

AGENDA
COMPLIANCE AND AUDIT COMMITTEE OF THE
EL CAMINO HOSPITAL BOARD OF DIRECTORS
Wednesday, February 28, 2024– 5:00 pm

El Camino Health | 2500 Grant Road Mountain View, CA 94040, Sobrato Boardroom 2

THE PUBLIC IS INVITED TO JOIN THE OPEN SESSION PORTION OF THE MEETING LIVE AT THE ADDRESS ABOVE OR VIA TELECONFERENCE AT:

1-669-900-9128, MEETING CODE: **974 5553 0941#**. No participant code. Just press #.

Jack Po, MD will be participating via teleconference from 1402 Nilda Ave. Mountain View, CA 94040

Julia Miller will be participating via teleconference from 1611 New Brunswick Ave. Sunnyvale, CA 94087

Sharon Anolik Shakked will be participating via teleconference from 330 East Strawberry Drive, Mill Valley, CA 94941

PURPOSE: To advise and assist the El Camino Hospital (ECH) Hospital Board of Directors (“Board”) in its exercise of oversight of Corporate Compliance, Privacy, Internal and External Audit, Enterprise Risk Management, and Cybersecurity. The Committee will accomplish this by monitoring the compliance policies, controls, and processes of the organization and the engagement, independence, and performance of the internal auditor and external auditors. The Committee assists the Board in oversight of any regulatory audit and in assuring the organizational integrity of ECH in a manner consistent with its mission and purpose.

	AGENDA ITEM	PRESENTED BY	ACTION	ESTIMATED TIMES
1	CALL TO ORDER/ROLL CALL	Jack Po MD, Chair	Information	5:00 – 5:01 pm
2	CONSIDER AB 2449 REQUESTS	Jack Po MD, Chair	Possible Motion	5:01 – 5:02
3	POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Jack Po MD, Chair	Information	5:02 – 5:03
4	PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes, on issues or concerns not covered by the agenda.</i> b. Written Correspondence <i>Comments may be submitted by mail to the El Camino Hospital Board Compliance and Audit Committee at 2500 Grant Road, Mountain View, CA 94040. Written comments will be distributed to the committee as quickly as possible. Please note it may take up to 35 hours for documents to be posted on the agenda.</i>	Jack Po MD, Chair	Information	5:03 – 5:08
5	CONSENT CALENDAR ITEMS: <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> a. Approve Minutes of the Open Session of the CAC meetings (11/27/2023) b. Approve Minutes of the Closed Session of the CAC meetings (11/27/2023) c. Approve New Generative Artificial Intelligence Usage Policy d. Approve revision to Physician Financial Arrangement Policy e. Receive Status of FY 24 Committee Goals f. Receive FY 24 Committee Pacing Plan	Jack Po MD, Chair	Motion Required	5:08 – 5:15
6	REVIEW PROPOSED FY 2024 FINANCIAL AUDIT PLAN	Joelle Pulver, Moss Adams; Carlos Bohorquez, CFO	Discussion	5:15 – 5:30
7	REVIEW PROCESS AND TIMELINE FOR SUCCESSION PLAN FOR COMPLIANCE OFFICER ROLE	Tamara Stafford, Director Talent Development	Discussion	5:30 – 5:40

A copy of the agenda for the Regular Committee Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting. In observance of the Americans with Disabilities Act, please notify us at **(650) 988-7632** prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

	AGENDA ITEM	PRESENTED BY	ACTION	ESTIMATED TIMES
8	RECESS TO CLOSED SESSION	Jack Po MD, Chair	Motion Required	5:40 – 5:41
9	<i>Gov't Code Section 54956.9(d)(2) – conference with legal counsel – pending or threatened litigation:</i> - Receive Compliance Program Reports a. KPI Scorecard and Trends b. Activity Logs November - January 2024 c. Internal Audit Work Plan FY 2024 d. Internal Audit Follow Up Table	Diane Wigglesworth, Compliance/Privacy Officer; Theresa Fuentes, Chief Legal Officer	Discussion	5:41 – 5:50
10	<i>Gov't Code Section 54957(a) – discussion and report regarding cyber security threats to essential public services</i> - Receive Cybersecurity Program Report	Deb Muro, CIO; Josh Spencer, Interim CISO; Theresa Fuentes, Chief Legal Officer	Discussion	5:50 – 6:05
11	<i>Gov't Code Section 54956.9(d)(2) – conference with legal counsel – pending or threatened litigation:</i> - Receive Summary Physician Financial Arrangement	Mark Adams, MD and CMO; Diane Wigglesworth, Compliance/Privacy Officer; Theresa Fuentes, Chief Legal Officer	Discussion	6:05 – 6:15
12	<i>Gov't Code Section 54956.9(d)(2) – conference with legal counsel – pending or threatened litigation:</i> - Receive Internal Audit Report	Diane Wigglesworth, Compliance/Privacy Officer; Theresa Fuentes, Chief Legal Officer	Discussion	6:15 – 6:35
13	<i>Gov't Code Section 54956.9(d)(2) – conference with legal counsel – pending or threatened litigation:</i> - Receive OIG Workplan and Management Responses	Diane Wigglesworth, Compliance/Privacy Officer; Theresa Fuentes, Chief Legal Officer	Discussion	6:35 – 6:45
14	Gov't Code Sections 54957 (b) for discussion and report on personnel performance matters- Senior Management: -Executive Session	Jack Po MD, Chair	Discussion	6:45 – 6:55
15	RECONVENE OPEN SESSION/	Jack Po MD, Chair	Motion Required	6:56 – 6:57
16	CLOSED SESSION REPORT OUT To report any required disclosures regarding permissible actions taken during Closed Session.	Jack Po MD, Chair	Information	6:57 – 6:59
17	ADJOURNMENT	Jack Po MD, Chair	Motion Required	7:00pm

Upcoming Meetings: May 15, 2024, June 26, 2024

**Minutes of the Open Session of the
Compliance and Audit Committee
of the El Camino Hospital Board of Directors
Wednesday, November 29, 2023**

Members Present

Lica Hartman, Vice-Chair
Jack Po, Chair
Julia Miller
Christine Sublett**
Sharon Anolik Shakked**
(left the meeting @ 6:35 PM)
Wayne Doiguchi

Members Absent

None

Others Present

Dan Woods, CEO
Carlos Bohorquez, CFO
Deb Muro, CIO
Theresa Fuentes, CLO
Diane Wigglesworth, Sr. Director,
Corporate Compliance
AJ Reall, Vice President, Strategy
Josh Spencer, Interim CISO
Gabriel Fernandez, Governance Services
Coordinator

**via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	Chair Po called to order the open session meeting of the Compliance and Audit Committee of El Camino Hospital ("the Committee") at 5:03 pm . Committee members Hartman, Po, Miller, Doiguchi participated in person. Committee members Shakked and Sublett were present via teleconference. A quorum was present pursuant to Government Code Section 54953(e)(1).	<i>Called to order at 5:03 pm</i>
2. CONSIDER APPROVAL FOR AB 2449 REQUESTS	Chair Po announced in accordance with AB 2449 there were no requests received today. No motion is necessary.	
3. POTENTIAL CONFLICT OF INTEREST	Chair Po asked if any Committee members had a conflict of interest with any of the items on the agenda. None were reported.	
4. PUBLIC COMMUNICATION	No members of the public were on the line. Chair Po welcomed Director Wayne Doiguchi as a new member of the Compliance and Audit Committee following his recent appointment to the El Camino Hospital Board of Directors.	

<p>5. CONSENT CALENDAR</p>	<p>Chair Po removed agenda item 5b) Minutes of the Closed Session of the CAC meeting (09/27/2023) for discussion in closed session.</p> <p>Motion: To approve the consent calendar items except for item 5b.</p> <p>Movant: Anolik-Shakked Second: Sublett Ayes: Doiguchi, Hartman, Miller, Po, Sublett, Anolik-Shakked Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Consent calendar items 5a, 5c, and 5d approved</i></p>
<p>6. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To recess to closed session at 5:08 pm.</p> <p>Movant: Miller Second: Doiguchi Ayes: Doiguchi, Hartman, Miller, Po, Sublett, Anolik-Shakked Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Recess to closed session at 5:08 pm.</i></p>
<p>7. AGENDA ITEM 15: RECONVENE OPEN SESSION/ REPORT OUT</p>	<p>During the closed session, the Compliance and Audit Committee approved the consent calendar item 5b of the closed session minutes of the September 27th, 2023 Compliance and Audit Committee Meeting.</p>	<p><i>Reconvened to Open Session at 7:09 pm.</i></p>
<p>8. AGENDA ITEM 16: ADJOURNMENT</p>	<p>Motion: To adjourn at 7:10 pm.</p> <p>Movant: Miller Second: Hartman Ayes: Doiguchi, Hartman, Miller, Po, Sublett, Noes: None Abstentions: None Absent: Anolik-Shakked Recused: None</p>	<p><i>Meeting Adjourned at 7:10 pm.</i></p>

Attest as to the approval of the foregoing minutes by the Compliance and Audit Committee of El Camino Hospital:

Gabriel Fernandez
Governance Services Coordinator

Prepared by: Gabriel Fernandez, Governance Services Coordinator
Reviewed by: Tracy Fowler, Director of Governance Services

Status **Pending** PolicyStat ID **15137673**



Origination	N/A	Owner	Melissa Flitsch: Cybersecurity Risk & Compliance Manager
Last Approved	N/A	Area	Information Security
Effective	Upon Approval	Document Types	Policy
Last Revised	N/A		
Next Review	3 years after approval		

Generative Artificial Intelligence Usage Policy

COVERAGE:

This policy applies to all employees, physicians, contractors and affiliated parties working with or on behalf of El Camino Health. This governs all interactions and communication with generative AI models, including but not limited to ChatGPT and similar conversational AI systems.

