



**Minutes of the Open Session of the
Finance Committee of the
El Camino Hospital Board of Directors
Monday, January 27, 2020
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
Don Watters
Richard Juelis
 **via teleconference

Members Absent

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. Boyd Faust participated via teleconference. All other 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>Chair Zoglin removed Item 4(e) Article of Interest and Item 4(b) Financial Report (FY20 Period 5) for discussion.</p> <p>Iftikhar Hussain, CFO, commented that the current Article of Interest included in the packet was from last year and provided the Committee members with a more recent publication.</p> <p>Motion: To approve the consent calendar: (a) Minutes of the Open Session of the Finance Committee Meeting (11/25/2019), (b) Financial Report (FY20 Period 5), and for information: (c) Progress Against Goals, (d) Committee Pacing Plan, (e) Article of Interest, (f) Report on Major Capital Projects in Progress.</p> <p>Movant: Kalbach Second: Chow Ayes: Chow, Faust, Kalbach, Zoglin, Watters, and Juelis Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Consent Calendar was approved.</i>
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.	
6. FY20 PERIOD 6 FINANCIALS	Iftikhar Hussain, CFO, provided highlights of the FY20 Period 6 Financials as further detailed in the materials submitted. Mr. Hussain reviewed November and December volumes, revenues, monthly financial trends, productivity, and operating margin. He noted that in November, there were high expenses, however, by the end of December volume and	<i>Financials were approved.</i>

	<p>revenues were very strong. The projection for budgeting was for \$290M for this year. However, according to this first update, he is projecting \$50M less than budgeted. Mr. Hussain stated that every month for ED volume has been higher than expected and reviewed a graph showing the time arrived, mode of transportation, etc.</p> <p>Mr. Hussain stated he will fix the Performa schedule for it to be changed to a consolidation in operating margin instead of it being hospital only.</p> <p>In response to Committee member questions, he explained that what really drives the Payor Mix is the Maternal Child Health volume.</p> <p>Motion: To recommend the Board approve the FY20 Period 6 Financials.</p> <p>Movant: Kalbach Second: Juelis Ayes: Chow, Faust, Kalbach, Zoglin, Watters, and Juelis Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>7. SATELLITE DIALYSIS PERFORMANCE</p>	<p>Mr. Hussain stated that the primary purpose of this presentation is to understand the original intent of the JV and information to guide the organization as to whether or not it should invest in possible future opportunities. The joint venture with Satellite did not start until 2015. For the value of the El Camino business, it received a total of \$6M with \$3M in cash and the other \$3M stayed with the venture.</p> <p>Payam Pardis, VP, Business Development, Satellite Dialysis presented on behalf of Satellite Dialysis. He stated that the graphs in the Committee materials present a consolidated view of all the joint ventures between satellite and ECH. Most of the graphs follow the same trend with the exception of Los Gatos, which is lacking in growth. Under EBITDA, when we started in 2015 through 2017, we've had a higher cost and that was mainly because of the inefficiency of a staffing model to bring travel nurses to the market, which raised costs. Mr. Pardis stated that a growth strategy is in the works with El Camino to grow the center at Los Gatos. In Mountain View, there are two centers next to each other, In-Center Dialysis and the Home Program.</p> <p>In response to Committee member's questions, Mr. Hussain stated that there have been improved operations since last year. Mr. Pardis also stated that there will be a massive amount of change coming up. Satellite has a five (5) year strategy with all modalities in all the centers including more than \$150M in investments in technology and platform, variables, and other equipment that can help patients. Los Gatos is the only location that is only "in-center", but it can be reconfigured to include at home service. Moving to at home is the forefront of everything Satellite does these days. Mr. Pardis also stated that quality is the most important pillar. The way quality is measured within Dialysis Centers, there are two star ratings: Quality of Care and Patient Experience. Satellite has the highest quality of care in dialysis across the nation. All of the current centers presented are 4 or 5 star. Mr. Pardis stated that about 50% of the patients come from hospitals. They come into the ER and get referred to an in-center location for dialysis. There is a lot of change in the reimbursement rate. If you are moving patients to at-home, there will be benefits. If you don't, you continue with the same level of practice, which results in 15%</p>	

	loss of reimbursement, depending on how you change the current business model. Mr. Pardis stated that the current centers are at maximum capacity so the modalities can't change. However, there is an opportunity to build more centers.	
8. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 7:24pm.</p> <p>Movant: Kalbach Second: Chow Ayes: Chow, Faust, Kalbach, Zoglin, Juelis, and Watters Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Adjourned to closed session at 7:24pm</i>
9. AGENDA ITEM 15: RECONVENE OPEN SESSION/ REPORT OUT	The open session reconvened at 8:44 pm. Agenda Items 9-14 were covered in closed session. During the closed session, the Committee approved Meeting Minutes of the Closed Session of the Finance Committee (11/25/2019) by a unanimous vote of all members present (Zoglin, Chow, Faust, Kalbach, Juelis and Watters).	
10. AGENDA ITEM 16: APPROVAL OF PHYSICIAN CONTRACTS	<p>Motion: To approve the (a) Urology Call Panel for the LG Campus renewal, and to recommend Board approval of the (b) Bariatric Surgery Call Panel for the MV Campus renewal, and the (c) Interventional Radiology Call Panel for the MV Campus renewal.</p> <p>Movant: Kalbach Second: Watters Ayes: Chow, Faust, Kalbach, Zoglin, Watters, and Juelis Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Physician Contracts approved.</i>
11. AGENDA ITEM 17: FINANCE COMMITTEE RECRUITMENT: POSSIBLE APPOINTMENT OF AD HOC COMMITTEE	<p>Ms. Murphy presented the option of recruitment of an additional community member to join the Finance Committee, subject to board approval.</p> <p>When prompted, Committee members suggested ideal candidates would have the following kinds of knowledge and experience:</p> <ul style="list-style-type: none"> - Background in healthcare - Financial skills - Facilities or project management skills - Someone from the South Bay or Los Gatos area - Diversity (e.g. a female) - Insurance or payor type experience - Experience with a large company (i.e. Google, Apple, etc.) - Medical group experience <p>Chair Zoglin commented that he would work with staff on developing a position description and sourcing candidates. He invited other Committee members to participate in the effort and Mr. Watters agreed to do so.</p>	
12. AGENDA ITEM 18: CLOSING COMMENTS	None noted.	

13. AGENDA ITEM 20: ADJOURNMENT	Motion: To adjourn at 8:59pm Movant: Kalbach Second: Chow Ayes: Chow, Faust, Kalbach, Zoglin, Watters, and Juelis Noes: None Abstentions: None Absent: None Recused: None	Meeting adjourned at 8:59pm
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Attest as to the approval of the foregoing minutes by the Finance Committee of El Camino Hospital:

DocuSigned by:



John Zoglin

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Chair, Finance Committee