



**Minutes of the Open Session of the
Finance Committee of the
El Camino Hospital Board of Directors
Monday, March 29, 2021**

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

Members Present

John Zoglin, Chair**

Boyd Faust**

Don Watters**

Wayne Doiguchi**

Joseph Chow**

Carol Somersille, MD**

Members Absent

**via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Finance Committee of El Camino Hospital (the "Committee") was called to order at 5:30 pm by Chair John Zoglin. A verbal roll call was taken. 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.	
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>Motion: To approve the consent calendar: (a) Minutes of the Open Session of the Finance Committee meeting (03/29/2021) and for Information (b) FY 2021 Pacing (c) Progress Against FY 2021 Committee Goals (d) Major Capital Projects in Process (e) Article of Interest.</p> <p>Movant: Doiguchi Second: Faust Ayes: Chow, Doiguchi, Faust, Dr. Somersille, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	Consent Calendar was approved.
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. Renewing the ECH strategic plan. Executive Team to present the Strategic process to the Committee.	
6. FY2021 PERIOD 8 FINANCIALS	<p>Carlos Bohorquez, Chief Financial Officer presented the FY2021 Period 8 Financials. Mr. Bohorquez highlighted the following:</p> <ul style="list-style-type: none"> • Dan Woods, Chief Executive Officer and Mr. Bohorquez met with the two rating agencies: Moody's and S&P late last calendar year as part the annual credit review process. • Both rating agencies went to credit committee in early March with Moody's issuing their report on March 8th and S&P on 	

March 15th. Overall comments from Moody's and S&P were positive.

- Moody's affirmed our ratings and outlook: 'A1' rating for Revenue Bonds with a 'Stable' outlook and General Obligations (GO) Bonds 'Aa1' with a Stable outlook.
- S&P affirmed our rating and outlook: 'AA' with a 'Stable' outlook. For both Revenue and GO Bonds.
- Remarks and feedback was positive and both credit analysts were pleased with our planning and strong rebound from the impact of the Covid-19 pandemic. However, both rating agencies will be closely monitoring the level of capital being deployed by the organization to ensure it's at a level system with similar rated organizations and that projects are completed on time and on budget.

Mr. Bohorquez discussed the overall financial and operational impact of third wave of the Covid-19 pandemic which started in late December.

- The volume of Covid-19 patients started to increase in mid-December with the peak being in mid-January, at the peak the number of Covid-19 patients represented a 7 times increase from the average between July to November. The operational impact was significant and resulted in the need to reduce OR capacity at our Mountain View campus for approximately 5 weeks.
- For Period 8 key statistics demonstrate the residual of the third wave and ongoing impact of the Covid-19 pandemic. There was a significant reduction in inpatient activity as demonstrated by ADC of 229 versus 269 in January and 259 for the same period last fiscal year.
- The heat map on slide 4, shows lots of red (unfavorable) for volume, operations and financial performance compared to the same period last year. Patients seeking care, are generally sicker than the prior year which might be attributed to their hesitance to come the ED or pushing out needed procedures or other needed healthcare services. Year-over-year for February about 35% reduction in Emergency Room visits.
- From an operational standpoint, less volume does have an impact on productivity. Productive hour per adjusted discharge was unfavorable to budget by 7.6% and unfavorable to prior fiscal year by 13.2%. Cost per adjusted discharge was unfavorable to budget by 2.2% and unfavorable to prior fiscal year by 10.3%, less volume means less revenue to spread the overhead expenses throughout the organization.
- From a financial performance standpoint all numbers: inpatient revenue, operating revenue, the performance of the organization from an operating margin standpoint were all favorable to budget, but the budget was conservative given it was developed in the mist of the pandemic when a number of unknowns. Year-over-year operating revenue was down from last February by \$2.5 million dollars, a significant impact on revenue. Operating margin was unfavorable to prior fiscal year by \$4.5 million dollars, operating EBIDA was unfavorable to prior to the same period last fiscal year by \$3.4 million dollars. The pandemic and

