



## Minutes of the Open Session of the Finance Committee

Monday, November 27th 2017

El Camino Hospital | Conference Rooms A & B (ground floor)

2500 Grant Road, Mountain View, CA 94040

### Members Present

John Zoglin, Chair  
Joseph Chow  
Boyd Faust  
Richard Juelis  
David Reeder

### Members Absent

William Hobbs

### Others Present

Agenda Item	Comments/Discussion	Approvals/Action
<b>1. CALL TO ORDER/ ROLL CALL</b>	The open session meeting of the Finance Committee of El Camino Hospital (the "Committee") was called to order at 5:31 pm by Chair John Zoglin. Mr. Hobbs was absent.	
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Chair Zoglin asked if any Committee members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
<b>3. PUBLIC COMMUNICATION</b>	There were no comments from the public.	
<b>4. CONSENT CALENDAR</b>	<p>Chair Zoglin asked if any member of the Committee or the public wished to remove an item from the consent calendar. No items were removed; however the committee wants to bring back HVI for another presentation in March 2018.</p> <p><b>Motion:</b> To approve the consent calendar: Minutes of the Open Session of the Finance Committee Meeting (September 25, 2017); FY18 Period 3 Financials</p> <p><b>Movant:</b> Reeder <b>Second:</b> Chow <b>Ayes:</b> Chow, Faust, Juelis, Reeder, Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> Hobbs <b>Recused:</b> None</p>	<i>Consent calendar approved</i>
<b>5. REPORT ON BOARD ACTIONS</b>	Chair Zoglin briefly reviewed the Report on Board Actions as further detailed in the packet. He also introduced David Clark, Interim COO to the committee.	
<b>6. FY18 PERIOD 4 FINANCIALS</b>	<p>Ifitikhar Hussain, CFO, reviewed the FY18 Period 4 Financials with the Committee members. FY18 for the year, overall volume, measured in adjusted discharges is 3.1% higher than budget. IP cases are 1.9% over budget, specifically Neurosciences, HVI, BHS, Oncology and Urology. However deliveries are lower than prior year by 2.6% and 3.3% below budget. OP discharges are higher than budget in General Surgery, Imaging Services, MCH, Rehab and Urology.</p> <p>October operating income is \$10.4M over budget, due to favorable revenue cycle operations and higher volume. Revenue for the month includes \$4.7 million in unusual items. For the year op margin is \$18.9M ahead of target. Commercial insurance is 0.4% more of the Payor Mix in October than budget. Prod Hrs/APD for October is 30.2 and slightly better than budget. YTD we are slightly better than budget. The overall balance sheet reflects the AR is 49.3 days which is 1.3 days more than budget.</p> <p><b>Motion:</b> To approve the FY18 Period 4 Financials.</p> <p><b>Movant:</b> Chow</p>	<i>FY 18 Period 4 Financials approved</i>

