

**AGENDA**  
**FINANCE COMMITTEE MEETING**  
**OF THE EL CAMINO HOSPITAL BOARD**  
**Tuesday, September 29, 2020 – 5:30 pm**

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

PURSUANT TO STATE OF CALIFORNIA EXECUTIVE ORDER N-29-20 DATED MARCH 18, 2020, EL CAMINO HEALTH WILL NOT BE PROVIDING A PHYSICAL LOCATION FOR THIS MEETING. INSTEAD, THE PUBLIC IS INVITED TO JOIN THE OPEN SESSION MEETING VIA TELECONFERENCE AT:

**1-669-900-9128, MEETING CODE: 760-083-0558#. No participant code. Just press #.**

**MISSION:** To provide oversight, information sharing and financial reviews related to budgeting, capital budgeting, long-range financial planning and forecasting, and monthly financial reporting for the El Camino Hospital Board of Directors. In carrying out its review, advisory and oversight responsibilities, the Committee shall remain flexible in order to best define financial strategies that react to changing conditions.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>1. CALL TO ORDER / ROLL CALL</b>	John Zoglin, Chair		<b>5:30 – 5:31pm</b>
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	John Zoglin, Chair		<b>information 5:31 – 5:32</b>
<b>3. PUBLIC COMMUNICATION</b> a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	John Zoglin, Chair		<b>information 5:32 – 5:35</b>
<b>4. CONSENT CALENDAR</b> <i>Any Committee Member may remove an item for discussion before a motion is made.</i> <b>Approval</b> a. <a href="#">Minutes of the Open Session of the Finance Committees (08/25/2020)</a> <b>Information</b> b. <a href="#">FY21 Pacing Plan</a> c. <a href="#">Progress Against FY21 Committee Goals</a>	John Zoglin, Chair	<i>public comment</i>	<b>motion required 5:35 – 5:38</b>
<b>5. REPORT ON BOARD ACTIONS</b> <a href="#">ATTACHMENT 5</a>	John Zoglin, Chair		<b>information 5:38 – 5:43</b>
<b>6. FY21 PERIOD 2 FINANCIALS (INCLUDING COVID-19 RECOVERY PLAN)</b> <a href="#">ATTACHMENT 6</a>	Carlos Bohorquez, CFO	<i>public comment</i>	<b>motion required 5:43 – 5:58</b>
<b>7. PROJECT COMPLETION REPORTS INCLUDING PERFORMANCE AGAINST BUDGET</b> a. <a href="#">Taube Pavilion</a> b. <a href="#">Sobrato Pavilion</a>	Ken King, CASO		<b>information 5:58 – 6:18</b>
<b>8. POST IMPLEMENTATION REVIEW</b> a. <a href="#">SVMD Clinic Site TI's</a> b. <a href="#">Interventional Equipment Replacement</a> c. <a href="#">Imaging Equipment Replacement</a>	Ken King, CASO		<b>discussion 6:18 – 6:38</b>

A copy of the agenda for the Regular Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting. In observance of the Americans with Disabilities Act, please notify us at 650-988-7504 prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>9. DEPARTMENT OF MANAGED CARE REQUIRED LOC WITH ECH ATTACHMENT 9</b>	Carlos Bohorquez, CFO		<b>discussion</b> <b>6:38 – 6:53</b>
<b>10. ADJOURN TO CLOSED SESSION</b>	John Zoglin, Chair		<b>motion required</b> <b>6:53 – 6:54</b>
<b>11. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	John Zoglin, Chair		<b>information</b> <b>6:54 – 6:55</b>
<b>12. CONSENT CALENDAR</b> <i>Any Committee Member may remove an item for discussion before a motion is made.</i> <b>Approval</b> <i>Gov't Code Section 54957.2:</i> <ul style="list-style-type: none"> <li>- Minutes of the Closed Session of the Finance Committees (08/25/2020)</li> </ul>	John Zoglin, Chair		<b>motion required</b> <b>6:55 – 6:56</b>
<b>13. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets:</b> <b>PHYSICIAN CONTRACTS</b> <ul style="list-style-type: none"> <li>a. Neuro-Interventional Call Panel Renewal (MV)</li> <li>b. Medical Director, Cardiac Rehab (MV)</li> </ul>	Mark Adams, MD, CMO		<b>discussion</b> <b>6:56 – 7:06</b>
<b>14. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets:</b> <b>UPDATE ON INPATIENT REHAB (KINDRED JV)</b>	D. Woods, CEO/ A. Reaull, Director, Office of the CEO		<b>discussion</b> <b>7:06 – 7:26</b>
<b>15. Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets:</b> <b>ONCOLOGY SERVICE LINE REVIEW</b>	J. Griffith, COO/ M. Berneke		<b>discussion</b> <b>7:26 – 8:06</b>
<b>16. Gov't Code Sections 54957 for report and discussion on personnel matters – Senior Management:</b> <ul style="list-style-type: none"> <li>- Executive Session</li> </ul>	John Zoglin, Chair		<b>information</b> <b>8:06 – 8:11</b>
<b>17. ADJOURN TO OPEN SESSION</b>	John Zoglin, Chair		<b>motion required</b> <b>8:11 – 8:12</b>
<b>18. RECONVENE OPEN SESSION / REPORT OUT</b>  To report any required disclosures regarding permissible actions taken during Closed Session.	John Zoglin, Chair		<b>information</b> <b>8:12 – 8:12</b>
<b>19. PHYSICIAN CONTRACTS</b> <ul style="list-style-type: none"> <li>a. Neuro-Interventional Call Panel Renewal (MV)</li> <li>b. Medical Director, Cardiac Rehab (MV)</li> </ul>	M. Adams, CMO	<i>public comment</i>	<b>motion required</b> <b>8:12 – 8:14</b>
<b>20. CLOSING COMMENTS</b>	John Zoglin, Chair		<b>information</b> <b>8:14 – 8:16</b>
<b>21. ADJOURNMENT</b>	John Zoglin, Chair	<i>public comment</i>	<b>motion required</b> <b>8:16 – 8:17</b>

**Upcoming Meetings:**

Regular Meetings: November 23, 2020, January 25, 2021 (Joint with Investment Committee), March 29, 2021, April 26, 2021, May 24, 2021 (Joint with ECHB)



**Minutes of the Open Session of the  
Finance Committee of the  
El Camino Hospital Board of Directors  
Tuesday, August 25, 2020**

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

**Members Present**

**John Zoglin, Chair\*\***  
**Joseph Chow\*\***  
**Boyd Faust\*\***  
**Gary Kalbach\*\***  
**Don Watters\*\***  
**Richard Juelis\*\***

**Members Absent**

\*\*via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
<b>1. CALL TO ORDER/ ROLL CALL</b>	The open session meeting of the Finance Committee of El Camino Hospital (the “Committee”) was called to order at 5:30pm by Chair John Zoglin. A verbal roll call was taken. All members were present and participated telephonically. A quorum was present pursuant to State of California Executive Orders N-25-20 dated March 12, 2020 and N-29-20 dated March 18, 2020.	
<b>2. POTENTIAL CONFLICT OF INTEREST</b>	Chair Zoglin asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
<b>3. PUBLIC COMMUNICATION</b>	There were no comments from the public.	
<b>4. CONSENT CALENDAR</b>	Chair Zoglin asked if any member of the Committee wished to remove an item from the consent calendar. None were noted.  Motion: To approve the consent calendar: (a) Minutes of the Open Session of the Joint Finance and ECHB meeting (07/27/20) and (b) Minutes of the Open Session of the Finance Committee Meetings (07/27/20 and 08/17/20), and for information: (c) FY21 Committee Pacing Plan.  <b>Movant:</b> Kalbach <b>Second:</b> Watters <b>Ayes:</b> Chow, Faust, Juelis, Kalbach, Watters, and Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None	<i><b>Consent Calendar was approved.</b></i>
<b>5. FY21 PERIOD 1 FINANCIALS</b>	Michael Moody, Interim CFO, reported the FY21 Period 1 Financials. He stated that volume recovery and the recovery plan was very successful. Adjusted patient days at the hospital for were 18% higher than budget and more so in procedural cases. Mr. Moody stated that El Camino Health Medical Network (ECHMN) visits were up 14% with urgent care being the biggest driver. In terms of operating expenses, they are up 4.8% greater than budgeted. Mr. Moody stated the actual volume in July, and especially in Mountain View, was much greater than what was forecasted. For inpatient, Los Gatos has fully recovered and Mountain View is still not back to pre-COVID level but is growing. In addition, Mr. Moody stated that the organization is still waiting for Medicare to request payback for the funds that were provided to the hospital.	<i><b>FY21 Period 1 Financials were approved.</b></i>

	<p>In response to committee members' questions, Mr. Griffith explained that there have been no further restrictions on surgeries at the Los Gatos Campus. He also stated that the organization has worked through 70% of the backlog of scheduled surgeries. In addition, Mr. Moody stated that the organization slowed down capital spending starting in March and management will need to go back and re-review the rolling forecast. In addition, in regards to ECHMN total visits being 14% favorable to budget, which included urgent care visits. Mr. Moody also stated that net patient revenue included patients seen in the clinic and the other operating revenue is primarily related to the contract with the Santa Clara County.</p> <p>Motion: To approve the FY21 Period 1 Financials and recommend to the board.</p> <p><b>Movant:</b> Kalbach  <b>Second:</b> Chow  <b>Ayes:</b> Chow, Faust, Juelis, Kalbach, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<p><b>6. POST IMPLEMENTATION REVIEW</b></p>	<p>Ken King, CASO, presented the Post Implementation Review for the Los Gatos Cancer Center Project and the Mountain View Waste Water Storage Project. He noted that there were a series of jurisdictional issues related to opening the Los Gatos Cancer Center. In addition, Mr. King stated that the time it took to negotiate with several entities caused the delay for the Mountain View Waster Water Storage Project.</p>	
<p><b>7. ECHMN FINANCIAL REPORT</b></p>	<p>Bruce Harrison, President, ECHMN, presented the ECHMN Financial Report. As presented in the materials, the report has been updated through June. Prior to beginning of FY20 ECHMN brought in San Jose Medical Group (SJMG). There were several budget misses that were caused by unanticipated disruptions. Mr. Harrison stated that issues included payors that declined assignment of contract that resulted in renegotiations. Management also did not anticipate some of the lease agreement issues at a few clinic sites. In addition, when they looked at the SJMG infrastructure, ECHMN brought on about 75 physicians to EPIC which resulted in productivity reduction of approximately 20%. Mr. Harrison also stated that as a result of COVID, there was a reduction in visit volumes by 33%. In addition, the respiratory clinic just opened and from March through June the leadership team has implemented an aggressive plan to include tele-health services that went live within a week. ECHMN was able to recover volumes by 60% which would have been lost otherwise. He stated that in June volumes recovered.</p> <p>David Neapolitan, VP of Finance, SVMD, reported on the revenues and expenses of ECHMN. Operating expenses came under budget due to a hiring freeze, labor management, and not filling positions that were included in the budget. Mr. Neapolitan also stated that metrics included in the packet show financial performance by division. He also reminded the committee that productivity visits are based on the schedule and work RVU's are based on posted charges.</p> <p>Mr. Harrison responded to committee members' questions. He stated that SVMD is the legal business name and the 'dba' is El Camino Health Medical Network. Mr. Neapolitan explained that one of the factors that caused some of the delay was when SJMG came on board, they were still</p>	

	<p>using a different electronic health record, Allscripts, and we had to manually transfer all information from Allscripts to Epic. Mr. Harrison stated he can provide specific locations in the next presentation on where ECHMN has seen growth.</p>	
<p><b>8. APPOINTMENT OF FINANCE COMMITTEE MEMBER(S)</b></p>	<p>Chair Zoglin commented that he recommends appointing just one member to recommend to the committee at this time. The other committee members agreed by unanimous vote for Wayne Doiguchi as the new member of the Finance Committee.</p> <p>In addition, Richard Juelis is stepping down from the Finance Committee and expressed his interest in the Investment Committee.</p> <p>Motion: To approve appointment of Wayne Doiguchi as the new member of the Finance Committee and to recommend approval to the board.</p> <p><b>Movant:</b> Kalbach  <b>Second:</b> Faust  <b>Ayes:</b> Chow, Faust, Juelis, Kalbach, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<p><i>Appointment of Wayne Doiguchi as the new member of the Finance Committee.</i></p>
<p><b>9. REVIEW AND DISCUSS COMMITTEE SELF-ASSESSMENT RESULTS</b></p>	<p>Chair Zoglin reviewed the Committee Self-Assessment Results. He opened up the discussion on how the committee is spending its time. Mr. Faust stated that he is not amenable for doing longer meetings. Gary Kalbach questioned having the physician contracts be brought to the Finance Committee. Cindy Murphy, Director, Governance Services, stated that there is a policy that requires the Finance Committee to review certain things which included physician contracts. She suggested that this topic could be a part of the consent calendar and not be discussed as a separate topic. Mr. Kalbach also questioned the Service Line reports that are never approved and just for information being presented to the committee. He believes this topic can be cut down on specific Service Lines to be reviewed at the Finance Committee. Mr. Faust suggested for Services Lines to have less presentation and more on discussion.</p>	
<p><b>10. ADJOURN TO CLOSED SESSION</b></p>	<p><b>Motion:</b> To adjourn to closed session at 7:32pm.</p> <p><b>Movant:</b> Kalbach  <b>Second:</b> Chow  <b>Ayes:</b> Chow, Faust, Juelis, Kalbach, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<p><i>Adjourned to closed session at 7:32pm.</i></p>
<p><b>11. AGENDA ITEM 15: RECONVENE OPEN SESSION/ REPORT OUT</b></p>	<p>The open session reconvened at 9:20 pm. Agenda Items 11-14 were covered in closed session. During the closed session, the Committee approved Meeting Minutes of the Closed Session of the Joint Finance and ECHB meeting (07/27/20) and Meeting Minutes of the Closed Session of the Finance Committee (07/27/20) by a unanimous vote of all members present (Chow, Faust, Juelis, Kalbach, Watters, and Zoglin).</p>	
<p><b>12. AGENDA ITEM 16: CLOSING COMMENTS</b></p>	<p>There were no closing comments.</p>	
<p><b>13. AGENDA ITEM 21: ADJOURNMENT</b></p>	<p><b>Motion:</b> To adjourn at 7:52pm  <b>Movant:</b> Kalbach</p>	<p><i>Meeting adjourned at</i></p>

	<b>Second:</b> Chow <b>Ayes:</b> Chow, Faust, Juelis, Kalbach, Watters, and Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None	<b>7:52pm</b>
--	---	---------------

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

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

DRAFT





## FY21 Finance Committee Pacing Plan

FY21 FC Pacing Plan – Q3		
January 25, 2021	February 2021	March 29, 2021
<p><b>5:30pm</b>  <b>Joint Meeting with the Investment Committee:</b>  <b>Topic: Long Term Financial Forecast</b></p> <p>6:30pm                      Approval Items</p> <ul style="list-style-type: none"> <li>• Financial Report (FY21 Periods 5 and 6)</li> <li>• Committee Recruitment (Candidate Interviews)</li> </ul> <p>Discussion</p> <ul style="list-style-type: none"> <li>• Service Line Report – Behavioral Health</li> <li>• COVID-19 Recovery Plan</li> <li>• PIR                             <ul style="list-style-type: none"> <li>○ Medical Staff Development Plan</li> <li>○ Radiation Oncology Equipment</li> <li>○ ED Remodel</li> </ul> </li> </ul>	<p><b>No Scheduled Finance Committee Meeting</b></p>	<p>Approval Items</p> <ul style="list-style-type: none"> <li>• Financial Report (FY21 Periods 7 and 8)</li> <li>• FY22 Committee Planning                             <ul style="list-style-type: none"> <li>○ Meeting Dates</li> <li>○ Committee Goals</li> <li>○ FY22 Pacing Plan</li> </ul> </li> </ul> <p>Discussion Items</p> <ul style="list-style-type: none"> <li>• Preview FY22 Budget Part # 1 Process and Assumptions)</li> <li>• COVID 19 Recovery Plan</li> <li>• SVMD Financial Report</li> <li>• Summary of Physician Financial Arrangements (Year-End)</li> <li>• PIR                             <ul style="list-style-type: none"> <li>○ Mountain View Campus Completion</li> </ul> </li> </ul>
FY20 FC Pacing Plan – Q4		
April 26, 2021	May 24, 2021	June 2021
<p>Discussion Items</p> <ul style="list-style-type: none"> <li>• FY22 Budget Preview</li> </ul> <p><i>April 28, 2021 Joint Board/Committee Educational Session</i></p>	<p><b>5:30pm</b>  <b>Joint Meeting with the Hospital Board: FY22 Operating &amp; Capital Budget</b></p> <p>6:30pm                      Approval Items</p> <ul style="list-style-type: none"> <li>• Financial Report (FY21 Periods 9 and 10)</li> <li>• Review and Recommend FY22 Capital and Operating Budget</li> <li>• FY22 Organizational Goals</li> <li>• FY22 Committee Goals, Pacing Plan and Meeting Dates (If Necessary)</li> </ul> <p>Discussion Items</p> <ul style="list-style-type: none"> <li>• Payor Update</li> <li>• Revenue Cycle Patient Satisfaction Metrics</li> <li>• SVMD Financial Report</li> </ul>	<p><b>No Scheduled Finance Committee Meeting</b></p>

**FY21 Finance Committee Pacing Plan  
Last 18 Months Capital Project Approvals  
February 2019 – August 2020**

<b>APPROVAL DATE</b>	<b>APPROVING BODY</b>	<b>PROJECT NAME</b>	<b>APPROVED AMOUNT</b>	<b>PROPOSED FC POST-IMPLEMENTATION REVIEW DATE</b>
9/13/2017	ECH Board	Increase BHS Building Budget	Additional \$4.6 M	Update each meeting
9/13/2017	ECH Board	Increase Sobrato Pavilion Budget	Additional \$27.1 M	Update each meeting
2/13/2019	ECH Board	Women's Hospital Planning	\$10 M (Total Now \$16M)	9/2020
2/13/2019	ECH Board	SVMD Clinic Site Tenant Improvements	\$8 M	9/2020
2/13/2019	ECH Board	Interventional Equipment Replacement	\$13 M	9/2020
2/13/2019	ECH Board	Imaging Equipment Replacement	\$16.9 M	9/2020
2/13/2019	ECH Board	SVMD Asset Acquisition	\$1.2 M	9/202011/2020 (w/SVMD Financials)
3/13/2019		None		
3/25/2019	Finance Committee	SVMD Clinic IT Infrastructure	\$4.6 M	9/202011/2020 (w/SVMD Financials)
5/28/2019	Finance Committee	MV Campus Signage	\$1.1 M	N/A < \$2 M
8/21/2019	ECH Board	Medical Staff Development Plan	\$6.1 M	1/2021
8/21/2019	ECH Board	ED Remodel	\$6.75M	1/2021
10/10/19	ECH Board	MV Campus Completion (Old Main Demo)	\$24.9M	3/2021
1/25/20*	Finance Committee	Satellite Dialysis*	No approval on /1/25/20 – presented only	7/2021
7/27/20	Finance Committee	Sterile Processing Equipment	\$1,850,000	N/A < \$2 M
8/12/20	ECH Board	Radiation Oncology Replacement Equipment	10,300,000 (add'l \$3.55 M)	1/2022

## FY21 COMMITTEE GOALS

### Finance Committee

#### PURPOSE

The purpose of the Finance Committee (the “Committee”) is to provide oversight, information sharing, and financial reviews related to budgeting, capital budgeting, long-range financial planning and forecasting, and monthly financial reporting for the El Camino Hospital (ECH) Hospital Board of Directors (“Board”). In carrying out its review, advisory, and oversight responsibilities, the Finance Committee shall remain flexible in order to best define financial strategies that react to changing conditions.

