



**Minutes of the Open Session of the
El Camino Hospital Board of Directors
Wednesday, October 10, 2018
2500 Grant Road, Mountain View, CA 94040
Conference Rooms F&G (ground floor)**

Board Members Present

Lanhee Chen, Chair
Jeffrey Davis, MD
Neysa Fligor
Gary Kalbach
Julia E. Miller, Secretary/Treasurer
Bob Rebitzer
David Reeder
John Zoglin, Vice Chair

Board Members Absent

Peter C. Fung, MD
Julie Kliger

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 5:31pm by Chair Chen. A silent roll call was taken. Director Rebitzer joined the meeting at 5:33pm during Agenda Item 3: El Camino Hospital Foundation Report. Directors Fung and Kliger were absent. 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. No conflicts were reported.	
3. EL CAMINO HOSPITAL FOUNDATION REPORT	<p>Jodi Barnard, President, ECH Foundation, and Lane Melchor, Chair of the ECH Foundation Board of Directors, discussed:</p> <ul style="list-style-type: none"> - FY18 funds raised: \$5.5 million (\$1 million in unrestricted funds that are allocated through the grant process, \$760,000 restricted funds for various departments/programs/initiatives, \$404,000 for an equipment purchase for the Cancer Center, and \$3.3 million for a new patient family residence). - An overview of revenue by source. - The launch of the mental health fundraising initiative. - Major gift activity. - The cost of fundraising, which are on target with best practice. <p>Ms. Barnard described the launch of Spring Forward and the positive net proceeds in FY18.</p> <p>She outlined the Foundation's FY19-FY22 Strategic Road Map, "Thinking Bold," to align the Hospital's vision with potential donors and provide a theme for the next four years. She described how this strategy highlights the Hospital as a "Bold Adopter" (e.g., investments in HeartFlow, Calypso localization system), a "Bold Investigator" (e.g., lung nodule program, TAVR clinical trial, CyberKnife use), and a "Bold Pioneer" (e.g., approaches for sepsis treatment, ASPIRE, MOMS, programming from the South Asian Heart Center and Chinese Health Initiative).</p> <p>She noted that the road map is intended to be a dynamic, changing document integrated with the Hospital's strategic plan. The Foundation will 1) focus on major gifts and planned giving, 2) continue to produce cost-effective, iconic fundraising events, 3) strengthen grateful patient philanthropy by partnering with clinical staff, and 4) continue recruiting and engaging the next generation of Board members and community</p>	

	<p>volunteers.</p> <p>In response to Director Miller's questions, Ms. Barnard described 1) the sales of bricks for the Behavioral Health Building that engaged the community and raised over \$250,000, 2) the status of Foundation Board member recruitment efforts, 3) the network of ECHF donors, and 4) the Foundation's support of piloting technologies at ECH, and 4) national averages for the cost of fundraising.</p> <p>Director Miller requested a copy of the resume for Robin Driscoll, a candidate for the Foundation Board.</p> <p>In response to Director Zoglin's question, Ms. Barnard explained that she benchmarks her work against Marin General and Overlake Medical Center, but noted that both organizations have significantly larger staff.</p> <p>The Board, Ms. Barnard, Mr. Melchor, and Dan Woods, CEO, discussed the alignment of the Hospital's strategic plan with defined and targeted Foundation efforts.</p>	
<p>4. FY19 PERIOD 2 FINANCIALS</p>	<p>Iftikhar Hussain, CFO, reviewed ECH's financial performance in FY19 Period 2 as further detailed in the packet, highlighting:</p> <ul style="list-style-type: none"> - Net income was \$18.7 million ahead of plan, primarily due to \$15.5 million in investment earnings. - Operating margin is \$3.2 million ahead of plan. - Volume is on par with budget; Mr. Hussain described recruitment efforts to address physician replacement rates in areas where volume is soft. - Maternal Child Health volume has declined, affecting the overall payor mix as MCH is almost entirely commercial business. - Cash position and revenue cycle operations continue to be strong. <p>In response to Director Davis' question, Mr. Hussain explained that a smaller operation is susceptible to larger swings in operating margin from month to month. He noted that in FY18 at Los Gatos, the operating margin was 8.7% and the EBITA was \$22 million, and any trends of concern will be brought to the Board.</p> <p>In response to Director Miller's question, Mr. Hussain described the licensed beds, average daily census, and utilization at the Mountain View and Los Gatos campuses, noting that industry practice focuses on licensed beds.</p> <p>Motion: To approve the FY19 Period 2 Financials.</p> <p>Movant: Kalbach Second: Zoglin Ayes: Chen, Davis, Fligor, Kalbach, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: Fung, Kliger Recused: None</p>	<p><i>FY19 Period 2 Financials approved</i></p>
<p>5. QUALITY COMMITTEE REPORT</p>	<p>Director Reeder, Chair of the Quality Committee, described the Committee's review and discussion of 1) the Hospital's robust credentialing process and 2) Emergency Department patient satisfaction work, including a new chatbot application.</p> <p>Cheryl Reinking, RN, CNO, provided an overview of the Hospital's organizational goal performance, highlighting the teams working on mortality and readmissions, ED throughput, and HCAHPS domains (with</p>	


