



**El Camino Hospital and Affiliates
FY2020 Operating & Capital Budget**
El Camino Hospital Board

June 12, 2019

Dan Woods, CEO

Iftikhar Hussain, CFO

Jim Griffith, COO

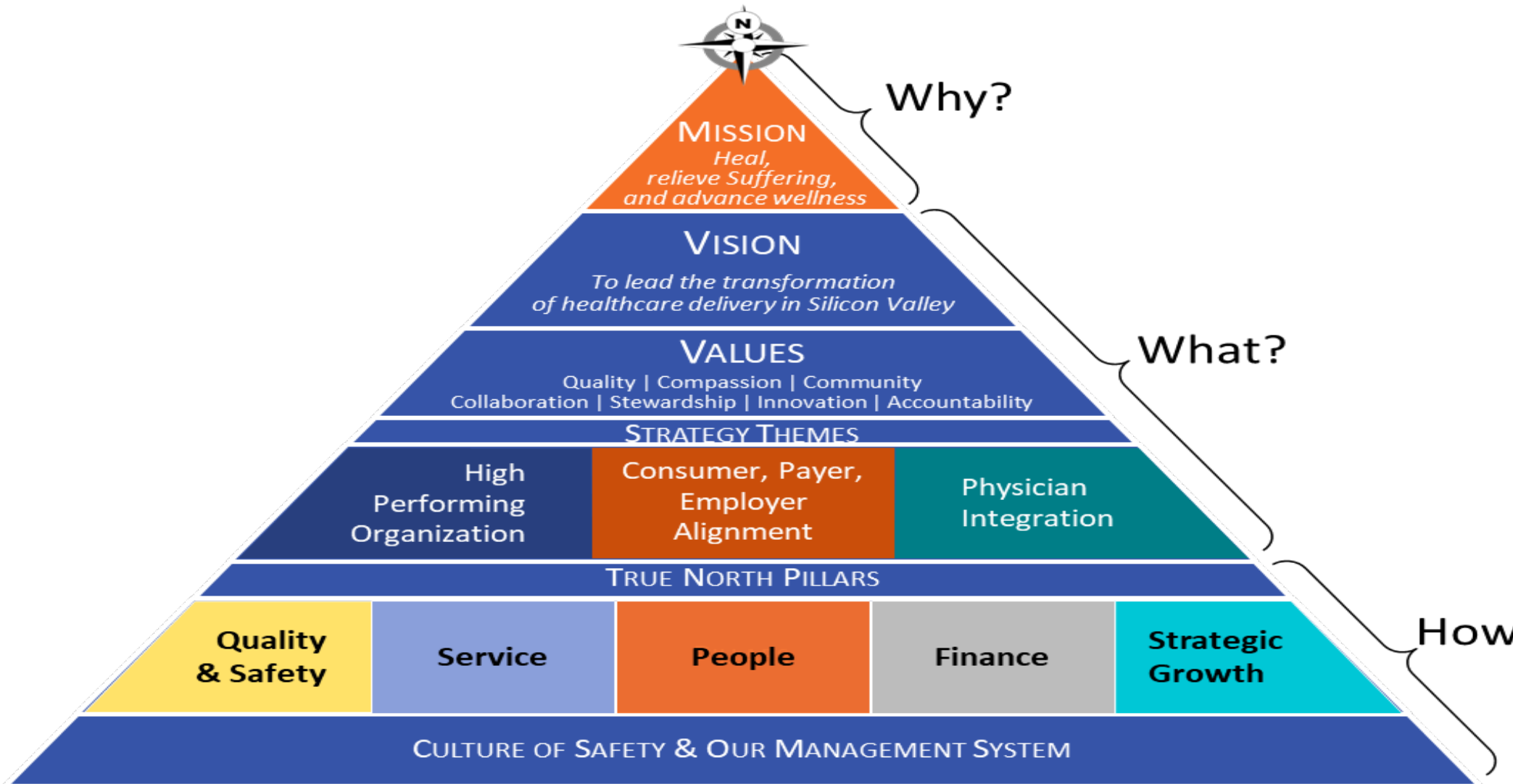


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Strategy to Guide the Budget

Aligning Effort to Achieve ECH's Vision





FY20 Operating Budget

FY2020 Investments with Significant Financial Impacts

Investment Category	Description	Comments
Program Changes	Sobrato Pavilion	<ul style="list-style-type: none"> Expected opening Dec 1, 2019 Activation costs, additional depreciation
	Behavioral Health Building	<ul style="list-style-type: none"> Expected opening Oct 1, 2019. Increased inpatient psychiatry capacity. Activation costs, additional depreciation.
Revenue/Volume	LG Outpatient Infusion Center	<ul style="list-style-type: none"> Expected Oct 1, 2019
	Service Line Growth	<ul style="list-style-type: none"> MV Oncology Ortho/Spine Rehab Services HVI Lung Nodule Program Interventional Gastro Robotic Bronchoscopy Thoracic Oncology
Clinical/ Innovation	Quality	<ul style="list-style-type: none"> Additional focus on sepsis program to improve diagnosis capabilities and reduce LOS Invest in HRO Culture of Safety Develop pre anesthesia clinic
	Patient Flow/Capacity Management	<ul style="list-style-type: none"> Capacity Management Center Expansion of centralized monitoring

FY2020 Budget Drivers and Assumptions

Category	Item Description	Assumptions	Comments
Growth	Service Line Growth <ul style="list-style-type: none"> Inpatient Outpatient 	<ul style="list-style-type: none"> 3.8% 5.2% 	Based on service line plan and strategic programs
Revenue	Reimbursement increase	Overall 2.6%	Affordability - to remain competitive in market and promote volume growth
Inflation	Wages and benefits	3.0%	Based on CPI of 1.9% and local cost of living
	Pharmacy	4.0%	From our GPO Premier. Includes inflation and utilization of lower cost alternatives
	Supplies	3.0%	Expected inflation from P
Investments	Return on investment portfolio	4%	Target based on asset allocation
LOS	Reduce Medicare loss by reducing ALOS	Maintain Milliman Well-Managed benchmark	Key lever in managing Medicare loss

FY2020 Volume Summary – Inpatient

- Overall **+745** cases or **3.8%** growth
- **Service Line Growth**
 - Opening of Taube Pavilion – Mental Health & Addiction Services Building
 - +281 admissions, 25% increase
 - Orthopedics
 - +107 cases, 6.6% increase
 - Orthopedic Robot in Mountain View and increased volume from identified surgeons
 - Acute Rehabilitation Services at Los Gatos
 - +96 admissions, 19.6% increase
 - Spine Surgery
 - +45 cases, 14.2% increase
 - Ramp up of identified surgeons
 - Maternal Child Health (MCH)
 - +46 additional deliveries and associated volumes

FY2020 Volume Summary - Outpatient

- Overall **+7,812** visits or **5.2%** growth
- **Service Line Growth**
 - Oncology +4,712 visits, 23.2% increase
 - Opening of Los Gatos Infusion Center in October 2019, +3,052 visits.
 - Mountain View increase in hours of operation & MD recruitment, +1,660 visits.
 - Behavioral Health +372 visits, 13.3% increase
 - Enhanced MD coverage and additional partial hospitalizations
 - Add Addiction track for adolescents to existing Aspire program
 - Addiction Program extension to 40 weeks
 - General Medicine procedural volume, +538 cases, 7.4% increase
 - Additional endoscopies at Mountain View & Los Gatos
 - Additional pulmonary function and bronchoscopy volume from lung program
 - Additional Interventional Gastroenterology volume from new program at Los Gatos
 - Imaging Services +260 visits, 1.3% increase
 - New MRI at Los Gatos and additional volume from lung nodule program, electrophysiology (EP) studies, and gastroenterology.
 - Maternal Child Health +194 visits, 3.6% increase
 - Outpatient volumes generated from additional deliveries

