



## **BOARD OF TRUSTEES MEETING**

**TUESDAY, July 28, 2015**

**4:00 – 6:30PM**

**Conference Center at Highland Care Pavilion**

1411 East 31<sup>st</sup> 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 4:00PM**

**ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:**

Michele Lawrence, Kinkini Banerjee, Joe DeVries, Maria Hernandez, Tracy Jensen, James Lugannani, Kirk E. Miller, and Anthony B. Varni.

Quorum was established.

**(General Counsel Announcement as to Purpose of Closed Session)**

### **CLOSED SESSION**

#### ***Reconvene to Open Session***

Michele Lawrence, President, reported that the Board approved the contract settlement with PACE. No other action was taken during closed session.

### **OPEN SESSION**

**OPEN SESSION PUBLIC COMMENT (1<sup>st</sup> opportunity)** – Several speakers expressed concern to the Board regarding the proposed decision to reduce multiple LVN's at San Leandro Hospital. Additional speakers expressed concern with the proposed closure of the Substance Abuse program and encouraged the Board to re-evaluate this decision.

#### **A. Resolution 2015-018 (Recognition of Kirk E. Miller)**

The Board of Trustees presented Trustee Kirk E. Miller with a framed resolution in recognition and appreciation of his leadership.

#### **B. DISCUSSION/ACTION: Board President Report**

The President of the Board announced that a response to the Grand Jury report is in the process for completion and will be sent to all Trustees for comments, which general counsel will review. The

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President indicated she would send the response to the Grand Jury after legal review.

The Grand Jury report suggested that Board meetings be audiotaped. The President clarified that Board and Committee meetings are currently audiotaped but not posted online and suggested that the Board consider posting these moving forward. There being no objection, the Board directed staff to begin posting meeting audio online for public reference. The President also directed staff to look into the possibility of videotaping meetings for posting in the future.

Also in response to findings of the Grand Jury report, a communication agreement was set forth for Board approval. The communication agreement resulted from discussions held at a Board and Executive team meeting.

The President also discussed suggestions for changes moving forward. The President suggested that a review of the current bylaws was necessary in order to determine the need for all standing Committees. The Finance Committee, Audit and Compliance Committee, and a Credentialing Committee would be sufficient to address necessary issues. A majority of issues may be addressed by Ad Hoc Committees. These would save audience time, set-up time, and allows us to continue to comply with the Brown Act. President Lawrence and Trustee Miller will be meeting with Supervisor Chan to discuss the size of the Board. The Bylaws currently outline a 13 member Board, which is on the larger size for a public board. President Lawrence expressed interest in discussing a reduction of this number in the bylaws.

In regards to the agenda, staff has been working on a draft template for agenda items brought to the Board. This will standardize content to improve understanding and content review. Trustees suggested that this template include standing items including impacts to staffing, budget, and quality of care.

***Action: A motion was made and seconded that the Board of Trustees adopt the Agreements of Communication between the Board and the AHS Executive team. The motion passed.***

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

***NAYS: None***

***Abstention: None***

## **C. COMMITTEE REPORTS**

### **1. Human Resources Committee Report**

Joe DeVries, Committee Chair, provided the Board with a summary of the items discussed at the July Human Resources Committee. The Committee approved the minutes of May 22, 2015. The Committee also recommended Trustee Jensen as the interim Board representative on the Investment Committee. Trustee James Potter was the appointee; however he resigned from the Board, leaving the position vacant. The Workforce Diversity study showed that the Latino employee percentage is much lower than the patient population and the Latino physician percentage is even lower, which is similar across the California healthcare industry. The Atlantic Philanthropy POP program will address this issue, by focusing on school districts in severely impacted neighborhoods to create a pipeline for the organization. The most significant and difficult conversation was regarding workforce reduction. Staff presented a reduction of the total estimated number of layoffs from about 300 to around 12. The Committee also discussed the proposed reduction of San Leandro Hospital LVN's and the proposed closure of the Highland Hospital Substance Abuse program.

**2. Strategic Planning Committee Report**

Kinkini Banerjee, Committee Chair, presented the report from the July 20, 2015 meeting. The Pipeline to Opportunities Program (POP), a 3 year \$10 million grant provided by Atlantic Philanthropies, presented the efforts being made in order to prepare youth in the community for healthcare careers via internships and other learning opportunities. A portion of this grant will provide a state of the art healthcare training and education lab for our own staff. Scott Coffin, the new President and CEO of Alameda Alliance for Health presented their priorities and current structures. The Committee engaged in a discussion of the intersection of AHS and AAH in the move towards a coordinated health delivery system. Management has engaged SG2 as a strategic planning consultant group, with more information to be presented in future meetings.

