

**AGENDA**  
**FINANCE COMMITTEE MEETING**  
**OF THE EL CAMINO HOSPITAL BOARD**  
**Monday, August 25, 2020 – 5:30 pm**

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

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

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

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

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>1. CALL TO ORDER / ROLL CALL</b>	John Zoglin, Chair		<b>5:30 – 5:31 pm</b>
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	John Zoglin, Chair		<b>information 5:31 – 5:32</b>
<b>3. PUBLIC COMMUNICATION</b> a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	John Zoglin, Chair		<b>information 5:32 – 5:35</b>
<b>4. CONSENT CALENDAR</b> <i>Any Committee Member may remove an item for discussion before a motion is made.</i>	John Zoglin, Chair	<i>public comment</i>	<b>motion required 5:35 – 5:38</b>
<b>Approval</b> a. <a href="#">Minutes of the Open Session of the Joint Finance and ECHB meeting (07/27/20)</a> b. <a href="#">Minutes of the Open Session of the Finance Committees (07/27/2020 and 8/17/2020)</a> <b>Information</b> c. <a href="#">FY21 Pacing Plan</a>			
<b>5. FY21 PERIOD 1 FINANCIALS</b> <b><a href="#">ATTACHMENT 5</a></b>	Michael Moody, Interim CFO	<i>public comment</i>	<b>motion required 5:38 – 5:53</b>
<b>6. POST-IMPLEMENTATION REVIEW</b> a. <a href="#">LG Cancer Center</a> b. <a href="#">Waste Water Treatment</a>	Ken King, CASO		<b>information 5:53 – 6:13</b>
<b>7. ECHMN FINANCIAL REPORT</b> <b><a href="#">ATTACHMENT 7</a></b>	Bruce Harrison, President, SVMD; David Neapolitan, VP of Finance, SVMD		<b>information 6:13 – 6:43</b>
<b>8. APPOINTMENT OF NEW FINANCE COMMITTEE MEMBER(S)</b>	John Zoglin, Chair; Cindy Murphy, Director, Governance Services	<i>public comment</i>	<b>motion required 6:43 – 6:53</b>
<b>9. REVIEW AND DISCUSS COMMITTEE SELF-ASSESSMENT RESULTS</b> <b><a href="#">ATTACHMENT 9</a></b>	John Zoglin, Chair; Cindy Murphy, Director, Governance Services	<i>public comment</i>	<b>motion required 6:53 – 7:23</b>

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

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>10. ADJOURN TO CLOSED SESSION</b>	John Zoglin, Chair		<b>motion required</b> 7:23 – 7:24
<b>11. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	John Zoglin, Chair		<b>information</b> 7:24 – 7:25
- <b>CONSENT CALENDAR</b> <i>Any Committee Member may remove an item for discussion before a motion is made.</i> <b>Approval</b> <i>Gov't Code Section 54957.2:</i> <ul style="list-style-type: none"> <li>- Minutes of the Closed Session of the Joint Finance and ECHB meeting (07/27/20)</li> <li>- Minutes of the Closed Session of the Finance Committees (07/27/2020)</li> </ul>	John Zoglin, Chair		<b>motion required</b> 7:25 – 7:26
<b>12. Health and Safety Code Sections 32106(b) for report and discussion involving healthcare facility trade secrets:</b> <ul style="list-style-type: none"> <li>- Radiation Oncology Capital Equipment Pro-Forma</li> </ul>	Jim Griffith, COO; Michael Moody, Interim CFO		<b>information</b> 7:26 – 7:36
<b>13. Gov't Code Sections 54957 for report and discussion on personnel matters – Senior Management:</b> <ul style="list-style-type: none"> <li>- Executive Session</li> </ul>	John Zoglin, Chair		<b>information</b> 7:36 – 7:41
<b>14. ADJOURN TO OPEN SESSION</b>	John Zoglin, Chair		<b>motion required</b> 7:41 – 7:42
<b>15. RECONVENE OPEN SESSION / REPORT OUT</b>	John Zoglin, Chair		<b>information</b> 7:42 – 7:43
To report any required disclosures regarding permissible actions taken during Closed Session.			
<b>16. CLOSING COMMENTS</b>	John Zoglin, Chair		<b>information</b> 7:43 – 7:46
<b>17. ADJOURNMENT</b>	John Zoglin, Chair	<i>public comment</i>	<b>motion required</b> 7:46 – 7:47

**Upcoming Meetings:**

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



**Minutes of the Open Session of the  
Joint Meeting of the Finance Committee  
El Camino Hospital Board of Directors  
Monday, July 27, 2020**

Pursuant to State of California Executive Order N-29-20 dated March 18, 2020, El Camino Health did not provide a physical location for this meeting. Instead, the public was invited to join the open session meeting via teleconference.

**Members Present**

*Hospital Board Members:*

- Lanhee Chen, Chair\*\***
- Peter C. Fung, MD\*\***
- Gary Kalbach\*\***
- Julie Kliger, MPA, BSN\*\***
- Julia E. Miller\*\*, Secretary/Treasurer**
- Jack Po, MD, PhD\*\***
- Bob Rebitzer\*\***
- George O. Ting, MD\*\***
- Don Watters\*\***
- John Zoglin, Vice Chair\*\***

*Finance Committee Members:*

- Joseph Chow\*\***
- Boyd Faust\*\***
- Richard Juelis\*\***

**Board Members Absent**

None  
  
\*\*via teleconference

**Members Excused**

None

Agenda Item	Comments/Discussion	Approvals/ Action
<b>1. CALL TO ORDER/ ROLL CALL</b>	The open session meeting of the Joint Meeting of the Finance Committee and the Board of Directors of El Camino Hospital (the “Board”) was called to order at 5:30pm by Chair Chen. A verbal roll call was taken. Chair Chen reviewed the logistics for the meeting. Director Fung and Mr. Faust joined the meeting at 5:31pm. All Board and Committee members were present and participated via teleconference and videoconference pursuant to Santa Clara County’s shelter in place order. A quorum was present pursuant to State of California Executive Orders N-25-20 dated March 12, 2020 and N-29-20 dated March 18, 2020.	
<b>2. POTENTIAL CONFLICTS OF INTEREST DISCLOSURES</b>	Chair Chen asked if any Board members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
<b>3. PUBLIC COMMUNICATION</b>	<p>Members of the public, including representatives from SEIU – United Healthcare Workers West, expressed concerns about the financial impact of the pandemic on frontline staff, including flexed staffing schedules, stresses on the job, and difficulties in navigating and having sufficient benefits.</p> <p>Employees from the Labor &amp; Delivery Department in Los Gatos expressed concerns about the restructure in the current model of care and schedules in the department, including the change from 12 to eight-hour shifts, the lack of employee and provider input, and the consolidation with post-partum space and services.</p> <p>Kevin Baptiste, member of the SEIU-UHW Executive Board, expressed concerns about the lack of communication from leadership to floor staff about how best to keep employees safe. He also urged management to invest in employee health and safety, including hazard pay for frontline workers.</p>	
<b>4. REVIEW AND</b>	Chair Chen explained that there will be a motion on this item in the Special	

<p><b>DISCUSS UPDATE ON PREVIOUSLY APPROVED SWAP TRANSACTION</b></p>	<p>Hospital Board meeting immediately following the joint session.</p> <p>Michael Moody, Interim CFO, introduced Chuck Kirkpatrick and Jennifer Brown from Ponder &amp; Co and explained that the presentation will cover risks and mitigation tactics.</p> <p>Mr. Kirkpatrick reviewed the mechanics of an interest rate swap: a contract to exchange cash flows between two different counterparties.</p> <p>He then outlined the type of transaction that ECH is considering, a fixed payer swap, where the buyer (ECH) pays a fixed rate, receives a variable rate that offsets variable interest costs on bonds, and is used in conjunction with variable rate bonds to affect synthetic fixed debt. Mr. Kirkpatrick noted that ECH is considering an Interest Rate Swap because of very low current interest rates (0.81%) and the ability to lock in low, long-term rates in anticipation of future refunding. The traditional tax-exempt market does not have an efficient way to lock in rates for a future bond issue; instead, organizations can enter into a forward-starting fixed rate payer swap. ECH has bonds that are callable February 1, 2025 and those cash flows would become effective when the bonds are called.</p> <p>Mr. Kirkpatrick explained that current costs would be SIFMA, a weekly tax-exempt index for floating rate bonds (about 0.11%), plus a 0.60% (a credit facility cost); the current cost of capital (total synthetic fixed rate) would be 1.6%. Mr. Kirkpatrick provided an overview of the main risks with this type of transaction as further detailed in the materials: issuance, renewal, basis, MTM (mark to market), negative rate, collateral posting (which includes credit rating maintenance requirements), and counterparty.</p> <p>Mr. Kirkpatrick explained that the 1.6% cost of capital includes transaction costs and the net present value bond savings would be \$1.4 million. He, Mr. Moody, and Ms. Brown further described 1) the potential lost opportunity cost to issue bonds at a lower interest rate, 2) how there are no bonds that can be refunded today to take advantage of low interest rates, and 3) how tax law changed in 2017 to prohibit advanced refunding.</p> <p>Mr. Moody reported that the proposed transaction would apply to one third of the outstanding par amount on the 2015 bonds (\$40 million) as a way to mitigate risk. In response to Director Ting’s question, Mr. Moody noted that this amount was determined based on risk appetite.</p> <p>In response to Board and Committee member questions, Mr. Kirkpatrick noted that 1) this transaction would be saving money on the debt side of the balance sheet, 2) several other Ponder &amp; Co. clients are reviewing these kinds of transactions, and 3) ECH executed a Swap like this in 2007, which was did not turn out favorable as the transaction occurred before the 2007-08 financial crisis. Mr. Kirkpatrick commented that it is worth considering if the enterprise can make money from operations if the cost of capital is 1.6% on this relatively small portion of the structure.</p>	
<p><b>5. ADJOURN TO CLOSED SESSION</b></p>	<p><b>Motion:</b> To adjourn to closed session at 6:25pm pursuant to <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: FY21 Initial Forecast &amp; FY21 Budget – New Services and Programs.</p> <p><b>Movant:</b> Kalbach  <b>Second:</b> Po  <b>Ayes:</b> Chen, Chow, Faust, Fung, Juelis, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Watters, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None</p>	<p><b>Adjourned to closed session at 6:25pm</b></p>

	<b>Absent:</b> None <b>Recused:</b> None	
<b>6. AGENDA ITEM 9: RECONVENE OPEN SESSION/ REPORT OUT</b>	Open session was reconvened at 7:52pm by Chair Chen. Agenda Items 6-8 were addressed in closed session.  No actions were taken during the closed session.	
<b>7. AGENDA ITEM 10: FY21 INITIAL FORECAST AND FY21 BUDGET</b>	There was no discussion on this item.	
<b>8. AGENDA ITEM 11: ADJOURNMENT</b>	<b>Motion:</b> To adjourn at 7:53pm. <b>Movant:</b> Kalbach <b>Second:</b> Watters <b>Ayes:</b> Chen, Chow, Faust, Fung, Juelis, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Watters, Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None	<i>Meeting adjourned at 7:53pm</i>

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

\_\_\_\_\_  
Lanhee Chen  
Chair, ECH Board of Directors

\_\_\_\_\_  
Julia E. Miller  
Secretary, ECH Board of Directors

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

Prepared by: Cindy Murphy, Director of Governance Services  
Sarah Rosenberg, Contracts Administrator/Governance Services EA



**Minutes of the Open Session of the  
Finance Committee of the  
El Camino Hospital Board of Directors  
Monday, July 27, 2020**

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

**Members Present**

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

**Members Absent**

\*\*via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
<b>1. CALL TO ORDER/ ROLL CALL</b>	The open session meeting of the Finance Committee of El Camino Hospital (the “Committee”) was called to order at 7:58 by Chair John Zoglin. A verbal roll call was taken. All members were present and participated telephonically. A quorum was present pursuant to State of California Executive Orders N-25-20 dated March 12, 2020 and N-29-20 dated March 18, 2020.	
<b>2. POTENTIAL CONFLICT OF INTEREST</b>	Chair Zoglin asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
<b>3. PUBLIC COMMUNICATION</b>	There were no comments from the public.	
<b>4. CONSENT CALENDAR</b>	<p>Chair Zoglin asked if any member of the Committee wished to remove an item from the consent calendar. None were noted.</p> <p>Mr. Faust requested to pull item (a) Minutes of the Open Session of the Finance Committee Meeting and item (b) FY20 Period 11 Financials for discussion. For item (a), he requested changes and corrections. For item (b), Mr. Faust requested the word “arrested” to be changed to “being addressed.”</p> <p>Motion: To approve the consent calendar: (a) Minutes of the Open Session of the Finance Committee Meeting as corrected (06/03/2020) and (b) FY20 Period 11 Financials as revised, and for information: (c) FY21 Committee Pacing Plan, and (d) Progress Against FY20 Committee Goals.</p> <p><b>Movant:</b> Kalbach  <b>Second:</b> Juelis  <b>Ayes:</b> Chow, Faust, Juelis, Kalbach, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<i>Consent Calendar was approved.</i>
<b>5. REPORT ON BOARD ACTIONS</b>	<p>Chair Zoglin asked the Committee for any questions or feedback on the Report on Board Actions as further detailed in the packet. There were no questions.</p> <p>Dan Woods, CEO, stated that management wants to update the Strategic Plan. ECH has talked to four (4) of five (5) firms to take a look at hospital’s current state and see what the opportunities are for a new strategic framework. He anticipates having a finalized plan by spring</p>	

	<p>2021. Dr. Woods stated that any questions or comments about strategy are greatly appreciated.</p>	
<p><b>6. FY20 PERIOD 12 FINANCIALS (YEAR END)</b></p>	<p>Michael Moody, Interim CFO, presented the FY20 Period 12 financial results for the month of June. For the month of June the operating gain was \$21.3 million versus a budget of \$7.1 million and the Total Margin was \$54.8 million and includes a \$30 million unrealized gain in El Camino’s investment portfolio in the month of June. The actual results include certain year-end adjustments totaling \$11.9 million of additional income. Mr. Moody also presented the June financial statements without the year-end adjustments showing that the results, on a pro-forma basis, the June operating gain was favorable versus the budget by \$2.3 million, a remarkable turnaround from the April results. Included in this presentation was an analysis of the impact of a higher proportion of outpatient procedural volumes in the last three months on the results for El Camino hospitals.</p> <p>Mr. Moody reviewed the reconciliation of the results with and without the year-end adjustments and their major components. The year-end adjustments were mainly for the actuarially determined liabilities related to the Pension plan and Workers’ Compensation, totaling \$7.8 million, and certain revenue items totaling \$3.7 million. Additionally the impact of additional expenses directly associated with the COVID 19 pandemic was presented.</p> <p>Mr. Moody discussed the current cash balance and the impact that the Medicare Advance refunding of \$76 million has had on the balance sheet and that it is expected that Medicare will begin the process of recovering these funds in the coming month.</p> <p>Motion: To approve the FY20 12 Financials (Year End).</p> <p><b>Movant:</b> Watters  <b>Second:</b> Juelis  <b>Ayes:</b> Chow, Faust, Juelis, Kalbach, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<p><i><b>FY20 Period 12 Financials (Year End) was approved.</b></i></p>
<p><b>7. FY21 BUDGET – ROLLING FORECAST</b></p>	<p>The FY21 budget and rolling forecast was discussed in depth at the Joint ECHB/Finance Committee meeting earlier in the evening. Mr. Moody clarified the approach to the capital budget in further detail explaining that the approach to capital budgeting was bifurcated into two categories for FY21. The first category is the Routine Capital expenditure budget or pool and was sized using the cash flows from operations projected for FY21 at approximately \$20M. It has not been further allocated into medical equipment or IT pools but instead will be managed as one capital pool. For larger strategic projects the detail of projects that are either underway or are being considered was presented in the Appendix. These projects include items such as the replacement of the current Los Gatos hospital, Women’s hospital in Mountain View and service line related projects. Given the magnitude and importance of these projects management is reviewing the projects from both a strategy and scope perspective during FY21.</p>	<p><i><b>FY21 Budget – Rolling Forecast was approved.</b></i></p>