PURPOSE:

With the increasing popularity of generative AI such as OpenAI's ChatGPT and Epic's drafting of clinical notes, it has become necessary to outline the proper use of such tools while working at El Camino Health. Generative AI refers to technology capable of generating human-like content, including text, images and audio.

While we remain committed to adopting new technologies to aid our mission, we also understand the risks and limitations of generative AI and must ensure its safe and responsible use. Our goal is to protect patients, employees, vendors and El Camino Health from harm.

There are, however, risks in using this technology, including discriminatory bias, uncertainty about who owns the AI-created content, and security/privacy concerns with inputting proprietary organizational information or sensitive information about an employee, patient, vendor, etc. Additionally, the accuracy of the content created by these technologies cannot be relied upon, as the information may be outdated, misleading or – in some cases – fabricated.

POLICY STATEMENT:

It is the policy of El Camino Health to ensure that generative AI is used safely and responsibly to protect

patients, employees, vendors and El Camino Health from harm.

DEFINITIONS:

- **Artificial Intelligence (AI):** Computer systems able to perform tasks that normally require human intelligence.
- **Bias:** In the context of AI models, unwanted or unintended discrimination in predictions or recommendations.
- **Generative AI:** A subset of AI that involves models and algorithms capable of generating new, previously unseen outputs based on the data it has been trained on.
- **Protected Health Information (PHI):** Any individually identifiable personal health information created, stored, transmitted or received by El Camino Health or its business associates.

PROCEDURE:

A. Review and Approval

1. The El Camino Health Generative AI Steering Committee will maintain a list of approved generative AI technologies, along with the limitations and requirements for use.
 - a. Requests for approval of new generative AI technologies may be directed to the committee.
 - b. Procedures for requesting consideration of new generative AI technologies are linked in the References section.
 - c. Approval is required for all new generative AI technologies, even those which are not cloud-based.
2. All AI-generated content must be reviewed for accuracy and bias before relying on it for work purposes, including clinical care. If a reliable source cannot verify factual information generated by the AI, that information must not be used for work purposes.
3. Confidential, PHI or proprietary information must not be entered into Generative AI applications unless that application and information type is permitted in the Approved Application Roster.
4. All third parties that provide generative AI chatbot services to El Camino Health must have a HIPAA Business Associate Agreement (BAA) in effect before use. This includes all use, even if PHI is not intended to be entered into the AI services.

B. Education and Training

1. All employees must be educated on the proper use of generative AI in the workplace.
2. All employees using generative AI for work purposes must attend training on the proper use of that technology before use.

C. Citations and Disclosures

1. When creating documentation using generative AI, users must be aware of, and comply with, the latest conventions and standards for citing and disclosing its use.

D. Intellectual Property

1. As generative AI may produce content that could be considered plagiarized from its knowledge base, including copyrighted works, no text generated or partially generated from generative AI will be eligible to have El Camino Health copyright, trademark or patent at this time.
2. Please refer to El Camino Health's Confidentiality Statement for information on our intellectual property policy in relation to content created by or with generative AI.

E. Ethical Use

1. Employees must use generative AI in accordance with all El Camino Health's conduct and anti-discrimination policies. These technologies must not be used to create content that is inappropriate, discriminatory or otherwise harmful to others or the organization.
2. Users of AI models and technologies must adhere to applicable standards and requirements (i.e., use of the ECH AI Copilot must follow Microsoft's Responsible AI Principles).

F. Monitoring

1. El Camino Health's Acceptable Use Policy and relevant policies still apply when using generative AI for company business or with company equipment.

G. Violations

1. Any violation of this policy will result in disciplinary action, up to and including termination.

COMPLIANCE:

Violations of this policy must be reported to the Chief Information Security Officer or the Compliance Officer. Alternatively, violations may be reported anonymously as outlined in *Compliance Hotline* procedure, available in PolicyStat.

AUDITING:

At any time, the Chief Information Security Officer or the Compliance Officer may authorize the audit of the ECH environment, including its systems and services, for compliance with this policy.

NOTE: Printed copies of this document are uncontrolled. In the case of a conflict between printed and electronic versions of this document, the electronic version prevails.

Approval Signatures

Step Description	Approver	Date
MEC	Michael Coston: Director Quality and Public Reporting	Pending
ePolicy Committee	Patrick Santos: Policy and Procedure Coordinator	02/2024
InfoSec - CISO, Technical Services Director, CIO	Melissa Flitsch: Cybersecurity Risk & Compliance Manager	01/2024
	Melissa Flitsch: Cybersecurity Risk & Compliance Manager	01/2024

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Physician Financial Arrangements - Review and Approval

COVERAGE:

All El Camino Hospital staff, Contract Personnel, Physicians, Healthcare Providers, and the Governing Board.

PURPOSE:

The purpose of this policy is to comply with the Stark law, Anti-Kickback, HIPAA and all other Federal and State Laws.

POLICY STATEMENT:

This policy implements the overall compliance goals of the Hospital with respect to Physician financial arrangements.

This policy establishes administrative principles and guidelines, Board delegation of authority and oversight, and review processes and approvals that must be followed before the Hospital enters into a direct or indirect financial arrangement with an individual physician, a physician group, other organizations representing a physician, or a member of immediate family of a physician ("Physician"). Physician financial arrangements that involve any transfer of value, including monetary compensation, are subject to this and the following policies: 1) Signature Authority policy, 2) Reimbursement of Business Expenses policy, and 3) Physician Recruitment policy.

All financial arrangements of any kind involving Physician, including but not limited to, medical director, consulting, on-call arrangements, professional service agreements, education and training, conference reimbursement or real estate leases, will comply with the Stark law, Anti-Kickback, HIPAA and all other Federal and State Laws. All Physician financial arrangements are prohibited except those Physician financial arrangements that are approved and documented as provided in this Policy.

Physician financial arrangements may be entered into only where they are needed and serve the strategic goals (including quality and value) of the Hospital. Each Physician financial arrangement must meet or exceed the complex and stringent legal requirements that regulate Physician financial relationships with the Hospital. All Physician financial arrangements between a physician and the Hospital must be in writing and meet fair market value, commercial reasonableness and the following requirements as applicable.

PROCEDURE:

A. Administrative Standards:

When creating or renewing a Physician financial arrangement, the following principles must be followed. This Policy applies to any Physician financial arrangement including, but not limit to: Medical Directorships, ED Call Panels,

Professional Services, Panel Professional Services, Consulting, Lease, Education and Training, Conference Payment, and Physician Recruitment.

1. All Physician Financial Arrangements:

- a. Each Physician financial arrangement (except Physician Lease Contracts) must provide a service that is needed for at least one of the following reasons: 1) it is required by applicable law, 2) required administrative or clinical services or oversight can only be provided by a qualified physician, 3) the administrative services to be provided support an articulated strategic goal of the Hospital, such as patient safety, ~~and~~ 4) the arrangement must solve, prevent or mitigate an identified operational problem for the Hospital.
- b. The terms of the Physician financial arrangement must be fair market value and commercially reasonable and must not take into account the volume or value of any referrals or other business generated between the parties. All of the terms of the Physician financial arrangement must be in a written contract that details the work or activities to be performed and all compensation of any kind or the lease terms ("Physician Contracts"). The services contracted for may not exceed those that are reasonable and necessary for the legitimate business purposes of the Physician financial arrangement. If there is more than one Physician Contract with a Physician, the Physician Contracts must cross-reference one another (or be identified on a list of Physician Contracts) and be reviewed for potential overlapping commitments prior to negotiating additional agreements.

