

AGENDA

REGULAR MEETING OF THE EL CAMINO HOSPITAL BOARD OF DIRECTORS

Wednesday, February 14, 2018 – 5:30pm

El Camino Hospital | Conference Rooms A&B, F&G (ground floor)
2500 Grant Road Mountain View, CA 94040

Jeffrey Davis, MD will be participating via teleconference from Blvd Diamanté s/n Col. Los Cangrejos, Cabo San Lucas B.C.S., C.P.

MISSION: To heal, relieve suffering, and advance wellness as your publicly accountable health partner.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1. CALL TO ORDER/ROLL CALL	Lanhee Chen, Board Chair		5:30 – 5:32pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Lanhee Chen, Board Chair		5:32 – 5:33
3. QUALITY COMMITTEE REPORT ATTACHMENT 3	David Reeder, Quality Committee Chair		information 5:33 – 5:43
4. FY18 PERIOD 6 FINANCIALS ATTACHMENT 4	Iftikhar Hussain, CFO	<i>public comment</i>	possible motion 5:43 – 5:53
5. ADVISORY COMMITTEE SELF-ASSESSMENTS ATTACHMENT 5	Peter Fung, MD, Governance Committee Chair; JoAnn McNutt, Nygren Consulting		discussion 5:53 – 6:23
6. EXECUTIVE COMPENSATION COMMITTEE REPORT a. Proposed Revisions to Executive Compensation and Benefits Policies ATTACHMENT 6	Bob Miller, Executive Compensation Committee Chair	<i>public comment</i>	possible motion 6:23 – 6:43
7. PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	Lanhee Chen, Board Chair		information 6:43 – 6:46
8. ADJOURN TO CLOSED SESSION	Lanhee Chen, Board Chair		motion required 6:46 – 6:47
9. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Lanhee Chen, Board Chair		6:47 – 6:48
10. CONSENT CALENDAR <i>Any Board Member may remove an item for discussion before a motion is made.</i> Approval <i>Gov't Code Section 54957.2:</i> a. Minutes of the Closed Session of the Hospital Board Meeting (January 10, 2018) b. Minutes of the Closed Session of the Special Meeting to Conduct a Study Session of the Hospital Board (January 20, 2018) c. Minutes of the Closed Session of the Executive Compensation Committee Meeting (November 9, 2017) Information <i>Health and Safety Code Section 32155 for a report</i>	Lanhee Chen, Board Chair		motion required 6:48 – 6:50

A copy of the agenda for the Regular Board Meeting will be posted and distributed at least seventy two (72) hours prior to the meeting.

In observance of the Americans with Disabilities Act, please notify us at (650) 988-7504 prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
of the Medical Staff; deliberations concerning reports on Medical Staff quality assurance matters: d. Organizational Clinical Risks <i>Gov't Code Section 54957.6</i> for a conference with labor negotiator Dan Woods: e. Labor Negotiations Update			
11. <i>Health and Safety Code Section 32155</i> for a report of the Medical Staff; deliberations concerning reports on Medical Staff quality assurance matters: - Medical Staff Report	Rebecca Fazilat, MD, Mountain View Chief of Staff; J. Augusto Bastidas, MD, Los Gatos Chief of Staff		motion required 6:50 – 7:00
12. <i>Gov't Code Sections 54957 and 54957.6</i> for report and discussion on personnel matters: - FY18 CIO Base Salary	Dan Woods, CEO; Bob Miller, Executive Compensation Committee Chair		discussion 7:00 – 7:05
13. <i>Gov't Code Sections 54957 and 54957.6</i> for report and discussion on personnel matters: - FY18 SVMD President Base Salary	Dan Woods, CEO		discussion 7:05 – 7:10
14. <i>Gov't Code Section 54956.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation: - Consider Delegation of Authority to Executive Compensation Committee	Bob Miller, Executive Compensation Committee Chair; Mitch Olejko, Buchalter		discussion 7:10 – 7:35
15. <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trades secrets: - Marketing and Branding Education	Kelsey Martinez, Director, Marketing & Communications		discussion 7:35 – 8:00
16. <i>Gov't Code Section 54956.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation; <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trades secrets: - CEO Report on New Services and Programs and Legal Issues	Dan Woods, CEO		discussion 8:00 – 8:30
17. <i>Gov't Code Sections 54957 and 54957.6</i> for report and discussion on personnel matters: - Proposed First Amendment to Executive Employment Agreement	Lanhee Chen, Board Chair		discussion 8:30 – 8:35
18. Report involving <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters: - Executive Session	Lanhee Chen, Board Chair		discussion 8:35 – 8:40
19. ADJOURN TO OPEN SESSION	Lanhee Chen, Board Chair		motion required 8:40 – 8:41
20. RECONVENE OPEN SESSION/ REPORT OUT	Lanhee Chen, Board Chair		8:41 – 8:42

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
To report any required disclosures regarding permissible actions taken during Closed Session.			
21. CONSENT CALENDAR ITEMS: <i>Any Board Member or member of the public may remove an item for discussion before a motion is made.</i> Approval a. Minutes of the Open Session of the Hospital Board Meeting (January 10, 2018) b. Minutes of the Open Session of the Special Meeting to Conduct a Study Session of the Hospital Board Meeting (January 20, 2018) <i>Reviewed and Recommended for Approval by the Corporate Compliance/Privacy and Internal Audit Committee</i> c. Government Investigations Policy d. Physician Financial Arrangements Policy <i>Reviewed and Recommended for Approval by the Executive Compensation Committee</i> e. Minutes of the Open Session of the Executive Compensation Committee Meeting (November 9, 2017) <i>Reviewed and Recommended for Approval by the Finance Committee</i> f. PACS and Image Archive System Replacement (\$2.2 million) g. Acute Rehabilitation Agreement (LG) h. ED On-Call Interventional Radiology Panel (LG) i. ED On-Call Interventional Radiology Panel (MV) j. ED On-Call Urology Panel (MV) k. ED On-Call Urology Panel (LG) l. Community Benefit Grants Policy m. FY18 Period 5 Financials <i>Reviewed and Recommended for Approval by the Governance Committee</i> n. Appointment of Directors to Advisory Committees o. Approval of Revised Board and Committee Education Policy <i>Reviewed and Recommended for Approval by the Medical Executive Committee</i> p. Medical Staff Report	Lanhee Chen, Board Chair	<i>public comment</i>	motion required 8:42 – 8:44
22. APPROVAL OF FY18 CIO BASE SALARY	Dan Woods, CEO	<i>public comment</i>	possible motion 8:44 – 8:46
23. APPROVAL OF FY18 SVMD PRESIDENT BASE SALARY	Dan Woods, CEO	<i>public comment</i>	possible motion 8:46 – 8:48
24. CONSIDER DELEGATION OF AUTHORITY TO EXECUTIVE COMPENSATION COMMITTEE	Lanhee Chen, Board Chair	<i>public comment</i>	possible motion 8:48 – 8:53
25. PROPOSED FIRST AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT	Lanhee Chen, Board Chair	<i>public comment</i>	possible motion 8:53 – 8:55

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
26. APPROVAL OF ED ON-CALL STROKE & NEUROLOGY PANEL ATTACHMENT 26	Lanhee Chen, Board Chair	<i>public comment</i>	possible motion 8:55 – 8:57
27. CEO REPORT ATTACHMENT 27	Dan Woods, CEO		information 8:57 – 9:01
28. BOARD COMMENTS	Lanhee Chen, Board Chair		information 9:01 – 9:04
29. ADJOURNMENT	Lanhee Chen, Board Chair		motion required 9:04 – 9:05 pm

Upcoming Meetings: March 14, 2018, April 11, 2018, May 9, 2018, June 13, 2018
Board/Committee Educational Gatherings: April 25, 2018

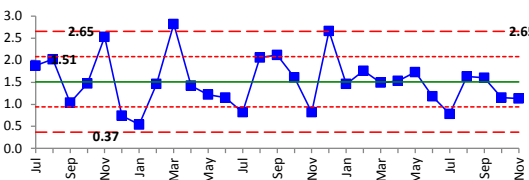
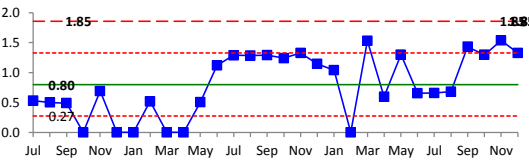
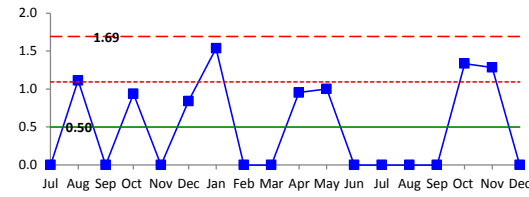
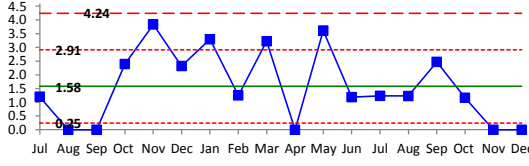
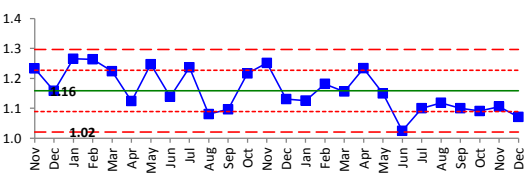
ECH BOARD MEETING AGENDA ITEM COVER SHEET

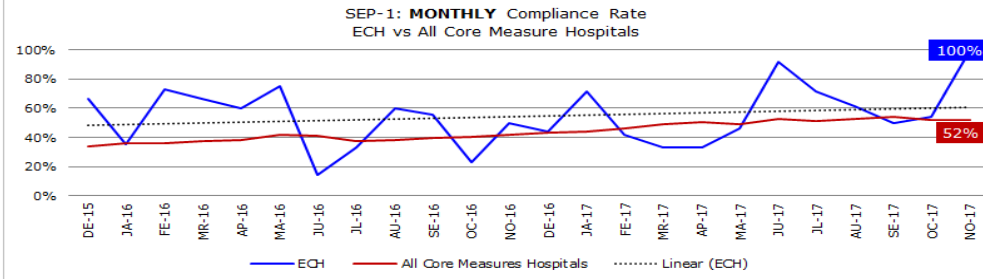
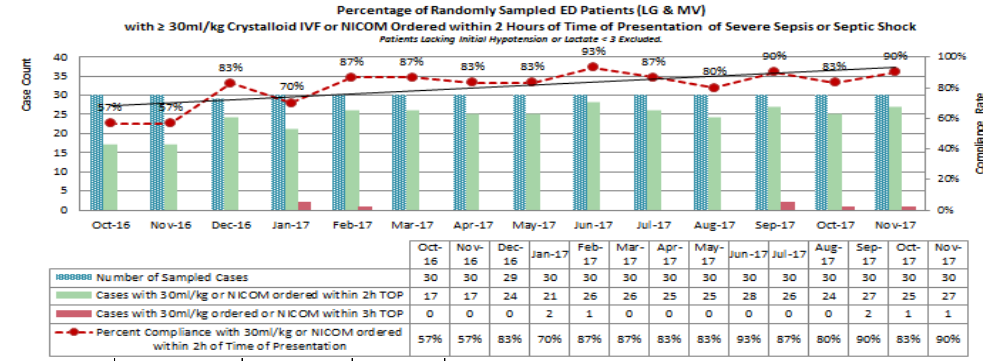
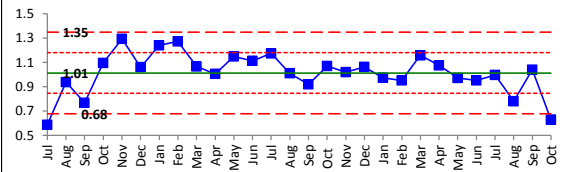
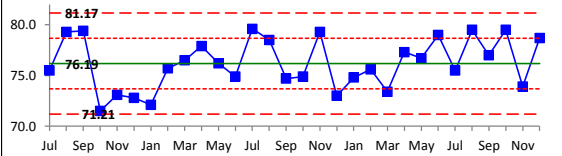
Item:	<p>Quality, Patient Care and Patient Experience Committee ("Quality Committee") Report</p> <p>El Camino Hospital Board of Directors</p> <p>February 14, 2018</p>
Responsible party:	Dave Reeder, Quality Committee Chair
Action requested:	For Information
<p>Background: The Quality Committee meets 10 times per year. The Committee last met on February 5, 2018 and meets next on March 5, 2018</p>	
<p>Summary and session objectives:</p> <p>Summary of February 5, 2018 Meeting:</p> <ol style="list-style-type: none"> 1. <u>Clinical Program Presentation</u>: Drs. Fabio Komlos and Bart Dolmatch presented an overview of El Camino's Interventional Radiology Services, which have grown by approximately 15% per year for the past ten years, resulting in 3,186 procedures in 2017 accounting for more cath lab activity than even Interventional Cardiology at ECH. Through the use of radiographically guided, minimally invasive techniques (chiefly intravascular catheters) these specialists decrease morbidity, mortality, and hospitalization days by coiling bleeders, placing chemotherapy specifically where it is needed, obtaining biopsies in areas not accessible through other techniques, and avoiding many open surgeries that would have longer and more painful recoveries. Over 99 percent of their patients have no complications at two months post-procedure. 2. <u>The Patient Experience</u>: Committee member Wendy Ron relayed her own personal story of multiple hospitalizations at ECH related to a life-threatening illness. She gave the Committee special insight into the sometimes-unanswered questions of patients, the boredom a chronic patient may encounter, the unanticipated impacts her illness had on her life, and the ways in which ECH effectively addressed her needs. 3. <u>Patient and Family Centered Care</u>: Ashlee Fontenot, our new Manager of Patient Experience, highlighted several tactics ECH is now deploying to address known deficits identified through HCAHPS, including the use of Thank You cards given to patients at discharge, increased bedside handoff, hourly rounding, and the establishment of the Joy and Recognition Committee. 4. <u>FY18 Quality Dashboard</u>: Catherine Carson, RN, Chief Quality Officer, reviewed the quality dashboard and efforts that have produced positive trends in nearly all indicators. Despite unfavorable performance on CAUTIs, she also presented the aggregated scoring of our Hospital Acquired Infections against calculated Standardized Infection Rates for the first half of the fiscal year and showed that we are on track to exceed our Organizational Goal if we maintain current performance. 	

ECH BOARD MEETING AGENDA ITEM COVER SHEET

	<p>5. <u>Quality Benchmarks Discussion</u>. Catherine Carson also presented a rationale for using the nine Truven quality indicators as our true north for consolidated quality metrics, as opposed to using Premier or Leapfrog the source of our goals. By cross walking the Truven Top 100 quality metrics with our Quality Advisory database and concentrating on our areas of deficit (while holding our position with other metrics) the quality improvement team believes we can earn CMS Five Star status.</p> <p>6. Dr. Faber presented El Camino's approach to addressing the national opioid crisis.</p>
	Suggested discussion questions: None.
	Proposed Board motion, if any: None
	Attachment: 1. FY18 Quality Dashboard

Quality and Safety Dashboard (Monthly)

Reports run: 11/20/17				Baseline	FY18 Goal	Trend	Comments
SAFETY EVENTS		Performance		FY2017 Actual	FY2018 Goal		
		Month	FYTD				
1	Patient Falls <i>Med / Surg / CC Falls / 1,000 CALNOC Pt. Days</i> <i>Date Period: Nov 2017</i>	1.13 (6/5,296)	1.26 (32/25496)	1.49	0.74 (Top decile CALNOC)		Only 14 instances of mild injury (f/u x-ray, laceration etc.) 8% did not have Fall Risk Assessment, most were bathroom related, 1/4 were assisted falls, and 14% were while ambulating. Reasons for Falls; bed alarm not set, patient confused, change in pt.'s condition (lightheaded, dizzy), family assisting pt. to bathroom or pt. fell with Pt. Safety Aide. Committee recognizing Units who achieved zero falls for 1 year, 30-60-90-120 days without a pt.fall.
2	*Organizational Goal Hospital Acquired Infection (Infection rate) Catheter Associated Urinary Tract Infection (CAUTI) <i>per 1,000 urinary catheter days</i> <i>Date Period: Dec 2017</i> <i>SIR Goal: <= 0.75</i>	1.33 (2/1,235)	1.1 (10/8735)	1.09	SIR Goal: <= 0.75 SIR July-Dec.2017 = 1.459		2 new CAUTI's in Dec: a. 71 y/o female on medical floor for 21 days. Good bathing/C, pericare documented, related to insertion. B. 57 y/o female in critical care, Foley insertion w/o MD order, related to insertion, good bathing, pericare, F/C documentation. All OR, PACU, Critical staff have taken new Foley kit and insertion education. Now to be assigned to remaining nursing staff.
3	Central Line Associated Blood Stream Infection (CLABSI) <i>per 1,000 central line days</i> <i>Date Period: Dec 2017</i> <i>SIR Goal: <= 0.50</i>	0.0 (0/878)	0.38 (2/5319)	0.56	SIR Goal: <= 0.50 SIR July-Dec.2017 = 0.423		No new CLABSI infections in December! CLABSI Team adopted Central Line Mgmt. Bundle from Lippincott, All nurses will have 1:1 Peer education on CLABSI dressing changes with their patient, new CLABSI Dressing Kit developed with coaching cards. Adoption of CHG bath best practice for all Central lines in all locations, dressing change to move from every Sunday to every 7 days (best practice).
4	Clostridium Difficile Infection (CDI) <i>per 10,000 patient days</i> <i>Date Period: Dec 2017</i> <i>SIR Goal: <= 0.70</i>	0.0 (0/8632)	1.01 (5/49,491)	1.89	SIR Goal: <= 0.70 SIR July-Dec.2017 = 0.30		No new C.Diff infections in Dec. Alert to nursing in EPIC to begin contact isolation when order placed for C.Diff lab test. Development of "Bristol" stool scale to assist nursing with stool assessment & documentation and improve quality of stool samples sent to Lab for C.Diff. Recommendation approved to Steering Committee to increase EVS staffing to utilize Xenex Ultraviolet machines on all isolation rooms, expand to Imaging and Cath Lab for post discharge & end of day cleaning.
Efficiency		Performance		FY17 Actual	FY2018 Goal		
		Month	FYTD				
5	*Organizational Goal Arithmetic Observed LOS Average/Geometric LOS Expected for Medicare Population (ALOS/Expected GMLOS) <i>(Medicare definition, MS-CC, Inpatient)</i> <i>Date Period: Dec 2017</i>	1.07	1.10	1.16	1.11		Use of individual GMLOS from CDI reported daily and on EPIC banner for nursing/ care coordination to view and use to prioritize, has helped lower ALOS, while CDI continues to improve GMLOS through better documentation of co-morbidities. Result is better ratio. CDI has met with Orthopedic & HVI Surgeons to explain need for documentation of patient's co-morbidities.

Reports run: 9/20/17		Baseline	FY18 Goal	Trend	Comments																																																																										
6	Sepsis Core Measure SEP-1 100% or O% Date Period: Nov 2017				First time since this core measure began, ECH achieved 100% compliance with the Sep-1 measure! .																																																																										
	IVF Bolus Ordered within 2 Hours of TOP of Severe Sepsis or Septic Shock (Patients lacking initial hypotension or lactate <3 excluded) Date Period: Nov 2017	 <table><tr><th></th><th>Oct-16</th><th>Nov-16</th><th>Dec-16</th><th>Jan-17</th><th>Feb-17</th><th>Mar-17</th><th>Apr-17</th><th>May-17</th><th>Jun-17</th><th>Jul-17</th><th>Aug-17</th><th>Sep-17</th><th>Oct-17</th><th>Nov-17</th></tr><tr><td>Number of Sampled Cases</td><td>30</td><td>30</td><td>29</td><td>30</td><td>30</td><td>30</td><td>30</td><td>30</td><td>30</td><td>30</td><td>30</td><td>30</td><td>30</td><td>30</td></tr><tr><td>Cases with 30ml/kg or NICOM ordered within 2h TOP</td><td>17</td><td>17</td><td>24</td><td>21</td><td>26</td><td>26</td><td>25</td><td>25</td><td>28</td><td>26</td><td>24</td><td>27</td><td>25</td><td>27</td></tr><tr><td>Cases with 30ml/kg ordered or NICOM within 3h TOP</td><td>0</td><td>0</td><td>0</td><td>2</td><td>1</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>2</td><td>1</td><td>1</td></tr><tr><td>Percent Compliance with 30ml/kg or NICOM ordered within 2h of Time of Presentation</td><td>57%</td><td>57%</td><td>83%</td><td>70%</td><td>87%</td><td>87%</td><td>83%</td><td>83%</td><td>93%</td><td>87%</td><td>80%</td><td>90%</td><td>83%</td><td>90%</td></tr></table>				Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Number of Sampled Cases	30	30	29	30	30	30	30	30	30	30	30	30	30	30	Cases with 30ml/kg or NICOM ordered within 2h TOP	17	17	24	21	26	26	25	25	28	26	24	27	25	27	Cases with 30ml/kg ordered or NICOM within 3h TOP	0	0	0	2	1	0	0	0	0	0	0	2	1	1	Percent Compliance with 30ml/kg or NICOM ordered within 2h of Time of Presentation	57%	57%	83%	70%	87%	87%	83%	83%	93%	87%	80%	90%	83%	90%
	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17																																																																	
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Mortality		Performance	FY 2017	FY 2018																																																																											
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8	Mortality Rate <i>Observed/Expected</i> <i>Premier Standard Risk Calculation Mode</i> Date Period: Oct 2017	0.63 (1.01%/1.61%)	0.86 (1.32%/1.54%)	1.02 (1.88%/1.83%)	0.62																																																																										
					The work of CDI to improve clinical documentation affects the observed/expected mortality rate with improved documentation on the risk of death for each pt. The result is an O/E mortality rate of 0.63 and approaching our goal of the top decile of western US hospitals.																																																																										
SERVICE		Performance	FY 2017 Actual	FY 2018 Goal																																																																											
		Month	FYTD																																																																												
9	HCAHPS Rate Hospital 0-10 <i>Top Box Rating 9 and 10</i> Date Period: Dec 2017	78.7 (170/230)	77.4 (1086/1404)	76.30	78.0%																																																																										
					The data is now by "received date" so we are able to report December 2017; now at 78.7%, and close to the Maximum goal achievement of 79%.																																																																										



El Camino Hospital[®]
THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2018 – Period 6
7/1/2017 to 12/31/2017

Dashboard - ECH combined as of December 31, 2017

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
Volume								
Licensed Beds	443	443	443	-	443	443	443	-
ADC	240	257	240	17	231	241	233	9
Utilization MV	67%	70%	66%	4%	63%	66%	64%	2%
Utilization LG	28%	33%	29%	4%	28%	29%	28%	1%
Utilization Combined	54%	58%	54%	4%	52%	55%	53%	2%
Adjusted Discharges	2,897	3,164	2,867	297	16,520	17,934	17,005	929
Total Discharges (Excl NNB)	1,708	1,822	1,661	161	9,570	10,245	9,809	436
Total Discharges	2,012	2,159	1,960		11,521	12,231	11,641	CORP
Inpatient Cases								
MS Discharges	1,221	1,283	1,153	130	6,484	7,100	6,702	398
Deliveries	373	397	395	2	2,372	2,377	2,411	(34)
BHS	76	98	73	25	464	550	449	101
Rehab	38	44	40	4	250	218	248	(30)
Outpatient Cases								
ED	12,196	12,691	12,532	159	71,589	74,476	73,070	1,406
Procedural Cases	4,093	4,473	4,160	313	23,552	24,149	24,266	(117)
OP Surg	413	418	391	27	2,190	2,381	2,275	106
Endo	199	229	181	48	1,181	1,214	1,057	157
Interventional	163	131	181	(50)	1,071	990	1,055	(65)
All Other	7,328	7,440	7,619	(179)	43,595	45,742	44,416	1,326
Financial Perf.								
Net Patient Revenues	68,996	73,810	70,209	3,601	404,036	445,886	414,225	31,661
Total Operating Revenue	71,205	75,792	72,179	3,613	418,769	461,692	426,158	35,533
Operating Expenses	65,037	66,333	65,429	904	365,691	385,046	383,613	1,433
Operating Income \$	6,169	9,459	6,750	2,709	53,078	76,646	42,546	34,100
Operating Margin	8.7%	12.5%	9.4%	3.1%	12.7%	16.6%	10.0%	6.6%
EBITDA \$	10,346	14,133	11,833	2,300	79,915	103,478	72,567	30,911
EBITDA %	14.5%	18.6%	16.4%	2.3%	19.1%	22.4%	17.0%	5.4%
IP Margin ¹	5.8%	7.7%	-10.2%	17.9%	5.8%	7.7%	-10.2%	17.9%
OP Margin ¹	37.0%	41.6%	31.7%	9.9%	37.0%	41.6%	31.7%	9.9%
Payor Mix								
Medicare	46.8%	46.2%	47.4%	-1.2%	46.7%	46.1%	47.4%	-1.2%
Medi-Cal	5.9%	6.6%	7.2%	-0.6%	7.1%	7.7%	7.2%	0.5%
Commercial IP	23.1%	24.6%	22.6%	2.0%	23.1%	23.0%	22.6%	0.4%
Commercial OP	21.6%	21.6%	20.3%	1.3%	20.6%	20.8%	20.3%	0.5%
Total Commercial	44.7%	46.2%	42.9%	3.3%	43.7%	43.8%	42.9%	0.9%
Other	2.6%	1.0%	2.5%	-1.5%	2.5%	2.4%	2.5%	-0.2%
Cost								
Total FTE	2,480.8	2,594.2	2,524.0	70	2,471.8	2,569.0	2,502.3	67
Productive Hrs/APD	29.5	28.1	30.4	(2)	30.5	30.1	31.0	(1)
Balance Sheet								
Net Days in AR	44.8	47.3	48.0	(1)	44.8	47.3	48.0	(1)
Days Cash	444	479	266	213	444	479	266	213
Affiliates - Net Income (\$000s)								
Hosp	11,336	7,461	6,975	485	65,530	107,688	43,898	63,790
Concern	247	83	110	(27)	473	1,028	759	270
ECSC	(1)	(1)	0	(1)	(52)	(19)	0	(19)
Foundation	644	373	44	329	1,528	1,589	415	1,175
SVMD	(41)	(99)	(29)	(70)	(10)	466	(14)	479

Volume:

- 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. 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.

Financial Performance:

- Operating income is \$2.7M over budget. Revenue for the month include \$1.2 million in unusual items. For the year op margin is \$34.1M ahead of target

Payor Mix:

- Commercial insurance is 0.9% more of the Payor Mix in December than budget where Medicare has decreased 1.2%.

Cost:

- Prod Hrs/APD for December is 28.1 and better than budget . YTD we are slightly better than budget.

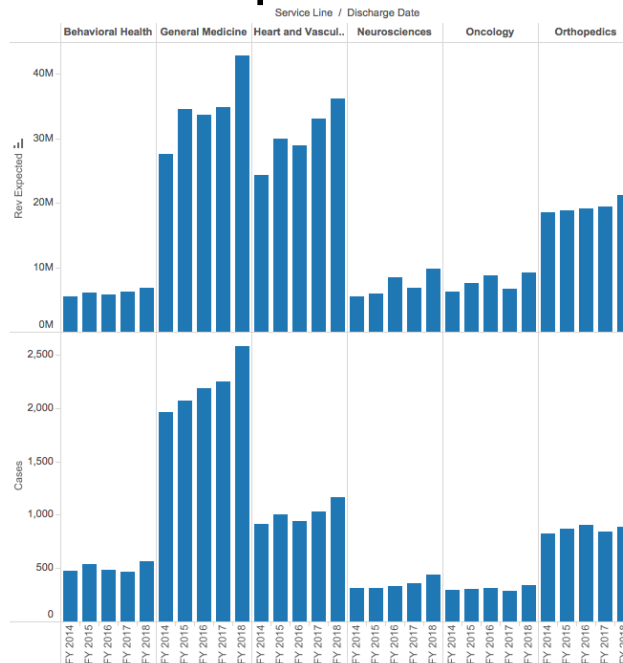
Balance Sheet:

- Net days in AR is 47.3 which is .7 days less than budget.

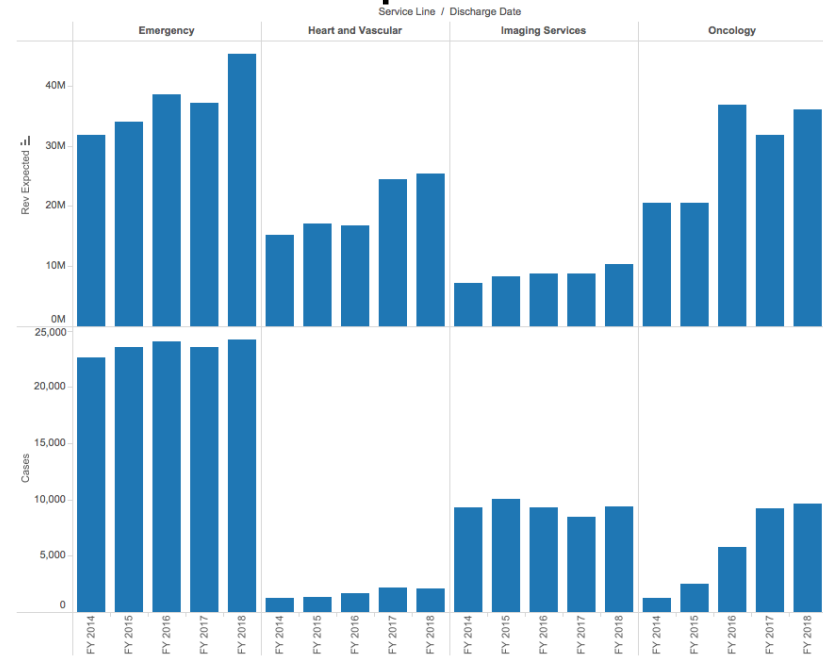
Financial Operations

- Service line growth and gain in mkt share in
 - HVI, Neuro, Oncology, Ortho
- Increase due to general demand in
 - General Medicine (Flu and aging population), ER (Flu)

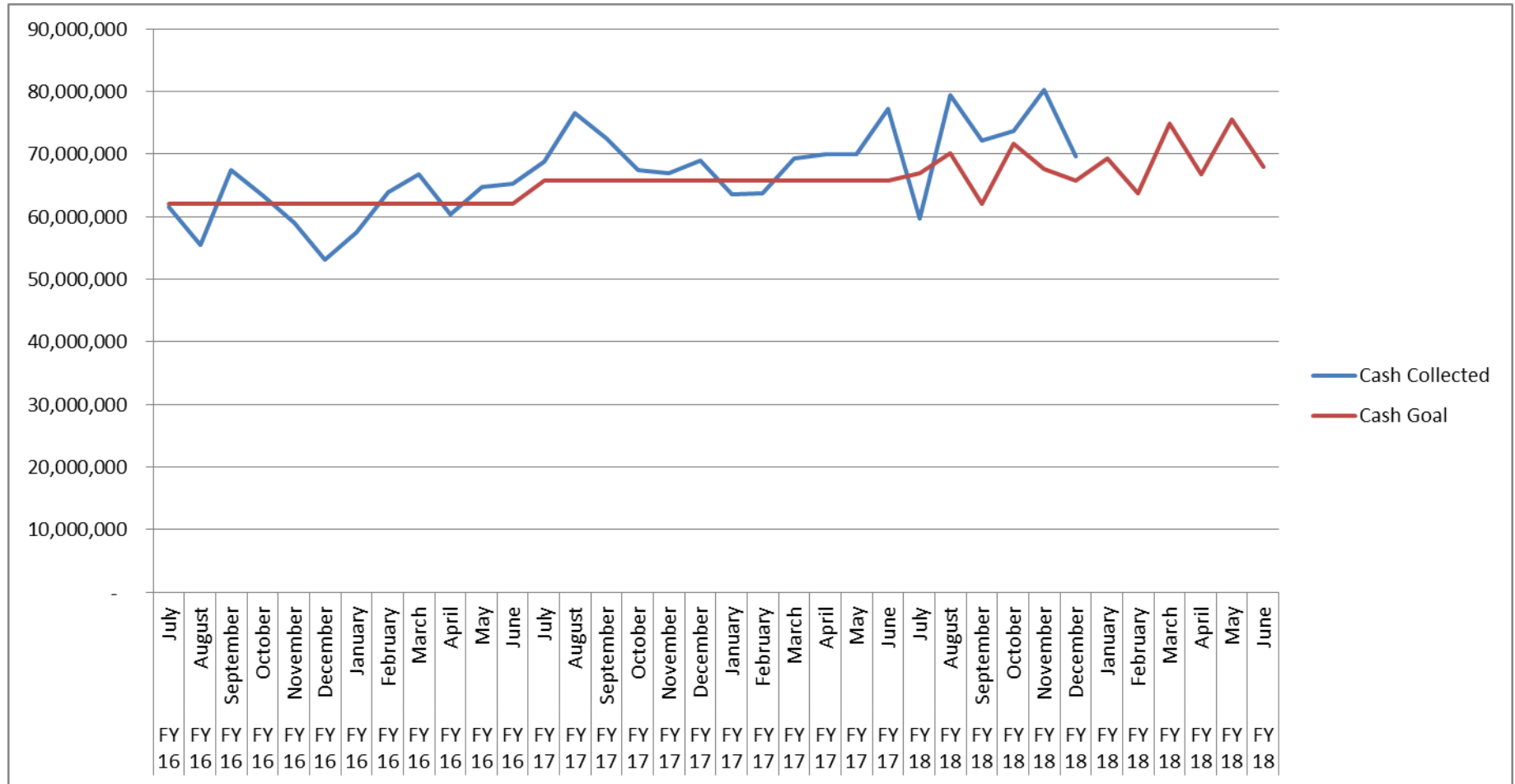
Inpatient



Outpatient



Cash Collections exceeded target by \$45 million in FY 2017



Budget Variances

Fiscal Year 2018 YTD (7/1/2017-12/31/2017) Waterfall

(in thousands; \$000s)	Year to Date (YTD)	
	Net Income Impact	% Net Revenue
Budgeted Hospital Operations FY2018	42,546	10.0%
Net Revenue - Favorable due Rev Cycle operations (charge capture, lower denials and underpayments), higher volume, favorable payor mix and \$13.4 million unusual items	35,533	7.7%
Labor and Benefit Expense Change - Labor favorable vs budget after adjusting for higher volume	(2,667)	-0.6%
Professional Fees & Purchased Services -Recruiting costs and backfill for vacant position; pro fees increase in oncology offsett by higher revenues	(1,283)	-0.3%
Supplies - unfavorable due to increase in surgical and other general supplies, offset by savings in Spine supplies as well as Drugs. Higher volumes also driving increase.	(1,300)	-0.3%
Other Expenses - primarily due to no strategic fund expenses offset with property tax retro payment and regular payment for half year.	628	0.1%
Depreciation & Interest - Favorable due to delay in Parking Structure as well as LG projects	3,189	0.7%
Actual Hospital Operations FY2018	76,646	16.6%

El Camino Hospital (\$000s)

6 months ending 12/31/2017

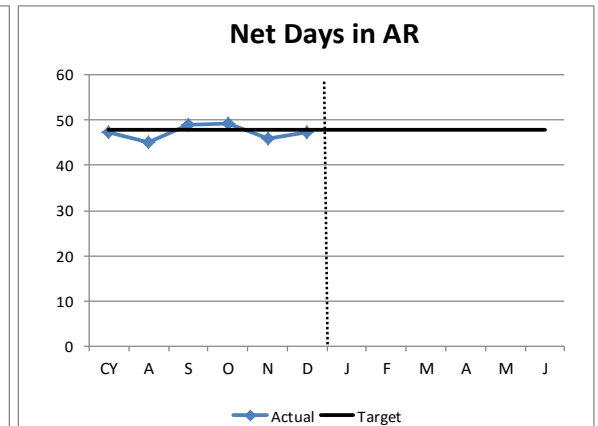
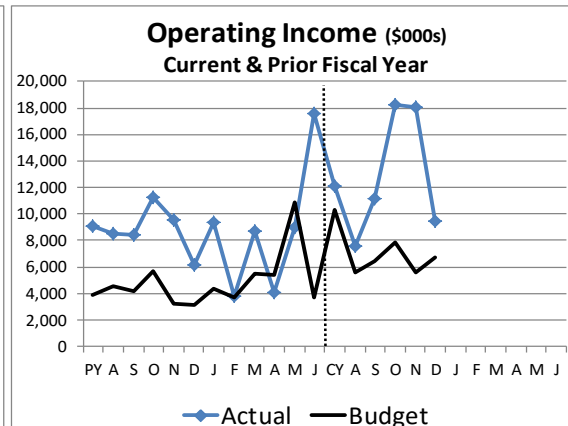
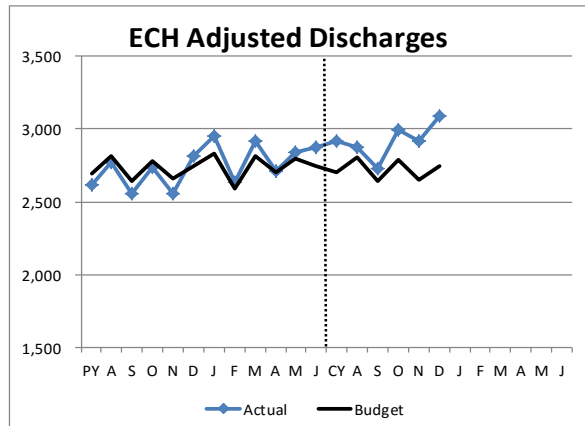
Period 6 FY 2017	Period 6 FY 2018	Period 6 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
252,128	279,885	272,138	7,748	2.8%	Gross Revenue	1,450,379	1,650,774	1,578,384	72,391	4.6%
(183,132)	(206,075)	(201,928)	(4,147)	1.0%	Deductions	(1,046,343)	(1,204,889)	(1,164,159)	(40,730)	3.5%
68,996	73,810	70,209	3,601	5.1%	Net Patient Revenue	404,036	445,886	414,225	31,661	7.6%
2,210	1,982	1,970	12	0.6%	Other Operating Revenue	14,734	15,806	11,933	3,873	32.5%
71,205	75,792	72,179	3,613	5.0%	Total Operating Revenue	418,769	461,692	426,158	35,533	8.3%
					OPERATING EXPENSE					
40,285	39,831	39,738	(93)	-0.2%	Salaries & Wages	222,254	233,964	231,296	(2,667)	-1.2%
9,730	11,550	10,375	(1,175)	-11.3%	Supplies	55,706	61,330	60,030	(1,300)	-2.2%
8,476	7,553	7,882	329	4.2%	Fees & Purchased Services	46,896	48,835	47,552	(1,283)	-2.7%
2,369	2,726	2,352	(373)	-15.9%	Other Operating Expense	13,999	14,085	14,713	628	4.3%
177	456	725	269	37.1%	Interest	2,534	2,606	4,353	1,747	40.1%
4,000	4,218	4,357	139	3.2%	Depreciation	24,302	24,227	25,669	1,442	5.6%
65,037	66,333	65,429	(904)	-1.4%	Total Operating Expense	365,691	385,046	383,613	(1,433)	-0.4%
6,169	9,459	6,750	2,709	40.1%	Net Operating Income/(Loss)	53,078	76,646	42,546	34,100	80.1%
5,168	(1,998)	225	(2,224)	-986.9%	Non Operating Income	12,451	31,042	1,352	29,691	2196.4%
11,336	7,461	6,975	485	7.0%	Net Income(Loss)	65,530	107,688	43,898	63,790	145.3%
14.5%	18.6%	16.4%	2.3%		EBITDA	19.1%	22.4%	17.0%	5.4%	
8.7%	12.5%	9.4%	3.1%		Operating Margin	12.7%	16.6%	10.0%	6.6%	
15.9%	9.8%	9.7%	0.2%		Net Margin	15.6%	23.3%	10.3%	13.0%	

Non Operating Items and Net Income by Affiliate

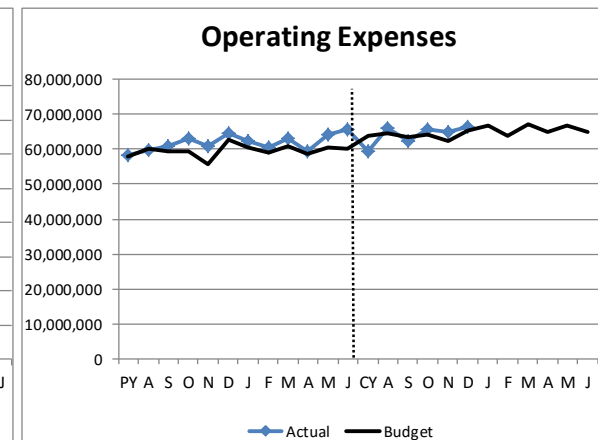
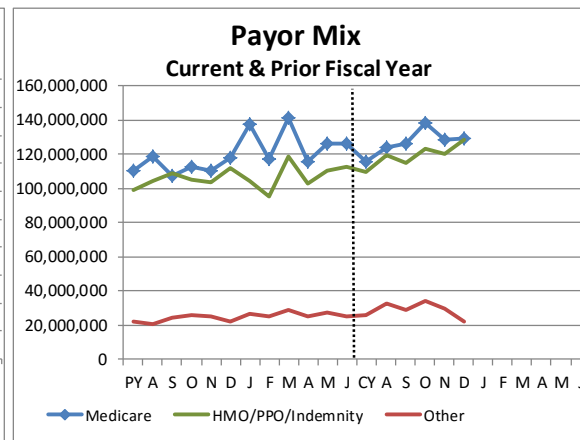
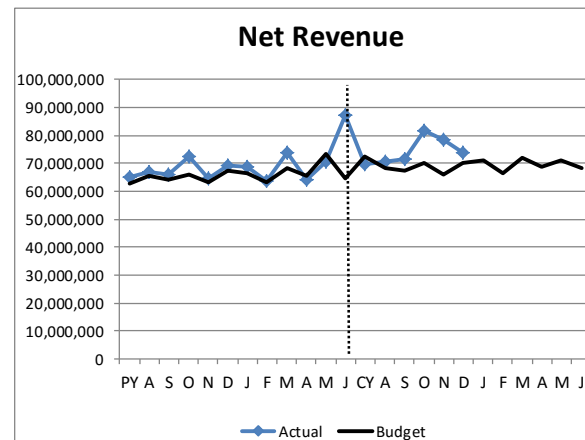
\$ in thousands

	Period 6 - Month			Period 6 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	6,484	5,226	1,258	67,392	34,521	32,871
Los Gatos	2,975	1,524	1,451	9,254	8,025	1,229
Sub Total - El Camino Hospital, excl. Affiliates	9,459	6,750	2,709	76,646	42,546	34,100
Operating Margin %	12.5%	9.4%		16.6%	10.0%	
El Camino Hospital Non Operating Income						
Investments	(1,659)	1,516	(3,175)	34,800	9,093	25,707
Swap Adjustments	109	0	109	608	0	608
Community Benefit	(69)	(283)	214	(2,169)	(1,700)	(469)
Pathways	135	42	93	312	208	104
Satellite Dialysis	(8)	(35)	27	(86)	(177)	91
Other	(506)	(1,013)	508	(2,423)	(6,073)	3,649
Sub Total - Non Operating Income	(1,998)	225	(2,224)	31,042	1,352	29,691
El Camino Hospital Net Income (Loss)	7,461	6,975	485	107,688	43,898	63,790
ECH Net Margin %	9.8%	9.7%		23.3%	10.3%	
Concern	83	110	(27)	1,028	759	270
ECSC	(1)	0	(1)	(19)	0	(19)
Foundation	373	44	329	1,589	415	1,175
Silicon Valley Medical Development	(99)	125	(223)	466	(14)	479
Net Income Hospital Affiliates	356	125	231	3,064	1,160	1,904
Total Net Income Hospital & Affiliates	7,816	7,100	716	110,752	45,057	65,694

Monthly Financial Trends

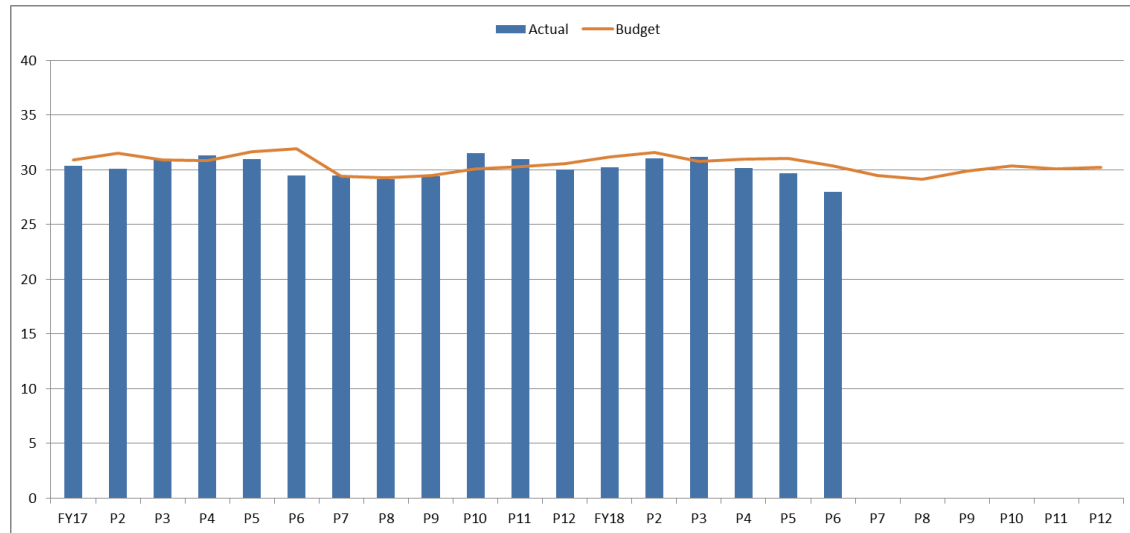


Volume is higher than budgeted for the month and the year. High inpatient volume is in Inpatient Behavioral Health, HVI and General Medicine. High Outpatient volume is General Medicine, Imaging Services, MCH, Lab, Outpatient Clinics, General Surgery and Rehab

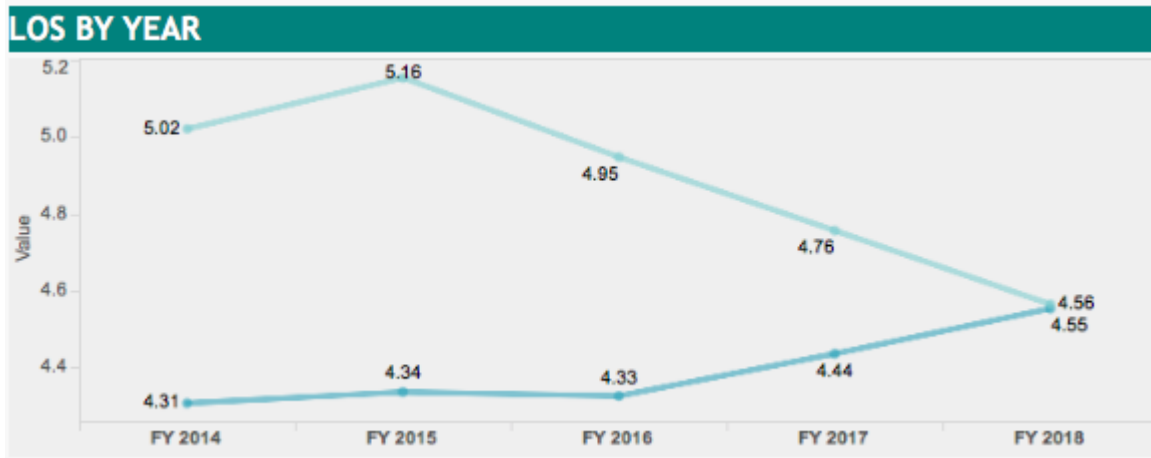


Productivity and Medicare Length of Stay

Work hours per adjusted patient day decreased again in December under budget by 2.3. Overall the month of December is 28 worked hours per adjusted patient day

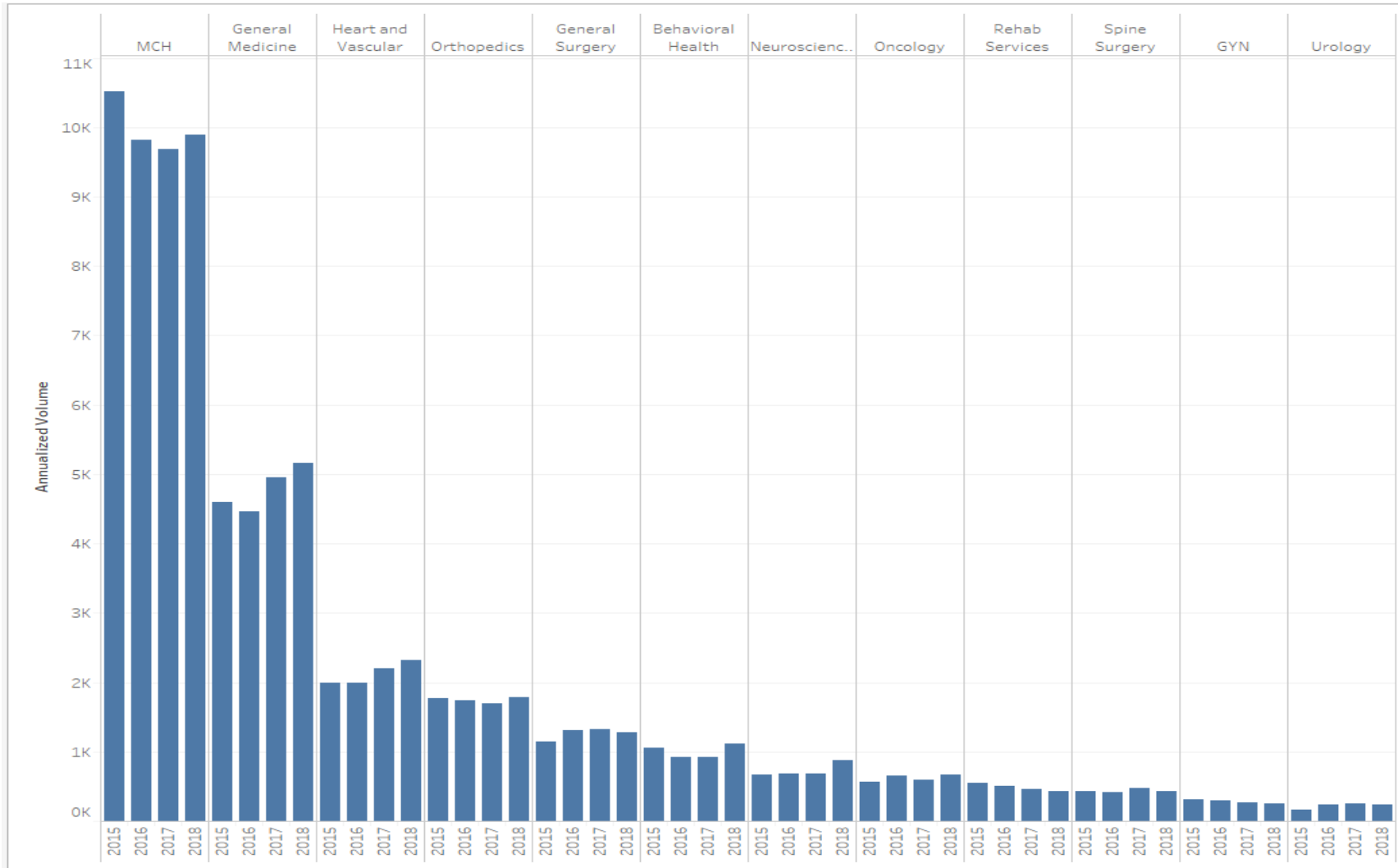


ALOS vs Milliman well-managed benchmark. Trend shows remarkable and steady improvement with FY 2018 at benchmark. Increase in benchmark beginning in FY 2017 due to Clinical Documentation Improvement (CDI)



El Camino Hospital Volume Annual Trends – Inpatient

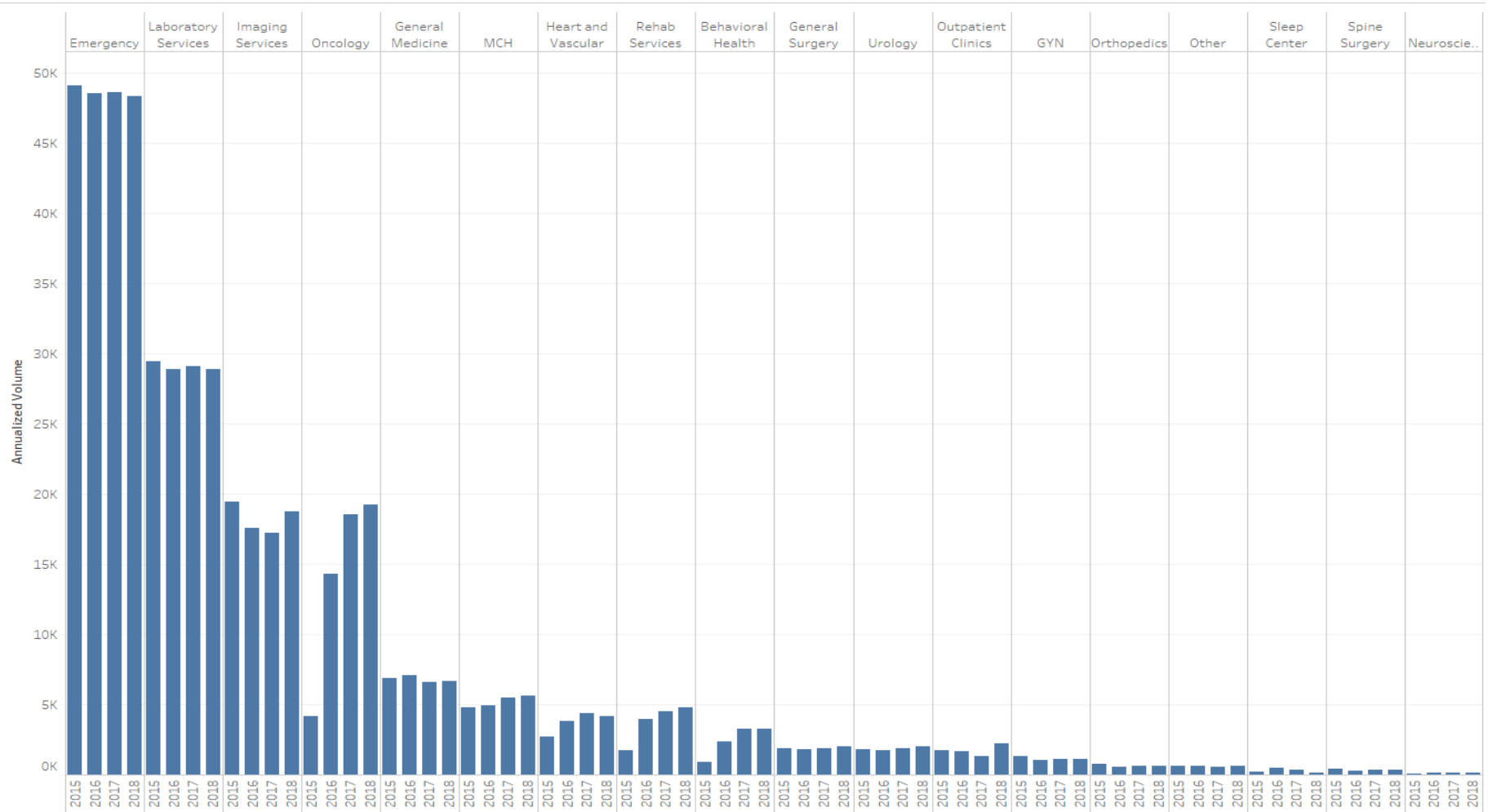
FY 2018 is annualized



- General Medicine, HVI, Behavioral Health, and Neuroscience display an increasing trend.
- Conversely, Rehab Services and GYN show a decreasing trend.
- The remaining service lines are staying flat.

