



Minutes of the Open Session of the
El Camino Hospital Board of Directors
Wednesday, June 14, 2017
2500 Grant Road, Mountain View, CA 94040
Conference Rooms E, F & G (ground floor)

Board Members Present

Lanhee Chen
 Dennis Chiu, Vice Chair
 (via videoconference)
 Neal Cohen, MD, Chair
 Jeffrey Davis, MD
 Peter Fung, MD
 Julia Miller
 John Zoglin

Board Members Absent

David Reeder

Members Excused

None

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Board of Directors of El Camino Hospital (the "Board") was called to order at 5:30pm by Chair Cohen. A verbal roll call was taken. Director Chiu participated via videoconference. Director Davis arrived at 5:37 pm during Agenda Item 4: FY17 Period 10 Financials. Director Reeder was absent.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Director Cohen asked if any Board members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
3. BOARD RECOGNITION	<p>Motion: To approve <i>Resolution 2017-05</i>.</p> <p>Movant: Zoglin</p> <p>Second: Chen</p> <p>Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Zoglin</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: Reeder</p> <p>Recused: None</p> <p>Cheryl Reinking, RN, CNO recognized the individuals involved with launching the pilot of the Getting to Know You Volunteer Program for their commitment to providing excellent, personalized care.</p>	<i>Resolution 2017-05 approved</i>
4. FY17 PERIOD 10 FINANCIALS	<p>Helen Tam, Director of Decision Support & Business Analytics, outlined the FY17 Period Financials noting that:</p> <ul style="list-style-type: none"> - Inpatient acute Medical Surgical discharges exceeded budget by 4%. - YTD Delivery and Rehab volumes were both lower than budget - Outpatient volume was ahead of budget primarily due to general surgery and infusion services. - Commercial mix improved from March, as respiratory cases eased with the warm weather. YTD payor mix is still under budget due to higher Medicare. - EBITDA is 12% for the month, 17% YTD, compared to budget of 13%. - Net days in AR are ahead of target and improved further in April; total cash on hand is still at an all-time high of 429 days in April. <p>Ms. Tam also provided an overview of some monthly trends, noting that April is the first month that operating income has dropped below budget, ECH is expecting an IGT payment in June, and the Medicare payor mix</p>	<i>FY17 Period 10 Financials</i>

	<p>continues to trend upward.</p> <p>Ifthikhar Hussain, CFO (via teleconference) commented that ECH continues to have a very good year.</p> <p>In response to the Board's questions, Mr. Hussain explained that 1) spending projections for facilities projects are revised every quarter and 2) the IGT payment is approximately \$6.5 million per year and CMS approves whether or not to continue funding each year.</p> <p>Motion: To approve the FY17 Period 10 Financials</p> <p>Movant: Fung Second: Miller Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Zoglin Noes: None Abstentions: None Absent: Reeder Recused: None</p>	
<p>5. PROPOSED FY18 OPERATIONAL CAPITAL BUDGET</p>	<p>Don Sibery, Interim CEO, explained that the new proposed vision statement is to lead the transformation of health care in Silicon Valley. He noted that the Finance Committee made recommendations on the proposed budget at its meeting on May 30, 2017, and those have been addressed in the revised budget presentation.</p> <p>He outlined assumptions embedded in the proposed FY18 budget and provided an overview of the Finance Committee recommendations and questions raised at the Joint meeting that have been incorporated in the proposal:</p> <ul style="list-style-type: none"> - In the first quarter, staff will review and identify overhead reductions simultaneously with work redesign or work elimination. Mr. Sibery described how new FTEs have been budgeted, and how ECH compares to other organizations in FTEs per adjusted occupied bed. - He described the development of the \$5 million allocated for a strategic planning fund. - He noted that staff reviewed benchmarking for marketing department budgets at other comparable organizations. <p>Mr. Hussain noted that due to the favorable investment conditions this year, staff is recommending that the Board-Designated Community Benefit Endowment Fund be increased by \$6 million.</p> <p>In response to Director Zoglin's questions, Mr. Hussain and Mr. Sibery described a breakdown of the Marketing Department's budget; Mr. Zdeblick further described the analysis of the loss of market share in imaging and outpatient laboratory.</p> <p>In response to Director Chiu's question, Mr. Sibery explained that strategic planning funding allocation will be at the discretion of the Board and the permanent CEO. Mr. Chiu reported that the Finance Committee suggested having guidelines in place to ensure that the budgeted fund is reserved specifically for strategic purposes.</p> <p>Motion: To approve the FY18 Operational and Capital Budget</p> <p>Movant: Fung Second: Chen Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Zoglin Noes: None</p>	<p><i>FY18 Operational and Capital Budget approved</i></p>

