



**Minutes of the Open Session  
Finance Committee  
Tuesday, May 31, 2016  
El Camino Hospital, 2500 Grant Road, Mountain View, California  
Conference Rooms F & G**

**Members Present**

Dennis Chiu  
John Zoglin  
Bill Hobbs (via telephone)  
Richard Juelis (via telephone)

**Members Absent**

None

Agenda Item	Comments/Discussion	Approvals/Action
<b>1. Call to Order</b>	The Open Session of the Finance Committee ("FC") of El Camino Hospital (the "Committee") was called to order by Chair Dennis Chiu at 7:15 pm. Mr. Chiu noted that since two members were participating by telephone from outside the El Camino Healthcare District, there were an insufficient number of Committee members present to constitute a quorum and the Committee would not be able to vote on the agenda items presented.	
<b>2. Potential Conflict of Interest Disclosure</b>	Chair Chiu asked if any Committee members had a conflict of interest with any of the agenda items. No conflicts were reported.	
<b>3. Public Communication</b>	Chair Chiu asked if there was any public communication. There was none.	
<b>4. Consent Calendar</b>	The Consent Calendar was continued to the next meeting.	
<b>5. Report on Board Actions</b>	Cindy Murphy, Board Liaison reported that, going forward, she will prepare a summary of Board actions following each Board meeting for the Committee Chair.	
<b>6. Financial Report FY16 Period 10</b>	<p>Iftikhar Hussain, CFO, reported that the Period 10 Financials are reported using a new format and requested feedback from the Committee members on the new format. He explained that the intent of the first page (Slide 2) is to provide a dashboard of all the key indicators for the enterprise, showing YTD, current month and a five year trend and that Slides 16 and 17 show the Mountain View and Los Gatos campuses separately.</p> <p>Mr. Hussain reported that as of the end of April The Hospital was \$4 Million behind plan. He explained that to meet budget the Hospital needs to achieve income of \$15 million in May and June which is a very stretch target. Included in the \$15 million would be a \$6 million dollar payment from the state's Inter Governmental Transfer Program which has been delayed, but the Hospital is still working on receiving the payment before the end of the fiscal year. He explained that additional expense controls have been implemented through the end of the fiscal year. He pointed out the key variances explained on Slide 3 and reported that days in AR continues to improve. He advised the Committee that there will be back log in billings because Anthem has requested that ECH hold bills for the</p>	

	<p>month of June while they load new contracted rates into their system. Mr. Hussain also reported that productivity has improved since iCare Go-Live, but is still above target. Mr. Hussain explained that deliveries are down across the region for PAMF and for the independent physicians, not limited to El Camino Hospital, but volume increases throughout the region are expected at the beginning of FY17.</p> <p>Mr. Hussain reviewed annual and monthly trends for each clinical department and service lines, inpatient and outpatient, as reflected in Slides 9 and 10. The Committee members commented that the information on these graphs was very dense and requested that the presentation be enhanced to separate the departments visually and perhaps highlight only the 4-5 most material ones and leave the others in the appendix.</p> <p>Mr. Juelis requested that the executive summary from the previous format be added back either in the appendix or maybe back at the beginning of the presentation. The Committee members requested that the last column on Slide 13 should reflect actual current projected capital spend for the FY to inform the Board what the projected spend at the beginning of the year was, what has been spent and what management currently predicts will be spent by the end of the year. In response to Mr. Juelis' question, Mr. Hussain explained that the liabilities look much lower this year than last year because salary liabilities swing depending on when the pay period ends. Mr. Hussain agreed to provide further explanation at the next meeting.</p> <p>Mr. Hobbs and Mr. Zoglin both commented that the dashboard on Slide 2 is very helpful. Mr. Zoglin asked Mr. Hussain to provide (1) more clarification regarding whether comments are about the current month or YTD, (2) additional explanation on unusual items and (3) trend data on payor mix.</p> <p>Since there was not a quorum, Chair Chiu asked that the Period 9 and 10 Financials be forwarded to the Board for possible approval without a recommendation from the Committee. None of the Committee Members objected to this procedure.</p>	
<b>7. Outpatient KPI's</b>	<p>Mr. Hussain explained that the KPI's in the Board packet reflect how management looks at the business. Mr. Zoglin asked that if the combined inpatient and outpatient KPI's can be broken down to show outpatient separately to please do so. Director Chiu asked how we can show how new business (e.g., urgent care) is affecting outpatient KPI's.</p>	
<b>8. Review of Employer Provided Health Plans</b>	<p>Mr. Hussain gave a report on employer provided health plans. He reviewed data provided by the Kaiser Family Foundation showing that healthcare costs are outstripping general inflation and wage growth and higher disproportionate share portions of premiums are being passed on to employees and more employers are offering high deductible health plans. He explained that, for ECH, collection of the patient's portion is not an issue as long as ECH is transparent and careful about predicting out of pocket costs up front before services are rendered.</p>	
<b>9. Epic Version 2015 &amp; 2016 Upgrades</b>	<p>Deb Muro, Associate CIO, reported that there is some urgency to go forward with Epic Platform Version 2015 and 2016</p>	