El Camino Hospital Volume Annual Trends – Outpatient

FY 2018 is annualized



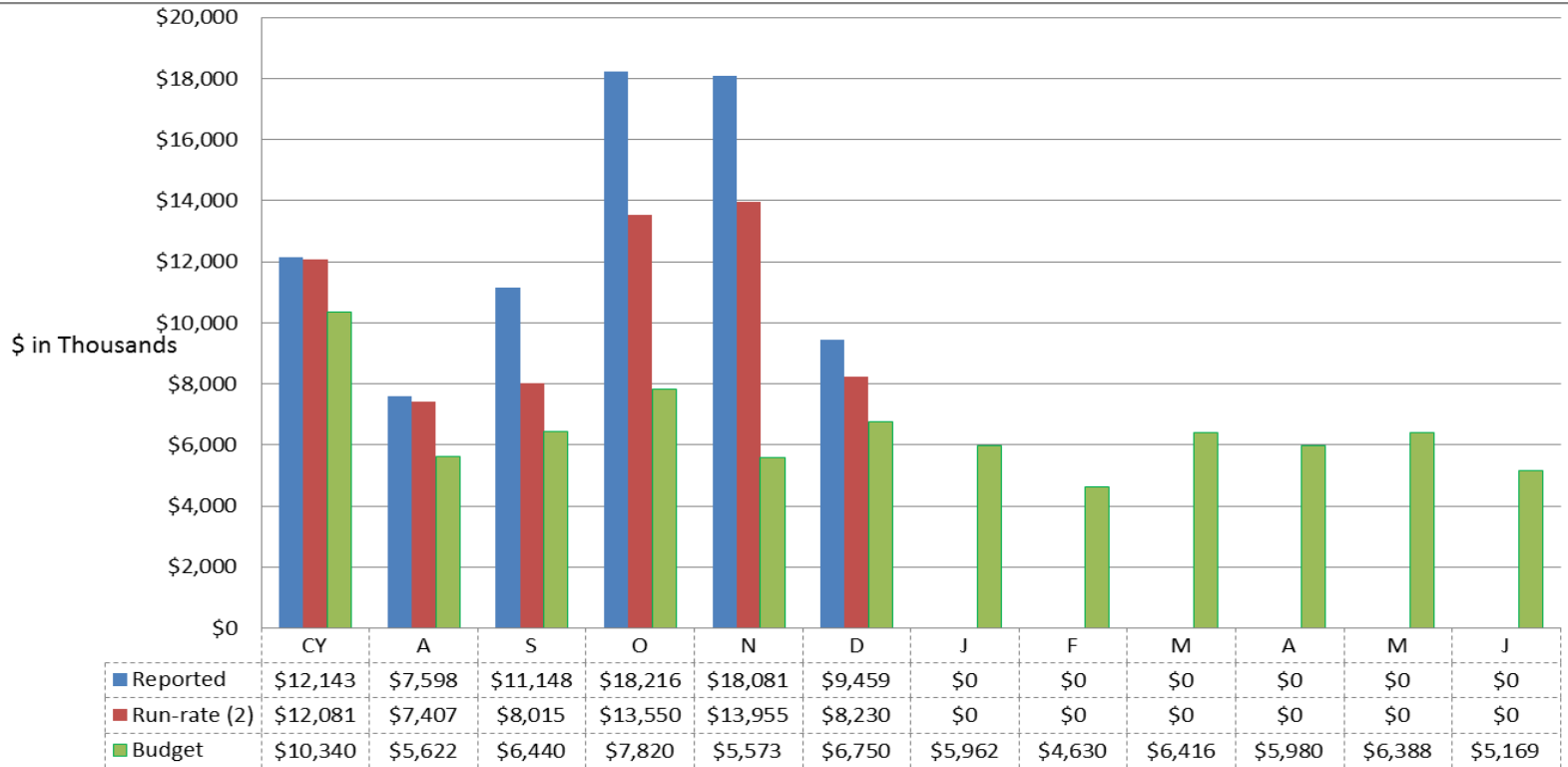
- Comparing year-over-year Oncology, MCH, Rehab Services, Behavioral Health, General Surgery, and Outpatient Clinics are all increasing in volume.

Medicare data excludes Medicare HMOs

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ECH Operating Margin

Run rate is booked operating income adjusted for material non-recurring transactions



FY 2018 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>

Revenue Adjustments

	J	A	S	O	N	D	YTD
Insurance (Payment Variance)	-	-	-	611	-	669	1,280
Mcare Settlmt/Appeal/Tent Settlmt/PIP	54	155	905	54	184	81	1,433
Hospital Fee	-	-	-	712	1,024	-	1,736
PRIME Incentive	-	-	-	-	2,902	-	2,902
Credit Balance Quarterly Review	-	-	2,201	-	-	472	2,673
Late Charge Accrual	-	-	-	3,283	-	-	3,283
Various Adjustments under \$250k	9	36	27	6	16	8	101
Total	63	191	3,134	4,667	4,126	1,229	13,409

El Camino Hospital Investment Committee Scorecard

September 30, 2017

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY18 Year-end Budget	Expectation Per Asset Allocation
Investment Performance		3Q 2017		Fiscal Year-to-date		4y 11m Since Inception (annualized)		2017	
Surplus cash balance & op. cash (millions)*		\$1,158.2	--	--	--	--	--	\$1,262.5	--
Surplus cash return		2.7%	2.7%	2.7%	2.7%	5.7%	5.6%	1.9%	5.7%
Cash balance plan balance (millions)		\$250.4	--	--	--	--	--	\$257.1	--
Cash balance plan return		3.1%	3.1%	3.1%	3.1%	8.2%	7.6%	6.0%	6.1%
403(b) plan balance (millions)		\$411.2	--	--	--	--	--	--	--
Risk vs. Return		3-year				4y 11m Since Inception (annualized)		2017	
Surplus cash Sharpe ratio		1.08	1.13	--	--	1.36	1.33	--	0.46
Net of fee return		5.0%	5.3%	--	--	5.7%	5.6%	--	5.7%
Standard deviation		4.4%	4.4%	--	--	4.0%	4.1%	--	7.2%
Cash balance Sharpe ratio		1.08	1.07	--	--	1.45	1.39	--	0.43
Net of fee return		6.3%	6.0%	--	--	8.2%	7.6%	--	6.1%
Standard deviation		5.6%	5.3%	--	--	5.4%	5.2%	--	8.7%
Asset Allocation		3Q 2017							
Surplus cash absolute variances to target		8.4%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		6.2%	< 10%	--	--	--	--	--	--
Manager Compliance		3Q 2017							
Surplus cash manager flags		19	< 19 Green < 23 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		19	< 20 Green < 25 Yellow	--	--	--	--	--	--

*Includes Debt Reserve funds, excludes District assets, Foundation assets, and Concern.

El Camino Hospital

Capital Spending (in millions)

Category	Detail	Approved	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	2018 Current Proj Spend	FY18 Orig Proj Spend	Variance Between Current Proj Spend and Orig Proj Spend	FY 18 YTD Spent
CIP	EPIC Upgrade			1.9	1.0	1.0	1.9	-1.0	1.0
IT Hardware, Software, Equipment & Imaging*				12.2	0.4	11.8	12.2	-0.4	0.4
Medical & Non Medical Equipment FY 17**				10.3	7.3	3.0	6.4	-3.4	7.3
Medical & Non Medical Equipment FY 18***				5.6	1.8	3.8	5.6	-1.8	1.8
Facility Projects									
	1245 Behavioral Health Bldg	FY16	96.1	96.1	29.6	27.0	51.4	-24.4 ¹	12.0
	1413 North Drive Parking Expansion	FY15	24.5	24.5	23.3	2.6	3.4	-0.8	3.6
	1414 Integrated MOB	FY15	302.1	302.1	72.8	72.0	130.1	-58.1 ¹	26.9
	1422 CUP Upgrade	FY16	9.0	9.0	3.4	5.5	4.0	1.5	1.2
	1430 Women's Hospital Expansion	FY16	120.0	6.0	2.3	3.6	7.0	-3.4	1.8
	1425 IMOB Preparation Project - Old Main	FY16	20.0	0.0	2.7	0.0	0.0	0.0	0.1
	1502 Cabling & Wireless Upgrades	FY16	0.0	0.0	2.5	0.0	0.0	0.0	0.1
	1525 New Main Lab Upgrades		3.1	3.1	1.8	2.5	0.0	2.5	1.3
	1515 ED Remodel Triage/Psych Observation	FY16	5.0	0.3	0.0	0.4	0.0	0.4	0.0
	1503 Willow Pavilion Tomosynthesis	FY16	0.8	0.0	0.3	0.0	0.0	0.0	0.0
	1602 JW House (Patient Family Residence)		6.5	0.5	0.0	0.5	0.5	0.0	0.0
	Site Signage and Other Improvements		1.0	0.0	0.0	0.3	1.0	-0.8	0.0
	Nurse Call System Upgrades		2.4	0.0	0.0	0.1	0.0	0.1	0.0
	1707 Imaging Equipment Replacement (5 or 6 rooms)		20.7	0.0	0.0	0.3	0.1	0.2	0.0
	1708 IR/ Cath Lab Equipment Replacement		19.4	0.0	0.0	0.3	2.0	-1.8	0.0
	Flooring Replacement		1.6	0.3	0.0	0.4	0.0	0.4	0.0
	1219 LG Spine OR	FY13	0.0	0.0	3.7	0.0	0.0	0.0	0.3
	1313 LG Rehab HVAC System & Structural	FY16	0.0	0.0	4.1	0.0	0.0	0.0	0.4
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	8.8	8.8	8.1	0.6	0.7	-0.1	0.7
	1307 LG Upgrades	FY13	19.3	19.3	15.3	4.9	5.0	-0.1	1.4
	1508 LG NICU 4 Bed Expansion	FY16	0.0	0.0	0.2	0.0	0.0	0.0	0.0
	1507 LG IR Upgrades		1.3	0.0	0.0	0.0	0.0	0.0	0.0
	1603 LG MOB Improvements (17)		5.0	5.0	4.2	3.5	3.5	0.0	3.9
	1711 Emergency Sanitary & Water Storage		1.4	0.3	0.0	0.2	3.2	-3.0	0.0
	LG Modular MRI & Awning		3.9	3.9	0.0	0.4	0.0	0.4	0.0
	LG Nurse Call System Upgrade		2.8	0.0	0.0	0.0	0.0	0.0	0.0
	LG Observation Unit (Conversion of ICU 2)		1.8	0.0	0.0	0.8	0.0	0.8	0.0
	1712 LG Cancer Center		2.4	0.3	0.0	0.4	0.0	0.4	0.0
	All Other Projects under \$1M		5.6	0.4	17.7	1.8	0.0	1.8	2.6
GRAND TOTAL			684.4	479.6	191.8	128.0	211.9	-83.9	56.2
				499.4	202.3	147.6	238.1	-90.4	66.7

* Excluding EPIC

** Unspent Prior Year routine used as contingency

*** Includes 2 robot purchases

¹ Variance due to delay in MV campus plan

Balance Sheet (in thousands)

ASSETS

	Audited	
	December 31, 2017	June 30, 2017
CURRENT ASSETS		
Cash	118,841	125,551
Short Term Investments	156,141	140,284
Patient Accounts Receivable, net	120,065	109,089
Other Accounts and Notes Receivable	2,395	2,628
Intercompany Receivables	1,363	1,495
(1) Inventories and Prepaids	55,375	50,657
Total Current Assets	454,180	429,705
BOARD DESIGNATED ASSETS		
(2) Plant & Equipment Fund	145,347	131,153
Women's Hospital Expansion	9,298	9,298
(3) Operational Reserve Fund	127,908	100,196
(4) Community Benefit Fund	18,523	12,237
Workers Compensation Reserve Fund	20,839	20,007
Postretirement Health/Life Reserve Fund	19,477	19,218
PTO Liability Fund	22,762	23,409
Malpractice Reserve Fund	1,634	1,634
Catastrophic Reserves Fund	18,107	16,575
Total Board Designated Assets	383,894	333,727
(5) FUNDS HELD BY TRUSTEE	244,413	287,052
LONG TERM INVESTMENTS	279,897	256,652
INVESTMENTS IN AFFILIATES	33,313	32,451
PROPERTY AND EQUIPMENT		
(6) Fixed Assets at Cost	1,249,549	1,192,047
Less: Accumulated Depreciation	(552,787)	(531,785)
Construction in Progress	136,184	138,017
Property, Plant & Equipment - Net	832,946	798,279
DEFERRED OUTFLOWS	28,660	28,960
RESTRICTED ASSETS - CASH	0	0
TOTAL ASSETS	2,257,303	2,166,825

LIABILITIES AND FUND BALANCE

	Audited	
	December 31, 2017	June 30, 2017
CURRENT LIABILITIES		
(7) Accounts Payable	22,892	38,457
(8) Salaries and Related Liabilities	28,092	25,109
Accrued PTO	22,762	23,409
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	9,249	10,438
Intercompany Payables	61	84
Malpractice Reserves	1,634	1,634
Bonds Payable - Current	3,735	3,735
Bond Interest Payable	10,747	11,245
Other Liabilities	6,666	4,889
Total Current Liabilities	108,138	121,299
LONG TERM LIABILITIES		
Post Retirement Benefits	19,477	19,218
Worker's Comp Reserve	18,539	17,707
Other L/T Obligation (Asbestos)	3,803	3,746
Other L/T Liabilities (IT/Medl Leases)	-	-
Bond Payable	526,763	527,371
Total Long Term Liabilities	568,581	568,042
DEFERRED REVENUE-UNRESTRICTED	472	567
DEFERRED INFLOW OF RESOURCES	10,666	10,666
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	1,185,553	1,132,525
Board Designated	383,894	333,726
Restricted	0	0
(9) Total Fund Bal & Capital Accts	1,569,447	1,466,251
TOTAL LIABILITIES AND FUND BALANCE	2,257,303	2,166,825

DECEMBER 2017 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The increase is due to two quarterly pension fundings of \$2.6M in July and October.
- (2) The increase is due 5 months of funded depreciation contributions (130% of straight depreciation expense. Note this amount also contains \$14M reserved for BHS replacement building currently under construction, in conjunction with bond proceeds.
- (3) The increase here is to reset the Operational Reserve (to cover 60 days of operating expenses) for FY2018. The prior year balance hadn't been reset in a couple of years.
- (4) The increase is due to an approved addition of \$5 million to the Community Benefit Board Designated Endowment as an outcome of the FY2018 budget process to generate additional investment income for the Community Benefits program.
- (5) The decrease is due to additional draws from the 2017 bond financing Project Funds in support of monthly payments to contractors involved with the construction projects at the Mountain View campus. As these projects are now in full progress greater amounts will be withdrawn in future periods.
- (6) The increase is due to the capitalization of the Parking Structure expansion in August and CT upgrades at LG in September.
- (7) The decrease is due to the significant General Contractor construction payments being accrued at year end, along with associated retentions and other general accounts payable activity that were subsequently relieved in this first quarter of fiscal year 2018.
- (8) This increase is primarily due additional accrued expense for the 403B Match for the 2nd half of calendar year 2017, as the payment for all of calendar year is made in January 2018
- (9) The increase is attributable to the first SIX periods of financial performance producing an operating income of \$78 million and non-operating of \$31 million (mostly from unrealized gains on investments).

⁽¹⁾ Hospital entity only, excludes controlled affiliates
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EL CAMINO HOSPITAL - BOARD DESIGNATED FUND DESCRIPTIONS/HISTORY

(1 OF 2)

- **Plant & Equipment Fund** – original established by the District Board in the early 1960's to fund new capital expansion projects of building facilities or equipment (new or replacements). The funds came from the M&O property taxes being received and the funding depreciation expense at 100%. When at the end of 1992, the 501(c)(3) Hospital was performed by the District, the property tax receipts remained with the District. The newly formed Hospital entity continued on with funding depreciation expense, but did that funding at 130% of the depreciation expense to account for an expected replacement cost of current plant and property assets. It is to be noted that within this fund is an itemized amount of \$14 million for the Behavioral Health Service building replacement project. This amount came from the District's Capital Appropriation Fund (excess Gann Limit property taxes) of the fiscal years of 2010 thru 2013 by various District board actions.
- **Women's Hospital Expansion** – established June 2016 by the District authorizing the amounts accumulated in its Capital Appropriation Fund (excess Gann Limit property taxes) for the fiscal years of 2014 and 2015 to be allocated for the renovation of the Women's Hospital upon the completion of Integrated Medical Office Building currently under construction.
- **Operational Reserve Fund** – originally established by the District in May 1992 to establish a fund equal to sixty (60) days of operational expenses (based on projected budget) and only be used in the event of a major business interruption event and/or cash flow.
- **Community Benefit Fund** – following in the footsteps of the District in 2008 of forming its Community Benefit Fund using Gann Limit tax receipts, the Hospital in 2010 after opening its campus outside of District boundaries in Los Gatos formed its own Community Benefit Fund to provide grants/sponsorships in Los Gatos and surrounding areas. The funds come from the Hospital reserving \$1.5M a year from its operations, the entity of CONCERN contributing 40% of its annual income each year (an amount it would have paid in corporate taxes if it wasn't granted tax exempt status), that generates an amount of \$800,000 or more a year. \$15 million within this fund is a board designated endowment fund formed in 2015 with a \$10 million contribution, and added to at the end of the 2017 fiscal year end with another \$5 million contribution, to generate investment income to be used for grants and sponsorships, currently anticipated to generate \$500,000 a year in investment income for the program.

EL CAMINO HOSPITAL - BOARD DESIGNATED FUND DESCRIPTIONS/HISTORY (2 OF 2)

- **Workers Compensation Reserve Fund** – as the Hospital is self-insured for its workers compensation program (since 1978) this fund was originally formed in early 2000's by management to reserve cash equal to the yearly actuarially determined Workers Compensation amount. The thought being if the business was to terminate for some reason this is the amount in cash that would be needed to pay out claims over the next few years.
- **Postretirement Health/Life Reserve Fund** – following the same formula as the Workers Compensation Reserve Fund this fund was formed in the early 2000's by management to reserve cash equal to the yearly actuarially determined amount to fund the Hospital's postretirement health and life insurance program. Note this program was frozen in 1995 for all new hires after that date.
- **PTO (Paid Time Off) Liability Fund** – originally formed in 1993 as the new 501(c)(3) Hospital began operations, management thought as a business requirement of this vested benefit program that monies should be set aside to extinguish this employee liability should such a circumstance arise. This balance is equal to the PTO Liability on the Balance Sheet.
- **Malpractice Reserve Fund** – originally established in 1989 by the then District's Finance Committee and continued by the Hospital. The amount is actuarially determined each year as part of the annual audit to fund potential claims less than \$50,000. Above \$50,000 our policy with the BETA Healthcare Group kicks in to a \$30 million limit per claim/\$40 million in the aggregate.
- **Catastrophic Loss Fund** – was established in 1999 by the Hospital Board to be a "self-insurance" reserve fund for potential non-major earthquake repairs. Initially funded by the District transferring \$5 million and has been added to by the last major payment from FEMA for the damage caused the Hospital by the October 1989 earthquake. It is to be noted that it took 10 years to receive final settlement from FEMA grants that totaled \$6.8 million that did mostly cover all the necessary repairs.

APPENDIX

El Camino Hospital – Mountain View (\$000s)

6 months ending 12/31/2017

Period 6 FY 2017	Period 6 FY 2018	Period 6 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
204,773	226,462	223,569	2,893	1.3%	Gross Revenue	1,192,540	1,347,954	1,294,700	53,254	4.1%
(148,486)	(167,977)	(166,657)	(1,320)	0.8%	Deductions	(857,971)	(982,352)	(958,139)	(24,213)	2.5%
56,287	58,485	56,913	1,572	2.8%	Net Patient Revenue	334,569	365,602	336,562	29,041	8.6%
1,972	1,777	1,755	22	1.3%	Other Operating Revenue	13,629	14,790	10,653	4,137	38.8%
58,259	60,262	58,668	1,595	2.7%	Total Operating Revenue	348,198	380,392	347,214	33,178	9.6%
OPERATING EXPENSE										
32,941	33,124	33,302	178	0.5%	Salaries & Wages	184,981	194,662	193,550	(1,112)	-0.6%
7,828	9,253	8,374	(880)	-10.5%	Supplies	45,899	49,424	48,296	(1,128)	-2.3%
7,003	6,214	6,603	388	5.9%	Fees & Purchased Services	38,904	40,969	39,832	(1,136)	-2.9%
854	1,206	820	(387)	-47.2%	Other Operating Expense	4,113	4,448	5,307	860	16.2%
177	456	725	269	37.1%	Interest	2,534	2,606	4,353	1,747	40.1%
3,485	3,524	3,619	95	2.6%	Depreciation	21,127	20,893	21,356	463	2.2%
52,289	53,778	53,442	(337)	-0.6%	Total Operating Expense	297,559	313,001	312,694	(307)	-0.1%
5,970	6,484	5,226	1,258	24.1%	Net Operating Income/(Loss)	50,638	67,392	34,521	32,871	95.2%
5,168	(1,998)	225	(2,224)	-986.9%	Non Operating Income	12,462	31,087	1,352	29,735	2199.7%
11,137	4,486	5,451	(966)	-17.7%	Net Income(Loss)	63,100	98,478	35,872	62,606	174.5%
16.5%	17.4%	16.3%	1.1%		EBITDA	21.3%	23.9%	17.3%	6.5%	
10.2%	10.8%	8.9%	1.9%		Operating Margin	14.5%	17.7%	9.9%	7.8%	
19.1%	7.4%	9.3%	-1.8%		Net Margin	18.1%	25.9%	10.3%	15.6%	

El Camino Hospital – Los Gatos(\$000s)

6 months ending 12/31/2017

Period 6	Period 6	Period 6	Variance			YTD	YTD	YTD	Variance	
FY 2017	FY 2018	Budget 2018	Fav (Unfav)	Var%	\$000s	FY 2017	FY 2018	Budget 2018	Fav (Unfav)	Var%
OPERATING REVENUE										
47,355	53,424	48,568	4,855	10.0%	Gross Revenue	257,839	302,820	283,683	19,137	6.7%
(34,646)	(38,099)	(35,272)	(2,827)	8.0%	Deductions	(188,372)	(222,536)	(206,020)	(16,517)	8.0%
12,709	15,325	13,296	2,029	15.3%	Net Patient Revenue	69,467	80,284	77,664	2,620	3.4%
238	205	215	(10)	-4.9%	Other Operating Revenue	1,105	1,016	1,280	(265)	-20.7%
12,947	15,530	13,512	2,018	14.9%	Total Operating Revenue	70,572	81,299	78,944	2,356	3.0%
OPERATING EXPENSE										
7,343	6,707	6,436	(271)	-4.2%	Salaries & Wages	37,273	39,302	37,747	(1,555)	-4.1%
1,902	2,297	2,002	(295)	-14.8%	Supplies	9,807	11,906	11,734	(172)	-1.5%
1,473	1,338	1,279	(59)	-4.6%	Fees & Purchased Services	7,992	7,866	7,720	(146)	-1.9%
1,515	1,519	1,533	14	0.9%	Other Operating Expense	9,885	9,637	9,405	(232)	-2.5%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
514	694	739	45	6.1%	Depreciation	3,175	3,334	4,313	979	22.7%
12,748	12,555	11,988	(567)	-4.7%	Total Operating Expense	68,132	72,045	70,919	(1,126)	-1.6%
199	2,975	1,524	1,451	95.2%	Net Operating Income/(Loss)	2,440	9,254	8,025	1,229	15.3%
0	0	0	0	0.0%	Non Operating Income	(10)	(45)	0	(45)	0.0%
199	2,975	1,524	1,451	95.2%	Net Income(Loss)	2,430	9,210	8,025	1,185	14.8%
5.5%	23.6%	16.7%	6.9%		EBITDA	8.0%	15.5%	15.6%	-0.1%	
1.5%	19.2%	11.3%	7.9%		Operating Margin	3.5%	11.4%	10.2%	1.2%	
1.5%	19.2%	11.3%	7.9%		Net Margin	3.4%	11.3%	10.2%	1.2%	

Capital Spend Trend & FY 18 Budget

Capital Spending (in 000's)	Actual FY2015	Actual FY2016	Actual FY2017	Projected FY2018
EPIC	29,849	20,798	2,755	969
IT Hardware / Software Equipment	4,660	6,483	2,659	11,803
Medical / Non Medical Equipment*	13,340	17,133	9,556	6,821
Non CIP Land, Land I , BLDG, Additions	-	4,189	-	-
Facilities	38,940	48,137	82,953	128,030
GRAND TOTAL	86,789	96,740	97,923	147,624
*Includes 2 robot purchases in FY2017				

El Camino Hospital Capital Spending (in thousands) FY 2012 – FY 2017

Category	2013	2014	2015	2016	2017	Category	2013	2014	2015	2016	2017
EPIC	0	6,838	29,849	20,798	2,755	Facilities Projects CIP cont.					
IT Hardware/Software Equipment	8,019	2,788	4,660	6,483	2,659	1403 - Hosp Drive BLDG 11 TI's	0	86	103	0	0
Medical/Non Medical Equipment	10,284	12,891	13,340	17,133	9,556	1404 - Park Pav HVAC	0	64	7	0	0
Non CIP Land, Land I, BLDG, Additions	0	22,292	0	4,189	0	1405 - 1 - South Accessibility Upgrades	0	0	0	168	95
						1408 - New Main Accessibility Upgrades	0	0	7	46	501
						1415 - Signage & Wayfinding	0	0	0	106	58
						1416 - MV Campus Digital Directories	0	0	0	34	23
						1423 - MV MOB TI Allowance	0	0	0	588	369
Facilities Projects CIP						1425 - IMOB Preparation Project - Old Main	0	0	0	711	1,860
Mountain View Campus Master Plan Projects						1429 - 2500 Hospital Dr Bldg 8 TI	0	0	101	0	0
1245 - Behavioral Health Bldg Replace	0	1,257	3,775	1,389	10,323	1430 - Women's Hospital Expansion	0	0	0	0	464
1413 - North Drive Parking Structure Exp	0	0	167	1,266	18,120	1432 - 205 South Dr BHS TI	0	0	8	15	0
1414 - Integrated MOB	0	0	2,009	8,875	32,805	1501 - Women's Hospital NPC Comp	0	0	4	0	223
1422 - CUP Upgrade	0	0	0	896	1,245	1502 - Cabling & Wireless Upgrades	0	0	0	1,261	367
Sub-Total Mountain View Campus Master Plan	0	1,257	5,950	12,426	62,493	1503 - Willow Pavillion Tomosynthesis	0	0	0	53	257
						1504 - Equipment Support Infrastructure	0	0	61	311	0
Mountain View Capital Projects						1523 - Melchor Pavillion Suite 309 TI	0	0	0	10	59
9900 - Unassigned Costs	734	470	3,717	0	0	1525 - New Main Lab Upgrades	0	0	0	0	464
1108 - Cooling Towers	450	0	0	0	0	1526 - CONCERN TI	0	0	0	37	99
1120 - BHS Out Patient TI's	66	0	0	0	0	Sub-Total Mountain View Projects	8,145	7,219	26,744	5,588	5,535
1129 - Old Main Card Rehab	9	0	0	0	0	Los Gatos Capital Projects					
0817 - Womens Hosp Upgrds	645	1	0	0	0	0904 - LG Facilities Upgrade	2	0	0	0	0
0906 - Slot Build-Out	1,003	1,576	15,101	1,251	294	0907 - LG Imaging Masterplan	244	774	1,402	17	0
1109 - New Main Upgrades	423	393	2	0	0	1005 - LG OR Light Upgrd	14	0	0	0	0
1111 - Mom/Baby Overflow	212	29	0	0	0	1122 - LG Sleep Studies	7	0	0	0	0
1204 - Elevator Upgrades	25	30	0	0	0	1210 - Los Gatos VOIP	147	89	0	0	0
0800 - Womens L&D Expansion	2,104	1,531	269	0	0	1116 - LG Ortho Pavillion	177	24	21	0	0
1131 - MV Equipment Replace	216	0	0	0	0	1124 - LG Rehab BLDG	49	458	0	0	0
1208 - Willow Pav. High Risk	110	0	0	0	0	1247 - LG Infant Security	134	0	0	0	0
1213 - LG Sterilizers	102	0	0	0	0	1307 - LG Upgrades	376	2,979	3,282	3,511	3,081
1225 - Rehab BLDG Roofing	7	241	4	0	0	1308 - LG Infrastructure	0	114	0	0	0
1227 - New Main eICU	96	21	0	0	0	1313 - LG Rehab HVAC System/Structural	0	0	0	1,597	1,904
1230 - Fog Shop	339	80	0	0	0	1219 - LG Spine OR	0	214	323	633	2,163
1315 - 205 So. Drive TI's	0	500	2	0	0	1221 - LG Kitchen Refrig	0	85	0	0	0
0908 - NPCR3 Seismic Upgrds	1,302	1,224	1,328	240	342	1248 - LG - CT Upgrades	0	26	345	197	6,669
1125 - Will Pav Fire Sprinkler	57	39	0	0	0	1249 - LG Mobile Imaging	0	146	0	0	0
1211 - SIS Monitor Install	215	0	0	0	0	1328 - LG Ortho Canopy FY14	0	255	209	0	0
1216 - New Main Process Imp Office	19	1	16	0	0	1345 - LG Lab HVAC	0	112	0	0	0
1217 - MV Campus MEP Upgrades FY13	0	181	274	28	0	1346 - LG OR 5, 6, and 7 Lights Replace	0	0	285	53	22
1224 - Rehab Bldg HVAC Upgrades	11	202	81	14	6	1347 - LG Central Sterile Upgrades	0	0	181	43	66
1301 - Desktop Virtual	0	13	0	0	0	1421 - LG MOB Improvements	0	0	198	65	303
1304 - Rehab Wander Mgmt	0	87	0	0	0	1508 - LG NICU 4 Bed Expansion	0	0	0	0	207
1310 - Melchor Cancer Center Expansion	0	44	13	0	0	1600 - 825 Pollard - Aspire Phase II	0	0	0	0	80
1318 - Women's Hospital TI	0	48	48	29	2	1603 - LG MOB Improvements	0	0	0	0	285
1327 - Rehab Building Upgrades	0	0	15	20	0	Sub-Total Los Gatos Projects	1,150	5,276	6,246	6,116	14,780
1320 - 2500 Hosp Dr Roofing	0	75	81	0	0	1550 - Land Acquisition	0	0	0	24,007	0
1340 - New Main ED Exam Room TVs	0	8	193	0	0	1701 - 828 S Winchester Clinic TI	0	0	0	0	145
1341 - New Main Admin	0	32	103	0	0	Sub-Total Other Strategic Projects	0	0	0	24,007	145
1344 - New Main AV Upgrd	0	243	0	0	0	Subtotal Facilities Projects CIP	9,294	13,753	38,940	48,137	82,953
1400 - Oak Pav Cancer Center	0	0	5,208	666	52	Grand Total	27,598	58,561	86,789	96,740	97,923
						Forecast at Beginning of year	70,503	70,037	101,607	114,025	212,000

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

Item:	Biennial Committee Self Assessments and FY18 Assessment of Committee Structure El Camino Hospital Board of Directors February 14, 2018
Responsible party:	Peter C. Fung, MD, Chair, Governance Committee
Action requested:	For Discussion
<p>Background:</p> <p>The Governance Committee adopted “Promote enhanced and sustained competency-based, efficient, effective governance” as one of its goals for FY 18 and committed to assessing the effectiveness of the expanded Advisory Committee structure as one of its metrics. As noted in the attachments, participants in the Committee Structure survey found that the Committees have evolved in a positive direction, are structured effectively and bring valuable recommendations to the Board. Areas of strength included (1) expertise of committee members enhance the Board’s oversight, (2) diversity of perspectives, and (3) strength and work of committees frees up Board time to discuss consequential matters.</p> <p>A number of opportunities for improvement emerged from the reports that follow. The Governance Committee’s discussion focused on the following:</p> <ol style="list-style-type: none"> 1. The Advisory Committees continue to perform well. 2. There is a desire for more cross collaboration between the Committees. 3. There is a desire to improve the feedback loop from the Board to the Committees and the Committees to the Board. 4. The Board should consider delegating specific authority to the committees and give direction to the Governance Committee as to how it should advance this concept. 5. Each of the Committees should review their self-assessment reports and do a deep dive into strategies and specific tactics for improvement. <p>While the Committee had a very robust discussion, we did not find time to discuss all of our consultant’s (JoAnn McNutt) recommendations. I also found the following to be important recommendations raised by the assessments:</p> <ol style="list-style-type: none"> 1. To allow for more discussion and less reporting at Committee meetings. 2. To create a clearer connection between committee work and the enterprise strategy. 	
<p>Board Advisory Committees that reviewed the issue and recommendation, if any:</p> <p>The Governance Committee reviewed the reports and discussed as described above.</p>	
<p>Summary and session objectives :</p> <p>To discuss the findings of the self-assessments and give the Governance Committee direction</p>	

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

	regarding next steps.
	Suggested discussion questions: <ol style="list-style-type: none">1. How should communication between the Board and Committees and between Committees be improved?2. What direction does the Board want to give to the Governance Committee?
	Proposed Board motion, if any: None. For discussion only.
	LIST OF ATTACHMENTS: <ol style="list-style-type: none">1. Committee Structure FY18 Report2. Biennial Committee Self-Assessments



NYGREN CONSULTING
GOVERNANCE STRATEGY LEADERSHIP

El Camino Hospital

Committee Structure

FY18 Assessment Report



El Camino Hospital
THE HOSPITAL OF SILICON VALLEY

Submitted on: January 17, 2018

Prepared for: Board of Directors

Prepared by: JoAnn McNutt, PhD and Zach Morfin, PhD

High-Level Summary

Overview:

- In keeping with the El Camino Hospital Board's commitment to effective governance, Nygren Consulting was re-engaged to conduct the biennial performance assessment of the board committees, providing them with an opportunity to reflect on their performance during the Fiscal Year 2018. In addition to assessing each individual committee, this year introduced a new assessment, the purpose of which was to identify the strengths and weaknesses of the overall committee structure. The findings from the committee structure assessment are included in this report.

Participation:

- 38 out of 39 stakeholders participated in the assessment (97%), including 22 non-director committee members, 8 board members, and 8 leadership team members who have been in their position a significant amount of time and have substantial interaction with the committees.

Key Findings:

- The committees are valued for the depth of expertise and diversity of perspectives brought by an esteemed collection of individuals who greatly enhance oversight of the hospital's functioning that the board could not exercise independently. Since their formation in 2013, the committees have evolved in a positive direction, are structured effectively, and bring valuable recommendations to the board. The annual/semi-annual meeting bringing together the board and committees is highly appreciated and beneficial, providing a high-level overview of the hospital's operations and allowing for the development of relationships across the governance structure.
- More cross-committee collaboration in this regard is desired, though it needs to be strategic. Joint meetings between the Finance and Investment Committees, for example, are working well. While a couple individuals expressed that they do not see a need for more joint committee meetings, there was general consensus that effective communication across the committees and with the board is lacking and that additional means of sharing information and insights is necessary. The semi-annual joint board and committee education session, when held, is virtually the only opportunity committee members have to learn about aspects of the hospital outside the purview of their committee, even though there are areas of shared concern that might impact committee deliberations and recommendations that are not being discussed.
- The board is generally perceived to be favorable towards committee recommendations, yet the process of accepting or denying a recommendation is unclear, not just to committee members but to some board directors as well. There was criticism of the board that it takes too long to implement committee recommendations. Not only that, the board doesn't offer feedback to committees or communicate the rationale for its decision to either endorse or reject a recommendation. In several instances, the board is perceived to have allowed politics to get in the way of endorsing important recommendations from both the Governance Committee and Executive Compensation Committee.
- The value of the committees would be greater if there was more focused, strategic discussion in meetings and less time spent on routine agenda items and duplicative report-outs. This is related, however, to a lack of clarity about the hospital's strategy overall, and how the committees can develop goals and organize themselves most effectively to support it. Stronger alignment between the strategy and governance of the hospital is critically needed.
- There was a suggestion for either establishing a Strategic Planning Committee or somehow embedding the planning process into an existing committee.



Summary of Suggestions from Participants

Opportunities for Development	Discussion Questions for the Board and Committees
Increase cross-committee collaboration	<i>Besides Finance and Investment, which other committees would greatly benefit from cross-collaboration, e.g., joint meetings?</i>
Improve communication between committees	<i>How should communication between committees be improved?</i>
Create a feedback loop between the board and committees	<i>How should the board's rationale/thinking circle back to the committee, specifically as it relates to recommendations that were accepted or rejected?</i>
Allow for more discussion and less reporting	<i>How should the committee adjust its agenda to create more time for strategic discussions?</i>
Create clearer connection between committee work and to enterprise strategy	<i>How should the board provide understanding for how committee decisions, recommendations, and initiatives fit into the broader organizational strategy?</i> <i>Should the board create a committee (standing or ad hoc) to oversee strategic implementation?</i>
Establish committee goals	<i>Given the organizational strategy, what are the committee stretch goals for 2018 and beyond?</i>



Thematic Summaries of the Qualitative Feedback

Strengths

- ❖ The overriding benefit the committees bring is the depth of expertise represented in the committee membership. The skills, experience, and diverse perspectives shared by committee members greatly enhance the board's oversight.
- ❖ Committees continue to evolve in a positive direction, are well-organized, and free up time for the board to discuss consequential matters.
- ❖ A mixture of board, committee and leadership team members shared appreciation for the board's approval of recommendations across committees.
- ❖ The semi-annual joint board and committee education session is valuable and beneficial, despite being high-level.
- ❖ Joint meetings between the Finance and Investment committees are also working well, though there are mixed views on the right frequency.

Opportunities for Development

- ❖ There are mixed views on the need for more cross-committee collaboration. Regardless, more effective communication across committees and with the board is needed.
- ❖ Many commented that the board takes a long time to implement committee recommendations.
- ❖ The board doesn't offer feedback to committees or communicate the rationale for its decision to either endorse or reject a recommendation.
- ❖ At times, the board lets politics get in the way of endorsing sound committee recommendations. In particular, the Governance Committee was sidelined. Recommendations brought by the Executive Compensation Committee were also ignored.
- ❖ More focused, strategic discussion is needed, with less time spent on routine agenda items and duplicative report-outs.
- ❖ The hospital's strategy is not clear, nor is the role of committees, particularly the Quality Committee. Aligning committee goals to support the strategic direction is advisable.
- ❖ Many recommended strategic planning as a necessary focus area that would benefit from committee work and deliberation not covered by the current structure.





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El Camino Hospital

Corporate Compliance, Privacy and Audit Committee
FY2017-18 Assessment Report



Submitted on: January 25, 2018
Prepared for: Corporate Compliance, Privacy and Audit Committee
Prepared by: JoAnn McNutt, PhD and Zach Morfin, PhD

Introduction

Background

In keeping with the ECH Hospital Board's commitment to effective governance, Nygren Consulting was engaged to conduct the biennial performance assessment of the board committees, providing them with an opportunity to reflect on their performance during the Fiscal Year 2017-2018. The goal of the assessment was to identify the committees' strengths and areas for improvement, which would be integrated into their annual goals. This report provides the results of the Corporate Compliance, Privacy and Audit Committee's ("Compliance Committee") self-assessment.

Interpreting the Results

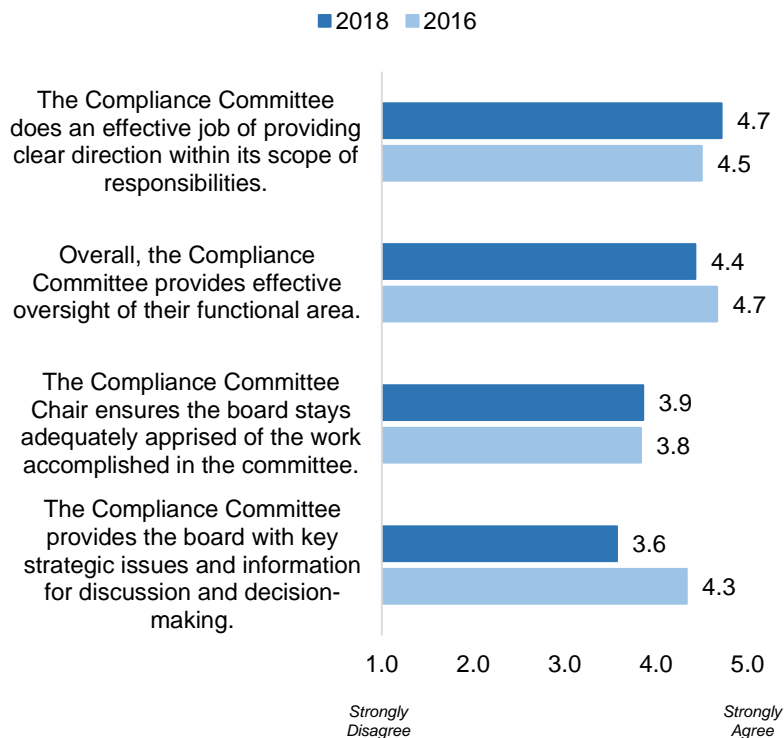
The Compliance Committee assessment tool was comprised of twelve core items and three open-ended questions that applied to all committees, as well as six committee-specific items. Please note that because committee assessments are conducted on a biennial basis, the year-over-year analysis compares the committee's performance in 2018 against 2016.

The purpose of the assessment was to provide directional feedback to the Compliance Committee. The quantitative scores herein are meant to provide insight into how the Compliance Committee perceives its own performance. The assessment is not intended to provide statistically significant results, which cannot be achieved with a small sample size. Average scores are rounded to the nearest tenth decimal point as this will show variation in the ratings.

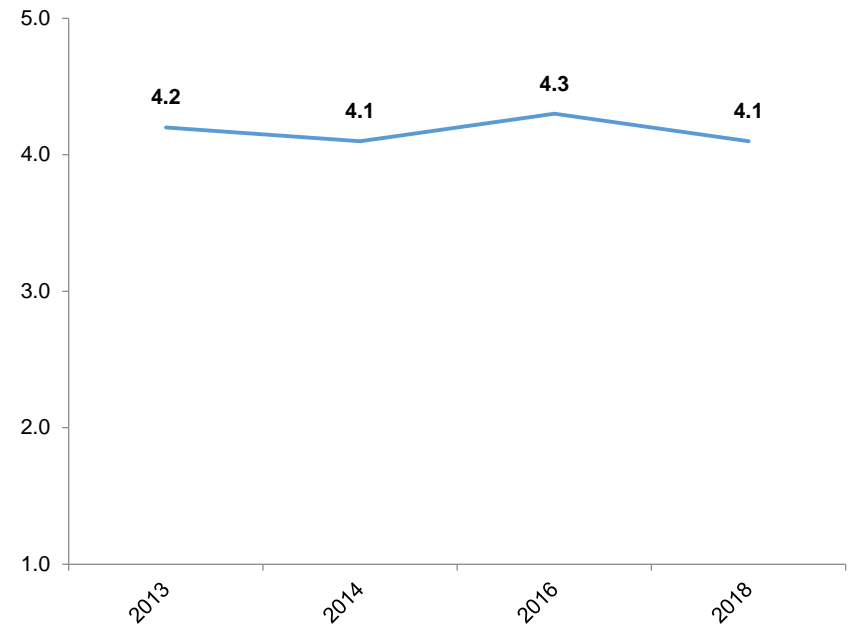
We set 3.5 as the threshold to determine whether a response is favorable. It is rare to achieve a perfect score of 5.0. Occasionally, we see an average score of 4.5 and above on exceptional cases.

Hospital Board's Assessment of the Compliance Committee

Board's Assessment of the Compliance Committee on the Four Standard Items



Board's Assessment of the Compliance Committee Over Time



High-Level Summary of the Committee's Self-Assessment

Participation:

- 11 out of 11 stakeholders participated in the assessment (100%):
 - Non-director committee members = 3
 - Board members = 3
 - Executive leadership team members = 5

Self-Assessment Averages:

2018 = 4.1

2016 = 4.1

2014 = 4.5

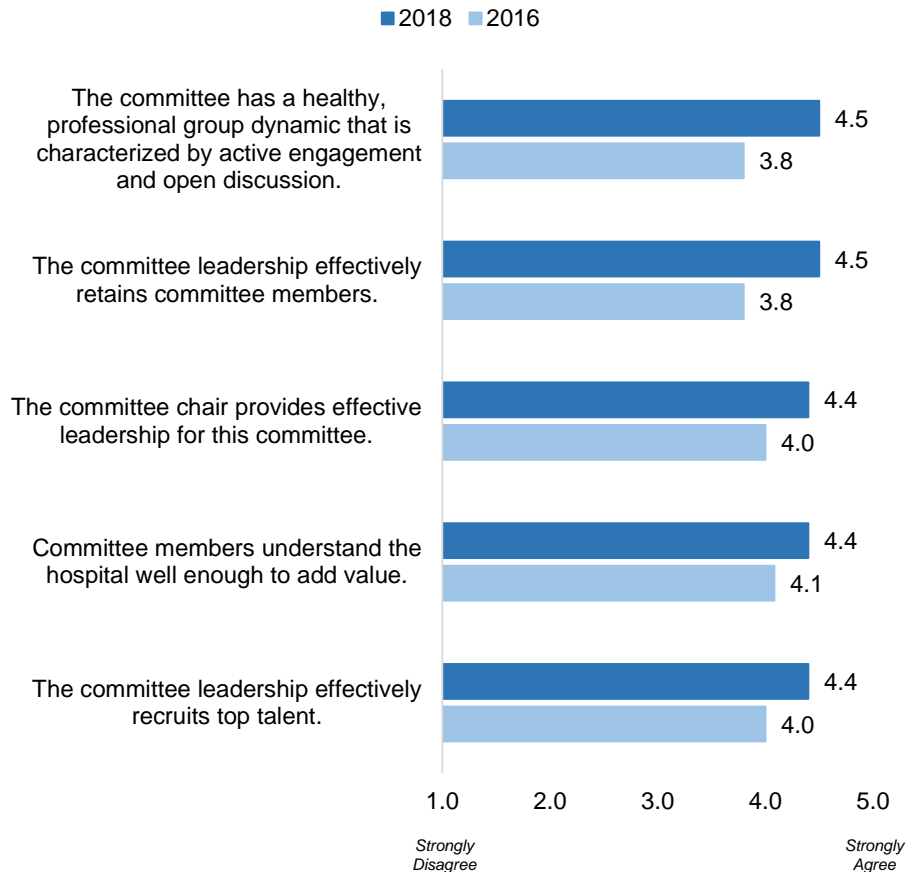
2013 = 4.4

Key Findings:

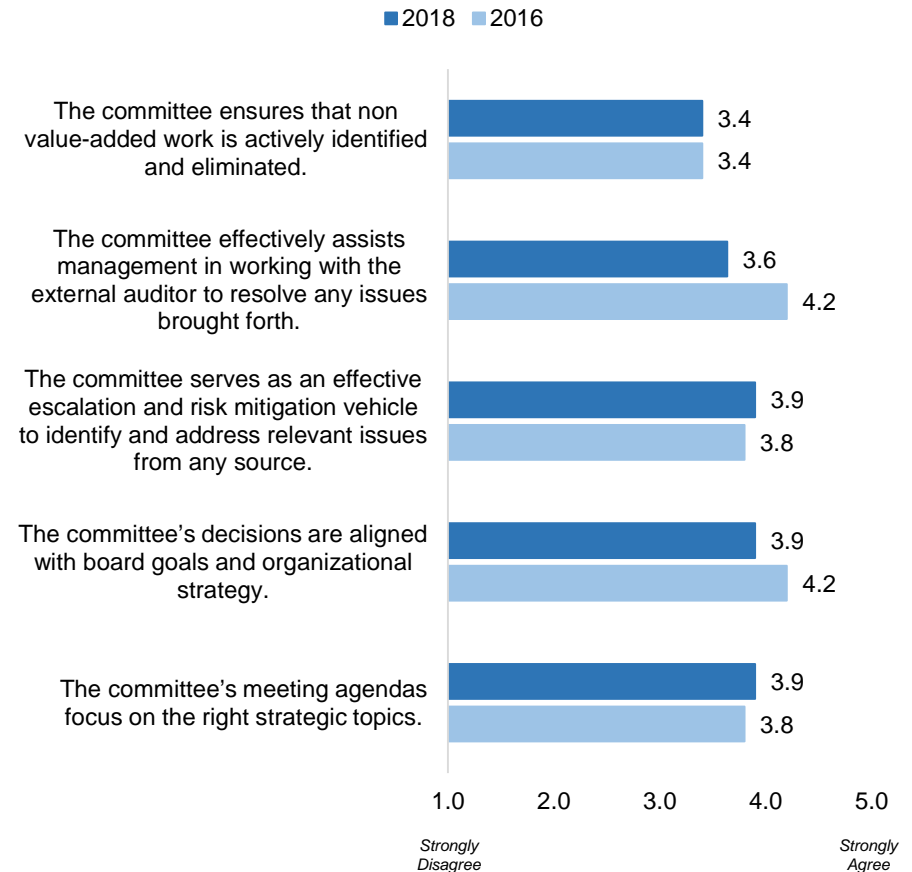
- The committee rated its overall performance the same as in 2016. That said, there were a few notable changes in how certain items were scored. Those that showed the greatest increases are the following:
 - The committee leadership effectively retains committee members. (+0.7)
 - The committee has a healthy, professional group dynamic that is characterized by active engagement and open discussion. (+0.7)
- Items that showed that greatest decreases are the following:
 - The committee effectively assists management in working with the external auditor to resolve any issues brought forth. (-0.6)
- Open-ended comments pointed to the need for the following:
 - Tighter focus on strategy, risk, and mission, and less time spent on ERM and operational details
 - More in-depth information about privacy, compliance requirements and training
 - Higher quality materials that focus on key issues, and that are not so lengthy
 - More collaboration with the board and the Governance and Quality Committees, as appropriate

Highest and Lowest Rated Items

Highest Rated Items



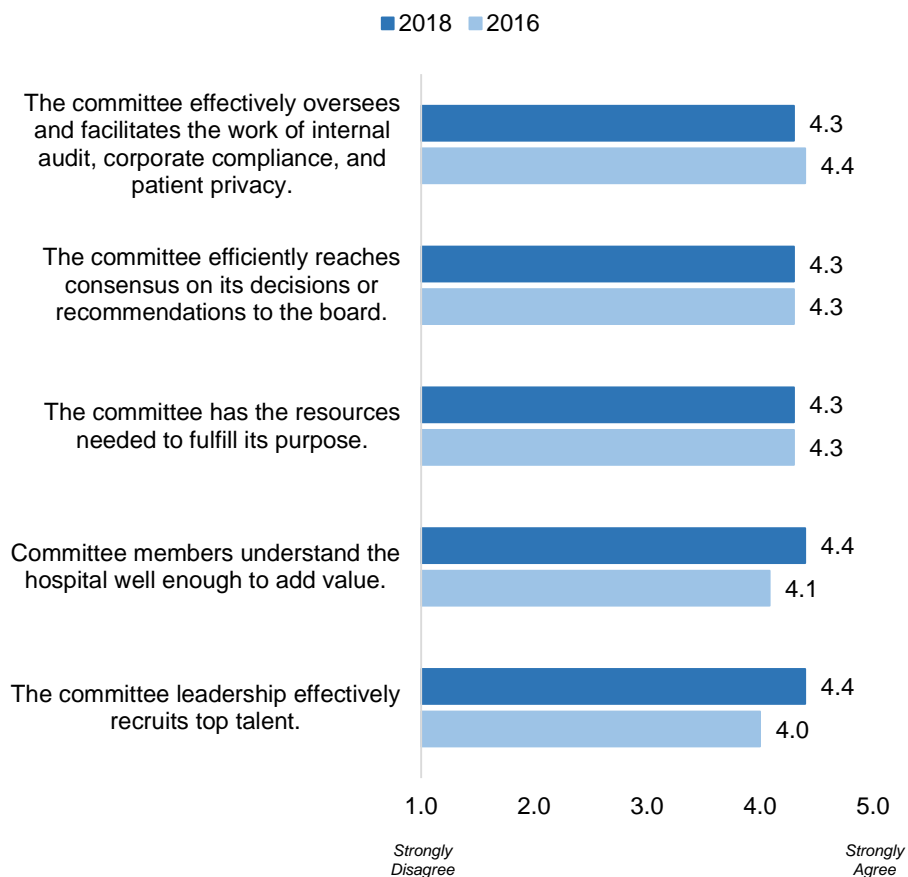
Lowest Rated Items



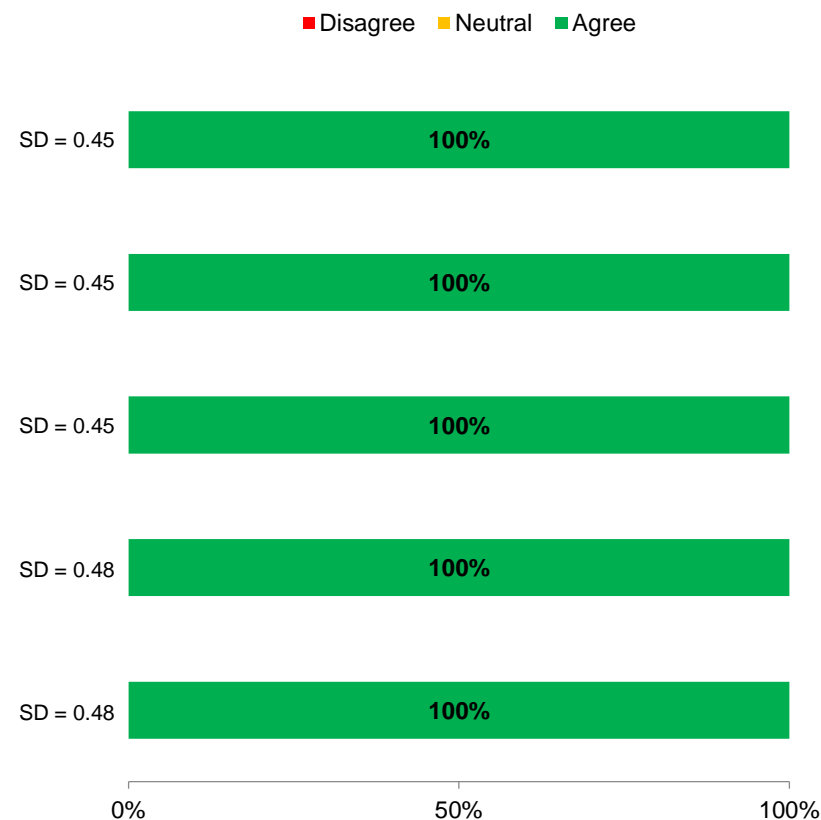
Areas of Greatest Agreement

Areas of agreement are determined by the standard deviation (SD), which is a measure of the dataset's spread around the mean. Higher standard deviations relate to a lower consistency or agreement across ratings for a particular survey item. The lower the SD, the greater agreement there is among respondents. The higher the SD, the less agreement there is among respondents. The distribution of ratings shows the corresponding number of individual ratings of 1 or 2, neutral responses of 3, and favorable responses of 4 or 5.

