

AGENDA

REGULAR MEETING OF THE EL CAMINO HOSPITAL BOARD OF DIRECTORS

Wednesday, January 16, 2019 – 5:30pm

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

Bob Rebitzer will be participating via teleconference from:
Omni Los Angeles Hotel at California Plaza | 251 South Olive Street Los Angeles, CA 90012.

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

| AGENDA ITEM | PRESENTED BY | | ESTIMATED TIMES |
|--|--|-----------------------|--|
| 1. CALL TO ORDER/ROLL CALL | Lanhee Chen, Board Chair | | 5:30 – 5:31pm |
| 2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES | Lanhee Chen, Board Chair | | information 5:31 – 5:32 |
| 3. BOARD RECOGNITION <i>Resolution 2019-01</i> ATTACHMENT 3 | Cheryl Reinking, RN, CNO | <i>public comment</i> | motion required 5:32 – 5:37 |
| 4. FY19 PERIOD 4 FINANCIALS ATTACHMENT 4 | Iftikhar Hussain, CFO | <i>public comment</i> | possible motion 5:37 – 5:47 |
| 5. QUALITY COMMITTEE REPORT ATTACHMENT 5 | Julie Kliger, Quality Committee Chair; Mark Adams, MD, CMO | | discussion 5:47 – 5:57 |
| 6. PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence | Lanhee Chen, Board Chair | | information 5:57 – 6:00 |
| 7. ADJOURN TO CLOSED SESSION | Lanhee Chen, Board Chair | | motion required 6:00 – 6:06 |
| 8. POTENTIAL CONFLICT OF INTEREST DISCLOSURES | Lanhee Chen, Board Chair | | information 6:06 – 6:07 |
| 9. 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 (December 5, 2018) | Lanhee Chen, Board Chair | | motion required 6:07 – 6:09 |
| 10. Health & Safety Code Section 32155 for a report of the Medical Staff; deliberations concerning reports on Medical Staff quality assurance matters: - Medical Staff Report | Imtiaz Qureshi, MD, Enterprise Chief of Staff; Linda Teagle, MD, Los Gatos Chief of Staff | | motion required 6:09 – 6:19 |

| AGENDA ITEM | PRESENTED BY | | ESTIMATED TIMES |
|---|---------------------------------|-----------------------|--|
| 11. <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: - Surgery Center Transaction | Iftikhar Hussain, CFO | | discussion 6:19 – 6:34 |
| 12. <i>Health and Safety Code Section 32106(b)</i> for a report and discussion involving health care facility trade secrets: - SVMD Acquisition Update | Bruce Harrison, President, SVMD | | discussion 6:34 – 8:33 |
| 13. <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 8:33 – 8:48 |
| 14. Report involving <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters – Senior Management: - Executive Session | Lanhee Chen, Board Chair | | discussion 8:48 – 8:53 |
| 15. ADJOURN TO OPEN SESSION | Lanhee Chen, Board Chair | | motion required 8:53 – 8:54 |
| 16. RECONVENE OPEN SESSION/ REPORT OUT To report any required disclosures regarding permissible actions taken during Closed Session. | Lanhee Chen, Board Chair | | 8:54 – 8:55 |
| 17. CONSENT CALENDAR ITEMS: <i>Any Board Member or member of the public may remove an item for discussion before a motion is made.</i> | Lanhee Chen, Board Chair | <i>public comment</i> | motion required 8:55 – 8:58 |
| Approval a. Minutes of the Open Session of the Hospital Board Meeting (December 5, 2018) b. Proposed Revised FY19 Committee Assignments <i>Reviewed and Recommended for Approval by the Finance Committee</i> c. Los Gatos Cancer Center Funding d. Revised Signature Authority Policy e. Revised Corporate Compliance: Physician Financial Arrangements Policy f. Revised Finance Committee Charter <i>Reviewed and Recommended for Approval by the Compliance and Audit Committee</i> g. Revised Board of Director Approval of Hospital Policies <i>Reviewed and Recommended for Approval by the Medical Executive Committee</i> h. Medical Staff Report Information i. FY19 Period 5 Financials j. Report on Major Capital Projects in Process | | | |

| AGENDA ITEM | PRESENTED BY | | ESTIMATED TIMES |
|---|--------------------------|-----------------------|--|
| 18. SURGERY CENTER TRANSACTION | Iftikhar Hussain, CFO | <i>public comment</i> | possible motion 8:58 – 9:00 |
| 19. CEO REPORT ATTACHMENT 19 | Dan Woods, CEO | | information 9:00 – 9:02 |
| 20. BOARD COMMENTS | Lanhee Chen, Board Chair | | information 9:02 – 9:04 |
| 21. ADJOURNMENT | Lanhee Chen, Board Chair | <i>public comment</i> | motion required 9:04 – 9:05pm |

Upcoming Meetings: February 13, 2019 | March 13, 2019 | April 10, 2019 | May 8, 2019 | June 12, 2019 ||

Retreat: February 27, 2019 || **Board & Committee Education:** April 24, 2019

EL CAMINO HOSPITAL BOARD

RESOLUTION 2019 - 01

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 Susan Bukunt, Jody Charles, Ashlee Fontenot, Laura Haselden, Holly Holland, Denise Robb, Suann Schutt and the Neonatal Intensive Care Unit (NICU) team for providing compassionate, personalized care to one very special baby.

In the fall of 2017, at a nearby hospital, a baby girl was born at 24 weeks. She was transferred within 24 hours to El Camino Hospital's Level III NICU because the level of care she needed was so acute. Throughout the first month of her life, Jody Charles, Laura Haselden and the NICU team provided developmentally appropriate care to address the baby's complex medical needs and facilitated containment touch, but it became apparent that the baby girl would need nurturing beyond what was being clinically provided.

The baby girl did not have a consistent family presence for her first two months of life, which meant there was no one to hold, cuddle, sing, or talk to her. The NICU team observed that even with all of the clinical care being provided she was not thriving and growing as expected. Then, based on years of experience, they believed the missing element to be developmental touch. Upon hearing about this, Susan Bukunt, Ashlee Fontenot, Holly Holland, Denise Robb, and Suann Schutt volunteered their time to cuddle, sing, and talk to the baby. They were specially trained to handle and cuddle a baby this small and young, and created a schedule where one of them would come to provide modified skin to skin cuddles for two hours every day, including weekends. After the initial daily contact, the baby began to gain weight and the NICU team saw improvement in her development, so the volunteers continued to do modified skin to skin until she was matched with her forever family. Once she was matched, the volunteers supported the new moms and stepped in to cuddle when needed until the baby went home.

As a result of seeing first hand how cuddling can impact a baby's growth and development, Jody Charles and Cheryl Reinking are working with the El Camino Hospital Auxiliary to develop a cuddler program in the NICU.

WHEREAS, the Board would like to publically acknowledge Susan Bukunt, Jody Charles, Ashlee Fontenot, Laura Haselden, Holly Holland, Denise Robb, Suann Schutt, and the Neonatal Intensive Care Unit team for their dedication to helping a baby grow and thrive.

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

**Susan Bukunt, Jody Charles, Ashlee Fontenot, Laura Haselden, Holly Holland,
Denise Robb, Suann Schutt, and the Neonatal Intensive Care Unit team**

FOR THEIR COMPASSIONATE CARE.

IN WITNESS THEREOF, I have here unto set my hand this **16TH DAY OF JANUARY, 2019.**

EL CAMINO HOSPITAL BOARD OF DIRECTORS:

Lanhee Chen, JD, PhD
Jeffrey Davis, MD
Peter C. Fung, MD

Gary Kalbach
Julie Kliger, RN
Julia E. Miller

Bob Rebitzer
George O. Ting, MD
John Zoglin

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





El Camino Hospital

THE HOSPITAL OF SILICON VALLEY

**Summary of Financial Operations
Fiscal Year 2019 – Period 4**

7/1/2018 to 10/31/2018

El Camino Hospital Board of Directors

Iftikhar Hussain, CFO

January 16, 2019

Financial Overview

Volume:

- YTD adjusted discharges are favorable to budget (152 cases or 1.4% favorable) driven by high outpatient volume. YTD IP volume remained below budget by 3.2% (205 cases) and below prior year by 5.6% (352 cases) due to late flu season and low deliveries.
- OP cases YTD favorable to budget (221 cases or 0.5%) and below prior year by 0.5% (261 cases). Higher volume primarily in HVI, Surgery, Imaging and Rehab Services.

Financial Performance:

- Net Patient Revenue was favorable to budget by 0.9% (\$2.8M) YTD and above prior year by 1.1% (\$3.3M). The consistent increase in OP volumes contributed to the overall positive revenue.
- YTD Operating Expense is favorable to budget by .07% (\$2.0M) and above prior year by 6.9% (\$17.4M). YTD favorability in Salaries & Wages was primarily due to flexing of labor reduction to volumes vacancies in support departments.
- Operating income was favorable to budget by 9.7% (\$3.0M) YTD and 31% (\$15.3M) below prior year.
- Investment income variance due to market decline

Cost:

- Prod FTEs were unfavorable to target by 2.5% in October and on target YTD.

Balance Sheet:

- Net days in AR was 46.6 which was 1.4 days favorable to budget.

Dashboard - ECH combined as of October 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 | 244 | 230 | 237 | (8) | 236 | 225 | 231 | (6) |
| Utilization MV | 66% | 64% | 65% | -1% | 65% | 62% | 64% | -2% |
| Utilization LG | 31% | 26% | 29% | -3% | 28% | 27% | 26% | 1% |
| Utilization Combined | 55% | 52% | 54% | -2% | 53% | 51% | 52% | -1% |
| Total Discharges (Excl NNB) | 1,726 | 1,648 | 1,689 | (41) | 6,695 | 6,326 | 6,549 | (223) |
| Financial Perf. | | | | | | | | |
| Total Operating Revenue | 83,988 | 79,236 | 79,322 | (86) | 302,720 | 304,813 | 303,818 | 996 |
| Operating Income \$ | 18,216 | 8,662 | 10,074 | (1,413) | 49,106 | 33,793 | 30,808 | 2,985 |
| Operating Margin | 21.7% | 10.9% | 12.7% | -1.8% | 16.2% | 11.1% | 10.1% | 0.9% |
| EBITDA % | 27.1% | 17.9% | 18.8% | -0.9% | 22.0% | 17.2% | 16.4% | 0.8% |
| Payor Mix | | | | | | | | |
| Medicare | 46.7% | 47.1% | 46.7% | 0.4% | 46.1% | 46.3% | 46.5% | -0.2% |
| Medi-Cal | 8.9% | 7.9% | 7.6% | 0.3% | 8.0% | 8.1% | 7.8% | 0.3% |
| Total Commercial | 42.1% | 42.6% | 42.8% | -0.2% | 43.2% | 43.1% | 43.0% | 0.1% |
| Other | 2.2% | 2.4% | 2.8% | -0.4% | 2.6% | 2.6% | 2.8% | -0.2% |
| Cost | | | | | | | | |
| Total FTE | 2,580.4 | 2,639.5 | 2,642.6 | (3) | 2,563.4 | 2,602.3 | 2,620.9 | (19) |
| Productive Hrs/APD | 30.2 | 31.0 | 32.0 | (1) | 30.7 | 31.2 | 32.5 | (1) |
| Balance Sheet | | | | | | | | |
| Net Days in AR | 50.7 | 46.6 | 48.0 | (1) | 50.7 | 46.6 | 48.0 | (1.4) |
| Days Cash | 505 | 496 | 449 | 47 | 505 | 496 | 449 | 47 |
| Affiliates - Net Income (\$000s) | | | | | | | | |
| Hosp | 25,595 | (25,597) | 10,531 | (36,128) | 73,211 | 15,854 | 32,634 | (16,780) |
| Concern | 178 | 98 | 176 | (79) | 902 | 873 | 280 | 593 |
| ECSC | (9) | (2) | 0 | (2) | (16) | (14) | 0 | (14) |
| Foundation | 214 | (851) | 227 | (1,077) | 724 | 106 | 582 | (476) |
| SVMD | (54) | (11) | (36) | 24 | 176 | 1,352 | (250) | 1,602 |

Budget Variances

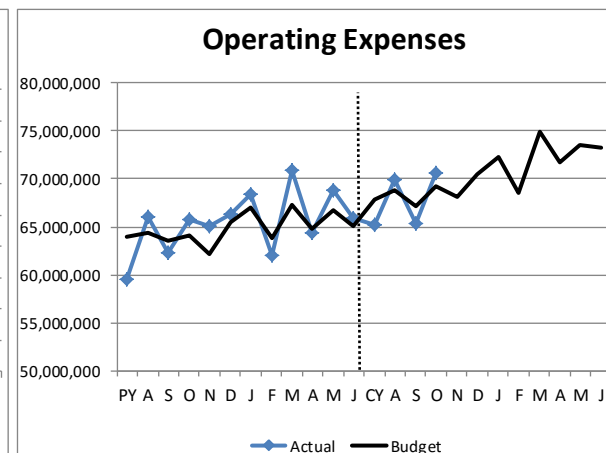
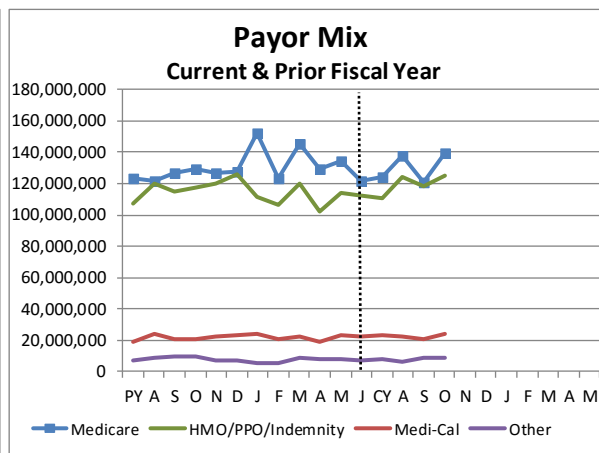
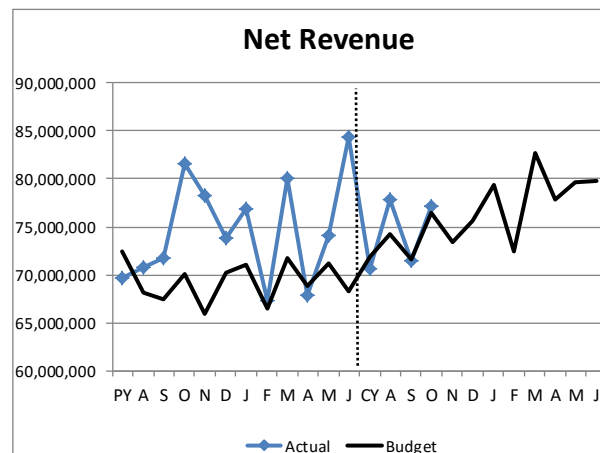
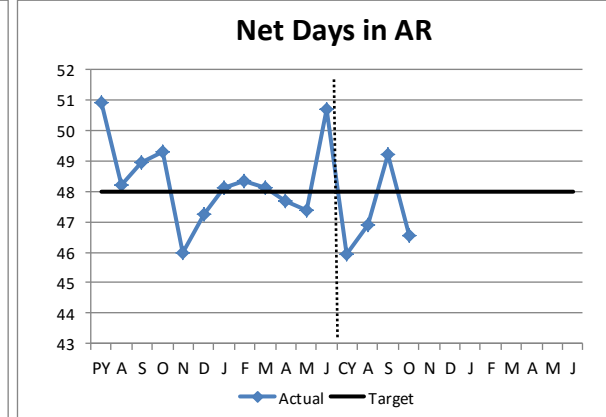
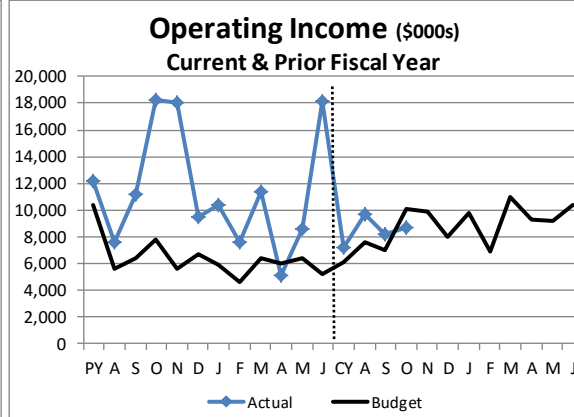
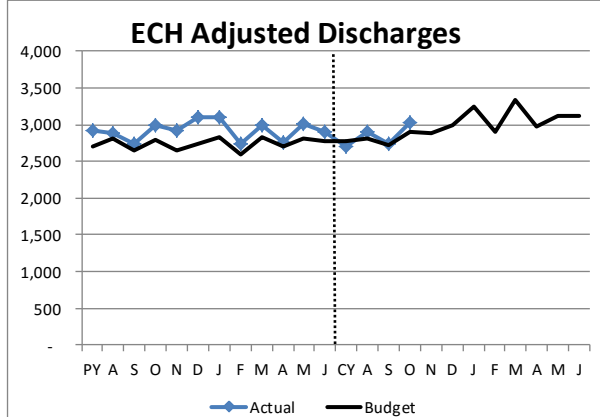
| (in thousands; \$000s) | Year to Date (YTD) | |
|---|--------------------|---------------|
| | Net Op Income | % Net Revenue |
| Budgeted Hospital Operations FY2019 | 30,808 | 10.1% |
| Net Revenue - IP volumes continue to be lower than expectation, however higher OP volumes are making up the difference. | 996 | 0.3% |
| Labor and Benefit Expense Change - Flexing staff and vacancies in support departments. | 1,745 | 0.6% |
| Professional Fees & Purchased Services - Significant IT Maintenance Fees partially offset by reduction in Administrative and Consulting Fees | (337) | -0.1% |
| Supplies - Medical and Non Medical Supplies are over budget, but savings in Drugs offset the variance | 162 | 0.1% |
| Other Expenses | 183 | 0.1% |
| Depreciation & Interest | 236 | 0.1% |
| Actual Hospital Operations FY2019 | 33,793 | 11.1% |

El Camino Hospital (\$000s)

Period ending 10/31/2018

| Period 4 FY 2018 | Period 4 FY 2019 | Period 4 Budget 2019 | Variance Fav (Unfav) | Var% | | YTD FY 2018 | YTD FY 2019 | YTD Budget 2019 | Variance Fav (Unfav) | Var% |
|--------------------------|---------------------|-------------------------|-------------------------|-----------------|--------------------------------------|----------------|----------------|--------------------|-------------------------|----------------|
| | | | | | \$000s | | | | | |
| OPERATING REVENUE | | | | | | | | | | |
| 295,615 | 296,754 | 292,515 | 4,239 | 1.4% | Gross Revenue | 1,092,564 | 1,121,165 | 1,133,099 | (11,933) | (1.1%) |
| (214,025) | (219,552) | (216,063) | (3,488) | (1.6%) | Deductions | (798,819) | (824,108) | (838,831) | 14,724 | 1.8% |
| 81,589 | 77,203 | 76,452 | 751 | 1.0% | Net Patient Revenue | 293,745 | 297,058 | 294,268 | 2,790 | 0.9% |
| 2,398 | 2,034 | 2,870 | (837) | (29.1%) | Other Operating Revenue | 8,974 | 7,756 | 9,550 | (1,794) | (18.8%) |
| 83,988 | 79,236 | 79,322 | (86) | (0.1%) | Total Operating Revenue | 302,720 | 304,813 | 303,818 | 996 | 0.3% |
| OPERATING EXPENSE | | | | | | | | | | |
| 39,768 | 41,422 | 41,552 | 129 | 0.3% | Salaries & Wages | 155,895 | 162,936 | 164,682 | 1,745 | 1.1% |
| 10,295 | 11,171 | 11,635 | 464 | 4.0% | Supplies | 39,327 | 43,730 | 43,892 | 162 | 0.4% |
| 8,819 | 9,645 | 8,968 | (677) | (7.5%) | Fees & Purchased Services | 32,135 | 35,952 | 35,615 | (337) | (0.9%) |
| 2,327 | 2,824 | 2,243 | (581) | (25.9%) | Other Operating Expense | 8,840 | 9,712 | 9,895 | 183 | 1.8% |
| 453 | 1,237 | 323 | (914) | (282.6%) | Interest | 1,502 | 1,690 | 1,294 | (396) | (30.6%) |
| 4,108 | 4,275 | 4,527 | 251 | 5.6% | Depreciation | 15,914 | 17,000 | 17,632 | 632 | 3.6% |
| 65,771 | 70,575 | 69,247 | (1,327) | (1.9%) | Total Operating Expense | 253,614 | 271,020 | 273,009 | 1,989 | 0.7% |
| 18,216 | 8,662 | 10,074 | (1,413) | (14.0%) | Net Operating Income/(Loss) | 49,106 | 33,793 | 30,808 | 2,985 | 9.7% |
| 7,379 | (34,259) | 456 | (34,716) | (7606.0%) | Non Operating Income | 24,105 | (17,939) | 1,826 | (19,765) | (1082.6%) |
| 25,595 | (25,597) | 10,531 | (36,128) | (343.1%) | Net Income(Loss) | 73,211 | 15,854 | 32,634 | (16,780) | (51.4%) |
| 27.1% | 17.9% | 18.8% | (0.9%) | | EBITDA | 22.0% | 17.2% | 16.4% | 0.8% | |
| 21.7% | 10.9% | 12.7% | (1.8%) | | Operating Margin | 16.2% | 11.1% | 10.1% | 0.9% | |
| 30.5% | -32.3% | 13.3% | (45.6%) | | Net Margin | 24.2% | 5.2% | 10.7% | (5.5%) | |

Monthly Financial Trends



El Camino Hospital Investment Committee Scorecard September 30, 2018

| Key Performance Indicator | Status | El Camino | Benchmark | El Camino | Benchmark | El Camino | Benchmark | FY19 Year-end Budget | Expectation Per Asset Allocation |
|---|--------|----------------|---------------------------|--|-----------|--|-----------|----------------------------|--|
| Investment Performance | | 3Q 2018 | | Fiscal Year-to-date | | 5y 11m Since Inception (annualized) | | 2018 | |
| Surplus cash balance* | | \$994.7 | -- | -- | -- | -- | -- | \$886.6 | -- |
| Surplus cash return | | 2.3% | 2.0% | 2.3% | 2.0% | 5.8% | 5.5% | 3.2% | 5.3% |
| Cash balance plan balance (millions) | | \$274.7 | -- | -- | -- | -- | -- | \$276.9 | -- |
| Cash balance plan return | | 2.8% | 2.5% | 2.8% | 2.5% | 8.3% | 7.4% | 6.0% | 5.7% |
| 403(b) plan balance (millions) | | \$481.7 | -- | -- | -- | -- | -- | -- | -- |
| Risk vs. Return | | 3-year | | 5y 11m Since Inception (annualized) | | 2018 | | | |
| Surplus cash Sharpe ratio | | 1.59 | 1.52 | -- | -- | 1.34 | 1.27 | -- | 0.43 |
| Net of fee return | | 7.5% | 7.1% | -- | -- | 5.8% | 5.5% | -- | 5.3% |
| Standard deviation | | 4.1% | 4.0% | -- | -- | 4.0% | 4.0% | -- | 6.7% |
| Cash balance Sharpe ratio | | 1.64 | 1.55 | -- | -- | 1.45 | 1.34 | -- | 0.40 |
| Net of fee return | | 9.4% | 8.5% | -- | -- | 8.3% | 7.4% | -- | 5.7% |
| Standard deviation | | 5.1% | 4.8% | -- | -- | 5.3% | 5.1% | -- | 8.1% |
| Asset Allocation | | 3Q 2018 | | | | | | | |
| Surplus cash absolute variances to target | | 6.2% | < 10% | -- | -- | -- | -- | -- | -- |
| Cash balance absolute variances to target | | 6.2% | < 10% | -- | -- | -- | -- | -- | -- |
| Manager Compliance | | 3Q 2018 | | | | | | | |
| Surplus cash manager flags | | 20 | < 24 Green < 30 Yellow | -- | -- | -- | -- | -- | -- |
| Cash balance plan manager flags | | 23 | < 27 Green < 34 Yellow | -- | -- | -- | -- | -- | -- |

*Excludes debt reserve funds (~\$160 mm), District assets (~\$31 mm), and balance sheet cash not in investable portfolio (~\$94 mm).

Includes Foundation (~\$28 mm) and Concern (~\$13 mm) assets. Budget adds back in current Foundation and Concern assets and backs out current debt reserve funds.



Balance Sheet (in thousands)

ASSETS

| | Audited | |
|--|------------------|------------------|
| | October 31, 2018 | June 30, 2018 |
| CURRENT ASSETS | | |
| Cash | 106,706 | 118,992 |
| Short Term Investments | 148,406 | 150,664 |
| Patient Accounts Receivable, net | 114,595 | 124,427 |
| Other Accounts and Notes Receivable | 2,597 | 3,402 |
| Intercompany Receivables | 1,481 | 2,090 |
| (1) Inventories and Prepays | 80,781 | 75,594 |
| Total Current Assets | 454,565 | 475,171 |
| BOARD DESIGNATED ASSETS | | |
| Plant & Equipment Fund | 161,827 | 153,784 |
| (2) Women's Hospital Expansion | 13,967 | 9,298 |
| (3) Operational Reserve Fund | 139,057 | 127,908 |
| Community Benefit Fund | 18,252 | 18,675 |
| Workers Compensation Reserve Fund | 21,019 | 20,263 |
| Postretirement Health/Life Reserve Fund | 29,412 | 29,212 |
| PTO Liability Fund | 25,051 | 24,532 |
| Malpractice Reserve Fund | 1,831 | 1,831 |
| Catastrophic Reserves Fund | 18,367 | 18,322 |
| Total Board Designated Assets | 428,783 | 403,826 |
| (4) FUNDS HELD BY TRUSTEE | 145,716 | 197,620 |
| LONG TERM INVESTMENTS | 339,844 | 345,684 |
| INVESTMENTS IN AFFILIATES | 33,875 | 32,412 |
| PROPERTY AND EQUIPMENT | | |
| Fixed Assets at Cost | 1,268,803 | 1,261,854 |
| Less: Accumulated Depreciation | (594,610) | (577,959) |
| Construction in Progress | 281,004 | 220,991 |
| Property, Plant & Equipment - Net | 955,197 | 904,886 |
| DEFERRED OUTFLOWS | 20,977 | 21,177 |
| RESTRICTED ASSETS - CASH | 0 | 0 |
| TOTAL ASSETS | 2,378,956 | 2,380,776 |

LIABILITIES AND FUND BALANCE

| | Audited | |
|---|------------------|------------------|
| | October 31, 2018 | June 30, 2018 |
| CURRENT LIABILITIES | | |
| (5) Accounts Payable | 35,970 | 49,925 |
| (6) Salaries and Related Liabilities | 20,927 | 26,727 |
| Accrued PTO | 25,051 | 24,532 |
| Worker's Comp Reserve | 2,300 | 2,300 |
| Third Party Settlements | 10,271 | 10,068 |
| Intercompany Payables | 81 | 125 |
| Malpractice Reserves | 1,831 | 1,831 |
| Bonds Payable - Current | 3,850 | 3,850 |
| (7) Bond Interest Payable | 8,266 | 12,975 |
| Other Liabilities | 9,831 | 8,909 |
| Total Current Liabilities | 118,377 | 141,242 |
| LONG TERM LIABILITIES | | |
| Post Retirement Benefits | 29,412 | 29,212 |
| Worker's Comp Reserve | 18,719 | 17,963 |
| Other L/T Obligation (Asbestos) | 3,897 | 3,859 |
| Other L/T Liabilities (IT/Medl Leases) | - | - |
| Bond Payable | 516,876 | 517,781 |
| Total Long Term Liabilities | 568,905 | 568,815 |
| DEFERRED REVENUE-UNRESTRICTED | 653 | 528 |
| DEFERRED INFLOW OF RESOURCES | 22,835 | 22,835 |
| FUND BALANCE/CAPITAL ACCOUNTS | | |
| Unrestricted | 1,239,403 | 1,243,529 |
| Board Designated | 428,783 | 403,825 |
| Restricted | 0 | 0 |
| (8) Total Fund Bal & Capital Accts | 1,668,185 | 1,647,355 |
| TOTAL LIABILITIES AND FUND BALANCE | 2,378,956 | 2,380,776 |

October 2018 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The increase is due to annual insurance premiums for D&O, Property and Auto that are paid in July and amortized throughout the fiscal year. Also a quarterly pension funding was paid.
- (2) The increase is due to the District making a transfer from its Capital Appropriation Fund in support of the upcoming renovation to the Women's Hospital.
- (3) The increase is due to annual resetting of the 60 day Operational Reserve based on the new FY2019 budget that has started.
- (4) Decrease is due to the yearend accruals that were paid out in July and August.
- (5) Decrease is due a lesser number of days of payroll expenses and payroll taxes for October opposed to a full 14 day pay period that was needed for June 30.
- (6) Semi-annual bond payments of interest and principal were made on the 2015A and 2017 Bonds in August.
- (7) Increase in total Fund Balance is driven by y-t-d net income and that Capital Appropriate Fund transfer by District, discussed in item #2 above.

