



**Minutes of the Open Session of the
 El Camino Hospital Board of Directors
 Thursday, October 10, 2019
 2500 Grant Road, Mountain View, CA 94040
 Conference Rooms F&G (ground floor)**

Board Members Present

Lanhee Chen, Chair
 Peter C. Fung, MD
 Gary Kalbach
 Julie Kliger
 Julia E. Miller, Secretary/Treasurer
 Jack Po, MD, PhD
 Bob Rebitzer
 George O. Ting, MD
 John Zoglin, Vice Chair

Board Members Absent

Don Watters

Members Excused

None

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	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 silent roll call was taken. Director Rebitzer arrived at 5:36pm during Agenda Item 6: Quality Committee Report. Director Watters was absent. All other Board members were present at roll call.	
2. POTENTIAL CONFLICTS OF INTEREST DISCLOSURES	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.	
3. PUBLIC COMMUNICATION	None.	
4. FY20 PERIOD 2 FINANCIALS	<p>Iftikhar Hussain, CFO, reported that ECH is \$8 million ahead of plan on operating margin, due to higher volume (in the Emergency Department and related to physician recruitment and new equipment). Cash position remains strong. He also reviewed monthly trends for the current and prior fiscal year.</p> <p>There were no comments or questions from the Board.</p> <p>Motion: To approve the FY20 Period 2 Financials.</p> <p>Movant: Kalbach Second: Po Ayes: Chen, Fung, Kalbach, Kliger, Miller, Po, Ting, Zoglin Noes: None Abstentions: None Absent: Rebitzer, Watters Recused: None</p>	<i>FY20 Period 2 Financials approved</i>
5. AGENDA ITEM 6: QUALITY COMMITTEE REPORT	<p>This item was taken out of order.</p> <p>Director Kliger, Quality Committee Chair, described the Committee's review and discussion of Performance Improvement Reports, which was recommended by CMS.</p> <p>She noted that the Committee requested 1) review of patient stories orientated toward metrics that the organization is following, 2) annotated run charts, and 3) the inclusion of more contextual information in the materials presented.</p> <p>In response to Director Rebitzer's question, Cheryl Reinking, RN, CNO</p>	

	<p>described the development of the GIP (inpatient hospice) program and its significant effect on the mortality index. Director Rebitzer suggested that baseline for mortality may need to be adjusted.</p> <p>Director Fung reported that the Committee also discussed the potential delegation of oversight of the credentialing and privileging of the Medical Staff. He expressed concerns about the proposal. Director Kliger noted that the discussion will continue when the CMO is present. Cindy Murphy, Director of Governance Services, described the Board's general direction to review potential areas of work for the delegation to the Committees and what the process would look like with the proposed changes, where the Board would still ultimately approve the report, per requirements from The Joint Commission. Director Miller asked for clarification from Legal on direction for delegations of authority. The Board discussed how delegations of authority should work and the Board's responsibility for credentialing and privileging.</p>	<p><i>Legal to provide clarification on delegations of authority</i></p>
<p>6. AGENDA ITEM 7: FY19 ORGANIZATIONAL GOAL ACHIEVEMENT</p>	<p>This item was taken out of order.</p> <p>Dan Woods, CEO, described the organizational performance in FY19:</p> <ul style="list-style-type: none"> - Patient Throughput: insight into how efficient we are at providing appropriate care to patients; Q4 FY19 performance: 313 minutes. This metric will continue to be monitored in FY20, though it is not an organizational goal. - Nurse Communication – Service: are we “Always” explaining things clearly our patients; Q4 FY19 performance: 56th percentile. - Nurse Responsiveness – Service: are we “Always” responding quickly to our patients; Q4 FY19 performance: 50th percentile. - Cleanliness of Hospital Environment; Q4 FY19 performance: 68th percentile - Readmission Index: observed over expected, provides a comparable performance metric; 2019 performance: 0.99 - Mortality Index: FY19 performance: 0.97; Mr. Woods described the difference that the inpatient hospice program has made on this metric. Director Rebitzer commented that there is still room for improvement. - Employee Engagement: measure of cultural performance; FY18 performance 79th percentile <p>In response to Director Zoglin's question, Mr. Woods explained that the materials provided included raw scores and the presentation featured percentiles for comparison with other organizations. Mr. Woods and the Board discussed goal setting and comparison with other hospitals in the Bay Area, California, and nationwide. Cheryl Reinking, RN, CNO, noted that Press Ganey does not have information for why Bay Area performance across several domains is less favorable than the nation.</p> <p>Motion: To approve the FY19 Organizational Goal Achievement, subject to the Board's approval of the financial audit.</p> <p>Movant: Kalbach Second: Ting Ayes: Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Zoglin Noes: None Abstentions: None Absent: Watters Recused: None</p>	<p><i>FY19 Org Goal Achievement approved</i></p>

