



**Minutes of the Open Session of the
Finance Committee
Monday, March 25, 2019
El Camino Hospital | Conference Room A&B
2500 Grant Road, Mountain View, CA 94040**

Members Present
John Zoglin, Chair
Joseph Chow
Boyd Faust
William Hobbs
Richard Juelis
Gary Kalbach

Members Absent
None

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Finance Committee of El Camino Hospital (the "Committee") was called to order at 5:30pm by Chair John Zoglin. A silent roll call was taken. Joseph Chow was absent at roll call. All other Committee members were present.	
2. POTENTIAL CONFLICT OF INTEREST	Chair Zoglin asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
3. PUBLIC COMMUNICATION	There were no comments from the public.	
4. CONSENT CALENDAR	<p>Chair Zoglin asked if any member of the Committee wished to remove an item from the consent calendar.</p> <p>Item 4(e) Pacing Plan was pulled from the Consent Calendar by Chair Zoglin to discuss timing and subjects of Post-Implementation Reviews. The Committee requested review of capital projects 18 months after Board approval and requested a list of approved projects be presented to the Committee at the April meeting. The Committee will review the list and determine if a specific dollar amount be used as criteria for Post Implementation Review.</p> <p>Motion: To approve the consent calendar (Open Minutes of the Finance Committee Meeting of January 30, 2019, Open Minutes of the Joint Investment Finance Committee Meeting of January 28, 2019, FY19 Period 7 Financials; and for Information: Progress Against Goals, Pacing Plan, Articles of Interest, and Review Major Capital Projects in Progress.</p> <p>Movant: Kalbach Second: Juelis Ayes: Zoglin, Faust, Hobbs, Juelis, Kalbach Noes: None Abstentions: None Absent: Chow Recused: None</p>	
5. REPORT ON BOARD ACTIONS	Chair Zoglin asked the Committee for any questions or feedback on the Report on Board Actions as further detailed in the packet. There were no comments.	
6. EDUCATION CONFERENCE REPORT	Mr. Faust gave a brief overview of the Fourteenth National Value-Based Payment and Pay for Performance Summit sponsored by the Global Health Care, LLC. The Committee requested that staff add this Conference to the list of recommended conferences for Board and Committee education.	
7. FY 19 PERIOD 8	Mr. Chow joined the meeting at 5:50 pm.	

FINANCIAL

Iftikhar Hussain, CFO, provided an overview of the FY19 Period 8 Financials:

- Volume was yellow for the first time on the Dashboard, but the numbers look better for March.
- YTD volume was below budget and Total volume this year is lower than last year.
- Financial performance was green – may be attributed to favorable revenues.
- Payor Mix has been yellow all year primarily because of a drop in deliveries in commercial business.
- Investments were very strong, still behind for the year, but recovery is good.
- Gross revenue was also lower due to the departure of certain physicians.
- He also reported slow growth in the Outpatient Pharmacy which is offset by lower expenses at \$77,000 behind plan.

In response to questions from the committee Mr. Hussain explained the strategy for ECH to operate a retail pharmacy:

- Breakeven goal plan;
- Benefit to discharge patients with a 30-day prescription to help reduce re-admissions, although there is not a mechanism to directly link a reduction back to this program
- Convenience of employees and local residents

In response to questions from the Committee, Mr. Hussain explained that:

- Gross revenue is an indication of raw volume activity of and is attributable to the lower revenue and volume from Los Gatos;
- In total, volume this year is lower by about 1% than last year;
- Year-over-year there is a charge increase that shows up in gross revenue; and
- The deduction – you would expect any time that revenue is flat that net revenue would also be low which means that the deductions would be high.

Mr. Hussain also explained that salary and wages are up by 7%, in part because a number of vacancies in the Medical Staff Office and administrative areas were filled.

Finally, Mr. Hussain spoke to the monthly financial trends:

- Payor mix shows drop in commercial (hmo/ppo/indemnity) volume;
- Partially attributed to normal cyclical trend;
- Payor mix is on the organizational watch list – meaning there are concerted efforts to improve in this area through program development; and
- Planned OB and oncology program developments are expected to increase volumes in Los Gatos.