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 10/31/2018

| Period 4 FY 2018 | Period 4 FY 2019 | Period 4 Budget 2019 | Variance Fav (Unfav) | Var% | \$000s | YTD FY 2018 | YTD FY 2019 | YTD Budget 2019 | Variance Fav (Unfav) | Var% |
|--------------------------|---------------------|-------------------------|-------------------------|-----------------|--------------------------------------|----------------|----------------|--------------------|-------------------------|----------------|
| OPERATING REVENUE | | | | | | | | | | |
| 240,707 | 245,648 | 238,151 | 7,497 | 3.1% | Gross Revenue | 896,317 | 921,681 | 932,632 | (10,951) | (1.2%) |
| (173,090) | (181,004) | (176,038) | (4,966) | (2.8%) | Deductions | (653,582) | (676,109) | (691,732) | 15,623 | 2.3% |
| 67,618 | 64,644 | 62,113 | 2,531 | 4.1% | Net Patient Revenue | 242,735 | 245,572 | 240,900 | 4,672 | 1.9% |
| 2,239 | 1,697 | 2,643 | (946) | (35.8%) | Other Operating Revenue | 8,332 | 6,646 | 8,638 | (1,992) | (23.1%) |
| 69,856 | 66,341 | 64,757 | 1,585 | 2.4% | Total Operating Revenue | 251,067 | 252,218 | 249,538 | 2,680 | 1.1% |
| OPERATING EXPENSE | | | | | | | | | | |
| 33,016 | 34,764 | 34,809 | 45 | 0.1% | Salaries & Wages | 129,751 | 135,663 | 138,538 | 2,874 | 2.1% |
| 8,169 | 9,152 | 9,387 | 235 | 2.5% | Supplies | 31,814 | 35,370 | 35,823 | 453 | 1.3% |
| 7,534 | 8,091 | 7,589 | (502) | (6.6%) | Fees & Purchased Services | 27,088 | 30,401 | 30,384 | (18) | (0.1%) |
| 794 | 897 | 726 | (171) | (23.6%) | Other Operating Expense | 2,707 | 3,242 | 3,686 | 445 | 12.1% |
| 453 | 1,237 | 323 | (914) | (282.6%) | Interest | 1,502 | 1,690 | 1,294 | (396) | (30.6%) |
| 3,529 | 3,521 | 3,761 | 240 | 6.4% | Depreciation | 13,852 | 14,024 | 14,699 | 675 | 4.6% |
| 53,494 | 57,663 | 56,595 | (1,067) | (1.9%) | Total Operating Expense | 206,714 | 220,391 | 224,424 | 4,033 | 1.8% |
| 16,363 | 8,679 | 8,161 | 517 | 6.3% | Net Operating Income/(Loss) | 44,354 | 31,827 | 25,114 | 6,713 | 26.7% |
| 7,379 | (34,259) | 456 | (34,716) | (7606.0%) | Non Operating Income | 24,149 | (17,939) | 1,826 | (19,765) | ##### |
| 23,741 | (25,580) | 8,618 | (34,198) | (396.8%) | Net Income(Loss) | 68,503 | 13,888 | 26,940 | (13,052) | (48.4%) |
| 29.1% | 20.3% | 18.9% | 1.3% | | EBITDA | 23.8% | 18.8% | 16.5% | 2.4% | |
| 23.4% | 13.1% | 12.6% | 0.5% | | Operating Margin | 17.7% | 12.6% | 10.1% | 2.6% | |
| 34.0% | -38.6% | 13.3% | (51.9%) | | Net Margin | 27.3% | 5.5% | 10.8% | (5.3%) | |

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

Period ending 10/31/2018

| Period 4 FY 2018 | Period 4 FY 2019 | Period 4 Budget 2019 | Variance Fav (Unfav) | Var% | | YTD FY 2018 | YTD FY 2019 | YTD Budget 2019 | Variance Fav (Unfav) | Var% |
|---------------------|---------------------|-------------------------|-------------------------|-----------------|-----------------------------|----------------|----------------|--------------------|-------------------------|----------------|
| | | | | | \$000s | | | | | |
| | | | | | OPERATING REVENUE | | | | | |
| 54,907 | 51,106 | 54,364 | (3,258) | (6.0%) | Gross Revenue | 196,247 | 199,485 | 200,467 | (983) | (0.5%) |
| (40,936) | (38,548) | (40,025) | 1,478 | 3.7% | Deductions | (145,236) | (147,999) | (147,099) | (899) | (0.6%) |
| 13,972 | 12,558 | 14,338 | (1,780) | (12.4%) | Net Patient Revenue | 51,010 | 51,486 | 53,368 | (1,882) | (3.5%) |
| 160 | 337 | 227 | 110 | 48.4% | Other Operating Revenue | 642 | 1,109 | 912 | 198 | 21.7% |
| 14,131 | 12,895 | 14,565 | (1,670) | (11.5%) | Total Operating Revenue | 51,652 | 52,595 | 54,280 | (1,684) | (3.1%) |
| | | | | | OPERATING EXPENSE | | | | | |
| 6,753 | 6,658 | 6,742 | 84 | 1.2% | Salaries & Wages | 26,145 | 27,273 | 26,144 | (1,129) | (4.3%) |
| 2,127 | 2,019 | 2,247 | 228 | 10.2% | Supplies | 7,514 | 8,360 | 8,069 | (291) | (3.6%) |
| 1,285 | 1,554 | 1,379 | (175) | (12.7%) | Fees & Purchased Services | 5,048 | 5,551 | 5,232 | (319) | (6.1%) |
| 1,533 | 1,927 | 1,517 | (410) | (27.0%) | Other Operating Expense | 6,133 | 6,470 | 6,208 | (262) | (4.2%) |
| 0 | 0 | 0 | 0 | 0.0% | Interest | 0 | 0 | 0 | 0 | 0.0% |
| 580 | 754 | 766 | 12 | 1.5% | Depreciation | 2,061 | 2,976 | 2,933 | (43) | (1.5%) |
| 12,277 | 12,912 | 12,652 | (260) | (2.1%) | Total Operating Expense | 46,900 | 50,629 | 48,585 | (2,044) | (4.2%) |
| 1,854 | (17) | 1,913 | (1,930) | (100.9%) | Net Operating Income/(Loss) | 4,752 | 1,966 | 5,694 | (3,728) | (65.5%) |
| 0 | 0 | 0 | 0 | 0.0% | Non Operating Income | (45) | 0 | 0 | 0 | 0.0% |
| 1,854 | (17) | 1,913 | (1,930) | (100.9%) | Net Income(Loss) | 4,708 | 1,966 | 5,694 | (3,728) | (65.5%) |
| 17.2% | 5.7% | 18.4% | (12.7%) | | EBITDA | 13.2% | 9.4% | 15.9% | (6.5%) | |
| 13.1% | -0.1% | 13.1% | (13.3%) | | Operating Margin | 9.2% | 3.7% | 10.5% | (6.8%) | |
| 13.1% | -0.1% | 13.1% | (13.3%) | | Net Margin | 9.1% | 3.7% | 10.5% | (6.8%) | |

Expense variances - YTD

- Salary variance due higher ED staffing and survey preparation
- High purchased services due to higher rehab volume and repairs and maintenance
- Other expense variance due to timing difference for property taxes.

Non Operating Items and Net Income by Affiliate

\$ in thousands

| | Period 4 - Month | | | Period 4 - FYTD | | |
|---|------------------|---------------|-----------------|-----------------|---------------|-----------------|
| | Actual | Budget | Variance | Actual | Budget | Variance |
| El Camino Hospital Income (Loss) from Operations | | | | | | |
| Mountain View | 8,679 | 8,161 | 517 | 31,827 | 25,114 | 6,713 |
| Los Gatos | (17) | 1,913 | (1,930) | 1,966 | 5,694 | (3,728) |
| Sub Total - El Camino Hospital, excl. Affiliates | 8,662 | 10,074 | (1,413) | 33,793 | 30,808 | 2,985 |
| Operating Margin % | 10.9% | 12.7% | | 11.1% | 10.1% | |
| El Camino Hospital Non Operating Income | | | | | | |
| Investments ² | (33,832) | 2,478 | (36,310) | (12,565) | 9,911 | (22,476) |
| Swap Adjustments | 274 | (100) | 374 | 677 | (400) | 1,077 |
| Community Benefit | 48 | (300) | 348 | (2,573) | (1,200) | (1,373) |
| Pathways | (47) | 0 | (47) | (93) | 0 | (93) |
| Satellite Dialysis | 185 | (25) | 210 | 187 | (100) | 287 |
| Community Connect | 0 | (53) | 53 | 0 | (212) | 212 |
| SVMD Funding ¹ | (533) | (1,219) | 686 | (2,345) | (4,876) | 2,531 |
| Other | (353) | (324) | (29) | (1,227) | (1,297) | 70 |
| Sub Total - Non Operating Income | (34,259) | 456 | (34,716) | (17,939) | 1,826 | (19,765) |
| El Camino Hospital Net Income (Loss) | (25,597) | 10,531 | (36,128) | 15,854 | 32,634 | (16,780) |
| ECH Net Margin % | -32.3% | 13.3% | | 5.2% | 10.7% | |
| Concern | 98 | 176 | (79) | 873 | 280 | 593 |
| ECSC | (2) | 0 | (2) | (14) | 0 | (14) |
| Foundation | (851) | 227 | (1,077) | 106 | 582 | (476) |
| Silicon Valley Medical Development | (11) | (36) | 24 | 1,352 | (250) | 1,602 |
| Net Income Hospital Affiliates | (766) | 367 | (1,134) | 2,317 | 611 | 1,706 |
| Total Net Income Hospital & Affiliates | (26,364) | 10,898 | (37,262) | 18,171 | 33,245 | (15,074) |

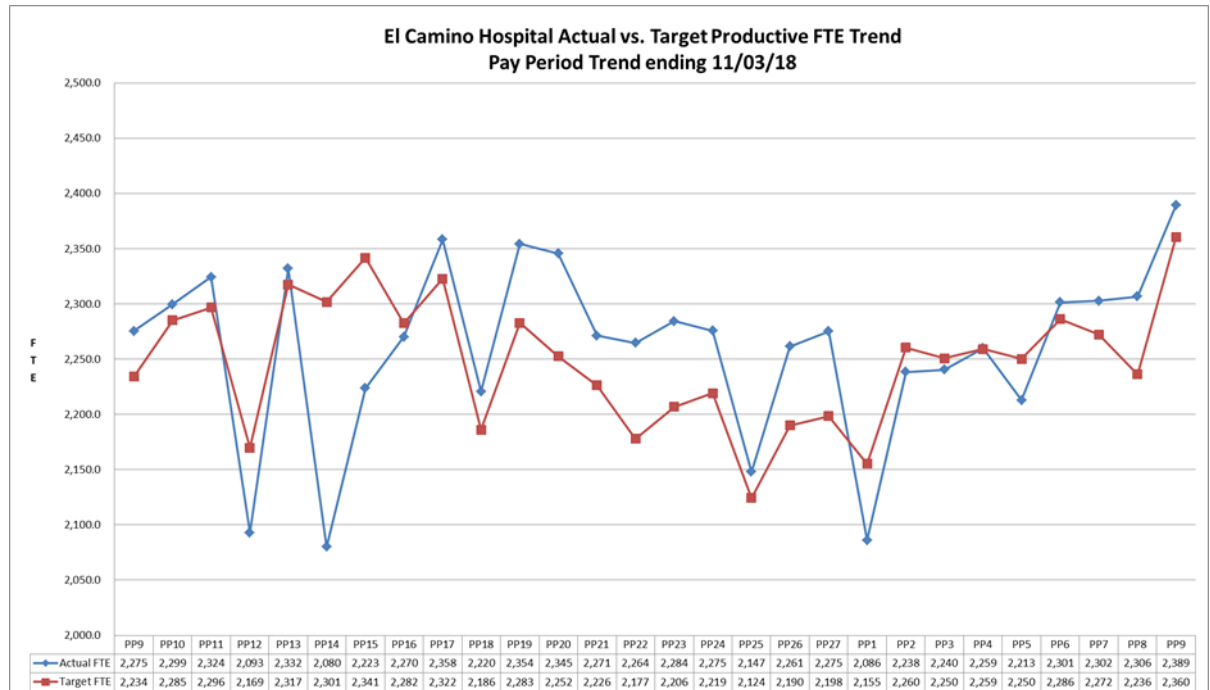
¹Favorable variances for SVMD and Community Connect are due to delayed implementation

²Equity markets experienced a massive selloff during the month, a small portion of which has been recouped so far in early November

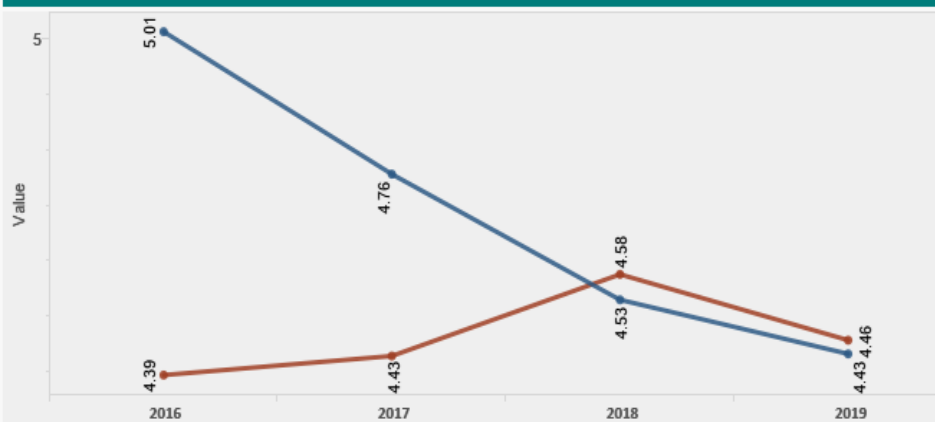
Productivity and Medicare Length of Stay

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

ALOS vs Milliman well-managed benchmark. Trend shows 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



El Camino Hospital Volume Annual Trends

| | | ANNUAL TREND | | | | | FY19 Bud vs FY18 | | MONTH | | | | | | (Multiple values) YEAR | | | | |
|-------|-----------------------|--------------|---------|---------|---------|---------|------------------|-------|---------|--------|--------|--------|---------|--------|------------------------|--------|--------|---------|--------|
| | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019(b) | Cases | Percent | PY | CY | Bud | Bud Var | PY Var | PY | CY | Bud | Bud Var | PY Var |
| IP | Behavioral Health | 1,012 | 1,052 | 928 | 924 | 1,098 | 1,062 | -36 | -3.2% | 97 | 98 | 91 | 7 | 1 | 358 | 378 | 338 | 40 | 20 |
| | General Medicine & .. | 4,165 | 4,592 | 4,459 | 4,961 | 5,286 | 5,325 | 39 | 0.7% | 431 | 384 | 405 | -21 | -47 | 1,668 | 1,522 | 1,558 | -36 | -146 |
| | General Surgery | 1,243 | 1,150 | 1,311 | 1,318 | 1,305 | 1,344 | 39 | 3.0% | 106 | 120 | 108 | 12 | 14 | 428 | 472 | 444 | 28 | 44 |
| | GYN | 390 | 313 | 293 | 270 | 243 | 255 | 12 | 4.9% | 24 | 16 | 22 | -6 | -8 | 88 | 72 | 79 | -7 | -16 |
| | Heart and Vascular | 1,859 | 1,998 | 2,001 | 2,203 | 2,372 | 2,445 | 73 | 3.1% | 187 | 188 | 183 | 5 | 1 | 767 | 683 | 745 | -62 | -84 |
| | MCH | 6,695 | 6,371 | 5,953 | 5,822 | 5,719 | 5,764 | 45 | 0.8% | 499 | 487 | 482 | 5 | -12 | 1,958 | 1,808 | 1,894 | -86 | -150 |
| | Neurosciences | 667 | 672 | 677 | 688 | 870 | 907 | 37 | 4.3% | 75 | 74 | 83 | -9 | -1 | 294 | 264 | 332 | -68 | -30 |
| | Oncology | 606 | 564 | 652 | 594 | 633 | 726 | 93 | 14.7% | 64 | 48 | 64 | -16 | -16 | 212 | 239 | 214 | 25 | 27 |
| | Orthopedics | 1,695 | 1,773 | 1,746 | 1,690 | 1,705 | 1,819 | 114 | 6.7% | 145 | 148 | 151 | -3 | 3 | 565 | 558 | 582 | -24 | -7 |
| | Rehab Services | 547 | 555 | 500 | 461 | 441 | 436 | -5 | -1.1% | 39 | 38 | 39 | -1 | -1 | 128 | 162 | 128 | 34 | 34 |
| | Spine Surgery | 377 | 429 | 417 | 474 | 375 | 465 | 90 | 24.0% | 41 | 22 | 43 | -21 | -19 | 148 | 104 | 155 | -51 | -44 |
| | Urology | 172 | 169 | 234 | 257 | 254 | 274 | 20 | 7.9% | 19 | 30 | 18 | 12 | 11 | 86 | 85 | 86 | -1 | -1 |
| Total | | 19,428 | 19,638 | 19,171 | 19,662 | 20,301 | 20,823 | 522 | 2.6% | 1,727 | 1,653 | 1,690 | -37 | -74 | 6,700 | 6,347 | 6,553 | -206 | -353 |
| OP | Behavioral Health | 911 | 886 | 2,395 | 3,262 | 3,152 | 3,417 | 265 | 8.4% | 326 | 227 | 309 | -82 | -99 | 1,131 | 897 | 1,090 | -193 | -234 |
| | Dialysis | 1,060 | 154 | 7 | | | 0 | | | | | 0 | | | | | 0 | | |
| | Emergency | 46,005 | 49,077 | 48,576 | 48,615 | 49,417 | 49,122 | -295 | -0.6% | 4,076 | 3,895 | 4,009 | -114 | -181 | 15,925 | 15,583 | 15,662 | -79 | -342 |
| | General Medicine & .. | 6,633 | 6,634 | 7,198 | 7,083 | 7,295 | 7,457 | 162 | 2.2% | 626 | 732 | 636 | 96 | 106 | 2,448 | 2,592 | 2,487 | 105 | 144 |
| | General Surgery | 1,840 | 1,854 | 1,798 | 1,843 | 2,006 | 2,068 | 62 | 3.1% | 172 | 177 | 171 | 6 | 5 | 631 | 661 | 629 | 32 | 30 |
| | GYN | 1,221 | 1,308 | 1,018 | 1,080 | 1,097 | 1,171 | 74 | 6.7% | 97 | 106 | 95 | 11 | 9 | 361 | 443 | 354 | 89 | 82 |
| | Heart and Vascular | 2,575 | 2,719 | 3,811 | 4,371 | 4,366 | 4,410 | 44 | 1.0% | 351 | 389 | 361 | 28 | 38 | 1,415 | 1,557 | 1,459 | 98 | 142 |
| | Imaging Services | 19,549 | 20,077 | 17,801 | 17,244 | 18,508 | 18,744 | 236 | 1.3% | 1,698 | 1,748 | 1,663 | 85 | 50 | 6,197 | 6,492 | 6,061 | 431 | 295 |
| | Laboratory Services | 30,595 | 29,710 | 29,028 | 29,137 | 28,562 | 29,071 | 509 | 1.8% | 2,611 | 2,499 | 2,597 | -98 | -112 | 9,671 | 9,353 | 9,621 | -268 | -318 |
| | MCH | 5,038 | 4,830 | 5,092 | 5,582 | 5,645 | 5,928 | 283 | 5.0% | 514 | 468 | 509 | -41 | -46 | 1,940 | 1,813 | 1,919 | -106 | -127 |
| | Neurosciences | 110 | 61 | 127 | 125 | 114 | 155 | 41 | 36.0% | 9 | 7 | 11 | -4 | -2 | 44 | 22 | 53 | -31 | -22 |
| | Oncology | 4,002 | 4,174 | 14,306 | 18,578 | 19,275 | 22,037 | 2,762 | 14.3% | 1,563 | 1,773 | 1,606 | 167 | 210 | 6,390 | 6,480 | 6,564 | -84 | 90 |
| | Orthopedics | 866 | 776 | 584 | 616 | 642 | 714 | 72 | 11.2% | 49 | 66 | 56 | 10 | 17 | 209 | 234 | 241 | -7 | 25 |
| | Outpatient Clinics | 1,817 | 1,706 | 1,681 | 1,304 | 1,890 | 1,517 | -373 | -19.7% | 214 | 181 | 140 | 41 | -33 | 805 | 590 | 505 | 85 | -215 |
| | Rehab Services | 1,732 | 1,747 | 3,951 | 4,518 | 4,928 | 4,900 | -28 | -0.6% | 410 | 469 | 407 | 62 | 59 | 1,640 | 1,779 | 1,629 | 151 | 139 |
| | Sleep Center | 160 | 223 | 499 | 368 | 211 | 300 | 89 | 42.2% | 11 | 28 | 21 | 7 | 17 | 50 | 77 | 96 | -19 | 27 |
| | Spine Surgery | 325 | 401 | 309 | 324 | 310 | 326 | 16 | 5.2% | 26 | 29 | 26 | 3 | 3 | 110 | 100 | 108 | -8 | -10 |
| | Urology | 1,758 | 1,773 | 1,740 | 1,898 | 2,052 | 2,058 | 6 | 0.3% | 156 | 182 | 159 | 23 | 26 | 662 | 668 | 670 | -2 | 6 |
| Total | | 126,197 | 128,110 | 139,921 | 145,948 | 149,470 | 153,395 | 3,925 | 2.6% | 12,909 | 12,976 | 12,777 | 200 | 67 | 49,629 | 49,341 | 49,147 | 194 | -288 |

Capital Spend Trend & FY 19 Budget

| Capital Spending (in 000's) | Actual FY2016 | Actual FY2017 | Actual FY2018 | Budget 2019 |
|--|------------------|------------------|------------------|----------------|
| EPIC | 20,798 | 2,755 | 1,114 | - |
| IT Hardware / Software Equipment | 6,483 | 2,659 | 1,108 | 19,732 |
| Medical / Non Medical Equipment* | 17,133 | 9,556 | 15,780 | 11,206 |
| Non CIP Land, Land I , BLDG, Additions | 4,189 | - | 2,070 | - |
| Facilities | 48,137 | 82,953 | 137,364 | 279,450 |
| GRAND TOTAL | 96,740 | 97,923 | 157,435 | 310,388 |
| *Includes 2 robot purchases in FY2017 | | | | |

El Camino Hospital Capital Spending (in thousands) FY 2014 – FY 2018

| Category | 2014 | 2015 | 2016 | 2017 | 2018 | Category | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---------------|---------------|---------------|---------------|----------------|--|---------------|---------------|---------------|---------------|----------------|
| EPIC | 6,838 | 29,849 | 20,798 | 2,755 | 1,114 | Facilities Projects CIP cont. | | | | | |
| IT Hardware/Software Equipment | 2,788 | 4,660 | 6,483 | 2,659 | 1,108 | 1415 - Signage & Wayfinding | - | - | 106 | 58 | 136 |
| Medical/Non Medical Equipment | 12,891 | 13,340 | 17,133 | 9,556 | 15,780 | 1416 - MV Campus Digital Directories | - | - | 34 | 23 | 95 |
| Non CIP Land, Land I, BLDG, Additions | 22,292 | - | 4,189 | - | 2,070 | 1423 - MV MOB TI Allowance | - | - | 588 | 369 | - |
| | | | | | | 1425 - IMOB Preparation Project - Old Main | - | - | 711 | 1,860 | 215 |
| | | | | | | 1429 - 2500 Hospital Dr Bldg 8 TI | - | 101 | - | - | - |
| Facilities Projects CIP | | | | | | 1430 - Women's Hospital Expansion | - | - | - | 464 | 2,763 |
| Mountain View Campus Master Plan Projects | | | | | | 1432 - 205 South Dr BHS TI | - | 8 | 15 | - | 52 |
| 1245 - Behavioral Health Bldg Replace | 1,257 | 3,775 | 1,389 | 10,323 | 28,676 | 1501 - Women's Hospital NPC Comp | - | 4 | - | 223 | 320 |
| 1413 - North Drive Parking Structure Exp | - | 167 | 1,266 | 18,120 | 4,670 | 1502 - Cabling & Wireless Upgrades | - | - | 1,261 | 367 | 984 |
| 1414 - Integrated MOB | - | 2,009 | 8,875 | 32,805 | 75,319 | 1503 - Willow Pavillion Tomosynthesis | - | - | 53 | 257 | 31 |
| 1422 - CUP Upgrade | - | - | 896 | 1,245 | 5,428 | 1504 - Equipment Support Infrastructure | - | 61 | 311 | - | 60 |
| Sub-Total Mountain View Campus Master Plan | 1,257 | 5,950 | 12,426 | 62,493 | 114,093 | 1523 - Melchor Pavillion Suite 309 TI | - | - | 10 | 59 | 392 |
| | | | | | | 1525 - New Main Lab Upgrades | - | - | - | 464 | 1,739 |
| Mountain View Capital Projects | | | | | | 1526 - CONCERN TI | - | - | 37 | 99 | 10 |
| 9900 - Unassigned Costs | 470 | 3,717 | - | - | - | Sub-Total Mountain View Projects | 7,219 | 26,744 | 5,588 | 5,535 | 7,948 |
| 0906 - Slot Build-Out | 1,576 | 15,101 | 1,251 | 294 | - | Los Gatos Capital Projects | | | | | |
| 1109 - New Main Upgrades | 393 | 2 | - | - | - | 0904 - LG Facilities Upgrade | - | - | - | - | - |
| 1111 - Mom/Baby Overflow | 29 | - | - | - | - | 0907 - LG Imaging Masterplan | 774 | 1,402 | 17 | - | - |
| 1204 - Elevator Upgrades | 30 | - | - | - | - | 1210 - Los Gatos VOIP | 89 | - | - | - | - |
| 0800 - Womens L&D Expansion | 1,531 | 269 | - | - | - | 1116 - LG Ortho Pavillion | 24 | 21 | - | - | - |
| 1225 - Rehab BLDG Roofing | 241 | 4 | - | - | - | 1124 - LG Rehab BLDG | 458 | - | - | - | - |
| 1227 - New Main eICU | 21 | - | - | - | - | 1307 - LG Upgrades | 2,979 | 3,282 | 3,511 | 3,081 | 4,551 |
| 1230 - Fog Shop | 80 | - | - | - | - | 1308 - LG Infrastructure | 114 | - | - | - | - |
| 1315 - 205 So. Drive TI's | 500 | 2 | - | - | - | 1313 - LG Rehab HVAC System/Structural | - | - | 1,597 | 1,904 | 550 |
| 0908 - NPCR3 Seismic Upgrds | 1,224 | 1,328 | 240 | 342 | 961 | 1219 - LG Spine OR | 214 | 323 | 633 | 2,163 | 447 |
| 1125 - Will Pav Fire Sprinkler | 39 | - | - | - | - | 1221 - LG Kitchen Refrig | 85 | - | - | - | - |
| 1216 - New Main Process Imp Office | 1 | 16 | - | - | - | 1248 - LG - CT Upgrades | 26 | 345 | 197 | 6,669 | 1,673 |
| 1217 - MV Campus MEP Upgrades FY13 | 181 | 274 | 28 | - | - | 1249 - LG Mobile Imaging | 146 | - | - | - | - |
| 1224 - Rehab Bldg HVAC Upgrades | 202 | 81 | 14 | 6 | - | 1328 - LG Ortho Canopy FY14 | 255 | 209 | - | - | - |
| 1301 - Desktop Virtual | 13 | - | - | - | - | 1345 - LG Lab HVAC | 112 | - | - | - | - |
| 1304 - Rehab Wander Mgmt | 87 | - | - | - | - | 1346 - LG OR 5, 6, and 7 Lights Replace | - | 285 | 53 | 22 | 127 |
| 1310 - Melchor Cancer Center Expansion | 44 | 13 | - | - | - | 1347 - LG Central Sterile Upgrades | - | 181 | 43 | 66 | - |
| 1318 - Women's Hospital TI | 48 | 48 | 29 | 2 | - | 1421 - LG MOB Improvements | - | 198 | 65 | 303 | 356 |
| 1327 - Rehab Building Upgrades | - | 15 | 20 | - | 22 | 1508 - LG NICU 4 Bed Expansion | - | - | - | 207 | - |
| 1320 - 2500 Hosp Dr Roofing | 75 | 81 | - | - | - | 1600 - 825 Pollard - Aspire Phase II | - | - | - | 80 | 10 |
| 1340 - New Main ED Exam Room TVs | 8 | 193 | - | - | - | 1603 - LG MOB Improvements | - | - | - | 285 | 4,593 |
| 1341 - New Main Admin | 32 | 103 | - | - | - | Sub-Total Los Gatos Projects | 5,276 | 6,246 | 6,116 | 14,780 | 12,306 |
| 1344 - New Main AV Upgrd | 243 | - | - | - | - | 1550 - Land Acquisition | - | - | 24,007 | - | - |
| 1400 - Oak Pav Cancer Center | - | 5,208 | 666 | 52 | 156 | 1701 - 828 S Winchester Clinic TI | - | - | - | 145 | 3,018 |
| 1403 - Hosp Drive BLDG 11 TI's | 86 | 103 | - | - | - | Sub-Total Other Strategic Projects | - | - | 24,007 | 145 | 3,018 |
| 1404 - Park Pav HVAC | 64 | 7 | - | - | - | Subtotal Facilities Projects CIP | 13,753 | 38,940 | 48,137 | 82,953 | 137,364 |
| 1405 - 1 - South Accessibility Upgrades | - | - | 168 | 95 | - | Grand Total | 58,561 | 86,789 | 96,740 | 97,923 | 157,435 |
| 1408 - New Main Accessibility Upgrades | - | 7 | 46 | 501 | 12 | | | | | | |

**EL CAMINO HOSPITAL
BOARD MEETING COVER MEMO**

To: El Camino Hospital Board of Directors
From: Julie Kliger, RN, Quality Committee Chair
Mark Adams, MD, CMO
Date: January 16, 2019
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 December 3, 2018 and meets again on February 4, 2019. The FY19 Quality Dashboard was reviewed. For mortality, the FYTD index is 0.98 with a target of 0.95. A reduction in sepsis mortality has positively impacted this metric. For the month of October, there were zero Central Line-associated Blood Stream Infections (CLABSI), but there were four new cases of Catheter Associate Urinary Tract Infections (CAUTIs) and 3 new cases of C. difficile infections (CDIs). Two of the CAUTIs were present on admission but not documented, but two were secondary to deviations in policy. Two of the three CDIs were present on admission but not documented. One was secondary to prolonged antibiotic therapy. The Quality and Patient Experience Organizational Goals Dashboard is attached. The Committee discussed consolidating these measures to be displayed quarterly as well as on a rolling twelve month basis, and the Committee will continue to review monthly.

