

## AGENDA

### REGULAR MEETING OF THE EL CAMINO HOSPITAL BOARD OF DIRECTORS

**Wednesday, April 18, 2018 – 5:30pm**

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

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

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>1. CALL TO ORDER/ROLL CALL</b>	John Zoglin, Board Vice Chair		<b>5:30 – 5:32pm</b>
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	John Zoglin, Board Vice Chair		<b>5:32 – 5:33</b>
<b>3. QUALITY COMMITTEE REPORT</b> <a href="#">ATTACHMENT 3</a>	David Reeder, Quality Committee Chair		<b>information</b> <b>5:33 – 5:43</b>
<b>4. FINANCE COMMITTEE REPORT:</b> <b>FY18 PERIOD 8 FINANCIALS</b> <a href="#">ATTACHMENT 4</a>	John Zoglin, Finance Committee Chair; Iftikhar Hussain, CFO	<i>public comment</i>	<b>possible motion</b> <b>5:43 – 5:53</b>
<b>5. MV SITE PLAN STATUS</b> <a href="#">ATTACHMENT 5</a>	Ken King, CASO		<b>information</b> <b>5:53 – 5:58</b>
<b>6. EMBEDDING LEAN MANAGEMENT IN CULTURE</b> <a href="#">ATTACHMENT 6</a>	Dan Woods, CEO; Isidro “Izzy” Galicia, President & CEO, Incito Consulting Group		<b>information</b> <b>5:58 – 6:18</b>
<b>7. GOVERNANCE COMMITTEE REPORT</b> <a href="#">ATTACHMENT 7</a>	Peter Fung, MD, Governance Committee Chair; Gary Kalbach, Governance Committee Vice Chair	<i>public comment</i>	<b>possible motion(s)</b> <b>6:18 – 6:43</b>
<b>8. EXECUTIVE COMPENSATION COMMITTEE REPORT</b> a. Proposed <i>Resolution 2018-05</i> : Delegating Authority to Approve Certain Matters Related to Executive Compensation to the Executive Compensation Committee and Proposed Related Procedures <a href="#">ATTACHMENT 8</a>	Bob Miller, Executive Compensation Committee Chair	<i>public comment</i>	<b>possible motion</b> <b>6:43 – 7:03</b>
<b>9. PUBLIC COMMUNICATION</b> 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	John Zoglin, Board Vice Chair		<b>information</b> <b>7:03 -7:06</b>
<b>10. ADJOURN TO CLOSED SESSION</b>	John Zoglin, Board Vice Chair		<b>motion required</b> <b>7:06 – 7:07</b>
<b>11. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	John Zoglin, Board Vice Chair		<b>7:07 – 7:08</b>

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
<b>12. CONSENT CALENDAR</b> <i>Any Board Member may remove an item for discussion before a motion is made.</i>  <b>Approval</b> <i>Gov't Code Section 54957.2:</i> a. Minutes of the Closed Session of the Hospital Board Meeting (March 14, 2018) b. Minutes of the Closed Session of the Executive Compensation Committee Meeting (January 31, 2018)  <b>Information</b> <i>Health and Safety Code Section 32155:</i> c. Organizational Clinical Risks <i>Gov't Code Section 54956.9(d)(2):</i> d. Corporate Compliance/Privacy and Internal Audit Committee Report	John Zoglin, Board Vice Chair		<b>motion required</b> <b>7:08 – 7:10</b>
<b>13.</b> <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		<b>motion required</b> <b>7:10 – 7:20</b>
<b>14.</b> <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trades secrets: - Finance Committee Report: New Programs and Services, including FY19 Budget Assumptions	John Zoglin, Finance Committee Chair; Iftikhar Hussain, CFO		<b>discussion</b> <b>7:20 – 7:35</b>
<b>15.</b> <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trades secrets; <i>Gov't Code Sections 54957 and 54957.6</i> for report and discussion on personnel matters: - CEO Report on New Services and Programs and Personnel Matters	Dan Woods, CEO		<b>discussion</b> <b>7:35 – 8:05</b>
<b>16.</b> Report involving <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters – Senior Management: - Executive Session	John Zoglin, Board Vice Chair		<b>discussion</b> <b>8:05 – 8:10</b>
<b>17. ADJOURN TO OPEN SESSION</b>	John Zoglin, Board Vice Chair		<b>motion required</b> <b>8:10 – 8:11</b>
<b>18. RECONVENE OPEN SESSION/ REPORT OUT</b>  To report any required disclosures regarding permissible actions taken during Closed Session.	John Zoglin, Board Vice Chair		<b>8:11 – 8:12</b>

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>19. CONSENT CALENDAR ITEMS:</b> <i>Any Board Member or member of the public may remove an item for discussion before a motion is made.</i>	John Zoglin, Board Vice Chair	<i>public comment</i>	<b>motion required 8:12 – 8:19</b>
<b><i>Approval</i></b> a. <a href="#">Minutes of the Open Session of the Hospital Board Meeting (March 14, 2018)</a> b. <a href="#">Draft Resolution 2018-06: Approving Acting as a Member of Pathways Continuous Care to Approve the Winding up and Dissolution of Pathways Continuous Care and Delegating Authority to Certain Officers</a>  <i>Reviewed and Recommended for Approval by the Executive Compensation Committee</i> c. <a href="#">Minutes of the Open Session of the Executive Compensation Committee Meeting (January 31, 2018)</a>  <i>Reviewed and Recommended for Approval by the Finance Committee</i> d. <a href="#">FY18 Period 7 Financials</a> e. <a href="#">Extension of Hospitalist Agreement (MV)</a> f. <a href="#">Associate Chief Medical Officer Hours Increase (LG)</a> g. <a href="#">Finance: Pricing and Chargemaster Policy</a>  <i>Reviewed and Recommended for Approval by the Governance Committee</i> h. <a href="#">Draft Revised ECH Bylaws Sections 5.1 and 5.2</a> i. <a href="#">Draft Revised Process for Election and Re-Election of Non-District Board Members</a>  <i>Reviewed and Recommended for Approval by the Medical Executive Committee</i> j. <a href="#">Medical Staff Report</a>  <b><i>Information</i></b> k. <a href="#">Reports on Educational Activity</a> l. <a href="#">Investment Committee Report</a> m. <a href="#">Corporate Compliance/Privacy and Internal Audit Committee Report</a>			
<b>20. CEO REPORT</b> <a href="#">ATTACHMENT 20</a>	Dan Woods, CEO		<b>information 8:19 – 8:22</b>
<b>21. BOARD COMMENTS</b>	John Zoglin, Board Vice Chair		<b>information 8:22 – 8:24</b>
<b>22. ADJOURNMENT</b>	John Zoglin, Board Vice Chair		<b>motion required 8:24 – 8:25 pm</b>

Upcoming Meetings: May 9, 2018, June 13, 2018

Board/Committee Educational Gatherings: April 25, 2018

## ECH BOARD MEETING AGENDA ITEM COVER SHEET

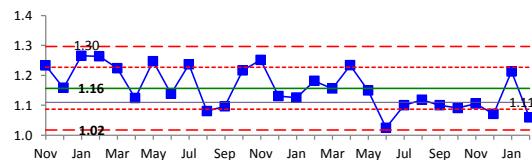
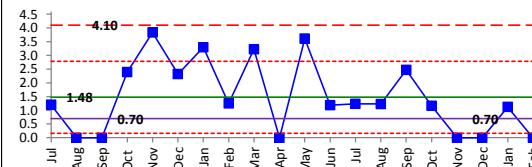
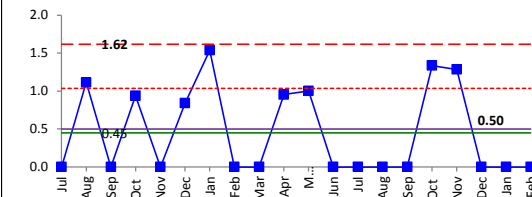
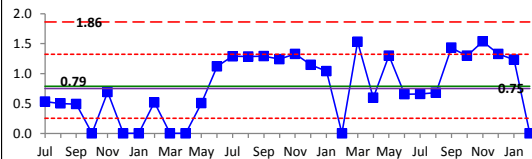
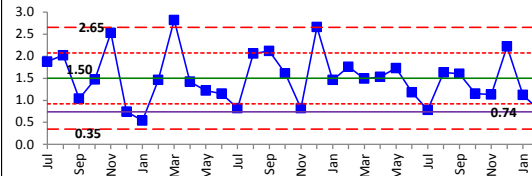
<b>Item:</b>	Quality, Patient Care and Patient Experience Committee ("Quality Committee") Report  El Camino Hospital Board of Directors  April 18, 2018
<b>Responsible party:</b>	David Reeder, Quality Committee Chair
<b>Action requested:</b>	For Information
<b>Background:</b> The Quality Committee meets 10 times per year. The Committee last met on April 2, 2018 and meets next on April 30, 2018.	
<p><b>Summary and session objectives:</b></p> <p><b>Summary of March 5, 2018 Meeting:</b></p> <ol style="list-style-type: none"> <li>1. <u>Patient Story</u>: One of the Patient Advocate Members of the Committee reported that, overall, her patient experience and the care she received during her in-patient admission at ECH were excellent. She also reported that, after her stay, she raised concerns related to pain management and communication between staff and her family that were taken seriously and addressed by senior management. She expressed gratitude for her current health status and the opportunity to serve on several committees at ECH including the Board's Quality Committee.</li> <li>2. <u>FY18 Quality Dashboard</u>: ECH is reporting zero new Hospital Acquired CAUTI's, CLABSI's, or C. Diff. infections in February. Falls have declined over the last three months. Average length of stay has decreased after recovery from high patient volume and acuity in January.</li> <li>3. <u>Catheter Associated Urinary Tract Infections ("CAUTI")</u>: Since the patient safety movement began in 2000, the resultant focus on reducing harm to patients has led to adoption of the premise that certain consequences of acute hospitalization such as hospital acquired infections ("HAI's) are no longer acceptable. The ACA provides for financial penalties if a hospital has more HAI's (such as CAUTI's) than expected. ECH's goal for FY18 was to have not more than 11 hospital acquired CAUTI's, and so far we have had 14. Staff have adopted a number of new practices aimed at reducing these including: (1) Two staff required for insertion of indwelling catheter to ensure maintenance of sterile field, (2) Intensive review of each infection, (3) Implementation of new prep and insertion kit, (4) Nurse-driven protocol for removal of catheter without physician order. Some of these practices have been recently adopted and results are being carefully monitored and will be brought back to the Committee for review.</li> <li>4. <u>Patient and Family Centered Care Update - Patient Experience Roadmap</u>: Cheryl Reinking, CNO, reported on the plan or "Roadmap" for the Patient and Family Centered Care over the next 18 months. Interventions are identified as immediate (1-3 months), short-term (3-6 months), or long-term (6-18 months) and include efforts in the areas of</li> </ol>	

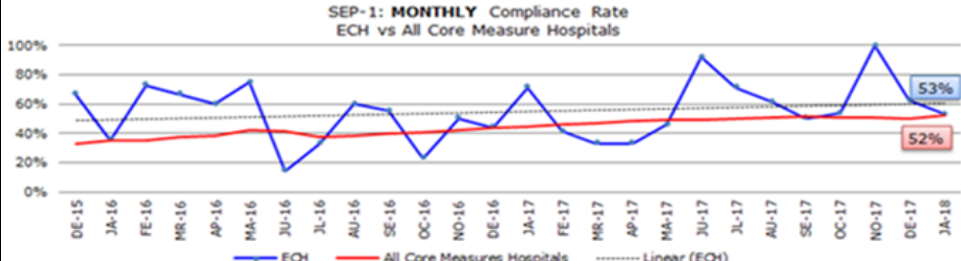
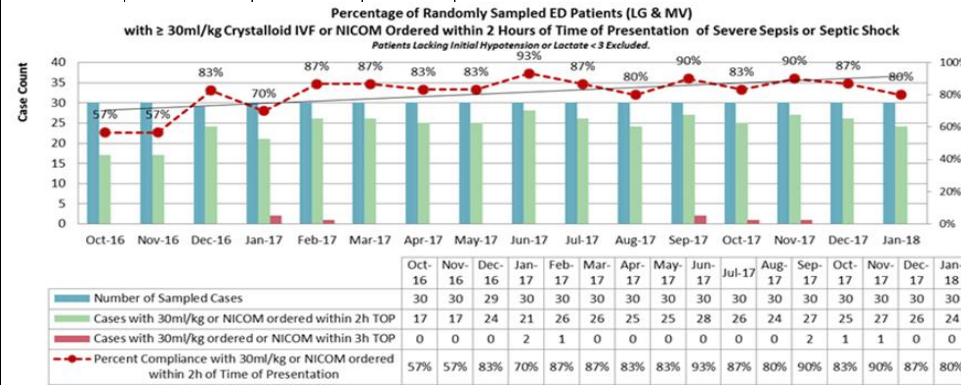
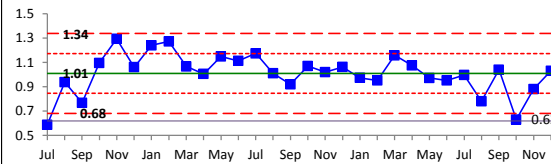
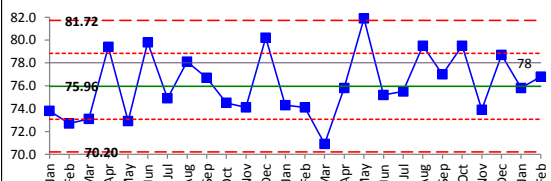
## ECH BOARD MEETING AGENDA ITEM COVER SHEET

	<p>data analytics, training, culture change, incorporation of the patient voice, program development, and implementing best practices. She also reviewed Picker's Eight Principles of Patient-Centered Care.</p> <p>5. <u>Proposed FY19 Organizational Goals</u>: The proposed FY19 Organizational Goals are attached. Ms. Reinking reported that the ED Door to Floor measure is a very good indicator of overall enterprise efficiency and the three proposed service metrics have been very challenging for ECH. Although we did very well on them in March, staff expects that they will continue to be challenging. The Truven Quality Metrics are part of achieving Truven Top 100 status. The Committee will discuss them again at our next meeting, and bring the goals to the Board for approval before the end of this fiscal year. Metrics for minimum, target, and maximum will be proposed and approved in the fall when baseline data from FY18 is available.</p>
	<b>Suggested discussion questions:</b> None.
	<b>Proposed Board motion, if any:</b> None
	<p><b>Attachment:</b></p> <ol style="list-style-type: none"> <li>1. FY18 Quality Dashboard</li> <li>2. Patient Experience Roadmap</li> <li>3. Picker's Eight Principles of Patient Centered Care</li> <li>4. Proposed FY19 Organizational Goals</li> </ol>

## Quality and Safety Dashboard (Monthly)

Reports run: 11/20/17		Baseline	FY18 Goal	Trend	Comments
SAFETY EVENTS		Performance			
		Month	FYTD	FY2017 Actual	FY2018 Goal
1	<b>Patient Falls</b> Med / Surg / CC Falls / 1,000 CALNOC Pt. Days  Date Period: Feb 2018	0.79 (4/5068)	1.31 (56/42655)	1.49	0.74 (Top decile CALNOC)
	*Organizational Goal <b>Hospital Acquired Infection (Infection rate)</b> <b>Catheter Associated Urinary Tract Infection (CAUTI)</b> per 1,000 urinary catheter days Date Period: Feb 2018 SIR Goal: <= 0.75	0 (0/1305)	1.03 (12/11663)	1.09	SIR Goal: <= 0.75 SIR July-Dec.2017 = 1.459
3	<b>Central Line Associated Blood Stream Infection (CLABSI)</b> per 1,000 central line days Date Period: Feb 2018 SIR Goal: <= 0.50	0.0 (0/827)	0.28 (2/7116)	0.56	SIR Goal: <= 0.50 SIR July-Dec.2017 = 0.423
4	<b>Clostridium Difficile Infection (CDI)</b> per 10,000 patient days Date Period: Feb 2018 SIR Goal: <= 0.70	0.0 (0/7534)	0.91 (6/65955)	1.89	SIR Goal: <= 0.70 SIR July-Dec.2017 = 0.30
Efficiency		Performance		FY17 Actual	FY 2018 Goal
		Month	FYTD		
5	★Organizational Goal <b>Arithmetic Observed LOS Average/Geometric LOS Expected for Medicare Population (ALOS/Expected GMLOS)</b> (Medicare definition, MS-CC, Inpatient) Date Period: Feb 2018	1.06	1.11	1.16	1.11

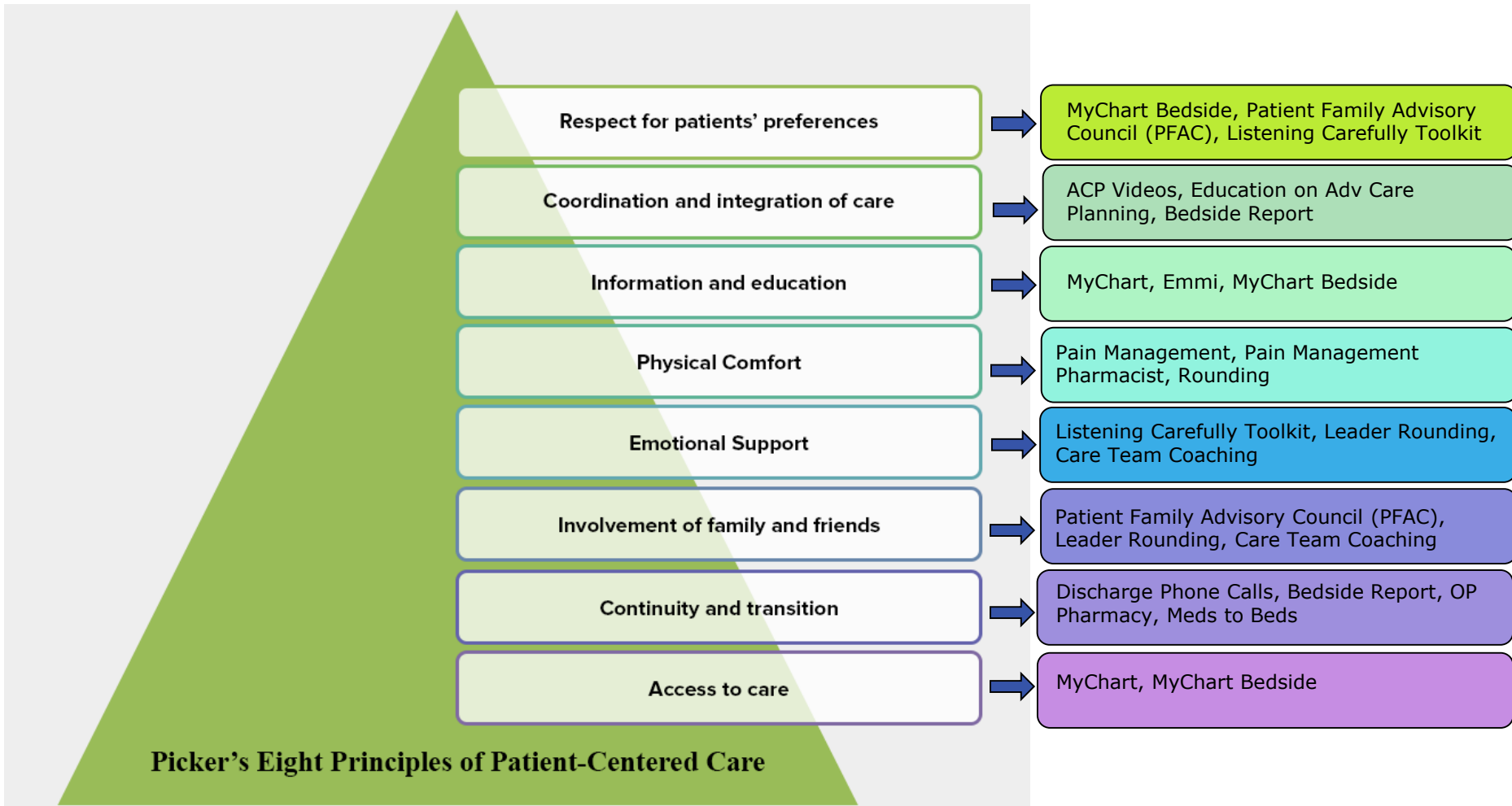


Reports run: 9/20/17		Baseline	FY18 Goal	Trend	Comments																																																																																				
6	Sepsis Core Measure SEP-1 100% or O% Date Period: Jan 2018				Drop in Sep-1 compliance related to high volume of ED patients in Jan. 8 failures in the sampled cases discussed in detail at Sepsis Committee, and communicated to involved medical and nursing staff.																																																																																				
	IVF Bolus Ordered within 2 Hours of TOP of Severe Sepsis or Septic Shock (Patients lacking initial hypotension or lactate <3 excluded) Date Period: Jan 2018	 <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><th>Dec-17</th><th>Jan-18</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><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><td>26</td><td>24</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><td>0</td><td>0</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><td>87%</td><td>80%</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	Dec-17	Jan-18	Number of Sampled Cases	30	30	29	30	30	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	26	24	Cases with 30ml/kg ordered or NICOM within 3h TOP	0	0	0	2	1	0	0	0	0	0	0	2	1	1	0	0	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%	87%	80%
	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	Dec-17	Jan-18																																																																									
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Mortality		Performance		FY 2017	FY 2018																																																																																				
		Month	FYTD		Goal																																																																																				
8	Mortality Rate Observed/Expected Premier Standard Risk Calculation Mode Date Period: Dec 2017	1.03 (2.38%/2.31%)	0.90 (1.53%/1.69%)	1.02 (1.88%/1.83%)	0.62																																																																																				
				January and February data not available yet in Premier Quality Advisor due to data refresh back to Nov. 2015 not complete - delayed with errors to April 10, 2018.																																																																																					
SERVICE		Performance		FY 2017 Actual	FY 2018 Goal																																																																																				
		Month	FYTD																																																																																						
9	«Organizational Goal HCAHPS Rate Hospital 0-10 Top Box Rating 9 and 10 Date Period: Feb 2018	76.8 (175/228)	77.1 (1452/1884)	76.30	78.0%																																																																																				
				Slight rebound from January's result. Average to date July-Feb = 76.8.																																																																																					

# Patient Care Experience Road Map for El Camino Hospital

Immediate 1-3 Months	Short-Term 3-6 Months	Long-Term 6-18 Months
<ul style="list-style-type: none"> <li>•<b><u>Data Analytics &amp; Prioritization</u></b> <ul style="list-style-type: none"> <li>•Troubleshoot data &amp; departments in Epic/PG</li> <li>•Highlight successes by unit with trophies</li> <li>•Focus on Nurse Communication &amp; "Nurses listened carefully item"</li> </ul> </li> <li>•<b><u>Patient Voice Incorporation</u></b> <ul style="list-style-type: none"> <li>•Share more patient comments and stories, send WowMails when staff mentioned by name, push patient comments to leaders, set expectations leaders share comments</li> </ul> </li> <li>•<b><u>Program Development</u></b> <ul style="list-style-type: none"> <li>•Cultivate a presence for the PE Team at both campuses, consider structure &amp; support of team</li> <li>•Bring back the Care Team Coaching &amp; utilize Coaching Reporting Tool</li> <li>•Revisit charter of PEC and potentially adjust time to allow more to attend</li> </ul> </li> <li>•<b><u>Best Practices and Implementation</u></b> <ul style="list-style-type: none"> <li>•Pilot bedside shift report on MBU &amp; 4A, and purposeful hourly rounding on PCU &amp; 3B</li> </ul> </li> <li>•<b><u>Training</u></b> <ul style="list-style-type: none"> <li>•Provide Leader Rounding Training &amp; reinforce with Care Team Coaching, protect time post-huddle for leader rounding</li> </ul> </li> <li>•<b><u>Culture</u></b> <ul style="list-style-type: none"> <li>•Share WOWMail feedback and determine any changes possible</li> <li>•Launch Communications Survey and follow up</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>•<b><u>Data Analytics &amp; Prioritization</u></b> <ul style="list-style-type: none"> <li>•Develop &amp; train on the Patient Experience Dashboard and standardize reporting</li> <li>•Perform VIS Board Audits</li> <li>•Determine FY 2018 goal attainment metric (received or discharge date)</li> <li>•Determine FY 2019 goals &amp; focus areas may include staff responsiveness or environment (cleanliness)</li> <li>•Consider employee, leader and physician incentives tied to goals and set for FY 2019</li> </ul> </li> <li>•<b><u>Patient Voice Incorporation</u></b> <ul style="list-style-type: none"> <li>•Recruit new PFAC members</li> </ul> </li> <li>•<b><u>Best Practices and Implementation</u></b> <ul style="list-style-type: none"> <li>•Determine success of bedside shift report and purposeful hourly rounding pilots, determine spread, develop educational modules to support both</li> <li>•Connect with physician groups and incorporate them into work efforts, offer coaching</li> <li>•Expand discharge phone calls to all patients and revise script</li> <li>•Determine launch of Joy committee</li> <li>•Optimize Interactive TV Technology</li> <li>•Develop manager tool kits</li> </ul> </li> <li>•<b><u>Training</u></b> <ul style="list-style-type: none"> <li>•Offer Service Foundations Workshop again</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>•<b><u>Data Analytics &amp; Prioritization</u></b> <ul style="list-style-type: none"> <li>•Provide Physician Group Level Data</li> </ul> </li> <li>•<b><u>Program Development</u></b> <ul style="list-style-type: none"> <li>•Consider hosting PEC on both campuses or alternating</li> </ul> </li> <li>•<b><u>Best Practices and Implementation</u></b> <ul style="list-style-type: none"> <li>•Set goals and expectations related to bedside shift report and purposeful hourly rounding, determine tracking, rollout any education to support, follow with Care Team Coaching</li> </ul> </li> <li>•<b><u>Training</u></b> <ul style="list-style-type: none"> <li>•Create booster sessions for those who have already completed Service Foundations, follow with Care Team Coaching</li> <li>•Provide service recovery approach, guidelines, and training for staff and leaders</li> <li>•Refresh the content for NMO &amp; GHO</li> </ul> </li> <li>•<b><u>Culture</u></b> <ul style="list-style-type: none"> <li>•Provide definition and clarity on vision/focus, philosophy, definition and approach "Patient First" program for ECH.</li> </ul> </li> </ul>
On-Going	<p><b><u>Data Analytics &amp; Prioritization:</u></b> Develop an Executive Dashboard</p> <p><b><u>Patient Voice Incorporation:</u></b> Find meaningful ways for patients to serve on committees</p> <p><b><u>Program Development:</u></b> Enable focus of PE Team</p> <p><b><u>Culture:</u></b> Provide visible presence of Executive Team at both campuses</p>	

# Eight Principles of Patient-Centered Care\*



\*from The Picker Institute, an independent nonprofit organization dedicated to advancing the principles of patient-centered care

### DRAFT FY19 Organizational Goals

Organizational Goals FY19		Benchmark	2018 ECH Baseline	Minimum	Target	Maximum	Weight	Performance Timeframe
<b>Organizational Goals</b>								
	<b>Patient Throughput</b> Door to Floor	External Benchmark <i>CMS</i>	<i>TBD</i>	<i>TBD</i>	<i>TBD</i>	<i>TBD</i>	34%	
	<b>HCAHPS Service Metric</b> Nurse Communication Responsiveness Cleanliness	External Benchmark <i>PG-HCAHPS Adjusted/Receiv</i>	<i>TBD</i>	<i>TBD</i>	<i>TBD</i>	<i>TBD</i>	33%	
	<b>Truven Quality Metrics:</b> AMI 30 day mortality CABG 30 day mortality AMI 30 day readmission HF 30 day readmission SP-36 - CABG - AMI	External Benchmark <i>Premier</i>	<i>TBD</i>	<i>TBD</i>	<i>TBD</i>	<i>TBD</i>	33%	
<b>Threshold Goals</b>								
<b>Budgeted Operating Margin</b>		95% threshold	Achieved Budget	95% of Budgeted			Threshold	FY 19

## ECH BOARD MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Finance Committee Report El Camino Hospital Board of Directors April 18, 2018
<b>Responsible party:</b>	Iftikhar Hussain, CFO
<b>Action requested:</b>	For Information
<b>Background:</b> The Finance Committee meets 7 times per year. The Committee last met on March 26, 2018 and meets next on April 26, 2018.	
<p><b>Summary and session objectives:</b> To update the Board on the work of the Committee, and to obtain approval on the FY18 Period 8 Financials (in this agenda item), the FY18 Period 7 Financials, Physician Contracts, and Pricing and Chargemaster Policy (on the consent calendar in the second open session).</p> <ol style="list-style-type: none"> <li>1. <b>Progress Against Goals:</b> The committee asked management that future service line presentations include strategy, goals and KPIs. All other goals are on track.</li> <li>2. <b>Other Key Accomplishments</b> (since last report to the Board): <ul style="list-style-type: none"> <li>– Reviewed P7 and P8 Financial results</li> <li>– Performed biennial review of Committee charter</li> <li>– Reviewed results of committee self-assessment; recognized the need for greater communication with the Board about Committee activities</li> <li>– Reviewed status of major capital plans: BHS, IMOB, Garage, and Central Utility Plant</li> <li>– Reviewed bi-annual payor update</li> <li>– Reviewed FY 18 budget preview</li> </ul> </li> <li>3. Important Future Activities <ul style="list-style-type: none"> <li>– Additional FC meeting in April to review and provide input for the FY19 budget</li> <li>– Joint meeting with the Board in May to review the FY19 budget</li> </ul> </li> </ol>	
<b>Suggested discussion questions:</b> None.	
<b>Proposed Board motion, if any:</b> <ol style="list-style-type: none"> <li>1. To approve the FY18 Period 8 Financials</li> </ol>	
<b>LIST OF ATTACHMENTS:</b> <ol style="list-style-type: none"> <li>1. FY18 Period 8 Financials</li> </ol>	



**El Camino Hospital<sup>®</sup>**  
THE HOSPITAL OF SILICON VALLEY

## Summary of Financial Operations

Fiscal Year 2018 – Period 8  
7/1/2017 to 2/28/2018

# Financial Overview

- **Volume:**

- For the year, overall volume, measured in adjusted discharges is 5.6% higher than budget. However, the monthly growth trend reversed in February as the flu cases dropped.
- IP cases are 4.3% over budget, specifically Neurosciences, HVI, BHS, Oncology and General Medicine. Deliveries are slightly lower to prior year and 3.9% below budget.
- OP cases are higher than budget in General Surgery, General Medicine, Emergency, Lab, Imaging Services, MCH, Rehab, Outpatient Clinics and Urology.

- **Financial Performance:**

- Operating income is \$2.9M over budget. Revenue for the month include \$205K in unusual items. For the year op margin is \$41.5M ahead of target.
- Investments had a \$15 million loss during the month but for the year, investment earnings remain \$36 million ahead of target.

- **Payor Mix:**

- Commercial insurance is 3.3% less of the Payor Mix in February than budget where Medicare has increased 2.2%.

- **Cost:**

- Prod Hrs/APD for February is 30.2 unfavorable vs. target due to lower volume. YTD we are ahead of budget.

- **Balance Sheet:**

- Net days in AR is 48.4 which is 0.4 days more than budget.

## Dashboard - ECH combined as of February 28, 2018

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
<b>Volume</b>								
Licensed Beds	443	443	443	-	443	443	443	-
ADC	249	243	261	(18)	236	244	239	5
Utilization MV	67%	68%	72%	-5%	65%	67%	66%	1%
Utilization LG	33%	28%	31%	-3%	29%	30%	29%	1%
Utilization Combined	56%	55%	59%	-4%	53%	55%	54%	1%
Adjusted Discharges	2,701	2,781	2,703	77	22,246	23,880	22,621	1,259
Total Discharges (Excl NNB)	1,560	1,560	1,581	(21)	12,932	13,640	13,097	543
Total Discharges	1,852	1,834	1,862		15,471	16,190	15,516	
<b>Inpatient Cases</b>								
MS Discharges	1,105	1,117	1,102	15	8,904	9,557	8,987	570
Deliveries	354	328	370	(42)	3,106	3,061	3,184	(123)
BHS	67	80	70	10	606	731	597	134
Rehab	34	35	38	(3)	316	291	329	(38)
<b>Outpatient Cases</b>								
ED	11,447	11,752	11,730	22	95,415	99,545	97,309	2,236
Procedural Cases	3,911	4,101	3,896	205	31,772	33,245	32,315	930
OP Surg	358	369	365	4	2,915	3,110	3,032	78
Endo	201	188	170	18	1,576	1,585	1,408	177
Interventional	162	173	169	4	1,427	1,391	1,405	(14)
All Other	6,815	6,921	7,130	(209)	57,725	60,214	59,149	1,065
<b>Financial Perf.</b>								
Net Patient Revenues	63,665	67,364	66,529	835	536,527	590,175	551,843	38,333
Total Operating Revenue	65,460	69,564	68,395	1,168	553,757	610,103	567,497	42,607
Operating Expenses	61,657	61,963	63,765	(1,802)	487,529	515,460	514,359	1,102
Operating Income \$	3,803	7,600	4,630	2,970	66,229	94,643	53,138	41,505
Operating Margin	5.8%	10.9%	6.8%	4.2%	12.0%	15.5%	9.4%	6.1%
EBITDA \$	8,192	12,554	9,813	2,741	101,882	130,915	93,559	37,356
EBITDA %	12.5%	18.0%	14.3%	3.7%	18.4%	21.5%	16.5%	5.0%
IP Margin <sup>1</sup>	5.8%	12.9%	-10.2%	23.1%	5.8%	12.9%	-10.2%	23.1%
OP Margin <sup>1</sup>	37.0%	44.2%	31.7%	12.5%	37.0%	44.2%	31.7%	12.5%
<b>Payor Mix</b>								
Medicare	49.3%	49.6%	47.4%	2.2%	47.6%	47.2%	47.4%	-0.2%
Medi-Cal	8.1%	7.9%	7.2%	0.7%	7.3%	7.9%	7.2%	0.7%
Commercial IP	21.2%	20.4%	22.6%	-2.2%	22.5%	22.3%	22.6%	-0.2%
Commercial OP	19.2%	19.2%	20.3%	-1.1%	20.1%	20.2%	20.3%	-0.1%
Total Commercial	40.4%	39.6%	42.9%	-3.3%	42.7%	42.6%	42.9%	-0.3%
Other	2.2%	2.9%	2.5%	0.3%	2.5%	2.4%	2.5%	-0.1%
<b>Cost</b>								
Total FTE	2,518.4	2,597.0	2,605.1	(8)	2,484.3	2,576.6	2,522.8	54
Productive Hrs/APD	29.4	30.2	29.2	1	30.3	29.9	30.6	(1)
<b>Balance Sheet</b>								
Net Days in AR	44.8	48.4	48.0	0	44.8	48.4	48.0	0
Days Cash	444	484	266	218	444	484	266	218
<b>Affiliates - Net Income (\$000s)</b>								
Hosp	8,479	(7,298)	4,856	(12,153)	95,401	139,987	54,940	85,047
Concern	274	(245)	117	(362)	1,003	865	972	(107)
ECSC	(6)	(1)	0	(1)	(60)	(22)	0	(22)
Foundation	371	(701)	58	(760)	2,046	1,516	451	1,065
SVMD	(30)	(416)	48	(464)	160	(282)	41	(323)

# Budget Variances

## Fiscal Year 2018 YTD (7/1/2017-02/28/2018) Waterfall

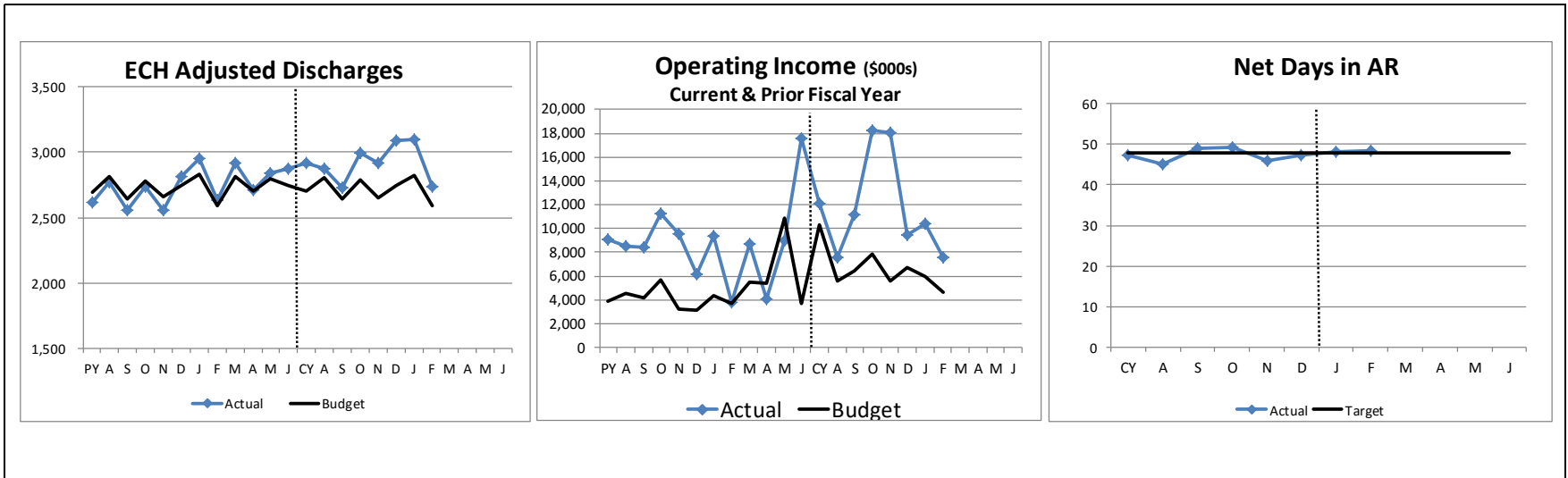
(in thousands; \$000s)	Year to Date (YTD)	
	Net Income Impact	% Net Revenue
<b>Budgeted Hospital Operations FY2018</b>	<b>53,138</b>	<b>9.4%</b>
<b>Net Revenue</b> - Favorable due higher volume, revenue cycle operations and \$13 million unusual items	42,607	7.0%
<b>Labor and Benefit Expense Change</b> - Labor favorable vs budget after adjusting for higher volume	(2,249)	-0.4%
<b>Professional Fees &amp; Purchased Services</b> -Recruiting costs and backfill for vacant position;	(2,157)	-0.4%
<b>Supplies</b> - 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.	(1,857)	-0.3%
<b>Other Expenses</b> - primarily due to no strategic fund expenses offset with property tax retro payment and regular payment for half year.	1,013	0.2%
<b>Depreciation &amp; Interest</b> - Favorable due to delay in Parking Structure as well as LG projects	4,149	0.7%
<b>Actual Hospital Operations FY2018</b>	<b>94,643</b>	<b>15.5%</b>

