A□ENDA
RE□□LAR MEETIN□ O□ T□E
EL CAMINO □OSPITAL □OARD O□ DIRECTORS

□ednesday, Octo□er 13, 2□21 – 5:3□ pm
El Camino Hospital □2500 Grant Road Mountain View, CA 94040

PURSUANT TO STATE OF CALIFORNIA E□ECUTIVE ORDER N-29-20 DATED MARCH 18, 2020, El CAMINO HEALTH **□ILL NOT □E PROVIDIN□ A P□□SICAL LOCATION □OR T□IS MEETIN□**. INSTEAD, THE PUBLIC IS INVITED TO JOIN THE OPEN SESSION MEETING VIA TELECONFERENCE AT:

1□□□□□□□□□12□, MEETIN□ CODE: □□5□3313□□□32□ No participant code□ □ust press □□

To watch the meeting Livestream, please visit: www.elcaminohealth.org/about-us/leadership/board-meeting-stream
Please note that the Livestream is for **meeting viewing only,** and there is a slight delay; to provide public comment, please use the phone number listed above.

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

A□ENDA ITEM	PRESENTED □□		ESTIMATED TIMES
1□ **CALL TO ORDER/ROLL CALL**	Lanhee Chen, Board Chair		**5:3□ – 5:31pm**
2□ **POTENTIAL CON□LICT O□ INTEREST DISCLOS□RES**	Lanhee Chen, Board Chair		**information** **5:31 – 5:32**
3□ **A□ 3□1 RESOL□TION ADOPTIN□ □INDIN□S TO CONTIN□E VIRT□AL P□□LIC MEETIN□S D□RIN□ STATE O□ EMER□ENC□**	Lanhee Chen, Board Chair	*public comment*	**motion re□uired** **5:32 – 5:34**
4□ **P□□LIC COMM□NICATION** a. Oral Comments *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.* b. Written Correspondence	Lanhee Chen, Board Chair		**information** **5:34 □5:3□**
5□ **□OARD ASSESSMENT PRO□RESS □PDATE**	Dan Woods, Chief Executive Officer George Anderson, Spencer Stuart		**discussion** **5:3□ – □:□□**
□□ **□□ALIT□ COMMITTEE REPORT**	Julie □liger, Chair of Quality Committee Dr. Mark Adams, Chief Medical Officer		**information** **□:□□□□:1□**
□□ **□□22 PERIOD 2 □INANCIALS**	Carlos Bohorquez, Chief Financial Officer		**information** **□:1□ – □:2□**
□□ **□□21 A□DITED □INANCIAL REPORT**	Carlos Bohorquez, Chief Financial Officer Joelle Pulver, Moss Adams		**information** **□:2□ – □:3□**
□□ **AD□O□RN TO CLOSED SESSION**	Lanhee Chen, Board Chair	*public comment*	**motion re□uired** **□:3□– □:3□**
1□□**POTENTIAL CON□LICT O□ INTEREST DISCLOS□RES**	Lanhee Chen, Board Chair		**information** **□:3□ – □:3□**
11□Report involving *Gov't Code Section 54957* for discussion and report on personnel performance matters – Senior Management: **□□21 A□DITED □INANCIAL REPORT**	Carlos Bohorquez, Chief Financial Officer Joelle Pulver, Moss Adams		**discussion** **□:3□ – □:4□**

A copy of the agenda for the Regular Board Meeting will be posted and distributed at least seventy-two (□2) hours prior to the meeting.
In observance of the Americans with Disabilities Act, please notify us at **□□5□□□□□□□254** prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

A□ENDA ITEM	PRESENTED □□		ESTIMATED TIMES
12□CONSENT CALENDAR *Any Board Member may remove an item for discussion before a motion is made.*	Lanhee Chen, Board Chair		**motion re□uired** **□:4□ – □:54**
Approval *Gov't Code Section 54957.2:* a. **Minutes of the Closed Session of the □ospital □oard Meeting □□/22/2□21□** ***Reviewed and Recommended for Approval by the Quality, Patient Care and Patient Experience Committee*** *Health & Safety Code Section 32155* for a report of the Medical Staff; deliberations concerning reports on Medical Staff quality assurance matters*:* b. **Credentialing and Privileges Report** ***Information*** Report involving *Gov't Code Section 54957* for discussion and report on personnel performance matters and 5495□.6 for a conference with labor negotiator Lanhee Chen*:* c. **□□21 Individual Performance Incentive Scores and Payouts**			
13□*Health & Safety Code Section 32155* for a report of the Medical Staff; deliberations concerning reports on Medical Staff quality assurance matters: **MEDICAL STA□□ REPORT □VER□AL□**	Apurva Marfatia, MD, Enterprise Chief of Staff; Michael □an, MD, Los Gatos Chief of Staff		**discussion** **□:54 – □:14**
14□Report involving *Gov't Code Section 54956.8 – for a Conference with Real Property Negotiator, Ken King, CAO Regarding Parcel #193-26-005* **REAL ESTATE STRATE□□ □PDATE**	□en □ing, Chief Administrative Services Officer		**motion re□uired** **□:14 – □:24**
15□*Health and Safety Code Section 32106(b)* for a report and discussion involving health care facility trade secrets: **STRATE□□ □PDATE**	Dan Woods, Chief Executive Officer		**discussion** **□:24 – □:44**
1□□Report involving *Gov't Code Section 54957 for discussion and report on personnel matters:* **CEO REPORT** a. Update (verbal) b. Pacing Plan	Dan Woods, Chief Executive Officer		**discussion** **□:44 – □:4□**
1□□Report involving *Gov't Code Section 54957* for discussion and report on personnel performance matters and 5495□.6 for a conference with labor negotiator Lanhee Chen: **□□21 CEO INCENTIVE INDIVID□AL SCORE AND PA□O□T**	Lanhee Chen, Board Chair		**discussion** **□:4□ – □:5□**
1□□Report involving *Gov't Code Section 54957* for discussion and report on personnel performance matters – Senior Management: **E□EC□TIVE SESSION**	Lanhee Chen, Board Chair		**discussion** **□:5□ – □:□□**
1□□AD□O□RN TO OPEN SESSION	Lanhee Chen, Board Chair		**motion re□uired** **□:□□ – □:1□**
2□□RECONVENE OPEN SESSION/ REPORT O□T	Lanhee Chen, Board Chair		**information** **□:1□ – □:11**
To report any required disclosures regarding permissible actions taken during Closed Session.			

A□ENDA ITEM	PRESENTED □□		ESTIMATED TIMES
21□CONSENT CALENDAR ITEMS: *Any Board Member or member of the public may remove an item for discussion before a motion is made.*	Lanhee Chen, Board Chair	*public comment*	**motion re□uired** **□:11 – □:13**
Approval a. Minutes of the Open Session of the Hospital Board Meeting (09/22/21) b. Policy Revisions c. NICU Professional Agreement ***Reviewed and Recommended for Approval by the Executive Compensation Committee*** d. FY21 Annual Organizational Goal Results ***Reviewed and Recommended for Approval by the Finance Committee*** e. Radiation Oncology Recruitment Loan Agreement ***Reviewed and Recommended for Approval by the Medical Executive Committee*** f. Medical Staff Report			
22□□□21 A□DITED □INANCIAL REPORT	Lanhee Chen, Board Chair	*public comment*	**motion re□uired** **□:13 – □:14**
23□□□21 CEO INCENTIVE COMPENSATION PA□MENT	Lanhee Chen, Board Chair	*public comment*	**motion re□uired** **□:14 – □:15**
24□CEO REPORT	Dan Woods, Chief Executive Officer		**information** **□:15 – □:2□**
25□□OARD COMMENTS	Lanhee Chen, Board Chair		**information** **□:2□– □:23**
2□□AD□O□RNMENT	Lanhee Chen, Board Chair	*public comment*	**motion re□uired** **□:23 – □:24pm**

□pcoming Regular Meetings: November 10, 2021; December 8, 2021; February 9, 2022; March 9, 2022; April 13, 2022; May 11, 2022; May 23, 2022 (Joint with Finance Committee); June 8, 2022

□pcoming Special Meetings □Education/Retreat: October 2□, 2021(Board Education); December 1, 2021 (Joint Board and Committee Education); February 23, 2021 (Retreat); April 2□, 2022 (Board Education)

EL CAMINO HOSPITAL BOARD OF DIRECTORS
BOARD MEETING MEMO

To:	El Camino Hospital Board of Directors
From:	Mary Rotunno, General Counsel
Date:	October 13, 2021
Subject:	Resolution of the Board of Directors Making Findings and Determinations Under AB 361 for Teleconference Meetings

<u>Recommendation</u>:

To adopt a resolution acknowledging that there still exists a state of emergency due to the COVID-19 pandemic and findings by the Board of Directors to allow continued public participation by teleconference in Board and Advisory Committee meetings in accordance with the recommendation of the Santa Clara County Health Officer.

<u>Summary</u>:

1. <u>Situation</u>: To be able to continue holding virtual meetings under the Ralph M. Brown Act, the Board of Directors needs to make findings that there still exists a state of emergency due to the COVID-19 pandemic and that either (a) the state of emergency continues to directly impact the ability to meet safely in person, or (b) state or local officials continue to impose or recommend measures to promote social distancing.

   On September 21, 2021, the Health Officer of the County of Santa Clara issued a recommendation that public bodies continue to meet remotely due to their unique characteristics, such as the increased mixing associated with bringing together people from across the community, the need to enable those who are immunocompromised or unvaccinated to be able to safely continue to fully participate in public governmental meetings, and the challenges with fully ascertaining and ensuring compliance with vaccination and other recommendations at such meetings.

2. <u>Authority</u>:

   On March 1□, 2020, in response to the COVID-19 pandemic, Governor Newsom issued Executive Order N-29-20 suspending certain provisions of the Brown Act in order to allow local legislative bodies to conduct meetings telephonically or by other means.

   On June 11, 2021, Governor Newsom issued Executive Order N-08-21, which placed an end date of September 30, 2021, for agencies to meet remotely.

   On September 16, 2021, Governor Newsom signed Assembly Bill 361 (2021) (“AB 361”) which allows for local legislative and advisory bodies to continue to conduct meetings via teleconferencing if the Board of Directors, by majority vote, make the findings set forth in paragraph 1 above, not later than thirty (30) days after teleconferencing for the first time under the AB 361 rules, and every 30 days thereafter.

3. <u>Legal and Compliance Review</u>: ECH outside counsel at Best Best & Krieger, LLP (“BB&K”), reviewed the legislation and prepared the proposed resolution for your consideration.

<u>Attachment</u>:

Resolution 2021-10 - Resolution of the Board of Directors of El Camino Hospital Making Findings and Determinations Under AB 361 for Teleconference Meetings.

RESOLUTION 2021-10

**RESOLUTION OF THE BOARD OF DIRECTORS OF
EL CAMINO HOSPITAL
MAKING FINDINGS AND DETERMINATIONS
UNDER AB 361 FOR TELECONFERENCE MEETINGS**

WHEREAS, all meetings of the El Camino Hospital's Board of Directors and Advisory Committees are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code §§ 54950 – 54963), so that any member of the public may attend, participate, and watch the Board of Directors and its Advisory Committees conduct their business;

WHEREAS, such meetings ordinarily take place on the campus of the Hospital, located at 2500 Grant Road, Mountain View, California 94040, in the County of Santa Clara;

WHEREAS, ordinarily, the Ralph M. Brown Act imposes certain requirements on local agencies meeting via teleconference;

WHEREAS, the Legislature recently enacted Assembly Bill 361 ("AB 361"), which amended Government Code section 54953 to allow local agencies to use teleconferencing without complying with the requirements of paragraph (3) of subdivision (b) of section 54953 of the Government Code if the legislative body holds a meeting during a proclaimed state of emergency and determines by majority vote that, as a result of the emergency, either (a) meeting in person would present imminent risks to the health and safety of attendees, or (b) state or local official continue to impose or recommend measures to promote social distancing;

WHEREAS, the Governor issued a proclamation declaring a state of emergency on March 4, 2020 due to the COVID-19 pandemic, pursuant to section 8625 of the California Emergency Services Act, and this proclaimed state of emergency currently remains in effect;

WHEREAS, on August 2, 2021, in response to the Delta variant, the Health Officer of the County of Santa Clara ordered all individuals to wear face coverings when inside public spaces;

WHEREAS, on September 21, 2021, the Health Officer of the County of Santa Clara issued a recommendation that public bodies continue to meet remotely due to their unique characteristics, such as the increased mixing associated with bringing together people from across the community, the need to enable those who are immunocompromised or unvaccinated to be able to safely continue to fully participate in public governmental meetings, and the challenges with fully ascertaining and ensuring compliance with vaccination and other recommendations at such meetings;

WHEREAS, AB 361 requires compliance with separate procedures for teleconference meetings during a state of emergency, found in subdivision (e) of Government Code section 54953;

WHEREAS, AB 361 requires that the legislative body using the teleconferencing procedures of AB 361 make renewed findings by majority vote, not later than every thirty (30) days, that the legislative body has reconsidered the circumstances of the state of emergency, and that either (a) the state of emergency continues to directly impact the ability of the members to meet safety in person, or (ii) state or local officials continue to impose or recommend measures to promote social distancing;

WHEREAS, the Board of Directors of the Hospital desires to make findings and determinations for meetings of the Board of Directors and its Advisory Committees consistent with AB 361 to utilize the special procedures for teleconferencing provided by AB 361 due to imminent risks to the health and safety of attendees, as well as Hospital staff and patients;

WHEREAS, in response to the COVID-19 pandemic, Hospital staff has set up hybrid in-person/teleconference public meetings, whereby members of the Board of Directors and Advisory Committee members and staff that can attend the meeting in-person on the campus of the Hospital can do so, while members of the public have the full ability to observe and comment on the meetings off-campus through the Hospital's virtual meeting platforms;

WHEREAS, the Board of Directors fully supports the public's right to participate in all meetings of the Board of Directors and its Advisory Committees, but acknowledges that it cannot require members of the public who wish to attend meetings in-person to submit proof of vaccination or negative test results;

WHEREAS, it is important that the Board of Directors ensure that Board members, Advisory Committee members and Hospital staff have a safe workplace and Hospital patients have a safe environment to receive care, to the maximum extent possible; and

WHEREAS, the Board of Directors desires to balance the rights of members of the public to participate in meetings of the Board of Directors and its Advisory Committees with the rights of the Board of Directors, Advisory Committee members and Hospital staff to conduct the meetings in a safe environment.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of El Camino Hospital, that:

1. The Board of Directors finds and determines that, as a result of the COVID-19 pandemic emergency, meetings of the Board of Directors and its Advisory Committees in which the public attends in-person on the campus of the Hospital would present imminent risks to the health and safety of the Board of Directors, Hospital staff, members of the public and patients of the Hospital.

2. The Board of Directors finds and determines that conducting such meetings in a hybrid in-person/teleconference model provides the safest environment for the Board of Directors, Advisory Committee members and Hospital staff to conduct business, while allowing for maximum public participation.

3. The Board of Directors finds and determines that the Health Officer of the County of Santa Clara has recommended measures to promote social distancing as one means to reduce the risk of COVID-19 transmission.

4. The Board of Directors and its Advisory Committees shall conduct teleconference meetings under AB 361 in accordance with the requirements of AB 361 (found in subdivision (e) of Government Code section 54953.

5. Through the duration of the state of emergency, if the Board of Directors desires to continue utilizing teleconferencing meetings under the special provisions of AB 361, the Board of Directors will make findings by majority vote not later than thirty (30) days after this meeting (or, if there is no meeting within thirty (30) days of this meeting, at the start of the next meeting), and not later than every thirty (30) days thereafter (or, if there is no meeting within thirty (30) days thereafter, at the start of the next meeting), that the Board of Directors has reconsidered the circumstances of the state of emergency and that either (a) the state of emergency continues to directly impact the ability of the public to meet safely in person, or (b) that state or local officials continue to impose or recommend measures to promote social distancing.

6. The findings of the Board of Directors set forth above apply to all meetings of the Board of Directors and its Advisory Committees, including, without limitation, the October 4, 2021 meeting of the Quality, Patient Care and Patient Experience Committee, which predated this Resolution.

PASSED AND ADOPTED at the regular meeting of the Board of Directors of El Camino Hospital held on October 13, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

____
Secretary, El Camino Hospital Board of Directors

EL CAMINO HOSPITAL BOARD OF DIRECTORS
BOARD MEETING MEMO

To: El Camino Hospital Board of Directors
From: Dan Woods, CEO
Date: October 13, 2021
Subject: Board Assessment Progress Update

Purpose: Spencer Stuart, an outside consulting firm, to provide an update on the Governance assessment currently underway including discuss emerging themes with the Board of Directors.

Summary:

1. Situation: The Hospital Board of Directors is currently utilizing the services of an independent consulting firm to conduct a Governance assessment to promote optimal processes and practices.

2. Authority: Per its Charter, the Hospital Board of Directors will conduct a review of all Board and Committee processes to gauge effective governance.

3. Background: The Governance assessment will review the actions taken by the El Camino Hospital Board of Directors to address Strategic Planning, Operational Topics, Corporate Governance Matters, Administrative Matters and Written Reports. The assessment will include, but not be limited to, Director and Management interviews.

4. Assessment: For discussion by the Committee.

5. Other Reviews: N/A

6. Outcomes: N/A

List of Attachments:

1. Board Review Project – Progress Update

Suggested Committee Discussion Questions:

1. None

SpencerStuart

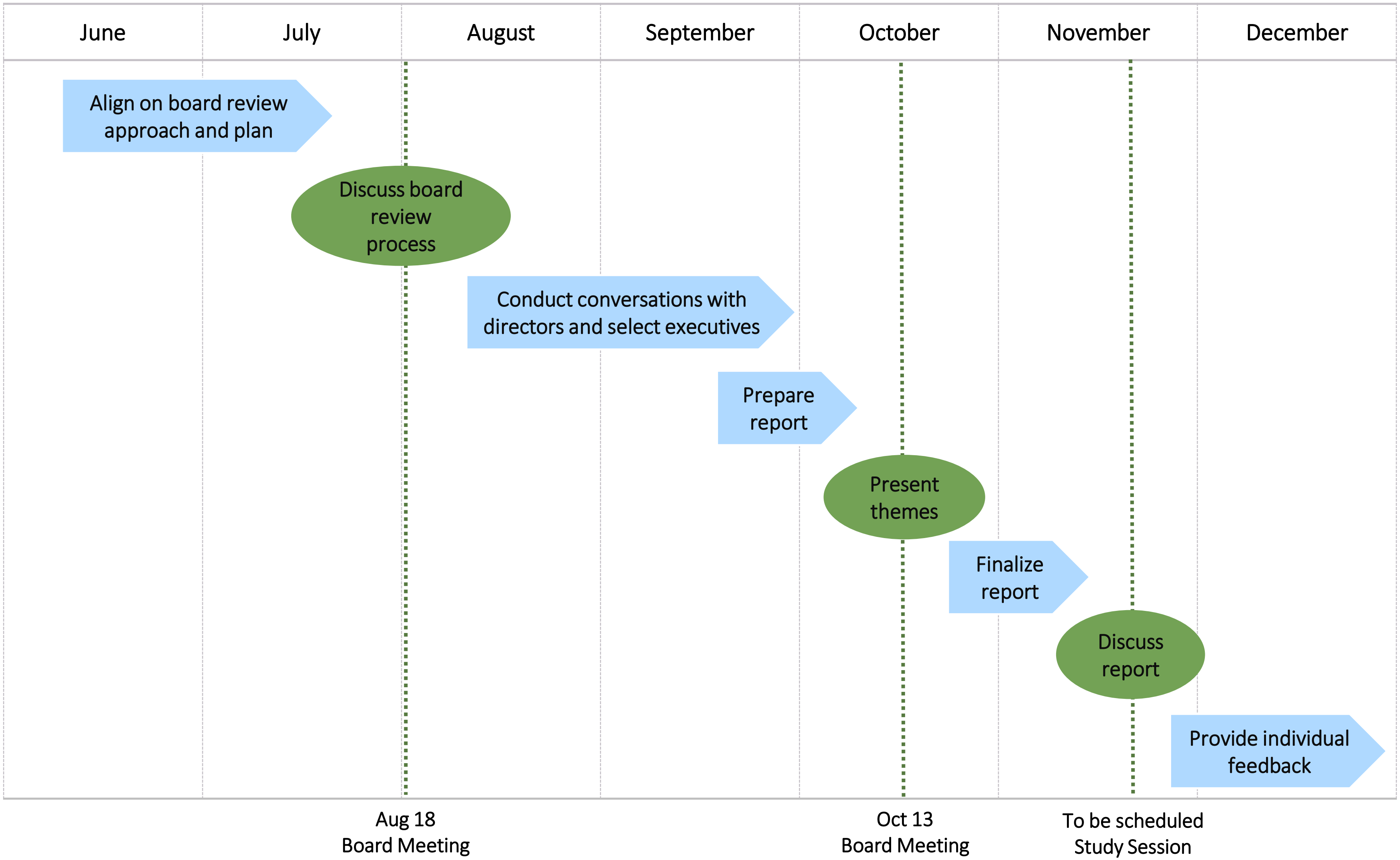
El Camino Health

Board Review Project Progress Update

George Anderson
Phil Dawes
Jennifer Heenan
Megan Kurtz

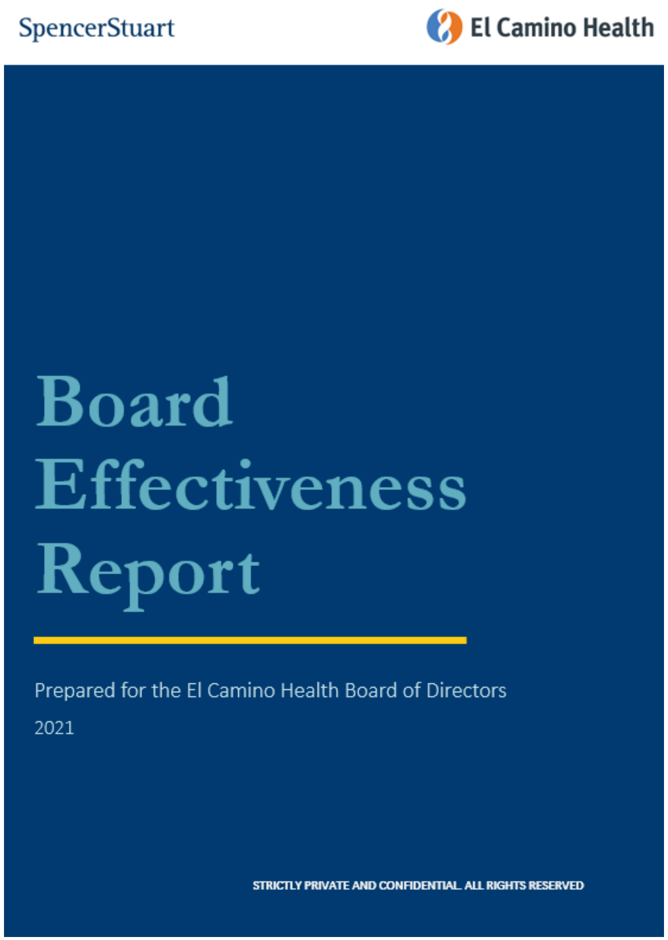
October 13, 2021

El Camino Hospital Board Review – 1st Year Milestones



SpencerStuart

ECH Board Review – Emerging Themes


SpencerStuart
El Camino Health

Board Effectiveness Report

Prepared for the El Camino Health Board of Directors

2021

STRICTLY PRIVATE AND CONFIDENTIAL. ALL RIGHTS RESERVED

- Board dialogue and alignment on strategy
- Select board meeting practices
- Board composition and succession
- Use of board committees
- Boardroom working dynamics

El Camino Health

EL CAMINO HOSPITAL BOARD OF DIRECTORS
BOARD MEETING MEMO

To:	El Camino Hospital Board of Directors
From:	Julie Kliger, Quality Committee Chair Mark Adams, MD, CMO
Date:	October 13, 2021
Subject:	Quality, Patient Care and Patient Experience Committee Report

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

Summary:

1. The committee chair, Ms. Kliger, reviewed the current and future state of quality and safety performance as it relates to the pandemic. COVID-19 will remain with us well into the near future so it is important that we understand how the organization will adapt to be able to meet this demand while continuing to move forward on all quality, safety, and experience fronts. COVID-19 will no longer be considered the primary driver of quality results but rather just another factor among many that influence our care outcomes.

2. Cheryl Reinking, CNO, reviewed the most recent patient story which came from a patient who was recently discharged from the hospital. The patient reported excellent ICU care but was disappointed by the lack of adequate post discharge instructions. The committee members recognized the importance of discharge instructions and offered several suggestions to improve our approach.

3. The committee reviewed the final results tracked on the FY21 Enterprise Quality, Safety, and Experience Dashboard. Readmission Index ended at 0.93 which was on target. Serious Safety Event Rate slowly decreased despite a delay in implementation of our High Reliability Organization (HRO) program. Mortality Index ended at 0.86 which is above target of 0.76. When the target was set a year ago the Premier Benchmark top performing organizations (top 10 – 15%) were at 0.76. The most recent top performers value is now 0.90 so while we missed the target we are still within the top performers group. Sepsis mortality continues to be a significant driver of mortality across the country. IP Likelihood to Recommend (LTR) ended at 80.3 compared to the target of 83.6. The impact of the visitor restrictions during the peak of the pandemic followed by a rebound surge in volumes were thought to be factors impairing improvement in this area. ED LTR ended at 75.3 compared to a target of 78.2. The Q4 decline coinciding with a large return in ED volume is being analyzed for further intervention. ECHMN LTR ended at 76.0 which was better than target of 75.7. C. diff infections ended above target but below NHSN national standards and Q4 did show improvement. Surgical Site Infections (SSI) have declined with continued ramping up of the Early Recovery After Surgery (ERAS) program. Sepsis Mortality Index has increased over the past year ending at 1.08 compared to a target of 0.90. This has been a major concern. There has been a national increase as well with the Premier top performers benchmark now at 1.05. Efforts are underway to enhance and refine our Epic sepsis ordersets and maximizing their use by clinicians to reduce clinical variation in this area. PC-01 Elective Delivery Prior to 39 weeks gestation ended at 0.63% which is well below target of 1.3%. The PC-02 Cesarean Birth rate ended at 26.15% which is above the CA standard of 23.5%. The

Maternal Child Health department has been focusing on reducing clinical variation in this area by addressing the physician outliers to assist them in reducing their respective rates. ED Patient Throughput continues to be a challenge ending at 264 minutes compared to a target of 245 minutes. The pandemic significantly affected this metric as patients were repeatedly delayed while being tested for COVID-19.

4. The preliminary FY22 Enterprise Quality, Safety, and Experience dashboard was reviewed with the committee. C. diff was removed and a new metric on medication safety was added. One or two months of results were included but it's too early to draw any conclusions re trends. The committee discussed the importance of continuing to focus on ED throughput. The committee asked about target selection and some adjustments were made to recognize the newer Premier national top performers benchmarks. For any targets adjusted downward because of these national trends, the target was set at or better than the top performers. There was a committee question about the C-section target and it was explained that this is a CA state target.

5. Mark Adams, CMO, reviewed the recent Culture of Safety (COS) results of both El Camino employees and medical staff physicians based on a recent employee and physician Press Ganey engagement survey. While engagement and alignment are important, the safety culture presents an opportunity to better understand the underlying foundation necessary to qualify as a high reliability organization.(HRO) The safety culture of an organization is the product of individual and group values, attitudes, perceptions, competencies, and patterns of behavior that impact the commitment and ability to provide a safe environment for employees, physicians and patients. The Safety Culture Index comprises employees' and physicians' perceptions of the organization and work unit culture. In addition, the Safety Culture Index illustrates how these perceptions influence the adoption of processes that focus on safety. Both physicians and nurses take great pride in their work and feel that the care that is delivered to patients is high quality. However, both groups scored lower in the areas of reporting errors and safety concerns without retribution and confidence that the focus on errors is prevention not punishment. Employees and physicians reported lack of teamwork as well. Teamwork between nurses and physicians scored better among physicians (which is an improvement from prior survey) than it did among nurses. This information reaffirms our need to commit to becoming a high reliability organization emphasizing that errors can be reported safely, processes need to be developed to reduce the possibility of errors, and the application of Just Culture and accountability easily understood and practiced by all will be the pathway to laying a new foundation of a culture of safety. Committee members expressed concern re the COS results and a robust discussion ensued re how to address it. Cheryl Reinking, CNO, and Jim Griffith, COO, described in detail the unit level corrective action plans currently being developed in response.

Summary of Financial Operations

Fiscal Year 2022 – Period 2
7/1/2021 to 08/31/2021

Executive Summary □Overall Commentary for Period 2

- Strong operating / financial results for Period 2 were attributed to the following:
  - Despite being out-of-network with Anthem, August gross charges were favorable to budget and higher than the same period last year
  - Strong volume / patient activity was attributed ER visits which are consistent with pre-Covid levels, continued strong procedural volumes at both campuses and improvement in payor mix
- Total gross charges, a surrogate for volume, were favorable to budget by □42.9M / 11.4□ and □□9.5M / 23.4□ higher than the same period last year
- Net patient revenue was favorable to budget by □9.1M / 9.6□ and □18.8M / 22.0□ higher than the same period last year
- Operating expenses were □1.□M /1.9□ unfavorable to budget, which is primarily attributed to higher than expected volume versus budget and increase in ED visits in August
- Operating margin was favorable to budget by □5.8M / 130.4□ and □12.□M / 1956.2□ better than the same period last year
- Operating EBIDA was favorable to budget by □9.1M / □0.3□ and □14.5M / 196.3□ better than the same period last year

Operational / □inancial Results: Period 2 – August 2□22 □as of □/31/2□21□

PERIOD 2 □RES□LTS

($ thousands)

		Current □ear	□udget	Variance to □udget	Performance to □udget	Prior □ear	Variance to Prior □ear	Variance to Prior □ear	Moody□s □A1□	S□P □AA□	Performance to Rating Agency Medians
Activity / Volume	ADC	2□1	240	31	12.8□	241	30	12.5□	---	---	---
	Total Acute Discharges	1,□81	1,638	143	8.□□	1,618	163	10.1□	---	---	---
	Adjusted Discharges	3,456	3,080	3□5	12.2□	2,995	461	15.4□	---	---	---
	Emergency Room Visits	5,58□	4,158	1,429	34.4□	3,966	1,621	40.9□	---	---	---
	OP Procedural Cases	12,839	10,635	2,204	20.□□	12,102	□3□	6.1□	---	---	---
	Gross Charges (□)	418,615	3□5,□52	42,862	11.4□	339,121	□9,493	23.4□	---	---	---
Operations	Total FTEs	2,989	3,048	(59)	(1.9□)	2,□49	241	8.8□	---	---	---
	Productive Hrs. / APD	28.3	32.1	(3.8)	(11.8□)	31.1	(2.□)	(8.8□)	---	---	---
	Cost Per CMI AD	15,988	1□,952	(1,964)	(10.9□)	1□,469	(1,481)	(8.5□)	---	---	---
	Net Days in A/R	53.6	49.0	4.6	9.4□	50.9	2.□	5.4□	4□.□	49.□	
□inancial Performance	Net Patient Revenue (□)	104,482	95,320	9,163	9.6□	85,6□2	18,810	22.0□	138,54□	82,105	
	Total Operating Revenue (□)	108,228	98,919	9,309	9.4□	90,003	18,225	20.2□	152,□43	109,602	
	Operating Income □□□	**13,3□4**	**5,□□□**	**□,5□□**	130.4□	**□51**	**12,□33**	1956.2□	**1,□15**	**3,□3□**	
	Operating E□IDA □□□	**21,□5□**	**12,□□5**	**□,□□4**	□0.3□	**□,41□**	**14,54□**	196.3□	**11,1□□**	**1□,□41**	
	Net Income (□)	2□,680	12,154	15,526	12□.□□	29,293	(1,613)	(5.5□)	8,124	□,343	
	Operating Margin □□□	**12□4□**	**5□□□**	**□5□**	110.6□	**□□□**	**11□□□**	1610.0□	**1□□□**	**3□5□**	
	Operating E□IDA □□□	**2□3□**	**13□□□**	**□3□**	55.6□	**□2□**	**12□1□**	146.4□	**□3□**	**□□□**	
	DCOH (days)	3□1	325	46	14.2□	33□	34	10.1□	306	355	

Moody's Medians: Not-for-profit and public healthcare annual report; September 9, 2021. Dollar amounts have been adjusted to reflect monthly averages.
S&P Medians: U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; August 30, 2021. Dollar amounts have been adjusted to reflect monthly averages.
DCOH total includes cash, short-term and long-term investments.

El Camino Health

Unfavorable Variance □ 0.99□
Unfavorable Variance 1.00□ - 4.99□
Unfavorable Variance □ 5.00□

Operational / □inancial Results: □TD □□2□22 □as of □/31/2□21□

□TD □□2□22 □RES□LTS

($ thousands)		Current □ear	□udget	Variance to □udget	Performance to □udget	Prior □ear	Variance to Prior □ear	Variance to Prior □ear	Moody□s □A1□	S□P □AA□	Performance to Rating Agency Medians
Activity / Volume	ADC	263	239	24	10.0□	232	31	13.5□	---	---	---
	Total Acute Discharges	3,486	3,236	250	□.□□	3,094	392	12.□□	---	---	---
	Adjusted Discharges	6,884	6,01□	86□	14.4□	5,838	1,046	1□.9□	---	---	---
	Emergency Room Visits	10,609	8,432	2,1□□	25.8□	8,001	2,608	32.6□	---	---	---
	OP Procedural Cases	24,906	20,508	4,398	21.4□	23,808	1,098	4.6□	---	---	---
	Gross Charges (□)	824,910	□34,051	90,859	12.4□	6□2,350	152,560	22.□□	---	---	---
Operations	Total FTEs	2,968	3,022	(55)	(1.8□)	2,□19	249	9.2□	---	---	---
	Productive Hrs. / APD	28.3	32.5	(4.2)	(12.8□)	31.1	(2.8)	(8.9□)	---	---	---
	Cost Per CMI AD	15,806	1□,952	(2,146)	(12.0□)	16,952	(1,14□)	(6.8□)	---	---	---
	Net Days in A/R	53.6	49.0	4.6	9.4□	50.9	2.□	5.4□	4□.□	49.□	
□inancial Performance	Net Patient Revenue (□)	206,256	188,0□4	18,182	9.□□	1□1,540	34,□16	20.2□	2□□,095	164,209	
	Total Operating Revenue (□)	213,11□	195,219	1□,898	9.2□	180,538	32,5□9	18.0□	303,819	219,204	
	Operating Income □□□	**2□,□32**	**11,14□**	**14,□□4**	133.5□	**□,□□5**	**1□,25□**	196.□□	**3,□3□**	**□,□□2**	
	Operating E□IDA □□□	**4□,□52**	**25,3□□**	**15,3□2**	60.6□	**22,1□3**	**1□,55□**	83.6□	**22,3□□**	**21,4□2**	
	Net Income (□)	36,229	25,2□5	10,954	43.3□	65,135	(28,906)	(44.4□)	16,249	14,68□	
	Operating Margin □□□	**12□2□**	**5□□□**	**□□5□**	113.9□	**4□□□**	**□□4□**	151.3□	**1□□□**	**3□5□**	
	Operating E□IDA □□□	**1□□1□**	**13□□□**	**□□1□**	4□.1□	**12□3□**	**□□□□**	55.6□	**□□3□**	**□□□□**	
	DCOH (days)	3□1	325	46	14.2□	33□	34	10.1□	306	355	

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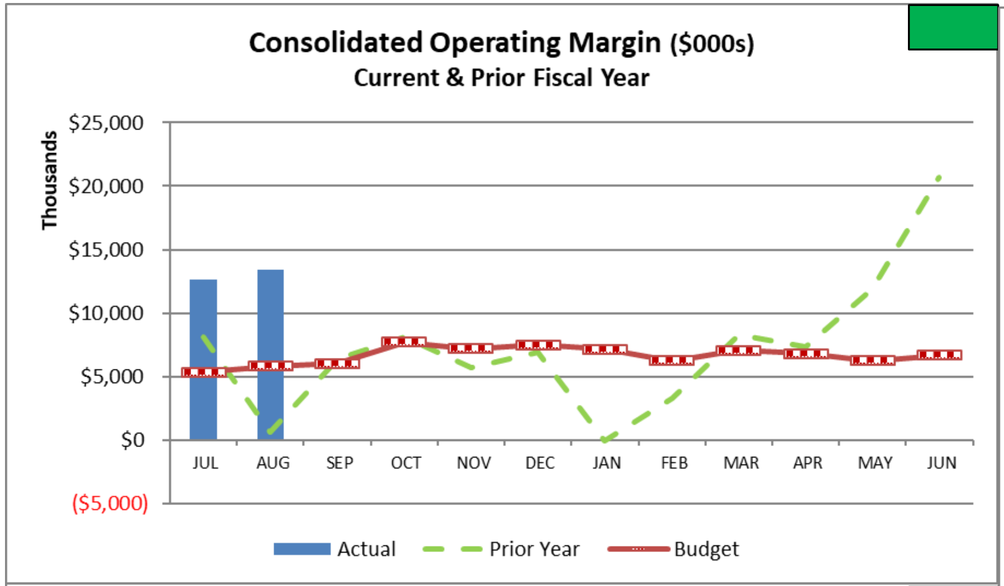
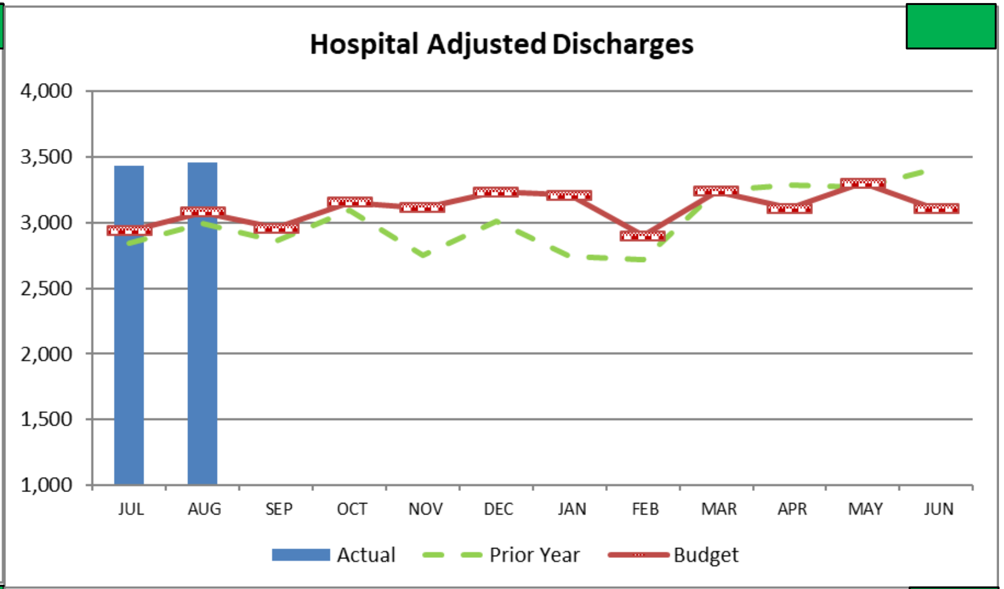
S&P Medians: U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; August 30, 2021
DCOH total includes cash, short-term and long-term investments.

