



AGENDA

REGULAR MEETING OF THE EL CAMINO HEALTHCARE DISTRICT BOARD OF DIRECTORS

Tuesday, January 22, 2019 – 5:30pm

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

PURPOSE: The purpose of the District shall be (i) to establish, maintain and operate, or provide assistance in the operation of, one or more health facilities (as that term is defined in California Health and Safety Code Section 1250) or health services at any location within or without the territorial limits of the District, for the benefit of the District and the people served by the District; (ii) to acquire, maintain and operate ambulances or ambulance services within or without the District; (iii) to establish, maintain and operate, or provide assistance in the operation of free clinics, diagnostic and testing centers, health education programs, wellness and prevention programs, rehabilitation, aftercare, and such other health care services provider, groups, and organizations that are necessary for the maintenance of good physical and mental health in the communities served by the District; and (iv) to do any and all other acts and things necessary to carry out the provisions of the District's Bylaws and the Local Health District Law.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1. CALL TO ORDER/ROLL CALL	Peter C. Fung, MD, Board Chair		5:30 – 5:32pm
2. SALUTE TO THE FLAG	Peter C. Fung, MD, Board Chair		5:32 – 5:34pm
3. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Peter C. Fung, MD, Board Chair		5:34 – 5:35
4. PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	Peter C. Fung, MD, Board Chair		information 5:35 – 5:38
5. COMMUNITY BENEFIT SPOTLIGHT: FRESH APPROACH <i>Resolution 2019-01</i> ATTACHMENT 5	Barbara Avery, Director, Community Benefit	<i>public comment</i>	motion required 5:38 – 5:48
6. CONSENT CALENDAR <i>Any Board Member or member of the public may remove an item for discussion before a motion is made.</i> <i>Approval</i> a. Minutes of the Open Session of the District Board Meeting (December 5, 2018) b. Minutes of the Open Session of the District Board Meeting (December 7, 2018)	Peter C. Fung, MD, Board Chair	<i>public comment</i>	motion required 5:48 – 5:49
7. FY19 YTD ECHD FINANCIALS ATTACHMENT 7	Iftikhar Hussain, CFO	<i>public comment</i>	possible motion 5:49 – 5:59
8. BOARD GOVERNANCE ISSUES ATTACHMENT 8	Erica Osborne, Via Healthcare Consulting		discussion 5:59 – 6:29
9. ECH BOARD MEMBER ELECTION AD HOC COMMITTEE REPORT	Julia Miller, ECH Member Election Ad Hoc Committee Chair		information 6:29 – 6:39
10. 2019 NEW LAWS AND PUBLIC POLICY UPDATE ATTACHMENT 10	Brenda Taussig, Director, Government & Community Relations		discussion 6:39 – 6:54
11. FY19 PACING PLAN ATTACHMENT 11	Peter C. Fung, MD, Board Chair		discussion 6:54 – 6:59

A copy of the agenda for the Regular Board Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting.

In observance of the Americans with Disabilities Act, please notify us at (650) 988-7504 prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
12. ADJOURN TO CLOSED SESSION	Peter C. Fung, MD, Board Chair	<i>public comment</i>	motion required 6:59 – 7:00
13. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Peter C. Fung, MD, Board Chair		information 7:00 – 7:01
14. CONSENT CALENDAR <i>Any Board Member or member of the public may remove an item for discussion before a motion is made.</i> Approval <i>Gov't Code Section 54957.2:</i> a. Minutes of the Closed Session of the District Board Meeting (October 16, 2018)	Peter C. Fung, MD, Board Chair		motion required 7:01 – 7:02
15. Health & Safety Code Section 32106(b) for a report and discussion involving health care facility trade secrets: - Real Estate Update	Dan Woods, CEO		discussion 7:02 – 7:17
16. Report involving <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters – Senior Management: - Executive Session	Peter C. Fung, MD, Board Chair		discussion 7:17 – 7:22
17. ADJOURN TO OPEN SESSION	Peter C. Fung, MD, Board Chair		motion required 7:22 – 7:23
18. RECONVENE OPEN SESSION/ REPORT OUT To report any required disclosures regarding permissible actions taken during Closed Session.	Peter C. Fung, MD, Board Chair		7:23 – 7:24
19. ADJOURNMENT	Peter C. Fung, MD, Board Chair	<i>public comment</i>	motion required 7:24 – 7:25pm

Upcoming Meetings: March 19, 2019, May 21, 2019, June 18, 2019, October 22, 2019

EL CAMINO HEALTHCARE DISTRICT

RESOLUTION 2019-01

RESOLUTION OF THE BOARD OF DIRECTORS OF EL CAMINO HEALTHCARE DISTRICT REGARDING RECOGNITION OF SERVICE TO THE COMMUNITY

WHEREAS, the Board of Directors of the El Camino Healthcare District values and wishes to recognize the contribution of individuals who serve the District's community as well as individuals who exemplify the El Camino Healthcare District's mission and values.

WHEREAS, the Board wishes to honor and recognize Fresh Approach for partnering with El Camino Healthcare District to provide nutrition education to low-income communities and improve access to fresh produce through a mobile farmers' market in underserved neighborhoods.

The El Camino Healthcare District and Fresh Approach began a partnership in Fiscal Year 2017 in an effort dedicated to increasing access to healthy, affordable food and nutrition education for low-income District residents to decrease community members' risk of Type II Diabetes and other diet-related illnesses and to improve food security. In the first two years, Fresh Approach's VeggieRx nutrition education classes served 230 community members with classes tailored for youth, adults and their families. New in FY18, the mobile farmers' market, Freshest Cargo, has conducted nearly 100 stops in various locations around the District, bringing fresh fruits and vegetables into neighborhoods lacking access to local grocery stores. Freshest Cargo also provides discounts to those who receive CalFresh WIC, MediCal, SSI or SSDI benefits.