# El Camino Hospital (\$000s)

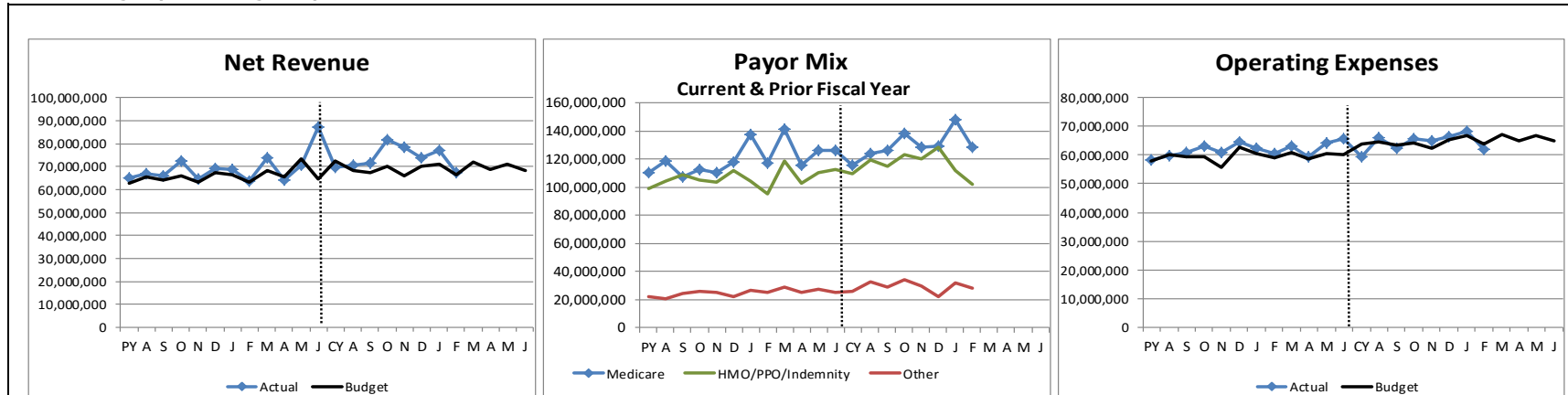
8 months ending 02/28/2018

Period 8 FY 2017	Period 8 FY 2018	Period 8 Budget 2018	Variance Fav (Unfav)	Var%		YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
					\$000s					
					<b>OPERATING REVENUE</b>					
238,237	259,224	258,252	972	0.4%	<b>Gross Revenue</b>	1,957,450	2,201,507	2,112,508	88,999	4.2%
(174,572)	(191,860)	(191,723)	(138)	1.0%	<b>Deductions</b>	(1,420,923)	(1,611,332)	(1,560,665)	(50,667)	3.2%
<b>63,665</b>	<b>67,364</b>	<b>66,529</b>	<b>835</b>	<b>1.3%</b>	<b>Net Patient Revenue</b>	<b>536,527</b>	<b>590,175</b>	<b>551,843</b>	<b>38,333</b>	<b>6.9%</b>
1,795	2,200	1,866	334	17.9%	<b>Other Operating Revenue</b>	17,231	19,928	15,654	4,274	27.3%
<b>65,460</b>	<b>69,564</b>	<b>68,395</b>	<b>1,168</b>	<b>1.7%</b>	<b>Total Operating Revenue</b>	<b>553,757</b>	<b>610,103</b>	<b>567,497</b>	<b>42,607</b>	<b>7.5%</b>
					<b>OPERATING EXPENSE</b>					
37,928	37,254	37,937	684	1.8%	<b>Salaries &amp; Wages</b>	296,101	312,367	310,118	(2,249)	-0.7%
9,777	9,625	10,058	433	4.3%	<b>Supplies</b>	75,133	82,735	80,878	(1,857)	-2.3%
7,485	7,906	8,138	232	2.9%	<b>Fees &amp; Purchased Services</b>	62,144	65,645	63,488	(2,157)	-3.4%
2,079	2,224	2,448	224	9.2%	<b>Other Operating Expense</b>	18,497	18,441	19,454	1,013	5.2%
444	741	725	(15)	-2.1%	<b>Interest</b>	3,423	3,602	5,804	2,201	37.9%
3,944	4,213	4,457	244	5.5%	<b>Depreciation</b>	32,230	32,670	34,618	1,947	5.6%
<b>61,657</b>	<b>61,963</b>	<b>63,765</b>	<b>1,802</b>	<b>2.8%</b>	<b>Total Operating Expense</b>	<b>487,529</b>	<b>515,460</b>	<b>514,359</b>	<b>(1,102)</b>	<b>-0.2%</b>
<b>3,803</b>	<b>7,600</b>	<b>4,630</b>	<b>2,970</b>	<b>64.1%</b>	<b>Net Operating Income/(Loss)</b>	<b>66,229</b>	<b>94,643</b>	<b>53,138</b>	<b>41,505</b>	<b>78.1%</b>
4,675	(14,898)	225	(15,123)	-6712.7%	<b>Non Operating Income</b>	29,173	45,344	1,802	43,542	2415.8%
<b>8,479</b>	<b>(7,298)</b>	<b>4,856</b>	<b>(12,153)</b>	<b>-250.3%</b>	<b>Net Income(Loss)</b>	<b>95,401</b>	<b>139,987</b>	<b>54,940</b>	<b>85,047</b>	<b>154.8%</b>
12.5%	18.0%	14.3%	3.7%		<b>EBITDA</b>	18.4%	21.5%	16.5%	5.0%	
5.8%	10.9%	6.8%	4.2%		<b>Operating Margin</b>	12.0%	15.5%	9.4%	6.1%	
13.0%	-10.5%	7.1%	-17.6%		<b>Net Margin</b>	17.2%	22.9%	9.7%	13.3%	

# Monthly Financial Trends

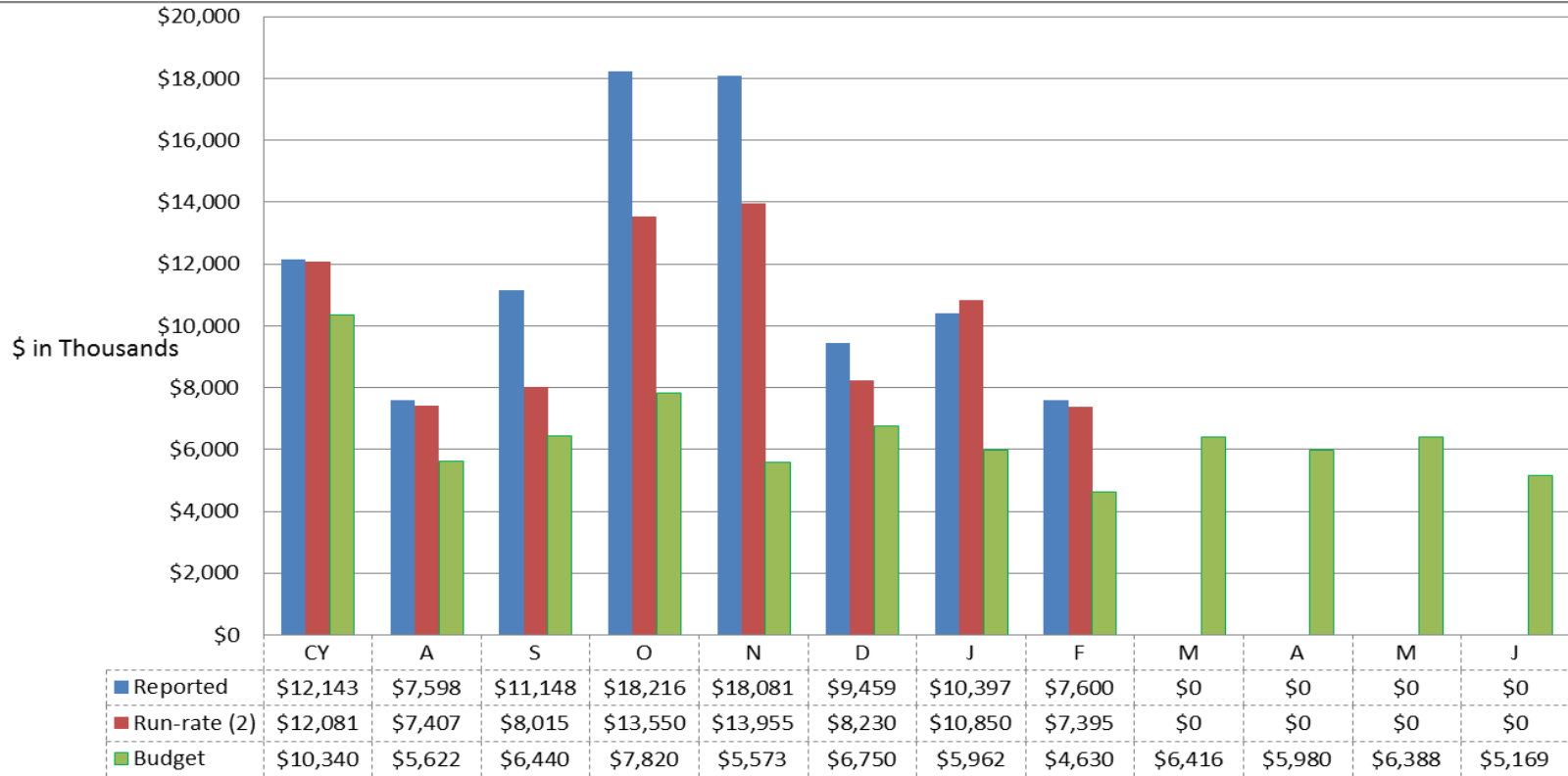


Volume is higher than budget for the month and the year. High inpatient volume is in Inpatient Behavioral Health, HVI, Neurosciences and General Medicine. High Outpatient volume is General Medicine, Imaging Services, MCH, Lab, Outpatient Clinics, General Surgery, Emergency and Rehab



# 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	J	F	YTD
Insurance (Payment Variance)	-	-	-	611	-	669	28	-	1,309
Mcare Settlmt/Appeal/Tent Settlmt/PIP	54	155	905	54	184	81	396	92	1,921
AB 915	-	-	-	-	-	-	-	103	103
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	(878)	10	(767)
<b>Total</b>	<b>63</b>	<b>191</b>	<b>3,134</b>	<b>4,667</b>	<b>4,126</b>	<b>1,229</b>	<b>(453)</b>	<b>205</b>	<b>13,160</b>

## El Camino Hospital Investment Committee Scorecard

December 31, 2017

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY18 Year-end Budget	Expectation Per Asset Allocation
Investment Performance		4Q 2017		Fiscal Year-to-date		5y 2m Since Inception (annualized)		2017	
Surplus cash balance*		\$872.0	--	--	--	--	--	\$926.1	--
Surplus cash return		2.6%	2.7%	5.4%	5.6%	6.0%	5.9%	1.9%	5.7%
Cash balance plan balance (millions)		\$259.2	--	--	--	--	--	\$257.1	--
Cash balance plan return		2.9%	3.3%	6.3%	6.7%	8.4%	7.9%	6.0%	6.1%
403(b) plan balance (millions)		\$441.7	--	--	--	--	--	--	--
Risk vs. Return		3-year				5y 2m Since Inception (annualized)		2017	
Surplus cash Sharpe ratio		1.16	1.19	--	--	1.44	1.42	--	0.46
Net of fee return		5.5%	5.6%	--	--	6.0%	5.9%	--	5.7%
Standard deviation		4.4%	4.4%	--	--	3.9%	4.0%	--	7.2%
Cash balance Sharpe ratio		1.13	1.16	--	--	1.51	1.47	--	0.43
Net of fee return		6.7%	6.5%	--	--	8.4%	7.9%	--	6.1%
Standard deviation		5.6%	5.3%	--	--	5.3%	5.1%	--	8.7%
Asset Allocation		4Q 2017							
Surplus cash absolute variances to target		5.9%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		7.5%	< 10%	--	--	--	--	--	--
Manager Compliance		4Q 2017							
Surplus cash manager flags		21	< 19 Green < 23 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		23	< 20 Green < 25 Yellow	--	--	--	--	--	--

\*Excludes debt reserve funds (~\$245 mm), District assets (~\$31 mm), and balance sheet cash not in investable portfolio (~\$124 mm).

Includes Foundation (~\$26 mm) and Concern (~\$13 mm) assets. Budget adds back in current Foundation and Concern assets and backs out current debt reserve funds.



# 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
<b>CIP</b>	EPIC Upgrade			1.9	1.0	1.9	1.9	0.0		1.0
<b>IT Hardware, Software, Equipment &amp; Imaging*</b>				12.2	1.0	12.2	12.2	0.0		1.0
<b>Medical &amp; Non Medical Equipment FY 17**</b>				14.0	12.9	8.6	0.0	8.6 <sup>2</sup>		7.5
<b>Medical &amp; Non Medical Equipment FY 18***</b>				5.6	3.4	5.6	5.6	0.0		3.4
<b>Facility Projects</b>										
	1245 Behavioral Health Bldg	FY16	96.1	96.1	34.0	27.0	51.4	-24.4 <sup>1</sup>		16.4
	1413 North Drive Parking Expansion	FY15	24.5	24.5	23.8	2.6	3.4	-0.8		4.1
	1414 Integrated MOB	FY15	302.1	302.1	82.5	72.0	130.1	-58.1 <sup>1</sup>		36.6
	1422 CUP Upgrade	FY16	9.0	9.0	4.3	5.5	4.0	1.5		2.0
	1430 Women's Hospital Expansion	FY16	120.0	6.0	2.7	3.6	7.0	-3.4		2.2
	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	0.1	0.5	0.5	0.0		0.1
	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	16.9	4.9	5.0	-0.1		3.0
	1508 LG NICU 4 Bed Expansion	FY16	0.0	0.0	0.0	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	4.4	3.5	3.5	0.0		4.2
	1711 Emergency Sanitary & Water Storage		1.4	0.3	0.1	0.2	3.2	-3.0		0.1
	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	35.5	1.8	0.0	1.8		3.3
<b>GRAND TOTAL</b>			684.4	479.6	227.5	128.0	211.9	-83.9		75.0
				<b>499.4</b>	<b>245.8</b>	<b>156.5</b>	<b>231.7</b>	<b>-75.2</b>		<b>87.8</b>

\* Excluding EPIC

\*\* Unspent Prior Year routine used as contingency

\*\*\* Includes 2 robot purchases

<sup>1</sup> Variance due to delay in MV campus plan

<sup>2</sup> Initial assumption was to spend all FY17 in FY17

# Balance Sheet (in thousands)

## ASSETS

		Audited	
	February 28, 2018	June 30, 2017	
<b>CURRENT ASSETS</b>			
Cash	127,575	125,551	
Short Term Investments	160,110	140,284	
Patient Accounts Receivable, n	117,190	109,089	
Other Accounts and Notes Rec	2,905	2,628	
Intercompany Receivables	1,881	1,495	
(1) Inventories and Prepaids	56,001	50,657	
<b>Total Current Assets</b>	<b>465,662</b>	<b>429,705</b>	
<b>BOARD DESIGNATED ASSETS</b>			
(2) Plant & Equipment Fund	148,432	131,153	
Women's Hospital Expansion	9,298	9,298	
(3) Operational Reserve Fund	127,908	100,196	
(4) Community Benefit Fund	18,481	12,237	
Workers Compensation Reser	21,151	20,007	
Postretirement Health/Life Re	19,580	19,218	
PTO Liability Fund	23,200	23,409	
Malpractice Reserve Fund	1,634	1,634	
Catastrophic Reserves Fund	18,153	16,575	
<b>Total Board Designated Assets</b>	<b>387,837</b>	<b>333,727</b>	
(5) <b>FUNDS HELD BY TRUSTEE</b>	<b>229,106</b>	<b>287,052</b>	
<b>LONG TERM INVESTMENTS</b>	<b>285,697</b>	<b>256,652</b>	
<b>INVESTMENTS IN AFFILIATES</b>	<b>33,487</b>	<b>32,451</b>	
<b>PROPERTY AND EQUIPMENT</b>			
(6) Fixed Assets at Cost	1,252,325	1,192,047	
Less: Accumulated Depreciatio	(561,152)	(531,785)	
Construction in Progress	156,644	138,017	
<b>Property, Plant &amp; Equipment - Net</b>	<b>847,816</b>	<b>798,279</b>	
<b>DEFERRED OUTFLOWS</b>	<b>28,560</b>	<b>28,960</b>	
<b>RESTRICTED ASSETS - CASH</b>	<b>0</b>	<b>0</b>	
<b>TOTAL ASSETS</b>	<b>2,278,165</b>	<b>2,166,825</b>	

## LIABILITIES AND FUND BALANCE

		Audited	
	February 28, 2018	June 30, 2017	
<b>CURRENT LIABILITIES</b>			
(7) Accounts Payable	26,950	38,457	
(8) Salaries and Related Liabilities	22,425	25,109	
Accrued PTO	23,200	23,409	
Worker's Comp Reserve	2,300	2,300	
Third Party Settlements	10,967	10,438	
Intercompany Payables	72	84	
Malpractice Reserves	1,634	1,634	
Bonds Payable - Current	3,850	3,735	
(9) Bond Interest Payable	3,640	11,245	
Other Liabilities	6,487	4,889	
<b>Total Current Liabilities</b>	<b>101,524</b>	<b>121,299</b>	
<b>LONG TERM LIABILITIES</b>			
Post Retirement Benefits	19,580	19,218	
Worker's Comp Reserve	18,851	17,707	
Other L/T Obligation (Asbestos)	3,821	3,746	
Other L/T Liabilities (IT/Medl Leases)	-	-	
Bond Payable	521,750	527,371	
<b>Total Long Term Liabilities</b>	<b>564,002</b>	<b>568,042</b>	
<b>DEFERRED REVENUE-UNRESTRICTED</b>	<b>478</b>	<b>567</b>	
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>10,666</b>	<b>10,666</b>	
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>			
Unrestricted	1,213,658	1,132,525	
Board Designated	387,837	333,726	
Restricted	0	0	
(10) <b>Total Fund Bal &amp; Capital Accts</b>	<b>1,601,494</b>	<b>1,466,251</b>	
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>2,278,165</b>	<b>2,166,825</b>	

## FEBRUARY 2018 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The increase is due to two quarterly pension fundings of \$2.6M in October and January.
- (2) The increase is due 8 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, item (5).
- (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 decrease is primarily due to the annual 403B match funding that occurred in January
- (9) The significant decrease is due to semi-annual 2015A and 2017 Bond interest payments having been paid in January.
- (10) The increase is attributable to the first eight periods of financial performance producing an operating income of \$94 million and non-operating of \$45 million (mostly from unrealized gains on investments).

# 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)

8 months ending 02/28/2018

Period 8 FY 2017	Period 8 FY 2018	Period 8 Budget 2018	Variance Fav (Unfav)	Var%		YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
					\$000s					
<b>OPERATING REVENUE</b>										
192,985	217,551	213,000	4,550	2.1%	<b>Gross Revenue</b>	1,606,267	1,804,329	1,734,988	69,341	4.0%
(144,092)	(159,423)	(158,859)	(563)	0.4%	<b>Deductions</b>	(1,164,557)	(1,318,516)	(1,286,498)	(32,018)	2.5%
<b>48,893</b>	<b>58,128</b>	<b>54,141</b>	<b>3,987</b>	<b>7.4%</b>	<b>Net Patient Revenue</b>	<b>441,710</b>	<b>485,813</b>	<b>448,490</b>	<b>37,323</b>	<b>8.3%</b>
1,612	2,000	1,653	347	21.0%	<b>Other Operating Revenue</b>	15,905	18,552	13,943	4,609	33.1%
<b>50,504</b>	<b>60,128</b>	<b>55,793</b>	<b>4,334</b>	<b>7.8%</b>	<b>Total Operating Revenue</b>	<b>457,614</b>	<b>504,365</b>	<b>462,433</b>	<b>41,932</b>	<b>9.1%</b>
<b>OPERATING EXPENSE</b>										
31,383	31,178	31,789	611	1.9%	<b>Salaries &amp; Wages</b>	246,200	260,011	259,571	(440)	-0.2%
7,687	8,111	8,144	33	0.4%	<b>Supplies</b>	61,107	66,791	65,159	(1,632)	-2.5%
6,017	6,657	6,919	262	3.8%	<b>Fees &amp; Purchased Services *</b>	51,299	54,910	53,265	(1,645)	-3.1%
655	768	927	159	17.2%	<b>Other Operating Expense</b>	5,590	5,892	6,994	1,102	15.8%
444	741	725	(15)	-2.1%	<b>Interest</b>	3,423	3,602	5,804	2,201	37.9%
3,457	3,523	3,696	173	4.7%	<b>Depreciation</b>	28,066	27,952	28,775	824	2.9%
<b>49,642</b>	<b>50,977</b>	<b>52,199</b>	<b>1,223</b>	<b>2.3%</b>	<b>Total Operating Expense</b>	<b>395,685</b>	<b>419,158</b>	<b>419,568</b>	<b>410</b>	<b>0.1%</b>
<b>862</b>	<b>9,151</b>	<b>3,594</b>	<b>5,557</b>	<b>154.6%</b>	<b>Net Operating Income/(Loss)</b>	<b>61,929</b>	<b>85,207</b>	<b>42,864</b>	<b>42,343</b>	<b>98.8%</b>
4,675	(14,898)	225	(15,123)	-6712.7%	<b>Non Operating Income</b>	29,183	45,389	1,802	43,586	2418.3%
<b>5,537</b>	<b>(5,748)</b>	<b>3,819</b>	<b>(9,567)</b>	<b>-250.5%</b>	<b>Net Income(Loss)</b>	<b>91,113</b>	<b>130,596</b>	<b>44,667</b>	<b>85,929</b>	<b>192.4%</b>
9.4%	22.3%	14.4%	7.9%		<b>EBITDA</b>	20.4%	23.2%	16.7%	6.4%	
1.7%	15.2%	6.4%	8.8%		<b>Operating Margin</b>	13.5%	16.9%	9.3%	7.6%	
11.0%	-9.6%	6.8%	-16.4%		<b>Net Margin</b>	19.9%	25.9%	9.7%	16.2%	

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

8 months ending 02/28/2018

Period 8 FY 2017	Period 8 FY 2018	Period 8 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
45,253	41,674	45,251	(3,578)	-7.9%	<b>Gross Revenue</b>	351,183	397,178	377,520	19,658	5.2%
(30,480)	(32,437)	(32,863)	426	-1.3%	<b>Deductions</b>	(256,366)	(292,816)	(274,167)	(18,649)	6.8%
<b>14,773</b>	<b>9,236</b>	<b>12,388</b>	<b>(3,152)</b>	<b>-25.4%</b>	<b>Net Patient Revenue</b>	<b>94,817</b>	<b>104,363</b>	<b>103,353</b>	<b>1,010</b>	<b>1.0%</b>
183	200	213	(14)	-6.4%	<b>Other Operating Revenue</b>	1,326	1,376	1,711	(335)	-19.6%
<b>14,956</b>	<b>9,436</b>	<b>12,602</b>	<b>(3,166)</b>	<b>-25.1%</b>	<b>Total Operating Revenue</b>	<b>96,143</b>	<b>105,738</b>	<b>105,064</b>	<b>674</b>	<b>0.6%</b>
<b>OPERATING EXPENSE</b>										
6,545	6,076	6,149	73	1.2%	<b>Salaries &amp; Wages</b>	49,901	52,356	50,547	(1,810)	-3.6%
2,090	1,514	1,914	400	20.9%	<b>Supplies</b>	14,026	15,944	15,719	(225)	-1.4%
1,468	1,249	1,220	(30)	-2.4%	<b>Fees &amp; Purchased Services *</b>	10,845	10,734	10,223	(512)	-5.0%
1,424	1,457	1,522	65	4.3%	<b>Other Operating Expense</b>	12,907	12,549	12,460	(89)	-0.7%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
487	691	761	71	9.3%	<b>Depreciation</b>	4,165	4,719	5,842	1,124	19.2%
<b>12,015</b>	<b>10,986</b>	<b>11,566</b>	<b>579</b>	<b>5.0%</b>	<b>Total Operating Expense</b>	<b>91,844</b>	<b>96,303</b>	<b>94,790</b>	<b>(1,512)</b>	<b>-1.6%</b>
<b>2,941</b>	<b>(1,550)</b>	<b>1,036</b>	<b>(2,587)</b>	<b>-249.6%</b>	<b>Net Operating Income/(Loss)</b>	<b>4,299</b>	<b>9,436</b>	<b>10,274</b>	<b>(838)</b>	<b>-8.2%</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	(10)	(45)	0	(45)	0.0%
<b>2,941</b>	<b>(1,550)</b>	<b>1,036</b>	<b>(2,587)</b>	<b>-249.6%</b>	<b>Net Income(Loss)</b>	<b>4,289</b>	<b>9,391</b>	<b>10,274</b>	<b>(882)</b>	<b>-8.6%</b>
22.9%	-9.1%	14.3%	-23.4%		<b>EBITDA</b>	8.8%	13.4%	15.3%	-2.0%	
19.7%	-16.4%	8.2%	-24.7%		<b>Operating Margin</b>	4.5%	8.9%	9.8%	-0.9%	
19.7%	-16.4%	8.2%	-24.7%		<b>Net Margin</b>	4.5%	8.9%	9.8%	-0.9%	

# Non Operating Items and Net Income by Affiliate

\$ in thousands

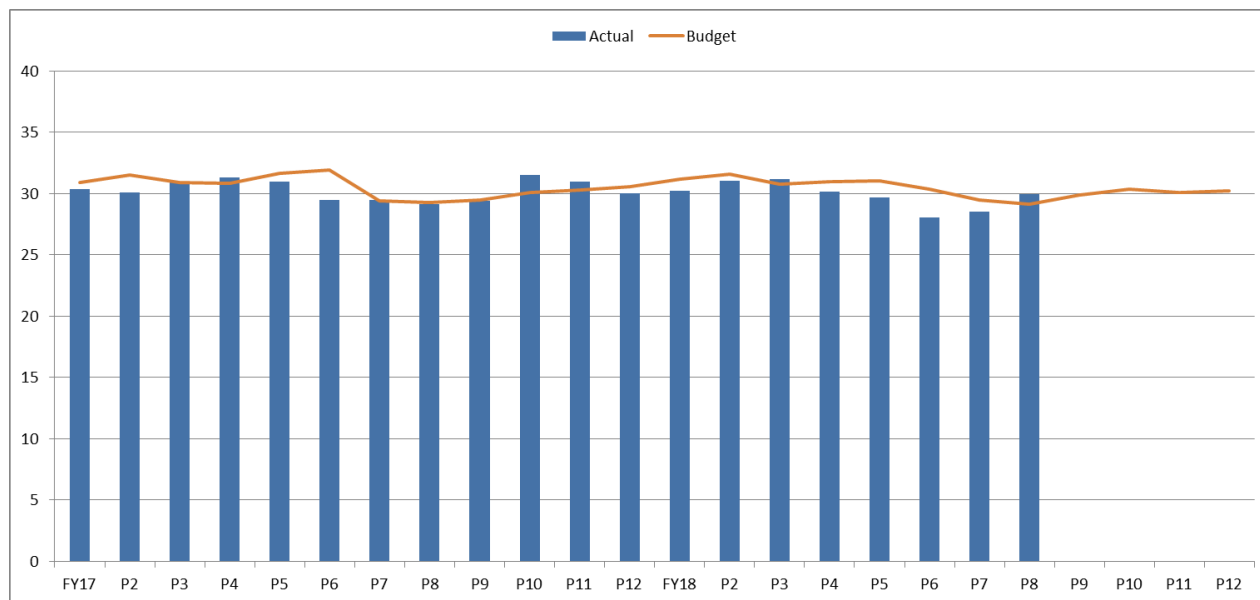
	Period 8 - Month			Period 8 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Income (Loss) from Operations</b>						
Mountain View	9,151	3,594	5,557	85,207	42,864	42,343
Los Gatos	(1,550)	1,036	(2,587)	9,436	10,274	(838)
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>7,600</b>	<b>4,630</b>	<b>2,970</b>	<b>94,643</b>	<b>53,138</b>	<b>41,505</b>
<b>Operating Margin %</b>	<b>10.9%</b>	<b>6.8%</b>		<b>15.5%</b>	<b>9.4%</b>	
<b>El Camino Hospital Non Operating Income</b>						
Investments	(14,719)	1,516	(16,234)	48,715	12,124	36,590
Swap Adjustments	322	0	322	1,771	0	1,771
Community Benefit	(244)	(283)	39	(2,450)	(2,267)	(183)
Pathways	502	42	461	925	333	592
Satellite Dialysis	(54)	(35)	(18)	(150)	(283)	133
Community Connect	0	(141)	141	0	(1,124)	1,124
SVMD Funding	(325)	(448)	124	(949)	(3,587)	2,638
Other	(381)	(424)	43	(2,518)	(3,394)	876
<b>Sub Total - Non Operating Income</b>	<b>(14,898)</b>	<b>225</b>	<b>(15,123)</b>	<b>45,344</b>	<b>1,802</b>	<b>43,542</b>
<b>El Camino Hospital Net Income (Loss)</b>	<b>(7,298)</b>	<b>4,856</b>	<b>(12,153)</b>	<b>139,987</b>	<b>54,940</b>	<b>85,047</b>
<b>ECH Net Margin %</b>	<b>-10.5%</b>	<b>7.1%</b>		<b>22.9%</b>	<b>9.7%</b>	
Concern	(245)	117	(362)	865	972	(107)
ECSC	(1)	0	(1)	(22)	0	(22)
Foundation	(701)	58	(760)	1,516	451	1,065
Silicon Valley Medical Development	(416)	48	(464)	(282)	41	(323)
<b>Net Income Hospital Affiliates</b>	<b>(1,364)</b>	<b>223</b>	<b>(1,587)</b>	<b>2,077</b>	<b>1,463</b>	<b>614</b>
<b>Total Net Income Hospital &amp; Affiliates</b>	<b>(8,661)</b>	<b>5,079</b>	<b>(13,740)</b>	<b>142,064</b>	<b>56,404</b>	<b>85,660</b>

Note: Larger than normal variances for SVMD and Community Connect are due to slow implementation and delayed ramp-up

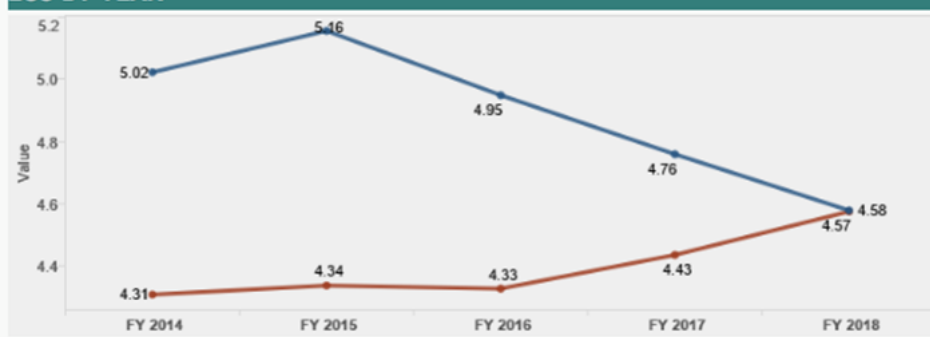
# Productivity and Medicare Length of Stay

Work hours per adjusted patient day in February is over budget by 1.1. Overall the month of February is 30.2 worked hours per adjusted patient day

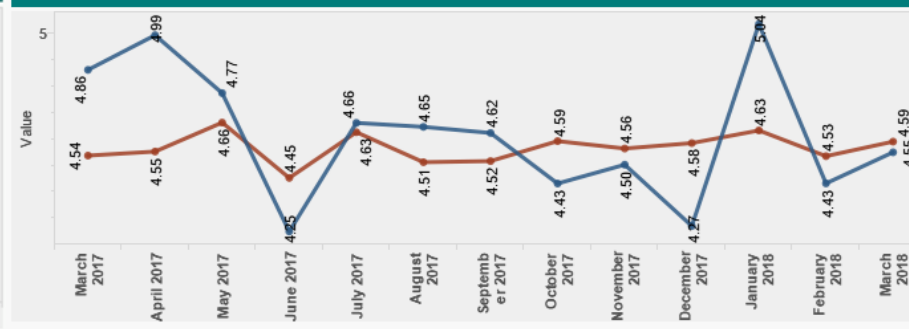
ALOS vs Milliman well-managed benchmark. Trend shows remarkable and steady improvement with FY18 at benchmark.  
Increase in benchmark beginning in FY17 due to Clinical Documentation Improvement (CDI)



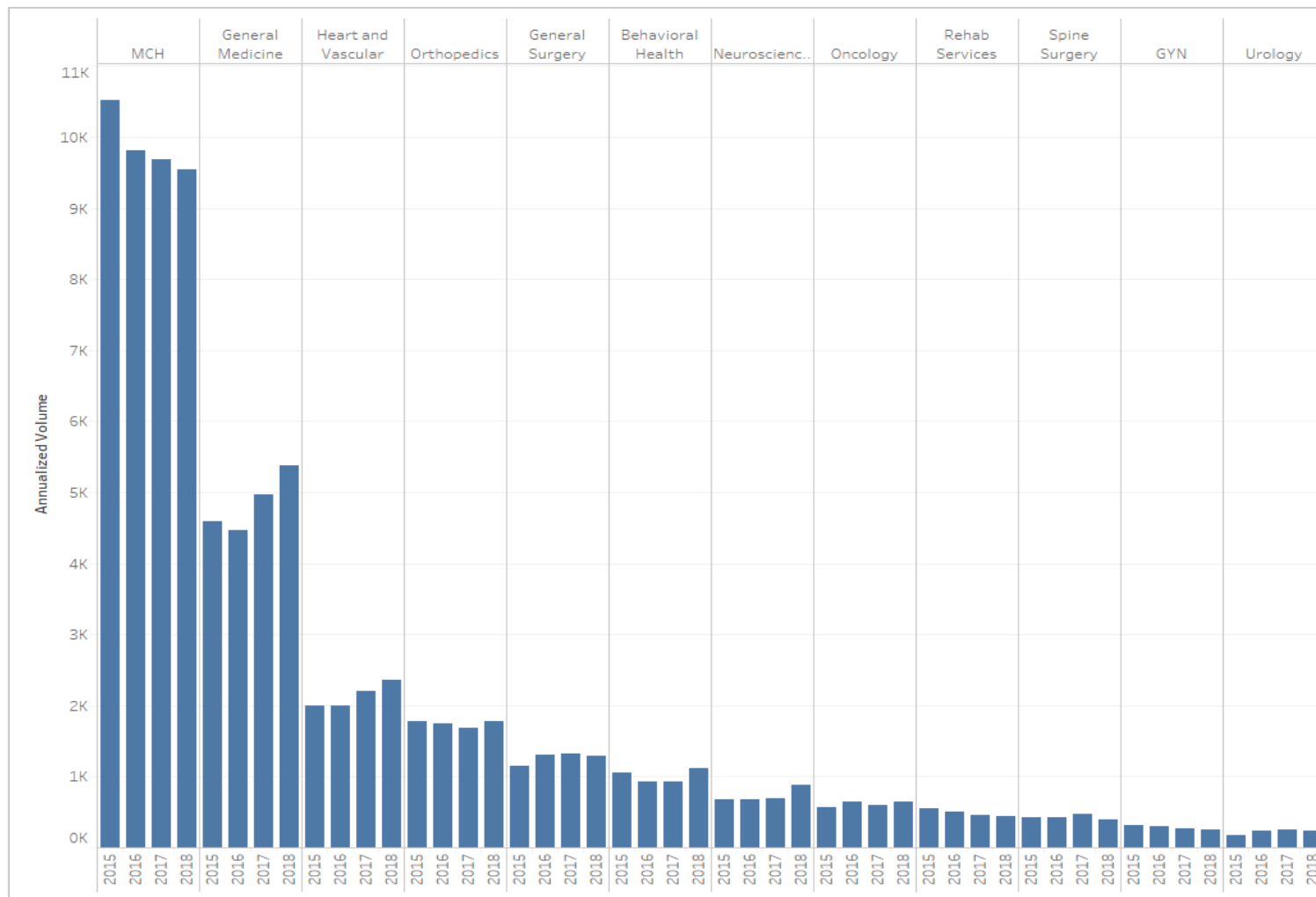
## LOS BY YEAR



## LOS BY MONTH



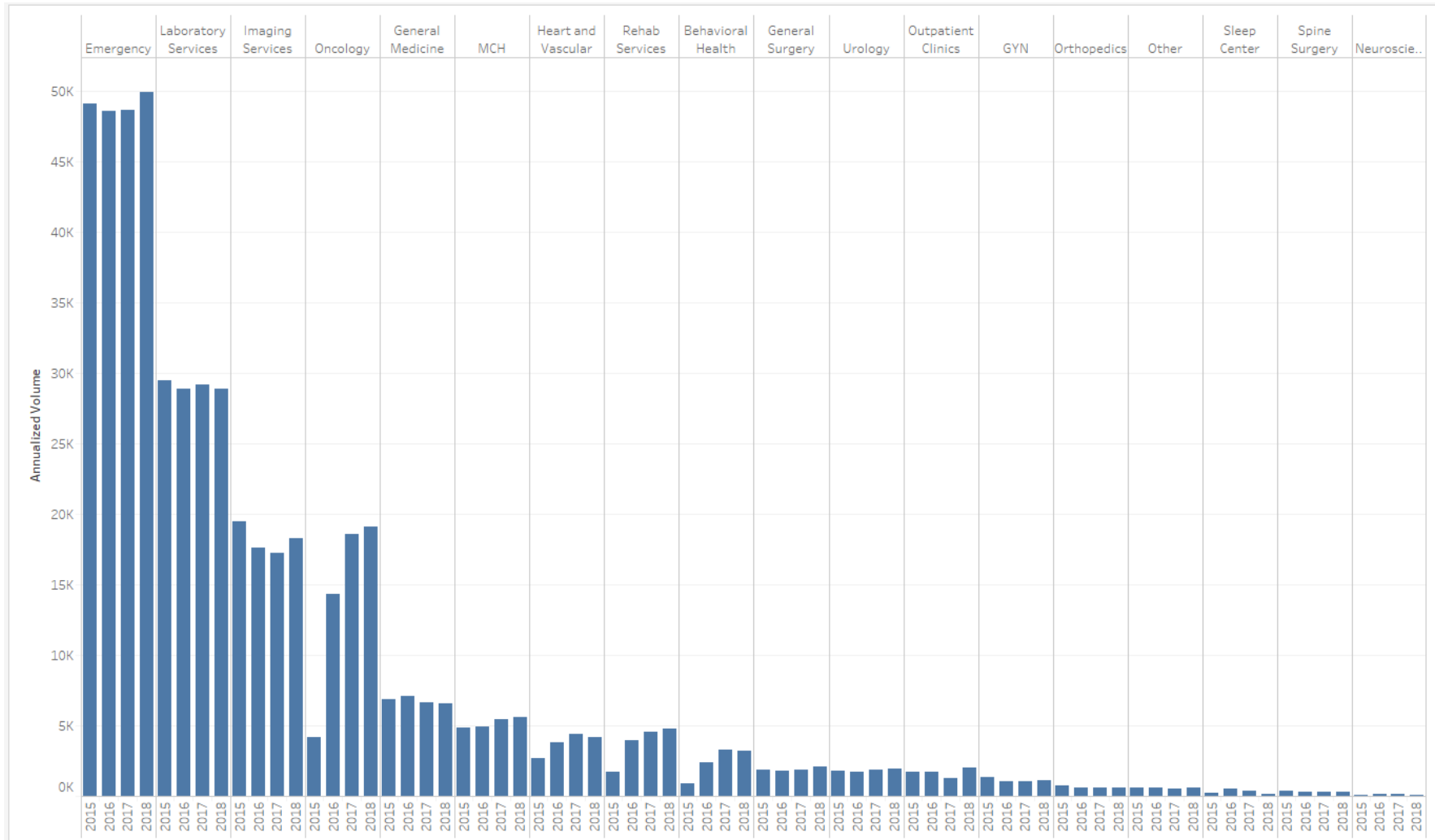
## El Camino Hospital Volume Annual Trends – Inpatient FY 2018 is annualized



- 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, Emergency and Outpatient Clinics are all increasing in volume. All others are remaining flat or decreasing.

