



El Camino Hospital[®]

THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2018 – Period 7

7/1/2017 to 1/31/2018

Financial Overview

- **Volume:**

- For the year, overall volume, measured in adjusted discharges is 5.9% higher than budget.
- IP cases are 5.1% over budget, specifically Neurosciences, HVI, BHS, Oncology and General Medicine. Deliveries are slightly lower to prior year and 2.9% below budget
- OP cases are higher than budget in General Surgery, General Medicine, Emergency, Lab, Imaging Services, MCH, Rehab, Outpatient Clinics and Urology.

- **Financial Performance:**

- Operating income is \$4.4M over budget. Revenue for the month include -\$453K in unusual items. For the year op margin is \$38.5M ahead of target

- **Payor Mix:**

- Commercial insurance is 0.1% more of the Payor Mix in January than budget where Medicare has decreased .6%.

- **Cost:**

- Prod Hrs/APD for January is 28.5 and better than budget . YTD we are slightly better than budget

- **Balance Sheet:**

- Net days in AR is 48.1 which is 0.1 days more than budget.

Dashboard - ECH combined as of January 31, 2018

	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	257	261	255	7	235	244	236	8
Utilization MV	71%	70%	71%	0%	64%	67%	65%	2%
Utilization LG	31%	35%	30%	5%	29%	30%	29%	2%
Utilization Combined	58%	59%	57%	2%	53%	55%	53%	2%
Adjusted Discharges	3,026	3,167	2,914	253	19,545	21,101	19,919	1,182
Total Discharges (Excl NNB)	1,802	1,836	1,707	129	11,372	12,081	11,516	565
Total Discharges	2,098	2,122	2,013		13,619	14,356	13,654	
Inpatient Cases								
MS Discharges	1,315	1,341	1,182	159	7,799	8,440	7,884	556
Deliveries	380	355	403	(48)	2,752	2,733	2,814	(81)
BHS	75	101	78	23	539	651	527	124
Rehab	32	39	43	(4)	282	257	291	(34)
Outpatient Cases								
ED	12,385	13,369	12,509	860	83,972	87,833	85,579	2,254
Procedural Cases								
OP Surg	367	357	391	(34)	2,557	2,739	2,667	72
Endo	194	185	181	4	1,375	1,399	1,238	161
Interventional	194	198	181	17	1,265	1,209	1,236	(27)
All Other	7,320	7,667	7,603	64	50,914	53,336	52,019	1,317
Financial Perf.								
Net Patient Revenues	68,826	76,925	71,088	5,837	472,861	522,811	485,313	37,498
Total Operating Revenue	69,528	78,848	72,943	5,905	488,297	540,540	499,101	41,438
Operating Expenses	60,181	68,451	66,981	1,470	425,872	453,497	450,594	2,903
Operating Income \$	9,347	10,397	5,962	4,435	62,425	87,043	48,508	38,535
Operating Margin	13.4%	13.2%	8.2%	5.0%	12.8%	16.1%	9.7%	6.4%
EBITDA \$	13,776	14,883	11,179	3,704	93,690	118,361	83,746	34,615
EBITDA %	19.8%	18.9%	15.3%	3.5%	19.2%	21.9%	16.8%	5.1%
IP Margin ¹	5.8%	12.9%	-10.2%	23.1%	5.8%	12.9%	-10.2%	23.1%
OP Margin ¹	37.0%	44.2%	31.7%	12.5%	37.0%	44.2%	31.7%	12.5%
Payor Mix								
Medicare	51.2%	50.7%	47.4%	3.3%	47.3%	46.8%	47.4%	-0.6%
Medi-Cal	7.5%	8.7%	7.2%	1.5%	7.2%	7.9%	7.2%	0.7%
Commercial IP	20.6%	20.4%	22.6%	-2.2%	22.7%	22.6%	22.6%	0.1%
Commercial OP	18.2%	18.2%	20.3%	-2.2%	20.3%	20.4%	20.3%	0.1%
Total Commercial	38.8%	38.5%	42.9%	-4.4%	43.0%	43.0%	42.9%	0.1%
Other	2.5%	2.0%	2.5%	-0.5%	2.5%	2.3%	2.5%	-0.2%
Cost								
Total FTE	2,527.8	2,599.8	2,569.8	30	2,479.9	2,573.6	2,512.1	62
Productive Hrs/APD	29.5	28.5	29.5	(1)	30.4	29.9	30.8	(1)
Balance Sheet								
Net Days in AR	44.8	48.1	48.0	0	44.8	48.1	48.0	0
Days Cash	444	486	266	220	444	486	266	220
Affiliates - Net Income (\$000s)								
Hosp	21,393	39,597	6,187	33,410	86,923	147,285	50,085	97,200
Concern	255	82	97	(14)	725	1,111	855	255
ECSC	(1)	(1)	0	(1)	(54)	(21)	0	(21)
Foundation	147	627	(22)	650	1,675	2,217	392	1,824
SVMD	200	(332)	6	(338)	190	134	(7)	141