The PSI-90 (Patient Safety Index) scores were reviewed. The overall score has remained low (lower is better) currently at 0.71 which is better than average but above the top decile score of 0.57. The two areas needing attention are hospital acquired pressure injuries and accidental lacerations. The latter is a function of how these events are described, which creates a higher incidence than necessary. The Committee also suggested this data be presented on a rolling 12-month basis.

Cheryl Reinking, RN, CNO presented a Lean case study pertaining to our Emergency Department throughput reduction work illustrating the RPIW (rapid process improvement workshop) approach. For example, this work identified 65 barriers to improvement with 18 selected for intensive process improvement.

Dr. Adams presented an in depth look at the factors that impact our readmission rate and how we are addressing those using data to drive the work.

The most recent culture of safety survey report was presented and discussed. The overall score in this category improved from 3.83 in 2017 to 4.04 in 2018. The Committee did not review these scores in detail, but will do so in the March meeting. For physicians (more limited response rate), the score was essentially unchanged from 3.88 in 2017 to 3.85 in 2018. The Committee had a vigorous discussion around opportunities for improved physician engagement.

The committee reviewed the initial results from the internal survey conducted to assess the organization's "Healthcare Quality Strategy Maturity Model" and decided to expand the respondent pool and discuss further at a subsequent meeting.

List of Attachments:

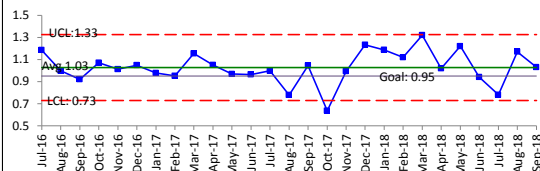
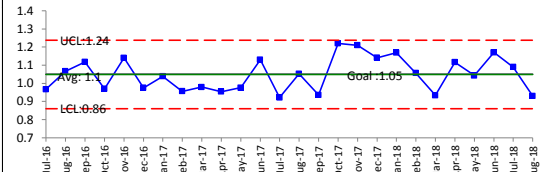
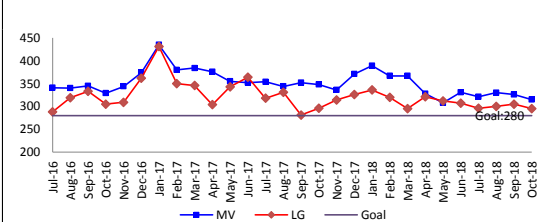
1. Quality and Experience Organizational Goals Dashboard.
2. PSI-90 score dashboard

Suggested Board Discussion Questions: None.

FY19 Organizational Goal Update

October 2018 (Unless otherwise specified)

Month to Board Quality Committee:
December, 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: September 2018</p> | 1.03 (1.11%/1.08%) | 0.98 (1.29%/1.31%) | 1.05 | 0.95 |  <p>The chart shows the Mortality Index from July 2016 to September 2018. The y-axis ranges from 0.5 to 1.5. A green line represents the observed index, fluctuating around a goal of 0.95. A red dashed line at 1.33 indicates the Upper Control Limit (UCL), and a red dashed line at 0.73 indicates the Lower Control Limit (LCL). The observed index is generally below the UCL and above the LCL.</p> | 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 developed 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 Readmit)</p> <p>Observed/Expected</p> <p>Premier Standard Risk Calculation Mode</p> <p>Index month: August 2018</p> | 0.93 (6.12%/6.57%) | 1.01 | 1.08 | 1.05 |  <p>The chart shows the Readmission Index from July 2016 to August 2018. The y-axis ranges from 0.7 to 1.4. A green line represents the observed index, fluctuating around a goal of 1.05. A red dashed line at 1.24 indicates the Upper Control Limit (UCL), and a red dashed line at 0.86 indicates the Lower Control Limit (LCL). The observed index is generally below the UCL and above the LCL.</p> | Team Health Hospitalist joined Weekly Readmit review team, which now makes referrals for quality of care issues to Peer Review. Readmits within 24 hr 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: October 2018</p> | MV: 315 mins LG: 295 mins | MV: 322 mins LG: 298 mins | MV: 350 mins; LG: 314 mins | 280 mins |  <p>The chart shows Patient Throughput (Median minutes from ED Door to Patient Admitted) from July 2016 to October 2018. The y-axis ranges from 200 to 450. A green line represents the observed index, fluctuating around a goal of 280. A red dashed line at 280 indicates the goal. The observed index is generally above the goal.</p> | 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. |

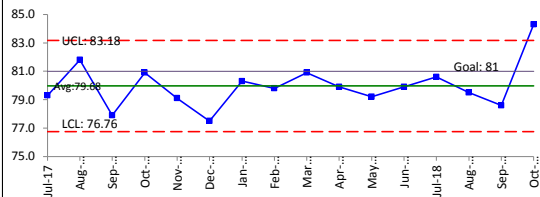
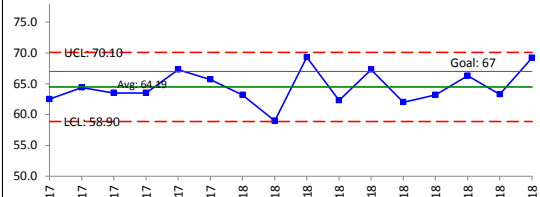
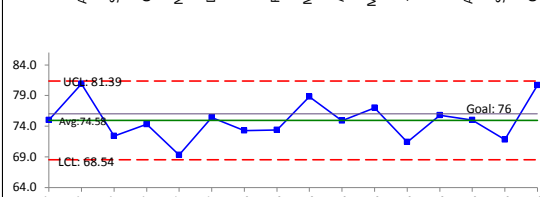
Definitions and Additional Information

| Measure Name | Definition Owner | Work Group | FY 2018 Definition | FY 2019 Definition | Source |
|---|--|------------|--------------------|--|--|
| Mortality Index (Observed/Expected) | Catherine Carson | | | UCL and LCL are 2+/- the Standard Deviation of 1 from the Average. LCL is not visible if value is less than or equal to zero. | Premier Quality Advisor |
| Readmission Index (All Patient, All Cause Readmit) Observed/Expected | Catherine Carson | | | UCL and LCL are 2+/- the Standard Deviation of 1 from the Average. LCL is not visible if value is less than or equal to zero. | Premier Quality Advisor |
| Patient Throughput- Average Minutes from ED Door to Patient Admitted (excludes Behavioral Health Inpatients) | Cheryl Reinking, Michelle Gabriel; Heather Freeman | | | | iCare Report: ECH ED Arrival to Floor |

FY19 Organizational Goal Update

October 2018 (Unless otherwise specified)

Month to Board Quality Committee:
December, 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: October 2018 | 84.3 (244/289) | 80.9 (860/1064) | 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: October 2018 | 69.2 (190/274) | 65.6 (661/1008) | 65.1 | 67.0 |  | Teams promoting a "No pass Zone"; all staff are not to pass a room with a call light on, and are to enter the room to acknowledge the light and then access the appropriate staff. Also setting an objective of addressing each call light within 5 minutes and before the call light cycles again. |
| | «Organizational Goal HCAHPS Cleanliness of Hospital Environment Question Top Box Rating of Always Date Period: October 2018 | 80.7 (230/285) | 76 (801/1054) | 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 patients' rooms. EVS completely emptying all cupboards in patient rooms at discharge. |

Definitions and Additional Information

| Measure Name | Definition Owner | Work Group | FY 2018 Definition | FY 2019 Definition | Source |
|---|------------------------------------|------------------------------|---|--|------------------|
| HCAHPS Nursing Communication Domain Top Box Rating of Always, based on Received Date, Adjusted Samples | Ashley Fontenot Cheryl Reinking | Patient Experience Committee | HCAHPS Rate Communication with Nurse Top Box Rating 9 and 10 | UCL and LCL are ± 2 the Standard Deviation of 1 from the Average. LCL is not visible if value is less than or equal to zero. | Press Ganey Tool |
| HCAHPS Responsiveness of Staff Domain Top Box Rating of Always, based on Received Date, Adjusted Samples | Ashley Fontenot Cheryl Reinking | Patient Experience Committee | HCAHPS Rate Response of Hospital Staff Top Box Rating 9 and 10 | UCL and LCL are ± 2 the Standard Deviation of 1 from the Average. LCL is not visible if value is less than or equal to zero. | Press Ganey Tool |
| HCAHPS Cleanliness of Hospital Environment Question Top Box Rating of Always, based on Received Date, Adjusted Samples | Ashley Fontenot Cheryl Reinking | Patient Experience Committee | HCAHPS Rate Cleanliness of Hospital Environment Top Box Rating 9 and 10 | UCL and LCL are ± 2 the Standard Deviation of 1 from the Average. LCL is not visible if value is less than or equal to zero. | Press Ganey Tool |

Patient Safety Indicator

PSI-90 Composite

Facility: MV + LG

| | Qtr 1, FY 2018 | Qtr 2, FY 2018 | Qtr 3, FY 2018 | Qtr 4, FY 2018 | Qtr 1, FY 2019 |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Facility Composite Value | 0.711980 | 0.637857 | 0.811578 | 0.858181 | 0.714852 |
| Premier PSI-90 Composite Mean* | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 |
| Premier PSI-90 Composite Top Decile* | 0.57 | 0.57 | 0.57 | 0.57 | 0.57 |

Source: Premier Quality Advisor

Report updated: 11/16/18

* Premier Population Statistics (Rate/1000)
(10-01-2015 to 09-30-2016)



**Minutes of the Open Session of the
El Camino Hospital Board of Directors
Wednesday, December 5, 2018
2500 Grant Road, Mountain View, CA 94040
Conference Rooms F&G (ground floor)**

Board Members Present

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

Board Members Absent

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 6:15pm by Chair Chen. A silent roll call was taken. Director Davis joined the meeting during the closed session. 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. PUBLIC COMMUNICATION | None. | |
| 4. ADJOURN TO CLOSED SESSION | <p>Motion: To adjourn to closed session at 6:17pm pursuant to <i>Gov't Code Section 54957.2</i> for approval of the Minutes of the Closed Session of the Hospital Board Meeting (November 14, 2018) and the Minutes of the Closed Session of the Executive Compensation Committee Meeting (September 20, 2018); 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>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; 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: Fung Second: Miller Ayes: Chen, Davis, Fung, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p> | Adjourned to closed session at 6:17pm |
| 5. AGENDA ITEM 11: RECONVENE OPEN SESSION/ REPORT OUT | <p>Open session was reconvened at 6:46 pm by Chair Chen. Agenda items 5-10 were addressed in closed session.</p> <p>During the closed session, the Board approved the Minutes of the Closed Session of the Hospital Board Meeting (November 14, 2018), the Minutes of the Closed Session of the Executive Compensation Committee Meeting (September 20, 2018), and the Medical Staff Report, including the credentials and privileges report, by a unanimous vote in favor of all</p> | |

| | | |
|--|--|---|
| | members present (Directors Chen, Davis, Fung, Kalbach, Kliger, Miller, Rebitzer, and Zoglin). | |
| 6. AGENDA ITEM 20: CONSENT CALENDAR | <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 (November 14, 2018); Minutes of the Open Session of the Executive Compensation Committee Meeting (September 20, 2018); Letters of Rebuttable Presumption of Reasonableness; FY19 Period 3 Financials; Professional Services Agreement, Perinatal Diagnostic Center (PDC) (MV); Professional Services Agreement, Radiology (Enterprise); Medical Director, ASPIRE Program (MV & LG); Gastroenterology Call Panel (MV); Orthopedic Surgery Call Panel (MV); Professional Services Agreement, Hospitalists (MV); Orthopedic Co-Management Agreement (Enterprise).</p> <p>Movant: Miller Second: Kalbach Ayes: Chen, Davis, Fung, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p> | <i>Consent calendar approved</i> |
| 7. AGENDA ITEM 23: ADJOURNMENT | <p>Motion: To adjourn at 6:48pm.</p> <p>Movant: Fung Second: Kalbach Ayes: Chen, Davis, Fung, Kalbach, Kliger, Miller, Rebitzer, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p> | <i>Meeting adjourned at 6:48pm</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

**EL CAMINO HOSPITAL
BOARD MEETING COVER MEMO**

To: El Camino Hospital Board of Directors
From: Lanhee Chen, Board Chair
Date: January 16, 2019
Subject: FY19 Board Committee and Liaison Appointments

Recommendation(s):

To approve the proposed revisions as described below.

Summary:

1. Situation: Currently, Directors Julia Miller, Peter C, Fung, MD, and Gary Kalbach serve as members of the Hospital Board's Governance Committee. Director Kalbach became an El Camino Healthcare District (ECHD) Board Director on December 7, 2018. Since Directors Miller and Fung are also members of the ECHD Board, if all three of them to continue to serve as members of the Hospital's Governance Committee this would create a quorum of the ECHD Board on the Committee. On the advice of counsel, I asked Director Miller to step down from the Governance Committee and she agreed. Separately, because of her effective work with the El Camino Hospital Foundation and its donors, I am recommending Director Miller serve as co-liaison to the Foundation.
2. Authority: The El Camino Hospital Bylaws provide that the Chair shall appoint the Members of the Board Advisory Committees subject to Board approval.
3. Background: N/A.
4. Assessment: The Governance Committee will continue with three able Hospital Board members and two Community members. This Board and the Foundation Board will have the benefit of two liaisons.
5. Other Reviews: None.
6. Outcomes: None.

List of Attachments:

1. Revised FY19 Committee and Liaison Appointments

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

FY19 El Camino Hospital Board of Directors Advisory Committee & Liaison Appointments

January 16, 2019

| Committee Appointments | | | | | | |
|------------------------|--------------------------|---------------------------|----------------|----------------|-------------------|--------------------|
| COMMITTEE | COMPLIANCE AND AUDIT | EXECUTIVE COMPENSATION | FINANCE | GOVERNANCE | INVESTMENT | QUALITY |
| CHAIR | Sharon Anolik Shakked | Bob Miller | John Zoglin | Peter Fung, MD | Jeffrey Davis, MD | Julie Kliger |
| BOARD MEMBERS | Julia Miller | Julie Kliger | Gary Kalbach | Gary Kalbach | Gary Kalbach | Jeffrey Davis, MD |
| | Bob Rebitzer | John Zoglin | | Bob Rebitzer | | Peter Fung, MD |
| COMMUNITY MEMBERS | Lica Hartman | Teri Eyre | Joseph Chow | Christina Lai | Nicola Boone | Katherine Anderson |
| | Christine Sublett | Jaison Layney | Boyd Faust | Peter Moran | John Conover | Ina Bauman |
| | | Pat Wadors | William Hobbs | | Brooks Nelson | Wendy Ron |
| | | | Richard Juelis | | | Melora Simon |

Liaison Appointments

| | |
|--|------------------------------|
| ECH FOUNDATION BOARD OF DIRECTORS (co-liaisons) | Gary Kalbach Julia Miller |
|--|------------------------------|

| | |
|--|-------------|
| COMMUNITY BENEFIT ADVISORY COUNCIL (CBAC) | John Zoglin |
|--|-------------|

LEGEND

*Board Members

*Community Members

For consideration of the El Camino Hospital Board on 1/16/2019

**EL CAMINO HOSPITAL
BOARD OF DIRECTORS MEETING COVER MEMO**

To: El Camino Hospital Board of Directors
From: Ken King, CASO
Jim Griffith, COO
Date: January 16, 2019
Subject: ECH Los Gatos Cancer Center

Recommendation(s):

The Finance Committee recommends that the Board approve the Los Gatos Cancer Center Construction Project at a cost not to exceed \$6.4 million.

Summary:

1. **Situation:** The Cancer Center Service Line identified the need for a second Cancer Center location during their Strategic Planning Retreat in early 2016. The planning group consisted of referring physicians, the cancer center team, and members of the executive team at ECH and a consultant from the Camden Group. The planning group recommendation was based on the large percentage of patients in Mountain View that come from the Los Gatos/West San Jose region (32% in FY18), referral physician (76% are unaligned community based physicians) requests based on lost referrals due to the increasing traffic along the 85 corridor, and the presence of a growing market only partially served by Stanford, O'Connor, and Santa Clara Valley Medical Center (SCVMC).

The ECH Los Gatos Cancer Center will be located in the outpatient area of the Los Gatos Hospital in place of the Men's Health clinic. The Men's Health clinic will be relocated to leased space at 825 Pollard Avenue, adjacent to the hospital campus.

The plans and specifications have been developed to construct a Cancer Center with five infusion stations with the required pharmacy and support spaces and an adjacent Cancer Clinic where patients will be seen and examined by the physicians. The current Oak location in Mountain View has 18 chairs. The physical layout at Los Gatos is a smaller version of the El Camino Cancer Center in Oak Pavilion. The workflow at Oak has proven to be successful.

The total cost of the project is not to exceed \$6.4 million and includes a USP-800 compliant pharmacy (which is required for ECH Los Gatos whether or not we construct a Cancer Center).

2. **Authority:** Policy requires that expenditures exceeding \$1 million require the Board's approval.
3. **Background:** The goal of the Cancer Center Service Line is to increase ECH market share by 10% after the first year in Los Gatos and improve the inpatient service by 5%. The data indicates that ECH has 13% of the inpatient cancer care market in 2017. The Service Line is confident that the goals for the first year are achievable. Specific primary physicians have been identified in the western and southern markets for physician to physician outreach.

This project was initially requested in the FY18 Capital Budget and it was rolled into the FY19 Capital Facilities Project Budget with a project estimate of \$5 million. The plans have been prepared and submitted for OSPHD plan review and we received a building permit. A GMP proposal for the construction has been received and the \$6.4 million budget request includes the

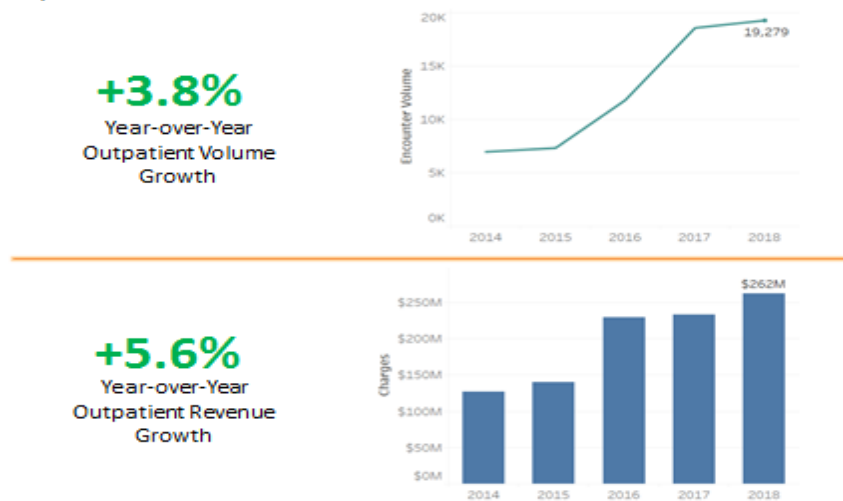
complete fit up of all equipment and furnishings required for the services. The additional costs are due to the USP-800 Pharmacy requirements and the need to accelerate the construction schedule to ensure a timely delivery.

4. Assessment: The development of a Cancer Center at ECH Los Gatos aligns with the following Strategic Initiatives.

High Performing Organization

The cancer center continues to grow in terms of cases, net revenue, and net income each year. The Infusion Center/Clinic is the front door to many other services at El Camino – including surgery, pharmacy, imaging, and laboratory. Opening a new infusion center in Los Gatos opens a range of service to a new population – in particular to the older population that has been unable to travel to Mountain View. In addition, we expect the Los Gatos center to treat our current referrals from the area – opening new capacity on the Mountain View campus to maintain current referral networks up into San Mateo and Alameda Counties.

Outpatient Volume Growth Continues to Drive Revenue Growth



Consumer Alignment

The oncology service's high touch, personalized, highly navigated service matches ECH's interest in providing services that meet consumer expectations. The outstanding outcomes increase ECH's reputation in the community as a top provider, offering a halo effect across the service continuum.

Physician Integration

The ECH-based service offers Los Gatos and San Jose independent physicians an alternative to referrals into the huge academic institution. Linked with ECMA, it offers an employment option for new medical oncologists wishing to enter into our service area.

The investment in the facility will continue to strengthen El Camino's base of business in the Los Gatos market and it will build confidence in the eyes of local providers regarding our commitment to provide healthcare services in the community.

5. Other Reviews: The Finance Department has conducted an analysis of the economics and the Executive Leadership Team supports the recommendation. The Finance Committee reviewed this request at their meeting on November 26, 2018 and they voted to recommend approval.
6. Outcomes: Upon approval of the funding we anticipate starting construction activities the first week of December and completing construction in early May 2019. Pending licensing of the new service and the USP-800 pharmacy we anticipate patient care services to begin sometime during the summer of 2019.

List of Attachments: None

Suggested Board Discussion Questions: None

**EL CAMINO HOSPITAL
BOARD MEETING COVER MEMO**

To: Board of Directors
From: Iftikhar Hussain, CFO
Date: January 16, 2019
Subject: Revised Signature Authority Policy

Recommendation(s):

To approve the Revised Finance Authorization Policy.

Summary:

1. Situation: The attached proposed changes to the authorization policy are needed to implement the delegation of authority.
2. Authority: The Authorization Policy should be revised to reflect the Board approved delegations of authority.
3. Background: The Board has approved certain delegated authority to the Finance Committee, which is reflected in the proposed revisions to the charter. As well, the Finance Committee and the Governance Committee have recommended delegation of authority with respect to some capital expenditures that is reflected in the proposed revisions.

The proposed changes also include removing language that describes procedures. Also removed from the policy is the delegation that the CEO will set within his authorization level.

4. Assessment: At its November 28, 2018 meeting, the Finance Committee voted to recommend the Board delegate decision making authority to it to approve operating and capital expenditures up to \$5 million.
5. Other Reviews: None.
6. Outcomes: N/A

List of Attachments:

1. Revised Authorization Policy

Suggested Committee Discussion Questions: None.

POLICY TITLE: Finance: 17.01 ~~Signature Authorization~~
Policy

CATEGORY: Administration

LAST APPROVAL DATE: ~~18/2019~~5

ORIGINAL DATE: 1/90

COVERAGE:

All El Camino Hospital staff and Affiliates.

PURPOSE:

The purpose of this policy is to establish the level of ~~signature~~ authority required to approve ~~Hospital Operating and Expenditures, Capital Equipment, and Construction Funds~~ expenditures. ~~It is the policy of the Hospital and its related entities to. Authourozation obtain the appropriate approved signatures~~ authorization per the following guidelines ~~prior to the expenditure of funds. Verification of proper authorization is to be completed by Purchasing and/or Accounting before processing these expenditures.~~

Approval levels

| Category | CEO | Finance Committee | Hospital Board | ECHD |
|--|--|--------------------------|-----------------------------|---------------|
| General | \$1 million | >1 million - \$5 million | >\$5 million - 5% of assets | >5% of assets |
| Capital | \$1 million | >1 million - \$5 million | >\$5 million - 5% of assets | >\$25 million |
| Physician Contracts | Covered by Physician Financial Arrangents policy | | | |
| Notes | | | | |
| The CEO can authorize items in the approved operating and capital budget | | | | |
| The CEO will set authorization levels for other levels of management | | | | |

PROCEDURE: Check Signing Authority:

~~It is the policy of the Hospital to have checks in excess of \$10,000.00 to the maximum of \$25,000.00 to be hand signed by any one of the authorized signers reflected on the bank signature. Checks in excess of \$25,000.00 must be hand signed by one of the authorized signers from the Finance Division and one of the authorized signers from Administration. Only in emergency situations should the two required signers be from either the Finance or Administration Divisions.~~

A. Approving the Expenditure of Hospital Funds:

- ~~1. Department Directors/Managers shall be responsible for obtaining the appropriate approval signatures on the Signature Authority memorandum prior to authorizing the expenditure of funds.~~
- ~~2. Accounting and Purchasing shall verify that appropriate written approval signatures are on all transactions prior to processing.~~
- ~~3. All transactions lacking the appropriate written approvals shall be returned to the originator.~~

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~~4. In the event the authorized individual is not available to approve expenditures, the next highest approved authority level signature shall be obtained (i.e., department Director/Manager or designee not available, the department's Chief, Vice President or Chief or Chief Executive Officer (CEO) must authorize expenditure).~~

~~5. Transactions must include the approver's personal signature. The requester's name may be typed on the document.~~

~~Note: In no instance shall an individual be both the payee (or be on the behalf of the payee) and approver of funds.~~

B1. Emergency Exceptions:

When an emergency occurs and funds must be expended or obligated without an appropriate signature, the appropriate signatures shall be obtained the following working day by the originator or if Board approval is required at the next upcoming Board meeting.

C. General Guidelines for Signature Authority:

~~These guidelines are segregated into four sections:~~

- ~~a. Administrative guidelines,~~
- ~~b. Departmental guidelines~~
- ~~c. Capital guidelines, and~~
- ~~e. Construction Fund guidelines~~

~~The Administrative guidelines primarily detail signature authority for certain professional services, contracts and employment.~~

~~The Departmental guidelines detail the **standardized** signature authority levels for individual departments and/or entities of the Hospital.~~

~~The Construction Fund guidelines detail signature authority for expenditures for new construction and/or significant renovation or repair projects.~~

~~Purchasing and Accounting will be responsible for processing all purchase requisitions and/or invoices under these guidelines for all departments and/or entities of the District except for those itemized below ("exempt departments"). These exempt departments will be allowed the opportunity of ordering their specified supplies without using the purchase requisition system and may present invoices directly to Accounts Payable using approved signature authority levels within their departments.~~

| Exempt Departments | May Order without Purchase Requisition |
|--------------------|--|
| Pharmacy | Drugs & Pharmaceuticals |
| Food Service | Food Products |

Administrative Guidelines: (alphabetized)

24. Accounting Firms

The selection of a certified public accounting firm must be approved by the District Board of

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Directors. All invoices for audit fees and accounting services must be approved by the Chief Financial Officer and/or Controller of the Hospital.

32- Building Leases

Building Leases – Hospital is the Tenant

~~All building lease agreements for sites being leased where the Hospital is the tenant shall be executed by the CEO.~~

Medical Office Space/Building Leases – Hospital is the Landlord

All building lease agreements (including space needs within a department) entered into with tenants of Hospital owned buildings shall be executed by the Chief Administrative Services Officer (CASO) and shall be at current fair market value.

Sublease of Non-Medical Office Building Hospital Properties - The Hospital shall not sublease any of its non-medical office building properties without the approval of the El Camino Healthcare District Board of Directors (per ground lease between El Camino Hospital District and El Camino Healthcare System [El Camino Hospital] of December 17, 1992 – Article 5.6 (d)).

43- Charitable Donations to Outside Organizations

As determined by the Community Benefit Advisory Committee (CBAC), the Hospital may make donations to outside charitable organizations that carry out the Hospital’s mission or strategic objectives, and especially the provision of healthcare to the uninsured or underserved. Greater detail is provided in Administrative Policy 48.00. Payment authorizations are as

| Approved By | Dollar Limit |
|--------------------|--------------|
| CBAC Coordinator | \$30,000.00 |
| CEO | \$50,000.00 |
| Board of Directors | >\$50,000.00 |

54- Employment

The Hospital Board of Directors hires, with approval of the District Board, and negotiates the salary, benefits, and incentive compensation of the Hospital’s CEO. The CEO hires or delegates to appropriate management the hiring of all other employees. Incentive pay for executive management staff requires the approval of the Board. Incentive pay for middle management requires the approval of the CEO.

For greater detail in the above procedures and processes refer to certain Human Resources policies and guidelines regarding hiring and compensation programs.