	<p>Abstentions: None Absent: Reeder Recused: None</p>	
<p>6. QUALITY COMMITTEE REPORT</p>	<p>Jeffrey Davis, MD, reported that the Quality Committee received a presentation from Dharshi Sivakumar, MD, about the Mountain View NICU.</p> <p>Director Davis also reported that there were no outliers on the quality dashboard. He explained that the Committee had a robust discussion around using standardized infection rates (SIR) in the proposed FY18 organizational goal; ultimately the Committee supported the staff recommendation. He noted that William Faber, MD, CMO is reviewing options and staff will come back next year with information that may lead to a different efficiency goal in FY19 around total cost of care.</p> <p>Cheryl Reinking, RN, CNO described the achievement of Baby Friendly status on the Los Gatos campus as reported to the Committee.</p>	
<p>7. RESOLUTION 2017-06: DRAFT REVISED ECH BYLAWS</p>	<p>Director Fung and Mary Rotunno, General Counsel, introduced the proposed bylaws revisions that implement the action the District Board took at its May 15, 2017 meeting including the addition of two new “2017 Directors.” Ms. Rotunno explained that, pursuant to California Corporation Code as amended January 2016 an individual who is not given a vote on the Board is not a Director. Therefore, the proposed revisions do not provide for Board membership for the CEO.</p> <p>The Board members discussed the proposed revisions, specifically those that would remove that CEO’s ex-officio voting seat on the Board, and whether or not they agreed with that approach. Comments included discussion of:</p> <ul style="list-style-type: none"> - Perspectives from Nygren, potential CEO candidates - Comparable organizations and their board structures - Relationships between management and the Board - The balance of appointed and elected Board members and potential tie-breaking scenarios - Significant concerns from the Governance Committee about having a Board seat - Comments from the public present at the May 15, 2017 District Board meeting <p>Directors Chen, Cohen, and Davis voiced their opposition to the revisions that remove the Board seat from the CEO. Directors Chiu, Fung, Miller, and Zoglin expressed their support of the revisions.</p> <p>The Board also discussed breaking up the two main revisions into two separate motions.</p> <p>Motion: To approve Resolution 2017-06.</p> <p>Movant: Fung Second: Miller</p> <p>The Board discussed the Hospital Board’s role in reviewing and implementing direction from the District Board.</p> <p>Ayes: Chiu, Fung, Miller, Zoglin Noes: Chen, Cohen Abstentions: Davis Absent: Reeder</p>	<p>Resolution 2017-06 not approved</p>


	<p>Recused: None</p> <p>The motion failed. Although a majority of a quorum voted in favor of the Resolution, pursuant to Article XVIII Section 18.1 of the El Camino Hospital Bylaws, a majority vote of the authorized number of Directors was required to approve the Resolution.</p>	
<p>8. FY18 COMMUNITY BENEFIT PLAN</p>	<p>Barbara Avery, Director of Community Benefit, thanked Chair Cohen for his service on the Board.</p> <p>She provided an overview of the grant timeline and process. She highlighted the grant information workshop for potential grantees, which was attended by 60 grantees and 43 agencies.</p> <p>She noted that ECH received 53 proposals (a 26% increase) for FY18 for a total of \$4,078,298 in requested grant funding. Ms. Avery explained that the proposed Community Benefit Plan includes a total of \$3,288,773; she outlined the distribution across the health priority areas: Healthy Mind, Healthy Body, and Healthy Community, and highlighted proposals on youth mental health, culturally relevant services, and pre-diabetes services.</p> <p>In response to Director Davis' question, Ms. Avery clarified the criteria used for identifying pre-diabetic patients and the aggressive target for a grantee reducing BMI.</p> <p>Director Fung commented that there is always more to be done for Community Benefit.</p> <p>In response to Director Zoglin's questions, Ms. Avery clarified the grants for medical respite and measurement of the success of a diabetes awareness campaign.</p> <p>Motion: To approve the FY18 Community Benefit Plan.</p> <p>Movant: Fung Second: Miller Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Zoglin Noes: None Abstentions: None Absent: Reeder Recused: None</p>	<p>FY18 Community Benefit Plan approved</p>
<p>9. PUBLIC COMMUNICATION</p>	<p>None.</p>	
<p>10. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 7:01 pm pursuant to <i>Gov't Code Section 54957.2</i> for approval of the Minutes of the Closed Session of the Hospital Board Meeting (May 10, 2017), Minutes of the Closed Session of the Joint Meeting of the CEO Search Committee and Hospital Board (May 10, 2017), Minutes of the Closed Session of the Special Hospital Board Meeting (May 22, 2017), Minutes of the Closed Session of the Special Hospital Board Meeting (May 25, 2017), Minutes of the Closed Session of the Hospital Board Meeting (June 2, 2017), Minutes of the Closed Session of the Executive Compensation Committee Meeting (March 23, 2017); pursuant to <i>Health and Safety Code 32106(b)</i> for a report involving health care facility trade secrets: Semi-Annual Physician Contract Report; pursuant to <i>Health and Safety Code 32155</i> for deliberations concerning reports on Medical Staff quality assurance matters: Medical Staff Report; pursuant to <i>Health and Safety Code 32155</i> for deliberations concerning reports on Medical Staff quality assurance matters: Organizational Clinical Risks; pursuant to <i>Gov't Code Section 54957</i> and <i>54957.6</i> for discussion and report on personnel performance matters and <i>Health and Safety Code</i></p>	<p>Adjourned to closed session at 7:01 pm.</p>

