El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

# AGENDA

## EXECUTIVE COMPENSATION COMMITTEE OF THE EL CAMINO HOSPITAL BOARD OF DIRECTORS

**Thursday, September 20, 2018 – 4:00pm**
El Camino Hospital | Conference Room A (ground floor)
2500 Grant Road Mountain View, CA 94040

**PURPOSE:** 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** | Bob Miller, Chair | | **4:00-4:02pm** |
| **2.** | **POTENTIAL CONFLICT OF INTEREST DISCLOSURES** | Bob Miller, Chair | | **4:02 – 4:03** |
| **3.** | **PUBLIC COMMUNICATION**<br>a. Oral Comments<br>*This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda.*<br>b. Written Correspondence | Bob Miller, Chair | | **information 4:03 – 4:06** |
| **4.** | **CONSENT CALENDAR**<br>*Any Committee Member or member of the public may remove an item for discussion before a motion is made.*<br>***Approval***<br>a. Minutes of the Open Session of the Executive Compensation Committee Meeting (May 24, 2018)<br>***Information***<br>b. Article of Interest | Bob Miller, Chair | *public comment* | **motion required 4:06 – 4:07** |
| **5.** | **REPORT ON BOARD ACTIONS**<br>**ATTACHMENT 5** | Bob Miller, Chair | | **information 4:07 – 4:10** |
| **6.** | **FY18 ORGANIZATIONAL SCORE**<br>**ATTACHMENT 6** | Dan Woods, CEO | | **discussion 4:10 – 4:20** |
| **7.** | **AD HOC COMMITTEE REPORT**<br>**ATTACHMENT 7** | Teri Eyre and Jaison Layney, Ad Hoc Committee Members | *public comment* | **possible motion 4:20 – 4:45** |
| **8.** | **FY18 CEO EVALUATION PROCESS REVIEW**<br>**ATTACHMENT 8** | Bob Miller, Chair | | **discussion 4:45 – 4:55** |
| **9.** | **EXECUTIVE BENEFIT PLAN POLICY**<br>**ATTACHMENT 9** | Kathryn Fisk, CHRO | *public comment* | **possible motion 4:55 – 5:05** |
| **10.** | **ADJOURN TO CLOSED SESSION** | Bob Miller, Chair | | **motion required 5:05 – 5:06** |
| **11.** | **POTENTIAL CONFLICT OF INTEREST DISCLOSURES** | Bob Miller, Chair | | **5:06 – 5:07** |

A copy of the agenda for the Regular Committee 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 |
|---|---|---|---|---|
| **12.** | **CONSENT CALENDAR**<br>*Any Committee Member or member of the public may remove an item for discussion before a motion is made.*<br>***Approval***<br>*Gov't Code Section 54957.2:*<br>a. Minutes of the Closed Session of the Executive Compensation Committee Meeting (May 24, 2018)<br>***Information***<br>*Gov't Code Section 54957.6* for a conference with labor negotiator Dan Woods:<br>b. FY19 CMO Base Salary | Bob Miller, Chair | | **motion required**<br>**5:07 – 5:08** |
| **13.** | *Health & Safety Code 32016(b)* for a report and discussion involving health care facility trade secrets; *Gov't Code Section 54957.6* for a conference with labor negotiator Dan Woods:<br>- Proposed FY19 CMO Incentive Goals | Dan Woods, CEO | | **motion required**<br>**5:08 – 5:13** |
| **14.** | *Gov't Code Section 54957.6* for a conference with labor negotiator Dan Woods:<br>- Proposed FY19 COO Base Salary | Dan Woods, CEO | | **discussion**<br>**5:13 – 5:18** |
| **15.** | *Health & Safety Code 32016(b)* for a report and discussion involving health care facility trade secrets; *Gov't Code Section 54957.6* for a conference with labor negotiator Dan Woods:<br>- Proposed FY18 Individual Executive Incentive Goal Scores | Dan Woods, CEO | | **motion required**<br>**5:18 – 5:38** |
| **16.** | *Gov't Code Section 54957.6* for a conference with labor negotiator Dan Woods:<br>- Proposed FY18 Individual Executive Incentive Plan Payouts | Dan Woods, CEO | | **discussion**<br>**5:38 – 5:43** |
| **17.** | *Health & Safety Code 32016(b)* for a report and discussion involving health care facility trade secrets; *Gov't Code Section 54957.6* for a conference with labor negotiator Dan Woods:<br>- Proposed FY18 CHRO Incentive Goal Scores | Dan Woods, CEO | | **motion required**<br>**5:43 – 5:48** |
| **18.** | *Gov't Code Section 54957.6* for a conference with labor negotiator Dan Woods:<br>- Proposed FY18 CHRO Incentive Plan Payout | Dan Woods, CEO | | **discussion**<br>**5:48 – 5:52** |
| **19.** | **ADJOURN TO OPEN SESSION** | Bob Miller, Chair | | **motion required**<br>**5:52 – 5:53** |
| **20.** | **RECONVENE OPEN SESSION/ REPORT OUT**<br>To report any required disclosures regarding permissible actions taken during Closed Session. | Bob Miller, Chair | | **5:53 – 5:54** |

| | AGENDA ITEM | PRESENTED BY | | ESTIMATED TIMES |
|---|---|---|---|---|
| **21.** | **FY19 COO BASE SALARY** | Dan Woods, CEO | *public comment* | **possible motion 5:54 – 5:55** |
| | | | | |
| **22.** | **FY18 INDIVIDUAL EXECUTIVE INCENTIVE PAYOUT AMOUNTS** | Dan Woods, CEO | *public comment* | **possible motion 5:55 – 5:56** |
| | | | | |
| **23.** | **FY19 PACING PLAN** **ATTACHMENT 23** | Bob Miller, Chair | | **discussion 5:56 – 5:58** |
| | | | | |
| **24.** | **CLOSING COMMENTS** | Bob Miller, Chair | | **discussion 5:58 – 5:59** |
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| **25.** | **ADJOURNMENT** | Bob Miller, Chair | *public comment* | **motion required 5:59 – 6:00pm** |

**Upcoming Meetings:** November 8, 2018 | March 28, 2019 | May 23, 2019
**Educational Gatherings:** October 24, 2018 | April 24, 2019

**Minutes of the Open Session of the**
**Executive Compensation Committee**
**Thursday, May 24, 2018**
**El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040**
**Conference Room A (administration)**

| Members Present | Members Absent |
|---|---|
| **Teri Eyre** | **Neysa Fligor** |
| **Jaison Layney** | **Pat Wadors** |
| **Julie Kliger** | |
| **Bob Miller**, Chair | |
| **Julia Miller** | |

| 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 3:30pm by Chair Bob Miller. A silent roll call was taken. Ms. Neysa Fligor and Ms. Pat Wadors were absent. All other Committee members were present at roll call. | |
| **2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES** | Chair B. Miller asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were noted. | |
| **3. PUBLIC COMMUNICATION** | None. | |
| **4. CONSENT CALENDAR** | Chair B. Miller asked if any member of the Committee or the public wished to remove an item from the consent calendar. No items were removed.<br><br>**Motion:** To approve the consent calendar: Minutes of the Open Session of the Executive Compensation Committee Meeting (March 22, 2018), and for information: Progress Against FY18 Committee Goals, Article of Interest, and Report on Educational Activity.<br><br>**Movant:** Eyre<br>**Second:** Kliger<br>**Ayes:** Eyre, Layney, Kliger, B. Miller, J. Miller<br>**Noes:** None<br>**Abstentions:** None<br>**Absent:** Fligor, Wadors<br>**Recused:** None | ***Consent calendar approved*** |
| **5. REPORT ON BOARD ACTIONS** | Chair B. Miller reported that the Board approved the Delegation of Authority to the Committee.<br><br>Cindy Murphy, Director of Governance Services, referred to the recent Board actions as further detailed in the packet, highlighting the Hospital Board's approval of a Resolution related to the winding up and dissolution of Pathways Continuous Care (Private Duty Services) and the three open seats on the District Board in the upcoming November election. | |
| **6. PROCESS FOR ANNUAL CEO PERFORMANCE EVALUATION** | Stephen Pollack from Mercer introduced his colleague, Bruce Barge.<br><br>Mr. Barge shared his findings regarding the CEO performance evaluation process, as detailed in the materials, including:<br><br>1. **External market practices**: strategic focus, including emphasis on someone who can manage transformation and the importance of alignment between the Board and CEO | ***CEO Stakeholder interview topic review to be paced in FY19*** |

2. **Stakeholder interviews**: Mr. Barge met with key stakeholders to gain input on future design focusing on three topics: CEO success requirements, performance evaluation content and process, and sponsorship and execution.

Chair B. Miller mentioned the need for assessing "soft skills" as well as leadership from strategic and operational perspectives and change management. Ms. Eyre commented that managing transformation is inherently contentious, and encouraged focus on a narrow set of stakeholders.

Mr. Barge noted that next steps include fleshing out tools for the process (360 survey, employee satisfaction, formalizing what information is used for development versus evaluation).

Chair B. Miller clarified that the Committee does not determine CEO rewards based on evaluation outcomes, nor does the Committee evaluate the CEO's performance.

Mr. Barge reported that the stakeholders interviewed agreed that the process should include 1) an active Board Chair, 2) a CEO-prepared self-assessment, and 3) culmination in a year-end discussion with the full Board.

The Committee discussed how CEO evaluations were conducted historically and potential processes for compiling feedback. The Committee suggested that the Board Chair or a third party like Mercer rather than an ECH staff member collect Board member feedback and the CEO's self-evaluation.

Cheryl Reinking, RN, CNO and Mark Adams, MD, Interim CMO joined the meeting. Mr. Barge outlined the proposed timeline: initially setting goals, quarterly check-ins with the Board Chair and CEO, and mid-year and year-end updates from Board Chair to the full Board.

