

**AGENDA  
FINANCE COMMITTEE MEETING  
OF THE EL CAMINO HOSPITAL BOARD**

**Monday, February 26, 2024 – 6:00 pm**

El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040 | Sobrato Boardroom 1

THE PUBLIC IS INVITED TO JOIN THE OPEN SESSION PORTION OF THE MEETING LIVE AT THE ADDRESS ABOVE OR VIA TELECONFERENCE AT:

**Dial-In: 1-669-900-9128. Meeting Code: 967 4504 3612#. 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	ACTION	ESTIMATED TIMES
<b>1. CALL TO ORDER / ROLL CALL</b>	Don Watters, Chair	<b>information</b>	<b>6:00 pm - 6:01 pm</b>
<b>2. CONSIDER APPROVAL OF AB 2449 REQUEST</b>	Don Watters, Chair	<b>possible motion</b>	<b>6:01 - 6:02</b>
<b>3. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Don Watters, Chair	<b>information</b>	<b>6:02 - 6:03</b>
<b>4. PUBLIC COMMUNICATION</b> a. Oral Comments <i>This opportunity is provided for persons to address the Committee on any matter within the subject matter jurisdiction of the Committee that is not on this agenda. Speakers are limited to three (3) minutes each.</i> b. Written Public Comments <i>Comments may be submitted by mail to the Finance Committee of the El Camino Hospital Board of Directors at 2500 Grant Avenue, Mountain View, CA 94040. Written comments will be distributed to the Board as quickly as possible. Please note it may take up to 24 hours for documents to be posted on the agenda.</i>	Don Watters, Chair	<b>information</b> <i>public comment</i>	<b>6:03 - 6:06</b>
<b>5. CONSENT CALENDAR</b> <i>Any Committee Member may remove an item for discussion before a motion is made. <b>Items removed from the consent calendar will be considered separately.</b></i> <b>Approval</b> a. <a href="#">Approve Minutes of the Open Session of the Finance Committee Meeting (11/27/2023)</a> b. Approve Minutes of the Closed Session of the Finance Committee Meeting (11/27/2023) c. <a href="#">Approve FY2024 Period 5 Financial Report</a> d. <a href="#">Approve FY2024 Period 6 Financial Report</a>	Don Watters, Chair	<b>motion required</b>	<b>6:06 - 6:11</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 650-988-8483 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	ACTION	ESTIMATED TIMES
<p><i>Information</i></p> <p>e. <a href="#">Receive Progress Against FY2024 FC Committee Goals</a></p> <p>f. <a href="#">Receive FY2024 Pacing Plan</a></p> <p>g. <a href="#">Receive Article(s) of Interest</a></p>			
<p><b>6. <a href="#">APPROVE UPDATED SIGNATURE AUTHORITY POLICY AS REVIEWED AND RECOMMENDED FOR APPROVAL BY BOARD</a></b></p>	Carlos Bohorquez, CFO	<b>motion required</b>	<b>6:11- 6:16</b>
<p><b>7. <a href="#">APPROVE FY2024 PERIOD 7 FINANCIAL REPORT</a></b></p>	Carlos Bohorquez, CFO	<b>motion required</b>	<b>6:16 - 6:26</b>
<p><b>8. ADJOURN TO CLOSED SESSION</b></p>	Don Watters, Chair	<b>motion required</b>	<b>6:26 - 6:27</b>
<p><b>9. Health and Safety Code Section 32106(b) - for a report on health facility trade secrets regarding new services or programs:</b>  <b>Physician Services Contracts</b>  a. Interventional Radiology Call Panel (MV)  b. Interventional Radiology Call Panel (LG)  c. NICU Professional Services</p>	Mark Adams, MD, CMO	<b>discussion</b>	<b>6:27 - 6:32</b>
<p><b>10. Health and Safety Code Section 32106(b) - for a report on health facility trade secrets regarding new services or programs:</b>  <b>REAL ESTATE PROGRAM STRATEGY</b></p>	Ken King, CASO	<b>information</b>	<b>6:32 - 6:42</b>
<p><b>11. Health and Safety Code Section 32106(b) - for a report on health facility trade secrets regarding new services or programs</b>  <b>MANAGED CARE UPDATE</b></p>	Joan Kezic, VP Payor Relations	<b>information</b>	<b>6:42 - 6:57</b>
<p><b>12. Health and Safety Code Section 32106(b) - for a report on health facility trade secrets regarding new services or programs:</b>  <b>STRATEGIC ACQUISITION(s) UPDATE</b></p>	Dan Woods, CEO Omar Chughtai, CGO	<b>information</b>	<b>6:57 - 7:07</b>
<p><b>13. Health and Safety Code Section 32106(b) - for a report on health facility trade secrets regarding new services or programs:</b>  <b>JV REHABILITATION HOSPITAL REAL ESTATE PROJECT INVESTMENT</b></p>	Carlos Bohorquez, CFO	<b>information</b>	<b>7:07 - 7:17</b>
<p><b>14. Health and Safety Code Section 32106(b) - for a report on health facility trade secrets regarding new services or programs:</b>  <b>STRATEGIC MARKET SHARE UPDATE MEDICAL NETWORK INVESTMENT ANALYSIS AND PAYOR MIX SHIFT MITIGATION PLAN</b></p>	Carlos Bohorquez, CFO	<b>information</b>	<b>7:17 - 7:37</b>
<p><b>15. ADJOURN TO OPEN SESSION</b></p>	Don Watters, Chair	<b>motion required</b>	<b>7:37 - 7:38</b>

AGENDA ITEM	PRESENTED BY	ACTION	ESTIMATED TIMES
<b>RECONVENE OPEN SESSION / REPORT OUT</b>	Don Watters, Chair	<b>information</b>	<b>7:38 - 7:39</b>
<b>16.</b> To report any required disclosures regarding permissible actions taken during the Closed Session.			
<b>17. APPROVE THE RECOMMENDATION FOR THE HOSPITAL BOARD TO APPROVE AGREEMENTS FOR THE FOLLOWING SERVICES:</b> a. Interventional Radiology Call Panel (MV) b. Interventional Radiology Call Panel (LG) c. NICU Professional Services (MV)	Mark Adams, MD, CMO	<b>motion required</b>	<b>7:39 – 7:41</b>
<b>18. CLOSING COMMENTS</b>	Don Watters, Chair	<b>information</b>	<b>information 7:41 - 7:46</b>
<b>19. ADJOURNMENT</b>	Don Watters, Chair	<b>motion required</b>	<b>7:46 - 7:47 pm</b>

**Upcoming Meetings:**

Regular Meetings: March 25, 2024, May 20, 2024

**Minutes of the Open Session of the  
Finance Committee of the  
El Camino Hospital Board of Directors  
Monday, November 27, 2023**

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

**Members Present**

**Don Watters, Chair**  
**Wayne Doiguchi**  
**Peter Fung, MD**  
**Bill Hooper**  
**Cynthia Stewart**

**Members Absent**

\*\*via teleconference

**Staff Present**

**Carlos Bohorquez**, Chief Financial Officer  
**Dan Woods**, Chief Executive Officer  
**Ken King**, Chief Administrative Services Officer  
**Mark Adams, MD**, Chief Medical Officer  
**Omar Chughtai**, Chief Growth Officer  
**Jon Cowan**, Exec. Dir. Government Relations & Community Partnerships  
**Victor Cabrera**, Dir. Decision Supp & Business Analytics  
**Samreen Salehi**, Executive Assistant II

Agenda Item	Comments/Discussion	Approvals/ Action
1. <b>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 5:30 pm by Chair Don Watters. A verbal roll call was taken and all members were present at roll call and attended in person. 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.	
2. <b>CONSIDER APPROVAL OF AB 2449 REQUEST</b>	No motion is required. All Committee members attended this session in person.	
3. <b>POTENTIAL CONFLICT OF INTEREST</b>	Chair Watters asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
4. <b>PUBLIC COMMUNICATION</b>	No public members joined this session and no written correspondence from the public.	
5. <b>CONSENT CALENDAR</b>	<p><b>Motion:</b> To approve the consent calendar: (a) Minutes of the Open Session of the Finance Committee meeting (09/25/2023); (b) Minutes of the Closed of the Finance Committee meeting (09/25/2023); (c) FY2024 Period 3 Financial Report and for information; (d) Progress Against FY2024 FC Committee Goals (e) FY2024 Pacing Plan; (f) Article(s) of Interest.</p> <p><b>Movant:</b> Doiguchi <b>Second:</b> Hooper <b>Ayes:</b> Doiguchi, Fung, Hooper, Stewart, Watters <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None</p>	<b>Consent Calendar approved.</b>
6. <b>FY2024 PERIOD 4 FINANCIAL REPORT</b>	<p>Carlos Bohorquez, Chief Financial Officer presented the FY2024 Period 4 Operational/ Financial Results as of October 31<sup>st</sup>, 2023, and highlighted the following:</p> <ul style="list-style-type: none"> <li>Gross charges were favorable to budget by 2.8% and year over year favorable to budget by 10.8%</li> </ul>	

- Total operating revenue is \$132.6M which is favorable to budget by 1.5% and 11.6% higher than the same period last year.
- Net Days in A/R are 54.4 days which is a reduction by almost 4.1 days compared to period 3.
- Operating EBIDA is favorable to budget by \$1.7M / 8.4% and \$2.8M / 14.9% higher than the same period last year.
- Non-operating income which primarily comprised of investment income has been inconsistent given the volatility of the equity markets.

**Operational/ Financial Results**

- Total operating revenue is \$500.1 M which unfavorable to budget by \$8.0M / 1.6% and \$30.6M / 6.5% higher than the same period last year.
- Unfavorable revenue to budget is attributed to the following:
  - Payor mix deterioration
  - Delayed timing of a couple of strategic initiatives
- Operating EBIDA is \$1.6M / 2.0% unfavorable to budget.
- Net income is unfavorable to budget by about \$32.3M / 58.5% which is all attributed to our investment income. Mr. Bohorquez stated that these are all unrealized losses on the investment portfolio.

**Motion:** To approve the FY2024 Period 4 Financial Report

**Movant:** Doiguchi

**Second:** Hooper

**Ayes:** Doiguchi, Fung, Hooper, Stewart, Watters

**Noes:** None

**Abstentions:** None

**Absent:** None

**Recused:** None

<p><b>7. COMMUNITY BENEFIT FY2025 POLICY GUIDANCE AND FY2024 UPDATE</b></p>	<p>Jon Cowan, Executive Director Government Relations &amp; Community Partnerships presented an update and overview of the Community Benefit FY2025 Policy Guidance, the FY2023 Community Benefit Annual Report, and the Yearend Grants Performance and highlighted the following as further detailed in the materials:</p> <p><b><u>FY2025 Grant Review Timeline &amp; Process</u></b></p> <ul style="list-style-type: none"> <li>• Applications Released: December 15, 2023</li> <li>• Applications Due: February 24, 2024</li> <li>• Staff Review of Proposals: February-April 2024             <ul style="list-style-type: none"> <li>• HCBC’s recommendations for funding are provided to the Finance Committee (FC) as part of CB Annual Plan &amp; Implementation Strategy</li> <li>• FC approves grant funding through the FY2024 ECH Implementation Strategy Report and Community Benefit Plan</li> </ul> </li> <li>• Funding Plan presented to the Finance Committee: May 2024</li> <li>• Notification of Award or Denial: June 2024</li> </ul> <p><b><u>FY2024 Acknowledgement of Funds</u></b></p> <ul style="list-style-type: none"> <li>• Grant agreements include guidelines for acknowledging El Camino Health funds through a variety of channels, including building signage for grants ≥ \$200K and mobile van signage for grants ≥ \$50K.</li> <li>• Grant managers are reinforcing the guidelines and ensuring that grant partners follow through in FY2024.</li> </ul> <p><b><u>FY2023 Year End Community Benefit (CB) Report</u></b></p> <ul style="list-style-type: none"> <li>• In FY2023, El Camino Health invested \$3,301,590 in Community Benefit grants and sponsorships to address unmet local health needs.</li> <li>• <b>Grants</b> = \$3,197,665 for 47 grants:             <ul style="list-style-type: none"> <li>• 10 Healthcare Access &amp; Delivery grants at \$925,091</li> <li>• 16 Behavioral Health grants at \$1,021,000</li> <li>• 12 Diabetes &amp; Obesity grants at \$916,574</li> <li>• 4 Chronic Conditions treatment and prevention (other than diabetes and obesity) grants at \$165,000</li> <li>• 5 Economic Stability grants at \$170,000</li> </ul> </li> </ul>	
<p><b>8. APPROVE CAPITAL PROJECT</b>                  (a) Pyxis Medstation Replacement Project</p>	<p>Carlos Bohorquez, Chief Financial Officer presented the Pyxis Medstation Replacement Project and highlighted the following as further detailed in the materials:</p> <ul style="list-style-type: none"> <li>• Total project cost to purchase 144 replacement Pyxis / Wavemark Supply Stations is \$2.4 million.</li> <li>• Purchase vs. lease is expected to save ECH \$2.2 million over the next ten years.</li> <li>• Monthly support and maintenance agreement of \$209K per year.</li> <li>• Replacement project will optimize supply inventory management.</li> </ul>	

	<ul style="list-style-type: none"> <li>• The Finance Committee is requested to approve capital funding of not to exceed \$2.4 million to complete the purchase and installation of 144 Pyxis / Wavemark Supply Cabinets.</li> <li>• The replacement and installation process is projected to take approximately 6 months.</li> </ul> <p><b>Motion:</b> To approve the Capital Project Pyxis Medstation Replacement Project not to exceed \$2.4M.</p> <p><b>Movant:</b> Hooper  <b>Second:</b> Doiguchi  <b>Ayes:</b> Doiguchi, Fung, Hooper, Stewart, Watters  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<p><b>9. APPROVE CAPITAL PROJECT</b>                  (a) MV Campus Completion Phase 3A</p>	<p>Ken King, Chief Administrative Services Officer presented the MV Campus Completion Phase 3A and highlighted the following as further detailed in the materials:</p> <p>The Master Facilities Plan for the MV Campus was approved in June 2016 by the El Camino Health Board of Directors, the El Camino Healthcare District Board of Directors, and the City of Mountain View. The Master Facilities Plan included the following elements:</p> <ul style="list-style-type: none"> <li>• Expansion of the North Garage</li> <li>• Construction of the IMOB (Sobrato Pavilion)</li> <li>• Construction of the BHS Building (Taube Pavilion)</li> <li>• Expansion of the Women’s Hospital (Orchard Pavilion)</li> <li>• Demolition of Old Main Hospital and MV Campus Completion</li> </ul> <p><b>Motion:</b> To recommend Board Approval for Phase 3A and development of Phase 3B of the MV Campus Completion Project, not to exceed \$20 million.</p> <p><b>Movant:</b> Fung  <b>Second:</b> Doiguchi  <b>Ayes:</b> Doiguchi, Fung, Hooper, Stewart, Watters  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<p><b>10. APPROVE CAPITAL PROJECT</b>                  (a) Purchase of Da Vinci Surgical Robot</p>	<p>Omar Chughtai, Chief Growth Officer presented an overview to the Finance Committee requesting approval \$1.85 million to purchase an additional Intuitive da Vinci robotic surgical system to support additional surgical capacity across the enterprise as currently we support six in total.</p> <p><b>Motion:</b> To approve the purchase of an additional Da Vinci Surgical Robot</p>	