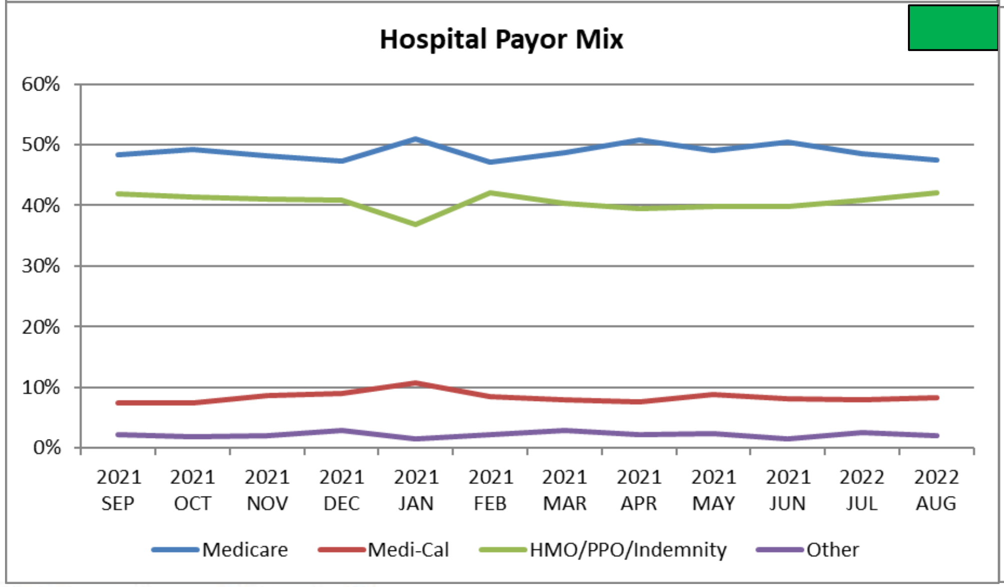
El Camino Health

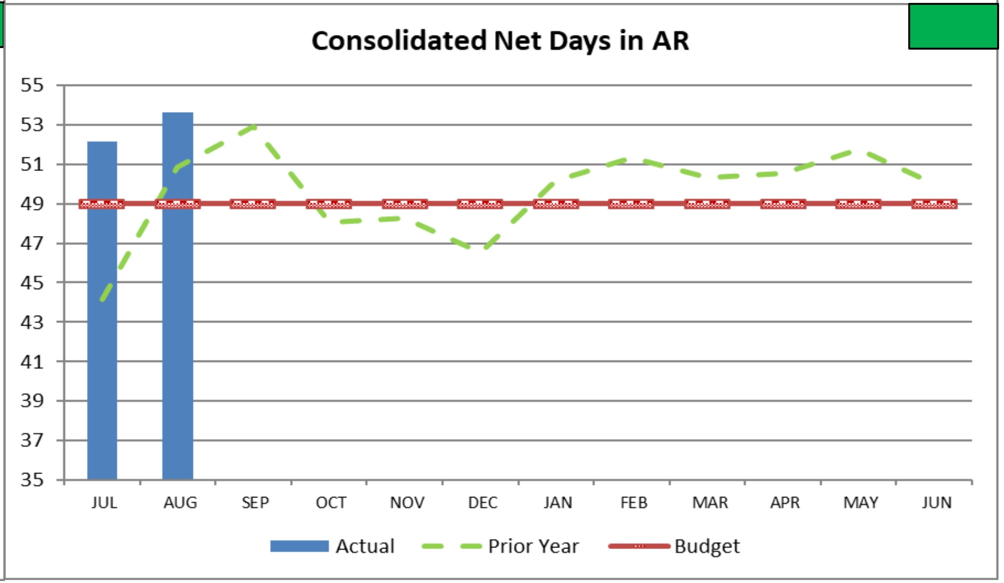
Unfavorable Variance □ 0.99□
Unfavorable Variance 1.00□ - 4.99□
Unfavorable Variance □ 5.00□

□TD □□2□22 □inancial □PIs – Monthly Trends









El Camino Health

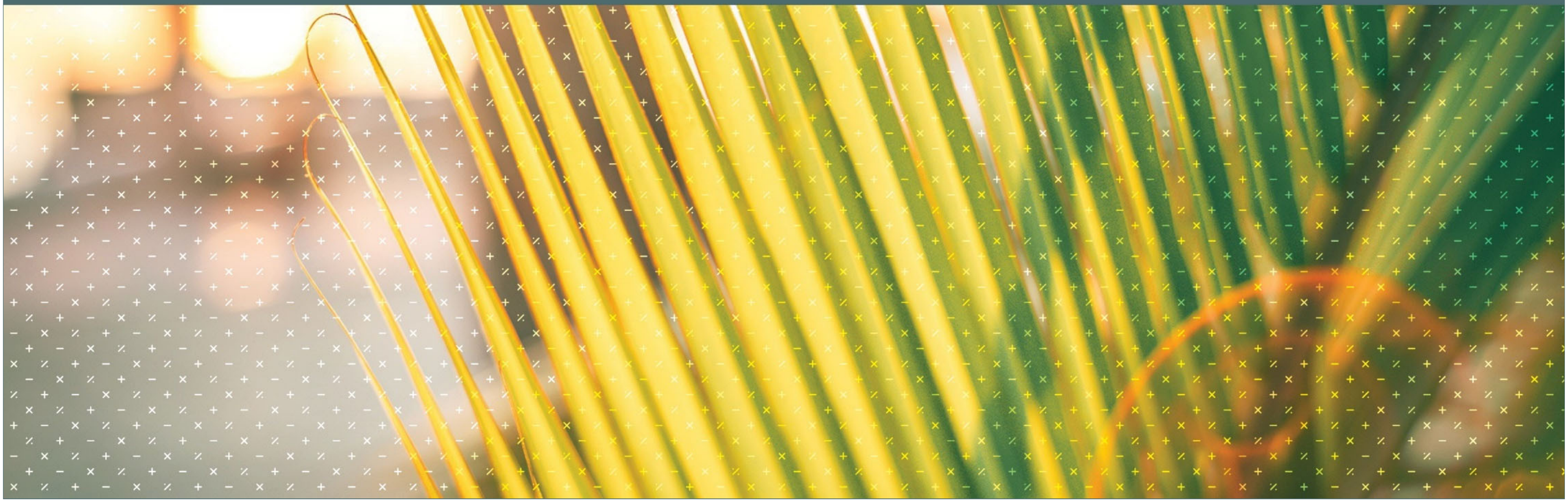
Period 2 and YTD Operating Income, Non-Operating Income and Net Income by Affiliate (as of 8/31/2021)

($000s)

	Period 2- Month			Period 2- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Operating Margin						
Mountain View	10,806	6,008	4,798	23,683	11,348	12,335
Los Gatos	4,886	2,758	2,129	7,223	5,545	1,678
Sub Total - El Camino Hospital, excl. Afflilates	**15,693**	**8,766**	**6,927**	**30,906**	**16,893**	**14,013**
Operating Margin %	**15.3%**	**9.3%**		**15.3%**	**9.1%**	
El Camino Hospital Non Operating Income						
Sub Total - Non Operating Income	**14,291**	**5,998**	**8,293**	**10,020**	**13,544**	**(3,525)**
El Camino Hospital Net Margin	**29,984**	**14,764**	**15,220**	**40,925**	**30,437**	**10,488**
ECH Net Margin %	**29.2%**	**15.7%**		**20.2%**	**16.5%**	
Concern	428	129	299	744	145	599
ECSC	0	0	0	0	0	0
Foundation	(124)	1	(126)	(275)	32	(308)
El Camino Health Medical Network	(2,607)	(2,740)	133	(5,165)	(5,340)	175
Net Margin Hospital Affiliates	**(2,303)**	**(2,610)**	**306**	**(4,696)**	**(5,162)**	**466**
Total Net Margin Hospital & Affiliates	**27,680**	**12,154**	**15,526**	**36,229**	**25,275**	**10,954**

Final Draft 9/20/2021

MOSSADAMS



2021 Audit Results – El Camino Healthcare District

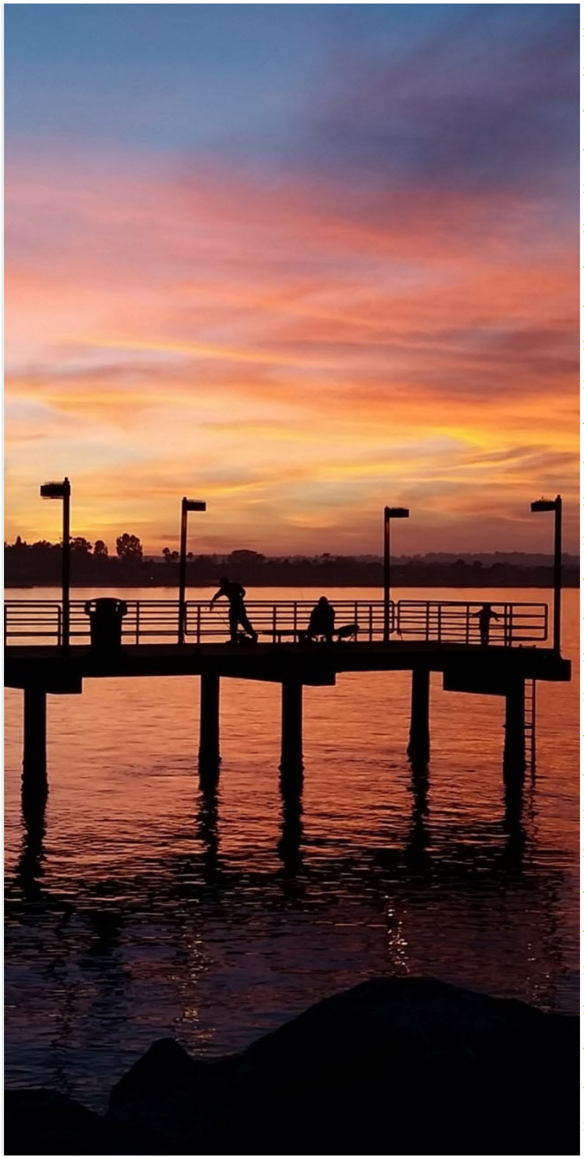
Prepared by the Moss Adams Health Care Group

June 30, 2021

Agenda

1. Auditor Opinion and Report
2. Statements of Net Position
3. Operations
4. Communication with Those Charged with Governance
5. Accounting Updates

Auditor Opinion and Report



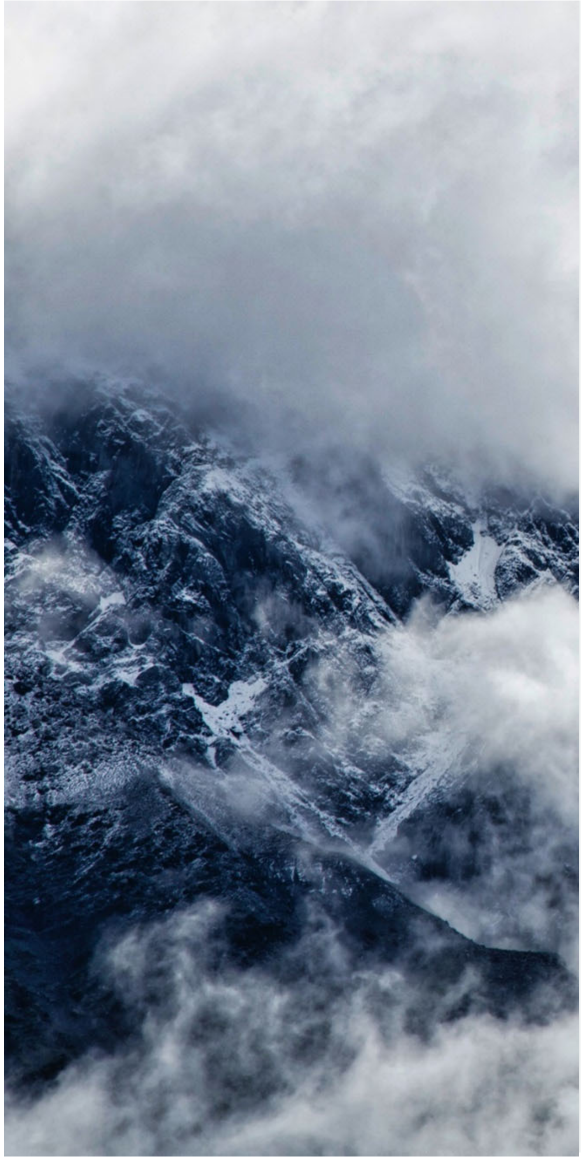
Scope of Services

We have performed the following services for El Camino Healthcare District

- Annual consolidated financial statement audit as of and for the year ended June 30, 2021

We will also perform the following nonattest services:

- Assist you in drafting the consolidated financial statements and related footnotes as of and for the year ended June 30, 2021, and the auditee portion of the Data Collection Form

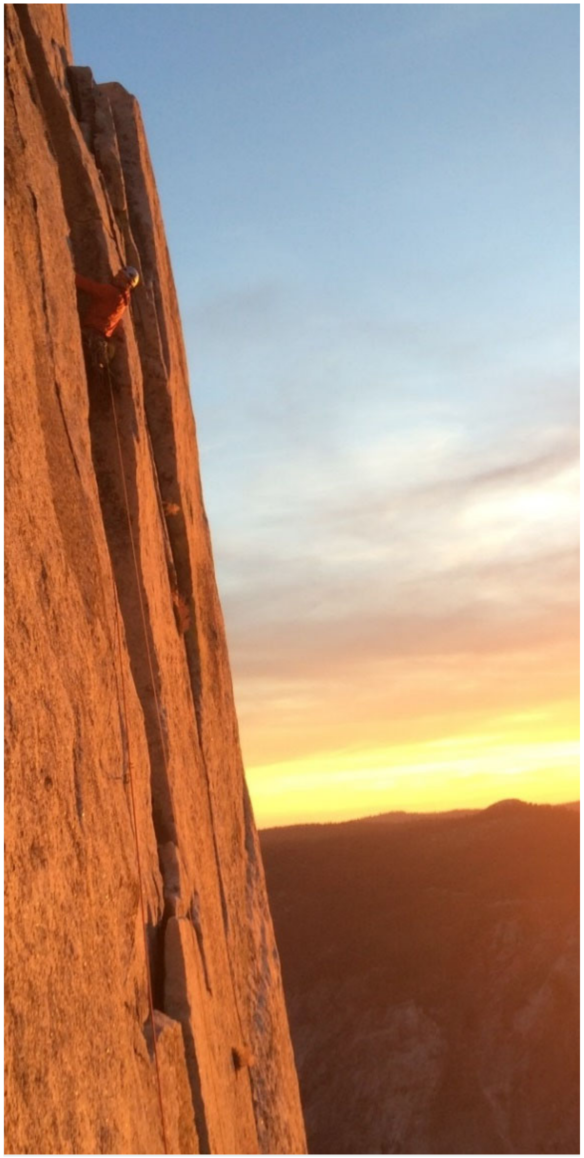


Auditor Report on the Consolidated Financial Statements

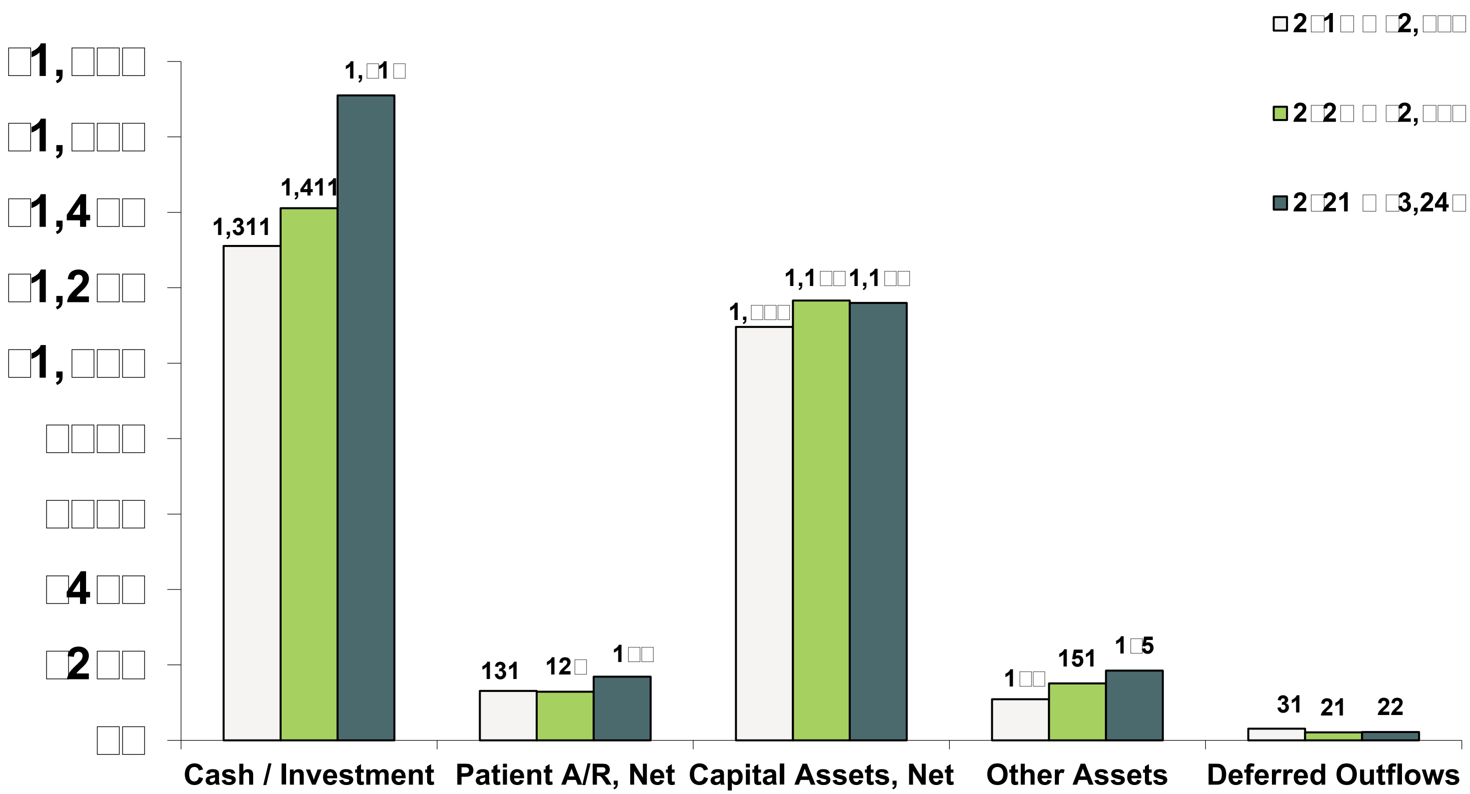
Unmodified Opinion

- Consolidated financial statements are presented fairly and in accordance with U.S. GAAP

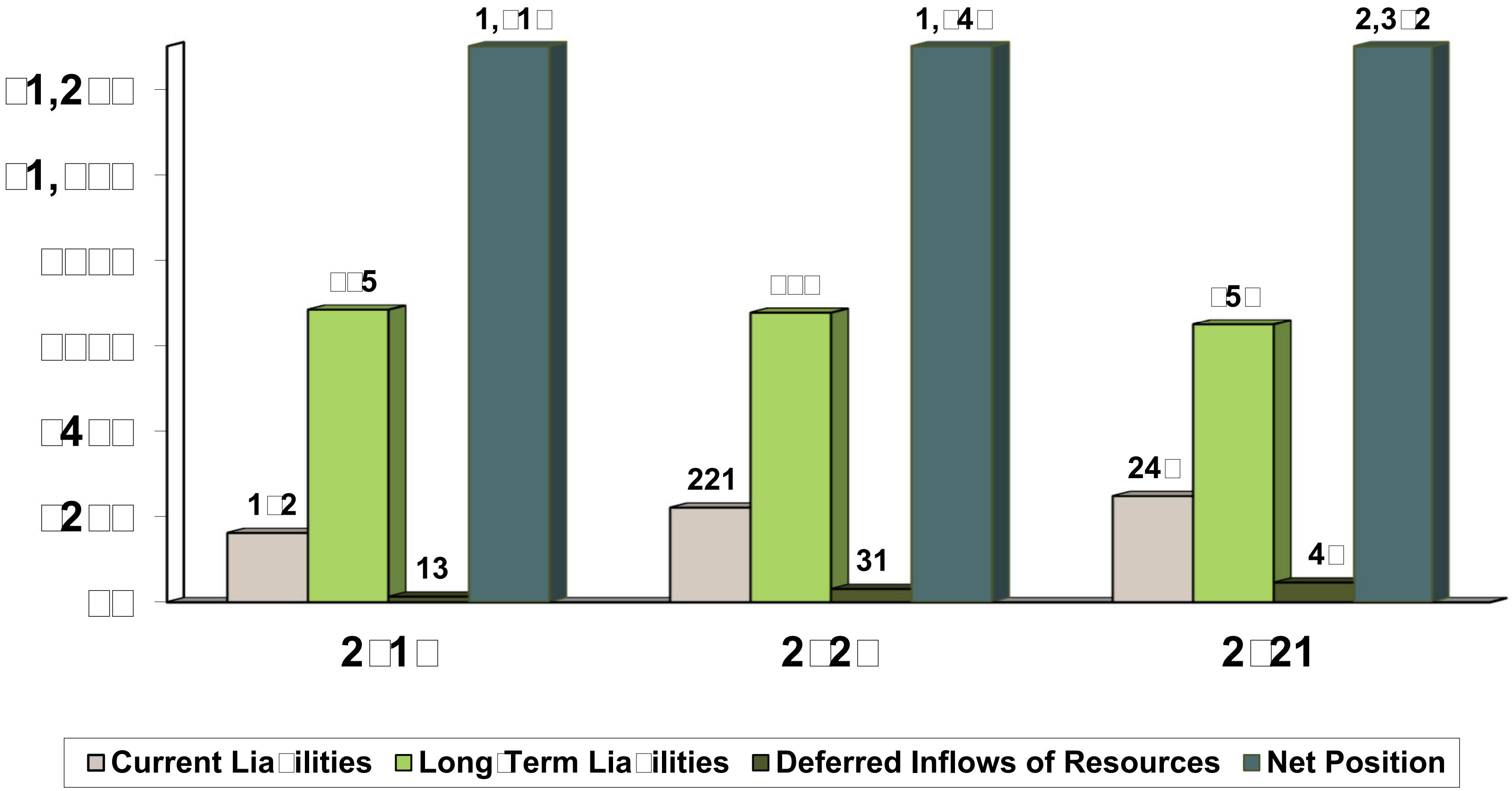
Statements of Net Position



Asset and Deferred Outflows (in millions)

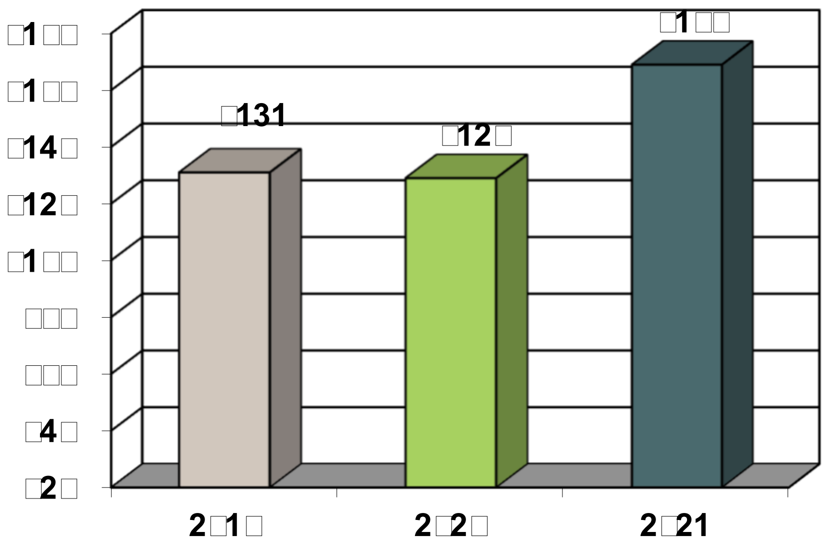


Liabilities, Deferred Inflows, and Net Position (in millions)

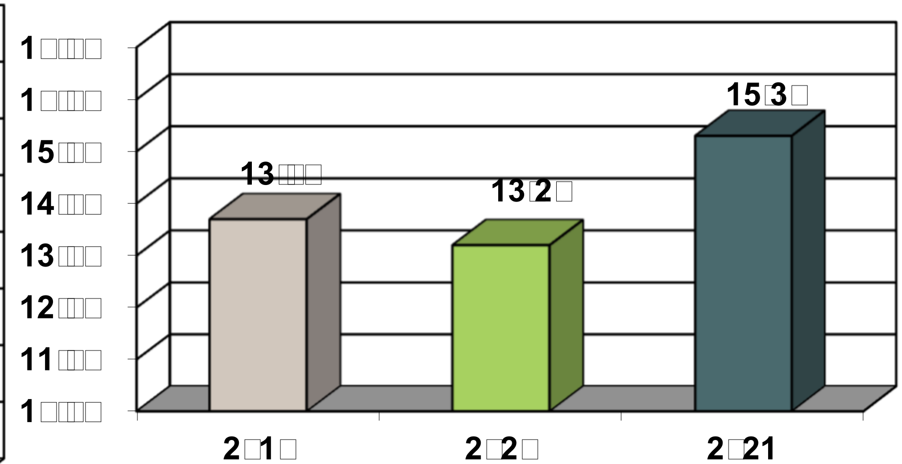


Net Patient Service Accounts Receivable

Dollars (in millions)



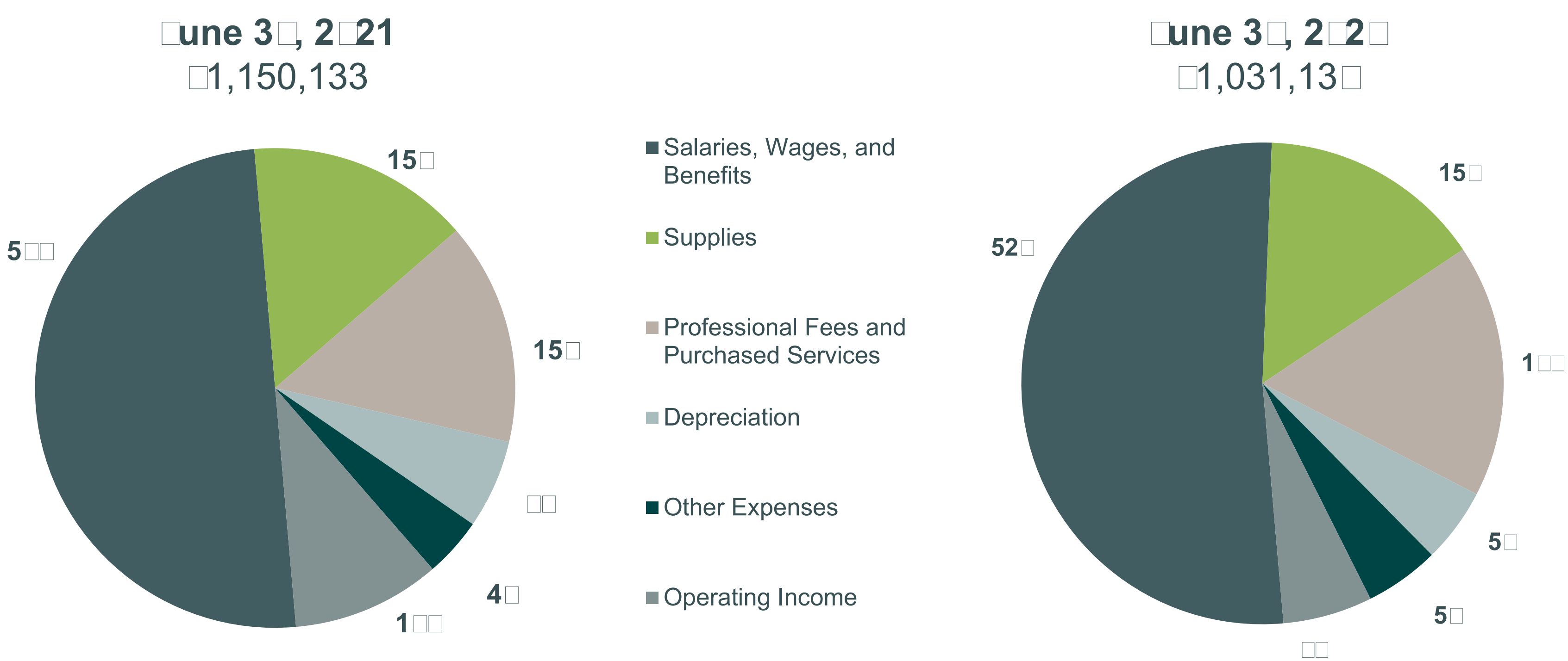
% Net Revenues



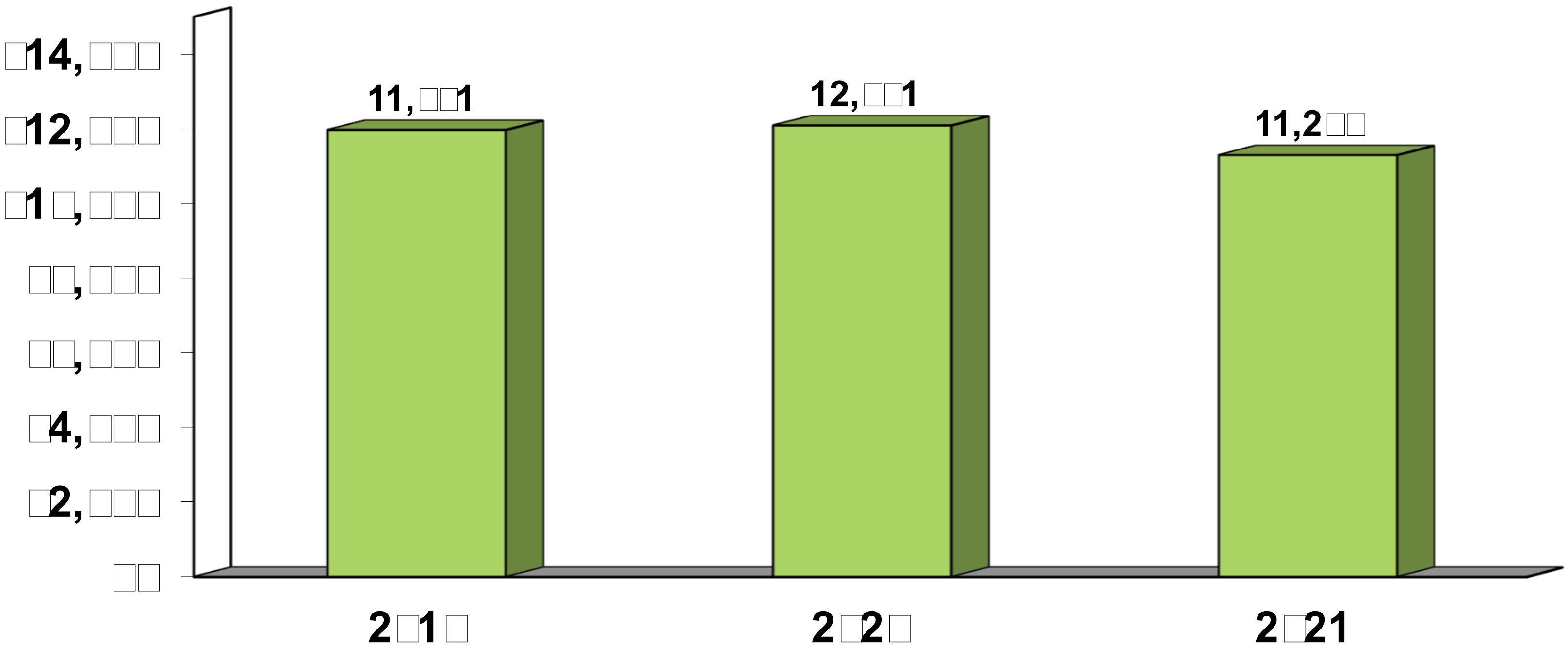
Operations

Income Statements Year to Year Comparison

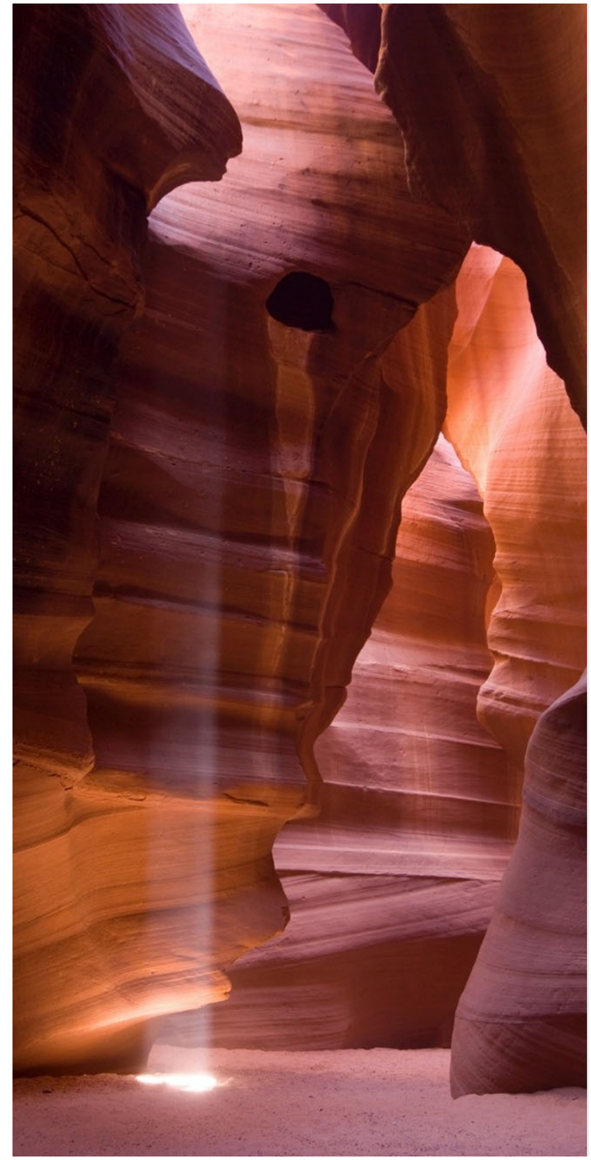
Total Operating Revenues (in thousands)



Community Benefit Expense (in thousands)



Communication with Those Charged with Governance



Our Responsibility

To express our opinion on whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, and in accordance with U.S. GAAP. However, our audit does not relieve you or management of your responsibilities.	To perform an audit in accordance with generally accepted auditing standards issued by the AICPA, Government Auditing Standards issued by the Comptroller General of the United States, and the California Code of Regulations, Title 2, Section 1131.2, State Controller's Minimum Audit Requirements for California Special Districts, and design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.	To consider internal control over financial reporting as a basis for designing audit procedures but not for the purpose of expressing an opinion on its effectiveness or to provide assurance concerning such internal control.	To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Significant Accounting Policies & Unusual Transactions

The auditor should determine that the Compliance Committee is informed about the initial selection of and changes in significant accounting policies or their application. The auditor should also determine that the Compliance Committee is informed about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Our Comments

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the footnotes to the consolidated financial statements. Throughout the course of an audit, we review changes, if any, to significant accounting policies or their application, and the initial selection and implementation of new policies. During the year, the District adopted GASB Statement No. 84 and No. 97. There were no other changes to significant accounting policies for the year ended June 30, 2021.

