



**Minutes of the Open Session of the
Finance Committee of the
El Camino Hospital Board of Directors
Monday, April 26, 2021**

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

Members Present

John Zoglin, Chair**
Boyd Faust**
Carol Somersille, MD**
Don Watters**
Joseph Chow**
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 5:30 pm by Chair John Zoglin. A verbal roll call was taken. 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>Motion: To approve the consent calendar: (a) Minutes of the Open Session of the Finance Committee meeting (04/26/2021) for information: (b) FY 2021 Pacing Plan (c) Article of Interest</p> <p>Mr. Faust pulled the open session minutes and suggested to revise section 6 bullet point #8 and section 8 bullet point #2 Mr. Bohorquez agreed. Mr. Zoglin pulled the FY2021 Pacing plan and noted to update the capital projects approvals in the last 18 months.</p> <p>Movant: Watters Second: Faust Ayes: Chow, Doiguchi, Faust, Dr. Somersille, Watters and Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Consent Calendar was approved.</i></p>
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. Renewing the ECH strategic plan. Executive Team to present the Strategic process to the Committee.	
6. FY21 PERIOD 9 FINANCIALS	Carlos Bohorquez, CFO presented the FY2021 Period 9 Financials and began with presenting the month end metrics as of March 31, 2021, and highlighted the following: <ul style="list-style-type: none"> • March procedural volume were strong given the pent up demand which resulted from reduced OR capacity at MV in January and 	

February. All volume metrics were favorable to budget and prior year except for ED visits.

- From an operational standpoint equally, everything is favorable; slight opportunity in Net Day A/R.
- Bottom line standpoint top-line revenue March is the first month we have exceeded \$100M total operating revenue, very strong month.
- Year-over-year about a \$23M improvement in total operating revenue in March compared to the prior year March. However, Mr. Bohorquez noted that last March was the first month impacted by Covid-19.
- Operating EBIDA margin is \$14.6M which is an \$18.4M improvement year-over-year.

Mr. Bohorquez continued the discussion by presenting the YTD performance as of March 31, 2021, and highlighted the following:

- From an ADC standpoint YTD 241 to 237 prior year. Very similar year-over-year activity. Mr. Bohorquez stated, Dr. Mark Adams has indicated in discussions the level of sepsis we are seeing coming from the ED is much greater than pre-Covid activity.
- Total discharges are about 7% less year-over-year, again sicker patients so less activity on a procedural basis.
- Productive Hrs/APD is on track and slightly better than the prior fiscal year.
- From a bottom-line performance standpoint total revenue year-over-year is up by \$42M and operating margin is lighter than the prior fiscal year by \$4.4M. Mr. Bohorquez stated this is negative but given Covid-19 and also we have added about \$17M of interest and depreciation in this fiscal year versus the prior fiscal year.
- From an operating EBIDA perspective year-over-year we are positive by \$13M.

Question and Answer Discussion:

- Mr. Faust raised the question: what percentage of revenue is truly period-9 vs. revenue from delayed procedures in January and February? In response, Mr. Bohorquez stated about 6-7%.
- As a follow-up to Mr. Faust's question, Mr. Doiguchi asked, will the percentage ramp up again? Mr. Bohorquez responded by stating, April is projecting to be equally strong to March, but given there is one less business day in April we should expect revenue to be lower.
- Mr. Faust asked, how are we compared to our competitors? Mr. Woods stated they are also seeing big volumes as well. Stanford is full.
- Mr. Watter complimented all the achievements achieved in March despite all the challenges faced.

