



**Minutes of the Open Session of the
Finance Committee of the
El Camino Hospital Board of Directors
Monday, June 3, 2020**

El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040

Members Present

John Zoglin, Chair**
Joseph Chow**
Boyd Faust**
Gary Kalbach**
Don Watters**
Richard Juelis**

Members Absent

**via teleconference

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 verbal roll call was taken. Joseph Chow was not present during roll call. All other members were present and participated telephonically. A quorum was present pursuant to State of California Executive Orders N-25-20 dated March 12, 2020 and N-29-20 dated March 18, 2020.	
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. None were noted.</p> <p>Motion: To approve the consent calendar: (a) Minutes of the Open Session of the Finance Committee Meeting (04/27/2020) and (b) Massimo Agreement, and for information: (c) FY20 Committee Pacing Plan, (d) Major Capital Projects in Progress, (e) Progress Against FY20 Committee Goals, (f) Articles of Interest and (g) Siemens Services Agreement.</p> <p>Movant: Kalbach Second: Faust Ayes: Faust, Juelis, Kalbach, Watters, and Zoglin Noes: None Abstentions: None Absent: Chow 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. There were no questions.	
6. COMMITTEE RECRUITMENT	Chair Zoglin stated there were three candidates in early May 2020. Management and Ad Hoc Committee members felt that two complimented with some skill sets. The current plan is for the full Committee to interview them at the July 27 th meeting. The expectation is only to recruit one additional member.	
7. PERIOD 10 FINANCIALS	Michael Moody, Interim CFO, presented the FY20 Period 10 Financials. Mr. Moody stated that, in April, COVID-19 affected volumes which were down in excess of 30% and ECH alone were below budget in excess of 30%. Net patient revenue was down 35%. Mr. Moody stated that the	

	<p>investment portfolio came back by about \$37M and continues to improve. Included in the results is Rent Forgiveness of \$976,000 for independent physicians. The independent physicians are focused on generating their own revenue, but obviously they have been challenged during this time. Rent forgiveness was one of the ways ECH was able to help them. The other way ECH was able to assist them was by having our IT team assist them with setting up virtual appointments.</p> <p>Mr. Moody reported that Medicare is paying for video visits the same as in person visits, but phone appointments may have a lower payment rate.</p> <p>Jim Griffith, COO, presented the salary and wage updates. He stated that management has put in programs immediately to take care of those staff that were displaced from units that were closing or decreased operations, including a labor pool. Mr. Griffith stated there was a command center set up to run the operations of the hospital and to ensure there was proper personal protective equipment for the whole staff. There were many initiatives in place from hiring freezes to combining units to mitigate the financial impact of COVID-19. There was a plan for a \$9M per month savings target, which has been identified and implemented.</p> <p>Bruce Harrison, President, SVMD, stated that at SVMD, on March 15, there was an immediate drop in visits by 75%. During that week, there were over 2,000 appointments cancelled due to the Shelter In Place. Telehealth visits were implemented and staff called the patients to reschedule to continue their care. On the expense side, SVMD had identified a \$600,000 per month savings including amending operating hours and closed the First Street location. Mr. Harrison stated that as of end of May, volume at SVMD has grown 80% from where it was during the height of COVID-19. The percentage of visits is now down 30% as patients are developing more comfort coming back to the office.</p> <p>Mr. Moody stated that on the month to date report, there is a total cash increase of \$118M that is made up of the Medicare Advance, the CARES Act Funding, and the change in the Investment Portfolio. On a year to date basis, operating margin is \$27.3M and unfavorable to budget by \$36M (cumulative impact of operating loss of March and April).</p> <p>In response to committee members' questions, Mr. Moody stated that rent forgiveness has been set up only for March and April at the moment. Mr. Griffith stated that as far as per diems for any contract staff, management has eliminated or reduced those types of staff. There has been a substantial flexing in staff including a reduction in Medical Directors and the number of hours they are working.</p>	
<p>8. FY21 BUDGET PROCESS & TIMELINE</p>	<p>Mr. Moody presented the FY21 Budget Process & Timeline and stated forecasting Fiscal Year 21 has been a challenge due to what has happened. There will be a budget presented during the July 27th joint meeting with ECHB.</p>	
<p>9. AGENDA ITEM 18: FY21 COMMITTEE PLANNING</p>	<p>Agenda Item #18 was moved to the first part of the open session following Agenda Item #8 by Chair Zoglin.</p> <p>There were recommended changes to item 18(b) regarding FY21 Committee Goals. Mr. Watters noted that he feels uncomfortable waiting for Goal #3 and should prioritize this goal as the #1 Goal. Mr. Faust noted that other committees should be focused on patient experience. Chair Zoglin suggests that should be moved to Goal #4 as this is evaluated at the Quality Committee level.</p>	<p><i>FY21 Committee Planning was approved.</i></p>

