



BOARD OF TRUSTEES MEETING

TUESDAY, May 26, 2015

Conference Center at Highland Care Pavilion

1411 East 31st Street Oakland, CA 94602

Marla Cox, Clerk of the Board

(510) 535-7515

LOCATION:

Open Session: HCP Conference Center

MINUTES

THE MEETING WAS CALLED TO ORDER AT 4:02pm

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:

Kirk E. Miller, Esq., Valerie D. Lewis, Esq., Patricia Scates, Kinkini Banerjee, Joe DeVries, Maria Hernandez, Tracy Jensen, Michele Lawrence, James Lugannani, James Potter, Anthony B. Varni, and Barry Zorthian, MD.

Quorum was established.

(General Counsel Announcement as to purpose of Closed Session)

TAB #1 CLOSED SESSION

Open Session Reconvened

TAB #2 PRESENTATIONS

A. Resolution 2015-011 Honoring Alameda Health System Foundation

The Board of Trustees presented a framed resolution to Josie Baltodano, Chair of the AHSF Board, in recognition of the exceptional work the Foundation has done on behalf of the organization.

**B. Resolution 2015-013 Honoring Alameda Health System Foundation
President Debra Barnes**

The Board of Trustees presented a framed resolution to Debra Barnes, President of the AHSF, in recognition of her extraordinary work with the Foundation.

C. Recognition of AHSF Gala Honorees

The Board of Trustees recognized the AHSF Gala Honorees Gary Gabriel at John George Psychiatric Hospital, Charmi McCray at Highland's Emergency Department, and Dr. Eric Yasumoto at Highland.

Action: A motion was made and seconded to move approval of Consent Agenda Item L, to Tab #1. The motion was carried.

AYES: Trustees Miller, Lewis, Scates, Banerjee, Jensen, DeVries, Hernandez, Lawrence, Lugannani, Potter, Varni, and Zorthian.

NAYS: None

Abstention: None

Action: A motion was made and seconded to approve Consent Agenda Item L, the Alameda Health System Foundation Support Agreement, for the period of April 1, 2015 through March 31, 2018, not to exceed \$2,200,000. The motion was carried.

AYES: Trustees Miller, Lewis, Scates, Banerjee, Jensen, DeVries, Hernandez, Lawrence, Lugannani, Potter, Varni, and Zorthian.

NAYS: None

Abstention: None

TAB #3 Announcement of CEO Selection and Approval of Offer Letter Terms

Michele Lawrence, Chair, CEO Selection Committee announced the Board of Trustee's recommendation of Delvecchio S. Finley as the new CEO of Alameda Health System. Mr. Finley is committed to the vision of this organization and his qualifications were such that the Board felt confident in his ability to move forward with this system.

Action: A motion was made and seconded to approve the CEO Offer Letter Terms as presented. The motion was carried.

AYES: Trustees Miller, Lewis, Scates, Banerjee, Jensen, DeVries, Hernandez, Lawrence, Lugannani, Potter, Varni, and Zorthian.

NAYS: None

Abstention: None

TAB #4 DISCUSSION/ACTION: Board Officer Succession and Committee Appointments

A. Election to Fill Officer Vacancy

Kirk Miller, President, will be resigning as President of the Board effective June 30, 2015. President Miller's intent in vacating the position is to allow for a transition period for the new President as the new CEO also comes on board. The Governance Committee was asked to provide a recommendation for dealing with the expected vacancy. Based on prior practice, the Vice President has moved into the President position – leaving the Vice President position open. In light of prior practice, the Governance Committee recommended that the Board elect the current Vice President as President and that Trustee Michele Lawrence be elected as Vice President effective this meeting.

The Board then discussed officer elections as stipulated in the Bylaws, which requires a nomination to be placed before the Board prior to an election vote to fill each vacancy. The Governance Committee nominates officers to the Board; however these nominations are still subject to an election vote. Trustee Lawrence was nominated for Board President.

Trustee Lewis declined to accept nominations for the position of Vice President. Trustee Lewis also expressed concern with parting away from the established practice of having the Vice President fill the role of President and electing incumbent Trustees into the open Vice President position.

Action: *A motion was made and seconded to appoint Trustee Michele Lawrence as President of the Board of Trustees effective July 1, 2015. The motion was carried.*

AYES: *Trustees Miller, Banerjee, Jensen, DeVries, Hernandez, Lawrence, Lugannani, Varni, and Zorthian.*

NAYS: *None*

Abstention: *Trustees Lewis, Potter, and Scates.*

B. Ratification of Committee Appointments

Trustee Banerjee and Trustee Hernandez expressed an interest in joining the Governance Committee. In order for a position to be appointed to Governance Committee, Trustees must be nominated and the vote ratified by the full Board. The Board engaged in a discussion of the Bylaws and practice surrounding the election of an additional Trustee on to the Governance Committee.