**STAFF:** **Carlos Bohorquez**, Chief Financial Officer (Executive Sponsor)

The CFO shall serve as the primary staff to support the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair’s consideration. Additional members of the Executive Team may participate in the meetings upon the recommendation of the Executive Sponsor and at the discretion of the Committee Chair.

GOALS	TIMELINE	METRICS
1. Evaluate and monitor COVID-19 Recovery Plan	Q1, Q2, Q3 and Q4	Presentations in July (2020), September (2020) <b>Included in Financial Reporting</b> , November (2020, January (2021) and March (2021)
2. Capital Deployment Methodology & Reporting	Q1	Receive project completion reports on Taube and Sobrato Pavilions including performance against budget in July <b>Provided in September</b>
	Q1 and Q3	Review (September) and approve (November) a revised policy and procedure regarding an enterprise wide capital deployment and reporting. <b>Delayed until November</b>
3. Review strategy, goals, and performance of business affiliates and service lines: 1) Oncology, 2) Behavioral Health, 3) MCH, 4) SVMD	Q1	SVMD (July), Oncology Service Line (September) <b>On Track</b>
	Q2	Maternal Child Health Service Line and SVMD (November)
	Q3	Behavioral Health Service Line (January), SVMD (March)
	Q4	SVMD (May)
4. Review and evaluate ongoing customer service/patient experience tactics and metrics for the Revenue Cycle – possibly combined statements for SVMD & ECH	Q2 and Q4	Monitor customer service and patient satisfaction metrics

**SUBMITTED BY:** **Chair:** John Zoglin | **Executive Sponsor:** Michael Moody, Interim CFO



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

**To:** Finance Committee  
**From:** Cindy Murphy, Director of Governance Services  
**Date:** September 29, 2020  
**Subject:** Report on Board Actions

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

**Summary:**

1. **Situation:** It is important to keep the Committees informed about Board activity to provide context for Committee work. The list below is not meant to be exhaustive, but includes agenda items the Board voted on that are most likely to be of interest to or pertinent to the work of El Camino Hospital’s Board Advisory Committees.
2. **Authority:** This is being brought to the Committees at the request of the Board and the Committees.
3. **Background:** Since the last time we provided this report to the Finance Committee meeting, the Hospital Board has met twice and the District Board has met twice. In addition, since the Board has delegated certain authority to the Executive Compensation Committee, the Compliance and Audit Committee and the Finance Committee, those approvals are also noted in this report.

<b>Board/Committee</b>	<b>Meeting Date</b>	<b>Actions (Approvals unless otherwise noted)</b>
<b>ECH Board</b>	August 12, 2020	<ul style="list-style-type: none"> <li>- FY21 Organizational Performance Goals</li> <li>- FY20 Period 12 Financials</li> <li>- FY21 Capital and Operating Budget</li> <li>- Increased Funding For Radiation Oncology Equipment</li> <li>- Medical Staff Report Including Credentials and Privileges Report</li> </ul>
	September 9, 2020	<ul style="list-style-type: none"> <li>- FY21 Period 1 Financials</li> <li>- Medical Staff Report Including Credentials and Privileges Report</li> <li>- Appointment of Rich Juelis to the Investment Committee</li> <li>- Appointment of Wayne Doiguchi to the Finance Committee</li> </ul>
<b>ECHD Board</b>	August 12, 2020	<ul style="list-style-type: none"> <li>- FY21 ECHD Consolidated and Stand Alone Budgets</li> <li>- Resolution Setting Annual Tax Appropriation Limit (Gann Limit)</li> </ul>
	September 10, 2020	<ul style="list-style-type: none"> <li>- Disbanded Compliance Issue Ad Hoc Committee</li> </ul>
<b>Executive Compensation Committee</b>	July 28, 2020	<ul style="list-style-type: none"> <li>- FY21 CFO Base Salary</li> </ul>
<b>Compliance and Audit Committee</b>	N/A	
<b>Finance Committee</b>	July 27, 2020	<ul style="list-style-type: none"> <li>- Funding for Replacement Sterile Processing Equipment NTE \$1.85 million</li> </ul>

Report on Board Actions  
September 29, 2020

**List of Attachments:** None.

**Suggested Committee Discussion Questions:** None.



# El Camino Health

## Summary of Financial Operations

*Fiscal Year 2021 – Period 2*

*7/1/2020 to 8/31/2020*

## Overall Commentary for August

The COVID recovery plan and its focus on volume recovery continues to yield results.

- For both ECH and SVMD the volumes exceeded the volume forecasts
- Overall gross charges, a surrogate for volume, was exceeded the forecast by 30% in the month of August (Net Patient Revenue exceeded forecast by 27%)
- Operating Expenses were \$9.7M or 12% greater than budget and driven by the increased volumes
- Operating Margin favorable variance in comparison to the budget is \$8.2M. However, month-over-month performance was unfavorable due to a deterioration in payor mix, significant increase in supply expenses due to the capture of prior month invoices.
- Continued focus on managing variable expenses and monitoring changes to payor mix will be critical to ensure the organization returns to consistent strong operating performance

# Consolidated Statement of Operations (\$000s)

Period ending 08/31/2020

Period 2 FY 2020	Period 2 FY 2021	Period 2 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
317,087	339,121	260,556	78,565	30.2%	<b>Gross Revenue</b>	631,150	672,350	515,359	156,990	30.5%
(233,586)	(253,449)	(192,904)	(60,545)	(31.4%)	<b>Deductions</b>	(462,141)	(500,809)	(381,588)	(119,221)	(31.2%)
<b>83,501</b>	<b>85,672</b>	<b>67,652</b>	<b>18,020</b>	<b>26.6%</b>	<b>Net Patient Revenue</b>	<b>169,009</b>	<b>171,540</b>	<b>133,771</b>	<b>37,769</b>	<b>28.2%</b>
3,821	4,331	4,429	(98)	(2.2%)	<b>Other Operating Revenue</b>	7,931	8,998	8,810	188	2.1%
<b>87,322</b>	<b>90,003</b>	<b>72,081</b>	<b>17,922</b>	<b>24.9%</b>	<b>Total Operating Revenue</b>	<b>176,940</b>	<b>180,538</b>	<b>142,581</b>	<b>37,957</b>	<b>26.6%</b>
					<b>OPERATING EXPENSE</b>					
46,023	47,739	43,540	(4,198)	(9.6%)	<b>Salaries &amp; Wages</b>	91,104	94,170	86,871	(7,298)	(8.4%)
13,122	16,893	10,692	(6,202)	(58.0%)	<b>Supplies</b>	26,433	29,713	21,175	(8,539)	(40.3%)
13,814	14,366	14,481	115	0.8%	<b>Fees &amp; Purchased Services</b>	27,153	27,284	29,042	1,758	6.1%
3,595	3,596	4,213	617	14.6%	<b>Other Operating Expense</b>	6,940	7,179	7,726	548	7.1%
534	1,431	926	(505)	(54.5%)	<b>Interest</b>	1,065	2,859	1,848	(1,011)	(54.7%)
4,426	5,328	5,804	476	8.2%	<b>Depreciation</b>	8,991	10,559	11,615	1,056	9.1%
<b>81,514</b>	<b>89,352</b>	<b>79,655</b>	<b>(9,697)</b>	<b>(12.2%)</b>	<b>Total Operating Expense</b>	<b>161,686</b>	<b>171,763</b>	<b>158,278</b>	<b>(13,486)</b>	<b>(8.5%)</b>
<b>5,808</b>	<b>651</b>	<b>(7,574)</b>	<b>8,225</b>	<b>(108.6%)</b>	<b>Net Operating Margin</b>	<b>15,254</b>	<b>8,775</b>	<b>(15,696)</b>	<b>24,471</b>	<b>(155.9%)</b>
3,927	28,642	1,499	27,143	1810.9%	<b>Non Operating Income</b>	3,538	56,360	4,502	51,859	1152.0%
<b>9,735</b>	<b>29,293</b>	<b>(6,075)</b>	<b>35,368</b>	<b>(582.2%)</b>	<b>Net Margin</b>	<b>18,792</b>	<b>65,135</b>	<b>(11,195)</b>	<b>76,330</b>	<b>(681.8%)</b>
12.3%	8.2%	-1.2%	9.4%		<b>EBIDA</b>	14.3%	12.3%	-1.6%	13.9%	
6.7%	0.7%	-10.5%	11.2%		<b>Operating Margin</b>	8.6%	4.9%	-11.0%	15.9%	
11.1%	32.5%	-8.4%	41.0%		<b>Net Margin</b>	10.6%	36.1%	-7.9%	43.9%	



# Financial Overview – August

## Financial Performance

- August's Operating Gain was \$650K compared for a budgeted operating loss of \$7.6M – resulting in a favorable variance of \$8.2M. The primary drivers was increased volumes in comparison to the forecast.
  - Volumes and Revenues continue to be stronger than the forecast as demonstrated by:
    - Adjusted Discharges are 524 cases or 21% favorable to budget
    - Gross charges are \$78M or 30% favorable to budget
      - Inpatient Charges up \$43M or 31% driven by OR, Cath Lab, Critical Care, Pharmacy, and Ancillary services
      - Outpatient Charges up \$35M or 31% driven by OR, Cath Lab, Imaging, Emergency Room, and Ancillary services
  - Operating Expenses are unfavorable to budget by \$9.7M or 125%, primarily due to increased patient activity
    - SWB were unfavorable by \$4.2M (9.6%)
    - Supplies were unfavorable by \$4.9M (67%), approximately \$2.2M of the increase was driven by receipt of prior month invoices in the month of August
    - All other discretionary non volume driven expenses were favorable by \$0.6M
- Non Operating Income includes:
  - Investment Income was approximately \$28.6M due to realized gains of \$2.2M with the remaining amount being unrealized gains in equity and fixed income positions during the month.

# Financial Overview – August cont.

## Financial Performance

### Hospital

- Adjusted Discharges (AD) favorable to budget by 524 ADs (21%) and unfavorable to prior year by 331 AD's (-10%)
  - Mountain View: Favorable to budget by 421 ADs (22%) and unfavorable to prior year by 344 AD's
  - Los Gatos: Favorable to budget by 109 ADs (20%) and favorable to prior year by 9 AD's
- Operating Expense\* Per Adjusted Discharge was \$24,739 which is 5% below budget
  - Excluding Depreciation and Interest

### El Camino Health Medical Network

- Total visits were 8.8% favorable to budget. Urgent Care visits made up 83% of the favorable variance.
- Total operating revenues and expenses were slightly unfavorable to budget
- Operating performance is still not at an acceptable level. Management is focused on implementing a number of initiatives to ensure the subsidy from ECH decreases to a level consistent with industry levels.

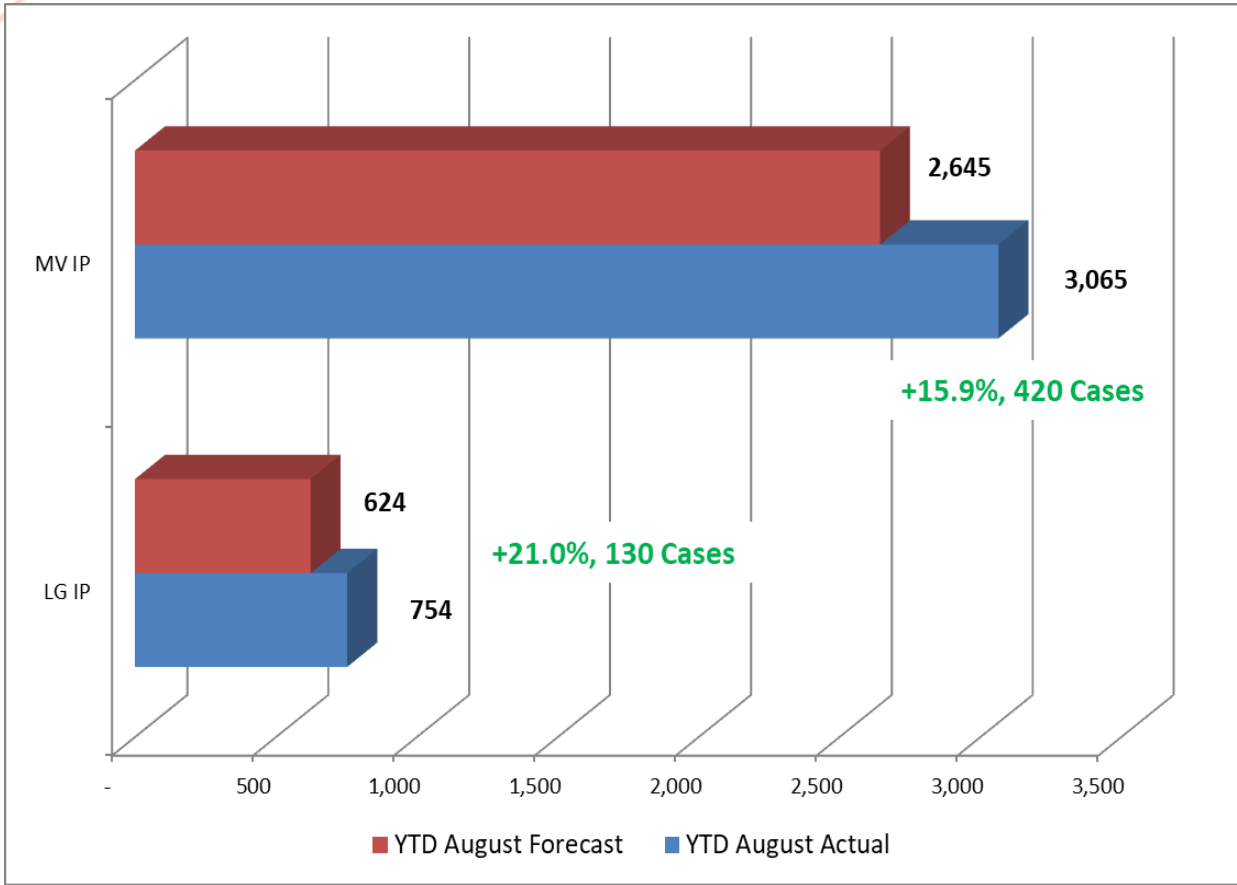
# Financial Overview – Operating Expense Metrics (Added)

Key Operating Expense Hospital Metrics Adjusted for Volume								
FY21 August and YTD August								
	August				Year to Date			
	Actual	Budget	Variance		Actual	Budget	Variance	
Per Adjused Discharge			\$\$	%			\$\$	%
Salaries	10,261	11,250	989	8.8%	10,275	11,293	1,018	9.0%
Supplies (excl Drugs)	4,023	2,780	(1,243)	-45.0%	3,614	2,782	(832)	-30.0%
Total OPEX (excl Deprec & Int)	24739	26081	1,342	5.0%	24381	26152	1,771	6.8%

