



**Minutes of the Open Session of the
El Camino Hospital Board of Directors
Wednesday, February 13, 2019
2500 Grant Road, Mountain View, CA 94040
Conference Rooms F&G (ground floor)**

Board Members Present

Lanhee Chen, Chair
Jeffrey Davis, MD
Gary Kalbach
Julia E. Miller, Secretary/Treasurer
Bob Rebitzer
George O. Ting, MD
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 5:30pm by Vice Chair Zoglin. A silent roll call was taken. Director Davis joined the meeting at 5:44pm during Agenda Item 3: FY19 Period 6 Financials. Director Rebitzer joined the meeting at 6:31pm during Agenda Item 7: Public Communication. Director Chen joined the meeting during the closed session. Directors Fung and Kliger were absent. All other Board members were present at roll call.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Vice Chair Zoglin asked if any Board members may have a conflict of interest with any of the items on the agenda. No conflicts were reported.	
3. AGENDA ITEM 4: QUALITY COMMITTEE REPORT	This item was taken out of order. Mark Adams, MD, CMO, provided an overview of the organizational goals on the Quality Dashboard and highlighted the use of inpatient hospice services and bridge orders. He described the Committee's discussions on ED patient satisfaction, physician burnout, and the recent survey from The Joint Commission. Dr. Adams also reported that ECH will be receiving a 4-star rating from CMS, noting that throughput is an area where there is opportunity for improvement.	
4. AGENDA ITEM 3: FY19 PERIOD 6 FINANCIALS	Iftikhar Hussain, CFO, reviewed ECH's financial performance in FY19 Period 6 as further detailed in the packet, highlighting: <ul style="list-style-type: none"> - Fluctuations in investment income, noting that January results were favorable; - Strong cash position; - Lower than budget volume on the inpatient side due to lower delivery volumes and a significantly milder flu season than last year; and - YTD favorability in outpatient volumes driven by oncology, heart & vascular, and imaging activity. <p>In response to questions from the Board, Mr. Hussain explained that birthrates are trending down in the area and nationally and noted that ECH has recruitment plans for obstetricians. He described projections for Santa Clara County, which forecast a further dip in delivery volumes and then a recovery.</p> <p>In response to Director Zoglin's question, Mr. Hussain described the</p>	<i>FY19 Period 6 Financials approved</i>

	<p>variance in operating margin.</p> <p>Motion: To approve the FY19 Period 6 Financials.</p> <p>Movant: Kalbach</p> <p>Second: Ting</p> <p>Ayes: Davis, Kalbach, Miller, Rebitzer, Ting, Zoglin</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: Chen, Fung, Kliger</p> <p>Recused: None</p>	
<p>5. WOMEN'S HOSPITAL PROJECT FUNDING</p>	<p>Ken King, CASO, provided an overview of the request for the Women's Hospital Expansion, part of the Board-approved Master Plan for the Mountain View campus. He explained that building is 25 years old and the revised plan will reconfigure the locations, make building upgrades and code-required improvements that will expand the space and capacity with a focus on a personalized patient experience. The physician offices on the 2nd and 3rd floor will be relocated to the Sobrato Pavilion, and those floors will become patient care units.</p> <p>Mr. King also reviewed the project cost estimates (\$111 million overall), noting that the funding request before the Board of \$10 million will allow ECH to complete the plans and specifications, obtain a building permit from OSHPD, and receive a GMP proposal for ECH's contractor. He noted that the Board will receive ongoing project updates and the targeted project completion is in March 2023.</p> <p>In response to Board member questions, Mr. King commented that the investment in the Maternal Child Health service line is important to the business and the community (attracting patients and physicians); Mr. Hussain described the return on investment and further discussed projected birth rates for the area and shifts in market share.</p> <p>In response to Director Miller's questions, Mr. King described the funding process with authorizations from the Board along the way, noting the cost reductions in the revised Plan; he also described the fixed price Guaranteed Maximum Price (GMP) contracts.</p> <p>Vice Chair Zoglin requested additional information from staff for the Finance Committee and Hospital Board on market share and declining birthrates in Santa Clara County and how ECH efforts will address this.</p> <p>Director Davis commented Maternal Child Health business is crucial to be a prominent health delivery organization. He suggested that recruitment efforts target female OB/Gyns. He also requested additional information on the projections used to develop the plan (and any updates, if applicable), matching analysis of the demand to ECH's capacity.</p> <p>Motion: To approve the Women's Hospital Expansion Project Plan as revised, and increase the project funding by \$10 million, for a total authorized amount of \$16 million.</p> <p>Movant: Kalbach</p> <p>Second: Ting</p> <p>Ayes: Davis, Kalbach, Miller, Rebitzer, Ting, Zoglin</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: Chen, Fung, Kliger</p> <p>Recused: None</p>	<p><i>Women's Hospital project funding approved</i></p> <p><i>Staff to provide additional information regarding MCH market share and local/national birthrates</i></p>

