

AGENDA
EXECUTIVE COMPENSATION COMMITTEE MEETING
OF THE EL CAMINO HOSPITAL BOARD

Thursday, March 23, 2017 – 4:00 pm

El Camino Hospital | Conference Rooms A&B (ground floor)
 2500 Grant Road, Mountain View, CA 94040

Teri Eyre will be participating via videoconference from 5531 Nile Road Carnelian Bay, CA 95032.

MISSION: To assist the El Camino Hospital (ECH) Board of Directors (“Board”) in its responsibilities related to the Hospital’s executive compensation philosophy and policies. The Executive Compensation Committee shall advise the Board to meet all applicable legal and regulatory requirements as it relates to executive compensation.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1. CALL TO ORDER / ROLL CALL	Lanhee Chen, Chair		4:00 – 4:02 pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Lanhee Chen, Chair		4:02 – 4:03
3. PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed 3 minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	Lanhee Chen, Chair	<i>public comment</i>	information 4:03 – 4:06
4. CONSENT CALENDAR <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> Approval a. Minutes of the Open Session of the Executive Compensation Committee Meeting (February 16, 2017) b. Proposed FY18 Committee Meeting Dates c. FY17 Pacing Plan Information d. Progress Against FY17 Committee Goals e. Progress Against FY17 Organizational Goals f. Article of Interest	Lanhee Chen, Chair	<i>public comment</i>	motion required 4:06 – 4:07
5. REPORT ON BOARD ACTIONS a. Hospital Board Actions b. District Board Actions ATTACHMENT 5	Lanhee Chen, Chair		information 4:07 – 4:12
6. PROPOSED FY18 COMMITTEE GOALS ATTACHMENT 6	Kathryn Fisk, CHRO	<i>public comment</i>	possible motion 4:12 – 4:22
7. ADJOURN TO CLOSED SESSION	Lanhee Chen, Chair		motion required 4:22 – 4:23
8. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Lanhee Chen, Chair		4:23 – 4:24

A copy of the agenda for the Regular Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting. In observance of the Americans with Disabilities Act, please notify us at (650) 988-7504 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		ESTIMATED TIMES
<p>9. CONSENT CALENDAR <i>Any Committee Member may remove an item for discussion before a motion is made.</i></p> <p>Approval <i>Gov't Code Section 54957.2:</i></p> <p>a. Minutes of the Closed Session of the Executive Compensation Committee Meeting (February 16, 2017)</p> <p>Information <i>Gov't Code Sections 54957 and 54957.6 for report and discussion on personnel matters:</i></p> <p>b. Progress Against FY17 Individual Executive Incentive Goals</p>	Lanhee Chen, Chair		motion required 4:24 – 4:25
<p>10. Health & Safety Code 32106(b) for report and discussion involving health care facility trade secrets: - Update on Strategic Planning Process</p>	Lanhee Chen, Chair; Donald Sibery, Interim CEO		discussion 4:25 – 4:35
<p>11. Report involving Gov't Code Sections 54957 and 54957.6 for report and discussion on personnel matters: - Succession Planning Update</p>	Kathryn Fisk, CHRO		discussion 4:35 – 4:50
<p>12. Report involving Gov't Code Sections 54957 and 54957.6 for report and discussion on personnel matters: - Executive Benefit Design Changes</p>	Stephen Pollack, Mercer LLC		discussion 4:50 – 5:20
<p>13. Report involving Gov't Code Sections 54957 and 54957.6 for report and discussion on personnel matters: - Committee Candidate Interview</p>	Lanhee Chen, Chair		discussion 5:20 – 5:45
<p>14. ADJOURN TO OPEN SESSION</p>	Lanhee Chen, Chair		motion required 5:45 – 5:46
<p>15. RECONVENE OPEN SESSION / REPORT OUT To report any required disclosures regarding permissible actions taken during Closed Session.</p>	Lanhee Chen, Chair		5:46 – 5:47
<p>16. COMMITTEE RECRUITMENT</p>	Lanhee Chen, Chair	<i>public comment</i>	possible motion 5:47 – 5:49
<p>17. PROPOSED EXECUTIVE BENEFIT DESIGN CHANGES</p>	Lanhee Chen, Chair	<i>public comment</i>	possible motion 5:49 – 5:51
<p>18. CLOSING COMMENTS</p>	Lanhee Chen, Chair		discussion 5:51 – 5:54
<p>19. ADJOURNMENT</p>	Lanhee Chen, Chair		motion required 5:54 – 5:55 pm

Upcoming Meetings

- May 23, 2017



**Minutes of the Open Session of the
Executive Compensation Committee**

Thursday, February 16, 2017

**El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040
Conference Rooms A (ground floor)**

Members Present

Lanhee Chen, Chair
Teri Eyre
Bob Miller, Vice Chair
Julia Miller

Members Absent

Agenda Item	Comments/Discussion	Approvals/Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Executive Compensation Committee of El Camino Hospital (the "Committee") was called to order at 3:03pm by Chair Chen. All Committee members were present.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Chen asked if any Committee members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
3. PUBLIC COMMUNICATION	None.	
4. CONSENT CALENDAR	<p>Chair Chen asked if any member of the Committee or the public wished to remove an item from the consent calendar. No items were removed.</p> <p>Motion: To approve the consent calendar: Minutes of the Open Session of the Executive Compensation Committee Meeting (November 16, 2016).</p> <p>Movant: J. Miller Second: Eyre Ayes: Chen, Eyre, B. Miller, J. Miller Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Consent calendar approved</i>
5. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 3:03pm.</p> <p>Movant: J. Miller Second: B. Miller Ayes: Chen, Eyre, B. Miller, J. Miller Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Adjourned to closed session at 3:03pm.</i>
6. AGENDA ITEM 11: RECONVENE OPEN SESSION/REPORT ON BOARD ACTIONS	<p>Agenda items 6-10 were addressed in closed session. Open session was reconvened at 4:52 pm.</p> <p>During the closed session, the Committee approved the Minutes of the Closed Session of the Executive Compensation Committee Meeting of November 16, 2016 and recommended for approval the Revised FY17 VP of Corporate & Community Health & President, CONCERN:EAP Goals, and the FY17 Chief Medical Officer Goals as amended, by a unanimous vote in favor of all members present (Chen, Eyre, B. Miller, J. Miller).</p>	

7. AGENDA ITEM 12: COMMITTEE RECRUITMENT	Motion: To recommend that the Board appoint Mr. Jaison Layney to the Executive Compensation Committee for a term of service expiring June 30, 2017, renewable annually. Movant: B. Miller Second: T. Eyre Ayes: Chen, Eyre, B. Miller, J. Miller Noes: None Abstentions: None Absent: None Recused: None	
8. AGENDA ITEM 13: FY17 PACING PLAN	Ms. Eyre left the meeting at 4:52. Mr. Miller provided written comments and notes to staff for minor changes on the pacing plan. The next Executive Compensation Committee meeting will be on March 23, 2017.	
9. AGENDA ITEM 14: CLOSING COMMENTS	There were no additional comments.	
10. AGENDA ITEM 15: ADJOURNMENT	Motion: To adjourn at 4:53 pm. Movant: B. Miller Second: Chen Ayes: Chen, B. Miller, J. Miller Noes: None Abstentions: None Absent: Eyre Recused: None	<i>Meeting adjourned at 4:53 pm.</i>

Attest as to the approval of the foregoing minutes by the Executive Compensation Committee and the Board of Directors of El Camino Hospital.

