



**Minutes of the Open Session of the
Finance Committee of the
El Camino Hospital Board of Directors
Monday, November 22, 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

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 5:30 pm by Chair John Zoglin. A verbal roll call was taken. All other members were present in person with one member participating 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>Motion: To approve the consent calendar: (a) Minutes of the Open Session of the Finance Committee meeting (09/27/2021) (b) FY2022 Period 3 Financials and for information: (c) FY2022 Pacing Plan (e) Article of Interest.</p> <p>Chair Zoglin asked if any of the Committee Members would like to pull an item from the consent calendar. Mr. Chow stated to review the motions and voting as he's been marked absent but attended the meeting.</p> <p>Movant: Watters Second: Doiguchi Ayes: Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Consent Calendar was approved.</i></p>
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. FY2022 PERIOD 4 FINANCIAL REPORT & CAPITAL EXPENDITURE UPDATE	<p>Carlos Bohorquez, Chief Financial Officer presented the FY2022 Period 4 Financial Report and Capital Expenditure Update and opened the discussion by highlighting the following:</p> <ul style="list-style-type: none"> • Mr. Bohorquez stated all the items highlighted in green indicate key statistics of patient activity which is favorable versus budget and prior fiscal year. • Key statistics include the following: ADC (average daily census) Utilization MV and LG, combined utilization, MS discharges, ED 	

visits are all favorable to budget and prior year by double-digit percentages.

- As discussed in the other meetings, Mr. Bohorquez stated the organization has rebounded well from the various waves of Covid. This is attributed to actions taken by Management early and throughout the pandemic.
- Most service lines including the ER, are back to pre-Covid levels.
- Inpatient activity demonstrates solid improvement from last fiscal year, all service lines with the exception of rehab are favorable compared to prior fiscal and favorable to budget.
- Outpatient activity has been very strong, including the ER which had taken a bit longer to rebound to pre-Covid levels.
- Endoscopy and interventional cases are slightly unfavorable to budget, due to several key physicians scheduled vacations in the month of October.
- The overall payor mix is stable despite higher unemployment rates in community.

Mr. Bohorquez continued the discussion of Period 4 (Oct. 2021) financial results and highlighted the following:

- Mr. Bohorquez stated one item in red is total FTEs versus the prior fiscal year, we are unfavorable to budget by 9%. This is not an area of concern given that as additional volume is coming to the organization we are flexing up. As an organization, we have been very fortunate that we haven't decreased capacity due to the shortages of clinical and non-clinical staffing versus other organizations.
- Net Days in A/R are unfavorable to budget. The current year is at 55.6 which is higher than target. This is related to a payor which we expect will be corrected over the next 30-45 days.
- From an overall performance standpoint, net patient revenue is \$106.6M which is 9.6% favorable to budget and 17.8% favorable compared to prior fiscal year.
- Mr. Bohorquez stated three factors contribute to these variances: 1) strong patient activity 2) our payor mix has been steady and consistent with prior fiscal year 3) and other initiatives that we have implemented to improve revenue.
- Operating EBIDA of \$22.3M is favorable to budget by 51% and favorable to the prior fiscal year by 45.5%.
- Net income of \$39.4M is favorable to budget by \$24.0M, Mr. Bohorquez stated that this is mostly attributed to unrealized gains on our investment portfolio. He noted that given recent instability of the capital markets, there's a risk that net income will fluctuate significantly based on changes to unrealized gains/(losses) on our investment portfolio.
- Operating EBIDA margin \$20.1% versus 14.6% budget.

Mr. Bohorquez continued the discussion by presenting YTD FY2022 (as of 10/31/2021) performance and highlighted the following:

- Revenue has been strong given the rebound in volumes as previously discussed and revenue improvement strategies. YTD FY2022 total operating revenue is 10.4% favorable to budget and 17.2% favorable to the same period prior fiscal year.