WHEREAS, the Board would like to acknowledge Fresh Approach for its commitment to reducing food insecurity and improving nutrition education and access to healthy, affordable produce in underserved communities.

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

Fresh Approach

IN WITNESS THEREOF, I have here unto set my hand this **22ND DAY OF JANUARY, 2019**.

EL CAMINO HEALTHCARE DISTRICT BOARD OF DIRECTORS:

Peter C. Fung, MD • Gary Kalbach • Julia E. Miller • George O. Ting, MD • John Zoglin

JOHN ZOGLIN
SECRETARY/TREASURER
EL CAMINO HEALTHCARE DISTRICT BOARD OF DIRECTORS





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

Board Members Present

Peter C. Fung, MD, Chair
Julia E. Miller, Vice Chair
David Reeder
John Zoglin, Secretary/Treasurer

Board Members Absent

None

Members Excused

None

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the El Camino Healthcare District Board of Directors (the “Board”) was called to order at 5:30pm by Chair Fung. A silent roll call was taken. Director Zoglin arrived at 5:33pm during Agenda Item 5: Consent Calendar. All other Board members were present at roll call.	
2. SALUTE TO THE FLAG	Chair Fung led the Board members, staff, and members of the public present in the Pledge of Allegiance.	
3. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Fung asked if any Board members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
4. PUBLIC COMMUNICATION	There were no comments from the public.	
5. CONSENT CALENDAR	Chair Fung asked if any member of the Board or the public wished to remove an item from the consent calendar. No items were removed. Motion: To approve the consent calendar: Minutes of the Open Session of the District Board Meeting (October 16, 2018). Movant: Reeder Second: Miller Ayes: Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>Consent calendar approved</i>
6. DRAFT REVISED COMMUNITY BENEFIT GRANTS POLICY	Chair Fung explained that the updates to the policy were to conform with recent changes to the California <i>Health & Safety Code</i> , and that those updates must be in place by January 1, 2019. Director Miller thanked staff for their work on the revised policy. Motion: To approve the Draft Revised Community Benefit Grants Policy. Movant: Miller Second: Reeder Ayes: Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>Revised CB Grants Policy approved</i>
7. ECH BOARD MEMBER	Director Miller, Chair of the ECH Board Member Election Ad Hoc Committee, described the recent meeting of the Ad Hoc Committee and the	

ELECTION AD HOC COMMITTEE REPORT	<p>Committee's unanimous recommendation not to reappoint Director Davis for another term on the Hospital Board.</p> <p>The Board discussed Dr. Davis' interest in the position, experience, and service on the Board, and the evaluation of various Board competencies.</p> <p>Director Zoglin and Reeder voiced dissenting opinions with the Ad Hoc Committee's recommendation. Director Reeder commented that the new full Board could consider this recommendation and appointment following the swearing in on December 7th. Director Zoglin commented that Dr. Davis could be considered during the Ad Hoc Committee's continued work for FY19, which includes filling the vacancy on the Hospital Board due to Neysa Fligor's departure.</p>	
8. ELECTION OF NON-DISTRICT BOARD MEMBER TO THE ECH BOARD OF DIRECTORS	<p>There were no comments from the Board.</p>	
9. RESOLUTION 2018-15	<p>Chair Fung described the formation of the Ad Hoc Committee to review appointments and reappointments for FY19, including the evaluation of Dr. Davis' re-appointment and filling the vacant seat following Neysa Fligor's departure from the District Board. He noted that due to Ms. Fligor's departure, a District Board member is needed to serve on the Ad Hoc Committee.</p> <p>Motion: To approve Resolution 2018-15, appointing John Zoglin to the ECH Board Member Election Ad Hoc Committee.</p> <p>Movant: Miller Second: Fung Ayes: Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p>Resolution 2018-15 approved</p>
10. APPOINTMENT OF DISTRICT BOARD LIAISON TO THE COMMUNITY BENEFIT ADVISORY COUNCIL (CBAC)	<p>Chair Fung noted that due to Neysa Fligor's departure from the District Board, a District Board member is needed to serve as liaison to the Community Benefit Advisory Council.</p> <p>Motion: To appoint Julia Miller to as the District Board Liaison to the Community Benefit Advisory Council (CBAC).</p> <p>Movant: Fung Second: Zoglin Ayes: Fung, Miller, Zoglin Noes: None Abstentions: Reeder Absent: None Recused: None</p>	<p>Director Miller appointed as District Board Liaison to the CBAC</p>
11. RECOGNITION OF DISTRICT BOARD MEMBERS DAVID REEDER AND NEYSA FLIGOR	<p>Chair Fung presented a resolution on behalf of Assemblymember Marc Berman recognizing Ms. Fligor's service.</p> <p>Dan Woods, CEO, presented a resolution from the Santa Clara County Board of Supervisors recognizing Ms. Fligor and her public service.</p> <p>Ms. Fligor thanked the Board for the opportunity to serve. She also thanked ECH staff for their partnership and work.</p>	

	The Board commended Ms. Fligor for her service. Chair Fung recognized and thanked Director Reeder for his service. Director Reeder thanked the Board, ECH staff, and the community.	
12. ADJOURNMENT	Motion: To adjourn at 5:58pm. Movant: Miller Second: Fung Ayes: Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>Meeting adjourned at 5:58pm.</i>

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

Peter C. Fung, MD
Chair, ECHD Board

John Zoglin
Secretary, ECHD Board

Prepared by: Cindy Murphy, Director of Governance Services
Sarah Rosenberg, Contracts & Board Services Coordinator



**Minutes of the Open Session of the
Meeting of the El Camino Healthcare District Board of Directors
Wednesday, December 7, 2018**
El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040
Conference Rooms A&B (ground floor)