Lanhee Chen
Chair, Executive Compensation Committee

Peter C. Fung, MD
Secretary, ECH Board of Directors

Prepared by: Sarah Rosenberg, Board Services Coordinator

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

Item:	Proposed FY18 Committee Meeting Dates Executive Compensation Committee March 23, 2017
Responsible party:	Cindy Murphy, Board Liaison
Action requested:	For recommendation to Governance Committee for review and recommendation to the Board.
Background:	Each Board Advisory Committee recommends dates for its meetings in the next fiscal year. The Governance Committee reviews all of the Committees' dates to evaluate any conflicts and then recommends a master calendar to the Hospital Board for approval.
Other Board Advisory Committees that reviewed the issue and recommendation, if any:	None.
Summary and session objectives:	To review the proposed dates and advise if changes are recommended.
<u>Proposed Dates:</u>	Thursday, September 21, 2017 Thursday, November 9, 2017 Thursday, March 22, 2018 Thursday, May 24, 2018
Suggested discussion questions:	None.
Proposed Committee motion, if any:	To recommend approval of the proposed Committee meeting dates, for the Governance Committee to review.
LIST OF ATTACHMENTS:	None.

EXECUTIVE COMPENSATION COMMITTEE
PACING PLAN FOR FY17
(Revised February 17, 2017)

FY2017 Q1		
JULY	AUGUST	SEPTEMBER 12, 2016
<p>No Board Meeting</p>		<p>Appointment of Vice Chair Committee to take action on:</p> <ol style="list-style-type: none"> 1. FY 16 Organizational score 2. FY 16 individual scores for CEO & exec team 3. FY 16 performance incentive payout amounts (execs and CEO) 4. Minutes from May 17, 2016 meeting 5. Revised Executive Compensation Policies 6. Executive Benefit Plan
FY2017 Q2		
OCTOBER	NOVEMBER 16, 2016	DECEMBER
<p>Board to take action on the following items:</p> <ol style="list-style-type: none"> 1. Accept Moss Adam's financial audit 2. Approve FY 16 organizational score 3. Approve FY 16 executive individual scores 4. Approve FY 16 executive payout amounts (discuss in closed, vote in open) 5. Determine CEO's discretionary score and FY 16 individual score 6. Approve FY16 CEO payout amount (discuss in closed, vote in open) 7. Executive Benefit Plan Changes <ul style="list-style-type: none"> • Executive incentive payouts 10/28/16 	<p>Committee to take action on:</p> <ol style="list-style-type: none"> 1. Letters of Rebuttable Presumption 2. Minutes from September 15, 2016 meeting <p>Committee to Discuss :</p> <ol style="list-style-type: none"> 3. Executive Performance Appraisal Process (Include Conversation about what aspects of performance should be reflected in base pay, org goal portion of incentive, individual incentive and discretionary incentive) 4. Confirm Ongoing Committee Participation <p>Committee to Receive:</p> <ol style="list-style-type: none"> 1. Report on Executive Benefits 	<p>No Board Meeting</p> <ul style="list-style-type: none"> • Mitch Olejko prepares cover letter for rebuttable presumption action

FY2017 Q3		
JANUARY	FEBRUARY 16, 2017	MARCH 23, 2017
<p>Board to take action on the following items:</p> <ol style="list-style-type: none"> Accept Letter of Rebuttable Presumption <ul style="list-style-type: none"> Beginning of benefit /executive benefit plan year 	<p><u>Committee to review and discuss:</u></p> <ol style="list-style-type: none"> Committee Member candidate interviews <p><u>Committee to take action on:</u></p> <ol style="list-style-type: none"> <u>November 16, 2016 Minutes</u> Proposed Revision to the VP, Corporate & Community Health; President, CONCERN:EAP Individual Exec Goal Chief Medical Officer Individual Exec Goal 	<p>Committee to take action on:</p> <ol style="list-style-type: none"> Proposed FY18 Committee Goals FY 18 Meeting Dates November 16, 2016 <u>February 16, 2017</u> Minutes <p>Committee to review and discuss:</p> <ol style="list-style-type: none"> Update on FY 18 Strategic Planning and progress against FY 17 performance incentive goals Update on succession planning, leadership development, and talent profiles with addition of domain competencies Executive Benefit Design changes Committee Member Candidate Interview
FY2017 Q4		
APRIL	MAY 23, 2017	JUNE
	<p>Committee will take action on:</p> <ol style="list-style-type: none"> Finalize Committee FY 18 Pacing Plan Review & may approve salary ranges for FY18 Review and discuss CEO's recommendations on FY 18 base salaries. May determine recommendation. Review and discuss CEO's recommendations on FY 18 organizational and executive individual performance incentive goals. Determine recommendation. Discuss and may determine recommendation on CEO's FY 18 base salary Discuss and determine recommendation on CEO's FY 18 individual goals Approval of March 23, 2017 minutes 	<p>Board to take action on the following items:</p> <ol style="list-style-type: none"> FY 18 organizational goals FY 18 executive individual goals FY 18 CEO individual goals FY 18 executive base salaries FY 18 CEO base salary FY 18 Committee goals



**Executive Compensation Committee
Goals for FY 2017**

Purpose

The purpose of the Executive Compensation Committee (“Compensation Committee”) is to assist the El Camino Hospital (ECH) Hospital Board of Directors (“Board”) in its responsibilities related to the Hospital’s executive compensation philosophy and policies. The Compensation Committee shall advise the Board to meet all applicable legal and regulatory requirements as it relates to executive compensation.

Staff: Kathryn Fisk, Chief Human Resources Officer

The Chief HR Officer shall serve as the primary staff support to the Committee and is responsible for drafting the committee meeting agenda for the Committee Chair’s consideration. The CEO, and other staff members as appropriate, may serve as a non-voting liaison to the Committee and may attend meetings at the discretion of the Committee Chair. These individuals shall be recused when the Committee is reviewing his/her compensation. The CEO is an ex-officio of this Committee.

