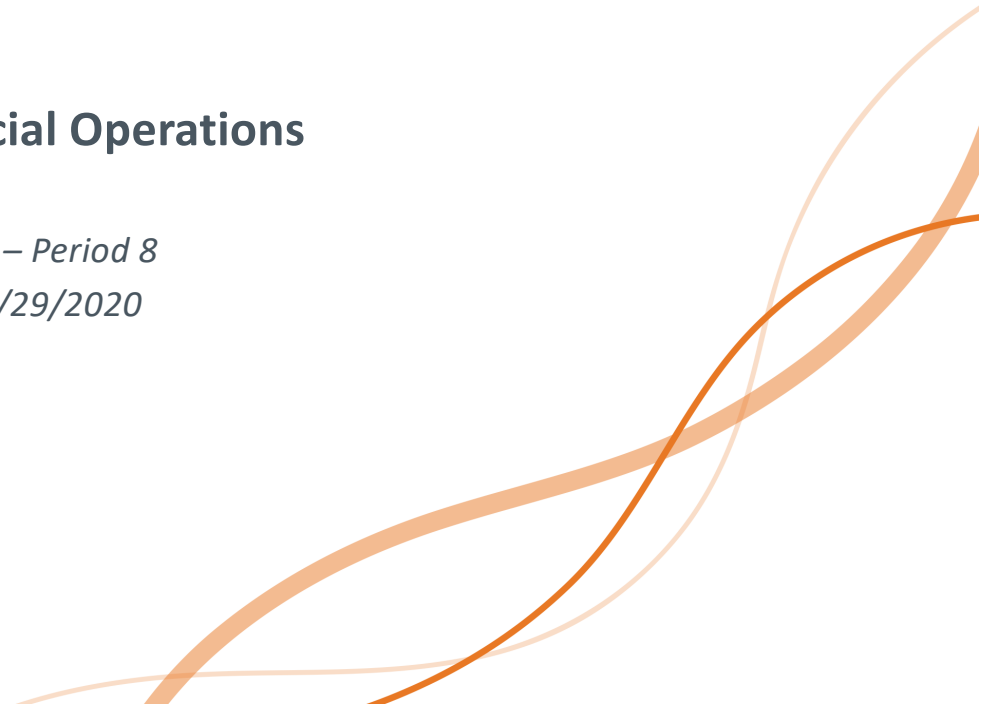




El Camino Health

Summary of Financial Operations

*Fiscal Year 2020 – Period 8
7/1/2019 to 2/29/2020*





Financial Overview - February

Financial Performance

- Operating Margin favorable variance was \$6M. Driven by:
 - Patient Revenue was favorable to budget \$10.8M (14%)
 - Both Inpatient and Outpatient charges were favorable to budget driven by high patient volumes
 - Operating Expense was unfavorable to budget by \$4.8M (6%)
 - Operating Expense per CMI Adjusted Discharge was 5% favorable to budget indicating solid cost control during period of high growth
- Non Operating Income saw a sharp decline due to investment market conditions.

Hospital Patient Volume

- Adjusted Discharges (AD) favorable to budget 365 ADs (13.6%) and favorable to prior year by 10%
 - Mountain View: Favorable to budget by 251 ADs (11.4%) and favorable to prior year by 9%
 - Los Gatos: Favorable to budget by 123 ADs (25%) and favorable to prior year by 14%

Payor Mix

- Commercial payor mix was favorable to budget by 1.3% in February.



Financial Overview – February Year to Date

Financial Performance

- Strong outpatient volumes and solid inpatient volumes drive year to date operating margin favorable variance, \$14M (29%). Despite continued higher volumes, expenses continue to increase at a lower rate than revenue
 - Patient Revenue favorable to budget by \$27.2M (4.2%)
 - Operating expense unfavorable to budget by \$14.9M (2.3%)
 - Supplies are higher than budget due to continued high mix of procedural volume growth
- Non Operating Income is at budgeted level with the anticipation of significant future movement due to recent market conditions