Areas of Greatest Agreement

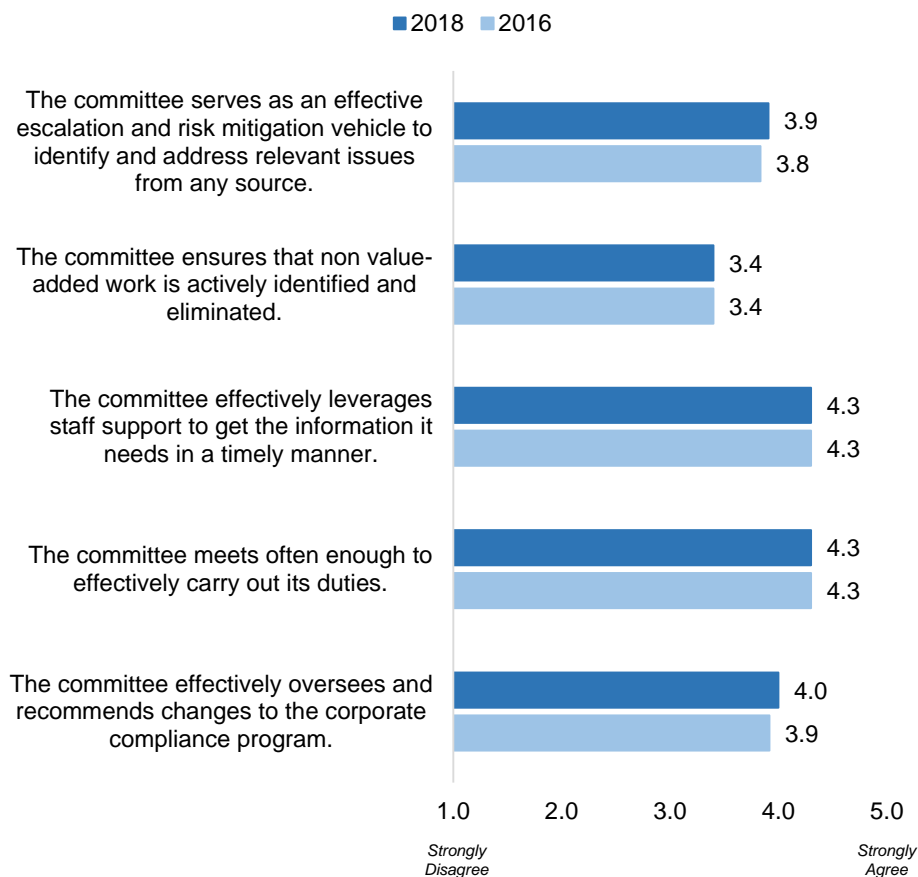


Distribution of Ratings

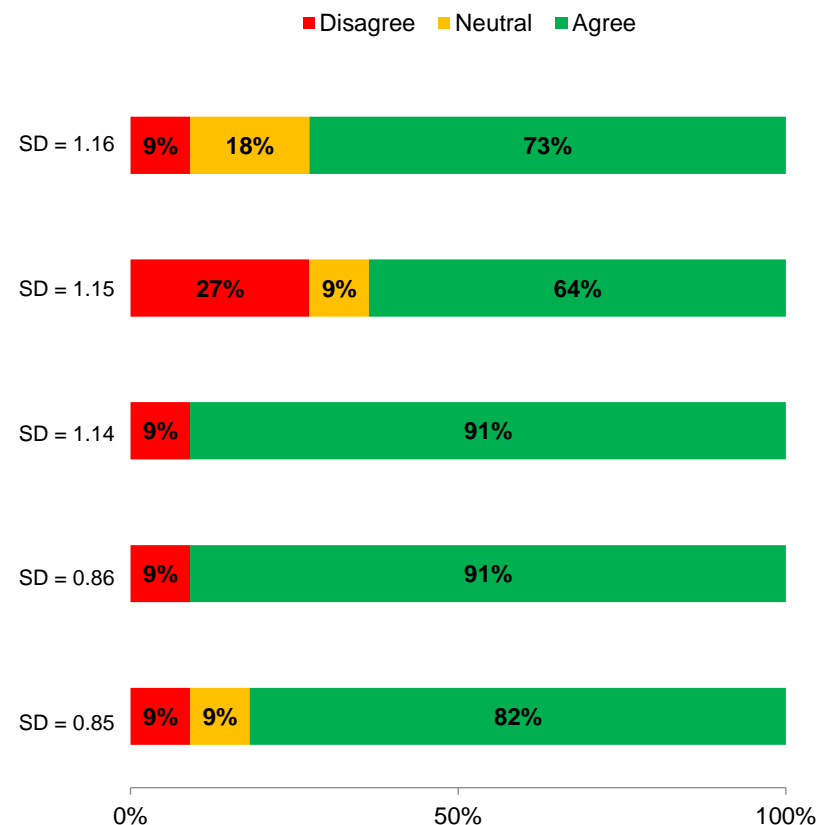


Areas of Least Agreement

Areas of Least Agreement



Distribution of Ratings



Detailed Results by Item

The table below shows all survey items, sorted highest to lowest by 2018 rating. The *Difference* column represents the difference in ratings between the committee's 2018 vs. 2016 ratings. A positive difference indicates items where committee members rated the committee's performance **higher** than in 2016. Conversely, a negative difference indicates where members rated the committee's performance **lower** than in 2016.

Items Sorted Highest to Lowest by Stakeholder Rating	↓ 2018	2016	N	Difference
The committee leadership effectively retains committee members.	4.5	3.8	11	0.7
The committee has a healthy, professional group dynamic that is characterized by active engagement and open discussion.	4.5	3.8	11	0.7
The committee chair provides effective leadership for this committee.	4.4	4.0	10	0.4
The committee leadership effectively recruits top talent.	4.4	4.0	11	0.4
Committee members understand the hospital well enough to add value.	4.4	4.1	11	0.3
The committee meets often enough to effectively carry out its duties.	4.3	4.3	11	0.0
The committee effectively leverages staff support to get the information it needs in a timely manner.	4.3	4.3	11	0.0
The committee has the resources needed to fulfill its purpose.	4.3	4.3	11	0.0
The committee efficiently reaches consensus on its decisions or recommendations to the board.	4.3	4.3	11	0.0
The committee effectively oversees and facilitates the work of internal audit, corporate compliance, and patient privacy.	4.3	4.4	11	-0.1
The committee effectively oversees and makes recommendations on the selection and work of the external auditor.	4.3	4.0	11	0.3
The committee effectively oversees and recommends changes to the corporate compliance program.	4.0	3.9	11	0.1
The committee actively encourages continuous improvement of policies and procedures for corporate accountability, integrity, and privacy.	4.0	4.4	11	-0.4
The committee's meeting agendas focus on the right strategic topics.	3.9	3.8	11	0.1
The committee's decisions are aligned with board goals and organizational strategy.	3.9	4.2	11	-0.3
The committee serves as an effective escalation and risk mitigation vehicle to identify and address relevant issues from any source.	3.9	3.8	11	0.1
The committee effectively assists management in working with the external auditor to resolve any issues brought forth.	3.6	4.2	11	-0.6
The committee ensures that non value-added work is actively identified and eliminated.	3.4	3.4	11	-0.1

Thematic Summaries of the Qualitative Feedback

Opportunities for Improvement

- A few committee members shared their appreciation for the quality of the meeting materials and responsiveness from management. At the same time, while there has been improvement, a few said the materials are too detailed and lengthy.
- Two members suggested tightening the committee's agendas by reducing the number of topics and focusing on the vital few decisions and key areas of input.
- Several shared that the committee's agendas do not make an explicit connection to the hospital's strategy or mission, and that the committee needs to be more informed and proactive when it comes to strategy and risk.
- The Enterprise Risk Management program seems to have taken a disproportionate amount of time on the committee's agenda, though still requires monitoring.
- More collaboration with the board and the Quality and Governance Committees was requested.
- Two individuals commented that more information regarding compliance requirements and training would be helpful.



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El Camino Hospital

Executive Compensation Committee

FY2017-18 Assessment Report



Submitted on: January 25, 2018
Prepared for: Executive Compensation Committee
Prepared by: JoAnn McNutt, PhD and Zach Morfin, PhD

Introduction

Background

In keeping with the ECH Hospital Board's commitment to effective governance, Nygren Consulting was engaged to conduct the biennial performance assessment of the board committees, providing them with an opportunity to reflect on their performance during the Fiscal Year 2017-2018. The goal of the assessment was to identify the committees' strengths and areas for improvement, which would be integrated into their annual goals. This report provides the results of the Executive Compensation Committee's self-assessment.

Interpreting the Results

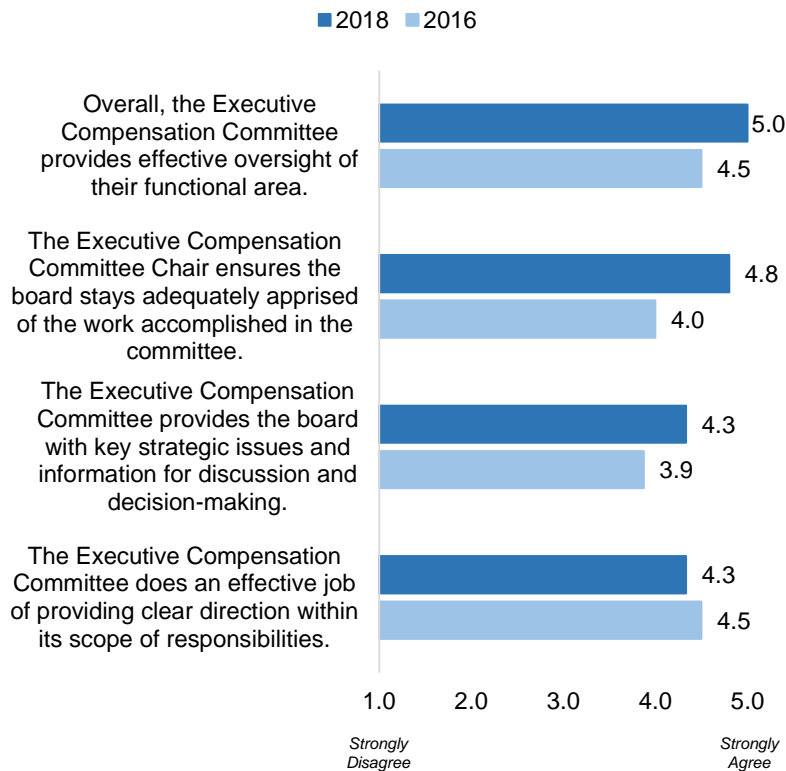
The Executive Compensation Committee assessment tool was comprised of twelve core items and three open-ended questions that applied to all committees, as well as six committee-specific items. Please note that because committee assessments are conducted on a biennial basis, the year-over-year analysis compares the committee's performance in 2018 against 2016.

The purpose of the assessment was to provide directional feedback to the Executive Compensation Committee. The quantitative scores herein are meant to provide insight into how the Executive Compensation Committee perceives its own performance. The assessment is not intended to provide statistically significant results, which cannot be achieved with a small sample size. Average scores are rounded to the nearest tenth decimal point as this will show variation in the ratings.

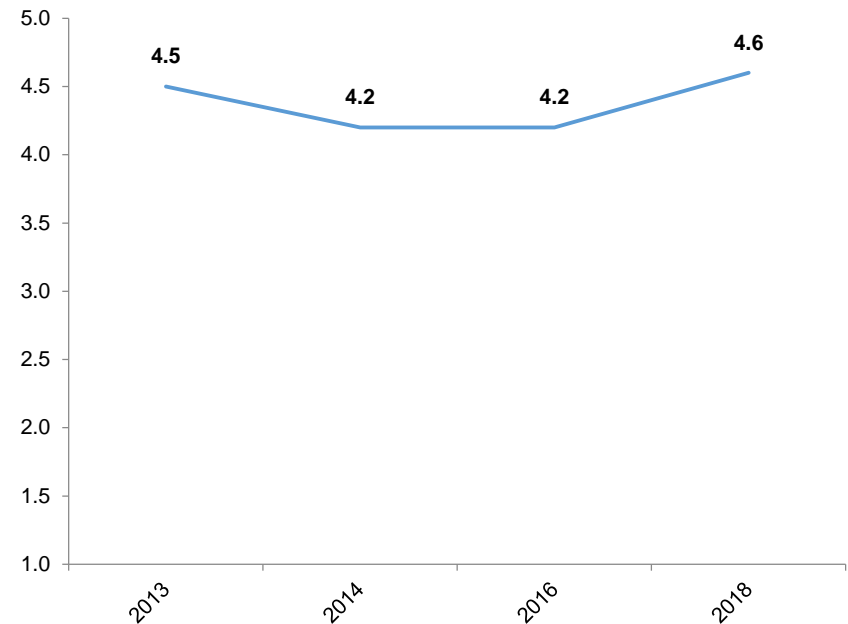
We set 3.5 as the threshold to determine whether a response is favorable. It is rare to achieve a perfect score of 5.0. Occasionally, we see an average score of 4.5 and above on exceptional cases.

Hospital Board's Assessment of the Executive Compensation Committee

Board's Assessment of the Executive Compensation Committee on the Four Standard Items



Board's Assessment of the Executive Compensation Committee Over Time



High-Level Summary of the Committee's Self-Assessment

Participation:

- 9 out of 9 stakeholders participated in the assessment (100%):
 - Non-director committee members = 4
 - Board members = 2
 - Executive leadership team members = 3

Self-Assessment Averages:

2018 = 4.2

2016 = 4.2

2014 = 4.5

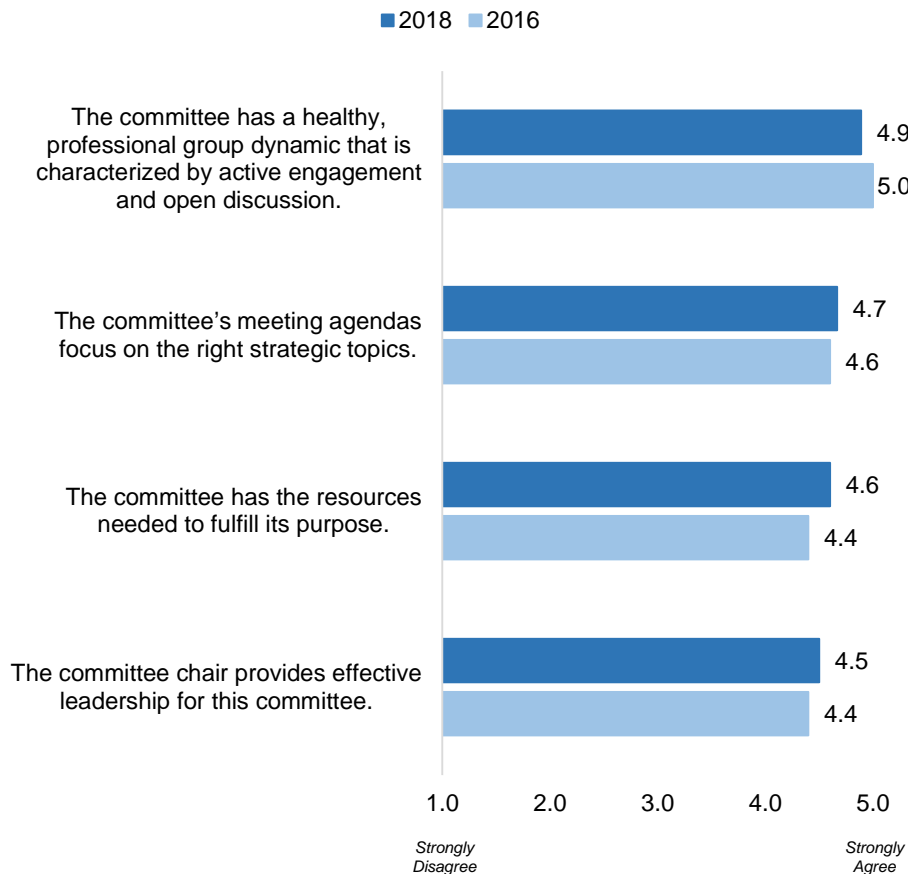
2013 = 4.6

Key Findings:

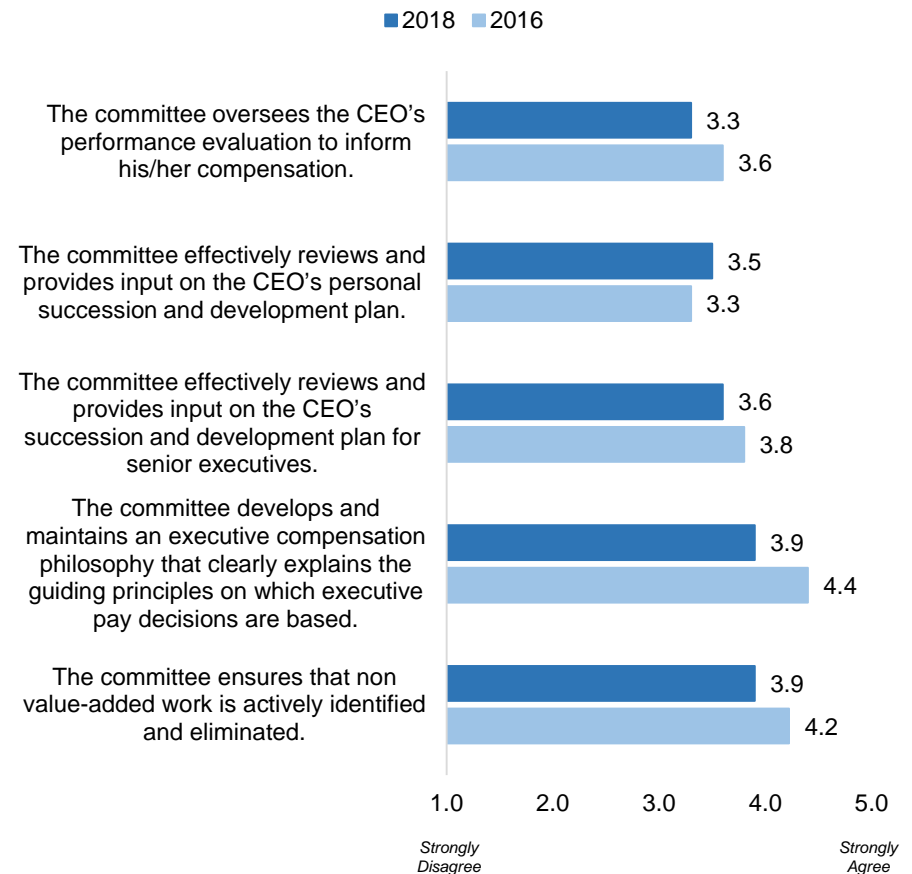
- The committee rated its overall performance the same as in 2016. There was only one item that showed a notable decrease this year:
 - The committee develops and maintains an executive compensation philosophy that clearly explains the guiding principles on which executive pay decisions are based. (-0.5)
- Open-ended comments pointed to the following:
 - Committee members' role vis-à-vis management is clearer and the quality of materials is adequate
 - The committee lacks a clear understanding of the CEO's priorities and board goals, which is needed to articulate what a successful executive compensation and development program looks like
 - Committee recommendations to the board should be clarified or packaged better; ensure the committee has a clear understanding of the board's receptivity to its recommendations
 - The committee should clarify its role when it comes to reviewing the CEO's performance and development plans

Highest and Lowest Rated Items

Highest Rated Items



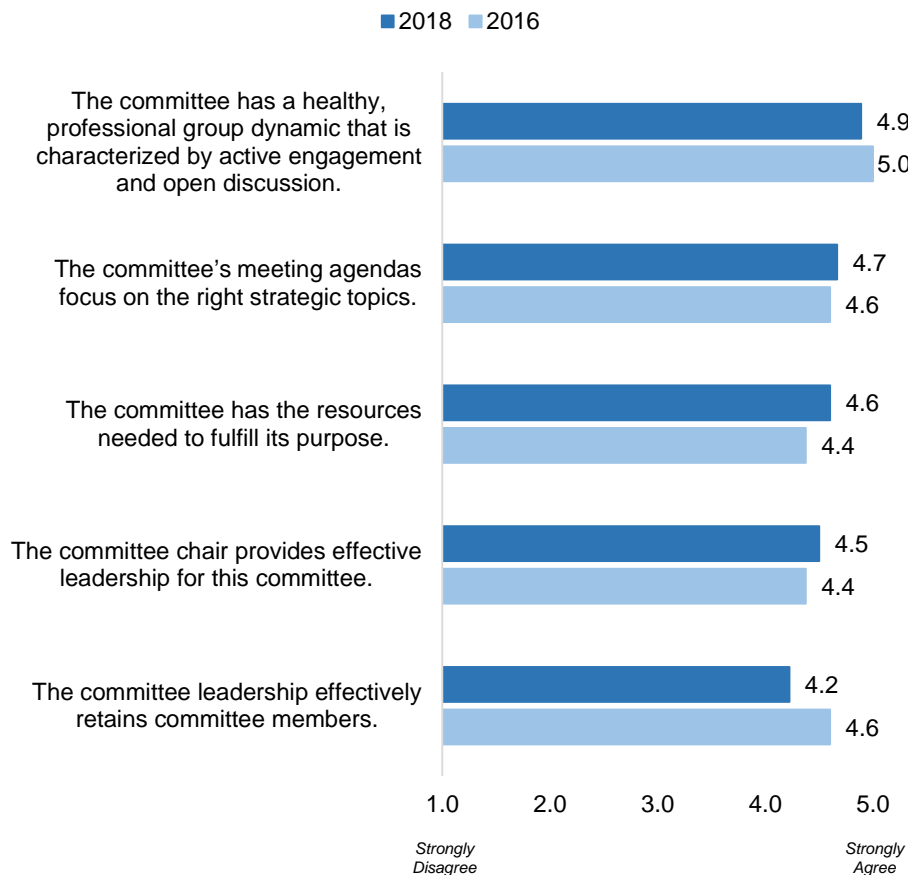
Lowest Rated Items



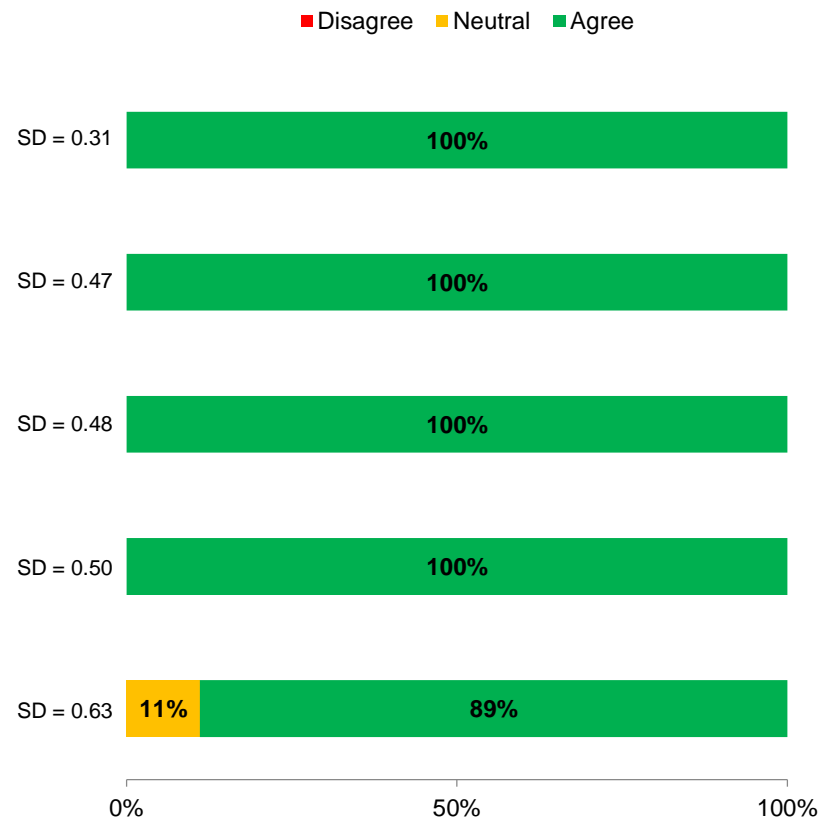
Areas of Greatest Agreement

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Areas of Greatest Agreement

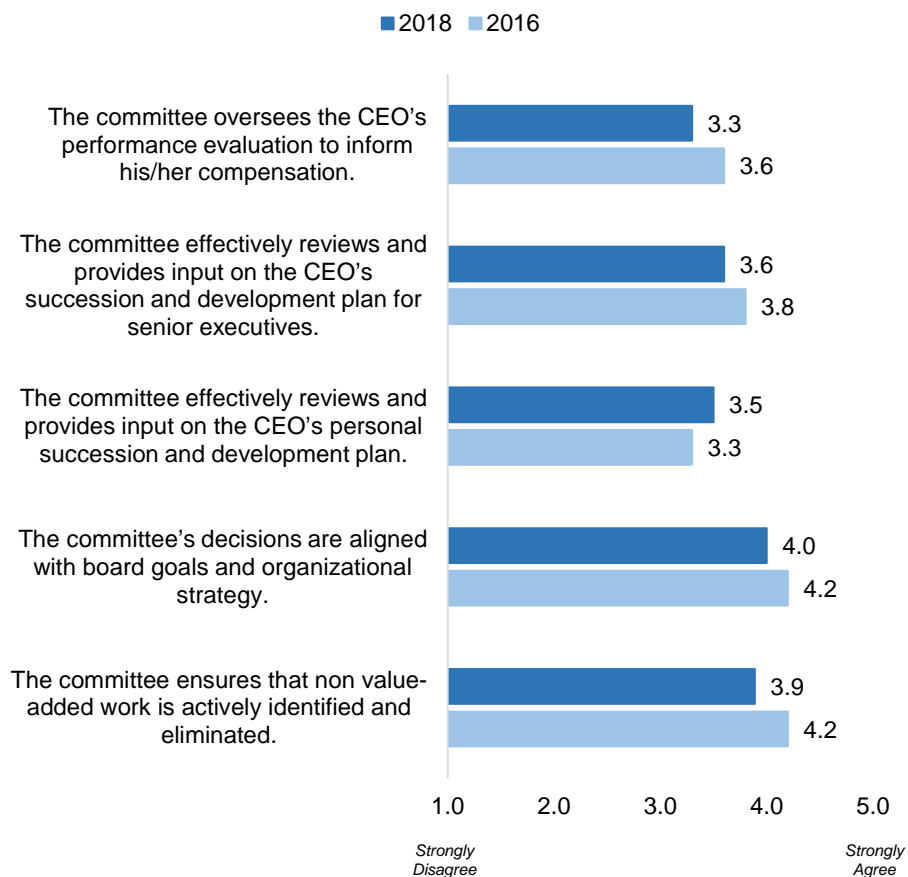


Distribution of Ratings

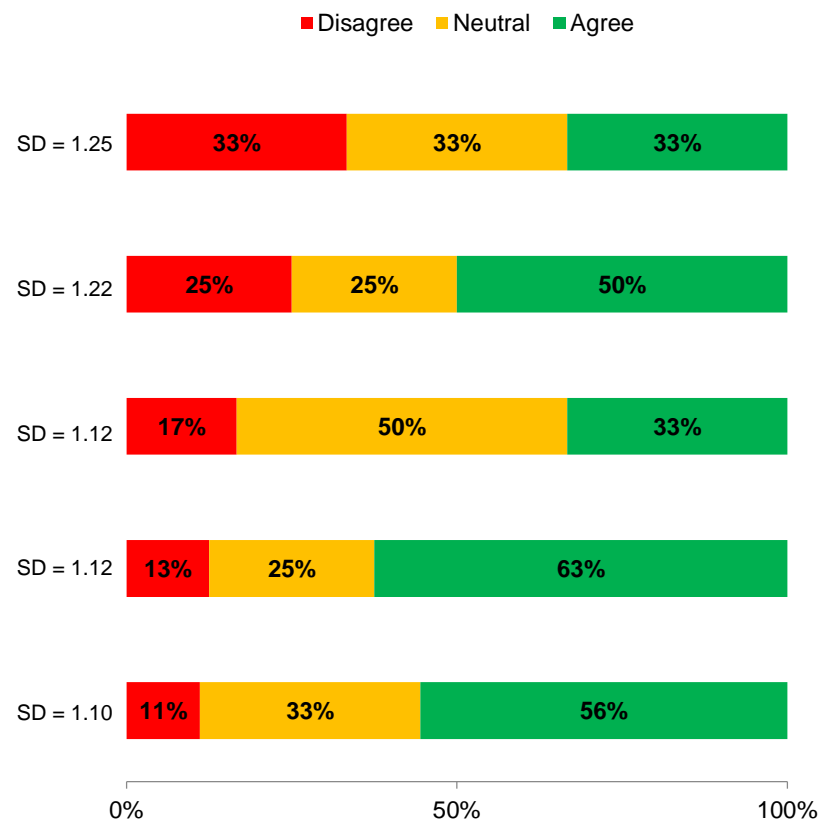


Areas of Least Agreement

Areas of Least Agreement



Distribution of Ratings



Detailed Results by Item

The table below shows all survey items, sorted highest to lowest by 2018 rating. The *Difference* column represents the difference in ratings between the committee's 2018 vs. 2016 ratings. A positive difference indicates items where committee members rated the committee's performance **higher** than in 2016. Conversely, a negative difference indicates where members rated the committee's performance **lower** than in 2016.

Items Sorted Highest to Lowest by Stakeholder Rating	↓ 2018	2016	N	Difference
The committee has a healthy, professional group dynamic that is characterized by active engagement and open discussion.	4.9	5.0	9	-0.1
The committee's meeting agendas focus on the right strategic topics.	4.7	4.6	9	0.1
The committee has the resources needed to fulfill its purpose.	4.6	4.4	8	0.2
The committee chair provides effective leadership for this committee.	4.5	4.4	8	0.1
The committee effectively leverages staff support to get the information it needs in a timely manner.	4.4	4.0	9	0.4
The committee leadership effectively recruits top talent.	4.3	4.1	9	0.2
The committee meets often enough to effectively carry out its duties.	4.3	4.3	9	0.0
The committee efficiently reaches consensus on its decisions or recommendations to the board.	4.3	4.3	9	0.0
The committee reviews and maintains an executive compensation and benefit program consistent with the board-approved executive compensation policies.	4.3	4.4	9	-0.1
The committee leadership effectively retains committee members.	4.2	4.6	9	-0.4
The committee develops and maintains executive compensation policies in line with the board-approved executive compensation philosophy.	4.2	4.2	9	0.0
Committee members understand the hospital well enough to add value.	4.0	4.4	9	-0.4
The committee's decisions are aligned with board goals and organizational strategy.	4.0	4.2	8	-0.2
The committee ensures that non value-added work is actively identified and eliminated.	3.9	4.2	9	-0.3
The committee develops and maintains an executive compensation philosophy that clearly explains the guiding principles on which executive pay decisions are based.	3.9	4.4	9	-0.5
The committee effectively reviews and provides input on the CEO's succession and development plan for senior executives.	3.6	3.8	8	-0.2
The committee effectively reviews and provides input on the CEO's personal succession and development plan.	3.5	3.3	*6	0.2
The committee oversees the CEO's performance evaluation to inform his/her compensation.	3.3	3.6	*6	-0.3

Thematic Summaries of the Qualitative Feedback

Opportunities for Improvement

- The committee is moving in the right direction in terms of clarifying the role of the committee members vs. management, and there appears to be satisfaction with management responsiveness and quality of materials. They encourage management to continue on this path.
- The committee does not have sufficient clarity on the CEO's priorities or the board's goals, which is preventing a fuller understanding of what success looks like from an executive compensation and succession planning perspective.
- The committee is encouraged to clarify its recommendations to the board, ensuring they align with board goals and organizational mission, as well as ensure that the committee has a clear understanding of the board's response to its recommendations.
- The committee does not provide an in-depth review of the CEO's succession and development plans, which one individual shared is not part of the committee's purview.



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El Camino Hospital

Finance Committee

FY2017-18 Assessment Report



Submitted on: January 25, 2018
Prepared for: Finance Committee
Prepared by: JoAnn McNutt, PhD and Zach Morfín, PhD

Introduction

Background

In keeping with the ECH Hospital Board's commitment to effective governance, Nygren Consulting was engaged to conduct the biennial performance assessment of the board committees, providing them with an opportunity to reflect on their performance during the Fiscal Year 2017-2018. The goal of the assessment was to identify the committees' strengths and areas for improvement, which would be integrated into their annual goals. This report provides the results of the Finance Committee's self-assessment.

Interpreting the Results

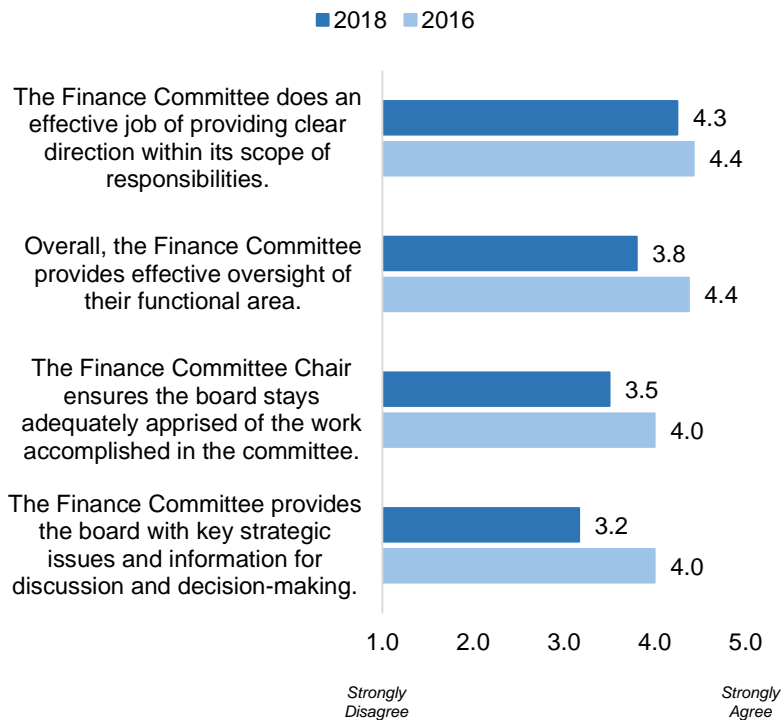
The Finance Committee assessment tool was comprised of twelve core items and three open-ended questions that applied to all committees, as well as five committee-specific items. Please note that because committee assessments are conducted on a biennial basis, the year-over-year analysis compares the committee's performance in 2018 against 2016.

The purpose of the assessment was to provide directional feedback to the Finance Committee. The quantitative scores herein are meant to provide insight into how the Finance Committee perceives its own performance. The assessment is not intended to provide statistically significant results, which cannot be achieved with a small sample size. Average scores are rounded to the nearest tenth decimal point as this will show variation in the ratings.

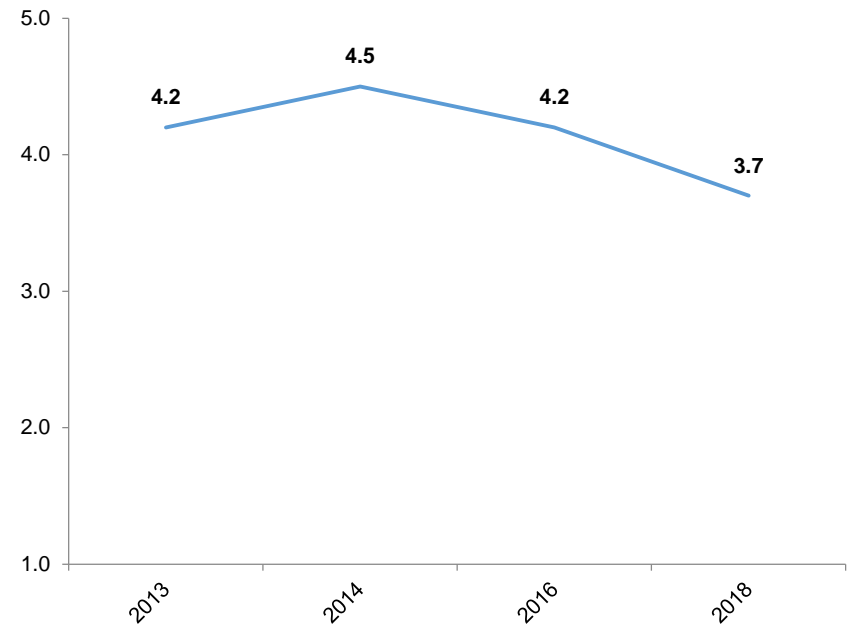
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Hospital Board's Assessment of the Finance Committee

Board's Assessment of the Finance Committee on the Four Standard Items



Board's Assessment of the Finance Committee Over Time



High-Level Summary of the Committee's Self-Assessment

Participation:

- 9 out of 9 stakeholders participated in the assessment (100%):
 - Non-director committee members = 4
 - Board members = 2
 - Executive leadership team members = 3

Self-Assessment Averages:

2018 = 4.3

2016 = 4.3

2014 = 3.8

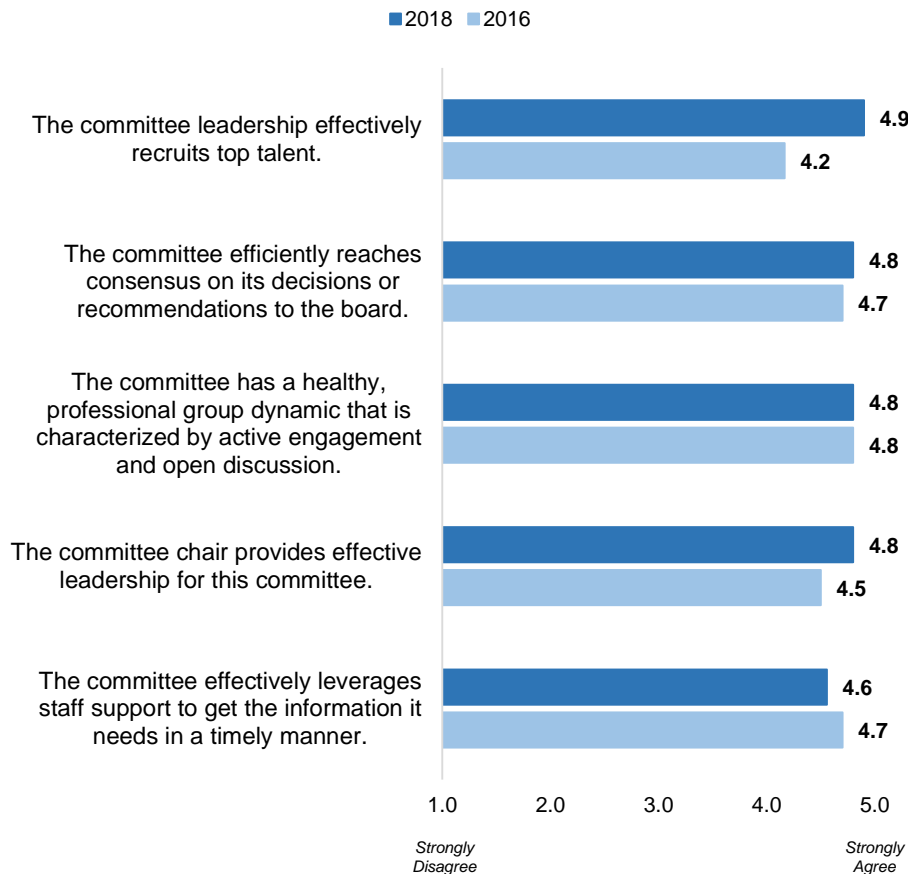
2013 = 3.6

Key Findings:

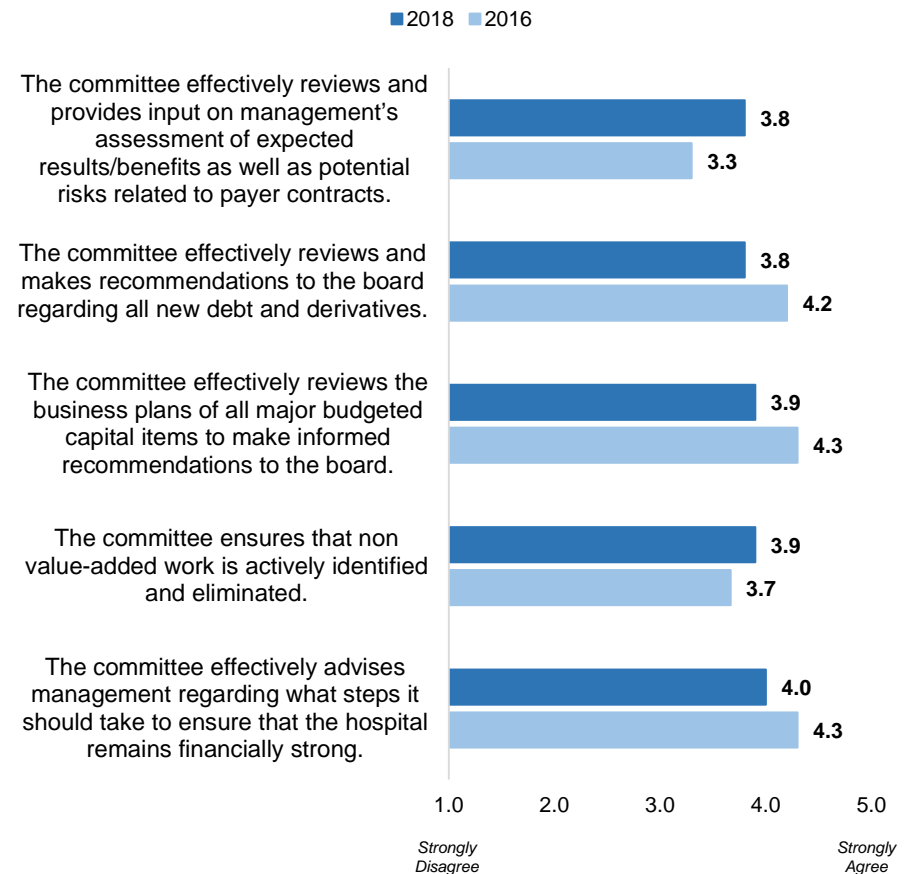
- The committee rated its overall performance the same as in 2016. There was only one item that showed a notable increase this year:
 - The committee leadership effectively recruits top talent. (+0.7)
- Open-ended comments pointed to the need for the following:
 - More strategic discussion informed by an in-depth understanding of the hospital's strategic financial goals and business plans
 - Improvement in materials with better presentation of data, particularly service line financial performance
 - Interaction and alignment with the board and other committees
 - Discussion of payer contracts

Highest and Lowest Rated Items

Highest Rated Items



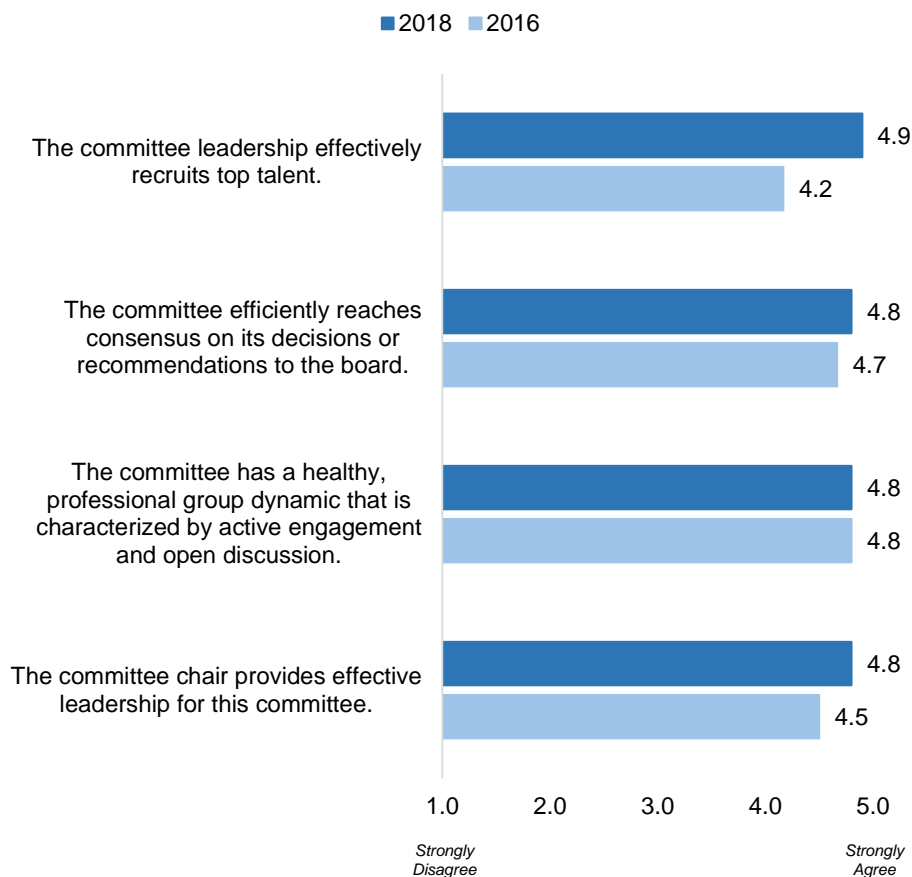
Lowest Rated Items



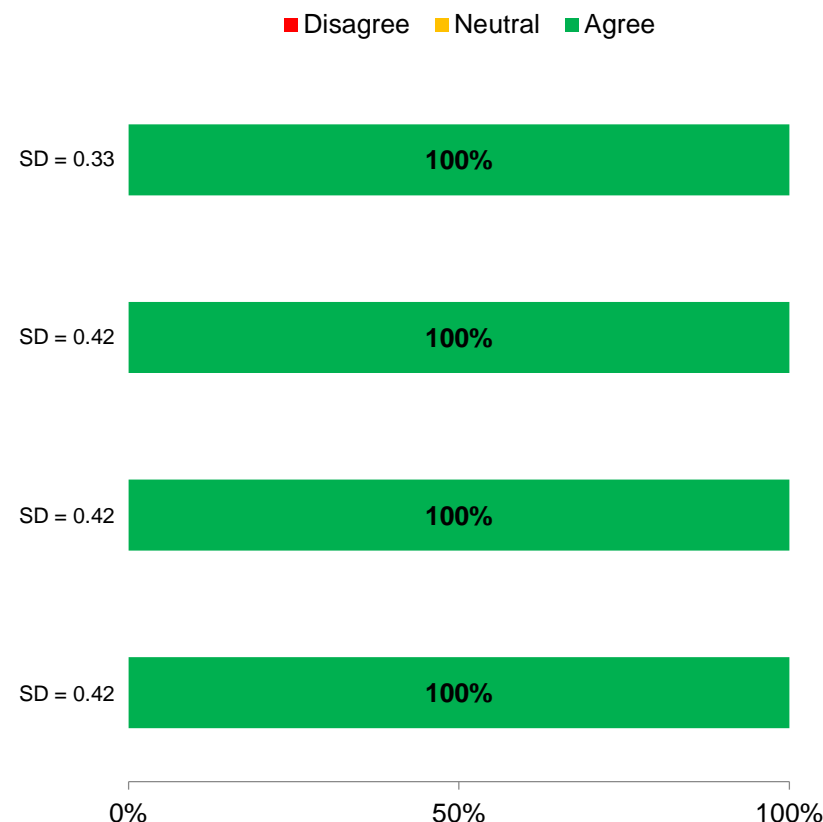
Areas of Greatest Agreement

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Areas of Greatest Agreement

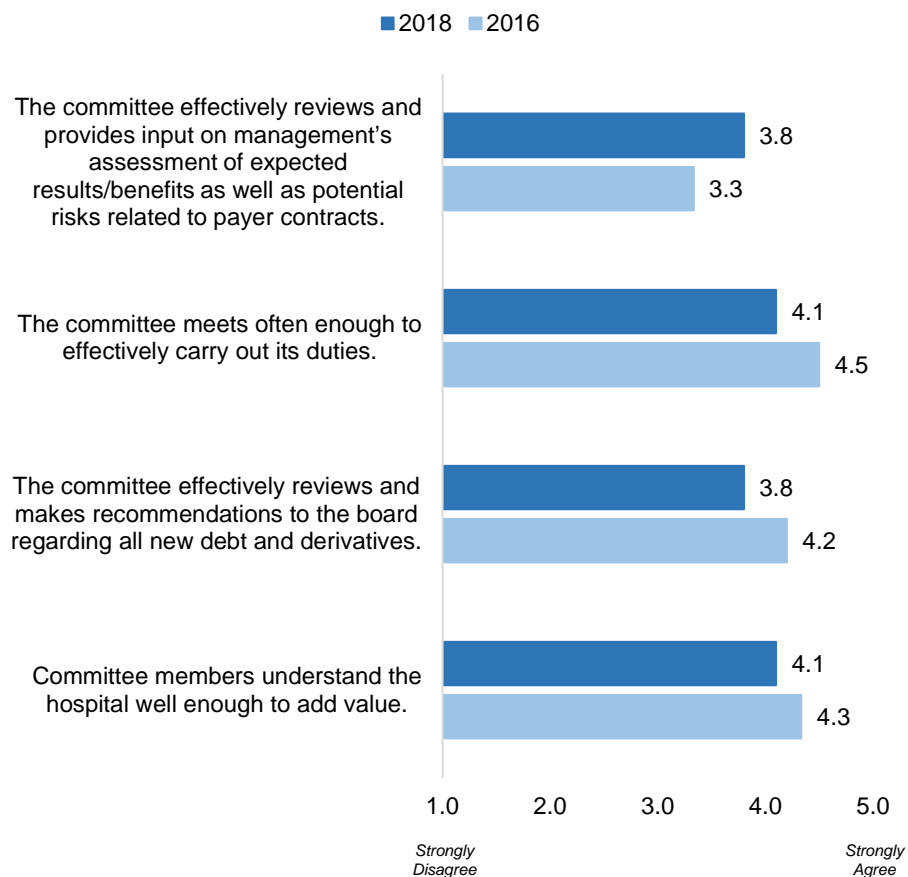


Distribution of Ratings

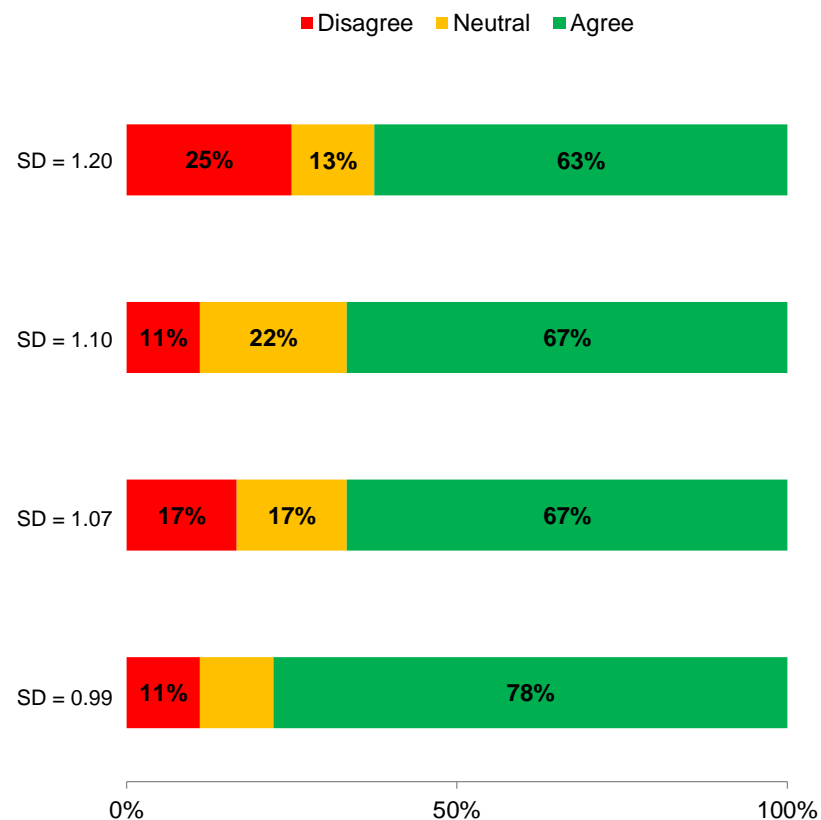


Areas of Least Agreement

Areas of Least Agreement



Distribution of Ratings



Detailed Results by Item

The table below shows all survey items, sorted highest to lowest by 2018 rating. The *Difference* column represents the difference in ratings between the committee's 2018 vs. 2016 ratings. A positive difference indicates items where committee members rated the committee's performance **higher** than in 2016. Conversely, a negative difference indicates where members rated the committee's performance **lower** than in 2016.