<p>6. CEO PERFORMANCE REVIEW PROCESS</p>	<p>Bob Miller, Executive Compensation Committee Chair, presented an updated process for CEO Performance Evaluation. He explained that the CHRO reviewed feedback from the CEO and Board Chairs, best practices from the American Hospital Association (AHA), other CEO organizations, and Mercer, the Committee's consultant. He explained that the Committee recommends this tool and process for Board's adoption.</p> <p>He outlined the process, including 1) the survey (with qualitative and quantitative components) for Board members, including an additional question on the CEO's District Board responsibilities for District Board members, 2) a CEO self-assessment, 3) data aggregation by Mercer, 4) discussions with the full Board to review the results as a group, and 5) conversations between the CEO and the Board Chairs.</p> <p>Director Miller commented that the full District Board should meet with the CEO to discuss performance. Director Kalbach and Mr. Miller noted that it is highly unusual for there to be a general Board discussion with the CEO; rather, it is the responsibility of the Chair to discuss the results with the full Board and for the Chair to have a performance evaluation discussion with the CEO. Vice Chair Zoglin noted that the District Board evaluation of the CEO can be discussed at the next District Board meeting.</p> <p>Mr. Miller noted that Board members are highly encouraged to use the comments section to provide additional information.</p> <p>Motion: To approve the CEO assessment tool.</p> <p>Movant: Kalbach Second: Davis Ayes: Davis, Kalbach, Miller, Rebitzer, Ting, Zoglin Noes: None Abstentions: None Absent: Chen, Fung, Kliger Recused: None</p>	<p><i>CEO assessment tool approved</i></p>
<p>7. PUBLIC COMMUNICATION</p>	<p>Members of the public spoke regarding employment opportunities with Silicon Valley Medical Development, partnerships with physicians and other healthcare workers at local clinics, upcoming union bargaining sessions, and continued care for patients.</p>	
<p>8. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 6:40pm pursuant to <i>Gov't Code Section 54957.2</i> for approval of the Minutes of the Closed Session of the Hospital Board Meeting (January 16, 2019) and Minutes of the Closed Session of the Executive Compensation Committee Meeting (November 8, 2018); 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 54957.6</i> for conference with labor negotiator Dan Woods: FY19 COO Individual Incentive Goals; pursuant to <i>Health and Safety Code Section 32155</i> for a report of the Medical Staff; deliberations concerning reports on Medical Staff quality assurance matters: Medical Staff Report; pursuant to <i>Gov't Code Section 54956.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation: Litigation Update; pursuant to <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: SVMD Acquisition Update; pursuant to <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: Q2 FY19 Strategic Plan Metrics; 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</i></p>	<p><i>Adjourned to closed session at 6:40pm</i></p>

	<p><i>Code Section 54956.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation; <i>Gov't Code Section 54957.6</i> for a conference with labor negotiator Dan Woods: CEO Report on New Services and Program and Legal Matters; and pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters – Senior Management: Executive Session.</p> <p>Movant: Miller Second: Kalbach Ayes: Davis, Kalbach, Miller, Rebitzer, Ting, Zoglin Noes: None Abstentions: None Absent: Chen, Fung, Kliger Recused: None</p>	
<p>9. AGENDA ITEM 18: RECONVENE OPEN SESSION/ REPORT OUT</p>	<p>Open session was reconvened at 9:30pm by Chair Chen. Agenda items 9-17 were addressed in closed session.</p> <p>During the closed session, the Board approved the Minutes of the Closed Session of the Hospital Board Meeting (January 16, 2019), the Minutes of the Closed Session of the Executive Compensation Committee Meeting (November 8, 2018), and the Medical Staff Report, including the credentials and privileges report, by a unanimous vote in favor of all members present (Directors Davis, Kalbach, Miller, Rebitzer, Ting, and Zoglin). Director Chen joined the closed session after the consideration of these matters, and Directors Fung and Kliger were absent.</p>	
<p>10. AGENDA ITEM 19: CONSENT CALENDAR</p>	<p>Chair Chen asked if any member of the Board or the public wished to remove an item from the consent calendar.</p> <p>Motion: To approve the consent calendar: Minutes of the Open Session of the Hospital Board Meeting (January 16, 2019); <i>Resolution 2019-02</i>: Approving Amendment to Pathways Home Health and Hospice Bylaws; Revised Executive Compensation Philosophy; Minutes of the Open Session of the Executive Compensation Committee Meeting (November 8, 2018); SVMD Clinic Site Tenant Improvements; FY19 Period 5 Financials, Interventional Equipment Replacement; Imaging Equipment Replacement; Medical Staff Report; and for information: Finance Committee Approvals Report; Report on Major Capital Projects in Progress.</p> <p>Movant: Zoglin Second: Kalbach Ayes: Chen, Davis, Kalbach, Miller, Rebitzer, Ting, Zoglin Noes: None Abstentions: None Absent: Fung, Kliger Recused: None</p>	<p><i>Consent calendar approved</i></p>
<p>11. AGENDA ITEM 20: RESOLUTION 2019-03: APPROVING ACQUISITION AND ESTABLISHMENT OF FIVE MULTI-SPECIALTY SVMD CLINICS</p>	<p>Chair Chen noted that copies of the draft resolution were available for the public on the tables outside the meeting room at 5:30 pm.</p> <p>Bruce Harrison, President, Silicon Valley Medical Development (SVMD), provided background on SVMD, a limited liability company, where El Camino Hospital is the sole corporate member. He highlighted SVMD's mission to deliver integrated health care services and coordinate care in ways that best fit the needs of patients. He noted that SVMD will partner with highly committed medical groups.</p> <p>Mr. Harrison provided an overview of the proposed asset purchase:</p> <ul style="list-style-type: none"> - Verity Health System (VHS) along with Verity Medical Foundation 	<p><i>Resolution 2019-03 approved</i></p>