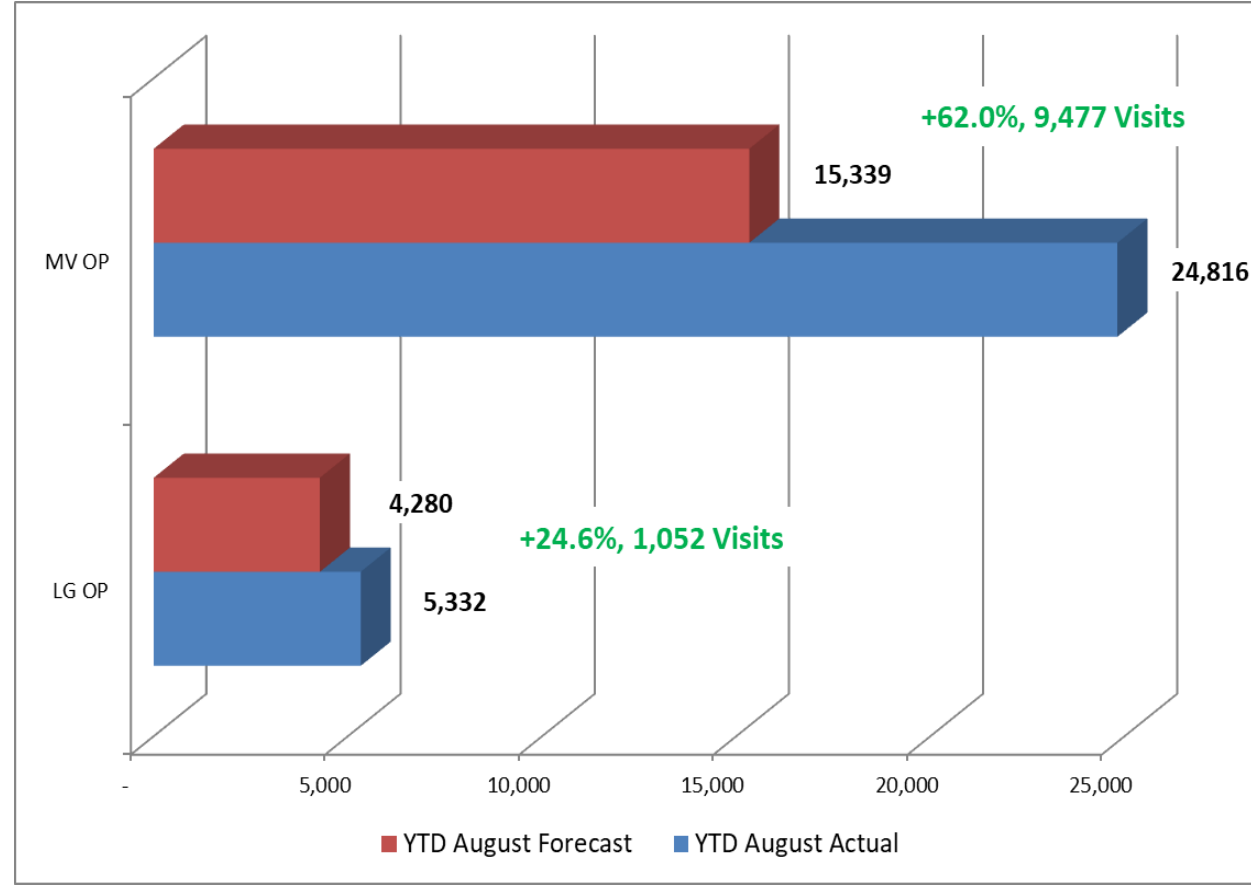
# Year to Date August Volume Performance

## 2021 Forecast vs Actual

### INPATIENT



### OUTPATIENT

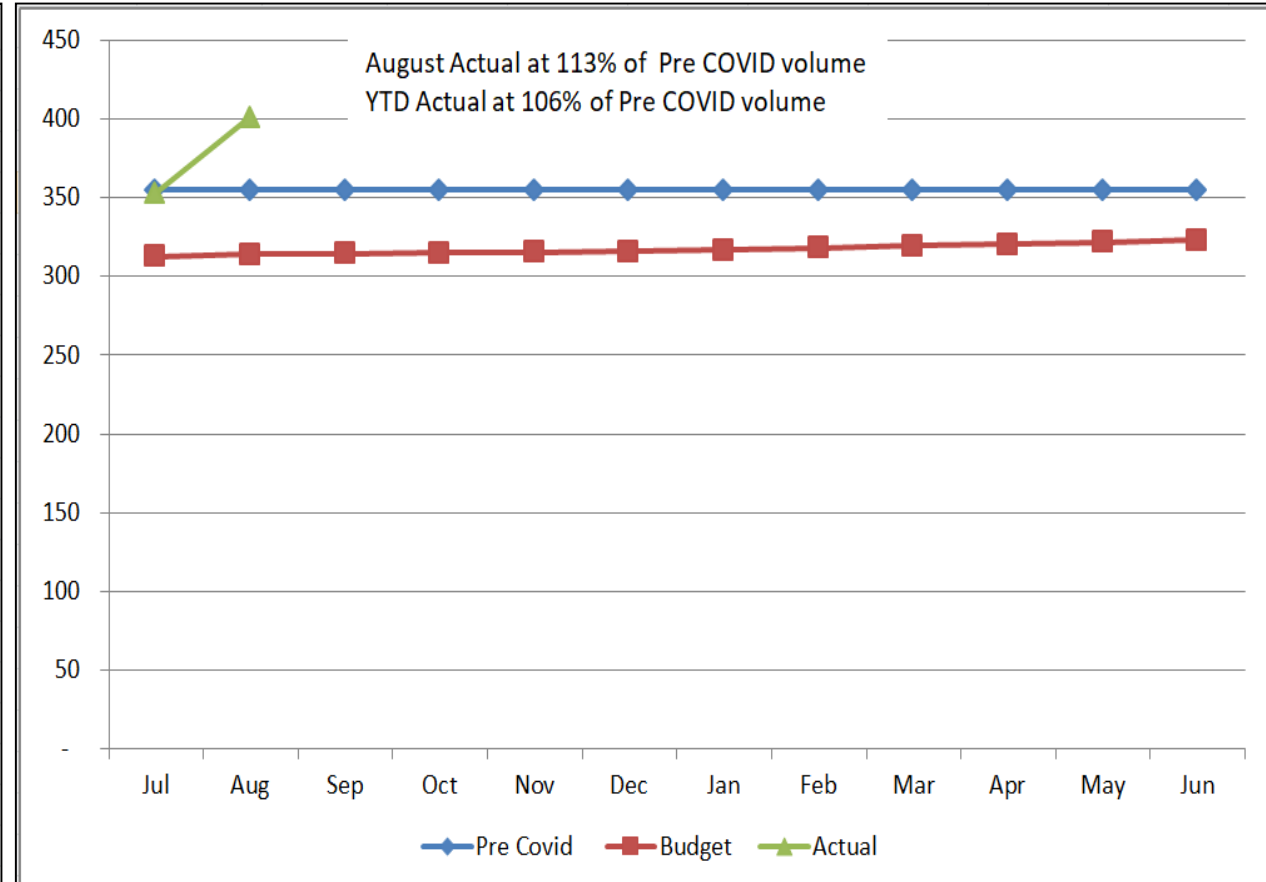
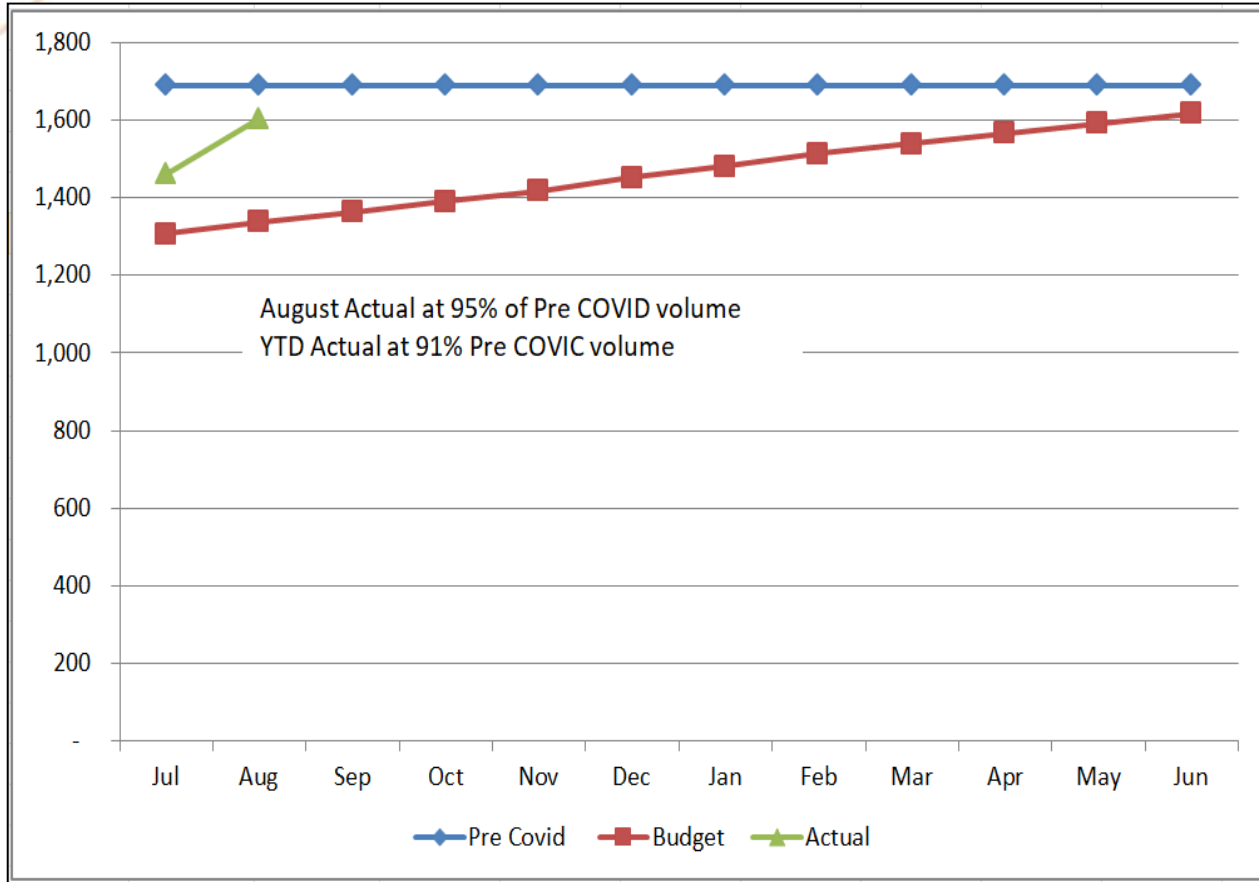


# August Volume – Inpatient

## 2021 Budget vs Actual – Including Pre COVID Level

MV

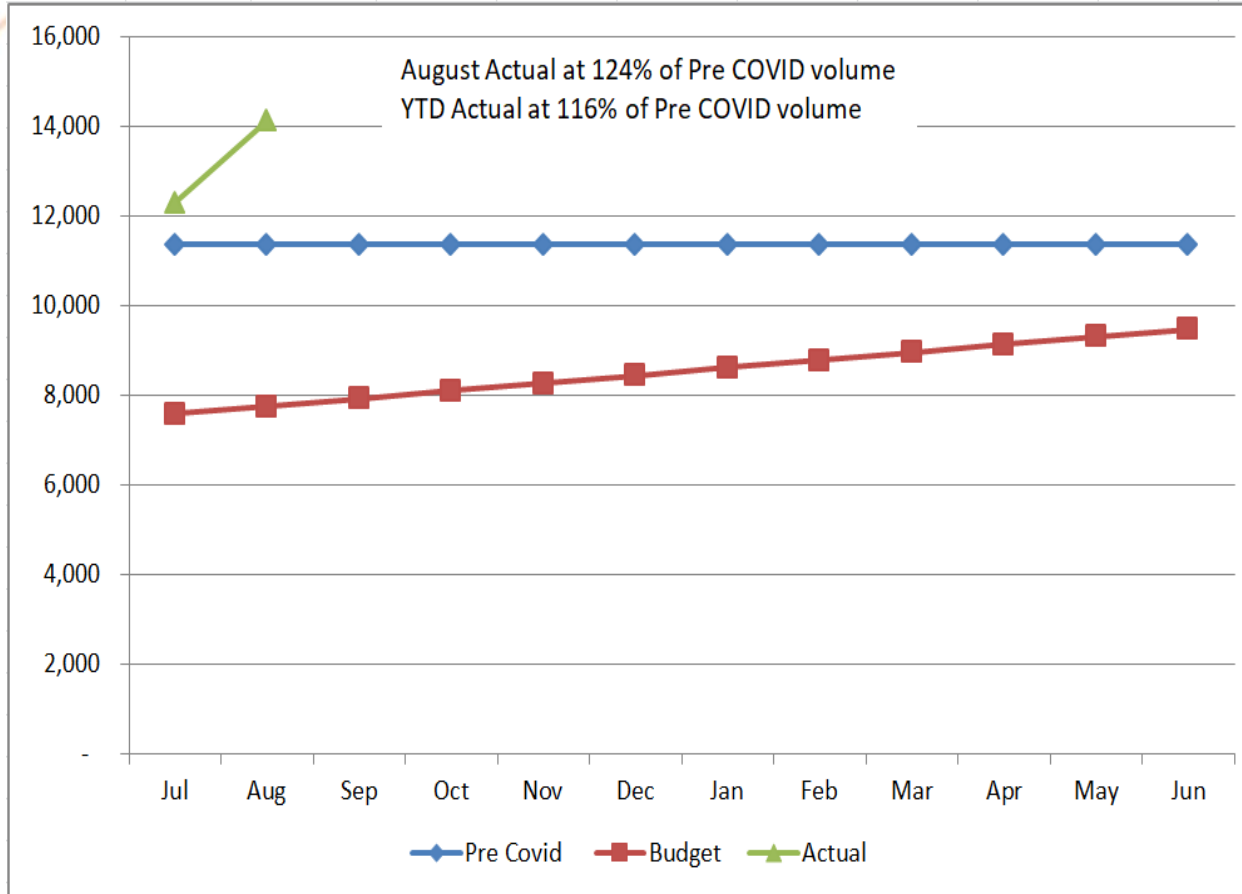
LG



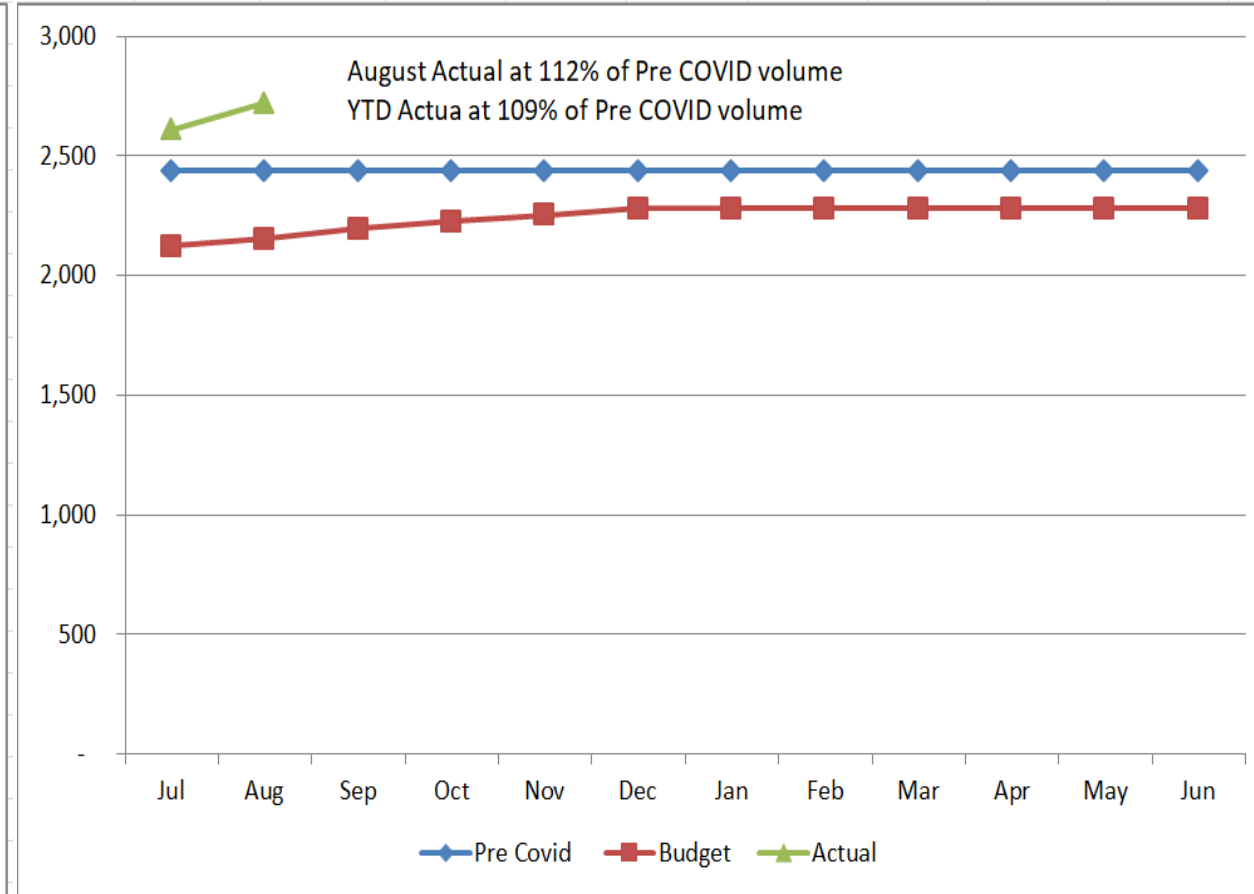
# August Volume – Outpatient

## 2021 Budget vs Actual – Including Pre COVID Level

MV



LG



# Consolidated Balance Sheet

(in thousands) ASSETS

	Un-Audited	
	August 31, 2020	June 30, 2020
<b>CURRENT ASSETS</b>		
Cash	224,146	228,464
Short Term Investments	236,031	221,479
Patient Accounts Receivable, net	139,859	116,523
Other Accounts and Notes Receivable	13,424	10,811
Intercompany Receivables	73,807	72,590
Inventories and Prepaids	105,508	101,267
<b>Total Current Assets</b>	<b>792,776</b>	<b>751,134</b>
<b>BOARD DESIGNATED ASSETS</b>		
Foundation Board Designated	16,308	15,364
Plant & Equipment Fund	176,222	166,859
Women's Hospital Expansion	30,401	22,563
Operational Reserve Fund	159,684	148,917
Community Benefit Fund	16,127	17,916
Workers Compensation Reserve Fund	16,482	16,482
Postretirement Health/Life Reserve Fund	30,913	30,731
PTO Liability Fund	28,488	27,515
Malpractice Reserve Fund	1,948	1,919
Catastrophic Reserves Fund	19,086	17,667
<b>Total Board Designated Assets</b>	<b>495,659</b>	<b>465,933</b>
<b>FUNDS HELD BY TRUSTEE</b>	<b>17,816</b>	<b>23,478</b>
<b>LONG TERM INVESTMENTS</b>	<b>392,591</b>	<b>372,175</b>
<b>CHARITABLE GIFT ANNUITY INVESTMENTS</b>	<b>717</b>	<b>680</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>30,939</b>	<b>29,065</b>
<b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,344,961	1,342,012
Less: Accumulated Depreciation	(687,094)	(676,535)
Construction in Progress	498,924	489,848
<b>Property, Plant &amp; Equipment - Net</b>	<b>1,156,791</b>	<b>1,155,326</b>
<b>DEFERRED OUTFLOWS</b>	21,316	20,952
<b>RESTRICTED ASSETS</b>	27,882	28,672
<b>OTHER ASSETS</b>	3,073	3,231
<b>TOTAL ASSETS</b>	<b>2,939,559</b>	<b>2,850,645</b>