Board Members Present

Peter C. Fung, MD, Chair
Julia E. Miller, Vice Chair
John Zoglin, Secretary/Treasurer

Board Members Absent

None

Members Excused

None

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the El Camino Healthcare District Board of Directors (the “Board”) was called to order at 4:04pm by Chair Fung. A silent roll call was taken. All Board members were present.	
2. SALUTE TO THE FLAG	Chair Fung led the Board members, staff, and members of the public present in the Pledge of Allegiance.	
3. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Fung asked if any Board members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
4. PUBLIC COMMUNICATION	There were no comments from the public.	
5. RESOLUTION TO ACCEPT THE SANTA CLARA COUNTY ELECTION RESULTS OF NOVEMBER 6, 2018	<p>Motion: To accept the Santa Clara County Registrar of Voters’ certification of election results of November 6, 2018 with Peter C. Fung and George O. Ting being elected to the El Camino Healthcare District Board, each for a four-year term.</p> <p>Movant: Fung Second: Zoglin Ayes: Fung, Miller, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Election Results accepted</i>
6. ADOPTION OF SANTA CLARA COUNTY BOARD OF SUPERVISORS RESOLUTION 2018-114	<p>Chair Fung reported that on October 16, 2018, the Santa Clara County Board of Supervisors adopted Resolution 2018-114, appointing Gary Kalbach to the El Camino Healthcare District Board.</p> <p>Motion: To accept the Santa Clara County Board of Supervisors Resolution 2018-114, appointing Gary Kalbach for a two-year term on the El Camino Healthcare District Board.</p> <p>Movant: Fung Second: Zoglin Ayes: Fung, Miller, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>SCC BOS Resolution 2018-114 accepted</i>
7. ADMINISTRATION OF OATH OF OFFICE	Dr. Fung took the oath of office administered by Director Miller. Mr. Kalbach took the oath of office administered by Cindy Murphy, Director of Governance Services, and Dr. Ting took the oath of office administered by Ms. Terri Lewis.	<i>Directors Fung, Kalbach, and Ting sworn in</i>

8. STANDARDS OF CONDUCT	Chair Fung described the District Standards of Conduct as further detailed in the materials. The Directors signed the District Standards of Conduct, which will be posted on the District's website.	
9. ELECTION OF EL CAMINO HOSPITAL BOARD MEMBERS	<p>Chair Fung noted that Director Kalbach will continue his service on the El Camino Hospital Board of Directors.</p> <p>Motion: To elect District Directors Peter Fung and George Ting to the El Camino Hospital Board of Directors.</p> <p>Movant: Kalbach Second: Zoglin Ayes: Fung, Kalbach, Miller, Ting, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Directors Fung and Ting elected to the El Camino Hospital Board of Directors</i>
10. ADJOURNMENT	<p>Motion: To adjourn at 4:21pm.</p> <p>Movant: Kalbach Second: Zoglin Ayes: Fung, Kalbach, Miller, Ting, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Meeting adjourned at 4:21pm.</i>

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

Peter C. Fung, MD
Chair, ECHD Board

John Zoglin
Secretary, ECHD Board

Prepared by: Cindy Murphy, Director of Governance Services
Sarah Rosenberg, Contracts & Board Services Coordinator



Dedicated to improving the health and well being of the people in our community.

**Board Finance Presentation
Fiscal Year 2019
7/1/2018- 11/30/2018**

Iftikhar Hussain, CFO

El Camino Healthcare District Board of Directors Meeting

January 22, 2019

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NOTE: Accounting standards require that audited financial statements for El Camino Healthcare District be presented in consolidated format, including El Camino Hospital and its controlled affiliates. In an effort to help ensure public accountability and further ensure the transparency of the District’s operations, the District also prepares internal, “Stand-Alone” financial statements which present information for the District by itself.



El Camino Healthcare District

Consolidated Comparative Balance Sheet (\$ Millions)

(Includes El Camino Hospital)

	Nov 30, 2018	June 30, 2018 Audited w/o Eliminations		Nov 30, 2018	June 30, 2018 Audited w/o Eliminations
<u>ASSETS</u>			<u>LIABILITIES & FUND BALANCE</u>		
Current Assets			Current Liabilities		
Cash & Investments	\$291	\$296	Accounts Payable & Accrued Exp ⁽⁵⁾	\$103	\$119
Patient Accounts Receivable, net	\$119	\$125	Bonds Payable - Current	8	7
Other Accounts and Notes Receivable	\$14	\$6	Bond Interest Payable	12	16
Inventories and Prepays	\$80	\$76	Other Liabilities	10	9
Total Current Assets	503	503	Total Current Liabilities	133	151
Board Designated Assets			Deferred Revenue	1	1
Foundation Reserves	17	16	Deferred Revenue Inflow of Resources	26	26
Community Benefit Fund	23	21	Long Term Liabilities		
Operational Reserve Fund ⁽¹⁾	141	129	Bond Payable	639	643
Workers Comp, Health & PTO Reserves	75	74	Benefit Obligations	48	47
Facilities Replacement Fund ⁽²⁾	194	189	Other Long-term Obligations	4	4
Catastrophic & Malpractice Reserve ⁽³⁾	21	20	Total Long Term Liabilities	691	695
Total Board Designated Assets	470	450	Fund Balance		
Non-Designated Assets			Unrestricted	1,282	1,268
Funds Held By Trustee ⁽⁴⁾	156	218	Board Designated & Restricted	382	359
Long Term Investments	338	346	Capital & Retained Earnings	16	16
Other Investments	34	35	Total Fund Balance	1,680	1,643
Net Property Plant & Equipment	985	920			
Deferred Outflows of Resources	21	21			
Other Assets	24	23			
Total Non-Designated Assets	1,559	1,563			
TOTAL ASSETS	\$2,532	\$2,516	TOTAL LIAB. & FUND BAL.	\$2,532	\$2,516



Note: Totals may not agree due to rounding. See page 5 for footnotes.

