AGENDA
GOVERNANCE COMMITTEE OF THE
EL CAMINO HOSPITAL BOARD OF DIRECTORS

Tuesday, September 17, 2024– 5:30 pm

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

Mike Kasperzak will be participating from 3505 Pilgrim Highway, Frankfort, MI 49635

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: **985 1157 5309#**. No participant code. Just press #.

To watch the meeting, please visit: GC Meeting Link

NOTE: In the event that there are technical problems or disruptions that prevent remote public participation, the Chair has the discretion to continue the meeting without remote public participation options, provided that no Board member is participating in the meeting via teleconference.

A copy of the agenda for the Committee Meeting will be posted and distributed at least twenty-four (24) hours prior to the meeting. In compliance the Americans with Disabilities Act, please notify us at **(650) 988-8254** 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
1	**CALL TO ORDER/ROLL CALL**	Lanhee Chen, Chair		**5:30 pm**
2	**CONSIDER AB 2449 REQUESTS**	Lanhee Chen, Chair	Possible Motion	**5:30**
3	**POTENTIAL CONFLICT OF INTEREST DISCLOSURES**	Lanhee Chen, Chair	Information	**5:30**
4	**PUBLIC COMMUNICATION** a. Oral Comments *This opportunity is provided for persons to address the Board on any matter within the subject matter jurisdiction of the Board that is not on this agenda. Speakers are limited to three (3) minutes each.* b. Written Public Comments *Comments may be submitted by mail to the El Camino Hospital Governance Committee at 2500 Grant Avenue, Mountain View, CA 94040. Written comments will be distributed to the Board as quickly as possible. Please note it may take up to 24 hours for documents to be posted on the agenda.*	Lanhee Chen, Chair	Information	**5:30**
5	**BOARD AND COMMITTEE ASSESSMENTS RESULTS** - ECHB Board Survey Results - Governance Committee Survey Results	George Anderson, Spencer Stuart	Discussion	**5:30 – 6:45**
6	**ECHD AD HOC COMMITTEE (REAPPOINTMENT/RECRUITMENT) SUPPORT**	Dan Woods, CEO	Discussion	**6:45 – 6:55**
7	**BOARD MEMBER ONBOARDING PROCESS** - ECHB Onboarding Plan - ECHD Onboarding Plan	Tracy Fowler, Director Governance Services	Discussion	**6:55 – 7:10**

	AGENDA ITEM	PRESENTED BY	ACTION	ESTIMATED TIMES
8	**BOARD UPDATE** Approvals from August and September ECHB	Lanhee Chen, Chair	Information	**7:10 – 7:15**
9	**CONSENT CALENDAR ITEMS:** a. Approve Minutes of the Open Session of the Governance Committee Meeting (06/11/2024) b. Receive FY25 Pacing Plan c. Receive Report on Progress on FY25 Committee Goals d. Education Topic: Receive TGI E-Briefings Newsletter	Lanhee Chen, Chair	Motion Required	**7:15 – 7:20**
10	**COMMITTEE ANNOUNCEMENTS** - Discuss availability for December 3 GC Meeting and March 25 GC Meeting	Lanhee Chen, Chair	Possible Motion	**7:20 – 7:30**
11	**ADJOURNMENT**	Lanhee Chen, Chair	Motion Required	**7:30**

Next Meetings: December 3, 2024; March 25, 2025; June 3, 2025

Combined Board and Committee Meeting: February 5, 2025

EL CAMINO HOSPITAL BOARD OF DIRECTORS
GOVERNANCE COMMITTEE MEETING MEMO

To: ECH Governance Committee
From: Dan Woods, CEO
Date: September 17, 2024
Subject: Board and Committee Assessments Results

Purpose:

Review the results of the Board Governance Assessment conducted by Spencer Stuart, an outside consulting firm, that was presented to the Board of Directors and Advisory Committees.

Summary:

The Hospital Board of Directors utilized the services of an independent consulting firm to conduct an assessment to promote optimal processes and practices for the board and committees.

The El Camino Health Board Assessment Survey, conducted by Spencer Stuart, evaluated the effectiveness of the El Camino Health Board. All ten Board members participated, providing feedback on various aspects of Board and Committee operations. The survey identified strengths in Board meetings, particularly the management of discussions by the Chair, and the Board's ability to express views openly. However, areas needing improvement included committee effectiveness and the Board's role in overseeing financial performance and community healthcare needs.

The survey also compared the 2024 results to those from 2022, highlighting both progress and areas where further improvement is required. Key findings include the need for a stronger pipeline for new Board candidates, more effective strategic planning processes, and enhanced conflict of interest resolution mechanisms. Detailed open responses provided insights into potential improvements in strategic discussions, committee roles, and Board member engagement

SpencerStuart will present the detailed responses to the Governance Committee and the Committee will work on recommendations and an action plan for the Hospital Board. This information is provided to the Committee for discussion today.

List of Attachments:

1.   Board Assessment Results
2.   Committee Assessment Results

SpencerStuart

El Camino Health

El Camino Health Board Survey

September 2024

Prepared for El Camino Health

Board and Committee Review Process

» Spencer Stuart was engaged by the Board and Chief Executive Officer of El Camino Health to assist with a survey-based review of the Board's effectiveness.

» The online survey was open from August 12 – 23, 2024. All Board Members (10) completed the survey. The survey results and open-response comments are presented on an unattributed basis in this report.

  • Please note: all questions about the Board as a whole have an "n" of 10.

» Participants were asked to answer a series of questions on a 4-point Likert scale, where a rating of "1" indicates strong disagreement and a rating of "4" indicates strong agreement. Participants were also given the option to respond "N/A," indicating "no opportunity to observe."

» Comments in the Open Response sections may have been edited for clarity or to protect the identity of the authors. Certain comments have been redacted or modified if they referenced individuals in directly identifiable way.

» This report will be reviewed by the Governance Committee at its September 17, 2024 meeting.

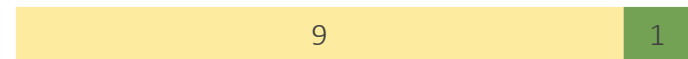# 2024 Survey Findings

Summary: Highest and Lowest Rated Areas

The highest and lowest rated items by the Board about the Board as a collective. Scores were given on a 1-4 scale, from "Strongly Disagree" to "Strongly Agree." A 4.0 rating is the average highest score possible. A 1.0 rating is the lowest.

Highest Rated	Avg. Score	Lowest Rated	Avg. Score
Board Meetings: The Board Chair effectively manages board dialogue, ensures all voices are heard, guides discussion towards closure and decision, and manages time effectively.	3.7	**Committee Effectiveness:** Board Members are organized properly into appropriate committees based on background and expertise of each member.	2.9
Board Culture and Dynamics: Board Members are comfortable expressing their views openly and productively during Board Meetings, and with Board leadership and management when necessary.	3.6	**Execution of Oversight Responsibilities:** On an annual basis, the Board effectively deliberates on and approves appropriate performance goals.	2.9
Execution of Oversight Responsibilities: The Board effectively assesses the organization's financial performance in relation to its goals.	3.6	**Execution of Oversight Responsibilities:** The Board frequently evaluates the organization's performance in relation to community healthcare needs.	2.9
Board Meetings: Board meetings cover appropriate topics and areas of board oversight.	3.5	**Execution of Oversight Responsibilities:** The Board has an effective mechanism in place for resolving potential conflicts of interest.	3.0
Board Meetings: Board Members receive meeting notices, written agendas, minutes and other materials well in advance of meetings with appropriate time to review and prepare for meetings.	3.5	**Board Skills, Experiences, and Attributes:** The Board actively cultivates new candidates to form a pipeline of potential candidates who are qualified based on defined, competency-based criteria.	3.0
Board Role: The expectations for Board service are clearly articulated and well understood by Board Members.	3.5	**Board Culture and Dynamics:** Board Members possess strong communication skills, knowing when to listen and when to speak up.	3.0
Board Role: The time commitment Board Members are asked to make is reasonable and appropriate for fulfilling our duties.	3.5	**Board Skills, Experiences, and Attributes:** The Board is composed of members with optimal subject matter expertise and appropriate competencies.	3.1
Relationship with Management: On an annual basis, the Board effectively assesses the performance of the Chief Executive Officer.	3.5	**Relationship with Management:** Management provides high quality board materials, with the appropriate level of detail, to enable the Board to effectively carry out its oversight responsibilities.	3.1
Relationship with Management: The Board has an effective working relationship with the Chief Executive Officer and leadership team.	3.5	**Committee Effectiveness:** The current committee structure and operating procedures are effective.	3.1
Execution of Oversight Responsibilities: The Board has established procedures to effectively oversee quality.	3.5	Note: Reported scores here are for the Board as a collective and do not include the "Self-Reflection" questions. See page 28 for those averages.	

Summary: Areas of Most Agreement

Distribution

Committee Effectiveness: The current committee structure and operating procedures are effective.

9	1

Execution of Board's Oversight Responsibilities: The organization's strategic planning processes are effective, and the Board provides appropriate input into the strategic planning process, taking into account all key stakeholders.

8	2

Relationship with Management: The Board and management exhibit mutual trust and respect and foster transparency in the working relationship.

8	2

Committee Effectiveness: The Committees have strong leadership.

8	2

Committee Effectiveness: Committee agendas are prepared and circulated timely and contain all pertinent information, minutes are taken accurately, and informational and logistical support are provided by management and outside advisors.

8	2

Board Meetings: The Board Chair effectively manages board dialogue, ensures all voices are heard, guides discussion towards closure and decision, and manages time effectively.

3	7

Self-Reflection: I prepare for and actively participate in Board Meetings as well as other activities expected of me as a Board Member.

3	7

■ Strongly disagree ■ Disagree ■ Agree ■ Strongly agree
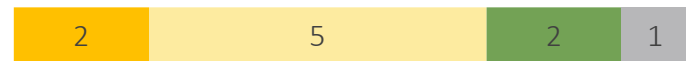
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Summary: Areas of Least Agreement

Distribution

Execution of Board's Oversight Responsibilities: The Board frequently evaluates the organization's performance in relation to community healthcare needs.
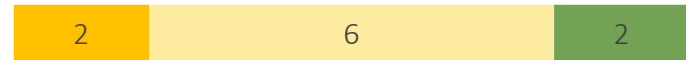
3	5	2

Board Skills, Experiences, and Attributes: The Board actively cultivates new candidates to form a pipeline of potential candidates who are qualified based on defined, competency-based criteria.

| 2	5	2	1

Relationship with Management: Management provides high quality board materials, with the appropriate level of detail, to enable the Board to effectively carry out its oversight responsibilities.

1	6	3

Execution of Board's Oversight Responsibilities: The Board has an effective mechanism in place for resolving potential conflicts of interest.

2	6	2

Self-Reflection: As a Board Member, my expertise and experience are being fully leveraged.
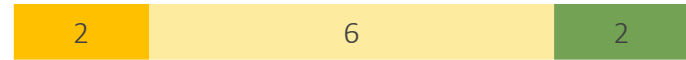
2	6	2

Execution of Board's Oversight Responsibilities: On an annual basis, the Board effectively deliberates on and approves appropriate performance goals.

2	7	1

Committee Effectiveness: Board Members are organized properly into appropriate committees based on background and expertise of each member.