	<p><b>Movant:</b> Hooper  <b>Second:</b> Fung  <b>Ayes:</b> Doiguchi, Fung, Hooper, Stewart, Watters  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<p><b>11. ADJOURN TO CLOSED SESSION</b></p>	<p><b>Motion:</b> To adjourn to closed session at 6:13 pm.  <b>Movant:</b> Doiguchi  <b>Second:</b> Hooper  <b>Ayes:</b> Doiguchi, Fung, Hooper, Stewart, Watters  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<p><i>Adjourned to closed session at 6:13 pm</i></p>
<p><b>12. AGENDA ITEM 20: RECONVENE OPEN SESSION/REPORT OUT</b></p>	<p>During the closed session, there was no action taken by the Finance Committee.</p>	
<p><b>13. AGENDA ITEM 21: APPROVE AUTHORITY OF THE CHIEF EXECUTIVE OFFICER TO EXECUTE THE FOLLOWING AGREEMENT</b>  (a) Critical Care Call Panel Renewal Agreement LG</p>	<p><b>Motion:</b> Finance Committee to recommend Board approval to delegate to the Chief Executive Officer the authority to execute two-year renewal agreements for the Cardiology Call Panel at the Mountain View campus at an increased rate of \$2,000 per day, effective January 1, 2024.  <b>Movant:</b> Doiguchi  <b>Second:</b> Fung  <b>Ayes:</b> Doiguchi, Fung, Hooper, Stewart, Watters  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<p><b>14. AGENDA ITEM 22: APPROVE THE RECOMMENDATION FOR THE HOSPITAL BOARD TO APPROVE THE FOLLOWING AGREEMENTS</b>  (a) Cardiology Call Panel Renewal Agreement MV  (b) Urology Medical Group Professional Services Agreement</p>	<p><b>Motion:</b> Finance Committee to recommend Board approval to delegate to the Chief Executive Officer the authority to execute two-year renewal agreements for the Cardiology Call Panel at the Mountain View campus at an increased rate of \$1,000 per day, effective January 1, 2024.  <b>Movant:</b> Hooper  <b>Second:</b> Doiguchi  <b>Ayes:</b> Doiguchi, Fung, Hooper, Stewart, Watters  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None  <b>Motion:</b> to approve the Urology Medical Group Professional Services Agreement.  <b>Movant:</b> Hooper  <b>Second:</b> Doiguchi  <b>Ayes:</b> Doiguchi, Fung, Hooper, Stewart, Watters  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	



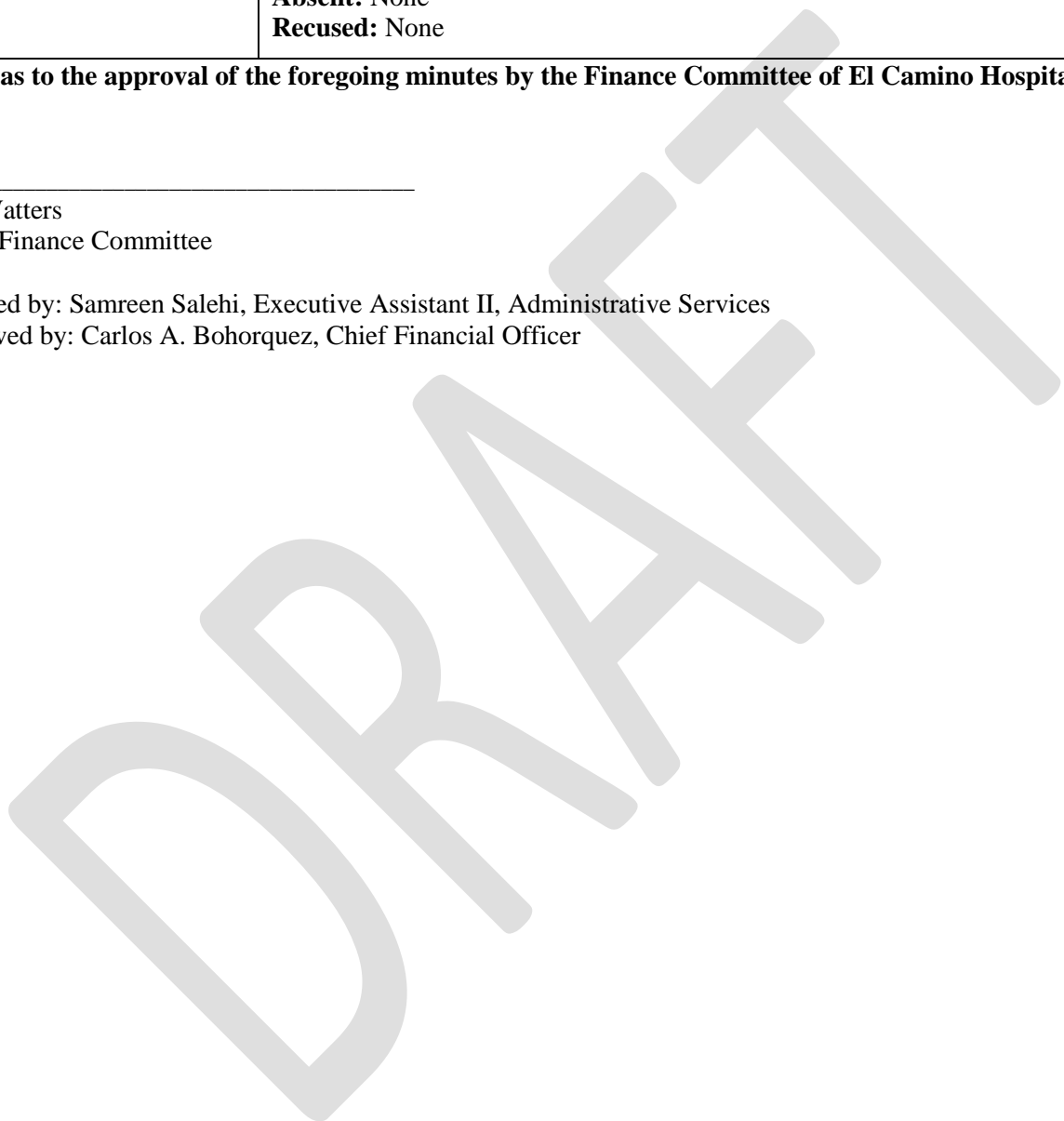
<b>15. AGENDA ITEM 23:                  CLOSING                  COMMENTS</b>	None	
<b>16. AGENDA ITEM 24:                  ADJOURNMENT</b>	<b>Motion:</b> To adjourn at 8:00 pm. <b>Movant:</b> Hooper <b>Second:</b> Doiguchi <b>Ayes:</b> Doiguchi, Fung, Hooper, Stewart, Watters <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None	<i>Meeting                  adjourned at                  8:00 pm</i>

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

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Don Watters  
 Chair, Finance Committee

Prepared by: Samreen Salehi, Executive Assistant II, Administrative Services  
 Reviewed by: Carlos A. Bohorquez, Chief Financial Officer





# El Camino Health

## Summary of Financial Operations

*Fiscal Year 2024 – Period 5  
7/1/2023 to 11/30/2023*

# Executive Summary - Overall Commentary for Period 5

## • Results for Period 5:

- For P5, total operating revenue was unfavorable to budget by \$315K / (0.1%), but \$8.1M / 6.9% higher than the same period last year. Expenses continue to be well managed and favorable to budget. Operating & EBIDA margins were both favorable to budget.
- Gross revenue favorable to budget by \$33.7M / 6.8% and \$68.5M / 14.9% higher than the same period last fiscal year.
  - Driven primarily by strong both inpatient and outpatient volumes:
    - Inpatient Charges \$28.9M / 12.2% favorable to budget
    - Outpatient Charges \$10.2M / 4.2% favorable to budget
    - Professional Charges: \$5.4M / 34.6% unfavorable to budget
  - Cost Management
    - When adjusted for volume, overall operating expense is 2.2% favorable to budget.
    - Labor: Sustained improvement in Contract Labor and Overtime usage.
- Net patient revenue was favorable to budget by \$947K / 0.8% and \$7.5M / 6.6% higher than the same period last year.
- Operating margin was favorable to budget by \$1.5M / 13.2% and \$1.8M / 16.2% higher than the same period last year.
- Operating EBIDA was favorable to budget by \$1.7M / 8.5% and \$2.4M / 12.7% higher than the same period last year.
- Net income was favorable to budget by \$17.3M and \$35.5M unfavorable to the same period last year.

# Operational / Financial Results: Period 5 – Nov 2023 (as of 11/30/2023)

(\$ thousands)		Current Year	Budget	Variance to Budget	Performance to Budget	Prior Year	Variance to Prior Year	Variance to Prior Year	Moody's	S&P	Fitch	Performance to Rating Agency Medians
									'Aa3'	'AA'	AA-'	
Activity / Volume	ADC	309	288	21	7.3%	288	20	7.0%	---	---	---	---
	Total Acute Discharges	1,866	1,706	160	9.4%	1,742	124	7.1%	---	---	---	---
	Adjusted Discharges	3,639	3,452	187	5.4%	3,468	171	4.9%	---	---	---	---
	Emergency Room Visits	6,332	6,859	(527)	(7.7%)	6,895	(563)	(8.2%)	---	---	---	---
	OP Visits / OP Procedural Cases	11,345	11,321	24	0.2%	11,643	(298)	(2.6%)	---	---	---	---
	Gross Charges (\$)	527,171	493,505	33,667	6.8%	458,709	68,462	14.9%	---	---	---	---
Operations	Total FTEs	3,370	3,482	(112)	(3.2%)	3,289	82	2.5%	---	---	---	---
	Productive Hrs. / APD	27.6	29.1	(1.5)	(5.1%)	28.1	(0.5)	(1.7%)	---	---	---	---
	Cost Per CMI AD	18,592	19,005	(412)	(2.2%)	17,633	959	5.4%	---	---	---	---
	Net Days in A/R	53.8	54.0	(0.2)	(0.3%)	60.1	(6.3)	(10.5%)	47.9	49.7	45.9	---
Financial Performance	Net Patient Revenue (\$)	120,981	120,034	947	0.8%	113,525	7,456	6.6%	329,311	115,267	---	---
	Total Operating Revenue (\$)	126,030	126,345	(315)	(0.2%)	117,881	8,149	6.9%	373,348	142,369	146,668	---
	Operating Margin (\$)	13,090	11,562	1,528	13.2%	11,267	1,823	16.2%	4,066	6,122	1,613	---
	Operating EBIDA (\$)	21,428	19,751	1,677	8.5%	19,006	2,422	12.7%	24,030	13,952	9,533	---
	Net Income (\$)	31,691	14,394	17,297	120.2%	67,238	(35,547)	(52.9%)	16,237	9,681	4,107	---
	Operating Margin (%)	10.4%	9.2%	1.2%	13.5%	9.6%	0.8%	8.7%	1.1%	4.3%	1.1%	---
	Operating EBIDA (%)	17.0%	15.6%	1.4%	8.8%	16.1%	0.9%	5.5%	6.4%	9.8%	6.5%	---
	DCOH (days)	257	325	(68)	(21.0%)	255	1	0.5%	262	336	243	---

**Moody's Medians:** Not-for-profit and public healthcare annual report; September 7, 2023. Dollar amounts have been adjusted to reflect monthly averages.

**S&P Medians:** U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; August 7, 2023. Dollar amounts have been adjusted to reflect monthly averages.

**Fitch Ratings:** U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; July 25, 2023. Dollar amounts have been adjusted to reflect monthly averages.

**Notes:** DCOH total includes cash, short-term and long-term investments.  
OP Visits / Procedural Cases includes Covid Vaccinations / Testing.

# Operational / Financial Results: YTD FY2024 (as of 11/30/2023)

(\$ thousands)		Current Year	Budget	Variance to Budget	Performance to Budget	Prior Year	Variance to Prior Year	Variance to Prior Year	Moody's	S&P	Fitch	Performance to Rating Agency Medians
									'A1'	'AA'	AA-'	
Activity / Volume	ADC	305	290	14	4.9%	296	9	3.0%	---	---	---	---
	Total Acute Discharges	9,379	8,967	412	4.6%	9,039	340	3.8%	---	---	---	---
	Adjusted Discharges	18,381	17,481	900	5.1%	17,558	823	4.7%	---	---	---	---
	Emergency Room Visits	32,495	31,811	684	2.2%	30,236	2,259	7.5%	---	---	---	---
	OP Visits / OP Procedural Cases	56,226	58,734	(2,508)	(4.3%)	60,521	(4,295)	(7.1%)	---	---	---	---
	Gross Charges (\$)	2,600,868	2,487,746	113,122	4.5%	2,338,906	261,962	11.2%	---	---	---	---
Operations	Total FTEs	3,342	3,447	(104)	(3.0%)	3,266	76	2.3%	---	---	---	---
	Productive Hrs. / APD	28.0	29.8	(1.8)	(6.1%)	28.3	(0.3)	(1.0%)	---	---	---	---
	Cost Per CMI AD	18,449	19,005	(556)	(2.9%)	17,679	771	4.4%	---	---	---	---
	Net Days in A/R	53.8	54.0	(0.2)	(0.3%)	60.1	(6.3)	(10.5%)	47.9	52.6	45.9	---
Financial Performance	Net Patient Revenue (\$)	599,860	607,990	(8,130)	(1.3%)	568,396	31,464	5.5%	1,646,555	576,335	---	---
	Total Operating Revenue (\$)	626,149	634,474	(8,325)	(1.3%)	587,377	38,772	6.6%	1,866,739	711,846	146,668	---
	Operating Margin (\$)	55,958	56,070	(112)	(0.2%)	59,234	(3,276)	(5.5%)	20,328	30,609	1,613	---
	Operating EBIDA (\$)	97,241	97,138	104	0.1%	98,198	(957)	(1.0%)	120,148	69,761	9,533	---
	Net Income (\$)	54,634	69,631	(14,997)	(21.5%)	89,914	(35,279)	(39.2%)	81,185	48,406	4,107	---
	Operating Margin (%)	8.9%	8.8%	0.1%	1.1%	10.1%	(1.1%)	(11.4%)	1.1%	4.3%	1.1%	---
	Operating EBIDA (%)	15.5%	15.3%	0.2%	1.4%	16.7%	(1.2%)	(7.1%)	6.4%	9.8%	6.5%	---
	DCOH (days)	257	325	(68)	(21.0%)	255	1	0.5%	262	336	243	---

**Moody's Medians:** Not-for-profit and public healthcare annual report; September 7, 2023. Dollar amounts have been adjusted to reflect monthly averages.

