

AGENDA

REGULAR MEETING OF THE EL CAMINO HOSPITAL BOARD OF DIRECTORS

Wednesday, November 14, 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
1. CALL TO ORDER/ROLL CALL	John Zoglin, Board Vice Chair		5:30 – 5:31pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Board Vice Chair		information 5:31 – 5:32
3. BOARD RECOGNITION <i>Resolution 2018-11</i> ATTACHMENT 3	Mark Adams, MD, CMO	<i>public comment</i>	motion required 5:32 – 5:37
4. QUALITY COMMITTEE REPORT ATTACHMENT 4	Julie Kliger, Quality Committee Chair; Mark Adams, MD, CMO		information 5:37 – 5:47
5. QUALITY GOAL SETTING PROCESS ATTACHMENT 5	Mark Adams, MD, CMO		information 5:47 – 6:07
6. GOVERNANCE COMMITTEE REPORT a. Informational/Discussion Items b. Proposed Delegations of Authority	Peter Fung, MD, Governance Committee Chair	<i>public comment</i>	possible motion 6:07 – 6:47
7. PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	John Zoglin, Board Vice Chair		information 6:47 – 6:50
8. ADJOURN TO CLOSED SESSION	John Zoglin, Board Vice Chair		motion required 6:50 – 6:56
9. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Board Vice Chair		information 6:56 – 6:57
10. CONSENT CALENDAR <i>Any Board Member may remove an item for discussion before a motion is made.</i> Approval <i>Gov't Code Section 54957.2:</i> a. Minutes of the Closed Session of the Hospital Board Meeting (October 10, 2018) b. Minutes of the Closed Session of the Special Meeting to Conduct a Study Session of the Hospital Board (October 24, 2018) Information <i>Gov't Code Section 54956.8</i> – conference with real estate negotiator Ken King regarding property (APN 406-26-017): c. Real Estate Opportunity Update	John Zoglin, Board Vice Chair		motion required 6:57 – 6:59

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
11. <i>Health & Safety Code Section 32155</i> for a report of the Medical Staff; deliberations concerning reports on Medical Staff quality assurance matters: - Medical Staff Report	Imtiaz Qureshi, MD, Mountain View Chief of Staff; Linda Teagle, MD, Los Gatos Chief of Staff		motion required 6:59 – 7:09
12. <i>Gov't Code Section 54956.8</i> – conference with real estate negotiators Bruce Harrison and Ken King regarding lease of space at 4130 N. First Street, San Jose: - SVMD Clinic Site Real Estate Lease	Bruce Harrison, President, Silicon Valley Medical Development, LLC (SVMD); Ken King, CASO		possible motion 7:09 – 7:24
13. <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: - FY19 Strategy Deployment Metrics Update	Dan Woods, CEO		discussion 7:24 – 7:59
14. <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: - Market Development/New Services and Programs	Dan Woods, CEO		discussion 7:59 – 8:29
15. <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: - SVMD Physician Practice Acquisition Update	Bruce Harrison, President, SVMD		discussion 8:29 – 8:59
16. <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets; <i>Gov't Code Section 54956.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation: - CEO Report on New Services and Programs, and Legal Matters	Dan Woods, CEO		discussion 8:59 – 9:14
17. 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		discussion 9:14 – 9:19
18. ADJOURN TO OPEN SESSION	John Zoglin, Board Vice Chair		motion required 9:19 – 9:20
19. RECONVENE OPEN SESSION/REPORT OUT To report any required disclosures regarding permissible actions taken during Closed Session.	John Zoglin, Board Vice Chair		9:20 – 9:21
20. CONSENT CALENDAR ITEMS: <i>Any Board Member or member of the public may remove an item for discussion before a motion is made.</i> Approval a. Minutes of the Open Session of the Hospital Board Meeting (October 10, 2018) b. Minutes of the Open Session of the Special Meeting to Conduct a Study Session of the Hospital Board (October 24, 2018)	John Zoglin, Board Vice Chair	<i>public comment</i>	motion required 9:21 – 9:23

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<i>Reviewed and Recommended for Approval by the Governance Committee</i> c. Proposed Revised Quality, Patient Care and Patient Experience Committee Charter d. Board and Committee Education Policy <i>Reviewed and Recommended for Approval by the Medical Executive Committee</i> e. Medical Staff Report <i>Reviewed and Recommended for Approval by the Finance Committee</i> f. FY19 Period 1 Financials			
21. CEO REPORT ATTACHMENT 21	Dan Woods, CEO		information 9:23 -9:26
22. BOARD COMMENTS	John Zoglin, Board Vice Chair		information 9:26 – 9:29
23. ADJOURNMENT	John Zoglin, Board Vice Chair	<i>public comment</i>	motion required 9:29 – 9:30pm

Upcoming Meetings: December 5, 2018 | January 16, 2019 | February 13, 2019 | March 13, 2019 | April 10, 2019 | May 8, 2019 | June 12, 2019 || **Board & Committee Education:** April 24, 2019

EL CAMINO HOSPITAL BOARD

RESOLUTION 2018 - 11

RESOLUTION OF THE BOARD OF DIRECTORS OF EL CAMINO HOSPITAL REGARDING RECOGNITION OF SERVICE TO THE COMMUNITY

WHEREAS, the Board of Directors of El Camino Hospital values and wishes to recognize the contribution of individuals who enhance the experience of the hospital's patients, their families, the community and the staff, as well as individuals who in their efforts exemplify El Camino Hospital's mission and values.

WHEREAS, the Board wishes to honor and acknowledge Ganesh Krishna, MD, for his leadership in the field of Interventional Pulmonology, a subspecialty of pulmonary medicine that uses advanced diagnostic and therapeutic interventions to care for patients with lung conditions.

Dr. Krishna started the Interventional Pulmonology program at El Camino Hospital nearly ten years ago. Since then, he has built a world-class program on the leading-edge of innovation that treats patients from all over the Western U.S.

Through clinical research, Dr. Krishna has helped develop procedures that advance lung care and treatment. As the Principal Investigator of more than a dozen trials conducted at the hospital, he has become a leader in pulmonary research in Northern California. Earlier this year, Dr. Krishna was the first to perform a robotic bronchoscopy procedure to view the inside of the lungs and obtain a tissue sample. As part of a clinical trial, he performed an endoscopic lung volume reduction procedure. When the product received FDA approval this summer, the hospital was selected as one of seven sites to perform the complex procedure.

Dr. Krishna is an expert in bronchial thermoplasty, an advanced minimally invasive procedure to treat severe asthma, and shares his knowledge with other physicians. El Camino Hospital is one of only two centers in the U.S. that trains physicians in this procedure. Dr. Krishna is also the fellowship director of the University of California, San Francisco's Interventional Pulmonary Fellowship Program which is one of 30 in the U.S. Recognizing the need to train the next generation of specialists, Dr. Krishna and the leaders of the Interventional Pulmonology program partnered with Foothill College to develop an Interventional Pulmonology Assistant Certificate. The first-of-its-kind program provides respiratory care practitioners with the essential knowledge, skills and attributes necessary to respond to increasing future demands on the profession.

WHEREAS, the Board would like to publically acknowledge Dr. Ganesh Krishna for his forward thinking.

NOW THEREFORE BE IT RESOLVED that the Board does formally and unanimously pay tribute to:

Dr. Ganesh Krishna, Medical Director of Interventional Pulmonology

FOR HIS INNOVATIVE CARE AND LEADERSHIP.

IN WITNESS THEREOF, I have here unto set my hand this **14TH DAY OF NOVEMBER, 2018.**

EL CAMINO HOSPITAL BOARD OF DIRECTORS:

Lanhee Chen, JD, PhD
Jeffrey Davis, MD
Neysa Fligor

Peter C. Fung, MD
Gary Kalbach
Julie Kliger, RN
Julia E. Miller

Bob Rebitzer
David Reeder
John Zoglin

JULIA E. MILLER
SECRETARY/TREASURER,
EL CAMINO HOSPITAL BOARD OF DIRECTORS



**EL CAMINO HOSPITAL
BOARD MEETING COVER MEMO**

To: El Camino Hospital Board of Directors
From: Julie Kliger, RN, Chair, Quality, Patient Care and Patient Experience Committee and
Mark Adams, MD, CMO
Date: November 14, 2018
Subject: Quality, Patient Care and Patient Experience Committee Report

Purpose:

To inform the Board of the work of the Quality Committee.

Summary:

The Committee last met on November 5th and meets again on December 3rd. The FY19 Quality Dashboard was reviewed. For mortality, the FYTD index is 0.97 with a target of 0.95, however, there has been some increased volatility with an uptick in August. Although still within control limits, this will be watched carefully. There was a corresponding uptick in sepsis mortality index and rate in August consistent with the increase in mortality index. For the month of September, there were zero Central Line Associated Blood Stream Infections (CLABSIs), Catheter Associated Urinary Tract Infections (CAUTIs), or C. Difficile Infections, which is remarkable. The Quality and Patient Experience Organizational Goals Dashboard is attached.

The role of Clinical Documentation Improvement (CDI) and its impact on indices like readmission and mortality was reviewed. Two key measures derived from clinical documentation include Risk of Mortality (ROM) and Severity of Illness (SOI). These measures, in turn, drive the “expected” values used in the indices. A sample of metrics used by the CDI team was provided to the committee.

Following a request made by the committee to better understand how physicians are engaged in process and quality improvement activities, Dr. Dan Shin presented examples of such activities which included antibiotic stewardship, reduction of C. Difficile Infections, reduction of blood utilization, and optimizing Best Practice Alerts (BPAs) in Epic with respect to medication alerts.

The hospital update included a report that the employee response rate to the Employee Engagement Survey was 87%, which was ahead of the goal of 82%.

The Committee opened the discussion regarding “What is Quality” with the intention of exploring this throughout 2019. The goal is to update the hospital’s approach to what we measure, and how to continuously strive towards excellence in patient care and patient experience.

List of Attachments:

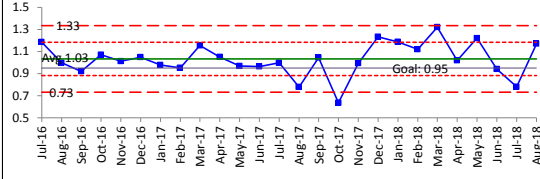
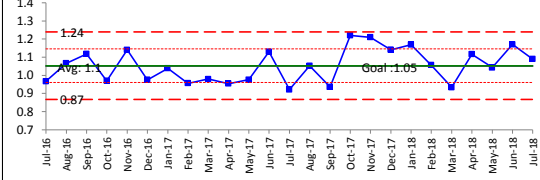
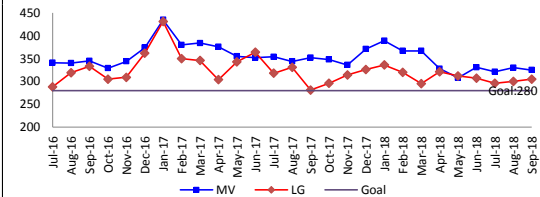
1. Quality and Experience Organizational Goals Dashboard.

Suggested Board Discussion Questions: None.