Budget Variances

Fiscal Year 2018 YTD (7/1/2017-01/31/2018) Waterfall

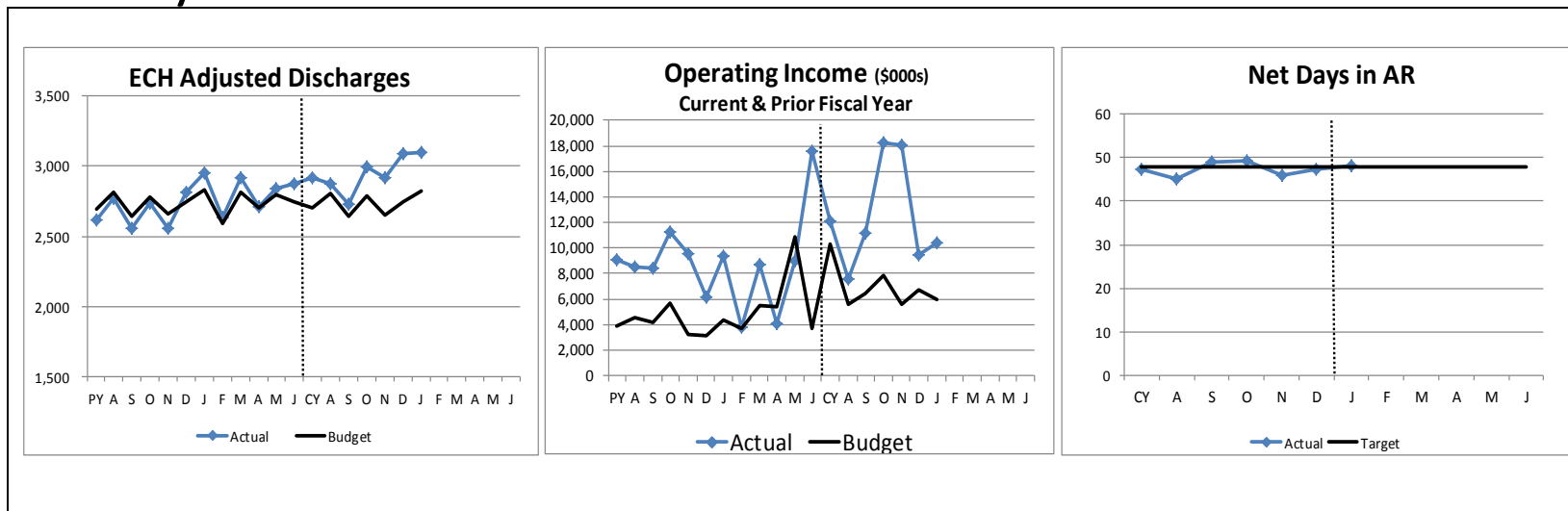
(in thousands; \$000s)	Year to Date (YTD)	
	Net Income Impact	% Net Revenue
Budgeted Hospital Operations FY2018	48,508	9.7%
Net Revenue - Favorable due higher volume, favorable payor mix and \$13 million unusual items	41,438	7.7%
Labor and Benefit Expense Change - Labor favorable vs budget after adjusting for higher volume	(2,933)	-0.5%
Professional Fees & Purchased Services -Recruiting costs and backfill for vacant position;	(2,389)	-0.4%
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.	(2,290)	-0.4%
Other Expenses - primarily due to no strategic fund expenses offset with property tax retro payment and regular payment for half year.	788	0.1%
Depreciation & Interest - Favorable due to delay in Parking Structure as well as LG projects	3,920	0.7%
Actual Hospital Operations FY2018	87,043	16.1%

El Camino Hospital (\$000s)