**S&P Medians:** U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; August 7, 2023. Dollar amounts have been adjusted to reflect monthly averages.

**Fitch Ratings:** U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; July 25, 2023. Dollar amounts have been adjusted to reflect monthly averages.

**Notes:** DCOH total includes cash, short-term and long-term investments.  
OP Visits / Procedural Cases includes Covid Vaccinations / Testing.

# Consolidated Balance Sheet (as of 11/30/2023)

(\$000s)

ASSETS	Unaudited		LIABILITIES AND FUND BALANCE	Unaudited	
	November 30, 2023	June 30, 2023		November 30, 2023	June 30, 2023
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash	191,072	230,765	Accounts Payable	48,245	50,862
Short Term Investments	191,701	129,245	Salaries and Related Liabilities	38,589	24,408
Patient Accounts Receivable, net	215,162	218,528	Accrued PTO	37,130	36,104
Other Accounts and Notes Receivable	20,209	20,413	Worker's Comp Reserve	2,300	2,300
Intercompany Receivables	16,181	15,186	Third Party Settlements	11,761	11,295
Inventories and Prepaids	45,123	45,037	Intercompany Payables	12,943	12,362
<b>Total Current Assets</b>	<b>679,448</b>	<b>659,174</b>	Malpractice Reserves	1,863	1,863
			Bonds Payable - Current	10,400	10,400
<b>BOARD DESIGNATED ASSETS</b>			Bond Interest Payable	6,312	7,890
Foundation Board Designated	21,114	20,731	Other Liabilities	13,543	11,968
Plant & Equipment Fund	442,654	407,526	<b>Total Current Liabilities</b>	<b>183,084</b>	<b>169,450</b>
Women's Hospital Expansion	31,099	30,735			
Operational Reserve Fund	207,898	207,898	<b>LONG TERM LIABILITIES</b>		
Community Benefit Fund	16,988	17,743	Post Retirement Benefits	24,695	24,242
Workers Compensation Reserve Fund	13,498	13,498	Worker's Comp Reserve	13,498	13,498
Postretirement Health/Life Reserve Fund	24,604	24,242	Other L/T Obligation (Asbestos)	28,295	29,543
PTO Liability Fund	37,240	35,252	Bond Payable	451,921	454,806
Malpractice Reserve Fund	1,713	1,885	<b>Total Long Term Liabilities</b>	<b>518,410</b>	<b>522,088</b>
Catastrophic Reserves Fund	28,831	28,042			
<b>Total Board Designated Assets</b>	<b>825,639</b>	<b>787,551</b>	<b>DEFERRED REVENUE-UNRESTRICTED</b>	<b>982</b>	<b>1,103</b>
			<b>DEFERRED INFLOW OF RESOURCES</b>	<b>88,939</b>	<b>91,871</b>
<b>FUNDS HELD BY TRUSTEE</b>	<b>18</b>	<b>-</b>	<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
			Unrestricted	2,473,987	2,417,300
<b>LONG TERM INVESTMENTS</b>	<b>483,354</b>	<b>474,670</b>	Board Designated	217,766	209,043
			Restricted	48,007	44,611
<b>CHARITABLE GIFT ANNUITY INVESTMENTS</b>	<b>944</b>	<b>948</b>	<b>Total Fund Bal &amp; Capital Accts</b>	<b>2,739,760</b>	<b>2,670,954</b>
			<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>3,531,175</b>	<b>3,455,466</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>31,849</b>	<b>33,262</b>			
<b>PROPERTY AND EQUIPMENT</b>					
Fixed Assets at Cost	1,877,114	1,862,363			
Less: Accumulated Depreciation	(825,403)	(791,528)			
Construction in Progress	196,844	168,956			
<b>Property, Plant &amp; Equipment - Net</b>	<b>1,248,556</b>	<b>1,239,791</b>			
<b>DEFERRED OUTFLOWS</b>	<b>56,600</b>	<b>57,204</b>			
<b>RESTRICTED ASSETS</b>	<b>39,854</b>	<b>36,339</b>			
<b>OTHER ASSETS</b>	<b>164,913</b>	<b>166,528</b>			
<b>TOTAL ASSETS</b>	<b>3,531,175</b>	<b>3,455,466</b>			



# El Camino Health

## Summary of Financial Operations

*Fiscal Year 2024 – Period 6  
7/1/2023 to 12/31/2023*

# Executive Summary - Overall Commentary for Period 6

- **Results for Period 6:**

- For P6, total operating revenue was favorable to budget by \$191K / 0.1% and \$11.0M / 9.2% higher than the same period last year. Expenses continue to be well managed and are below budget and favorable when adjusted for volume. Both Operating & EBIDA Margin were favorable to budget.
- Gross revenue unfavorable to budget by \$8.5M / 1.6%.
  - Driven primarily by Outpatient activity
    - Inpatient Charges \$12.3M / 5.0% favorable to budget
    - Outpatient Charges \$14.3M / 5.5% unfavorable to budget
    - Professional Charges: \$6.5M / 40.4% unfavorable to budget
  - Cost Management
    - When adjusted for volume, overall operating expense is 6.5% favorable to budget.
    - Labor: Sustained improvement in Labor Productivity, Contract Labor, and Overtime usage.
- Gross charges were unfavorable to budget by \$8.5M / 1.6% and \$30.7M / 6.3% higher than the same period last year.
- Net patient revenue was favorable to budget by \$1.6M / 1.3% and \$10.5M / 9.1% higher than the same period last year.
- Operating margin was favorable to budget by \$6.0M / 49.3% and \$7.7M / 74.8% higher than the same period last year.
- Operating EBIDA was favorable to budget by \$6.2M / 30.5% and \$8.3M / 45.3% higher than the same period last year.
- Net income was favorable to budget by \$54.3M / 363.8% and \$71.5M / 3,127.8% favorable to the same period last year. This is attributed to strong operating results and investment income.



# Operational / Financial Results: Period 6 – Dec 2023 (as of 12/31/2023)

(\$ thousands)

	Current Year	Budget	Variance to Budget	Performance to Budget	Prior Year	Variance to Prior Year	Variance to Prior Year	Moody's	S&P	Fitch	Performance to Rating Agency Medians	
								'Aa3'	'AA'	AA-'		
<b>Activity / Volume</b>	ADC	298	286	12	4.2%	309	(11)	(3.4%)	---	---	---	---
	Total Acute Discharges	1,827	1,829	(2)	(0.1%)	1,917	(90)	(4.7%)	---	---	---	---
	Adjusted Discharges	3,554	3,749	(195)	(5.2%)	3,757	(202)	(5.4%)	---	---	---	---
	Emergency Room Visits	7,904	6,900	1,004	14.5%	8,730	(826)	(9.5%)	---	---	---	---
	OP Visits / OP Procedural Cases	10,952	13,264	(2,312)	(17.4%)	10,640	312	2.9%	---	---	---	---
	Gross Charges (\$)	515,757	524,221	(8,464)	(1.6%)	485,023	30,734	6.3%	---	---	---	---
<b>Operations</b>	Total FTEs	3,374	3,438	(64)	(1.9%)	3,319	55	1.7%	---	---	---	---
	Productive Hrs. / APD	28.6	29.1	(0.5)	(1.9%)	26.8	1.7	6.4%	---	---	---	---
	Cost Per CMI AD	17,774	19,005	(1,231)	(6.5%)	16,800	974	5.8%	---	---	---	---
	Net Days in A/R	53.6	54.0	(0.4)	(0.7%)	56.9	(3.3)	(5.8%)	47.9	49.7	45.9	---
<b>Financial Performance</b>	Net Patient Revenue (\$)	125,939	124,328	1,611	1.3%	115,427	10,513	9.1%	329,311	115,267	---	---
	Total Operating Revenue (\$)	130,894	130,704	191	0.1%	119,881	11,013	9.2%	373,348	142,369	146,668	---
	<b>Operating Margin (\$)</b>	<b>18,040</b>	<b>12,086</b>	<b>5,955</b>	<b>49.3%</b>	<b>10,322</b>	<b>7,719</b>	<b>74.8%</b>	<b>4,066</b>	<b>6,122</b>	<b>1,613</b>	---
	<b>Operating EBIDA (\$)</b>	<b>26,447</b>	<b>20,266</b>	<b>6,181</b>	<b>30.5%</b>	<b>18,196</b>	<b>8,251</b>	<b>45.3%</b>	<b>24,030</b>	<b>13,952</b>	<b>9,533</b>	---
	Net Income (\$)	69,197	14,918	54,279	363.8%	(2,285)	71,482	3127.9%	16,237	9,681	4,107	---
	<b>Operating Margin (%)</b>	<b>13.8%</b>	<b>9.2%</b>	<b>4.5%</b>	<b>49.1%</b>	<b>8.6%</b>	<b>5.2%</b>	<b>60.1%</b>	<b>1.1%</b>	<b>4.3%</b>	<b>1.1%</b>	---
	<b>Operating EBIDA (%)</b>	<b>20.2%</b>	<b>15.5%</b>	<b>4.7%</b>	<b>30.3%</b>	<b>15.2%</b>	<b>5.0%</b>	<b>33.1%</b>	<b>6.4%</b>	<b>9.8%</b>	<b>6.5%</b>	---
	DCOH (days)	267	325	(58)	(17.9%)	247	20	7.9%	262	336	243	---

**Moody's Medians:** Not-for-profit and public healthcare annual report; September 7, 2023. Dollar amounts have been adjusted to reflect monthly averages.

**S&P Medians:** U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; August 7, 2023. Dollar amounts have been adjusted to reflect monthly averages.

**Fitch Ratings:** U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; July 25, 2023. Dollar amounts have been adjusted to reflect monthly averages.

**Notes:** DCOH total includes cash, short-term and long-term investments.

OP Visits / Procedural Cases includes Covid Vaccinations / Testing.



Unfavorable Variance < 0.99%
Unfavorable Variance 1.00% - 4.99%
Unfavorable Variance > 5.00%

# Operational / Financial Results: YTD FY2024 (as of 12/31/2023)

(\$ thousands)		Current Year	Budget	Variance to Budget	Performance to Budget	Prior Year	Variance to Prior Year	Variance to Prior Year	Moody's	S&P	Fitch	Performance to Rating Agency Medians
									'A1'	'AA'	AA-'	
Activity / Volume	ADC	304	290	14	4.8%	298	6	1.9%	---	---	---	---
	Total Acute Discharges	11,206	10,796	410	3.8%	10,956	250	2.3%	---	---	---	---
	Adjusted Discharges	21,935	21,230	705	3.3%	21,314	621	2.9%	---	---	---	---
	Emergency Room Visits	40,399	38,711	1,688	4.4%	38,966	1,433	3.7%	---	---	---	---
	OP Visits / OP Procedural Cases	67,222	71,998	(4,776)	(6.6%)	71,161	(3,939)	(5.5%)	---	---	---	---
	Gross Charges (\$)	3,116,625	3,011,967	104,658	3.5%	2,823,929	292,696	10.4%	---	---	---	---
Operations	Total FTEs	3,348	3,445	(97)	(2.8%)	3,275	73	2.2%	---	---	---	---
	Productive Hrs. / APD	28.1	29.7	(1.6)	(5.4%)	28.0	0.1	0.2%	---	---	---	---
	Cost Per CMI AD	18,332	19,005	(673)	(3.5%)	17,523	809	4.6%	---	---	---	---
	Net Days in A/R	53.6	54.0	(0.4)	(0.7%)	56.9	(3.3)	(5.8%)	47.9	52.6	45.9	
Financial Performance	Net Patient Revenue (\$)	725,799	732,318	(6,519)	(0.9%)	683,822	41,977	6.1%	1,975,867	691,603	---	
	Total Operating Revenue (\$)	757,043	765,178	(8,135)	(1.1%)	707,258	49,785	7.0%	2,240,087	854,216	146,668	
	Operating Margin (\$)	73,998	68,156	5,842	8.6%	69,556	4,442	6.4%	24,393	36,731	1,613	
	Operating EBIDA (\$)	123,688	117,404	6,285	5.4%	116,394	7,295	6.3%	144,178	83,713	9,533	
	Net Income (\$)	123,831	84,549	39,282	46.5%	87,628	36,203	41.3%	97,422	58,087	4,107	
	Operating Margin (%)	9.8%	8.9%	0.9%	9.7%	9.8%	(0.1%)	(0.6%)	1.1%	4.3%	1.1%	
	Operating EBIDA (%)	16.3%	15.3%	1.0%	6.5%	16.5%	(0.1%)	(0.7%)	6.4%	9.8%	6.5%	
	DCOH (days)	267	325	(58)	(17.9%)	247	20	7.9%	262	336	243	

**Moody's Medians:** Not-for-profit and public healthcare annual report; September 7, 2023. Dollar amounts have been adjusted to reflect monthly averages.

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**Notes:** DCOH total includes cash, short-term and long-term investments.

OP Visits / Procedural Cases includes Covid Vaccinations / Testing.