2	7	1

■ Strongly disagree ■ Disagree
■ Agree ■ Strongly agree
■ N/A

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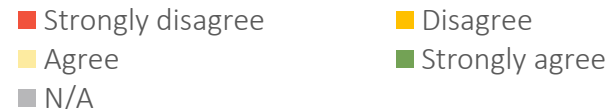
2024 Results Compared to 2022 Results

2024 Compared to 2022 Highest Rated

Highest Rated	'24 Avg. Score	'22 Avg. Score	
Board Meetings: The Board Chair effectively manages board dialogue, ensures all voices are heard, guides discussion towards closure and decision, and manages time effectively.	3.7	3.3	↑
Board Culture and Dynamics: Board Members are comfortable expressing their views openly and productively during Board Meetings, and with Board leadership and management when necessary.	3.6	3.2	↑
Execution of Oversight Responsibilities: The Board effectively assesses the organization's financial performance in relation to its goals.	3.6	3.5	
Board Meetings: Board meetings cover appropriate topics and areas of board oversight.	3.5	3.3 (slightly differently worded)	
Board Meetings: Board Members receive meeting notices, written agendas, minutes and other materials well in advance of meetings with appropriate time to review and prepare for meetings.	3.5	3.6	
Board Role: The expectations for Board service are clearly articulated and well understood by Board Members.	3.5	3.3	↑
Board Role: The time commitment Board Members are asked to make is reasonable and appropriate for fulfilling our duties.	3.5	3.1	↑
Relationship with Management: On an annual basis, the Board effectively assesses the performance of the Chief Executive Officer.	3.5	3.4	
Relationship with Management: The Board has an effective working relationship with the Chief Executive Officer and leadership team.	3.5	3.8	↓
Execution of Oversight Responsibilities: The Board has established procedures to effectively oversee quality.	3.5	3.3	

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2024 Compared to 2022 Lowest Rated

Lowest Rated	'24 Avg. Score	'22 Avg. Score
Committee Effectiveness: Board Members are organized properly into appropriate committees based on background and expertise of each member.	2.9	3.0
Execution of Oversight Responsibilities: On an annual basis, the Board effectively deliberates on and approves appropriate performance goals.	2.9	3.1
Execution of Oversight Responsibilities: The Board frequently evaluates the organization's performance in relation to community healthcare needs.	2.9	2.7
Execution of Oversight Responsibilities: The Board has an effective mechanism in place for resolving potential conflicts of interest.	3.0	3.4
Board Skills, Experiences, and Attributes: The Board actively cultivates new candidates to form a pipeline of potential candidates who are qualified based on defined, competency-based criteria.	3.0	2.4, different question; asked about committees too
Board Culture and Dynamics: Board Members possess strong communication skills, knowing when to listen and when to speak up.	3.0	3.0
Board Skills, Experiences, and Attributes: The Board is composed of members with optimal subject matter expertise and appropriate competencies.	3.1	3.0
Relationship with Management: Management provides high quality board materials, with the appropriate level of detail, to enable the Board to effectively carry out its oversight responsibilities.	3.1	3.1
Committee Effectiveness: The current committee structure and operating procedures are effective.	3.1	Did not ask overall (asked for each committee)

9

Survey Question Averages and Open Response Comments

Board Meetings

The Board Chair effectively manages board dialogue, ensures all voices are heard, guides discussion towards closure and decision, and manages time effectively. — 3.7

Board Members receive meeting notices, written agendas, minutes and other materials well in advance of meetings with appropriate time to review and prepare for meetings. — 3.5

Board meetings cover appropriate topics and areas of board oversight. — 3.5

The Board accomplishes our duties with adequate time for thoughtful inquiry and oversight, achieving the appropriate balance between presentation and engagement/discussion. — 3.3

■ Average Score

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11

Board Meetings

Prompt	Open Response
What topics would you like to see covered in future Board meetings?	• LG replacement in context of strategic framework and value proposition. • Emphasis on strategy, communication, collaboration, community engagement, personnel, and resource management. • We have done a good job limiting the time we spend on pro forma information presentations. We need to continue to create more opportunities for strategic discussions. • How emerging healthcare policies will affect our healthcare system regarding quality assessment and reimbursements. • Ways to capture progress on goals and strategic plan. • The Board is responsible for the quality and performance of all employees and the Medical Staff. Aside from the credentialing report, it has no systematic mechanism to ensure that the clinical judgment, processes and outcomes are up to date and continuously being reviewed or improved. It needs to ensure that processes and outcomes are appropriately reviewed, and care is optimized with no inappropriate variations in practice. • Top 4 Strategic Lines of Business deep dive - review of budget in time to provide strategic discussion, e.g., should we invest more in certain strategic areas?

Board Meetings

Prompt	Open Response
Additional comments on Board Meetings?	• Would like reduced presentation time. Suggestion: ask presenter to give "2-minute overview" of topic (to get everyone "tuned in" before asking if anyone has questions). • It often seems that ending on time is more important than fully discussing complex topics. Extraneous, rambling discussions need to be curtailed, but there are occasions that fruitful, productive matters which would benefit from fuller explorative discussion are cut short in order to follow the agenda schedule, which is arbitrarily set. There are times brief comments are all that is appropriate, but there are times when freer explorative ideas are necessary and desirable. • Could be flexible on agenda item discussions vs. cutting off to meet listed agenda time. • I believe the pendulum has swung too far and that we are not scheduling enough time in meetings for full discussion of strategic issues. • Streamlined and adequate summary without duplication of nonessential materials and information. • I think we need to continue to work to reduce the number of Board Meetings and to pitch the reports to the governance, not the managerial, level. • Well run. Excellent Chair. • Bob is amazing at summarizing the conversation and directing the conversation.

SpencerStuart

Board Role

Board Role

Prompt	Open Response
Additional comments regarding the Board's role?	• Discussions are sometimes repetitive and irrelevant, especially among certain members of the Board. • Our job as a Board is to hold management accountable for their performance and to help management make El Camino a great organization. Although we are improving, too often, the Board asks questions as if our role is to be a "watchdog." Watchdogs look for the bad things management may be up to, which can lead to negative or accusing questions. We need to continue our evolution to a focus on accountability - which seeks to understand the issues critically - and support, which emphasizes problem-solving rather than "gotcha" moments. • Board Members contribute at different levels with time.

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Board Culture and Dynamics

Board Members are comfortable expressing their views openly and productively during Board Meetings, and with Board leadership and management when necessary. — 3.6

The Board operates with a spirit of collegiality and there is a culture of mutual respect among Board Members. — 3.2

Board Members honor the professional boundaries between governance and management. — 3.2

Board Members possess strong communication skills, knowing when to listen and when to speak up. — 3

■ Average Score

SpencerStuart

Board Culture and Dynamics

Prompt	Open Response
Additional comments regarding the Board's culture and working dynamics?	• Sometimes one or two members take us down the "rabbit hole" from the governance to management level. • At certain times, members may not be clearcut on the boundaries of governance and management. • We have come a long way towards developing a culture of collegiality and respect among Board Members. We need to improve our ability to communicate on difficult issues with management in the same spirit of collegiality and respect. • The spirit of collegiality and mutual respect among Board Members could be improved. • The management team is less quick to recite the same old tired complaint of claiming the Board is "overstepping into the management role" as a defense mechanism when disagreements occur. This has led to more collaboration and thoughtful discussion. • There are a couple people who do not consistently meet the standards expected and this behavior should be recognized in diminution of responsibilities at ECH Board level.

SpencerStuart

Board Skills, Experiences, and Attributes

The Board membership comprises diversity of thought, experience, gender, race and ethnic representation, and perspective in order to add greater value to the Board's deliberations. — 3.3

The Board is composed of members with optimal subject matter expertise and appropriate competencies. — 3.1

The Board actively cultivates new candidates to form a pipeline of potential candidates who are qualified based on defined, competency-based criteria. — 3

■ Average Score

SpencerStuart
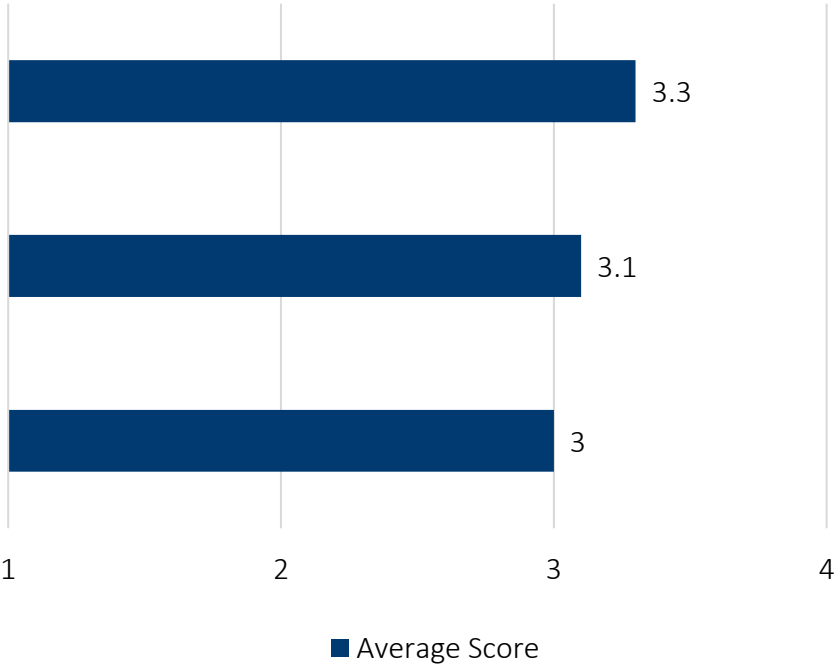
Board Skills, Experiences, and Attributes

Prompt	Open Response
Additional comments regarding Board skills, experiences, and attributes?	• Now beginning to see Committee Members as a "farm team" to source Board candidates. • We need to do a better job of cultivating Committee Members into future Board Members. • None of the appointed Board Members are women. Our healthcare district has a large Hispanic base. None of our Board Members are Hispanic. • I disagree with the premise that race and ethnic representation are more important than socio-economic representation. The Board membership comprises diversity of thought, experience, gender, race and ethnic representation, and perspective in order to add greater value to the Board's deliberations. • Skills and experiences are different and contribute to the whole; sometimes these differences are not acknowledged and contribute to some dysfunction.

Relationship with Management

The Board has an effective working relationship with the Chief Executive Officer and leadership team. — 3.5

On an annual basis, the Board effectively assesses the performance of the Chief Executive Officer. — 3.5

The Board has a defined procedure in place for establishing the Chief Executive Officer's yearly objectives. — 3.2

The Board and management exhibit mutual trust and respect and foster transparency in the working relationship. — 3.2

