

15.0 EL CAMINO HOSPITAL DISTRICT

Hospital services that are provided by the El Camino Hospital District (District) are evaluated in this service review.

15.1 DISTRICT LOCATION

The District is located in the northern portion of Santa Clara County. The District's boundaries include the Cities of Los Altos, Los Altos Hills, Mountain View, a majority of Sunnyvale, a small portion of Cupertino, and some adjacent unincorporated areas. It should be noted that due to the type of services that are provided by the District, it does provide services to persons living outside of its boundaries.

15.2 GOVERNANCE AND PUBLIC PARTICIPATION

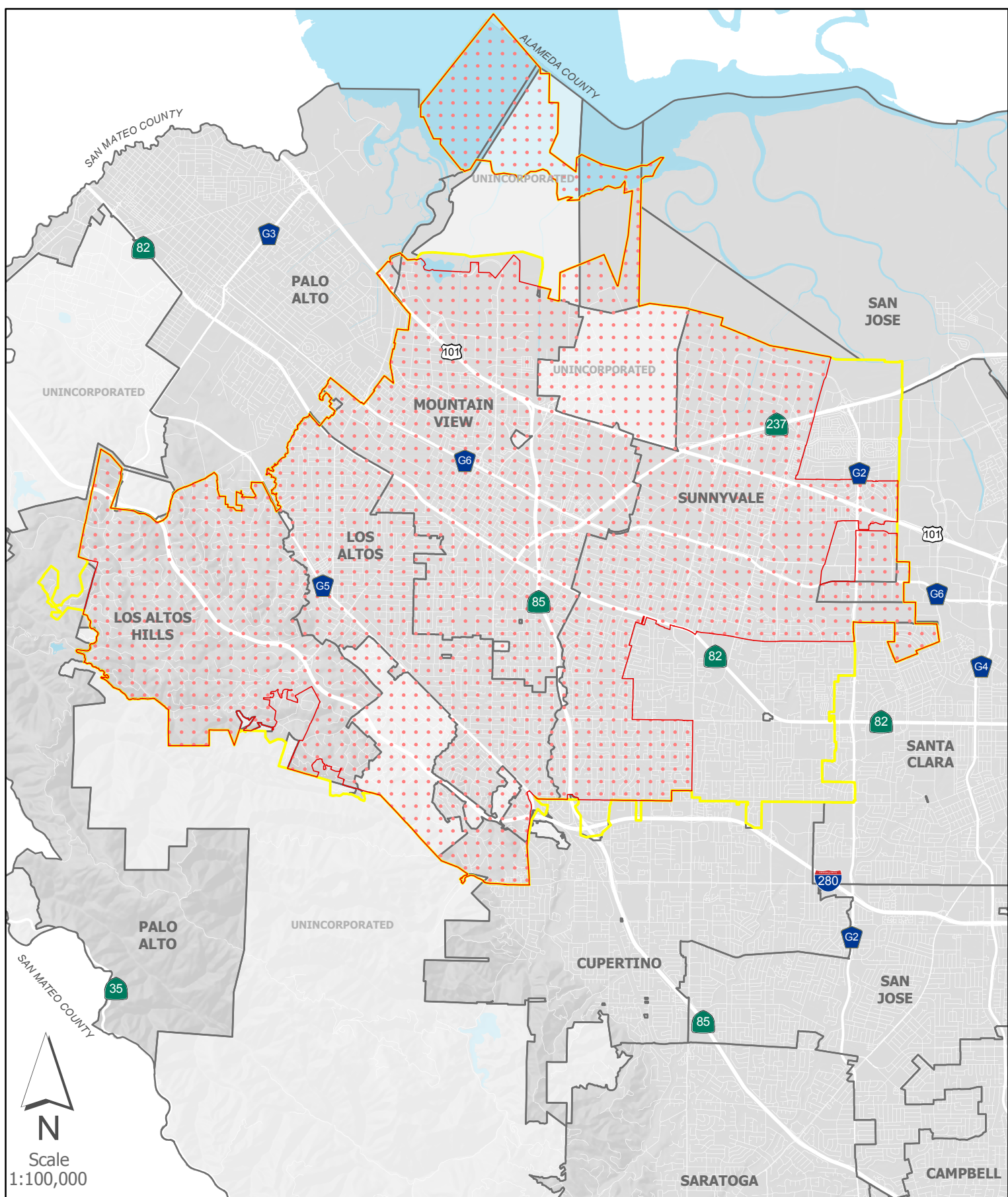
The District was formed in October 1956 pursuant to the California Health and Safety Code, Sections 32000–32490.9 to establish, maintain, and operate health care facilities and provide a full range of health services. The District is governed by a Board of Directors, which is composed of five elected members. The Board members also comprise majority of the members of the governing board of El Camino Hospital, which manages El Camino Hospital operations.

