



ALAMEDA COUNTY MEDICAL CENTER

Highland Campus • Fairmont Campus

John George Psychiatric Pavilion • Ambulatory Healthcare Services

BOARD OF TRUSTEE MEETING

TUESDAY, June 26, 2012

Central Administration Offices Located at Highland Hospital

1411 East 31st Street Oakland, CA 94602

Barbara L. McElroy, Clerk of the Board

(510) 437-8468

MINUTES

THE MEETING WAS CALLED TO ORDER AT 5:11 PM.

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:

Daniel Boggan, Jr., Barbara Price, Ronald D. Nelson, Floyd Huen, MD, Kirk E. Miller, J. Bennett Tate, Ilene Weinreb, and Barry Zorthian, MD.

Valerie D. Lewis, Esq., Stanley M. Schiffman, and Anthony Slimick were excused.

NON-VOTING MEMBER PRESENT:

Lyn Berry, MD.

TAB #3 ACTION: Consent Agenda

The Minutes from the May 22, 2012 Board of Trustees meeting were pulled from the Consent Agenda and will be placed on the July Board of Trustees meeting agenda for approval.

ACTION: A motion was made, seconded, and unanimously approved the Consent Agenda as amended.

MOTION: Trustee Huen

SECOND: Trustee Tate

AYES: Trustees Boggan, Price, Nelson, Huen, Miller, Tate, Weinreb, and Zorthian

NAYS: None

ABSTAIN: None

ABSENT: Trustees Lewis, Schiffman, and Slimick

TAB #4 UDPATE: Chief Executive Officer Update

Wright Lassiter, III, Chief Executive Officer, provided updates to the Board as follows:

Introduction of Varsha Chauhan, Executive Director, System Transformation Center. She will be responsible for managing system wide changes (DSRIP, LEAN, Cost Management, patient experience) which will assist ACMC in our transformation of change.

ACMC has been asked to present at the upcoming Alameda County Board of Supervisors Health Committee meeting on July 9. Supervisor Chan has asked us to attend the meeting to discuss issues and share thoughts with the committee.

Regarding the Supreme Court decision on the Affordable Care Act, we expect the decision will be forthcoming on Thursday, June 28. Irrespective of what the decision is, it is irrelevant with regards to the strategies that ACMC has put in place. Once the decision has been announced, we will send an explanatory memo to the Board.

San Leandro Hospital plans are slowly moving forward; we hope to provide more significant information in July.

The focus of this meeting is the FY2013 Budget presentation. A significant amount of work has been done to accomplish the goals that have been set by the Board. Mr. Lassiter specifically acknowledged Marion Schales, Chief Financial Officer, Bill Manns, Chief Operating Officer, and the entire team for their hard work and efforts to accomplish the goal.

TAB #2 COMMITTEE REPORTS:

Quality Professional Services Committee Report

Barbara Price, Chair reported the following activity from the June 21, 2012 Quality Professional Services Committee meeting: The Committee approved credentialing and peer review. There were no policies presented to the Committee for approval.

ACTION: *A motion was made, seconded, and unanimously accepted the report as presented.*

MOTION: *Trustee Weinreb*

SECOND: *Trustee Zorthian*

AYES: *Trustees Boggan, Price, Nelson, Huen, Miller, Tate, Weinreb, and Zorthian*

NAYS: *None*

ABSTAIN: *None*

ABSENT: *Trustees Lewis, Schiffman, and Slimick*

TAB #5 ACTION: Presentation of the FY2013 Budget

Trustee Boggan announced there would be a public comment prior to the FY2013 Budget presentation.

Public Comments:

Corliss Cowan, Nutrition Assistant in the Food & Nutrition Department, SEIU Shop Steward 1021, and member of the Workforce Planning Committee addressed the Board of Trustees prior to the presentation of the FY2013 Budget.

Ms. Cowan spoke to the Board on behalf of the union's Workforce Planning Committee which recently began discussion with management concerning the displacement of 38 full time Health Information Management (HIM) employees. As the Board may be aware, this displacement is due to the conversion to paperless medical records. The new jobs will require a different skill set and qualifications. Dealing with situations like this are always difficult, but we believe all affected employees that wish too can and should remain employed by the medical center. This can be accomplished through training, opportunities available through the SEIU / UHW education fund, the benefit negotiated in our last contract. The training would be geared to provide the necessary skills for the newly created positions in the department and/or for jobs available in other areas of the medical center. Although we are hopeful, we are also concerned that our hardworking, dedicated HIM members will be left behind between now and October as management speeds ahead. We do realize there are critical timelines to meet, but want to make sure that all staff are given the time needed to complete training and be hired into the new positions before outside applicants are considered. We ask the Board to support workers throughout this entire process as we work in collaboration with management to provide the best patient care in the community. Ms. Cowan thanked the Board.