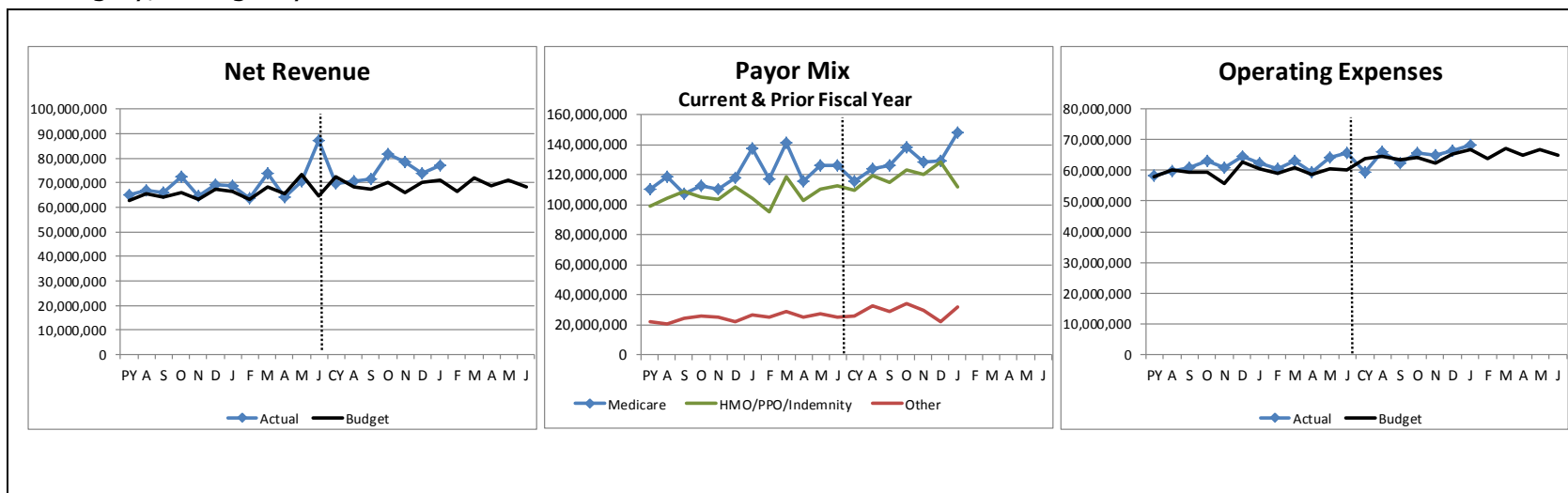
7 months ending 01/31/2018

Period 7 FY 2017	Period 7 FY 2018	Period 7 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
268,834	291,509	275,872	15,636	5.7%	OPERATING REVENUE					
(200,008)	(214,583)	(204,784)	(9,799)	1.0%	Gross Revenue	1,719,213	1,942,283	1,854,256	88,027	4.7%
68,826	76,925	71,088	5,837	8.2%	Deductions	(1,246,351)	(1,419,472)	(1,368,942)	(50,529)	3.7%
702	1,923	1,855	68	3.7%	Net Patient Revenue	472,861	522,811	485,313	37,498	7.7%
69,528	78,848	72,943	5,905	8.1%	Other Operating Revenue	15,436	17,728	13,788	3,940	28.6%
					Total Operating Revenue	488,297	540,540	499,101	41,438	8.3%
					OPERATING EXPENSE					
35,920	41,150	40,884	(266)	-0.7%	Salaries & Wages	258,173	275,114	272,180	(2,933)	-1.1%
9,650	11,779	10,789	(989)	-9.2%	Supplies	65,356	73,109	70,820	(2,290)	-3.2%
7,763	8,904	7,798	(1,106)	-14.2%	Fees & Purchased Services	54,659	57,739	55,350	(2,389)	-4.3%
2,420	2,132	2,293	161	7.0%	Other Operating Expense	16,418	16,217	17,005	788	4.6%
444	256	725	470	64.8%	Interest	2,979	2,861	5,078	2,217	43.7%
3,984	4,231	4,492	261	5.8%	Depreciation	28,286	28,457	30,161	1,703	5.6%
60,181	68,451	66,981	(1,470)	-2.2%	Total Operating Expense	425,872	453,497	450,594	(2,903)	-0.6%
9,347	10,397	5,962	4,435	74.4%	Net Operating Income/(Loss)	62,425	87,043	48,508	38,535	79.4%
12,046	29,200	225	28,975	12860.7%	Non Operating Income	24,497	60,242	1,577	58,665	3719.9%
21,393	39,597	6,187	33,410	540.0%	Net Income(Loss)	86,923	147,285	50,085	97,200	194.1%
19.8%	18.9%	15.3%	3.5%		EBITDA	19.2%	21.9%	16.8%	5.1%	
13.4%	13.2%	8.2%	5.0%		Operating Margin	12.8%	16.1%	9.7%	6.4%	
30.8%	50.2%	8.5%	41.7%		Net Margin	17.8%	27.2%	10.0%	17.2%	

Monthly Financial Trends

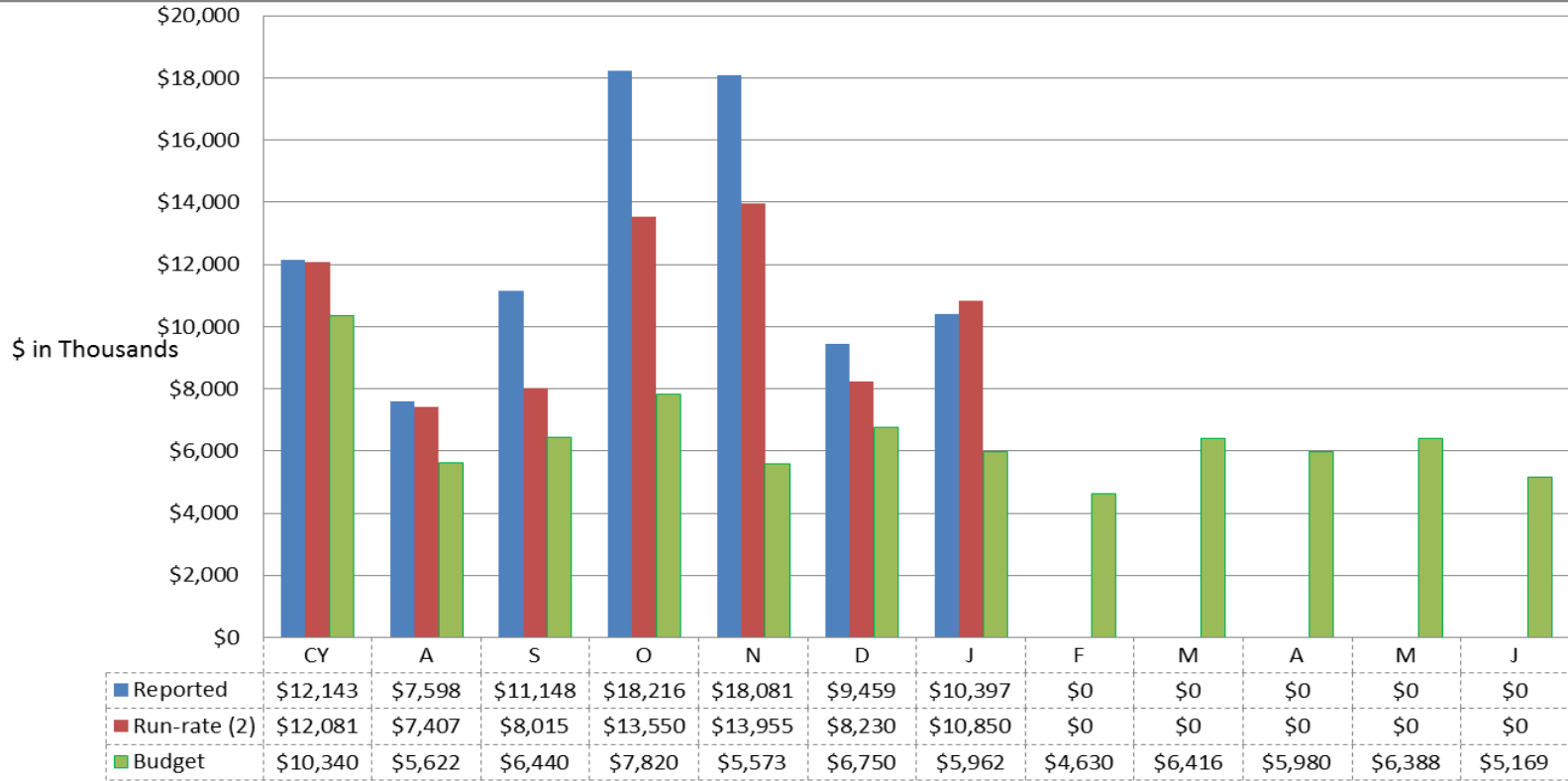


Volume is higher than budgeted for the month and the year. High inpatient volume is in Inpatient Behavioral Health, HVI, Neurosciences and General Medicine. High Outpatient volume is General Medicine, Imaging Services, MCH, Lab, Outpatient Clinics, General Surgery, Emergency and Rehab.