District Board meetings are held on the second Wednesday of each quarter following the El Camino Hospital Board of Directors Meetings. The meetings are held at El Camino Hospital, Main Building. Board agendas are posted online, in the lobby, and sent to a mailing list that includes local media on the Friday prior to the Wednesday Board meeting. Meetings are video taped and the videos are then posted on the Hospital's website and available for viewing.

The public is invited to attend the Board meetings and is provided the opportunity to address the Board. An agenda and support material are made available at the beginning of each meeting. In addition, the hospital publishes an eight-page newsletter three to four times a year to keep residents of the District informed about hospital activities as well as new programs and services. The publication includes schedules and contact information for the many programs that are offered to the public such as support groups, lectures, and classes.

15.3 FINANCE

The Board approved the fiscal year (FY) 2007 budget at its July 2006 meeting. Table 15.A displays revenues and expenses for 2006, 2005, and 2004.



El Camino Hospital District



Boundary



Sphere of Influence

Cities

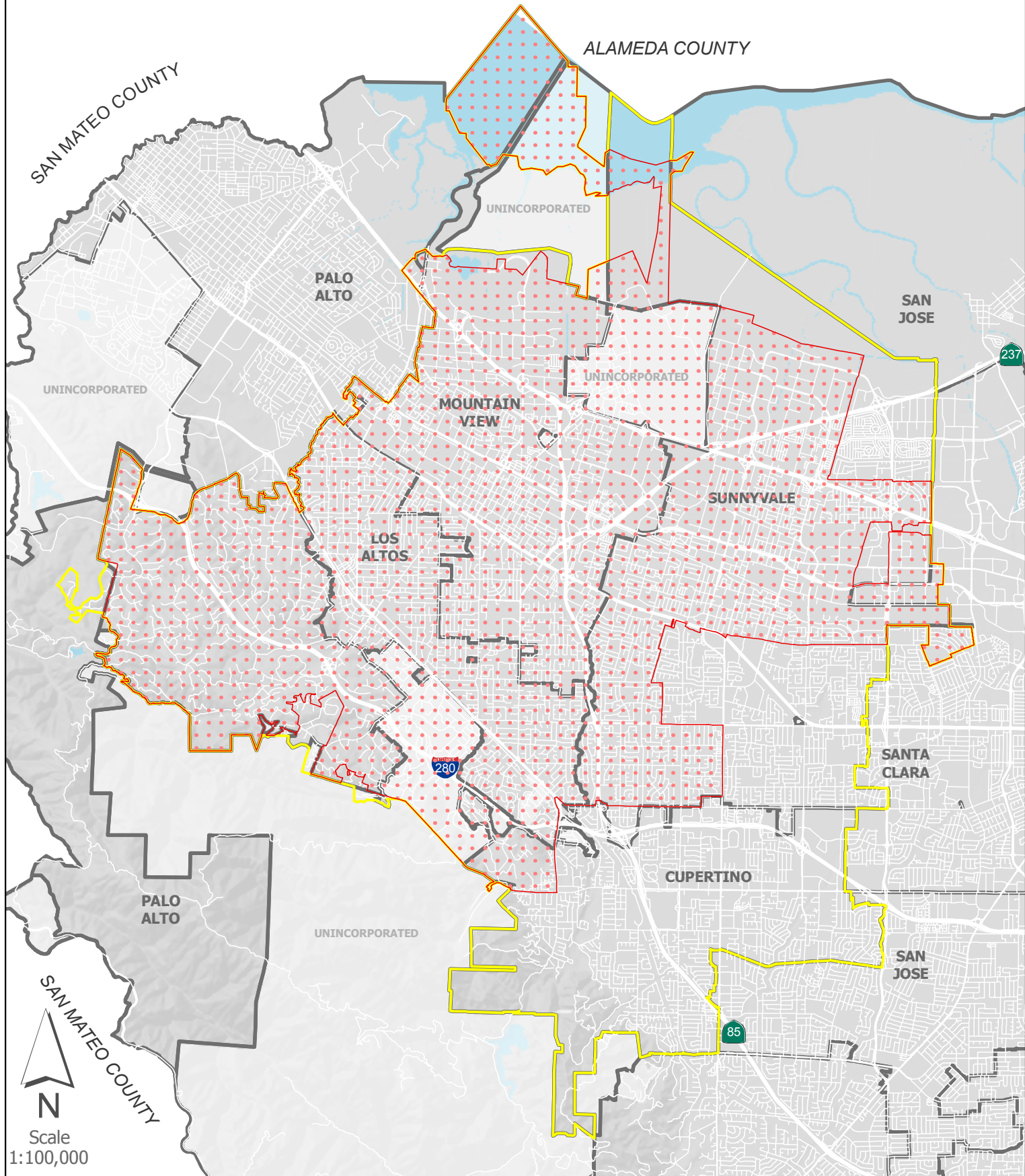


Unincorporated



0 0.5 1 2 Miles

LAFCO
Local Agency Formation Commission of Santa Clara County



El Camino Hospital District



Boundary



Recommended
Sphere of
Influence

Cities



Unincorporated



0 0.375 0.75 1.5 Miles

LAFCO
Local Agency Formation Commission of Santa Clara County

Table 15.A: Consolidated District Revenues and Expenses, FY 2006, 2005, and 2004

Revenues	2006	2005	2004
Net patient service revenue	\$334,263,000	\$291,196,000	\$262,014,000
Other revenue	\$15,973,000	\$17,664,000	\$13,672,000
Total Operating Revenue	\$350,236,000	\$308,860,000	\$275,685,000
Operating Expenses:			
Salaries, wages and benefits	176,035,000	157,891,000	149,990,000
Supplies	49,749,000	43,665,000	40,014,000
Pro fees and purchased services	43,156,000	35,139,000	30,292,000
Provision for uncollectible accounts	15,270,000	11,455,000	8,071,000
Rent and utilities	6,923,000	6,632,000	5,426,000
Depreciation and amortization	23,091,000	20,034,000	17,920,000
Interest	839,000	-	-
Other	5,558,000	3,986,000	3,463,000
Total Operating Expenses	\$320,621,000	\$278,802,000	\$255,176,000
Operating Income	\$29,615,000	\$30,058,000	\$20,509,000
Non-Operating Income			
Investment income	13,139,000	11,326,000	11,236,000
Property tax revenue	7,475,000	6,884,000	6,664,000
The Foundation's restricted donations	2,416,000	1,432,000	1,239,000

Source: El Camino Hospital District Independent Auditor's Report and Consolidated Financial Statements, June 30, 2006