FY2020 – Proposed Hospital & Affiliate Consolidated Budget

\$000s	2016	2017	2018	2019Ann	2020 Bud	Per Cha
OPERATING REVENUE						
Gross Revenue	2,755,722,169	3,020,407,891	3,298,115,282	3,489,070,086	3,858,733,551	1
Deductions	(1,983,548,835)	(2,187,761,179)	(2,404,362,165)	(2,567,475,047)	(2,845,880,772)	1
Net Patient Revenue	772,173,333	832,646,712	893,753,117	921,595,040	1,012,852,779	
Other Operating Revenue	39,406,784	42,909,648	45,060,246	40,759,294	45,320,459	1
Total Operating Revenue	811,580,117	875,556,360	938,813,363	962,354,333	1,058,173,238	1
	28.0%	27.6%	27.1%	26.4%	26.2%	
OPERATING EXPENSE						
Salaries & Wages	443,258,272	453,364,844	472,748,025	507,873,416	557,623,143	
Supplies	118,183,227	121,980,344	128,106,815	133,511,459	146,762,816	
Fees & Purchased Services	82,065,587	88,723,794	90,789,148	94,984,770	127,162,754	3
Other Operating Expense	61,207,687	51,799,644	59,802,284	61,753,442	76,428,694	2
Interest	7,193,382	1,709,428	5,227,159	4,720,770	11,939,128	15
Depreciation	48,803,363	47,969,821	49,711,649	51,956,931	59,462,720	1
Total Operating Expense	760,711,517	765,547,875	806,385,079	854,800,788	979,379,255	1
Net Operating Income/(Loss)	50,868,600	110,008,485	132,428,284	107,553,545	78,793,982	-2
Non Operating Income	(5,146,989)	63,647,753	64,663,611	34,095,343	38,195,902	1
Net Income(Loss)	45,721,611	173,656,238	197,091,895	141,648,888	116,989,884	-1
EBITDA	13.2%	18.2%	20.0%	17.1%	14.2%	
Operating Margin	6.3%	12.6%	14.1%	11.2%	7.4%	
Net Margin	5.6%	19.8%	21.0%	14.7%	11.1%	

Change in Operating Margin from FY2019 to FY2020:

2019 Operating Income

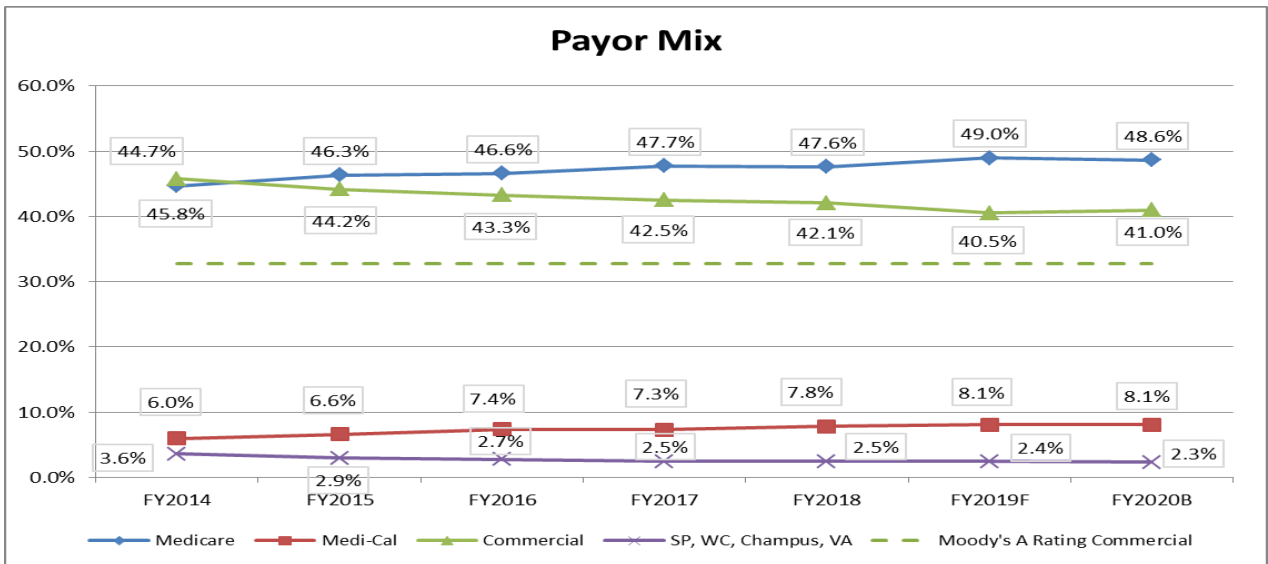
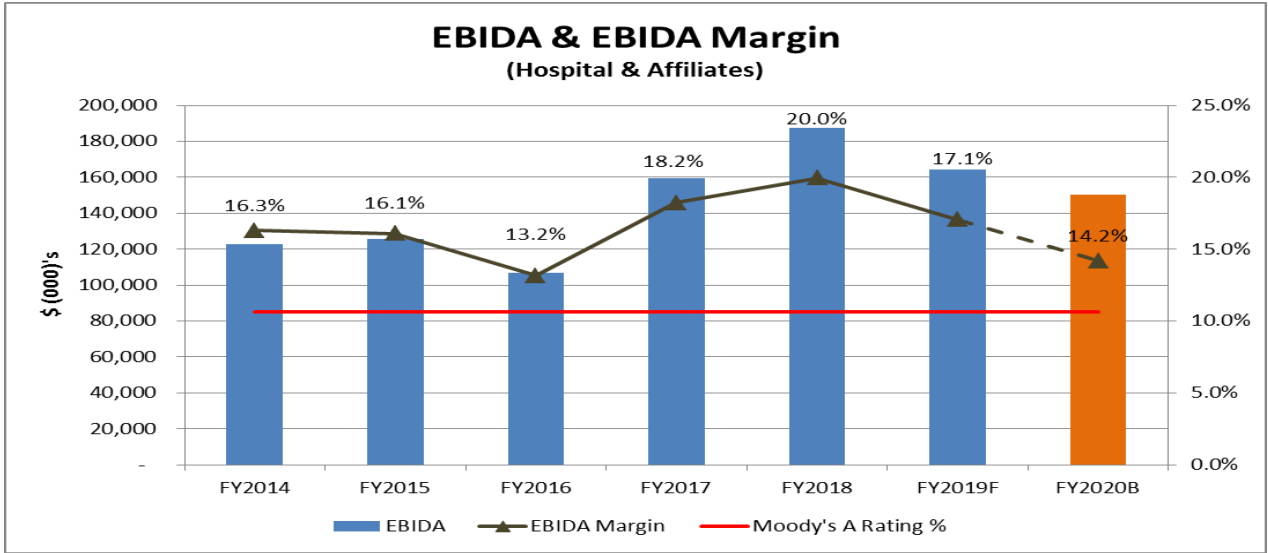
\$107.6M

- Hospital (8.1M) \$13M Depreciation and Interest expense offset by growth
- SVMD (18.2M) Ambulatory Expansion
- Concern (1.7M) Loss of major account
- Other (0.8M)