We believe management has selected and applied significant accounting policies appropriately and consistent with those of the prior year.

Management Judgments & Accounting Estimates

The Compliance Committee should be informed about the process used by management in formulating particularly sensitive accounting estimates and about the basis for the auditor's conclusions regarding the reasonableness of those estimates.

Our Comments

Management's judgments and accounting estimates are based on knowledge and experience about past and current events and assumptions about future events. We apply audit procedures to management's estimates to ascertain whether the estimates are reasonable under the circumstances and do not materially misstate the consolidated financial statements.

- Significant management estimates impacted the consolidated financial statements including the following:
  - net patient service revenue
  - provision for uncollectible accounts
  - fair market values of investments
  - uninsured losses for professional liability
  - prepaid pension asset
  - liability for workers' compensation claims
  - liability for post-retirement medical benefits
  - valuation of gift annuities and beneficial interest in charitable remainder unitrusts
  - useful life of capital assets

We deem them to be reasonable.

Management Judgments & Accounting Estimates

Our views about the quantitative aspects of the entity's significant accounting policies, accounting estimates, and financial statement disclosures.

Our Comments

The disclosures in the consolidated financial statements are clear and consistent. Certain financial statement disclosures are particularly sensitive because of their significance to financial statements users; however, we do not believe any of the footnotes are particularly sensitive. We call your attention to the following notes:

- Note 1 – Significant concentration of net patient accounts receivable
- Note 5 – Fair value of investments
- Note 6 – Capital assets
- Note [illegible] – Employee benefit plans
- Note 8 – Post-retirement medical benefits
- Note 10 – Long-term debt
- Note 13 – Related-party transactions

Significant Audit Adjustments & Unadjusted Differences Considered by Management to Be Immaterial

The Compliance Committee should be informed of all significant audit adjustments arising from the audit. Consideration should be given to whether an adjustment is indicative of a significant deficiency or a material weakness in the District□s internal control over financial reporting, or in its process for reporting interim financial information, that could cause future consolidated financial statements to be materially misstated.

The Compliance Committee should also be informed of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the consolidated financial statements as a whole.

Our Comments

CORRECTED AD□□STMENTS

- None noted

□NCORRECTED AD□□STMENTS

- None noted

Deficiencies in Internal Control

Any material weaknesses and significant deficiencies in the design or operation of internal control or of internal control over compliance that came to the auditor's attention during the audit must be reported to the Compliance Committee.

Our Comments

MATERIAL EANESS

- None noted

SINIICANT DEICIENCIES

- None noted

OTER MATTERS

Accounting Updates

GASB Accounting Updates

- GASB Statement No. 87, Leases. Effective for the District beginning July 1, 2021.
- GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. Effective for the District beginning July 1, 2021.
- GASB Statement No. 91, Conduit Debt Obligation. Effective for the District beginning July 1, 2022.
- GASB Statement No. 93, Replacement of Interbank Offered Rates. Effective for the District beginning July 1, 2020.

Connect With Us

In today's fast-paced world, we know how precious your time is. We also know that knowledge is key. These resources offer what you need to know, when you need to know it, and are presented in the format that fits your life.

LinkedIn: www.linkedin.com/company/moss-adams-llp

Twitter: @Moss_Adams

Subscribe to our emails: www.mossadams.com/subscribe

RSS feeds: www.mossadams.com/RSS

YouTube: http://www.youtube.com/mossadamsllp

THANK YOU

Report of Independent Auditors and Consolidated Financial Statements with Supplementary Information

El Camino Healthcare District

June 30, 2021 and 2020

Table of Contents

Management's Discussion and Analysis

El Camino Healthcare District (the "District") is comprised of five entities: the District, El Camino Hospital (the "Hospital"), El Camino Hospital Foundation (the "Foundation"), CONCERN: Employee Assistance Program ("CONCERN"), and Silicon Valley Medical Development, LLC ("SVMD").

Effective July 26, 2019, El Camino Hospital bought out the partnership that El Camino Surgery Center ("ECSC") had with El Camino Ambulatory Surgery Center ("ECASC"), which operated an outpatient surgery center on the Mountain View campus. ECASC sold many of its capital assets to El Camino Hospital ("ECH") and ECSC received its share of equity in partnership. ECASC completed its business unwinding during the fiscal year and distributed any remaining proceeds to ECSC. The Hospital renovated the former ECASC surgery center building and acquired new equipment that was put into place, and reopened the surgery center as an outpatient hospital department on June 29, 2020.

SVMD was organized as a California Limited Liability Corporation ("LLC") that was formed in 2008. Starting in fiscal year 2019 and continuing into the current fiscal year, SVMD has expanded to 14 clinic and urgent care sites that included certain assets of five clinics acquired through bankruptcy of Verity Health System in April 2019.

Overview of the Consolidated Financial Statements

This annual report consists of the consolidated financial statements and notes to those statements. These statements are organized to present the District as a whole, including all the entities it controls. Financial information for each separate entity is shown in the supplemental schedules on the last pages of the report. In accordance with the Governmental Accounting Standards Board ("GASB") Codification Section 2200, *Comprehensive Annual Financial Report,* the District presents comparative financial highlights for the fiscal years ended June 30, 2021, 2020, and 2019. This discussion and analysis should be read in conjunction with the consolidated financial statements in this report.

The consolidated statements of net position, the consolidated statements of revenues, expenses, and changes in net position, and the consolidated statements of cash flows provide an indication of the District's financial health. The consolidated statements of net position include all the District's assets and liabilities, using the accrual basis of accounting. The consolidated statements of revenues, expenses, and changes in net position report all of the revenues and expenses during the time periods indicated. The consolidated statements of cash flows report the cash provided by the operating activities, as well as other cash sources such as investment income and cash payments for capital additions and improvements.

Consolidated Financial Highlights

Year Ended June 30, 2021

For fiscal year ending June 30, 2021, the District increased its net position by $355 million. In 2021, operating revenues increased by $119 million over 2020; this was the result of increased volume.

Year Ended June 30, 2020

For fiscal year ending June 30, 2020, the District increased its net position by $130 million. In 2020, operating revenues increased by $35 million over 2019; this was the result of an improved payer mix over FY 2019, Inter-Governmental Transfer ("IGT") / cost report settlements of $14.9 million, and Health and Human Services stimulus funds of $19.0 million. In April 2020 the organization received $[illegible]5.8 million in advance Medicare payments, which will be withheld from future Medicare services starting 120 days after receipt.

Year Ended June 30, 2019

For fiscal year ending June 30, 2019, the District increased its net position by $1[illegible]8 million. In 2019, operating revenues increased by $53 million over 2018; this was the result of good volume, an increase in the commercial payer mix of 1%, and IGT / cost report settlements of $20.4 million.

Summary of Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position
As of June 30, 2021, 2020 and 2019

(In Thousands)

	2021	2020	2019
Assets:			
Current assets	□ 6□6,□61	□ 653,665	□ 5□8,195
Board designated and restricted funds, net of current portion	1,198,200	8□2,034	□86,202
Funds held by trustee, net of current portion	36,939	50,825	10□,101
Capital assets, net	1,160,286	1,166,036	1,096,493
Other assets	151,294	114,359	□8,841
Total assets	3,223,480	2,856,919	2,646,832
Deferred outflows:			
Loss on defeasance of bond payable	11,□61	12,361	12,962
Deferred outflow of resources	9,324	6,532	□,436
Deferred outflow - actuarial	1,005	1,861	10,546
Total deferred outflows	22,090	20,□54	30,944
Total assets and deferred outflows	□ 3,245,5□0	□ 2,8□□,6□3	□ 2,6□□,□□6
Liabilities:			
Current liabilities	□ 24□,521	□ 221,415	□ 161,□09
Bonds payable, net of current portion	589,909	60□,953	625,443
Other long-term liabilities	59,834	69,886	59,43□
Total liabilities	89□,264	899,254	846,589
Deferred inflows:			
Deferred inflow of resources	4,522	3,893	3,893
Deferred inflow - actuarial	41,339	26,806	9,3□5
Total deferred inflows	45,861	30,699	13,268
Net position:			
Unrestricted and invested in capital assets, net	2,2□1,363	1,919,091	1,□93,□04
Restricted by donors - charity and other	22,960	20,606	16,□59
Restricted - endowments	8,122	8,023	□,456
Total net position	2,302,445	1,94□,□20	1,81□,919
Total liabilities, deferred inflows, and net position	□ 3,245,5□0	□ 2,8□□,6□3	□ 2,6□□,□□6
Operating cash equivalents and short-term investments	□ 456,605	□ 461,221	□ 393,519
Board designated, funds held by trustee, and restricted funds	1,253,□96	949,354	91□,081
Total available cash & investments	□ 1,□10,401	□ 1,410,5□5	□ 1,310,600

Investments

The District maintains sufficient cash balances to pay daily operational expenses and all short term liabilities. In late fiscal year 2012, the Hospital (exclusive of the District) selected an Investment Consultant to assist the Hospital and its subsidiaries in managing its investments, and both the investment policies for Surplus Cash and Cash Balance Plan were updated and approved by the Hospital Board of Directors (the "Board"). The policies allow for greater diversification in the investment portfolios to balance the need for liquidity with a long-term investment focus in order to improve investment returns and the organization's financial strength.

Capital Assets

In February 2021, the Board of Directors approved the Women's Hospital Expansion Project at a budget of $149 million. A key driver in this expansion was the development of the newly completed Integrated Medical Office Building, known as the Sobrato Pavilion, which opened at the end of June 2020. This allowed for the relocation of physician offices on the 2nd and 3rd floors of the Women's Hospital to the Sobrato Pavilion for then will allow the expansion of Mother/Baby Health Services housed within the Women's Hospital. This project was an element of the Mountain View Campus Development Master Plan that was approved in 2014.

During fiscal year 2021, there was continued work on the final Mountain View Campus Completion Project, that will be done in three (3) phases, with phases 1 and 2 being a temporary shipping and receiving yard, and the demolition of the original hospital that was completed in the early 1960s. A budget of $24.9 million was approved in October 2019 to complete phase 1 and 2. The demolition is to start October 2021 with a completion date of December 2024. Phase 3 is in development, and will include replacement of Lab/Laundry building structure, construction of a corridor link between the new Main Hospital and the recently completed Behavior Health Building, a new service yard with access to shipping and receiving dock at the new Main Hospital, new waste and recycle storage areas, water storage tanks to meet 2030 seismic requirements.

During fiscal year 2021, ongoing general contractor construction payments and holdback retentions were paid out on the major projects of the Sobrato Pavilion and Behavioral Health Building, known as the Taube Pavilion, that were partially financed by the 2017 bond proceeds. Total paid during fiscal year 2021 was $28.8 million.

Revenues and Expenses

The following table displays revenues and expenses for 2021, 2020, and 2019:

Revenues & Expenses
Years Ended June 30, 2021, 2020 and 2019
(In Thousands)

	2021	2020	2019
Operating revenues:			
Net patient service revenue net of bad debt of □26,3□0, □15,925, and □13,293, in 2021, 2020, and 2019, respectively	□ 1,10□,912	□ 982,69□	□ 951,610
Other revenue	42,221	48,440	45,064
Total operating revenues	1,150,133	1,031,13□	996,6□4
Operating expenses:			
Salaries, wages and benefits	5□4,□9□	541,009	510,1□8
Professional fees and purchased services	1□□,981	1□0,994	133,80□
Supplies	1□1,□20	152,466	14□,284
Depreciation	6□,688	54,038	52,43□
Rent and utilities	2□,600	26,815	20,414
Other	15,140	22,16□	14,265
Total operating expenses	1,034,926	96□,489	8□8,385
Operating income	115,20□	63,648	118,289
Nonoperating revenue (expense) items:			
Bond interest expense, net	(20,031)	(12,8□9)	(8,024)
Intergovernmental transfer expense	(4,460)	(4,048)	(□,262)
Realized investment income	□9,□36	43,085	34,6□1
Unrealized investment gains (losses)	151,188	(2,231)	19,598
Property tax revenues	32,464	29,369	2□,6□5
Restricted gifts, grants and other net of contributions to related parties	2,868	8,412	5,816
Unrealized gain (loss) on interest rate swaps	1,883	(3,366)	(2,598)
Community benefit expense	(11,29□)	(12,091)	(11,9□1)
Provider Relief Fund revenue	-	19,000	-
Other, net	□,16□	902	2,02□
Total nonoperating revenues and expenses	239,518	66,153	59,932
Increase in net position	354,□25	129,801	1□8,221
Total net position, beginning of year	1,94□,□20	1,81□,919	1,639,698
Total net position, end of year	□ 2,302,445	□ 1,94□,□20	□ 1,81□,919

Fiscal Year 2021 Consolidated Financial Analysis

Net Patient Services Revenues

Net patient services revenue in fiscal year 2021 increased by □125.2 million, or 12.□□ over fiscal year 2020. This increase was consistent with adjusted patient days increasing by 9.5□ and surgical volume increasing by 10.8□.

Specialty	2021 Days	2020 Days
Total days	98,386	92,□14

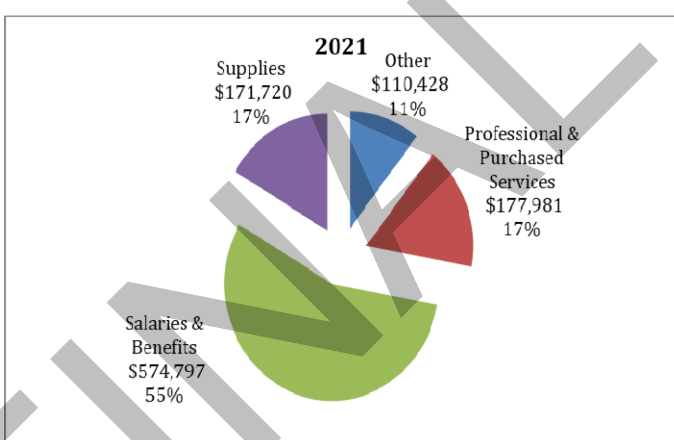
Specialty	2021 LOS	2020 LOS
Average Length of Stay ("LOS")	4.3	4.0

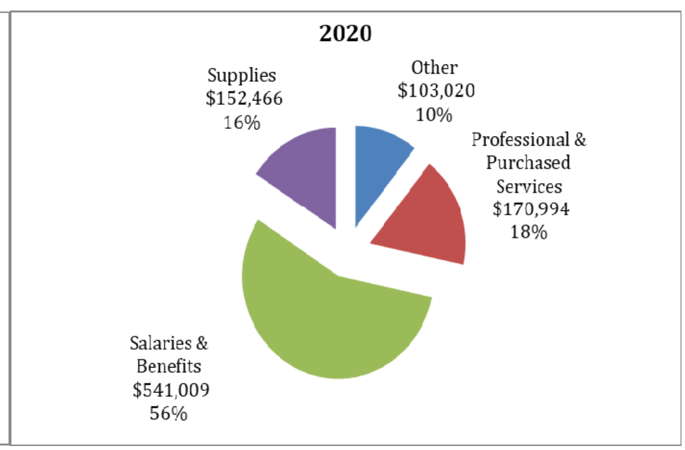
The overall case mix index, which is an indicator of patient acuity, was 1.62 in fiscal year 2021, and 1.54 in fiscal year 2020.

Other Revenue

Other revenues decreased by □6.2 million in fiscal year 2021 over the prior 2020 fiscal year. The primary decrease was due to the termination of a Hospitalist services agreement with the county hospitals.

Operating Expenses





Salaries and Wages

It is to be noted that the District as a stand-alone entity has no employees. All employees are at the Hospital and its related corporations.

Total salaries and wages (including employee benefits) increased by □33.8 million in fiscal year 2021 over 2020, which is 55□ of total operating expenses and 1□ less than fiscal year 2020. SVMD saw a 35.□ reduction in full-time equivalents (□FTEs□) due to reorganization of the workforce during the fiscal year. Other areas within the Hospital also increased due to salary increases and volumes and activities. In total the FTE grew by 81 FTEs over fiscal year 2020.

Employee Benefits

Aggregate employee benefits, including accrued Paid Time Off (□PTO□) and Extended Sick Leave, increased by □6.0 million.

Significant changes were as follows:

- PTO accrued expense increased by □5.1 million over the 2020 fiscal year
- Healthcare (medical, dental, and vision) increased by □4.2 million in fiscal year 2021 over 2020.
- Employer match of □403B increased □2.0 million in 2021 over 2020.
- Workers Compensation Expense increased by □1.5 million in 2021 over 2020.
- Employer FICA (Social Security and Medicare) taxes increased by □1.3 million in the current fiscal year.
- Pension expense decreased by □9.4 million, primarily by increased investment returns on the Plan□s investment in the past year.

Professional and Purchased Services

Total professional and purchased services increased by □□ million over the prior fiscal year, mainly due to cost associated with COVID-19 testing and consulting fees for major projects (Workday and Construction).

Supplies

Total supplies increased by □19.3 million or 12.6□ in fiscal year 2021 over 2020. This was mainly due to an □8.1 million increase in Other Medical Supplies due to COVID-19, including Personal Protective Equipment and testing supplies, □10.□ million in Implants, and □5.□ million in Surgical Supplies.

Depreciation

Depreciation expense this fiscal year increased by □13.□ million over fiscal year 2020. Increases were primarily due to the opening of the Integrated Medical Office Building, Sobrato Pavillion, in June 2020.

Rent and Utilities

Rent and utilities this fiscal year decreased by □0.8 million over fiscal year 2020.

Other Expense

Other expense decreased in the current fiscal year by □□.0 million over the prior year, due to an decrease in reserve settlement account.

Nonoperating Revenue (Expense) Items:

Bond Interest Expense, net

The increase of □□.2 million in fiscal year 2021 over the prior year was due to tentative completion of the Integrated Medical Office Building and the Behavioral Health Building in January 2020 that was being partially financed by the 201□ Bond issue.

Change in Net Unrealized Gains and Losses on Investments

The Hospital experienced a change in net unrealized gains and losses on investments of $151.2 million during fiscal year 2021 and the change in net unrealized gains and losses for fiscal year 2021 was a year-over-year ("YOY") increase of $153.4 million. The change in net unrealized gains and losses in 2021 was a result of strong investment results across all asset classes with the largest gains generated from equity and hedge fund investments. Equities and mutual funds-equity experienced a change in net unrealized gains and losses of $1□.2 million and $95.0 million, respectively. Global equities as represented by the MSCI AC World Index gained 39.9% during fiscal year 2021. Hedge funds experienced a change in net unrealized gains and losses of $22.0 million during fiscal year 2021 as equity long/short, credit oriented, and macro hedge fund strategies performed well. The change in net unrealized gains and losses for fixed income was modest at $2.0 million as the Bloomberg U.S. Aggregate Index experienced a loss of 0.3% during the same time-period; however, the Hospital's active managers were able to add value in relation to the benchmark.

The year-over-year increase in net unrealized gains and losses was broad-based across asset classes, with the most significant increases resulting from equities, mutual funds-equity, hedge fund investments, and collective funds. Equities and mutual funds-equity combined to experience modest net unrealized gains in fiscal year 2020, while net unrealized gains in fiscal year 2021 were large. Hedge funds and collective funds experienced net unrealized losses in fiscal year 2020, while fiscal year 2021 saw solid net unrealized gains.

Economic Factors and Next Year's Budget

The Board approved the fiscal year 2022 budget at the June 2021 meeting. For the fiscal year 2022, budgeted patient days are projected to increase 4% over FY2021 actuals.

Fiscal Year 2020 Consolidated Financial Analysis

Net Patient Services Revenues

Net patient services revenue in fiscal year 2020 increased by $31.1 million, or 3.3% over fiscal year 2019. This increase was consistent with cost of inflation.

Specialty	2020 Days	2019 Days
Total days	92,014	98,061

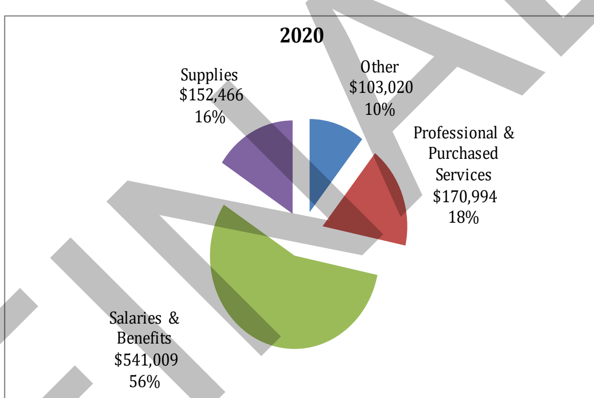
Specialty	2020 LOS	2019 LOS
Average LOS	4.0	4.3

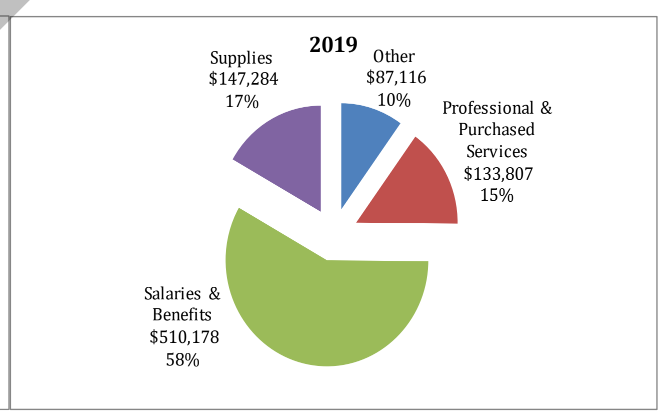
The overall case mix index, which is an indicator of patient acuity, was 1.54 in fiscal year 2020, and 1.52 in fiscal year 2019.

Other Revenue

Other revenues increased by $3.4 million in fiscal year 2020 over the prior 2019 fiscal year. The primary increase of $8.0 million was due to new payer capitation contracts that were assumed with the acquisition of San Jose Medical Group, along with an agreement to continue to provide Hospitalist services to the county hospitals for one year. This increase was offset by a loss of revenue in the Employee Assistance Program ("EAP"). In addition, there was a reduction of $2.1 million in retail operations due to COVID-19.

Operating Expenses





Salaries and Wages

It is to be noted that the District as a stand-alone entity has no employees. All employees are at the Hospital and its related corporations.

Total salaries and wages (including employee benefits) increased by $30.8 million in fiscal year 2020 over 2019, which is 56% of total operating expenses and a reduction of 2% from fiscal year 2019, which was 58% of total operating expenses. Salaries and wages (exclusive of employee benefits) increased by $29.3 million over fiscal year 2019. Registered Nurses ("RN"), including registries, payroll salaries increased by $19.5 million in fiscal year 2020 compared to 2019 primarily driven by contractual increase that occurred September 22, 2019, for Hospital RNs, along with additional increases for longevity at years of service of 10 and 25. Another area that saw growth in salary expense was in SVMD as it began operations supporting the San Jose Medical Group and other physician initiatives in April 2019, thus salaries within SVMD grew by $9.6 million in fiscal year 2020 over fiscal year 2019. Other areas within the Hospital also increased due to salary increases and volumes and activities. In total the FTE grew by 81 FTEs over fiscal year 2019. Again a significant portion of the FTE increase was the employee growth in SVMD given the support of the San Jose Medical Group that began in April 2019.

Employee Benefits

Aggregate employee benefits, including accrued Paid Time Off ("PTO") and Extended Sick Leave, increased by $1.4 million.

Significant changes were as follows:

- Pension expense decreased by $4.2 million, primarily by increased investment returns on the Plan's investment in the past year.
- PTO accrued expense increased by $2.5 million over the 2019 fiscal year.
- Employer FICA (Social Security and Medicare) taxes increased by $3.0 million in the current fiscal year.
- Healthcare (medical, dental, and vision) increased by $1.3 million in fiscal year 2020 over 2019.
- Worker's Compensation expense decreased $2.2 million in fiscal year 2020 over 2019.
- Other employee benefits increased $1.0 million in fiscal year 2020 over 2019.

Professional and Purchased Services

Total professional and purchased services increased by $3[illegible].2 million over the prior fiscal year.

The significant increases were as follows:

- Professional Service Agreements and Purchased Services associated with SVMD increased by $26.5 million over prior year, mainly due to the acquisition of the San Jose Medical Group in April 2019.
- Purchases Services increased by $[illegible].1 million over prior year at the Hospital due to cost associated with COVID-19 testing and consulting fee for major projects (Workday and Construction).

Supplies

Total supplies increased by $5.2 million or 3.5% in fiscal year 2020 over 2019. Volume at the Cancer Infusion Center increased by 11% along with higher acuity patients. The retail pharmacy volume increased by 26%, and normal inflation factors accounted for the remaining variance.

Depreciation

Depreciation expense this fiscal year increased by $1.6 million over fiscal year 2019. Increases were in the areas of a full year of depreciation on a Central Utility Plant upgrade at the Mountain View campus that came on-line the later part of fiscal year 2019 and various structure upgrades at the Los Gatos campus.

Rent and Utilities

Rent and utilities this fiscal year was increased by $6.4 million over fiscal year 2019, and was primarily driven by leased building cost, of which $4.0 million was attributable to new leases of properties by SVMD for its various San Jose Medical Group sites that began in April 2019.

Other Expense

Other expense increased in the current fiscal year by $□.9 million over the prior year, principally for annual dues and subscription fees and offsite seminars and associated travel expense, with a $5.0 million increase in legal reserve.

Nonoperating Revenue (Expense) Items:

Bond Interest Expense, net

The increase of $4.9 million in fiscal year 2020 over the prior year was due to tentative completion of the Integrated Medical Office Building and the Behavioral Health Building in January 2020 that was being partially financed by the 201□ Bond issue.

Change in Net Unrealized Gains and Losses on Investments

The Hospital experienced a change in net unrealized gains and losses on investments of -$2.2 million during fiscal year 2020 and the change in net unrealized gains and losses for fiscal year 2020 was a year-over-year ("YOY") decrease of $21.8 million. The change in net unrealized gains and losses in 2020 were a result of poor investment results primarily from hedge fund and private real estate investments. Hedge funds experienced a change in net unrealized gains and losses of -$11.1 million during fiscal year 2020 as distressed credit-oriented strategies lagged broader markets. The positive change in net unrealized gains and losses from equity and fixed income investments helped offset the impact of hedge fund and private real estate investments. Global equities as represented by the MSCI AC World Index gained 2.6% during fiscal year 2020, while fixed income as represented by the Bloomberg Barclays U.S. Aggregate Index gained 8.□% during the same time-period.

The YOY decrease in net unrealized gains and losses was broad-based across asset classes, with the most significant declines resulting from fixed income and hedge fund investments. Fixed income investments experienced larger net unrealized gains in fiscal year 2019 in comparison to fiscal year 2020, while hedge fund investments experienced modest net unrealized losses in fiscal year 2019 in relation to larger net unrealized losses in fiscal year 2020.

FIDUCIARY MD&A

Overview

The El Camino Hospital Cash Balance Plan (the "Cash Balance Plan") was established on July 1, 1963, by El Camino Hospital (the "Hospital") and has been amended from time to time since that date.

The Hospital also provides healthcare benefits and life insurance under the El Camino Hospital Postretirement Health and Life Insurance Benefit Plan (the "OPEB Plan"), a single-employer defined benefit Postretirement Benefits Plan, for retired employees who meet eligibility requirements as outlined in the plan document, as approved by the board of directors of the Hospital.

Financial Highlights – 2021

Cash Balance Plan – During the year ended June 30, 2021, the net position held in trust for pension benefits increased by approximately 14%. Employer contributions were $10.5 million in 2021 compared to $13.0 million in 2020. Benefit payments were $12.2 million in 2021 compared to $14.[illegible] million in 2020. Net investment income was $43.8 million in 2021 compared to $45.[illegible] million in 2020, which was the primary reason for the overall 14% increase in net position as of June 30, 2021.

OPEB Plan – Benefit payments were $0.9 million in 2021 compared to $0.8 million in 2020.

Financial Highlights – 2020

Cash Balance Plan – During the year ended June 30, 2020, the net position held in trust for pension benefits increased by approximately 1[illegible]%. Employer contributions were $13.0 million in 2020 compared to $12.2 million in 2019. Benefit payments were $14.[illegible] million in 2020 compared to $13.[illegible] million in 2019. Net investment income was $45.[illegible] million in 2020 compared to a loss of $6.9 million in 2019, which was the primary reason for the overall 1[illegible]% increase in net position as of June 30, 2020.

OPEB Plan – Benefit payments were $0.8 million in 2020 compared to $0.[illegible] million in 2019.

Overview of the Fiduciary Financial Statements

The basic financial statements present information about the Cash Balance Plan and OPEB Plan's fiduciary net position and changes in fiduciary net position for the respective years. The basic financial statements also include notes to explain some of the information in the financial statements and to provide more details. The statement of fiduciary net position displays the assets and liabilities and resulting net position of the Plan as of the end of the year. All assets are valued at fair value.

The following is the abbreviated statement of fiduciary net position and statement of changes in fiduciary net position (in thousands):

	CASH BALANCE PLAN		
	2021	2020	2019
ASSETS			
Investments, at fair value	$ 336,548	$ 294,470	$ 250,733
Receivables	3,557	3,385	3,278
Net pending trades	-	-	(94)
NET POSITION RESTRICTED FOR PENSIONS	$ 340,105	$ 297,855	$ 253,917
ADDITIONS			
Investments income (loss)	$ 43,836	$ 45,683	$ (6,921)
Contributions	10,636	13,042	12,210
Total additions	54,472	58,725	5,289
DEDUCTIONS			
Deductions	12,222	14,787	13,988
INCREASE (DECREASE) IN NET POSITION RESTRICTED FOR PENSIONS	$ 42,250	$ 43,938	$ (8,699)

	OPEB PLAN		
	2021	2020	2019
ASSETS			
Investments, at fair value	-	-	-
Receivables	-	-	-
NET POSITION RESTRICTED FOR PENSIONS	$ -	$ -	$ -
ADDITIONS			
Contributions	881	820	748
Total additions	881	820	748
DEDUCTIONS			
Deductions	881	820	748
INCREASE (DECREASE) IN NET POSITION RESTRICTED FOR PENSIONS	$ -	$ -	$ -

Cash Balance Plan – During the year ended June 30, 2021, the Cash Balance Plan's fiduciary net position increased by 14%. The Cash Balance Plan's policies allow investments consisting of fixed income and equity marketable securities, alternatives, and cash. During the year ended June 30, 2020, the Cash Balance Plan's fiduciary net position increased by 1[illegible]%. The Cash Balance Plan's policies allow investments consisting of fixed income and equity marketable securities, alternatives, and cash.

The statement of changes in fiduciary net position reflects the employer contributions and investment return, net of investment expenses, less benefits paid.

The decrease in investment income during the year ended June 30, 2021, compared to 2020, is due to a decrease in the net appreciation of fair value of investments due to smaller returns in global security markets and on the Cash Balance Plan's investments during the year. Benefit payments decreased from the prior year due to a decrease in the number of retirees and beneficiaries receiving benefits. The increase in investment income during the year ended June 30, 2020, compared to 2019, is due to an increase in the net appreciation of fair value of investments due to positive returns in global security markets and increased returns on the Cash Balance Plan's investments during the year. Benefit payments continue to increase each year due to the increased number of retirees and beneficiaries receiving benefits.

OPEB Plan – Benefit payments were $0.9 million in 2021 compared to $0.8 million in 2020.

Report of Independent Auditors

To the Board of Directors
El Camino Healthcare District

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the business-type activities and the aggregate remaining fund information of El Camino Healthcare District (the "District"), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic consolidated financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the District as of June 30, 2021 and 2020, and the consolidated results of operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The accompanying Management's Discussion and Analysis on pages 1 through 14, and the accompanying supplemental pension and post-retirement benefit information on pages 65 and 66, are not required parts of the consolidated financial statements but are supplementary information required by the Governmental Accounting Standards Board, who considers them to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational economic or historical context. This supplementary information is the responsibility of the District's management. We have applied certain limited procedures in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the consolidated financial statements, and other knowledge we obtained during our audit of the consolidated financial statements. We do not express an opinion or provide any assurance on the supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the District's consolidated financial statements. The accompanying consolidating statement of net position and consolidating statement of revenues, expenses, and changes in net position, on pages 62 through 64, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of the District's management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the District□s consolidated financial statements. The accompanying supplemental schedule of community benefit on page 6□ is presented for purpose of additional analysis and is not a required part of the consolidated financial statements. This supplementary information is the responsibility of the District□s management. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

San Francisco, California
□□□□□□□□□, 2021

Consolidated Financial Statements

El Camino Healthcare District
Consolidated Statements of Net Position
June 30, 2021 and 2020
(In Thousands)

		2021		2020
ASSETS AND DEFERRED OUTFLOWS				
Current assets				
Cash and cash equivalents	$	161,915	$	235,381
Short-term investments		294,690		225,840
Current portion of board-designated funds		18,657		26,495
Patient accounts receivable, net of allowances for doubtful accounts of $81,194 and $60,439 in 2021 and 2020, respectively		169,289		129,485
Prepaid expenses and other current assets		32,210		36,464
Total current assets		676,761		653,665
Non-current cash and investments				
Board-designated funds		1,197,550		871,384
Restricted funds		650		650
Funds held by trustee		36,939		50,825
		1,235,139		922,859
Capital assets				
Nondepreciable		164,226		582,752
Depreciable, net		996,060		583,284
Total capital assets		1,160,286		1,166,036
Pledges receivable, net of current portion		3,053		4,402
Prepaid pension asset		111,162		78,615
Investments in healthcare affiliates		32,557		27,449
Beneficial interest in charitable remainder unitrusts		4,522		3,893
Total assets		3,223,480		2,856,919
Deferred outflows of resources				
Loss on defeasance of bonds payable		11,761		12,361
Deferred outflows of resources		9,324		6,532
Deferred outflows - actuarial		1,005		1,861
Total deferred outflows of resources		22,090		20,754
Total assets and deferred outflows of resources	$	3,245,570	$	2,877,673

FINAL DRAFT

See accompanying notes.

(In Thousands)

	2021	2020
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses	$ 39,□88	$ 35,465
Salaries, wages, and related liabilities	83,236	63,333
Medicare accelerated payments	65,635	□5,0□6
Other current liabilities	31,392	23,165
Estimated third-party payor settlements	12,990	10,956
Current portion of bonds payable	14,480	13,420
Total current liabilities	24□,521	221,415
Bonds payable, net of current portion	589,909	60□,953
Other long-term obligations	12,1□5	22,6□4
Workers' compensation, net of current portion	1□,002	16,482
Post-retirement medical benefits, net of current portion	30,65□	30,□30
Total liabilities	89□,264	899,254
Deferred inflow of resources		
Deferred inflow of resources	4,522	3,893
Deferred inflow of resources - actuarial	41,339	26,806
Total deferred inflow of resources	45,861	30,699
Net position		
Invested in capital assets, net of related debt	592,836	595,488
Restricted - expendable	22,960	20,606
Restricted - nonexpendable	8,122	8,023
Unrestricted	1,6□8,52□	1,323,603
Total net position	2,302,445	1,94□,□20
Total liabilities, deferred inflows of resources, and net position	$ 3,245,5□0	$ 2,8□□,6□3

El Camino Healthcare District
Consolidated Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2021 and 2020
(In Thousands)

	2021	2020
OPERATING REVENUES		
Net patient service revenue (net of provision for bad debts of $26,3□0 and $15,925 in 2021 and 2020, respectively)	$ 1,10□,912	$ 982,69□
Other revenue	42,221	48,440
Total operating revenues	1,150,133	1,031,13□
OPERATING EXPENSES		
Salaries, wages, and benefits	5□4,□9□	541,009
Professional fees and purchased services	1□□,981	1□0,994
Supplies	1□1,□20	152,466
Depreciation	6□,688	54,038
Rent and utilities	2□,600	26,815
Other	15,140	22,16□
Total operating expenses	1,034,926	96□,489
Income from operations	115,20□	63,648
NONOPERATING REVENUES (EXPENSES)		
Investment income, net	230,924	40,854
Property tax revenue		
Designated to support community benefit programs and operating expenses	9,532	9,1□0
Designated to support capital expenditures	11,129	9,□06
Levied for debt service	11,803	10,493
Bond interest expense, net	(20,031)	(12,8□9)
Intergovernmental transfer expense	(4,460)	(4,048)
Restricted gifts, grants and bequests, and other, net of contributions to related parties	2,868	8,412
Unrealized gain (loss) on interest rate swaps	1,883	(3,366)
Community benefit expense	(11,29□)	(12,091)
Provider Relief Fund revenue	-	19,000
Other, net	□,16□	902
Total nonoperating revenues	239,518	66,153
Increase in net position	354,□25	129,801
TOTAL NET POSITION, beginning of year	1,94□,□20	1,81□,919
TOTAL NET POSITION, end of year	$ 2,302,445	$ 1,94□,□20

See accompanying notes.