Employment Practices Settlements

~~Employment practice settlement (within the BETA D&O Insurance Policy) authorizations to \$100,000 must be approved by the Chief Human Resources Officer. Settlements to \$1,000,000 must be approved by the CEO. Settlements greater than \$1,000,000 require Board approval.~~

5. Employment Recruiting Expenses

Expenses for recruiting advertising, outside professional search firms and applicant interview expenses must be approved as follows:

| Approved By | Dollar Limit |
|-------------------------------|--------------|
| Chief Human Resources Officer | \$250,000 |
| CEO | \$500,000 |
| Board of Directors | >\$500,000 |

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6. Legal Firms

The selection of the Hospital's general counsel firm must be approved by the Board of Directors. All retainer agreements for legal counsel must be signed by the CEO. All invoices for legal counsel (from any department e.g. Human Resources, Medical Staff), regardless of the amount are to be approved by the Associate General Counsel (AGC). The AGC shall report total hospital spend on legal services to the CEO and the CFO on a quarterly basis.

7. Physician Contracts for Services

All Physician medical directorships and consulting agreements, and new call panels (not individual contracts) must be approved as follows:

| Contract Type | Approved By |
|---|--------------------|
| New or renewal Contract >\$250,000 | Board of Directors |
| Renewal of Contract up to 10% of current contract amount | CEO |
| Renewal of Contract greater than 10% of current contract amount | Board of Directors |

Key Elements for Compliant Medical Director Agreements

It is the responsibility of Management and the Board of Directors to ensure that the organization has established a systematic and standardized process for analyzing, approving, and reviewing its medical director agreements. There are a number of key elements that Management and the Board should incorporate into medical director agreements. The key elements are detailed in Appendix D of this policy.

Physician contracts for medical directorships and/or consulting must also have a completed and signed Privacy and Confidentiality Addendum (aka: Business Associate Agreement) due to the potential access to patient information. The approved format for this Privacy and Confidentiality Addendum is found in Appendix E of this policy.

Physician Contract Review Policy 51.00

~~This policy allows the Corporate Compliance office to establish internal controls within the organization, allowing him or her to detect and correct significant risks before financial arrangements are implemented. Further, it acts as a tool for hospital management to self-detect any risks before submission for review, thereby minimizing any questionable elements of the arrangement before the proposed physician arrangement is presented to Corporate Compliance, the Chief Executive Officer and the ECH Board of Directors. Please refer to this Policy for greater detail and processes.~~

8. Physician Recruitment Expenses

- ~~a. Income/Salary Guarantee Loan Program to a maximum of \$500,000 must be approved by the CEO. Loans greater than \$500,000 must be approved by both the Hospital and District Board of Directors.~~
- ~~b. Second Home Mortgage Program to a maximum of the lesser of 10% of home purchase price or \$200,000 must be approved by the CEO. Amounts greater than the 10% of purchase price must be approved by both the Hospital and District Board of Directors.~~
- ~~c. Physician Recruitment/Relocation Program to a maximum of \$500,000 must be approved by CEO. Greater than \$500,000 must be approved by both the Hospital and District Board of Directors.~~
- ~~d. For greater detail on these programs, refer to Administrative Policy & Procedure 42.00: Physician Recruitment Policy.~~

79. PPO/HMO Contracts

- a. Single (individual patient) case agreements are approved by the VP of Payor Relations.
- b. All contracts with third party payors to provide medical care are to be approved by the CFO or CEO.

10. Purchasing Contracts and Purchase Orders

~~All purchasing contracts and purchase orders must be executed by the Director of Material Management/Purchasing and are subject to the appropriate approval requirements for purchase requisitions. In the Director of Material Management/Purchasing's absence, the Purchasing Manager or the Line Vice President or Chief must approve.~~

11. Purchases for Partnership Entities

~~All purchases or requests for expenditure of funds via Signature Authority Memorandum for partnerships of the Hospital must have the CEO's signature.~~

| Approved By | Dollar Amount |
|-----------------------------------|---------------|
| Manager, Employee Health Services | \$25,000 |
| Chief Human Resources Officer | \$100,000 |
| CEO | > \$100,000 |

12. Employee Benefits Insurance Premiums and Claims

| Approved By | Dollar Amount |
|----------------------------------|---------------|
| Manager, Compensation & Benefits | \$4 Million |
| Chief Human Resources Officer | \$4 Million |
| CEO | \$4 Million |

Departmental Guidelines:

~~The grid on page 1 defines the standard authority levels for departments. The recommended authority levels within a department are set by the Department Director/Manager.~~

~~For some cost centers, the standard authorization levels for **Operating Expenses** are not adequate to meet the smooth operational needs of the department. The cost center's Vice may approve an exception to this standard policy amount up to \$250,000. Exceptions in excess of \$250,000.00 must be approved by CEO to a maximum of \$1,000,000.~~

Operating Expenses

~~Operating expenses for a cost center are those on-going, routine (and non-routine) expenses necessary to operate the department on a daily basis. Accountability for these expenses is at the department and divisional levels.~~

a. Petty Cash

~~The petty cash limit is \$55 and is intended as reimbursement for local mileage and/or miscellaneous out-of-pocket expenses. The requester must complete a "Petty Cash Disbursement Voucher" form (#2088) and attach a receipt or proof of expenditure. The department Director/Supervisor must approve the voucher. If the requester is the department Director/Manager, it must be approved by the Vice Chief of Clinical Operations or Site Administrator or division Vice President. Use of petty cash is to be minimized in favor of the purchase order system.~~

b. Check Requests

~~A "Purchase Requisition" is not required to accompany check requests. Payments should be limited to association dues, membership fees, and miscellaneous non-reoccurring expenses. The department Director/Manager (or designee) must complete a "Disbursement Authorization-Operating Account" form (#2087) or approve by signing on the vendor's invoice.~~

c. Education Travel Tuition

~~The requester must complete an "Activity and Expense Authorization for Education Travel Tuition" form (#2085). This form is also to be used for business expenses incurred on behalf of the Hospital and its affiliates. The requester must follow the policy and procedures as detailed in the Education Travel Tuition guideline manual ([Administrative Policy 5.00](#)).~~

d. Outside Registries/Sitters/Administrative Support

~~For the use of registries and sitters, the Director/Manager/Supervisor has the authority to call the predetermined list of registries/agencies to hire the needed temporary RN's, sitters, clinical support, etc.~~

~~For the use of temporary outside administrative support, refer to the current HR policy/procedure for obtaining these services.~~

e. Supplies Secured by Purchase Requisition

~~Purchases of supplies needed for daily patient care or operation of department such as: minor instruments or equipment, repair parts, and miscellaneous non-stock items, must be authorized by the Department Director, Manager or Supervisor. The requester must fill out a "Purchase Requisition" form (#120) or use eProcurement and obtain appropriate signatures before forwarding to Purchasing. The approval by the Director of Material Management/Purchasing on the "Purchase Order" form is the authorization needed by Accounts Payable to pay vendor invoices in accordance with purchase order prices and specifications.~~

f. Purchased Services Secured by Purchase Requisition

~~Purchases of services from vendors for: 1) general "Purchased Services" (prime 716xxx) such as security services, custodian services, medical laboratory services; or 2) "Equipment Repairs and Maintenance" (prime 720xxx) such as preventative maintenance contractors on medical equipment, IT hardware or software maintenance support, must at a minimum be authorized by the Department Director/Manager. The requester must fill out a "Purchase Requisition" form (#120) or use eProcurement and obtain appropriate signatures before Purchasing issues a Purchase Order.~~

~~If a Purchase Requisition (form #120 or eProcurement) is not used and the amount to be paid to the vendor will exceed \$25,000 in a "rolling year", a current Master Services Agreement must be in place (refer to Administrative Policy #50.00 – Vendor Payment, Section H.6). When a Master Services Agreement is in place, a Purchase Order or EOS (Engagement of Services) is not required and payment authorization to the vendor is dictated by signature authority levels. Purchases under 720-622 (Building Alter Repair) are exempt.~~

g. Non-Capital Computer Hardware and Software

~~When ordering **NON** capital computer hardware (items less than \$1,000) or software (items less than \$4,000), use the Purchase Requisition form (#120) or use eProcurement.~~

~~**Purchases of these expense items must include the approval of a representative from the Information Systems department.**~~

h. Consultants and Professional Services

| Approved By | Dollar Amount |
|-----------------------|---------------|
| Executive Director | \$50,000 |
| Site Administrator | \$250,000 |
| Chief/Vice President/ | \$250,000 |

| | |
|----------------------|--------------|
| Subsidiary President | |
| CEO | \$1,000,000 |
| Board of Directors | >\$1,000,000 |

All independent contractors (consulting and professional services) must have both an agreement (see the Manager of Legal and Contracting Services for a template) and “Engagement of Services” (EOS) form (Appendix C). These EOS forms may be obtained from Accounting. Completion of both forms will act as a purchase order for the matching of payments by Accounts Payable. All consulting and professional services must be approved as follows:

Exceeding an EOS Approved Amount:

- a. Addendums to EOS that the revised amount will not exceed \$150,000 may be approved by the Vice Chief of Clinical Operations or Site Administrator. Amounts great than \$150,000, but less than \$250,000 may be approved by the respective Vice President or Chief.
- b. Addendums to EOS’ that the revised amount will not exceed \$250,000 will require Vice President or Chief approval.
- c. Any originally approved EOS between \$250,000 to \$500,000 that will be exceeded by an amount that the revised amount will not be greater than \$550,000 requires CEO approval.
- d. All Board approved EOS’ that will be exceeded by \$50,000 or 10%, whichever is greater, requires Board approval.

Note: When using an EOS and there does not exist a formal contract to support the EOS, it is strongly recommended that at a minimum a one page “contract” be included that specifies the duties and responsibilities to be performed by both parties, amounts to be paid, effective date, termination date, and that is approved and signed by both parties. See the AGC.

There are times when purchasing consulting and professional services from a contractor that a Privacy and Confidentially Addendum (aka: Business Associate Agreement) must be completed and signed. This is usually driven by the potential to access patient information. The approved format for the Privacy and confidentially Addendum is found in Appendix E of this policy.

i. General Stores Issues

A “General Stores Requisition” form must be dated and signed by a representative of the requesting department (excluding case cart and exchange cart system requisitions) before General Stores issues any material to a department.

Capital Guidelines

As part of the Hospital’s annual budget process each year, departments request the capital needs for operating their department. The outcome of this budget process is a list of capital equipment that is ultimately approved by the Board of Directors for purchase during the fiscal

~~year. Approved capital equipment items are assigned a unique identifying number for tracking by the Finance Department. When a department is using Strata-Cap, this identifying number for the budgeted equipment must be provided.~~

~~Exceeding an approved Budgeted Capital Equipment Item: There are times for various reasons (change in the scope of the equipment being purchased, additional implementation/installation costs, etc.) a previously approved budgeted item will be exceeded.~~

~~When a budgeted item is going to be exceeded, the manager/requestor must seek additional approval **before** purchasing the Capital item per the following required authority levels:~~

- ~~a. Original budget to \$150,000 to be exceeded by up to \$25,000 requires a signature of the department's Vice Chief of Operations or Site Hospital Administrator.~~
- ~~b. Original budget to \$250,000 to be exceeded by up to \$25,000 requires the department's Vice President or Chief approval.~~
- ~~c. Original budget, within the range of \$250,000 to \$500,000 to be exceeded by some amount that will make the revised budget no greater than \$1,000,000 requires CEO approval.~~
- ~~d. All previously Board approved capital that will be exceeded by \$50,000 or 10% to a maximum of \$1,000,000, whichever is greater, requires Board approval.~~

~~e. Unbudgeted items to \$1,000,000 require CEO approval and Board approval for amounts over \$1,000,000. The CEO cannot approve items that bring the total spend on annual routine IT and equipment over the approved budget. Items over \$1 million and items that would bring total spending for routine IT and equipment above annual budget require Board approval~~

~~**Note: a.) IS equipment requires the additional approval of a representative of the Information Systems department. b.) Equipment with facilities impact requires the additional approval of facilities vice president.**~~

Construction Fund Guidelines:

1. The Use and Background of the Fund

~~The Construction-in-Progress (Facilities) Fund, which is paid from the Accounts Payable Operations Account, is primarily used for new construction projects and/or significant remodeling or repairs to the existing buildings and grounds. In most construction projects, additional capital equipment and/or materials, professional services, vendors, and sub-contractors will be purchased by the Hospital to complete the entire project. These expenditures are to be built into the overall estimated budget for the project in order to provide Executive Management and/or the Board of Directors a total project cost.~~

~~As potential construction (renovation) projects are developed and sized, costs regarding the feasibility of the project must be expended. It is at this time, a preliminary budget and "Project ID Number" (4 digits) is assigned in the accounting system to track these costs across multiple years as construction takes place.~~

~~**Note: No costs (including capital equipment) may be charged to a construction project without the approval of the CASO.**~~

2. Signature Guidelines

| Approved By | Dollar Amount |
|--------------------|---------------|
| CASO | \$250,000 |
| CEO | \$1,000,000 |
| Board of Directors | > \$1,000,000 |

a. ~~As a potential construction or renovation project is developed and sized, costs regarding the feasibility of the project must be expended. Approval of these initial costs are detailed as follows~~

b. Approval of Total Construction Project

| Approved By | Dollar Amount |
|--------------------|---------------|
| CASO | \$250,000 |
| CEO | \$1,000,000 |
| Board of Directors | > \$1,000,000 |

Approval of a total construction or renovation project is to be approved as follows:

c. Approval of Agreements to Perform Work

~~After an overall project has received approval, the CASO has the authority to execute all construction agreements with contractors and respective construction professionals to an aggregate of the total approved budget.~~

d. Approval of Costs Associated with a Board Approved Project >\$1,000,000

~~As detailed in "b" above, all construction projects greater than \$1,000,000 require Board of Directors approval. Once this approval has been given, the ongoing authorization of the costs associated with the project is detailed below:~~

e. Exceeding an Approved Construction Budget

~~As with capital equipment there are times for various reasons (change in scope of the construction project, unanticipated costs in performing a renovation project, etc.), a previously approved budget will be exceeded.~~

~~When a budgeted construction project is going to be exceeded, the CASO must seek additional approval **before** authorizing the increase to the project per the following required authority levels:~~

~~a. Original budget to \$250,000 to be exceeded by up to \$25,000 requires the CASO approval.~~

~~b. Original budget, within a range of \$250,000 to \$500,000 to be exceeded by some amount that will make the revised budget no greater than \$1,000,000 requires the CEO's approval.~~

~~c. All previously Board approved construction projects that will be exceeded by \$50,000 or 10% to a maximum of \$1,000,000, whichever is greater requires Board approval.~~

f. Approval of Total Construction Project

| Approved By | Dollar Amount |
|-------------|---------------|
|-------------|---------------|

| | |
|------|-------------|
| CASO | \$250,000 |
| CEO | \$1,000,000 |

Approval of a total construction or renovation project is to be approved as follows:

L. Review and/or Modification

| Type of Transaction | Dollar Limit | Approved by |
|--|--|-------------|
| 1. Approval of invoices for non-requisitioned supplies or services | \$250,000 >\$250,000 | CASO CEO |
| 2. Miscellaneous check requests for state and local permits. | \$250,000 >\$250,000 | CASO CEO |
| 3. Purchase requisitions capital equipment | Refer to item J "departmental guidelines" for approval levels for capital equipment. | |
| 4. Contractor change orders | \$250,000 >\$250,000 | CASO CEO |
| 5. Engagement of Services (EOS) | \$250,000 >\$250,000 | CASO CEO |
| 6. Purchase Requisitions for Supplies or Services | \$250,000 >\$250,000 | CASO CEO |
| 7. AIA Certificates of Payments of contractors | \$250,000 >\$250,000 | CASO CEO |

The CEO shall be responsible for reviewing guidelines as conditions warrant but at a minimum at the beginning of every fiscal year. Modifications may be initiated by the Controller or Chief Financial Officer. Authority levels delegated by the Board of Directors may only be changed by Board approval.

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

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electronic versions of this document, the electronic version prevails.

**EL CAMINO HOSPITAL
BOARD MEETING COVER MEMO**

To: El Camino Hospital Board of Directors
From: Cindy Murphy, Director of Governance Services
Date: January 16, 2019
Subject: Proposed Revisions to Corporate Compliance: Physician Financial Arrangements Policy

Recommendation(s):

To recommend the Board approve the Proposed Revisions to the Corporate Compliance: Physician Financial Arrangements Policy

Summary:

1. **Situation:** At its August 2018 meeting, the Finance Committee voted to recommend the Board delegate decision making authority to it to approve certain physician contracts. Subsequently, the Compliance and Audit Committee (CAC) voted to recommend the Board delegate authority to it and to the Finance Committee to review and approve the Annual Summary of Physician Financial Arrangements. The Governance Committee also voted to recommend approval of the delegations of authority and on November 14, 2018, the Board approved. At its November 26th meeting, the Finance Committee reviewed the specific proposed policy revisions and recommended Board approval.
2. **Authority:** To accomplish and document the delegations of authority, the Corporate Compliance: Physician Financial Arrangements Policy must be revised.
3. **Background:**
 - A. **Approval of Physician Financial Arrangements:** The policy currently requires Board approval of any physician financial arrangement that 1) exceeds the 75th percentile of fair market value and/or 2) exceeds \$250,000 annually and/or 3) 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. The proposed revisions would delegate authority to the Finance Committee to approve any physician financial arrangement that exceeds \$250,000 annually or is increased by more than 10% on renewal, but still require Board approval of those that exceed the 75th percentile of fair market value.
 - B. **Annual Summary Report of Physician Financial Arrangements:** The policy also currently requires presentation of a detailed summary report to the CAC, 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 report on its consent calendar. The proposed revisions to the policy would

delegate authority to the Finance Committee and the Compliance and Audit Committee to review and approve the annual report.

4. Assessment: The proposed revisions will implement the Board approved delegations of authority
5. Other Reviews: The Finance Committee, the CAC, the Governance Committee and the Board of Directors have concurred in the delegations of authority as described above.
6. Outcomes: The delegations will take appropriate advantage of the Committees' expertise, and have substantial impact on the Board's time spent reviewing and approving these matters, enabling it to focus on strategic and generative governance at the Board level.

List of Attachments:

1. Draft Revised Corporate Compliance: Physician Financial Arrangements Policy

Suggested Board Discussion Questions: None.



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

CATEGORY: Administration

LAST APPROVAL DATE: 1/2018

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

SUB-CATEGORY:

ORIGINAL DATE: 6/08

COVERAGE:

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

PURPOSE:

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

STATEMENT:

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

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

All financial arrangements of any kind involving Physician, including but not limited to, medical director, consulting, on-call arrangements, professional service agreements, education and training, conference reimbursement or real estate leases, will comply with the Stark law, Anti-Kickback, HIPAA and all other Federal and State Laws. **All Physician financial arrangements are prohibited except those Physician financial arrangements that are approved and documented as provided in this Policy.**

Physician financial arrangements may be entered into only where they are needed and serve the strategic goals (including quality and value) of the Hospital. Each Physician financial arrangement must meet or exceed the complex and stringent legal requirements that regulate Physician financial relationships with the Hospital. All Physician financial arrangements

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

between a physician and the Hospital must be in writing and meet fair market value, commercial reasonableness and the following requirements as applicable.

PROCEDURE:**A. Administrative Standards:**

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

1. All Physician Financial Arrangements:

- a) Each Physician financial arrangement (except Physician Lease Contracts) must provide a service that is needed for at least one of the following reasons: 1) it is required by applicable law, 2) required administrative or clinical oversight can only be provided by a qualified physician, 3) the administrative services to be provided support an articulated strategic goal of the Hospital, such as patient safety, and 4) the arrangement must solve, prevent or mitigate an identified operational problem for the Hospital.
- b) The terms of the Physician financial arrangement must be fair market value and commercially reasonable and must not take into account the volume or value of any referrals or other business generated between the parties. All of the terms of the Physician financial arrangement must be in a written contract that details the work or activities to be performed and all compensation of any kind or the lease terms ("Physician Contracts"). The services contracted for may not exceed those that are reasonable and necessary for the legitimate business purposes of the Physician financial arrangement. If there is more than one Physician Contract with a Physician, the Physician Contracts must cross-reference one another (or be identified on a list of Physician Contracts) and be reviewed for potential overlapping commitments prior to negotiating additional agreements.

The process for determining Physician compensation for each Physician financial arrangement must be set forth in the Physician Contract file and identified in sufficient detail so that it can be objectively verified as meeting fair market value standards. Any compensation paid to or remuneration received by a Physician shall not vary based on the volume or value of services referred or business

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

otherwise generated by the Physician and must reflect fair market value. Compensation cannot exceed the seventy-fifth percentile of fair market value without prior Board approval. All Physician contracts should use local or regional market data, when available, to determine the seventy-fifth percentile of FMV.

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

- c) Compensation cannot be revised or modified during the first twelve (12) months of any Physician financial arrangement. If the compensation is revised thereafter, it must be evidenced by a written amendment to the Physician Contract, signed by both parties before the increase in compensation takes effect. For example, if the increase in compensation is to take effect on April 1, the amendment must be signed by both parties on or before April 1 and the original Physician Contract must have been effective on or before March 31 of the prior year. The compensation cannot be changed for twelve (12) months after the effective date of such amendment.
- d) All Physician Contract renewals must be signed before the expiration of the term of the existing Physician Contract.
- e) Physician Contracts must be in writing and executed by the parties before commencement. Only the CEO of Hospital or designee by CEO in his or her absence may execute a Physician Contract, except Physicians Contracts that are real estate or equipment leases with Physicians may be signed by the Chief Administrative Services Officer ("CASO"). Physicians cannot be compensated for work performed, nor may a lease commence, prior to execution by both parties.
- f) The Physician financial arrangement must not violate the Stark law, the anti-kickback statute (section 1128B(b) of the Act) or any Federal or State law or regulations.
- g) The Physician Contract will permit the Hospital to suspend performance under the Physician Contract if there is a compliance concern. Concerns about compliance should be directed to Compliance, Legal, or the office of the Chief Medical Officer ("CMO"). Performance under Physician Contracts deemed to not meet

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

the administrative guidelines shall be suspended until the Physician Contract can be remedied.

- h) Physician Contracts must contain termination without cause provisions (except for real estate and equipment leases). Physician Contracts which grant an exclusive right to Hospital-based physicians to perform services may not exceed five years. If a Physician Contract is terminated, then the Hospital may not enter into a new financial arrangement with the same Physician covering the same arrangement on different terms within twelve (12) months of the effective date of the terminated Physician Contract.
 - i) Physicians with potential conflicts of interest must complete a conflict of interest form that must be reviewed by the Compliance Officer prior to entering into a Physician Contract. The conflict must be addressed and referenced in the Physician Contract. A conflict may prevent entry into a Physician Contract.
 - j) All Physician Contracts must be prepared using the appropriate Hospital contract template prepared by Legal Services. All Physician Contracts must be drafted by personnel designated by Legal Services.
 - k) Attached to the final version of a Physician Contract prior to execution by Hospital must be a completed “Contract Cover Sheet and Summary of Terms” and a signed “Certification of Necessity and Fair Market Value” (Appendix A) (a Physician Lease Contract must also include a signed “Contract Certification” (Appendix B) and “Lease Contract Review Checklist” (Appendix C) to be reviewed and approved by Legal Services and Compliance.
 - l) All executed Physician Contracts must be scanned into the Meditract system.
 - m) Payments may not be made to a Physician unless there is adherence with all of the requirements of this Policy.
 - n) Each Physician Contract shall comply with all applicable laws.
2. **Medical Director Contracts:** In addition to the criteria set forth above (D.1) for *All Physician Financial Arrangements*, the following must be met *prior* to creating, renewing or amending a Medical Directorship:
- a) A Medical Directorship may not be intended or used as a means to recruit a Physician to practice at the Hospital.

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

- b) A Medical Directorship must fit within a rational management framework that optimizes coordination of the Medical Director's knowledge and work efforts with Hospital needs and resources. To meet this requirement, the Medical Director must work with, and be accountable to, a supporting Hospital manager-partner who is a Hospital supervisor, manager or executive director who verifies the Medical Director's work and efforts. The Designated Manager shall participate in the negotiation of the Medical Director Contract, including setting duties and goals, and will be familiar with the details of the Medical Director contract. The CMO will evaluate and approve all Medical Director contracts.
- c) The number of hours assigned to the Medical Directorship must be appropriate considering the work required. Medical Director contracts are typically a two-year term and upon renewal, an evaluation shall be conducted by the CMO and the Designated Manager to evaluate whether all such services are needed in any new or renewal term, whether new services are needed and if the hours are still reasonable and necessary for the legitimate business purpose of the Medical Directorship arrangement. The proposed services may not duplicate work that is provided to the Hospital by other Physicians unless the total work under all arrangements is needed.
- d) Medical Director Contracts must require Physician completion and submission of a physician time study reports each month, and each such report must be approved by the Designated Manager and the Compliance Department before any compensation is paid. There must be one or more internal review processes to verify that the Medical Director is performing the expected duties and tasks, of which the required time report is one example.
- e) All Medical Director Contracts providing for total compensation of \$30,000 or more shall include two (2) annual quality incentive goals that support the Hospital's strategic initiatives, one of which shall be related to an outcome quality metric and the other shall be related to a process metric or milestone for service to patients, unless an exception is approved by the CMO for two (2) process goals. For Medical Director Contracts greater than \$100,000 in compensation per year, 20% of the total compensation will be held at risk based on the completion of the quality incentive goals. For Medical Director Contracts between \$50,000 to \$99,999 per year, 10% of the total compensation will be held at risk based on the completion of the goals. For Medical Director Contracts between \$30,000 to \$49,999 per year, 5% of the total compensation will be held at risk based on the completion of the goals.

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

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

3. Physician Consulting Contracts:

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

- a) Physician Consulting Contracts must require concise deliverables and due dates and require completion of a physician time study report. The deliverables and due dates must be set for the duration of the Physician Consulting Contract before the services begin and the Physician Consulting Contract is signed.
- b) The number of hours assigned to the Physician Consulting Contract must be appropriate in light of the work required.
- c) Physician Consulting Contracts must include a Hospital-approved HIPAA Business Associate Agreement.

4. Physician Lease Contracts:

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

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

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

f) The Physician Lease Contract shall require that all property taxes are to be paid by the Tenant for Triple Net leases.

g) Physician Lease Contracts are executed by the CEO or the CASO.

5. Physician Education, Training and Conference Payment Contracts:

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

a) Physician Education, Training and Conference Payment Contracts must be created and reimbursed in accordance with Hospital Policy Reimbursement of Business, Education and Travel Expenses.

b) The Hospital's need for this training to be provided to the Physician shall be documented as part of the approval process.

6. Physician Recruitment Contracts:

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

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

B. Approval of Physician Contracts:

1. Attached to the final version of a Physician Contract *before* CEO execution must be a completed "Contract Cover Sheet and Summary of Terms" and "Certification of Necessity and Fair Market Value" (Appendix A).

2. Attached to the final version of a Physician Lease Contract, *prior* to execution by the CEO or the CASO, must be a completed "Lease Contract Review Checklist" (Appendix C) and signed "Contract Certification" (Appendix B).

3. Corporate Compliance and the General Counsel will verify the checklist, certification, and documentation accompanying all Physician Contracts (including FMV) prior to execution by the CEO or the CASO. Incomplete or missing checklist and certifications will be returned to the originator for completion.

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

4. All proposed Physician Contracts lacking the appropriate documentation will be returned to the originator for completion. No services may be performed under the Physician Contract or leases implemented until the Physician Contract is fully executed.
5. CEO Approval: The CEO will have authority to execute new, renewal and amended Physician Contracts (up to \$250,000.00 in total possible compensation annually), except as set forth in Section 6(e) below.

~~If a new arrangement is over \$250,000.00; or a renewal or amendment related to compensation is over \$250,000; or the annual increase is greater than ten percent (10%), the Board must approve prior to CEO execution, except as set forth in Section 6(e) below. All recruitment proposals must be approved prior to the CEO executing.~~

6. Board Approval:

- a. All physician financial arrangements that exceed 75% of fair market value (regardless of total annual compensation) must be reviewed by the Finance Committee of the Board and approved by the Board.
- b. If a new arrangement is over \$250,000.00; or a renewal or amended agreement is over \$250,000; or the annual increase is greater than ten percent (10%), the Finance Committee of the Board must approve prior to CEO execution of the Physician Contract., except as set forth in section 6(d).

~~e.—.~~

~~d.c. All Physician financial arrangements that exceed \$250,000 annually should be presented to the appropriate Board Committees for review and recommendation to the Board of Directors prior to being placed on the Board of Directors' agenda and prior to AA~~ memo prepared by the Designated Manager that justifies the Hospital's needs shall be provided to the appropriate Board Committees and/or Board of Directors as necessary for approval as part of the approval documents.

~~e.d.~~ Notwithstanding Sections 6(a) and (b), the CEO may execute without Board approval a new renewal or amended Professional Services Agreement with El Camino Medical Associates (ECMA) so long as the total cash compensation to each individual physician employed by SVP MG does not exceed 75% percentile of fair market value or \$1,000,000 annually.

C. **Board Oversight and Internal Review Process:**

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

During the third quarter of each Hospital fiscal year, management and staff will prepare a summary report for all Physician financial arrangements describing: 1) the names of all such arrangements and associated physicians, 2) the organizational need that justifies each arrangement, 3) the total amounts paid to each physician and/or group for each Physician Contract annually (and in total for duration on of contract term), 4) current and prior year annual financial comparison, , and 5) any recommendations for changes to the Policy or any procedure.

