

## AGENDA

### REGULAR MEETING OF THE EL CAMINO HOSPITAL BOARD OF DIRECTORS

**Wednesday, April 10, 2019 – 5:30pm**

El Camino Hospital | Conference Rooms A&B, F&G (ground floor)  
2500 Grant Road Mountain View, CA 94040

Peter Fung, MD will be participating via teleconference from 75 E. Harmon Avenue, Las Vegas, NV 89109.  
Jeffrey Davis, MD will be participating via teleconference from Albany Marriott | 189 Wolf Road, Albany, NY 12205.

**MISSION:** To heal, relieve suffering, and advance wellness as your publicly accountable health partner.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>1. CALL TO ORDER/ROLL CALL</b>	Lanhee Chen, Board Chair		<b>5:30 – 5:31pm</b>
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Lanhee Chen, Board Chair		<b>information 5:31 – 5:32</b>
<b>3. QUALITY COMMITTEE REPORT <a href="#">ATTACHMENT 3</a></b>	Julie Kliger, Quality Committee Chair; Mark Adams, MD, CMO		<b>discussion 5:32 – 5:42</b>
<b>4. FY19 PERIOD 8 FINANCIALS <a href="#">ATTACHMENT 4</a></b>	Iftikhar Hussain, CFO	<i>public comment</i>	<b>possible motion 5:42 – 5:52</b>
<b>5. 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	Lanhee Chen, Board Chair		<b>information 5:52 – 5:55</b>
<b>6. ADJOURN TO CLOSED SESSION</b>	Lanhee Chen, Board Chair		<b>motion required 5:55 – 6:01</b>
<b>7. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Lanhee Chen, Board Chair		<b>information 6:01 – 6:02</b>
<b>8. CONSENT CALENDAR</b> <i>Any Board Member may remove an item for discussion before a motion is made.</i>  <b>Approval</b> <i>Gov't Code Section 54957.2:</i> a. Minutes of the Closed Session of the Hospital Board Meeting (March 13, 2019)  <b>Reviewed and Recommended by the Executive Compensation Committee</b> b. Minutes of the Closed Session of the Executive Compensation Committee (January 29, 2019)	Lanhee Chen, Board Chair		<b>motion required 6:02 – 6:04</b>
<b>9. Health &amp; Safety Code Section 32155 for a report of the Medical Staff; deliberations concerning reports on Medical Staff quality assurance matters:</b> - Medical Staff Report	Imtiaz Qureshi, MD, Enterprise Chief of Staff; Linda Teagle, MD, Los Gatos Chief of Staff		<b>motion required 6:04 – 6:24</b>

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
10. <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: - FY20 Budget Assumptions	Iftikhar Hussain, CFO		<b>discussion</b> <b>6:24 – 6:54</b>
11. <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: - Brand Positioning	Dan Woods, CEO		<b>discussion</b> <b>6:54 – 7:54</b>
12. <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets; <i>Gov't Code Section 54957.6</i> for conference with labor negotiator Dan Woods; <i>Gov't Code Section 54956.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation: - CEO Report on New Services and Programs, Labor Negotiations, and Legal Matters	Dan Woods, CEO		<b>discussion</b> <b>7:54 – 8:14</b>
13. Report involving <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters – Senior Management: - Executive Session	Lanhee Chen, Board Chair		<b>discussion</b> <b>8:14 – 8:19</b>
14. <b>ADJOURN TO OPEN SESSION</b>	Lanhee Chen, Board Chair		<b>motion required</b> <b>8:19 – 8:20</b>
15. <b>RECONVENE OPEN SESSION/ REPORT OUT</b> To report any required disclosures regarding permissible actions taken during Closed Session.	Lanhee Chen, Board Chair		<b>8:21 – 8:22</b>
16. <b>CONSENT CALENDAR ITEMS:</b> <i>Any Board Member or member of the public may remove an item for discussion before a motion is made.</i> <b>Approval</b> a. <a href="#">Minutes of the Open Session of the Hospital Board Meeting (March 13, 2019)</a> <b>Reviewed and Recommended for Approval by the Finance Committee</b> b. <a href="#">FY19 Period 7 Financials</a> <b>Reviewed and Recommended for Approval by the Executive Compensation Committee</b> c. <a href="#">Minutes of the Open Session of the Executive Compensation Committee (January 29, 2019)</a> <b>Reviewed and Recommended for Approval by the Governance Committee</b> d. <a href="#">Annual Board Self-Assessment Tool</a> <b>Reviewed and Recommended for Approval by the Medical Executive Committee</b> e. <a href="#">Medical Staff Report</a> <b>Information</b> f. <a href="#">Finance Committee Approvals</a> g. <a href="#">Report on Capital Projects in Progress</a>	Lanhee Chen, Board Chair	<i>public comment</i>	<b>motion required</b> <b>8:22 – 8:24</b>
17. <b>CEO REPORT</b> <b><a href="#">ATTACHMENT 17</a></b>	Dan Woods, CEO		<b>information</b> <b>8:24 – 8:27</b>

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
18. BOARD COMMENTS	Lanhee Chen, Board Chair		information 8:27 – 8:29
19. ADJOURNMENT	Lanhee Chen, Board Chair	<i>public comment</i>	motion required 8:29 – 8:30pm

Upcoming Meetings: May 8, 2019 | June 12, 2019 || **Board & Committee Education:** April 24, 2019

**EL CAMINO HOSPITAL  
BOARD MEETING COVER MEMO**

**To:** El Camino Hospital Board of Directors  
**From:** Julie Kliger, RN, Quality Committee Chair  
Mark Adams, MD, CMO  
**Date:** April 10, 2019  
**Subject:** Quality, Patient Care and Patient Experience Committee Report

**Purpose:**

To inform the Board of the work of the Quality Committee.

**Summary:**

The FY19 Quality dashboard was reviewed in detail. The Mortality Index showed an increase over target for the most recent two months primarily because of a larger than usual number of terminally ill patients admitted classified as DNR and comfort care. While these patients are “expected” to die clinically that is not recognized in the statistical “expected mortality” unless the patient is moved to hospice care. We do now have an inpatient hospital capability which should help mitigate this problem. Readmission Index is below target so far. The throughput organizational goal measurement period begins April 1, 2019. The current time is still above goal despite a great deal of work being done to streamline this process. There was much discussion about this topic with the committee expressing a desire to have an opportunity to view some additional detail regarding the various segments of time and the efforts being made to address any delays. With the rise of C. Diff colonization in our community—particularly skilled nursing facilities—we are experiencing an increase in C. Diff infections (CDI), necessitating renewed vigilance in the areas of hand washing, antibiotic overuse, patient isolation, room sanitation, and early documentation of C. Diff patient presentation.

The Committee discussed the addition of several new members and appointed an ad hoc committee – including Julie Kliger, Jeffrey Davis, MD, and Melora Simon – to source and recommend potential new members based on various subject matter expertise and patient experience. The Committee also discussed a desire to have some regular input from the Patient Family Advisory Council (PFAC) to the Committee.

The Committee reviewed the results from the recent survey regarding the Quality Strategy Maturity Model used by Alvarez and Marsal. A lively discussion ensued. While the results were fairly spread, most were between 2 and 4 out of 5. The importance of understanding how this infrastructure evolves to support quality and safety excellence was emphasized. We tend to measure outcomes, but those outcomes are supported and maintained by a sufficiently resourced and highly advanced and integrated quality and safety infrastructure.

Dr. Adams reviewed the current status of our Value-Based Purchasing results. This is a zero sum budget based penalty program that allows us to “earn” back dollars based on our performance compared to all other participants. For FFY19, we recovered all but \$234,000 of the \$1,584,818 withhold. For FFY20, we are projecting to recover all but \$313,000 of the \$1.8 million withhold. The Committee reviewed the results in detail in each of the domains: clinical, safety, experience, and efficiency.

Cheryl Reinking, RN, CNO, presented the early results of a new ambitious patient leadership rounding program that is designed to ensure that 80% of our patients have at least one leadership visit before discharge. Early results are very encouraging with several examples of immediate service recovery noted.

A brief discussion of FY20 organizational goals related to quality and experience was begun with the expectation that the Committee will prepare a recommendation to the Board following next month's meeting.

The Committee reviewed the Proposed Quality Committee goals for FY20. The Committee members felt that current goals for FY19 should be carried forward. One additional goal was discussed to include a self-assessment by the Committee for engagement and effectiveness.

**List of Attachments:**

1. Quality and Experience Organizational Goals Dashboard.

**Suggested Board Discussion Questions:** None.



# FY19 Organizational Goal and Quality Dashboard Update

February 2019 (Unless otherwise specified)

Month to Board Quality Committee:  
April, 2019

	FY19 Performance		Baseline FY18 Actual	FY19 Target	Trend	Rolling 12 Months Average
Quality	Month	FYTD				
1 <b>* Organizational Goal</b> <b>Mortality Index</b> <b>Observed/Expected</b> Premier Standard Risk Calculation Mode Date Period: January 2019	1.21 (2.20%/1.81%)	1.01 (1.53%/1.51%)	1.05	0.95		
2 <b>* Organizational Goal</b> <b>Readmission Index (All Patient, All Cause Readmit)</b> <b>Observed/Expected</b> Premier Standard Risk Calculation Mode Index month: December 2018	1.08 (7.81%/7.23%)	1.03 (7.19%/7.00%)	1.08	1.05		
3 <b>* Organizational Goal</b> <b>Patient Throughput-Median minutes from ED Door to Patient Admitted</b> (excludes Behavioral Health Inpatients) Date Period: February 2019	MV: 324 mins LG: 286 mins	MV: 327 mins LG: 301 mins	MV: 350 mins LG: 314 mins	280 mins		
Service	FY19 Performance		HCAHPS Baseline Q4 2017 - Q3 2018	FY19 Target	Trend	Rolling 12 Months Average
	Month	FYTD				
4 <b>* Organizational Goal</b> <b>HCAHPS Nursing Communication Domain</b> <b>Top Box Rating of Always</b> Date Period: February 2019	76.6 (235/307)	79.9 (1675/2097)	80.0	81.0		
5 <b>* Organizational Goal</b> <b>HCAHPS Responsiveness of Staff Domain</b> <b>Top Box Rating of Always</b> Date Period: February 2019	64.2 (183/285)	65 (1290/1985)	65.1	67.0		
6 <b>* Organizational Goal</b> <b>HCAHPS Cleanliness of Hospital Environment Question</b> <b>Top Box Rating of Always</b> Date Period: February 2019	77.5 (234/302)	76.6 (1588/2073)	74.5	76.0		



**El Camino Hospital**

THE HOSPITAL OF SILICON VALLEY

**Summary of Financial Operations  
Fiscal Year 2019 – Period 8**

7/1/2018 to 2/28/2019

El Camino Hospital Board of Directors

Iftikhar Hussain, CFO

April 10, 2018

# Financial Overview

## Volume:

- Weak volume in the last 2 months brings the YTD combined volume measured in adjusted discharges to drop below budget by 0.7%. Inpatient volume is lower in General/Pulmonary Medicine, MCH (deliveries), and Ortho/Spine service lines.
- YTD outpatient volume is below budget -0.7% mainly in ED due to lower level of flu activity and 322 Cases for LG Infusion which has been delayed to Q2 FY20.
- Imaging and Rehab services remain favorable to budget.

## Financial Performance:

- Operating income is favorable to budget by 20.8% (\$13.6M) YTD primarily due to favorable revenue cycle operations.
- YTD Operating Expense is favorable to budget 1.1% (\$6.0M). YTD Salaries & Wages are favorable to budget by 1.0% (\$3.3M). YTD Non Labor expenses are also favorable to budget by 1.3% (\$2.78M).

## Payor Mix:

- YTD, Medicare is 1.7 percentage points unfavorable to budget and the Commercial Payor mix is 1.7 percentage points unfavorable to budget. Commercial mix has declined due to lower MCH volume

## Cost:

- Prod FTEs were favorable to target for February by 1.3% and on budget YTD.

## Balance Sheet:

- Cash position remains strong and revenue cycle operation consistently ahead of targets and benchmarks.



# Dashboard - ECH combined as of February 28, 2019

	Month					YTD			
	PY	CY	Bud/Target	Variance CY vs Bud		PY	CY	Bud/Target	Variance CY vs Bud
Volume									
Licenced Beds	443	443	443	-		443	443	443	-
ADC	243	258	257	1		244	237	243	(6)
Utilization MV	68%	71%	69%	1%		67%	65%	67%	-2%
Utilization LG	28%	32%	34%	-2%		30%	29%	30%	-1%
Utilization Combined	55%	58%	58%	0%		55%	54%	55%	-1%
Financial Perf.									
Total Operating Revenue	69,564	75,544	75,532	13		610,103	625,572	618,017	7,555
Operating Income \$	7,600	9,224	6,951	2,273		94,643	79,044	65,446	13,597
Operating Margin	10.9%	12.2%	9.2%	3.0%		15.5%	12.6%	10.6%	2.0%
EBIDA %	18.0%	18.5%	15.7%	2.9%		21.5%	18.6%	16.8%	1.8%
Payor Mix									
Medicare	49.6%	52.9%	46.9%	5.9%		47.2%	48.4%	46.6%	1.8%
Medi-Cal	7.9%	8.2%	8.0%	0.2%		7.9%	8.1%	7.9%	0.2%
Total Commercial	39.6%	36.5%	42.5%	-6.1%		42.6%	41.1%	42.8%	-1.7%
Other	2.9%	2.5%	2.5%	-0.1%		2.4%	2.4%	2.7%	-0.2%
Cost									
Total FTE	2,591.7	2,713.2	2,786.1	(73)		2,575.8	2,647.1	2,679.7	(33)
Productive Hrs/APD	30.2	30.2	30.7	(1)		29.9	30.6	31.6	(1)
Balance Sheet									
Net Days in AR	50.7	49.1	48.0	1		50.7	49.1	48.0	1.1
Days Cash	505	504	449	55		505	504	449	55
Affiliates - Net Income (\$000s)									
Hosp	(7,298)	24,790	7,298	17,493		139,987	77,367	68,878	8,489
Concern	(245)	327	101	226		865	1,898	597	1,302
ECSC	(1)	(17)	0	(17)		(22)	(47)	0	(47)
Foundation	(701)	496	148	348		1,516	1,445	1,083	362
SVMD	(416)	41	29	12		(282)	1,217	(167)	1,384

# Budget Variances

## Fiscal Year 2019 YTD (7/1/2018-2/28/2019) Waterfall

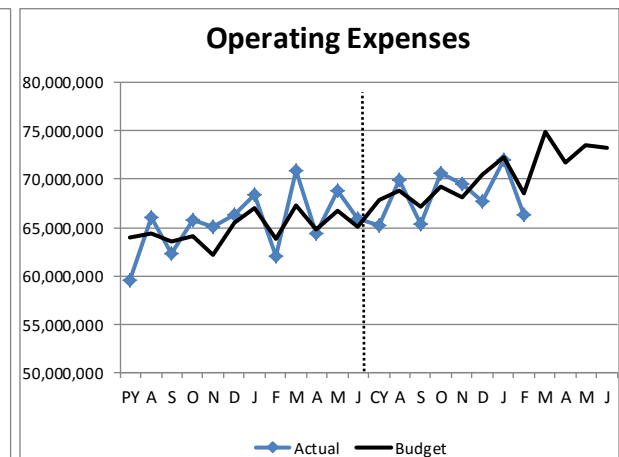
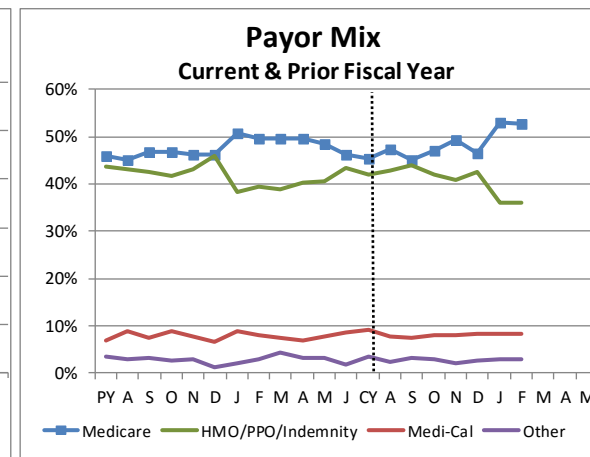
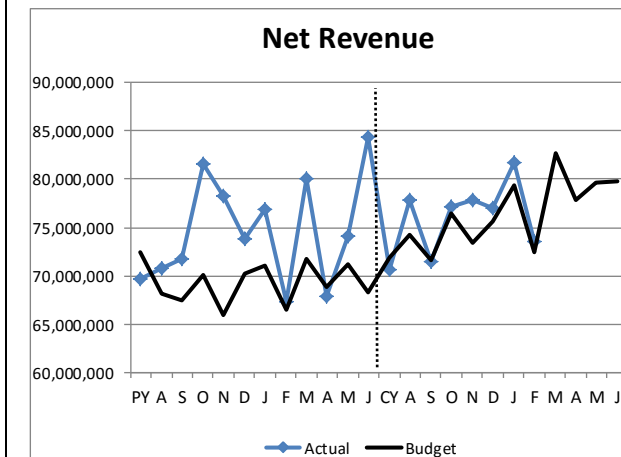
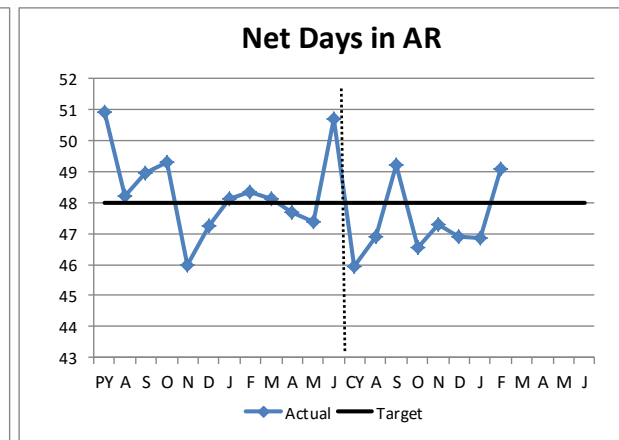
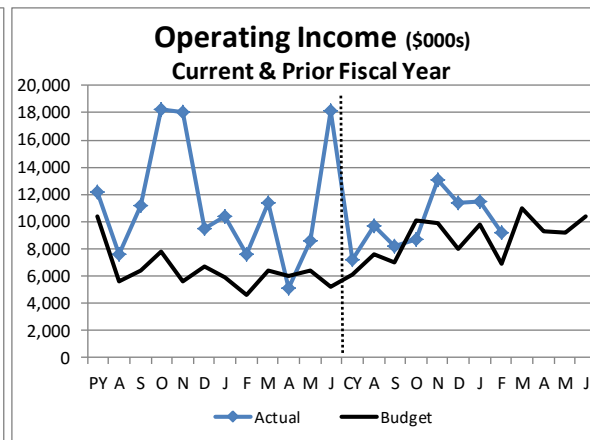
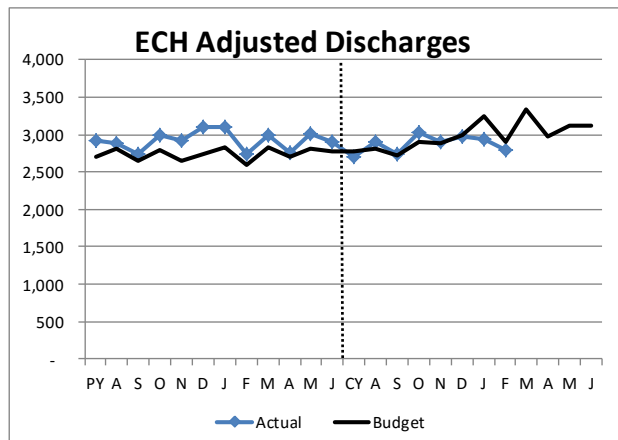
(in thousands; \$000s)	Year to Date (YTD)	
	Net Op Income	% Net Revenue
<b>Budgeted Hospital Operations FY2019</b>	<b>65,446</b>	<b>10.6%</b>
<b>Net Revenue</b>	7,555	1.2%
<b>Labor and Benefit Expense Change</b> - Flexing staff and vacancies in support departments.	3,287	0.5%
<b>Professional Fees &amp; Purchased Services</b> - JACHO readiness and purchased services (in place of FTE) are the biggest drivers	(580)	-0.1%
<b>Supplies</b> - Positive variance in Drugs due to slow growth in OP Pharmacy.	2,268	0.4%
<b>Other Expenses</b>	(142)	0.0%
<b>Depreciation &amp; Interest</b> - primarily due to delayed capital spending	1,209	0.2%
<b>Actual Hospital Operations FY2019</b>	<b>79,044</b>	<b>12.6%</b>

# El Camino Hospital (\$000s)

Period ending 02/28/2019

Period 8 FY 2018	Period 8 FY 2019	Period 8 Budget 2019	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2018	YTD FY 2019	YTD Budget 2019	Variance Fav (Unfav)	Var%
					<b>OPERATING REVENUE</b>					
259,224	284,875	282,064	2,812	1.0%	<b>Gross Revenue</b>	2,201,507	2,293,250	2,305,973	(12,723)	(0.6%)
(191,860)	(211,260)	(209,644)	(1,616)	(0.8%)	<b>Deductions</b>	(1,611,332)	(1,686,016)	(1,711,024)	25,008	1.5%
<b>67,364</b>	<b>73,615</b>	<b>72,419</b>	<b>1,196</b>	<b>1.7%</b>	<b>Net Patient Revenue</b>	<b>590,175</b>	<b>607,234</b>	<b>594,949</b>	<b>12,285</b>	<b>2.1%</b>
2,200	1,929	3,113	(1,184)	(38.0%)	<b>Other Operating Revenue</b>	19,928	18,338	23,068	(4,730)	(20.5%)
<b>69,564</b>	<b>75,544</b>	<b>75,532</b>	<b>13</b>	<b>0.0%</b>	<b>Total Operating Revenue</b>	<b>610,103</b>	<b>625,572</b>	<b>618,017</b>	<b>7,555</b>	<b>1.2%</b>
					<b>OPERATING EXPENSE</b>					
37,254	40,128	41,177	1,050	2.5%	<b>Salaries &amp; Wages</b>	312,367	331,215	334,502	3,287	1.0%
9,625	10,695	11,342	647	5.7%	<b>Supplies</b>	82,735	87,442	89,710	2,268	2.5%
7,906	8,197	8,879	682	7.7%	<b>Fees &amp; Purchased Services</b>	65,645	71,296	70,717	(580)	(0.8%)
2,224	2,519	2,290	(229)	(10.0%)	<b>Other Operating Expense</b>	18,441	19,435	19,292	(142)	(0.7%)
741	468	490	22	4.5%	<b>Interest</b>	3,602	2,965	2,921	(44)	(1.5%)
4,213	4,315	4,403	88	2.0%	<b>Depreciation</b>	32,670	34,175	35,429	1,254	3.5%
<b>61,963</b>	<b>66,321</b>	<b>68,581</b>	<b>2,260</b>	<b>3.3%</b>	<b>Total Operating Expense</b>	<b>515,460</b>	<b>546,528</b>	<b>552,571</b>	<b>6,043</b>	<b>1.1%</b>
<b>7,600</b>	<b>9,224</b>	<b>6,951</b>	<b>2,273</b>	<b>32.7%</b>	<b>Net Operating Income/(Loss)</b>	<b>94,643</b>	<b>79,044</b>	<b>65,446</b>	<b>13,597</b>	<b>20.8%</b>
(14,898)	15,567	346	15,220	4393.6%	<b>Non Operating Income</b>	45,344	(1,677)	3,431	(5,108)	(148.9%)
<b>(7,298)</b>	<b>24,790</b>	<b>7,298</b>	<b>17,493</b>	<b>239.7%</b>	<b>Net Income(Loss)</b>	<b>139,987</b>	<b>77,367</b>	<b>68,878</b>	<b>8,489</b>	<b>12.3%</b>
18.0%	18.5%	15.7%	2.9%		<b>EBITDA</b>	21.5%	18.6%	16.8%	1.8%	
10.9%	12.2%	9.2%	3.0%		<b>Operating Margin</b>	15.5%	12.6%	10.6%	2.0%	
-10.5%	32.8%	9.7%	23.2%		<b>Net Margin</b>	22.9%	12.4%	11.1%	1.2%	

# Monthly Financial Trends



# El Camino Hospital Investment Committee Scorecard December 31, 2018

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY19 Year-end Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>		4Q 2018		Fiscal Year-to-date		6y 2m Since Inception (annualized)		2018	
Surplus cash balance*		\$933.4	--	--	--	--	--	\$886.6	--
Surplus cash return		-6.2%	-5.7%	-4.0%	-3.8%	4.5%	4.3%	3.2%	5.3%
Cash balance plan balance (millions)		\$249.2	--	--	--	--	--	\$276.9	--
Cash balance plan return		-7.9%	-7.0%	-5.3%	-4.7%	6.5%	5.8%	6.0%	5.7%
403(b) plan balance (millions)		\$435.2	--	--	--	--	--	--	--
<b>Risk vs. Return</b>		3-year				6y 2m Since Inception (annualized)		2018	
Surplus cash Sharpe ratio		0.73	0.70	--	--	0.88	0.86	--	0.43
Net of fee return		4.6%	4.3%	--	--	4.5%	4.3%	--	5.3%
Standard deviation		5.0%	4.7%	--	--	4.5%	4.4%	--	6.7%
Cash balance Sharpe ratio		0.70	0.70	--	--	1.00	0.94	--	0.40
Net of fee return		5.3%	5.0%	--	--	6.5%	5.8%	--	5.7%
Standard deviation		6.2%	5.7%	--	--	6.0%	5.6%	--	8.1%
<b>Asset Allocation</b>		4Q 2018							
Surplus cash absolute variances to target		9.4%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		5.4%	< 10%	--	--	--	--	--	--
<b>Manager Compliance</b>		4Q 2018							
Surplus cash manager flags		28	<24 Green <30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		33	<27 Green <34 Yellow	--	--	--	--	--	--

\*Excludes debt reserve funds (~\$129 mm), District assets (~\$34 mm), and balance sheet cash not in investable portfolio (~\$125 mm).

