



Minutes of the Open Session of the
El Camino Hospital Board of Directors
Wednesday, February 14, 2018
2500 Grant Road, Mountain View, CA 94040
Conference Rooms F&G (ground floor)

Board Members Present

Lanhee Chen, Chair
 Jeffrey Davis, MD (via teleconference)
 Neysa Fligor
 Peter C. Fung, MD
 Gary Kalbach
 Julie Kliger, RN
 Julia E. Miller, Secretary/Treasurer
 Robert Rebitzer
 David Reeder
 John Zoglin, Vice Chair

Board Members Absent

None

Members Excused

None

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Board of Directors of El Camino Hospital (the "Board") was called to order at 5:30pm by Chair Chen. A silent roll call was taken. Director Fligor joined the meeting at 5:34pm and Director Rebitzer joined the meeting at 5:37pm during Agenda Item 4: Quality Committee Report. Director Davis joined the meeting via teleconference at 5:57pm during Agenda Item 5: Advisory Committee Self-Assessments. All other Board members were present at roll call.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Chen asked if any Board members may have a conflict of interest with any of the items on the agenda. Director Fung reported that he has a conflict with Agenda Item 26: Approval of ED On-Call Stroke & Neurology Panel. No other conflicts were reported.	
3. QUALITY COMMITTEE REPORT	<p>Director Reeder, Chair of the Quality Committee, shared a patient story from the Committee's materials. He also highlighted the Heart & Vascular Institute's Annual Heart Forum and the recognition of the Pain Management A3 team at ECH's Employee Service Awards.</p> <p>He reported that the Committee received a presentation from Fabio Komlos, MD and Bart Dolmatch, MD about ECH's interventional radiology services and from Wendy Ron, a Quality Committee member, who shared her personal patient experience at ECH.</p> <p>He explained that currently the only unfavorable performance on the quality dashboard is for catheter-associated urinary tract infections, and described staff education efforts in this area. He also described the organization's standardized infection rates.</p> <p>In response to Director Zoglin's questions, Director Reeder described the addition of interventional radiology physicians to the medical staff, and noted that quality benchmarks may be discussed further during the strategic discussion in closed session.</p>	
4. FY18 PERIOD 6 FINANCIALS	<p>Iftikhar Hussain, CFO, reviewed the FY18 Period 6 Financials, noting that:</p> <ul style="list-style-type: none"> - ECH is \$34 million ahead of plan for operating margin due to \$13.4 million in unusual items (IGT and PRIME funding, late charge accrual and credit balance valuations which have been corrected), and good revenue cycle operations and charge capture processes. - Inpatient volume is 5.1% ahead of budget 	<i>FY18 Period 6 Financials approved</i>

	<p>- On a volume-adjusted basis, labor expenses are at target.</p> <p>In response to Director Rebitzer's question, Mr. Hussain noted that the growth this year is different than in prior years due to a combination of sustainable growth from service line recruitments and newer technologies as well as a very severe flu season.</p> <p>Motion: To approve the FY18 Period 6 Financials.</p> <p>Movant: Zoglin Second: Reeder Ayes: Chen, Fligor, Fung, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: Davis Recused: None</p>	
<p>5. ADVISORY COMMITTEE SELF-ASSESSMENTS</p>	<p>Director Fung, Chair of the Governance Committee, and JoAnn McNutt from Nygren Consulting provided an overview of the Advisory Committee Self-Assessments and Committee Structure Survey.</p> <p>The Board's discussion focused on two areas: 1) improving feedback to the Advisory Committees from the Board, and 2) considering delegating authority to the Committees.</p> <p>Ms. McNutt and the Board discussed communication from the Board to the Committees and what form would be most useful. The Board agreed that the Board members serving on each Committee will provide verbal updates to the rest of the Committee about the Board's discussions and intent regarding Committee's recommendations.</p> <p>Director Zoglin requested additional information from legal counsel about what information from the Board's closed session can be shared with the Committees, and whether that discussion should be in open or closed session.</p> <p>Ms. McNutt encouraged the Board to purposefully use the joint Board and Committee Educational Gatherings.</p>	<p><i>Staff to provide additional information about Reports on Board Actions</i></p>
<p>6. EXECUTIVE COMPENSATION COMMITTEE REPORT</p>	<p>Bob Miller, Chair of the Executive Compensation Committee, outlined the proposed changes recommended by the Executive Compensation Committee as further detailed in the materials related to:</p> <ol style="list-style-type: none"> 1. Executive Compensation Philosophy: expanding to reflect total cash compensation and total remuneration 2. Executive Base Salary Administration: allowing for more differentiation 3. Executive Performance Incentive Plan: adding a variable financial metric; modifying the weighting of individual incentive goals and using CEO discretion as a modifier <p>In response to Director Davis' question, Mr. B. Miller explained that the budget threshold for all individual goals to receive any incentive payment will be retained in the proposed policy. He also further explained the proposed addition of a variable organizational financial goal.</p> <p>Director Reeder voiced his support of the combination of the individual goals and discretionary component.</p> <p>Director Zoglin expressed concerns about target executive compensation above the 50th percentile (up to the 75th percentile), which could result in increases for executives above the rest of the organization, including the</p>	<p><i>Resolution 2018-02 approved</i></p>

contracted increases for union employees.

