El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

AGENDA
GOVERNANCE COMMITTEE OF THE EL CAMINO HOSPITAL BOARD OF DIRECTORS

Tuesday, February 6, 2018 – 5:30pm
El Camino Hospital | Conference Room A (ground floor)
2500 Grant Road Mountain View, CA 94040

Mr. Pete Moran will be participating via teleconference from 1350 Marsh St, San Luis Obispo, CA 93401.
Mr. Bob Rebitzer will be participating via teleconference from 1819 Ocean Avenue Santa Monica, CA 90401.

PURPOSE: To advise and assist the El Camino Hospital (ECH) Board of Directors ("Board") in matters related to governance, board development, board effectiveness, and board composition, i.e., the nomination and appointment/ reappointment process. The Governance Committee ensures the Board and Committees are functioning at the highest level of governance standards.

	AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1.	**CALL TO ORDER/ROLL CALL**	Peter Fung, MD, Chair		**5:30 – 5:32pm**
2.	**POTENTIAL CONFLICT OF INTEREST DISCLOSURES**	Peter Fung, MD, Chair		**5:32 – 5:33**
3.	**PUBLIC COMMUNICATION** a. Oral Comments *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.* b. Written Correspondence	Peter Fung, MD, Chair		**information 5:33 – 5:36**
4.	**CONSENT CALENDAR** *Any Committee Member or member of the public may remove an item for discussion before a motion is made.* ***Approval*** a. Minutes of the Open Session of the Governance Committee Meeting (December 13, 2017) b. Appointment of Board Directors to Advisory Committees ***Information*** c. Progress Against FY18 Committee Goals d. Article of Interest	Peter Fung, MD, Chair	*public comment*	**motion required 5:36 – 5:38**
5.	**REPORT ON BOARD ACTIONS** **ATTACHMENT 5**	Peter Fung, MD, Chair		**information 5:38 – 5:43**
6.	**UPDATE ON EL CAMINO HOSPITAL BOARD RECRUITMENT**	Peter Fung, MD, Chair		**information 5:43 – 5:48**
7.	**DRAFT REVISED BOARD AND COMMITTEE EDUCATION POLICY** **ATTACHMENT 7**	Cindy Murphy, Director of Governance Services	*public comment*	**possible motion 5:48 – 5:53**
8.	**REVIEW OF ECH BYLAWS SECTIONS 5.1 AND 5.2** **ATTACHMENT 8**	Peter Moran, Committee Member	*public comment*	**possible motion 5:53 – 6:08**
9.	**BIENNIAL ADVISORY COMMITTEE SELF ASSESSMENTS** **ATTACHMENT 9**	JoAnn McNutt, Nygren Consulting		**discussion 6:08 – 6:28**

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	AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
10.	**ASSESSMENT OF ADVISORY COMMITTEE STRUCTURE** **ATTACHMENT 10**	JoAnn McNutt, Nygren Consulting		**possible motion 6:28 – 6:48**
11.	**ADJOURN TO CLOSED SESSION**	Peter Fung, MD, Chair		**motion required 6:48 – 6:49**
12.	**POTENTIAL CONFLICT OF INTEREST DISCLOSURES**	Peter Fung, MD, Chair		**6:49 – 6:50**
13.	**CONSENT CALENDAR** *Any Committee Member or member of the public may remove an item for discussion before a motion is made.* ***Approval*** *Gov't Code Section 54957.2:* a. Minutes of the Closed Session of the Governance Committee Meeting (December 13, 2017)	Peter Fung, MD, Chair		**motion required 6:50 – 6:51**
14.	**ADJOURN TO OPEN SESSION**	Peter Fung, MD, Chair		**motion required 6:51 – 6:52**
15.	**RECONVENE OPEN SESSION/ REPORT OUT** To report any required disclosures regarding permissible actions taken during Closed Session.	Peter Fung, MD, Chair		**6:52 – 6:53**
16.	**FY18 COMMITTEE PACING PLAN** **ATTACHMENT 16**	Peter Fung, MD, Chair		**possible motion 6:53 – 6:55**
17.	**ROUND TABLE DISCUSSION**	Peter Fung, MD, Chair		**discussion 6:55 – 6:59**
18.	**ADJOURNMENT**	Peter Fung, MD, Chair		**motion required 6:59 – 7:00 pm**

Upcoming Meetings

- April 3, 2018
- June 5, 2018

Board/Committee Educational Gatherings

- April 25, 2018

Minutes of the Open Session of the
Governance Committee
Wednesday, December 13, 2017
El Camino Hospital | Conference Room A (ground floor)
2500 Grant Road, Mountain View, CA 94040

Members Present
Peter C. Fung, MD, Chair
Gary Kalbach
Christina Lai
Peter Moran (via teleconference)

Members Absent
Bob Rebitzer

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Governance Committee of El Camino Hospital (the "Committee") was called to order at 5:34 pm by Chair Fung. A verbal roll call was taken. Mr. Moran participated via teleconference and Mr. Rebitzer was absent. All other Committee members were present.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Fung asked if any Committee members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
3. PUBLIC COMMUNICATION	None.	
4. CONSENT CALENDAR	Chair Fung asked if any member of the Committee or the public wished to remove an item from the consent calendar. No items were removed. **Motion**: To approve the consent calendar: Minutes of the Open Session of the Governance Committee Meeting (October 3, 2017). **Movant**: Kalbach **Second**: Moran **Ayes**: Fung, Lai, Kalbach, Moran **Noes**: None **Abstain**: None **Absent**: Rebitzer **Recused**: None	***Consent Calendar approved***
5. REVIEW PROPOSED AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF SILICON VALLEY MEDICAL DEVELOPMENT, LLC	William Faber, MD, CMO and President, SVMD, reported that Silicon Valley Medical Development (SVMD) is an affiliate of El Camino Hospital (ECH) and that its 1206(g) clinic model can grow into a 1206(l) foundation model. He further reported that ECH is the sole corporate member of and source of funding for SVMD. Dr. Faber explained that there is a need to develop appropriate reserve powers for the ECH Board that will ensure that SVMD remains aligned with ECH, but is able to conduct business. He also explained that the description of the Board of Managers in the Operating Agreement has been revised to delineate membership by role, rather than by name, and noted that he hopes to add a 5th member to the Board of Managers when recruitment for a Physician Executive is complete. Larry Trilops, Interim Physician Strategy Executive, commented that for SVMD to be successful, there must be adequate resources and appropriate governance. He also noted that SVMD's strategy is in concert with ECH's Physician Alignment strategic theme. The Committee members discussed the importance of operating the 1206(g) clinics to advance ECH's strategy and that there must be appropriate guardrails in the form of reserve powers that still allow SVMD agility and	

	room to maneuver. In response to Committee members' questions, staff explained that the $1,000,000 limit on unbudgeted expenditures (Section 6.2) was arrived at because it is the same as the CEO's authority with respect to ECH. Staff also explained that the $5 million limit on capital expenditures is important to keep the ECH Board informed of large capital investments. Mr. Moran questioned giving the ECH CEO authority to remove the appointed ECH Board member from the SVMD Board of Managers (Section 6.1). The Committee discussed adding the words "except the appointee of the Member's Board of Directors" to the end of the second paragraph of Section 6.1. Mary Rotunno, General Counsel, agreed that this would be a permissible revision. **Motion**: To recommend that the ECH Board approve the Amended & Restated Limited Liability Company Operating Agreement of Silicon Valley Medical Development, LLC with further revision to Section 6.1 (except the appointee of the Member's Board of Directors as requested by the Committee. **Movant**: Kalbach **Second**: Lai **Ayes**: Fung, Lai, Kalbach, Moran **Noes**: None **Abstain**: None **Absent**: Rebitzer **Recused**: None	
6. ADJOURN TO CLOSED SESSION	**Motion**: To adjourn to closed session at 6:00pm. **Movant**: Kalbach **Second**: Fung **Ayes**: Fung, Lai, Kalbach, Moran **Noes**: None **Abstain**: None **Absent**: Rebitzer **Recused**: None	***Adjourned to closed session at 6:00pm.***
7. AGENDA ITEM 10: RECONVENE OPEN SESSION/ REPORT OUT	Open session was reconvened at 6:04 pm. Agenda items 7-9 were addressed in closed session. During the closed session, the Committee approved the Minutes of the Closed Session of the Governance Committee Meeting (October 3, 2017) by a unanimous vote in favor of all members present (Fung, Kalbach, Lai, and Moran). Mr. Rebitzer was absent.	
8. AGENDA ITEM 11: ADJOURNMENT	**Motion**: To adjourn at 6:05 pm. **Movant**: Lai **Second**: Kalbach **Ayes**: Fung, Lai, Kalbach, Moran **Noes**: None **Abstain**: None **Absent**: Rebitzer **Recused**: None	***Meeting adjourned at 6:05pm.***

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

_____

Peter C. Fung, MD
Chair, Governance Committee

DRAFT

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

	Item:	Appointment of Board Directors to Advisory Committees Governance Committee Meeting February 6, 2018
	Responsible party:	Lanhee Chen, Board Chair
	Action requested:	For Approval
	Background: On January 16, 2018, the El Camino Healthcare District Board of Directors elected Julie Kliger, RN and Gary Kalbach to the El Camino Hospital Board of Directors. The attached Proposed Revised Advisory Committee and Liaison Appointments reflects my recommendations for changes as follows: 1. Appoint Director Kliger to the Quality Committee and the Executive Compensation Committee. 2. Reflect that Mr. Kalbach is a Director member of the Investment and Governance Committees.	
	Other Board Advisory Committees that reviewed the issue and recommendation, if any: None.	
	Summary and session objectives: To approve appointments to the Advisory Committees.	
	Suggested discussion questions: None. This is a consent item.	
	Proposed Committee motion, if any: To approve the Proposed Revised Advisory Committee and Liaison Appointments.	
	LIST OF ATTACHMENTS: 1. Current Advisory Committee & Liaison Appointments 2. Proposed Revised Advisory Committee & Liaison Appointments	

El Camino Hospital Board of Directors
Current Advisory Committee & Liaison Appointments

COMPLIANCE COMMITTEE		
	Sharon Anolik Shakked	**Chair**
BOARD MEMBERS	**Neysa Fligor**	**Vice Chair**
	Robert Rebitzer	Member
	John Zoglin	Member
COMMUNITY MEMBERS	Lica Hartman	Member
	Christine Sublett	Member

GOVERNANCE COMMITTEE		
	Peter Fung, MD	**Chair**
BOARD MEMBERS	**Robert Rebitzer**	Member
COMMUNITY MEMBERS	Gary Kalbach	Member
	Christina Lai	Member
	Peter Moran	Member

EXECUTIVE COMPENSATION COMMITTEE		
	Bob Miller	**Chair**
BOARD MEMBERS	**Neysa Fligor**	Member
	Julia Miller	Member
COMMUNITY MEMBERS	Teri Eyre	Member
	Jaison Layney	Member
	Pat Wadors	Member

INVESTMENT COMMITTEE		
	Jeffrey Davis, MD	**Chair**
BOARD MEMBERS	**John Zoglin**	Member
COMMUNITY MEMBERS	Nicola Boone	Member
	John Conover	Member
	Gary Kalbach	Member
	Brooks Nelson	Member

FINANCE COMMITTEE		
	John Zoglin	**Chair**
BOARD MEMBERS	**David Reeder**	Member
COMMUNITY MEMBERS	Joseph Chow	Member
	Boyd Faust	Member
	William Hobbs	Member
	Richard Juelis	Member

QUALITY COMMITTEE		
	David Reeder	**Chair**
BOARD MEMBERS	**Jeffrey Davis, MD**	Member
	Peter Fung, MD	Member
COMMUNITY MEMBERS	Katherine Anderson	Member
	Ina Bauman, RN	Member
	Mikele Bunce	Member
	Nancy Carragee, RN	Member
	Wendy Ron	Member
	Melora Simon	Member

LIASONS	
ECH FOUNDATION BOARD	**David Reeder**
COMMUNITY BENEFIT ADVISORY COUNCIL	**Peter Fung, MD**

El Camino Hospital Board of Directors
Proposed Advisory Committee & Liaison Appointments

COMPLIANCE COMMITTEE		
	Sharon Anolik Shakked	**Chair**
BOARD MEMBERS	**Neysa Fligor**	**Vice Chair**
	John Zoglin	Member
	Robert Rebitzer	Member
COMMUNITY MEMBERS	Lica Hartman	Member
	Christine Sublett	Member

EXECUTIVE COMPENSATION COMMITTEE		
	Bob Miller	**Chair**
BOARD MEMBERS	**Neysa Fligor**	Member
	Julia Miller	Member
	Julie Kliger	Member
COMMUNITY MEMBERS	Teri Eyre	Member
	Jaison Layney	Member
	Pat Wadors	Member

FINANCE COMMITTEE		
	John Zoglin	**Chair**
BOARD MEMBERS	**David Reeder**	Member
COMMUNITY MEMBERS	Joseph Chow	Member
	Boyd Faust	Member
	William Hobbs	Member
	Richard Juelis	Member

LIASONS	
ECH FOUNDATION BOARD	**David Reeder**
COMMUNITY BENEFIT ADVISORY COUNCIL	**Peter Fung, MD**

GOVERNANCE COMMITTEE		
	Peter Fung, MD	**Chair**
BOARD MEMBERS	**Gary Kalbach**	Member
	Robert Rebitzer	Member
COMMUNITY MEMBERS	Christina Lai	Member
	Peter Moran	Member

INVESTMENT COMMITTEE		
	Jeffrey Davis, MD	**Chair**
BOARD MEMBERS	**Gary Kalbach**	Member
	John Zoglin	Member
COMMUNITY MEMBERS	Nicola Boone	Member
	John Conover	Member
	Brooks Nelson	Member

QUALITY COMMITTEE		
	David Reeder	**Chair**
BOARD MEMBERS	**Jeffrey Davis, MD**	Member
	Peter Fung, MD	Member
	Julie Kliger	Member
COMMUNITY MEMBERS	Katherine Anderson	Member
	Ina Bauman, RN	Member
	Mikele Bunce	Member
	Nancy Carragee, RN	Member
	Wendy Ron	Member
	Melora Simon	Member

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

FY18 COMMITTEE GOALS
Governance Committee

PURPOSE

The purpose of the Governance Committee is to advise and assist the El Camino Hospital (ECH) Board of Directors ("Board") in matters related to governance, board development, board effectiveness, and board composition, *i.e.*, the nomination and appointment/reappointment process. The Governance Committee ensures the Board and Committees are functioning at the highest level of governance standards.

STAFF: **Dan Woods**, Chief Executive Officer; **Cindy Murphy**, Director of Governance Services
The CEO shall serve as the primary staff to support the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair's consideration. Additional members of the Executive Team or outside consultants may participate in the meetings upon the recommendation of the CEO and at the discretion of the Committee Chair.

GOALS	TIMELINE by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable)	METRICS
1. Review the governance structure of the Hospital Board, conduct research, and make recommendations on preferred competencies.	• Q1 FY18 • Q4 FY18 • Q1 FY18 • Q4 FY18	• Recommendation for high-priority Board member competencies made to Hospital and District Board (Complete) • Chair nominates Governance Committee member to serve on District Board Ad Hoc Committee and participate in the Non-District Board Member recruitment/interview process as requested by the District Board. (Complete for FY18) • Assess District's plan to implement ECH Board Structure and make recommendations. (Paced for Q4) • Assess effectiveness of plan. (Paced for Q4)
2. Promote enhance and sustained competency-based, efficient, effective governance.	• Q1 – Q4 FY18 • Q1 FY19	• FY18 Self-Assessment Tool (Committees and Board) recommended to the Board and surveys completed (Q1-Q2) (Complete) • Reports are completed and made available to the Board and the District Board (Q3-Q4) (Committee Reports Complete: Governance Committee to Review on 2/6, Board to Review on 2/14 with Committee Reviews to follow. Board and Board Chair Assessments on hold until Q4) • Assess effectiveness of expanded Committee structure (Q2-Q3) (Governance Committee to Review on 2/6) • Make recommendations for assessment of Board/management relationships and effectiveness and make recommendations for improvements. (Q1 FY19) (Paced for Q4)
3. Finalize Board and Committee Education plan for FY18 and develop FY19 Plan	• Q1 FY18 • Q2 FY18 • Q4 FY18	• Develop and recommend FY18 Board Education Plan (Complete) • Recommend FY18 Annual Retreat Agenda to the Board (Complete; Board Retreat held on 1/20) • Make recommendations for FY19 Board Education Plan (Paced for Q4)

SUBMITTED BY:
Peter Fung, MD — **Chair**, Governance Committee
Donald Sibery — **Executive Sponsor (Interim CEO)**, Governance Committee

Approved by the ECH Board of Directors on June 14, 2017

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About the Author

Pamela R. Knecht, President and CEO of **ACCORD** LIMITED and faculty member of The Governance Institute, has provided consulting services to a wide range of industries and organizations over her 34-year career. Her clients include for-profit and not-for-profit organizations in industries such as healthcare, financial services, distribution, retail, professional services, manufacturing, associations, social services, arts, and education. She has deep expertise in not-for-profit healthcare and closely-held businesses. During the last 20 years, she has focused on assisting owners, boards and CEOs across the country with strategic planning; governance assessment, restructuring and development; organizational diagnosis and change management; team effectiveness; and strategic partnership/merger facilitation.

Pam is a frequent speaker and facilitator at board retreats as well as at local, regional, and national conferences. She has authored numerous articles for AHA's *Trustee Magazine, GreatBoards,* ACHE's *Healthcare Executive,* and The Governance Institute's *BoardRoom Press*. She also authored or co-authored white papers on the topics of engaging the board in strategic planning, ensuring physician alignment, and setting strategic direction.

The Governance Institute

The Governance Institute provides trusted, independent information and resources to board members, healthcare executives, and physician leaders in support of their efforts to lead and govern their organizations.

The Governance Institute is a membership organization serving not-for-profit hospital and health system boards of directors, executives, and physician leadership. Membership services are provided through research and publications, conferences, and advisory services. In addition to its membership services, The Governance Institute conducts research studies, tracks healthcare industry trends, and showcases governance practices of leading healthcare boards across the country.

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Introduction: Why Committees Matter

Hospitals and health systems are facing more pressures and having to overcome more obstacles than ever before. The healthcare system is transforming, demanding fresh perspectives and different work at the board level. As board members strive to remain educated on healthcare developments, move their focus toward transforming care delivery to provide value and manage the health of populations, and ultimately lead the organization toward a successful future, they don't always have the time to focus on all key governance issues at each board meeting. In fact, boards should not try to address detailed topics; that is committee work.

Committees can be a powerful tool for ensuring that critical governance activities are consistently addressed and given the focus they need in order to keep the organization on track. Assessing your committee structure and functioning on a periodic basis ensures that responsibilities are delegated effectively, members of key committees (such as audit and executive compensation) are independent, committee charters are still useful, and there is optimal coordination between committees and reporting up to the board.

Increased Pressures on Boards and Committees

In addition to the pressure of creating a new business model based on value, today's boards are facing ever more scrutiny from regulators and legislators, which places more importance on the work done by board committees. Several state attorneys general have challenged recent board decisions, including a health system in Florida that wanted to convert one of its two hospitals to an ambulatory site (which would have been the responsibility of the strategic planning committee, for example). The Senate Finance Committee is questioning executive compensation oversight in not-for-profit health systems as compensation goes up and reimbursement, operating margins, and charity care levels go down (executive compensation committee responsibility). And the IRS requires answers to detailed questions regarding board and committee composition and director independence on the Form 990 (governance committee or audit and compliance committee responsibility).

What Great Committees Add

1. Focused expertise on issues
2. The ability to spend more time on more subjects
3. Highlighting of significant variances
4. Teeing up strategic questions
5. More efficient board meetings
6. Sounding board for management
7. Engaged stakeholders/candidates
8. More informed/educated board

Why Committees Falter

1. Structure not aligned with governance role
2. Wrong and/or ambiguous role and authority (especially within health systems)
3. Lack of clear expectations from the board
4. Size is too large or too small for the role of the committee
5. Lack of key competencies and good leadership
6. Meeting frequency/length not appropriate to the role of the committee
7. Insufficient "independence"
8. Legacy agendas, packets, and presentations that lack current relevance
9. Reports to the board don't add value
10. Perfunctory education or self-assessment

Six Keys to Committee Effectiveness

Having committees for the sake of it, without clear expectations and lines of authority, and without taking the time to properly staff them, will not help the board meet its strategic goals for the organization. There are six keys to maximizing committee effectiveness.

Structure and Composition

1. Align the committee structure with governance roles and models.
2. Clearly define each committee's responsibilities and authority.
3. Choose members and leaders based on needed competencies (which stem from the committee's responsibilities), and balanced with group effectiveness concepts.

Functioning and Practices

4. Plan and facilitate effective committee meetings (the same care should be taken as that with board meetings).
5. Provide valuable information and ask edgy questions.
6. Educate, evaluate, and continuously improve.

Evaluating the organization's committee effectiveness includes asking questions regarding the types of committees needed, committee composition (e.g., independent directors, experts in a particular field, non-board members, etc.), meeting schedules, level of authority given, and roles and responsibilities assigned. In making these assessments, the board can create a structure that fits its organization and helps it carry out its governance duties while supporting the organizational mission.

This *Elements of Governance*® explores these six keys to effectiveness and the various committees often used to help hospital and health system boards fulfill their oversight duties. It provides details regarding the responsibilities, structure, and challenges of committees, providing a platform for creating or enhancing your organization's board committees. Also included is a framework to develop committee charters for defining the purpose, role, composition, and meeting schedule of each board committee; as well as samples in the appendices, including a meeting calendar, meeting agenda, and a board and committee education program.

Determining the Right Committee Structure and Composition

As with most aspects of healthcare, hospitals and health systems are complex and have unique needs. There won't be one right committee structure for every organization; structures will vary of course depending upon the number of boards in the organization and how those boards are structured, as well as the major initiatives and priorities of the organization that need focus at the board level.

This section includes important considerations for determining the right committee structure and composition for your board.

Align Overall Committee Structure with Governance Roles and Responsibilities

The ideal board committee structure is one that is aligned with the governance role and model. This is an important distinction to make: committees do *governance* work, not management work. As a reminder, governance is:

- Approving high-level goals, plans, and policies that match the mission and vision
- Overseeing performance versus established goals
- Holding management accountable for results
- Bringing independent perspective, expertise, and experience
- Acting as ambassadors to external stakeholders

Boards and committees should not:

- Try to manage
- Confuse advice with direction
- Diagnose problems
- Design and implement solutions
- Fix problems

Committees (and sometimes *ad hoc* task forces) play a critical role in ensuring their boards perform their fiduciary duties:

- **Oversight:** setting the mission and strategic direction; creating policies and goals; hiring an effective CEO and monitoring CEO and organizational performance.
- **Duty of care:** requires board members to have knowledge of all reasonably available and pertinent information before taking action in a manner he or she reasonably believes to be in the best interest of the organization. (This requires rigorous analysis of data and information by committees prior to board discussion.)
- **Duty of loyalty:** requires board members to candidly discharge their duties in a manner designed to benefit only the corporate enterprise, not the individual interests of the board member. (This includes ensuring identification and management of conflicts

of interest and independence issues; often done by the audit and compliance committee.)
- **Duty of obedience:** requires board members to ensure that the organization's decisions and activities adhere to its fundamental corporate purpose and charitable mission. (This includes assuring the strategic plan contains strategies and goals that will help the organization fulfill its mission; usually done by the strategic planning committee or task force.)

The committee structure should be aligned with the board's job description, which essentially entails the board's core responsibilities:
- Ensuring clinical quality, service excellence, and patient safety
- Approving strategic direction and overseeing performance
- Ensuring financial health, protecting assets, and overseeing risk management
- Hiring and overseeing excellent executive management
- Overseeing community benefit and stewardship
- Providing for effective governance

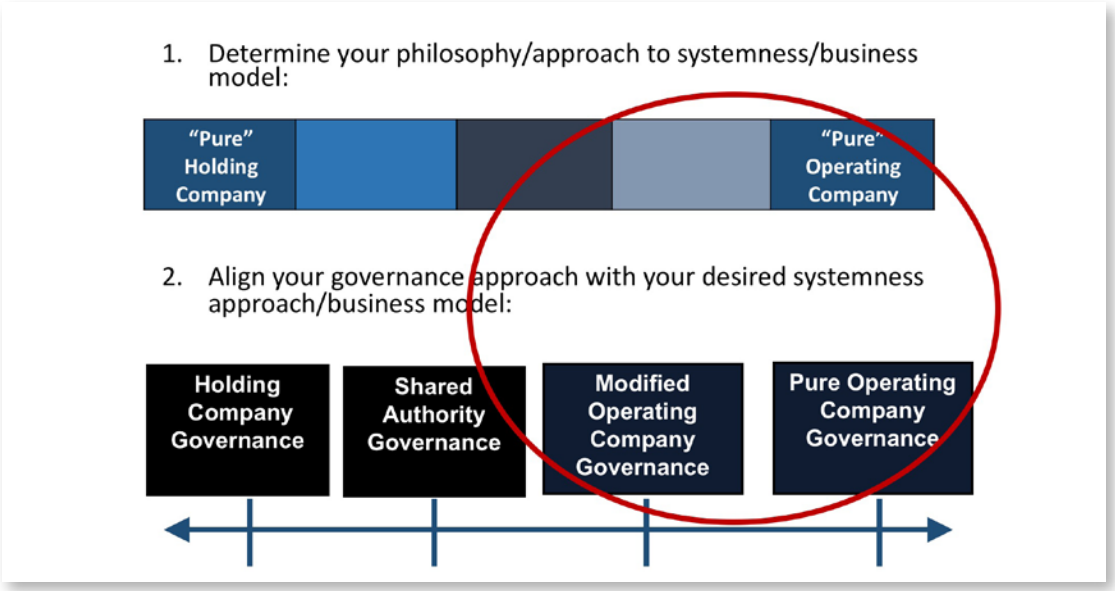
A common mistake is to create committees at the board level that cover concerns outside of the governance realm and belong in management's domain, such as facilities, marketing, and human resources/personnel. (The executive compensation committee has a place at the board level as it is making oversight and compensation-related decisions regarding highly paid individuals such as executives and employed physicians. The remaining human resource issues fall under the CEO's purview.)

Considerations for Health Systems

Health systems have different committee structure considerations depending upon the number of boards in the system and their respective roles. Committee structures should be aligned with the health system's overall approach or philosophy regarding its evolution as a system and its desired business model.

For example, if the system is using a holding company model, then there may be numerous committees at the local hospital board level, and few at the system board level. If, however, the system is moving toward a centralized operating company model, there may be no or few boards and/or committees at the local hospital level (see **Exhibit 1**). (See the next section on typical committee structures and for more information on this topic.)

Exhibit 1: Aligning Governance Structure with Strategy



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Typical Committee Structures

The "right" committee structure is dependent on the type of board: standalone hospital board, system board, or subsidiary hospital board. Below are typical structures for each kind of board.

Standalone Hospital Board

This board will necessarily have "all" of the committees because it holds all the fiduciary duties and core governance responsibilities. We consider the "best practice" structure for this kind of board as having the following committees:

- Finance (which includes investment)
- Audit and compliance
- Executive compensation (which includes oversight of all highly-paid employees including employed physicians)

- Quality assurance (which includes clinical quality, patient safety, and service/satisfaction/experience)
- Strategic planning (some boards prefer to do strategic planning at the full board level; see page 9 for a discussion of whether to create this committee or use the full board)
- Community benefit (which includes mission fulfillment and advocacy)
- Governance (which includes nominating)
- Executive (this committee requires special care regarding the level of authority it is given to make decisions between board meetings; see the section entitled, "Committee Authority Options" on page 10)

Large Health System Board

System boards that are "parent" boards for large organizations will have all of the above committees and may also include the following committees:

- Investment
- Research and education (if that is part of the mission)

Subsidiary Hospital Board

Most health systems across the country are moving away from a holding company model, in which the subsidiary hospital board has significant authority, to more of a shared authority governance model, a modified operating company model, or a pure operating company model.