FY19 Organizational Goal Update

September 2018 (Unless otherwise specified)

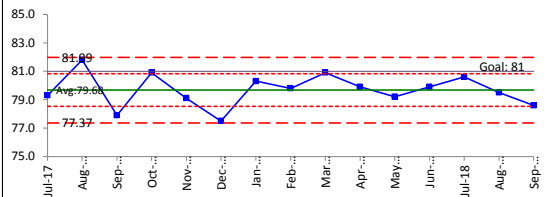
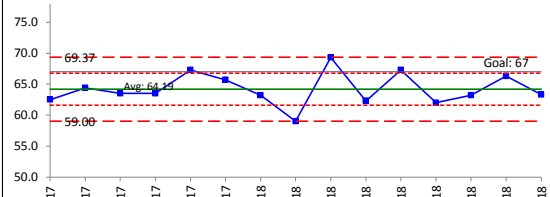
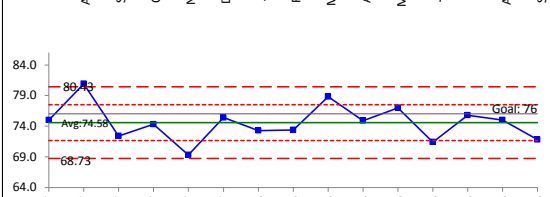
Month to Board Quality Committee:
November, 2018

Quality		FY19 Performance		Baseline FY18 Actual	FY19 Target	Trend	Comments
		Month	FYTD				
1	<p>*Organizational Goal</p> <p>Mortality Index</p> <p>Observed/Expected</p> <p>Premier Standard Risk Calculation Mode</p> <p>Date Period: August 2018</p>	1.17 (1.56%/1.34%)	0.97 (1.38%/1.43%)	1.05 (stable, compared to 1.02 for FY 2017)	0.95		Developing new notes in iCare for MD co-signature to document Pressure Injuries, Malnutrition, so these can be part of documentation that increases risk of mortality. NP Palliative care notes can also be included. New Mortality review tool for quality and HVI. CDI Manager will meet with Medical Directors to discuss physician documentation.
2	<p>*Organizational Goal</p> <p>Readmission Index (All Patient, All Cause Redmit)</p> <p>Observed/Expected</p> <p>Premier Standard Risk Calculation Mode</p> <p>Date Period: July 2018</p>	1.09 (7.72%/7.11%)	1.09	1.08 (stable, compared to 1.02 for FY 2017)	1.05		Team Health Hospitalist joined Weekly Readmit review team, which now makes referrals for quality of care issues to Peer Review. Readmits within 24hr of discharge are now combined into one admission and DRG payment.
3	<p>★Organizational Goal</p> <p>Patient Throughput-Median minutes from ED Door to Patient Admitted</p> <p>(excludes Behavioral Health Inpatients)</p> <p>Date Period: September 2018</p>	MV: 325 mins LG: 305 mins	MV: 325 mins LG: 300 mins	MV: 350 mins; LG: 314 mins	280 mins		Continue to track performance from order to floor and are conducting the second improvement workshop to create standards that will support consistency in the processes. Team will work with managers to track adherence to the process and to understand and help to remove barriers. A new Provider Workgroup has started to look at the opportunities with Physician consult for admission & getting the admission order entered.

FY19 Organizational Goal Update

September 2018 (Unless otherwise specified)

Month to Board Quality Committee:
November, 2018

Service		FY19 Performance		HCAHPS Baseline Q4 2017-Q3 2018	FY19 Target	Trend	Comments
		Month	FYTD				
4	«Organizational Goal HCAHPS Nursing Communication Domain Top Box Rating of Always Date Period: September 2018	78.6 (197/250)	79.6 (617/775)	80.0	81.0		Focus in on "Purposeful Rounding" implementation and the Listening Carefully Toolkit.
	«Organizational Goal HCAHPS Responsiveness of Staff Domain Top Box Rating of Always Date Period: September 2018	63.3 (149/235)	64.3 (472/734)	65.1	67.0		Teams promoting a "No pass Zone," all staff are to not pass a room with a call light on and enter the room to acknowledge the light and then access the appropriate staff. Also setting an objective of addressing each call light w/ 5 minutes and before the call light cycles again.
	«Organizational Goal HCAHPS Cleanliness of Hospital Environment Question Top Box Rating of Always Date Period: September 2018	71.8 (178/248)	74.3 (571/769)	74.5	76.0		Team includes EVS, Facilities, and Nursing to identify room clutter and debris, and find solutions to limit it. New Admit Pack reducing materials brought into patient's room. EVS completely emptying all cupboards in patient rooms at discharge.

**EL CAMINO HOSPITAL
BOARD MEETING COVER MEMO**

To: El Camino Hospital Board of Directors
From: Mark Adams, MD, CMO
Date: November 14, 2018
Subject: Quality Goal Setting

Purpose:

To provide information to the Board regarding the process for setting the quality organizational goals for FY19.

Summary:

1. Situation: Quality of healthcare service is our primary job to support our mission — “...heal, relieve suffering, and advance wellness...” We define quality as safe, timely, effective, efficient, equitable, and person centered care. It is imperative that the entire organization be aligned to achieve the best quality possible and that the Board understand, support, and resource appropriately this effort. The Board, in turn, expects to have some method to assess and measure quality as defined.
2. Authority: CMS Conditions of Participation (CoP) as well as industry regulators and thought leaders (such as Institute for Healthcare Improvement (IHI)) consider the Board of Directors ultimately responsible for the quality of care delivered by the organization.
3. Background: There are many quality measures now being used in healthcare. These include CMS Core Measures, HEDIS Measures, Value Based Purchasing (VBP), and Hospital Acquired Infections (HAI) as examples. While we continue to track and trend many of these measures, there is a challenge to choose the right organizational quality goals most appropriate for Board-level monitoring. In collaboration with the Clinical Effectiveness team, we chose the current organizational quality goals applying the following criteria:
 - A. Does it support our mission and significantly impact the patient?
 - B. Does it affect many different categories of patients?
 - C. Is it easily understood?
 - D. Is it used in the public domain as an important proxy for quality?
 - E. How broad a reach will it have throughout the organization?
 - F. Does it have a financial impact?
4. Assessment: Based on these criteria, all patient mortality and all patient readmission were selected as the best and most appropriate organizational quality goals. Mortality risk impacts all of our patients in all categories. Both are easily understood. CMS Hospital Compare, Leapfrog, Consumer Reports, etc., all use these measures as proxies for quality. Many parts of the organization can impact these measures from physicians to nursing to IT to clinical documentation to environmental services to ambulatory services. The financial impact includes VBP, Readmission Penalty Program, pay-for-performance (P4P) programs. Indexes for mortality and readmission were selected as the best mode of measure since this incorporates risk adjustment in the form of Observed/Expected Ratios. This also allows benchmarking to a consistent standard. We conferred with our data provider, Premier, to assess our current baseline

state, to identify the top performing organizational indexes, and to advise us on selecting an appropriate target for year one of a multi-year journey to the top tier. Based on this information we selected the current FY goals of .95 for mortality index and 1.05 for readmission index.

5. Other Reviews: The organizational goals were recommended for approval by the Quality Committee and the Executive Compensation Committee and approved by the Board of Directors.
6. Outcomes: Organizational-wide work teams have been formed to address mortality and readmission. All of our medical directors now have one of these organizational goals included in their personal incentives. In addition, these results are reported at the Board of Directors level at the monthly Quality Committee meetings and the Board of Directors meetings.

List of Attachments: None.

Suggested Board Discussion Questions:

1. How does focusing on improving quality help ECH achieve our mission and vision?
2. How do these quality goals align ECH with its strategic priorities?

**EL CAMINO HOSPITAL
BOARD MEETING COVER MEMO**

To: El Camino Hospital Board of Directors
From: Peter C. Fung, MD, Chair, Governance Committee
Date: November 14, 2018
Subject: Governance Committee Report - Informational Report for Discussion

Purpose:

To inform the Board and get guidance from the Board about the work of the Governance Committee

Summary:

1. **Situation:** In addition to the items brought to the Board for approval this month (on the consent calendar and the proposed delegations of authority, which will be discussed separately), I believe it is important to keep the Board informed about the ongoing work of the Governance Committee. At the Committee's November 6th meeting, we discussed these additional important topics:
 - A. **Board Orientation Plan:** At our August meeting, we discussed the current Board Orientation, listened to staff recommendations, and made our own suggestions to staff. Staff brought what the Committee found to be a focused and appropriate Proposed Board Orientation Plan to us for consideration at our November meeting. We also requested that a focused curriculum on Board level governance be prepared and used to facilitate a conversation between the Board Chairs, the CEO, and new Board members during the Orientation. The Plan we approved (per our Charter) is attached.
 - B. **Annual Board Self-Assessment:** For at least the last six years, the El Camino Hospital Board of Directors has engaged an outside consultant to facilitate its annual Board Self-Assessment. During the agenda setting process the Vice Chair of the Committee and I suggested to the CEO that he interview a governance consultant that we (as well as Director Miller) met at a recent AHA conference. The CEO complied with that request and also requested a proposal from Via Healthcare Consulting (Via) whom the staff and the Committee have been recently working with on streamlining Board materials and presentations. Staff recommended we engage Via to facilitate our Board assessment this year for three primary reasons: (1) to provide us with fresh perspective that will help us continue on a path to more effective and efficient governance, (2) to leverage the knowledge of ECH that Via has gained through its work with the Board in 2015 and the executive team in 2018, and (3) Via's proposal includes proposing an action plan based on the self-assessment results. The Committee agreed with the staff recommendation and I look forward to hearing the perspectives of other Board members. Assuming the Board agrees with pursuing this path, we have directed staff to work with Via to develop a tool and specific proposed process for the Committee's consideration and the Board's approval in March with an eye toward doing the assessment in the summer.
 - C. **Board Materials** – The Committee, together with Erica Osborne of Via, reviewed the October Board meeting packet with respect to changes in formatting, content, and volume of materials. There was agreement that (1) the decrease in volume of materials was substantial and appropriate, (2) that staff had effectively curated the materials to include fewer operational details and consistently organized the materials in an accessible format, and (3) having greater context and “the ask” up front was helpful. We also agreed that

Governance Committee Report: Informational for Discussion
November 14, 2018

this is an iterative process with continued opportunities to focus materials, ensure a balance between management and governance, provide less reporting and more discussion, and enhance a collaborative partnership between management and the Board. Next steps include restructuring the Board agenda to focus the Board on issues and include fewer agenda items, perhaps decreasing the frequency of financial and quality metric reporting to quarterly.

List of Attachments:

1. Board Orientation Plan

DRAFT ECH Board Orientation Plan

Prior to attendance at 1st Board meeting:

one full day or two half days, depending on preference

1. **Strategic Plan | 2 hours**
includes update on current fiscal year metrics as last presented to the full Board

With: CEO, COO, Chief Medical Officer (CMO), Chief Nursing Officer (CNO), and President, Silicon Valley Medical Development (SVMD)
2. **Mountain View Site Tour | 45 min**
With: Chief Admin Services Officer
3. **Lunch | 1.5 hours**
including a discussion on Board-level governance

With: CEO and Board Chair(s)
4. **Policies and Procedures | 2 hours**
includes Board logistics overview, technology setup, headshot, ID badge

With: Director of Governance Services, Board Services Coordinator, ECH photographer
5. **Financial Performance | 1 hour**
Hospital and District

With: CFO and Controller
6. **Governance, Fiduciary Duties, and the Brown Act | 1 hour**

With: General Counsel
7. **Board Meeting Materials | 30-60 min**
separate meeting or phone call to review the Board meeting agenda and packet in detail

With: Director of Governance Services

Prior to attendance at 2nd Board meeting / 1st Committee meeting(s)

one full day or two half days, depending on preference

1. **Intro to Related Entities | 1.5 hours**
including the following sessions:
 - SVMD Strategy with President, SVMD
 - CONCERN:EAP with President, CONCERN
 - ECH Foundation with President, Foundation
 - Pathways Home Health & Hospice with CFO
2. **Intro to Quality | 1 hour**
including the following sessions:
 - Quality Measures (HCAHPS, Core Measures, Org Goals) with CNO and CMO
 - Clinical Effectiveness Org Structure: CMO
 - Regulatory Oversight: CMO
 - Medical Staff Structure and Responsibility: CMO
3. **Committee Onboarding | 2-3 hours**
With: Executive Sponsors, Committee Chairs
4. **Compliance Program | 30 min**
With: Sr. Director, Corporate Compliance
5. **Community Benefit | 30 min**
With: Director, Community Benefit
6. **Workforce | 30 min**
With: CHRO
7. **Site Tours | as requested**
Los Gatos campus, clinics, etc.