Includes Foundation (~\$28 mm) and Concern (~\$13 mm) assets. Budget adds back in current Foundation and Concern assets and backs out current debt reserve funds.



# Balance Sheet (in thousands)

## ASSETS

	Audited	
	February 28, 2019	June 30, 2018
<b>CURRENT ASSETS</b>		
Cash	122,714	118,992
Short Term Investments	169,709	150,664
Patient Accounts Receivable, net	126,697	124,427
Other Accounts and Notes Receivable	2,711	3,402
Intercompany Receivables	2,136	2,090
(1) Inventories and Prepaids	80,798	75,594
<b>Total Current Assets</b>	<b>504,764</b>	<b>475,171</b>
<b>BOARD DESIGNATED ASSETS</b>		
Plant & Equipment Fund	161,376	153,784
(2) Women's Hospital Expansion	15,472	9,298
(3) Operational Reserve Fund	139,057	127,908
Community Benefit Fund	17,819	18,675
Workers Compensation Reserve Fund	21,403	20,263
Postretirement Health/Life Reserve Fund	29,612	29,212
PTO Liability Fund	24,437	24,532
Malpractice Reserve Fund	1,831	1,831
Catastrophic Reserves Fund	18,882	18,322
<b>Total Board Designated Assets</b>	<b>429,890</b>	<b>403,826</b>
(4) <b>FUNDS HELD BY TRUSTEE</b>	<b>111,697</b>	<b>197,620</b>
<b>LONG TERM INVESTMENTS</b>	<b>340,870</b>	<b>345,684</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>32,934</b>	<b>32,412</b>
<b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,294,153	1,261,854
Less: Accumulated Depreciation	(603,349)	(577,959)
Construction in Progress	327,138	220,991
<b>Property, Plant &amp; Equipment - Net</b>	<b>1,017,942</b>	<b>904,886</b>
<b>DEFERRED OUTFLOWS</b>	<b>20,777</b>	<b>21,177</b>
<b>RESTRICTED ASSETS - CASH</b>	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>2,458,873</b>	<b>2,380,776</b>

## LIABILITIES AND FUND BALANCE

	Audited	
	February 28, 2019	June 30, 2018
<b>CURRENT LIABILITIES</b>		
(5) Accounts Payable	59,030	49,925
Salaries and Related Liabilities	25,098	26,727
Accrued PTO	24,437	24,532
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	11,733	10,068
Intercompany Payables	79	125
Malpractice Reserves	1,831	1,831
Bonds Payable - Current	3,965	3,850
(6) Bond Interest Payable	3,539	12,975
Other Liabilities	7,769	8,909
<b>Total Current Liabilities</b>	<b>139,782</b>	<b>141,242</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	29,612	29,212
Worker's Comp Reserve	19,103	17,963
Other L/T Obligation (Asbestos)	3,936	3,859
Other L/T Liabilities (IT/Medl Leases)	-	-
(7) Bond Payable	513,960	517,781
<b>Total Long Term Liabilities</b>	<b>566,611</b>	<b>568,815</b>
<b>DEFERRED REVENUE-UNRESTRICTED</b>	<b>307</b>	<b>528</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>22,835</b>	<b>22,835</b>
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	1,299,448	1,243,529
Board Designated	429,890	403,825
Restricted	0	0
(8) <b>Total Fund Bal &amp; Capital Accts</b>	<b>1,729,338</b>	<b>1,647,355</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>2,458,873</b>	<b>2,380,776</b>

## February 2019 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The increase is due to annual insurance premiums for D&O, Property and Auto that are paid in July and amortized throughout the fiscal year. Also a quarterly pension funding was paid.
- (2) The increase is due to the District making a transfer from its Capital Appropriation Fund in support of the upcoming renovation to the Women's Hospital.
- (3) The increase is due to annual resetting of the 60 day Operational Reserve based on the new FY2019 budget that has started.
- (4) Decrease is due to draws from the 2015A/2017 Bond Project funds for the on-going IMOB and BHS construction and semi-annual 2015/2017 bond payment
- (5) Decrease is due to the yearend accruals that were paid out in July and August.
- (6) Semi-annual bond payments of interest and principal were made on the 2015A and 2017 Bonds in August and January.
- (7) Decrease is due to the establishment of FY2020 2015A Bond Principal Payable in January.
- (8) Increase in total Fund Balance is driven by y-t-d net income and that Capital Appropriate Fund transfer by District, discussed in item #2 above.

## EL CAMINO HOSPITAL - BOARD DESIGNATED FUND DESCRIPTIONS/HISTORY ( 1 OF 2)

- **Plant & Equipment Fund** – original established by the District Board in the early 1960's to fund new capital expansion projects of building facilities or equipment (new or replacements). The funds came from the M&O property taxes being received and the funding depreciation expense at 100%. When at the end of 1992, the 501(c)(3) Hospital was performed by the District, the property tax receipts remained with the District. The newly formed Hospital entity continued on with funding depreciation expense, but did that funding at 130% of the depreciation expense to account for an expected replacement cost of current plant and property assets. It is to be noted that within this fund is an itemized amount of \$14 million for the Behavioral Health Service building replacement project. This amount came from the District's Capital Appropriation Fund (excess Gann Limit property taxes) of the fiscal years of 2010 thru 2013 by various District board actions.
- **Women's Hospital Expansion** – established June 2016 by the District authorizing the amounts accumulated in its Capital Appropriation Fund (excess Gann Limit property taxes) for the fiscal years of 2014 and 2015 to be allocated for the renovation of the Women's Hospital upon the completion of Integrated Medical Office Building currently under construction. At the end of fiscal year 2018 another \$6.2 million was added to this fund.
- **Operational Reserve Fund** – originally established by the District in May 1992 to establish a fund equal to sixty (60) days of operational expenses (based on the current projected budget) and only be used in the event of a major business interruption event and/or cash flow.
- **Community Benefit Fund** – following in the footsteps of the District in 2008 of forming its Community Benefit Fund using Gann Limit tax receipts, the Hospital in 2010 after opening its campus outside of District boundaries in Los Gatos formed its own Community Benefit Fund to provide grants/sponsorships in Los Gatos and surrounding areas. The funds come from the Hospital reserving \$1.5M a year from its operations, the entity of CONCERN contributing 40% of its annual income each year (an amount it would have paid in corporate taxes if it wasn't granted tax exempt status), that generates an amount of \$500,000 or more a year. \$15 million within this fund is a board designated endowment fund formed in 2015 with a \$10 million contribution, and added to at the end of the 2017 fiscal year end with another \$5 million contribution, to generate investment income to be used for grants and sponsorships, in fiscal year it generated over \$1.1 million of investment income for the program.



## EL CAMINO HOSPITAL - BOARD DESIGNATED FUND DESCRIPTIONS/HISTORY ( 2 OF 2)

- **Workers Compensation Reserve Fund** – as the Hospital is self-insured for its workers compensation program (since 1978) this fund was originally formed in early 2000's by management to reserve cash equal to the yearly actuarially determined Workers Compensation amount. The thought being if the business was to terminate for some reason this is the amount in cash that would be needed to pay out claims over the next few years.
- **Postretirement Health/Life Reserve Fund** – following the same formula as the Workers Compensation Reserve Fund this fund was formed in the early 2000's by management to reserve cash equal to the yearly actuarially determined amount to fund the Hospital's postretirement health and life insurance program. Note this program was frozen in 1995 for all new hires after that date. At the end of fiscal year 2018, GASB #75 was implemented that now represents the full actuarially determined liability.
- **PTO (Paid Time Off) Liability Fund** – originally formed in 1993 as the new 501(c)(3) Hospital began operations, management thought as a business requirement of this vested benefit program that monies should be set aside to extinguish this employee liability should such a circumstance arise. This balance is equal to the PTO Liability on the Balance Sheet.
- **Malpractice Reserve Fund** – originally established in 1989 by the then District's Finance Committee and continued by the Hospital. The amount is actuarially determined each year as part of the annual audit to fund potential claims less than \$50,000. Above \$50,000 our policy with the BETA Healthcare Group kicks in to a \$30 million limit per claim/\$40 million in the aggregate.
- **Catastrophic Loss Fund** – was established in 1999 by the Hospital Board to be a "self-insurance" reserve fund for potential non-major earthquake repairs. Initially funded by the District transferring \$5 million and has been added to by the last major payment from FEMA for the damage caused the Hospital by the October 1989 earthquake. It is to be noted that it took 10 years to receive final settlement from FEMA grants that totaled \$6.8 million that did mostly cover all the necessary repairs.

# APPENDIX

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

Period ending 02/28/2019

Period 8 FY 2018	Period 8 FY 2019	Period 8 Budget 2019	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2018	YTD FY 2019	YTD Budget 2019	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
217,551	233,158	224,782	8,376	3.7%	<b>Gross Revenue</b>	1,804,329	1,884,004	1,877,441	6,563	0.3%
(159,423)	(171,466)	(167,505)	(3,961)	(2.4%)	<b>Deductions</b>	(1,318,516)	(1,383,260)	(1,396,060)	12,799	0.9%
<b>58,128</b>	<b>61,692</b>	<b>57,277</b>	<b>4,415</b>	<b>7.7%</b>	<b>Net Patient Revenue</b>	<b>485,813</b>	<b>500,744</b>	<b>481,381</b>	<b>19,363</b>	<b>4.0%</b>
2,000	1,614	2,873	(1,260)	(43.8%)	<b>Other Operating Revenue</b>	18,552	15,996	21,151	(5,155)	(24.4%)
<b>60,128</b>	<b>63,306</b>	<b>60,150</b>	<b>3,155</b>	<b>5.2%</b>	<b>Total Operating Revenue</b>	<b>504,365</b>	<b>516,739</b>	<b>502,532</b>	<b>14,208</b>	<b>2.8%</b>
<b>OPERATING EXPENSE</b>										
31,178	33,533	33,907	375	1.1%	<b>Salaries &amp; Wages</b>	260,011	276,053	279,139	3,086	1.1%
8,111	8,761	8,908	147	1.7%	<b>Supplies</b>	66,791	71,218	72,634	1,415	1.9%
6,657	6,832	7,578	746	9.8%	<b>Fees &amp; Purchased Services</b>	54,910	60,015	59,986	(29)	(0.0%)
768	954	783	(171)	(21.9%)	<b>Other Operating Expense</b>	5,892	6,941	6,957	16	0.2%
741	468	490	22	4.5%	<b>Interest</b>	3,602	2,965	2,921	(44)	(1.5%)
3,523	3,526	3,665	139	3.8%	<b>Depreciation</b>	27,952	28,094	29,487	1,394	4.7%
<b>50,977</b>	<b>54,073</b>	<b>55,331</b>	<b>1,258</b>	<b>2.3%</b>	<b>Total Operating Expense</b>	<b>419,158</b>	<b>445,286</b>	<b>451,124</b>	<b>5,838</b>	<b>1.3%</b>
<b>9,151</b>	<b>9,233</b>	<b>4,819</b>	<b>4,413</b>	<b>91.6%</b>	<b>Net Operating Income/(Loss)</b>	<b>85,207</b>	<b>71,453</b>	<b>51,408</b>	<b>20,046</b>	<b>39.0%</b>
(14,898)	15,567	346	15,220	4393.6%	<b>Non Operating Income</b>	45,389	(1,677)	3,431	(5,108)	(148.9%)
<b>(5,748)</b>	<b>24,799</b>	<b>5,166</b>	<b>19,633</b>	<b>380.1%</b>	<b>Net Income(Loss)</b>	<b>130,596</b>	<b>69,776</b>	<b>54,839</b>	<b>14,937</b>	<b>27.2%</b>
22.3%	20.9%	14.9%	6.0%		<b>EBITDA</b>	23.2%	19.8%	16.7%	3.2%	
15.2%	14.6%	8.0%	6.6%		<b>Operating Margin</b>	16.9%	13.8%	10.2%	3.6%	
-9.6%	39.2%	8.6%	30.6%		<b>Net Margin</b>	25.9%	13.5%	10.9%	2.6%	

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

Period ending 02/28/2019

Period 8 FY 2018	Period 8 FY 2019	Period 8 Budget 2019	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2018	YTD FY 2019	YTD Budget 2019	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
41,674	51,718	57,281	(5,564)	(9.7%)	<b>Gross Revenue</b>	397,178	409,246	428,532	(19,286)	(4.5%)
(32,437)	(39,794)	(42,139)	2,345	5.6%	<b>Deductions</b>	(292,816)	(302,756)	(314,964)	12,209	3.9%
<b>9,236</b>	<b>11,923</b>	<b>15,142</b>	<b>(3,219)</b>	<b>(21.3%)</b>	<b>Net Patient Revenue</b>	<b>104,363</b>	<b>106,490</b>	<b>113,568</b>	<b>(7,077)</b>	<b>(6.2%)</b>
200	315	239	76	31.8%	<b>Other Operating Revenue</b>	1,376	2,343	1,918	425	22.1%
<b>9,436</b>	<b>12,239</b>	<b>15,381</b>	<b>(3,143)</b>	<b>(20.4%)</b>	<b>Total Operating Revenue</b>	<b>105,738</b>	<b>108,833</b>	<b>115,485</b>	<b>(6,653)</b>	<b>(5.8%)</b>
<b>OPERATING EXPENSE</b>										
6,076	6,595	7,270	675	9.3%	<b>Salaries &amp; Wages</b>	52,356	55,162	55,363	201	0.4%
1,514	1,934	2,434	500	20.5%	<b>Supplies</b>	15,944	16,223	17,076	853	5.0%
1,249	1,365	1,301	(64)	(4.9%)	<b>Fees &amp; Purchased Services</b>	10,734	11,281	10,731	(551)	(5.1%)
1,457	1,565	1,507	(58)	(3.9%)	<b>Other Operating Expense</b>	12,549	12,494	12,335	(159)	(1.3%)
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
691	789	738	(51)	(6.9%)	<b>Depreciation</b>	4,719	6,081	5,941	(140)	(2.4%)
<b>10,986</b>	<b>12,247</b>	<b>13,250</b>	<b>1,002</b>	<b>7.6%</b>	<b>Total Operating Expense</b>	<b>96,303</b>	<b>101,242</b>	<b>101,447</b>	<b>205</b>	<b>0.2%</b>
<b>(1,550)</b>	<b>(9)</b>	<b>2,132</b>	<b>(2,141)</b>	<b>(100.4%)</b>	<b>Net Operating Income/(Loss)</b>	<b>9,436</b>	<b>7,591</b>	<b>14,039</b>	<b>(6,448)</b>	<b>(45.9%)</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	(45)	0	0	0	0.0%
<b>(1,550)</b>	<b>(9)</b>	<b>2,132</b>	<b>(2,141)</b>	<b>(100.4%)</b>	<b>Net Income(Loss)</b>	<b>9,391</b>	<b>7,591</b>	<b>14,039</b>	<b>(6,448)</b>	<b>(45.9%)</b>
-9.1%	6.4%	18.7%	(12.3%)		<b>EBITDA</b>	13.4%	12.6%	17.3%	(4.7%)	
-16.4%	-0.1%	13.9%	(13.9%)		<b>Operating Margin</b>	8.9%	7.0%	12.2%	(5.2%)	
-16.4%	-0.1%	13.9%	(13.9%)		<b>Net Margin</b>	8.9%	7.0%	12.2%	(5.2%)	

- Lower Gross Revenue:
  - -\$2.5M Due to delay start of the Infusion center
  - -\$1.2M OR and OR Related Supplies (Spine/Orthopedic cases)
  - -\$700K Delivery related volume shortfall
- Patient Days are lower than expected by 5%
- Contract labor showing up in the Fees and Purchased services are offset by open positions in employee Salaries and Wages.
- Lower Gross Revenue:
  - -\$10.2M OR and OR Related Supplies (Spine/Orthopedic cases)
  - -\$1.2M Delivery related volume shortfall
  - -\$2.5M Due to delay start of the Infusion center
  - -\$1.0M OP Emergency Room
- High purchased services due to higher rehab volume (paid per case) (\$475K)
- TJC facility repair and maintenance costs in the early part of the fiscal year continues to be reflected in the YTD numbers.

# Non Operating Items and Net Income by Affiliate

## \$ in thousands

	Period 8 - Month			Period 8 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Income (Loss) from Operations</b>						
Mountain View	9,233	4,819	4,413	71,453	51,408	20,046
Los Gatos	(9)	2,132	(2,141)	7,591	14,039	(6,448)
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>9,224</b>	<b>6,951</b>	<b>2,273</b>	<b>79,044</b>	<b>65,446</b>	<b>13,597</b>
<b>Operating Margin %</b>	<b>12.2%</b>	<b>9.2%</b>		<b>12.6%</b>	<b>10.6%</b>	
<b>El Camino Hospital Non Operating Income</b>						
Investments <sup>2</sup>	16,908	2,368	14,540	10,980	19,602	(8,622)
Swap Adjustments	110	(100)	210	(586)	(800)	214
Community Benefit	(940)	(300)	(640)	(3,525)	(2,400)	(1,125)
Pathways	747	0	747	(1,243)	0	(1,243)
Satellite Dialysis	59	(25)	84	449	(200)	649
Community Connect	0	(53)	53	0	(424)	424
SVMD Funding <sup>1</sup>	(1,172)	(1,219)	47	(6,032)	(9,752)	3,720
Other	(145)	(324)	179	(1,840)	(2,594)	754
<b>Sub Total - Non Operating Income</b>	<b>15,567</b>	<b>346</b>	<b>15,220</b>	<b>(1,677)</b>	<b>3,431</b>	<b>(5,108)</b>
<b>El Camino Hospital Net Income (Loss)</b>	<b>24,790</b>	<b>7,298</b>	<b>17,493</b>	<b>77,367</b>	<b>68,878</b>	<b>8,489</b>
<b>ECH Net Margin %</b>	<b>32.8%</b>	<b>9.7%</b>		<b>12.4%</b>	<b>11.1%</b>	
Concern	327	101	226	1,898	597	1,302
ECSC	(17)	0	(17)	(47)	0	(47)
Foundation	496	148	348	1,445	1,083	362
Silicon Valley Medical Development	41	29	12	1,217	(167)	1,384
<b>Net Income Hospital Affiliates</b>	<b>847</b>	<b>278</b>	<b>568</b>	<b>4,513</b>	<b>1,513</b>	<b>3,000</b>
<b>Total Net Income Hospital &amp; Affiliates</b>	<b>25,637</b>	<b>7,576</b>	<b>18,061</b>	<b>81,880</b>	<b>70,391</b>	<b>11,489</b>

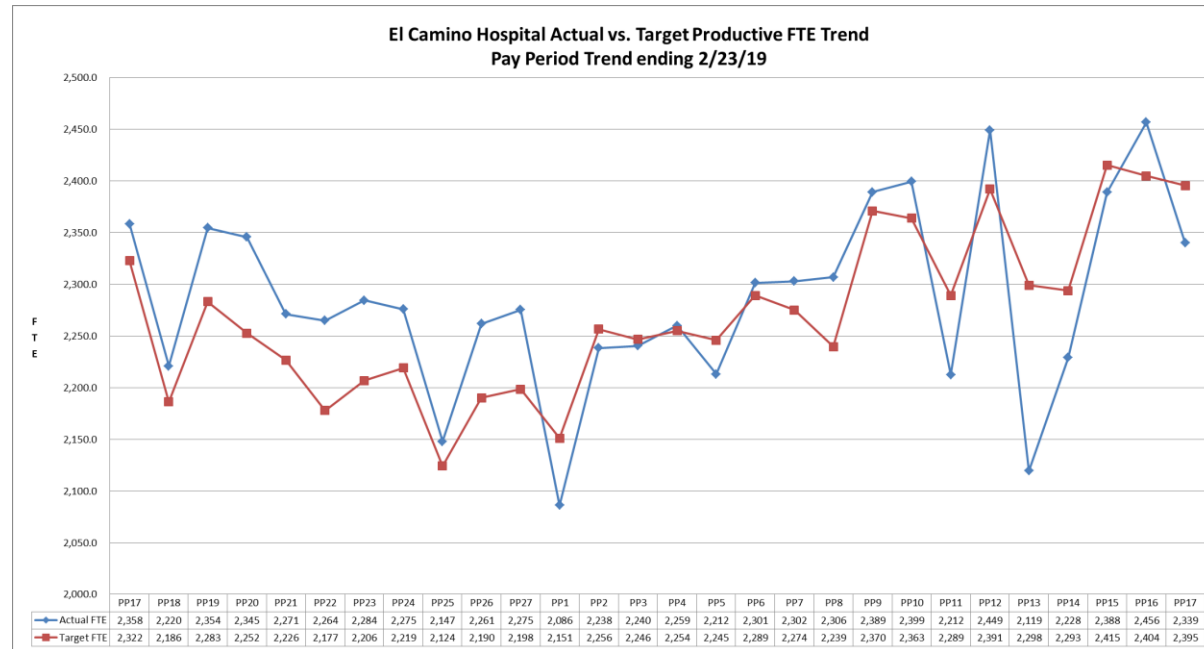
<sup>1</sup>Favorable variances for SVMD and Community Connect are due to delayed implementation