	<p><b>Second:</b> Reeder  <b>Ayes:</b> Chow, Faust, Juelis, Reeder, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Hobbs  <b>Recused:</b> None</p>	
<p><b>7. PROPOSED SUMMARY FINANCIAL REPORT TO THE BOARD</b></p>	<p>Iftikhar Hussain, CFO, proposed a new brief summary style on the El Camino Hospital Financial Report, to the Board on the following categories: Dashboard, Operating Revenue, Monthly Financial Trends, Operating Margin, Scorecard, Capital Spending and Balance Sheet.</p> <p>The Finance Committee appreciated the proposed style on the Financial information. A few suggestions commented by the committee:</p> <ol style="list-style-type: none"> <li>1. In the Dashboard remove annual columns, grey highlighted rows and add variants budget against actual column.</li> <li>2. Add back removed pages from the FC packet in the Bd packet Appendix</li> </ol>	
<p><b>8. REVIEW MAJOR CAPITAL PROJECTS IN PROGRESS</b></p>	<p>Ken King, CASO, reported on the current development progress of Capital Projects in process with the Committee. Mr. King outlined the current projects updates on the following:</p> <ol style="list-style-type: none"> <li>1. North Parking Garage Expansion - Substantially complete with only the scheduled installation of the battery system (under a separate agreement) to be completed by February 2018.</li> <li>2. Behavioral Health Services (BHS) Building - The steel structure has been erected and completing the installation of metal decking and deck inserts is the next step in the construction sequence. Fire proofing &amp; concrete placement is scheduled to be completed by the end of December. (Weather Permitting) Target Completion Date (Construction) March 2019.</li> <li>3. Integrated Medical Office (IMOB) Building - The foundation elements and under slab utilities are complete and the slab on grades is 75% complete for the IMOB. The foundation elements and under slab utilities for the IMOB Parking Structure are in process. The structural steel erection is scheduled to begin on 11/27/17 and be completed by the end of February 2018. Target Completion Date (Construction) May 2019.</li> <li>4. Central Utility Plant (CUP) Upgrades - Construction and equipment installation continues on schedule. The next major milestone is the installation of two new absorption chillers which has been scheduled for the winter months to avoid operational impacts during hot spring and summer days. Target Completion Date (Construction) April 2018.</li> <li>5. Women's Hospital Expansion (<i>Included for the first time</i>) - The Schematic Plans have been completed and Design Development is 85% complete and the sequencing of the construction activities are being planned in great detail. The design development cost estimate will be received in late December and will be presented to the Finance Committee at the scheduled meeting in January 2018.</li> </ol> <p>In response to Mr. Chow's question, Mr. King stated the Woman's Hospital expansion is targeted 2019.</p> <p>In response to Mr. Juelis question, Mr. Hussain and Mr. King explained that the projects are funded and allocated by the bonds and we borrowed the maximum, but it doesn't cover 100% for the hospital remodel on the Mountain View campus development.</p>	




<p><b>9. QUARTERLY REPORT: RETURN ON INVESTMENT FOR THE LOS GATOS CAPITAL SPENDING</b></p>	<p>Iftikhar Hussain, CFO, reported on the return investment for the Los Gatos capital spending to the committee. Mr. Hussain summary included that the capital spending at Los Gatos hospital was to replace failed equipment and provide basic services. The cash flow supports these investments and the volume is stable.</p> <p>Mr. Hussain reported that historical Los Gatos cash flow from operations is \$20 million per year. Though there was drop in FY 16 due to EPIC go-live. In 2016 the overhead allocation was increased to \$15 million from 10.5 million.</p> <p>In response to Mr. Juelis question, Mr. Hussain explained that the \$20 million cash flow includes overhead allocation.</p>	
<p><b>10. SERVICE LINE ONCOLOGY</b></p>	<p>Markettea Beneke, Sr. Director Oncology Service Line reported on the following items: Service Line Dashboard, Market Distinction, Current Projects, Future Projects, Survival Rates and Prevention to the committee.</p> <ol style="list-style-type: none"> <li>1. <i>Service Line Dashboard comparing FY16 to FY17:</i> <ol style="list-style-type: none"> <li>a. Profitability improvements</li> <li>b. Net Income improved 49.3%</li> <li>c. Net Revenue decreased by 2.2%</li> <li>d. Surgical volume continues to shift from Inpatient to Outpatient</li> <li>e. Strong growth for Infusion Center</li> </ol> </li> <li>2. <i>Market Distinction:</i> There are five market distinctions for the ECH. <ol style="list-style-type: none"> <li>a. Patient-centric: You and your family are involved throughout the treatment planning and implementation process, allowing you to make informed decisions about your care.</li> <li>b. Personalized: Speed of treatment, tailored to you and quickly adjusted to fit your needs.</li> <li>c. Integrated: Your care team works together, all under one roof, coordinated by a dedicated care manager who helps to orchestrate your schedule, communication, education and follow up.</li> <li>d. Community based: Local care by local care providers.</li> <li>e. Equal to Academic: Great outcomes, clinical trials are available.</li> </ol> </li> <li>3. <i>Current Projects:</i> Ms. Beneke reported on the Los Gatos Infusion Center is tentatively up and running by July 2018. Other incorporating programs/partnerships through Safeway, middle schools, restaurants and web-base food delivery site to educate, to prevent cancer and help with patient/client outreach.</li> <li>4. <i>Future Projects:</i> Ms. Beneke informed the committee on some improvements for the Oncology Service Line for FY 19 budget. The list of improvements: <ol style="list-style-type: none"> <li>a. Upgrade to latest version of the Cyberknife system, M6</li> <li>b. Upgrade to Varian Edge SRS System</li> <li>c. Upgrade to ViewRay MRI LINAC</li> <li>d. Options for LINAC Upgrade - Upgrade to a Varian TruBeam System</li> </ol> </li> <li>5. <i>Survival Rates:</i> El Camino Hospital meets or exceeds everyone else within our area and nationally.</li> <li>6. <i>Prevention:</i> Our approved dietitian logo we want to apply out to the community which states Cancer Healthy.</li> </ol> <p>In response to Mr. Juelis questions, Ms. Beneke explained that ECH is well compensated by the large drug companies. She helps with the Clinical Research department monthly, to coordinate with patients and we've received patients from Stanford's Clinical trial.</p>	