In all three of those newer models, the following key governance responsibilities are moved up to the system/parent board (so it does *not* make sense for the local board to have committees for those roles):

- Audit and compliance
- Strategic planning
- Executive compensation
- Finance
- Governance and nominating
- Executive

If the health system has decided to use a shared authority governance model, it might retain local hospital boards that have the following authority and associated committees (or, the hospital board may function as a committee of the whole for each of these topics):

- Quality, safety, and service (which includes medical staff credentialing and privileging)
- Community benefit (which includes advocacy)
- Fundraising/development (either in the absence of a separate foundation board or to support such a board)

Exhibit 2: Prevalence of Board Committees

Committee	2015	2013	2011	2009
Finance	84%	76%	76%	73%
Quality and/or Safety	74%	77%	72%	70%
Executive	72%	77%	78%	75%
Governance/Nominating	72%	77%	73%	72%
Executive Compensation	66%	60%	56%	54%
Strategic Planning	57%	57%	56%	54%
Audit/Compliance	51%	34%	30%	28%
Investment	40%	35%	36%	31%
Joint Conference	35%	40%	39%	40%
Audit	33%	32%	32%	26%
Compliance	28%	33%	31%	25%
Community Benefit	26%	18%	20%	15%
Facilities/Infrastructure/Maintenance	23%	25%	25%	22%
Human Resources	22%	20%	22%	24%
Physician Relations	21%	19%	17%	16%
Construction	17%	9%	16%	14%
Government Relations/Advocacy	13%	9%	11%	10%

Source: 2015 Biennial Survey of Hospitals and Healthcare Systems, The Governance Institute. *(Note: The current prevalence of certain committees is not necessarily consistent with best practice, as described in the above section.)*

Other Approaches

Some innovative approaches to committee structure have emerged given the transformation in care delivery and increased expectations of boards including:

- Patient experience committee
- Care transformation committee
- System information and quality committee
- Enterprise risk management committee

Additional Advice about Revising Committee Structures

The ideal committee structure is streamlined, using as few committees as possible. In order to make this feasible, the standing committees should be those that do the majority of the needed work between board meetings on ongoing, major issues concerning the board's fiduciary duties and core responsibilities, as described above. When other work is needed outside of the committees, the following options are recommended:

- Function as a "committee of the whole" when possible (e.g., carefully design processes that engage the full board in strategic planning discussions instead of relying on a standing strategic planning committee; many boards use this committee only on a periodic basis to do the "deep dive" research and information gathering when major changes or updates need to be made to the plan, and then engage the full board to approve new plans and discuss strategic issues throughout the year).
- Use task forces instead of standing committees when appropriate (e.g., create a physician alignment task force to study those issues for the full board's consideration).

Define Committee Authority, Size, and Composition

Once the standing committees have been identified, each committee requires clearly defined responsibilities and authority in order to ensure that they are spending the time on the necessary and appropriate work for that committee and not duplicating efforts of other committees or the full board. The first step is to create a written charter for each committee that includes the following essential items:[1]

- **Purposes and authority**: does this committee have any decision-making authority or is it solely advisory to the full board?
- **Key responsibilities:** pulled from the list of the board's areas of oversight, such as nominating for the governance committee.
- **Meeting frequency:** desired number of meetings per year. This should be correlated with the job of the committee; for instance, the audit and compliance committee usually meets only two times per year; a standalone hospital's finance committee may need to meet monthly.
- **Membership:** describe the size of the committee and its composition, including any *ex officio*/management members and medical staff members; and independence requirements for certain committees (such as the executive compensation committee, which must be composed of 100 percent independent board members according to IRS Code 4958—not employed, not doing any business with the entity or a related entity, and not reportable on the Schedule L of the IRS From 990). This section of the charter should also include terms and term limits.
- **Competencies:** all of the skills, perspectives, and diversity needed by the committee as a whole to perform its responsibilities.
- **Leadership:** who will be the leaders—the committee chair and vice chair? Will any committee leaders be *ex officio* such as the treasurer being the chair of the

1 See sample committee charters at www.governanceinstitute.com/templates.

finance committee? Include terms and term limits for committee leadership (normally two-year terms and a maximum of two terms).

- **Staff:** which executive position will be responsible for supporting this committee? Typically the CFO supports the finance committee; the general counsel supports the governance committee.
- **Reporting responsibilities:** what is the expectation regarding how and when the committee will report to the board? (See page 15 for more information on this topic.)
- **Annual meeting calendar and work plan:** what is the typical work plan for this committee in a given year? (For example, the audit and compliance committee meets with the external auditor in __ month and with the full board in __ month.)
- **Annual self-evaluation and goals:** committees should evaluate their performance annually, and set improvement goals for the next year.

Note: Use general committee descriptions in the board bylaws; specifics should be in the committee charters.

Committee Authority Options

Boards can give their committees differing levels of authority (subject to state law). A committee that is advisory only "assists" the board by gathering information, conducting research, and making recommendations to the board, where the final decision making is made (this is the most common approach).

A committee with "partial" authority (which must be specified in writing, in the board's bylaws and the committee charter), can make decisions on behalf of the full board but only in specific situations. For example:

- The audit and compliance committee can be authorized to select the external auditor.
- The quality committee can approve "clean" physician credentials.
- The governance committee can approve subsidiary board appointments.
- The finance committee can be authorized to approve unbudgeted transactions up to a certain dollar threshold.

(Note: large health systems are now tending to use the "partial authority" delegation more often, to free up time for the board to have other discussions, since time is the board's most valuable resource.) (See **Appendix 1** for sample approval guidelines.)

The executive committee may be given full authority (again, this must be specified in writing) to act on behalf of the full board on certain or all matters, usually in an emergency situation in which there is not time to convene the full board. (See table below covering the pros and cons of various types of executive committees.)

Types of Executive Committees	Pros	Cons
Used in emergencies only	Ensures the full board is engaged in decision making	May be difficult to convene on short notice
Meets on a regular schedule	Ensures a vehicle, if needed, for timely decision making and advice to CEO or board chair	Often results in some board members being more 'in the know' than others, who may then feel 'out of the loop'
Frequently convenes meetings and calls	Provides multiple opportunities for securing advice, 'testing' decisions, and dealing with sensitive issues	Runs the risk of making decisions that should be made by the full board; can lead other board members to feel they are not performing their fiduciary duties; requires significant time

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Legal Considerations Regarding Delegating Decision Authority to Committees

- Delegating authority to a committee(s) can be an important tool in reshaping an organization's governance and allowing the board to focus on strategic matters.
- Unless authority is delegated, all matters (not in management's purview) must be considered and decided by the board.
- Boards cannot delegate to a committee any authority that the board does not have.
- Non-profit corporations are created pursuant to state law, and this law will establish the extent to which authority can be delegated to a board committee and the requirements for such delegation.
- Example: Under Texas law, the board of a non-profit corporation can establish a committee to exercise any powers of the board in its management of the corporation, provided:
  - » The corporation's bylaws authorize the board to designate committees.
  - » The bylaws or the creating resolution set forth the delegated authority.
  - » A majority of the membership of the authorized committee is made up of board members.
- Consult with counsel about the laws applicable to your organization. (Note: this must be done carefully and correctly.)

Source: Bernard Duco, Jr., former Chief Legal Officer, Memorial Hermann Health System; as presented in a Governance Institute Webinar with Bernard Duco and Pam Knecht on October 17, 2013.

Committee Member and Leader Selection

Choose committee members and leaders based on needed competencies balanced with group effectiveness concepts. This involves using a competency-based approach to committee membership as opposed to a representational approach (e.g., identify all the needed competencies, skills, and perspectives for the committee, based on the charter, and use that list to determine which individuals to invite to serve instead of "reserving" seats for individuals who represent certain constituency groups).

Other best practices related to committee membership, size, and leadership include the following:

- Five to nine people is considered to be the ideal size for good decision-making according to group dynamics experts (not 25 as seen in some committees).
- The committee must have at least one independent expert per responsibility (e.g., the Securities and Exchange Commission requires that at least one member of the audit committee of a publically-traded company be a Certified Public Accountant).
- The chair should be a board member, which allows improved lines of communication between the committee and the board.
- Include plans for chair succession, orientation, and coaching (be intentional about leadership development and succession).
- All board members should serve on at least one committee, but not too many; make sure to spread the work across all board members to use their time and expertise well. This also ensures that there is not an "exclusive" group that knows everything because they serve on all the committees. One way to handle this is to use the "rule of three": each board member serves on just three governance entities (e.g., one board and two committees).
- Use non-board members from the community. This helps to increase expertise and creates a pool of potential board members. It can also increase the percentage of "independent" committee members.
- Control the number of non-committee members in the room (do not allow lots of staff/employees who are not committee members to sit in on committee meetings; bring individuals in to present, as needed, and then ask them to leave).
- Ensure appropriate physician involvement in committees (include physicians and other caregivers on some committees like finance, quality, and community benefit; however, be sure to maintain appropriate independence, as described below).
- Maintain sufficient "independence" of committee members (learn the IRS and other definitions of "independent" board and committee members and use that information to create a written board/committee policy regarding who can/cannot serve on the board and certain committees. Also address whether employed physicians can serve on committees. For example:
  - » The executive compensation committee should be 100 percent independent according to IRC 4958.
  - » The audit and compliance committee should be 100 percent independent as defined on the IRS Form 990.[2]

2 See The Governance Institute's sample definition of an independent director, found at www.governanceinstitute.com/templates.

Ensuring Effective Committee Functioning

Once the ideal committee structure is in place for your board, the effort does not end. Essentially, the main job of committees (and the executives who support them) is to prepare for *board* meetings. In order to do so, effective *committee* meetings help facilitate effective committee work and proper reporting up to the board. Thus, how committees plan and conduct meetings, ask questions, and continuously improve are important factors in ensuring effective committee functioning. The good news is, if you have effective mechanisms already in place for board meetings, planning, and development, you can use those same tools for your board committees. Each of these tools is described below in more detail.

Plan and Facilitate Effective Committee Meetings

Effective committee meeting practices ensure that the time spent by the board is as meaningful as possible for the participants. The board also needs to ensure that proper accountability for governance oversight is accomplished as a result of committee work.

Effective committee meeting practices include the following:

- An annual calendar with meeting frequency tied to the committee's charter (see **Appendix 2. Sample Meeting Calendar**).
- Approximately two weeks prior to the committee meeting, the committee chair meets with the staff liaison/executive to develop the meeting agenda and materials.
- Meeting agendas contain expected times and objectives (e.g., action, information, education, or discussion) (see **Appendix 3. Sample Meeting Agenda**).
- Proper use of consent agendas (placing routine items such as reports, minutes, and other non-controversial items not requiring discussion or independent action as one agenda item to be approved as a whole).[3]
- The committee spends the majority of time on a few priority items, according to the committee charter.
- The committee chair includes "framing questions" for the key items to guide discussion.
- Use of a "tracking report" to follow priority open items.
- Providing committee members access (ideally via a secure board portal) to targeted, governance-level documents at least one week prior to committee meetings with the expectation that they will be read prior to the meeting (no review of advance documents during the meeting; members come prepared with questions).

3 *Proper* and *careful* use of a consent agenda must be emphasized. The organization may be at risk of liability if just one board member has a question about any item included in a consent agenda, and/or anything that a third-party would consider to be inappropriate is on the consent agenda.

- Time is set aside for education at each meeting (this is usually a practice for board meetings; however it should be considered for committee meetings depending upon need).
- The chair facilitates, encourages, and focuses discussion at governance level, and drives for closure/clarity of action (not using Roberts Rules).

(Note: all of these practices should also be used by the board chair and CEO as they plan for board meetings.)

Committee Meeting Frequency

Committee (% of respondents with this committee)	Meeting Frequency (% of all respondents)
Finance (84%)	Monthly (61%)
Quality/Safety (74%)	Monthly (47%)
Executive (72%)	As needed (53%)
Executive Compensation (66%)	Annually (35%)
Governance/Nominating (72%)	As needed (34%)
Strategic Planning (57%)	As needed (27%)
Community Benefit (26%)	As needed (30%)
Audit/Compliance (51%)	Quarterly (53%)

Source: 21st-Century Care Delivery: Governing in the New Healthcare Industry, 2015 Biennial Survey of Hospitals and Healthcare Systems, The Governance Institute.

Provide Valuable Information and Ask Edgy Questions

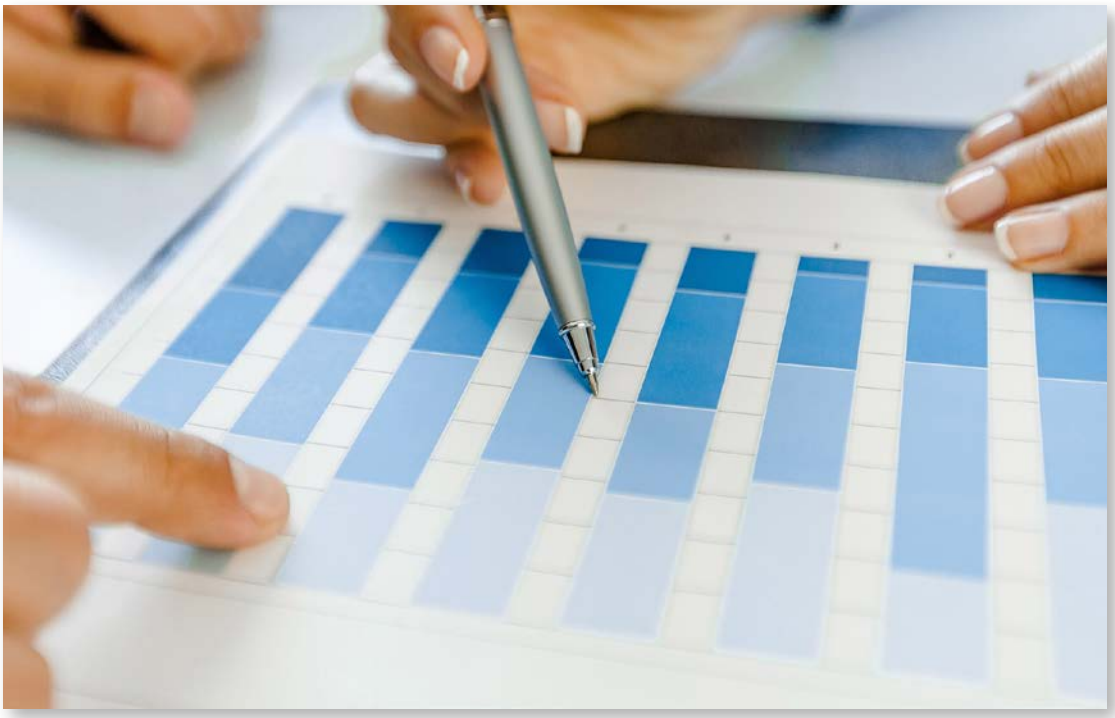
Remember, the purpose of board committee work is to provide oversight (not management). To remain at the proper governance level, the committees should ensure that their work is directly related to the board's responsibilities (the "what"), not operational tasks ("the how"). For instance, board and committee work includes tracking of key indicators linked to the strategic plan. The committee dashboard report should include deeper, more specific metrics than the overall dashboard for the full board, but in line with what the board has determined needs to be measured and tracked by that committee. Variances should be easily identified (e.g., a graphical display of trends over time).

Planning and Decisions

As with the full board, it is essential to provide committees background information in advance and conduct the meeting assuming that it will be read ahead of time. This planning frees up critical meeting time to allow for in-depth discussions and the ability to make decisions at every meeting. The committee chair can highlight key points from the materials, to help "tee up" the subsequent discussion, but should avoid using too many (or any) presentation slides unless absolutely necessary. All slides that will be shared during a meeting should be adding true value to committee member understanding of the issues. Any visual graphics that need to be referred to during discussion (such as organization structure charts or finance tables) can be included in the committee materials provided in advance. (Note: management teams should ensure that the slides used in meetings are exactly the same as those in the pre-meeting packets to avoid confusing and frustrating committee or board members.)

Sample Reporting Expectations to the Full Board:

- **Consent agenda items** (for the board meeting agenda)
- **Executive summary** (summary of committee "asks" of the board)
- **Minutes and dashboard** (written meeting minutes and updated dashboard of progress on key metrics)
- **Formal resolutions** (major transactions such as significant financings)
- **Verbal presentations** (only if the committee has an "ask" of the board, and if so, committee chair, not staff, leads the presentation)



Edgy Questions for Dynamic Discussion

How effectively the committee reports its work to the board is, in one sense, more important than the committee's work itself. The board needs to know enough to use the committee's work and recommendations as a jumping off point for discussion and decision making, without having to "rehash" the work the committee has already done. One of the best ways committees can be valuable to the full board's discussion is to tee up "edgy" questions for the board to start with, based on key issues the committee has uncovered during its own meetings. Below are some samples by topic.

Mission/community benefit:

- Are we appropriately identifying community need and using our resources accordingly?
- Do we provide a full continuum of services to meet community need?

Finance:

- Can we afford our strategy?
- How ready are we for new payment systems based on value and patient outcomes?

Quality:

- To what degree are we clinically and operationally integrated? Is our level of integration sufficient to meet our strategic goals?
- Is our physician credentialing procedure disciplined, consistent, and effective?

Executive and physician compensation:

- Are our compensation plans in full compliance and competitive?

Governance:

- Does our governance model support integrated and accountable care?

Educate, Evaluate, and Continuously Improve

The last element in ensuring effective committees is development (again, similar to the way the board plans for board member education and performance improvement). The steps involved here include creating an intentional education program covering specific information the members need to carry out their responsibilities for that committee (see **Appendix 4** for a sample education program for committees and the board), and regularly evaluating the committee's performance.

Committee performance evaluation can be done via the following mechanisms:

- Annual goal-setting and performance evaluation of the committee's fulfillment of its charter, board expectations, and achievement of annual goals.
- Periodic or "sunset" review to determine if the committee is still relevant/necessary for current/future organizational changes and governance needs.
- Evaluation at the end of every meeting (see sidebar).

Committee Meeting Effectiveness Assessment Options (five minutes or less)**:**

1. Brief discussion (What worked well/should be repeated? What should be changed/added/deleted?)
2. Written form (score of 1–5 where 5 is high):
   - Were the meeting packet and agenda helpful?
   - Did key issues receive sufficient attention?
   - Did we spend the right amount of time on each issue?
   - Was there a sufficient amount of discussion (vs. presentation)?
   - Were discussions kept at the governance level?
   - Did all members participate fully?
   - Did we hold ourselves accountable to the rules of engagement?

Conclusion

Board committees—the workhorses of the board—are a perfect tool for focusing board work and providing the support the board needs to effectively govern the hospital or health system. Non-profit boards are facing increased scrutiny, which is making it even more important that boards deeply analyze organizational issues and consider all options.

Creating and developing proper, effective committees for the board provides a solid platform for thorough discussion to take place on key governance issues. This lays the groundwork for the board, enabling it to make informed decisions and decreasing its workload. Committees do not replace the work of the board, but rather aid the full board in fulfilling its responsibilities in a more efficient, manageable way. When executed properly, board members' (and executives') time is spent in the most valuable manner.

With the increasing amount of board responsibilities, now is the right time to rethink your organization's committee structure and functioning to ensure that they fit the culture and fulfill the needs of your hospital or health system. No two organizations are alike, so this will require a specific plan that takes into consideration the mission, goals, and size of the organization. By creating aligned structures that are carefully composed, and rigorous processes with educated committee members that are properly oriented, the board can fully use its committees and trust their work. At the same time, boards must not allow committees to do all the work—they should ensure their committees are bringing to them the key questions or issues that the full board needs to know or discuss (e.g., framing questions). This requires forethought, coordination, and time. Creating a successful committee structure and clear processes, and ensuring that those committees have the right people, vision, and drive will help guarantee that your board is prepared for any challenges or opportunities it faces in the coming years.

Resources from The Governance Institute

Below are links to Governance Institute publications and resources for additional information and resources pertaining to board committees:

White Papers
Maximizing the Effectiveness of the Board's Quality Committee (Fall 2015)

Governing the 21st-Century Health System: Creating the Right Structures, Policies, and Processes to Meet Current and Future Challenges and Opportunities (Fall 2013)

Board Recruitment and Retention: Building Better Boards, Now…and for Our Future (Spring 2013)

Webinars
"Committee Optimization: A Critical Component of World-Class Governance" (October 2013)

"A Paradigm for Effective Governance" (October 2012)

Other Resources
21st-Century Care Delivery: Governing in the New Healthcare Industry (2015 Biennial Survey of Hospitals and Healthcare Systems)

"The Evolution of Board Committees: What Works and What Doesn't" (*BoardRoom Press* special section, August 2010)

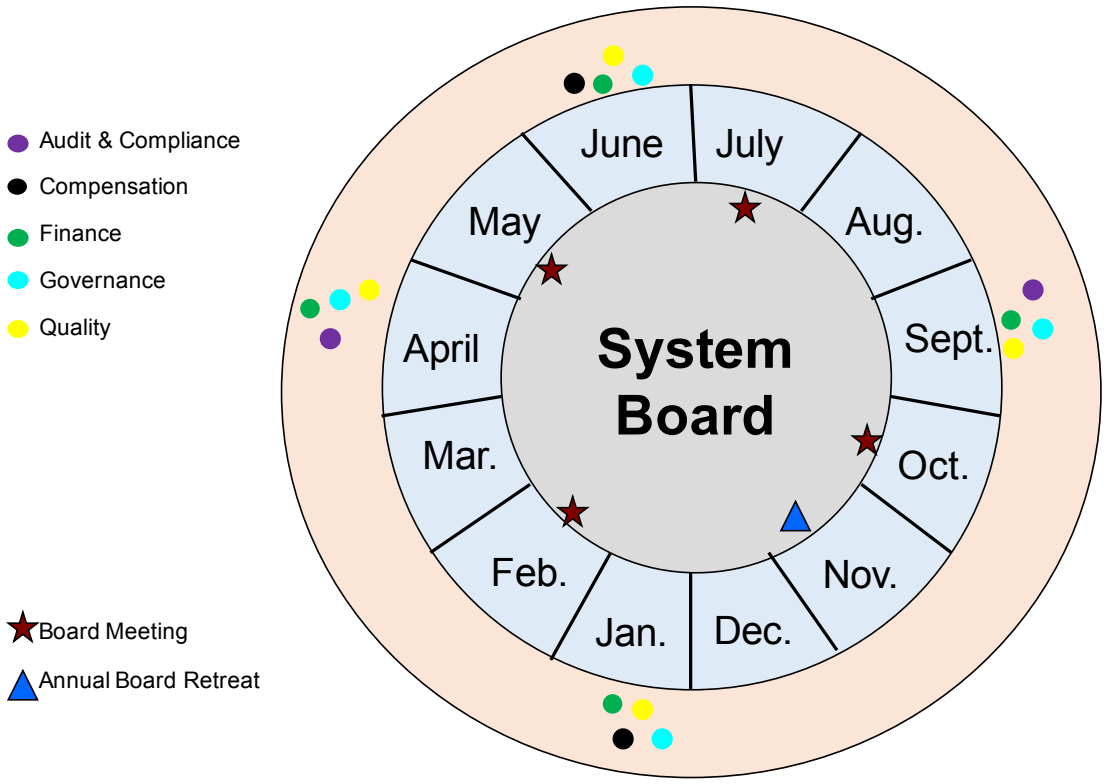
The Governance Institute also provides members with a self-assessment specially developed for board committees. Please contact The Governance Institute for more information at (877) 712-8778.

Appendix 1.
Sample Approval Guidelines for Board Committee Authority

Action	Required Approval(s)
Capital and operating budgets	Health system finance committee AND Health system board of directors
Unbudgeted projects: 1. Under $1.0 million 2. Between $1.0 million and $5.0 million 3. Greater than $5.0 million	 1. Health system CEO 2. Health system finance committee 3. Health system finance committee AND Health system board of directors

Source: Bernard Duco, Jr., former Chief Legal Officer, Memorial Hermann Health System; as presented in a Governance Institute Webinar with Bernard Duco and Pam Knecht on October 17, 2013.

Appendix 2.
Sample Meeting Calendar



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Appendix 3.
Sample Meeting Agenda

Time	Agenda Item	Presenter	Objective	Background Materials
5:00 P.M.	Welcome and Meeting Overview	Chair	Information	None
5:05 P.M.	Conflict of Interest Declaration	Chair	Information	Tab A
5:10 P.M.	Consent Agenda	Chair	Approval	Tab B
5:15 P.M.	Key Indicator/Dashboard Report and Discussion	Staff Liaison	Oversight	Tab C
5:30 P.M.	Key Topic(s) Discussion and Decision(s)	Chair and Staff Liaison	Approval	Tab D
6:50 P.M.	Meeting Evaluation	Chair	Input	Tab E
7:00 P.M.	Adjournment	Chair	Consent	None

Appendix 4.
Sample Education Program for Committees and the Board

Educational Topics by Meeting

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Board		A		D		E	F		G		I	
Finance	B		J		D		A		I		F	
Gov. and Nom.			J			E		J		H		
Community Benefit		C		B		C		J		E		A
Quality	D	I	C	B	D		A	J	H	F	E	
Strategic Planning	E,A			K,B			C,F			I,H		
Retreat/ Education Sessions	B,J*		K*	A,B,E,F, H, K				C*		C,D,G,I, J		
Annual Board Orientation	B, C, D,E,H, K											

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A: Health Reform
B: Fiduciary Duties
C: Mission Matters
D: Quality Oversight
E: Strategic Direction
F: Physician Alignment
G: Advocacy
H: Institutional Integrity
I: Information Technology
J: Advanced Governance
K: Leadership & Board Participation

***Educational sessions held at usual monthly board meeting time.**

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

	Item:	Report on ECH and ECHD Board Actions Governance Committee Meeting February 6, 2018
	Responsible party:	Cindy Murphy, Director of Governance Services
	Action requested:	For Information
	Background: In FY16, we added this item to each Board Committee agenda to keep Committee members informed about Board actions via a verbal report by the Committee Chair. This written report is intended to supplement 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: None.	
	Summary and session objectives: To inform the Committee about recent Board actions.	
	Suggested discussion questions: None.	
	Proposed Committee motion, if any: None. This is an informational item.	
	LIST OF ATTACHMENTS: 1. Report on ECH and ECHD Board Actions	

October 2017 through January 2018 ECH Board Actions*

1. October 11, 2017
    a. Recognized the Cancer Center at El Camino Hospital for 10 years of providing high quality care.
    b. Approved the FY18 Period 1 and Period 2 Financials.
    c. Voted to recommend that the District Board adopt the Governance Committee's Proposals to Revise the ECH Board Member Election and Re-Election Process and the ECH Board Member Position Specification, retaining the same high priority competencies identified in FY17.
    d. Approved the FY17 Compliance Summary Report and Semi-Annual Physician Expense Report.
    e. Approved the FY17 Individual Executive Goal Scores and Incentive Plan Payments.
    f. Approved the HR Leave of Absence Policy.
    g. Approved the Annual Financial, 403(b), and Participant Cash Balance Plan Audits
    h. Approved the Level II NICU Call Panel Agreement.
    i. Approved the Medical Staff Development Pan and Recruitment Budget not to exceed $5.9 million.

2. November 8, 2017
    a. Approved the FY18 Board, Board Chair, and Committee Self-Assessment Tools. The Biennial Committee Assessment will launch in November or early December 2017 and we expect to have results in February. The Annual Board and Board Chair Assessment will launch in the Spring of 2018.
    b. Approved the Annual Safety Report for the Environment of Care.

3. January 10, 2018
    a. Recognized the Los Gatos Operations team for increasing personalized service to physicians and patients.
    b. Approved the FY18 Period 3 and Period 4 Financials.
    c. Approved the Letters of Rebuttable Presumption of Reasonableness (related to Executive Compensation).
    d. Approved the FY18 Salary Range for the new President, SVMD position and its inclusion in the Executive Compensation and Benefits Plans.
    e. Approved physician contracts for Ophthalmology Call Coverage, Gastroenterology ED Call, and OB Hospitalist Coverage.
    f. Approved the Amended & Restated Limited Liability Company Operating Agreement of Silicon Valley Medical Development, LLC (SVMD).

*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.

October 2017 through January 2018 ECHD Board Actions*

1. October 17, 2017
    a. Approved the FY17 Year End Consolidated and Stand-Alone Financials.
    b. Approved the FY 17 Financial Audit.
    c. Approved the Revised Budget for Major El Camino Hospital Capital Budgets: Behavioral Health Services Building (additional $4.6 Million) and Integrated Medical Office Building (additional $27.1 million).
    d. Approved the Revised ECH Board Member Election and Re-Election Process and the ECH Board Member Position Specification, retaining the same high priority competencies identified in FY17.
    e. Re-Elected El Camino Hospital Board Director Lanhee Chen to the El Camino Hospital Board of Directors for a second term of three years effective July 1, 2018.
    f. Approved the FY17 Community Benefit Plan Report.

2. January 16, 2018
    a. Elected Gary Kalbach and Julie Kliger, RN to the El Camino Hospital Board of Directors. Their terms are effective immediately. Mr. Kalbach's term expires on June 30, 2021 and Ms. Kliger's term expires on June 30, 2020.

*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:	Draft Revised Board and Committee Education Policy Governance Committee Meeting February 6, 2018
	Responsible party:	Cindy Murphy, Director of Governance Services
	Action requested:	For Information

Background:

The Board and Committee Education Policy ("the Policy") was last reviewed in May 2015. Pursuant to Section VI (D) of the Policy, it must be reviewed every three years, and a budget for Board Education adopted in conjunction with the Finance Committee.