El Camino Healthcare District
Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020
(In Thousands)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from and on behalf of patients	$ 1,056,241	$ 9□9,666
Other cash receipts	42,221	6□,613
Medicare accelerated payments	-	□5,0□6
Cash payments to employees	(555,□3□)	(534,911)
Cash payments to suppliers	(412,522)	(431,515)
Net cash provided by operating activities	130,203	155,929
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	20,661	18,8□6
Restricted contributions and investment income	2,868	8,412
Net cash provided by noncapital financing activities	23,529	2□,288
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of property, plant, and equipment	(6□,965)	(10□,239)
Payments on bonds payable	(13,420)	(12,430)
Interest paid on General Obligation bonds payable	(3,0□1)	(2,829)
Tax revenue related to General Obligation bonds payable	11,803	10,493
Net cash used in capital and related financing activities	(□2,653)	(112,005)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,061,5□9)	(1,25□,9□8)
Sales of investments	1,6□4,401	1,205,□46
Investment income, net	230,924	40,854
Community benefit and other investing activities	(11,29□)	(12,091)
Change in funds held by trustee, net	13,886	56,2□6
Net cash (used in) provided by investing activities	(153,665)	32,80□
Net (decrease) increase in cash and cash equivalents	(□2,586)	104,019
CASH AND CASH EQUIVALENTS at beginning of year	235,381	131,362
CASH AND CASH EQUIVALENTS at end of year	$ 162,□95	$ 235,381
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income from operations	$ 115,20□	$ 63,648
Adjustments to reconcile income from operations to net cash net cash from operating activities		
Amortization of bond premium and bond issuance costs	(3,564)	(4,0□0)
Depreciation	6□,688	54,038
Provision for bad debts	26,3□0	15,925
Changes in assets and liabilities		
Patient accounts receivable, net	(66,1□4)	(14,□08)
Prepaid expenses and other current assets	(34,244)	(40,281)
Medicare accelerated payments	(9,441)	□5,0□6
Current liabilities	24,22□	(26,698)
Other long-term obligations	(6,062)	5,633
Deferred inflows/outflows of resources - actuarial	15,389	26,116
Post-retirement medical benefits	(□3)	1,250
Net cash provided by operating activities	$ 129,323	$ 155,929
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Noncash purchase of property, plant, and equipment	$ 5,848	$ 11,8□5
Change in fair value of beneficial interest in charitable remainder unitrusts, and deferred inflow of resources, net	$ 629	$ -

See accompanying notes.

El Camino Healthcare District
Statements of Fiduciary Net Position
June 30, 2021 and 2020
(In Thousands)

	CASH BALANCE PLAN		OPEB PLAN		TOTAL	
	2021	2020	2021	2020	2021	2020
ASSETS						
Investments						
Mutual funds	$ 230,806	$ 200,645	$ -	$ -	$ 230,806	$ 200,645
Limited liability companies	49,390	39,023	-	-	49,390	39,023
Common stock	23,649	21,921	-	-	23,649	21,921
Partnerships	11,044	12,682	-	-	11,044	12,682
Pooled, common and collective trusts	9,158	8,008	-	-	9,158	8,008
Corporate bonds	5,304	5,119	-	-	5,304	5,119
U.S. government securities	3,310	3,954	-	-	3,310	3,954
Cash and cash equivalents	3,88□	3,118	-	-	3,88□	3,118
Total investments, at fair value	336,548	294,4□0	-	-	336,548	294,4□0
Receivables						
Employer contributions	3,500	3,300	-	-	3,500	3,300
Interest and dividends	5□	85	-	-	5□	85
Total receivables	3,55□	3,385	-	-	3,55□	3,385
Net pending trades	-	-	-	-	-	-
NET POSITION RESTRICTED FOR PENSIONS	$ 340,105	$ 29□,855	$ -	$ -	$ 340,105	$ 29□,855

 See accompanying notes.

El Camino Healthcare District
Statements of Changes in Fiduciary Net Position
June 30, 2021 and 2020
(In Thousands)

	EL CAMINO HOSPITAL CASH BALANCE PLAN		EL CAMINO HOSPITAL POSTRETIREMENT HEALTH AND LIFE INSURANCE BENEFIT PLAN		TOTAL	
	2021	2020	2021	2020	2021	2020
ADDITIONS						
Investments income						
Net appreciation in fair value of investments	$ 39,954	$ 40,512	$ -	$ -	$ 39,954	$ 40,512
Dividends	3,635	4,592	-	-	3,635	4,592
Interest	247	579	-	-	247	579
Total investment income	43,836	45,683	-	-	43,836	45,683
Contributions						
Employer contributions	10,500	13,000	881	820	11,381	13,820
Pending investment settlements	136	42	-	-	136	42
Total contributions	10,636	13,042	881	820	11,517	13,862
Total additions	54,472	58,725	881	820	55,353	59,545
DEDUCTIONS						
Benefits paid to participants	12,167	14,687	881	820	13,048	15,507
Administrative expenses	55	100	-	-	55	100
Total deductions	12,222	14,787	881	820	13,103	15,607
INCREASE IN NET POSITION	42,250	43,938	-	-	42,250	43,938
NET POSITION RESTRICTED FOR PENSIONS						
Beginning of year	297,855	253,917	-	-	297,855	253,917
End of year	$ 340,105	$ 297,855	$ -	$ -	$ 340,105	$ 297,855

See accompanying notes.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The El Camino Healthcare District (the "District") includes the following component units, which are included as blended component units of the District's consolidated financial statements: El Camino Hospital (the "Hospital"), El Camino Hospital Foundation (the "Foundation"), CONCERN: Employee Assistance Program ("CONCERN"), and Silicon Valley Medical Development, LLC ("SVMD").

The District is organized as a political subdivision of the State of California and was created for the purpose of operating an acute care hospital and providing management services to certain related corporations. The District is the sole member of the Hospital, and the Hospital is the sole corporate member of the Foundation and CONCERN. As sole member, the District (with respect to the Hospital) and the Hospital (with respect to the Foundation and CONCERN) have certain powers, such as the appointment and removal of the boards of directors and approval of changes to the articles of incorporation and bylaws.

SVMD was organized as a California Limited Liability Corporation ("LLC") that was formed in 2008. Starting in fiscal year 2019 and continuing into the current fiscal year, SVMD has expanded to 14 clinic and urgent care sites that included certain assets of five clinics acquired through bankruptcy of Verity Health System in April 2019.

All significant inter-entity accounts and transactions have been eliminated in the consolidated financial statements.

The District utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis and consolidated financial statements are prepared using the economic resources measurement focus.

The District has fiduciary responsibility for the El Camino Hospital Cash Balance Plan and El Camino Hospital Postretirement Health and Life Insurance Benefit Plan. See Notes 7 and 8.

El Camino Hospital Cash Balance Plan – The Plan was originally adopted as a defined benefit plan and was amended and restated in its entirety to a cash-balance formula effective January 1, 1995. Effective January 1, 2014, the Plan was restated and amended. The Plan is administered by the sponsor, El Camino Hospital (the "Hospital"), and Plan assets are held by the custodian of the Plan, Wells Fargo Bank, N.A. ("Wells Fargo"). The Plan is a noncontributory defined benefit plan intended to qualify under Section 401(a) of the Internal Revenue Code ("IRC"). At December 31, 2020, there were 4,389 Plan participants consisting of 2,824 active participants and 1,565 inactive or separated participants, and at December 31, 2019, there were 4,283 Plan participants consisting of 2,735 active participants and 1,548 inactive or separated participants.

El Camino Hospital Postretirement Health and Life Insurance Benefit Plan – The Hospital also provides healthcare benefits and life insurance under the El Camino Hospital Postretirement Health and Life Insurance Benefit Plan (the "OPEB Plan"), a single-employer defined benefit Postretirement Benefits Plan, for retired employees who meet eligibility requirements as outlined in the plan document, as approved by the board of directors of the Hospital.

Accounting standards – Pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the District's proprietary fund accounting and financial reporting practices are based on all applicable GASB pronouncements as well as codified pronouncements issued on or before November 30, 1989, and the California Code of Regulations, Title 2, Section 1131, State Controller's *Minimum Audit Requirements* for California Special Districts and the State Controller's Office prescribed reporting guidelines.

Use of estimates – The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Estimates include contractual allowances related to net patient service revenue, provision for uncollectible accounts, fair market values of investments, uninsured losses for professional liability, minimum pension liability, workers' compensation liability, post-retirement medical benefits liability, valuation of gift annuities and beneficial interest in charitable remainder unitrusts, and useful lives of capital assets. Actual results could differ from those estimates.

Cash and cash equivalents – Cash and cash equivalents include deposits with financial institutions, and investments in highly liquid debt instruments with an original maturity of three months or less. In addition, in fiscal years 2021 and 2020, cash and cash equivalents include repurchase agreements, which consist of highly liquid obligations of U.S. governmental agencies. Cash and cash equivalents exclude amounts whose use is limited by board designation or by legal restriction.

Investments – Investments consist primarily of highly liquid debt instruments and other short-term interest-bearing certificates of deposit, U.S. Treasury bills, U.S. government obligations, hedge funds, hedge fund of funds, and corporate debt, excluding amounts whose use is limited by board designation or other arrangements under trust agreements.

Board-designated and restricted funds include assets set aside by the Board of Directors (the "Board") for future capital improvements and other operational reserves, over which the Board retains control and may at its discretion use for other purposes; assets set aside for qualified capital outlay projects in compliance with state law; and assets restricted by donors or grantors.

Investment income, realized gains and losses, and unrealized gains and losses on investments are reflected as nonoperating revenue or expense.

Funds held by trustee – According to the terms of both indenture agreements (General Obligation and Revenue Bonds), these amounts are held by the bond trustee and paying agent and are maintained and managed by an investment manager or the trustee. These assets are available for the settlement of future current bond obligations and capital expenditures.

Capital assets □ Capital asset acquisitions are recorded at cost. Donated property is recorded at its fair market value on the date of donation. All purchases over □2,500 are capitalized. Equipment under capital lease is amortized on the straight-line basis over the shorter of the lease term or the estimated useful life of the equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the related assets. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Land improvements	16 years
Buildings and fixtures	25 to 4□ years
Equipment	3 to 16 years

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Impairment losses on capital assets are measured using the method that best reflects the diminished service utility of the capital asset.

Except for capital assets acquired through gifts, contributions, or capital grants, interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Prepaid expenses and other current assets □ Prepaid expenses and other current assets consist primarily of premiums paid in advance, inventories, dues, and other receivables related to new capitation and hospitalist contracts associated with Silicon Valley Medical Development. Prepaid expenses and other current assets consisted of the following at June 30:

	2021	2020
Inventory	□ 13,□65	□ 13,690
County of Santa Clara receivable	-	□,4□8
Prepaid expense and other deposits	9,920	8,8□6
Other receivables	8,525	6,420
	□ 32,210	□ 36,464

Investments in healthcare affiliates □ The Hospital holds an interest in Pathways Home Health & Hospice (□Pathways□), and five Satellite Dialysis Centers, which are reported using the equity method of accounting.

Affiliate	Percent interest
Pathways	50□
Satellite Dialysis	30□

Deferred outflows and inflows □ The District records deferred outflows or inflows of resources in its consolidated financial statements for consumption or acquisition of its consolidated net position that is applicable to a future reporting period. These financial statement elements are distinct from assets and liabilities.

	2021	2020
Deferred outflows of resources as of June 30:		
Loss on defeasance of bonds payable	□ 11,□61	□ 12,361
Deferred outflows of resources - employee benefit plan contribution	□,000	3,300
Deferred outflows of resources - goodwill	2,324	3,232
Deferred outflows - actuarial, employee benefit plan	915	1,244
Deferred outflows - actuarial, post-retirement medical benefit	90	61□
Total	□ 22,090	□ 20,□54
Deferred inflows of resources as of June 30:		
Deferred inflows of resources - charitable remainder unitrusts	□ 4,522	□ 3,893
Deferred inflows - actuarial, employee benefit plan	41,141	26,456
Deferred inflows - actuarial, post-retirement medical benefit	198	350
Total	□ 45,861	□ 30,699

Risk management □ The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Self□insurance plans □ The Hospital maintains professional liability insurance on a claims-made basis, with liability limits of □40,000,000 in aggregate, which is subject to a □50,000 deductible. Additionally, the Hospital is self-insured for workers□compensation benefits. The Hospital purchases a Workers□Compensation Excess Policy that insures claims greater than □1,000,000 with a limit of statutory and a □1,000,000 deductible. Actuarial estimates of uninsured losses for professional liability and workers□compensation have been accrued as other current liabilities and workers□ compensation, net of current portion, respectively, in the accompanying consolidated financial statements.

The following is a summary of changes in workers□compensation liabilities for the years ended June 30 (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2021	□ 18,□82	□ 2,82□	□ 2,30□	□ 19,302	□ 2,300

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2020	□ 20,□32	□ 893	□ 2,843	□ 18,□82	□ 2,300

Compensated absences – Vested or accumulated vacation and sick leave are recorded as an expense and liability of the Hospital as the benefits accrue to employees. For most employees, the maximum accumulated vacation is 400 hours. Sick leave is accumulated indefinitely at a maximum of 40 hours for a full-time employee per year, and is not vested with the employee upon termination.The following is a summary of changes in compensated absences transactions for the years ended June 30, (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2021	$ 28,124	$ 52,815	$ 4□,□42	$ 33,19□	$ 33,19□

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2020	$ 26,502	$ 51,435	$ 49,813	$ 28,124	$ 28,124

Medicare accelerated payments and CARES Act grant – On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. Management is closely monitoring the evolution of this pandemic, including how it may affect operations and the general population. Management has not yet determined the full financial impact of these events. Centers for Medicare & Medicaid Services ("CMS") distributed $50 billion of the $100 billion in the form of grants to hospitals. The Hospital received approximately $19.0 million of provider relief funds for the year ended June 30, 2020, included as "Provider Relief Fund revenue" (nonoperating revenue) in the consolidated statement of revenues, expenses, and changes in net position, and will have to submit reports documenting lost revenue and expenses incurred to support the grant funds, among other terms and conditions. There were no additional funds received for the year ended June 30, 2021.

Separately, CMS initiated an Accelerated Payment Program to hospitals. The Accelerated Payments represent advance payments for services to be provided and were based on a hospital's historical Medicare volume. In April 2020, the Hospital received approximately $□5.1 million in Accelerated Payments. CMS began recoupment of these accelerated payments in April 2021 and will continue to recoup the accelerated payments from billings for services rendered until they are fully repaid. Any accelerated payments still open after 29 months from receipt will be charged interest at 4%. As of June 30, 2021 and 2020, the Hospital had $65.6 million and $□5.1 million, respectively, in accelerated payments, included in Medicare accelerated payments in the consolidated statement of financial position as of June 30, 2021. During the year ended June 30, 2021, approximately $9.5 million had been recouped.

Interest rate swap agreements – During the fiscal year ended June 30, 200□, the Hospital entered into derivative instruments in the form of three swap agreements to hedge variable interest rate exposure. During the fiscal year ended June 30, 2008, the underlying variable rate debt was refunded for fixed rate debt, leaving the Hospital with speculative derivative instruments that largely offset the variable rate debt issued in 2009. Two of these swaps were terminated in the fiscal year ended June 30, 2010. Refer to Note 10 for a full description of the interest rate swap agreements.

Net position – Net position of the District is classified as invested in capital assets, restricted-expendable, restricted-nonexpendable, and unrestricted net position.

Invested in capital assets, net of related debt – Invested in capital assets of $592,836,000 and $595,488,000 at June 30, 2021 and 2020, respectively, represent investments in all capital assets (building and building improvements, furniture and fixtures, and information and technology equipment), net of depreciation less any debt issued to finance those capital assets.

Restricted expendable – The restricted-expendable net position is restricted through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation and includes assets in self-insurance trust funds, revenue bond reserve fund assets, and net position restricted to use by donors.

Restricted nonexpendable – The restricted-nonexpendable net position is equal to the principal portion of permanent endowments.

Unrestricted net position – Unrestricted net position consists of net position that does not meet the definition of invested in capital assets, net of related debt, or restricted.

Statements of revenues, expenses, and changes in net position – For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provisions of healthcare services are reported as revenues and expenses. Peripheral or incidental transactions are reported as gains and losses. These peripheral activities include investment income, property tax revenue, gifts, grants and bequests, change in net unrealized gains and losses on short-term investments, unrealized losses or gains on interest rate swaps, and nonexchange contributions received from the Foundation's fundraising activities and are reported as nonoperating. Investments in Pathways Home Health & Hospice and Satellite Dialysis of Mountain View, LLC, are accounted for under the equity method. The Hospital's share of the operating income of these entities is included as other, net in the consolidated financial statements.

Net patient service revenue and patient accounts receivable – Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered, and adjusted in future periods as final settlements are determined. The distribution of net patient accounts receivable by payor is as follows:

	June 30, 2021	June 30, 2020
Medicare	13%	14%
Medi-Cal	3%	2%
Commercial and other	83%	83%
Self pay	1%	1%
	100%	100%

Provision for uncollectible accounts – The Hospital provides care to patients without requiring collateral or other security. Patient charges not covered by a third-party payor are billed directly to the patient if it is determined that the patient has the ability to pay. A provision for uncollectible accounts is recognized based on management's estimate of amounts that ultimately may be uncollectible.

Charity care – The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amount of estimated costs for services and supplies furnished under the Hospital's charity care policy aggregated approximately $2,586,000 and $2,362,000 for the years ended June 30, 2021 and 2020, respectively.

Property tax revenue – The District received approximately 9% in 2021 and 23% in 2020 of its total increase in net position from property taxes. These funds were designated as follows (in thousands):

	2021	2020
Designated to support community benefit programs and operating expenses	$ 9,532	$ 9,1[illegible]0
Designated to support capital expenditures	$ 11,129	$ 9,[illegible]06
Levied for debt service	$ 11,803	$ 10,493

Property taxes are levied by the County of Santa Clara on the District's behalf on January 1 and are intended to finance the District's activities of the same calendar year. Amounts levied are based on assessed property values as of the preceding July 1. Property taxes are considered delinquent on the day following each payment due date. Property taxes are recorded as nonoperating revenue by the District when they are earned.

Grants and contributions – From time to time, the District receives grants as well as contributions from individuals and private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues.

Income taxes – The District operates under the purview of the Internal Revenue Code (the "Code"), Section 115, and corresponding California Revenue and Taxation Code provisions. As such, it is not subject to state or federal taxes on income. CONCERN has also been granted tax-exempt status. However, income from the unrelated business activities of the Hospital and the Foundation is subject to income taxes. ECSC and SVMD are limited liability companies and are treated as pass-through entities for federal income tax purposes. Accordingly, no recognition has been given to federal income taxes in the accompanying consolidated financial statements.

New accounting pronouncements – The GASB issued Statement No. 84, *Fiduciary Activities* ("GASB No. 84"), which provides improved guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The GASB also issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation* ("GASB No. 97"). GASB 97 amends the criteria for reporting governmental fiduciary component units – separate legal entities included in a government's financial statements. GASB 97 clarifies rules related to reporting of fiduciary activities under Statements No. 14 and No. 84 for defined contribution plans and to enhance the relevance, consistency, and comparability of the accounting and financial reporting of IRC Code section 457 plans that meet the definition of a pension plan. The District adopted GASB No. 84 and GASB No. 97 in the current fiscal year and has reflected the activities of the Cash Balance Plan and OPEB Plan funds in the accompanying statements of fiduciary net position and statements of changes in fiduciary net position.

The GASB also issued GASB Statement No. 87, *Leases* ("GASB No. 87"), which intends to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB No. 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB No. 95 extended the effective date for GASB No. 87 to reporting periods beginning July 1, 2021. The District is currently assessing the impact of this standard on the District's consolidated financial statements.

The GASB also issued GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* ("GASB No. 89"). GASB No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB No. 95 extended the effective date for GASB No. 89 to reporting periods beginning July 1, 2021. The District is currently assessing the impact of this standard on the District's consolidated financial statements.

The GASB also issued GASB Statement No. 91, *Conduit Debt Obligation* ("GASB No. 91"). GASB No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB No. 95 extended the effective date for GASB No. 91 to reporting periods beginning July 1, 2022. The District is currently assessing the impact of this standard on the District's consolidated financial statements.

The GASB also issued Statement No. 93, *Replacement of Interbank Offered Rates* ("GASB No. 93"). GASB No. 93 establishes accounting and reporting requirements related to the replacement of Interbank Offered Rates such as the London Interbank Offered Rate ("LIBOR") for hedging derivative instruments. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form after December 31, 2021. The requirements of this statement, except for paragraphs 11b, 13, and 14, are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. GASB No. 95 extended the effective date for paragraphs 13 and 14 to fiscal years beginning after June 15, 2021. The District is currently assessing the impact of this standard on the District's consolidated financial statements.

NOTE 2 – OPERATING REVENUES

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, fee schedules, prepaid payments per member, and per diem payments or a combination of these methods. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated settlements under reimbursement agreements with third-party payors.

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Inpatient services are paid at prospectively determined rates per discharge. Payments for outpatient services are based on a stipulated amount per procedure. The Hospital is reimbursed for cost reimbursable items at a tentative rate, with final settlements determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The effect of updating prior-year estimates for Medicare and other liabilities was to decrease 2021 income from operations by $5,519,000, and increase 2020 income from operations by $2,068,000. The Hospital's cost reports have been audited by the Medicare fiscal intermediary through June 30, 201[illegible].

Non-Designated Public Hospitals ("NDPHs"), including the Hospital, were authorized, in 2011's Assembly Bill ("AB") 113, to use intergovernmental transfers ("IGTs") to obtain federal supplemental funds for Medi-Cal inpatient fee-for-service. The IGTs are used to bring NDPHs, in the aggregate, up to their upper payment limit ("UPL"). The UPL is the federal maximum available under the Medicaid program, as calculated based on the actual costs of providing care. For the years ended June 30, 2021 and 2020, the Hospital recognized amounts under the IGT program of $12,9[illegible]4,000 and $9,615,000, respectively, which have been reported as net patient service revenue.

Medi-Cal and contracted rate payors are paid on a percentage of charges, per diem, per discharge, fee schedule, or a combination of these methods.

Laws and regulations governing the Medicare and Medi-Cal programs are complex and are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term.

Other revenues for the year ended June 30, consisted of the following:

	2021	2020
Rental income	$ 13,496	$ 13,242
Prime IGT	3,616	5,244
SVMD other revenue	9,043	14,095
Concern & SVMD capitated revenue	11,843	11,565
Other operating revenue	4,223	4,294
	$ 42,221	$ 48,440

NOTE 3 – CASH DEPOSITS

At June 30, 2021 and 2020, District cash deposits had carrying amounts of $161,915,000 and $235,381,000, respectively, and bank balances of $167,845,000 and $242,759,000, respectively. All of these funds were held in cash deposits, which are collateralized with the California Government Code ("CGC"), except for $250,000 per account that is federally insured by the Federal Deposit Insurance Corporation ("FDIC").

The District participated in a cash management program provided by its primary depository institution that allows cash in District concentration accounts to be swept daily and invested overnight in reverse agreements that are not exposed to custodial credit risk because the underlying securities are held by the buyer-lender.

NOTE 4 – BOARD-DESIGNATED FUNDS, FUNDS HELD BY TRUSTEE, RESTRICTED FUNDS, AND INVESTMENTS

Board-designated funds, funds held by trustee, restricted funds, and short-term investments, collectively, as of June 30, 2021 and 2020, comprised the following (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value
2021				
Cash and cash equivalents	$ 106,812	$ -	$ -	$ 106,812
Mutual funds	299,020	190,509	-	489,529
Real estate funds	60,736	17,824	(23)	78,537
Hedge funds	180,072	36,628	(4,102)	212,598
Equities	57,211	20,811	(327)	77,695
Fixed income securities	561,274	23,931	(1,890)	583,315
	$ 1,265,125	$ 289,703	$ (6,342)	$ 1,548,486

2020				
Cash and cash equivalents	□ 104,5□8	□ 2	□ (2)	□ 104,5□8
Mutual funds	282,569	109,503	(13,980)	3□8,092
Real estate funds	26,302	2,815	-	29,11□
Hedge funds	14□,□0□	16,899	(6,3□0)	158,236
Equities	35,062	6,350	(3,04□)	38,365
Fixed income securities	446,802	22,9□5	(2,9□1)	466,806
	□ 1,043,020	□ 158,544	□ (26,3□0)	□ 1,1□5,194

At June 30, 2021, investment balances and average maturities were as follows:

Investment Type	Fair Value (in thousands)	Investment Maturities (in years) Less than 1	1 to 5	6 to 10	More than 10
Short-term money market	□ 10□,614	□ 10□,614	□ -	□ -	□ -
Government and agencies	383,153	52,241	165,644	32,□33	132,535
Corporate bonds	15□,451	19,499	□3,689	25,560	38,□03
Domestic fixed income	41,909	528	21,4□0	11,380	8,531
	690,12□	□ 1□9,882	□ 260,803	□ 69,6□3	□ 1□9,□69
Equities	□□,695				
Mutual funds	489,529				
Real estate funds	□8,53□				
Hedge funds	212,598				
Total	□ 1,548,486				

At June 30, 2020, investment balances and average maturities were as follows:

Investment Type	Fair Value (in thousands)	Investment Maturities (in years) Less than 1	1 to 5	6 to 10	More than 10
Short-term money market	□ 105,885	□ 105,885	□ -	□ -	□ -
Government and agencies	213,□60	1□,446	66,665	8,3□9	121,2□0
Corporate bonds	196,925	20,□20	95,3□2	21,120	59,□13
Domestic fixed income	54,814	20,085	12,431	12,19□	10,101
	5□1,384	□ 164,136	□ 1□4,468	□ 41,696	□ 191,084
Equities	38,365				
Mutual funds	3□8,092				
Real estate funds	29,11□				
Hedge funds	158,236				
Total	□ 1,1□5,194				

Interest rate risk □ Through its investment policies, the District manages its exposure to fair value losses arising from increasing interest rates by limiting duration of fixed-income securities in its portfolio to no more than 30□ of the designated benchmark.

Credit risk – District investment policies require fixed income investments to have a minimum of 85% of a money manager's assets in investment grade assets. The investment policy requires investment managers maintain an average of A- or higher ratings as issued by a nationally recognized rating organization. Additionally, the investment policy requires no more than 5% of a money manager's portfolio at the time of purchase shall be invested in the securities of any one issuer, with the exception of a United States government agency, agency MBS, or other Sovereign issues rated AAA or Aaa.

Foreign currency risk – The District's investment policy permits it to invest up to 30% of total investments in foreign currency denominated investments.

Alternative investments risk – The District's alternative investments include ownership interest in a wide variety of partnership and fund structures that may be domestic or offshore. Generally, there is little or no regulation of these investments by the Securities and Exchange Commission or U.S. state attorneys general. These investments employ a wide variety of strategies including absolute return, hedge, venture capital, private equity, and other strategies. Investments in this category may employ leverage to enhance the investment return. The District's holdings can include financial assets such as marketable securities, nonmarketable securities, derivatives, and synthetic and structured instruments; real assets; tangible and intangible assets; and other funds and partnerships. Generally, these investments do not have a ready market. Interest in these investments may not be traded without approval of the general partner or fund management.

Alternative investments are subject to all of the risks described previously relating to equities and fixed-income instruments. In addition, alternative strategies and their underlying assets and rights are subject to a broad array of economic and market vagaries that can limit or erode value. The underlying assets may not be held by a custodian either because they cannot be, or because the entity has chosen not to hold them in this form. Valuations determined by the investment manager, who has a conflict of interest in that he or she is compensated for performance, are considered and reviewed by the District's Investment Committee and the Board of Directors. Real assets may be subject to physical damage from a variety of means, loss from natural causes, theft of assets, lawsuits involving rights, and other loss and damage including mortgage foreclosure risk. These risks may not be insured or insurable. Tangible assets are subject to loss from theft and other criminal actions and from natural causes. Intangible assets are subject to legal challenge and other possible impairment.

The carrying amount of deposits and investments are included in the District's consolidated statements of net position as follows (in thousands):

	2021	2020
Included in the following consolidated statement of net position captions:		
Short-term investments	$ 294,690	$ 225,840
Current portion of board designated and funds held by trustee	18,657	26,495
Board designated, funds held by trustee, and restricted funds, less current portion	1,235,139	922,859
Total carrying amount of deposits and investments	$ 1,548,486	$ 1,175,194

NOTE 5 – FAIR VALUE

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the consolidated statements of net position at June 30, 2021 and 2020, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Mutual funds: Shares of mutual funds are valued at the net asset value ("NAV") of shares held by the District and are valued at the closing price reported on the active market on which the individual securities are traded.

Common stock: Common stock is valued at the closing price reported on the active market on which the individual securities are traded.

Asset-backed securities: Asset-backed securities are valued via model using various inputs such as but not limited to daily cash flow, U.S. Treasury market, floating rate indices such as LIBOR and Prime as a benchmark yield, spread over index, periodic and life caps, next coupon adjustment date, and convertibility of the bond.

Corporate bonds, foreign bonds, and municipal bonds: Valued using pricing models maximizing the use of observable inputs for similar securities which includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

U.S. government securities: Fixed income funds are valued at the NAV of shares held by the District and are valued at the closing price reported on the active market on which the individual securities are traded.

Pooled, common & collective trusts: Investments are valued using the NAV of the fund. The NAV of a pooled or collective investment fund is calculated based on a compilation of primarily observable market information. The number of units of the fund that are outstanding on the calculation date is derived from observable purchase and redemption activity in the fund.

Hedge funds: The fair value of the investments is recorded at the investment manager's net asset values, as determined by the fund administrator and subsequently audited by an external third party. The administrator has the appropriate expertise to determine the NAV. The District assesses the NAV and takes into consideration events such as suspended redemptions, restructuring, secondary sales, and investor defaults to determine if an adjustment is necessary. Additionally, asset holdings are reviewed within investment managers' audited financial statements.

Limited Liability Company and Limited Partnership Interests: The valuation of partnership interests may require significant management judgement. The District's ownership is based upon their percentage of limited partnership interests divided by the total commitment of the fund. Specifically, inputs used to determine fair value include financial statements provided by the investment partnerships, which typically include fair market value capital account balances.

Interest rate swaps: The fair value is estimated by a third party using inputs that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Beneficial interest in charitable remainder unitrusts: The beneficial interest in charitable remainder unitrusts is measured at fair value, which is estimated as the present value of the expected future cash flows from trusts.

The following table presents the fair value measurements of financial instruments for the consolidated District financials, recognized in the accompanying consolidated statements of net position measured at fair value on a recurring basis and the level within the GASB No. □2 fair value hierarchy in which the fair value measurements fall at June 30 (in thousands):

Description	Level 1	Level 2	Level 3	2021
Investments by fair value level				
Asset backed securities				
Corporate backed obligations	□ -	□ 1□,31□	□ -	□ 1□,31□
Mortgage backed obligations	-	30,013	-	30,013
Mutual funds - taxable	-	24,248	-	24,248
U.S. Government Mortgage Pool	-	□5,84□	-	□5,84□
Common stock				
ADR & U.S. foreign stock	-	6,21□	-	6,21□
Consumer discretionary	15,566	-	-	15,566
Consumer staples	3,□91	-	-	3,□91
Energy	□,255	-	-	□,255
Financial services industry	15,024	-	-	15,024
Healthcare industry	6,4□4	-	-	6,4□4
Industrials	10,992	-	-	10,992
Information Technology	8,554	-	-	8,554
Other	3,821	-	-	3,821
Corporate, municipal and foreign bonds				
Corporate bonds	-	15□,451	-	15□,451
Private placements	41,909	-	-	41,909
Municipal taxable	-	4,239	-	4,239
Preferred stocks	1,3□8	-	-	1,3□8
Mutual funds				
Mutual funds - equity	489,529	-	-	489,529
U.S. Government securities				
U.S. Treasury notes and bonds	246,022	-	-	246,022
Limited Partnership Interests	-	-	30,128	30,128
Total investments by fair value level	□ 850,315	□ 315,332	□ 30,128	1,195,□□5
Cash equivalents				106,5□6
Investments measured at NAV				
Pooled, common & collective trusts				3□,609
Equity hedge funds				66,641
Credit hedge funds				26,116
Macro hedge funds				24,164
Relative value hedge funds				89,266
Fixed income limited partnership				2,339
Total investments measured at NAV				246,135
Total investments				□ 1,548,486
Beneficial interest in charitable remainder unitrusts	□ -	□ -	□ 4,522	□ 4,522
Interest rate swap	□ -	□ (□,923)	□ -	□ (□,923)

Description	Level 1	Level 2	Level 3	2020
Investments by fair value level				
Asset backed securities				
Corporate backed obligations	$ -	$ 15,013	$ -	$ 15,013
Mortgage backed obligations	-	35,0□0	-	35,0□0
Mutual funds - taxable	-	18,886	-	18,886
U.S. Government Mortgage Pool	-	80,653	-	80,653
Common stock				
ADR & U.S. foreign stock	-	3,401	-	3,401
Customer discretionary	6,990	-	-	6,990
Energy	3,225	-	-	3,225
Financial services industry	□,□45	-	-	□,□45
Healthcare industry	2,8□□	-	-	2,8□□
Information Technology	4,608	-	-	4,608
Other	9,518	-	-	9,518
Corporate, municipal and foreign bonds				
Corporate bonds	-	180,833	-	180,833
Private placements	-	36,2□□	-	36,2□□
Municipal taxable	-	5,0□1	-	5,0□1
Mutual funds				
Mutual funds - equity	3□8,092	-	-	3□8,092
U.S. Government securities				
U.S. Treasury notes and bonds	95,005	-	-	95,005
Limited Partnership Interests	-	-	22,□□8	22,□□8
Total investments by fair value level	$ 508,060	$ 3□5,204	$ 22,□□8	906,042
Cash equivalents				104,□81
Investments measured at NAV				
Pooled, common & collective trusts				18,11□
Equity hedge funds				63,696
Credit hedge funds				15,66□
Macro hedge funds				20,411
Relative value hedge funds				43,834
Fixed income limited partnership				2,646
Total investments measured at NAV				164,3□1
Total investments				$ 1,1□5,194
Beneficial interest in charitable remainder unitrusts	$ -	$ -	$ 3,893	$ 3,893
Interest rate swap	$ -	$ (10,862)	$ -	$ (10,862)

The following table provides the fair value and redemption terms and restrictions for investments redeemable NAV at June 30 (in thousands):

	2021 Fair Value	2020 Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice
Pooled, common & collective trusts	$ 3[illegible],609	$ 18,11[illegible]	$ -	Monthly	30 days
Equity hedge funds	66,641	63,696	-	Quarterly	90 days
Credit hedge funds	26,116	15,66[illegible]	-	Monthly, Quarterly	15 to 60 days
Macro hedge funds	24,164	20,411	-	Monthly, Quarterly	5 to 90 days
Relative value hedge funds	89,266	43,834	-	Quarterly, Annually	45 days
Fixed income limited partnership	2,339	2,646	-	Monthly	1 day
Total investments measured at NAV	$ 246,135	$ 164,3[illegible]1	$ -		
Limited Partnership Interests	$ 30,128	$ 22,[illegible]8	$ 29,531	n/a	n/a

Pooled, common & collective trusts – includes investments that invest in domestic equity. Investments are valued using the NAV per share of the fund. The NAV per share is based on the value of the underlying assets owned by the fund, minus its liabilities, divided by the number of shares outstanding.

Equity hedge funds – includes investments that employ both long and short strategies primarily in common stocks. Equity hedge strategies typically have a directional bias (long or short) and trade in equities and equity related derivatives. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 18% of the value of the investments in this type include restrictions such as certain classes with side pocket investments which may only be redeemed upon realization of the underlying investments.

Credit hedge funds – includes investments that is comprised of distressed securities, credit long/short, emerging market debt and credit event driven. Credit hedge strategies typically have a directional bias and involve the purchase of various types of debt, equity, trade claims and fixed income securities. The fair values of the investments in this type have been determined using the NAV per share of the investments. All of the investments in this type include restrictions that do not allow for redemptions in the first year after acquisition and other imposed gates.

Macro hedge funds – includes investments that invests in global macro, managed futures, commodities and currencies. Macro hedge strategies typically have a directional bias and involve the purchase of a variety of securities and/or derivatives related to major markets. Managed future strategies trade similar instruments but are typically implemented by computerized system. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 4[illegible] of the value of the investments in this type include restrictions such as certain classes with side pocket investments which may only be redeemed upon realization of the underlying investments.

Relative value hedge funds – includes investments that typically does not display a distinct directional bias. Relative value encompasses a range of strategies covering different asset classes. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. Less than 1% of the value of the investments may include lock up, imposed gates, and other restrictions that preclude them from redeeming their share or ownership interest for an uncertain or extended period of time from the measurement date.