	<p>Additionally Mr. Moody also clarified that this budget as presented this evening would be used to establish organization incentive goals. Due to technical difficulties, a vote was not recorded from Mr. Kalbach.</p> <p>Motion: To approve the FY21 Budget Rolling Forecast.</p> <p><b>Movant:</b> Watters  <b>Second:</b> Faust  <b>Ayes:</b> Chow, Faust, Juelis, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Kalbach  <b>Recused:</b> None</p>	
<p><b>8. CAPITAL FUNDING REQUESTS</b></p>	<p>Jim Griffith, COO, presented the Capital Funding Requests. He stated that this project for Radiation Oncology Equipment Replacement was reviewed previously and had an original quote that did not include a few items with respect to building codes that have also changed. As stipulated in the materials presented, with refined construction cost, ECH is requesting an additional \$3.5M funding for this project.</p> <p>Chair Zoglin requests Victor Cabrera to come back to present an explanation for the net present value at the August meeting.</p> <p>Chair Zoglin also suggests to vote with the stipulation that the committee will receive the details requested from Mr. Cabrera at the next meeting.</p> <p>Motion: To approve the Capital Funding Requests for both requests presented in the packet (Rad. Onc. and Sterile Processing Equipment)</p> <p><b>Movant:</b> Watters  <b>Second:</b> Kalbach  <b>Ayes:</b> Chow, Faust, Juelis, Kalbach, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<p><b>9. ECHMN FIANANCIAL REPORTS</b></p>	<p>Due to the joint meeting running longer than expected, Chair Zoglin deferred Agenda Item #9 to be added to the August 17, 2020 Finance Committee meeting.</p>	<p><i>FY21 Committee Planning was approved.</i></p>
<p><b>10. POST-IMPLEMENTATION REVIEW</b></p>	<p>Due to the joint meeting running longer than expected, Chair Zoglin deferred Agenda Item #10 to be added to the August 17, 2020 Finance Committee meeting.</p>	
<p><b>11. ADJOURN TO CLOSED SESSION</b></p>	<p><b>Motion:</b> To adjourn to closed session at 9:06pm.  <b>Movant:</b> Faust  <b>Second:</b> Kalbach  <b>Ayes:</b> Chow, Faust, Juelis, Kalbach, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<p><i>Adjourned to closed session at 9:06pm</i></p>
<p><b>12. AGENDA ITEM 17: RECONVENE OPEN SESSION/ REPORT OUT</b></p>	<p>The open session reconvened at 9:20 pm. Agenda Items 11-16 were covered in closed session. During the closed session, the Committee approved Meeting Minutes of the Closed Session of the Finance Committee (06/03/2020) by a unanimous vote of all members present</p>	



	(Chow, Faust, Juelis, Kalbach, Watters, and Zoglin).	
<b>13. AGENDA ITEM 18: APPROVE/RECOM MEND PHYSICIAN CONTRACTS</b>	<p><b>Motion:</b> To approve the (a) EKG Reading Panel Renewal Agreement (b) Gastroenterology (GI) Call Panel (MV)</p> <p><b>Movant:</b> Faust  <b>Second:</b> Kalbach  <b>Ayes:</b> Faust, Juelis, Kalbach, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chow  <b>Recused:</b> None</p>	<i>Physician Contracts approved.</i>
<b>14. AGENDA ITEM 19: PROPOSED CHANGES TO FY21 PERFORMANCE INCENTIVE GOALS (FINANCE AND GROWTH)</b>	<p>Mr. Woods presented the Proposed Changes to the FY21 Performance Incentive Goals. He stated that not knowing when the timing of when the pandemic would end, it is now a 12-month period based on the budget reviewed at this meeting. In doing so, targets have changed. Given the level of variations and ability to predict the accuracy, management took the minimum at 90% and the target at 100%. Mr. Woods also stated that a payout should not occur if the organization is not cash positive. Lastly, management eliminated Growth with respect to creating a target with operating EBIDA. Growth in this current state is harder to predict.</p> <p><b>Motion:</b> To recommend Board approval of the Proposed Changes to FY21 Performance Incentive Goals (Finance).</p> <p><b>Movant:</b> Watters  <b>Second:</b> Kalbach  <b>Ayes:</b> Faust, Kalbach, Juelis, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chow  <b>Recused:</b> None</p>	<i>Changes to FY21 Performance Incentive Goals approved.</i>
<b>15. AGENDA ITEM 20: CLOSING COMMETS</b>	Cindy Murphy, Director of Governance Services, presented closing comments. Committee recommends approval of radiation oncology funding with the information for net present value to be presented at the next Finance Committee. The ECHMN Financial Report and Post Implementation Review will be moved to be discussed in the August 17, 2020 meeting.	
<b>16. AGENDA ITEM 21: ADJOURNMENT</b>	<p><b>Motion:</b> To adjourn at 9:30pm</p> <p><b>Movant:</b> Faust  <b>Second:</b> Watters  <b>Ayes:</b> Faust, Juelis, Kalbach, Watters, and Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chow  <b>Recused:</b> None</p>	<i>Meeting adjourned at 9:30pm</i>

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

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



**Minutes of the Open Session of the  
Finance Committee of the  
El Camino Hospital Board of Directors  
Monday, August 17, 2020**

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

**Members Present**

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

**Members Absent**

\*\*via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
<b>1. CALL TO ORDER/ ROLL CALL</b>	The open session meeting of the Finance Committee of El Camino Hospital (the “Committee”) was called to order at 7:00 by Chair John Zoglin. A verbal roll call was taken. Boyd Faust and Don Watters were absent during roll call. All other members were present and participated telephonically. A quorum was present pursuant to State of California Executive Orders N-25-20 dated March 12, 2020 and N-29-20 dated March 18, 2020.	
<b>2. POTENTIAL CONFLICT OF INTEREST</b>	Chair Zoglin asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
<b>3. PUBLIC COMMUNICATION</b>	There were no comments from the public.	
<b>4. FINANCE COMMITTEE CANDIDATE INTERVIEWS</b>	Mr. Watters and Mr. Faust joined the meeting. Richard Juelis commented that he is interested in moving from the Finance Committee to the Investment Committee.  The Finance Committee interviewed two candidates: Wayne Doiguchi and Greg Scharff for a position on the Committee. Each candidate described their background and answered questions from the Committee about their qualifications, interest in the role, and recommendations for the organization.	
<b>5. RECOMMEND TO APPOINT FINANCE COMMITTEE MEMBER</b>	Following the interviews, the Committee discussed the candidates, overall Committee membership, and consideration of diversity in recruitment efforts. Chair Zoglin suggested to move this motion to the next Finance Committee meeting on August 25, 2020 to give some time for Mr. Juelis to discuss a move to the Investment Committee the with Investment Committee Chair, Brooks Nelson. In addition, Mr. Kalbach mentioned that the Finance Committee should explore the possibly for other candidates to include female candidates who may add a different perspective.	
<b>6. AGENDA ITEM 21: ADJOURNMENT</b>	<b>Motion:</b> To adjourn at 8:19pm  <b>Movant:</b> Kalbach <b>Second:</b> Watters <b>Ayes:</b> Chow, Faust, Juelis, Kalbach, Watters, and Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None	<i>Meeting adjourned at 8:19pm</i>

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

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John Zoglin  
Chair, Finance Committee

DRAFT



## FY21 Finance Committee Pacing Plan

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





# El Camino Health

## Summary of Financial Operations

*Fiscal Year 2021 – Period 1  
7/1/2020 to 7/31/2020*

## Overall Commentary

The recovery plan and its focus on volume recovery was very successful in July.

- For both ECH and SVMD the volumes exceeded the volume forecasts
- Overall gross charges, a surrogate for volume, was greater by 30% in the month of July (as was Net Patient Revenue)
- Operating Expenses were \$3.8M or 4.8% greater than budget and driven by the increased volumes
- The favorable variance in comparison to the budget is favorable by \$16.2M



# Consolidated Statement of Operations (\$000s)

Period ending 07/31/2020

Period 1 FY 2020	Period 1 FY 2021	Period 1 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
314,063	333,228	254,803	78,425	30.8%	<b>Gross Revenue</b>	314,063	333,228	254,803	78,425	30.8%
(228,555)	(247,360)	(188,684)	(58,676)	(31.1%)	<b>Deductions</b>	(228,555)	(247,360)	(188,684)	(58,676)	(31.1%)
<b>85,508</b>	<b>85,868</b>	<b>66,119</b>	<b>19,749</b>	<b>29.9%</b>	<b>Net Patient Revenue</b>	<b>85,508</b>	<b>85,868</b>	<b>66,119</b>	<b>19,749</b>	<b>29.9%</b>
4,110	4,667	4,381	286	6.5%	<b>Other Operating Revenue</b>	4,110	4,667	4,381	286	6.5%
<b>89,618</b>	<b>90,535</b>	<b>70,500</b>	<b>20,035</b>	<b>28.4%</b>	<b>Total Operating Revenue</b>	<b>89,618</b>	<b>90,535</b>	<b>70,500</b>	<b>20,035</b>	<b>28.4%</b>
					<b>OPERATING EXPENSE</b>					
45,081	46,431	43,331	(3,100)	(7.2%)	<b>Salaries &amp; Wages</b>	45,081	46,431	43,331	(3,100)	(7.2%)
13,311	12,820	10,483	(2,337)	(22.3%)	<b>Supplies</b>	13,311	12,820	10,483	(2,337)	(22.3%)
13,339	12,918	14,561	1,643	11.3%	<b>Fees &amp; Purchased Services</b>	13,339	12,918	14,561	1,643	11.3%
3,345	3,583	3,514	(69)	(2.0%)	<b>Other Operating Expense</b>	3,345	3,583	3,514	(69)	(2.0%)
531	1,428	922	(506)	(54.9%)	<b>Interest</b>	531	1,428	922	(506)	(54.9%)
4,565	5,231	5,811	580	10.0%	<b>Depreciation</b>	4,565	5,231	5,811	580	10.0%
<b>80,172</b>	<b>82,411</b>	<b>78,622</b>	<b>(3,789)</b>	<b>(4.8%)</b>	<b>Total Operating Expense</b>	<b>80,172</b>	<b>82,411</b>	<b>78,622</b>	<b>(3,789)</b>	<b>(4.8%)</b>
<b>9,446</b>	<b>8,124</b>	<b>(8,122)</b>	<b>16,246</b>	<b>(200.0%)</b>	<b>Net Operating Margin</b>	<b>9,446</b>	<b>8,124</b>	<b>(8,122)</b>	<b>16,246</b>	<b>(200.0%)</b>
(389)	27,718	3,003	24,715	823.1%	<b>Non Operating Income</b>	(389)	27,718	3,003	24,715	823.1%
<b>9,057</b>	<b>35,842</b>	<b>(5,119)</b>	<b>40,961</b>	<b>(800.1%)</b>	<b>Net Margin</b>	<b>9,057</b>	<b>35,842</b>	<b>(5,119)</b>	<b>40,961</b>	<b>(800.1%)</b>
16.2%	16.3%	-2.0%	18.3%		<b>EBIDA</b>	16.2%	16.3%	-2.0%	18.3%	
10.5%	9.0%	-11.5%	20.5%		<b>Operating Margin</b>	10.5%	9.0%	-11.5%	20.5%	
10.1%	39.6%	-7.3%	46.9%		<b>Net Margin</b>	10.1%	39.6%	-7.3%	46.9%	

# Financial Overview – July

## Financial Performance

- July's Operating Gain was \$8.1M compared for a budgeted operating loss of \$8.1M – resulting in a favorable variance of \$16.2M. The primary drivers was increased volumes in comparison to the forecast.
  - Volumes and Revenues were much stronger than the forecast as demonstrated by:
    - Adjusted Discharges are 426 cases or 18% favorable to budget
    - Gross charges are \$78M or 31% favorable to budget
      - Inpatient Charges up \$36M or 27% driven by OR, Critical Care, Pharmacy, and Respiratory Care services
      - Outpatient Charges up \$42M or 37% driven by OR, Cath Lab, Imaging, and Emergency Room services
  - Operating Expenses are unfavorable to budget by \$3.7M or 5%, primarily due to increased patient activity
    - SWB were unfavorable by \$3.1M (7%)
    - Supplies were unfavorable by \$2.1M (29%)
    - All other discretionary non volume driven expenses were favorable by \$1.5M
- Non Operating Income includes:
  - Investment Income was approximately \$27.3M due to realized gains of \$2.6M with the remaining amount being unrealized gains in equity and fixed income positions during the month.

# Financial Overview – July cont.

## Financial Performance

### Hospital

- Adjusted Discharges (AD) favorable to budget by 426 ADs (18%) and unfavorable to prior year by 256 AD's
  - Mountain View: Favorable to budget by 362 ADs (19%) and unfavorable to prior year by 243 AD's
  - Los Gatos: Favorable to budget by 62 ADs (12%) and favorable to prior year by 13 AD's
- Operating Expense\* Per Adjusted Discharge was \$24,021 which is 8% below budget

\* Excluding Depreciation and Interest

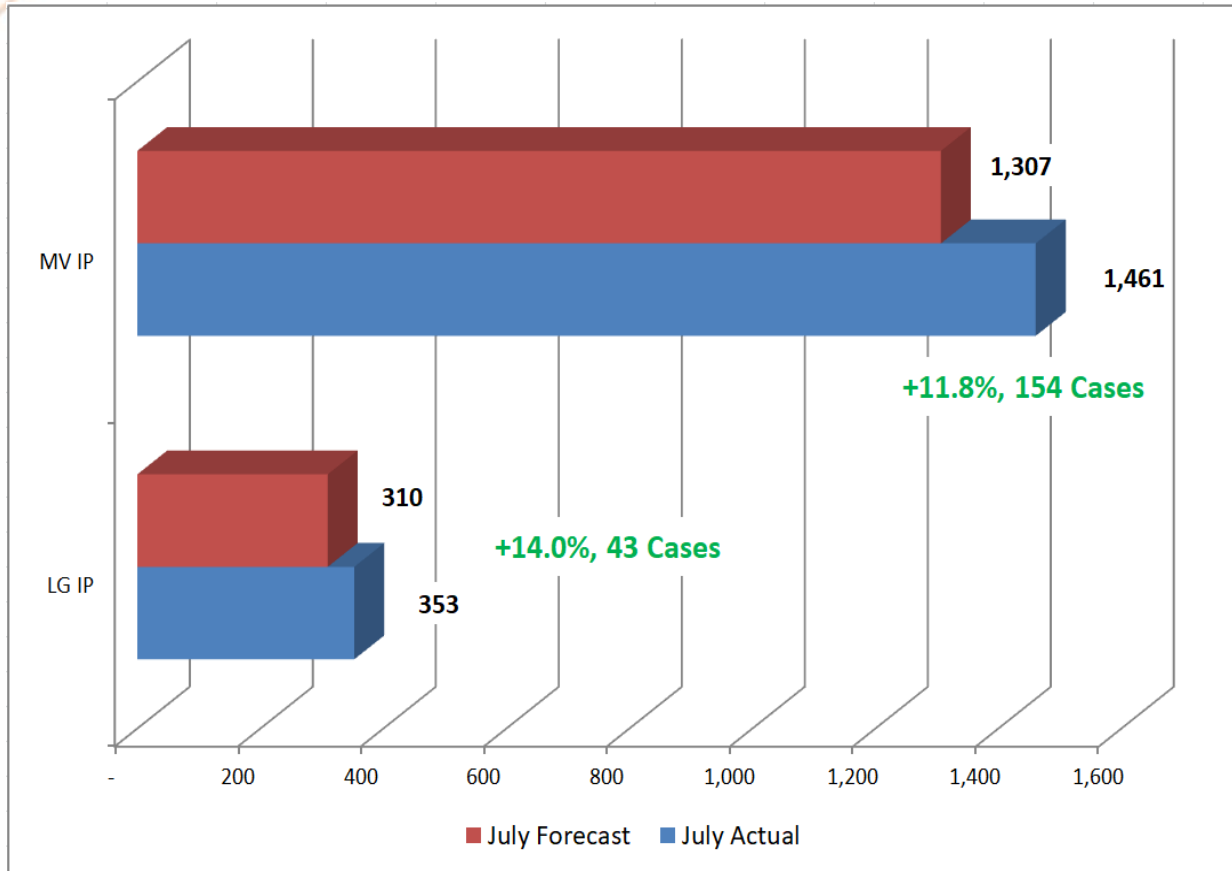
### El Camino Health Medical Network

- Total visits were 14% favorable to budget. Clinic visits were 7% favorable to budget and Urgent Care is significantly favorable
- Operating Expense was 14% favorable to budget