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

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

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

D. Exceptions:

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

E. Review and/or Validate:

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

F. Policy Enforcement

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

| APPROVAL | APPROVAL DATES |
|--------------------|-----------------------|
| Finance Committee: | 1/2018 |

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

| | |
|---------------------------------|--------|
| Corporate Compliance Committee: | 1/2018 |
| ePolicy Committee: | 1/2018 |
| Medical Executive Committee: | N/A |
| Board of Directors: | N/A |

Historical Approvals:

New 6/08, 06/09; 8/12, 10/12, 11/13, 1/14, 5/14, 6/17

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

APPENDIX A
ECH Contract Cover Sheet and Summary of Terms

Physician/Physician Group Name Party to Agreement:

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

Agreement is: ☐ New ☐ Amendment ☐ Extension ☐ Renewal

Department/Program:

Campus:

Designated ECH Manager:

Effective Date:

Expiration Date:

Need for Agreement:

Reason Physician or Physician group was chosen for the position:

Number of Hours to be Worked:

Hourly/PerDiem Rate to Physician/Physician Group:

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

Total Annual Amount:

Finance Committee Review and Board approval required under Policy 51.00:

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

Approvals

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

Compliance: _____

Date:

Legal: _____

Date:

CERTIFICATION OF NECESSITY AND FAIR MARKET VALUE:

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

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

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

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

Signature: _____

Designated ECH Manager

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

APPENDIX B

Contract Certification

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

the following matters are true for the attached contract by and between El Camino Hospital and

(Physician) dated _____ (the “Arrangement”).

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

Date: _____

Signature: _____
(Hospital responsible party negotiating)

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

CATEGORY: Administrative, Document Type

LAST APPROVAL DATE:

APPENDIX C

Lease Contract Review Checklist

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

**EL CAMINO HOSPITAL
BOARD MEETING COVER MEMO**

To: El Camino Hospital Board of Directors
From: Cindy Murphy, Director of Governance Services
Date: January 16, 2019
Subject: Draft Revised Finance Committee Charter

Recommendation(s):

To approve the Draft Revised Finance Committee Charter.

Summary:

1. Situation: The Finance Committee Charter should be revised to reflect the Board approved delegations of authority as well as the proposed revisions to the Signature Authority Policy.
2. Authority: Typically, the Board's Advisory Committees recommend Charter revisions to the Governance Committee which then makes recommendations for approval to the Board. However, since the Governance Committee has already recommended approval of the delegations of authority as documented in the proposed revised policies and the Governance Committee does not meet again until March 5th, staff suggests the Board approve the revisions to the Finance Committee Charter without further review by the Governance Committee.
3. Background: The Board has approved certain delegated authority to the Finance Committee which is reflected in the proposed revisions. As well, the Finance Committee and the Governance Committee have recommended delegation of authority with respect to some capital expenditures that is reflected in the proposed revisions.
4. Assessment: N/A
5. Other Reviews: The Finance Committee reviewed and recommended approval of the proposed revised Finance Committee Charter.
6. Outcomes: N/A

List of Attachments:

1. Draft Revised Finance Committee Charter

Suggested Board Discussion Questions:

None.

Draft Revised 11-26-18

Finance Committee Charter

Purpose

The purpose of the Finance Committee (the “Committee”) is to provide oversight, information sharing and financial reviews related to operating and capital budgeting, financial planning, financial reporting, capital structure, banking relationships and certain contractual agreements for El Camino Hospital (ECH) Board of Directors (“Board”). In carrying out its review, advisory and oversight responsibilities, the Committee shall remain flexible in order to best define financial strategies that react to changing conditions.

Authority

All governing authority for ECH resides with the Board and the Committee serves as an advisory body only. The Committee will report to the Board at the next scheduled meeting any recommendation made within the Committee’s authority. The Committee has the authority to select, engage, and supervise any consultant it deems necessary to advise the Committee on issues related to its responsibilities. 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.

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 Finance Committee may also include 2-4 external (non-Hospital Board member) members with expertise which is relevant to the Committee’s areas of responsibility, such as banking, financial management, planning and real estate development, etc.
- 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 member, the Vice-Chair must be a Hospital Board member.

Staff Support and Participation

The CFO 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 members of the executive team may participate in the Committee meetings as deemed necessary.

General Responsibilities

The Committee's primary role is to provide oversight and to advise the management team and the Board on matters brought to this Committee. With input from the Committee, the management team shall develop dashboard metrics that will be used to measure and track financial performance for the Committee's review. 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 ensuring that performance metrics which are not being met to the Board's expectations are reported to the Board.

Specific Duties

The specific duties of the Committee are:

A. Budgeting

- Review the annual operating and capital budgets for alignment with the mission and vision of ECH and make recommendations to the Board.
- Review any financial requests in excess of the CEO's signing authority and make recommendations to the Board.
- Review ECH's long-range forecasts and financial plans and make recommendations to management regarding steps advisable to improve ECH's financial strength.

B. Financial Reporting

- Review each accounting period's financial statements and ensure the Board is advised of any necessary corrective actions.
- Obtain a clear understanding of ECH's financial reporting process by reviewing the hospital's dashboard items and periodic financial reports and advise management on how to improve its financial reporting in order to improve accountability and ease of reading and understanding.

C. Financial Planning and Forecasting

- Semi-annually receive an update on management's assessment of expected results as well as potential risks related to the payor contracts.
- Evaluate the financial implications of emerging payment processes and provide advice to management regarding associated risk management concerns.
- Evaluate financial planning and forecasting to help ensure it remains in alignment with the mission and strategic direction of ECH.

D. Treasury, Pension Plans, and Contracting Concerns

- Review and make recommendations to the Board regarding all new debt issuances and derivative instruments in excess of \$1 million.
- Monitor compliance with debt covenants and evaluate ECH's capital structure.
- Review and make recommendations to the Board regarding changes in banking relationships, including, without limitation, depository accounts, investment accounts and major credit

facilities. The term “major credit facilities” does not include management-approved trade credit facilities offered in the ordinary course of business by vendors to the hospital. The Committee may recommend delegation of approval authority for specified changes to the CFO, but must maintain reporting and oversight of any such changes

- Review and make recommendations to the Board regarding proposed plan design or benefit design changes in excess of management authority limits to employee retirement plans, excluding changes to investments within those plans.
- Review and make recommendations to the Board regarding contractual agreements with persons considered to be “insiders” under IRS regulations, and those which are in excess of the CEO’s signing authority

E. Capital and Program Analysis

- Review and make recommendations to the Board with respect to the business plans of all capital items or proposed business ventures in excess of the CEO’s signing authority, and all variances to budget in excess of the CEO’s signing authority on projects in process.
- Review retrospective analyses of all strategic business ventures and all strategic capital expenditures in excess of \$2.5 million, as presented by management or as per the review schedule set forth by the Committee, to assess the reasonableness of business plans that were developed at the time of original approval and to promote learning as a result of any identified issues or concerns.
- Review and recommend approval for the acquisition or disposition of capital any real property which is in excess of \$5 million the CEO’s signing authority.
- Approve unbudgeted capital expenditures exceeding the CEO’s signature authority but not in excess of \$5 million.

F. Physician Financial Arrangements

- Review and recommend for Board approval Physician Financial Arrangements in excess of 75% of fair market value in accordance with the Corporate Compliance: Physician Financial Arrangements Policy.
- Approve Physician Financial Arrangements in excess of 250,000 annually or if upon renewal or amendment, the annual increase is greater than 10% in accordance with the Corporate Compliance: Physician Financial Arrangements Policy.
- Approve the Annual Summary Report of Physician Financial Arrangements.

F.G. Financial Policies

- Review and recommend approval of any Board-level financial policies, excluding any financial policies for which responsibility has been specifically assigned to another Board Committee.

G.H. Ongoing Education

- Endorse and encourage Committee education and dialogue relative to emerging healthcare issues that will impact the viability and strategic direction of ECH

H.I. Management Partnership

- Work in partnership with the CFO and other hospital executives to assist in the development of financial policies which will help ensure organizational success.
- Provide ongoing counsel to the CFO regarding areas of opportunity for either personal or organizational improvement.

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 strives for continuous improvement with regard to its processes, procedures, materials, and meetings, and other functions to enhance its contribution to the full Board.

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 and the operational requirements of the organization. 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.

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 OF DIRECTORS MEETING COVER MEMO**

To: El Camino Hospital Board of Directors
From: Diane Wigglesworth, Sr. Director, Corporate Compliance
Date: January 16, 2019
Subject: Policy Oversight Approval

Recommendation(s):

To approve the proposed revisions to the Board of Director Approval of Hospital Policies Policy.

Summary:

1. **Situation:** The Board policy describes the criteria for determining when documents require approval by the Board. The Board has requested that management evaluate options to further limit policies brought to the Board for approval to only those required by regulation.
2. **Authority:** The Board has the authority to approve and revise Hospital policies.
3. **Background:** Historically, every hospital policy, procedure, plan, and scope of service were reviewed and approved by the Hospital Board. The Joint Commission, CMS, and Title 22 require Board oversight of all patient care policies, plans, and scopes of service and approval at a minimum of every 3 years.

In January 2017, the Approval of Hospital Policies was modified to limit Committee review and Board approval to all hospital policies, plans, and scopes of service. The requirement to review procedures was removed, which greatly reduced the number of documents the Board reviewed and approved.

After further evaluation management is proposing further limiting Board review and approval to only patient care policies, all plans, and scopes of service as required by regulations.

4. **Assessment:** Under the proposed revisions, the Board can establish a process for approval through delegation of authority to an appropriate Board Advisory Committee or management committee for non-clinical or administrative policies and the Board retains the rights to specify policies that require Board approval.
5. **Other Reviews:** The Compliance and Audit Committee reviewed and recommended approval of the revised policy. The Governance Committee could, but has not reviewed. Since the Governance Committee does not meet again until March 5th, management is recommending that the Board approve the policy revisions at this time.
6. **Outcomes:** The Board and its Committees will avoid spending time reviewing administrative policies and El Camino Hospital will remain compliant.

List of Attachments:

1. Board of Director Approval of Hospital Policies

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

TITLE: Board of Director Approval of Hospital Policies
CATEGORY: Administrative
LAST APPROVAL: 2/2017

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

I. COVERAGE:

All El Camino Hospital Employees, Medical Staff and Volunteers

II. PURPOSE:

To define which hospital policies require approval by the Board of Directors of El Camino Hospital ("the Board").

III. POLICY STATEMENT:

This Board policy describes the criteria for determining when documents, as defined below, require approval by the Board. All policies, plans and scopes of services of El Camino Hospital will be approved by the Board a minimum of every 3 years or as required by regulation.

IV. DEFINITIONS :

1. **Policy:** A policy is defined as a brief written statement of intent or principle that determines actions or decisions. Generally, a policy is based on law, regulations, accreditation standards, or leadership decisions.
2. **Plan:** A single document that provides detailed description of provision of a particular program or scope of service, often required by regulation. Ex. Disaster Plan, Pandemic Plan, Plan for Provision of Care.
3. **Procedure:** A step-by-step written outline detailing how something is to be accomplished. Procedures answer the "what" and "How do I do it" questions. Ex: Chemotherapy, Administration of.
4. **Protocol:** Defines care and management of a broad patient care issue. A prescriptive, detailed definition of what is to be implemented using precise, sequential steps, preferably evidenced based. Examples include Alcohol Withdrawal, Management of.

| | |
|-----------------------|---|
| TITLE: | Board of Director Approval of Hospital Policies |
| CATEGORY: | Administrative |
| LAST APPROVAL: | 2/2017 |

5. **Guideline.** Guidelines describe the recommended care approach for a given diagnosis or condition. Guidelines must be evidenced based and are often listed in evidence based databases.
6. **Standardized Procedure.** The legal mechanism for nurses and nurse practitioners to perform specific functions which would otherwise be considered the practice of medicine. Physician Leadership at El Camino Hospital (ECH) has agreed to allow specific functions to be performed by specific nurses in specific circumstances in accordance with standardized procedures.
7. **Scope of Service:** A document that describes the provision of service of a particular program or department of the hospital.

V. **PROCEDURE:**

1. All patient care policies, all plans and scopes of services requiring Board approval will be reviewed and approved by the appropriate hospital committee prior to coming to the Board. Dates for hospital committee approvals shall be reflected in documents. For clinical policies/plans/scopes of service, the Medical Executive Committee and the e-Policy Committee shall approve prior to Board approval. For non-clinical or administrative policies, the ~~e-Policy Committee shall approve policies prior to Board approval~~ Board delegates authority to approve through the e-Policy Committee and Management.
2. Policies/Plans/Scopes of Service requiring Board approval shall be sent to the Medical Executive Committee ("MEC") or to the designated advisory committee of the Board (e.g. Quality/Finance/Compliance) for review and recommendation prior to final Hospital Board approval.
3. Procedures, protocols, standardized procedures and guidelines as defined above are reviewed by designated hospital committees identified in the Policy & Procedure Formulation, Approval and Distribution policy, and do not require Board approval.
- ~~3-4.~~ The Board retains the rights to specify other policies that require Board approval.

APPROVAL:

| APPROVING COMMITTEES AND AUTHORIZING BODY | APPROVAL DATES |
|---|----------------|
| Originating Committee or UPC Committee | |

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

TITLE: Board of Director Approval of Hospital Policies

CATEGORY: Administrative

LAST APPROVAL: 2/2017

| | |
|------------------------------------|---------|
| Medical Committee (if applicable): | |
| ePolicy Committee: | 12/2016 |
| Medical Executive Committee: | 1/2017 |
| Board of Directors: | 2/2017 |

**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: January 16, 2019
Subject: Medical Staff Report – Open Session

Recommendation(s):

To approve proposed Medical Staff Bylaws Amendments

Summary:

1. **Situation:** The Medical Executive Committee met on December 13, 2018.
2. **Background:** Recommendation of Proposed Bylaws Amendments –MEC approved and recommended the following amendments to the Organized Medical Staff (OMS) for vote. After a period of notification and formal voting, the OMS voted to adopt the proposed Bylaws amendments summarized below and in the attached document:
 - A. **Article 3.2 Qualifications for Membership**
RATIONALE FOR PROPOSED EDITS – Amendments would accurately define best practices for minimum criteria for initial appointments and add the ability to consider exceptions to specific criteria when equivalent qualifications exist.
 - B. **Article 11.5 Care Review Committee**
RATIONALE FOR PROPOSED EDITS – Amendments would expand the pool of candidates for the chair of the committee to include past department chiefs. The Immediate Past Chiefs of Staff would become voting members and the number of members-at-large would be limited to a maximum of three (3). Some duties of the Care Review Committee would be transferred to the Credentials Committee.
 - C. **NEW Article Credentials Committee**
RATIONALE FOR PROPOSED EDITS – The credentials committee plays an important role in medical staff governance. Governing Boards expect medical staffs to thoroughly review and evaluate current competency, professionalism, training and knowledge, and experience of applicants when recommendations are received from the medical staff for the appointment, reappointment and granting of clinical privileges. The addition of a credentials committee will help enhance the provision of quality care, exceptional treatment, services and patient safety. The Credentials Committee will also provide a check and balance system to ensure that the decisions to grant or deny clinical privileges remain an objective, evidence-based process.
 - D. **Article 11.14-1 Medical Staff Executive Committee**
RATIONALE FOR PROPOSED EDITS – Vice-Chiefs of Departments/Divisions will be removed from the membership of the MEC so that they may serve as the members of the Credentials Committee in addition to their responsibilities of membership on the Quality Council.

E. Article 11 Committees

RATIONALE FOR PROPOSED EDITS – The Bylaws should accurately reflect the structures and processes used by the Medical Staff. They should be organized into a user-friendly document with flexibility. Bylaws should describe the organization and governing structure of the Medical Staff and outline its responsibilities to the Governing Board. The Rules and Regulations expand upon the Bylaws and their processes. It is proposed to limit the committees contained in the Bylaws and move the remaining committees into the Rules and Regulations.

List of Attachments:

1. Proposed Bylaws Amendments

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

Article 3.2 Qualifications for Membership

RATIONALE FOR PROPOSED EDITS – Amendments would accurately define best practices for minimum criteria for initial appointment and add the ability to consider exceptions to specific criteria when equivalent qualifications exist.

| Current Language | Proposed Changes |
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| <p>3.2-1 GENERAL QUALIFICATIONS</p> <p>A pre-application questionnaire will be sent to the practitioner requesting membership. An application for membership will be sent if the following qualifications are met:</p> <p>a) Practitioner has actively practiced clinical medicine within the past 24 months;</p> <p>b) Practitioner is board certified in his/her primary specialty (or if recently completed residency/fellowship, will become board certified within five (5) years of completion of residency/fellowship). Boards accepted:</p> <ul style="list-style-type: none"> • American Board of Medical Specialties for MDs • American Board of Foot and Ankle Surgery for DPMs • American Board of Oral & Maxillofacial Surgery for O/M Surgeons • American Board of General Dentistry or American Board of Pediatric Dentistry – Hospital Dentistry <p>c) During the past 7 years, practitioner <u>may not</u></p> <ol style="list-style-type: none"> 1. Have had medical staff membership or any clinical privileges denied or terminated by the medical staff of another hospital, ASC, or healthcare facility; 2. Have had adverse action taken by any state licensing board (for example the Medical Board of California) to include letters of reprimand, probation or any more significant adverse action; 3. Been convicted of a felony or misdemeanor (other than a minor traffic violation); <p>d) Are currently <u>not the subject of an investigation by any state licensing board.</u></p> | <p>3.2-1 GENERAL QUALIFICATIONS</p> <p>A pre-application questionnaire will be sent to the practitioner requesting membership. An application for membership will be sent if the following qualifications are met:</p> <p>a) Practitioner has actively practiced clinical medicine within the past 24 months;</p> <p>b) Practitioner is board certified in his/her primary specialty (or if recently completed residency/fellowship, will become board certified within five (5) years of completion of residency/fellowship). Boards accepted:</p> <ul style="list-style-type: none"> • American Board of Medical Specialties for MDs • American Board of Foot and Ankle Surgery for DPMs • American Board of Oral & Maxillofacial Surgery for O/M Surgeons • American Board of General Dentistry or American Board of Pediatric Dentistry – Hospital Dentistry <p>c) During the past 7 years, practitioner <u>may not</u></p> <ol style="list-style-type: none"> 1. Have had medical staff membership or any clinical privileges denied or terminated by the medical staff of another hospital, ASC, or healthcare facility; 2. Have had adverse action taken by any state licensing board (for example the Medical Board of California) to include letters of reprimand, probation or any more significant adverse action; 3. Been convicted of a felony or misdemeanor (other than a minor traffic violation); <p>d) Are currently <u>not the subject of an investigation by any state licensing board.</u></p> |

Article 3.2 Qualifications for Membership

RATIONALE FOR PROPOSED EDITS – Amendments would accurately define best practices for minimum criteria for initial appointment and add the ability to consider exceptions to specific criteria when equivalent qualifications exist.

| Current Language | Proposed Changes |
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| | <p><u>3.2-1 GENERAL QUALIFICATIONS</u></p> <p><u>In order to receive an application for appointment to the medical staff or clinical privileges, applicants must first complete a pre-application questionnaire and meet the following general qualifications:</u></p> <ul style="list-style-type: none">a) <u>Graduate from a school of medicine, osteopathy, dentistry, or podiatry recognized or approved by the Medical Board of California.</u>b) <u>Education Commission of Foreign Medical Graduate (ECFMG) certification; if applicable.</u>c) <u>Completion of residency program, approved by the Accreditation Council for Graduate Medical Education (ACGME), Royal College of Physicians and Surgeons of Canada, or American Osteopathic Association.</u><ul style="list-style-type: none">1. <u>Podiatrists must have successfully completed a two (2) or three (3) year residency program in podiatric medicine and surgery approved by Council on Podiatric Medical Education of the American Podiatric Medical Association.</u>2. <u>Dentists must have successfully completed a post graduate program in hospital dentistry approved by American Dental Association and accredited by the Commission on Dental Accreditation.</u>3. <u>Oral Maxillofacial Surgeons must have successfully completed a post-graduate program in oral and maxillofacial surgery approved by the American Board of Oral and Maxillofacial Surgery.</u> |

Article 3.2 Qualifications for Membership

RATIONALE FOR PROPOSED EDITS – Amendments would accurately define best practices for minimum criteria for initial appointment and add the ability to consider exceptions to specific criteria when equivalent qualifications exist.

| Current Language | Proposed Changes |
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| | <p>d) <u>Active board certification in his/her primary specialty (or if recently completed residency/fellowship, will become board certified within five (5) years of completion of residency/fellowship). Boards accepted include the following (or verifiable equivalent*) :</u></p> <ol style="list-style-type: none"> 1. <u>American Board of Medical Specialties or American Board of Osteopathic Specialties</u> 2. <u>American Board of Foot and Ankle Surgery for DPMs or American Board of Podiatric Medicine</u> 3. <u>American Board of Oral & Maxillofacial Surgery for Oral Maxillofacial Surgeons</u> 4. <u>American Board of General Dentistry or American Board of Pediatric Dentistry</u> <p><u>*Verifiable Equivalency: Equivalency shall include, but not be limited to board certification from another certifying body, as evaluated and determined by the Department Chair and presented in writing, for consideration by the Credentials Committee for recommendation to the MEC and Governing Board.</u></p> <p>e) <u>Current and active license to practice medicine in the state of California.</u></p> <p>f) <u>Current DEA certificate or furnishing number to prescribe controlled substances as applicable.</u></p> <p>g) <u>Documented practice of clinical medicine within the past 24 months.</u></p> |

Article 3.2 Qualifications for Membership

RATIONALE FOR PROPOSED EDITS – Amendments would accurately define best practices for minimum criteria for initial appointment and add the ability to consider exceptions to specific criteria when equivalent qualifications exist.

| Current Language | Proposed Changes |
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| | <p>h) <u>During the past seven (7) years, the practitioner may not:</u></p> <ol style="list-style-type: none"><u>1. Have had medical staff membership or any clinical privileges denied or terminated by the medical staff of another hospital, ambulatory surgery center (ASC), or healthcare facility;</u><u>2. Have had adverse action taken by any state licensing board (for example the Medical Board of California) to include letters of reprimand, probation or any more significant adverse action;</u><u>3. Been convicted of a felony or misdemeanor (other than a minor traffic violation); or taken a plea in exchange for not taking a felony conviction;</u><u>4. Been sanctioned by Medicare/Medicaid or placed on the Office of Inspector General's (OIG) list of excluded individuals/entities.</u> |

Article 3.2 Qualifications for Membership

RATIONALE FOR PROPOSED EDITS – Amendments would accurately define best practices for minimum criteria for initial appointment and add the ability to consider exceptions to specific criteria when equivalent qualifications exist.

| Current Language | Proposed Changes |
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| <p>Once the applicant qualifies as noted above and an application has been received, minimum qualifications include:</p> <p>(a) Documentation of: (1) current licensure, (2) adequate experience, education, and training, (3) current professional competence, (4) good judgment, and (5) current adequate physical and mental health status, so as to demonstrate to the satisfaction of the Medical Staff that they are professionally and ethically competent and that patients treated by them can reasonably expect to receive quality medical care</p> <p>(b) are determined (1) to adhere to the ethics of their respective professions, (2) to be able to work cooperatively with others so as not to adversely affect patient care, (3) to keep as confidential, as required by law, all information or records received in the physician-patient relationship, and (4) to be willing to participate in and properly discharge those responsibilities determined by the Medical Staff; and</p> <p>(c) maintain in force professional liability insurance covering the exercise of all requested privileges, in not less than one million per occurrence and three million annual aggregate or such other amount as may be determined and approved by the Board of Directors and Medical Staff Executive Committee from time to time.</p> | <p>Once the applicant qualifies as noted above and an application has been received, minimum <u>additional</u> qualifications include:</p> <p>a) Documentation of: (1) current licensure, (2) adequate experience, education, and training, (3) current professional competence, (4) good judgment, and (5) current adequate physical and mental health status, so as to demonstrate to the satisfaction of the Medical Staff that they are professionally and ethically competent <u>to fulfill the responsibilities of the Medical Staff membership and/or specific privileges requested</u> and that patients treated by them can reasonably expect to receive quality medical care.</p> <p>b) <u>Applicant agrees to:</u> are determined (1)</p> <ol style="list-style-type: none">1. adhere to the ethics of their respective professions, (2)to2. work cooperatively with others so as not to adversely affect patient care, (3)to3. keep as confidential, as required by law, all information or records received in the physician-patient relationship, and (4) to be willing to4. participate in and properly discharge those responsibilities determined by the Medical Staff; and5. maintain in force professional liability insurance covering the exercise of all requested privileges, in not less than one million per occurrence and three million annual aggregate or such other amount as may be determined and approved by the Board of Directors and Medical Staff Executive Committee from time to time. |

Article 3.2 Qualifications for Membership

RATIONALE FOR PROPOSED EDITS – Amendments would accurately define best practices for minimum criteria for initial appointment and add the ability to consider exceptions to specific criteria when equivalent qualifications exist.

| Current Language | Proposed Changes |
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| <p>3.2-2 PARTICULAR QUALIFICATIONS</p> <p>(a) <u>Physicians</u>. An applicant for physician membership in the Medical Staff must hold a M.D. or D.O. degree issued by a medical or osteopathic school and a valid, unrevoked, and unsuspended certificate to practice medicine issued to him/her by the Medical Board of California or the California Board of Osteopathic Examiners. An applicant for physician membership must be board certified in his/her primary specialty within five (5) years of completion of residency/fellowship. Board certification must be maintained in the physician's primary specialty in order for the physician to be qualified for continued medical staff membership (a two year grace period will be granted if needed, for practitioners to obtain recertification). Physicians who are on staff prior to July 14, 2010 (BOD approval date) are exempt but are encouraged to obtain and maintain board certification.</p> <p>(a) <u>Dentists</u>. An applicant for dental membership in the Medical Staff must hold a D.D.S. or equivalent degree issued by a dental school and a valid, unrevoked, and unsuspended certificate to practice dentistry issued to him/her by the California Board of Dental Examiners.</p> | <p>3.2-2 PARTICULAR QUALIFICATIONS</p> <p>(a) <u>Physicians</u>. An applicant for physician membership in the Medical Staff must hold a M.D. or D.O. degree issued by a medical or osteopathic school and a valid, unrevoked, and unsuspended certificate to practice medicine issued to him/her by the Medical Board of California or the California Board of Osteopathic Examiners. An applicant for physician membership must be board certified in his/her primary specialty within five (5) years of completion of residency/fellowship. Board certification must be maintained in the physician's primary specialty in order for the physician to be qualified for continued medical staff membership (a two year grace period will be granted if needed, for practitioners to obtain recertification). Physicians who are on-staff <u>current medical staff members and held clinical privileges</u> prior to July 14, 2010 (BOD approval date) are exempt but are encouraged to obtain and maintain board certification.</p> <p>(a) <u>Dentists</u>. An applicant for dental membership in the Medical Staff must hold a D.D.S. or equivalent degree issued by a dental school and a valid, unrevoked, and unsuspended certificate to practice dentistry issued to him/her by the California Board of Dental Examiners.</p> |

Article 3.2 Qualifications for Membership

RATIONALE FOR PROPOSED EDITS – Amendments would accurately define best practices for minimum criteria for initial appointment and add the ability to consider exceptions to specific criteria when equivalent qualifications exist.

| Current Language | Proposed Changes |
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| | <p>3.2-2 PARTICULAR QUALIFICATIONS</p> <p>c) <u>Podiatrists</u>. An applicant for podiatric membership on the Medical Staff must hold a D.P.M. degree and a valid, unrevoked, and unsuspended certificate to practice podiatry issued to him/her by the Medical Board of California. An applicant for podiatry membership must be board certified in podiatry within five (5) years of completion of residency/fellowship. Board certification must be maintained in order for the podiatrist to be qualified for continued medical staff membership (a two year grace period will be granted if needed, for practitioners to obtain recertification). Podiatrists who are on-staff <u>current medical staff members and held clinical privileges</u> prior to July 14, 2010 (BOD approval date) are exempt but are encouraged to obtain and maintain board certification.</p> <p><u>3.2-3 Exceptions for board certification of initial applicants:</u> <u>Board certification may become a compounded matter due to the number of multiple boards and specialties, certificates of added qualifications, and maintenance of board certification requirements. The Medical Staff Executive Committee recognizes that situations may arise when meeting board deadlines is not easy to fulfill and therefore will consider the following:</u></p> <p>a) <u>Initial applicants who were previously board certified and board certification has lapsed may be allowed two (2) years to regain board certification as long as the certifying body allows for board eligibility.</u></p> |

Article 3.2 Qualifications for Membership

RATIONALE FOR PROPOSED EDITS – Amendments would accurately define best practices for minimum criteria for initial appointment and add the ability to consider exceptions to specific criteria when equivalent qualifications exist.