Items Sorted Highest to Lowest by Stakeholder Rating	↓ 2018	2016	N	Difference
The committee leadership effectively recruits top talent.	4.9	4.2	8	0.7
The committee chair provides effective leadership for this committee.	4.8	4.5	9	0.3
The committee has a healthy, professional group dynamic that is characterized by active engagement and open discussion.	4.8	4.8	9	0.0
The committee efficiently reaches consensus on its decisions or recommendations to the board.	4.8	4.7	9	0.1
The committee effectively leverages staff support to get the information it needs in a timely manner.	4.6	4.7	9	-0.1
The committee has the resources needed to fulfill its purpose.	4.4	4.5	9	-0.1
The committee leadership effectively retains committee members.	4.4	4.3	8	0.1
The committee's decisions are aligned with board goals and organizational strategy.	4.3	4.3	9	0.0
The committee effectively advises management on how to improve its financial reporting in order to ensure accountability and ease of reading/understanding.	4.3	4.3	9	0.0
The committee meets often enough to effectively carry out its duties.	4.1	4.5	9	-0.4
Committee members understand the hospital well enough to add value.	4.1	4.3	9	-0.2
The committee's meeting agendas focus on the right strategic topics.	4.1	4.3	9	-0.2
The committee effectively advises management regarding what steps it should take to ensure that the hospital remains financially strong.	4.0	4.3	9	-0.3
The committee ensures that non value-added work is actively identified and eliminated.	3.9	3.7	9	0.2
The committee effectively reviews the business plans of all major budgeted capital items to make informed recommendations to the board.	3.9	4.3	9	-0.4
The committee effectively reviews and makes recommendations to the board regarding all new debt and derivatives.	3.8	4.2	6	-0.4
The committee effectively reviews and provides input on management's assessment of expected results/benefits as well as potential risks related to payer contracts.	3.8	3.3	8	0.5

*Determine the reason for the low response.

Thematic Summaries of the Qualitative Feedback

Opportunities for Improvement

- It would benefit the committee to have more in-depth discussions based on a fuller understanding of the hospital's strategic financial goals and business plans.
- A few individuals suggested increasing collaboration with the board and other committees to ensure alignment.
- Improvement of materials and presentation of data is needed, particularly regarding service line financial performance.
- Reviewing payer contracts was mentioned twice as needing focus.



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El Camino Hospital

Governance Committee

FY2017-18 Assessment Report



Submitted on: January 25, 2018
Prepared for: Governance Committee
Prepared by: JoAnn McNutt, PhD and Zach Morfin, PhD

Introduction

Background

In keeping with the ECH Hospital Board's commitment to effective governance, Nygren Consulting was engaged to conduct the biennial performance assessment of the board committees, providing them with an opportunity to reflect on their performance during the Fiscal Year 2017-2018. The goal of the assessment was to identify the committees' strengths and areas for improvement, which would be integrated into their annual goals. This report provides the results of the Governance Committee's self-assessment.

Interpreting the Results

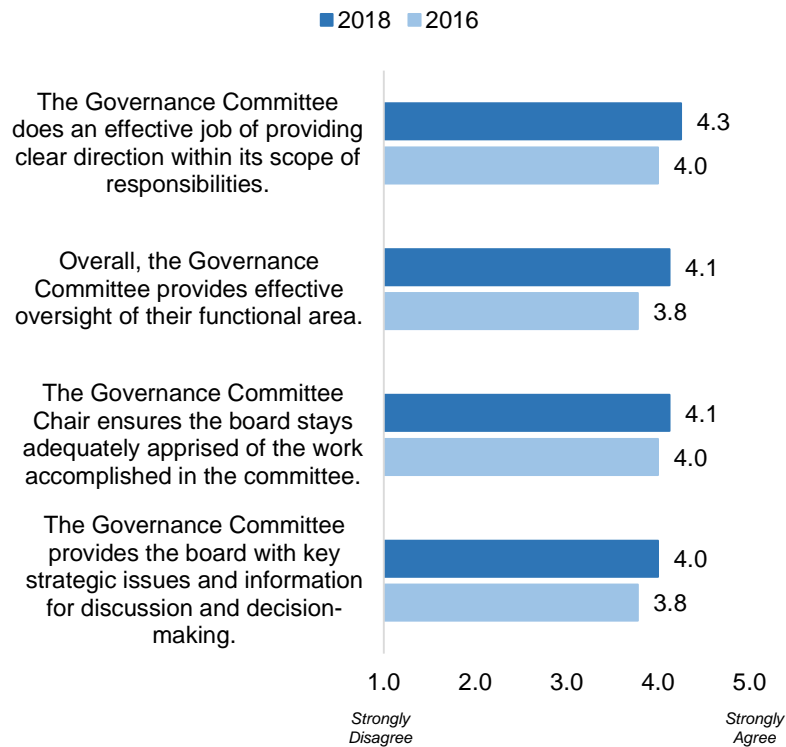
The Governance Committee assessment tool was comprised of twelve core items and three open-ended questions that applied to all committees, as well as six committee-specific items. Please note that because committee assessments are conducted on a biennial basis, the year-over-year analysis compares the committee's performance in 2018 against 2016.

The purpose of the assessment was to provide directional feedback to the Governance Committee. The quantitative scores herein are meant to provide insight into how the Governance Committee perceives its own performance. The assessment is not intended to provide statistically significant results, which cannot be achieved with a small sample size. Average scores are rounded to the nearest tenth decimal point as this will show variation in the ratings.

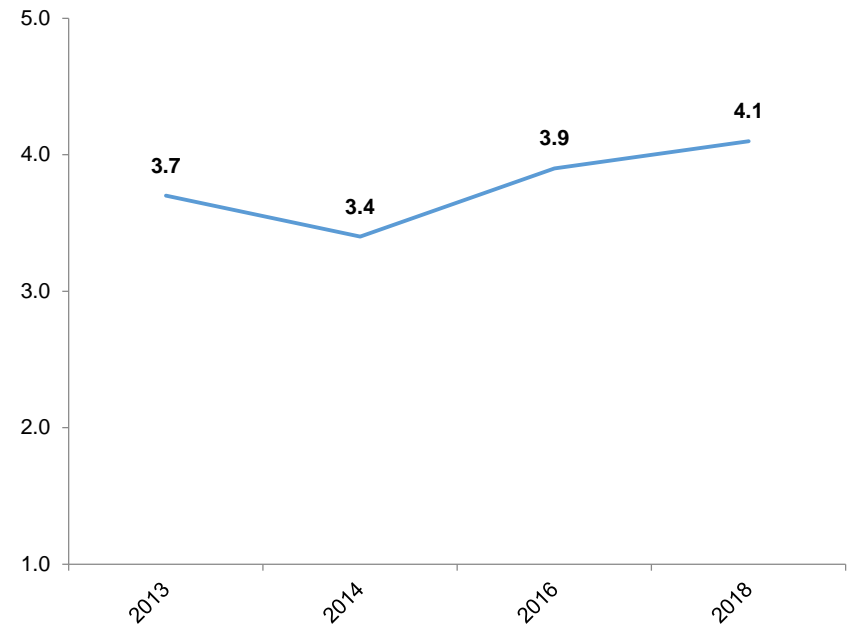
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Hospital Board's Assessment of the Governance Committee

Board's Assessment of the Governance Committee on the Four Standard Items



Board's Assessment of the Governance Committee Over Time



High-Level Summary of the Committee's Self-Assessment

Participation:

- 7 out of 7 stakeholders participated in the assessment (100%):
 - Non-director committee members = 3
 - Board members = 2
 - Executive leadership team members = 2

Self-Assessment Averages:

2018 = 4.2

2016 = 4.0

2014 = 3.3

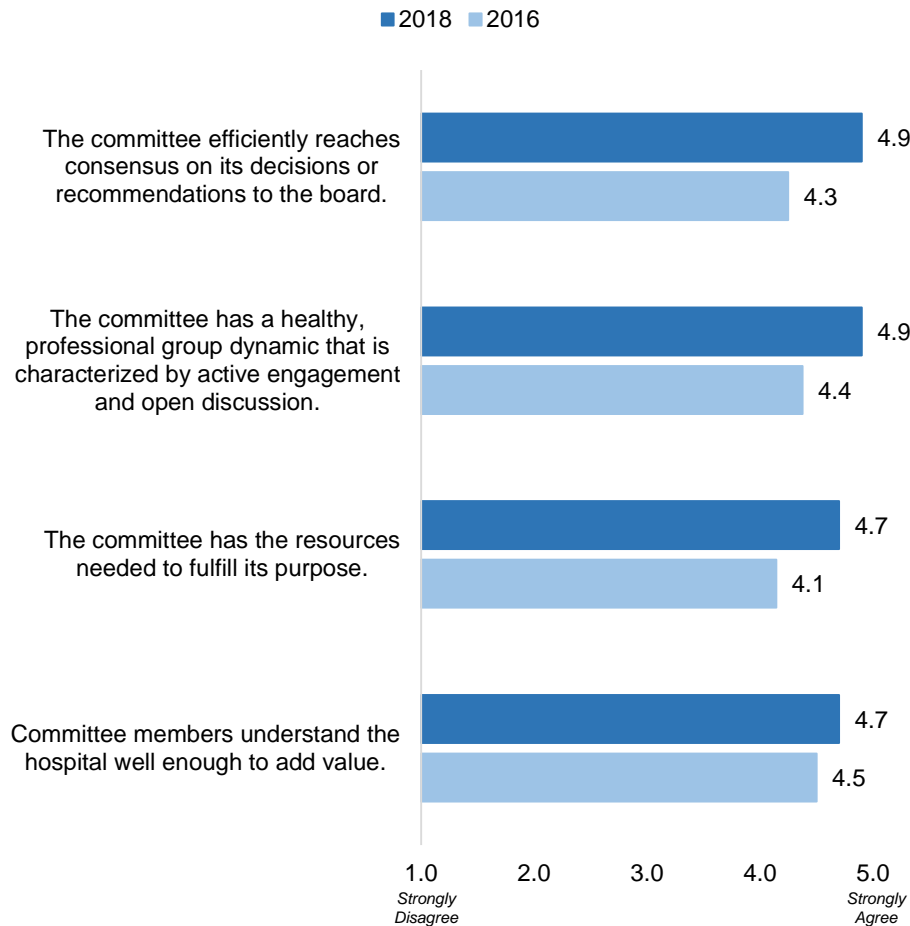
2013 = 3.8

Key Findings:

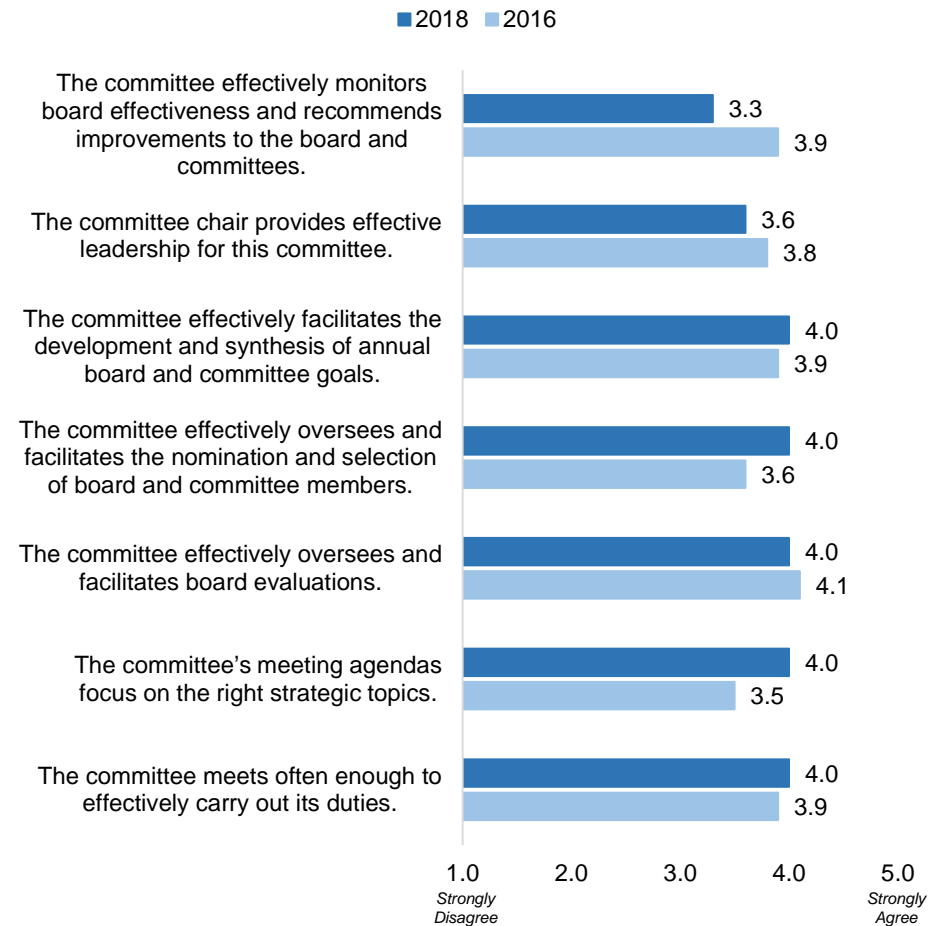
- The committee rated its performance higher on 13 out of the 18 items when compared to 2018. The items that showed the greatest increases are the following:
 - The committee efficiently reaches consensus on its decisions or recommendations to the board. (+0.6)
 - The committee has the resources needed to fulfill its purpose. (+0.6)
 - The committee's decisions are aligned with board goals and organizational strategy. (+0.6)
- Items that showed that greatest decreases are the following:
 - The committee effectively monitors board effectiveness and recommends improvements to the board and committees. (-0.6)
 - The committee effectively leverages staff support to get the information it needs in a timely manner. (-0.3)
- Open-ended comments pointed to the need for the following:
 - Greater support for the board to improve governance effectiveness
 - Continued focus on building relationships across governing entities
 - Ensuring meeting materials are of the highest quality

Highest and Lowest Rated Items

Highest Rated Items



Lowest Rated Items

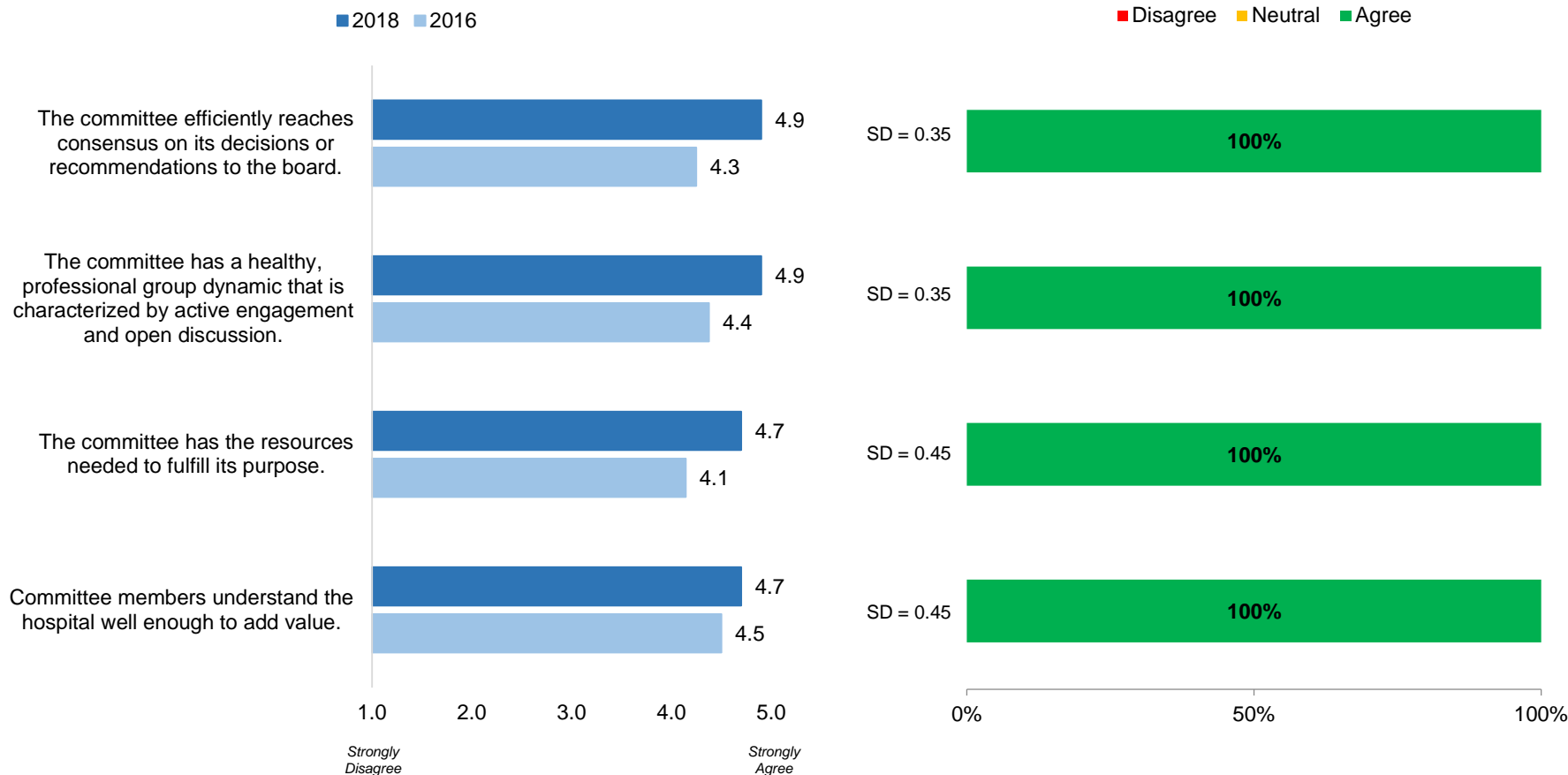


Areas of Greatest Agreement

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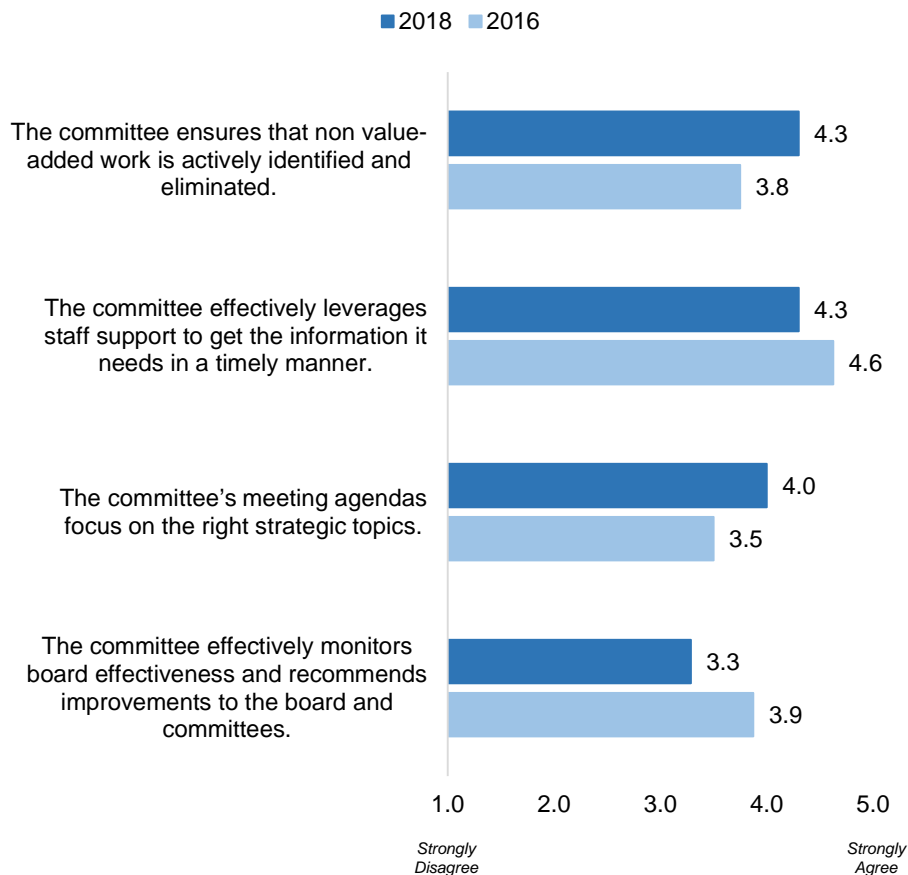
Areas of Greatest Agreement

Distribution of Ratings

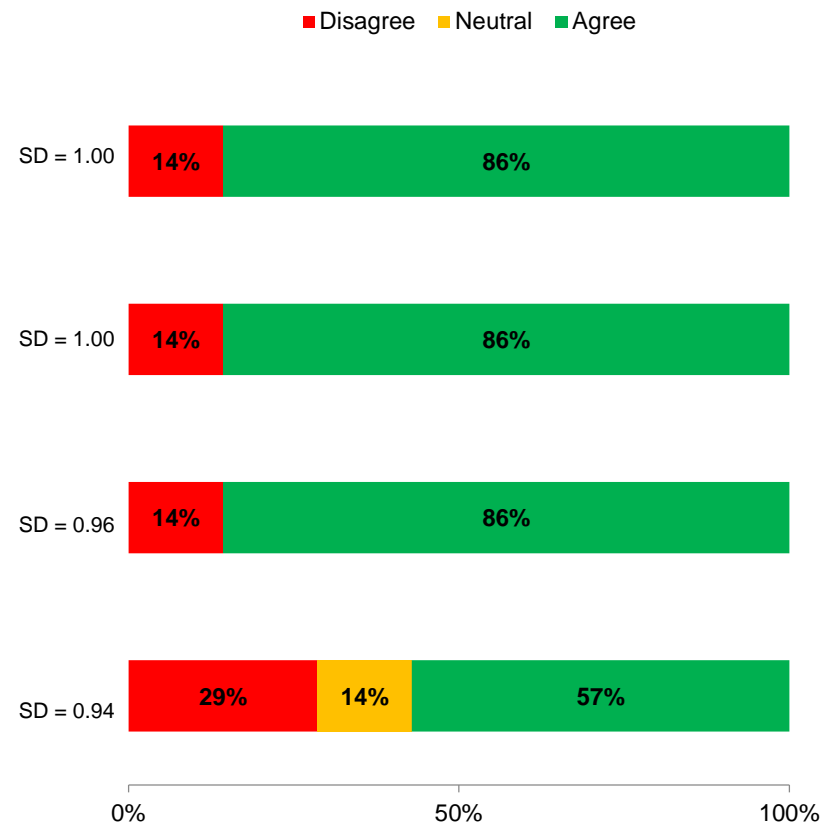


Areas of Least Agreement

Areas of Least Agreement



Distribution of Ratings



Detailed Results by Item

The table below shows all survey items, sorted highest to lowest by 2018 rating. The *Difference* column represents the difference in ratings between the committee's 2018 vs. 2016 ratings. A positive difference indicates items where committee members rated the committee's performance **higher** than in 2016. Conversely, a negative difference indicates where members rated the committee's performance **lower** than in 2016.

Items Sorted Highest to Lowest by Stakeholder Rating	↓ 2018	2016	N	Difference
The committee efficiently reaches consensus on its decisions or recommendations to the board.	4.9	4.3	7	0.6
The committee has a healthy, professional group dynamic that is characterized by active engagement and open discussion.	4.9	4.4	7	0.5
The committee has the resources needed to fulfill its purpose.	4.7	4.1	7	0.6
Committee members understand the hospital well enough to add value.	4.7	4.5	7	0.2
The committee's decisions are aligned with board goals and organizational strategy.	4.4	3.8	7	0.6
The committee recommends effective policies, budgets and annual plans for board and committee member orientation, education, training and development.	4.4	4.3	7	0.1
The committee recommends useful updates to hospital board governance policies where necessary and as required by legal and regulatory agencies.	4.4	4.0	7	0.4
The committee leadership effectively retains committee members.	4.3	4.3	7	0.0
The committee effectively leverages staff support to get the information it needs in a timely manner.	4.3	4.6	7	-0.3
The committee ensures that non value-added work is actively identified and eliminated.	4.3	3.8	7	0.5
The committee leadership effectively recruits top talent.	4.2	3.9	6	0.3
The committee meets often enough to effectively carry out its duties.	4.0	3.9	7	0.1
The committee's meeting agendas focus on the right strategic topics.	4.0	3.5	7	0.5
The committee effectively oversees and facilitates board evaluations.	4.0	4.1	7	-0.1
The committee effectively oversees and facilitates the nomination and selection of board and committee members.	4.0	3.6	7	0.4
The committee effectively facilitates the development and synthesis of annual board and committee goals.	4.0	3.9	7	0.1
The committee chair provides effective leadership for this committee.	3.6	3.8	7	-0.2
The committee effectively monitors board effectiveness and recommends improvements to the board and committees.	3.3	3.9	7	-0.6

Thematic Summaries of the Qualitative Feedback

Opportunities for Improvement

- The Governance Committee can more effectively and proactively address deficiencies in the board's performance.
- Building relationships across the district and hospital boards, as well as with committee members and management should be an ongoing priority.
- There are mixed views on the quality of the meeting materials. One person believes they are not board-level quality, whereas others think they are satisfactory.



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El Camino Hospital

Investment Committee

FY2017-18 Assessment Report



Submitted on: January 25, 2018
Prepared for: Investment Committee
Prepared by: JoAnn McNutt, PhD and Zach Morfin, PhD

Introduction

Background

In keeping with the ECH Hospital Board's commitment to effective governance, Nygren Consulting was engaged to conduct the biennial performance assessment of the board committees, providing them with an opportunity to reflect on their performance during the Fiscal Year 2017-2018. The goal of the assessment was to identify the committees' strengths and areas for improvement, which would be integrated into their annual goals. This report provides the results of the Investment Committee's self-assessment.

Interpreting the Results

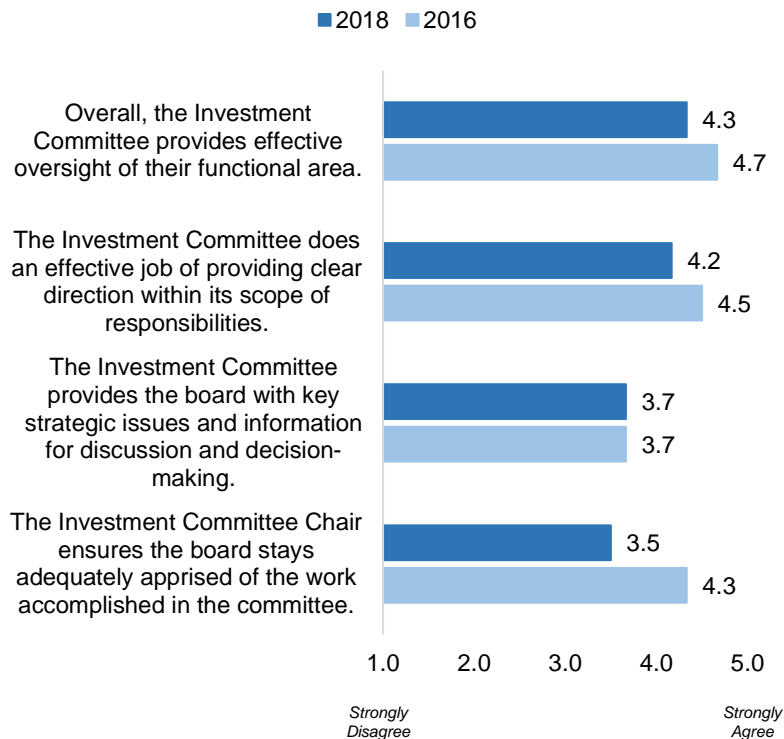
The Investment Committee assessment tool was comprised of twelve core items and three open-ended questions that applied to all committees, as well as six committee-specific items. Please note that because committee assessments are conducted on a biennial basis, the year-over-year analysis compares the committee's performance in 2018 against 2016.

The purpose of the assessment was to provide directional feedback to the Investment Committee. The quantitative scores herein are meant to provide insight into how the Investment Committee perceives its own performance. The assessment is not intended to provide statistically significant results, which cannot be achieved with a small sample size. Average scores are rounded to the nearest tenth decimal point as this will show variation in the ratings.

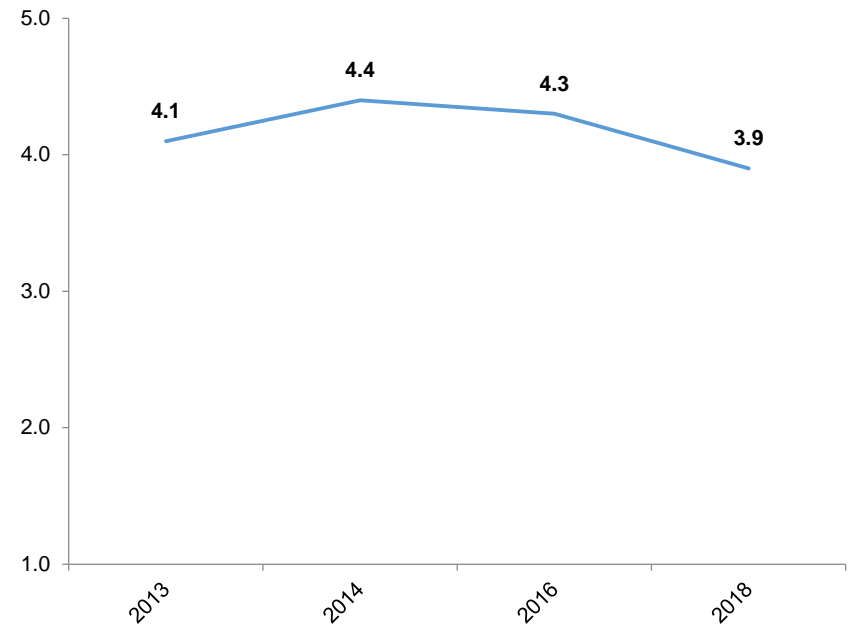
We set 3.5 as the threshold to determine whether a response is favorable. It is rare to achieve a perfect score of 5.0. Occasionally, we see an average score of 4.5 and above on exceptional cases.

Hospital Board's Assessment of the Investment Committee

Board's Assessment of the Investment Committee on the Four Standard Items



Board's Assessment of the Investment Committee Over Time



High-Level Summary of the Committee's Self-Assessment

Participation:

- 7 out of 7 stakeholders participated in the assessment (100%):
 - Non-director committee members = 4
 - Board members = 2
 - Executive leadership team members = 1

Self-Assessment Averages:

2018 = 4.6

2016 = 4.7

2014 = 4.3

2013 = 4.3

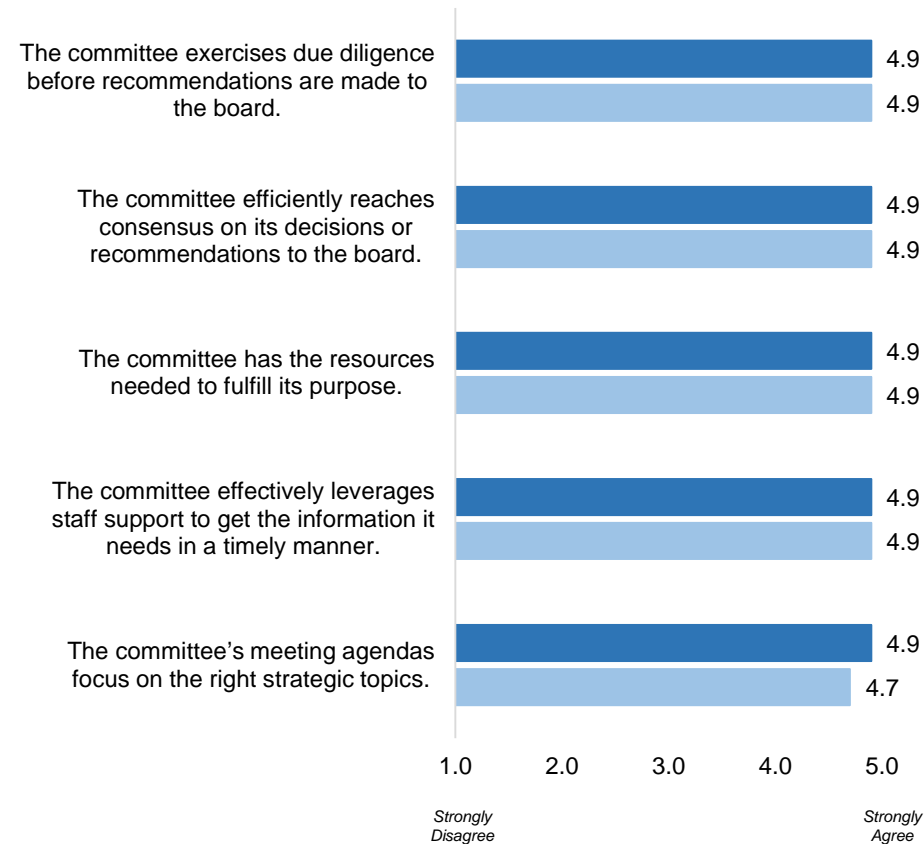
Key Findings:

- The committee rated its performance largely the same as in 2016. That said, 11 of the 18 items received lower scores this year. Those with the greatest decreases were the following:
 - The committee chair provides effective leadership for this committee. (-0.6)
 - The committee consistently seeks input from the Finance Committee. (-0.6)
 - The committee leadership effectively recruits top talent. (-0.5)
 - The committee effectively reviews and makes recommendations to the Finance Committee and the board regarding the selection of an independent investment advisor. (-0.5)
- Open-ended comments pointed to the need for the following:
 - Ensuring the committee has sufficient investment experience represented among the members
 - Strengthening communications with the Finance Committee

Highest and Lowest Rated Items

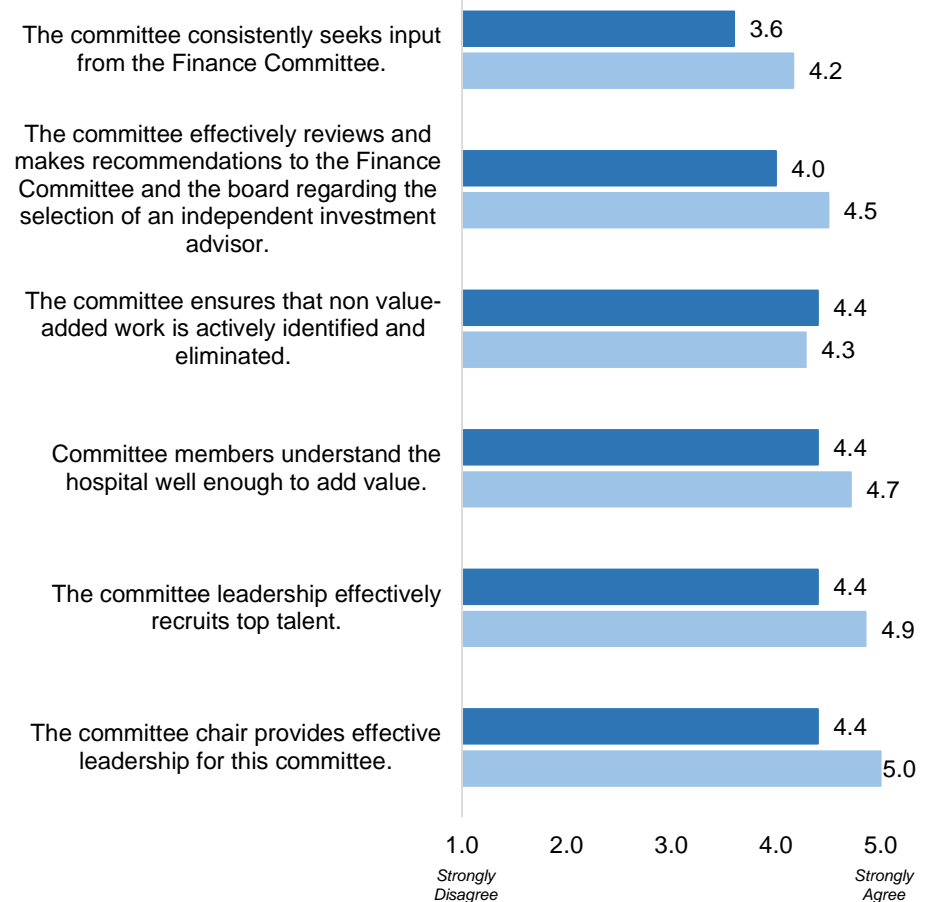
Highest Rated Items

■ 2018 ■ 2016



Lowest Rated Items

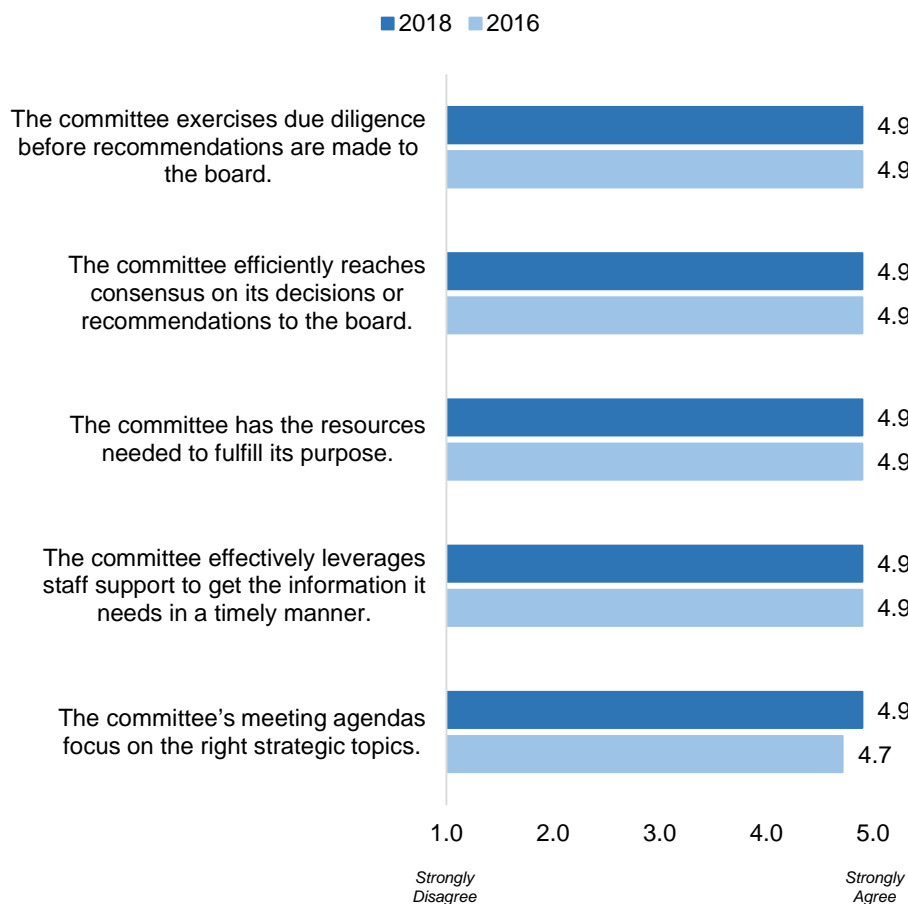
■ 2018 ■ 2016



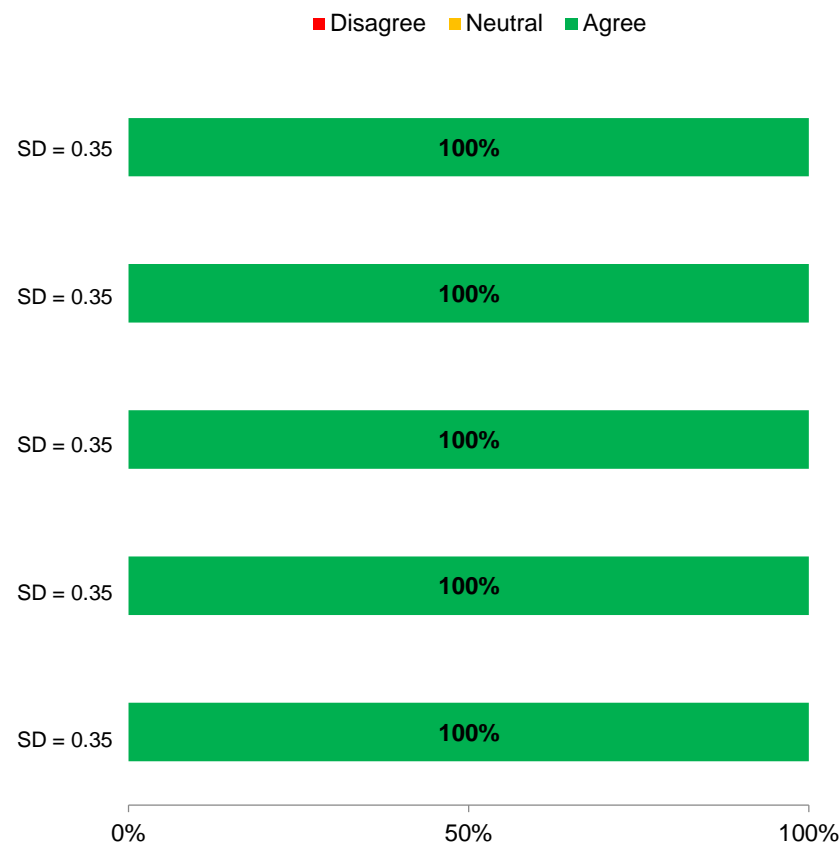
Areas of Greatest Agreement

Areas of agreement are determined by the standard deviation (SD), which is a measure of the dataset's spread around the mean. Higher standard deviations relate to a lower consistency or agreement across ratings for a particular survey item. The lower the SD, the greater agreement there is among respondents. The higher the SD, the less agreement there is among respondents. The distribution of ratings shows the corresponding number of individual ratings of 1 or 2, neutral responses of 3, and favorable responses of 4 or 5.

Areas of Greatest Agreement

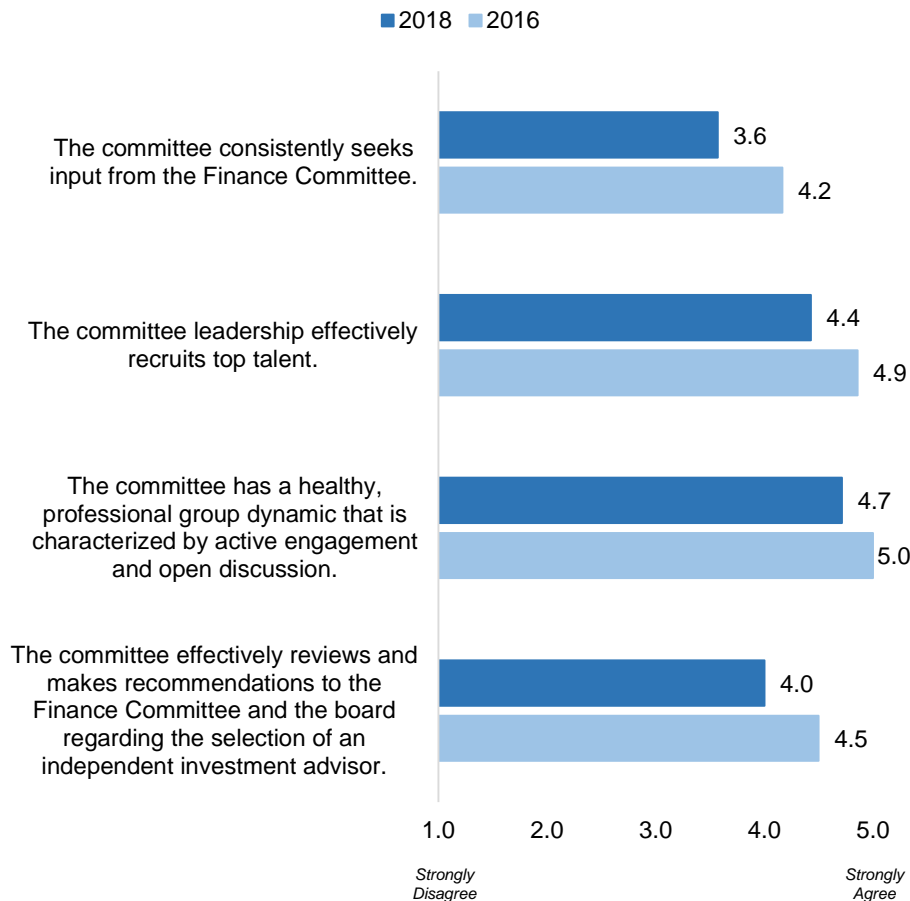


Distribution of Ratings

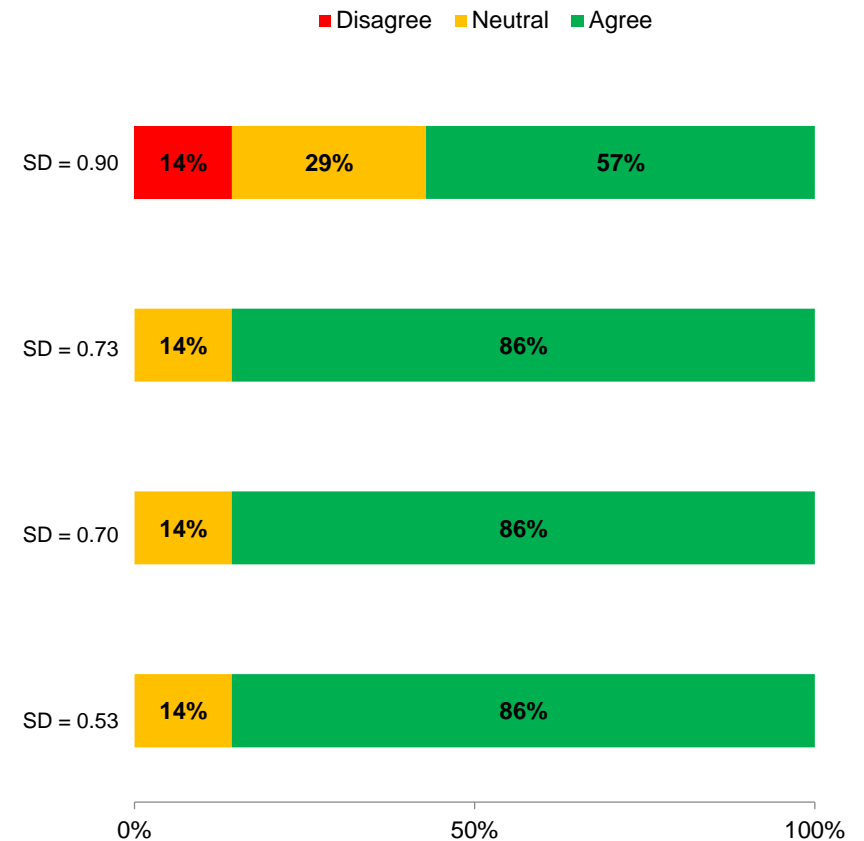


Areas of Least Agreement

Areas of Least Agreement



Distribution of Ratings



Detailed Results by Item

The table below shows all survey items, sorted highest to lowest by 2018 rating. The *Difference* column represents the difference in ratings between the committee's 2018 vs. 2016 ratings. A positive difference indicates items where committee members rated the committee's performance **higher** than in 2016. Conversely, a negative difference indicates where members rated the committee's performance **lower** than in 2016.

Items Sorted Highest to Lowest by Stakeholder Rating	↓ 2018	2016	N	Difference
The committee's meeting agendas focus on the right strategic topics.	4.9	4.7	7	0.2
The committee effectively leverages staff support to get the information it needs in a timely manner.	4.9	4.9	7	0.0
The committee has the resources needed to fulfill its purpose.	4.9	4.9	7	0.0
The committee efficiently reaches consensus on its decisions or recommendations to the board.	4.9	4.9	7	0.0
The committee exercises due diligence before recommendations are made to the board.	4.9	4.9	7	0.0
The committee leadership effectively retains committee members.	4.7	4.9	7	-0.2
The committee meets often enough to effectively carry out its duties.	4.7	4.9	7	-0.2
The committee has a healthy, professional group dynamic that is characterized by active engagement and open discussion.	4.7	5.0	7	-0.3
The committee's decisions are aligned with board goals and organizational strategy.	4.7	4.9	7	-0.2
The committee effectively monitors the performance of the investment managers through reports from the independent investment advisor.	4.7	4.6	7	0.1
The committee effectively reviews and recommends for approval by the board the investment policies for corporate assets and pension assets.	4.6	4.7	7	-0.1
The committee operates on an appropriate level of risk that is beneficial to ECH in the long run.	4.6	4.9	7	-0.3
The committee chair provides effective leadership for this committee.	4.4	5.0	7	-0.6
The committee leadership effectively recruits top talent.	4.4	4.9	7	-0.5
Committee members understand the hospital well enough to add value.	4.4	4.7	7	-0.3
The committee ensures that non value-added work is actively identified and eliminated.	4.4	4.3	7	0.1
The committee effectively reviews and makes recommendations to the Finance Committee and the board regarding the selection of an independent investment advisor.	4.0	4.5	7	-0.5
The committee consistently seeks input from the Finance Committee.	3.6	4.2	7	-0.6

Thematic Summaries of the Qualitative Feedback

Opportunities for Improvement

- One stakeholder suggested recruiting candidates with greater investment experience.
- Communicating with the Finance Committee to clarify how the two committees can serve one another was also recommended.
- One committee member indicated that management provides little feedback.



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El Camino Hospital

Quality, Patient Care and Patient Experience Committee
FY2017-18 Assessment Report



Submitted on: January 25, 2018
Prepared for: Quality, Patient Safety and Patient Experience Committee
Prepared by: JoAnn McNutt, PhD and Zach Morfin, PhD

Introduction

Background

In keeping with the ECH Hospital Board's commitment to effective governance, Nygren Consulting was engaged to conduct the biennial performance assessment of the board committees, providing them with an opportunity to reflect on their performance during the Fiscal Year 2017-2018. The goal of the assessment was to identify the committees' strengths and areas for improvement, which would be integrated into their annual goals. This report provides the results of the Quality, Patient Care and Patient Experience Committee's ("Quality Committee") self-assessment.

Interpreting the Results

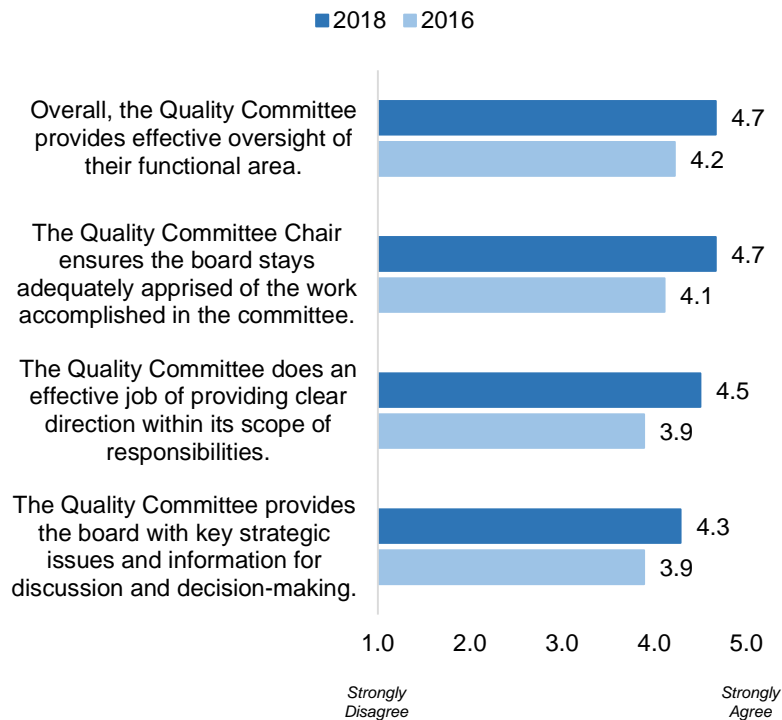
The Quality Committee assessment tool was comprised of twelve core items and three open-ended questions that applied to all committees, as well as five committee-specific items. Please note that because committee assessments are conducted on a biennial basis, the year-over-year analysis compares the committee's performance in 2018 against 2016.

The purpose of the assessment was to provide directional feedback to the Quality Committee. The quantitative scores herein are meant to provide insight into how the Quality Committee perceives its own performance. The assessment is not intended to provide statistically significant results, which cannot be achieved with a small sample size. Average scores are rounded to the nearest tenth decimal point as this will show variation in the ratings.

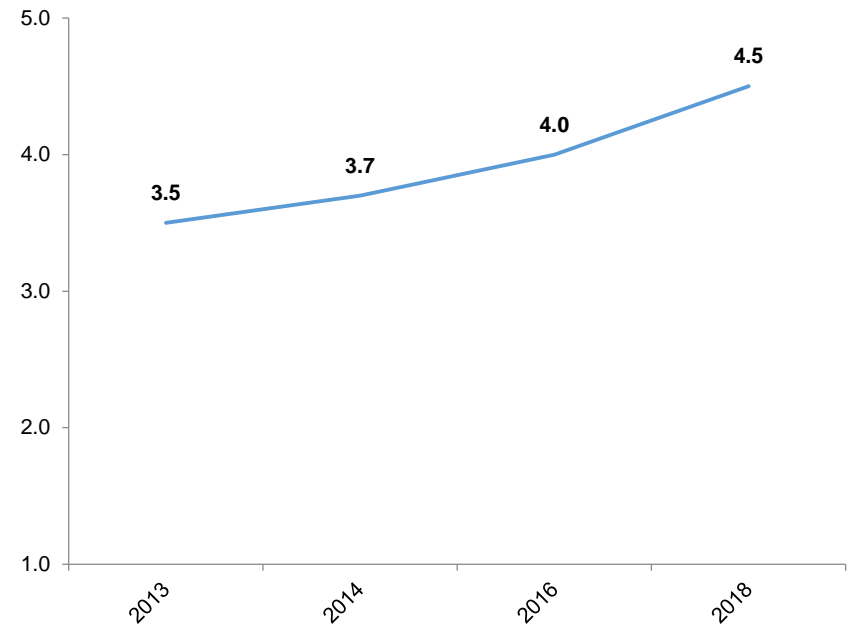
We set 3.5 as the threshold to determine whether a response is favorable. It is rare to achieve a perfect score of 5.0. Occasionally, we see an average score of 4.5 and above on exceptional cases.