Unfavorable Variance < 0.99%
Unfavorable Variance 1.00% - 4.99%
Unfavorable Variance > 5.00%

# Consolidated Balance Sheet (as of 12/31/2023)

(\$000s)

ASSETS	Unaudited		LIABILITIES AND FUND BALANCE	Unaudited	
	December 31, 2023	June 30, 2023		December 31, 2023	June 30, 2023
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash	198,202	230,765	Accounts Payable	48,923	50,862
Short Term Investments	95,483	129,245	Salaries and Related Liabilities	29,772	24,408
Patient Accounts Receivable, net	220,181	218,528	Accrued PTO	37,773	36,104
Other Accounts and Notes Receivable	20,357	20,413	Worker's Comp Reserve	2,300	2,300
Intercompany Receivables	24,937	15,186	Third Party Settlements	12,507	11,295
Inventories and Prepaids	45,172	45,037	Intercompany Payables	21,657	12,362
<b>Total Current Assets</b>	<b>604,331</b>	<b>659,174</b>	Malpractice Reserves	1,863	1,863
			Bonds Payable - Current	10,400	10,400
<b>BOARD DESIGNATED ASSETS</b>			Bond Interest Payable	7,890	7,890
Foundation Board Designated	22,191	20,731	Other Liabilities	11,631	11,968
Plant & Equipment Fund	456,878	407,526	<b>Total Current Liabilities</b>	<b>184,715</b>	<b>169,450</b>
Women's Hospital Expansion	31,207	30,735			
Operational Reserve Fund	210,693	207,898	<b>LONG TERM LIABILITIES</b>		
Community Benefit Fund	17,409	17,743	Post Retirement Benefits	22,785	24,242
Workers Compensation Reserve Fund	13,498	13,498	Worker's Comp Reserve	13,498	13,498
Postretirement Health/Life Reserve Fund	24,785	24,242	Other L/T Obligation (Asbestos)	28,025	29,543
PTO Liability Fund	36,910	35,252	Bond Payable	452,669	454,806
Malpractice Reserve Fund	1,713	1,885	<b>Total Long Term Liabilities</b>	<b>516,977</b>	<b>522,088</b>
Catastrophic Reserves Fund	30,429	28,042			
<b>Total Board Designated Assets</b>	<b>845,714</b>	<b>787,551</b>	<b>DEFERRED REVENUE-UNRESTRICTED</b>	<b>1,069</b>	<b>1,103</b>
<b>FUNDS HELD BY TRUSTEE</b>	<b>18</b>	<b>-</b>	<b>DEFERRED INFLOW OF RESOURCES</b>	<b>91,334</b>	<b>91,871</b>
<b>LONG TERM INVESTMENTS</b>	<b>609,072</b>	<b>474,670</b>	<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
			Unrestricted	2,543,186	2,417,300
<b>CHARITABLE GIFT ANNUITY INVESTMENTS</b>	<b>949</b>	<b>948</b>	Board Designated	217,734	209,043
			Restricted	48,313	44,611
<b>INVESTMENTS IN AFFILIATES</b>	<b>33,403</b>	<b>33,262</b>	<b>Total Fund Bal &amp; Capital Accts</b>	<b>2,809,233</b>	<b>2,670,954</b>
<b>PROPERTY AND EQUIPMENT</b>			<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>3,603,327</b>	<b>3,455,466</b>
Fixed Assets at Cost	1,884,864	1,862,363			
Less: Accumulated Depreciation	(832,322)	(791,528)			
Construction in Progress	194,889	168,956			
<b>Property, Plant &amp; Equipment - Net</b>	<b>1,247,431</b>	<b>1,239,791</b>			
<b>DEFERRED OUTFLOWS</b>	<b>56,550</b>	<b>57,204</b>			
<b>RESTRICTED ASSETS</b>	<b>39,589</b>	<b>36,339</b>			
<b>OTHER ASSETS</b>	<b>166,270</b>	<b>166,528</b>			
<b>TOTAL ASSETS</b>	<b>3,603,327</b>	<b>3,455,466</b>			

## FY2024 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. Summary of Physician Financial Agreements	Q3	March 2024
2. Review Progress on Opportunities / Risks identified by Management for FY2024 and Managed Care Update	Q2, Q3	<b>Progress on Opportunities / Risks (November 2023)</b> , Managed Care update (February 2024) <b>In Progress</b>
3. Review strategy, goals, and performance of ECHMN, joint ventures/business affiliates, impact of strategic initiatives – market share update and progress on implementation of 2027 strategic plan	Q1	<b>Financial Performance JVs / Business Affiliates (August 2023)</b>
	Q2	<b>ECHMN (November 2023), Progress on 2027 Strategic Plan (November 2023), Foundation – Strategic Update (November 2023)</b>
	Q3	Impact of Strategic Initiatives – Market Share Update (February 2024) <b>In Progress</b> , Hospital Community Benefits Program (February 2024) <b>In Progress</b> , ECHMN (March 2024)
	Q4	Progress on 2027 Strategic Plan & Key Service Lines Growth Plans (May 2024)
4. Fiscal Year-End Performance Review	Q1	<b>FYE 2023 Review of Operating, Financial, and Balance Sheet Performance and KPIs (August 2023)</b>

**SUBMITTED BY:** **Chair:** Don Watters | **Executive Sponsor:** Carlos Bohorquez, CFO

FY2024 Finance Committee Pacing Plan												
AGENDA ITEM	Q1			Q2			Q3			Q4		
	JUL	8/28	9/25	OCT	11/27	DEC	JAN	2/26	3/25	APR	5/20	JUN
<b>STANDING AGENDA ITEMS</b>												
Standing Consent Agenda Items		✓	✓		✓			✓	✓		✓	
Minutes		✓	✓		✓			✓	✓		✓	
Period Financials Report (Approval)		✓	✓		✓			✓	✓		✓	
Board Actions		✓	✓		✓			✓	✓		✓	
<b>APPROVAL ITEMS</b>												
Candidate Interviews & Recommendation to Appoint (If required to add / replace committee member)												
Financial Report Year End Results			✓									
Next FY Committee Goals, Dates, Plan									✓		✓	
Next FY Org. Goals											✓	
Next FY Community Benefit Grant Program											✓	
Physician Contracts		✓	✓		✓			✓	✓		✓	
<b>DISCUSSION ITEMS</b>												
Financial Report (Pre-Audit Year End Results)		✓										
Financial Performance JVs/ Business Affiliates		✓										
Progress on Opportunities/ Risks					✓							
Medical Staff Development Plan (every 2 years)									✓			
Impact of Strategic Initiatives/Market Share Update								✓				
Progress Against Committee Goals & Pacing Plan (Quarterly)					✓			✓			✓	
Foundation Strategic Update					✓							

FY2024 Finance Committee Pacing Plan												
AGENDA ITEM	Q1			Q2			Q3			Q4		
	JUL	8/23	9/25	OCT	11/27	DEC	JAN	2/26	3/25	APR	5/20	JUN
ECHMN Update					✓				✓			
Community Benefit Grant Application Process					✓				✓			
Progress Against 2027 Strategic Plan					✓				✓		✓	
Key Service Lines Performance/ Growth Plans											✓	
Managed Care Update								✓				
Long-Range Financial Forecast								✓				
Next FY Budget and Preliminary Assumptions Review									✓			
Review FY Operational / Capital Budget for Recommendation to Board									✓		✓	
Summary Physician Financial Arrangements									✓			
Post Implementation (as needed)												
Other Updates <sup>1</sup> (as needed)												

1: Includes updates on special projects/joint ventures/real estate, ad-hoc updates



## Key Takeaways from the 42<sup>nd</sup> Annual J.P. Morgan Healthcare Conference: Not-for-Profit Healthcare

The overarching theme of this year's 14<sup>th</sup> annual Not-for-Profit Healthcare track at J.P. Morgan's 42<sup>nd</sup> annual Healthcare Conference was energy and optimism for the future of healthcare. Provider healthcare is at an inflection point amidst macro and micro-economic challenges, and our presenters are facing these headwinds and focused on transforming the future. Over the course of two days, 17 presenters representing some of the largest and most prestigious integrated providers in the nation spoke about their visions - clinical, operational, and ethical – upholding a responsibility to offer the best care to communities in an equitable way. The rooms were overflowing as the thousands in attendance benefitted from the idea generation and collaboration. Thank you to all who helped make these two days successful and especially thank you to our presenters.

### TOP TEN THEMES FROM THE JPM HEALTHCARE CONFERENCE NOT-FOR-PROFIT TRACK

#### 1 Taking care of ALL in our communities is paramount

Not-for-profit health systems have always served as essential institutions whose missions are to care for their communities. This year, we saw further emphasis on the importance of health equity, care affordability, impact investing, quality and community-oriented care, and behavioral health. **Indiana University Health** shared their mission of “doing the right thing each and every day for each and every person” and the new downtown facility becoming a catalyst for investments in the district and apprenticeship programs. Indiana University Health has also implemented on-demand access to behavioral health services in every ambulatory site. **Novant Health** noted its Michael Jordan Family Medical Clinic provides affordable care with “unrelenting focus on safety and quality”. **Cleveland Clinic** “strive(s) to do the best they can for patients” not only on a national level but transcending a global responsibility for care. The Clinic is focusing on children; committing to eliminate lead poisoning in northeast Ohio, reducing child hunger and improving infant and maternal mortality measures. **Intermountain Health** affirms that “we are [all] better together” as helping people live the healthiest lives possible, drives everything they do.

#### 2 Investing in technology and appropriate use of AI to improve care delivery

The most prominent theme across all presentations this year was utilizing AI to improve care delivery. Leaders are looking at innovative technological solutions directly transformative to the clinical setting. **Mayo Clinic** led the way with their presentation focusing on AI remarking how we are in a “promethean moment in healthcare right now to leverage AI's ability to predict how to best help patients.” Mayo Clinic is using AI to better detect and predict pancreatic cancer in CT scans. Some are approaching this development through partnerships, such as **Cleveland Clinic** partnering with IBM to create the first dedicated quantum computer for biomedical sciences to develop broad-use AI capabilities and **Scripps Health** working with Epic and Microsoft to use AI to automatically answer portal questions which are then reviewed by a physician. Many large systems are using their innovation and venture funds to accelerate growth and investment in artificial intelligence. **Mass General Brigham** is using its platform to help guide companies in developing and gaining approval for AI algorithms, while **Indiana University Health** talked about improving its revenue cycle efficiency by using AI to correctly identify the care plan at registration in order to address payment denials. We eagerly await the future of healthcare as AI has many applications to improve care delivery whether it is to accelerate scientific discovery, help make better medical decisions, or reduce the burden of paperwork to focus on the patient.

### 3 Efficiency through transformational alignment of the system

Aligning the system pathways, clinical, cultural, and operational, continues to be a focus for large systems looking to create efficient ways to deliver healthcare. A unified platform provides the entire organization a framework: aligning the way people behave, the way they make decisions, what they prioritize. Many large systems have implemented operating models and are reaping results. **Northwestern Medicine's** single operating authority allows for consistency and discipline across the organization in order to achieve scale and growth. Corporate strategies have evolved to focus on improving culture, since systems recognize that a unified employee base is one of the best ways to drive efficiencies and improved financial results. **Intermountain Health** launched a global brand campaign for its clinical, health plan, and children's health brand, and launched an alignment campaign focused on community affinity and building trust. **Sutter Health** focused on strengthening their alignment with the medical group and physician leaders while expanding its points of access. **CommonSpirit Health** is driving efficiencies through consolidation, by "scaling everything [they] do, including more centralization of essential functions." This One CommonSpirit initiative included reducing the number of operating divisions from thirteen to five, which created an optimal number of administrative structures and will help reduce duplicative efforts across the organization. **Corewell Health** has achieved \$200 million of synergies through the integration of legacy Beaumont Health and Spectrum Health, including the implementation of Workday and Epic across the entire system. Efficiency is not only important within systems, it is important within care footprints. Large providers have been optimizing their portfolios of assets to focus on core markets.

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### 4 Increased outpatient utilization fueling focus on asset-light strategies

Presenters emphasized strategies to create more capacity for high-acuity care. The pre-eminent theme was expanding ambulatory networks which translates into lower cost of care for the patient and provider. **Sutter Health's** strong patient demand has fueled its plans to open 25 additional ambulatory sites across its Northern California markets. Over the next 10 years, Sutter expects to double its capital investment in ambulatory care and increase to 32% of capex, fueled in part from its recent acquisition of the Sansum Clinic. **CommonSpirit Health** is primarily focused on expanding its ambulatory presence in Colorado, Arizona, Utah, and Washington, with the goal of ensuring the care continuum is handled appropriately and optimized to serve the entire communities with a focus on population health. **Hartford HealthCare** has grown its footprint to include more than 500 sites of care, driving a majority of its revenue from outpatient activity. **Tampa General Hospital** sees the most efficient path for non-core growth as partnering to build facilities with reduced capital commitment. **Indiana University Health** and **Cleveland Clinic** both mentioned a desire to grow not only home-based primary care, but also hospital-at-home programs so patients can receive the most complex care in the setting most convenient for them.

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### 5 Breaking down barriers – expanding in new ways and in new markets

Growth remains an imperative and partnerships are an increasingly important prong of system's growth strategies. Many have realized the benefit of collaboration and specialization in an effort to deliver higher quality care and expand the communities they serve. Some are growing in nearby markets, such as **Henry Ford Health** with its latest partnerships with Ascension, CareSource, and Shirley Ryan, and **Jefferson Health** described its approach to new markets, including its proposed merger with Lehigh Valley Health. While others are growing across state lines, such as **Novant Health** partnering with Ochsner and TPG Capital for value-based senior care and outpatient imaging, respectively, and expanding its South Carolina presence with its most recent acquisition of hospitals from Tenet Healthcare. **Tampa General Hospital** acquired three hospitals from Community Health, and broke ground on a new behavioral health hospital in August 2023 in partnership with LifePoint and USF Health. **Hartford HealthCare** has seen tremendous benefit from its GoHealth partnership, which has grown to over 35 sites with over 320,000 visits in 2023. Other systems have recognized an ability to translate its best practices around the world, such as **Cleveland Clinic** placing an emphasis growing its Canadian, United Kingdom, and Abu Dhabi locations. Cleveland Clinic now has over 11 international sites, with its Abu Dhabi facilities growing 20% year-over-year. Partnerships with other healthcare organizations and new entrants may offer a promising avenue to increase speed to market and scale into new services lines and operational capabilities.



## 6 Clinical innovation and research is providing hope for the future

Our presenters are at the forefront of innovation and discovery. Many academic medical centers are pioneers of clinical research and are committed to ensuring it remains an integral part of their care delivery framework. This thought leadership has provided an opportunity to commercialize pharmaceutical intellectual property and diversify revenue streams. **Mass General Brigham**'s research programs are core to their operations and MGB is aiming to prioritize IP commercialization and technology monetization over the next few years. **Mayo Clinic** has seen research grow substantially over the last five years and is focused on better understanding computational infrastructure. **Henry Ford Health** received \$150 million in NIH funding in 2023, remaining one of Michigan's top funded research institutions, and is allocating \$400 million to a new research building as part of its campus transformation project. **Moffitt Cancer Center** has been focused on cell and gene therapies and has made decades-long investments in the space, including a clinical service center and viral vector production facility that will be opening later this year. Moffitt is also building a life sciences research campus – SPEROS – as a way to attract potential corporate partners to sponsor ongoing cancer research. As health systems continue realizing the benefits of their investments in research, the patient experience, and capabilities available to consumers will continue growing.