Fixed-income limited partnership □ includes investments in a limited partnership fund of funds that invest primarily in investment grade non-U.S. dollar denominated fixed income securities. The fund may enter into swap agreements, forward settlement agreements, futures, contracts, and options on future contracts as well as purchase and sell covered put and call options. Investments are valued using the NAV per share of the fund. There is a provision in the limited partnership agreement that allows the general partner to limit redemption under certain circumstances.

Limited partnership interests □ investments in closed-end, commitment based private equity real estate partnerships. The valuation of partnership interests in these funds may require significant management judgement. The District's ownership is based upon their percentage of limited partnership interests divided by the total commitment of the fund. Inputs used to determine fair value include financial statements provided by the investment partnerships, which typically include fair market value capital account balances. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund.

The following table presents the fair value measurements of financial instruments recognized in the accompanying fiduciary statements of net position measured at fair value on a recurring basis and the level within the GASB No. □2 fair value hierarchy in which the fair value measurements fall at June 30 (in thousands):

	2021			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	□ 3,88□	□ -	□ -	□ 3,88□
Common stock	23,649	-	-	23,649
Corporate bonds	-	5,304	-	5,304
Mutual funds	230,806	-	-	230,806
U.S. government securities	3,310	-	-	3,310
Total assets in the fair value hierarchy	□ 261,652	□ 5,304	□ -	266,956
Investments measured at NAV practical expedient				69,592
Total assets, at fair value				□ 336,548

	2020			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	□ 3,118	□ -	□ -	□ 3,118
Common stock	21,921	-	-	21,921
Corporate bonds	-	5,119	-	5,119
Mutual funds	200,645	-	-	200,645
U.S. government securities	3,954	-	-	3,954
Total assets in the fair value hierarchy	□ 229,638	□ 5,119	□ -	234,□5□
Investments measured at NAV practical expedient				59,□13
Total assets, at fair value				□ 294,4□0

The following table provides the fair value and redemption terms and restrictions for investments redeemable NAV at June 30 (in thousands), for the fiduciary funds investments:

	Fair value June 30, 2021	Fair value June 30, 2020	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited Liability Company	□ 49,391	□ 39,023	□ -	Monthly/Semi-Annual	90 days
Common Collective Trust	9,158	8,008	-	Daily	Quarterly
Partnerships	11,043	12,682	9,981	No redemptions	N/A
	□ 69,592	□ 59,□13			

NOTE □□CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, was as follows (in thousands):

	Balance June 30. 2020	Increases	Decreases	Balance June 30. 2021
Capital assets not being depreciated				
Land	□ 92,904	□ 1,821	□ -	□ 94,□25
Construction in progress	489,848	-	420,34□	69,501
	582,□52	1,821	420,34□	164,226
Capital assets being depreciated				
Land improvement	15,□68	3,433	-	19,201
Buildings	850,□56	449,□25	-	1,300,481
Capital equipment	399,24□	2□,306	42	426,511
	1,265,□□1	480,464	42	1,□46,193
Less accumulated depreciation for				
Land improvement	11,891	6□0	-	12,561
Buildings	358,983	39,080	-	398,063
Capital equipment	311,613	2□,938	42	339,509
	682,48□	6□,688	42	□50,133
Total capital assets being depreciated, net	583,284	412,□□6	-	996,060
Total capital assets, net	□ 1,166,036	□ 414,59□	□ 420,34□	□ 1,160,286

Capital assets activity for the year ended June 30, 2020, was as follows (in thousands):

	Balance June 30. 2019	Increases	Decreases	Balance June 30. 2020
Capital assets not being depreciated				
Land	□ 92,904	□ -	□ -	□ 92,904
Construction in progress	391,005	98,843	-	489,848
	483,909	98,843	-	582,□52
Capital assets being depreciated				
Land improvement	15,□68	-	-	15,□68
Buildings	836,052	14,□04	-	850,□56
Capital equipment	389,595	9,99□	345	399,24□
	1,241,415	24,□01	345	1,265,□□1
Less accumulated depreciation for				
Land improvement	10,639	1,252	-	11,891
Buildings	332,94□	26,036	-	358,983
Capital equipment	285,245	26,□50	382	311,613
	628,831	54,038	382	682,48□
Total capital assets being depreciated, net	612,584	(29,33□)	(3□)	583,284
Total capital assets, net	□ 1,096,493	□ 69,506	□ (3□)	□ 1,166,036

Construction contracts of approximately □□41,000,000 was approved for various projects, including the construction of the four major projects at the Mountain View campus of the Integrated Medical Office Building (□IMOB□), Behavior Health Services replacement building, North Drive parking structure expansion, and Women□s Hospital Expansion, as well as continued improvements at the Los Gatos site for the Imaging department, medical office building, and seismic upgrades. At June 30, 2021, the remaining commitment on these contracts approximated □193,000,000.

Capitalized interest was □0 and □□,528,000 for the years ended June 30, 2021 and 2020, respectively.

NOTE □ □EMPLO□EE □ENE□IT PLANS

The Hospital sponsors a cash-balance pension plan (the □Cash Balance Plan□), which has been in effect since January 1, 1995. The Plan covers employees who are 21 years of age and have completed one year of credited service. Participants are entitled to a lump-sum distribution or monthly benefits at age 65 based on a predetermined formula that considers years of service and compensation. Effective July 1, 1999, employer benefits are calculated as 5□ of a participant□s annual plan compensation, and the annual interest is an indexed rate based on the return on 10-year U.S. Treasury securities. Participants are fully vested in their account balances after five pension years.

Participant accounts □ The Cash Balance Plan maintains □participant account balances□ equal to a participant□s account balance established as of January 1, 1995, upon the conversion to the cash-balance formula, plus subsequent contribution credits and interest credits related to the participant□s accumulated cash balance, participant match contribution credits, and participant match interest credits.

Contribution credits of 5% of eligible compensation for the year are credited to a participant's account as of the last day of the Cash Balance Plan year. Each year, interest credits related to a participant's cash balance are credited to the participant's account in an amount that is equal to a percentage of a participant's account balance at the beginning of the Cash Balance Plan year. The percentage rate used is the annual rate of return on 10-year treasury securities in effect for the third month (October) immediately preceding the first day of the applicable Cash Balance Plan year. The rates credited were 3.15% and 2.36% for the years beginning January 1, 2020 and 2019, respectively.

Employee contributions – Contributions by participants are not required or permitted by the Cash Balance Cash Balance Plan.

Employer contributions – The Hospital's funding policy is to contribute amounts to the Cash Balance Plan necessary to meet minimum funding requirements. The Hospital's contributions for 2019 and 2018 exceeded the minimum funding requirements of the Employee Retirement Income Security Act of 1974 ("ERISA").

Although it has not expressed any intention to do so, the Hospital has the right under the Cash Balance Plan to discontinue its contributions at any time and to terminate the Cash Balance Plan subject to the provisions set forth in ERISA.

Eligibility – Hospital employees are eligible to participate on the first day of the month succeeding the later of the date on which they complete one year of service, which is defined as working 12 months for a minimum of 1,000 hours, and they reach age 21.

Funding policy – The amount of employer contributions is determined based on actuarial valuations and recommendations as to the amounts required to fund benefits. Contributions are made by the Hospital based on the results of the actuarial recommendations. The Hospital intends to make contributions in amounts not less than the minimum required by the funding standards of ERISA and is required to keep the Cash Balance Plan qualified under Section 401(a) of the IRC. Participants are not permitted to contribute to the Cash Balance Plan.

Vesting – Participants are fully vested with their third year of service.

Pension benefits – Monthly benefit payments, based upon a formula described in the Cash Balance Plan document, commence within 30 days of the normal retirement date, early retirement date, or deferred retirement date. A participant may elect to defer retirement past the normal retirement age, which will result in benefits greater than 100%, based on a published scale. The eligibility requirement for early retirement is age 55. Early retirement benefits are calculated by multiplying the accrued benefit as of the early retirement date by a percentage defined in the Cash Balance Plan document.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are 2.00% compounded annually.

On termination of service, a participant may elect to receive either a lump-sum amount equal to the value of the participant's account balance or annuity payments based upon formulas described in the Cash Balance Plan document.

Death Benefits – The Cash Balance Plan provides death benefits in the form of a qualified pre-retirement survivor annuity for life equal to the annuity that would have been payable to the spouse if the participant had retired on the day preceding the participant's death. At the option of the beneficiary, the benefit may be paid in a lump-sum.

Basis of accounting – The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental units, using the accrual method of accounting. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein; disclosure of contingent assets and liabilities; and the actuarial present value of accumulated Cash Balance Plan benefits, at the date of the financial statements. Actual results could differ from those estimates.

Investment valuation – The Cash Balance Plan's investments are stated at fair value, as certified by the Cash Balance Plan's custodian, based generally on quoted market prices.

Fair value is the price that would be received to sell an asset or paid to transfer a liability (the "exit price") in an orderly transaction between market participants at the measurement date. See Note 6 for discussion of fair value measurements.

Income recognition – Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The net appreciation or depreciation in fair value of investments consists of both the realized gains or losses and unrealized appreciation (depreciation) of those investments.

Benefits paid to participants – Benefit payments to participants are recorded upon distribution.

Administrative expenses – Administrative fees, such as custodian, actuarial, and certain other administrative expenses, may be paid by the Cash Balance Plan or the Hospital.

The Hospital's net pension asset was measured as of June 30, 2021 and 2020, as determined by an actuarial valuation as of December 31, 2020 and 2019, rolled forward to June 30, 2021 and 2020, respectively.

Certain retired and terminated employees and certain participants covered by a collective bargaining agreement continue to participate under provisions of a defined-benefit retirement plan in effect prior to January 1, 1995. Participant data for the Plan, as of the measurement date January 1 for the indicated years is as follows:

	2021	2020
Active	3,001	2,824
Retirees and beneficiaries	600	592
Vested terminated	982	9[illegible]3
Total participants	4,583	4,389

Components of pension cost and deferred outflows and inflows of resources as calculated under the requirements of GASB No. 68 are as follows (in thousands):

	2021	2020
Deferred outflows of resources as of June 30:		
Difference between expected and actual experience	□ 915	□ 1,244
Total	□ 915	□ 1,244
Deferred inflows of resources as of June 30:		
Difference between expected and actual experience	□ (2,930)	□ (2,834)
Changes in assumptions	(3,□32)	(4,885)
Difference between projected and actual investment earnings	(34,4□9)	(18,□3□)
Total	□ (41,141)	□ (26,456)
Contributions between the measurement date and fiscal year end recognized as a deferred outflow of resources	□ □,000	□ 3,300

Amounts reported as deferred outflows and inflows of resources to pensions will be recognized in pension expense are as follows (in thousands):

2022	□ (12,855)
2023	(8,□11)
2024	(12,156)
2025	(5,813)
2026	(465)
Thereafter	(226)
	□ (40,226)

The following table summarizes changes in pension liability for fiscal years ended June 30, 2021 and 2020, with a measurement date of December 31, 2020 and 2019, respectively, (in thousands):

	2021	2020
Service cost	□ 10,166	□ 9,6□5
Interest	13,206	12,□44
Differences between expected and actual experience	(1,152)	(1,095)
Changes of assumptions	(550)	(652)
Benefit payments	(12,16□)	(14,68□)
Net change in total pension liability	9,503	5,985
Total pension liability beginning of fiscal year	215,940	209,955
Total pension liability end of fiscal year	□ 225,443	□ 215,940

		2021 with Measurement Date of December 31, 2021		2020 with Measurement Date of December 31, 2019
Total pension liability	$	225,443	$	215,940
Plan fiduciary net position		336,605		294,555
Net pension asset	$	(111,162)	$	(78,615)
Plan's fiduciary net position as a percentage of total pension liability		149.31%		136.41%
Covered payroll	$	359,322	$	335,696
Net pension asset as a percentage of covered payroll		-30.94%		-23.42%
Contributions between the measurement date and year ended June 30, as deferred outflow of resources	$	7,000	$	3,300

The following table summarizes the actuarial assumptions used to determine net pension asset and plan fiduciary net position as of June 30, 2021 and 2020:

Valuation Date	January 1, 2021 Actuarially determined contribution rates are calculated as of January 1.
Actuarial Cost Method	Entry Age Normal Method as a level percent of pay in accordance with GASB
Asset Valuation Method	Market Value
Actuarial Assumptions	
Projected Salary Increases	4.00%
Mortality	Based on the Pri-2012 Total Employee and Retiree Mortality Tables (base year 2012) and projected with Mortality Improvement Scale MP-2020, except for current and future beneficiaries of deceased participants. For current and future beneficiaries of deceased participants, mortality is based on the Pri-2012 Contingent Survivor Mortality Tables and projected with Mortality Improvement Scale MP-2020.
Discount Rate	6.00%

Sensitivity of net pension asset (in thousands):

		1% Decrease 5%		Current Discount Rate 6%		1% Increase 7%
Net pension asset as of June 30, 2021	$	(88,863)	$	(111,162)	$	(130,388)
Net pension asset as of June 30, 2020	$	(57,180)	$	(78,615)	$	(97,090)

The following table summarizes target asset class for the plan fiduciary net position as of June 30, 2021 and 2020:

Asset Class	Neutral	Asset Rebalancing Range	Expected Long-Term Real Rate of Return
Domestic Equities	32□	2□□ to 3□□	8.69□
International Equities	18□	15□ to 21□	□.66□
Alternatives	20□	1□□ to 23□	5.38□
Broad Fixed Income	25□	20□ to 30□	2.86□
Cash	5□	0□ to 8□	1.04□
Total	100□		6.00□

Eligible employees of the Hospital may also elect to participate in a separate deferred compensation plan (the 403(b) plan) pursuant to Section 403(b) of the Code. The Hospital acts as the administrator and sponsor, and the 403(b) plan□s assets are held by trustees designated by the Hospital□s management. Employees are eligible to participate upon employment, and participants are immediately vested in their elective contributions plus actual earnings thereon. The Hospital will match employee contributions to the 403(b) plan, subject to a maximum of 4□ of each participant□s annual plan compensation. Participants are eligible for employer match in the second plan year in which they work at least 1,000 hours, and they must be on the payroll at the end of the plan year (December 31). Employer matching contributions under the 403(b) plan are made to the cash-balance pension plan and earn interest as defined by that plan. Employer matching contributions to the 403(b) plan of □13,3□3,000 and □12,289,000 in 2021 and 2020, respectively, are included in benefits expense. Participants are immediately vested in the employer contributions included in the cash-balance pension plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the consolidated financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE [illegible] POST-RETIREMENT MEDICAL BENEFITS

The Hospital provides healthcare benefits and life insurance for retired employees who meet eligibility requirements as outlined in the plan document, as approved by the board of directors of the Hospital. All employees who attain age 55 with a minimum of 20 years of enrollment in the Hospital's healthcare program and are enrolled in one of the plans upon retirement, and who were hired prior to July 1, 1994, are eligible. Under the plan, employees are credited with employment history accumulated under a prior Hospital plan.

Benefits are funded by the Hospital on a pay-as-you go basis. If a participant terminates from the Hospital after 20 years of enrollment but before reaching age 62, he or she can choose to contribute to the plan between ages 55 and 61 to retain the plan's benefits. At age 62, eligible retirees are given an annual credit based on years of service to pay for health benefits.

Employees covered – At June 30, the following employees were covered by the Hospital:

	2021	2020
Active	250	250
Inactive plan members or beneficiaries currently receiving benefits	32[illegible]	32[illegible]
Total participants	5[illegible]	5[illegible]

Components of post-retirement medical benefits expense and deferred inflows and outflows of resources as calculated under the requirements of GASB No. [illegible]5 are as follows (in thousands) as of June 30:

	2021	2020
Service cost	$ 255	$ 254
Interest	852	8[illegible]4
Differences between expected and actual experience	(284)	(66)
Changes of assumptions	10[illegible]	531
Current period recognition of prior years' deferred inflows and outflows of	253	(506)
Total post-retirement medical benefits expense	$ 1,183	$ 1,08[illegible]

	2021	2020
Deferred outflows of resources as of June 30:		
Changes in benefit terms	$ -	$ -
Difference between expected and actual experience	-	-
Changes in assumptions	90	617
Total	$ 90	$ 617
Deferred inflows of resources as of June 30:		
Changes in benefit terms	$ -	$ -
Difference between expected and actual experience	(198)	(189)
Changes in assumptions	-	(161)
Total	$ (198)	$ (350)

Amounts reported as deferred outflows and inflows of resources to post-retirement medical benefits will be recognized in post-retirement medical benefits expense are as follows (in thousands):

2022	$ (108)
2023	-
2024	-
2025	-
2026	-
Thereafter	-
	$ (108)

The following table summarizes changes in post-retirement medical benefits liability for fiscal year ended June 30, 2021 and 2020, with a measurement date of July 1, 2020 and 2019, respectively (in thousands):

	2021	2020
Service cost	$ 255	$ 254
Interest	852	874
Differences between expected and actual experience	(479)	(133)
Changes in assumptions or other input	181	1,076
Benefit payments	(881)	(821)
Net changes	(72)	1,250
Net post-retirement medical benefits liability at beginning of year	30,730	29,480
Net post-retirement medical benefits liability at end of year	$ 30,658	$ 30,730

The following table summarizes the actuarial assumptions used to determine net post-retirement medical benefits as of June 30, 2021 and 2020:

Valuation Date	June 30, 2019; measurement date of June 30, 2020
Actuarial Cost Method	Entry Age Normal, level percent of pay
Asset Valuation Method	Not applicable
Actuarial Assumptions	
Projected Salary Increases	4.00%
Mortality	RP-2014 Healthy Annuitant and Employee tables for males and females scaled back to 2006 using scale MP-2014, and then projected generationally using projection scale MP-2018 to the Pri-2012 Total Employee and Retiree Mortality Tables projected generationally using projection scale MP-2019. For current beneficiaries of deceased participants, mortality is based on the Pri-2012 Contingent Survivor Mortality Tables projected generationally using projection scale MP-2019.
Discount Rate	2.66%
Healthcare cost trend rates:	8% for 2019, graded to 4.5% for year 202□ and beyond for ages pre-65; and 6% for 2018, graded to 4.50% for year 202□ and beyond for ages post-65.

Sensitivity of post-retirement medical benefits liability (in thousands) due to change in discount rates as of June 30:

	2021		
	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
Net post-retirement medical benefits liability	$ 34,399	$ 30,658	$ 2□,508

	2020		
	1% Decrease 1.□9%	Current Discount Rate 2.□9%	1% Increase 3.□9%
Net post-retirement medical benefits liability	$ 34,58□	$ 30,□30	$ 2□,492

Sensitivity of post-retirement medical benefits liability (in thousands) due to change in healthcare cost trend:

	1% Decrease	Current Trend Rate	1% Increase
June 30, 2021	$ 30,141	$ 30,658	$ 31,2□8
June 30, 2020	$ 30,234	$ 30,□30	$ 31,328

NOTE □ □ INS□RANCE PLANS

The Hospital purchases professional, general, automobile, and directors and officers liability insurance from BETA Healthcare Group (□BHG□), and also purchases all-risk property insurance (including limited flood), fiduciary, crime, cyber, and excess workers□ compensation coverage needs from Alliant Insurance Services (□Alliant□). The Hospital□s coverage is under a claims-made policy with limits of □30 million per occurrence, □40 million in the annual aggregate, and with a self-insured retention level of □50,000 per claim.

There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted from services provided to patients. The Hospital has actuarial estimates performed annually on its self-insurance plans of professional liability and workers□ compensation benefits. Estimated liabilities (which have not been discounted) have been actuarially determined at an expected □5□ confidence level and include an estimate of incurred, but not reported, claims. The balances are included in salaries and wages payable, workers□ compensation, and other long-term liabilities in the accompanying consolidated statements of net position.

NOTE 1□ □ □ONDS PA□A□LE

Bonds payable consists of the following obligations (in thousands):

	June 30, 2021	June 30, 2020
El Camino Hospital District		
2006 General Obligation Bonds		
Principal	□ 32,335	□ 32,335
Unamortized premium	1□8	341
201□ General Obligation Bonds		
Principal	83,955	88,355
Unamortized premium	183	361
El Camino Hospital Revenue Bonds		
Series 2009		
Principal	50,000	50,000
Series 2015A		
Principal	135,6□0	139,□95
Unamortized premium	8,0□0	9,416
Series 201□A		
Principal	282,8□5	28□,□□0
Unamortized premium	11,123	13,000
Total long-term debt	604,389	621,3□3
Less current maturities	14,480	13,420
Maturities due after one year	□ 589,909	□ 60□,953

	2021							
	Balance at June 30, 2020		Increases		Decreases		Balance at June 30, 2021	
General obligation bonds	□	121,392	□	-	□	4,□41	□	116,651
Revenue bonds		499,981		-		12,243		48□,□38
	□	621,3□3	□	-	□	16,984	□	604,389

	2020							
	Balance at June 30, 2019		Increases		Decreases		Balance at June 30, 2020	
General obligation bonds	□	125,68□	□	-	□	4,295	□	121,392
Revenue bonds		512,186		-		12,205		499,981
	□	63□,8□3	□	-	□	16,500	□	621,3□3

2□□□ □eneral O□ligation □onds □ Upon voter approval, in November 2003, the District issued in 2006, □148,000,000 principal amount of 2006 General Obligation Bonds, which consists of □115,665,000 of Current Interest Bonds. Interest on the Current Interest Bonds is payable semiannually at rates ranging from 4□ to 5□ and principal maturities ranging from □2,065,000 in 2016 to □18,050,000 in 2036 are due annually on August 1. Interest at rates ranging from 4.38□ to 4.48□ and principal of the Capital Appreciation Bonds are payable only at maturity. In March 201□, the District advanced refunded a portion of the 2006 General Obligation Bonds, through the issuance of the 201□ General Obligation Refunding Bonds.

The Current Interest Bonds maturing on or after August 1, 201□, may be redeemed prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after February 1, 201□, at a redemption price equal to the principal amount of the Current Interest Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

2□1□ □eneral O□ligation □onds □ Upon voter approval, in March 201□, the District advanced refunded a portion of the 2006 General Obligation Bonds, through the issuance of the □99,035,000 201□ General Obligation Refunding Bonds, which consists of □115,665,000 of Current Interest Bonds, and □32,335,000 of Capital Appreciation Bonds. Interest on the 201□ General Obligation Refunding Bonds is payable semiannually at rates ranging from 2□ to 5□ and principal maturities ranging from □3,5□0,000 in 201□ to □1□,480,000 in 2036 are due annually on August 1. This refinancing resulted in a reduction of future interest payments with a present value of approximately □□,000,000.

Both the 2006 and 201□ G.O. Bonds are general obligations of the District payable from ad valorem taxes. Payment of principal, interest and maturity value of the Bonds, when due, is insured by a municipal bond insurance policy.

Revenue □onds, Series 2□□□ □ In April 2009, the Hospital issued □50,000,000 of Santa Clara County Financing Authority Insured Revenue Bonds, Series 2009A, to fund completion of the Hospital replacement construction project. Interest on the bonds is payable on the business day immediately following the applicable remarketing period. Principal maturities on the bonds range from □100,000 in 2025 to □10,920,000 in 2044, and are due annually on February 1.

The 2009 Series Revenue bond agreement contains various restrictive covenants which include, among other things, minimum debt service coverage, maintenance of minimum liquidity, and requirement to maintain certain financial ratios.

The bonds are secured by a pledge of gross revenues to an Indenture of Trust ("Indenture") dated March 16, 200□. The Indenture contains certain covenants that, among other things, require the District to deposit all gross revenues of the Hospital as soon as practicable upon receipt. The Indenture also requires the Hospital to maintain a long-term debt service coverage ratio of 1.15 to 1.00. Failure to comply with the restrictive covenants of the Indenture could result in all of the unpaid principal and accrued interest of the bonds becoming due immediately, at the option of the trustee.

Revenue Bonds, Series 2015A – In May 2015, the Hospital advance refunded its Series 200□ Santa Clara County Financing Authority Insured Revenue Bonds ("Series 200□") through the issuance of the $160,455,000 of Santa Clara County Financing Authority Insured Revenue Bonds ("Series 2015A"). The issuance of the Series 2015A is to (i) finance and refinance certain capital expenditures owned by the Hospital (the Project – $40,300,000), (ii) advance refund ($120,100,000) the Santa Clara County Financing Authority Insured Revenue Bonds of the Hospital Series 200□A, 200□B, and 200□C, and (iii) pay costs incurred in the connection of the issuance of the Bonds.

Revenue Bonds, Series 201□A – In February 201□, the Hospital issued $292,435,000 of California Health Facilities Financing Authority Revenue Bonds ("Series 201□") to finance certain capital expenditures at facilities owned or operated by the Hospital, to finance a portion of the interest payable of the Series 201□ through January 31, 2019, and to pay costs incurred in connection with the issuance of the Series 201□. The Series 201□ consists of $130,660,000 Serial Bonds and $161,□□5,000 Term Bonds. Principal maturities for the Serial Bonds range from $4,665,000 in 2020 to $10,565,000 in 203□, and are due annually on February 1. Principal maturities for the Term Bonds range from $60,□10,000 in 2042 to $101,065,000 in 204□, and are due annually on February 1.

Letter of credit – In March 2009, in connection with the issuance of the 2009 Series Revenue bonds, the Hospital obtained an irrevocable Letter of Credit issued by a bank for $50,000,000. This Letter of Credit expires October of 2022 and requires the Hospital to maintain a long-term debt service coverage ratio of 1.20 to 1.00.

Management believes all financial debt covenants were met for the years ended June 30, 2021 and 2020.

Debt service requirements for bonds payable are as follows (in thousands):

Year Ending	General Obligation Bonds		Revenue Bonds	
June 30,	Principal	Interest	Principal	Interest
2022	□ 5,050	□ 3,406	□ 9,430	□ 19,902
2023	5,□60	3,154	9,905	19,431
2024	3,293	6,343	10,400	18,935
2025	3,398	6,□88	10,920	18,415
2026	-	2,866	11,460	1□,8□4
202□ to 2031	1□,9□□	41,01□	66,430	80,368
2032 to 2036	4□,382	26,086	84,000	63,360
203□ to 2041	33,430	699	58,535	42,526
2042 to 2046	-	-	106,400	22,165
204□ to 2051	-	-	101,065	1,398
	□ 116,290	□ 90,359	□ 468,545	□ 304,3□4

Interest rate swap □ On March □, 200□, the Hospital entered into three interest rate swap agreements in connection with the issuance of the Series 200□ Revenue Bonds. The intention of the swap is to create debt with a synthetic, fixed interest rate on the variable-rate Revenue Bonds. The swaps were effective March 23, 200□, with a termination date of February 1, 2041, and notional amounts of □50 million each; these terms match the terms of the underlying Series 200□ Revenue Bonds. Under each swap transaction, the Hospital pays a fixed rate of interest of 3.204□ and the counterparty pays a variable rate of interest equal to the sum of (i) 56□ of USD-LIBOR-BBA plus (ii) 0.23□. In March 2008, the Hospital Board directed management to terminate the floating to fixed interest rate swap when economically prudent in connection with the refunding of their Series 200□ Revenue Bonds. In December 2009, two of the three swaps were terminated. The fair value of the remaining swap is a liability of □□,923,000 at June 30, 2021, and □10,862,000 at June 30, 2020, included in other long-term obligations in the consolidated statements of net position.

Risks associated with the swap agreements □ From the Hospital□s perspective, the following risks are generally associated with swap agreements:

Credit risk □ The counterparty becomes insolvent or is otherwise not able to perform its financial obligations. In the event the counterparty becomes insolvent or their credit rating falls below BBB-/Baa2, the Hospital has the right to terminate the swap. Upon exercise of early termination, the amounts due from or to the counterparty will be determined by the market pricing of the swaps at the time of termination.

Termination risk □ The Hospital or counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If, at the time of the termination, the swap has a negative fair value, the Hospital would be liable to the counterparty for that payment.

NOTE 11 – RESTRICTED NET POSITION

Restricted net position consists of donor-restricted contributions and grants and cash restricted for regulatory requirements, which are to be used as follows (in thousands):

	2021	2020
Charity and other	$ 22,960	$ 20,606
Endowments	7,472	7,373
Restricted by donor for specific uses	30,432	27,979
Restricted by Department of Managed Health Care	650	650
Total restricted net position	$ 31,082	$ 28,629

Permanently restricted contributions ("endowments") remain intact, with the earnings on such funds providing an ongoing source of revenue to be used primarily for education.

NOTE 12 – CHARITABLE REMAINDER UNITRUSTS

The Foundation is the beneficiary of several irrevocable charitable remainder unitrusts in which the gift assets are held by trustees and administered for the benefit of the Foundation and other beneficiaries. The assets are held under trust agreements with an outside trustee. The donors maintain the right to income earned on the assets during their lifetime and, in some cases, during the lifetime of their survivors.

Pursuant to GASB No. 81, the Foundation recognizes an asset and a deferred inflow of resources when it becomes aware of the agreements and has sufficient information to measure the beneficial interest, in accordance with the asset recognition criteria in GASB No. 81. The beneficial interest asset is measured at fair value, which is estimated as the present value of the expected future cash flows from trusts. The applicable federal discount rate for June 2021 and June 2020 of 2.5% and 2.4% per annum, respectively, and The Standard Ordinary Mortality Rate Table were used to arrive at the present value. Change in the fair value of the beneficial interest asset is recognized as an increase or decrease in the related deferred inflow of resources. As the remainder interest beneficiary, the Foundation recognizes revenue for the beneficial interest at the termination of the agreement, as stipulated in the agreements.

NOTE 13 – RELATED PARTY TRANSACTIONS

The Hospital pays vendor-related expenses on behalf of the Foundation and is reimbursed for these costs incurred. The Hospital also pays employee-related expenses, which are reimbursed by the Foundation. The Foundation's employees also participate in the cash-balance pension plan, sponsored by the Hospital. Full footnote disclosures relating to the cash-balance pension plan is included in the consolidated financial statements. The Hospital performs certain administrative functions on behalf of the Foundation for which no amounts are charged to the Foundation. As of June 30, 2021 and 2020, the Foundation has a payable to the Hospital in the amount of $191,000 and $595,000, respectively. During the fiscal years 2021 and 2020, the Foundation paid the Hospital $3,629,000 and $3,522,000 for such expenses, respectively, which included amounts for operations, but also disbursements from Donor Restricted Funds in support of Hospital operations and capital acquisitions.

In June 2012, the Hospital Board approved the funding of the Foundation's salaries, wages, benefits, and rent for a maximum of $1,[illegible]83,000 annually on an ongoing basis. All related-party transactions are eliminated upon consolidation.

As of June 30, 2021 and 2020, CONCERN has a payable to the Hospital in the amount of $2,543,000 and $3,603,000, respectively. During the fiscal years ended June 30, 2021 and 2020, CONCERN paid the Hospital $[illegible],041,000 and $5,[illegible]86,000 for these expenses, respectively. All related party transactions are eliminated upon consolidation.

As of June 30, 2021 and 2020, SVMD has a payable to the Hospital of $8,400,000 and $43,664,000, respectively. During fiscal years ended June 30, 2021 and 2020, SVMD paid the Hospital $22,688,000 and $14,945,000 for its expenses, respectively. All related-party transactions are eliminated upon consolidation.

The Hospital leases the space to ECASC and provides certain services, such as utilities and building/equipment maintenance. There was $0 of rental income recorded for the year ended June 30, 2021, and $64,000 of rental income recorded for the year ended June 30, 2020, related to the lease.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Litigation – The District is a defendant in various legal proceedings arising out of the normal conduct of its business. In the opinion of management and its legal representatives, the District has valid and substantial defenses, and settlements or awards arising from legal proceedings, if any, will not exceed existing insurance coverage, nor will they have a material adverse effect on the financial position, results of operations, or liquidity of the District.

Lease commitments — The District is obligated for land and office rental under the terms of various operating lease agreements. Following is a schedule by year of future minimum lease payments under operating leases as of June 30, 2021 (in thousands):

	Operating Lease Commitments	Lease Income	Net Lease Benefit (Expense)
2022	$ 5,304	$ 13,278	$ 7,974
2023	4,647	11,572	6,925
2024	4,464	10,803	6,339
2025	4,358	9,710	5,352
2026	2,409	6,493	4,084
Thereafter	22,757	20,804	(1,953)
	$ 43,939	$ 72,660	$ 28,721

Total rental expense in 2021 and 2020 for all operating leases was approximately $11,432,000 and $11,004,000, respectively.

Regulatory environment — The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. The District is subject to routine surveys and reviews by federal, state and local regulatory authorities. The District has also received inquiries from healthcare regulatory authorities regarding its compliance with laws and regulations. Although the District management is not aware of any violations of laws and regulations, it has received corrective action requests as a result of completed and ongoing surveys from applicable regulatory authorities. Management continually works in a timely manner to implement operational changes and procedures to address all corrective action requests from regulatory authorities. Breaches of these laws and regulations and noncompliance with survey corrective action requests could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Hospital Seismic Safety Act — In the 2010 fiscal year, the Mountain View campus completed its three-year construction of the Hospital Replacement Project with the opening of its new five story, 450,000-square-foot, state-of-the-art hospital facility on November 15, 2009. This completion made the Mountain View hospital campus in compliance with the State of California's Senate Bill ("SB") 1953 in meeting all requirements of the Hospital Seismic Safety Act of 1994.

At the Los Gatos campus, where most of the buildings were constructed in the 1960s, the campus has been going through a seismic compliance review. During 2015, all required seismic upgrades were made to the Los Gatos site for seismic compliance up to 2030.

Collective bargaining agreement — Approximately 78.8% of the Hospital's employees are covered by collective bargaining agreements. These employees are members of three unions.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the consolidated statement of net position date but before the consolidated financial statements are available to be issued. The District recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the consolidated statement of net position date, including the estimates inherent in the process of preparing the consolidated financial statements. The District's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the consolidated statement of net position date but arose after the consolidated statement of net position date and before consolidated financial statements are available to be issued.