	<p>efforts related to care team coaching and hourly purposeful rounding).</p> <p>In response to Director Fligor's question, Director Reeder described the processes in place for ongoing evaluation of physicians.</p> <p>Director Miller and Linda Teagle, MD, Los Gatos Chief of Staff, discussed proposed legislation with the California State Senate related to the national practitioner databank.</p>	
<p>6. QUALITY GOAL SETTING PROCESS</p>	<p>Dan Woods, CEO, explained that the purpose of this discussion is to follow up on the request from the September Hospital Board meeting and provide context for how HCAHPS goals are set. He noted that Mark Adams, MD, CMO, will provide context for the other clinical organizational goals at the Board's November meeting.</p> <p>Cheryl Reinking, RN, CNO, explained that the strategic plan calls for ECH to achieve scores above the 50th percentile for all HCAHPS domains, with two domains performing in the top decile by the end of FY22.</p> <p>She also described the utilization of Press Ganey to align HCAHPS goal setting with the top 30% of improvers for organizations with similar performance.</p> <p>In response to Director Zoglin's question, Ms. Reinking described the outpatient surveys conducted through Press Ganey (for the Emergency Department, oncology, outpatient services (<i>i.e.</i>, laboratory, radiology), and outpatient ambulatory services). Director Zoglin requested 1) key performance indicators and additional information about the outpatient surveys and 2) clarification on the FY18 validated performance numbers.</p> <p>In response to Chair Chen's question, Ms. Reinking noted that ECH has interim goals on the way to achieving top decile performance.</p>	<p><i>Staff to provide additional information on outpatient surveys</i></p>
<p>7. FY18 FINANCIAL AUDIT</p>	<p>Brian Conner and Joelle Pulver from Moss Adams reviewed the results of the financial audits conducted for FY18. Mr. Conner noted that the final statements will be issued after the District Board meeting on October 16, 2018. He outlined the scope of work performed for ECH including: FY18 consolidated financial statement audits (Hospital and District) and FY18 financial statement audits for the Foundation and CONCERN:EAP. He noted that the Auxiliary has been audited separately. All reports include Moss Adams' unmodified opinion, the highest level of assurance they can provide. Mr. Conner reported that financial statements as prepared by management were fairly stated in all material respects.</p> <p>Ms. Pulver highlighted:</p> <ul style="list-style-type: none"> - Cash and investments are up, including \$58 million unrealized gains in investments and \$178 million in cash from operations; Capital assets were \$163 million, offset by \$58 million of depreciation expense. - Current liabilities remain consistent with prior years; Ms. Pulver noted that the timing of construction invoices and payment can produce significant swings. - The adoption of a new accounting standard resulted in an \$11 million liability brought on to the balance sheet. - There was an increase in net position of \$214 million. - Net patient service accounts receivable is the largest estimate on the balance sheet; Ms. Pulver noted that the model that management uses to value this is very conservative, but within Moss Adams' standard expected ranges. - Salaries and wages as a percentage of total operating revenues went 	