<p>7. AGENDA ITEM 5: FY19 FINANCIAL AUDIT</p>	<p>Brian Conner from Moss Adams joined the meeting via teleconference. He noted that Moss Adams met with the Compliance and Audit Committee at its September 26, 2019 meeting.</p> <p>Mr. Conner reviewed the scope of services (consolidated audit for the District, Hospital, Foundation, SVMD, and CONCERN, separate engagement for the Auxiliary). He explained that Moss Adams is providing consulting services to ECH related to business continuity, lean transformation, and property management outsourcing, but that Moss Adams remains independent of the organization for audit purposes.</p> <p>Mr. Conner reported that 1) the opinion given is an unmodified one, which is the highest level of assurance that can be given and 2) Moss Adams found ECH's financial statements to be fairly stated in all material respects. He outlined the FY19 audit results, including:</p> <ul style="list-style-type: none"> - Relatively flat changes in cash and investments (in FY19, \$149 million positive cash flow from operations and \$50 million in investment income). - Purchases of \$230 million of capital assets, offset by \$52 million in depreciation. - Net Patient Service Revenue/Account Receivable, which is reviewed and tested in detail as it is the largest estimate on the balance sheet. Mr. Conner described management's adjustment to ECH's model this year, which is less conservative than the prior year's and closer to Moss Adams' expectations - Income Statement Year-to-Year Comparison: very consistent year over year between categories of where revenue is spent; salaries, wages, and benefits is the most significant category of around 50%. - Community Benefit expense of about \$12 million <p>Mr. Conner explained that 1) Moss Adams does not opine on operating effectiveness of internal controls, 2) there were no accounting policy changes, and 3) management judgments and accounting estimates are reasonable.</p> <p>He reported that there was one corrected misstatement related to construction in progress (CIP) retention accrual (5-10% for construction invoices that was not made). There was a \$15 million adjustment, which was not material to the consolidated financial statements as a whole.</p> <p>Mr. Conner noted that there were no uncorrected misstatements, and for internal controls, no material weaknesses and one significant deficiency related to cutoff accrual.</p> <p>In response to Director Miller's question, Mr. Conner reported that there was only one corrected misstatement and no uncorrected misstatements, not uncommon for an organization of ECH's size.</p> <p>Mr. Conner explained that there are significant upcoming GASB accounting updates.</p> <p>There were no further questions from the Board.</p>	
<p>8. AGENDA ITEM 8: FY20 ORGANIZATIONAL GOAL METRICS</p>	<p>Dan Woods, CEO, reviewed the FY20 Organizational Goal Metrics, noting that measurement periods are over the whole fiscal year rather than only Q4 performance. He noted that the Board approved the methodology in June 2019 and the numbers presented incorporate FY19 actual performance into the approved formulas.</p>	<p><i>FY20 Org Goal Metrics approved</i></p>

	<p>Director Zoglin requested, if possible, to see what percentiles ECH is projected to achieve relative to its competitors (Bay Area, California, nationwide) with its FY20 performance. Director Zoglin also requested that the slides on FY19 performance be shared with the Board.</p> <p>Director Rebitzer suggested that FY21 organizational goals include outpatient metrics and more of a system focus. Mr. Woods commented that outpatient metrics are monitored even if they are not part of the organizational goals.</p> <p>Motion: To approve the FY20 Organizational Goal Metrics.</p> <p>Movant: Miller Second: Kalbach Ayes: Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Zoglin Noes: None Abstentions: None Absent: Watters Recused: None</p>	
<p>9. CAPITAL FUNDING REQUEST: MV CAMPUS COMPLETION PROJECT</p>	<p>Ken King, CASO, provided an overview of the initial funding request for the Mountain View campus completion project. He described the two phases of work related to the demolition of the Old Main Hospital Building and the construction of a temporary Shipping & Receiving Yard, including design, permitting, and execution.</p> <p>Mr. King explained that staff is considering options for the final campus configuration (Phase III) and the funding will be requested in early 2020.</p> <p>In response to Director Miller's question, Mr. King described the components of the master campus plan including two phases, Phase I: construction of the parking garage, Taube Pavilion (behavioral health services building) and Sobrato Pavilion (integrated medical office building), and Phase II: the complete demolition of the Old Main Hospital Building and the women's hospital expansion. He noted that this is the first time funding has been requested for Phase II.</p> <p>In response to Director Kliger's question, Mr. King noted that the total cost for Phase III depends on the scope of the project/building development; a straightforward replacement could run between \$45-50 million and an expansion could cost around \$80-90 million.</p> <p>Motion: To approve the initial funding for the Mountain View Campus completion project, covering demolition of the original hospital building and construction of a temporary Shipping and Receiving yard at a cost not to exceed \$24.9 million.</p> <p>Movant: Fung Second: Kalbach</p> <p>In response to Director Miller's question, Mr. King explained that Phase III will cost in the range of \$50-90 million and staff will come back a recommendation following the evaluation of the options.</p> <p>Ayes: Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Zoglin Noes: None Abstentions: None Absent: Watters Recused: None</p>	<p><i>MV Campus Completion project funding approved</i></p>
<p>10. FY20 CEO</p>	<p>Bob Miller, Executive Compensation Committee Chair, reported that the</p>	