Hospital Volume

- Adjusted Discharges (AD) continues to be favorable to budget 1,945 ADs (8%) and favorable to prior year by 12%. Overall Procedural volume favorable to budget by 3.0%. Favorable by 6% excluding budgeted LG Infusion volumes.
 - Mountain View: Favorable to budget by 1,395 ADs (7%) and favorable to prior year by 10%
 - Procedural Volume favorable to budget by 900 cases (4.9%)
 - Infusion encounters favorable to budget by 558 encounters (11%) - extended hours and increased productivity
 - Heart & Vascular procedures up 74 cases (4%)
 - Los Gatos: Favorable to budget by 550 ADs (13%) and favorable to prior year by 20%
 - Excluding budgeted Infusion volumes, procedural volume favorable to budget by 434 cases (11%)
 - Orthopedics & Spine surgeries favorable to budget by 239 cases (34%) due to high producing ortho/spine surgeons
 - General Surgery favorable to budget by 128 cases (17%) driven by Ophthalmology
 - General Medicine favorable to budget by 43 cases (10%) driven by Endoscopy

Payor Mix

- Payor mix continues at budget year to date

Productivity

- Year to date FTEs are at targeted levels

Dashboard - as of February 29, 2020

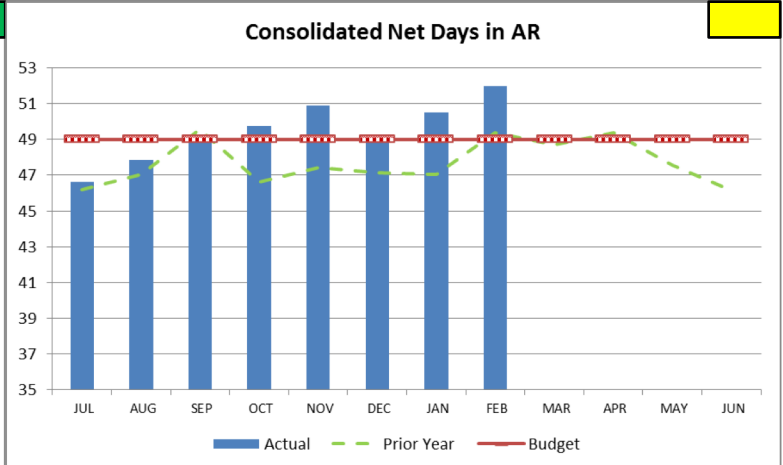
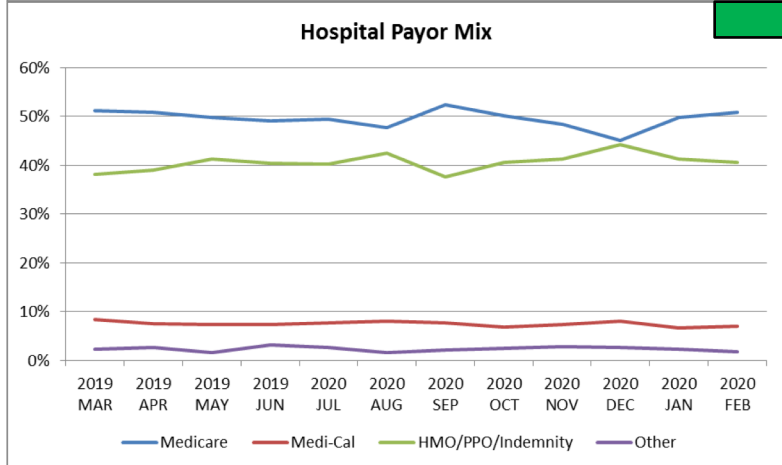
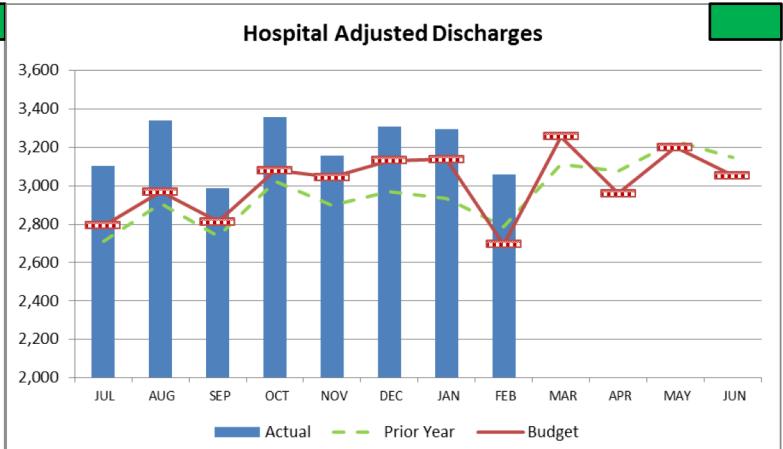
