



**Minutes of the Open Session of the Finance Committee**  
**Tuesday, May 29, 2018**  
**El Camino Hospital | Conference Rooms E, F, & G**  
**2500 Grant Road, Mountain View, CA 94040**

**Members Present**

Joseph Chow  
 Boyd Faust  
 William Hobbs (Via Phone)  
 Richard Juelis (Via Phone)  
 John Zoglin, Chair

**Members Absent**

David Reeder

**Others Present**

Agenda Item	Comments/Discussion	Approvals/Action
<b>1. CALL TO ORDER/ ROLL CALL</b>	Committee Chair John Zoglin called the open session of the Finance Committee to order at 6:56 pm. Mr. Reeder was absent. All other Committee members were present. There were not enough committee members within the district to meet quorum.	
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Chair Zoglin asked if any Committee members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
<b>3. PUBLIC COMMUNICATION</b>	There were no comments from the public.	
<b>4. CONSENT CALENDAR</b>	Chair Zoglin explained that because there was not a quorum present, the items within the consent calendar (FY19 Pacing Plan and Financial Assistance, Charity Care & Discounts Policy) will be forwarded to the Hospital Board for approval indicating that there were no questions or objections from the Committee Members present.  The approval of the Minutes for the Open Session Finance Committee (April 26, 2018) was deferred to the next Committee meeting in July.	<i><b>The Open Session Finance Committee (April 26, 2018) minutes were deferred to the July 30<sup>th</sup> Committee meeting.</b></i>
<b>5. REPORT ON BOARD ACTIONS</b>	Chair Zoglin briefly reviewed the Report on Board Actions as further detailed in the packet. The committee had no comments or concerns.	
<b>6. ENTERPRISE RESOURCE PLANNING PROJECT (ERP) UPGRADE</b>	Iftikhar Hussain, CFO, Kathryn Fisk, CHRO and Deb Muro, CIO are part of the ERP Steering Committee. The Steering Committee presented the importance of the ERP upgrade which was detailed in the packet. The Steering Committee request that the Finance Committee recommend Board approval for the purchase and installation of the hardware, software and services necessary to replace the existing Enterprise Resource Planning (ERP) System, at a one-time capital cost not to exceed \$9.65 million.  While there were not enough committee members present to meet quorum, there were no questions or objections noted from the Committee Members present.	<i><b>The ERP Project forwarded for Hospital Board review and approval</b></i>
<b>7. FY18 PERIOD 10 FINANCIALS</b>	Iftikhar Hussain, CFO, reviewed the FY18 Period 10 Financials with the Committee members. FY18 for the year, overall volume, measured in adjusted discharges is 5.3% higher than budget. IP cases are 3.5% over budget, specifically Neurosciences, HVI, BHS, Oncology and General Medicine. Deliveries are lower to prior year and 4.5% below budget. OP cases are higher than budget in General Surgery, General Medicine, Lab, Imaging Services, MCH, Rehab, Outpatient Clinics and Emergency. April Operating income is \$871K under budget. For the year operating margin is \$45.6M ahead of target. Investments rebounded slightly during the month and for the year, investment earnings remain \$31M ahead of target. Commercial insurance is a 3.6% decrease of the Payor Mix in April than budget where Medicare has increased 2.1%. Prod Hrs/APD for April is unfavorable vs target due, to lower volume. YTD we are slightly ahead of budget. The overall balance sheet reflects AR is 47.7 which is .3 days better than budget.	<i><b>The FY18 Period 10 Financial approval will be deferred to the July 30<sup>th</sup> Committee Meeting.</b></i>