90-Day Check In

1. **Lunch | 1 hour**
With: CEO
2. **Check-In Meeting | 1 hour**
With: Director of Governance Services
3. **Other Meetings | as requested**
with other executives and Board member

For future consideration:

iProtean Assessment | online
guided Board education webinars

**EL CAMINO HOSPITAL
BOARD MEETING COVER MEMO**

To: El Camino Hospital Board of Directors
From: Peter C. Fung, MD, Governance Committee Chair
Date: November 14, 2018
Subject: Governance Committee Report - Delegation of Authority

Recommendation(s):

1. To delegate to the Finance Committee the same authority to approve physician financial arrangements that is currently reserved to the Board in accordance with the Physician Financial Arrangements Policy, but that that do not exceed the 75th percentile of market value.
2. To delegate authority to review and approve the Annual Report of Physician Financial Arrangements to the Compliance and Audit Committee and the Finance Committee.

Summary:

1. **Situation:** At its May 2018 meeting, the Board delegated authority to the Executive Compensation Committee to make final decisions regarding some executive (non-CEO) compensation matters. Subsequently, to achieve the purpose of reducing Board administrative review and freeing up Board time for strategic work, the Governance Committee recommended that the Board consider delegating authority to its other Committees. The Board directed staff to suggest areas of possible delegation of authority to the Board's other Committees. Staff presented three suggestions to the Finance Committee and the Compliance and Audit Committee. Those proposals were then taken to the Governance Committee for review. We are now recommending that the Board approve two of the proposals and have asked staff to bring additional information to the Governance Committee with respect to the third (*i.e.*, consider delegating approval of funding requests not to exceed \$5 million to the Finance Committee).
2. **Authority:** The proposed delegations of authority will require Board approval of revisions to the Physician Financial Arrangements Policy. The revised policies will be brought back for approval at a later date.
3. **Background:**
 - A. **Physician Contracts:** The Physician Financial Arrangements Policy requires Board approval of any physician financial arrangement that exceeds the 75th percentile of fair market value. The policy also requires Board approval of any physician financial arrangement that exceeds \$250,000 annually or is increased by more than 10% on renewal. An exception to the \$250,000/10% criteria exists for Professional Services Agreements with ECMA as long as the total cash compensation to each physician employed by ECMA does not exceed the 75th percentile of fair market value or \$1,000,000 annually. Currently, the Finance Committee reviews these physician financial arrangements prior to Board review and approval.

Number of FY17 Approvals: 15 (includes 2 ECMA physician arrangements that no longer require Board approval)

Number of FY18 Approvals: 24

- B. Annual Review of Physician Financial Arrangements:** The Corporate Compliance: Physician Financial Arrangements – Review and Approval Policy requires presentation of a summary report to the Compliance and Audit Committee, the Finance Committee, and the full Board describing the arrangements, the organizational need that justifies each arrangement, the total annual amount paid to each physician or group, comparison to prior year, and any recommendations for change to policy or procedure related to physician financial arrangements. For Medical Directorships, the summary report also includes goals, contracted rate and hours, and performance against goals. The Board receives the informational report on its consent calendar.
4. Assessment: The Governance Committee discussed that the proposals are reasonable, will take appropriate advantage of the Committees' expertise, and have substantial impact on the Board's time spent reviewing and approving these matters will take advantage of the skill.
5. Other Reviews: The Finance Committee and the Compliance and Audit Committee reviewed the respective proposed delegations and each recommended approval. However, the Finance Committee did not consider delegation of the Annual Report of Physician Financial Arrangements.
6. Outcomes: A decrease in the amount of materials the Board must review.

List of Attachments: None.

Suggested Board Discussion Questions:

1. Would the proposed delegations take appropriate advantage of the Committees' expertise and have substantial impact on the Board's time spent reviewing and approving these matters?
2. Assuming the Board would be informed of the approvals, is there any reason the Board should not make the suggested delegations?



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

Board Members Present

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

Board Members Absent

Peter C. Fung, MD
Julie Kliger

Members Excused

None

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

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

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

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

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

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

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

Lanhee Chen
Chair, ECH Board of Directors

Julia E. Miller
Secretary, ECH Board of Directors

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



**Minutes of the Open Session of the
Special Meeting to Conduct a Study Session of the
El Camino Hospital Board of Directors
Wednesday, October 24, 2018
1560 Country Club Drive, Los Altos, CA 94024**

Board Members Present

Lanhee Chen, Chair
Jeffrey Davis, MD
Neysa Fligor
Peter C. Fung, MD
Gary Kalbach
Julie Kliger
Julia E. Miller, Secretary/Treasurer
Bob Rebitzer
John Zoglin, Vice Chair

Board Members Absent

David Reeder

Members Excused

None

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Board of Directors of El Camino Hospital (the "Board") was called to order at 6:00 pm by Chair Chen. A silent roll call was taken. Director Reeder was absent.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Chen asked if any Board members may have a conflict of interest with any of the items on the agenda. No conflicts were reported.	
3. WELCOME	Chair Chen welcomed the members of the Board, Advisory Committee Members, and Leadership Team Members present and explained the purpose and agenda for the Special Meeting.	
4. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 6:45 pursuant to <i>Health & Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: Implications of Implementation of Strategy and Development of New Services and Programs.</p> <p>Movant: Kalbach Second: Fligor Ayes: Chen, Davis, Fligor, Fung, Kalbach, Kliger, Miller, Rebitzer, Zoglin Noes: None Abstentions: None Absent: Reeder Recused: None</p>	Adjourned to closed session at 6:45pm
5. AGENDA ITEM 8: RECONVENE OPEN SESSION/ REPORT OUT	<p>Open session was reconvened at 7:15pm by Chair Chen. Agenda items 5-7 were addressed in closed session. The Board did not take any action during the closed session.</p> <p>Chair Chen left the meeting and turned the Chair over to Vice Chair John Zoglin.</p>	Open session reconvened at 7:15pm
6. AGENDA ITEM 9: COMMITTEE ROUNDTABLES	Divided into small groups, the Board, Advisory Committee and Leadership Team members discussed the work of the Advisory Committees. None of the small groups constituted of quorum of the Board or any of the Advisory Committees.	
7. AGENDA ITEM 10: ADJOURNMENT	<p>Motion: To adjourn at 8:15pm.</p> <p>Movant: Fung Second: Miller Ayes: Davis, Fligor, Fung, Kalbach, Kliger, Miller, Rebitzer, Zoglin</p>	Meeting adjourned at 8:15pm

	Noes: None Abstentions: None Absent: Chen, Reeder Recused: None	
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Attest as to the approval of the foregoing minutes by the Board of Directors of El Camino Hospital:

Lanhee Chen
Chair, ECH Board of Directors

Julia E. Miller
Secretary, ECH Board of Directors

Prepared by: Cindy Murphy, Director of Governance Services

DRAFT

**EL CAMINO HOSPITAL
BOARD MEETING COVER MEMO**

To: El Camino Hospital Board of Directors
From: Mark Adams, MD, CMO
Date: November 14, 2018
Subject: Proposed Revised Quality, Patient Care and Patient Experience Committee Charter

Recommendation(s):

To approve the revised Quality, Patient Care and Patient Experience Committee Charter.

Summary:

1. Situation: The Quality, Patient Care, and Patient Experience Committee completed its biennial review of its Charter at its August meeting.
2. Authority: The Governance Committee's Charter provides that it will ensure that each Board Advisory Committee reviews its Charter every other year. The Governance Committee reviews any proposed changes and recommends approval to the Board.
3. Background: N/A
4. Assessment: The proposed changes include:
 - Simplified the definition of quality and clarify the role of the Committee.
 - Assumed responsibility for establishing the enterprise quality dashboard.
 - Added physician satisfaction as a proxy for quality satisfaction, as it is influenced by physician engagement.
 - Deleted the reference to large scale IT projects now that Epic is now in a steady state.
5. Other Reviews: The Governance Committee recommended these revisions for approval at its November 6, 2018 meeting.
6. Outcomes: N/A

List of Attachments:

1. Proposed Revised Quality, Patient Care and Patient Experience Charter (redline)

Suggested Board Discussion Questions: None. This is a consent item.

Quality, Patient Care and Patient Experience Committee Charter

Purpose

The purpose of the Quality, Patient Care and Patient Experience Committee (“Quality Committee” or the “Committee”) is to advise and assist the El Camino Hospital Board of Directors (“Board”) in constantly enhancing and enabling a culture of quality and safety at ECH. The committee will work to ensure that the staff, medical staff and management team are aligned in operationalizing the tenets described in the El Camino strategic plan related to delivering high quality healthcare to the patients that we serve. High quality care is defined as care that is: safe, timely, effective, efficient, equitable, and person-centered ~~4) in a culture of safety that mitigates risk and utilizes best practice risk prevention strategies; 2) patient-centered; 3) delivered in an efficient and effective manner; 4) timely; and 5) delivered in an equitable, unbiased manner.~~

The organization will provide to the Committee standardized quality metrics with appropriate benchmarks so that the Committee can adequately assess the level of quality care being provided, measure the degree to which ECH has achieved high quality healthcare using the CMS value-based purchasing program among other measures.

Authority

All governing authority for ECH resides with the Hospital Board except that which may be lawfully delegated to a specific Board committee. The Committee will report to the full Board at the next scheduled meeting any action or recommendation taken within the Committee’s authority. The Committee has the authority to select, recommend engagement, and supervise any consultant hired by the Board to advise the Board or Committee on issues related to clinical quality, safety, patient care and experience, risk prevention/risk management, and quality improvement. In addition, the Committee, by resolution, may adopt a temporary advisory committee (ad hoc) of less than a quorum of the members of the Committee. The resolution shall state the total number of members, the number of board members to be appointed, and the specific task or assignment to be considered by the advisory committee.

Voting members of the Committee shall include the directors assigned to the Committee and external (non-director) members appointed to the Committee.

The Committee, by resolution, may adopt a temporary advisory committee (ad hoc) of less than a quorum of the members of the Committee. The resolution shall state the total number of members, the number of board members to be appointed, and the specific task or assignment to be considered by the advisory committee.

Membership

- The Committee shall be comprised of two (2) or more Hospital Board members. The Chair of the Committee shall be appointed by the Board Chair, subject to approval by the Board. All members of the Committee shall be eligible to serve as Chair of the Committee.
- The Quality Committee may also include 1) no more than nine (9) external (non-Hospital Board member) members with expertise in assessing quality indicators, quality processes (*e.g.*, LEAN), patient safety, care integration, payor industry issues, customer service issues, population health management, alignment of goals and incentives, or medical staff members, and members who have previously held executive positions in other hospital institutions (*e.g.*, CNO, CMO,

HR) and 2) no more than two (2) patient advocate members who have had significant exposure to ECH as a patient and/or family member of a patient. Approval of the full Board is required if more than nine external members are recommended to serve on this committee.

- All Committee members shall be appointed by the Board Chair, subject to approval by the Board, for a term of one year expiring on June 30th each year, renewable annually.
- It shall be within the discretion of the Chair of the Committee to appoint a Vice Chair from among the members of the Committee. If the Chair of the Committee is not a Hospital Board Director, the Vice Chair of the Committee shall be a Hospital Board Director.

Staff Support and Participation

The Chief Medical Officer (CMO) shall serve as the primary staff support to the Committee and is responsible for drafting the committee meeting agenda for the Committee Chair's consideration. Additional clinical representatives as well as members of the executive team may participate in the Committee meetings upon the recommendation of the CMO and subsequent approval from both the CEO and Committee Chair. ~~This~~ may include the Chiefs/Vice Chiefs of the Medical Staff.

General Responsibilities

The Committee's primary role is to develop a deep understanding of the organizational strategic plan, the quality plan, and associated risk management/prevention and performance improvement strategies and to advise the management team and the Board on these matters. With input from the Committee and other key stakeholders, the management team shall develop dashboard metrics that will be used to measure and track quality of care and outcomes, and patient satisfaction for the Committee's review and subsequent approval by the Board. It is the management team's responsibility to develop and provide the Committee with reports, plans, assessments, and other pertinent materials to inform, educate, and update the Committee, thereby allowing Committee members to engage in meaningful, data-driven discussions. Upon careful review and discussion and with input from management, the Committee shall then make recommendations to the Board. The Committee is responsible for 1) ensuring that performance metrics meet the Board's expectations; 2) align those metrics and associated process improvements to the quality plan, strategic plan, organizational goals, ~~and quality plan~~; and 3) ensuring that communication to the Board and external constituents is well executed.