Reserves

The District reserves are distributed periodically and only for the purpose of funding long-term capital projects. Currently, the District's reserves total approximately \$4 million.

Rates for Service

Hospital rates are reviewed annually. The hospital engages a consulting firm to review rates in the marketplace. The Hospital then utilizes the information provided by the consultant as well as other financial information to adjust the rates. The Hospital implemented overall average 30 percent and 7 percent rate increases on July 1, 2005, and June 1, 2006, respectively.

These rate increases account for \$53 million of additional gross revenue, which was used to pay for various contractual adjustments. According to the El Camino Hospital District Independent Auditor's Report and Consolidated Financial Statements, the Hospital has agreements with third-party payers (such as insurance companies) that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, prepaid payments per member, and per diem payments.

The District has stated that in the last 7 years El Camino Hospital has experienced an increase in financial performance, which was accomplished through a series of measures including reducing supply costs and increasing operational efficiency. This improved performance was not done in a manner that negatively impacted employees. As evidence, it should be noted that for the last three

years, El Camino Hospital has scored in the 100th percentile in employee satisfaction in a national survey of 300 benchmark hospitals.

Investment Policy

The District has an investment policy to invest excess cash exclusively in fixed-income instruments earning a market rate of interest and without assuming undue risk to principal. The policy states that the primary objectives of investments, in order of importance, are (1) preservation of capital, (2) maintenance of liquidity, (3) yield, and (4) avoidance of inappropriate concentration of investments.

Community Assistance

The Hospital provides numerous services to the community for which revenues are not generated. Last year, El Camino Hospital invested more than \$32 million in programs and services to benefit the community. These services include providing access to health care through interpreters, referral and transport services, health care screening, community support groups and health educational programs, home care and hospice programs, health screenings to detect illness early, services to help the frail and elderly, and programs that provide health care to underserved populations regardless of their insurance status or ability to pay. Table 15.C provides a summary of the community assistance provided by El Camino Hospital.

