



**Minutes of the Open Session of the
Finance Committee
Tuesday, May 28, 2019
El Camino Hospital | Conference Room A&B
2500 Grant Road, Mountain View, CA 94040**

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

Members Absent
William Hobbs


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 6:30pm by Chair John Zoglin. Roll call was taken. William Hobbs was absent. All other Committee members were present.	6:30 pm
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>Items 4(a) April 22nd Open Session Minutes and 4(d) Pacing Plan were pulled for discussion. The Committee requested the following corrections to the Minutes:</p> <ol style="list-style-type: none"> 1. Show Criteria for "Post Implementation Review" as 18 months following approval of capital projects funded in the amount of \$2 million or more. 2. Reflect that Mr. Chow was present for the entire meeting. 3. Correct the spelling of Mr. Juelis' first name in the Roll Call section. <p>The Committee also requested that the Pacing Plan be changed to show the following reviews:</p> <ol style="list-style-type: none"> 1. Patient Billing Practices (Cttee Goal #2) – July Meeting 2. Ortho/Neuro/Spine Service Line – September Meeting 3. Maternal Child Health Service Line– November Meeting 4. SVMD, LLC – January Meeting 5. HVI Service Line – March Meeting <p>Motion: To approve the consent calendar (a) Open Minutes of the Finance Committee Meeting for (April 22, 2019) as corrected; (b) FY19 Period 9 Financials and for Information: (c) Review Major Capital Projects in progress; (d) FY 20 Pacing Plan as amended; (e) Progress Against Goals; and (f) Article of Interest</p> <p>Movant: Faust Second: Juelis Ayes: Zoglin, Chow, Faust, Juelis, Kalbach Noes: None Abstentions: None</p>	<i>Consent Calendar approved with amendments to Minutes and Pacing Plan</i>

	<p>Absent: Hobbs 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. FY19 PERIOD 10 FINANCIALS	<p>Iftikhar Hussain, CFO, provided highlights of FY19 Period 10 Financials. Mr. Hussain reviewed the April 2019 volumes, revenues and monthly financial trends, noting that there was a setback in LOS due to long stay outlier cases. He also reported that the run rate for April was \$15,908,000 against a budgeted operating margin of \$9,308,000. He reported that, for Q1 2019, the Surplus Cash return was 6.7 %, that the Cash Balance Plan return was 7.7% and that they were 2.6% and 2.7% respectively FYTD through March 31st. Mr. Hussain commented that the projected capital spend for FY19 is much less than budgeted due to delays in completion of major facilities projects.</p> <p>In response to Mr. Faust's question about why April was such a strong month, Jim Griffith, COO, commented that it was due in part to more very sick patients coming in through the emergency department.</p> <p>There were no objections to the financial reports.</p>	
7. REVIEW AND RECOMMEND FY20 BUDGET	<p>The Proposed FY20 Budget had been reviewed in detail at the immediately preceding Joint Meeting of the Finance Committee and the Board. In response to questions from the Committee members , management provided the following information:</p> <ol style="list-style-type: none"> 1. To reduce pharmaceutical expenses management will be engaging physicians to use less expensive drugs that are equally clinically effective. 2. While a \$4.45 million expense reduction may seem light in a \$1 billion budget, only those items for which there is a concrete plan for cost reduction were included. 3. ECH is using its Centers of Excellence as differentiators to encourage insurance plans to direct volume to it. 4. The total cost to complete all work related to the demolition of the Old Main Hospital is estimated at \$69 million, but only \$20 million will be spent in FY20. <p>Motion: To recommend that the Board approve the Proposed FY20 Budget. Movant: Kalbach Second: Juelis Ayes: Zoglin, Chow, Faust, Juelis, Kalbach Noes: None Abstentions: None Absent: Hobbs Recused: None</p>	<i>Recommended to approve FY20 Budget</i>
8. REVIEW AND RECOMMEND FY20 ORGANIZATIONAL GOALS	Chair Zoglin noted that it is the Finance Committee's roll to review the financial threshold goal and questioned whether 95% of operating margin is an appropriate level for the incentive plan threshold goal given that management has beaten the budget 5% - 90% over the last 8 years. The Committee members discussed this and management staff provided historical perspective that at one time the goal was 100%, then dropped to 90% and was brought back up to 95% two years ago. Dan Woods, CEO, commented that the two new major risks to the budget are SVMD's	<i>Recommend to approve Proposed FY20 Organizational Goals</i>

	<p>absorption of SJMG and the opening of Stanford's new hospital.</p> <p>Motion: To recommend that the Board approve the Proposed FY20 Organizational Goals. Movant: Kalbach Second: Juelis Ayes: Zoglin, Chow, Faust, Juelis, Kalbach Noes: None Abstentions: None Absent: Hobbs Recused: None</p>	
9. FACILITIES CAPITAL FUNDING REQUEST	<p>Ken King, Chief Admin Svcs. Officer, gave an overview of the request to fund MV Campus Site Signage. Mr. King explained that the plan includes 120 new or retrofitted signs including two new major monument signs at North and South Drive, electrical work and lighting changes.</p> <p>Motion: To approve funding for the MV Campus Site Signage not to exceed \$2.5 million. Movant: Faust Second: Chow Ayes: Zoglin, Chow, Faust, Juelis, Kalbach Noes: None Abstentions: None Absent: Hobbs Recused: None</p>	<i>Facilities Capital Funding Request was approve.</i>
10. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 7:25pm. Movant: Kalbach Second: Chow Ayes: Zoglin, Chow, Faust, Juelis, Kalbach Noes: None Abstentions: None Absent: Hobbs Recused: None</p>	<i>Adjourned to closed session at 7:25pm.</i>
11. AGENDA ITEM 16: RECONVENE OPEN SESSION/ REPORT OUT	<p>Open session was reconvened at 7:52pm. Agenda Items 11-14 were covered in closed session. During the closed session, the Committee approved Meeting Minutes of the Closed Session of the Finance Committee (April 22, 2019) by a unanimous vote of all members present (Zoglin, Chow, Faust, Juelis, Kalbach).</p>	
12. AGENDA ITEM 17: APPROVAL OF PHYSICIAN CONTRACTS	<p>Motion: To approve the proposed Lithotripsy Professional Services Agreement Renewal and the Behavioral Health Unit On-Call Panel Renewal. Movant: Kalbach Second: Chow Ayes: Zoglin, Chow, Faust, Juelis, Kalbach Noes: None Abstentions: None Absent: Hobbs Recused: None</p> <p>Motion: To recommend the Board approve the Proposed Infection Control Medical Director Agreement Renewal. Movant: Kalbach Second: Chow</p>	<i>Physician Contracts were approved/recommended to approve</i>

	Ayes: Zoglin, Chow, Faust, Juelis, Kalbach Noes: None Abstentions: None Absent: Hobbs Recused: None	
13. AGENDA ITEM 18: CLOSING COMMENTS	There were no additional closing comments.	
14. AGENDA ITEM 21: ADJOURNMENT	Motion: To adjourn at 7:55pm Movant: Kalbach Second: Chow Ayes: Zoglin, Chow, Faust, Juelis, Kalbach Noes: None Abstentions: None Absent: Hobbs Recused: None	<i>Meeting adjourned at 7:55pm.</i>

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



Chair Zoglin
Chair, Finance Committee