	<p>Motion: To approve the Proposed FY21 Committee Goals, Pacing Plan and Meeting Dates with the changes noted.</p> <p>Movant: Kalbach Second: Watters Ayes: Chow, Faust, Juelis, Kalbach, Watters, and Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
10. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 6:31pm.</p> <p>Movant: Kalbach Second: Faust Ayes: Chow, Faust, Juelis, Kalbach, Watters, and Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Adjourned to closed session at 6:31pm</i>
11. AGENDA ITEM 16: RECONVENE OPEN SESSION/ REPORT OUT	The open session reconvened at 7:48 pm. Agenda Items 10-15 were covered in closed session. During the closed session, the Committee approved Meeting Minutes of the Closed Session of the Finance Committee (04/27/2020) by a unanimous vote of all members present (Chow, Faust, Juelis, Kalbach, Watters, and Zoglin).	
12. AGENDA ITEM 17: APPROVE/RECOMMEND PHYSICIAN CONTRACTS	<p>Motion: To approve the (a) Ophthalmology Professional Services Renewal Agreements (Enterprise) (b) Anatomic Pathology and Laboratory Medical Director Renewal Agreement (Enterprise) (c) Cancer Program Medical Director Renewal Agreement (Enterprise) (d) Respiratory Care Services Medical Director Renewal Agreement (MV) (e) Radiation Oncology Medical Director Renewal Agreement (MV) (f) NICU Medical Director Renewal Agreement (MV) (g) New Inpatient Perinatal Program Medical Director Agreement (MV) (h) Cardiac Cath Lab Medical Director Renewal Agreement (MV) (i) Echocardiography Medical Director Renewal Agreement (MV)</p> <p>Movant: Kalbach Second: Watters Ayes: Chow, Juelis, Kalbach, Watters, and Zoglin Noes: Faust Abstentions: None Absent: None Recused: None</p>	<i>Physician Contracts approved.</i>
13. AGENDA ITEM 19: PROPOSED FY21 PERFORMANCE INCENTIVE GOALS (FINANCE AND GROWTH)	<p>Mr. Moody presented the Proposed FY21 Performance Incentive Goals. He stated that the finance goal is measured by operating EBIDA and the growth goal is measured by net revenue. Management is proposing to use the rolling forecast for this item. For the operating EBIDA goal, minimum would be at a hundred percent of the rolling forecast model post the October 2020 updates. That would incorporate the actual experience from May through October as part of the monthly target. The target would be 110% of the rolling forecast and stretch to be at 120%. Growth would be used by the same results of the model and would be 90% of the rolling forecast, 105% for target and 110% for stretch.</p> <p>In response to committee members' questions, Mr. Moody stated that management believes that linking the goal more to actual revenue would be a better metric given the loss in volume from a procedure standpoint.</p>	<i>FY21 Performance Incentive Goals approved.</i>

	<p>Mr. Moody also stated that management will adjust the numbers based on experience. In November 2020, there will be a model that takes into account actual experience through October 2020 and forecasts that through June 2021 After October, the only way the forecast can be changed again is if it came back through the Board for any changes proposed.</p> <p>Motion: To recommend Board approval of the Proposed FY21 Performance Incentive Goals (Finance and Growth).</p> <p>Movant: Kalbach Second: Watters Ayes: Chow, Juelis, Kalbach, Watters, and Zoglin Noes: Faust Abstentions: None Absent: None Recused: None</p>	
<p>14. AGENDA ITEM 19: ADJOURNMENT</p>	<p>Motion: To adjourn at 8:06pm</p> <p>Movant: Kalbach Second: Juelis Ayes: Chow, Faust, Juelis, Kalbach, Watters, and Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Meeting adjourned at 8:06pm</i></p>

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

DocuSigned by:

 John Zoglin
 Chair, Finance Committee