	<p>upgrades now to comply with Meaningful Use Stage III by January 2018 and avoid penalties. Ms. Muro explained that the Federal Government just recently certified Version 2016 as required to meet Stage III, so management would like to accelerate the timeline for upgrades and begin working in June. The cost is about \$7.1 million for these two upgrades. She explained that, going forward, ECH will do upgrades every 18 months but costs will be lower for future upgrades because ECH will rely less on Epic Consultants and more on internal human resources.</p> <p>Since there was not a quorum, Chair Chiu asked that funding for the Epic Version 2015 and 2016 Upgrades be forwarded to the Board for possible approval without a recommendation from the Committee. None of the Committee Members objected to this procedure.</p>	
<p><b>10. Committee Planning</b></p> <p><b>a. FY 17 Committee Goals</b></p> <p><b>b. Committee Charter</b></p> <p><b>c. FY17 Pacing Plan</b></p>	<p>The Committee members discussed the proposed FY17 Committee Goals, Committee Charter and FY17 Pacing Plan. It was noted that a Semi-Annual Review of Service Lines was on the Pacing Plan for August and January. Mr. Zoglin suggested that the staff select the top 4, 5 or 6 that are most meaningful for review and perhaps do 2-3 at each of those meetings.</p> <p>With respect to the Charter Mr. Zoglin suggested that in item E the number should be changed \$2.5 million.</p> <p>Since there was not a quorum, Chair Chiu asked that the Proposed FY16 Committee Goals and Draft Revised Charter (amended to include Mr. Zoglin's suggestion) be forwarded to the Board for possible approval without a recommendation from the Committee. None of the Committee Members objected to this procedure.</p> <p>There were no requests for corrections to the Proposed FY17 Pacing Plan. Mr. Zoglin commented that he will not be available to attend in person in September due to out of country travel.</p>	
<p><b>11. Member Recruitment Ad Hoc Committee Report</b></p>	<p>Mr. Zoglin reported that he and Chair Chiu will be interviewing two candidates in June. Mr. Juelis requested the candidates' resumes.</p>	
<p><b>12. Capital Funding Requests</b></p>	<p>Mr. King, CASO, reported that he is seeking full funding for the North Garage Expansion, the First Phase of the Behavioral Health Building Construction and the Women's Hospital Renovations. He commented that he is hoping to get the Mountain View City Council Approval on June 22<sup>nd</sup>. He also commented that there are some increased costs associated with the projects, for example, Mountain View City Staff will be recommending to the Council that the Hospital be required to build a right turn lane from southbound Grant Road onto North Drive to improve the flow of traffic on Grant Road. Mr. King also commented that he will have more stable numbers for the entire MV Campus Development project over the next 50 -75 days. With the exception of the North Garage Expansion, the project costs are still estimates. In response to concerns about the increase in costs for the Behavioral Health project, Mr. King commented that this project is very important to the public. He also noted that it is a relatively small building project, in a very tight location and heavily regulated by</p>	

	<p>OSHDP which makes it difficult to find subcontractors willing to bid on the project.</p> <p>Since there was not a quorum, Chair Chiu asked that funding requests be for the North Garage Expansion, Behavioral Health Phase I and Women's Hospital Renovations be forwarded to the Board for possible approval without a recommendation from the Committee. None of the Committee Members objected to this procedure.</p>	
<b>13. Adjourn to Closed Session</b>	The meeting was adjourned to closed session at 8:35 pm.	
<b>14. Agenda Item 20: Reconvene Open Session/Report Out of Closed Session</b>	Open Session was reconvened at 9:13pm. Items 14 through 19 were addressed in Closed Session. The Committee did not take any action during the closed session.	
<b>15. Agenda Item 21: Approval of Physician Contracts</b>	Since there was not a quorum, Chair Chiu asked that the physician contracts listed be forwarded to the Board for possible approval without a recommendation from the Committee. None of the Committee Members objected to this procedure. Chair Chiu requested that additional information about performance against goals be forwarded to the Board along with the proposed Medical Director contracts.	
<b>16. Agenda Item 22: Approval of FY17 Operational And Capital Budget and FY17 Organizational Goals</b>	Since there was not a quorum, Chair Chiu asked that the Proposed FY17 Operational and Capital Budget and Organizational Goals be forwarded to the Board for possible approval without a recommendation from the Committee. None of the Committee Members objected to this procedure.	
<b>17. Agenda Item 23: Adjournment</b>	The meeting was adjourned at 9:15 pm	

**Attest to the approval of the foregoing minutes by the Finance Committee:**

Dennis Chiu  
Chair, ECH Finance Committee