Hospital Board's Assessment of the Quality Committee

Board's Assessment of the Quality Committee on the Four Standard Items



Board's Assessment of the Quality Committee Over Time



High-Level Summary of the Committee's Self-Assessment

Participation:

- 11 out of 11 stakeholders participated in the assessment (100%):
 - Non-director committee members = 6
 - Board members = 3
 - Executive leadership team members = 2

Self-Assessment Averages:

2018 = 4.0

2016 = 4.3

2014 = 4.1

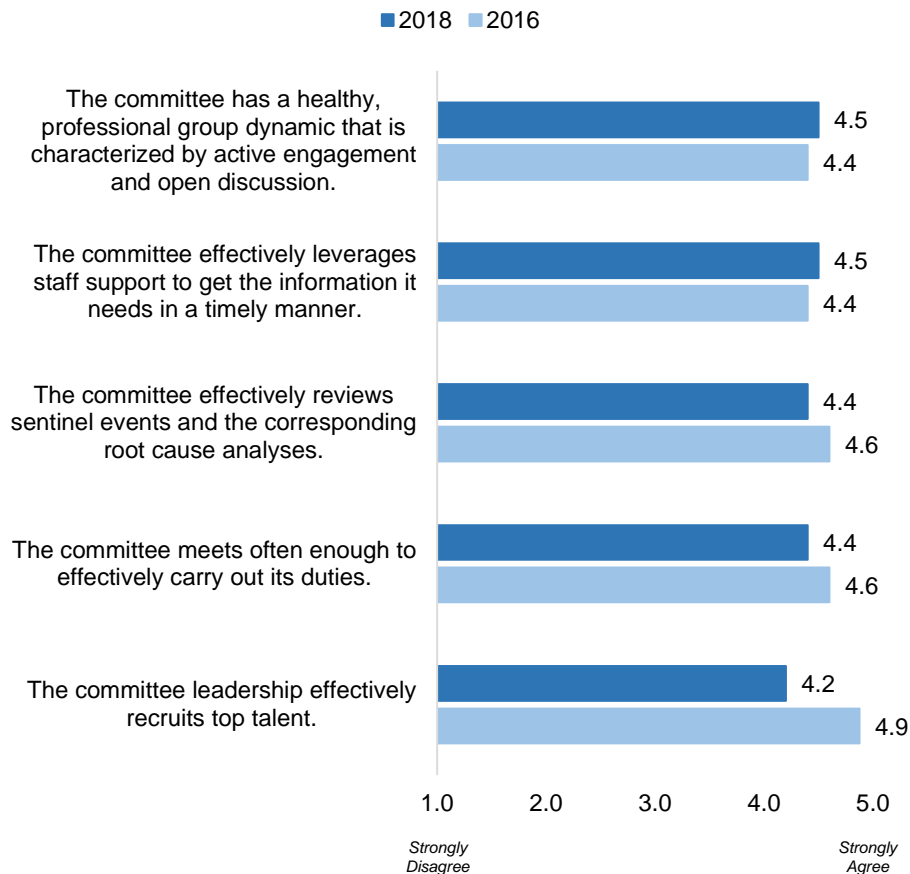
2013 = 3.5

Key Findings:

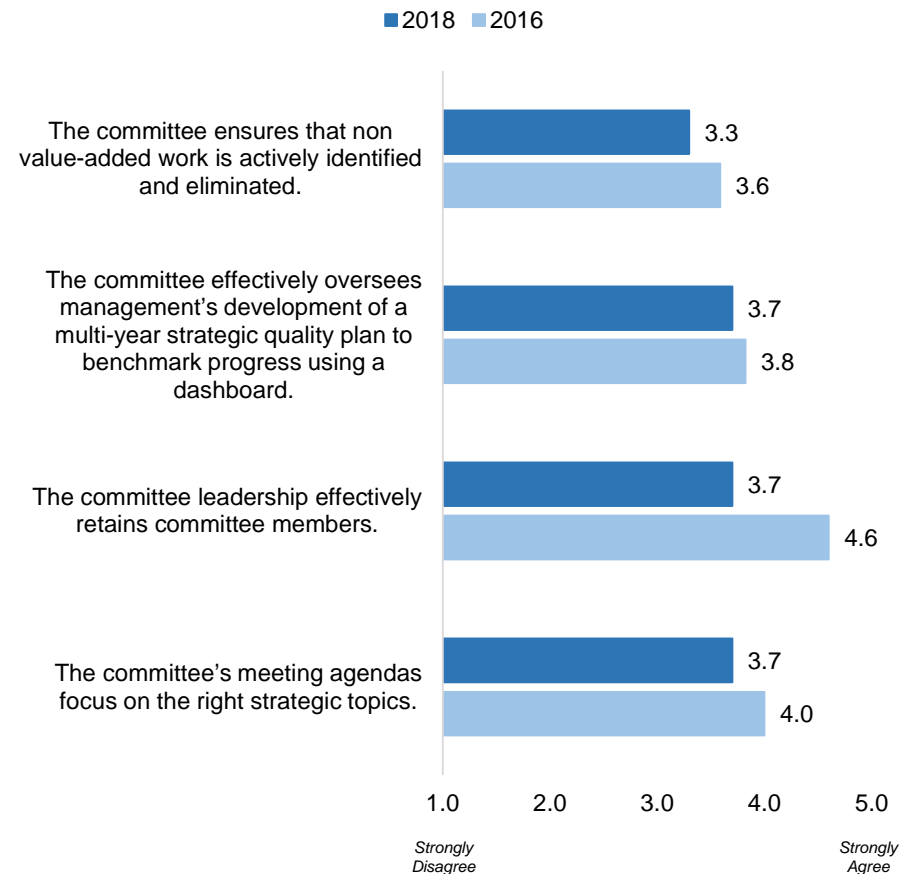
- The committee rated its performance lower on 15 of the 17 items when compared to its 2016 assessment. The items with the largest gaps were the following:
 - The committee leadership effectively retains committee members. (-0.9)
 - The committee leadership effectively recruits top talent. (-0.7)
 - The committee effectively monitors compliance with accreditation and licensing requirements. (-0.4)
 - The committee's decisions are aligned with board goals and organizational strategy. (-0.4)
 - The committee chair provides effective leadership for this committee. (-0.4)
- Open-ended comments pointed to the need for the following:
 - Greater patient focus and less reporting out in committee discussions
 - Reconsideration of meeting frequency
 - More physician and CEO engagement in meetings
 - Alignment with organizational strategy

Highest and Lowest Rated Items

Highest Rated Items



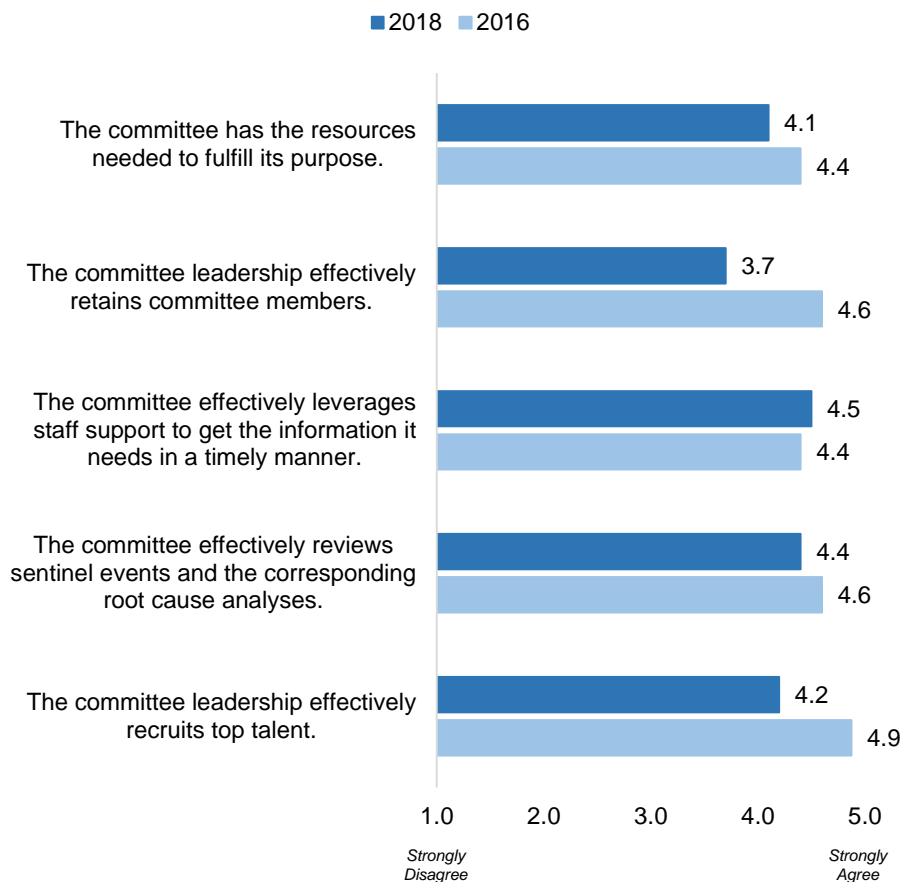
Lowest Rated Items



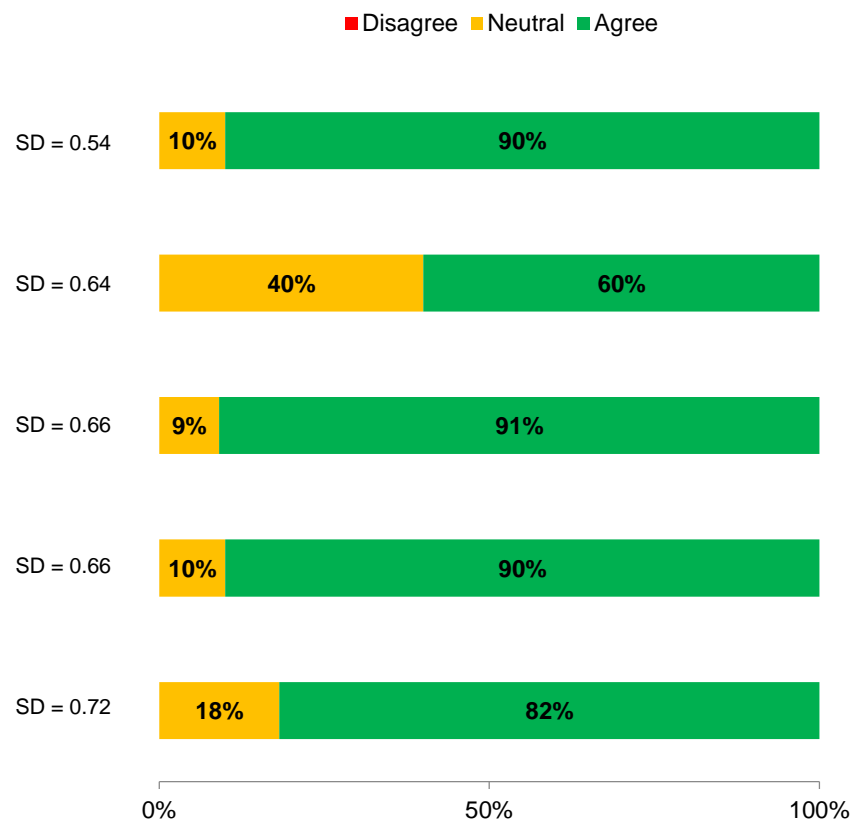
Areas of Greatest Agreement

Areas of agreement are determined by the standard deviation (SD), which is a measure of the dataset's spread around the mean. Higher standard deviations relate to a lower consistency or agreement across ratings for a particular survey item. The lower the SD, the greater agreement there is among respondents. The higher the SD, the less agreement there is among respondents. The distribution of ratings shows the corresponding number of individual ratings of 1 or 2, neutral responses of 3, and favorable responses of 4 or 5.

Areas of Greatest Agreement



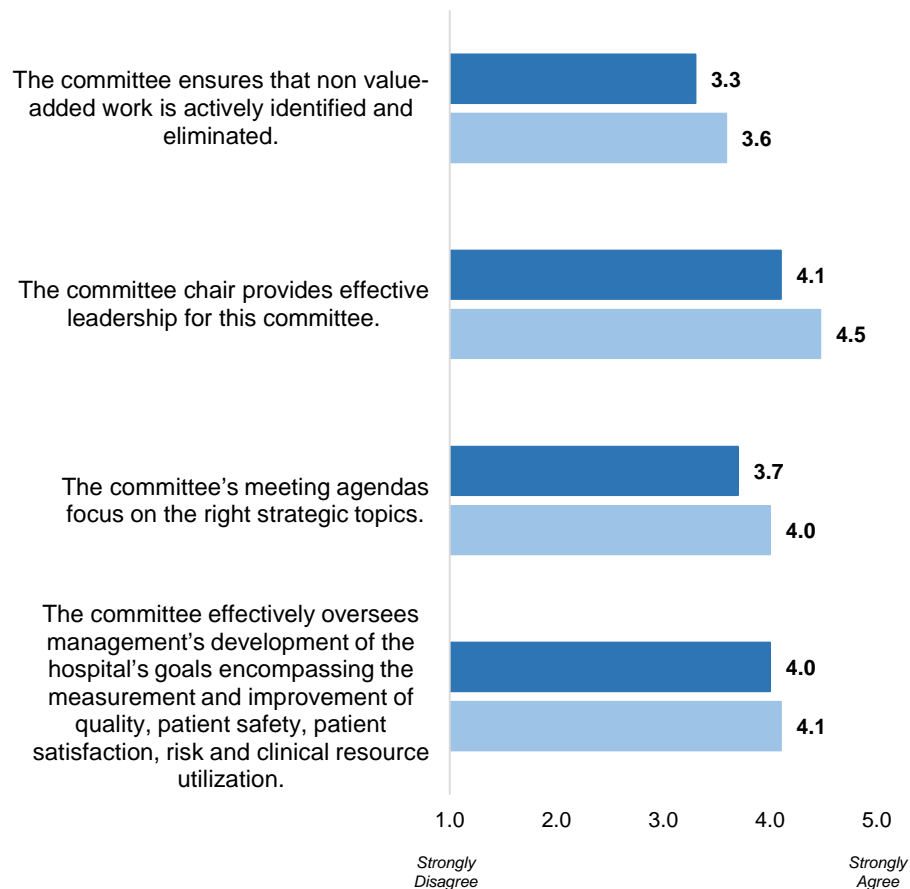
Distribution of Ratings



Areas of Least Agreement

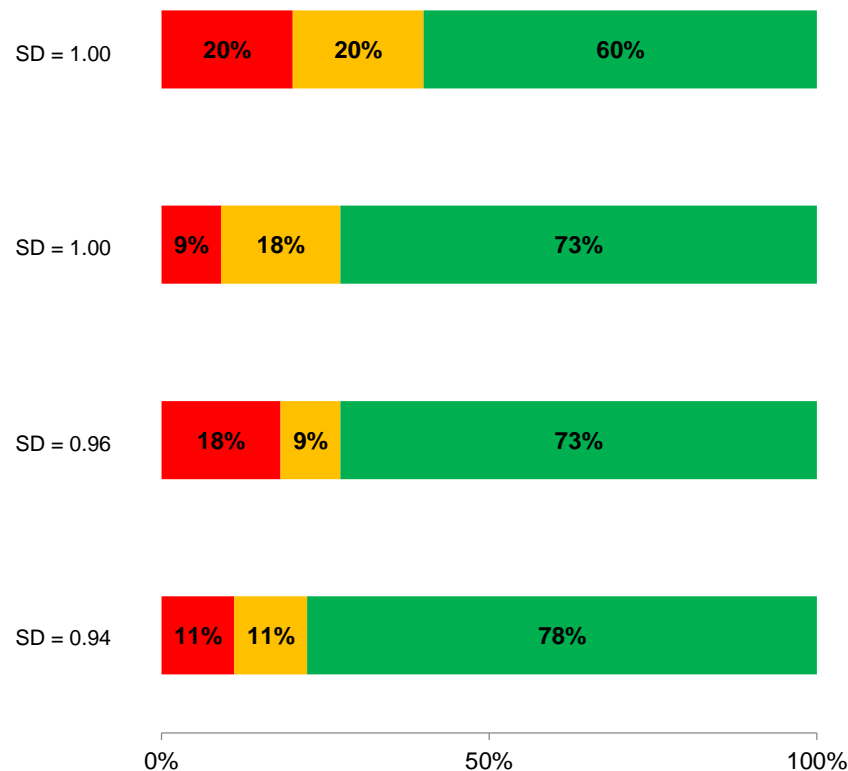
Areas of Least Agreement

■ 2018 ■ 2016



Distribution of Ratings

■ Disagree ■ Neutral ■ Agree



Detailed Results by Item

The table below shows all survey items, sorted highest to lowest by 2018 rating. The *Difference* column represents the difference in ratings between the committee's 2018 vs. 2016 ratings. A positive difference indicates items where committee members rated the committee's performance **higher** than in 2016. Conversely, a negative difference indicates where members rated the committee's performance **lower** than in 2016.

Items Sorted Highest to Lowest by Stakeholder Rating	↓ 2018	2016	N	Difference
The committee effectively leverages staff support to get the information it needs in a timely manner.	4.5	4.4	11	0.1
The committee has a healthy, professional group dynamic that is characterized by active engagement and open discussion.	4.5	4.4	11	0.1
The committee effectively reviews sentinel events and the corresponding root cause analyses.	4.4	4.6	10	-0.2
The committee meets often enough to effectively carry out its duties.	4.4	4.6	11	-0.2
The committee leadership effectively recruits top talent.	4.2	4.9	11	-0.7
The committee has the resources needed to fulfill its purpose.	4.1	4.4	10	-0.3
The committee efficiently reaches consensus on its decisions or recommendations to the board.	4.1	4.2	10	-0.1
The committee chair provides effective leadership for this committee.	4.1	4.5	11	-0.4
Committee members understand the hospital well enough to add value.	4.0	4.1	10	-0.1
The committee's decisions are aligned with board goals and organizational strategy.	4.0	4.4	10	-0.4
The committee effectively oversees management's development of the hospital's goals encompassing the measurement and improvement of quality, patient safety, patient satisfaction, risk and clinical resource utilization.	4.0	4.1	9	-0.1
The committee effectively monitors and oversees the quality of patient care and service provided.	3.9	4.1	11	-0.2
The committee effectively monitors compliance with accreditation and licensing requirements.	3.9	4.3	11	-0.4
The committee's meeting agendas focus on the right strategic topics.	3.7	4.0	11	-0.3
The committee leadership effectively retains committee members.	3.7	4.6	10	-0.9
The committee effectively oversees management's development of a multi-year strategic quality plan to benchmark progress using a dashboard.	3.7	3.8	10	-0.1
The committee ensures that non value-added work is actively identified and eliminated.	3.3	3.6	10	-0.3

Thematic Summaries of the Qualitative Feedback

Opportunities for Improvement

- The committee should increase its focus on the needs of patients and patient-centered care, bringing the patient's voice into discussions.
- Discussions can also be more focused by reducing report-outs.
- A few individuals mentioned that the committee might be meeting too frequently to have meaningful agendas.
- The committee, overall, feels it is receiving the right information from management. That said, it is unclear whether the committee is effectively using the data.
- More physician engagement in the committee, as well as participation from the CEO, would be helpful.
- The committee needs to clarify how its work is tied to the hospital's broader strategy.



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ECH BOARD MEETING AGENDA ITEM COVER SHEET

Item:	Executive Compensation Policies El Camino Hospital Board of Directors February 14, 2018
Responsible party:	Bob Miller, Chair, Executive Compensation Committee
Action requested:	For Approval in Open Session
<p>Background: As part of the annual review of the executive compensation philosophy, related policies, and market practices, the Executive Compensation Committee (“ECC”) undertook a deep dive and, as a result, is recommending changes to strengthen the hospital’s executive compensation programs.</p> <p>ECC is proposing the following modifications to policy to better attract high-performing executives in a competitive labor market, motivate leaders to drive the organization toward its strategic objectives, and retain its most critical, best-performing executives:</p> <ul style="list-style-type: none">• Expand the compensation philosophy to reflect total cash and total remuneration positioning• Modify the guidelines for base salary administration to enable greater differentiation in executive base salaries that takes into account market conditions as well as executive and organizational performance• Modify individual performance incentive plan to modify the use of CEO discretion	
<p>Board Advisory Committees that reviewed the issue and recommendation, if any:</p> <p>Executive Compensation Committee at its January 31, 2018 meeting</p>	
<p>Summary and session objectives:</p> <p>To approve the proposed changes.</p>	
<p>Suggested discussion questions: None.</p>	
<p>Proposed Board motion, if any: To approve the proposed changes</p>	
<p>LIST OF ATTACHMENTS:</p> <ol style="list-style-type: none">1. Mercer Aligning Executive Compensation and Organization Strategy2. Executive Compensation Philosophy Policy3. Executive Base Salary Administration Policy4. Executive Performance Incentive Plan Policy	

HEALTH WEALTH CAREER

ALIGNING EXECUTIVE COMPENSATION AND ORGANIZATION STRATEGY

EL CAMINO HOSPITAL

FEBRUARY 14, 2018

OVERVIEW

- As part of the annual review of the executive compensation philosophy, related policies, and market practices, the Executive Compensation Committee (“ECC”) undertook a deep dive and, as a result, recommended changes to strengthen the hospital’s executive compensation programs.
- ECC is proposing the following modifications to policy to better **attract** high-performing executives in a competitive labor market, **motivate** leaders to drive the organization toward its strategic objectives, and **retain** its most critical, best-performing executives:
 - **Expand the compensation philosophy to reflect total cash and total remuneration positioning**
 - **Enable greater differentiation in executive base salaries**
 - **Modify incentive metrics (add financial organizational goal, adapt CEO discretion)**

COMPENSATION PHILOSOPHY RECOMMENDATIONS - OVERVIEW

- **Compensation Philosophy:** Expand the compensation philosophy to reflect total cash and total remuneration positioning
- **Driver of Change:**
 - Current policy is silent on positioning of other elements of compensation outside of base salary, which has led to multiple interpretations of the policy
- **What Stays the Same:**
 - Executive base salaries are targeted on average at the 50th percentile of market data
- **What Changes:**
 - Compensation philosophy will include language to address the desired positioning of total cash and total remuneration, as follows:
 - *Total Cash: Base Salary plus actual performance incentive payouts targeted on average at the 50th percentile and up to the 75th percentile of market data, dependent upon individual and organizational performance*
 - *Total Remuneration: Total Cash plus the value of benefits targeted on average between the 50th and 75th percentile of market data, dependent upon individual and organizational performance*

BASE SALARY ADMINISTRATION RECOMMENDATIONS - OVERVIEW

- **Base Salary:** Enable greater differentiation in executive base salary
- **Driver of Change:**
 - Strict interpretation of base salary positioning at the 50th percentile has limited the CEO's ability to reward executives based on tenure, performance, talent scarcity, and criticality of the role to organizational success
- **What Stays the Same:**
 - Target midpoint of base salary ranges at 50th percentile of market
 - Tenure, experience, and performance remain factors for base salary decisions
- **What Changes:**
 - Salary administration guidelines will specifically address the role of executive talent scarcity and organization criticality as factors in determining appropriate placement in the salary range
 - Allow management to use the full salary range and consider gap to market in determining appropriate increases.

BASE SALARY ADMINISTRATION

PROPOSED LANGUAGE CHANGES

The guidelines for placement in range are:

- a. **Pay at 80% to 90% of Midpoint** ~~is~~ may be appropriate for an individual with limited experience in a comparable position who needs developmental time. This may be a new hire or internal promotion, newly hired individual with limited experience in a comparable position, or for an individual who has recently been promoted and needs developmental time in the position. ~~An individual may be eligible for higher percentage increases, aligned with performance, when positioned at this level.~~
 - b. **Pay at 90% to 110% of Midpoint** is appropriate for a fully experienced ~~(6 to 8 years)~~ individual with a demonstrated record of consistently meeting performance expectations, at El Camino Hospital or elsewhere in a comparable role. The Hospital manages base salary increases so that upward movement in salary reflects individual performance and demonstrated proficiency.
 - c. **Pay at 110% to 120% of Midpoint** may be appropriate for a highly experienced individual with demonstrated record of consistently exceeding performance expectations, or in roles which are particularly critical for the achievement of strategic objectives, or in roles with a highly competitive labor market. ~~or with skills and expertise beyond those normally associated with the position.~~ The Hospital compares base salary levels above market with competitive market data to verify that individual base salary is reasonable.
 - d. The Hospital Board of Directors can approve salaries above the normal salary range for hard-to-recruit positions or positions deemed critical to the success of the organization. The Hospital compares salary levels above market with competitive market data to verify that the individual base salary and total compensation is reasonable.
- **80% - 90% of Midpoint:** limited experience in a comparable position who needs developmental time; new hire or internal promotion
 - **90% - 110% of Midpoint:** fully experienced, consistent performance record at El Camino or elsewhere
 - **110% - 120% of Midpoint:** highly experienced with record of performance above expectations, or incumbents in critical or especially hard-to-recruit roles

INCENTIVE PLAN DESIGN

RECOMMENDATIONS - OVERVIEW

- **Incentive Plan:** Modify metrics to add financial organizational goal and adapt CEO discretion
- **Driver of Change:**
 - Desire to add financial metric in determining organizational performance
 - Improve the effectiveness of the discretionary element as a component of individual performance
- **What Stays the Same:**
 - Organization-level performance is weighted at 70%, in alignment with market practice
 - Incentives paid based on performance against predetermined, measurable goals
- **What Changes:**
 - In addition to the financial threshold goal, a variable financial metric is added to the organization goals (highly prevalent among health systems)
 - Individual goals (maximum of three) are weighted at 30% of target bonus, with CEO discretion used as a modifier for individual goal pay-out (ranging from 50% to 150% of target individual payout), based on CEO overall assessment of individual executive performance

INCENTIVE PLAN DESIGN

RECOMMENDATIONS - ILLUSTRATION





MERCER

MAKE TOMORROW, TODAY

**EL CAMINO HOSPITAL
BOARD OF DIRECTORS POLICIES AND PROCEDURES**

03.01 EXECUTIVE COMPENSATION PHILOSOPHY

A. Coverage:

The Chief Executive Officer (“CEO”) of El Camino Hospital (“the Hospital”) and those executives reporting directly to the CEO and approved participants. Participation in the plan is subject to approval by the Hospital Board of Directors (see Attachment A).

B. Reviewed/Revised:

New: 2/08, 6/09, 12/08/10; 8/10/11, 2/13/13, 6/11/14, 10/12/16, 1/10/18, Proposed Changes for Board Consideration 2/14/18

C. Policy Summary:

The compensation philosophy is the official statement of El Camino Hospital’s Board of Directors regarding the guiding principles and objectives upon which executive compensation decisions are based, and the general parameters and components for accomplishing these objectives.

The executive compensation program encompasses both cash compensation (salary, incentive pay, and other cash compensation) and non-cash compensation (employer provided benefit plans and perquisites) which in whole, represent total compensation. The program is governed by the Board of Directors and the Executive Compensation Committee which advises the Board to meet all applicable legal and regulatory requirements as it related to executive compensation and their effectiveness in attracting, retaining, and motivating executives.

The target competitive positioning for executive remuneration is:

- Base Salary – Executive base salaries are targeted on average at the 50th percentile of market data
- Total Cash Compensation - Base Salary plus actual performance incentive payouts targeted on average at the 50th percentile and up to the 75th percentile of market data, dependent upon individual and organizational performance
- Total Remuneration - Total Cash plus the value of benefits targeted on average between the 50th and 75th percentile of market data, dependent upon individual and organizational performance

D. Executive Compensation Philosophy:

The philosophy describes the guiding principles and objectives of the executive compensation program. Executive compensation decisions will be made using the following guiding principles and objectives:

1. Support the Hospital's ability to attract, retain, and motivate a highly-talented executive team with the ability and dedication to manage the Hospital accordingly.
2. Support the Hospital's mission and vision and achievement of strategic goals.
3. Encompass a total compensation perspective in developing and administering cash compensation and benefit programs.
4. Considers the Hospital's financial performance and ability to pay which shall be balanced with the Hospital's ability to attract, retain and motivate executives.
5. Govern the executive compensation programs to comply with state and federal laws.

E. Components:

The three key components of the executive compensation program are base salary, performance incentive compensation, and benefits.

1. Base Salary. Each executive position will be assigned a salary range that is competitive with comparable hospitals and accounts for the higher cost of labor in Silicon Valley.
2. Performance Incentive Compensation. Each executive will be eligible for a goal-based performance incentive compensation program. An executive's performance incentive payout will be based on their performance against pre-defined organizational and individual goals and objectives aligned with the Hospital's mission, vision, and strategic goals.
3. Executive Benefits and Perquisites. The Hospital may provide executives with supplemental benefits as described in the executive benefits policy. It is the Hospital's practice to minimize the use of perquisites in total executive compensation.

F. Roles and Responsibilities:

The Executive Compensation Committee shall recommend and maintain written policies and procedures regarding the administration of each component. The Hospital Board of Directors will approve all policy changes.

G. Definitions

Comparable Hospital – To measure the competitiveness of the executive compensation program, the Hospital will use, in general, compensation information from tax-exempt independent hospitals from across the United States comparable in size and complexity to the Hospital. The hospitals will be comparable in size and complexity based upon net operating revenues.

Competitive Position – A determination of where the Hospital places executive salaries, incentives, and benefits relative to comparable hospitals nationally. El Camino Hospital's competitive position for base salaries is the market median plus a geographic differential for the Silicon Valley area.

Geographic Differential – Recognizes the significantly higher cost-of-labor in Silicon Valley. The Committee will periodically analyze data to ensure the geographic differential is appropriate and accurately projecting the El Camino Hospital median.

El Camino Hospital Median – Reflects the median base pay of the comparable hospitals plus the geographic differential for a particular position. The Hospital increases the data by 25% to calculate the El Camino Hospital median.

Other Cash Compensation – Other cash compensation excludes base salary and incentive pay but includes a hiring and retention bonuses, and relocation reimbursement.

Salary Range - A range established as 20% below to 20% above the salary range midpoint, resulting in a maximum amount that is 150% of the minimum amount.

Salary Range Midpoint - The midpoint of the salary range for each executive position will be set at the El Camino Hospital Median.

Total Cash Compensation – includes base salary plus annual incentive compensation (and other cash) paid to an executive.

Total Compensation – Total cash compensation plus the cost of employee and executive benefit programs.

**ATTACHMENT A:
APPROVED PARTICIPANTS IN EXECUTIVE
COMPENSATION PROGRAM
Effective 1/10/18**

Cecile Currier, Vice President Corporate and Community Health*
Cheryl Reinking, Chief Nursing Officer

Iftikhar Hussein, Chief Financial Officer
Open, Chief Strategy Officer
Joan Kezic, Vice President Payor Relations*
Joanne Barnard, President, El Camino Hospital Foundation
Kathryn Fisk, Chief Human Resources Officer
Kenneth King, Chief Administrative Services Officer
Mary Rotunno, General Counsel
open, Chief Operations Officer
Daniel Woods, President and CEO
William Faber, MD, Chief Medical Officer
Open, Chief Information Officer
Open, President SVMD

*These executives are considered grandfathered participants and shall continue to be eligible for the Executive Compensation Program as long as the individual remains in an executive position with El Camino Hospital.

Note: Executives hired on an interim basis are not eligible for the Executive Compensation and Benefits Program.

**EL CAMINO HOSPITAL
BOARD OF DIRECTORS POLICIES AND PROCEDURES**

03.02 EXECUTIVE BASE SALARY ADMINISTRATION

A. Coverage:

The Chief Executive Officer (“CEO”) of El Camino Hospital (“the Hospital”) and those executives reporting directly to the CEO or COO. Participation in the plan is subject to approval by the Hospital Board of Directors.

B. Reviewed/Revised:

New 9/15/09, 12/08/10, 2/13/13, 6/11/14, 10/12/16, Proposed Changes for Board Consideration 2/14/18

B.C. Policy Summary:

C.D. Base salary is one component of the executive total compensation program which includes benefits, performance incentive pay, and other cash compensation. This policy defines how a salary range is established and provides guidelines for determining an individual’s placement in the range. The program is governed by the Board of Directors and administered by the Executive Compensation Committee (“the Committee”).

D.E. General Provisions:

1. **Salary Range** – Each executive position at El Camino Hospital will have a salary range with minimum and maximum, determining the lowest and highest pay for that job.
 - a. The salary range midpoint reflects the 50th percentile median base pay of the comparable hospitals plus the cost-of-labor adjustment (known as the El Camino Median).
 - b. The salary range will be from 20% below to 20% above the salary range midpoint, resulting in a maximum amount that is 150% of the minimum amount.
 - c. Salary ranges will be updated annually based on competitive market data and/or executive increase market trends. The Executive Compensation Committee reserves the right to establish-recommend lower salary ranges

or to freeze salary ranges and recommend freezing or lowering base salaries (for example, when financially prudent) for Board approval.

2. **Placement in the Salary Range** includes initial placement of a new hire, adjustments when there is a change in job scope, and periodic salary increases or decreases. An individual's placement in the range will be determined based on a combination of the following factors: paying competitively, rewarding performance, and recognizing competence, credentials, and experience.

The guidelines for placement in range are:

- a. **Pay at 80% to 90% of Midpoint** ~~may be~~ is appropriate for ~~an newly hired~~ individual with limited experience in a comparable position, or for an individual who has recently been promoted and needs developmental time in the position. This may be a new hire or internal promotion. An individual may be eligible for higher percentage increases, aligned with performance, when positioned at this level.
- b. **Pay at 90% to 110% of Midpoint** ~~may be~~ is appropriate for a fully experienced ~~(6 to 8 years)~~ individual with a demonstrated record of ~~consistently meeting successful performance~~ performance expectations. The Hospital manages base salary increases so that upward movement in salary reflects individual performance and demonstrated proficiency.
- c. **Pay at 110% to 120% of Midpoint** may be appropriate for a highly experienced individual with demonstrated record of consistently exceeding performance expectations or ~~with skills and expertise beyond those normally associated with the position~~ in roles which are particularly critical for the achievement of strategic objectives or in roles with a highly competitive labor market. The Hospital compares base salary levels above market with competitive market data to verify that individual base salary is reasonable.
- d. The Hospital Board of Directors can approve salaries ~~above outside~~ the normal salary range or guidelines for hard-to-recruit positions or positions deemed critical to the success of the organization. The Hospital compares salary levels above market with competitive market data to verify that the individual base salary and total compensation is reasonable.

E.F. Roles and Responsibilities

1. The El Camino Hospital Board of Directors shall approve executive base salaries.

2. The Executive Compensation Committee Charter defines the responsibilities delegated by the Hospital Board such as selecting consultants and approval of the salary ranges.
3. The CEO recommends the salary range and base salary for those executives reporting to the CEO to the Committee.
4. The Chief Human Resources Officer and/or Director Total Rewards are responsible for implementing salary ranges and base salaries.

**EL CAMINO HOSPITAL
BOARD OF DIRECTORS POLICIES AND PROCEDURES**

03.04 EXECUTIVE PERFORMANCE INCENTIVE PLAN

A. Coverage:

The Chief Executive Officer (“CEO”) of El Camino Hospital (“the Hospital”) and those executives reporting directly to the CEO or COO. Participation in the plan is subject to approval by the Hospital Board of Directors.

B. Reviewed/Revised:

New: 9/15/09, 12/08/10, 2/13/13, 6/11/14 (eff 7/1/14), 10/14/15, 10/12/16, 1/10/18,
Proposed Changes for Board Consideration 2/14/18

C. Policy Summary:

The Performance Incentive Plan is one component of the executive total **compensation remuneration** program which includes base salary, benefits, and other cash compensation. The Performance Incentive Plan is a goal-based compensation program designed to motivate and reward performance toward key annual strategic goals of the Hospital.

D. General Provisions:

The target amount for incentive pay will be competitive with those at comparable hospitals. An executive’s incentive payout will be based on their performance against pre-defined organizational and individual goals and measures aligned with the Hospital’s mission, vision, and strategic goals.

1. Eligibility – Participants hired after December 31 will not be eligible for the program until the beginning of the next fiscal year on July 1. Incentive compensation will be pro-rated for executives with at least six months, but less than one year in the position at the end of the fiscal year. Written performance goals and measures will be determined within the first 60 days of employment.
2. Criteria – the Hospital has established three criteria for payout. There will be no payout unless all three criteria are met. The Hospital must be accredited by the Joint Commission and the individual executive must “meet expectations” on their performance review. In addition, the Hospital will establish a financial measure that must be achieved each fiscal year (i.e., a percent of operating margin) for payout to

occur.

3. Amount of incentive pay – the maximum payout for an executive is 30% of their base salary as of the end of the fiscal year. The targeted payout percent for those participants reporting to the CEO or COO is 20% of base pay. The maximum incentive pay for the CEO is 45% with a target of 30% of base salary.
4. Organizational Goals – each fiscal year the Hospital will define organizational goals that support the strategic/business plan upon which 70% (90% for the CEO) of performance incentive pay will be based which may include a financial measure in addition to the threshold for any payout. Whenever possible, each goal will have performance measures for threshold, target, and maximum levels and payouts will be on a continuum. Organizational goals will account for 50% of performance incentive pay for Presidents of the Foundation, SVMD, and Concern:EAP.
5. Executive Individual Goals (excluding CEO) – at the beginning of the fiscal year, each participant will propose performance goals and measurements that support the strategic/business plan. ~~upon which 20% of performance incentive pay will be based.~~ Whenever possible, each goal will have performance measures for threshold, target, and maximum levels and payouts-scores will be on a continuum. ~~Individual goals based on the Foundation or Concern's organizational goals, will account for 40% of performance incentive pay for Presidents of the Foundation, SVMD, and Concern:EAP respectively~~ Individual goals (maximum of three) are weighted at 30% of target (50% for Presidents of the Foundation, SVMD, and Concern:EAP) with CEO discretion used as a modifier for individual goal pay-out ranging from 0% to 150%). The performance goal score multiplied by the CEO's overall assessment of individual executive performance will determine the overall individual goal score.
6. ~~Ten percent (10%) of the executive's performance incentive pay will be at the CEO's discretion subject to Board approval.~~ Ten percent (10%) of the CEO's performance incentive pay will be at the Board's discretion.
7. Performance Incentive Payout – Incentive compensation will be paid within 30 days of the Board of Directors approving the payout amounts. In order to receive incentive compensation, executives must be actively employed in an executive position at the time the incentive compensation is paid.

E. Roles and Responsibilities

1. The El Camino Hospital Board of Directors shall approve the plan design, organizational goals, executive individual goals, and performance incentive payout amounts.

2. The Executive Compensation Committee Charter defines the responsibilities delegated by the Hospital Board **of Directors** such as reviewing and recommending goals and performance incentive payout amounts.
3. The CEO recommends the organizational and individual goals, discretionary score, and recommends incentive payout amounts to the Committee.
4. The Chief Human Resources Officer and/or Director Total Rewards are responsible for overseeing administration of the program and implementing actions approved by the Board.



**Minutes of the Open Session of the
El Camino Hospital Board of Directors
Wednesday, January 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
Peter Fung, MD
Julia Miller
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 5:31pm by Chair Chen. A silent roll call was taken. Directors Davis and Rebitzer joined the meeting at 5:35pm during Agenda Item 3: Board Recognition. 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 8: Draft Resolution 2018-02.	
3. BOARD RECOGNITION	<p>Motion: To approve <i>Resolution 2018-01</i>.</p> <p>Movant: Zoglin Second: Reeder Ayes: Chen, Davis, Fligor, Fung, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p> <p>David Clark, Interim COO, recognized the Los Gatos Operations Team for increasing personalized service to ECH’s physicians and patients, which has resulted in increased physician and patient satisfaction. Director Fung commended the team for their work, highlighting the stroke and neurology services.</p>	<i>Resolution 2018-01 approved</i>
4. QUALITY COMMITTEE REPORT	<p>Director Reeder, Chair of the Quality Committee, reported that the Committee received a presentation from David King, MD about ECH’s urological services.</p> <p>Director Reeder explained that the dashboard data included in the packet was a month old due to the Committee’s meeting schedule. He noted that central line and catheter infections have increased, but each are closely monitored and reviewed by the Quality team.</p> <p>Director Reeder reported that ECH’s recently hired Manager of Patient Experience, Ashlee Fontenot, reviewed some of her preliminary plans to improve patient satisfaction with the Committee.</p> <p>Director Zoglin suggested that there is opportunity for improvement regarding the level of billing detail given to patients, potentially under Ms. Fontenot’s purview.</p>	

	<p>In response to Director Rebitzer's question, Director Reeder noted that the central line infection data presented in the materials were within normal ranges.</p>	
<p>5. MOUNTAIN VIEW SITE PLAN STATUS UPDATE</p>	<p>Ken King, CASO, provided an overview of the Mountain View site plan, noting the primary drivers and basis for development (the needs to expand the Women's Hospital and demolish the Old Main Hospital).</p> <p>He reviewed the project list for the Mountain View campus plan and outlined the project phases, next major milestones, and target completion dates: He also described the status of final GMP proposals for each project.</p> <p>He described the steps completed so far on the Women's Hospital Expansion, currently in the design phase, noting that the Finance Committee will receive an update at their next meeting, and the Board will receive an update after the Finance Committee's review.</p> <p>In response to Director Fung's questions, Mr. King explained that physicians with office space in the Women's Hospital will be relocated to the IMOB to create needed expansion space; that space in the Women's Hospital will be converted into new postpartum units (52 beds in private room configurations).</p> <p>In response to Director Miller's questions, Mr. King explained the status of the Old Main Hospital demolition, upcoming funding requests for the Women's Hospital, and the energy reduction plans for all of the new buildings (with the goal of a LEED certification rating level of gold, potentially platinum).</p> <p>In response to Director Fligor's questions, Mr. King described the influences of the design for the Women's Hospital expansion, including expected standard of care, design standards, and growth plans.</p>	
<p>6. FY18 PERIOD 4 FINANCIALS</p>	<p>Iftikhar Hussain, CFO, outlined the FY18 Period 4 Financials, noting that ECH has very favorable trends in operating margin and financial performance in both Period 4 and Period 5.</p> <p>He explained that the materials included a proposed summarized financial report, which was reviewed and recommended by the Finance Committee.</p> <p>He noted that all indicators (including volume, financial performance, payor mix, cost, balance sheet) are ahead of plan. ECH is \$16 million ahead on revenue and expenses are favorable as well. Mr. Hussain reported that ECH is doing exceptionally well on investment income, which is building up cash in anticipation of the large Mountain View campus capital projects.</p> <p>Mr. Hussain explained that unusual items included late charge accrual and a credit balance issue, which were identified in the financial audit, have been corrected. He also explained that reduction in capital spending projections this year is due to delays in capital projects. He noted that the overall spend will not decrease, it is just deferred.</p> <p>In response to Director Chen's question, Mr. Hussain discussed the trending decrease in delivery volume and ECH efforts to address it.</p> <p>In response to Director Fung's question, Mr. Hussain described the seasonal fluctuations in payor mix and schedules of procedures.</p> <p>The Board discussed the level of data they preferred for the financial report and requested that the additional detail of the full report be included in the packet as appendices. Director Miller requested that a line item on occupancy/vacancy be included in the summary report.</p>	<p><i>FY18 Period 4 Financials approved</i></p> <p><i>Line-item on occupancy/vacancy to be included</i></p>

	<p>In response to Director Fligor's questions, Mr. Hussain described some of the impact of the new tax law on ECH, the use of Board-Designated assets, and ECH's strong cash position.</p> <p>The Board and staff discussed the increase in volume, specifically in Neurosciences, HVI, BHS, Oncology, and Urology and possible drivers of that increase.</p> <p>Motion: To approve the FY18 Period 4 Financials.</p> <p>Movant: Fung Second: Miller Ayes: Chen, Davis, Fligor, Fung, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>7. OPIOID ADDICTION CRISIS</p>	<p>William Faber, MD, CMO, and Rebecca Fazilat, MD, Mountain View Chief of Staff, presented an overview of the opioid addiction crisis and ECH's response, highlighting:</p> <ul style="list-style-type: none"> - That the crisis is primarily due to outpatient care of patients with chronic pain rather than inpatient care of patient with acute pain; - ECH's internal accounting system is used to keep a tight control on all controlled substances; - Additional staffing, including a full time pain pharmacist and a Palliative Care Medical Director, ready resources to help physicians use appropriate modalities of pain control; - Other ECH approaches including a pain steering committee, the CURES program (a registry of prescriptions), ED protocols, and monitoring on patients with IV opioids. - The launch of the outpatient pharmacy, targeted to open in May; - Addiction services programming led by Evan Garner, MD. <p>Dr. Fazilat noted that it is the responsibility of Medical Staff leadership to educate physicians, and described CME program development efforts. She encouraged collaboration with the ambulatory setting to provide resources for pain control.</p> <p>In response to Director Chen's question, staff noted that ECH efforts in this area include national recommendations and best practices. David Clark, Interim COO described like practices at similar organizations nationally.</p> <p>In response to Director Reeder's question, staff described the assistance available to physicians for using the CURES system.</p> <p>In response to Director Rebitzer's question, staff explained that for any patient visit to the ED, including for an overdose, the patient's primary care physician receives a copy of the discharge paperwork.</p> <p>In response to Director Fligor's questions, Cheryl Reinking, RN, CNO, described staff training relating to pain management and reassessment. Director Fligor suggested that staff review existing practice and consider a policy requiring physician use of CURES.</p> <p>Director Fung suggested including opioid education in CME requirements for physicians.</p>	
<p>8. DRAFT RESOLUTION 2018-02</p>	<p>Director Fung recused himself for this agenda item.</p> <p>Mary Rotunno, General Counsel, explained that the Board must approve the</p>	<p>Resolution 2018-02 approved</p>

	<p>Resolution prior to approving a renewal of Director Fung's Stroke & Neurology ED Call Agreement, noting that the whole panel is up for renewal every two years. There were no questions from the Board.</p> <p>Motion: To approve Resolution 2018-02.</p> <p>Movant: Miller</p> <p>Second: Reeder</p> <p>Ayes: Chen, Davis, Fligor, Miller, Rebitzer, Reeder, Zoglin</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: None</p> <p>Recused: Fung</p> <p>Director Fung rejoined the meeting in closed session.</p>	
9. PUBLIC COMMUNICATION	There were no comments from the public.	
10. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 6:48 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 (November 8, 2017) and Minutes of the Closed Session of the Executive Compensation Committee Meeting (September 21, 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>Health and Safety Code 32106(b)</i> for a report involving health care facility trade secrets: Long Term Financial Forecast; 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>Health and Safety Code 32106(b)</i> for a report involving health care facility trade secrets: Board Retreat; pursuant to <i>Gov't Code Section 5496.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation, <i>Gov't Code Section 54957.6</i> for a conference with labor negotiator Dan Woods, <i>Health and Safety Code 32106(b)</i> for a report involving health care facility trade secrets, and <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters: CEO Report on New Services and Programs, Legal Issues, and Labor Relations; pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters: Executive Session.</p> <p>Movant: Zoglin</p> <p>Second: Fligor</p> <p>Ayes: Chen, Davis, Fligor, Fung, Miller, Rebitzer, Reeder, Zoglin</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: None</p> <p>Recused: None</p>	Adjourned to closed session at 6:48 pm
11. AGENDA ITEM 18: RECONVENE OPEN SESSION/ REPORT OUT	<p>Open session was reconvened at 8:00pm by Vice Chair Zoglin. Chair Chen did not attend the second open session. Agenda items 11-17 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 (November 8, 2017), Minutes of the Closed Session of the Executive Compensation Committee Meeting (September 21, 2017), and the Medical Staff Report by a unanimous vote in favor of all members present (Directors Chen, Davis, Fligor, Fung, Miller, Rebitzer, Reeder, and Zoglin).</p>	
12. AGENDA ITEM 19: CONSENT	Vice Chair Zoglin asked if any member of the Board or the public wished	Consent calendar

<p>CALENDAR</p>	<p>to remove an item from the consent calendar.</p> <p>Dan Woods, CEO, requested that Agenda Item 19i: Consent to Action Amending Silicon Valley Medical Development, LLC (SVMD) Operating Agreement be discussed. Mr. Woods proposed that the first sentence of Section 7 of the Operating Agreement of Silicon Valley Medical Development, LLC be amended to read, “The Chief Executive of the Member shall have the power to appoint a President and the Board of Managers shall have the power to appoint other officers and agents to act for the Company.” The Board had no questions about the proposed change.</p> <p>Director Zoglin requested that informational Agenda Item 19k: FY18 Period 5 Financials be removed. He asked that the missing information regarding the budgeted amount for the fiscal year for each capital spending line item be included in the packet when it is presented for review and approval to the Finance Committee and the Board.</p> <p>Motion: To approve the consent calendar: Minutes of the Open Session of the Hospital Board Meeting (November 8, 2017); Letters of Rebuttable Presumption of Reasonableness; FY18 Salary Range for President, SVMD; Revised Executive Compensation Philosophy & Executive Compensation Incentive Plan Policies; Minutes of the Open Session of the Executive Compensation Committee Meeting (September 21, 2017); FY18 Period 3 Financials; Ophthalmology Call Coverage Renewal; Gastroenterology ED Call Panel (LG) Renewal; OB Hospitalist Contract; Medical Staff Report; and for information: Educational Activity Reports.</p> <p>Movant: Miller Second: Rebitzer Ayes: Davis, Fligor, Fung, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: Chen Recused: None</p> <p>Motion: To approve the two items pulled, amended as previously discussed (Agenda Item 19i: Consent to Action Amending Silicon Valley Medical Development, LLC (SVMD) Operating Agreement, and for information: Agenda Item 19k: FY18 Period 5 Financials).</p> <p>Movant: Reeder Second: Miller Ayes: Davis, Fligor, Fung, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: Chen Recused: None</p>	<p><i>approved</i></p>
<p>13. AGENDA ITEM 20: CEO REPORT</p>	<p>Dan Woods, CEO, highlighted current achievement of the organizational goals, consumer use of the price estimator tool on ECH’s website, the Road Runner program’s collaboration with Lyft, and efforts related to database warehouse investment. He also recognized the Auxiliary’s contribution of 7,363 volunteer hours in November.</p>	
<p>14. AGENDA ITEM 21: BOARD COMMENTS</p>	<p>Director Miller thanked staff for providing the Board with letters from patients and their families.</p>	
<p>15. AGENDA ITEM 22: ADJOURNMENT</p>	<p>Motion: To adjourn at 8:05pm. Movant: Fung</p>	<p><i>Meeting adjourned at 8:05 pm.</i></p>

	Second: Fligor Ayes: Davis, Fligor, Fung, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: Chen Recused: None	
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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 Miller
Secretary, ECH Board of Directors

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



**Minutes of the Open Session of the
Special Meeting to Conduct a Study Session of the
El Camino Hospital Board of Directors
Saturday, January 20, 2018**

Los Altos Golf & Country Club | 1560 Country Club Drive Los Altos, CA 94024

Board Members Present

Lanhee Chen, Chair
Jeffrey Davis, MD
Neysa Fligor
Peter C. Fung, MD
Gary Kalbach
Julie Kliger, RN
Julia Miller
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 of the Special Meeting to Conduct a Study Session of the Board of Directors of El Camino Hospital (the “Board”) was called to order at 8:30am by Chair Chen. A silent roll call was taken. All Board members were present at roll call.	
2. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 8:31 am pursuant to <i>Health and Safety Code 32106(b)</i> for a report involving health care facility trade secrets: Development of New Services and Programs.</p> <p>Movant: Reeder Second: Miller Ayes: Chen, Davis, Fligor, Fung, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Adjourned to closed session at 8:31 am</i>
3. AGENDA ITEM 6: RECONVENE OPEN SESSION/ REPORT OUT	Open session was reconvened at 12:30pm. Agenda items 4-5 were addressed in closed session. There were no actions taken by the Board in closed session.	
4. AGENDA ITEM 7: 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 noted.	
5. AGENDA ITEM 8: GOVERNANCE BEST PRACTICES	Guy Masters from Premier, Inc. reviewed governance best practices with the Board and facilitated a conversation with the Board about communication, efficiency of board meetings, strategic and efficient agenda setting, shorter and more appropriate Board materials, how to avoid micromanaging, how to take advantage of committee work, Board accountability, and bridging the gap between the Board and management. The Board asked CEO Dan Woods and the Director of Governance Services Cindy Murphy to bring a proposed policy or procedure that would address how Board members communicate and interact with senior staff to the Governance Committee.	
6. AGENDA ITEM 9: RECESS	Recess was not taken.	

7. AGENDA ITEM 10: GOVERNING STRATEGICALLY (PART 1)	Mr. Masters facilitated a conversation with Board members about the difference between governance and management and how to govern strategically.	
8. AGENDA ITEM 11: ADJOURN TO CLOSED SESSION	The Board did not adjourn to closed session.	
9. AGENDA ITEM 14: RECONVENE OPEN SESSION/ REPORT OUT	Since the Board not adjourn to closed session this agenda item was not completed.	
10. AGENDA ITEM 15: GOVERNING STRATEGICALLY (PART 3): GOAL- ORIENTED GOVERNANCE	Mr. Masters led the Board in discussion about governance goals. Each Board Member articulated one or two governance goals that the Board could work toward completing by the end of FY19.	
11. AGENDA ITEM 16: IMPLEMENTING NEXT STEPS	Ms. Murphy to synthesize proposed Board Goals for Governance Committee. Mr. Woods to meet with the leadership team and explore ways to close the gap between management and the Board.	
12. AGENDA ITEM 17: ADJOURNMENT	Motion: To adjourn at 3:30pm. Movant: Fung Second: Kalbach Ayes: Chen, Davis, Fligor, Fung, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None	Meeting adjourned at 3:30 pm.

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 Miller
Secretary, ECH Board of Directors

Prepared by: Cindy Murphy, Director of Governance Services

ECH BOARD MEETING AGENDA ITEM COVER SHEET

Item:	Approval of Policies El Camino Hospital Board of Directors February 14, 2018
Responsible party:	Diane Wigglesworth, Sr. Director, Corporate Compliance
Action requested:	For Possible Motion
Background:	As required by Title 22 and The Joint Commission, the Hospital's governing body must review and approve all organizational policies, plans, and scope of services at least every three years if there are no changes, and, if a policy is new or revised, it must be approved by the Board before the Hospital can adopt it. Policies are being brought to the appropriate Board Advisory Committees for review and recommendation before being placed on the Hospital Board consent calendar for approval. All policies have been internally reviewed and have received appropriate approvals before being presented to a Board Committee.
Board Advisory Committees that reviewed the issue and recommendation, if any:	Both policies were reviewed by the Compliance Committee at its January 18, 2018 meeting. The Physician Financial Arrangements Policy was reviewed by the Finance Committee at its January 29, 2018 meeting. All were recommended for approval.
Summary and session objectives:	<ul style="list-style-type: none"> The Government Investigations Policy is coming back with some additional edits the Hospital incorporated after receiving feedback from outside counsel. The Physician Financial Arrangements – Review and Approval Policy has been modified as requested by the Board Finance Committee, to present the summary of all physician financial arrangements annually instead of semi-annually (see page 10). The policy has also been updated to reflect current practices.
Suggested discussion questions:	None, this is a consent item.
Proposed Board motion, if any:	To approve the policies.
LIST OF ATTACHMENTS:	<p><i>Policies</i></p> <ol style="list-style-type: none"> Government Investigation Physician Financial Arrangements – Review and Approval

POLICY/PROCEDURE TITLE: Corporate Compliance: Government Investigations**CATEGORY: Administrative****LAST APPROVAL DATE:**

SUB-CATEGORY: Administrative Policies and Procedures**ORIGINAL DATE: 9/99****COVERAGE:**

All El Camino Hospital staff, Governing Board, Medical Staff and Contract Personnel

PURPOSE:

This policy establishes the guidelines for the proper response to a contact by a Government or Law Enforcement Official. The purpose of this policy is to enable El Camino Hospital to promptly and cooperatively respond to lawful requests for information or access by Government and Law Enforcement Officials while protecting its interests.

STATEMENT:

El Camino Hospital will cooperate with any request for information or access pursuant to a valid search warrant, subpoena, or other lawful demand; however, El Camino Hospital will assert all protections afforded it by law with respect to any such request. Nothing herein prohibits El Camino staff, Governing Board, Medical Staff or Contract Personnel from reporting possible violations of state or federal law or regulation in good faith to an appropriate governmental agency or entity.

