



**Minutes of the Open Session of the  
Finance Committee of the  
El Camino Hospital Board of Directors  
Monday, September 27, 2021**

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

**Members Present**

**John Zoglin, Chair\*\***  
**Joseph Chow\*\***  
**Wayne Doiguchi\*\***  
**Peter Fung, MD\*\***  
**Bill Hooper\*\***  
**Cynthia Stewart\*\***  
**Don Watters\*\***

**Members Absent**

\*\*via teleconference

<b>Agenda Item</b>	<b>Comments/Discussion</b>	<b>Approvals/ Action</b>
<b>1. CALL TO ORDER/ ROLL CALL</b>	The open session meeting of the Finance Committee of El Camino Hospital (the "Committee") was called to order at 5:30 pm by Chair John Zoglin. A verbal roll call was taken. All other members were present and participated telephonically except for Joseph Chow. 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.	
<b>2. POTENTIAL CONFLICT OF INTEREST</b>	Chair Zoglin asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
<b>3. PUBLIC COMMUNICATION</b>	There were no comments from the public.	
<b>4. CONSENT CALENDAR</b>	<p><b>Motion:</b> To approve the consent calendar: (a) Minutes of the Open Session of the Finance Committee meeting (08/09/2021) (b) FY 2022 Period 1 Financials and for information: (c) FY 2022 Pacing Plan (e) Article of Interest</p> <p><b>Movant:</b> Doiguchi  <b>Second:</b> Watters  <b>Ayes:</b> Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<b>Consent Calendar was approved.</b>
<b>5. REPORT ON BOARD ACTIONS</b>	Chair Zoglin asked the Committee for any questions or feedback on the Report on Board Actions as further detailed in the packet.	
<b>6. FY2022 PERIOD 2 FINANCIAL REPORT</b>	<p>Carlos Bohorquez, Chief Financial Officer presented the FY2022 Period 2 Financial Report as of August 31<sup>st</sup> and highlighted the following:</p> <ul style="list-style-type: none"> <li>• Overall very strong volumes across the organization. From an outpatient standpoint, volume has been particularly strong. Mr. Bohorquez stated we tracked activity across 18 service lines and 15 of the 18 service lines were favorable to budget. Some of the notable service lines favorable to budget were: ER 38%, Orthopedics 39%, Rehab Services 49%, and Lab 29%. In August, overall outpatient activity was 25 % favorable to budget.</li> <li>• From an inpatient standpoint, volume is equality strong. Mr. Bohorquez stated, we tracked inpatient activity in 13 service lines</li> </ul>	

and 8 of the 13 service lines were favorable to budget and overall Inpatient volumes were 9% favorable to budget. Some notable service lines favorable to budget: General Medicine 21%, Neurosciences: 18%, and Oncology 23%

- Mr. Bohorquez stated there are two service lines unfavorable to budget, which include: General Surgery: -21% and OBGYN - 29% which attributed to some key physicians taking vacation during the month of August.

From an operational standpoint, Mr. Bohorquez highlighted the following:

- We anticipate FTEs to be unfavorable to budget and unfavorable over the rest of the fiscal year. As volume rebounds back to pre-Covid levels, the organization is adding staff to ensure we deliver excellent patient care.
- Net days in A/R are unfavorable to target year-over-year, but we have identified the root cause which includes: 1) High volume and 2) One major payor put a claim hold as they updated their system with our new chargemaster.
- Mr. Bohorquez noted that he's confident we have the right leaders and processes in place in the revenue cycle department, but that being said, there are a few things that are in process of implementing to ensure we continue to stay on track as payors and the government change process. The following have been implemented: 1) Outsourced low dollar high volume accounts and 2) Development of a denials management team which will assist with identifying the root causes of payor denials to implement adjustments and corrections in the process.

Mr. Bohorquez continued the discussion by providing an overview of the Financial Performance:

- From a bottom-line perspective, total operating revenue of \$108M was driven by strong volumes and strategic pricing which was implemented on July 1<sup>st</sup>. Total operating revenue was overall favorable to budget by 9.4% and year over year 20.2%.
- Operating EBIDA \$21.9M favorable to budget by \$9.1M and \$14.5M better than year over year.
- In July our net income was unfavorable to budget by \$5.7M, because of negative performance in our investment portfolio.

Mr. Bohorquez then discussed the YTD Financial results for period 1 and 2 and highlighted the following:

- From a volume perspective, similar trends as identified in Period 2. Mr. Bohorquez stated that when the budget was prepared, we didn't anticipate ED volume would fully rebound to pre-covid levels this quickly, especially given the Delta variant and other restrictions in place.