2020 Budget Operating Income

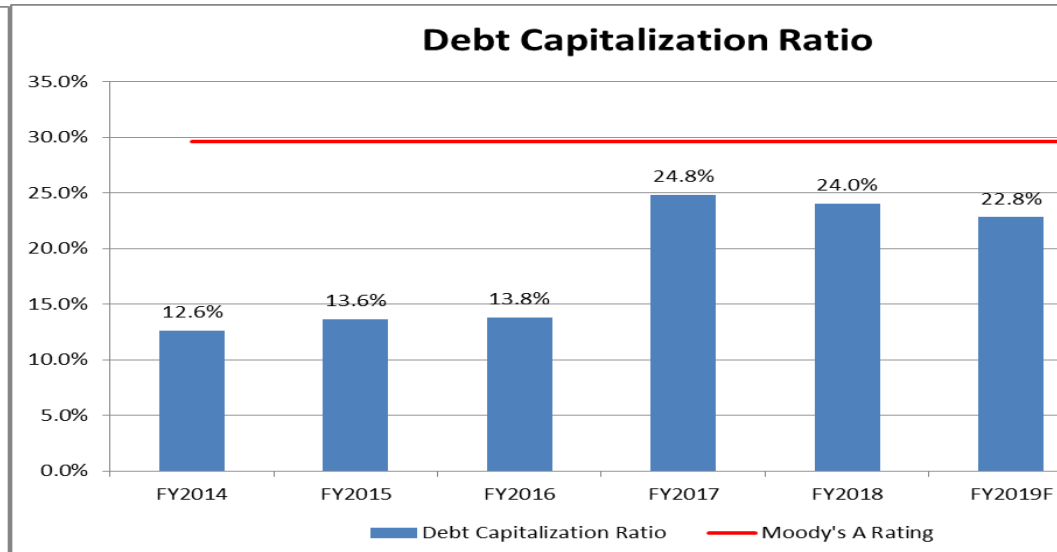
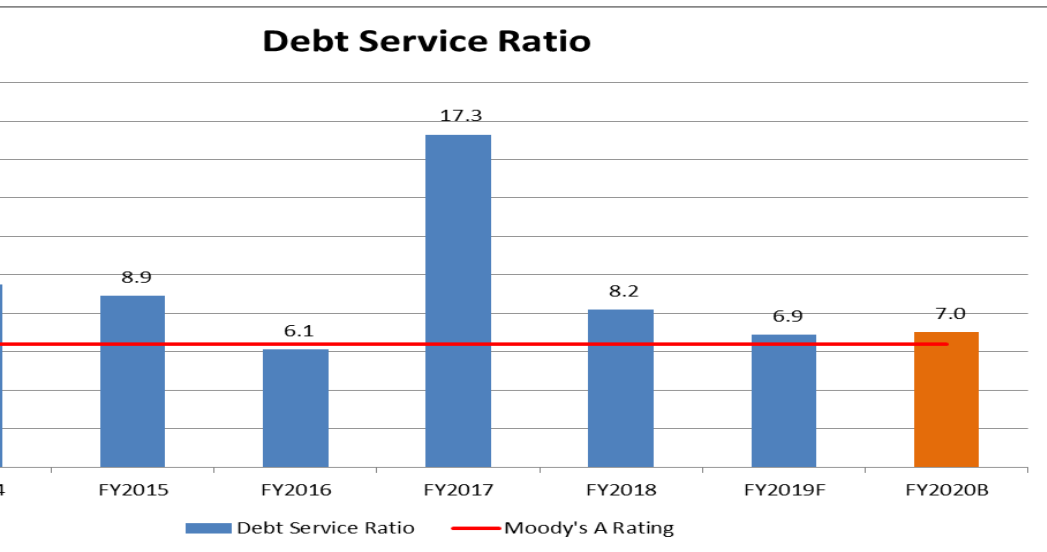
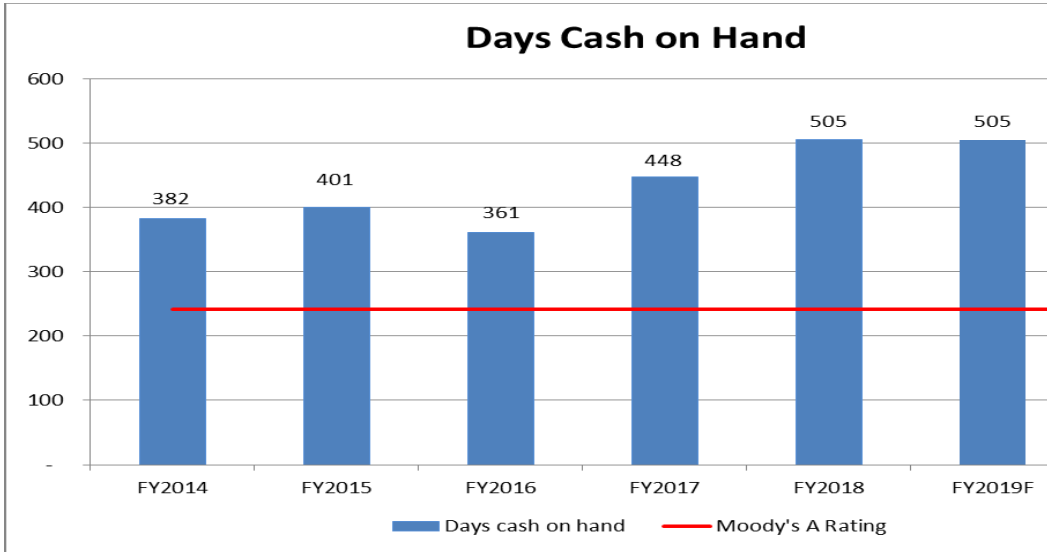
\$78.8M

Key Financial Metrics

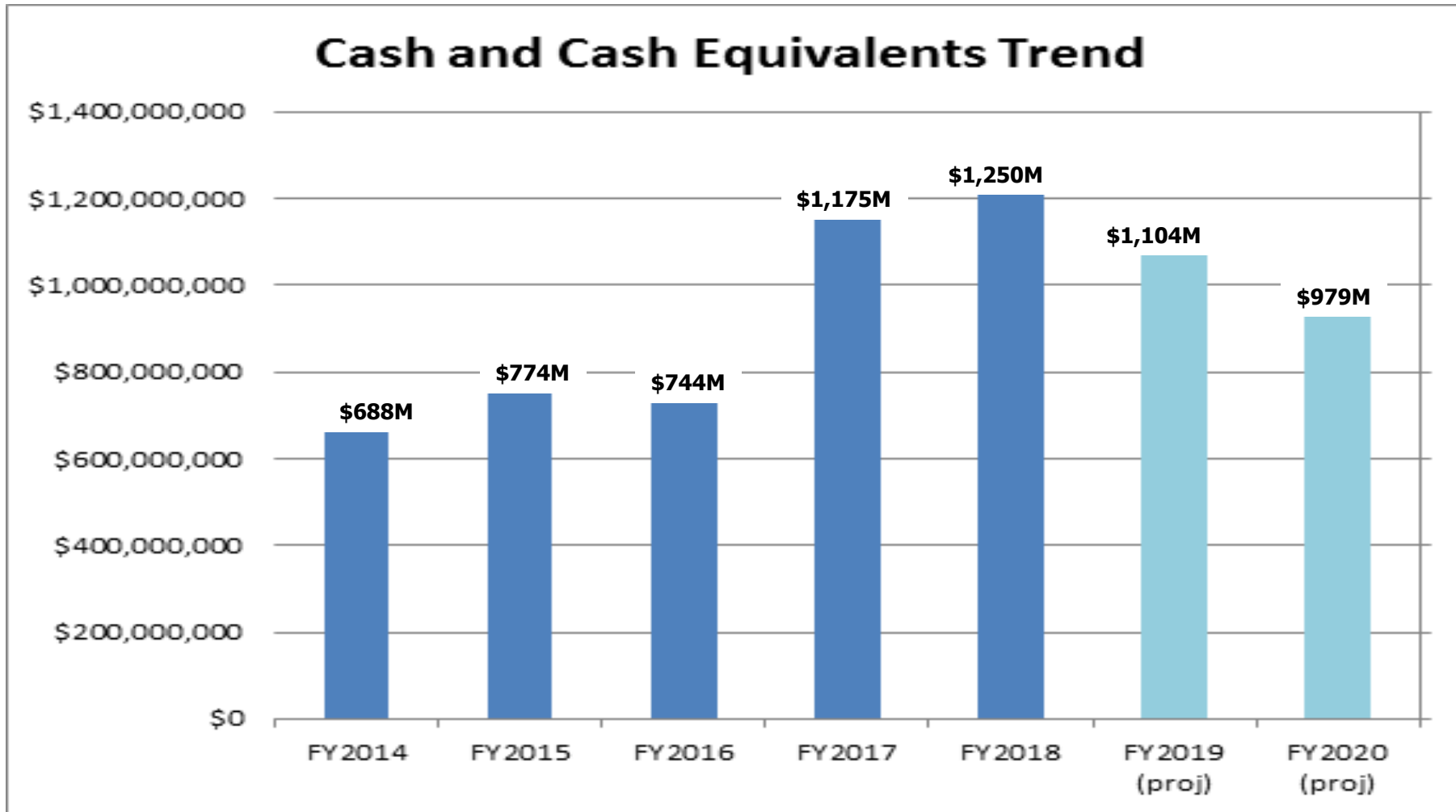


Key Financial Metrics

- Payer mix trend shows growth in Medicare and Medi-Cal
- FY 20 growth plans to provide the commercial volume to stabilize the payer mix