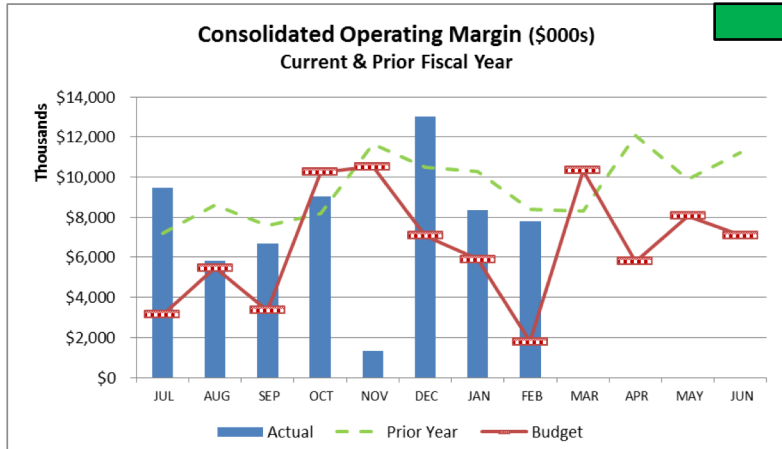
	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
Consolidated Financial Perf.								
Total Operating Revenue	77,096	91,172	80,324	10,848	637,054	720,831	692,011	28,820
Operating Margin \$	8,396	7,783	1,787	5,996	72,353	61,440	47,483	13,958
Operating Margin %	10.9%	8.5%	2.2%	6.3%	11.4%	8.5%	6.9%	1.7%
EBIDA %	17.2%	15.4%	10.6%	4.8%	17.2%	14.0%	13.3%	0.7%
Hospital Volume								
Licensed Beds	443	443	443	-	443	443	443	-
ADC	258	259	236	23	237	240	238	2
Utilization MV	71%	71%	64%	6.8%	65%	66%	64%	1.3%
Utilization LG	32%	33%	31%	2.1%	29%	30%	32%	(1.5%)
Utilization Combined	58%	59%	53%	5.3%	54%	54%	54%	0.4%
Total Discharges (Excl NNB)	1,576	1,611	1,501	110	12,742	13,577	13,003	574
Hospital Payor Mix								
Medicare	52.9%	50.8%	49.9%	0.9%	48.3%	49.3%	48.5%	0.7%
Medi-Cal	8.2%	7.0%	8.3%	(1.3%)	8.1%	7.4%	8.1%	(0.7%)
Total Commercial	36.5%	40.5%	39.3%	1.3%	41.1%	41.0%	41.0%	(0.0%)
Other	2.5%	1.7%	2.5%	(0.8%)	2.4%	2.3%	2.3%	(0.0%)
Hospital Cost								
Total FTE	2,719.0	2,891.6	2,873.1	(18.5)	2,648.6	2,801.3	2,797.5	(3.8)
Productive Hrs/APD	30.2	29.6	32.4	2.8	30.6	30.8	31.9	1.2
Consolidated Balance Sheet								
Net Days in AR	49.4	52.0	49.0	(3.0)	49.4	52.0	49.0	(3.0)
Days Cash	510	452	435	17	510	452	435	17

Consolidated Statement of Operations (\$000s)