## LIABILITIES AND FUND BALANCE

	Un-Audited	
	August 31, 2020	June 30, 2020
<b>CURRENT LIABILITIES</b>		
(Accounts Payable	34,931	35,323
Salaries and Related Liabilities	34,727	35,209
Accrued PTO	29,106	28,124
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	11,026	10,956
Intercompany Payables	71,317	70,289
Malpractice Reserves	1,560	1,560
Bonds Payable - Current	9,020	9,020
Bond Interest Payable	1,693	8,463
Other Liabilities	2,685	3,222
<b>Total Current Liabilities</b>	<b>198,364</b>	<b>204,467</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	30,913	30,731
Worker's Comp Reserve	16,482	16,482
Other L/T Obligation (Asbestos)	4,114	4,094
Bond Payable	520,418	508,002
<b>Total Long Term Liabilities</b>	<b>571,926</b>	<b>559,308</b>
<b>DEFERRED REVENUE-UNRESTRICTED</b>	77,085	77,133
<b>DEFERRED INFLOW OF RESOURCES</b>	30,700	31,221
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	1,838,744	1,761,428
Board Designated	194,427	188,457
Restricted	28,313	28,631
<b>Total Fund Bal &amp; Capital Accts</b>	<b>2,061,483</b>	<b>1,978,516</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>2,939,559</b>	<b>2,850,645</b>

# Dashboard - as of August 31, 2020

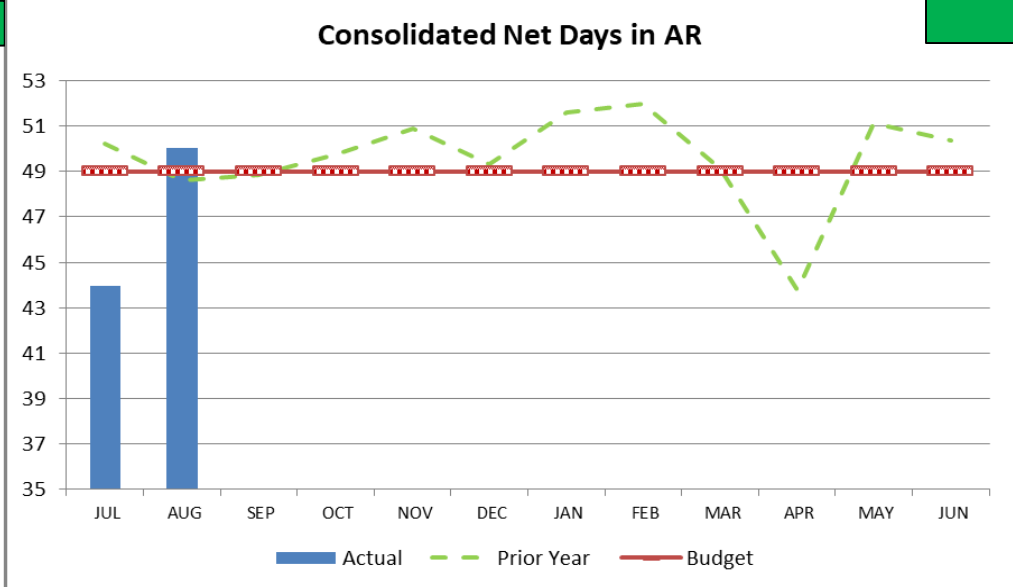
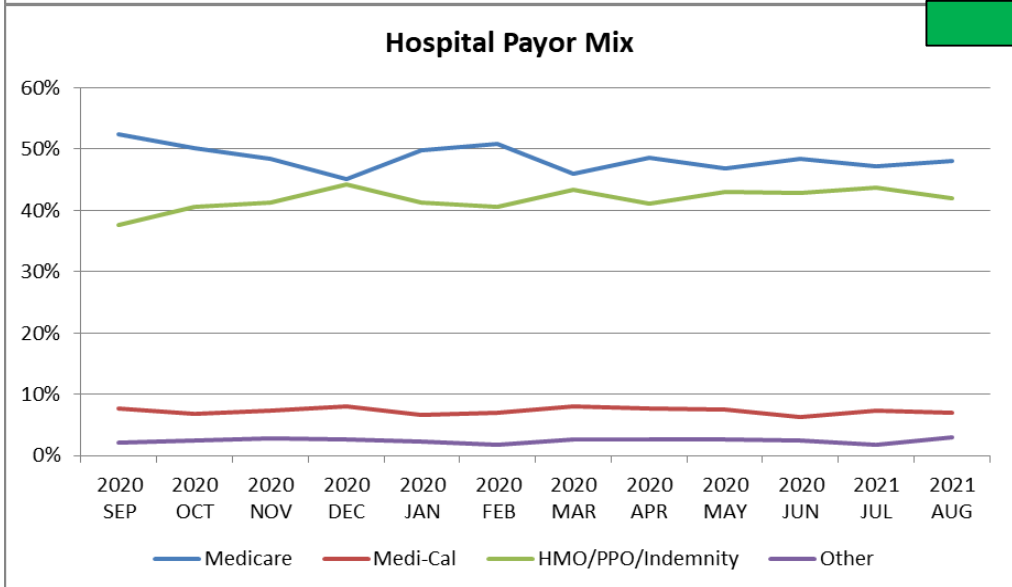
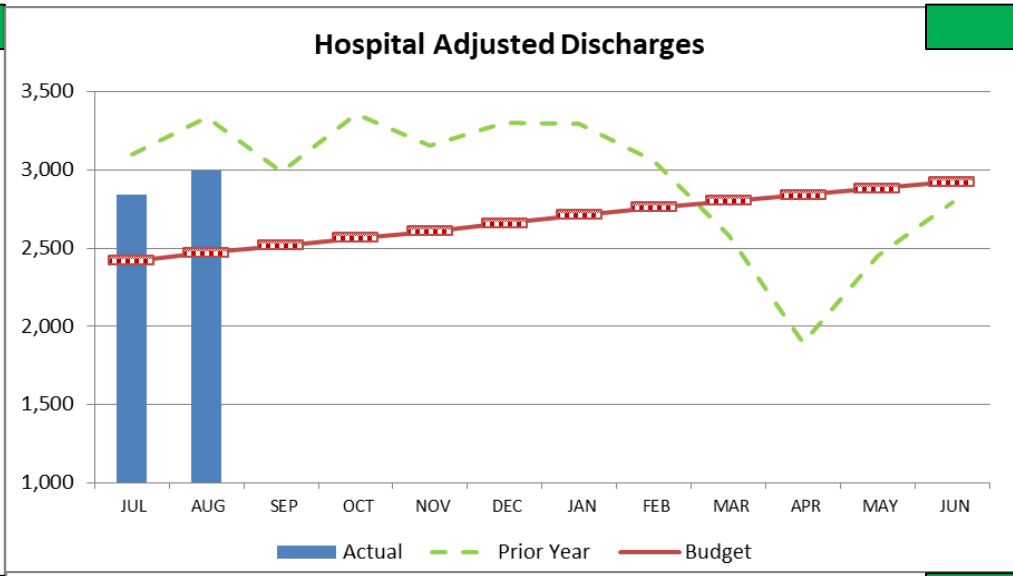
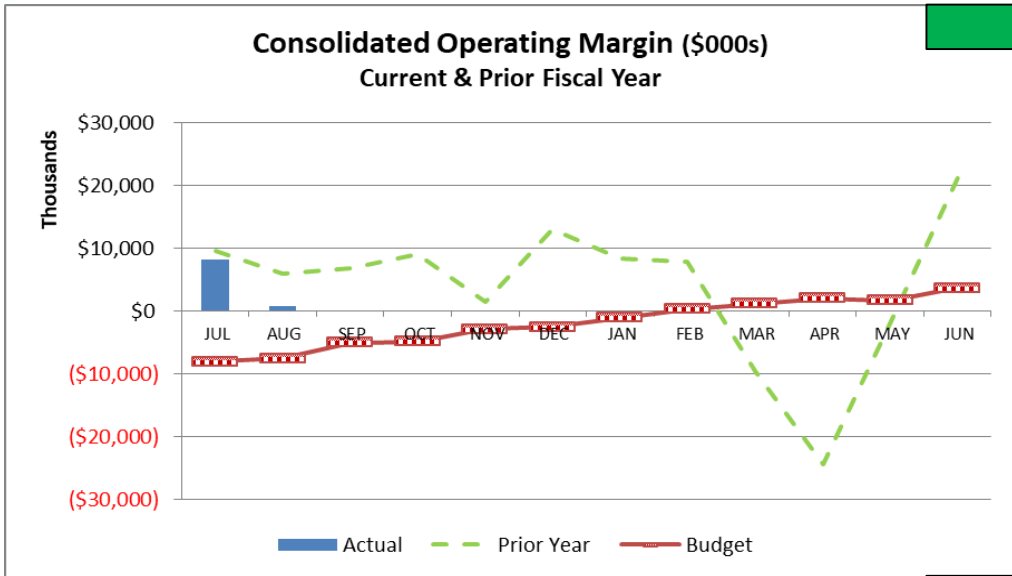
	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
<b>Consolidated Financial Perf.</b>								
Total Operating Revenue	87,322	90,003	72,081	17,922	176,940	180,538	142,581	37,957
Operating Expenses	81,514	89,352	79,655	(9,697)	161,686	171,763	158,278	(13,486)
Operating Margin \$	5,808	651	(7,574)	8,225	15,254	8,775	(15,696)	24,471
Operating Margin %	6.7%	0.7%	(10.5%)	11.2%	8.6%	4.9%	(11.0%)	15.9%
EBIDA \$	10,768	7,410	(844)	8,254	25,310	22,193	(2,233)	24,426
EBIDA %	12.3%	8.2%	(1.2%)	9.4%	14.3%	12.3%	(1.6%)	13.9%
<b>Hospital Volume</b>								
<b>Licensed Beds</b>	443	454	454	-	443	454	454	-
ADC	219	241	190	51	227	232	187	45
Utilization MV	60%	62%	49%	13.2%	61%	60%	48%	11.6%
Utilization LG	28%	33%	26%	7.1%	30%	32%	26%	6.2%
Utilization Combined	49%	53%	42%	11.3%	51%	51%	41%	9.9%
Adjusted Discharges	3,338	2,996	2,471	525	6,439	5,841	4,890	951
Total Discharges (Excl NNB)	1,692	1,619	1,331	288	3,378	3,093	2,633	460
Total Discharges	2,073	2,005	1,660	345	4,098	3,819	3,287	532
<b>Inpatient Cases</b>								
MS Discharges	1,153	1,042	820	222	2,344	2,014	1,621	393
Deliveries	401	414	347	67	754	783	691	92
BHS	98	114	120	(6)	193	201	234	(33)
Rehab	40	49	44	5	87	95	86	9
<b>Outpatient Cases</b>								
ED	13,315	15,254	9,910	5,344	25,692	30,149	19,616	10,533
Procedural Cases	4,135	3,118	2,398	720	8,288	6,291	4,695	1,596
OP Surg	522	500	327	173	999	1,014	651	363
Endo	235	228	134	94	432	485	264	221
Interventional	191	160	92	68	345	346	177	169
All Other	8,232	11,248	6,960	4,288	15,628	22,013	13,830	8,183
<b>Hospital Payor Mix</b>								
Medicare	47.8%	48.0%	48.4%	(0.4%)	48.6%	47.6%	48.4%	(0.8%)
Medi-Cal	8.1%	6.9%	7.4%	(0.5%)	7.9%	7.1%	7.3%	(0.3%)
Commercial IP	20.1%	20.4%	20.7%	(0.3%)	19.7%	20.7%	20.7%	0.1%
Commercial OP	22.5%	21.7%	21.1%	0.6%	21.7%	22.1%	21.1%	1.0%
Total Commercial	42.6%	42.1%	41.7%	0.3%	41.4%	42.9%	41.7%	1.1%
Other	1.6%	3.0%	2.5%	0.6%	2.1%	2.4%	2.5%	(0.0%)
<b>Hospital Cost</b>								
Total FTE <sup>1</sup>	2,737.1	2,749.7	2,822.1	72.4	2,743.7	2,719.8	2,811.0	91.2
Productive Hrs/APD	31.6	31.1	35.9	4.8	31.4	31.1	36.2	5.1
<b>Consolidated Balance Sheet</b>								
Net Days in AR	48.6	50.0	49.0	(1.0)	48.6	50.0	49.0	(1.0)
Days Cash	469	528	435	92	469	528	435	92

<sup>1</sup> Paid FTE; Budget in this case is using the Flex Budget instead of Fixed Budget



# APPENDIX

# Monthly Financial Trends



# Investment Scorecard as of June 30, 2020

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY20 Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>		<b>2Q 2020</b>		<b>Fiscal Year-to-date</b>		<b>7y 8m Since Inception (annualized)</b>		<b>FY 2020</b>	<b>2019</b>
Surplus cash balance*		\$1,076.6	--	--	--	--	--	--	--
Surplus cash return		10.2%	9.7%	3.6%	4.0%	5.4%	5.3%	4.0%	5.6%
Cash balance plan balance (millions)		\$286.7	--	--	--	--	--	--	--
Cash balance plan return		13.2%	11.3%	3.8%	3.7%	7.3%	6.6%	6.0%	6.0%
403(b) plan balance (millions)		\$551.4	--	--	--	--	--	--	--
<b>Risk vs. Return</b>		<b>3-year</b>			<b>7y 8m Since Inception (annualized)</b>				<b>2019</b>
Surplus cash Sharpe ratio		0.47	0.46	--	--	0.78	0.78	--	0.34
Net of fee return		5.3%	5.2%	--	--	5.4%	5.3%	--	5.6%
Standard deviation		7.9%	7.6%	--	--	5.9%	5.8%	--	8.7%
Cash balance Sharpe ratio		0.48	0.45	--	--	0.85	0.83	--	0.32
Net of fee return		6.3%	5.6%	--	--	7.3%	6.6%	--	6.0%
Standard deviation		10.0%	9.1%	--	--	7.6%	7.1%	--	10.3%
<b>Asset Allocation</b>		<b>2Q 2020</b>							
Surplus cash absolute variances to target		12.5%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Cash balance absolute variances to target		11.7%	< 10% Green < 20% Yellow	--	--	--	--	--	--
<b>Manager Compliance</b>		<b>2Q 2020</b>							
Surplus cash manager flags		18	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		21	< 27 Green < 34 Yellow	--	--	--	--	--	--

\*Excludes debt reserve funds (~\$21 mm), District assets (~\$42 mm), and balance sheet cash not in investable portfolio (\$234 mm). Includes Foundation (~\$36 mm) and Concern (~\$14 mm) assets.