ECH Operating Margin

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



FY2018 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>

Revenue Adjustments	J	A	S	O	N	D	J	YTD
Insurance (Payment Variance)	-	-	-	611	-	669	28	1,309
Mcare Settlmt/Appeal/Tent Settlmt/PIP	54	155	905	54	184	81	396	1,830
Hospital Fee	-	-	-	712	1,024	-	-	1,736
PRIME Incentive	-	-	-	-	2,902	-	-	2,902
Credit Balance Quarterly Review	-	-	2,201	-	-	472	-	2,673
Late Charge Accrual	-	-	-	3,283	-	-	-	3,283
Various Adjustments under \$250k	9	36	27	6	16	8	(878)	(777)
Total	63	191	3,134	4,667	4,126	1,229	(453)	12,955

El Camino Hospital Investment Committee Scorecard December 31, 2017

Key Performance Indicator	Status	El Camino		Benchmark		El Camino		Benchmark		FY18	Expectation
		4Q 2017	Benchmark	Fiscal Year-to-date	Benchmark	5y 2m Since Inception (annualized)	Benchmark	Year-end Budget	Per Asset Allocation		
Investment Performance											
Surplus cash balance*		\$872.0	--	--	--	--	--	\$926.1	--		
Surplus cash return	█	2.6%	2.7%	5.4%	5.6%	6.0%	5.9%	1.9%	5.7%		
Cash balance plan balance (millions)		\$259.2	--	--	--	--	--	\$257.1	--		
Cash balance plan return	█	2.9%	3.3%	6.3%	6.7%	8.4%	7.9%	6.0%	6.1%		
403(b) plan balance (millions)		\$441.7	--	--	--	--	--	--	--		
Risk vs. Return											
Surplus cash Sharpe ratio	█	1.16	1.19	--	--	1.44	1.42	--	0.46		
Net of fee return	█	5.5%	5.6%	--	--	6.0%	5.9%	--	5.7%		
Standard deviation	█	4.4%	4.4%	--	--	3.9%	4.0%	--	7.2%		
Cash balance Sharpe ratio	█	1.13	1.16	--	--	1.51	1.47	--	0.43		
Net of fee return	█	6.7%	6.5%	--	--	8.4%	7.9%	--	6.1%		
Standard deviation	█	5.6%	5.3%	--	--	5.3%	5.1%	--	8.7%		
Asset Allocation											
Surplus cash absolute variances to target	█	5.9%	< 10%	--	--	--	--	--	--		
Cash balance absolute variances to target	█	7.5%	< 10%	--	--	--	--	--	--		
Manager Compliance											
Surplus cash manager flags	█	21	< 19 Green < 23 Yellow	--	--	--	--	--	--		
Cash balance plan manager flags	█	23	< 20 Green < 25 Yellow	--	--	--	--	--	--		

*Excludes debt reserve funds (~\$245 mm), District assets (~\$31 mm), and balance sheet cash not in investable portfolio (~\$124 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	Total	Spent from Inception	2018 Current Proj Spend	FY18 Orig Proj Spend	Variance	FY 18 YTD Spent
			Estimated Cost of Project	Authorized Active				Between Current Proj Spend and 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	12.8	8.6	0.0	8.6 ²	7.4
Medical & Non Medical Equipment FY 18***				5.6	1.8	5.6	5.6	0.0	1.8
Facility Projects									
	1245 Behavioral Health Bldg	FY16	96.1	96.1	32.3	27.0	51.4	-24.4 ¹	14.7
	1413 North Drive Parking Expansion	FY15	24.5	24.5	23.4	2.6	3.4	-0.8	3.6
	1414 Integrated MOB	FY15	302.1	302.1	77.2	72.0	130.1	-58.1 ¹	31.3
	1422 CUP Upgrade	FY16	9.0	9.0	3.7	5.5	4.0	1.5	1.5
	1430 Women's Hospital Expansion	FY16	120.0	6.0	2.6	3.6	7.0	-3.4	2.2
	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	1.8	2.5	0.0	2.5	1.3
	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	0.0	0.5	0.5	0.0	0.0
	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	16.5	4.9	5.0	-0.1	2.7
	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	4.3	3.5	3.5	0.0	4.0
	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	0.0	0.4	0.0	0.4	0.0
	All Other Projects under \$1M		5.6	0.4	27.0	1.8	0.0	1.8	3.1
GRAND TOTAL			684.4	479.6	210.3	128.0	211.9	-83.9	66.1
				499.4	227.0	156.5	231.7	-75.2	77.3