Proposed Revisions:

1. Delete Section VI (C) "Return on Investment" – Based on conversations with some Board members as well as experience with submission of reports, staff believes that the Board does not find sufficient added value to justify the time Board members must spend preparing the summary reports of key learnings following attendance at conferences.
2. Delete Appendix B – Report on Educational Activity
3. Revise Appendix A –
   a. Change "Fiscal Year 15 -18" to "Fiscal Year 19 – 21"
   b. Change "Total Annual Training Budget for Board and Committees" to $75,000. Beyond the $4,000 allowed for individual Directors (total = $32,000) and the $4000 per committee allowance (total = $24,000) there was a $9,000 buffer to allow for speakers at Board Retreats or Joint Board and Committee Education Sessions. With the addition at two new Board seats, the total individual director allowance should increase. The proposal provides for this and a buffer of $11,000.
   c. No proposed change to the annual individual Director allowance or per committee allowance:
      i. Sample costs to attend National Healthcare Conference
         Fee: $1800
         Airfare: $600
         Hotel (3 nights): $1,200 (high?)
         Meals (some included with conference): $150.00
         Total: $3,750.00
      ii. Committees have not historically taken advantage of the budgeted amount.

Other Board Advisory Committees that reviewed the issue and recommendation, if any:

None. Staff will forward the Policy with any recommended revisions from the Governance Committee to the Finance Committee for its March Meeting.

Summary and session objectives:

To obtain a recommendation for approval of the Proposed Revisions to the Board and Committee Education Policy.

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

	Suggested discussion questions: None.
	Proposed Committee motion, if any: To recommend that the Board approve the proposed revisions to the Board and Committee Education Policy.
	LIST OF ATTACHMENTS: 1. Draft Revised Board and Committee Education Policy

El Camino Hospital®
THE HOSPITAL OF SILICON VALLEY

TITLE:	**Board and Advisory Committee Continuing Education Policy**
CATEGORY:	Administrative
LAST APPROVAL:	**May 13, 2015**

TYPE:	☑ Policy ☑ Procedure	☐ Protocol ☐ Standardized Process/Procedure	☐ Scope of Service/ADT
SUB-CATEGORY:	***Board***		
OFFICE OF ORIGIN:	**Administration**		
ORIGINAL DATE:	**November 14, 2012**		

I. COVERAGE:

All Members of the El Camino Hospital Board of Directors and Board Advisory Committees

II. PURPOSE:

- To set forth the budget parameters for Board and Advisory Committee education, including both in-house training, such as study sessions, and off site programs offered by institutions such as the Estes Park Institute, the Center for Healthcare Governance and the Governance Institute.
- To establish procedures for budgeting, reporting back to the Board, and requesting funding and reimbursement for educational activities.

III. POLICY STATEMENT:

It is the policy of the El Camino Hospital Board of Directors to provide Board Directors and Advisory Committee Members with ongoing governance and healthcare education, to strengthen the skill set of each Director and Committee member and to ensure the Board and its Committees are maintaining contemporary knowledge on topics of general Board duties, changes in the healthcare industry, healthcare governance and other areas specific to Committee responsibility.

IV. DEFINITIONS:

N/A

V. REFERENCES:

Appendices A and B attached.

VI. PROCEDURE:

A. **Board and Advisory Committee Education Goals:** The Board and Advisory Committees will identify their educational goals both individual and collective, and submit them to the Governance Committee on an annual basis. These goals should be tied to, or in support of, Board, Committee, or Hospital goals. The Board and Committees should also identify the programs or training opportunities (in-house or off-site) to fulfill their learning objectives.

B. **Expectations of Board and Advisory Committees:**

1. Board of Directors:
    a. Group Education: El Camino Hospital ("ECH") will coordinate occasional group training where the full Board, along with the senior management team, can receive education on the latest trends in the healthcare industry and further their understanding of governance. At the Board's discretion, committee members may be invited to partake in the event.
    b. Individual Education: Board directors are encouraged to individually attend one off-site program at ECH's expense, on an annual basis, that best suits their development as a hospital director.
2. Board Advisory Committees:
    a. Group Education: In addition to any committee-specific in-house training provided by ECH throughout the year, committees are expected to identify how they can achieve their educational goals. For example, a committee may elect to attend an off-site training event or collaborate with another committee to invite a guest speaker.
    b. Individual Education: While it is the expectation of the Board that outside committee members keep up with their own continuing education in their professions, the Board recognizes that additional education and training will further enhance their ability to serve on the committees. As such, outside committee members who wish to individually attend an education program/conference may submit a request for funding to their committee chair.

~~C. **Return on Investment:** The Board should be able to justify the cost of all Board education (in-house and off-site) and be able to demonstrate a return on investment. In support of that goal, individuals who attend off-site educational trainings are required to submit a one-page summary highlighting the key learnings that would be shared with other members. The summary should describe how the new learning will enhance the performance of the committee, board and/or the hospital. The summary shall be submitted to the Board Liaison within 30 days of attendance at off-site educational trainings and shall be provided to the full Board via inclusion on the Board's consent calendar for information at the next regularly scheduled Board meeting following submission. See, Appendix B.~~

~~D.~~C.

~~E.~~D. **Budget and Delegated Authority:**

1. The Governance Committee, in collaboration with the CEO and Finance Committee, will develop a budget for Board and committee member education for adoption by the Board, which shall be reviewed in conjunction with review of this policy very third year. This budget will enable both collective and individual educational opportunities. The amounts will be based on market data, while taking into consideration the needs of the Board and committee members.
2. The Board will delegate authority to the Board Chair (and to the Chair of the Governance Committee in the case of the Board Chair's requests) to approve requests for education by a Board member that exceed the per member/per event limits in the budget. The Board will delegate authority to each committee chair to approve education and training requests up to a specific amount, which the Board will establish annually. The Board will delegate authority to the Board Chair to consider and approve or reject any request above this amount.
3. The total annual budget for Board and Committee member education, as well as the approval limit for Committee chairs, as approved by the Board will be noted, and updated as necessary, in the appendix of this policy.
4. The Governance Committee will recommend to the Board how remaining funds, if any, should be managed. Unused funds may not be rolled over into the next fiscal year.
5. ECH shall pay all costs associated with the program, i.e., registration fees, travel and lodging. Directors and Committee members shall adhere to the ECH reimbursement policy.

~~F.~~E. Requesting Funding for Training:

1. Directors need only inform the Board Chair of their request to participate in a training event provided that the total fees do not exceed the established event limitation amount set forth in the Appendix to this Policy. If the amount exceeds this limit, the request will be reviewed by the Board Chair and approved, conditioned (e.g., reducing the amount allocated to the Director by the amount of the excess), modified or rejected.
2. Committee members shall submit to their Committee chair a request for training no less than 30 days prior to the program's registration deadline. Upon consideration, the Committee chair may approve the request for training provided that the total costs do not exceed the per Committee member event limit established by the Board. If the amount requested exceeds the limit, the request will be sent to the Board Chair for consideration.

3. Any requests made by the Board Chair for approval of amounts in excess of the limits set forth in the Appendix to this Policy shall be submitted to the Chair of the Governance Committee for approval.
4. Board or Committee members shall request reimbursement by submitting Form 2085 to the CEO for approval within 30 days of completing training.

~~G.~~F. **Point of Contact:** The Board Liaison is the primary point of contact for Board and Committee members with respect to the process concerning continuing education and training for Board and Committee members.

VII. APPROVAL:

APPROVING COMMITTEES AND AUTHORIZING BODY	APPROVAL DATES
Originating Committee or UPC Committee	Governance Committee
(name of) Medical Committee (if applicable):	N/A
ePolicy Committee:	N/A
Pharmacy and Therapeutics (if applicable):	N/A
Medical Executive Committee:	N/A
Board of Directors:	
Historical Approvals:	*11/14/12, 3/12/14, 8/13/14, 5/13/15*

VIII. ATTACHMENTS (if applicable):

Appendix A - Budget for FY 2019~~6~~-2021~~8~~
Appendix B – Report on Educational Activity

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

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

Appendix A

Fiscal Year: 2019~~6~~-2021~~8~~

	Limit Amount
Total Annual Training Budget for Board and Committees	$7~~6~~5,000
Individual Limit for Hospital Directors	$4,000 per person
Committee Chair Approval Limit	$4,000 per committee

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

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Memorandum

~~Appendix B~~

~~DATE: El Camino Hospital Board Meeting [DATE]~~

~~TO: El Camino Hospital Board of Directors~~

~~FROM: [NAME], Board Member~~

~~SUBJECT: Report on Educational Activity~~

~~BOARD ACTION: For Information~~

~~**Conference Title:**~~ _____

~~**Sponsoring Organization:**~~ _____

~~Key Educational Points, Lessons Learned: (Please use as much space as necessary)~~

~~1.~~

~~2.~~

~~3.~~

~~4.~~

~~Has the conference improved your ability to fulfill your obligations as a member of the ECH Board? If so, how?~~

_____
_____
_____
_____
_____
_____

~~Were there speakers that ECH should consider inviting? If so, who and why?~~

_____
_____
_____

~~Do you recommend this conference to other members of the Board? Yes___No_~~

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

	Item:	El Camino Hospital Bylaws Article V, Sections 5.1 and 5.2 Governance Committee Meeting February 6, 2018
	Responsible party:	Pete Moran, Governance Committee Member
	Action requested:	For Discussion

Background:

Currently the El Camino Healthcare District Board uses the attached Ad Hoc Committee Process to Elect and Re-Elect Non-District Board Members to the El Camino Hospital Board of Directors. The El Camino Hospital Bylaws provide for the following:

ARTICLE V Certain Director Election Procedures

5.1 Nominating Committee. The Board shall appoint a Nominating Committee, a special committee, to select qualified candidates for election to the Board at least thirty (30) days before the date of any election of Directors. The committee shall make its report at least two (2) days before the date of the election, and the Secretary of the Corporation shall forward to the Member*, with the notice of meeting required by Section 3.3 of these Bylaws, a list of candidates so nominated along with the names of any persons duly nominated by the Member as of that time.

5.2 Nominations by Member. The sole Member* may nominate candidates for directorships at any time before the election. The Secretary shall cause the names of such candidates to be placed on the ballot along with those candidates named by the nominating committee. If there is a meeting to elect directors, the sole Member may place names in nomination.

In addition, Article IV "Board of Directors" provides:

4.4 Appointment and Selection of Directors. All Directors shall be nominated and elected by the Member.

*"Member" and "sole Member" refer to the El Camino Healthcare District Board of Directors

Other Board Advisory Committees that reviewed the issue and recommendation, if any: N/A

Summary and session objectives: To discuss implementing Section 5.1 of the Bylaws.

Suggested discussion questions:

Since, having approved the Bylaws, both the District Board and the Hospital Board have agreed to the Nominating Committee provided for in Section 5.1 should the Board implement it?

Proposed Committee motion, if any: None. At this time, the topic is for discussion. If the Committee desires to make a recommendation to the Board, it can be brought back to the Committee for further discussion and action at a future meeting.

LIST OF ATTACHMENTS:

1. District Board Process for Election and Re-Election of Non-District Board Members to the El Camino Hospital Board of Directors.

2500 Grant Road
Mountain View, CA 94040
Phone: 650-940-7300
www.elcaminohealthcaredistrict.org

BOARD OF DIRECTORS

Neysa Fligor
Peter C. Fung, MD
Julia E. Miller
David Reeder
John L. Zoglin

Process for Re- Election and Election
Of Non-District Board Members
To The El Camino Hospital Board of Directors.*

A. Timeline

1. Previous FYQ4: The District Board Chair shall appoint a District Director as Chair of an Ad Hoc Committee and the Board shall approve the appointment of one additional District Director as a member of the Committee. The Board shall also approve the appointment of up to two advisors to the Ad Hoc Committee. One advisor should be a Non Hospital Director member of the El Camino Hospital Governance Committee (who has been referred by the Chair of the Governance Committee) and the other should be a Hospital Director who is not a member of the District Board (who has been referred by the Chair of the El Camino Hospital Board).
2. FYQ1 – Regular District Board Meeting:
   Prior to Meeting, District Board Chair (i) asks the El Camino Hospital Director, who is not also a member of the District Board whose term is next to expire (Non District Board Member "NDBM") to declare interest and (ii) informs the District Board of intent (via Board packet).
3. FYQ2 – Regular District Board Meeting:
   a. Prior to the Meeting:
      i. District and Hospital Board Members: Complete the ECH Board Competency Matrix Survey and, unless the Ad Hoc Committee votes not to use it in a given year, ECH Board Member Re-Election Report Survey.
      ii. District Board Members: Review Position Specification in place at time of election to the Hospital Board and the ECH Board Member NDBM Job Description.
   b. At the Meeting: Discuss portfolio of skills needs.
4. FYQ2 – Regular District Board Meeting:
   a. Prior to the Meeting:
      i. Ad Hoc committee analyzes evaluations, (3) (a) above, interviews the NDBM, and develops recommendation regarding re-election of NDBM to the Hospital Board.
      ii. Hospital Board, on the recommendation of the Governance Committee proposes a revised Position Description to the District Board.
   b. At the Meeting:
      i. District Board considers re-election of NDBM.
      ii. If NDBM is re-elected, the Hospital Board shall be notified.

iii. If NDBM is not re-elected, the District Board will authorize external recruitment of a new NDBM.

iv. If there are any mid-term vacancies or other open seats on the Hospital Board the District Board will authorize a timeline for recruitment to fill those seats.

5. FYQ2 or Q3 – Begin external search as authorized in Section 4(b)(iii) and (iv) if necessary.
6. FYQ2 or Q3 – Regular District Board Meeting:
    a. Ad Hoc Committee to present an interim update to the District Board.
        i. Incorporate Board feedback into further recruitment efforts.
        ii. Plan for interviews – direct staff to schedule.
7. FYQ3 or Q4 – Regular District Board Meeting:
    a. Prior to the Meeting: Ad Hoc Committee to summarize interviews for the Board packet and make a recommendation to the District Board
    b. District Board Considers AD Hoc Committee recommendation and votes to elect new NDBM(s) to the Hospital Board.
8. This process to be confirmed by the District Board annually when the process is complete.
9. The following matters are delegated to the El Camino Hospital Board Governance Committee:
    a. FYQ3 – Review and recommend changes to the survey tools identified in section 3(a)(i).
    b. FYQ3 – Review and recommend changes to this process.
    c. FYQ3 – Review and recommend changes to NDBM Position Specification and Job Description.
    d. Participate in the recruitment effort of new NDBM by referring a member to advise the Ad Hoc Committee as described in #1 above.

B. <u>General Competencies</u>
1. Understanding of the vital role El Camino Hospital plays in the broader region.
2. Loyalty to El Camino Hospital's charitable purposes.
3. Knowledge of healthcare reform (Affordable Care Act) implications.
4. Ability to understand and monitor the following:
    a. Diverse portfolio of businesses and programs
    b. Complex partnerships with clinicians
    c. Programs to create a continuum of care
    d. Investment in technology
    e. Assumption of risk for population health
    f. Resource allocation
    g. Quality metrics
5. Commitment to continuing learning.
6. Demonstrated strategic thinking.
7. Efforts to recruit potential Advisory Committee members.
8. Understanding and support of the role the District Board plays in Governance of the 501(c)(3) corporation.

C. Portfolio Skill Set
   1. Complementary to skill sets of other Board members (gap-filling).
   2. Applicable to the then current market. (See, Competency Matrix)

D. Other Criteria
   1. Positive working relationship with other Board members.
   2. Productive working relationship with the El Camino Hospital CEO.
   3. Attendance at Board and Committee meetings.
   4. See, Competency Matrix.

**Approved 12/9/2014; revised 3/17/2015; revised 6/14/2016; revised 1/25/2017, revised 10/17/2017*

NYGREN CONSULTING
GOVERNANCE STRATEGY LEADERSHIP

El Camino Hospital

Corporate Compliance, Privacy and Audit Committee
FY2017-18 Assessment Report

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Submitted on: January 25, 2018
Prepared for: Corporate Compliance, Privacy and Audit Committee
Prepared by: JoAnn McNutt, PhD and Zach Morfín, PhD

Introduction

Background

In keeping with the ECH Hospital Board's commitment to effective governance, Nygren Consulting was engaged to conduct the biennial performance assessment of the board committees, providing them with an opportunity to reflect on their performance during the Fiscal Year 2017-2018. The goal of the assessment was to identify the committees' strengths and areas for improvement, which would be integrated into their annual goals. This report provides the results of the Corporate Compliance, Privacy and Audit Committee's ("Compliance Committee") self-assessment.

Interpreting the Results

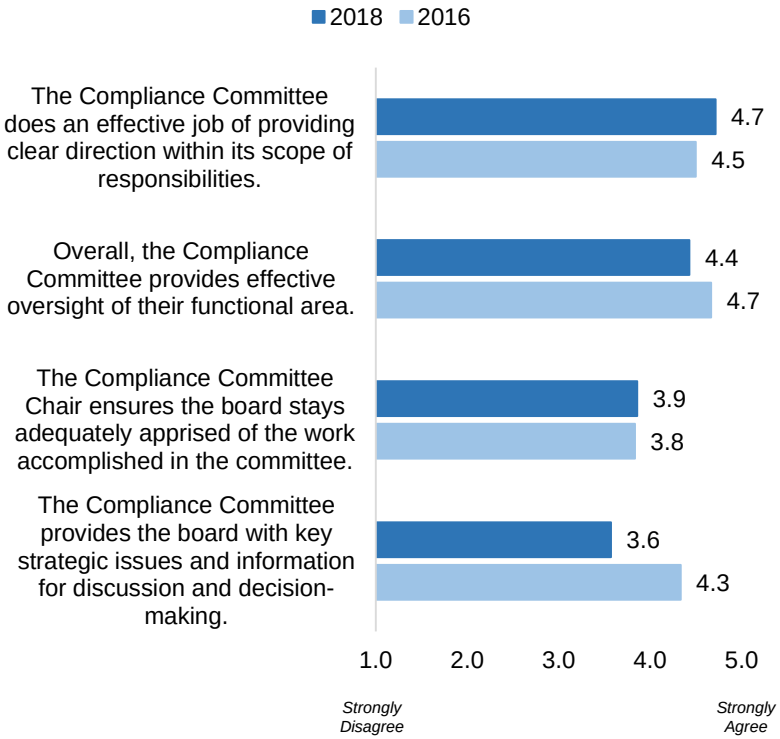
The Compliance Committee assessment tool was comprised of twelve core items and three open-ended questions that applied to all committees, as well as six committee-specific items. Please note that because committee assessments are conducted on a biennial basis, the year-over-year analysis compares the committee's performance in 2018 against 2016.

The purpose of the assessment was to provide directional feedback to the Compliance Committee. The quantitative scores herein are meant to provide insight into how the Compliance Committee perceives its own performance. The assessment is not intended to provide statistically significant results, which cannot be achieved with a small sample size. Average scores are rounded to the nearest tenth decimal point as this will show variation in the ratings.

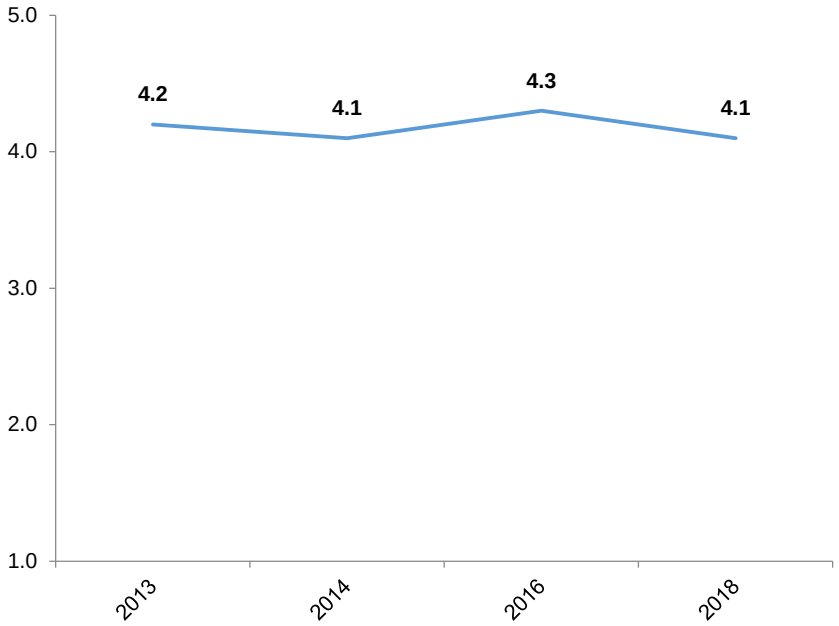
We set 3.5 as the threshold to determine whether a response is favorable. It is rare to achieve a perfect score of 5.0. Occasionally, we see an average score of 4.5 and above on exceptional cases.

Hospital Board's Assessment of the Compliance Committee

Board's Assessment of the Compliance Committee on the Four Standard Items



Board's Assessment of the Compliance Committee Over Time



High-Level Summary of the Committee's Self-Assessment

Participation:

- 11 out of 11 stakeholders participated in the assessment (100%):
  - Non-director committee members = 3
  - Board members = 3
  - Executive leadership team members = 5

Self-Assessment Averages:

2018 = 4.1

2016 = 4.1

2014 = 4.5

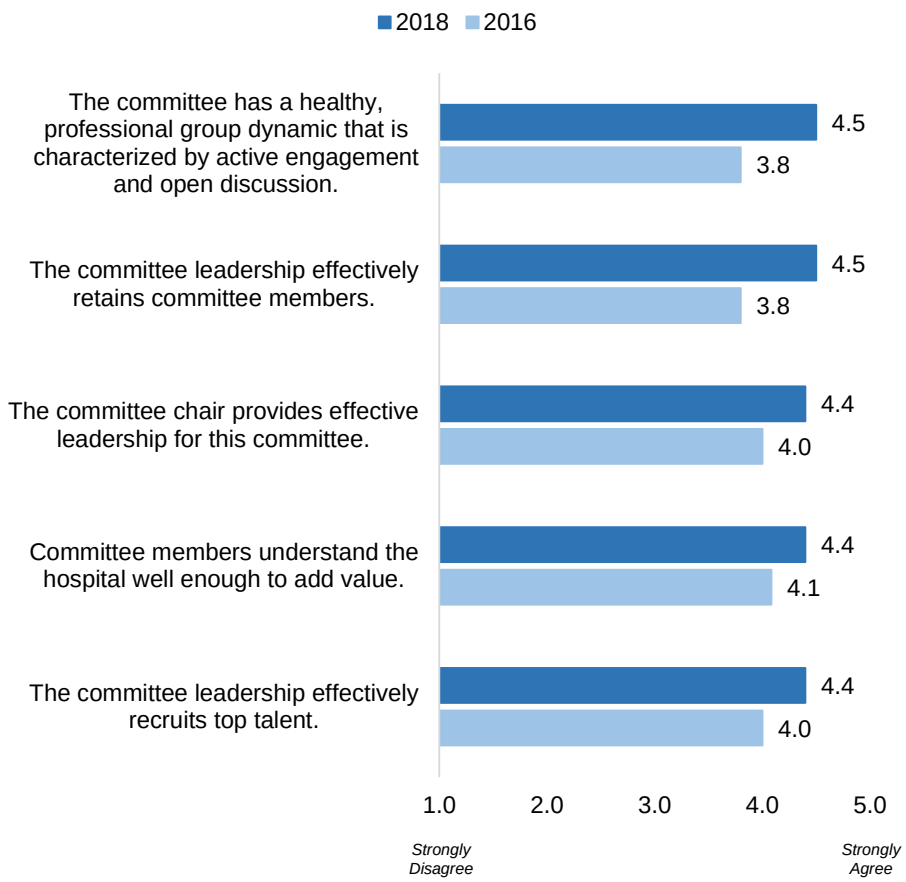
2013 = 4.4

Key Findings:

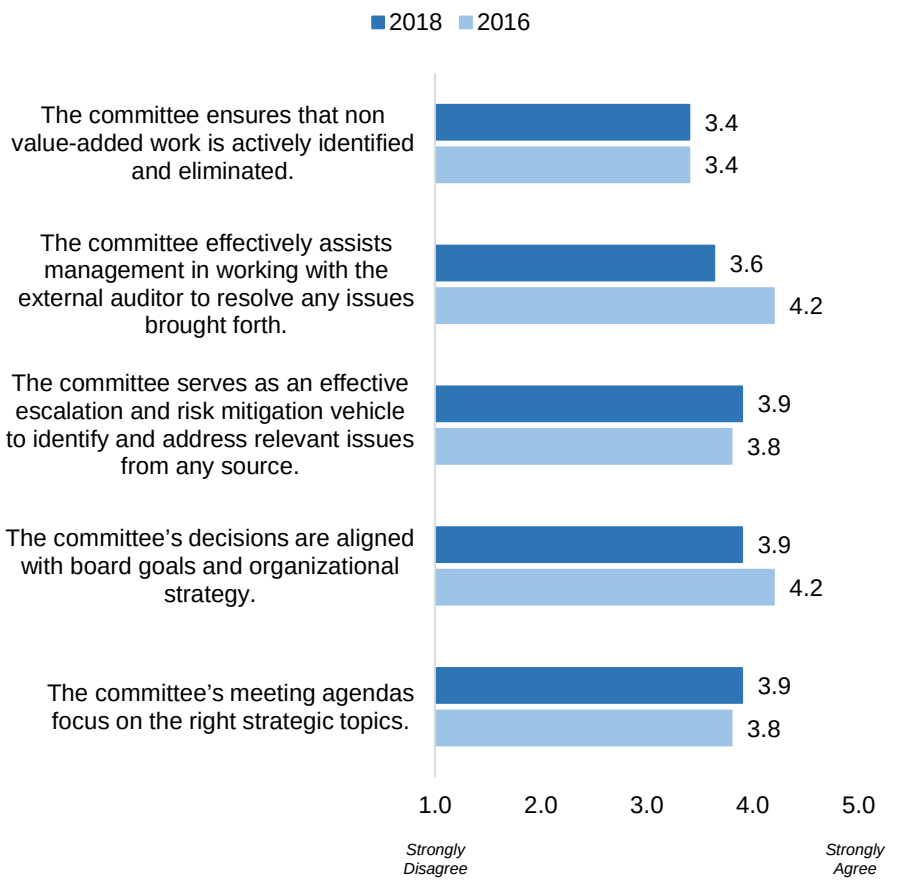
- The committee rated its overall performance the same as in 2016. That said, there were a few notable changes in how certain items were scored. Those that showed the greatest increases are the following:
  - The committee leadership effectively retains committee members. (+0.7)
  - The committee has a healthy, professional group dynamic that is characterized by active engagement and open discussion. (+0.7)
- Items that showed that greatest decreases are the following:
  - The committee effectively assists management in working with the external auditor to resolve any issues brought forth. (-0.6)
- Open-ended comments pointed to the need for the following:
  - Tighter focus on strategy, risk, and mission, and less time spent on ERM and operational details
  - More in-depth information about privacy, compliance requirements and training
  - Higher quality materials that focus on key issues, and that are not so lengthy
  - More collaboration with the board and the Governance and Quality Committees, as appropriate

Highest and Lowest Rated Items

Highest Rated Items



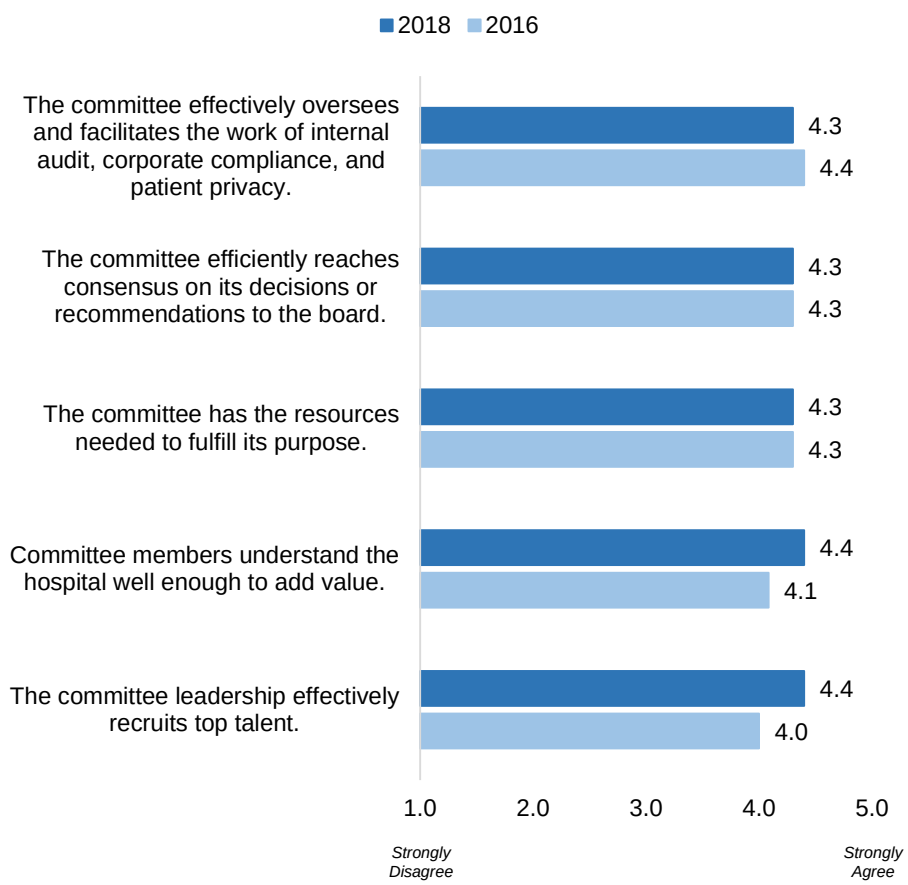
Lowest Rated Items



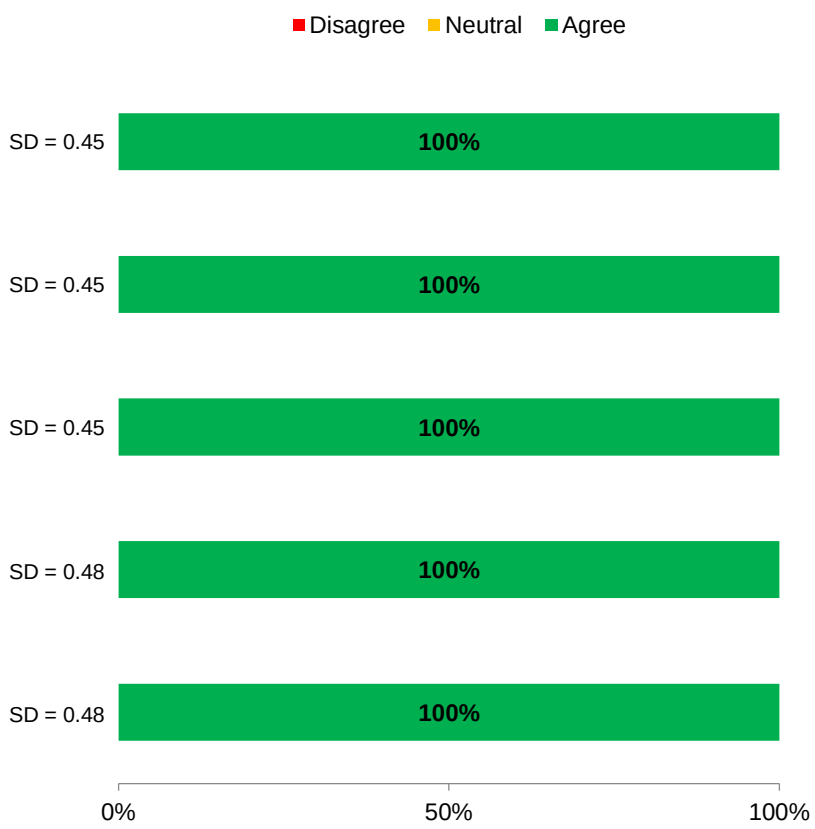
Areas of Greatest Agreement

Areas of agreement are determined by the standard deviation (SD), which is a measure of the dataset's spread around the mean. Higher standard deviations relate to a lower consistency or agreement across ratings for a particular survey item. The lower the SD, the greater agreement there is among respondents. The higher the SD, the less agreement there is among respondents. The distribution of ratings shows the corresponding number of individual ratings of 1 or 2, neutral responses of 3, and favorable responses of 4 or 5.