Supplementary Information

El Camino Healthcare District
Consolidating Statement of Net Position
June 30, 2021
(In Thousands)

	El Camino Healthcare District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	Silicon Valley Medical Development	Eliminations	El Camino Healthcare District and Affiliates
ASSETS AND DEFERRED OUTFLOWS							
Current assets							
Cash and cash equivalents	$ 8,662	$ 141,504	$ 4,236	$ 1,539	$ 5,9□4	$ -	$ 161,915
Short-term investments	12,042	266,2□8	1,841	14,529	-	-	294,690
Current portion of board designated funds	18,65□	-	-	-	-	-	18,65□
Patient accounts receivable, net of allowances for doubtful accounts of $81,194	-	158,552	-	-	10,□3□	-	169,289
Prepaid expenses and other current assets	3,082	41,001	531	662	3,312	(16,3□8)	32,210
Total current assets	42,443	60□,335	6,608	16,□30	20,023	(16,3□8)	6□6,□61
Non-current cash and investments							
Board-designated funds	10,1□□	1,140,542	46,831	-	-	-	1,19□,550
Restricted funds	-	-	-	650	-	-	650
Funds held by trustee	31,245	5,694	-	-	-	-	36,939
	41,422	1,146,236	46,831	650	-	-	1,235,139
Capital assets							
Nondepreciable	10,65□	153,569	-	-	-	-	164,226
Depreciable, net	-	9□9,419	112	1,48□	15,042	-	996,060
Total capital assets	10,65□	1,132,988	112	1,48□	15,042	-	1,160,286
Pledges receivable, net of current portion	-	-	3,053	-	-	-	3,053
Prepaid pension asset	-	111,162	-	-	-	-	111,162
Investments in healthcare affiliates	-	34,1□0	-	-	-	(1,613)	32,55□
Beneficial interest in charitable remainder unitrust	-	-	4,522	-	-	-	4,522
Total assets	94,522	3,031,891	61,126	18,86□	35,065	(1□,991)	3,223,480
Deferred outflows of resources							
Loss on defeasance of bonds payable	-	11,□61	-	-	-	-	11,□61
Deferred outflows of resources	-	8,815	-	-	509	-	9,324
Deferred outflows - actuarial	-	1,005	-	-	-	-	1,005
Total deferred outflows of resources	-	21,581	-	-	509	-	22,090
Total assets and deferred outflows of resources	$ 94,522	$ 3,053,4□2	$ 61,126	$ 18,86□	$ 35,5□4	$ (1□,991)	$ 3,245,5□0

El Camino □ealthcare District
Consolidating Statement of Net Position □continued□
□une 3□, 2□21
□In Thousands□

	El Camino Healthcare District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	Silicon Valley Medical Development	Eliminations	El Camino Healthcare District and Affiliates
LIA□ILITIES, DE□ERRED IN□LO□ S, AND NET POSITION							
Current liabilities							
Accounts payable and accrued expenses	□ 1,690	□ 41,825	□ 192	□ 2,946	□ 9,513	(16,3□8)	□ 39,□88
Salaries, wages, and related liabilities	-	81,455	-	615	1,166	-	83,236
Medicare accelerated payments	-	65,635	-	-	-	-	65,635
Other current liabilities	1,4□1	23,810	4□2	220	5,419	-	31,392
Estimated third-party payor settlements	-	12,990	-	-	-	-	12,990
Current portion of bonds payable	5,050	9,430	-	-	-	-	14,480
Total current liabilities	8,211	235,145	664	3,□81	16,098	(16,3□8)	24□,521
Bonds payable, net of current portion	111,600	4□8,309	-	-	-	-	589,909
Other long-term obligations	-	12,136	-	-	39	-	12,1□5
Workers' compensation, net of current portion	-	1□,002	-	-	-	-	1□,002
Post-retirement medical benefits, net of current portion	-	30,65□	-	-	-	-	30,65□
Total liabilities	119,811	□□3,249	664	3,□81	16,13□	(16,3□8)	89□,264
Deferred inflows of resources							
Deferred inflows of resources	-	-	4,522	-	-	-	4,522
Deferred inflows of resources - actuarial	-	41,339	-	-	-	-	41,339
Total deferred inflows of resources	-	41,339	4,522	-	-	-	45,861
Net position							
Invested in capital assets, net of related debt	(□4,□48)	650,943	112	1,48□	15,042	-	592,836
Restricted - expendable	-	-	22,960	-	-	-	22,960
Restricted - nonexpendable	-	-	□,4□2	650	-	-	8,122
Unrestricted	49,459	1,58□,941	25,396	12,949	4,395	(1,613)	1,6□8,52□
Total net position	(25,289)	2,238,884	55,940	15,086	19,43□	(1,613)	2,302,445
Total liabilities, deferred inflows of resources, and net position	□ 94,522	□ 3,053,4□2	□ 61,126	□ 18,86□	□ 35,5□4	□ (1□,991)	□ 3,245,5□0

El Camino □ealthcare District
Consolidating Statement of Revenues, Expenses, and Changes in Net Position
□or the □ear Ended □une 3□, 2□21
□In Thousands□

	El Camino Healthcare District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	Silicon Valley Medical Development	Eliminations	El Camino Healthcare District and Affiliates
Operating revenues							
Net patient service revenue (net of provision for bad debts of □26,3□0)	□ -	□ 1,0□1,1□□	□ -	□ -	□ 36,□35	□ -	□ 1,10□,912
Other revenue	101	24,112	-	10,1□8	14,141	(6,311)	42,221
Total operating revenues	101	1,095,289	-	10,1□8	50,8□6	(6,311)	1,150,133
Operating expenses							
Salaries, wages and benefits	-	550,865	1,5□5	2,241	20,116	-	5□4,□9□
Professional fees and purchased services	850	126,643	156	5,502	48,320	(3,490)	1□□,981
Supplies	4	166,452	130	24	5,110	-	1□1,□20
Depreciation	53	64,493	13	141	2,988	-	6□,688
Rent and utilities	-	20,024	134	29	8,205	(□92)	2□,600
Other	□4	13,□50	54	3□5	1,9□1	(1,084)	15,140
Total operating expenses	981	942,22□	2,062	8,312	86,□10	(5,366)	1,034,926
(Loss) income from operations	(880)	153,062	(2,062)	1,866	(35,834)	(945)	115,20□
Nonoperating revenues (expenses):							
Investment income, net	140	224,664	5,908	212	-	-	230,924
Property tax revenue							
Designated for community benefit programs and operating expenses	9,532	-	-	-	-	-	9,532
Designated for capital expenditures	11,129	-	-	-	-	-	11,129
Levied for debt service	11,803	-	-	-	-	-	11,803
Bond interest expense, net	(3,0□1)	(16,960)	-	-	-	-	(20,031)
Intergovernmental transfer expense	(4,460)	-	-	-	-	-	(4,460)
Restricted gifts, grants and bequests, and other, net of contributions to related parties	-	-	4,651	-	-	(1,□83)	2,868
Unrealized gain on interest rate swaps	-	1,883	-	-	-	-	1,883
Community benefit expense	(□,189)	(3,415)	-	(1,638)	-	945	(11,29□)
Other, net	(1□9)	4,455	-	□	229	2,655	□,16□
Total nonoperating revenues (expenses)	1□,□05	210,62□	10,559	(1,419)	229	1,81□	239,518
Excess (deficit) of revenues over expenses before capital transfers	16,825	363,689	8,49□	44□	(35,605)	8□2	354,□25
Capital transfers	(3,3□8)	(48,528)	-	(□24)	52,630	-	-
Increase (decrease) in net position	13,44□	315,161	8,49□	(2□□)	1□,025	8□2	354,□25
Total net (deficit) position, beginning of year	(38,□36)	1,923,□23	4□,443	15,363	2,412	(2,485)	1,94□,□20
Total net (deficit) position, end of year	□ (25,289)	□ 2,238,884	□ 55,940	□ 15,086	□ 19,43□	□ (1,613)	□ 2,302,445

El Camino □ealthcare District
Supplemental Pension and Post□Retirement □enefit Information
□or the □ears Ended □une 3□, 2□21 and 2□2□

Supplemental pension information □ The following tables summarize changes in net pension asset (in thousands):

	2021	2020
Service cost	□ 10,166	□ 9,6□5
Interest	13,206	12,□44
Differences between expected and actual experience	(1,152)	(1,095)
Changes of assumptions	(550)	(652)
Benefit payments	(12,16□)	(14,68□)
Net change in total pension liability	9,503	5,985
Total pension liability beginning of fiscal year	215,940	209,955
Total pension liability end of fiscal year	□ 225,443	□ 215,940

	2021	2020
Contributions	□ 10,300	□ 12,900
Net investment income	43,91□	45,625
Benefit payments, including refunds of member contributions	(12,16□)	(14,68□)
Net change in Plan fiduciary net position	42,050	43,838
Plan fiduciary net position beginning of fiscal year	294,555	250,□1□
Plan fiduciary net position end of fiscal year	336,605	294,555
Plan's net pension asset end of the fiscal year	□ (111,162)	□ (□8,615)
Covered payroll	□ 359,322	□ 335,696
Net pension asset as a percentage of covered payroll	-30.94□	-23.42□
Contributions	□ □,000	□ 3,300

The following table summarizes the contribution status of the Hospital□s cash-balance pension plan (in thousands) over the last 10 years:

	FY2021	FY2020	FY2019	FY2018	FY201□
Actuarially determined contribution	□ -	□ □,801	□ 10,888	□ 10,154	□ 8,445
Contributions related to actuarially determined contribution	□ □,000	□ 10,300	□ 12,900	□ 11,600	□ 10,900
Contribution deficiency (excess)	(□,000)	(2,499)	(2,012)	(1,446)	(2,455)
Covered payroll	359,322	335,696	□ 315,31□	□ 29□,□3□	□ 283,435
Contribution as □ of covered payroll	1.95□	3.0□□	4.09□	3.90□	3.85□
Contributions made during the fiscal year	□ 14,000	□ 9,800	□ 12,800	□ 10,400	□ 10,900

	FY2016	FY2015	FY2014	FY2013	FY2012
Actuarially determined contribution	□ 2,□35	□ -	□ 8,463	□ □,613	□ 1,400
Contributions related to actuarially determined contribution	□ 10,500	□ 10,800	□ 14,400	□ 12,000	□ 11,005
Contribution deficiency (excess)	(□,□65)	(10,800)	(5,93□)	(4,38□)	(9,605)
Covered payroll	□ 283,□□6	□ 266,844	□ 242,343	□ 223,□54	□ 208,910
Contribution as □ of covered payroll	3.□0□	4.05□	5.94□	5.36□	5.2□□
Contributions made during the fiscal year	□ 9,900	□ 14,400	□ 12,600	□ 23,610	□ 11,249

Actuarially determined contributions are calculated as of January 1 and are based on the IRS minimum funding requirement. The contributions related to the actuarially determined contributions are amounts made for the plan year January 1 to December 31. Contributions made during the fiscal year are contribution amounts made during July 1 and June 30.

Supplemental post□retirement □enefit information □ As of June 30, 2020 and 2021, post-retirement medical benefits plan□s fiduciary net position as a percentage of the total OPEB liability is 0□ .

The 2020 and 2019 covered payroll for the active population eligible to participate in the post-retirement medical benefits plan is □29,963,□00. The net post-retirement medical benefits liability as of July 1, 2020 and 2019, is □30,658,400 and □30,□31,400, respectively. The net post-retirement medical benefits liability as a percentage of covered-employee payroll, as of the same time period, was 102.32□ and 102.56□ , respectively.

El Camino Healthcare District
Supplemental Schedule of Community Benefit (unaudited)
For the Years Ended June 30, 2021 and 2020

The District and the Hospital maintain records to identify and monitor the level of direct community benefit it provides. These records include the charges foregone for providing the patient care furnished under its charity care policy. For the years ended June 30, 2021 and 2020, the estimated costs of providing community benefit in excess of reimbursement from governmental programs were as follows (in thousands):

	2021	2020
Unpaid costs of Medi-Cal & Indigent programs	$ 51,224	$ 39,891
Other community-based programs		
Psychiatric	12,880	8,621
Clinical trial	290	309
Ambulatory care	11,659	12,501
Psychiatric outpatient	2,785	2,650
Total other community-based programs	27,614	24,081
Total community benefits	$ 78,838	$ 63,972

In furtherance of its purpose to benefit the community, the Hospital provides numerous other services to the community for which charges are not generated and revenues have not been accounted for in the accompanying consolidated financial statements. These services include providing access to healthcare through interpreters, referral and transport services, healthcare screening, community support groups and health educational programs, and certain home care and hospice programs. The estimated costs of Medicare programs in excess of reimbursement from Medicare were $123,810,000 and $118,139,000 for the years ended June 30, 2021 and 2020, respectively.

The Hospital also provides services to the community through the operations of the El Camino Hospital Auxiliary, Inc. (the “Auxiliary”). Services provided by volunteers of the Auxiliary, free of charge to the community, include assistance and counseling to patients and visitors, provision of scholarship awards to qualifying paramedical students, and daily personal contact with members of the community who are living alone. In 2021 and 2020, these volunteers contributed approximately 12,000 hours and 50,000 hours, in providing these services, the value of which is not recorded in the accompanying consolidated financial statements.

Final Draft 9/20/2021

Communication with
Those Charged with Governance

El Camino Healthcare District

June 30, 2021

Communications with Those Charged with Governance

To the Board of Directors
El Camino Healthcare District

We have audited the consolidated financial statements of El Camino Healthcare District (the "District"), its aggregate discretely presented component units, the El Camino Hospital Cash Balance Plan, and the El Camino Hospital Postretirement Health and Life Insurance Benefit Plan, as of and for the year ended June 30, 2021, and have issued our report thereon dated □□□□□□□□, 2021. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated March 5, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and the California Code of Regulations, Title 2, Section 1131.2, State Controller's Minimum Audit Requirements for California Special Districts. We will also report on whether the consolidating statement of net position, consolidating statement of revenues, expenses, and changes in net position, and supplemental pension and postretirement benefit information, are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole. Our audit of the consolidated financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with *Government Auditing Standards,* and auditing standards generally accepted in the United States of America and the California Code of Regulations, Title 2 Section 1131.2, State Controller's Minimum Audit Requirements for California Special Districts, and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we considered the District's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the consolidated financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing we previously communicated to you in the Compliance Committee meeting on March 5, 2021, and the engagement letter dated March 5, 2021.

Significant Audit Findings and Issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the consolidated financial statements. During the year ended June 30, 2021, management adopted GASB Statement No. 84, *Fiduciary Activities,* and GASB Statement No. 9□, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. There have been no other new accounting policies adopted and there were no changes in the application of existing policies during fiscal year 2021. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the consolidated financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's consolidated financial statements were:

- Management's estimate of net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. We evaluated the key factors and assumptions used to develop the estimated net realizable amounts. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimate of the provision for uncollectible accounts is recognized based on management's estimate of amounts that ultimately may be uncollectible. El Camino Hospital provides care to patients without requiring collateral or other security. Patient charges not covered by a third-party payor are billed directly to the patient if it is determined that the patient has the ability to pay. We evaluated the key factors and assumptions used to develop the provision for uncollectible accounts. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimate of the fair market values of investments in the absence of readily-determinable fair values is based on information provided by the fund managers. We have gained an understanding of management's estimate methodology and examined the documentation supporting this methodology. We evaluated the key factors and assumptions used to develop the fair market value of investments. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimate of uninsured losses for professional liability is recognized based on management's estimate of historical claims experience. We evaluated the key factors and assumptions used to develop the actuarial estimates of uninsured losses for professional liabilities and workers' compensation. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimate of the minimum pension liability is actuarially determined using assumptions on the long-term rate of return on pension plan assets, the discount rate used to determine the present value of benefit obligations, and the rate of compensation increases. These assumptions are provided by management. We have evaluated the key factors and assumptions used to develop the estimate. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimated liability for workers' compensation claims is recognized based on management's estimate of historical claims experience and known activity subsequent to year-end. We evaluated the key factors and assumptions used to develop the actuarial estimates of uninsured losses for professional liabilities and workers' compensation. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimated liability for post-retirement medical benefits is actuarially determined using assumptions on the long-term rate of return on plan assets, the discount rate used to determine the present value of benefit obligations, and the rate of compensation increases. These assumptions are provided by management. We have evaluated the key factors and assumptions used to develop the estimate. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimates of useful lives of capital assets are based on the intended use and are within accounting principles generally accepted in the United States of America. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimate of the discount rate used to value the gift annuities and beneficial interest in charitable remainder unitrusts have been estimated based on certain variables related to specific donor information. We evaluated key factors and assumptions used to develop the discount rate used to value the gift annuities and beneficial interest in charitable remainder unitrusts in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

Actual results could differ from these estimates. In accordance with accounting principles generally accepted in the United States of America, any change in these estimates is reflected in the consolidated financial statements in the year of change.

Consolidated Financial Statement Disclosures

The disclosures in the consolidated financial statements are consistent, clear, and understandable. Certain consolidated financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's consolidated financial statements were those surrounding related-party transactions, significant concentration of net patient accounts receivable, investments and fair value of investments, capital assets, employee benefit plans, post-retirement medical benefits, insurance plans, long-term debt, and commitment and contingencies.

Significant Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no corrected and uncorrected misstatements, whose effects, as determined by management, both individually or in the aggregate, to the consolidated financial statements taken as a whole

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, which could be significant to the District's consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated □□□□□□□□,2021

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

San Francisco, California
□□□□□□□□, 2021

El Camino Health

Minutes of the Open Session of the
El Camino Hospital Board of Directors
Wednesday, September 22, 2021

Pursuant to State of California Executive Order N□2□2□ dated March 1□, 2□2□, El Camino Health did not provide a physical location for this meeting. Instead, the public was invited to join the open session meeting via teleconference.

Board Members Present	Board Members Absent	Members Excused
Lanhee Chen, Chair **Peter C. Fung, MD** **Julie Kliger, MPA, □S □□** **Julia E. Miller**, Secretary/Treasurer **Jack Po, MD, PhD □□** **Bob Rebitzer** **Carol A. Somersille, MD** **Don Watters □□** **John Zoglin**, Vice Chair	**George O. Ting, MD** □□via teleconference	None

Agenda Item	**Comments/Discussion**	**Approvals/ Action**
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Board of Directors of El Camino Hospital (the "Board") was called to order at 5:30 pm by Chair Chen. A verbal roll call was taken. All Board members were present at roll call, excluding Director Ting. Director Fung joined at 5:32 pm. Chair Chen reviewed the logistics for the meeting. A quorum was present pursuant to State of California Executive Orders N-25-20 dated March 12, 2020, and N-29-20 dated March 18, 2020.	
2. POTENTIAL CONFLICTS OF INTEREST DISCLOSURES	Chair Chen asked the Board of Directors for declarations of conflict of interest with any items on the agenda, and none were reported.	
3. PUBLIC COMMUNICATION	None	
4. QUALITY COMMITTEE REPORT	Director Kliger opened the discussion by presenting the Quality Committee Report as further detailed in the packet. She briefly noted the Quality Committee Members strive to have meaningful conversations that add real value to ECH leaders and management and continuously review the pacing of these items. At the last Quality Committee meeting, several additional topics were suggested, including patient access to care, ambulatory care protocols, patient experience, and annual employee engagement survey results emphasizing the culture of safety. A new informal report regarding hot spots was further requested to be added during the closed session to keep the Committee apprised of atypical care activities. Director Kliger as the Board of Directors for their feedback and discussion ensued. Director Rebitzer noted the operational impact of COVID on our patient care and their likelihood to recommend. He further asked for the development and regular reporting of a COVID-specific strategy to address these concerns and improve our scores. Director Zoglin asked for direction to the FY22 Quality Committee Goals. Dr. Adams will follow up with an email.	
5. FY22 PERIOD 1 FINANCIALS	Carlos Bohorquez, CFO, opened the discussions by presenting the July 2021 financial results and highlighted the following: • Strong operating/financial results for Period 1 were attributed to substantial volume and patient activity due to the start of the	

	new OB group at our Mountain View Campus continued rebound in ER volumes and strong procedural volumes • Total gross charges, a surrogate for volume, were favorable to budget by □4□.9M / 13.4□ and □□3.1M / 21.9□ higher than the same period last year • Net patient revenue was favorable to budget by □9.0M / 9.□□ and □15.9M / 18.5□ higher than the same period last year • Operating expenses were □2.4M / 2.□□ unfavorable to budget, which is primarily attributed to higher than expected volume versus budget and a significant number of procedural cases performed in July, and an increase in ED visits • Operating margin was favorable to budget by □6.2M / 115.4□ and □3.4M / 41.5□ better than the same period last year • Operating EBIDTA was favorable to budget by □6.3M / 50.6□ and □4.0M / 2□.1□ better than the same period last year	
□□ **AD□O□RN TO CLOSED SESSION**	To adjourn to closed session at 5:50 pm pursuant to *Gov't Code Section 54957.2* for approval of the Minutes of the Closed Session of the Hospital Board Meeting (08/18/21); pursuant to *Health and Safety Code Section 32155* for a report of the Medical Staff; deliberations concerning reports on Medical Staff quality assurance matters: Medical Staff Report (Medical Staff Credentials and Privileges Report) and the Annual FY21 Enterprise Patient Safety Report. **Motion:** to adjourn to closed session at 5:50 pm **Movant**: Miller **Second**: Watters **Ayes**: Chen, Fung, □liger, Miller, Po, Rebitzer, Somersille, Watters, □oglin **Noes**: None **A□stentions**: None **A□sent**: Ting **Recused**: None	***Adjourned to closed session at 5:50 pm***
□□ **A□ENDA ITEM 14: RECONVENE OPEN SESSION/ REPORT O□T**	Open Session reconvened at □:50 pm by Chair Chen. Agenda items □-13 were addressed in the closed session. During the closed session, the Board approved the Minutes of the Closed Session of the Hospital Board Meeting (8/18/21), the Medical Staff Report, including the Medical Staff Credentials and Privileges Report, and Annual FY21 Enterprise Patient Safety Report by a unanimous vote in favor of all members present and participating in the meeting (Directors Chen, Fung, □liger, Miller, Po, Rebitzer, Somersille, and Watters). Director Ting was absent.	
□□ **A□ENDA ITEM 15: CONSENT CALENDAR**	Chair Chen asked if any member of the Board or the public wished to remove an item from the consent calendar. Director Miller pulled item 15f for discussion. **Motion:** To approve the consent calendar excluding item 15f. **Movant:** Miller **Second:** Watters **Ayes:** Chen, Fung, □liger, Miller, Po, Rebitzer, Somersille, Ting, Watters, □oglin **Noes:** None **A□stentions:** None **A□sent:** Ting **Recused:** None	***Consent calendar approved***

	Chair Chen called for discussion regarding agenda item 15f. Director Miller voiced concerns about the cost of this process and would like to tighten up facilities projects, budget, and bidding process. Director Zoglin responded that the Finance Committee had reviewed this project and approved the increased amount. He further stated that management has demonstrated a consistent ability to execute these projects. **Motion:** to approve item 15f - Mountain View Cathlab Replacement Project. **Movant**: Miller **Second**: Zoglin **Ayes**: Chen, Fung, Kliger, Miller, Po, Rebitzer, Somersille, Watters, Zoglin **Noes**: None **Abstentions**: None **Absent**: Ting **Recused**: None	
□□ AGENDA ITEM 1□: INPATIENT REHABILITATION JOINT VENTURE	**Motion:** To approve Resolution 2021-03 regarding Inpatient Rehabilitation Joint Venture. **Movant**: Miller **Second**: Fung **Ayes**: Chen, Fung, Kliger, Miller, Po, Rebitzer, Somersille, Watters, Zoglin **Noes**: None **Abstentions**: None **Absent**: Ting **Recused**: None	
1□□AGENDA ITEM 1□: CEO REPORT	Mr. Woods reported that the American Heart/Stroke Association awarded the Peter C. Fung, MD Stroke Center the Stroke Gold Plus award for the 13th year running. He further disclosed that on August 9, ECH implemented a COVID-19 vaccination policy, consistent with an order from the California Department of Public Health, that requires all staff to be fully vaccinated by September 30, 2021, and to date, 96% of all El Camino Health staff have been fully vaccinated. In conclusion, Mr. Woods recognized El Camino Health's 60th year anniversary on September 1.	
11□AGENDA ITEM 1□: BOARD COMMENTS	None.	
12□AGENDA ITEM 2□: ADJOURNMENT	**Motion**: To adjourn at 8:05 pm. **Movant:** Miller **Second:** Kliger **Ayes:** Chen, Fung, Kliger, Miller, Po, Rebitzer, Somersille, Watters, Zoglin **Noes:** None **Abstentions:** None **Absent:** Ting **Recused:** None	***Meeting adjourned at 8:05 pm***

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

Lanhee Chen	Julia E. Miller
Chair, ECH Board of Directors	Secretary, ECH Board of Directors

Prepared by: Stephanie Iljin, Supervisor of Executive Administration

EL CAMINO HOSPITAL BOARD
Policies for Review
October 13th, 2021

Policy Owner/Dept.	Policy Name	Type of Change	Type of Document	Notes	Committee Approvals
MSO	1. Medical Staff Peer Review	Revised	Policy	Edits made to reflect current review process, attachments updated and deleted non relevant ones	Practitioner Excellence Committee
Corporate Compliance	2. Impermissible Information Blocking Practices	New	Policy		ePolicy
Employee Wellness & Health Service	3. Scope of Service	None	Scope of Service	Due for pre-scheduled 3 Year approval cycle	HR Leadership and CHRO
MCH	4. Scope of Service – Labor and Delivery	Revised	Scope of Service	Added AWHONN staffing guidelines	MCH Exec.
ED	5. Scope of Service Emergency Department	Revised	Scope of Service	Updated nursing assessment/reassessment frequency with MV ED manager Chuck and Interim Educator Jumana together	Dept. of Medicine

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Owner:	*Raquel Barnett: Director Medical Staff Services*
Area:	*Medical Staff*
Document Types:	*Policy*

Medical Staff Peer Review

COVERAGE:

All ECH Medical and Hospital Staff

PURPOSE:

To ensure that the hospital system, through the activities of its medical staff, (1) identifies opportunities for improvement of the delivery of clinical care, (2) ~~provides~~identifies educational resources and forums for practitioners, (3) identifies professional practice trends that impact quality of care and patient safety ~~by assessing the ongoing professional practice of individuals granted clinical privileges or scope of practice guidelines and~~through the quality management and peer review process, (4) when necessary, uses the results of such ~~assessments~~reviews, to perform focused professional practice evaluations (FPPE) ~~and~~ to assist medical staff members and allied health practitioners (AHPs) in providing safe, high quality patient care.

POLICY:

It is the policy of El Camino Hospital to have a process for peer review of the medical staff to evaluate the quality of care provided to patients. A peer or peers of the Practitioner responsible for the patient's care will participate in the review as described below. All activities related to peer review are protected by California Evidence Code 1157 and will remain confidential.

DEFINITIONS:

1. **Practitioner:** The word Practitioner used throughout this policy means both licensed independent practitioner and allied health practitioner.
2. **Focused professional practice evaluation (FPPE):**
   The establishment and confirmation of an individual practitioner's ~~current~~privilege-specific competency at the time when he/she requests new privileges, either at initial appointment or as a current member of the medical staff, and is also used to evaluate and monitor ~~concerns based on a medical disciplinary cause or reason~~a practitioner's ability to provide safe, high quality care. FPPE is a time-limited period or process in which a designated number of procedures, admissions, or consults, etc., are ~~raised through the OPPE or other processes~~reviewed, during which the Medical Staff evaluates and determines a practitioner's professional competence. ~~These activities include, but are not limited to, what is typically called proctoring or focused review, depending on the nature of the circumstances.~~

   ~~**Ongoing Professional Practice Evaluation (OPPE):**~~

~~The routine, ongoing monitoring and evaluation of competency for medical staff members as defined by the six Joint Commission/ACGME general competencies described below.~~

- ~~Patient Care: Practitioners are expected to provide patient care that is compassionate, appropriate, and effective for the promotion of health, prevention of illness, treatment of disease, and at the end of life~~
- ~~Medical Knowledge: Practitioners are expected to demonstrate knowledge of established and evolving biomedical, clinical, and social sciences, and the application of their knowledge to patient care and the education of others~~
- ~~Practice-Based Learning and Improvement: Practitioners are expected to be able to use scientific evidence and methods to investigate, evaluate, and improve patient care~~
- ~~Interpersonal and Communication Skills: Practitioners are expected to demonstrate interpersonal and communication skills that enable them to establish and maintain professional relationships with patients, families, and other members of healthcare teams~~
- ~~Professionalism: Practitioners are expected to demonstrate behaviors that reflect a commitment to continuous professional development, ethical practice, an understanding and sensitivity to diversity, and a responsible attitude toward their patients, their profession, and society~~
- ~~Systems-Based Practice: Practitioners are expected to demonstrate both an understanding of the contexts and systems in which healthcare is provided, and the ability to apply this knowledge to improve and optimize healthcare~~

3. **Peer:** A "peer" is an individual practicing in the same profession and who has a sufficient level of clinical knowledge and experience in the relevant subject matter. The level of subject matter expertise required to provide meaningful evaluation of a practitioner's performance will determine what "practicing in the same profession" means on a case-by-case basis. For quality issues related to general medical care, a physician (MD or DO) may review the care of another physician. For specialty-specific clinical issues, a peer is an individual who is well-trained and competent in that specialty area.
4. **Peer review:** "Peer review" is the evaluation of an individual practitioner's professional performance and includes the identification of opportunities to improve quality of care and patient safety. Peer review differs from other quality improvement processes in that it evaluates the strengths and weaknesses of an individual practitioner's performance, rather than appraising the quality of care rendered by a group of professionals or by a system. During this process, the practitioner is not considered to be "under investigation" for the purposes of reporting requirements under the Healthcare Quality Improvement Act. Peer review is conducted using multiple sources of information including, but not limited to:
    - the review of individual cases
    - the review of aggregate data for compliance with general rules of the medical staff and clinical standards
    - use of rate measures in comparison with established medical staff goals using benchmarks or norms as guidelines
5. **Peer review Body**: The peer review body designated to perform the initial review by the ~~medical executive committee~~Medical Executive Committee (MEC) or its designee will determine the degree of subject matter expertise required for a provider to be considered a peer for all peer reviews performed by or on behalf of the hospital. The ~~initial~~primary peer review body will be the Practitioner Excellence Committee (PEC) unless otherwise designated below for specific types of case reviews or circumstances by the Medical Executive Committee.

6. **Conflict of interest**: A member of the medical staff requested to perform peer review may have a conflict of interest if they may not be able to render an unbiased opinion
    1. An absolute conflict of interest would result if the physician is the provider under review or is a first degree relative or spouse.
    2. Relative conflicts of interest are either due to a provider's involvement in the patient's care not related to the issues under review or because of a relationship with the physician involved as a direct competitor, partner, or key referral source.
    3. Merely practicing in the same specialty and/or same geographic area does not automatically result in a finding of a conflict of interest. It is the obligation of the individual reviewer or committee member to disclose to the committee the potential conflict. It is the responsibility of the peer review body in consultation with the Chief of Staff and if necessary Medical Executive Committee to determine on a case-by-case basis whether a relative conflict is substantial enough to prevent the individual from participating. When either an absolute or substantial relative conflict is determined to exist, the individual may not participate or be present during peer review body discussions or decisions other than to provide specific information requested as described in the peer review process.

RESPONSI□ILITIES:

A. ~~The primary responsibilities of the Practitioner Excellence Committee (PEC) are to:~~
    1. ~~Define and maintain the practitioner performance indicators and targets for the General Competencies in collaboration with the appropriate departments and specialties and approved by the MEC.~~
    2. ~~Evaluate practitioner performance for these indicators to determine if improvement opportunities exist either through case review or using aggregate data for patterns and trends.~~
    3. ~~Assure accountability by the medical staff departments for the development of improvement plans when appropriate~~
    4. ~~Oversee any other medical staff specialty specific peer review activities~~

B. ~~There are a number of practitioner performance areas that fall outside of the purview of the PEC and are handled by other bodies or individuals. These include:~~
    1. ~~Behavior- Individual behavioral events will be adjudicated by the appropriate Medical Staff leadership as delineated in the Medical Staff Code of Conduct~~
    2. ~~Utilization- Concurrent individual utilization issues will be handled by the Utilization Review process Utilization- Concurrent individual utilization issues will be handled by the Utilization Review process.~~
    3. ~~Infection Control- Policies and practices will be the responsibility of the Infection Control Committee and the MEC~~
    4. ~~Blood Use- Blood use policies will be the responsibility of the MEC~~
    5. ~~Medication Use- Medication policy and formulary decisions will be the responsibility of the Pharmacy and Therapeutics Committee (P & T) and the MEC~~
    6. ~~Patient Safety- Policies regarding patient safety will be the responsibility of the Patient Safety Committee and MEC~~
    7. ~~Health Information Management- Policies regarding documentation, manual and/or electronic, will be the responsibility of the MEC~~

~~PROCED□RE:~~

A. The primary responsibilities of the Practitioner Excellence Committee (PEC) are to:

   1. Define the indicators for peer review for approval by the MEC as outlined in Attachment B.
   2. Evaluate practitioner performance for these indicators to determine if improvement opportunities exist either through case review or using aggregate data for patterns and trends.
   3. Assure accountability by the medical staff departments for the development of FPPE and/or improvement plans when appropriate
   4. Oversee any other medical staff specialty specific peer review activities.

B. Peer Review Data Management:

   1. All ~~OPPE/FPPE/~~peer review information is privileged and confidential in accordance with medical staff and hospital bylaws, rules and regulations, state and federal laws, and regulations pertaining to confidentiality and non-discoverability, i.e. Health Care Quality Improvement Act of 1986 42 U.S.C. 11101, et seq. and ~~Appropriate State~~Evidence Code 1156, 1157. Discussions of peer review are confined to meetings and committees designated to perform this function. Discussion may include fact finding and phone calls between medical staff members, the practitioner and peer review bodies. Confidentiality of the process includes protecting the identity of the individuals making the complaints to medical staff.
   2. The medical staff will use the provider-specific ~~OPPE~~peer review results in making its recommendations to the Credentials Committee and/~~FPPE and peer review results in making its recommendations to the Credentials Committee and/~~or MEC regarding the credentialing and privileging process and, as appropriate, in its performance improvement activities.
   3. The Medical Staff Services Department and/or ~~Quality Department~~Peer Review team in Risk Management will keep provider-specific quality information in a secure location. Provider-specific quality information consists of information related to:
      a. Individual practitioner performance data
      b. The individual practitioner's role in sentinel events, significant incidents, or near misses
      c. Correspondence to the physician regarding commendations, comments regarding practice performance, and corrective action
   4. ~~Only the final~~Final determinations of the peer review process and any subsequent actions or recommendations and correspondences between the committee and the practitioner are considered part of an individual provider's quality file. ~~Any written or electronic documents related to the review process other than the above shall be considered working notes of the committee and shall be destroyed by policy after the committee decision has been made. Working notes include potential issues identified by hospital staff, preliminary case rating, questions and notes~~
   5. ~~Aggregate peer~~Peer review data, formal investigations and corrective actions will be retained ~~for ten years after the most recent reappointment of the provider~~permanently. ~~Information related to formal investigations and corrective actions will be retained forever.~~
   6. Peer review information in the individual practitioner's quality file is available only to authorized individuals who have a legitimate need to know this information based upon their responsibilities as a medical staff leader or Medical Staff Services or Quality Department employee(s) to the extent necessary to carry out their assigned responsibilities.

7. Only the following individuals shall have access to provider-specific peer review information and only for purposes of quality improvement:
    a. The specific provider (to the extent that the Chief of Staff believes such access is appropriate and as consistent with the Medical Staff Bylaws)
    b. The Chief of the Medical Staff
    c. Medical staff Department Chiefs (for members of their departments only)
    d. Members of the Medical Executive Committee (MEC), Credentials Committee, ~~Credentials~~Practitioner Excellence Committee (PEC), ~~Practitioner Excellence Committee,~~ and Medical Staff Services professionals for purposes of considering reappointment or corrective action
    e. Medical staff leaders and quality staff supporting the peer review process
    f. Individuals surveying for government agencies or accrediting bodies with appropriate jurisdiction (e.g. The Joint Commission or state/federal regulatory bodies)
    g. Individuals with a legitimate purpose for access as determined by the hospital Governing Board
    h. Chief Medical Officer, and designees as necessary for support of medical staff peer review functions
    i. The hospital Chief Executive Officer(CEO) when information is needed for the CEO's involvement in the process of immediate formal corrective action as defined by the medical staff bylaws and rules and regulations
    j. Peer review committees and Judicial Review Committees
    k. Medical staff and/or hospital consultants or attorneys, as deemed necessary by the Chief of Staff, Chief Executive Officer, or Medical Staff Services professionals
    l. No copies of peer review documents will be created and distributed unless authorized by medical staff or hospital policy.

C. **Circumstances requiring peer review:**

1. Peer review is conducted on an ongoing basis and reported to the appropriate committee for review and action. The procedures for conducting peer review for an individual case and ~~for aggregate performance measures~~peer review triggers are ~~described in Attachments~~found in Attachment A and B~~, C, and D~~.
2. Sources of information for peer review ~~and OPPE~~ will include but not be limited to outcome data, aggregate reports of coded outcomes of care, review of operative and other invasive procedures, incident reports, patient complaints, patterns of blood and medication usage, resource use data such as length of stay, morbidity and mortality data.
3. Method of obtaining data for ~~OPPE~~peer review may include medical record review, direct observation, monitoring of diagnostic and treatment techniques and outcomes, and discussion with other care providers.
4. In the event that a decision is made by the Governing Board to investigate a practitioner's performance or that circumstances warrant the evaluation of one or more providers with privileges, the Medical Executive Committee or its designee shall appoint a panel of appropriate medical professionals to perform the necessary peer review activities as described in the medical staff bylaws and rules and regulations.

D. **Circumstances requiring external peer review:**

1. Either the PEC, Leadership Council, MEC or the Governing Board can make determinations on the need for external peer review. No practitioner can require the hospital to obtain external peer review if it is not deemed appropriate by the determining bodies indicated above.
2. Circumstances that may result in external peer review include the following:
   a. Litigation: when potential for a lawsuit exists when there are vague or conflicting recommendations from internal reviewers or medical staff committees and conclusions from this review will directly affect a practitioner's membership or privileges
   b. Lack of internal expertise: when no one on the medical staff or allied health staff has adequate expertise in the specialty under review; or when practitioners on the medical staff with that expertise are determined to have a conflict of interest regarding the practitioner under review as describe above. External peer review will take place if this potential for conflict of interest cannot be appropriately resolved by the Medical Executive Committee or Governing Board.
   c. Ambiguity: when dealing with vague or conflicting recommendations from internal reviewers or medical staff committees.
   d. Credibility: when or if the medical staff or board needs to verify the overall credibility of the internal peer process typically as an audit of routine peer review findings.
   e. Benchmarking: when an organization is concerned about the care provided by its physicians relative to best practices and wishes to better define its expectations and as future quality monitoring to determine whether improvement has been achieved.
   f. Miscellaneous issues: when the medical staff needs an expert witness for a fair hearing or for evaluation of a credential file.

E. **Individual case review and ~~timeframe~~ time frame**

1. Peer review will be conducted by the medical staff in a timely manner. The goal is for routine cases ~~for review will~~to be ~~identified based on the Medical Staff Case Review Indicators. The goal is for routine cases to be~~ completed within ninety (90) days from the date the ~~chart~~case is ~~reviewed by the quality department staff~~referred to the peer reviewer and complex cases to be completed within ~~one hundred and twenty (~~120~~)~~ days. ~~Exceptions may occur based~~The rating system for determining results of individual cases is listed in Attachment C on ~~case complexity or reviewer availability. The timelines for this process are described in Case~~the Confidential Review ~~Process~~Form (~~Attachment B~~CRF). ~~The rating system for determining results of individual case reviews is described in the Quality Review Worksheet (Attachment E). The results of all cases reviewed will be maintained and reported on a regular basis.~~

~~**Rate and rule indicator data evaluation**~~

~~1. Evaluation of the aggregate physician performance measures via either rate or rule indicators data will be the responsibility on an ongoing basis by the PEC as described in (Attachment D). All results will be maintained, reported and acted upon in the manner described in the OPPE policy.~~

F. **Oversight and reporting**

1. Direct oversight of the peer review process is delegated by the MEC to the PEC. The responsibilities of the PEC related to peer review are described in the medical staff bylaws. The PEC will report to the MEC regarding PEC activities. The MEC will report to the Governing Board at least quarterly, and as frequently as necessary regarding peer review activities. The MEC has overall oversight

responsibility for the PEC and shall conduct a performance review of the PEC on a regular basis.