El Camino Healthcare District

Consolidated Comparative Statement of Revenues & Expenses (\$ Millions)

Year-to-Date through November 30, 2018

(Includes El Camino Hospital)

	<u>Actual</u>	<u>Budget</u>	<u>Fav (Unfav) Variance</u>	<u>Prior YTD FY Actual</u>
Net Patient Revenue ⁽⁶⁾	376	369	8	372
Other Operating Revenues	18	20	-2	21
Total Operating Revenues	394	389	5	393
Wages and Benefits	207	208	1	197
Supplies	55	55	0	50
Purchased Services	52	55	3	46
Other	13	14	1	12
Depreciation	22	22	1	20
Interest	2	2	-1	2
Total Operating Expense ⁽⁷⁾	352	357	5	327
Operating Income	43	33	10	66
Non-Operating Income ⁽⁸⁾	(6)	18	(23)	39
Net Income	37	50	(13)	105



Note: Totals or variances may not agree due to rounding. See page 5 for footnotes.

El Camino Healthcare District
Notes to Consolidated Financial Statements
Current FY 2019 Actual to Budget
(Includes El Camino Hospital)

- 1) The increase is due to the annual resetting of a 60 day reserve of expenses based on the current fiscal year's Hospital budget.
- 2) The current period Facilities Replacement Fund is comprised of (\$ Millions):

ECH Capital Replacement Fund (i.e. Funded Depr.)	\$145
ECHD Appropriation Fund (fka: Capital Outlay)	16
ECH Women's Hospital Expansion	14
ECH BHS Replacement Building Fund	14
ECHD Capital Replacement Fund (i.e. Funded Depr.)	<u>5</u>
	<u>\$194</u>

- 3) The current period Catastrophic & Malpractice Fund is comprised of (\$ Millions):

ECH Catastrophic Fund (aka: Earthquake Fund)	\$19
ECH Malpractice Reserve	<u>2</u>
	<u>\$21</u>

- 4) The decrease is due to the Bond Project Fund disbursements for the IMOB and BHS construction.
- 5) The decrease is due to the significant construction and facilities accruals booked at year end and subsequently paid during July and August of the new fiscal year.
- 6) The increase in Net Patient Revenue was driven by outpatient volumes exceeding budgets in the O/P Operating Room, CT Imaging, the Emergency Department, and Pharmacy.
- 7) The positive variance in expenses was driven by productive salary expense being less than budget in the I/P clinical departments and in Purchased Services for SVMMD as it begins to increase activity
- 8) The \$23M negative variance to budget is driven by the unrealized losses on investments thus far in the fiscal year.



El Camino Healthcare District

Stand-Alone Comparative Balance Sheet (\$ Thousands)

*These financial statements **exclude** the District's El Camino Hospital Corporation and its controlled affiliates*

	Nov 30, 2018	June 30, 2018		Nov 30, 2018	June 30, 2018
<u>ASSETS</u>			<u>LIABILITIES & FUND BALANCE</u>		
Cash & cash equiv	\$5,039	\$4,306	Accounts payable ⁽⁸⁾	\$0	\$0
Short term investments	3,591	2,377	Current portion of bonds	3,800	3,310
Due fm Retiree Health Plan ⁽¹⁾	10	10	Bond interest payable ⁽⁹⁾	1,967	2,603
S.C. M&O Taxes Receivable	4,299	0	Other Liabilities	140	106
Other current assets	0	21			
Total current assets	\$12,939	\$6,714	Total current liabilities	\$5,906	\$6,019
Operational Reserve Fund ⁽²⁾	1,500	1,500			
Capital Appropriation Fund ⁽³⁾	16,297	20,964			
Capital Replacement Fund ⁽⁴⁾	5,313	5,298	Deferred income	8	47
Community Benefit Fund ⁽⁵⁾	4,589	5,596	Bonds payable - long term	121,887	125,687
Total Board designated funds	\$27,699	\$33,358	Total liabilities	\$127,801	\$131,753
Funds held by trustee ⁽⁶⁾	\$19,951	\$20,837	Fund balance		
Capital assets, net ⁽⁷⁾	\$10,882	\$10,978	Unrestricted fund balance	\$51,372	\$50,692
			Restricted fund balance ⁽¹⁰⁾	(107,703)	(110,558)
			Total fund balance	(\$56,331)	(\$59,866)
TOTAL ASSETS	\$71,470	\$71,888	TOTAL LIAB & FUND BALANCE	\$71,470	\$71,888



Note: Totals may not agree due to rounding. See page 9 for footnotes.

El Camino Healthcare District

YTD **Stand-Alone** Stmt of Revenue and Expenses (\$ Thousands)

Comparative Year-to-Date November 30, 2018

*These financial statements **exclude** the District's El Camino Hospital Corporation and its controlled affiliates*

