



Minutes of the Open Session of the Finance Committee
Monday, January 29th 2018
El Camino Hospital | Conference Rooms A & B (ground floor)
2500 Grant Road, Mountain View, CA 94040

Members Present

John Zoglin, Chair
 Joseph Chow
 Boyd Faust (Telepresence)
 William Hobbs
 Richard Juelis
 David Reeder

Members Absent

Others Present

Agenda Item	Comments/Discussion	Approvals/Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Finance Committee of El Camino Hospital (the "Committee") was called to order at 6:03pm by Chair John Zoglin. Mr. Hobbs was absent.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Zoglin asked if any Committee members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
3. PUBLIC COMMUNICATION	There were no comments from the public.	
4. CONSENT CALENDAR	<p>Chair Zoglin asked if any member of the Committee or the public wished to remove an item from the consent calendar.</p> <p>Motion: To approve the consent calendar: Minutes of the Open Session of the Finance Committee Meeting (September 25, 2017); FY18 Period 3 Financials</p> <p>Movant: Reeder Second: Hobbs Ayes: Chow, Faust, Hobbs, Juelis, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Consent calendar approved</i>
5. REPORT ON BOARD ACTIONS	Chair Zoglin briefly reviewed the Report on Board Actions as further detailed in the packet. Zoglin reported the ECH Board & Advisory Committee meeting was an open and closed session. Zoglin stated they addressed different styles of packets; however moving forward will remain the three layer approach: one page summary, 10 page detail and deep dive information if necessary.	
6. FY18 PERIOD 6 FINANCIALS	<p>Ifrikhar Hussain, CFO, reviewed the FY18 Period 6 Financials with the Committee members. For the year, overall volume, measured in adjusted discharges is 5.5% higher than budget. IP cases are 5.1% over budget, specifically Neurosciences, HVI, BHS, Oncology and General Medicine. However deliveries are flat with prior year and 1.4% below budget. OP discharges are higher than budget in General Surgery, Imaging Services, MCH, Rehab, Outpatient Clinics and Urology.</p> <p>For the month, operating income is \$2.7M over budget. Revenue for the month includes \$1.2 million in unusual items. For the year op margin is \$34.1M ahead of target. Prod Hrs/APD for December is 28.1 and better than budget. YTD we are slightly better than budget. The overall balance sheet reflects the AR is 47.3 days which is .7days less than budget.</p> <p>In response to Mr. Reeder's question, Mr. Hussain and Mr. King explained the end of life on the imaging equipment from 2009 is coming up. In the campus planning it's reflected as part of the Capital budget request in two parts requesting funding, to replace the equipment's on both floors of Los Gatos.</p>	<i>FY 18 Period 6 Financials approved</i>

	<p>In response to Mr. Juelis's question about market volatility, Mr. Hussain stated we balance back to our asset allocation in the investment policy. The stock market has been strong.</p> <p>Motion: To approve the FY18 Period 6 Financials.</p> <p>Movant: Juelis Second: Chow Ayes: Chow, Faust, Hobbs, Juelis, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>7. REVIEW MAJOR CAPITAL PROJECTS IN PROGRESS</p>	<p>Ken King, CASO, reported on the current development progress of Capital Projects in process with the Committee. Mr. King outlined the current projects updates on the following:</p> <ol style="list-style-type: none"> 1. Behavioral Health Services (BHS) Building <ul style="list-style-type: none"> • Steel Structure has been erected. • Metal Decking installation is complete. • Installation of system deck inserts is in process. • Concrete placement on 2nd Floor metal deck is in process. • Currently progressing on schedule with a target completion date for construction of March 2019. • Final GMP Proposal has been accepted and is within the revised budget. 2. Integrated Medical Office (IMOB) Building <ul style="list-style-type: none"> • Foundation elements and under slab utilities are complete. • Slab on grade for IMOB is complete IMOB Steel Structure erection began on 11/27/17 and is progressing toward completion by the end of February. • Foundation elements for IMOB Garage are in process. • Currently progressing on schedule with a target completion date for construction of May 2019. • Acceptance of the Final GMP proposal is pending the receipt of various bids and negotiations. Current status is positive. 3. Central Utility Plant (CUP) Upgrades <ul style="list-style-type: none"> • Construction and equipment installation continues on schedule. • Next major milestone is the installation of two new absorption chillers <ul style="list-style-type: none"> ○ Absorption chillers use steam from our boilers to generate chilled water. This allows us to use gas instead of electricity when electric rates are high and when reducing our use of electricity is required. • Currently progressing on schedule with a target completion date for construction of April 2018. • Cost of construction is proceeding within the accepted GMP proposal. 4. Women's Hospital Expansion <i>(Included for the first time)</i> <ul style="list-style-type: none"> • Over the past 14 months, with the initial approved funding of \$6 million we have conducted an assessment of the existing building conditions and their compliance with current building codes. • We have met with physicians and staff and conducted site visits to recently constructed facilities. • We have completed the schematic floor plans for the expansion. <ul style="list-style-type: none"> ○ Note that the "expansion" is to the 2nd & 3rd floors that are currently occupied by medical offices. There is no addition to the building footprint contemplated. • The process of design development is 95% complete and 	