Mitch Olejko, outside counsel from Buchalter, joined the meeting via teleconference.

Mr. Barge also described Mercer's recommendation for which stakeholders to include in the process: 2019 – Board and Executive Team (two critical relationships to monitor, manageable group size); and 2020 – physicians (integral to the success of ECH, allowing time to determine logistics).

Ms. Kliger suggested that feedback from employees at all levels of the organization be incorporated. The Committee discussed using this information for developmental purposes.

The Committee, staff, and Mercer discussed the inclusion of ECH staff at different levels of the organization, community Committee members, and physicians in the evaluation process, noting that important factors include: 1) knowledge about the CEO's day-to-day performance; and 2) shared accountability. The Committee and Mr. Barge noted that stakeholder perception can be used as a developmental or feedback mechanism or a more formal evaluation metric. Ms. Kliger suggested including physician feedback for development purposes in 2019 due to the emphasis on physician alignment in the strategic plan. Chair B. Miller commented that while he agreed with the proposed quarterly schedule for more formal check-ins between the Board Chair and the CEO, developmental feedback should be provided continuously.

Ms. J. Miller requested that the District Board Chair be included in any process. The Committee discussed how this evaluation process would be led by the Hospital Board Chair with input from the District Board Chair and all

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| | Board members.<br><br>Mr. Barge noted that Mercer will incorporate the Committee's feedback, revise the recommendations, and work with the Board Chair and staff to prepare the tools and process. Chair B. Miller requested that the outline of interview topics be brought to the Committee for review.<br><br>Mr. Barge left the meeting. | |
| **7. DRAFT REVISED EXECUTIVE COMPENSATION POLICIES AND CHARTER** | The Committee discussed edits to the policies, including:<br><u>Policy 3.01</u>: Executive Compensation Philosophy<br>- Removing reference to 1) the specific 25% geographic differential and 2) the term "cost-of-labor."<br>- Rephrasing to note that the El Camino Hospital Median "reflects the median base pay of comparable hospitals plus the geographic differential **for all positions**"<br><u>Policy 3.02</u>: Executive Base Salary Administration<br>- Removing the word "can" from Section D (General Provisions), (2, Placement in the Salary Range)(d)<br><br>The Committee discussed including the Resolution and approved ECC Procedures in the policies. Mr. Olejko advised that there be references to the resolution and procedures and that the source documents be attached to the policies to capture the full delegation.<br><br>**Motion:** To recommend that 1) the Governance Committee recommend and the Board approve the Charter and 2) the Board approve Policies 3.01, 3.02, and 3.04 as revised above.<br><br>**Movant:** Eyre<br>**Second:** Layney<br>**Ayes:** Eyre, Layney, Kliger, B. Miller, J. Miller<br>**Noes:** None<br>**Abstentions:** None<br>**Absent:** Fligor, Wadors<br>**Recused:** None<br><br>Mr. Olejko discontinued participation in the meeting. | ***Draft Revised Policies and Charter recommended for approval*** |
| **8. FY19 ORGANIZATIONAL GOALS** | Dan Woods, CEO, Ms. Reinking, Dr. Adams, and Kathryn Fisk, CHRO, provided an overview of the proposed FY19 Organizational Goals:<br>- **Patient Throughput**: Door-to-floor, impacts staff throughout the organization (physician, maintenance, ancillary services);<br>- **HCAHPS**: there are 9 domains and staff have selected 3 for focus in FY19: 1) nurse communication (listening, explanations, courtesy and respect), 2) responsiveness (attending to needs as expected), and 3) cleanliness;<br>- **Quality Metrics**: Mortality and readmission, looking more broadly at all patients; and<br>- **Employee Engagement**: the score is based on six key questions from Press Ganey<br><br>Ms. Reinking, Dr. Adams, and Kathryn Fisk described the methodology for goal setting to ensure a stretch for target and maximum achievement.<br><br>In response to Chair B. Miller's questions, staff discussed the employee performance incentive plan tied to the organizational goals. The Committee cautioned against employee payment tied to survey scores. Julie Johnston, Director of Total Rewards, proposed and the Committee agreed to use a different measure for employees based on survey participation rather than the survey scores (which would be reserved for executives and | ***FY19 Organizational Goals recommended for approval*** |

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| | management).<br><br>The Committee also discussed the financial threshold goal; Mr. Woods commented that management opted not to include an organizational financial variable this year.<br><br>Ms. J. Miller left the meeting at 4:45pm.<br><br>Chair B. Miller and the Committee requested that staff include numbers for benchmarks (*i.e.*, for a particular measure, what is the 50th percentile? 75th?) and baseline time periods to provide the Committee and the Board with a sense of how challenging it is to achieve minimum, target, or maximum for a particular goal.<br><br>**Motion:** To recommend that the Board approve the FY19 Organizational Goals, subject to additional review by the Quality and Finance Committees, with the change to employee engagement as noted above.<br><br>**Movant:** Eyre<br>**Second:** Layney<br>**Ayes:** Eyre, Layney, Kliger, B. Miller<br>**Noes:** None<br>**Abstentions:** None<br>**Absent:** Fligor, J. Miller, Wadors<br>**Recused:** None<br><br>Ms. Reinking and Dr. Adams left the meeting. | |
| **9. ADJOURN TO CLOSED SESSION** | **Motion:** To adjourn to closed session at 4:53pm.<br><br>**Movant:** Kliger<br>**Second:** Layney<br>**Ayes:** Eyre, Layney, Kliger, B. Miller<br>**Noes:** None<br>**Abstentions:** None<br>**Absent:** Fligor, J. Miller, Wadors<br>**Recused:** None | ***Adjourned to closed session at 4:53pm*** |
| **10. AGENDA ITEM 20: RECONVENE OPEN SESSION/ REPORT OUT** | Open session was reconvened at 6:45pm. Agenda items 9-19 were addressed in closed session.<br><br>During the closed session, the Committee approved the Minutes of the Closed Session of the Executive Compensation Committee Meeting of March 22, 2018, the Proposed FY19 Individual Executive Incentive Goals, and the Proposed FY19 CHRO Incentive Goals by a unanimous vote in favor of all members present (Eyre, Layney, Kliger, B. Miller). Ms. Fligor, Ms. J. Miller, and Ms. Wadors were absent. | |
| **11. AGENDA ITEM 21: PROPOSED FY19 EXECUTIVE SALARY RANGES** | **Motion**: To approve the proposed FY19 Executive Salary Ranges, with the exception of the CHRO and the CEO.<br><br>**Movant:** Eyre<br>**Second:** Layney<br>**Ayes:** Eyre, Layney, Kliger, B. Miller<br>**Noes:** None<br>**Abstentions:** None<br>**Absent:** Fligor, J. Miller, Wadors<br>**Recused:** None<br><br>A summary of the approved salary ranges is attached to these minutes for reference in Attachment A. | ***FY19 Executive Salary Ranges approved*** |
| **12. AGENDA ITEM 22:** | **Motion**: To approve the proposed FY19 Executive Base Salaries, with the | ***FY19 Executive*** |

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| **PROPOSED FY19 EXECUTIVE BASE SALARIES** | exception of CHRO and CEO.<br><br>**Movant:** Layney<br>**Second:** Eyre<br>**Ayes:** Eyre, Layney, Kliger, B. Miller<br>**Noes:** None<br>**Abstentions:** None<br>**Absent:** Fligor, J. Miller, Wadors<br>**Recused:** None<br><br>A summary of the approved base salaries is attached to these minutes for reference in Attachment B. | ***Base Salaries approved*** |
| **13. AGENDA ITEM 23: PROPOSED FY19 CHRO SALARY RANGE AND BASE SALARY** | **Motion**: To approve the proposed FY19 CHRO Salary Range and Base Salary.<br><br>**Movant:** Eyre<br>**Second:** Layney<br>**Ayes:** Eyre, Layney, Kliger, B. Miller<br>**Noes:** None<br>**Abstentions:** None<br>**Absent:** Fligor, J. Miller, Wadors<br>**Recused:** None<br><br>A summary of the approved salary range and base salary is attached to these minutes for reference in Attachments A and B. | ***FY19 CHRO Salary Range and Base Salary approved*** |
| **14. AGENDA ITEM 24: PROPOSED FY19 CEO SALARY RANGE AND BASE SALARY** | **Motion**: To recommend that the Board approve FY19 CEO Salary Range and to consider the proposed Base Salary options.<br><br>**Movant:** Eyre<br>**Second:** Layney<br>**Ayes:** Eyre, Layney, Kliger, B. Miller<br>**Noes:** None<br>**Abstentions:** None<br>**Absent:** Fligor, Wadors, J. Miller<br>**Recused:** None<br><br>A summary of the recommended salary range is attached to these minutes for reference in Attachment C. | ***FY19 CEO Salary Range recommended and Base Salary options forwarded for consideration*** |
| **15. AGENDA ITEM 25: FY19 COMMITTEE GOALS** | Chair B. Miller noted that a proposed Committee goal related to executive talent development/succession planning is not reflected in the proposed Committee goals, but the topic is included on pacing plan for the Committee's March 28, 2019 meeting.<br><br>Mr. Layney requested that Goal #3 reflect a September 2018 target to determine whether or not to conduct an RFP.<br><br>**Motion**: To recommend that the Governance Committee and the Board approve the FY19 Executive Compensation Committee goals, revised as noted above.<br><br>**Movant:** Layney<br>**Second:** Kliger<br>**Ayes:** Eyre, Layney, Kliger, B. Miller<br>**Noes:** None<br>**Abstentions:** None<br>**Absent:** Fligor, Wadors, J. Miller<br>**Recused:** None | ***FY19 ECC goals recommended for approval*** |