* 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			LIABILITIES AND FUND BALANCE		
	Audited			Audited	
	January 31, 2018	June 30, 2017		January 31, 2018	June 30, 2017
CURRENT ASSETS			CURRENT LIABILITIES		
Cash	112,739	125,551	(7) Accounts Payable	25,200	38,457
Short Term Investments	151,829	140,284	(8) Salaries and Related Liabilities	21,710	25,109
Patient Accounts Receivable, net	119,840	109,089	Accrued PTO	22,737	23,409
Other Accounts and Notes Receivable	2,706	2,628	Worker's Comp Reserve	2,300	2,300
Intercompany Receivables	1,635	1,495	Third Party Settlements	9,942	10,438
(1) Inventories and Prepaids	57,690	50,657	Intercompany Payables	73	84
Total Current Assets	446,437	429,705	Malpractice Reserves	1,634	1,634
BOARD DESIGNATED ASSETS			Bonds Payable - Current	3,850	3,735
(2) Plant & Equipment Fund	148,795	131,153	(9) Bond Interest Payable	2,222	11,245
Women's Hospital Expansion	9,298	9,298	Other Liabilities	6,522	4,889
(3) Operational Reserve Fund	127,908	100,196	Total Current Liabilities	96,190	121,299
(4) Community Benefit Fund	19,087	12,237	LONG TERM LIABILITIES		
Workers Compensation Reserve Fund	21,147	20,007	Post Retirement Benefits	19,529	19,218
Postretirement Health/Life Reserve Fund	19,529	19,218	Worker's Comp Reserve	18,847	17,707
PTO Liability Fund	22,737	23,409	Other L/T Obligation (Asbestos)	3,812	3,746
Malpractice Reserve Fund	1,634	1,634	Other L/T Liabilities (IT/Medl Leases)	-	-
Catastrophic Reserves Fund	19,174	16,575	Bond Payable	522,071	527,371
Total Board Designated Assets	389,308	333,727	Total Long Term Liabilities	564,259	568,042
(5) FUNDS HELD BY TRUSTEE	234,534	287,052	DEFERRED REVENUE-UNRESTRICTED	500	567
LONG TERM INVESTMENTS	307,269	256,652	DEFERRED INFLOW OF RESOURCES	10,666	10,666
INVESTMENTS IN AFFILIATES	33,315	32,451	FUND BALANCE/CAPITAL ACCOUNTS		
PROPERTY AND EQUIPMENT			Unrestricted	1,219,735	1,132,525
(6) Fixed Assets at Cost	1,251,050	1,192,047	Board Designated	389,308	333,726
Less: Accumulated Depreciation	(557,018)	(531,785)	Restricted	0	0
Construction in Progress	147,153	138,017	(10) Total Fund Bal & Capital Accts	1,609,044	1,466,251
Property, Plant & Equipment - Net	841,185	798,279	TOTAL LIABILITIES AND FUND BALANCE	2,280,658	2,166,825
DEFERRED OUTFLOWS	28,610	28,960			
RESTRICTED ASSETS - CASH	0	0			
TOTAL ASSETS	2,280,658	2,166,825			

JANUARY 2018 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The increase is due to three quarterly pension fundings of \$2.6M in July, October and January.
- (2) The increase is due 6 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.
- (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 seven periods of financial performance producing an operating income of \$87 million and non-operating of \$60 million (mostly from unrealized gains on investments).

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)

7 months ending 01/31/2018

Period 7 FY 2017	Period 7 FY 2018	Period 7 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
220,743	238,824	227,287	11,537	5.1%	Gross Revenue	1,413,282	1,586,778	1,521,987	64,791	4.3%
(162,494)	(176,741)	(169,500)	(7,241)	4.3%	Deductions	(1,020,465)	(1,159,093)	(1,127,639)	(31,455)	2.8%
58,248	62,083	57,787	4,296	7.4%	Net Patient Revenue	392,817	427,685	394,349	33,336	8.5%
664	1,762	1,638	125	7.6%	Other Operating Revenue	14,293	16,552	12,290	4,262	34.7%
58,913	63,845	59,425	4,420	7.4%	Total Operating Revenue	407,110	444,237	406,639	37,598	9.2%
OPERATING EXPENSE										
29,836	34,171	34,233	62	0.2%	Salaries & Wages	214,818	228,833	227,782	(1,050)	-0.5%
7,521	9,255	8,719	(536)	-6.2%	Supplies	53,420	58,680	57,015	(1,664)	-2.9%
6,378	7,285	6,514	(771)	-11.8%	Fees & Purchased Services *	45,282	48,254	46,347	(1,907)	-4.1%
822	677	760	83	10.9%	Other Operating Expense	4,935	5,125	6,067	943	15.5%
444	256	725	470	64.8%	Interest	2,979	2,861	5,078	2,217	43.7%
3,482	3,536	3,724	188	5.0%	Depreciation	24,609	24,429	25,079	650	2.6%
48,483	55,180	54,675	(505)	-0.9%	Total Operating Expense	346,043	368,181	367,369	(812)	-0.2%
10,429	8,665	4,750	3,915	82.4%	Net Operating Income/(Loss)	61,067	76,056	39,270	36,786	93.7%
12,046	29,200	225	28,975	12860.7%	Non Operating Income	24,508	60,287	1,577	58,710	3722.7%
22,475	37,865	4,975	32,890	661.1%	Net Income(Loss)	85,575	136,343	40,847	95,496	233.8%
24.4%	19.5%	15.5%	4.0%		EBITDA	21.8%	23.3%	17.1%	6.2%	
17.7%	13.6%	8.0%	5.6%		Operating Margin	15.0%	17.1%	9.7%	7.5%	
38.1%	59.3%	8.4%	50.9%		Net Margin	21.0%	30.7%	10.0%	20.6%	

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

7 months ending 01/31/2018

Period 7 FY 2017	Period 7 FY 2018	Period 7 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
48,091	52,685	48,585	4,099	8.4%	OPERATING REVENUE					
(37,514)	(37,842)	(35,284)	(2,558)	7.2%	Gross Revenue	305,930	355,505	332,268	23,236	7.0%
10,577	14,843	13,301	1,541	11.6%	Deductions	(225,886)	(260,378)	(241,304)	(19,075)	7.9%
38	160	217	(57)	-26.2%	Net Patient Revenue	80,044	95,126	90,965	4,162	4.6%
10,615	15,003	13,518	1,485	11.0%	Other Operating Revenue	1,143	1,176	1,498	(322)	-21.5%
					Total Operating Revenue	81,187	96,302	92,462	3,840	4.2%
					OPERATING EXPENSE					
6,083	6,979	6,651	(328)	-4.9%	Salaries & Wages	43,356	46,281	44,398	(1,883)	-4.2%
2,129	2,524	2,071	(453)	-21.9%	Supplies	11,936	14,430	13,805	(625)	-4.5%
1,385	1,619	1,283	(335)	-26.1%	Fees & Purchased Services *	9,376	9,485	9,003	(482)	-5.4%
1,598	1,455	1,533	78	5.1%	Other Operating Expense	11,483	11,092	10,938	(154)	-1.4%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
503	694	768	74	9.6%	Depreciation	3,677	4,028	5,081	1,053	20.7%
11,698	13,271	12,306	(965)	-7.8%	Total Operating Expense	79,829	85,316	83,225	(2,091)	-2.5%
(1,082)	1,732	1,212	520	42.9%	Net Operating Income/(Loss)	1,358	10,986	9,237	1,749	18.9%
0	0	0	0	0.0%	Non Operating Income	(10)	(45)	0	(45)	0.0%
(1,082)	1,732	1,212	520	42.9%	Net Income(Loss)	1,347	10,942	9,237	1,704	18.4%
					EBITDA	6.2%	15.6%	15.5%	0.1%	
-5.5%	16.2%	14.6%	1.5%		Operating Margin	1.7%	11.4%	10.0%	1.4%	
-10.2%	11.5%	9.0%	2.6%		Net Margin	1.7%	11.4%	10.0%	1.4%	
-10.2%	11.5%	9.0%	2.6%							