	<p>construction phasing and sequencing is being developed.</p> <ul style="list-style-type: none"> The initial construction cost estimate for the project has recently been received and a detailed review has been completed. <ul style="list-style-type: none"> The implications of the proposed costs, sequencing, schedule and impact on operations during construction has caused us to delay the development process, so that various options can be considered. Design Features include: <ul style="list-style-type: none"> Café with Indoor & Outdoor Seating Public Restrooms Updated Gift Shop Security Control Station Improved Interiors <p>Mr. King stated he's watching our contingency allowance. As of today we have obligated by contract 66% of the Total Project Budgets and paid 45% of the obligated amount. The Forecasted Cost is based on where we expect to complete the project with everything we know today.</p>	
8. CAPITAL FUNDING REQUEST	<p>Ken King, CASO, and Deb Muro, ICIS reported on the current Capital Funding Project with the Committee. They recommend to purchase and installation of hardware, software and services necessary to replace the existing Imaging Systems with a new Enterprise Imaging Picture Archive Communication System (PACS) at a cost not to exceed \$2.2 million.</p> <p>Motion: To approve the recommendation for the Board, to approve the new PACS.</p> <p>Movant: Reeder Second: Juelis Ayes: Chow, Faust, Hobbs, Juelis, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Capital Funding Approved</i>
9. REPORT ON FINANCIAL & OPERATIONAL BENCHMARKS	<p>Ifrikhar Hussain, CFO, reported on the Moody's Not for Profit Healthcare Medians report. El Camino Hospital was one out of 50 hospitals that received an A1 rating among the 323 that were rated. ECH received high marks for several reasons:</p> <ul style="list-style-type: none"> Net revenue is low in our rating category margins Cash position and operating margin are very strong compared to our peers. In the long term forecast we show comparative commercial rates and cost position using OSHPD data. The data shows that we are midmarket in reimbursement and cost. <p>In response to Mr. Juelis possible margin drop as we seek higher revenue base, Mr. Hussain stated that Moody's is more focused on diversification. If your revenue is small, one bad event can take a heavy financial toll. From a risk side they want a larger revenue base.</p>	