The process for determining Physician compensation for each Physician financial arrangement must be set forth in the Physician Contract file and identified in sufficient detail so that it can be objectively verified as meeting fair market value standards. Any compensation paid to or remuneration received by a Physician shall not vary based on the volume or value of services referred or business otherwise generated by the Physician and must reflect fair market value. All physician financial arrangements must be reviewed and approved by the Chief Medical Officer, Compliance, and Legal. Compensation cannot exceed the seventy-fifth percentile of fair market value without prior approval from the Finance Committee of the Board of Directors. Compensation cannot exceed the ninetieth percentile without prior approval from the Finance Committee and the Board of Directors. Board approval. All Physician contracts should use local or regional market data, when available, to

determine the seventy-fifth percentile of FMV.

In order to support reasonableness of compensation or remuneration, written fair market data must accompany the Physician Contract and show compensation paid by similar situated organizations and/or independent compensation surveys by nationally recognized independent firms.

- c. Compensation should not be revised or modified during the first twelve (12) months of any Physician financial arrangement. Exceptions on a case by case basis may be evaluated and approved by Legal and Compliance as long as such modification during the first twelve months adheres to the Stark Law requirements. If the compensation is revised thereafter, it must be evidenced by a written amendment to the Physician Contract, signed by both parties before the increase in compensation takes effect. For example, if the increase in compensation is to take effect on April 1, the amendment must be signed by both parties on or before April 1 and the original Physician Contract must have been effective on or before March 31 of the prior year. The compensation cannot be changed for twelve (12) months after the effective date of such amendment unless an exception is approved by Legal and Compliance and the change adheres to Stark Law requirements.
- d. All Physician Contract renewals ~~should~~ must be signed before the expiration of the term of the existing Physician Contract. Exceptions on a case by case basis may be evaluated and approved by Legal and Compliance if the parties are engaged in ongoing negotiations and the exception complies with Stark Law requirements.
- e. Physician Contracts must be in writing and executed by the parties before commencement of services. Exceptions on a case by case basis may be evaluated and approved by Legal and Compliance as long as such exception complies with Stark Law requirements. Only the CEO of Hospital or designee by CEO ~~in his or her absence~~ may execute a Physician Contract, except Physicians Contracts that are real estate or equipment leases with Physicians may be signed by the Chief Administrative Services Officer ("CASO"), and IT agreements may be executed by the Chief Information Officer (CIO). Execution of physician contracts by CEO, CMIO, CASO, or CEO designee must comply with the general signature authority and limits established in the Signature Authority policy.

e-f. Physicians cannot be compensated for work performed, nor may a lease commence, prior to execution by both parties, unless a Stark Law exception applies, and the exception is reviewed and approved by Legal and Compliance.

f-g. The Physician financial arrangement must not violate the Stark law, the anti-kickback statute (section 1128B(b) of the Act) or any Federal or State law or regulations.

g-h. The Physician Contract will permit the Hospital to suspend performance under the Physician Contract if there is a compliance concern. Concerns about compliance should be directed to Compliance, Legal, or the office of the Chief Medical Officer ("CMO"). Performance under Physician Contracts deemed to not meet the administrative guidelines shall be suspended until the Physician Contract can be remedied.

h-i. Physician Contracts must contain termination without cause provisions (except for real estate and equipment leases). Physician Contracts which grant an exclusive right to Hospital-based physicians to perform services may not exceed five years. If a Physician Contract is terminated, then the Hospital may not enter into a new financial arrangement with the same Physician covering the same arrangement on different terms within twelve (12) months of the effective date of the terminated Physician Contract.

i-j. Physicians with potential conflicts of interest must complete a conflict of interest form that must be reviewed by the Compliance Officer prior to entering into a Physician Contract. The conflict must be addressed and referenced in the Physician Contract. A conflict may prevent entry into a Physician Contract.

j-k. All Physician Contracts must be prepared using the appropriate Hospital contract template prepared by Legal Services. All Physician Contracts must be drafted by personnel designated by Legal Services.

k-l. All Physician Contracts must comply with the review and documentation process established through the contracts management system, as approved by Legal and Compliance, attached to the final version of a Physician Contract prior to execution by Hospital must be a completed "Contract Cover Sheet and Summary of Terms" and a signed "Certification of Necessity and Fair Market Value" (Appendix A) (a Physician Lease Contract~~s~~ must also include a signed "Contract Certification" (Appendix B) and "Lease Contract Review

Checklist" (Appendix C) to be reviewed and approved by Legal Services and Compliance.

~~h.m.~~ All executed Physician Contracts must be scanned into the contract management system.

~~m.n.~~ Payments may not be made to a Physician unless there is adherence with all of the requirements of this Policy.

~~n.o.~~ Each Physician Contract shall comply with all applicable laws.

2. Medical Director Contracts: In addition to the criteria set forth above (D.1) for *All Physician Financial Arrangements*, the following must be met *prior* to creating, renewing or amending a Medical Directorship:

- a. A Medical Directorship may not be intended or used as a means to recruit a Physician to practice at the Hospital.
- b. A Medical Directorship must fit within a rational management framework that optimizes coordination of the Medical Director's knowledge and work efforts with Hospital needs and resources. To meet this requirement, the Medical Director must work with, and be accountable to, a supporting Hospital manager-partner who is a Hospital supervisor, manager or executive director who verifies the Medical Director's work and efforts. The Designated Manager shall participate in the negotiation of the Medical Director Contract, including setting duties and goals, and will be familiar with the details of the Medical Director contract. The CMO will evaluate and approve all Medical Director contracts.
- c. The number of hours assigned to the Medical Directorship must be appropriate considering the work required. Medical Director contracts are typically a two-year term and upon renewal, an evaluation shall be conducted by the CMO and the Designated Manager to evaluate whether all such services are needed in any new or renewal term, whether new services are needed and if the hours are still reasonable and necessary for the legitimate business purpose of the Medical Directorship arrangement. The proposed services may not duplicate work that is provided to the Hospital by other Physicians unless the total work under all arrangements is needed.
- d. Medical Director Contracts must require Physician completion and submission of a physician time study reports each month in the manner specified in the contract, and each such report must be approved by the Designated Manager

and the Compliance Department before any compensation is paid. There must be one or more internal review processes to verify that the Medical Director is performing the expected duties and tasks, of which the required time report is one example. *Please refer to Appendix "D" 'Medical Director Time Report Guidelines' for more detailed guidance on completion of time report.*

- e. All Medical Director Contracts providing for total [annual](#) compensation of \$30,000 or more shall include two (2) annual quality incentive goals that support the Hospital's strategic initiatives, one of which shall be related to an outcome quality metric and the other shall be related to a process metric or milestone for service to patients, unless an exception is approved by the CMO for two (2) process goals. For Medical Director Contracts greater than \$100,000 in compensation per year, 20% of the total compensation will be held at risk based on the completion of the quality incentive goals. For Medical Director Contracts between \$50,000 to \$99,999 per year, 10% of the total compensation will be held at risk based on the completion of the goals. For Medical Director Contracts between \$30,000 to \$49,999 per year, 5% of the total compensation will be held at risk based on the completion of the goals.
 - f. Medical Director Contracts must include a Hospital-approved HIPAA Business Associate Agreement.
3. Physician Consulting Contracts:
In addition to the criteria set forth in the *All Physician Financial Arrangements* section (D.1) above, the following criteria must be met *before* creating or renewing a Physician Consulting Contract:
- a. Physician Consulting Contracts must require concise deliverables and due dates and require completion of a physician time study report. The deliverables and due dates must be set for the duration of the Physician Consulting Contract before the services begin and the Physician Consulting Contract is signed.
 - b. The number of hours assigned to the Physician Consulting Contract must be appropriate in light of the work required.
 - c. Physician Consulting Contracts must include a Hospital-approved HIPAA Business Associate Agreement.
4. Physician Lease Contracts:
In addition to the criteria set forth in the *All Physician Financial Arrangements* section above (D.1), the following criteria must be met *before* creating, amending, or renewing a Physician Lease Contract:

- a. Attached to the final version of a Physician Lease Contract, and prior to execution, must be a completed "Lease Contract Review Checklist" (Appendix C) and an executed "Contract Certification" (Appendix B).
 - b. The Physician Lease Contract shall confirm total measurement of the space to be utilized by Physician under the lease.
 - c. The Physician Lease Contract must be supported by fair market value documentation from a property appraiser or brokers opinion of value.
 - d. Tenant Improvements must be incorporated into the Physician Lease Contract as a Tenant expense.
 - e. Physician must not use the space and the Hospital must not make the space available for use prior to the execution of the Physician Lease Contract by both parties.
 - f. The Physician Lease Contract shall require that all property taxes are to be paid by the Tenant for Triple Net leases.
 - g. Physician Lease Contracts are executed by the CEO or the CASO.
5. Physician Education, Training and Conference Payment Contracts:
In addition to the criteria set forth in the *All Physician Financial Arrangements* section above (D.1) , the following criteria must be met *before* creating a new Education, Training and Conference Reimbursement Contracts and prior to attendance:
- a. Physician Education, Training and Conference Payment Contracts must be created and reimbursed in accordance with Hospital Policy Reimbursement of Business, Education and Travel Expenses.
 - b. The Hospital's need for this training to be provided to the Physician shall be documented as part of the approval process.
6. Physician Recruitment Contracts:
In addition to the criteria set forth in the *All Physician Financial Arrangements* section above (D.1), the following criteria must be met *before* creating a new Physician Recruitment Contract:
- a. Physician Recruitment Contracts must be created in accordance with the Physician Recruitment Policy Program, and must be consistent with the recruitment plan approved