# Capital Spend Trend & FY18 Budget

Capital Spending (in 000's)	Actual FY2015	Actual FY2016	Actual FY2017	Projected FY2018
EPIC	29,849	20,798	2,755	1,922
IT Hardware / Software Equipment	4,660	6,483	2,659	12,238
Medical / Non Medical Equipment*	13,340	17,133	9,556	14,275
Non CIP Land, Land I , BLDG, Additions	-	4,189	-	-
Facilities	38,940	48,137	82,953	128,030
<b>GRAND TOTAL</b>	<b>86,789</b>	<b>96,740</b>	<b>97,923</b>	<b>156,465</b>
*Includes 2 robot purchases in FY2017				

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

Category	2013	2014	2015	2016	2017
EPIC	0	6,838	29,849	20,798	2,755
IT Hardware/Software Equipment	8,019	2,788	4,660	6,483	2,659
Medical/Non Medical Equipment	10,284	12,891	13,340	17,133	9,556
Non CIP Land, Land I, BLDG, Additions	0	22,292	0	4,189	0
Land Acquisition (1550)	0	0	0	24,007	0
828 S Winchester Clinic TI (1701)	0	0	0	0	145

## Facilities Projects CIP

### Mountain View Campus Master Plan Projects

1245 - Behavioral Health Bldg Replace	0	1,257	3,775	1,389	10,323
1413 - North Drive Parking Structure Exp	0	0	167	1,266	18,120
1414 - Integrated MOB	0	0	2,009	8,875	32,805
1422 - CUP Upgrade	0	0	0	896	1,245

**Sub-Total Mountain View Campus Master Plan** 0 1,257 5,950 12,426 62,493

### Mountain View Capital Projects

9900 - Unassigned Costs	734	470	3,717	0	0
1108 - Cooling Towers	450	0	0	0	0
1120 - BHS Out Patient TI's	66	0	0	0	0
1129 - Old Main Card Rehab	9	0	0	0	0
0817 - Womens Hosp Upgrds	645	1	0	0	0
0906 - Slot Build-Out	1,003	1,576	15,101	1,251	294
1109 - New Main Upgrades	423	393	2	0	0
1111 - Mom/Baby Overflow	212	29	0	0	0
1204 - Elevator Upgrades	25	30	0	0	0
0800 - Womens L&D Expansion	2,104	1,531	269	0	0
1131 - MV Equipment Replace	216	0	0	0	0
1208 - Willow Pav. High Risk	110	0	0	0	0
1213 - LG Sterilizers	102	0	0	0	0
1225 - Rehab BLDG Roofing	7	241	4	0	0
1227 - New Main eICU	96	21	0	0	0
1230 - Fog Shop	339	80	0	0	0
1315 - 205 So. Drive TI's	0	500	2	0	0
0908 - NPCR3 Seismic Upgrds	1,302	1,224	1,328	240	342
1125 - Will Pav Fire Sprinkler	57	39	0	0	0
1211 - SIS Monitor Install	215	0	0	0	0
1216 - New Main Process Imp Office	19	1	16	0	0
1217 - MV Campus MEP Upgrades FY13	0	181	274	28	0
1224 - Rehab Bldg HVAC Upgrades	11	202	81	14	6
1301 - Desktop Virtual	0	13	0	0	0
1304 - Rehab Wander Mgmt	0	87	0	0	0
1310 - Melchor Cancer Center Expansion	0	44	13	0	0
1318 - Women's Hospital TI	0	48	48	29	2
1327 - Rehab Building Upgrades	0	0	15	20	0
1320 - 2500 Hosp Dr Roofing	0	75	81	0	0
1340 - New Main ED Exam Room TVs	0	8	193	0	0
1341 - New Main Admin	0	32	103	0	0
1344 - New Main AV Upgrd	0	243	0	0	0
1400 - Oak Pav Cancer Center	0	0	5,208	666	52

Category	2013	2014	2015	2016	2017
<b>Facilities Projects CIP cont.</b>					
1403 - Hosp Drive BLDG 11 TI's	0	86	103	0	0
1404 - Park Pav HVAC	0	64	7	0	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
1425 - IMOB Preparation Project - Old Main	0	0	0	711	1,860
1429 - 2500 Hospital Dr Bldg 8 TI	0	0	101	0	0
1430 - Women's Hospital Expansion	0	0	0	0	464
1432 - 205 South Dr BHS TI	0	0	8	15	0
1501 - Women's Hospital NPC Comp	0	0	4	0	223
1502 - Cabling & Wireless Upgrades	0	0	0	1,261	367
1503 - Willow Pavillion Tomosynthesis	0	0	0	53	257
1504 - Equipment Support Infrastructure	0	0	61	311	0
1523 - Melchor Pavillion Suite 309 TI	0	0	0	10	59
1525 - New Main Lab Upgrades	0	0	0	0	464
1526 - CONCERN TI	0	0	0	37	99
<b>Sub-Total Mountain View Projects</b>	<b>8,145</b>	<b>7,219</b>	<b>26,744</b>	<b>5,588</b>	<b>5,535</b>
<b>Los Gatos Capital Projects</b>					
0904 - LG Facilities Upgrade	2	0	0	0	0
0907 - LG Imaging Masterplan	244	774	1,402	17	0
1005 - LG OR Light Upgrd	14	0	0	0	0
1122 - LG Sleep Studies	7	0	0	0	0
1210 - Los Gatos VOIP	147	89	0	0	0
1116 - LG Ortho Pavillion	177	24	21	0	0
1124 - LG Rehab BLDG	49	458	0	0	0
1247 - LG Infant Security	134	0	0	0	0
1307 - LG Upgrades	376	2,979	3,282	3,511	3,081
1308 - LG Infrastructure	0	114	0	0	0
1313 - LG Rehab HVAC System/Structural	0	0	0	1,597	1,904
1219 - LG Spine OR	0	214	323	633	2,163
1221 - LG Kitchen Refrig	0	85	0	0	0
1248 - LG - CT Upgrades	0	26	345	197	6,669
1249 - LG Mobile Imaging	0	146	0	0	0
1328 - LG Ortho Canopy FY14	0	255	209	0	0
1345 - LG Lab HVAC	0	112	0	0	0
1346 - LG OR 5, 6, and 7 Lights Replace	0	0	285	53	22
1347 - LG Central Sterile Upgrades	0	0	181	43	66
1421 - LG MOB Improvements	0	0	198	65	303
1508 - LG NICU 4 Bed Expansion	0	0	0	0	207
1600 - 825 Pollard - Aspire Phase II	0	0	0	0	80
1603 - LG MOB Improvements	0	0	0	0	285
<b>Sub-Total Los Gatos Projects</b>	<b>1,150</b>	<b>5,276</b>	<b>6,246</b>	<b>6,116</b>	<b>14,780</b>
<b>Subtotal Facilities Projects CIP</b>	<b>9,294</b>	<b>13,753</b>	<b>38,940</b>	<b>24,130</b>	<b>82,808</b>
<b>Grand Total</b>	<b>27,598</b>	<b>58,561</b>	<b>86,789</b>	<b>96,740</b>	<b>97,923</b>
Forecast at Beginning of year	70,503	70,037	101,607	114,025	212,000

## Memorandum Administration

Date: April 18, 2018  
To: El Camino Hospital - Board of Directors  
From: Ken King, Chief Administrative Services Officer  
Re: Mountain View Campus Plan - Projects Update

### **Behavioral Health Services (BHS) Building**

Construction is progressing as scheduled, with concrete deck placement and fire proofing completed. Priority wall construction is underway along with utility systems rough-in. Scaffolding installation in preparation for the installation of exterior elements is also completed.

### **Integrated Medical Office Building (IMOB) & Garage**

Construction is progressing as scheduled, with the steel structure completed on February 28<sup>th</sup>. Concrete decks have been poured up to the 4<sup>th</sup> floor with remaining decks scheduled to be poured by mid-April. Priority wall construction is underway along with utility systems rough-in and preparation for the installation of exterior elements. The IMOB Garage foundations are being completed so that construction of the Garage structure can begin.

### **Central Utility Plant (CUP) Upgrade**

Construction and equipment installation continues as scheduled. The two new chillers have been installed and start-up procedures have been completed. The final commissioning of controls and sequence of operations programming is in process. Also completed on March 25<sup>th</sup> was the high voltage electrical connection of the Fire Pump, which required us to shut off our PG&E electrical service and run solely on our emergency generators. This sequence of work was completed within a few hours on a Sunday evening with very little impact to hospital operations.

### **Women's Hospital Expansion**

Various options for sequencing the construction have been evaluated and contractors are working to forecast schedules and costs associated with each option. We anticipate that all options will be reviewed with schedule and cost information so that the recommendations for proceeding will be presented in upcoming meetings of the Finance Committee and Board.

### **Projects Cost Update**

We have obligated by contract 74% (\$323 million) of the \$437.7 million approved budget and to date we have paid out \$145.5 million of the obligated contracts. The current forecasted completion cost for all projects is within the approved budgets. (See presentation beginning on page 20 of the 1/10/18 Board packet.)

## ECH BOARD MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Embedding a Lean Management Culture El Camino Hospital Board of Directors April 18, 2018
<b>Responsible party:</b>	Dan Woods, CEO and Isidro "Izzy" Galicia, President & CEO, Incito Consulting Group
<b>Action requested:</b>	For Discussion
<b>Background:</b> As noted in our strategic framework, ECH is implementing Lean as our operating system to execute the strategy. The Incito Consulting Group has been retained to help ECH further its Lean journey by instilling a management system that will support connecting improvement activities to strategy and deliver the results needed to achieve our vision.	
<b>Board Advisory Committee(s) that reviewed the issue and recommendation, if any:</b> None.	
<b>Summary and session objectives:</b> <ul style="list-style-type: none"> <li>• Provide context for Lean in Healthcare</li> <li>• Provide education on the key elements of a lean management system</li> <li>• Review potential benefits from developing a lean culture</li> </ul>	
<b>Suggested discussion questions:</b> <ol style="list-style-type: none"> <li>1. How does a lean management system support the strategic framework and initiatives?</li> <li>2. What are the key phases of a true lean management system?</li> <li>3. What are the main barriers to success we face today?</li> <li>4. What is the expected result of a lean management culture?</li> </ol>	
<b>Proposed board motion, if any:</b> None. This is a discussion item.	
<b>LIST OF ATTACHMENTS:</b> <ol style="list-style-type: none"> <li>1. PowerPoint Presentation</li> </ol>	



**El Camino Hospital<sup>®</sup>**

THE HOSPITAL OF SILICON VALLEY

Embedding a Lean  
Management Culture

ECH Board of Directors

April 18<sup>th</sup>, 2018

Dan Woods, CEO

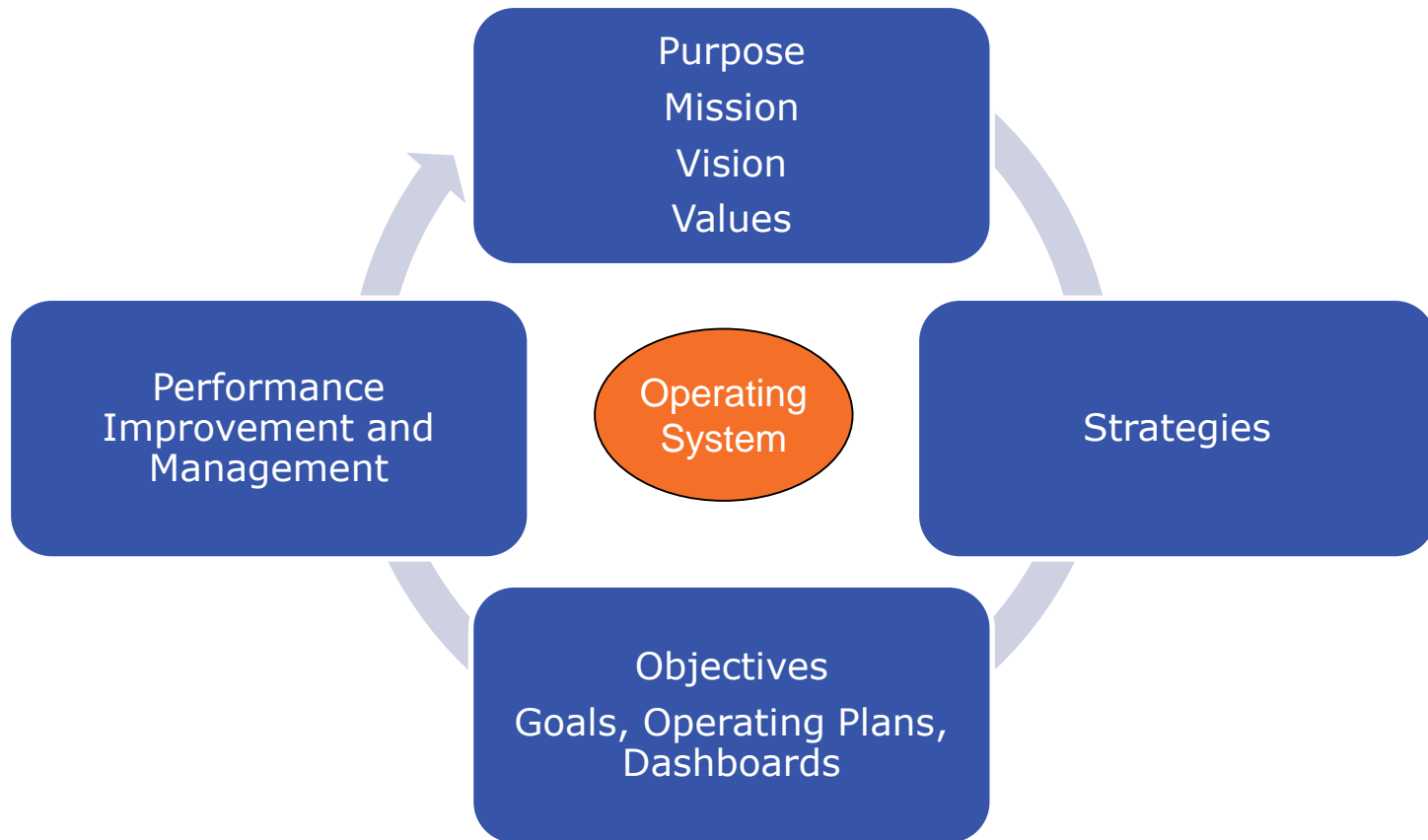
Isidro Galicia

President and CEO, Incito

# STRATEGIC AND OPERATING PLAN

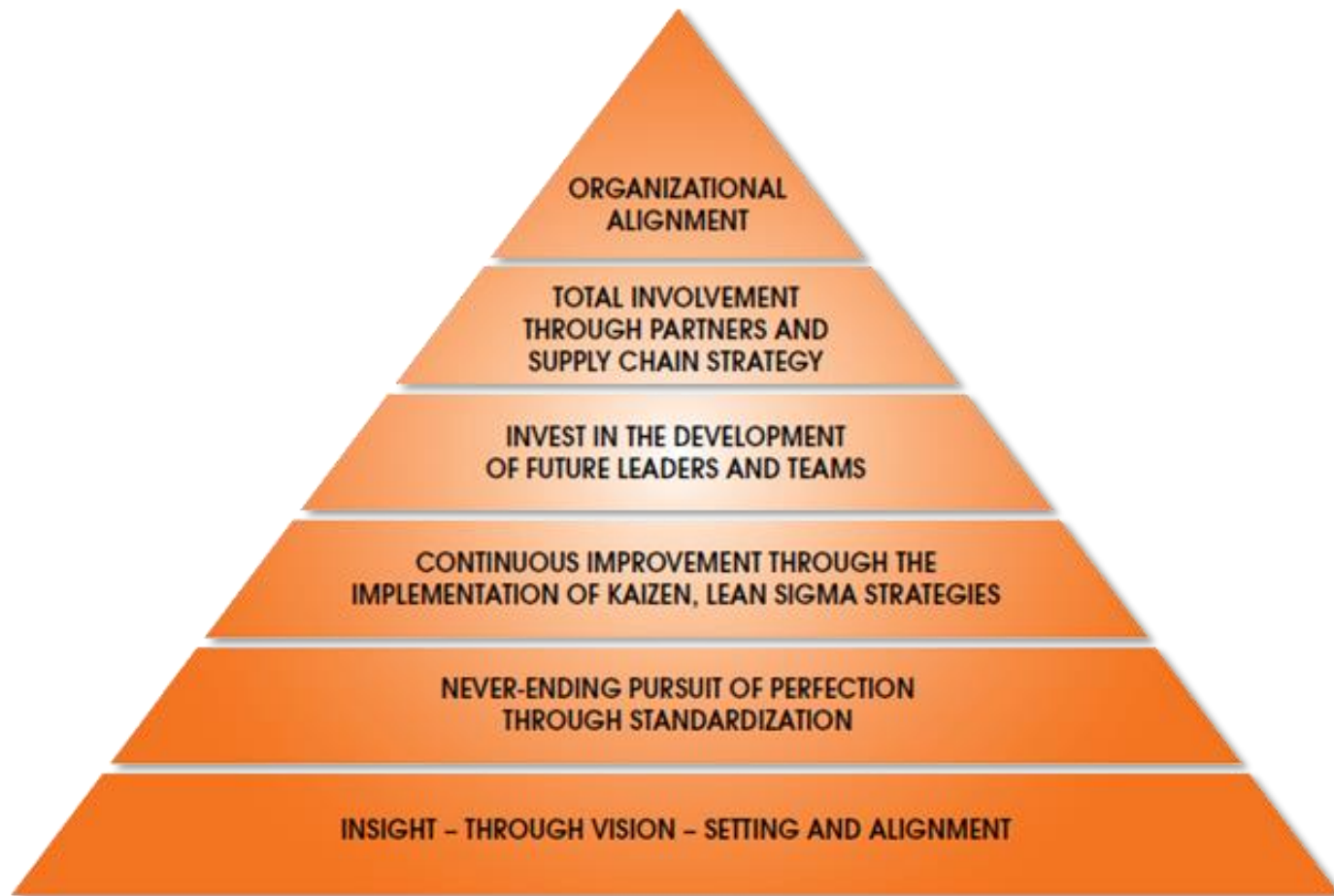
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Aligning Purpose with People and Performance Management



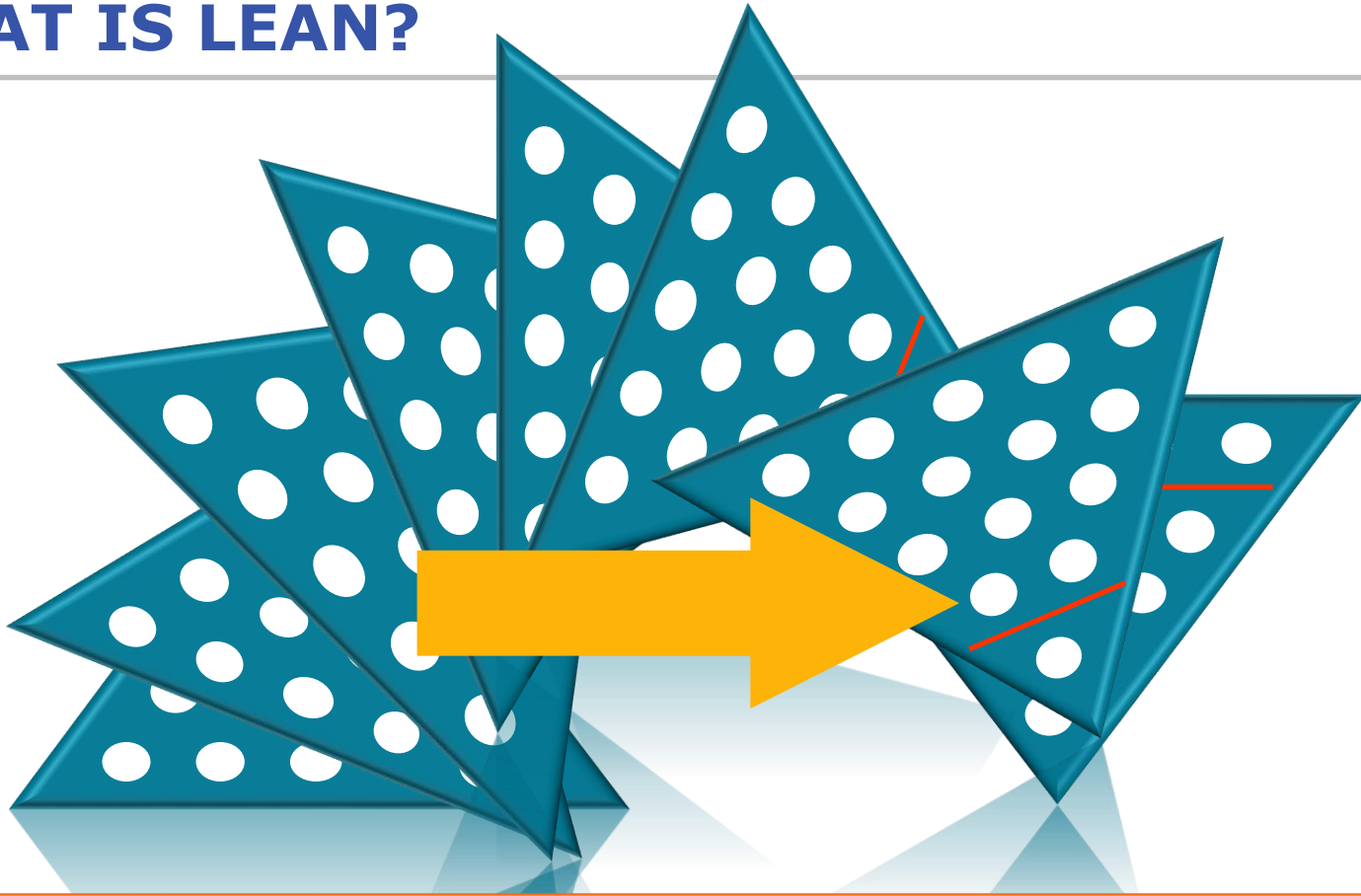
# EMBED A LEAN MANAGEMENT CULTURE

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# WHAT IS LEAN?

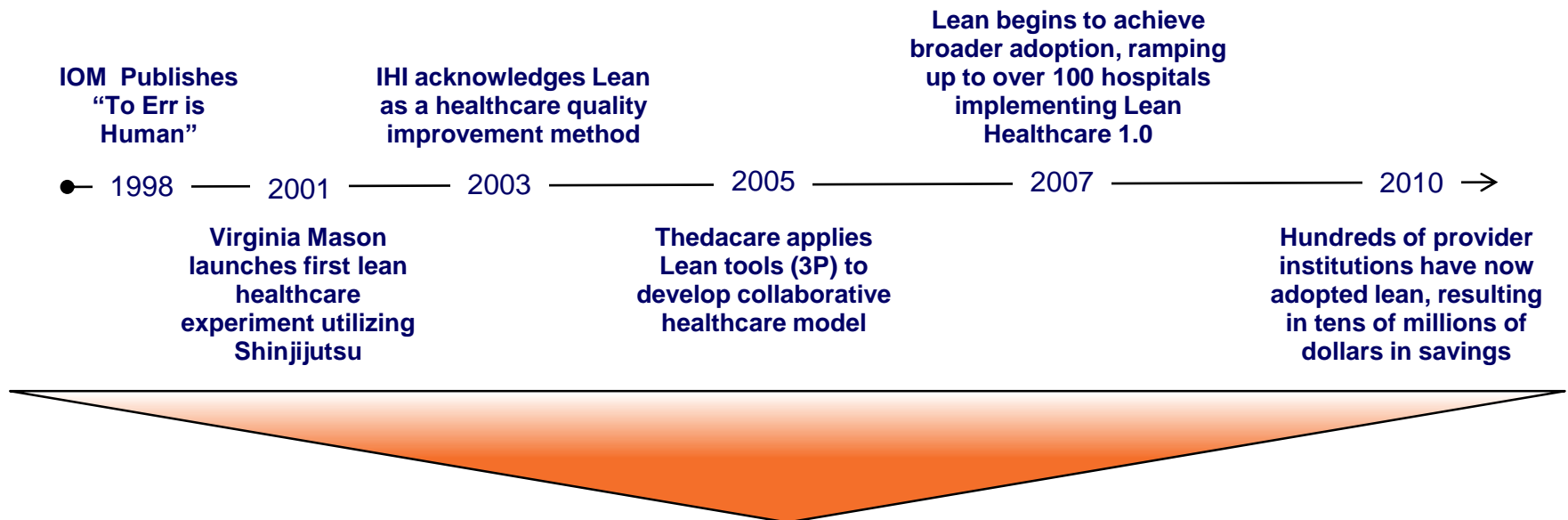
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*Lean is a systematic approach and total management system that aligns purpose, people and performance. It is a collective system which integrates the strategic utilization of continuous improvement methodologies by empowered and engaged employees that seek to enhance flow for our patients in the pursuit of perfection, allowing us to deliver world-class patient and family centered care for all.*

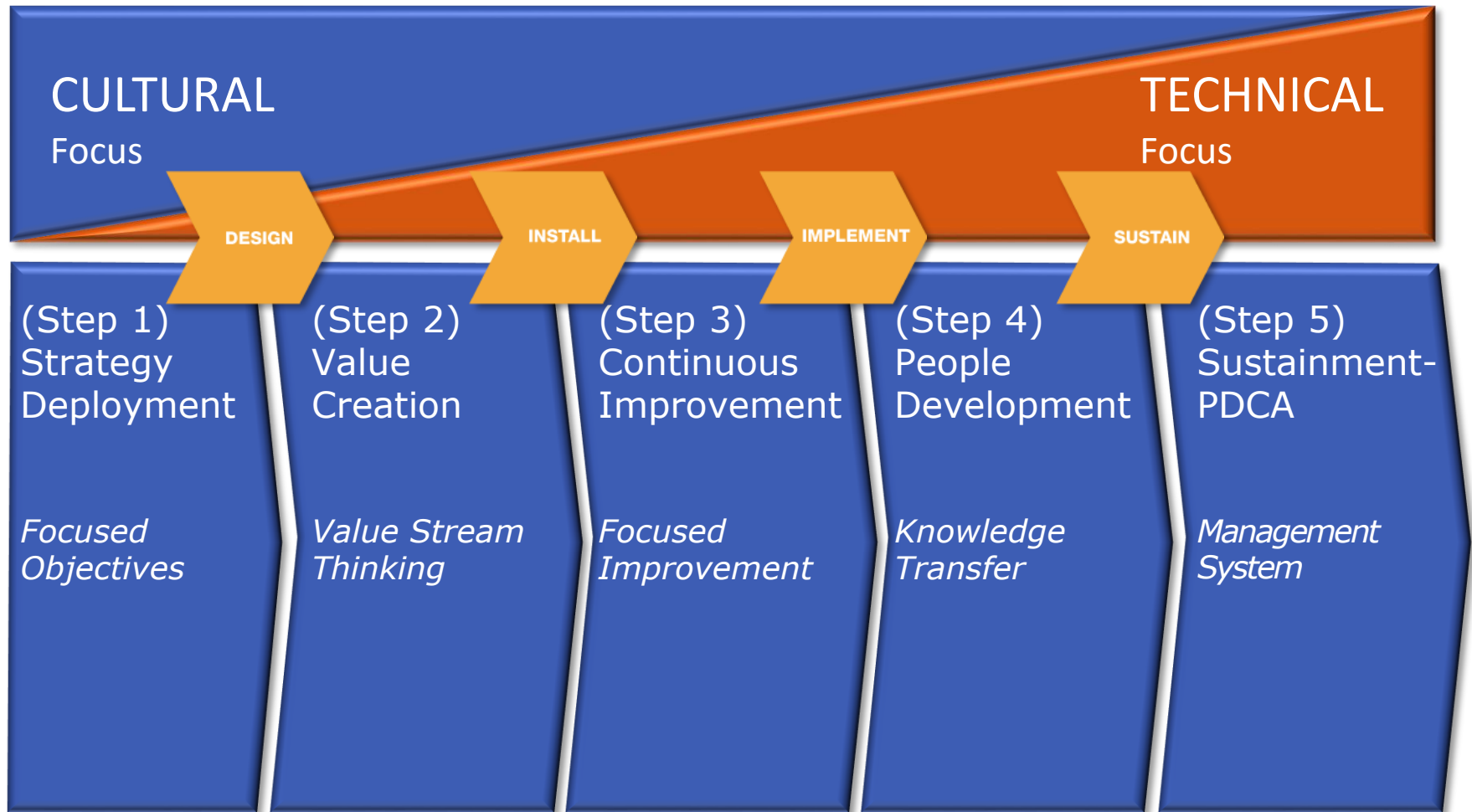
# HISTORY OF LEAN IN HEALTHCARE

*Lean Healthcare began as an experiment in 2001 at Virginia Mason Hospitals. In the past decade, numerous milestones have been achieved and tremendous value has been created with only a small minority of institutions adopting the principles*

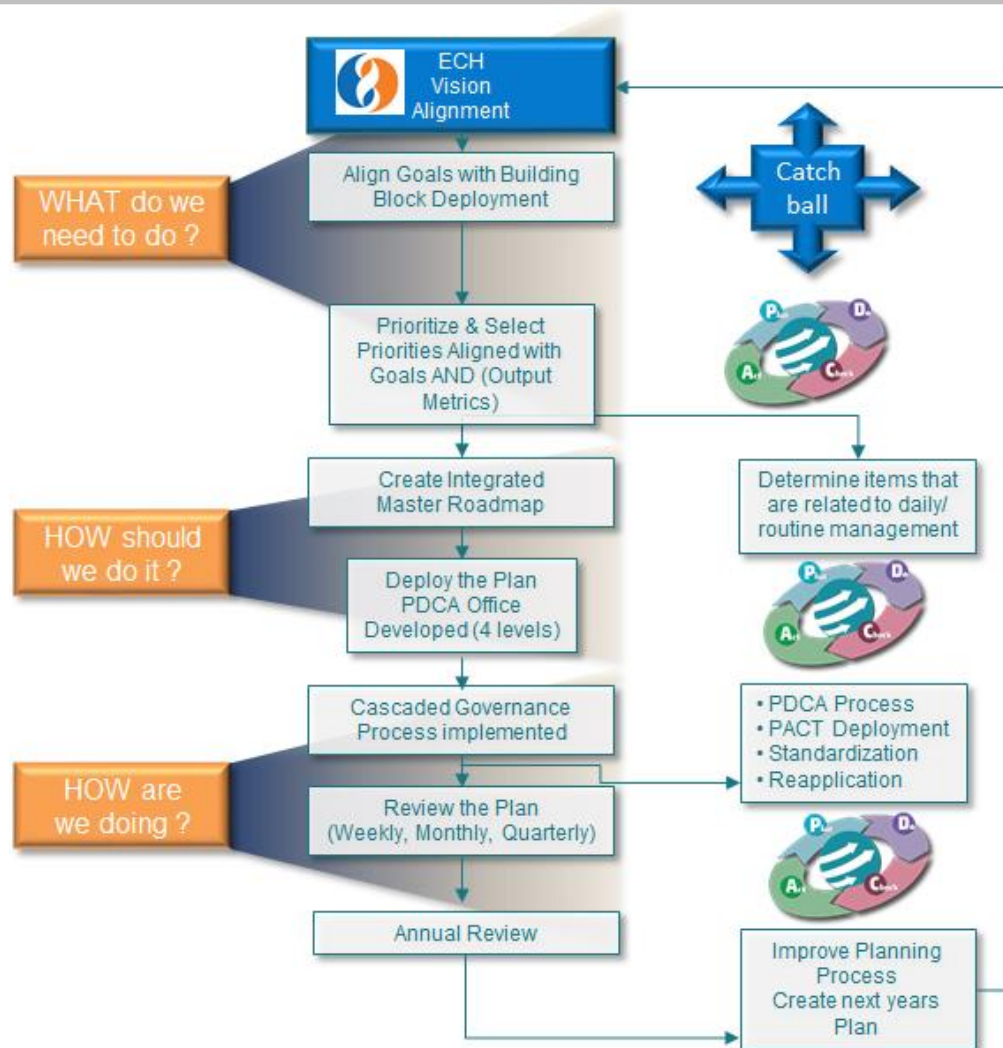


*Lean in Healthcare is becoming a proven, accepted method of solving healthcare related issues in clinical and non-clinical environments, and has added value to hundreds of provider institutions including hospitals, physician practices, clinics, and other healthcare provider groups.*

# EMBED A LEAN MANAGEMENT SYSTEM



# STRATEGY DEPLOYMENT



# VALUE CREATION

MOST PROCESSES ARE ONLY 5% OF **VALUE ADDED** WORK



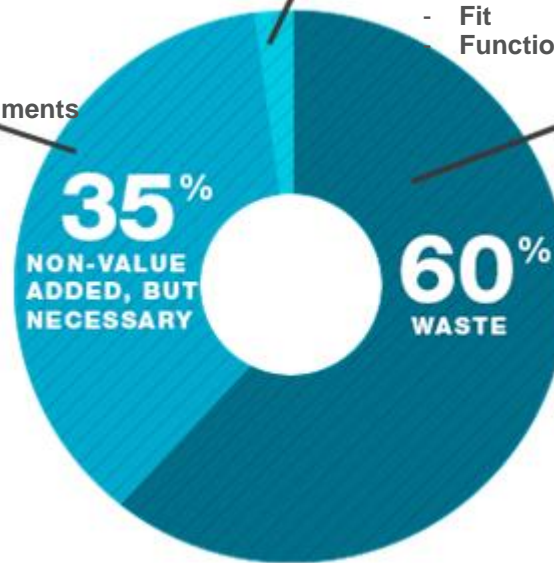
Example:

- Sterilization of instruments
- OR Room Turnover
- Meetings / Rounding

**5%**  
**VALUE ADDED**

Example:

- Physician Assessment
- Surgeon Time in OR
- Anything that changes:
  - Form
  - Fit
  - Function



Example:

- Searching for change parts
- Waiting for lab results
- Waiting for pharmacy
- Wrong tooling
- Making extra medication batches

*Strategy: To create an arrangement of people, processes, technology and methods in a standardized and sequential order to allow a smooth uninterrupted flow in an effort to minimize variation*

# EIGHT FORMS OF IMPROVEMENT (FLOW)

TRANSPORTATION



INVENTORY



MOTION



WAITING



EFFICIENCY



PROCESS



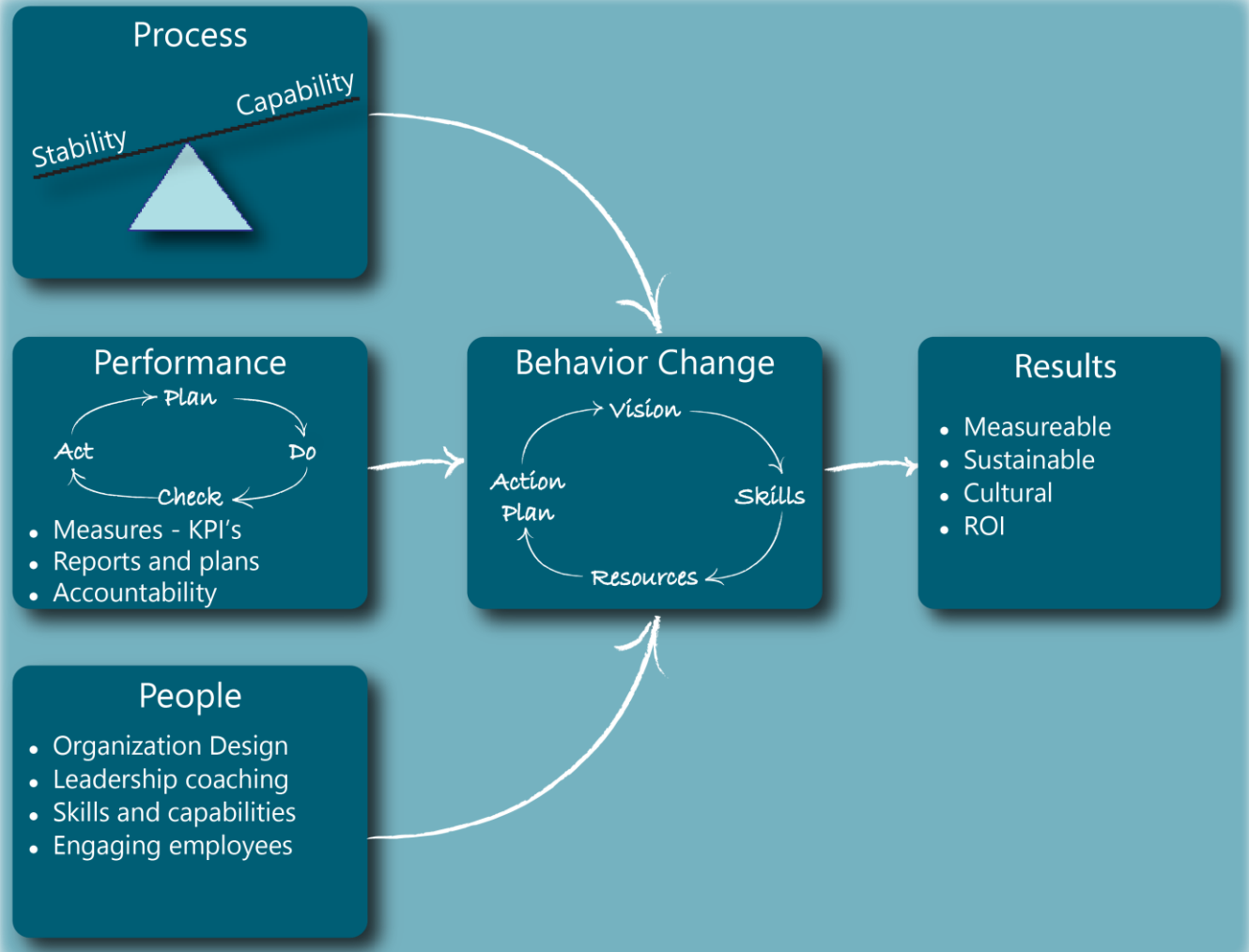
PATIENT  
SATISFACTION



EMPLOYEE  
ENGAGEMENT



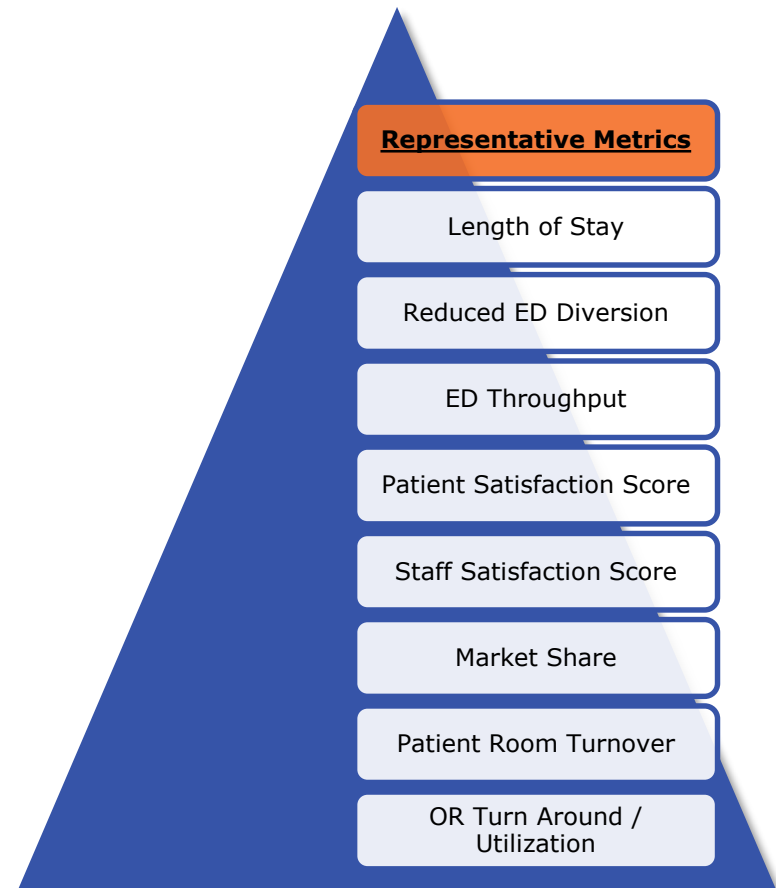
# CONTINUOUS IMPROVEMENT



# BENEFITS REALIZED

## Benefits

- Improved patient safety
- Improved patient satisfaction
- Reduced patient wait times
- Improved access
- Improved process quality
- Improved physician / staff engagement
- Improved resource productivity
- Improved clinical quality outcomes



*The pervasive application of lean principles has a dramatic, positive impact on performance metrics*

# STRATEGY ALIGNMENT AND COMMUNICATION

MONTHLY

WEEKLY

DAILY

Purpose  
Mission  
Vision  
Values  
Strategies



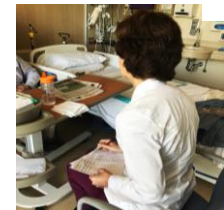
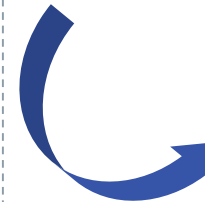
Objectives  
Goals  
Operating  
Plans  
Dashboards



Performance  
Improvement  
and  
Team  
Huddles



Daily  
Management  
Patient  
Rounds



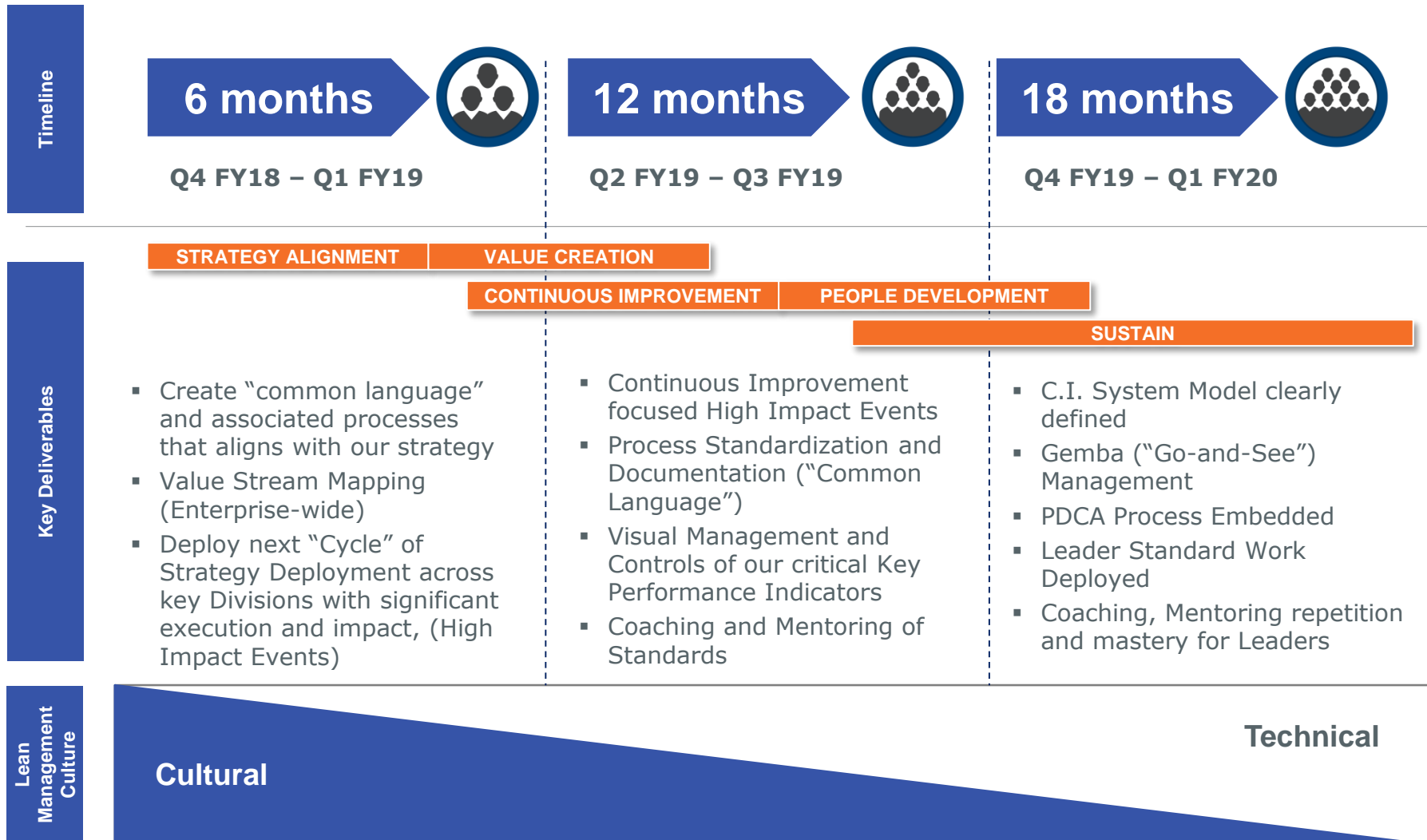
# LEAN MANAGEMENT SYSTEM

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- Enterprise-wide organizational alignment
- Focus on providing value
- Engaging physicians and employees
- Transforming the culture
- Results driven execution of strategy
- Delivering excellent patient and family centered care



# FURTHER DEVELOPMENT OF OUR LEAN MANAGEMENT SYSTEM



# QUESTIONS?

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## ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Governance Committee Report El Camino Hospital Board of Directors April 18, 2018
<b>Responsible party:</b>	Gary Kalbach, Governance Committee Vice Chair
<b>Action requested:</b>	For Discussion and Possible Motion
<p><b>Background:</b></p> <p><b><u>Delegation of Authority to the Committees:</u></b> At the Governance Committee's April 3, 2018 meeting, in accordance with the Board's direction, we considered the topic of delegation of authority to the Board's Committees generally, including legal requirements and implications. We discussed some subject matter that might be good candidates for delegation of authority and we asked staff to develop specific recommendations of potential areas of delegation for each Committee, solicit feedback from those Committees on the potential delegation, and bring the recommendations and feedback to the Governance Committee in FY19.</p> <p>We also discussed how to evaluate whether or not a delegation of authority is successful. Suggested methods included demonstrating adherence to policies and procedures required for specific delegations, time savings at the Board level, and Board satisfaction, which can be measured by survey.</p> <p><b><u>FY19 Board Goals:</u></b> In follow up to our January 2018 Board Retreat, staff proposed a set of three FY19 Board Goals based on the Board's input at the Retreat. The proposed goals fall into three categories: (1) Strategic Governance, (2) Board Culture and Dynamics, and (3) Effective, Efficient Use of Committees. The Committee generally agreed with the categories, and we asked staff to bring back specific measurable goals with proposed tactics for our June meeting. We hope to have a full proposal for FY19 Board Goals to present to the Board for approval in June.</p>	
<p><b>Other Board Advisory Committees that reviewed the issue and recommendation, if any:</b></p> <p>The Executive Compensation Committee is recommending a specific delegation of authority in the next agenda item.</p>	
<p><b>Summary and session objectives :</b></p> <ol style="list-style-type: none"> <li>1. To review legal issues raised by delegation of authority to the Committees generally.</li> <li>2. To get the Board's feedback on the Committee's discussions related to delegation of authority and FY19 Board goals.</li> </ol>	
<p><b>Suggested discussion questions:</b></p> <ol style="list-style-type: none"> <li>1. What are legal constraints or requirements with respect to delegating authority to the Committees?</li> <li>2. Is it appropriate or desirable for the Board to delegate authority to Committees that are not</li> </ol>	

## ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

	<p>composed of 100% Board members?</p> <p>3. Would delegating some authority to the Committees enable the Board to elevate its Governance by better focusing on matters related to strategy, quality and policy?</p> <p>4. Do the proposed categories of FY19 Board Goals resonate with the Board?</p>
	<b>Proposed Board motion, if any:</b> None proposed; at the discretion of the Board.
	<b>Attachments:</b>  1. Legal Memo (from Mitch Olejko)

## MEMORANDUM

### VIA E-MAIL

**To:** Governance Committee  
El Camino Hospital Board of Directors  
**File No.:** E4192-0002

**From:** Mitchell J. Olejko

**Date:** March 20, 2018

**Re:** Delegation of Authority under California Nonprofit Corporation Act  
Section 5210

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### I. FACTS.

