



**Minutes of the Open Session of the
Finance Committee of the
El Camino Hospital Board of Directors
Monday, January 25, 2021**

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

Members Present

John Zoglin, Chair**
Boyd Faust**
Gary Kalbach**
Wayne Doiguchi**
Joseph Chow**

Members Absent

**via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	Chair John Zoglin called the open session meeting of the Finance Committee of El Camino Hospital (the Committee”) to order at 6:30 pm. 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.	
2. POTENTIAL CONFLICT OF INTEREST	Chair Zoglin asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
3. PUBLIC COMMUNICATION	There were no comments from the public.	
4. CONSENT CALENDAR	<p>Chair Zoglin asked if any member of the Committee wished to remove an item from the consent calendar. None were noted.</p> <p>Motion: To approve the consent calendar: (a) Minutes of the Open Session of the Finance Committee Meeting (11/23/20) and (b) FY2021 Period 5 Financial Report, and for information: (c) FY2021 Committee Pacing Plan, (d) Progress Against FY2021 Committee Goals, (e) Article of Interest, and (f) Major Capital Projects in Process</p> <p>Movant: Kalbach Second: Doiguchi Ayes: Chow, Doiguchi, Faust, Kalbach, and Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Consent Calendar was approved</i>
5. REPORT ON BOARD ACTIONS	Chair Zoglin asked the Committee for any questions or feedback on the Report on Board Actions as further detailed in the packet. Mr. Woods stated that management had engaged with the consulting firm McKinsey & Company to assist with the development of a strategic plan for ECH.	
6. FY21 PERIOD 6 FINANCIALS	Carlos Bohorquez, CFO presented the FY2021 Period 6 Financials. He stated December was strong month as reflected with in increase of 13.5% in gross charges over same period last year . Given the on-going impact of the Covid-19 pandemic, management is pleased with the level of recovery over the past six months and how the team worked together to ensure patients, staff and physicians have access to safe and quality care in this time of crisis. Total operating revenue increased by 3.9% over last December. From an expense standpoint, Mr. Bohorquez stated ECH is incurring approximately \$900,000 per month in additional expenses	

	<p>associated with the pandemic. These expenses are mostly attributed to higher use of PPE, significantly unit costs for PPE, costs for testing staff / patient / community members and additional staff costs associated with patient care and screenings. He stated that operating performance remains strong as demonstrated by December's Operating EBIDA margin of 14.6%</p> <p>YTD results demonstrate a similar trend as indicated by a 9.0% year-over-year increase in gross charges and Operating EBIDA margin of 14.1% Mr. Bohorquez stated that given the challenges associated with the pandemic, management is pleased with the operating and financial results for Q1 and Q2 of the fiscal year.</p> <p>Nevertheless, he stated that January will be a challenging month from a revenue and expense standpoint due to the current wave of Covid patients and impact on operations at the Mountain View campus. Dan Woods, CEO commented that it was intentional to keep the Los Gatos campus COVID free by transferring all inpatient COVID patients to Mountain View and some non-COVID patients to Los Gatos. This has allowed Los Gatos to operate with minimal disruptions and absorb some of the surgical volume from Mountain View.</p> <p>Mr. Bohorquez noted that the shift to the outpatient setting as demonstrated by the increase in outpatient surgical cases. In discussing payor mix, Mr. Bohorquez indicated that payor mix remains strong and has not been impacted by higher unemployment rates in the county. Management will continue to monitor payor mix very closely to be able to react in the event it begins to deteriorate.</p> <p>Mr. Faust commented that 20-30% of patients have opted to go to urgent cares instead of hospital ED's.</p> <p>In response to a committee member's question, Jim Griffith, COO stated that December was the first full 9 months from the first shelter in place, which has had a material impact on ED volume and a few other service lines.</p> <p>Motion: To recommend Board approval of the FY2021 Period 6 Financials</p> <p>Movant: Faust Second: Doiguchi Ayes: Chow, Doiguchi, Faust, Kalbach, and Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>7. REVISED FY21 FINANCIAL FORECAST (INCLUDING COVID-19 RECOVERY PLAN)</p>	<p>Carlos Bohorquez, CFO, presented the Revised FY2021 Financial Forecast (including COVID-19 recovery plan). He stated the materials included in the packet is the forecast for Q3 and Q4 of FY2021. It shows FY2020 performance and actual FY2021 vs. budget. He stated the organization was favorable vs. budget in all categories operating and financial indicators. .</p>	