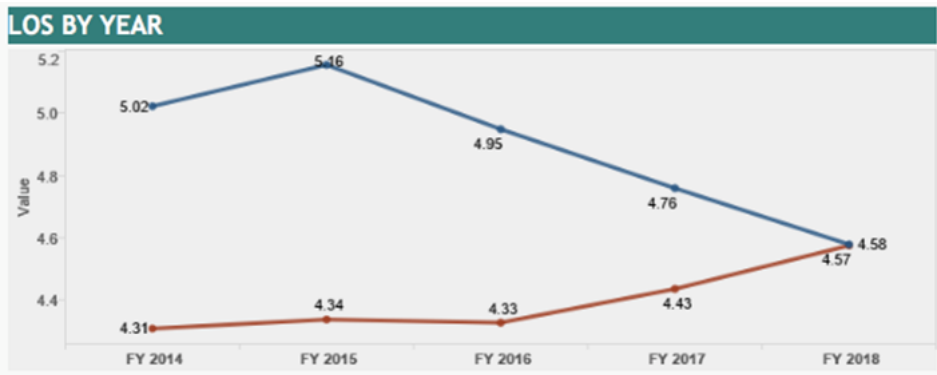
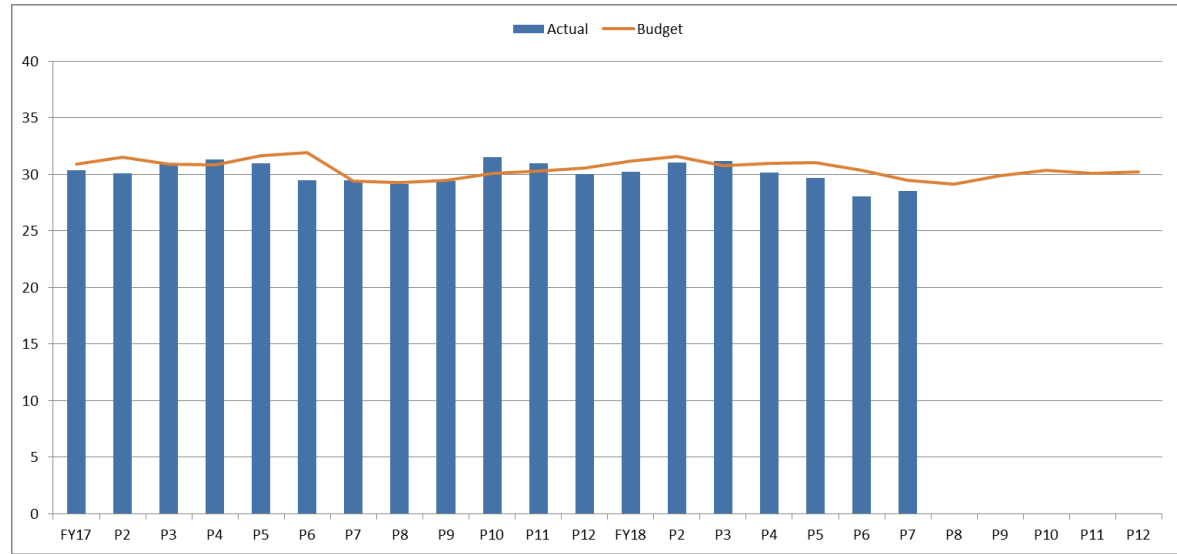
Non Operating Items and Net Income by Affiliate

	Period 7 - Month			Period 7 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	8,665	4,750	3,915	76,056	39,270	36,786
Los Gatos	1,732	1,212	520	10,986	9,237	1,749
Sub Total - El Camino Hospital, excl. Affiliates	10,397	5,962	4,435	87,043	48,508	38,535
Operating Margin %	13.2%	8.2%		16.1%	9.7%	
El Camino Hospital Non Operating Income						
Investments	28,633	1,516	27,118	63,433	10,609	52,825
Swap Adjustments	842	0	842	1,450	0	1,450
Community Benefit	(36)	(283)	247	(2,205)	(1,983)	(222)
Pathways	101	42	59	423	292	132
Satellite Dialysis	0	(35)	35	(97)	(248)	151
SVMD Funding	(99)	(589)	490	(624)	(4,122)	3,498
Other	(241)	(424)	184	(2,137)	(2,970)	833
Sub Total - Non Operating Income	29,200	225	28,975	60,242	1,577	58,665
El Camino Hospital Net Income (Loss)	39,597	6,187	33,410	147,285	50,085	97,200
ECH Net Margin %	50.2%	8.5%		27.2%	10.0%	
Concern	82	97	(14)	1,111	855	255
ECSC	(1)	0	(1)	(21)	0	(21)
Foundation	627	(22)	650	2,217	392	1,824
Silicon Valley Medical Development	(332)	6	(338)	134	(7)	141
Net Income Hospital Affiliates	377	81	296	3,440	1,240	2,200
Total Net Income Hospital & Affiliates	39,974	6,268	33,706	150,725	51,325	99,400