~~by the Board. presented to the Board for review before the recruitment proposal is developed.~~

B. Approval of Physician Contracts:

1. Attached to the final version of a Physician Contract *before* CEO execution must be a completed questionnaire in the contracts management system addressing terms, necessity, and fair market value. Documentation of fair market value must be submitted in the contracts management system. "Contract Cover Sheet and Summary of Terms" and "Certification of Necessity and Fair Market Value" (Appendix A).
2. Attached to the final version of a Physician Lease Contract, *prior* to execution by the CEO or the CASO, must be a completed "Lease Contract Review Checklist" (Appendix C) and signed "Contract Certification" (Appendix B).
3. Corporate Compliance and Legal, as needed, and the General Counsel will verify the checklist, certification, and documentation accompanying all Physician Contracts (including FMV) prior to execution by the CEO or the CASO. Incomplete or missing checklist and certifications will be returned to the originator for completion.
4. All proposed Physician Contracts lacking the appropriate documentation will be returned to the originator for completion. No services may be performed under the Physician Contract or leases implemented until the Physician Contract is fully executed, or an exception has been granted by Compliance and Legal in accordance with Stark Law requirements.
5. CEO Approval: The CEO or the CEO's designee will have authority to execute new, renewal and amended Physician Contracts (up to the authority as stated in the Signature Authority policy) ~~\$250,000.00 in total possible compensation annually~~, except as set forth in Section 6) below.
6. Board Approval: ~~If a new arrangement is over \$250,000.00; or a renewal or amended agreement is over \$250,000; or the annual increase is greater than ten percent (10%),~~ The Board must approve prior to CEO or CEO designee execution of the Physician Contracts for the following arrangements:-
 - a. All physician financial arrangements, including Professional Services Agreements for the El Camino Health Medical Network, that exceed 75% of fair market value (regardless of total annual compensation) must be reviewed by the Finance Committee of the Board. All physician financial arrangements that exceed 90% of fair market value must also be reviewed and approved by the Board. -and approved by the Board.
 - b. ~~If a new arrangement is over \$250,000; or a renewal or amended agreement is over \$250,000; or the annual increase is greater than ten percent (10%),~~ the Finance Committee of

~~the Board must approve prior to CEO execution of the Physician Contract, except as set forth in section 6(d).~~

~~e-~~

~~d.c. Notwithstanding Section 6(a) and (b), I~~the CEO may execute without Board approval a new, renewal or amended Professional Services Agreement with El Camino Medical Associates (ECMA) so long as the total cash compensation to each individual physician employed by ECMA does not exceed 75% percentile of fair market value or ~~the CEO's signature authority, \$1,000,000 annually.~~

C. Board Oversight and Internal Review Process:

During the third quarter of each Hospital fiscal year, management and staff will prepare a summary report for all Physician financial arrangements describing: 1) the names of all such arrangements and associated physicians, 2) the organizational need that justifies each arrangement, 3) the total amounts paid to each physician and/or group for each Physician Contract annually (and in total for duration on of contract term), 4) current and prior year annual financial comparison, , and 5) any recommendations for changes to the Policy or any procedure.

For Medical Directorships, the summary report will also include: 1) the goals set forth for each Medical Directorship, 2) the contracted rate and hours, and 3) assessment of the performance goals of Medical Directors over the past year.

The CFO, COO & CMO will review the information and prepare recommendations if any regarding specific actions or changes that will be implemented.

The report will then be reviewed by the CEO and presented to the Compliance and Finance committees of the Board of Directors for review and approval no later than the end of the following quarter.

D. Exceptions:

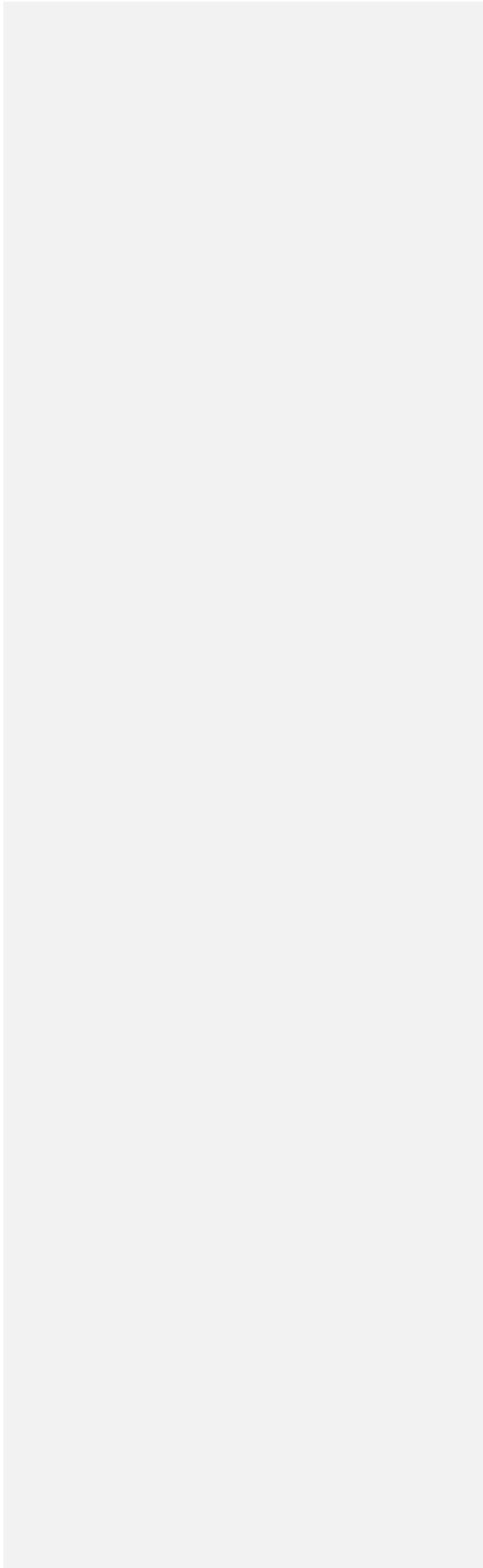
There are no exceptions to this Policy ~~except as indicated herein, unless approved by the Board of Directors in advance.~~

E. Review and/or Validate:

The CEO and the Corporate Compliance Officer shall be responsible for reviewing the policy and guidelines as conditions warrant but at a minimum at least annually to assure consistency with Board expectations. The Compliance department will annually monitor organizations adherence to the policy and report to the Board.

F. Policy Enforcement

El Camino Hospital's Compliance Officer is responsible for monitoring enforcement of this policy. Any workforce member found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.



|

FY24 COMMITTEE GOALS

Compliance and Audit Committee

PURPOSE

The purpose of the Compliance and Audit Committee (the “Committee”) is to advise and assist the El Camino Hospital (ECH) Hospital Board of Directors (“Board”) in its exercise of oversight of Corporate Compliance, Privacy, Internal Audits, Financial Audit, Enterprise Risk Management, and Cybersecurity. The Committee will accomplish this by monitoring the compliance policies, controls, and processes of the organization and the engagement, independence, and performance of the external financial auditor. The Committee assists the Board in oversight of any regulatory audit and in assuring the organizational integrity of ECH in a manner consistent with its mission and purpose.

STAFF: **Diane Wigglesworth**, Sr. Director, Corporate Compliance (Executive Sponsor)

The Sr. Director, Corporate Compliance, shall serve as the primary staff to support the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair’s consideration. Additional members of the Executive Team or outside consultants may participate in the meetings upon the recommendation of the Executive Sponsor and at the discretion of the Committee Chair.

GOALS	TIMELINE	METRICS
1. Review revised Enterprise Risk Management (ERM) metrics based on Board feedback, identified actual risks, and/or new areas of strategic focus.	Q2 FY24	Committee reviews any updated metrics and provides feedback. ERM updates presented for discussion at the 11/29/23 meeting.
2. Review and provide feedback on compliance and risk strategies to support and align with “Vision 2027” plans	Q2 FY24	Committee provides recommendations if compliance assessments are needed for any new strategies the organization may undertake. Strategic plan presented at the 11/29/23 meeting.
3. Review the process and timeline for succession plans for the Compliance/Privacy Officer role.	Q3 FY24	Committee reviews the plan and provides recommendations to the Compliance Officer and CEO. Succession plans being presented at the 2/28/24 meeting.