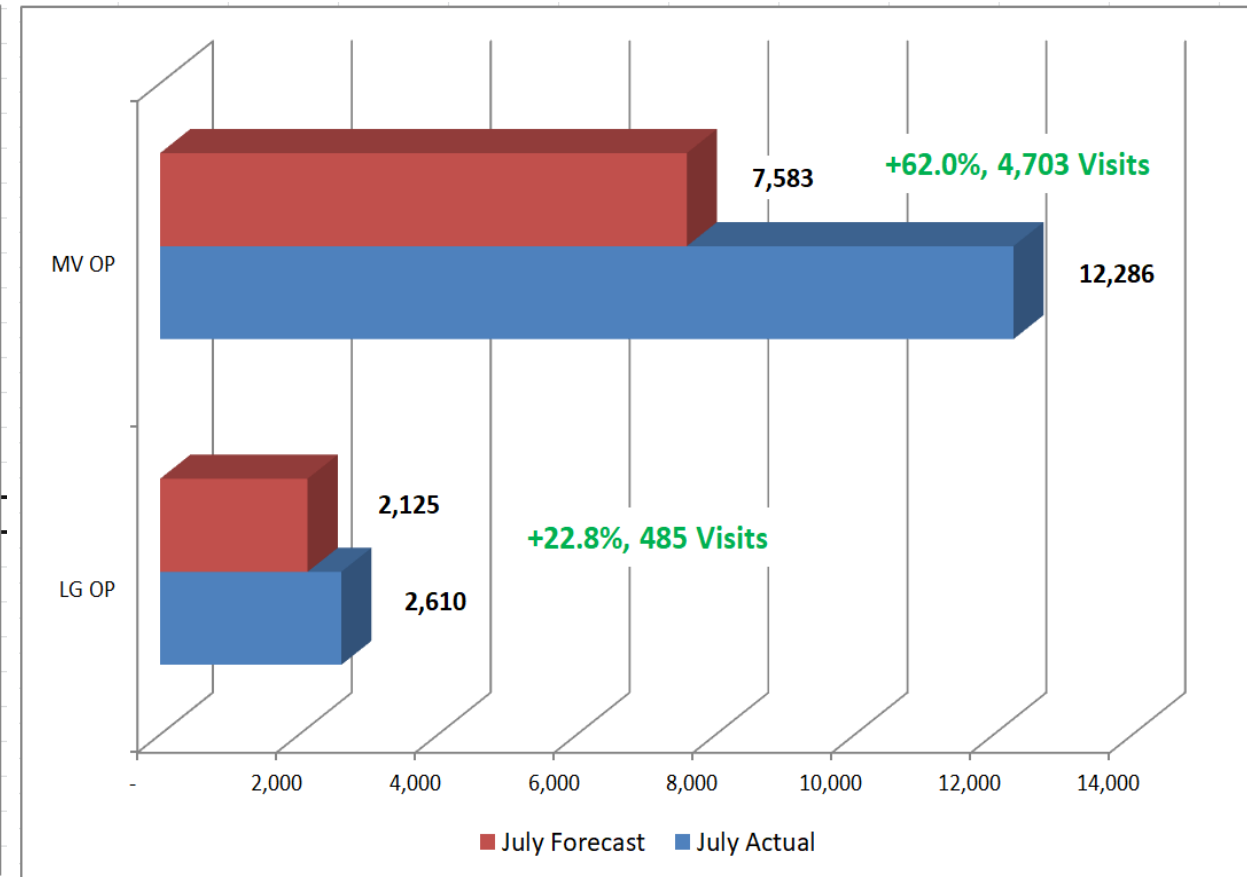
# July Volume Performance

## 2021 Forecast vs Actual

### INPATIENT



### OUTPATIENT

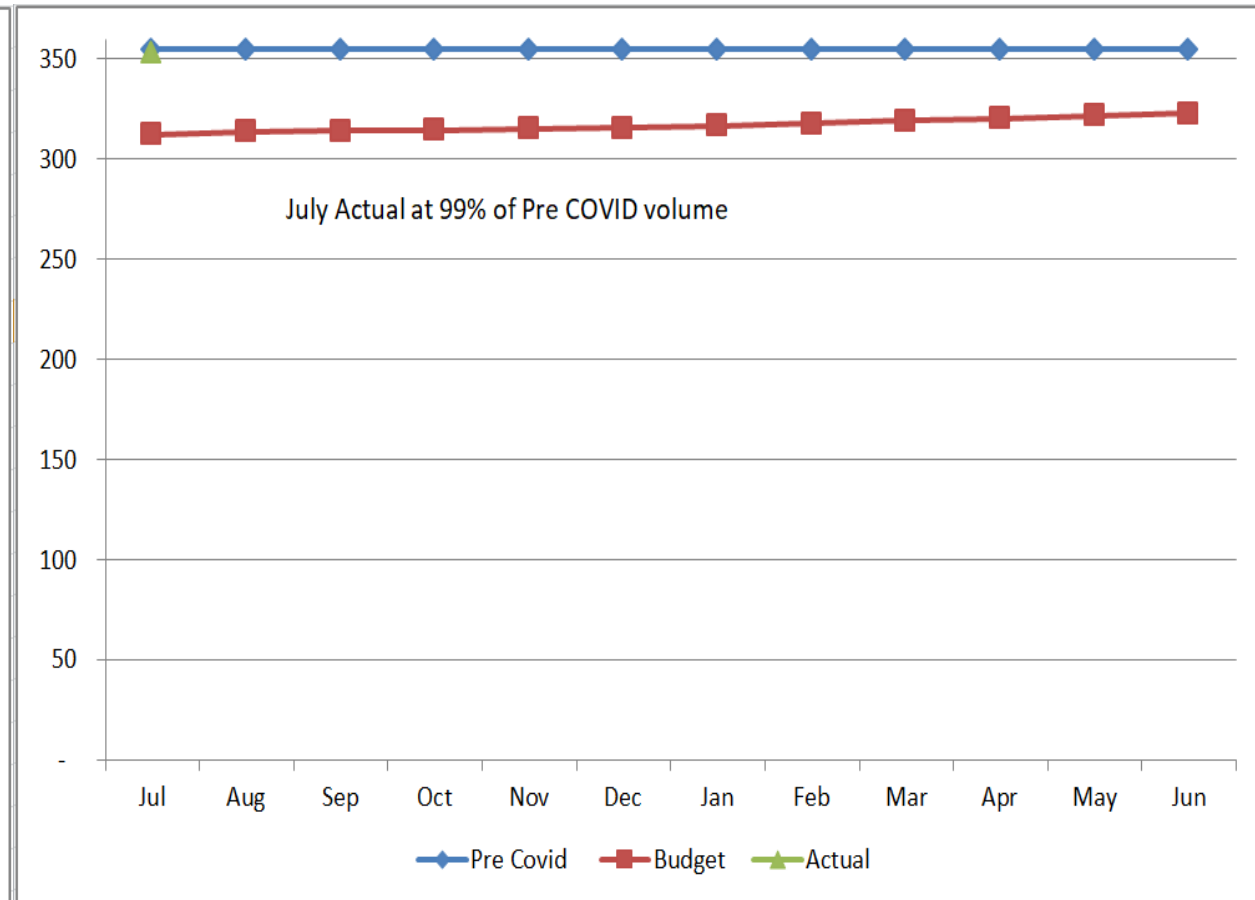
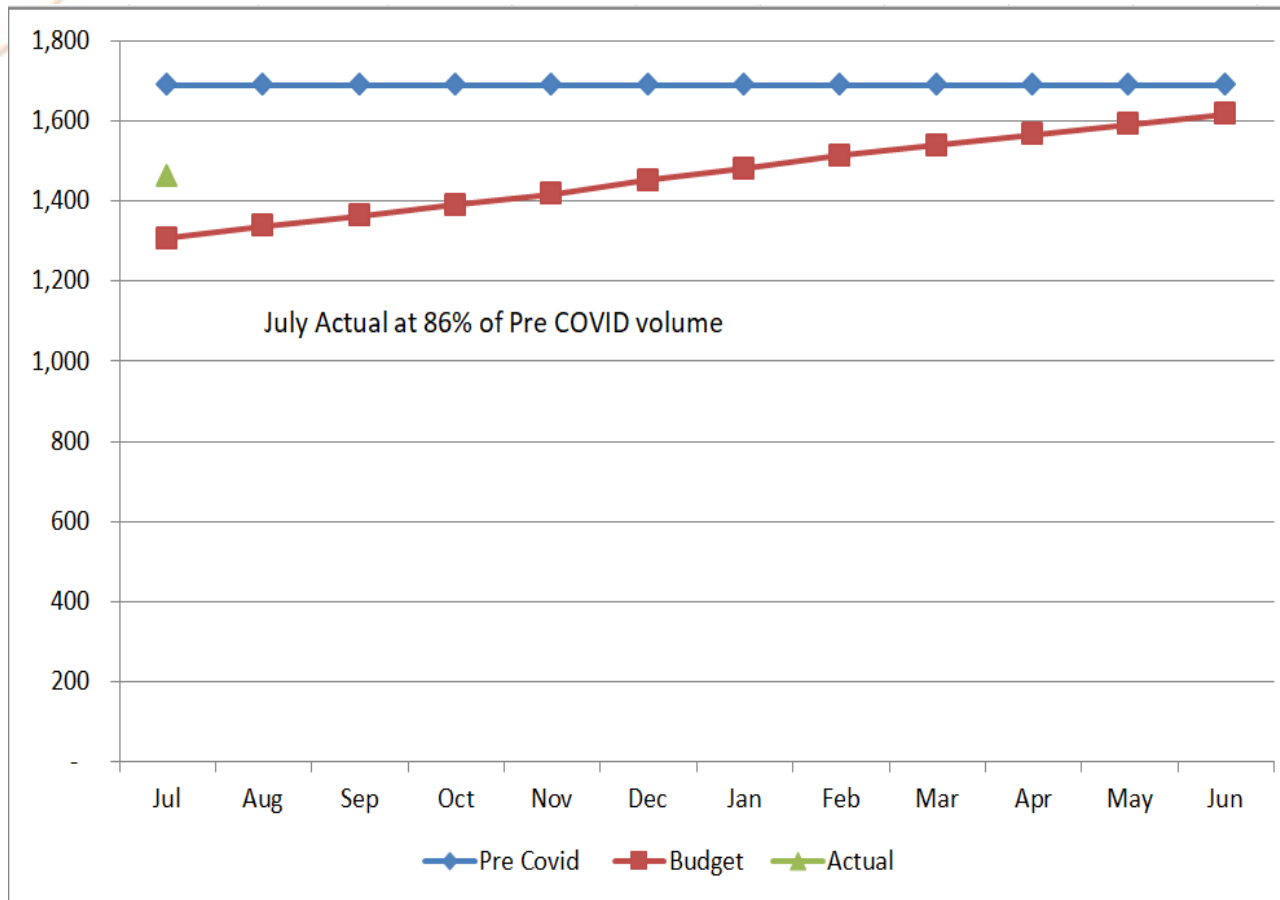


# July Volume – Inpatient

## 2021 Budget vs Actual – Including Pre COVID Level

MV

LG

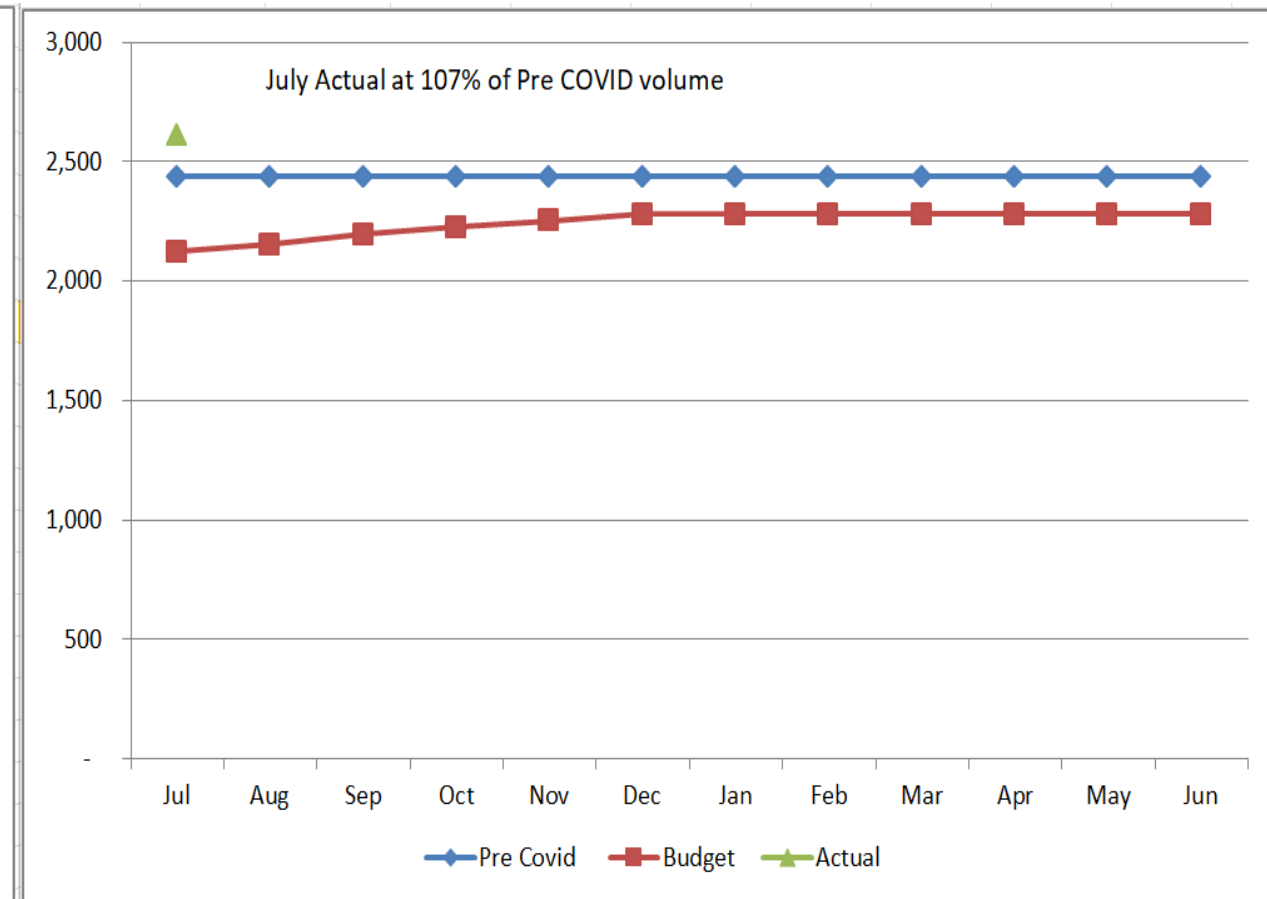
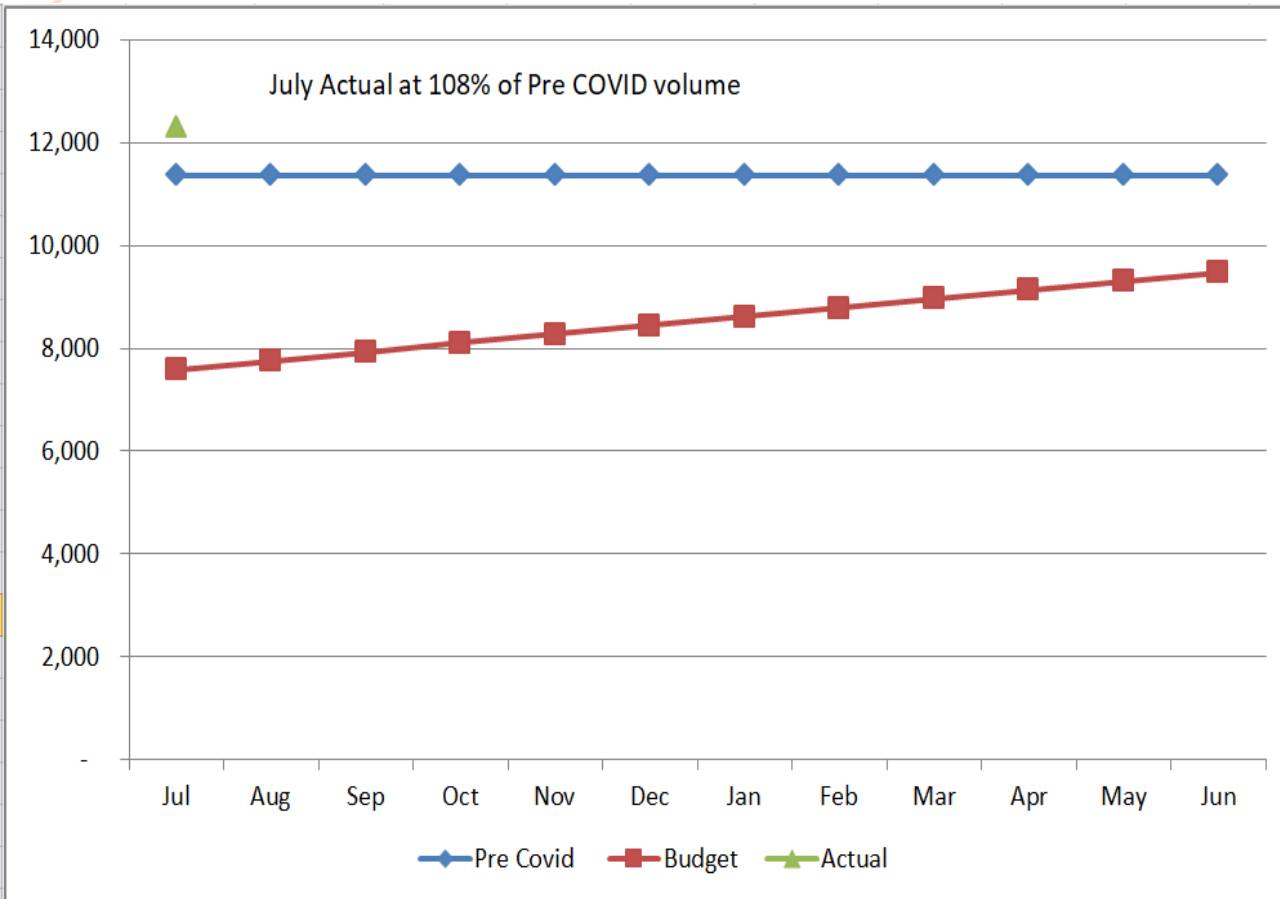