El Camino Hospital (“ECH”) is a California nonprofit public benefit corporation that is exempt from federal income tax because it is described in Internal Revenue Code Section 501(c)(3).

The Board of Directors of ECH (“Board”) has established several advisory committees to advise it on certain matters. The advisory committees typically include at least two directors and other individuals who are not members of the Board but who have expertise in the subject matter of the advisory committee. ECH advisory committees include: the Corporate Compliance/Privacy and Audit Committee, the Executive Compensation Committee, the Finance Committee, the Governance Committee, the Investment Committee and the Quality, Patient Care, Patient Experience Committee.

The Governance Committee has been asked to consider whether an advisory committee could be delegated certain decision-making authority.

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Orange County  
Sacramento  
San Francisco  
Scottsdale  
Seattle

## **II. ISSUES.**

- A.** May the Board authorize an advisory committee (composed of Board members and other individuals) to undertake the activities beyond merely advising the Board pursuant to the California Nonprofit Corporation Law?
- B.** What steps should the Board take when delegating authority to an advisory committee?

## **III. ANALYSIS.**

### **A. In general.**

Advisory committees advise the Board and do not exercise any authority of the Board. California Corporations Code § 5212 provides, in part, that: “The board may ... create one or more committees, *each consisting of two or more directors* ...” to which certain authority may be granted (emphasis added). As each advisory committee consists of a combination of directors and other individuals, it is an advisory committee not a board committee permitted to act on behalf of the Board (i.e., to make final decisions or to take independent action binding ECH).

In Contrast, California Corporations Code section 5210 provides, in part, that: “The board may delegate the management of the activities of the corporation to any person or persons, management company, or committee however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the board.”

As a result, under California law the Board may delegate to management authority to a committee; these committees are sometimes referred to as management committees. Technically, such a committee would not exercise any such authority as a Board committee pursuant to Section 5212 but would the authority to act within a delegation made by the Board under Section 5210.

### **B. Delegation and Indemnification.**

When the Board is considering delegation of Board authority, it should define the scope of delegation (and the Board’s retained authority) as precisely as possible to avoid granting unintended authority under Section 5210. Any delegated authority should be subject to all policies and procedures adopted by the Board. Consideration should be given to stating the precise level and type of expenditures that may be authorized by the committee and Board approval should be required for any proposed action outside the scope of the Board’s delegation.

Governance Committee  
El Camino Hospital Board of Directors  
March 20, 2018  
Page 3

The Board will also need to examine each proposed delegation for any legal requirements raised by the specific delegation. For example, the Executive Compensation Committee is currently considering a proposed delegation of authority that would require the Committee to follow specific Board approved procedures when exercising that authority in order to meet certain requirements of federal tax regulations.

Moreover, to avoid any uncertainty, the enabling resolution should recognize that persons acting on such committees are acting as “agents” of ECH for purposes of such person’s right to indemnification by ECH.

## ECH BOARD MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Executive Compensation Committee Report: Delegation of Authority for Certain Compensation Actions  El Camino Hospital Board of Directors  April 18, 2018
<b>Responsible party:</b>	Bob Miller, Chair, Executive Compensation Committee
<b>Action requested:</b>	Possible Motion
<p><b>Background:</b></p> <p>This issue was first raised at the November 9, 2017 Executive Compensation Committee (“ECC”) Meeting when Director J. Miller suggested that the Board should delegate more authority to the Committee and only approve the compensation of the CEO. The issue of whether certain routine compensation actions for executives other than the CEO should be delegated to the CEO was also raised. After some discussion, the Committee endorsed the idea of relieving the Board of routine executive compensation actions for executives other than the CEO and proposed that the Committee be delegated the authority to maintain the principle of one-over-one approval. At our January 31, 2018 meeting, the ECC, having reviewed the advice of its consultant and outside counsel, voted to recommend that the Board (1) consider delegating authority to the ECC to establish annual salaries, individual goals for incentive purposes, and to determine the amount of bonus awards earned for Executives other than the CEO and (2) provide direction regarding next steps.</p> <p>At its February 14, 2018 meeting, the El Camino Hospital Board of Directors (“Board”) considered the ECC’s recommendation. The Board voted to refer the matter back to the ECC to develop, for review by the Board, recommended procedures for executing the proposed delegation as required by Treas. Reg. § 53.4958-6(c)(1)(i)(C). The Board would then review and consider whether to approve the ECC’s recommendation to make the delegation of authority together with the procedures for executing the delegation.</p> <p>The ECC’s original recommendation noted that approval of the annual salary ranges would remain the Board’s responsibility, not the ECC’s. However, it was noted during the February 14<sup>th</sup> Board meeting that the ECC’s Charter identifies “Establish[ment] of annual salary ranges for each executive . . .” as one of the ECCs specific duties. (ECC Charter, “Specific Duties” p. 2-3, 6<sup>th</sup> bullet, p. 3). It was suggested by a Board member that, pursuant to this statement, the Board has already delegated approval of the annual salary ranges (for both the executives and the CEO) to the ECC. However, because of a conflict between this provision in the ECC Charter and Section D(1)(c) of the Executive Base Salary Administration Policy (giving the Board final approval of lowering or freezing salary ranges or base salaries) ECH’s practice over the last several years has been for the ECC to recommend annual salary ranges and for the Board to approve them.</p> <p>The ECC met on March 22, 2018 and voted to recommend that the Board adopt (1) Resolution 2018 - 05 making the proposed delegation of authority to the ECC (including approval of the</p>	

## ECH BOARD MEETING AGENDA ITEM COVER SHEET

	<p>annual salary ranges for the Executives other than the CEO*) and (2) the Draft Procedures to be Followed by the El Camino Hospital Compensation Committee ...”** The ECC’s approval’s would be constrained by Board policy which (among other things) targets base salaries, total cash compensation, and total remuneration on average at the 50<sup>th</sup> percentile but allows higher or lower amounts in aggregate total cash compensation and total remuneration to be paid when warranted by organizational or individual performance.</p> <p>*The ECC would continue to recommend the CEO’s annual salary range for Board approval.</p> <p>** There was a question raised at the March ECC meeting as to whether Section C “Conflicts of Interest” subsection (d) could be time bound and/or limited by a materiality provision. Subsequent research and advice of counsel revealed it could not.</p>
	<p><b>Board Advisory Committees that reviewed the issue and recommendation, if any:</b> The ECC voted as described above to recommend Approval of Resolution 2018 - 05 and the Draft Procedures. In addition, the ECC voted to recommend that, if the Board approves Resolution 2018 - 05, staff be directed to develop draft amendments to the ECC Charter and Policies 3.01, 3.02, 3.03, and 3.04 (Executive Compensation Policies) to comport with the delegation of authority for consideration by the ECC and the Board.</p>
	<p><b>Summary and session objectives:</b></p> <ol style="list-style-type: none"> <li>1. For the Board to consider adopting Resolution 2018 - 05.</li> <li>2. For the Board to consider adopting the Draft Procedures.</li> </ol>
	<p><b>Suggested discussion questions:</b></p> <ol style="list-style-type: none"> <li>1. Is confirmation of delegation of authority to the ECC to approve annual adjustments to executive salary ranges other than the CEO appropriate?</li> <li>2. Does the Board agree with the Draft Procedures?</li> <li>3. Does the Board agree with the Draft Resolution?</li> </ol>
	<p><b>Proposed Board Motion, if any,</b></p> <ol style="list-style-type: none"> <li>1. To approve Draft Resolution 2018 - 05 including delegation of authority to approve adjustments to annual salary ranges for all executives, except the CEO.</li> <li>2. To direct staff to develop draft amendments to the ECC Charter and Policies 3.01, 3.02, 3.03, and 3.04 to comport with the delegation of authority for consideration by the ECC and the Board.</li> <li>3. To recommend that the Board approve the “Draft Procedures to be Followed by the El Camino Hospital Compensation Committee ...”</li> </ol>
	<p><b>LIST OF ATTACHMENTS:</b></p> <ol style="list-style-type: none"> <li>1. Draft Resolution 2018-05</li> <li>2. Draft Procedures</li> <li>3. Flow Chart Reflecting Proposed Approval Process</li> </ol>

**Draft Resolution Regarding Delegation to Executive Compensation Committee**

**EL CAMINO HOSPITAL  
RESOLUTION 2018-05**

**RESOLUTION OF THE BOARD OF DIRECTORS OF EL CAMINO HOSPITAL  
DELEGATING CERTAIN AUTHORITY TO THE EXECUTIVE COMPENSATION  
COMMITTEE (“ECC”) REGARDING EXECUTIVE COMPENSATION, ADOPTING  
PROCEDURES FOR THE ECC TO FOLLOW IN CONNECTION WITH THE  
EXERCISE OF SUCH DELEGATED AUTHORITY AND PROVIDING  
INDEMNIFICATION.**

**WHEREAS**, the Board of Directors (“Board”) of El Camino Hospital (“Hospital”) has previously created the ECC as an advisory committee of the Board which includes experts in executive compensation among its members;

**WHEREAS**, the Hospital has previously taken and continues to take all steps needed to meet the requirements of the Internal Revenue Service in order to obtain the presumption of the reasonableness of executive compensation;

**WHEREAS**, the ECC has advised the Board on general and specific matters relating to executive compensation, recommending policies and procedures, as well as activities related to individual executive’s compensation and the reasonableness thereof;

**WHEREAS**, the Board has determined to exercise its authority under Section 5210 of the California Nonprofit Corporation Law to delegate certain authority over executive compensation to the ECC; now, therefore, be it

**RESOLVED**, the Board hereby delegates to the ECC the authority to determine the base salary to be paid to executives who are included in Policy entitled “Executive Compensation Philosophy,” except the Chief Executive Officer (“Executives”); be it further

**RESOLVED**, that the ECC will also establish the individual incentive goals and determine the relative achievement of such goals by each of the Executives; be it further

**RESOLVED**, that the Board confirms the authority of the ECC to set salary ranges for the Executives and to retain, supervise and work with a compensation consultant with respect to compensation determinations that the ECC makes as to the Executives and, with respect to the Chief Executive Officer (“CEO”) salary range and compensation recommendations the ECC makes to the Board; be it further

**RESOLVED**, that the ECC shall take steps to confirm that the approved base salary and all other compensation and benefits payable to the Executives and the CEO (as to the CEO, as recommended to the Board) is reasonable compensation; be it further

**RESOLVED**, in all its actions pursuant to the authority delegated in this Resolution, the ECC shall follow the Board-approved applicable policies and procedures including the procedures attached as Exhibit A which are hereby approved; be it further

**RESOLVED**, that the ECC charter and the policies listed on Exhibit A are hereby amended to read as provided in the attached version of the ECC charter and the policies; be it further

**RESOLVED**, that the ECC will comply with the Brown Act with respect to the exercise of its delegated authority; be it further

**RESOLVED**, that in exercising the authority delegated by the Board in this Resolution, each member of the ECC shall be deemed to be an agent of the Hospital for purposes of indemnification pursuant to state law and the Hospital's bylaws; be it further

**RESOLVED**, that any authority not expressly delegated to the ECC hereunder is retained by the Board; decisions of the ECC within the delegated authority do not require Board approval; be it further

**RESOLVED**, that this Resolution grants no contract or other rights to any individual and this Resolution may be amended, repealed or replaced by the Board at any time.

Duly passed and adopted at a regular meeting held on this \_\_\_\_ day of \_\_\_\_\_, 2018, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Secretary, ECH Board of Directors

## **EXHIBIT A**

### Amended Policies

1. Policy 3.01. Executive Compensation Philosophy.
2. Policy 3.02. Executive Base Salary Administration.
3. Policy 3.03. [Executive Benefits Policy.]
4. Policy 3.04. Executive Performance Incentive Plan.
5. **[Other policies?]**

# DRAFT

## PROCEDURES TO BE FOLLOWED BY THE EL CAMINO HOSPITAL COMPENSATION COMMITTEE WHEN APPROVING COMPENSATION PURSUANT TO A DELEGATION OF AUTHORITY UNDER CALIFORNIA NONPROFIT CORPORATION LAW § 5210.

### A. Overview.

The Board of Directors of El Camino Hospital (“Board”), pursuant to Resolution 2018 - 05—[This resolution has not been considered by the Board], has delegated to the Executive Compensation Committee (“ECC”) the authority to determine the base salary, salary ranges and certain aspects of individual goals under the Executive Performance Incentive Plan of the persons employed or to be employed to hold the positions listed on Appendix A. Such list may be amended by resolution of the Board or by the Board’s approval of changes to the relevant policy. In taking any such action pursuant to the delegated authority, the ECC shall follow the procedures set forth below. No authority has been granted to the ECC to take final action regarding the compensation or determining the salary range of the Chief Executive Officer.

### B. Policies and Applicable Law.

In setting compensation for the persons holding the offices listed on Appendix A, the ECC shall follow all applicable policies adopted by the Board as now in force or as they may be amended, revised or repealed and any newly adopted policies. The applicable policies that are now in force are listed on the attached Appendix B. In addition, the ECC will exercise the authority delegated by the Board so that El Camino Hospital shall meet the regulatory requirements to qualify for the rebuttable presumption of reasonableness under applicable federal regulations.

### C. Conflict of Interest.

If any member of the ECC has a conflict of interest (defined below), then the ECC shall require that person to be recused from any determination giving rise to such conflict. The member may not be present at the meeting when the matter is considered and may not be present for the discussion or vote on the matter. Such recused individual may meet with the ECC or its members only to answer questions of the ECC or its members.

A member of the ECC has a conflict of interest with respect to a decision of the ECC, if such person:

- (a) is the person whose compensation is being determined or is a family member of such person (“Subject Disqualified Person”);
- (b) is an employee under the direction or control or whose compensation or other payments are subject to the approval of the Subject Disqualified Person;
- (c) has a material financial interest affected by the compensation arrangement for the Subject Disqualified Person; and

- (d) has received or will receive an economic benefit from a transaction the Subject Disqualified Person has approved or will approve.

**D. Appropriate Data Regarding Comparability.**

The ECC shall obtain, consider and rely upon, prior to making a compensation decision, appropriate data regarding comparability. The ECC shall also retain an independent consultant to assist it in obtaining such data and to advise the ECC regarding fair market value of total compensation, including benefits established by the Board. Appropriate data as to comparability is, given the knowledge and expertise of its members, information sufficient to determine whether the compensation arrangement in its entirety is reasonable. Relevant information includes compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions; the availability of similar services in the geographic area of El Camino Hospital; and actual written offers from similar institutions competing for the services of the individual.

**E. Approval.**

The ECC shall approve all compensation subject to its approval before the compensation or changed compensation is paid. With respect to any amount payable as an incentive, the parameters shall be approved by the ECC and the amount of potential compensation payable as an incentive shall be approved by the ECC or Board in advance and before payment. The ECC will approve any action by the vote of a majority of a quorum at a meeting of the ECC.

The ECC shall report to the Board, at the Board's next regularly scheduled Board meeting, its final actions approving: salary ranges for Executives, base salaries for Executives, individual goals established under the Executive Performance Incentive Plan, incentive payouts and any matter requiring Board approval under the following paragraph. The ECC report shall contain such additional information as requested by the Board.

**F. Required Documentation.**

The ECC shall document its compensation decisions at the time the ECC approves the compensation amount. The written or electronic records of the ECC must state, as to each compensation arrangement:

- (a) The terms of the approved compensation arrangement and the date approved;
- (b) The members of the ECC who were present during debate and those who voted on it;
- (c) The comparability data obtained and relied upon by the ECC and how the data was obtained; and
- (d) Any actions taken with respect to members of the ECC, e.g., recusal, who had a conflict of interest with respect to the transaction.

Should the ECC determine that reasonable compensation for a specific compensation arrangement is higher or lower than the range of comparability obtained, the ECC must record

the basis for its determination.

Such records must be prepared before the later of the next meeting of the ECC or 60 days after the final action or actions of the ECC are taken. Records must be reviewed and approved by the ECC as reasonable, accurate and complete within a reasonable time period thereafter.

**G. ECC Charter.**

Except as set forth herein or in Resolution 2018-8-05, the ECC shall continue to perform all advisory activities set forth in the ECC charter in its role as an advisory committee of the Board.

## **APPENDIX A**

- Chief Administrative Services Officer
- Chief Financial Officer
- Chief Human Resources Officer
- Chief Information Officer
- Chief Medical Officer
- Chief Nursing Officer
- Chief Operating Officer
- Chief Strategy Officer
- General Counsel
- President of El Camino Hospital Foundation
- President, SVMD
- Vice President of Corporate & Community Health Services\*
- Vice President of Payor Relations\*

\*Current Incumbents Grandfathered into the Plan

## **APPENDIX B**

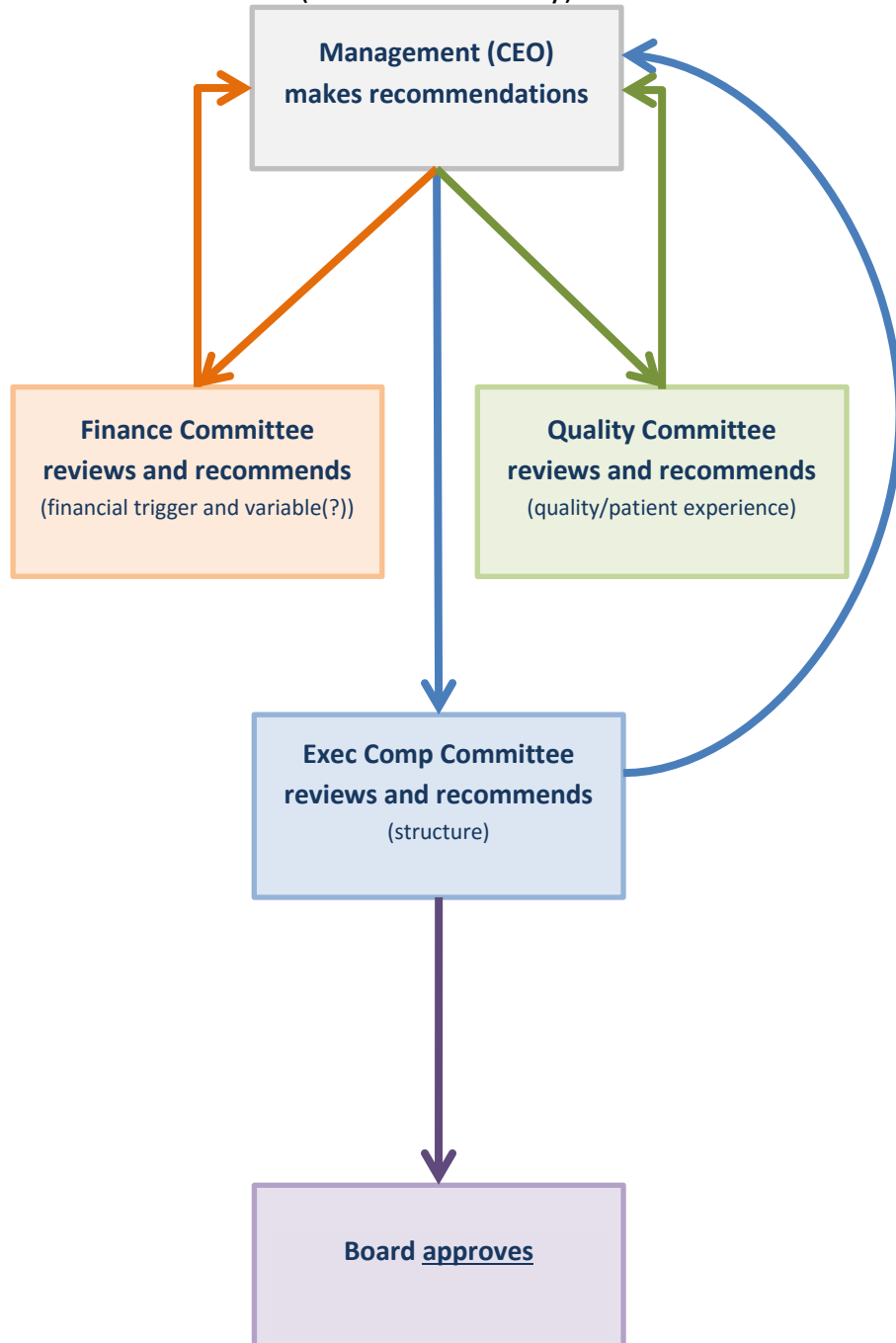
### List of ECH Policies relating to Executive Compensation (as of April 18, 2018)

1. Policy 3.01. Executive Compensation Philosophy.
2. Policy 3.02. Executive Base Salary Administration.
3. Policy 3.03. Executive Benefits Policy
4. Policy 3.04. Executive Performance Incentive Plan

## PROPOSED EXECUTIVE COMPENSATION APPROVALS

### Organizational Goals and Organizational Score

(reviewed annually)



### Executive Compensation Policies & Programs

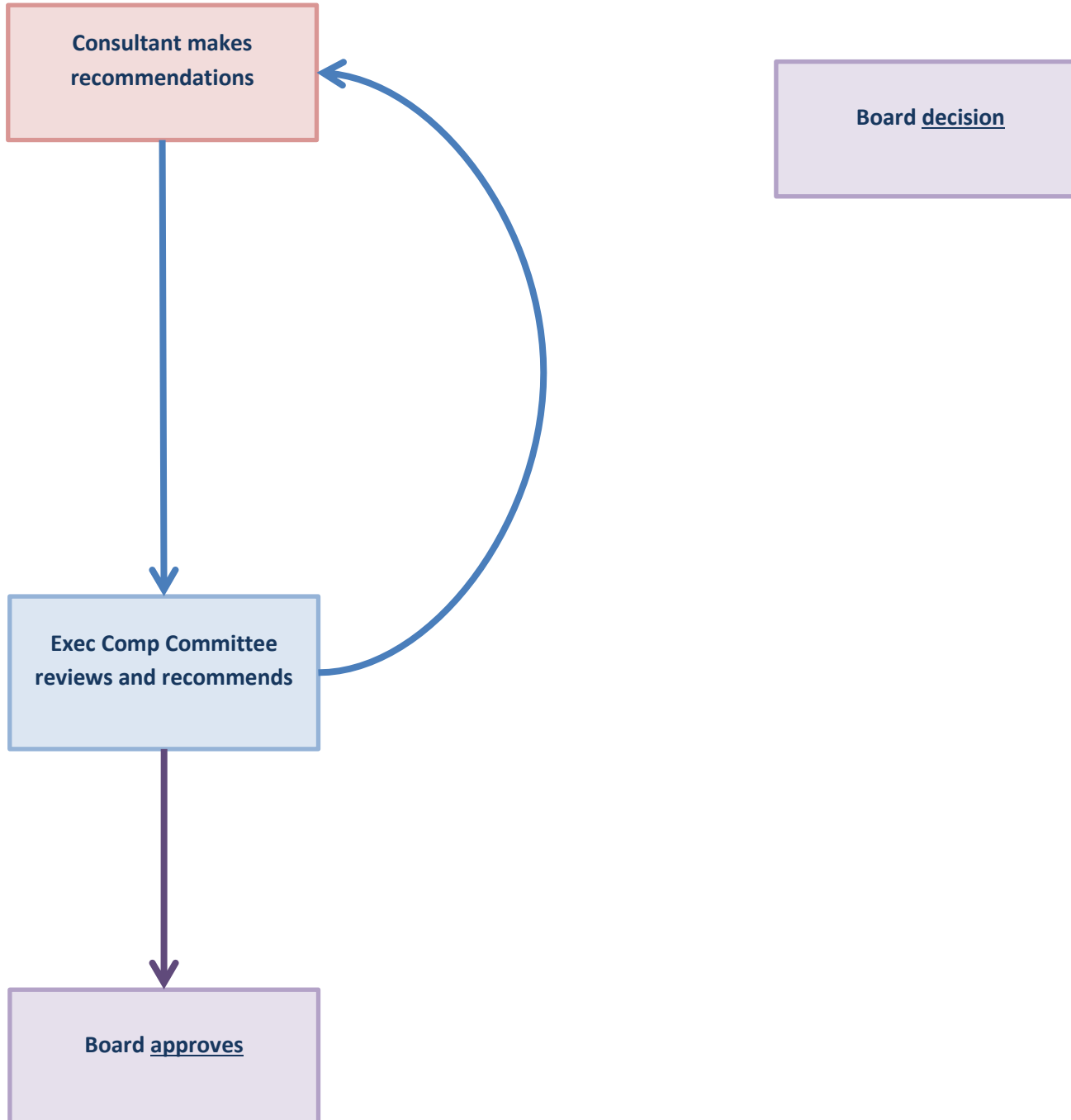
(reviewed as needed)



## PROPOSED EXECUTIVE COMPENSATION APPROVALS

### CEO Base Salary & Salary Range (reviewed annually)

### CEO Discretionary Score & Annual Incentive Payout (reviewed annually)



## PROPOSED EXECUTIVE COMPENSATION APPROVALS

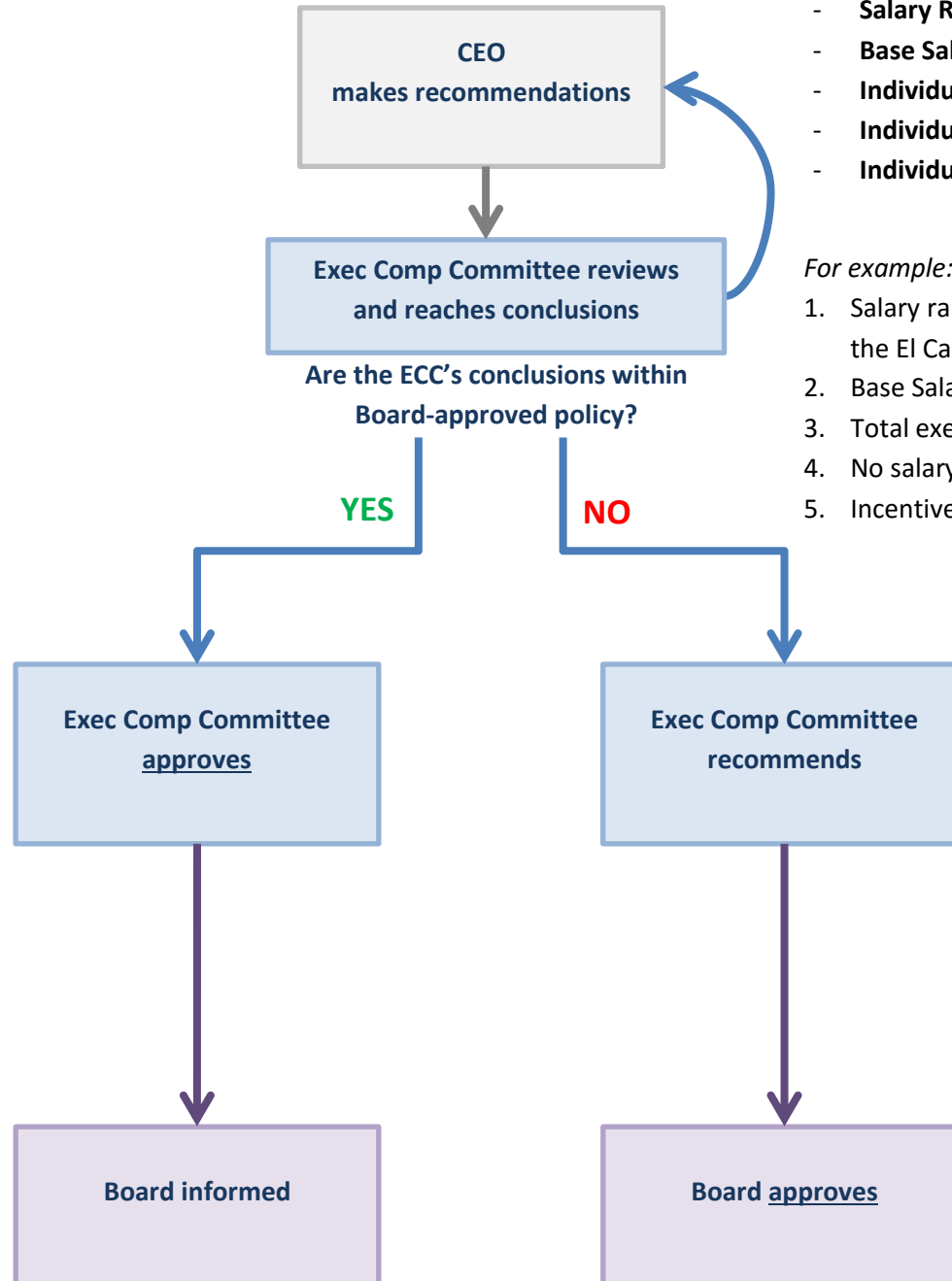
### Other Executives

(reviewed annually)

- Salary Ranges
- Base Salary Adjustments
- Individual Goals
- Individual Scores
- Individual Incentive Payouts

*For example:*

1. Salary range midpoint is set an amount materially different from the El Camino median
2. Base Salary is outside the approved salary range
3. Total executive base salary increases exceed total budgeted amount
4. No salary increases for all executives
5. Incentive payout is outside policy





**Minutes of the Open Session of the  
El Camino Hospital Board of Directors  
Wednesday, March 14, 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 C. Fung, MD  
Gary Kalbach  
Julie Kliger, RN  
Julia E. Miller, Secretary/Treasurer  
Bob Rebitzer (via teleconference)  
David Reeder  
John Zoglin, Vice Chair

**Board Members Absent**

None

**Members Excused**

None

Agenda Item	Comments/Discussion	Approvals/ Action
<b>1. CALL TO ORDER/ ROLL CALL</b>	The open session meeting of the Board of Directors of El Camino Hospital (the “Board”) was called to order at 5:30pm by Chair Chen. A verbal roll call was taken. All Board members were present at roll call with Director Rebitzer participating via teleconference.	
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Chair Chen asked if any Board members may have a conflict of interest with any of the items on the agenda. No conflicts were reported.	
<b>3. BOARD RECOGNITION</b>	<p><b>Motion:</b> To approve <i>Resolution 2018-03</i>.</p> <p><b>Movant:</b> Kalbach <b>Second:</b> Miller <b>Ayes:</b> Chen, Davis, Fligor, Fung, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None</p> <p>Cheryl Reinking, RN, CNO, recognized the Emergency Department physicians and staff for providing compassionate, personalized care for patients during this winter’s severe flu season.</p>	
<b>4. QUALITY COMMITTEE REPORT</b>	<p>Director Reeder, Chair of the Quality Committee, shared a patient story from the Committee’s materials that described negative feedback and ECH’s response related to a patient’s experience on observation status.</p> <p>He described the Committee’s robust discussion regarding its Committee Self-Assessment and areas for improvement, including more ties to strategy and focusing discussion related to the quality dashboard.</p> <p>Director Reeder noted that the Committee would like feedback from the Board regarding the “Big Dot” of Patient and Family-Centered Care. The Board discussed aligning the Big Dot with ECH’s current strategic plan and suggested that more background information may be needed for the Board. In response to Director Fung’s questions, Mary Rotunno, General Counsel, advised that closed session discussion from the Board may be shared with the Committees, but should be evaluated on a case by case basis. In response to Director Fligor’s question, Ms. Reinking described the HCAPS</p>	<b>“Big Dot” discussion to be paced, potentially in April</b>

	<p>surveys conducted for all discharged patients and the organizational goal related to patient satisfaction. Board members suggested that this topic and its history be discussed further for how to subsequently direct the Committee. Director Chen noted that he will work with staff to pace the topic, potentially for the April meeting.</p> <p>Director Reeder explained that the only area of concern on the quality dashboard is related to catheter infections, which will be the focus of a deep dive discussion at the Committee's next meeting.</p>	
<b>5. COMPLIANCE TRAINING</b>	<p>Mary Rotunno, General Counsel, and Diane Wigglesworth, Sr. Director of Corporate Compliance presented annual compliance training, which covered the following:</p> <ul style="list-style-type: none"> <li>- Fiduciary responsibilities of Directors include: duty of care (an "ordinarily prudent person": acting in good faith, asking questions, making informed decisions, and allowing appropriate time for deliberation), duty of loyalty (putting organizational interests above individual interests), and the business judgment rule (receiving sufficient information and acting in the best interests of the organization).</li> <li>- The purpose of a Compliance program is to identify and reduce risks; the government reviews an organization's likelihood to detect fraud and abuse and how it acts on those concerns. ECH uses an advisory committee, policies, processes, and procedures, education and training, routine auditing and monitoring, and open lines of communication (<i>i.e.</i>, with management, through an anonymous hotline) in its Compliance program. Ms. Wigglesworth noted that every concern is investigated and corrective actions are implemented and validated.</li> <li>- Compliance risks to ECH include: documentation/coding, billing, physician relationships, physician financial arrangements, and patient privacy.</li> <li>- The Board can hold management accountable for an effective compliance program that minimizes organizational risk by consistently asking questions and encouraging a culture of accountability.</li> </ul> <p>Director Rebitzer suggested that any Compliance reports should highlight the critical issues and what governance-level questions the Board should be considering.</p> <p>The Board and staff discussed the Board's responsibility related to supervising and evaluating senior management.</p> <p>In response to Director Zoglin's question, the Board and staff discussed the appropriate level of review for policies and the volume currently reviewed and approved by the Board. Ms. Rotunno explained The Joint Commission and Title 22 require that clinical policies are reviewed by the Board. She noted that there have been process changes, so that procedures are no longer reviewed by the Board to reduce the volume of what the Board is reviewing. The Board discussed how to address the requirements, what must be reviewed and monitored, and requested additional information from staff for how to streamline the process further.</p> <p>Director Davis commended Ms. Wigglesworth for her work.</p>	<b><i>Staff to review Policy on Policies</i></b>
<b>6. PUBLIC COMMUNICATION</b>	None.	
<b>7. ADJOURN TO</b>	<b>Motion:</b> To adjourn to closed session at 6:16 pm pursuant to <i>Gov't Code</i>	<b><i>Adjourned</i></b>

<p><b>CLOSED SESSION</b></p>	<p>Section 54957.2 for approval of the Minutes of the Closed Session of the Hospital Board Meeting (February 14, 2018), pursuant to <i>Health and Safety Code</i> 32155 for deliberations concerning reports on Medical Staff quality assurance matters: Medical Staff Report; pursuant to <i>Gov't Code Section 54957.6</i> for a conference with labor negotiator Kathryn Fisk regarding SEIU/UHW West, Local 715 and Professional Resource-Nurses: Labor Negotiations Update; pursuant to <i>Gov't Code Section 54956.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation: IT Security Status Update; pursuant to <i>Health &amp; Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets and <i>Gov't Code Sections 54957</i> and <i>54957.6</i> for report and discussion on personnel matters: CEO Report on New Services and Programs and Personnel Matters; pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters: Executive Session – Senior Management.</p> <p><b>Movant:</b> Davis  <b>Second:</b> Fung  <b>Ayes:</b> Chen, Davis, Fligor, Fung, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<p><i>to closed session at 6:16 pm</i></p>
<p><b>8. AGENDA ITEM 16: RECONVENE OPEN SESSION/ REPORT OUT</b></p>	<p>Open session was reconvened at 8:22 pm by Chair Chen. Agenda items 8-15 were addressed in closed session. Directors Fung, Kalbach, and Kliger were absent at the beginning of the second open session and rejoined the meeting during Agenda Item 18: CEO Report.</p> <p>During the closed session, the Board approved the Minutes of the Closed Session of the Hospital Board Meeting (February 14, 2018) and the Medical Staff Report by a unanimous vote in favor of all members present (Directors Chen, Davis, Fligor, Fung, Kalbach, Kliger, Miller, Rebitzer (via teleconference), Reeder, and Zoglin).</p>	
<p><b>9. AGENDA ITEM 18: CEO REPORT</b></p>	<p>This item was taken out of order.</p> <p>Dan Woods, CEO, highlighted current progress toward achievement of the FY18 organizational goals, preparation for The Joint Commission's upcoming survey, the introduction of leader rounding, and the philanthropic success of the El Camino Heritage Golf Tournament and the 6<sup>th</sup> annual Norma's Literary Luncheon. He also recognized the Auxiliary's contribution of 7,154 volunteer hours in January.</p>	
<p><b>10. AGENDA ITEM 17: CONSENT CALENDAR</b></p>	<p>Chair Chen asked if any member of the Board or the public wished to remove an item from the consent calendar. No items were removed.</p> <p><b>Motion:</b> To approve the consent calendar: Minutes of the Open Session of the Hospital Board Meeting (February 14, 2018); Community Benefit Mid-Year Metrics; Resolution 2018-04: Required by Premier, Inc. Listing the CEO and CFO as Authorized Individuals to Sell Stock; and the Medical Staff Report; and for information: FY18 Period 7 Financials.</p> <p><b>Movant:</b> Miller  <b>Second:</b> Fung  <b>Ayes:</b> Chen, Davis, Fligor, Fung, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None</p>	<p><i>Consent calendar approved</i></p>