Specific Duties

The specific duties of the Committee include the following:

- Oversee management's development of a multi-year strategic quality plan (PaCT) ~~to benchmark progress using a dashboard.~~
- Review and approve an annual "Quality Dashboard" for tracking purposes.
- Oversee management's development of Hospital's goals encompassing the measurement and improvement of safety, risk, efficiency, patient-centeredness, patient satisfaction, and the scope of continuum of care services.
- Review reports related to ECH-wide quality and patient safety initiatives in order to monitor and oversee the quality of patient care and service provided. Reports will be provided in the following areas:

- ECH-wide performance regarding the quality care initiatives and goals highlighted in the strategic plan.
- ECH-wide patient safety goals and hospital performance relative to patient safety targets.
- ECH-wide patient safety surveys (including the culture of safety survey), sentinel event and red alert reports, and risk management reports.
- ECH-wide LEAN management activities and cultural transformation work.
- ECH-wide patient satisfaction and patient experience surveys.
- ECH-wide physician satisfaction surveys.
- Ensure the organization demonstrates proficiency through full compliance with regulatory requirements, to including, but limited to, The Joint Commission (TJC), Department of Health and Human Services (HHS), California Department of Public Health (CDPH), and Office of Civil Rights (OCR).
- In cooperation with the Compliance Committee, review results of regulatory and accrediting body reviews and monitor compliance and any relevant corrective actions with accreditation and licensing requirements.
- Review ~~s~~Sentinel ~~e~~Events (SE), Seriously Safety Events (SSE), and red alerts as per the hospital and board policy.
- Oversee organizational quality and safety performance improvement for both hospital and medical staff activities ~~and ensure that tactics and plans, including large-scale IT projects that target clinical needs, are appropriate and move the organization forward with respect to objectives described in the strategic plan.~~
- Ensure that ECH scope of service and community activities and resources are responsive to community need.

Committee Effectiveness

The Committee is responsible for establishing its annual goals, objectives and work plan in alignment with the Board and Hospital's strategic goals. The Committee shall be focused on continuous improvement with regard to its processes, procedures, materials, and meetings, and other functions to enhance its contribution to the full Board. Committee members shall be responsible for keeping themselves up to date with respect to drivers of change in healthcare and their impact on quality activities and plans.

Meetings and Minutes

The Committee shall meet at least once per quarter. The Committee Chair shall determine the frequency of meetings based on the Committee's annual goals and work plan. Minutes shall be kept by the assigned staff and shall be delivered to all members of the Committee when the agenda for the subsequent meeting is delivered. The approved minutes shall be forwarded to the Board for information-for review and approval.

Meetings and actions of all committees of the Board shall be governed by, and held and taken in accordance with, the provisions of Article VI of the Bylaws, concerning meetings and actions of directors. Special meetings of committees may also be called by resolution of the Board or the Committee Chair. Notice of special meetings of committees shall also be given to any and all alternate members, who shall



have the right to attend all meetings of the Committee. Notice of any special meetings of the Committee requires a 24 hour notice.

**EL CAMINO HOSPITAL
BOARD MEETING COVER MEMO**

To: El Camino Hospital Board of Directors
From: Cindy Murphy, Director of Governance Services
Date: November 14, 2018
Subject: Board and Committee Education Policy

Recommendation(s):

To approve the proposed revisions to the Board and Committee Education Policy – Appendix A.

Summary:

1. Situation: The Board and Committee Education Policy (“the Policy”) was last reviewed and approved as revised on February 14, 2018. At that time, the total allowance for Board and Committee Education was increased from \$60,000 to \$75,000 to accommodate for the addition of two new Board members, but the allowance per individual Board member or Committee has not changed since at least 2014.
2. Authority: Board approval is required for Board policies.
3. Background: No revisions to the body of the policy or Appendix B are recommended at this time.
4. Assessment: The proposed revision to Appendix A increases the allowance by \$1,000 per Board member and \$1,000 per Committee and leaves a \$10,000 buffer for speakers at Board Retreats or Joint Board and Committee Education Sessions. The revisions are proposed to accommodate increasing rates for hotels, airfares, ground transportation, and meals while traveling.
5. Other Reviews: The Governance Committee recommended these revisions for approval at its November 6, 2018 meeting.
6. Outcomes: N/A

List of Attachments:

1. Proposed Revised Board and Committee Education Policy

Suggested Board Discussion Questions: None. This is a consent item.

TITLE: Board and Advisory Committee Continuing Education Policy**CATEGORY:** Administrative**LAST APPROVAL:** Draft Revised November 6, 2018 February 14, 2018**TYPE:**

Policy



Protocol



Scope of Service/ADT



Procedure



Standardized Process/Procedure

SUB-CATEGORY:Board**OFFICE OF ORIGIN:**

Administration

ORIGINAL DATE:

November 14, 2012

I. COVERAGE:

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

II. PURPOSE:

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

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

IV. DEFINITIONS:

N/A

V. REFERENCES:

Appendices A and B attached.

VI. PROCEDURE:

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

TITLE:	Board and Advisory Committee Continuing Education Policy
CATEGORY:	Administrative
LAST APPROVAL:	<u>Draft Revised November 6, 2018</u> February 14, 2018

B. Expectations of Board and Advisory Committees:

1. Board of Directors:

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

2. Board Advisory Committees:

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

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

TITLE: Board and Advisory Committee Continuing Education Policy

CATEGORY: Administrative

LAST APPROVAL: Draft Revised November 6, 2018 February 14, 2018

D. Budget and Delegated Authority:

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

E. Requesting Funding for Training:

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

TITLE:	Board and Advisory Committee Continuing Education Policy
CATEGORY:	Administrative
LAST APPROVAL:	<u>Draft Revised November 6, 2018</u> February 14, 2018

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

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

VII. APPROVAL:

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

Historical Approvals:	11/14/12, 3/12/14, 8/13/14, 5/13/15, 2/14/18
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VIII. ATTACHMENTS (if applicable):

Appendix A - Budget for FY 2019-2021

Appendix B – Report on Educational Activity

Appendix A

Fiscal Year: 2019-2021

	Limit Amount
Total Annual Training Budget for Board and Committees	\$ 9075 ,000
Individual Limit for Hospital Directors	\$ 5,000 4,000 per person
Committee Chair Approval Limit	\$ 5,000 4,000 per committee

**EL CAMINO HOSPITAL
BOARD MEETING COVER MEMO**

To: El Camino Hospital Board of Directors
From: Imtiaz Qureshi, MD, Enterprise Chief of Staff
Linda Teagle, MD Chief of Staff Los Gatos
Date: November 14, 2018
Subject: Medical Staff Report – Open Session

Recommendation:

To approve the Medical Staff Report, including Policies and Scopes of Service identified in the attached list.

Summary:

1. **Situation:** The Medical Executive Committee met on October 25, 2018.
2. **Background:** We received informational reports as follows:
 - A. The CEO informed the Committee of the appointment of the new COO, Jim Griffith and shared his background and accomplishments. The Committee was also reminded of the impending TJC survey that can occur any time between now and January 2019. ECH has been recognized as one of the AHA and CHIME's 2018 Most Wired organizations and the Interventional Pulmonary Team here at ECH performed the first lung reduction procedure using the PulmonX Valve. He also applauded the outcomes of the MitraClip Percutaneous Therapy (COAPT) trial that were shared at an international interventional cardiovascular meeting. MEC was also told that \$63.5 million was invested in community benefit activities in FY18.
 - B. We were provided an update on the FY19 Organizational Goals for Quality and Safety from the CMO. He also shared with the MEC the regulatory and legal requirements behind the Disclosure of Unanticipated Outcome Information Policy and how it also weighs in with Leapfrog Safety Scores.
3. **Other Review:** The MEC approved the Policies and Scopes of Service identified in the attached list.
4. **Confidentiality Statement:** The Confidentiality Statement presented in the initial and reappointment applications will be changed to the standard form used for employees, volunteers, and vendors in accordance with the Compliance Department guidelines.
5. **SCCMA:** ECH Medical Staff Representative to the Santa Clara County Medical Association (SCCMA), Lewis Osofsky, MD provided the MEC with updates from the most recent SCCMA conference including legislation aimed at combatting opioid prescription abuse.
6. **2018 Medical Staff Flu Vaccination:** The current rate of medical staff members and allied health staff compliance with flu vaccination/declination participation is at 47%. The schedule of remaining flu clinics was provided to MEC members. The MEC agreed that a memo from the Chief of Staff and CMO will be sent to medical staff members and allied health staff who have

not received the flu vaccine or completed the declination form by the deadline of October 31 that they will have 30 days to comply in accordance with Article 7.3-10 of the Medical Staff Bylaws.

List of Attachments:

1. Spreadsheet showing approved Policy and Scopes of Service

Suggested Board Discussion Questions: None. This is a consent item.

SUMMARY OF POLICIES FOR REVIEW AND APPROVAL - BOARD			
		14-Nov-18	
DOCUMENTS WITH MINOR REVISIONS			
Document Name	Department	Type of Document	Summary of Policy Changes
Scope of Service-Anatomic Pathology MV	Laboratory	Scope	Updated dept hours & corrected spelling error
Scope of Service-Clinical Laboratory Services MV	Laboratory	Scope	Added MLT
Scope of Service -Pathology Services LG	Laboratory	Scope	Expanded LG Path Scope of Service document to incorporate same components as MV's document but retained LG specifics (e.g. hours of operation). Added Cytology on-site services. ES

DOCUMENTS WITH NO REVISIONS			
Document Name	Department	Type of Document	
Specimen Collection Using Soft ID System	Laboratory	Scope	



El Camino Hospital[®]

THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations Fiscal Year 2019 – Period 1

7/1/2018 to 7/31/2018

Finance Committee

Iftikhar Hussain, CFO

September 24, 2018

Financial Overview

Volume:

- For the first period of the year, IP volume (Acute Discharges) were below budget by 8.1% and below prior year by 10.2%. Deliveries were below budget by 12.8% and below prior year by 14.8%. The majority of the IP decline occurred in the MCH, HVI and General Medicine service lines respectively for both current and prior year.
- OP cases were favorable to budget by 2.1% and greater than prior year by 2.3%. Most notable increases in Imaging and Lab, however General Medicine as well as Oncology have decreased.

Financial Performance:

- Net Patient Revenue was unfavorable to budget by 1.7% and above prior year by 1.4%. Driven primarily by lower IP activity partially offset by the increase in OP cases.
- Operating Expense was favorable to budget by 3.8% and above prior year by 9.5%. Primarily due to flexing of labor in line with reduction in volumes and timing in hiring budgeted management positions.
- Operating income was \$1.0M favorable to budget and \$4.9M below prior year.
- Strong investments continue for July, investment earnings are \$8.4 million ahead of target.

Payor Mix:

- Commercial was on budget. Medicare was slightly below budget by 1.2% while Medi-Cal was slightly above budget by 1.1%. Compared for prior year, Commercial has dropped 1.6% and Medi-Cal has increased 2.3%.

Cost:

- Prod Hrs/APD for July is favorable vs target by 3%.

Balance Sheet:

- Net days in AR is 45.9 which is 2.1 days better than budget.