# Non Operating Items and Net Margin by Affiliate

\$ in thousands

	Period 2- Month			Period 2- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Operating Margin</b>						
Mountain View	4,539	(4,827)	9,366	13,836	(10,409)	24,245
Los Gatos	(88)	986	(1,074)	1,294	2,168	(874)
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>4,451</b>	<b>(3,841)</b>	<b>8,292</b>	<b>15,130</b>	<b>(8,241)</b>	<b>23,371</b>
<b>Operating Margin %</b>	<b>5.2%</b>	<b>-5.7%</b>		<b>8.9%</b>	<b>-6.2%</b>	
<b>El Camino Hospital Non Operating Income</b>						
<b>Sub Total - Non Operating Income</b>	<b>28,196</b>	<b>1,140</b>	<b>27,056</b>	<b>54,642</b>	<b>3,896</b>	<b>50,746</b>
<b>El Camino Hospital Net Margin</b>	<b>32,647</b>	<b>(2,701)</b>	<b>35,348</b>	<b>69,772</b>	<b>(4,345)</b>	<b>74,117</b>
<b>ECH Net Margin %</b>	<b>38.4%</b>	<b>-4.0%</b>		<b>40.9%</b>	<b>-3.3%</b>	
Concern	(84)	91	(175)	89	70	18
ECSC	(1)	0	(1)	(2)	0	(2)
Foundation	350	10	340	1,162	54	1,108
El Camino Health Medical Network	(3,620)	(3,476)	(144)	(5,886)	(6,975)	1,088
<b>Net Margin Hospital Affiliates</b>	<b>(3,354)</b>	<b>(3,375)</b>	<b>20</b>	<b>(4,637)</b>	<b>(6,850)</b>	<b>2,213</b>
<b>Total Net Margin Hospital &amp; Affiliates</b>	<b>29,293</b>	<b>(6,075)</b>	<b>35,368</b>	<b>65,135</b>	<b>(11,195)</b>	<b>76,330</b>

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

Period ending 8/31/2020

Period 2 FY 2020	Period 2 FY 2021	Period 2 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
251,743	262,710	197,195	65,515	33.2%	<b>Gross Revenue</b>	502,529	522,140	389,352	132,788	34.1%
(184,678)	(195,324)	(146,090)	(49,234)	(33.7%)	<b>Deductions</b>	(366,356)	(385,562)	(288,447)	(97,115)	(33.7%)
<b>67,065</b>	<b>67,386</b>	<b>51,105</b>	<b>16,281</b>	<b>31.9%</b>	<b>Net Patient Revenue</b>	<b>136,173</b>	<b>136,578</b>	<b>100,905</b>	<b>35,672</b>	<b>35.4%</b>
1,481	1,436	1,494	(58)	(3.9%)	<b>Other Operating Revenue</b>	2,895	2,999	2,945	54	1.8%
<b>68,546</b>	<b>68,822</b>	<b>52,599</b>	<b>16,223</b>	<b>30.8%</b>	<b>Total Operating Revenue</b>	<b>139,068</b>	<b>139,576</b>	<b>103,850</b>	<b>35,726</b>	<b>34.4%</b>
					<b>OPERATING EXPENSE</b>					
36,348	37,413	34,188	(3,224)	(9.4%)	<b>Salaries &amp; Wages</b>	71,986	73,888	68,239	(5,649)	(8.3%)
10,490	12,710	8,007	(4,703)	(58.7%)	<b>Supplies</b>	21,046	23,262	15,862	(7,400)	(46.7%)
6,559	6,248	6,834	585	8.6%	<b>Fees &amp; Purchased Services</b>	13,677	12,442	13,785	1,343	9.7%
2,528	2,242	2,739	497	18.1%	<b>Other Operating Expense</b>	5,019	4,795	5,056	261	5.2%
534	1,431	926	(505)	(54.5%)	<b>Interest</b>	1,065	2,859	1,848	(1,011)	(54.7%)
3,572	4,238	4,731	493	10.4%	<b>Depreciation</b>	7,280	8,495	9,469	974	10.3%
<b>60,031</b>	<b>64,283</b>	<b>57,426</b>	<b>(6,857)</b>	<b>(11.9%)</b>	<b>Total Operating Expense</b>	<b>120,072</b>	<b>125,741</b>	<b>114,259</b>	<b>(11,481)</b>	<b>(10.0%)</b>
<b>8,514</b>	<b>4,539</b>	<b>(4,827)</b>	<b>9,366</b>	<b>(194.0%)</b>	<b>Net Operating Margin</b>	<b>18,996</b>	<b>13,836</b>	<b>(10,409)</b>	<b>24,245</b>	<b>(232.9%)</b>
2,943	28,196	1,140	27,056	2372.9%	<b>Non Operating Income</b>	2,144	54,642	3,896	50,746	1302.4%
<b>11,458</b>	<b>32,735</b>	<b>(3,686)</b>	<b>36,422</b>	<b>(988.0%)</b>	<b>Net Margin</b>	<b>21,140</b>	<b>68,478</b>	<b>(6,513)</b>	<b>74,991</b>	<b>(1151.5%)</b>
18.4%	14.8%	1.6%	13.3%		<b>EBIDA</b>	19.7%	18.0%	0.9%	17.2%	
12.4%	6.6%	-9.2%	15.8%		<b>Operating Margin</b>	13.7%	9.9%	-10.0%	19.9%	
16.7%	47.6%	-7.0%	54.6%		<b>Net Margin</b>	15.2%	49.1%	-6.3%	55.3%	

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

Period ending 8/31/2020

Period 2 FY 2020	Period 2 FY 2021	Period 2 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
60,060	68,515	55,862	12,653	22.7%	<b>Gross Revenue</b>	117,499	134,370	110,998	23,371	21.1%
(45,491)	(52,704)	(41,684)	(11,021)	(26.4%)	<b>Deductions</b>	(88,042)	(104,233)	(82,870)	(21,363)	(25.8%)
<b>14,569</b>	<b>15,811</b>	<b>14,178</b>	<b>1,632</b>	<b>11.5%</b>	<b>Net Patient Revenue</b>	<b>29,457</b>	<b>30,137</b>	<b>28,128</b>	<b>2,009</b>	<b>7.1%</b>
386	389	272	117	43.2%	<b>Other Operating Revenue</b>	765	795	540	254	47.1%
<b>14,956</b>	<b>16,200</b>	<b>14,450</b>	<b>1,750</b>	<b>12.1%</b>	<b>Total Operating Revenue</b>	<b>30,222</b>	<b>30,932</b>	<b>28,669</b>	<b>2,263</b>	<b>7.9%</b>
					<b>OPERATING EXPENSE</b>					
7,384	8,333	7,100	(1,233)	(17.4%)	<b>Salaries &amp; Wages</b>	14,786	16,219	14,130	(2,089)	(14.8%)
2,306	3,628	2,243	(1,385)	(61.7%)	<b>Supplies</b>	4,616	5,482	4,412	(1,070)	(24.3%)
2,695	3,103	2,673	(431)	(16.1%)	<b>Fees &amp; Purchased Services</b>	5,479	5,752	5,337	(415)	(7.8%)
290	407	640	233	36.4%	<b>Other Operating Expense</b>	567	546	1,003	456	45.5%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
800	816	809	(7)	(0.9%)	<b>Depreciation</b>	1,602	1,638	1,619	(19)	(1.2%)
<b>13,474</b>	<b>16,288</b>	<b>13,464</b>	<b>(2,824)</b>	<b>(21.0%)</b>	<b>Total Operating Expense</b>	<b>27,050</b>	<b>29,638</b>	<b>26,501</b>	<b>(3,137)</b>	<b>(11.8%)</b>
<b>1,481</b>	<b>(88)</b>	<b>986</b>	<b>(1,074)</b>	<b>(108.9%)</b>	<b>Net Operating Margin</b>	<b>3,172</b>	<b>1,294</b>	<b>2,168</b>	<b>(874)</b>	<b>(40.3%)</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	0	0	0	0	0.0%
<b>1,481</b>	<b>(88)</b>	<b>986</b>	<b>(1,074)</b>	<b>(108.9%)</b>	<b>Net Margin</b>	<b>3,172</b>	<b>1,294</b>	<b>2,168</b>	<b>(874)</b>	<b>(40.3%)</b>
15.3%	4.5%	12.4%	(7.9%)		<b>EBIDA</b>	15.8%	9.5%	13.2%	(3.7%)	
9.9%	-0.5%	6.8%	(7.4%)		<b>Operating Margin</b>	10.5%	4.2%	7.6%	(3.4%)	
9.9%	-0.5%	6.8%	(7.4%)		<b>Net Margin</b>	10.5%	4.2%	7.6%	(3.4%)	

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

Period ending 8/31/2020

Period 2 FY 2020	Period 2 FY 2021	Period 2 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
5,284	7,896	7,499	398	5.3%	<b>Gross Revenue</b>	11,122	15,840	15,009	831	5.5%
(3,417)	(5,420)	(5,130)	(291)	(5.7%)	<b>Deductions</b>	(7,743)	(11,015)	(10,271)	(743)	(7.2%)
<b>1,867</b>	<b>2,476</b>	<b>2,369</b>	<b>107</b>	<b>4.5%</b>	<b>Net Patient Revenue</b>	<b>3,379</b>	<b>4,826</b>	<b>4,737</b>	<b>88</b>	<b>1.9%</b>
1,356	1,768	1,939	(172)	(8.9%)	<b>Other Operating Revenue</b>	2,904	3,743	3,877	(134)	(3.5%)
<b>3,223</b>	<b>4,243</b>	<b>4,308</b>	<b>(65)</b>	<b>(1.5%)</b>	<b>Total Operating Revenue</b>	<b>6,283</b>	<b>8,569</b>	<b>8,615</b>	<b>(46)</b>	<b>(0.5%)</b>
					<b>OPERATING EXPENSE</b>					
1,835	1,540	1,748	208	11.9%	<b>Salaries &amp; Wages</b>	3,452	3,157	3,495	338	9.7%
323	551	430	(121)	(28.2%)	<b>Supplies</b>	719	904	878	(25)	(2.9%)
4,237	4,593	4,580	(13)	(0.3%)	<b>Fees &amp; Purchased Services</b>	7,386	8,267	9,165	898	9.8%
721	919	764	(154)	(20.2%)	<b>Other Operating Expense</b>	1,246	1,727	1,528	(199)	(13.0%)
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
52	260	261	1	0.3%	<b>Depreciation</b>	103	401	522	122	23.3%
<b>7,167</b>	<b>7,863</b>	<b>7,784</b>	<b>(79)</b>	<b>(1.0%)</b>	<b>Total Operating Expense</b>	<b>12,906</b>	<b>14,455</b>	<b>15,589</b>	<b>1,134</b>	<b>7.3%</b>
<b>(3,944)</b>	<b>(3,620)</b>	<b>(3,476)</b>	<b>(144)</b>	<b>4.1%</b>	<b>Net Operating Margin</b>	<b>(6,623)</b>	<b>(5,886)</b>	<b>(6,975)</b>	<b>1,088</b>	<b>(15.6%)</b>
(0)	0	0	0	0.0%	<b>Non Operating Income</b>	(0)	0	0	0	0.0%
<b>(3,944)</b>	<b>(3,620)</b>	<b>(3,476)</b>	<b>(144)</b>	<b>4.1%</b>	<b>Net Margin</b>	<b>(6,623)</b>	<b>(5,886)</b>	<b>(6,975)</b>	<b>1,088</b>	<b>(15.6%)</b>
					<b>EBIDA</b>	-103.8%	-64.0%	-74.9%	10.9%	
-120.7%	-79.2%	-74.6%	(4.6%)		<b>Operating Margin</b>	-105.4%	-68.7%	-81.0%	12.3%	
-122.3%	-85.3%	-80.7%	(4.6%)		<b>Net Margin</b>	-105.4%	-68.7%	-81.0%	12.3%	
-122.4%	-85.3%	-80.7%	(4.6%)							

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

**To:** El Camino Hospital Finance Committee  
**From:** Ken King, CASO  
**Date:** September 29, 2020  
**Subject:** Project Update Taube Pavilion

**Purpose:** To keep the Finance Committee informed on the progress of major capital projects in process.

**Summary:**

1. **Situation:** **Taube Pavilion** (aka BHS) received CDPH approval to occupy the building and patient care began on June 10, 2020. On September 16<sup>th</sup> the project was awarded a Silicon Valley Structures, ***Best Healthcare Project*** by the Silicon Valley Business Journal. Initial feedback from patients and staff is that the building is wonderful!

Fortunately we were successful in achieving OSPHD and CDPH approval to occupy 30 of 36 beds while we complete the life safety improvements which are now projected to be complete by the end of October. The impact of the pandemic has been significant when it comes to the receipt of materials and qualified man power. Contractors have had to implement “safe work practice” protocols that have made them less efficient. There have been instances of a construction worker testing positive for COVID-19 and this causes quarantines of exposed co-workers. Additionally, due to the fact that everything we are doing in this building environment requires specialized materials and fabrication makes getting anything done quickly a significant challenge. The lead time on custom doors for example has gone from 6-8 weeks to 10-12 weeks.

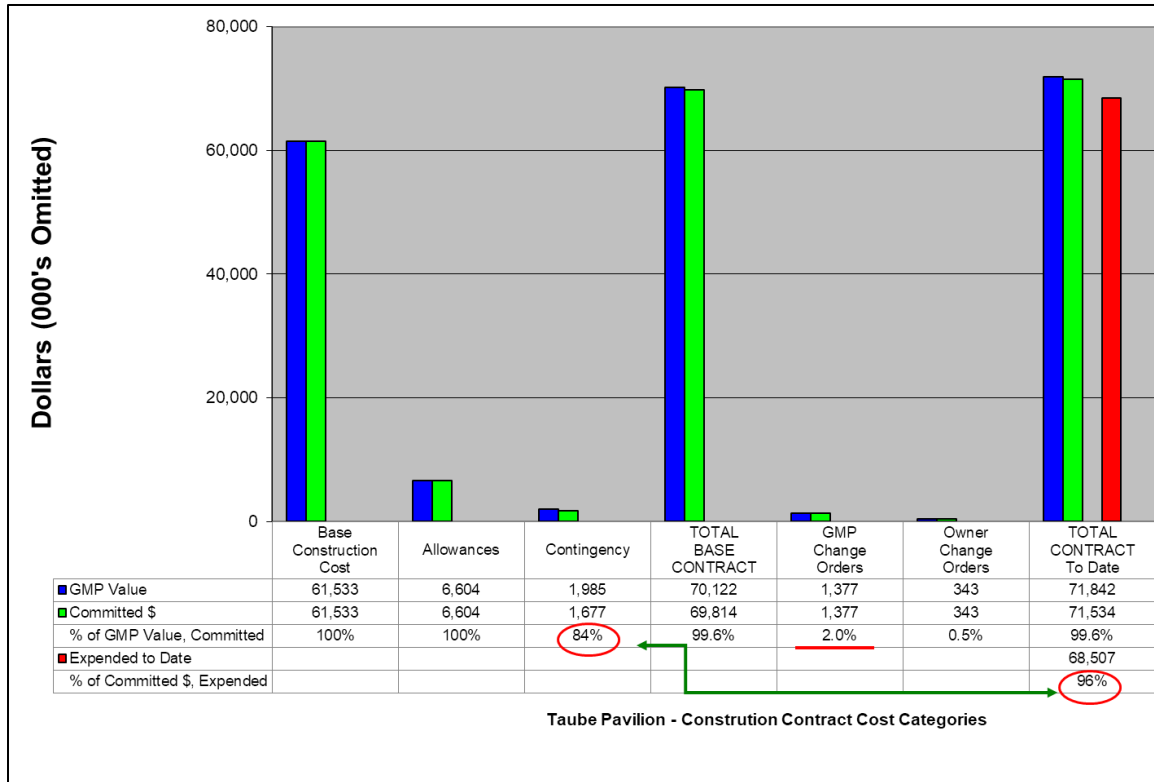
Upon the final completion and sign off on the modifications we will be able to open the remaining six inpatient rooms.

While these activities are still underway we continue to work with the general contractor and design team to close out all other elements of the project which include the completion of commissioning punch list items and obtaining all attic stock materials, as built documents, and lien releases which require that all change order requests be finalized. Good progress has been made and we are about 90% complete in the close out phase.

The following graph indicates where we are with the general contractors GMP contract.