	<ul style="list-style-type: none"> <li>• Average Daily Census, FY2022, ADC is at 263 which is 7% increase compared to FY2021, a 16% increase compared to FY2020, and a 9% increase compared to FY2019.</li> <li>• Total Adjusted Discharges for FY2022 YTD is at 3,442 which is a 14% increase compared to FY2021, a 17% increase compared to FY2020, and a 13% increase compared to FY2019.</li> </ul> <p><b>Motion:</b> To approve FY2022 Period 2 Financial Report</p> <p><b>Movant:</b> Watters  <b>Second:</b> Doiguchi  <b>Ayes:</b> Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<p><b>7. WOMEN'S HOSPITAL PROJECT UPDATE</b></p>	<p>Ken King, CASO presented an update regarding the Women's Hospital Expansion project and highlighted the following:</p> <ul style="list-style-type: none"> <li>• In the five months since, the contractors have completed the detailed coordination for the installation of utility infrastructure and above ceiling work on the 2<sup>nd</sup> &amp; 3<sup>rd</sup> Floors. The installation of new windows is in progress. Along with the work in the main entrance lobby.</li> <li>• Overall the contractors continue to be on time working towards the completion of Phase 1 in December of 2022. There have been no cost change orders to the construction contract to date and the project is currently forecasted to be completed within the approved budget.</li> <li>• The first major milestone for the project will be the completion of new main entrance lobby which is on track to be completed by July 2022, with the 2<sup>nd</sup> and 3<sup>rd</sup> Floors projected to be completed in December 2022</li> </ul>	
<p><b>8. ECHMN QUARTERLY FINANCIAL REPORT</b></p>	<p>Vince Manoogian, Interim ECHMN President and David Neapolitan, VP of Finance presented the ECHMN Quarterly Financial Report and discussed the following the topics: 1) Operational Update 2) FY2021 Financial Report- Pre-Audit 3) FY2021 Revenue Cycle Improvements and 4) YTD FY2022 Financial Report and highlighted the following:</p> <p><b><u>Operational Update:</u></b></p> <ul style="list-style-type: none"> <li>• FY2020 Year End Results: (\$40.1M)</li> <li>• FY2021 Year End Results: (\$35.6M) compared to projected (\$35.4M)</li> <li>• FY2022 Budget: (\$32.9M)</li> <li>• YTD FY2022 Results: Favorable to budget in July and August</li> <li>• ECHMN received a 100% MIPS Score, which should result in a 2.2% increase in Medicare payments for Calendar Year 2022</li> </ul> <p><b><u>FY 2021 Financial Report- Pre-Audit</u></b></p> <ul style="list-style-type: none"> <li>• Net income was favorable to prior year by \$4.5M or 11.1%.</li> </ul>	

	<ul style="list-style-type: none"> <li>Revenue cycle KPIs improved favorably with improved oversight of credentialing, health plan enrollment overall management of process flows.</li> <li>COVID-19 pandemic impacted procedural based clinic volumes despite addition of telehealth visits.</li> <li>Santa Clara County terminated Hospitalist and Intensivist Agreement effective September 30, 2020 resulting in an unfavorable variance from budget of approximately \$2.1M.</li> </ul> <p><b><u>FY2021 Revenue Cycle Improvements</u></b></p> <ul style="list-style-type: none"> <li>Total Payments collected in FY2021 were \$38.5M – a \$10.2M (36%) increase from prior fiscal year. Contributing factors: Increased patient volume, Improvements to negotiated payer contract rates/fee schedules and process improvements in revenue cycle/operations.</li> <li>June A/R days ended at 41.6 days. This represents a 28.5% improvement from prior fiscal year end 58.2 days.</li> </ul> <p><b><u>YTD FY2022 Financial Report</u></b></p> <ul style="list-style-type: none"> <li>Net income is favorable to budget by \$175K or 3.3% and favorable to the prior year by \$722K or 12.3%.</li> <li>Labor expenses favorable to budget as Vaccine Clinics closed earlier than planned and timing of filing budgeted positions</li> <li>Capitated revenues are unfavorable by \$393K as result of delays in changes to plan DOFR's and addition of new membership</li> <li>For the first two months of FY2022 payer mix shifted slightly to Medicare based coverages.</li> <li>Revenue cycle measures for days in accounts receivable and over 90 have increased slightly over the last quarter as a result of payor issues which are being addressed with the respective plans.</li> </ul>	
<p><b>9. ADJOURN TO CLOSED SESSION</b></p>	<p><b>Motion:</b> To adjourn to closed session at 6:38pm.</p> <p><b>Movant:</b> Watters  <b>Second:</b> Fung  <b>Ayes:</b> Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<p><b>10. AGENDA ITEM 16: RECONVENE OPEN SESSION/REPORT OUT</b></p>	<p>Agenda Items 11-14 were covered in the closed session and the Committee approved the consent calendar by a unanimous vote of all members present (<i>Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin</i>).”</p>	
<p><b>11. AGENDA ITEM 17: PHYSICIAN CONTRACTS &amp; AGREEMENTS</b></p>	<p><b>Motion:</b> To approve LG Orthopedic Surgery Panel Agreement</p> <p><b>Movant:</b> Watters  <b>Second:</b> Fung  <b>Ayes:</b> Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin  <b>Noes:</b> None</p>	

	<p><b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p> <p><b>Motion:</b> to approve recommendation for Board Approval of: Enterprise OB Hospitalist Services Renewal Agreement and Radiation Oncology Recruitment Agreement</p> <p><b>Movant:</b> Fung  <b>Second:</b> Watters  <b>Ayes:</b> Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<b>12. AGENDA ITEM 18: CLOSING COMMENTS</b>	No closing comments	
<b>13. AGENDA ITEM 19: ADJOURNMENT</b>	<p><b>Motion:</b> to adjourn at 7:40 pm.</p> <p><b>Movant:</b> Fung  <b>Second:</b> Doiguchi  <b>Ayes:</b> Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chow  <b>Recused:</b> None</p>	

**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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John Zoglin

Chair, Finance Committee

Prepared by: Samreen Salehi, Executive Assistant II, Administrative Services