Action: *A motion was made and seconded that the Board of Trustees elect Trustee Kinkini Banerjee to the Governance Committee. The Motion was carried.*

AYES: *Trustees Miller, Banerjee, Jensen, DeVries, Hernandez, Lawrence, Lewis, Lugannani, Potter, Scates, Varni, and Zorthian.*

NAYS: *None*

Abstention: *None*

Action: *A motion was made and seconded that the Board of Trustees elect Trustee Maria Hernandez to the Governance Committee. The Motion was carried.*

AYES: *Trustees Miller, Banerjee, Jensen, DeVries, Hernandez, Lawrence, Lugannani, Potter, Scates, Varni, and Zorthian.*

NAYS: *None*

Abstention: *Trustee Lewis.*

Action: *A motion was made and seconded that the Board of Trustees elect Trustee Patricia Scates to the Strategic Planning Committee. The Motion was carried.*

AYES: *Trustees Miller, Banerjee, Jensen, DeVries, Hernandez, Lawrence, Lugannani, Varni, and Zorthian.*

NAYS: *None*

Abstention: *Trustee Lewis.*

TAB #5 REPORT: Operations Report

Mark Fratzke, Chief Operating Officer, provided the operations report for Alameda Health System. The COO's report focused on the organization's financials. Management has created a culture of urgency around financial administration and reductions. The organization has focused on operational cost reductions, revenue cycle improvements, work reductions, and contract evaluations. An additional expense reduction plan has been put in place to identify \$10 million in reductions that may be taken if necessary. Management has implemented staffing controls to evaluate the need for existing and newly requested positions. Over 120 vacant or requested full or part-time positions have already been reduced and a little over 70 occupied positions have been identified for reduction. Leadership has committed to reducing occupied positions last. Jeanette Corbett-Louden, Chief Human Resource Officer, summarized the implementation process for planned reductions.

TAB #6 REPORT: Financial Report

David Cox, Chief Financial Officer, provided the finance report for Alameda Health System. The CFO reviewed April 2015 financial results, reflecting a loss of \$1.4 million, \$19 million year to date. The Net Negative Balance forecast for Fiscal Year 2016 shows the organization remaining in compliance with the interim agreement the majority of the year, barring any major setbacks. The FY 2016 forecast includes a \$24 million return for overpayment on the 2014 MediCal Waiver; however the timing of receipt is uncertain.

TAB #7 DISCUSSION/ACTION: County Debt Agreement

David Cox, Chief Financial Officer, presented the current extension of the Fourth Amendment of the County Debt Agreement for the Board's approval. The Board discussed the changes Trustee Lawrence noted that she would like to see the removal of historic debt inherited from a 1998 agreement and currently reflected in the actual current debt. Trustee Miller recommended that management request a separation of inherited debt from the most current, variable debt in future agreement discussions.

Action: A motion was made and seconded that the Board of Trustees approve the terms of the Fourth Amendment of the County Debt Agreement which includes changes to terms from the prior agreement. The Motion was carried.

AYES: Trustees Miller, Banerjee, Jensen, DeVries, Hernandez, Lugannani, Potter, Scates, Varni, and Zorthian.

NAYS: Trustee Lawrence.

Abstention: Trustee Lewis.

TAB #8 DISCUSSION/ACTION: Airport Corporate Center Lease for 23,743 Square Feet for Ten Years

David Warmouth, AVP of Support Services, provided an overview of the Airport Corporate Center Lease. Trustee Varni expressed concern with the process by which the Airport Corporate Lease approval was included in the agenda. Trustee Lawrence agreed with the need for developing a proper process by which the Board should receive recommendations such as this. Trustee Lewis expressed concern with the organization taking steps towards acquiring additional space when we are undertaking the construction of an additional tower at Highland.

Action: A motion was made and seconded that the Board of Trustees approve the Airport Lease as presented. The Motion was carried.

AYES: Trustees Miller, Banerjee, Jensen, DeVries, Lawrence, Lugannani, Varni, and Zorthian.

NAYS: Trustees Lewis and Hernandez.

Abstention: None.

TAB #9 DISCUSSION/ACTION: Appointment of Wendall Alan Mitchell, Esq. to fill Vacant Trustee Position

Trustee Lewis presented the Governance Committee recommendation of Wendall Alan Mitchell, Esq. as a candidate for the currently vacant Trustee position. The Governance Committee also recommends that this appointment have a set start and end date to coincide with the return to a Cohort structure. The Board discussed the current and future considerations for incoming Trustees due to anticipated vacancies. Trustee Miller urged Board members to consider having a second physician or member of the organization join the Board.