DEFINITIONS:

Employee in Charge - The El Camino Hospital Chief Executive Officer, Corporate Compliance Officer, General Counsel, or Administrator-On-Call.

Government or Law Enforcement Official - An official representative of a federal, state, or local government agency with jurisdiction over El Camino Hospital. Examples of such agencies include, but are not limited to:

1. Mountain View Police Department;
2. Centers for Medicare and Medicaid Services;
3. U.S. Department of Health and Human Services;
4. U.S. Department of Justice; and
5. State of California Department of Justice.

POLICY/PROCEDURE TITLE: Corporate Compliance: Government Investigations

Government Contact - A Government Contact occurs when, for example:

1. A Government or Law Enforcement Official appears in person at El Camino Hospital to execute a valid search warrant, subpoena, or civil investigative demand;
2. A Government or Law Enforcement Official appears in person at El Camino Hospital and asks to speak with a particular person with whom the official does not have a pre-existing appointment;
3. A subpoena or civil investigative demand is received at El Camino Hospital via mail, fax, or e-mail; or
4. A Government or Law Enforcement Official appears in person at the home of an El Camino Hospital staff member, Governing Board member, or Medical Staff member regarding activity related to the hospital.

Interviewee - The El Camino Hospital staff member, Governing Board member, Medical Staff member, or Contract personnel that a Government or Law Enforcement Official seeks to interview.

Receiving Employee - The El Camino Hospital staff member, Governing Board member, Medical Staff member, or Contract personnel who makes the initial contact with a Government or Law Enforcement Official or takes custody of a subpoena or civil investigative demand.

PROCEDURE:

In the event of a Government Contact, all El Camino Hospital staff, Governing Board members, Medical Staff members, and Contract personnel, whether or not a Receiving Employee or Employee in Charge shall abide by the following procedures.

General

1. All El Camino Hospital staff, Governing Board members, Medical Staff members, and Contract personnel must be courteous, cooperative, and professional in their interactions with Government and Law Enforcement Officials.
2. All Government Contacts must be reported to an Employee in Charge.
3. All El Camino Hospital staff, Governing Board members, Medical Staff members, and Contract personnel should remember that the nature of the Government Contact, including the very fact that such a contact has been made, is sensitive information and should not be shared with anyone other than an Employee in Charge without prior consultation with the General Counsel.

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4. El Camino Hospital staff, Governing Board members, Medical Staff members, and Contract personnel are free to speak or not to speak with Government or Law Enforcement Officials in the event that they are individually questioned about matters concerning their own, non-employment related activities. If an El Camino Hospital staff member, Governing Board member, Medical Staff member, or Contractor decides to speak with Government or Law Enforcement Officials regarding their own, non-employment related activities, they must respond to questions truthfully.
5. If Government or Law Enforcement Officials appear because of an emergency jeopardizing personal safety (for example, a fire, accident, or natural disaster), follow their instructions.

In-Person Request for Interview at El Camino Hospital

1. When a Government or Law Enforcement Official appears at El Camino Hospital and requests to speak with an El Camino Hospital staff member, Governing Board member, Medical Staff member, or Contractor without an appointment, the person receiving the request shall be deemed the Receiving Employee.
2. The Receiving Employee shall promptly notify an Employee in Charge.
3. The Receiving Employee may not disclose any information or documentation to the Government or Law Enforcement Official without the approval of an Employee in Charge.
4. The Receiving Employee should always be polite and should obtain and record the following information from the investigator or officer:
 - a. The name, agency affiliation, business telephone number and address of all investigators;
 - b. The investigator's business card; and
 - c. The reason for the visit.
5. The Receiving Employee should ask if there is a warrant, subpoena, or investigative demand to be served and request a copy of that document.
6. When a Government or Law Enforcement Official requests an interview without a warrant, subpoena, or civil investigative demand, the Interviewee has no obligation to consent to an interview, but may volunteer to do so. The interviewee may request that legal counsel be present for the interview.
7. The Interviewee may stop the interview at any time, with a request that the investigator return when counsel can be present. Its corporate counsel will

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represent El Camino Hospital. Employees have the right to their own individual legal counsel at their own expense or to request the hospital's legal counsel. Legal counsel should be present for all interviews.

8. If the Interviewee chooses not to respond to the questions of a Government or Law Enforcement Official or does not consent to an interview, the Government or Law Enforcement Official may have the authority to subpoena the Interviewee to appear before a grand jury or for a deposition. El Camino Hospital will assist the employee in preparing their response by providing legal counsel. Legal counsel will be provided if a potential conflict of interest may exist between hospital departments or between the Interviewee and the hospital.
9. Following any interview, the Interviewee should provide an Employee in Charge with as much information and documentation about the interview as possible.

In-Person Request for Interview not at El Camino Hospital

1. If a Government or Law Enforcement Official requests to interview an El Camino Hospital staff member, Governing Board member, Medical Staff member, or Contractor outside of El Camino Hospital, the Interviewee shall report that request to the Corporate Compliance Officer at (650) 988-7733032.
2. When a Government or Law Enforcement Official requests an interview without a warrant, subpoena, or civil investigative demand, the Interviewee has no obligation to consent to an interview, but may volunteer to do so. The interviewee may request that legal counsel be present for the interview.
3. The Interviewee may require that the interview take place during normal business hours either at El Camino Hospital or at another location.
4. The Interviewee may stop the interview at any time, with a request that the investigator return when counsel can be present. Its corporate counsel will represent El Camino Hospital. Employees have the right to their own individual legal counsel at their own expense or to request the hospital's legal counsel. Legal counsel should be present for all interviews.
5. If the Interviewee chooses not to respond to the questions of a Government or Law Enforcement Official or does not consent to an interview, the Government or Law Enforcement Official may have the authority to subpoena the Interviewee to appear before a grand jury or for a deposition. El Camino Hospital will assist the employee in preparing their response by providing legal counsel. Legal counsel will be provided if a potential conflict of interest may exist between hospital departments or between the Interviewee and the hospital.

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6. Following any interview, the Interviewee should provide an Employee in Charge with as much information and documentation about the interview as possible.

Request for Documents or Access

1. When a Government or Law Enforcement Official appears at El Camino Hospital with a valid search warrant, subpoena, or investigative demand for documents or information, the person receiving the request shall be deemed the Receiving Employee.
2. The Receiving Employee shall promptly notify an Employee in Charge and request that the Government or Law Enforcement Official on El Camino Hospital premises wait until the Employee in Charge arrives before starting the search.
3. If not the General Counsel, the Employee in Charge shall provide legal counsel with a copy of the search warrant, subpoena, or investigative demand immediately. Please call Administration at 7300/7301 to obtain home and phone numbers of legal counsel. If counsel can be reached by telephone, counsel shall be connected directly to the lead Government or Law Enforcement Officer.
4. ~~If the hospital counsel is not available, the Employee in Charge should contact the U.S. Attorney, Northern District of California at (415) 436-7200 immediately and request that the search be stopped. One can negotiate alternatives to the search and seizure, including provisions to ensure that all existing evidence will be preserved undisturbed. If the U.S. Attorney refuses to stop the search, request agreement to delay the search to enable our hospital to obtain a hearing on the warrant or to consult with hospital counsel regarding the subpoena or investigative demand.~~
5. El Camino Hospital staff members, Governing Board members, Medical Staff members, and Contract personnel must not alter, remove, or destroy permanent documents or records of the hospital. All records are subject to Federal and State of California recognized retention guidelines which are stated in the El Camino Hospital Health Information Management Services Policies and Procedures, ~~1.14~~ Record Retention Rules and Regulations, ~~paragraph D.1. The policy states that Medicare/Medi-Cal patient accounts and charge slips are retained for 5 years, while the Non-Medicare/Medi-Cal accounts are retained for 4 years. The records may be disposed of only in accordance with these guidelines.~~ Once there has been notice of an investigation, the destruction portion of any policy on record retention is suspended. Legal Counsel will send out a litigation hold notification to all persons who may be in possession, custody or control of relevant documents and the continued obligation to preserve potentially relevant documents.
6. When the Government or Law Enforcement Official presents a valid search warrant, subpoena, or investigative demand, the investigators have the authority to enter private premises, search for evidence of unlawful or criminal activity, and

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- take those documents listed in the warrant, subpoena, or investigative demand. No staff member has to speak to the investigators, but must provide the documents requested in the warrant, subpoena, or investigative demand.
7. The Employee in Charge shall request a copy of the subpoena, investigative demand, or search warrant and the affidavit providing reason for the issuance of the warrant. The Employee in Charge shall also inspect the subpoena, investigative demand, or search warrant to verify the following:
- a. that the date the Government Contact falls within the dates on the document;
 - b. that the address on the document matches the physical location of El Camino Hospital; and
 - c. the specific business areas or departments identified in the document.
 - d. that the document is signed by a judge
8. For valid search warrants, ~~The~~ the Employee in Charge and all other El Camino Hospital staff members, Governing Board members, Medical Staff members, or Contract personnel involved in the search must cooperate with the Government or Law Enforcement Officials, but state that you do not consent to the search.
- a. The Employee in Charge should instruct the lead Government or Law Enforcement Official that:
 - i. El Camino Hospital objects to the search;
 - ii. ~~The search is unjustified because El Camino Hospital is willing to voluntarily cooperate with the government.~~
 - b. Under no circumstances should staff obstruct or interfere with the search. Although they should cooperate, any El Camino Hospital staff member, Governing Board member, Medical Staff member, or Contract personnel involved in the search should clearly state that cooperation does not constitute “consent to the search.”
 - c. Whenever possible, keep track of all documents and all information the documents contain that are given to the investigators.
9. The Employee in Charge should attempt to negotiate an acceptable methodology with the Government or Law Enforcement Officials to minimize disruption and allow El Camino Hospital employees to keep track of the process and continue operations necessary to ensure patient safety. Considerations include the sequence of the search; whether Government or Law Enforcement Officials are willing to accept copies in place of originals; and if so, who will make the copies

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and the arrangements of access to records seized.

10. The Employee in Charge should point out limitations on the premises to be searched and on the property to be seized.
 - a. Only provide what is specified in the search warrant, subpoena or investigative demand.
 - b. Never consent to an expansion of the search.
 - c. Disputes regarding the scope should be referred to legal counsel for potential discussion with the U.S. Attorney, Northern District of California, or court intervention. El Camino Hospital staff members, Governing Board members, Medical Staff members, and Contract personnel should not prevent the investigators from searching areas they claim to have the right to search.
 - d. Government or Law Enforcement Officials generally have the right to seize evidence of crimes that is in their plain view during a search, regardless of whether such evidence is described in the warrant.
11. The Employee in Charge should take appropriate steps to protect other El Camino Hospital staff members, Governing Board members, Medical Staff members, and Contract personnel.
 - a. The Employee in Charge should send all, except essential department personnel, home or temporarily reassign them to other areas when a warrant, subpoena, or investigative demand is served.
 - b. Selected employees should remain along with the Employee in Charge and/or El Camino Hospital legal counsel to monitor the search.
 - c. Government or Law Enforcement Officials should never be left alone on El Camino Hospital's premises. There should be at least two El Camino Hospital staff members with the investigators at all times.
12. The Employee in Charge should object to any search of privileged or protected documents.
 - a. If there is any possibility that the search will compromise privileged or protected information, the Employee in Charge should object on that basis, and instruct legal counsel to raise the issue with the court, if necessary.
 - b. Privileged and protected information is defined as any and all knowledge of value to the institution, which cannot be divulged, except by court order.
13. The Employee in Charge should keep a record regarding the search and should:

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- a. ask each Government or Law Enforcement Official for proper identification, including their business cards;
 - b. list the names and positions of all the Government or Law Enforcement Officials with the date and time and verify the list with the lead Government or Law Enforcement Official and request he or she sign it;
 - c. monitor and record the manner in which the search is conducted, noting, in detail, the precise areas and files searched, the time periods when each of them was searched, the manner in which the search was conducted, the Government or Law Enforcement Officials who participated, and which specific files or other materials were taken; and
 - e. if the monitor is ordered to leave, contact the lead Government or Law Enforcement Official: the monitor should only be ordered to move if they are in the way of the search, not to avoid observing the search. Never provoke a confrontation with an agent.
14. ~~If possible, do not release a document to the investigators, unless hospital legal counsel has reviewed it. However, this may not be possible.~~
 15. If possible, the Employee in Charge should keep all privileged, protected, and confidential documents separated and labeled accordingly.
 16. If possible, the Employee in Charge should make a record and a copy of all records taken.
 - a. If this is not possible, before the Government or Law Enforcement Officials leave El Camino Hospital premises, the Employee in Charge should request an inventory of the documents taken.
 - b. The Employee in Charge should request that the lead Government or Law Enforcement Official note the date and time the search was completed, as well as signs the inventory of documents taken with the Government or Law Enforcement Official's full title, address, and telephone number.
 - c. If the Employee in Charge is unable to make copies of the documents taken at the time of the search, the Employee in Charge should request copies of the documents taken, especially medical records, as these records are required for patient care and this is the most efficient way to inventory the documents taken.
 - d. The Employee in Charge should create a duplicate inventory of the documents seized.
 - e. If the Government or Law Enforcement Officials take any computer hard drives or other electronic media, the Employee in Charge should request to download copies of files from that media, especially if the material is essential to the ongoing operations of El Camino Hospital.

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APPROVAL	APPROVAL DATES
Originating Committee or UPC Committee:	
Legal Review (if applicable):	10/2015
ePolicy Committee:	10/2015
Pharmacy and Therapeutics (if applicable):	
Corporate Compliance Committee:	11/2015
Board of Directors:	01/2016

Historical Approvals:

09/99, 05/01, 03/05, 07/06, 06/09, 10/12



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SUB-CATEGORY: Administrative Policies and Procedures
ORIGINAL DATE: 6/08

COVERAGE:

All El Camino Hospital staff, Contract Personnel, Physicians, Healthcare Providers, and the Governing Board.

PURPOSE:

The purpose of this policy is to comply with the Stark law, Anti-Kickback, HIPAA and all other Federal and State Laws.

STATEMENT:

This policy implements the overall compliance goals of the Hospital with respect to Physician financial arrangements.

This policy establishes administrative principles and guidelines, Board delegation of authority and oversight, and review processes and approvals that must be followed before the Hospital enters into a direct or indirect financial arrangement with an individual physician, a physician group, other organizations representing a physician, or a member of immediate family of a physician ("Physician"). Physician financial arrangements that involve any transfer of value, including monetary compensation, are subject to this and the following policies: 1) Signature Authority policy 17.00, 2) Reimbursement of Business Expenses policy 5.00, and 3) Physician Recruitment policy 42.00.

All financial arrangements of any kind involving Physician, including but not limited to, medical director, consulting, on-call arrangements, professional service agreements, education and training, conference reimbursement or real estate leases, will comply with the Stark law, Anti-Kickback, HIPAA and all other Federal and State Laws.

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All Physician financial arrangements are prohibited except those Physician financial arrangements that are approved and documented as provided in this Policy.

Physician financial arrangements may be entered into only where they are needed and serve the strategic goals (including quality and value) of the Hospital. Each Physician financial arrangement must meet or exceed the complex and stringent legal requirements that regulate Physician financial relationships with the Hospital. All Physician financial arrangements between a physician and the Hospital must be in writing and meet fair market value, commercial reasonableness and the following requirements as applicable.

PROCEDURE:

A. Administrative Standards:

When creating or renewing a Physician financial arrangement, the following principles must be followed. This Policy applies to any Physician financial arrangement including, but not limit to: Medical Directorships, ED Call Panels, Professional Services, Panel Professional Services, Consulting, Lease, Education and Training, Conference Payment, and Physician Recruitment.

1. All Physician Financial Arrangements:

- a) Each Physician financial arrangement (except Physician Lease Contracts) must provide a service that is needed for at least one of the following reasons: 1) it is required by applicable law, 2) required administrative or clinical oversight can only be provided by a qualified physician, 3) the administrative services to be provided support an articulated strategic goal of the Hospital, such as patient safety, and 4) the arrangement must solve, prevent or mitigate an identified operational problem for the Hospital.
- b) The terms of the Physician financial arrangement must be fair market value and commercially reasonable and must not take into account the volume or value of any referrals or other business generated between the

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parties. All of the terms of the Physician financial arrangement must be in a written contract that details the work or activities to be performed and all compensation of any kind or the lease terms ("Physician Contracts"). The services contracted for may not exceed those that are reasonable and necessary for the legitimate business purposes of the Physician financial arrangement. If there is more than one Physician Contract with a Physician, the Physician Contracts must cross-reference one another (or be identified on a list of Physician Contracts) and be reviewed for potential overlapping commitments prior to negotiating additional agreements.

The process for determining Physician compensation for each Physician financial arrangement must be set forth in the Physician Contract file and identified in sufficient detail so that it can be objectively verified as meeting fair market value standards. Any compensation paid to or remuneration received by a Physician shall not vary based on the volume or value of services referred or business otherwise generated by the Physician and must reflect fair market value. Compensation cannot exceed the seventy-fifth percentile of fair market value without prior Board approval. All Physician contracts should use local or regional market data, when available, to determine the seventy-fifth percentile of FMV.

In order to support reasonableness of compensation or remuneration, written fair market data must accompany the Physician Contract and show compensation paid by similar situated organizations and/or independent compensation surveys by nationally recognized independent firms.

- c) Compensation cannot be revised or modified during the first twelve (12) months of any Physician financial arrangement. If the compensation is revised thereafter, it must be evidenced by a written amendment to the Physician Contract, signed by both parties before the increase in compensation takes effect. For example, if the increase in compensation is to take effect on April 1, the amendment must be signed by both parties on or before April 1 and the original Physician Contract must

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have been effective on or before March 31 of the prior year. The compensation cannot be changed for twelve (12) months after the effective date of such amendment.

- d) All Physician Contract renewals must be signed before the expiration of the term of the existing Physician Contract.
- e) Physician Contracts must be in writing and executed by the parties before commencement. Only the CEO of the Hospital or designee by CEO in his or her absence may execute a Physician Contract, except Physicians Contracts that are real estate or equipment leases with Physicians may be signed by the Chief Administrative Services Officer (“CASO”). Physicians cannot be compensated for work performed, nor may a lease commence, prior to execution by both parties.
- f) The Physician financial arrangement must not violate the Stark law, the anti-kickback statute (section 1128B(b) of the Act) or any Federal or State law or regulations.
- g) The Physician Contract will permit the Hospital to suspend performance under the Physician Contract if there is a compliance concern. Concerns about compliance should be directed to Compliance, Legal, or the office of the Chief Medical Officer (“CMO”). Performance under Physician Contracts deemed to not meet the administrative guidelines shall be suspended until the Physician Contract can be remedied.
- h) Physician Contracts must contain termination without cause provisions (except for real estate and equipment leases). Physician Contracts which grant an exclusive right to Hospital-based physicians to perform services may not exceed five years. If a Physician Contract is terminated, then the Hospital may not enter into a new financial arrangement with the same Physician covering the same arrangement on different terms within twelve (12) months of the effective date of the terminated Physician Contract.
- i) Physicians with potential conflicts of interest must complete a conflict of interest form (see Policy 4.00) that must be reviewed by the



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Compliance Officer prior to entering into a Physician Contract. The conflict must be addressed and referenced in the Physician Contract. A conflict may prevent entry into a Physician Contract.

- j) All Physician Contracts must be prepared using the appropriate Hospital contract template prepared by Legal Services. All Physician Contracts must be drafted by personnel designated by Legal Services.
 - k) Attached to the final version of a Physician Contract prior to execution by Hospital must be a completed “Contract Cover Sheet and Summary of Terms” and a signed “Certification of Necessity and Fair Market Value” (Appendix A); ~~a~~ a Physician Lease Contract must also include a signed “Contract Certification” (Appendix B) and “Lease Contract Review Checklist” (Appendix C) to be reviewed and approved by Legal Services and Compliance.
 - l) All executed Physician Contracts must be scanned into the Meditract system.
 - m) Payments may not be made to a Physician unless there is adherence with all of the requirements of this Policy.
 - n) Each Physician Contract shall comply with all applicable laws.
2. **Medical Director Contracts:** In addition to the criteria set forth above (D.1) for *All Physician Financial Arrangements*, the following must be met *prior* to creating, renewing or amending a Medical Directorship:
- a) A Medical Directorship may not be intended or used as a means to recruit a Physician to practice at the Hospital.
 - b) A Medical Directorship must fit within a rational management framework that optimizes coordination of the Medical Director’s knowledge and work efforts with Hospital needs and resources. To meet this requirement, the Medical Director must work with, and be accountable to, a supporting Hospital manager-partner who is a Hospital supervisor, manager or executive director who verifies the

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Medical Director's work and efforts. The ~~Hospital manager partner~~ Designated Manager shall participate in the negotiation of the Medical Director Contract, including setting duties and goals, and will be familiar with the details of the Medical Director ~~C~~contract. The CMO will evaluate and approve all Medical Director contracts.

- c) The number of hours assigned to the Medical Directorship must be appropriate considering the work required. Medical Director contracts are typically a two-year term and upon renewal, an annual evaluation shall be conducted by the CMO and the ~~Hospital manager-partner~~ Designated Manager to evaluate whether all such services are needed in any new or renewal term, whether new services are needed and if the hours are still reasonable and necessary for the legitimate business purpose of the Medical Directorship arrangement. The proposed services may not duplicate work that is provided to the Hospital by other Physicians unless the total work under all arrangements are needed.
- d) Medical Director Contracts must require Physician completion and submission of a Physician Time Study Reports (see Exhibit C) each month, and each such report must be approved by the ~~Hospital manager-partner~~ Designated Manager and the Compliance Department before any compensation is paid. There must be one or more internal review processes to verify that the Medical Director is performing the expected duties and tasks, of which the required time report is one example.
- e) All Medical Director Contracts providing for total compensation of \$30,000 or more shall include two (2) annual quality incentive goals that support the Hospital's strategic initiatives, one of which shall be related to an outcome quality metric and the other shall be related to a process metric or milestone for service to patients, unless an exception is approved by the CMO for two (2) process goals. For Medical Director Contracts greater than \$100,000 in compensation per year, 20% of the total compensation will be held at risk based on the completion of the quality incentive goals. For Medical Director Contracts between \$50,000 to \$99,999 per year, 10% of the total



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compensation will be held at risk based on the completion of the goals. For Medical Director Contracts between \$30,000 to \$49,999 per year, 5% of the total compensation will be held at risk based on the completion of the goals.

~~f) If a Medical Director would oversee a function in a service line, then a development and selection committee (that includes at least one physician leader in the service line) will evaluate the candidates and recommend a final candidate with whom the Hospital should negotiate. An effective alignment of the Physician and the service line should be created.~~

~~g) If the Medical Directorship is intended to oversee a function outside of a defined service line, the CMO will evaluate and approve the Medical Director candidates for the proposed function.~~

~~h) Each year, the Medical Executive Committee will review a summary report of all Medical Directorship arrangements and goals.~~

~~i) Medical Director Contracts must include a Hospital-approved HIPAA Business Associate Agreement.~~

3. Physician Consulting Contracts:

In addition to the criteria set forth in the *All Physician Financial Arrangements* section (D.1) above, the following criteria must be met *before* creating or renewing a Physician Consulting Contract:

- a) Physician Consulting Contracts must require concise deliverables and due dates and require completion of a ~~P~~physician ~~T~~ime ~~S~~tudy ~~R~~eport ~~(see Exhibit C)~~. The deliverables and due dates must be set for the duration of the Physician Consulting Contract before the services begin and the Physician Consulting Contract is signed.
- b) The number of hours assigned to the Physician Consulting Contract must be appropriate in light of the work required.
- c) Physician Consulting Contracts must include a Hospital-approved HIPAA Business Associate Agreement.

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4. Physician Lease Contracts:

In addition to the criteria set forth in the *All Physician Financial Arrangements* section above (D.1), the following criteria must be met *before* creating, amending, or renewing a Physician Lease Contract:

- a) Attached to the final version of a Physician Lease Contract, and prior to execution, must be a completed "Lease Contract Review Checklist" (Appendix C) and an executed "Contract Certification" (Appendix B).
- ~~b)~~ The Physician Lease Contract shall confirm total measurement of the space to be utilized by Physician under the lease.
- ~~c)~~ The Physician Lease Contract ~~must~~ be supported by fair market value documentation from a property appraiser or brokers opinion of value.
- ~~b)d)~~ Tenant Improvements must be incorporated into the Physician Lease Contract as a Tenant expense.
- ~~e)e)~~ Physician must not use the space and the Hospital must not make the space available for use prior to the execution of the Physician Lease Contract by both parties.
- ~~f)f)~~ The Physician Lease Contract shall require that all property taxes are to be paid by the Tenant for Triple Net leases.
- ~~e)g)~~ Physician Lease Contracts are executed by the CEO or the CASO.

5. Physician Education, Training and Conference Payment Contracts:

In addition to the criteria set forth in the *All Physician Financial Arrangements* section above (D.1) , the following criteria must be met *before* creating a new Education, Training and Conference Reimbursement Contracts and prior to attendance:

- a) Physician Education, Training and Conference Payment Contracts must be created and reimbursed in accordance with Hospital Policy Reimbursement of Business, Education and Travel Expenses (see Hospital Policy 5.00).
- b) The Hospital's need for this training to be provided to the Physician shall be documented as part of the approval process.

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6. Physician Recruitment Contracts:

In addition to the criteria set forth in the *All Physician Financial Arrangements* section above (D.1), the following criteria must be met *before* creating a new Physician Recruitment Contract:

- a) Physician Recruitment Contracts must be created in accordance with the Physician Recruitment Policy Program, (see Hospital Policy 42.00) and must be presented to the Board for review before the recruitment proposal is developed.

B. Approval of Physician Contracts:

1. Attached to the final version of a Physician Contract *before* CEO execution must be a completed “Contract Cover Sheet and Summary of Terms” and “Certification of Necessity and Fair Market Value” (Appendix A).
2. Attached to the final version of a Physician Lease Contract, *prior* to execution by the CEO or the CASO, must be a completed “Lease Contract Review Checklist” (Appendix C) ~~and signed~~ and signed “Contract Certification” (Appendix B).
3. Corporate Compliance and the General Counsel will verify the checklist, certification, and documentation accompanying all Physician Contracts (including FMV) prior to execution by the CEO or the CASO. Incomplete or missing checklist and certifications will be returned to the originator for completion.
4. All proposed Physician Contracts lacking the appropriate documentation will be returned to the originator for completion. No services may be performed under the Physician Contract or leases implemented until the Physician Contract is fully executed.
5. CEO Approval: The CEO will have authority to execute new, renewal and amended Physician Contracts (up to \$250,000.00 in total possible compensation annually), except as set forth in Section 6(~~bc~~) below.

If a new arrangement is over \$250,000.00; or a renewal or amended ~~agreement~~ related to compensation -is over \$250,000; or the annual

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POLICY/PROCEDURE TITLE: Corporate Compliance:51.00 Physician Financial Arrangements - Review and Approval
Corporate Compliance:51.00 Physician Financial Arrangements - Review and Approval
Corporate Compliance:51.00 Physician Financial Arrangements - Review and Approval
Last Approval Date: 06/2017

increase is greater than ten percent (10%), the Board must approve prior to CEO execution, except as set forth in Section 6(~~bc~~) below. All recruitment proposals must be approved prior to the CEO executing.

6. Board Approval:

or amended agreement is over \$250,000; or the annual increase is greater than ten percent (10%), the Board must approve prior to CEO execution of the Physician Contract.

- ~~a-6.~~ If a new arrangement is over \$250,000.00; or a renewal or amended agreement is over \$250,000; or the annual increase is greater than ten percent (10%), the Board must approve prior to CEO execution of the Physician Contract.

→ a) All ~~new~~ Physician financial arrangements that exceed \$250,000 annually should be presented to the appropriate Board Committees for review and recommendation to the Board of Directors prior to being placed on the Board of Directors' agenda and prior to execution.

→ b) A memo prepared by ~~Hospital Manager Partner~~ Designated Manager that justifies the Hospital's needs shall be provided to the appropriate Board Committees and Board of Directors as part of the approval documents.

B. c). Notwithstanding Section 6(a), the CEO may execute without Board approval a ~~new~~ renewal or amended Professional Services Agreement with ~~SV Primary Medical Group, P.C.~~ El Camino Medical Associates ("~~SVPMG~~ECMA") so long as the total cash compensation to each individual physician employed by ~~SVPMG-ECMA~~ does not exceed 75% percentile of fair market value or \$1,000,000 annually.

C. Board Oversight and Internal Review Process:

During the ~~second and fourth~~ third quarter of each Hospital fiscal year, management and staff will prepare a summary report for all Physician financial arrangements describing: 1) the names of all such arrangements and associated physicians, 2) the organizational need that justifies each arrangement, 3) the total

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amounts paid to each physician and/or group for each Physician Contract annually (and in total for duration on of contract term), 4) current and prior year annual financial comparison, ~~5) Education, Training or Conference Contracts that reimburse for travel expenses out of the state of California,~~ and ~~6) any~~ recommendations for changes to the Policy or any procedure.

For Medical Directorships, the summary report will also include: 1) the goals set forth for each Medical Directorship, 2) the contracted rate and hours, and 3) assessment of the performance goals of Medical Directors over the past year.

The CFO, COO & CMO will review the information and prepare recommendations if any regarding specific actions or changes that will be implemented.

The report will then be reviewed by the CEO and presented to the Compliance and Finance committees of the Board of Directors for review and submission to the Board of Directors no later than the end of the following quarter.

D. Exceptions:

There are no exceptions to this Policy unless approved by the Board of Directors in advance.

E. Review and/or Validate:

The CEO and the Corporate Compliance Officer shall be responsible for reviewing the policy and guidelines as conditions warrant but at a minimum at least annually to assure consistency with Board expectations. The Compliance department will annually monitor organizations adherence to the policy and report to the Board.



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F. Policy Enforcement

El Camino Hospital's Compliance Officer is responsible for monitoring enforcement of this policy. Any workforce member found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.

APPROVAL	APPROVAL DATES
Originating Committee or UPC Committee:	
Medical Committee (if applicable):	
ePolicy Committee: (Please don't remove this line)	
Pharmacy and Therapeutics (if applicable):	
Medical Executive Committee:	
Board of Directors:	

Historical Approvals:

New 6/08, 06/09; 8/12, 10/12, 11/13, 1/14, 5/14

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POLICY/PROCEDURE TITLE: Corporate Compliance: 51.00 Physician Financial Arrangements - Review and Approval

APPENDIX A
ECH Contract Cover Sheet and Summary of Terms

Physician/Physician Group Name Party to Agreement:

Type of Agreement: ☐ Medical Director ☐ Consulting Services ☐ Professional Services
 ☐ ED Call ☐ Hospital-Based Physician Services
 ☐ Other:

Agreement is: ☐ New ☐ Amendment ☐ Extension ☐ Renewal

Department/Program:

Campus:

Designated ECH Manager:

Effective Date:

Expiration Date:

Need for Agreement:

Reason Physician or Physician group was chosen for the position:

Number of Hours to be Worked:

Hourly/PerDiem Rate to Physician/Physician Group:

Does Agreement include two Quality Goals for Medical Directorships, if Total Annual Compensation is greater than \$30,000.00 annually:

Total Annual Amount:

Finance Committee Review and Board approval required under Policy 51.00:

☐ No ☐ Yes (if yes, attach approval documentation)

Approvals

Compliance: _____ Date: _____

Legal: _____ Date: _____

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POLICY/PROCEDURE TITLE: Corporate Compliance:51.00 Physician Financial Arrangements - Review and Approval

CERTIFICATION OF NECESSITY AND FAIR MARKET VALUE:

I certify that: (1) the services to be provided by Physician/Medical Group are reasonable and necessary because

____; and (2) the compensation proposed for this arrangement is fair market value because (check one):

____ MD Ranger Data attached hereto, is at or below the 75th percentile, or

____ I have a FMV opinion, attached hereto, which demonstrates fair market value.

Signature: _____

Designated ECH Manager

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POLICY/PROCEDURE TITLE:Corporate Compliance:51.00 Physician Financial Arrangements - Review and Approval

APPENDIX B

Contract Certification

I, _____ of El Camino Hospital hereby certify that to the best of my knowledge,
(responsible party negotiating)

the following matters are true for the attached contract by and between El Camino Hospital and _____
(Physician) dated _____ (the "Arrangement").

- 1) There are no other arrangements, written or oral with the physician except set forth in the Arrangement;
- 2) No payment has been or will be made to the physician referenced herein outside of the terms and condition of the arrangement unless such outside payment is also consistent with El Camino Hospital's policies;
- 3) The contract is in compliance with Administrative Policy 51.00 guidelines.
- 4) All of the statements above and in the Compliance Checklist are complete and correct.

Date: _____ Signature: _____
(Hospital responsible party negotiating)

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POLICY/PROCEDURE TITLE: Corporate Compliance: 51.00 Physician Financial Arrangements - Review and Approval

CATEGORY: Administrative

LAST APPROVAL DATE:

APPENDIX C

Lease Contract Review Checklist

- Yes ___ No ___ 1. Is the term of the Physician Lease Contract for at least one year?
- Yes ___ No ___ 2. Does the Physician Lease Contract describe what is being leased and all services that will be included?
- Yes ___ No ___ 3. Are the costs of Tenant Improvements incorporated into the Physician Lease Contract?
- Yes ___ No ___ 4. Have fair-market value (FMV) rates been determined based at time of signing? [The Physician Lease Contract]
- Yes ___ No ___ 5. Does the lease rate include an inflator value for future FMV?
- Yes ___ No ___ 6. Is Physician using the space now?
- Yes ___ No ___ 7. Will all applicable property taxes be paid by the Physician under the Physician Lease Contract?
- Yes ___ No ___ 8. Were any loans or loan guarantees made to the Physician?
- Yes ___ No ___ 9. Was the Hospital template used to create this Physician Lease Contract?
- Yes ___ No ___ 10. Were any of the terms modified? If yes, attach a copy marked to show changes.
- Yes ___ No ___ 11. Within 5 days after final execution, the Physician Lease Contract must be forwarded for scanning into Meditract.

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REPORT

17



**Minutes of the Open Session of the
Executive Compensation Committee**

Thursday, November 9, 2017

El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040

Conference Room A (administration)

Members Present

Teri Eyre
Neysa Fligor
Jaison Layney
Bob Miller, Chair
Julia Miller
Pat Wadors

Members Absent

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Executive Compensation Committee of El Camino Hospital (the "Committee") was called to order at 4:01pm by Chair B. Miller. Ms. J. Miller arrived at 4:04pm during Agenda Item 4: Consent Calendar. All Committee members were present.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Miller 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	None.	
4. CONSENT CALENDAR	<p>Chair B. Miller asked if any member of the Committee or the public wished to remove an item from the consent calendar. Ms. Fligor requested that Item 4b: Progress Against FY18 Committee Goals be pulled for discussion.</p> <p>Ms. Fligor asked whether the Committee should add additional goals, as it appeared everything except one item was already completed for FY18. Chair B. Miller recommended that this discussion be deferred until later in the meeting when the pacing plan and the scope of the Committee's work would be discussed.</p> <p>The Committee commented that the metric related to goal-setting and plan design needed clarification and suggested that revisions may be appropriate, as the goal was set before the strategic plan was approved. Chair B. Miller suggested a clarification that the Committee would oversee implementation of any changes <i>resulting from</i> the strategic plan. Staff noted that goal revisions need to be approved by the Governance Committee and the Hospital Board.</p> <p>Motion: To approve the consent calendar: Minutes of the Open Session of the Executive Compensation Committee Meeting (September 21, 2017).</p> <p>Movant: Eyre Second: Layney Ayes: Eyre, Fligor, Layney, B. Miller, J. Miller, Wadors Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Consent calendar approved</i>
5. REPORT ON BOARD ACTIONS	Chair B. Miller referred to the recent Board actions as further detailed in the packet. Kathryn Fisk, CHRO, reported that the Board approved the Committee Self-Assessment Tool that will be sent to Committee members to	

	complete in the next few months. She noted that the Committee self-assessment surveys are conducted every two years, and this year will include a deeper dive into the Committees now that the expanded structure has been in effect for five years.	
6. LETTERS OF REASONABLENESS	<p>Stephen Pollack from Mercer provided background on the IRS requirements for the Letters of Reasonableness for tax-exempt status and three main criteria used for review: 1) independent Board oversight and approval of the process/compensation, 2) use of third-party market data, and 3) documentation. He explained that the level of detail in the letters matches best practice for documentation.</p> <p>In response to Ms. Eyre’s question, Mr. Pollack explained that a threshold for “unreasonableness” is not defined by the IRS; rather, compensation with documented rationale for the given facts and circumstances is deemed to be reasonable unless proven otherwise.</p> <p>In response to Ms. Miller’s question, Mr. Pollack noted that most of his clients approve compensation for other Designated Persons (<i>i.e.</i>, executives, direct reports to the CEO) at the Committee level and forward a recommendation for only CEO compensation to the full Board.</p> <p>In response to Mr. Layney’s question, Lisa Stella from Mercer clarified the application of the geographic differential in the calculations of total direct compensation (TDC) and total remuneration.</p> <p>Motion: To accept the Letters of Reasonableness, present the letters to outside counsel for the Board, and request that he present a letter documenting Reasonableness of Executive Compensation under IRS Section 4958 to the Board for acceptance.</p> <p>Movant: Layney Second: Wadors Ayes: Eyre, Fligor, Layney, B. Miller, J. Miller, Wadors Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Letters of Reasonableness recommended for acceptance</i>
7. REVIEW OF ECH EXECUTIVE COMPENSATION AND BENEFITS PROGRAM AND POLICIES	<p>Chair B. Miller explained that the purpose of this agenda item is for staff to provide education on ECH’s current programs and policies and to solicit feedback from the Committee. Following this meeting, staff will work with Mercer to develop recommendations for discussion at the Committee’s next meeting.</p> <p>Ms. Fisk and Mr. Pollack outlined ECH’s current practices and alignment with market practice for the following areas, as further described in the packet:</p> <p>Base Salary Range Positioning: Positioning includes benchmarking of executive roles and a geographic differential; salary range development is driven by the midpoint, which allows variability within the range while maintaining consistency. Mr. Pollack explained that +/- 20% from the midpoint on average is similar to the 25th to 75th percentile. The Committee discussed developing a guiding principle for aligning the geographic differential with the Bay Area market; currently, the only defined practice is that the data are reviewed every year.</p> <p>Base Salary Administration: Range placement is based on a variety of considerations. The Committee commented that it is not necessary to define “fully experienced” as 6-8 years and that a policy targeting at +/- 10% of the</p>	

range midpoint seemed too restrictive. Mr. Pollack explained that in the market there tends to be more flexibility around the midpoint than at ECH. The Committee discussed the Board's application of the policy (adhering to the market median, budgeting for executive performance and market adjustments) and opportunities for Board education to provide context for step increases.

Ms. Eyre noted that a missing piece in ECH's executive compensation program development has been the voice of the CEO; she suggested that any system should be supporting and enabling Mr. Woods' goals.

Performance Management: The process includes an annual performance review by supervisor (the Board reviews the CEO; the CEO reviews executives). Ms. Fisk explained that annual reviews are required by The Joint Commission and that the policy is the same for all employees, including executives. In response to Chair B. Miller's question, Ms. Fisk outlined the 5 weighted criteria used in executive performance appraisals.

Mr. Pollack described general market practice, where the CEO provides context for executive salary recommendations with a high level paragraph for each executive (highlighting accomplishments, criticality of role, etc.). Ms. Eyre suggested that there may be opportunities for consolidation or de-duplication, so executives are not evaluated against too many different criteria across all parts of the compensation program; the Committee encouraged distillation and summation of an executive's contribution to the organization at a high level and use of a policy that is specific to executives rather than for all employees.

Ms. J. Miller suggested that the Hospital Board should delegate more authority to the Committee and only approve compensation for the CEO.

Total Cash Compensation: The current policy does not address TCC positioning; the Committee noted the discrepancy between holding the executives to compensation at the 50th percentile while asking for organizational performance at the 75th or 90th percentile. The Committee suggested the flexibility in a policy to compensate more in a particular year (*i.e.*, up to the 75th percentile) based on strong performance (tied to clear, actionable goals).

Chair B. Miller also suggested framing the incentive plan as positive achievement, rather than as a takeaway.

Mr. Pollack reviewed the market positioning summary of ECH executives by quartile. Ms. Eyre also suggested including job criticality as well as tenure in the policy. The Committee suggested that staff review the 7% taxable benefits allowance that can currently be taken as cash or put into the 457(b) retirement plan and consider conversion to cash compensation.

Plan Design: Mr. Pollack reported that ECH's plan design is market competitive. The Committee discussed the difficulty for the CEO in effectively communicating meaningful messages with only a small amount of incentive pay tied to discretion. Ms. Fligor voiced her support of having some form of discretionary pay. The Committee and Mr. Pollack suggested that discretion could play a larger role by combining the individual and discretionary portions of the annual incentive (not as formulaic) or by allowing more discretion in the determination of base pay. Mr. Pollack cautioned that any changes should not over complicate the plan or be framed as a takeaway.

Metrics & Weighting: Ms. Fisk and Mr. Pollack reviewed the metrics and weighting as further detailed in the materials. There were no additional

	<p>Committee comments.</p> <p>Long-Term Incentives: ECH does not have an LTIP. Mr. Pollack explained that the larger an organization is (like a big system), the more likely it is that they have an LTIP. He recommended that an LTIP should not be used as a retention tool but instead to complement long-term strategic plans. The Committee members commented that an LTIP may make the overall compensation plan too complicated and that there may not be a need for one; discretion and shorter-term annual goals can be used to support the overall strategic plan.</p> <p>Retirement: Several Committee members expressed concerns about the inequity of the SERP. Mr. Pollack noted that any plan changes would be contingent on any legislative changes.</p> <p>Sign-On Benefits: Mr. Pollack that ECH's severance is below market levels. Ms. Fisk explained that the CEO makes all decisions related to sign on benefits as there is no policy document outlining available programs/tools. The Committee discussed the Board's considerations of recommendations related to severance, releases used with severance, and payment of severance through salary continuation and offsets when an executive finds a new job.</p> <p>PTO: The PTO policy is the same for all employees, including executives. Ms. Fisk noted that PTO includes holidays, vacation, and minor illnesses and is accrued from an employee's start date. The Committee discussed whether or not there should be a separate policy for executives to allow flexibility for recruitment.</p>	
<p>8. APPROVAL OF ADDITION OF POSITION (PRESIDENT, SVMD) TO EXECUTIVE COMPENSATION BENEFITS PLAN & FY18 SALARY RANGE</p>	<p>Dan Woods, CEO, Mr. Pollack, and Ms. Stella described the differentiation between recruiting a physician versus a non-physician for the President, SVMD position. Mr. Woods clarified that Silicon Valley Medical Development, LLC (SVMD) is an affiliate of ECH and the position had been previously approved and budgeted.</p> <p>Ms. Eyre left the meeting at 6:12pm.</p> <p>Motion: To recommend the Board add the President, SVMD position to the Executive Compensation Plan with a base salary range of: \$344,000-\$430,000-\$516,000 (non-physician) OR \$467,000-\$584,000-\$700,800 (physician).</p> <p>To recommend the Board approve the weighting of organizational, individual, and discretion be 50%, 40%, and 10% respectively consistent with other organizational Presidents.</p> <p>To recommend that the Executive Compensation Philosophy policy be amended to include the new position.</p> <p>To recommend that the Executive Performance Incentive Plan policy be amended to reflect the weighting of 50%, 40%, 10%.</p> <p>Movant: Wadors Second: Miller Ayes: Fligor, Layney, B. Miller, J. Miller Noes: None Abstentions: None Absent: None Recused: None</p> <p>Ms. Wadors left the meeting at 6:13pm.</p>	<p><i>President, SVMD position inclusion in the Exec Comp benefits plan and FY18 salary range recommended for approval</i></p>
<p>9. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 6:13pm.</p>	<p><i>Adjourned to closed session</i></p>

	Movant: Miller Second: Fligor Ayes: Fligor, Layney, B. Miller, J. Miller Noes: None Abstentions: None Absent: Eyre, Wadors Recused: None	<i>at 6:13pm</i>
10. AGENDA ITEM 13: RECONVENE OPEN SESSION/ REPORT OUT	<p>Open session was reconvened at 6:15pm. Agenda items 10-12 were addressed in closed session.</p> <p>During the closed session, the Committee approved the Minutes of the Closed Session of the Executive Compensation Committee Meeting of September 21, 2017 by a unanimous vote in favor of all members present (Fligor, Layney, B. Miller, J. Miller). Ms. Eyre and Ms. Wadors were absent.</p>	
11. AGENDA ITEM 14: FY18 COMMITTEE PACING PLAN	<p>The Committee and staff discussed adding a Committee meeting in January to review staff's recommendations regarding changes to the executive compensation and benefits program and policies. The purpose of this earlier meeting (rather than waiting until the scheduled March meeting) would be for the Committee to make recommendations that, if approved by the Board, could be incorporated into the FY19 budget. Staff will poll the Committee for possible meeting dates and times.</p> <p>The Committee also requested an update on the progress against goals at the January meeting to assess whether or not the goals should be revised.</p>	<i>Staff to schedule a January 2018 meeting</i> <i>Goals review/ discussion paced for January meeting</i>
12. AGENDA ITEM 15: CLOSING COMMENTS	There were no additional comments from the Committee.	
13. AGENDA ITEM 16: ADJOURNMENT	Motion: To adjourn at 6:23pm. Movant: Miller Second: Layney Ayes: Fligor, Layney, B. Miller, J. Miller Noes: None Abstentions: None Absent: Eyre, Wadors Recused: None	<i>Meeting adjourned at 6:23pm</i>

Attest as to the approval of the foregoing minutes by the Executive Compensation Committee and the Board of Directors of El Camino Hospital.

Bob Miller
Chair, Executive Compensation Committee

Julia Miller
Secretary, ECH Board of Directors

Prepared by: Sarah Rosenberg, Contracts & Board Services Coordinator

February 14, 2018

To: El Camino Hospital Board of Directors

From: Ken King, CASO; Deb Muro, Interim CIO

Subject: **Capital Funding Request – Enterprise Imaging, Picture Archive Communication System (PACS)**

1. **Recommendation:** We request that the Board of Directors approve the 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.
2. **Authority:** As required by policy, capital expenditures exceeding \$500,000 require approval by the Board of Directors.
3. **Problem/Opportunity Definition:** The existing systems used for Diagnostic Radiology Reading, Image Archiving, Image Access, and Business Intelligence and Analytics lag behind industry standards and best practices. The desire to replace these systems over three years ago was put on hold for two primary reasons: 1) the organization needed to complete the installation of the Epic EMR and 2) the department needed to finalize a roadmap for imaging informatics. Now that we have implemented the Epic EMR and developed a technology plan for Imaging Services, we are seeking to upgrade the current technology, protocols, and standards and improve the functional gaps and performance issues that the existing systems present.
4. **Process Description:** A team of physicians and staff from Imaging Services and Information Systems, working with our content expert consultants from Don K. Dennison Solutions, Inc., spent nearly a year executing a development process for the Imaging Services Department. This included a review and assessment of existing systems and processes, as well the development of several recommendations for improvement. The work of the team is well documented in several documents, which include the Current State Overview, the Future State Report, the Enterprise Imaging Program Business Case and the RFP Scorecard and Recommendations. The recommended solution is to acquire the various elements of the Enterprise Imaging and PACS from vendors which will enhance high-availability, business continuity and disaster recovery. It will provide a superior platform for Enterprise Imaging and a reduction in vendor mix and contracts. The systems include an Enterprise Viewer that integrates with the Epic EMR, a Radiology PACS, Advanced Visualization system and a Vendor Neutral Imaging Archive. The final selection of vendors is pending funding approval and final negotiations.
5. **Alternative Solution which Includes Cost Benefit/SWOT Analysis:** The only alternatives to be considered are the vendor mix selected to replace our existing systems. The consideration of continuing to work with our existing systems is not recommended.
6. **Concurrence for Recommendation:** This recommendation is supported by the Radiologists, Cardiologists, the Imaging Management Team, the Information Systems Team, Acute Care Decision

Committee, Ambulatory Decision Committee and the Executive Team. This was recommended for approval by the Finance Committee at its January 29, 2018 meeting. The recommendation also is scheduled to be approved by the Medical Executive Committee at their February 7th meeting.

7. **Outcome Measures and Deadlines:** Upon approval, the next steps include the completion of negotiations and contracts, procurement of hardware and software, and implementation of new systems with activation of all systems by the end of January 2019.
8. **Legal Review:** Legal and compliance reviews of contracts and agreements will follow normal protocols.
9. **Compliance Review:** Legal and compliance reviews of contracts and agreements will follow normal protocols.
10. **Financial Review:** The FY18 Capital Budget Forecast included \$2,286,400 for the replacement of Enterprise Imaging Solutions. The requested funding, not to exceed \$2.2 million, will provide the necessary capital funds to install and implement the new systems. Note that the projected operating costs of the current systems over the next seven (7) years is \$3.1 million and that the projected operating costs of the proposed new systems is \$2.2 million, a \$900,000 expense savings over seven years.

February 14, 2018

To: El Camino Hospital Board of Directors
From: Iftikhar Hussain, CFO
Subject: **Three (3) year extension of RehabCare Agreement**

1. **Proposed Recommendation:** We request that the Board of Directors give management authorization to negotiate and execute a renewal of the RehabCare contract based on the following terms:
 - 1) Term date of 3/31/2021
 - 2) Cost Increase equal to CPI – 1.6% in 2018 and not to exceed 4%
 - 3) Total annual cost based on estimated volume and maximum incentive payout is \$3.9 million
2. **Problem/Opportunity Definition and Financial Review:** RehabCare has managed and provided therapy staff for our acute rehab program since 2010. The program has a contribution margin of \$4.5 million and a breakeven net margin. Typical acute rehab programs run close to break-even contribution margin. The favorable results at LG are due to the RehabCare ability to attract commercial patients.
3. **Quality:** Quality goals for Acute Rehab Center are set annually during the business planning process. Goals are reported under the Hospital Quality Committee. Quality metrics are reviewed during the quarterly Rehab Center update. The quality benchmarks are obtained both regionally and nationally through e-Rehab data and UDS which collects metrics from rehab facilities. In addition, CMS distributes a Pepper Report, which has national benchmarks for Medicare patients.
4. **Authority:** Board approval is required for this renewal according to Policy 51.00.
5. **Process Description:** If this agreement is recommended to the Board, after negotiations are completed and the contract is prepared and reviewed by the General Counsel, the CEO may execute the agreement.
6. **Alternative Solution which Includes Cost Benefit/SWOT Analysis:** There are two alternatives that can be considered. One solution would be to seek alternative outsourcing; however, RehabCare is a known entity and the market leader in rehab; therefore, seeking alternative outsourcing has minimal upside. Our current partner, RehabCare, has provided quality services meeting their quality metrics as well as meeting or exceeding their financial projections. The second solution would be to in-source the service; however, we do not feel we have those competencies or expertise to do so and the costs would be close to the same.
7. **Concurrence for Recommendation:** This recommendation is supported by Executive Leadership Team. This was recommended for approval by the Finance Committee at its January 29, 2018 meeting.
8. **Legal Review:** Legal Counsel will review the final Agreement Modification prior to execution.
9. **Compliance Review:** Compliance will review and approve the proposed three year extension of the agreement and compensation prior to execution.

February 14, 2018

To: El Camino Hospital Board of Directors
From: William Faber, MD, Chief Medical Officer
Subject: **ED On-Call Interventional Radiology Panel Renewal – Los Gatos Campus**

1. **Recommendation:** We request that the Board of Directors approve delegating to the Chief Executive Officer the authority to renew the Los Gatos ED On-Call Interventional Radiology Panel Agreement at the existing rate of \$1,000/day.
2. **Problem/Opportunity Definition:** Radiological Associates Medical Group of Santa Clara Valley, Inc. ("Group") has provided excellent Interventional Radiology coverage services at the Los Gatos campus since February 2015 at the existing rate of \$1,000/day for 24/7/365 coverage with four physicians currently on the Panel. The current rate is over the 90th percentile for fair market value according to the 2017 MD Ranger National Report (SF Bay Area data not available). The current agreement expires February 28, 2018.
3. **Authority:** According to Administrative Policies and Procedures 51.00, Finance Committee review and Board approval is required prior to the Chief Executive Officer signature of physician agreements that exceed the 75th percentile for fair market value and are greater than \$250k in total annual compensation.
4. **Process Description:** Upon Board approval, the Interventional Radiology Call Panel Agreement for the Los Gatos campus will be entered into for an additional three years at a not to exceed rate of \$1,000/day; \$365,000/year.
5. **Alternative Solution which Includes Cost Benefit/SWOT Analysis:** The Hospital proposed a per episode rate to the Group and the Group refused the offer because they could not guarantee availability of a physician at all times without a physician on call daily with a daily stipend.
6. **Concurrence for Recommendation:** Approval of this recommendation is supported by the Interim Chief Operating Officer and Associate Chief Medical Officer at Los Gatos Campus. This was recommended for approval by the Finance Committee at its January 29, 2018 meeting.
7. **Outcome Measures and Deadlines:** Physicians will participate in the peer review process for consultations related to Interventional Radiology call.
8. **Legal Review:** Legal counsel will review the final agreements prior to execution.
9. **Compliance Review:** Compliance will review and approve the final agreements and compensation prior to execution.
10. **Financial Review:** Compensation will be constrained to a not to exceed amount of \$1,000/day, \$365,000.00 per year, which is over the 90th percentile according to the 2017 MD Ranger National Report for Interventional Radiology Call Coverage (75th percentile is \$800/day and 90th percentile is \$910.00/day). We are not proposing an increase in per diem rate. A renewal term of three years will be proposed.