Goals	Timeline by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable.)	Metrics
<p>1. Advise the Board on performance incentive goal-setting and plan design ensuring strategic alignment and proper oversight of compensation-related decisions.</p>	<p>Q2-4</p>	<ul style="list-style-type: none"> • Recommend FY16 performance goal scores and payouts (Q2) Complete • Oversee the implementation of changes that impact the FY18 strategic planning, budgeting, and goal setting processes (Q3-4) Strategic Planning Process Report to ECC on 3/23/2017 • Recommend FY 18 goals and measurements (Q4) Paced for 5/23/2017 • Assess the value of long-term incentives to support the achievement of long-term strategies (Q3) Delayed until strategic planning process complete

Goals	Timeline by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable.)	Metrics
2. Evaluate supplemental executive benefit program including market competitiveness, best practice, total compensation, and strategic value.	Q3-4	<ul style="list-style-type: none"> Review consultant analysis and options for consideration (Q3) Report 3/23/2017 Determine recommendation to the Board regarding possible design changes to supplemental executive benefit program including any impact on other elements of total compensation (Q4) Committee will have opportunity to make a recommendation at March or May meeting.
3. Advise the Board ensuring strategic alignment and proper oversight of compensation-related decisions.	Q 2-3	<ul style="list-style-type: none"> Review base salary administration policy, review market analysis, and make base salary recommendations to the Board (Q2) Complete Submit the letter of reasonableness for Board acceptance (Q3) Complete Review compensation philosophy and performance incentive plan policies and make recommendation to Board to approve any changes (Q3) Complete

To be Submitted to the Board by:

Jeffrey Davis, Chair, Executive Compensation Committee

Kathryn Fisk Executive Sponsor, Executive Compensation Committee

FY17 Organizational Goals

Prepared: 3/2/2017

Organizational Goals FY17		Benchmark	2016 ECH Baseline	Minimum	Target	Maximum	Weight	Performance Timeframe	FY17 through Jan	
Threshold Goals										
Budgeted Operating Margin		90% threshold <i>[Recommended by Exec Comp Consultant (FY16)]</i>	105% of Budgeted	90% of Budgeted			Threshold	FY 17		Met
Quality, Patient Safety & iCare										
Quality Pain Management	Pain Reassessment (% Pain Reassessment Documented within 60 min on RN Flowsheet)	Internal Improvement	56.3% <i>Nov 2015 (post iCare go-live) to Apr 2016 [6-month measurement]</i>	75%	80%	90%	34%	Q4 FY 2017		73.2%
	Pain Patient Satisfaction (CMS HCAPHS Pain Management % Scored Top Box- 2 month delay)	Internal Improvement	72.9% <i>FY 2016 Q1 - Q3 [9-month measurement]</i>	73%	74%	76%				75.4%
LOS & Readmission	Achieve Medicare Length of Stay Reduction while Maintaining Current Readmission Rates for Same Population (Readmission - 45 day delay)	Internal Improvement	FY16 Max Goal 4.86 LOS Readmission Target 12.39%	4.81 .05 Day Reduction from FY16 Max, Readmission at or below FY16 Target	4.76 .10 Day Reduction from FY16 Max, Readmission at or below FY16 Target	4.66 .20 Day Reduction from FY16 Max, Readmission at or below FY16 Target	33%	FY17		LOS: 4.58 Readmission: 11.36% (312/2746)
Smart Growth										
Achieve budgeted inpatient growth (surgical and procedural cases plus Deliveries and NICU), and budgeted outpatient growth (surgical and procedural cases plus infusion).		Internal Documentation	94.26% of FY17 Budget	95% of Budgeted Volume	100% of budgeted Volume	110% of Budgeted Volume	33%	FY 17		93.0% of Budgeted Volume



Integrated Healthcare Strategies
ARTHUR J. GALLAGHER & CO.

Leadership Competencies for the Next Generation of Healthcare Executives

Becker's Hospital Review | Webinar






James Rice, Managing Director & Practice Leader

David Bjork, Managing Director & Senior Advisor | Kathy Hall, Managing Director

Learning Points

1. Competency requirements for the next generation healthcare leader will be **notably different** from those of the traditional hospital or health system administrator.
2. Leadership positions will **lead change through influence** without necessarily controlling operations.
3. Hospital administrators will be refocused on managing cost centers according to **protocols and standards set by others**, not on shaping strategy and developing programs.
4. The real leaders of healthcare systems will be those focused on **developing and implementing capabilities for managing population health** through clinically integrated networks(CINs) and managing high-acuity services across systems with the **highest possible level of reliability**.

Flow of Discussion

-  Unprecedented Change
-  Five Strategic Imperatives
-  New Organizational and Leadership Competencies Required
-  Recruiting and Developing the Needed Talent
-  Questions & Conversation

5 Imperatives

in Journey to Population Health and Value Based Contracting

Imperatives Drive Investments for:
New Job Roles, New Competencies, and
New Talent Development





"It is not for the faint of heart. It is a difficult business. I think sometimes providers believe that it looks pretty easy from the outside."

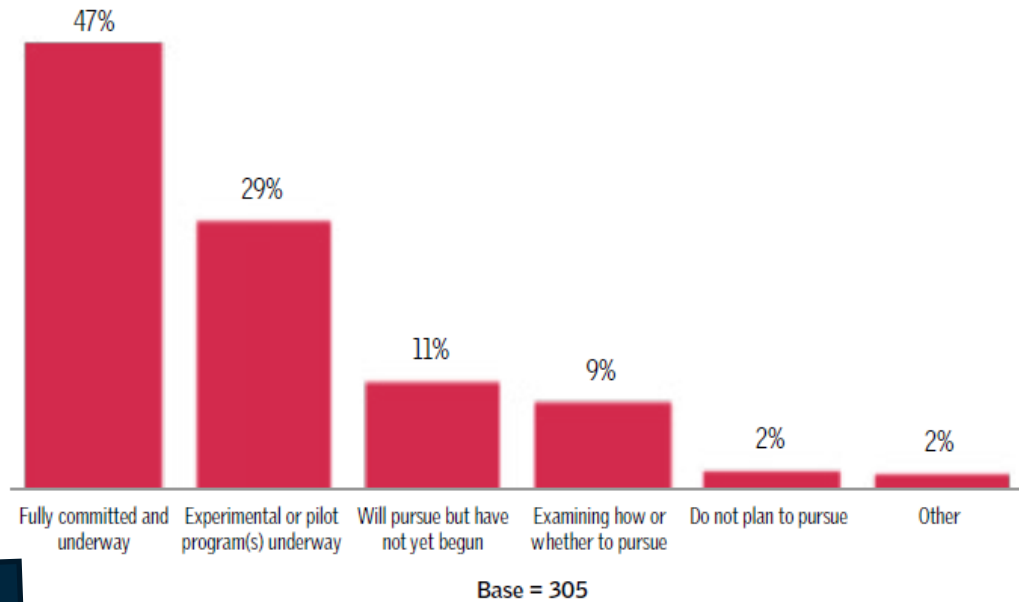


"We have to find ways to get patients engaged in decision-making—decision-making about their own health, and how they want to gather, collect, and discuss their own information."