Dashboard - ECH combined as of July 31, 2018

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
Volume								
Licensed Beds	443	443	443	-	443	443	443	-
ADC	233	216	234	(19)	233	216	234	(19)
Utilization MV	64%	59%	66%	-7%	64%	59%	66%	-7%
Utilization LG	29%	27%	26%	1%	29%	27%	26%	1%
Utilization Combined	53%	49%	53%	-4%	53%	49%	53%	-4%
Adjusted Discharges	3,003	2,781	2,845	(64)	3,003	2,781	2,845	(64)
Total Discharges (Excl NNB)	1,698	1,520	1,658	(138)	1,698	1,520	1,658	(138)
Inpatient Cases								
MS Discharges	1,180	1,065	1,154	(89)	1,180	1,065	1,154	(89)
Deliveries	392	334	383	(49)	392	334	383	(49)
BHS	95	79	90	(11)	95	79	90	(11)
Rehab	31	42	31	11	31	42	31	11
Outpatient Cases	11,777	12,045	11,793	252	11,777	12,045	11,793	252
ED	4,032	4,050	3,964	86	4,032	4,050	3,964	86
Procedural Cases								
OP Surg	353	358	356	2	353	358	356	2
Endo	199	198	203	(5)	199	198	203	(5)
Interventional	174	172	187	(15)	174	172	187	(15)
All Other	7,019	7,267	7,083	184	7,019	7,267	7,083	184
Financial Perf.								
Net Patient Revenues	69,679	70,623	71,859	(1,236)	69,679	70,623	71,859	(1,236)
Total Operating Revenue	71,684	72,437	73,937	(1,500)	71,684	72,437	73,937	(1,500)
Operating Expenses	59,541	65,213	67,768	(2,556)	59,541	65,213	67,768	(2,556)
Operating Income \$	12,143	7,224	6,169	1,055	12,143	7,224	6,169	1,055
Operating Margin	16.9%	10.0%	8.3%	1.6%	16.9%	10.0%	8.3%	1.6%
EBITDA \$	16,451	11,567	10,787	781	16,451	11,567	10,787	781
EBITDA %	22.9%	16.0%	14.6%	1.4%	22.9%	16.0%	14.6%	1.4%
Payor Mix								
Medicare	46.0%	45.5%	46.7%	-1.2%	46.0%	45.5%	46.7%	-1.2%
Medi-Cal	6.9%	9.2%	8.1%	1.1%	6.9%	9.2%	8.1%	1.1%
Commercial IP	23.1%	21.7%	22.9%	-1.2%	23.1%	21.7%	22.9%	-1.2%
Commercial OP	21.0%	20.9%	19.7%	1.2%	21.0%	20.9%	19.7%	1.2%
Total Commercial	44.2%	42.6%	42.6%	0.0%	44.2%	42.6%	42.6%	0.0%
Other	2.9%	2.8%	2.6%	0.1%	2.9%	2.8%	2.6%	0.1%
Cost								
Total FTE	2,569.5	2,564.8	2,611.8	(47)	2,569.5	2,564.8	2,611.8	(47)
Productive Hrs/APD	30.3	31.5	32.4	(1)	30.3	31.5	32.4	(1)
Balance Sheet								
Net Days in AR	47.7	45.9	48.0	(2)	47.7	45.9	48.0	(2)
Days Cash	505	529	266	263	505	529	266	263
Affiliates - Net Income (\$000s)								
Hosp	17,341	14,975	6,625	8,350	17,341	14,975	6,625	8,350
Concern	336	557	37	519	336	557	37	519
ECSC	(2)	(1)	0	(1)	(2)	(1)	0	(1)
Foundation	202	507	151	356	202	507	151	356
SVMD	(82)	554	(88)	642	(82)	554	(88)	642

Budget Variances

Fiscal Year 2019 YTD (7/1/2018-07/31/2018) Waterfall

(in thousands; \$000s)	Year to Date (YTD)	
	Net Income	% Net Revenue
Budgeted Hospital Operations FY2019	6,169	8.3%
Net Revenue - Sharp decreases in IP volume	(1,500)	-2.1%
Labor and Benefit Expense Change - Flexing in staff and mgmt positions not yet filled.	1,459	2.0%
Professional Fees & Purchased Services - Consulting services not expensed.	482	0.7%
Supplies - Medical and Non Medical Supplies are over budget, but savings in Drugs offset the variance	225	0.3%
Other Expenses - planned services not yet expensed.	115	0.2%
Depreciation & Interest	275	0.4%
Actual Hospital Operations FY2019	7,224	10.0%

El Camino Hospital (\$000s)

Period ending 07/31/2018

Period 1 FY 2018	Period 1 FY 2019	Period 1 Budget 2019	Variance Fav (Unfav)	Var%		YTD FY 2018	YTD FY 2019	YTD Budget 2019	Variance Fav (Unfav)	Var%
					\$000s					
					OPERATING REVENUE					
250,848	265,640	275,902	(10,261)	-3.7%	Gross Revenue	250,848	265,640	275,902	(10,261)	-3.7%
(181,169)	(195,018)	(204,043)	9,025	1.0%	Deductions	(181,169)	(195,018)	(204,043)	9,025	-4.4%
69,679	70,623	71,859	(1,236)	-1.7%	Net Patient Revenue	69,679	70,623	71,859	(1,236)	-1.7%
2,005	1,814	2,078	(264)	-12.7%	Other Operating Revenue	2,005	1,814	2,078	(264)	-12.7%
71,684	72,437	73,937	(1,500)	-2.0%	Total Operating Revenue	71,684	72,437	73,937	(1,500)	-2.0%
					OPERATING EXPENSE					
38,215	40,062	41,521	1,459	3.5%	Salaries & Wages	38,215	40,062	41,521	1,459	3.5%
8,209	9,939	10,164	225	2.2%	Supplies	8,209	9,939	10,164	225	2.2%
7,035	8,435	8,917	482	5.4%	Fees & Purchased Services	7,035	8,435	8,917	482	5.4%
1,775	2,434	2,549	115	4.5%	Other Operating Expense	1,775	2,434	2,549	115	4.5%
418	121	323	202	62.6%	Interest	418	121	323	202	62.6%
3,890	4,222	4,295	72	1.7%	Depreciation	3,890	4,222	4,295	72	1.7%
59,541	65,213	67,768	2,556	3.8%	Total Operating Expense	59,541	65,213	67,768	2,556	3.8%
12,143	7,224	6,169	1,055	17.1%	Net Operating Income/(Loss)	12,143	7,224	6,169	1,055	17.1%
5,198	7,751	456	7,295	1598.3%	Non Operating Income	5,198	7,751	456	7,295	1598.3%
17,341	14,975	6,625	8,350	126.0%	Net Income(Loss)	17,341	14,975	6,625	8,350	126.0%
22.9%	16.0%	14.6%	1.4%		EBITDA	22.9%	16.0%	14.6%	1.4%	
16.9%	10.0%	8.3%	1.6%		Operating Margin	16.9%	10.0%	8.3%	1.6%	
24.2%	20.7%	9.0%	11.7%		Net Margin	24.2%	20.7%	9.0%	11.7%	

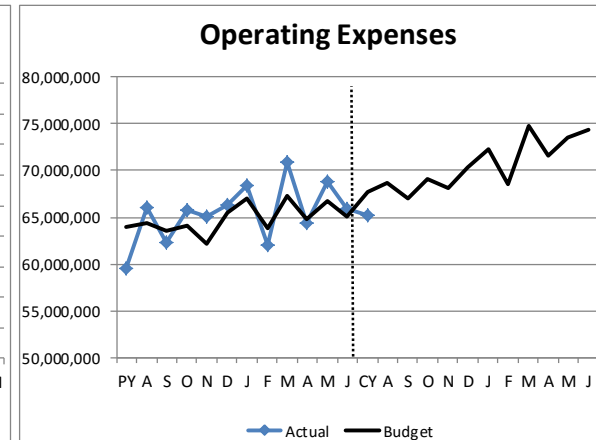
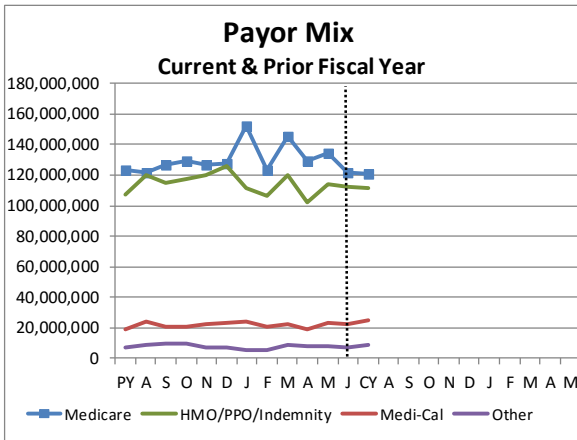
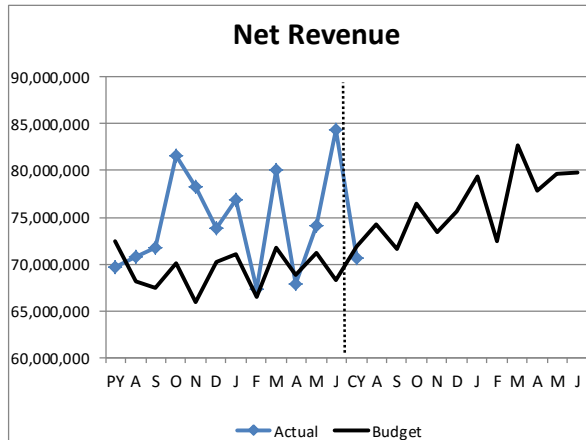
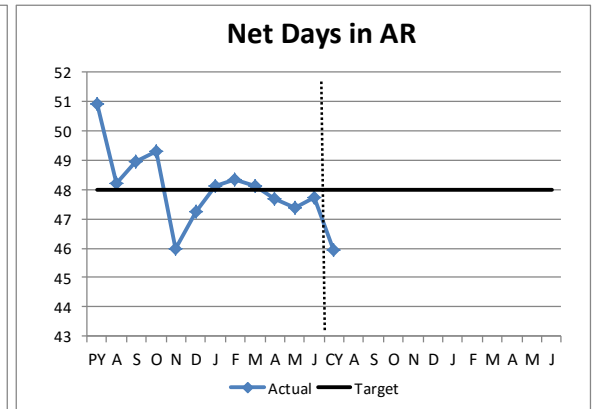
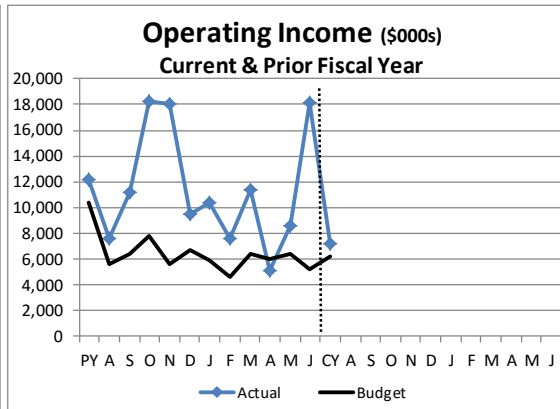
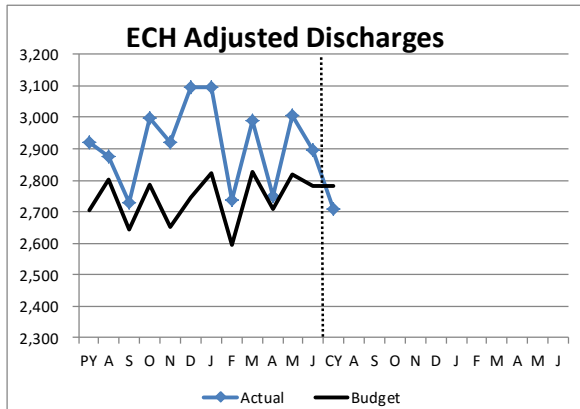
Non Operating Items and Net Income by Affiliate

\$ in thousands

	Period 1 - Month			Period 1 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	7,041	5,086	1,956	7,041	5,086	1,956
Los Gatos	182	1,083	(900)	182	1,083	(900)
Sub Total - El Camino Hospital, excl. Affiliates	7,224	6,169	1,055	7,224	6,169	1,055
Operating Margin %	10.0%	8.3%		10.0%	8.3%	
El Camino Hospital Non Operating Income						
Investments	10,867	2,478	8,389	10,867	2,478	8,389
Swap Adjustments	298	(100)	398	298	(100)	398
Community Benefit	(2,581)	(300)	(2,281)	(2,581)	(300)	(2,281)
Pathways	(235)	0	(235)	(235)	0	(235)
Satellite Dialysis	0	(25)	25	0	(25)	25
Community Connect	0	(53)	53	0	(53)	53
SVMD Funding ¹	(398)	(1,219)	821	(398)	(1,219)	821
Other	(199)	(324)	125	(199)	(324)	125
Sub Total - Non Operating Income	7,751	456	7,295	7,751	456	7,295
El Camino Hospital Net Income (Loss)	14,975	6,625	8,350	14,975	6,625	8,350
ECH Net Margin %	20.7%	9.0%		20.7%	9.0%	
Concern	557	37	519	557	37	519
ECSC	(1)	0	(1)	(1)	0	(1)
Foundation	507	151	356	507	151	356
Silicon Valley Medical Development	554	(88)	642	554	(88)	642
Net Income Hospital Affiliates	1,616	100	1,516	1,616	100	1,516
Total Net Income Hospital & Affiliates	16,592	6,725	9,866	16,592	6,725	9,866