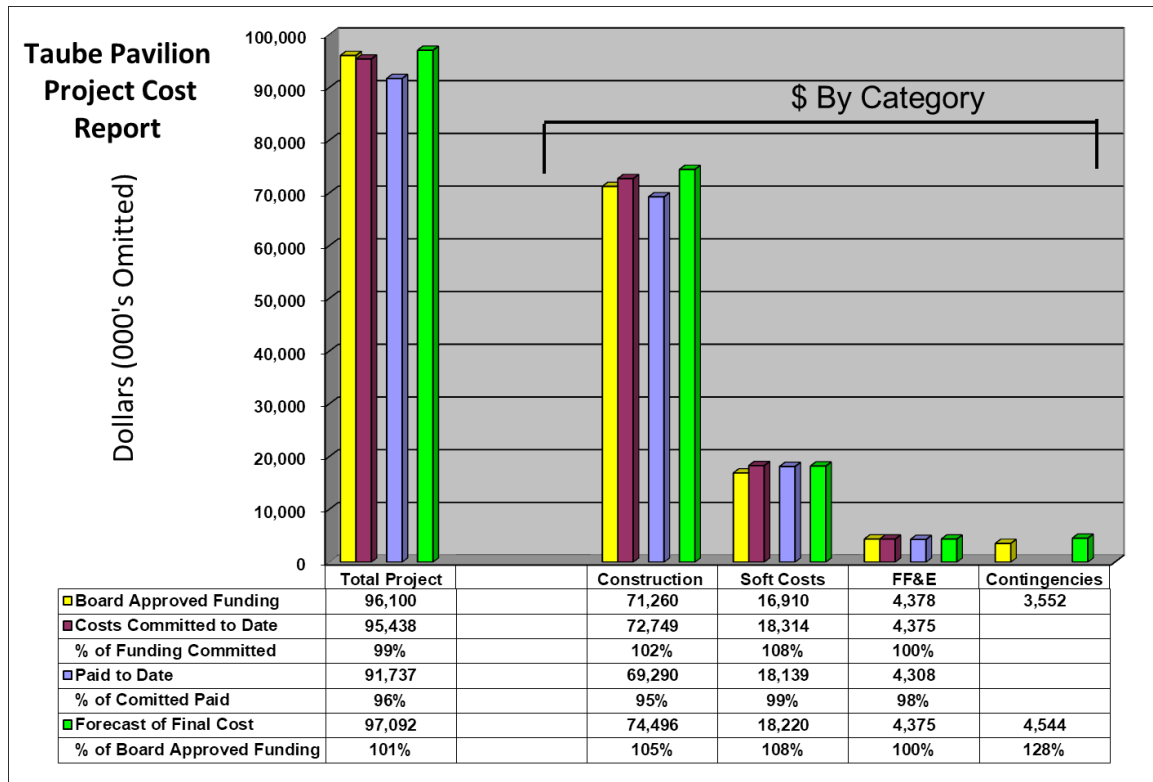


Project Update – Taube Pavilion  
 September 29, 2020



We expect that all the allowance and contingency funds will be expended and that a final close out GMP Change Order will be required. This is in addition to the change orders previously approved. There are several requested change orders that we are disputing and all parties are working to sort out the accountability for the costs of the extended schedule.

The following graph indicates where we are with the project budget as of September 15, 2020:



The forecast of the final cost is projecting the project to be \$992k over the project budget. Policy allows for a 5% overrun with appropriate signature authority approvals. This forecast includes assumptions on the final negotiations of change order requests.

2. Authority: This memo is to keep the Finance Committee informed of the progress towards completion of major projects.
3. Background: The Board of Directors approved the development of the Taube Pavilion (aka BHS) as an element of the Mountain View Campus Development Project.
4. Assessment: The environment we have created and delivered for the care of mental health and addiction patients is remarkable and we have much to be proud of. The late delivery and the projected budget overrun are the result of several complex factors listed below:

**Construction & Occupancy Delay Issues**

1. Selected GC Superintendent change at critical early stage of construction
2. Shortage of qualified (OSHPD Experienced) Trade workers
3. Field errors requiring rework, foundations, elevator steel, framing & drywall
4. OSHPD Required change from Zinc Panel to Aluminum Panel Exterior Skin
5. Delayed approvals from OSHPD on MEP Structural Details (13 months)
6. Ceiling grid attachment issue, ligature risk toilet issue
7. Material supply shortages, finish materials
8. Deletion of patient room sinks. (Approved late in construction process)
9. Overall complexity of the OSHPD Review & Inspection process
10. Unprecedented OSHPD notice of Occupancy Classification Error after 5 ½ years since initial submittal

11. Design Team failure to ensure plans conformed to Life Safety Code

Items 1 through 5 occurred early in the construction process and the entire team was confident that the critical path could be maintained as originally scheduled. Items 6 through 11 were very late in the construction process and were the major contributors to the delays. The other factor that led to additional project costs were the additional services required by the project management and design teams as a direct result to the issues listed.

The project budget was not sufficient to absorb the additional costs, partly due to the 3.8% project contingency. With hindsight being 20x20 a contingency of 5% would have brought the \$97.1 million project in under budget.

5. Other Reviews: None.
6. Outcomes: The close out of the projects is expected by the end of the Calendar Year.

**List of Attachments:** None.

**Suggested Committee Discussion Questions:** None.

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

**To:** El Camino Hospital Finance Committee  
**From:** Ken King, CASO  
**Date:** September 29, 2020  
**Subject:** Project Update Sobrato Pavilion

**Purpose:** To keep the Finance Committee informed on the progress of major capital projects in process.

**Summary:**

1. **Situation:** **Sobrato Pavilion** (aka IMOB) received CDPH approval to occupy the clinical spaces in June and the clinical departments were moved into the building the week of June 24<sup>th</sup>. Most tenants have moved into the building with only a couple remaining.

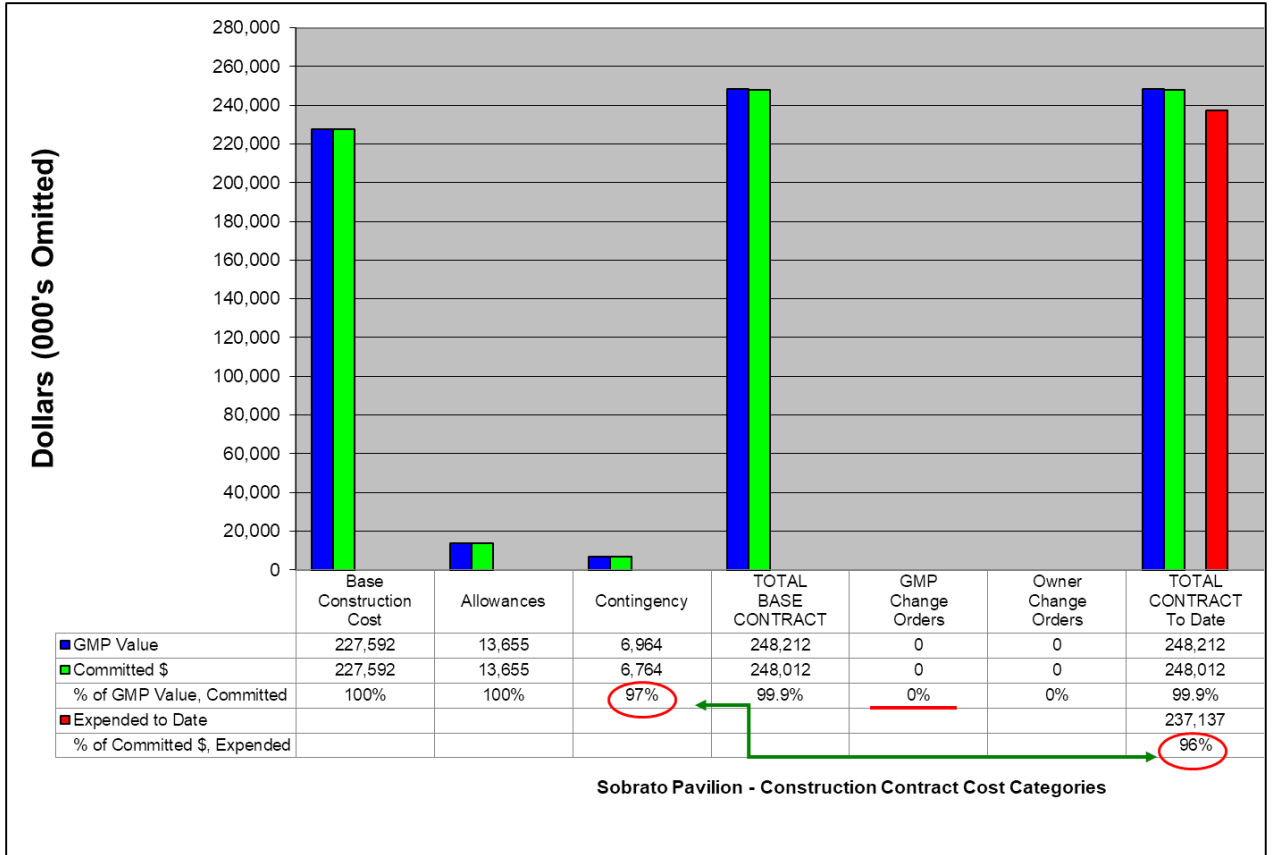
The project still has two remaining scope elements to be completed. The impact of the pandemic has been significant when it comes to the receipt of materials and qualified man power. Contractors have had to implement “safe work practice” protocols that have made them less efficient. There have been instances of a construction worker testing positive for COVID-19 and this causes quarantines of exposed co-workers. These issues are also impacting the state and local agency reviews, inspections and approvals. Thankfully the implications to the hospitals operations are minimal and do not create any significant issues.

The remaining scope of work for the final phase of the OSPHD Connector construction activity has been delayed due to the multiple factors described above along with the difficulty in obtaining specialized materials and fabrications. The good news is that the construction activities in the Connector should be 100% complete by the end of October. The final element that remains is the construction of a fire rated wall on both the Ground and 1<sup>st</sup> Floors where the new construction abuts to the existing construction.

The remaining scope of work for the construction of the Grant Road Right Turn Lane onto North Drive has been delayed for numerous reasons. The coordination and scheduling of PG&E, Public Works, electrical and grading contractors along with the significant number of detailed steps required to safely make changes to the traffic signal system have been contributing factors. The good news is that on September 12<sup>th</sup> the new Traffic Signal System was put into service and the work of both the electrical and grading contractors is proceeding towards completion by mid-October.

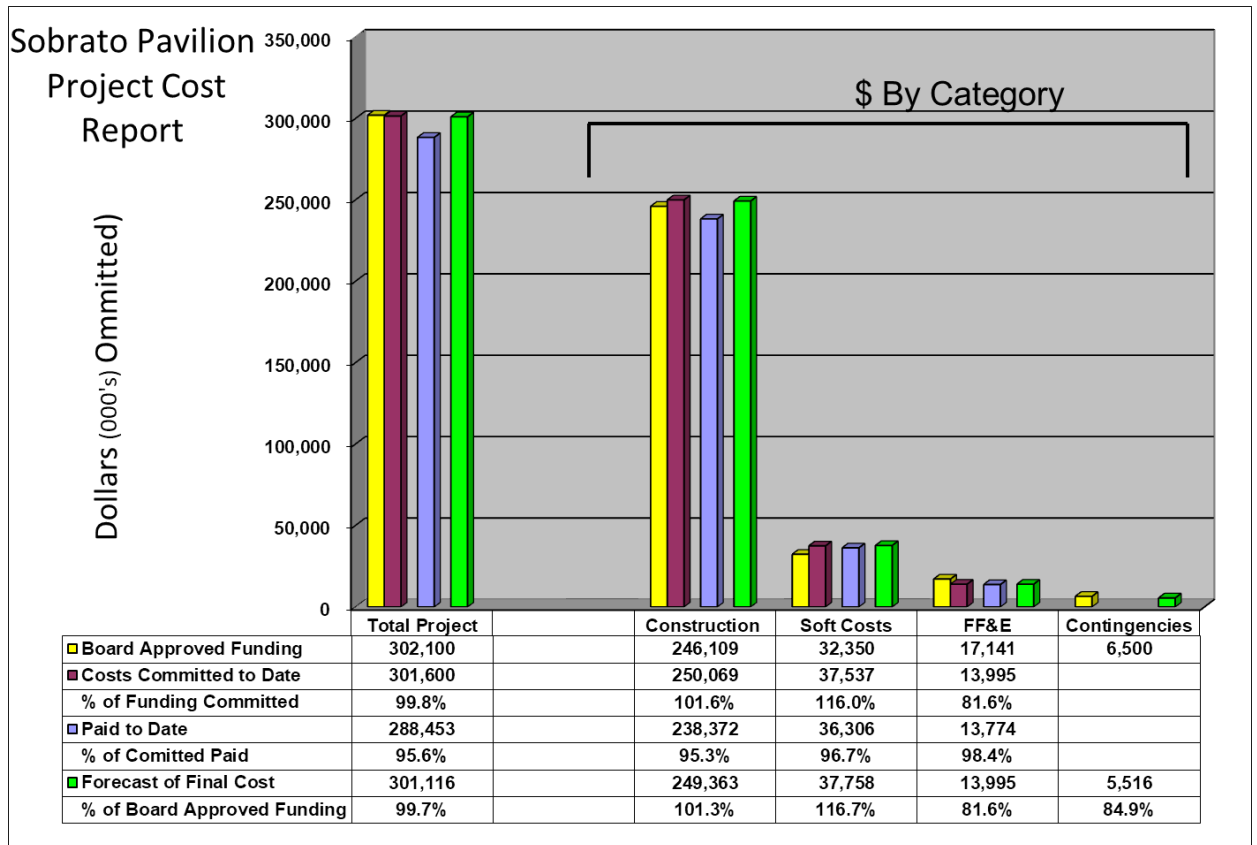
While these activities are still underway we continue to work with the general contractor and design team to close out all other elements of the project which include the completion of commissioning punch list items and obtaining all attic stock materials, as built documents, and lien releases which require that all change order requests be finalized. Good progress has been made and we are about 80% complete in the close out phase. The following graph indicates where we are within the general contractors GMP contract.

Project Update – Sobrato Pavilion  
 September 29, 2020



We expect that all the allowance and contingency funds will be expended and that a final close-out GMP Change Order will be required. The GMP change order is for changes made to tenant spaces required by new tenants, all of which is offset by the tenants' contributions to the TI's.

The following graph indicates where we are with the project budget as of September 15, 2020:



The forecast of the Final Cost is \$984k below budget includes a credit of \$3.1 million in tenant TI contributions and a credit of \$380,000 for the Temporary Certificate of Occupancy fee to be returned from the City of Mountain View upon completion of the Grant Road Turn Lane. The forecast also includes projected costs for final TI's in the remaining 12,200 usable square feet remaining to be leased. Note that there are approximately 112,000 rentable square feet within the building.

2. **Authority:** This memo is to keep the Finance Committee informed of the progress towards completion of major projects.
3. **Background:** The Board of Directors approved the development of the Sobrato Pavilion (aka IMOB) as an element of the Mountain View Campus Development Project.
4. **Assessment:** Overall the project has been a huge success despite the challenges of multi-jurisdictional permits, inspections and approvals. The later than targeted delivery of the space was indicative of the complexity that surrounds California healthcare and hospital projects. Fortunately the project budget was able to absorb the impacts of the delays and we have a beautiful new building that connects well with the hospital.
5. **Other Reviews:** None.
6. **Outcomes:** The close out of the projects is expected by the end of the Calendar Year.

**List of Attachments:** None.

Project Update – Sobrato Pavilion  
September 29, 2020

**Suggested Committee Discussion Questions:** None.



**EL CAMINO HOSPITAL  
FINANCE COMMITTEE MEETING MEMO**

**To:** El Camino Hospital Finance Committee  
**From:** Ken King, CAO  
**Date:** September 29, 2020  
**Subject:** Capital Facilities Project Review – SVMD Clinic TI’s

The following is an overview of the Facilities Project and the delivery of the SVMD Clinic TI’s for the North 1<sup>st</sup> Street clinic space.

**Scope of Project:**

The scope of the project included the conversion of a grocery store consisting of 14,300 square feet into a non-licensed SVMD Clinic Site. The new clinic provides Urgent Care, Primary & Specialty Care and has general x-ray and lab drawing services in a modern practice design.

**Project Outcomes:**

On February 13, 2019 the Board of Directors approved the funding not to exceed \$8 million dollars and the final cost of the project was \$7,250,172.

The aggressive target timeline to complete the project was two months beyond the target. See table below:

<b>Target Timeline provided with the Funding Request</b>			
	Target		Actual
1. Funding Approval –	2/13/2019		2/13/2019
2. Construction Plans & Specs Complete –	3/15/2019		3/25/2019
3. Over the Counter Plan Review & Permit by –	3/31/2019		4/5/2019
4. Construction (20 weeks) completed by –	7/20/2019		8/28/2019
5. Fit Up of FF&E by	8/15/2019		9/30/2019
6. Staff Training & Activation completed by –	8/30/2019		10/31/2019
7. Operations begin	9/2/2019		11/1/2019

In an effort to accelerate the construction schedule the General Contractor pulled an early demolition permit in order to clear the space of the existing improvements. The actual start of construction was two weeks later than the original target and the duration ended up being 22 weeks. The City of San Jose inspection process had the biggest impact on the construction schedule.

Overall this project went smoothly with only a couple of construction issues raised by City inspectors that created additional effort and minor modifications to the plans. Obtaining the final Certificate of Occupancy, which was issued on 10/14/19 required several escalations to get all City inspectors to provide their final inspection reports.