G. **Practitioner Excellence Committee (PEC) Responsibilities:**

1. ~~Measurement System Management~~Peer Review Indicators.

   a. At least annually, review ~~all the~~the peer review indicators, ~~targets,~~ screening tools and referral systems for effectiveness recommended by the medical staff department chiefs and recommend changes to the MEC. The PEC will have the authority to develop and implement specialty-specific indicators if not provided by the departments in a reasonable time-frame. List of indicators in Attachment B.

   ~~Data from sub-specialty databases supported by the hospital shall be shared with the PEC based on MEC approved indicators.~~

   ~~As needed, make recommendations on requests for additions or deletions to the indicators, criteria or targets used by the medical staff to evaluate practitioner performance to the MEC for approval.~~

   b. Design and approve focused studies when necessary to further analyze practitioner performance.

   ~~In coordination with the Credentials Committee, define the appropriate content and format for practitioner performance feedback reports and reappointment profiles as approved by the MEC.~~

2. Evaluation of Practitioner Performance /Evaluation of Individual Cases

   a. ~~Perform~~If initial ~~practitioner~~ review ~~of all cases identified based on approved Case Review indicators. If initial~~has been carried out by a recognized peer review ~~has been carried out by a recognized peer review~~ subcommittee (see #5 below), then the PEC shall either decide to accept the subcommittee review or to re-review the case. PEC has the prerogative to do the initial review of any case meeting its review criteria in lieu of a specialty peer review committee.

   b. Obtain reviews and recommendations from specialists on the medical staff or from external specialists when required.

   c. Communicate with the practitioner involved with the case as needed to obtain input prior to making determinations that opportunities for improvement may exist.

   d. Make determinations regarding individual practitioner opportunities for improvement based on: individual or multiple case reviews and/or aggregate rate data.

   e. Perform focused practice evaluation when necessary to further define if an improvement opportunity exists.

   f. Identify and communicate potential Hospital systems or nursing practice opportunities for improvement.

~~Evaluation of Rate and Rule Indicators~~

   ~~a. Perform regular review for individual practitioner outliers as defined by the approved acceptable target levels from medical staff Rule or Rate indicator data for all practitioner competencies within the PEC scope. This function may be delegated by the PEC to an individual PEC member or to a subcommittee.~~

   ~~b. Identify potential individual practitioner opportunities for improvement or determine if focused practice evaluation is needed to define if an improvement opportunity exists.~~

   ~~c. Identify potential medical staff wide opportunities for improvement.~~

d. ~~Identify and communicate potential nursing practice or hospital system opportunities for improvement.~~

~~Improvement Opportunity Accountability~~

a. ~~The role of the PEC is to assure when opportunities for improvement are identified, the appropriate individuals are notified of the issues and a reasonable improvement plan is developed.~~

~~Oversight of Other Medical Staff Physician Excellence Committees~~

a. ~~Some medical staff departments or committees will continue to evaluate practitioner performance as a quality control mechanism or for educational purposes. Such discussions will be considered part of the medical staff quality function and are protected from discovery as long as the appropriate policies and procedures of the PEC are followed. The PEC will oversee the process used to perform this evaluation and the indicators selected by the specialty for the following areas:~~

   i. ~~Image Based Specialties (Pathology, Radiology): Routine quality reviews of diagnostic image interpretation by practitioners (e.g. surgical pathology or cytology slides, radiological images) will be performed internally. Department wide and practitioner specific data based on MEC approved indicators will be reported to the PEC as rule or rate data at least every six months. Cases potentially meeting case review indicator criteria will be referred to the Quality Department to be reviewed by the PEC using the case review process.~~

   ii. ~~Emergency Department: Perform routine quality reviews based on departmental criteria. Cases resulting in significant adverse outcomes potentially related to practitioner care as defined by Review indicators will be referred to the PEC.~~

   iii. ~~OB/Perinatal Specialties: Perform routine quality reviews based on departmental criteria. Cases resulting in significant adverse outcomes potentially related to practitioner care as defined by Review indicators will be referred to the PEC.~~

   iv. ~~Pediatrics/Neonatal Specialties: Perform routine quality reviews based on departmental criteria. Cases resulting in significant adverse outcomes potentially related to practitioner care as defined by Review indicators will be referred to the PEC.~~

   v. ~~Heart Vascular Institute (HVI): Perform routine quality reviews based on departmental criteria. Cases resulting in significant adverse outcomes potentially related to practitioner care as defined by Review indicators will be referred to the PEC.~~

   vi. ~~Interdisciplinary Practice Committee: Perform routine review of cases related allied health professionals based on medical staff criteria.~~

3. Oversight of Other Medical Staff Peer Review Peer Review Committees

   a. The medical staff subcommittees identified below have been approved by MEC to conduct specialty specific peer review. The PEC reviews all determinations made by these peer review committees in their meetings and has oversight of their peer review process.

      i. Pathology

      ii. Radiology Peer Review Committee

      iii. Emergency Department

      iv. Perinatal Peer Review Committee

v. Pediatrics Peer Review Committee

~~**Department or Specialty Peer Review Responsibilities**~~

1. ~~Case Review may be carried out for any case triggers that a Department or Specialty line deem significant and useful. Any cases fitting the case review indicators shall be passed on to the PEC.~~
2. ~~Aggregate Rate data shall be the responsibility of the Department as well.~~
3. ~~Mortality and Morbidity (M&M) Conferences shall also be the responsibility of the Department or Service Line Specialty. It is anticipated that this activity is the most important in moving the quality needle since it involves all hospital personnel involved in patient care for that specified area. It will be education based and will maintain close collaboration with the Departmental and PEC Review Activity as there is a strong two-way case sourcing opportunity to be exercised. M&M can identify cases that may require Peer Review and Peer Review should identify cases where there are educational yields.~~

H. **Membership of PEC**

1. The PEC will be comprised of 9 to ~~11~~12 voting members who are active members of the medical staff. The committee shall be composed of at least one member from each of the following specialties: Internal Medicine/Hospitalist, General Surgery, Subspecialty Surgery, OB/GYN, Intensivist, Cardiology, Radiology and Emergency Medicine. The remaining committee members shall be appointed from at large with a maximum of three members from any single specialty. Practitioners from other specialties may be invited to the meeting as needed.
2. The CMO, the Chief of Staff, and the ~~quality~~peer review or medical staff support personnel as determined by the Chair are ex-officio members of the PEC.

I. **Appointment and Terms**

1. The Chief of Staff will appoint the members of the PEC based on the recommendations from the department chiefs and the PEC Chair and approved by the MEC.
2. Voting members will be appointed for a three-year term except for initial committee members who will have staggered terms to initiate the process (i.e. 1/3 for 4 years, 1/3 for 2 years and 1/3 for 3 years).
3. Voting members may be appointed for additional terms without limit.

   ~~Chair selection~~

4. Chair selection: The PEC Chair will be appointed by the Chief of Staff, and approved by the MEC.
5. To be eligible for appointment as Chair, the individual must be a current voting PEC member and have served as a voting PEC member at some point in time for at least one year. The Chair will serve for a term of one year and may have an unlimited number of consecutive terms as long as the chair is eligible to be PEC member. The PEC Chair will be an ex-officio member of the MEC.

J. **Member Responsibilities**

1. PEC members will be expected to attend at least two thirds (2/3) of the scheduled PEC meetings over a twelve- month period and perform assigned case reviews according to peer review policies and procedures to maintain membership. If a member fails to fulfill their responsibilities, they will be replaced using a process similar to that used for initial appointment to the PEC. PEC members will be expected to participate in appropriate educational programs provided by the Hospital or Medical Staff to increase their knowledge and skills in performing PEC responsibilities. PEC members will be

expected to maintain an ECH email for electronic connection and work flow.

2. If a member of the medical staff who is not a PEC member is requested to perform a case review, it is that individual's responsibility to perform that review in a timely manner according to PEC policies.

K. **Meetings**

1. The PEC will meet at least 10 times per year. A quorum for purposes of making final determinations or recommendations for individual case reviews or improvement opportunities based on aggregate data will require the presence of 50% of the voting PEC members at a regularly scheduled meeting. A majority will consist of a majority of voting PEC members present.

L. **PPE for uality Concerns:**

1. Peer Review Committees may determine that a practitioner requires a FPPE for Quality Concerns either due to a single egregious case or due to concerns with a pattern of quality concerns. PEC monitors FPPE compliance monthly. The role of the PEC is to assure when opportunities for improvement are identified, the appropriate individuals are notified of the issues and a reasonable improvement plan is developed either through PEC, peer review subcommittee, medical director or department chief.

2. Practitioners placed on FPPE as part of the OPPE process shall be referred to PEC for approval and shall be monitored by PEC and the appropriate speciaty-specific sub-committee, if applicable.

M. **Statutory Authority**

1. This policy is based on the statutory authority of the Health Care Quality Improvement Act of 1986 42 U.S.C. 11101, et seq. and Appropriate California Peer Review Statues. All minutes, reports, recommendations, communications, and actions made or taken pursuant to this policy are deemed to be covered by such provisions of federal and state law providing protection to peer review related activities.

N. **Applicaility of Medical Staff ylaws**. The time-lines and/or methods set forth in this policy for completion of the professional practice evaluation process shall not operate to prevent the hospital or its Medical Staff from taking immediate action as necessary to prevent a substantial likelihood of injury to one or more patients as provided in hospital's Medical Staff Bylaws or to conduct further investigations or impose corrective action according to the process set forth in the hospital's Medical Staff Bylaws.

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.

Attachments

Attachment A Case Flow
Attachment C Case Review Form
Attachment B Peer Review Indicators

Approval Signatures

Step Description	Approver	Date
Board	Jeanne Hanley: Policy and Procedure Coordinator	pending
MEC	Catherine Carson: Senior Director Quality [JH]	09/2021
ePolicy Committee	Jeanne Hanley: Policy and Procedure Coordinator	09/2021
Practitioner Excellence Committee	Jeanne Hanley: Policy and Procedure Coordinator	08/2021
	Raquel Barnett: Director Medical Staff Services [JH]	08/2021

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Area:	*Corporate Compliance*
Document Types:	*Policy*

Impermissi□le Information □locking Practices

COVERA□E:

All El Camino Health ("ECH") Employees, Medical Staff and Contract Personnel that control the access, exchange, or use of Electronic Health Information ("EHI").

P□RPOSE:

To assure ECH complies with the 21st Century Cures Act (45 C.F.R. part 170 and part 171) by electronically allowing patient access to their medical records while prohibiting information blocking practices that may lead to penalties and reductions in reimbursement.

POLIC□ STATEMENT:

This policy applies to all EHI created by ECH and to EHI that ECH maintains on behalf of others. ECH will not knowingly interfere with access, exchange, or use of EHI unless a regulatory exception applies or otherwise required by law. As an eligible hospital in the Medicare and Medicaid Promoting Interoperability Programs, ECH will attest to its prevention of information blocking practices and understands that information blocking practices, as defined in the 21st Century Cures Act of 2016 and implementing regulations may result in other types of penalties.

If a requester, whether a patient, health care provider, or other third party, requests EHI, ECH will provide the requested access to EHI unless an exception applies.

A□Regulatory Exception □

For purposes of this policy, a Regulatory Exception to information blocking (45 C.F.R. part 171) include:

i. Exceptions that involve not fulfilling requests to access, exchange or use EHI
   - Certain practices to prevent physical harm to the patient or others;
   - Satisfying privacy law criteria (e.g., obtaining the patient's authorization or complying with a patient's requested restriction);
   - Implementing appropriate security safeguards;
   - Where the request is infeasible

ii. Exceptions that involved procedures for fulfilling requests to access, exchange, or use EHI
   - ECH establishes Content that include data elements defined under the United States Core Data for

Interoperability Standard (“USCDI”) for up to 24 months after the publication of the Cures Act final rule, or fulfilling a request in an alternative Manner if ECH is unable to fulfill the request through technical means or is unable to reach an agreeable term with the requester;

- Charging fees for record request as long as the fees are based on objective and verifiable criteria, including being reasonably related to the costs of provided the type of access, exchange or use of EHI
- License negotiations with the requestor begin within 10 business days from receipt of the request and negotiate a license within 30 business days from receipt of the request

B. Responsibility for Oversight of Prohibition on Information Blocking.

The ECH Compliance Officer will have responsibility for overseeing and implementing practices to prohibit information blocking involving EHI.

C. Documentation Retention

ECH will retain all documentation indicating compliance with information blocking for a minimum of six years.

DEFINITIONS:

Access: the necessary ability to make Electronic Health Information available for use and/or exchange.

Electronic Health Information (EHI): the electronic protected health information (“ePHI”) in a designated record set regardless of whether the records are used or maintained by or for ECH. EHI does not include:

- Psychotherapy notes
- Information compiled in reasonable anticipation of or for use in a civil, criminal, or administrative action or proceeding

Exchange: the ability for EHI to transmit between different technologies, systems, platforms, or networks, including bi-directional network transmissions.

Information Blocking: a practice conducted by ECH staff or providers who know that such practice is likely to interfere with the access, exchange, and use of EHI except as required by law or covered by an exception

Interfere with (or Interference): to prevent, materially discourage, or otherwise inhibit.

Use: the ability for EHI to be understood and acted upon once accessed or exchanged.

Workforce: includes all ECH Employees, Medical Staff and Contract Personnel that control or influence the access, exchange, or use of electronic health information

PROCEDURE:

A. **Identification of Potential Information Blocking Practices**

1. ECH Compliance Officer will oversee a periodic review to identify impermissible information blocking practices.
2. To the extent feasible, the ECH Compliance Officer will work with relevant stakeholders to conduct the review no less than every two years.
3. ECH Compliance Officer will interview relevant stakeholders within ECH to identify practices that potentially interfere with third parties’ access, exchange, or use of EHI.

4. For each act that interferes with a third party's access, exchange, or use of EHI, ECH Compliance Officer shall either:
    i. Document that it is required by law or a Regulatory Exception applies; or
    ii. Develop and implement a plan to remediate the practice.

B. **Actions as a Health Information Exchange/Network or Health IT Developer of Certified Health IT**

1. ECH Compliance Officer and Legal will identify whether ECH controls or influences EHI of others as a health information exchange/network ("HIE") or a health IT developer of certified health IT ("HIT Developer").
2. ECH Compliance Officer will coordinate with appropriate stakeholders to ensure that ECH does not interfere with access, exchange, or use of the EHI of others' that ECH controls or influences in its role as an HIE or HIT Developer, unless the practice is required by law or a Regulatory Exception applies.
3. ECH Compliance Officer will coordinate with Legal to review all contracts involving ECH acting as an HIE and/or HIT Developer to ensure that such contracts do not include terms that impermissibly constitute information blocking.

C. **Contracting.**

1. ECH Compliance Officer will coordinate with Legal to:
    i. Implement a system that ensures new contracts/contract renewals involving EHI do not involve impermissible information blocking.
    ii. Impermissible Information Blocking Practice includes but is not limited to:
        - contractual terms that limit a third party, including a business associate, from allowing access, exchange, or use of EHI in a manner that would be impermissible if done by ECH.

D. **Promoting Interoperability Program (Meaningful Use) Attestation**

1. ECH Compliance Officer will coordinate with Meaningful Use/CURES Steering Committee to identify when ECH will attest to not engaging information blocking practices as part of the Medicare Promoting Interoperability program.
2. Immediately prior to ECH's annual attestation in the Promoting Interoperability program, ECH Compliance Officer will report any ongoing information blocking practices to Meaningful Use/CURES Steering Committee and allow the Committee to establish and implement mitigating or corrective actions to such practices.

E. **Training**.

1. ECH Compliance Officer will work with appropriate stakeholders, to implement annual training of appropriate Workforce on the prohibition on information blocking and this policy.
    i. Such training will focus on:
        - Informing Workforce members that ECH has a responsibility to generally allow access, exchange, and use of EHI to the extent permitted by law.
        - Explaining what constitutes EHI and information blocking.
        - Identifying common examples of prohibited information blocking practices.
        - Identifying, at a high level, some of the Regulatory Exceptions that may be applicable to Workforce (such as actions to prevent physical harm to the patient or other individuals).

- Instructing Workforce regarding how and to whom to report potential information blocking practices.

F. **Application Programming Interface (API) Requests:**

1. ECH Compliance Officer will coordinate with IT and Legal to ensure that EHI is available to third parties, such as a patient's choice of application, through an API to the extent required under Medicare's Promoting Interoperability program (also known as the "Meaningful Use" program), including that:
   i. Information necessary for connecting to ECH's API(s) is publicly available; and
   ii. Access to the API(s) is not denied, delayed, or otherwise interfered with unless a Regulatory Exception applies.
2. Prohibited Information Blocking Practice includes but not limited to:
   i. Delaying or denying API access to a third- party to whom a patient has provided authorization for disclosure of EHI based on concerns that the third party does not have strong privacy or security protections.

G. **Patient Requests:**

1. **Automated Requests**. The ECH Compliance Officer shall coordinate with IT to ensure, to the extent feasible, that EHI is available through the online patient portal, myCare, to patients and their chosen proxies in real-time unless a practice that interferes with such access is required by law or falls within a Regulatory Exception.
2. **Non-Automated Requests.** ECH Compliance Officer shall coordinate with the Health Information Management ("HIM") team to ensure that EHI is made available to the patient or patient's personal representative when requested and without unreasonable delay. Any denial, delay, or cost in providing the access to EHI shall fall within a Regulatory Exception.
3. **Prohibited Information Blocking Practice includes but not limited to:**
   Denying or delaying a patient's access to EHI, including lab results or sensitive diagnoses, based on a Clinician's belief that access to EHI could cause:
   i. physical harm to the patient or someone else;
   ii. emotional harm to another person that is referenced in the EHI; or
   iii. the request is from the patient's personal representative and providing the EHI to the personal representative likely would cause substantial harm to the patient.

H. **Third-Party Requests:**

1. ECH Compliance Officer should coordinate with the HIM team and IT, to ensure that all third-party requests (direct or on-line portal) for EHI are granted within ten (10) days from receipt of a request, unless a Regulatory Exception applies.
2. Prohibited Information Blocking Practices includes but not limited to:
   i. Denying another health care provider's request for EHI for a permissible purpose based on the other health care provider being a direct competitor.
   ii. Denying or delaying a life insurer or plaintiff attorney's request for EHI that is accompanied by a legally compliant authorization from the patient based on concern that the request is overly broad.

iii. Denying or Delaying a patient's access to EHI, including lab results or sensitive diagnoses, based on a belief that the patient cannot emotionally handle the information or that the patient does not have the ability to understand the information. Clinicians must notify the HIM Department if access to EHI could cause:

- physical harm to the patient or someone else;
- emotional harm to another person that is referenced in the EHI; or
- the request is from the patient's personal representative and providing the EHI to the personal representative likely would cause substantial harm to the patient.

I. **Reporting Potential Information □locking Practices□**

1. Any Workforce member who learns of a practice that interferes with a third party's access, exchange, or use of EHI should immediately report the practice to Compliance officer or hotline by provide means of contact, such as email or phone number

RE□ERENCES:

- 45 C.F.R. part 171 (prohibition on information blocking pursuant to the 21st Century Cures Act)
- 42 C.F.R. § 495.40(a)(1)(I) and (b)(1)(I) (information blocking attestation requirements for the Medicare Promoting Interoperability program)
- United States Core Data for Interoperability ("USCDI"), currently available at https://www.healthit.gov/isa/united-states-core-data-interoperability-uscdi.

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.

Attachments

No Attachments

Approval Signatures

Step Description	Approver	Date
Board	Jeanne Hanley: Policy and Procedure Coordinator	pending
MEC	Catherine Carson: Senior Director Quality [JH]	09/2021
ePolicy Committee	Jeanne Hanley: Policy and Procedure Coordinator	09/2021
Compliance	Diane Wigglesworth: Sr Dir Corporate Compliance	08/2021
	Diane Wigglesworth: Sr Dir Corporate Compliance	08/2021

Current Status: *Pending* **PolicyStat ID:** *10347749*

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Last Revised:	*09/2021*
Next Review:	*3 years after approval*
Owner:	*Mari Numanlia-Wone: Mgr Emp Wellness & Health Svcs*
Area:	*Scopes of Service*
Document Types:	*Scope of Service/ADT*

Scope of Service □Employee □ ellness □ □ealth Service

Types and Ages of Clients Served

The Employee Wellness and Health Services Department provides services to all El Camino Hospital employees in the delivery of occupational health and safety programs.

Scope and Complexity of Services Provided

The Employee Wellness and Health Services Department is responsible for ensuring the safety and reduction of risk to employees through planning, development, implementation, and evaluation of occupational health and safety programs. Services provided include, but are not limited to:

- Pre-placement examination and communicable disease screening
- Medical management of occupational injury and illness
- Workers' compensation case management
- Management of OSHA program(s) compliance
- Transitional work programs
- Fitness for Duty evaluations
- Return to Work evaluations
- Worksite ergonomic evaluations
- Management of TB and Respirator Fit Testing surveillance programs
- Immunizations
- Environment of Care management through the Central Safety Committee
- Health and wellness promotion programs
- Biometric Screenings

Standards of Practice

The departmental policies and practices of Employee Wellness and Health Services are created and designed in compliance and accordance of guidelines and regulations established by federal, state, and local governments. Department employees may interact with all levels of personnel, medical staff, volunteers, representatives of regulatory and health agencies, insurance carriers, and the general public.

Staffing

Employee Wellness and Health Services delivers a diverse scope of programs and services with a staff of health and administrative professionals to include occupational health nurse practitioners, occupational health nurses, and administrative support personnel. A manager provides operational oversight.

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Attachments

No Attachments

Approval Signatures

Step Description	Approver	Date
Board	Jeanne Hanley: Policy and Procedure Coordinator	pending
MEC	Catherine Carson: Senior Director Quality [JH]	09/2021
ePolicy Committee	Jeanne Hanley: Policy and Procedure Coordinator	09/2021
HR Leaders including CHRO	Tamara Stafford: Dir Talent Development & EWHS	09/2021
Contributor Input	Mari Numanlia-Wone: Mgr Emp Wellness & Health Svcs	08/2021
	Mari Numanlia-Wone: Mgr Emp Wellness & Health Svcs	08/2021

Current Status: *Pending* **PolicyStat ID:** *10188468*

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Owner:	*Ellen Keohane: Asst Clinical Manager*
Area:	*Scopes of Service*
Document Types:	*Scope of Service/ADT*

Scope of Service □La□or and Delivery

Types and Ages of Patient Served

Pregnant patients sixteen (16) weeks gestational age or greater, presenting with signs and symptoms of labor and/or medical conditions relating to pregnancy should be evaluated in Labor & Delivery (L&D). When patients less than 16 weeks gestation present for evaluation, the attending Obstetrician in collaboration with the L&D charge nurse will determine the most appropriate placement of the patient.

Assessment Methods

Nursing care is provided by registered nurses (RNs) who assess, document, evaluate and report patient ~~needs~~findings and progress to physicians.

Obstetric assessments and evaluations may be done by ~~RN's~~RNs competent in the medical screening exam (MSE), as established by the Association of Women's Health, ~~obstetric~~Obstetric and Neonatal Nurses (AWHONN), El Camino Hospital standardized procedure and Emergency Medical Treatment and Active Labor Act (EMTALA) guidelines or by an obstetrician or CNM.

For patients requiring resources not available in the L&D unit, arrangements will be made to transfer the patient to another facility or higher level of care within El Camino Hospital.

Scope and Complexity

L&D provides total care and support to the patient/family for preterm, term, ~~ante-partum~~antepartum, ~~intra-partum~~intrapartum, and immediate ~~post-partum patients~~postpartum care as well as initial care of the normal newborn. Care is given as directed and prescribed by the ~~physician~~provider. The nurse understands the family is an integral part of care planning and involves family members to the level of their ability and desire.

Appropriateness, Necessity and Timeliness of Services

The Department Manager, assisted by the Assistant Nurse Manager, Nursing Unit ~~Coordinator~~Coordinators and nursing staff, assesses the appropriateness, necessity, and timeliness of service. ~~The appropriateness~~Appropriateness is addressed in hospital and department specific policies and procedures. These are established in coordination with the medical staff and the Unit Partnership Councils.

A continuous Performance Improvement process is in place to monitor ~~on-going~~ongoing performance. This process is designed to assess all aspects of ~~L&D~~obstetrical care. The patient's progress is evaluated by nursing~~,~~ and medical staff and satisfaction of the the patient and family ~~satisfaction~~.

Staffing

L&D is staffed with a sufficient ~~numbers~~number of RNs, OB Technicians and Administrative Support to provide the established hours of nursing care~~,~~ based on patient census and acuity. Staffing decisions are based on patient acuity and staffing guidelines outlined in the ~~department~~departmental standards, California standards ~~and~~, ACOG / APA Guidelines for Perinatal Care, and the Association of Women's Health, Obstetric and Neonatal Nurses (Appendix A.)

Level of Service Provided

The level of service is consistent with the needs of the patient as determined by the medical staff and nursing assessment. The neonate is observed in Labor and Delivery for a period of time to assess they have stabilized their temperature and respiratory status. ~~The unit is designed to meet the needs of the patients.~~

Performance Assessment and Improvement processes are evaluated through performance improvement activities in conjunction with the multi-disciplinary health care professionals who provide services to the ~~unit~~department.

Standard of Practice

Labor and Delivery is governed by state regulations as outlined in Title 22, The Joint Commission requirements, the American College of Obstetrics and Gynecology, Guidelines of Perinatal Care (AAP & ACOG), Neonatal Nurses Association and Association of Women's Health, Obstetric and Neonatal ~~nursing~~Nurses. It is also governed by recommendations from the American Academy of Pediatrics. Additional practices are described in Policies and Procedures.

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.

Attachments

No Attachments

Approval Signatures

Step Description	Approver	Date
Board	Jeanne Hanley: Policy and Procedure Coordinator	pending
MEC	Catherine Carson: Senior Director Quality [JH]	09/2021
ePolicy Committee	Jeanne Hanley: Policy and Procedure Coordinator	09/2021
MCH Exec	Nikki Le Bautista: Medical Staff Coord	08/2021
UPC	Ellen □eohane: Asst Clinical Manager	0□/2021

Step Description	Approver	Date
	Ellen □eohane: Asst Clinical Manager	0□/2021

Origination:	*11/2018*
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Last Revised:	*09/2021*
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Owner:	*Gagan Bisla: Director Critical Care Svcs*
Area:	*Scopes of Service*
Document Types:	*Scope of Service/ADT*

Scope of Service Emergency Department

Ages and Population Served:

Emergency Services provides care for individuals of all ages across a multi-cultural and diverse socio-economic population. Care is offered for physical or emotional alterations in health that is episodic and usually acute.

Scope and Complexity of Services Offered:

ECH Emergency Department is a non-trauma designated Level II basic emergency medical service. The scope of emergency practice encompasses assessment, diagnosis, treatment and evaluation of progress. Reassessment is an integral part of the ongoing patient evaluation process. Service includes the care of patients of every age who present with a broad spectrum of disease or injury. Resolution of problems may require minimal care, advanced life support measures, patient and family education and appropriate referral. The patient can expect to have his/her physical and psychosocial needs addressed.

The spectrum of services includes care for:

- Critically ill or injured infant, pediatric, child and adult population
- Urgent medical needs requiring intervention or pain management
- Minor injuries; Minor injuries in the Fast Track Service (MV)
- Treatment for the injured worker
- Crisis intervention provided by the ED, Social Services in consultation with the psychiatric services team at ECH-MV staff for patients with psychiatric disorders or problems
- Patients seeking help for drug and alcohol addiction; evaluation, admission for detoxification, or referral by a Social Services counselor to an appropriate program
- Obstetric patients presenting with problems related to pregnancy (16 weeks gestation or greater, are referred to Labor & Delivery).

The department provides medical care as prescribed by the medical staff while observing practices and procedures of the hospital. In addition to the hospital practices, guidelines are further defined by the use of the Emergency Services Policies and Procedures, Standards of Patient Care and Collaborative Practice Guidelines, and the Clinical Practice Standards.

Appropriateness, Necessity and Timeliness of Service:

Ambulatory patients will receive care based on the Emergency Severity Index (ESI), Five Level Triage priority system after assessment by the Registered Nurse (RN) at triage. Following brief triage, a Medical Screening Examination (MSE) is performed by a Physician or Physician Assistant (PA) (MV). Further assessment and treatment is provided by the primary care nurse (RN) in collaboration with the physician or PA (MV) on admission to the department. Patients arriving by ambulance will receive the same ratings based on assessment of the nurse. physician or PA (MV) on admission to the department. The Emergency Services Clinical Manager, Medical Director and charge nurses will assess the appropriateness, necessity and timeliness of the service.

Assessment Methods and Level of Service Provided:

The Emergency Department uses a multi-disciplinary team approach for patient assessment and treatment. Initial assessment will occur in the triage area for ambulatory patients and in the department for patients arriving by ambulance. All patients are triaged to determine the severity of illness or injury by the RN,Physician, or PA (MV). El Camino Hospital utilizes a five level urgency category triage system as defined below:

LEVEL 1: Immediate care required patient unstable; life or limb-threatening illness or injury present, emergent condition

- Nurse ratio requirement: 2:1 or 1:1 (RN to patient)
- Assessment/Reassessment: continuous
- Examples: Cardiac arrest, seizures, major trauma, severe respiratory distress, major burn, unconscious, patient chemical exposure requiring decontamination

LEVEL 2: Immediate Care required patient stable; potentially life-threatening

- Nurse ratio requirement: 1:1 or 1:2 (RN to patient)
- ~~Reassessment: every 15 minutes~~Assessment/Reassessment: every 30 minutes x 4 times; then every 60 minutes until patient leaves Emergency Department.
- Examples: Chest Pain, respiratory distress, severe pain, surgical abdomen, fever with hypotension, severe hypertension, stroke alert, trauma with possible C-spine injury, minor burns, open fractures, anaphylaxis, uncontrolled bleeding,

LEVEL 3: Delayed care patient stable; non-life threatening illness or injury but condition presents danger if not treated within two hours, condition urgent

- Nurse ratio requirement: 1:4 (RN to patient)
- ~~Reassessment: every 30 minutes to one hour~~Assessment/Reassessment: upon arrival, every 60 minutesx2; then every two hours until patient leaves Emergency Department.
- Examples: moderate pain, closed fracture, drug ingestions longer than 3 hours and asymptomatic, crisis intervention

LEVEL 4: Fast Track (MV), Routine care required, condition minor, not expected to worsen over the next two hours assessment and discharge instructions provided by MD.

- Nurse ratio requirement: 1:4 (RN to patient)
- Reassessment: provided by PMD or on scheduled return visit
- Examples: minor suture, rash, abrasion, minor flu symptoms, eye irritation, simple sore throat, simple ear pain, uncomplicated flu-like symptoms

LEVEL 5: Fast Track (MV), Routine care, condition minor, assessment and discharge instructions provided by MD.

- Nurse ratio requirement: 1:4 (RN to patient)
- Reassessment: not necessary or referral to PMD
- Examples: prescription refills, suture removals

All patients receive a Medical Screening Examination (MSE) by a licensed provider. The MSE is performed bya physician, or PA (MV).. The Physician plan of care is initiated by a RN for all patients in triage Levels 1-3, utilizing Collaborative Practice Guidelines in conjunction with the physician. Physicians, PAs (MV), or RNs provide direct supervision to the Emergency Department Technicians (MV). Nursing staff monitor and evaluate the patient's progress toward expected outcomes. Reassessment of the patient is an integral part of the ongoing patient evaluation processes.

Staffing/Skill Mix:

Emergency Services is staffed 24 hours a day, seven days a week by physicians, PAs (MV), RNs, Emergency Technicians (MV),and administrative support staff. All Emergency Services RNs are certified in Advanced Cardiac Life Support (ACLS) and Pediatric Advanced Life Support (PALS). The competency of the nursing staff is evaluated through observation of performance and skill competency. Staff education and training is provided to achieve a standard of performance that reflects an acceptable level of expertise and understanding of ongoing changes in practice.

Nurses assigned to triage and charge nurse responsibilities have additional training required to function in these roles. ED Technicians (MV) function within their scope of practice under the direction of the RNs.

ED Technicians (MV) support the medical and nursing care. All technicians have had previous experience in ED care or as a corpsmen, emergency medical technician, paramedic, or certified nursing assistant. All technicians are certified in Basic Life Support (BLS) and validated annually in basic competencies as outlined by the Emergency Nurses Association, *"Guidelines for Emergency Department Technicians".*

Staffing is based on a core staff required to cover all the nursing areas of care. This is outlined in the Emergency Services Unit Description and Organization. The number of staff and the skill mix varies by the time of day. Core staffing is based on data analysis of patient arrival times and history of the overall patient visit levels and trends. Further, staffing is consistent with the California Assemble Bill 384 requiring a minimum Emergency Department staffing core of 1 Nurse to every four patients (1:4 ratio). The number of staff and the skill mix varies by the time of day and triage acuity of the patient:

- Level 1 Immediate = 1:1 or RN staffing
- Level 2 Immediate = 1:1 or 1:2 RN staffing
- Level 3 Delayed = 1: 3 or 1:4 RN staffing
- Level 4 Minor = 1:4 RN staffing
- Level 5 Minor = 1:4 RN staffing

Staffing adjustment is made based on the nursing intensity of the patient population and changes in the patient visits.

Standards of Practice:

The Emergency Department is governed by state regulations as outlined in Title 22, and by the Center for Medicare and Medicaid (CMS), and federal regulations such as the Emergency Medical Treatment and Active Labor Act (EMTALA). We also adhere to the standards established by The Joint Commission (TJC). Additional practices are described in the Patient Care Policy Manual, Administrative Policies and Procedures, the Environment of Care Safety Standards, Clinical Practice Standards and the Emergency Department Standards of Patient Care and Collaborative Practice Guidelines.

In addition, the Emergency Services at EL Camino Hospital endorses the philosophy of the Emergency Nurses Association Standards of Practice that states: "Emergency nursing practice is systematic and includes nursing process, nursing diagnosis, decision making, analytic and scientific thinking and inquiry. Professional behaviors inherent in emergency nursing practice are acquisition and application of a specialized body of knowledge and skills, accountability and responsibility, communication, autonomy, and collaborative relationships with others."

Attachments

No Attachments

Approval Signatures

Step Description	Approver	Date
Board	Jeanne Hanley: Policy and Procedure Coordinator	pending
	Gagan Bisla: Director Critical Care Svcs	09/2021
MEC	Catherine Carson: Senior Director Quality [JH]	09/2021
ePolicy Committee	Jeanne Hanley: Policy and Procedure Coordinator	09/2021
Department of Medicine	Nikki Le Bautista: Medical Staff Coord [JH]	08/2021

EL CAMINO □OSPITAL
□OARD MEETIN□ COVER MEMO

To: El Camino Hospital Board of Directors
□rom: Bob Miller, Executive Compensation Committee Chair
Date: October 13, 2021
Su□□ect: Proposed Changes to the Executive Compensation and Benefit Policies

Purpose:

To approve the recommendation for changes to the executive compensation and benefit policies.

Summary:

1. Situation: The policies need to be updated to reflect the plan design changes approved by the Board□

2. Authority: The Committee has been delegated the authority to recommend policy changes to the Board.

3. Background: Mercer, an outside compensation consultant, conducted a comprehensive market review for each El Camino Hospital executive position. The Board approved the plan design changes and changes to the current CEO's employment agreement effective in fiscal year 2022.

   Significant changes to the policies are summarized below:

Policy	Area	Change	Effective Date
Executive Performance Incentive Plan	Target Payout	CEO – from 30□ to 35□ Executives – from 20□ to 25□	July 1, 2021
Executive Performance Incentive Plan	Weight of Organizational vs. Individual Goals	Shift to 100□ Organizational Goals that will include strategic pick goals reflecting the executive's specific area of contribution to organizational goals Presidents – propose no change except relabeling individual as entity goals. Would stay 50□ ECH 50□ entity goals	July 1, 2022

Executive Benefit Plan	Design Changes	End Taxable Benefit Allowance – current CEO will be grandfathered Increase 457(b) SERP contribution with offset for qualified plans	January 1, 2022

4. Assessment: The Committee reviewed the policy changes and recommends Board approval.

5. Other Reviews: Mercer, executive compensation consultant made recommendations that informed the plan design change decisions.