Mr. Lassiter reminded the Board that approximately one month ago management had shared with the Trustees the plan to make the conversion and the extensive training program attempting to put every effected employee through the process to determine if they would be able to perform in the new positions. For the last 7 years, whenever these types of changes take place, management has worked hard to give the employees the opportunity to move into the new situation.

Mark Zielazinski, Chief Information Officer, will be providing an update to the Board's Human Resources Committee in July on all employees that have gone through the training program, how successful we have been and where we are in terms of placing existing employees into the new roles that have been defined throughout the post EHR environment. Management will keep the Board up to date on the process. Mr. Lassiter thanked Ms. Cowan for the comments.

Kirk E. Miller, Finance Committee Chair, framed the presentation of the budget for the Board. The presentation will be made at a higher level focusing on 3 key components: Strategic priorities, Operating budget, and the Capital budget.

Bill Manns, Chief Operating Officer, began the presentation by acknowledging and thanking executive leadership and their staff for their efforts in the following areas of achievement in FY2012:

- Electronic Health Record (Mark Zielazinski, Chief Information Officer)
- LEAN projects
- DSRIP Milestones (Sang-ick Chang, MD, CMO and Kathleen Clanon, MD, ICMO)
- Baby Friendly designation (Kim Horton, CNE)
- Reduced workplace injuries (Guy Qvistgaard, JGPP Hospital Administrator)
- Renegotiated labor contracts (Jeanette Loudon-Corbett, CHRO)
- Strategic Planning initiatives (Warren Lyons, CSIO)
- Achieved FQHC status for Highland (Marion R. Schales, CFO, and Don Briones, VP, Finance)
- Renegotiated payor contracts (Don Briones)
- Started Highland Care Pavilion planning (Bill Manns and team)
- Met Harm Reduction goals (Drs. Chang and Clanon)
- Expanded Newark Wellness Center (Benita McLarin, VP, Ambulatory Services)

The 2013 annual budget was structured around the Board approved five strategic priorities that will shape APMC's destiny over the next several years.

1. Improve organizational cost effectiveness
2. Enhance revenue opportunities
3. Develop an efficient physician operating model
4. Increase access to primary and specialty care
5. Explore affiliation and partnership opportunities

Each strategic area includes initiatives designed to achieve specific goals. The following list of initiatives is included in the 2013 budget and provides the directional focus in the development of the 2013 budget assumptions.

A. Continuation and completion of several key initiatives in FY2013

- Electronic Health Record Implementation (E.H.R.)
- Transition into Highland Care Pavilion
- Operating room expansion
- Complete Fairmont B building sprinkler system
- Conversion of BHCS Billing activities to APMC

B. Improve financial and operational efficiencies

- Implementation of cost management initiative

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- Continuation of the LEAN initiative
- C. Prepare for strategic planning implementation
- ACMC re-branding
 - Physician operating model
 - San Leandro hospital
 - Ambulatory expansion
 - Network development
- D. Invest in workforce competency and engagement
- Invest in programs for employees and physicians
- E. Improve patient experience
- Complete and implement 3-year system-wide plan for patient experience

Ms. Schales provided an overview of the financial highlights. Before starting her presentation she thanked the following members of her staff for a wonderful job pulling together the FY2013 budget:

Don Briones, VP Finance
Jody Copeland, Director of Finance
The entire Finance Department

She also thanked the Executive Team for their support and help in the process.

Ms. Schales presented the proposed budget for FY2013, including key financial performance trends, summary operating budget, expenditures for change management, DSRIP – 2013 Proposed Funds Allocation, revenue budget, expense budget, non-operating expense and revenue, DSRIP sources and uses of funds, capital budget provision and cash flow, capital expenditure budget, and risks to achieving budget.

The Trustees had minimal questions pertaining to the content of the budget presentation.

Public Comments:

Susan Stofan, Field Representative with SEIU Local 1021. Ms. Stofan addressed comments made during the budget presentation, specifically with respect to the use of registry staff. As Ms. Schales pointed out, yes savings are incurred by the use of non-benefited, non-regular employees and as Mr. Lassiter pointed out that the financial savings can come at a cost to patient care. ACMC employees have a commitment to ACMC patients that traveling and registry staff simply do not. We have spent the better part of the last year working exceptionally hard with your management team to improve the relationship between SEIU and ACMC. I think we have achieved some wonderful things. There is an amazing commitment by both SEIU and the medical center to things such as the patient care committees, the LEAN projects, and the educational fund, just to name a few. We are well on our way to working exceptionally well with this medical center and as such we agreed to some changes in our MOU's to allow for low census

procedures. But, I implore that the medical center and the Board employee those techniques as a last resort, not a first.