	<p>third wave are the main factors driving lower year-over-year financial performance.</p> <p>Mr. Bohorquez proceeded to review YTD FY2021 metrics and financial performance.</p> <ul style="list-style-type: none"> • From an ADC standpoint year-to-date compared to the end of February last year was 242 versus 240. • Despite of the economic impact and higher unemployment payor mix has been consistent with prior fiscal year. • Overall YTD financial performance, operating EBIDA year-to-date is lighter compared to the prior Fiscal year by \$5.7 million dollars. This is directly attributed to the pandemic. • YTD Operating EBIDA 13.0% versus 14.1% is lighter compared to prior fiscal year, but expect March to be strong and assuming there is no forth wave we anticipate a strong 4th quarter of FY2021. • As part of the CARES Act in April 2020, we received \$78 million dollars from CMS (Advance Medicare Payment), initially the recoup of this payment was expected to begin 120 days after receipt of the funds. The recoup was subsequently extended to begin one year after receipt, so we expect 25% of the \$78 million to be recouped by CMS over the next 12 months starting in April. This will negatively impact liquidity, but not to a level of concern. <p>Motion: To approve the FY2021 Period 9 Financials.</p> <p>Movant: Faust Second: Doiguchi Ayes: Chow, Doiguchi, Faust, Dr. Somersille, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>7. COVID-19 RECOVERY PLAN</p>	<ul style="list-style-type: none"> • Mr. Bohorquez stated recovery pre-January overall as an organization from a volume perspective recovered very nicely except for the ED, seen some shifts in volume for surgical volume from inpatient and outpatient, but consist with trends in similar industries. • Patients are waiting a little longer than usual to access care leading to higher acuity of patients and ultimately higher mortality. In reviewing the root cause of the higher mortality, it's attributed to patients coming in later stages of sepsis which significantly decreases the probability of recovery. • Mr. Bohorquez stated that at April's finance committee meeting, he'll present the updated forecast for the 4th quarter of FY2021. • In response from a question from the committee, he stated that urgent care volumes are currently about a 30/70 split between regular visits and Covid related testing. 	
<p>8. ECH COMMUNITY BENEFIT MID-YEAR METRICS</p>	<p>Ms. Avery presented the ECH Community Benefit (CB) Mid-year Metrics. Ms. Avery highlighted the following:</p>	

	<ul style="list-style-type: none"> • What is the community benefits program? Provides treatment, prevention, or promotion of health as a response to identified community needs. • Programs meet the following objectives: 1) relieves or reduces the burden of government or other community efforts 2) improves access to health care services 3) enhances the health of the community 3) advances medical or healthcare knowledge. • The annual Community Benefits Plan can be accessed online. • Timeline & Process; the FY2022 grant cycle spans July 1, 2021- June 30, 2022. HCBC (Hospital Community Benefit Committee) meets in April. HCBC's recommendations for funding are provided to the Finance Committee (FC) as part of the CB Annual Plan • FC approves grant funding through the CB Annual Plan • Aggregate amount approved in Annual Plan Allows for New Grants Recommendation by HCBC up to \$50k • In excess of \$50k requires Finance Committee approval, Increase in excess of \$50k - \$150k require CEO approval, Increase in excess of \$150k require HCBC recommendation and Finance Committee approval • Per the Affordable Care Act and California's SB697, El Camino Hospital conducts triennial community health needs assessment in collaboration with SCC hospitals • FY2021 Midyear Update: \$3.4M Board Approved Funding, 48 Grant Programs, and 60% Grants that Met Midyear Metrics. • FY2021 Top Investments; Safety-net clinic, pre-diabetes initiative, youth mental health counseling, school nurse programs, community service agency social work. 	
<p>9. PROPOSED NEW FY21 COMMUNITY BENEFIT GRANT</p>	<p>Ms. Avery presented the Community Benefit: Cuesta Park Community Court request. The following items were discussed;</p> <ul style="list-style-type: none"> • To approve a \$150k grant request from the City of Mountain View for the development of a Community Fitness Court in Cuesta Park. • The project aligns with Community Benefit objectives to enhance the health of the community • The city of Mountain View is prepared to move forward to complete the design and bid of the Cuesta Park Community Fitness Court in April/May 2021 • Approved funding is required to proceed • The Mountain View City Council approved funding on December 8, 2020, and ECH approved funding is required. <p>Movant: Chow Second: Dr. Somersille Ayes: Chow, Doiguchi, Faust, Dr. Somersille, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	

10. ADJOURN TO CLOSED SESSION	Motion: To adjourn to closed session at 6:52 pm. Movant: Faust Second: Doiguchi Ayes: Chow, Doiguchi, Faust, Dr. Somersille, Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>Adjourned to closed session at 6:52 pm.</i>
11. AGENDA ITEM 18: RECONVENE OPEN SESSION/ REPORT OUT	Agenda Items 11-17 were covered in closed session and the Committee approved the consent calendar by a unanimous vote of all members present (<i>Chow, Doiguchi, Faust, Somersille, and Zoglin</i>).”	
12. AGENDA ITEM 19: PHYSICIAN CONTRACTS	Motion: To approve the (a) LG Acute Rehab Professional Services Agreement Renewal under recommendation for Board approval (b) LG Urology call Panel Renewal. Movant: Chow Second: Doiguchi Ayes: Chow, Doiguchi, Faust, Dr. Somersille, Zoglin Noes: None Abstentions: None Absent: None Recused: None	
13. AGENDA ITEM 20: CLOSING COMMENTS	There were no closing comments.	
14. AGENDA ITEM 21: ADJOURNMENT	Motion: To adjourn at 8:30 pm. Movant: Faust Second: Doiguchi Ayes: Chow, Doiguchi, Faust, Dr. Somersille, Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>Meeting adjourned at 8:30 pm.</i>

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

DocuSigned by:

John Zoglin

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John Zoglin

Chair, Finance Committee

Prepared by: Samreen Salehi, Executive Assistant, Administration