



**Minutes of the Open Session of the
Finance Committee of the
El Camino Hospital Board of Directors
Tuesday, September 29, 2020**

El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040

Members Present

John Zoglin, Chair**
Joseph Chow**
Boyd Faust**
Gary Kalbach**
Don Watters**
Wayne Doiguchi**

Members Absent

**via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Finance Committee of El Camino Hospital (the "Committee") was called to order at 5:30pm by Chair John Zoglin. A verbal roll call was taken. Gary Kalbach was absent during roll call. All other members were present and participated telephonically. 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 CONFLICT OF INTEREST	Chair Zoglin asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
3. PUBLIC COMMUNICATION	There were no comments from the public.	
4. CONSENT CALENDAR	<p>Chair Zoglin asked if any member of the Committee wished to remove an item from the consent calendar.</p> <p>Chair Zoglin pulled Item 4b Pacing Plan for discussion. The SVMD Financial Report is reviewed quarterly and the next meeting for it to be reviewed is on March 29, 2021 for the year-end report through December. Chair Zoglin suggested they be reviewed at the January 25, 2021 meeting. Carlos Bohorquez, CFO, agreed.</p> <p>Motion: To approve the consent calendar: (a) Minutes of the Open Session of the Joint Finance and ECHB meeting (08/25/20) and for information: (b) FY21 Committee Pacing Plan with the proposed change and (c) Progress Against FY21 Committee Goals.</p> <p>Movant: Kalbach Second: Watters Ayes: Chow, Doiguchi, Faust, Kalbach, Watters, and Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Consent Calendar was approved.</i>
5. REPORT ON BOARD ACTIONS	Chair Zoglin asked the Committee for any questions or feedback on the Report on Board Actions as further detailed in the packet. None were reported.	
6. FY21 PERIOD 2 FINANCIALS (INCLUDING COVID-19 RECOVERY PLAN)	Carlos Bohorquez presented the FY2021 Period 2 Financials. He stated through the end of August 31 2020, the organization has continued to experience some challenges related to COVID-19, but overall the organization is performing favorably to budget and management's actions have helped significantly mitigate the COVID-19 impact. He reported	

that, overall, volumes have rebounded strongly. The only area that has not rebounded to pre-COVID levels is Mountain View (“MV”) inpatients. He stated that patients are still concerned about coming to the Emergency Department, so management has continued to focus on patient education. Nevertheless, from a revenue perspective, it has increased 3% from last year. Mr. Bohorquez stated that from an expense side, there was a significant increase in supplies month over month which is attributed to higher use of PPE, increased cost of PPE which is averaging 2x-3x pre-COVID levels and the capture of supply expenses for the prior month.

He stated there was a slight deterioration in payor mix in commercial volumes from July through August. With the increase of unemployment rates, there might be an increase in self-pay or Medi-Cal. Year to date, it has been favorable to budget on an operational side. However, it’s too soon to believe that the organization is completely safe in terms of COVID as there will be challenges in revenue and some deterioration in payor mix if the unemployment rate does not recover to pre-COVID levels. He believes that management will need to continue to manage variable expenses very tightly in order to ensure the organization is prepared for any additional impact of COVID and financial performance returns to pre-COVID levels.

Mr. Bohorquez stated that from a non-operating income stance, it’s been a very good month in investments. As far as overall performance and from a volume perspective, the MV campus has been lighter and Los Gatos is back to levels from pre-COVID. El Camino Health Medical Network’s (“ECHMN”) total visits were favorable to budget and have had an increase in urgent cares, this is most likely attributed to patients seeking care at urgent care centers vs. the emergency room. However, operating revenues and expenses were unfavorable to budget. ECHMN’s management team will need to continue to demonstrate improvement over the remainder of the fiscal year.

In response to committee members’ questions, Mr. Bohorquez stated that management will be incorporating solutions in the tracking of supplies in the next three to four months and implementing additional internal controls in the finance/accounting departments. They are currently being tracked on a legacy software. He also stated that volumes were up on the urgent care side regardless of the lower dollars per visit than a specialist or emergency care. He stated tele-medicine mix is also at a lower rate.

Mr. Faust requested a volume by trend by department to see how the different specialties are doing. Mr. Woods suggested keeping it as confidential. Other committee members and management agreed.

Motion: To approve the FY2021 Period 2 Financials (Including COVID-19 Recovery Plan) and recommend to the board.