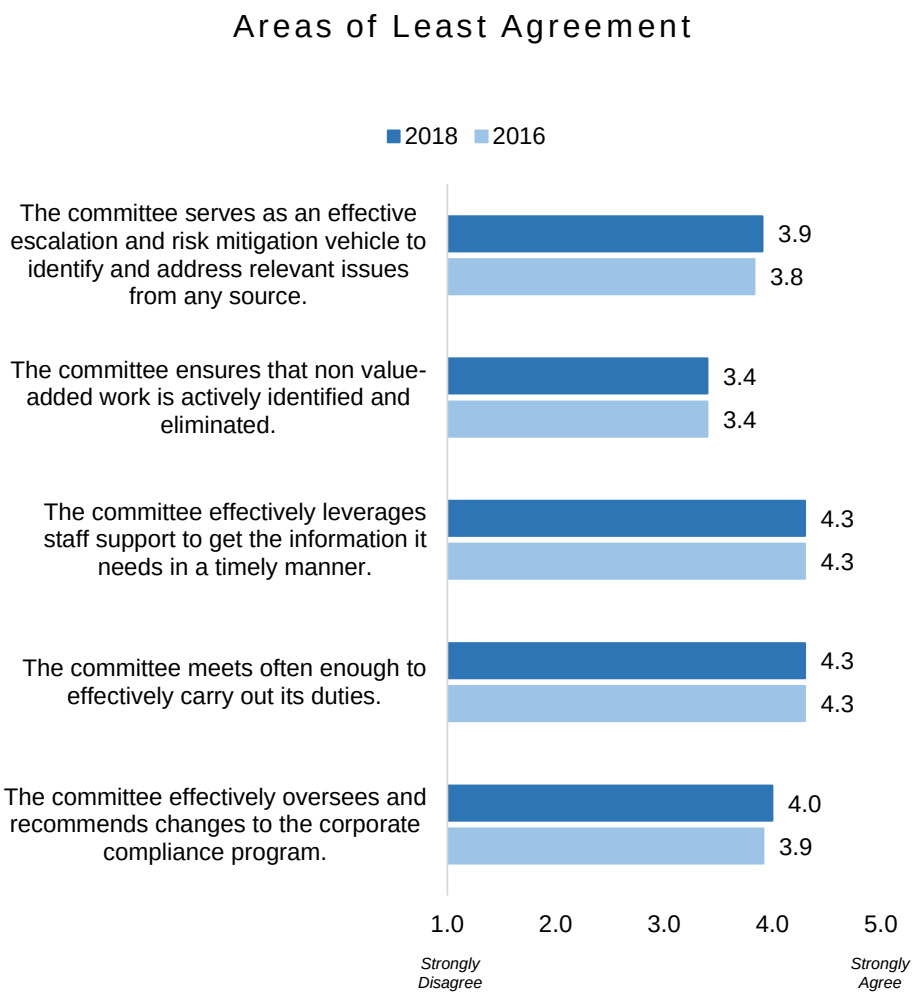
Areas of Greatest Agreement

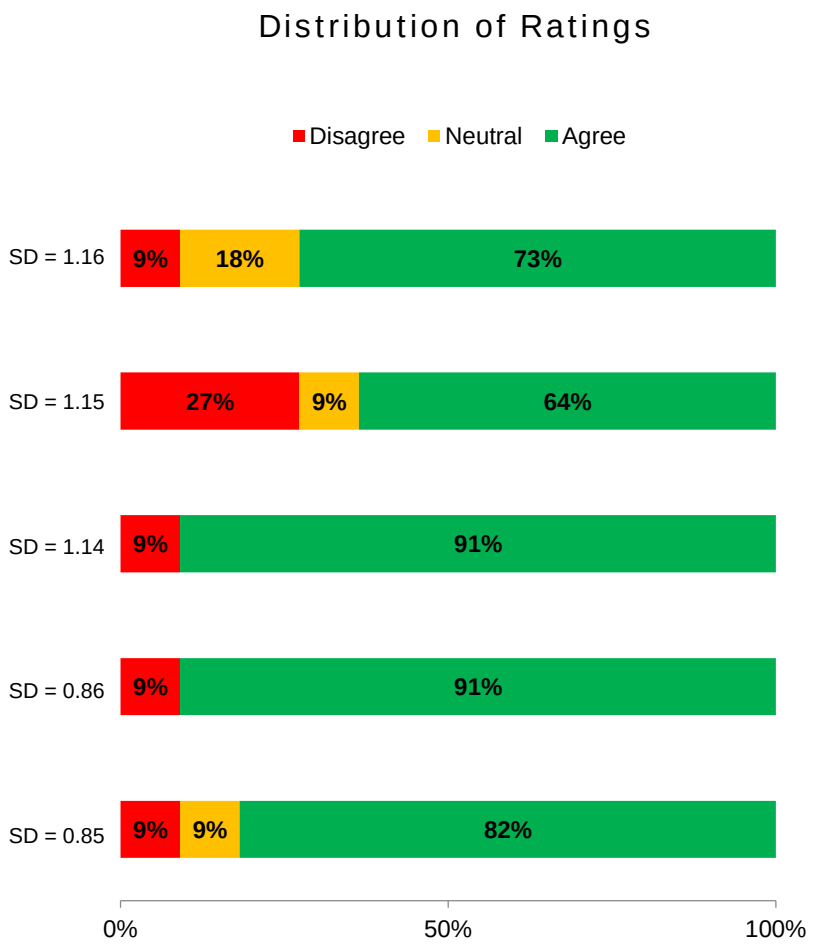


Distribution of Ratings



Areas of Least Agreement





Detailed Results by Item

The table below shows all survey items, sorted highest to lowest by 2018 rating. The *Difference* column represents the difference in ratings between the committee's 2018 vs. 2016 ratings. A positive difference indicates items where committee members rated the committee's performance **higher** than in 2016. Conversely, a negative difference indicates where members rated the committee's performance **lower** than in 2016**.**

Items Sorted Highest to Lowest by Stakeholder Rating	2018	2016	N	Difference
The committee leadership effectively retains committee members.	4.5	3.8	11	0.7
The committee has a healthy, professional group dynamic that is characterized by active engagement and open discussion.	4.5	3.8	11	0.7
The committee chair provides effective leadership for this committee.	4.4	4.0	10	0.4
The committee leadership effectively recruits top talent.	4.4	4.0	11	0.4
Committee members understand the hospital well enough to add value.	4.4	4.1	11	0.3
The committee meets often enough to effectively carry out its duties.	4.3	4.3	11	0.0
The committee effectively leverages staff support to get the information it needs in a timely manner.	4.3	4.3	11	0.0
The committee has the resources needed to fulfill its purpose.	4.3	4.3	11	0.0
The committee efficiently reaches consensus on its decisions or recommendations to the board.	4.3	4.3	11	0.0
The committee effectively oversees and facilitates the work of internal audit, corporate compliance, and patient privacy.	4.3	4.4	11	-0.1
The committee effectively oversees and makes recommendations on the selection and work of the external auditor.	4.3	4.0	11	0.3
The committee effectively oversees and recommends changes to the corporate compliance program.	4.0	3.9	11	0.1
The committee actively encourages continuous improvement of policies and procedures for corporate accountability, integrity, and privacy.	4.0	4.4	11	-0.4
The committee's meeting agendas focus on the right strategic topics.	3.9	3.8	11	0.1
The committee's decisions are aligned with board goals and organizational strategy.	3.9	4.2	11	-0.3
The committee serves as an effective escalation and risk mitigation vehicle to identify and address relevant issues from any source.	3.9	3.8	11	0.1
The committee effectively assists management in working with the external auditor to resolve any issues brought forth.	3.6	4.2	11	-0.6
The committee ensures that non value-added work is actively identified and eliminated.	3.4	3.4	11	-0.1

Thematic Summaries of the Qualitative Feedback

Opportunities for Improvement

- A few committee members shared their appreciation for the quality of the meeting materials and responsiveness from management. At the same time, while there has been improvement, a few said the materials are too detailed and lengthy.
- Two members suggested tightening the committee's agendas by reducing the number of topics and focusing on the vital few decisions and key areas of input.
- Several shared that the committee's agendas do not make an explicit connection to the hospital's strategy or mission, and that the committee needs to be more informed and proactive when it comes to strategy and risk.
- The Enterprise Risk Management program seems to have taken a disproportionate amount of time on the committee's agenda, though still requires monitoring.
- More collaboration with the board and the Quality and Governance Committees was requested.
- Two individuals commented that more information regarding compliance requirements and training would be helpful.

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El Camino Hospital

Executive Compensation Committee
FY2017-18 Assessment Report

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Submitted on: January 25, 2018
Prepared for: Executive Compensation Committee
Prepared by: JoAnn McNutt, PhD and Zach Morfín, PhD

Introduction

Background

In keeping with the ECH Hospital Board's commitment to effective governance, Nygren Consulting was engaged to conduct the biennial performance assessment of the board committees, providing them with an opportunity to reflect on their performance during the Fiscal Year 2017-2018. The goal of the assessment was to identify the committees' strengths and areas for improvement, which would be integrated into their annual goals. This report provides the results of the Executive Compensation Committee's self-assessment.

Interpreting the Results

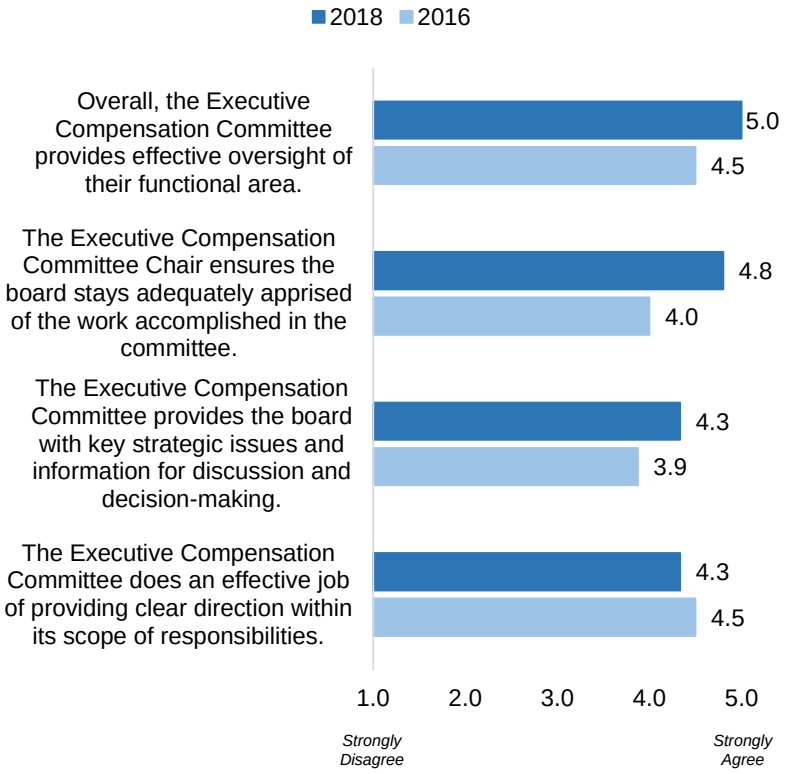
The Executive Compensation Committee assessment tool was comprised of twelve core items and three open-ended questions that applied to all committees, as well as six committee-specific items. Please note that because committee assessments are conducted on a biennial basis, the year-over-year analysis compares the committee's performance in 2018 against 2016.

The purpose of the assessment was to provide directional feedback to the Executive Compensation Committee. The quantitative scores herein are meant to provide insight into how the Executive Compensation Committee perceives its own performance. The assessment is not intended to provide statistically significant results, which cannot be achieved with a small sample size. Average scores are rounded to the nearest tenth decimal point as this will show variation in the ratings.

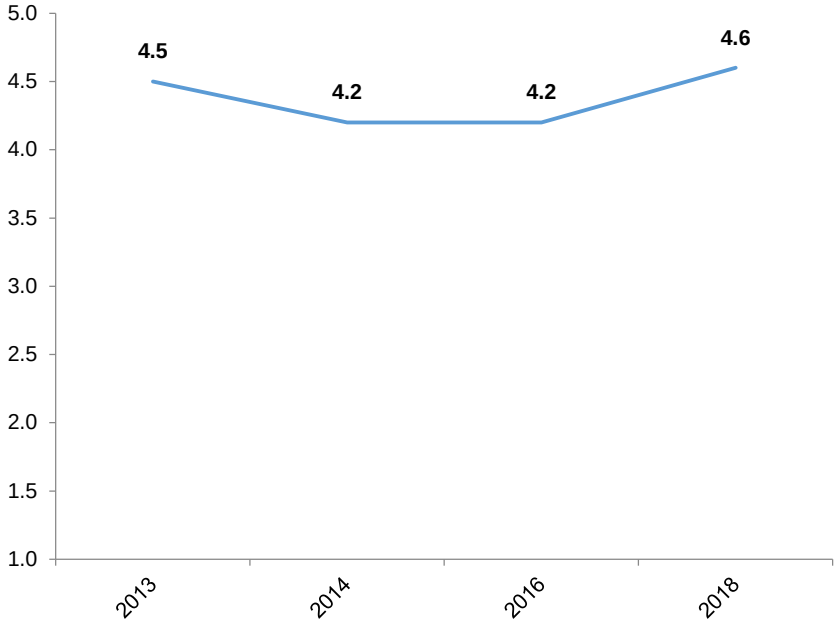
We set 3.5 as the threshold to determine whether a response is favorable. It is rare to achieve a perfect score of 5.0. Occasionally, we see an average score of 4.5 and above on exceptional cases.

Hospital Board's Assessment of the Executive Compensation Committee

Board's Assessment of the Executive Compensation Committee on the Four Standard Items



Board's Assessment of the Executive Compensation Committee Over Time



High-Level Summary of the Committee's Self-Assessment

Participation:

- 9 out of 9 stakeholders participated in the assessment (100%):
  - Non-director committee members = 4
  - Board members = 2
  - Executive leadership team members = 3

Self-Assessment Averages:

2018 = 4.2

2016 = 4.2

2014 = 4.5

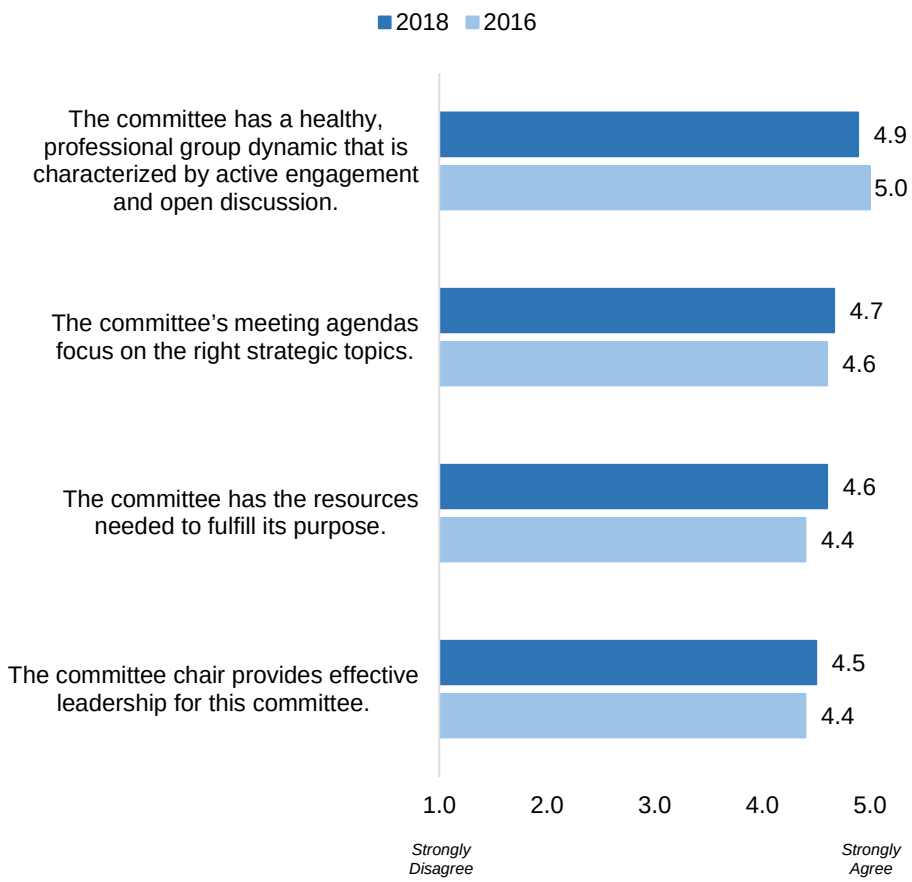
2013 = 4.6

Key Findings:

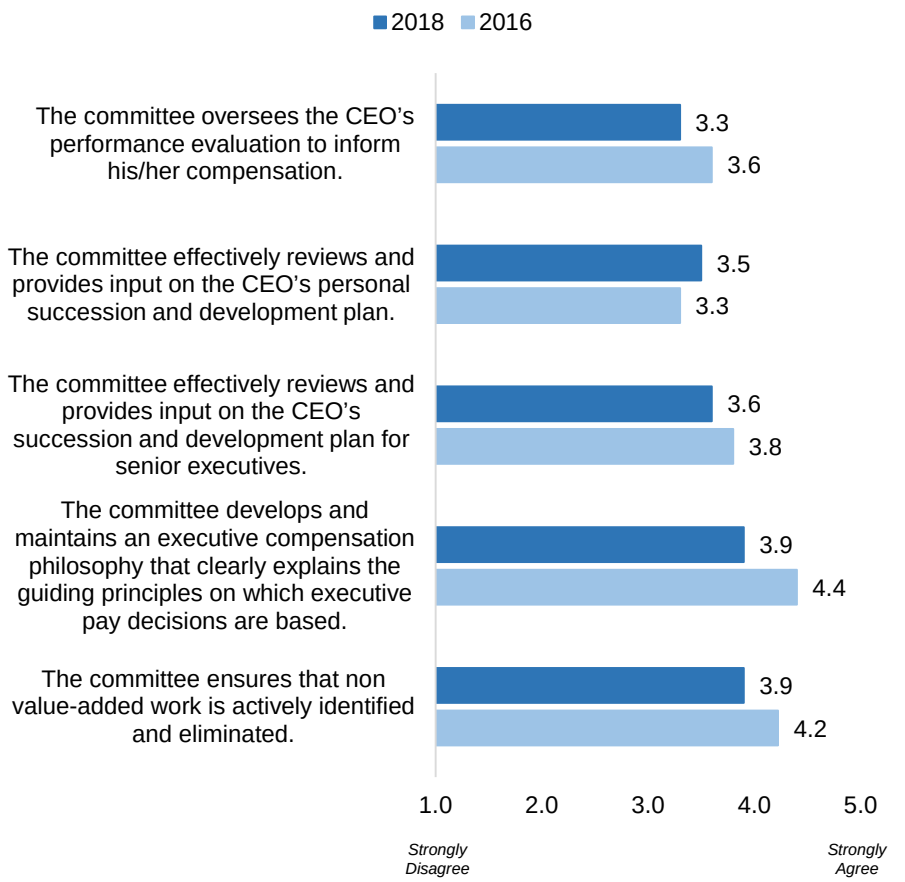
- The committee rated its overall performance the same as in 2016. There was only one item that showed a notable decrease this year:
  - The committee develops and maintains an executive compensation philosophy that clearly explains the guiding principles on which executive pay decisions are based. (-0.5)
- Open-ended comments pointed to the following:
  - Committee members' role vis-à-vis management is clearer and the quality of materials is adequate
  - The committee lacks a clear understanding of the CEO's priorities and board goals, which is needed to articulate what a successful executive compensation and development program looks like
  - Committee recommendations to the board should be clarified or packaged better; ensure the committee has a clear understanding of the board's receptivity to its recommendations
  - The committee should clarify its role when it comes to reviewing the CEO's performance and development plans

Highest and Lowest Rated Items

Highest Rated Items



Lowest Rated Items



Areas of Greatest Agreement

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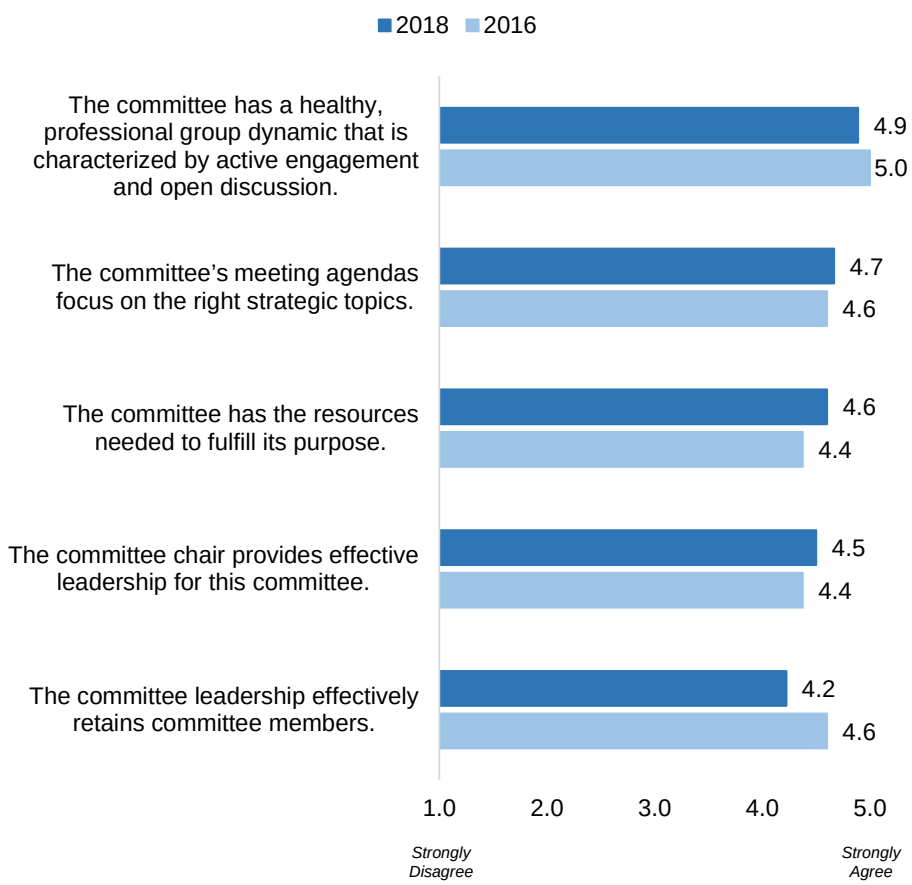
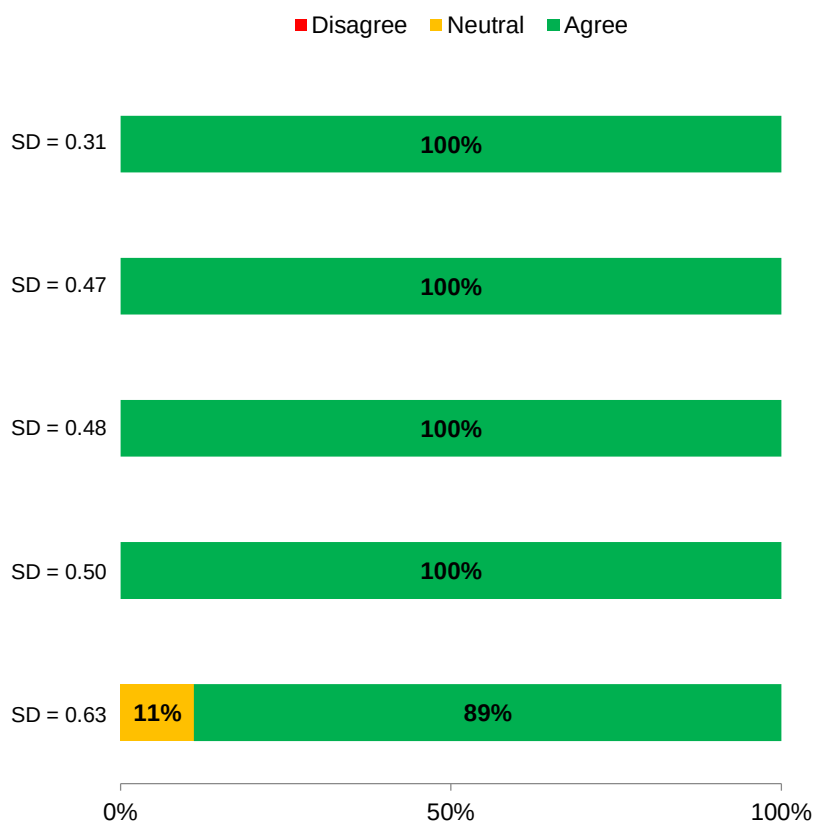
Areas of Greatest Agreement