6. Outcomes: The changes will be implemented for FY 2022 and FY 2023.

List of Attachments:

1. Executive Compensation Philosophy
2. Executive Base Salary Administration
3. Executive Performance Incentive Plan
4. Executive Benefit Plan

El Camino Health

EL CAMINO HOSPITAL
BOARD OF DIRECTORS POLICIES AND PROCEDURES

03.01 EXECUTIVE COMPENSATION PHILOSOPHY

A. Coverage:

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

B. Reviewed/Revised:

Rev: 2/08, □/09, 12/08/10, 8/10/11, 2/13/13, □/11/14, 10/12/1□, 1/10/18, 2/14/18, 2/13/19, 2/12/20, proposed 10/13/21

C. Policy Summary:

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

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

The target competitive positioning for executive remuneration is:

- Base Salary – Executive base salaries are targeted on average at the 50th percentile of market data
- Total Cash Compensation (Base Salary plus actual performance incentive payouts) targeted, on average, at the 50th percentile and up to the □5th percentile of market data, dependent upon individual and organizational performance
- Total Remuneration (Total Cash plus the value of benefits) targeted on average between the 50th and □5th percentile of market data, dependent upon individual and organizational performance

D. Executive Compensation Philosophy:

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

1. Support the Hospital's ability to attract, retain, and motivate a highly talented executive team with the ability and dedication to manage the Hospital accordingly.

2. Support the Hospital's mission and vision and achievement of strategic goals.

3. Encompass a total compensation perspective in developing and administering cash compensation and benefit programs.

4. Considers the Hospital's financial performance and ability to pay which shall be balanced with the Hospital's ability to attract, retain and motivate executives.

5. Govern the executive compensation programs to comply with state and federal laws.

E. Components:

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

1. Base Salary. Each executive position will be assigned a salary range that is competitive with comparable hospitals and accounts for the higher cost of labor in Silicon Valley.

2. Performance Incentive Compensation. Each executive will be eligible for a goal-based performance incentive compensation program. An executive's performance incentive payout will be based on their performance against pre-defined organizational and individual goals and objectives aligned with the Hospital's mission, vision, and strategic goals.

3. Executive Benefits and Perquisites. The Hospital may provide executives with supplemental benefits as described in the executive benefits policy. It is the Hospital's practice to minimize the use of perquisites in total executive compensation.

F. Roles and Responsibilities:

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

□. Definitions

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

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

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

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

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

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

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

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

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

ATTACHMENT A:
APPROVED PARTICIPANT TITLES IN THE
EXECUTIVE
COMPENSATION PROGRAM
Effective ~~2/12/20~~10/13/21

Job Title	~~Name~~
Chief Admin Svcs Officer	~~□enneth □. □ing~~
Chief Executive Officer	~~Daniel □. □oods~~
Chief Financial Officer	~~□fti□har H□ssain~~
Chief Human Resources Officer	~~□athryn □. □is□~~
Chief Information Officer	~~De□orah □. □□ro~~
Chief Medical Officer	~~□ar□C. □dams□□D~~
Chief Nursing Officer	~~Cheryl □. Rein□ing~~
Chief Operating Officer	~~□ames D. □riffith~~
Chief Strategy Officer	~~□acant~~
General Counsel	~~□ary □ynn Rot□nno~~
President Foundation	~~□ndre□ Cope~~
President, ~~Silicon Valley Medical Development~~El Camino Medical Network*	~~□r□ce □. Harrison~~
~~VP Corp & Comm Hlth Svcs~~VP and President Concern Health*	~~Cecile S. C□rrier □~~
VP Payor Relations and **	~~□oan □. □e□ic□~~
Chief Quality Officer	~~□acant~~

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

**This position is not a "disqualified person" as defined under Internal Revenue Code section 4958. In addition, the executive is considered a grandfathered participant.

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

EL CAMINO HOSPITAL
BOARD OF DIRECTORS POLICIES AND PROCEDURES

03.02 EXECUTIVE BASE SALARY ADMINISTRATION

A. Coverage:

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

B. **Reviewed/Revised:**

Rev: 9/15/09, 12/08/10, 2/13/13, □/11/14, 10/12/1□, 2/14/18, proposed 10/13/21

C. **Policy Summary:**

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

D. **General Provisions:**

1. **Salary Range** – Each executive position at El Camino Hospital will have a salary range with minimum and maximum, determining the lowest and highest pay for that job.

   a. The salary range midpoint reflects the 50th percentile or median base pay of the comparable hospitals plus the cost of labor adjustment (known as the El Camino Median).

   b. The salary range will be from 20% below to 20% above the salary range midpoint, resulting in a maximum amount that is 150% of the minimum amount.

   c. Salary ranges will be updated annually based on competitive market data and/or executive increase market trends. The Executive Compensation Committee reserves the right to recommend lower salary ranges or to freeze salary ranges and recommend freezing or lowering base salaries (for example, when financially prudent) for Board approval.

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

   The guidelines for placement in range are:

   a. ***Pay at 80% to 90% of Midpoint*** may be appropriate for an individual with limited experience in a comparable position, or for an individual who has recently been promoted and needs developmental time in the position. This may be a new hire or internal promotion. An individual may be eligible for higher percentage increases, aligned with performance, when positioned at this level.

   b. ***Pay at 90% to 110% of Midpoint*** may be appropriate for a fully experienced individual with a demonstrated record of successful performance. The Hospital manages base salary increases so that upward movement in salary reflects individual performance and demonstrated proficiency.

   c. ***Pay at 110% to 120% of Midpoint*** may be appropriate for a highly experienced individual with demonstrated record of consistently exceeding performance expectations or in roles which are particularly critical for the achievement of strategic objectives or in roles with a highly competitive labor market. The Hospital compares base salary levels above market with competitive market data to verify that individual base salary is reasonable.

   d. The Hospital Board of Directors can approve salaries outside the normal salary range or guidelines for hard-to-recruit positions or positions deemed critical to the success of the organization. The Hospital compares salary levels above market with competitive market data to verify that the individual base salary and total compensation is reasonable.

E. **Roles and Responsibilities**

1. The El Camino Hospital Board of Directors shall approve the CEO's ~~executive~~ base salary and salary range and any exceptions that may be recommended by the Committee~~ies.~~

2. The Executive Compensation Committee Charter defines the responsibilities delegated by the Hospital Board such as selecting consultants and approval of the executive salary ranges and base salaries~~.~~

3. The CEO recommends the salary range and base salary for those executives reporting to the CEO to the Committee.

4. The Chief Human Resources Officer and/or Director Total Rewards are responsible for implementing salary ranges and base salaries.

EL CAMINO HOSPITAL
BOARD OF DIRECTORS POLICIES AND PROCEDURES

03.04 EXECUTIVE PERFORMANCE INCENTIVE PLAN

A. Coverage:

The Chief Executive Officer ("CEO") of El Camino Hospital and Health ("El Camino") and those executives reporting directly to the CEO and those in other approved positions. Participation in the plan is subject to approval by the Hospital Board of Directors.

B. Reviewed/Revised:

New: 9/15/09, 12/08/10, 2/13/13, 6/11/14 (eff 7/1/14), 10/14/15, 10/12/16, 1/10/18, 2/14/18, 5/8/19, 4/15/20, proposed 10/13/21

C. Policy Summary:

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

D. General Provisions:

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

1. Eligibility – Participants hired after December 31 will not be eligible for the program until the beginning of the next fiscal year on July 1. However, employees promoted into an executive position at any time during the fiscal year will be eligible for executive performance incentive pay on a prorated basis. Written performance goals and measures will be determined within the first 60 days of employment.

2. Criteria – El Camino has established two criteria for payout:

   a. the individual executive must "meet expectations" or higher on their performance review; and

   b. El Camino must meet the threshold financial measure.

There will be no performance incentive payout to an executive unless both criteria are met.

3. Organizational Goals – each fiscal year El Camino will define organizational goals that support the strategic/business plan upon which at least 50% of performance incentive pay will be based. In addition, El Camino may establish one to three threshold measures that must be achieved for there to be any payout. ~~Each goal will have annual performance metrics for threshold, target, and stretch levels that can be scored on a continuum.~~ The organizational goals will include a threshold financial measure (i.e., net margin) that must be achieved for any participant to receive incentive pay. Each goal will have annual performance metrics for threshold, target, and stretch levels that can be scored on a continuum.

4. Executive Individual Goals (excluding CEO) – each fiscal year individual goals will be defined for each executive that support the strategic/business plan Whenever possible, each goal will have performance measures for threshold, target, and stretch with metrics that can be scored on a continuum.

~~6.~~5. Discretionary Component – Effective July 1, 2018 and ending FY 2022, t~~T~~he individual score will be based on the executive's achievement against approved goals with the CEO having the discretion to modify for individual score ranging from 0% to 150%. Starting in FY 2023, the CEO may use a discretionary modifier between 0.85 and 1.15 times of the organizational score in recommending incentive payout. The discretionary modifier cannot result in an incentive payout greater than the maximum or cap shown in section 7 below.

~~7.~~6. Weighing Organizational and Individual Goals – the weight of organizational, individual and discretion vary by job as shown below.

Job	Organizational Weight	Individual Weight	Discretion
CEO	90%	N/A	10% at Board's discretion
Presidents (Concern~~:EAP~~ Health; Foundation; and ~~SVMD~~ECMN)	50% In FY 23, weight with be 50% ECH organizational goals and 50% entity organizational goals	50% 0% in FY23	CEO has discretion to modify individual score from 0% to 150%. In FY23, CEO may modify the executive's score from 0.85 to 1.15
Other Participants	70% In FY23, 100% that	30% Will transition to	CEO has discretion to modify

	will include strategic pick goals reflecting the executive's specific area of contribution to organizational goals	"Strategic Pick" goals in FY23	individual score from 0% to 150%. In FY23, CEO may modify the executive's score from 0.85 to 1.15

~~8.~~7. Amount of incentive pay – effective FY22 the amount of incentive pay is based on the executive's base salary as shown below:

Job	Threshold	Target	Maximum or Cap
CEO	17.5%	35~~0~~%	~~45~~52.5%
Other Participants	12.5~~0~~%	25~~0~~%	~~30~~37.5%

The amount of incentive pay is prorated for new participants hired after July 1 and those employees who transfer into an executive position during the fiscal year. Incentive pay is prorated based on the number of calendar days. If a management employee is promoted into an executive position during the fiscal year, the executive's bonus payout will be prorated based on the length of their participation in the management and executive performance incentive plans.

8. Performance Incentive Payout – Incentive compensation will be paid within 30 days of approval of the organizational score and the payout amounts. In order to receive incentive compensation, executives must be actively employed in an executive position at the time the incentive compensation is paid.

9. Exceptions – Provision allows for additions, deletions, and changes to approved organizational and individual goals, metrics, and weighting.

   a. Timing – The CEO is to initiate a request as soon as a change is known and within the fiscal year. Recommendations for changes will be made at the next scheduled Executive Compensation Committee meeting for individual goals and at the next scheduled Hospital Board meeting for organizational goals.

   b. Organizational Goals – The CEO may recommend changes to the goal statement or metrics based on unforeseen events beyond the control of executive leadership including removing a goal and reweighting other approved goals/metrics. The CEO will notify the Board and Committee chairs of the need for change. Recommendations will be made to the Executive Compensation Committee (ECC) or to the ECC Chair prior to the exception request going the Hospital Board of Directors. If the recommendations go to the ECC first, the ECC will make the recommendation to the Board. If the Board meets first, the Board's decision will be reported at the next ECC meeting.

c. Individual Goals - The CEO may recommend additions, deletions, and changes to approved individual goals, metrics, and weighting. Such changes may occur based on unforeseen events beyond the control of the executive. The CEO will make recommendation to the ECC who has the authority to approve the changes. Changes will be reported to the Board.

E. Roles and Responsibilities

1. The El Camino Hospital Board of Directors shall approve the plan design including positions eligible; organizational goals, metrics; and scoring; and the CEO's discretionary score and performance incentive payout. In addition, the Board approves any exceptions recommended by the Executive Compensation Committee.

2. The Executive Compensation Committee shall approve individual goals, metrics, and scores, and non-CEO executive performance incentive payouts. In addition, the Committee will review and recommend organizational goals, policy and plan design changes, and report its decisions to the Board.

3. The CEO recommends the individual goals, scores, and incentive payout amounts to the Committee and the organizational goals to the Committee and Board.

4. The Chief Human Resources Officer and/or Director Total Rewards are responsible for overseeing administration of the program and implementing actions approved by the Committee and the Board.

El Camino Health

EL CAMINO HOSPITAL
BOARD OF DIRECTORS POLICIES AND PROCEDURES

03.03 EXECUTIVE BENEFIT PLAN

A. Coverage:

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

B. Reviewed/Revised:

Rev: □/1□/09, 12/08/10, 2/13/13, 8/13/14, □/14/1□, ~~and~~ 10/10/18, and proposed 10/13/21

C. Policy Summary:

To support the Hospital's ability to attract and retain executive talent, the Hospital shall provide key executives with a benefits package that is market competitive, compliant, and cost effective. This section outlines the benefits offered to executives in addition to those offered to employees in general.

D. General Provisions:

There are several components of the executive benefit program:

1. Basic Benefits are benefits the Hospital offers to all eligible employees and currently includes:

   a. Group insurance and income protection programs such as medical, employee assistance, dental, and vision plans, supplemental life insurance for the employee, spouse/domestic partner and dependent/children, life insurance, accidental death and dismemberment insurance;

   b. Paid time off and extended sick leave;

   c. Cash balance pension plan;

   d. Employer match to the 403(b) Retirement Plan; and

   e. Domestic Social Security or Medicare tax payments.

2. Basic Executive Benefits are non-elective group benefits provided to executives with plan provisions that differ from those of non-executive employees which currently include:

a. □asic □ife □ns□rance – □nder Class 2 of the gro□p life ins□rance policy□the □asic □enefit for f□ll□time e□ec□tives is three times ann□al salary □ro□nded to the nearest □10□000□ □p to □2.0 million □ith a g□aranteed iss□e amo□nt of the f□ll □asic □enefit effective □an□ary 1□ 2019. □he □RS re□□ires the Hospital to report imp□ted income for coverage over $50,000. If an executive's regular status is less than f□ll□time□they □ill □e eligi□le for the employee □asic life ins□rance plan.

□. □ong□term disa□ility □□□D□ – Effective □an□ary 1□ ~~2018~~2022□ e□ec□tive □asic □□D ins□rance □ill provide a □enefit of □p to □0□ of □ase earnings to a ma□im□m of □~~15~~20□000 follo□ing a 90□day □aiting period. Eligi□ility for □enefits □ill □e the same as other employees e□cept that e□ec□tives □ill □e given consideration of disa□ility □nder their "own occupation" in all years.

3□ S□pplemental E□ec□tive □enefits incl□de:

a. E□ec□tive Disa□ility Salary Contin□ation – if an e□ec□tive is □na□le to □or□d□e to a health□related problem, the executive's salary □ill □e contin□ed for □p to si□months at 100□ of □ase salary.

   i. Disa□ility Salary Contin□ation □enefits are integrated □ith all other employer□sponsored □enefits so that the e□ec□tive □ill not receive more than 100 □ of salary. □his incl□des □se of accr□ed P□O and E□tended Sic□ □eave as □ell as state disa□ility ins□rance□workers' compensation, and group long□term disa□ility ins□rance.

   ii. Disa□ility Salary Contin□ation □enefits are ta□ed as ordinary income.

   iii. Disa□ility Salary Contin□ation □enefits are not porta□le at termination of employment

   iv. Employer and employee cost sharing of employee □enefits □ill contin□e d□ring the period an e□ec□tive is receiving salary contin□ation □enefits.

□. Severance plan

   i. □he severance period is □p to si□months □nless other□ise stated in the executive's employment agreement. Severance □ill □e paid on a □i□□ee□ly □asis and □ill □e determined □y the executive's base salary at the time of termination.

   ii. Severance may □e paid if the executive's employment is terminated □y the Hospital □itho□t ca□se or follo□ing a material red□ction in d□ties or salary □ithin si□months of a change of control. Severance will not be paid when the executive voluntarily resigns or is discharged as described under Human Resources Policies ~~3.12 and □.01~~ Resignation/Separation of Employment and Discipline and Discharge.

iii. In addition to six months' pay, the executive is eligible for up to six months coverage extension of medical, dental, and vision coverage employer contributions. The executive will contribute to the cost on the same basis as when employed. The Hospital will continue to pay the employer share until such time as the executive fails to pay his or her share of premium, becomes ineligible for continuation under COBRA, obtains other group coverage, or six months (whichever is less).

iv. Any obligation of the Hospital to the executive is conditioned upon the executive signing a release of claims in the form provided by the Hospital (the "Employee Release") within twenty-one days (or such greater period as the Hospital may specify) following the later of the date on which the executive receives notice of termination of employment or the date the executive receives a copy of the Employee Release and upon the executive not revoking the Employee Release in a timely manner thereafter.

v. Severance benefits are taxed as ordinary income.

vi. Severance pay will be offset by any earnings received should the executive gain employment during the severance period. The terminated executive must notify the Hospital upon obtaining other employment and provide evidence of base salary received and benefits eligibility (if continuing benefits) in the new position.

~~3.~~ 4. Effective January 1, 2022, participants will no longer receive the Executive Taxable Benefit Allowance. Voluntary benefits in place at transition may be continued on an individual self-pay basis. ~~the executive will be provided an annual benefits allowance equal to □□% of base pay as determined based on annualized base salary on January 1 or date initially eligible for the plan, to purchase the following voluntary benefits on a taxable basis:~~

~~d. Individual Long-term Disability;~~

~~e.~~ c. ~~Individual Long-Term Care (note: policies in force as of 12/31/08 will be provided as a non-elective benefit paid by the Hospital on a pre-tax basis and not included in the □□ taxable benefit allowance. Executives may revoke coverage but not make any changes to the policy that increases the premiums).~~

~~c. Individual Life Insurance; and~~

~~d. 457(b) Executive Retirement Plan – if there is allowance remaining after the purchase of voluntary benefits, the executive may elect to contribute to a 457(b) plan or may receive the remainder in cash as pay in lieu of benefits. Such deferrals are subject to statutory limits (i.e., $18,500 in 2018).~~

~~4.~~5. Executive Retirement Plans

a. 457(b) Executive Retirement Plan – an executive may contribute ~~unused taxable benefit allowance, payout of accrued PTO and/or~~ base salary (subject to statutory limits (i.e., $19~~8~~,500 in 2021~~18~~). The account balance will be fully vested at all times.

b. 457(f) Supplemental Executive Retirement Plan (SERP) – Starting January 1, 2022, the Hospital will contribute 12~~5~~% of base ~~Pay~~ Salary (as determined based on annualized base salary on January 1 or date initially eligible for plan) ~~to a tax-deferred retirement account~~ to the SERP less any contributions that will be made to the 403(b) Retirement and Cash Balance Pension Plans. Executives with 20 or more years of services as of December 31 of the Plan Year will receive a contribution of 15% of Base Salary under the same terms and conditions.~~.~~ Such contributions have a "Deferred Vesting Date" of the fifth anniversary of the date each Account is created (i.e., January 1, 202□~~3~~ for 2022~~18~~ account). The Participant shall be entitled to the SERP benefit upon the earliest of (i) remaining employed by the Company to the earlier of the Deferred Vesting Date for such Account or the Participant's 65th birthday, (ii) Disability, (iii) Death, or (iv) Involuntary Separation from Service without Reasonable Cause.

i. Participant's age 65 or greater – If a Participant continues employment beyond age 65, the Company shall pay to the Participant an amount equal to the credits the Company otherwise would have credited to a SERP Account for such Participant in cash. The Company shall pay such amounts during the applicable Plan Year(s).

ii. Under current tax rules, taxes are payable at vesting, so the plan will provide a partial distribution at vesting to cover taxes.

iii. In order to attract and retain executive talent, the Hospital may contribute a higher percent or dollar amount for individual executives as determined by the Hospital's Board of Directors and consistent with the total compensation policy.

E. **Roles and Responsibilities**

1. The El Camino Hospital Board of Directors shall approve all changes to plan design and delegated executive benefit plan administration oversight to the Executive Compensation Committee. The Committee has the responsibility to recommend eligibility and changes to plan design.

2. The Chief Human Resources Officer is responsible for overseeing the administration of the program and implementing new benefits or changes. The Chief Human Resource Officer has the authority to engage third parties and assign duties internally and/or externally to effectively administer the plan.

3. The executive benefit plan consultants are selected by the Executive Compensation Committee on behalf of the Board of Directors and advise the Board on plan design, overall plan management, and compliance.

~~The executive benefits plan advisor is selected by the Chief Human Resources Officer and assists in plan communication and administration. The advisor will be a licensed professional who acts as an agent for purchases of individual insurance products. The advisor will guide and advise individual executives on his or her benefit elections upon hire, during open enrollment, and at termination of employment.~~

F. Procedures:

1. Effective January 1, 2019, new executives will be eligible for the executive benefit plan on the same day they become eligible for standard employee health and welfare benefits. Employees who are promoted into an executive will be eligible for executive benefits on the 1st of the month on/after date of transfer. The taxable benefits allowance and SERP contribution will be prorated based on the number of complete months of participation during the year.

~~1. There will be an annual open enrollment period during which the executive may add or change certain benefit elections.~~

2. At termination of employment, the Hospital will prorate the ~~taxable benefits allowance and~~ SERP contribution based on the number of complete months of participation during the year. The taxable benefits allowance and SERP contribution will be discontinued upon termination.

3.

3. If an executive transfers into a position that is not eligible for the executive benefits program, the Hospital will prorate the ~~taxable benefits allowance and~~ SERP contribution as of the transfer date based on the number of complete months of participation during the year. The ~~taxable benefits allowance and~~ SERP contribution will be discontinued as of the transfer date. The former executive will continue to vest his or her SERP contributions throughout their employment with the Hospital.

El Camino Health

EL CAMINO □OSPITAL □OARD O□ DIRECTORS
COMMITTEE MEETIN□ MEMO

To: Board of Directors
□rom: Mark Adams, Chief Medical Officer
Jim Griffith, Chief Operating Officer
Date: October 13, 2021
Su□□ect: NICU Professional Services Renewal Agreement MV Campus

Recommendation: To approve delegating to the Chief Executive Officer the authority to execute a NICU Professional Services Renewal Agreement for the Mountain View campus for up to an additional □492,200.00 per year, for a total not to exceed annual compensation of □□92,200.00, for a minimum 6.8 FTE neonatologists and 2.0 FTE neo-hospitalists upon renewal, effective November 10, 2021 for a term of up to three years.

Summary:

1. Situation:

   - The current LPCH NICU Professional Services Agreement expires on November 9, 2021. Currently, LPCH exclusively provides specialty 24/□ neonatologist coverage with a minimum of 6.8 FTE in-house coverage for □300,000.00 per year. LPCH retains collections for professional services provided by its neonatologists.

   - There has been a significant increase in fiscal year-to-date NICU inpatient volume and delivery volume compared to FY21. This has created a need to include neonatal hospitalists as extenders to provide 2.0 FTE providers during the busiest daytime hours, seven days a week. ECH MV is on track for an additional 90 NICU admits and 1,000 additional deliveries in FY22.

   - In order to meet the increased volumes and patient care demands in the NICU, LPCH requires additional compensation for an additional 2.0 FTE neonatal hospitalists to ensure that on-site professional medical services to the Hospital's NICU at the Mountain View campus are met seven (□) day per week, twenty-four (24) hour per day. ECH leadership agrees with this coverage model to ensure high-quality neonatal intensive care services for the surrounding community.

   - LPCH requested an additional □492,200.00 per year for the neonatal hospitalists, for a total annual compensation of □□92,200.00, for a minimum 6.8 FTE neonatologists and 2.0 FTE neo-hospitalists upon renewal. ECH engaged a third party consultant to evaluate fair market value, and negotiations for the upcoming renewal with LPCH are ongoing.

2. Authority: According to Administrative Policies and Procedures 51.00, Finance Committee approval is required prior to the Chief Executive Officer signature of physician agreements that exceed □250,000.00 in annual compensation and are greater than a 10□ increase in compensation. LPCH just submitted their proposed compensation and are unwilling to agree to a short-term extension, so Board approval is being requested in lieu of Finance Committee approval so patient care is not interrupted.

3. Background: Since 1998, LPCH has provided exclusive neonatal/perinatal professional services. LPCH requested an annual compensation of □568,000.00 at the last renewal,

however, the annual compensation of □350,000.00 per year was agreed to for □.8 FTEs. The compensation and coverage were shortly amended to the current compensation of □300,000.00 per year for 6.8 FTEs in house coverage.

4. <u>Fair Market Value Assessment</u>: As approved by General Counsel, a third party consultant is reviewing the proposed compensation and coverage terms and the final negotiated compensation for the renewal agreement will be below □5□ with a geographic adjustment for cost of living and within fair market value prior to CEO execution.

5. <u>Other Reviews</u>: The Chief Medical Officer, Chief Nursing Officer, and Senior Director, Service Lines, Women's Hospital Administration support this recommendation. Legal and Compliance will review the final amendment and compensation terms prior to CEO execution.

□. <u>Outcomes</u>: The NICU has excellent outcomes as follows:

- NICU FY21 very low birth weight (VLBW) infant survival rate without morbidity: 83.8□□ (CA average 66.0□□)
- NICU FY21 chronic lung disease (CLD) rate: 13.□9□ (CA average 19.61□)
- FY21 VLBW growth velocity: top decile
- FY21 Human milk at discharge: 96.3□ (CA average □0.□5□)
- Awarded the David Wirtschafter Quality award for CA for excellent and innovative family center care work

El Camino Health

EL CAMINO □OSPITAL □OARD O□ DIRECTORS
COMMITTEE MEETIN□ COVER MEMO

To: Board of Directors
□rom: Bob Miller, Executive Compensation Committee Chair
Dan Woods, Chief Executive Officer
Date: October 13, 2021
Su□□ect: FY 2021 Organizational Goal Results

Recommendation:

Possi□le motion: To recommend that the Board approve an organizational score of 104□ subject to the financial audit confirming the financial results.

Summary:

1. Situation: The Executive Compensation Committee (the “Committee) reviewed results against FY 21 goals, and the proposed organizational score at the September 28, 2021 meeting and would like to make a recommendation to the Board per its Charter.

2. Authority: The Committee has the authority to recommend the organizational performance incentive plan score to the Board

3. Background: There were no changes made to the goals during the fiscal year. Once fiscal year results were determined, the Board approved specific metrics to achieve in October 2020 and the changes reported to the Committee in November 2020. The exact metrics reflected the approved goals (i.e., “maintain FY 20 baseline”) as stated in the attached summary. The executive team stayed focused on achieving the goals/metrics in addition to meeting the challenges on the pandemic.

4. Assessment: Results for the fiscal year are shown in the attached document.

5. Other Reviews: Progress toward the goals has been shared with the Board throughout the year. In addition, the Quality Committee and Finance Committees received updates on the Quality & Safety/Service and Financial goals, respectively. Each Committee will see their respective results on September 2□ (Finance) and October 4 (Quality) prior to the October 13, 2021 Board meeting. In addition, the Compliance/Internal Audit Committee will review the financial audit results on September 30, 2021.

6. Outcomes: FY 21 Executive Performance Incentive Payouts amounts are based on the organizational score and the individual goal scores approved by the Committee.

List of Attachments:

1. Proposed FY 21 Organizational Performance Incentive Plan Score

Proposed FY 21 Organizational Performance Incentive Score

Approved at the 9/28/21 ECC meeting

True North Pillar	Weight	GOAL	OBJECTIVES/OUTCOMES	Benchmark		Measurement Defined			Measurement Period	Results	Results through	Score	Weighted Score
				Internal Benchmarks	External Benchmark	Minimum	Target	Stretch					
Threshold		Operating EBIDA	Return to, and maintain positive EBIDA	FY19: 16.9% FY 20 YTD P11: 11.5%		≥ 3% EBIDA			FY21	14.80%	June - pre audit	Met	
Quality and Safety	40.00%	Zero Preventable Harm	Serious Safety Event (SSEs) Rate	Dec '19-May '20 –COVID-Adjusted Baseline 4.16 SSEs per 10K adj.pt days	External Baseline – best practice is to reduce to zero	**5**	**4**	**3.6**	FY21	3.13	June	150.0%	20.0%
			Risk-Adjusted Readmission Index	FY 20 Target = 0.96. FY 20 Actual: 0.98 (through April)	Premier Standard Risk Calculation	**0.96** Lower of FY20 Target or Baseline	**0.93** Close gap to top performers (15%ile) by 50%	**0.91** Close gap to top performers (15%ile) by 75%	FY21	0.93	June	100.0%	13.3%
			Medical Network: Healthcare Effectiveness Data and Information Set (HEDIS) Composite Score	FY20 composite score: 2.75 Aggregate score of the 8 selected measures	Internal Calculation: validate individual measures with external benchmarks	**2.75** *(maintain baseline)*	**3** *(10% improvement)*	**3.2** *(15% improvement)*	FY21	3.38	June	150.0%	20.0%
Service	40.00%	Exceptional Personalized Experience, Always	Likelihood to Recommend (LTR) – Inpatient	FY 19: 83.2 FY 20 : 83.1	Press Ganey: Top 30% of performers	**83.1** *(Maintain baseline)*	**83.6** *(30% of improvers)*	**85.2** *(10% of improvers)*	FY21	80.1	June	0.0%	0.0%
			LTR – Emergency Department	FY 19: 71.3 FY 20: 75.7	Press Ganey: Top 30% of performers	**76.4** *(50% of improvers)*	**78.2** *30% of Improvers*	*80.7* *10% of Improvers*	FY21	76.1	June	0.0%	0.0%
			LTR – El Camino Health Medical Network	FY19 Baseline: 71.9 FY20 Q3: 71.1	NRC Net Promoter FY20 Q3 50%ile: 78.8	**72.9**	**75.9**	**78.9**	FY21	76.1	June	103.3%	20.7%
Finance	20.00%	Sustainable Strength and Vitality	Operating EBIDA margin	FY19: 16.9%. FY20 Projected: 9.1%	S&P Global Ratings AA rating: 11.1%	90% of Budget	100% of Budget	110% of Budget	FY21	150.7% of budget	June pre-audit	150.0%	30.0%
									TOTAL SCORE		**104.0%**	**RELATIVE TO TARGET**	

El Camino Health

EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING MEMO

To: Board of Directors
From: Mark Adams, MD FACS, Chief Medical Officer
Date: October 13, 2021
Subject: Radiation Oncology Physician Recruitment Loan Agreement

Recommendation: Board of Directors to delegate to the Chief Executive Officer the authority to execute a physician recruitment loan agreement in the amount not to exceed $932,263.00, to be effective approximately January 15, 2022, with a two-year income guarantee and five-year forgiveness period.

Summary:

1. Situation:

- We have a recruitment need within the Radiation Oncology department for a radiation oncologist. With this recruit, we will be able to support the increased volume of oncology imaging patients. This recruit will help support the growth of our Cancer Center and meet the increased community need driven by the addition of our radiotherapy ETHOS machine and our growing cancer services.
- A final candidate has been selected after multiple virtual and on-site interviews conducted with the key stakeholders within administration and medical staff.
- Due to recent increases in service-line needs, this additional radiation oncologist is required to meet the patient demands at both the Mountain View and Los Gatos campuses.

2. Authority: According to the Physician Recruitment Program Policy, Board approval is required prior to the Chief Executive Officer signature of physician recruitment loan agreements that exceed $500,000.

3. Background: We have been recruiting for a new radiation oncologist in the community and have identified a qualified physician who has the required expertise and meets our strategic growth needs.

4. Fair Market Value Assessment: According to the 2020 Pinnacle Radiation Oncology Specialty Local Market Report, an annual compensation of $466,131.50 is below the 25th percentile ($51[illegible],000) for fair market value.

5. Other Reviews: The Finance Committee on September 2[illegible], 2021 recommended that the Board of Directors delegate to the Chief Executive Officer the authority to execute a physician recruitment loan agreement in the amount not to exceed $932,263.00, to be effective approximately January 15, 2022. The Chief Operating Officer, Senior Director, Oncology Service Line, and Medical Director, Radiation Oncology support this recommendation. Legal and Compliance will review the final amendment and compensation terms prior to CEO execution.

6. Outcomes: Physician will participate in the peer review process for imaging services.

El Camino Health

EL CAMINO □OSPITAL □OARD O□ DIRECTORS
□OARD MEETIN□ MEMO

To: El Camino Hospital Board of Directors
□rom: Apurva Marfatia, MD, Enterprise Chief of Staff
Michael □an, MD Chief of Staff Los Gatos
Date: October 13, 2021
Su□□ect: Medical Staff Report – Open Session

Recommendation:

To approve the Medical Staff Report, including Policies and Procedures identified in the attached list and the Delineation of Privileges.

Summary:

1. Situation: The Medical Executive Committee met on September 23, 2021

2. Background: MEC received the following informational reports.

   a) Quality Council – The Quality Council met on September 8, 2021. Reports and performance dashboards were reviewed and approved from the following ECH Departments/Service Lines:
      1. Annual ASP PI Report
      2. Antimicrobial AB□ Stewardship Quality Council Dashboard
      3. Annual PI Report HIM
      4. HIMS Dashboard for Quality Council
      5. Annual PI Report Orthopedic Service Line
      6. Quality Dashboard Orthopedic Service Line
      □. Annual Report Antimicrobial Stewardship Program
      8. Patient Experience Performance Dashboard

   b) The CEO Report was provided and included the following updates:
      1. On September 1st El Camino Health turned 60 years old
      2. Los Gatos awarded 2021 Maternity Honor Roll Award by Cal Hospital Compare
      3. Dr. Bahram Hormozdi was introduced as a full-time Neurohospitalist
      4. The Peter C. Fung, MD Stroke Center was awarded the Stroke Gold Plus award by the American Heart/Stroke Association
      5. As of September 20th, 96□ of staff have been vaccinated for COVID-19

   c) The CMO Report was provided and included the following updates:
      1. Discussion was held regarding High Reliability Organizations (HRO)
      2. The Joint Commission Mock Survey Results were presented

   d) The CNO Report was provided and included the following updates:
      1. An update was given on the Nursing Workforce

List of Attachments: Policies and Procedures (Attachment 21b)

Suggested □oard Discussion □uestions: None

El Camino Health

OPEN SESSION CEO Report
October 13, 2021
Dan Woods, Chief Executive Officer

Operations

The California Health and Human Services (CHHS) Agency, Hospital Quality Institute (HQI) and Cal Hospital Compare (CHC) recognized ECH Los Gatos with the 2021 Maternity Honor Roll Award for reducing caesarean rates among low risk first births (below 23.9%).

Human Resources

On September 21, ECH reached a tentative agreement for a new Three Year Collective Bargaining Agreement with Service Employees International Union (SEIU). The agreement provides for 3% across the board wage increases for all SEIU members each year.

We are pleased to announce that the agreement has been ratified by the SEIU membership. With this agreement we look forward to continuing our mutually beneficial relationship with SEIU and are pleased to provide these improvements to our highly valued team members.

Marketing and Communications

In early September, a Mother-Baby Health integrated marketing campaign launched to build brand awareness and drive interest for El Camino Health's full array of maternal child health services. The campaign includes, programmatic digital advertising, social media ads, an informative microsite, and nurture emails.

El Camino Health received coverage for multiple stories related to our 60th year anniversary, local TV news coverage for the Wall Street Journal story on Instagram's toxic impact for teen girls, the Anthem agreement, and a patient who came to ECH for surgery given the delay of medical procedures in her home state of Idaho due to the pandemic.

Philanthropy

El Camino Health Foundation was notified that Judge Lorraine Kendall, who passed away at our Mountain View hospital on June 3, 2021, left a seven figure gift in her will, designated for the Cancer Center. The exact amount will be determined when the estate is settled. Judge Kendall was a longtime patient of El Camino Health and major donor to El Camino Health Foundation.

Corporate & Community Health Services

Concern is working on a SOC2 Type2 certification to verify our security, privacy and compliance practices. This certification is issued by an independent third-party who are specialists in security and privacy. This will help us meet our customer's expectations for data security and compliance with all privacy regulations.

The Chinese Health Initiative launched a comprehensive Physical and Emotional Well-Being Health Education Program taught by registered dietitians and a clinical psychologist. This is in conjunction with the American Heart Association on a Mandarin Hypertension Management Program.

Government Relations & Community Benefit

Government Relations
Mountain View Mayor Ellen Kamei visited to present a Certificate of Recognition in honor of El Camino Health's 60th anniversary. She commended our dedication to our patients and to the community. Mayor Kamei also expressed her appreciation for El Camino Health's robust COVID-19 response efforts which ranged from

caring for COVID-19 patients, offering easily accessible COVID-19 testing, to helping to vaccinate the Mountain View community.

Community Benefit

El Camino Health announced that it is providing foundational support for local health initiatives by investing □3.5 million in grants and sponsorships in fiscal year 2022. This translates to support for 44 different programs at school districts, nonprofit organizations, safety-net clinics and community service agencies dedicated to addressing the health needs of local underserved and vulnerable community members. Each fiscal year, the Community Benefit Program allocates crucial funding to healthcare and wellness services outside of El Camino Health with the mission to expand healthcare access across barriers of age, education and income levels through grants and sponsorships. Since 200□, El Camino Health has contributed nearly □823 million in community benefit, which also includes financial assistance and subsidized health services.

The Community Benefit staff completed the FY21 Community Benefit Annual Report as well as the detailed financial reconciliation required to determine the □8□.1 million total community benefit for FY21. External and internal promotion of the report to occur after presentation to both Boards.

Auxiliary

The Auxiliary donated 1,890 volunteer hours for the month of August.