	<b>Recused:</b> None	
<b>11. AGENDA ITEM 19: BOARD COMMENTS</b>	There were no additional comments from the Board.	
<b>12. AGENDA ITEM 20: ADJOURNMENT</b>	<b>Motion:</b> To adjourn at 8:26 pm <b>Movant:</b> Fligor <b>Second:</b> Kalbach <b>Ayes:</b> Chen, Davis, Fligor, Fung, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None	<b><i>Meeting adjourned at 8:26 pm</i></b>

**Attest as to the approval of the foregoing minutes by the Board of Directors of El Camino Hospital:**

\_\_\_\_\_  
Lanhee Chen  
Chair, ECH Board of Directors

\_\_\_\_\_  
Julia E. Miller  
Secretary, ECH Board of Directors

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

## ECH BOARD MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	<p>Draft Resolution 2018-06: Acting as a Member of Pathways Continuous Care to Approve the Winding Up and Dissolution of Pathways Continuous Care and Delegating Authority to Certain Officers</p> <p>El Camino Hospital Board of Directors</p> <p>April 18, 2018</p>
<b>Responsible party:</b>	Dan Woods, CEO
<b>Action requested:</b>	For Approval
<p><b>Background:</b> El Camino Hospital (“ECH”) and Dignity Health are voting members of the Pathways Continuous Care (Private Duty Services “Pathways CC”) and Pathways Home Health and Hospice, California non-profit public benefit corporations.</p> <p>For over 30 years, Pathways CC has provided the elderly and the chronically ill of Santa Clara and San Mateo Counties with up to 24 hours per day assistance in their homes in the activities of daily living. In recent years, however, Pathways CC has faced an increasing shortage of aides qualified to deliver such care, we think due to the cost of living in the Silicon Valley. Pathways CC found it needed to limit the number of clients it could care for and still assure safety and quality of care (with the resulting loss of economies of scale pushing Pathways CC into an estimated approximate loss of \$300K for the current year). Facing the inevitability of continued shortage of an aide pool, Pathways CC decided that the better course was to close its program and transfer care of its clients to the Institute on Aging (IOA), another well-respected nonprofit provider of care to the elderly in the area.</p> <p>The six-member Pathways CC Board (three of whom are appointed by ECH) voted to close the private duty business and dissolve Pathways CC. The business was closed in 2018. The IOA has employed a significant number of the former Pathways aides at comparable salary ranges and has assumed responsibility for the care of the clients served by such aides.</p> <p>It is now requested that ECH, as a member of the Pathways CC Corporation, approve Resolution 2018-06 distributing the assets of Pathways CC to Pathways Home Health and Hospice. As noted in the resolution, investment assets of approximately \$3.6 million and cash of less than \$1 million will be transferred to Pathways Home Health and Hospice. The California Attorney General’s office was notified of the proposed transfer of assets and confirmed no objection.</p>	
<b>Board Advisory Committees that reviewed the issue and recommendation, if any:</b> None	
<b>Summary and session objectives:</b> To obtain approve Draft Resolution 2018-06	
<b>Suggested discussion questions:</b> None. This is a consent calendar item.	
<b>Proposed Board motion, if any:</b> To approve Draft Resolution 2018-06	
<p><b>LIST OF ATTACHMENTS:</b></p> <p>1. Draft Resolution 2018-06</p>	

**DRAFT**

**EL CAMINO HOSPITAL  
RESOLUTION 2018-06**

**RESOLUTION OF THE BOARD OF DIRECTORS OF EL CAMINO HOSPITAL  
ACTING AS A MEMBER OF PATHWAYS CONTINUOUS CARE TO APPROVE THE  
WINDING UP AND DISSOLUTION OF PATHWAYS CONTINUOUS CARE AND  
DELEGATING AUTHORITY TO CERTAIN OFFICERS.**

**WHEREAS**, El Camino Hospital (the “**Hospital**”) is a Class A member of Pathways Continuous Care, a California nonprofit public benefit corporation (the “**Pathways CC**”);

**WHEREAS**, management of Pathways CC, having undertaken a review of Pathways CC’s strategic alternatives, has concluded that Pathways CC should wind-up its business and affairs, liquidate and dissolve, and management has made that recommendation to Pathways CC’s Board of Directors and to its members including the Hospital;

**WHEREAS**, Pathways CC’s Articles of Incorporation provide that upon dissolution, Pathways CC’s Board of Directors shall transfer all of Pathways CC’s properties, monies and assets remaining after provision for payment of its debts and liabilities to such nonprofit funds, foundations or corporations organized and operated exclusively for charitable purposes as are selected and designated by the board of Pathways CC, *provided* that such fund, foundation or corporation then qualifies as an organization exempt from tax under Section 501(c)(3) of the Internal Revenue Code (“**Code**”) or is a governmental entity described in Section 170(c) of the Code;

**WHEREAS**, Pathways CC’s affiliate, Pathways Home Health and Hospice, a California nonprofit public benefit corporation (“**Pathways**”), is operated exclusively for charitable purposes and is an organization exempt from tax under Section 501(c)(3) of the Code;

**WHEREAS**, **WHEREAS**, it is proposed that all of Pathways CC’s properties, monies and assets remaining after payment or provision for payment of its debts and liabilities (which remaining assets are expected to consist largely of investment assets of approximately \$3.6 million and cash of less than \$1 million) be transferred in one or more installments to Pathways;

**WHEREAS**, the Hospital is also a voting member of Pathways;

**NOW, THEREFORE**, the Hospital, acting as a member of Pathways CC, hereby approves:

1. The winding-up of Pathways CC’s business and affairs and its liquidation and dissolution;
2. The transfer to Pathways of all of Pathways CC’s properties, monies and assets remaining after payment or provision for payment of its debts and liabilities, so long as Pathways remains a corporation operated exclusively for charitable purposes and exempt from tax under Section 501(c)(3) of the Code as of the date of transfer; and

3. The performance and conduct of all activities reasonably necessary or appropriate in connection with the winding-up, liquidation and dissolution of Pathways CC, including, without limitation, providing notice to Pathways CC's employees and known creditors, obtaining a written waiver of objections to the liquidation from the California Attorney General, and filing of final federal and state tax reports and returns.

**RESOLVED**, that the Chief Executive Officer of the Hospital, the Chief Financial Officer of the Hospital or any officer of the Board be, and hereby are, authorized and empowered to execute, sign and deliver on behalf of the Hospital such agreements, certificates or other documents as may be appropriate to effectuate this Resolution 2018-06.

Duly passed and adopted at a regular meeting held on this \_\_\_\_ day of April, 2018, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Julia E. Miller  
Secretary, ECH Board of Directors



**Minutes of the Open Session of the  
Executive Compensation Committee  
Wednesday, January 31, 2018**

**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** (joined at 4:48 pm during  
Agenda Item 6 via teleconference)

**Members Absent**

Pat Wadors

<b>Agenda Item</b>	<b>Comments/Discussion</b>	<b>Approvals/ Action</b>
<b>1. CALL TO ORDER/ ROLL CALL</b>	The open session meeting of the Executive Compensation Committee of El Camino Hospital (the " <u>Committee</u> ") was called to order at 4:00 pm by Chair Bob Miller. Julia Miller and Pat Wadors were absent at roll call. All other Committee members were present.	
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	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.	
<b>3. PUBLIC COMMUNICATION</b>	None.	
<b>4. CONSENT CALENDAR</b>	<p>Chair B. Miller asked if any member of the Committee or the public wished to remove an item from the consent calendar. No items were removed.</p> <p><b>Motion:</b> To approve the consent calendar: Minutes of the Open Session of the Executive Compensation Committee Meeting (November 9, 2017), and for information: Progress Against FY18 Committee Goals and Article of Interest.</p> <p><b>Movant:</b> Layney <b>Second:</b> Eyre <b>Ayes:</b> Eyre, Fligor, Layney, B. Miller <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> Wadors, J. Miller <b>Recused:</b> None</p>	<b><i>Consent calendar approved</i></b>
<b>5. REPORT ON BOARD ACTIONS</b>	Cindy Murphy, Director of Governance Services, referred to the recent Board actions as further detailed in the packet. Ms. Fligor reported on the election of Julie Kliger and Gary Kalbach to the El Camino Hospital Board of Directors and Chair B. Miller reported that Board Chair Chen recommended that Director Kliger join the Committee following formal appointment to the Committee by the Board on February 14 <sup>th</sup> .	
<b>6. REVIEW OF ECH EXECUTIVE COMPENSATION AND BENEFITS PROGRAM AND POLICIES</b>	Stephen Pollack of Mercer reviewed the recommendations to 1) expand the Compensation Philosophy to be more specific about total cash and total remuneration positioning relative to market, (2) allow for greater differentiation in executive base salary within the existing program, and 3) modify the incentive plan to potentially add a variable financial metric (that is not just a trigger goal) and provide for greater CEO discretion in determining the individual score. Mr. Pollack commented that the proposals do not constitute major changes but provide clarification with respect to	

what is currently in practice.

**Compensation Philosophy:** Mr. Pollack explained that the Philosophy’s silence on positioning of other elements of compensation outside of base salary has led to different interpretations of the policy. He also explained that the proposal would leave base salaries targeted on average at the 50<sup>th</sup> percentile of market data, but allow for total cash to be targeted at the 50<sup>th</sup> percentile and up to the 75<sup>th</sup> percentile, and total remuneration to be targeted between the 50<sup>th</sup> and 75<sup>th</sup> percentile of market data, both dependent on individual and organizational performance.

The Committee members discussed the proposed changes noting that “target” means “expected” performance and would be compensated at the 50<sup>th</sup> percentile, but it will be clear that exceptional performance could be compensated at up to the 75<sup>th</sup> percentile.

Chair Miller commented that ECH often expects performance at the 75<sup>th</sup> or 90<sup>th</sup> percentile and, if that is achieved, compensation at the 50<sup>th</sup> percentile is out of alignment with that. In response to questions, Mr. Pollack commented that the proposal constitutes a best practice approach.

The Committee members discussed changing Section C of the Executive Compensation Philosophy by adding the following language:

“The target competitive positioning for executive remuneration is:

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

**Base Salary Administration:** Mr. Pollack explained that the proposed revisions will allow use of the full salary range and permit executive talent scarcity and organization criticality to be considered as factors in determining appropriate placement in the salary range.

The Committee members discussed the proposed revisions to the Base Salary Administration Policy and requested revisions as follows:

- Section D becomes Section E.
- Section E(1)(a): insert the words “50<sup>th</sup> percentile” before the word “median.”
- Section E(1)(c):
  - replace the word “establish” with “recommend
  - insert “(for example, when financially prudent) for Board approval) after the word “salaries.”
- Section E(2)(a)
  - Replace the word “is” with “may be”
  - Insert “This may be a new hire or internal promotion” after the first full sentence.
- Section E(2)(b):
  - Replace the word “is” with “may be”
  - Delete “(6-8 years)”

	<ul style="list-style-type: none"> <li>▪ Change “consistently meeting” to “successful”</li> <li>▪ Delete “expectations”</li> <li>• Section E(2)(c): Delete “with skills and expertise beyond those normally associated with the position” and replace it with “in roles which are particularly critical for the achievement of strategic objectives or in roles with a highly competitive labor market.”</li> <li>• Section E(2)(d): Replace the first “above” with “outside” and insert “or guidelines” after “range”</li> <li>• Section E becomes Section F.</li> </ul> <p><b>Incentive Plan Design:</b> Mr. Pollack described how the proposed revision would improve the effectiveness of the discretionary element and that use of a variable financial metric (in addition to financial threshold goal) is highly prevalent in health systems.</p> <p>The Committee members discussed the recommendations and the Executive Performance Incentive Plan and suggested the following revisions to the Plan:</p> <ul style="list-style-type: none"> <li>• Section C – Replace the first occurrence of “compensation” with “remuneration”</li> <li>• Section D(4) – After the word “based” insert “which may include a financial measure in addition to the threshold for any payout.”</li> <li>• Section D(5) – Revised to state “at the beginning of the fiscal year, each participant will propose performance goals and measurements that support the strategic/business plan. Whenever possible, each goal will have performance measures for threshold, target, and maximum levels and scores will be on a continuum. 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.</li> <li>• Section D(6) – Delete the first sentence.</li> </ul> <p>The Committee discussed how the annual budgeting process impacts the flexibility the Committee and the Board to adjust executive base salary each year.</p> <p>Ms. J. Miller joined the meeting via teleconference.</p> <p><b>Motion:</b> To recommend the Board approve the proposed revisions to the Compensation Philosophy, Base Salary Administration Policy, and Executive Performance Incentive Plan as amended by the Committee.</p> <p><b>Movant:</b> Fligor  <b>Second:</b> Eyre  <b>Ayes:</b> Eyre, Fligor, Layney, B. Miller, J. Miller  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Wadors  <b>Recused:</b> None</p>	
7. ADJOURN TO CLOSED SESSION	<p><b>Motion:</b> To adjourn to closed session at 5:00pm.</p> <p><b>Movant:</b> Fligor  <b>Second:</b> Layney  <b>Ayes:</b> Eyre, Fligor, Layney, B. Miller, J. Miller</p>	Adjourned to closed session at 5:00pm

	<b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> Wadors <b>Recused:</b> None	
<b>8. AGENDA ITEM 13: RECONVENE OPEN SESSION/ REPORT OUT</b>	<p>Open session was reconvened at 5:28pm. Agenda items 8-12 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 (Eyre, Fligor, Layney, B. Miller and J. Miller). Ms. Wadors was absent.</p>	
<b>9. AGENDA ITEM 14: CONSIDER DELEGATION OF AUTHORITY TO EXECUTIVE COMPENSATION COMMITTEE</b>	<p><b>Motion:</b> To recommend that the Board consider delegating authority to the Executive Compensation Committee to make certain decisions about (non-CEO) executive compensation and to provide further direction to the Committee regarding next steps.</p> <p><b>Movant:</b> Fligor  <b>Second:</b> Layney  <b>Ayes:</b> Eyre, Fligor, Layney, B. Miller, J. Miller  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Wadors  <b>Recused:</b> None</p>	
<b>10. AGENDA ITEM 15: FY18 BASE SALARY: CIO</b>	<p><b>Motion:</b> To recommend that the Board approve the proposed FY18 CIO base salary.</p> <p><b>Movant:</b> Miller  <b>Second:</b> Layney  <b>Ayes:</b> Eyre, Fligor, Layney, B. Miller, J. Miller  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Wadors  <b>Recused:</b> None</p>	
<b>11. AGENDA ITEM 16: FY18 COMMITTEE PACING PLAN</b>	<p>The Committee discussed the FY18 Pacing Plan. Chair B. Miller noted that he asked staff to remove any review of the Executive Benefit Plan from the Pacing Plan and add it back in at a later date. In response to Ms. Fligor's question, Ms. Fisk commented that ECH does not have a rigid succession planning process for the executives due to the size of the organization and availability of Director level employees to remove from their current roles and groom for executive roles without providing backfills for those roles. Ms. Fisk noted that the intention was to focus on an Executive Development Plan as opposed to a true succession plan at the March Committee meeting. Ms. Eyre commented that it would be important for the Committee to work on determining what an appropriate succession planning process for ECH would look like. Other Committee members agreed and requested that staff bring information about succession planning practices at other organizations for the Committee to discuss at the next meeting.</p>	
<b>12. AGENDA ITEM 17: CLOSING COMMENTS</b>	<p>Chair B. Miller commented that it was productive meeting and thanked the Committee members for their work.</p>	
<b>13. AGENDA ITEM 18: ADJOURNMENT</b>	<p><b>Motion:</b> To adjourn at 5:45 pm.</p> <p><b>Movant:</b> Fligor  <b>Second:</b> B. Miller  <b>Ayes:</b> Eyre, Fligor, Layney, B. Miller, J. Miller</p>	<p><i>Meeting adjourned at 5:45 pm</i></p>

	<b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> Wadors <b>Recused:</b> None	
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**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: Cindy Murphy, Director of Governance Services

DRAFT



**El Camino Hospital<sup>®</sup>**  
THE HOSPITAL OF SILICON VALLEY

## Summary of Financial Operations

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

# Financial Overview

- **Volume:**

- For the year, overall volume, measured in adjusted discharges is 5.9% higher than budget.
- IP cases are 5.1% over budget, specifically Neurosciences, HVI, BHS, Oncology and General Medicine. Deliveries are slightly lower to prior year and 2.9% below budget
- OP cases are higher than budget in General Surgery, General Medicine, Emergency, Lab, Imaging Services, MCH, Rehab, Outpatient Clinics and Urology.

- **Financial Performance:**

- Operating income is \$4.4M over budget. Revenue for the month include -\$453K in unusual items. For the year op margin is \$38.5M ahead of target

- **Payor Mix:**

- Commercial insurance is 0.1% more of the Payor Mix in January than budget where Medicare has decreased .6%.

- **Cost:**

- Prod Hrs/APD for January is 28.5 and better than budget . YTD we are slightly better than budget

- **Balance Sheet:**

- Net days in AR is 48.1 which is 0.1 days more than budget.

# Dashboards - ECH combined as of January 31, 2018

	Month					YTD			
	PY	CY	Bud/Target	Variance CY vs Bud		PY	CY	Bud/Target	Variance CY vs Bud
Volume									
Licenced Beds	443	443	443	-		443	443	443	-
ADC	257	261	255	7		235	244	236	8
Utilization MV	71%	70%	71%	0%		64%	67%	65%	2%
Utilization LG	31%	35%	30%	5%		29%	30%	29%	2%
Utilization Combined	58%	59%	57%	2%		53%	55%	53%	2%
Adjusted Discharges	3,026	3,167	2,914	253		19,545	21,101	19,919	1,182
Total Discharges (Excl NNB)	1,802	1,836	1,707	129		11,372	12,081	11,516	565
Total Discharges	2,098	2,122	2,013			13,619	14,356	13,654	
Inpatient Cases									
MS Discharges	1,315	1,341	1,182	159		7,799	8,440	7,884	556
Deliveries	380	355	403	(48)		2,752	2,733	2,814	(81)
BHS	75	101	78	23		539	651	527	124
Rehab	32	39	43	(4)		282	257	291	(34)
Outpatient Cases	12,385	13,369	12,509	860		83,972	87,833	85,579	2,254
ED	4,310	4,962	4,153	809		27,861	29,150	28,419	731
Procedural Cases									
OP Surg	367	357	391	(34)		2,557	2,739	2,667	72
Endo	194	185	181	4		1,375	1,399	1,238	161
Interventional	194	198	181	17		1,265	1,209	1,236	(27)
All Other	7,320	7,667	7,603	64		50,914	53,336	52,019	1,317
Financial Perf.									
Net Patient Revenues	68,826	76,925	71,088	5,837		472,861	522,811	485,313	37,498
Total Operating Revenue	69,528	78,848	72,943	5,905		488,297	540,540	499,101	41,438
Operating Expenses	60,181	68,451	66,981	1,470		425,872	453,497	450,594	2,903
Operating Income \$	9,347	10,397	5,962	4,435		62,425	87,043	48,508	38,535
Operating Margin	13.4%	13.2%	8.2%	5.0%		12.8%	16.1%	9.7%	6.4%
EBITDA \$	13,776	14,883	11,179	3,704		93,690	118,361	83,746	34,615
EBITDA %	19.8%	18.9%	15.3%	3.5%		19.2%	21.9%	16.8%	5.1%
IP Margin <sup>1</sup>	5.8%	12.9%	-10.2%	23.1%		5.8%	12.9%	-10.2%	23.1%
OP Margin <sup>1</sup>	37.0%	44.2%	31.7%	12.5%		37.0%	44.2%	31.7%	12.5%
Payor Mix									
Medicare	51.2%	50.7%	47.4%	3.3%		47.3%	46.8%	47.4%	-0.6%
Medi-Cal	7.5%	8.7%	7.2%	1.5%		7.2%	7.9%	7.2%	0.7%
Commercial IP	20.6%	20.4%	22.6%	-2.2%		22.7%	22.6%	22.6%	0.1%
Commercial OP	18.2%	18.2%	20.3%	-2.2%		20.3%	20.4%	20.3%	0.1%
Total Commercial	38.8%	38.5%	42.9%	-4.4%		43.0%	43.0%	42.9%	0.1%
Other	2.5%	2.0%	2.5%	-0.5%		2.5%	2.3%	2.5%	-0.2%
Cost									
Total FTE	2,527.8	2,599.8	2,569.8	30		2,479.9	2,573.6	2,512.1	62
Productive Hrs/APD	29.5	28.5	29.5	(1)		30.4	29.9	30.8	(1)
Balance Sheet									
Net Days in AR	44.8	48.1	48.0	0		44.8	48.1	48.0	0
Days Cash	444	486	266	220		444	486	266	220
Affiliates - Net Income (\$000s)									
Hosp	21,393	39,597	6,187	33,410		86,923	147,285	50,085	97,200
Concern	255	82	97	(14)		725	1,111	855	255
ECSC	(1)	(1)	0	(1)		(54)	(21)	0	(21)
Foundation	147	627	(22)	650		1,675	2,217	392	1,824
SVMD	200	(332)	6	(338)		190	134	(7)	141

# Budget Variances

## Fiscal Year 2018 YTD (7/1/2017-01/31/2018) Waterfall

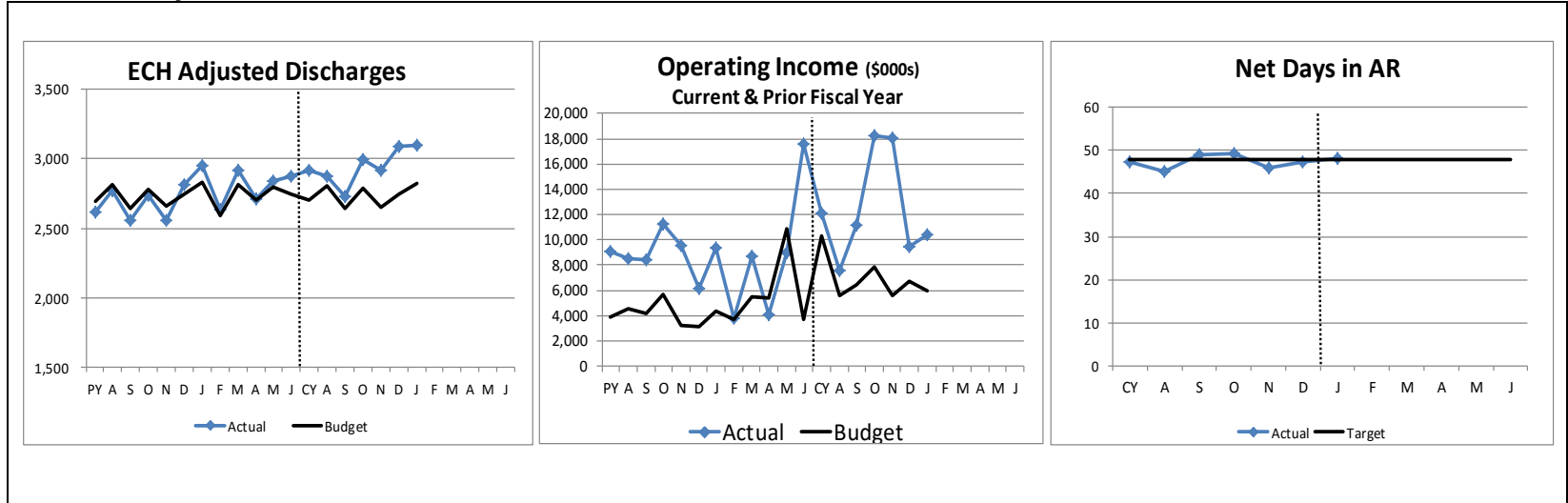
(in thousands; \$000s)	Year to Date (YTD)	
	Net Income Impact	% Net Revenue
<b>Budgeted Hospital Operations FY2018</b>	<b>48,508</b>	<b>9.7%</b>
<b>Net Revenue</b> - Favorable due higher volume, favorable payor mix and \$13 million unusual items	41,438	7.7%
<b>Labor and Benefit Expense Change</b> - Labor favorable vs budget after adjusting for higher volume	(2,933)	-0.5%
<b>Professional Fees &amp; Purchased Services</b> -Recruiting costs and backfill for vacant position;	(2,389)	-0.4%
<b>Supplies</b> - 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.	(2,290)	-0.4%
<b>Other Expenses</b> - primarily due to no strategic fund expenses offset with property tax retro payment and regular payment for half year.	788	0.1%
<b>Depreciation &amp; Interest</b> - Favorable due to delay in Parking Structure as well as LG projects	3,920	0.7%
<b>Actual Hospital Operations FY2018</b>	<b>87,043</b>	<b>16.1%</b>

# El Camino Hospital (\$000s)

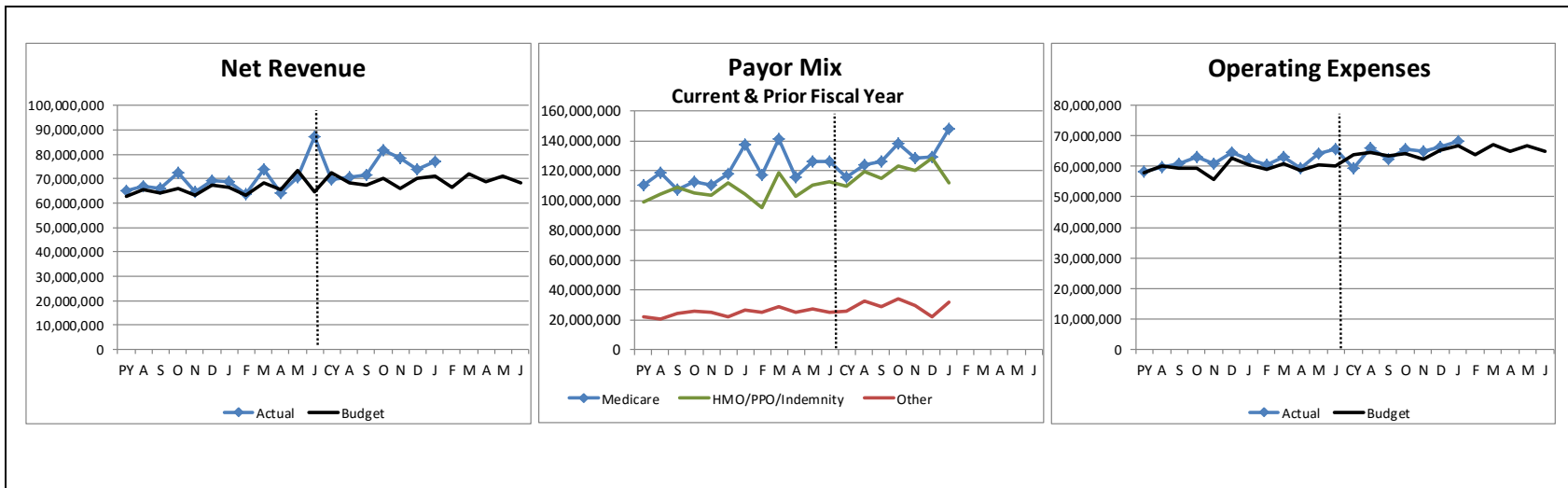
7 months ending 01/31/2018

Period 7 FY 2017	Period 7 FY 2018	Period 7 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
268,834	291,509	275,872	15,636	5.7%	<b>Gross Revenue</b>	1,719,213	1,942,283	1,854,256	88,027	4.7%
(200,008)	(214,583)	(204,784)	(9,799)	1.0%	<b>Deductions</b>	(1,246,351)	(1,419,472)	(1,368,942)	(50,529)	3.7%
<b>68,826</b>	<b>76,925</b>	<b>71,088</b>	<b>5,837</b>	<b>8.2%</b>	<b>Net Patient Revenue</b>	<b>472,861</b>	<b>522,811</b>	<b>485,313</b>	<b>37,498</b>	<b>7.7%</b>
702	1,923	1,855	68	3.7%	<b>Other Operating Revenue</b>	15,436	17,728	13,788	3,940	28.6%
<b>69,528</b>	<b>78,848</b>	<b>72,943</b>	<b>5,905</b>	<b>8.1%</b>	<b>Total Operating Revenue</b>	<b>488,297</b>	<b>540,540</b>	<b>499,101</b>	<b>41,438</b>	<b>8.3%</b>
<b>OPERATING EXPENSE</b>										
35,920	41,150	40,884	(266)	-0.7%	<b>Salaries &amp; Wages</b>	258,173	275,114	272,180	(2,933)	-1.1%
9,650	11,779	10,789	(989)	-9.2%	<b>Supplies</b>	65,356	73,109	70,820	(2,290)	-3.2%
7,763	8,904	7,798	(1,106)	-14.2%	<b>Fees &amp; Purchased Services</b>	54,659	57,739	55,350	(2,389)	-4.3%
2,420	2,132	2,293	161	7.0%	<b>Other Operating Expense</b>	16,418	16,217	17,005	788	4.6%
444	256	725	470	64.8%	<b>Interest</b>	2,979	2,861	5,078	2,217	43.7%
3,984	4,231	4,492	261	5.8%	<b>Depreciation</b>	28,286	28,457	30,161	1,703	5.6%
<b>60,181</b>	<b>68,451</b>	<b>66,981</b>	<b>(1,470)</b>	<b>-2.2%</b>	<b>Total Operating Expense</b>	<b>425,872</b>	<b>453,497</b>	<b>450,594</b>	<b>(2,903)</b>	<b>-0.6%</b>
<b>9,347</b>	<b>10,397</b>	<b>5,962</b>	<b>4,435</b>	<b>74.4%</b>	<b>Net Operating Income/(Loss)</b>	<b>62,425</b>	<b>87,043</b>	<b>48,508</b>	<b>38,535</b>	<b>79.4%</b>
12,046	29,200	225	28,975	12860.7%	<b>Non Operating Income</b>	24,497	60,242	1,577	58,665	3719.9%
<b>21,393</b>	<b>39,597</b>	<b>6,187</b>	<b>33,410</b>	<b>540.0%</b>	<b>Net Income(Loss)</b>	<b>86,923</b>	<b>147,285</b>	<b>50,085</b>	<b>97,200</b>	<b>194.1%</b>
19.8%	18.9%	15.3%	3.5%		<b>EBITDA</b>	19.2%	21.9%	16.8%	5.1%	
13.4%	13.2%	8.2%	5.0%		<b>Operating Margin</b>	12.8%	16.1%	9.7%	6.4%	
30.8%	50.2%	8.5%	41.7%		<b>Net Margin</b>	17.8%	27.2%	10.0%	17.2%	

# Monthly Financial Trends

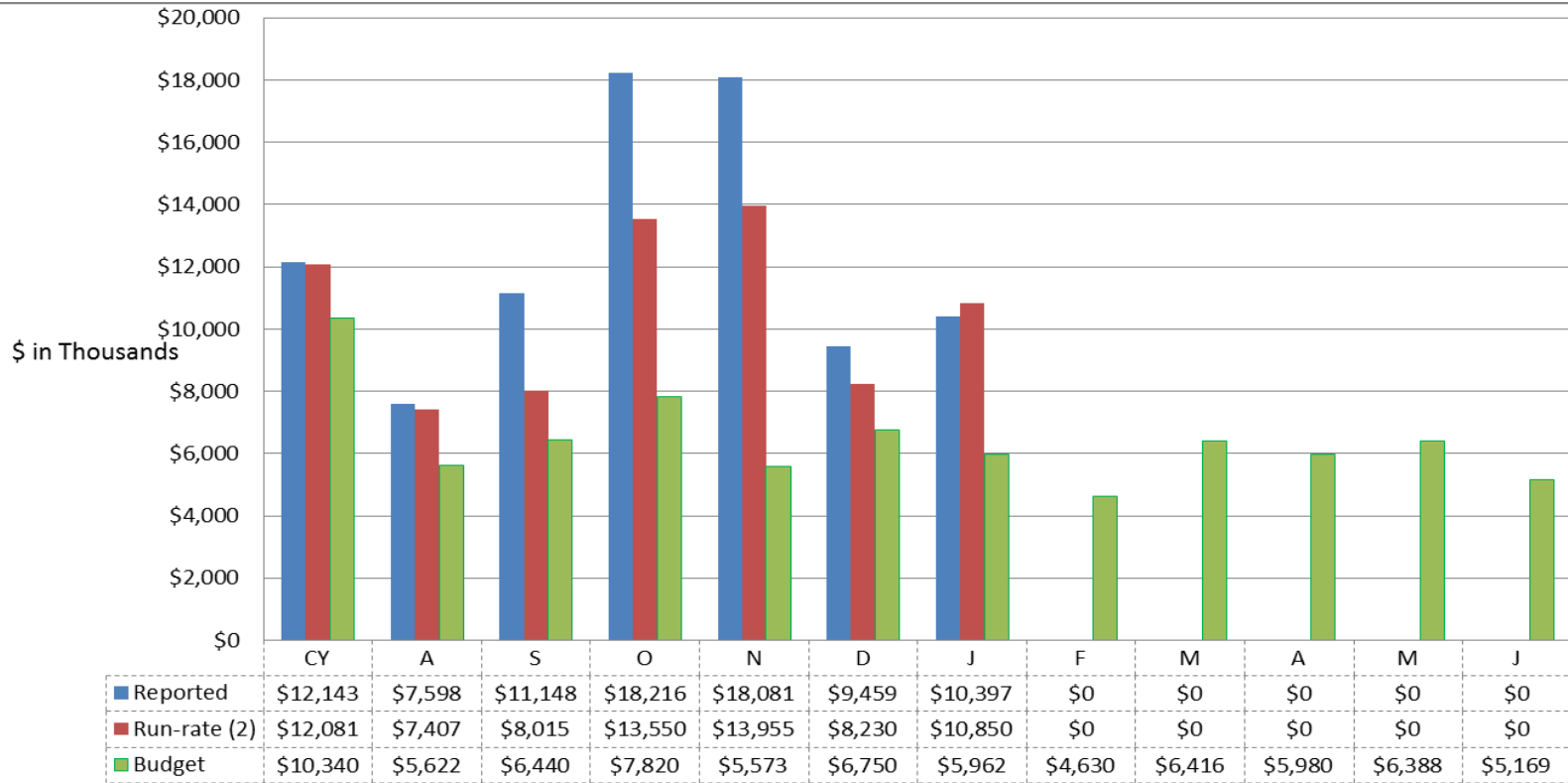


Volume is higher than budgeted for the month and the year. High inpatient volume is in Inpatient Behavioral Health, HVI, Neurosciences and General Medicine. High Outpatient volume is General Medicine, Imaging Services, MCH, Lab, Outpatient Clinics, General Surgery, Emergency and Rehab.



# 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	J	YTD
Insurance (Payment Variance)	-	-	-	611	-	669	28	1,309
Mcare Settlmt/Appeal/Tent Settlmt/PIP	54	155	905	54	184	81	396	1,830
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	(878)	(777)
<b>Total</b>	<b>63</b>	<b>191</b>	<b>3,134</b>	<b>4,667</b>	<b>4,126</b>	<b>1,229</b>	<b>(453)</b>	<b>12,955</b>

## El Camino Hospital Investment Committee Scorecard

December 31, 2017

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY18 Year-end Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>		4Q 2017		Fiscal Year-to-date		5y 2m Since Inception (annualized)		2017	
Surplus cash balance*		\$872.0	--	--	--	--	--	\$926.1	--
Surplus cash return		2.6%	2.7%	5.4%	5.6%	6.0%	5.9%	1.9%	5.7%
Cash balance plan balance (millions)		\$259.2	--	--	--	--	--	\$257.1	--
Cash balance plan return		2.9%	3.3%	6.3%	6.7%	8.4%	7.9%	6.0%	6.1%
403(b) plan balance (millions)		\$441.7	--	--	--	--	--	--	--
<b>Risk vs. Return</b>		3-year				5y 2m Since Inception (annualized)		2017	
Surplus cash Sharpe ratio		1.16	1.19	--	--	1.44	1.42	--	0.46
Net of fee return		5.5%	5.6%	--	--	6.0%	5.9%	--	5.7%
Standard deviation		4.4%	4.4%	--	--	3.9%	4.0%	--	7.2%
Cash balance Sharpe ratio		1.13	1.16	--	--	1.51	1.47	--	0.43
Net of fee return		6.7%	6.5%	--	--	8.4%	7.9%	--	6.1%
Standard deviation		5.6%	5.3%	--	--	5.3%	5.1%	--	8.7%
<b>Asset Allocation</b>		4Q 2017							
Surplus cash absolute variances to target		5.9%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		7.5%	< 10%	--	--	--	--	--	--
<b>Manager Compliance</b>		4Q 2017							
Surplus cash manager flags		21	< 19 Green < 23 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		23	< 20 Green < 25 Yellow	--	--	--	--	--	--

\*Excludes debt reserve funds (~\$245 mm), District assets (~\$31 mm), and balance sheet cash not in investable portfolio (~\$124 mm).

Includes Foundation (~\$26 mm) and Concern (~\$13 mm) assets. Budget adds back in current Foundation and Concern assets and backs out current debt reserve funds.



# El Camino Hospital

## Capital Spending (in millions)

Capital Spending (in millions)								Variance	
Category	Detail	Approved	Total	Total	Spent from Inception	2018 Current Proj Spend	FY18 Orig Proj Spend	Between Current	
			Estimated Cost of Project	Authorized Active				Proj Spend and Orig Proj Spend	FY 18 YTD Spent
CIP	EPIC Upgrade			1.9	1.0	1.9	1.9	0.0	1.0
IT Hardware, Software, Equipment & Imaging*				12.2	1.0	12.2	12.2	0.0	1.0
Medical & Non Medical Equipment FY 17**				14.0	12.8	8.6	0.0	8.6 <sup>2</sup>	7.4
Medical & Non Medical Equipment FY 18***				5.6	1.8	5.6	5.6	0.0	1.8
Facility Projects									
	1245 Behavioral Health Bldg	FY16	96.1	96.1	32.3	27.0	51.4	-24.4 <sup>1</sup>	14.7
	1413 North Drive Parking Expansion	FY15	24.5	24.5	23.4	2.6	3.4	-0.8	3.6
	1414 Integrated MOB	FY15	302.1	302.1	77.2	72.0	130.1	-58.1 <sup>1</sup>	31.3
	1422 CUP Upgrade	FY16	9.0	9.0	3.7	5.5	4.0	1.5	1.5
	1430 Women's Hospital Expansion	FY16	120.0	6.0	2.6	3.6	7.0	-3.4	2.2
	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	16.5	4.9	5.0	-0.1	2.7
	1508 LG NICU 4 Bed Expansion	FY16	0.0	0.0	0.0	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	4.3	3.5	3.5	0.0	4.0
	1711 Emergency Sanitary & Water Storage		1.4	0.3	0.1	0.2	3.2	-3.0	0.1
	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	27.0	1.8	0.0	1.8	3.1
			684.4	479.6	210.3	128.0	211.9	-83.9	66.1
GRAND TOTAL				499.4	227.0	156.5	231.7	-75.2	77.3

\* Excluding EPIC

\*\* Unspent Prior Year routine used as contingency

\*\*\* Includes 2 robot purchases

<sup>1</sup> Variance due to delay in MV campus plan

<sup>2</sup> Initial assumption was to spend all FY17 in FY17

# Balance Sheet (in thousands)

## ASSETS

	Audited	
	January 31, 2018	June 30, 2017
<b>CURRENT ASSETS</b>		
Cash	112,739	125,551
Short Term Investments	151,829	140,284
Patient Accounts Receivable, net	119,840	109,089
Other Accounts and Notes Receivable	2,706	2,628
Intercompany Receivables	1,635	1,495
(1) Inventories and Prepaids	57,690	50,657
<b>Total Current Assets</b>	<b>446,437</b>	<b>429,705</b>
<b>BOARD DESIGNATED ASSETS</b>		
(2) Plant & Equipment Fund	148,795	131,153
Women's Hospital Expansion	9,298	9,298
(3) Operational Reserve Fund	127,908	100,196
(4) Community Benefit Fund	19,087	12,237
Workers Compensation Reserve Fund	21,147	20,007
Postretirement Health/Life Reserve Fund	19,529	19,218
PTO Liability Fund	22,737	23,409
Malpractice Reserve Fund	1,634	1,634
Catastrophic Reserves Fund	19,174	16,575
<b>Total Board Designated Assets</b>	<b>389,308</b>	<b>333,727</b>
(5) <b>FUNDS HELD BY TRUSTEE</b>	<b>234,534</b>	<b>287,052</b>
<b>LONG TERM INVESTMENTS</b>	<b>307,269</b>	<b>256,652</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>33,315</b>	<b>32,451</b>
<b>PROPERTY AND EQUIPMENT</b>		
(6) Fixed Assets at Cost	1,251,050	1,192,047
Less: Accumulated Depreciation	(557,018)	(531,785)
Construction in Progress	147,153	138,017
<b>Property, Plant &amp; Equipment - Net</b>	<b>841,185</b>	<b>798,279</b>
<b>DEFERRED OUTFLOWS</b>	<b>28,610</b>	<b>28,960</b>
<b>RESTRICTED ASSETS - CASH</b>	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>2,280,658</b>	<b>2,166,825</b>

## LIABILITIES AND FUND BALANCE

	Audited	
	January 31, 2018	June 30, 2017
<b>CURRENT LIABILITIES</b>		
(7) Accounts Payable	25,200	38,457
(8) Salaries and Related Liabilities	21,710	25,109
Accrued PTO	22,737	23,409
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	9,942	10,438
Intercompany Payables	73	84
Malpractice Reserves	1,634	1,634
Bonds Payable - Current	3,850	3,735
(9) Bond Interest Payable	2,222	11,245
Other Liabilities	6,522	4,889
<b>Total Current Liabilities</b>	<b>96,190</b>	<b>121,299</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	19,529	19,218
Worker's Comp Reserve	18,847	17,707
Other L/T Obligation (Asbestos)	3,812	3,746
Other L/T Liabilities (IT/Medl Leases)	-	-
Bond Payable	522,071	527,371
<b>Total Long Term Liabilities</b>	<b>564,259</b>	<b>568,042</b>
<b>DEFERRED REVENUE-UNRESTRICTED</b>	<b>500</b>	<b>567</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>10,666</b>	<b>10,666</b>
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	1,219,735	1,132,525
Board Designated	389,308	333,726
Restricted	0	0
(10) <b>Total Fund Bal &amp; Capital Accts</b>	<b>1,609,044</b>	<b>1,466,251</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>2,280,658</b>	<b>2,166,825</b>

## JANUARY 2018 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The increase is due to three quarterly pension fundings of \$2.6M in July, October and January.
- (2) The increase is due 6 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 decrease is primarily due to the annual 403B match funding that occurred in January
- (9) The significant decrease is due to semi-annual 2015A and 2017 Bond interest payments having been paid in January.
- (10) The increase is attributable to the first seven periods of financial performance producing an operating income of \$87 million and non-operating of \$60 million (mostly from unrealized gains on investments).