SUBMITTED BY:

Chair: Jack Po, MD

Executive Sponsor: Diane Wigglesworth

Compliance and Audit Committee FY24 Pacing Plan

AGENDA ITEM	Q1			Q2			Q3			Q4		
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	MAY		JUN
STANDING AGENDA ITEMS												
Results of Internal Audits			✓		✓			✓		✓		✓
Cybersecurity Program					✓			✓				✓
Enterprise Risk Management Metrics					✓					✓		
Discussion Items/Committee Actions												
Review FY 23 Annual Enterprise Compliance Program Report			✓									
Review FY 23 Annual Patient Safety/Claims Report			✓									
Review next FY Enterprise Compliance Work Plan												✓
Review Status of Current FY Compliance Work Plan Activity Completed												✓
Receive FY 23 Financial Auditors Consolidated Financial Statements, 403(b) and Cash Balance Audit results			✓									
Review Management's Summary Report of Physician Financial Agreements								✓				
Approve next FY Committee Goals and Meeting Dates										✓		
Review FY 24 Annual Financial Audit Plan with Financial Auditors								✓				
Review OIG Work Plan and Management's Response								✓				
Review Internal Audit Risk Assessment and next FY Internal Audit Work Plan										✓		
COMMITTEE GOALS												
Review revised ERM Metrics based on feedback from Hospital Board or new areas of strategic focus					✓							
Review Vision 2027 Strategic Plans					✓							
Review process and timeline for succession plan for Compliance/ Privacy Officer Role								✓				



MOSSADAMS

El Camino Healthcare District

June 2024 AUDIT PLANNING

Discussion with Management
and the Audit Committee



Agenda

Your Service Team

Scope of Services

Auditor's Responsibility in a Financial Statement Audit

Significant Risks Identified

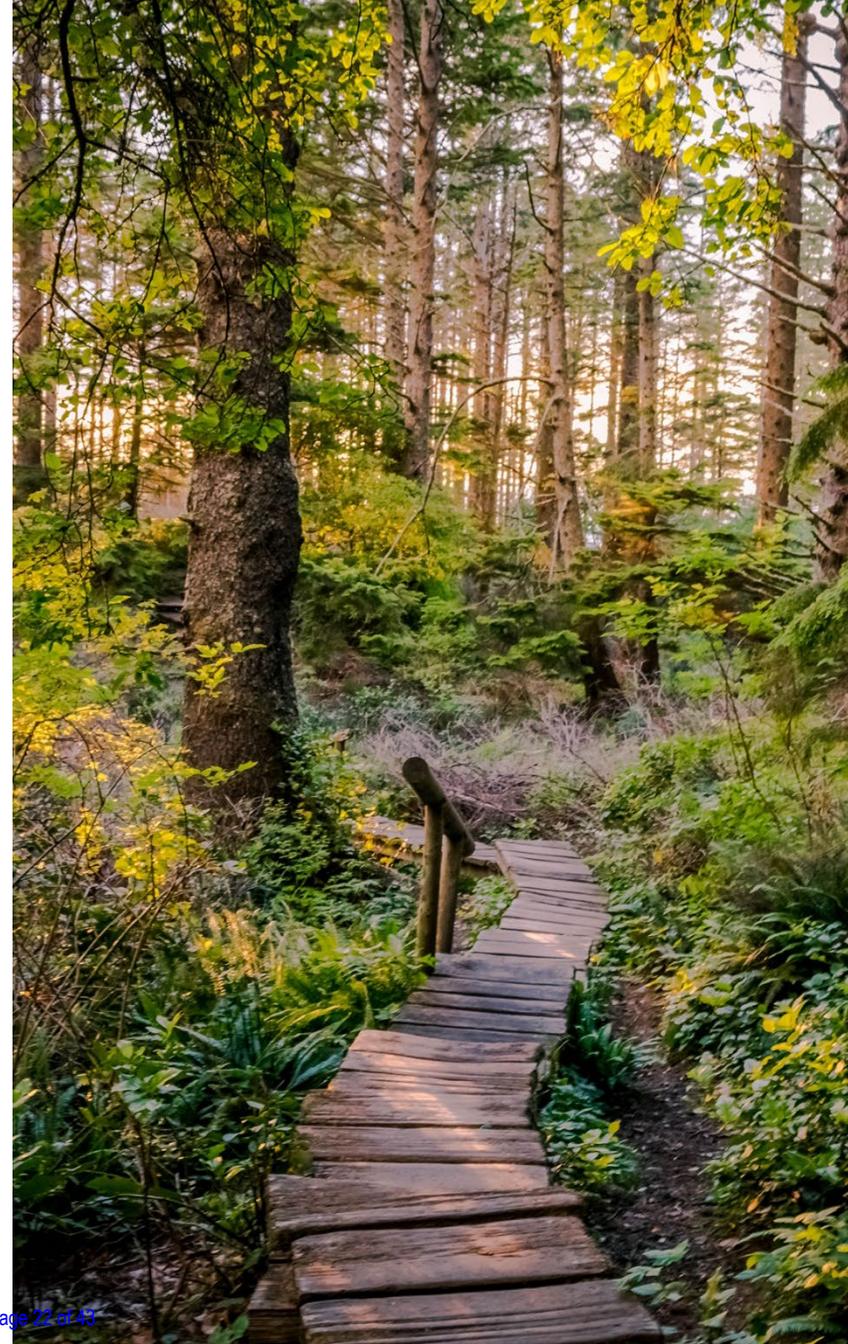
Risks Discussion

Consideration of Fraud

Audit Timeline

Recent Accounting Developments

AB 1345



Your Service Team



Joelle Pulver, CPA
Engagement Partner
Joelle.Pulver@mossadams.com
(415) 677-8291



Chris Pritchard, CPA
Concurring Review Partner
Chris.Pritchard@mossadams.com
(415) 677-8262



Mike Lumsden, CPA
Tax Senior Manager
Mike.Lumsden@mossadams.com
(415) 677-8211



Katherine Djiauw, CPA
Audit Senior Manager
Katherine.Djiauw@mossadams.com
(415) 677-8294



Eleanor Garibaldi, CPA
Audit Senior Manager
Eleanor.Garibaldi@mossadams.com
(415) 677-8278



Scope of Services

Relationships between Moss Adams and El Camino Healthcare District:

Annual Audit



- Annual consolidated financial statement audit as of and for the year ended June 30, 2024

Non-Attest Services



- Assist in drafting the consolidated financial statements and related footnotes as of and for the year ended June 30, 2024
- Tax return preparations



Auditor's Responsibilities in a Financial Statement Audit

- Auditor is responsible for:
 - forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles
 - performing an audit in accordance with generally accepted auditing standards issued by the AICPA
 - communicating significant matters, as defined by professional standards, arising during the audit that are relevant to you
 - when applicable, communicating particular matters required by law or regulation, by agreement with you, or by other requirements applicable to the engagement
- The audit of the financial statements doesn't relieve management or you of your responsibilities.
- The auditor is not responsible for designing procedures for the purpose of identifying other matters to communicate to you.



Significant Risks Identified

Based on risk assessment procedures, we identified the following:

Significant Risks	Procedures
Valuation of patient accounts receivable	<ul style="list-style-type: none">- Tie out of reserving schedules- Zero Balance Accounts (ZBA) analysis- Lookback analysis & subsequent collections analysis
Revenue recognition	<ul style="list-style-type: none">- Hospital patient revenue analysis & cut-off analysis- Journal entry testing focusing on revenue reversals
Valuation of investments and related financial statement disclosures	<ul style="list-style-type: none">- Third party confirmations- Independent price testing





Risks Discussion

1. What are your views regarding:

- El Camino Healthcare District's objectives, strategies and business risks that may result in material misstatements
- Significant communications between the entity and regulators
- Attitudes, awareness, and actions concerning
 - El Camino Healthcare District's internal control and importance
 - How those charged with governance oversee the effectiveness of internal control
 - Detection or the possibility of fraud
 - Other matters relevant to the audit