	<p>32106(b) for a report involving health care facility trade secrets: Informational Items; pursuant to <i>Health and Safety Code 32106(b)</i> for a report involving health care facility trade secrets: Strategic Planning Update; pursuant to <i>Gov't Code Section 54957</i> and <i>54957.6</i> for discussion and report on personnel performance matters: Proposed Executive Benefit Design Plan Changes; pursuant to <i>Gov't Code Section 54957</i> and <i>54957.6</i> for discussion and report on personnel performance matters: Proposed FY18 Executive Incentive Goals; pursuant to <i>Gov't Code Section 54957</i> and <i>54957.6</i> for discussion and report on personnel performance matters: Proposed FY18 Executive Salary Ranges; pursuant to <i>Gov't Code Section 54957</i> and <i>54957.6</i> for discussion and report on personnel performance matters: Proposed FY18 Executive Base Salaries; pursuant to <i>Gov't Code Section 54957</i> and <i>54957.6</i> for discussion and report on personnel performance matters: Proposed FY18 CEO Salary Range; pursuant to <i>Gov't Code Section 54957.6(a)</i> – conference with designated representatives Lanhee Chen and Neal Cohen, MD: CEO Search Committee Update; pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters: Executive Session.</p> <p>Movant: Miller Second: Chen Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Zoglin Noes: None Abstentions: None Absent: Reeder Recused: None</p>	
<p>11. AGENDA ITEM 25: RECONVENE OPEN SESSION/ REPORT OUT</p>	<p>Open session was reconvened at 10:00pm. Agenda items 11-24 were addressed in closed session.</p> <p>During the closed session, the Board approved the Minutes of the Closed Session of the Hospital Board Meeting (May 10, 2017), the Minutes of the Closed Session of the Joint Meeting of the CEO Search Committee and the Hospital Board (May 10, 2017), the Minutes of the Closed Session of the Special Hospital Board Meeting (May 22, 2017), the Minutes of the Closed Session of the Special Hospital Board Meeting (May 25, 2017), the Minutes of the Closed Session of the Hospital Board Meeting (June 2, 2017), the Minutes of the Closed Session of the Executive Compensation Committee (March 23, 2017), the Semi-Annual Physician Contract Report and the Medical Staff Report by a unanimous vote in favor of all members present (Directors Chen, Chiu, Cohen, Davis, Fung, Miller, and Zoglin). Director Reeder was absent.</p>	
<p>12. AGENDA ITEM 26: CONSENT CALENDAR</p>	<p>Director Cohen asked if any member of the Board or the public wished to remove an item from the consent calendar. The Board requested that Item 26h: Draft Revised Executive Benefits Design Policy be pulled.</p> <p>Motion: To approve the consent calendar: Minutes of the Open Session of the Hospital Board Meeting (May 10, 2017); Minutes of the Open Session of the Joint Meeting of the CEO Search Committee and the Hospital Board (May 10, 2017); Minutes of the Open Session of the Special Hospital Board Meeting (May 22, 2017); Minutes of the Open Session of the Special Hospital Board Meeting (May 25, 2017); Minutes of the Open Session of the Hospital Board Meeting (June 2, 2017); Medical Staff Report; Minutes of the Open Session of the Executive Compensation Committee (March 23, 2017); FY17 Period 9 Financials; Capital Funding Request – Xi DaVinci Robot; Capital Funding Request – 828 Winchester Tenant Improvements; Capital Funding Request – Los Gatos MRI</p>	<p><i>Consent calendar approved</i></p>