Management provides high quality board materials, with the appropriate level of detail, to enable the Board to effectively carry out its oversight responsibilities. — 3.1
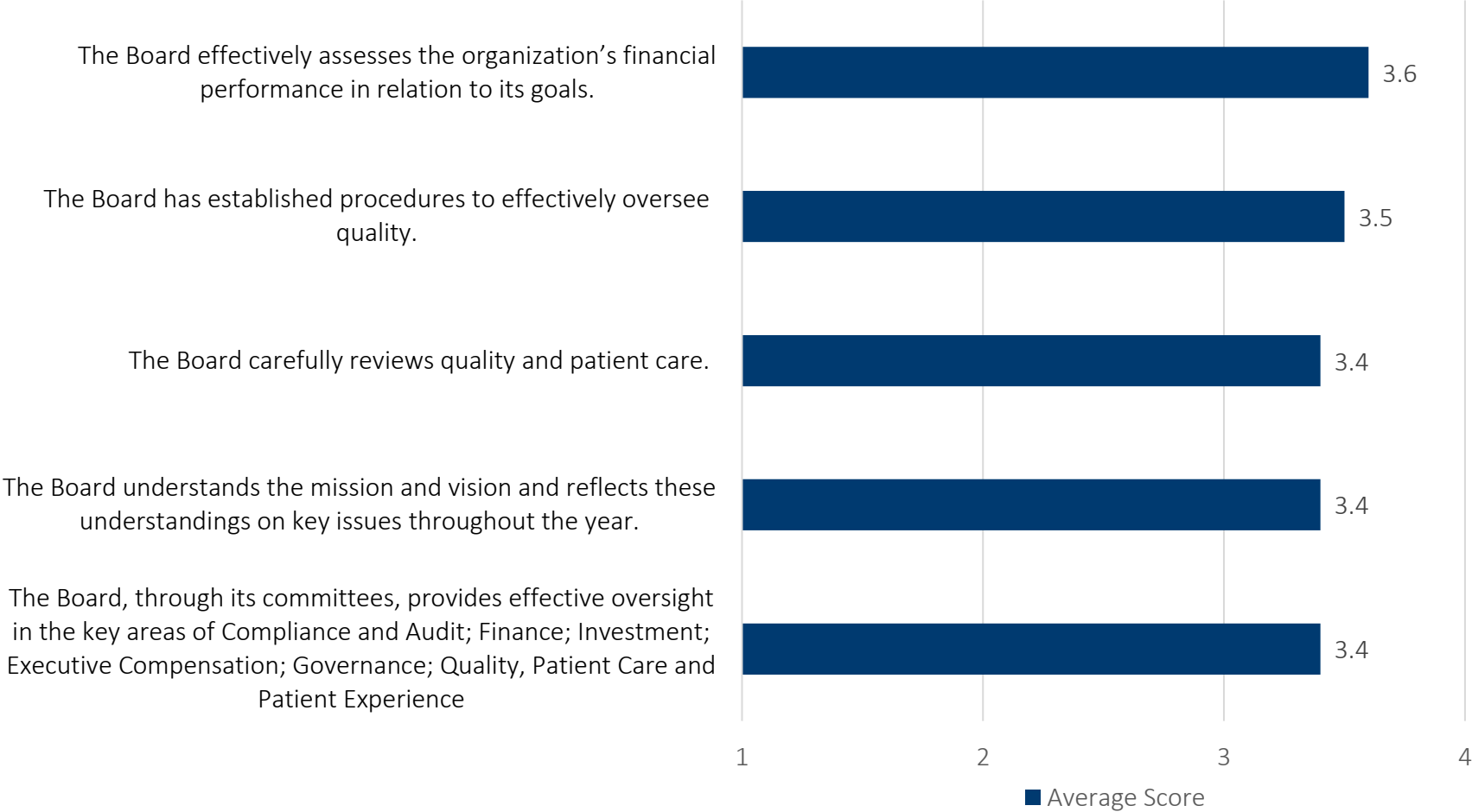
■ Average Score

SpencerStuart
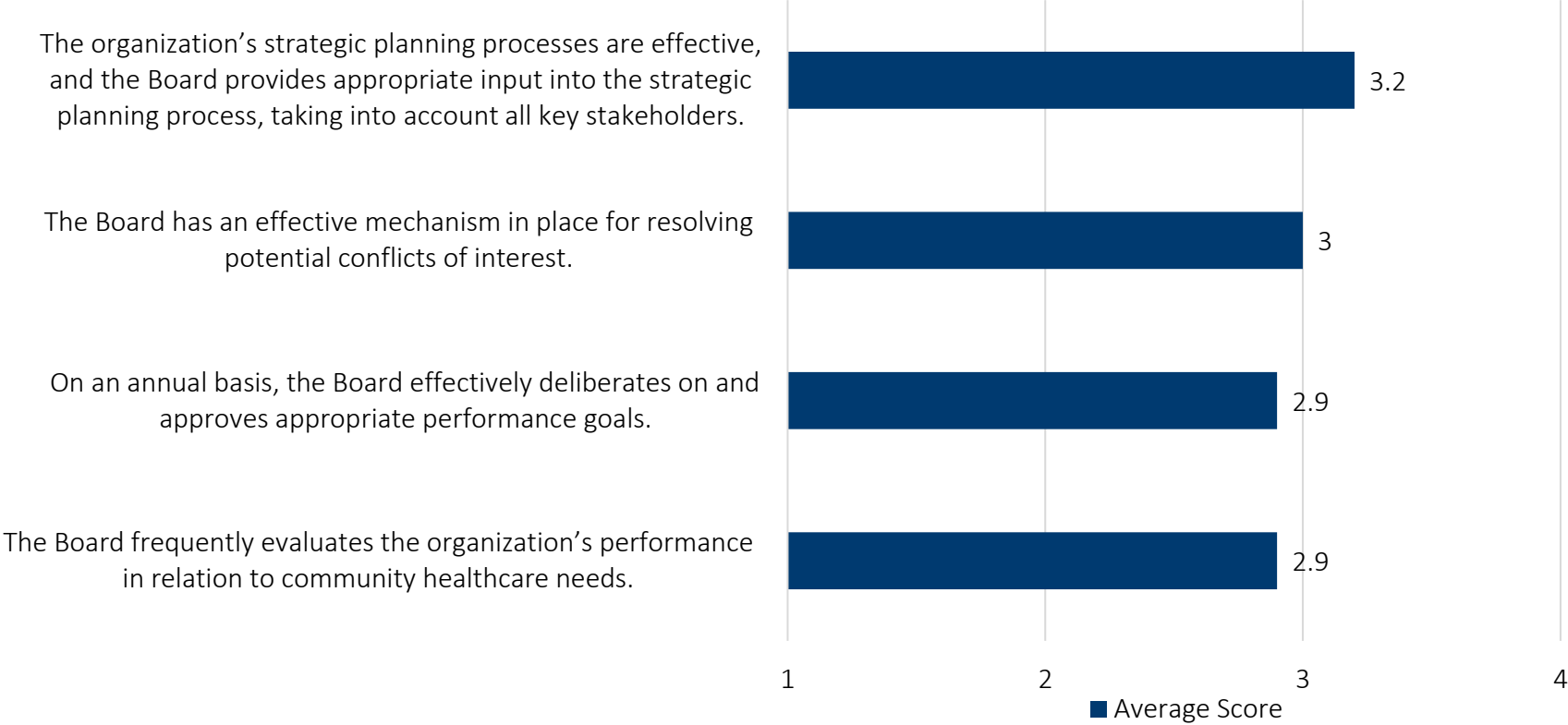
Relationship with Management

Prompt	Open Response
Additional comments regarding the relationship with management?	• There is good and mutual respect between the Board and the management team. • There is progressively less defensive posturing and claiming the Board is overstepping into management when constructive oversight by Board Members challenges management's decisions. This has been extremely helpful in advancing our goals. • When a Board Member questions almost everything, management can become frustrated and other Board Members can feel uncomfortable. • Although we are getting better every year, Board materials are still too lengthy and often pitched at the managerial rather than the governance level. Administrative support for the Board is uneven. Materials often contain small errors and sometimes documents do not make it into Board packets. To-do items and next steps that emerge from Board Meetings are incompletely documented and sometimes are dropped. • Errors on Board materials have increased.

SpencerStuart

Execution of Board's Oversight Responsibilities

The Board effectively assesses the organization's financial performance in relation to its goals. — 3.6

The Board has established procedures to effectively oversee quality. — 3.5

The Board carefully reviews quality and patient care. — 3.4

The Board understands the mission and vision and reflects these understandings on key issues throughout the year. — 3.4

The Board, through its committees, provides effective oversight in the key areas of Compliance and Audit; Finance; Investment; Executive Compensation; Governance; Quality, Patient Care and Patient Experience — 3.4

■ Average Score

SpencerStuart

Execution of Board's Oversight Responsibilities, continued

The organization's strategic planning processes are effective, and the Board provides appropriate input into the strategic planning process, taking into account all key stakeholders. — 3.2

The Board has an effective mechanism in place for resolving potential conflicts of interest. — 3

On an annual basis, the Board effectively deliberates on and approves appropriate performance goals. — 2.9

The Board frequently evaluates the organization's performance in relation to community healthcare needs. — 2.9
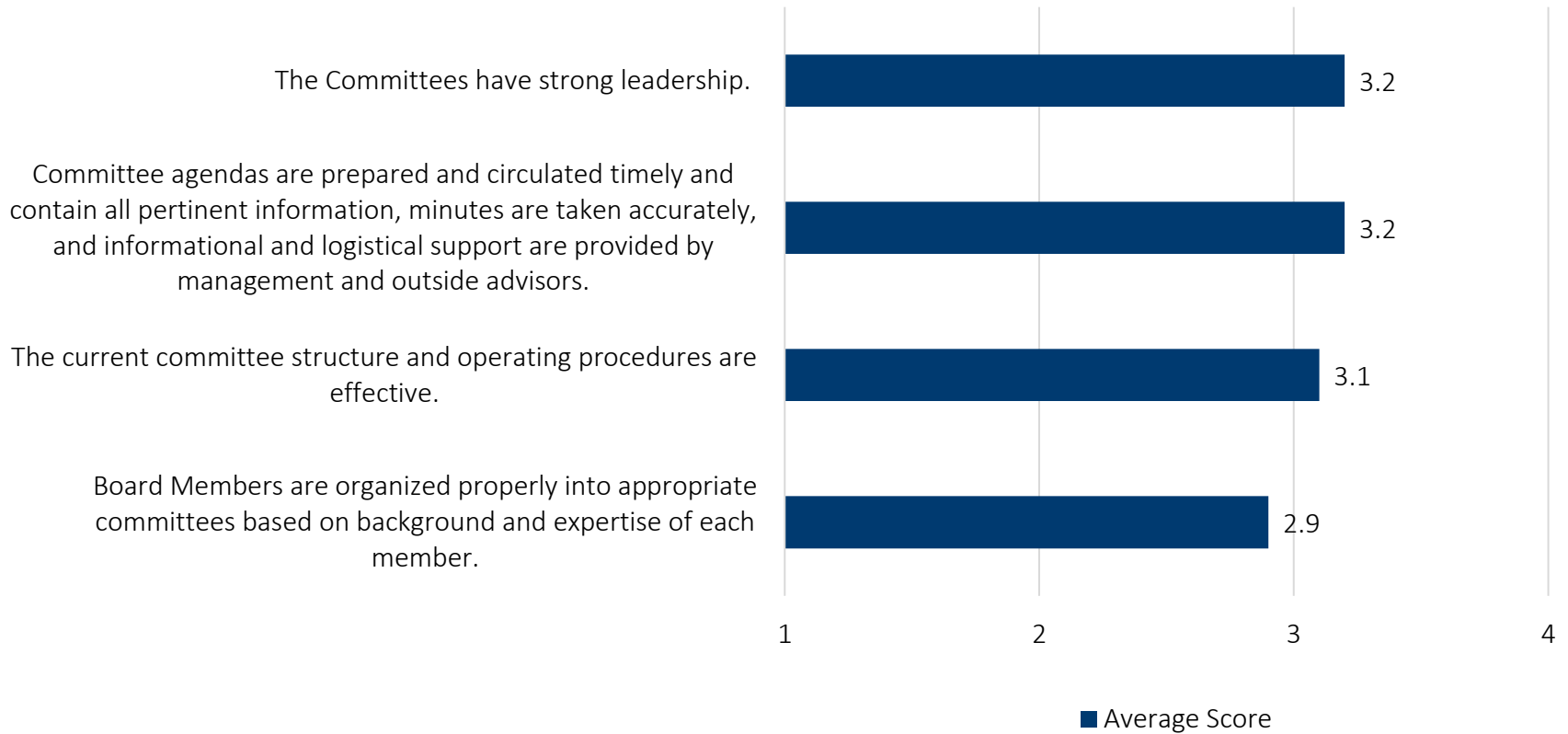
■ Average Score

SpencerStuart

Execution of Board's Oversight Responsibilities

Prompt	Open Response
Additional comments regarding the execution of the Board's oversight responsibilities?	• There seems to be a need for fresh and innovative input to the strategic planning process. It does appear stale and unchanged over the last several years. Community engagement and partnership can be improved and should be encouraged. There has been a long delay in the hiring of key personnel executives. • Need to allow time for board members to "soak in the hot tub" with management before asking for approval of what management has already "figured out." All involved might change their individual perspectives - and align on "the best course of action." • I don't believe we have had active discussions that should lead to annual updating and iteration of organizational strategic goals. • I think Board Members need education about what constitutes conflicts of interest. We have some philosophical differences about how to balance quantitative goals with context and strategic judgement. These difference arise each year and we can do more to bridge the differences. Our ability to make assessments of our quality as a system, rather than as a hospital, is improving, but more work is needed. Our assessment of patient experience is too narrowly focused. I think we need a balanced patient experience scorecard much as we have a quality scorecard. • The Board should refer conflict of interest issues for ruling by the appropriate government agencies before bringing the issues in a biased manner to ill-informed Board Members. The CLO should be counseled accordingly. • Process needs to be fluid and sometimes no time to update. • I'm honestly not really sure what the community healthcare needs are, so that's why I disagreed.

