



**Minutes of the Open Session of the
Finance Committee of the
El Camino Hospital Board of Directors
Monday, November 23, 2020**

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

Members Present

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

Members Absent

Joseph Chow

**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. Joseph Chow was absent. 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>Boyd Faust pulled agenda item 4c (FY21 Committee Pacing Plan) for discussion. He inquired why there were question marks next to the SVMD topic in January. Chair Zoglin and Carlos Bohorquez, CFO, confirmed that they had previous discussions on the possible date to be January. Bruce Harrison, President, SVMD, and Mr. Bohorquez requested it be pushed to March due to it being so close to this meeting that it would essentially be the same data. Chair Zoglin agreed for the SVMD topic to be presented in March.</p> <p>Chair Zoglin pulled agenda item 4e (Major Capital Projects in process) to ask if there was a plan that the hospital is happy with. Ken King, CASO, stated that the plan had been developed and has been through three cycles of reviews. At this time, ECH is expecting a building permit. Mr. King stated that a previous plan was reviewed at the board level and that plan has changed. Mr. Bohorquez stated that a plan submitted to OSHPD does not mean it's considered final. Chair Zoglin commented that if there was a big change to the plan, then the board would need to re-review it. Mr. King explained that the amended plan consisted of moving the ICU to the second floor.</p> <p>In response to a committee member's question, Mr. King stated that the change in the plan would reduce the overall cost because there would be less plumbing configuration. By minimizing the amount of plumbing work, it would actually make the plan easier and less expensive. Nevertheless, the plan is still the same programmatic plan.</p> <p>Chair Zoglin suggests looking at the amended plan next quarter.</p>	<i>Consent Calendar was approved.</i>

	<p>Motion: To approve the consent calendar: (a) Minutes of the Open Session of the Finance meeting (09/29/20) and (b) FY21 Period 3 Financial Report, and for information: (c) FY21 Committee Pacing Plan, (d) Progress Against FY21 Committee Goals, and (e) Major Capital Projects in process</p> <p>Movant: Kalbach Second: Watters Ayes: Doiguchi, Faust, Kalbach, Watters, and Zoglin Noes: None Abstentions: None Absent: Chow Recused: None</p>	
<p>5. REPORT ON BOARD ACTIONS</p>	<p>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.</p>	
<p>6. FY21 PERIOD 4 FINANCIALS (INCLUDING COVID-19 RECOVERY PLAN)</p>	<p>Carlos Bohorquez presented the FY21 Period 4 Financials. He stated that overall the organization had a strong month from a volume and revenue perspective. From an activity standpoint, gross charges for October were 8.5% better year-over-year. Mr. Bohorquez stated operating income was unfavorable by \$947K year-over-year was mainly driven by an increase in depreciation in interest of \$2.2M solely attributed to Taube and Sobrato. Non-operating revenue was negative with \$27.5M most this is attributed to unrealized losses on our investment portfolio. Mr. Bohorquez explained that the market underperformed in October. On a year to date basis, revenue is up 3.8%. Other operating expenses have increased year-over year due to more square footage with the new buildings opening up. Mr. Bohorquez noted the balance sheet reflects a transfer of \$70M from cash account to the investment account. On an overall discharge basis, there have been sicker patients with an overall decrease in total discharges. Mr. Bohorquez stated that ECH has not fully rebounded in relation to COVID-19 in ED volume, but outpatient surgical volume was 11% better than October FY20 and year to date, it is up by 6%.</p> <p>In response to committee members' questions, Mr. Bohorquez stated that the hospital's investment portfolio reflects specific percentages in bonds, stocks, mutual funds, and hedge funds) as required by the Investment Policy. The investment committee does have independent advisors that presents on a quarterly basis.</p> <p>Mr. Griffith stated that ED volume throughout the region is down by 20%. There is a decline in acuity in the Emergency Department, but the acuity of patients being admitted has increased.</p> <p>Mr. Faust requested the slides be categorized which activities include hospital only or if they included the El Camino Health Medical Network (ECHMN).</p> <p>Motion: To approve the FY21 Period 4 Financials (Including COVID-19 Recovery Plan) and recommend to the board.</p> <p>Movant: Watters Second: Doiguchi Ayes: Doiguchi, Faust, Kalbach, Watters, and Zoglin</p>	