FIGURE 1: **Status of Managing Population Health**



What is your organization's status in managing the overall health of a defined population?



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Population Health Management

The Ordered Checklist for Your 3-5 Year Journey

1. **Registries:** Evidence-based definitions of patients to include in the PHM registries
2. **Attribution & Assignment:** Clinician-patient attribution algorithms
3. **Precise Numerators:** Discrete, evidence based methods for flagging patients in the registries that are difficult to manage in the protocol, or should be excluded from the registry, altogether
4. **Clinical & Cost Metrics:** Monitoring clinical effectiveness and total cost of care (to the system and the patient)
5. **Basic Protocols:** Evidence based triage and clinical protocols for single disease states
6. **Risk Outreach:** Stratified work queues that feed care management teams and processes for outreach to patients
7. **External Data:** Access to test results and medication compliance data outside the core healthcare delivery organization
8. **Communication:** Patient engagement and communication system about their care, including coordination of benefits
9. **Education:** Patient education material and a distribution system, tailored to their status and protocol
10. **Complex Protocols:** Evidence based triage and clinical protocols for comorbid patients
11. **Coordination:** Inter-physician/clinician communication system about overlapping patients
12. **Outcomes:** Patient reported outcomes measurement system, tailored to their status and protocol

5 Imperatives in Journey to Population Health

Scaling New Heights on the Population Health Journey

As providers transition from traditional fee-for-service to value-based care, increasing market share of lives makes the difference between a declining health care organization and a thriving one.

Looking toward this future, progressive organizations are investing in the critical building blocks for successful population health management: advanced analytics to manage risk and track results, robust data on clinical and financial performance, and comprehensive care management infrastructure.

Source: The Advisory Board

Imperatives Driving Call for New Positions and Competencies:

1. Develop teams to manage risks, costs & data for health gain, not just health care;
2. Build systems to manage consumer relationships over 15 years not 15 days;
3. Use protocols that change consumer lifestyle behaviors, not just patient utilization behaviors;
4. Nurture complex community health partnerships to intervene in Social Determinants of Health along expanded continuum of care;
5. Establish new payer contracting incentives and monitoring.

5 Imperatives

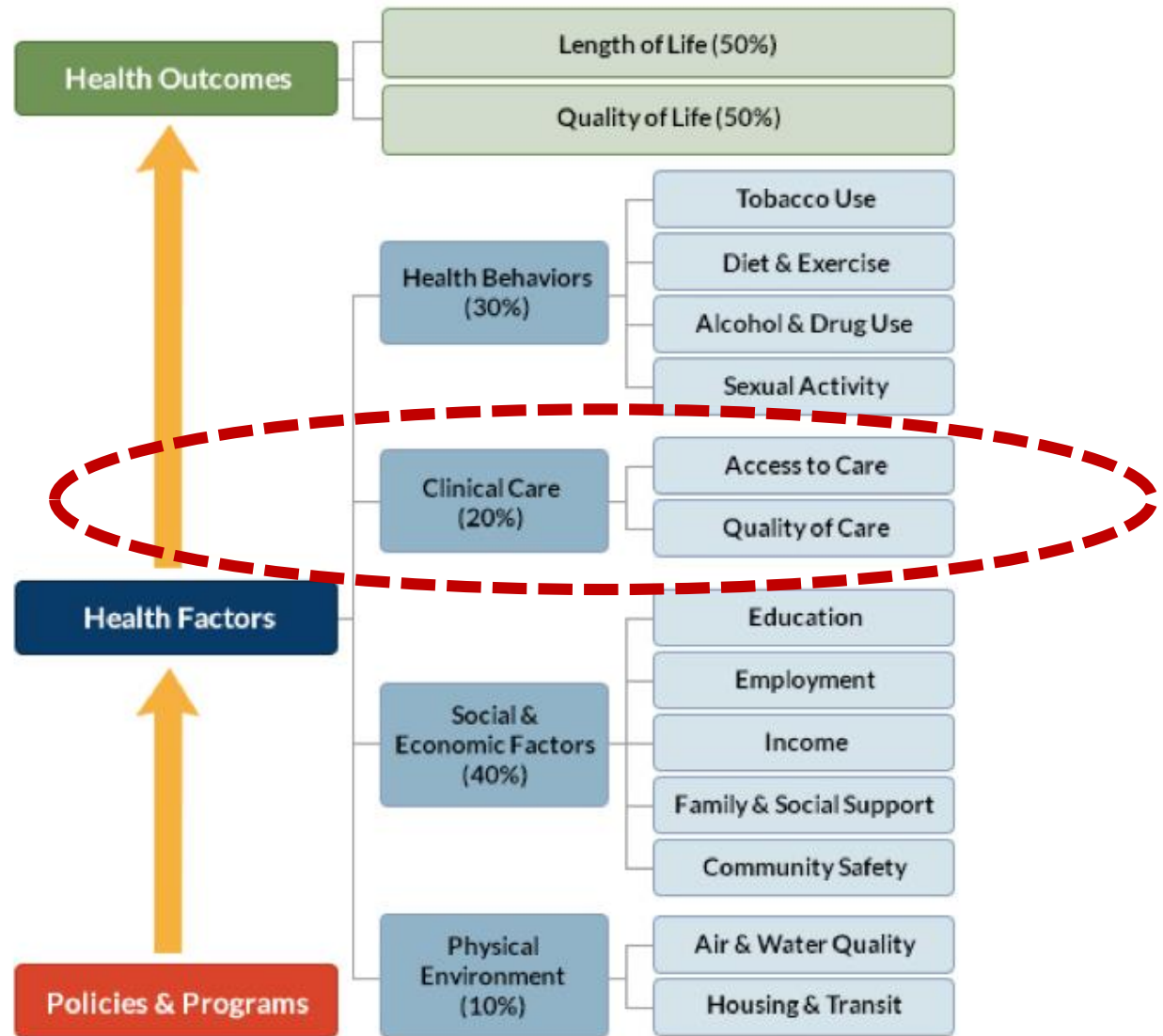
in Journey to Population Health and Value Based Contracting

1. Develop teams to manage risks, costs & data for health gain, not just health care



Population Health Management

Requires a collaborative strategy between leaders in healthcare, politics, charity, education, and business