<sup>2</sup>Equity markets experienced a massive selloff during October, and volatility is continuing

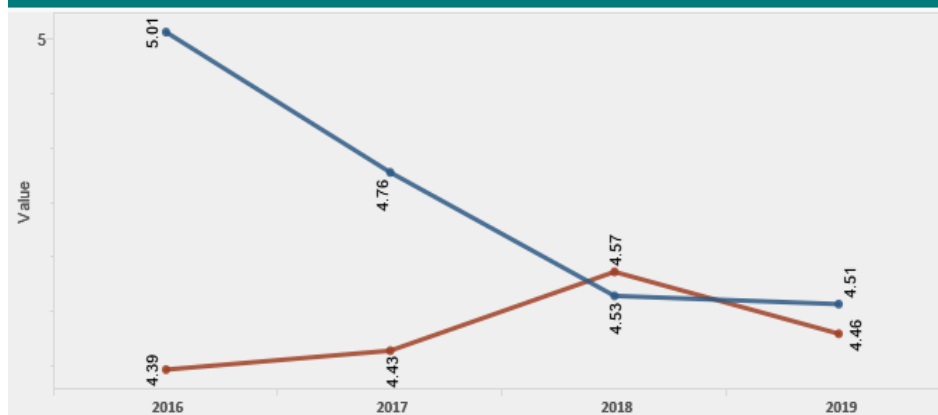
# Productivity and Medicare Length of Stay

At or below FTE target. YTD we are on budget (adjusted for volume)

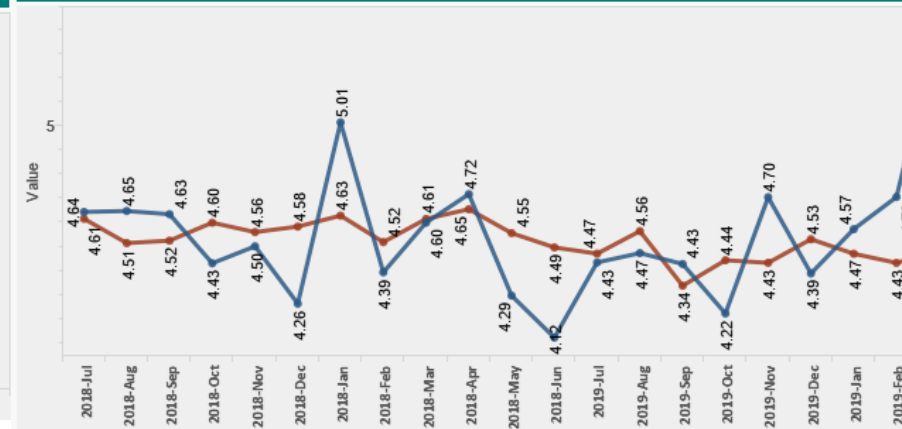
ALOS vs Milliman well-managed benchmark. Trend shows steady improvement with FY 2019 below benchmark (blue).  
Increase in benchmark beginning in FY 2017 due to Clinical Documentation Improvement (CDI)



## AVERAGE LENGTH OF STAY TREND BY MONTH/YEAR



## AVERAGE LENGTH OF STAY TREND BY MONTH/YEAR



# El Camino Hospital Volume Annual Trends

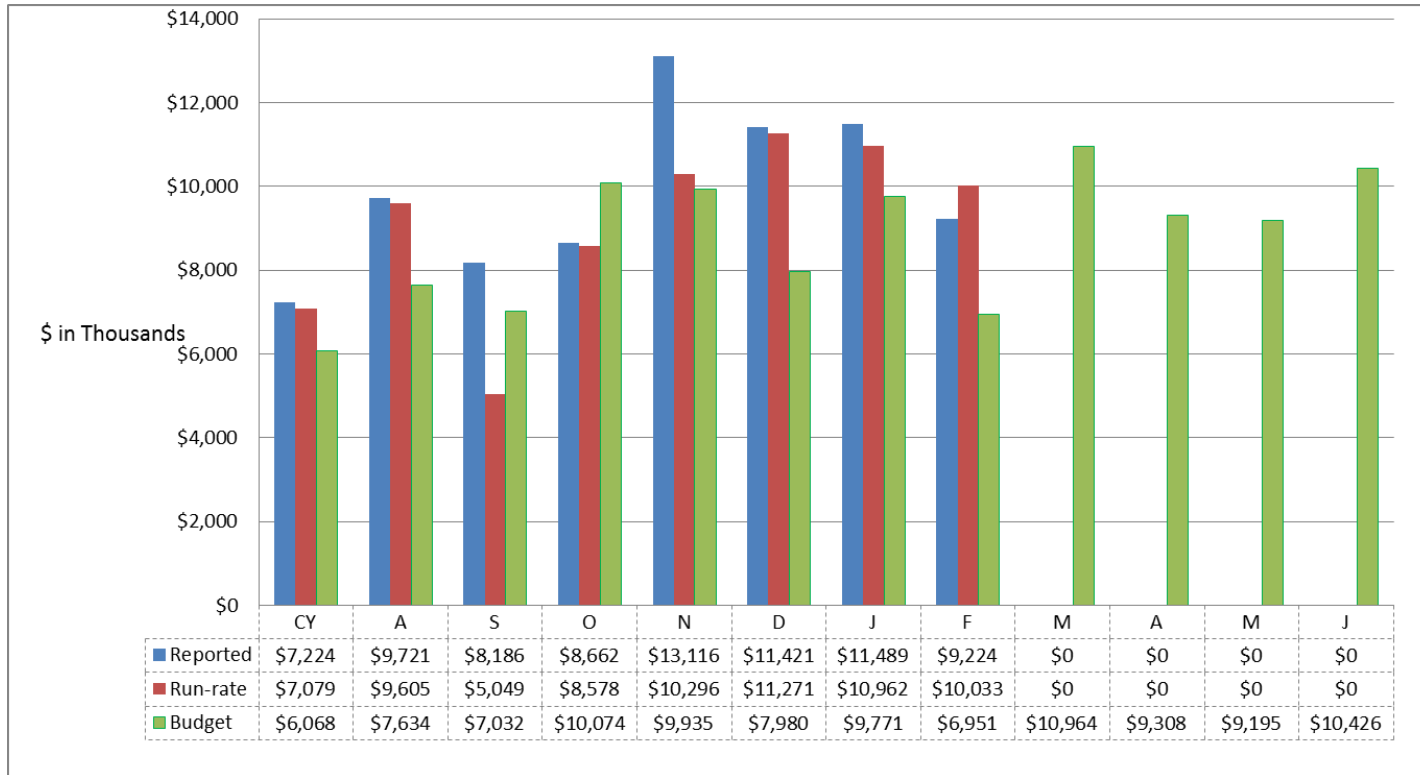
VOLUME BY SERVICE LINE									MONTH		PROCEDURAL?		FACILITY		LEVEL OF DETAIL				
									08-Feb		(All)		(All)		Service Line				
		ANNUAL TREND					FY19 Bud vs FY18		MONTH					YEAR					
		2014	2015	2016	2017	2018	2019(b)	Cases	Percent	PY	CY	Bud	Bud Var	PY Var	PY	CY	Bud	Bud Var	PY Var
IP	Behavioral Health	1,012	1,052	928	924	1,098	1,062	-36	-3.2%	86	87	88	-1	1	749	755	704	51	6
	General Medicine & ..	4,165	4,592	4,459	4,961	5,285	5,325	40	0.8%	415	474	451	23	59	3,585	3,283	3,481	-198	-302
	General Surgery	1,243	1,150	1,311	1,318	1,305	1,344	39	3.0%	104	102	104	-2	-2	859	911	859	52	52
	GYN	390	313	293	270	243	255	12	4.9%	18	12	26	-14	-6	166	146	163	-17	-20
	Heart and Vascular	1,859	1,998	2,001	2,203	2,372	2,445	73	3.1%	204	196	209	-13	-8	1,573	1,477	1,523	-46	-96
	MCH	6,695	6,371	5,953	5,822	5,718	5,764	46	0.8%	411	380	455	-75	-31	3,816	3,570	3,814	-244	-246
	Neurosciences	667	672	677	688	870	907	37	4.3%	66	66	56	10	0	582	582	618	-36	0
	Oncology	606	564	652	594	632	726	94	14.9%	45	58	42	16	13	429	470	459	12	41
	Orthopedics	1,695	1,773	1,746	1,690	1,706	1,819	113	6.6%	136	142	156	-14	6	1,179	1,111	1,231	-120	-68
	Rehab Services	547	555	500	461	441	436	-5	-1.1%	35	42	34	8	7	291	332	289	43	41
	Spine Surgery	377	429	417	474	375	465	90	24.0%	21	33	30	3	12	264	217	298	-81	-47
	Urology	172	169	234	257	255	274	19	7.4%	22	25	21	4	3	162	190	175	15	28
Total		19,428	19,638	19,171	19,662	20,300	20,823	523	2.6%	1,563	1,617	1,673	-56	54	13,655	13,044	13,614	-570	-611
OP	Behavioral Health	910	886	2,394	3,260	3,151	3,417	266	8.4%	245	215	310	-95	-30	2,129	1,810	2,171	-361	-319
	Dialysis	1,059	155	6			0					0					0		
	Emergency	46,006	49,091	48,590	48,625	49,413	49,122	-291	-0.6%	4,091	3,792	3,950	-158	-299	33,209	31,389	32,095	-706	-1,820
	General Medicine & ..	6,637	6,620	7,195	7,129	7,265	7,457	192	2.6%	561	644	600	44	83	4,785	5,204	4,893	311	419
	General Surgery	1,837	1,853	1,797	1,836	2,004	2,068	64	3.2%	181	158	169	-11	-23	1,322	1,299	1,333	-34	-23
	GYN	1,220	1,308	1,018	1,081	1,099	1,171	72	6.6%	84	113	87	26	29	744	924	734	190	180
	Heart and Vascular	2,570	2,712	3,795	4,361	4,363	4,410	47	1.1%	346	373	356	17	27	2,823	3,029	2,890	139	206
	Imaging Services	19,546	20,072	17,807	17,249	18,503	18,744	241	1.3%	1,337	1,437	1,416	21	100	12,146	12,734	12,163	571	588
	Laboratory Services	30,599	29,726	29,007	29,153	28,566	29,071	505	1.8%	2,198	2,057	2,267	-210	-141	19,149	18,192	19,066	-874	-957
	MCH	5,034	4,826	5,092	5,577	5,644	5,928	284	5.0%	443	419	502	-83	-24	3,753	3,577	3,850	-273	-176
	Neurosciences	110	61	127	125	114	155	41	36.0%	5	8	16	-8	3	79	57	116	-59	-22
	Oncology	4,015	4,179	14,329	18,540	19,276	22,037	2,761	14.3%	1,485	1,591	1,756	-165	106	12,793	13,286	13,397	-111	493
	Orthopedics	866	776	584	615	641	714	73	11.4%	49	71	49	22	22	396	479	469	10	83
	Outpatient Clinics	1,817	1,705	1,680	1,288	1,884	1,517	-367	-19.5%	122	114	117	-3	-8	1,317	1,145	1,006	139	-172
	Rehab Services	1,731	1,747	3,954	4,518	4,926	4,900	-26	-0.5%	391	452	385	67	61	3,187	3,525	3,148	377	338
	Sleep Center	160	223	498	368	242	300	58	24.0%	15	26	23	3	11	122	204	198	6	82
	Spine Surgery	325	399	309	324	311	326	15	4.8%	18	14	21	-7	-4	207	188	209	-21	-19
	Urology	1,755	1,771	1,739	1,898	2,052	2,058	6	0.3%	159	164	178	-14	5	1,332	1,342	1,355	-13	10
Total		126,197	128,110	139,921	145,947	149,454	153,395	3,941	2.6%	11,730	11,648	12,201	-553	-82	99,493	98,384	99,093	-709	-1,109

Medicare data excludes Medicare HMOs

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# ECH Operating Margin

Run rate is booked operating income adjusted for material non-recurring transactions



## FY 2019 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>

Revenue Adjustments	J	A	S	O	N	D	J	F	YTD
Mcare Settlmt/Appeal/Tent Settlmt/PIP	141	112	92	76	137	443	516	129	1,645
IGT Supplemental	-	-	-	-	2,672	-	-	-	2,672
AB 915	-	-	2,875	-	-	-	-	-	2,875
RAC Release	-	-	161	-	-	(305)	-	(1,005)	(1,149)
Various Adjustments under \$250k	4	5	6	8	11	12	12	66	124
<b>Total</b>	<b>145</b>	<b>116</b>	<b>3,137</b>	<b>84</b>	<b>2,820</b>	<b>150</b>	<b>528</b>	<b>(809)</b>	<b>6,170</b>



## Capital Spend Trend & FY 19 Budget

Capital Spending (in 000's)	Actual FY2016	Actual FY2017	Actual FY2018	Projected FY2019	Budget 2019
EPIC	20,798	2,755	1,114	-	-
IT Hardware / Software Equipment**	6,483	2,659	1,108	19,732	19,732
Medical / Non Medical Equipment*	17,133	9,556	15,780	11,206	11,206
Non CIP Land, Land I , BLDG, Additions	4,189	-	2,070	-	-
Facilities	48,137	82,953	137,364	205,451	279,450
<b>GRAND TOTAL</b>	<b>96,740</b>	<b>97,923</b>	<b>157,435</b>	<b>236,389</b>	<b>310,388</b>
*Includes 2 robot purchases in FY2017					
**Includes ERP Implementation					

### Facilities

- Projected facilities spend is lower than forecast in the budget primarily due to timing of project activity.
  - \$27M for iMOB
  - \$6M Patient Family Residence
  - \$5M Women's Hospital Expansion
  - \$3M Behavioral Health Hospital replacement

# El Camino Hospital

## Capital Spending (in millions)

Category	Detail	Approved	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	FY19 Budget	FY 19 Proj Spend	Variance Projected vs	
								Budget*	FY 19 YTD Spent
<b>CIP</b>	ERP Upgrade			9.6	3.2	9.6	9.6	0.0	3.2
<b>IT Hardware, Software, Equipment &amp; Imaging</b>				10.1	3.3	10.1	10.1	0.0	3.3
<b>Medical &amp; Non Medical Equipment FY 18</b>				5.6	9.6	0.0	0.0	0.0	3.5
<b>Medical &amp; Non Medical Equipment FY 19</b>				11.2	6.5	11.2	11.2	0.0	6.5
<b>Facility Projects</b>									
	1245 Behavioral Health Bldg	FY16	96.1	96.1	64.4	45.0	41.7	-3.3	18.5
	1413 North Drive Parking Expansion	FY15	24.5	24.5	24.3	0.0	0.7	0.7	0.0
	1414 Integrated MOB	FY15	302.1	302.1	200.8	150.0	123.3	-26.7	80.3
	1422 CUP Upgrade	FY16	9.0	9.0	8.2	0.8	1.4	0.6	0.6
	1430 Women's Hospital Expansion	FY16	135.0	135.0	5.2	10.0	4.8	-5.2	1.9
	Demo Old Main & Related Site Work		30.0	30.0	0.0	2.0	0.6	-1.4	0.0
	1502 Cabling & Wireless Upgrades	FY16	0.0	0.0	2.8	0.0	0.0	0.0	0.0
	1525 New Main Lab Upgrades		3.1	3.1	2.7	0.3	0.0	-0.3	0.5
	1515 ED Remodel Triage/Psych Observation	FY16	5.0	5.0	0.0	4.6	0.3	-4.3	0.0
	1503 Willow Pavilion Tomosynthesis	FY16	1.0	0.0	0.4	1.0	0.0	-1.0	0.0
	1602 JW House (Patient Family Residence)		6.5	6.5	0.3	6.0	0.1	-5.9	0.0
	Site Signage and Other Improvements		1.3	0.0	0.0	1.0	0.3	-0.7	0.0
	Nurse Call System Upgrades		2.4	0.0	0.0	2.4	0.2	-2.2	0.0
	1707 Imaging Equipment Replacement ( 5 or 6 rooms)		20.7	0.3	0.0	6.0	6.0	0.0	0.0
	1708 IR/ Cath Lab Equipment Replacement		19.4	19.4	0.0	5.0	1.0	-4.0	0.8
	Flooring Replacement		1.6	1.6	0.0	1.5	0.4	-1.1	0.3
	1219 LG Spine OR	FY13	0.0	0.0	4.0	0.0	0.0	0.0	0.2
	1313 LG Rehab HVAC System & Structural	FY16	0.0	0.0	4.1	0.0	0.0	0.0	0.0
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	9.0	9.0	9.0	0.0	0.0	0.0	0.1
	1307 LG Upgrades	FY13	19.3	19.3	18.8	0.8	0.0	-0.8	1.0
	1507 LG IR Upgrades		1.3	0.0	0.0	1.3	1.3	0.1	0.0
	1603 LG MOB Improvements (17)		5.0	5.0	5.0	0.5	0.0	-0.5	0.0
	1711 Emergency Sanitary & Water Storage		1.5	1.5	0.2	1.3	1.5	0.3	0.0
	LG Modular MRI & Awning		3.9	3.9	0.2	3.5	0.6	-2.9	0.2
	LG Nurse Call System Upgrade		0.8	0.0	0.0	0.5	0.4	-0.1	0.0
	LG Observation Unit (Conversion of ICU 2)		0.0	0.0	0.0	0.0	0.0	0.0	0.0
	1712 LG Cancer Center		5.0	5.0	0.3	4.8	3.7	-1.1	0.1
	Workstation Inventory Replacement		2.0	2.0	0.0	0.0	0.0	0.0	0.0
	Primary Care Clinic Development (2 @ \$3 Million Ea		6.0	6.0	0.0	5.0	4.0	-1.0	0.0
	Other Strategic Capital FY-19		5.0	5.0	0.0	15.0	9.0	-6.0	0.0
	Willow SC Upgrades ( 35,000 @ \$50)		1.8	1.8	0.0	1.8	0.0	-1.8	0.0
	New 28k MOB (Courthouse Prop)		22.4	22.4	0.0	1.2	0.2	-1.0	0.0
	80 Great Oaks Upgrades		4.5	4.5	0.0	0.0	0.0	0.0	0.0
	Primary Care Clinic (TI's Only) FY 17 (828 Wincheste		3.6	3.6	0.0	0.3	0.0	-0.3	0.0
	All Other Projects		7.2	6.6	93.3	7.8	3.9	-3.9	1.1
<b>GRAND TOTAL</b>			<b>755.9</b>	<b>728.4</b>	<b>443.9</b>	<b>279.5</b>	<b>205.5</b>	<b>-74.0</b>	<b>105.7</b>
				<b>759.3</b>	<b>466.5</b>	<b>300.8</b>	<b>236.4</b>	<b>-74.0</b>	<b>122.3</b>

## El Camino Hospital Capital Spending (in thousands) FY 2014 – FY 2018

Category	2014	2015	2016	2017	2018	Category	2014	2015	2016	2017	2018
<b>EPIC</b>	<b>6,838</b>	<b>29,849</b>	<b>20,798</b>	<b>2,755</b>	<b>1,114</b>	<b>Facilities Projects CIP cont.</b>					
<b>IT Hardware/Software Equipment</b>	<b>2,788</b>	<b>4,660</b>	<b>6,483</b>	<b>2,659</b>	<b>1,108</b>	1415 - Signage & Wayfinding	-	-	106	58	136
<b>Medical/Non Medical Equipment</b>	<b>12,891</b>	<b>13,340</b>	<b>17,133</b>	<b>9,556</b>	<b>15,780</b>	1416 - MV Campus Digital Directories	-	-	34	23	95
<b>Non CIP Land, Land I, BLDG, Additions</b>	<b>22,292</b>	<b>-</b>	<b>4,189</b>	<b>-</b>	<b>2,070</b>	1423 - MV MOB TI Allowance	-	-	588	369	-
<b>Facilities Projects CIP</b>						1425 - IMOB Preparation Project - Old Main	-	-	711	1,860	215
<b>Mountain View Campus Master Plan Projects</b>						1429 - 2500 Hospital Dr Bldg 8 TI	-	101	-	-	-
1245 - Behavioral Health Bldg Replace	1,257	3,775	1,389	10,323	28,676	1430 - Women's Hospital Expansion	-	-	-	464	2,763
1413 - North Drive Parking Structure Exp	-	167	1,266	18,120	4,670	1432 - 205 South Dr BHS TI	-	8	15	-	52
1414 - Integrated MOB	-	2,009	8,875	32,805	75,319	1501 - Women's Hospital NPC Comp	-	4	-	223	320
1422 - CUP Upgrade	-	-	896	1,245	5,428	1502 - Cabling & Wireless Upgrades	-	-	1,261	367	984
<b>Sub-Total Mountain View Campus Master Plan</b>	<b>1,257</b>	<b>5,950</b>	<b>12,426</b>	<b>62,493</b>	<b>114,093</b>	1503 - Willow Pavillion Tomosynthesis	-	-	53	257	31
<b>Mountain View Capital Projects</b>						1504 - Equipment Support Infrastructure	-	61	311	-	60
9900 - Unassigned Costs	470	3,717	-	-	-	1523 - Melchor Pavillion Suite 309 TI	-	-	10	59	392
0906 - Slot Build-Out	1,576	15,101	1,251	294	-	1525 - New Main Lab Upgrades	-	-	-	464	1,739
1109 - New Main Upgrades	393	2	-	-	-	1526 - CONCERN TI	-	-	37	99	10
1111 - Mom/Baby Overflow	29	-	-	-	-	<b>Sub-Total Mountain View Projects</b>	<b>7,219</b>	<b>26,744</b>	<b>5,588</b>	<b>5,535</b>	<b>7,948</b>
1204 - Elevator Upgrades	30	-	-	-	-	<b>Los Gatos Capital Projects</b>					
0800 - Womens L&D Expansion	1,531	269	-	-	-	0904 - LG Facilities Upgrade	-	-	-	-	-
1225 - Rehab BLDG Roofing	241	4	-	-	-	0907 - LG Imaging Masterplan	774	1,402	17	-	-
1227 - New Main eICU	21	-	-	-	-	1210 - Los Gatos VOIP	89	-	-	-	-
1230 - Fog Shop	80	-	-	-	-	1116 - LG Ortho Pavillion	24	21	-	-	-
1315 - 205 So. Drive TI's	500	2	-	-	-	1124 - LG Rehab BLDG	458	-	-	-	-
0908 - NPCR3 Seismic Upgrds	1,224	1,328	240	342	961	1307 - LG Upgrades	2,979	3,282	3,511	3,081	4,551
1125 - Will Pav Fire Sprinkler	39	-	-	-	-	1308 - LG Infrastructure	114	-	-	-	-
1216 - New Main Process Imp Office	1	16	-	-	-	1313 - LG Rehab HVAC System/Structural	-	-	1,597	1,904	550
1217 - MV Campus MEP Upgrades FY13	181	274	28	-	-	1219 - LG Spine OR	214	323	633	2,163	447
1224 - Rehab Bldg HVAC Upgrades	202	81	14	6	-	1221 - LG Kitchen Refrig	85	-	-	-	-
1301 - Desktop Virtual	13	-	-	-	-	1248 - LG - CT Upgrades	26	345	197	6,669	1,673
1304 - Rehab Wander Mgmt	87	-	-	-	-	1249 - LG Mobile Imaging	146	-	-	-	-
1310 - Melchor Cancer Center Expansion	44	13	-	-	-	1328 - LG Ortho Canopy FY14	255	209	-	-	-
1318 - Women's Hospital TI	48	48	29	2	-	1345 - LG Lab HVAC	112	-	-	-	-
1327 - Rehab Building Upgrades	-	15	20	-	22	1346 - LG OR 5, 6, and 7 Lights Replace	-	285	53	22	127
1320 - 2500 Hosp Dr Roofing	75	81	-	-	-	1347 - LG Central Sterile Upgrades	-	181	43	66	-
1340 - New Main ED Exam Room TVs	8	193	-	-	-	1421 - LG MOB Improvements	-	198	65	303	356
1341 - New Main Admin	32	103	-	-	-	1508 - LG NICU 4 Bed Expansion	-	-	-	207	-
1344 - New Main AV Upgrd	243	-	-	-	-	1600 - 825 Pollard - Aspire Phase II	-	-	-	80	10
1400 - Oak Pav Cancer Center	-	5,208	666	52	156	1603 - LG MOB Improvements	-	-	-	285	4,593
1403 - Hosp Drive BLDG 11 TI's	86	103	-	-	-	<b>Sub-Total Los Gatos Projects</b>	<b>5,276</b>	<b>6,246</b>	<b>6,116</b>	<b>14,780</b>	<b>12,306</b>
1404 - Park Pav HVAC	64	7	-	-	-	1550 - Land Acquisition	-	-	24,007	-	-
1405 - 1 - South Accessibility Upgrades	-	-	168	95	-	1701 - 828 S Winchester Clinic TI	-	-	-	145	3,018
1408 - New Main Accessibility Upgrades	-	7	46	501	12	<b>Sub-Total Other Strategic Projects</b>	<b>-</b>	<b>-</b>	<b>24,007</b>	<b>145</b>	<b>3,018</b>
						<b>Subtotal Facilities Projects CIP</b>	<b>13,753</b>	<b>38,940</b>	<b>48,137</b>	<b>82,953</b>	<b>137,364</b>
						<b>Grand Total</b>	<b>58,561</b>	<b>86,789</b>	<b>96,740</b>	<b>97,923</b>	<b>157,435</b>