SpencerStuart

Committee Effectiveness

The Board has the proper number of committees representing specific issues of specialized expertise. — **3.3**

Committee members have the experience to serve effectively. — **3.3**

During the course of the year, the Board effectively monitors performance against its goals and provides feedback regarding any needed course correction, including through regular reports of the appropriate committees tasked with specific oversight responsibilities. — **3.2**

(Scale: 1 2 3 4)

■ Average Score

SpencerStuart

Committee Effectiveness, continued

The Committees have strong leadership. — 3.2

Committee agendas are prepared and circulated timely and contain all pertinent information, minutes are taken accurately, and informational and logistical support are provided by management and outside advisors. — 3.2

The current committee structure and operating procedures are effective. — 3.1

Board Members are organized properly into appropriate committees based on background and expertise of each member. — 2.9

Scale: 1 2 3 4

■ Average Score

SpencerStuart

Committee Effectiveness

Prompt	Open Response
Additional comments regarding committee effectiveness?	• I think we need to assess our Committees to ensure that they represent the diversity of the community we serve. Not all Committees have a Vice Chair role. We need such a role in each Committee to ensure continuity and to develop future leaders. • Big fan of more community board members being the Chair, on the other hand, I'm not sure why we need an Investment Committee and not fold that into Finance. • Materials are not always timely. Committee meeting time/invites/minutes are not always available to all Board Members for review/interest. • Without a formal strategic planning committee structure, critical strategic issues might not get thoroughly vetted before arriving on the board's "lap" for approval. • Board Members could be rotated among Committees more regularly. Appears some are assigned to avoid conflict with executives that are to be held accountable. I am concerned that Committees, including their ability to largely self-recruit members, could become too stove piped, particularly with reduced x-committee engagement/meetings. I believe at least one, if not two per year should be required.

SpencerStuart

Self-Reflection on Your Contributions to the Board

I prepare for and actively participate in Board Meetings as well as other activities expected of me as a Board Member. — 3.7

I understand what the Board expects of me in my role as member and the function, role, and responsibilities of being a Board Member. — 3.6

I find serving on the Board to be a satisfying and rewarding experience. — 3.6

I have a positive working relationship with hospital management and staff. — 3.5

I have a positive working relationship with other Board Members. — 3.3

As a Board Member, my expertise and experience are being fully leveraged. — 3

■ Average Score

Additional Reflection on the Performance of the Board

Prompt	Open Response
1. Please provide any additional comments on the effectiveness of the Board over the last year. 2. Looking to the future, what should be the goals of the Board over the next two years; what do we want to accomplish as a Board separate from the goals of the organization? (E.g., expanded Board education programs; changes; enhanced communication; better use of Board Meeting time; other potential areas of responsibility and oversight?). 3. Do you have other input about the Board that has not been addressed in this survey?	• As companies grow, Boards should reevaluate themselves to be sure they still have all the right skill sets to help in the growth process. • The Current Chair has totally changed the dynamics of the board discussions for the better. Absolutely OUTSTANDING leadership!!! • 1. Suggest instead of general statements on this feedback, please focus on specific actions or decisions made by the Board. 2. Balance praise and critique - allow us to highlight what's working well and introduce ideas for improvement. For example, how we can introduce communication to the community. 3. We need to have smart metrics to link performance to outcomes, both on the success of the programs, services, not just on the financial profits. 4. Need to allow the Board Members and service administrator to self-reflect on the success of the programs. 5. The feedback of this exercise should be action-oriented - such as developing partnerships with local health organizations. A summary of points and scores are of limited value. • Excellent Board Chair. Effective Board. Efficient Board. Recommend more thorough discussion regarding strategic planning for the Los Gatos campus. Recommend more discussion on coordination of care between outpatient and inpatient services. • Some Board Members are lacking in the effort of congeniality to others. With improvement, creates better productivity, outcomes and results. • [Comment regarding board members who are in leadership positions should] "discipline inappropriate behavior in the boardroom." • I'm probably quite useful talking about IT and roadmaps there, but I don't think we spend a lot of time talking about it in the organization.

SpencerStuart

SpencerStuart

Appendix:
Distribution of All Responses

Board Meetings

Question	Distribution of Scores					Average Score
	N/A / Unknown	Strong Disagree "1"	Disagree "2"	Agree "3"	Strongly Agree "4"	
The Board Chair effectively manages board dialogue, ensures all voices are heard, guides discussion towards closure and decision, and manages time effectively.				3	7	3.7
Board Members receive meeting notices, written agendas, minutes and other materials well in advance of meetings with appropriate time to review and prepare for meetings.				5	5	3.5
Board meetings cover appropriate topics and areas of board oversight.				5	5	3.5
The Board accomplishes our duties with adequate time for thoughtful inquiry and oversight, achieving the appropriate balance between presentation and engagement/discussion.			1	5	4	3.3

SpencerStuart

31

Board Role

Question	Distribution of Scores					Average Score
	N/A / Unknown	Strong Disagree "1"	Disagree "2"	Agree "3"	Strongly Agree "4"	
The expectations for Board service are clearly articulated and well understood by Board Members.				5	5	3.5
The time commitment Board Members are asked to make is reasonable and appropriate for fulfilling our duties.				5	5	3.5
Board Members engage in productive and meaningful discussion.				6	4	3.4

Board Culture and Dynamics

Question	Distribution of Scores					Average Score
	N/A / Unknown	Strong Disagree "1"	Disagree "2"	Agree "3"	Strongly Agree "4"	Average Score
Board Members are comfortable expressing their views openly and productively during Board Meetings, and with Board leadership and management when necessary.				4	6	3.6
The Board operates with a spirit of collegiality and there is a culture of mutual respect among Board Members.			1	6	3	3.2
Board Members honor the professional boundaries between governance and management.	1			7	2	3.2
Board Members possess strong communication skills, knowing when to listen and when to speak up.			1	8	1	3.0

SpencerStuart

Board Skills, Experiences, and Attributes

Question	Distribution of Scores					
	N/A / Unknown	Strong Disagree "1"	Disagree "2"	Agree "3"	Strongly Agree "4"	Average Score
The Board membership comprises diversity of thought, experience, gender, race and ethnic representation, and perspective in order to add greater value to the Board's deliberations.	1		1	4	4	3.3
The Board is composed of members with optimal subject matter expertise and appropriate competencies.			1	7	2	3.1
The Board actively cultivates new candidates to form a pipeline of potential candidates who are qualified based on defined, competency-based criteria.	1		2	5	2	3.0

Relationship with Management

Question	Distribution of Scores					Average Score
	N/A / Unknown	Strong Disagree "1"	Disagree "2"	Agree "3"	Strongly Agree "4"	
On an annual basis, the Board effectively assesses the performance of the Chief Executive Officer.				5	5	3.5
The Board has an effective working relationship with the Chief Executive Officer and leadership team.				5	5	3.5
The Board has a defined procedure in place for establishing the Chief Executive Officer's yearly objectives.			1	6	3	3.2
The Board and management exhibit mutual trust and respect and foster transparency in the working relationship.				8	2	3.2
Management provides high quality board materials, with the appropriate level of detail, to enable the Board to effectively carry out its oversight responsibilities.		1		6	3	3.1

Execution of Board's Oversight Responsibilities

Question	Distribution of Scores					Average Score
	N/A / Unknown	Strong Disagree "1"	Disagree "2"	Agree "3"	Strongly Agree "4"	
The Board effectively assesses the organization's financial performance in relation to its goals.				4	6	3.6
The Board has established procedures to effectively oversee quality.				5	5	3.5
The Board carefully reviews quality and patient care.				6	4	3.4
The Board understands the mission and vision and reflects these understandings on key issues throughout the year.				6	4	3.4
The Board, through its committees, provides effective oversight in the key areas of Compliance and Audit; Finance; Investment; Executive Compensation; Governance; Quality, Patient Care and Patient Experience				6	4	3.4

Execution of Board's Oversight Responsibilities, continued

Question	Distribution of Scores					Average Score
	N/A / Unknown	Strong Disagree "1"	Disagree "2"	Agree "3"	Strongly Agree "4"	
The organization's strategic planning processes are effective, and the Board provides appropriate input into the strategic planning process, taking into account all key stakeholders.				8	2	3.2
The Board has an effective mechanism in place for resolving potential conflicts of interest.			2	6	2	3.0
The Board frequently evaluates the organization's performance in relation to community healthcare needs.			3	5	2	2.9
On an annual basis, the Board effectively deliberates on and approves appropriate performance goals.			2	7	1	2.9

Committee Effectiveness

Question	Distribution of Scores					Average Score
	N/A / Unknown	Strong Disagree "1"	Disagree "2"	Agree "3"	Strongly Agree "4"	
The Board has the proper number of committees representing specific issues of specialized expertise.				7	3	3.3
Committee Members have the experience to serve effectively.				7	3	3.3
The Committees have strong leadership.				8	2	3.2
During the course of the year, the Board effectively monitors performance against its goals and provides feedback regarding any needed course correction, including through regular reports of the appropriate committees tasked with specific oversight responsibilities.			1	6	3	3.2

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Committee Effectiveness, continued

Question	Distribution of Scores					
	N/A / Unknown	Strong Disagree "1"	Disagree "2"	Agree "3"	Strongly Agree "4"	Average Score
Committee agendas are prepared and circulated timely and contain all pertinent information, minutes are taken accurately, and informational and logistical support are provided by management and outside advisors.				8	2	3.2
The current committee structure and operating procedures are effective.				9	1	3.1
Board Members are organized properly into appropriate committees based on background and expertise of each member.			2	7	1	2.9

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Self-Reflection on Your Contributions to the Board

Question	Distribution of Scores					Average Score
	N/A / Unknown	Strong Disagree "1"	Disagree "2"	Agree "3"	Strongly Agree "4"	
I prepare for and actively participate in Board Meetings as well as other activities expected of me as a Board Member.				3	7	3.7
I understand what the Board expects of me in my role as a member and the function, role, and responsibilities of being a Board Member.				4	6	3.6
I find serving on the Board to be a satisfying and rewarding experience.				4	6	3.6
I have a positive working relationship with hospital management and staff.				5	5	3.5
I have a positive working relationship with other Board Members.				7	3	3.3
As a Board Member, my expertise and experience are being fully leveraged.			2	6	2	3.0

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Governance Committee Survey Results

September 2024

Prepared for El Camino Health

Committee Review Process

» Spencer Stuart was engaged by the Board and Chief Executive Officer of El Camino Health to assist with a survey-based review of the El Camino Health Board Committees.

» The online survey was open from August 12 – 23, 2024. All Committee Members completed the survey. The survey results and open response comments are presented on an unattributed basis in this report.

- Individual Committee questions were only answered by Committee Members on those Committees:
  - Governance, "n" = 6

- In some cases, the total number of responses does not add up to the above "n." In those cases, not every Committee Member answered the question.

» Participants were asked to answer a series of questions on a 4-point Likert scale, where a rating of "1" indicates strong disagreement and a rating of "4" indicates strong agreement. Participants were also given the option to respond "N/A", indicating "no opportunity to observe."

» Comments in the Open Response sections may have been edited for clarity or to protect the identity of the authors.

» This report will be reviewed by the Governance Committee at its September 17, 2024 meeting.