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## 7 Simplify access to care through better coordination with caregivers

Over the past several years, systems have recognized the increasing importance of simplifying care delivery. **Corewell Health** utilizes technology and broader workforce training to enhance and expedite outpatient registrations. **Intermountain Health** caregivers generated and implemented 3,100 ideas to improve care and launched 60 unique initiatives across simplification work, saving the system \$195 million. **CommonSpirit Health** wants to create “a frictionless environment for employees, caregivers, and patients, reducing administrative costs and delivering higher quality and more effective healthcare,” and sees relieving its providers of many non-clinical tasks as vital. **Scripps Health** discussed optimization of scheduling robotic procedures with technology to increase throughput by 41% using existing resources, while also centralizing scheduling appointments and leveraging FastPass technology to allow patients to secure appointments more quickly. One in six appointments are scheduled on line with a focus on increasing the use of technology to improve efficiency and simplification. When we remove unnecessary friction, this could lead to improved patient experience for care delivery and free-up caregiver capacity.

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## 8 Continued emphasis on workforce solutions

Given the challenging clinical demands many providers face, systems have been working diligently on better and innovative workforce solutions, aimed at improving retention and reducing the burden of non-clinical tasks. Many systems have hired or promoted senior members to roles focused on improving the culture of the organization. Strategies that have shown early signs of success include expanded tuition benefits, community involvement opportunities, and more defined career pathways with reduced bureaucracy. As **Cleveland Clinic** noted, “the workforce shortage is here to stay, and one way to address this is to change the composition of caregiver teams by enabling them to digitally scale up services to allow them to spend more time delivering care.” **Indiana University Health** decided to add \$60 million to base compensation for critical clinical positions and has seen a 10% decrease in pay-related job offer declines coupled with a 38% overall increase in offers accepted in the past year. **Northwestern Medicine** took a proactive approach to increase benefits and compensation and emphasized they are “just as committed to the workforce experience as the patient experience.” **Henry Ford Health** has reduced employee turnover by more than 22% over the past two years and has doubled down on its commitment to team members through a \$205 million increase in wages.

## 9 Growth and integration with provider assets to create “ecosystems”

Health systems have evolved to develop consumer-centric models and strengthen “ecosystems” in their communities. They are actively coordinating existing services and identifying needed capabilities, often looking at partnerships as an optimal path moving forward. Systems now aim to provide patients with optionality in their care and serve as a “one stop shop” by offering managed care products, advanced primary care, and post-acute care in addition to traditional acute care. Systems recognize that preventative care, lower-cost settings, and the responsibility over a patient’s global healthcare costs lead to better patient outcomes. However, there is a recognition for the need for scale to fully glean the benefits of being a provider-owned health plan. **Jefferson Health**, while still focused on growing its provider revenue, is committed to doubling the size of its health plan over the next five years. 50% of **Intermountain Health’s** Utah revenue and 37% of its systemwide revenue come from value-based care and risk-bearing agreements. This high degree of integration with its health plan, SelectHealth, not only affords a more seamless patient experience, but allows Intermountain to appropriately incentivize its various businesses to work together to create the highest-quality holistic solutions. **Blue Shield of California** will have 50% of its primary care physicians in value-based contracts this year and has roughly 30% of its payment models in capitation. Adoption of risk-based contracts varies widely among markets, but many systems are accelerating their adoption of value-based care.

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## 10 Operational turnaround strategies are working

2023 showed signs of turnaround for many health systems, as volumes began returning to (and outpacing) pre-COVID levels and health systems worked to reorganize their cost structures and payor contracts. **Intermountain** highlighted volumes compared to pre-pandemic levels with adjusted admissions growth of 17%. Acuity has also increased with CMI 8% higher. Although still a challenging operating environment, many systems are optimistic about 2024, as expense reduction strategies continue to bear fruit. Dealing with the traditional cost side isn’t going to be sufficient and new avenues of operational turnaround were noted. **Scripps Health** noted digital strategies being key to reduce cost and enhance demand in 2024.

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Thank you again to our presenters and clients who prioritized the trip to San Francisco. Your insights and experiences are invaluable, and we appreciate you sharing your time and learnings with all of us. We begin 2024 invigorated by your leadership!

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# BofA Weekly Healthcare Update

Week of January 26, 2024



### Tax-Exempt Market Overview – 30 Year MMD Increased<sup>(1)</sup>

- 30 Year MMD increased by 4 basis points to 3.61% this week.
- Tax-exempt bond funds saw inflows of \$210.6 million this week.
- Tax-exempt municipal money market fund asset decreased by \$5.05 billion, bringing total net assets to \$117.62 billion.
- Driven by heavy tender activity following 2 weeks of the SIFMA index being below 50% of SOFR, SIFMA increased by 198 basis points, moving from 2.57% to 4.55%. The SIFMA/1D SOFR ratio currently sits at 86%
- Tax-exempt healthcare issues priced this week for Med Center Health, Tampa General Hospital, and Advocate Aurora.

### Taxable Market Overview – 30 Year UST Increased<sup>(1)</sup>

- 30 Year UST increased by 1 basis point to at 4.38% this week.
- Corporate Investment Grade Bond Funds saw an inflow of \$333 million this week.
- Taxable municipal money market fund assets increased by \$20.53 billion, bringing their total to \$5.79 trillion.
- No taxable healthcare issues priced this week.

### Macro Overview<sup>(2)</sup>

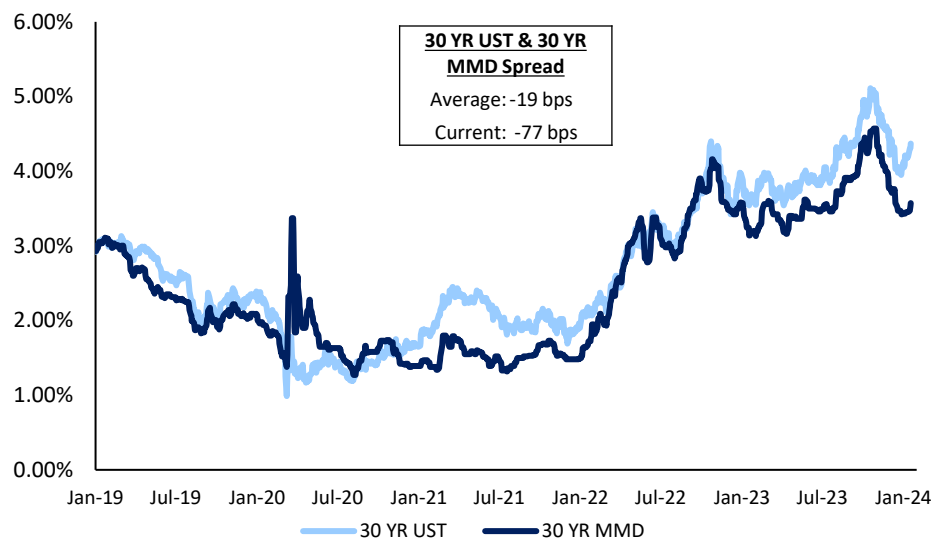
- GDP increased at a 3.3% annualized rate in Q4 of 2023, exceeding general expectations of a 2% gain. For all of 2023, the U.S. economy accelerated at a 2.5% annualized pace, well ahead of the Wall Street outlook and higher than the 1.9% increase in 2022.
- The personal consumption expenditures price index for December increased 0.2% on the month and was up 2.9% on a yearly basis, excluding food and energy. Economists surveyed by Dow Jones had been looking for respective increases of 0.2% and 3%.
- Consumer spending increased 0.7%, stronger than the 0.5% estimate. Personal income growth edged lower to 0.3%, in line with the forecast.
- Consumer sentiment surged 29% from November into January, the biggest two-month increase since 1991.

# BofA Weekly Healthcare Update

## Tax-Exempt and Taxable – Fixed Rates



### MMD & UST Fixed Rates (1)



### Rate Trends and Ratios (1)

	Current	Change Over the Last Week	Change YTD	10 Year Average
10 Year UST	4.14%	0.00%	0.43%	2.32%
30 Year UST	4.38%	0.01%	0.60%	2.82%
10 Year MMD	2.46%	0.02%	(0.12%)	1.93%
30 Year MMD	3.61%	0.04%	0.11%	2.70%
10 Year MMD / UST	59.42%	58.94%	69.54%	83.29%
30 Year MMD / UST	82.42%	81.69%	92.59%	95.89%

Date	12/21/23	12/28/23	1/4/24	1/11/24	1/18/24	1/25/24
Revenue Bond Index (RBI)	3.65%	3.54%	3.59%	3.59%	3.67%	3.71%

### Tax-Exempt Healthcare Yields (3)

YRS	TE Healthcare Aa/AA	Spread to Benchmark MMD	TE Healthcare A2/A	Spread to Benchmark MMD	TE Healthcare Baa2/BBB	Spread to Benchmark MMD	Benchmark MMD
1	3.07%	8 bps	3.39%	40 bps	3.69%	70 bps	2.99%
2	2.83%	12 bps	3.21%	50 bps	3.46%	75 bps	2.71%
3	2.81%	20 bps	3.16%	55 bps	3.41%	80 bps	2.61%
4	2.69%	22 bps	3.07%	60 bps	3.32%	85 bps	2.47%
5	2.68%	25 bps	3.08%	65 bps	3.33%	90 bps	2.43%
6	2.70%	27 bps	3.11%	68 bps	3.38%	95 bps	2.43%
7	2.76%	32 bps	3.16%	72 bps	3.44%	100 bps	2.44%
8	2.82%	37 bps	3.20%	75 bps	3.50%	105 bps	2.45%
9	2.86%	40 bps	3.24%	78 bps	3.56%	110 bps	2.46%
10	2.91%	45 bps	3.26%	80 bps	3.61%	115 bps	2.46%
20	3.99%	70 bps	4.14%	85 bps	4.49%	120 bps	3.29%
30	4.36%	75 bps	4.56%	95 bps	4.91%	130 bps	3.61%

### Index Eligible Taxable Healthcare Yields (4)

YRS	Taxable Healthcare Aa/AA	Spread to Benchmark UST	Taxable Healthcare A2/A	Spread to Benchmark UST	Benchmark US Treasury
1	5.46%	70 bps	5.86%	110 bps	4.76%
2	4.78%	50 bps	5.18%	90 bps	4.28%
3	4.67%	55 bps	5.12%	100 bps	4.12%
4	4.66%	65 bps	5.11%	110 bps	
5	4.71%	70 bps	5.16%	115 bps	4.01%
6	4.87%	80 bps	5.32%	125 bps	
7	4.97%	90 bps	5.42%	135 bps	4.07%
8	5.19%	105 bps	5.64%	150 bps	
9	5.24%	110 bps	5.69%	155 bps	
10	5.29%	115 bps	5.74%	160 bps	4.14%
20	5.58%	120 bps	6.03%	165 bps	
30	5.68%	130 bps	6.13%	175 bps	4.38%

1) Source: Thomson Reuters as of 1/25/2024.

2) Source: Bond Buyer, 25-Bond Revenue. Revenue bonds maturing in 30 years are used in compiling this index.

3) Indicative as of 1/25/2024. Assumes 5% coupons and yields reflect yields to call. Rates displayed are not specific to any borrower. Actual rates will depend on many variables including notch-specific credit rating, size, call provisions, state of issuance and other factors.

4) Indicative as of 1/25/2024. Yields for non-index eligible bonds would be applicable to the 25-Bond Revenue Index. Rates displayed are not specific to any borrower. Actual rates will depend on many variables including notch-specific credit rating, size, call provisions and other factors.

# BofA Weekly Healthcare Update



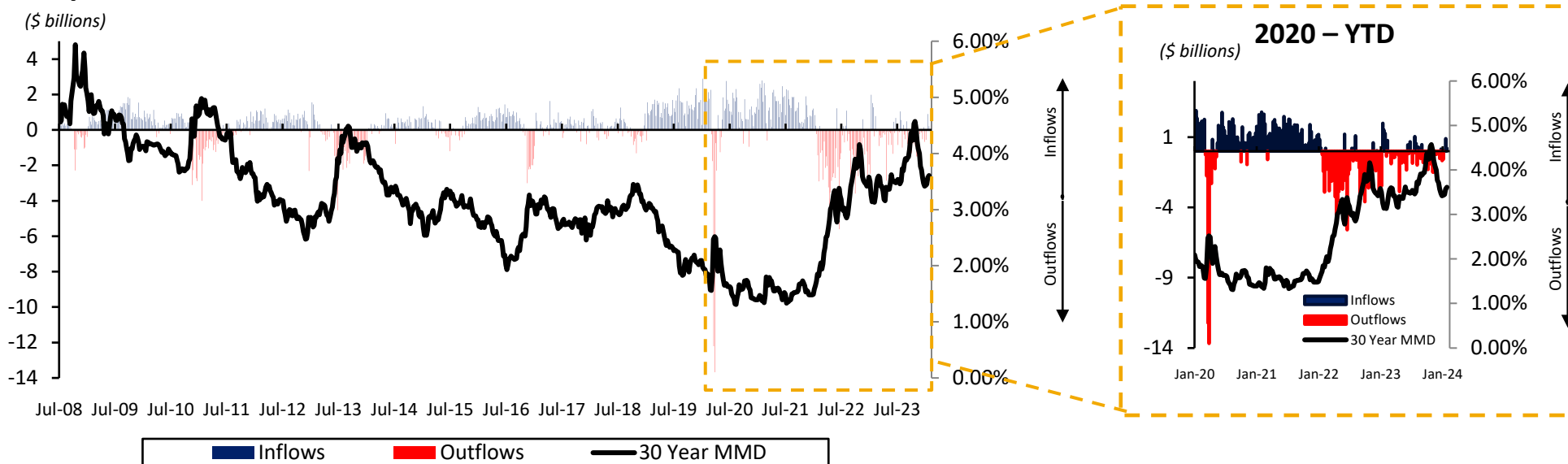
Tax-Exempt bond funds experienced approximately \$210.6 million of inflows this week

## Economic Data: Upcoming Reports and Forecasts <sup>(1)</sup>

BOFA INTEREST RATE FORECAST				
	1Q24	2Q24	3Q24	4Q24
<b>Fed Funds (%)</b>	5-.00-5.25	4.75-5.00	4.50-4.75	4.25-4.50
<b>2Y UST (%)</b>	4.75	4.50	4.25	4.00
<b>5Y UST (%)</b>	4.50	4.40	4.25	4.15
<b>10Y UST (%)</b>	4.40	4.30	4.25	4.25
<b>30Y UST (%)</b>	4.70	4.65	4.65	4.75

SELECTED ECONOMIC DATA REPORTS			
Date	Economic Event	Date	Economic Event
1/29/2024	Pending Homes Sales	2/2/2024	Unemployment Rate
1/30/2024	Redbook YoY	2/6/2024	Redbook Index YoY
1/31/2024	MBA Mortgage Applications	2/7/2024	Goods Trade Balance – December
1/31/2024	FOMC Press Conference	2/9/2024	Fed Monetary Policy Report
1/31/2024	MBA Mortgage Applications	2/13/2024	Consumer Price Index Report
2/1/2024	Initial Jobless Claims	2/15/2024	NY Empire State Manufacturing Index

## Municipal Bond Fund Inflows and Outflows <sup>(2)</sup>



1) Source: BofA US Economic Weekly 1/25/2024.