	<p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: Chow</p> <p>Recused: None</p>	
<p>7. REVISED FY21 FINANCIAL FORECAST</p>	<p>Carlos Bohorquez, CFO, presented the Revised FY21 Financial Forecast. He stated that there were many unknowns in regards to COVID-19 and the impact it would have on the economy (i.e. Shutdowns). Q1 performance versus budget, management has far exceeded the utilization numbers. Bottom-line, ECH is favorable from an operating income standpoint. Because the budget was prepared with a number of unknowns, management committed to developing a high level forecast at the end of each quarter. The approach in developing the forecast was to use actual data by service line including volume, revenue and expenses. Mr. Bohorquez stated that there were a number of assumptions related to volume growth over the next nine (9) months starting October 2020 with the exception of a few services lines including, but not limited to, new programs with any services lines being impacted by COVID-19 and seasonality with a slowdown in the spring. Mr. Bohorquez stated that in the materials presented in the packet, October was not tied to actual performance because the forecast was developed in the same month. The approved budget FY2021 projected operating income to be a negative \$23.7M. The forecast projects operating income to be at \$77.7M and which is better than FY2020 by \$14M but to the level of FY2019 performance.</p> <p>In response to a committee member's question, Mr. Bohorquez stated that ECHMN was included in the forecast. Chair Zoglin questioned whether the organizational performance goals should be revised based on a revised financial forecast. Mr. Bohorquez recommended that the Committee discuss that issue after a revised forecast which includes Q2 is presented at the January FC meeting. Mr. Kalbach, Mr. Faust and Mr. Doiguchi agreed, noting that the Committee should discuss a revision to the organizational performance goals, but not until the January meeting due to the fact that the industry is in an uncertain situation and there are many unknowns related to the Covid-19 pandemic.</p>	
<p>8. ECHMN FINANCIAL REPORT</p>	<p>Bruce Harrison, President, SVMD, presented the ECHMN Financial Report. He stated that the financials through October, ECHMN is favorable to budget by \$1M or about 9% and 16% from the prior year. As a result of a number of actions, operating expenses were also favorable. In aggregate, Mr. Harrison stated that there were many actions taken including a restructuring at the Willow Glenn Urgent Care Center, outsourced managed care operations, and workforce changes. Those workforce changes would result in an improvement of \$3.9M.</p> <p>On the unfavorable side, the budget included an agreement with Santa Clara County in providing hospital and intensivist services but that agreement ended at the end of September. Therefore, for the full year, there will be a negative variance as it relates to that of \$2M. Management does have offsetting revenue coming in. However, it won't be as much as the county contract that just ended.</p> <p>Mr. Harrison stated that new patient visits are looked at as a percentage with a target above the national median. Management is hoping to see it increase around February after open enrollment. He also stated that in regards to referrals, that information gets placed in EPIC which gets produced benchmarks to compare to other EPIC data with other</p>	

	<p>organizations across the country. Mr. Harrison stated that ECHMN is close to the 75th percentile in a result of the referral center put in place, customer services, and the processes in place in the network to ensure patients are staying within the organization.</p> <p>In the first year since bringing in the San Jose Medical Group (SJMG), there were many issues with revenue cycle. Year to date, the collection rate is improving and the payor mix has stayed consistent. Mr. Harrison stated that he is hopeful this would result in a significant improvement for this year and moving forward.</p> <p>In response to committee members' questions, Mr. Harrison stated that ECHMN went from 17 hospitalists to now only having seven (7). Mr. Bohorquez stated that any outpatient or professional visits associated with Oncology were included in the numbers presented and Hospitalists were not included. Mr. Harrison stated that the EBIDA for the Cancer Center was not included in this report and only included that were solely related to the providers who provided professional services. Mr. Harrison also stated that the budget developed are always developed seasonally.</p> <p>Chair Zoglin stated that this agenda item will be added to the January agenda to discuss.</p>	
9. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 6:39pm.</p> <p>Movant: Kalbach Second: Doiguchi Ayes: Doiguchi, Faust, Kalbach, Watters, and Zoglin Noes: None Abstentions: None Absent: Chow Recused: None</p>	<i>Adjourned to closed session at 6:39pm.</i>
10. AGENDA ITEM 17: RECONVENE OPEN SESSION/ REPORT OUT	The open session reconvened at 8:00 pm. Agenda Items 10-16 were covered in closed session. During the closed session, the Committee approved Meeting Minutes of the Closed Session of the Finance Committee (09/29/20) by a unanimous vote of all members present (Doiguchi, Faust, Kalbach, Watters, and Zoglin).	
11. AGENDA ITEM 18: PHYSICIAN CONTRACTS	<p>Motion: To approve the MV Orthopedic Surgery Call Panel Renewal.</p> <p>Movant: Kalbach Second: Doiguchi Ayes: Doiguchi, Faust, Kalbach, Watters, and Zoglin Noes: None Abstentions: None Absent: Chow Recused: None</p>	
12. AGENDA ITEM 19: CLOSING COMMENTS	There were no closing comments.	
13. AGENDA ITEM 20: ADJOURNMENT	<p>Motion: To adjourn at 8:15pm</p> <p>Movant: Kalbach Second: Doiguchi Ayes: Doiguchi, Faust, Kalbach, Watters, and Zoglin Noes: None Abstentions: None</p>	<i>Meeting adjourned at 8:15pm.</i>

	Absent: Chow 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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