Table 15.B: Community Assistance

Service	Amount
Financial assistance to the poor and underserved	\$170,000
Nonreimbursed Medi-Cal costs of care	\$18,313,000
Community health services: health clinic and immunization program for the underserved, support groups, health screenings, wellness lectures, senior services, and women's and children's services	\$980,165
Nonreimbursed Medicare costs of care	\$12,487,000
Support for community-based organizations	\$82,000
Training and education for future health care professionals: scholarships and internships for clinical training	\$81,000
Total Community Benefit	\$32,194,165

Source: A Guide to our Resources, El Camino Hospital

15.4 HOSPITAL SERVICES

El Camino Hospital, a not-for-profit hospital in Mountain View, is located on a 42-acre campus at 2500 Grand Road, which includes five service buildings. These include:

- Main Hospital

- Oak Pavilion
- Willow Pavilion
- Orchard Pavilion
- Park Pavilion/YMCA

El Camino Hospital has 395 licensed beds, 24-hour emergency care and access to life-saving technology. Table 15.D presents the existing hospital bed capacity, Table 15.E provides a summary of the hospital activities for FY 2004–2005, and Table 15.F shows inpatient activity for 2004–2006.

Table 15.C: Summary of Existing Hospital Beds

Bed Designation	Number of beds	Percent of Total
Medical/surgery	307	78%
Critical care	28	7%
Perinatal	44	11%
NICU	16	4%
Total	375	100%

Percentage total more than 100 % due to rounding.

Table 15.D: Hospital Activities

2004–2005 (Actual)	
Patient Days: Grand Total	91,892
Discharges: Grand Total	20,399
Average length of stay (days)	
Acute hospital	4.0
Regular nursery	2.5
NICU	9.2
Sub-acute unit	365.0
Emergency room visits	38,099
Deliveries	4,354
Surgeries (ECH)	5,692
CCL/angio procedures	11,810
Laboratory tests	559,840
Radiology exams	97,959
Radiation oncology procedures	15,587
Dialysis treatments	83,002
El Camino Surgery Center surgeries	8,789
FTEs per adjusted occupied bed	4.9
FTEs per adjusted occupied bed/CMI	5.0

Source: El Camino Hospital, District, and Affiliates. Requested budget for FY 2006–2007, July 2006

FTE = Full-time equivalent

Table 15.E: Inpatient Business Activity

Specialty	2006 Days	2005 Days	2004 Days
Medial/surgical	45,225	43,120	43,902
Maternity	10,574	10,784	10,693
Pediatrics	305	387	616
NICU	4,585	4,420	4,652
Psychiatry	6,735	5,958	5,436
Subacute	12,908	17,219	17,228
Normal newborn	9,808	10,004	10,095
Total	90,140	91,892	92,622

Source: El Camino Hospital District Independent Auditor's Report and Consolidated Financial Statements, June 30, 2006

El Camino Hospital owns three other organizations, which include:

1. El Camino Hospital Foundation, which is a non-profit fund raising organization
2. CONCERN: Employee Assistance Program. The purpose of CONCERN is to provide and operate a specialized health care service plan for various business organizations nationwide
3. El Camino Surgery Center, LLP

As stated previously, due to the types of services that are provided by the District, the District serves people living outside of its boundaries. Specifically, this includes residents within the areas of Sunnyvale and Cupertino that are not within the District. The District has stated that El Camino Hospital is the largest provider of services to the Cities of Sunnyvale and Cupertino. The following information details the District's provision of services to these Cities.

Services to Sunnyvale Residents

- Of a total 11,928 (annualized) hospital discharges involving Sunnyvale residents who received inpatient care at *any* hospital during FY 2006, 5,342 discharges were from El Camino Hospital. Therefore, 44.8 percent of Sunnyvale residents who were hospitalized in the 2006 FY utilized El Camino Hospital.
- Of the 5,342 hospital discharges in FY 2006, 4,572 different Sunnyvale residents (some patients were hospitalized more than once) received inpatient services at El Camino Hospital. This indicates that 3.4 percent of the City's total population (133,544) utilized El Camino Hospital on an inpatient basis in 2006. This represents 25 percent of the hospital's total inpatient business.
- The hospital services most heavily utilized by Sunnyvale residents include:
 - 1,157 Obstetrics and delivery discharges (includes 304 NICU discharges)
 - 622 Cardiovascular discharges
 - 295 Gastroenterology discharges
 - 248 General Surgery discharges

- Outpatient visits in excess of 28,000 came from 11,120 Sunnyvale residents and included:
 - 8,547 emergency room visits by 6,461 residents
- Of all Sunnyvale residents who utilized El Camino Hospital, 2,320 residents used both inpatient and outpatient services.

