



**Minutes of the Special Joint Open Session of the
Finance Committee and the
El Camino Hospital Board of Directors
Tuesday, May 28, 2019
2500 Grant Road, Mountain View, CA 94040
Conference Rooms F&G (ground floor)**

Board Members Present

Lanhee Chen, Chair
Jeffrey Davis, MD*
Gary Kalbach
Julia E. Miller, Secretary/Treasurer
Bob Rebitzer
George O. Ting, MD
Don Watters
John Zoglin, Vice Chair

Board Members Absent

Peter C. Fung, MD
Julie Kliger, MPA, BSN

Members Absent

None

Committee Members Present

Joseph Chow
Boyd Faust
William Hobbs*
Richard Juelis

*via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Special Joint Meeting of the Finance Committee and the El Camino Hospital Board of Directors (the "Board") was called to order at 5:30pm by Vice Chair Zoglin. A verbal roll call was taken. Director Davis and Finance Committee member Bill Hobbs participated via teleconference. Directors Fung and Kliger and were absent. Chair Chen arrived at 5:34pm and Director Rebitzer arrived at 5:45pm during Agenda Item 4: FY20 Capital and Operating Budget. All other Board and Finance Committee Members were present at roll call.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Vice Chair Zoglin asked if any Board or Finance Committee members may have a conflict of interest with any of the items on the agenda. No conflicts were reported.	
3. PUBLIC COMMUNICATION	None.	
4. FY20 CAPITAL AND OPERATING BUDGET	<p>Iftikhar Hussain, CFO, explained the major projected FY20 investments with significant financial impacts on the proposed budget as well as the budget drivers and assumptions. He reported that the proposed budget reflects projected inpatient volume growth of 3.8% and a projected 5.2% outpatient volume growth. Mr. Hussain explained that the projected decrease in operating margin for FY20 is being driven by depreciation, interest, investment in SVMD (\$18 million) and loss of one of CONCERN's major clients. He also noted that the current and projected key financial metrics (days of cash on hand, debt service ratio and debt capitalization ratio) all look good.</p> <p>On the expense side, Mr. Hussain explained the proposed operating expense increase of 5.2% is driven by labor costs, supplies and activation and operational costs of new buildings as well as the related increased depreciation and interest expense. He reported that the Truven/Action OI benchmarking analysis shows ECH at the 56.3 percentile for workforce productivity and explained the major categories the planned additional 137 FTE's are in. He also reported on the planned \$4.45 million in cost savings initiatives including elimination of incidental overtime through better shift change planning, and reductions in supply and pharmaceutical costs. Mr. Hussain explained that that there is a total of \$3.7 million planned for the Hospital's community benefit grant program, including \$320,000 in earnings from the Board's designated community benefit endowment fund.</p>	

	<p>Mr. Hussain described the proposed FY20 capital budget totaling \$292,937,000 of which \$268,937,000 is planned for facilities, \$6 million for IT Hardware and Software, \$18 million for other medical and non- medical equipment and \$5 million is unallocated.</p> <p>In response to questions from the Board and Committee members, Mr. Hussain and Jim Griffith, COO, responded as follows:</p> <ol style="list-style-type: none"> 1. Despite a trend of declining deliveries (Maternal-Child Health Service Line), management projects growth in FY20 through OB/GYN physician recruitments that are in progress. 2. Occupancy assumptions are driven by an increase in inpatient rehab beds in Los Gatos, increase in BHS beds in MV, and procedural growth for in-patient surgery. 3. Management expects ECH's percentage of commercial payors to remain stable in the low 40's. Growth plans are built around a healthy mix of commercial and Medicare patients. 4. Increase in oncology services will be driven by adding an additional two hours of operations at the MV Infusion center, an additional third provider in place, and planned recruitment of two more providers as well as high demand for infusion services in LG. 5. The projected net revenue (as opposed to revenue) is based on the difference between ECH's billed charges and commercial contracted and government imposed reimbursement rates. 6. Approved planned capital spending may not be achieved when there are delays in obtaining approvals from the City of Mountain View and OSHPD. Funds for other planned and placeholder projects may not be spent as management is still evaluating these. 	
<p>5. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 6:06pm pursuant to <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: Development of New Services and Programs: Budgetary Implications.</p> <p>Movant: Kalbach Second: Miller Ayes: Chen, Chow, Davis, Faust, Juelis, Kalbach, Miller, Rebitzer, Ting, Zoglin Noes: None Abstentions: None Absent: Fung, Hobbs**, Kliger Recused: None</p> <p>**Mr. Hobbs was no longer on the teleconference line when the meeting adjourned to closed session.</p>	<p><i>Adjourned to closed session at 6:06pm</i></p>
<p>6. AGENDA ITEM 9: RECONVENE OPEN SESSION/ REPORT OUT</p>	<p>Open session was reconvened at 6:26pm by Chair Chen. Agenda items 6-8 were addressed in closed session. There were no actions taken in closed session.</p>	
<p>7. AGENDA ITEM 23: ADJOURNMENT</p>	<p>Motion: To adjourn at 6:27pm.</p> <p>Movant: Kalbach Second: Miller Ayes: Chen, Chow, Davis, Faust, Juelis, Kalbach, Miller, Rebitzer, Ting, Zoglin Noes: None</p>	<p><i>Meeting adjourned at 6:27pm</i></p>

	Abstentions: None Absent: Fung, Hobbs, Kliger Recused: None	
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Attest as to the approval of the foregoing minutes by the Finance Committee and the Board of Directors of El Camino Hospital:



Lanhee Chen
Chair, ECH Board of Directors



Julia E. Miller
Secretary, ECH Board of Directors



John Zoglin
Chair, Finance Committee

Prepared by: Cindy Murphy, Director of Governance Services