



Minutes of the Open Session of the Finance Committee
Monday, July 30, 2018
El Camino Hospital | Conference Rooms A & B (ground floor)
2500 Grant Road, Mountain View, CA 94040

Members Present

Joseph Chow
 Richard Juelis
 Gary Kalbach
 David Reeder
 John Zoglin, Chair

Members Absent

Boyd Faust
 William Hobbs

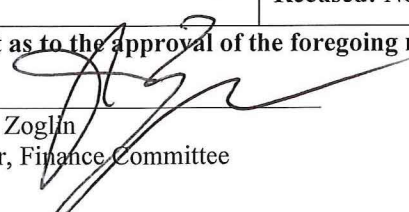
Others Present

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 5:31pm by Chair John Zoglin. Mr. Faust and Mr. Hobbs were absent. All other Committee members were present.	
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 Open Session of Finance Committee Meeting (April 26, 2018); Minutes of the Open Session of the Joint ECH Board and Finance Committee (May 29, 2018); and Minutes of the Open Session of the Finance Committee Meeting (May 29, 2018) and FY 18 Period 10 Financials.</p> <p>Movant: Juelis Second: Kalbach Ayes: Chow, Juelis, Kalbach, Reeder, Zoglin Noes: None Abstentions: None Absent: Faust & Hobbs Recused: None</p>	<i>Consent calendar approved</i>
5. APPOINTMENT OF VICE CHAIR TO THE FINANCE COMMITTEE	Chair Zoglin briefly announced that Joseph Chow has accepted the role as Vice Chair of the Finance Committee.	
6. DELEGATION OF AUTHORITY TO THE COMMITTEE	<p>Cindy Murphy, Board Liaison and Iftikhar Hussain, CFO reviewed the main two objectives recommended for the Finance Committee:</p> <ul style="list-style-type: none"> (1) To consider the Finance Committee is the appropriate committee for delegation of authority for Physician Contract exceptions under the Physician Financial Arrangements Policy. (2) Authority to approve funding requests not to exceed \$5 million. <p>Mrs. Murphy asked the Committee for feedback and a brief discussion ensued.</p> <p><i>The Finance Committee suggested we explore what other District Hospitals are offering as signage authoring level for their CEO.</i></p> <p>Motion: To recommend that the Governance Committee recommend Delegation Authority to the Finance Committee.</p>	<i>Delegation of Authority to the Finance Committee approved</i>

	<p>Movant: Reeder Second: Kalbach Ayes: Chow, Juelis, Kalbach, Reeder, Zoglin Noes: None Abstentions: None Absent: Faust & Hobbs Recused: None</p>	
7. REPORT ON BOARD ACTIONS	Chair Zoglin briefly reviewed the Report on Board Actions as further detailed in the packet.	
8. FY18 YEAR END FINANCIALS	<p>Iftikhar Hussain, CFO, reviewed the FY18 Period 12 Financials with the Committee members. FY18 for the year, overall volume, measured in adjusted discharges is 5.4% higher than budget. Medical and ER cases were high due to the flu season. Strong service line growth in Neurosciences, HVI, BHS, Oncology. Deliveries are lower than prior year and 4.4% below budget primarily, due to the decline in birth rate. OP cases also show strong service line growth in General Surgery, General Medicine, Orthopedics, Imaging Services, MCH and Rehab.</p> <p>June's operating income is \$15.5 million better than budget of \$5.2 million due to \$8.4 million in Inter Governmental Transfer (IGT) revenue \$2.3 million in revenue due to reversal of Medicare RAC audit reserve. For the year operating margin is \$63.3 million ahead of target due to higher volume, \$29 million in unusual items and strong revenue cycle operations. The investment earnings are \$40.5 million ahead of target. Balance sheet is healthy with cash at 504 days and AR at 46.8 days which is 1.2 days better than target.</p> <p>Motion: To approve the FY18 Year End Financials.</p> <p>Movant: Juelis Second: Kalbach Ayes: Chow, Juelis, Kalbach, Reeder, Zoglin Noes: None Abstentions: None Absent: Faust & Hobbs Recused: None</p>	<i>FY 18 Year End Financials approved</i>
9. PHYSICIAN TRANSACTION COMPLIANCE EDUCATION	<p>Diane Wigglesworth, Director of Corporate Compliance and Mary Rotunno, General Counsel reviewed the material in the Physician Transaction Compliance Education packet. Mrs. Rotunno stated, as the Committee you're responsible under Hospital Policy 51.00 for reviewing and recommending for approval any physician contracts 1) over \$250,000, 2) over the 75th percentile of fair market value, and/or 3) with a 10% or more increase.</p> <p>In addition we need these points in our 10 steps: 1) Alignment with Mission Goals; 2) Industry Practice; 3) Frequency & Intensity of Need; 4) Alternatives; 5) Duplication; 6) Financial Performance; 7) Qualifications; 8) Evaluation Metrics; and 9) Payment Terms. It's the Finance Committee responsibility to oversee if the 10 step is articulated correctly.</p> <p>Mrs. Wigglesworth asked the Committee for feedback and a brief discussion ensued.</p>	
10. FINANCIAL INSTITUTIONS	<p>Matt Harris, Controller reviewed each of the Financial Institutions with the Committee members. Mr. Harris stated Amex gives us the best rebate return. In 2011 ECH partnered with American Express Global Commercial Services, to improve business process automation, better efficiency, and enhanced cash flow management. ECH decided to enroll in their program BIP (Buyer Initiated Payments), to gain more in rebates. Since joining the program ECH received rebates in the range of \$130,000 to \$170,000 and have approximately \$35 million in payables processing a year through their payables solution. The most recent Institution is Comdata who we partnered, to expand our payment automation footprint beyond AMEX and our internal processes to leverage our A/P spend to achieve greater rebates. Depending on the growth</p>	