Services to Cupertino Residents

- Of a total 3,828 (annualized) hospital discharges involving Cupertino residents who received inpatient care at *any* hospital during FY 2006, 1,576 discharges were from El Camino Hospital. Therefore, 41.2 percent of Cupertino residents who were hospitalized in the 2006 FY utilized El Camino Hospital.
- Of the 1,576 hospital discharges in FY 2006, 1,346 different Cupertino residents (some patients were hospitalized more than once) received inpatient services at El Camino Hospital. This indicates that 2.5 percent of the City's total population (53,840) utilized El Camino Hospital on an inpatient basis in 2006. This represents 7.5 percent of total El Camino Hospital inpatient business.
- Service lines most heavily utilized by Cupertino residents at El Camino Hospital:
 - 286 Obstetrics and delivery discharges (includes 65 NICU discharges)
 - 183 Cardiovascular discharges
 - 97 Orthopedic surgery discharges
 - 84 Gastroenterology discharges
 - 78 General medicine discharges
- Approximately 11,000 outpatient visits by 7,431 Cupertino residents were noted which included:
 - 2,105 emergency room visits by 1,748 Cupertino residents
- Of all Cupertino residents who utilized El Camino Hospital, 721 residents used both inpatient and outpatient services.

The State's utilization database shows El Camino Hospital's overall market share by inpatient discharge volume to be 46.2 percent in Cupertino, and at 46.8 percent in Sunnyvale.

In addition to inpatient and life saving medical services, El Camino Hospital also provides the community with a variety of health-related programs and services. These services range from education and support to basic medical care for those people in the community who cannot pay. Services provided by El Camino Hospital include:

- | | |
|--------------------------------------|-----------------------|
| • Community wellness lecture series | • Health care update |
| • Health library and resource center | • Speakers bureau |
| • Classes and support groups | • Diabetes management |
| • Community newsletter | |

- Maternal connections: lactation center and mother/baby store
- Maternal child health classes and support groups
- Journey to family maternity tours and orientation
- RotaCare clinic
- Flu shot program
- Healing arts program
- Lifeline
- Tele-care
- South Asian Heart Center
- Family caregiver assistance program
- Roadrunners transportation service
- Ask the pharmacist
- Consult the dietitian
- Advance health care planning/advance directive assistance
- Health insurance counseling
- HICAP counseling for seniors
- Blood pressure screening
- Health screenings
- Cardiovascular pulmonary wellness center
- Scholarships
- El Camino Hospital auxiliary
- Chaplaincy program
- Hospital tours
- Student tours
- Student shadowing programs

The Hospital is expecting to add several new programs and services such as a Heart & Vascular Center encompassing an anticoagulation clinic . There are also plans to open a state-of-the-art Cancer Center.

The District has stated that it is not in a position to share facilities with other public agencies. However, the District does have a number of partnerships that strengthen healthcare in its community. For example, the District has various partnerships with the YMCA, Rotacare Bay Area, Pathways (a home care and hospice organization), the Red Cross, Packard Children's Hospital, and Stanford Hospital.

Staffing

According to the Draft Initial Study for the El Camino Hospital Facilities Reconstruction Project, in 2004, the Hospital had a total of 2,125 employees. This number includes approximately 841 full-time employees, 799 part-time employees, 485 unscheduled employees, and 430 volunteers.

According to the El Camino Hospital District Independent Auditor's Report and Consolidated Financial Statements, the Hospital, like most others in the nation, continues to be faced with a shortage of nurses and other clinical professionals. In an ongoing response to this shortage, the Hospital has continued staffing strategies such as a recruitment retention taskforce, an enhanced Refer-a-Friend program, and a revitalized recruitment Web site. During 2006, the Hospital decreased its time to fill RN positions by 80 percent over 2005.