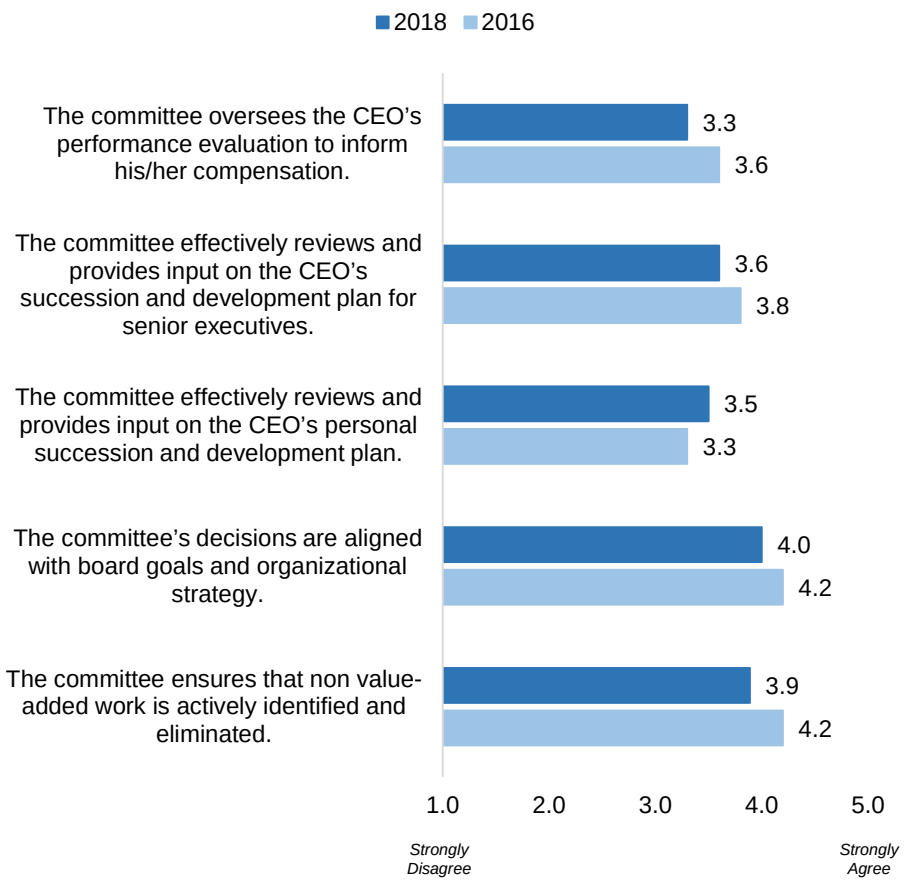


Distribution of Ratings



Areas of Least Agreement

Areas of Least Agreement



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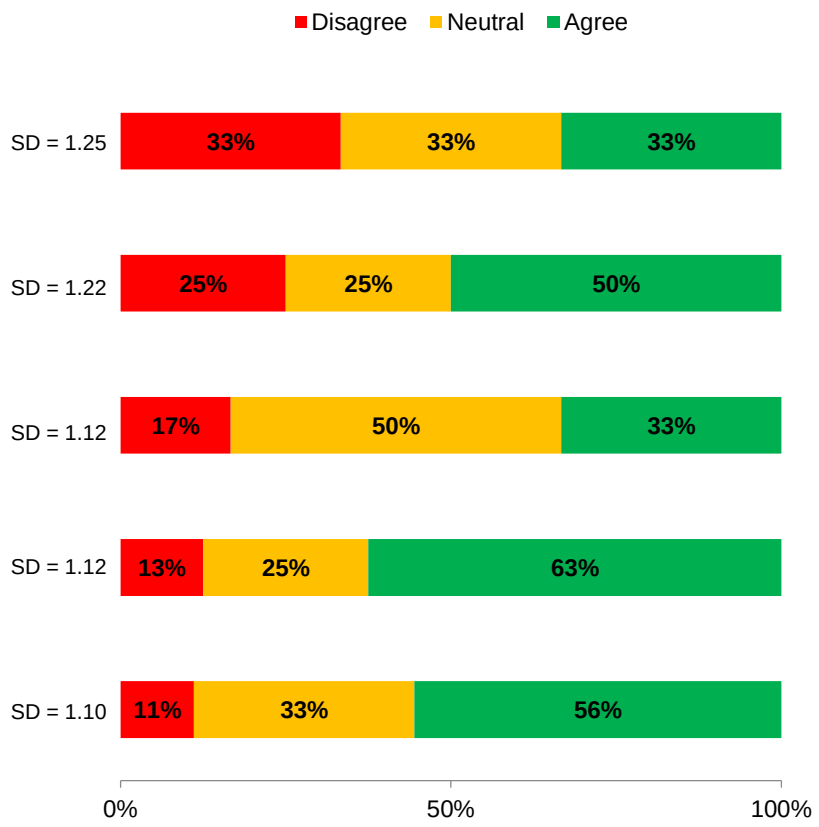

Detailed Results by Item

The table below shows all survey items, sorted highest to lowest by 2018 rating. The *Difference* column represents the difference in ratings between the committee's 2018 vs. 2016 ratings. A positive difference indicates items where committee members rated the committee's performance **higher** than in 2016. Conversely, a negative difference indicates where members rated the committee's performance **lower** than in 2016**.**

Items Sorted Highest to Lowest by Stakeholder Rating	2018	2016	N	Difference
The committee has a healthy, professional group dynamic that is characterized by active engagement and open discussion.	4.9	5.0	9	-0.1
The committee's meeting agendas focus on the right strategic topics.	4.7	4.6	9	0.1
The committee has the resources needed to fulfill its purpose.	4.6	4.4	8	0.2
The committee chair provides effective leadership for this committee.	4.5	4.4	8	0.1
The committee effectively leverages staff support to get the information it needs in a timely manner.	4.4	4.0	9	0.4
The committee leadership effectively recruits top talent.	4.3	4.1	9	0.2
The committee meets often enough to effectively carry out its duties.	4.3	4.3	9	0.0
The committee efficiently reaches consensus on its decisions or recommendations to the board.	4.3	4.3	9	0.0
The committee reviews and maintains an executive compensation and benefit program consistent with the board-approved executive compensation policies.	4.3	4.4	9	-0.1
The committee leadership effectively retains committee members.	4.2	4.6	9	-0.4
The committee develops and maintains executive compensation policies in line with the board-approved executive compensation philosophy.	4.2	4.2	9	0.0
Committee members understand the hospital well enough to add value.	4.0	4.4	9	-0.4
The committee's decisions are aligned with board goals and organizational strategy.	4.0	4.2	8	-0.2
The committee ensures that non value-added work is actively identified and eliminated.	3.9	4.2	9	-0.3
The committee develops and maintains an executive compensation philosophy that clearly explains the guiding principles on which executive pay decisions are based.	3.9	4.4	9	-0.5
The committee effectively reviews and provides input on the CEO's succession and development plan for senior executives.	3.6	3.8	8	-0.2
The committee effectively reviews and provides input on the CEO's personal succession and development plan.	3.5	3.3	*6	0.2
The committee oversees the CEO's performance evaluation to inform his/her compensation.	3.3	3.6	*6	-0.3

*Determine the reason for the low response.

Thematic Summaries of the Qualitative Feedback

Opportunities for Improvement

- The committee is moving in the right direction in terms of clarifying the role of the committee members vs. management, and there appears to be satisfaction with management responsiveness and quality of materials. They encourage management to continue on this path.
- The committee does not have sufficient clarity on the CEO's priorities or the board's goals, which is preventing a fuller understanding of what success looks like from an executive compensation and succession planning perspective.
- The committee is encouraged to clarify its recommendations to the board, ensuring they align with board goals and organizational mission, as well as ensure that the committee has a clear understanding of the board's response to its recommendations.
- The committee does not provide an in-depth review of the CEO's succession and development plans, which one individual shared is not part of the committee's purview.

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El Camino Hospital

Finance Committee
FY2017-18 Assessment Report

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Submitted on: January 25, 2018
Prepared for: Finance Committee
Prepared by: JoAnn McNutt, PhD and Zach Morfín, PhD

Introduction

Background

In keeping with the ECH Hospital Board's commitment to effective governance, Nygren Consulting was engaged to conduct the biennial performance assessment of the board committees, providing them with an opportunity to reflect on their performance during the Fiscal Year 2017-2018. The goal of the assessment was to identify the committees' strengths and areas for improvement, which would be integrated into their annual goals. This report provides the results of the Finance Committee's self-assessment.

Interpreting the Results

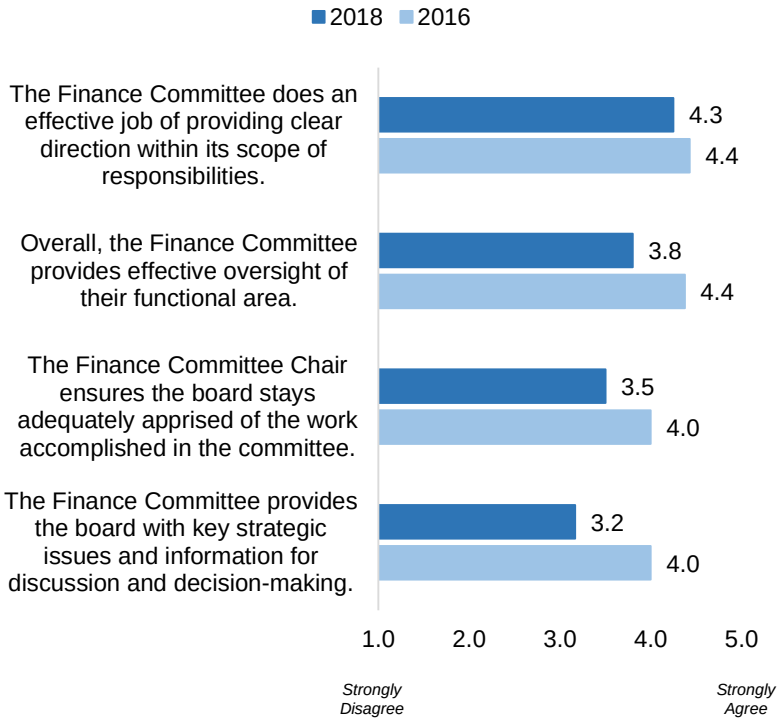
The Finance Committee assessment tool was comprised of twelve core items and three open-ended questions that applied to all committees, as well as five committee-specific items. Please note that because committee assessments are conducted on a biennial basis, the year-over-year analysis compares the committee's performance in 2018 against 2016.

The purpose of the assessment was to provide directional feedback to the Finance Committee. The quantitative scores herein are meant to provide insight into how the Finance Committee perceives its own performance. The assessment is not intended to provide statistically significant results, which cannot be achieved with a small sample size. Average scores are rounded to the nearest tenth decimal point as this will show variation in the ratings.

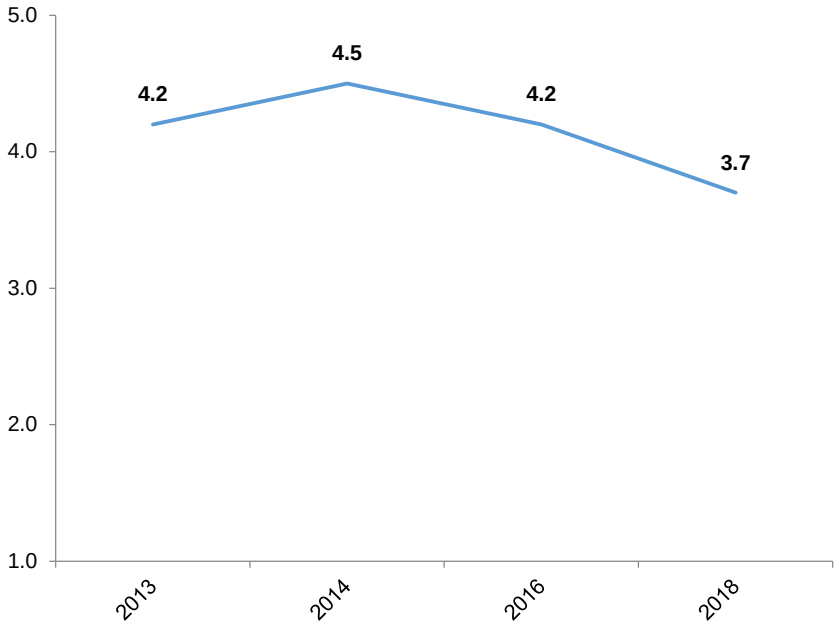
We set 3.5 as the threshold to determine whether a response is favorable. It is rare to achieve a perfect score of 5.0. Occasionally, we see an average score of 4.5 and above on exceptional cases.

Hospital Board's Assessment of the Finance Committee

Board's Assessment of the Finance Committee on the Four Standard Items



Board's Assessment of the Finance Committee Over Time



High-Level Summary of the Committee's Self-Assessment

Participation:

- 9 out of 9 stakeholders participated in the assessment (100%):
  - Non-director committee members = 4
  - Board members = 2
  - Executive leadership team members = 3

Key Findings:

- The committee rated its overall performance the same as in 2016. There was only one item that showed a notable increase this year:
  - The committee leadership effectively recruits top talent. (+0.7)
- Open-ended comments pointed to the need for the following:
  - More strategic discussion informed by an in-depth understanding of the hospital's strategic financial goals and business plans
  - Improvement in materials with better presentation of data, particularly service line financial performance
  - Interaction and alignment with the board and other committees
  - Discussion of payer contracts

Self-Assessment Averages:

2018 = 4.3

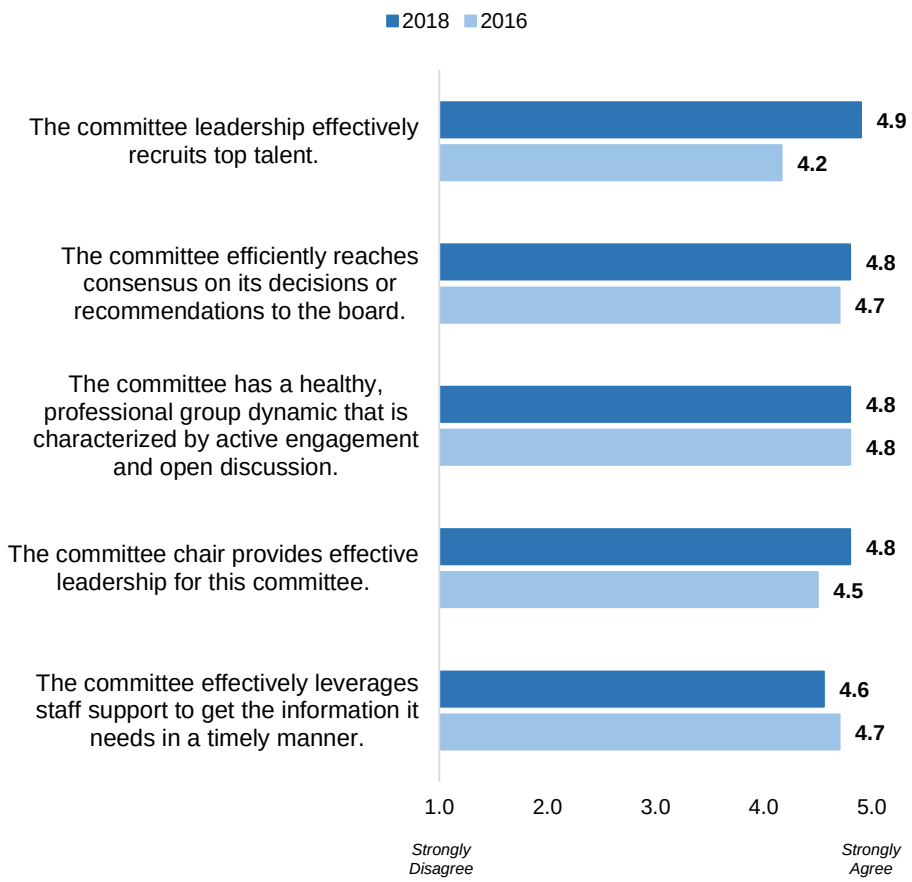
2016 = 4.3

2014 = 3.8

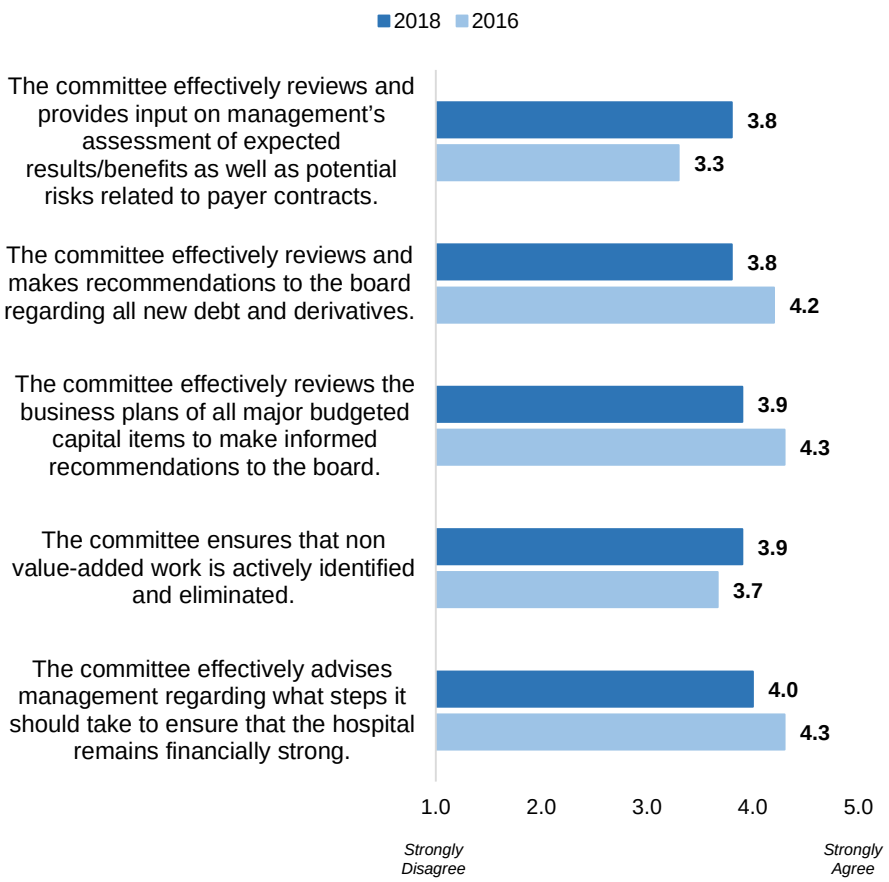
2013 = 3.6

Highest and Lowest Rated Items

Highest Rated Items



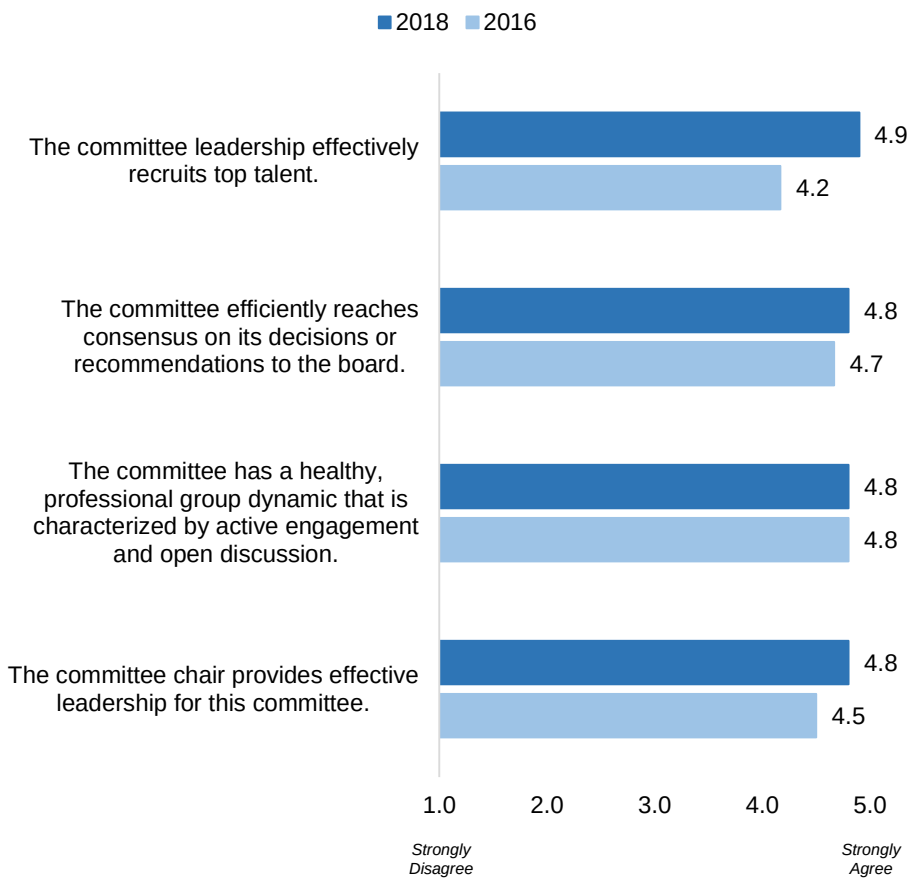
Lowest Rated Items



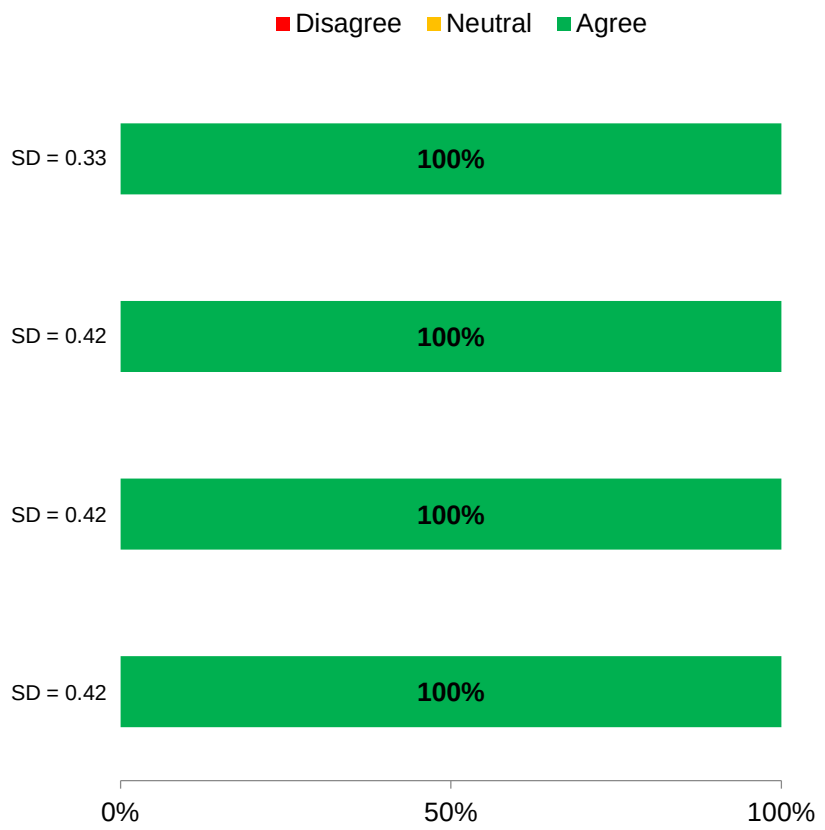
Areas of Greatest Agreement

Areas of agreement are determined by the standard deviation (SD), which is a measure of the dataset's spread around the mean. Higher standard deviations relate to a lower consistency or agreement across ratings for a particular survey item. The lower the SD, the greater agreement there is among respondents. The higher the SD, the less agreement there is among respondents. The distribution of ratings shows the corresponding number of individual ratings of 1 or 2, neutral responses of 3, and favorable responses of 4 or 5.

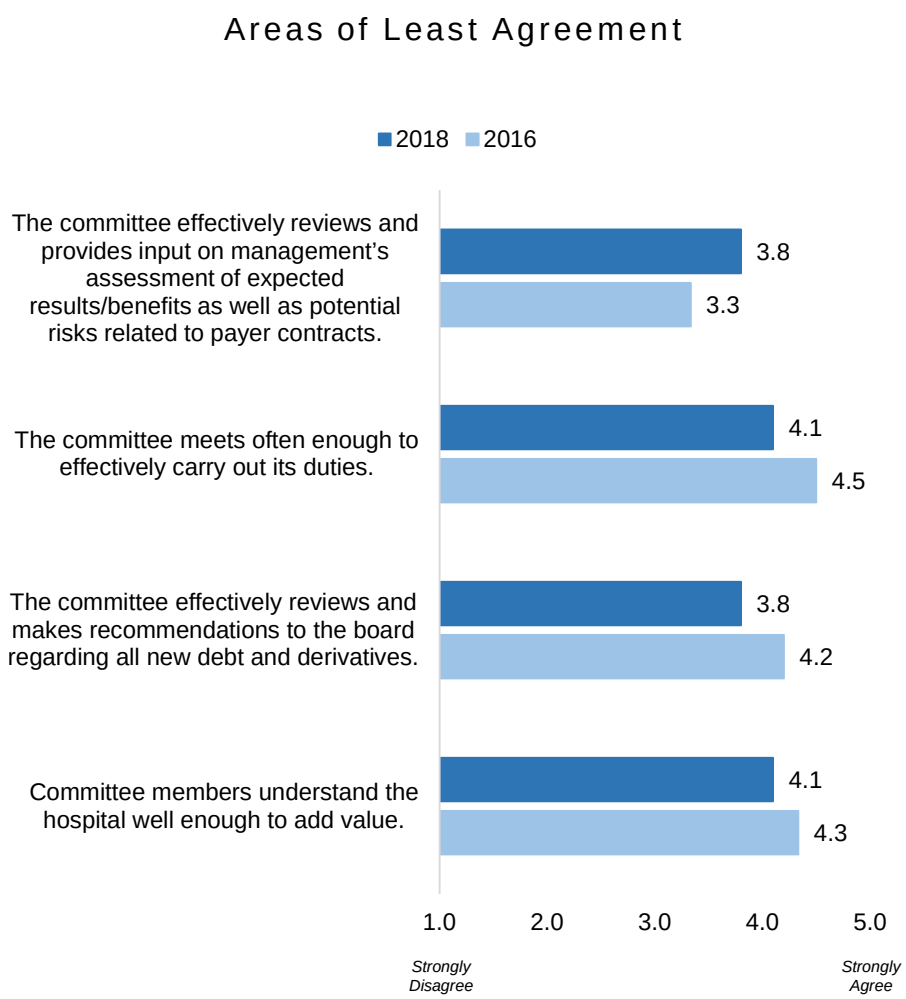
Areas of Greatest Agreement

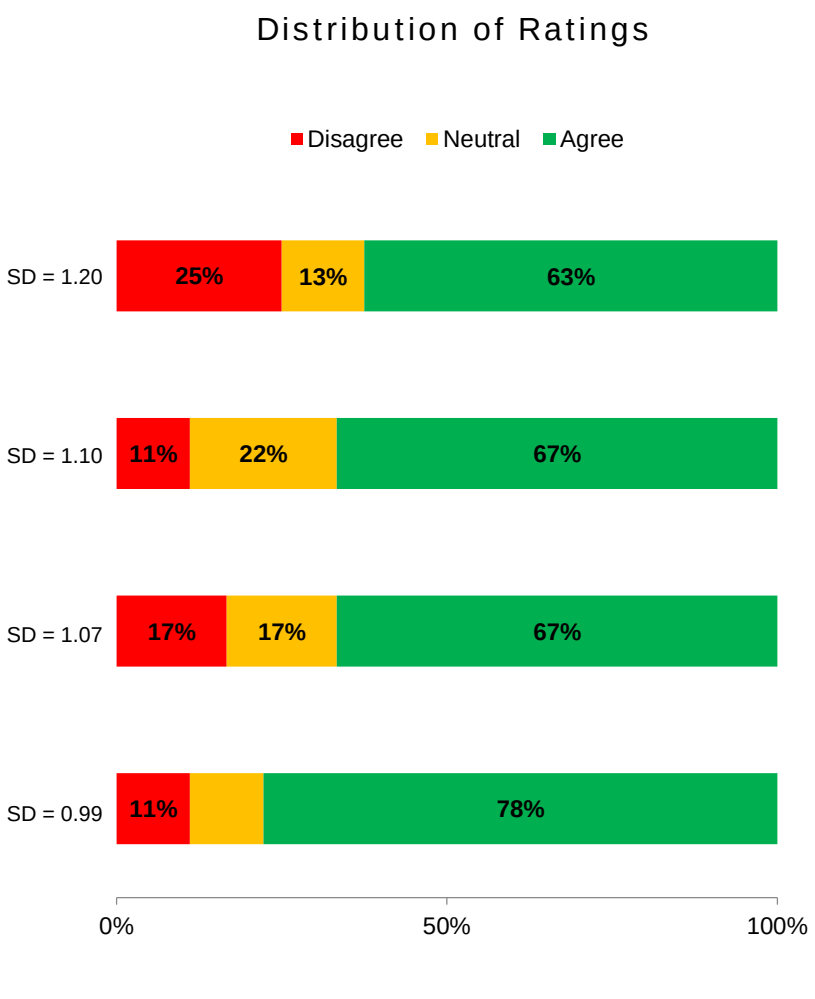


Distribution of Ratings



Areas of Least Agreement





Detailed Results by Item

The table below shows all survey items, sorted highest to lowest by 2018 rating. The *Difference* column represents the difference in ratings between the committee's 2018 vs. 2016 ratings. A positive difference indicates items where committee members rated the committee's performance **higher** than in 2016. Conversely, a negative difference indicates where members rated the committee's performance **lower** than in 2016**.**

Items Sorted Highest to Lowest by Stakeholder Rating	2018	2016	N	Difference
The committee leadership effectively recruits top talent.	4.9	4.2	8	0.7
The committee chair provides effective leadership for this committee.	4.8	4.5	9	0.3
The committee has a healthy, professional group dynamic that is characterized by active engagement and open discussion.	4.8	4.8	9	0.0
The committee efficiently reaches consensus on its decisions or recommendations to the board.	4.8	4.7	9	0.1
The committee effectively leverages staff support to get the information it needs in a timely manner.	4.6	4.7	9	-0.1
The committee has the resources needed to fulfill its purpose.	4.4	4.5	9	-0.1
The committee leadership effectively retains committee members.	4.4	4.3	8	0.1
The committee's decisions are aligned with board goals and organizational strategy.	4.3	4.3	9	0.0
The committee effectively advises management on how to improve its financial reporting in order to ensure accountability and ease of reading/understanding.	4.3	4.3	9	0.0
The committee meets often enough to effectively carry out its duties.	4.1	4.5	9	-0.4
Committee members understand the hospital well enough to add value.	4.1	4.3	9	-0.2
The committee's meeting agendas focus on the right strategic topics.	4.1	4.3	9	-0.2
The committee effectively advises management regarding what steps it should take to ensure that the hospital remains financially strong.	4.0	4.3	9	-0.3
The committee ensures that non value-added work is actively identified and eliminated.	3.9	3.7	9	0.2
The committee effectively reviews the business plans of all major budgeted capital items to make informed recommendations to the board.	3.9	4.3	9	-0.4
The committee effectively reviews and makes recommendations to the board regarding all new debt and derivatives.	3.8	4.2	6	-0.4
The committee effectively reviews and provides input on management's assessment of expected results/benefits as well as potential risks related to payer contracts.	3.8	3.3	8	0.5

*Determine the reason for the low response.