	Actual	Current Year Budget	Variance	Prior Full Year Actual
<u>REVENUES</u>				
(A) Ground Lease Revenue ⁽¹¹⁾	\$ 39	\$ 40	\$ (1)	\$ 92
(B) Redevelopment Taxes ⁽¹²⁾	3	65	(62)	256
(B) Unrestricted M&O Property Taxes ⁽¹²⁾	4,683	4,683	-	8,025
(B) Restricted M&O Property Taxes ⁽¹²⁾	3,458	3,458	-	7,831
(B) G.O. Taxes Levied for Debt Service ⁽¹²⁾	4,250	4,250	-	9,266
(B) IGT/PRIME Medi-Cal Program ⁽¹³⁾	(1,336)	(1,175)	(160)	(6,469)
(B) Investment Income (net)	196	118	78	29
(B) Other income	-	-	-	0
TOTAL NET REVENUE	11,294	11,439	(145)	19,030
<u>EXPENSES</u>				
(A) Wages & Benefits ⁽¹⁴⁾	-	-	-	0
(A) Professional Fees & Purchased Svcs ⁽¹⁵⁾	177	265	88	439
(A) Supplies & Other Expenses	1	85	83	153
(B) G.O. Bond Interest Expense (net) ⁽¹⁶⁾	1,192	1,289	96	3,037
(B) Donations to Outside Organizations ⁽¹⁷⁾	4,466	3,430	(1,036)	6,847
(A) Depreciation / Amortization	96	96	-	231
TOTAL EXPENSES	5,933	5,165	(768)	10,707
NET INCOME	\$ 5,361	\$ 6,274	\$ (914)	\$ 8,323
 (A) Operating Revenues & Expenses (B) Non-operating Revenues & Expenses				
<u>RECAP STATEMENT OF REVENUES & EXPENSE</u>				
(A) Net Operating Revenues & Expenses	\$ (236)			
(B) Net Non-Operating Revenues & Expenses	5,596			
NET INCOME	\$ 5,360			



Note: Totals may not agree due to rounding. See page 9 for footnotes.

El Camino Healthcare District

Comparative YTD **Stand-Alone** Stmt of Fund Balance Activity (\$ Thousands)

*These financial statements **exclude** the District's El Camino Hospital Corporation and its controlled affiliates*

	Nov 30, 2018	June 30, 2018
Fiscal year beginning balance	\$ (59,866)	\$ (74,657)
Net income year-to-date	\$ 5,361	\$ 8,323
Transfers (to)/from ECH:		
IGT/PRIME Funding ⁽¹⁸⁾	\$ 1,336	\$ 6,469
Capital Appropriation projects ⁽¹⁹⁾	\$ (3,162)	-
Fiscal year ending balance	\$ (56,331)	\$ (59,866)



Note: Totals may not agree due to rounding. See page 10 for footnotes.

El Camino Healthcare District

Notes to Stand-Alone Financial Statements

These financial statements exclude the District's El Camino Hospital Corporation and its controlled affiliates

- (1) **Due from Retiree Health Plan** – The monies due from Trustee for District's Retiree Healthcare Plan.
- (2) **Operational Reserve Fund** – Starting in FY 2014, the Board established an operational reserve for unanticipated operating expenses of the District.
- (3) **Capital Appropriation Fund** – Decrease is due to partial funding of the committed \$6.2M of the Women's Hospital renovation project to commence after the IMOB is completed. The remaining funding will occur in the December timeframe.
- (4) **Capital Replacement Fund** – Formerly known as the Plant Facilities Fund (AKA - Funded Depreciation) which reserves monies for the major renovation or replacement of the portion of the YMCA (Park Pavilion) owned by the District.
- (5) **Community Benefit Fund** – Newly established fund at the District in FY 2014, as the District retains its unrestricted M&O property taxes to pay for its operations and support its Community Benefit Program.
- (6) **Funds Held by Trustee** – Funds from General Obligation tax monies, being held to make the debt payments when due.
- (7) **Capital Net Assets** - The land on which the Mountain View Hospital resides, a portion of the YMCA building, property at the end of South Drive (currently for the Road Runners operations), and a vacant lot located at El Camino Real and Phyllis.
- (8) **Accounts Payable and Accrued Expenses** – Expenses due which have not yet been paid.
- (9) **Bond Interest Payable** – The decrease is due to the semi-annual payment to G.O. bondholders made in August.
- (10) **Fund Balance** – The negative fund balance is a result of the General Obligation bonds which assisted in funding the replacement hospital facility in Mountain View. Accounting rules required the District to recognize the obligation in full at the time the bonds were issued ; receipts from taxpayers will be recognized in the year they are levied, slowly reducing the negative fund balance over the next 18 years.



El Camino Healthcare District

Notes to Stand-Alone Financial Statements

These financial statements exclude the District's El Camino Hospital Corporation and its controlled affiliates

(11) **Other Operating Revenue** – Lease income from El Camino Hospital for its ground lease with the District.

(12) **Taxes: Redevelopment, M&O, G.O.** – Tax receipts (either received or to be received) during the period. Note amount for the G.O. Taxed Levied for Debt will come in less than prior year mostly due to the March 2017 G.O. Refunding that the District did that reduced the previously \$12.90 of assessed property valuation per \$100,000 to a current \$10.00 per \$100,000.

(13) **IGT/PRIME Expense** – A payment in support of the PRIME program, will provide a return at two (2) times this amount.

(14) **Wages & Benefits** – The District employs no employees. Employees are based at the Hospital, CONCERN, or SVMD entities. The District does contract with the Hospital and outside professional and general services organizations (see item 15).

(15) **Professional Fees & Services** – Detailed below:

• Community Benefit Support from ECH	\$ 165
• Legal	8
• Other	4
	<u>\$ 177</u>

(16) **G.O. Bond Interest Expense** – It is to be noted that on March 22, 2017 the District refunded \$99M of its remaining \$132M 2006 G.O. bond issue. Refunding of the 2006 G.O. debt, given current interest rates, caused a net present value savings of \$7M.

(17) **Donations to Outside Organizations** – Starting in FY 2014, the District is directly operating its Community Benefit Program at the District level. This represents amounts expended to grantees and sponsorships thus far in this fiscal year . Note the major payments to recipients are made in August and February of the fiscal year.

(18) **IGT/PRIME Funding** – Transfers from ECH for participation in the PRIME program thus far in FY 2019.