February 14, 2018

To: El Camino Hospital Board of Directors
From: William Faber, MD, Chief Medical Officer
Subject: **ED On-Call Interventional Radiology Panel Renewal – Mountain View Campus**

1. **Recommendation:** We request that the Finance Committee recommend that the Board of Directors approve delegating to the Chief Executive Officer the authority to renew the Mountain View Interventional Radiology ED On-Call Agreement at the existing rate of \$1000/day.
2. **Problem/Opportunity Definition:** Palo Alto Medical Foundation (“PAMF”) has solely provided excellent Interventional Radiology coverage services at the Mountain View campus since March 2015 at the existing rate of \$1000/day for 24/7/365 coverage with five physicians currently on the Panel. The current rate is over the 90th percentile for fair market value. The current agreement expires February 28, 2018.
3. **Authority:** According to Administrative Policies and Procedures 51.00, Finance Committee review and Board approval is required prior to the Chief Executive Officer signature of physician agreements that exceed the 75th percentile for fair market value and are greater than \$250k in total annual compensation.
4. **Process Description:** Upon Board approval, the Interventional Radiology Call Panel Agreement for the Mountain View campus will be entered into for an additional two years at a not to exceed rate of \$1000/day.
5. **Alternative Solution which Includes Cost Benefit/SWOT Analysis:** An alternative solution is not being considered at this time.
6. **Concurrence for Recommendation:** Approval of this recommendation is supported by the Interim Chief Operating Officer and Medical Director, Quality and Physician Services. This was recommended for approval by the Finance Committee at its January 29, 2018 meeting.
7. **Outcome Measures and Deadlines:** Physicians will participate in the peer review process for consultations related to Interventional Radiology call.
8. **Legal Review:** Legal counsel will review the final agreements prior to execution.
9. **Compliance Review:** Compliance will review and approve the final agreements and compensation prior to execution.
10. **Financial Review:** Compensation will be constrained to a not to exceed amount of \$1000.00/day, \$365,000.00 per year, which is over the 90th percentiles according to the 2017 MD Ranger national report for Interventional Radiology Call Coverage: 75th percentile is \$800/day and 90th percentile is \$910.00/day. We are not proposing an increase in per diem rate. A renewal term of two years will be proposed.

February 14, 2018

To: El Camino Hospital Board of Directors
From: William Faber, MD, Chief Medical Officer
Subject: **ED On-Call Urology Panel Renewal – Mountain View Campus**

1. **Recommendation:** We request that the Board of Directors approve delegating to the Chief Executive Officer the authority to renew the Los Gatos Urology ED On-Call Agreement at the increased rate of \$930.00/day.
2. **Problem/Opportunity Definition:** The Hospital has separate Urology Panels at each campus in which urologists respond when needed for emergency evaluations and surgical interventions for patients in the emergency departments and for inpatient Urology consults. Palo Alto Medical Foundation (“PAMF”) and Urological Surgeons of Northern CA (“USNC”) have provided Urology coverage services at the Mountain View campus since December, 2012. In January 2016, the Board approved an increased rate of \$700.00/day at both campuses to include the additional responsibility of covering inpatient consults for unassigned patients. The current MV Urology Panel includes 7 Urologists and agreements expire February 28, 2018.

PAMF physicians requested to renew the Urology ED On-Call Call Panel Agreement for the Mountain View Campus at an increased rate of \$1,000/day, claiming that Good Samaritan pays \$930/day and O’Connor pays \$800/day. The Hospital counteroffered to renew the agreement at an increased rate of \$720/day, which is the 75th percentile for fair market value. PAMF refused that offer, and after further negotiations, the Hospital and PAMF have agreed to renew the MV ED On-Call Urology agreement at the increased rate of \$930/day, which is between the 75th and 90th percentiles according to MD Ranger 2017 SF Bay Area Report (75th: \$720/day and 90th: \$950/day).
3. **Authority:** According to Administrative Policies and Procedures 51.00, Finance Committee review and Board approval is required prior to the Chief Executive Officer signature of physician agreements that exceed the 75th percentile for fair market value and have a greater than 10% increase in compensation.
4. **Process Description:** Upon Board approval, the Urology Call Panel Agreements for the Mountain View campus will be entered into for an additional two years at a not to exceed rate of \$930/day effective March 1, 2018.
5. **Alternative Solution which Includes Cost Benefit/SWOT Analysis:** An alternative solution would be to terminate the Urology Call Panel and transfer patients to another facility, which is not in the best interest for patient care.
6. **Concurrence for Recommendation:** Approval of this recommendation is supported by the Interim Chief Operating Officer, Executive Director, Urology, Men’s Health and Sleep Center and Medical Director, Quality and Physician Services. This was recommended for approval by the Finance Committee at its January 29, 2018 meeting.

7. **Outcome Measures and Deadlines:** Physicians will participate in the peer review process for consultations related to Urology call. Physicians cannot take call at the Mountain View and Los Gatos campuses on the same day.
8. **Legal Review:** Legal counsel will review the final agreements prior to execution.
9. **Compliance Review:** Compliance will review and approve the final agreements and compensation prior to execution.
10. **Financial Review:** Compensation will be constrained to a not to exceed amount of \$930.00/day, which is between the 75th and 90th percentiles according to according to MD Ranger 2017 SF Bay Area Report (75th: \$720/day and 90th: \$950/day). A renewal term of two years will be proposed.

February 14, 2018

To: El Camino Hospital Board of Directors
From: William Faber, MD, Chief Medical Officer
Subject: **ED On-Call Urology Panel Renewal - Los Gatos Campus**

1. **Recommendation:** We request that the Board of Directors approve delegating to the Chief Executive Officer the authority to renew the Los Gatos Urology ED On-Call Agreement at the increased rate of \$930.00/day.
2. **Problem/Opportunity Definition:** The Hospital has separate Urology Panels at each campus in which urologists respond when needed for emergency evaluations and surgical interventions for patients in the emergency departments and for inpatient Urology consults. Urological Surgeons of Northern CA ("USNC") has solely provided Urology call coverage services at the Los Gatos campus since 2010. In January 2016, the Board approved an increased rate of \$700.00/day at both campuses to include the additional responsibility of covering inpatient consults for unassigned patients. The current LG Urology Panel includes 12 Urologists and the agreement expires February 28, 2018. Palo Alto Medical Foundation ("PAMF") and USNC are both contracted to provide Urology call coverage at the MV Campus. PAMF requested an increase to the MV Urology agreement of \$1000/day, claiming that Good Samaritan pays \$930/day and O'Connor pays \$800/day. After much negotiation, PAMF agreed to renew agreement at \$930/day.

USNC refused to renew their LG agreement at the current rate of \$700/day. USNC will only renew their LG agreement if the rate is increased to match the \$930/day rate at the MV campus. USNC also indicated that if the LG rate isn't increased to \$930/day, they would not renew their MV agreement either and after further negotiations, the Hospital and USNC have agreed to renew the LG ED On-Call Urology agreement at the increased rate of \$930/day, which is between the 75th and 90th percentiles according to MD Ranger 2017 SF Bay Area Report (75th: \$720/day and 90th: \$950/day).
3. **Authority:** According to Administrative Policies and Procedures 51.00, Finance Committee review and Board approval is required prior to the Chief Executive Officer signature of physician agreements that exceed the 75th percentile for fair market value, greater than 10% increase in compensation, and are greater than \$250k in total annual compensation.
4. **Process Description:** Upon Board approval, the Urology Call Panel Agreement for the Los Gatos campus will be entered into for an additional two years at a not to exceed rate of \$930/day effective March 1, 2018.
5. **Alternative Solution which Includes Cost Benefit/SWOT Analysis:** The Hospital proposed renewing the Los Gatos Urology Agreement at the current rate of \$700/day and USNC refused. USNC will not participate on the MV or LG Panels if they don't receive the same rate of \$930/day for both campuses. USNC participation is essential to provide sufficient urology call coverage at both campuses. An alternative solution would be to terminate the Urology Call Panel and transfer patients to another facility, which is not in the best interest of patient care.

6. **Concurrence for Recommendation:** Approval of this recommendation is supported by the Interim Chief Operating Officer, Associate Chief Medical Officer for the Los Gatos Campus and Executive Director, Urology, Men's Health and Sleep Center. This was recommended for approval by the Finance Committee at its January 29, 2018 meeting.
7. **Outcome Measures and Deadlines:** Physicians will participate in the peer review process for consultations related to Urology call. Physicians cannot take call at the Mountain View and Los Gatos campuses on the same day.
8. **Legal Review:** Legal counsel will review the final agreements prior to execution.
9. **Compliance Review:** Compliance will review and approve the final agreements and compensation prior to execution.
10. **Financial Review:** Compensation will be constrained to a not to exceed amount of \$930.00/day, \$339,450.00 per year, which is between the 75th and 90th percentiles according to according to MD Ranger 2017 SF Bay Area Report (75th: \$720/day and 90th: \$950/day). A renewal term of two years will be proposed.

SUMMARY OF POLICIES/PROTOCOLS FOR REVIEW AND APPROVAL - BOARD

Jan-18

NEW POLICIES/PROCEDURES			
Document Name	Department	Type of Document	Summary of Document Changes
DOCUMENTS WITH MAJOR REVISIONS			
Document Name	Department	Type of Document	Summary of Policy Changes
DOCUMENTS WITH MINOR REVISIONS			
Document Name	Department	Type of Document	Summary of Policy Changes
Physician Financial Arrangements	Compliance	Policy	Revisions added that were requested by the Board
DOCUMENTS WITH NO REVISIONS			
Document Name	Department	Type of Document	No Revisions
Community Benefits Grants	Finance	Policy	
DOCUMENTS FOR INFORMATION ONLY			
Document Name	Department	Type of Document	Summary of Policy Changes



El Camino Hospital

THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2018 – Period 5
7/1/2017 to 11/30/2017

Dashboard - ECH combined as of November 30, 2017

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
Volume								
Licensed Beds	443	443	443	-	443	443	443	-
ADC	222	246	231	15	229	238	231	7
Adjusted Discharges	2,649	2,996	2,727	269	13,622	14,768	14,139	629
Total Discharges (Excl NNB)	1,504	1,728	1,575	153	7,862	8,422	8,149	273
Inpatient Cases								
MS Discharges	1,007	1,182	1,084	98	5,263	5,816	5,549	267
Deliveries	378	401	383	18	1,999	1,980	2,016	(36)
BHS	78	99	70	29	388	452	377	75
Rehab	41	46	38	8	212	174	208	(34)
Outpatient Cases								
ED	11,759	12,140	11,804	336	59,395	61,781	60,538	1,243
Procedural Cases	3,726	3,752	3,921	(169)	19,459	19,683	20,106	(423)
OP Surg	375	423	368	55	1,777	1,965	1,884	81
Endo	211	184	171	13	982	985	876	109
Interventional	164	149	170	(21)	908	844	874	(30)
All Other	7,283	7,632	7,174	458	36,269	38,304	36,797	1,507
Financial Perf.								
Net Patient Revenues	64,350	78,331	65,930	12,401	335,040	372,076	344,016	28,060
Total Operating Revenue	69,728	83,180	67,781	15,399	347,564	385,900	353,979	31,920
Operating Expenses	60,159	65,099	62,208	2,891	300,654	318,713	318,183	530
Operating Income \$	9,570	18,081	5,573	12,507	46,910	67,187	35,796	31,391
Operating Margin	13.7%	21.7%	8.2%	13.5%	13.5%	17.4%	10.1%	7.3%
EBITDA \$	14,079	22,823	10,665	12,158	69,569	89,346	60,735	28,611
EBITDA %	20.2%	27.4%	15.7%	11.7%	20.0%	23.2%	17.2%	6.0%
IP Margin ¹	5.8%	12.6%	-10.2%	22.8%	5.8%	12.6%	-10.2%	22.8%
OP Margin ¹	37.0%	42.2%	31.7%	10.5%	37.0%	42.2%	31.7%	10.5%
Payor Mix								
Medicare	46.2%	46.3%	47.4%	-1.1%	46.7%	46.1%	47.4%	-1.3%
Medi-Cal	7.9%	7.8%	7.2%	0.6%	7.4%	8.0%	7.2%	0.7%
Commercial IP	22.0%	22.6%	22.6%	0.0%	23.1%	22.7%	22.6%	0.1%
Commercial OP	21.5%	20.9%	20.3%	0.6%	20.4%	20.6%	20.3%	0.3%
Total Commercial	43.4%	43.4%	42.9%	0.6%	43.5%	43.3%	42.9%	0.4%
Other	2.5%	2.5%	2.5%	0.0%	2.5%	2.6%	2.5%	0.1%
Cost								
Total FTE	2,458.7	2,566.2	2,487.8	78	2,470.0	2,563.9	2,498.0	66
Productive Hrs/APD	31.0	29.8	31.1	(1)	30.8	30.5	31.1	(1)
Balance Sheet								
Net Days in AR	44.8	46.0	48.0	(2)	44.8	46.0	48.0	(2)
Days Cash	444	477	266	211	444	477	266	211
Affiliates - Net Income (\$000s)								
Hosp	8,449	27,017	5,799	21,218	54,193	100,227	54,193	46,034
Concern	(254)	43	137	(94)	226	945	649	296
ECSC	(1)	(2)	0	(2)	(51)	(18)	0	(18)
Foundation	361	493	105	388	884	1,216	371	846
SVMD	(31)	389	(7)	395	31	564	15	549

Volume:

- For the year, overall volume, measured in adjusted discharges is 2.3% higher than budget.
- IP cases are 3.4% over budget, specifically Neurosciences, HVI, BHS, Oncology and Urology. However deliveries are lower than prior year by 1.0% and 1.8% below budget
- OP discharges are higher than budget in General Surgery, Imaging Services, MCH, Rehab and Urology.

Financial Performance:

- Operating income is \$12.5M over budget, due to favorable revenue and higher volume. Rev for the month include \$4.1 million in unusual items. For the year op margin is \$31.4M ahead of target

Payor Mix:

- Commercial insurance is 0.6% more of the Payor Mix in November than budget.

Cost:

- Prod Hrs/APD for November is 29.8 and slightly better than budget. YTD we are slightly better than budget

Balance Sheet:

- Net days in AR is 46.0 which is 1.0 days less than budget.

Budget Variances

Fiscal Year 2018 YTD (7/1/2017-11/30/2017) Waterfall

(in thousands; \$000s)	Year to Date (YTD)	
	Net Income Impact	% Net Revenue
Budgeted Hospital Operations FY2018	35,796	10.1%
Net Revenue - Favorable due to higher volume, favorable payor mix and \$9.2 million unusual items	31,920	8.3%
Labor and Benefit Expense Change - Labor is close to budget after adjusting for higher volume	(2,574)	-0.7%
Professional Fees & Purchased Services - Recruiting costs increases in many services in combination with Consulting fee and Purchased services increases in IT and Facilities.	(1,612)	-0.4%
Supplies - Slightly unfavorable due to increase in surgical supplies, offset by savings in Spine and Heart valves and an increase in Drug expense	(125)	0.0%
	1,001	0.3%
Other Expenses - primarily due to no strategic fund expenses.		
Depreciation & Interest - Favorable due to delay in Parking Structure as well as some LG projects	2,780	0.7%
Actual Hospital Operations FY2018	67,187	17.4%

El Camino Hospital (\$000s)

5 months ending 11/30/2017

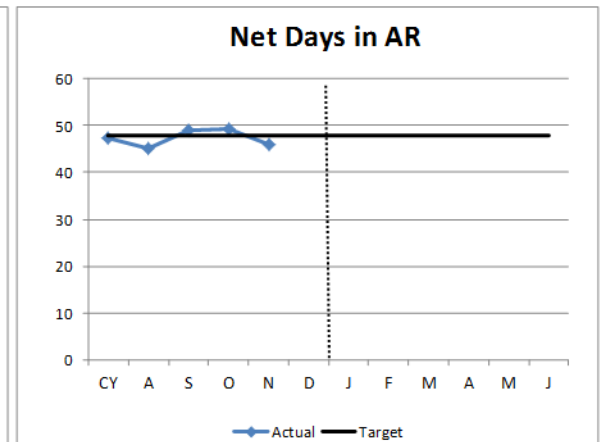
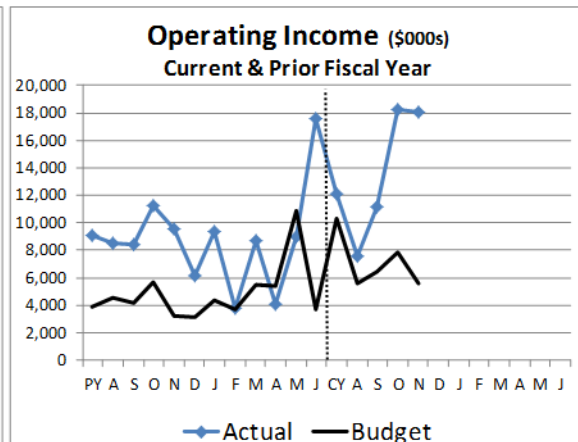
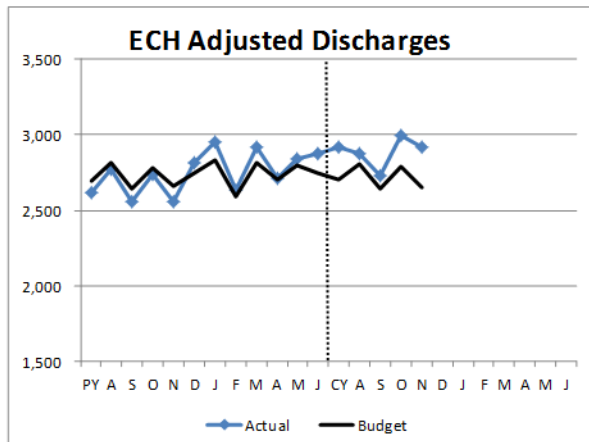
Period 5 FY 2017	Period 5 FY 2018	Period 5 Budget 2018	Variance Fav (Unfav)	Var%		YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
					\$000s					
OPERATING REVENUE										
238,597	278,325	255,565	22,760	8.9%	Gross Revenue	1,198,251	1,370,889	1,306,246	64,643	4.9%
(174,248)	(199,994)	(189,635)	(10,359)	1.0%	Deductions	(863,211)	(998,813)	(962,230)	(36,583)	3.8%
64,350	78,331	65,930	12,401	18.8%	Net Patient Revenue	335,040	372,076	344,016	28,060	8.2%
5,379	4,849	1,851	2,998	161.9%	Other Operating Revenue	12,524	13,824	9,963	3,861	38.7%
69,728	83,180	67,781	15,399	22.7%	Total Operating Revenue	347,564	385,900	353,979	31,920	9.0%
OPERATING EXPENSE										
35,777	38,238	37,275	(963)	-2.6%	Salaries & Wages	181,969	194,133	191,559	(2,574)	-1.3%
9,937	10,453	9,686	(766)	-7.9%	Supplies	45,977	49,780	49,655	(125)	-0.3%
7,746	9,147	7,666	(1,481)	-19.3%	Fees & Purchased Services	38,420	41,282	39,670	(1,612)	-4.1%
2,189	2,519	2,489	(31)	-1.2%	Other Operating Expense	11,629	11,359	12,360	1,001	8.1%
470	647	725	78	10.8%	Interest	2,357	2,150	3,627	1,477	40.7%
4,039	4,095	4,366	271	6.2%	Depreciation	20,302	20,009	21,311	1,302	6.1%
60,159	65,099	62,208	(2,891)	-4.6%	Total Operating Expense	300,654	318,713	318,183	(530)	-0.2%
9,570	18,081	5,573	12,507	224.4%	Net Operating Income/(Loss)	46,910	67,187	35,796	31,391	87.7%
(1,121)	8,936	225	8,711	3866.2%	Non Operating Income	7,284	33,041	1,126	31,914	2833.1%
8,449	27,017	5,799	21,218	365.9%	Net Income(Loss)	54,193	100,227	36,922	63,305	171.5%
20.2%	27.4%	15.7%	11.7%		EBITDA	20.0%	23.2%	17.2%	6.0%	
13.7%	21.7%	8.2%	13.5%		Operating Margin	13.5%	17.4%	10.1%	7.3%	
12.1%	32.5%	8.6%	23.9%		Net Margin	15.6%	26.0%	10.4%	15.5%	

Non Operating Items and Net Income by Affiliate

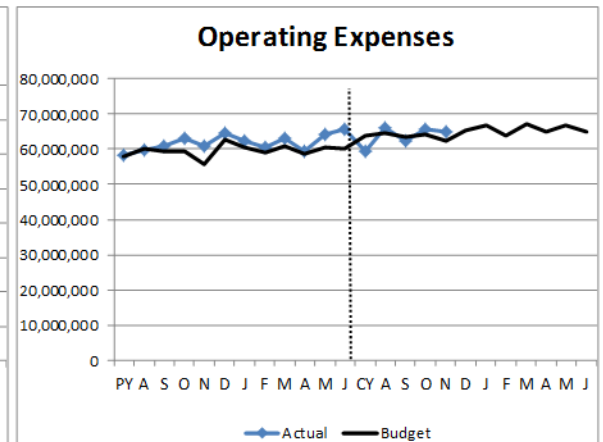
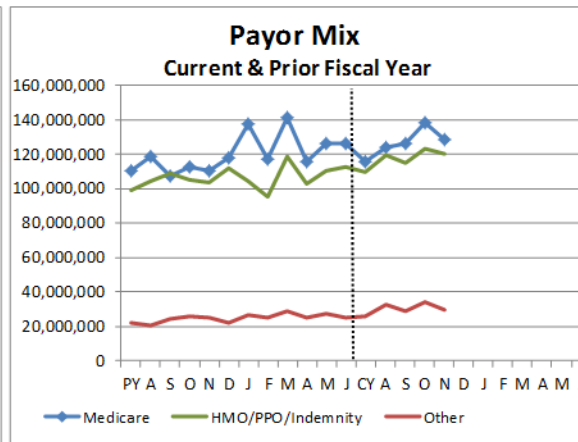
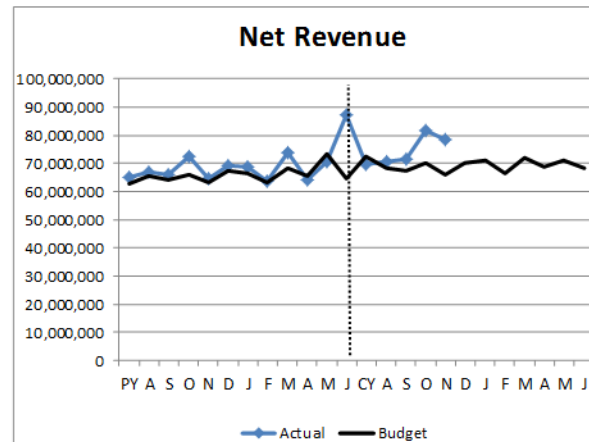
\$ in thousands

	Period 5 - Month			Period 5 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	16,554	4,443	12,111	60,908	29,295	31,613
Los Gatos	1,527	1,130	397	6,279	6,501	(222)
Sub Total - El Camino Hospital, excl. Affilates	18,081	5,573	12,507	67,187	35,796	31,391
Operating Margin %	21.7%	8.2%		17.4%	10.1%	
El Camino Hospital Non Operating Income						
Investments	8,772	1,516	7,257	36,459	7,578	28,882
Swap Adjustments	324	0	324	499	0	499
Community Benefit	(37)	(283)	247	(2,100)	(1,417)	(683)
Pathways	135	42	93	312	208	104
Satellite Dialysis	(8)	(35)	27	(86)	(177)	91
Other	(250)	(1,013)	763	(2,045)	(5,066)	3,021
Sub Total - Non Operating Income	8,936	225	8,711	33,041	1,126	31,914
El Camino Hospital Net Income (Loss)	27,017	5,799	21,218	100,227	36,922	63,305
ECH Net Margin %	32.5%	8.6%		26.0%	10.4%	
Concern	43	137	(94)	945	649	296
ECSC	(2)	0	(2)	(18)	0	(18)
Foundation	493	105	388	1,216	371	846
Silicon Valley Medical Development	389	236	153	564	15	549
Net Income Hospital Affiliates	922	236	686	2,708	1,035	1,673
Total Net Income Hospital & Affiliates	27,939	6,035	21,904	102,935	37,957	64,978

Monthly Financial Trends

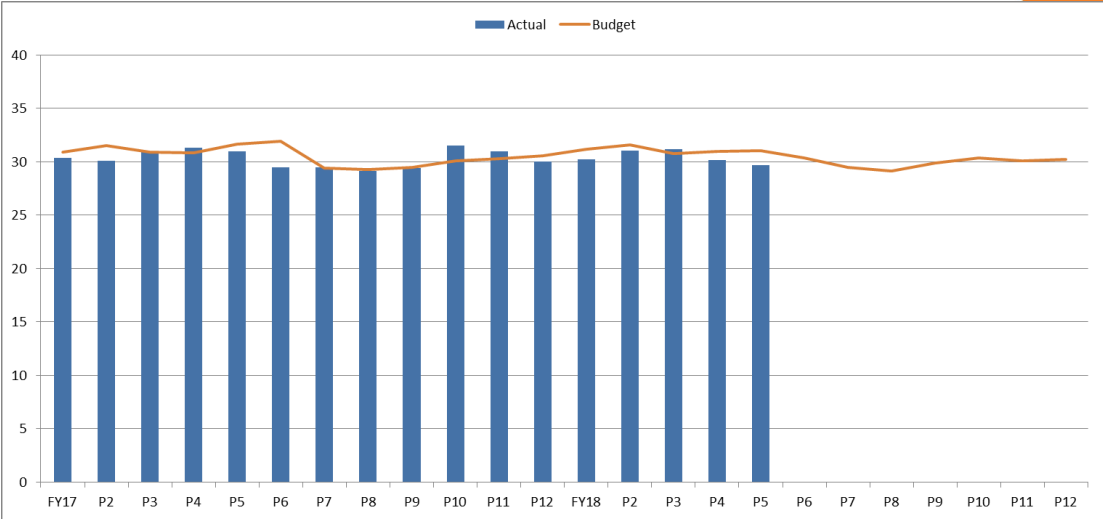


Volume is higher than budgeted for the month and the year. High inpatient volume is in Inpatient HVI and General Medicine. High Outpatient volume is General Medicine, Imaging Services, MCH, Lab, Outpatient Clinics and Rehab.



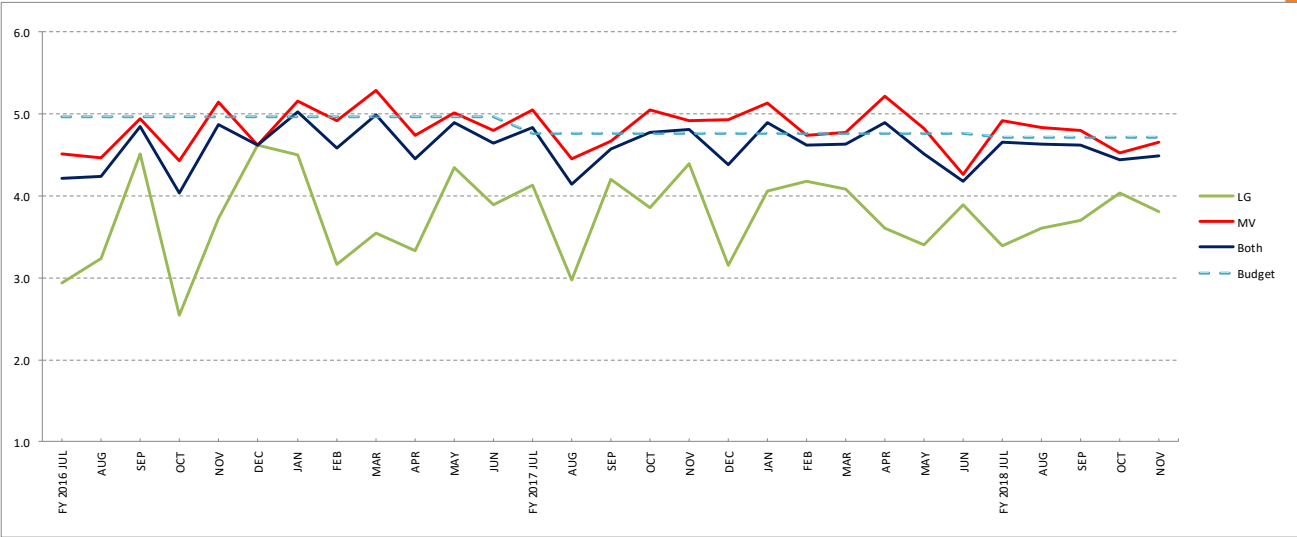
Productivity and Medicare Length of Stay

Work hours per adjusted patient day decreased in November under budget by 1.3. Overall the month of November is 29.8 worked hours per adjusted patient day.

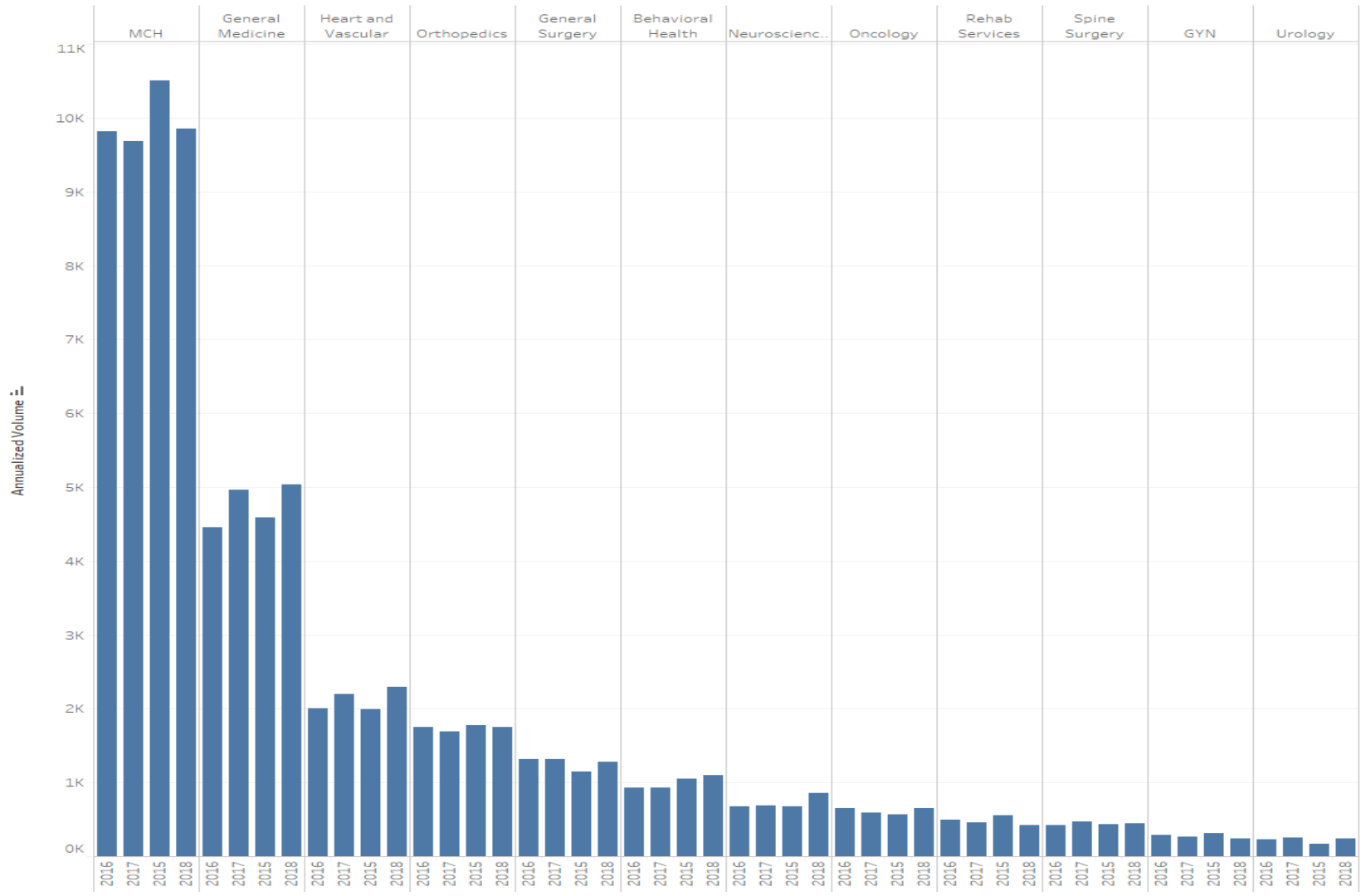


Medicare ALOS

ALOS remains better than target



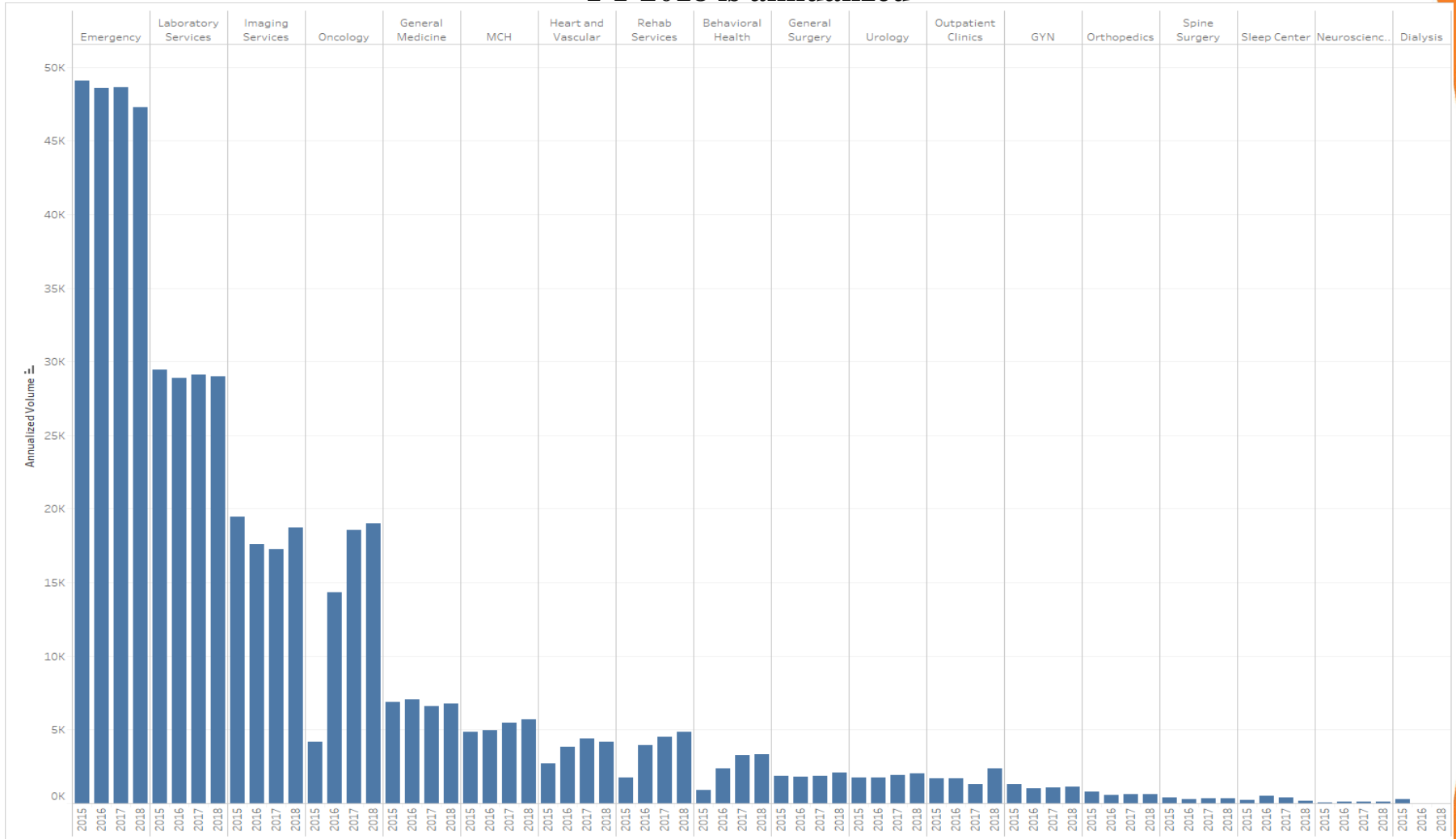
El Camino Hospital Volume Annual Trends – Inpatient



- General Medicine, HVI, Behavioral Health, and Neuroscience display an increasing trend year to year.
- Conversely, Orthopedics, Rehab Services and GYN show a decreasing trend year to year.
- The remaining service lines are staying flat.

El Camino Hospital Volume Annual Trends – Outpatient

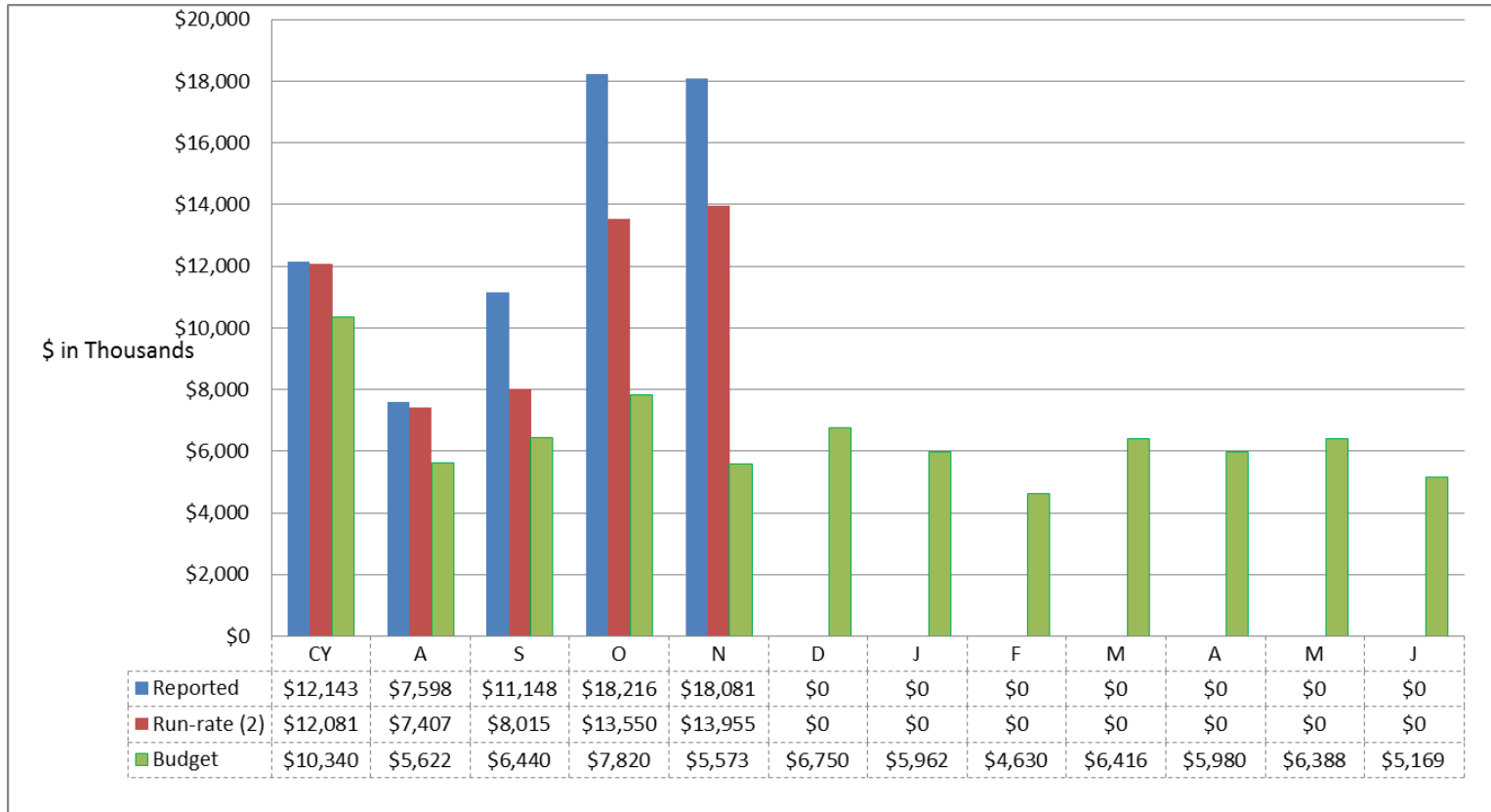
FY 2018 is annualized



- Comparing year-over-year Oncology, MCH, Rehab Services, Behavioral Health, General Surgery, and Outpatient Clinics are all increasing in volume.

ECH Operating Margin

Run rate is booked operating income adjusted for material non-recurring transactions



FY 2018 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>

Revenue Adjustments	J	A	S	O	N	YTD
Insurance (Payment Variance)	-	-	-	611	-	611
Mcare Settlmt/Appeal/Tent Settlmt/PIP	54	155	905	54	184	1,352
Hospital Fee	-	-	-	712	1,024	1,736
PRIME Incentive	-	-	-	-	2,902	2,902
Credit Balance Quarterly Review	-	-	2,201	-	-	2,201
Late Charge Accrual	-	-	-	3,283	-	3,283
Various Adjustments under \$250k	9	36	27	6	16	93
Total	63	191	3,134	4,667	4,126	9,278

El Camino Hospital Investment Committee Scorecard

September 30, 2017

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY18 Year-end Budget	Expectation Per Asset Allocation
Investment Performance		3Q 2017		Fiscal Year-to-date		4y 11m Since Inception (annualized)		2017	
Surplus cash balance & op. cash (millions)*		\$1,158.2	--	--	--	--	--	\$1,262.5	--
Surplus cash return		2.7%	2.7%	2.7%	2.7%	5.7%	5.6%	1.9%	5.7%
Cash balance plan balance (millions)		\$250.4	--	--	--	--	--	\$257.1	--
Cash balance plan return		3.1%	3.1%	3.1%	3.1%	8.2%	7.6%	6.0%	6.1%
403(b) plan balance (millions)		\$411.2	--	--	--	--	--	--	--
Risk vs. Return		3-year				4y 11m Since Inception (annualized)		2017	
Surplus cash Sharpe ratio		1.08	1.13	--	--	1.36	1.33	--	0.46
Net of fee return		5.0%	5.3%	--	--	5.7%	5.6%	--	5.7%
Standard deviation		4.4%	4.4%	--	--	4.0%	4.1%	--	7.2%
Cash balance Sharpe ratio		1.08	1.07	--	--	1.45	1.39	--	0.43
Net of fee return		6.3%	6.0%	--	--	8.2%	7.6%	--	6.1%
Standard deviation		5.6%	5.3%	--	--	5.4%	5.2%	--	8.7%
Asset Allocation		3Q 2017							
Surplus cash absolute variances to target		8.4%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		6.2%	< 10%	--	--	--	--	--	--
Manager Compliance		3Q 2017							
Surplus cash manager flags		19	< 19 Green < 23 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		19	< 20 Green < 25 Yellow	--	--	--	--	--	--

*Includes Debt Reserve funds, excludes District assets, Foundation assets, and Concern.

El Camino Hospital

Capital Spending (in millions)

As of November 2017

Category	Detail	Approved	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	2018 Proj Spend	FY 18 YTD Spent
CIP	EPIC Upgrade			1.9	1.0	1.0	1.0
IT Hardware, Software, Equipment & Imaging*				12.2	0.4	11.8	0.4
Medical & Non Medical Equipment FY 17**				10.3	7.3	3.0	7.3
Medical & Non Medical Equipment FY 18***				5.6	1.6	4.1	1.6
Facility Projects							
	1245 Behavioral Health Bldg	FY16	96.1	96.1	29.3	27.0	11.7
	1413 North Drive Parking Expansion	FY15	24.5	24.5	23.3	2.6	3.5
	1414 Integrated MOB	FY15	302.1	302.1	68.5	72.0	22.6
	1422 CUP Upgrade	FY16	9.0	9.0	3.2	5.5	0.9
	1430 Women's Hospital Expansion	FY16	120.0	6.0	2.1	3.6	1.6
	1425 IMOB Preparation Project - Old Main	FY16	20.0	0.0	2.7	0.0	0.1
	1502 Cabling & Wireless Upgrades	FY16	0.0	0.0	2.5	0.0	0.1
	1525 New Main Lab Upgrades		3.1	3.1	1.2	2.5	0.8
	1515 ED Remodel Triage/Psych Observation	FY16	5.0	0.3	0.0	0.4	0.0
	1503 Willow Pavilion Tomosynthesis	FY16	0.8	0.0	0.3	0.0	0.0
	1602 JW House (Patient Family Residence)		6.5	0.5	0.0	0.5	0.0
	Site Signage and Other Improvements		1.0	0.0	0.0	0.3	0.0
	IR Room #6 Development		0.0	0.0	0.0	0.0	0.0
	Nurse Call System Upgrades		2.4	0.0	0.0	0.1	0.0
	1707 Imaging Equipment Replacement (5 or 6 rooms)		20.7	0.0	0.0	0.3	0.0
	1708 IR/ Cath Lab Equipment Replacement		19.4	0.0	0.0	0.3	0.0
	1709 ED Remodel / CT Triage - Other		0.0	0.0	0.0	0.0	0.0
	Flooring Replacement		1.6	0.3	0.0	0.4	0.0
	1219 LG Spine OR	FY13	0.0	0.0	3.7	0.0	0.3
	1313 LG Rehab HVAC System & Structural	FY16	0.0	0.0	4.1	0.0	0.4
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	8.8	8.8	8.0	0.6	0.7
	1307 LG Upgrades	FY13	19.3	19.3	15.2	4.9	1.4
	1519 LG Electrical Systems Upgrade	FY16	0.0	0.0	0.0	0.0	0.0
	1508 LG NICU 4 Bed Expansion	FY16	0.0	0.0	0.2	0.0	0.0
	1507 LG IR Upgrades		1.3	0.0	0.0	0.0	0.0
	LG Building Infrastructure Upgrades		0.0	0.0	0.0	0.0	0.0
	1603 LG MOB Improvements (17)		5.0	5.0	3.4	3.5	3.1
	1711 Emergency Sanitary & Water Storage		1.4	0.3	0.0	0.2	0.0
	LG Modular MRI & Awning		3.9	3.9	0.0	0.4	0.0
	LG Nurse Call System Upgrade		2.8	0.0	0.0	0.0	0.0
	LG Observation Unit (Conversion of ICU 2)		1.8	0.0	0.0	0.8	0.0
	1712 LG Cancer Center		2.4	0.3	0.0	0.4	0.0
	All Other Projects under \$1M		5.6	0.4	11.4	1.8	2.2
GRAND TOTAL			684.4	479.6	179.2	128.0	49.5
				509.7	189.4	147.9	59.7

*Excluding EPIC

** Unspent Prior Year routine used as contingency

***Includes 2 robot purchases

Balance Sheet (in thousands)

ASSETS

	Audited	
	November 30, 2017	June 30, 2017
CURRENT ASSETS		
Cash	125,574	125,551
Short Term Investments	141,908	140,284
Patient Accounts Receivable, net	117,039	109,089
Other Accounts and Notes Receivable	2,542	2,628
Intercompany Receivables	1,616	1,495
(1) Inventories and Prepaids	57,059	50,657
Total Current Assets	445,738	429,705
BOARD DESIGNATED ASSETS		
(2) Plant & Equipment Fund	142,671	131,153
Women's Hospital Expansion	9,298	9,298
(3) Operational Reserve Fund	127,908	100,196
(4) Community Benefit Fund	18,463	12,237
Workers Compensation Reserve Fund	20,839	20,007
Postretirement Health/Life Reserve Fund	19,425	19,218
PTO Liability Fund	23,609	23,409
Malpractice Reserve Fund	1,634	1,634
Catastrophic Reserves Fund	17,809	16,575
Total Board Designated Assets	381,657	333,727
(5) FUNDS HELD BY TRUSTEE	250,375	287,052
LONG TERM INVESTMENTS	283,017	256,652
INVESTMENTS IN AFFILIATES	33,426	32,451
PROPERTY AND EQUIPMENT		
(6) Fixed Assets at Cost	1,246,793	1,192,047
Less: Accumulated Depreciation	(548,570)	(531,785)
Construction in Progress	130,235	138,017
Property, Plant & Equipment - Net	828,458	798,279
DEFERRED OUTFLOWS	28,710	28,960
RESTRICTED ASSETS - CASH	0	0
TOTAL ASSETS	2,251,382	2,166,825

LIABILITIES AND FUND BALANCE

	Audited	
	November 30, 2017	June 30, 2017
CURRENT LIABILITIES		
(7) Accounts Payable	30,489	38,457
(8) Salaries and Related Liabilities	22,562	25,109
Accrued PTO	23,609	23,409
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	10,001	10,438
Intercompany Payables	105	84
Malpractice Reserves	1,634	1,634
Bonds Payable - Current	3,735	3,735
(9) Bond Interest Payable	9,333	11,245
Other Liabilities	5,921	4,889
Total Current Liabilities	109,690	121,299
LONG TERM LIABILITIES		
Post Retirement Benefits	19,425	19,218
Worker's Comp Reserve	18,539	17,707
Other L/T Obligation (Asbestos)	3,793	3,746
Other L/T Liabilities (IT/Medl Leases)	-	-
Bond Payable	526,872	527,371
Total Long Term Liabilities	568,629	568,042
DEFERRED REVENUE-UNRESTRICTED	412	567
DEFERRED INFLOW OF RESOURCES	10,666	10,666
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	1,180,329	1,132,525
Board Designated	381,657	333,726
Restricted	0	0
(10) Total Fund Bal & Capital Accts	1,561,986	1,466,251
TOTAL LIABILITIES AND FUND BALANCE	2,251,382	2,166,825

November 2017 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The increase is due to two quarterly pension fundings of \$2.6M in July and October.
- (2) The increase is due 5 months of funded depreciation contributions (130% of straight depreciation expense. Note this amount also contains \$14M reserved for BHS replacement building currently under construction, in conjunction with bond proceeds.
- (3) The increase here is to reset the Operational Reserve (to cover 60 days of operating expenses) for FY2018. The prior year balance hadn't been reset in a couple of years.
- (4) The increase is due to an approved addition of \$5 million to the Community Benefit Board Designated Endowment as an outcome of the FY2018 budget process to generate additional investment income for the Community Benefits program.
- (5) The decrease is due to additional draws from the 2017 bond financing Project Funds in support of monthly payments to contractors involved with the construction projects at the Mountain View campus. As these projects are now in full progress greater amounts will be withdrawn in future periods.
- (6) The increase is due to the capitalization of the Parking Structure expansion in August and CT upgrades at LG in September.
- (7) The decrease is due to the significant General Contractor construction payments being accrued at year end, along with associated retentions and other general accounts payable activity that were subsequently relieved in this first quarter of fiscal year 2018.
- (8) Primarily the decrease in current year is due to the Management incentives and "Thank You" bonuses paid to all staff in appreciation of the outcomes of fiscal year 2017 in October. These amounts were accrued during the 2017 fiscal year
- (9) The decrease in bond interest payable was due to the semi-annual interest payment due August 1st of \$4.9 million.
- (10) The increase is attributable to the first five periods of financial performance producing an operating income of \$67 million and non-operating of \$33 million (mostly from unrealized gains on investments).

⁽¹⁾ Hospital entity only, excludes controlled affiliates

EL CAMINO HOSPITAL - BOARD DESIGNATED FUND DESCRIPTIONS/HISTORY (1 OF 2)

Plant & Equipment Fund – original established by the District Board in the early 1960's to fund new capital expansion projects of building facilities or equipment (new or replacements). The funds came from the M&O property taxes being received and the funding depreciation expense at 100%. When at the end of 1992, the 501(c)(3) Hospital was performed by the District, the property tax receipts remained with the District. The newly formed Hospital entity continued on with funding depreciation expense, but did that funding at 130% of the depreciation expense to account for an expected replacement cost of current plant and property assets. It is to be noted that within this fund is an itemized amount of \$14 million for the Behavioral Health Service building replacement project. This amount came from the District's Capital Appropriation Fund (excess Gann Limit property taxes) of the fiscal years of 2010 thru 2013 by various District board actions.

Women's Hospital Expansion – established June 2016 by the District authorizing the amounts accumulated in its Capital Appropriation Fund (excess Gann Limit property taxes) for the fiscal years of 2014 and 2015 to be allocated for the renovation of the Women's Hospital upon the completion of Integrated Medical Office Building currently under construction.

Operational Reserve Fund – originally established by the District in May 1992 to establish a fund equal to sixty (60) days of operational expenses (based on projected budget) and only be used in the event of a major business interruption event and/or cash flow.

Community Benefit Fund – following in the footsteps of the District in 2008 of forming its Community Benefit Fund using Gann Limit tax receipts, the Hospital in 2010 after opening its campus outside of District boundaries in Los Gatos formed its own Community Benefit Fund to provide grants/sponsorships in Los Gatos and surrounding areas. The funds come from the Hospital reserving \$1.5M a year from its operations, the entity of CONCERN contributing 40% of its annual income each year (an amount it would have paid in corporate taxes if it wasn't granted tax exempt status), that generates an amount of \$800,000 or more a year. \$15 million within this fund is a board designated endowment fund formed in 2015 with a \$10 million contribution, and added to at the end of the 2017 fiscal year end with another \$5 million contribution, to generate investment income to be used for grants and sponsorships, currently anticipated to generate \$500,000 a year in investment income for the program.

EL CAMINO HOSPITAL - BOARD DESIGNATED FUND DESCRIPTIONS/HISTORY (2 OF 2)

Workers Compensation Reserve Fund – as the Hospital is self-insured for its workers compensation program (since 1978) this fund was originally formed in early 2000's by management to reserve cash equal to the yearly actuarially determined Workers Compensation amount. The thought being if the business was to terminate for some reason this is the amount in cash that would be needed to pay out claims over the next few years.

Postretirement Health/Life Reserve Fund – following the same formula as the Workers Compensation Reserve Fund this fund was formed in the early 2000's by management to reserve cash equal to the yearly actuarially determined amount to fund the Hospital's postretirement health and life insurance program. Note this program was frozen in 1995 for all new hires after that date.

PTO (Paid Time Off) Liability Fund – originally formed in 1993 as the new 501(c)(3) Hospital began operations, management thought as a business requirement of this vested benefit program that monies should be set aside to extinguish this employee liability should such a circumstance arise. This balance is equal to the PTO Liability on the Balance Sheet.

Malpractice Reserve Fund – originally established in 1989 by the then District's Finance Committee and continued by the Hospital. The amount is actuarially determined each year as part of the annual audit to fund potential claims less than \$50,000. Above \$50,000 our policy with the BETA Healthcare Group kicks in to a \$30 million limit per claim/\$40 million in the aggregate.

Catastrophic Loss Fund – was established in 1999 by the Hospital Board to be a "self-insurance" reserve fund for potential non-major earthquake repairs. Initially funded by the District transferring \$5 million and has been added to by the last major payment from FEMA for the damage caused the Hospital by the October 1989 earthquake. It is to be noted that it took 10 years to receive final settlement from FEMA grants that totaled \$6.8 million that did mostly cover all the necessary repairs.