15.5 HOSPITAL REVIEWS

The health care industry and the District are subject to numerous laws and regulations of federal, state, and local governments. Although the District is not aware of any violations of laws and regulations, it has received corrective action requests as a result of completed and ongoing surveys from applicable regulatory authorities. Management continually works in a timely manner to implement operational changes and procedures to address all corrective action requests from regulatory authorities.

15.6 INFRASTRUCTURE IMPROVEMENTS

In 1994, the California legislature enacted Senate Bill 1953, which requires that California hospitals evaluate and upgrade acute care facilities by 2008 in order to meet the requirements of the Hospital Seismic Safety Act. The District is requesting an extension until January 2013 to ensure compliance with the regulation.

The District developed a Facilities Master Plan, which detailed the development of a replacement hospital building to be constructed by the summer of 2009. On April 5, 2006, the Hospital Board of Directors approved Resolution 2006-5 approving a "Hospital Project" in the amount of \$480 million for five construction phases and the related furniture, fixtures, equipment, soft costs, and contingencies that are required to successfully complete the hospital facility project. On June 8, 2006, the groundbreaking occurred for this project.

In addition to the new hospital project, during 2006 the hospital completed a four-tier, 850-space parking structure, primarily for hospital employees. Also, under the same construction contract, the hospital completed a significant portion of its new Medical Office Building that opened in August 2006 to a number of physician tenants.

Also during the fiscal year, the hospital completed a number of "Make Ready" projects, which allow the hospital to operate continuously and uninterrupted during its 3-year construction of the new hospital project. These included relocation of its main entrance, patient registration, outpatient laboratory, main corridor realignment, and site utilities. During this time, the hospital completed a significant renovation to accommodate the relocation of its Information Technology Department and to enhance its Radiology/Interventional Services Department, putting into service state-of-the-art radiology medical equipment. Also, the hospital made a major investment in and implemented a new state-of-the-art Clinical Information System, which went live on March 25, 2006. A replacement computerized physician order entry system is expected to be fully functional with further enhancement by 2008.

15.7 AWARDS AND RECOGNITIONS

Consistently ranked as a leading hospital in the area, El Camino Hospital recently received the highest ranking in the Patients' Evaluation of Performance in California survey. The hospital has received national recognition for several pioneering programs in the areas of cardiac treatment, radiation oncology, and maternity.

According to the El Camino Times, in 2005 El Camino Hospital was one of three hospitals in the country recognized for its leadership and innovation in quality, safety, and commitment to patient care. The American Hospital Association McKesson Quest for Quality Prize went to New York-Presbyterian Hospital in New York, N.Y.; North Mississippi Medical Center in Tupelo, Mississippi; and El Camino Hospital in Mountain View, the only West Coast hospital to earn this honor. The prize honors organizations that are committed to improving safety patient-centeredness, effectiveness, efficiency, timeliness, and equity as the basis for comprehensive quality-oriented health care.

As stated in the El Camino Times, El Camino Hospital was recognized in the Bay Area survey as a number one hospital and fourth overall best place to work. For the fourth consecutive year, El Camino Hospital has been named one of the country's "Most Wired" hospitals in a benchmarking study conducted by Hospital and Health Networks magazine. The hospitals and healthcare systems named in this study have made significant progress in the area of electronic medical records and have demonstrated proficiency in the use of Internet technologies for equality, customer service, public health and safety, business processes, and work-force issues.

Additionally, in December 2005, the El Camino Hospital Nursing Division received the American Nurses Association Credentialing Center's prestigious Magnet Designation. El Camino Hospital is the only hospital in Northern California to hold this prestigious award, and only 3 percent of hospitals nationwide have the designation.

15.8 SERVICE REVIEW DETERMINATIONS FOR EL CAMINO HOSPITAL DISTRICT

The service review guidelines prepared by the State Office of Planning and Research recommend that issues relevant to the jurisdiction be addressed through written determinations called for in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 1985 (CKH Act). Based on the above information, following are the written determinations for the District.

Infrastructure Needs and Deficiencies

1. The District is in the process of constructing a new hospital facility due to be completed by the end of summer of 2009. This facility will meet the requirements of the Hospital Seismic Safety Act.
2. The hospital completed a number of "Make Ready" projects, which allow the hospital to operate continuously and uninterrupted during its construction of the new hospital project.

Growth and Population

1. Based on Association of Bay Area Governments (ABAG) projections, the County is expected to experience a moderate growth rate of 1.19 percent annually through 2025. This growth is not expected to impact the District's service provision capabilities.