	<ul style="list-style-type: none"> • Operating EBIDA \$84.3M is 58.5% favorable to budget. • Overall, Mr. Bohorquez stated that management is pleased with the performance of the organization given the challenges presented by Covid and staffing shortages. <p>Mr. Bohorquez finished the discussion by presenting an overview of all the capital projects that have been approved by the Finance Committee and the Board and stated moving forward we will ensure these projects are tracked to understand what commitments are being made by the organization and how we are doing overall as far as expenditure versus those commitments.</p> <p>In the discussion, Mr. Bohorquez highlighted the following metrics:</p> <ul style="list-style-type: none"> • Approved projects: \$253M • Total spent to date: \$59M • Remaining: \$194M <p>Motion: To approve the FY2022 Period 4 Financial Report and Capital Expenditure Update</p> <p>Movant: Fung Second: Watters Ayes: Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>7. FY2023 COMMUNITY BENEFIT GRANT APPLICATION GUIDING PRINCIPALS/PROC ESS</p>	<p>Jonathan Cowan, Senior Director Government Community Benefits and Relations presented an overview to provide input on the proposed “Guiding Principles” as well as the El Camino Health Community Benefit “Ranked & Prioritized Health Needs,” including approximate grant funding percentages for each of the five health needs.</p> <p>Mr. Cowan stated this overview will orient the Finance Committee to staff-initiated Community Benefits grant proposals being investigated. Further details are discussed in the provided materials.</p>	
<p>8. INTENT TO REIMBURSE: RESOLUTION</p>	<p>Mr. Bohorquez presented an overview of the Intent to Reimburse: Resolution. The purpose of the resolution is to enable the organization to reimburse itself for capital expenditures associated with the following projects, in the event the organization decides to issue new debt in the future:</p> <ul style="list-style-type: none"> • Women’s Hospital Expansion • Interventional Radiology and Imaging suite upgrades and equipment replacement • Interventional Radiology and Nuclear Medicine suite upgrades and equipment replacement • Upgrade of Operating Room decontamination area <p>Mr. Bohorquez also highlighted the following regarding the resolution:</p>	

	<ul style="list-style-type: none"> The resolution does not authorize management to issue any new debt. Also, it does not authorize management or obligate the organization to fund any project or issue any new debt outside of the required approval process. This resolution will also enable the organization to reimburse itself for capital already spent to provide flexibility to the organization to not solely depend on cash flow from operations to fund all capital projects as it may not always be sufficient enough to do so. <p>Motion: To approve the Intent to Reimburse: Resolution</p> <p>Movant: Watters</p> <p>Second: Fung</p> <p>Ayes: Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: None</p> <p>Recused: None</p>	
<p>9. CAPITAL REQUESTS: (a) LG Interventional Radiology Equipment Replacement (b) LG Nuclear Medicine Equipment Replacement & Code Upgrades (c) LG Operating Room Sterile Processing Upgrade</p>	<p>Jim Griffith, COO, Ken King, CASO, and Omar Chughtai, VP of Operations presented the following capital projects:</p> <ol style="list-style-type: none"> 1) LG Interventional Radiology Equipment Replacement 2) LG Nuclear Medicine Equipment Replacement & Code Upgrades 3) LG Operating Room Sterile Processing Upgrade <p>Management is requesting the Finance Committee to approve the projects with the requested spending amount as further detailed in the materials.</p> <p>Motion: To approve the Capital Project requests</p> <p>Movant: Fung</p> <p>Second: Doiguchi</p> <p>Ayes: Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: None</p> <p>Recused: None</p>	
<p>10. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 6:40 pm.</p> <p>Movant: Fung</p> <p>Second: Hooper</p> <p>Ayes: Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: None</p> <p>Recused: None</p>	
<p>11. AGENDA ITEM 18: RECONVENE OPEN SESSION/REPORT OUT</p>	<p>Agenda Items 12-15 were discussed in the closed session and the Committee approved the consent calendar by a unanimous vote of all members present (Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin).</p>	
<p>12. AGENDA ITEM 19: PHYSICIAN CONTRACTS & AGREEMENTS</p>	<p>Motion: to approve the LG Critical Care Unit Emergency Department and Inpatient Coverage On-Call Panel Renewal Agreement and the Enterprise Radiology Professional Services Renewal Agreement</p> <p>Movant: Watters</p> <p>Second: Doiguchi</p>	

	<p>Ayes: Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p> <p>Motion: to recommend Board approval for the Mountain View OBGYN Call Panel Renewal Agreement.</p> <p>Movant: Watters Second: Doiguchi Ayes: Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
13. AGENDA ITEM 20: CLOSING COMMENTS	No closing comments	
14. AGENDA ITEM 21: ADJOURNMENT	<p>Motion: to adjourn at 8:30 pm.</p> <p>Movant: Fung Second: Watters Ayes: Chow, Doiguchi, Fung, Hooper, Stewart, Watters, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	

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

DocuSigned by:

John Zoglin

D411E71E6749499...

John Zoglin

Chair, Finance Committee

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