	<p>down, but actual salaries and revenue went up \$20 million.</p> <ul style="list-style-type: none"> - Community benefit expense has been increasing steadily over the last 3 years. <p>Mr. Conner reported that management selected and applied accounting policies appropriately and consistent with those of the prior year and that management's estimates are reasonable. He also reported that there were no corrected or uncorrected misstatements and no material weaknesses in internal controls or significant deficiencies, noting that the two from the prior year were corrected. He referenced the upcoming GASB changes related to leases and capitalized interest that will go into effect in 2021.</p> <p>In response to Director Fligor's questions, Mr. Conner reported that there was nothing of concern that stood out during the audit; he noted the upcoming transition in the Finance Department's personnel. Ms. Pulver described Moss Adams' review of construction invoices and approvals.</p> <p>Director Zoglin, Mr. Conner, and Ms. Pulver discussed the valuation of Net Patient Services Accounts Receivable. Mr. Conner explained that the conservative AR model used by management has been consistent over the last five years.</p>	
8. PUBLIC COMMUNICATION	<p>Ms. Reinking provided clarification on Director Zoglin's question during Agenda Item 6: Quality Goal Setting; she noted that the differences in percentiles are due to different time periods.</p>	
9. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 6:27pm pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters – Senior Management: FY18 Financial Audit; pursuant to <i>Gov't Code Section 54957.2</i> for approval of the Minutes of the Closed Session of the Hospital Board Meeting (September 12, 2018) and the Minutes of the Closed Session of the Executive Compensation Committee Meeting (May 24, 2018); pursuant to <i>Gov't Code Section 54957.6</i> for a conference with labor negotiator Dan Woods: Executive Compensation Committee Report; pursuant to <i>Health and Safety Code Section 32155</i> for a report of the Medical Staff; deliberations concern reports on Medical Staff quality assurance matters: Medical Staff Report; pursuant to <i>Gov't Code Section 54956.9(d)(2)</i> – conference with legal counsel pending or threatened litigation: Annual Corporate Compliance Report; pursuant to <i>Gov't Code Section 54956.8</i> – conference with real estate negotiator Ken King regarding property (APN 406-26-017): Real Estate; pursuant to <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: FY19 Strategic Plan Metrics Progress Update; pursuant to <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets and <i>Gov't Code Section 54956.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation: CEO Report on New Services and Program and Legal Matters; pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters – CEO and <i>Gov't Code Section 54957.6</i> for a conference with labor negotiator Lanhee Chen: FY18 CEO Discretionary Score; pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters – Senior Management: Executive Session.</p> <p>Movant: Kalbach Second: Miller Ayes: Chen, Davis, Fligor, Kalbach, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: Fung, Kliger</p>	<p><i>Adjourned to closed session at 6:27pm</i></p>