Robert Wood Johnson Foundation, 2014

5 Imperatives

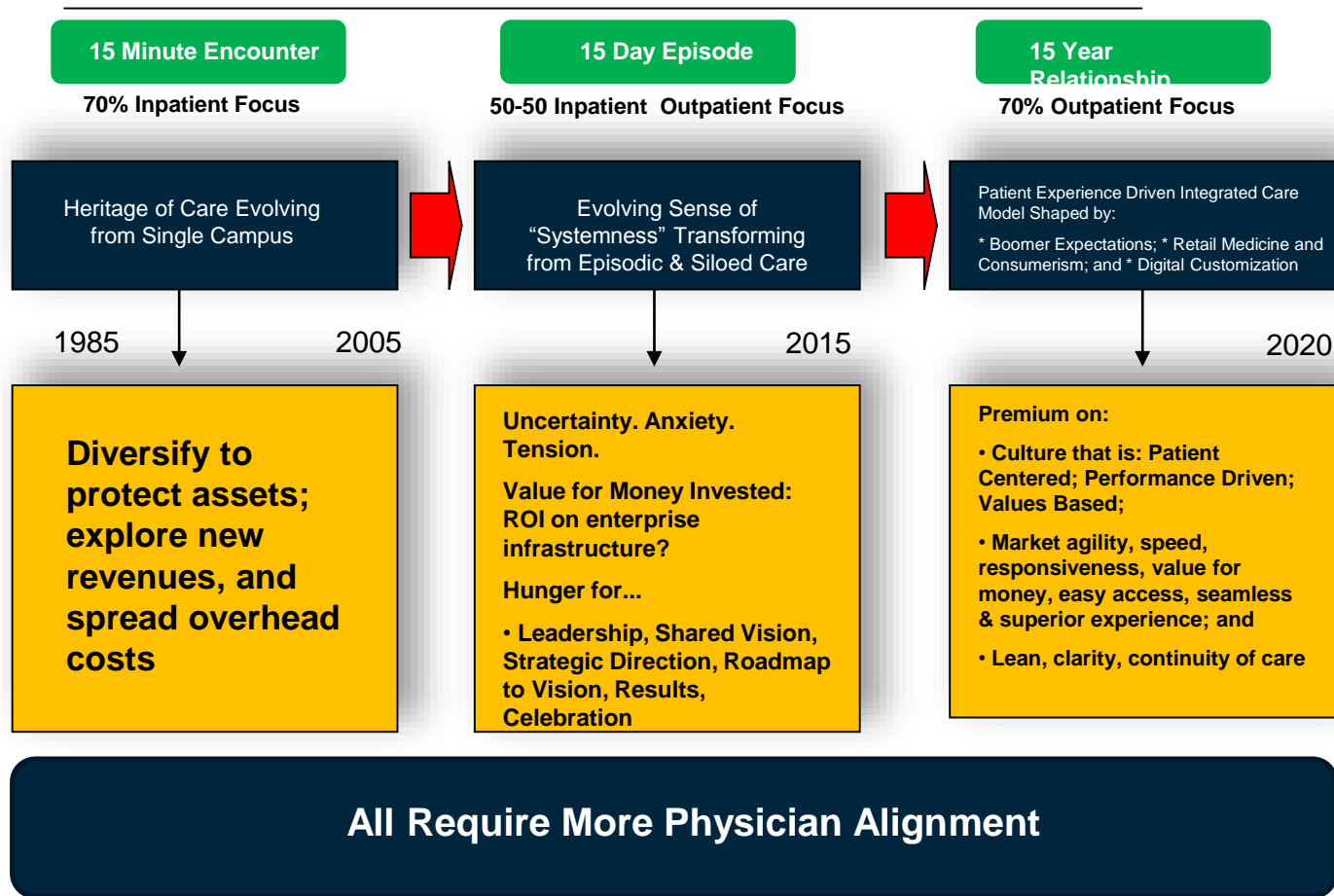
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2. Build systems to manage consumer relationships over 15 years not 15 days



Market Challenges Shape Internal Competencies

The Patient Family Experience



5 Imperatives

in Journey to Population Health and Value Based Contracting

3. Use protocols that change consumer lifestyle behaviors, not just patient utilization behaviors



Protocols to Navigate Behaviors of Staff to Change Behaviors of Consumers



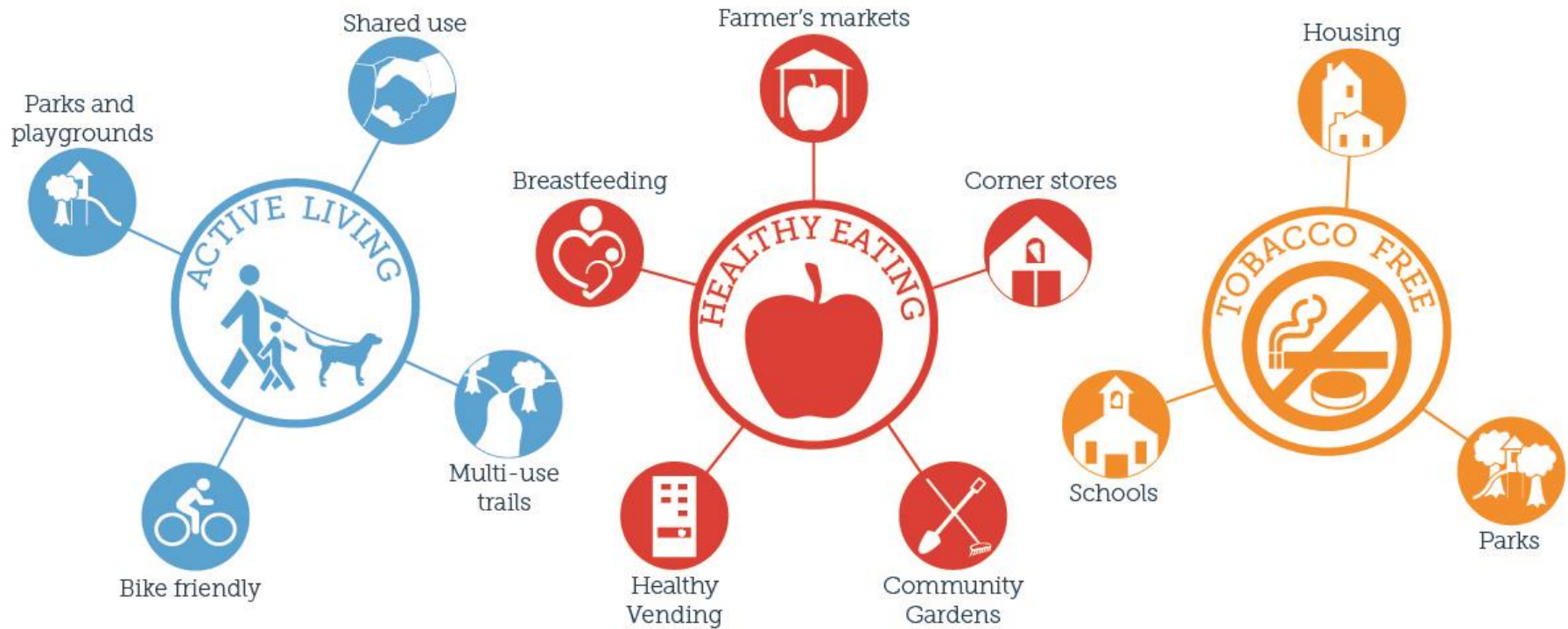
5 Imperatives

in Journey to Population Health and Value Based Contracting

4. Nurture complex community health partnerships to intervene in Social Determinants of Health along expanded continuum of care



Building and Leading New Partnerships you do not Own Along New Continuum into the Community



5 Imperatives

in Journey to Population Health and Value Based Contracting

5. Establish new payer contracting incentives and monitoring



Providers need to implement new strategies to negotiate effectively and reposition themselves for success in the post-healthcare reform environment.