# 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)

7 months ending 01/31/2018

Period 7 FY 2017	Period 7 FY 2018	Period 7 Budget 2018	Variance Fav (Unfav)	Var%		YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
					\$000s					
					OPERATING REVENUE					
220,743	238,824	227,287	11,537	5.1%	Gross Revenue	1,413,282	1,586,778	1,521,987	64,791	4.3%
(162,494)	(176,741)	(169,500)	(7,241)	4.3%	Deductions	(1,020,465)	(1,159,093)	(1,127,639)	(31,455)	2.8%
<b>58,248</b>	<b>62,083</b>	<b>57,787</b>	<b>4,296</b>	<b>7.4%</b>	Net Patient Revenue	<b>392,817</b>	<b>427,685</b>	<b>394,349</b>	<b>33,336</b>	<b>8.5%</b>
664	1,762	1,638	125	7.6%	Other Operating Revenue	14,293	16,552	12,290	4,262	34.7%
<b>58,913</b>	<b>63,845</b>	<b>59,425</b>	<b>4,420</b>	<b>7.4%</b>	Total Operating Revenue	<b>407,110</b>	<b>444,237</b>	<b>406,639</b>	<b>37,598</b>	<b>9.2%</b>
					OPERATING EXPENSE					
29,836	34,171	34,233	62	0.2%	Salaries & Wages	214,818	228,833	227,782	(1,050)	-0.5%
7,521	9,255	8,719	(536)	-6.2%	Supplies	53,420	58,680	57,015	(1,664)	-2.9%
6,378	7,285	6,514	(771)	-11.8%	Fees & Purchased Services *	45,282	48,254	46,347	(1,907)	-4.1%
822	677	760	83	10.9%	Other Operating Expense	4,935	5,125	6,067	943	15.5%
444	256	725	470	64.8%	Interest	2,979	2,861	5,078	2,217	43.7%
3,482	3,536	3,724	188	5.0%	Depreciation	24,609	24,429	25,079	650	2.6%
<b>48,483</b>	<b>55,180</b>	<b>54,675</b>	<b>(505)</b>	<b>-0.9%</b>	Total Operating Expense	<b>346,043</b>	<b>368,181</b>	<b>367,369</b>	<b>(812)</b>	<b>-0.2%</b>
<b>10,429</b>	<b>8,665</b>	<b>4,750</b>	<b>3,915</b>	<b>82.4%</b>	Net Operating Income/(Loss)	<b>61,067</b>	<b>76,056</b>	<b>39,270</b>	<b>36,786</b>	<b>93.7%</b>
12,046	29,200	225	28,975	12860.7%	Non Operating Income	24,508	60,287	1,577	58,710	3722.7%
<b>22,475</b>	<b>37,865</b>	<b>4,975</b>	<b>32,890</b>	<b>661.1%</b>	Net Income(Loss)	<b>85,575</b>	<b>136,343</b>	<b>40,847</b>	<b>95,496</b>	<b>233.8%</b>
24.4%	19.5%	15.5%	4.0%		EBITDA	21.8%	23.3%	17.1%	6.2%	
17.7%	13.6%	8.0%	5.6%		Operating Margin	15.0%	17.1%	9.7%	7.5%	
38.1%	59.3%	8.4%	50.9%		Net Margin	21.0%	30.7%	10.0%	20.6%	

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

7 months ending 01/31/2018

Period 7 FY 2017	Period 7 FY 2018	Period 7 Budget 2018	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2017	YTD FY 2018	YTD Budget 2018	Variance Fav (Unfav)	Var%
<b>OPERATING REVENUE</b>										
48,091	52,685	48,585	4,099	8.4%	<b>Gross Revenue</b>	305,930	355,505	332,268	23,236	7.0%
(37,514)	(37,842)	(35,284)	(2,558)	7.2%	<b>Deductions</b>	(225,886)	(260,378)	(241,304)	(19,075)	7.9%
<b>10,577</b>	<b>14,843</b>	<b>13,301</b>	<b>1,541</b>	<b>11.6%</b>	<b>Net Patient Revenue</b>	<b>80,044</b>	<b>95,126</b>	<b>90,965</b>	<b>4,162</b>	<b>4.6%</b>
38	160	217	(57)	-26.2%	<b>Other Operating Revenue</b>	1,143	1,176	1,498	(322)	-21.5%
<b>10,615</b>	<b>15,003</b>	<b>13,518</b>	<b>1,485</b>	<b>11.0%</b>	<b>Total Operating Revenue</b>	<b>81,187</b>	<b>96,302</b>	<b>92,462</b>	<b>3,840</b>	<b>4.2%</b>
<b>OPERATING EXPENSE</b>										
6,083	6,979	6,651	(328)	-4.9%	<b>Salaries &amp; Wages</b>	43,356	46,281	44,398	(1,883)	-4.2%
2,129	2,524	2,071	(453)	-21.9%	<b>Supplies</b>	11,936	14,430	13,805	(625)	-4.5%
1,385	1,619	1,283	(335)	-26.1%	<b>Fees &amp; Purchased Services *</b>	9,376	9,485	9,003	(482)	-5.4%
1,598	1,455	1,533	78	5.1%	<b>Other Operating Expense</b>	11,483	11,092	10,938	(154)	-1.4%
0	0	0	0	0.0%	<b>Interest</b>	0	0	0	0	0.0%
503	694	768	74	9.6%	<b>Depreciation</b>	3,677	4,028	5,081	1,053	20.7%
<b>11,698</b>	<b>13,271</b>	<b>12,306</b>	<b>(965)</b>	<b>-7.8%</b>	<b>Total Operating Expense</b>	<b>79,829</b>	<b>85,316</b>	<b>83,225</b>	<b>(2,091)</b>	<b>-2.5%</b>
<b>(1,082)</b>	<b>1,732</b>	<b>1,212</b>	<b>520</b>	<b>42.9%</b>	<b>Net Operating Income/(Loss)</b>	<b>1,358</b>	<b>10,986</b>	<b>9,237</b>	<b>1,749</b>	<b>18.9%</b>
0	0	0	0	0.0%	<b>Non Operating Income</b>	(10)	(45)	0	(45)	0.0%
<b>(1,082)</b>	<b>1,732</b>	<b>1,212</b>	<b>520</b>	<b>42.9%</b>	<b>Net Income(Loss)</b>	<b>1,347</b>	<b>10,942</b>	<b>9,237</b>	<b>1,704</b>	<b>18.4%</b>
-5.5%	16.2%	14.6%	1.5%		<b>EBITDA</b>	6.2%	15.6%	15.5%	0.1%	
-10.2%	11.5%	9.0%	2.6%		<b>Operating Margin</b>	1.7%	11.4%	10.0%	1.4%	
-10.2%	11.5%	9.0%	2.6%		<b>Net Margin</b>	1.7%	11.4%	10.0%	1.4%	

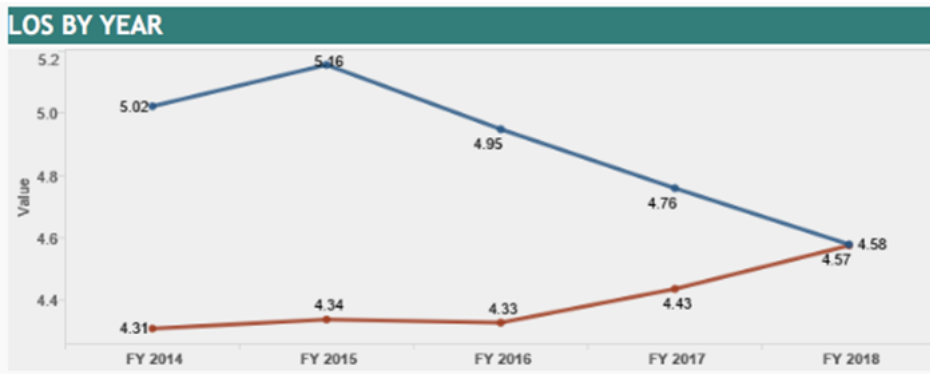
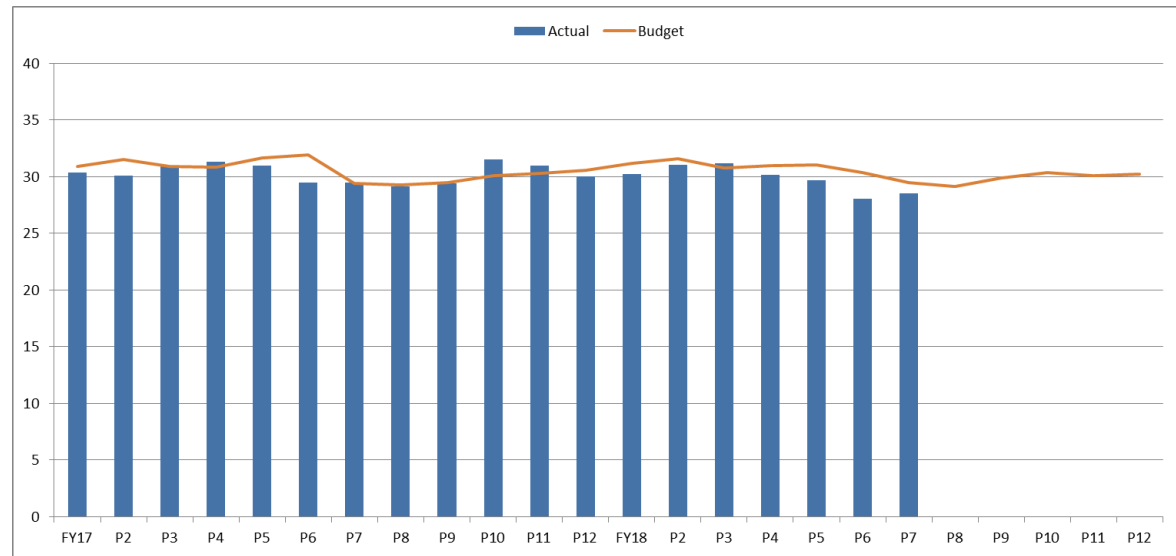
## Non Operating Items and Net Income by Affiliate

	Period 7 - Month			Period 7 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Income (Loss) from Operations</b>						
Mountain View	8,665	4,750	3,915	76,056	39,270	36,786
Los Gatos	1,732	1,212	520	10,986	9,237	1,749
<b>Sub Total - El Camino Hospital, excl. Affilates</b>	<b>10,397</b>	<b>5,962</b>	<b>4,435</b>	<b>87,043</b>	<b>48,508</b>	<b>38,535</b>
<b>Operating Margin %</b>	<b>13.2%</b>	<b>8.2%</b>		<b>16.1%</b>	<b>9.7%</b>	
<b>El Camino Hospital Non Operating Income</b>						
Investments	28,633	1,516	27,118	63,433	10,609	52,825
Swap Adjustments	842	0	842	1,450	0	1,450
Community Benefit	(36)	(283)	247	(2,205)	(1,983)	(222)
Pathways	101	42	59	423	292	132
Satellite Dialysis	0	(35)	35	(97)	(248)	151
SVMD Funding	(99)	(589)	490	(624)	(4,122)	3,498
Other	(241)	(424)	184	(2,137)	(2,970)	833
<b>Sub Total - Non Operating Income</b>	<b>29,200</b>	<b>225</b>	<b>28,975</b>	<b>60,242</b>	<b>1,577</b>	<b>58,665</b>
<b>El Camino Hospital Net Income (Loss)</b>	<b>39,597</b>	<b>6,187</b>	<b>33,410</b>	<b>147,285</b>	<b>50,085</b>	<b>97,200</b>
<b>ECH Net Margin %</b>	<b>50.2%</b>	<b>8.5%</b>		<b>27.2%</b>	<b>10.0%</b>	
Concern	82	97	(14)	1,111	855	255
ECSC	(1)	0	(1)	(21)	0	(21)
Foundation	627	(22)	650	2,217	392	1,824
Silicon Valley Medical Development	(332)	6	(338)	134	(7)	141
<b>Net Income Hospital Affiliates</b>	<b>377</b>	<b>81</b>	<b>296</b>	<b>3,440</b>	<b>1,240</b>	<b>2,200</b>
<b>Total Net Income Hospital &amp; Affiliates</b>	<b>39,974</b>	<b>6,268</b>	<b>33,706</b>	<b>150,725</b>	<b>51,325</b>	<b>99,400</b>

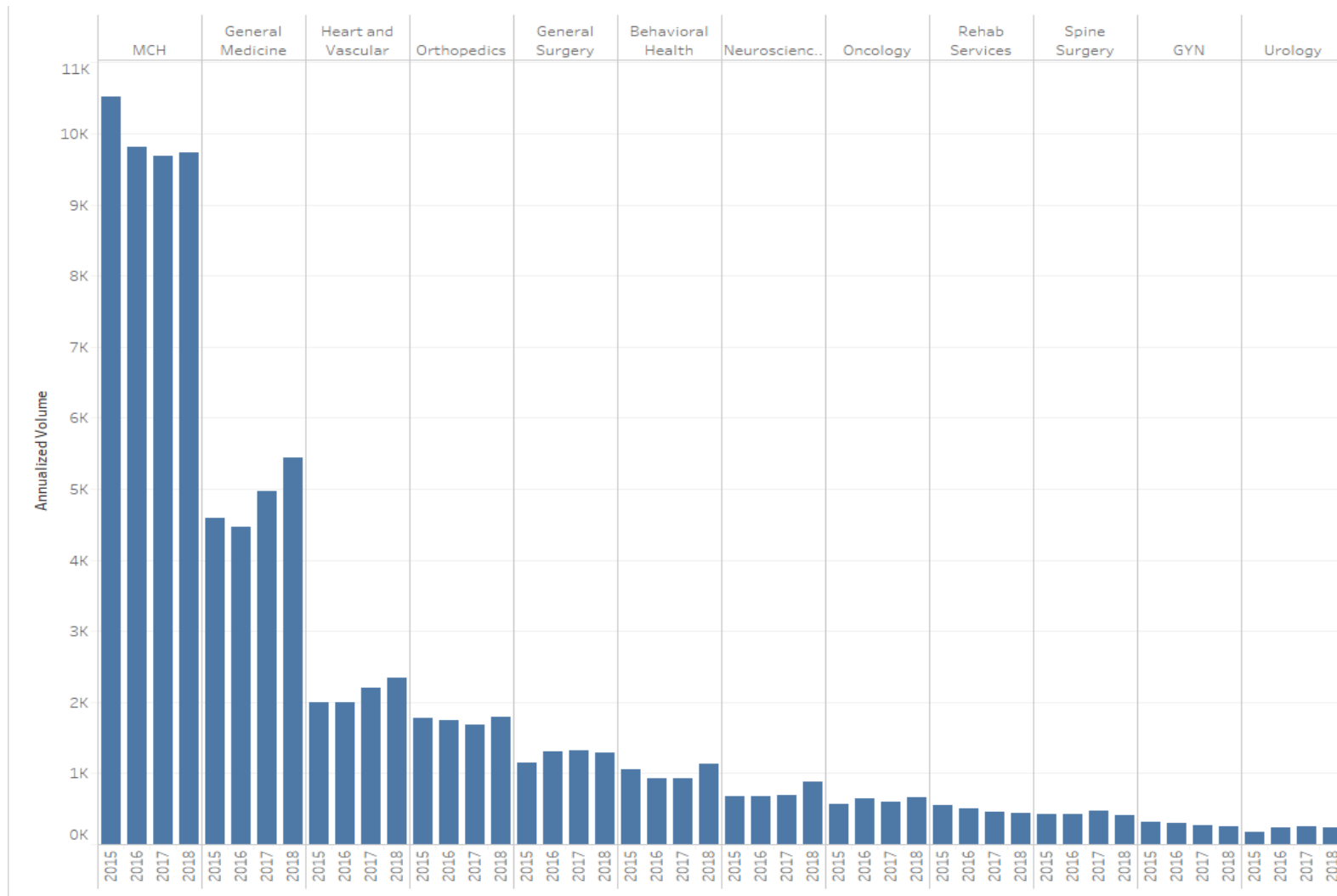
# Productivity and Medicare Length of Stay

Work hours per adjusted patient day in January is under budget by -1. Overall the month of January is 28.5 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)



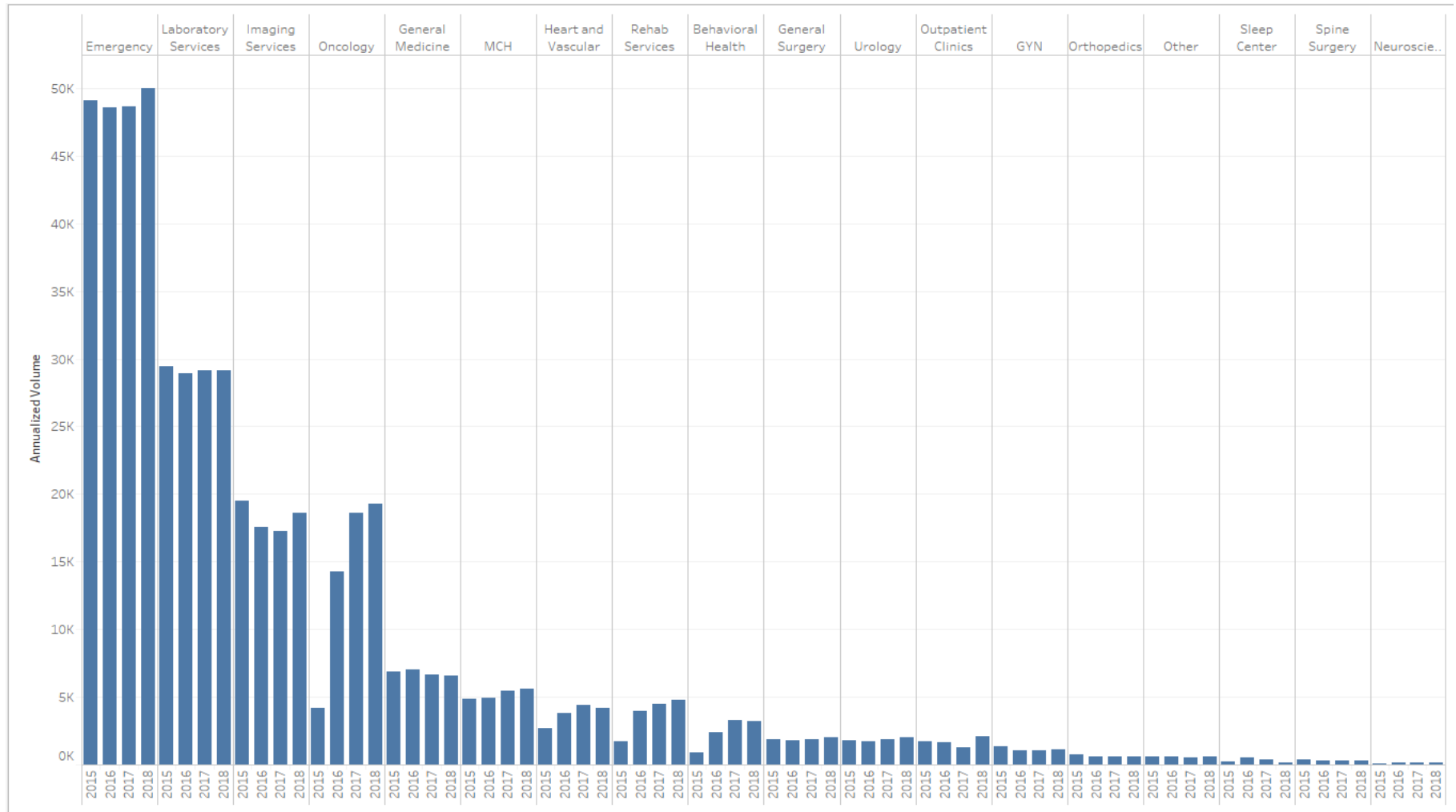
## El Camino Hospital Volume Annual Trends – Inpatient FY 2018 is annualized



- 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, Emergency and Outpatient Clinics are all increasing in volume. All others are remaining flat or decreasing.

## Capital Spend Trend & FY18 Budget

Capital Spending (in 000's)	Actual FY2015	Actual FY2016	Actual FY2017	Projected FY2018
EPIC	29,849	20,798	2,755	1,922
IT Hardware / Software Equipment	4,660	6,483	2,659	12,238
Medical / Non Medical Equipment*	13,340	17,133	9,556	14,275
Non CIP Land, Land I , BLDG, Additions	-	4,189	-	-
Facilities	38,940	48,137	82,953	128,030
<b>GRAND TOTAL</b>	<b>86,789</b>	<b>96,740</b>	<b>97,923</b>	<b>156,465</b>
*Includes 2 robot purchases in FY2017				

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

Category	2013	2014	2015	2016	2017
EPIC	0	6,838	29,849	20,798	2,755
IT Hardware/Software Equipment	8,019	2,788	4,660	6,483	2,659
Medical/Non Medical Equipment	10,284	12,891	13,340	17,133	9,556
Non CIP Land, Land I, BLDG, Additions	0	22,292	0	4,189	0
Land Acquisition (1550)	0	0	0	24,007	0
828 S Winchester Clinic TI (1701)	0	0	0	0	145

## Facilities Projects CIP

### Mountain View Campus Master Plan Projects

1245 - Behavioral Health Bldg Replace	0	1,257	3,775	1,389	10,323
1413 - North Drive Parking Structure Exp	0	0	167	1,266	18,120
1414 - Integrated MOB	0	0	2,009	8,875	32,805
1422 - CUP Upgrade	0	0	0	896	1,245

**Sub-Total Mountain View Campus Master Plan** 0 1,257 5,950 12,426 62,493

### Mountain View Capital Projects

9900 - Unassigned Costs	734	470	3,717	0	0
1108 - Cooling Towers	450	0	0	0	0
1120 - BHS Out Patient TI's	66	0	0	0	0
1129 - Old Main Card Rehab	9	0	0	0	0
0817 - Womens Hosp Upgrds	645	1	0	0	0
0906 - Slot Build-Out	1,003	1,576	15,101	1,251	294
1109 - New Main Upgrades	423	393	2	0	0
1111 - Mom/Baby Overflow	212	29	0	0	0
1204 - Elevator Upgrades	25	30	0	0	0
0800 - Womens L&D Expansion	2,104	1,531	269	0	0
1131 - MV Equipment Replace	216	0	0	0	0
1208 - Willow Pav. High Risk	110	0	0	0	0
1213 - LG Sterilizers	102	0	0	0	0
1225 - Rehab BLDG Roofing	7	241	4	0	0
1227 - New Main eICU	96	21	0	0	0
1230 - Fog Shop	339	80	0	0	0
1315 - 205 So. Drive TI's	0	500	2	0	0
0908 - NPCR3 Seismic Upgrds	1,302	1,224	1,328	240	342
1125 - Will Pav Fire Sprinkler	57	39	0	0	0
1211 - SIS Monitor Install	215	0	0	0	0
1216 - New Main Process Imp Office	19	1	16	0	0
1217 - MV Campus MEP Upgrades FY13	0	181	274	28	0
1224 - Rehab Bldg HVAC Upgrades	11	202	81	14	6
1301 - Desktop Virtual	0	13	0	0	0
1304 - Rehab Wander Mgmt	0	87	0	0	0
1310 - Melchor Cancer Center Expansion	0	44	13	0	0
1318 - Women's Hospital TI	0	48	48	29	2
1327 - Rehab Building Upgrades	0	0	15	20	0
1320 - 2500 Hosp Dr Roofing	0	75	81	0	0
1340 - New Main ED Exam Room TVs	0	8	193	0	0
1341 - New Main Admin	0	32	103	0	0
1344 - New Main AV Upgrd	0	243	0	0	0
1400 - Oak Pav Cancer Center	0	0	5,208	666	52

Category	2013	2014	2015	2016	2017
<b>Facilities Projects CIP cont.</b>					
1403 - Hosp Drive BLDG 11 TI's	0	86	103	0	0
1404 - Park Pav HVAC	0	64	7	0	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
1425 - IMOB Preparation Project - Old Main	0	0	0	711	1,860
1429 - 2500 Hospital Dr Bldg 8 TI	0	0	101	0	0
1430 - Women's Hospital Expansion	0	0	0	0	464
1432 - 205 South Dr BHS TI	0	0	8	15	0
1501 - Women's Hospital NPC Comp	0	0	4	0	223
1502 - Cabling & Wireless Upgrades	0	0	0	1,261	367
1503 - Willow Pavillion Tomosynthesis	0	0	0	53	257
1504 - Equipment Support Infrastructure	0	0	61	311	0
1523 - Melchor Pavillion Suite 309 TI	0	0	0	10	59
1525 - New Main Lab Upgrades	0	0	0	0	464
1526 - CONCERN TI	0	0	0	37	99
<b>Sub-Total Mountain View Projects</b>	<b>8,145</b>	<b>7,219</b>	<b>26,744</b>	<b>5,588</b>	<b>5,535</b>
<b>Los Gatos Capital Projects</b>					
0904 - LG Facilities Upgrade	2	0	0	0	0
0907 - LG Imaging Masterplan	244	774	1,402	17	0
1005 - LG OR Light Upgrd	14	0	0	0	0
1122 - LG Sleep Studies	7	0	0	0	0
1210 - Los Gatos VOIP	147	89	0	0	0
1116 - LG Ortho Pavillion	177	24	21	0	0
1124 - LG Rehab BLDG	49	458	0	0	0
1247 - LG Infant Security	134	0	0	0	0
1307 - LG Upgrades	376	2,979	3,282	3,511	3,081
1308 - LG Infrastructure	0	114	0	0	0
1313 - LG Rehab HVAC System/Structural	0	0	0	1,597	1,904
1219 - LG Spine OR	0	214	323	633	2,163
1221 - LG Kitchen Refrig	0	85	0	0	0
1248 - LG - CT Upgrades	0	26	345	197	6,669
1249 - LG Mobile Imaging	0	146	0	0	0
1328 - LG Ortho Canopy FY14	0	255	209	0	0
1345 - LG Lab HVAC	0	112	0	0	0
1346 - LG OR 5, 6, and 7 Lights Replace	0	0	285	53	22
1347 - LG Central Sterile Upgrades	0	0	181	43	66
1421 - LG MOB Improvements	0	0	198	65	303
1508 - LG NICU 4 Bed Expansion	0	0	0	0	207
1600 - 825 Pollard - Aspire Phase II	0	0	0	0	80
1603 - LG MOB Improvements	0	0	0	0	285
<b>Sub-Total Los Gatos Projects</b>	<b>1,150</b>	<b>5,276</b>	<b>6,246</b>	<b>6,116</b>	<b>14,780</b>
<b>Subtotal Facilities Projects CIP</b>	<b>9,294</b>	<b>13,753</b>	<b>38,940</b>	<b>24,130</b>	<b>82,808</b>
<b>Grand Total</b>	<b>27,598</b>	<b>58,561</b>	<b>86,789</b>	<b>96,740</b>	<b>97,923</b>
Forecast at Beginning of year	70,503	70,037	101,607	114,025	212,000

April 18, 2018

To: El Camino Hospital Board of Directors  
From: Iftikhar Hussain, CFO  
Subject: **Extension of Mountain View Hospitalist Agreement**

1. **Recommendation:** At its March 26, 2018 meeting, the Finance Committee voted to recommend that that the Board of Directors delegate to management authorization to negotiate and execute an extension of the Team Health hospitalist contract based on the following terms: 1) term extension date of 11/30/2018; 2) cost increase: \$9,000 per month, effective 12/1/2017 to allow for one additional FTE physician to cover increased patient volumes. The contract allows additional support of up to \$12,000 per month if census increases require additional hospitalists; 3) total annual cost based on estimated volume and maximum incentive payout is \$1.5 million, which is below 75%, based on MD Ranger data.
2. **Problem/Opportunity Definition and Financial Review:** Team Health provides hospitalist services to unassigned patients who are not covered by PAMF or independent hospitalists. The prior 3-year contract expired 11/30/17 and ECH negotiated an extension pending an RFP process that expires on 4/30/18.
3. **Authority:** According to Administrative Policies and Procedures 51.00, Finance Committee review and Board approval is required prior to CEO signature for all physician agreements with an annual compensation that exceeds \$250,000.
4. **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.
5. **Alternative Solution which Includes Cost Benefit/SWOT Analysis:** We conducted an RFP process for the MV hospitalist contract and a decision was made to extend Team Health to avoid the disruption of changing hospitalist providers.
6. **Concurrence for Recommendation:** Approval of this amendment is supported by the Executive Leadership Team. This was recommended for approval by the Finance Committee at its March 26, 2018 meeting.
7. **Outcome Measures and Deadlines:** The \$50,000 per year quality incentive will remain unchanged. The goals consist of Patient Experience, Discharge management and timely ED consults to facilitate patient flow. Team Health has been instrumental in efforts achieve length of stay performance at well-managed benchmarks.
8. **Legal Review:** Legal counsel will review the final Agreement Modification prior to execution.
9. **Compliance Review:** Compliance will review and approve the proposed extension of the agreement and compensation prior to execution.

April 18, 2018

To: El Camino Hospital Board of Directors

From: Dan Woods, CEO

Subject: **Los Gatos Campus Associate Chief Medical Officer – Increase in Hours**

1. **Recommendation:** At its March 26, 2018 meeting, the Finance Committee voted to recommend that the Board of Directors approve delegating to the CEO the authority to execute an amendment to the Los Gatos Campus Associate Chief Medical Officer agreement to increase monthly hours to 114 hours per month until the Hospital hires a permanent Chief Medical Officer.
2. **Problem/Opportunity Definition:** A PAMF physician has been serving as the Associate Chief Medical Officer for the Los Gatos campus since February 2016, with a term extending through June 30, 2019. He currently works up to a 0.6 FTE of one hundred four hours (104) each month as the medical leader for the Los Gatos campus, assuming enterprise responsibilities as assigned. The physician is responsible for all physician-related issues at the Los Gatos campus, partnering with quality, regulatory, and clinical leaders on patient care matters. He also works with business development in the building and support of clinical programs as well as with the Medical Staff Office in areas such as peer review, credentialing, and review of Focused Professional Practice Evaluations (FPPE).

The physician has been submitting his maximum monthly hours during FY18, and in the absence of a Chief Medical Officer, the Hospital requires an additional ten (10) hours per month of administrative services from him until the Hospital hires a permanent Chief Medical Officer.

This increase required Finance Committee review and requires Board approval as the total annual compensation with additional hours is \$273,600 and exceeds the Hospital Policy threshold of \$250,000 per year for physician agreements.

3. **Authority:** According to Administrative Policies and Procedures 51.00, Finance Committee review and Board approval is required prior to CEO signature for all physician agreements with an annual compensation that exceeds \$250,000.
4. **Process Description:** Upon Board approval, an amendment to the Los Gatos Campus Associate Chief Medical Officer agreement will be entered into to increase monthly hours to 114 hours per month until Hospital hires a permanent Chief Medical Officer.
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 amendment is supported by the General Counsel and Chief Financial Officer. This was recommended for approval by the Finance Committee at its March 26, 2018 meeting.
7. **Outcome Measures and Deadlines:** FY18 quality goals are included in the current agreement and FY19 quality goals will be determined effective July 1, 2018.
8. **Legal Review:** Legal counsel will review the final amendment and compensation prior to execution.
9. **Compliance Review:** Compliance will review and approve the final amendment and compensation prior to execution.

10. **Financial Review:** An amendment to the Los Gatos Campus Associate Chief Medical Officer Agreement is proposed to increase monthly hours to 114 hours per month (1,368 annual hours) until Hospital hires a permanent Chief Medical Officer at a not to exceed annual cost of \$273,600, which is supported by a FMV opinion with benchmark data reflecting 75% at 1,360 annual hours.

## ECH BOARD MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Pricing and Chargemaster Policy El Camino Hospital Board of Directors April 18, 2018
<b>Responsible party:</b>	Iftikhar Hussain, CFO
<b>Action requested:</b>	For Approval
<b>Background:</b> <p>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 Committee 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.</p> <p>There are no changes to the policy.</p>	
<b>Board Advisory Committee(s) that reviewed the issue and recommendation, if any:</b> <p>Finance Committee at its March 26, 2018 meeting recommended for approval</p>	
<b>Summary and session objectives :</b> <p>To obtain approval of the policy.</p>	
<b>Suggested discussion questions:</b> <p>None, this is a consent item.</p>	
<b>Proposed board motion, if any:</b> <p>To approve the policy.</p>	
<b>LIST OF ATTACHMENTS:</b> <p>1. Finance: Pricing and Chargemaster Policy</p>	

**POLICY/PROCEDURE TITLE: Finance: Pricing and Chargemaster Policy****CATEGORY: Administrative****LAST APPROVAL DATE: 1/14**

☒ Policy ☐ Procedure ☐ Protocol ☐ Standardized Procedure ☐ Scope of Service/ADT  
☐ Guideline

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**SUB-CATEGORY: Finance****ORIGINAL DATE: 3/11****COVERAGE:**

All El Camino Hospital staff

**PURPOSE:**

The purpose of this policy is to ensure, through the implementation of prudent and reasonable controls, that El Camino Hospital has an established charge rate structure which, within appropriate business parameters, is reasonably and consistently related to the overall cost of providing medical care and to ensure compliance with the billing regulations of Government and Accrediting entities. The steps in this policy must be followed before new clinical procedures/services are performed or new supplies or new medications are added. In addition, the steps in this policy must all be followed if modifications are made to existing procedures, supplies, or medications.

**STATEMENT:**

This policy is established to maintain the integrity of the chargemaster, to ensure competitive and consistent pricing, to ensure compliance with all pertinent billing and coding regulations, and to maintain integrity in system generated reports. The organization's objective is to establish consistent prices reasonably related to the cost of providing the service through effective chargemaster maintenance and pricing in all revenue producing departments. Annual changes to the rate structure will be determined in the budget process and approved by the Board of Directors through their approval of the operating budget. Other changes may be made from time to time by management if costs or other relevant factors for a particular service change during the year.

Any changes to the rate structure – whether through the addition of new charges, deletion of existing charges or the modification of existing charges – will be reasonably and consistently related to the services. Charges will be rational and consider the complexity of the service rendered relative to other similar procedures. Guidelines related to charging for supplies, medications, room and board, and ancillary services are attached hereto in Appendices 1 – 4.

**POLICY/PROCEDURE TITLE: Finance: Pricing and Chargemaster Policy**

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**PROCEDURE:**

Updates to the chargemaster and annual pricing adjustments will follow the guidelines prescribed in the Pricing and Chargemaster Change Management Procedures document, maintained by the Finance Division.

**I. ENFORCEMENT:**

VIOLATIONS OF THIS POLICY WILL BE ADDRESSED ACCORDING TO THE GUIDELINES OF THE ORGANIZATION'S DISCIPLINE AND DISCHARGE POLICY.

<b>APPROVAL</b>	<b>APPROVAL DATES</b>
Finance Committee :	
ePolicy Committee:	2/2018
Medical Executive Committee:	
Board of Directors:	

Historical Approvals:

Revised 3/2011, Revised 1/2014

**ATTACHMENTS:, ADDENDUMS:, EXHIBITS:, OR APPENDICES:****Appendix 1 - Supply Charges**

Hospital supplies used for patient care can be separated into two categories: 1) supplies that are built into the room or procedure charge, 2) supplies charged separately from the room charge. In determining how to set up the supply charge in the Chargemaster, the department utilizing the supply must validate the cost of the supply and how it will be used.

Supplies charged per the first category (i.e. used on all patients and built into the room or procedures) are those supplies that are generally used for all patients for specific care. Such supplies include, but are not limited to, cotton swabs, gauze, etc. Equipment (non-disposable) is also included in this category and is not to be charged separately.

Supplies in the second category (i.e. charged to the patient separately) are necessary to patient care, necessary to the service/procedure being performed, separately identifiable to an individual patient, not reusable (with the exception of reusable supplies), and are not floorstock.

**POLICY/PROCEDURE TITLE: Finance: Pricing and Chargemaster Policy**

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## Appendix 2 - Medication Charges

Hospital medications used for patient care can be separated into two categories: 1) medications charged individually (separate from a procedure charge), 2) medications built into a procedure charge. In determining how to set up the medication charge in the Chargemaster, validation of compliance with appropriate requirements and billing regulations of Government and Accrediting entities must be performed.

Medications in the first category (charged to the patient individually) are necessary to patient care and are necessary to the procedure being performed and not included in the procedure charge (in compliance with appropriate requirements and billing regulations of Government and Accrediting entities).

Medications charged per the second category (built into the procedure charge) are those medications required by the billing regulations of Government and Accrediting entities to be included in the procedure charge.

## Appendix 3 - Inpatient Room Charges

The hospital's inpatient room charge (also known as the "Daily Hospital Service" charge) shall be considered inclusive of the following: reusable items, supplies, equipment that are routinely used or provided to all patients during their stay on the inpatient unit. The inpatient room charge is not inclusive of procedures performed at the bedside by medical personnel when such procedures are not routine / provided to all patients in the unit. Such procedures may be charged separately, in addition to the inpatient room charge.

## Appendix 4 – Ancillary Charges

Ancillary charges (in addition to the aforementioned supplies and pharmaceuticals) are charges that may include, but are not limited to, diagnostic testing, surgical or interventional procedures, therapy, and other medical services rendered to patients. Ancillary charges shall be charged separately from inpatient room charges as applicable.