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| **16. AGENDA ITEM 26: FY19 COMMITTEE PACING PLAN** | **Motion**: To approve the FY19 Pacing Plan.<br><br>**Movant:** Kliger<br>**Second:** Layney<br>**Ayes:** Eyre, Layney, Kliger, B. Miller<br>**Noes:** None<br>**Abstentions:** None<br>**Absent:** Fligor, Wadors, J. Miller<br>**Recused:** None | ***FY19 Pacing Plan approved*** |
| **17. AGENDA ITEM 27: APPOINTMENT OF AD HOC COMMITTEE** | Chair B. Miller described the formation of an Ad Hoc Committee to review and select a compensation consultant as further detailed in the packet.<br><br>**Motion**: To appoint Teri Eyre and Jaison Layney to an Ad Hoc Committee charged with making recommendation(s) regarding engaging in an RFP process.<br><br>**Movant:** Kliger<br>**Second:** Eyre<br>**Ayes:** Eyre, Layney, Kliger, B. Miller<br>**Noes:** None<br>**Abstentions:** None<br>**Absent:** Fligor, Wadors, J. Miller<br>**Recused:** None | ***Ad Hoc Committee appointed*** |
| **18. AGENDA ITEM 28: CLOSING COMMENTS** | There were no additional comments from the Committee. | |
| **19. AGENDA ITEM 29: ADJOURNMENT** | **Motion**: To adjourn at 6:52pm.<br><br>**Movant:** Kliger<br>**Second:** Layney<br>**Ayes:** Eyre, Layney, Kliger, B. Miller<br>**Noes:** None<br>**Abstentions:** None<br>**Absent:** Fligor, Wadors, J. Miller<br>**Recused:** None | ***Meeting adjourned at 6:52pm*** |

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

_____
Bob Miller
Chair, Executive Compensation Committee

_____
Julia E. Miller
Secretary, ECH Board of Directors

Prepared by: Sarah Rosenberg, Contracts & Board Services Coordinator

**Attachment A**
**El Camino Hospital FY19 Executive Salary Ranges**
Approved by the Executive Compensation Committee

**May 24, 2018**

| | **FY19 Salary Range** | | |
|---|---|---|---|
| **Position** | Minimum | **Midpoint*** | Maximum |
| Chief Operating Officer (*open position*) | $479,200 | **$599,000** | $718,800 |
| Chief Financial Officer | $481,600 | **$602,000** | $722,400 |
| Chief Human Resources Officer | $301,600 | **$377,000** | $452,400 |
| Chief Medical Officer (*open position*) | $460,800 | **$576,000** | $691,200 |
| President, SVMD | $354,400 | **$443,000** | $531,600 |
| General Counsel | $356,800 | **$446,000** | $535,200 |
| Chief Information Officer | $340,800 | **$426,000** | $511,200 |
| Chief Nursing Officer | $312,800 | **$391,000** | $469,200 |
| Chief Strategy Officer (*open position*) | $305,600 | **$382,000** | $458,400 |
| Chief Administrative Services Officer | $231,200 | **$289,000** | $346,800 |
| VP Corporate & Community Health Svcs.; President, CONCERN:EAP | $243,200 | **$304,000** | $364,800 |
| President, ECH Foundation | $222,400 | **$278,000** | $333,600 |
| Vice President, Payor Relations | $202,400 | **$253,000** | $303,600 |

**Attachment B**
**El Camino Hospital FY19 Executive Base Salaries**
Approved by the Executive Compensation Committee

**May 24, 2018**

| **Position** | **FY19 Base Salary** |
|---|---|
| Chief Financial Officer | $494,400 |
| General Counsel | $392,700 |
| Chief Human Resources Officer | $351,230 |
| Chief Information Officer | $360,500 |
| VP Corporate & Community Health Svcs.; President, CONCERN:EAP | $267,280 |
| Chief Nursing Officer | $354,040 |
| President, ECH Foundation | $259,560 |
| Chief Administrative Services Officer | $303,113 |
| President, SVMD | $507,500 |
| VP, Payor Relations | $272,950 |

**Attachment C**
**El Camino Hospital Proposed FY19 CEO Salary Range**
Recommend for Board Approval
by the Executive Compensation Committee

**May 24, 2018**

| | **FY19 Salary Range** | | |
|---|---|---|---|
| **Position** | Minimum | **Midpoint** | Maximum |
| Chief Executive Officer | $876,000 | **$1,095,000** | $1,314,000 |

# 224 hospital benchmarks | 2018

Written by Ayla Ellison and Jessica Kim Cohen | June 25, 2018 |
https://www.beckershospitalreview.com/lists/224-hospital-benchmarks-2018.html

Hospitals across the nation compete in a number of ways, including on quality of care and price, and many use benchmarking to determine the top priorities for improvement. The continuous benchmarking process allows hospital executives to see how their organizations stack up against regional competitors as well as national leaders.

For the seventh year, *Becker's Hospital Review* has collected benchmarks related to some of the most important day-to-day areas hospital executives oversee: quality, patient satisfaction, staffing, utilization, finance, affiliations, compensation and health IT.

## Quality and process of care

*Source: Hospital Compare, HHS, Complications and Deaths-National Averages, May 2018, and Timely and Effective Care-National Averages, May 2018, the latest available data for these measures.*

### *Hospital-acquired conditions*

*The following represent the average percentage of patients in the U.S. who experienced the conditions.*

1. Collapsed lung due to medical treatment: 0.4 percent
2. A wound that splits open on the abdomen or pelvis after surgery: 2.26 percent
3. Accidental cuts and tears from medical treatment: 0.88 percent
4. Serious blood clots after surgery: 4.35 percent
5. Serious complications: 1 percent
6. Bloodstream infection after surgery: 5.94 percent
7. Developed a blood clot while in the hospital and did not get treatment that could have prevented it: 2 percent

### *Heart attack patients*

8. Median time to fibrinolysis: 28 minutes
9. Median time to transfer to another facility for acute coronary intervention: 57 minutes

### *Outpatients with chest pain or possible heart attack*

10. Who received aspirin within 24 hours of arrival or before transferring from the emergency department: 95 percent
11. Who received drugs to break up blood clots within 30 minutes of arrival: 59 percent
12. Median time before patient received an ECG: 7 minutes

### *Lower extremity joint replacement patients*

13. Rate of complications for hip/knee replacement patients: 2.8 percent

### *Colonoscopy patients*

14. Who received appropriate recommendation for follow-up colonoscopy: 85 percent
15. Percentage of patients with history of polyps who received follow-up colonoscopy in the appropriate time frame: 90 percent

### *Flu vaccination*

16. Preventive care patients assessed and given flu vaccination: 93 percent
17. Healthcare workers who received flu vaccination: 88 percent

***Pregnancy and delivery care***

18. Mothers whose deliveries were scheduled one to two weeks early when a scheduled delivery was not medically necessary: 2 percent

***Emergency department care***

19. Average time spent in the ED before patient is admitted to the hospital as an inpatient: 281 minutes
20. Average time patient spent in ED after the physician decided to admit as an inpatient but before leaving the ED for the inpatient room: 102 minutes
21. Average time patient spent in the ED before being sent home: 140 minutes
22. Average time patient spent in the ED before being seen by a healthcare professional: 20 minutes
23. Average time patient who came to the ED with broken bones had to wait before receiving pain medication: 49 minutes
24. Percentage of patients who came to the ED with stroke symptoms who received brain scan results within 45 minutes of arrival: 72 percent
25. Percentage of patients who left the ED before being seen: 2 percent

**Patient satisfaction**

*Source: Hospital Compare, HHS, HCAHPS National Survey Results, May 2018, the latest available data for these measures.*

***Overall hospital rating***

26. Patients who gave the hospital a rating of nine or 10: 73 percent
27. Patients who gave the hospital a rating of seven or eight: 20 percent
28. Patients who gave the hospital a rating of six or lower: 7 percent

***Patient recommendation***

29. Patients who said yes, they would definitely recommend the hospital to friends and family: 72 percent
30. Patients who said yes, they would probably recommend the hospital to friends and family: 23 percent
31. Patients who said no, they probably or definitely would not recommend the hospital to friends and family: 5 percent

***Cleanliness***

32. Patients who said their room and bathroom were "always" clean: 75 percent
33. Patients who said their room and bathroom were "usually" clean: 17 percent
34. Patients who said their room and bathroom were "sometimes" or "never" clean: 8 percent

***Noise***

35. Patients who said the area around their room was "always" quiet at night: 62 percent
36. Patients who said the area around their room was "usually" quiet at night: 29 percent
37. Patients who said the area around their room was "sometimes" or "never" quiet at night: 9 percent

***Physician communication***

38. Patients who said their physicians "always" communicated well: 82 percent
39. Patients who said their physicians "usually" communicated well: 14 percent
40. Patients who said their physicians "sometimes" or "never" communicated well: 4 percent

***Nurse communication***

41. Patients who said their nurses "always" communicated well: 80 percent
42. Patients who said their nurses "usually" communicated well: 16 percent
43. Patients who said their nurses "sometimes" or "never" communicated well: 4 percent

***Explanation of medicines***

44. Patients who said staff "always" explained medicines before administering: 66 percent
45. Patients who said staff "usually" explained medicines before administering: 17 percent
46. Patients who said staff "sometimes" or "never" explained medicines before administering: 17 percent

***Assistance from hospital staff***

47. Patients who said they "always" received help as soon as they wanted: 69 percent
48. Patients who said they "usually" received help as soon as they wanted: 23 percent
49. Patients who said they "sometimes" or "never" received help as soon as they wanted: 8 percent

***Recovery plan***

50. Patients who said staff provided information about what to do during their recovery at home: 87 percent
51. Patients who said staff did not provide information about what to do during their recovery at home: 13 percent