# July Volume – Outpatient

## 2021 Budget vs Actual – Including Pre COVID Level

MV

LG



# Consolidated Balance Sheet

(in thousands) ASSETS

	Un-Audited	
	July 31, 2020	June 30, 2020
<b>CURRENT ASSETS</b>		
Cash	216,373	228,464
Short Term Investments	229,683	222,095
Patient Accounts Receivable, net	115,825	116,523
Other Accounts and Notes Receivable	12,059	10,811
Intercompany Receivables	74,051	72,515
Inventories and Prepaids	106,221	101,267
<b>Total Current Assets</b>	<b>754,213</b>	<b>751,675</b>
<b>BOARD DESIGNATED ASSETS</b>		
Foundation Board Designated	15,808	15,364
Plant & Equipment Fund	176,317	169,236
Women's Hospital Expansion	22,563	22,563
Operational Reserve Fund	148,917	148,917
Community Benefit Fund	19,419	17,916
Workers Compensation Reserve Fund	16,482	16,482
Postretirement Health/Life Reserve Fund	30,731	30,731
PTO Liability Fund	27,515	27,515
Malpractice Reserve Fund	1,937	1,965
Catastrophic Reserves Fund	18,334	17,667
<b>Total Board Designated Assets</b>	<b>478,024</b>	<b>468,356</b>
<b>FUNDS HELD BY TRUSTEE</b>	<b>20,090</b>	<b>23,478</b>
<b>LONG TERM INVESTMENTS</b>	<b>380,457</b>	<b>383,699</b>
<b>CHARITABLE GIFT ANNUITY INVESTMENTS</b>	<b>696</b>	<b>680</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>29,321</b>	<b>29,065</b>
<b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,344,301	1,342,012
Less: Accumulated Depreciation	(681,766)	(676,535)
Construction in Progress	492,713	489,848
<b>Property, Plant &amp; Equipment - Net</b>	<b>1,155,248</b>	<b>1,155,326</b>
<b>DEFERRED OUTFLOWS</b>	<b>20,902</b>	<b>20,952</b>
<b>RESTRICTED ASSETS</b>	<b>28,072</b>	<b>28,823</b>
<b>OTHER ASSETS</b>	<b>3,152</b>	<b>3,231</b>
<b>TOTAL ASSETS</b>	<b>2,870,175</b>	<b>2,865,283</b>

LIABILITIES AND FUND BALANCE

	Un-Audited	
	July 31, 2020	June 30, 2020
<b>CURRENT LIABILITIES</b>		
( Accounts Payable	26,496	35,323
Salaries and Related Liabilities	27,622	35,209
Accrued PTO	28,537	28,124
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	11,001	10,956
Intercompany Payables	71,606	70,214
Malpractice Reserves	1,560	1,560
Bonds Payable - Current	9,020	9,020
Bond Interest Payable	(0)	8,463
Other Liabilities	2,954	3,222
<b>Total Current Liabilities</b>	<b>181,096</b>	<b>204,391</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	30,731	30,731
Worker's Comp Reserve	16,482	16,482
Other L/T Obligation (Asbestos)	4,104	4,094
Bond Payable	515,767	508,002
<b>Total Long Term Liabilities</b>	<b>567,084</b>	<b>559,308</b>
<b>DEFERRED REVENUE-UNRESTRICTED</b>	<b>77,030</b>	<b>77,133</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>31,221</b>	<b>31,221</b>
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	1,797,270	1,775,990
Board Designated	188,452	188,542
Restricted	28,023	28,697
<b>Total Fund Bal &amp; Capital Accts</b>	<b>2,013,745</b>	<b>1,993,229</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>2,870,175</b>	<b>2,865,283</b>

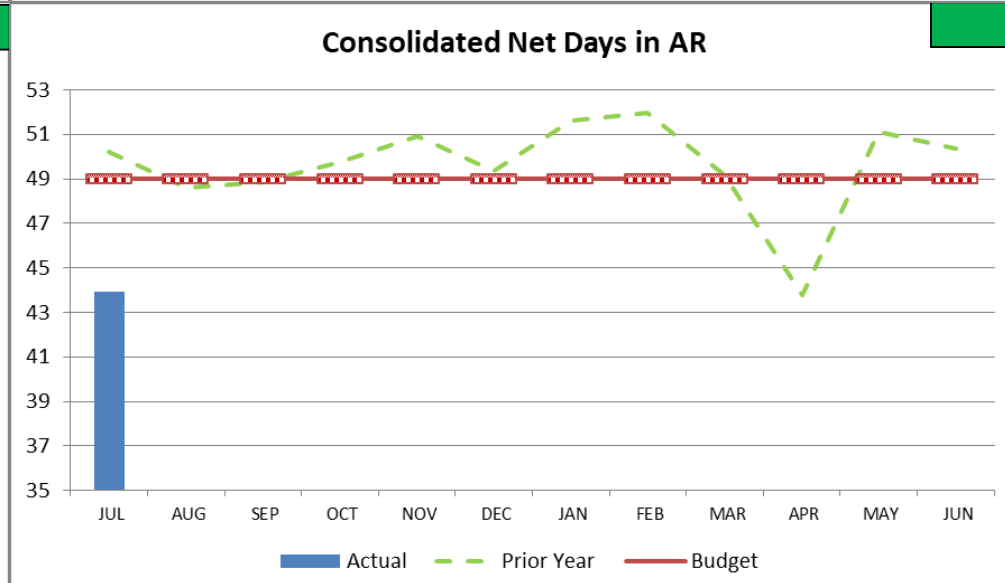
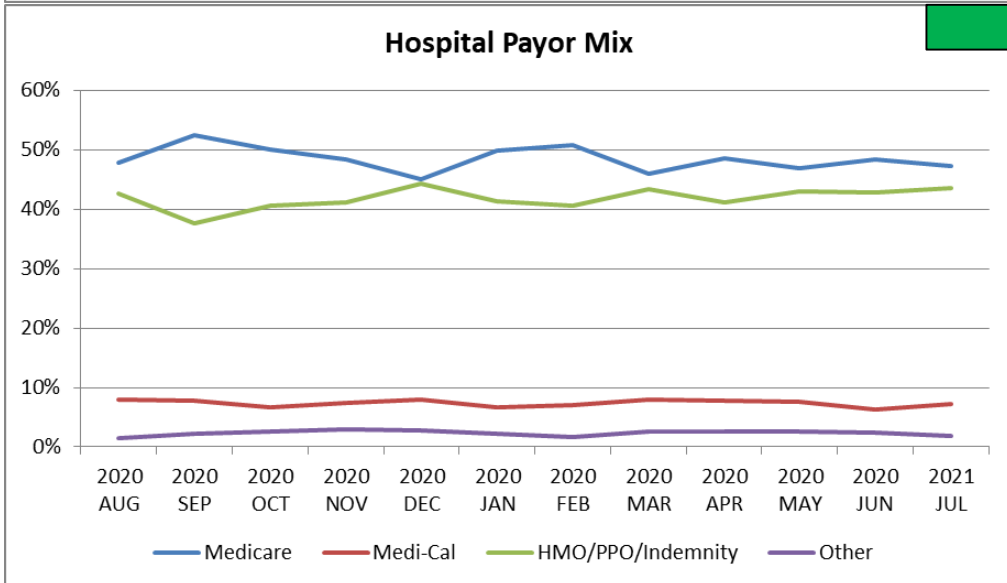
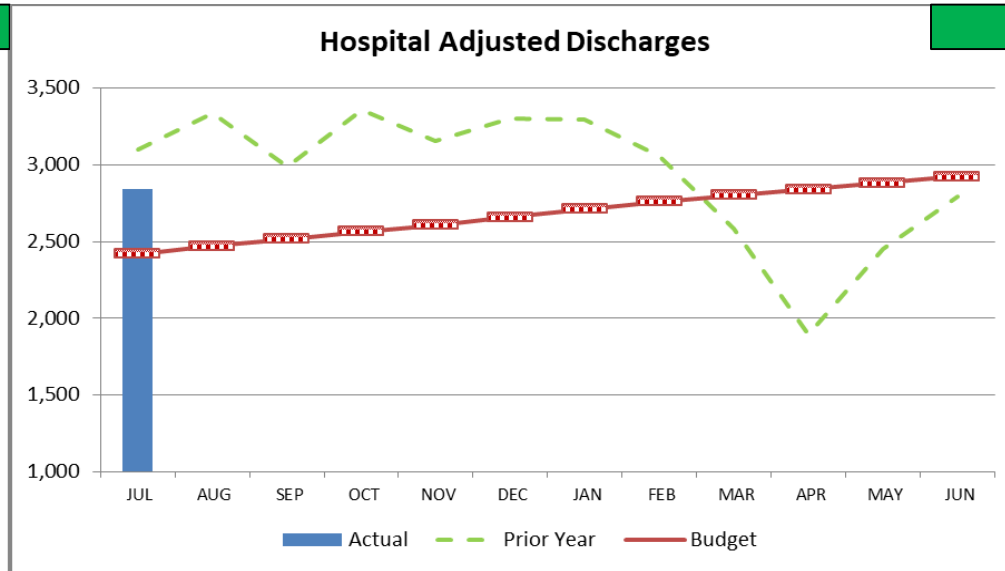
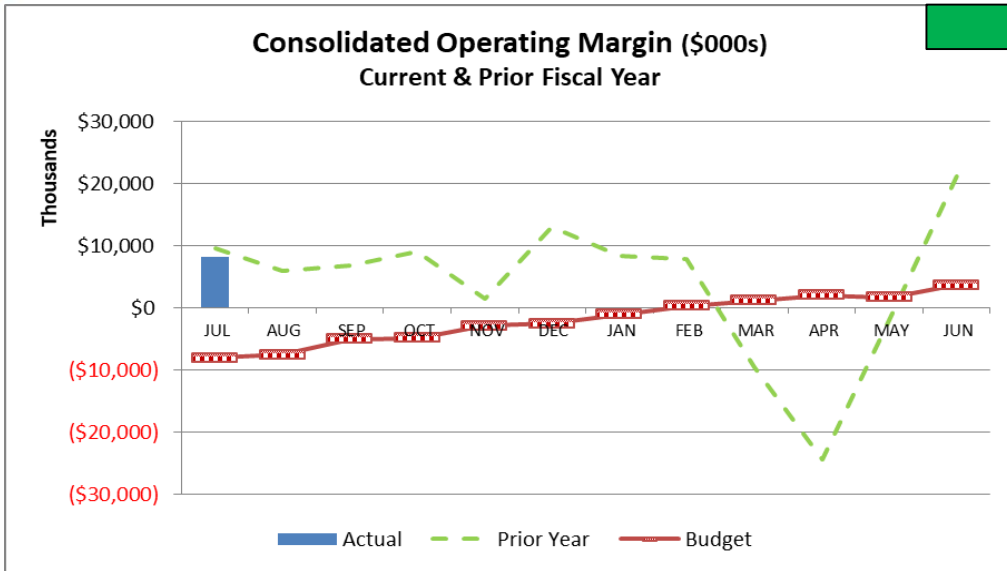
## Dashboard - as of July 31, 2020

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
<b>Consolidated Financial Perf.</b>								
Total Operating Revenue	89,618	90,535	70,500	20,035	89,618	90,535	70,500	20,035
Operating Expenses	80,172	82,411	78,622	(3,789)	80,172	82,411	78,622	(3,789)
Operating Margin \$	9,446	8,124	(8,122)	16,246	9,446	8,124	(8,122)	16,246
Operating Margin %	10.5%	9.0%	(11.5%)	20.5%	10.5%	9.0%	(11.5%)	20.5%
EBIDA \$	14,542	14,783	(1,389)	16,172	14,542	14,783	(1,389)	16,172
EBIDA %	16.2%	16.3%	(2.0%)	18.3%	16.2%	16.3%	(2.0%)	18.3%
<b>Hospital Volume</b>								
<b>Licensed Beds</b>	443	454	454	-	443	454	454	-
ADC	234	223	185	39	234	223	185	39
Utilization MV	63%	58%	48%	10.0%	63%	58%	48%	10.0%
Utilization LG	32%	31%	26%	5.3%	32%	31%	26%	5.3%
Utilization Combined	53%	49%	41%	8.5%	53%	49%	41%	8.5%
Adjusted Discharges	3,101	2,845	2,419	426	3,101	2,845	2,419	426
Total Discharges (Excl NNB)	1,686	1,474	1,302	172	1,686	1,474	1,302	172
Total Discharges	2,025	1,814	1,627	187	2,025	1,814	1,627	187
<b>Inpatient Cases</b>								
MS Discharges	1,191	972	801	171	1,191	972	801	171
Deliveries	353	369	344	25	353	369	344	25
BHS	95	87	114	(27)	95	87	114	(27)
Rehab	47	46	43	3	47	46	43	3
<b>Outpatient Cases</b>	12,377	14,894	9,706	5,188	12,377	14,894	9,706	5,188
ED	4,153	3,168	2,297	871	4,153	3,168	2,297	871
Procedural Cases				-				-
OP Surg	477	513	324	189	477	513	324	189
Endo	197	255	130	125	197	255	130	125
Interventional	154	182	86	96	154	182	86	96
All Other	7,396	10,776	6,870	3,906	7,396	10,776	6,870	3,906
<b>Hospital Payor Mix</b>								
Medicare	49.4%	47.2%	48.4%	(1.2%)	49.4%	47.2%	48.4%	(1.2%)
Medi-Cal	7.8%	7.3%	7.3%	(0.0%)	7.8%	7.3%	7.3%	(0.0%)
Commercial IP	19.4%	21.1%	20.7%	0.4%	19.4%	21.1%	20.7%	0.4%
Commercial OP	20.8%	22.6%	21.1%	1.5%	20.8%	22.6%	21.1%	1.5%
Total Commercial	40.2%	43.7%	41.8%	1.9%	40.2%	43.7%	41.8%	1.9%
Other	2.6%	1.9%	2.5%	(0.6%)	2.6%	1.9%	2.5%	(0.6%)



# APPENDIX

# Monthly Financial Trends



# Investment Scorecard as of June 30, 2020

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

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

# Non Operating Items and Net Margin by Affiliate

\$ in thousands

	Period 1- Month			Period 1- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Operating Margin</b>						
Mountain View	9,296	(5,582)	14,879	9,296	(5,582)	14,879
Los Gatos	1,382	1,182	200	1,382	1,182	200
<b>Sub Total - El Camino Hospital, excl. Affilates</b>	<b>10,678</b>	<b>(4,400)</b>	<b>15,079</b>	<b>10,678</b>	<b>(4,400)</b>	<b>15,079</b>
<b>Operating Margin %</b>	<b>12.5%</b>	<b>-6.7%</b>		<b>12.5%</b>	<b>-6.7%</b>	
<b>El Camino Hospital Non Operating Income</b>						
<b>Sub Total - Non Operating Income</b>	<b>26,446</b>	<b>2,756</b>	<b>23,690</b>	<b>26,446</b>	<b>2,756</b>	<b>23,690</b>
<b>El Camino Hospital Net Margin</b>	<b>37,125</b>	<b>(1,644)</b>	<b>38,769</b>	<b>37,125</b>	<b>(1,644)</b>	<b>38,769</b>
<b>ECH Net Margin %</b>	<b>43.4%</b>	<b>-2.5%</b>		<b>43.4%</b>	<b>-2.5%</b>	
Concern	173	(21)	193	173	(21)	193
ECSC	(1)	0	(1)	(1)	0	(1)
Foundation	812	44	768	812	44	768
El Camino Health Medical Network	(2,267)	(3,499)	1,232	(2,267)	(3,499)	1,232
<b>Net Margin Hospital Affiliates</b>	<b>(1,283)</b>	<b>(3,475)</b>	<b>2,193</b>	<b>(1,283)</b>	<b>(3,475)</b>	<b>2,193</b>
<b>Total Net Margin Hospital &amp; Affiliates</b>	<b>35,842</b>	<b>(5,119)</b>	<b>40,961</b>	<b>35,842</b>	<b>(5,119)</b>	<b>40,961</b>