**Minutes of the Open Session of the  
El Camino Hospital Board of Directors  
Wednesday, March 13, 2019  
2500 Grant Road, Mountain View, CA 94040  
Conference Rooms F&G (ground floor)**

**Board Members Present**

Lanhee Chen, Chair  
Jeffrey Davis, MD  
Peter C. Fung, MD  
Gary Kalbach  
Julia E. Miller, Secretary/Treasurer  
George O. Ting, MD  
John Zoglin, Vice Chair\*\*

**Board Members Absent**

Julie Kliger  
Bob Rebitzer

**Members Excused**

None

\*\*via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
<b>1. 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. Director Zoglin participated via teleconference. Directors Kliger and Rebitzer were absent. All other Board members were present at roll call.	
<b>2. POTENTIAL CONFLICT 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 reported.	
<b>3. BOARD RECOGNITION</b>	<p><b>Motion:</b> To approve <i>Resolution 2019-04</i>.</p> <p><b>Movant:</b> Miller <b>Second:</b> Kalbach <b>Ayes:</b> Chen, Davis, Fung, Kalbach, Miller, Ting, Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> Kliger, Rebitzer <b>Recused:</b> None</p> <p>Kelsey Martinez, Director, Marketing and Communications, recognized the ASPIRE team, Marketing &amp; Communications team, Fremont Union High School District (FUHSD) administration, and Kelly Troiano, MD for their suicide prevention work for the teachers, parents, and students of FUHSD.</p> <p>Trudy Gross, FUSHD Associate Superintendent, thanked the Board and recognized the FUSHD Board members in attendance.</p>	
<b>4. QUALITY COMMITTEE REPORT</b>	<p>Mark Adams, MD, CMO, provided an overview of the organizational goals on the Quality Dashboard and highlighted the rolling 12-month formatting. He described 1) the uptick in mortality related to patients with terminal cancer and sepsis; 2) reductions in volatility for throughput; 3) efforts to improve HCAHPS for staff responsiveness.</p> <p>Dr. Adams reported that ECH has received a 4-star CMS Star Rating and reviewed the scores for the Hospital’s local competitors.</p> <p>He also described the Committee’s discussions on the Culture of Safety, “What Is Quality,” and upcoming review of medical directorships. He explained that starting in FY19, all medical directors have one of the organizational goals as one of their quality incentive goals.</p> <p>In response to Director Ting’s question, Dr. Adams further explained the calculation of the mortality index and risk of mortality (ROM) score.</p>	

	<p>In response to Director Fung’s question, Dr. Adams outlined areas for improvement where the Hospital could potentially increase its CMS Star Rating: Medicare efficiency ratings, patient experience, and ED throughput.</p> <p>In response to Director Miller’s question, Dr. Adams described the behavioral health services, highlighting inpatient and outpatient services and Electroconvulsive Therapy (ECT) used to treat depression.</p>	
<p><b>5. COMPLIANCE AND AUDIT COMMITTEE REPORT</b></p>	<p>Diane Wigglesworth, Sr. Director, Corporate Compliance, described the Committee’s recommended structure for how the Committee and the Board should oversee Enterprise Risk Management, including use of a scoring tool. She explained that the Committee discussions would focus on any elevating risks and reviewing management’s mitigation efforts and the Hospital Board’s discussions should be with the executive team regarding alignment and urgency.</p> <p>In response to Director Fung’s question, Ms. Wigglesworth explained that the risk evaluation tool includes the organization’s expanding ambulatory structure.</p> <p><b>Motion:</b> To formally adopt the structure and guidance for Enterprise Risk Management oversight as outlined by the Committee in the materials (Section 4 of the memo).</p> <p><b>Movant:</b> Kalbach  <b>Second:</b> Miller  <b>Ayes:</b> Chen, Davis, Fung, Kalbach, Miller, Ting, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Kliger, Rebitzer  <b>Recused:</b> None</p>	<p><b><i>ERM oversight structure approved</i></b></p>
<p><b>6. GOVERNANCE COMMITTEE REPORT</b></p>	<p>Director Fung, Chair of the Governance Committee, reported that the Committee unanimously recommended adding an eleventh seat to the Hospital Board for the CEO.</p> <p><b>Motion:</b> To have the 11<sup>th</sup> member on the Hospital Board, and to have Mr. Dan Woods, the CEO, to be on the Hospital Board.</p> <p><b>Movant:</b> Fung</p> <p>Director Zoglin requested additional data about CEO service on other organization’s boards. Director Fung described the data from other health systems and affiliates reviewed by the Committee, noting that over 75% have a CEO on the board.</p> <p>Director Kalbach further described the Committee’s discussion and commented that the Board can better recruit and retain strong CEO candidates if the CEO serves on the Board.</p> <p>Director Miller expressed concerns about 1) the balance of the Board being primarily non-District Board members and 2) conducting a performance review of another Board member. She suggested that Mr. Woods would be a good candidate for the currently vacant 10<sup>th</sup> seat on the Board. She commented that there should be public input on this topic.</p> <p>Director Davis described his experience in health systems where CEOs serve on the Board, noting that 1) CEOs and the Board are an integral part of the strategic development and direction of the organization, 2) he has not encountered conflicts of interest in this area, and 3) boards can govern effectively when a CEO is part of the Board.</p> <p>Directors Chen and Fung and Cindy Murphy, Director of Governance</p>	<p><b><i>Bylaws revision authorized</i></b></p>

	<p>Services, discussed the motion on the floor and the required approvals for the proposed change.</p> <p><b>Clarified Motion:</b> To recommend to the District Board that there be an 11<sup>th</sup> Hospital Board seat created and that that seat be held as a voting seat by the CEO.</p> <p><b>Movant:</b> Fung</p> <p>Director Fung commented that the District Board has reserved powers.</p> <p><b>Friendly Amendment (Miller):</b> To put a public notice in the local paper ahead of the April Hospital Board meeting of the proposed change.</p> <p>Director Fung accepted the Friendly Amendment.</p> <p><b>Second:</b> Miller</p> <p><b>Ayes:</b> Chen, Davis, Fung, Kalbach, Miller, Ting, Zoglin</p> <p><b>Noes:</b> None</p> <p><b>Abstentions:</b> None</p> <p><b>Absent:</b> Kliger, Rebitzer</p> <p><b>Recused:</b> None</p>	
<p><b>7. NURSE PRACTITIONER COMPENSATION FOR ASPIRE PROGRAM</b></p>	<p>Jim Griffith, COO, described the After-School Program Interventions and Resiliency Education (ASPIRE) program and the proposed compensation for an El Camino Medical Associates-employed nurse practitioner.</p> <p>In response to Director Ting's question, Mr. Griffith explained that the proposed compensation is over the 90<sup>th</sup> percentile and described market factors in the area for child and adolescent psychology and the qualifications of the candidate.</p> <p><b>Motion:</b> To approve compensation under the Professional Services Agreement (PSA) with ECH for an El Camino Medical Associates, P.C.-employed Nurse Practitioner at a rate of \$98/hour as a provider of youth services in the ASPIRE program.</p> <p><b>Movant:</b> Fung</p> <p><b>Second:</b> Miller</p> <p><b>Ayes:</b> Chen, Davis, Fung, Kalbach, Miller, Ting, Zoglin</p> <p><b>Noes:</b> None</p> <p><b>Abstentions:</b> None</p> <p><b>Absent:</b> Kliger, Rebitzer</p> <p><b>Recused:</b> None</p>	<p><b>NP compensation approved</b></p>
<p><b>8. PUBLIC COMMUNICATION</b></p>	<p>Rena Schwartzberg expressed concerns about the retention of San Jose Medical Group employees.</p> <p>Andrew Barragan encouraged the Board to work with the bargaining team and support healthcare workers.</p>	
<p><b>9. ADJOURN TO CLOSED SESSION</b></p>	<p><b>Motion:</b> To adjourn to closed session at 6:40pm pursuant to <i>Gov't Code Section 54957.2</i> for approval of the Minutes of the Closed Session of the Hospital Board Meeting (February 13, 2019); 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>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: SVMD Acquisition Update; pursuant to <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: Los Gatos Campus Services and Programs; 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 Code Section 54956.9(d)(2)</i> – conference with legal</p>	<p><b>Adjourned to closed session at 6:40pm</b></p>

	<p>counsel – pending or threatened litigation: CEO Report on New Services and Program and Legal Matters; 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> Kalbach  <b>Second:</b> Ting  <b>Ayes:</b> Chen, Davis, Fung, Kalbach, Miller, Ting, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Kliger, Rebitzer  <b>Recused:</b> None</p>	
<b>10. AGENDA ITEM 18: RECONVENE OPEN SESSION/ REPORT OUT</b>	<p>Open session was reconvened at 8:30pm by Chair Chen. Agenda items 10-17 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 (February 13, 2019) and the Medical Staff Report, including the credentials and privileges report, by a unanimous vote in favor of all members present (Directors Chen, Davis, Fung, Kalbach, Miller, Ting, and Zoglin). Directors Kliger and Rebitzer were absent.</p>	
<b>11. AGENDA ITEM 21: CEO REPORT</b>	<p>This item was taken out of order.</p> <p>Dan Woods, CEO, highlighted the recent Epic upgrade, 118 community benefit applications, and the annual Heart Forum.</p> <p>Mr. Woods acknowledged the recent commitments to the El Camino Hospital Foundation, including \$5 million from Tad &amp; Diane Taube and \$4 million from Mary &amp; Doug Scrivener for mental health and addiction services. He thanked the Auxiliary for their contribution of over 6,000 hours in February 2019.</p>	
<b>12. AGENDA ITEM 19: CONSENT CALENDAR</b>	<p>Chair Chen asked if any member of the Board or the public wished to remove an item from the consent calendar. Director Zoglin requested that Item 19h: Community Benefit Mid-Year Metrics be pulled for discussion.</p> <p><b>Motion:</b> To approve the consent calendar: Minutes of the Open Session of the Hospital Board Meeting (February 13, 2019); Minutes of the Open Session of the Special Meeting to Conduct a Study Session of the Hospital Board (February 27, 2019); Draft Revised ECH Director Compensation Reimbursement Policy and Procedure; Draft Revised Hospital Board Officer Nomination and Selection Procedures; Revised Surplus Cash Investment Policy; Medical Staff Report; and for information: FY19 Period 7 Financials.</p> <p><b>Movant:</b> Miller  <b>Second:</b> Kalbach  <b>Ayes:</b> Chen, Davis, Fung, Kalbach, Miller, Ting, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Kliger, Rebitzer  <b>Recused:</b> None</p> <p>Director Kalbach left the meeting.</p> <p>In response to Director Zoglin's questions, Anne Rabkin, Sr. Community Benefit Specialist, noted that 1) the achievement of metrics were very similar to the prior year, 2) organizations addressing pre-diabetes, homelessness, and mental health did even better than average on their metrics, 3) 83% of new grants met their metrics, compared to 47% last year at mid-year. She also described examples of the coordination of Hospital</p>	<b>Consent calendar approved</b>

	<p>resources (care coordination, marketing, government relations, clinical reviews) with community benefit partners. Director Zoglin suggested that future discussion review all of the ways that ECH is providing expertise as well as grant money.</p> <p><b>Motion:</b> To approve the consent calendar: for information: Community Benefit Mid-Year Metrics.</p> <p><b>Movant:</b> Fung  <b>Second:</b> Ting  <b>Ayes:</b> Chen, Davis, Fung, Miller, Ting, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Kalbach, Kliger, Rebitzer  <b>Recused:</b> None</p>	
<p><b>13. AGENDA ITEM 20: RESOLUTION 2019-05: APPROVING SPONSORSHIP OF SVMD AS RBO WITH DMHC</b></p>	<p>Bruce Harrison, President, Silicon Valley Medical Development (SVMD), explained that SVMD is requesting that the Hospital serve as a sponsoring organization related to SVMD becoming a Risk Bearing Organization, so that SVMD can participate in capitated risk contracts with payers. He reported that SVMD has submitted an application with the Department of Managed Healthcare.</p> <p><b>Motion:</b> To approve Resolution 2019-05: approving sponsorship of SVMD as Risk Bearing Organization with the Department of Managed Healthcare</p> <p><b>Movant:</b> Fung  <b>Second:</b> Miller  <b>Ayes:</b> Chen, Davis, Fung, Miller, Ting, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Kalbach, Kliger, Rebitzer  <b>Recused:</b> None</p>	<p><b>Resolution 2019-05 approved</b></p>
<p><b>14. AGENDA ITEM 22: BOARD COMMENTS</b></p>	<p>None.</p>	
<p><b>15. AGENDA ITEM 23: ADJOURNMENT</b></p>	<p><b>Motion:</b> To adjourn at 8:45pm.</p> <p><b>Movant:</b> Fung  <b>Second:</b> Miller  <b>Ayes:</b> Chen, Davis, Fung, Miller, Ting, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Kalbach, Kliger, Rebitzer  <b>Recused:</b> None</p>	<p><b>Meeting adjourned at 8:45pm</b></p>

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

\_\_\_\_\_  
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 & Board Services Coordinator





**El Camino Hospital**

THE HOSPITAL OF SILICON VALLEY

**Summary of Financial Operations  
Fiscal Year 2019 – Period 7**

7/1/2018 to 1/31/2019

El Camino Hospital Board of Directors

Iftikhar Hussain, CFO

April 10, 2018

# Financial Overview

## Volume:

- Slow volume in January brings the YTD combined volume measured in adjusted discharges .9% below budget. Inpatient volume is lower in General/Pulmonary Medicine related to decline in flu activity and lower MCH (deliveries).
- YTD outpatient volume is below budget -0.2% (151 cases) mainly in ED due to lower level of flu activity. Imaging and Rehab services remain favorable to budget.

## Financial Performance:

- Operating income is favorable to budget by 19.4% (\$11.3M) YTD primarily due to favorable revenue cycle operations. Net Patient Revenue is favorable to budget by 2.1% (\$11.1M).
- YTD Operating Expense is favorable to budget 0.8% (\$3.8M). YTD Salaries & Wages are favorable to budget by .8% (\$2.2M). YTD Non Labor expenses are also favorable to budget by .8% (\$1.5M).

## Payor Mix:

- YTD, Medicare is 1.2 percentage points unfavorable to budget and the Commercial Payor mix is 1.1 percentage points unfavorable to budget. For January, the Medicare Mix increased due to flu related activity. Similar spike in Medicare cases experienced in Jan of 2018.

## Cost:

- Prod FTEs were favorable to target for January by 2.0% and right at budget YTD.

## •Balance Sheet:

- Cash position remains strong and revenue cycle operation consistently ahead of targets and benchmarks.

# Dashboard - ECH combined as of January 31, 2019

	Month					YTD			
	PY	CY	Bud/Target	Variance CY vs Bud		PY	CY	Bud/Target	Variance CY vs Bud
<b>Volume</b>									
Licensed Beds	443	443	443	-		443	443	443	-
ADC	261	259	266	(7)		244	234	241	(7)
Utilization MV	70%	71%	72%	-1%		67%	64%	66%	-2%
Utilization LG	35%	32%	36%	-4%		30%	29%	29%	-1%
Utilization Combined	59%	59%	60%	-2%		55%	53%	54%	-2%
Total Discharges (Excl NNB)	1,840	1,712	1,928	(216)		12,092	11,427	11,941	(514)
<b>Financial Perf.</b>									
Total Operating Revenue	78,848	83,534	82,096	1,439		540,540	550,027	542,485	7,542
Operating Income \$	10,397	11,489	9,771	1,718		87,043	69,820	58,495	11,325
Operating Margin	13.2%	13.8%	11.9%	1.9%		16.1%	12.7%	10.8%	1.9%
EBIDA %	18.9%	19.3%	17.9%	1.4%		21.9%	18.6%	17.0%	1.6%
<b>Payor Mix</b>									
Medicare	50.7%	53.0%	47.4%	5.6%		46.8%	47.8%	46.6%	1.2%
Medi-Cal	8.7%	8.3%	8.3%	-0.1%		7.9%	8.1%	7.9%	0.2%
Total Commercial	38.5%	36.2%	41.7%	-5.5%		43.0%	41.7%	42.9%	-1.1%
Other	2.0%	2.5%	2.6%	-0.1%		2.3%	2.4%	2.7%	-0.3%
<b>Cost</b>									
Total FTE	2,601.0	2,691.4	2,789.7	(98)		2,573.8	2,638.4	2,665.8	(27)
Productive Hrs/APD	28.7	29.3	30.5	(1)		29.9	30.7	31.7	(1)
<b>Balance Sheet</b>									
Net Days in AR	50.7	46.9	48.0	(1)		50.7	46.9	48.0	(1.1)
Days Cash	505	492	449	43		505	492	449	43
<b>Affiliates - Net Income (\$000s)</b>									
Hosp	39,597	32,262	10,118	22,144		147,285	52,577	61,580	(9,003)
Concern	82	307	21	286		1,111	1,572	496	1,076
ECSC	(1)	(1)	0	(1)		(21)	(30)	0	(30)
Foundation	627	1,070	72	998		2,217	949	935	14
SVMD	(332)	(172)	46	(218)		134	1,176	(196)	1,372

# Budget Variances

## Fiscal Year 2019 YTD (7/1/2018-01/31/2019) Waterfall

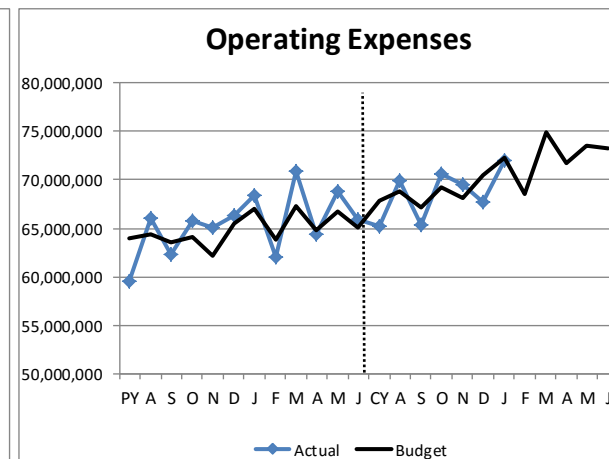
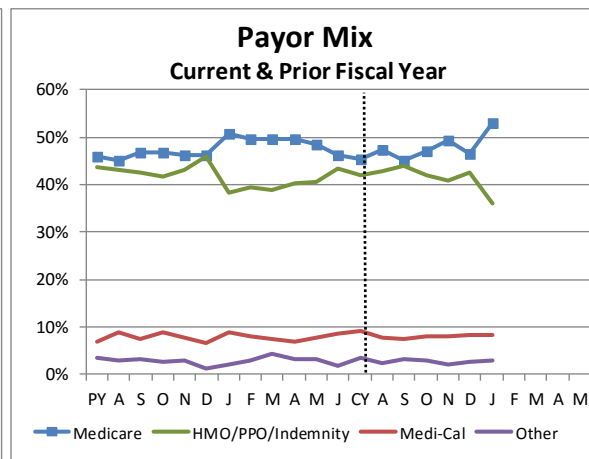
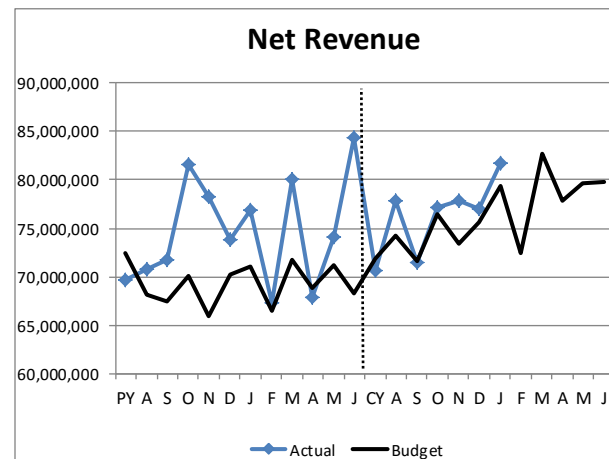
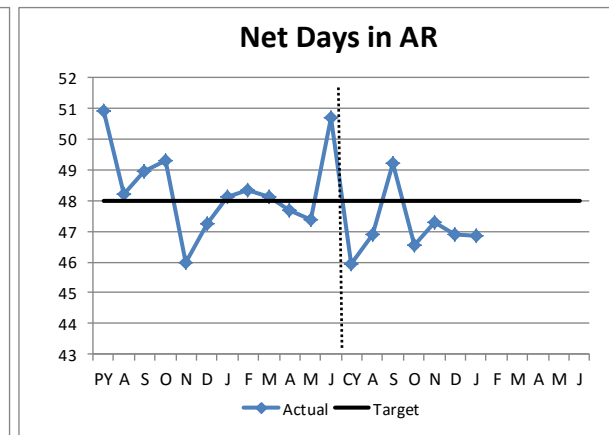
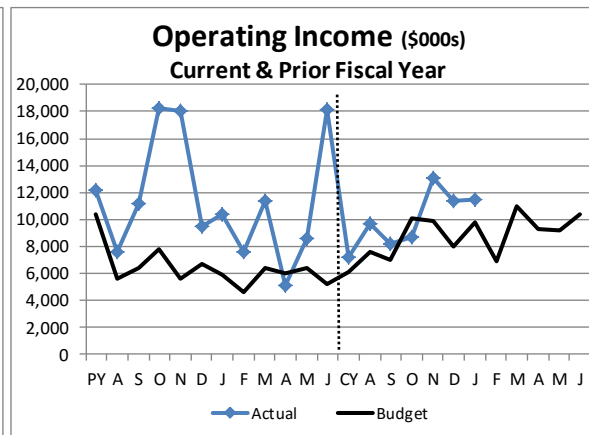
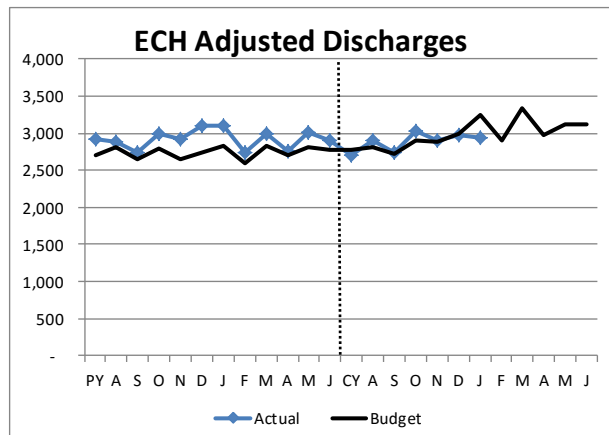
(in thousands; \$000s)	Year to Date (YTD)	
	Net Op Income	% Net Revenue
<b>Budgeted Hospital Operations FY2019</b>	<b>58,495</b>	<b>10.8%</b>
<b>Net Revenue</b>	7,542	1.4%
<b>Labor and Benefit Expense Change</b> - Flexing staff and vacancies in support departments.	2,237	0.4%
<b>Professional Fees &amp; Purchased Services</b> - JACHO readiness and purchased services (in place of FTE) are the biggest drivers	(1,262)	-0.2%
<b>Supplies</b> - Positive variance in Drugs due to slow growth in OP Pharmacy.	1,621	0.3%
<b>Other Expenses</b>	87	0.0%
<b>Depreciation &amp; Interest</b> - primarily due to delayed capital spending	1,099	0.2%
<b>Actual Hospital Operations FY2019</b>	<b>69,820</b>	<b>12.7%</b>