Thematic Summaries of the Qualitative Feedback

Opportunities for Improvement

- It would benefit the committee to have more in-depth discussions based on a fuller understanding of the hospital's strategic financial goals and business plans.
- A few individuals suggested increasing collaboration with the board and other committees to ensure alignment.
- Improvement of materials and presentation of data is needed, particularly regarding service line financial performance.
- Reviewing payer contracts was mentioned twice as needing focus.

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El Camino Hospital

Governance Committee
FY2017-18 Assessment Report

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Submitted on: January 25, 2018
Prepared for: Governance Committee
Prepared by: JoAnn McNutt, PhD and Zach Morfín, PhD

Introduction

Background

In keeping with the ECH Hospital Board's commitment to effective governance, Nygren Consulting was engaged to conduct the biennial performance assessment of the board committees, providing them with an opportunity to reflect on their performance during the Fiscal Year 2017-2018. The goal of the assessment was to identify the committees' strengths and areas for improvement, which would be integrated into their annual goals. This report provides the results of the Governance Committee's self-assessment.

Interpreting the Results

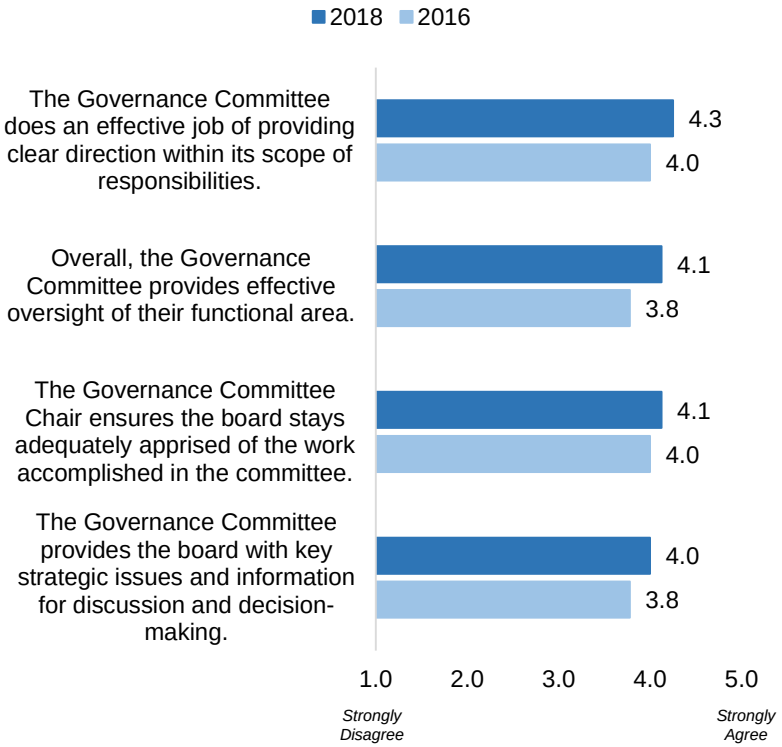
The Governance Committee assessment tool was comprised of twelve core items and three open-ended questions that applied to all committees, as well as six committee-specific items. Please note that because committee assessments are conducted on a biennial basis, the year-over-year analysis compares the committee's performance in 2018 against 2016.

The purpose of the assessment was to provide directional feedback to the Governance Committee. The quantitative scores herein are meant to provide insight into how the Governance Committee perceives its own performance. The assessment is not intended to provide statistically significant results, which cannot be achieved with a small sample size. Average scores are rounded to the nearest tenth decimal point as this will show variation in the ratings.

We set 3.5 as the threshold to determine whether a response is favorable. It is rare to achieve a perfect score of 5.0. Occasionally, we see an average score of 4.5 and above on exceptional cases.

Hospital Board's Assessment of the Governance Committee

Board's Assessment of the Governance Committee on the Four Standard Items



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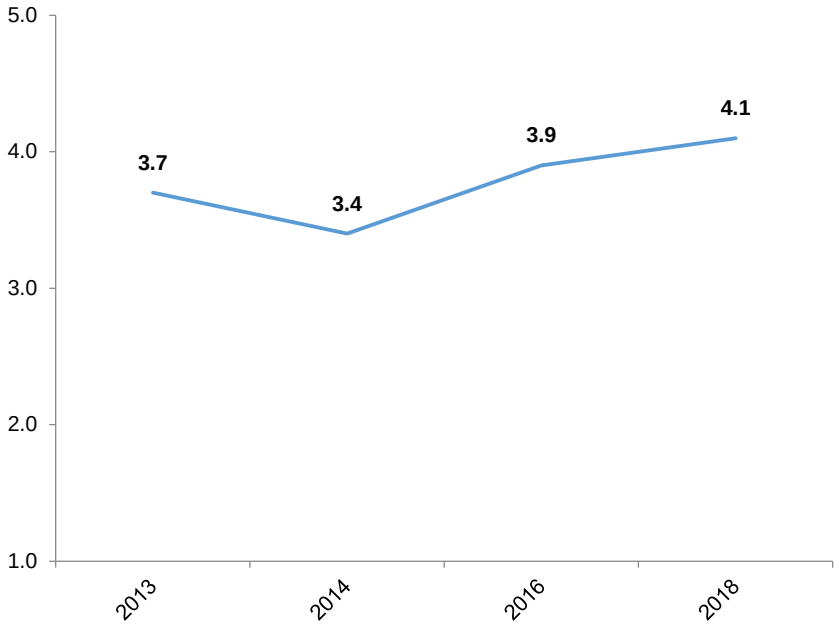


High-Level Summary of the Committee's Self-Assessment

Participation:

- 7 out of 7 stakeholders participated in the assessment (100%):
  - Non-director committee members = 3
  - Board members = 2
  - Executive leadership team members = 2

Self-Assessment Averages:

2018 = 4.2

2016 = 4.0

2014 = 3.3

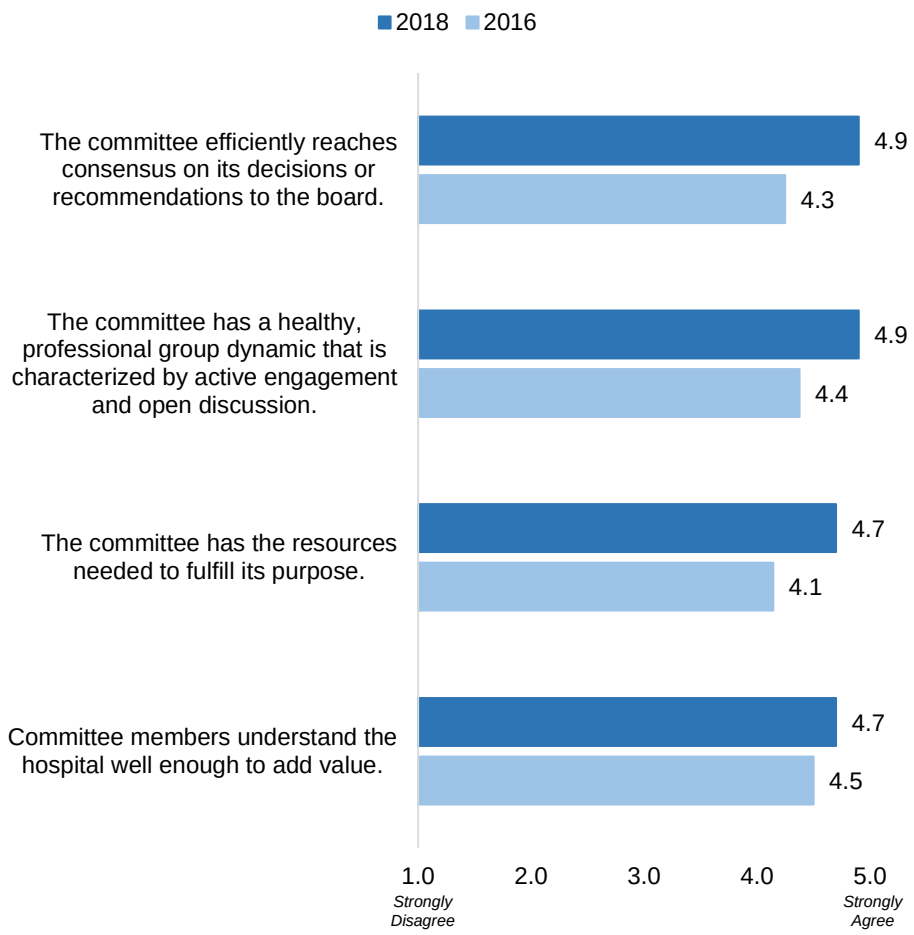
2013 = 3.8

Key Findings:

- The committee rated its performance higher on 13 out of the 18 items when compared to 2018. The items that showed the greatest increases are the following:
  - The committee efficiently reaches consensus on its decisions or recommendations to the board. (+0.6)
  - The committee has the resources needed to fulfill its purpose. (+0.6)
  - The committee's decisions are aligned with board goals and organizational strategy. (+0.6)
- Items that showed that greatest decreases are the following:
  - The committee effectively monitors board effectiveness and recommends improvements to the board and committees. (-0.6)
  - The committee effectively leverages staff support to get the information it needs in a timely manner. (-0.3)
- Open-ended comments pointed to the need for the following:
  - Greater support for the board to improve governance effectiveness
  - Continued focus on building relationships across governing entities
  - Ensuring meeting materials are of the highest quality

Highest and Lowest Rated Items

Highest Rated Items



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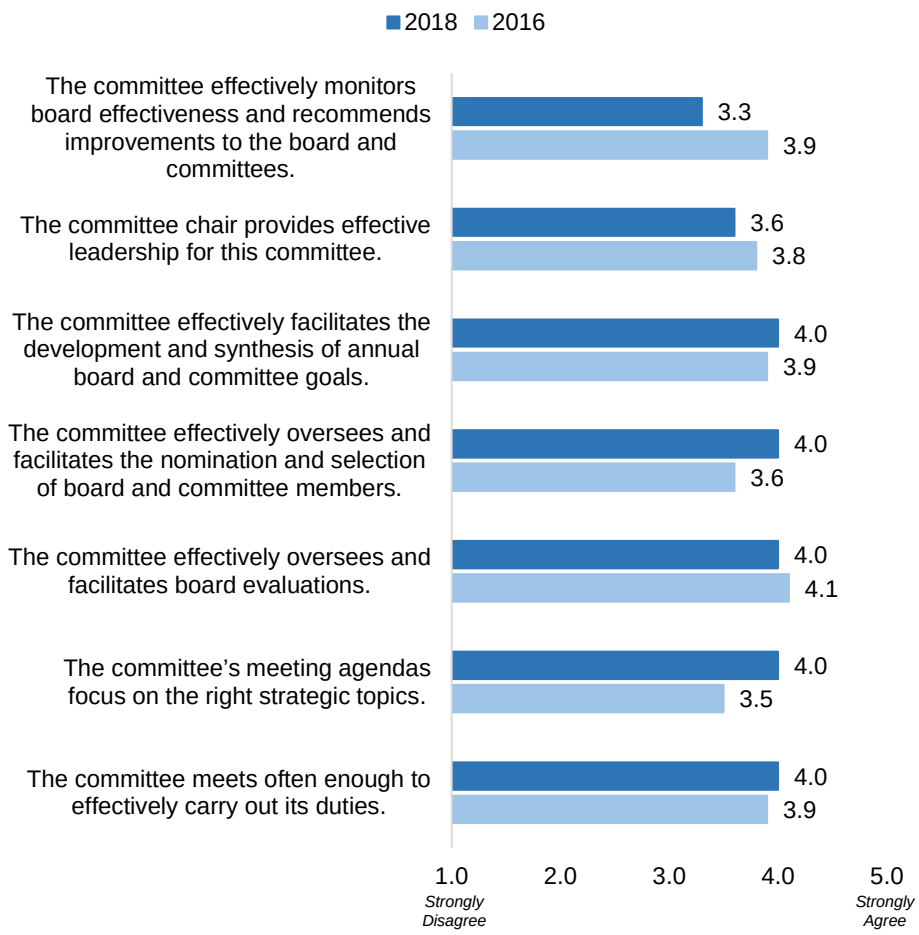

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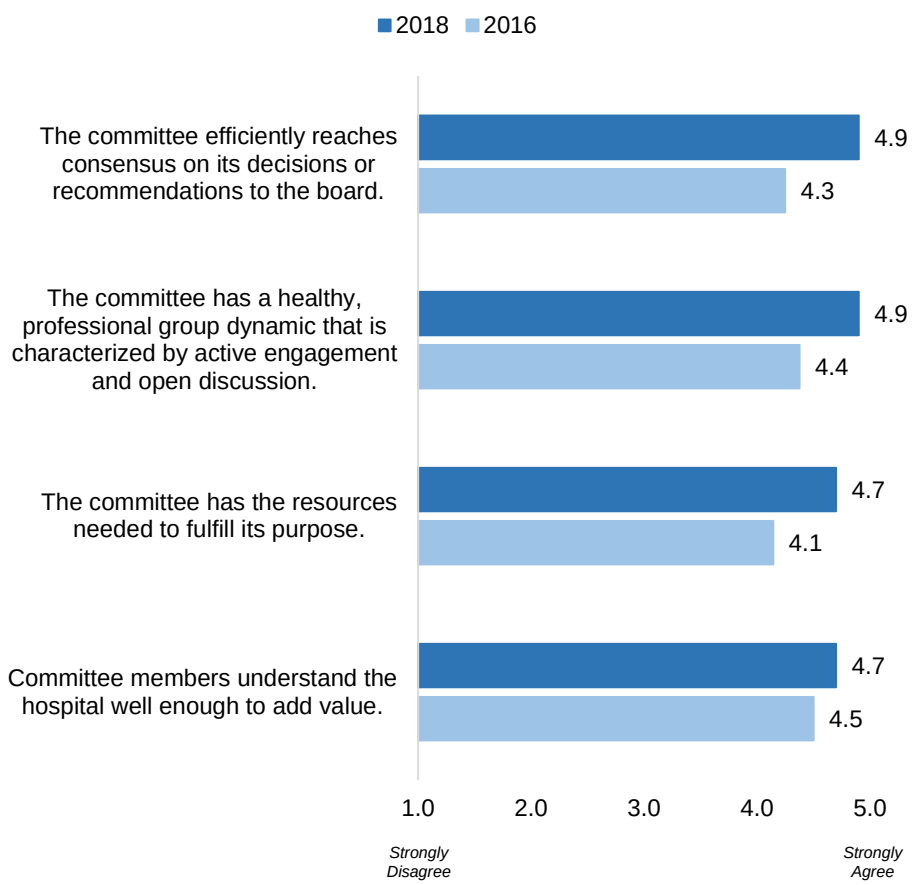
Areas of Greatest Agreement



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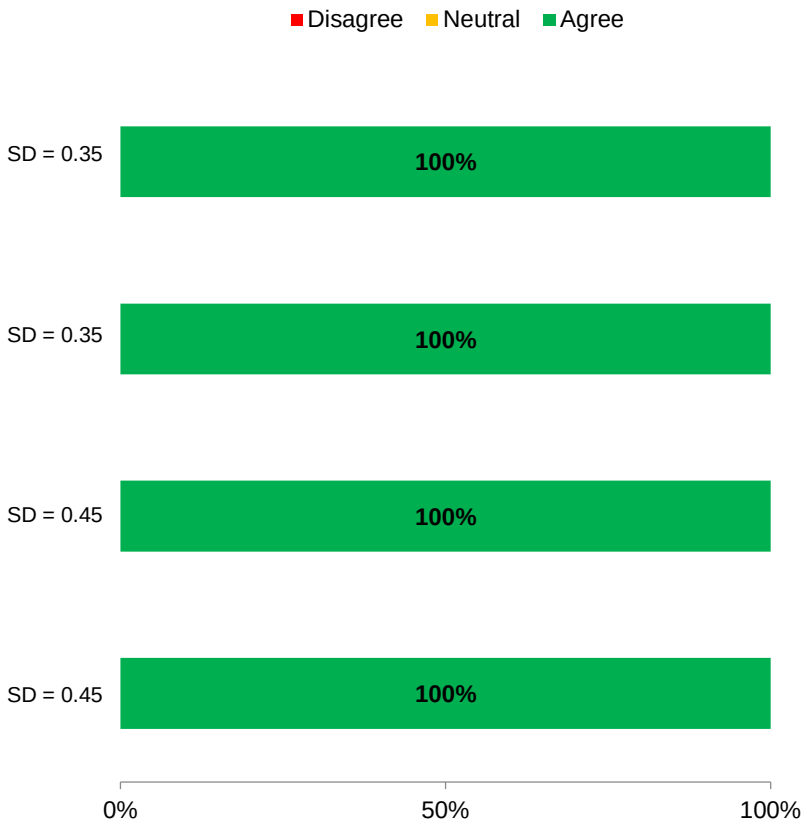

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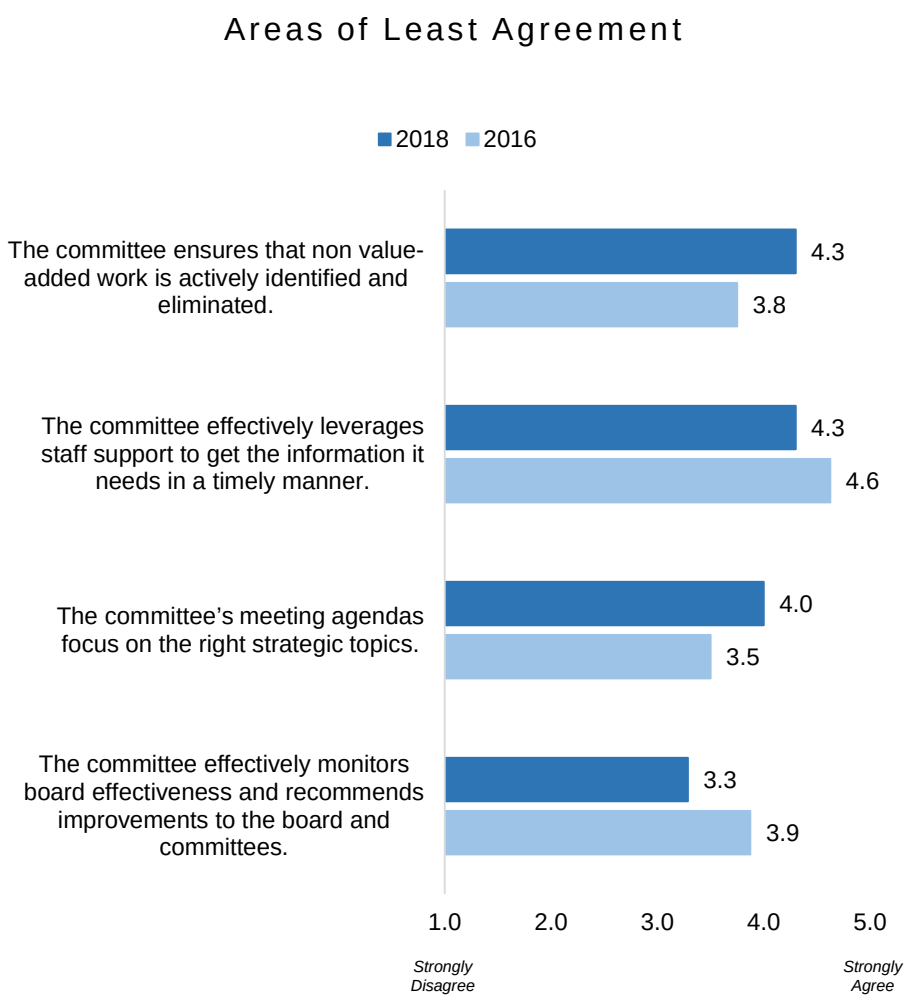

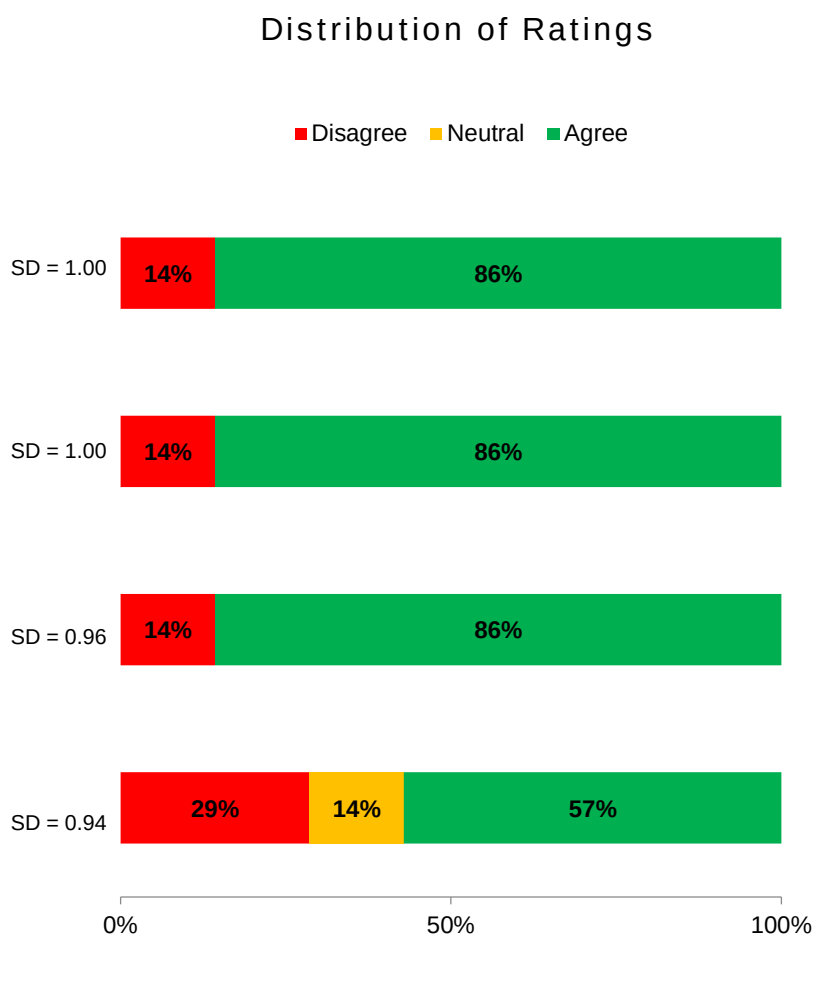

Detailed Results by Item

The table below shows all survey items, sorted highest to lowest by 2018 rating. The *Difference* column represents the difference in ratings between the committee's 2018 vs. 2016 ratings. A positive difference indicates items where committee members rated the committee's performance **higher** than in 2016. Conversely, a negative difference indicates where members rated the committee's performance **lower** than in 2016**.**

Items Sorted Highest to Lowest by Stakeholder Rating	2018	2016	N	Difference
The committee efficiently reaches consensus on its decisions or recommendations to the board.	4.9	4.3	7	0.6
The committee has a healthy, professional group dynamic that is characterized by active engagement and open discussion.	4.9	4.4	7	0.5
The committee has the resources needed to fulfill its purpose.	4.7	4.1	7	0.6
Committee members understand the hospital well enough to add value.	4.7	4.5	7	0.2
The committee's decisions are aligned with board goals and organizational strategy.	4.4	3.8	7	0.6
The committee recommends effective policies, budgets and annual plans for board and committee member orientation, education, training and development.	4.4	4.3	7	0.1
The committee recommends useful updates to hospital board governance policies where necessary and as required by legal and regulatory agencies.	4.4	4.0	7	0.4
The committee leadership effectively retains committee members.	4.3	4.3	7	0.0
The committee effectively leverages staff support to get the information it needs in a timely manner.	4.3	4.6	7	-0.3
The committee ensures that non value-added work is actively identified and eliminated.	4.3	3.8	7	0.5
The committee leadership effectively recruits top talent.	4.2	3.9	6	0.3
The committee meets often enough to effectively carry out its duties.	4.0	3.9	7	0.1
The committee's meeting agendas focus on the right strategic topics.	4.0	3.5	7	0.5
The committee effectively oversees and facilitates board evaluations.	4.0	4.1	7	-0.1
The committee effectively oversees and facilitates the nomination and selection of board and committee members.	4.0	3.6	7	0.4
The committee effectively facilitates the development and synthesis of annual board and committee goals.	4.0	3.9	7	0.1
The committee chair provides effective leadership for this committee.	3.6	3.8	7	-0.2
The committee effectively monitors board effectiveness and recommends improvements to the board and committees.	3.3	3.9	7	-0.6

Thematic Summaries of the Qualitative Feedback

Opportunities for Improvement

- The Governance Committee can more effectively and proactively address deficiencies in the board's performance.
- Building relationships across the district and hospital boards, as well as with committee members and management should be an ongoing priority.
- There are mixed views on the quality of the meeting materials. One person believes they are not board-level quality, whereas others think they are satisfactory.

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El Camino Hospital

Investment Committee
FY2017-18 Assessment Report

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Submitted on: January 25, 2018
Prepared for: Investment Committee
Prepared by: JoAnn McNutt, PhD and Zach Morfín, PhD

Introduction

Background

In keeping with the ECH Hospital Board's commitment to effective governance, Nygren Consulting was engaged to conduct the biennial performance assessment of the board committees, providing them with an opportunity to reflect on their performance during the Fiscal Year 2017-2018. The goal of the assessment was to identify the committees' strengths and areas for improvement, which would be integrated into their annual goals. This report provides the results of the Investment Committee's self-assessment.