2) Lipper U.S. Fund Flows as of 1/25/2024; data includes weekly and monthly reporting funds.



# BofA Weekly Healthcare Update

## Short-Term Market Update: Current Environment



### Recent SIFMA Index Resets

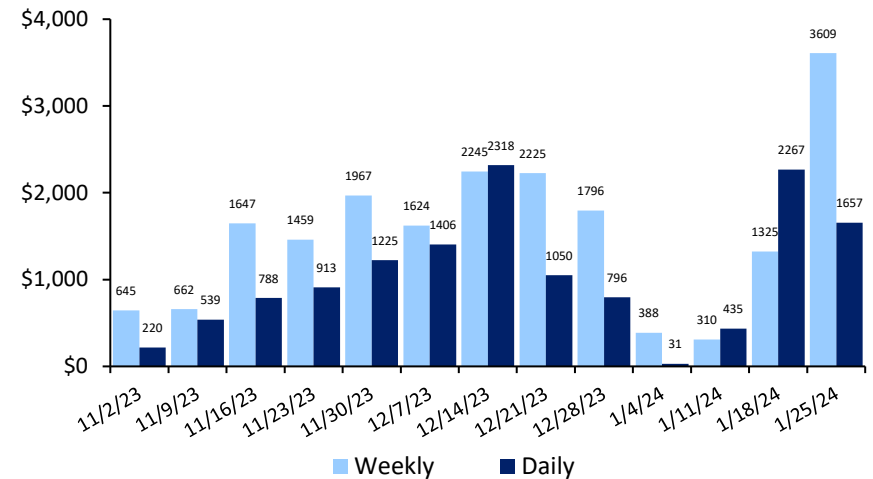
Reset Date	12/22/23	12/29/23	1/5/24	1/12/24	1/19/24	1/25/24
SIFMA	4.52%	3.87%	3.08%	1.90%	2.57%	4.55%
Trend (wk/wk)	1.14%	-0.65%	-0.79%	-1.18%	0.67%	1.98%
SIFMA/1D SOFR (%)	85%	72%	58%	36%	48%	86%

	Current
1M BSBY	5.36%
1D SOFR	5.31%
1M SOFR	5.34%

### Weekly Observations

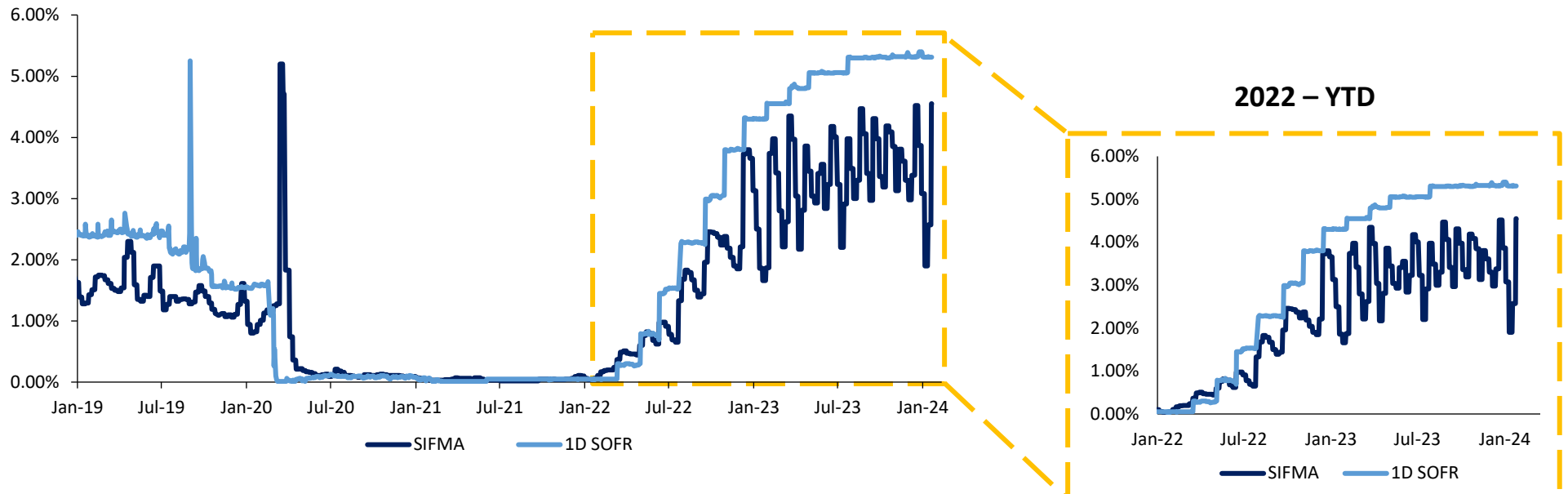
- SIFMA increased by 198 basis points to 4.55%
- Weekly dealer VRDO inventory increased by \$2.284 billion
- Daily dealer VRDO inventory decreased by \$610 million

### BOOM Reported Dealer VRDO Inventory (\$MM)<sup>(1)</sup>



	SIFMA	1D SOFR	SIFMA/SOFR Ratio
Current	4.55%	5.31%	86%
3 Month Avg.	3.42%	5.33%	64%
6 Month Avg.	3.54%	5.31%	67%

### Index Resets and SIFMA/1M SOFR Ratio Since 2019



# BofA Weekly Healthcare Update

## Recent Healthcare Deals



### Tax-Exempt Deals Priced

Issuer	State	Rating <sup>(1)</sup>	Structure	Maturity/ Mandatory Tender	Coupon <sup>(2)</sup>	Yield <sup>(3)</sup>	Spread to MMD	Managers	Total Par	Timing
Med Center Health	KY	NR/AA-/AA-	Fixed Rate	2054	5.25%	4.190%	58 bps	BofA	\$150,000,000	1/24/2024
Tampa General Hospital	FL	NR/A/A	Fixed Rate	2055	5.250%	4.440%	85 bps	JPM/BofA	\$208,265,000 \$75,000,000	1/23/2024
			Fixed Rate	2055	4.500%	4.710%	112 bps			
			Put Bonds	2031	5.000%	3.380%	94 bps			
Advocate Aurora	WI	Aa3/AA/AA	Put Bond Remarketing	2029	5.000%	2.970%	52 bps	JPM/Truist	\$89,890,000	1/24/2024

### Tax-Exempt Deals in the Pipeline

Issuer	State	Rating <sup>(1)</sup>	Structure	Maturity	Coupon <sup>(2)</sup>	Yield <sup>(3)</sup>	Spread to MMD	Managers	Total Par	Timing
Boston Children's	MA	Aa2/AA/NR	Fixed Rate	2054	TBD	TBD	TBD	JPM/BofA	\$445,760,000	1/30/24
Evergreen Health	WA	A1/NR/NR	Fixed Rate (G.O.)	TBD	TBD	TBD	TBD	Piper	\$40,755,000	TBD
Lifespan	RI	BBB+/NR/BBB+	Fixed Rate	2054	TBD	TBD	TBD	Morgan Stanley	\$300,000,000	TBD

### Taxable Deals Priced

No taxable healthcare deals have priced this week.

### Taxable Deals in the Pipeline

No taxable healthcare deals have printed this week.

(1) Ratings are displayed in the following order: Moody's/S&P/Fitch.

(2) Coupon of final maturity.

(3) Premium bonds priced to call; Discount bonds priced to maturity if applicable.

# BofA Weekly Healthcare Update

## Recent Industry Rating Actions



**MOODY'S**

Date	Health System	State	Action	New		Prior	
				Rating	Outlook	Rating	Outlook
1/23/2024	Oregon Health and Science University	OR	Affirmed	Aa3	Stable	Aa3	Stable
1/19/2024	Boston Children's	MA	Affirmed	Aa2	Negative	Aa2	Negative
1/19/2024	NYU Langone Hospitals	NY	Upgraded	A1	Stable	A2	Positive

**S&P Global**

Date	Health System	State	Action	New		Prior	
				Rating	Outlook	Rating	Outlook
1/25/2023	Orlando Health	FL	Outlook Revised	A+	Positive	A+	Stable
1/23/2024	Infirmary Health System	AL	Outlook Revised	A-	Negative	A-	Stable
1/23/2024	Montefiore Health System	NY	Affirmed	BBB-	Negative	BBB-	Negative
1/22/2024	Boston Children's	MA	Affirmed	AA	Stable	AA	Stable
1/22/2024	Hendrick Health System	TX	Affirmed	A	Stable	A	Stable
1/19/2024	BJC Health System	MO	Affirmed	AA	Stable	AA	Stable
1/19/2024	Methodist Hospitals	IN	Downgraded	BB+	Stable	BBB-	Stable

**FitchRatings**

Date	Health System	State	Action	New		Prior	
				Rating	Outlook	Rating	Outlook
1/25/2024	Mount Nittany Medical Center	PA	Affirmed	A+	Stable	A+	Stable
1/23/2024	Lifespan	RI	Affirmed	BBB+	Stable	BBB+	Negative
1/19/2024	Willis-Knighton Medical Center	LA	Outlook Revised	AA-	Positive	AA-	Stable

# BofA Weekly Healthcare Update

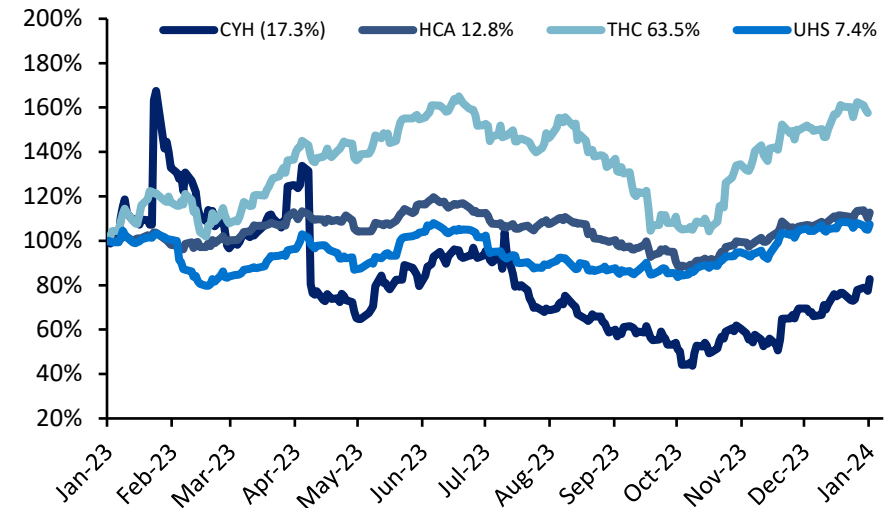
## Strategic Advisory



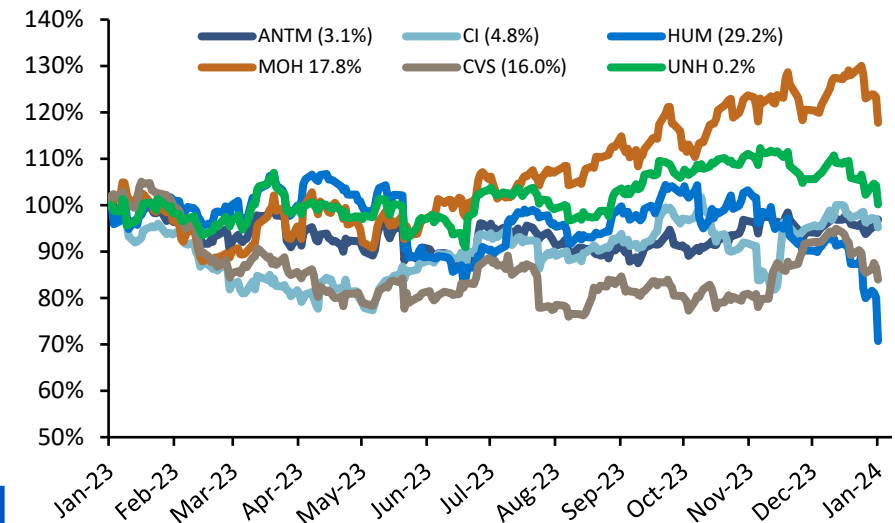
### Recent M&A News<sup>(1)</sup>

- The Federal Trade Commission said it is suing Winston-Salem, NC-based Novant Health in a move to block its \$320 million acquisition of two North Carolina hospitals from Community Health Systems.
- Dayton, Ohio-based Premier Health has sold the building housing Center for Women's Health and Wellness in Mason, Ohio, for \$4.2 million and has plans to relocate.
- Mercy Iowa City will become part of the University of Iowa Health Care beginning January 31.
- The University of Vermont Medical Center in Burlington on January 23 submitted a certificate-of-need application to the Green Mountain Care Board, seeking approval to buy the Fanny Allen campus for \$17.3 million.
- Marc Harrison, MD, CEO of General Catalyst's Health Assurance Transformation Corp., or HATCo, said one of the venture capital firm's goals is to put Akron, Ohio-based Summa Health "on a trajectory to become a forever organization for the community it serves."
- Healthcare merger and acquisition activity has been up and down over the last few years, with activity slow in the first three quarters of last year. However, 2024 will be a "vigorous season for M&A activity in healthcare".
- Philadelphia-based Jefferson Health has entered into a service agreement with Upland, PA-based Crozer Health to provide neurological care services in Pennsylvania's Delaware County.

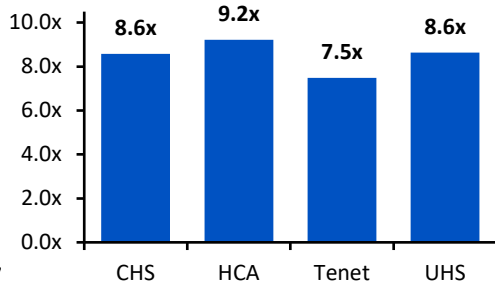
### Indexed Healthcare Stock Price Performance<sup>(2)</sup>



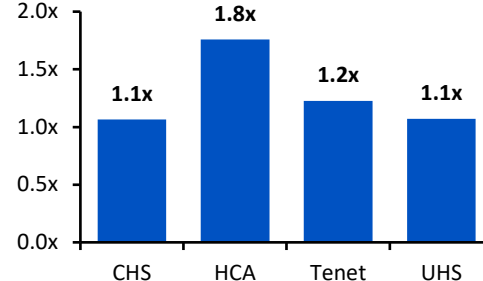
### Indexed Managed Care Stock Price Performance<sup>(2)</sup>



### Enterprise Value / EBITDA<sup>(2)</sup>



### Enterprise Value / Revenue<sup>(2)</sup>



(1) Source: Becker's Hospital Review

(2) Source: Bloomberg as of 1/25/2024; Percentages are based on most recent date's price as compared to 1/25/2023.