Period ending 02/29/2020

Period 8 FY 2019	Period 8 FY 2020	Period 8 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
286,320	325,932	292,375	33,557	11.5%	Gross Revenue	2,300,279	2,603,852	2,521,039	82,814	3.3%
(212,259)	(239,489)	(216,472)	(23,017)	(10.6%)	Deductions	(1,690,668)	(1,919,864)	(1,864,717)	(55,147)	(3.0%)
74,061	86,443	75,903	10,540	13.9%	Net Patient Revenue	609,611	683,988	656,321	27,667	4.2%
3,035	4,729	4,421	308	7.0%	Other Operating Revenue	27,443	36,843	35,690	1,153	3.2%
77,096	91,172	80,324	10,848	13.5%	Total Operating Revenue	637,054	720,831	692,011	28,820	4.2%
					OPERATING EXPENSE					
40,728	46,497	44,313	(2,185)	(4.9%)	Salaries & Wages	336,225	369,822	368,297	(1,525)	(0.4%)
10,739	12,903	11,301	(1,602)	(14.2%)	Supplies	87,875	106,240	95,859	(10,381)	(10.8%)
9,636	14,080	12,595	(1,485)	(11.8%)	Fees & Purchased Services	82,017	113,084	104,117	(8,967)	(8.6%)
2,759	3,669	3,589	(80)	(2.2%)	Other Operating Expense	21,066	30,090	31,546	1,456	4.6%
468	1,458	1,428	(30)	(2.1%)	Interest	2,965	4,227	6,226	1,999	32.1%
4,369	4,781	5,310	529	10.0%	Depreciation	34,553	35,928	38,484	2,556	6.6%
68,700	83,388	78,537	(4,852)	(6.2%)	Total Operating Expense	564,701	659,391	644,529	(14,862)	(2.3%)
8,396	7,783	1,787	5,996	335.6%	Net Operating Margin	72,353	61,440	47,483	13,958	29.4%
17,241	(28,424)	3,327	(31,751)	(954.4%)	Non Operating Income	9,527	24,461	24,996	(535)	(2.1%)
25,637	(20,641)	5,114	(25,755)	(503.6%)	Net Margin	81,880	85,901	72,479	13,422	18.5%
17.2%	15.4%	10.6%	4.8%		EBITDA	17.2%	14.1%	13.3%	0.8%	
10.9%	8.5%	2.2%	6.3%		Operating Margin	11.4%	8.5%	6.9%	1.7%	
33.3%	-22.6%	6.4%	(29.0%)		Net Margin	12.9%	11.9%	10.5%	1.4%	

Monthly Financial Trends



INVESTMENT SCORECARD AS OF DECEMBER 31, 2019

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY20 Budget	Expectation Per Asset Allocation
Investment Performance		4Q 2019		Fiscal Year-to-date		7y 2m Since Inception (annualized)		FY 2020	2019
Surplus cash balance*		\$1,087.8	--	--	--	--	--	--	--
Surplus cash return		3.9%	4.2%	4.8%	4.9%	5.9%	5.8%	4.0%	5.6%
Cash balance plan balance (millions)		\$293.8	--	--	--	--	--	--	--
Cash balance plan return		5.3%	5.1%	5.6%	5.7%	8.1%	7.4%	6.0%	6.0%
403(b) plan balance (millions)		\$548.4	--	--	--	--	--	--	--
Risk vs. Return		3-year				7y 2m Since Inception (annualized)			2019
Surplus cash Sharpe ratio		1.14	1.11	--	--	1.09	1.08	--	0.34
Net of fee return		7.8%	7.4%	--	--	5.9%	5.8%	--	5.6%
Standard deviation		5.2%	5.1%	--	--	4.7%	4.7%	--	8.7%
Cash balance Sharpe ratio		1.16	1.09	--	--	1.17	1.12	--	0.32
Net of fee return		9.6%	8.5%	--	--	8.1%	7.4%	--	6.0%
Standard deviation		6.6%	6.1%	--	--	6.2%	5.8%	--	10.3%
Asset Allocation		4Q 2019							
Surplus cash absolute variances to target		9.4%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		7.4%	< 10%	--	--	--	--	--	--
Manager Compliance		4Q 2019							
Surplus cash manager flags		9	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		11	< 27 Green < 34 Yellow	--	--	--	--	--	--

*Excludes debt reserve funds (~\$53 mm), District assets (~\$38 mm), and balance sheet cash not in investable portfolio. Includes Foundation (~\$35 mm) and Concern (~\$13 mm) assets. Budget adds back in current Foundation and Concern assets and backs out current debt reserve funds.