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

Period ending 7/31/2020

Period 1 FY 2020	Period 1 FY 2021	Period 1 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
250,786	259,430	192,157	67,273	35.0%	<b>Gross Revenue</b>	250,786	259,430	192,157	67,273	35.0%
(181,678)	(190,238)	(142,356)	(47,881)	(33.6%)	<b>Deductions</b>	(181,678)	(190,238)	(142,356)	(47,881)	(33.6%)
<b>69,108</b>	<b>69,192</b>	<b>49,801</b>	<b>19,391</b>	<b>38.9%</b>	<b>Net Patient Revenue</b>	<b>69,108</b>	<b>69,192</b>	<b>49,801</b>	<b>19,391</b>	<b>38.9%</b>
1,414	1,562	1,451	112	7.7%	<b>Other Operating Revenue</b>	1,414	1,562	1,451	112	7.7%
<b>70,522</b>	<b>70,754</b>	<b>51,251</b>	<b>19,503</b>	<b>38.1%</b>	<b>Total Operating Revenue</b>	<b>70,522</b>	<b>70,754</b>	<b>51,251</b>	<b>19,503</b>	<b>38.1%</b>
<b>OPERATING EXPENSE</b>										
35,638	36,475	34,051	(2,424)	(7.1%)	<b>Salaries &amp; Wages</b>	35,638	36,475	34,051	(2,424)	(7.1%)
10,556	10,552	7,855	(2,697)	(34.3%)	<b>Supplies</b>	10,556	10,552	7,855	(2,697)	(34.3%)
7,118	6,194	6,951	758	10.9%	<b>Fees &amp; Purchased Services</b>	7,118	6,194	6,951	758	10.9%
2,491	2,553	2,317	(236)	(10.2%)	<b>Other Operating Expense</b>	2,491	2,553	2,317	(236)	(10.2%)
531	1,428	922	(506)	(54.9%)	<b>Interest</b>	531	1,428	922	(506)	(54.9%)
3,708	4,256	4,737	481	10.2%	<b>Depreciation</b>	3,708	4,256	4,737	481	10.2%
<b>60,041</b>	<b>61,458</b>	<b>56,834</b>	<b>(4,624)</b>	<b>(8.1%)</b>	<b>Total Operating Expense</b>	<b>60,041</b>	<b>61,458</b>	<b>56,834</b>	<b>(4,624)</b>	<b>(8.1%)</b>
<b>10,481</b>	<b>9,296</b>	<b>(5,582)</b>	<b>14,879</b>	<b>(266.5%)</b>	<b>Net Operating Margin</b>	<b>10,481</b>	<b>9,296</b>	<b>(5,582)</b>	<b>14,879</b>	<b>(266.5%)</b>
(799)	26,446	2,756	23,690	859.5%	<b>Non Operating Income</b>	(799)	26,446	2,756	23,690	859.5%
<b>9,682</b>	<b>35,743</b>	<b>(2,826)</b>	<b>38,569</b>	<b>(1364.7%)</b>	<b>Net Margin</b>	<b>9,682</b>	<b>35,743</b>	<b>(2,826)</b>	<b>38,569</b>	<b>(1364.7%)</b>
20.9%	21.2%	0.2%	21.0%		<b>EBIDA</b>	20.9%	21.2%	0.2%	21.0%	
14.9%	13.1%	-10.9%	24.0%		<b>Operating Margin</b>	14.9%	13.1%	-10.9%	24.0%	
13.7%	50.5%	-5.5%	56.0%		<b>Net Margin</b>	13.7%	50.5%	-5.5%	56.0%	

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

Period ending 7/31/2020

Period 1 FY 2020	Period 1 FY 2021	Period 1 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
57,438	65,855	55,136	10,719	19.4%	<b>Gross Revenue</b>	57,438	65,855	55,136	10,719	19.4%
(42,551)	(51,528)	(41,186)	(10,342)	(25.1%)	<b>Deductions</b>	(42,551)	(51,528)	(41,186)	(10,342)	(25.1%)
<b>14,888</b>	<b>14,327</b>	<b>13,950</b>	<b>377</b>	<b>2.7%</b>	<b>Net Patient Revenue</b>	<b>14,888</b>	<b>14,327</b>	<b>13,950</b>	<b>377</b>	<b>2.7%</b>
379	405	268	137	51.0%	<b>Other Operating Revenue</b>	379	405	268	137	51.0%
<b>15,266</b>	<b>14,732</b>	<b>14,218</b>	<b>514</b>	<b>3.6%</b>	<b>Total Operating Revenue</b>	<b>15,266</b>	<b>14,732</b>	<b>14,218</b>	<b>514</b>	<b>3.6%</b>
					<b>OPERATING EXPENSE</b>					
7,402	7,886	7,030	(856)	(12.2%)	<b>Salaries &amp; Wages</b>	7,402	7,886	7,030	(856)	(12.2%)
2,310	1,854	2,169	315	14.5%	<b>Supplies</b>	2,310	1,854	2,169	315	14.5%
2,784	2,649	2,664	15	0.6%	<b>Fees &amp; Purchased Services</b>	2,784	2,649	2,664	15	0.6%
277	139	363	224	61.6%	<b>Other Operating Expense</b>	277	139	363	224	61.6%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
802	822	810	(12)	(1.4%)	<b>Depreciation</b>	802	822	810	(12)	(1.4%)
<b>13,576</b>	<b>13,350</b>	<b>13,036</b>	<b>(314)</b>	<b>(2.4%)</b>	<b>Total Operating Expense</b>	<b>13,576</b>	<b>13,350</b>	<b>13,036</b>	<b>(314)</b>	<b>(2.4%)</b>
<b>1,690</b>	<b>1,382</b>	<b>1,182</b>	<b>200</b>	<b>16.9%</b>	<b>Net Operating Margin</b>	<b>1,690</b>	<b>1,382</b>	<b>1,182</b>	<b>200</b>	<b>16.9%</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	0	0	0	0	0.0%
<b>1,690</b>	<b>1,382</b>	<b>1,182</b>	<b>200</b>	<b>16.9%</b>	<b>Net Margin</b>	<b>1,690</b>	<b>1,382</b>	<b>1,182</b>	<b>200</b>	<b>16.9%</b>
16.3%	15.0%	14.0%	0.9%		<b>EBIDA</b>	16.3%	15.0%	14.0%	0.9%	
11.1%	9.4%	8.3%	1.1%		<b>Operating Margin</b>	11.1%	9.4%	8.3%	1.1%	
11.1%	9.4%	8.3%	1.1%		<b>Net Margin</b>	11.1%	9.4%	8.3%	1.1%	

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

Period ending 7/31/2020

Period 1 FY 2020	Period 1 FY 2021	Period 1 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
5,838	7,944	7,510	434	5.8%	<b>Gross Revenue</b>	5,838	7,944	7,510	434	5.8%
(4,326)	(5,594)	(5,142)	(453)	(8.8%)	<b>Deductions</b>	(4,326)	(5,594)	(5,142)	(453)	(8.8%)
<b>1,512</b>	<b>2,350</b>	<b>2,369</b>	<b>(19)</b>	<b>(0.8%)</b>	<b>Net Patient Revenue</b>	<b>1,512</b>	<b>2,350</b>	<b>2,369</b>	<b>(19)</b>	<b>(0.8%)</b>
1,547	1,976	1,938	38	2.0%	<b>Other Operating Revenue</b>	1,547	1,976	1,938	38	2.0%
<b>3,060</b>	<b>4,326</b>	<b>4,306</b>	<b>19</b>	<b>0.4%</b>	<b>Total Operating Revenue</b>	<b>3,060</b>	<b>4,326</b>	<b>4,306</b>	<b>19</b>	<b>0.4%</b>
<b>OPERATING EXPENSE</b>										
1,617	1,618	1,748	130	7.4%	<b>Salaries &amp; Wages</b>	1,617	1,618	1,748	130	7.4%
396	352	448	96	21.4%	<b>Supplies</b>	396	352	448	96	21.4%
3,150	3,674	4,585	911	19.9%	<b>Fees &amp; Purchased Services</b>	3,150	3,674	4,585	911	19.9%
524	808	764	(44)	(5.8%)	<b>Other Operating Expense</b>	524	808	764	(44)	(5.8%)
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
52	140	261	121	46.3%	<b>Depreciation</b>	52	140	261	121	46.3%
<b>5,739</b>	<b>6,592</b>	<b>7,805</b>	<b>1,213</b>	<b>15.5%</b>	<b>Total Operating Expense</b>	<b>5,739</b>	<b>6,592</b>	<b>7,805</b>	<b>1,213</b>	<b>15.5%</b>
<b>(2,679)</b>	<b>(2,267)</b>	<b>(3,499)</b>	<b>1,232</b>	<b>(35.2%)</b>	<b>Net Operating Margin</b>	<b>(2,679)</b>	<b>(2,267)</b>	<b>(3,499)</b>	<b>1,232</b>	<b>(35.2%)</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	0	0	0	0	0.0%
<b>(2,679)</b>	<b>(2,267)</b>	<b>(3,499)</b>	<b>1,232</b>	<b>(35.2%)</b>	<b>Net Margin</b>	<b>(2,679)</b>	<b>(2,267)</b>	<b>(3,499)</b>	<b>1,232</b>	<b>(35.2%)</b>
-85.9%	-49.2%	-75.2%	26.0%		<b>EBIDA</b>	-85.9%	-49.2%	-75.2%	26.0%	
-87.6%	-52.4%	-81.2%	28.8%		<b>Operating Margin</b>	-87.6%	-52.4%	-81.2%	28.8%	
-87.6%	-52.4%	-81.2%	28.8%		<b>Net Margin</b>	-87.6%	-52.4%	-81.2%	28.8%	



**EL CAMINO HOSPITAL  
FINANCE COMMITTEE MEETING MEMO**

**To:** El Camino Hospital Finance Committee  
**From:** Ken King, CAO  
**Date:** August 17, 2020  
**Subject:** Capital Facilities Project Review – Los Gatos Cancer Center

The following is an overview of the Facilities Project and the delivery of the LG Cancer Center space for operations. This is not a review of the Cancer Center operations.

**Scope of Project:**

The project consisted of the conversion of traditional outpatient clinic space into a Licensed Outpatient Cancer Clinic and Infusion Center. The reconfigured space is to include three exam rooms, five infusion treatment stations, a USB 800 compliant pharmacy compounding area, mixing area and ante-room, along with support spaces such as clean & soiled utility rooms and patient, public and staff restrooms, reception and waiting areas. Also included was the furniture, fixtures and equipment required to outfit the new care environment. The project area to be reconfigured was approximately 4,620 square feet.

**Project Outcomes:**

On January 16, 2019 the Board of Directors approved a project budget not to exceed \$6.4 million and the final cost of the project was \$6,342,547.

The target completion date for the construction was July 31, 2019 with OSPDH, CDPH and Board of Pharmacy approvals forecasted to be complete in time for an October 1, 2019 opening. The actual opening date of Los Gatos Cancer Center was April 27, 2020. The seven month delay was due to multiple factors:

1. The construction of the new environment was late by five weeks due to late delivery of the main HVAC unit to the jobsite. (The manufacturer lead time was extended in order to obtain an OSPHD seismic shake test result.) The construction was completed on August 31, 2019.
2. OSHPD Approval Staff & Stock Approval was delayed six weeks due to a disputed air balance report which resulted in a resolution that required us to extend the outside air intake duct. The final air balance report was approved on October 16, 2019.
3. The Pharmacy Hood Inspection was conducted two weeks later by the Board of Pharmacy and the OPSHD Occupancy Inspection was conducted and Occupancy was granted on November 5, 2019.
4. In order to complete the CDPH Licensing Application, Fire Clearance by the local fire official is required. On November 18, 2019 the local fire official from the Santa Clara County Fire Department denied Fire Clearance because in his judgement additional horn strobe devices were needed. These devices were not required by the California Building Code, but the local official insisted that additional devices be installed. After several attempts to challenge this requirement without prevailing we were required to submit an OSPHD Change Order to install additional devices. This issue delayed the project an additional ten weeks.
5. The Local Fire Marshall re-inspected the area on January 23, 2020 and provided the Fire Clearance document a week later on January 31, 2020.
6. With the CDPH Application finally complete the central office passed the application to the local office of CDPH who scheduled a Licensing Inspection on March 6, 2020. Upon completion of the Inspection a License to operate was granted by CDPH.
7. The final hurdle to being able to open was the approval of the Board of Pharmacy to operate the compounding and mixing rooms. This bureaucracy added another seven weeks of effort in order



Capital Facilities Project Review – Los Gatos Cancer Center  
August 17, 2020

for the Board of Pharmacy to grant the required Pharmacy License. The new LG Cancer Center opened on April 27, 2020.

The complexity of working with multiple jurisdictions and the extensive requirements of all the public agencies that we are accountable to makes closing out projects more and more challenging every day. On top of this the COVID-19 pandemic and the shelter in place orders issued in mid-March impacted the response time of the public agencies.



**EL CAMINO HOSPITAL  
FINANCE COMMITTEE MEETING MEMO**

**To:** El Camino Hospital Finance Committee  
**From:** Ken King, CAO  
**Date:** August 25, 2020  
**Subject:** Capital Facilities Project Review – MV Waste Water Storage Project

The following is an overview of the Facilities Project and the delivery of the MV Waste Water Storage Tank Project.

**Scope of Project:**

The scope of this project was to install three emergency holding tanks with a total capacity of 80,000 gallons to ensure that in the event of a public sewer system failure (in an earthquake) that the hospital could store up to 96 hours of waste water. The tanks were installed below the visitor parking lot A, directly in front of the main hospital building. The project scope included returning the parking area, adding a sidewalk from the bus stop on Grant Road and associated landscaping.

**Project Outcomes:**

On January 28, 2019 The Finance Committee approved budget for the project was not to exceed \$3.9 million and the final cost of the project was \$3,855,516.

When the project was presented for funding approval we were in the process of challenging the OSPHD approved method of the tank installation which required the tanks to be installed 30 feet below the finished grade, which would require pumping to empty the tanks. It was our position that the tanks should be installed so that they could drain by gravity and therefore only be installed 16 feet below the finished grade. We not only felt that this was a better design, but we also expected for the costs to be less than originally estimated.

We were successful in our challenge and the tanks were installed with the revised solution that put the tanks 16 feet below grade. The savings in excavation and shoring costs however were offset, by the requirement to install a redundant pump sewage pumping station that was fed with emergency power from the hospital emergency generators. This required trenching to a point of connection within the main hospital and electrical service upgrades to provide emergency power. Additionally, to comply with the State Storm Water Waste Prevention Plan standards we installed pervious asphalt that added a premium cost over regular asphalt.

The timeline to complete this project activity was tied to the completion of the new Taube Pavilion. The original target schedule compared to the actual schedule is below:

Target Timeline		Actual Outcome
Funding Approved	1/28/2019	1/28/2019
Tanks Ordered by	1/31/2019	1/31/2019
Resolution of OSHPD Appeal	2/28/2019	4/26/2019
Construction / Installation Start by	3/15/2019	5/20/2019
Construction / Installation Complete by	7/1/2019	10/7/2019
OSHPD Sign Off by	7/15/2019	10/21/2019

Capital Facilities Project Review – MV Waste Water Storage  
August 25, 2020

The two factors that impacted the target schedule were that it took longer to negotiate the OSHPD appeal and obtain approval of the revised solution and the construction timeline was extended six weeks to accommodate the added electrical work.

The final outcome was an installation that will serve the hospital well if the need arises and the cost of operating these tanks will be less expensive over the life of the installation due to the ability to drain by gravity.

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

**To:** Finance Committee  
**From:** Bruce Harrison, President SVMD  
David Neapolitan, VP of Finance SVMD  
**Date:** August 25, 2020  
**Subject:** Silicon Valley Medical Development Quarterly Update

**Purpose:**

To update the Finance Committee on the performance of the El Camino Health Medical Network through end of fiscal year June 2020.

**Summary:**

1. Situation: SVMD will be providing a quarterly financial metric update to the Finance Committee.
2. Authority: The Finance Committee role as delineated in the Operating Agreement between El Camino Hospital and SVMD:
  - A. Reviews Quarterly financial metrics updates
  - B. Reviews SVMD financial plan and annual report of performance metrics
  - C. Approves annual operating and capital budgets
  - D. Approves long-range financial plan
3. Background: The Finance Committee has requested SVMD report Quarterly its financial results and performance on the below metrics:
  - A. Patient Active Lives
    - i. Unique Patients
    - ii. Capitated Lives
  - B. New versus Established Patient Visits
  - C. Productivity Metrics
    - i. Total Visits by Month
    - ii. Total Visits per Business Day by Month
    - iii. Urgent Care Visits by Month
    - iv. Work RVU's by month

v. Productivity by Provider

**D.** Fiscal year to Date Financial Performance by Practice

**E.** Revenue Cycle Trends

- i. Quarterly Payer Mix Trend
- ii. Collection Rate Trend
- iii. Days Accounts Receivable Outstanding
- iv. Percentage of Accounts Receivable Greater than 90 Days

**4.** Assessment:

Overall SVMD June YTD financial performance shows a negative variance to the budgeted net loss of \$11.6M.