## ECH BOARD MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Draft Revised El Camino Hospital Bylaws El Camino Hospital Board of Directors April 18, 2018
<b>Responsible party:</b>	Mary Rotunno, General Counsel
<b>Action requested:</b>	Possible Motion
<b>Background:</b> <p>At its February meeting, the Governance Committee requested that I review proposed revisions to the El Camino Hospital Bylaws to remove Sections 5.1 and 5.2 regarding Certain Director Election Procedures. The intent is to reflect the El Camino Healthcare District Board's current practice of using an Election Ad Hoc Committee in the ECH Bylaws.</p> <p>The attached proposed revisions reflect this practice.</p> <p>If approved by the ECH Board, The El Camino Healthcare District Board of Directors will consider these revisions at an upcoming meeting.</p>	
<b>Board Advisory Committees that reviewed the issue and recommendation, if any:</b> The Governance Committee voted to recommend that the Board approve the proposed revisions.	
<b>Summary and session objectives:</b> <p>To obtain the Board's approval of the Draft ECH Bylaws Revisions.</p>	
<b>Suggested discussion questions:</b> <p>None. This is a consent item.</p>	
<b>Proposed Board motion, if any:</b> <p>To approve the Draft Proposed Revised ECH Bylaws.</p>	
<b>LIST OF ATTACHMENTS:</b> <p>1. Draft Revised ECH Bylaws (redline)</p>	

**AMENDED AND RESTATED BYLAWS  
OF  
EL CAMINO HOSPITAL  
ADOPTED  
DECEMBER 7, 2005  
AS AMENDED AND RESTATED**

[\[excerpt\]](#)

\_\_\_\_\_, ~~2017~~2018

(d) Election Following Term Limit. Any person who has left the Board due to the application of Section 4.6(a) or (b) may be elected to serve as a Director after two (2) years from the date such Director left the Board.

(e) New Term Limits. Any Director elected, as described in Section 4.6(d), after his or her term has been limited shall be subject to Section 4.6(a) beginning on the first day of such new term.

#### 4.7 Vacancy.

(a) A vacancy in the Board of Directors shall be deemed to exist on the occurrence of the following: (i) the death, resignation, or removal of any Director; (ii) the declaration by the Board of a vacancy in the office of a Director who has been declared of unsound mind by a final order of court, or has been convicted of a felony, or has been found by a final order or judgment of any court to have breached any duty under Sections 5230-38 of the California Corporations Code dealing with standards of conduct for directors; (iii) an increase in the authorized number of Directors; (iv) the application or other request by a 2012 Director or 2017 Director seeking employment with the Corporation or seeking to provide contracted services to the Corporation, except in circumstances when a Director who is also a director of the sole Member may so serve; (v) the failure of the sole Member, at any annual or other regular meeting of Member at which any Director or Directors are elected, to elect the full authorized number of Directors to be voted for at that meeting; or (vi) the affirmative vote of the sole Member to remove a Director in accordance with the voting requirements of Section 5222 of the California Corporations Code as provided in Section 4.9 below.

(b) Vacancies in the Board may be filled only by the sole Member. Each Director appointed or elected to fill a vacancy shall hold office until his or her successor is elected at an annual or other regular meeting of the sole Member.

4.8 Resignation. Any Director may resign at any time by giving written notice to the Chairperson or the Secretary. Such resignation, which may or may not be made contingent on formal acceptance, shall take effect on the date of receipt or at any later time specified in the resignation. If the resignation is effective at a future time, the successor may be elected to take office when the resignation becomes effective. Unless the California Attorney General is first notified, no Director may resign when the Corporation would then be left without a duly elected Director or Directors in charge of its affairs.

4.9 Removal. Any elected Director may be removed, with or without cause, at any time by the Member. No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of his or her term of office. Each Director appointed or elected to fill a vacancy shall hold office until his or her successor is elected by the sole Member.

## ARTICLE V

### ~~Certain~~ Director Election Procedures

5.1—Procedures. The sole Member shall elect the Directors using nomination and election procedures recommended by the Board and approved by the sole Member, and such

~~procedures shall allow application by any person. Nominating Committee. The Board shall appoint a Nominating Committee, a special committee, to select qualified candidates for election to the Board at least thirty (30) days before the date of any election of Directors. The committee shall make its report at least two (2) days before the date of the election, and the Secretary of the Corporation shall forward to the Member, with the notice of meeting required by Section 3.3 of these Bylaws, a list of candidates so nominated along with the names of any persons duly nominated by the Member as of that time.~~

~~5.3 Nominations by Member. The sole Member may nominate candidates for directorships at any time before the election. The Secretary shall cause the names of such candidates to be placed on the ballot along with those candidates named by the nominating committee. If there is a meeting to elect directors, the sole Member may place names in nomination.~~

## **ARTICLE VI**

### **Board Meetings**

6.1 Annual Meeting. An annual meeting of the Board shall be held each year, at which time officers of the Board shall be elected and such other business as is appropriate shall be transacted. Annual meetings shall be held at the location designated by the Board or at the principal office of the Corporation.

6.2 Regular Meetings. Meetings of the Board shall be held as directed by the Board, but at least quarterly at any place within or outside the State of California that has been designated by the Board. In the absence of such designation, regular meetings shall be held at the principal office of the Corporation. Regular meetings may be held without notice.

#### 6.3 Special Meetings.

(a) Authority to Call. Special meetings of the Board may be called for any purpose and at any time by the Chairperson, the Secretary, or any two (2) Directors.

(b) Manner of Notice. Notice of the time and place of special meetings shall be given to each Director by one of the following methods: by personal delivery of written notice; by first-class mail, postage paid; by telephone communication, either directly to the Director or to a person at the Director's office who would reasonably be expected to communicate such notice promptly to the Director; by facsimile; or by telegram, charges prepaid. All such notices shall be addressed to or otherwise transmitted to the Director's address, facsimile number, or telephone number shown on the records of the Corporation. The notice shall specify the time and place of the meeting.

(c) Timing of Notice. Notices sent by first-class mail shall be deposited into a United States mail box at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, facsimile or telegram shall be given at least forty-eight (48) hours before the time set for the meeting.

6.4 Meetings by Conference Telephone. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all Directors

## ECH BOARD MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Draft Revised Process for Election and Re-Election of NDBM's to the ECH Board of Directors  El Camino Hospital Board of Directors  April 18, 2018
<b>Responsible party:</b>	Cindy Murphy, Director of Governance Services
<b>Action requested:</b>	For Approval
<b>Background:</b>	<p>At the Governance Committee's February 6, 2018 meeting, the Committee requested that, in alignment with the Committee's proposed amendments to Sections 5.1 and 5.2 of the ECH Bylaws, staff propose an amendment to the attached Process that would ensure that staff continues to solicit nominations to fill ECH Board vacancies from the public, the ECH Board, the Foundation Board, Advisory Committee Members and the Executive Leadership Team.</p> <p>The following revision was proposed to Section 4(b)(iv): "Any individual may apply and staff shall solicit applications from the public, the ECH Board, the ECH Foundation Board, ECH Board Advisory Committees and the Executive Leadership Team."</p>
<b>Other Board Advisory Committees that reviewed the issue and recommendation, if any:</b>	<p>At its April 3, 2018 meeting, the Governance Committee voted to recommend that the ECH Board recommend that the District Board approve the "Draft Revised Process for Election and Re-Election of NDBM's to the ECH Board of Directors."</p>
<b>Summary and session objectives :</b>	<p>To review the proposed revisions and recommend approval. If approved by the Hospital Board, District Board approval will be required as well.</p>
<b>Suggested discussion questions:</b>	<p>None. This is a consent item.</p>
<b>Proposed Board motion, if any:</b>	<p>To recommend that the District Board approve the "Draft Revised Process for Election and Re-Election of NDBM's to the ECH Board of Directors."</p>
<b>LIST OF ATTACHMENTS:</b>	<ol style="list-style-type: none"> <li>1. Draft Revised Process for Election and Re-Election of NDBM's to the ECH Board of Directors</li> </ol>



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Mountain View, CA 94040  
Phone: 650-940-7300  
[www.elcaminohealthcaredistrict.org](http://www.elcaminohealthcaredistrict.org)

**Process for Re- Election and Election  
Of Non-District Board Members  
To The El Camino Hospital Board of Directors.\***

**BOARD OF DIRECTORS**

*Neysa Fligor  
Peter C. Fung, MD  
Julia E. Miller  
David Reeder  
John L. Zoglin*

**A. Timeline**

1. Previous FYQ4: The District Board Chair shall appoint a District Director as Chair of an Ad Hoc Committee and the Board shall approve the appointment of one additional District Director as a member of the Committee. The Board shall also approve the appointment of up to two advisors to the Ad Hoc Committee. One advisor should be a Non Hospital Director member of the El Camino Hospital Governance Committee (who has been referred by the Chair of the Governance Committee) and the other should be a Hospital Director who is not a member of the District Board (who has been referred by the Chair of the El Camino Hospital Board).
2. FYQ1 – Regular District Board Meeting:  
Prior to Meeting, District Board Chair (i) asks the El Camino Hospital Director, who is not also a member of the District Board whose term is next to expire (Non District Board Member “**NDBM**”) to declare interest and (ii) informs the District Board of intent (via Board packet).
3. FYQ2 – Regular District Board Meeting:
  - a. Prior to the Meeting:
    - i. District and Hospital Board Members: Complete the ECH Board Competency Matrix Survey and, unless the Ad Hoc Committee votes not to use it in a given year, ECH Board Member Re-Election Report Survey.
    - ii. District Board Members: Review Position Specification in place at time of election to the Hospital Board and the ECH Board Member NDBM Job Description.
  - b. At the Meeting: Discuss portfolio of skills needs.
4. FYQ2 – Regular District Board Meeting:
  - a. Prior to the Meeting:
    - i. Ad Hoc committee analyzes evaluations, (3) (a) above, interviews the NDBM, and develops recommendation regarding re-election of NDBM to the Hospital Board.
    - ii. Hospital Board, on the recommendation of the Governance Committee proposes a revised Position Description to the District Board.
  - b. At the Meeting:
    - i. District Board considers re-election of NDBM.
    - ii. If NDBM is re-elected, the Hospital Board shall be notified.

- iii. If NDBM is not re-elected, the District Board will authorize external recruitment of a new NDBM.
  - iv. If there are any mid-term vacancies or other open seats on the Hospital Board the District Board will authorize a timeline for recruitment to fill those seats. Any individual may apply and staff shall solicit applications from the public, the ECH Board, the ECH Foundation Board, ECH Board Advisory Committees and the Executive Leadership Team.
- 5. FYQ2 or Q3 – Begin external search as authorized in Section 4(b)(iii) and (iv) if necessary.
- 6. FYQ2 or Q3 – Regular District Board Meeting:
  - a. Ad Hoc Committee to present an interim update to the District Board.
    - i. Incorporate Board feedback into further recruitment efforts.
    - ii. Plan for interviews – direct staff to schedule.
- 7. FYQ3 or Q4 – Regular District Board Meeting:
  - a. Prior to the Meeting: Ad Hoc Committee to summarize interviews for the Board packet and make a recommendation to the District Board
  - b. District Board Considers AD Hoc Committee recommendation and votes to elect new NDBM(s) to the Hospital Board.
- 8. This process to be confirmed by the District Board annually when the process is complete.
- 9. The following matters are delegated to the El Camino Hospital Board Governance Committee:
  - a. FYQ3 – Review and recommend changes to the survey tools identified in section 3(a)(i).
  - b. FYQ3 – Review and recommend changes to this process.
  - c. FYQ3 – Review and recommend changes to NDBM Position Specification and Job Description.
  - d. Participate in the recruitment effort of new NDBM by referring a member to advise the Ad Hoc Committee as described in #1 above.

#### B. General Competencies

- 1. Understanding of the vital role El Camino Hospital plays in the broader region.
- 2. Loyalty to El Camino Hospital's charitable purposes.
- 3. Knowledge of healthcare reform (Affordable Care Act) implications.
- 4. Ability to understand and monitor the following:
  - a. Diverse portfolio of businesses and programs
  - b. Complex partnerships with clinicians
  - c. Programs to create a continuum of care
  - d. Investment in technology
  - e. Assumption of risk for population health
  - f. Resource allocation
  - g. Quality metrics
- 5. Commitment to continuing learning.
- 6. Demonstrated strategic thinking.
- 7. Efforts to recruit potential Advisory Committee members.

8. Understanding and support of the role the District Board plays in Governance of the 501(c)(3) corporation.

C. Portfolio Skill Set

1. Complementary to skill sets of other Board members (gap-filling).
2. Applicable to the then current market. (See, Competency Matrix)

D. Other Criteria

1. Positive working relationship with other Board members.
2. Productive working relationship with the El Camino Hospital CEO.
3. Attendance at Board and Committee meetings.
4. See, Competency Matrix.

*\*Approved 12/9/2014; revised 3/17/2015; revised 6/14/2016; revised 1/25/2017, revised 10/17/2017*

## ECH BOARD MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Medical Staff Report – Open Session El Camino Hospital Board of Directors April 18, 2018
<b>Responsible party:</b>	Rebecca Fazilat, MD, Chief of Staff Mountain View; J. Augusto Bastidas, MD, Chief of Staff, Los Gatos
<b>Action requested:</b>	Approval
<b>Background:</b> <p>The Medical Executive Committee met on March 22, 2018. We received the following reports:</p> <ol style="list-style-type: none"> <li>1. CEO Report – Dan Woods updated us on Executive Leadership hires and recruitment of an interim and permanent CMO</li> <li>2. CNO Report – Cheryl Reinking reported on hiring of a Perioperative Director</li> <li>3. Medical Staff Officer Elections are coming up.</li> <li>4. We approved the Patient Care Policies, ADT's (aka Scope of Services), and Plans as noted below.</li> </ol>	
<b>Board Advisory Committee(s) that reviewed the issue and recommendation, if any:</b> None.	
<b>Summary and session objectives:</b> To obtain approval of the Medical Staff Report	
<b>Proposed Board motion:</b> To approve the Medical Staff Report	
<b>LIST OF ATTACHMENTS:</b> <ol style="list-style-type: none"> <li>1. Patient Care Policy Summary Spreadsheet and Policies, ADT's (aka Scope of Services), and Plans for Approval. (6 Documents to Approve)</li> </ol>	

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

Apr-18

## DOCUMENTS WITH MINOR REVISIONS

Document Name	Department	Type of Document	Summary of Policy Changes
2C Medical Services MV Scope of Services	2C Medical	Scope of Service	Removal of Post-interventional groin access; grammar/wording updates; streamline to match wording of other department SOS
Scope of Service - Telemetry Cardiac Unit	Telemetry	Scope of Service	Changed 95% of RN's ACLS certified to 100% of RN's

## DOCUMENTS WITH NO REVISIONS

Document Name	Department	Type of Document	No Revisions
Reporting of Abuse-Adult, Dependent Adult	Patient Care	Policy	
Scope of Service Wound Care Center	Wound Care Center	Scope of Service	
NICU: Admission of Newborns to NICU (MV)	NICU	ADT	
NICU:Discharge of Newborns form NICU (MV)	NICU	ADT	

## SCOPE OF SERVICE

### 2C Medical Services - MOUNTAIN VIEW

#### Types and Ages of Patient Served

Medical Services provides services to patients from adolescence to geriatric as defined in the department's admission criteria. The primary patient population served consists of inpatients with a wide array of medical conditions and provision for services to outpatient medical-surgical cases and surgical inpatient overflow.

#### Assessment Methods

Nursing care is provided by a registered nurse utilizing the nursing process. Registered nurses provide direct supervision to licensed vocational nurses (LVNs) and clinical support caregivers (certified nursing assistants – CNAs) in the provision of patient care.

The staff participates in performance improvement processes relating to patient care delivery as well as patient/customer satisfaction in general.

#### Scope and Complexity of Services Offered

Medical Services ~~is located on the second floor and~~ provides 24-hour comprehensive nursing care predominantly to patients with acute medical conditions. ~~Medical Services has a 39-bed inpatient capacity and provides comprehensive nursing care to acutely ill patients.~~ Outpatient services include, but are not limited to blood transfusions, medication infusions, post renal biopsies, paracentesis with albumin replacement, and A-V fistula repair. Overflow surgical patients (due to lack of bed availability on Medical/Surgical Oncology and Surgical Nursing Services) are also included in the patients served. Patients requiring cardiac monitoring are not admitted to Medical Services. ~~Post Interventional patients who have had procedures requiring groin access are excluded until post procedure monitoring is completed.~~

Care is given as directed and prescribed by the physician. All non-nursing orders are communicated to the appropriate ancillary departments via the electronic medical health record (EMREHR). Staff communicates specific patient needs and coordinate treatment and plan of care with all ancillary departments. The discharge planning process is initiated on admission, in collaboration with the physician(s), care coordinators, social workers, and patient and family/home caregivers. Multidisciplinary patient care rounds ~~are conducted weekly which includes formal~~ review and revision revises of the plan of care.

#### Appropriateness, Necessity and Timeliness of Services

The Clinical Manager and ~~or designee~~ shift charge nurse assess the appropriateness, necessity and timeliness of service. The appropriateness of services is addressed ~~in Patient Care Services~~

~~Policies and Services in hospital and department specific policies and procedures. Admission, discharge, and transfer (ADT) criteria are established with the medical staff,~~ which are established in collaboration with the medical staff.

A performance improvement process is in place to identify opportunities for improvement in patient care processes. ~~These processes are and~~ measure performance and ~~for~~ compliance on an on-going basis. ~~The p~~Patient's progress is evaluated by physician(s), nurses, members of other health disciplines as well as by the patient and family.

### **Staffing/Staff Mix**

A Clinical Manager oversees the operations of Medical Service on a 24-hour basis and reports to the Director of Medical/Surgical Services.

~~Medical Services has a skill mix of RNs, LVNs, and CNAs, and administrative support to provide services to patients and families. Staffing is predicted on patient census, budgeted hours per patient day (HPPD) and adjusted according to the nursing intensity measurement system (NIMS), a patient classification system. The charge nurse assigned on each shift determines the prospective and retrospective staffing needs based on NIMS and individual patient care needs. The competency of the staff is evaluated through observation of performance and skills competency validation. Staff education and training is provided to assist in the achievement of performance standards.~~

~~A charge nurse is assigned on all shifts. The charge nurse coordinates shift activities and staffing. RNs provide direct care with the assistance of LVNs and CNAs. Patients are transported to and from Medical Services by the hospital based transport team or unit staff. The unit is staffed with an administrative support every day on the day and evening shifts.~~

~~Staffing is predicted on a baseline hours per patient day (HPPD) and adjusted according to the nursing intensity measurement system (NIMS), a patient classification system. The charge RN for each shift determines prospective and retrospective staffing needs based on NIMS and individual patient care needs.~~

~~The competency of the staff is evaluated through observation of performance and skills competency validation. Staff education and training is provided to assist in the achievement of performance standards.~~

~~Other clinical and support staff routinely providing services to patients in this area include:~~

- ~~X ——— Parenteral therapy RNs~~
- ~~X ——— Enterostomal therapist~~
- ~~X ——— Respiratory therapists~~
- ~~X ——— Laboratory technicians~~
- ~~X ——— Clinical pharmacists~~

~~X — Palliative care specialist~~  
~~X — Diabetes specialist~~  
~~X — Care coordinators~~  
~~X — Medical social workers~~

~~A Clinical Nurse Specialist (CNS) or Nursing Education Specialist (NES) supports patient care through collaborative evidence-based practice with the clinical nursing staff and consultation. The CNS or NES provides staff education and acts as a resource and educator for the nursing staff.~~

### **Requirements for Staff**

- All staff ~~must~~ complete a general hospital ~~orientation~~ and ~~department~~ department-specific orientation.
- ~~The~~ HealthStream ~~safety series as well as Safety/Emergency procedures modules~~ are reviewed annually by all staff.
- All staff are required to be B~~C~~LS certified.
- RNs and LVNs must have a current California license ~~and~~ CNA's must ~~be~~ hold a currently ~~certified certification~~ by the State of California.
- It is recommended that RN's & LVN's on Medical Services complete a basic renal course within the first year of employment.

### **Level of Service Provided**

The level of service is consistent with the needs of the patient as determined by the medical staff. The department is designed to meet the level of care needs of the patient.

~~Performance assessment and improvement processes are evaluated through performance improvement activities in conjunction with the multidisciplinary health care professionals who provide services to the unit.~~

### **Standards of Practice**

Medical Services is governed by state regulations as outlined in Title 22, standards established by the Joint Commission on Accreditation of Healthcare Organizations and the Centers for Medicare and Medicaid (CMS). Additional practices are described in the Patient Care Services Policies and Procedures and Clinical Practice Standards.

**APPROVAL:**

APPROVING COMMITTEES AND AUTHORIZING BODY	APPROVAL DATES
Originating or UPC Committee	2/2018
Patient Care Leadership (Policy Day):	2/2018
ePolicy Committee:	2/2018
Medical Executive Committee:	3/2018
Board of Directors:	
Historical Approvals:	5/09, 3/12

Approved: 05/09

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Rev: 11/08



## **SCOPE OF SERVICE**

### **Telemetry/Cardiac Unit – Mountain View**

#### **Types and Ages of Clients Served**

The Telemetry Unit is a 27 bed medical/surgical unit providing care for patients from adolescence to geriatric who require cardiac monitoring and as defined in the department's admission, discharge and transfer criteria. The Telemetry Unit also accepts overflow medical/surgical patients not requiring cardiac monitoring when bed availability permits.

#### **Assessment Methods**

Nursing care is provided by a registered nurse utilizing the nursing process. Registered nurses provide direct supervision to clinical support staff in the provision of patient care. The staff participates in continuous quality improvement processes relating to patient care delivery.

#### **Scope and Complexity of Services Offered**

Common diagnoses served on the Telemetry Unit include post CABG or valve surgery, post PCI, MI, chest pain, CHF, syncope, and patients with cardiac arrhythmias. Care is given as directed and prescribed by the physician. All non-nursing orders are communicated to the appropriate ancillary departments through the electronic medical record. Staff communicates specific patient needs and coordinates treatment and the plan of care with all ancillary departments. The discharge planning process is initiated on admission, in collaboration with the physician, social services, care coordinator, other health disciplines, patient, family and homecare providers, if appropriate.

#### **Appropriateness, Necessity and Timeliness of Services**

The Clinical Manager, in collaboration with shift charge nurses, assess the appropriateness, necessity, and timeliness of service. The appropriateness of service is addressed in hospital and department policies and procedures.

A continuous quality improvement process is in place to identify opportunities for improvement in patient care processes and to measure staff performance for compliance with standards. The patient's progress is evaluated by medical staff, nursing and other health disciplines, as well as the perception of patient and family.

#### **Staffing/Skill Mix**

The Telemetry Unit staffing includes a skill mix of registered nurses (RNs), clinical support staff, monitor technicians and administrative support staff to provide patient care based on patient census

and nursing intensity measures. Staffing follows the DHS ratio of 1:4 (RN to patient) taking into account patient care needs, and shall be determined each shift by the RN in charge. The charge nurse serves to coordinate patient care activities for his/her designated shift.

RN staff must have a California license. On the Telemetry Unit, 100% of RNs on a given shift must be ACLS certified. All other staff must be BCLS certified. Clinical Support staff must be currently certified by the State of California. The competency of the staff is evaluated through observation of performance and skill competency validation. Staff education and training is provided to assist in the achievement of performance standards.

### **Level of Service Provided**

The level of service is consistent with the needs of the patient as determined by the medical staff. The department is designed to meet the level of care needs of the patient.

Performance assessment and improvement processes are evaluated through continuous quality improvement activities in conjunction with the multidisciplinary health care professionals who provide services to the units.

### **Standards of Practice**

The Telemetry Unit is governed by state regulations as outlined in Title 22 and standards established by the Joint Commission on Accreditation of Healthcare Organizations. Additional practices are described in the Patient Care Policies and Procedures, and Clinical Practice Standards.

#### **I. APPROVAL:**

APPROVING COMMITTEES AND AUTHORIZING BODY	APPROVAL DATES
Originating Committee or UPC Committee	2/2018
ePolicy Committee:	2/2018
Medical Executive Committee:	3/2018
Board of Directors:	
Historical Approvals:	3/2012

**TITLE:** Reporting of Abuse, Elder or Dependent Adult  
**CATEGORY:** Patient Care Services  
**LAST APPROVAL:** 8/2017

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**TYPE:** ☒ Policy ☐ Protocol ☐ Scope of Service/ADT  
☐ Procedure ☐ Standardized Process/Procedure  
**SUB-CATEGORY:**  
**OFFICE OF ORIGIN:** Patient Care Administration  
**ORIGINAL DATE:** 4/95

**A. COVERAGE:**

El Camino Hospital staff, physicians, and volunteers

**B. PURPOSE:**

To ensure compliance with required regulatory reporting of known or suspected cases of elder and dependent adult abuse for both in-patients and out patients.

**C. POLICY STATEMENT:**

It is the policy of El Camino Hospital to comply with statutory and regulatory requirements for healthcare practitioner reporting of known or suspected elder and dependent abuse.

**D. DEFINITIONS**

1. **Abandonment** is the desertion or willful forsaking of an elder or dependent adult by any person having the care or custody of the elder or dependent adult under circumstances in which a reasonable person would continue to provide care or custody.
2. **Abuse** means physical abuse, neglect, intimidation, cruel punishment, fiduciary abuse, abandonment, isolation, or other treatment with resulting physical harm or pain or mental suffering, or the deprivation by a care custodian of goods or services which are necessary to avoid physical harm or mental suffering.
3. **Dependent adult** is any person residing in this state, between the ages of 18 and 64, who has physical or mental limitations which restrict his or her ability to carry out normal activities or to protect his or her rights, including, but not limited to, persons who have physical or developmental disabilities or whose physical or

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<b>CATEGORY:</b>	Patient Care Services
<b>LAST APPROVAL:</b>	8/2017

mental abilities have diminished because of age. **This also includes inpatients in an acute care hospital.**

4. **Domestic violence** is an escalating pattern of abuse where one partner in an intimate relationship controls the other through force, intimidation, or the threat of violence.
5. **Elder** is any person residing in this state, 65 years of age or older.
6. **Elder abuse** is the act of any person who, under circumstances or conditions likely to produce great bodily harm or death, willfully causes or permits any elder or dependent adult, with knowledge that he or she is an elder or a dependent adult, to suffer, or inflicts thereon unjustifiable physical pain or mental suffering, or having the care or custody of any elder or dependent adult, willfully causes or permits the person or health of the elder or dependent adult to be injured, or willfully causes or permits the elder or dependent adult to be placed in a situation in which his or her person or health is endangered. (California Penal Code Section 368(b)(1)).
7. **Financial abuse** occurs when any person who has the care or custody of, or stands in a position of trust with, an elder or dependent adult willfully steals the money or property of that elder or dependent adult, to use for purpose not in the due or lawful execution of his or her trust.
8. **Health Practitioner** means a physician, surgeon, psychiatrist, psychologist, dentist, resident, intern, optometrist, podiatrist, chiropractor, licensed nurse, dental hygienist, licensed clinical social worker, marriage, family, and child counselor, or any other person licensed under Division 2 of the Business and Professions Code, any emergency medical technician I or II, paramedic, person certified pursuant to Division 2.5 of the Health & Safety Code, a psychological assistant registered pursuant to Section 2913 of the Business & Professions Code, a marriage, family, and child counselor trainee, unlicensed marriage, family, and child counselor intern, unlicensed social worker or social work intern, state or county public health or social service employee, a coroner, or a religious practitioner who diagnoses, examines or treats elders or dependent adults.
9. **Mental abuse** is willfully causing or permitting any elder, dependent adult or child to suffer unjustifiable mental suffering including, but not limited to, humiliation, harassment, threats of punishment or withholding of treatment or services.

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10. **Neglect** is the negligent failure of any person having the care or custody of an elder or dependent adult to exercise that degree of care which a reasonable person in a like position would exercise. Neglect includes, but is not limited to:
  - (1) Failure to assist in personal hygiene or in the provision of food, shelter or clothing for an elder or dependent adult
  - (2) Failure to provide medical care for the physical and mental health needs of an elder or dependent adult. This does not include instances in which an elder or dependent adult refuses treatment.
  - (3) Failure to protect an elder or dependent adult from health and safety hazards
  - (4) Failure to prevent malnutrition or dehydration.
11. **Physical abuse** is defined as a situation in which any person, who has the care of or custody of, or who stands in a position of trust with an elder or dependent adult, willfully inflicts upon that elder, dependent adult or child any cruel or inhuman corporal punishment or injury. Physical abuse includes, but is not limited to, direct beatings, unreasonable physical constraint, and prolonged or continued deprivation of food and water. Physical abuse is an injury inflicted by other than accidental means with such indicators as inadequately explained bruises (including any bruises which are inflicted in the home of discipline), swelling, fractures or burns.
12. **Sexual abuse** includes rape, incest, sodomy, oral copulation, penetration by a foreign object, molestation, sexual assault, with indicators such as hickeys, bruising around the mouth, breasts, genitals, anus, or venereal disease. Risk Management or Social Services should be consulted with any questions regarding sexual abuse.

## **E. Procedure**

Under California Welfare and Institutions Code, Section 15630, a health Practitioner as defined above is required to report known or suspected cases of elder and dependent adult abuse. Any Health Practitioner, who in his or her professional capacity or within the scope of his or her employment, observes:

- (1) An incident that reasonably appears to be physical abuse;

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<b>LAST APPROVAL:</b>	8/2017

- (2) A physical injury where the nature of the injury, its location on the body, or the repetition of the injury, clearly indicates that physical abuse has occurred;
- (3) Is told by an elder or dependent adult that he or she has experienced behavior constituting physical abuse; or
- (4) Known or suspected financial abuse, intimidation, neglect, abandonment or other treatment resulting in physical harm or mental suffering shall report the known or suspected instance of abuse immediately or as soon as practically possible.

## 2. Reporting

- A. For abuse occurring **in the patients home** or unlicensed board and care home, a telephone report should immediately be made to the county Adult Protective Services (A.P.S.) agency in the county of residence or the police with the jurisdiction where the abuse occurred. These agencies are:

San Mateo County Department of Health Services  
225 West 37th Avenue  
San Mateo, CA 94402  
(650) 573-3900 or (800) 675-5437

### Santa Clara County Adult Protective Services

333 West Julian Street  
San Jose, CA 95110  
(408) 975-4900 or (800) 414-2202

### Alameda County Adult Protective Services

6955 Foothill Blvd  
Suite 300

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<b>LAST APPROVAL:</b>	8/2017

Oakland, CA 94605  
510-577-3500  
(866) 225-5277

- (1) A telephone report will be made as soon as possible and within 24 hours after identification of the abuse,
- (2) A written report (SOC 341) will be sent to the agency to which the telephone report was made.
- (3) The report will be included in a confidential manner within as a part of the patient's medical record in the Health Information Management System Department (HIMS).

B. For incidents of abuse occurring in **long term care facilities**, telephone and written reports will immediately be made to the County Long Term Care Ombudsman by the Health Practitioner.

- (1) The telephone report will include the name of the patient, the character and extent of the injury or condition, and the location where the injury occurred.

San Mateo County Offices: (650) 780-5707  
Santa Clara County Office: (855) 847-7914  
Alameda County Office: (510) 638-6878

- (2) A written report (SOC 341) will be sent to the agency to which the telephone report was made.
- (3) The report will be included in a confidential manner within the patient's medical record in the Health Information Management System Department (HIMS).

C. For incidents of suspected abuse, or allegations of assault or inappropriate touching while the **patient is hospitalized**, the following actions will be taken:

- (1) If a staff member witnesses or is informed by the patient or others that an assault has occurred, the staff member will IMMEDIATELY contact and report this to the Department Manager, Risk Manager, or Hospital Supervisor. If a staff member who is currently assigned to patient care is suspected or

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<b>LAST APPROVAL:</b>	8/2017

accused of assault, abuse, or inappropriate touching, the Manager or Hospital Supervisor will immediately remove the staff member from the patient care area. The patient care assignment will be reassigned to appropriate personnel to assure uninterrupted patient care and hospital operations. If the staff member does not have a patient care assignment (such as housekeeper or transporter) the Manager or Hospital Supervisor will immediately remove the staff member to a non-patient care area.

- (2) The staff member is to be directed to remain on site, until released by the Manager or Assistant Hospital Manager/Hospital Supervisor, and is considered paid work time.
- (3) The Manager or Assistant Hospital Manager/Hospital Supervisor will IMMEDIATELY contact the Mountain View Police Department (650-903-6344) or Los Gatos Police Department (408-354-8600) to report the allegations and request an officer to come to interview the patient as soon as possible.
- (4) The Police Officer will interview the patient regarding the allegations of abuse. If the abuse cannot be confirmed, the employee can resume care of their patients with the exception of the patient who made the allegation. The patient that made the allegation of abuse will be assigned to another nurse or care provider.
- (5) If the abuse IS confirmed or further investigation is required, the employee will be immediately suspended with pay pending investigation and Human Resources shall be contacted. Further actions will be taken by following HR policy Discipline and Discharge.
- (6) The person who discovers the alleged event will complete a QRR before the end of the assignment or shift.
- (7) The Manager or Hospital Supervisor will notify Human Resources of the event.
- (8) If the staff member who is suspected of committing the abuse assault or inappropriate touching is no longer on site (for example if the patient stated his/her allegations after the employee's shift had ended) the manager or hospital supervisor will notify the Police Department immediately (see phone numbers in (4) above) and the police will interview the patient.

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(9) Follow up with the staff member will depend on the results of the investigation and will be handled by the manager and Human Resources.

(9) If a patient reports or hospital staff witnesses an act of abuse, assault, or inappropriate touching by the patient's visitor, he/she will first ensure the patient safety and then contact APS in the step outlined above in section A. above.

#### **D. Documentation**

1. Patient history and assessment.
2. When possible, quote patient. Use careful notes.
3. Notification of law enforcement agencies or protective services
4. Treatment provided to the patient.
5. Send a copy of SOC 341 report form to HIM.

#### **E. General Information:**

1. No person required to report abuse will bear criminal liability for reporting suspected abuse.
2. Failure of the aforementioned individual to report is a misdemeanor punishable by a fine not to exceed \$1,000 or by not more than six months in the county jail.
3. No other person will bear liability for reporting suspected abuse unless the person knows the report is false.
4. The duty to report is individual; no supervisor or administrator may impede or prohibit reporting.
5. An adult victim of abuse may refuse or withdraw consent to any investigation or provision of protective services of an adult protective services agency or long-term care ombudsman coordinator which are initiated as a result of the report.

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<b>CATEGORY:</b>	Patient Care Services
<b>LAST APPROVAL:</b>	8/2017

6. Failure of the aforementioned individual to report is a misdemeanor punishable by a fine not to exceed \$1,000 or by not more than six months in the county jail.

**POLICY/PROCEDURE TITLE:**    Reporting Abuse-Adult, Elder or Dependent Adult

<b>APPROVAL</b>	<b>APPROVAL DATES</b>
Patient Care Leadership (Policy Day):	2/2018
ePolicy Committee:	2/2018
Medical Executive Committee:	3/2018
Board of Directors:	

Historical Approvals:

Patient Care Leadership – Los Gatos 8/12

Patient Care – Mountain View 9/12

Medical Executive Committee: 5/98, 2/01, 09/03, 7/06, 02/09, 06/09, 11/12, 8/17

Board of Directors: 09/03, 8/06, 03/09, 07/09, 8/12, 12/12, 8/17

**ATTACHMENTS ( See below)**

- I. Report of Suspected Adult/Elder Abuse (Form SOC 341)
- II. Risk Indictors for Victims of Abuse
- III. Questions to ask and items to assess is abuse is suspected

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**POLICY/PROCEDURE TITLE:    Reporting Abuse-Adult, Elder or Dependent Adult**

**!. Report of Suspected Adult/Elder Abuse (Form SOC 341)**

STATE OF CALIFORNIA – HEALTH AND HUMAN SERVICES AGENCY      **CONFIDENTIAL REPORT -**      CALIFORNIA DEPARTMENT OF SOCIAL SERVICES  
**NOT SUBJECT TO PUBLIC DISCLOSURE**

REPORT OF SUSPECTED DEPENDENT ADULT/ELDER ABUSE      DATE COMPLETED: \_\_\_\_\_

TO BE COMPLETED BY REPORTING PARTY. PLEASE PRINT OR TYPE. SEE GENERAL INSTRUCTIONS.

**A. VICTIM**    ☐ Check box if victim consents to disclosure of information [Ombudsman use only - WIC 15636(a)]

\*NAME (LAST NAME FIRST) \_\_\_\_\_ \*AGE \_\_\_\_\_ DATE OF BIRTH \_\_\_\_\_ SSN \_\_\_\_\_ GENDER ☐ M ☐ F ETHNICITY \_\_\_\_\_ LANGUAGE (✓ CHECK ONE)  
☐ NON-VERBAL    ☐ ENGLISH  
☐ OTHER (SPECIFY) \_\_\_\_\_

\*ADDRESS (IF FACILITY, INCLUDE NAME AND NOTIFY OMBUDSMAN) \_\_\_\_\_ \*CITY \_\_\_\_\_ \*ZIP CODE \_\_\_\_\_ \*TELEPHONE \_\_\_\_\_  
( )  
\*PRESENT LOCATION (IF DIFFERENT FROM ABOVE) \_\_\_\_\_ \*CITY \_\_\_\_\_ \*ZIP CODE \_\_\_\_\_ \*TELEPHONE \_\_\_\_\_  
( )

☐ ELDERLY (65+)    ☐ DEVELOPMENTALLY DISABLED    ☐ MENTALLY ILL/DISABLED    ☐ PHYSICALLY DISABLED    ☐ UNKNOWN/OTHER    ☐ LIVES ALONE    ☐ LIVES WITH OTHERS

**B. SUSPECTED ABUSER**    ✓ Check if ☐ Self-Neglect

NAME OF SUSPECTED ABUSER \_\_\_\_\_  
☐ CARE CUSTODIAN (type) \_\_\_\_\_  
☐ HEALTH PRACTITIONER (type) \_\_\_\_\_  
\*ZIP CODE \_\_\_\_\_ TELEPHONE \_\_\_\_\_ GENDER ☐ M ☐ F ETHNICITY \_\_\_\_\_ AGE \_\_\_\_\_ D.O.B. \_\_\_\_\_ HEIGHT \_\_\_\_\_ WEIGHT \_\_\_\_\_ EYES \_\_\_\_\_ HAIR \_\_\_\_\_  
☐ PARENT    ☐ SON/DAUGHTER    ☐ OTHER \_\_\_\_\_  
☐ SPOUSE    ☐ OTHER RELATION \_\_\_\_\_

**C. REPORTING PARTY:** Check appropriate box if reporting party waives confidentiality to: ☐ All    ☐ All but victim    ☐ All but perpetrator

\*NAME (PRINT) \_\_\_\_\_ SIGNATURE \_\_\_\_\_ OCCUPATION \_\_\_\_\_ AGENCY/NAME OF BUSINESS \_\_\_\_\_

RELATION TO VICTIM/HOW KNOWS OF ABUSE (STREET) (CITY) (ZIP CODE) (E-MAIL ADDRESS) TELEPHONE ( )

**D. INCIDENT INFORMATION - Address where incident occurred:**

\*DATE/TIME OF INCIDENT(S) \_\_\_\_\_ PLACE OF INCIDENT (✓ CHECK ONE)  
☐ OWN HOME    ☐ COMMUNITY CARE FACILITY    ☐ HOSPITAL/ACUTE CARE HOSPITAL  
☐ HOME OF ANOTHER    ☐ NURSING FACILITY/SWING BED    ☐ OTHER (Specify) \_\_\_\_\_

**E. REPORTED TYPES OF ABUSE (✓ CHECK ALL THAT APPLY).**

1. PERPETRATED BY OTHERS (WIC 15610.07 & 15610.63)

a. PHYSICAL  
☐ ASSAULT/BATTERY    ☐ CONSTRAINT OR DEPRIVATION    ☐ SEXUAL ASSAULT    ☐ CHEMICAL RESTRAINT    ☐ OVER OR UNDER MEDICATION

b. ☐ NEGLECT    ☐ FINANCIAL    ☐ ABANDONMENT    ☐ ISOLATION

f. ☐ ABDUCTION    g. ☐ OTHER (Non-Mandated; e.g., deprivation of goods and services; psychological/mental)

2. SELF-NEGLECT (WIC 15610.57(b)(5))

a. ☐ PHYSICAL CARE (e.g., personal hygiene, food, clothing, shelter)  
b. ☐ MEDICAL CARE (e.g., physical and mental health needs)  
c. ☐ HEALTH AND SAFETY HAZARDS  
d. ☐ MALNUTRITION/DEHYDRATION  
e. ☐ OTHER (Non-Mandated e.g., financial)

ABUSE RESULTED IN (✓ CHECK ALL THAT APPLY) ☐ NO PHYSICAL INJURY    ☐ MINOR MEDICAL CARE    ☐ HOSPITALIZATION    ☐ CARE PROVIDER REQUIRED  
☐ DEATH    ☐ MENTAL SUFFERING    ☐ OTHER (SPECIFY) \_\_\_\_\_ ☐ UNKNOWN

**F. REPORTER'S OBSERVATIONS, BELIEFS, AND STATEMENTS BY VICTIM IF AVAILABLE. DOES ALLEGED PERPETRATOR STILL HAVE ACCESS TO THE VICTIM? PROVIDE ANY KNOWN TIME FRAME (2 days, 1 week, ongoing, etc.). LIST ANY POTENTIAL DANGER FOR INVESTIGATOR (animals, weapons, communicable diseases, etc.).** ☐ ✓ CHECK IF MEDICAL, FINANCIAL, PHOTOGRAPHS OR OTHER SUPPLEMENTAL INFORMATION IS ATTACHED.