	<p><i>The Committee stated the draw schedule needs to be updated more often to them within the fiscal year.</i></p> <p>While there were not enough committee members present to meet quorum, there were no questions or objections noted from the Committee Members present.</p>	
<b>8. FY19 OPERATING AND CAPITAL BUDGET</b>	<p>Iftikhar Hussain, CFO, reviewed the FY19 Operating &amp; Capital Budget with the Finance Committee members. Iftikhar Hussain, CFO, reported that the FY17 and FY18 operating margins have been favorable compared to history and to budget, and explained that the variance in FY17 was primarily due to better charge capture following EPIC implementation and in FY18 was primarily due to higher volumes than expected. Mr. Hussain explained the FY19 revenue, volume, and expense assumptions. He reviewed the proposed budget with the Finance Committee Members and noting that the budgeting operating margin is lower for FY19.</p> <p>In response to questions from the Finance Committee members, Mr. Hussain reported the following:</p> <ul style="list-style-type: none"> <li>- FY18 ED and Med/Surg volumes were higher than expected due to an unusually severe flu season and other volumes were higher than expected due exceptional growth of the HVI, Oncology, and Neuroscience service lines.</li> <li>- CONCERN revenue is down due to the loss of one large client that received a lower bid from a competitor. ECH could not provide the level of service this client demands at that price, but has a good track record of growth and continues to attract new clients.</li> <li>- The supplies savings initiative will be achieved through a value analysis process. ECH continues to work with Adventist to get volume pricing and may need to change some of the supplies we use.</li> <li>- \$500,000 is budgeted for the Alexa pilot (hospital room of the future). Following the pilot, management will consider deployment throughout the hospital.</li> <li>- The major construction projects are proceeding and expected to be completed within the approved budgets.</li> <li>- Pharmacy and supply cost projections are obtained through ECH's GPO.</li> <li>- ECH's contract rates for deliveries are mid-market.</li> </ul>	
<b>9. ADJOURN TO CLOSED SESSION</b>	<p><b>Motion:</b> To adjourn to closed session at 7:39pm pursuant to Gov't Code Section 54957.2 for approval of the Minutes of the Closed Session of the Finance Committee (April 26, 2018)</p> <p><b>Movant:</b> Faust  <b>Second:</b> Chow  <b>Ayes:</b> Chow, Faust, Hobbs, Juelis, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Reeder  <b>Recused:</b> None</p>	<i>Adjourned to closed session at 7:39 pm</i>
<b>10. AGENDA ITEM 14: RECONVENE OPEN SESSION/ REPORT OUT</b>	<p>Open session was reconvened at 8:19 pm. Agenda items 11 – 13 were covered in closed session; however there were no quorum, so no actions were taken by the Committee. The approval of the Minutes of the Closed Session Finance Committee (April 26, 2018) was deferred to the next Committee meeting in July.</p>	

<b>11. AGENDA ITEM 16: MEDICAL DIRECTOR AGREEMENT RENEWALS 17: FY19 OPERATING AND CAPITAL BUDGET</b>	<p>Chair Zoglin and reviewed the Medical Director Agreement Renewal as further detailed in the packet. He requested feedback and a brief discussion ensued.</p> <p>Chair Zoglin reviewed the FY19 Operating and Capital Budget as further detailed in the packet. He requested feedback and a brief discussion ensued.</p> <p>While there were not enough committee members present to meet quorum, there were no questions or objections noted from the Committee Members present on the Medical Director Agreement Renewal &amp; FY19 Operating and Capital Budget simultaneously.</p>	<i>The FY19 Operating and Capital Budget forwarded for Hospital Board review and approval</i>
<b>12. AGENDA ITEM 18: CLOSING COMMENTS</b>	None	
<b>13. AGENDA ITEM 19: ADJOURNMENT</b>	<p><b>Motion:</b> To adjourn at 8:28pm</p> <p><b>Movant:</b> Faust</p> <p><b>Second:</b> Chow</p> <p><b>Ayes:</b> Chow, Faust, Hobbs, Juelis, Zoglin</p> <p><b>Noes:</b> None</p> <p><b>Abstentions:</b> None</p> <p><b>Absent:</b> Reeder</p> <p><b>Recused:</b> None</p>	<i>Meeting adjourned at 8:28pm</i>

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

John Zoglin  
Chair, Finance Committee