2. Do you have any areas of concern?



Consideration of Fraud in a Financial Statement Audit

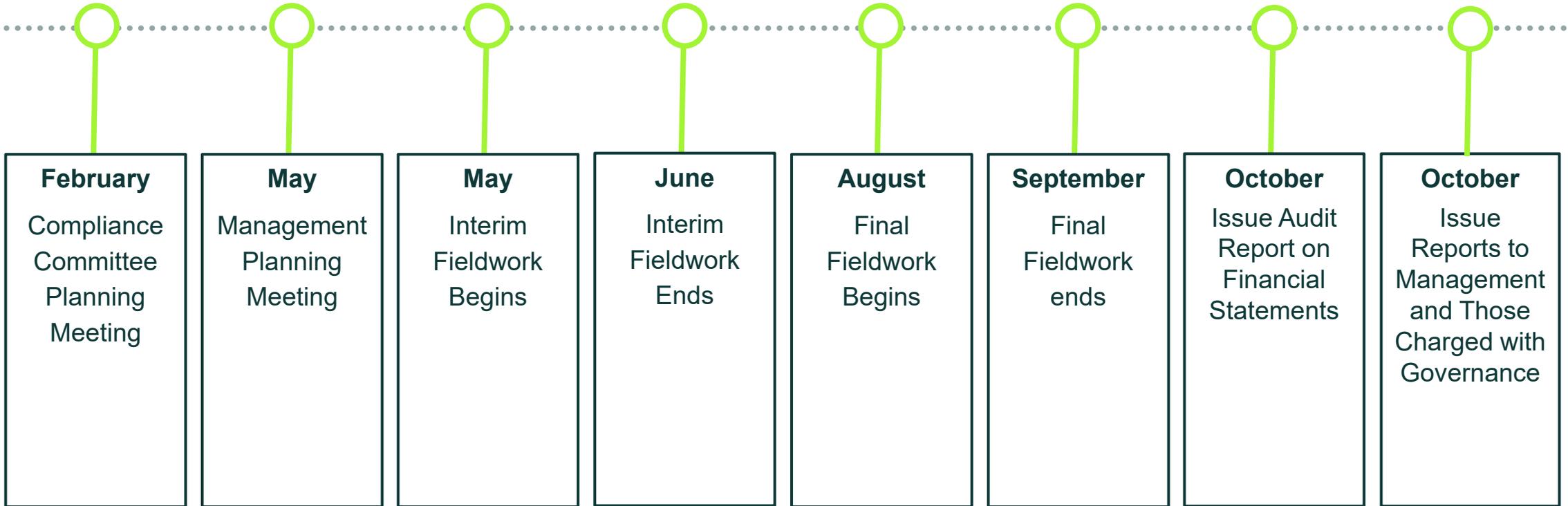
Auditor's responsibility: Obtain reasonable assurance the financial statements as a whole are free from material misstatement – whether caused by fraud or error

	Procedures to address the risk of fraud	Engagement team discussion
	Identify the risks of material misstatement due to fraud	<ul style="list-style-type: none">• Perform procedures to address identified risks• Inherent limitation of an audit
	Unavoidable risk exists that some material misstatements may not be detected	



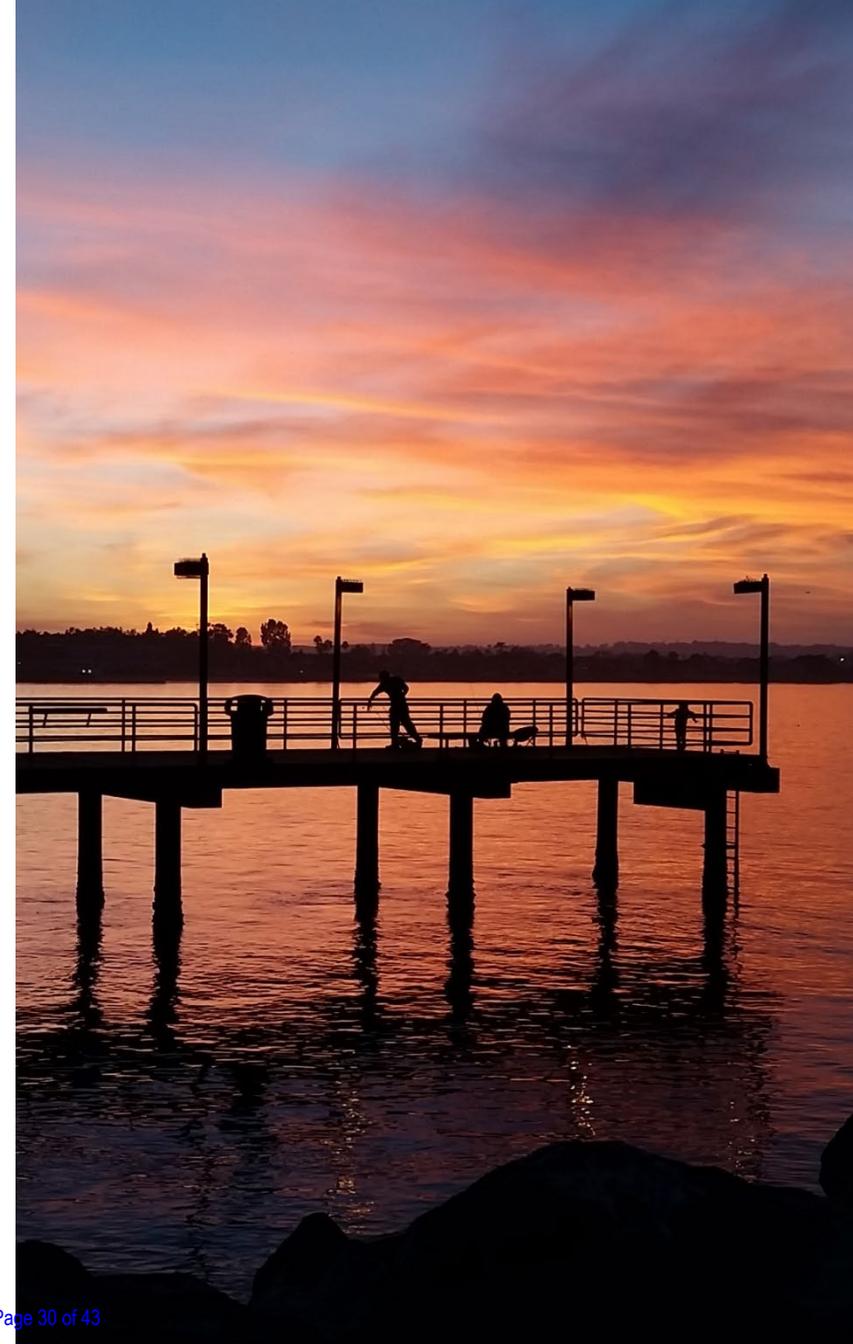
Audit Timeline

2024



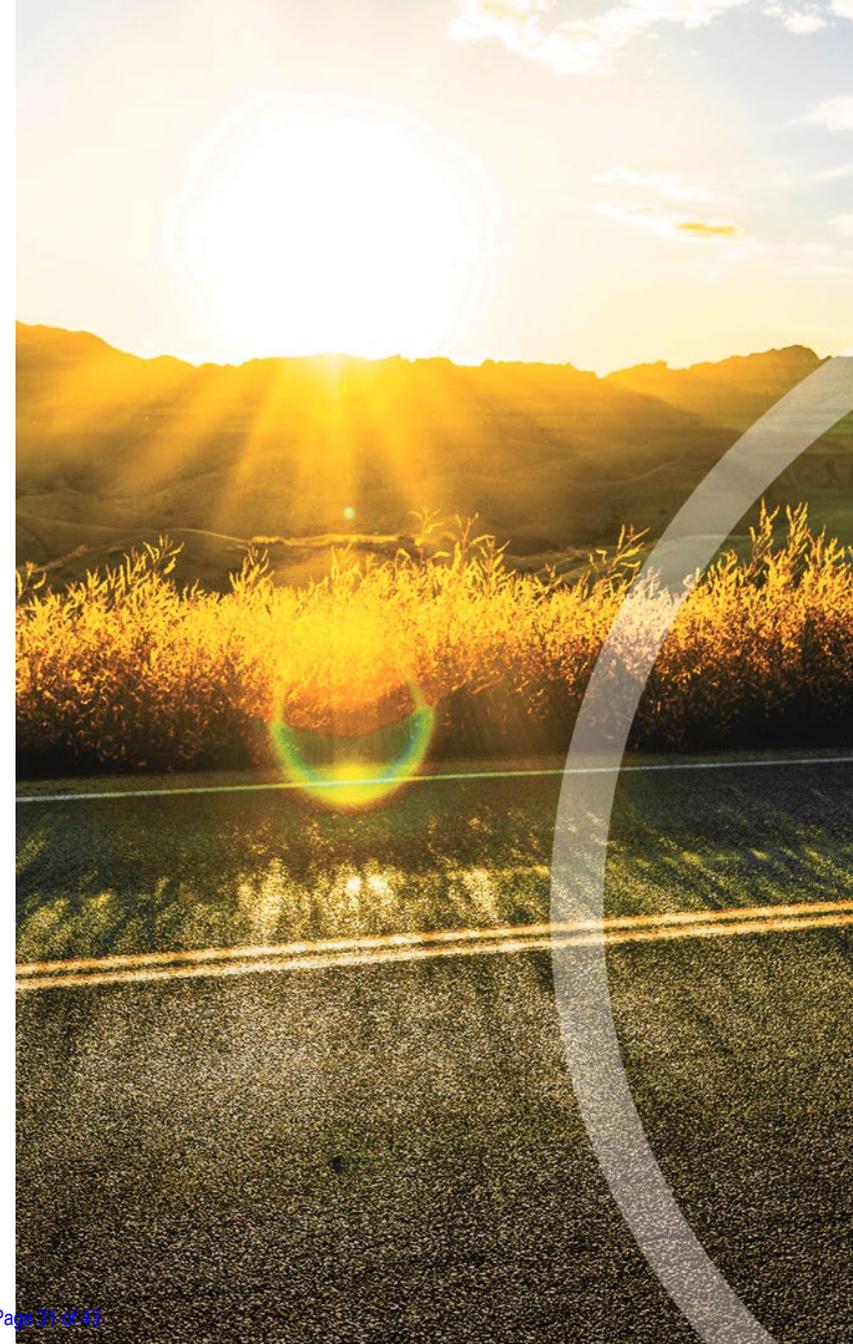
Recent Accounting Developments

- GASB Statement No. 100, Accounting Changes and Error Corrections. Effective for the District beginning July 1, 2023.
- GASB Statement No. 101, Compensated Absences. Effective for the District beginning July 1, 2024.