FY 2020 Budget



FY 2020 Budget

Sources and Uses Statement - FY 2020 Forecast (000s)

EL Camino Health (Excl. District)

Sources of Cash	
Cash From Operations:	
<i>Mountain View Hospital</i>	137,299
<i>Los Gatos Hospital</i>	29,832
<i>SVMD</i>	(26,142)
<i>Other</i>	(2,732)
Cash from Non-Ops	38,196
TOTAL SOURCES OF CASH	176,453
Uses of Cash	
Facility Capital	268,937
Other Capital	24,000
Bond Principal	8,630
TOTAL USES OF CASH	301,567
Beginning Cash and Cash Equivalents	1,104,004
Total Sources of Cash	176,453
Total Uses of Cash	(301,567)
Ending Cash and Cash Equivalents	978,890

Hospital P&L – Revenue Highlights

- **Revenue**
 - **Net Patient Revenue increasing 4.7% or \$42.8M**
 - **2.2% or \$19.9M due to effective increase from rate change**
 - **2.5% or \$23.6M due to growth/volume**
 - **MV and LG Infusion \$8.7M**
 - **Surgery \$7.9M**
 - **IP Rehab \$3.5M**
 - **IP Psych \$2.4M**

Hospital P&L – Expense Highlights

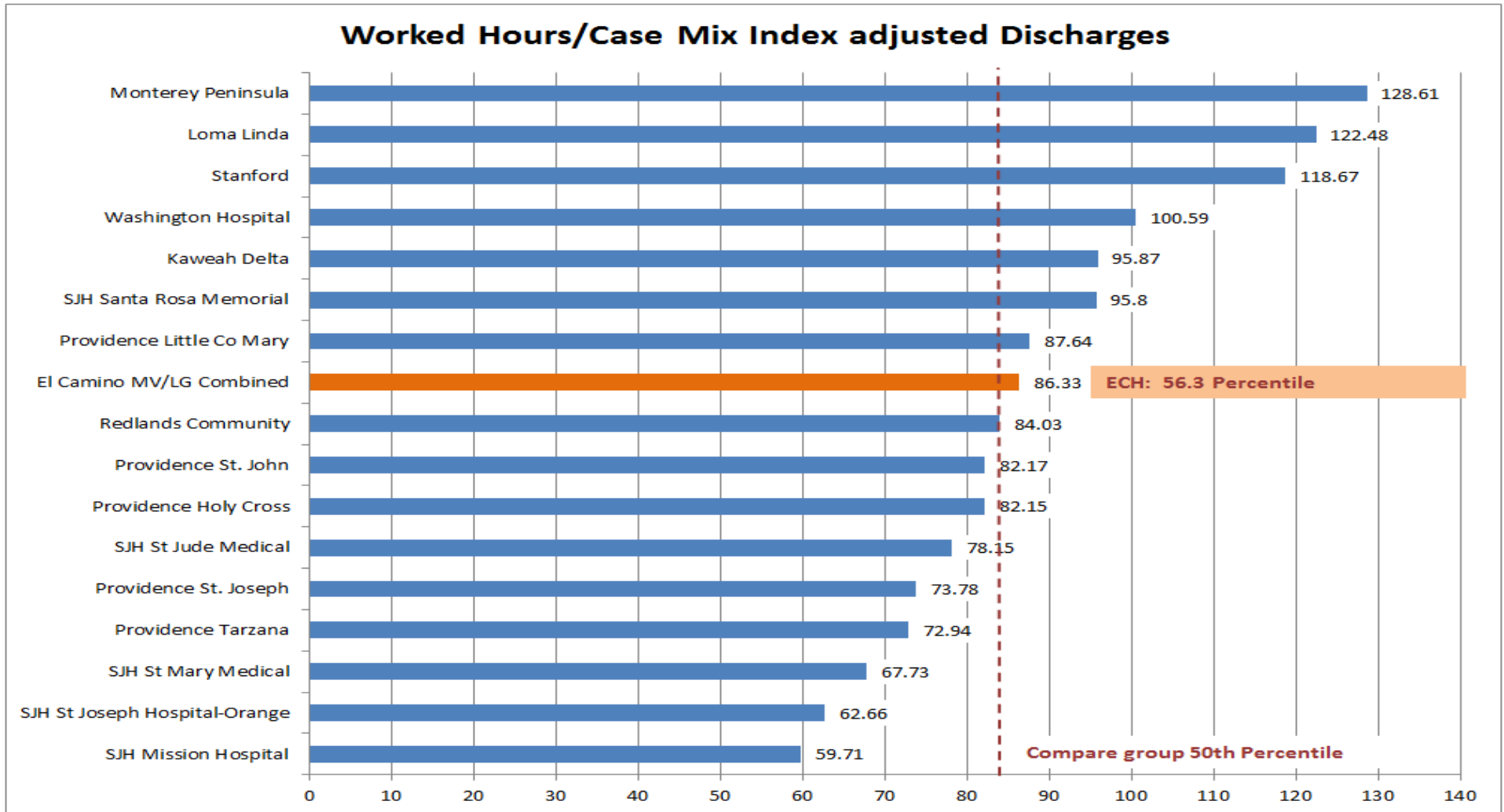
- **Expense**
 - **Operating Expense increasing 6.2% or \$51.1M**
 - **Salaries & Wages up 4.8% or \$24.0M**
 - \$14.7M driven by wage rate increases
 - \$4.6M driven by growth/volume increases
 - \$4.8M driven by Strategic/Innovation programs
 - \$2.2M driven by support of new programs
 - (\$1.1M) driven by reduction in Outside Labor costs
 - (\$1.2M) from identified savings
 - **Supplies up 6.9% or \$9.1M**
 - \$5.6M driven by drugs related to LG Infusion (New Program) and MV Infusion growth
 - \$3.5M driven by inflation
 - \$2.6M driven by growth/volume increases
 - (\$2.6M) from identified savings
 - **Other Operating Expenses up 6.9% or \$4.1M**
 - Primarily due to activation and operational costs associated with new building openings
 - **Depreciation expense up 11.2% or \$5.8M**
 - Primarily due to iMOB and Mental Health & Addiction Services buildings opening in 2020
 - **Interest Expense up 152.9% or \$7.2M due to end of capitalizing interest on completed projects**

Reconciliation FY2019 to Hospital Budget FY2020 (000's)

	FY 2019 Projected/ Actual	Growth/ Volume Driven	Growth Support Services (BHS & iMOB)	Inflation	Strategic/ Innovation	Operations Improvement	Other	Increase / (Decrease)	FY 2020 B
NT REVENUE	917,652	23,605		19,890			-672	42,823	9
	26.4%							-0.7%	
ERATING REVENUE	27,116						172	172	
OPERATING REVENUE	944,768	23,605		19,890			-501	42,994	9
& WAGES	500,238	4,626	2,269	14,624	4,780	-1,200	-1,064	24,036	5
	132,868	8,328		3,480		-2,650	-34	9,123	1
RCHASSED SERVICES	78,181				2,240	-600	-843	797	
ERATING EXPENSE	59,330	800	2,750		718		-149	4,119	
	4,721						7,218	7,218	
ITION	51,381						5,777	5,777	
ERATING EXPENSE	826,718	13,753	5,019	18,104	7,738	-4,450	10,906	51,071	8
G MARGIN	118,050	9,852	-5,019	1,786	-7,738	4,450	-11,407	-8,077	1

WORKFORCE PRODUCTIVITY

Hospital Comparison



- Based on FY 2018 Truven/Action OI benchmarking Analysis
- Lower value equates to better productivity