# El Camino Hospital (\$000s)

Period ending 01/31/2019

Period 7 FY 2018	Period 7 FY 2019	Period 7 Budget 2019	Variance Fav (Unfav)	Var%		YTD FY 2018	YTD FY 2019	YTD Budget 2019	Variance Fav (Unfav)	Var%
					\$000s					
					<b>OPERATING REVENUE</b>					
291,509	304,299	309,055	(4,756)	(1.5%)	<b>Gross Revenue</b>	1,942,283	2,008,375	2,023,909	(15,535)	(0.8%)
(214,583)	(222,588)	(229,739)	7,151	3.1%	<b>Deductions</b>	(1,419,472)	(1,474,756)	(1,501,380)	26,624	1.8%
<b>76,925</b>	<b>81,712</b>	<b>79,316</b>	<b>2,395</b>	<b>3.0%</b>	<b>Net Patient Revenue</b>	<b>522,811</b>	<b>533,619</b>	<b>522,529</b>	<b>11,089</b>	<b>2.1%</b>
1,923	1,823	2,779	(957)	(34.4%)	<b>Other Operating Revenue</b>	17,728	16,409	19,956	(3,547)	(17.8%)
<b>78,848</b>	<b>83,534</b>	<b>82,096</b>	<b>1,439</b>	<b>1.8%</b>	<b>Total Operating Revenue</b>	<b>540,540</b>	<b>550,027</b>	<b>542,485</b>	<b>7,542</b>	<b>1.4%</b>
					<b>OPERATING EXPENSE</b>					
41,150	44,046	44,656	610	1.4%	<b>Salaries &amp; Wages</b>	275,114	291,087	293,325	2,237	0.8%
11,779	11,536	11,780	244	2.1%	<b>Supplies</b>	73,109	76,747	78,368	1,621	2.1%
8,904	9,478	8,746	(733)	(8.4%)	<b>Fees &amp; Purchased Services</b>	57,739	63,100	61,838	(1,262)	(2.0%)
2,132	2,378	2,216	(162)	(7.3%)	<b>Other Operating Expense</b>	16,217	16,916	17,002	87	0.5%
256	269	490	221	45.2%	<b>Interest</b>	2,861	2,497	2,431	(67)	(2.7%)
4,231	4,338	4,436	98	2.2%	<b>Depreciation</b>	28,457	29,860	31,026	1,166	3.8%
<b>68,451</b>	<b>72,045</b>	<b>72,325</b>	<b>280</b>	<b>0.4%</b>	<b>Total Operating Expense</b>	<b>453,497</b>	<b>480,208</b>	<b>483,990</b>	<b>3,783</b>	<b>0.8%</b>
<b>10,397</b>	<b>11,489</b>	<b>9,771</b>	<b>1,718</b>	<b>17.6%</b>	<b>Net Operating Income/(Loss)</b>	<b>87,043</b>	<b>69,820</b>	<b>58,495</b>	<b>11,325</b>	<b>19.4%</b>
29,200	20,772	346	20,426	5896.2%	<b>Non Operating Income</b>	60,242	(17,243)	3,085	(20,328)	(659.0%)
<b>39,597</b>	<b>32,262</b>	<b>10,118</b>	<b>22,144</b>	<b>218.9%</b>	<b>Net Income(Loss)</b>	<b>147,285</b>	<b>52,577</b>	<b>61,580</b>	<b>(9,003)</b>	<b>(14.6%)</b>
18.9%	19.3%	17.9%	1.4%		<b>EBITDA</b>	21.9%	18.6%	17.0%	1.6%	
13.2%	13.8%	11.9%	1.9%		<b>Operating Margin</b>	16.1%	12.7%	10.8%	1.9%	
50.2%	38.6%	12.3%	26.3%		<b>Net Margin</b>	27.2%	9.6%	11.4%	(1.8%)	

# Monthly Financial Trends



# El Camino Hospital Investment Committee Scorecard December 31, 2018

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY19 Year-end Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>		<b>4Q 2018</b>		<b>Fiscal Year-to-date</b>		<b>6y 2m Since Inception (annualized)</b>		<b>2018</b>	
Surplus cash balance*		\$933.4	--	--	--	--	--	\$886.6	--
Surplus cash return		-6.2%	-5.7%	-4.0%	-3.8%	4.5%	4.3%	3.2%	5.3%
Cash balance plan balance (millions)		\$249.2	--	--	--	--	--	\$276.9	--
Cash balance plan return		-7.9%	-7.0%	-5.3%	-4.7%	6.5%	5.8%	6.0%	5.7%
403(b) plan balance (millions)		\$435.2	--	--	--	--	--	--	--
<b>Risk vs. Return</b>		<b>3-year</b>				<b>6y 2m Since Inception (annualized)</b>		<b>2018</b>	
Surplus cash Sharpe ratio		0.73	0.70	--	--	0.88	0.86	--	0.43
Net of fee return		4.6%	4.3%	--	--	4.5%	4.3%	--	5.3%
Standard deviation		5.0%	4.7%	--	--	4.5%	4.4%	--	6.7%
Cash balance Sharpe ratio		0.70	0.70	--	--	1.00	0.94	--	0.40
Net of fee return		5.3%	5.0%	--	--	6.5%	5.8%	--	5.7%
Standard deviation		6.2%	5.7%	--	--	6.0%	5.6%	--	8.1%
<b>Asset Allocation</b>		<b>4Q 2018</b>							
Surplus cash absolute variances to target		9.4%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		5.4%	< 10%	--	--	--	--	--	--
<b>Manager Compliance</b>		<b>4Q 2018</b>							
Surplus cash manager flags		28	<24 Green <30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		33	<27 Green <34 Yellow	--	--	--	--	--	--

\*Excludes debt reserve funds (~\$129 mm), District assets (~\$34 mm), and balance sheet cash not in investable portfolio (~\$125 mm).

Includes Foundation (~\$28 mm) and Concern (~\$13 mm) assets. Budget adds back in current Foundation and Concern assets and backs out current debt reserve funds.



# Balance Sheet (in thousands)

## ASSETS

### CURRENT ASSETS

	January 31, 2019	Audited June 30, 2018
Cash	106,244	118,992
Short Term Investments	158,059	150,664
Patient Accounts Receivable, net	120,490	124,427
Other Accounts and Notes Receivable	2,679	3,402
Intercompany Receivables	2,217	2,090
(1) Inventories and Prepaids	80,479	75,594
<b>Total Current Assets</b>	<b>470,167</b>	<b>475,171</b>

### BOARD DESIGNATED ASSETS

Plant & Equipment Fund	160,788	153,784
(2) Women's Hospital Expansion	15,472	9,298
(3) Operational Reserve Fund	139,057	127,908
Community Benefit Fund	18,732	18,675
Workers Compensation Reserve Fund	21,403	20,263
Postretirement Health/Life Reserve Fund	29,562	29,212
PTO Liability Fund	23,821	24,532
Malpractice Reserve Fund	1,831	1,831
Catastrophic Reserves Fund	18,411	18,322
<b>Total Board Designated Assets</b>	<b>429,077</b>	<b>403,826</b>

(4) <b>FUNDS HELD BY TRUSTEE</b>	<b>118,770</b>	<b>197,620</b>
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<b>LONG TERM INVESTMENTS</b>	<b>336,380</b>	<b>345,684</b>
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<b>INVESTMENTS IN AFFILIATES</b>	<b>32,460</b>	<b>32,412</b>
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### PROPERTY AND EQUIPMENT

Fixed Assets at Cost	1,284,078	1,261,854
Less: Accumulated Depreciation	(600,126)	(577,959)
Construction in Progress	321,257	220,991
<b>Property, Plant &amp; Equipment - Net</b>	<b>1,005,208</b>	<b>904,886</b>

<b>DEFERRED OUTFLOWS</b>	<b>20,827</b>	<b>21,177</b>
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<b>RESTRICTED ASSETS - CASH</b>	<b>0</b>	<b>0</b>
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<b>TOTAL ASSETS</b>	<b>2,412,889</b>	<b>2,380,776</b>
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## LIABILITIES AND FUND BALANCE

### CURRENT LIABILITIES

	January 31, 2019	Audited June 30, 2018
(5) Accounts Payable	42,100	49,925
(6) Salaries and Related Liabilities	23,793	26,727
Accrued PTO	23,821	24,532
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	10,647	10,068
Intercompany Payables	204	125
Malpractice Reserves	1,831	1,831
Bonds Payable - Current	3,965	3,850
(7) Bond Interest Payable	2,123	12,975
Other Liabilities	7,682	8,909
<b>Total Current Liabilities</b>	<b>118,467</b>	<b>141,242</b>

### LONG TERM LIABILITIES

Post Retirement Benefits	29,562	29,212
Worker's Comp Reserve	19,103	17,963
Other L/T Obligation (Asbestos)	3,926	3,859
Other L/T Liabilities (IT/Medl Leases)	-	-
(8) Bond Payable	514,218	517,781
<b>Total Long Term Liabilities</b>	<b>566,809</b>	<b>568,815</b>

<b>DEFERRED REVENUE-UNRESTRICTED</b>	<b>230</b>	<b>528</b>
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<b>DEFERRED INFLOW OF RESOURCES</b>	<b>22,835</b>	<b>22,835</b>
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### FUND BALANCE/CAPITAL ACCOUNTS

Unrestricted	1,275,470	1,243,529
Board Designated	429,077	403,825
Restricted	0	0
(9) <b>Total Fund Bal &amp; Capital Accts</b>	<b>1,704,548</b>	<b>1,647,355</b>

<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>2,412,889</b>	<b>2,380,776</b>
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## January 2019 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The increase is due to annual insurance premiums for D&O, Property and Auto that are paid in July and amortized throughout the fiscal year. Also a quarterly pension funding was paid.
- (2) The increase is due to the District making a transfer from its Capital Appropriation Fund in support of the upcoming renovation to the Women's Hospital.
- (3) The increase is due to annual resetting of the 60 day Operational Reserve based on the new FY2019 budget that has started.
- (4) Decrease is due to draws from the 2015A/2017 Bond Project funds for the on-going IMOB and BHS construction and semi-annual 2015/2017 bond payment
- (5) Decrease is due to the yearend accruals that were paid out in July and August.
- (6) Decrease is due a lesser number of days of payroll expenses and payroll taxes for October opposed to a full 14 day pay period that was needed for June 30.
- (7) Semi-annual bond payments of interest and principal were made on the 2015A and 2017 Bonds in August and January.
- (8) Decrease is due to the establishment of FY2020 2015A Bond Principal Payable in January.
- (9) Increase in total Fund Balance is driven by y-t-d net income and that Capital Appropriate Fund transfer by District, discussed in item #2 above.

## EL CAMINO HOSPITAL - BOARD DESIGNATED FUND DESCRIPTIONS/HISTORY ( 1 OF 2)

- **Plant & Equipment Fund** – original established by the District Board in the early 1960's to fund new capital expansion projects of building facilities or equipment (new or replacements). The funds came from the M&O property taxes being received and the funding depreciation expense at 100%. When at the end of 1992, the 501(c)(3) Hospital was performed by the District, the property tax receipts remained with the District. The newly formed Hospital entity continued on with funding depreciation expense, but did that funding at 130% of the depreciation expense to account for an expected replacement cost of current plant and property assets. It is to be noted that within this fund is an itemized amount of \$14 million for the Behavioral Health Service building replacement project. This amount came from the District's Capital Appropriation Fund (excess Gann Limit property taxes) of the fiscal years of 2010 thru 2013 by various District board actions.
- **Women's Hospital Expansion** – established June 2016 by the District authorizing the amounts accumulated in its Capital Appropriation Fund (excess Gann Limit property taxes) for the fiscal years of 2014 and 2015 to be allocated for the renovation of the Women's Hospital upon the completion of Integrated Medical Office Building currently under construction. At the end of fiscal year 2018 another \$6.2 million was added to this fund.
- **Operational Reserve Fund** – originally established by the District in May 1992 to establish a fund equal to sixty (60) days of operational expenses (based on the current projected budget) and only be used in the event of a major business interruption event and/or cash flow.
- **Community Benefit Fund** – following in the footsteps of the District in 2008 of forming its Community Benefit Fund using Gann Limit tax receipts, the Hospital in 2010 after opening its campus outside of District boundaries in Los Gatos formed its own Community Benefit Fund to provide grants/sponsorships in Los Gatos and surrounding areas. The funds come from the Hospital reserving \$1.5M a year from its operations, the entity of CONCERN contributing 40% of its annual income each year (an amount it would have paid in corporate taxes if it wasn't granted tax exempt status), that generates an amount of \$500,000 or more a year. \$15 million within this fund is a board designated endowment fund formed in 2015 with a \$10 million contribution, and added to at the end of the 2017 fiscal year end with another \$5 million contribution, to generate investment income to be used for grants and sponsorships, in fiscal year it generated over \$1.1 million of investment income for the program.

## EL CAMINO HOSPITAL - BOARD DESIGNATED FUND DESCRIPTIONS/HISTORY ( 2 OF 2)

- **Workers Compensation Reserve Fund** – as the Hospital is self-insured for its workers compensation program (since 1978) this fund was originally formed in early 2000's by management to reserve cash equal to the yearly actuarially determined Workers Compensation amount. The thought being if the business was to terminate for some reason this is the amount in cash that would be needed to pay out claims over the next few years.
- **Postretirement Health/Life Reserve Fund** – following the same formula as the Workers Compensation Reserve Fund this fund was formed in the early 2000's by management to reserve cash equal to the yearly actuarially determined amount to fund the Hospital's postretirement health and life insurance program. Note this program was frozen in 1995 for all new hires after that date. At the end of fiscal year 2018, GASB #75 was implemented that now represents the full actuarially determined liability.
- **PTO (Paid Time Off) Liability Fund** – originally formed in 1993 as the new 501(c)(3) Hospital began operations, management thought as a business requirement of this vested benefit program that monies should be set aside to extinguish this employee liability should such a circumstance arise. This balance is equal to the PTO Liability on the Balance Sheet.
- **Malpractice Reserve Fund** – originally established in 1989 by the then District's Finance Committee and continued by the Hospital. The amount is actuarially determined each year as part of the annual audit to fund potential claims less than \$50,000. Above \$50,000 our policy with the BETA Healthcare Group kicks in to a \$30 million limit per claim/\$40 million in the aggregate.
- **Catastrophic Loss Fund** – was established in 1999 by the Hospital Board to be a "self-insurance" reserve fund for potential non-major earthquake repairs. Initially funded by the District transferring \$5 million and has been added to by the last major payment from FEMA for the damage caused the Hospital by the October 1989 earthquake. It is to be noted that it took 10 years to receive final settlement from FEMA grants that totaled \$6.8 million that did mostly cover all the necessary repairs.

# APPENDIX

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

Period ending 01/31/19

Period 7 FY 2018	Period 7 FY 2019	Period 7 Budget 2019	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2018	YTD FY 2019	YTD Budget 2019	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
238,824	251,909	245,745	6,164	2.5%	<b>Gross Revenue</b>	1,586,778	1,650,846	1,652,659	(1,812)	(0.1%)
(176,741)	(184,993)	(183,122)	(1,870)	(1.0%)	<b>Deductions</b>	(1,159,093)	(1,211,795)	(1,228,555)	16,760	1.4%
<b>62,083</b>	<b>66,916</b>	<b>62,623</b>	<b>4,293</b>	<b>6.9%</b>	<b>Net Patient Revenue</b>	<b>427,685</b>	<b>439,052</b>	<b>424,104</b>	<b>14,948</b>	<b>3.5%</b>
1,762	1,474	2,533	(1,060)	(41.8%)	<b>Other Operating Revenue</b>	16,552	14,382	18,277	(3,895)	(21.3%)
<b>63,845</b>	<b>68,390</b>	<b>65,156</b>	<b>3,234</b>	<b>5.0%</b>	<b>Total Operating Revenue</b>	<b>444,237</b>	<b>453,433</b>	<b>442,381</b>	<b>11,052</b>	<b>2.5%</b>
<b>OPERATING EXPENSE</b>										
34,171	36,833	36,692	(142)	(0.4%)	<b>Salaries &amp; Wages</b>	228,833	242,520	245,231	2,711	1.1%
9,255	9,590	9,349	(240)	(2.6%)	<b>Supplies</b>	58,680	62,457	63,726	1,268	2.0%
7,285	7,987	7,373	(614)	(8.3%)	<b>Fees &amp; Purchased Services</b>	48,254	53,183	52,408	(775)	(1.5%)
677	863	698	(165)	(23.6%)	<b>Other Operating Expense</b>	5,125	5,987	6,174	188	3.0%
256	269	490	221	45.2%	<b>Interest</b>	2,861	2,497	2,431	(67)	(2.7%)
3,536	3,533	3,683	150	4.1%	<b>Depreciation</b>	24,429	24,568	25,823	1,255	4.9%
<b>55,180</b>	<b>59,076</b>	<b>58,285</b>	<b>(791)</b>	<b>(1.4%)</b>	<b>Total Operating Expense</b>	<b>368,181</b>	<b>391,213</b>	<b>395,793</b>	<b>4,580</b>	<b>1.2%</b>
<b>8,665</b>	<b>9,314</b>	<b>6,871</b>	<b>2,443</b>	<b>35.6%</b>	<b>Net Operating Income/(Loss)</b>	<b>76,056</b>	<b>62,221</b>	<b>46,588</b>	<b>15,632</b>	<b>33.6%</b>
29,200	20,772	346	20,426	5896.2%	<b>Non Operating Income</b>	60,287	(17,243)	3,085	(20,328)	(659.0%)
<b>37,865</b>	<b>30,086</b>	<b>7,217</b>	<b>22,869</b>	<b>316.9%</b>	<b>Net Income(Loss)</b>	<b>136,343</b>	<b>44,977</b>	<b>49,673</b>	<b>(4,696)</b>	<b>(9.5%)</b>
19.5%	19.2%	16.9%	2.2%		<b>EBITDA</b>	23.3%	19.7%	16.9%	2.8%	
13.6%	13.6%	10.5%	3.1%		<b>Operating Margin</b>	17.1%	13.7%	10.5%	3.2%	
59.3%	44.0%	11.1%	32.9%		<b>Net Margin</b>	30.7%	9.9%	11.2%	(1.3%)	

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

Period ending 01/31/2019

Period 7 FY 2018	Period 7 FY 2019	Period 7 Budget 2019	Variance Fav (Unfav)	Var%		YTD FY 2018	YTD FY 2019	YTD Budget 2019	Variance Fav (Unfav)	Var%
					\$000s					
					OPERATING REVENUE					
52,685	52,391	63,310	(10,920)	(17.2%)	Gross Revenue	355,505	357,528	371,250	(13,722)	(3.7%)
(37,842)	(37,595)	(46,616)	9,021	19.4%	Deductions	(260,378)	(262,961)	(272,825)	9,864	3.6%
<b>14,843</b>	<b>14,796</b>	<b>16,694</b>	<b>(1,898)</b>	<b>(11.4%)</b>	Net Patient Revenue	<b>95,126</b>	<b>94,567</b>	<b>98,426</b>	<b>(3,859)</b>	<b>(3.9%)</b>
160	349	246	103	41.9%	Other Operating Revenue	1,176	2,027	1,678	349	20.8%
<b>15,003</b>	<b>15,145</b>	<b>16,940</b>	<b>(1,795)</b>	<b>(10.6%)</b>	Total Operating Revenue	<b>96,302</b>	<b>96,594</b>	<b>100,104</b>	<b>(3,510)</b>	<b>(3.5%)</b>
					OPERATING EXPENSE					
6,979	7,213	7,964	751	9.4%	Salaries & Wages	46,281	48,567	48,093	(474)	(1.0%)
2,524	1,946	2,431	485	19.9%	Supplies	14,430	14,290	14,643	353	2.4%
1,619	1,491	1,373	(118)	(8.6%)	Fees & Purchased Services	9,485	9,916	9,430	(487)	(5.2%)
1,455	1,514	1,518	3	0.2%	Other Operating Expense	11,092	10,929	10,828	(101)	(0.9%)
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
694	805	753	(51)	(6.8%)	Depreciation	4,028	5,293	5,203	(89)	(1.7%)
<b>13,271</b>	<b>12,969</b>	<b>14,039</b>	<b>1,070</b>	<b>7.6%</b>	Total Operating Expense	<b>85,316</b>	<b>88,995</b>	<b>88,197</b>	<b>(798)</b>	<b>(0.9%)</b>
<b>1,732</b>	<b>2,176</b>	<b>2,901</b>	<b>(725)</b>	<b>(25.0%)</b>	Net Operating Income/(Loss)	<b>10,986</b>	<b>7,599</b>	<b>11,907</b>	<b>(4,308)</b>	<b>(36.2%)</b>
0	0	0	0	0.0%	Non Operating Income	(45)	0	0	0	0.0%
<b>1,732</b>	<b>2,176</b>	<b>2,901</b>	<b>(725)</b>	<b>(25.0%)</b>	Net Income(Loss)	<b>10,942</b>	<b>7,599</b>	<b>11,907</b>	<b>(4,308)</b>	<b>(36.2%)</b>
					EBITDA	15.6%	13.3%	17.1%	(3.7%)	
16.2%	19.7%	21.6%	(1.9%)		Operating Margin	11.4%	7.9%	11.9%	(4.0%)	
11.5%	14.4%	17.1%	(2.8%)		Net Margin	11.4%	7.9%	11.9%	(4.0%)	
11.5%	14.4%	17.1%	(2.8%)							