<p>10. EPIC IMPLEMENTATION REVIEW</p>	<p>Deb Muro, Interim CIO reported on the Epic Implementation to the Committee members. She report key highlights on the implantation of EPIC: (1) The Epic system was implemented on time as per the scheduled timeframe of November 2015; (2) The Command Center was closed within 14 days of go-live due to system stabilization, achievement of go-live metrics and reduced ticket volumes; (3) As planned, Beacon, the Epic Oncology and Chemotherapy Module completed a successful go-live in April 2016; (4) The project team transitioned from the implementation phase to a reduced staffing model for ongoing support by 1st quarter of 2016; (5) Technical components of the Epic system continue to run; (6) Smoothly and reliably ECH received the highest “Good Install” award Epic bestowed on all of its customers for the years of 2015 and 2016 resulting in a \$547,000 rebate.</p> <p>Our goal is the following: (1) El Camino Hospital and Clinics share a common EMR platform. Independent physicians can use the ECH EMR for their practice as part of the Community Connect program; (2) Physicians can access the ECH Epic system remotely from their clinic office, home or other external settings; (3) Non-credentialed referring physicians can access the ECH Epic system using “EpicCare Link”; (4) Pathways Home Care and Hospice uses the ECH Epic system as their EMR and Home Care organizations within the community can access the ECH EMR for patient care treatment purposes using “EpicCare Link.” and lastly (5) Improve Revenue Cycle, charge capture and patient financial capabilities.</p> <p>In response to Mr. Faust cost per physician question, Mrs. Muro stated it cost \$28K per physician and we subsidize 80% through Community Connect.</p> <p>In response to Mr. Hobbs Apple question, Mrs. Muro reported she had several meetings already with Apple on mobile devices. Examples of mobile devise use are for nurses to have an iPhone/ watches so they can document while doing their patient rounding; for patients to use My Chart app, so they can view their account, receive reminders of their prep appointment, what the physician stated before their surgery and after by using the app on their iPhone.</p>	
<p>11. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 7:32 pm pursuant to Gov’t Code Section 54957.2 for approval of the Minutes of the Closed Session of the Finance Committee (November 27, 2017) pursuant to Health & Safety Code 32106(b) for discussion of Acute Rehab Agreement – LG, ED On-Call Interventional Radiology – LG, ED On-Call Interventional Radiology – MV, ED On-Call Urology Call Coverage – MV, ED On-Call Urology Call Coverage – LG, ED On-Call Stroke & Neurology – MV & LG, Urgent Care Clinics; pursuant to Health & Safety Code 32106(b) for discussion of Service Line Review – Behavioral Health Services for a report and discussion involving health care facility trade secrets.</p> <p>Movant: Juelis Second: Hobbs Ayes: Chow, Faust, Hobbs, Juelis, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Adjourned to closed session at 7:32 pm</i></p>
<p>12. AGENDA ITEM 16: RECONVENE OPEN SESSION/ REPORT OUT</p>	<p>Open session was reconvened at 8:09 pm. Agenda items 12-14 were covered in closed session. During the closed session the committee approved the Minutes of the Closed Session of Finance Committee (November 27, 2017). By a unanimous vote in favor by all present committee members (Chow, Faust, Hobbs, Juelis, Reeder, Zoglin).</p>	
<p>13. AGENDA ITEM 17: APPROVAL OF</p>	<p>Motion: To recommend that the Board approve the Acute Rehab Agreement – LG, ED On-Call Interventional Radiology – LG, ED On-Call Interventional</p>	<p><i>Physician Contracts approved</i></p>

CONTRACTS	<p>Radiology – MV, ED On-Call Urology Call Coverage – MV, ED On-Call Urology Call Coverage – LG, ED On-Call Stroke & Neurology – MV & LG, and Urgent Care Clinics.</p> <p>Movant: Juelis Second: Hobbs Ayes: Chow, Faust, Hobbs, Juelis, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
14. AGENDA ITEM 18: FY18 COMMITTEE PACING PLAN	Mr. Zoglin stated to Mr. Hussain to present the Strategic Review and Goals on Service Lines in March or FY19. Mrs. Murphy stated that the Self-Assessment Results should be reviewed in March and not wait until May.	
15. AGENDA ITEM 19: CLOSING COMMENTS	None	
16. AGENDA ITEM 20: ADJOURNMENT	<p>Motion: To adjourn at 8:20pm</p> <p>Movant: Reeder Second: Chow Ayes: Chow, Faust, Hobbs, Juelis, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Meeting adjourned at 8:20 pm</i>

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

John Zoglin
Chair, Finance Committee