Mr. B. Miller commented that the base salary philosophy would be still be targeting the 50th percentile on average, not by individual, which would allow for differentiation based on performance and experience. He noted that executives differ because they have incentive opportunities, which are designed to reward extraordinary performance (through total cash compensation as outlined in the proposed changes).

Director Zoglin expressed concerns about what “extraordinary performance” could mean, especially with ECH’s payor mix.

The Board discussed how best to motivate management to perform and how to reward excellent performance in a given year. Director Rebitzer expressed concerns about incentives drifting up over time without underlying performance driving them. Mr. B. Miller commented that if goals are designed properly, on average, there should be achievement at maximum 1 or 2 out of every ten years, and no payment 1 or 2 out of every ten years.

In response to Director Rebitzer and Director Kliger’s questions, Mr. B. Miller explained that base salaries, salary ranges, target bonuses, and benefits are competitive and are analyzed by a third party every year for reasonableness. He noted that the proposed changes would allow for differentiation between executives and bonus payments above target if the organization and an individual perform well.

Motion: To approve the proposed changes to the Executive Compensation Philosophy policy.

Movant: Kalbach

Second: Fligor

Ayes: Chen, Davis, Fligor, Fung, Kalbach, Kliger, Rebitzer, Reeder

Noes: Zoglin

Abstentions: Miller

Absent: None

Recused: None

The motion passed.

Motion: To approve the proposed changes to the Executive Base Salary Administration policy.

Movant: Reeder

Second: Kalbach

Ayes: Chen, Davis, Fligor, Fung, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin

Noes: None

Abstentions: None

Absent: None

Recused: None

The motion passed.

Motion: To approve the proposed changes to Executive Performance Incentive Plan policy.

Movant: Reeder

Second: Kalbach

Director Fligor suggested that discussion be referred back to the Executive Compensation Committee to clarify the language regarding “up to the 75th

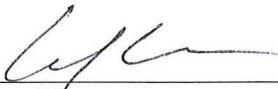
	<p>percentile.”</p> <p>Mary Rotunno, General Counsel, advised that the compensation philosophy was addressed in the first motion, which was already approved. In response to Chair Chen’s question, she stated that Directors could change their votes before the next agenda item.</p> <p>In response to Director Miller’s question, Mr. B. Miller described safeguards built into the philosophy and the effects on executive compensation when the organization performs poorly.</p> <p>Ayes: Chen, Davis, Fligor, Fung, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p> <p>The motion passed.</p> <p>After consultation with counsel, the vote was retaken on the motion to approve the proposed changes to the Executive Compensation Philosophy:</p> <p>Ayes: Chen, Davis, Fung, Kalbach, Kliger, Reeder Noes: Fligor, Rebitzer, Zoglin Abstentions: Miller Absent: None Recused: None</p> <p>The motion passed.</p>	
7. PUBLIC COMMUNICATION	Director Miller reported that she received a note and a donation to the ECH Foundation from Mr. Michael Fox.	
8. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 6:45 pm pursuant to <i>Gov’t Code Section 54957.2</i> for approval of the Minutes of the Closed Session of the Hospital Board Meeting (January 10, 2018), Minutes of the Closed Session of the Special Meeting to Conduct a Study Session of the Hospital Board (January 20, 2018) and Minutes of the Closed Session of the Executive Compensation Committee Meeting (November 9, 2017); pursuant to <i>Health and Safety Code 32155</i> for deliberations concerning reports on Medical Staff quality assurance matters: Organizational Clinical Risks; pursuant to <i>Gov’t Code Section 54957.6</i> for a conference with labor negotiator Dan Woods: Labor Negotiations Update; pursuant to <i>Health and Safety Code 32155</i> for deliberations concerning reports on Medical Staff quality assurance matters: Medical Staff Report; pursuant to <i>Gov’t Code Sections 54957</i> and <i>54957.6</i> for report and discussion on personnel matters: FY18 CIO Base Salary; pursuant to <i>Gov’t Code Sections 54957</i> and <i>54957.6</i> for report and discussion on personnel matters: FY18 SVMD President Base Salary; pursuant to <i>Gov’t Code Section 5496.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation: Consider Delegation of Authority to Executive Compensation Committee; pursuant to <i>Health & Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: Marketing and Branding Education; pursuant to <i>Gov’t Code Section 5496.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation, <i>Health and Safety Code 32106(b)</i> for a report involving health care facility trade secrets: CEO Report on New Services and Programs and Legal Issues; pursuant to <i>Gov’t Code Sections 54957</i> and <i>54957.6</i> for report and discussion on personnel matters: Proposed First Amendment to Executive Employment Agreement; pursuant to <i>Gov’t Code Section 54957</i></p>	<i>Adjourned to closed session at 6:45 pm</i>