**3. Quality Professional Services Committee**

Kinkini Banerjee, Committee Member, presented the report for the May 28, June 25, and July 23 QPSC meetings. In closed sessions, the Committee reviewed and approved the Credentialing and Privileges and reappointments for Highland, John George, Fairmont, San Leandro and Alameda Hospital. No issues or concerns were identified. Medical Staff Reports were received at all three meetings. In May, the Committee approved policies and procedures for the system. The Committee also heard from the Alameda Firefighters and Paramedics who are working with Alameda Hospital to identify repeat patients and educate them on available resources to reduce readmission rates. In June, the Committee approved an error reduction plan for San Leandro Hospital. Peer review reports were reviewed and approved. James Jackson, CAO of San Leandro Hospital, presented the mission moment. The CAO provided an overview of the mobile health program, which will provide health care services on location. Kinzi Richholt, Chief Nursing Officer, provided the patient experience scores and what plans will be implemented to improve certain scores. In July, the Committee approved policies for San Leandro Hospital. The mission moment was presented by John Chapman, CAO of Highland. The CAO shared a letter from the Irish Ambassador to the US, which thanked the hospital and staff for the compassionate care received by Irish nationals who were involved in a balcony collapse in Berkeley in June 2015.

**4. Finance Committee Report**

Jim Lugannani, Committee Chair, reported a summary of the Finance Committee meeting for July. The Committee discussed the role of the Finance Committee as presented in the Policies and Procedures as well as the Finance calendar. The Committee will be working on clarifying the expectations for staff when submitting items for approval. This discussion was driven by the size of the July Finance meeting packet. The year-end budget was reviewed and the CFO will present the status of the budget at each meeting. Discussions regarding the County Loan Agreement will begin in August and the Committee expects to receive subsequent updates. Dave Gravender, Chief Information Officer, was invited to report at each meeting moving forward. Multiple contracts were approved.

**5. Audit and Compliance Committee Report**

Kirk Miller, Committee Chair, provided the Audit and Compliance Committee Report. The Committee has a new audit partner this year who will be conducting the external audit. Trustee Miller commended the Alameda Health System Internal Audit program. The Compliance hotline is up and running, reports so far seem favorable.

**D. ACTION: CONSENT AGENDA**

**1. Approval of the Minutes from the June 23, 2015 Board of Trustees Meeting**

**2. Approval of Medical Staff / Organizational Policies and Procedures**

*Recommendation to approve by the Quality Professional Services Committee*

**3. Approval of Contracts and Authorization by the CEO to Execute the Following Operating Contracts:**

*Recommendation to approve by the Finance Committee*

- a. Contract Amendment with Sutter East Bay Foundation (Hospitalists) to provide Professional and Consultation Hospitalists Services at San Leandro Hospital, for the period July 1, 2015 through December 31, 2015 (six month extension). Estimated impact of this extension will not exceed a net increase of \$590,358. With this extension and prior contractual commitments to this vendor, the overall obligation to this vendor will total an amount not to exceed \$1,771,074.  
*Mark Fratzke, Chief Operating Officer*
  
- b. Contract Amendment with Nighthawk Radiology to provide Tele-radiology services for emergent cases requiring diagnostic imaging interpretation to Highland, for the period April 7, 2015 through October 6, 2015 (six month extension). Estimated impact of this extension will not exceed a net increase of \$498,552. With this extension and prior contractual commitments to this vendor, the overall obligation to this vendor will total an amount not to exceed \$4,467,805.  
*Mark Fratzke, Chief Operating Officer*
  
- c. Contract Amendment with Dr. Thurman Hunt, to provide comprehensive inpatient and outpatient professional anesthesiology services, for the period July 1, 2015 through December 31, 2015 (six month extension). Estimated impact of this extension will not exceed a net increase of \$250,000. With this extension and prior contractual commitments to this vendor, the overall obligation to this vendor will total an amount not to exceed \$2,875,000.  
*Mark Fratzke, Chief Operating Officer*
  
- d. Contract Amendment with Dignity Health dba St. Mary's Medical center of the Podiatric Residency Training Program, for the period July 1, 2015 through June 30, 2020 (60 month extension). Estimated impact of this extension will not exceed a net increase of \$1,825,703. With this extension and prior contractual commitments to this vendor, the overall obligation to this vendor will total an amount not to exceed \$3,436,510.  
*Mark Fratzke, Chief Operating Officer*
  
- e. Contract Amendment with Dignity Health dba St. Mary's Medical center of the Orthopedic Residency Training Program, for the period July 1, 2015 through June 30, 2020 (60 month extension). Estimated impact of this extension will not exceed a net increase of \$2,206,419. With this extension and prior contractual commitments to this vendor, the overall obligation to this vendor will total an amount not to exceed \$4,468,925.  
*Mark Fratzke, Chief Operating Officer*
  
- f. Contract Renewal with Paragon Pathology Medical Associates, Inc., to provide professional comprehensive clinical and anatomical pathology services including lab services and management of in-house blood bank, for the period July 1, 2015 through June 30, 2016; not to exceed \$1,588,049. Estimated impact of this extension is a net savings of \$5,000.  
*Mark Fratzke, Chief Operating Officer*
  
- g. Full Replacement Agreement with Traditions Behavioral Health for Professional Psychiatry Services for inpatient psychiatric care at John George Psychiatric Hospital, for the period July 1, 2015 through July 30, 2016; not to exceed \$5,742,583. Estimated cost increase of \$690,513, at the same service level, over the term of this agreement due to market changes in compensation and increases of volume in service.  
*Mark Fratzke, Chief Operating Officer*

