



**Minutes of the Open Session of the  
Finance Committee of the  
El Camino Hospital Board of Directors  
Monday, August 15, 2022**

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

**Members Present**

**Don Watters, Chair  
Wayne Doiguchi  
Peter Fung, MD  
Bill Hooper  
Cynthia Stewart**

**Members Absent**

**Joseph Chow**

\*\*via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
1. <b>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 Don Watters. A verbal roll call was taken. All members were present at roll call, except for Joseph Chow was absent. 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. <b>POTENTIAL CONFLICT OF INTEREST</b>	Chair Watters asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
3. <b>PUBLIC COMMUNICATION</b>	There were no comments from the public.	
4. <b>CONSENT CALENDAR</b>	<p><b>Motion:</b> To approve the consent calendar: (a) Minutes of the Open Session of the Finance Committee meeting (05/26/2022) (b) Minutes of the Open Session of the Joint Hospital Board &amp; Finance Committee Meeting (05/26/2022) (c) FY2022 Period 11 Financial Report (d) FY2023 Pacing Plan (e) Article of Interest.</p> <p><b>Movant:</b> Doiguchi  <b>Second:</b> Hooper  <b>Ayes:</b> Doiguchi, Fung, Hooper, Stewart, Watters  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chow  <b>Recused:</b> None</p>	<b>Consent Calendar was approved.</b>
5. <b>REPORT ON BOARD ACTIONS</b>	Chair Watters asked the Committee for any questions or feedback on the Report on Board Actions, as further detailed in the packet.	
6. <b>PERIOD 12 FINANCIAL REPORT</b>	<p>Carlos Bohorquez, Chief Financial Officer presented the Pre-Audit FY2022 Period 12 financials as of June 30, 2022, and highlighted the following:</p> <p><b>Operational/ Financial Results:</b></p> <ul style="list-style-type: none"> <li>Mr. Bohorquez stated the activity for June continued to be strong as has been the case for the entire fiscal year. ADC (average daily census) was favorable to budget by 8.0% and better than the same period last fiscal year by 4.9%. Adjusted Discharges which is a representation of inpatient and outpatient volume was favorable to budget by 20.3% and better than the same period last fiscal year by 9.4%.</li> </ul>	

- Mr. Bohorquez stated a few service lines which had particularly strong volume were:
  - 1) Outpatient Surgery: better than budget by 39.3% and better than last fiscal year by 3.1%.
  - 2) Emergency Department: better than budget by 50.8% and better than last fiscal year by almost 29.2%.
  - 3) Strong inpatient activity in labor & delivery and NICU volumes.
- The executive dashboard indicates that total FTEs are unfavorable to budget, but Mr. Bohorquez stated that this is attributed to the organization adding FTEs to accommodate the year-over-year growth.
- Cost per CMI adjusted discharge is favorable to budget by 26.5%. Mr. Bohorquez stated this is the result of a one-time adjustment to our pension liability and on-going initiatives to manage variable expenses. This one-time adjustment of \$16M was recorded in June. Mr. Bohorquez stated this is why the favorable to budget is greater than prior months of FY2022.
- Net Days in AR is unfavorable to budget and prior fiscal year, Mr. Bohorquez stated this is attributed to the following:
  - 1) Strong net patient revenue across the organization so short-term AR has increased consistent with volumes.
  - 2) Payors are also experiencing workforce issues which is impacting their ability in a timely basis.
- From an operating financial performance standpoint, Mr. Bohorquez stated strong revenue related to a stable payor mix and strong activity as indicated.
- From an Operating EBIDA standpoint favorable to budget by \$31.0M and better than last fiscal year by almost \$16.8M.

**Pre-Audit Financials: YTD FY2022 as of 06/30/2022**

Mr. Bohorquez stated these are not final until the external auditors complete the audit process and present to CAC / Board.

