



**Minutes of the Open Session of the  
El Camino Hospital Board of Directors  
Wednesday, October 14, 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.

**Board Members Present**

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

**Board Members Absent**

None  
  
\*\*via teleconference

**Members Excused**

None

Agenda Item	Comments/Discussion	Approval s/ Action
1. <b>CALL TO ORDER/ ROLL CALL</b>	The open session meeting of 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. Directors Po and Rebitzer joined the meeting at 5:32pm during the call to order. All other Board members were present at roll call. All members participated via videoconference pursuant to Santa Clara County's shelter in place order. Chair Chen reviewed the logistics for the meeting. A quorum was present pursuant to State of California Executive Orders N-25-20 dated March 12, 2020 and N-29-20 dated March 18, 2020.	
2. <b>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.	
3. <b>PUBLIC COMMUNICATION</b>	None.	
4. <b>BOARD RECOGNITION</b> <i>Resolution 2020-09</i>	<p>Dan Woods, CEO, and John Conover, President, El Camino Health Foundation Board of Directors, recognized the El Camino Health Foundation for responding to the needs of the organization and coordinating with grateful community members to support front line health works during the COVID-19 pandemic.</p> <p>Andrew Cope, President, El Camino Health Foundation, commended the team for going above and beyond during this time.</p> <p><b>Motion:</b> To approve <i>Resolution 2020-09</i> recognizing the El Camino Health Foundation.</p> <p><b>Movant:</b> Kalbach <b>Second:</b> Miller <b>Ayes:</b> Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Watters, Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None</p> <p>The Board commended the Foundation leadership and staff for its efforts and</p>	<b><i>Resolution 2020-09</i></b>

	<p>successes during this time.</p>	
<p><b>5. FY21 PERIOD 2 FINANCIALS</b></p>	<p>Carlos Bohorquez, CFO, provided an overview of the FY21 Period 2 Financials:</p> <ul style="list-style-type: none"> <li>- Inpatient and outpatient volumes have rebounded; the Emergency Department (ED) was the only area as of August 31, 2020 that had not returned to pre-COVID volumes.</li> <li>- Net patient revenue exceeded budget by 26% or \$18 million.</li> <li>- Total operating revenue was \$90 million favorable to budget by \$17.9 million; year over year, it was a slight increase of \$2.7 million.</li> <li>- Salaries, Wages, and Benefits (SW&amp;B) were unfavorable to budget.</li> <li>- Supplies were unfavorable to budget by \$6.2 million, primarily due to personal protective equipment (PPE) expenses and catch up from the prior month. Mr. Bohorquez commented that he expects this to flatten out in the coming months.</li> <li>- Operating margin was favorable to budget by \$8.2 million.</li> <li>- Year-Over-Year income from operations was \$8.8 million, about \$6.4 million less than the same period last fiscal year, which demonstrates recovery, but also the pandemic’s impact on the organization and the need to continue to manage expenses and preserve liquidity.</li> <li>- There was a slight deterioration to the payor mix in August, which staff will continue to monitor.</li> </ul> <p>Mr. Bohorquez explained that 1) Days Cash On Hand includes Medicare Advance payments, received in April 2020 and 2) new legislation extended the recoup period, so those payments will remain on the balance sheet until 2021.</p> <p>In response to Director Zoglin’s comment, Mr. Bohorquez reported that staff is in the process of updating the financial forecast, which will be presented to the Finance Committee in November 2020 and the Board in December 2020.</p> <p>In response to questions from the Board, Mr. Bohorquez commented that 1) unless required, there is no plan to return CARES Act funding at this time and 2) the “other” category for the payor mix includes individuals who do not qualify for Medi-Cal and/or do not have insurance.</p> <p><b>Motion:</b> To approve the FY21 Period 2 Financials.</p> <p><b>Movant:</b> Kalbach</p> <p><b>Second:</b> Watters</p> <p><b>Ayes:</b> Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Watters, Zoglin</p> <p><b>Noes:</b> None</p> <p><b>Abstentions:</b> None</p> <p><b>Absent:</b> None</p> <p><b>Recused:</b> None</p>	<p><b><i>FY21 Period 2 Financials approved</i></b></p>
<p><b>6. FY20 FINANCIAL AUDIT</b></p>	<p>Joelle Pulver from Moss Adams reviewed the scope of services (consolidated audit for the District, Hospital, Foundation, SVMD, and CONCERN, separate engagement for the Auxiliary). She explained that Moss Adams is providing non-attest services to ECH related to lean consulting and consolidated financial statements, but that Moss Adams</p>	