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- h. Full Replacement Agreement with Alliance Healthcare Services to provide Mobile MRI to Alameda and San Leandro Hospitals for the period June 4, 2015 through June 3, 2018, not to exceed \$2,301,000. Estimated impact of this agreement is a net savings of \$117,000 over the three years of the agreement  
*Mark Fratzke, Chief Operating Officer*
  - i. Full Replacement Agreement with AMF Media Group to provide marketing campaign support to AHS, for the period July 1, 2015 through June 30, 2016; not to exceed \$1,250,000. This agreement represents a 60 percent reduction over the previous fiscal year.  
*Carladenise Edwards, Chief Strategy Officer*
  - j. Full Replacement Agreement with Richard Gutstadt, to provide Legal assistance in specialized Medi-Cal reimbursement recovery services and Third Party Liability (TPL) case representation for Alameda Health System, for the period July 1, 2015 through June 30, 2017; not to exceed \$1,600,000 – based on a very competitive contingency fee. Estimated cost reduction of \$83,500 at the same service level, over the two years of the agreement  
*David Cox, Chief Financial Officer*
  - k. Full Replacement Agreement with AFFIRMA Rehabilitation to provide post-acute rehabilitation services for three Alameda Hospital SNF sites, for the period of September 1, 2015 through June 30, 2018; not to exceed \$3,711,666.  
*Mark Fratzke, Chief Operating Officer*
  - l. Full Replacement Agreement with Healthcare Security Services of California d/b/a HSS to provide security to all AHS hospital campuses and clinics, for the period July 1, 2015 through June 30, 2018; not to exceed \$11,894,500. Estimated cost reduction of \$430,000 at the same service level, over the three years of the agreement.  
*Mark Fratzke, Chief Operating Officer*

***Action: A motion was made and seconded that the Board of Trustees approve the June 23, 2015 minutes. The motion passed.***

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

***NAYS: None***

***Abstention: None***

***Action: A motion was made and seconded that the Board of Trustees approve the policies and procedures presented (July 2015 San Leandro Hospital Policies). The motion passed.***

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

***NAYS: None***

***Abstention: None***

***Action: A motion was made and seconded that the Board of Trustees approve items A, B, C, D, E, F, G, H, J, K, and L. Item I is removed for discussion. The motion passed.***

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

***NAYS: None***

***Abstention: None***

***Action: A motion was made and seconded that the Board of Trustees extend the AMF media contract for 5 months, not to exceed \$600,000. Management is requested to return to the next Board meeting to discuss the media strategy. The motion passed.***

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

***NAYS: None***

***Abstention: None***

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## **E. DISCUSSION: Finance Report**

David Cox, Chief Financial Officer, presented the monthly financial update and a Toyon Report update to the Board.

The CFO reported that the organization is in the process of closing the books for the month of July and anticipates reporting a total loss of \$21 million for the fiscal year, a \$30 million improvement over the performance the prior year. Revenues have increased by 23% and expenses decreased by 17%. Cash collections for 2015 have improved by 65%. Operating performance trends show improvement. Management is developing contingency plans in the event that the organization runs into a shortfall. Major initiatives include continuing the Better II program, contributions to ACERA and reimbursement opportunities with the County. The ePSI Decision Support tool implementation is underway; this will improve service line reporting for better evaluation of service line performance.

The CFO also provided an update on the status of improvements in response to Toyon report recommendations. Major areas of focus included the Culture of Accountability, Revenue Cycle Improvement, Operating Expense Controls and Benchmarks, Financial and Operational Reporting, Business Unit and Service Line Reporting, Strategic Reimbursement Analysis, Long Term Strategic Financial Planning, and the County Loan Repayment Plan.

The Board clarified that the progress of these items is self-reported by staff and has not received additional review by Toyon.

## **F. INFORMATION: MEDICAL STAFF REPORTS**

The Board received written Medical Staff reports by Joe Walker, MD, HGH/FMT/JGH/Ambulatory Medical Staff, Deepak Dhawan, MD, San Leandro Hospital Medical Staff, and John Iocco, MD, Alameda Hospital Medical Staff.

## **G. INFORMATION: NETWORK/COMMUNITY**

### **1. AHS Media Report**

The Board received a written report by Jerri Randrup, Director of Corporate Communications & Marketing.

### **2. Legislative Affairs/Local Government Strategy**

The Board received a written report by Terry Lightfoot, Director, Legislative and Community Affairs.

## **H. Report on Action Taken in Closed Session**

The Board approved the contract settlement with PACE. No other action was taken during closed session.

**OPEN SESSION PUBLIC COMMENT (2<sup>nd</sup> opportunity)** - Susan Rosenthal expressed concerns to the Board regarding ACMEA negotiations.

**Board of Trustees Comments - None**

**Adjournment – 6:54pm**

Respectfully submitted by:



Marla D. Cox  
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: \_\_\_\_\_



Mike Moyer

Interim General Counsel