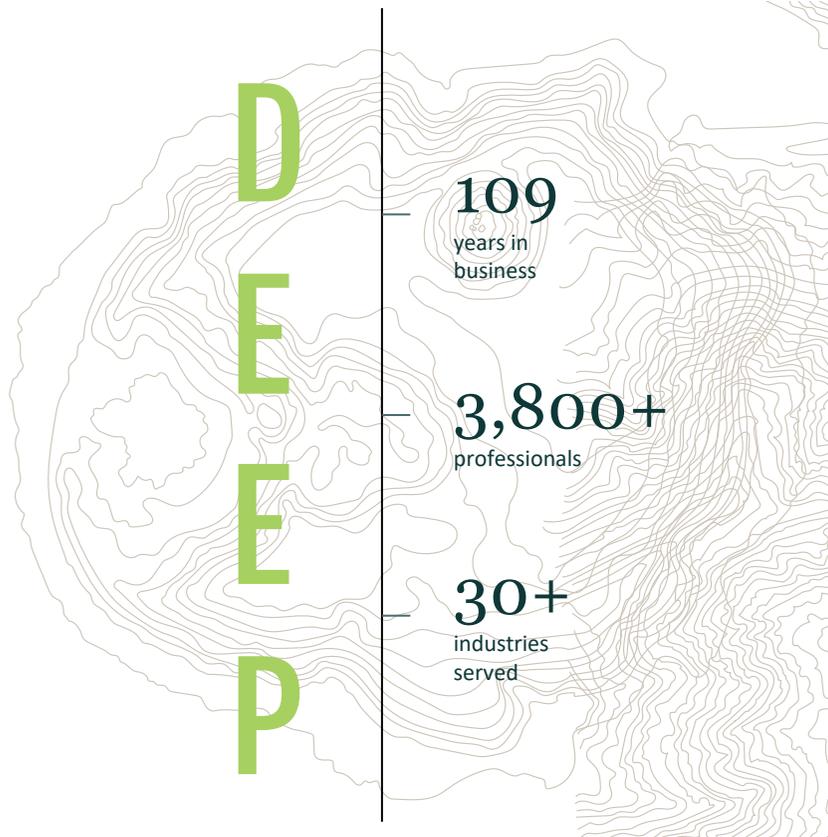


AB 1345

- **Audit Partner Rotation Requirements for Annual Audits of Local Government**
 - Assembly Bill 1345 added section 12410.6.(b) to Government Code regarding auditor rotation requirements of public accounting firms providing audit services to local agencies.
 - Government Code section 12410.6.(b) indicates that commencing with the 2013-14 fiscal year, a local agency shall not employ a public accounting firm to provide audit services to a local agency if the lead audit partner or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that local agency for six consecutive fiscal years.
- **Audit Partner Rotation List**
 - 2009 – 2014: Chris Pritchard
 - 2015 – 2020: Brian Conner
 - 2021 – 2027: Joelle Pulver

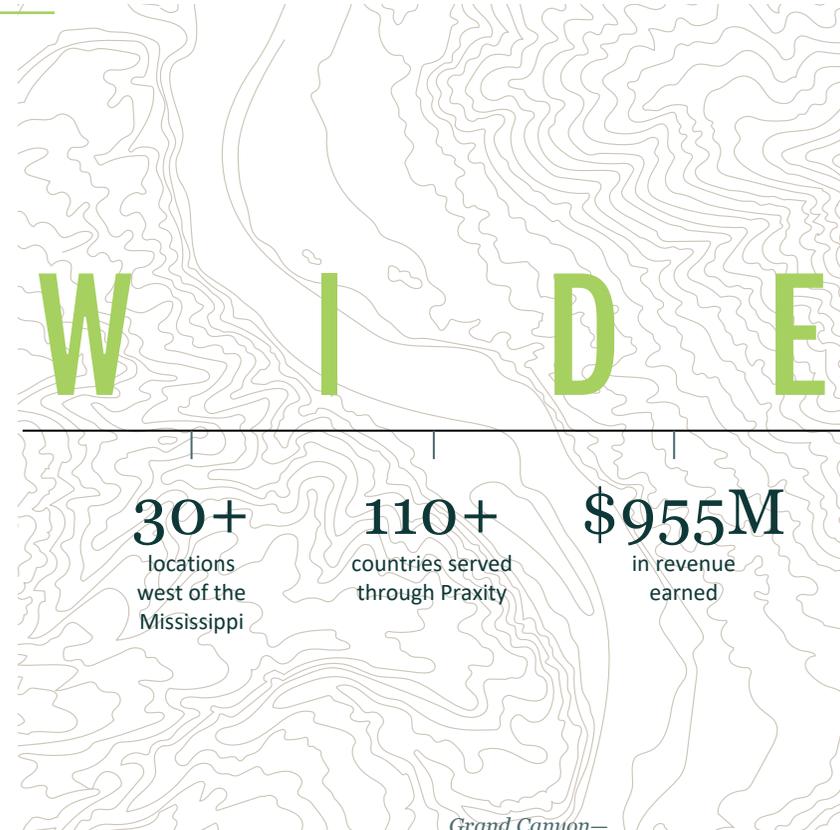


Our Expertise



*Crater Lake—
A monument to perseverance, North America's
deepest lake filled to 1,949 feet over 720 years.*

Our Reach



*Grand Canyon—
At 277 miles long and up to 18 miles
wide, this icon serves as a testament
to determination and time.*

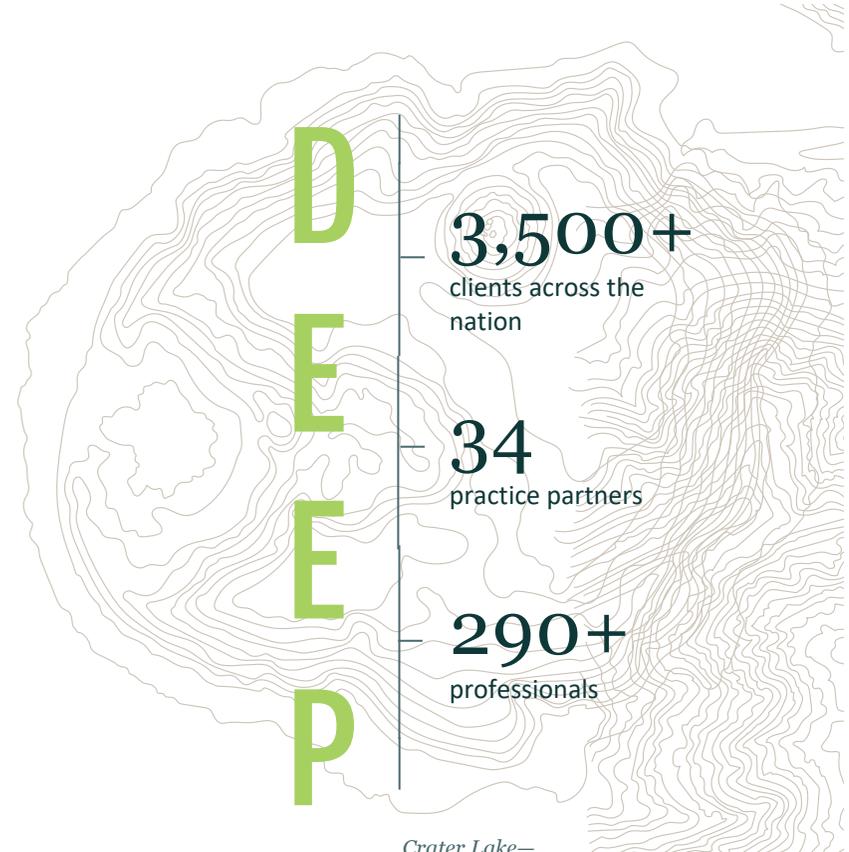


Health Care Industry Experience

Our health care professionals dedicate their careers to serving the industry.