Productivity and Medicare Length of Stay

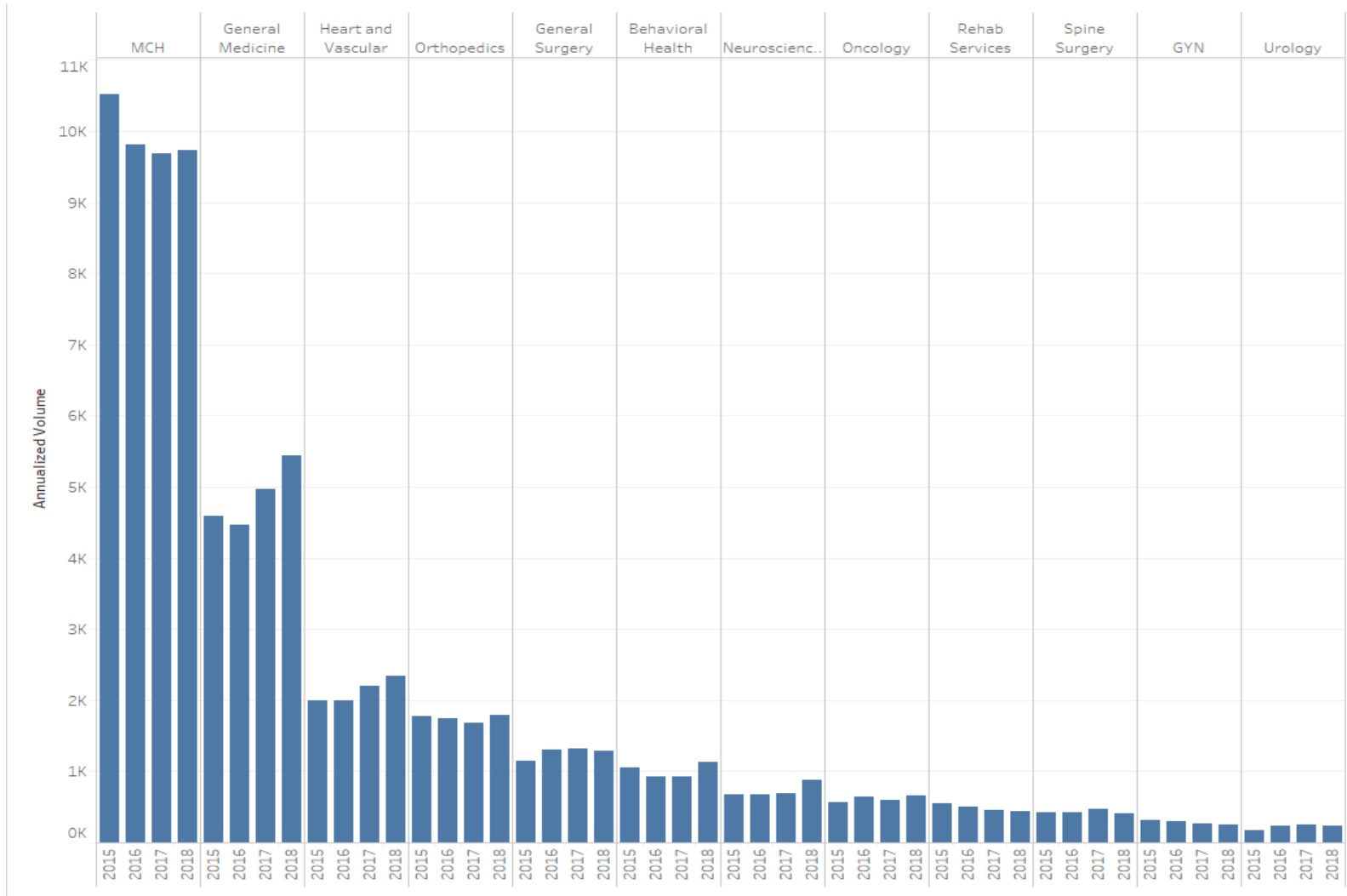
Work hours per adjusted patient day in January is under budget by -1. Overall the month of January is 28.5 worked hours per adjusted patient day

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)