***Care plan at discharge***

52. Patients who strongly agreed they understood their care when they left the hospital: 53 percent
53. Patients who agreed they understood their care when they left the hospital: 42 percent
54. Patients who disagreed or strongly disagreed they understood their care when they left the hospital: 5 percent

**Staffing**

*Source: American Hospital Association "Hospital Statistics" report, 2018 Edition.*

***Average full-time staff***

55. Hospitals with six to 24 beds: 101
56. Hospitals with 25 to 49 beds: 182
57. Hospitals with 50 to 99 beds: 296
58. Hospitals with 100 to 199 beds: 672
59. Hospitals with 200 to 299 beds: 1,232
60. Hospitals with 300 to 399 beds: 1,777
61. Hospitals with 400 to 499 beds: 2,596
62. Hospitals with 500 or more beds: 5,225

***Average part-time staff***

63. Hospitals with six to 24 beds: 50
64. Hospitals with 25 to 49 beds: 83
65. Hospitals with 50 to 99 beds: 139
66. Hospitals with 100 to 199 beds: 276
67. Hospitals with 200 to 299 beds: 468
68. Hospitals with 300 to 399 beds: 600
69. Hospitals with 400 to 499 beds: 954
70. Hospitals with 500 or more beds: 1,420

**Utilization**

*Source: American Hospital Association "Hospital Statistics" report, 2018 Edition.*

***Average admissions per year***

71. Hospitals with six to 24 beds: 379
72. Hospitals with 25 to 49 beds: 917
73. Hospitals with 50 to 99 beds: 2,084

74. Hospitals with 100 to 199 beds: 5,838
75. Hospitals with 200 to 299 beds: 11,035
76. Hospitals with 300 to 399 beds: 16,407
77. Hospitals with 400 to 499 beds: 20,541
78. Hospitals with 500 or more beds: 34,693

***Average length of stay***

79. Hospitals with six to 24 beds: 4.8 days
80. Hospitals with 25 to 49 beds: 5.4 days
81. Hospitals with 50 to 99 beds: 6.8 days
82. Hospitals with 100 to 199 beds: 5.3 days
83. Hospitals with 200 to 299 beds: 5 days
84. Hospitals with 300 to 399 beds: 5.1 days
85. Hospitals with 400 to 499 beds: 5.4 days
86. Hospitals with 500 or more beds: 5.8 days

***Average inpatient surgeries per year***
*Averages include both hospital and nursing home units*.

87. Hospitals with six to 24 beds: 86
88. Hospitals with 25 to 49 beds: 205
89. Hospitals with 50 to 99 beds: 486
90. Hospitals with 100 to 199 beds: 1,425
91. Hospitals with 200 to 299 beds: 2,896
92. Hospitals with 300 to 399 beds: 4,193
93. Hospitals with 400 to 499 beds: 5,784
94. Hospitals with 500 or more beds: 10,454

***Average outpatient visits per year***
*Averages include both hospital and nursing home units*.

95. Hospitals with six to 24 beds: 24,839
96. Hospitals with 25 to 49 beds: 47,656
97. Hospitals with 50 to 99 beds: 66,003
98. Hospitals with 100 to 199 beds: 141,842
99. Hospitals with 200 to 299 beds: 220,826
100. Hospitals with 300 to 399 beds: 266,285
101. Hospitals with 400 to 499 beds: 434,213
102. Hospitals with 500 or more beds: 714,425

***Average outpatient surgeries per year***
*Averages include both hospital and nursing home units*.

103. Hospitals with six to 24 beds: 649
104. Hospitals with 25 to 49 beds: 1,124
105. Hospitals with 50 to 99 beds: 1,761
106. Hospitals with 100 to 199 beds: 3,518
107. Hospitals with 200 to 299 beds: 5,698
108. Hospitals with 300 to 399 beds: 7,076
109. Hospitals with 400 to 499 beds: 9,785
110. Hospitals with 500 or more beds: 16,160

**Finance**

***Average adjusted expenses per inpatient day***
*Source: Kaiser State Health Facts, accessed in 2018 and based on 2015 data.*

*Adjusted expenses per inpatient day include all operating and nonoperating expenses for registered U.S. community hospitals, defined as public, nonfederal, short-term general and other hospitals. The figures are an estimate of the expenses incurred in a day of inpatient care and have been adjusted higher to reflect an estimate of the volume of outpatient services.*

111. Nonprofit hospitals: $2,413
112. For-profit hospitals: $1,831
113. State/local government hospitals: $2,013

***Key ratios***
*Source: Moody's Investors Service, "U.S. Not-for-Profit Hospital 2016 Medians" report, August 2017.*

*The medians are based on an analysis of audited 2016 financial statements for 323 freestanding hospitals, single-state health systems and multistate health systems, representing 81 percent of all Moody's rated healthcare entities. Children's hospitals, hospitals for which five years of data are not available and certain specialty hospitals were not eligible for inclusion in the medians.*

114. Maintained bed occupancy: 65.4 percent
115. Operating margin: 2.7 percent
116. Excess margin: 5.6 percent
117. Operating cash flow margin: 9.3 percent
118. Return on assets: 4.1 percent
119. Three-year operating revenue CAGR: 6.5 percent
120. Three-year operating expense CAGR: 6.2 percent
121. Days cash on hand: 204.7
122. Annual operating revenue growth rate: 6 percent
123. Annual operating expense growth rate: 7.2 percent
124. Total debt-to-capitalization: 34.9 percent
125. Total debt-to-total operating revenue: 34.6 percent
126. Current ratio: 2.0x
127. Cushion ratio: 20.9x
128. Annual debt service coverage: 5.1x
129. Maximum annual debt service coverage: 4.6x
130. Debt-to-cash flow: 2.8x
131. Capital spending ratio: 1.2x
132. Accounts receivable: 47.8 days
133. Average payment period: 62.8 days
134. Average age of plant: 11.2 years

***Hospital margins by credit rating group***
*Source: S&P Global Ratings "U.S. Not-For-Profit Health Care System Median Financial Ratios — 2016 vs. 2015" report, August 2017.*

***AA+ rating***

135. Operating margin: 4 percent
136. Operating EBIDA margin: 11.6 percent
137. Excess margin: 6.5 percent
138. EBIDA margin: 13.3 percent

***AA rating***

139. Operating margin: 4.8 percent
140. Operating EBIDA margin: 11 percent

141. Excess margin: 6.6 percent
142. EBIDA margin: 12.7 percent

***AA- rating***

143. Operating margin: 3.3 percent
144. Operating EBIDA margin: 9.6 percent
145. Excess margin: 4.4 percent
146. EBIDA margin: 10.8 percent

***A+ rating***

147. Operating margin: 2.3 percent
148. Operating EBIDA margin: 9 percent
149. Excess margin: 3.7 percent
150. EBIDA margin: 10 percent

***A rating***

151. Operating margin: 2 percent
152. Operating EBIDA margin: 7.8 percent
153. Excess margin: 2.9 percent
154. EBIDA margin: 8.8 percent

***A- rating***

155. Operating margin: 2.3 percent
156. Operating EBIDA margin: 9.4 percent
157. Excess margin: 2.9 percent
158. EBIDA margin: 9.5 percent

***BBB+ rating***

159. Operating margin: 0 percent
160. Operating EBIDA margin: 5.7 percent
161. Excess margin: 1 percent
162. EBIDA margin: 7.2 percent

***Days cash on hand and days in accounts receivable by credit rating group***
*Source: S&P Global Ratings "U.S. Not-For-Profit Health Care System Median Financial Ratios — 2016 vs. 2015" report, August 2017.*

***AA+ rating***

163. Days cash on hand: 398.8
164. Days in accounts receivable: 49.7

***AA rating***

165. Days cash on hand: 316.1
166. Days in accounts receivable: 51

***AA- rating***

167. Days cash on hand: 220.4
168. Days in accounts receivable: 47.7

***A+ rating***

169. Days cash on hand: 183.7
170. Days in accounts receivable: 47.9

***A rating***

171. Days cash on hand: 174.2
172. Days in accounts receivable: 48.5

***A- rating***

173. Days cash on hand: 148.5
174. Days in accounts receivable: 44.3

***BBB+ rating***

175. Days cash on hand: 155.9
176. Days in accounts receivable: 43.9

**Health IT**

***HIMSS Analytics EMR Adoption Model, which runs from Stage 0 to Stage 7***
*Source: HIMSS Analytics, EMR Adoption Model, fourth quarter of 2017, the latest available data for these measures.*

177. Stage 7 providers: 6.4 percent
178. Stage 6 providers: 33.8 percent
179. Stage 5 providers: 32.9 percent
180. Stage 4 providers: 10.2 percent
181. Stage 3 providers: 12 percent
182. Stage 2 providers: 1.8 percent
183. Stage 1 providers: 1.5 percent
184. Stage 0 providers: 1.4 percent

**Affiliations**
*Source: American Hospital Association "Hospital Statistics" report, 2018 Edition.*

***Part of a group purchasing organization***

185. Hospitals with six to 24 beds: 68 percent
186. Hospitals with 25 to 49 beds: 68 percent
187. Hospitals with 50 to 99 beds: 66 percent
188. Hospitals with 100 to 199 beds: 70 percent
189. Hospitals with 200 to 299 beds: 77 percent
190. Hospitals with 300 to 399 beds: 79 percent
191. Hospitals with 400 to 499 beds: 88 percent
192. Hospitals with 500 or more beds: 92 percent

***Part of a health system***

193. Hospitals with six to 24 beds: 46 percent
194. Hospitals with 25 to 49 beds: 57 percent
195. Hospitals with 50 to 99 beds: 68 percent
196. Hospitals with 100 to 199 beds: 75 percent
197. Hospitals with 200 to 299 beds: 76 percent
198. Hospitals with 300 to 399 beds: 77 percent
199. Hospitals with 400 to 499 beds: 75 percent
200. Hospitals with 500 or more beds: 78 percent