- Duration of Contract
- Delegated Services
 - Case Management
 - Disease Management
 - Claims
- Commitment to Provide Data and its Frequency
- Physician Attribution Methodology
 - Prospective or Retrospective
 - How is responsible physician identified
- Quality scores may be part of the equation

Data base of all contracts

Definition of the Financial Risk

- Any medical services carved out?
- Can you get historical data?
- How is the revenue/target defined?
- Are monies transferred to cover delegated services?
- Is an escrow account required?
- How will your providers be paid?
- How and when will the financial reconciliation and cash transfer occur?
- What happens to drug rebates?
- Any incentive program monies?

New Competencies & Jobs

David Bjork, Ph.D.
Managing Director & Senior Advisor



New Organizational Competencies Required

Provider organizations need to develop new competencies to thrive in new environment

- Clinically-integrated network of providers committed to value-based care management and population health
- Clinical informatics to support decision-making
- Identifying and managing health risks in assigned/enrolled populations
- Managing cost of care for assigned/enrolled populations
- Refining standards for evidence-based medicine and care management
- Getting entire system/network to adopt and use evidence-based medicine and care management standards
- Engaging consumers to manage their own wellness
- Meeting consumers' expectations for convenient 24/7 access and transparency

Systems Reorganizing To Manage Change

- Clinically-integrated networks
 - Physician networks organized around panels and/or chronic diseases
 - Medical homes, each with own panel
- System-wide service lines
- Population health management divisions
 - Health plans
 - Disease management programs
 - Senior services/care management
- Retail clinic networks and 24/7 access
- Telemedicine and virtual encounters/consultations
- Collaboratives
 - Multiple systems forming a regional network
 - Local collaboratives with public health and other community agencies

So much change, so rapid, that systems need project management office and staff

Implications For Leadership Requirements

In addition to usual requirement for 10+ years experience in progressively more challenging leadership roles, the next generation of leaders will need the competencies to:

- Invent new ways of managing care and cost of care, with no road map
- Develop new ventures that disrupt traditional ways of delivering and managing care
- Lead a customer-centric organization that meets the new consumer's expectations for convenience, ready access, and transparency
- Manage the risks involved in value-based contracts and population health management
- Lead through influence without direct control of resources
- Lead collaborative efforts to manage social determinants of health

Competency Models



A competency model identifies the *traits that distinguish a truly superior performer* from a good performer

A competency is more often a *behavioral pattern* developed and refined through experience than a skill learned from formal lessons

A competency can be developed, but it can't be taught unless the associated behavior comes naturally to the individual

Experience and knowledge are not competencies: knowing how doesn't deliver results, and experience doesn't predict future success in a new job and new environment





Competencies exist along a scale from emergent to fully developed and to exceptionally strong

The truly superior performer has exceptionally strong competencies, not just good, fully developed competencies

Leadership Competencies For The Next Generation

Creating the Vision/Strategy

Four Essential Competency Clusters:

-  **INSPIRING and PERSUASIVE LEADERSHIP**
-  **PEOPLE SKILLS EXTRAORDINAIRE**
-  **FOCUS ON EXECUTION and RESULTS**
-  **PERSONAL CHARACTER**

Delivering the Results

Leadership Competencies For The Next Generation



INSPIRING AND PERSUASIVE LEADERSHIP

Leader with vision who inspires others to follow: articulates inspiring vision and direction, focuses others on strategic priorities, and inspires others to achieve vision and priorities

Master of change: unwavering champion for change, anticipates and overcomes obstacles, gets others to drive change, creates environment to sustain change

Inspires trust and commitment: expects, values and models commitment to mission; expects, embraces, inspires, and demonstrates trust;

Coach: rallies and energizes teams; inspires others to do their best; motivates collaboration across boundaries

Innovative: imagines and explores new concepts and approaches and acts on them to improve performance and/or to achieve competitive advantage

Creates sense of urgency to act: turns best opportunities into priorities and problems and threats into reasons for acting now; overturns skepticism about need to change

Leadership Competencies For The Next Generation



PEOPLE SKILLS EXTRAORDINAIRE

Embraces collaboration: builds strong collaborative working relationships; solicits ideas and build on perspectives of others; promotes collaborative problem-solving

Develops leaders: identifies and recruits needed talent, creates challenging opportunities for development, and mentors best prospects for leadership roles

Shapes culture: fosters and models the desired culture in all relationships; repeatedly names the values of the organization; honors its mission

Savvy negotiator: identifies win/win propositions; asks for enough to allow room for compromise; knows when to say no

Respects physicians: builds effective partnerships with physicians; creates opportunities for physicians to lead; values physicians' role in clinical integration

Empathetic, intuitive and caring: gains deep understanding of colleagues and puts it to work to build support for goals; respectful of others' interests, desires, and needs

Leadership Competencies For The Next Generation



FOCUS ON EXECUTION AND RESULTS

Focused and engaged: clearly defines priorities and timetables; stays focused on priorities and achieving results; not easily distracted; keeps messages simple, direct, and on target

Architect: designs organization to optimize responsiveness, quality, and cost-effectiveness of service and operations; chooses managers who can achieve results; finds solutions that work for a dynamic organization with complex interrelationships

Tenacious: stays the course; keeps focus on achieving goals; takes initiative to overcome obstacles; continuously evaluates current process to identify opportunities for improvement

Financially astute: understands and accounts for financial implications of alternatives; maintains margins as business changes; improves cost-effectiveness to be able to compete on price; manages risk well

Nimble: evaluates circumstances and adjusts and pivots quickly as they change; expects change and accommodates it easily

Entrepreneur: identifies and takes advantage of new opportunities; generates creative approaches to improving performance and achieving goals

Leadership Competencies For The Next Generation



PERSONAL CHARACTER

Integrity: models authentic, honest and ethical behavior; insists on doing what's right; models ethical decision-making and behavior; open and transparent

