404 - Park Pav HVAC	64	7	-	-	-	1550 - Land Acquisition	-	-	24,007	-	-
1405 - 1 - South Accessibility Upgrades	-	-	168	95	-	1701 - 828 S Winchester Clinic TI	-	-	-	145	3,018
1408 - New Main Accessibility Upgrades	-	7	46	501	12	Sub-Total Other Strategic Projects	-	-	24,007	145	3,018
						Subtotal Facilities Projects CIP	13,753	38,940	48,137	82,953	137,364
						Grand Total	58,561	86,789	96,740	97,923	157,435