(19) **Capital Appropriation Projects Transfer** – This amount for FY2019 was the approved amount at the Board's June 2018 meeting to be transferred to the Hospital during FY2019 for the future renovation of the Women's Hospital after the IMOB is completed in the Spring 2019.



El Camino Healthcare District

Sources & Uses of Tax Receipts (\$Thousands)

*These financial statements **exclude** the District's El Camino Hospital Corporation and its controlled affiliates*

Sources of District Taxes

11/30/2018

(1) Maintenance and Operation and Government Obligation Taxes \$12,391

(2) Redevelopment Agency Taxes 3

Total District Tax Receipts \$12,394

Uses Required Obligations / Operations

(3) Government Obligation Bond 4,250

Total Cash Available for Operations, CB Programs, & Capital Appropriations 8,144

(4) Capital Appropriation Fund – Excess Gann Initiative Restricted* 3,458

Subtotal 4,686

(5) Operating Expenses 178

Subtotal 4,508

(6) Capital Replacement Fund (Park Pavilion) 124

Funds Available for Community Benefit Programs \$4,384

*Gann Limit Calculation for FY2019 \$8,429

(1) M&O and G.O. Taxes	• Cash receipts from the 1% ad valorem property taxes and Measure D taxes
(2) Redevelopment Agency Taxes	• Cash receipts from dissolution of redevelopment agencies
(3) Government Obligation Bond	• Levied for debt service
(4) Capital Appropriation Fund	• Excess amounts over the Gann Limit are restricted for use as capital
(5) Operating Expenses	• Expenses incurred in carrying out the District's day-to-day activities
(6) Capital Replacement Fund	• Fund to ensure that the District has adequate resources to fund repair and replacement of its capital assets (Park Pavilion)



Trends, Challenges and Best Practices in Multi-Tiered Governance

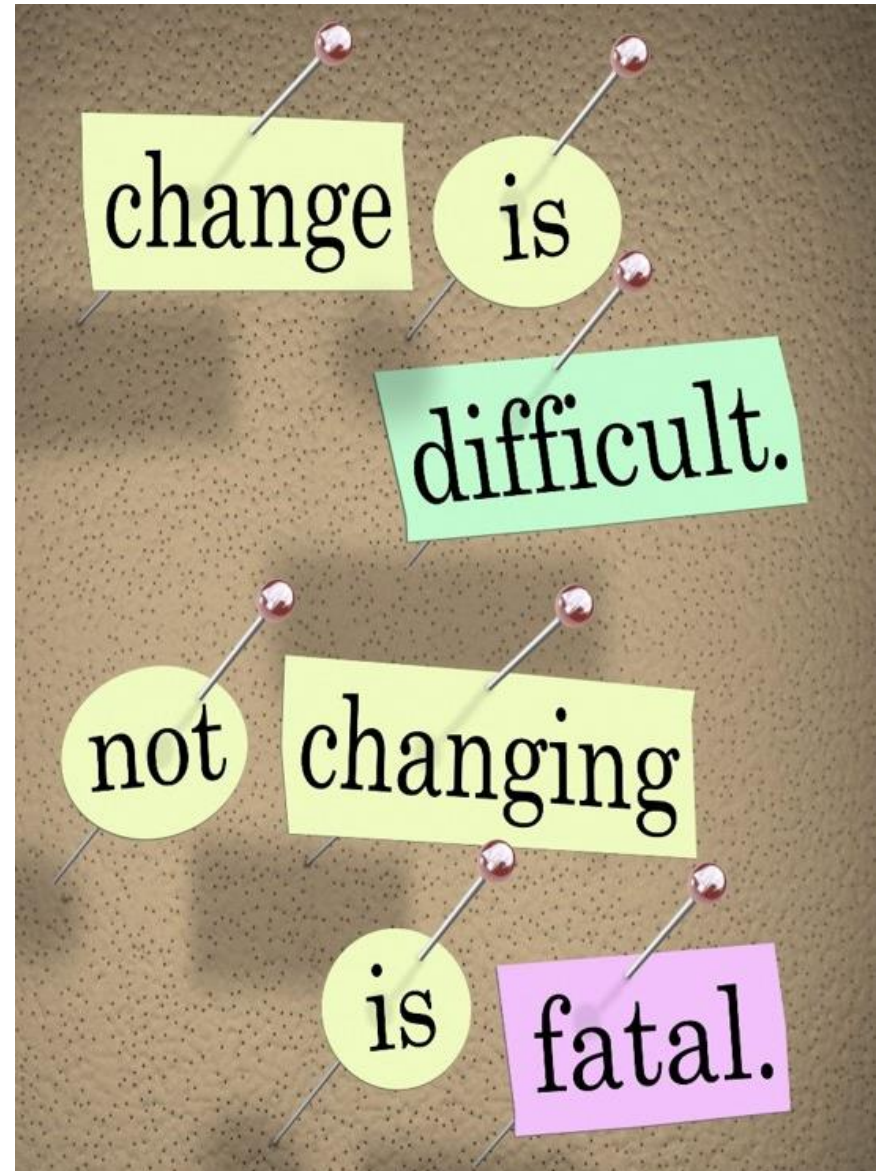
January 22, 2019

Erica M. Osborne, MPH

Via Healthcare Consulting

Healthcare is Being Forced to Change

- Unsustainable increases in cost of healthcare as a percentage of GDP since 1980
- Lower than expected health outcomes and health status of the nation's population
- Regulatory, employer, payer, and market pressures abound, signaling the imperative to change



The Governance Challenges of System Growth



The need to govern beyond the hospital's walls



Increasing complexity



Not-so-clearly defined roles, responsibilities and authorities



Unwieldy, time-consuming board calendars and agendas



Compromised board-management communication and reporting



Resources and oversight stretched too thin

Field Notes and a Working Hypothesis



Change has been rapid



Governance structures are complex



Each system is unique



No single approach has emerged as “best”



Certain practices seem correlated with higher-performing boards



Focus

- Focus on generative thinking



Define

- Clearly define roles and responsibilities



Delegate

- Delegate authority to work faster and smarter



Ensure

- Ensure effective communication & reporting relationships



Monitor

- Monitor effectiveness of structure & processes

High Performing Practices in Multi-Tiered Governance

Putting Generative Thinking to Work...