- i. Overall operating revenues finished the year \$16M or 26% below budgeted targets:
  1. Visits declined for a period of three months during EPIC go-live, recovered and then declined again due to COVID-19 pandemic.
  2. Payer-related disruption resulted in managed care member loss.
  3. Charge lags during the EPIC go-live, charge holds, payer contracting transitions and untimely chart closure.
- ii. Overall operating expenses ended \$3.9M or 4.5% under budget.
  1. Salary, wages and benefits lower than budgeted as a result of the management of open positions during the fiscal year and staffing level management.
  2. Changes to opening date of new sites and lower than expected repair and maintenance costs.
- iii. Management controls have been put in place with a focus on stabilization, patient retention, productivity improvement, revenue capture, expense management and strategic positioning. Management has also engaged consultants to support operational excellence initiatives with a focus on financial improvement and revenue cycle performance.

**5.** Other Reviews: N/A

**6.** Outcomes: N/A

**List of Attachments:** SVMD Quarterly Finance Committee Report presentation

El Camino Health Medical Network  
August 25, 2020

**Suggested Committee Discussion Questions:**

1. What are our targets and benchmarks?
2. How are we performing to target?
3. What actions are being taken to achieve performance objectives?
4. What are the risks?

**August 25, 2020**

Fiscal Year 2020 Performance Summary  
& Quarterly Metrics

# FY20 Year in Review

- FY20 budget for SJMG was based on data provided through Verity data room
- External disruption onboarding SJMG
  - Contract assignments were declined by payers. This resulted in membership loss and required contract renegotiation.
  - The assignment of leases through bankruptcy at McKee and Samaritan were declined by HCA and Stanford (landlords). This required lease renegotiation and resulted in higher than budgeted lease costs.
  - Payers did not accept the assignment of Verity's managed care operation to SVMD. This required SVMD to undergo audits and re-credentialing.
  - Provider credentialing and enrollment delays. Resulted in charge holds and adjustments.
  - Downstream provider network required re-contracting.
  - Labor union disruption.
  - Verity transition services.



# FY20 Year in Review

## Q1-2

- Management accelerated investments to stabilize operations including EPIC, call center, managed care, and others
- During EPIC go-live provider productivity declined by 20% (Aug-Oct)
- Additional investments were made to grow
  - Opened First Street
  - Opened Sobrato Pavilion
  - Acquired Bay Area Maternity
- Investments were made to align with ECH, including lab
- Began patient experience surveys
- Reduced 6 provider FTEs

## Q3-4

- Productivity improved (Nov-Feb)
- Visits then declined due to COVID (Mar-May)
- Added COVID testing sites, a respiratory clinic and safety precautions for staff and patients (Mar-Jun).
- Management actions taken (Mar-Jun):
  - Added telehealth/recovered 60% of volume in two weeks
  - Temporarily closed and consolidated services
  - Hiring freeze and labor flexing
  - Proactive patient outreach and marketing
  - Renegotiated PSA compensation with San Jose Medical Group
- Recovered productivity in June to pre-COVID levels

# FY20 Year in Review

## Outcomes

### Favorable

- Stabilized operations and completed integration with ECH
- Achieved 191k annual visits
- 69,708 unique patient lives seen (18 mos. benchmark)
- Renegotiated Anthem and United Health Care Agreements
- Added 31 providers, 13 new FTEs

### Unfavorable

- Net income negative variance to budget (-41%)
- Professional risk membership declined to under 6,000 lives
- Revenue cycle adjustments (-\$6M)

# Finance Committee Quarterly Metrics

Finance Metric	Page
Operating margin vs budget by division	6-7
Active Lives <ul style="list-style-type: none"> <li>Ambulatory lives – 18mos</li> <li>Capitated membership</li> </ul>	8
Productivity <ul style="list-style-type: none"> <li>Visits</li> <li>Visits per business day</li> <li>Urgent Care visits</li> <li>wRVUS</li> </ul>	9
New visits vs. Established	10
% of providers with productivity (wRVUs) above and below benchmark median	11
Total % of in-network vs. out-of-network	12
Revenue cycle <ul style="list-style-type: none"> <li>Payer mix</li> <li>Days in accounts receivable</li> <li>A/R above 90 Days</li> <li>Net Collection ratio</li> </ul>	13
Total operating margin per physician <ul style="list-style-type: none"> <li>New providers &lt; 2 yrs</li> <li>Established providers &gt; 2 yrs</li> </ul>	Metric coming in FY21

# Silicon Valley Medical Development

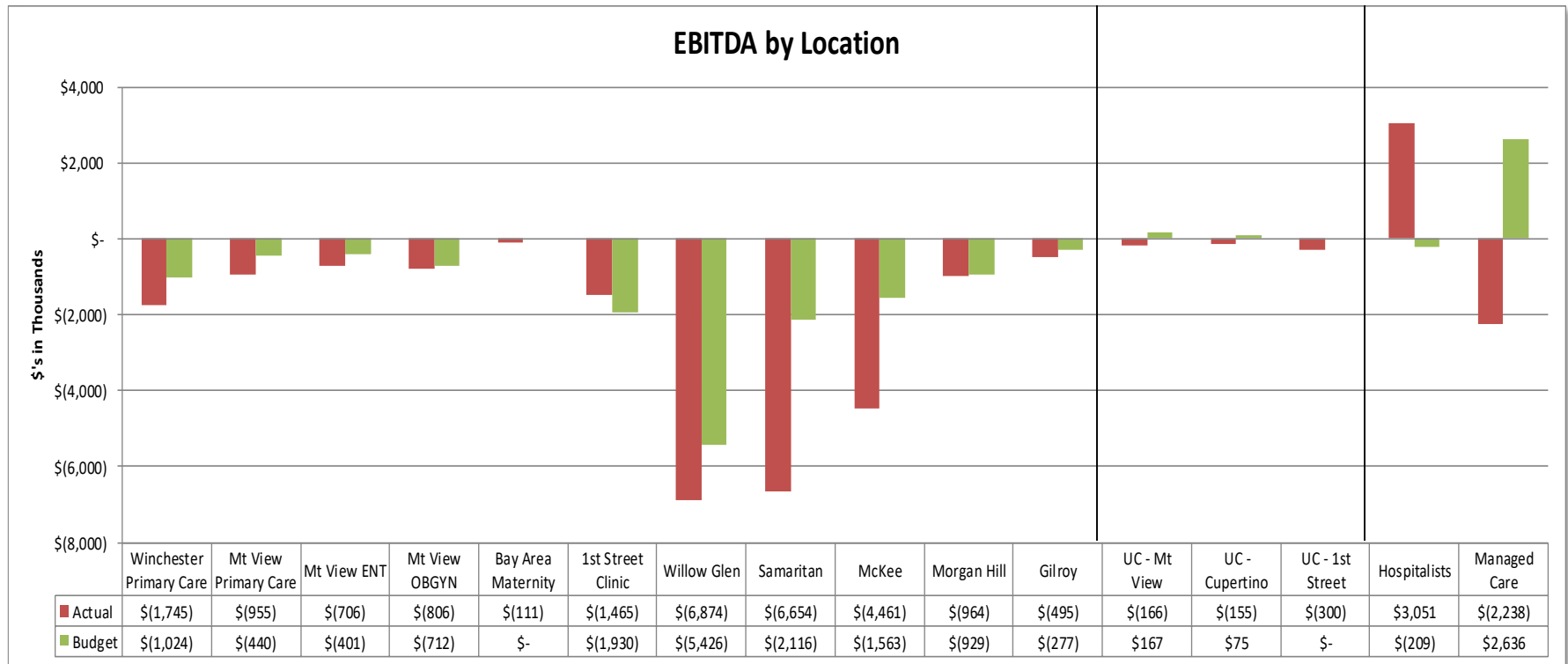
## Fiscal Year 2020 Financial Performance

### June 30, 2020

	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Net Patient Revenue	25,180,342	43,202,799	(18,022,457)	-41.7%
Capitated Premiums	5,897,351	9,175,069	(3,277,718)	-35.7%
Other Revenue	14,094,858	8,885,845	5,209,013	58.6%
Total Operating Revenue	<u>45,172,551</u>	<u>61,263,713</u>	<u>(16,091,162)</u>	<u>-26.3%</u>
Pro Fees & Purch Services	49,413,777	49,446,316	32,539	0.1%
Labor Expenses	19,966,846	21,188,079	1,221,233	5.8%
Facilities Expenses	7,710,521	9,341,307	1,630,786	17.5%
Other Expenses	6,416,635	7,430,036	1,013,401	13.6%
Total Operating Expenses	<u>83,507,779</u>	<u>87,405,738</u>	<u>3,897,959</u>	<u>4.5%</u>
<b>EBITA</b>	<b>(38,335,228)</b>	<b>(26,142,025)</b>	<b>(12,193,203)</b>	<b>46.6%</b>
Depreciation / Amortization	2,019,830	2,275,825	255,995	11.2%
Other Income	292,138	-	292,138	100.0%
<b>Net Income / (Loss)</b>	<b><u>(40,062,920)</u></b>	<b><u>(28,417,850)</u></b>	<b><u>(11,645,070)</u></b>	<b><u>41.0%</u></b>

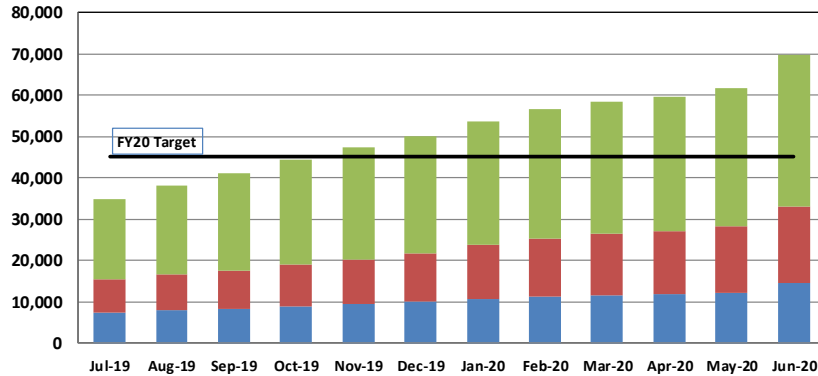
# FY 2020 Leading Metrics

## Financial Performance by Division



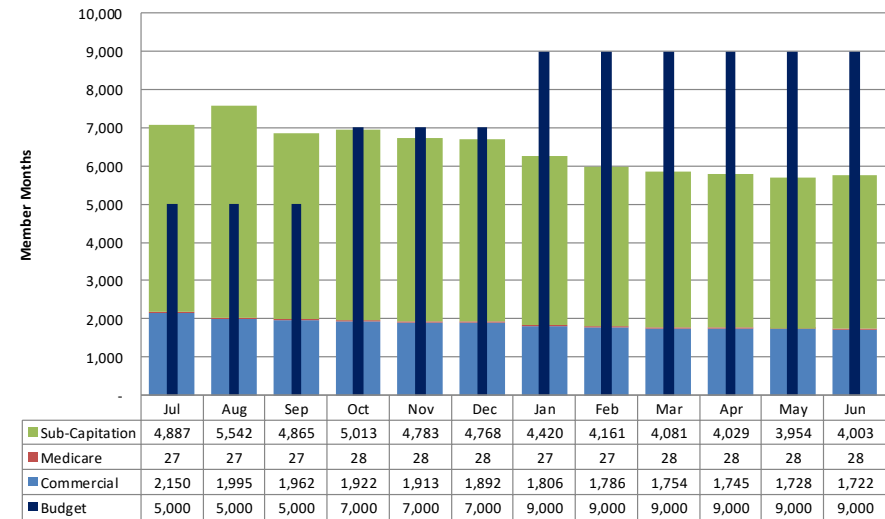
# FY 2020 – Leading Metrics – Active Lives

### SVMD FY20 Unique Patients Seen in last 18 months



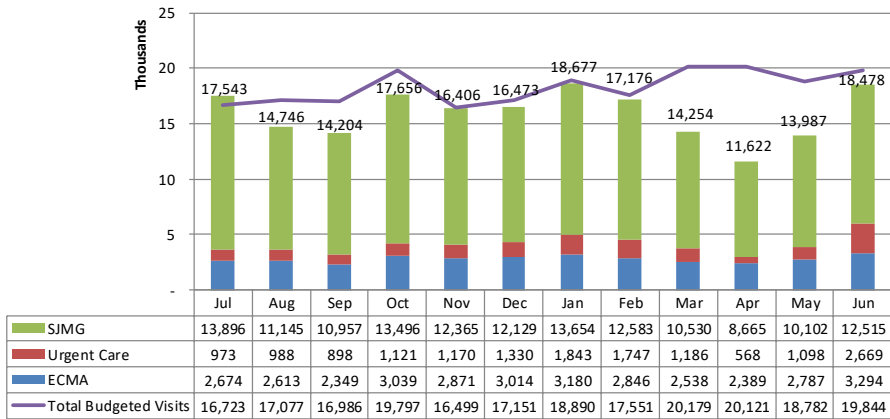
	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
SJMG	19,433	21,541	23,465	25,440	26,969	28,384	29,885	31,219	32,097	32,628	33,388	36,638
Urgent Care	8,009	8,709	9,331	10,070	10,872	11,766	13,034	14,212	14,959	15,350	16,215	18,613
ECMA	7,353	7,906	8,229	8,767	9,359	9,981	10,595	11,110	11,445	11,702	12,079	14,457
FY20 Target	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000

### Capitated Membership

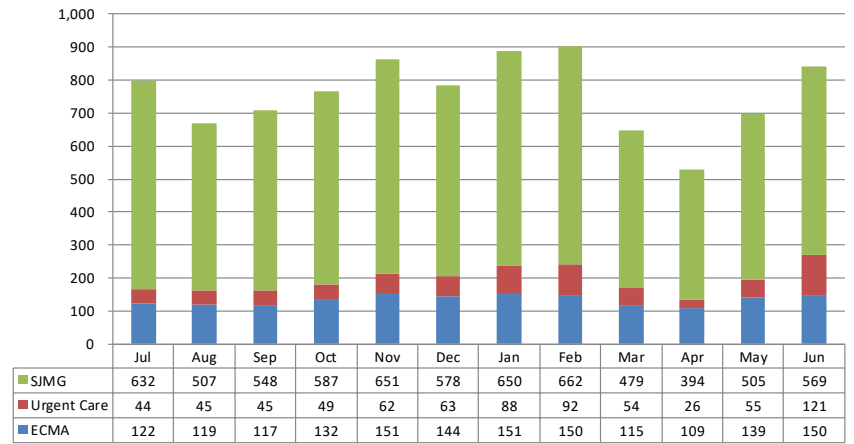


# FY 2020 – Leading Metrics - Productivity

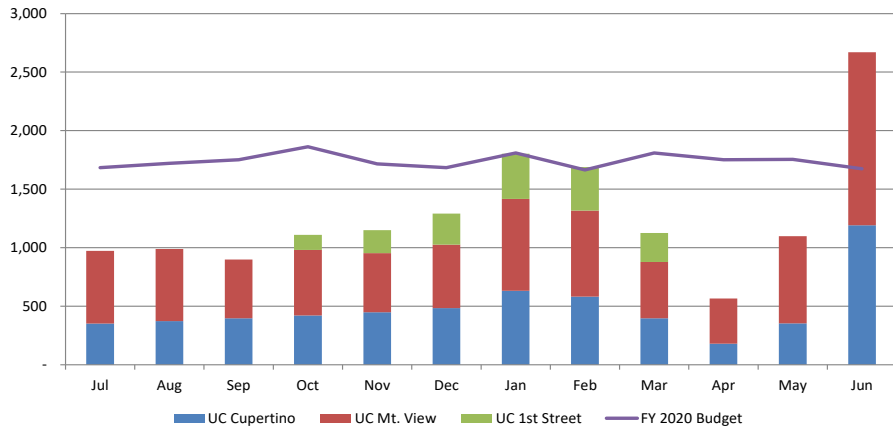
### Total Visit Comparison - FY 2020



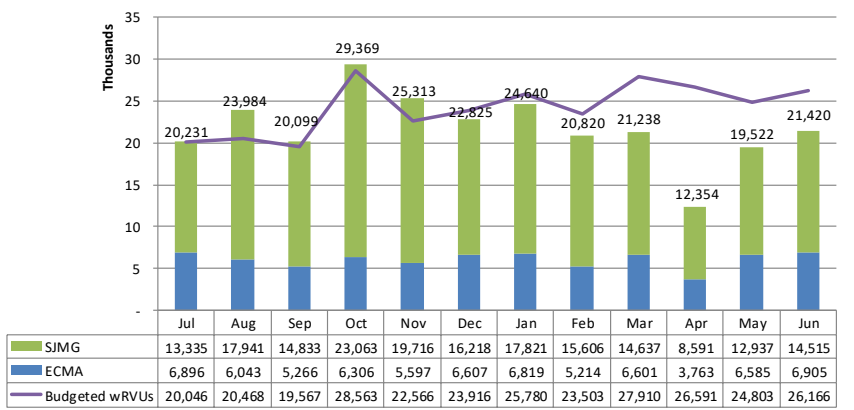
### Total Visits Per Business Day - FY 2020