El Camino Hospital Volume Annual Trends – Inpatient

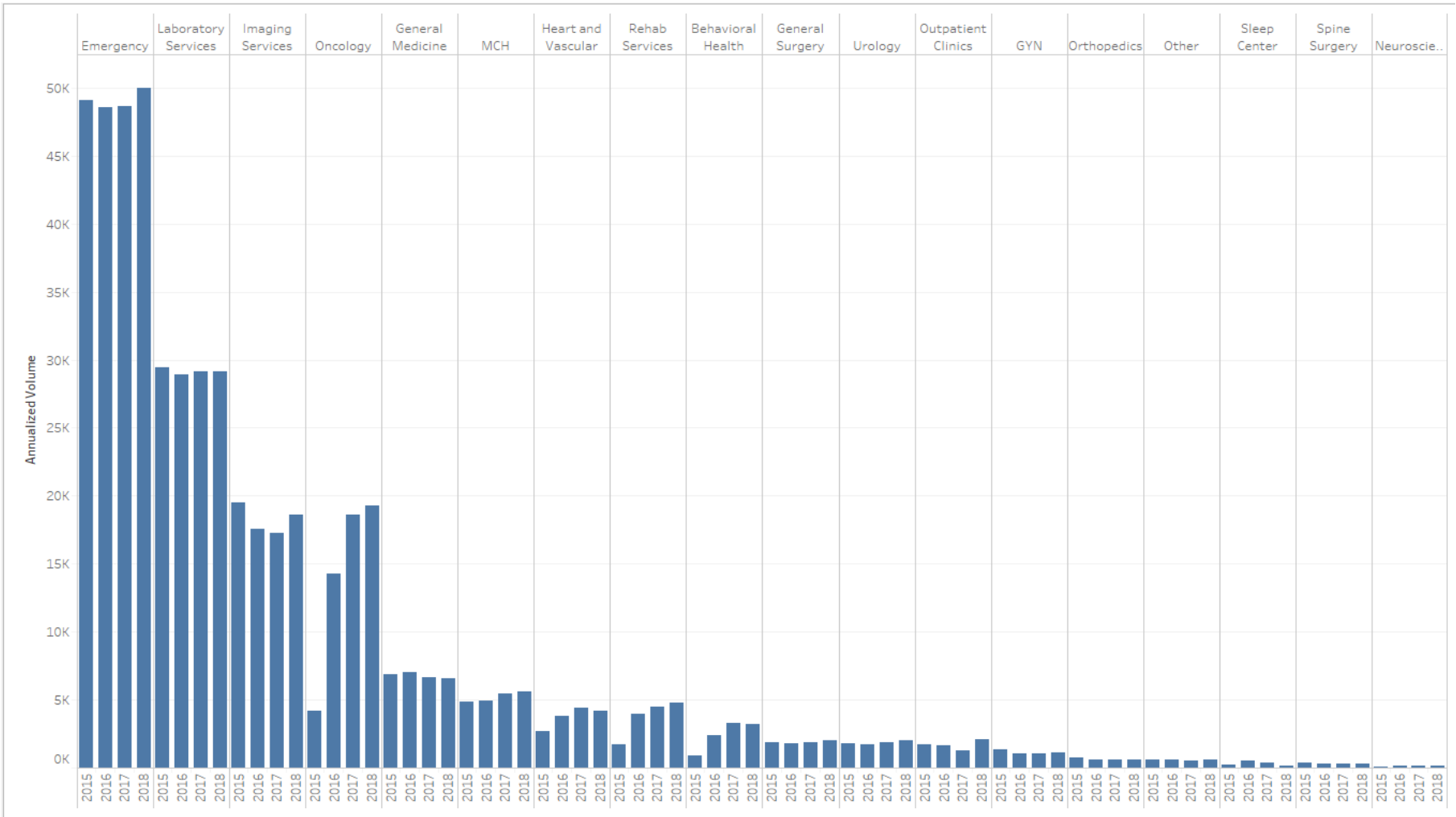
FY 2018 is annualized



- General Medicine, HVI, Behavioral Health, and Neuroscience display an increasing trend.
- Conversely, Rehab Services 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) FY 2012 – FY 2017

Category	2013	2014	2015	2016	2017
EPIC	0	6,838	29,849	20,798	2,755
IT Hardware/Software Equipment	8,019	2,788	4,660	6,483	2,659
Medical/Non Medical Equipment	10,284	12,891	13,340	17,133	9,556
Non CIP Land, Land I, BLDG, Additions	0	22,292	0	4,189	0
Land Acquisition (1550)	0	0	0	24,007	0
828 S Winchester Clinic TI (1701)	0	0	0	0	145
Facilities Projects CIP					
Mountain View Campus Master Plan Projects					
1245 - Behavioral Health Bldg Replace	0	1,257	3,775	1,389	10,323
1413 - North Drive Parking Structure Exp	0	0	167	1,266	18,120
1414 - Integrated MOB	0	0	2,009	8,875	32,805
1422 - CUP Upgrade	0	0	0	896	1,245
Sub-Total Mountain View Campus Master Plan	0	1,257	5,950	12,426	62,493
Mountain View Capital Projects					
9900 - Unassigned Costs	734	470	3,717	0	0
1108 - Cooling Towers	450	0	0	0	0
1120 - BHS Out Patient TI's	66	0	0	0	0
1129 - Old Main Card Rehab	9	0	0	0	0
0817 - Womens Hosp Upgrds	645	1	0	0	0
0906 - Slot Build-Out	1,003	1,576	15,101	1,251	294
1109 - New Main Upgrades	423	393	2	0	0
1111 - Mom/Baby Overflow	212	29	0	0	0
1204 - Elevator Upgrades	25	30	0	0	0
0800 - Womens L&D Expansion	2,104	1,531	269	0	0
1131 - MV Equipment Replace	216	0	0	0	0
1208 - Willow Pav. High Risk	110	0	0	0	0
1213 - LG Sterilizers	102	0	0	0	0
1225 - Rehab BLDG Roofing	7	241	4	0	0
1227 - New Main eICU	96	21	0	0	0
1230 - Fog Shop	339	80	0	0	0
1315 - 205 So. Drive TI's	0	500	2	0	0
0908 - NPCR3 Seismic Upgrds	1,302	1,224	1,328	240	342
1125 - Will Pav Fire Sprinkler	57	39	0	0	0
1211 - SIS Monitor Install	215	0	0	0	0
1216 - New Main Process Imp Office	19	1	16	0	0
1217 - MV Campus MEP Upgrades FY13	0	181	274	28	0
1224 - Rehab Bldg HVAC Upgrades	11	202	81	14	6
1301 - Desktop Virtual	0	13	0	0	0
1304 - Rehab Wander Mgmt	0	87	0	0	0
1310 - Melchor Cancer Center Expansion	0	44	13	0	0
1318 - Women's Hospital TI	0	48	48	29	2
1327 - Rehab Building Upgrades	0	0	15	20	0
1320 - 2500 Hosp Dr Roofing	0	75	81	0	0
1340 - New Main ED Exam Room TVs	0	8	193	0	0
1341 - New Main Admin	0	32	103	0	0
1344 - New Main AV Upgrd	0	243	0	0	0
1400 - Oak Pav Cancer Center	0	0	5,208	666	52

Category	2013	2014	2015	2016	2017
Facilities Projects CIP cont.					
1403 - Hosp Drive BLDG 11 TI's	0	86	103	0	0
1404 - Park Pav HVAC	0	64	7	0	0
1405 - 1 - South Accessibility Upgrades	0	0	0	168	95
1408 - New Main Accessibility Upgrades	0	0	7	46	501
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