Curious and eager to learn: strives to learn and understand; open to new concepts and technologies; willing to try new ideas; turns mistakes into opportunities to learn

Accountable: accepts accountability for outcomes; doesn't shift blame to others; acknowledges errors and mistakes; takes on accountability for fixing problems

Courageous: dares to take risks; dares to say no; dares to hold ground in face of opposition; dares to decide and act in face of uncertainty and ambiguity

Humble/modest: keeps ego under wraps; speaks modestly of own talents, abilities and value; shows appreciation for others; understands need for help from others

Emotional intelligent: self-aware, aware of others' interests and reactions, manages self and relationships with others to achieve goals;

Comfortable with self: uses stories and humor to defuse tension; comfortable with self-criticism; comfortable receiving criticism; acknowledges one's own foibles and peculiarities

Issues In Getting The Right Talent

Many of the new positions are so new that there is no ready-made labor market

- Very few people with experience doing the job
- Few examples of success providing benchmarks and best practices
- Jobs being invented on the fly
- Incumbents learning as they go

Structures set their own requirements

- New jobs overlap with traditional jobs
 - Require stepping on others' toes, getting in their way
- Many new jobs/structures are matrices
 - Require leadership through influence, not control

Many of the new jobs call for creative disruption

- Requires leading disruption in risk-averse cultures

Identifying and Developing Next Generation Leadership Talent

Kathy Hall, RN, MBA
Managing Director & Senior Advisor



Identifying and Developing Next Generation Leadership Talent

New Executive Leadership Positions

- Chief Population Health Officer
- Chief Clinical Care Transformation Officer
- Chief Clinical Integration Officer
- Chief (Patient) Experience Officer
- Chief Nurse Informatics Officer
- Head of Clinically Integrated Network (CIN)
- ACO Executives
- IN DEMAND – Physicians Leaders

Identifying and Developing Next Generation Leadership Talent

The New Roles have no:

- standard job descriptions
- benchmarks/best practices: what to do, how to do it
- standard performance expectations
- competency requirements
- reliable market values

Organizations approach this differently, depending on:

- market circumstances
- plans and strategies
- their appetite for risk

KEY: Clearly define the role and ideal competencies

Identifying and Developing Next Generation Leadership Talent

IDENTIFY – Internal Talent



Do you need or prefer a clinician?



Should you consider a dyad with a clinician and a lay administrator? (Or even a triad, with a doctor, a nurse, and a lay administrator)



Can you assemble a team to shape direction and guide the new leader?



Do you have an obvious champion of change?

Identifying and Developing Next Generation Leadership Talent

IDENTIFY – Internal Talent



Start by looking for right competencies + credibility



Reputation and relationships are crucial



Look for differentiators (managing change, creativity, innovator, collaborator, risk-taker)



Look for experience working across boundaries (service lines, inpatient/outpatient, hospital/clinics)

Identifying and Developing Next Generation Leadership Talent

IDENTIFY—External Talent



Do you really think you will find someone better than your best internal candidates?



Recognize risk of bringing in outside change agent, and need for extraordinary competency in collaborative leadership



Wouldn't it be quicker and safer to bring in a consultant or a partner to help develop an internal candidate?



Should you choose a short-timer approaching retirement who will soon let an insider take over?



Should you put the outsider in a dyad with an insider?

Identifying and Developing Next Generation Leadership Talent

IDENTIFY—External Talent



Look for talent in organizations that are recognized leaders at clinical integration, accountable care, and population health management



Look for talent in large physician practices accustomed to managing care effectively under risk-sharing arrangements (e.g., Kaiser, Group Health, California groups)



Look for talent in health plans (especially those that own medical groups) or in systems that own health plans



Look for talent in health systems partnering with health plans, insurers, or consulting firms to develop capabilities (e.g., Premier/Evolent, Inova/Aetna)



Look for talent in health systems with lots of physicians in management positions

Identifying and Developing Next Generation Leadership Talent

IDENTIFY—External Talent



Look for physician executives already involved in managing care under value-based contracts



Look for executives learning how to manage care from partnerships with insurers or consulting firms



Look for executives in health plans who are already managing cost of care for enrolled populations



Look for people who are leading clinical integration efforts as heads of clinical service lines



Look for executives who have been leading other transformations in health care (e.g., evidence-based medicine, clinical informatics)

Identifying and Developing Next Generation Leadership Talent

DEVELOP—QUICKLY



Hire a consultant as interim leader to develop internal talent and risk-management capabilities



Partner with health insurers to develop risk-management capabilities while developing internal talent



Send internal leader(s) on site visits to learn from the experience of others



Assign cross-disciplinary team to developing capabilities collaboratively, while also developing internal leadership talent

Identifying and Developing Next Generation Leadership Talent

DEVELOP—LONGER-TERM



Invest heavily in developing physicians and nurses, who will be better prepared to manage care



Send people to academic programs in population health management (e.g., Thomas Jefferson University)



Send people to conferences and on site visits to learn from others' experience



Assign group of future leaders to work on developing risk-management capabilities to learn from working under others

Next Steps

Redesign your Human Resource and Talent Development Systems and Policies

- Draft a good job description for each new position
 - Clarify the relationship other positions (and address the overlap in responsibilities)
- Determine how to pay the new position
 - Base and variable pay (both annual and long-term incentives?)
- Define performance expectations that suit the uncertainties of the new position
 - Modify performance evaluation to fit these uncertainties
 - Decide how to customize the incentive plan to fit these expectations
- Refine the recruiting and selection process
 - For both internal selection and external recruiting
- Modify the onboarding process to fit the new position
- Be prepared to refine the new positions and their performance expectations
- Celebrate progress: can't wait for the end-point (whatever it is)

Questions & Conversation

Find additional information on this topic at
www.ihstrategies.com

Call one of our experts at 1-800-327-9335



JAMES RICE, Ph.D.
jim.rice@ihstrategies.com



DAVID BJORK, Ph.D.
david.bjork@ihstrategies.com



KATHY HALL
kathy.hall@ihstrategies.com

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ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

Item:	Report on Board Actions Executive Compensation Committee March 23, 2017
Responsible party:	Cindy Murphy, Board Liaison
Action requested:	For Information
Background:	In FY16, we added this item to each Board Committee agenda to keep Committee members informed about Board actions via a verbal report by the Committee Chair. This written report is intended to supplement the Chair’s verbal report.
Other Board Advisory Committees that reviewed the issue and recommendation, if any:	None.
Summary and session objectives:	To inform the Committee about recent Board actions.
Suggested discussion questions:	None.
Proposed Committee motion, if any:	None. This is an informational item.
LIST OF ATTACHMENTS:	<ol style="list-style-type: none"> 1. Report on November 2016 - March 2017 ECH Board Actions