Consolidated Balance Sheet

(in thousands)

ASSETS

	Audited	
	February 29, 2020	June 30, 2019
CURRENT ASSETS		
Cash	90,044	124,912
Short Term Investments	186,424	177,165
Patient Accounts Receivable, net	151,571	132,198
Other Accounts and Notes Receivable	7,638	5,058
Intercompany Receivables	45,471	8,549
Inventories and Prepays	68,643	64,093
Total Current Assets	549,791	511,976
BOARD DESIGNATED ASSETS		
Foundation Board Designated	16,236	16,895
Plant & Equipment Fund	175,270	171,304
Women's Hospital Expansion	22,430	15,472
Operational Reserve Fund	148,917	139,057
Community Benefit Fund	18,742	18,260
Workers Compensation Reserve Fund	19,389	20,732
Postretirement Health/Life Reserve Fund	29,579	29,480
PTO Liability Fund	25,622	26,149
Malpractice Reserve Fund	1,860	1,831
Catastrophic Reserves Fund	18,673	19,678
Total Board Designated Assets	476,718	458,857
FUNDS HELD BY TRUSTEE	40,563	83,073
LONG TERM INVESTMENTS	384,449	375,729
CHARITABLE GIFT ANNUITY INVESTMENTS	571	602
INVESTMENTS IN AFFILIATES	34,365	38,532
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,336,091	1,692,693
Less: Accumulated Depreciation	(658,809)	(622,877)
Property, Plant & Equipment - Net	1,154,297	1,069,816
DEFERRED OUTFLOWS	33,401	33,876
RESTRICTED ASSETS	27,420	24,279
OTHER ASSETS	946	1,036
TOTAL ASSETS	2,702,521	2,597,775

LIABILITIES AND FUND BALANCE

	Audited	
	February 29, 2020	June 30, 2019
CURRENT LIABILITIES		
(Accounts Payable	46,065	38,390
Salaries and Related Liabilities	11,719	30,296
Accrued PTO	25,797	26,502
Third Party Settlements	12,489	11,331
Intercompany Payables	46,079	8,464
Bonds Payable - Current	9,128	8,630
Bond Interest Payable	2,135	12,775
Other Liabilities	1,192	14,577
Total Current Liabilities	158,703	150,966
LONG TERM LIABILITIES		
Post Retirement Benefits	30,204	29,480
Worker's Comp Reserve	19,972	18,432
Other L/T Obligation (Asbestos)	4,054	3,975
Bond Payable	511,543	507,531
Total Long Term Liabilities	565,773	559,417
DEFERRED REVENUE-UNRESTRICTED	1,777	1,113
DEFERRED INFLOW OF RESOURCES	13,268	13,715
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	1,745,840	1,389,510
Board Designated	189,904	458,839
Restricted	27,256	24,215
Total Fund Bal & Capital Accts	1,963,000	1,872,563
TOTAL LIABILITIES AND FUND BALANCE	2,702,521	2,597,775