**Compensation**

*Source: Integrated Healthcare Strategies 2017 National Healthcare Leadership Compensation Survey.*

***Average base salary for independent hospital executives***

201. CEO: $527,800
202. CFO: $307,800
203. COO: $335,900

***Average total cash compensation for independent hospital executives***

204. CEO: $609,400
205. CFO: $343,800
206. COO: $373,600

***Average base salary for subsidiary hospital executives***

207. CEO: $384,900
208. CFO: $248,200
209. COO: $285,300

***Average total cash compensation for subsidiary hospital executives***

210. CEO: $464,200
211. CFO: $280,200
212. COO: $325,200

***Average base salary for independent health system executives***

213. CEO: $906,900
214. CFO: $501,100
215. COO: $560,300

***Average total cash compensation for independent health system executives***

216. CEO: $1.15 million
217. CFO: $607,400
218. COO: $698,100

***Average base salary for subsidiary health system executives***

219. CEO: $611,700
220. CFO: $379,600
221. COO: $407,900

***Average total cash compensation for subsidiary health system executives***

222. CEO: $709,300
223. CFO: $423,200
224. COO: $463,200

# ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

| | | |
|---|---|---|
| | **Item:** | Report on ECH and ECHD Board Actions<br>Executive Compensation Committee<br>September 20, 2018 |
| | **Responsible party:** | Cindy Murphy, Director of Governance Services |
| | **Action requested:** | For Information |
| | **Background:**<br>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 a verbal report by the Chair of the Committee and/or Board members who also serve on the Committee. | |
| | **Other Board Advisory Committees that reviewed the issue and recommendation, if any:**<br>None. | |
| | **Summary and session objectives**:<br>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:**<br>1. Report on ECH and ECHD Board Actions | |

## ECH Board Actions*

1. June 13, 2018
    a. Approved the following Finance Committee Recommendations:
        i. FY 18 Period 9 and 10 Financials
        ii. Proposed FY19 ECH Capital and Operating Budget
        iii. $9.6 million Purchase of Enterprise Resource Planning System
        iv. Revised Charity Care Policy
        v. Medical Director Agreement Renewals
    b. Approved the following Governance Committee Recommendations:
        i. Guidelines for Communication with Staff
        ii. FY19 Board Goals
        iii. FY19 Master Calendar
        iv. FY19 Advisory Committee Goals
        v. Revised Governance, Compliance and Audit, and Executive Compensation Committee Charters
        vi. FY19 Slate of Advisory Committee Chairs and Members
    c. Approved the FY19 ECH Community Benefit Plan awarding a total of $3,565,000 in funding to 49 grantees
    d. Approved Revised Executive Compensation Policies and Charter in accordance with previously approved delegation of authority to the Executive Compensation Committee
    e. Approved FY19 Auxiliary Slate of Officers

2. August 15, 2018
    a. Resolution 2018-08 Recognizing the Sepsis Team for Joint Commission Gold Seal of Approval Award
    b. FY18 Year End Financials
    c. FY19 Base Salary for Chief Medical Officer Mark Adams, MD
    d. FY19 CEO Salary Range and Base Salary
    e. Second Amendment to Executive (CEO) Employment Agreement extending Mortgage Assistance benefit for additional 12 months
    f. Approval of ReBranding Using New Brand Architecture (El Camino Health)

3. September 12, 2018 – Approved FY18 Organizational Goal Score

## ECHD Board Actions*

1. June 19, 2018
    a. Approved Proposed FY19 ECH Capital and Operating Budget, Consolidated, and ECHD Stand Alone Budget
    b. Approved ECHD FY 18 YTD Financials
    c. Allocated $6,174, 000 to the ECH Women's Hospital Expansion Project
    d. Approved the ECHD FY19 Community Benefit Plan – awarding $7,499,335 including awards to 54 grantees as well as sponsorships
    e. Approved Guidelines for Communication with Staff

*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.

f. Appointed Neysa Fligor as the District Board's Liaison to the Community Benefit Advisory Council
g. Appointed Julie Kiger as an advisor to the FY19 El Camino Hospital Board Member Election and Re-Election Ad Hoc Committee.
h. Approved a District Director Vacancy Policy (identified as Alternative A in the Board materials)

2. September 12, 2018 - Approval of Re-Branding Using New Brand Architecture (El Camino Health)

*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:** | FY18 Organizational Goal Achievement<br>Executive Compensation Committee<br>September 20, 2018 |
| | **Responsible party:** | Dan Woods, CEO<br>Mark Adams, MD, CMO |
| | **Action requested:** | For Discussion |

**Background:**

The FY18 organizational goals for the Executive Performance Incentive Plan were approved by the Board in June 2017.

1. **Arithmatic Observed LOS Average /Geometric LOS for Medicare Population (ALOS/GMLOS)**: This goal was selected as a measure of efficiency in patient care which has financial, clinical outcome, and patient satisfaction impact. The care management team worked on this goal but this affects many parts of the organization from admission to discharge. The target goal was a 0.07 improvement from our FY17 (through April) baseline of 1.18 to 1.11 for FY18. We achieved 1.08 which is 0.01 of above the maximum goal of 1.09.
2. **HCAHPS Service Metric: Rate Hospital**: The target goal of 78.0% was based on data analysis from our HCAHPS vendor, Press Ganey. The target goal was exceeded by 0.7. To achieve this improvement we focused on several areas including nurse communication because that has the greatest correlation to overall patient experience. We implemented a nurse communication tool kit, bedside shift report, care team coaching, and leader rounding. We also brought in patient family advisory council members to internal committees across the organization.
3. **Standardized Infection Ratio (SIR) Observed HAIs / Predicted HAIs (Hospital Acquired Infections):** The maximum goal, based on the average rate of three (3) Hospital Acquired Infections, was met due to great success avoiding central line associated blood stream infections (CLABSIs) and improvements in CAUTI and Clostridium Difficile infection rates.
    - Catheter Associated Urinary Tract Infection (CAUTI): This was selected as this measure impacts patient outcomes, value based purchasing (VBP), and the HAI penalty program. A CAUTI team was constituted and approached this from several angles. The greatest success was establishment of a nurse driven protocol to automatically remove the catheters. While the goal for this infection (based on National Health Safety Network (NHSN) data) was not met, the trend was very positive comparing FY17 to FY18 (30% improvement).
    - Central Line Associated Blood Stream Infection (CLABSI): Another metric that

# ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

| | |
|---|---|
| | intersects patient outcomes, VBP, and the HAI penalty program. A CLABSI team was established with emphasis on insertion bundle compliance (elements required for proper insertion) and maintenance of the lines. The goal was based on NHSN data we achieved 59% improvement and this goal was met.<br>- Clostridium Difficile Infection (CDI): This also impacts patient outcomes and the HAI penalty program. A team was assembled to reduce these events with particular emphasis on hand washing and sanitation of rooms and equipment with UV light. There was steady improvement (40%) over the course of FY18 but the goal was not met.<br>4. **Budgeted Operating Margin**: The threshold goal of 95% of budgeted operating margin was met.<br><br>Result data has been verified and reviewed by the Executive Leadership Team (ELT). Organizational Goals account for 70% of executive performance pay (50% for Presidents), 90% of CEO's performance pay, and 50% of management staff's performance incentive pay. Board approval of the score is dependent upon the Board's acceptance of the independent auditor's report in October. Goals were established with performance measures for threshold, target, and maximum levels and per the Executive Performance Incentive policy, scores will be on a continuum. |
| | **Other Board Advisory Committees that reviewed the issue and recommendation, if any:** N/A |
| | **Summary and session objectives**:<br><br>To review the organizational results against approved goals and measurements. |
| | **Suggested discussion questions:**<br><br>1. Are there any questions about the results? |
| | **Proposed Committee motion, if any:**<br><br>None. The Board is scheduled to approve the Organizational Goal Score (subject to approval of the Financial Audit) on 9/12/18, so the Committee need not recommend approval. |
| | **Attachments:**<br><br>1. FY18 Organizational Goals (scored)<br>2. Historical Organizational Goal Performance (2010-2018) |

**ECH FY18 Organizational Goals**
**Proposed Score**

| Organizational Goals FY18 | Benchmark | 2017 ECH Baseline | Minimum | Target | Maximum | Weight | Performance Timeframe | Goal Results: Actual Year End | Goal Results: Performance Level Achieved | Goal Results: Weighted Score |
|---|---|---|---|---|---|---|---|---|---|---|
| **Organizational Goals** | | | | | | | | | | |
| Arithmetic Observed LOS Average / Geometric LOS Expected for Medicare population (ALOS / GMLOS) | External: Expected via Epic Methodology | *FY2016: 1.21 (ALOS 4.86 / GMLOS 4.00)* *FY2017 YTD April:* ***1.18*** *(4.81/4.08)* | 1.12 | 1.11 | 1.09 | 34% | 4Q FY18 | 1.08 | 100.0% | 34.0% |
| HCAHPS Service Metric: Rate Hospital | External Benchmark | HCAHPS Baseline: 10/2016 - 12/2016: **75.5** 1/2017 - 3/2017: **75.1** | 77 | 78 | 79 | 33% | 4Q FY18 | 78.7 | 90.0% | 29.7% |
| Standardized Infection Ratio (SIR) Observed HAIs / Predicted HAIs (Hospital Acquired Infections) | External Benchmark | July - Dec 2016: CAUTI 1.37, CLABSI .25, C.DIFF .59 **Avg of .738** | 0.670 | 0.602 | 0.534 | 33% | FY18 | 0.442 | 100.0% | 33.0% |
| **Threshold Goals** | | | | | | | | | | |
| Budgeted Operating Margin | 95% threshold | Achieved Budget | 95% of Budgeted | | | Threshold | FY 18 | | Met | N/A |
| | | | | | | | | Proposed Total Score | | **96.7%** |