	<p>for discussion and report on personnel performance matters: Executive Session.</p> <p>Movant: Miller Second: Kalbach Ayes: Chen, Davis, Fligor, Fung, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>9. AGENDA ITEM 20: RECONVENE OPEN SESSION/ REPORT OUT</p>	<p>Open session was reconvened at 9:10pm by Chair Chen. Director Davis did not attend the second open session. Agenda items 9-19 were addressed in closed session.</p> <p>During the closed session, the Board approved the Minutes of the Closed Session of the Hospital Board Meeting (January 10, 2018), Minutes of the Closed Session of Special Meeting to Conduct a Study Session of the Hospital Board (January 20, 2018), Minutes of the Closed Session of the Executive Compensation Committee Meeting (November 9, 2017), and the Medical Staff Report by a unanimous vote in favor of all members present (Directors Chen, Davis (via teleconference), Fligor, Fung, Kalbach, Kliger, Miller, Rebitzer, Reeder, and Zoglin).</p>	
<p>10. AGENDA ITEM 21: CONSENT CALENDAR</p>	<p>Chair Chen asked if any member of the Board or the public wished to remove an item from the consent calendar. No items were removed.</p> <p>Motion: To approve the consent calendar: Minutes of the Open Session of the Hospital Board Meeting (January 10, 2018); Minutes of the Open Session of the Special Meeting to Conduct a Study Session of the Hospital Board (January 20, 2018); Government Investigations Policy; Physician Financial Arrangements Policy; Minutes of the Open Session of the Executive Compensation Committee Meeting (November 9, 2018); PACS and Image Archive System Replacement (\$2.2m); Acute Rehabilitation Agreement (LG); ED On-Call Interventional Radiology Panel (LG); ED On-Call Interventional Radiology Panel (MV); ED On-Call Urology Panel (MV); ED On-Call Urology Panel (LG); Community Benefit Grants Policy; FY18 Period 5 Financials; Appointment of Directors to Advisory Committees; Approval of Revised Board and Committee Education Policy; and the Medical Staff Report.</p> <p>Movant: Zoglin Second: Reeder Ayes: Chen, Fligor, Fung, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: Davis Recused: None</p>	<p><i>Consent calendar approved</i></p>
<p>11. AGENDA ITEM 22: APPROVAL OF FY18 CIO BASE SALARY</p>	<p>Chair Chen noted that Cindy Murphy, Director of Governance Services, had hard copies of the proposal available for the public.</p> <p>Motion: To approve the FY18 CIO Base Salary.</p> <p>Movant: Fligor Second: Kalbach Ayes: Chen, Fligor, Fung, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None</p>	


	<p>Absent: Davis Recused: None</p>	
<p>12. AGENDA ITEM 23: APPROVAL OF FY18 SVMD PRESIDENT BASE SALARY</p>	<p>Chair Chen noted that Cindy Murphy, Director of Governance Services, had hard copies of the proposal available for the public.</p> <p>Motion: To approve the FY18 SVMD President Base Salary and the exception to the severance policy.</p> <p>Movant: Miller Second: Kliger Ayes: Chen, Fligor, Fung, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: Davis Recused: None</p>	
<p>13. AGENDA ITEM 24: CONSIDER DELEGATION OF AUTHORITY TO EXECUTIVE COMPENSATION COMMITTEE</p>	<p>Motion: To refer back to the Executive Compensation Committee further discussion regarding the delegation of authority to the Committee.</p> <p>Movant: Zoglin Second: Fung Ayes: Chen, Fligor, Fung, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: Davis Recused: None</p>	
<p>14. AGENDA ITEM 25: PROPOSED FIRST AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT</p>	<p>Motion: To approve the Proposed First Amendment to Executive Employment Agreement.</p> <p>Movant: Miller Second: Kalbach Ayes: Chen, Fligor, Fung, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: Davis Recused: None</p>	
<p>15. AGENDA ITEM 26: APPROVAL OF ED ON-CALL STROKE & NEUROLOGY PANEL</p>	<p>Director Fung left the meeting.</p> <p>Motion: To approve the ED On-Call Stroke & Neurology Panel renewal.</p> <p>Movant: Kalbach Second: Reeder Ayes: Chen, Fligor, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: Davis Recused: Fung</p>	
<p>16. AGENDA ITEM 27: CEO REPORT</p>	<p>Dan Woods, CEO, highlighted current progress toward achievement of the FY18 organizational goals, the re-application for Magnet Designation, a revamped employee engagement and recognition program, and recent Town Hall meetings. He also recognized participants in the Foundation's Employee Giving Campaign and the Auxiliary's contribution of 6,300 volunteer hours in December.</p>	
<p>17. AGENDA ITEM 28: BOARD COMMENTS</p>	<p>There were no additional comments from the Board.</p>	

18. AGENDA ITEM 29: ADJOURNMENT	Motion: To adjourn at 9:17pm. Movant: Reeder Second: Kalbach Ayes: Chen, Fligor, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: Fung, Davis Recused: None	Meeting adjourned at 9:17 pm.
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Attest as to the approval of the foregoing minutes by the Board of Directors of El Camino Hospital:



Lanhee Chen
Chair, ECH Board of Directors



Julia E. Miller
Secretary, ECH Board of Directors

Prepared by: Cindy Murphy, Director of Governance Services
Sarah Rosenberg, Contracts & Board Services Coordinator