Hearing no further discussion, Trustee Boggan asked for a motion to approve the FY2013 Budget as presented.

ACTION: *A motion was made, seconded, and unanimously approved the proposed ACMC budget for FY2013 as presented.*

MOTION: *Trustee Price*

SECOND: *Trustee Weinreb*

AYES: *Trustees Boggan, Price, Nelson, Huen, Miller, Tate, Weinreb, and Zorthian*

NAYS: *None*

ABSTAIN: *None*

ABSENT: *Trustees Lewis, Schiffman, and Slimick*

TAB #6 ACTION: Contract & Capital Authorization

Ms. Schales presented the following contract for approval:

A. ACTION: Authorization for the CEO to Execute the Following Contract:

1. Contract addendum for **The Broadlane Group, Inc., a division of MedAssets, Inc.**, to increase the contract scope to include a professional services contract for ACMC's cost management initiative; fixed fee cost is \$2.4 million with an additional contingency based fee of \$2.6 million should the targeted savings of \$19.6 million be realized. The term of the professional services contract is for July 1, 2012 – December 31, 2013.

ACTION: *A motion was made, seconded, and unanimously authorized the CEO to execute the contract as presented.*

MOTION: *Trustee Nelson*

SECOND: *Trustee Price*

AYES: *Trustees Boggan, Price, Nelson, Huen, Miller, Tate, Weinreb, and Zorthian*

NAYS: *None*

ABSTAIN: *None*

ABSENT: *Trustees Lewis, Schiffman, and Slimick*

TAB #7 ACTION: Appointment of Vice-President, Board of Trustees

Barbara Price presented the recommendation of the Governance Committee to appoint Kirk E. Miller to fill the office of Vice-President, APMC Board of Trustees for the remainder of the term of office June 30, 2012 through December 31, 2012.

ACTION: *A motion was made, seconded, and unanimously approved the appointment of Kirk E. Miller to fill the office of Vice-President, APMC Board of Trustees, for the remainder of the term of office commencing June 26, 2012 through December 31, 2012.*

MOTION: *Trustee Price*

SECOND: *Trustee Tate*

AYES: *Trustees Boggan, Price, Nelson, Huen, Miller, Tate, Weinreb, and Zorthian*

NAYS: *None*

ABSTAIN: *None*

ABSENT: *Trustees Lewis, Schiffman, and Slimick*

TAB #8 REPORT: Appointment of QPSC Chair

Trustee Boggan announced that Trustee Zorthian has accepted the appointment to serve as the Chair of the Quality Professional Services Committee effective immediately.

TAB #9 RECOGNITION: Trustees Ilene Weinreb & Barbara Price

Trustee Boggan and Mr. Lassiter presented retiring Trustees Ilene Weinreb and Barbara Price with Commendations from Alameda County, Resolutions from Alameda County Medical Center (Resolution 2012-010 – Ilene Weinreb; Resolution 2012-011 – Barbara Price), gifts of gratitude for their nine years of service respectively, and ended the meeting with a celebration of cake.

Both Trustees Weinreb and Price were showered with comment of gratitude and thanks from Trustees and staff alike for their years of dedication and service as Trustees to Alameda County Medical Center.

Trustee Boggan added that Trustee Weinreb would be continuing in her position as Trustee until the Board of Supervisors had appointed her replacement.

Trustee Weinreb said a few words of thanks:

It had been a pleasure to serve on the Board for two reasons: One, because healthcare is so important to every person in this county; being on the Board has been very satisfying. Secondly, the board members have been wonderful to work with. It is a Board where there is no acrimony; people get along, recognize each other's talents and in general make life a lot happier.

She thanked those that have made it so enjoyable and who do such important work.

Trustee Price added words of thanks as well:

She thanked everyone for their comments and recognition and she hoped that she arrived humbly and left appropriately; again thanking everyone for their appreciation and kind words.

TAB #10 REPORT: Legal Counsel's Report on Action Taken in Closed Session

Douglas B. Habig, General Counsel, reported the Executive Committee met in closed session whereby personnel matters were considered and action was taken to modify compensation for the CEO.

In closed session for the Board of Trustees, matters related to potential litigation were considered, no action was taken.

Public Comments: See - **TAB #5 - ACTION: Presentation of the FY 2013 Budget**

Board of Trustees Remarks: None.

ADJOURNMENT: THE MEETING WAS ADJOURNED AT 6:35 PM.

Respectfully Submitted by:

Barbara L. McElroy,
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by:



Douglas Habig, Esq.
General Counsel