APPENDIX

Non Operating Items and Net Margin by Affiliate

\$ in thousands

	Period 8- Month			Period 8- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Operating Margin						
Mountain View	11,424	2,830	8,594	76,922	57,072	19,849
Los Gatos	8	1,027	(1,020)	12,303	11,758	546
Sub Total - El Camino Hospital, excl. Affiliates	11,432	3,857	7,574	89,225	68,830	20,395
Operating Margin %	13.2%	5.2%		13.0%	10.6%	
El Camino Hospital Non Operating Income						
Sub Total - Non Operating Income	(28,834)	2,887	(31,722)	19,423	21,497	(2,074)
El Camino Hospital Net Margin	(17,403)	6,744	(24,147)	108,648	90,327	18,321
ECH Net Margin %	-20.0%	9.1%		15.9%	14.0%	
Concern	407	98	309	856	660	196
ECSC	978	0	978	949	3	947
Foundation	(979)	171	(1,150)	1,779	1,124	655
Silicon Valley Medical Development	(3,644)	(1,900)	(1,744)	(26,331)	(19,635)	(6,696)
Net Margin Hospital Affiliates	(3,238)	(1,631)	(1,607)	(22,747)	(17,848)	(4,899)
Total Net Margin Hospital & Affiliates	(20,641)	5,114	(25,755)	85,901	72,479	13,422

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

Period ending 2/29/2020

Period 8 FY 2019	Period 8 FY 2020	Period 8 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
233,158	259,677	228,828	30,849	13.5%	Gross Revenue	1,884,004	2,070,047	1,988,738	81,309	4.1%
(171,466)	(188,013)	(170,535)	(17,479)	(10.2%)	Deductions	(1,383,260)	(1,521,073)	(1,479,451)	(41,621)	(2.8%)
61,692	71,664	58,293	13,371	22.9%	Net Patient Revenue	500,744	548,974	509,286	39,688	7.8%
1,614	1,494	1,774	(280)	(15.8%)	Other Operating Revenue	15,996	14,579	15,989	(1,409)	(8.8%)
63,306	73,158	60,067	13,091	21.8%	Total Operating Revenue	516,739	563,554	525,275	38,279	7.3%
					OPERATING EXPENSE					
33,533	36,982	35,261	(1,721)	(4.9%)	Salaries & Wages	276,053	292,794	291,285	(1,510)	(0.5%)
8,761	10,083	8,416	(1,668)	(19.8%)	Supplies	71,218	84,523	73,510	(11,012)	(15.0%)
5,582	6,926	5,672	(1,253)	(22.1%)	Fees & Purchased Services	50,015	54,993	46,622	(8,371)	(18.0%)
2,204	2,560	2,160	(400)	(18.5%)	Other Operating Expense	16,941	21,160	20,232	(928)	(4.6%)
468	1,458	1,428	(30)	(2.1%)	Interest	2,965	4,227	6,226	1,999	32.1%
3,526	3,725	4,300	575	13.4%	Depreciation	28,094	28,935	30,328	1,392	4.6%
54,073	61,734	57,237	(4,497)	(7.9%)	Total Operating Expense	445,286	486,632	468,203	(18,429)	(3.9%)
9,233	11,424	2,830	8,594	303.7%	Net Operating Margin	71,453	76,922	57,072	19,849	34.8%
15,567	(28,834)	2,887	(31,722)	(1098.7%)	Non Operating Income	(1,677)	19,423	21,497	(2,074)	(9.6%)
24,799	(17,411)	5,717	(23,128)	(404.5%)	Net Margin	69,776	96,345	78,569	17,775	22.6%
20.9%	22.7%	14.2%	8.5%		EBITDA	19.8%	19.5%	17.8%	1.7%	
14.6%	15.6%	4.7%	10.9%		Operating Margin	13.8%	13.6%	10.9%	2.8%	
39.2%	-23.8%	9.5%	(33.3%)		Net Margin	13.5%	17.1%	15.0%	2.1%	