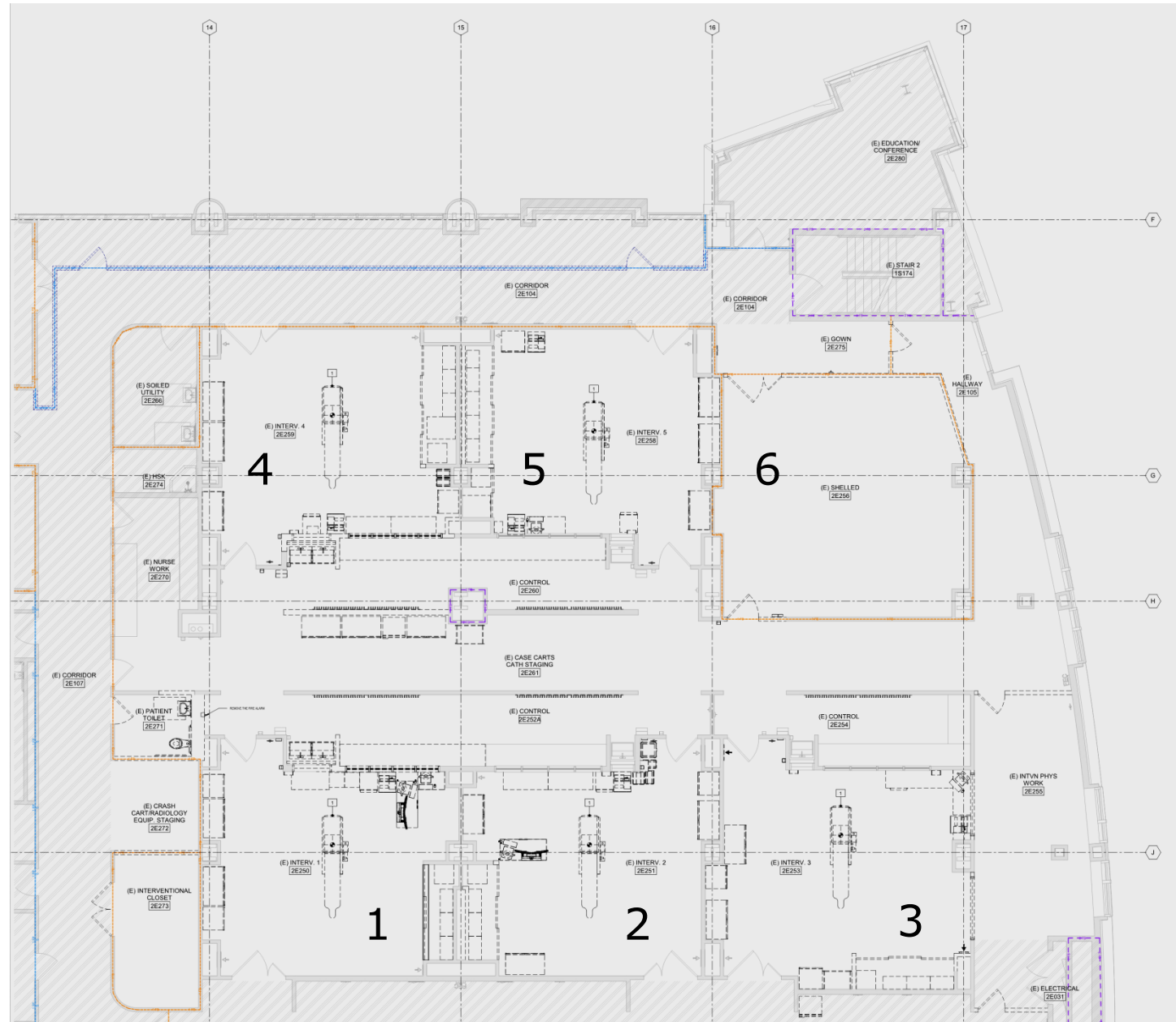
**Capital Facilities Project Update**  
**MV Interventional Equipment Replacements**

Ken King, CASO  
September 29, 2020

## Project Overview & Current Status

- The Board Approved the purchase of equipment for five existing and one new (Room #6) interventional labs.
- The initial funding approval was \$12 million for the imaging equipment only and \$1 million for planning and design.
  - The original estimate of \$7.4 million for installation did not contemplate any significant construction or additional equipment and was based on the new equipment fitting into the existing rooms.
  - The planning, development and code analysis that has occurred over the past 16 months has resulted in the need for additional renovation to address code minimum requirements and modified equipment configurations to appropriately configure the new room.

# Existing Floor Plan 2B - Interventional Dept.



# Scope of Work

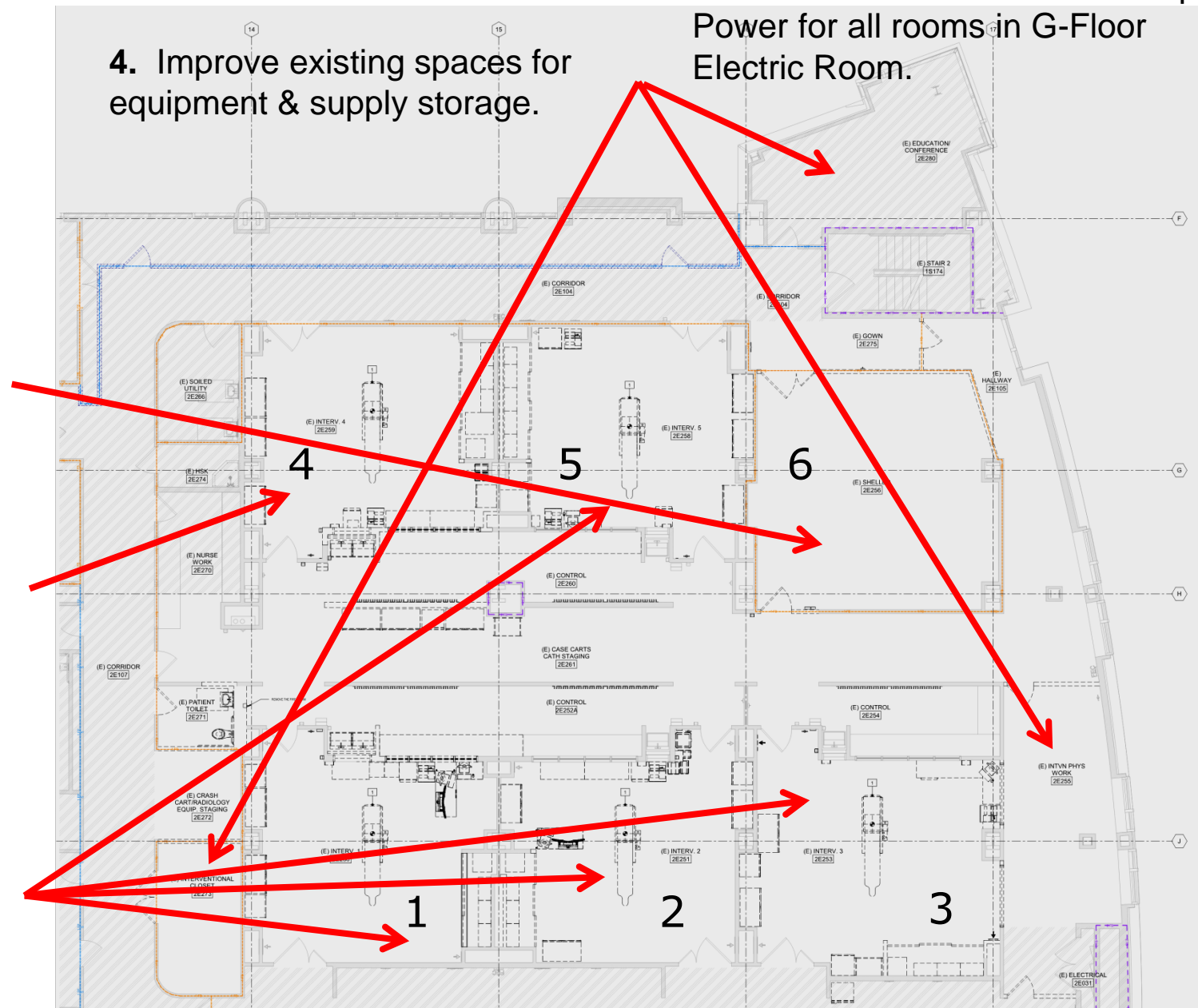
3. Expand room 6 into adjacent space to the east and install new equipment and construct new control station.

2. Enlarge Room 4 to accommodate replacement Equipment and construct new control station.

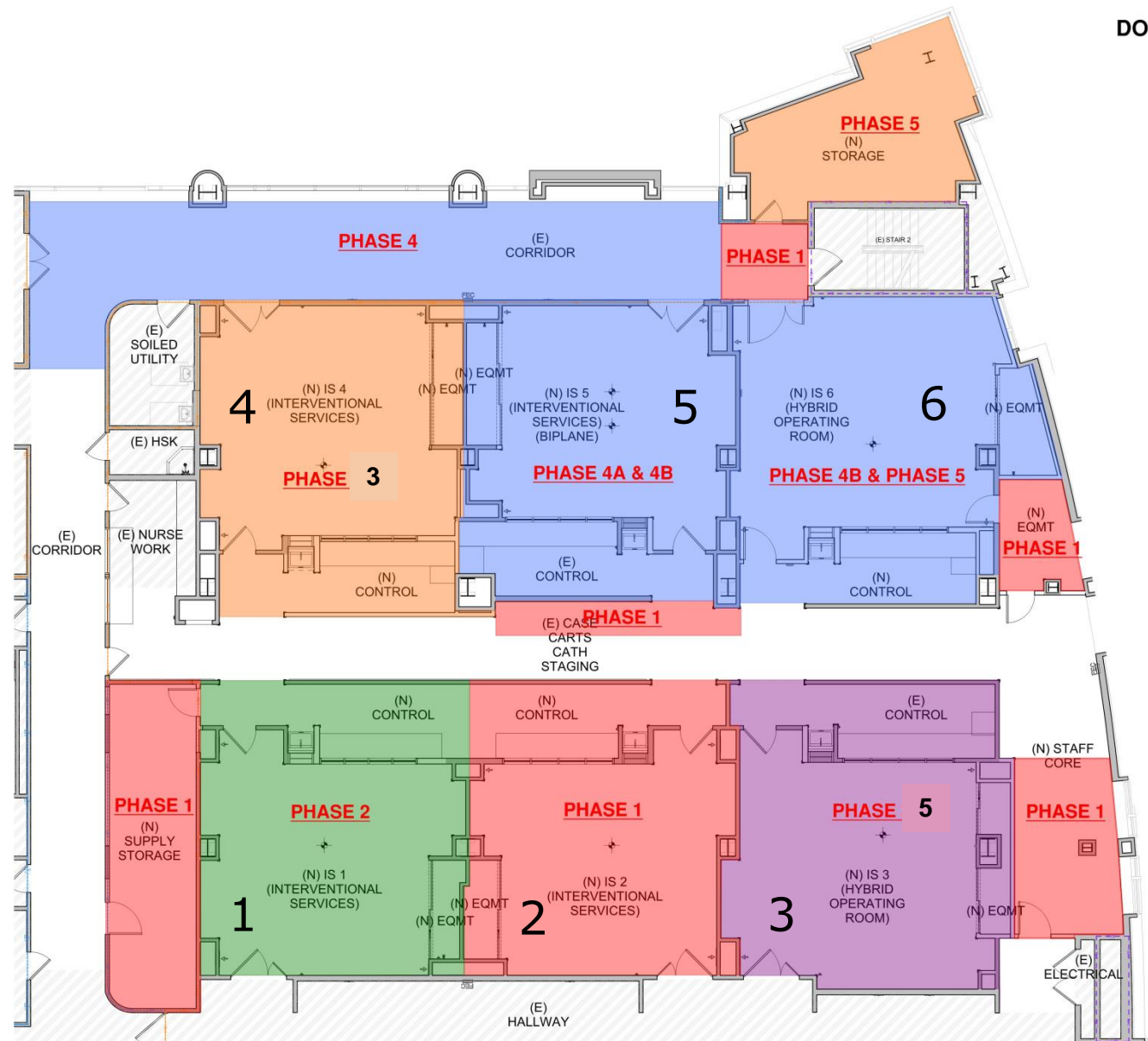
1. Replace Equipment in Rooms 1, 2, 3 & 5 & Reconfigure Control Stations

4. Improve existing spaces for equipment & supply storage.

5. Install distributed UPS Backup Power for all rooms in G-Floor Electric Room.



# Final New Configuration & Phasing Plan



## Project Cost Estimate – 100% CD (Pre-Bid)

<b>Total Project</b>		
Construction	8,533,006	
Equipment	13,539,690	
<b>Total Equip &amp; Const</b>	<b>22,072,696</b>	
<b>Total Soft Costs</b>	<b>4,472,495</b>	20.3%
<b>Contingency 10% of All Costs Except Equipment</b>	<b>1,299,550</b>	10.0%
<b>Totals</b>	<b>27,844,741</b>	

Initial Equipment & Planning Funding Request - \$13m

Total Project Estimate - \$27.85m

# Timelines

	2020												2021						2022						2023										
	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	Q1	Q2	Q3	Q4						
<b>Radiation Oncology Equipment Replacement</b>	FC	BD	Pre-C	Construction / Installations																															
<b>IR / Cath Lab Equipment Replacement</b> ★	Permit						FC	BD	Pre-C	Const.																									
<b>Imaging Equipment Replacement</b>	Design						Permit			FC	BD	Pre-C	Const.																						

These 3 project timelines are shown together because the same contractor team will work on all three projects. These are all major imaging equipment replacements and the overlap of coordination will create efficiencies.

**Questions?**





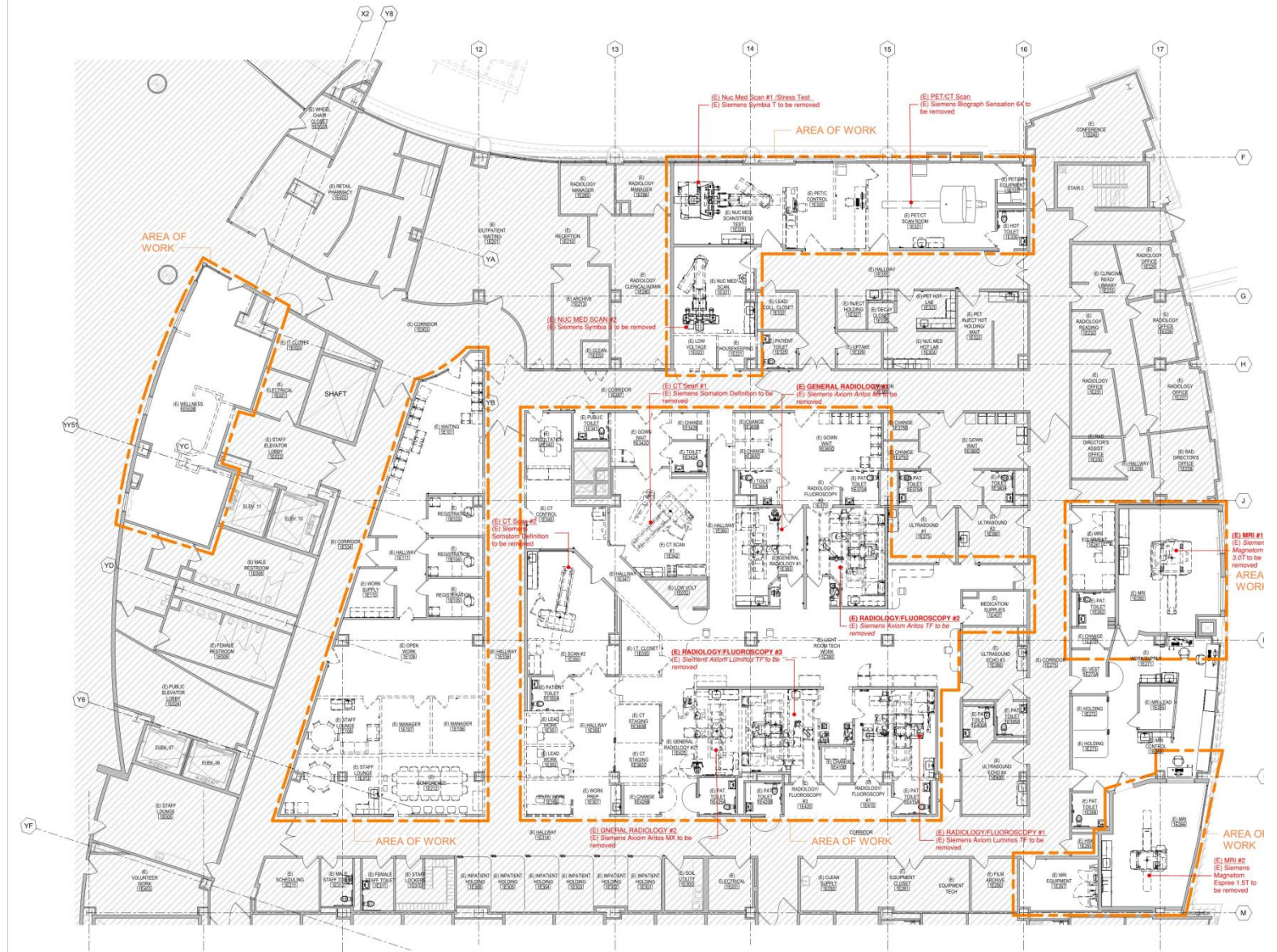
## **Capital Facilities Project Update MV Imaging Equipment Replacements**

Ken King, CASO  
September 29, 2020

## Project Overview & Current Status

- The Board Approved the purchase of replacement imaging equipment and the addition of two new rooms, one to add a third CT Scanner and one to add a 7<sup>th</sup> Interventional Lab in the 1<sup>st</sup> Floor Imaging Department.
  - The initial funding approval was \$15.9 million for the equipment only along with \$1 million for planning and design.
  - The original estimate of \$6.4 million for installation did not contemplate any significant construction and was based on the new equipment fitting into the existing rooms.
  - The planning, development and code analysis that has occurred over the past 12 months has resulted in the need for significant renovation to address code minimum requirements and modified equipment configurations to appropriately add the two additional rooms.