Movant: Faust

Second: Doiguchi

Ayes: Chow, Doiguchi, Faust, Kalbach, Watters, and Zoglin

Noes: None

Abstentions: None

	<p>Absent: None</p> <p>Recused: None</p>	
<p>7. PROJECT COMPLETION REPORTS INCLUDING PERFORMANCE AGAINST BUDGET</p>	<p>Ken King, CASO, presented the Project Completion Reports including Performance Against Budget. For Taube Pavilion, he stated that the building is occupied but the project is not yet 100% finished. Management is currently working to complete the final improvements required at the end of the project related to issues of non-compliance with a life safety item. The project is anticipated to end at the end of October 2020.</p> <p>For Sobrato Pavilion, the project will come in slightly under the approved budget which included the tenant costs being attributed. There are some funds the City of Mountain View is holding that the hospital will get back once the project is completed. This project is to be completed by the end of October 2020. It is 90% leased with a few small suites available. Mr. King stated that this building is a high rise and with only a handful of high rises within the City of Mountain View, management is not worried about getting those available suites leased.</p> <p>In response to a committee member's question, Mr. King stated that the biggest takeaway from this project is the attention to detail to compliance requirements.</p>	
<p>8. POST IMPLEMENTATION REVIEW</p>	<p>Ken King, CASO, presented the Post Implementation Review. He stated that the North 1st street clinic is a non-licensed clinic which does not require CDPH approval for physicians to occupy. There have been challenges with the City of San Jose, but management is confident in bringing this project to an end.</p> <p>In terms of the Mountain View Interventional Equipment Replacement Project, the board approved it for five existing rooms and one new room. Configurations will need to be done as some rooms will need to be enlarged and constructed with a new control station. Mr. King stated that there is still a lot of work to be done to estimate costs to comply with code modifications and management is not requesting funding at this time.</p> <p>In response to committee members' questions, Mr. King stated that management is going to work at better forecasting at the beginning of the project. He also stated that all of the projects go through a competitive bid process. At this time, management has been waiting for the market since we predict a slowdown that will benefit the project. Mr. King stated that his team has already begun to do a more thorough analysis before putting together a preliminary estimate.</p> <p>In terms of the Mountain View Imaging Equipment Replacement Project, the cost was underestimated as the building codes were not factored in the total costs. The major element of this project was to add two new modality rooms to improve efficiency. Mr. King stated that the recommendation is now to expand the footprint of the department which will require displacement of the patient registration area and eliminate one of the gift shops. Preliminary estimates are presented in the packet.</p> <p>In response to committee members' questions, Mr. King stated that during analysis of the equipment selection, the pricing that one vendor put forward was far better than the other and included equipment maintenance. Regardless of which vendor provides the equipment, there will still be code driven requirements. Mr. King stated that there is still</p>	

	additional work to be done on financial liability and the request for funding will not be ready until May or June at the earliest.	
9. DEPARTMENT OF MANAGED CARE REQUIREMENT LOC WITH ECH	<p>Carlos Bohorquez, CFO, presented an update on the Department of Managed Care's requirements for sponsoring organizations.</p> <p>He stated that the Department of Managed Health Care ("DMHC") requires a Risk Bearing Organization ("RBO"), which in this case is SVMD, meet certain financial ratios to ensure that an organization has the financial ability to meet and pay future obligations associated with patients that receive services under a capitation agreement. DMHC also allows an RBO to reduce these ratios if they are able to receive a guarantee from a sponsoring organization (i.e. El Camino Hospital) for a twelve (12) month period. On March 31, 2019 the Board of Directors of ECH, approved a guarantee of four million dollars (\$4,000,000.00) to be provided by ECH to SVMD. This guarantee has enable SVMD to meet DMHC's financial ratios and given that the twelve (12) month period has passed, SVMD is in the process of formally requesting a twelve month (12) extension to the DMHC.</p> <p>In response to committee members' questions, Mr. Bohorquez stated that David Neapolitan, VP of Finance, SVMD, will make a formal request to him to ensure that hospital is not providing more support than what was approved as part of the FY2021 budget. He also stated that the guarantee by ECH to SVMD and does not necessarily mean the money will be transferred directly to SVMD's balance sheet.</p>	
10. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 6:49pm.</p> <p>Movant: Kalbach Second: Watters Ayes: Chow, Doiguchi, Faust, Kalbach, Watters, and Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Adjourned to closed session at 6:49pm.</i>
11. AGENDA ITEM 18: RECONVENE OPEN SESSION/ REPORT OUT	The open session reconvened at 8:01 pm. Agenda Items 11-17 were covered in closed session. During the closed session, the Committee approved Meeting Minutes of the Closed Session of the Finance Committee (08/25/20) by a unanimous vote of all members present (Chow, Doiguchi, Faust, Kalbach, Watters, and Zoglin).	
12. AGENDA ITEM 19: PHYSICIAN CONTRACTS	<p>Motion: To approve the Neuro-Interventional Call Panel Renewal (MV) and Medical Director, Cardiac Rehab (MV).</p> <p>Movant: Kalbach Second: Watters Ayes: Chow, Doiguchi, Faust, Kalbach, Watters, and Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
13. AGENDA ITEM 20: CLOSING COMMENTS	There were no closing comments.	
14. AGENDA ITEM 21: ADJOURNMENT	<p>Motion: To adjourn at 8:05pm</p> <p>Movant: Kalbach Second: Watters</p>	<i>Meeting adjourned at 8:05pm.</i>

	Ayes: Chow, Doiguchi, Faust, Kalbach, Watters, and Zoglin Noes: None Abstentions: None Absent: None Recused: None	
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Attest as to the approval of the foregoing minutes by the Finance Committee of El Camino Hospital:

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John Zoglin
Chair, Finance Committee
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