### Urgent Care Visits

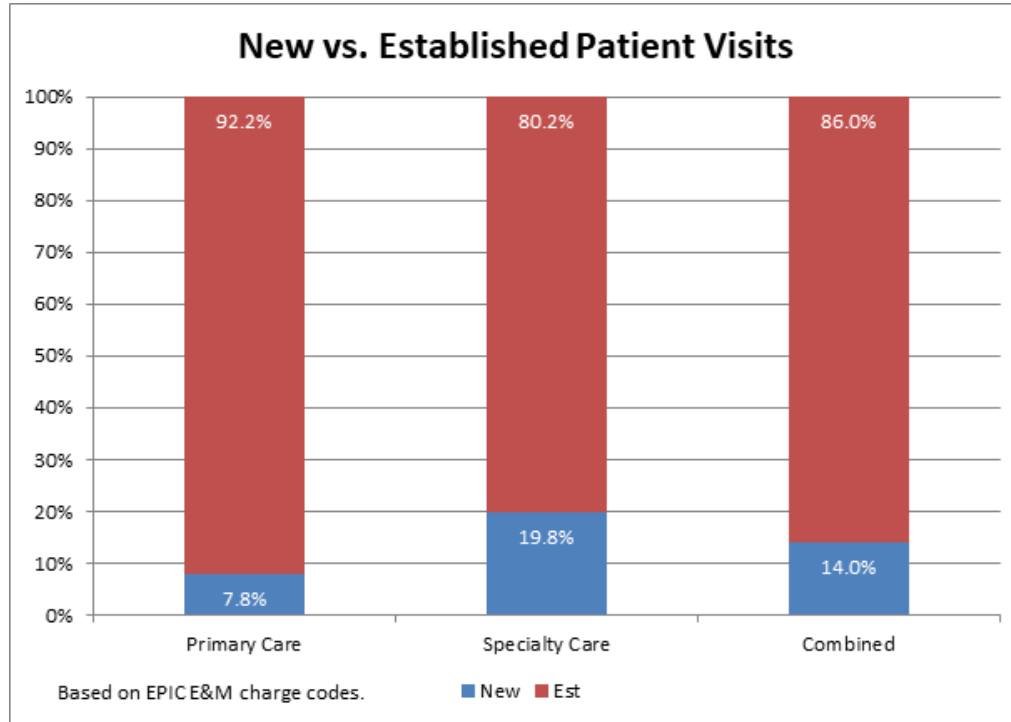


### Total Provider wRVUs - FY 2020



Urgent Care visits in June result of increased COVID testing

# New vs. Established Visits

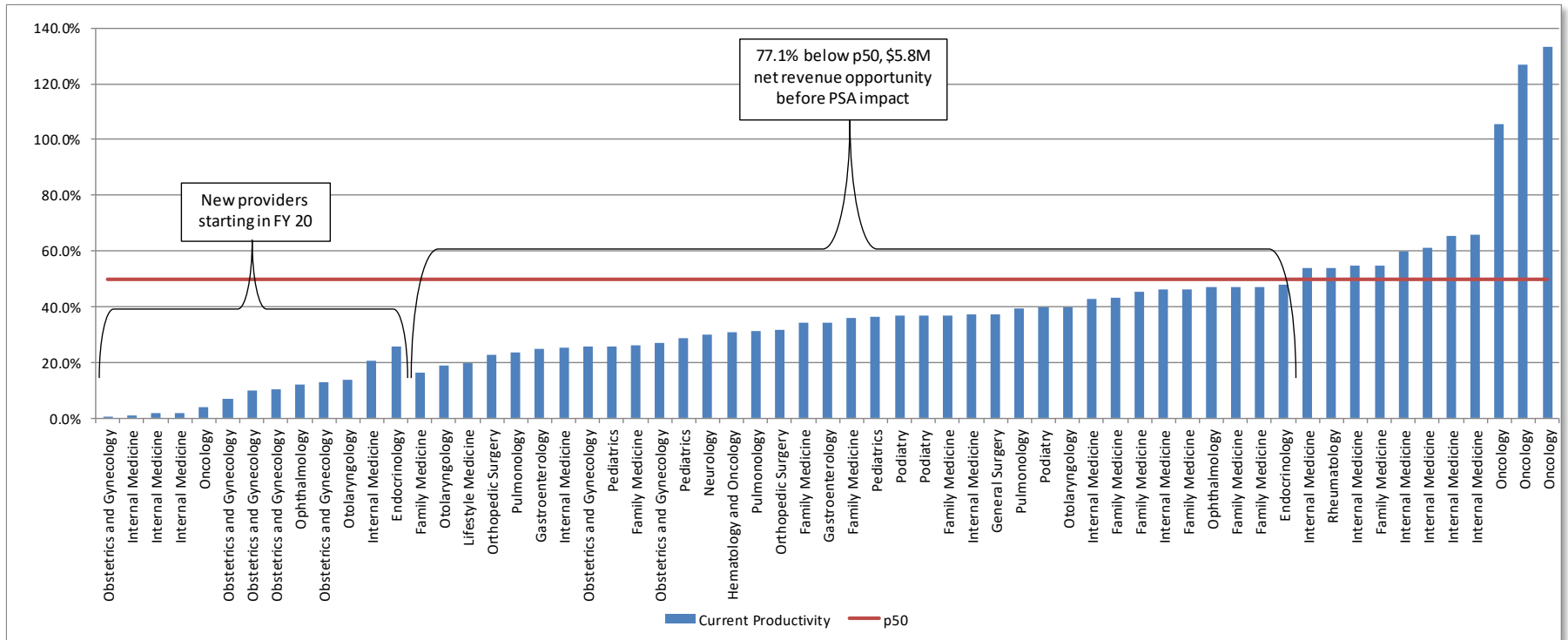


> AMGA  
Median  
6.1%

> AMGA  
Median  
17.2%

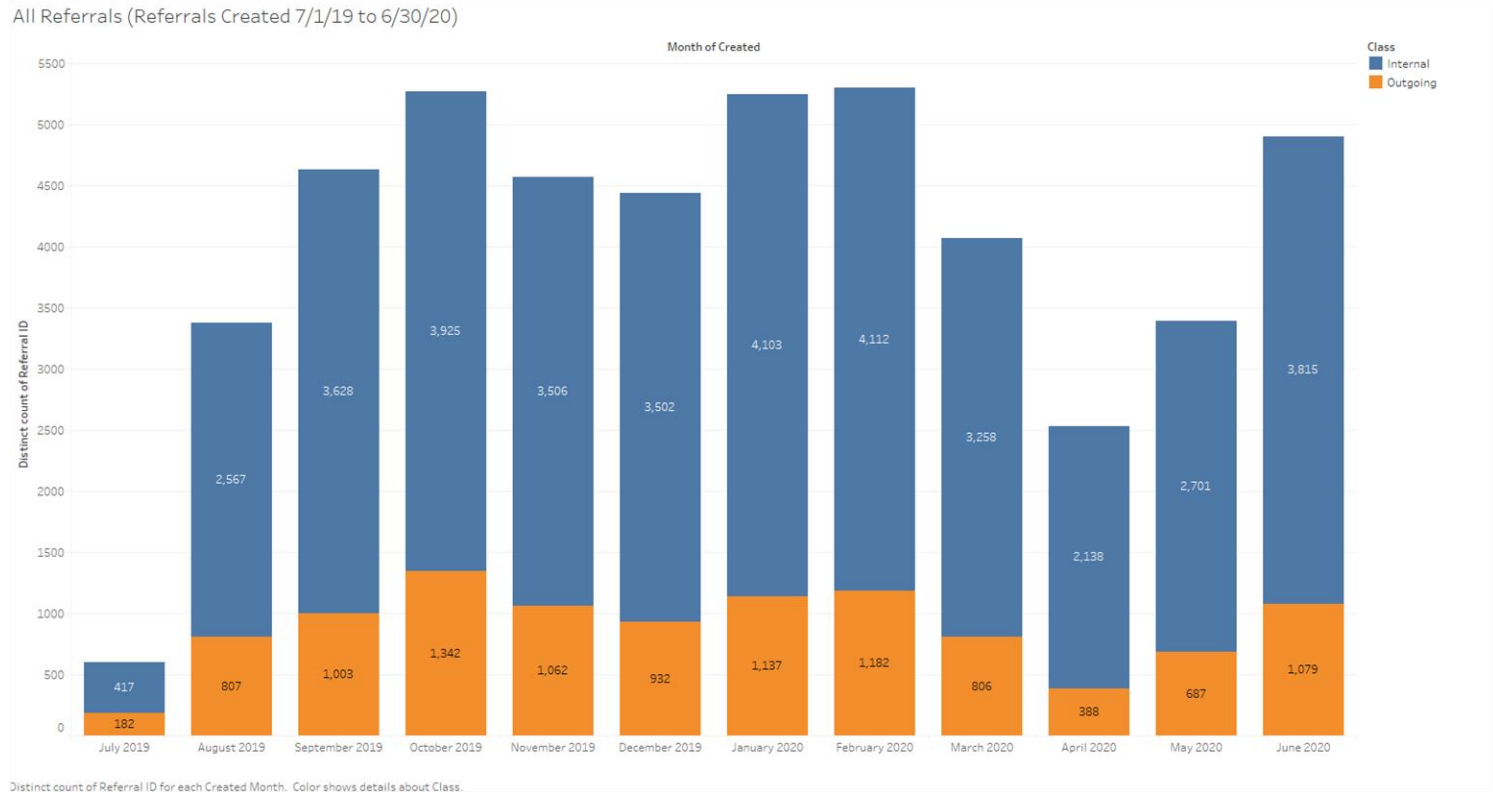


# FY 2020 Leading Metrics - Provider Productivity



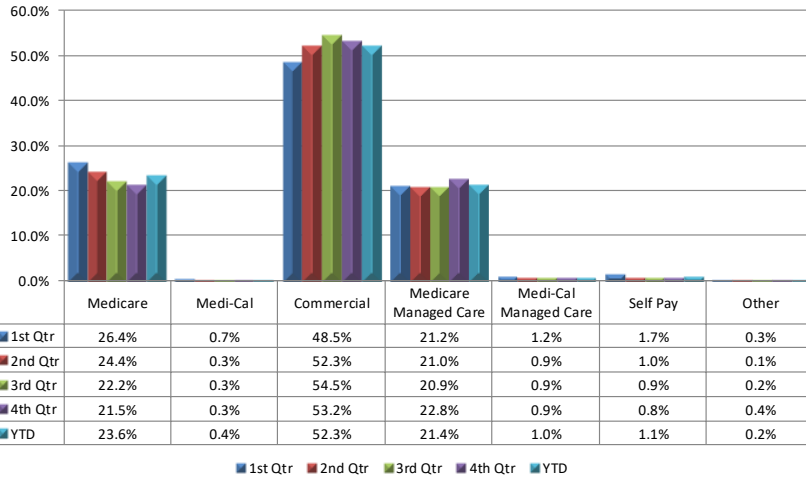
Excludes: Carbon and SVMD Urgent Care providers, Hospitalists and Contracted Providers

# Total % of in-network vs. out-of-network capture

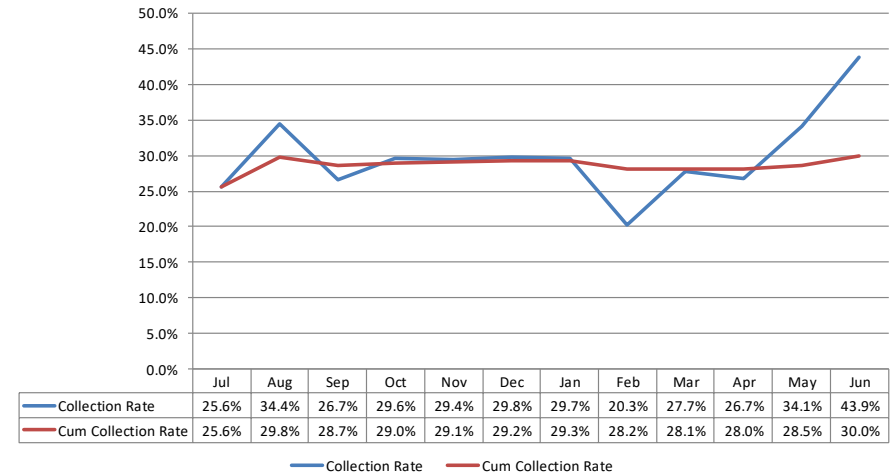


# FY 2020 – Leading Metrics – Revenue Cycle Trends

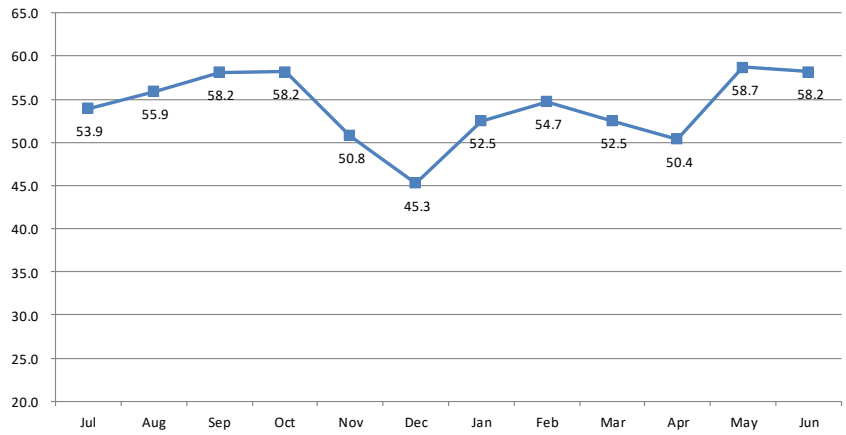
### Quarterly Payer Mix Comparison



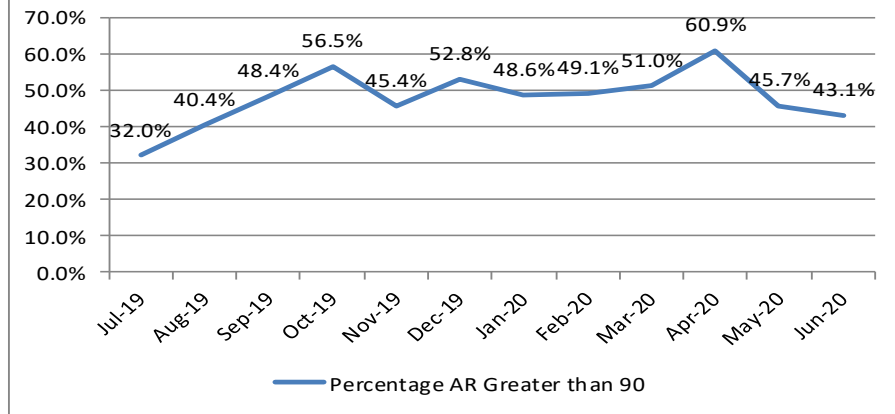
### Collection Rate Trend



### Days AR Outstanding



### Percentage AR Greater than 90



# Operational Excellence Financial Improvement Initiatives

## Engaged Unify Consulting

- Revenue and expense management
- Productivity improvement
- Portfolio analysis
- Achievement of budget forecast

## Revenue Cycle - revenue realization processes

- Provider enrollment and credentialing
- Scheduling/registration/pre-authorization
- Charge capture and chart completion timeliness
- Contract compliance / underpayment resolution