	<p>Mr. Bohorquez noted that prior to developing the Q3/Q4 forecast, he asked his team to develop comparative analysis of Q2 actual vs. the forecast presented at the November 2020 Finance Committee. He stated that management is pleased that actual net patient revenue total operating revenue, operating expense and operating income were all within 2.6% was less of the forecast. This demonstrates that the team development or thoughtful and reasonable assumptions.</p> <p>The updated Q3 forecast projects total operating income of \$8.6 million which is significantly lower than Q1/Q2. Mr. Bohorquez advised the finance committee that financial performance for January and potentially February will be lower than expected given the need to reduce surgical cases at Mountain View and significant additional staffing expenses for treatment of Covid patients. Management has a plan to resume normal operations in Mountain View as soon as appropriate and is confident that March will show strong rebounds as restrictions start to lift and vaccines become more readily available. Mr. Bohorquez stated that having to reduce elective surgical cases is beyond management's control. Mr. Bohorquez stated that he's confident the organization is prepared for the rebound in volumes and will have a strong March and Q4 with the expectation that fiscal year end results will exceed FY2020.</p> <p>In response to committee members' questions, Mr. Woods stated the budget was prepared in the early stages of the pandemic at which time the impact and the length of the pandemic was unknown. In an effort to understand the impact, management delayed the submission and approval as late as possible. Mr. Woods stated that the organization is has regulatory requirement to develop and approve an annual budget and it's also used to establish the threshold for incentive compensation.</p> <p>The committee all agreed that these numbers will need to be presented and discussed by the committee.</p> <p>Chair Zoglin suggested that the discussion of adjusting the incentive threshold should be sent to the Executive Compensation Committee.</p>	
<p>8. POST IMPLEMENTATION REVIEW</p>	<p>Ken King, CASO, presented the Post Implementation Review for the Emergency Department Remodel. He stated that the project was completed a couple of few months ago. The project started in 2019 and was completed 4 months late due to the Covid pandemic. He commented that the triage area was more open and working well which has improved patient throughput.</p> <p>In response to committee members' questions, Mr. King stated that the OSHPD requirements involve more people that a non-OSHPD project which in many cases leads to varying interpretations at different points in a project. He stated that he understands no work can proceed that varies from the approved plans. Mr. King also stated that the approval process could take two or more weeks.</p>	
<p>9. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 7:28pm.</p> <p>Movant: Kalbach Second: Doiguchi Ayes: Chow, Doiguchi, Faust, Kalbach, and Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Adjourned to closed session at 7:28 pm</i></p>

<p>10. AGENDA ITEM 18: RECONVENE OPEN SESSION/ REPORT OUT</p>	<p>The open session reconvened at 8:55 pm. Agenda Items 10-17 were covered in closed session. During the closed session, the Committee approved Meeting Minutes of the Closed Session of the Finance Committee (11/23/20) by a unanimous vote of all members present (Chow, Doiguchi, Faust, Kalbach, and Zoglin).</p>	
<p>11. AGENDA ITEM 19: PHYSICIAN CONTRACTS</p>	<p>Motion: To approve the (a) LG Interventional Radiology Call Panel Renewal and the (b) LG Hospitalists Services, and to recommend approval to the board the (c) Enterprise Tele-psychiatric Telehealth Services Renewal and the (d) Enterprise Mental Health and Addiction Aspire Program Physician Psychiatric Contract with SVMd.</p> <p>Movant: Faust Second: Chow Ayes: Chow, Doiguchi, Faust, Kalbach, and Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>12. AGENDA ITEM 20: CAPITAL FUNDING REQUESTS</p>	<p>Ken King, CASO, presented the Capital Funding Requests for Women’s Hospital Expansion, Real Estate Transaction (APN 406-27-002), and Cardiopulmonary, and Wellness Center Facility Move. Mr. King reported that in 2014 the Board identified the Women’s Hospital Expansion Project as a necessity for the organization to update the mother-baby inpatient rooms, the NICU, provide an antepartum area and enable an LDRP care model. Mr. King also explained that, with the Sobrato building construction complete allowing for the movement of medical offices from the Women’s Hospital to Sobrato, management is ready to begin work on the Women’s Hospital Project</p> <p>Motion: To recommend the Board approve funding not to exceed \$149,000,000 for the Women’s Hospital Expansion Project</p> <p>Movant: Kalbach Second: Doiguchi Ayes: Chow, Doiguchi, Faust, Kalbach, and Zoglin Noes: None Abstentions: None Absent: None Recused: None</p> <p>Mr. King also explained the opportunity to purchase a residential property in Los Gatos to provide temporary housing for employees relocating to the area. Also requested approval to relocate the Cardiopulmonary and Wellness Center to prepare for the demolition of the old main hospital on the Mountain View campus.</p> <p>Motion: To approve funding for (1) a Real Estate Transaction involving the purchase of APN 406-27-002 not to exceed \$1,875,000 and (2) relocation of the Cardiopulmonary and Wellness Center Facility not to exceed \$5,000,000.</p> <p>Movant: Kalbach Second: Chow Ayes: Chow, Doiguchi, Faust, Kalbach, and Zoglin Noes: None Abstentions: None</p>	

	Absent: None Recused: None	
13. AGENDA ITEM 21: CLOSING COMMENTS	There were no closing comments.	
14. AGENDA ITEM 22: ADJOURNMENT	Motion: To adjourn at 9:05 pm Movant: Faust Second: Kalbach Ayes: Chow, Doiguchi, Faust, Kalbach, and Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>Meeting adjourned at 9:05 pm.</i>

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

DocuSigned by:

John Zoglin

D411E71F6749499...

John Zoglin

Chair, Finance Committee

Prepared by: Yurike Afrin, Contracts and Governance Services Admin