FY 2020 Hospital Budget

Detail of Full Time Equivalent (FTE) Change

Paid FTEs	FY19 Projected	Change	FY20 Budget
TOTAL	2,648	+137	2,784
Patient Care/Volume/Growth		+67.3	
Information Technology: Support Services (BHS & iMOB)		+15.9	
Laboratory Support		+31.0	Offset by SVMD Purchasing Service
Strategic Initiatives BHS Aspire & Addiction Programs Centralized Monitoring Capacity Management Peter C. Fung, MD Stroke Center Women's Heart Center Cardiac Oncology Center		+14.2	
Laboratory/Compliance Sterile Processing		+3.8	
Quality Improvement Sepsis Program Manager & Analyst Program Manager Continuous Improvement		+2.6	
		+2.2	

FY2020 Budget: Savings Initiatives

\$ Opportunity	Type of Spend	Initiative
\$500K	Purchased Service	OSL vendor – Use Premier vendor (AMN parent of BE Smith), bid or negotiate savings from RightSource. Estimated savings \$900K based on \$9 million annual spend.
\$500K	Health Benefits	(Medical/Dental), \$40M annual expense. Health Net quote with \$1.6M savings for 2020 calendar year.
\$600K	Other Spending	Professional Services: \$6M annual expense
\$200K		Premium time -- incidental overtime
\$350K		Pharmaceuticals
\$2.3M		Supply initiatives
\$4.45M		TOTAL

FY2020 – Proposed Hospital Budget P&L (Mountain View & Los Gatos)

\$000s	2016	2017	2018	2019Ann	2020 Bud	F
OPERATING REVENUE						
Gross Revenue	2,755,387,126	3,019,082,917	3,297,555,552	3,477,345,850	3,739,385,548	
Deductions	(1,983,366,755)	(2,186,820,126)	(2,403,957,321)	(2,559,693,853)	(2,778,910,637)	
Net Patient Revenue	772,020,371	832,262,791	893,598,231	917,651,998	960,474,911	
Other Operating Revenue	23,636,455	26,084,597	29,717,640	27,116,151	27,287,665	
Total Operating Revenue	795,656,826	858,347,388	923,315,871	944,768,149	987,762,576	
OPERATING EXPENSE						
Salaries & Wages	435,988,262	446,084,705	465,264,794	500,238,034	524,273,701	
Supplies	117,987,515	121,826,016	127,894,777	132,868,018	141,991,342	
Other & Purchased Services	72,882,133	77,835,086	79,203,145	78,181,198	78,978,640	
Other Operating Expense	60,245,252	50,790,881	58,387,075	59,329,583	63,449,060	
Interest	7,193,382	1,709,428	5,227,159	4,720,770	11,939,128	
Depreciation	48,747,598	47,924,823	49,477,262	51,380,866	57,157,678	
Total Operating Expense	743,044,142	746,170,940	785,454,213	826,718,469	877,789,549	
Operating Income/(Loss)	52,612,685	112,176,448	137,861,659	118,049,681	109,973,026	
Other Operating Income	(9,570,053)	57,399,730	55,774,765	13,794,983	32,938,932	
Net Income(Loss)	43,042,632	169,576,178	193,636,424	131,844,664	142,911,959	
EBITDA	13.6%	18.9%	20.9%	18.4%	18.1%	
Operating Margin	6.6%	13.1%	14.9%	12.5%	11.1%	
Net Margin	5.4%	19.8%	21.0%	14.0%	14.5%	

Board Designated Community Benefit Endowment Fund

- In FY16, the Board established an endowment to provide investment income to fund community benefit.
- We agreed to evaluate whether the fund should be increased during the annual budget cycle.
- Recommendation
 - Endowment funding earnings available for FY 20 community is \$320,000. Total Hospital community benefit for FY 20 is \$3.7 million
 - Endowment fund balance to remain \$15 million since FY 20 capital plan exceeds EBITDA by \$114 million



FY20 Capital Budget

Capital Summary

Capital Spending (in 000's)	Actual FY2016	Actual FY2017	Actual FY2018	Projected FY2019	Budget 2020
EPIC	20,798	2,755	1,114	-	-
IT Hardware / Software Equipment	6,483	2,659	1,108	6,000	6,000
Medical / Non Medical Equipment	17,133	9,556	15,780	18,000	18,000
Non CIP Land, Land I , BLDG, Additions	4,189	-	2,070	-	-
Facilities	48,137	82,953	137,364	205,451	268,937
GRAND TOTAL	96,740	97,923	157,435	229,451	292,937
*Includes \$5M unallocated amount					

FY 2020 Facilities Capital Budget Breakdown \$ in 000's

	Estimated Total Project Cost May 2019	Total Committed \$\$ To Date	FY-20 REQUEST FOR APPROVAL	FY -20 SPEND
Approved Funded Projects - In Process	\$504,881	\$487,481	\$11,200	\$123,586
Planned Projects - Pending Approval	204,240	18,100	178,040	72,254
Placeholder Projects - To Be Evaluated.	242,700	500	157,200	73,097
TOTALS	\$951,821	\$506,081	\$346,440	\$268,937

2020 Facilities Capital Budget

Approved Funded Projects – In Process

Approved Funded Projects - In Process	Estimated Total Project Cost May 2019	Total Committed \$\$To Date	FY 20 BUDGET \$\$ (A)	FY -20 Sp
BHS Replacement	96,100,000	96,100,000		12,799
North Dr Parking Structure Expansion	24,500,000	24,500,000		
Integrated Medical Office Building	302,100,000	302,100,000		64,489
CUP Upgrades	9,000,000	9,000,000		
LG Campus Planning	250,000	250,000		122
Imaging Equipment Replacement (Imaging Dept. Only)	21,700,000	16,900,000	4,800,000	11,700
IR / Cath Lab Equipment Replacement (5 or 6 Rooms)	19,400,000	13,000,000	6,400,000	9,500
Willow Surgery Center Improvements	6,200,000			6,200
MV SPD Ultrasconic Cleaner Installation	175,520	175,520		
MV Infrastructure Upgrades Misc	360,000	360,000		260
Lab Equipment & Security Upgrades	240,000	240,000		160
Emergency Sanitary & Water Storage	3,900,000	3,900,000		3,489
CT Equipment Replacement @ Radiation Oncology	993,302	993,302		814
Herman Miller Inventory (Partial Replacement)	210,000	210,000		150
MOB Upgrades (MV Campus) FY-19	250,000	250,000		220
LG Infrastructure Upgrades Misc.	240,000	240,000		146
LG Modular MRI & Awning	3,900,000	3,900,000		3,386
LG Cancer Center	6,400,000	6,400,000		3,063
LG MOB Improvements FY-19	498,300	498,300		340
Primary Care Clinic (TI's Only) FY 19 (237 @ N. 1st)	8,000,000	8,000,000		6,743
SVMD - Administrative Office	359,000	359,000		
SVMD - OB/GYN Clinic - 2204 Grant Rd.	105,000	105,000		
Subtotal Approved Projects	504,881,122	487,481,122	11,200,000	123,586,

Projects > \$1M will come to Finance Committee for approval

Camino Health

FY 2020 Facilities Capital Detail

Planned Projects – Pending Approval

	Estimated Total Project Cost May 2019	Total Committed \$\$To Date	FY 20 BUDGET \$\$ (A)	FY -20 S
Planned Projects - Pending Approval				
Women's Hosp Expansion	111,000,000	16,000,000	95,000,000	33,000,000
Demo Old Main & Related Site Work	70,000,000	1,000,000	69,000,000	20,000,000
ED Remodel Triage / Psych Observation	6,750,000	250,000		6,330,000
Site Signage & Other Improvements	2,250,000	250,000		2,030,000
Nurse Call System Upgrade (Overlay Only)	800,000			700,000
Various Relocation Projects	800,000			700,000
Flooring Replacement	1,600,000	600,000	1,000,000	1,180,000
MV Wireless Infrastructure Upgrade	1,600,000		1,600,000	1,000,000
MV Physician Dining Room	1,200,000		1,200,000	1,200,000
Other Undefined	2,000,000		2,000,000	500,000
LG Nurse Call System Replacement	2,400,000		2,400,000	1,800,000
LG Security System	460,000		460,000	420,000
LG Rehab Finish Upgrades	400,000		400,000	400,000
LG Campus Signage	500,000		500,000	500,000
LG Wireless Infrastructure Upgrades	480,000		480,000	480,000
LG Paving Upgrades	800,000		800,000	800,000
LG Decontamination in OR	600,000		600,000	600,000
LG Pharmacy USP 797 & 800 Upgrades	600,000		600,000	600,000
Subtotal Planned Projects	204,240,000	18,100,000	178,040,000	72,254,000