<p>PERFORMANCE REVIEW PROCESS</p>	<p>ECC debriefed with Mercer regarding the FY19 CEO Performance Review Process. One area for improvement is the overall timeline to allow for sufficient time for completion.</p> <p>Mr. Miller noted that staff will come back to the Board in 2020 with a timeline with important dates, including when the Board will approve the evaluation tool, when the CEO will complete the self-evaluation, when results will be reviewed, etc.</p> <p>There were no questions from the Board.</p>	
<p>11. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 6:49pm pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters – Senior Management: FY19 Financial Audit; <i>Gov't Code Section 54957.6</i> for conference with labor negotiator Lanhee Chen: FY20 CEO Base Salary; <i>Gov't Code Section 54957.6</i> for conference with labor negotiator Lanhee Chen: FY19 CEO Individual Incentive Score; pursuant to <i>Gov't Code Section 54957.2</i> for approval of the Minutes of the Closed Session of the Hospital Board Meeting (9/11/2019) and Minutes of the Closed Session of the Executive Compensation Committee Meeting (5/30/2019); <i>Gov't Code Section 54957.6</i> for conference with labor negotiator Dan Woods: Executive Performance Incentive Score and Payout; 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 and <i>Health and Safety Code Section 32155</i> for a report of the Medical Staff; deliberations concerning reports on Medical Staff quality assurance matters: CEO Report on New Services and Programs and Quality Update; and pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters – Senior Management: Executive Session.</p> <p>Movant: Miller Second: Kalbach Ayes: Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Zoglin Noes: None Abstentions: None Absent: Watters Recused: None</p>	<p><i>Adjourned to closed session at 6:49pm</i></p>
<p>12. AGENDA ITEM 21: RECONVENE OPEN SESSION/ REPORT OUT</p>	<p>Open session was reconvened at 9:42pm by Chair Chen. Agenda items 12-20 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 (9/11/2019) as amended, the Minutes of the Closed Session of the Executive Compensation Committee Meeting (5/30/2019), and the Medical Staff Report, including the credentials and privileges report, by a unanimous vote in favor of all members present (Directors Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, and Zoglin). Director Watters was absent.</p>	
<p>13. AGENDA ITEM 22: CONSENT CALENDAR</p>	<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 the FY19 Community Benefit Report be removed.</p> <p>Motion: To approve the consent calendar: Minutes of the Open Session of the Hospital Board Meeting (9/11/2019); Resolution 2019-10: Amending the El Camino Hospital 403(b) Plan Matching Contributions; Minutes of the Open Session of the Executive Compensation Committee Meeting</p>	<p><i>Consent calendar approved</i></p>