**ECH FY18 Organizational Goals**
**Proposed Score as of 9-13-18**
**Detailed Notes for Board of Directors**

| Organizational Goals FY18 | Benchmark | 2017 ECH Baseline | Minimum | Target | Maximum | Weight | Performance Timeframe | Goal Results: Actual Year End | Goal Results: Performance Level Achieved | Goal Results: Weighted Score |
|---|---|---|---|---|---|---|---|---|---|---|
| **Organizational Goals** | | | | | | | | | | |
| Arithmetic Observed LOS Average / Geometric LOS Expected for Medicare population (ALOS / GMLOS) | External: Expected via Epic Methodology | *FY2016: 1.21 (ALOS 4.86 / GMLOS 4.00)* *FY2017 YTD April: **1.18** (4.81/4.08)* | 1.12 | 1.11 | 1.09 | 34% | 4Q FY18 | 1.08 | 100.0% | 34.0% |
| HCAHPS Service Metric: Rate Hospital | External Benchmark | HCAHPS Baseline: 10/2016 - 12/2016: **75.5** 1/2017 - 3/2017: **75.1** | 77 | 78 | 79 | 33% | 4Q FY18 | 78.7 | 90.0% | 29.7% |
| Standardized Infection Ratio (SIR) Observed HAIs / Predicted HAIs (Hospital Acquired Infections) | External Benchmark | July - Dec 2016: CAUTI 1.37, CLABSI .25, C.DIFF .59 **Avg of .738** | 0.670 | 0.602 | 0.534 | 33% | FY18 | 0.442 | 100.0% | 33.0% |
| **Threshold Goals** | | | | | | | | | | |
| Budgeted Operating Margin | 95% threshold | Achieved Budget | 95% of Budgeted | | | Threshold | FY 18 | | Met | N/A |
| | | | | | | | | Proposed Total Score | | **96.7%** |

Per the Executive Performance Incentive Plan policy, "whenever possible, each goal will have performance measures for threshold, target, and maximum levels and payouts will be on a continuum."
The organizational goals for FY 2018 were established to be scored on a continuum.

*Note: the purpose of scoring on a continuum is to incent and reward incremental improvements in results which align with a "pay for performance" philosophy and rewards continuous improvement. Variable compensation best practices suggest that continuum scoring is a more effective motivator to achieving higher levels of team and individual performance.*

**Calculation for HCAHPS Service Metric: Result of 78.7 is between target (78.0) and maximum (79.0) measures.**

| | **Measure** | Score |
|---|---|---|
| At Minimum | 77 | 33.33 |
| At Target | 78 | 66.67 |
| At Maximum | 79 | 100.00 |
| **ACTUAL SCORE** | **78.7** | **90.0** |

Calculation:
(((Target-Actual)/(Target-Max)) X 33.33%) (the Difference between Target and Max)) + 66.67% (Target)
(((78-78.7)/(78-79)) X 33.33%) + 66.67% =90.0%

**Historical Goal Performance**

**ORGANIZATIONAL PERFORMANCE INCENTIVE SCORES FY10-FY18**

| Goal | FY 2018 Performance Incentive Goals | FY 2017 Performance Incentive Goals | FY 2016 Performance Incentive Goals | FY 2015 Performance Incentive Scores | FY 2014 Performance Incentive Scores | FY 2013 Performance Incentive Scores | FY 2012 Performance Incentive Scores | FY 2011 Performance Incentive Scores | FY 2010 Performance Incentive Scores | Average Score |
|---|---|---|---|---|---|---|---|---|---|---|
| Organizational Score | 96.70% | 80.70% | 67.00% | 63.60% | 93.00% | 71.00% | 87.00% | 93.00% | 0.00% | 72.44% |

**Scores Reported as Percent of Maximum**

# ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

| | | |
|---|---|---|
| | **Item:** | Ad Hoc Committee Report<br>Executive Compensation Committee<br>September 20, 2018 |
| | **Responsible party:** | Teri Eyre and Jaison Layney<br>Ad Hoc Committee, Executive Compensation Committee |
| | **Action requested:** | For Decision by Executive Compensation Committee |
| | **Background:**<br>Mercer Consulting currently serves as the independent consultant to the ECH Board and its Executive Compensation Committee with regards to executive compensation and benefit programs. The existing three-year contract with Mercer expires in December 2018. The Executive Compensation Committee appointed us to conduct a review of Mercer's performance, and to recommend to the full Committee whether to renew the current contract or to initiate a new RFP for this role. | |
| | **Other Board Advisory Committees that reviewed the issue and recommendation, if any:** N/A | |
| | **Summary and session objectives** :<br>• Key findings from performance review of Mercer Consulting engagement:<br>  ○ Mercer meets and/or exceeds expectations of ECH contract in terms of industry expertise, methods/approach, and deliverables.<br>  ○ Mercer is a credible, independent resource that has developed productive working relationships with Board Members and the Executive Compensation Committee.<br>  ○ There are some opportunities to improve tactical execution (*e.g.*, work flow, role expectations) between Mercer, ECH Human Resources, and the Compensation Committee.<br>• Recommend extending contract with Mercer Consulting through December 2020.<br>• Recommend clarifying work flow, roles, and timing with regards to:<br>  ○ Topics defined on annual pacing plan<br>  ○ Ad hoc topics originating with ECH management that require Committee (Chair, Mercer, and/or full Committee) engagement and/or approval<br>  ○ Ad hoc topics originated by the Committee (Chair, Mercer, and/or full Committee) that require ECH management engagement or support | |
| | **Suggested discussion questions:**<br>1. Are there additional comments or feedback from the Executive Compensation Committee members about Mercer's performance to date?<br>2. Are there changes or additional expectations that should be included in the contract going forward? | |

# ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

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|---|---|
| | 3. What next steps are appropriate regarding improving tactical execution? |
| | **Proposed Committee motion, if any:**<br>To authorize Kathryn Fisk, ECH CHRO, to take action on behalf of the ECH Executive Compensation Committee and extend the contract with Mercer through December 2020. |
| | **LIST OF ATTACHMENTS:**<br>1. July 2, 2018 Memo from Teri Eyre and Jaison Layney<br>2. Questions, Review of Consulting Engagement between ECH and Mercer Consulting |

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

2500 Grant Road
Mountain View, CA 94040-4378
Phone: 650-940-7000
www.elcaminohospital.org

July 2, 2018

To: Dan Woods, CEO, El Camino Hospital
Lanhee Chen, Chair, El Camino Hospital Board
Bob Miller, Chair, Executive Compensation Committee
Kathryn Fisk, Chief Human Resources Officer
Stephen Pollack, Mercer Consulting

CC: Cindy Murphy, Director Governance Services, El Camino Hospital

Pursuant to the May 2018 Executive Compensation Committee (ECC) meeting, we are initiating a review of the consulting engagement between El Camino Hospital (ECH) Board and Mercer Consulting. We request your participation in a 30-45 minute interview with us as a part of this review. Each of you offers a unique and invaluable perspective about the quality of this engagement that can shape and inform next steps.

Background:

Mercer currently serves as the independent consultant to the ECH Board with regards to executive compensation and benefits programs. Mercer was selected via a competitive process in February 2016 for a multi-year contract that will expire in December 2018. The ECC requested that we assess Mercer's performance and recommend whether to renew the current contract or to initiate a new RFP for this role.

Approach:

Our recommendations will be based on inputs from key stakeholders who are in a position to direct and receive the outputs of Mercer's work, as well as our professional experience and judgment. Stakeholder interviews will be conducted by Teri Eyre and Jaison Layney. Discussions will consider the criteria that were initially used to select an independent compensation consultant, including:

- Experience of firm and consulting team working with Bay Area and California hospitals, publicly elected Board members, and 501(c)3 organizations,
- Executive compensation and benefits survey database(s); methodologies employed, and
- Quality, timeliness, and completeness of deliverables.

Our discussion will extend beyond the initial criteria and include:

- Performance with regards to meeting and/or exceeding the terms of the contract,
- Quality of engagement between ECH executives, Board and Committee members and the principal consultants from Mercer assigned to ECH, and

- Unanticipated issues to be addressed.

Deliverables:

We will summarize our findings and recommend a course of action to the ECC for discussion at our scheduled committee meeting on September 20th. Where appropriate, we will share feedback with relevant parties about how the engagement could be strengthened or improved.

Thank you in advance.

Sincerely,

Teri Eyre
Jaison Layney
Members, Executive Compensation Committee

Appendix: Scope of Consulting Engagement

Appendix

For reference, here is the scope of the engagement between ECH Board and Mercer Consulting:

Scope of Engagement

1. Conduct an annual total cash compensation review and analysis for the President and CEO (CEO) and 12 other executives including the following:

    a. benchmarking competitive base salary, total cash compensation, executive benefits, and total remuneration at comparator hospitals.
    b. analyzing and summarizing findings and making recommendations to the Committee regarding salary ranges, incentive compensation levels, and executive benefits.
    c. advising the Committee on competitive practices among peer hospitals nationally and in the Bay Area with respect to design of performance management, merit pay, incentive compensation, and executive benefits that will support the Hospital's business strategy.
    d. presenting findings and recommendations to the Board of Directors as requested. (For purposes of your proposal, assume two such presentations a year.)

2. Assist the Committee in governing executive compensation at the Hospital, by providing current information on applicable legal and regulatory requirements including:

    a. an annual summary of relevant trends, changes, and challenges that should inform an effective executive compensation program for the Hospital;
    b. evaluation of the current compensation practices; and,
    c. recommendations for how the executive compensation practices should evolve over the next 1-3 years to address these challenges.