| Current Language | Proposed Changes |
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| | <p>b) <u>Exceptions to the requirement for board certification must be substantiated by appropriate medical education and training, extraordinary experience and reputation, and additional evidence of current competency that is endorsed by the Department Chief and presented, in writing, for consideration through the Credentials Committee for recommendation to the MEC and Governing Board.</u></p> <p><u>3.2-4 Waiver of Minimum Qualifications</u></p> <p><u>Insofar as is consistent with applicable laws, the Board of Directors has the discretion to deem an applicant to have satisfied a qualification, upon recommendation of the Medical Staff Executive Committee, if it determines that the applicant has demonstrated he or she has substantially comparable qualifications and that this waiver is necessary to serve the best interests of the patients and of the El Camino Hospital Facilities. There is no obligation to grant any such waiver, and applicants have no right to have a waiver considered and/or granted. An applicant who is denied waiver or consideration of a waiver shall not be entitled to any procedural hearing and appellate review rights provided for in the Fair Hearing Plan in these Bylaws.</u></p> |

Article 11.5 Care Review Committee

RATIONALE FOR PROPOSED EDITS – Amendments would expand the pool of candidates for the chair of the committee to include past department chiefs. The Immediate Past Chiefs of Staff would be voting members and the number of members-at-large would be limited to a maximum of three (3). Some duties of the Care Review Committee would be transferred to the Credentials Committee.

| Current Language | Proposed Changes |
|---|---|
| <p>11.5-1 COMPOSITION OF COMMITTEE The committee shall be multidisciplinary and shall include: Voting Members</p> <ol style="list-style-type: none"> Chair will be a past chief of staff and will be appointed by the current Enterprise Chief of Staff and is subject to Medical Staff Executive Committee approval. The chair may serve up to two consecutive terms. The Immediate Past Chiefs of all Medical Staff Department and Divisions or a physician from the department or division selected by majority vote of the Department/Division chair, Chief of Staff and Chair of the Care Review Committee if such alternate selection is deemed appropriate by a majority of those three physicians. <p>At-large members will be rotating to provide consistency, with representation from MV and LG campuses. The At-large members shall be appointed by the CRC chair, with Enterprise Chief of Staff approval, to a 3-year term. The At-large member may serve subsequent 3-year terms with approval of the CRC chair and Enterprise Chief of Staff.</p> | <p>11.5-1 COMPOSITION OF COMMITTEE The committee shall be multidisciplinary and shall include <u>voting and non-voting members</u>: Voting Members <u>shall consist of the following</u>:</p> <ol style="list-style-type: none"> <u>The Chairperson.</u> will be <u>The Chairperson must have been</u> a past chief of staff <u>or past department chief</u> and will be appointed <u>to an initial three (3)-year term</u> by the current Enterprise Chief of Staff, and is subject to Medical Staff Executive Committee approval. The chair may serve up to two consecutive <u>subsequent three (3) year</u> terms <u>with approval of the Chief of Staff and MEC.</u> <u>Members. The Immediate Past Chiefs of Staff from the Mountain View and Los Gatos campuses and</u> Immediate Past Chiefs of all Medical Staff Departments <u>s</u> and Divisions <u>will serve on the committee.</u> If appropriate, an alternate or a physician from the department or division <u>may be appointed to the committee selected</u> by majority vote of the Department/Division <u>Chief chair</u>, Chief of Staff and Chair of the Care Review Committee. if such alternate selection is deemed appropriate by a majority of those three physicians. <u>Members-At-Large.</u> At-large members will be rotating to provide consistency, with representation from MV and LG campuses. The At-large members shall be appointed by the CRC chair, with Enterprise Chief of Staff approval, to a <u>three</u> (3)-year term. The At-large member may serve subsequent <u>three</u> (3) year terms with approval of the CRC chair and Enterprise Chief of Staff. <u>There will be a maximum of three (3) at-large members.</u> |

Article 11.5 Care Review Committee

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| Current Language | Proposed Changes |
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| <p>Non-voting Members</p> <ul style="list-style-type: none"> d) Medical Director of Quality and Patient Safety e) Immediate Past Chief of Staff from LG and MV campuses f) Medical Director of continuing medical education g) Director Risk Management h) Sr. Quality Director/Chief Quality Officer i) Chief Medical Officer j) Chief Nursing Officer k) Associate Chief Medical Officer <p>11.5-2 MEETINGS</p> <ul style="list-style-type: none"> a) Committee shall meet monthly, or at the discretion of the chair. b) The chair shall report to the Medical Staff Executive Committee monthly, as a standing report. <p>11.5-3 DUTIES</p> <p>The Care Review Committee shall perform the following duties:</p> <ul style="list-style-type: none"> a) Perform peer review. Cases will be referred to the committee from: <ul style="list-style-type: none"> 1. Department Chiefs 2. QA/UR Medical Directors 3. Leadership Council b) Review Medical Staff departmental peer review c) Identify hospital systems problems. d) Identify cases with educational value, in liaison with the Medical Director of continuing education, for presentation to continuing medical education program. | <p>Non-voting Members <u>may include</u>:</p> <ul style="list-style-type: none"> d) Medical Director of Quality and Patient Safety e) Immediate Past Chief of Staff from LG and MV campuses f) Medical Director of continuing medical education g) Director Risk Management h) Sr. Quality Director/Chief Quality Officer i) Chief Medical Officer j) Chief Nursing Officer k) Associate Chief Medical Officer <p>11.5-2 MEETINGS</p> <ul style="list-style-type: none"> a) Committee shall meet monthly, <u>or as needed</u>, at the discretion of the chairperson. b) The chairperson shall report to the Medical Staff Executive Committee monthly, as a standing report. <p>11.5-3 DUTIES</p> <p>The Care Review Committee shall perform the following duties:</p> <ul style="list-style-type: none"> a) Perform peer review. Cases will be referred to the committee from: <ul style="list-style-type: none"> 1. Department Chiefs 2. QA/UR Medical Directors 3. Leadership Council 4. <u>Credentials Committee</u> b) <u>Provide oversight</u> and R-review Medical Staff departmental peer review <u>processes for consistency</u>. c) Identify hospital systems problems <u>in the course of peer review</u>. d) Identify cases with educational value, in liaison with the Medical Director of continuing education, for presentation to continuing medical education program. |

Article 11.5 Care Review Committee

RATIONALE FOR PROPOSED EDITS – Amendments would expand the pool of candidates for the chair of the committee to include past department chiefs. The Immediate Past Chiefs of Staff would be voting members and number of members-at-large would be limited to a maximum of three (3). Some duties of the Care Review Committee would be transferred to the Credentials Committee.

| Current Language | Proposed Changes |
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| <p>e) Review selected new procedures and technology that have been screened and referred by the Leadership Council.</p> <p>f) Act as ad hoc committee in the event that indications for surgical or other invasive procedures are questioned and intervention needs to be considered. The Medical Staff Planning Committee will act as the body to which an appeal may be presented.</p> <p>g) Approves Ongoing Professional Practice Evaluation (OPPE) data elements and Focused Professional Practice Evaluation (FPPE) indicators developed by departments</p> <p>h) Decides which data elements/indicators do not require physician review (informational letter only)</p> <p>i) Reviews determinations from prior levels of review</p> <ul style="list-style-type: none"> • Quality Department • Leadership Council • Department Chiefs <p>If the Care Review Committee disagrees with the prior level of review:</p> <ul style="list-style-type: none"> • Send the matter back to Leadership Council or Department Chief with questions or concerns/ask that matter be reconsidered • Refer the matter to an individual Medical Staff member, another Medical Staff Committee or hospital department for review • Review the matter itself | <p>e) Review selected new procedures and technology that have been screened and referred by the Leadership Council.</p> <p>f) Act as ad hoc committee in the event that indications for surgical or other invasive procedures are questioned and intervention needs to be considered. The Medical Staff Planning <u>Executive</u> Committee will act as the body to which an appeal may be presented.</p> <p>g) Approves Ongoing Professional Practice Evaluation (OPPE) data elements and Focused Professional Practice Evaluation (FPPE) indicators developed by departments</p> <p>h) Decides s which data elements/indicators do not require physician review (informational letter only)</p> <p>i) Review s determinations from prior levels of review</p> <ul style="list-style-type: none"> • Quality Department • Leadership Council • Department Chiefs <p>If the Care Review Committee disagrees with the prior level of review, <u>it may</u>:</p> <ul style="list-style-type: none"> • Send the matter back to Leadership Council or Department Chief with questions or concerns / or ask that matter be reconsidered. • Refer the matter to an individual Medical Staff member, another Medical Staff Committee or hospital department for review. • Review the matter itself. |

Article 11.5 Care Review Committee

RATIONALE FOR PROPOSED EDITS – Amendments would expand the pool of candidates for the chair of the committee to include past department chiefs. The Immediate Past Chiefs of Staff would be voting members and number of members-at-large would be limited to a maximum of three (3). Some duties of the Care Review Committee would be transferred to the Credentials Committee.

| Current Language | Proposed Changes |
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| <p>j) Cases before the Care Review Committee</p> <ul style="list-style-type: none"> • Presenter of the case <ul style="list-style-type: none"> ◦ Department Chief ◦ Assigned Reviewer ◦ Appropriate Care Review Committee member • Obtain additional clinical expertise if necessary <ul style="list-style-type: none"> ◦ Internal ◦ External <p>k) Develop Performance Improvement Plans (PIP) when warranted. A PIP may consist of (but is not limited to):</p> <ul style="list-style-type: none"> • Additional education/CME • Prospective monitoring/review of a specific number of • cases • Second opinions/consults • Concurrent proctoring • Participation in formal evaluation/assessment program • Additional training • Educational LOA • Other | <p>j) <u>Determine who presents</u> cases before the Care Review Committee</p> <ul style="list-style-type: none"> • Presenter of the case <ul style="list-style-type: none"> ◦ Department Chief ◦ Assigned Reviewer ◦ Appropriate Care Review Committee member • Obtain additional clinical expertise if necessary <ul style="list-style-type: none"> ◦ Internal ◦ External <p>k) Develop Performance Improvement Plans (PIP) when warranted. A PIP may consist of (but is not limited to):</p> <ul style="list-style-type: none"> • Additional education/CME • Prospective monitoring/review of a specific number of • cases • Second opinions/consults • Concurrent proctoring • Participation in formal evaluation/assessment program • Additional training • Educational LOA • Other |

NEW Article Credentials Committee

RATIONALE FOR PROPOSED EDITS– The credentials committee plays an important role in medical staff governance. Governing Boards expect medical staffs to thoroughly review and evaluate current competency, professionalism, training and knowledge, and experience of applicants when recommendations are received from the medical staff for the appointment, reappointment and granting of clinical privileges. The addition of a credentials committee will help enhance the provision of quality care, exceptional treatment, services and patient safety. The Credentials Committee will also provide a check and balance system to ensure that the decisions to grant or deny clinical privileges remain an objective, evidence-based process.

| Current Language | Proposed Changes |
|------------------|---|
| NONE | <p>CREDENTIALS COMMITTEE – Enterprise Wide COMPOSITION</p> <ul style="list-style-type: none"> a) <u>The chairperson of the Credentials Committee will be appointed to an initial three (3) year term by the current Enterprise Chief of Staff, subject to Medical Staff Executive Committee approval. The chair may serve subsequent three (3) year terms with approval of the Chief of Staff and subject to MEC approval.</u> b) <u>The credentials committee shall consist of the Vice-Chiefs of Staff from LG and MV, Vice-Chiefs of each medical staff department/division and the chair of the Interdisciplinary Practice Committee and up to three (3) members- at-large, with at least one(1) member-at-large from each campus, Los Gatos and Mountain View.</u> c) <u>The At-large members shall be appointed by the Credentials Committee chairperson, with Enterprise Chief of Staff approval, to a three(3)-year term. The At-large members may serve subsequent three (3)- year terms with approval of the chairperson and Enterprise Chief of Staff.</u> <p>DUTIES The credentials committee shall:</p> <ul style="list-style-type: none"> a) <u>Review all recommendations from departments and divisions and provide recommendations to the Medical Staff Executive Committee regarding all applications for medical staff and allied health professional appointments, reappointments and privilege requests.</u> b) <u>Review any question of appointment or privilege where there is a dispute between departments or divisions, or when a credentials committee review has been specifically requested.</u> c) <u>Assist in development of privileging standards to ensure that credentialing and privileging are based on a consistent standard of care within the medical staff.</u> d) <u>Recommend delineation of privilege forms and criteria, review and revision of privileging forms and processes, and review and approve credentialing policies and procedures.</u> |

NEW Article Credentials Committee

RATIONALE FOR PROPOSED EDITS– The credentials committee plays an important role in medical staff governance. Governing Boards expect medical staffs to thoroughly review and evaluate current competency, professionalism, training and knowledge, and experience of applicants when recommendations are received from the medical staff for the appointment, reappointment and granting of clinical privileges. The addition of a credentials committee will help enhance the provision of quality care, exceptional treatment, services and patient safety. The Credentials Committee will also provide a check and balance system to ensure that the decisions to grant or deny clinical privileges remain an objective, evidence-based process.

| Current Language | Proposed Changes |
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| NONE | <p><u>DUTIES (cont'd)</u></p> <ul style="list-style-type: none"> e) <u>Ensure focused professional practice evaluation (FPPE) of each practitioner applying for initial membership, privileges or modification of privileges is consistently implemented in accordance with the criteria defined by the Medical Staff's Policy.</u> f) <u>Review the recommendation of the Department Chief to determine when each FPPE has been adequately completed and report to the MEC and Governing Board. The Credentials Committee and the Department Chief have the right to extend or shorten FPPE as needed.</u> g) <u>Approve Ongoing Professional Practice Evaluation (OPPE) data elements and Focused Professional Practice Evaluation (FPPE) indicators recommended by departments.</u> h) <u>Review recommendations from the Interdisciplinary Practice Committee on Advanced Practice Providers.</u> i) <u>Review and report on matters referred by the Chief of Staff or Medical Staff Executive Committee regarding the qualifications, competence, conduct or professional character of any applicant or medical staff member during reappointment.</u> j) <u>Submit monthly reports and recommendations to the Medical Staff Executive Committee.</u> <p><u>MEETINGS</u></p> <p><u>The committee will meet monthly, but may convene more frequently or be canceled as determined by the Chairperson. The committee may also meet electronically, as needed.</u></p> |

Article 11.14-1 Medical Staff Executive Committee

RATIONALE FOR PROPOSED EDITS– Vice-Chiefs of Departments/Divisions will be removed from the membership of the MEC so that they may serve as the members of the Credentials Committee in addition to their responsibilities of membership on the Quality Council.

| Current Language | Proposed Changes |
|---|---|
| <p>11.14-1 COMPOSITION</p> <p>The Medical Staff Executive Committee members shall consist of:</p> <ul style="list-style-type: none"> a) The general officers of the Medical Staff as listed in Section 10.1-1; The Chair of Medical Staff Executive Committee will be the MV Chief of Staff. The Chair of Medical Staff Executive Committee will act as the Enterprise Chief of Staff. b) The department chief(s) and vice chief(s) of all Medical Staff Departments. If either the department chief or vice chief is unable to attend a Medical Staff Executive Committee meeting, the immediate past chief may attend and vote in both General and Executive Sessions. c) The Chief of each Hospital Division (Emergency, Radiology, Pathology, Hospitalist, and Anesthesia) or designee approved by the Enterprise Chief of Staff. <p>In addition, the following may attend General and Executive Sessions without vote:</p> <ul style="list-style-type: none"> a) The Chief Executive Officer; b) The Chief Medical Officer; c) Associate Chief Medical Officer; d) The Medical Director of Psychiatric Services; e) Medical Director of Quality and Patient Safety; f) The Chair of the Care Review Committee; g) The Medical Director of Neonatology Intensive Care Unit; h) The Chief Nursing Officer; i) Sr. Quality Director/Chief Quality Officer | <p>11.14-1 COMPOSITION</p> <p>The Medical Staff Executive Committee members shall consist of:</p> <ul style="list-style-type: none"> a) The general officers of the Medical Staff as listed in Section 10.1-1; The Chair of Medical Staff Executive Committee will be the MV Chief of Staff. The Chair of Medical Staff Executive Committee will act as the Enterprise Chief of Staff. b) The department chiefs and vice-chief(s) of all Medical Staff Departments. If either the department chief or vice chief is unable to attend a Medical Staff Executive Committee meeting, the immediate past chief <u>or vice-chief</u> may attend and vote in both General and Executive Sessions. c) The Chief of each Hospital Division (Emergency, Radiology, Pathology, Hospitalist, and Anesthesia) or designee approved by the Enterprise Chief of Staff. <p>In addition, the following may attend General and Executive Sessions without vote:</p> <ul style="list-style-type: none"> a) The Chief Executive Officer; b) The Chief Medical Officer; c) Associate Chief Medical Officer; d) The Medical Director of Psychiatric Services; e) Medical Director of Quality and Patient Safety; f) The Chair of the Care Review Committee; g) The Medical Director of Neonatology Intensive Care Unit; h) The Chief Nursing Officer; i) Sr. Quality Director/Chief Quality Officer |

Article 11 Committees

RATIONALE FOR PROPOSED EDITS– The Bylaws should accurately reflect the structures and processes used by the Medical Staff. They should be organized into a user-friendly document with flexibility. Bylaws should describe the organization and governing structure of the Medical Staff and outline its responsibilities to the Governing Board. The Rules and Regulations expand upon the Bylaws and their processes. It is proposed to limit the committees contained in the the Bylaws and move the remaining committees into the Rules and Regulations.

| Current Language | Proposed Changes |
|---|---|
| ARTICLE 11 - COMMITTEES 11.1 General..... 11.2 Cancer Care..... 11.3 Capital Expenditure Committee..... 11.4 Cardiovascular/Peripheral Vascular Services (CPVS) Committee 11.5 Care Review Committee..... 11.6 Continuing Medical Education/Library Committee 11.7 Department Executive Committee..... 11.8 Infection Control Committee..... 11.9 Interdisciplinary Practice Committee 11.10 Institutional Review Board 11.11 Joint Conference Committee 11.12 Leadership Council..... 11.13 Medical Ethics Committee..... 11.14 Medical Staff Executive Committee..... 11.15 Medical Standards for Information Technology (MSIT) Committee 11.16 Performance Improvement (PI)/Safety Committee..... 11.17 Perinatal Committee 11.18 Pharmacy and Therapeutics Committee 11.19 Physician Health & Well-Being Committee..... 11.20 Quality Council..... 11.21 Quality Steering Committee 11.22 Radiation Safety Committee..... 11.23 Special Services Committee 11.24 Tissue Review Function..... 11.25 Utilization Review Committee | ARTICLE 11 - COMMITTEES 11.1 General..... 11.2 Cancer Care..... 11.3 Capital Expenditure Committee..... 11.4 Cardiovascular/Peripheral Vascular Services (CPVS) Committee 11.5 Care Review Committee..... 11.6 Continuing Medical Education/Library Committee 11.7 Department Executive Committee..... 11.8 Infection Control Committee..... 11.9 Interdisciplinary Practice Committee 11.10 Institutional Review Board 11.11 Joint Conference Committee 11.12 Leadership Council..... 11.13 Medical Ethics Committee..... 11.14 Medical Staff Executive Committee..... 11.15 Medical Standards for Information Technology (MSIT) Committee 11.16 Performance Improvement (PI)/Safety Committee..... 11.17 Perinatal Committee 11.18 Pharmacy and Therapeutics Committee 11.19 Physician Health & Well-Being Committee..... 11.20 Quality Council..... 11.21 Quality Steering Committee 11.22 Radiation Safety Committee..... 11.23 Special Services Committee 11.24 Tissue Review Function..... 11.25 Utilization Review Committee |
| | <u>ADD Credentials Committee</u> |

Appendix II Committees

RATIONALE FOR PROPOSED EDITS– The Bylaws should accurately reflect the structures and processes used by the Medical Staff. They should be organized into a user-friendly document with flexibility. Bylaws should describe the organization and governing structure of the Medical Staff and outline its responsibilities to the Governing Board. The Rules and Regulations expand upon the Bylaws and their processes. It is proposed to limit the committees contained in the Bylaws and move the remaining committees into the Rules and Regulations.

Current Language

APPENDIX I

RULES AND REGULATIONS

- A. Admissions/Discharges
- B. Records
 - History & Physicals (H&P)
 - Outpatients
 - Obstetrical records
 - ECT Patients
 - Updates
 - Other Medical Record Documentation
 - Pre-anesthetic and Post-anesthetic Notes
 - Operative Reports
 - Progress Notes
 - Orders for Treatment and Tests
 - Record of Newborn
 - Medical Screening Exams
 - Discharge Summary
 - Discharge Instructions
 - Changes or Amendments
 - Physician Review of Medical Records
 - Health Insurance Portability & Accountability
- C. Removal of Original Records from the Hospital
- D. Autopsies
- E. Consultations
- F. Mandatory Consultations
- G. Patient Coverage
- H. Hospital Services
- I. Procedure for Creation of New Medical Staff Departments
- J. Fees
- K. Residents
- L. Allied Health Professionals
- M. DEA Certification Waiver

Proposed Changes

APPENDIX I

RULES AND REGULATIONS

- A. Admissions/Discharges
- B. Records
 - History & Physicals (H&P)
 - Outpatients
 - Obstetrical records
 - ECT Patients
 - Updates
 - Other Medical Record Documentation
 - Pre-anesthetic and Post-anesthetic Notes
 - Operative Reports
 - Progress Notes
 - Orders for Treatment and Tests
 - Record of Newborn
 - Medical Screening Exams
 - Discharge Summary
 - Discharge Instructions
 - Changes or Amendments
 - Physician Review of Medical Records
 - Health Insurance Portability & Accountability
- C. Removal of Original Records from the Hospital
- D. Autopsies
- E. Consultations
- F. Mandatory Consultations
- G. Patient Coverage
- H. Hospital Services
- I. Procedure for Creation of New Medical Staff Departments
- J. Fees
- K. Residents
- L. Allied Health Professionals
- M. DEA Certification Waiver

APPENDIX II

COMMITTEES

- A. Cancer Care
- B. Capital Expenditure Committee
- C. Cardiovascular/Peripheral Vascular Services (CPVS) Committee
- D. Continuing Medical Education/Library Committee
- E. Department Executive Committee
- F. Infection Control Committee
- G. Interdisciplinary Practice Committee
- H. Joint Conference Committee
- I. Medical Ethics Committee
- J. Medical Standards for Information Technology (MSIT) Committee
- K. Performance Improvement (PI) Safety Committee
- L. Perinatal Committee
- M. Pharmacy and Therapeutics Committee
- N. Quality Steering Committee
- O. Radiation Safety Committee
- P. Special Services Committee
- Q. Tissue Review Committee
- R. Utilization Review Committee



El Camino Hospital

THE HOSPITAL OF SILICON VALLEY

**Summary of Financial Operations
Fiscal Year 2019 – Period 5**

7/1/2018 to 11/30/2018

El Camino Hospital Board of Directors

Iftikhar Hussain, CFO

January 16, 2019

Financial Overview

Volume:

- YTD adjusted discharges are favorable to budget (165 cases or 1.2% favorable) driven by high outpatient volume. YTD IP volume remained below budget by 3.0% (251 cases) and below prior year by 5.2% (436 cases) due to lower flu cases (gen med) and MCH.
- OP cases YTD favorable to budget (613 cases or 1.0%) and prior year by 0.1% (39 cases). YTD favorability continue to be driven by HVI, Surgeries, Rehab and Imaging activity.

Financial Performance:

- Operating income is favorable to budget by 15.1% (\$6.2M) YTD and 30.2% (\$20.3M) below prior year.
- Net Patient Revenue is favorable to budget by 2.0% (\$7.3M) YTD and above prior year by 0.8% (\$2.8M) driven primarily from OP volumes.
- YTD Operating Expense is slightly favorable to budget 0.2% (\$700k). YTD Salaries & Wages YTD continues to stay positive due to flexing of labor reduction to volumes in prior months and vacancies in support areas. YTD, non labor expenses are unfavorable to budget by 0.39% (528K).

Payor Mix:

- Small decline in commercial mix due to lower MCH volume

Cost:

- Prod FTEs were favorable to target for November by 0.6% and on target YTD.

Balance Sheet:

- Net days in AR was 47.3 which was .7 days favorable to budget.

Dashboard - ECH combined as of November 30, 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 | 246 | 240 | 246 | (6) | 238 | 228 | 234 | (6) |
| Utilization MV | 67% | 66% | 67% | -1% | 66% | 63% | 65% | -2% |
| Utilization LG | 31% | 29% | 32% | -3% | 29% | 28% | 28% | 0% |
| Utilization Combined | 56% | 54% | 56% | -1% | 54% | 51% | 53% | -1% |
| Total Discharges (Excl NNB) | 1,725 | 1,641 | 1,687 | (46) | 8,420 | 7,966 | 8,236 | (270) |
| Financial Perf. | | | | | | | | |
| Total Operating Revenue | 83,180 | 82,576 | 78,104 | 4,473 | 385,900 | 387,389 | 381,921 | 5,468 |
| Operating Income \$ | 18,081 | 13,116 | 9,935 | 3,181 | 67,187 | 46,909 | 40,744 | 6,166 |
| Operating Margin | 21.7% | 15.9% | 12.7% | 3.2% | 17.4% | 12.1% | 10.7% | 1.4% |
| EBITDA % | 27.4% | 21.6% | 18.9% | 2.7% | 23.2% | 18.1% | 16.9% | 1.3% |
| Payor Mix | | | | | | | | |
| Medicare | 46.3% | 49.3% | 46.3% | 3.0% | 46.1% | 46.9% | 46.4% | 0.5% |
| Medi-Cal | 7.8% | 7.9% | 7.8% | 0.1% | 8.0% | 8.0% | 7.8% | 0.2% |
| Total Commercial | 43.4% | 41.3% | 43.3% | -2.1% | 43.3% | 42.7% | 43.1% | -0.4% |
| Other | 2.5% | 1.6% | 2.6% | -1.0% | 2.6% | 2.4% | 2.7% | -0.3% |
| Cost | | | | | | | | |
| Total FTE | 2,566.2 | 2,672.1 | 2,672.9 | (1) | 2,564.0 | 2,616.0 | 2,631.1 | (15) |
| Productive Hrs/APD | 29.8 | 30.5 | 31.0 | (1) | 30.5 | 31.0 | 32.2 | (1) |
| Balance Sheet | | | | | | | | |
| Net Days in AR | 50.7 | 47.3 | 48.0 | (1) | 50.7 | 47.3 | 48.0 | (0.7) |
| Days Cash | 505 | 494 | 449 | 45 | 505 | 494 | 449 | 45 |
| Affiliates - Net Income (\$000s) | | | | | | | | |
| Hosp | 27,017 | 13,785 | 10,392 | 3,394 | 100,227 | 29,639 | 43,026 | (13,386) |
| Concern | 43 | 41 | 97 | (56) | 945 | 913 | 377 | 537 |
| ECSC | (2) | (11) | 0 | (11) | (18) | (25) | 0 | (25) |
| Foundation | 493 | 660 | 172 | 487 | 1,216 | 765 | 754 | 11 |
| SVMD | 389 | (656) | 2 | (658) | 564 | 696 | (248) | 944 |