We cover the full spectrum of health care including:

- Hospitals and health systems
- Independent practice associations
- Medical groups
- Community health centers
- Behavioral health organizations
- Long-term care
- Surgery centers
- Knox Keene licensed health plans
- Health care ancillary services



*Crater Lake—
A monument to perseverance, North
America's deepest lake filled to 1,949 feet over
720 years.*



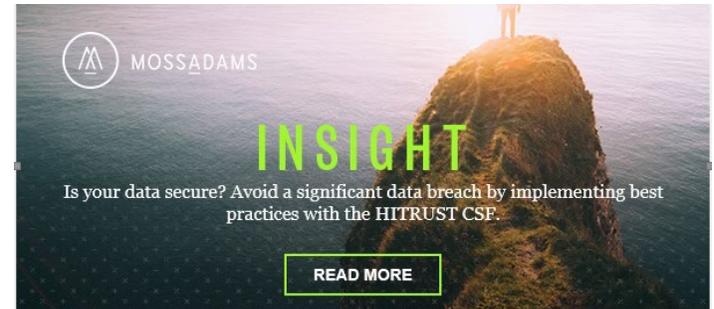
Insights and Resources

In today's fast-paced world, we know how precious your time is. We also know that knowledge is key. These resources offer what you need to know, when you need to know it, and is presented in the format that fits your life.

We'll keep you informed to help you stay abreast of critical industry issues.

Moss Adams closely monitors regulatory agencies, participates in industry and technical forums, and writes about a wide range of relevant accounting, tax, and business issues to keep you informed.

We also offer CPE webinars and events which are archived and available on demand, allowing you to watch them on your schedule.



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Joelle Pulver, Partner

Joelle.Pulver@mossadams.com

(415) 677-8291



THANK
YOU



Succession Planning

Compliance and Audit Committee

Tamara Stafford, Director, Talent Development

Diane Wigglesworth, Compliance and Privacy Officer

February 28, 2024

Succession Management

Succession Management at El Camino Hospital Includes:

- Developing high-potentials in ways that best fit their strengths focusing on resources that will yield the greatest return on investment
- Identifying and retaining top talent
- Filling succession and skill gaps where they exist to fulfill future workforce needs



Assess Leadership Demand

- Update current roles with future role requirements as defined by the Strategic Plan
 - Job descriptions developed and/or updated, for executive, director and manager roles that have been newly created in areas of expected growth and/or vacated in the past year
 - Examples: Associate Chief Medical Officer, Director, Inclusion/Diversity/Equity and Belonging, Manager, Health Equity
 - Job descriptions for new positions or newly vacated positions are written to reflect role requirements and specific experience required as we move from two hospitals to a health system

Identify and Prepare Succession Candidates

- Behavioral assessment tool is used with candidates for management-level positions
- A 360 “Leadership Practices Inventory” is completed for managers/directors as part of the “*Leading the ECH Way*” leadership development program.
 - This assessment is done at the beginning of the program and at the end of the first 12 months
- Talent Review Process
 - 9-box Assessments and performance evaluations are used to create development plans for each leader in manager/director positions including assigning more seasoned leaders to mentor less experienced leaders
 - Executive team conducts a Talent Review meeting to understand the overall status of the Management Team and further define potential for succession.

9 Box Model

Leadership Potential

High Potential

Growth Potential

Stable Potential

<p>Unrealized Star/Learner</p> <ul style="list-style-type: none"> • New role/promotion • Early in transition • Encourage and coach 	<p>Developing Star</p> <ul style="list-style-type: none"> • Strong capabilities • May advance 1+ levels • Increase opportunity and expectations 	<p>Star with Upside</p> <ul style="list-style-type: none"> • Appears able to achieve senior leadership level • Broaden and accelerate opportunities/feedback
<p>Unproven Performer/Learner</p> <ul style="list-style-type: none"> • Unclear reasons for poor performance • Seems capable • Monitor and coach 	<p>Core Performer</p> <ul style="list-style-type: none"> • Solid capabilities • Average motivation • Retain and encourage 	<p>Foundational Performer</p> <ul style="list-style-type: none"> • Outstanding capabilities • Advancement potential for certain roles • Retain, honor, develop
<p>At Risk</p> <ul style="list-style-type: none"> • Marginal fit to current role • Little upside • Manage closely, exit 	<p>Reliable</p> <ul style="list-style-type: none"> • Well suited to current role • Skill/motivation constraints • Manage to expectations 	<p>Established</p> <ul style="list-style-type: none"> • Excels at current role with slow/limited promotions • Retain and recognize

Improvement Needed

Fully Effective

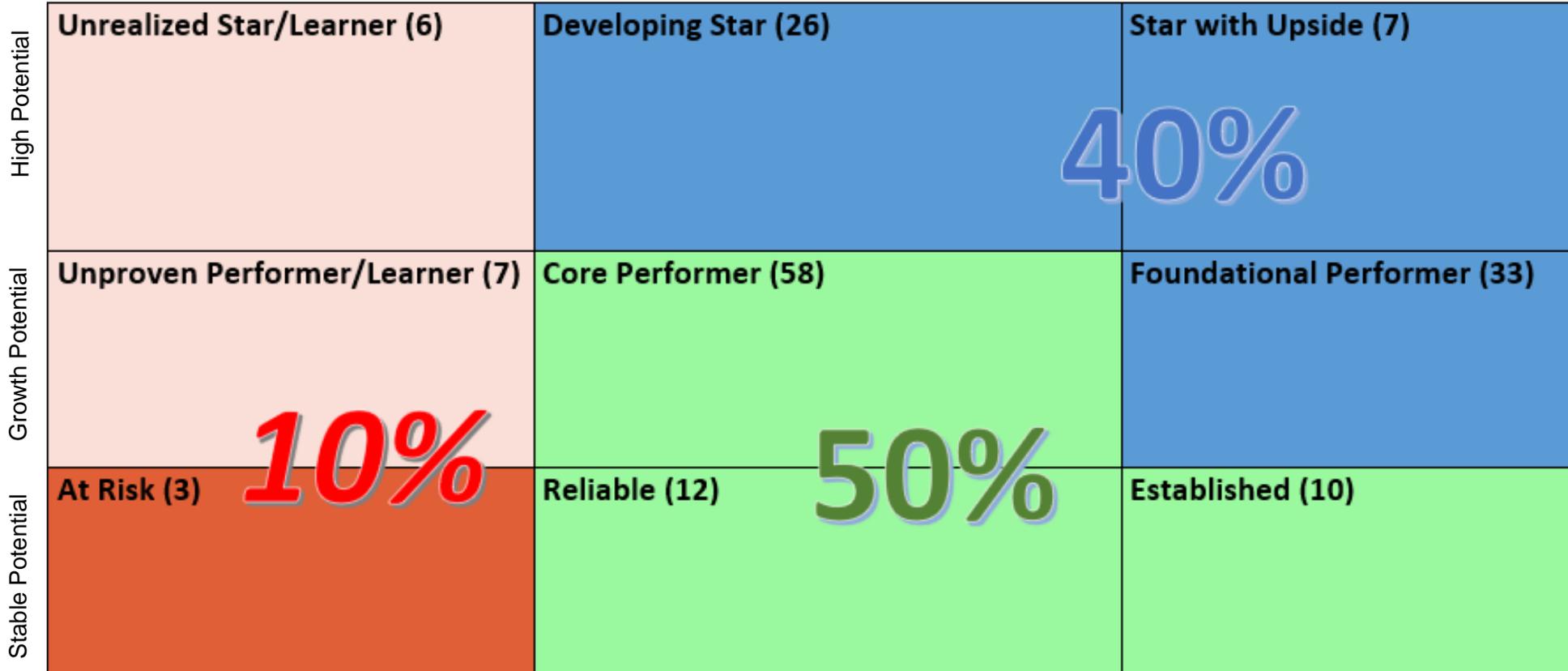
Exceptional

Current Performance

Talent Review—July, 2023

Blue	Typical Range: 15-30%	ECH: 40%
Green	Typical Range: 50-75%	ECH: 50%
Red/Pink	Typical Range: 10%	ECH: 10%

Leadership Potential



Improvement Needed

Fully Effective

Exceptional

Current Performance

162 Managers and Directors were assessed
19 leaders progressed to a higher level

Succession Planning—Compliance Officer

REQUIREMENT: OIG/HHS requires designation of a Compliance Officer approved by the Governing Body.

Emergency Succession:

1. Current staff would maintain day-to-day operations
2. Interim compliance officer would be named
 - If no internal qualified candidates, an external resource would be contracted

Succession Plan

1. Position would be posted and candidates evaluated
 - Internal (if any) and external candidates would be considered
2. Final candidate(s) presented to CAC for review and recommendation.
3. Hospital Board approves candidate as Compliance Officer.