	<ul style="list-style-type: none"> Mr. Zoglin suggested to include a major capital report, reporting out the current status. Mr. Bohorquez agreed. <p>Motion: To approve the FY2021 Period 9 Financials.</p> <p>Movant: Faust Second: Watters Ayes: Chow, Doiguchi, Faust, Dr. Somersille, Watters and Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>7. REVISED FY21 FINANCIAL FORECAST (INCLUDING COVID-19 RECOVERY PLAN)</p>	<p>Mr. Bohorquez presented the Revised FY2021 Q4 Financial Forecast including Covid-19 Recovery Plan and highlighted the following:</p> <ul style="list-style-type: none"> Mr. Bohorquez began by, presenting the retrospective review of Q3 FY 2021 Forecast vs. Actual performance. Q3 includes January-March. Overall performance is much lighter in Jan and Feb than expected. Mr. Bohorquez stated, we were not expecting a 7 folding increase in Covid-19 patients especially in the peak of the 3rd wave of Covid-19 in mid-late Jan and Feb and March given the pent-up was a lot stronger than projected. From an overall net patient revenue, Mr. Bohorquez stated we projected about \$23M and operating margin was \$11.5M versus a projected of \$8.6M. April, May, and June is our projected Q4 performance which we expect to be solid unless we experience a forth wave of Covid-19 patients. Updated projected performance is \$68.2M for operating margin and from a percent standpoint operating margin is 6.0% and operating EBIDA is 13.3%. 	
<p>8. REVENUE CYCLE OVERVIEW AND UPDATE</p>	<p>Mr. Bohorquez and Brian Fong, Senior Director of Revenue Cycle presented the Revenue Cycle overview and update. Mr. Bohorquez stated the presentation will be focusing on the following 1) where we are in the revenue cycle 2) what is working and 3) what are some of the challenges and the plans in the next 6-12 months.</p> <p>Mr. Fong continued the discussion and highlighted the following:</p> <ul style="list-style-type: none"> The revenue cycle is a very complex process and it involves many stakeholders across the entire spectrum of the hospital. Mr. Fong stated every stakeholder must perform their process correctly to avoid a denial or an underpayment on the back end. The focus is making sure this process is streamlined by keeping patients in mind to ensure we resolve their bills on time. Total patient payments comprised approximately 2.5% of net revenue for discharges in FY2020. Providing predictability for the patients regarding their out-of-pocket payments is important in the collections process and ensuring high patient satisfaction. Nearly 80% of patient payments originate from patients with PPO plans. 	

	<ul style="list-style-type: none"> ECH's percentage of bad debt of 0.2% continues to fall below the median of other Epic hospital clients and well below industry benchmark. <p>Mr. Fong highlight the areas of improvement which include the following:</p> <ul style="list-style-type: none"> Patient Service Improvements- ECH's Self-Service Price Estimator is available on ECH's website. It allows a prospective patient with or without insurance to immediately obtain an out-of-pocket estimate for a select number of common hospital procedures. Patient Service Improvements: Brochure. To increase awareness regarding financial assistance options, as well as the potential for separate bills from hospital-based physicians, ECH expanded the distribution of this brochure beyond the Emergency Department to all hospital departments (provided to patients during check-in) Future Enhancements: Robotic Process Automation. (RPA) technology is primarily considered to be software tools that partially or fully automate human activities that are very manual, transactional, rule-based, and repetitive. Revenue Cycle potential uses for RPAs Prior Auth Inquiry and Submission and Claim Status & Follow-up 	
<p>9. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 6:30pm.</p> <p>Movant: Doiguchi Second: Faust Ayes: Chow, Doiguchi, Faust, Dr. Somersille, Watters and Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Adjourned to closed session at 6:30pm.</i></p>
<p>10. AGENDA ITEM 16: RECONVENE OPEN SESSION/ REPORT OUT</p>	<p>Agenda Items 11-14 were covered in closed session and the Committee approved the consent calendar by a unanimous vote of all members present (<i>Chow, Doiguchi, Faust, Somersille, and Zoglin</i>)."</p>	
<p>11. AGENDA ITEM 17: CLOSING COMMENTS</p>	<p>There were no closing comments.</p>	
<p>12. AGENDA ITEM 18: ADJOURNMENT</p>	<p>Motion: To adjourn at 7:45 pm.</p> <p>Movant: Watters Second: Doiguchi Ayes: Chow, Doiguchi, Faust, Dr. Somersille, Watters and Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Meeting adjourned at 7:45 pm.</i></p>

Attest as to the approval of the foregoing minutes by the Finance Committee of El Camino Hospital:

DocuSigned by:

John Zoglin

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John Zoglin

Chair, Finance Committee

Prepared by: Samreen Salehi, Executive Assistant, Administration