APPENDIX

El Camino Hospital – Mountain View (\$000s)

5 months ending 11/30/2017

Period 5 FY 2017	Period 5 FY 2018	Period 5 Budget 2018	Variance Fav (Unfav)	Var%		YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
					\$000s					
					OPERATING REVENUE					
195,724	225,175	210,131	15,044	7.2%	Gross Revenue	987,767	1,121,492	1,071,131	50,361	4.7%
(141,723)	(160,793)	(156,640)	(4,153)	2.7%	Deductions	(709,485)	(814,375)	(791,482)	(22,893)	2.9%
54,001	64,382	53,491	10,891	20.4%	Net Patient Revenue	278,282	307,117	279,649	27,468	9.8%
5,205	4,681	1,634	3,046	186.4%	Other Operating Revenue	11,657	13,013	8,898	4,115	46.2%
59,206	69,063	55,126	13,937	25.3%	Total Operating Revenue	289,939	320,130	288,547	31,583	10.9%
					OPERATING EXPENSE					
29,851	31,787	31,205	(582)	-1.9%	Salaries & Wages	152,040	161,538	160,248	(1,290)	-0.8%
8,053	8,357	7,814	(544)	-7.0%	Supplies	38,071	40,171	39,923	(248)	-0.6%
6,571	7,667	6,425	(1,241)	-19.3%	Fees & Purchased Services	31,901	34,754	33,230	(1,525)	-4.6%
532	534	887	353	39.8%	Other Operating Expense	3,259	3,241	4,488	1,246	27.8%
470	647	725	78	10.8%	Interest	2,357	2,150	3,627	1,477	40.7%
3,525	3,516	3,626	110	3.0%	Depreciation	17,642	17,369	17,737	368	2.1%
49,002	52,509	50,682	(1,826)	-3.6%	Total Operating Expense	245,270	259,222	259,252	30	0.0%
10,204	16,554	4,443	12,111	272.6%	Net Operating Income/(Loss)	44,669	60,908	29,295	31,613	107.9%
(1,121)	8,936	225	8,711	3866.2%	Non Operating Income	7,294	33,085	1,126	31,959	2837.0%
9,083	25,489	4,668	20,821	446.0%	Net Income(Loss)	51,963	93,993	30,421	63,571	209.0%
24.0%	30.0%	16.0%	14.0%		EBITDA	22.3%	25.1%	17.6%	7.6%	
17.2%	24.0%	8.1%	15.9%		Operating Margin	15.4%	19.0%	10.2%	8.9%	
15.3%	36.9%	8.5%	28.4%		Net Margin	17.9%	29.4%	10.5%	18.8%	

El Camino Hospital – Los Gatos(\$000s)

5 months ending 11/30/2017

Period 5 FY 2017	Period 5 FY 2018	Period 5 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
42,873	53,150	45,434	7,716	17.0%	Gross Revenue	210,484	249,397	235,115	14,282	6.1%
(32,524)	(39,201)	(32,995)	(6,206)	18.8%	Deductions	(153,726)	(184,438)	(170,748)	(13,690)	8.0%
10,349	13,949	12,438	1,510	12.1%	Net Patient Revenue	56,758	64,959	64,367	592	0.9%
173	169	217	(49)	-22.4%	Other Operating Revenue	867	811	1,065	(254)	-23.9%
10,522	14,117	12,656	1,462	11.5%	Total Operating Revenue	57,625	65,770	65,432	337	0.5%
OPERATING EXPENSE										
5,926	6,451	6,070	(381)	-6.3%	Salaries & Wages	29,929	32,595	31,311	(1,284)	-4.1%
1,884	2,095	1,873	(223)	-11.9%	Supplies	7,906	9,609	9,732	123	1.3%
1,175	1,480	1,241	(239)	-19.3%	Fees & Purchased Services	6,519	6,528	6,441	(87)	-1.4%
1,657	1,985	1,601	(384)	-24.0%	Other Operating Expense	8,370	8,118	7,873	(245)	-3.1%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
514	579	740	161	21.8%	Depreciation	2,660	2,640	3,574	934	26.1%
11,156	12,590	11,525	(1,065)	-9.2%	Total Operating Expense	55,384	59,490	58,931	(559)	-0.9%
(634)	1,527	1,130	397	35.1%	Net Operating Income/(Loss)	2,241	6,279	6,501	(222)	-3.4%
0	0	0	0	0.0%	Non Operating Income	(10)	(45)	0	(45)	0.0%
(634)	1,527	1,130	397	35.1%	Net Income(Loss)	2,231	6,235	6,501	(266)	-4.1%
-1.1%	14.9%	14.8%	0.1%		EBITDA	8.5%	13.6%	15.4%	-1.8%	
-6.0%	10.8%	8.9%	1.9%		Operating Margin	3.9%	9.5%	9.9%	-0.4%	
-6.0%	10.8%	8.9%	1.9%		Net Margin	3.9%	9.5%	9.9%	-0.5%	

Capital Spend Trend & FY 18 Budget

Capital Spending (in 000's)	Actual FY2015	Actual FY2016	Actual FY2017	Projected FY2018
EPIC	29,849	20,798	2,755	969
IT Hardware / Software Equipment	4,660	6,483	2,659	11,803
Medical / Non Medical Equipment*	13,340	17,133	9,556	7,093
Non CIP Land, Land I , BLDG, Additions	-	4,189	-	-
Facilities	38,940	48,137	82,953	128,030
GRAND TOTAL	86,789	96,740	97,923	147,895
*Includes 2 robot purchases in FY2017				

El Camino Hospital Capital Spending (in thousands) FY 2012 – FY 2017

Category	2013	2014	2015	2016	2017	Category	2013	2014	2015	2016	2017
EPIC	0	6,838	29,849	20,798	2,755	Facilities Projects CIP cont.					
IT Hardware/Software Equipment	8,019	2,788	4,660	6,483	2,659	1403 - Hosp Drive BLDG 11 TI's	0	86	103	0	0
Medical/Non Medical Equipment	10,284	12,891	13,340	17,133	9,556	1404 - Park Pav HVAC	0	64	7	0	0
Non CIP Land, Land I, BLDG, Additions	0	22,292	0	4,189	0	1405 - 1 - South Accessibility Upgrades	0	0	0	168	95
						1408 - New Main Accessibility Upgrades	0	0	7	46	501
						1415 - Signage & Wayfinding	0	0	0	106	58
						1416 - MV Campus Digital Directories	0	0	0	34	23
Facilities Projects CIP						1423 - MV MOB TI Allowance	0	0	0	588	369
Mountain View Campus Master Plan Projects						1425 - IMOB Preparation Project - Old Main	0	0	0	711	1,860
1245 - Behavioral Health Bldg Replace	0	1,257	3,775	1,389	10,323	1429 - 2500 Hospital Dr Bldg 8 TI	0	0	101	0	0
1413 - North Drive Parking Structure Exp	0	0	167	1,266	18,120	1430 - Women's Hospital Expansion	0	0	0	0	464
1414 - Integrated MOB	0	0	2,009	8,875	32,805	1432 - 205 South Dr BHS TI	0	0	8	15	0
1422 - CUP Upgrade	0	0	0	896	1,245	1501 - Women's Hospital NPC Comp	0	0	4	0	223
Sub-Total Mountain View Campus Master Plan	0	1,257	5,950	12,426	62,493	1502 - Cabling & Wireless Upgrades	0	0	0	1,261	367
Mountain View Capital Projects						1503 - Willow Pavillion Tomosynthesis	0	0	0	53	257
9900 - Unassigned Costs	734	470	3,717	0	0	1504 - Equipment Support Infrastructure	0	0	61	311	0
1108 - Cooling Towers	450	0	0	0	0	1523 - Melchor Pavillion Suite 309 TI	0	0	0	10	59
1120 - BHS Out Patient TI's	66	0	0	0	0	1525 - New Main Lab Upgrades	0	0	0	0	464
1129 - Old Main Card Rehab	9	0	0	0	0	1526 - CONCERN TI	0	0	0	37	99
0817 - Womens Hosp Upgrds	645	1	0	0	0	Sub-Total Mountain View Projects	8,145	7,219	26,744	5,588	5,535
0906 - Slot Build-Out	1,003	1,576	15,101	1,251	294	Los Gatos Capital Projects					
1109 - New Main Upgrades	423	393	2	0	0	0904 - LG Facilities Upgrade	2	0	0	0	0
1111 - Mom/Baby Overflow	212	29	0	0	0	0907 - LG Imaging Masterplan	244	774	1,402	17	0
1204 - Elevator Upgrades	25	30	0	0	0	1005 - LG OR Light Upgrd	14	0	0	0	0
0800 - Womens L&D Expansion	2,104	1,531	269	0	0	1122 - LG Sleep Studies	7	0	0	0	0
1131 - MV Equipment Replace	216	0	0	0	0	1210 - Los Gatos VOIP	147	89	0	0	0
1208 - Willow Pav. High Risk	110	0	0	0	0	1116 - LG Ortho Pavillion	177	24	21	0	0
1213 - LG Sterilizers	102	0	0	0	0	1124 - LG Rehab BLDG	49	458	0	0	0
1225 - Rehab BLDG Roofing	7	241	4	0	0	1247 - LG Infant Security	134	0	0	0	0
1227 - New Main eICU	96	21	0	0	0	1307 - LG Upgrades	376	2,979	3,282	3,511	3,081
1230 - Fog Shop	339	80	0	0	0	1308 - LG Infrastructure	0	114	0	0	0
1315 - 205 So. Drive TI's	0	500	2	0	0	1313 - LG Rehab HVAC System/Structural	0	0	0	1,597	1,904
0908 - NPCR3 Seismic Upgrds	1,302	1,224	1,328	240	342	1219 - LG Spine OR	0	214	323	633	2,163
1125 - Will Pav Fire Sprinkler	57	39	0	0	0	1221 - LG Kitchen Refrig	0	85	0	0	0
1211 - SIS Monitor Install	215	0	0	0	0	1248 - LG - CT Upgrades	0	26	345	197	6,669
1216 - New Main Process Imp Office	19	1	16	0	0	1249 - LG Mobile Imaging	0	146	0	0	0
1217 - MV Campus MEP Upgrades FY13	0	181	274	28	0	1328 - LG Ortho Canopy FY14	0	255	209	0	0
1224 - Rehab Bldg HVAC Upgrades	11	202	81	14	6	1345 - LG Lab HVAC	0	112	0	0	0
1301 - Desktop Virtual	0	13	0	0	0	1346 - LG OR 5, 6, and 7 Lights Replace	0	0	285	53	22
1304 - Rehab Wander Mgmt	0	87	0	0	0	1347 - LG Central Sterile Upgrades	0	0	181	43	66
1310 - Melchor Cancer Center Expansion	0	44	13	0	0	1421 - LG MOB Improvements	0	0	198	65	303
1318 - Women's Hospital TI	0	48	48	29	2	1508 - LG NICU 4 Bed Expansion	0	0	0	0	207
1327 - Rehab Building Upgrades	0	0	15	20	0	1600 - 825 Pollard - Aspire Phase II	0	0	0	0	80
1320 - 2500 Hosp Dr Roofing	0	75	81	0	0	1603 - LG MOB Improvements	0	0	0	0	285
1340 - New Main ED Exam Room TVs	0	8	193	0	0	Sub-Total Los Gatos Projects	1,150	5,276	6,246	6,116	14,780
1341 - New Main Admin	0	32	103	0	0	1550 - Land Acquisition	0	0	0	24,007	0
1344 - New Main AV Upgrd	0	243	0	0	0	1701 - 828 S Winchester Clinic TI	0	0	0	0	145
1400 - Oak Pav Cancer Center	0	0	5,208	666	52	Sub-Total Other Strategic Projects	0	0	0	24,007	145
						Subtotal Facilities Projects CIP	9,294	13,753	38,940	48,137	82,953
						Grand Total	27,598	58,561	86,789	96,740	97,923
						Forecast at Beginning of year	70,503	70,037	101,607	114,025	212,000

ECH BOARD MEETING AGENDA ITEM COVER SHEET

Item:	Appointment of Board Directors to Advisory Committees El Camino Hospital Board of Directors February 14, 2018
Responsible party:	Cindy Murphy, Director of Governance Services
Action requested:	For Approval
Background: <p>On January 16, 2018, the El Camino Healthcare District Board of Directors elected Julie Kliger, RN and Gary Kalbach to the El Camino Hospital Board of Directors.</p> <p>The attached Proposed Revised Advisory Committee and Liaison Appointments reflects Board Chair Lanhee Chen's recommendations for changes as follows:</p> <ol style="list-style-type: none"> 1. Appoint Director Kliger to the Quality Committee and the Executive Compensation Committee. 2. Reflect that Mr. Kalbach is a Director member of the Investment and Governance Committees. 	
Board Advisory Committees that reviewed the issue and recommendation, if any: At its February 6, 2018 meeting the Governance Committee reviewed and approved Board Chair Lanhee Chen's recommendations to appoint Directors Kliger and Kalbach to the Board Advisory Committee's as described above.	
Summary and session objectives: <p>To approve appointments of new Directors to the Advisory Committees.</p>	
Suggested discussion questions: None. This is a consent item.	
Proposed Board motion, if any: <p>To approve the Proposed Revised Advisory Committee and Liaison Appointments.</p>	
LIST OF ATTACHMENTS: <ol style="list-style-type: none"> 1. Current Advisory Committee & Liaison Appointments 2. Proposed Revised Advisory Committee & Liaison Appointments 	

El Camino Hospital Board of Directors

Current Advisory Committee & Liaison Appointments

COMPLIANCE COMMITTEE		
	Sharon Anolik Shakked	Chair
BOARD MEMBERS	Neysa Fligor	Vice Chair
	Robert Rebitzer	Member
	John Zoglin	Member
COMMUNITY MEMBERS	Lica Hartman	Member
	Christine Sublett	Member

GOVERNANCE COMMITTEE		
	Peter Fung, MD	Chair
BOARD MEMBERS	Robert Rebitzer	Member
COMMUNITY MEMBERS	Gary Kalbach	Vice Chair
	Christina Lai	Member
	Peter Moran	Member

EXECUTIVE COMPENSATION COMMITTEE		
	Bob Miller	Chair
BOARD MEMBERS	Neysa Fligor	Member
	Julia Miller	Member
COMMUNITY MEMBERS	Teri Eyre	Member
	Jaison Layney	Member
	Pat Wadors	Member

INVESTMENT COMMITTEE		
	Jeffrey Davis, MD	Chair
BOARD MEMBERS	John Zoglin	Member
COMMUNITY MEMBERS	Nicola Boone	Member
	John Conover	Member
	Gary Kalbach	Member
	Brooks Nelson	Member

FINANCE COMMITTEE		
	John Zoglin	Chair
BOARD MEMBERS	David Reeder	Member
COMMUNITY MEMBERS	Joseph Chow	Member
	Boyd Faust	Member
	William Hobbs	Member
	Richard Juelis	Member

QUALITY COMMITTEE		
	David Reeder	Chair
BOARD MEMBERS	Jeffrey Davis, MD	Member
	Peter Fung, MD	Member
COMMUNITY MEMBERS	Katherine Anderson	Member
	Ina Bauman, RN	Member
	Mikele Bunce	Member
	Nancy Carragee, RN	Member
	Wendy Ron	Member
	Melora Simon	Member

LIASONS	
ECH FOUNDATION BOARD	David Reeder
COMMUNITY BENEFIT ADVISORY COUNCIL	Peter Fung, MD

El Camino Hospital Board of Directors

Proposed Advisory Committee & Liaison Appointments

COMPLIANCE COMMITTEE		
	Sharon Anolik Shakked	Chair
BOARD MEMBERS	Neysa Fligor	Vice Chair
	John Zoglin	Member
	Robert Rebitzer	Member
COMMUNITY MEMBERS	Lica Hartman	Member
	Christine Sublett	Member

GOVERNANCE COMMITTEE		
	Peter Fung, MD	Chair
BOARD MEMBERS	Gary Kalbach	Vice Chair
	Robert Rebitzer	Member
COMMUNITY MEMBERS	Christina Lai	Member
	Peter Moran	Member

EXECUTIVE COMPENSATION COMMITTEE		
	Bob Miller	Chair
BOARD MEMBERS	Neysa Fligor	Member
	Julia Miller	Member
	Julie Kliger	Member
COMMUNITY MEMBERS	Teri Eyre	Member
	Jaison Layney	Member
	Pat Wadors	Member

INVESTMENT COMMITTEE		
	Jeffrey Davis, MD	Chair
BOARD MEMBERS	Gary Kalbach	Member
	John Zoglin	Member
COMMUNITY MEMBERS	Nicola Boone	Member
	John Conover	Member
	Brooks Nelson	Member

FINANCE COMMITTEE		
	John Zoglin	Chair
BOARD MEMBERS	David Reeder	Member
COMMUNITY MEMBERS	Joseph Chow	Member
	Boyd Faust	Member
	William Hobbs	Member
	Richard Juelis	Member

QUALITY COMMITTEE		
	David Reeder	Chair
BOARD MEMBERS	Jeffrey Davis, MD	Member
	Peter Fung, MD	Member
	Julie Kliger	Member
COMMUNITY MEMBERS	Katherine Anderson	Member
	Ina Bauman, RN	Member
	Mikele Bunce	Member
	Nancy Carragee, RN	Member
	Wendy Ron	Member
	Melora Simon	Member

LIASONS	
ECH FOUNDATION BOARD	David Reeder
COMMUNITY BENEFIT ADVISORY COUNCIL	Peter Fung, MD

ECH BOARD MEETING AGENDA ITEM COVER SHEET

Item:	Draft Revised Board and Committee Education Policy El Camino Hospital Board of Directors February 14, 2018
Responsible party:	Cindy Murphy, Director of Governance Services
Action requested:	For Information
<p>Background:</p> <p>The Board and Committee Education Policy (“the Policy”) was last reviewed in May 2015. Pursuant to Section VI (D) of the Policy, it must be reviewed every three years, and a budget for Board Education adopted. The Governance Committee reviewed and discussed proposed changes to the policy at its February 6, 2018 meeting.</p> <p>Proposed Significant Revisions:</p> <ol style="list-style-type: none"> 1. Revise Section VI (C) “Return on Investment” – Change “required” to “expected.” Staff had recommended deleting Section C (requirement to submit reports of educational activity) due to time burden on Board members. However, the Committee members agreed that this activity is value added and should be maintained, though recommended it be changed from required to expected. 2. Appendix B – The Committee recommended the report be simplified as provided in the attached Appendix B. 3. Revise Appendix A – The Committee recommended the Board approve the following revisions: <ol style="list-style-type: none"> a. Change “Fiscal Year 15 -18” to “Fiscal Year 19 – 21” b. Change “Total Annual Training Budget for Board and Committees” to \$75,000. Beyond the \$4,000 allowed for individual Directors (total = \$32,000) and the \$4000 per committee allowance (total = \$24,000) there was a \$9,000 buffer to allow for speakers at Board Retreats or Joint Board and Committee Education Sessions. With the addition of two new Board seats, the total individual director allowance should increase. The proposal provides for this and a buffer of \$11,000. c. No proposed change to the annual individual Director allowance or per committee allowance: <ol style="list-style-type: none"> i. Sample costs to attend National Healthcare Conference Fee: \$1800 Airfare: \$600 Hotel (3 nights): \$1,200 (high?) <u>Meals (some included with conference): \$150.00</u> Total: \$3,750.00 ii. Committees have not historically taken advantage of the budgeted amount. 	
<p>Board Advisory Committees that reviewed the issue and recommendation, if any:</p> <p>The Governance Committee voted to recommend the Board approve the proposed revisions as described above.</p>	

ECH BOARD MEETING AGENDA ITEM COVER SHEET

	Summary and session objectives: To obtain approval of the Proposed Revisions to the Board and Committee Education Policy.
	Suggested discussion questions: None. This is a consent item.
	Proposed Board motion, if any: To approve the proposed revisions to the Board and Committee Education Policy.
	LIST OF ATTACHMENTS: 1. Draft Revised Board and Committee Education Policy

TITLE: Board and Advisory Committee Continuing Education Policy
CATEGORY: Administrative
LAST APPROVAL: May 13, 2015

TYPE: ☒ Policy ☐ Protocol ☐ Scope of Service/ADT
☒ Procedure ☐ Standardized Process/Procedure
SUB-CATEGORY: Board
OFFICE OF ORIGIN: Administration
ORIGINAL DATE: November 14, 2012

I. COVERAGE:

All Members of the El Camino Hospital Board of Directors and Board Advisory Committees

II. PURPOSE:

- To set forth the budget parameters for Board and Advisory Committee education, including both in-house training, such as study sessions, and off site programs offered by institutions such as the Estes Park Institute, the Center for Healthcare Governance and the Governance Institute.
- To establish procedures for budgeting, reporting back to the Board, and requesting funding and reimbursement for educational activities.

III. POLICY STATEMENT: It is the policy of the El Camino Hospital Board of Directors to provide Board Directors and Advisory Committee Members with ongoing governance and healthcare education, to strengthen the skill set of each Director and Committee member and to ensure the Board and its Committees are maintaining contemporary knowledge on topics of general Board duties, changes in the healthcare industry, healthcare governance and other areas specific to Committee responsibility.

IV. DEFINITIONS:

N/A

V. REFERENCES:

Appendices A and B attached.

VI. PROCEDURE:

- A. **Board and Advisory Committee Education Goals:** The Board and Advisory Committees will identify their educational goals both individual and collective, and submit them to the Governance Committee on an annual basis. These goals should be tied to, or in support of, Board, Committee, or Hospital goals. The Board and Committees should also identify the programs or training opportunities (in-house or off-site) to fulfill their learning objectives.

TITLE:	Board and Advisory Committee Continuing Education Policy
CATEGORY:	Administrative
LAST APPROVAL:	May 13, 2015

B. Expectations of Board and Advisory Committees:

1. Board of Directors:

- a. Group Education: El Camino Hospital (“ECH”) will coordinate occasional group training where the full Board, along with the senior management team, can receive education on the latest trends in the healthcare industry and further their understanding of governance. At the Board’s discretion, committee members may be invited to partake in the event.
- b. Individual Education: Board directors are encouraged to individually attend one off-site program at ECH’s expense, on an annual basis, that best suits their development as a hospital director.

2. Board Advisory Committees:

- a. Group Education: In addition to any committee-specific in-house training provided by ECH throughout the year, committees are expected to identify how they can achieve their educational goals. For example, a committee may elect to attend an off-site training event or collaborate with another committee to invite a guest speaker.
- b. Individual Education: While it is the expectation of the Board that outside committee members keep up with their own continuing education in their professions, the Board recognizes that additional education and training will further enhance their ability to serve on the committees. As such, outside committee members who wish to individually attend an education program/conference may submit a request for funding to their committee chair.

- C. Return on Investment:** The Board should be able to justify the cost of all Board education (in-house and off-site) and be able to demonstrate a return on investment. In support of that goal, individuals who attend off-site educational trainings are ~~required-expected~~ to submit a one-page summary highlighting the key learnings that would be shared with other members. The summary should describe how the new learning will enhance the performance of the committee, board and/or the hospital. The summary shall be submitted to the ~~Board Liaison~~Director of Governance Services within 30 days of attendance at off-site educational trainings and shall be provided to the full Board via inclusion on the Board’s consent calendar for information at the next regularly scheduled Board meeting following submission. See, Appendix B.

TITLE:	Board and Advisory Committee Continuing Education Policy
CATEGORY:	Administrative
LAST APPROVAL:	May 13, 2015

D. Budget and Delegated Authority:

1. The Governance Committee, in collaboration with the CEO and Finance Committee, will develop a budget for Board and committee member education for adoption by the Board, which shall be reviewed in conjunction with review of this policy very third year. This budget will enable both collective and individual educational opportunities. The amounts will be based on market data, while taking into consideration the needs of the Board and committee members.
2. The Board will delegate authority to the Board Chair (and to the Chair of the Governance Committee in the case of the Board Chair's requests) to approve requests for education by a Board member that exceed the per member/per event limits in the budget. The Board will delegate authority to each committee chair to approve education and training requests up to a specific amount, which the Board will establish annually. The Board will delegate authority to the Board Chair to consider and approve or reject any request above this amount.
3. The total annual budget for Board and Committee member education, as well as the approval limit for Committee chairs, as approved by the Board will be noted, and updated as necessary, in the appendix of this policy.
4. The Governance Committee will recommend to the Board how remaining funds, if any, should be managed. Unused funds may not be rolled over into the next fiscal year.
5. ECH shall pay all costs associated with the program, i.e., registration fees, travel and lodging. Directors and Committee members shall adhere to the ECH reimbursement policy.

E. Requesting Funding for Training:

1. Directors need only inform the Board Chair of their request to participate in a training event provided that the total fees do not exceed the established event limitation amount set forth in the Appendix to this Policy. If the amount exceeds this limit, the request will be reviewed by the Board Chair and approved, conditioned (e.g., reducing the amount allocated to the Director by the amount of the excess), modified or rejected.
2. Committee members shall submit to their Committee chair a request for training no less than 30 days prior to the program's registration deadline. Upon consideration, the Committee chair may approve the request for training provided that the total costs do not exceed the per Committee member event limit established by the Board. If the amount requested exceeds the limit, the request will be sent to the Board Chair for consideration.

TITLE:	Board and Advisory Committee Continuing Education Policy
CATEGORY:	Administrative
LAST APPROVAL:	May 13, 2015

3. Any requests made by the Board Chair for approval of amounts in excess of the limits set forth in the Appendix to this Policy shall be submitted to the Chair of the Governance Committee for approval.
4. Board or Committee members shall request reimbursement by submitting Form 2085 to the CEO for approval within 30 days of completing training.

F. **Point of Contact:** The ~~Board Liaison~~ Director of Governance Services is the primary point of contact for Board and Committee members with respect to the process concerning continuing education and training for Board and Committee members.

VII. APPROVAL:

APPROVING COMMITTEES AND AUTHORIZING BODY	APPROVAL DATES
Originating Committee or UPC Committee	Governance Committee
(name of) Medical Committee (if applicable):	N/A
ePolicy Committee:	N/A
Pharmacy and Therapeutics (if applicable):	N/A
Medical Executive Committee:	N/A
Board of Directors:	

Historical Approvals:	11/14/12, 3/12/14, 8/13/14, 5/13/15
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VIII. ATTACHMENTS (if applicable):

Appendix A - Budget for FY 201~~6~~-20~~2~~18
 Appendix B – Report on Educational Activity

Appendix A

Fiscal Year: 201~~9~~6-20~~2~~1~~8~~

	Limit Amount
Total Annual Training Budget for Board and Committees	\$7 <u>6</u> ,000
Individual Limit for Hospital Directors	\$4,000 per person
Committee Chair Approval Limit	\$4,000 per committee



Memorandum

Appendix B

DATE: El Camino Hospital Board Meeting – [DATE]

TO: El Camino Hospital Board of Directors

FROM: [NAME], Board Member

SUBJECT: Report on Educational Activity

BOARD

ACTION: For Information

Conference Title: _____

Sponsoring Organization: _____

Key Educational Points, Lessons Learned: (Please use as much space as necessary)

- 1.
- 2.
- 3.
- 4.

~~Has the conference improved your ability to fulfill your obligations as a member of the ECH Board? If so, how?~~

~~Were there speakers that ECH should consider inviting? If so, who and why?~~

Do you recommend this conference to other members of the Board? Yes___ No___

ECH BOARD MEETING AGENDA ITEM COVER SHEET

Item:	Medical Staff Report – Open Session El Camino Hospital Board of Directors February 14, 2018
Responsible party:	Rebecca Fazilat, MD, Chief of Staff Mountain View
Action requested:	Approval
<p>Background:</p> <p>The Medical Executive Committee met on January 25, 2018. We received the following reports:</p> <ol style="list-style-type: none"> 1. CEO Report on Awards received and grant of permit for outpatient pharmacy by the California Board of Pharmacy. 2. CMO Report on Hospital Acquired Infections. 3. CNO Report on weekend OR staffing for scheduling procedures. 4. Medical Director, Quality and Safety Report on IT issues, blood usage and potassium order sets. <p>We approved the following:</p> <ol style="list-style-type: none"> 5. Attendance Requirements for CRC, MEC, and Quality Council. We will pursue bylaws changes that will support accountability for attendance. Those bylaws changes will come to MEC for approval when ready. 6. Neurocritical Privilege Delineation of Clinical Privileges Form. 7. Patient Care Policies and Procedures. 	
Board Advisory Committee(s) that reviewed the issue and recommendation, if any: None.	
Summary and session objectives: To obtain approval of the Medical Staff Report	
Proposed Board motion: To approve the Medical Staff Report	
<p>LIST OF ATTACHMENTS:</p> <ol style="list-style-type: none"> 1. Patient Care Policy Summary and Policies 2. Neurocritical Privilege Delineation of Clinical Privileges Form. 	

SUMMARY OF POLICIES/PLANS/SCOPE FOR REVIEW AND APPROVAL - BOARD

Feb-18

NEW POLICIES/PROCEDURES

Document Name	Department	Type of Document	Summary of Document Changes
Fire Evacuation Plan	SVPC	Plan	

DOCUMENTS WITH MAJOR REVISIONS

Document Name	Department	Type of Document	Summary of Policy Changes

DOCUMENTS WITH MINOR REVISIONS

Document Name	Department	Type of Document	Summary of Policy Changes
ADT Criteria for Medical Services MV (2C)	2C	ADT	Removed exclusion criteria: “Post interventional patients who have had procedures requiring groin access” and replaced “Hospital Supervisor” with “Assistant Hospital Manager”
Newborn and Infant Hearing Screening	NICU	Policy	Minor changes to procedure
Radiation Protection Program	Radiation Safety	Policy	updated ALARA exposure amounts per Dr.Gopi RSO; RSO duties denoted in Delegation of Authority Doc; updated language to match current practices; deleted MRI policies listed
Scope of Service	SVPC	Scope	Removed the role of the Clinical Manager
Scope of Service – Sleep Center	Sleep Center	Scope	Dates we perform sleep studies

DOCUMENTS WITH NO REVISIONS

Document Name	Department	Type of Document	No Revisions
HIPAA Policies	SVPC	Policy	
Child Passenger Safety Seat Requirement	MCH	Policy	
Service Animals for Disabled Patients or Visitors	Administration	Policy	

DOCUMENTS FOR INFORMATION ONLY

Document Name	Department	Type of Document	Summary of Policy Changes
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TITLE: SVPC- Fire Evacuation Plan**CATEGORY:****LAST APPROVAL:****TYPE:**☐ Policy ☐ Protocol ☐ Practice Guideline ☐ Standardized
☐ Procedure ☒ Plan ☐ Scope of Service Procedure**SUB-CATEGORY:** Safety**OFFICE OF ORIGIN:** Silicon Valley Primary Care (SVPC)**ORIGINAL DATE:****I. COVERAGE:**

All Silicon Valley Primary Care staff

II. PURPOSE:

To ensure that in the event of a fire, smoke, or explosion patients and staff are evacuated to a safe area to prevent injury, loss of life, and property.

SVPC staff will respond to a fire onsite and execute the following procedure.

III. PROCEDURE:

A. If a fire is discovered the following actions are to be taken:

1. Remove anyone in immediate danger to a safe area.
2. Alert by Pulling the nearest fire alarm pull box, then call "911".
 - a. Identify yourself
 - b. State location, include building
 - c. Identify what is burning.
3. Close all doors and windows. Stop pedestrian traffic to the affected area and turn lights on in corridors and patient rooms.
4. Extinguish the fire only if you are not putting yourself in danger.
 - a. Utilize the elements of the acronym "**PASS**" when using an extinguisher:
 - Pull- the pin on the extinguisher
 - Aim- the nozzle at the base of the fire
 - Squeeze- the trigger on the extinguisher
 - Sweep- at the base of the flame
5. Exit the building and meet at the Cedar Pavilion Sign located at the entrance of the driveway on Grant Road.

TITLE: SVPC- Fire Evacuation Plan

CATEGORY:

LAST APPROVAL:

c. APPROVAL:

APPROVING COMMITTEES AND AUTHORIZING BODY	APPROVAL DATES
Medical Director:	12/2017
ePolicy Committee:	1/2018
Medical Executive Committee:	
Board of Directors:	
Historical Approvals:	

d. ATTACHMENTS (N/A):

Practitioner Name:

CRITERIA FOR PRIVILEGES: For initial privileges a candidate must:

- Pulmonary or Critical Care privileges, or in active application for the privilege, at ECH
- Board certified in Neurocritical Care (NCC) by the United Council for Neurologic Subspecialties (UCNS),
OR
- Successful completion of a one-year formal Neurocritical Care fellowship,
OR
- Documentation of Neurocritical Care training during Critical Care Medicine fellowship with Neurocritical Care patient care/education experience in the last two years including:
 1. Management of at least thirty (30) cases of ischemic stroke, hemorrhagic stroke, or SAH in an ICU setting, and
 2. At least eight (8) hours of Neurocritical Care CME in the past two (2) years.

Initial Appointment Criteria: Demonstrated current competence and an adequate volume of experience, including a minimum of 50 Neurointensive Care activities/procedures reflective of the scope of privileges requested, within the past 24 months, and based on the results of practitioner evaluation and outcomes.

Reappointment Criteria: Ten (10) cases in prior 2-years

Proctoring/FPPE: Proctoring (FPPE) Requirement; Five (5) retrospective reviewed cases to include a variety of Neurocritical Care diagnoses such as intracerebral hemorrhage, subarachnoid hemorrhage, ischemic stroke and/or status epilepticus. Proctor to be an Active Staff physician with same privilege. A similarly qualified external proctor can be utilized. Three (3) cases will be accepted from physician's accredited hospital.

CONSULTATIONS:

Consultation(s) shall be obtained by all Medical Staff members whenever the patient appears to be developing unexpected complications or untoward results which threaten life or serious harm, either from the failure of the patient to appropriately respond to the therapy being given and/or substantial medical uncertainty in diagnosis and management.

INSTRUCTIONS:

- Please check the box in the "Requested" column for each privilege requested.
- Indicate the number you have performed in the "#Done" column.
 - **For new applicants**, this number needs to reflect your total experience with that procedure.
 - **For current medical staff applying for reappointment**, this will reflect the number performed within the last 24 months.
- Provide documentation where applicable – **see yellow highlighted items**.

<i>Requested</i>	<i>#Done New App: Total # Reapp: # Last 2 yrs</i>	<i>Privilege Description</i>	<i>Additional/Special Criteria (if applicable) Highlighted areas show required documentation</i>	<i>Dept Chief Approved</i>
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Core Privileges in Neurocritical Care

		Admit, evaluate, diagnose, treat, and provide consultation to patients requiring multi-system intensive care for neurosurgical and neurological patients. Provide supportive perioperative and postoperative evaluation and management to neurosurgery and interventional neuroradiology patients. May provide care to patients in the intensive care setting in conformance with unit policies. Assess, stabilize, and determine the disposition of patients with emergent conditions consistent with medical staff policy regarding emergency and consultative call services. Examples of core privileges in this specialty include, but are not limited to, the activities/ procedures outlined below and other activities/procedures that are extensions of the same techniques and skill. This list is not all inclusive, nor does it obligate the practitioner to perform every activity procedure listed. <ul style="list-style-type: none"> • Performance of history and physical examination • Arterial and venous access procedures • Cerebral spinal fluid sampling from shunts or external ventricular drains • Electrocardiogram (EKG) interpretation • Endotracheal intubation • Lumbar puncture • Paracentesis • Pulmonary artery catheterization, including Swan-Ganz • Radiographic interpretation • Mechanical ventilator management • Thoracentesis • Neuro specific diseases / conditions - intracerebral hemorrhage, subarachnoid hemorrhage 	See Above Criteria	
	Although part of the above Core Privileges, I wish to exclude the following:			

Acknowledgement of Practitioner: I attest that I am competent to perform the procedures as requested and have attached supporting documentation where needed and agree to provide additional documentation if requested. I understand that in making this request I am bound by the applicable bylaws and/or policies of the hospital and medical staff.

Applicant Signature

Date

February 14, 2018

To: El Camino Hospital Board of Directors
From: William Faber, MD, Chief Medical Officer
Subject: **ED On-Call Stroke and Neurology Panel Renewal - Mountain View & Los Gatos Campuses**

1. **Recommendation:** We request that the Board of Directors approve delegating to the Chief Executive Officer the authority to renew the Mountain View and Los Gatos Stroke and Neurology ED On-Call Agreements at the existing rate of MV: \$1040/day and LG: \$312/12-hour shift.
2. **Problem/Opportunity Definition:** There are six independent physicians (one is a locums tenens) currently contracted to provide Stroke and Neurology coverage services at the Mountain View and Los Gatos campuses at the existing rate of MV: \$1040/day and LG: \$312/12-hour shift since February 2014. The MV rate of \$1040 was at the 75th percentile when implemented in 2014, but is now over the 75th percentile when compared to 2017 MD Ranger reports, which lists the 75th percentile for SF Bay Area General Acute Care Beds over 150: 75th percentile: \$1,000 and 90th percentile: \$1,240. The LG rate of \$624/day is between the 50th and 75th percentiles according to 2017 MD Ranger report for General Acute ADC under 150 beds for all hospitals: 50th percentile: \$510 and 75th percentile: \$840. The Stroke and Neurology Call Panel agreements expire February 28, 2018.
3. **Authority:** According to Administrative Policies and Procedures 51.00, Finance Committee review and Board approval is required prior to the Chief Executive Officer signature of physician agreements that exceed the 75th percentile for fair market value.
4. **Process Description:** Upon Board approval, the Stroke and Neurology Call Panel Agreements for the Mountain View and Los Gatos campuses will be entered into for an additional two years at the existing per diem rates, effective March 1, 2018.
5. **Alternative Solution which Includes Cost Benefit/SWOT Analysis:** No alternative solutions are being considered at this time.
6. **Concurrence for Recommendation:** Approval of this recommendation is supported by the Interim Chief Operating Officer, Director, Ortho/Spine/Neuroscience, Medical Director, Stroke and Neurology and Medical Director, Quality and Physician Services. This was recommended for approval by the Finance Committee at its January 29, 2018 meeting.
7. **Outcome Measures and Deadlines:** Physicians will participate in the peer review process for consultations related to Stroke and Neurology call.
8. **Legal Review:** Legal counsel will review the final agreements prior to execution.
9. **Compliance Review:** Compliance will review and approve the final agreements and compensation prior to execution.
10. **Financial Review:** Compensation will be constrained to not exceed existing per diem rates of MV: \$1040/day and LG: \$312/12-hour shift. We are not proposing an increase in per diem rates. A renewal term of two years will be proposed.

OPEN SESSION CEO Report February 14, 2018

Dan Woods, CEO

Organizational Goal Update Through December 2017 (SIR) and January (Others) 2018

Organizational Goals FY18		Benchmark	2017 ECH Baseline	Minimum	Target	Maximum	Weight	Performance Timeframe	FY18 through Jan	
Threshold Goals										
Budgeted Operating Margin*		95% Threshold	Achieved Budget	95% of Budgeted			Threshold	FY 18		Met
Quality, Patient Safety & iCare										
	Arithmetic Observed LOS Average / Geometric LOS Expected for Medicare Population (ALOS /GMLOS)	External: Expected via Epic Methodology	FY 2016: 1.21 (ALOS 4.86/GMLOS 4.00) FY 2017 YTD April: 1.18 (4.81/4.08)	1.12	1.11	1.09	34%	4Q FY18		1.11
	HCHAPS Service Metric: Rate Hospital	External Benchmark	HCAHPS Baseline: 10/2016-12/2016: 75.5% 1/2017-3/2017: 75.1%	77%	78%	79%	33%	4Q FY18		78%
	Standardized Infection Ratio (SIR)* Observed HAIs/Predicted HAIs (Hospital Acquired Infections)	External Benchmark	July- Dec 2016L CAUTI 1.37, CLABSI 0.25, C.DIFF 0.59 Avg: 0.738	0.670	0.602	0.534	33%	FY18		CAUTI: 1.459 CLABSI: 0.423 C.Diff: 0.30 Avg: 0.525

* These metrics are available through December 2017 only

Quality and Safety

We are on pace to exceed target for the Hospital Acquired Infection control FY18 Organizational Goal. SIR (Standard Infection Rates) have been calculated for the first six months of the fiscal year. Target SIR was 0.602 and we achieved 0.525 for the first half of FY18.

We conducted a Joint Commission Mock Survey February 6-8 to identify areas of concern before the actual Joint Commission Survey we are expecting between August and December 2018. Our new Medical Staff Office Director, Dawn Adams, started on January 29 and she is already digging in with numerous suggestions and positive energy to reform our processes. As well, we are recruiting for a new Chief Medical Director for Behavioral Health Services, due to Dr. Havel's announced retirement.

We have created a Dashboard of eight efficiency metrics for the reduction of Medicare losses, showing a net benefit of hundreds of thousands of dollars per year from current activities.

Corporate and Community Health

CONCERN is undergoing a digital transformation of our EAP service model. Our top priorities for our new engagement platform will focus on reaching more users earlier in the process for greater wellbeing and mental wellness along with personalization to guide employees to the appropriate resources, and easy access to clinical care at precisely the time it is needed.

The FY19 Community Benefit Grant Application cycle was opened with the successful launch of a new online grants management system; grant applications are available on the ECH and ECHD websites alongside a comprehensive Guidebook developed by staff to further assist applicants in navigating the process. Adoption of an industry standard grants management platform is central to both process improvement and customer service strategies.

Operations

ECH senior leadership recently met with hospital administrative and clinical directors to review year-to-date organizational goals relating to the following:

- Patient experience scores;
- Quality outcomes;
- Patient volumes; and
- Financial performance

During the mid-year review, we engaged in an exercise to challenge directors, managers, and ourselves to identify, assess and report on various standard meetings that occur and/or recur on our calendars during an ordinary month. The objective was to identify valuable vs. non-valuable meetings so we increase the amount of time spent in patient care departments and support departments so we can more effectively manage operations; e.g. mentor, train, supervise, staff, budget, plan, communicate, etc. Next steps will include interventional guidance from senior leadership regarding which meetings can be consolidated, eliminated, reduced, or somehow scaled back to allow ECH leaders to have more time to focus on patient-centered care and perform their jobs effectively on a daily basis.

Since the last Board meeting, ECH leaders evaluated service line performance from the first half of the year and have focused efforts on strengthening performance through the second half of FY18. As part of the review, service line leaders evaluated patient experience scores, efficiency metrics, and growth strategies at both the Mountain View and Los Gatos campuses.

Lean management initiatives are making a difference with improving patient flow and overall satisfaction in several areas as appropriate, including ongoing average length of stay (ALOS) reductions, reducing the door-to-treatment time in the Emergency Department, reducing 30-day readmission rates in urology and heart failure, and improving pain management and timely intervention in the behavioral medicine department.

The nursing division is working on a number of major projects. Among them, we will submit our application to reapply for our 4th Magnet Designation in June 2018 and this effort will continue through June 2019. The Nursing Communication Domain of the HCAHPS Survey increased from 76.8 in December to 79.5 in January. There are numerous efforts underway to improve nursing communication which highly correlates to the patient's overall experience. Efforts include bedside handoff report, hourly rounding, nurses listening tool kit deployment, in room white board, leader rounding and care team coaching. We are transitioning to a new tele-psychiatry vendor in the ED in March 2018. We expect the response time from the new vendor to be less than 1 hour.

Our highest volume of flu patients this FY were seen in January. There were 153 patients diagnosed with flu at MV and 42 at LG (combined in-patient and ED). A command center was opened and operating at MV for two days with the goal of not diverting ambulances or canceling surgeries. Those goals were achieved due to the team work and extraordinary team efforts of our leadership and staff.



Facilities Projects Status (other than Major MV projects)

The \$3.1 million, MV Lab Equipment Upgrades Project is substantially complete. All new equipment has been installed and is operational.

The \$5.0 million, LG MOB Improvements Project is substantially complete and Ortho-Norcal has occupied their new suite.

The \$19.3 million LG Major Upgrades Project is in its final stages of construction. The cafeteria is complete and the new Lobby is 80% complete. All other work is scheduled to be completed before the end of the fiscal year.

Plans are being developed to improve the MV Emergency Department space for triage and to convert existing space into an improved care environment for behavioral health patients.

Workforce

The HR division has implemented and is in the process of communicating our new "Employee Engagement and Recognition Program" for all staff level employees creating a line-of-sight on how they can positively impact and influence attainment of our FY18 organizational goals. We are continuing our employee engagement work on tier 3 departments and will conduct a pulse survey with these departments in the spring, 2018. The fourth cohort of our New Graduate Nurse Residency program kicked off with 10 new grads joining us. In addition, we have 2 current Medical-Surgical RN's transitioning to Labor and Deliver specialty to build pipelines to assist on replacing retiring nurses. We hired 82 employees including 39 transfers. 207 positions are posted

Financial Services

To offer our patients more payment options we implemented an Interactive Voice Response (IVR) on 12/27. This gives our patients the ability to pay by phone without speaking to an agent. In a 3 week period 438 patients made a phone payment totaling \$232,682.

Our cost initiative reduction goal is proceeding well. As of February 2, 2018 the physicians and clinician have implemented \$4 million of our \$4.8 M savings challenge. Purchasing has been renegotiating contracts and partnering with several service lines to improve pricing and move toward standardization while ensuring quality and best patient outcomes. El Camino Hospital is one of the Best 50 and overall out of 918 hospital organizations ranked 15th (by Global Healthcare Exchange) for improving operational performance and driving down costs through supply chain automation which is up from 23rd the previous year (our goal is top 5 overall).

We are implementing dual transcription platforms for system redundancy to mitigate service disruption (which can impact patient safety, timely billing and compliance) due to external forces affecting the vendor. We were recognized to participate in the testing of the new California State Electronic Birth Registration System (EBRS), to begin in the spring 2018, improving birth data and recording.

All imaging and Lab (non-sensitive results) are now in myCare Patient Portal. This improves patient satisfaction by providing patients with rapid results of their medical lab and radiology information. Additional patient reports and findings to be added in the near future (ECHOs, IR, PFTs, etc.).

Marketing and Communications

To better understand the preferred vehicles and amount of information desired from our staff, an internal communications survey was launched at the end of January coinciding with CEO “Town Halls” across the two campuses. These efforts and the annual Employee Service Awards are done in collaboration between Marketing and Human Resources. To date, over 400 employees have attended a town hall and nearly 700 surveys have been submitted. The survey ends February 8th and the town halls continue to the end of February. Heart Forum planning and execution is also underway with an expected 150 plus attendees on February 10th with participation from 13 physicians.

Information Services

The Information Services Division focused upon various activities this month in support of key organizational goals. To support Physician Alignment, 3 physicians went live this week on Community Connect for a total of 4 physicians using the El Camino Epic system in their office. Three physicians will join ECMA in March with an expected Epic activation on March 1, 2018. The selection of a new PACs system and Imaging Strategy is complete with implementation beginning in 2nd quarter 2018 pending Board approval. Physician training and personalization will begin this month to improve physician efficiency in the Epic EMR. To enable Operational Excellence, Dashboards (Service Line, Departmental, Executive) will be activated by the end of February to enable real time operational metrics. Development of reports to support the Post Acute Network is underway to support achievement of readmission goals. Multi-factor authentication was implemented to enhance secured access to systems and enable electronic e-prescribing of controlled substances, which will go live in 2nd quarter of 2018.

Philanthropy

The Foundation Allocations Committee and Board have approved \$465,000 in unrestricted gifts to support five key hospital priorities: OB Patient Experience, Los Altos Safeway “Answers in the Aisle” partnership, community transportation for need-based clients using Lyft, promoting advance care planning in the ECH community and the planned patient family residence.

Twenty-one restricted funds in the Foundation were accessed since July 1 for a total of \$126,823 to support priorities for cancer, the free mammogram program in our breast center, women’s health, nurses’ research council, and patient care coordination using the majority of funds.

767 employees gave to this year’s ECH Employee Giving Campaign yielding a 24% participation rate; an increase of 5.8% over last year.

The Foundation has secured over \$3 million to support the new patient family residence; more major gift solicitations are in the pipeline towards a goal of \$6 million.

Auxiliary

The members of the Auxiliary contributed over 6,300 volunteer hours in December 2017.

El Camino Hospital Auxiliary
Membership Report to the Hospital Board
Meeting of February 14, 2018

Combined Data as of December 31, 2017 for Mountain View and Los Gatos Campuses

Membership Data:

Senior Members

Active Members	356	-1 Net change compared to previous month
Dues Paid Inactive	87	(Includes Associates & Patrons)
Leave of Absence	9	
Subtotal	452	

Resigned in Month 5
Deceased in Month 0

Junior Members

Active Members	255	-3 Net Change compared to previous month
Dues Paid Inactive	0	
Leave of Absence	0	
Subtotal	255	

Total Active Members 611

Total Membership 707

Combined Auxiliary Hours from Inception (to December 31, 2017): 5,865,613
Combined Auxiliary Hours for FY2017 (to December 31, 2017): 43,112
Combined Auxiliary Hours for December 31, 2017: 6,342

Memorandum

DATE: January 31, 2018

TO: El Camino Hospital Board of Directors

FROM: Lane Melchor, Chair, El Camino Hospital Foundation Board of Directors
Jodi Barnard, President, El Camino Hospital Foundation

SUBJECT: Report on Foundation Activities FY 2018 Period 6

ACTION: For Information

During the month of December, El Camino Hospital Foundation secured \$416,685, bringing the total raised by close of FY2018 period 6 to \$4,029,725, 66% of goal.

FY 18 Period 6 Fundraising Performance

Major & Planned Gifts

The Foundation secured \$131,571 in planned and major gifts during period 6. These included a \$100,000 donation in support of the new behavioral health building and a major contribution for the Cancer Center, as well as several unrestricted major and planned gifts. Online registration for the 26th annual Allied Professionals Seminar opened in December and the Foundation received sponsorship payments and ticket purchases for that event. As in previous years, this revenue is reflected in the Planned Giving category. The seminar will be held on February 13, 2018 at Palo Alto Hills Golf & Country Club. Bioethicist and hospice volunteer Viki Kind will be the featured speaker.

Special Events

- **Spring Forward** – The Foundation is replacing Sapphire Soirée with a new gala, Spring Forward to fulfill the promise, benefiting mental health and addiction services at El Camino Hospital. The format, financial model, venue, and beneficiary will all be new. It will be held at the Morgan Estate, a private mansion in Los Altos Hills, on Saturday evening, May 5, 2018. Due to the space constraints of the venue, we will be limiting attendance to no more than 225 guests, with a higher per person ticket price. Save the dates will be mailed in early February with the invitation to follow in mid-March.
- **El Camino Heritage Golf Tournament** – During the month of December, the Foundation continued to receive payments toward golf tournament sponsorship and gift commitments. This brings total received for the event as of month end to \$331,150. The tournament raised funds for the Taft Center for Clinical Research.

- **Scarlet Ball** – The annual gala benefit for the South Asian Heart Center will be held on March 17, 2018 at Dolce Hayes Mansion in San Jose. As of December 31, the Foundation has received \$103,871 in sponsorship and ticket sales.
- **Norma's Literary Luncheon** – During the month of December, the Foundation received \$18,355 in ticket purchases and table sponsorships, bringing the total received by month end to \$102,255. The 6th annual luncheon will be held at Sharon Heights Golf & Country Club on February 8, 2018. The featured speaker will be Jacqueline Winspear, author of the best-selling Maisie Dobbs mystery series. Thanks to a generous gift from the Melchor family to underwrite all expenses for the annual memorial tribute, all other ticket sales and sponsorships will directly benefit a new patient family residence on the Mountain View campus.

Annual Giving

In period 6, the Foundation received \$112,360 in annual gifts from Hope to Health membership renewals, Path of Hope bricks for the new mental health pavilion, Circle of Caring donations in honor of a hospital caregiver, responses from the calendar year-end direct mail appeal, external fundraising events, and online donations.

The Foundation also continued to receive donations for the annual Employee Giving Campaign. Seven hundred sixty seven employees contributed more than \$159,000 to the 2018 campaign and 24 departments had 100% participation. Any new, one-time donations to the campaign that were received in December are reflected in this report. As in previous years, donations made via payroll deduction will be reflected in the report for the period in which they are received, beginning with period 7.

Memorandum

DATE: January 31, 2017

TO: El Camino Hospital Board of Directors

FROM: David Reeder, Hospital Board Liaison to the Foundation Board of Directors

SUBJECT: Report on Foundation Activities FY 2018 Period 6

ACTION: For Information

El Camino Hospital Foundation advances health care through philanthropy by raising funds that support El Camino Hospital's strategic priorities, foster innovation, and support patient and family-centered care.

During period 6 of FY18, the Foundation secured \$416,685.

You are invited to join El Camino Hospital Foundation for a special event on February 13, 2018, 2:30-4:30 p.m at Los Altos Golf & Country Club. Bioethicist and hospice volunteer Viki Kind, will talk about and facilitate a discussion on ***"Why the Healthcare Directive You Wrote Might Not Work in the Hospital: A Bioethical Perspective and Toolkit."*** Ms. Kind will also be speaking that morning at the 26th annual Allied Professionals Seminar, which is being held at Palo Alto Hills Golf & Country Club from 7:30-10:00 a.m.

Other Upcoming Events

Please mark your calendars:

February 8, 2018 – 6th annual Norma's Literary Luncheon featuring mystery writer Jacqueline Winspear, benefiting a new patient family residence at El Camino Hospital.

March 17, 2018 – Scarlet Ball at the Dolce Hayes Mansion, benefiting the South Asian Heart Center.

May 5, 2018- Spring Forward, a brand new gala to fulfill the promise, benefiting mental health and addiction services at El Camino Hospital. Attendance will be limited to 225 guests. This fundraiser will replace Sapphire Soiree using a new format, financial model, venue and beneficiary.

FOUNDATION PERFORMANCE

FY18 Fundraising Report through 12/31/17							
ACTIVITY		FY18 YTD (7/1/17 - 12/31/17)	FY18 Goals	FY18 % of Goal	Difference Period 5 & 6	FY17 YTD (7/1/16 - 12/31/16)	FY16 YTD (7/1/15 - 12/31/15)
Major & Planned Gifts		\$2,858,008	\$3,750,000	76%	\$131,571	\$3,840,418	\$1,725,915
Special Events	Spring Event	\$1,000	\$600,000	0%	\$0	\$6,750	\$31,700
	Golf	\$331,150	\$300,000	110%	\$18,850	\$269,600	\$326,205
	South Asian Heart Center Event	\$103,871	\$300,000	35%	\$34,521	\$80,295	\$47,491
	Norma's Literary Luncheon	\$102,255	\$150,000	68%	\$18,355	\$45,400	\$86,900
Annual Gifts		\$308,744	\$550,000	56%	\$112,360	\$325,233	\$402,165
Grants*		-	-	-	-	-	\$51,583
Investment Income		\$324,697	\$500,000	65%	\$101,028	\$835,142	\$358,709
TOTALS		\$4,029,725	\$6,150,000	66%	\$416,685	\$5,402,838	\$3,030,668
*Beginning in FY17 Grants is no longer an activity line. Any grants received in the future will either be reflected in the Annual Gifts or Major & Planned Gifts activity line pending funding level.							

Highlighted Assets through 12/31/17

Board Designated Allocations	\$1,252,213
Donor Endowments	\$3,319,586
Operational Endowments	\$15,052,101
Pledge Receivables	\$4,778,425
Restricted Donations	\$9,523,828
Unrestricted Donations	\$1,047,677

5.9% Investment Return through 12/31/17