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

Period ending 2/29/2020

Period 8 FY 2019	Period 8 FY 2020	Period 8 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
51,718	59,023	54,828	4,196	7.7%	Gross Revenue	409,246	475,292	460,977	14,315	3.1%
(39,794)	(45,714)	(40,643)	(5,071)	(12.5%)	Deductions	(302,756)	(356,906)	(341,846)	(15,060)	(4.4%)
11,923	13,310	14,185	(875)	(6.2%)	Net Patient Revenue	106,490	118,387	119,132	(745)	(0.6%)
315	377	271	106	39.1%	Other Operating Revenue	2,343	3,063	2,170	893	41.1%
12,239	13,687	14,456	(769)	(5.3%)	Total Operating Revenue	108,833	121,450	121,301	148	0.1%
					OPERATING EXPENSE					
6,595	7,479	7,037	(442)	(6.3%)	Salaries & Wages	55,162	59,974	58,536	(1,438)	(2.5%)
1,934	2,360	2,517	157	6.2%	Supplies	16,223	18,261	19,179	919	4.8%
2,615	2,711	2,682	(30)	(1.1%)	Fees & Purchased Services	21,281	21,885	21,875	(10)	(0.0%)
315	359	377	18	4.8%	Other Operating Expense	2,494	2,700	3,322	622	18.7%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
789	769	815	46	5.6%	Depreciation	6,081	6,326	6,632	305	4.6%
12,247	13,679	13,429	(250)	(1.9%)	Total Operating Expense	101,242	109,146	109,544	398	0.4%
(9)	8	1,027	(1,020)	(99.3%)	Net Operating Margin	7,591	12,303	11,758	546	4.6%
0	0	0	0	0.0%	Non Operating Income	0	0	0	0	0.0%
(9)	8	1,027	(1,020)	(99.3%)	Net Margin	7,591	12,303	11,758	546	4.6%
6.4%	5.7%	12.7%	(7.1%)		EBITDA	12.6%	15.3%	15.2%	0.2%	
-0.1%	0.1%	7.1%	(7.1%)		Operating Margin	7.0%	10.1%	9.7%	0.4%	
-0.1%	0.1%	7.1%	(7.1%)		Net Margin	7.0%	10.1%	9.7%	0.4%	

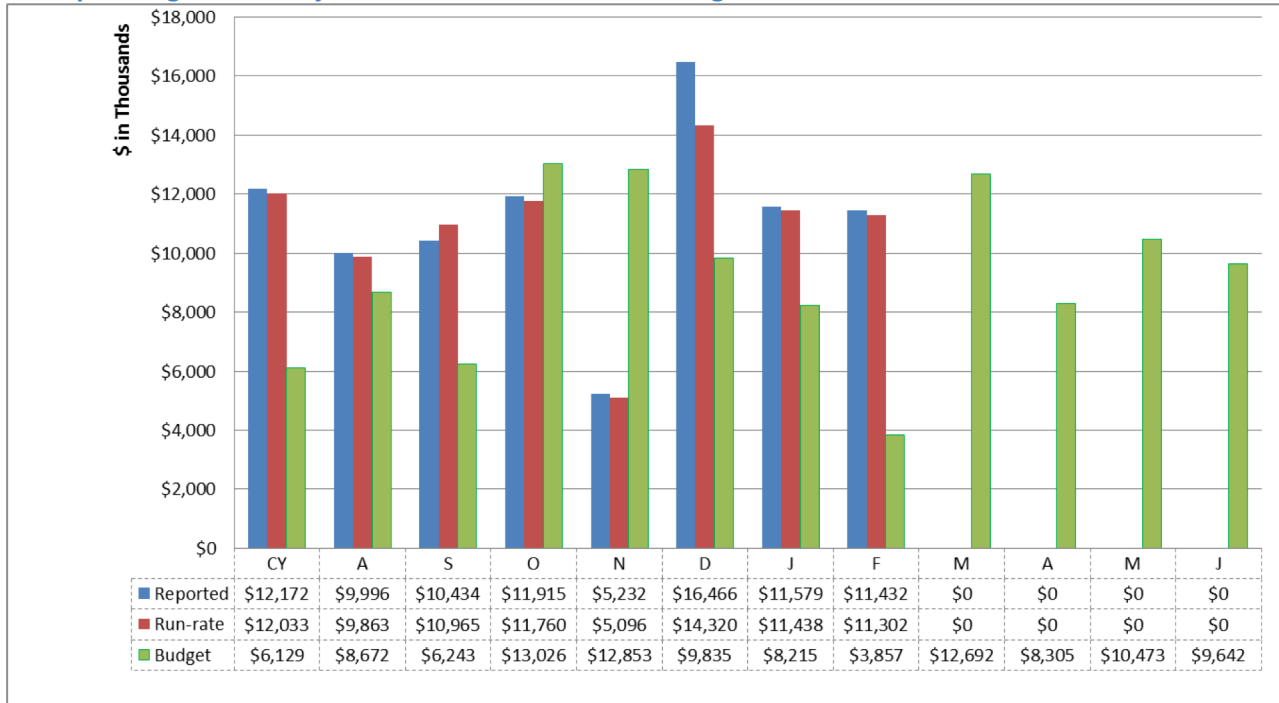
Silicon Valley Medical Development (\$000s)