Summary: Highest and Lowest Rated Areas

The highest and lowest rated items by the Committee about the Committee as a collective. Scores were given on a 1-4 scale, from "Strongly Disagree" to "Strongly Agree." A 4.0 rating is the average highest score possible. A 1.0 rating is the lowest.

Highest Rated	Avg. Score	Highest Rated, continued	Avg. Score
Relationship with Management: The Committee and management exhibit mutual trust and respect and foster transparency in the working relationship.	4.0	**Culture and Dynamics:** The Committee operates with a spirit of collegiality and there is a culture of mutual respect among Committee Members.	3.7
Relationship with Management: The Committee has an effective working relationship with the executive sponsor and hospital staff.	4.0	**Execution of Oversight Responsibilities:** On an annual basis, the Committee effectively deliberates on and approves appropriate performance goals.	3.7
Committee Effectiveness: Committee Members have the experience to serve effectively.	3.8	**Committee Effectiveness:** The Committee has strong leadership.	3.7
Meetings: The Committee accomplishes our duties with adequate time for thoughtful inquiry and oversight, achieving the appropriate balance between presentation and engagement/discussion.	3.7	**Execution of Oversight Responsibilities:** The Committee understands the mission and vision and reflects these understandings on key issues throughout the year.	3.7
Meetings: Committee meetings focus on appropriate topics, such as areas of oversight and related education.	3.7	**Lowest Rated**	**Avg. Score**
Committee Role: The expectations for Committee service are clearly articulated and well understood by Committee members.	3.7	**Skills, Experiences, and Attributes:** The Committee actively cultivates new candidates to form a pipeline of potential candidates who are qualified based on a defined, competency-based criteria.	2.5
Committee Role: The time commitment Committee Members are asked to make is reasonable and appropriate for fulfilling our duties.	3.7	**Execution of Oversight Responsibilities:** The organization's strategic planning processes are effective, and the Committee provides appropriate input into the strategic planning process, taking into account all key stakeholders.	3.2
Culture and Dynamics: Committee Members are comfortable expressing their views openly and productively both in Committee meetings and with Committee leadership and management, as needed.	3.7	Note: Reported scores are for the Committee as a collective and do not include the "Self-Reflection" questions.	

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3

Committee Meetings

Question	Distribution of Scores					
	N/A / Unknown	Strong Disagree "1"	Disagree "2"	Agree "3"	Strongly Agree "4"	Average Score
The Committee accomplishes our duties with adequate time for thoughtful inquiry and oversight, achieving the appropriate balance between presentation and engagement/discussion.				2	4	3.7
Committee meetings focus on appropriate topics, such as areas of oversight and related education.				2	4	3.7
Committee Members receive meeting notices, written agendas, minutes and other appropriate materials well in advance of meetings with appropriate time to review and prepare for meetings.				3	3	3.5
The Committee Chair effectively manages Committee dialogue, e.g., ensures that all voices are heard, guides discussion towards closure and decision, manages time and the meeting agenda effectively.				3	3	3.5

Committee Meetings

Prompt	Open Response
What topics would you like to see covered in future Committee meetings?	• Emerging governance best practices. • Succession planning.

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Committee Meetings

Prompt	Open Response
Additional comments on Committee meetings?	• Lanhee is an effective Committee Chair, ensuring that all voices are heard but also ending discussions when they are no longer constructive. • Always room for improvement between Members.

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Committee Role

Question	Distribution of Scores					Average Score
	N/A / Unknown	Strong Disagree "1"	Disagree "2"	Agree "3"	Strongly Agree "4"	
The expectations for Committee service are clearly articulated and well understood by Committee members.				2	4	3.7
The time commitment Committee Members are asked to make is reasonable and appropriate for fulfilling our duties.				2	4	3.7
Committee Members engage in productive and meaningful discussion.				3	3	3.5

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Committee Role

Prompt	Open Response
Additional comments on the Committee role?	• Would love to find opportunities for Committee Members to become more involved in Board activities, where appropriate. • Sometimes meeting dates are changed and we lose Member attendance.

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Committee Culture and Dynamics

Question	Distribution of Scores					
	N/A / Unknown	Strong Disagree "1"	Disagree "2"	Agree "3"	Strongly Agree "4"	Average Score
Committee Members are comfortable expressing their views openly and productively both in Committee meetings and with Committee leadership and management, as needed.				2	4	3.7
The Committee operates with a spirit of collegiality and there is a culture of mutual respect among Committee members.				2	4	3.7
Committee Members honor the professional boundaries between governance and management.				3	3	3.5
Committee Members possess strong communication skills, knowing when to listen and when to speak up.			1	1	4	3.5

Committee Culture and Dynamics

Prompt	Open Response
Additional comments on Committee culture and dynamics?	• Strong membership.

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Committee Skills, Experiences, and Attributes

Question	Distribution of Scores					Average Score
	N/A / Unknown	Strong Disagree "1"	Disagree "2"	Agree "3"	Strongly Agree "4"	
The Committee is composed of members with optimal subject matter expertise and appropriate competencies.				3	3	3.5
The Committee membership comprises diversity of thought, experience, gender, race and ethnic representation, and perspective in order to add greater value to the Committee's deliberations.				5	1	3.2
The Committee actively cultivates new candidates to form a pipeline of potential candidates who are qualified based on a defined, competency-based criteria.	1		2	2		2.5

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Committee Skills, Experiences, and Attributes

Prompt	Open Response
Additional comments on Committee skills, experiences, and attributes?	• External Members have more experience than is sometimes represented by Board or District Board Members. • Always room for better practices.

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Relationship with Management

Question	Distribution of Scores					
	N/A / Unknown	Strong Disagree "1"	Disagree "2"	Agree "3"	Strongly Agree "4"	Average Score
The Committee and management exhibit mutual trust and respect and foster transparency in the working relationship.	1				5	4.0
The Committee has an effective working relationship with the executive sponsor and hospital staff.					6	4.0
Management provides high quality Committee materials, with the appropriate level of detail, to enable the Committee to effectively carry out its oversight responsibilities.				4	2	3.3

Relationship with Management

Prompt	Open Response
Additional comments on the Committee's relationship with management?	• Staff reports at times seem quite perfunctory and often don't provide a true discussion of alternatives or staff reasoning.

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Execution of Committee's Oversight Responsibilities

Question	Distribution of Scores					Average Score
	N/A / Unknown	Strong Disagree "1"	Disagree "2"	Agree "3"	Strongly Agree "4"	
On an annual basis, the Committee effectively deliberates on and approves appropriate performance goals.				2	4	3.7
The Committee understands the mission and vision and reflects these understandings on key issues throughout the year.				2	4	3.7
The Committee has an effective mechanism in place for resolving potential conflicts of interest.	1			2	3	3.6
The Committee has established procedures to effectively oversee quality.	3			2	1	3.3
The organization's strategic planning processes are effective, and the Committee provides appropriate input into the strategic planning process, taking into account all key stakeholders.			1	3	2	3.2

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Execution of Committee's Oversight Responsibilities

Prompt	Open Response
Additional comments on oversight of setting strategy, performance goals and other key areas of responsibility?	• None.

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Committee Effectiveness

Question	Distribution of Scores					Average Score
	N/A / Unknown	Strong Disagree "1"	Disagree "2"	Agree "3"	Strongly Agree "4"	
Committee Members have the experience to serve effectively.				1	5	3.8
The Committee has strong leadership.				2	4	3.7
The Committee has the proper number of community members representing specific issues of specialized expertise.				3	3	3.5
The current committee structure and operating procedures are effective.				3	3	3.5
Committee agendas are prepared and circulated timely and contain all pertinent information, minutes are taken accurately, and informational and logistical support are provided by management and outside advisors.				4	2	3.3
During the course of the year, the Committee effectively monitors performance against its goals and provides feedback regarding any needed course correction, including through regular reports of the appropriate committees tasked with specific oversight responsibilities.				4	2	3.3

Committee Effectiveness

Prompt	Open Response
Additional comments on Committee effectiveness?	• Scheduling has been somewhat difficult with the current Chair with a number of rescheduled meetings. • Would be helpful to have a list of all six Committees' memberships.

SpencerStuart

Self-reflection on Your Contributions to the Committee

Question	Distribution of Scores					Average Score
	N/A / Unknown	Strong Disagree "1"	Disagree "2"	Agree "3"	Strongly Agree "4"	
I understand what the Committee expects of me in my role as member and the function, role, and responsibilities of being a Committee Member.				1	5	3.8
I prepare for and actively participate in Committee meetings as well as other activities expected of me as a Committee Member.				1	5	3.8
As a Committee Member, my expertise and experience are being fully leveraged.				2	4	3.7
I have a positive working relationship with other Committee Members.				2	4	3.7
I find serving on the Committee to be a satisfying and rewarding experience.				3	3	3.5

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19

Additional Reflection on the Performance of the Committee

Prompt	Open Response
1. Please provide any additional comments on the effectiveness of the Committee over the last year. 2. Looking to the future, what should be the goals of the Committee over the next two years; what do we want to accomplish as a Committee separate from the goals of the organization? (E.g., expanded Committee education programs; changes; enhanced communication; better use of Committee meeting time; other potential areas of responsibility and oversight?). 3. Do you have other input about the Committee that has not been addressed in this survey?	• As previously mentioned, to some degree, we are going through the motions, year in and year out. It would be more interesting to explore emerging best practices and see if they would fit here. Perhaps encouragement to attend governance conferences. • Is there more work the Committee could do related to Board education/development, new member orientation, or review of other Committees' goals as they relate to the organization's strategy/goals? Sometimes our review seems superficial/cursory. • Building relationships with Members is difficult during meeting time. Maybe a social mixer event to honor their service and commitment to ECH.

El Camino Health

EL CAMINO HOSPITAL BOARD OF DIRECTORS
GOVERNANCE COMMITTEE MEETING MEMO

To: ECH Governance Committee
From: Dan Woods, CEO
Date: September 17, 2024
Subject: ECHD Ad Hoc Committee Support

Purpose:

Discuss the support of the ECHD Ad Hoc Committee.

Summary:

At the August 20 El Camino Healthcare District board meeting, the ECHD Ad Hoc Committee was commissioned, chaired by Director Peter Fung, MD. The Governance Committee (GC) advisor for this committee is Mike Kasperzak.

The purpose of today's discussion will focus on advancing the Governance Committee's current goal: developing a method for regular competency and skills assessment of the Board. This effort will be aligned with the ongoing ECHD Re-Appointment and Recruitment process. The aim is to ensure that the Board maintains a high level of expertise and effectiveness by regularly assessing and addressing any skill gaps.

EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING MEMO

To: Governance Committee
From: Tracy Fowler, Director Governance Services
Date: September 17, 2024
Subject: Board Onboarding Process

<u>Purpose</u>:

To update the Governance Committee on the progress in board onboarding since the materials were reviewed in FY23.

<u>Summary</u>:

We reviewed past and current processes to identify gaps we needed to address. This exercise is timely due to the recruitment status of the Finance and Quality Committees, the ECHD Ad Hoc Committee for Reappointment of ECHB Director, and the potential of a new ECHD Director due to November 2024 general election. This also addresses some of the comments made in the assessment survey. The provided documents outline the current board onboarding process and governance overview provided to new board and committee members. These materials align with the Governance Committee's goal to enhance board composition, development, and effectiveness by emphasizing onboarding and mentorship for new board/committee members.

Key Components:

1. **Orientation Process**:

   o The **Board Orientation Process** includes comprehensive onboarding sessions, such as financial reviews, governance responsibilities, and tours. The orientation is spread across multiple days and covers hospital strategy, committee roles, and quality measures, ensuring new members have a strong foundation before their first meetings.

   o Notably, an **onboarding buddy** is now suggested to be assigned during the lunch meeting with the CEO and Board Chairs, fostering an early mentorship relationship between experienced and new members.

2. **Ongoing Training**:

   o The governance documents emphasize that orientation is not a one-time event but a **continuous process**. This reinforces the need for ongoing mentorship as new members navigate board responsibilities.

   o The presentation also highlights the importance of advisory committees and the mentorship role that committee chairs play in onboarding new members, further advancing the governance goal.