	<p>remains independent of the organization for audit purposes.</p> <p>Ms. Pulver reported that the opinion given is an unmodified one, which is the highest level of assurance that can be given.</p> <p>She outlined the FY20 audit results including:</p> <ul style="list-style-type: none"> <li>- Significant increase in cash and investments; in FY20, there was \$152 million in positive cash flows from operations.</li> <li>- Purchases of \$107 million in capital assets, offset by \$50 million in depreciation related to ongoing construction projects</li> <li>- Other assets increased driven by the organization's pension plan (\$38 million increase, based on a valuation date of December 31, 2019)</li> <li>- Current liabilities include Medicare Advanced payments, which due to new legislation will not be recouped until 2021 and may need to be reclassified as long-term liabilities</li> <li>- Net Patient Service Revenue/Accounts Receivable, which is reviewed and tested in detail as it is the largest estimate on the balance sheet. She noted that the process for developing the model is consistent with others in the industry, and ECH's valuation was slightly conservative, quite close to actual collections, and right within expectations.</li> <li>- Income Statement Year-over-Year: each expense category increased in dollar amount, but is very consistent year over year between categories of where revenue is spent; Ms. Pulver noted that SVMD's acquisition expenses only impacted three months of FY19 versus the entirety of F20</li> <li>- Community Benefit expense of just over \$12 million</li> </ul> <p>Ms. Pulver explained that 1) Moss Adams does not opine on operating effectiveness of internal controls, 2) there were no significant accounting policy changes, and 3) management judgements and accounting estimates are reasonable.</p> <p>She reported that there were two audit adjustments related to 1) \$12 million increase to Net Patient Accounts Receivable and Net Patient Revenue due to \$7 million in unreconciled bad debt expense, which was reversed and \$5 million from additional reserves (2%) built into the forecasting modeling, which was not removed prior to booking the final year-end adjustments and 2) an investment that was recorded twice, so the investments were overstated by \$14 million. She noted that the total investment portfolio is \$1.2 billion.</p> <p>Ms. Pulver noted that there is a significant internal control deficiency related to the financial close reporting process and reconciliations. Management has provided a response and is reworking the reconciliation process.</p> <p>There were no further questions from the Board.</p>	
<p><b>7. ADJOURN TO CLOSED SESSION</b></p>	<p><b>Motion:</b> To adjourn to closed session at 6:03pm pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters – Senior Management: FY20 Financial Audit; pursuant to <i>Gov't Code Section 54957.2</i> for approval of the Minutes of the Closed Session of the Hospital Board Meeting (9/9/2020); pursuant to <i>Health and Safety Code Section 32155</i> for a report of the Medical Staff; deliberations concerning reports on Medical Staff quality assurance matters: Quality Committee Report (Medical Staff Credentials and Privileges Report, Quality Council Minutes); pursuant to <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets and <i>Gov't Section Code 54957.6</i> for a conference with labor negotiator Dan Woods: FY21 Individual</p>	<p><b><i>Adjourned to closed session at 6:03pm</i></b></p>