# Non Operating Items and Net Income by Affiliate

\$ in thousands

	Period 7 - Month			Period 7 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Income (Loss) from Operations</b>						
Mountain View	9,314	6,871	2,443	62,221	46,588	15,632
Los Gatos	2,176	2,901	(725)	7,599	11,907	(4,308)
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>11,489</b>	<b>9,771</b>	<b>1,718</b>	<b>69,820</b>	<b>58,495</b>	<b>11,325</b>
<b>Operating Margin %</b>	<b>13.8%</b>	<b>11.9%</b>		<b>12.7%</b>	<b>10.8%</b>	
<b>El Camino Hospital Non Operating Income</b>						
Investments <sup>2</sup>	22,631	2,368	20,263	(5,928)	17,234	(23,162)
Swap Adjustments	(80)	(100)	20	(696)	(700)	4
Community Benefit	(41)	(300)	259	(2,585)	(2,100)	(485)
Pathways	(898)	0	(898)	(1,990)	0	(1,990)
Satellite Dialysis	58	(25)	83	390	(175)	565
Community Connect	0	(53)	53	0	(371)	371
SVMD Funding <sup>1</sup>	(847)	(1,219)	372	(4,860)	(8,533)	3,674
Other	(50)	(324)	274	(1,695)	(2,269)	574
<b>Sub Total - Non Operating Income</b>	<b>20,772</b>	<b>346</b>	<b>20,426</b>	<b>(17,243)</b>	<b>3,085</b>	<b>(20,328)</b>
<b>El Camino Hospital Net Income (Loss)</b>	<b>32,262</b>	<b>10,118</b>	<b>22,144</b>	<b>52,577</b>	<b>61,580</b>	<b>(9,003)</b>
<b>ECH Net Margin %</b>	<b>38.6%</b>	<b>12.3%</b>		<b>9.6%</b>	<b>11.4%</b>	
Concern	307	21	286	1,572	496	1,076
ECSC	(1)	0	(1)	(30)	0	(30)
Foundation	1,070	72	998	949	935	14
Silicon Valley Medical Development	(172)	46	(218)	1,176	(196)	1,372
<b>Net Income Hospital Affiliates</b>	<b>1,204</b>	<b>139</b>	<b>1,065</b>	<b>3,667</b>	<b>1,235</b>	<b>2,432</b>
<b>Total Net Income Hospital &amp; Affiliates</b>	<b>33,466</b>	<b>10,257</b>	<b>23,209</b>	<b>56,243</b>	<b>62,815</b>	<b>(6,572)</b>

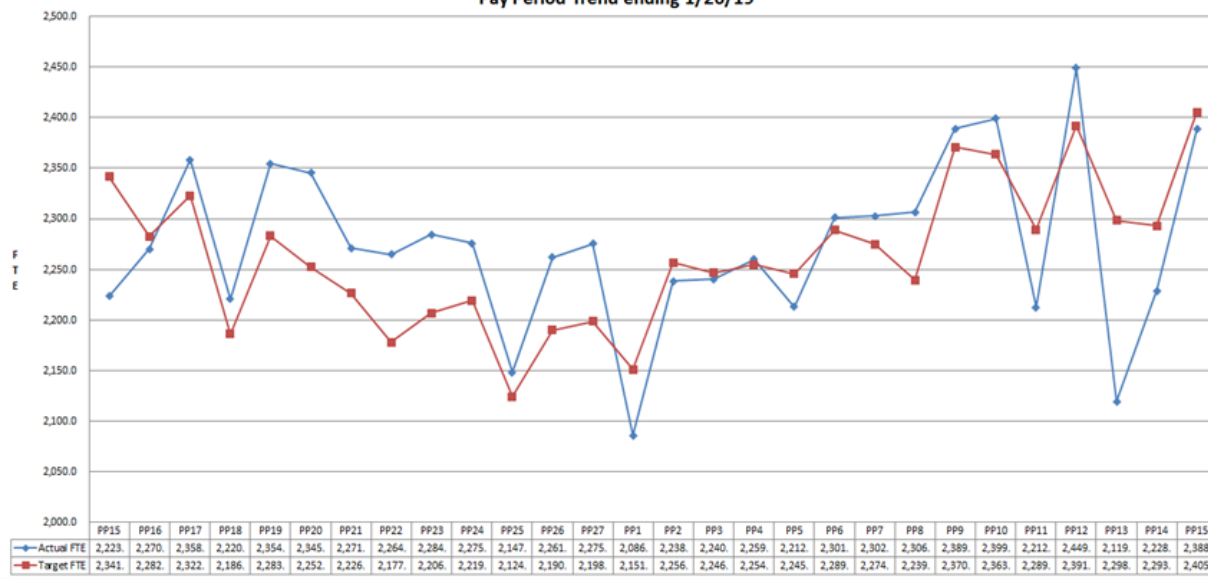
<sup>1</sup>Favorable variances for SVMD and Community Connect are due to delayed implementation

<sup>2</sup>Equity markets experienced a massive selloff during October, and volatility is continuing

# Productivity and Medicare Length of Stay

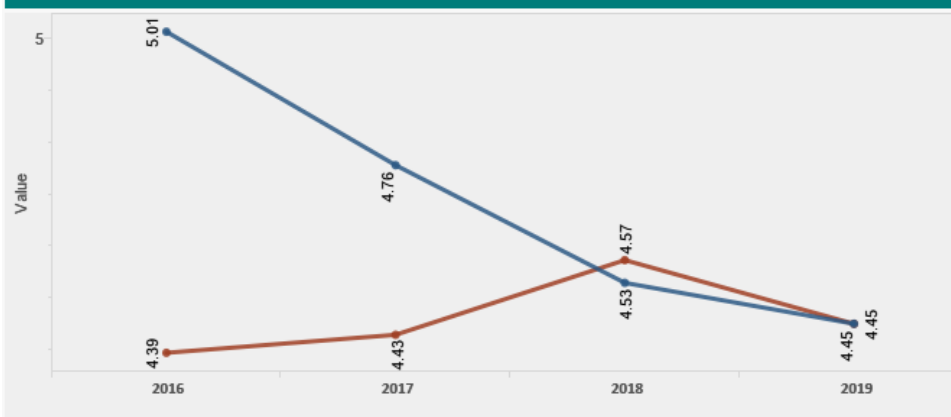
At or below FTE target. Uptick end of Sept due to mandatory training for all employees. YTD we are on budget (adjusted for volume)

El Camino Hospital Actual vs. Target Productive FTE Trend  
Pay Period Trend ending 1/26/19

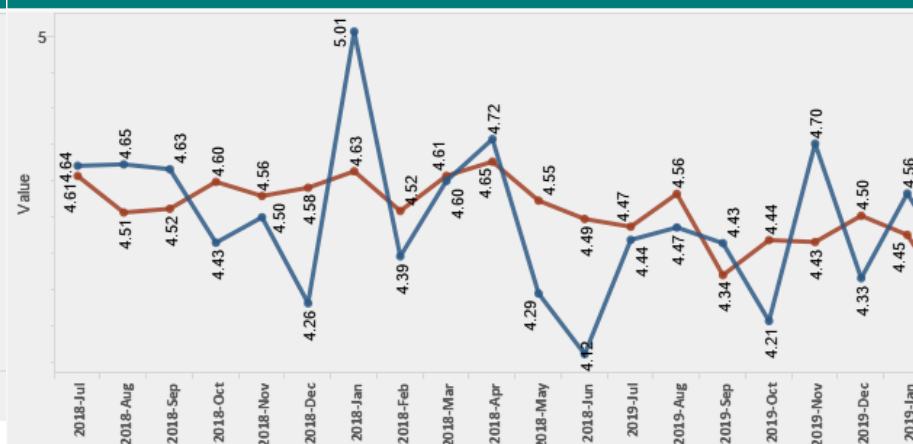


ALOS vs Milliman well-managed benchmark. Trend shows steady improvement with FY 2019 below benchmark (blue). Increase in benchmark beginning in FY 2017 due to Clinical Documentation Improvement (CDI)

AVERAGE LENGTH OF STAY TREND BY MONTH/YEAR




AVERAGE LENGTH OF STAY TREND BY MONTH/YEAR





# El Camino Hospital Volume Annual Trends

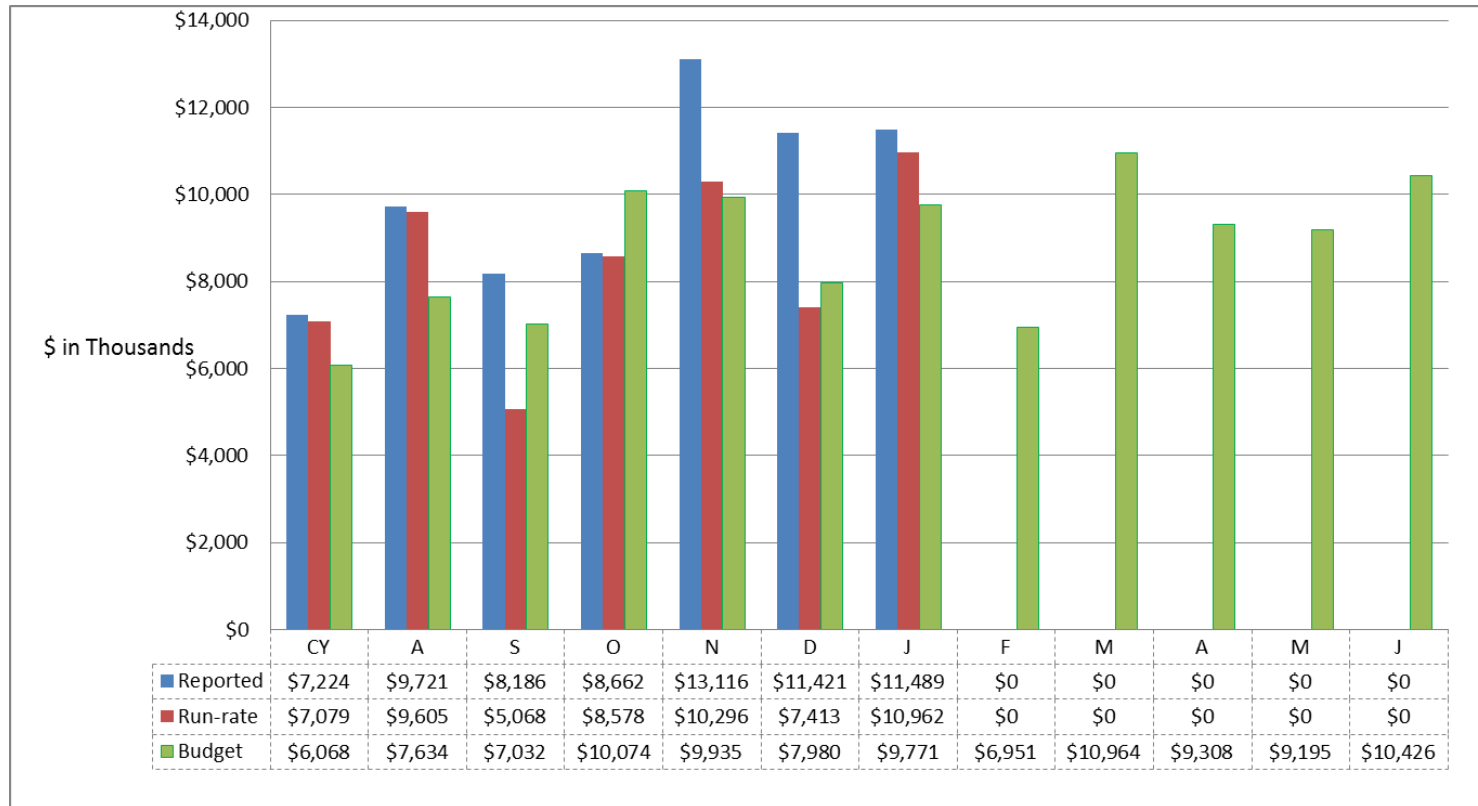
<div> VOLUME BY SERVICE LINE</div>		MONTH					PROCEDURAL?		FACILITY		LEVEL OF DETAIL								
		07-Jan					(All)		(All)		Service Line								
		ANNUAL TREND					FY19 Bud vs FY18		MONTH					YEAR					
		2014	2015	2016	2017	2018	2019(b)	Cases	Percent	PY	CY	Bud	Bud Var	PY Var	PY	CY	Bud	Bud Var	PY Var
IP	Behavioral Health	1,012	1,052	928	924	1,098	1,062	-36	-3.2%	103	93	89	4	-10	663	668	617	51	5
	General Medicine & ...	4,165	4,592	4,459	4,961	5,286	5,325	39	0.7%	587	461	612	-151	-126	3,170	2,810	3,031	-221	-360
	General Surgery	1,243	1,150	1,311	1,318	1,305	1,344	39	3.0%	113	104	90	14	-9	755	809	755	54	54
	GYN	390	313	293	270	243	255	12	4.9%	20	22	24	-2	2	148	134	137	-3	-14
	Heart and Vascular	1,859	1,998	2,001	2,203	2,372	2,445	73	3.1%	208	202	188	14	-6	1,369	1,282	1,314	-32	-87
	MCH	6,695	6,371	5,953	5,822	5,718	5,764	46	0.8%	446	453	496	-43	7	3,405	3,189	3,359	-170	-216
	Neurosciences	667	672	677	688	870	907	37	4.3%	78	83	82	1	5	516	516	562	-46	0
	Oncology	606	564	652	594	632	726	94	14.9%	49	61	76	-15	12	384	410	416	-6	26
	Orthopedics	1,695	1,773	1,746	1,690	1,706	1,819	113	6.6%	155	135	162	-27	-20	1,043	969	1,075	-106	-74
	Rehab Services	547	555	500	461	441	436	-5	-1.1%	39	43	37	6	4	256	290	255	35	34
	Spine Surgery	377	429	417	474	375	465	90	24.0%	23	27	38	-11	4	243	184	268	-84	-59
	Urology	172	169	234	257	255	274	19	7.4%	19	28	33	-5	9	140	166	154	12	26
Total		19,428	19,638	19,171	19,662	20,301	20,823	522	2.6%	1,840	1,712	1,928	-216	-128	12,092	11,427	11,941	-514	-665
OP	Behavioral Health	910	886	2,394	3,260	3,151	3,417	266	8.4%	257	224	302	-78	-33	1,884	1,595	1,860	-265	-289
	Dialysis	1,059	155	6			0					0					0		
	Emergency	46,006	49,091	48,590	48,625	49,415	49,122	-293	-0.6%	4,937	4,100	4,357	-257	-837	29,118	27,596	28,145	-549	-1,522
	General Medicine & ...	6,637	6,620	7,195	7,129	7,266	7,457	191	2.6%	574	696	663	33	122	4,225	4,561	4,294	267	336
	General Surgery	1,837	1,853	1,797	1,836	2,003	2,068	65	3.2%	169	159	173	-14	-10	1,141	1,144	1,164	-20	3
	GYN	1,220	1,308	1,018	1,081	1,099	1,171	72	6.6%	81	92	88	4	11	660	810	647	163	150
	Heart and Vascular	2,570	2,712	3,795	4,361	4,363	4,410	47	1.1%	365	356	371	-15	-9	2,477	2,655	2,535	120	178
	Imaging Services	19,546	20,072	17,807	17,249	18,503	18,744	241	1.3%	1,478	1,570	1,594	-24	92	10,809	11,302	10,748	554	493
	Laboratory Services	30,599	29,726	29,007	29,153	28,567	29,071	504	1.8%	2,572	2,373	2,465	-92	-199	16,951	16,136	16,799	-663	-815
	MCH	5,034	4,826	5,092	5,577	5,644	5,928	284	5.0%	465	432	521	-89	-33	3,310	3,159	3,348	-189	-151
	Neurosciences	110	61	127	125	114	155	41	36.0%	7	11	17	-6	4	74	49	100	-51	-25
	Oncology	4,015	4,179	14,329	18,540	19,277	22,037	2,760	14.3%	1,673	1,736	1,755	-19	63	11,308	11,696	11,641	55	388
	Orthopedics	866	776	584	615	641	714	73	11.4%	38	65	65	0	27	347	407	420	-13	60
	Outpatient Clinics	1,817	1,705	1,680	1,288	1,884	1,517	-367	-19.5%	108	156	130	26	48	1,195	1,030	888	142	-165
	Rehab Services	1,731	1,747	3,954	4,518	4,926	4,900	-26	-0.5%	389	457	370	87	68	2,796	3,073	2,763	310	277
	Sleep Center	160	223	498	368	242	300	58	24.0%	25	28	25	3	3	107	177	175	2	70
	Spine Surgery	325	399	309	324	311	326	15	4.8%	21	24	24	0	3	189	173	188	-15	-16
	Urology	1,755	1,771	1,739	1,898	2,052	2,058	6	0.3%	178	180	167	13	2	1,173	1,178	1,177	1	5
Total		126,197	128,110	139,921	145,947	149,458	153,395	3,937	2.6%	13,337	12,659	13,087	-428	-678	87,764	86,741	86,892	-151	-1,023

Medicare data excludes Medicare HMOs

MOUNTAIN VIEW | LOS GATOS

# ECH Operating Margin

Run rate is booked operating income adjusted for material non-recurring transactions



## FY 2019 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>

Revenue Adjustments	J	A	S	O	N	D	J	YTD
Mcare Settlmt/Appeal/Tent Settlmt/PIP	141	112	92	76	137	443	516	1,516
IGT Supplemental	-	-	-	-	2,672	-	-	2,672
AB 915	-	-	2,875	-	-	-	-	2,875
RAC Release	-	-	161	-	-	(305)	-	(144)
Credit Balance Quarterly Review	-	-	(19)	-	-	3,858	-	3,839
Various Adjustments under \$250k	4	5	6	8	11	12	12	58
<b>Total</b>	<b>145</b>	<b>116</b>	<b>3,118</b>	<b>84</b>	<b>2,820</b>	<b>4,008</b>	<b>528</b>	<b>10,819</b>

## Capital Spend Trend & FY 19 Budget

Capital Spending (in 000's)	Actual FY2016	Actual FY2017	Actual FY2018	Projected FY2019	Budget 2019
EPIC	20,798	2,755	1,114	-	-
IT Hardware / Software Equipment**	6,483	2,659	1,108	19,732	19,732
Medical / Non Medical Equipment*	17,133	9,556	15,780	11,206	11,206
Non CIP Land, Land I , BLDG, Additions	4,189	-	2,070	-	-
Facilities	48,137	82,953	137,364	205,451	279,450
<b>GRAND TOTAL</b>	<b>96,740</b>	<b>97,923</b>	<b>157,435</b>	<b>236,389</b>	<b>310,388</b>
*Includes 2 robot purchases in FY2017					
**Includes ERP Implementation					

### Facilities

- Projected facilities spend is lower than forecast in the budget primarily due to timing of project activity.
  - \$27M for iMOB
  - \$6M Patient Family Residence
  - \$5M Women's Hospital Expansion
  - \$3M Behavioral Health Hospital replacement

# El Camino Hospital

## Capital Spending (in millions)

Category	Detail	Approved	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	FY19 Budget	FY 19 Proj Spend	Variance Projected vs	
								Budget*	FY 19 YTD Spent
<b>CIP</b>	ERP Upgrade			9.6	2.2	9.6	9.6	0.0	2.2
<b>IT Hardware, Software, Equipment &amp; Imaging</b>				10.1	3.2	10.1	10.1	0.0	3.2
<b>Medical &amp; Non Medical Equipment FY 18</b>				5.6	9.5	0.0	0.0	0.0	3.5
<b>Medical &amp; Non Medical Equipment FY 19</b>				11.2	4.0	11.2	11.2	0.0	4.0
<b>Facility Projects</b>									
	1245 Behavioral Health Bldg	FY16	96.1	96.1	62.1	45.0	41.7	-3.3	16.2
	1413 North Drive Parking Expansion	FY15	24.5	24.5	24.3	0.0	0.7	0.7	0.0
	1414 Integrated MOB	FY15	302.1	302.1	191.6	150.0	123.3	-26.7	71.1
	1422 CUP Upgrade	FY16	9.0	9.0	8.0	0.8	1.4	0.6	0.4
	1430 Women's Hospital Expansion	FY16	135.0	135.0	5.0	10.0	4.8	-5.2	1.8
	Demo Old Main & Related Site Work		30.0	30.0	0.0	2.0	0.6	-1.4	0.0
	1502 Cabling & Wireless Upgrades	FY16	0.0	0.0	2.8	0.0	0.0	0.0	0.0
	1525 New Main Lab Upgrades		3.1	3.1	2.6	0.3	0.0	-0.3	0.4
	1515 ED Remodel Triage/Psych Observation	FY16	5.0	5.0	0.0	4.6	0.3	-4.3	0.0
	1503 Willow Pavilion Tomosynthesis	FY16	1.0	0.0	0.4	1.0	0.0	-1.0	0.0
	1602 JW House (Patient Family Residence)		6.5	6.5	0.3	6.0	0.1	-5.9	0.0
	Site Signage and Other Improvements		1.3	0.0	0.0	1.0	0.3	-0.7	0.0
	Nurse Call System Upgrades		2.4	0.0	0.0	2.4	0.2	-2.2	0.0
	1707 Imaging Equipment Replacement ( 5 or 6 rooms)		20.7	0.3	0.0	6.0	6.0	0.0	0.0
	1708 IR/ Cath Lab Equipment Replacement		19.4	19.4	0.0	5.0	1.0	-4.0	0.8
	Flooring Replacement		1.6	1.6	0.0	1.5	0.4	-1.1	0.0
	1219 LG Spine OR	FY13	0.0	0.0	4.0	0.0	0.0	0.0	0.2
	1313 LG Rehab HVAC System & Structural	FY16	0.0	0.0	4.1	0.0	0.0	0.0	0.0
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	9.0	9.0	9.0	0.0	0.0	0.0	0.1
	1307 LG Upgrades	FY13	19.3	19.3	18.7	0.8	0.0	-0.8	0.9
	1507 LG IR Upgrades		1.3	0.0	0.0	1.3	1.3	0.1	0.0
	1603 LG MOB Improvements (17)		5.0	5.0	5.0	0.5	0.0	-0.5	0.0
	1711 Emergency Sanitary & Water Storage		1.5	1.5	0.2	1.3	1.5	0.3	0.0
	LG Modular MRI & Awning		3.9	3.9	0.2	3.5	0.6	-2.9	0.1
	LG Nurse Call System Upgrade		0.8	0.0	0.0	0.5	0.4	-0.1	0.0
	LG Observation Unit (Conversion of ICU 2)		0.0	0.0	0.0	0.0	0.0	0.0	0.0
	1712 LG Cancer Center		5.0	5.0	0.3	4.8	3.7	-1.1	0.1
	Workstation Inventory Replacement		2.0	2.0	0.0	0.0	0.0	0.0	0.0
	Primary Care Clinic Development (2 @ \$3 Million Ea		6.0	6.0	0.0	5.0	4.0	-1.0	0.0
	Other Strategic Capital FY-19		5.0	5.0	0.0	15.0	9.0	-6.0	0.0
	Willow SC Upgrades ( 35,000 @ \$50)		1.8	1.8	0.0	1.8	0.0	-1.8	0.0
	New 28k MOB (Courthouse Prop)		22.4	22.4	0.0	1.2	0.2	-1.0	0.0
	80 Great Oaks Upgrades		4.5	4.5	0.0	0.0	0.0	0.0	0.0
	Primary Care Clinic (TI's Only) FY 17 (828 Wincheste		3.6	3.6	0.0	0.3	0.0	-0.3	0.0
	All Other Projects		7.2	6.6	81.0	7.8	3.9	-3.9	0.9
			755.9	728.4	419.6	279.5	205.5	-74.0	93.3
<b>GRAND TOTAL</b>				<b>759.3</b>	<b>438.5</b>	<b>300.8</b>	<b>236.4</b>	<b>-74.0</b>	<b>106.2</b>