	<p>Replacement; Capital Funding Request – Approval to Proceed with Initial Development Steps for Patient Family Residence; Professional Service Agreement: Pre-Employment Evaluations & Clearances; Medical Director Agreement: Utilization Management; Medical Director Agreement: Interventional Pulmonology; Proposed FY18 Slate of Advisory Committee Chairs and Members; Proposed FY18 Board/Committee Master Calendar; Proposed FY18 Advisory Committee Goals; InfoSec Policy: 1.04 Network Access Control; InfoSec Policy: 1.02 Authorized Access to Information Systems; InfoSec Policy: 0.01 Information Security Management Program; InfoSec Policy: 1.01 Business Requirement for Access Control; InfoSec Policy: 1.03 User Responsibilities; and Draft Management of Serious Safety Events and Red Alert Patient Safety Events Policy.</p> <p>Movant: Miller Second: Zoglin Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Zoglin Noes: None Abstentions: None Absent: Reeder Recused: None</p> <p>Motion: To approve the Draft Revised Executive Benefits Design Policy, amended to accept only the proposed revisions in Section D (2) (b) (regarding long-term disability) and to remove Section 5(c) which can be removed, as all of the Capital Accumulation Accounts have vested and been distributed as of January 1, 2017.</p> <p>Movant: Chen Second: Fung Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Zoglin Noes: None Abstentions: None Absent: Reeder Recused: None</p>	
<p>13. AGENDA ITEM 27: FY18 ORGANIZATIONAL GOALS</p>	<p>Motion: To approve the Proposed FY18 Organizational Goals.</p> <p>Movant: Fung Second: Miller Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Zoglin Noes: None Abstentions: None Absent: Reeder Recused: None</p>	
<p>14. AGENDA ITEM 28: PHYSICIAN FINANCIAL ARRANGEMENTS – REVIEW AND APPROVAL POLICY</p>	<p>Larry Trilops, Interim Physician Strategy Executive, explained that proposed revisions to the policy would raise the threshold for total cash compensation for employed physicians that would require Board approval; currently any physician agreements over \$250,000 must be approved by the ECH Board. The revisions allow for the CEO to approve total cash compensation up to the 75th percentile or not to exceed \$1,000,000. He noted that the current approval limit impedes the timely and efficient recruitment of physician candidates for SVPMG.</p> <p>In response to the Board’s questions, Mr. Trilops explained that the 75th percentile is determined in a market survey dependent on the physician’s specialty.</p> <p>Motion: To approve the proposed revisions to Policy 51.00: Physician</p>	

	<p>Financial Arrangements – Review and Approval.</p> <p>Movant: Zoglin Second: Fung Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Zoglin Noes: None Abstentions: None Absent: Reeder Recused: None</p>	
15. AGENDA ITEM 29: PROPOSED FY18 EXECUTIVE AND CEO SALARY RANGES	<p>Director Cohen noted that Ms. Murphy had copies of the proposal available for the public to review.</p> <p>Motion: To approve the FY18 Executive and CEO Salary Ranges as recommended by the Executive Compensation Committee.</p> <p>Movant: Chen Second: Zoglin Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Zoglin Noes: None Abstentions: None Absent: Reeder Recused: None</p>	<i>FY18 Executive and CEO Salary Ranges approved</i>
16. AGENDA ITEM 30: PROPOSED FY18 EXECUTIVE BASE SALARIES	This item was deferred.	<i>Deferred</i>
17. AGENDA ITEM 31: INFORMATIONAL ITEMS	There were no questions or additional comments on the CEO Report.	
18. AGENDA ITEM 32: APPROVAL OF EMPLOYMENT CONTRACT INCLUDING CEO COMPENSATION TERMS	<p>Director Cohen noted that Ms. Murphy had copies of the proposal available for the public to review.</p> <p>Motion: To approve the appointment of Dan Woods as El Camino Hospital's Chief Executive Officer and the proposed Executive Employment Agreement, which provides for a base salary for FY18 of \$850,000.</p> <p>Movant: Cohen Second: Chen Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Zoglin Noes: None Abstentions: None Absent: Reeder Recused: None</p>	<i>Employment Contract and CEO Base Salary approved</i>
19. AGENDA ITEM 33: BOARD COMMENTS	The Board thanked Director Cohen for his service on the Board and as Chair and Director Chiu for his service as Vice Chair.	
20. AGENDA ITEM 34: ADJOURNMENT	<p>Motion: To adjourn at 10:15pm.</p> <p>Movant: Zoglin Second: Fung Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: Reeder Recused: None</p>	<i>Meeting adjourned at 10:15 pm.</i>

Attest as to the approval of the foregoing minutes by the Board of Directors of El Camino Hospital:



Neal Cohen, MD
Chair, ECH Board of Directors



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

Prepared by: Cindy Murphy, Board Liaison
Sarah Rosenberg, Contracts & Board Services Coordinator