Framing the Questions?



Ensuring you have the right people with the right expertise making decisions so your organization is:

- Efficient (nimble and responsive)
- Effective (successful, valuable)

Amend	Amend corporate documents
Approve	Approve sale of assets outside the ordinary course of business
Approve	Approve a merger or dissolution
Approve	Approve the selection of Chief Executive Officer
Approve	Approve the annual budget
Approve	Approve capital expenditures/transfers (>\$25M or 5% of assets)
Approve	Approve overall corporate strategy

El Camino Healthcare District Board Reserved Powers

El Camino Hospital Board Composition

- El Camino Hospital Board shall have no less than 5 and no more than 10 members
- District Board may approve, remove, and replace any hospital board members
- Currently, 5 Hospital Board members also serve as District Board members and 5 do not.

El Camino Hospital Board



Ensure mission, vision and strategic direction are clear & effective



Establish plans, goals & metrics by which performance is monitored & measured



Confirm provision of safe, quality care across the enterprise



Appoint and approve privileges for medical staff & licensed clinicians



Conduct CEO's performance evaluation



Communicate with sole corporate member (ECHD)

Quality, Patient Care, and Patient Experience Committee

Compliance and Audit Committee

Executive Compensation Committee

Governance Committee

Finance Committee

Investment Committee

El Camino Hospital Board Committees

Accountability

- The Board committees are accountable to the Hospital Board.
- The Hospital Board is accountable to Healthcare District Board.
- The Healthcare District Board and the Hospital Board may be held accountable by any number of other groups. These could include:
 - *The patients we serve;*
 - *The communities we serve;*
 - *The IRS;*
 - *The OIG; and*
 - *Others.*





EL CAMINO HEALTHCARE DISTRICT BOARD MEETING COVER MEMO

To: El Camino Healthcare District Board of Directors
From: Brenda Taussig, Director of Government & Community Relations
Date: January 22, 2019
Subject: 2019 New Laws and Public Policy Update

Purpose:

To update the Board on several new laws relevant to District and Hospital operations.

Summary:

1. Situation: The information may assist the board in their oversight responsibilities by understanding current trends in legislation affecting the District and Hospital.
2. Authority: This update was requested by the Chair and the Vice Chair.
3. Background: See slides 2-3 in attachment.
4. Assessment: N/A
5. Other Reviews: N/A
6. Outcomes: N/A

List of Attachments:

1. "New Laws & Public Policy Update" PowerPoint slides

Suggested Board Discussion Questions: None, this is an informational item.



Dedicated to improving the health and well-being of the people in our community.

New Laws & Public Policy Update

January 22, 2019

Brenda Taussig

Director, Government & Community Relations

Introduction

- Staff is providing an overview of several new state laws relevant to District and Hospital operations in response to a request from Director Miller. I have also listed some state health policy areas likely to take center stage in 2019-20.
- Over 1,600 health care bills were introduced in the last California legislative session (2017-18), and dozens were enacted into law.
- ECH staff use information and analysis from the California Hospital Association, California Special District Association, District Hospital Leadership Foundation, and the Association of California Healthcare Districts, among other sources, to identify relevant legislation and ensure compliance with new laws.
- Due to the scope and complexity of this legislation, staff from many departments are involved in this process, including government relations, compliance, legal, facilities, board governance, nursing, medicine, human resources, community benefit, and communications.



Special District Legislation

- There are over 3,000 special districts in California, and 17 in Santa Clara County. ECHD is the only healthcare district in the county.
- Some state legislation affects all special districts, often intended to improve district transparency, accountability, board governance, and communication with the residents of the district.
- In recent years, healthcare district legislation has emphasized community benefit grant making policies and administration, and how community benefit information is communicated to the public.



AB 2019 Healthcare Districts (Aguilar-Curry)

- New law, provisions effective Jan 1, 2019 and Jan 1, 2020
- Came out of the Assembly Local Government Committee
- Includes:

Information that must appear on the District **website**

Grant making requirements

District housing construction projects which use design/build must set aside at least 20% of units for affordable housing for at least 55 years, with exclusions for workforce and vulnerable population housing

Federal **Bankruptcy** filings must be noticed to LAFCO within 10 days.



AB 2019 website requirements effective 1/1/19

A healthcare district's website must include:

- District's adopted budget
- Current board members
- Information regarding public meetings
- Municipal Service Review or LAFCO special study
- Recipients of District sponsored grant funding
- Audits of accounts and records
- State Controller annual financial report
- Grants policy (if a district provides grant funding)



AB 2019 grant policy requirements effective 1/1/19

Districts must adopt annual policies for grant funding which include:

- Statement of nexus between funding, healthcare, and mission of the district
- Process to ensure grant funding is spent consistent with the application
- Fiscal and programmatic monitoring by the District, and reporting requirements
- Plan for distributing funding each fiscal year
- Process for providing, accepting, and reviewing grant applications
- Prohibits individual meetings regarding grant applications between District board members and staff and the applicant. (This excludes technical assistance to applicants)



AB 2019 grant policy requirements, effective 1/1/20

Beginning January 1, 2020 grant policies must include statements regarding:

- Awarding grants to underserved communities/individuals
- Considering circumstances under which grants may be awarded to multiple or single recipients
- Evaluation of the financial need of grant applicants
- Types of programs eligible for grant funding
- Sponsorship of charitable events
- Funding for other government agencies
- Awards to foundations that are associated with a separate grant recipient



AB 2329 (Obernolte) Special Districts: Board Compensation

- Establishes a single standard of compensation of special district board members
- The District may authorize not more than \$100 per meeting, not to exceed 6 meetings per month.
- If a District compensates its members more than 5 meetings per month, the board must annually adopt a written policy describing why more meetings per month are necessary for the effective operation of the District.
- The board may also adopt an ordinance that increases the amount of compensation for attending meetings of the board by no more than 5% annually.