Interpreting the Results

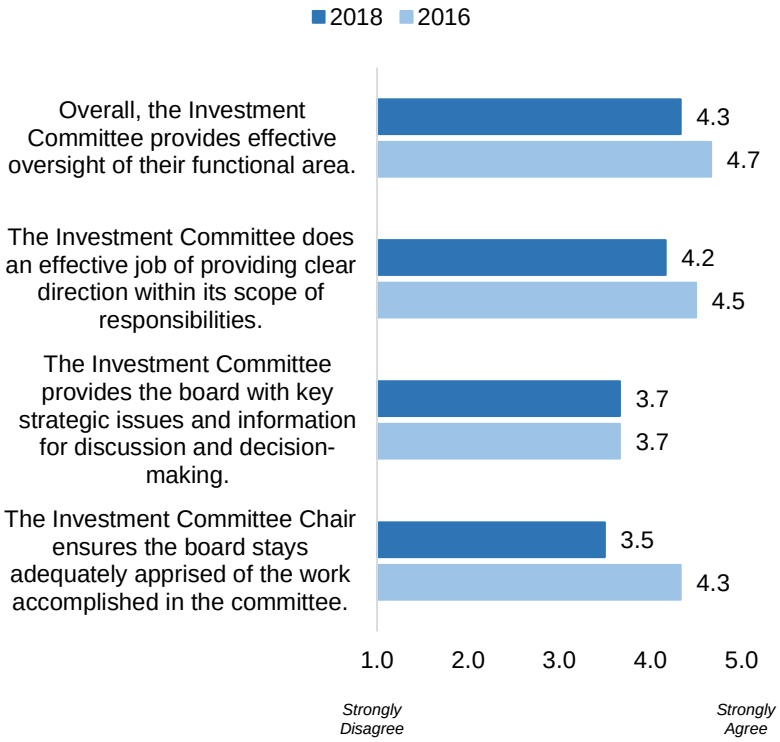
The Investment Committee assessment tool was comprised of twelve core items and three open-ended questions that applied to all committees, as well as six committee-specific items. Please note that because committee assessments are conducted on a biennial basis, the year-over-year analysis compares the committee's performance in 2018 against 2016.

The purpose of the assessment was to provide directional feedback to the Investment Committee. The quantitative scores herein are meant to provide insight into how the Investment Committee perceives its own performance. The assessment is not intended to provide statistically significant results, which cannot be achieved with a small sample size. Average scores are rounded to the nearest tenth decimal point as this will show variation in the ratings.

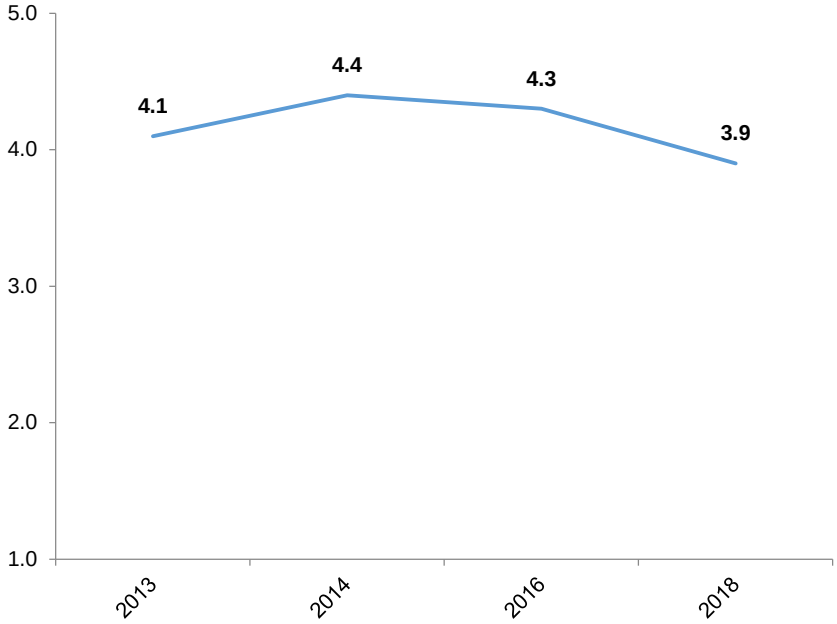
We set 3.5 as the threshold to determine whether a response is favorable. It is rare to achieve a perfect score of 5.0. Occasionally, we see an average score of 4.5 and above on exceptional cases.

Hospital Board's Assessment of the Investment Committee

Board's Assessment of the Investment Committee on the Four Standard Items



Board's Assessment of the Investment Committee Over Time



High-Level Summary of the Committee's Self-Assessment

Participation:

- 7 out of 7 stakeholders participated in the assessment (100%):
  - Non-director committee members = 4
  - Board members = 2
  - Executive leadership team members = 1

Self-Assessment Averages:

2018 = 4.6

2016 = 4.7

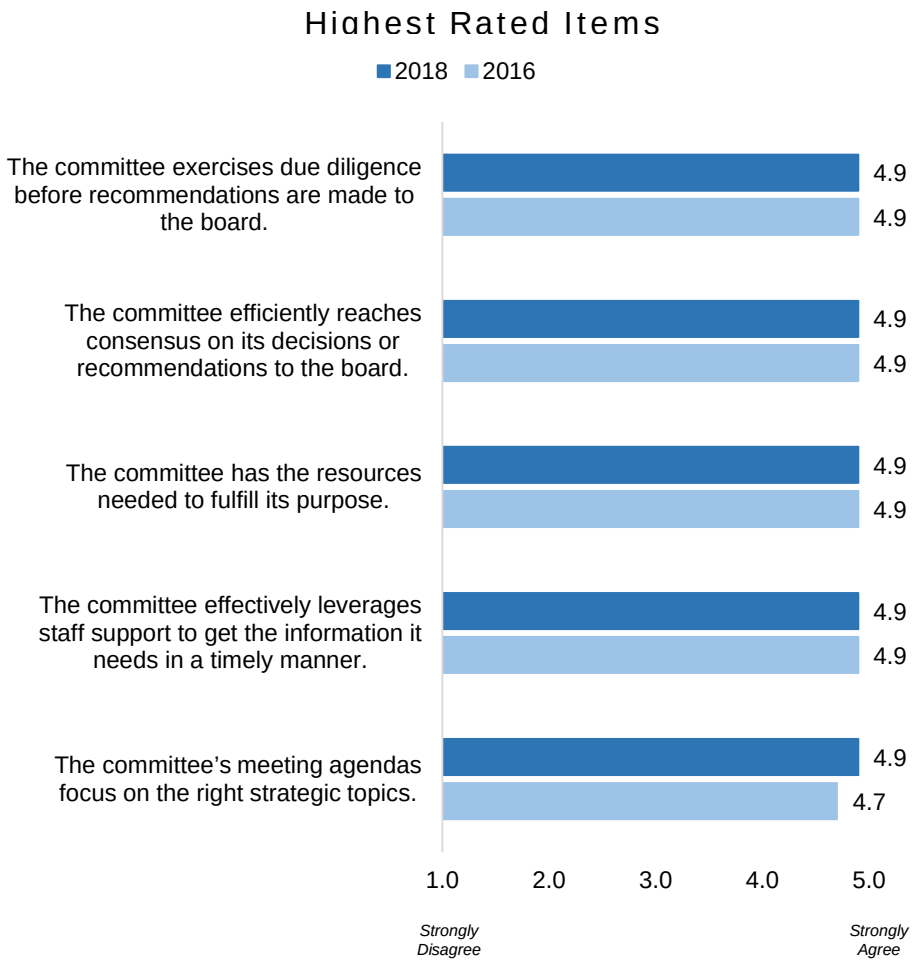
2014 = 4.3

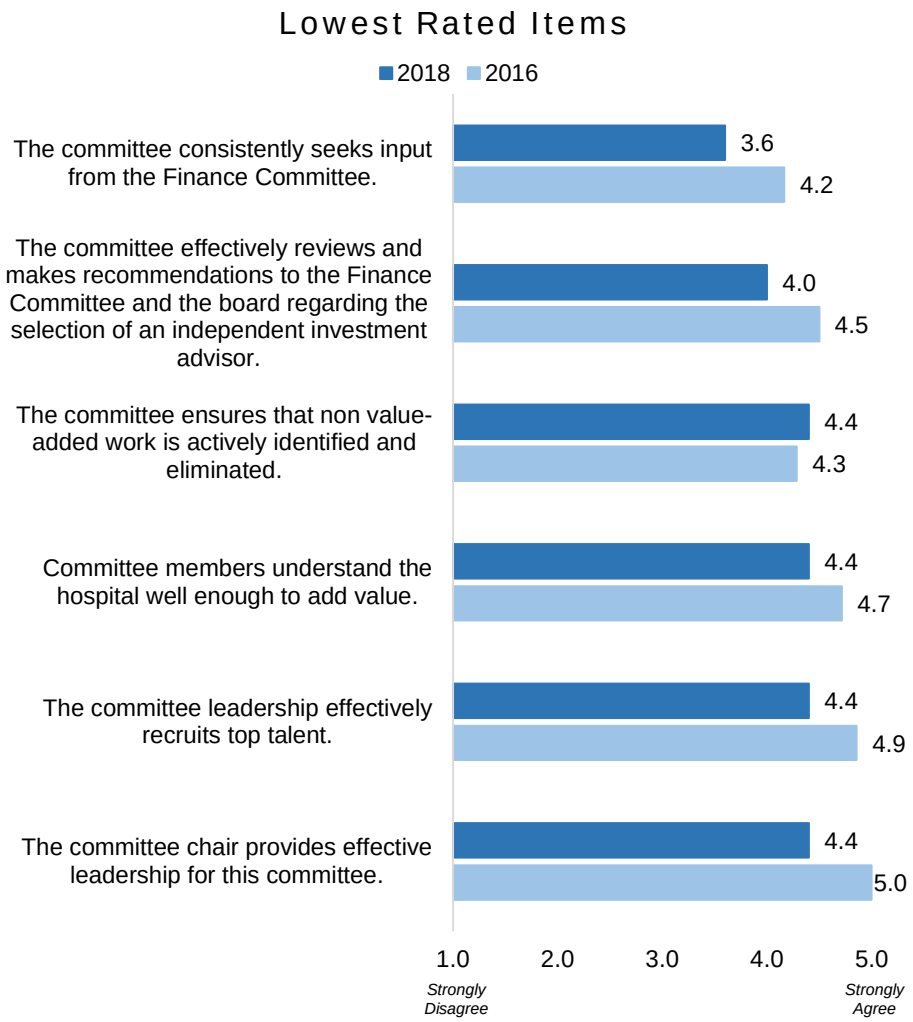
2013 = 4.3

Key Findings:

- The committee rated its performance largely the same as in 2016. That said, 11 of the 18 items received lower scores this year. Those with the greatest decreases were the following:
  - The committee chair provides effective leadership for this committee. (-0.6)
  - The committee consistently seeks input from the Finance Committee. (-0.6)
  - The committee leadership effectively recruits top talent. (-0.5)
  - The committee effectively reviews and makes recommendations to the Finance Committee and the board regarding the selection of an independent investment advisor. (-0.5)
- Open-ended comments pointed to the need for the following:
  - Ensuring the committee has sufficient investment experience represented among the members
  - Strengthening communications with the Finance Committee

Highest and Lowest Rated Items

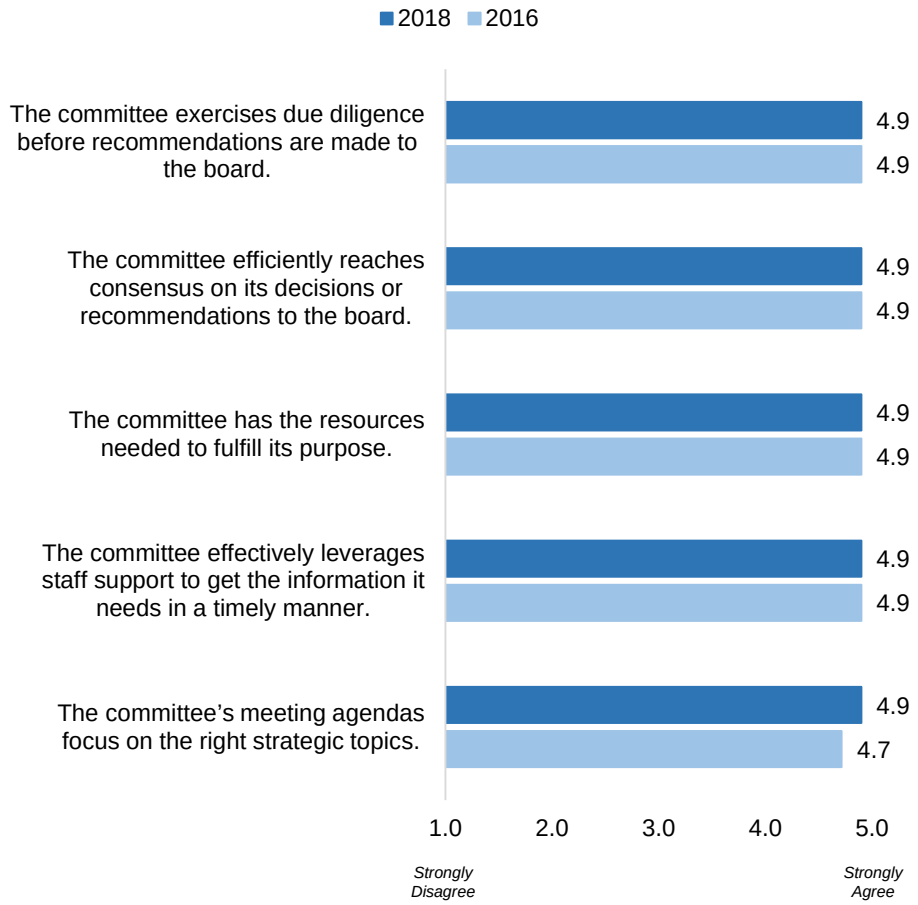




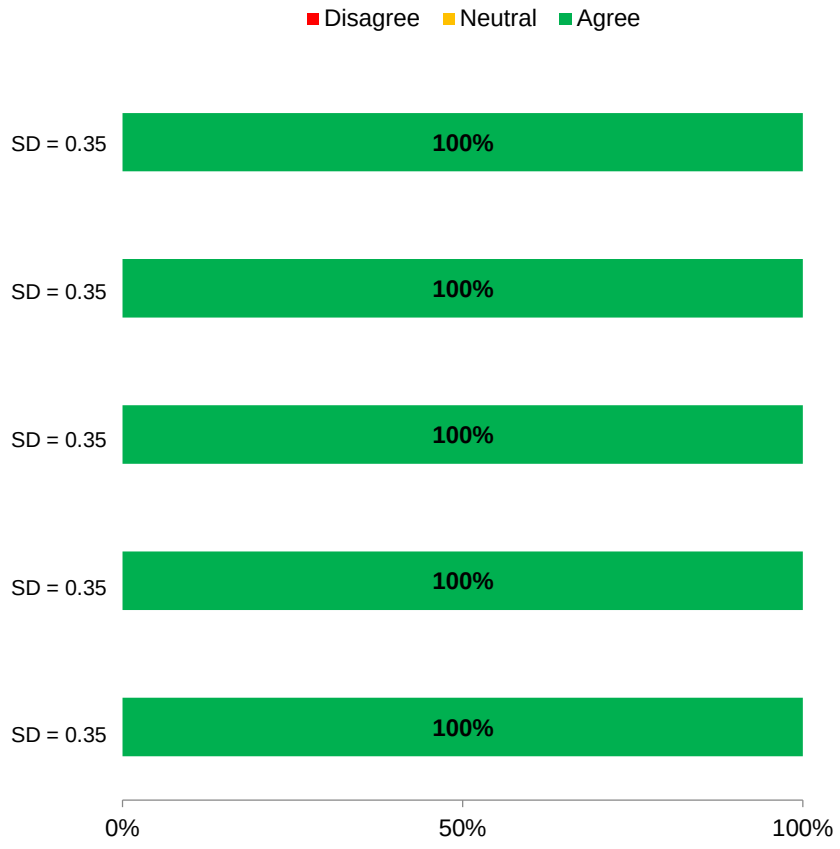
Areas of Greatest Agreement

Areas of agreement are determined by the standard deviation (SD), which is a measure of the dataset's spread around the mean. Higher standard deviations relate to a lower consistency or agreement across ratings for a particular survey item. The lower the SD, the greater agreement there is among respondents. The higher the SD, the less agreement there is among respondents. The distribution of ratings shows the corresponding number of individual ratings of 1 or 2, neutral responses of 3, and favorable responses of 4 or 5.

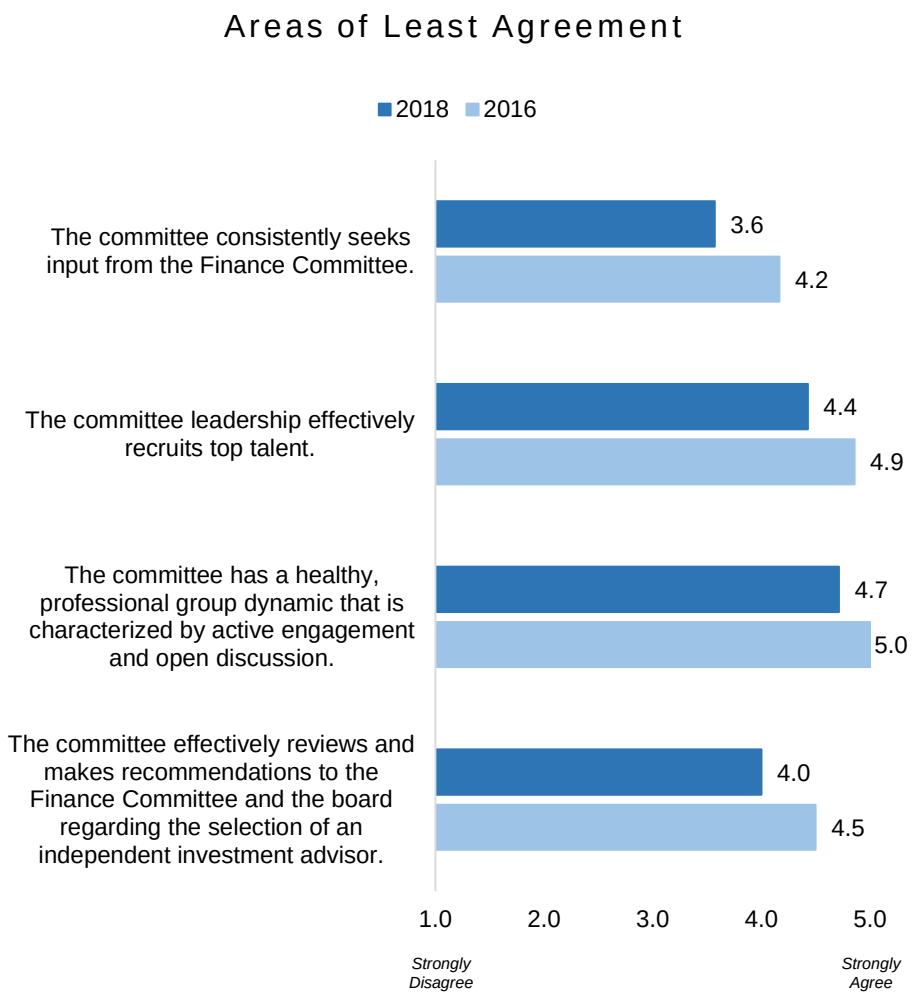
Areas of Greatest Agreement

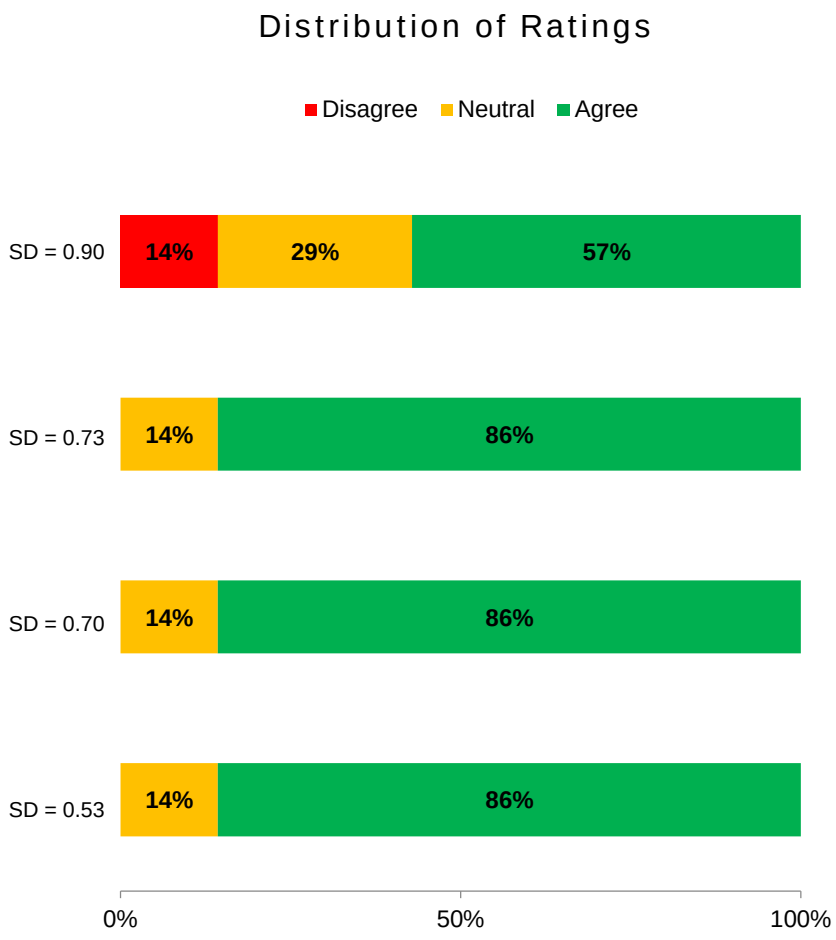


Distribution of Ratings



Areas of Least Agreement





Detailed Results by Item

The table below shows all survey items, sorted highest to lowest by 2018 rating. The *Difference* column represents the difference in ratings between the committee's 2018 vs. 2016 ratings. A positive difference indicates items where committee members rated the committee's performance **higher** than in 2016. Conversely, a negative difference indicates where members rated the committee's performance **lower** than in 2016**.**

Items Sorted Highest to Lowest by Stakeholder Rating	2018	2016	N	Difference
The committee's meeting agendas focus on the right strategic topics.	4.9	4.7	7	0.2
The committee effectively leverages staff support to get the information it needs in a timely manner.	4.9	4.9	7	0.0
The committee has the resources needed to fulfill its purpose.	4.9	4.9	7	0.0
The committee efficiently reaches consensus on its decisions or recommendations to the board.	4.9	4.9	7	0.0
The committee exercises due diligence before recommendations are made to the board.	4.9	4.9	7	0.0
The committee leadership effectively retains committee members.	4.7	4.9	7	-0.2
The committee meets often enough to effectively carry out its duties.	4.7	4.9	7	-0.2
The committee has a healthy, professional group dynamic that is characterized by active engagement and open discussion.	4.7	5.0	7	-0.3
The committee's decisions are aligned with board goals and organizational strategy.	4.7	4.9	7	-0.2
The committee effectively monitors the performance of the investment managers through reports from the independent investment advisor.	4.7	4.6	7	0.1
The committee effectively reviews and recommends for approval by the board the investment policies for corporate assets and pension assets.	4.6	4.7	7	-0.1
The committee operates on an appropriate level of risk that is beneficial to ECH in the long run.	4.6	4.9	7	-0.3
The committee chair provides effective leadership for this committee.	4.4	5.0	7	-0.6
The committee leadership effectively recruits top talent.	4.4	4.9	7	-0.5
Committee members understand the hospital well enough to add value.	4.4	4.7	7	-0.3
The committee ensures that non value-added work is actively identified and eliminated.	4.4	4.3	7	0.1
The committee effectively reviews and makes recommendations to the Finance Committee and the board regarding the selection of an independent investment advisor.	4.0	4.5	7	-0.5
The committee consistently seeks input from the Finance Committee.	3.6	4.2	7	-0.6

Thematic Summaries of the Qualitative Feedback

Opportunities for Improvement

- One stakeholder suggested recruiting candidates with greater investment experience.
- Communicating with the Finance Committee to clarify how the two committees can serve one another was also recommended.
- One committee member indicated that management provides little feedback.

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El Camino Hospital

Quality, Patient Care and Patient Experience Committee
FY2017-18 Assessment Report

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Submitted on: January 25, 2018
Prepared for: Quality, Patient Safety and Patient Experience Committee
Prepared by: JoAnn McNutt, PhD and Zach Morfín, PhD

Introduction

Background

In keeping with the ECH Hospital Board's commitment to effective governance, Nygren Consulting was engaged to conduct the biennial performance assessment of the board committees, providing them with an opportunity to reflect on their performance during the Fiscal Year 2017-2018. The goal of the assessment was to identify the committees' strengths and areas for improvement, which would be integrated into their annual goals. This report provides the results of the Quality, Patient Care and Patient Experience Committee's ("Quality Committee") self-assessment.

Interpreting the Results

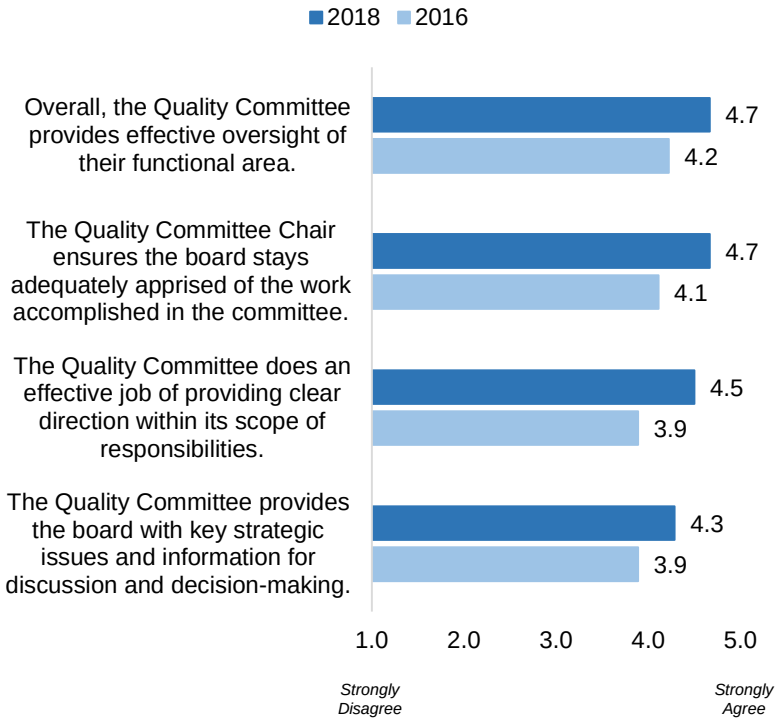
The Quality Committee assessment tool was comprised of twelve core items and three open-ended questions that applied to all committees, as well as five committee-specific items. Please note that because committee assessments are conducted on a biennial basis, the year-over-year analysis compares the committee's performance in 2018 against 2016.

The purpose of the assessment was to provide directional feedback to the Quality Committee. The quantitative scores herein are meant to provide insight into how the Quality Committee perceives its own performance. The assessment is not intended to provide statistically significant results, which cannot be achieved with a small sample size. Average scores are rounded to the nearest tenth decimal point as this will show variation in the ratings.

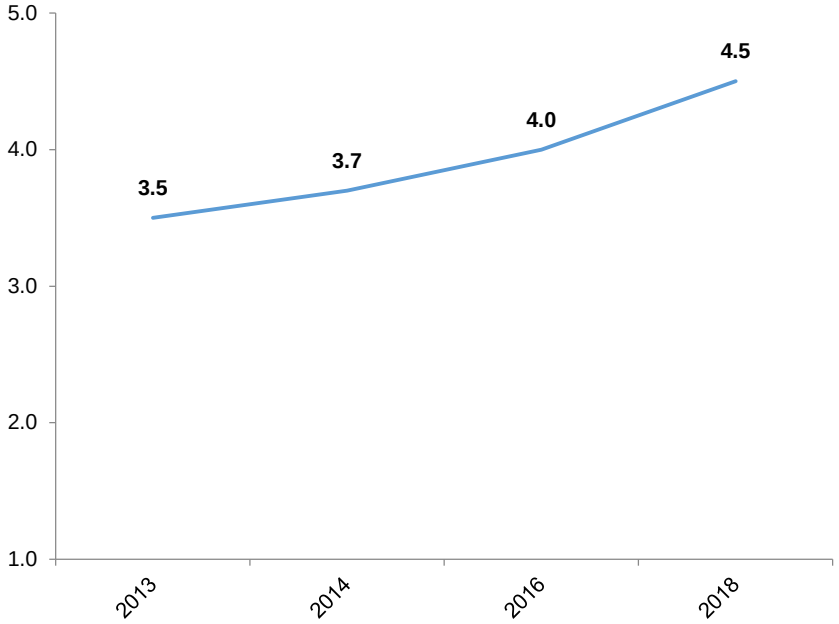
We set 3.5 as the threshold to determine whether a response is favorable. It is rare to achieve a perfect score of 5.0. Occasionally, we see an average score of 4.5 and above on exceptional cases.