Financing Constraints and Opportunities

1. The District has had revenues in excess of expenditures for the past several years.
2. The District is utilizing revenue bonds to finance a portion of the new hospital facility project. The District issued \$148 million in bonds in December 2006 for this project. Then in 2007 the hospital issued \$150 million in revenue bonds and may issue up to another \$100 million in revenue bonds in 2008 to assist in financing the new facility project.

Cost-Avoidance Opportunities

1. The District has stated that in the last 7 years El Camino Hospital has experienced an increase in financial performance, which was accomplished through a series measures including reducing supply costs and increasing operational efficiency.

Opportunities for Rate Restructuring

1. Hospital rates are reviewed annually. The hospital utilizes a consulting firm to review rates in the marketplace. The hospital then analyzes the information provided by the consultant as well as other financial information to adjust the rates.

Opportunities for Shared Facilities

1. Due to the unique services that this public agency provides, there is limited opportunity to share facilities with other agencies.

Government Structure Options

1. The existing provision of service is efficient in that one agency provides service to a large geographic area.
2. Due to the type of services that are provided by the District, the District serves people living outside of its boundaries. Specifically, the District is a provider of services to people residing in the Cities of Sunnyvale and Cupertino. Because of this, expansion of the District's boundaries to include the entire Cities of Sunnyvale and Cupertino has been identified.

Advantages: The District boundaries would provide a more accurate delineation of the area being served by the District.

Disadvantages: Expansion of the District boundaries would include residents who receive hospital services from a private service provider and would not utilize the District's facilities.

Evaluation of Management Efficiencies

1. The District is subject to routine surveys and reviews by federal, State, and local regulatory authorities. The District has received corrective action requests as a result of completed and

ongoing surveys from applicable regulatory authorities. Management works in a timely manner to implement operational changes and procedures to address all corrective action requests from regulatory authorities.

2. The District's hospital services have received several awards and recognitions. This is indicative of excellent service provision and management efficiencies.

Local Accountability and Governance

1. The District ensures that local accountability and governance standards are met by holding meetings pursuant to the Brown Act. In addition, the hospital publishes a newsletter three to four times a year to keep residents of the District informed about hospital activities as well as new programs and services.

15.9 SOI RECOMMENDATION FOR THE EL CAMINO HOSPITAL DISTRICT

Current SOI Boundary

The District's existing SOI includes the Cities of Los Altos, Los Altos Hills, Mountain View, a portion of Sunnyvale, a small portion of Cupertino, and unincorporated areas that are located to the north and east of Mountain View and south of Los Altos.

SOI Recommendation

Because the District is already providing service to residents within the Cities of Sunnyvale and Cupertino, it is recommended that LAFCO expand the District's SOI to include the entire Cities of Sunnyvale and Cupertino and be coterminous with their boundaries.

15.10 SOI DETERMINATIONS FOR THE EL CAMINO HOSPITAL DISTRICT

As detailed in Section 1.1, Government Code Section 56425 requires written determinations with respect to the following four factors to update an agency's SOI. Based on the information above, the following determinations are provided to update the District's existing SOI.

1. The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands

The District service area is composed of well-established communities that are nearly built out, including the Cities of Los Altos, Los Altos Hills, Mountain View, Sunnyvale, and Cupertino. However, the District's SOI also includes unincorporated areas located south of Los Altos, which include open space lands and most likely agricultural lands.

Finding: Planned land uses throughout the District are generally similar to those of the existing uses.

2. Present and Probable Need for Public Facilities and Services in the Area

The District is generally built out, and most future growth would be limited to infill development and redevelopment. Also, because the District is already providing service to residents living outside of the District's boundary but within the Cities of Sunnyvale and Cupertino, inclusion of the remainder of these Cities' areas into the District's SOI would not increase the need for the District's services. Therefore, the probable growth in need for District services would be low.

Finding: The need for additional District services is expected to be low in the future.

3. Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide

The District has received several awards and regional recognitions for its provision of service. The District is currently undergoing infrastructure improvements and adding new technology and medical programs.

Finding: The present capacity of public facilities and provision of service appears to be adequate.

4. Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency

Finding: The Cities of Los Altos, Los Altos Hills, Mountain View, Sunnyvale, and Cupertino form the social and economic communities of interest for the District because the District serves residents within these areas.