¹Favorable variances for SVMD and Community Connect are due to delayed implementation

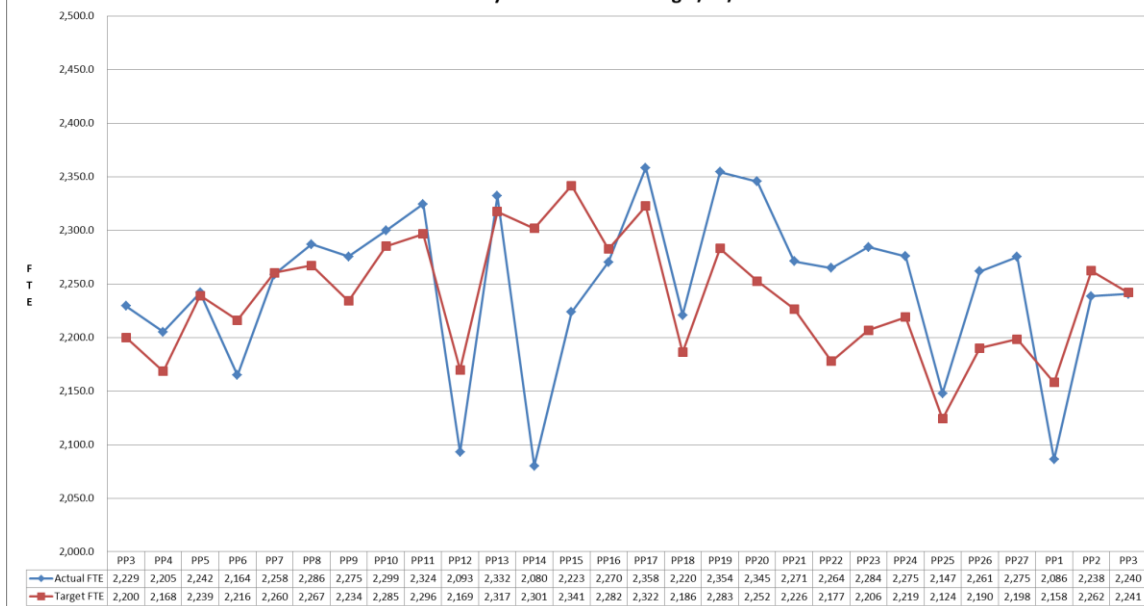
Monthly Financial Trends



Productivity and Medicare Length of Stay

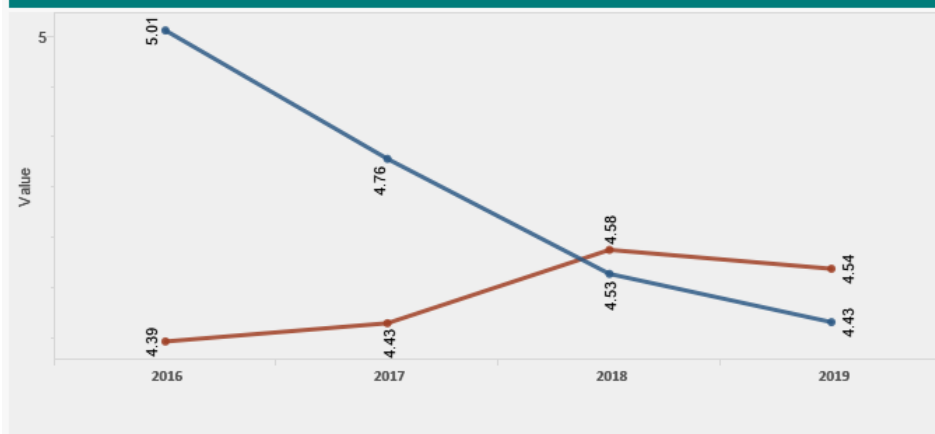
At or below FTE target for the first three pay periods of the year.

El Camino Hospital Actual vs. Target Productive FTE Trend
Pay Period Trend ending 8/11/18

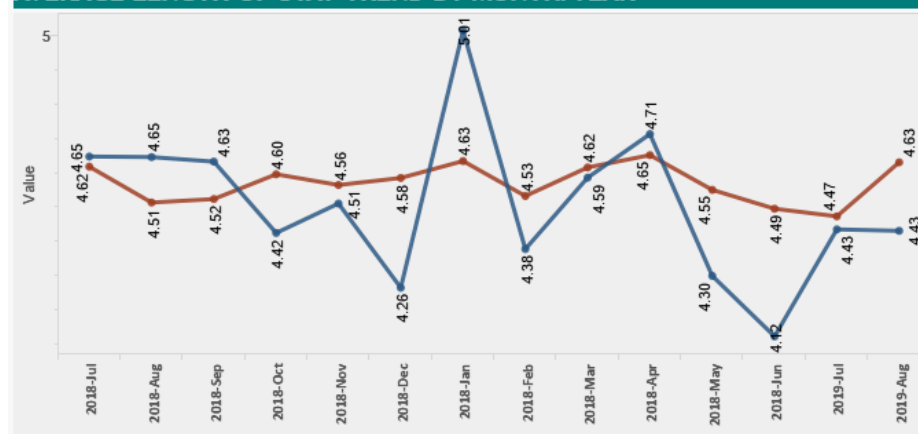


ALOS vs Milliman well-managed benchmark. Trend shows remarkable and steady improvement with FY 2019 below benchmark (blue). Increase in benchmark beginning in FY 2017 due to Clinical Documentation Improvement (CDI)

AVERAGE LENGTH OF STAY TREND BY MONTH/YEAR



AVERAGE LENGTH OF STAY TREND BY MONTH/YEAR



Inpatient Volume

Inpatient	Annual Trend							FY 19 Bud vs FY 18		Month				
ServLn	2014	2015	2016	2017	2018	Bud 2018	Bud 2019	Cases	Percent	PY	CY	Bud	Bud Var	PY Var
Behavioral Health	1,012	1,052	928	924	1,099	912	1,062	(37)	-3.3%	96	83	91	(8)	(13)
General Medicine	4,160	4,591	4,459	4,962	5,288	4,679	5,325	37	0.7%	449	402	418	(16)	(47)
General Surgery	1,243	1,150	1,311	1,317	1,304	1,306	1,344	40	3.1%	95	99	100	(1)	4
GYN	390	313	293	270	244	275	255	11	4.5%	17	11	15	(4)	(6)
Heart and Vascular	1,859	1,998	2,001	2,203	2,372	2,082	2,445	73	3.1%	199	157	191	(34)	(42)
MCH	6,695	6,371	5,951	5,819	5,713	6,206	5,764	51	0.9%	498	422	482	(60)	(76)
Neurosciences	667	672	677	688	871	697	907	36	4.1%	77	70	85	(15)	(7)
Oncology	606	564	652	594	633	572	726	93	14.7%	46	61	47	14	15
Orthopedics	1,695	1,773	1,746	1,690	1,707	1,762	1,819	112	6.6%	137	133	141	(8)	(4)
Other	5	1				-	-	-			14	-	14	14
Rehab Services	547	555	500	461	442	497	436	(6)	-1.4%	31	42	31	11	11
Spine Surgery	377	429	417	474	375	478	465	90	24.0%	29	20	30	(10)	(9)
Urology	172	169	234	257	254	240	274	20	7.9%	25	11	26	(15)	(14)
	19,428	19,638	19,169	19,659	20,302	19,705	20,823	521	2.6%	1,699	1,525	1,659	(134)	(174)
Change		1.1%	-2.4%	2.6%	3.3%	0.2%	2.6%						-8.1%	-10.2%

- Strong growth trend in of the last 2 years built into the FY 19 budget
- July volume lower than PY and budget

Outpatient Volume

Outpatient	2014	2015	2016	2017	2018	Bud 2018	Bud 2019		Cases	Percent		PY	CY	Bud	Bud Var	PY Var
Behavioral Health	911	886	2,395	3,262	3,152	3,282	3,417		265	8.4%		260	224	260	(36)	(36)
Dialysis	1,060	154	7						-						-	-
Emergency	46,005	49,077	48,576	48,615	49,428	48,975	49,122		(306)	-0.6%		4,032	4,035	3,964	71	3
General Medicine	5,969	5,999	6,569	6,540	7,046	6,504	6,850		(196)	-2.8%		544	619	559	60	75
General Surgery	1,840	1,854	1,798	1,843	2,007	2,049	2,068		61	3.0%		149	156	150	6	7
GYN	1,221	1,308	1,018	1,080	1,096	1,172	1,171		75	6.8%		81	108	79	29	27
Heart and Vascular	2,575	2,719	3,811	4,372	4,367	4,393	4,410		43	1.0%		353	366	365	1	13
Imaging Services	19,549	20,077	17,801	17,244	18,514	17,597	18,744		230	1.2%		1,446	1,582	1,413	169	136
Laboratory Services	30,595	29,710	29,028	29,137	28,576	28,741	29,071		495	1.7%		2,191	2,354	2,182	172	163
MCH	5,038	4,830	5,092	5,583	5,646	5,200	5,928		282	5.0%		466	449	458	(9)	(17)
Neurosciences	110	61	127	125	114	142	155		41	36.0%		11	5	13	(8)	(6)
Oncology	4,002	4,174	14,306	18,578	19,279	19,438	22,037		2,758	14.3%		1,545	1,482	1,588	(106)	(63)
Orthopedics	866	776	584	616	642	588	714		72	11.2%		46	43	53	(10)	(3)
Other	664	635	629	543	513	703	607		94	18.3%		40	50	37	13	10
Outpatient Clinics	1,817	1,706	1,681	1,304	1,890	1,450	1,517		(373)	-19.7%		172	138	93	45	(34)
Rehab Services	1,732	1,747	3,951	4,518	4,929	4,326	4,900		(29)	-0.6%		398	444	395	49	46
Sleep Center	160	223	499	368	211	720	300		89	42.2%		12	14	23	(9)	2
Spine Surgery	325	401	309	324	310	331	326		16	5.2%		21	15	21	(6)	(6)
Urology	1,758	1,773	1,740	1,898	1,785	1,875	2,058		273	15.3%		138	123	138	(15)	(15)
	126,197	128,110	139,921	145,950	149,505	147,485	153,395		3,890	2.6%		11,905	12,207	11,793	414	302
Change		1.5%	9.2%	4.3%	2.4%	1.1%	2.6%								3.5%	2.5%

- Growth primarily in imaging and lab
- Drop in oncology, urology

ECH Operating Margin

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



FY 2019 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>			
Revenue	Adjustments	J	YTD
	Mcare Settlmt/Appeal/Tent Settlmt/PIP	141	141
	Various Adjustments under \$250k	4	4
	Total	145	145

El Camino Hospital Investment Committee Scorecard

June 30, 2018

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY18 Year-end Budget	Expectation Per Asset Allocation
Investment Performance		2Q 2018		Fiscal Year-to-date		5y 8m Since Inception (annualized)			2018
Surplus cash balance*		\$942.9	--	--	--	--	--	\$926.1	--
Surplus cash return		1.3%	0.8%	6.9%	5.8%	5.7%	5.4%	1.9%	5.3%
Cash balance plan balance (millions)		\$264.4	--	--	--	--	--	\$257.1	--
Cash balance plan return		2.0%	0.9%	8.9%	7.0%	8.1%	7.2%	6.0%	5.7%
403(b) plan balance (millions)		\$464.6	--	--	--	--	--	--	--
Risk vs. Return		3-year				5y 8m Since Inception (annualized)			2018
Surplus cash Sharpe ratio		0.99	0.96	--	--	1.30	1.24	--	0.43
Net of fee return		5.3%	5.0%	--	--	5.7%	5.4%	--	5.3%
Standard deviation		4.7%	4.6%	--	--	4.1%	4.0%	--	6.7%
Cash balance Sharpe ratio		1.02	0.96	--	--	1.41	1.31	--	0.40
Net of fee return		6.6%	5.9%	--	--	8.1%	7.2%	--	5.7%
Standard deviation		5.8%	5.5%	--	--	5.4%	5.2%	--	8.1%
Asset Allocation		2Q 2018							
Surplus cash absolute variances to target		7.2%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		6.1%	< 10%	--	--	--	--	--	--
Manager Compliance		2Q 2018							
Surplus cash manager flags		20	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		22	< 27 Green < 34 Yellow	--	--	--	--	--	--