- Total fiscal year patient volumes very similar to June. Strong inpatient volumes and total outpatient cases consistently exceeded budget and prior year totals. Of particulate note is the significant activity in both our Emergency Rooms, total volumes for the fiscal year were 35.5% favorable to budget and 39.1% better than last fiscal year.
- From an operational standpoint, Mr. Bohorquez shared that FTEs were higher than budgeted, but this is consistent with necessary increases in workforce to accommodate patient activity.
- Total operating revenue of \$1.354 billion was very strong and mainly attributed to the volume trends previously discussed and a number of initiatives to improve per unit revenue. Mr. Bohorquez stated this is better than budget by 13.6% and year over year increase of 17.1%.
- From an operating EBIDA standpoint, better than budget by \$122.4M and better than last fiscal year by \$115.4M.
- Mr. Bohorquez shared that FY2022 has been a very challenging year for non-operating revenue. Non-operating revenue is primarily composed of investment income, ended FY2022 at

	<p>(\$151.3M) which is \$392.1M lower than the same period last fiscal year.</p> <ul style="list-style-type: none"> <li>Net income of \$43.8M is unfavorable to budget by \$128.6M and lower than last fiscal year by \$284.3M. These significant unfavorable variances are solely attributed to unfavorable investment income.</li> </ul> <p><b>Motion:</b> To approve the FY2022 Period 12 Financials.</p> <p><b>Movant:</b> Hooper  <b>Second:</b> Doiguchi  <b>Ayes:</b> Doiguchi, Fung, Hooper, Stewart, Watters  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chow  <b>Recused:</b> None</p>	
<p><b>7. REAL ESTATE / APN: 264-09-57</b></p>	<p>Ken King, Chief Administrative Services Officer presented the real estate acquisition and request that Finance Committee recommend that the Board authorize management to proceed with the purchase of the medical office building (MOB) / property located at 625 Lincoln Avenue, in San Jose at a cost not to exceed \$19.5 million.</p> <p>Mr. King highlighted the following during the discussion as further detailed in the materials:</p> <ul style="list-style-type: none"> <li>El Camino Health Medical Network (ECHMN) currently leases the property located at 625 Lincoln Avenue, in San Jose, (referred to as the Willow Glen Clinic).</li> <li>ECH received notice on May 31<sup>st</sup> that we had 60 days to accept or reject the offer to purchase the property. We notified the seller that we accepted the offer subject to approval by the Board of Directors.</li> </ul> <p><b>Motion:</b> To recommend that the Board approve the purchase of the MOB / property located at 625 Lincoln Avenue, San Jose.</p> <p><b>Movant:</b> Hooper  <b>Second:</b> Doiguchi  <b>Ayes:</b> Doiguchi, Fung, Hooper, Stewart, Watters  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chow  <b>Recused:</b> None</p>	
<p><b>8. ADJOURN TO CLOSED SESSION</b></p>	<p><b>Motion:</b> To adjourn to closed session at 5:59 pm.</p> <p><b>Movant:</b> Doiguchi  <b>Second:</b> Fung  <b>Ayes:</b> Doiguchi, Fung, Hooper, Stewart, Watters  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chow  <b>Recused:</b> None</p>	<p><i>Adjourned to closed session at 5:59 pm</i></p>
<p><b>9. AGENDA ITEM 15: RECONVENE OPEN</b></p>	<p>During the Closed Session, the Finance Committee approved the following items: Closed Session Minutes of May 26<sup>th</sup>, 2022 Finance</p>	

<b>SESSION/REPORT OUT</b>	Committee Meeting and the Closed Session Minutes of the May 26 <sup>th</sup> , 2022 Joint Hospital Board & Finance Committee Meeting by a unanimous vote of all Committee Members present: Mr. Doiguchi, Dr. Fung, Mr. Hooper, Ms. Stewart, Mr. Watters, and Mr. Chow was absent.	
<b>10. AGENDA ITEM 16: PHYSICIAN CONTRACTS &amp; AGREEMENTS</b>	<p><b>Motion:</b> To approve physician contracts and recommend for board approval.</p> <p><b>Movant:</b> Fung  <b>Second:</b> Doiguchi  <b>Ayes:</b> Doiguchi, Fung, Hooper, Stewart, Watters  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chow  <b>Recused:</b> None</p>	
<b>11. AGENDA ITEM 17: CLOSING COMMENTS</b>	None	
<b>12. AGENDA ITEM 18: ADJOURNMENT</b>	<p><b>Motion:</b> To adjourn at 7:15 pm.</p> <p><b>Movant:</b> Fung  <b>Second:</b> Doiguchi  <b>Ayes:</b> Doiguchi, Fung, Hooper, Stewart, Watters  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chow  <b>Recused:</b> None</p>	<i>Meeting adjourned at 7:15 pm</i>

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



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Don Watters

Chair, Finance Committee

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