	<p>Executive Goals; pursuant to <i>Health and Safety Code Section 32155</i> for a report of the Medical Staff; deliberations concerning reports on Medical Staff quality assurance matters: Medical Staff Report; pursuant to <i>Gov't Code Section 54956.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation: FY20 Compliance Program Summary Report; pursuant to <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: CEO Report on New Programs and Services; and pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters – Senior Management: Executive Session.</p> <p><b>Movant:</b> Miller  <b>Second:</b> Kalbach  <b>Ayes:</b> Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Watters, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<p><b>8. AGENDA ITEM 16:  RECONVENE OPEN  SESSION/  REPORT OUT</b></p>	<p>Open session was reconvened at 7:32pm by Chair Chen. Agenda Items 7-15 were addressed in closed session.</p> <p>During the closed session, the Board approved the Minutes of the Closed Session of the Hospital Board Meeting (9/9/2020); and Closed Session Quality Committee Report, including the Medical Staff Credentials and Privileges Report and the Quality Council Minutes by a vote in favor of all members present and participating in the meeting (Directors Chen, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Watters, and Zoglin). Director Fung recused himself for those approvals. The Board also approved the Medical Staff Report by a unanimous vote in favor of all members present and participating in the meeting (Directors Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Watters, and Zoglin).</p>	
<p><b>9. AGENDA ITEM 17:  CONSENT  CALENDAR</b></p>	<p>Chair Chen asked if any member of the Board or the public wished to remove an item from the consent calendar. No items were removed.</p> <p><b>Motion:</b> To approve the consent calendar: Minutes of the Open Session of the Hospital Board Meeting (9/9/2020); Minutes of the Open Session of the Special Hospital Board Meeting (9/23/2020); FY21 Readmissions (Organizational Performance Goal Metrics); Compliance and Audit Committee Report: FY20 403(b) Plan Audit, FY20 Cash Balance Plan Audit; Minutes of the Open Session of the Executive Compensation Committee Meeting (7/28/2020); FY20 Organizational Performance Goal Score; Neuro-Interventional Call Panel; Medical Director, Cardiac Rehabilitation; Medical Staff Report; and for information: FY20 Community Benefit Report; Quality Committee Report.</p> <p><b>Movant:</b> Kalbach  <b>Second:</b> Watters  <b>Ayes:</b> Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Watters, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<p><i>Consent  calendar  approved</i></p>



<b>10. AGENDA ITEM 18: FY20 FINANCIAL AUDIT</b>	<p><b>Motion:</b> To approve the FY20 Financial Audit.</p> <p><b>Movant:</b> Kalbach  <b>Second:</b> Ting  <b>Ayes:</b> Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Watters, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<p><i>FY20 Financial Audit approved</i></p>
<b>11. AGENDA ITEM 19: CEO REPORT</b>	<p>Dan Woods, CEO, provided the following updates:</p> <ul style="list-style-type: none"> <li>- He commended the sustained improvement for two hospital-acquired infections; it has been 256 days (in Mountain View) and 122 days (in Los Gatos) since the last Catheter Associated Urinary Tract Infection (CAUTI) and 254 days in MV and 1,445 in LG since the last Center Line Associated Blood Stream Infection (CLABSI).</li> <li>- The site visit for the Magnet Designation is scheduled for November 10-12, 2020.</li> <li>- ECH is the second site in the world to open the Phase I COVID-19 clinical trial with Pfizer.</li> <li>- The first employee pulse survey on quality, safety, collaboration, and leadership was launched on September 30<sup>th</sup> and additional surveys will be conducted throughout the year.</li> <li>- ECH achieved Cum Laude in Epic's Honor Roll Program and was awarded CHIME's "Most Wired" designation for the fourth year in a row.</li> <li>- The El Camino Healthcare District Community COVID-19 Testing Program has provided over 6,000 tests. Due to the program's success, the Hospital is sponsoring a similar program in Los Gatos.</li> </ul> <p>Mr. Woods emphasized that it is safe to return to health and urged those in need to seek medical care.</p> <p>Mr. Woods thanked donors for \$304,397 donated to the Foundation in FY21 Period 2 and welcomed back the small group of the Auxiliary providing onsite services.</p> <p>In response to Director Miller's question, Jim Griffith, COO, further described the Quest dual diagnosis intensive outpatient program, which focuses on adolescent substance abuse issues.</p> <p>Director Ting commended staff for the incredible work on hospital-acquired infections.</p>	
<b>12. AGENDA ITEM 19: BOARD COMMENTS</b>	<p>None.</p>	
<b>13. AGENDA ITEM 20: ADJOURNMENT</b>	<p><b>Motion:</b> To adjourn at 7:41pm.</p> <p><b>Movant:</b> Po  <b>Second:</b> Kalbach  <b>Ayes:</b> Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Watters, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<p><i>Meeting adjourned at 7:41pm</i></p>

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

DocuSigned by:

  
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Lanhee Chen  
Chair, ECH Board of Directors



Julia E. Miller  
Secretary, ECH Board of Directors

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