3. **Alignment with Governance Goal**:

- The governance goal of enhancing board effectiveness through mentorship is directly addressed by pairing new members with experienced board/committee members early in the process. The structured, **multi-phased orientation** ensures that new members are well-supported, not just in knowledge but also in ongoing advisory relationships

This mentorship program will ensure the **development of robust leadership**, contributing to a more effective and cohesive board structure.

List of Attachments:

1.   ECHB Onboarding Schedule
2.   ECHD Onboarding Schedule

DRAFT ECH Board Orientation Plan

Prior to attendance at 1st Board meeting:
one full day or two half days, depending on preference

1. **Strategic Plan** | **2 hours**
   includes update on current fiscal year metrics as last presented to the full Board

   With: CEO, COO, Chief Medical Officer (CMO), Chief Nursing Officer (CNO), and President, El Camino Medical Network (SVMD)

2. **Hospital Site Tour** | **45 min**

   With: Chief Admin Services Officer

3. **Lunch** | **1 hour**
   Includes assignment of onboarding buddy from board

   With: CEO and Board Chair(s)

4. **Policies and Procedures** | **2 hours**
   includes Board logistics overview, technology setup, headshot, ID badge, HealthStream assignments

   With: Director of Governance Services, Governance Services Coordinator, ECH photographer

5. **Financial Performance** | **1 hour**
   Hospital and District

   With: CFO and Controller

6. **Governance, Fiduciary Duties, and the Brown Act** | **1 hour**

   With: Chief Legal Officer

7. **Board Meeting Materials** | **30-60 min**
   separate meeting or phone call to review the Board meeting agenda and packet in detail

   With: Director of Governance Services

Prior to attendance at 2nd Board meeting / 1st Committee meeting(s)
one full day or two half days, depending on preference

1. **Intro to Related Entities** | **1.5 hours**
   including the following sessions:

   - ECHMN Strategy with President, ECHMN
   - CONCERN:EAP with President, CONCERN
   - ECH Foundation with President, Foundation
   - Pathways Home Health & Hospice

2. **Intro to Quality** | **1 hour**
   including the following sessions:

   - Quality Measures (HCAHPS, Core Measures, Org Goals) with CQO, CNO and CMO
   - Clinical Effectiveness Org Structure: CMO
   - Regulatory Oversight: CMO
   - Medical Staff Structure and Responsibility: CMO

3. **Committee Onboarding** | **2-3 hours**

   With: Executive Sponsors, Committee Chairs

4. **Compliance Program** | **30 min**

   With: Chief Legal Officer and Sr. Director, Corporate Compliance

5. **Community Benefit** | **30 min**

   With: Executive Director, Government Relations and Community Partnerships

6. **Workforce** | **30 min**

   With: CHRO

7. **Site Tours** | **as requested**
   Los Gatos campus, clinics, etc.

90-Day Check In

1. **Lunch** | **1 hour**

   With: CEO

2. **Check-In Meeting** | **30 minutes**

   With: Director of Governance Services

3. **Other Meetings** | **as requested**
   with other executives and Board members

DRAFT ECHD Board Orientation Plan

Prior to attendance at 1st Board meeting:
one full day or two half days, depending on preference

1. **Oath of Office and Standards of Conduct** | December ECHD meeting

2. **Strategic Plan** | **1 hour**
   includes update on current fiscal year metrics as last presented to the full Board

   With: CEO

3. **Hospital Site Tour** | **45 min**

   With: Chief Admin Services Officer

4. **Lunch** | **1 hour**

   With: CEO and Board Chair(s)

5. **Policies and Procedures** | **2 hours**
   includes Board logistics overview, technology setup, headshot, ID badge, HealthStream assignments

   With: Director of Governance Services, Governance Services Coordinator, ECH photographer

6. **Financial Performance** | **1 hour**
   Hospital and District

   With: CFO and Controller

7. **Governance, Fiduciary Duties, and the Brown Act** | **2 hours**
   includes General Election Code, Public Agency Roster, Form 700 Financial Disclosure. Ethics Training

   With: Chief Legal Officer

8. **Board Meeting Materials** | **30-60 min**
   separate meeting or phone call to review the Board meeting agenda and packet in detail

   With: Director of Governance Services

Prior to attendance at 2nd Board meeting / 1st Committee meeting(s)
one full day or two half days, depending on preference

1. **Intro to Other Related Entities** | **1.5 hours**
   including the following sessions:

   - ECHMN Strategy with President, ECHMN
   - CONCERN:EAP with President, CONCERN
   - ECH Foundation with President, Foundation
   - Pathways Home Health & Hospice with CFO

2. **Intro to ECH Quality** | **1 hour**
   including the following sessions:

   - Quality Measures (HCAHPS, Core Measures, Org Goals) with CQO, CNO and CMO
   - Clinical Effectiveness Org Structure: CMO
   - Regulatory Oversight: CMO
   - Medical Staff Structure and Responsibility: CMO

3. **Compliance Program** | **1 hour**

   With: Chief Legal Officer and Sr. Director, Corporate Compliance

4. **Community Benefit** | **1 hour**

   With: Executive Director, Government Relations and Community Partnerships

5. **Site Tours** | **as requested**
   Los Gatos campus, clinics, etc.

90-Day Check In

1. **Lunch** | **1 hour**

   With: CEO

2. **Check-In Meeting** | **30 minutes**

   With: Director of Governance Services

3. **Other Meetings** | **as requested**

Minutes of the Open Session of the
Governance Committee of the
El Camino Hospital Board of Directors
Tuesday, June 11, 2024

Members Present	Members Absent	Others Present
Ken Alvares	**Christina Lai**	**Dan Woods,** CEO
Lanhee Chen, Chair	**Julia Miller**	**Theresa Fuentes,** CLO
Michael Kasperzak		**Tracy Fowler,** Director, Governance Services
Don Watters **		**Gabriel Fernandez**, Coordinator, Governance Services

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session of the regular meeting of the Governance Committee of El Camino Hospital (the "Committee") was called to order at **5:37** pm by Chair Lanhee Chen. A verbal roll call was taken. A quorum was present. Director Miller and Ms. Lai were absent.	*Called to order at 5:37 pm*
2. CONSIDER APPROVAL FOR AB 2449 REQUESTS	Chair Chen announced that Director Don Watters would be attending the meeting remotely under a Just Cause exemption. Director Watters confirmed that no individuals over 18 were present in the room.	
3. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Chen asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were noted.	
4. PUBLIC COMMUNICATION	Chair Chen invited the members of the public to address the Committee, no members of the public were in attendance and no comments were provided.	
5. REVIEW REVISIONS TO ADVISORY COMMITTEE CHARTERS	Ms. Fuentes shared an overview of the process of reviewing committee charters and an explanation of the edits recommended, which included standardized language, clarifying language regarding affiliated entities, inclusion of Hospital Bylaws citation, and alignment with the proposed new Committee Governance policy. The Committee did not have any additional edits to recommend. The charters will go to the respective committees in August and then to the Board for final approval in September. The Committee discussed whether the Finance Committee and Investment Committee should be combined. A discussion ensued regarding the differing focus and membership of the two committees. Combining the two committees is **not** recommended at this time. A robust discussion ensued regarding the Quality Committee's request to receive minutes from ECHMN Quality Committee. Pros and cons were discussed, including that the committee generally favors transparency, but also acknowledges the challenges surrounding maintaining confidentiality of the minutes, and that the ECHMN minutes may not be as informative as hospital	

	minutes given that ECHMN has different regulatory standards. The request should be discussed with ECHMN board. **Motion**: To approve the Advisory Committee charters to go to each committee for review and then to the Hospital Board for approval. **Movant:** Alvares **Second:** Kasperzak **Ayes:** Alvares, Chen, Kasperzak, Watters **Noes**: None **Abstentions:** None **Absent**: Lai, Miller **Recused**: None	
6. REVIEW REVISIONS TO PROPOSED GOVERNANCE POLICY	Ms. Fuentes shared the revisions to the proposed Committee Governance policy with the requested changes from the Board. The Committee recommended that the sentence "without effecting the term" in paragraph 2 of the second page of the policy should be changed to "without impacting the term." **Motion**: To recommend the El Camino Hospital Board Committee Governance Policy for El Camino Hospital Board Approval, with the change noted above. **Movant:** Alvares **Second:** Kasperzak **Ayes:** Alvares, Chen, Kasperzak, Watters **Noes**: None **Abstentions:** None **Absent**: Lai, Miller **Recused**: None	
7. GOVERNANCE COMMITTEE PROGRESS	Ms. Fowler shared the progress on the FY24 Governance Committee Goals and noted that the Hospital Bylaws would be reviewed in FY25. Ms. Fowler also shared ongoing process developments regarding Board and Committee member education opportunities.	*Actions:* Staff to develop a plan to include community committee members in the education sessions.

8. FY25 COMMITTEE PLANNING ITEMS	Ms. Fowler shared the new proposed FY25 meeting dates for the Committee. Mr. Fernandez confirmed that all members had been polled for dates. Committee Member Kasperzak raised a scheduling conflict with the March meeting. The Committee discussed conditional approval of the proposed meeting dates with the understanding that the March date will need to be adjusted to ensure full committee attendance. **Motion**: To approve the FY25 Governance Committee meeting dates. **Movant:** Kasperzak **Second:** Alvares **Ayes:** Alvares, Chen, Kasperzak, Watters **Noes**: None **Abstentions:** None **Absent**: Lai, Miller **Recused**: None	*Actions:* Staff to poll the Governance Committee for an updated March meeting date.
9. FY25 BOARD AND ADVISORY COMMITTEES PLANNING	Mr. Woods presented the FY25 advisory committee goals, committee dates, and pacing plans. Mr. Woods shared the proposed FY25 committee assignments. The Committee discussed the positive impact of community member service and the size of the Governance Committee. **Motion:** To recommend the FY25 Advisory Committee goals, meeting dates, pacing plans, and committee assignments for El Camino Hospital Board approval. **Movant:** Alvares **Second:** Kasperzak **Ayes:** Alvares, Chen, Kasperzak, Watters **Noes**: None **Abstentions:** None **Absent**: Lai, Miller **Recused**: None	
10. BOARD AND COMMITTEE ASSESSMENTS	The Committee discussed the process for Board and Committee assessments. The Committee expressed a desire to utilize the consultant for evaluating the metrics received from the assessments.	
11. CONSENT CALENDAR	**Motion**: To approve the Open Session consent calendar. **For Approval:** a) Minutes of the Open Session Governance Committee Meeting (03/12/2024) **Movant:** Alvares **Second:** Watters **Ayes:** Alvares, Chen, Kasperzak, Watters **Noes**: None **Abstentions:** None **Absent**: Lai, Miller **Recused**: None	*Consent Calendar approved.*

11. COMMITTEE ANNOUNCEMENTS	The Committee did not have any announcements.	
12. ADJOURNMENT	**Motion**: To adjourn at **6:26** pm. **Movant**: **Second**: **Ayes:** Alvares, Chen, Kasperzak, Watters **Noes**: None **Abstentions:** None **Absent**: Lai, Miller **Recused**: None	*Meeting Adjourned at 6:26 pm*

Attest as to the approval of the preceding minutes by the Governance Committee of El Camino Hospital:

_____

Gabriel Fernandez
Coordinator, Governance Services

Prepared by: Gabriel Fernandez, Coordinator, Governance Services
Reviewed by: Theresa Fuentes, CLO; Tracy Fowler, Director, Governance Services

El Camino Health

FY25 Governance Committee Pacing Plan

AGENDA ITEM	Q1			Q2			Q3			Q4		
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Minutes			✔			✔			✔			✔
Review Progress Against Goals			✔			✔			✔			✔
Board Action Plan Development			✔									
ECHD Reappointment Support			✔									
Board/Committee Onboarding Plan			✔									
ECHB Policy Review						✔						
Board Education						✔						
Board Assessment Plan Overview									✔			
Plan for Joint Education Session									✔			
Develop next FY GC Goals									✔			
Review Advisory Committees Next FY Goals												✔
Review Advisory Committee and Committee Chair Assignments												✔
Finalize Next FY Master Calendar												✔

El Camino Health

FY25 GOVERNANCE COMMITTEE GOALS

COMMITTEE PURPOSE

The purpose of the Governance Committee (the "Committee") is to advise and assist the El Camino Hospital (ECH) Hospital Board of Directors ("Board") in matters related to governance, board development, board effectiveness, and board composition, *i.e.*, the nomination and appointment/reappointment process. The Governance Committee ensures the Board and Committees are function at the highest level of governance standards.