Budget Variances

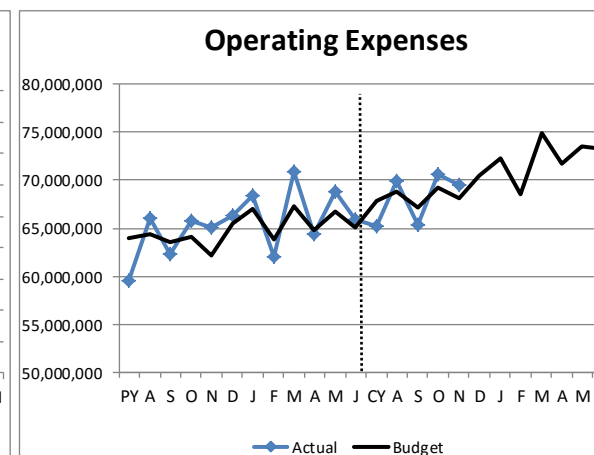
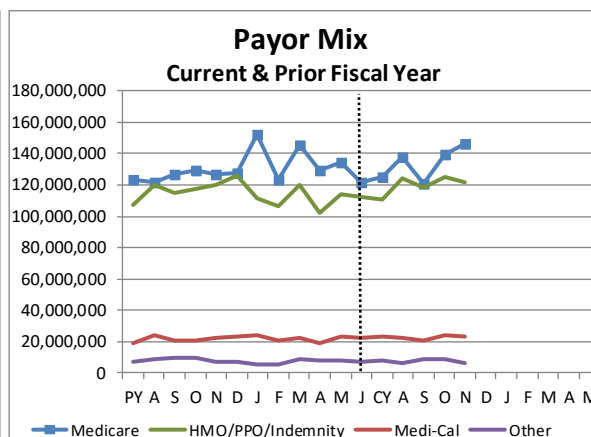
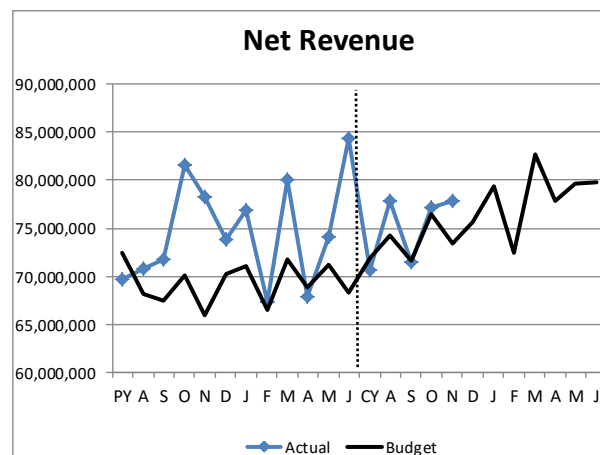
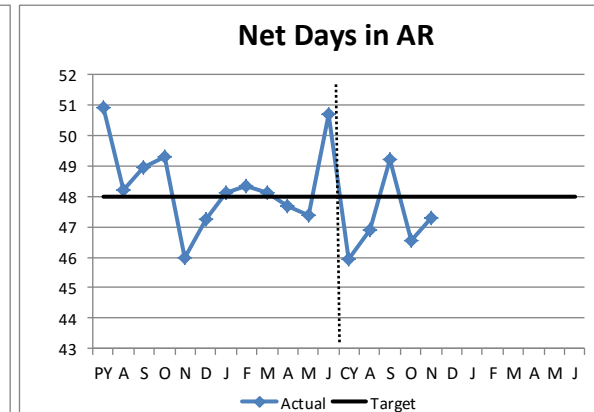
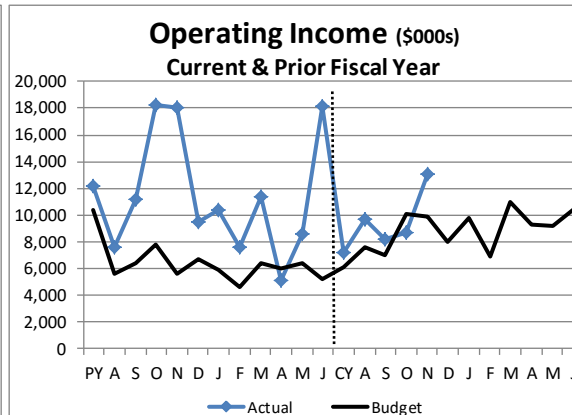
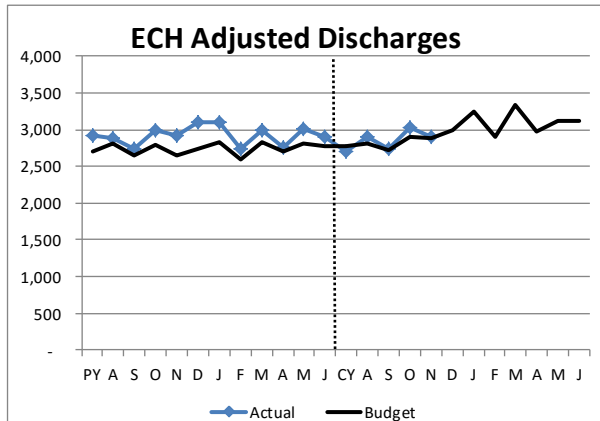
| (in thousands; \$000s) | Net Op Income | % Net Revenue |
|---|---------------|---------------|
| Budgeted Hospital Operations FY2019 | 40,744 | 10.7% |
| Net Revenue - YTD IP days are behind budget by 2.5%. Both deliveries and IP surgeries are down over 5%. OP is up by 6.4% making total positive. OP surgeries up by 3.5%, Rehab up 8%, Psych 5% | 5,468 | 1.4% |
| Labor and Benefit Expense Change - Flexing staff and vacancies in support departments. Offset with consulting services. | 1,225 | 0.3% |
| Professional Fees & Purchased Services - JACHO readiness and consulting (in place of FTE) are the biggest drivers | (1,265) | -0.3% |
| Supplies - Medical and Non Medical Supplies are over budget, but savings in Drugs offset the variance | 167 | 0.0% |
| Other Expenses | 204 | 0.1% |
| Depreciation & Interest | 366 | 0.1% |
| Actual Hospital Operations FY2019 | 46,909 | 12.1% |

El Camino Hospital (\$000s)

Period ending 11/30/2018

| Period 5 FY 2018 | Period 5 FY 2019 | Period 5 Budget 2019 | Variance Fav (Unfav) | Var% | | YTD FY 2018 | YTD FY 2019 | YTD Budget 2019 | Variance Fav (Unfav) | Var% |
|---------------------|---------------------|-------------------------|-------------------------|---------------|-----------------------------|----------------|----------------|--------------------|-------------------------|----------------|
| | | | | | \$000s | | | | | |
| | | | | | OPERATING REVENUE | | | | | |
| 278,325 | 297,755 | 286,592 | 11,163 | 3.9% | Gross Revenue | 1,370,889 | 1,418,920 | 1,419,691 | (770) | (0.1%) |
| (199,994) | (219,929) | (213,232) | (6,696) | (3.1%) | Deductions | (998,813) | (1,044,036) | (1,052,064) | 8,027 | 0.8% |
| 78,331 | 77,826 | 73,360 | 4,467 | 6.1% | Net Patient Revenue | 372,076 | 374,884 | 367,627 | 7,257 | 2.0% |
| 4,849 | 4,750 | 4,744 | 6 | 0.1% | Other Operating Revenue | 13,824 | 12,505 | 14,294 | (1,788) | (12.5%) |
| 83,180 | 82,576 | 78,104 | 4,473 | 5.7% | Total Operating Revenue | 385,900 | 387,389 | 381,921 | 5,468 | 1.4% |
| | | | | | OPERATING EXPENSE | | | | | |
| 38,238 | 41,275 | 40,755 | (521) | (1.3%) | Salaries & Wages | 194,133 | 204,212 | 205,437 | 1,225 | 0.6% |
| 10,453 | 11,361 | 11,366 | 5 | 0.0% | Supplies | 49,780 | 55,091 | 55,258 | 167 | 0.3% |
| 9,147 | 9,592 | 8,664 | (928) | (10.7%) | Fees & Purchased Services | 41,282 | 45,544 | 44,280 | (1,265) | (2.9%) |
| 2,519 | 2,537 | 2,558 | 21 | 0.8% | Other Operating Expense | 11,359 | 12,249 | 12,453 | 204 | 1.6% |
| 647 | 438 | 323 | (115) | (35.5%) | Interest | 2,150 | 2,128 | 1,617 | (511) | (31.6%) |
| 4,095 | 4,257 | 4,502 | 245 | 5.4% | Depreciation | 20,009 | 21,257 | 22,134 | 877 | 4.0% |
| 65,099 | 69,460 | 68,168 | (1,292) | (1.9%) | Total Operating Expense | 318,713 | 340,480 | 341,177 | 697 | 0.2% |
| 18,081 | 13,116 | 9,935 | 3,181 | 32.0% | Net Operating Income/(Loss) | 67,187 | 46,909 | 40,744 | 6,166 | 15.1% |
| 8,936 | 669 | 456 | 213 | 46.7% | Non Operating Income | 33,041 | (17,270) | 2,282 | (19,552) | (856.8%) |
| 27,017 | 13,785 | 10,392 | 3,394 | 32.7% | Net Income(Loss) | 100,227 | 29,639 | 43,026 | (13,386) | (31.1%) |
| | | | | | EBITDA | 23.2% | 18.1% | 16.9% | 1.3% | |
| 27.4% | 21.6% | 18.9% | 2.7% | | Operating Margin | 17.4% | 12.1% | 10.7% | 1.4% | |
| 21.7% | 15.9% | 12.7% | 3.2% | | Net Margin | 26.0% | 7.7% | 11.3% | (3.6%) | |
| 32.5% | 16.7% | 13.3% | 3.4% | | | | | | | |

Monthly Financial Trends



El Camino Hospital Investment Committee Scorecard September 30, 2018

| Key Performance Indicator | Status | El Camino | Benchmark | El Camino | Benchmark | El Camino | Benchmark | FY19 Year-end Budget | Expectation Per Asset Allocation |
|---|--------|----------------|---------------------------|--|-----------|--|-----------|----------------------------|--|
| Investment Performance | | 3Q 2018 | | Fiscal Year-to-date | | 5y 11m Since Inception (annualized) | | 2018 | |
| Surplus cash balance* | | \$994.7 | -- | -- | -- | -- | -- | \$886.6 | -- |
| Surplus cash return | | 2.3% | 2.0% | 2.3% | 2.0% | 5.8% | 5.5% | 3.2% | 5.3% |
| Cash balance plan balance (millions) | | \$274.7 | -- | -- | -- | -- | -- | \$276.9 | -- |
| Cash balance plan return | | 2.8% | 2.5% | 2.8% | 2.5% | 8.3% | 7.4% | 6.0% | 5.7% |
| 403(b) plan balance (millions) | | \$481.7 | -- | -- | -- | -- | -- | -- | -- |
| Risk vs. Return | | 3-year | | 5y 11m Since Inception (annualized) | | 2018 | | | |
| Surplus cash Sharpe ratio | | 1.59 | 1.52 | -- | -- | 1.34 | 1.27 | -- | 0.43 |
| Net of fee return | | 7.5% | 7.1% | -- | -- | 5.8% | 5.5% | -- | 5.3% |
| Standard deviation | | 4.1% | 4.0% | -- | -- | 4.0% | 4.0% | -- | 6.7% |
| Cash balance Sharpe ratio | | 1.64 | 1.55 | -- | -- | 1.45 | 1.34 | -- | 0.40 |
| Net of fee return | | 9.4% | 8.5% | -- | -- | 8.3% | 7.4% | -- | 5.7% |
| Standard deviation | | 5.1% | 4.8% | -- | -- | 5.3% | 5.1% | -- | 8.1% |
| Asset Allocation | | 3Q 2018 | | | | | | | |
| Surplus cash absolute variances to target | | 6.2% | < 10% | -- | -- | -- | -- | -- | -- |
| Cash balance absolute variances to target | | 6.2% | < 10% | -- | -- | -- | -- | -- | -- |
| Manager Compliance | | 3Q 2018 | | | | | | | |
| Surplus cash manager flags | | 20 | < 24 Green < 30 Yellow | -- | -- | -- | -- | -- | -- |
| Cash balance plan manager flags | | 23 | < 27 Green < 34 Yellow | -- | -- | -- | -- | -- | -- |

*Excludes debt reserve funds (~\$160 mm), District assets (~\$31 mm), and balance sheet cash not in investable portfolio (~\$94 mm).

Includes Foundation (~\$28 mm) and Concern (~\$13 mm) assets. Budget adds back in current Foundation and Concern assets and backs out current debt reserve funds.



Balance Sheet (in thousands)

ASSETS

| | Audited | |
|--|-------------------|------------------|
| | November 30, 2018 | June 30, 2018 |
| CURRENT ASSETS | | |
| Cash | 110,546 | 118,992 |
| Short Term Investments | 156,079 | 150,664 |
| Patient Accounts Receivable, net | 117,721 | 124,427 |
| Other Accounts and Notes Receivable | 5,645 | 3,402 |
| Intercompany Receivables | 2,616 | 2,090 |
| (1) Inventories and Prepays | 79,490 | 75,594 |
| Total Current Assets | 472,097 | 475,171 |
| BOARD DESIGNATED ASSETS | | |
| Plant & Equipment Fund | 157,995 | 153,784 |
| (2) Women's Hospital Expansion | 13,967 | 9,298 |
| (3) Operational Reserve Fund | 139,057 | 127,908 |
| Community Benefit Fund | 18,251 | 18,675 |
| Workers Compensation Reserve Fund | 21,140 | 20,263 |
| Postretirement Health/Life Reserve Fund | 29,462 | 29,212 |
| PTO Liability Fund | 24,751 | 24,532 |
| Malpractice Reserve Fund | 1,831 | 1,831 |
| Catastrophic Reserves Fund | 19,254 | 18,322 |
| Total Board Designated Assets | 425,709 | 403,826 |
| (4) FUNDS HELD BY TRUSTEE | 135,991 | 197,620 |
| LONG TERM INVESTMENTS | 337,873 | 345,684 |
| INVESTMENTS IN AFFILIATES | 32,571 | 32,412 |
| PROPERTY AND EQUIPMENT | | |
| Fixed Assets at Cost | 1,271,394 | 1,261,854 |
| Less: Accumulated Depreciation | (598,867) | (577,959) |
| Construction in Progress | 296,430 | 220,991 |
| Property, Plant & Equipment - Net | 968,957 | 904,886 |
| DEFERRED OUTFLOWS | 20,927 | 21,177 |
| RESTRICTED ASSETS - CASH | 0 | 0 |
| TOTAL ASSETS | 2,394,124 | 2,380,776 |

LIABILITIES AND FUND BALANCE

| | Audited | |
|---|-------------------|------------------|
| | November 30, 2018 | June 30, 2018 |
| CURRENT LIABILITIES | | |
| (5) Accounts Payable | 34,486 | 49,925 |
| (6) Salaries and Related Liabilities | 24,461 | 26,727 |
| Accrued PTO | 24,751 | 24,532 |
| Worker's Comp Reserve | 2,300 | 2,300 |
| Third Party Settlements | 10,240 | 10,068 |
| Intercompany Payables | 616 | 125 |
| Malpractice Reserves | 1,831 | 1,831 |
| Bonds Payable - Current | 3,850 | 3,850 |
| (7) Bond Interest Payable | 9,692 | 12,975 |
| Other Liabilities | 9,822 | 8,909 |
| Total Current Liabilities | 122,048 | 141,242 |
| LONG TERM LIABILITIES | | |
| Post Retirement Benefits | 29,462 | 29,212 |
| Worker's Comp Reserve | 18,840 | 17,963 |
| Other L/T Obligation (Asbestos) | 3,907 | 3,859 |
| Other L/T Liabilities (IT/Medl Leases) | - | - |
| Bond Payable | 517,274 | 517,781 |
| Total Long Term Liabilities | 569,484 | 568,815 |
| DEFERRED REVENUE-UNRESTRICTED | 629 | 528 |
| DEFERRED INFLOW OF RESOURCES | 22,835 | 22,835 |
| FUND BALANCE/CAPITAL ACCOUNTS | | |
| Unrestricted | 1,253,419 | 1,243,529 |
| Board Designated | 425,709 | 403,825 |
| Restricted | 0 | 0 |
| (8) Total Fund Bal & Capital Accts | 1,679,128 | 1,647,355 |
| TOTAL LIABILITIES AND FUND BALANCE | 2,394,124 | 2,380,776 |

November 2018 El Camino Hospital Comparative Balance Sheet Variances and Footnotes

- (1) The increase is due to annual insurance premiums for D&O, Property and Auto that are paid in July and amortized throughout the fiscal year. Also a quarterly pension funding was paid.
- (2) The increase is due to the District making a transfer from its Capital Appropriation Fund in support of the upcoming renovation to the Women's Hospital.
- (3) The increase is due to annual resetting of the 60 day Operational Reserve based on the new FY2019 budget that has started.
- (4) Decrease is due to draws from the 2015A/2017 Bond Project funds for the on-going IMOB and BHS construction.
- (5) Decrease is due to the yearend accruals that were paid out in July and August.
- (6) Decrease is due a lesser number of days of payroll expenses and payroll taxes for October opposed to a full 14 day pay period that was needed for June 30.
- (7) Semi-annual bond payments of interest and principal were made on the 2015A and 2017 Bonds in August.
- (8) Increase in total Fund Balance is driven by y-t-d net income and that Capital Appropriate Fund transfer by District, discussed in item #2 above.

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 11/30/2018

| Period 5 FY 2018 | Period 5 FY 2019 | Period 5 Budget 2019 | Variance Fav (Unfav) | Var% | | YTD FY 2018 | YTD FY 2019 | YTD Budget 2019 | Variance Fav (Unfav) | Var% |
|---------------------|---------------------|-------------------------|-------------------------|---------------|-----------------------------|----------------|----------------|--------------------|-------------------------|----------------|
| | | | | | \$000s | | | | | |
| | | | | | OPERATING REVENUE | | | | | |
| 225,175 | 245,512 | 233,633 | 11,879 | 5.1% | Gross Revenue | 1,121,492 | 1,167,193 | 1,166,265 | 928 | 0.1% |
| (160,793) | (181,191) | (174,238) | (6,953) | (4.0%) | Deductions | (814,375) | (857,300) | (865,970) | 8,670 | 1.0% |
| 64,382 | 64,321 | 59,395 | 4,926 | 8.3% | Net Patient Revenue | 307,117 | 309,893 | 300,295 | 9,598 | 3.2% |
| 4,681 | 4,460 | 4,506 | (46) | (1.0%) | Other Operating Revenue | 13,013 | 11,106 | 13,144 | (2,038) | (15.5%) |
| 69,063 | 68,781 | 63,901 | 4,880 | 7.6% | Total Operating Revenue | 320,130 | 320,999 | 313,439 | 7,560 | 2.4% |
| | | | | | OPERATING EXPENSE | | | | | |
| 31,787 | 34,528 | 34,053 | (475) | (1.4%) | Salaries & Wages | 161,538 | 170,191 | 172,591 | 2,400 | 1.4% |
| 8,357 | 9,392 | 9,286 | (107) | (1.1%) | Supplies | 40,171 | 44,763 | 45,109 | 346 | 0.8% |
| 7,667 | 8,068 | 7,248 | (820) | (11.3%) | Fees & Purchased Services | 34,754 | 38,469 | 37,632 | (838) | (2.2%) |
| 534 | 1,095 | 973 | (122) | (12.6%) | Other Operating Expense | 3,241 | 4,337 | 4,659 | 322 | 6.9% |
| 647 | 438 | 323 | (115) | (35.5%) | Interest | 2,150 | 2,128 | 1,617 | (511) | (31.6%) |
| 3,516 | 3,508 | 3,742 | 234 | 6.3% | Depreciation | 17,369 | 17,532 | 18,441 | 910 | 4.9% |
| 52,509 | 57,030 | 55,625 | (1,404) | (2.5%) | Total Operating Expense | 259,222 | 277,420 | 280,049 | 2,629 | 0.9% |
| 16,554 | 11,752 | 8,276 | 3,476 | 42.0% | Net Operating Income/(Loss) | 60,908 | 43,579 | 33,390 | 10,189 | 30.5% |
| 8,936 | 669 | 456 | 213 | 46.7% | Non Operating Income | 33,085 | (17,270) | 2,282 | (19,552) | (856.8%) |
| 25,489 | 12,421 | 8,732 | 3,689 | 42.2% | Net Income(Loss) | 93,993 | 26,309 | 35,672 | (9,363) | (26.2%) |
| | | | | | EBITDA | 25.1% | 19.7% | 17.1% | 2.6% | |
| 30.0% | 22.8% | 19.3% | 3.5% | | Operating Margin | 19.0% | 13.6% | 10.7% | 2.9% | |
| 24.0% | 17.1% | 13.0% | 4.1% | | Net Margin | 29.4% | 8.2% | 11.4% | (3.2%) | |
| 36.9% | 18.1% | 13.7% | 4.4% | | | | | | | |

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

Period ending 11/30/2018

| Period 5 FY 2018 | Period 5 FY 2019 | Period 5 Budget 2019 | Variance Fav (Unfav) | Var% | \$000s | YTD FY 2018 | YTD FY 2019 | YTD Budget 2019 | Variance Fav (Unfav) | Var% |
|--------------------------|---------------------|-------------------------|-------------------------|----------------|--------------------------------------|----------------|----------------|--------------------|-------------------------|----------------|
| OPERATING REVENUE | | | | | | | | | | |
| 53,150 | 52,243 | 52,959 | (716) | (1.4%) | Gross Revenue | 249,397 | 251,728 | 253,426 | (1,699) | (0.7%) |
| (39,201) | (38,738) | (38,995) | 257 | 0.7% | Deductions | (184,438) | (186,736) | (186,094) | (643) | (0.3%) |
| 13,949 | 13,505 | 13,965 | (459) | (3.3%) | Net Patient Revenue | 64,959 | 64,991 | 67,332 | (2,341) | (3.5%) |
| 169 | 290 | 238 | 52 | 21.8% | Other Operating Revenue | 811 | 1,399 | 1,149 | 250 | 21.7% |
| 14,117 | 13,795 | 14,202 | (407) | (2.9%) | Total Operating Revenue | 65,770 | 66,390 | 68,482 | (2,092) | (3.1%) |
| OPERATING EXPENSE | | | | | | | | | | |
| 6,451 | 6,747 | 6,701 | (46) | (0.7%) | Salaries & Wages | 32,595 | 34,021 | 32,846 | (1,175) | (3.6%) |
| 2,095 | 1,968 | 2,080 | 112 | 5.4% | Supplies | 9,609 | 10,328 | 10,149 | (179) | (1.8%) |
| 1,480 | 1,524 | 1,416 | (107) | (7.6%) | Fees & Purchased Services | 6,528 | 7,075 | 6,648 | (427) | (6.4%) |
| 1,985 | 1,442 | 1,585 | 143 | 9.0% | Other Operating Expense | 8,118 | 7,912 | 7,793 | (119) | (1.5%) |
| 0 | 0 | 0 | 0 | 0.0% | Interest | 0 | 0 | 0 | 0 | 0.0% |
| 579 | 749 | 760 | 11 | 1.4% | Depreciation | 2,640 | 3,725 | 3,692 | (32) | (0.9%) |
| 12,590 | 12,430 | 12,543 | 112 | 0.9% | Total Operating Expense | 59,490 | 63,060 | 61,128 | (1,932) | (3.2%) |
| 1,527 | 1,364 | 1,660 | (295) | (17.8%) | Net Operating Income/(Loss) | 6,279 | 3,330 | 7,354 | (4,024) | (54.7%) |
| 0 | 0 | 0 | 0 | 0.0% | Non Operating Income | (45) | 0 | 0 | 0 | 0.0% |
| 1,527 | 1,364 | 1,660 | (295) | (17.8%) | Net Income(Loss) | 6,235 | 3,330 | 7,354 | (4,024) | (54.7%) |
| 14.9% | 15.3% | 17.0% | (1.7%) | | EBITDA | 13.6% | 10.6% | 16.1% | (5.5%) | |
| 10.8% | 9.9% | 11.7% | (1.8%) | | Operating Margin | 9.5% | 5.0% | 10.7% | (5.7%) | |
| 10.8% | 9.9% | 11.7% | (1.8%) | | Net Margin | 9.5% | 5.0% | 10.7% | (5.7%) | |

Non Operating Items and Net Income by Affiliate

\$ in thousands

| | Period 5 - Month | | | Period 5 - FYTD | | |
|---|------------------|---------------|--------------|-----------------|---------------|-----------------|
| | Actual | Budget | Variance | Actual | Budget | Variance |
| El Camino Hospital Income (Loss) from Operations | | | | | | |
| Mountain View | 11,752 | 8,276 | 3,476 | 43,579 | 33,390 | 10,189 |
| Los Gatos | 1,364 | 1,660 | (295) | 3,330 | 7,354 | (4,024) |
| Sub Total - El Camino Hospital, excl. Affiliates | 13,116 | 9,935 | 3,181 | 46,909 | 40,744 | 6,166 |
| Operating Margin % | 15.9% | 12.7% | | 12.1% | 10.7% | |
| El Camino Hospital Non Operating Income | | | | | | |
| Investments ² | 2,738 | 2,478 | 260 | (9,827) | 12,389 | (22,216) |
| Swap Adjustments | (446) | (100) | (346) | 231 | (500) | 731 |
| Community Benefit | 42 | (300) | 342 | (2,531) | (1,500) | (1,031) |
| Pathways | (1,109) | 0 | (1,109) | (1,203) | 0 | (1,203) |
| Satellite Dialysis | 18 | (25) | 43 | 204 | (125) | 329 |
| Community Connect | 0 | (53) | 53 | 0 | (265) | 265 |
| SVMD Funding ¹ | (511) | (1,219) | 708 | (2,856) | (6,095) | 3,239 |
| Other | (61) | (324) | 263 | (1,288) | (1,621) | 333 |
| Sub Total - Non Operating Income | 669 | 456 | 213 | (17,270) | 2,282 | (19,552) |
| El Camino Hospital Net Income (Loss) | 13,785 | 10,392 | 3,394 | 29,639 | 43,026 | (13,386) |
| ECH Net Margin % | 16.7% | 13.3% | | 7.7% | 11.3% | |
| Concern | 41 | 97 | (56) | 913 | 377 | 537 |
| ECSC | (11) | 0 | (11) | (25) | 0 | (25) |
| Foundation | 660 | 172 | 487 | 765 | 754 | 11 |
| Silicon Valley Medical Development | (656) | 2 | (658) | 696 | (248) | 944 |
| Net Income Hospital Affiliates | 33 | 271 | (239) | 2,349 | 882 | 1,467 |
| Total Net Income Hospital & Affiliates | 13,818 | 10,663 | 3,155 | 31,989 | 43,908 | (11,919) |

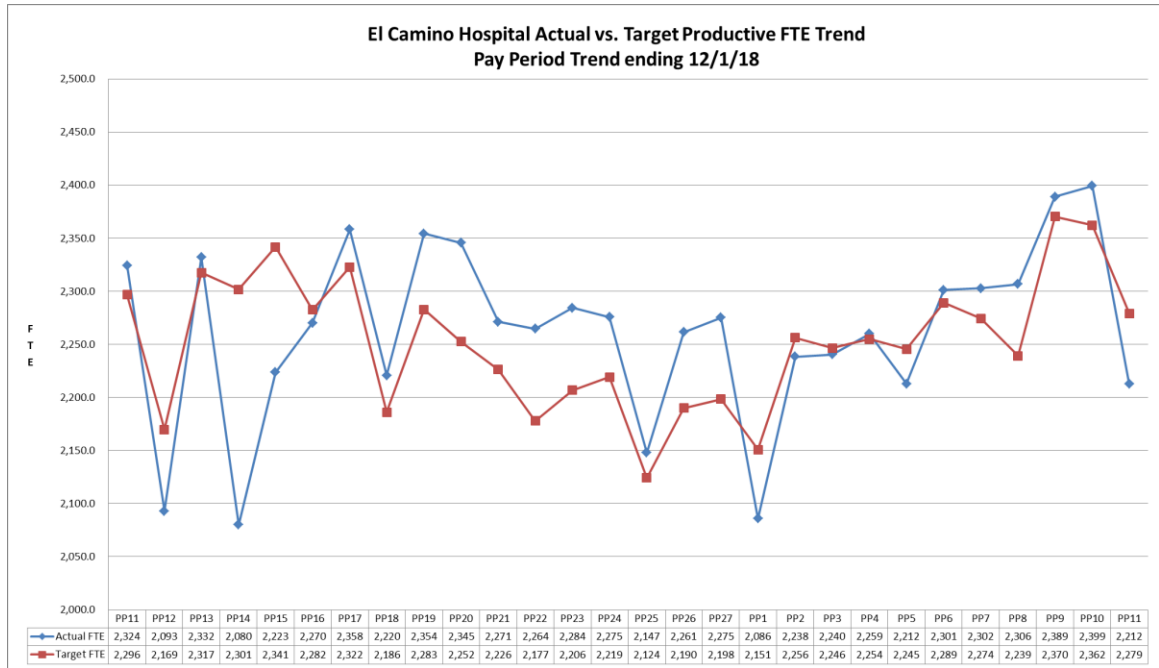
¹Favorable variances for SVMD and Community Connect are due to delayed implementation

²Equity markets experienced a massive selloff during October, a small portion of which has been recouped so far in November

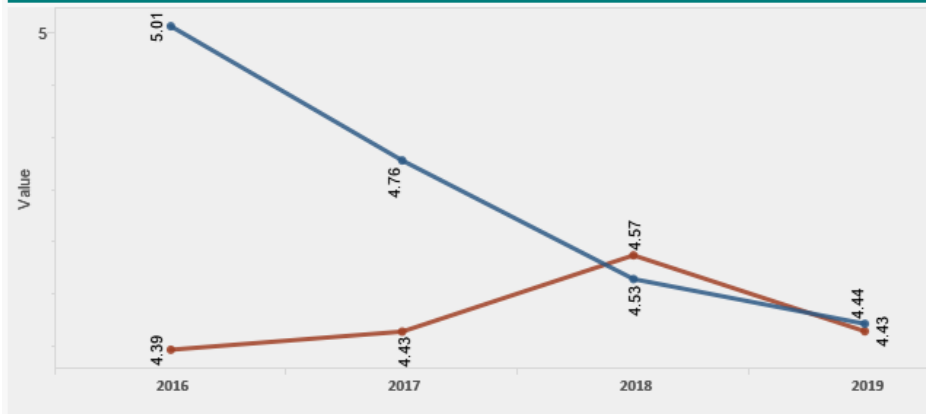
Productivity and Medicare Length of Stay

At or below FTE target for the first six pay periods of the year. Uptick end of Sept due to mandatory training for all employees. YTD we are on budget (adjusted for volume)

ALOS vs Milliman well-managed benchmark. Trend shows 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