	<p>over the next few months, ECH expected annual rebates could range \$550K to \$800K. Mr. Harris asked the Committee for feedback and a brief discussion ensued.</p>	
11. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 6:46pm pursuant to Gov't Code Section 54957.2 for approval of the Minutes of Closed Session of Finance Committee Meeting (April 26, 2018); Minutes of the Closed Session of the Joint ECH Board and Finance Committee (May 29, 2018); and Minutes of the Closed Session of the Finance Committee Meeting (May 29, 2018).</p> <p>Movant: Juelis Second: Kalbach Ayes: Chow, Juelis, Kalbach, Reeder, Zoglin Noes: None Abstentions: None Absent: Faust & Hobbs Recused: None</p>	<i>Adjourned to closed session at 6:46 pm</i>
12. AGENDA ITEM 15: RECONVENE OPEN SESSION/ REPORT OUT	<p>Open session was reconvened at 7:27 pm. Agenda items 13-15 were covered in closed session. During the closed session the committee approved the Closed Session Joint Finance & Investment Committee (January 29, 2018); Minutes of the Closed Session of the Finance Committee (January 29, 2018).</p> <p>By a unanimous vote in favor by all present Committee Members (Chow, Juelis, Kalbach, Reeder, and Zoglin). Faust & Hobbs was absent.</p>	
13. AGENDA ITEM 16: APPROVAL OF CONTRACTS	<p>Motion: To recommend that the Board approve the Mountain View Hospitalist and Associate Chief Medical Office contracts.</p> <p>Movant: Kalbach Second: Juelis Ayes: Chow, Juelis, Kalbach, Reeder, Zoglin Noes: None Abstentions: None Absent: Faust & Hobbs Recused: None</p>	<i>Physician Contracts approved</i>
14. AGENDA ITEM 17: FY19 COMMITTEE PACING PLAN	<p>Chair Zoglin discuss with the Committee on FY19 Pacing Plan that there's three Service lines presentations. He wants to make sure the key factors are presented within the presentations: 1) What is our Strategy; 2) What are the goals for this year; 3) Are the goals tied to our strategy. Mr. Juelis suggested please add new cutting edge technology tied to strategy if any.</p>	
15. AGENDA ITEM 18: CLOSING COMMENTS	None	
16. AGENDA ITEM 19: ADJOURNMENT	<p>Motion: To adjourn at 7:34pm</p> <p>Movant: Juelis Second: Chow Ayes: Chow, Juelis, Kalbach, Reeder, Zoglin Noes: None Abstentions: None Absent: Faust & Hobbs Recused: None</p>	<i>Meeting adjourned at 7:34 pm</i>

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


John Zoglin
Chair, Finance Committee