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10. AGENDA ITEM 21: RECONVENE OPEN SESSION/ REPORT OUT	<p>Open session was reconvened at 8:58pm by Chair Chen. Agenda items 10-20 were addressed in closed session. Director Reeder left the meeting after the first open session.</p> <p>During the closed session, the Board approved the Minutes of the Closed Session of the Hospital Board Meeting (September 12, 2018), the Minutes of the Closed Session of the Executive Compensation Committee Meeting (May 24, 2018), the Medical Staff Report including the credentialing and privileges report, and the FY18 CEO Discretionary Score by a unanimous vote in favor of all members present (Directors Chen, Davis, Fligor, Kalbach, Miller, Rebitzer, and Zoglin). Directors Reeder, Fung, and Kliger were absent.</p>	
11. AGENDA ITEM 22: CONSENT CALENDAR	<p>Chair Chen asked if any member of the Board or the public wished to remove an item from the consent calendar. Director Zoglin requested that Agenda Item 22k (FY18 Community Benefit Report) and Director Miller requested that Agenda Item 22c (Foundation Board of Directors Appointment) be removed for discussion.</p> <p>Motion: To approve the consent calendar: Minutes of the Open Session of the Hospital Board Meeting (September 12, 2018); Appointment of Quality Committee Chair;; Medical Staff Report; Compliance Committee Report (Human Resources Policies, Annual 403(b) and Participant Cash Balance Plan Audits); Minutes of the Open Session of the Executive Compensation Meeting (May 24, 2018); Revised Executive Benefit Plan Policy; Los Gatos Imaging Equipment; Medical Director, NICU (MV); Neuro-Interventional Panel (MV); and for information: Executive Compensation Committee Report (Exec Incentive Comp Payouts, FY19 COO Base Salary); and Report on Major Capital Projects in Process.</p> <p>Movant: Kalbach Second: Miller Ayes: Chen, Davis, Fligor, Kalbach, Miller, Rebitzer, Zoglin Noes: None Abstentions: None Absent: Fung, Kliger, Reeder Recused: None</p> <p>Agenda Item 22k: FY18 Community Benefit Report</p> <p>In response to Director Zoglin's question, Anne Rabkin, Sr. Community Benefit Specialist, explained that school districts face challenges related to staffing and demographic changes. Ms. Rabkin noted that staff will provide additional detail about partner evaluation for the next grant cycle and changes that may be needed going forward.</p> <p>Agenda Item 22c: Foundation Board of Directors Appointment</p> <p>The Board requested copies of resumes for future proposed Foundation Board appointments.</p> <p>Motion: To approve the consent calendar: Foundation Board of Directors Appointment; and for information: FY18 Community Benefit Report.</p> <p>Movant: Miller Second: Zoglin Ayes: Chen, Davis, Fligor, Kalbach, Miller, Rebitzer, Zoglin Noes: None Abstentions: None Absent: Fung, Kliger, Reeder</p>	<p><i>Consent calendar approved</i></p> <p><i>CB staff to provide additional information on work with school district grantees</i></p> <p><i>Foundation staff to provide resumes for future Foundation Board appoint-</i></p>

	Recused: None	<i>ments</i>
12. AGENDA ITEM 23: FY18 FINANCIAL AUDIT	Motion: To approve the FY18 Financial Audit. Movant: Kalbach Second: Fligor Ayes: Chen, Davis, Fligor, Kalbach, Miller, Rebitzer, Zoglin Noes: None Abstentions: None Absent: Fung, Kliger, Reeder Recused: None	<i>FY18 Financial Audit Approved</i>
13. AGENDA ITEM 24: FY18 CEO INCENTIVE COMPENSATION PAYMENT	Motion: To approve the FY18 CEO Incentive Compensation Payment Amount of \$306,934. Movant: Kalbach Second: Miller Ayes: Chen, Davis, Fligor, Kalbach, Miller, Rebitzer, Zoglin Noes: None Abstentions: None Absent: Fung, Kliger, Reeder Recused: None	<i>FY18 Financial Audit Approved</i>
14. AGENDA ITEM 25: LEADERSHIP UPDATE	<p>Dan Woods, CEO, highlighted the launch of centralized tele-monitoring, employee engagement survey participation, the “Most Wired Hospital” recognition, and MyChart enrollment efforts. Mr. Woods encouraged all to get their flu shots. He also described upcoming ECH employee attendance at local City leadership programs.</p> <p>He also acknowledged the Auxiliary’s contribution of 7,874 volunteer hours in August.</p>	
15. AGENDA ITEM 26: BOARD COMMENTS	None.	
16. AGENDA ITEM 27: ADJOURNMENT	Motion: To adjourn at 9:08pm. Movant: Kalbach Second: Fligor Ayes: Chen, Davis, Fligor, Kalbach, Miller, Rebitzer, Zoglin Noes: None Abstentions: None Absent: Fung, Kliger, Reeder Recused: None	<i>Meeting adjourned at 9:08pm</i>

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