## APPENDIX

Finance Committee additional request from  
July Joint Board/Finance Committee

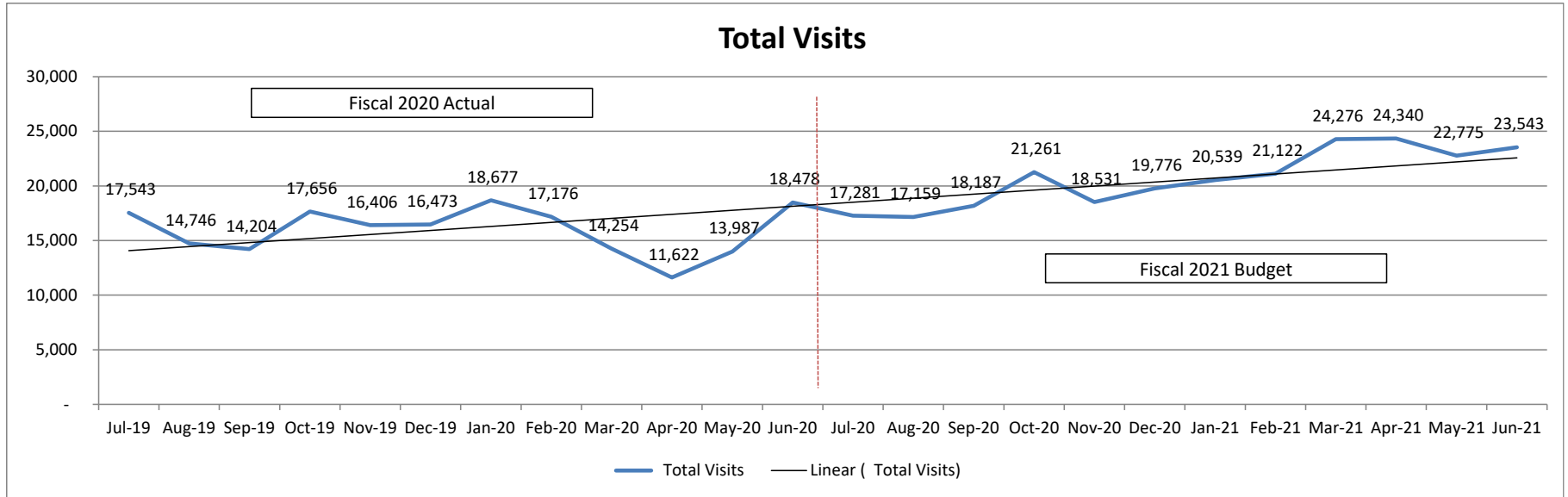
# Silicon Valley Medical Development

## Summary of FY21 Budget Indicators

	<u>FY 20 Actual</u>	<u>FY 21 Budget</u>	<u>FY 21 YTD Actual</u>
<b>Key Stats</b>			<b>TBD</b>
Avg Clinic Visits per Business Day	668	809	Reported Quarterly beginning September 2020
Avg Clinic wRVU's per per Business Day	994	1,270	
Urgent Care Visits per Business Day	43	69	
Unique Lives	69,708	80,000	
Capitated Member Months	77,212	69,336	
<b>Key Indicators</b>			
Net Patient Revenue per visit	\$ 135	\$ 154	
Salary, Wages and Benefits per Visit	\$ 104	\$ 82	
Physician Fees per Visit	\$ 180	\$ 167	
Total Operating Expense (excluding	\$ 434	\$ 377	

These comparative budget statistics were shared in the SVMD Budget forecast at the July Joint Board/Finance Committee. At the request of the Committee, performance versus budget on these metrics will be included in future quarterly reports to the Finance Committee

# Total Visits FY 20 Actual vs FY 21 Budget



- Q1budget assumes volumes at 85% with Q2 improving to 100% of pre-COVID levels.
- Second half of FY 21 volumes projected to increase by 5% over pre-COVID levels.



2020

**Draft** Finance Committee  
Self-Assessment Report

Prepared by





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# Introduction and Executive Summary

In the interest of enhancing its committee effectiveness, members of the El Camino Hospital (ECH) Finance Committee (FC) participated in a committee self-assessment process in the summer of 2020. Erica Osborne, Principal at Via Healthcare Consulting, provided the consulting and analysis for this effort. This report provides a summary of the findings that were identified during the process and includes recommendations for the committee's consideration.

Governance best practices call for boards and their committees to regularly evaluate performance and adopt improvements to fulfill their duties and responsibilities more effectively. This type of governance assessment can help a committee ensure that its structures, composition, policies and practices provide a platform for thorough oversight and deliberation, effective policy making, efficient decision making, and strong ties with and accountability to board, the community and external regulators. In today's rapidly changing marketplace, effective and efficient governance has never been more important to organizational performance.

## Executive Summary

FC members agree that the committee continues to progress with the majority indicating they agree or strongly agree to 13 out of the 15 statements. Key areas of strength include:

- Most members appear confident the committee understands and effectively and efficiently carries out its responsibilities.
- The FC maintains appropriate focus and is a forum where members actively explore key strategic issues and questions.
- Committee composition includes an appropriate mix of skills and perspectives.
- All members agree or strongly agree that the committee chair provides strong and appropriate leadership in directing the work of the committee as indicated by a score of 4.33.

While things appear to be going fairly well, both the survey scores and the comments signal members believe there is room for improvement. It is also worth noting that the FC committee members consistently rated this committee's performance lower than the mean scores of all of the other ECH Board committees.

The assessment identified the following opportunities for improvement:

- Committee members would like more time to conduct in depth analyses on topics that come before the committee. Several members expressed concerns that at times it feels like the committee is "rubberstamping" management's work rather than adding value to the process.
- As with all committees, more effective bi-directional communication between the committee and the board would better inform the committee's work.
- Members would like to receive more relevant contextual information from management, especially related to the strategic evaluation of service lines.
- There may be an opportunity to explore the dynamic between the executive team and the committee to determine ways to enhance transparency and collaboration.

These assessment results will be discussed with committee members at the September 2020 committee meeting. It is important to note that this assessment process was designed to gauge the effectiveness and efficiency of the committee as a whole, not of the individual committee members. In addition, it was focused on the governance of the organization, not its management or operations.

## Overview of the Process

A customized committee assessment was administered via the Microsoft Forms online survey tool. Committee members were asked to rate their level of agreement with 15 statements of committee effectiveness using a scale of 1-5 from strongly agree to strongly disagree. The self-assessment also invited open-ended responses. All six FC members responded.

# Recommendations

**B**ased on the results of the 2020 ECH Committee Self-Assessment Process and our extensive experience in the area of governance effectiveness, Via Healthcare Consulting recommends ECH consider the following recommendations. In addition, additional education topics requested are listed.

## RECOMMENDATIONS

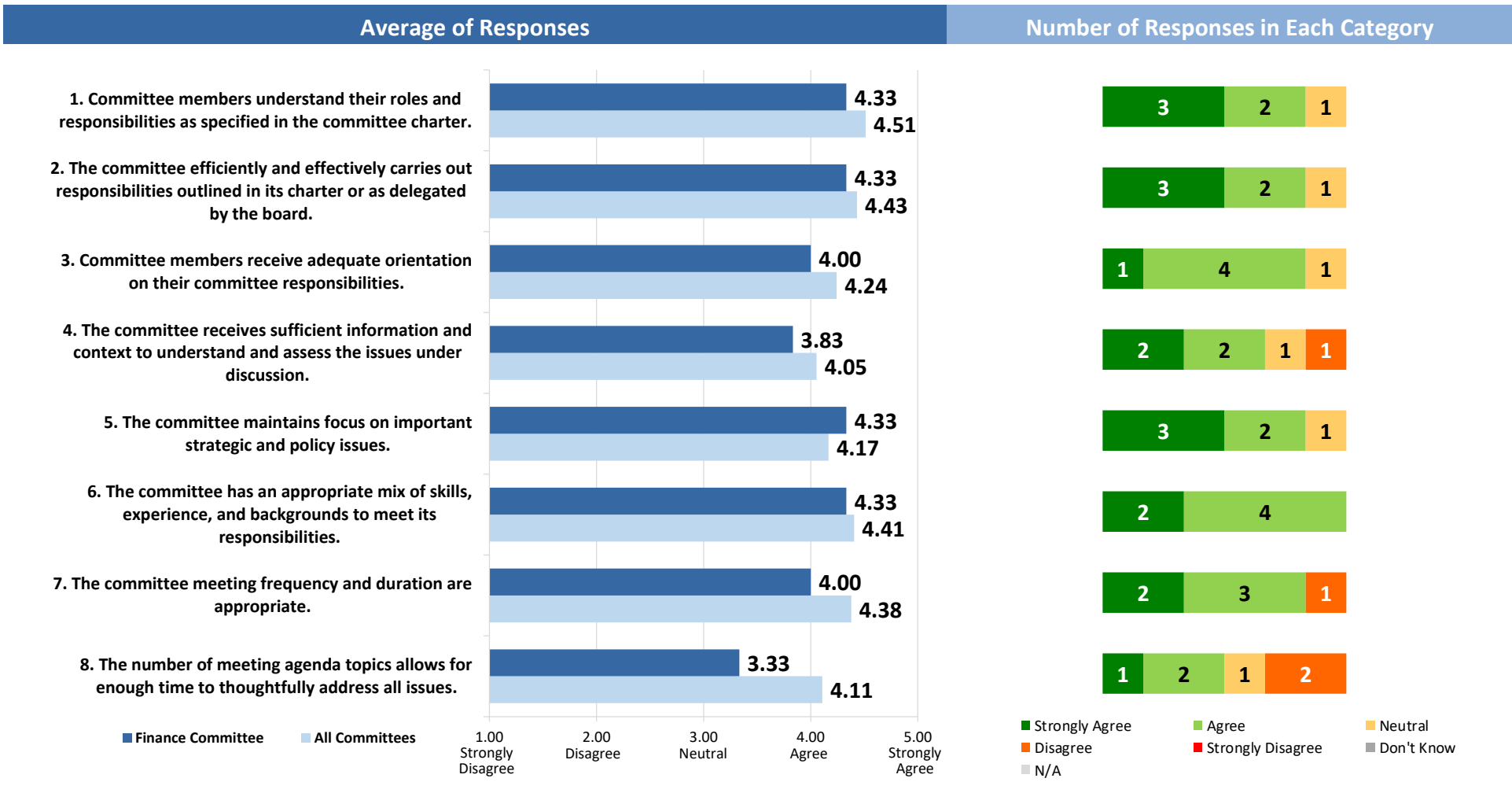
1. Board and committee leadership should engage the executive team in developing a more effective mechanism for communication between the board and committees (*Please note this is also included as a recommendation on Board self-assessment*).
  - Committee Chairs (or Committee Vice-Chairs when the Chair is a non-board member) should work with staff to create a more robust report out on board actions. These reports could include frequent updates on ECH strategic goals, priorities and drivers to better inform the committee's work as well as feedback on the committee's performance and the board's rationale for accepting or rejecting committee recommendations.
  - Committee members should participate in the semi-annual Joint ECH Board and Committee Educational Sessions scheduled for October 2020 and April 2021. At these meetings the CEO can provide updates on progress against the current strategic plan and information on the new strategic process.
2. Ensure that agendas are structured to limit the number of topics and allow adequate time for in-depth discussion of issues and strategic and generative discussions.
3. Conduct a review of meeting materials for content and use of time to ensure that packets are focused, limited in size, contain only the most appropriate and relevant contextual information to support the committee's work.

## ADDITIONAL EDUCATION TOPICS TO BE COVERED OVER THE NEXT YEAR:

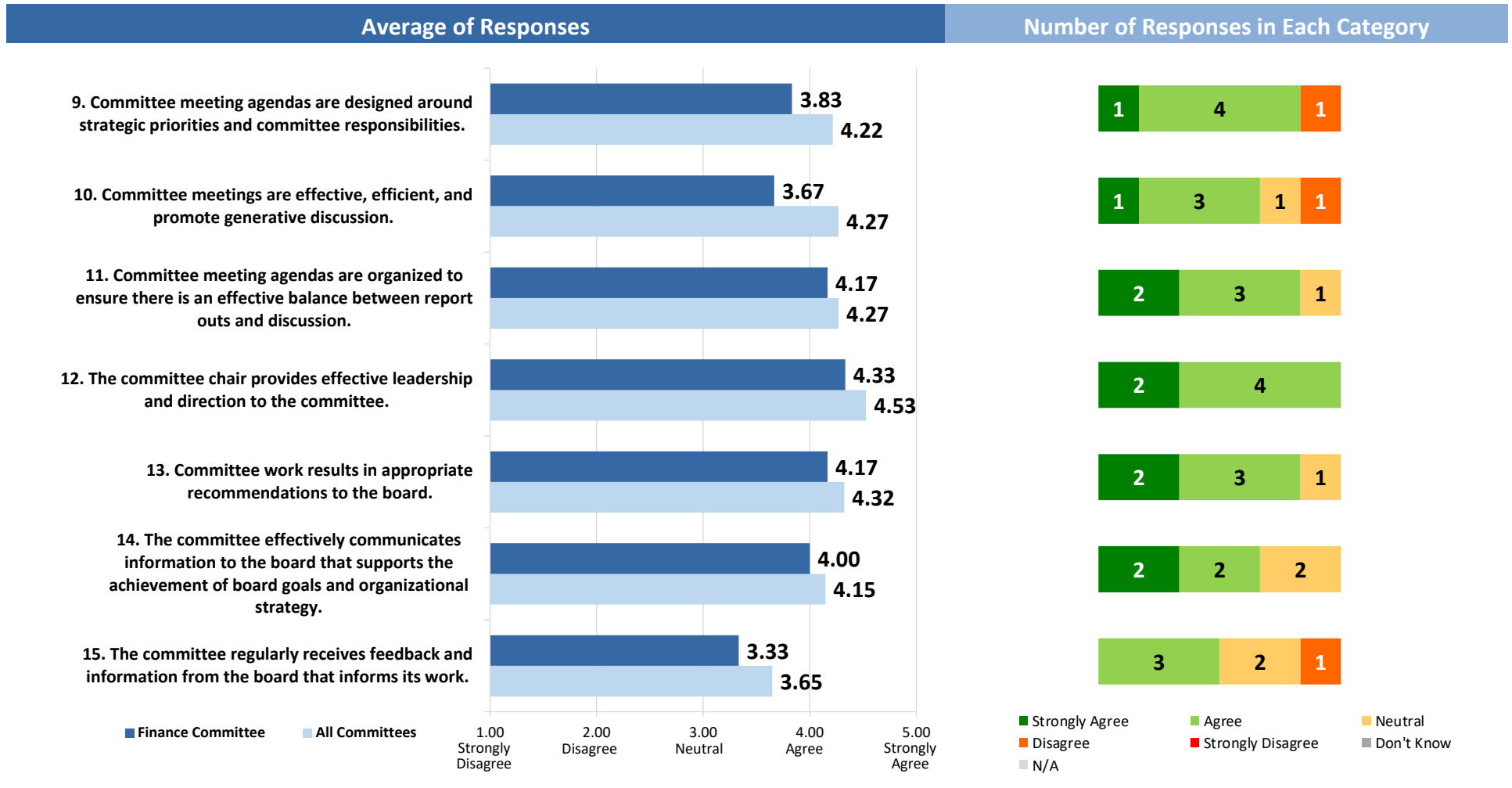
1. Competitive positioning - what are we doing to differentiate and grow our business?
2. Take a look at more operational issues that directly impact finances
3. Overview of key board strategies that finance committees at best practice top performing health systems focus on
4. Medicare's increasing emphasis on at risk compensation for doctors.
5. Compensation on new delivery vehicles like tele-/video-medicine

# Committee Self-Assessment Survey Results

## Finance Committee Self-Assessment Results



## Finance Committee Self-Assessment Results (cont.)



***Summary of Comments for Committee Performance Improvement:***

- The committee needs to focus on less and go more in depth in the meetings in order to provide more meaningful advice to the board and others. The meeting agendas are quite packed and the packets have 150 pages of information which is reviewed page by page in the meeting at a rapid pace.
- Finance Committee is the one place where strategic questions get explored. But we don't have enough time to complete our "routine" review/approval responsibilities and fully discuss important strategic issues. Consider setting up a Strategic Planning Committee. Supposedly, Board Acts in this capacity. Unfortunately, not enough time/staff support for them to do the actual committee work required to do this well.
- The CEO has started sitting in executive session. Not sure why, but it doesn't always promote transparent dialogue. The committee should also be comfortable pushing back or asking tough questions with the expectation that management will respond with an answer or plan. Sometimes feel like we're going through the steps but not being particularly effective or transformative.
- Receive more appropriate information from executive team, particularly in strategic evaluation of service lines.
- The Finance Committee chair and members have the appropriate skills, but I think the committee is seen as a rubber stamp to the health system administration.
- More dialogue to vet issues. I'd like to see greater accountability by management. At times, I feel like we're rubber stamping.
- In the current environment, continue to place more emphasis on cost containment.
- Will need to closely monitor how we manage rolling budget in 2021.

***Suggestions for Additional Education:***

- Competitive positioning - what are we doing to differentiate and grow our business?
- Take a look at more operational issues that directly impact finances.
- Education on what key board strategies that the finance committees at best practice top performing health systems are focused on.
- Increasing emphasis by Medicare on at risk compensation for doctors. Also, compensation on new delivery vehicles like tele-/video-medicine.