*Excludes debt reserve funds (~\$223 mm), District assets (~\$33 mm), and balance sheet cash not in investable portfolio (~\$133 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
CIP	EPIC Upgrade			1.9	1.1	1.9	1.9	0.0	1.1
IT Hardware, Software, Equipment & Imaging*				12.2	1.2	12.2	12.2	0.0	1.2
Medical & Non Medical Equipment FY 17**				14.0	13.0	8.6	0.0	8.6 ²	7.6
Medical & Non Medical Equipment FY 18***				5.6	6.3	5.6	5.6	0.0	6.3
Facility Projects									
	1245 Behavioral Health Bldg	FY16	96.1	96.1	45.4	27.0	51.4	-24.4 ¹	27.8
	1413 North Drive Parking Expansion	FY15	24.5	24.5	24.2	2.6	3.4	-0.8	4.5
	1414 Integrated MOB	FY15	302.1	302.1	119.0	72.0	130.1	-58.1 ¹	73.1
	1422 CUP Upgrade	FY16	9.0	9.0	7.6	5.5	4.0	1.5	5.3
	1430 Women's Hospital Expansion	FY16	120.0	6.0	3.2	3.6	7.0	-3.4	2.8
	1425 IMOB Preparation Project - Old Main	FY16	20.0	0.0	2.8	0.0	0.0	0.0	0.2
	1502 Cabling & Wireless Upgrades	FY16	0.0	0.0	2.6	0.0	0.0	0.0	0.2
	1525 New Main Lab Upgrades		3.1	3.1	2.2	2.5	0.0	2.5	1.7
	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	0.2	0.5	0.5	0.0	0.2
	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	3.8	0.0	0.0	0.0	0.4
	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	9.0	8.9	0.6	0.7	-0.1	1.6
	1307 LG Upgrades	FY13	19.3	19.3	17.8	4.9	5.0	-0.1	3.9
	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	4.9	3.5	3.5	0.0	4.6
	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	0.2	0.4	0.0	0.4	0.2
	All Other Projects under \$1M		5.6	0.1	90.9	1.8	0.0	1.8	4.1
GRAND TOTAL			684.4	479.6	338.3	128.0	211.9	-83.9	131.2
				499.4	360.0	156.5	231.7	-75.2	147.4

* Excluding EPIC

** Unspent Prior Year routine used as contingency

*** Includes 2 robot purchases

¹ Variance due to delay in MV campus plan

² Initial assumption was to spend all FY17 in FY17

Balance Sheet (in thousands)

ASSETS

	July 31, 2018	UnAudited June 30, 2017
CURRENT ASSETS		
Cash	123,936	118,992
Short Term Investments	147,279	150,664
Patient Accounts Receivable, net	112,893	117,157
Other Accounts and Notes Receivable	2,753	3,402
Intercompany Receivables	1,755	2,090
(1) Inventories and Prepaids	79,809	75,594
Total Current Assets	468,425	467,901
BOARD DESIGNATED ASSETS		
Plant & Equipment Fund	155,033	153,784
(2) Women's Hospital Expansion	13,967	9,298
(3) Operational Reserve Fund	139,057	127,908
(4) Community Benefit Fund	16,111	18,675
Workers Compensation Reserve Fund	20,377	20,263
Postretirement Health/Life Reserve Fund	29,262	29,212
PTO Liability Fund	24,199	24,532
Malpractice Reserve Fund	1,831	1,831
Catastrophic Reserves Fund	19,041	18,322
Total Board Designated Assets	418,877	403,826
(5) FUNDS HELD BY TRUSTEE	181,201	197,620
LONG TERM INVESTMENTS	349,723	345,684
INVESTMENTS IN AFFILIATES	32,779	32,412
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,264,618	1,261,854
Less: Accumulated Depreciation	(582,181)	(577,959)
Construction in Progress	222,034	220,991
Property, Plant & Equipment - Net	904,471	904,886
DEFERRED OUTFLOWS	21,127	21,177
RESTRICTED ASSETS - CASH	0	0
TOTAL ASSETS	2,376,603	2,373,506

LIABILITIES AND FUND BALANCE

	July 31, 2018	UnAudited June 30, 2017
CURRENT LIABILITIES		
(6) Accounts Payable	38,747	49,925
(7) Salaries and Related Liabilities	31,310	26,727
Accrued PTO	24,199	24,532
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	10,032	10,068
Intercompany Payables	49	125
Malpractice Reserves	1,831	1,831
Bonds Payable - Current	3,850	3,850
(8) Bond Interest Payable	3,991	12,975
Other Liabilities	8,938	8,909
Total Current Liabilities	125,247	141,242
LONG TERM LIABILITIES		
Post Retirement Benefits	29,262	29,212
Worker's Comp Reserve	18,077	17,963
Other L/T Obligation (Asbestos)	3,868	3,859
Other L/T Liabilities (IT/Medl Leases)	-	-
Bond Payable	517,427	517,781
Total Long Term Liabilities	568,635	568,815
DEFERRED REVENUE-UNRESTRICTED	482	528
DEFERRED INFLOW OF RESOURCES	22,835	22,835
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	1,240,527	1,236,259
Board Designated	418,877	403,825
Restricted	0	0
(9) Total Fund Bal & Capital Accts	1,659,404	1,640,085
TOTAL LIABILITIES AND FUND BALANCE	2,376,603	2,373,506

July 2018 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) Increase is primarily due to a Cash Balance funding in July of \$2,600,000.
- (2) Increase of \$4.7 million is a partial transfer of the District's June approval of \$6.2 million to fund the Women's Hospital Expansion project. The remaining amount will occur in subsequent months.
- (3) The increase here is to reset the Operational Reserve (to cover 60 days of operating expenses) for FY2019.
- (4) The decrease is due to the first wave of Grants and Sponsorships paid to Community Benefit recipients in July.
- (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) Decrease is due to significant yearend accruals that were paid out in July.
- (7) Increase in due to an additional three (3) days of payroll accrual needed in the month of July.
- (8) Decrease is due to semi-annual Revenue Bond payments for the 2015A and 2017 bond debt.
- (9) The increase is due to a combination of July's net income and within the Board Designated Funds the increase in the Operational Reserve and the Women's Hospital Expansion.

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. At the end of fiscal year 2018 another \$6.2 million was added to this fund.
- **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 the current 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 \$500,000 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, in fiscal year it generated over \$1.1 million of 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. At the end of fiscal year 2018, GASB #75 was implemented that now represents the full actuarially determined liability.
- **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)

Period ending 07/31/2018

Period 1	Period 1	Period 1	Variance			YTD	YTD	YTD	Variance	
FY 2018	FY 2019	Budget 2019	Fav (Unfav)	Var%	\$000s	FY 2018	FY 2019	Budget 2019	Fav (Unfav)	Var%
OPERATING REVENUE										
207,481	218,059	228,863	(10,804)	-4.7%	Gross Revenue	207,481	218,059	228,863	(10,804)	-4.7%
(148,917)	(159,876)	(169,642)	9,767	-5.8%	Deductions	(148,917)	(159,876)	(169,642)	9,767	-5.8%
58,563	58,184	59,220	(1,037)	-1.8%	Net Patient Revenue	58,563	58,184	59,220	(1,037)	-1.8%
1,845	1,552	1,853	(300)	-16.2%	Other Operating Revenue	1,845	1,552	1,853	(300)	-16.2%
60,408	59,736	61,073	(1,337)	-2.2%	Total Operating Revenue	60,408	59,736	61,073	(1,337)	-2.2%
OPERATING EXPENSE										
31,696	33,162	35,051	1,889	5.4%	Salaries & Wages	31,696	33,162	35,051	1,889	5.4%
6,828	7,967	8,356	389	4.7%	Supplies	6,828	7,967	8,356	389	4.7%
5,851	7,071	7,631	561	7.3%	Fees & Purchased Services	5,851	7,071	7,631	561	7.3%
271	886	1,032	145	14.1%	Other Operating Expense	271	886	1,032	145	14.1%
418	121	323	202	62.6%	Interest	418	121	323	202	62.6%
3,400	3,488	3,594	107	3.0%	Depreciation	3,400	3,488	3,594	107	3.0%
48,465	52,695	55,987	3,293	5.9%	Total Operating Expense	48,465	52,695	55,987	3,293	5.9%
11,943	7,041	5,086	1,956	38.5%	Net Operating Income/(Loss)	11,943	7,041	5,086	1,956	38.5%
5,198	7,751	456	7,295	1598.3%	Non Operating Income	5,198	7,751	456	7,295	1598.3%
17,142	14,793	5,542	9,251	166.9%	Net Income(Loss)	17,142	14,793	5,542	9,251	166.9%
26.1%	17.8%	14.7%	3.1%		EBITDA	26.1%	17.8%	14.7%	3.1%	
19.8%	11.8%	8.3%	3.5%		Operating Margin	19.8%	11.8%	8.3%	3.5%	
28.4%	24.8%	9.1%	15.7%		Net Margin	28.4%	24.8%	9.1%	15.7%	

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

Period ending 07/31/2018

Period 1 FY 2018	Period 1 FY 2019	Period 1 Budget 2019	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2018	YTD FY 2019	YTD Budget 2019	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
43,367	47,581	47,039	542	1.2%	Gross Revenue	43,367	47,581	47,039	542	1.2%
(32,252)	(35,142)	(34,400)	(741)	2.2%	Deductions	(32,252)	(35,142)	(34,400)	(741)	2.2%
11,116	12,439	12,639	(199)	-1.6%	Net Patient Revenue	11,116	12,439	12,639	(199)	-1.6%
160	262	226	36	15.9%	Other Operating Revenue	160	262	226	36	15.9%
11,276	12,701	12,864	(163)	-1.3%	Total Operating Revenue	11,276	12,701	12,864	(163)	-1.3%
					OPERATING EXPENSE					
6,518	6,900	6,470	(430)	-6.6%	Salaries & Wages	6,518	6,900	6,470	(430)	-6.6%
1,381	1,972	1,809	(164)	-9.0%	Supplies	1,381	1,972	1,809	(164)	-9.0%
1,184	1,364	1,285	(79)	-6.1%	Fees & Purchased Services	1,184	1,364	1,285	(79)	-6.1%
1,503	1,547	1,517	(30)	-2.0%	Other Operating Expense	1,503	1,547	1,517	(30)	-2.0%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
489	735	700	(34)	-4.9%	Depreciation	489	735	700	(34)	-4.9%
11,076	12,518	11,781	(737)	-6.3%	Total Operating Expense	11,076	12,518	11,781	(737)	-6.3%
200	182	1,083	(900)	-83.2%	Net Operating Income/(Loss)	200	182	1,083	(900)	-83.2%
0	0	0	0	0.0%	Non Operating Income	0	0	0	0	0.0%
200	182	1,083	(900)	-83.2%	Net Income(Loss)	200	182	1,083	(900)	-83.2%
6.1%	7.2%	13.9%	-6.6%		EBITDA	6.1%	7.2%	13.9%	-6.6%	
1.8%	1.4%	8.4%	-7.0%		Operating Margin	1.8%	1.4%	8.4%	-7.0%	
1.8%	1.4%	8.4%	-7.0%		Net Margin	1.8%	1.4%	8.4%	-7.0%	

Capital Spend Trend & FY19 Budget

Capital Spending (in 000's)	Actual FY2016	Actual FY2017	Actual FY2018	Budget 2019
EPIC	20,798	2,755	1,922	-
IT Hardware / Software Equipment	6,483	2,659	12,238	19,732
Medical / Non Medical Equipment	17,133	9,556	14,275	11,206
Non CIP Land, Land I , BLDG, Additions	4,189	-	-	-
Facilities	48,137	82,953	128,030	279,450
GRAND TOTAL	96,740	97,923	156,465	310,388

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
Facilities Projects CIP cont.					
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
Sub-Total Mountain View Projects	8,145	7,219	26,744	5,588	5,535
Los Gatos Capital Projects					
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
Sub-Total Los Gatos Projects	1,150	5,276	6,246	6,116	14,780
Subtotal Facilities Projects CIP	9,294	13,753	38,940	24,130	82,808
Grand Total	27,598	58,561	86,789	96,740	97,923
Forecast at Beginning of year	70,503	70,037	101,607	114,025	212,000



OPEN SESSION CEO Report
November 14, 2018
Dan Woods, CEO

Quality and Safety

Leapfrog notified us that our hospital safety grade has improved from a “C” to a “B” in the latest iteration. We will continue to work toward achieving an “A” score. Our publicly available measures are all in the “A” category, but our self-reported measures such as electronic health record use, care for the caregiver programs, and ICU intensivist coverage are not to the level that Leapfrog demands.