Action: A motion was made and seconded that the Board of Trustees approve Wendall Alan Mitchell, Esq. for forwarding to the Board of Supervisors for appointment. The Motion was carried.

AYES: Trustees Miller, Banerjee, Jensen, DeVries, Hernandez, Lawrence, Lewis, Lugannani, Potter, Scates, Varni, and Zorthian.

NAYS: None

Abstention: None

TAB #10 COMMITTEE REPORTS

- **Executive Committee Report**

Kirk Miller, Committee Chair, reported that the Executive Committee met to discuss the Fourth Amendment and Extension of the Interim County Agreement. The Committee took no action and determined that the extension should be included in the full Board of Trustees agenda for discussion.

- **Audit & Compliance Committee Report**

Patricia Scates, Committee Chair, reported that a Special Audit and Compliance Committee meeting met May 18, 2015. The Committee approved 4 months of minutes. The status of items listed in the External Financial Audit and Management letter were reviewed. The Committee now requires the executive sponsor of any past due audit and compliance item to attend the meeting and explain the status. The Internal Audit plan is on target. The DSRIP DY9 Audit is in progress, reflecting funding of \$32.5 million, with a total of \$33.2 million once the audit is completed. Trustee Scates also reported that Rick Kibler has taken on the role of Vice President of Compliance and Internal Audit. Mr. Kibler has already provided the Committee with a guideline of compliance plan components and timelines. The external auditor will be reporting at each Committee meeting and will be speaking at an upcoming full Board Meeting.

- **Strategic Planning Committee Report**

Kinkini Banerjee, Committee Chair, reported that the Strategic Planning Committee met on May 19, 2015. The Committee received an update from the Alameda Alliance, who has recently appointed Scott Coffin as CEO. The Committee continues to track the progress of the Alliance as they had issues securing managed care under Covered California, which impacted the System. Management will be setting up a meeting with Mr. Coffin. The Healthcare Services Agency (HCSA) convened a meeting with AHS, HCSA, and Alameda Alliance in the Fall of 2014 to discuss how these three entities could better work together. The Committee will discuss the draft report of recommendations from HCSA soon. AHS has also partnered with the Community Health Center Network with a focus on Plan B care access for patients as well as an increase in dental services at Hayward Wellness to offset wait times at other campuses. Alameda Health Partners reported the addition of two new physicians to their Board. The Committee also heard a brief update from Dave Gravender, CIO who reported on the status of Soarian Clinicals, advancements in ambulatory care, ICD-10 update, and pending technology investments. There was a brief joint session with the Strategic and Finance Committees to discuss San Leandro Hospital. This joint session provided an updated status of SLH's current metrics.

- **Finance Committee Report**

Jim Lugannani, Committee Chair, reported that the Finance Committee received a budget update at their last meeting. Trustee Lugannani congratulated David Cox, CFO on the progress and work he has brought to the organization. The Committee recommended several action

items now pending Board Approval.

- **Governance Committee Report**

Valerie D. Lewis, Committee Chair, reported that the Transition Committee met with the Board of Supervisors. Steve Manning was very complimentary of AHS's finance team. There was discussion regarding miscommunication between the organizations, which must be improved. The Board of Supervisors informed the Trustees that they would not be taking any action regarding the proposed Bylaw changes.

The Committee requested that staff provide assistance in the search for Board candidates with healthcare and finance experience. Trustee Jensen had previously expressed her interest in the Governance Committee and requested that an additional seat be opened up for a member of the District Board designee. The Governance Committee recommended to continue with the current appointment of one member of the District Board on the Committee. The Committee reminded the Board of Trustees to provide nominees for Community Advisory Committee members. The Community Meetings were not very well attended and the Committee would recommend that management go back to the previous format of one annual meeting. The Committee is working to ensure that a self-assessment long form go out soon to allow for enough response time.

- **Human Resources Committee Report**

Maria Hernandez, Committee Member, reported that the Committee met Friday, May 22nd, 2015. The Committee recommended the UAPD and PACE labor contracts for Board approval. The Committee received a report on the cost of employee benefits across the entire system, which delineated the cost by employee group, location, and pension plan. The report highlighted key areas of concern for the future including the cost of pension plan contributions to the ACERA plan, the cost associated with standby pay/callback pay/overtime, and achieving parity for our employees across the system where there are current inequities based on the recent acquisitions. The third item discussed was an update in the health plan enrollment numbers for 2015, which reflected an increase in the number of employees enrolled in the AHS insurance option. The Committee requested for review a comparative study of race and ethnic diversity across our system, with specific information about regretted loses within AHS separated by age, generation and race. This will be scheduled for discussion at the next Committee meeting. Lastly, the Committee delayed the review of a workforce development report as well as the employee engagement survey results.