**G. TARGETED ACCOUNT**

ACCOUNT NUMBER (LAST 4 DIGITS): \_\_\_\_\_ TYPE OF ACCOUNT: ☐ DEPOSIT    ☐ CREDIT    ☐ OTHER \_\_\_\_\_ TRUST ACCOUNT: ☐ YES    ☐ NO

POWER OF ATTORNEY: ☐ YES    ☐ NO    DIRECT DEPOSIT: ☐ YES    ☐ NO    OTHER ACCOUNTS: ☐ YES    ☐ NO

**H. OTHER PERSON BELIEVED TO HAVE KNOWLEDGE OF ABUSE.** (family, significant others, neighbors, medical providers and agencies involved, etc.)

NAME \_\_\_\_\_ ADDRESS \_\_\_\_\_ TELEPHONE NO. \_\_\_\_\_ RELATIONSHIP \_\_\_\_\_  
( )

**I. FAMILY MEMBER OR OTHER PERSON RESPONSIBLE FOR VICTIM'S CARE.** (If unknown, list contact person).

\*NAME \_\_\_\_\_ IF CONTACT PERSON ONLY ✓ CHECK ☐ \*RELATIONSHIP \_\_\_\_\_  
\*ADDRESS \_\_\_\_\_ \*CITY \_\_\_\_\_ \*ZIP CODE \_\_\_\_\_ \*TELEPHONE \_\_\_\_\_  
( )

**J. TELEPHONE REPORT MADE TO:** ☐ Local APS    ☐ Local Law Enforcement    ☐ Local Ombudsman    ☐ Calif. Dept. of Mental Health    ☐ Calif. Dept. of Developmental Services

NAME OF OFFICIAL CONTACTED BY PHONE \_\_\_\_\_ \*TELEPHONE \_\_\_\_\_ DATE/TIME \_\_\_\_\_  
( )

**K. WRITTEN REPORT** Enter information about the agency receiving this report. Do not submit report to California Department of Social Services Adult Programs Bureau.

AGENCY NAME \_\_\_\_\_ ADDRESS OR FAX # \_\_\_\_\_ ☐ Date Mailed: \_\_\_\_\_ ☐ Date Faxed: \_\_\_\_\_

**L. RECEIVING AGENCY USE ONLY** ☐ Telephone Report    ☐ Written Report

1. Report Received by: \_\_\_\_\_ Date/Time: \_\_\_\_\_

2. Assigned ☐ Immediate Response    ☐ Ten-day Response    ☐ No Initial Face-To-Face Required    ☐ Not APS    ☐ Not Ombudsman

Approved by: \_\_\_\_\_ Assigned to (optional): \_\_\_\_\_

3. Cross-Reported to: ☐ CDHS, Licensing & Cert.; ☐ CDSS-CCL; ☐ CDA Ombudsman; ☐ Bureau of Medi-Cal Fraud & Elder Abuse; ☐ Mental Health; ☐ Law Enforcement; ☐ Professional Board; ☐ Developmental Services; ☐ APS; ☐ Other (Specify) \_\_\_\_\_ Date of Cross-Report: \_\_\_\_\_

4. APS/Ombudsman/Law Enforcement Case File Number: \_\_\_\_\_

SOC 341 (12/06)

**NOTE:** Printed copies of this document are uncontrolled. In the case of a conflict between printed and electronic versions of this document, the electronic version prevails.

**POLICY/PROCEDURE TITLE:    Reporting Abuse-Adult, Elder or Dependent Adult**

**II. Risk Indictors for Victims of Abuse**

**A. Indicators of Elder Abuse and Neglect**

**1. Physical Abuse**

- a. Unexplained bruises, welts, lacerations, abrasions, burns or fractures

**2. Neglect**

- a. Consistent hunger, poor hygiene, unkempt, dirty
- b. Unattended physical problems or medical needs
- c. Evidence of neglect on the part of the caregiver
- d. Dirty or unsafe living conditions are reported
- e. Indicators of unsafe living conditions

**B. Indicators of Domestic Abuse**

- 1. Signs of physical abuse or sexual abuse are reported
- 2. Partner appears controlling (over finances, social contacts, partner answers for victim, etc.)
- 3. Reports feeling threatened, intimidated, controlled, embarrassed, humiliated
- 4. Limited access to family income
- 5. Physical or social isolation

**C. Financial abuse/exploitation**

- 1. Caregivers, friends or acquaintances have persuaded the patient to access the finances, (i.e. cashed checks, changed beneficiaries on insurance or estate planning documents)
- 2. Forgery in order to change addresses or to make changes to the ownership of property
- 3. Improper use of power of attorney or conservatorship
- 4. Misuse of the patient's money for personal gain

**F. Physical assault**

- 1. Evidence of traumatic injuries including: knife wounds, gunshot wounds, bruising/fractures, facial injuries

**NOTE:** Printed copies of this document are uncontrolled. In the case of a conflict between printed and electronic versions of this document, the electronic version prevails.

**POLICY/PROCEDURE TITLE: Reporting Abuse-Adult, Elder or Dependent Adult**

2. Physical assault reported by patient

**G. Rape (adult)**

1. Reported forced or pressured sexual acts
2. Bruised and bleeding in genitalia, vaginal or anal areas
3. Torn, stained or bloody undergarments
4. Signs of physical struggle

**III. Questions to ask and items to assess is abuse is suspected****A. If abuse is suspected, ask screening questions such as:**

- 1) Do you feel safe where you are living?
- 2) Who cares for you at home?
- 3) Are you afraid of anyone at home?
- 4) Are you kept isolated from friends and relatives?
- 5) Did someone hurt you?
- 6) Has anyone ever touched you without your consent?
- 7) Does anyone yell at you or threaten you or make you wait for care or food?
- 8) Did someone do this to you?
- 9) Has anyone ever taken something that was yours without asking?

As much as possible, document suspected abuse in patient or caregiver's own words.

**B. If patient is unwilling to discuss or actively denies abuse (which is very common) assess for:**

- 1) Unexplained delay or reluctance in seeking treatment.
- 2) Explanation inconsistent with injury pattern.
- 3) History of repeated unexplained injuries indicative of trauma.
- 4) Overly attentive caregiver—does not allow patient to speak for self.
- 5) Caregiver or family member appears under stress, is angry or “blames” the patient, or is indifferent.
- 6) Malnutrition, dehydration, loss of weight without illness related causes.
- 7) Poor hygiene, including soiled clothing or bed.
- 8) Absence of hair and/or hemorrhaging beneath the scalp.
- 9) Burns, bruises, welts, or bleeding that is unexplained, untreated, or appears in proliferation or in various stages of healing.
- 10) Disorientation or grogginess (may indicate misuse of medication).
- 11) Inappropriate dress.
- 12) Missing assistive devices (glasses, dentures, etc.)

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**POLICY/PROCEDURE TITLE:    Reporting Abuse-Adult, Elder or Dependent Adult**

C. Assess patient's emotional status for:

- 1) Fear of care giver or health care provider
- 2) May avoid looking at care giver or health care provider
- 3) Passivity
- 4) Withdrawal
- 5) Helplessness
- 6) Hopelessness
- 7) Resignation, evasiveness

D. Document as many indicators and conditions of abuse as possible, such as:

- 1) Being locked in home, car, in a room or out of the house
- 2) Visitors, phone calls, access to phone or mail prevented
- 3) Appropriate clothing denied
- 4) Necessary items withheld (hearing aid, dentures, eyeglasses, walkers, canes,
- 5) wheelchairs, or prosthesis)
- 6) Restricted access to personal hygiene, including bladder/bowel routines

E. Access for medical needs/injuries. Treat as directed by the physician.

A. Types and Ages of Patient Served

The Wound Care Center (WCC) is an outpatient department of El Camino Hospital (ECH.) The WCC provides comprehensive and coordinated wound care to outpatient adults eighteen years of age and older. WCC focuses on the assessment and treatment of adults with the goal of optimizing complex wound healing in adults of all ages. Types of patients served are described in the scope and complexity of services offered below.

B. Assessment Methods

Patient assessment and care is provided by physicians, registered nurses and licensed vocational nurses as appropriate and according to their scope of practice. Physicians and/or Clinical Manager (RN) provide direct supervision to the registered nurses and licensed vocational nurse in the provision of patient care.

C. Scope and Complexity of Services Offered

The WCC is located at 2660 Grant Road, Suite F, Mountain View, California. The WCC operating hours are Monday - Friday from 8 am to 5 pm. WCC facility is not open on weekends or holidays recognized by El Camino Hospital. Physicians are not available after the WCC operating hours and patients are instructed to contact their primary MD if needed during those hours or to go to the Emergency Room if in need of urgent attention

The WCC has exam rooms for clinical examinations and moderate to complex procedures. The WCC clinical schedule and patient records are maintained in an electronic health record by trained staff.

The following services are provided:

- Comprehensive wound assessment for etiology and characterization of wounds
- Appropriate tissue debridement if needed
- Application of suction devices, compression devices/dressings or therapeutic tissue substitutes when indicated
- Prescribing of oral medications, topical treatments and dressing protocols and referral for diagnostic testing and procedures when appropriate

Patient care is given as directed and prescribed by the physician. The medical staff working in the WCC will have hospital privileges on file in the ECH Medical Staff Office. Staff communicates specific patient needs and coordinates treatment and plan of care with referring and consultative physicians. Services and treatments provided according to department specific procedures and guidelines and ECH policies and procedures.

D. Staffing/Staff Mix

A Clinical Manager (RN) oversees the clinical operations of the Wound Care Center and reports to the Department Director and the Medical Directors. Physicians provide direct care and assessment

with the assistance of an RN and/or LVN. WCC staffing will be determined by patient volume and patient needs.

The competency of the staff is evaluated through observation of performance and skills competency validation. Staff education and training is provided to assist in the achievement of performance standards.

E. Requirements for Staff

- All staff must complete specific orientation.
- The Health Stream safety series as well as Safety/Emergency policies and procedures are reviewed annually by all staff.
- All clinical staff members are required to be Basic Life Support certified.
- All clinical staff will be licensed according to ECH policies and procedures and by the State of California.

F. Level of Service Provided

The level of service is consistent with ambulatory wound care and treatment. The WCC is designed to advocate for and support the attainment of optimal, patient-centered outcomes that are defined by a care planning process driven by a caring and enduring partnership between the care team, patients and the patient's family.

G. Standards of Practice

WCC is governed by state regulations as outlined in Title 22, the Center for Medicare/Medicaid Services.

**APPROVAL:**

APPROVING COMMITTEES AND AUTHORIZING BODY	APPROVAL DATES
WCC Medical Directors Tej Singh, MD and Peter Schubart, MD:	9/2017
ePolicy Committee:	2/2018
Medical Executive Committee:	3/2018
Board of Directors:	
Historical Approvals: 11/17	

**TITLE:** NICU: Admission to the Neonatal Intensive Care Unit (MV)  
**CATEGORY:** Patient Care Services  
**LAST APPROVAL:** 6/2017

**TYPE:** ☐ Policy ☐ Protocol ☐ Practice Guideline ☐ Standardized Procedure  
☐ Procedure ☐ Plan ☒ Scope of Service/ADT  
**SUB-CATEGORY:** ED, L&D, MBU, NICU  
**OFFICE OF ORIGIN:** NICU  
**ORIGINAL DATE:** 2/2008

**I. COVERAGE:**

All El Camino Hospital Staff

**II. PURPOSE:**

To provide a consistent process for admission to the NICU.

**III. POLICY STATEMENT:**

It is the policy of El Camino Hospital to provide a consistent and thorough process for admission to the NICU.

**IV. PROCEDURE:**

Criteria for Admission Decision

A. Consider for admission

1. Infants at risk for sepsis
2. Infants with potential or existing metabolic complications (notably hypoglycemia\* in infants of diabetic mothers or with intrauterine growth restriction). \*See Hypoglycemia protocol.
3. Infants with difficult delivery and Apgar scores less than 4 at 1 minute or less than 7 at 5 minutes.
4. Term infants with tachypnea.

B. Direct admit to the NICU

1. All symptomatic infants less than 37 weeks gestation or less than 2000 grams.
2. All infants less than 35 weeks gestation (or unable to take nipple feeds).
3. Infants with low Apgar scores requiring prolonged resuscitation (more than 10 minutes).
4. Any term infant with respiratory distress (grunting, flaring, retracting) not improving and/or not resolved in one hour.
5. All infants with multiple congenital anomalies.
6. All infants with persistent color changes (pallor, cyanosis).
7. All infants requiring CODE WHITE - INFANT team intervention.
8. \*Transports from other institutions who meet the criteria for inborn admission.

<b>TITLE:</b>	NICU: Admission to the Neonatal Intensive Care Unit (MV)
<b>CATEGORY:</b>	Patient Care Services
<b>LAST APPROVAL:</b>	6/2017

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C. These criteria are not all inclusive and are not meant to limit admission only to the outlined diagnoses. Admits are considered based on:

1. Availability of medical expertise
2. NICU census and acuity
3. NICU staffing

\*All transports in must be accepted for care by the Medical Director or designate.

**V. APPROVAL:**

APPROVING COMMITTEES AND AUTHORIZING BODY	APPROVAL DATES
NICU UPC	6/2017
Peds Exec Committee:	6/2017
ePolicy Committee:	2/2018
Medical Executive Committee:	3/2018
Board of Directors:	
Historical Approvals:	Medical Executive Committee: 4/01, 02/04, 03/05, 11/06, 02/09, 07/10, 04/26/2012 6/17 Board of Directors: 03/04, 04/05, 12/06, 03/09, 08/10, 05/09/2012

**TITLE:** NICU: Discharge of Newborns from NICU (MV)

**CATEGORY:** Patient Care Services

**LAST APPROVAL:** 6/2017

**TYPE:**

- ☐ Policy      ☐ Protocol    ☐ Practice Guideline    ☐ Standardized  
☐ Procedure    ☐ Plan    ☒ Scope of Service/ADT    Procedure

**SUB-CATEGORY:** NICU

**OFFICE OF ORIGIN:** NICU

**ORIGINAL DATE:** 12/2008

**I. COVERAGE:**

All El Camino Hospital Staff

**II. PURPOSE:**

To provide a consistent process for patients being discharged from the NICU.

**III. POLICY STATEMENT:**

It is the policy of El Camino Hospital to ensure that all patients are discharged in a consistent manner, and their needs are met prior to discharge.

**IV. REFERENCES:**

American Academy of Pediatrics (2010) Care Safety Seats Information for Families 2010: Retrieved March 12, 2010 from: [http://www.aap.org/publiced/br\\_carseatcheckup.htm](http://www.aap.org/publiced/br_carseatcheckup.htm)

Automotive Safety Program. (n.d.) Automotive Safety Program, Retrieved March 12, 2010 from <http://preventinjury.org/>

Neonatal Highway Traffic Safety Administration (n.d.) Child Passenger Safety. Retrieved March 12, 2010 from <http://www.nhtsa.gov/>

**V. PROCEDURE:**

Infants discharged from the NICU will fulfill the following criteria:

A. Physiological Parameters:

1. The infant has received a physical examination by a physician within 24 hours of discharge.
2. Physical examination reveals no abnormalities that require continued hospitalization.
3. The infant is stable physiologically and is able to maintain body temperature without cold stress when the amount of clothing worn and the room temperature are appropriate.
4. The physician has assessed the infant's weight prior to discharge.

**TITLE:** NICU: Discharge of Newborns from NICU (MV)

**CATEGORY:** Patient Care Services

**LAST APPROVAL:** 6/2017

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5. The infant is able to breast feed or bottle feed in a safe manner without physical compromise.
6. If the infant's clinical condition precludes adequate nipple feeding, the parents are competent in alternative feeding techniques.
7. The infant is free of apnea or can be monitored at home.
8. If circumcision is done day of discharge, there is no excessive bleeding at site for at least two hours.

**B. Laboratory and Evaluation Parameters**

1. Maternal hepatitis B surface antigen status will have been ascertained.
2. Cord or infant blood type and direct Coombs test is done if clinically indicated.
3. Newborn metabolic screening test is completed in accordance with state regulations.
4. Depending on infant's length of stay, administration of other vaccines may be appropriate.
5. Hearing screen has been completed and a follow-up with audiology has been arranged, if deemed necessary.
6. Ophthalmologic assessment of newborns born at less than 32 weeks gestation or weighing 1500 grams or less at birth.
7. A critical congenital heart disease (CCHD) screening or echocardiogram has been completed.

**C. Follow Up Care**

1. A physician directed source of continuing medical care has been identified.
2. Family, environmental, and social risk factors have been assessed. When risk factors are present, the discharge should be delayed until they are resolved or a plan to safeguard the infant is in place.
3. The parent's knowledge, ability, and confidence to provide adequate care for their infant are documented by the fact that they have received the following teaching:
  - i. Information about medication, preparation, dosing accuracy, and proper storage and administration of medication.
  - ii. Use of oxygen therapy and monitoring equipment.
  - iii. Ability to provide adequate nutrition to the infant, including frequency and volume of feeding and if giving formula, the ability to mix formula.
  - iv. Recognition of signs of acute illness and acute deterioration.
  - v. Proper infant safety, including car seat adaptations for infants weighing less than 2000 gm, and recommended sleep positions for premature infants.
4. Referrals to specialty clinics, physicians, developmental clinics, and outside agencies have been made, or recommendations have been relayed to the primary MD, as appropriate.

**TITLE:** NICU: Discharge of Newborns from NICU (MV)

**CATEGORY:** Patient Care Services

**LAST APPROVAL:** 6/2017

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5. Referrals for home health follow-up have been made.
6. A car seat trial has been done per protocol, if necessary.
7. Special Considerations for Preterm Infants

**D. Respiratory**

1. Respiratory rate and effort is such that breathing does not compromise the infant's ability to feed, and the infant can maintain normal oxygen saturations during normal activities of daily living (e.g.: sleeping, feeding, and crying).
2. For chronic lung disease: infant's oxygen requirements and medication regime is stable for 3-4 days prior to discharge.
3. For apnea and bradycardia: infants are not routinely discharged before 35 weeks corrected age because of the potential for apnea and bradycardia.

**E. Retinopathy of Prematurity**

1. Continued hospitalization and continuous monitoring of oxygen saturations and intermittent retinal examinations to monitor the progression of retinopathy may be required for those infants whose disease has progressed to a point that laser surgery may be necessary to prevent retinal detachment.
2. For infants whose disease is resolving, with or without surgery, and are no longer at risk for retinal detachment, may be considered for discharge once cleared by the ophthalmologist and assuming other discharge criteria have been met.

**F. Social Services**

1. Parents or guardians have had a social service consultation that is documented in the medical record prior to discharge, as deemed necessary.
2. Families that require support to assist them with their high risk infant have been referred to the appropriate resources prior to discharge.

**G. Mode of Discharge**

1. The infant will be discharged in the arms of a parent/guardian, who is seated in a wheelchair.

**H. Documentation**

1. The physician will document his/her physical exam in the patient's permanent record.
2. The RN taking care of the infant will document in the flowsheet: NICU Discharge Planning and NICU Education.
3. Record the adequacy of the infant's feedings, vital signs, and daily weight.
4. The RN taking care of the infant will document in the NICU Discharge Planning, NICU Education Record and Electronic Health Record (EHR) that discharge teaching has been completed.

**TITLE:** NICU: Discharge of Newborns from NICU (MV)

**CATEGORY:** Patient Care Services

**LAST APPROVAL:** 6/2017

5. If any family, environmental, and/or social risk factors have been identified, the Social Worker will document in the EHR: the assessment, interventions, and plan of action.
6. Home health and equipment needs and arrangements are documented in the EHR by the Social Worker.
7. The Social Worker will document specialty clinic, developmental clinic, and outside agency referrals in the EHR.
8. A copy of the hospitalization summary has been faxed to the primary physician.

**VI. APPROVAL:**

APPROVING COMMITTEES AND AUTHORIZING BODY	APPROVAL DATES
NICU UPC :	6/2017
Peds Exec :	6/2017
ePolicy Committee:	2/2018
Medical Executive Committee:	3/2018
Board of Directors:	
Historical Approvals:	Board of Directors: 03/04, 04/05, 9/06, 03/09, 04/10, 05/09/2012

## Memorandum

### Appendix B

DATE: April 18, 2018  
TO: El Camino Hospital Board of Directors  
FROM: Gary Kalbach, Board Member  
SUBJECT: Report on Educational Activity  
BOARD ACTION: For Information

**Conference Title:** Health Care at a Historic Crossroad

**Sponsoring Organization:** The Estes Park Institute

#### **Key Educational Points, Lessons Learned:**

1. **Foundations goals:** Many hospital Foundations in the country have raised their goals for “major gifts” from \$100,000-\$1,000,000 to \$10-\$100 million. In a roundtable discussion, our goals were classified as “bake sale, gala, and golf tournament” goals. Many hospitals are successful in soliciting large (\$25 to \$100 million) contributions for population health initiatives, particularly where the hospitals have oriented the program with specific, measurable goals oriented to the particular donor. The donor is contacted 4-6 times to understand their philanthropic goals then a customized donor program is designed. These are typically programs with measurable goals - *i.e.*, reduction in ED visits for opioids. The donor is given updates of the impact they are making. Sometimes a “progress payment” is made against success.
2. Many hospitals are actively introducing **telemedicine services** - Kaiser, Dignity, etc., and reducing brick and mortar.
3. Suggested **time** spent in board meetings - 50% on strategy and 25% on quality performance compared to competition. Are we looking to challenge what we do or just find comfort in our own numbers?
4. Because of increasing **cybercrime** threat activity, the board should see summary monthly report of cybercrime threats (number of attempts, mitigation and results).
5. **Strategic planning:** Focus on ambulatory care and not brick and mortar for future. With 90% of adults reported to favor aging in place, future needs will de-emphasize acute in patient care.

**Do you recommend this conference to other members of the Board?** Maybe! 40% of presenters were consultants pushing their services with little information for takeaway. Conference organized as a boondoggle with first day completing at 12:30 and golf tee times at 1:00. On full day, no lunch provided and only sweet rolls for snacks (at a healthcare conference!) Overall grade = C-.

## Memorandum

### Appendix B

DATE: April 18, 2018  
TO: El Camino Hospital Board of Directors  
FROM: Julie Kliger, Board Member  
SUBJECT: Report on Educational Activity  
BOARD ACTION: For Information

**Conference Title:** Health Care at a Historic Crossroad

**Sponsoring Organization:** The Estes Park Institute

#### **Key Educational Points, Lessons Learned:**

1. **Key Take-Away:** Make sure to integrate services and affiliations once acquired. It's important have a strategy for integration of services (*e.g.*, home monitoring) or affiliations (*e.g.*, SNF, rehab) once an affiliation, merger, acquisition has transpired. To maximize value along the care continuum and patient care pathway, we should be considering how any new business venture supports the overall strategy and has measurable outcomes, appropriate governance, and a business case/ROI. Also, ensure new venture is 'brand' consistent.
2. Volume is important with ACOs and with other Alternative Payment Models (APMs). Volume (of patients enrolled) is also important with population health programs specifically to narrow variation in care delivery and outcomes reporting. Understanding what should be considered minimum enrollment numbers/target populations will be important for ECH as it/if it moves further into risk-based contracting.
3. There was quite a bit of discussion and presentations regarding Post-Acute Care (PAC). PAC should be considered as an emerging strategy to address Alternative Payment Models (APMs) as well as Population Health. PACs should be considered in the broadest terms possible for where care is delivered 'pre-hospital' and 'post-hospital.'

Locations beyond typical PACs (*e.g.*, 'virtual' locations, home, retail clinics) are as important consider as it relates to questions such as: 'How will we reach people in these other settings?' 'What tools will we provide to them?' 'Will we be 'at-risk' for some of these activities if we enter into APMs?' 'What key activities and performance metrics should we be tracking in these other settings?'

While these questions might be too early for ECH, they should be considered while thinking broadly about what it will mean for the future of El Camino Hospital.

**Do you recommend this conference to other members of the Board?** No, with reservations. If the Board member is already familiar with healthcare, then this meeting and the presenters will seem 'dated' with the subject matter.

## ECH BOARD MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Investment Committee Report El Camino Hospital Board of Directors April 18, 2018
<b>Responsible party:</b>	Jeffrey Davis, MD, Chair, Investment Committee
<b>Action requested:</b>	For Information
<b>Background:</b> <p>The Investment Committee meets 4 times per year, plus a joint meeting with the Finance Committee in January. The Committee last met on March 12, 2018 and meets next on May 14, 2018.</p>	
<b>Board Advisory Committee(s) that reviewed the issue and recommendation, if any:</b> N/A	
<b>Summary and session objectives:</b> To update the Board on the work of the Committee.  <b>1. <u>Progress Against Goals</u>:</b> The Committee is on track to complete its FY18 Goals.  <b>2. <u>Key Activities/Accomplishments Since Last Report (September 2017) To The Board:</u></b> <ul style="list-style-type: none"> <li>a) Reviewed FY 18 investment results. For the first six months the Surplus cash return was 5.4% vs benchmark of 5.6%. The pension fund return was 6.3% vs 6.7% benchmark.</li> <li>b) The returns since inception for both the surplus cash and pension funds are higher than the benchmark. Surplus cash return was 6% vs 5.9% benchmark; pension funds return was 8.4% vs 7.9% benchmark</li> <li>c) Agreed with management recommendation to replace Northern Cross, international value fund manager, with Causeway.</li> <li>d) Reviewed 5 year results under current investment strategy vs the prior fixed income and index fund strategy. The current policy yielded a 3% higher return than the benchmark under the previous strategy. The committee agreed to continue with the current strategy.</li> </ul> <b>3. <u>Important Future Activities</u></b> <ul style="list-style-type: none"> <li>a) Discussion about whether to eliminate investments in all gun manufacturers, not just those illegal for sale in California.</li> <li>b) Capital Markets Review and Portfolio Performance</li> <li>c) Tactical Asset Allocation Positioning and Market Outlook</li> <li>d) 403(b) Investment Performance</li> </ul>	
<b>Suggested discussion questions:</b> None.	
<b>Proposed Board motion, if any:</b> None, this is a consent item.	
<b>LIST OF ATTACHMENTS:</b> <ul style="list-style-type: none"> <li>1. Investment Scorecard</li> </ul>	

# Investment Committee Scorecard

As of December 31, 2017

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY18 Year-end Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>		4Q 2017		Fiscal Year-to-date		5y 2m Since Inception (annualized)		2017	
Surplus cash balance*		\$871.9	--	--	--	--	--	\$926.1	--
Surplus cash return		2.6%	2.7%	5.4%	5.6%	6.0%	5.9%	1.9%	5.7%
Cash balance plan balance (millions)		\$259.1	--	--	--	--	--	\$257.1	--
Cash balance plan return		3.0%	3.3%	6.3%	6.7%	8.4%	7.9%	6.0%	6.1%
403(b) plan balance (millions)		\$441.7	--	--	--	--	--	--	--
<b>Risk vs. Return</b>		3-year				5y 2m Since Inception (annualized)		2017	
Surplus cash Sharpe ratio		1.16	1.19	--	--	1.44	1.42	--	0.46
Net of fee return		5.5%	5.6%	--	--	6.0%	5.9%	--	5.7%
Standard deviation		4.4%	4.4%	--	--	3.9%	4.0%	--	7.2%
Cash balance Sharpe ratio		1.13	1.16	--	--	1.51	1.47	--	0.43
Net of fee return		6.7%	6.5%	--	--	8.4%	7.9%	--	6.1%
Standard deviation		5.6%	5.3%	--	--	5.3%	5.1%	--	8.7%
<b>Asset Allocation</b>		4Q 2017							
Surplus cash absolute variances to target		5.9%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		7.5%	< 10%	--	--	--	--	--	--
<b>Manager Compliance</b>		4Q 2017							
Surplus cash manager flags		27	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		31	< 27 Green < 34 Yellow	--	--	--	--	--	--

\*Excludes debt reserve funds (~\$245 mm), District assets (~\$31 mm), and balance sheet cash not in investable portfolio (~\$124 mm).

Includes Foundation (~\$26 mm) and Concern (~\$13 mm) assets. Budget adds back in current Foundation and Concern assets and backs out current debt reserve funds.

## ECH BOARD MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Corporate Compliance/Privacy and Internal Audit Committee Report El Camino Hospital Board of Directors April 4, 2018
<b>Responsible party:</b>	Sharon Anolik Shakked, Compliance Committee Chair
<b>Action requested:</b>	For Information
<p><b>Background:</b></p> <p>The Committee last met on March 15, 2018 and will meet next on May 17, 2018.</p> <p><b>1. Progress Against Goals:</b></p> <p>The Committee is on track to complete its FY18 goals</p> <p><b>2. Other Key Accomplishments:</b></p> <p>Newly-appointed Board member Neysa Fligor joined the Committee in September 2017 and was appointed Vice Chair of the Committee in November 2017.</p> <p>The Committee reviewed the outline content of the Hospital's IT Security and HIPAA Awareness training modules. Training modules are assigned to employees based on roles and are completed annually. New employees complete training within 30 days of employment and as employee's change positions may be assigned new training.</p> <p>The Committee reviewed the external financial auditors' audit plan for fiscal year 2018 and areas of emphasis. Significant risk areas that will be monitored include new projects, areas affected by accounting standards (like post-retirement benefits), and internal control findings from the prior year.</p> <p><b>3. Important Future Activities:</b></p> <p>Joint session in May with the Board and Committee to review the Enterprise Risk Management performance and future development of the program.</p>	
<b>Board Advisory Committee(s) that reviewed the issue and recommendation, if any:</b> None.	
<p><b>Summary and session objectives :</b></p> <p>To update the Board on the work of the Committee.</p>	
<b>Suggested discussion questions:</b> None.	
<p><b>Proposed board motion, if any:</b></p> <p>None. This is an informational item.</p>	
<b>LIST OF ATTACHMENTS:</b> None.	



**OPEN SESSION CEO Report**  
**Date April 18, 2018**  
**Dan Woods, CEO**

**Organizational Goal Update – February (SIR) and March (Others) 2018**

Organizational Goals FY18		Benchmark	2017 ECH Baseline	Minimum	Target	Maximum	Weight	Performance Timeframe	FY18 through March	
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		77%
	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
Threshold Goals										
Budgeted Operating Margin		95% Threshold	Achieved Budget	95% of Budgeted			Threshold	FY 18		Met

\* These metrics are available through February 2018 only- Updated Infection Data will not be available until the end of the Fiscal Year

### **Quality and Safety**

Many ECH leaders participated in a refresher course on Leadership Rounding and learned of this significant, hands-on management tool that builds a highly engaged workforce that is focused on patient safety, quality, and efficiency. We have implemented a predictive analytics model to detect sepsis and a tool to assess best practice alerts for assisting with clinical variation in Epic to promote cognitive computing capabilities.

### **Patient Experience**

One of our Schegistrars in the BH Department received a wonderful recognition from a patient stating "You are the major compelling reason I've chosen this facility as the one for me, I tend to trust my instincts, and this feels right, you are a big part of that. I've looked into a lot of different treatment facilities and so many of the schegistrars I've spoken with were unfeeling, blunt, and just generally unwelcoming. You are the exact opposite of that. You are personable, sensitive, happy and wonderful".

### **Finance**

As part of the FY19 operating budget process, El Camino Hospital leaders have been projecting patient volumes and calculating projected operating expenses, which is very challenging during a period of healthcare industry transformation. Senior leadership has been meeting with key service line directors and hospital administration from both campuses to review year-to-date key performance indicators (KPIs), update business plans with an emphasis on growth, challenge operating assumptions, and anticipate continued challenges and opportunities associated with reducing operating costs without compromising quality and service.

February cash collections were outstanding for a short month, collecting \$71,334,693: \$7,560,245 over goal for the month and ahead \$48,151,719 through February. We have



achieved \$9 million in denial recoveries, already \$2 million over our FY18 goal. We have implemented \$4,711,377 of our \$4.8 million savings challenge and cost avoidance of \$326,312.

### **Silicon Valley Medical Development, LLC**

The following physicians are now employed by and began practicing at El Camino Health Primary Care:

Charlyne Julao, DO - Family Medicine (3/1/18)  
Mathilde Moazazi, MD - Family Medicine (4/2/18)  
Vijaya Dudyala, MD - Internal Medicine (4/16/18)

### **Marketing and Communications**

Many media opportunities were optimized this month with coverage of the NICU (Jasmine's story and a mother of triplets' marathon world record); female surgeons practicing at El Camino Hospital, the South Asian Heart Center Scarlet Ball, and the Foundation's Norma's Literary Luncheon. Additionally, support was provided for a reality TV show filming a family delivery in Los Gatos.

### **Information Services**

Independent physicians continue to express interest in implementing Epic in their practices as part of the Community Connect program. The Interventional Radiology procedural area is converting to the Epic Cupid platform to improve physician and patient workflows. Physician experts in the Epic system have completed 30% of the planned individualized training and personalization sessions for physicians. Positive feedback has been received from physician participants with improvements implemented in the Epic system to improve physician efficiency.

### **Corporate and Community Health (CONCERN and Community Benefit)**

CONCERN:EAP implemented its new online appointment scheduling program for onsite counseling at large customer and finalized all the details for our Digital Transformation Project, including meetings with large customers to test concepts.

Community Benefit staff presented our ECH Community Benefit program to the ECH Auxiliary and conducted a statewide webinar for the Association of California Healthcare Districts on the ECHD Community Benefit grants program. We also sponsored the 2018 Kids in Common Santa Clara County Children's Summit which focuses on developmental assets which are used in many school based programs.

The Chinese Health Initiative ("CHI") participated in providing a CME/CE program on culturally sensitive end-of-life care for Chinese patients. 108 healthcare professionals and trained volunteers completed the training. CHI also (1) collaborated with the Cancer Center to hold a colon cancer prevention workshop, attended by over 50 community members, to raise awareness about colon cancer in the Chinese community and (2) held its annual health fair, this year focused on diabetes prevention and hypertension screening and prevention. The South Asian Heart Center raised \$348,000 at its annual gala.

### **Government and Community Relations**

We hosted over 100 participants from City Leadership programs from Los Altos/Los Altos Hills, Cupertino, Santa Clara, and Sunnyvale. Staff presented on community health needs and



services, mental health, and health technology. Sixty high school students in a college prep program (AVID) for low income families met with ECH leaders including a physician, a NICU nurse, a behavioral health nurse, as well as imaging, marketing, information technology, and human resources staff. Students spent ten minutes with each staff person in a dynamic "speed dating" format to learn about their education and career journey and ask questions. MVLA Superintendent Dr. Jeff Harding stopped by to express his appreciation.

Brenda Taussig visited legislators in Sacramento, discussing transport of behavioral health patients, homeless patient discharge, CDPH licensing delays, and nurse hiring requirements. This is a very active year for state health legislation, and for county initiatives on many of the same issues. ECH submitted support letters on: AB 1795 (Gipson) *Alternate Destinations-Transporting Patients to the Care They Need*, AB 2798 *CDPH Centralized Application Unit: Reduce Wait Times*, and AB 1397 (Hill) *AEDs in Renovated Buildings*, a follow up to SB 658 (Hill), now law, which Senator Hill agreed to author at ECH's request to modernize California's law on automated external defibrillators.

### **Philanthropy**

During the month of February, the El Camino Hospital Foundation secured \$103,320, bring its FYTD total to \$4,568,987, which is 74% of its fundraising goal.

### **Auxiliary**

The Auxiliary contributed 6,787 volunteer hours in February 2018.

**El Camino Hospital Auxiliary**  
**Membership Report to the Hospital Board**  
**Meeting of April 18, 2018**

Combined Data as of February 28, 2017 for Mountain View and Los Gatos Campuses

**Membership Data:**

**Senior Members**

Active Members	344	-5 Net change compared to previous month
Dues Paid Inactive	88	(Includes Associates & Patrons)
Leave of Absence	14	
<b>Subtotal</b>	<b>446</b>	

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Resigned in Month      6  
Deceased in Month      0  
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**Junior Members**

Active Members	247	-5 Net Change compared to previous month
Dues Paid Inactive	0	
Leave of Absence	1	
<b>Subtotal</b>	<b>248</b>	

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**Total Active Members      591**

**Total Membership          694**

**Combined Auxiliary Hours from Inception (to February 28, 2018):    5,879,737**  
**Combined Auxiliary Hours for FY2017 (to February 28, 2018): 57,236**  
**Combined Auxiliary Hours for February 28, 2018: 6,787**

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## Memorandum

DATE: March 27, 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 8

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 8 of FY18, the Foundation secured \$102,320, bringing the total raised by the end of February to \$4,568,987.

### Upcoming Events

*May 5, 2018-* Spring Forward, a gala to fulfill the promise, benefiting mental health and addiction services at El Camino Hospital. Attendance will be limited to 225 guests. Cost per ticket is \$1,000, of which \$750 is tax deductible.

## Memorandum

DATE: March 27, 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 8

ACTION: For Information

During the month of February, El Camino Hospital Foundation secured \$102,320, bringing the total raised by close of period 8 to \$4,568,987, which is 74% of the FY18 fundraising goal.

### **FY 18 Period 8 Fundraising Performance**

#### ***Major & Planned Gifts***

The Foundation received \$58,300 in February. These included \$45,000 from Santa Clara Sporting Club's annual Goals for a Cure fundraiser for the free mammogram program and a \$10,000 unrestricted major gift. In addition, the Foundation received some sponsorship payments and ticket purchases for the Allied Professionals Seminar, which was held on February 13 and is part of the planned giving program

#### ***Special Events***

- **Scarlet Ball** – The annual gala benefit for the South Asian Heart Center was held at Dolce Hayes Mansion in San Jose on March 17. The Foundation received \$141,821 in sponsorship and ticket sales by the end of February. More than 330 people attended and gross proceeds totaled \$348,700, the highest ever. The Foundation continues to receive payments for sponsorships and donation commitments, which will be reflected in future fundraising reports.
- **Norma's Literary Luncheon** – Norma's Literary Luncheon was held on February 8, 2018 at Sharon Heights Golf & Country Club in Menlo Park. Mystery writer Jacqueline Winspear, author of the best-selling Maisie Dobbs series, was the featured speaker. During February, the Foundation received \$33,305 in ticket purchases, table sponsorships, and donations, bringing the total revenue at month end to \$196,275, which is 131% of goal. Proceeds will benefit the new patient family residence.

- **Spring Forward** – The Foundation is creating a brand new gala, Spring Forward to fulfill the promise, benefiting mental health and addiction services at El Camino Hospital. It will be held at the Morgan Estate, a private mansion in Los Altos Hills, on Saturday evening, May 5, 2018. As we introduce this new concept, and 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 were mailed in early February and the invitation is being mailed mid-March. Several event sponsorships will be reflected in next month's report.

### ***Annual Giving***

The Foundation raised \$25,651 in annual gifts during the month of February, bringing the total year to date to \$506,774, which is 92% of goal. The donations came from Hope to Health membership renewals, Path of Hope, Circle of Caring, Healthy Giving Newsletter, and online through the Foundation website. Additional direct mail outreach for the Path of Hope and unrestricted support is planned over the remaining months of the fiscal year.

## FOUNDATION PERFORMANCE

### FY18 Fundraising Report through 2/28/18

ACTIVITY		FY18 YTD (7/1/17 - 2/28/18)	FY18 Goals	FY18 % of Goal	Difference Period 7 & 8	FY17 YTD (7/1/16 - 2/28/17)	FY16 YTD (7/1/15 - 2/29/16)
Major & Planned Gifts		\$2,928,502	\$3,750,000	78%	\$58,300	\$3,984,122	\$2,360,853
Special Events	Spring Event	\$1,000	\$600,000	0%	\$0	\$46,250	\$102,200
	Golf	\$333,650	\$300,000	111%	\$0	\$273,100	\$326,205
	South Asian Heart Center Event	\$141,821	\$300,000	47%	\$23,250	\$130,583	\$110,141
	Norma's Literary Luncheon	\$196,275	\$150,000	131%	\$33,505	\$133,105	\$164,694
Annual Gifts		\$506,774	\$550,000	92%	\$25,651	\$459,584	\$442,839
Grants*		-	-	-	-	-	\$52,083
Investment Income		\$460,965	\$500,000	92%	(\$38,386)	\$927,714	\$527,326
<b>TOTALS</b>		<b>\$4,568,987</b>	<b>\$6,150,000</b>	<b>74%</b>	<b>\$102,320</b>	<b>\$5,954,458</b>	<b>\$4,086,341</b>

\*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 2/28/18

Board Designated Allocations	\$1,095,250
Donor Endowments	\$3,305,498
Operational Endowments	\$15,082,844
Pledge Receivables	\$4,577,355
Restricted Donations	\$9,978,350
Unrestricted Donations	\$1,130,936

**5.9% Investment Return through 2/28/18**