Projects > \$1M will come to Finance Committee for approval

Camino Health

FY 2020 Facilities Capital Detail

Placeholder Projects – To Be Evaluated

	Estimated Total Project Cost May 2019	Total Committed \$\$To Date	FY 20 BUDGET \$\$ (A)	FY -20 Spend	
Placeholder Projects - To Be Evaluated.					
New 28k MOB (Courthouse Prop)	22,400,000	500,000	22,400,000	12,400,000	
LG Upgrades	0		30,000,000	12,000,000	
Willow Pavilion FA Sys and Equip Upgrades	1,400,000		1,400,000	1,400,000	
Patient Family Residence	20,000,000		19,500,000	596,729	
Nurse Call / RTLS (PT. Rm of Future) Main Hospital Only	5,000,000		5,000,000	250,000	
Radiation Oncology Equipment Replacement	12,000,000		12,000,000	10,000,000	
MV MOB Upgrades FY 20	1,000,000		1,000,000	500,000	
MV Facilities Planning Allowance FY 20	600,000		600,000	600,000	
MV Equipment & Infrastructure Upgrades FY 20	900,000		900,000	900,000	
MV Cancer Center Expansion	2,400,000		2,400,000	1,200,000	
MV Undefined Annual	56,000,000				
LG IR Upgrades	1,500,000		1,500,000	250,000	
LG MOB Upgrades FY 20	500,000		500,000	500,000	
LG Facilities Planning Allowance FY 20	500,000		500,000	500,000	
LG Equipment & Infrastructure Upgrades FY 20	600,000		600,000	600,000	
LG Undefined Annual	14,000,000				
SVMD - Facilities Future Years	15,000,000				
SVMD - Clinic / Admin Office Building (New Construction)	25,000,000		25,000,000	3,000,000	
SVMD - MeKee Clinic Relocation (Assumes 12,000 SF, TI's)	6,300,000		6,300,000	2,000,000	
SVMD - Planning & Upgrades Allowance	1,600,000		1,600,000	400,000	
Property Acquisitions	56,000,000	26,000,000	26,000,000		
Subtotal Placeholder Projects	242,700,000	500,000	157,200,000	73,096,729	

Projects > \$1M will come to Finance Committee for approval

Camino Health

Physician Recruitment Budget*

.5 million practice start up investment for a target of 15 Silicon Valley Medical Development and San Jose Medical Group physicians

.5 million start up investment for a target of 8 physicians in community practices for specialties with physician manpower shortages (income guarantee serve)

FY2020 Hospital Physician Needs

Physician Recruitment Needs	15
Less SVMD & SJMG	-7
Expected Community Recruitment	8

FY2020 SVMD & SJMG Provider Recruitment

New Recruitment

OB/Gyn (Physicians + APP)
 PCP
 Medical Oncology
 Ophthalmology
 Ortho PA
 General Surgeon (Breast)

New Recruit Subtotal

Replacement

Endocrinology
 ENT
 OB/Gyn
 Orthopedics
 Gastroenterology
 PCP
 Urgent Care (APP)
 Hospitalists

Replacement Subtotal

Total

Complete hospital/SVMD/SJMG physician recruitment plan will be submitted to the board in August

FY2020 Budget - Risks

Volume Drivers

- Delayed physician recruitment
- Unplanned physician leaves of absence
- Opening of Stanford's new hospital
 - The impact may reach \$3M should Stanford increase it's market share by 10% across El Camino's northern primary market
- Facility approval or equipment delays medical oncology

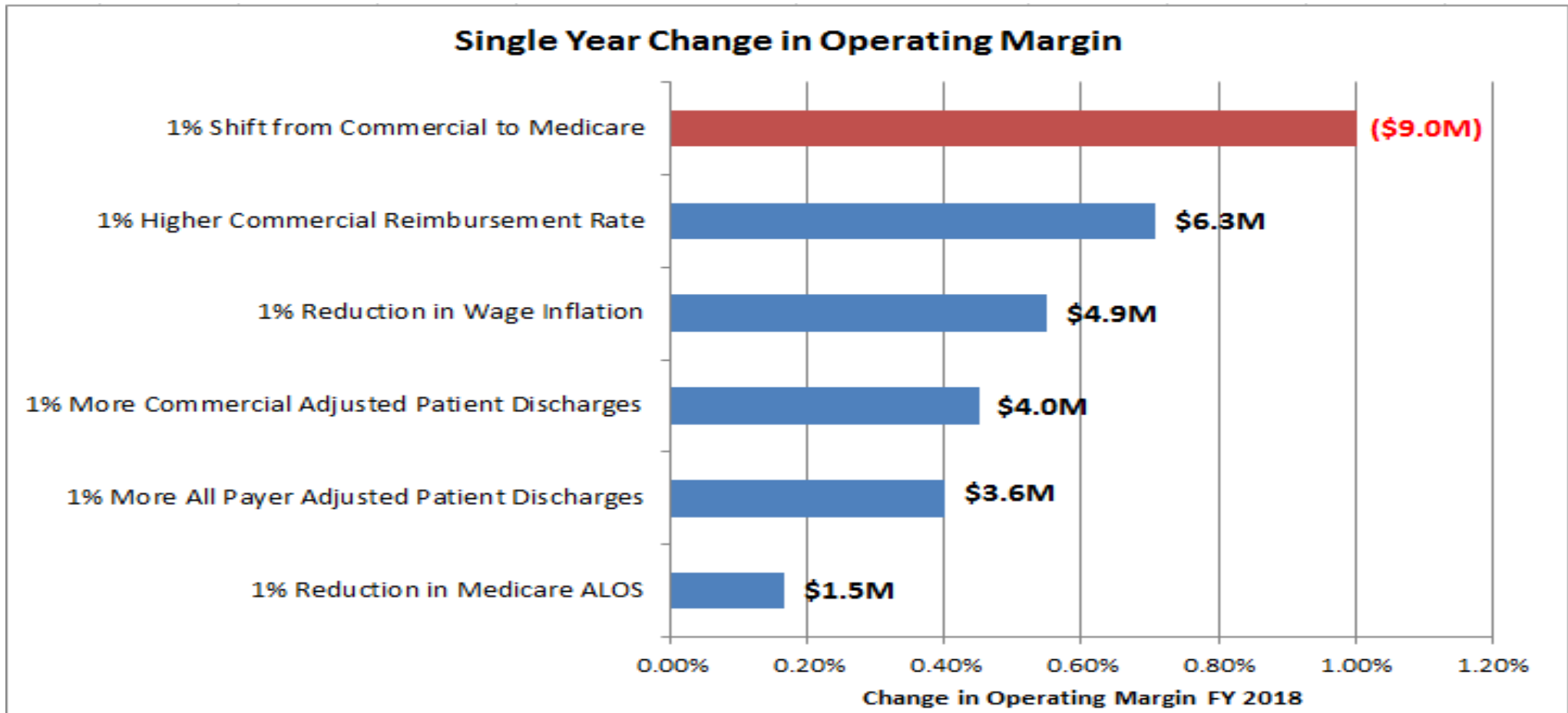
Profitability Drivers

- Payer mix shift (due to competition or outpatient shift)
- Labor contract / wage rate increase
- Commercial contract negotiation and/or narrow network development

New Program Risks

- SVMMD / SJMG integration

Sensitivity Analysis





APPENDIX

CONCERN Highlights

Revenue Changes

- Loss of large customer with 70,000 employees
- PEPM revenue – reduce by \$ 2M
- Major onsite counseling program terminated 3/31/2019 – reduce by \$ 2M
- Enhanced Support – reduce by \$110,000; no customer will be using this service
- Training/OD – reduce by \$100,000 – anticipated larger customers will use less