# Notice to Recipient



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# Notice to Recipient



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

**To:** Finance Committee  
**From:** Carlos Bohorquez, Chief Financial Officer  
**Date:** February 26, 2024  
**Subject:** Updated Signature Authority Policy

**Recommendation:** Finance Committee to recommend that the Board of Directors approve the updated Signature Authority Policy.

**Summary:**

1. **Situation:** Given the increase in size / scope of the organization and value of contracts due to inflation / complexity, the signature authorities for the CEO, CFO, COO and other leaders have been updated.

Below is the updated signature authority by level:

**Contract Approval Levels for Budgeted Contracts**

<b>Position</b>	<b>Signature Authority</b>
<b>Manager</b>	\$10,000
<b>Director</b>	\$25,000
<b>Senior Director/Executive Director</b>	\$50,000
<b>Division Executive (Chief, President, or VP)</b>	\$250,000
<b>COO</b>	\$500,000
<b>CFO</b>	\$750,000
<b>CEO</b>	\$2,000,000
<b>Finance Committee</b>	\$2,000,000.01 to \$5,000,000
<b>Hospital Board</b>	> \$5M - 5% of assets
<b>ECHD</b>	> 5% assets or \$25M

The updated policy includes new language which authorizes the CEO to approve the expenditure of funds in an Emergency. An emergency is defined as a sudden, generally unexpected circumstance that demands immediate action, the absence of which would undermine essential ECH services or cause a significant economic loss to ECH.

**List of Attachments:**

1. Signature Authority Policy – Redline and Clean Versions



**El Camino Health**

Origination:	01/1990
Effective:	01/2019
Last Approved:	01/2019
Last Revised:	02/2024
Next Review:	02/2026
Owner:	<i>Carlos Bohorquez, CFO</i>
Area:	<i>Finance</i>
Document Types:	<i>Procedure</i>

## Signature Authority

# SIGNATURE AUTHORITY

## I. COVERAGE:

All El Camino Health Staff and Affiliates

## II. PURPOSE:

The purpose of this policy is to establish the level of authority required to approve operating and capital expenditures and to establish the signature authority to execute resulting contracts and related documents on behalf of El Camino Health. Authorization per the following guidelines must be obtained **prior** to the expenditure of funds.

All vendor / construction contracts must be submitted to Conga for legal review. In the event that a contract is reviewed by external legal, it must still be submitted to Conga to ensure there's a centralized contract database.

## III. CHIEF EXECUTIVE OFFICER AUTHORITY:

As delegated by the Board of Directors, the following authority is granted to the Chief Executive Officer.

### Unbudgeted Expenditures

The Chief Executive Officer (CEO) has authority, without Board approval, to approve and execute all contracts necessary for unbudgeted capital and operating expenses that do not exceed \$2 million dollars over the life of the contract, including amendments, without regard to termination language and other provisions. Amendments to contracts that extend the term or add a new scope bringing the unbudgeted contract over \$2 million total must be included in the budget and must get board approval as indicated below. Contracts for the same or similar scopes of work with a single contractor **may not** be separated into multiple contracts or amendments solely to meet the signature authority requirements.



For contracts exceeding \$2 million dollars over the life of the contract, including amendments, the following approvals are necessary before the CEO can execute the contract:

- Finance Committee approval required for expenditures that exceed \$2 million dollars but are not in excess of \$5 million dollars.
- Hospital Board approval required for expenditures that exceed \$5 million dollars but are not in excess of \$25 million dollars.
- District Board approval required for expenditures that exceed \$25 million dollars in a single transaction or any expenditures or transfers in a single transaction or a series of related transactions in excess of 5% of assets of the Hospital.

## **Budgeted Expenditures**

The CEO has the authority to execute all budgeted operating contracts. However, capital / construction expenditures require the following approvals:

- Finance Committee approval required for expenditures that exceed \$2 million dollars but are not in excess of \$5 million dollars.
- Hospital Board approval required for expenditures that exceed \$5 million dollars but are not in excess of \$25 million dollars.
- District Board approval required for expenditures that exceed \$25 million dollars in a single transaction or any expenditures or transfers in a single transaction or a series of related transactions in excess of 5% of assets of the Hospital.

## **Physician Contracts**

Authority with respect to contracts with physicians are subject to this policy as well as the requirements of the approved Physician Financial Arrangements policy (Policy Stat #13978288) and Physician Recruitment Program policy (Policy Stat #6942749).

## **Emergency Need**

An emergency is defined as a sudden, generally unexpected circumstance that demands immediate action, the absence of which would undermine essential ECH services or cause a significant economic loss to ECH. When an emergency occurs and funds must be expended or obligated without the required approvals or authority per this policy, CEO may authorize a short-term expenditure as needed to address the emergency. The action shall be brought to the next Board meeting for ratification.

## **Construction Contracts**

Only the CEO has authority to execute construction contracts which exceed \$250,000. This applies to budgeted and unbudgeted expenditures. Change orders / amendments to the original contract which increases total expenditures over \$249,999.99 can only be executed by the CEO.

# IV. MANAGEMENT AUTHORITY:

## GENERAL AUTHORITY

The CEO may delegate signature authority to certain managers for contracts **that are within the manager’s approved operating and capital budget**, as determined by the Chief Financial Officer (CFO) or the CFO’s designee in the Finance Department. All budget determinations for contracts exceeding \$200,000 must be made by the CFO and for contracts below \$200,000 CFO will assign an individual in the finance department to determine.

There is no authority for individuals other than the CEO to execute contracts for items that are not within the approved operating and capital budget. The CEO may delegate signature authority for unbudgeted contracts to the CFO or other Chief Executive in the CEO’s absence.

Signature authority for budgeted contracts is based on the total expenditure for the term of the contract without regard to termination language or other provisions. Amendments to contracts that extend the term or add a new scope are considered new contracts for purposes of signature authority, as long as they are within the approved operating and capital budget, as determined by the CFO or designee. Contracts for the same or similar scopes of work with a single contractor **may not** be separated into multiple contracts or amendments solely to meet the signature authority requirements.

### Contract Approval Levels for Budgeted Contracts

Position	Signature Authority
Manager	\$10,000
Director	\$25,000
Senior Director/Executive Director	\$50,000
Division Executive (Chief, President, or VP)	\$250,000
COO	\$500,000
CFO	\$750,000
CEO	\$2,000,000
Finance Committee	\$2,000,000.01 to \$5,000,000
Hospital Board	> \$5M - 5% of assets
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## ADDITIONAL AUTHORITY/INFORMATION

### Physician Contracts and Recruitment

See Physician Financial Arrangements Policy (Policy Stat #13978288).  
See Physician Recruitment Program Policy (Policy Stat #6942749).

### Business, Education, and Travel Expenses

See Reimbursement of Business, Education, and Travel Expenses policy (Policy Stat #6942719).

## **Independent Financial Auditors**

The selection of a certified public accounting firm must be approved by the District Board of Directors as recommended by the CFO.

## **Building Leases**

### **Medical Office Space/Building Leases – Hospital is the Landlord**

All building lease agreements (including space needs within a department) entered into with tenants of Hospital owned buildings shall be executed by the Chief Administrative Services Officer (CASO) and shall be at current fair market value.

**Sublease of Non-Medical Office Building Hospital Properties** - The Hospital shall not sublease any of its non-medical office building properties without the approval of the El Camino Healthcare District Board of Directors (per ground lease between El Camino Hospital District and El Camino Healthcare System [El Camino Hospital] of December 17, 1992 – Article 5.6 (d)).

### **Charitable Donations**

See [Community Benefits Grants Policy \(Policy Stat #9462743\)](#).

## **Employment**

Per El Camino Hospital Bylaws, the Hospital Board of Directors hires, with approval of the District Board, and negotiates the salary, benefits, and incentive compensation of the Hospital's CEO. The CEO hires or delegates to appropriate management the hiring of all other employees. Incentive pay for executive management staff requires the approval of the Board or Committee. Incentive pay for middle management requires the approval of the CEO.

## **Outside Legal Firms**

All retainer and engagement agreements for outside legal counsel must be approved by the Chief Legal Officer (CLO). All requests to use outside legal counsel (from any) department e.g. Human Resources, Medical Staff), regardless of the amount must be approved in advance by the CLO or CEO.

## **Payor Agreements – Commercial, Medicare Advantage and Medi-Cal Managed Care and Other**

- Single (individual patient) case agreements, regardless of amount, are approved by the VP of Payor Relations / Managed Care.
- All contracts with third party payors, regardless of amount, to provide medical care are approved by the CFO or CEO.

## **Contracts without Monetary Value**

Contracts that involve data usage must be approved by the Division Executive (Chief or VP).

These non-monetary contracts must be reviewed by Legal (and IT for data use) and approved as per the Contract Review Procedure. Contracts which include sharing of confidential information data such as payor mix, contract rates, conversion percent of gross charges to net patient revenue, surgical volumes by service line and/or provider, must be approved by CFO.

Current Status: <i>Active</i>		PolicyStat ID: 6943001
 <b>El Camino Health</b>	Origination:	01/1990
	Effective:	01/2019
	Last Approved:	01/2019
	Last Revised:	02/2024/2019
	Next Review:	02/2026
	Owner:	Carlos Bohorquez, CFO Michael Walsh - Controller
	Area:	Finance
	Document Types:	Procedure
<b>Signature Authority</b>		

## SIGNATURE AUTHORITY

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All El Camino Health Staff and Affiliates

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The purpose of this policy is to establish the level of authority required to approve operating and capital expenditures and to establish the signature authority to execute resulting contracts and related documents on behalf of El Camino Health. Authorization per the following guidelines must be obtained **prior** to the expenditure of funds.

All vendor / construction contracts must be submitted to Conga for legal review. In the event that a contract is reviewed by external legal, it must still be submitted to Conga to ensure there's a centralized contract database.

### III. CHIEF EXECUTIVE OFFICER AUTHORITY:

As delegated by the Board of Directors, the following authority is granted to the Chief Executive Officer.

#### Unbudgeted Expenditures

The Chief Executive Officer (CEO) has authority, without Board approval, to approve and execute all contracts necessary for unbudgeted capital and operating expenses that do not

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exceed \$2 million dollars. Contracts for the same or similar scopes of work with a single contractor **may not** be separated into multiple contracts or amendments solely to meet the signature authority requirements.

For contracts exceeding \$2 million dollars, including amendments, the following approvals are necessary before the CEO can execute the contract:

- Finance Committee approval required for expenditures that exceed \$2 million dollars but are not in excess of \$5 million dollars.
- Hospital Board approval required for expenditures that exceed \$5 million dollars but are not in excess of \$25 million dollars.
- District Board approval required for expenditures that exceed \$25 million dollars in a single transaction or any expenditures or transfers in a single transaction or a series of related transactions in excess of 5% of assets of the Hospital.

### Budgeted Expenditures

The CEO has the authority to execute all budgeted operating contracts. However, capital / construction ~~amount~~ expenditures require the following approvals:

- Finance Committee approval required for expenditures that exceed \$2 million dollars but are not in excess of \$5 million dollars.
- Hospital Board approval required for expenditures that exceed \$5 million dollars but are not in excess of \$25 million dollars.
- District Board approval required for expenditures that exceed \$25 million dollars in a single transaction or any expenditures or transfers in a single transaction or a series of related transactions in excess of 5% of assets of the Hospital.

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### Physician Contracts

Authority with respect to contracts with physicians are subject to this policy as well as the requirements of the approved Physician Financial Arrangements policy (Policy Stat #13978288) and Physician Recruitment Program policy (Policy Stat #6942749).

### Emergency Need

An emergency is defined as a sudden, generally unexpected circumstance that demands immediate action, the absence of which would undermine essential ECH services or cause a significant economic loss to ECH. When an emergency occurs and funds must be expended or obligated without the required approvals or authority per this policy, ~~CEO~~ the Chief Executive Officer may authorize a short-term expenditure as needed to address the emergency. The action shall be brought

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to the next Board meeting for ratification.

**Construction Contracts**

Only the CEO has authority to execute construction contracts which exceed \$250,000. This applies to budgeted and unbudgeted expenditures. Change orders / amendments to original contract which increases total expenditures over \$249,999.99 can only be executed by the CEO.

**IV. MANAGEMENT AUTHORITY:**

**GENERAL AUTHORITY**

The CEO may delegates signature authority to certain managers for contracts that are within the manager’s approved operating and capital budget, as determined by the Chief Financial Officer (CFO) or the CFO’s designee in the Finance Department. All budget determinations for contracts exceeding \$200,000 must be made by the CFO and for contracts below \$200,000 CFO will assign an individual in the finance department to determine. — and delegated individual in the finance department for contracts less than \$500,00. Finance Department.

There is no authority for individuals other than the CEO to execute contracts for items that are not within the approved operating and capital budget. The CEO may delegate signature authority for unbudgeted contracts to the -CFO or other Chief Executive in the CEO’s absence.

Signature authority for budgeted contracts is based on the total expenditure for the term of the contract without regard to termination language or other provisions. Amendments to contracts that extend the term or add a new scope are considered new contracts for purposes of signature authority, as long as they are within the approved operating and capital budget, as determined by the CFO or designee. Contracts for the same or similar scopes of work with a single contractor may not be separated into multiple contracts or amendments solely to meet the signature authority requirements.

4- Contract Approval Levels for Budgeted Contracts

<u>Position</u>	<u>Signature Authority</u>
<u>Manager</u>	<u>\$10,000</u>
<u>Director/</u>	<u>\$25,000</u>
<u>Senior Director/Executive Director Executive Director</u>	<u>\$50,000</u>
<u>Division Executive (Chief, President, or VP)</u>	<u>\$250,000</u>
<u>COO</u>	<u>\$500,000</u>
<u>CFO</u>	<u>\$750,000</u>
<u>CEO</u>	<u>\$2,000,000 \$1,000,000</u>

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<del>Finance Committee</del> CEO	<del>\$2,000,000.01 - \$5,000,000</del> \$1,000,000
<del>Hospital Board Finance Committee</del> <sup>2</sup>	<del>&gt; \$5M - 5% of assets</del> \$1m - \$5M
<del>ECHD Hospital Board</del> <sup>3</sup>	<del>&gt; 5% assets or \$25M</del> > \$5M - 5% of assets
<del>ECHD</del> <sup>4</sup>	<del>&gt; 5% assets or \$25M</del>

**Notes:**

<sup>1</sup>Executives can authorize items, up to their signature authority, which are in the approved operating and capital budget

<sup>2</sup>Per El Camino Hospital Board of Directors Finance Committee Charter, Finance Committee shall approve unbudgeted capital expenditures exceeding the CEO's signature authority but not in excess of \$5 million. CEO shall have signature authority upon approval.