GOALS	ACTIONS/METRICS	STATUS
1. Enhance Board Composition, Development, and Effectiveness	- In conjunction with the ECHD Re-Appointment and Recruitment, provide a method for regular competency and skills assessment of the Board. - Organize education sessions on industry trends and best governance practices. - Maintain resource section on Boardvantage of pertinent conferences, resources, newsletters, and professional organizations. - Implement regular and comprehensive board and committee assessments. - Develop Board Action plan - based on assessment results. - Develop onboarding mentorship program pairing experienced and new Board/Committee members.	- Current meeting - Strategy session - Article attached - Current meeting - Suggested onboarding plan included
2. Review and Update Governance Documents and Policies	- Schedule regular reviews of Bylaws and policies. - Develop communication and/or training as necessary for policy updates.	- Paced for December GC Meeting
3. Support Board Advisory Committee Alignment with Organizational Strategy and Goals	- Ensure regular review of Advisory Committee goals and charters. - Hold joint education sessions between Board, Advisory Committees, and organizational leadership to ensure alignment with organizational needs.	- Paced for June GC Meeting - February 5 ECHB meeting paced to include Committees
4. Promote ethical behavior and ensuring that the organization is acting in accordance with its values and principles.	- Monitor the frequency of Code of Conduct revision to ensure it remains current with the organization's culture and external factors - Monitor the annual acknowledgement of Conflict of Interest policy.	- On track

The Governance Institute

Essential Conversations for Effective Governance

By JoAnn McNutt, Ph.D., Conor Anderson, M.B.A., and Sara Finesilver, M.S., Organizational Psychologists and Board Consultants, *Board First Consulting, LLC*

When Group Norms Override Good Discussion

The boardroom is where a health system's strategic direction is determined, risks are evaluated, and critical decisions are made. Effective decision making and governance practices can be enhanced by recognizing and addressing unproductive group norms. In our practice of advising boards of all sizes across health systems, hospitals, physician organizations, and payers, we have witnessed several common pitfalls that can derail robust, honest board conversation and functioning:

- **CEO townhall:** The CEO and management team dominate the meetings, filling the time with presentations and monologues. As a result, directors become passive recipients of information, with no time or energy left for meaningful, strategic dialogue.
- **Fishbowl effect:** The same few individuals do most of the talking, and the broader board watches from the sidelines.
- **Political sidebars:** Directors are lobbied during private conversations before the meeting, excluding the broader board from critical decision-making discussions. The board meeting becomes a mere formality.
- **Empowered executive committee:** The executive committee makes all the critical decisions and becomes the de facto board. Non-committee members are disengaged, underinformed, and underutilized.
- **Divergent expectations:** Some directors come prepared to dive deep into a particular issue, while others intend to debate high-level options or push for

1

immediate action. This misalignment around the expectation to understand versus act can lead to confusion, frustration, confrontation, and/or disengagement. This dynamic often occurs when there is a lack of clarity around the board's role and the altitude at which the board should engage.

By avoiding these common pitfalls, boards can enhance their effectiveness and ensure critical governance issues are thoughtfully addressed. This article examines some of the root causes of these pitfalls and offers solutions for course-correcting them.

What Causes These Pitfalls?

The root causes of unproductive board dynamics and communication patterns are often linked to gaps in leadership competencies, motivation, culture, structure, and/or process.

Issue #1: Leadership (Ineffective Facilitation)

One common problem is when the board and committee chairs fail to *actively* manage conversations. One of their primary roles is to be the air traffic controller who ensures a balance of voices in the boardroom. For instance, they need to invite input from those who have not spoken, even at the risk of "putting them on the spot," or dial back those who speak up too much, even at the risk of offending them. The chair must avoid a circular conversation dominated by a few individuals. Conversely, some chairs dominate boardroom discussions, failing to recognize their role in facilitating balanced dialogue.

Issue #2: Culture (Conflict Avoidance)

Some boards are conflict-avoidant, making it against their culture to challenge peers, the CEO, or the management team during meetings. In other cases, directors are uncomfortable engaging in tough conversations because of the lack of psychological safety. Those who do speak up and are willing to take a contrarian viewpoint or push for generative discourse are seen as disruptors. The norm should be that the boardroom is a safe place for constructive debate, critical review, and lively discussions while demonstrating collegiality and civility.

Issue #3: Individual (Conflicting Interests)

Due to structural issues, conflicting motives can sometimes overpower the ethical values of even the most disciplined directors. For instance, consider a board of a for-profit physician group comprised entirely of its members, ranging from frontline physicians to department chiefs. The CEO reports to them in the boardroom, but they report to the CEO day-to-day. This dual role creates inherent conflicts of interest and implicit biases,

> The root causes of unproductive board dynamics and communication patterns are often linked to gaps in leadership competencies, motivation, culture, structure, and/or process.

2

whether intentional or not. Thus, the board's challenge lies in effectively balancing these biases with strategic governance policies for checks and balances.

Issue #4: Structure (the Nuts and Bolts)

Some structural issues will derail even the most competent board chair's efforts to run an effective meeting. A common example is ensuring the meeting agenda is focused on the right topics and realistic in its time allotment. However, the concept of flexible meeting times is not often considered. There is an expectation that board meetings must end at a specific time. While this is the goal, some meetings should be extended ahead of time to allow adequate time for learning, discussing, and debating an important strategic issue. Allow the end times to vary as necessary.

The sequencing of agenda items matters, too. A half-finished discussion that ends in a vote is potentially more disruptive than tabling the topic until more time is available or extending the meeting's end time.

Finally, the layout of a boardroom can be instrumental or detrimental to an engaged board. Every board member should be able to make eye contact with everyone around the room. Keep your boardroom's technology current, ensuring it supports the board and does not become an obstacle.

Tough Conversations Require Bold Governance

Solution #1: Aim to Be Bold

In the last two decades, boards have greatly enhanced their oversight by implementing "good governance" practices. It's time to take governance to the next level. The call to action is for bold governance, where directors are not afraid to ask tough questions, are self-aware and able to self-regulate (i.e., knowing when to dial back, speak up, or even resign from the board), and have the personal courage to hold themselves and others accountable for behaviors and words that do not reflect the core values of the organization.

Solution #2: Hold Directors Accountable

A basic level of expectations is that directors study meeting materials, conduct ongoing self-study on healthcare trends and challenges, and ask clarifying questions *before* board meetings. This also means avoiding the temptation to open sidebar conversations during the meeting or speak with a few people in the hallway during break. Instead, share your genuine reactions with the entire board.

> By reevaluating the current governance principles, policies, processes, and practices, the board can use this opportunity to create an environment where tough discussions are not only possible but the norm.

3

Solution #3: Train the Chair

A chairperson skilled in group facilitation can dramatically elevate the board's performance. They understand their various roles and expertly alternate between them. One minute, they are the air traffic controller; the next, they are a consensus driver.

Solution #4: Update Your Ps

By reevaluating the current governance principles, policies, processes, and practices, the board can use this opportunity to create an environment where tough discussions are not only possible but the norm. Recodifying principles and processes can create new expectations and lead to better decision making, more robust governance, and, ultimately, a more effective organization.

Another critical area is to reevaluate how the board refreshes its composition. There are many ways to refresh the board, but what is right for your organization? An annual election makes sense for some boards, while a maximum of three or four terms works for another. Regardless of the approach, the board needs to be purposeful about it.

Key Board Takeaways: Low-Hanging Fruit Ideas

- **Staggered board packet:** Split up the board pre-reading meeting materials by sending information available in advance and then sending the second set (e.g., financials) as it becomes available. While some board members prefer to receive the information all at once, it is more practical to give them more time to review the materials if it's available sooner.
- **Video presentations:** Use pre-recorded presentations that directors can view before the meeting. This approach is helpful when the directors must hear the entire presentation before asking questions or if there is a significant amount of new information for directors to digest.
- **Adjusted meeting times:** "Train to standard, not to time" is a common phrase in leadership training. If the next board meeting agenda requires more time to discuss important topics, don't be afraid to extend the meeting ahead of time. That said, we must use directors' and managers' time wisely.
- **Consent agenda:** Take advantage of the consent agenda to free up more time for discussion.
- **30-70 rule:** Structure each agenda item so that 30 percent is presentation and 70 percent is discussion time.

4

Conclusion

Hospitals and health systems have made tremendous strides in healthcare governance, but there is more work to do. Healthcare boards must move beyond perfunctory board meetings, ineffective leadership, exclusivity via the executive committee, conflict-avoidant norms, and the dominance of a few directors. By being intentional about governance, boards can create a more dynamic, effective decision-making environment that fosters healthy conversations.

TGI thanks JoAnn McNutt, Ph.D., Conor Anderson, M.B.A., and Sara Finesilver, M.S., Organizational Psychologists and Board Consultants at Board First Consulting, LLC, for contributing this article. They can be reached at joann@boardfirstconsulting.com, conor@boardfirstconsulting.com, and sara@boardfirstconsulting.com.

5

Rapidly Improve Financial Performance—and Create Long-Term Sustainability and Success

By Harrison Burns, Partner in Strategic Transformation, and Hunter Hayes, Partner in Clinical Transformation, *Chartis*

Board members recently heard some good news: many health systems across the country reported improved financial performance in the first quarter of 2024.[1] And while it *is* good news, this financial upswing may be fleeting if leaders don't act quickly.

Numerous health systems continue to face acute and persistent financial challenges. Staff shortages, while not at the crisis level of the pandemic's peak, are still an issue and continue to elevate labor costs. Supply costs remain high due to inflation and supply-demand imbalance. And the continuous growth of the Medicare population produces its own cost and operational challenges.

Health system leaders commonly address these challenges by carrying out extensive cost-cutting and performance improvement initiatives. They often focus on workforce, purchased services, and other major expense categories.

But this approach is no longer sufficient.

Board members should encourage their leadership teams to take this opportunity to step back and think bigger and bolder. Now is the time to consider how to fundamentally redesign the organization for long-term sustainability and competitive advantage. In our experience, focusing on three principles for success can deliver immediate financial stability and long-term sustainability.

Three Imperatives for Transformation Success

Health system leaders should reimagine their care delivery model, portfolio of clinical services, and physician enterprise to thrive in the long-term.[2] And they must do so in a way that harnesses novel solutions and positions them for success amid intensifying market forces.

That may sound like a tall order, but it's achievable when broken down into the following three imperatives.

1. Start with the end in mind. For long-term success, efforts must be rooted in the health system's organizational strategy. Improving near-term financial performance is important. But if doing so doesn't also create strategic differentiation and long-term financial stability, the organization can become entrenched in a never-ending cycle of

1   Alexandra Schumm, "Health System Margins Show Improvement, But Long-Term Financial Sustainability Is Uncertain," Chartis, May 31, 2024.
2   Harrison Burns and Hunter Hays, *Stabilize to Transform: How to Rapidly Improve Financial Performance while Designing the Health System of the Future*, Chartis, May 8, 2024.

6

cost-cutting and turnaround efforts. Such efforts at best maintain razor-thin margins and protect dwindling sources of capital.