# Existing Floor Plan 1B - Imaging Dept.



# Scope of Work

Install 13 Imaging Rooms & Remain Operational

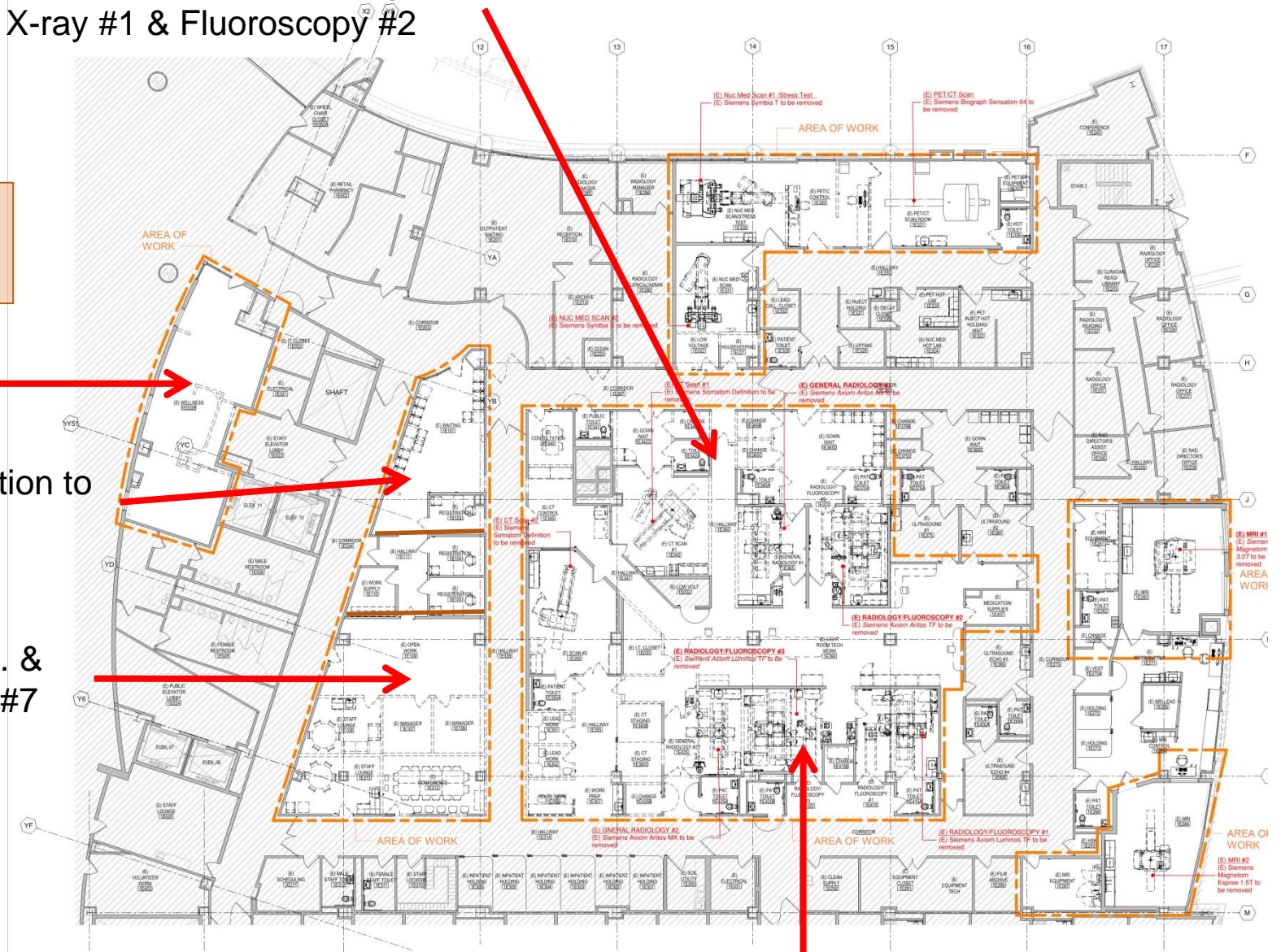
1. Convert Existing Gift Shop to Patient Registration

2. Convert Existing Patient Registration to Imaging Break/Conf. Room

3. Convert Existing Break/Conf. & Pt. Reg. Back Office to New IR #7

5. Expand CT #1 Area & Reconfigure General X-ray #1 & Fluoroscopy #2

6. Replace all other equipment within their existing Rooms. Includes ED General X-ray

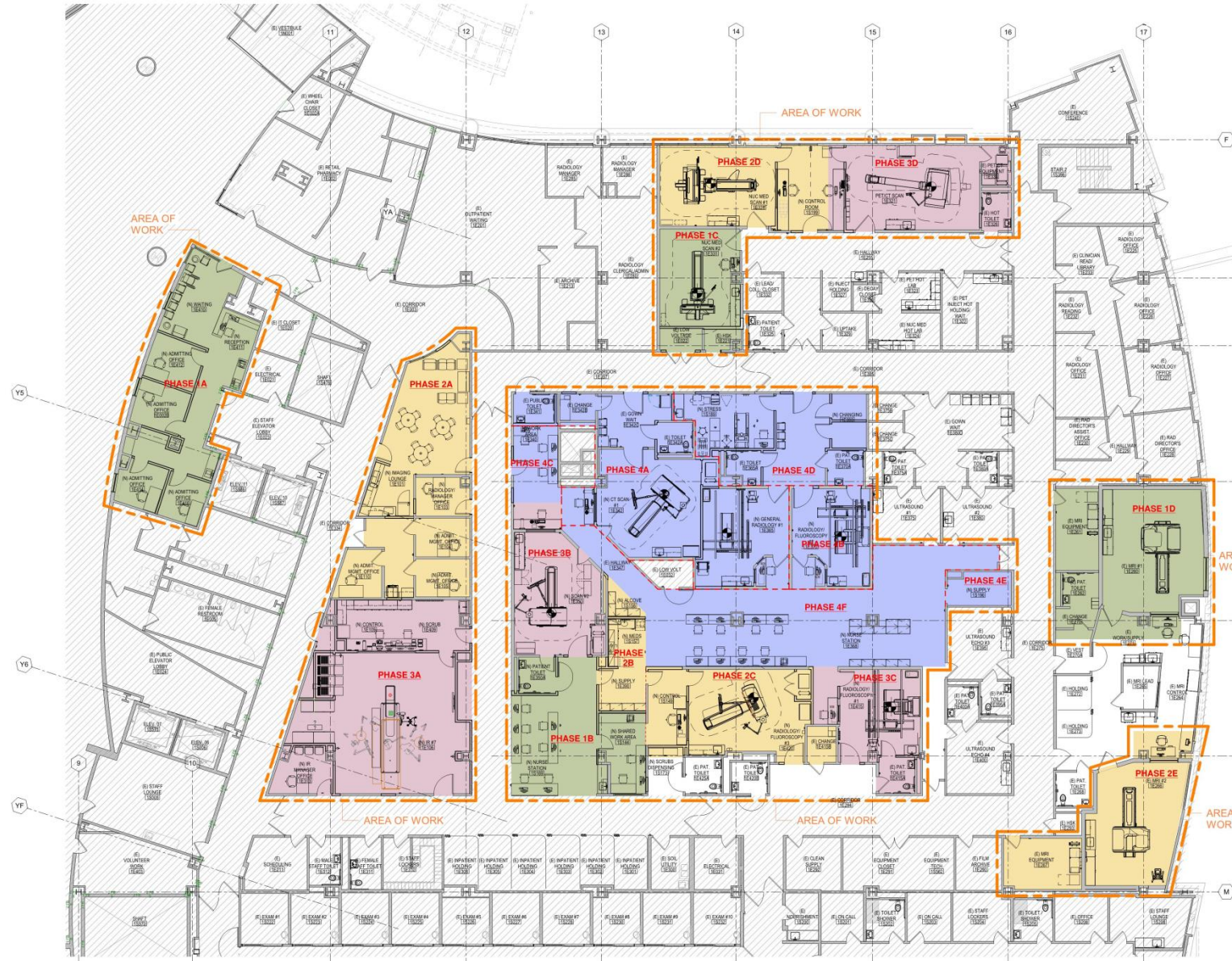


4. Convert General X-ray & Fluoroscopy #1 Rooms to New CT #3

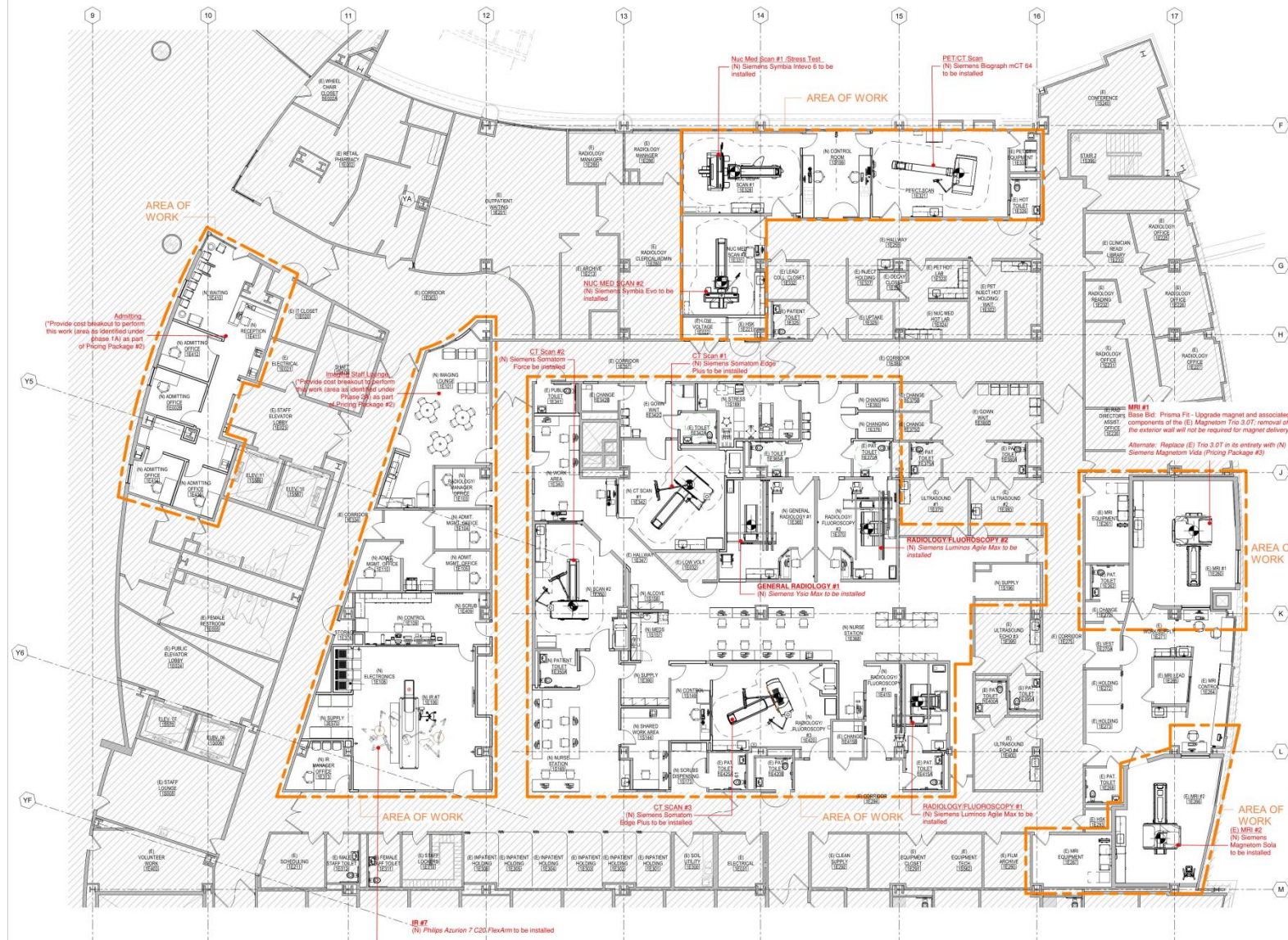
# Phasing Plan

## Current Thinking

- Phase 1
- Phase 2
- Phase 3
- Phase 4



# Final Floor Plan



## Project Cost Estimate – 100% DD, Partial CD's

Total Project			Breakout For New Rooms	
			IR #7	CT #3
Imaging Equipment	15,646,857		1,643,082	1,254,000
Construction All Phases	14,934,120		3,172,526	1,230,725
<b>Total Equip &amp; Const</b>	<b>30,580,977</b>		<b>4,815,608</b>	<b>2,484,725</b>
<b>Total Soft Costs</b>	<b>5,404,051</b>	17.7%	<b>850,980</b>	<b>439,083</b>
<b>Contingency 7.5% of All Costs Except Equipment</b>	<b>1,525,363</b>	7.5%	<b>301,763</b>	<b>125,236</b>
<b>Totals</b>	<b>37,510,391</b>		<b>5,968,351</b>	<b>3,049,043</b>

Initial Equipment &  
Planning Funding  
Request - \$16.9m


Total Project  
Estimate - \$37.5m

# Equipment Detail

	Modality	Room /Loc	Current Equipment Type	In Service Date	Proposed Equipment Type	Equipment Budget	Negotiated Outcome with New MRI	With Tax & Shipping
1	CT	New CT #3	N/A	New	SOMATOM go.Top	925,000	1,150,350	1,253,882
2	CT	CT2	SOMATOM Definition DS	2009	SOMATOM Force dual source	2,965,000	2,196,119	2,393,770
3	CT	CT1	SOMATOM Definition AS	2009	SOMATOM Edge Plus	1,765,000	1,150,350	1,253,882
4	MR	MR2	MAGNETOM Espree	2009	MAGNETOM Sola - System (Cardiovascular E)	2,035,000	1,544,801	1,683,833
5	MR	MR1	MAGNETOM TRIO, A TIM SYSTEM	2009	Prisma FIT Upgrade 3T (Now New MAGNATOM VIDA MRI)	1,345,000	1,995,725	2,175,340
6	Nuc Med	PET - CT	BIOGRAPH 40 TruePoint	2009	Biograph mCT 64 PET/CT	2,526,000	1,834,206	1,999,285
7	X-ray	ED	AXIOM Aristos FX Plus	2009	Multix Fusion Max	315,000	306,450	334,031
8	Nuc Med	SPECT	Symbia TruePoint (Symbia T)	2009	Symbia Intevo 2	710,000	617,720	673,315
9	X-ray	Rm 3	AXIOM Aristos MX / VX	2009	Ysio Max	370,000	326,450	355,831
10	X-ray	Rm 2	AXIOM LUMINOS TF	2009	Luminos Agile Max	640,000	584,100	636,669
11	Nuc Med	SPECT	Symbia S-Series	2009	Symbia Evo Excel	310,000	277,748	302,745
						Security Upgrades & Coil	51,500	56,135
12	X-ray	Rm 5	AXIOM LUMINOS TF	2009	Luminos Agile Max	649,000	555,100	605,059
13				New	New Philips IR Room #7	1,345,000	1,493,711	1,643,082
					<b>EQUIPMENT TOTALS</b>	<b>15,900,000</b>	<b>14,084,330</b>	<b>15,366,857</b>



# Timelines

	2020												2021						2022						2023										
	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	Q1	Q2	Q3	Q4						
<b>Radiation Oncology Equipment Replacement</b>	FC	BD	Pre-C	Construction / Installations																															
<b>IR / Cath Lab Equipment Replacement</b>	Permit						FC	BD	Pre-C	Const.																									
<b>Imaging Equipment Replacement</b> 	Design						Permit				FC	BD	Pre-C	Const.																					

These 3 project timelines are shown together because the same contractor team will work on all three projects. These are all major imaging equipment replacements and the overlap of coordination will create efficiencies.

**Questions?**

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

**To:** Finance Committee  
**From:** Carlos A. Bohorquez, Chief Financial Officer  
**Date:** September 29, 2020  
**Subject:** Department of Managed Health Care (“DMHC”) Requirements for Sponsoring Organizations

**Purpose:** To keep the Committee informed with regards to DMHC’s requirements for sponsoring organizations

**Summary:**

1. **Situation:** Pursuant to California Health and Safety Code (“HSC”) section 1375.4(b)(1)(B), a risk bearing organization (“RBO”) may reduce its liability for purposes of calculating its tangible net equity, working capital, and cash-to-claims ratio by the amount of any liabilities with a guarantee of payment by a sponsoring organization.
2. **Authority:** This is being brought to the Committee to provide an update on how Silicon Valley Medical Development (“SVMD”) will maintain compliance with HSC requirements.
3. **Background:**
  - On March 13, 2019 the Board of Directors of El Camino Hospital (“ECH”), approved a guarantee of Four Million Dollars (\$4,000,000) to be provided by ECH to SVMD.
  - An RBO may rely on a sponsoring organization no more than one (1) year, but if needed can request a single twelve (12) month extension.
4. **Assessment:**
  - In order to meet DMHC requirements SVMD shall undertake the following:
    - o Submit a request for a twelve month (12) extension of the guarantee
    - o Submit quarterly funding requests to ECH, to be reviewed and approved by the CFO
    - o Develop financial projections showing how SVMD will maintain compliance with the requirements of HSC section
  - These actions have been vetted with external counsel
5. **Outcomes:** Submission to DMHC will occur within the next 30 days. This committee will be updated once a response is received from DMHC.

**List of Attachments:** None

**Suggested Committee Discussion Questions:** None