- **Quality Professional Services Committee Report**

Barry Zorthian, MD, Committee Chair reported that the Committee met twice since the last Board meeting. The Committee discussed peer review issues in closed session. The Committee passed multiple policies and procedures and heard reports from all three medical executive committees. In the March meeting, Guy Qvistgaard presented the efforts of his staff at John George hospital to improve the culture and teamwork, which have contributed to enormous improvements in patient satisfaction. The March mission moment was presented by Dr. Adam Brooks, who worked for months to organize a day of 5 total joint replacement surgeries, where the hospital will normally perform 1 surgery. Kerin Bashaw, VP of Quality, will be sending Quality Dashboards to the Committee at quarterly intervals with time for questions at each meeting. At the April meeting, Mr. Qvistgaard provided a System Access presentation, reviewing identified issues and projects that are addressing these issues. The April mission moment was presented by Dr. Blake Gregory, who presented the work being done to improve colorectal cancer screenings for early identification. Dr. Gregory and her team identified pain points and took steps to improve the return rate of patient tests.

TAB #11 ACTION: CONSENT AGENDA

- A. Approval of the Minutes from the March 24, 2015 Board of Trustees Meeting**
 - B. Recommendation to Appoint Trustee Lawrence to a Second Term**
Recommendation by the Governance Committee
 - C. Approval of Medical Staff / Organizational Policies and Procedures**
Recommendation by the Quality Professional Services Committee
See Agenda Attachment A
- Recommendations from the Finance Committee:**
- D. Ingenious Med Agreement, to improve and standardize the charge capture process by moving from a paper process to electronic charge capture system, for the period of May 20, 2015 through May 19, 2018, not to exceed \$ 1,121,616**
 - E. Contract Extension with Alliance One Receivables Management, Inc., to provide Patient Collection for Alameda Hospital, for the period of July 1, 2015 through June 30, 2017, not to exceed \$1,450,000**
 - F. Contract Extension with MedAssets Net Revenue System, to provide Safety Net Accounts Receivable Services for the period of June 1, 2015 through June 30, 2017, not to exceed \$5,000,000**
 - G. Contract Extension with MedAssets Net Revenue System, to provide Interim Revenue Cycle Leadership, through December 31, 2015, not to exceed \$675,000.**
 - H. Contract Extension with American Red Cross, to provide blood and blood product services to the Blood Bank in the Clinical Laboratory, through December 31, 2017, not to exceed \$1,833,112.**
 - I. Contract Amendment with East Bay Medical Foundation for Graduate Medical Foundation, to provide Surgical Residency Services for the period, July 1, 2015 through June 30, 2016, not to exceed \$2,218,281.**
 - J. Contract Extension with Michael Jacobson, M.D. to provide Professional Inpatient and Outpatient Urology through July 31, 2015, not to exceed \$1,219,809.**
 - K. Contract Extension with MModal, to provide Transcription and Medical Dictation Services through March 31, 2018, not to exceed \$4,440,695**
 - L. Alameda Health System Foundation Support Agreement, for the period of April 1, 2015 through March 31, 2018, not to exceed \$2,200,000.**

Action: A motion was made and seconded that the Board of Trustees approve items A, B, C, D, E, F, G, H, I, J, and K. The Motion was carried.

AYES: Trustees Miller, Banerjee, Jensen, DeVries, Hernandez, Lawrence, Lewis, Lugannani, Potter, Scates, Varni, and Zorthian.

NAYS: None

Abstention: None

TAB #12 Legal Counsel's Report on Action Taken in Closed Session

The Interim General Counsel reported that the Board approved two agreements in closed session. The first was an agreement with UAPD and the second an agreement with UHW. Both items were approved with a unanimous vote.

Public Comment - None

Board of Trustees Remarks

Trustee Potter expressed concern with the process by which AHS management, independent of Board direction, responded to Toyon consultant recommendations. Trustee Potter asked that the Audit and Compliance Committee consider obtaining an independent review of the materials describing the hospital system's financial state and the strategies for addressing that state, in particular the strategies for adding and removing services and personnel.

The Board discussed the recommendations the Toyon report and the process by which it was conducted.

ADJOURNMENT – 8:34pm

Respectfully submitted by:


Marla D. Cox

Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: 

Mike Moye

Interim General Counsel