Expense Changes

- Labor down 5 FTEs - Budget 19 to Budget 20
- Provider costs/claims reduced by \$2.3M
- Other Purchased Services reduced by \$270,000
- After hours call service reduced by \$100,000

FY2020 Budget – Concern P&L

\$000s	2016	2017	2018	2019Ann	2020 Bud	2020B/ Ch
OPERATING REVENUE						
Operating Revenue	15,755,428	16,825,052	15,295,322	13,575,165	9,146,949	(4)
OPERATING EXPENSE						
Salaries & Wages	5,754,050	5,308,632	5,278,000	4,573,830	4,405,500	
Supplies	130,342	74,622	58,935	48,110	62,503	
Purchased Services	7,810,983	9,224,465	8,272,291	6,017,183	3,521,507	(2)
Operating Expense	744,832	725,248	696,530	623,616	523,725	
Interest	-	-	-	-	-	
Depreciation	42,449	29,617	35,413	27,458	15,901	
Operating Expense	14,482,656	15,362,584	14,341,170	11,290,197	8,529,135	(2)
Operating Income/(Loss)	1,272,772	1,462,468	954,152	2,284,968	617,814	(1)
EBITDA	8.3%	8.9%	6.5%	17.0%	6.9%	
Operating Margin	8.1%	8.7%	6.2%	16.8%	6.8%	

Revenue adjusted to reflect large customer termination with major onsite counseling program effective 3/31/2019
 Salaries reduced reflecting reduction in staff that supported large customer.
 Purchased Services reduction due to loss of large customer – fewer crisis intervention and activity and counseling visits.

Foundation Budget Highlights – 1/2

- **COMPUTER SOFTWARE: Budget increase of \$5,000**

- Most of our software will remain the same except for the addition of two new software packages to better support our fundraising events
- Greater Giving – Will streamline event management and deliver a smooth volunteer and guest experience for registration, auction bidding, and other transaction processing.
- Social Tables – Provides event diagramming, seating, and check-in services. This will enable the events team to collaborate and communicate with donors and vendors. The software will save time and improve the event planning process.

- **FUNDRAISING EVENTS: Budget decrease of \$200,000**

- Spring Gala – The FY19 expense budget was based on the previous event structure under Sapphire So Last year, the Foundation had redesigned the event, introducing a new format and beneficiary. Heading into FY20, the Foundation is continuing with this new format and reducing the event budget to reflect the
- Other events expected retain the same budget

Foundation Budget Highlights - 2/2

- **STEWARDSHIP EVENTS: Budget neutral**
- Ribbon-cutting Ceremonies
- With the opening of the Taube Pavilion and Sobrato Pavilion, the Foundation will be allocating a portion of its major gift cultivation/salon budget for a special donor events around the opening
- **ANNUAL GIVING: Budget neutral**
- Focus on personalized message to support mid-level donor program
- Proactive rounding on prospects while they are in the hospital to better support the Circle of Caring grateful patient program
- More segmentation by clinical program for targeted message to acquire new donors/grateful patients

Foundation – FY2020 Fundraising Detail

Category	FY20 Goals	Unrestricted	Restricted	Gift Focus
Planned Gifts	\$5,500,000	\$1,500,000	\$4,000,000	Restricted outright gifts; restricted irrevocable planned gift commitments; unrestricted gifts; matured estates; APS sponsorships
Carrying Forward	\$350,000	\$240,000	\$110,000	Event Expense; beneficiary: TBD
Wolf	\$325,000	\$280,000	\$45,000	Event Expense; beneficiary: Peter C. Fund, MD Stroke Center
SAHC	\$200,000	\$125,000	\$75,000	9858 SAHC Event then transfer proceeds to SAHC Restricted Fund
LL	\$200,000	\$200,000	\$0	9860 Special Events Expense then transfer net proceeds to determined beneficiary
El Camino	\$600,000	\$240,000	\$360,000	El Camino Fund (unrestricted gifts) and restricted gifts for specific service line/department
Income	\$500,000	\$500,000	\$0	El Camino Fund (unrestricted)
TOTAL	\$7,675,000	\$3,085,000	\$4,590,000	

Foundation - Fundraising Trend

ECH FOUNDATION		FY20 Goal	FY19 as of 3/31	FY18 Actual	FY17 Actual	FY16 Actual
Major & Planned Gifts		5,500,000	15,668,021	3,232,425	4,213,319	4,059,779
Special Events	Spring Forward	350,000	500	360,650	788,360	936,240
	Golf Tournament	325,000	338,080	353,650	273,100	326,205
	Scarlet Ball	200,000	124,186	349,209	315,295	292,180
	Norma's Luncheon	200,000	131,505	284,380	153,300	245,106
Annual Giving		600,000	561,708	658,005	587,582	507,745
Grants						64,833
Investment Income		500,000	1,406,426	911,273	1,138,296	1,319,905
TOTAL			18,230,426	6,149,592	7,469,252	7,751,993
Annual Goal by FY		7,675,000	6,175,000	6,150,000	6,170,000	7,300,000

FY2020 Budget – Foundation P&L

\$000s	2016	2017	2018	2019Ann	2020 Bud	2020B/2019A
OPERATING REVENUE						
Total Operating Revenue	-	-	-	-	-	
OPERATING EXPENSE						
Salaries & Wages	1,430,420	1,570,419	1,436,670	1,480,170	1,831,365	
Supplies	45,092	60,233	57,340	96,838	88,364	
Travel & Purchased Services	1,204,088	1,111,546	729,834	685,956	1,105,004	
Total Operating Expense	240,132	221,645	214,288	259,026	340,960	
Interest	-	-	-	-	-	
Depreciation	13,316	13,316	13,316	13,316	13,316	
Total Operating Expense	2,933,047	2,977,159	2,451,448	2,535,305	3,379,008	
Total Operating Income/(Loss)	(2,933,047)	(2,977,159)	(2,451,448)	(2,535,305)	(3,379,008)	
Total Non Operating Income	3,914,780	5,397,358	4,394,594	5,097,308	4,875,703	
Net Income(Loss)	981,733	2,420,199	1,943,146	2,562,002	1,496,694	(1,065,308)

Salaries increasing due to vacant/partial year positions (Philanthropy Officer, Admin Assistant and Database Coordinator)
Purchased Services higher due to major event expenses in FY19 have yet to be posed to actuals (South Asian Heart center & Gala)
Total Operating Expense higher due to donor events for openings of Sobrato & Taube Pavilions.



Capital Equipment IT & Routine Capital Detail

FY 2020 Capital Request Detail Information Technology

Line of Budget	Cost Center	Cost Center Desc	Request Name	Total
1	8480	INFO SVS AND TELECOMM	IS Baseline: Server - Baseline Replacement & Maintenance Parts	1,100,
			IS Baseline: Storage - Baseline Primary & Backup Storage Growth	875,
			IS Baseline: Network - Baseline Replacement & Maintenance Parts	750,
			IS Baseline: Software Upgrades: Existing Software	400,
			IS Baseline: Devices - Baseline Cart Replacement & Growth and eTime Badge Reader Replac	290,
			IS Baseline: Telecom - Baseline Replacement, Growth & Maintenance Parts	150,
	8485	IS SECURITY	IS Security Program	758,
			IS Security Program: Disaster Recovery Phase 2 - VRP Implementation	450,
	8486	ICARE	Epic Program: Licenses, Hardware, and Implementation	727,
			Epic Program (MyChart/ MyChart Bedside)	500,
Total				6,000,
Grand Total				6,000,