Hospital Board's Assessment of the Quality Committee

Board's Assessment of the Quality Committee on the Four Standard Items



Board's Assessment of the Quality Committee Over Time



High-Level Summary of the Committee's Self-Assessment

Participation:

- 11 out of 11 stakeholders participated in the assessment (100%):
  - Non-director committee members = 6
  - Board members = 3
  - Executive leadership team members = 2

Self-Assessment Averages:

2018 = 4.0

2016 = 4.3

2014 = 4.1

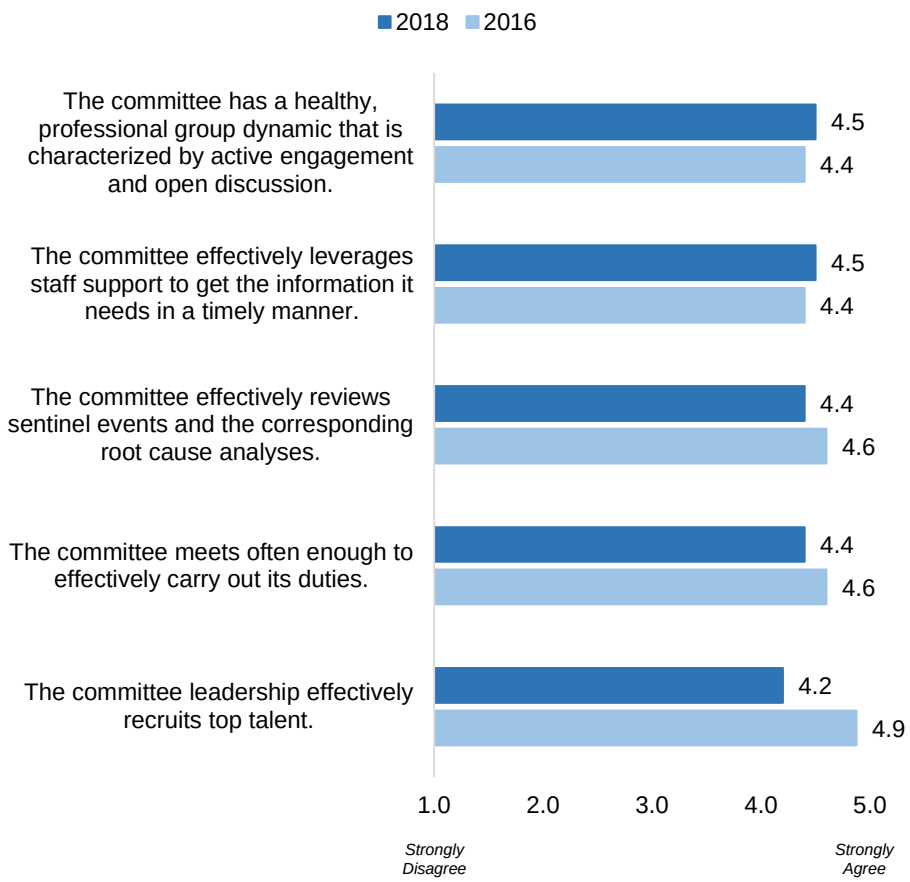
2013 = 3.5

Key Findings:

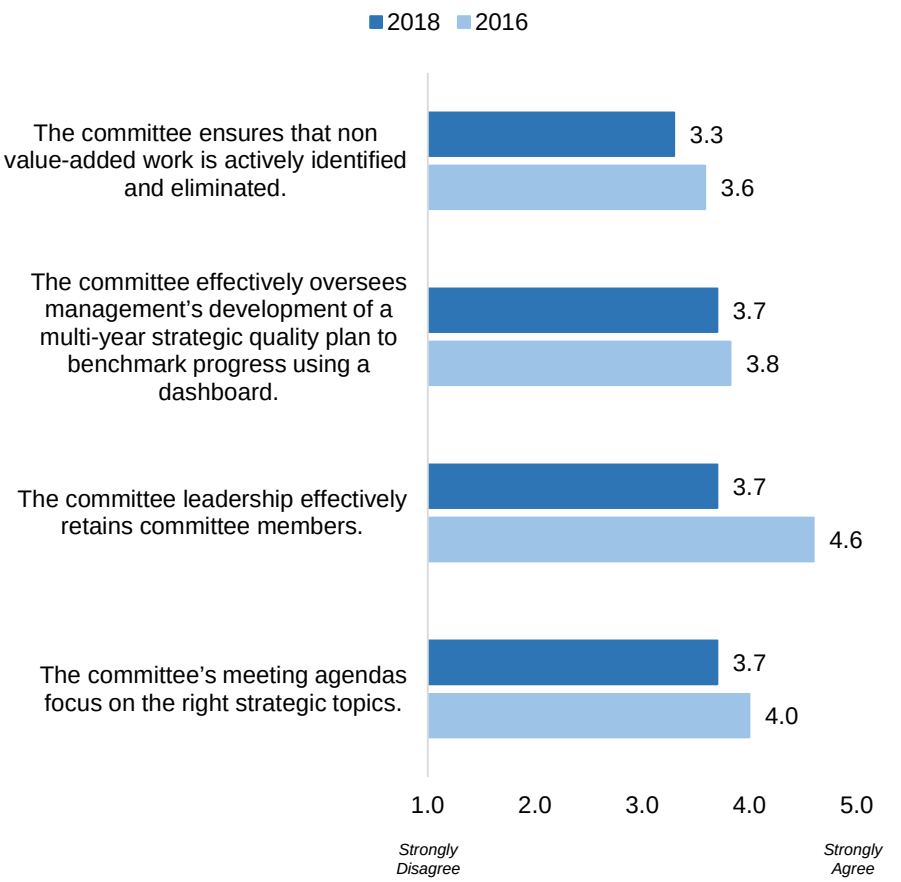
- The committee rated its performance lower on 15 of the 17 items when compared to its 2016 assessment. The items with the largest gaps were the following:
  - The committee leadership effectively retains committee members. (-0.9)
  - The committee leadership effectively recruits top talent. (-0.7)
  - The committee effectively monitors compliance with accreditation and licensing requirements. (-0.4)
  - The committee's decisions are aligned with board goals and organizational strategy. (-0.4)
  - The committee chair provides effective leadership for this committee. (-0.4)
- Open-ended comments pointed to the need for the following:
  - Greater patient focus and less reporting out in committee discussions
  - Reconsideration of meeting frequency
  - More physician and CEO engagement in meetings
  - Alignment with organizational strategy

Highest and Lowest Rated Items

Highest Rated Items



Lowest Rated Items



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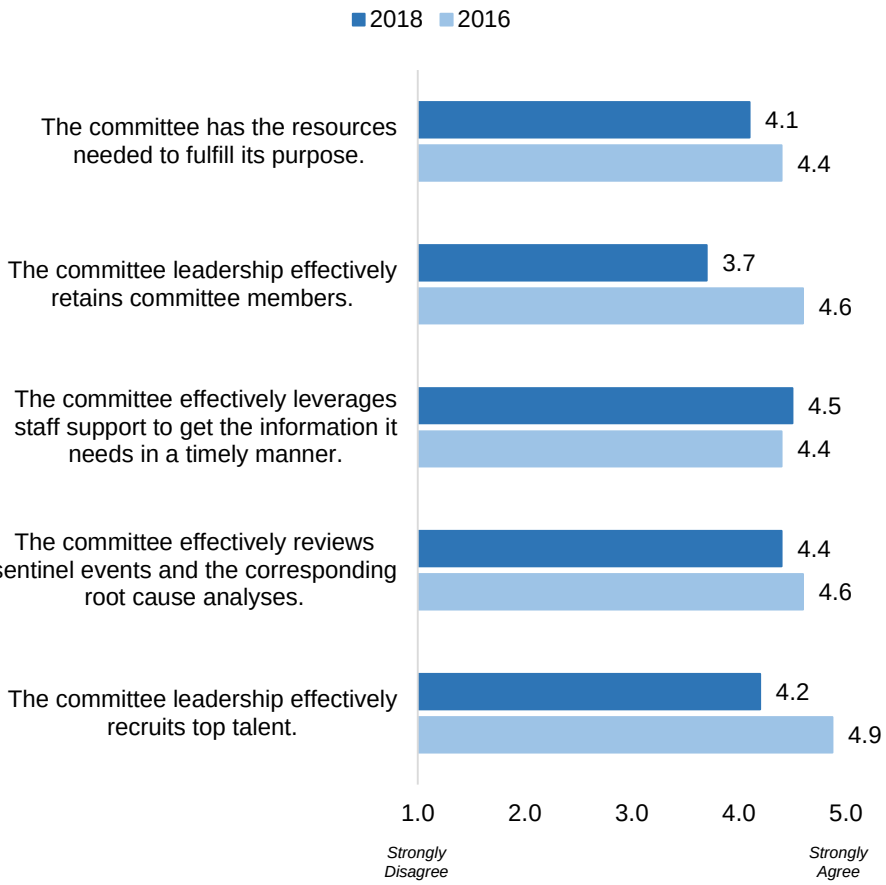
Areas of Greatest Agreement



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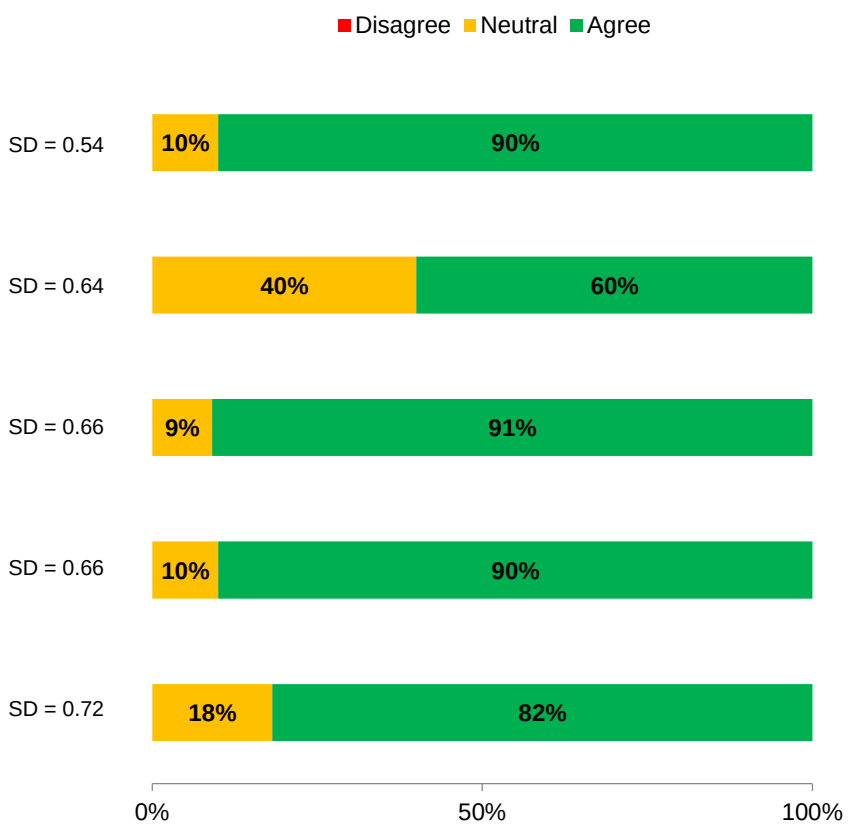
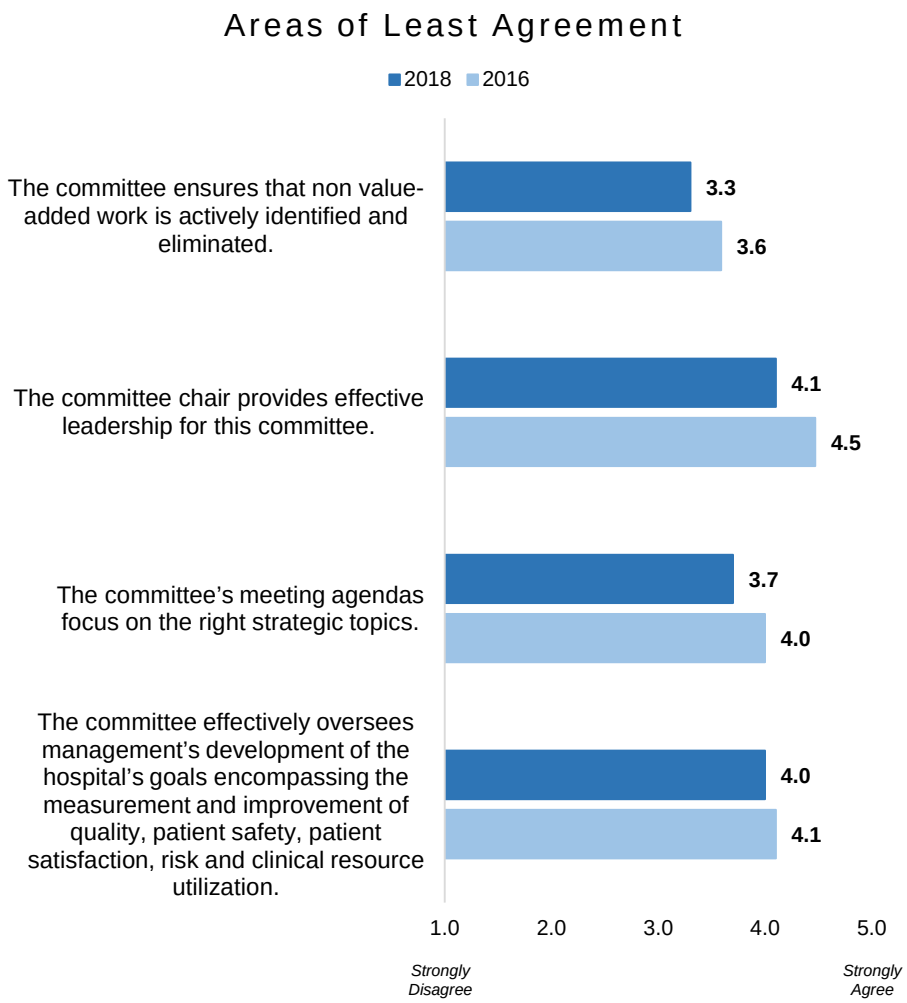
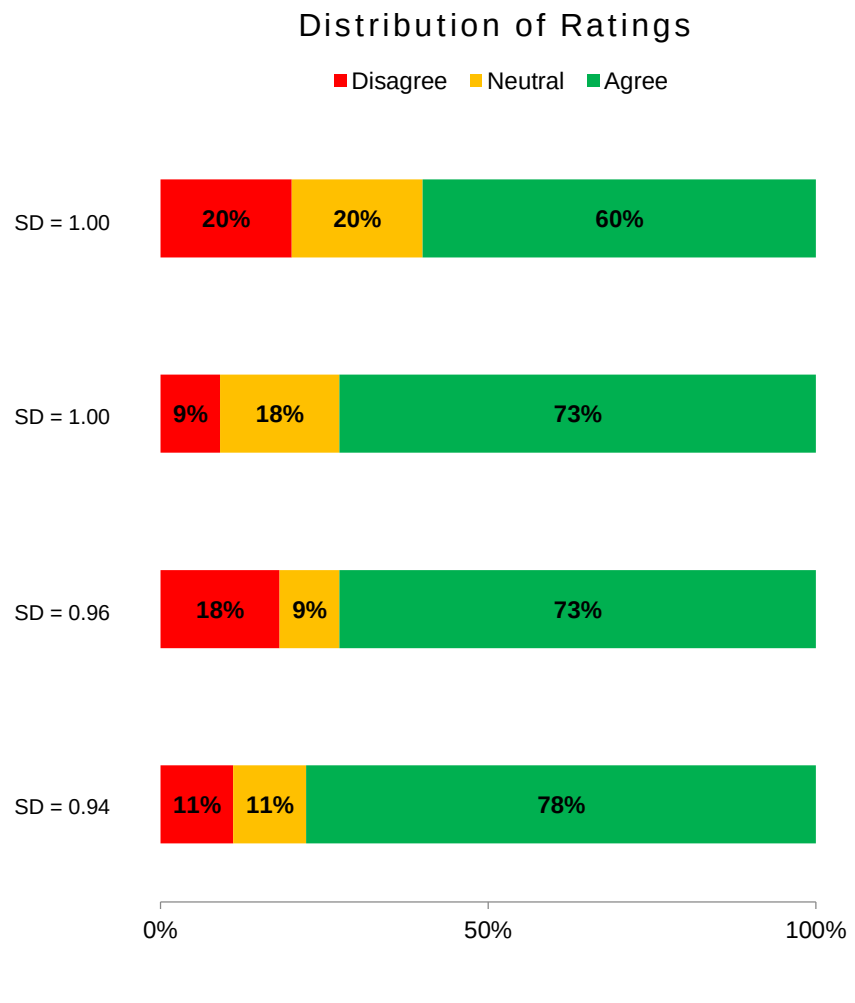


Areas of Least Agreement





Detailed Results by Item

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Items Sorted Highest to Lowest by Stakeholder Rating	2018	2016	N	Difference
The committee effectively leverages staff support to get the information it needs in a timely manner.	4.5	4.4	11	0.1
The committee has a healthy, professional group dynamic that is characterized by active engagement and open discussion.	4.5	4.4	11	0.1
The committee effectively reviews sentinel events and the corresponding root cause analyses.	4.4	4.6	10	-0.2
The committee meets often enough to effectively carry out its duties.	4.4	4.6	11	-0.2
The committee leadership effectively recruits top talent.	4.2	4.9	11	-0.7
The committee has the resources needed to fulfill its purpose.	4.1	4.4	10	-0.3
The committee efficiently reaches consensus on its decisions or recommendations to the board.	4.1	4.2	10	-0.1
The committee chair provides effective leadership for this committee.	4.1	4.5	11	-0.4
Committee members understand the hospital well enough to add value.	4.0	4.1	10	-0.1
The committee's decisions are aligned with board goals and organizational strategy.	4.0	4.4	10	-0.4
The committee effectively oversees management's development of the hospital's goals encompassing the measurement and improvement of quality, patient safety, patient satisfaction, risk and clinical resource utilization.	4.0	4.1	9	-0.1
The committee effectively monitors and oversees the quality of patient care and service provided.	3.9	4.1	11	-0.2
The committee effectively monitors compliance with accreditation and licensing requirements.	3.9	4.3	11	-0.4
The committee's meeting agendas focus on the right strategic topics.	3.7	4.0	11	-0.3
The committee leadership effectively retains committee members.	3.7	4.6	10	-0.9
The committee effectively oversees management's development of a multi-year strategic quality plan to benchmark progress using a dashboard.	3.7	3.8	10	-0.1
The committee ensures that non value-added work is actively identified and eliminated.	3.3	3.6	10	-0.3

Thematic Summaries of the Qualitative Feedback

Opportunities for Improvement

- The committee should increase its focus on the needs of patients and patient-centered care, bringing the patient's voice into discussions.
- Discussions can also be more focused by reducing report-outs.
- A few individuals mentioned that the committee might be meeting too frequently to have meaningful agendas.
- The committee, overall, feels it is receiving the right information from management. That said, it is unclear whether the committee is effectively using the data.
- More physician engagement in the committee, as well as participation from the CEO, would be helpful.
- The committee needs to clarify how its work is tied to the hospital's broader strategy.

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ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

	Item:	Assessment of Advisory Committee Structure Governance Committee Meeting February 6, 2018
	Responsible party:	Joann McNutt, Nygren Consulting
	Action requested:	For Possible Motion

Background:

The Committee adopted "Promote enhanced and sustained competency-based, efficient, effective governance" as one of its goals for FY18 and committed to assessing the effectiveness of the expanded Advisory Committee structure as one of its metrics. As noted in the attached report, participants in the Committee Structure survey found that the Committees have evolved in a positive direction, are structured effectively, and bring valuable recommendations to the Board. Areas of strength included (1) expertise of committee members enhancing the Board's oversight, (2) diversity of perspectives, and (3) strength and work of committees freeing up Board time to discuss consequential matters. A number of opportunities for improvement emerged. The Governance Committee and the Board might consider focusing on the following three areas:

1. Better inform the committees about the strategic direction of the organization and align the committees' goals and work with organizational strategy.
   a. Use semi-annual joint sessions of the Board and committees to review progress executing the strategic plan **OR**
   b. Agendize "Progress Executing the Strategic Plan" more frequently at committee meetings.
2. Better inform the committees about Board decisions and the work of the other committees by capitalizing on existing opportunities for communication.
   a. Ask Committee Chairs and Executive Sponsors to report on Committee work at semi-annual joint Board and committee sessions. Follow with roundtable discussions as usual.
   b. Enhance both written and verbal reports on Board actions for committee meetings.
3. Eliminate non-valued added committee work:
   a. Committee members perform pacing plan and agenda review to identify:
      i. Unnecessary agenda items;
      ii. Areas where discussions departed from governance issues;
   b. Replace or enhance some report-outs with more strategic discussion.

Other Board Advisory Committees that reviewed the issue and recommendation, if any: N/A

Summary and session objectives:

To discuss the findings of the Committee structure assessment, identify areas of opportunity to focus on and specific actions to take to generate improvement.

Suggested discussion questions:

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

	1. How should communication between the Board and Committees and between Committees be improved? 2. What actions should the Committees take to eliminate non-value added work? 3. How can the Board create a clearer connection between committee work and enterprise strategy?
	Proposed Committee motion, if any: At the discretion of the Committee.
	LIST OF ATTACHMENTS: 1. Committee Structure FY18 Report

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El Camino Hospital

Committee Structure
FY18 Assessment Report

El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Submitted on: January 17, 2018
Prepared for: Board of Directors
Prepared by: JoAnn McNutt, PhD and Zach Morfín, PhD

High-Level Summary

Overview:

- In keeping with the El Camino Hospital Board's commitment to effective governance, Nygren Consulting was re-engaged to conduct the biennial performance assessment of the board committees, providing them with an opportunity to reflect on their performance during the Fiscal Year 2018. In addition to assessing each individual committee, this year introduced a new assessment, the purpose of which was to identify the strengths and weaknesses of the overall committee structure. The findings from the committee structure assessment are included in this report.

Participation:

- 38 out of 39 stakeholders participated in the assessment (97%), including 22 non-director committee members, 8 board members, and 8 leadership team members who have been in their position a significant amount of time and have substantial interaction with the committees.

Key Findings:

- The committees are valued for the depth of expertise and diversity of perspectives brought by an esteemed collection of individuals who greatly enhance oversight of the hospital's functioning that the board could not exercise independently. Since their formation in 2013, the committees have evolved in a positive direction, are structured effectively, and bring valuable recommendations to the board. The annual/semi-annual meeting bringing together the board and committees is highly appreciated and beneficial, providing a high-level overview of the hospital's operations and allowing for the development of relationships across the governance structure.
- More cross-committee collaboration in this regard is desired, though it needs to be strategic. Joint meetings between the Finance and Investment Committees, for example, are working well. While a couple individuals expressed that they do not see a need for more joint committee meetings, there was general consensus that effective communication across the committees and with the board is lacking and that additional means of sharing information and insights is necessary. The semi-annual joint board and committee education session, when held, is virtually the only opportunity committee members have to learn about aspects of the hospital outside the purview of their committee, even though there are areas of shared concern that might impact committee deliberations and recommendations that are not being discussed.
- The board is generally perceived to be favorable towards committee recommendations, yet the process of accepting or denying a recommendation is unclear, not just to committee members but to some board directors as well. There was criticism of the board that it takes too long to implement committee recommendations. Not only that, the board doesn't offer feedback to committees or communicate the rationale for its decision to either endorse or reject a recommendation. In several instances, the board is perceived to have allowed politics to get in the way of endorsing important recommendations from both the Governance Committee and Executive Compensation Committee.
- The value of the committees would be greater if there was more focused, strategic discussion in meetings and less time spent on routine agenda items and duplicative report-outs. This is related, however, to a lack of clarity about the hospital's strategy overall, and how the committees can develop goals and organize themselves most effectively to support it. Stronger alignment between the strategy and governance of the hospital is critically needed.
- There was a suggestion for either establishing a Strategic Planning Committee or somehow embedding the planning process into an existing committee.

Summary of Suggestions from Participants

Opportunities for Development	Discussion Questions for the Board and Committees
Increase cross-committee collaboration	*Besides Finance and Investment, which other committees would greatly benefit from cross-collaboration, e.g., joint meetings?*
Improve communication between committees	*How should communication between committees be improved?*
Create a feedback loop between the board and committees	*How should the board's rationale/thinking circle back to the committee, specifically as it relates to recommendations that were accepted or rejected?*
Allow for more discussion and less reporting	*How should the committee adjust its agenda to create more time for strategic discussions?*
Create clearer connection between committee work and to enterprise strategy	*How should the board provide understanding for how committee decisions, recommendations, and initiatives fit into the broader organizational strategy?* *Should the board create a committee (standing or ad hoc) to oversee strategic implementation?*
Establish committee goals	*Given the organizational strategy, what are the committee stretch goals for 2018 and beyond?*

Thematic Summaries of the Qualitative Feedback

Strengths

- The overriding benefit the committees bring is the depth of expertise represented in the committee membership. The skills, experience, and diverse perspectives shared by committee members greatly enhance the board's oversight.
- Committees continue to evolve in a positive direction, are well-organized, and free up time for the board to discuss consequential matters.
- A mixture of board, committee and leadership team members shared appreciation for the board's approval of recommendations across committees.
- The semi-annual joint board and committee education session is valuable and beneficial, despite being high-level.
- Joint meetings between the Finance and Investment committees are also working well, though there are mixed views on the right frequency.

Opportunities for Development

- There are mixed views on the need for more cross-committee collaboration. Regardless, more effective communication across committees and with the board is needed.
- Many commented that the board takes a long time to implement committee recommendations.
- The board doesn't offer feedback to committees or communicate the rationale for its decision to either endorse or reject a recommendation.
- At times, the board lets politics get in the way of endorsing sound committee recommendations. In particular, the Governance Committee was sidelined. Recommendations brought by the Executive Compensation Committee were also ignored.
- More focused, strategic discussion is needed, with less time spent on routine agenda items and duplicative report-outs.
- The hospital's strategy is not clear, nor is the role of committees, particularly the Quality Committee. Aligning committee goals to support the strategic direction is advisable.
- Many recommended strategic planning as a necessary focus area that would benefit from committee work and deliberation not covered by the current structure.

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Governance Committee

Updated 1/8/2018

FY18 GC Pacing Plan – Q1		
July 2017	August 2017	September 2017
No scheduled meeting *At each meeting:* **Regular Consent Calendar Items:** Minutes, Committee Recruitment Update, Article of Interest **Other Regular Items:** - Board Recruitment Update - Report on Board Actions	- Consider Hospital Board member competencies - Consider education topics for Semi-Annual Board and Committee Gatherings - Receive report on ECH strategic planning - Assess District's ECH Board structure changes Implementation Plan and make recommendations - Develop plan or methodology for assessing expanded Advisory Committee structure effectiveness - FY18 Board Education Plan	*No scheduled meeting*
FY18 GC Pacing Plan – Q2		
October 3, 2017	November 2017	December 2017
- Review and Recommend annual Board Self-Assessment Tool - Confirm annual Board Retreat agenda - Finalize plan or methodology for assessing expanded Advisory Committee structure effectiveness - Review and Recommend Proposed Revisions to NDBM Election and Re-Election Process and Position Specification - Review Results of Competency Matrix Survey **Wed., 10/25/2017** **Board & Committee Educational Gathering**	*No scheduled meeting*	*No scheduled meeting* **[participate in Committee self-assessment survey]**

Governance Committee

Updated 1/8/2018

FY18 GC Pacing Plan – Q3		
January 2018	**February 6, 2018**	March 2018
No scheduled meeting	- Annual review of Advisory Committee composition - Review draft Board and Committee Self-Assessment results - Assess expanded Advisory Committee structure effectiveness and make recommendations - Review Board and Committee Education Policy (FY19 -21 Budget) - Discuss ECH Bylaws Article V Sections 5.1 and 5.2	*No scheduled meeting*
FY18 GC Pacing Plan – Q4		
April 3, 2018	May 2018	**June 5, 2018**
- Set FY18 Governance Committee Dates - Participate in NDBM Recruitment/Interviews as requested by the District Board - Review Governance Committee Charter - Develop FY19 Governance Committee Goals - Develop Board Goals - Develop Protocol for Staff Communication with the Board **Wed., 4/25/2018** **Board & Committee Educational Gathering**	*No scheduled meeting*	- Review and recommend all FY19 Committee goals to Board - Review Advisory Committee and Committee Chair assignments - Review Committees' progress against FY18 goals - Confirm self-assessment sent to District (from GC charter) - Finalize FY18 Master Calendar (for Board approval in June) - FY19 Board Education Plan - Finalize FY19 GC goals - Review any proposed changes to Committee charters - Assess effectiveness of District's ECH Board structure changes Implementation Plan and make recommendations - Discuss Board Governance/Management relationships and effectiveness (Q1 FY19??)