## El Camino Hospital Capital Spending (in thousands) FY 2014 – FY 2018

Category	2014	2015	2016	2017	2018	Category	2014	2015	2016	2017	2018
<b>EPIC</b>	<b>6,838</b>	<b>29,849</b>	<b>20,798</b>	<b>2,755</b>	<b>1,114</b>	<b>Facilities Projects CIP cont.</b>					
<b>IT Hardware/Software Equipment</b>	<b>2,788</b>	<b>4,660</b>	<b>6,483</b>	<b>2,659</b>	<b>1,108</b>	1415 - Signage & Wayfinding	-	-	106	58	136
<b>Medical/Non Medical Equipment</b>	<b>12,891</b>	<b>13,340</b>	<b>17,133</b>	<b>9,556</b>	<b>15,780</b>	1416 - MV Campus Digital Directories	-	-	34	23	95
<b>Non CIP Land, Land I, BLDG, Additions</b>	<b>22,292</b>	<b>-</b>	<b>4,189</b>	<b>-</b>	<b>2,070</b>	1423 - MV MOB TI Allowance	-	-	588	369	-
<b>Facilities Projects CIP</b>						1425 - IMOB Preparation Project - Old Main	-	-	711	1,860	215
<b>Mountain View Campus Master Plan Projects</b>						1429 - 2500 Hospital Dr Bldg 8 TI	-	101	-	-	-
1245 - Behavioral Health Bldg Replace	1,257	3,775	1,389	10,323	28,676	1430 - Women's Hospital Expansion	-	-	-	464	2,763
1413 - North Drive Parking Structure Exp	-	167	1,266	18,120	4,670	1432 - 205 South Dr BHS TI	-	8	15	-	52
1414 - Integrated MOB	-	2,009	8,875	32,805	75,319	1501 - Women's Hospital NPC Comp	-	4	-	223	320
1422 - CUP Upgrade	-	-	896	1,245	5,428	1502 - Cabling & Wireless Upgrades	-	-	1,261	367	984
<b>Sub-Total Mountain View Campus Master Plan</b>	<b>1,257</b>	<b>5,950</b>	<b>12,426</b>	<b>62,493</b>	<b>114,093</b>	1503 - Willow Pavillion Tomosynthesis	-	-	53	257	31
<b>Mountain View Capital Projects</b>						1504 - Equipment Support Infrastructure	-	61	311	-	60
9900 - Unassigned Costs	470	3,717	-	-	-	1523 - Melchor Pavillion Suite 309 TI	-	-	10	59	392
0906 - Slot Build-Out	1,576	15,101	1,251	294	-	1525 - New Main Lab Upgrades	-	-	-	464	1,739
1109 - New Main Upgrades	393	2	-	-	-	1526 - CONCERN TI	-	-	37	99	10
1111 - Mom/Baby Overflow	29	-	-	-	-	<b>Sub-Total Mountain View Projects</b>	<b>7,219</b>	<b>26,744</b>	<b>5,588</b>	<b>5,535</b>	<b>7,948</b>
1204 - Elevator Upgrades	30	-	-	-	-	<b>Los Gatos Capital Projects</b>					
0800 - Womens L&D Expansion	1,531	269	-	-	-	0904 - LG Facilities Upgrade	-	-	-	-	-
1225 - Rehab BLDG Roofing	241	4	-	-	-	0907 - LG Imaging Masterplan	774	1,402	17	-	-
1227 - New Main eICU	21	-	-	-	-	1210 - Los Gatos VOIP	89	-	-	-	-
1230 - Fog Shop	80	-	-	-	-	1116 - LG Ortho Pavillion	24	21	-	-	-
1315 - 205 So. Drive TI's	500	2	-	-	-	1124 - LG Rehab BLDG	458	-	-	-	-
0908 - NPCR3 Seismic Upgrds	1,224	1,328	240	342	961	1307 - LG Upgrades	2,979	3,282	3,511	3,081	4,551
1125 - Will Pav Fire Sprinkler	39	-	-	-	-	1308 - LG Infrastructure	114	-	-	-	-
1216 - New Main Process Imp Office	1	16	-	-	-	1313 - LG Rehab HVAC System/Structural	-	-	1,597	1,904	550
1217 - MV Campus MEP Upgrades FY13	181	274	28	-	-	1219 - LG Spine OR	214	323	633	2,163	447
1224 - Rehab Bldg HVAC Upgrades	202	81	14	6	-	1221 - LG Kitchen Refrig	85	-	-	-	-
1301 - Desktop Virtual	13	-	-	-	-	1248 - LG - CT Upgrades	26	345	197	6,669	1,673
1304 - Rehab Wander Mgmt	87	-	-	-	-	1249 - LG Mobile Imaging	146	-	-	-	-
1310 - Melchor Cancer Center Expansion	44	13	-	-	-	1328 - LG Ortho Canopy FY14	255	209	-	-	-
1318 - Women's Hospital TI	48	48	29	2	-	1345 - LG Lab HVAC	112	-	-	-	-
1327 - Rehab Building Upgrades	-	15	20	-	22	1346 - LG OR 5, 6, and 7 Lights Replace	-	285	53	22	127
1320 - 2500 Hosp Dr Roofing	75	81	-	-	-	1347 - LG Central Sterile Upgrades	-	181	43	66	-
1340 - New Main ED Exam Room TVs	8	193	-	-	-	1421 - LG MOB Improvements	-	198	65	303	356
1341 - New Main Admin	32	103	-	-	-	1508 - LG NICU 4 Bed Expansion	-	-	-	207	-
1344 - New Main AV Upgrd	243	-	-	-	-	1600 - 825 Pollard - Aspire Phase II	-	-	-	80	10
1400 - Oak Pav Cancer Center	-	5,208	666	52	156	1603 - LG MOB Improvements	-	-	-	285	4,593
1403 - Hosp Drive BLDG 11 TI's	86	103	-	-	-	<b>Sub-Total Los Gatos Projects</b>	<b>5,276</b>	<b>6,246</b>	<b>6,116</b>	<b>14,780</b>	<b>12,306</b>
1404 - Park Pav HVAC	64	7	-	-	-	1550 - Land Acquisition	-	-	24,007	-	-
1405 - 1 - South Accessibility Upgrades	-	-	168	95	-	1701 - 828 S Winchester Clinic TI	-	-	-	145	3,018
1408 - New Main Accessibility Upgrades	-	7	46	501	12	<b>Sub-Total Other Strategic Projects</b>	<b>-</b>	<b>-</b>	<b>24,007</b>	<b>145</b>	<b>3,018</b>
						<b>Subtotal Facilities Projects CIP</b>	<b>13,753</b>	<b>38,940</b>	<b>48,137</b>	<b>82,953</b>	<b>137,364</b>
						<b>Grand Total</b>	<b>58,561</b>	<b>86,789</b>	<b>96,740</b>	<b>97,923</b>	<b>157,435</b>



**Minutes of the Open Session of the  
Executive Compensation Committee**

**Tuesday, January 29, 2019**

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

**Medical Staff Conference Room (administration)**

**Members Present**

Teri Eyre  
Julie Kliger (via teleconference)  
Bob Miller, Chair  
Pat Wadors  
John Zoglin

**Members Absent**

Jaison Layney

Agenda Item	Comments/Discussion	Approvals/ Action
1. <b>CALL TO ORDER/ ROLL CALL</b>	The open session meeting of the Executive Compensation Committee of El Camino Hospital (the " <u>Committee</u> ") was called to order at 4:04pm by Chair Bob Miller. A verbal roll call was taken. Ms. Kliger participated via teleconference. All other Committee members were present at roll call.	
2. <b>POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Chair Miller asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were noted.	
3. <b>PUBLIC COMMUNICATION</b>	None.	
4. <b>CONSENT CALENDAR</b>	Chair Miller asked if any member of the Committee or the public wished to remove an item from the consent calendar. No items were removed.  <b>Motion:</b> To approve the consent calendar: Minutes of the Open Session of the Executive Compensation Committee Meeting (November 8, 2018).  <b>Movant:</b> Wadors <b>Second:</b> Eyre <b>Ayes:</b> Eyre, Kliger, Miller, Wadors, Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> Layney <b>Recused:</b> None	<i>Consent calendar approved</i>
5. <b>REPORT ON BOARD ACTIONS</b>	Chair Miller referred to the recent Board approvals as further detailed in the packet.	
6. <b>ADJOURN TO CLOSED SESSION</b>	<b>Motion:</b> To adjourn to closed session at 4:08pm.  <b>Movant:</b> Zoglin <b>Second:</b> Eyre <b>Ayes:</b> Eyre, Kliger, Miller, Wadors, Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> Layney <b>Recused:</b> None	<i>Adjourned to closed session at 4:08pm</i>
7. <b>AGENDA ITEM 11: RECONVENE OPEN SESSION/ REPORT OUT</b>	Open session was reconvened at 4:21pm. Agenda items 7-10 were addressed in closed session.  During the closed session, the Committee approved the Minutes of the Closed Session of the Executive Compensation Committee Meeting (November 8, 2018) by a unanimous vote in favor of all members present (Eyre, Kliger (via teleconference), Miller, Wadors, Zoglin). Mr. Layney was	

	absent.	
<b>8. AGENDA ITEM 12: LETTERS OF REASONABLENESS FOLLOW UP</b>	<p>Ms. Fisk presented the review of the question regarding “disqualified persons” for the letters of rebuttable presumption raised by the Committee at its last meeting. She summarized the opinion from outside counsel that outlined the roles that are deemed (CEO, CFO, COO) and those with substantial influence over the organization that are required to be included in the letters.</p> <p>She explained that the VP, Payor Relations reports to the CFO, and is a grandfathered participant in the Executive Compensation Benefits Plan, but is not considered a disqualified person. She also explained that the Chief Nursing Officer and Chief Administrative Services Officer report to the Chief Operating Officer, but not all of the COO’s direct reports are included in the letters.</p> <p>Ms. Fisk also described outside counsel’s opinion regarding presidents of affiliates, noting that due to influence over the organization and budgets, they should still be included in the letters.</p> <p>The Committee asked that the VP, Payor Relations not be included in the letters going forward. Lisa Stella from Mercer commented that, per the Committee’s direction, this position will not be included in future letters of reasonableness, but will still be included in the market assessment conducted by Mercer; she also noted that the letters for the executive team and the CEO will be streamlined.</p> <p>In response to Mr. Zoglin’s questions, the Committee discussed the criteria for an “executive,” especially as an organization grows, including reporting to the CEO, grandfathered/designated participants, and positions approved by the Board. Ms. Fisk noted that executive teams are around 12-15 people on average.</p> <p>The Committee requested that staff align the language between the executive performance incentive plan and the executive compensation philosophy to cover the CEO, those executives reporting directly to the CEO, and approved participants. Julie Johnston, Director of Total Rewards, noted that the compensation philosophy lists the participants by position rather than by name. Staff will bring revised, aligned language regarding the definition of the executive group back to the Committee’s next meeting.</p>	<i>Aligned Exec Comp Philosophy/ Exec Performance Incentive Plan to be reviewed at next Committee meeting</i>
<b>9. AGENDA ITEM 13: PROPOSED REVISIONS TO EXECUTIVE PERFORMANCE INCENTIVE PLAN</b>	<p>Ms. Fisk reported that there are no proposed changes at this time to the Executive Performance Incentive Plan, and the audit will continue to be the trigger for payment. She noted that there are now quarterly meetings with the executive team to review organizational and individual goals so that everyone has a better understanding of the process.</p> <p>Ms. Eyre provided the following suggested edits:</p> <ul style="list-style-type: none"> <li>- Section C: remove the word “annual” before strategic goals</li> <li>- Section D(3): define “targeted”</li> <li>- Section D(4): reorganize to make the percentages attributed to particular individuals clearer</li> <li>- Section D(4): potentially remove confusing language regarding “which may include a financial measure” for organization goals</li> <li>- State that executives will have approved goals (and by what/whom), not just proposed goals</li> <li>- Split Section D(5) into two concepts: 1) how goals are set and 2) weighting and discretion, stating “the CEO has discretion to modify...” rather than referring to “discretion used as a modifier”</li> </ul>	<i>Revised Exec Performance Incentive Plan to be reviewed at next Committee meeting</i>

	<ul style="list-style-type: none"> <li>- Section E(1) and (2): update the roles and responsibilities to reflect current practice and the delegation of authority to the Committee</li> <li>- Section E(3): add that the CEO recommends goals “<b>for all participants, reviews performance, assigns a discretionary score...</b>” and recommends incentive payout amounts</li> </ul> <p>The Committee commented that the plan is structured as a takeaway and at some point should be structured as an upside, where bonuses are truly bonuses. Ms. Fisk noted that the team will be using the term “stretch” rather than “maximum.” Ms. Wadors and Ms. Eyre suggested including only the target in the offer letters to executives. The Committee and staff discussed 1) the historical expectation of 100% goal achievement, 2) changing the mentality and communication toward achieving target (on average), and 3) aligning any changes in compensation structure for executives with their directors/managers.</p> <p>Ms. Stella suggested that anywhere target and maximum are referenced in the plan, target should be listed first.</p> <p>The Committee directed staff to revise the plan to emphasize target and incorporating Ms. Eyre and Ms. Stella’s feedback noted above.</p>	
<b>10. AGENDA ITEM 14: EXECUTIVE COMPENSATION TIMELINE</b>	<p>Mr. Zoglin asked whether the organizational goals be approved before individual executive goals. The Committee and staff discussed the change in timing due to the delegation of authority to the Committee and the cascading of goals from the organization through the executives to the management staff.</p> <p>Mr. Woods commented that for the organizational goals, management and the Board will agree on methodology (setting the categories/areas of focus) in May and will plug in the specific numbers at the end of the year, once the specific numbers for the prior fiscal year’s performance is available.</p> <p>The Committee members noted that individual and organizational goal setting should be concurrent.</p> <p>The Committee asked staff to evaluate the timeline of goals approvals (individual and organizational related to budget).</p>	
<b>11. AGENDA ITEM 15: PROPOSED ECC CONSULTANT DASHBOARD</b>	<p>Ms. Stella reviewed the proposed dashboard, updated based on the comments from the last meeting.</p> <p>The Committee commented that the process for using the dashboard will be to have a quick wrap up at the end of the meeting to review that session’s effectiveness and have a more robust discussion every six months or annually.</p>	
<b>12. AGENDA ITEM 16: PROPOSED FY19 CEO EVALUATION PROCESS</b>	<p>Ms. Fisk reviewed the proposed evaluation tool with the Committee. She described the features of the tool, including 1) examples in each area, but asking for one overall rating for each category, 2) a rating scale using “expectations” for someone who has been in the position for more than a year, and 3) using comments from each section for developmental purposes.</p> <p>The Committee voiced their support of the tool.</p> <p>The Committee discussed obtaining the CEO self-rating and Board evaluations simultaneously (in May) and then conducting a gap analysis between the two. Mr. Miller commented that the process should be aggregating/summarizing and de-identifying data to help facilitate the conversation between the Board Chairs and the CEO.</p> <p>The Committee discussed the use of a conversation with the whole Board</p>	<b><i>Revised tool and timeline recommended for approval</i></b>



	<p>after the survey to summarize their comments on the CEO evaluation for the Board Chair(s) and validate that the interpretation/summary captures the intent of the Board. Some Committee members cautioned that a post-evaluation group discussion at the Board level has the potential to undermine the value of survey if the conversation opens up to individual biases.</p> <p>The Committee also discussed the advantages and disadvantages of providing the CEO's self-evaluation to the Board. Chair Miller, Ms. Eyre, and Ms. Wadors commented that 1) there can be grader bias, 2) the Chairs should be the stewards of the self-assessment and bear the responsibility to manage the situation with the Board if there is a significant, high-level disconnect between the CEO self-ratings and the Board's ratings, and 3) the conversation between the CEO and the Board Chairs should be two-way and ratings may change during/following those discussions.</p> <p>Stephen Pollack from Mercer suggested that the CEO can provide a year summary or list of accomplishments to remind the Board as they are completing the survey of the CEO's work from the last year.</p> <p>Staff and the Committee discussed timing for the evaluation process noting that 1) the Board does not meet in July, so the Board can discuss CEO performance in closed session and approve the base salary in August; 2) the Board should validate the summary, the Chairs should meet with the CEO to reconcile differences in the evaluations, and then provide an update on that conversation to the full Board; and 3) Hospital/District Board Chair serve two year terms, ending June 30<sup>th</sup>, so the Board members who were serving as Chair of the District/Hospital Board during the evaluation period should be the ones facilitating this process unless otherwise designated.</p> <p>Ms. Wadors suggested including a question regarding one thing for the CEO to work on in the next fiscal year for both the Board and the CEO to answer.</p> <p>Chair Miller suggested that the tool encourage the Board to utilize the comments sections to elucidate on disparities of ratings among different items within the rating categories</p> <p><b>Motion:</b> To recommend the tool and timeline as revised to the Board.</p> <p><b>Movant:</b> Wadors  <b>Second:</b> Eyre  <b>Ayes:</b> Eyre, Kliger, Miller, Wadors, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Layney  <b>Recused:</b> None</p>	
<b>13. AGENDA ITEM 17: FY19 PACING PLAN</b>	The Committee discussed its next meeting, which will be scheduled for April 2, 2019 from 4:00-5:30pm ahead of the Governance Committee.	
<b>14. AGENDA ITEM 18: CLOSING COMMENTS</b>	Chair Miller thanked the Committee for their discussion.	
<b>15. AGENDA ITEM 19: ADJOURNMENT</b>	<p><b>Motion:</b> To adjourn at 5:54pm.</p> <p><b>Movant:</b> Zoglin  <b>Second:</b> Wadors  <b>Ayes:</b> Eyre, Kliger, Miller, Wadors, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Layney</p>	<i>Meeting adjourned at 5:54pm</i>

	<b>Recused:</b> None	
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**Attest as to the approval of the foregoing minutes by the Executive Compensation Committee and the Board of Directors of El Camino Hospital.**

\_\_\_\_\_  
Bob Miller  
Chair, Executive Compensation Committee

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

Prepared by: Sarah Rosenberg, Contracts Administrator/Governance Services EA

DRAFT

**EL CAMINO HOSPITAL  
BOARD MEETING COVER MEMO**

**To:** El Camino Hospital Board of Directors  
**From:** Erica Osborne, Via Healthcare Consulting  
**Date:** April 10, 2019  
**Subject:** El Camino Hospital Board Annual Self-Assessment Survey Questionnaire Review

**Recommendation(s):**

To approve the 2019 El Camino Hospital (ECH) Board Self-Assessment (BSA) survey questionnaire.

**Summary:**

1. **Situation:** Attached is a customized survey questionnaire based on best practices for board oversight responsibilities and ECH's specific circumstances. The draft survey is broken down into the six areas of board responsibilities. It includes 40 closed-ended statements rated on a Likert scale from 1-5. Each section also includes an open-ended comment box where board members are encouraged to explain their answers in greater detail.
2. **Authority:** In accordance with ECH policies/practices, the Governance Committee is tasked with reviewing and recommending approval of the assessment tool used in the annual BSA process to the Board.
3. **Background:** Via Healthcare has been engaged to design and facilitate a comprehensive BSA process for the ECH Board. The process is to include an online survey completed by all board members in June 2019. Responses to the survey will then be used in conjunction with board member and executive leadership interviews to develop an assessment report and recommendations for board consideration. The report and recommendations will be discussed at the August or September 2019 board meeting.
4. **Assessment:** At the March 5, 2019 ECH Governance Committee meeting, members discussed the six areas of board responsibilities being proposed as part of the survey questionnaire. They provided feedback on specific areas of focus under each of the categories. Member feedback was incorporated and a draft survey tool was brought to the Committee for review on April 2, 2019. Following robust discussion and amendment, the Committee voted to recommend the attached tool.
5. **Other Reviews:** Governance Committee (as above).
6. **Outcomes:** A final version of the tool will be loaded into Survey Monkey and distributed to all ECH board members as part of the 2019 BSA process in June 2019, the exact date to be determined.

**List of Attachments:**

1. 2019 ECH Board Self-Assessment Survey Questionnaire

**Suggested Board Discussion Questions:** None. This is a consent item.

## Introduction

Welcome to the El Camino Health 2019 Board Self-Assessment questionnaire. Responses to this survey will be used in conjunction with board member and executive leadership interviews conducted by Via Healthcare Consulting to develop an assessment report and recommendations for board consideration. The report and recommendations will be discussed at the August or September 2019 Board meeting. Please note, your individual answers will be seen by Via Healthcare Consulting *only*.

## Instructions to Board Members Completing the Survey

Completing the survey will take approximately 20-30 minutes. Your candid responses are a key part of continued enhancement and improvement for the board; we encourage you to be honest and direct. Individual responses *will not* be shared with other directors or management; information gathered will be used in the aggregate only.

Do not hesitate to indicate you “Don’t Know” to any question if in fact you don’t know. Also use the “Don’t Know” response if it is not clear to you how the board handles the practice. If a question refers to a practice that the board does not follow, please indicate “Not Applicable.” When in doubt about your choice, select the more conservative response (e.g. if your response falls somewhere between “Strongly Agree” and “Agree,” select “Agree.”) Be sure to respond to all the questions.

Use the “Comments” sections to explain your answers (especially for those which you answered “Neutral”, “Disagree”, “Strongly Disagree” or “Don’t Know.”) Written comments will be kept anonymous, as well.