FY 2020 Capital Request Detail

Medical/Non-Medical Equipment Items > \$100K

Mountain View

Sum of Budget				
Facility	Cost Center	Cost Center Desc	Request Name	Total
1	6070	NICU	Timeless Medical System for Breast Milk, Donor Milk and Infant Formula tracking	166,000
	6177	MED SURG ONC 4B; MED SURG 1	Accutor Vital Signs Monitor	159,840
	6900	PRE-OP SHORT STAY; OPS	Centralized Monitoring 2B Pre-Op-Short Stay	224,778
	7400	LABOR DELIVERY	Auto populate Vital Signs into the EMR	200,000
	7420	OPERATING ROOM	Liva Nova Heart-Lung Machine	328,290
			EPIQ CVx Ultrasound system	240,629
			System 8 Precision Saw	161,347
			Instruments for the Stryker System 8 Precision Saw	128,653
	7501	LABORATORY	Chemistry Automation Line	1,064,880
			Urinalysis Instrument	161,347
	7520	ANATOMIC PATHOLOGY	Leica Bond IHC Stainer	125,000
	7560	ECHOCARDIOGRAPHY	Replacement of two older-style Echo units with Philips Epiq CVx	196,283
	7570	INTERVENTIONAL SERVICES	EnSite Precision [®] , [®] Cardiac Mapping System	247,900
			SonoSite S II Ultrasound System	146,588
			Excimer Laser System The CVX-300	142,543
	7720	RESPIRATORY CARE SVCS	Olypus Tower and Cart	218,000
	7761	ENDOSCOPY	Arietta 850 EUS Processor	238,650
	7770	THERAPY SERVICES - IP	Fiberoptic Endoscopic Evaluation of Swallowing (FEES)	124,282
	8380	STERILE PROCESSING	Vision 1300 series Cart Washer / Disinfector	276,618
			Sterrad ALLCLEAR 1-DR DUO	209,067
			AMSCO 400 SERIES 60 ^â Medium Steam Sterilizer	152,800
			Reliance Vision Single-chamber Washer/Disinfector	100,918
	8660	EMP WELLNESS AND HEALTH SVCS	Fitness Court	100,000
	8794	HEART AND VASCULAR INST	ECMO Equipment	130,000
1 Total				5,244,413

FY 2020 Capital Request Detail

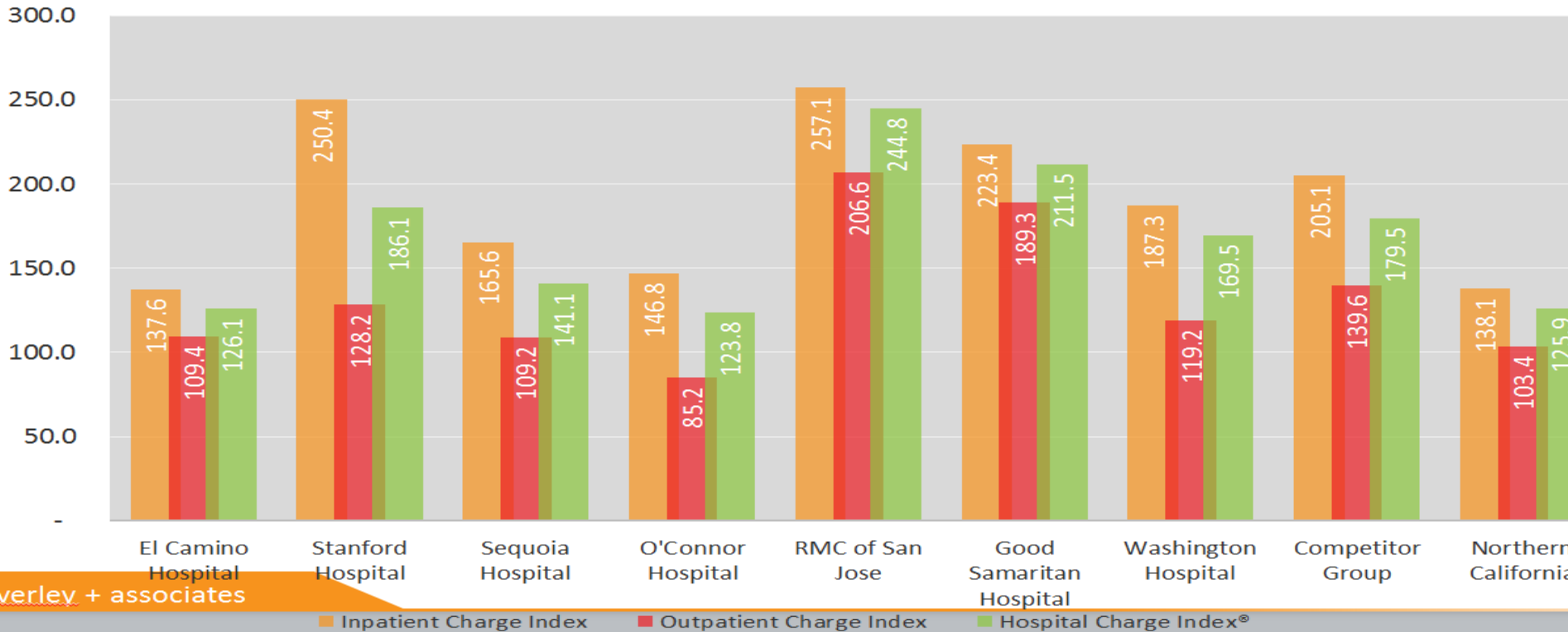
Medical/Non-Medical Equipment Items > \$100K

Los Gatos & Total

Sum of Budget				
Facility	Cost Center	Cost Center Desc	Request Name	Total
11	7420	OPERATING ROOM	Jackson Table for Spine Los Gatos	516,919
	7520	ANATOMIC PATHOLOGY	Histology Lab Remodel	100,000
	7670	IMAGING - US/ECHO	Additional Ultrasound Unit Los Gatos Campus	218,556
	7680	IMAGING - CT SCAN	CT scanner for LG ED - replace XR	900,000
	7720	RESPIRATORY CARE SVCS	Medtronics EMB	186,000
	8380	STERILE PROCESSING	ALLCLEAR 1-DR DUO	209,067
			AMSCO 400 SERIES 48" Medium Steam Sterilizer	134,139
11 Total				2,264,681
Grand Total				7,509,093
			Infusion Pump Replacement (Estimated)	500,000
			Items < \$100K	2,798,266
			Strategic Capital	2,139,000
			Unallocated Funds	5,053,641
			Total Equipment	24,000,000

Charge Master Pricing Comparison with Benchmark Data

Hospital Charge Index[®]



Charge Master Pricing Comparison with Benchmark Data (cont.)

- According to hospital industry pricing experts at Cleverley & Associates, Medicare claims level data shows El Camino Hospital prices below mid-market level compared to its local peer group, which includes Good Samaritan Hospital, Regional Medical Center, O'Connor Hospital, Stanford Hospital, Sequoia Hospital, and Washington Hospital.
- A score of 100 on the Hospital Charge Index represents the national average. Our local peer (“competitor”) group’s blended Hospital Charge Index is 179.5 (i.e. 79.5% higher than the national average) – a reflection of the higher cost of living and prices in the Bay Area.
- In comparison, El Camino Hospital’s blended Hospital Charge Index is much lower at 126.1.
- Even with the 5.0% price increase in FY19, our overall charges remain below the mid-market level of our peer group.
- 5.0% charge increase is proposed in the FY20 budget

Historical Performance vs Budget

	2012	2013	2014	2015	2016	2017	2018	2019F	2020B
Op Margin									
Act	67,498	69,126	70,305	78,122	52,613	112,176	137,862	125,502	
Bud	48,454	46,208	56,642	53,020	50,138	58,285	77,090	105,339	111,426
Var	39%	50%	24%	47%	5%	92%	79%	19%	
Op Margin %									
Act	10.5%	9.9%	9.5%	10.2%	6.6%	13.1%	15.6%	13.1%	
Bud	7.8%	7.1%	8.0%	7.1%	6.5%	7.2%	9.0%	11.1%	11.3%
Rev									
Act	643,630	701,479	739,985	767,751	795,657	858,347	930,586	954,556	
<i>Growth from PY</i>		9.0%	5.5%	3.8%	3.6%	7.9%	8.4%	2.6%	3.6%
Bud	624,833	647,277	704,587	750,748	765,618	814,645	855,195	951,269	989,216
Var	3%	8%	5%	2%	4%	5%	9%	0%	
Exp									
Act	576,132	632,353	669,680	689,629	743,044	746,171	785,454	829,054	
Bud	576,378	601,069	647,944	697,728	715,481	756,360	778,105	845,930	877,790
Var	0%	-5%	-3%	1%	-4%	1%	-1%	2%	