Jim Griffith, COO, commented that to improve payor mix is complex and includes physician specialty, service line and marketing strategies to grow. Mr. Griffith noted that the recent purchase approved by the committee for a Mako Robot (Assisted Surgery) for orthopedic surgeries, for example, will help.

	<p>The Committee requested:</p> <ul style="list-style-type: none"> • Reports at future meeting of the various programs described by Mr. Griffith; • What ECH is doing to attract commercial patients; and • Bring options for additional service line reviews; • Breakout more financial metrics for the service lines, like ROI and trends; • Period 8 Financials – Why is Lab behind? • Clean up language on Financial Overview page of Period 8 Financials; • Include SVMD in Post Implementation Reviews <p>Motion: To approve the FY19 Period 8 Financials. Movant: Kalbach Second: Hobbs Ayes: Zoglin, Faust, Hobbs, Juelis, Kalbach Noes: None Abstentions: None Absent: Chow Recused: None</p>	
<p>8. SVMD EPIC IMPLEMENTATION PROJECT FUNDING</p>	<p>Deb Muro, CIO, outlined the request for funding and approval for the capitalized cost (network, hardware, and applications) for IT to onboard and upgrade the Silicon Valley Medical Clinics that are scheduled to start operating on April 1st. The cost breakdown was detailed in the FC meeting packet of materials.</p> <p>Ms. Muro presented highlights of the all-inclusive plan, including:</p> <ul style="list-style-type: none"> • June 30th deadline (90 days) to complete full EPIC implementation when Verity Medical Foundation shuts down. • Five clinics currently equipped with outdated and unsupported IT systems present security risk. • Expand current ECH Epic build to include an additional 60 physicians and new specialties. <p>The committee discussed the implementation costs, the medical group composition (fifty-eight physicians, eighteen specialties), and locality (San Jose, Morgan Hill and Gilroy). Motion: To approve funding of the SVMD Epic Implementation Project. Movant: Kalbach Second: Hobbs Ayes: Zoglin, Chow, Hobbs, Juelis, Kalbach Noes: Faust Abstentions: None Absent: None Recused: None</p>	
<p>9. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 5:07pm. Movant: Kalbach Second: Chow Ayes: Zoglin, Chow, Faust, Hobbs, Juelis, Kalbach Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Adjourned to closed session at 5:07pm</i></p>
<p>10. AGENDA ITEM 17: RECONVENE OPEN SESSION/</p>	<p>Open session was reconvened at 6:50pm. Agenda Items 10-16 were covered in closed session. During the closed session, the Committee approved (a) Meeting Minutes</p>	

REPORT OUT	of the Closed Session of the Finance Committee (Jan 30, 2019); and Minutes of the Closed Session of the Joint Investment and Finance Committee Meeting (Jan 28, 2019) by a unanimous vote of all members present (Zoglin, Chow, Faust, Hobbs, Juelis, Kalbach).	
11. AGENDA ITEM 18: PREVIEW FY 20 BUDGET PART #1	Chair Zoglin noted that the information in the packet is available to public and asked the committee members if they had any questions. There were none.	
12. AGENDA ITEM 19: FY 20 COMMITTEE PLANNING	The Committee discussed the FY20 Meeting Dates. The Committee asked to change the proposed November 25, 2019 to the following Monday, December 2. The Committee asked to put the FY20 Committee Goals back on consent calendar for April. The Committee wants to remove goal #2 – education topics and add patient billing experience, SVMD, rotation of service lines, potentially market share, payer mix, or a macro view of business growth. The Committee asked staff to return with a revised proposal to additionally include a goal for Post Implementation Review 18 months after Board approval. The Committee also asked staff to add a goal related to patient satisfaction related to billing (bring the top 10 billing codes) and ROI in service line reports and comparison to others in the industry.	
13. AGENDA ITEM 20: CLOSING COMMENTS	There were no additional closing comments.	
14. AGENDA ITEM 21: ADJOURNMENT	Motion: To adjourn at 8:10pm. Movant: Kalbach Second: Juelis Ayes: Zoglin, Chow, Faust, Hobbs, Juelis, Kalbach Noes: None Abstentions: None Absent: None Recused: None	Meeting adjourned at 8:10pm.

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


Chair Zoglin
Chair, Finance Committee