Our opioid epidemic task force completed its work to develop a comprehensive new opioid prescribing policy to significantly reduce the use of these addictive and dangerous medications. We will be introducing new guidelines and restricting the use of opioids for chronic pain management.

The Medical Staff participated in a Culture of Safety and Engagement Pulse Survey from September 17th through October 8th and we are pleased to report that, although the number of physicians participating was low, the engagement scores moved from the 52nd to the 65th percentile ranking when compared to the National Healthcare Engagement Percentile Ranking, as determined by Press Ganey. Although we are encouraged by the survey results, over the next few months we will be working on improving some of the identified concerns and plan to conduct a full survey again in the late spring 2019.

Several members of the Nursing Team attended the Annual Magnet Conference in Denver, Colorado from October 23rd – 26th. This is the largest nursing conference in the world, with over 10,000 nurses sharing best practices from around the world. Following the conference, the team that attended met and determined which best practices to implement at ECH based on strategic priorities. ECH staff Chris Tarver, RN and Suann Schutt, RN presented the work we completed a year ago to a full auditorium. In addition, Debbie Smyth, presented a poster on decreasing the use of PCA (patient controlled analgesia) for pain management in total joint patients using alternative analgesia.

The Interventional Pulmonary Team with Ganesh Krishna, MD performed the first Lung Volume Reduction procedure on the West Coast early in October using the newly FDA released PulmonX valve.

Operations

Our new COO, Jim Griffith, joined us on October 29th. Jim is already engaged in following a structured learning agenda and plan to assimilate as much information as possible while building trusted and productive working relationships with all El Camino stakeholders and team members at both Mountain View and Los Gatos. He will begin to focus on supporting existing initiatives, organizational goals, refining growth plans for all service lines, and enhancing operating results at Los Gatos.

Workforce

On November 7th, we received the results of our Employee Engagement Survey taken by 87% of our employees this year. We are very proud to report that ECH received an overall score of 4.27 – up from 4.09 in 2017! This statistically significant improvement finds that we scored better on 100% of the questions in every area of the survey: employee engagement, culture of safety, and nursing excellence. When compared to the National Healthcare Average (as reported by Press Ganey), we moved from the 40th percentile to the 79th percentile.

Earlier this month, we launched the Transit Subsidy Program for employees encouraging the use of public transportation to and from work by providing a subsidy of up to \$150 per month. We are pleased to report that we have close to 100 employees taking advantage of this new program helping to reduce congestion on the highways and local streets as well as creating more parking spaces for our patients and visitors. On November 12th, we will launch the East Bay Shuttle pilot program, which will transport employees to and from ECH who live in the Fremont and Milpitas areas.

We have launched an “HR Hotline” for all employees who would like to report issues or have HR-related questions.

Financial Services

As of October 24, 2018 we have implemented \$1,349,516 in savings and cost avoidance of \$68,368.37 of our \$2.2 million goal. Savings were captured in infant care, mobility aids, auditory products, wound drainage, arthroscopy supplies, patient warming blankets, and spinal implants.

Marketing and Communications

The marketing team led or supported multiple community events including “A Healthy Mind” events at Homestead High School (parent night, staff education day, and over 5,000 students); AHA’s Heart & Stroke Walk, and the first Women’s Health Fair on Mountain View campus with 200+ attendees, 15 specialty tables staffed by 22 physicians/clinicians and 7 program tables plus two lectures. The team also launched the *Project Pink* digital campaign to increase breast health education and awareness while driving to long-term engagement with our primary target audience.

Information Services

We once again received the designation of “**Most Wired 2018**” which only 40% of hospitals receive for demonstrating leadership and advancement in technology and industry trends. Epic and Carbon Health, the EMR vendor for our newly acquired Urgent Care sites, will share patient record information for improving the patient care experience and interoperability workflows at ECH Urgent Care sites. Within the next four months, we will activate a new physician voice recognition system at the Winchester Clinic. This will to improve physician efficiency by enabling them to use a microphone to convert their voice into text in iCare when documenting patient information. They will also be able to control Epic with their voice.



Corporate and Community Health

CONCERN:EAP launched Luma, its new digital service delivery platform with four pilot organizations. We are now offering video counseling with 50 counselors and online scheduling.

ECH Community Benefit staff is participating on Santa Clara County Public Health Department Chronic Disease Prevention Strategic Task Force and the Santa Clara County Oral Health Collaborative.

In collaboration with our Health Library Resource Center the ECH Chinese Health Initiative staffed an information table at the Oracle Employee Health Fair on October 10th with 140 people receiving information. The Library and the South Asian Heart Center also provided information during the Women's Health Fair on October 20th at El Camino Hospital Mountain View.

Silicon Valley Medical Development, LLC (SVMD)

Silicon Valley Primary Care Community Clinic, operated by El Camino Hospital, permanently closed on November 2nd. The physicians relocated to SVMD's El Camino Health Primary Care Clinic in the Melchor Pavilion on November 5th. There will be an open house on Tuesday, January 15th, 2019 for patients to meet the medical team, see the new office and learn more about the plans for a new permanent clinic in the Integrated Medical Office Building currently under construction on the Mountain View campus.

SVMD has opened a new specialty clinic with two ENTs at 2204 Grant Road.

Philanthropy

The Foundation achieved 15% of its FY19 fundraising goal as of the end of Period 3.

Auxiliary

The Auxiliary contributed 6,391 volunteer hours in October 2018.

**EL CAMINO HOSPITAL
BOARD MEETING COVER MEMO**

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
Date: November 14, 2018
Subject: Report on El Camino Hospital Foundation Activities FY19 Period 3

Purpose:

For information.

Summary:

1. Situation: El Camino Hospital Foundation has a fundraising goal of \$6,175,000 for FY 2019 and as of September 30 has secured \$904,220.
2. Authority: N/A
3. Background: N/A
4. Assessment: N/A
5. Other Reviews: El Camino Hospital Foundation Board Finance Committee (11/15/2018)
El Camino Hospital Foundation Board Executive Committee (11/15/2018)
El Camino Hospital Foundation Board of Directors (11/29/2018)
6. Outcomes: During the month of September, the Foundation secured \$389,089. By end of Period 3, the Foundation has attained 15% (\$904,220) of its FY19 fundraising goal of \$6,175,000.
7. **List of Attachments:**
 1. El Camino Hospital Foundation FY19 Period 3 Fundraising Report
 2. Supporting Comments to the Fundraising Report

Suggested Board Discussion Questions: None.

FOUNDATION PERFORMANCE

FY19 Fundraising Report through 9/30/18						
ACTIVITY		FY19 YTD (7/1/18 - 9/30/18)	FY19 Goals	FY19 % of Goal	Difference Period 2 & 3	FY18 YTD (7/1/17 - 9/30/17)
Major & Planned Gifts		\$126,348	\$3,750,000	3%	\$96,230	\$1,575,372
Special Events	Spring Event	\$500	\$450,000	0%	\$0	\$1,000
	Golf	\$129,717	\$350,000	37%	\$43,967	\$100,650
	South Asian Heart Center Event	\$5,000	\$325,000	2%	\$1,000	\$14,500
	Norma's Literary Luncheon	\$2,500	\$200,000	1%	\$0	\$70,100
Annual Gifts		\$58,895	\$600,000	10%	\$24,944	\$93,272
Investment Income		\$581,260	\$500,000	116%	\$222,948	\$151,712
TOTALS		\$904,220	\$6,175,000	15%	\$389,089	\$2,006,606

Highlighted Assets through 9/30/18	
Board Designated Allocations	\$685,943
Donor Endowments	\$3,337,602
Operational Endowments	\$16,083,160
Pledge Receivables	\$4,564,184
Restricted Donations	\$11,113,953
Unrestricted Donations	\$524,704

Supporting Comments
FY19 P3 FUNDRAISING PERFORMANCE

During the month of September, the Foundation performance documents \$389,089 towards a total of \$904,220 raised since the start of FY19.

Major Gift & Planned Gifts

In September, the Foundation received \$96,230 in major and planned gifts of which a \$50,000 unrestricted gift was an increase from a consistent annual \$10,000 donor. The Foundation has over \$6 million in the pipeline.

Registration is also now open for the annual Allied Professional Seminar and sponsorships and registration for that event are reflected under Planned Giving. This year's seminar will be held on Tuesday, February 12, 2019 at the Palo Alto Hills Golf & Country Club. The featured speaker will be Samuel A. Donaldson, Professor of Law at Georgia State University College of Law.

Special Events

➤ *Golf*

The 23rd annual El Camino Heritage Golf Tournament was on Monday, October 29, 2018 at Sharon Heights Golf & Country Club. We had a full course of 128 golfers and over 200 guests at the celebration dinner. This year's beneficiary was the Norma Melchor Heart & Vascular Institute. At first glance, revenue reached \$339,639 which is in line with prior tournaments. While we more golfers, we had three top level sponsors at \$12,000 each versus one at this level last year. Both raffle sales and the live auction did fine, the paddle raise exceeded last year. We have not yet received all event expenses, but once confirmed we will share more details in a future report.

➤ *South Asian Heart Center Event*

This event will take place in March 2019. The \$1,000 donation reflected in the August fundraising report is a belated fulfillment of a sponsorship commitment from the FY18 event.

Annual Giving

In September, the Foundation raised \$24,944 in annual gifts from H2H membership renewals and event registrations, Circle of Caring, Healthy Giving Newsletter, memorials, and online donations. Fall annual giving efforts launched beginning in October and will be reflected in the future Fundraising Reports. In comparison to last year, a large portion of the donations received were made to support the Path of Hope campaign. The Path of Hope campaign successfully ended in June 2018 with all bricks sold.

Plans are in place to launch the 2019 Employee Giving Campaign on October 24 and 25, in conjunction with the annual benefits fair.

FY19 Q2 Allocations Cycle

During its upcoming cycle, the Foundation Allocations Committee will meet on November 1 to allocate \$150,000 to funding priorities brought forth by the Hospital senior management team. At this time, three projects will be presented for consideration and those details will be shared in a future Foundation report.

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

Combined Data as of October 31, 2018 for Mountain View and Los Gatos Campuses

Membership Data:

Senior Members

Active Members	341	-5 Net change compared to previous month
Dues Paid Inactive	72	(Includes Associates & Patrons)
Leave of Absence	8	
Subtotal	421	

Resigned in Month 6
Deceased in Month 0

Junior Members

Active Members	250	-8 Net Change compared to previous month
Dues Paid Inactive	0	
Leave of Absence	3	
Subtotal	253	

Total Active Members 591

Total Membership 674

Combined Auxiliary Hours from Inception (to October 31, 2018): 5,935,203
Combined Auxiliary Hours for FY2018 (to October 31, 2018): 22,275
Combined Auxiliary Hours for October 31, 2018: 6,391