Period ending 2/29/2020

Period 8 FY 2019	Period 8 FY 2020	Period 8 Budget 2020	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2019	YTD FY 2020	YTD Budget 2020	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
1,445	7,232	8,720	(1,488)	(17.1%)	Gross Revenue	7,029	58,513	71,324	(12,810)	(18.0%)
(999)	(5,762)	(5,295)	(467)	(8.8%)	Deductions	(4,652)	(41,886)	(43,420)	1,534	3.5%
446	1,470	3,425	(1,955)	(57.1%)	Net Patient Revenue	2,377	16,627	27,903	(11,276)	(40.4%)
0	2,076	1,614	462	28.6%	Other Operating Revenue	39	13,466	11,434	2,032	17.8%
446	3,546	5,038	(1,493)	(29.6%)	Total Operating Revenue	2,417	30,093	39,337	(9,244)	(23.5%)
					OPERATING EXPENSE					
144	1,576	1,514	(62)	(4.1%)	Salaries & Wages	1,002	13,439	14,334	895	6.2%
36	456	356	(100)	(28.2%)	Supplies	340	3,372	3,068	(304)	(9.9%)
1,045	4,210	3,896	(314)	(8.1%)	Fees & Purchased Services	6,283	33,327	32,641	(686)	(2.1%)
129	664	980	316	32.3%	Other Operating Expense	1,035	5,640	7,423	1,783	24.0%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
51	284	193	(92)	(47.6%)	Depreciation	350	646	1,505	859	57.1%
1,405	7,190	6,939	(251)	(3.6%)	Total Operating Expense	9,010	56,424	58,972	2,548	4.3%
(959)	(3,644)	(1,900)	(1,744)	91.8%	Net Operating Margin	(6,593)	(26,331)	(19,635)	(6,696)	34.1%
1,000	0	0	0	0.0%	Non Operating Income	7,810	0	0	0	0.0%
41	(3,644)	(1,900)	(1,744)	91.8%	Net Margin	1,217	(26,331)	(19,635)	(6,696)	34.1%
-203.4%	-94.8%	-33.9%	(60.9%)		EBITDA	-258.3%	-85.4%	-46.1%	(39.3%)	
-214.9%	-102.8%	-37.7%	(65.1%)		Operating Margin	-272.8%	-87.5%	-49.9%	(37.6%)	
9.2%	-102.8%	-37.7%	(65.1%)		Net Margin	50.4%	-87.5%	-49.9%	(37.6%)	

ECH Hospital Operating Margin

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



FY 2020 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>											
Revenue Adjustments	J	A	S	O	N	D	J	F	YTD		
Mcare Settlmt/Appeal/Tent Settlmt/PIP	129	129	210	137	129	194	129	129	1,188		
RAC Release	-	-	(746)	-	-	-	-	-	(746)		
PRIME Incentive	-	-	-	-	-	1,944	-	-	1,944		
Various Adjustments under \$250k	9	4	5	18	6	8	12	-	62		
Total	138	133	(531)	155	136	2,146	141	129	2,447		



Available Funds Accessed

- Medicare Advance Funding – interest free loan from Medicare that is paid back by provision of services to Medicare beneficiaries beginning in **July, 2020**
 - Amount received approximately \$40M
- CARES Act Provider Fund - \$100 Billion allocated for direct funding to healthcare providers for expenses and lost revenue
 - The first \$30B was released this week and distributed ratably to all Medicare providers
 - Amount received is \$13.7 million
- FEMA – currently being assessed
- Continue to monitor the landscape for other opportunities