The first step is to develop a high-level blueprint for the enterprise's future strategic positioning. While traditional strategic planning typically takes several months, leaders should complete this initial planning exercise rapidly, in just four to six weeks.

Some strategic actions boards and senior leaders might consider include:
- Reconfiguring smaller acute care hospitals into freestanding emergency departments, ambulatory surgery centers, or multi-specialty ambulatory centers.
- Consolidating select assets, clinical services, and/or administrative functions (e.g., centralized transfer/referral center).
- Developing virtual consult capabilities in markets with lower population density. Doing so can maintain access while optimizing specialist capacity and limiting travel and call burden.

While these example actions may require a year or more to implement, executives should develop high-level hypotheses within the first few weeks of planning. They can use these hypotheses as an overarching strategic framework to prioritize and "screen" the more immediate financial improvement interventions.

2. Link near-term stabilization actions to long-term strategy. Next, leaders should rigorously analyze, prioritize, and implement a set of immediate financial performance improvement interventions. The selected interventions should materially improve cash flow, enable reinvestment into the longer-term strategy, and deliver value in roughly 60 to 120 days.

Examples of near-term actions include:
- Immediately instituting position control review. Health systems can develop and adhere to data-driven productivity dashboards to inform decision making.
- Consolidating and competitively bidding key purchased services and medical/surgical supply categories. The goals are to standardize operations, streamline contract management, and improve pricing for commodities.
- Adopting AI and technology-enabled solutions to drive efficiencies for repeatable administrative and clinical functions, such as components of revenue cycle and clinical documentation.[3]

Leaders should avoid assigning wholesale expense reduction targets across each department. Instead, they should protect highly strategic programs that can quickly grow and produce a significant return on investment. In turn, they should assign disproportionate expense management targets to other areas that do not carry the same value proposition.

> Now is the time to consider how to fundamentally redesign the organization for long-term sustainability and competitive advantage.

3   "AI Roundtable: Streamlining Processes for Better Workforce Productivity and Experience," Chartis, November 3, 2023.

7

Key Board Takeaways and Questions to Ask Your Management Teams

1. Start with the end in mind:
- **Define financial goals:** What is the current and forecasted financial performance of the organization? And what is our plan to become financially sustainable for the long-term?
- **Prioritize clinical offerings:** In which clinical services do we have a competitive advantage? In which services do we not? How should we reconfigure our clinical programs, medical group, and asset mix accordingly?
- **Think critically about ownership:** Based on these factors, what sites, service lines, and corporate functions should we fully own vs. joint venture or partner on vs. divest?

2. Link near-term stabilization actions to long-term strategy:
- **Take immediate action:** What near-term interventions will most materially improve cash flow and enable (not encumber) the broader repositioning strategies?
- **Harness data:** Do we have a data-driven process to measure and benchmark productivity by functional area, enabling our leaders to identify the most meaningful near-term improvement opportunities?
- **Break down access barriers:** Which high-value sites or services have the longest patient wait times or backlog? What budget-neutral initiatives can we carry out to expand capacity in the near-term?

3. Execute with tenacity and speed:
- **Enable execution:** Do we have structure and processes to rapidly execute on the plan—including a steering committee, implementation workgroups, and financial realization tracking tools?
- **Integrate physician leaders:** Are we appropriately including and leveraging physician leaders in our decision making?
- **Engage the workforce:** Do we have a comprehensive communication and change management plan in place?

3. Execute with tenacity and speed. Finally, to ensure the transformation doesn't lose momentum or fall apart completely, leaders should identify "quick wins" to achieve immediately while the broader opportunity assessment is still underway. Quick wins should satisfy four criteria:

> Enterprise-wide transformation is an ambitious aspiration. It requires asking provocative questions, weighing difficult trade-offs, and making audacious decisions.

8

1. They can make a meaningful financial impact.
2. They have low execution risk and resourcing needs.
3. They can create a positive groundswell and momentum for team members.
4. They support the longer-term strategic direction.

Leadership should launch small workgroups to rapidly execute each of the identified "quick wins." Then, they should develop cohesive processes and structures to ensure their success, such as:

- Standing up a centralized project management office to manage the implementation and address risks and interdependencies.
- Building and adhering to data tools and dashboards that enable real-time monitoring of performance KPIs and financial realization.
- Developing and executing a comprehensive change management and communication plan.

A Window of Opportunity

Enterprise-wide transformation is an ambitious aspiration. It requires asking provocative questions, weighing difficult trade-offs, and making audacious decisions. But the rapidly changing healthcare ecosystem and ever-increasing compression of clinical margins requires boards to act now and seize this opportunity.

TGI thanks Harrison Burns, Partner in Strategic Transformation, and Hunter Hayes, Partner in Clinical Transformation, from Chartis for contributing this article. They can be reached at hburns@chartis.com and hhayes@chartis.com.

9

Band-Aid Station or Tertiary Center?
The Impact of Consolidation on Community Hospital Services

By Jordan Shields, Partner, and Duncan Cannon, Analyst,
Juniper Advisory

In recent years, we have seen an increase in financially strong hospitals seeking larger partners. This has been driven by a variety of factors, including network pressure from growing managed Medicare and Medicaid plans, a desire for operating stability post-COVID-19 disruptions, narrow-network development in select markets, and others. One of the most common concerns we hear from board members of financially strong community hospitals considering transactions is that they will lose local control over what services to provide for their communities. More often than not, a board member will express concern that their facility will be turned into a low-acuity "Band-Aid station" as the larger system guts services to feed its tertiary hub. On the other end of the acuity spectrum, rural hospitals worry that a system partner will not have the same commitment to obstetrics services, leaving residents to drive miles for deliveries.

To address these concerns around care delivery, we considered client experiences as well as statistical analyses reviewing case mix and service access that Juniper has conducted over the years. This article summarizes those findings and considers why systems can be at an advantage to standalone hospitals at increasing local access to care.

Case Mix Index

Case mix index (CMI) reflects the severity, clinical complexity, and resource needs of all the patients in the hospital and offers a single number to compare facilities. The more challenging the procedure, the higher the CMI. In other words, hospitals with very high CMIs are performing transplants and neurosurgery and hospitals with low CMIs are caring for a disproportionate number of patients with pneumonia. Offering exceptional care for illnesses like pneumonia is core to the missions of most community hospitals and hub facilities are often the most-appropriate sites to seek treatment for complex conditions, but on a continuum, CMI is a good indicator of whether residents will be able to access a full range of care at their local hospital or will need to travel outside their communities.

In 2020, we used multiple linear regression analyses to compare CMI at system hospitals and standalone facilities with similar numbers of ICU beds, payer mix, hospital compare scores, patient days, and average length of stay. That research found that community

10

hospitals that are members of systems have higher CMIs than similar independent facilities. While that statistical analysis is more robust than client examples, we have found examples bring the data to life. The table below shows the experience of five Juniper clients that joined larger systems in the mid-2010s. It compares their Medicare CMIs in 2017, shortly after joining their partners and then again five years later once they had integrated into those systems. On average, Medicare CMI went up by over 10 percent after these community hospital organizations joined their larger partners.

Partnership Year	Hospital	Partner	Medicare CMI	
			FY 2017	FY 2022
2014	Port Huron Hospital	McLaren Health Care	1.51	1.69
2015	KishHealth	Northwestern Medicine	1.58	1.70
2015	Aria Health	Jefferson Health	1.66	1.81
2015	Lodi Memorial Hospital	Adventist Health	1.43	1.58
2016	Ingalls Memorial Hospital	UChicago Medicine	1.56	1.77

Access to Obstetrics

As a result of tightening operating margins across the industry, hospitals often face difficult decisions to keep the doors open. One option to reduce losses is to eliminate services with typically low profit margins, like obstetrics. This has created an obstetrics crisis in rural communities with only about 40 percent of rural hospitals offering obstetrics. Closures of obstetrics units in rural facilities can mean mothers driving hours instead of minutes, which contributes to the United States trailing the rest of the industrialized world in infant and maternal mortality.

U.S. Acute Care Hospitals			
	Independent	In System	Total
Rural Hospitals[1]	791	1,051	1,842
Rural Hospitals[1] w/ Obstetrics	305	476	781
% of Rural Hospitals[1] w/ Obstetrics	**38.6%**	**45.3%**	**42.4%**
Non-Rural Hospitals[2]	419	2,884	3,303
Non-Rural Hospitals[2] w/ Obstetrics	227	1,685	1,912
% of Non-Rural Hospitals[2] w/ Obstetrics	**54.2%**	**58.4%**	**57.9%**

1. Rural acute care hospitals are defined here as critical access hospitals and short-term acute care hospitals with sole community provider status.
2. Non-rural acute care hospitals are defined here as short-term acute care hospitals without sole community provider status.

11

This trend is especially prevalent in standalone rural hospitals, which are 17 percent less likely to offer obstetrics services than rural hospitals that belong to systems. While system affiliations alone are not enough to solve the crisis in access to maternal care in rural communities, they offer significant hope. Further, this stark difference in care delivery makes the cost of independence clear.

Why Do Systems Offer Better Access to Care?

This research indicates that systems can be an advantage when it comes to providing access to both complex care, as measured by CMI, and to lower-acuity services, as demonstrated by obstetrics offerings. However, for many standalone hospitals and concerned board members, this remains counterintuitive. We believe that part of the discrepancy in popular sentiment vs. outcomes relates to consolidation in other industries. For example, it is common in health insurance mergers to see payrolls slashed and service lines paired to wring out unit efficiencies and return ever-greater profits to shareholders. Not-for-profit hospital systems do not have shareholders and reinvest their earnings back into their missions. Increasingly, efficient health systems have a narrow set of outlets to redeploy capital. These include investments such as further expansion, facility improvements, spending more on employees (including increased nurse staffing ratios), technology improvements, and, as our research clearly demonstrates, providing increased service access for the communities they serve.

These findings challenge the well-funded narrative currently being promulgated by deep-pocketed, national, for-profit payers. Those organizations have used their scale to squeeze hospital providers, extracting huge profits that are then distributed to shareholders. While payers continue to consolidate, they have been successful in creating a narrative that not-for-profit hospital system growth is a greater threat to healthcare consumers than insurance company shareholder distributions. The top five insurance companies control 50 percent of the U.S. health insurance market, while the top five health systems do not break 15 percent national market share. But market power, as measured by share, is not the issue. It is the fact that insurance companies use that power to underpay health systems and then distribute those savings to their owners. Not-for-profit health systems that are able to nudge this balance back towards equilibrium do not extract profits to enrich shareholders, but instead reinvest those efficiencies back into our healthcare system. As our research shows, health systems are using some of their scale efficiencies to offer better access to care for their communities than standalone facilities.

Closures of obstetrics units in rural facilities can mean mothers driving hours instead of minutes, which contributes to the United States trailing the rest of the industrialized world in infant and maternal mortality.

Board Discussion Questions

- What is the board's role in making service and access decisions?
- How can our hospital ensure local access to low-acuity services, like obstetrics, as well as complex services?
- What are the clinical implications of maintaining our standalone status?

Conclusion

Like their standalone peers, systems are mission driven and committed to caring for the communities they serve. However, system hospitals are able to realize scale efficiencies that result in more resources to provide that care. Their higher margins aren't the result of providing less care, instead their higher margins allow them to provide more care closer to the communities they serve. A higher CMI observed in system hospitals signals that these hospitals perform higher-acuity, more complex procedures. Not only do system hospitals have higher CMIs, but they have additional capital to reinvest in patient care, greater ability to focus on their community-specific missions, and to reduce outmigration, just to name a few. While there has recently been pushback on system formation from regulatory agencies, this desire to keep hospitals local and subordinate to national payers comes at a significant cost to patient care and access.

TGI thanks Jordan Shields, Partner, and Duncan Cannon, Analyst, Juniper Advisory, for contributing this article. They can be reached at jshields@juniperadvisory.com and dcannon@juniperadvisory.com.

13