<sup>3</sup>See El Camino Hospital Bylaws. CEO shall have signature authority upon approval.

<sup>4</sup>See ECHD Bylaws. CEO shall have signature authority upon approval.

**2. Emergency Exception**

When an emergency occurs and funds must be expended or obligated without an appropriate signature, the appropriate signatures shall be obtained the following working day by the originator or if Board approval is required at the next upcoming Board meeting.

**ADDITIONAL AUTHORITY/INFORMATION**

**3. Physician Contracts and Recruitment**

See Physician Financial Arrangements Policy (Policy Stat #13978288).  
See Physician Recruitment Program Policy (Policy Stat #6942749).

**4. Business, Education, and Travel Expenses**

See Reimbursement of Business, Education, and Travel Expenses policy (Policy Stat #6942719). Procedure.

**6. Accounting Firms, Independent Financial Auditors**

The selection of a certified public accounting firm must be approved by the District Board of Directors as recommended by the CFO. All invoices for audit fees and accounting services must be approved by the Chief Financial Officer and/or Controller of the Hospital.

**7. Building Leases**

**Medical Office Space/Building Leases – Hospital is the Landlord**

All building lease agreements (including space needs within a department) entered into with tenants of Hospital owned buildings shall be executed by the Chief Administrative Services Officer (CASO) and shall be at current fair market value.

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**Sublease of Non-Medical Office Building Hospital Properties** - The Hospital shall not sublease any of its non-medical office building properties without the approval of the El Camino Healthcare District Board of Directors (per ground lease between El Camino Hospital District and El Camino Healthcare System [El Camino Hospital] of December 17, 1992 – Article 5.6 (d).

See [Community Benefits Grants Policy \(Policy Stat #9462743\)](#).

Per El Camino Hospital Bylaws, the Hospital Board of Directors hires, with approval of the District Board, and negotiates the salary, benefits, and incentive compensation of the Hospital's CEO. The CEO hires or delegates to appropriate management the hiring of all other employees. Incentive pay for executive management staff requires the approval of the Board or Committee. Incentive pay for middle management requires the approval of the CEO.

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9. **Outside Legal Firms**

All retainer and engagement agreements for outside legal counsel must be approved signed by the Chief Legal Officer (CLO). All requests to use invoices for outside legal counsel (from any) department e.g. Human Resources, Medical Staff), regardless of the amount must be approved ~~are to be approved in advance~~ by the CLO ~~Chief Legal Officer or CEO~~.

40. **Payor Agreements – Commercial, Medicare Advantage and Medi-Cal Managed Care and other PPO/HMO Contracts**

- a. Single (individual patient) case agreements, regardless of amount, are approved by the VP of Payor Relations / Managed Care.
- b. All contracts with third party payors, regardless of amount, to provide medical care are ~~to be~~ approved by the CFO or CEO.

~~Contracts that include sharing of confidential information data such as payor mix, contract rates, conversion percent of gross charges to net patient revenue, surgical volumes by service line and/or provider, must be approved by CFO.~~  
Contracts that include sharing of confidential information data such as payor mix, contract rates, conversion percent of gross charges to net patient revenue, surgical volumes by service line and/or provider, must be approved by CFO.



# El Camino Health

## Summary of Financial Operations

*Fiscal Year 2024 – Period 7  
7/1/2023 to 01/31/2024*

# Executive Summary - Overall Commentary for Period 7

## • Results for Period 7:

- For P7, Net Revenue was favorable to budget by \$5.6M / 4.6%. Both Operating & EBIDA Margin were favorable to budget
- Gross revenue favorable to budget by \$32.8M / 6.4%
  - Driven primarily by Inpatient activity
    - Inpatient Charges \$30.3M / 11.9% favorable to budget
    - Outpatient Charges \$8.3M / 3.4% favorable to budget
    - Professional Charges: \$5.8M / 35.8% unfavorable to budget
- Cost Management
  - When adjusted for volume, overall operating expense is 6.5% favorable to budget
  - Labor: Sustained significant improvement in Labor Productivity, Contract Labor, and Overtime usage
- Gross charges were favorable to budget by \$32.8M / 6.4% and \$61.8M / 12.7% higher than the same period last year.
- Net patient revenue was favorable to budget by \$5.6M / 4.6% and \$15.2M / 13.4% higher than the same period last year.
- Operating margin was favorable to budget by \$5.3M / 47.1% and \$6.8M / 69.9% higher than the same period last year.
- Operating EBIDA was favorable to budget by \$5.4M / 28.2% and \$7.0M / 39.6% higher than the same period last year.
- Net income was favorable to budget by \$17.7M and \$32.8M below the same period last year.

# Operational / Financial Results: Period 7 – Jan 2024 (as of 01/31/2024)

(\$ thousands)		Current Year	Budget	Variance to Budget	Performance to Budget	Prior Year	Variance to Prior Year	Variance to Prior Year	Moody's	S&P	Fitch	Performance to Rating Agency Medians
									'Aa3'	'AA'	AA-'	
Activity / Volume	ADC	337	291	46	15.9%	311	26	8.5%	---	---	---	---
	Total Acute Discharges	1,947	1,831	116	6.3%	1,835	112	6.1%	---	---	---	---
	Adjusted Discharges	3,648	3,561	87	2.4%	3,400	248	7.3%	---	---	---	---
	Emergency Room Visits	6,519	7,175	(656)	(9.1%)	5,644	875	15.5%	---	---	---	---
	OP Visits / OP Procedural Cases	11,733	12,491	(758)	(6.1%)	10,343	1,390	13.4%	---	---	---	---
	Gross Charges (\$)	546,887	514,077	32,810	6.4%	485,066	61,821	12.7%	---	---	---	---
Operations	Total FTEs	3,420	3,546	(126)	(3.6%)	3,293	127	3.9%	---	---	---	---
	Productive Hrs. / APD	27.0	30.1	(3.1)	(10.3%)	28.6	(1.5)	(5.3%)	---	---	---	---
	Cost Per CMI AD	20,339	19,005	1,334	7.0%	18,631	1,708	9.2%	---	---	---	---
	Net Days in A/R	52.2	54.0	(1.8)	(3.3%)	56.5	(4.3)	(7.6%)	47.9	49.7	45.9	---
Financial Performance	Net Patient Revenue (\$)	128,942	123,311	5,631	4.6%	113,712	15,230	13.4%	329,311	115,267	---	---
	Total Operating Revenue (\$)	139,531	129,685	9,846	7.6%	118,062	21,469	18.2%	373,348	142,369	146,668	---
	Operating Margin (\$)	16,436	11,170	5,266	47.1%	9,673	6,763	69.9%	4,066	6,122	1,613	---
	Operating EBIDA (\$)	24,630	19,211	5,420	28.2%	17,645	6,986	39.6%	24,030	13,952	9,533	---
	Net Income (\$)	31,456	13,702	17,754	129.6%	64,254	(32,798)	(51.0%)	16,237	9,681	4,107	---
	Operating Margin (%)	11.8%	8.6%	3.2%	36.8%	8.2%	3.6%	43.8%	1.1%	4.3%	1.1%	---
	Operating EBIDA (%)	17.7%	14.8%	2.8%	19.2%	14.9%	2.7%	18.1%	6.4%	9.8%	6.5%	---
	DCOH (days)	263	325	(62)	(19.2%)	254	9	3.5%	262	336	243	---

**Moody's Medians:** Not-for-profit and public healthcare annual report; September 7, 2023. Dollar amounts have been adjusted to reflect monthly averages.

**S&P Medians:** U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; August 7, 2023. Dollar amounts have been adjusted to reflect monthly averages.

**Fitch Ratings:** U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; July 25, 2023. Dollar amounts have been adjusted to reflect monthly averages.

**Notes:** DCOH total includes cash, short-term and long-term investments.

OP Visits / Procedural Cases includes Covid Vaccinations / Testing.

# Operational / Financial Results: YTD FY2024 (as of 01/31/2024)

(\$ thousands)						Prior Year	Variance to Prior Year	Variance to Prior Year	Moody's	S&P	Fitch	Performance to Rating Agency Medians
		Current Year	Budget	Variance to Budget	Performance to Budget				'A1'	'AA'	AA-'	
Activity / Volume	ADC	308	290	19	6.4%	300	9	2.9%	---	---	---	---
	Total Acute Discharges	13,153	12,627	526	4.2%	12,791	362	2.8%	---	---	---	---
	Adjusted Discharges	25,583	24,791	792	3.2%	24,715	869	3.5%	---	---	---	---
	Emergency Room Visits	46,918	45,885	1,033	2.3%	44,610	2,308	5.2%	---	---	---	---
	OP Visits / OP Procedural Cases	78,953	84,489	(5,536)	(6.6%)	81,504	(2,551)	(3.1%)	---	---	---	---
	Gross Charges (\$)	3,663,512	3,526,044	137,468	3.9%	3,308,996	354,517	10.7%	---	---	---	---
Operations	Total FTEs	3,358	3,462	(103)	(3.0%)	3,278	81	2.5%	---	---	---	---
	Productive Hrs. / APD	27.9	29.7	(1.8)	(6.1%)	28.1	(0.2)	(0.6%)	---	---	---	---
	Cost Per CMI AD	18,621	19,005	(384)	(2.0%)	17,683	938	5.3%	---	---	---	---
	Net Days in A/R	52.2	54.0	(1.8)	(3.3%)	56.5	(4.3)	(7.6%)	47.9	52.6	45.9	
Financial Performance	Net Patient Revenue (\$)	854,741	855,629	(888)	(0.1%)	797,535	57,207	7.2%	2,305,178	806,870	---	
	Total Operating Revenue (\$)	896,574	894,862	1,711	0.2%	825,320	71,254	8.6%	2,613,435	996,585	146,668	
	Operating Margin (\$)	90,434	79,326	11,108	14.0%	79,229	11,205	14.1%	28,459	42,853	1,613	
	Operating EBIDA (\$)	148,319	136,614	11,704	8.6%	134,039	14,280	10.7%	168,208	97,665	9,533	
	Net Income (\$)	155,287	98,251	57,035	58.1%	151,883	3,404	2.2%	113,659	67,768	4,107	
	Operating Margin (%)	10.1%	8.9%	1.2%	13.8%	9.6%	0.5%	5.1%	1.1%	4.3%	1.1%	
	Operating EBIDA (%)	16.5%	15.3%	1.3%	8.4%	16.2%	0.3%	1.9%	6.4%	9.8%	6.5%	
	DCOH (days)	263	325	(62)	(19.2%)	254	9	3.5%	262	336	243	

**Moody's Medians:** Not-for-profit and public healthcare annual report; September 7, 2023. Dollar amounts have been adjusted to reflect monthly averages.

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**Notes:** DCOH total includes cash, short-term and long-term investments.

OP Visits / Procedural Cases includes Covid Vaccinations / Testing.

# Consolidated Balance Sheet (as of 01/31/2024)

(\$000s)

ASSETS	Unaudited		LIABILITIES AND FUND BALANCE	Unaudited	
	January 31, 2024	June 30, 2023		January 31, 2024	June 30, 2023
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash	189,528	230,765	Accounts Payable	52,038	50,862
Short Term Investments	96,055	129,245	Salaries and Related Liabilities	27,485	24,408
Patient Accounts Receivable, net	217,974	218,528	Accrued PTO	36,643	36,104
Other Accounts and Notes Receivable	25,670	20,413	Worker's Comp Reserve	2,300	2,300
Intercompany Receivables	19,435	15,186	Third Party Settlements	12,833	11,295
Inventories and Prepaids	46,813	45,037	Intercompany Payables	16,166	12,362
<b>Total Current Assets</b>	<b>595,475</b>	<b>659,174</b>	Malpractice Reserves	1,863	1,863
			Bonds Payable - Current	10,820	10,400
<b>BOARD DESIGNATED ASSETS</b>			Bond Interest Payable	-	7,890
Foundation Board Designated	22,164	20,731	Other Liabilities	13,568	11,968
Plant & Equipment Fund	466,025	407,526	<b>Total Current Liabilities</b>	<b>173,715</b>	<b>169,450</b>
Women's Hospital Expansion	31,307	30,735			
Operational Reserve Fund	210,693	207,898	<b>LONG TERM LIABILITIES</b>		
Community Benefit Fund	16,539	17,743	Post Retirement Benefits	22,876	24,242
Workers Compensation Reserve Fund	13,498	13,498	Worker's Comp Reserve	13,498	13,498
Postretirement Health/Life Reserve Fund	22,876	24,242	Other L/T Obligation (Asbestos)	28,031	29,543
PTO Liability Fund	35,800	35,252	Bond Payable	441,702	454,806
Malpractice Reserve Fund	1,713	1,885	<b>Total Long Term Liabilities</b>	<b>506,107</b>	<b>522,088</b>
Catastrophic Reserves Fund	30,778	28,042			
<b>Total Board Designated Assets</b>	<b>851,393</b>	<b>787,551</b>	<b>DEFERRED REVENUE-UNRESTRICTED</b>	<b>1,385</b>	<b>1,103</b>
			<b>DEFERRED INFLOW OF RESOURCES</b>	<b>91,334</b>	<b>91,871</b>
<b>FUNDS HELD BY TRUSTEE</b>	<b>18</b>	<b>-</b>	<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
			Unrestricted	2,575,513	2,417,300
<b>LONG TERM INVESTMENTS</b>	<b>616,484</b>	<b>474,670</b>	Board Designated	216,589	209,043
			Restricted	47,797	44,611
<b>CHARITABLE GIFT ANNUITY INVESTMENTS</b>	<b>952</b>	<b>948</b>	<b>Total Fund Bal &amp; Capital Accts</b>	<b>2,839,899</b>	<b>2,670,954</b>
			<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>3,612,440</b>	<b>3,455,466</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>35,155</b>	<b>33,262</b>			
<b>PROPERTY AND EQUIPMENT</b>					
Fixed Assets at Cost	1,890,048	1,862,363			
Less: Accumulated Depreciation	(839,059)	(791,528)			
Construction in Progress	200,530	168,956			
<b>Property, Plant &amp; Equipment - Net</b>	<b>1,251,519</b>	<b>1,239,791</b>			
<b>DEFERRED OUTFLOWS</b>	<b>56,500</b>	<b>57,204</b>			
<b>RESTRICTED ASSETS</b>	<b>36,086</b>	<b>36,339</b>			
<b>OTHER ASSETS</b>	<b>168,859</b>	<b>166,528</b>			
<b>TOTAL ASSETS</b>	<b>3,612,440</b>	<b>3,455,466</b>			