3. Provide ongoing support of executive compensation including:

    a. conducting market analyses for new senior management positions (for purposes of your proposal, assume four new positions per annum);
    b. providing the ECH executive staff with information and training to assist them in setting specific and measurable individual performance objectives in conjunction with the annual incentive plan (for purposes of your proposal; assume development of written objective setting guidelines and two training sessions for executives); and,
    c. advising the Board on how to most effectively communicate executive compensation actions to the public (for purposes of your proposal, assume one set of written recommendations per annum).

4. Conduct the analysis required for the annual letter of rebuttable presumption.

5. Provide annual salary budget increase data.

**El Camino Hospital Executive Compensation Committee**

**Review of Consulting Engagement Between ECH and Mercer Consulting**

***Purpose of our discussion:*** *Reassess our relationship with Mercer and determine if an RFP process is warranted.*

***Questions for the Committee & Management:***

1. **Data/Analysis and Methodology** – How satisfied are you with the quality of Mercer's proprietary compensation and benefits data and the custom reports/analyses they create for ECH? Their access to and use of other relevant data sources available for use in our analyses? How satisfied are you with the quality, timeliness and completeness of presentations/reports provided to the Exec Comp Committee?
2. **Mercer Team** – How satisfied are you with the quality and expertise of the Mercer team that consults with the Committee? Their experience working with hospitals, publicly elected Board members and 501(c)3 organizations? Their performance with regards to meeting and/or exceeding the terms of our contract? Their responsiveness and follow through to Committee/management requests and their flexibility with last minute changes/emergencies?
3. **Chemistry with Mercer Team** – How satisfied are you with the Mercer team's understanding of ECH issues? Their ability to address questions and concerns during meetings? Their ability to anticipate issues? What is your level of confidence in them as a strategic partner (strategic fit, honesty, integrity and trust)?
4. **Concerns** – Are there any concerns you have with Mercer and/or our Mercer team that we should be aware of?

***Questions for Mercer:***

1. **Chemistry** – How would you characterize your working relationship with the Committee and management? Are there any ways in which you think Mercer's relationship with the Committee and/or management could be improved?
2. **Concerns** – Do you have any concerns we should be aware of?

HEALTH WEALTH CAREER

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THE HOSPITAL OF SILICON VALLEY

# FY18 CEO PERFORMANCE EVALUATION

EXECUTIVE COMPENSATION COMMITTEE
SEPTEMBER 20, 2018

BRUCE BARGE

# METHODOLOGY & APPROACH

This page describes the performance evaluation process for Dan Woods, CEO of El Camino Hospital (ECH) for FY2018 (Dan was employed in this role for the majority of that year). The process was led by Lanhee Chen, Chair of the Hospital Board, in collaboration with Peter Fung, Chair of the District Board. Mercer facilitated the process by collecting data and summarizing results. The process included the following:

- Board survey (ratings and verbatim narrative comments) completed by all 10 members of the Hospital Board (including 5 who are also District Board members). Survey assessed four key areas of performance/impact:
  - ECH Organization Performance
  - ECH Strategic Framework
  - Support to Hospital and District Boards
  - CEO Leadership Behavior
- Separate District Board survey (ratings and verbatim narrative comments) completed by the 5 members of the District Board. Survey assessed four performance areas specific to District Board, plus a separate question regarding feedback for performance of the CFO, as below:
  - ECH leadership team engagement and management
  - Liaison responsibilities
  - Trust of the District Board
  - Representation and administration of the District
  - CFO annual budget preparation and shepherding
- Dan Woods also completed a self-assessment regarding performance/impact in same areas as above

# ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

| | | |
|---|---|---|
| | **Item:** | Executive Benefit Plan Policy<br>Executive Compensation Committee<br>September 20, 2018 |
| | **Responsible party:** | Kathryn Fisk, CHRO |
| | **Action requested:** | Motion Required |
| | **Background:**<br><br>The Hospital is changing its eligibility for health and welfare benefits for new hires/transfers from the 1st of the month 30 days on/after hire to 1st of the month on/after date of hire. A few years ago, eligibility for executive benefits was changed to align with changes in benefits eligibility for employees. The proposed change retains alignment between standard employee benefits eligibility and supplemental executive benefits.<br><br>The second proposed change is to change the maximum Basic Executive Life from $1.25M to $2M and the guaranteed issue amount from $350,000 to the basic benefit level. This limit was established in 2006, and due to market movement, ECH now has 4 executives who are closing in on the limit. This change is to ensure that our executives have appropriate life insurance coverage. The estimate cost of life change is $3,300/year. | |
| | **Other Board Advisory Committees that reviewed the issue and recommendation, if any:** N/A | |
| | **Summary and session objectives**:<br>To review the proposed policy changes. | |
| | **Suggested discussion questions:** None. | |
| | **Proposed Committee motion, if any:**<br>To recommend that the Board approve the proposed policy changes. | |
| | **Attachments:**<br>1. Executive Benefit Plan Policy (with tracked changes)<br>2. Life and AD&D Insurance Chart<br>3. Market Information (Mercer) | |

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

**EL CAMINO HOSPITAL**
**BOARD OF DIRECTORS POLICIES AND PROCEDURES**

**PROPOSED CHANGES FOR DISCUSSION 9-20-18**

## 03.03 EXECUTIVE BENEFIT PLAN

**A. Coverage:**

The Chief Executive Officer ("CEO") of El Camino Hospital ("the Hospital") and those executives reporting directly to the CEO or COO. Participation in the plan is subject to approval by the Hospital Board of Directors.

**B. Reviewed/Revised:**

New: 6/16/09, 12/08/10, 2/13/13, 8/13/14, 6/14/17

**C. Policy Summary:**

To support the Hospital's ability to attract and retain executive talent, the Hospital shall provide key executives with a benefits package that is market competitive, compliant, and cost effective. This section outlines the benefits offered to executives in addition to those offered to employees in general.

**D. General Provisions:**

There are several components of the executive benefit program:

1) Basic Benefits are benefits the Hospital offers to all eligible employees and currently includes:

    a. Group insurance and income protection programs such as medical, employee assistance, dental, and vision plans; supplemental life insurance for the employee, spouse/domestic partner and dependent/child(ren) life insurance; accidental death and dismemberment insurance;

    b. Paid time off and extended sick leave;

    c. Cash balance plan;

    d. Employer-match to the 403(b) Plan; and

    e. Domestic Social Security or Medicare tax payments.

2) Basic Executive Benefits are non-elective group benefits provided to executives with plan provisions that differ from those of non-executive employees which currently include:

a. Basic Life Insurance – Under Class 2 of the group life insurance policy, the basic benefit for full-time executives is three times annual salary (rounded to the nearest $10,000) up to $2.0~~1.25~~ million with a guaranteed issue amount of ~~$350,000~~the full basic benefit. The IRS requires the Hospital to report imputed income for coverage over $50,000. If an executive's regular status is less than full-time, they will be eligible for the employee basic life insurance plan.

b. Long-term disability (LTD) – Effective January 1, 2018, executive basic LTD insurance will provide a benefit of up to 60% of base earnings to a maximum of $15,000 following a 90-day waiting period. Eligibility for benefits will be the same as other employees except that executives will be given consideration of disability under their "own occupation" in all years.

3) Supplemental Executive Benefits include:

a. Executive Disability Salary Continuation – if an executive is unable to work due to a health-related problem, the executive's salary will be continued for up to six months at 100% of base salary.

i. Disability Salary Continuation benefits are integrated with all other employer-sponsored benefits so that the executive will not receive more than 100 % of salary. This includes use of accrued PTO and Extended Sick Leave as well as state disability insurance, workers' compensation, and group long-term disability insurance.

ii. Disability Salary Continuation benefits are taxed as ordinary income.

iii. Disability Salary Continuation benefits are not portable at termination of employment

b. Severance plan

i. The severance period is up to six months unless otherwise stated in the executive's employment agreement. Severance will be paid on a bi-weekly basis and will be determined by the executive's base salary at the time of termination.

ii. Severance may be paid if the executive's employment is terminated by the Hospital without cause or following a material reduction in duties or salary within six months of a change of control. Severance will not be paid when the executive voluntarily resigns or is discharged as described under Human Resources Policies 3.12 and 7.01.

**Commented [JJ1]:** If approved, the current carrier will increase max to $2M and guaranteed issue to 3X base salary.

iii. In addition to six months' pay, the executive is eligible for up to six months coverage extension of medical, dental, and vision coverage employer contributions. The executive will contribute to the cost on the same basis as when employed. The Hospital will continue to pay the employer share until such time as the executive fails to pay his or her share of premium, becomes ineligible for continuation under COBRA, obtains other group coverage, or six months (whichever is less).

iv. Any obligation of the Hospital to the executive is conditioned, upon the executive signing a release of claims in the form provided by the Hospital (the "Employee Release") within twenty-one days (or such greater period as the Hospital may specify) following the later of the date on which the executive receives notice of termination of employment or the date the executive receives a copy of the Employee Release and upon the executive not revoking the Employee Release in a timely manner thereafter.

v. Severance benefits are taxed as ordinary income.

vi. Severance pay will be offset by any earnings received should the executive gain employment during the severance period. The terminated executive must notify the Hospital upon obtaining other employment and provide evidence of base salary received and benefits eligibility (if continuing benefits) in the new position.