If you have any questions, please contact Erica Osborne (760-271-0557, [eosborne@viahcc.com](mailto:eosborne@viahcc.com)) or Tammy Atherton (602-315-9666, [tatherton@viahcc.com](mailto:tatherton@viahcc.com)) at **Via Healthcare Consulting**. Thank you in advance for your time and thoughtful responses.

This survey is broken down into the following areas of board responsibilities/activities:

<b>Section I</b>	<b>Mission and Planning Oversight: Setting Strategic Direction</b>
<b>Section II</b>	<b>Quality Oversight: Monitoring Performance Improvement</b>
<b>Section III</b>	<b>Management Oversight: Enhancing Board-Executive Relations</b>
<b>Section IV</b>	<b>Legal and Regulatory Oversight: Ensuring Organizational Integrity</b>
<b>Section V</b>	<b>Finance and Audit Oversight: Following the Money</b>
<b>Section VI</b>	<b>Board Effectiveness: Optimizing Board Functioning</b>

## Section I Mission and Planning Oversight: Setting Strategic Direction

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Don't Know	Not Applicable
1. The ECH Board receives adequate education on strategic, external and internal environmental issues and trends throughout the year.	5	4	3	2	1	DK	NA
2. The ECH Board spends sufficient time during board and relevant committee meetings discussing strategy.	5	4	3	2	1	DK	NA
3. The ECH Board is appropriately involved in establishing the organization's strategic direction (e.g. creating a long-range vision, setting strategic priorities, and developing/approving the strategic plan).	5	4	3	2	1	DK	NA
4. The ECH Board regularly reviews the organization's performance against community health care needs to ensure it is meeting its obligations as a not-for-profit organization.	5	4	3	2	1	DK	NA
5. The ECH Board and its committees uses the Mission and Vision statements to guide its decision-making.	5	4	3	2	1	DK	NA

## Mission and Planning Oversight Comments Section:

## Section II Quality Oversight: Monitoring Performance Improvement

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Don't Know	Not Applicable
6. All ECH Board members receive adequate education on the board's responsibilities for quality oversight and/or ECH's quality metrics throughout the year.	5	4	3	2	1	DK	NA
7. The ECH Board receives adequate information regarding performance improvement programs undertaken at ECH.	5	4	3	2	1	DK	NA
8. The ECH Board is well-informed about the quality, safety and patient experience provided by ECH.	5	4	3	2	1	DK	NA
9. The ECH Board has sufficient expertise and competencies in the area of quality and patient safety.	5	4	3	2	1	DK	NA
10. The board oversees the setting of annual goals for the organization's performance on quality, safety and service.	5	4	3	2	1	DK	NA
11. The ECH Board requires corrective action in response to under-performance on the quality and service goals.	5	4	3	2	1	DK	NA

## Quality Oversight Comments Section:

### Section III Management Oversight: Enhancing Board-Executive Relations

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Don't Know	Not Applicable
12. All ECH Board members understand and respect the distinction between the role of the board and the role of management.	5	4	3	2	1	DK	NA
13. The ECH Board currently has a productive working relationship with the CEO.	5	4	3	2	1	DK	NA
14. The ECH Board currently has a productive working relationship with the executive leadership team.	5	4	3	2	1	DK	NA
15. The ECH Board has a clear process in place for setting the CEO's annual goals.	5	4	3	2	1	DK	NA
16. The full ECH Board participates in the annual evaluation and review of the CEO's performance.	5	4	3	2	1	DK	NA
17. The full board is knowledgeable about all elements of the CEO's compensation.	5	4	3	2	1	DK	NA

Management Oversight Comments Section:

## Section IV Legal and Regulatory Oversight: Ensuring Organizational Integrity

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Don't Know	Not Applicable
18. The ECH Board members apprise themselves of all reasonably-available and relevant information before taking action on any significant issue.	5	4	3	2	1	DK	NA
19. ECH Board and committee members recuse themselves from involvement in any activity or decision that might be a conflict of interest.	5	4	3	2	1	DK	NA
20. All ECH Board members keep closed-session board discussions confidential.	5	4	3	2	1	DK	NA
21. The ECH Board has sufficient processes in place to ensure all members of the executive compensation committee are 'independent' (i.e. free from any conflicts of interest).	5	4	3	2	1	DK	NA
22. The ECH Board is knowledgeable about the organization's compliance performance.	5	4	3	2	1	DK	NA

## Legal and Regulatory Oversight Comments Section:



**Section V Finance and Audit Oversight: Following the Money**

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Don't Know	Not Applicable
23. The ECH Board establishes realistic financial goals and objectives for the organization.	5	4	3	2	1	DK	NA
24. The ECH Board regularly monitors the organization's financial and operational performance compared to plans and relevant industry benchmarks.	5	4	3	2	1	DK	NA
25. The ECH Board requires corrective action in response to under-performance on the financial and capital plans.	5	4	3	2	1	DK	NA
26. The ECH Board members demonstrate a good understanding of ECH's business via discussions of key issues.	5	4	3	2	1	DK	NA
27. The ECH Board has sufficient knowledge and processes in place to effectively oversee organization-wide risk (i.e., financial, business, and operational risks).	5	4	3	2	1	DK	NA
28. The ECH Board has sufficient processes in place to ensure all members of the committee that oversee audit are 'independent' (i.e. free from any material conflicts of interest).	5	4	3	2	1	DK	NA

**Finance and Audit Oversight Comments Section:**

## Section VI Board Effectiveness: Optimizing Board Functioning

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Don't Know	Not Applicable
29. ECH Board members understand the reserved powers held by the sole member, the El Camino Healthcare District Board.	5	4	3	2	1	DK	NA
30. ECH Board members understand the roles and responsibilities of the hospital board.	5	4	3	2	1	DK	NA
31. The ECH Board has an appropriate mix of skills, experience and backgrounds.	5	4	3	2	1	DK	NA
32. ECH Board members receive sufficient orientation and on-going education to do their job effectively.	5	4	3	2	1	DK	NA
33. The ECH Board meeting frequency and duration are appropriate.	5	4	3	2	1	DK	NA
34. Board meetings are effective, efficient and promote generative discussion.	5	4	3	2	1	DK	NA
35. ECH Board members ask appropriately challenging questions of the CEO and senior management.	5	4	3	2	1	DK	NA
36. ECH Board members exhibit a willingness to challenge status quo thinking.	5	4	3	2	1	DK	NA
37. The ECH committee structure is appropriate to the current responsibilities of the board.	5	4	3	2	1	DK	NA
38. The ECH board receives sufficient information and context regarding the process committees follow in developing recommendations to the board.	5	4	3	2	1	DK	NA

39. Committee reports provide the full board with sufficient information to make informed decisions.	5	4	3	2	1	DK	NA
40. Board and committee meeting materials/presentations are not overly duplicative of each other.	5	4	3	2	1	DK	NA

**Board Effectiveness Comments Section:**

**Additional Comments Section:** Please note these comments (as well as this entire questionnaire's responses) will be kept confidential and anonymous.

**Conclusion:**

Thank you for your contributions and commitment to El Camino Health. Your time, dedication, and experience serving El Camino Health's mission are tremendously valued. Thank you also for taking the time to complete this survey.

If you have any questions about the survey questions or the process, please contact Erica Osborne (760-271-0557, [eosborne@viahcc.com](mailto:eosborne@viahcc.com)) or Tammy Atherton (602-315-9666, [tatherton@viahcc.com](mailto:tatherton@viahcc.com)) at Via Healthcare Consulting. Thank you again.

**EL CAMINO HOSPITAL  
BOARD MEETING COVER MEMO**

**To:** El Camino Hospital Board of Directors  
**From:** Imtiaz Qureshi, MD, Enterprise Chief of Staff  
Linda Teagle, MD Chief of Staff Los Gatos  
**Date:** April 10, 2019  
**Subject:** Medical Staff Report – Open Session

**Recommendation:**

To approve the Medical Staff Report, including Policies and Scopes of Service identified in the attached list.

**Summary:**

1. Situation: The Medical Executive Committee met on March 28, 2019.
2. Background: We received the following informational reports.
  - A. Leadership Council (LC) – The Leadership Council met on March 19, 2019. The Physician Health and Well-Being Committee Chairperson provided a timeline of activities that will be implemented to get the committee on track. Discussion regarding completion of admit orders prior to discharge orders also took place with the committee being informed that it is a Medicare billing requirement.
  - B. Medical Staff Quality Council – The Medical Staff Quality Council met on March 6, 2019. MEC was given an update on the new committee structure and reporting template. Work on Code Status orders is almost complete. Once the order set and policies have all been revised, the MEC will receive them for approval.
  - C. CEO Report - The MEC was updated on the following items by the CNO on behalf of the CEO.
    - i. ECH was awarded a 4-star rating from CMS for the third year in a row. Several local hospitals have the 4-star rating and only one has been rated 5-star. Improvement in the ED Throughput metrics will help move us to 5-star.
    - ii. After Visit Summary is now available in 8 additional languages.
    - iii. Controlled substance prescriptions now default to eprescribing. Single sign on is available for physicians to access the CURES website for assessing patients' prior controlled substance prescriptions.
    - iv. HeartFlow Analysis that aids in diagnosis of CAD available at ECH.
  - D. CMO Report – The CMO provided a verbal update on the FY19 Quality Dashboard performance. He also discussed with MEC members the objectives of the Strategic Quality Taskforce plan and informed members that the first workshop took place with active involvement from medical staff members.

E. Chief of Staff Reports:

- i. Enterprise – Dr. Qureshi informed members that Mark Smith, MD, national medical staff consultant had been engaged to assist the medical staff leadership with development of best practices for leadership and peer review.
- ii. Los Gatos – Dr. Teagle announced that there will be a General Medical Staff Meeting at the Los Gatos campus in April.

3. Other Review: The MEC approved the policies identified in the attached file.

**List of Attachments:**

1. Policy summary spreadsheet

**Suggested Board Discussion Questions:** None. This is a consent item.

SUMMARY OF POLICIES/PROTOCOLS FOR REVIEW AND APPROVAL - BOARD			
		10-Apr-19	
DOCUMENTS WITH MINOR REVISIONS			
Document Name	Department	Type of Document	Summary of Policy Changes
Radiation Safety Personnel Monitoring and Dosimetry	Imaging	Policy	Badges returned after that month's batch has been mailed will be held for shipment with the next month's badges. Badges returned after one (1) year will not be sent to the radiation dosimeter monitoring service.
Administrative: Policy & Procedure Formulation, Approval & Distribution (Policy on Policies)	Administrative	Policy	Added section on departments that maintain department specific procedures in their own separate system

## Finance Committee Approvals Report to the Board – April 10, 2019

In accordance with the Signature Authority Policy, the following capital expenditure was approved by the Finance Committee at its March 25, 2019 meeting:

Project	Campus	Not to Exceed Amount	Description of Project Statement of Need
SVMD Clinic IT Infrastructure	SVMD Clinics	\$4.6 Million	The five clinics SVMD re-opened on April 1, 2019 currently use a variety of outdated and unsupported IT systems due to limited investment over several years. To minimize the impact on patient care, Verity Medical Foundation (VMF) will provide transition services to assist SVMD in supporting the legacy systems until VMF shuts down on June 30. At that time, all clinics must be converted (EPIC, CISCO, ECH PACS and ECH lab) to meet information security standards, licensing requirements of vendors, and the quality of information technology expected by clinicians and patients.



**EL CAMINO HOSPITAL  
BOARD MEETING COVER MEMO**

**To:** El Camino Hospital Board of Directors  
**From:** Ken King, CASO  
**Date:** April 10, 2019  
**Subject:** Report on Major Capital Projects in Process

**Purpose:**

To keep the Finance Committee and the Hospital Board informed on the progress of major capital projects in process.

**Summary:**

1. **Situation:** The construction of the Taube Pavilion, which will be home to the Scrivner Center for Mental Health and Addiction Services (aka BHS) building is progressing well and is 82% complete and is projected to be completed within budget. The original target date for patient occupancy has been moved from July to September. This will allow for the completion of construction activities of both the building and the waste water storage tank installation which are required elements for obtaining the final occupancy approvals. Activation and operations planning is well underway and opening events are being planned and scheduled.

The construction of the Sabrato Pavilion (aka IMOB) is also progressing well and is 73% complete and projected to be completed within budget. Final tenant improvement plans for the leased areas are being reviewed by the City of Mountain View and the offsite improvements are underway. The target date for occupying this building has been moved from September to November. The transition into this building will follow the occupancy of the Taube Pavilion and will be completed in multiple planned move dates.

The recommended plan and additional funding request for the Women's Hospital Expansion Project was approved by the Board of Directors in February and Construction Documents are being prepared for OSHPD plan review and permit.

The planning for the demolition of the old main hospital and associated elements is in process with preliminary design concepts being evaluated. Preliminary costs estimates are being prepared and a presentation of the proposed plan will be presented at the May meeting of the Finance Committee.

2. **Authority:** This memo is to keep the Finance Committee informed of the progress towards completion of the major development projects within the Mountain View Campus Development Plan.
3. **Background:** The Board of Directors approved the Mountain View Campus Development Projects which consist of the following:

Report on Capital Projects in Progress  
April 10, 2019

Step I:

Status

North Parking Garage Expansion -	Complete
Behavioral Health Services Building -	Construction
Integrated Medical Office Building -	Construction
Central Plant Upgrades -	Complete

Step II:

Women's Hospital Expansion -	Design
Demolition of Old Main Hospital -	Programming

4. Assessment: In addition to the construction activities all impacted departments are working on the activation, training, move planning and budgeting for the future state of operations.
5. Other Reviews: The Finance Committee reviewed this report at its March 25, 2019 meeting.
6. Outcomes: As stated in the status update, the target dates for completing construction, furniture and equipment installation, activation planning and training along with the required licensing inspection have been moved out two months beyond the original target dates. By adjusting the target dates at this time, we can more assuredly be successful with occupancy approvals and safe transition of patient care services. The primary objective continues to be completing the projects within the approved budgets and to safely transition into the new building environments.

**List of Attachments:** None

**Suggested Board Discussion Questions:** None



**OPEN SESSION CEO Report**  
**April 10, 2019**  
**Dan Woods, CEO**

**Operations**

The patient experience team created a new "adopt a unit" approach to patient rounding. Every day, Monday-Friday, teams of leaders round on patients to receive feedback regarding their care. The themes from the feedback are collated and operational changes made based on patient real-time feedback. This is also a best practice across the country that is known to yield much more satisfied patients when leaders are able to address issues in the moment and/or recognize staff who have made a difference for patients during their stay.

Patient Messaging went live in the ED on March 25, 2019. We are using Epic to send emails and/or text messages to patients keeping them informed of their current ED visit. It provides them information on when they are next to be seen, when a provider has been assigned to them, and when a test has been ordered. It also provides information guiding them through their visit.

**Information Services**

The imaging team configured and deployed the first pilot PACS workstation to a Radiologist's home. This remote workstation will assist with improving ED-Throughput. Once the pilot is complete, the team will coordinate to deploy the remaining three workstations to other radiologists' homes. Study Share, which is a tool to help organize and share images, teaching files, and reference case information for training and weekly conferences such as Tumor Board is now live in our Change PACS system. The tool is easy to use and the radiologists can quickly create teaching files on the fly while improving their efficiency. Our new "talk to text" has been live for just over a month and is receiving very positive reviews from physicians. This technology allows physicians to control the EHR via their voice and to quickly record documentation. Our Mountain View ED Medical Director states this is the best product ECH has implemented as it now saves her 2 hours per day in medical decision making for patients in the Emergency Department. Training is currently underway for hospitalists at the MV campus.

We successfully upgraded to our EHR's current version on March 3, 2019 with positive feedback regarding efficiencies of the new "Nurse Brain" feature to guide nursing regarding patient care actions. We also activated predictive analytics for unplanned re-admissions and fall risk. In addition, we implemented the wound care module for the wound clinic resulting in improved charge capture for physicians using automated charging based on more precise discrete documentation.

**Workforce**

Our new voluntary program for nurses that matches RN mentors with mentees kicked-off on March 25<sup>th</sup> and is designed to create professional and personal development opportunities for employees by employees. Cohort 8 of our New Graduate RN Residency program begins on April 8<sup>th</sup>. We have developed a leadership development curriculum for the purpose of engaging ECH's high-performing leaders in the area of leadership growth and learning. The first cohort



begins April 22, 2019 and concludes June 24, 2019. We are excited about investing in the next wave of ECH leaders and look forward to their positive impact on the organization.

### **Philanthropy**

As of February 28, 2019, El Camino Hospital Foundation has secured \$17,826,215, the highest annual yield in the Foundation's history. In addition, many fundraising activities and events are scheduled for the remainder of the fiscal year.

### **Auxiliary**

Our very dedicated Auxiliary volunteered 6023 hours in March 2019.

**EL CAMINO HOSPITAL  
BOARD MEETING COVER MEMO**

**To:** El Camino Hospital Board of Directors  
**From:** Lane Melchor, Chair, El Camino Hospital Foundation Board of Directors  
Darcie Kiyan, Director of Foundation Operations and Interim President, El Camino  
Hospital Foundation  
**Date:** April 10, 2019  
**Subject:** Report on El Camino Hospital Foundation Activities FY19 Period 8

**Purpose:** For information.

**Summary:**

1. **Situation:** As of February 28, 2019, El Camino Hospital Foundation has a secured \$17,826,215, the highest annual yield in the Foundation's history. In addition, many fundraising activities and events are scheduled for the remainder of the fiscal year.
2. **Authority:** N/A
3. **Background:**

**Major Gifts & Planned Gifts**

In February, the Foundation received more than \$4 million in major and planned gifts. This includes a \$4 million donation from Mary and Doug Scrivner, which was added to the ASPIRE endowment they launched with a \$1 million challenge gift in 2015. The endowment is now called the Mary and Doug Scrivner Endowment for Adolescent Mental Health Innovation. It will be used to support ASPIRE's expansion, community outreach, research, pilot programs, creation of technology tools and applications, parent support and education, public policy and advocacy, and similar innovations. The Scrivners' generosity will be recognized by naming the Scrivner Center for Mental Health & Addiction Services.

**Special Events**

**Golf**

The 23rd annual *El Camino Heritage Golf Tournament* was held on Monday, October 29, 2018 at Sharon Heights Golf & Country Club. The 2018 tournament benefited the Norma Melchor Heart & Vascular Institute. In February, the Foundation received an additional \$6,000 in support of the event. Approximately \$4,000 in other commitments from the tournament is still expected to be received and staff is following up with donors and sponsors. The cost of fundraising for the event was well below the industry standard at just 39% of gross revenue. The Foundation expects to transfer net proceeds in excess of \$200,000 to the Norma Melchor Heart & Vascular Institute.

**South Asian Heart Center Event**

*A Night on the Scarlet Express*, the annual gala benefiting the South Asian Heart Center, was held on March 23, 2019 at the Computer History Museum. 175 people attended. In February, the Foundation received \$10,300 in support of this event, bringing the total revenue received by end of February to \$52,061. Additional registrations will be reflected in the March fundraising report.

Foundation Report  
April 10, 2019

Due to the timing of the event, any additional revenue received that night will not be fully reflected until the April fundraising report. However, we can report that the Top Hearts fund-in-need appeal was the most successful in the event's history and the silent auction, which was held for the first time instead of a live auction, brought in more than \$20,000.

Norma's Literary Luncheon

The annual tribute to Norma Melchor was held on February 7, 2019 at Sharon Heights Golf & Country Club. The funds raised will benefit the Breast Health Services Free Mammogram Program. In February, the Foundation received \$36,305 in sponsorships and ticket sales, bringing the amount raised for the event as of February 28 to \$122,755. With the annual generosity of the Melchor Family to cover the cost of the events, gross proceeds are expected to be in the range of \$165,000; final figures will be reflected in future Foundation reports.

**Annual Giving**

In February, the Foundation raised an additional \$22,482 in annual gifts from direct mail, H2H membership renewals and event registrations, Circle of Caring, Healthy Giving Newsletter, memorials, employee giving and online donations. This brings the amount raised since the beginning of FY19 to \$528,603. Additional annual giving activities are planned through the remainder of the fiscal year, including another direct mail appeal scheduled for late March.

4. Assessment: N/A
5. Other Reviews: El Camino Hospital Foundation Board Finance Committee (2/5/2019)  
El Camino Hospital Foundation Board Executive Committee (2/5/2019)  
El Camino Hospital Foundation Board of Directors (2/14/2019)
6. Outcomes: During the month of February, the Foundation secured \$4,353,520. By end of period 8, the Foundation has received nearly triple its FY19 fundraising goal of \$6,175,000, reaching the highest annual yield in its history.

**List of Attachments:**

1. El Camino Hospital Foundation FY19 Period 8 Fundraising Report

**Suggested Board Discussion Questions:** None.

## FOUNDATION PERFORMANCE

<u><b>FY19 Fundraising Report through 2/28/19</b></u>						
ACTIVITY		FY19 YTD (7/1/18 - 2/28/19)	FY19 Goals	FY19 % of Goal	Difference Period 7 & 8	FY18 YTD (7/1/17 - 2/28/18)
Major & Planned Gifts		\$15,505,954	\$3,750,000	413%	\$4,123,109	\$2,928,502
Special Events	Spring Event	\$500	\$450,000	0%	\$0	\$1,000
	Golf	\$334,580	\$350,000	96%	\$6,000	\$333,650
	South Asian Heart Center Event	\$52,061	\$325,000	16%	\$10,300	\$141,821
	Norma's Literary Luncheon	\$122,755	\$200,000	61%	\$36,305	\$196,275
Annual Gifts		\$528,603	\$600,000	88%	\$22,482	\$506,774
Investment Income		\$1,281,762	\$500,000	256%	\$155,324	\$460,965
<b>TOTALS</b>		<b>\$17,826,215</b>	<b>\$6,175,000</b>	<b>289%</b>	<b>\$4,353,520</b>	<b>\$4,568,987</b>
<u><b>Highlighted Assets through 2/28/19</b></u>						
Board Designated Allocations			\$539,091			
Donor Endowments			\$4,708,196			
Operational Endowments			\$15,563,907			
Pledge Receivables			\$4,130,529			
Restricted Donations			\$12,742,437			
Unrestricted Donations			\$855,080			

**El Camino Hospital Auxiliary**  
**Membership Report to the Hospital Board**  
**Meeting of April 10, 2019**

Combined Data as of March 31, 2019 for Mountain View and Los Gatos Campuses

**Membership Data:**

**Senior Members**

Active Members	333	+8 Net change compared to previous month
Dues Paid Inactive	5	(Includes Associates & Patrons)
Leave of Absence	7	
<b>Subtotal</b>	<b>345</b>	

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Resigned in Month      4  
Deceased in Month      0  
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**Junior Members**

Active Members	212	-17 Net Change compared to previous month
Dues Paid Inactive	0	
Leave of Absence	0	
<b>Subtotal</b>	<b>212</b>	

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**Total Active Members      545**

**Total Membership      557**

**Combined Auxiliary Hours from Inception (to March 31, 2019):    5,966,693**  
**Combined Auxiliary Hours for FY2018 (to March 31, 2019): 59,026**  
**Combined Auxiliary Hours for March 31, 2019: 6,023**