SB 1152 (Hernandez) Hospital Patient Discharge Process: Homeless Patients

ECH task force began work six months before this law was enacted, and participated in a county-wide hospital coalition to share best practices and network services.

- Requires hospitals to include, as part of the hospital discharge policy, a homeless patient discharge planning policy and process
- By January 1, 2019, hospitals must:
 - Have a written homeless patient discharge planning policy and process
 - Requires certain documentation prior to patients' discharge
- By July 1, 2019, hospitals must:
 - Maintain a log of homeless patients discharged
 - Develop a plan for coordinating services



A Look Ahead: The Gavin Newsom Administration

Governor Newsom has prioritized healthcare

- Ann O’Leary is Chief of Staff; Anna Matosantos is Cabinet Secretary
- First in the nation executive order creating the largest single purchaser for prescription drugs and allows private employers to join the state in negotiating drug prices.
- Provide Medi-Cal health coverage to undocumented young people up to age 26
- Expand ACA financial assistance for health care premiums to middle-income families
- Established the office of California Surgeon General
- In a letter to Congress and the White House, Newsom calls for federal legislative changes to allow states to innovate within their healthcare system, including creating paths to single-payer.



EL CAMINO HEALTHCARE DISTRICT BOARD
FY2019 PACING PLAN
Updated 1/2/19

FY19 Q1		
JULY 2018	AUGUST 2018	SEPTEMBER 2018
No Meeting	No Meeting	No Meeting
FY19 Q2		
OCTOBER 16, 2018	NOVEMBER 2018	DECEMBER 2018
<ul style="list-style-type: none"> ▪ FY19 YTD ECHD Financials ▪ Community Benefit Spotlight (BAWSI) ▪ FY18 Community Benefit Year End Report ▪ FY18 Stand-Alone Financials ▪ FY18 Financial Audit Presentation – Consolidated ECH District Financials ▪ Approve FY18 Hospital Audit ▪ Adopt Resolution Setting Calendar Year 2019 Meeting Dates ▪ Hospital Board Member Election Ad Hoc Committee Report ▪ Pacing Plan ▪ Approval of Minutes ▪ FY18 CEO and CFO Performance Review 	No Meeting	<p>December 5th</p> <ul style="list-style-type: none"> ▪ Hospital Board Member Election Ad Hoc Committee Report ▪ Re- Election of Non-District Board Member to the El Camino Hospital Board of Directors ▪ Draft Revised Community Benefit Grants Policy ▪ Recognition of Outgoing District Board Members ▪ Approval of Minutes ▪ Appoint of Members to the Ad hoc Committee and to the CBAC ▪ Pacing Plan <p>December 7th</p> <ul style="list-style-type: none"> ▪ Administration of Oath of Office ▪ Affirm/Sign Standards of Conduct ▪ Election of Board Members to the El Camino Hospital Board of Directors ▪ Pacing Plan

FY19 Q3		
JANUARY 22, 2019	FEBRUARY 2019	MARCH 19, 2019
<ul style="list-style-type: none"> ▪ Recognition (As Needed) ▪ Community Benefit Spotlight (If Time Allows) ▪ FY19 YTD ECHD Financials ▪ Hospital Board Member Election Ad Hoc Committee Report (if necessary) ▪ Process for Election and Re-Election of NDBM's ▪ Pacing Plan ▪ Approval of Minutes (12/5 and 12/11) ▪ Delegation of Authority to El Camino Hospital Board Advisory Committees and El Camino Hospital Board Advisory Committee Structure ▪ District Board Compensation Policy ▪ Real Estate Update 	No Meeting	<ul style="list-style-type: none"> ▪ Recognition (As Needed) ▪ Community Benefit Spotlight (If Time Allows) ▪ FY19 YTD ECHD Financials ▪ Hospital Board Member Election Ad Hoc Committee Report (if necessary) ▪ Pacing Plan ▪ Approval of Minutes
FY19 Q4		
APRIL 2019	MAY 21, 2019	JUNE 18, 2019
No Meeting	<ul style="list-style-type: none"> ▪ FY 20 Community Benefit Plan Study Session ▪ Community Benefit Mid-Year Metrics ▪ Appoint FY 20 Hospital Board Member Election Ad Hoc Committee and Advisors ▪ Approval of Minutes 	<ul style="list-style-type: none"> ▪ Recognition (As Needed) ▪ Community Benefit Spotlight (If Time Allows) ▪ FY19 YTD ECHD Financials ▪ Tax Appropriation for FY20 ▪ District Capital Outlay Fund ▪ Hospital Board Member Election Ad Hoc Committee Report (if necessary) ▪ Review and Approve FY20 Pacing Plan ▪ Approval of FY20 Community Benefit Plan ▪ Approve ECH FY20 Budget ▪ Approve ECHD FY20 Budget ▪ CEO and CFO Review ▪ ECH Board and Board Chair Assessment ▪ Appointment of Liaison to the Community Benefit Advisory Council ▪ Approval of Minutes and FY 20 Pacing Plan ▪ Election of Board Officers