4) Executive Taxable Benefit Allowance – the executive will be provided an annual benefits allowance equal to 7% of base pay (as determined based on annualized base salary on January 1 or date initially eligible for the plan) to purchase the following voluntary benefits on a taxable basis:

a. Individual Long-term Disability;

b. Individual Long-Term Care (note: policies in force as of 12/31/08 will be provided as a non-elective benefit, paid by the Hospital on a pre-tax basis and not included in the 7% taxable benefit allowance. Executives may revoke coverage but not make any changes to the policy that increases the premiums);

c. Individual Life Insurance; and

d. 457(b) Executive Retirement Plan – if there is allowance remaining after the purchase of voluntary benefits; the executive may elect to contribute to a 457(b) plan or may receive the remainder in cash as pay in lieu of benefits. Such deferrals are subject to statutory limits (i.e., $18,5~~0~~00 in 2018~~7~~).

5) Executive Retirement Plans

a. 457(b) Executive Retirement Plan – an executive may contribute unused taxable Benefit Allowance, payout of accrued PTO, and/or salary, subject to statutory limits (i.e., ~~$17,500 in 2014~~18,500 in 2018). The account balance will be fully vested at all times.

b. 457(f) SERP – the Hospital will contribute 5% of Base Pay (as determined based on annualized base salary on January 1 or date initially eligible for plan) to a tax-deferred retirement account. Such contributions have a "Deferred Vesting Date" of the fifth anniversary of the date each Account is created (i.e., January 1, 2023~~19~~ for 2018~~4~~ account.) The Participant shall be entitled to the SERP Benefit upon the earliest of (i) remaining employed by the Company to the earlier of the Deferred Vesting Date for such Account or the Participant's 65th birthday; (ii) Disability; (iii) Death; or (iv) Involuntary Separation from Service without Reasonable Cause.

i. Participants age 65 or greater - If a Participant continues employment beyond age 65, the Company shall pay to the Participant an amount equal to the credits the Company otherwise would have credited to a SERP Account for such Participant in cash. The Company shall pay such amounts during the applicable Plan Year(s).

ii. Under current tax rules, taxes are payable at vesting, so the plan will provide a partial distribution at vesting to cover taxes.

iii. In order to attract and retain executive talent, the Hospital may contribute a higher percent or dollar amount for individual executives as determined by the Hospital's Board of Directors and consistent with the total compensation policy.

## E. Roles and Responsibilities

1) The El Camino Hospital Board of Directors shall approve all changes to plan design and delegated executive benefit plan administration oversight to the Executive Compensation Committee. The Committee has the responsibility to recommend eligibility and changes to plan design.

2) The Chief Human Resources Officer is responsible for overseeing the administration of the program and implementing new benefits or changes. The Chief Human Resource Officer has the authority to engage third parties and assign duties internally and/or externally to effectively administer the plan.

3) The executive benefit plan consultants are selected by the Executive Compensation Committee on behalf of the Board of Directors and advise the Board on plan design, overall plan management, and compliance.

4) The executive benefits plan advisor is selected by the Chief Human Resources Officer and assists in plan communication and administration. The advisor will be a licensed professional who acts as an agent for purchases of individual insurance products. The advisor will guide and advise individual executives on his or her benefit elections upon hire, during open enrollment, and at termination of employment.

**F. Procedures:**

1) New~~ly~~ executives will be eligible for the executive benefit plan on ~~the first of the month commensurate with or~~ following 30 days from date ~~of hire into an eligible position~~ on the same day they become eligible for standard employee health and welfare benefits. Employees who are promoted into an executive will be eligible for executive benefits on the 1st of the month on/after date of transfer. The taxable benefits allowance and SERP contribution will be prorated based on the number of complete months of participation during the year.

2) There will be an annual open enrollment period during which the executive may add or change certain benefit elections.

3) At termination of employment, the Hospital will prorate the taxable benefits allowance and SERP contribution based on the number of complete months of participation during the year. The taxable benefits allowance and SERP contribution will be discontinued upon termination.

4) If an executive transfers into a position that is not eligible for the executive benefits program, the Hospital will prorate the taxable benefits allowance and SERP contribution as of the transfer date based on the number of complete months of participation during the year. The taxable benefits allowance and SERP contribution will be discontinued as of the transfer date. The former executive will continue to vest his or her SERP contributions throughout their employment with the Hospital.

**Commented [JJ2]:** Planned change for all health and welfare benefits for all employees to be more competitive with those we compete with for talent.

# :l Camino Hospital
## Life and AD&D

| Employee Basic Plan Design | Current (Executive Increase Only) The Hartford | Option (Executive Increase Only) The Hartford |
|---|---|---|
| Eligibility | 40 hours per week for class 2 | 40 hours per week for class 2 |
| Definition of Classes | Class 2: FT CEO, VP, Execs. (in the executive benefit plan) | Class 2: FT CEO, VP, Execs. (in the executive benefit plan) |
| Amount of Basic Life Insurance | Class 2: 3Xs earnings up to $1,250,000 | Class 2: 3Xs earnings up to $2,000,000 |
| Amount of AD&D Insurance | Class 2: $10,000 | Class2: $10,000 |
| Guarantee Issue | Class 2: $350,000 | Class 2: The lesser of 3x Annual Earnings or $2,000,000 |
| Benefit Reductions | 50% at 70 | 50% at 70 |
| Other Features | Accelerated Benefit<br>Conversion<br>Travel Assist | Accelerated Benefit<br>Conversion<br>Travel Assist |
| | | |
| **Rates per $1,000** | | |
| Rate Guarantee Period | Renews 01/01/2020 | Renews 01/01/2020 |
| Life Volume | **$9,353,249** | $13,595,969 |
| Life Rate | $0.0550 | $0.0580 |
| **Total Monthly Premium** | **$514.43** | **$788.57** |
| **Total Annual Premium** | **$6,173.14** | **$9,462.79** |
| | **VARIANCE** | **$3,289.65** |

# BENEFITS REVIEW
# MARKET DATA – LIFE INSURANCE BENEFITS

| | El Camino | Market Practice | Comments |
|---|---|---|---|
| **Life Insurance** | • 3x annual salary, up to a maximum of $2 million; no medical underwriting required<br>• Previous plan allowed for 3x salary, up to a maximum of $1.25 million, with amounts over $350k subject to medical underwriting<br>• Executives have the option to buy additional coverage with Taxable Allowance | • Almost all provide employer-paid group coverage<br>• 30%-45% provide supplemental coverage to top executives<br>• Median coverage among Northern California healthcare organizations is 2x salary, and 75$^{th}$ percentile is 2.75x | • Adjustments made to the plan ensure that life insurance remains very competitive and provides equitable benefits for higher-paid executives<br>• Elimination of medical underwriting requirement (guaranteed issue) reduces administrative burden on covered employees and organization |

**Executive Compensation Committee**

**Updated July 12, 2018**

| FY19 ECC Pacing Plan – Q1 | | |
|---|---|---|
| **July 2018** | **August 2018** | **September 20, 2018** |
| *No scheduled meeting* | *No scheduled meeting* | - Receive update on Strategic Plan<br><br>Committee to take action on:<br>- Approve Minutes<br>- Recommend Approval of FY18 Organizational Score<br>- Approve FY18 Executive Individual Scores<br>- Approve FY18 Executive Performance Incentive Payout Amounts (Pending Board approval of FY18 Organizational Score)<br>- Ad Hoc Committee Report: Recommendation Regarding Retention of ECC Consultant and Possible RFP |
| **FY19 ECC Pacing Plan – Q2** | | |
| **October 2018** | **November 8, 2018** | **December 2018** |
| *No scheduled meeting*<br><br>*Board to take action on:*<br>- *Accept Moss Adams' financial audit*<br>- *Approve FY18 Organizational Score*<br>*Board to receive informational report on:*<br>- *FY18 Executive Individual Scores (closed)*<br>- *FY18 Executive Payout Amounts (open)*<br>- Mercer Prepares Letters of Reasonableness<br><br>*Board and Committee Educational Gathering*<br>*October 24, 2018* | Committee to take action on:<br><br>- Approve Minutes<br>- Recommend Letters of Reasonableness<br>- Approve Executive Compensation Consultant<br>- Assess Effectiveness of Delegation of Authority<br>- Review Salary Administration<br>- Discuss FY19 CEO Evaluation Process<br><br>- *Mitch Olejko prepares cover letter for rebuttable presumption action* | *No scheduled meeting*<br><br>*Board to take action on:*<br>- *Approve Letters of Reasonableness* |

**Executive Compensation Committee**
**Updated July 12, 2018**

| FY19 Executive Compensation Committee Pacing Plan – Q3 | | |
|---|---|---|
| **January 2019** | **February 2019** | **March 28, 2019** |
| *No scheduled meeting* | *No scheduled meeting* | Committee to receive report on:<br><br>- Update on Strategic Plan Implementation<br>- Progress against FY18 Organizational Performance Incentive Goals<br>- Succession Planning Practices and Update on Executive Development Plan<br>- Executive Benefit Plan Review<br><br>Committee to take action on:<br>- Approve Minutes<br>- Proposed FY20 Committee Goals<br>- FY20 Meeting Dates |
| **FY19 Executive Compensation Committee Pacing Plan – Q4** | | |
| **April 2019** | **May 23, 2019** | **June 2019** |
| Board & Committee Educational Gathering<br>April 24, 2019 | Committee to take action on:<br>- Approve Minutes<br>- Finalize FY20 Pacing Plan<br>- Review and Approve FY20 Executive Salary Ranges<br>- Review and Approve FY20 Executive Base Salaries<br>- Review and Recommend FY20 Organizational Goals<br>- Review and Approve FY20 Executive Individual Performance Incentive Goals<br>- Review and Recommend CEO's FY20 Salary Range and FY20 Base Salary | *No scheduled meeting*<br><br>*Board to take action on the following items:*<br>- *FY20 Organizational Goals*<br>- *FY20 CEO Salary Range and Base Salary*<br>- *FY20 Committee Goals and Board and Committee Calendar*<br><br>*Board to receive report on*<br>- *FY20 Executive Individual Goals*<br>- *FY20 Executive Salary Ranges and Base Salaries* |