November 2016 – March 2017 ECH Board Actions*

1. November 9, 2016 – Regular Hospital Board Meeting
 - a. Approved Collective Bargaining Agreements with PRN and Local 39
 - b. Approved FY17 Executive Salary Ranges and Base Salaries
 - c. Approved FY16 Executive Incentive Goal Scores and Incentive Payments
 - d. Approved Appointment of Lanhee Chen, Dave Reeder, John Zoglin, Lane Melchor, Ramtin Agah, MD; Karen Pike, MD; Teri Eyre and Gary Kalbach to the CEO Search Committee

2. January 4, 2017 – Special Meeting
 - a. Closed session study session on strategic priorities

3. January 11, 2017 – Regular Hospital Board Meeting
 - a. Approved FY17 Period 3 and 4 Financials
 - b. Reviewed and discussed CEO Position Specification
 - c. Approved Annual Board Self-Assessment Survey Tool
 - d. Appointed Nahid Aliniaee to the El Camino Hospital Foundation Board of Directors
 - e. Appointed Lica Hartman to the Corporate Compliance, Privacy and Internal Audit Committee
 - f. Approved Funding for MV Lab Upgrades, LG Medical Office Building Upgrades and an updated Stryker Laparoscopic Platform

4. January 25, 2017 – Special Meeting
 - a. Closed session study session on strategic priorities

5. February 8, 2017 – Regular Hospital Board Meeting
 - a. Approved extension of MOU with SEIU/UHW – 3% across the board increases for two years and market adjustments for 12 difficult to recruit for positions.
 - b. Approved FY 17 period 6 Financials.
 - c. Approved funding of \$400,000 from the Board-Designated Community Benefit Fund in FY18 and no changes to the endowment principal.
 - d. Approved amendment to contract with Stanford to provide PT and OT services in the NICU
 - e. Board of Director Approval of Policies;
 - f. Approved 2 policies: Board of Director Approval of Policies and Policy and Procedure Formulation, Approval, and Distribution (Policy on Policies).
 - g. Approved Orthopedic Co-Management Agreement.
 - h. Approved funding for replacement of 28 ventilators

6. February 15, 2017 – Special Meeting
 - a. Closed session study session on strategic priorities

7. March 3, and 4, 2017 – Board Retreat
 - a. Closed session study session on strategic priorities

8. March 8, 2017 – Regular Hospital Board Meeting
 - a. 2017 Plan of Finance (Revenue Bonds)
 - b. FY17 CMO Incentive Goals
 - c. Revised VP, Corporate and Community Health Services; President, CONCERN:EAP
FY17 Incentive Goals
 - d. Appointment of ECC Member Jaison Layney

*This list is not meant to be exhaustive, but includes agenda items the Board voted on that are most likely to be of interest to or pertinent to the work of El Camino Hospital's Board Advisory Committees.

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

Item:	Report on El Camino Healthcare District Board Actions Executive Compensation Committee March 23, 2017
Responsible party:	Cindy Murphy, Board Liaison
Action requested:	For Information
Background:	In FY16, we added this item to each Board Committee agenda to keep Committee members informed about Board actions via a verbal report by the Committee Chair. This written report is intended to supplement the Chair’s verbal report.
Other Board Advisory Committees that reviewed the issue and recommendation, if any:	None.
Summary and session objectives:	To inform the Committee about recent Board actions.
Suggested discussion questions:	None.
Proposed Committee motion, if any:	None. This is an informational item.
LIST OF ATTACHMENTS:	<ol style="list-style-type: none"> 1. Report on December – March 8, 2017 ECHD Board Actions

November 2016 – March 2017 ECHD Board Actions*

1. December 6, 2016 – District Board
 - a. Elected Dennis Chiu, Julia Miller and John Zoglin to new terms on the Hospital Board
 - b. Directed an Ad Hoc Committee of the District Board to begin work on recruitment of a Hospital Board member to replace Dr. Neal Cohen who is not seeking reappointment when his current term ends on June 30, 2017

2. January 17, 2017 – District Board
 - a. Approved selection of Witt/Kieffer to assist with recruitment of El Camino Hospital Board Member
 - b. Scheduled an additional meeting on May 22, 2017

3. March 8, 2017 – District Board
 - a. Approved the 2017 General Obligation (GO) Bond Refinancing

*This list is not meant to be exhaustive, but includes agenda items the Board voted on that are most likely to be of interest to or pertinent to the work of El Camino Hospital's Board Advisory Committees.



**Executive Compensation Committee
Proposed Goals for FY 2018**

DRAFT 3/9/17

Purpose

The purpose of the Executive Compensation Committee (“Compensation Committee”) is to assist the El Camino Hospital (ECH) Hospital Board of Directors (“Board”) in its responsibilities related to the Hospital’s executive compensation philosophy and policies. The Compensation Committee shall advise the Board to meet all applicable legal and regulatory requirements as it relates to executive compensation.

Staff: Kathryn Fisk, Chief Human Resources Officer, Julie Johnston, Director Total Rewards, Cindy Murphy, Board Liaison

The Chief HR Officer shall serve as the primary staff support to the Committee and is responsible for drafting the committee meeting agenda for the Committee Chair’s consideration. The CEO, and other staff members as appropriate, may serve as a non-voting liaison to the Committee and may attend meetings at the discretion of the Committee Chair. These individuals shall be recused when the Committee is reviewing his/her compensation. The CEO is an ex-officio of this Committee.

Goals	Timeline by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable.)	Metrics
<p>1. Advise the Board on performance incentive goal-setting and plan design ensuring strategic alignment and proper oversight of compensation-related decisions.</p>	<p>Q2-4</p>	<ul style="list-style-type: none"> • Recommend FY17 performance goal scores and payouts (Q2) • Oversee the implementation of changes that impact the FY19 strategic planning, budgeting, and goal setting processes (Q3-4) • Recommend FY 19 goals and measurements (Q4) • Assess the value of long-term incentives to support the achievement of long-term strategies (TBD)

Goals	Timeline by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable.)	Metrics
2. Support successful implementation of executive benefit changes	Q3-4	<ul style="list-style-type: none"> • Review proposed changes to benefits plan policy (Q1) • Review consultant analysis of benefit change impact (Q3)
3. Advise the Board ensuring strategic alignment and proper oversight of compensation-related decisions.	Q 2-3	<ul style="list-style-type: none"> • Review base salary administration policy, review market analysis, and make base salary recommendations to the Board (Q2) • Submit the letter of reasonableness for Board acceptance (Q3) • Review compensation philosophy and performance incentive plan policies and make recommendation to Board to approve any changes (Q3)

To be Submitted to the Board by:

Lanhee Chen, Chair, Executive Compensation Committee

Kathryn Fisk, Executive Sponsor Executive Compensation Committee