	<p>(VMF) is currently in Chapter 11 bankruptcy.</p> <ul style="list-style-type: none"> - SVMMD has prepared an offer to purchase the tangible assets from five VMF clinics. - The proposed Asset Purchase Agreement (APA) will be submitted to bankruptcy court. If approved, SVMMD would finalize a Professional Services Agreement with the medical group and seek to open new SVMMD sites at the proposed locations (in San Jose, Morgan Hill, and Gilroy). The proposed APA includes assumption of electronic medical records but does not include VMF assets that were not specifically used at the five clinic locations, nor does it include the transfer of employees to SVMMD. The total proposed purchase price is \$1.27 million for the assets related to those clinics, plus \$150,000 in cure costs owed under assigned agreements. <p>Mr. Harrison also described the proposed Professional Services Agreement (PSA) with medical group and potential Transitional Services Agreement to facilitate the transfer of assets and data required under the APA.</p> <p>Mr. Harrison described San Jose Medical Group (SJMG), a multi-specialty group established in 1955 with approximately 60 providers.</p> <p>He provided an overview of the proposed PSA with SJMG; SVMMD's overall responsibility is to operate and manage the clinics, conduct all billing and collections. SJMG will receive fair market value compensation for the professional services rendered. He noted that the PSA has an initial term of 10-years, subject to renewal terms.</p> <p>Mr. Harrison noted that, in accordance with SVMMD's Operating Agreement, ECH Board approval is required for unbudgeted SVMMD expenditures that exceed a \$1 million threshold, so the proposed funding of SVMMD's obligations under the APA and PSA must be approved by the Hospital Board.</p> <p>Motion: To approve Resolution 2019-03: approving effectuation of the transaction and funding for SVMMD's acquisition and establishment of five multi-specialty clinics.</p> <p>Movant: Rebitzer Second: Kalbach</p> <p>Public Comment: Osama Lam, MD, President of SJMG, provided history of SJMG and its relationship with Verity Medical Foundation and commented that he is looking forward to working with SVMMD.</p> <p>A member of the public spoke regarding his experience with Verity Medical Foundation and San Jose Medical Group and commended the group of physicians for their work.</p> <p>Ayes: Chen, Davis, Kalbach, Miller, Rebitzer, Ting, Zoglin Noes: None Abstentions: None Absent: Fung, Kliger Recused: None</p>	
<p>12. AGENDA ITEM 21: CEO REPORT</p>	<p>Dan Woods, CEO, described a new orthopedic surgical table for complex spine surgeries, a recent career development fair, the current open application period for FY20 community benefit grants (due 2/26), and a recent meeting with local police chiefs. He thanked Cindy Murphy, Director of Governance Services for her service as Chair of the Los Altos Chamber of Commerce Board.</p> <p>He also acknowledged the Foundation's recent fundraising efforts (securing</p>	

	<p>\$7.9 million so far this year). He thanked Director Miller for her introduction of John Sobrato to the organization and thanked Mr. Sobrato for his recent donation, noting that the new integrated medical office building will be named the Sobrato Pavilion.</p> <p>He highlighted the Auxiliary's contribution of over 6,000 volunteer hours in January 2019.</p>	
13. AGENDA ITEM 22: BOARD COMMENTS	None.	
14. AGENDA ITEM 23: ADJOURNMENT	<p>Motion: To adjourn at 9:53pm.</p> <p>Movant: Kalbach</p> <p>Second: Ting</p> <p>Ayes: Chen, Davis, Kalbach, Miller, Rebitzer, Ting, Zoglin</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: Fung, Kliger</p> <p>Recused: None</p>	<p><i>Meeting adjourned at 9:53pm</i></p>

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