	In response to Mr. Faust question, Ms. Beneke expressed doubling the volume with our Outreach Coordinator going out to the health fairs and branding our name. Also, partnering with American Heart Association and utilizing our Marketing department to its full potential.	
<b>11. ADJOURN TO CLOSED SESSION</b>	<p><b>Motion:</b> To adjourn to closed session at 7:18 pm pursuant to <i>Gov't Code Section 54957.2</i> for approved of the Minutes of the Closed Session of the Finance Committee (September 25, 2017); pursuant to <i>Health &amp; Safety Code 32106(b)</i> for discussion of Long Term Financial Forecast; pursuant to <i>Health &amp; Safety Code 32106(b)</i> for discussion of Ophthalmology Call Coverage Renewal – Enterprise to <i>Health &amp; Safety Code 32106(b)</i> for a report and discussion involving ED-On call Gastroenterology Panel; pursuant to <i>Health &amp; Safety Code 32106(b)</i> for a report and discussion involving health care facility trade secrets; OB Hospitalist; pursuant to <i>Health &amp; Safety Code 32106(b)</i> for a report and discussion involving health care facility trade secrets.</p> <p><b>Movant:</b> Reeder  <b>Second:</b> Julis  <b>Ayes:</b> Chow, Faust, Juelis, Reeder, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Hobbs  <b>Recused:</b> None</p>	<i>Adjourned to closed session at 7:18 pm</i>
<b>12. AGENDA ITEM 17: RECONVENE OPEN SESSION/ REPORT OUT</b>	Open session was reconvened at 8:05 pm. Agenda items 12-15 were covered in closed session. During the closed session the committee approved the Minutes of the Closed Session of Finance Committee (September 25, 2017) By a unanimous vote in favor by all present committee members (Chow, Faust, Juelis, Reeder, Zoglin), Hobbs was absent.	
<b>13. AGENDA ITEM 18: APPROVAL OF CONTRACTS</b>	<p><b>Motion:</b> To recommend that the Board approve the Ophthalmology Call Coverage Renewal – Enterprise, ED On-Call Gastroenterology Panel and Renewal – LG Campus OB Hospitalist – MV/LG Campus</p> <p><b>Movant:</b> Juelis  <b>Second:</b> Chow  <b>Ayes:</b> Chow, Faust, Juelis, Reeder, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Hobbs  <b>Recused:</b> None</p>	
<b>14. AGENDA ITEM 19: FY18 COMMITTEE PACING PLAN</b>	Mr. Zoglin stated to the committee we have a joint Finance and Investment meeting in January and the long-term forecast is held in March of 2018.	
<b>15. AGENDA ITEM 20: CLOSING COMMENTS</b>	None	
<b>16. AGENDA ITEM 21: ADJOURNMENT</b>	<p><b>Motion:</b> To adjourn at 8:08pm</p> <p><b>Movant:</b> Chow  <b>Second:</b> Reeder  <b>Ayes:</b> Chow, Faust, Juelis, Reeder, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Hobbs  <b>Recused:</b> None</p>	<i>Meeting adjourned at 8:08pm</i>



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

  
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John Zoglin  
Chair, Finance Committee