	<p>(5/30/2019); FY20 Period 1 Financials; Cardiology Call Panel (LG) Renewal; Compliance Committee Report Annual 403(b) Plan Audit, Annual Cash Balance Plan Audit; Medical Staff Report; and for information: Major Capital Projects Update; Finance Committee Approvals; Executive Compensation Committee Approvals; Report on Educational Activity.</p> <p>Movant: Miller Second: Po Ayes: Chen, Kalbach, Miller, Po, Rebitzer, Zoglin Noes: None Abstentions: None Absent: Fung, Kliger, Ting, Watters Recused: None</p> <p>Director Zoglin suggested that the Board recommend the CBAC review how to provide education about vaping health concerns. Director Kalbach voiced his support this proposal and none of the other Board members expressed any disagreement.</p> <p>In response to Director Zoglin's question, Anne Rabkin, Sr. Community Benefit Specialist, explained that if a grantee does not spend the full amount of money allocated in a particular fiscal year, those funds go back into the fund for the next fiscal year.</p> <p>Director Zoglin requested an annotation showing which grantees will not be funded in the next year. Ms. Rabkin noted that this is reflected in the materials for the District Board's next meeting and will be included in the Hospital Board materials going forward.</p> <p>Motion: To approve the consent calendar: for information: FY19 Community Benefit Report.</p> <p>Movant: Zoglin Second: Kalbach Ayes: Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Zoglin Noes: None Abstentions: None Absent: Watters Recused: None</p>	
<p>14. AGENDA ITEM 23: FY19 FINANCIAL AUDIT APPROVAL</p>	<p>Motion: To approve the FY19 financial audit.</p> <p>Movant: Ting Second: Kalbach Ayes: Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Zoglin Noes: None Abstentions: None Absent: Watters Recused: None</p>	<p><i>FY19 financial audit approved</i></p>
<p>15. AGENDA ITEM 24: FY19 CASO INCENTIVE PLAN PAYOUT</p>	<p>Motion: To approve the FY19 CASO Incentive Plan Payout of \$9,000.</p> <p>Movant: Kalbach Second: Miller Ayes: Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Zoglin Noes: None Abstentions: None Absent: Watters Recused: None</p>	<p><i>FY19 CASO Incentive Plan Payout approved – note correction below</i></p>

16. AGENDA ITEM 25: FY20 CEO BASE SALARY	<p>Motion: To approve the FY20 CEO Base Salary of \$995,000.</p> <p>Movant: Miller Second: Kalbach Ayes: Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Zoglin Noes: None Abstentions: None Absent: Watters Recused: None</p>	<p><i>FY20 CEO Base Salary approved</i></p>
17. AGENDA ITEM 26: FY19 CEO INCENTIVE PAYOUT	<p>Motion: To approve the FY19 CEO Incentive Payout of \$36,000.</p> <p>Movant: Kalbach Second: Ting Ayes: Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Zoglin Noes: None Abstentions: None Absent: Watters Recused: None</p>	<p><i>FY19 CEO Incentive Plan Payout approved – note correction below</i></p>
18. CORRECTIONS to AGENDA ITEMS 24 and 26	<p>Chair Chen explained that the amounts previously approved for the FY19 CEO and CASO Incentive Payouts were not the correct calculation, but rather only a portion of the payouts. He asked for new motions on each item, with the correct amounts.</p> <p>Motion: To approve the FY19 CASO Incentive Plan Payout of \$59,924.</p> <p>Movant: Miller Second: Kalbach Ayes: Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Zoglin Noes: None Abstentions: None Absent: Watters Recused: None</p> <p>Motion: To approve the FY19 CEO Incentive Payout of \$324,405.</p> <p>Movant: Miller Second: Kalbach Ayes: Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Zoglin Noes: None Abstentions: None Absent: Watters Recused: None</p>	<p><i>Corrected FY19 CASO Incentive Plan Payout and FY19 CEO Incentive Plan Payout approved</i></p>
19. AGENDA ITEM 27: CEO REPORT	<p>Dan Woods, CEO, highlighted new procedures, the first in human robotic-assisted minimally invasive bronchoscopy and GammaTile Therapy, provided at the Mountain View campus. He encouraged everyone to get their flu shots.</p> <p>He further described 1) online scheduling at the clinics, 2) new employee hires (Andrew Cope, President, Foundation, and Christine Cunningham, Executive Director, Patient Experience), 3) the implementation of Workday, the new enterprise resource planning (ERP) system, and 4) community events including the Chinese Health Initiative's physician appreciation dinner and the Women's Health Fair.</p> <p>He thanked that Auxiliary for over 6,000 hours of volunteer service in September.</p>	

20. AGENDA ITEM 28: BOARD COMMENTS	Director Miller described her attendance at recent community events.	
21. AGENDA ITEM 29: ADJOURNMENT	Motion: To adjourn at 9:55pm. Movant: Fung Second: Kalbach Ayes: Chen, Fung, Kalbach, Kliger, Miller, Po, Rebitzer, Ting, Zoglin Noes: None Abstentions: None Absent: Watters Recused: None	<i>Meeting adjourned at 9:55pm</i>

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