El Camino Hospital Volume Annual Trends

| | | ANNUAL TREND | | | | | | FY19 Bud vs FY18 | | MONTH | | | | | (Multiple values) YEAR | | | | |
|-------|-----------------------|--------------|---------|---------|---------|---------|---------|------------------|---------|--------|--------|--------|---------|--------|------------------------|--------|--------|---------|--------|
| | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019(b) | Cases | Percent | PY | CY | Bud | Bud Var | PY Var | PY | CY | Bud | Bud Var | PY Var |
| IP | Behavioral Health | 1,012 | 1,052 | 928 | 924 | 1,098 | 1,062 | -36 | -3.2% | 101 | 92 | 95 | -3 | -9 | 459 | 470 | 433 | 37 | 11 |
| | General Medicine & .. | 4,165 | 4,592 | 4,459 | 4,961 | 5,286 | 5,325 | 39 | 0.7% | 433 | 403 | 406 | -3 | -30 | 2,101 | 1,925 | 1,964 | -39 | -176 |
| | General Surgery | 1,243 | 1,150 | 1,311 | 1,318 | 1,305 | 1,344 | 39 | 3.0% | 108 | 113 | 112 | 1 | 5 | 536 | 585 | 555 | 30 | 49 |
| | GYN | 390 | 313 | 293 | 270 | 243 | 255 | 12 | 4.9% | 15 | 18 | 12 | 6 | 3 | 103 | 90 | 91 | -1 | -13 |
| | Heart and Vascular | 1,859 | 1,998 | 2,001 | 2,203 | 2,372 | 2,445 | 73 | 3.1% | 188 | 197 | 182 | 15 | 9 | 955 | 880 | 927 | -47 | -75 |
| | MCH | 6,695 | 6,371 | 5,953 | 5,822 | 5,719 | 5,764 | 45 | 0.8% | 500 | 458 | 484 | -26 | -42 | 2,458 | 2,266 | 2,378 | -112 | -192 |
| | Neurosciences | 667 | 672 | 677 | 688 | 870 | 907 | 37 | 4.3% | 61 | 65 | 66 | -1 | 4 | 355 | 329 | 398 | -69 | -26 |
| | Oncology | 606 | 564 | 652 | 594 | 633 | 726 | 93 | 14.7% | 58 | 52 | 60 | -8 | -6 | 270 | 291 | 274 | 17 | 21 |
| | Orthopedics | 1,695 | 1,773 | 1,746 | 1,690 | 1,705 | 1,819 | 114 | 6.7% | 164 | 141 | 171 | -30 | -23 | 729 | 699 | 752 | -53 | -30 |
| | Rehab Services | 547 | 555 | 500 | 461 | 441 | 436 | -5 | -1.1% | 46 | 47 | 46 | 1 | 1 | 174 | 209 | 174 | 35 | 35 |
| | Spine Surgery | 377 | 429 | 417 | 474 | 375 | 465 | 90 | 24.0% | 38 | 28 | 40 | -12 | -10 | 186 | 132 | 195 | -63 | -54 |
| | Urology | 172 | 169 | 234 | 257 | 254 | 274 | 20 | 7.9% | 15 | 30 | 15 | 15 | 15 | 101 | 115 | 101 | 14 | 14 |
| Total | | 19,428 | 19,638 | 19,171 | 19,662 | 20,301 | 20,823 | 522 | 2.6% | 1,727 | 1,644 | 1,689 | -45 | -83 | 8,427 | 7,991 | 8,242 | -251 | -436 |
| OP | Behavioral Health | 911 | 886 | 2,395 | 3,262 | 3,152 | 3,417 | 265 | 8.4% | 260 | 259 | 245 | 14 | -1 | 1,391 | 1,156 | 1,335 | -179 | -235 |
| | Dialysis | 1,060 | 154 | 7 | | | 0 | | | | | 0 | | | | | 0 | | |
| | Emergency | 46,005 | 49,077 | 48,576 | 48,615 | 49,417 | 49,122 | -295 | -0.6% | 3,752 | 3,756 | 3,687 | 69 | 4 | 19,677 | 19,339 | 19,349 | -10 | -338 |
| | General Medicine & .. | 6,633 | 6,634 | 7,198 | 7,083 | 7,295 | 7,457 | 162 | 2.2% | 579 | 657 | 544 | 113 | 78 | 3,027 | 3,249 | 3,031 | 218 | 222 |
| | General Surgery | 1,840 | 1,854 | 1,798 | 1,843 | 2,006 | 2,068 | 62 | 3.1% | 165 | 170 | 165 | 5 | 5 | 796 | 831 | 794 | 37 | 35 |
| | GYN | 1,221 | 1,308 | 1,018 | 1,080 | 1,097 | 1,171 | 74 | 6.7% | 115 | 131 | 112 | 19 | 16 | 476 | 574 | 466 | 108 | 98 |
| | Heart and Vascular | 2,575 | 2,719 | 3,811 | 4,371 | 4,366 | 4,410 | 44 | 1.0% | 361 | 402 | 369 | 33 | 41 | 1,776 | 1,959 | 1,827 | 132 | 183 |
| | Imaging Services | 19,549 | 20,077 | 17,801 | 17,244 | 18,508 | 18,744 | 236 | 1.3% | 1,570 | 1,655 | 1,552 | 103 | 85 | 7,767 | 8,147 | 7,613 | 534 | 380 |
| | Laboratory Services | 30,595 | 29,710 | 29,028 | 29,137 | 28,562 | 29,071 | 509 | 1.8% | 2,363 | 2,283 | 2,364 | -81 | -80 | 12,034 | 11,636 | 11,985 | -349 | -398 |
| | MCH | 5,038 | 4,830 | 5,092 | 5,582 | 5,645 | 5,928 | 283 | 5.0% | 461 | 448 | 462 | -14 | -13 | 2,401 | 2,261 | 2,381 | -120 | -140 |
| | Neurosciences | 110 | 61 | 127 | 125 | 114 | 155 | 41 | 36.0% | 8 | 8 | 14 | -6 | 0 | 52 | 30 | 67 | -37 | -22 |
| | Oncology | 4,002 | 4,174 | 14,306 | 18,578 | 19,275 | 22,037 | 2,762 | 14.3% | 1,655 | 1,813 | 1,701 | 112 | 158 | 8,045 | 8,293 | 8,265 | 28 | 248 |
| | Orthopedics | 866 | 776 | 584 | 616 | 642 | 714 | 72 | 11.2% | 49 | 50 | 56 | -6 | 1 | 258 | 284 | 297 | -13 | 26 |
| | Outpatient Clinics | 1,817 | 1,706 | 1,681 | 1,304 | 1,890 | 1,517 | -373 | -19.7% | 178 | 154 | 141 | 13 | -24 | 983 | 744 | 646 | 98 | -239 |
| | Rehab Services | 1,732 | 1,747 | 3,951 | 4,518 | 4,928 | 4,900 | -28 | -0.6% | 383 | 432 | 382 | 50 | 49 | 2,023 | 2,211 | 2,011 | 200 | 188 |
| | Sleep Center | 160 | 223 | 499 | 368 | 211 | 300 | 89 | 42.2% | 13 | 26 | 25 | 1 | 13 | 63 | 103 | 121 | -18 | 40 |
| | Spine Surgery | 325 | 401 | 309 | 324 | 310 | 326 | 16 | 5.2% | 25 | 23 | 24 | -1 | -2 | 135 | 123 | 133 | -10 | -12 |
| | Urology | 1,758 | 1,773 | 1,740 | 1,898 | 2,052 | 2,058 | 6 | 0.3% | 188 | 177 | 190 | -13 | -11 | 850 | 845 | 859 | -14 | -5 |
| Total | | 126,197 | 128,110 | 139,921 | 145,948 | 149,470 | 153,395 | 3,925 | 2.6% | 12,125 | 12,444 | 12,033 | 412 | 319 | 61,754 | 61,785 | 61,180 | 605 | 31 |

Capital Spend Trend & FY 19 Budget

| Capital Spending (in 000's) | Actual FY2016 | Actual FY2017 | Actual FY2018 | Budget 2019 |
|--|------------------|------------------|------------------|----------------|
| EPIC | 20,798 | 2,755 | 1,114 | - |
| IT Hardware / Software Equipment | 6,483 | 2,659 | 1,108 | 19,732 |
| Medical / Non Medical Equipment* | 17,133 | 9,556 | 15,780 | 11,206 |
| Non CIP Land, Land I , BLDG, Additions | 4,189 | - | 2,070 | - |
| Facilities | 48,137 | 82,953 | 137,364 | 279,450 |
| GRAND TOTAL | 96,740 | 97,923 | 157,435 | 310,388 |
| *Includes 2 robot purchases in FY2017 | | | | |

El Camino Hospital Capital Spending (in thousands) FY 2014 – FY 2018

| Category | 2014 | 2015 | 2016 | 2017 | 2018 | Category | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|--------|--------|--------|--------|---------|--|--------|--------|--------|--------|---------|
| EPIC | 6,838 | 29,849 | 20,798 | 2,755 | 1,114 | Facilities Projects CIP cont. | | | | | |
| IT Hardware/Software Equipment | 2,788 | 4,660 | 6,483 | 2,659 | 1,108 | 1415 - Signage & Wayfinding | - | - | 106 | 58 | 136 |
| Medical/Non Medical Equipment | 12,891 | 13,340 | 17,133 | 9,556 | 15,780 | 1416 - MV Campus Digital Directories | - | - | 34 | 23 | 95 |
| Non CIP Land, Land I, BLDG, Additions | 22,292 | - | 4,189 | - | 2,070 | 1423 - MV MOB TI Allowance | - | - | 588 | 369 | - |
| | | | | | | 1425 - IMOB Preparation Project - Old Main | - | - | 711 | 1,860 | 215 |
| Facilities Projects CIP | | | | | | 1429 - 2500 Hospital Dr Bldg 8 TI | - | 101 | - | - | - |
| Mountain View Campus Master Plan Projects | | | | | | 1430 - Women's Hospital Expansion | - | - | - | 464 | 2,763 |
| 1245 - Behavioral Health Bldg Replace | 1,257 | 3,775 | 1,389 | 10,323 | 28,676 | 1432 - 205 South Dr BHS TI | - | 8 | 15 | - | 52 |
| 1413 - North Drive Parking Structure Exp | - | 167 | 1,266 | 18,120 | 4,670 | 1501 - Women's Hospital NPC Comp | - | 4 | - | 223 | 320 |
| 1414 - Integrated MOB | - | 2,009 | 8,875 | 32,805 | 75,319 | 1502 - Cabling & Wireless Upgrades | - | - | 1,261 | 367 | 984 |
| 1422 - CUP Upgrade | - | - | 896 | 1,245 | 5,428 | 1503 - Willow Pavilion Tomosynthesis | - | - | 53 | 257 | 31 |
| Sub-Total Mountain View Campus Master Plan | 1,257 | 5,950 | 12,426 | 62,493 | 114,093 | 1504 - Equipment Support Infrastructure | - | 61 | 311 | - | 60 |
| Mountain View Capital Projects | | | | | | 1523 - Melchor Pavilion Suite 309 TI | - | - | 10 | 59 | 392 |
| 9900 - Unassigned Costs | 470 | 3,717 | - | - | - | 1525 - New Main Lab Upgrades | - | - | - | 464 | 1,739 |
| 0906 - Slot Build-Out | 1,576 | 15,101 | 1,251 | 294 | - | 1526 - CONCERN TI | - | - | 37 | 99 | 10 |
| 1109 - New Main Upgrades | 393 | 2 | - | - | - | Sub-Total Mountain View Projects | 7,219 | 26,744 | 5,588 | 5,535 | 7,948 |
| 1111 - Mom/Baby Overflow | 29 | - | - | - | - | Los Gatos Capital Projects | | | | | |
| 1204 - Elevator Upgrades | 30 | - | - | - | - | 0904 - LG Facilities Upgrade | - | - | - | - | - |
| 0800 - Womens L&D Expansion | 1,531 | 269 | - | - | - | 0907 - LG Imaging Masterplan | 774 | 1,402 | 17 | - | - |
| 1225 - Rehab BLDG Roofing | 241 | 4 | - | - | - | 1210 - Los Gatos VOIP | 89 | - | - | - | - |
| 1227 - New Main eICU | 21 | - | - | - | - | 1116 - LG Ortho Pavilion | 24 | 21 | - | - | - |
| 1230 - Fog Shop | 80 | - | - | - | - | 1124 - LG Rehab BLDG | 458 | - | - | - | - |
| 1315 - 205 So. Drive TI's | 500 | 2 | - | - | - | 1307 - LG Upgrades | 2,979 | 3,282 | 3,511 | 3,081 | 4,551 |
| 0908 - NPCR3 Seismic Upgrds | 1,224 | 1,328 | 240 | 342 | 961 | 1308 - LG Infrastructure | 114 | - | - | - | - |
| 1125 - Will Pav Fire Sprinkler | 39 | - | - | - | - | 1313 - LG Rehab HVAC System/Structural | - | - | 1,597 | 1,904 | 550 |
| 1216 - New Main Process Imp Office | 1 | 16 | - | - | - | 1219 - LG Spine OR | 214 | 323 | 633 | 2,163 | 447 |
| 1217 - MV Campus MEP Upgrades FY13 | 181 | 274 | 28 | - | - | 1221 - LG Kitchen Refrig | 85 | - | - | - | - |
| 1224 - Rehab Bldg HVAC Upgrades | 202 | 81 | 14 | 6 | - | 1248 - LG - CT Upgrades | 26 | 345 | 197 | 6,669 | 1,673 |
| 1301 - Desktop Virtual | 13 | - | - | - | - | 1249 - LG Mobile Imaging | 146 | - | - | - | - |
| 1304 - Rehab Wander Mgmt | 87 | - | - | - | - | 1328 - LG Ortho Canopy FY14 | 255 | 209 | - | - | - |
| 1310 - Melchor Cancer Center Expansion | 44 | 13 | - | - | - | 1345 - LG Lab HVAC | 112 | - | - | - | - |
| 1318 - Women's Hospital TI | 48 | 48 | 29 | 2 | - | 1346 - LG OR 5, 6, and 7 Lights Replace | - | 285 | 53 | 22 | 127 |
| 1327 - Rehab Building Upgrades | - | 15 | 20 | - | 22 | 1347 - LG Central Sterile Upgrades | - | 181 | 43 | 66 | - |
| 1320 - 2500 Hosp Dr Roofing | 75 | 81 | - | - | - | 1421 - LG MOB Improvements | - | 198 | 65 | 303 | 356 |
| 1340 - New Main ED Exam Room TVs | 8 | 193 | - | - | - | 1508 - LG NICU 4 Bed Expansion | - | - | - | 207 | - |
| 1341 - New Main Admin | 32 | 103 | - | - | - | 1600 - 825 Pollard - Aspire Phase II | - | - | - | 80 | 10 |
| 1344 - New Main AV Upgrd | 243 | - | - | - | - | 1603 - LG MOB Improvements | - | - | - | 285 | 4,593 |
| 1400 - Oak Pav Cancer Center | - | 5,208 | 666 | 52 | 156 | Sub-Total Los Gatos Projects | 5,276 | 6,246 | 6,116 | 14,780 | 12,306 |
| 1403 - Hosp Drive BLDG 11 TI's | 86 | 103 | - | - | - | 1550 - Land Acquisition | - | - | 24,007 | - | - |
| 1404 - Park Pav HVAC | 64 | 7 | - | - | - | 1701 - 828 S Winchester Clinic TI | - | - | - | 145 | 3,018 |
| 1405 - 1 - South Accessibility Upgrades | - | - | 168 | 95 | - | Sub-Total Other Strategic Projects | - | - | 24,007 | 145 | 3,018 |
| 1408 - New Main Accessibility Upgrades | - | 7 | 46 | 501 | 12 | Subtotal Facilities Projects CIP | 13,753 | 38,940 | 48,137 | 82,953 | 137,364 |
| | | | | | | Grand Total | 58,561 | 86,789 | 96,740 | 97,923 | 157,435 |

**EL CAMINO HOSPITAL
BOARD MEETING COVER MEMO**

To: El Camino Hospital Board of Directors
From: Ken King, CASO
Date: January 16, 2019
Subject: Report on Major Capital Projects in Process

Recommendation(s):

To keep the Board informed on the progress of major capital projects in process.

Summary:

1. **Situation:** The construction of the Mental Health and Addiction Services building is progressing well and is 65% complete (as of the end of November 2018) and projected to be within budget. The target schedule for completing construction, furniture and equipment installation, activation planning and training, along with the required licensing inspection is in the process of being refined to reflect expected timelines for all activities. Target dates to be updated by the end of January.

The construction of the IMOB is also progressing well and is 57% complete (as of the end of November 2018) and projected to be within budget. Final tenant improvement plans for the leased areas are in process and the offsite improvements are underway. The target schedule for all elements of this project is also being refined and will be updated by the end of January.

The recommended plan and additional funding request for the Women's Hospital Expansion Project will be reviewed by the Finance Committee at the end of January and presented to the Board at the February Board meeting.

The initial funding request for the demolition of Old Main Hospital project will be reviewed by the Finance Committee at the end of January and presented to the Board at the February Board meeting.

2. **Authority:** The Finance Committee has reviewed a summary report of the construction contract and project accounting at their meeting on November 26, 2018 and this memo is to keep the Board informed of the progress towards completion.
3. **Background:** The Board of Directors approved the Mountain View campus development projects, which consist of the following:

Step I:

North Parking Garage Expansion
Behavioral Health Services Building
Integrated Medical Office Building
Central Plant Upgrades

Status

Complete
Construction
Construction
Complete

Step II:

Women's Hospital Expansion
Demolition of Old Main Hospital

Design
Programming

Report on Major Capital Projects in Process
January 16, 2019

In addition to the construction activities we have begun activation, training and move planning with all departments.

4. Assessment: N/A
5. Other Reviews: The project update was reviewed by the Finance Committee at their November 26, 2018 meeting.
6. Outcomes: The current construction completion date for the BHS project is March 2019 with a move-in target of July 2019. The current construction completion for the IMOB Project is May 2019 with a move-in target of September 2019.

List of Attachments: None

Suggested Board Discussion Questions: None.



OPEN SESSION CEO Report
January 16, 2019
Dan Woods, CEO

Quality and Safety

On December 21, 2018, the Joint Commission surveyors departed after their weeklong unannounced tri-annual survey which reviewed, among others, 268 standards, 1,622 elements of performance along with 16 National Patient Safety Goals. The Joint Commission works with hospitals to assess risk and improve processes that keep our patients safe. Subsequent to their visit, El Camino Hospital has received full accreditation from The Joint Commission.

Operations

We are launching the General Inpatient Hospice (GIP) program with Pathways as our partner this month. This program allows for patients who are hospice eligible, but too ill to go to their own home, to stay in the inpatient setting having high level care with the benefit of hospice care as well. Pathways will provide the hospice services while the patient is still an inpatient at ECH.

To further enhance orthopedic joint replacement surgery, an investment in a specialty designed robot for orthopedic joint replacement was approved. The addition of robotic assisted joint replacements will, as evidenced by clinical research, provide better quality outcomes for surgical knee and hip replacements, including more accurate placement of the artificial joint, reduced pain, faster recovery, and shorter hospital stays. Several orthopedic surgeons are currently being trained to utilize this new technology.

Facilities

In October, the Board authorized management to negotiate a purchase and sale agreement for the medical office property located at 700 W. Parr Ave. in Los Gatos at a cost not to exceed \$14.5 million. The negotiations resulted in a Purchase and Sale Agreement with the cost of the property being \$13,250,000. Additionally our brokers' fee of \$245,000 was paid outside of Escrow which closed on December 21, 2018. We notified LAFCO before the close of Escrow and we took possession of the property on December 22, 2018.

Workforce

We launched the Enterprise Resource Planning (ERP) project on December 3, 2018. The cross-functional team from Human Resources, Finance, Payroll, and Supply Chain has been engaged in the planning of this project with the vendor since September and we are currently in the architect phase of the project plan before the work in configuring and building prototypes begins in late spring.

The 52nd Annual Employee Service Awards will be held at The Computer History Museum on Thursday, January 31st. Over 200 employees will be recognized for their service to El Camino Hospital ranging from 15 to 45 years of service. We will also be recognizing employees, leaders, and physicians who have been nominated by their peers for annual recognition in four different categories.



To promote employee career development, we will be hosting the first-ever Career Development Fair on January 29th from 7:30AM to 4 PM. More than 15 colleges and universities are expected to attend.

Marketing and Communications

We held this year's final Healthy Mind events at Monta Vista High School with FUHSD. In the last two years covering five schools, this program has reached up to 10,626 students and over 250 parents who have attended evening presentations.

Information Services

The Change Radiology PACS system implemented at ECH in December delivers a faster, more efficient reading experience with better diagnostic tools for our radiologists in both imaging and breast health services than our previous system. The radiologists' and physicians' feedback have been positive with several commenting that this was the "smoothest PACS implementation they have experienced," while noting that the new system is much easier to use. In addition, Vital Vitrea, a powerful advanced visualization solution that allows for 3D viewing and semi-automated measurements was implemented. We are the first organization to fully integrate Vitrea with our Change Radiology PACS, which gives our radiologists a new cohesive reading workflow.

During December, the new SMVD ENT Clinic on Grant Road went live on the Epic System. The total number of physicians implemented on Epic in ECH clinics is 15 with an additional 6 physicians using Epic in their offices as part of the Community Connect program.

iCare now has the ability to use a navigator for advanced care planning along with the ability to access Advance Care Planning videos. We integrated Epic with Open Placement, an external web application that integrates with Epic and the Allen TVs in patient rooms. Case Managers/ Care Coordinators launch the web application from Epic to select post-acute care facilities for patients. Patients can then review those options on the TVs in their room, or can request family members complete the review for them

Since go-live in November 2015, ECH has shared over 10 million records with other Epic organizations with sharing of information to 50 states, 1629 hospitals, 1445 Emergency Departments, and 37,006 Clinics.

MyChart Bedside was implemented in the Mother-Baby Unit and NICU with 45% enrollment of patients which is over the Epic benchmark of 40%. Patients surveyed have responded with high satisfaction with the use of MyChart Bedside.

Corporate and Community Health

This year, we introduced a new web version of our Community Benefit Annual Report, enabling broader promotion. Print and online distribution reached community members and stakeholders including elected officials, ECH Foundation Board, Community Benefit partners, ECH employees and physicians, and patients and consumers via social media. The new microsite experienced a 99% increase in page views and 66% increase in unique visits in its first month compared to



the first four months of last years' report. A first-ever email blast reached 220% more people than in FY17, showing high audience engagement:

The South Asian Heart center transitioned STOP-D (stop diabetes before it starts) program participants to the next 16-week semester with improvement in weight.

Each year, 80 dedicated, smart, and multi-talented volunteers participate in and help with the Chinese Health Initiative's community education efforts. Thirty volunteers attended our annual volunteer orientation/appreciation event on December 10th and shared their experiences and stories of why they volunteer. Several mentioned that they were immigrants and it means a lot to them to help other immigrants and serve the hospital community.

Government and Community Relations

ECH hosted two large civic leadership classes this month. Leadership Mountain View spent December 7 at ECH/MV learning about hospital services, community health needs, health technology, and mental health. On December 14th, Leadership Los Gatos met at our Los Gatos hospital, with similar programming provided by ECH staff.

Philanthropy

The El Camino Hospital Foundation has a fundraising goal of \$6,175,000 for FY 2019 and as of November 30 has secured \$2,363,943. The Foundation currently has more than \$15.5 million in major and planned gift proposals in the pipeline supporting capital and programmatic priorities, scheduled to close in FY19. See the attached detailed report.

Auxiliary

The Auxiliary contributed 5,268 volunteer hours in December 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: January 16, 2019
Subject: Report on El Camino Hospital Foundation Activities FY19 Periods 4 and 5

Purpose:

For information.

Summary:

1. Situation: El Camino Hospital Foundation has a fundraising goal of \$6,175,000 for FY19 and as of November 30, 2018 has secured \$2,363,943.
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 October, the Foundation secured \$221,774. By end of period 4, the Foundation has attained 18% (\$1,125,944) of its FY19 fundraising goal of \$6,175,000.

During the month of November, the Foundation secured \$1,237,949. By end of period 5, the Foundation has attained 38% (\$2,363,943) of its FY19 fundraising goal of \$6,175,000. The Foundation currently has more than \$15.5 million in major and planned gift proposals in the pipeline supporting capital and programmatic priorities, scheduled to close in FY19.

List of Attachments:

1. El Camino Hospital Foundation FY19 Period 5 Fundraising Report
2. Supporting Comments to the Fundraising Report (Periods 4-5)

Suggested Board Discussion Questions: None.

Supporting Comments
FY19 P4 and P5 FUNDRAISING PERFORMANCE

During the months of October and November, the Foundation performance documents \$221,774 and \$1,237,949 respectively towards a total of \$2,363,943 raised since the start of FY19.

Major Gift & Planned Gifts

The Foundation received \$69,805 in October in major and planned gifts, including a \$30,000 unrestricted gift from a consistent annual donor, and \$1,034,763 in November in major and planned gifts, including a gift from Dr. Peter and Julia Fung to name the Peter C. Fung, MD Stroke Center and create a permanent endowment for the stroke program. . The Foundation currently has more than \$15.5 million in major and planned gift proposals in the pipeline that are scheduled to close in FY 2019 and support capital and programmatic priorities.

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 held on Monday, October 29, 2018 at Sharon Heights Golf & Country Club and benefited the Norma Melchor Heart & Vascular Institute. By the end of November the Foundation had received \$297,855 in support of the event. More than \$40,000 in other commitments from the tournament is still expected to be received and staff is following up with donors and sponsors. The cost of fundraising for the event was well below the industry standard for events at just 39% of the gross revenue. The net proceeds that will be transferred to the Norma Melchor Heart & Vascular Institute exceed \$200,000.

➤ *South Asian Heart Center Event*

A Night on the Scarlet Express, the annual gala benefiting the South Asian Heart Center, will be held on March 23, 2019 at the Computer History Museum. The \$5,000 is the first purchase of tickets for the 2019 event. The total reflected to date for this event is \$14,000 and includes donations and sponsorship payments received this fiscal year that fulfilled commitments made for the 2018 event.

➤ *Norma's Literary Luncheon*

The annual tribute to Norma Melchor will be held on February 7, 2019 at Sharon Heights Golf & Country Club. This year's luncheon features Marta McDowell, writer, gardener, and teacher of landscape history and horticulture. The funds raised from the event will benefit Breast Health Services at El Camino Hospital.

Annual Giving

The Foundation secured \$28,894 in October and an additional \$56,223 in November in annual gifts from Hope to Health membership renewals and event registrations, Circle of Caring, Healthy Giving Newsletter, memorials, and online donations. One-time employee giving donations are also included in the November totals. Projected donations from ongoing recurring donations through payroll will be calculated and included in the report beginning in January. In comparison to last year, a large portion of the donations received in FY18 were made to support the one-time Path of Hope campaign, which successfully concluded in June 2018 with all bricks sold.

Fall annual giving efforts launched near the end of October and several follow-up communications were sent to donors via email, social media, and mailed letters throughout November and December. In addition, the 2019 Employee Giving Campaign was officially launched on October 24 and 25 to coincide with the annual benefits fair and ran throughout November and December.

FOUNDATION PERFORMANCE

| FY19 Fundraising Report through 11/30/18 | | | | | | |
|--|---------------------------|---------------------------------|---------------|-------------------|----------------------------|---------------------------------|
| ACTIVITY | | FY19 YTD (7/1/18 - 11/30/18) | FY19 Goals | FY19 % of Goal | Difference Period 4 & 5 | FY18 YTD (7/1/17 - 11/30/17) |
| Major & Planned Gifts | | \$1,230,916 | \$3,750,000 | 33% | \$1,034,763 | \$2,726,437 |
| Special Events | Spring Event | \$500 | \$450,000 | 0% | \$0 | \$1,000 |
| | Golf | \$297,855 | \$350,000 | 85% | \$86,805 | \$312,300 |
| | South Asian Heart Center | \$14,000 | \$325,000 | 4% | \$5,000 | \$69,350 |
| | Norma's Literary Luncheon | \$13,000 | \$200,000 | 7% | \$10,500 | \$83,900 |
| Annual Gifts | | \$152,860 | \$600,000 | 25% | \$56,223 | \$196,384 |
| Investment Income | | \$654,812 | \$500,000 | 131% | \$44,658 | \$223,669 |
| TOTALS | | \$2,363,943 | \$6,175,000 | 38% | \$1,237,949 | \$3,613,040 |

| Highlighted Assets through 11/30/18 | |
|-------------------------------------|--------------|
| Board Designated Allocations | \$730,498 |
| Donor Endowments | \$3,346,370 |
| Operational Endowments | \$15,812,127 |
| Pledge Receivables | \$4,538,765 |
| Restricted Donations | \$11,148,993 |
| Unrestricted Donations | \$549,322 |

El Camino Hospital Auxiliary
Membership Report to the Hospital Board
Meeting of January 9, 2018

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

Membership Data:

Senior Members

| | | |
|--------------------|------------|--|
| Active Members | 323 | -4 Net change compared to previous month |
| Dues Paid Inactive | 93 | (Includes Associates & Patrons) |
| Leave of Absence | 12 | |
| Subtotal | 428 | |

Resigned in Month 1
Deceased in Month 0

Junior Members

| | | |
|--------------------|------------|--|
| Active Members | 244 | -1 Net Change compared to previous month |
| Dues Paid Inactive | 0 | |
| Leave of Absence | 2 | |
| Subtotal | 246 | |

Total Active Members 567

Total Membership 674

Combined Auxiliary Hours from Inception (to December 31, 2018): 5,947,580

Combined Auxiliary Hours for FY2018 (to December 31, 2018): 39,913

Combined Auxiliary Hours for December 31, 2018: 5,268

H & N Hours for December, MV Estimated