



FINANCE COMMITTEE MEETING

January 11, 2017

4:00pm – 6:30pm

Conference Center Located at Highland Care Pavilion

1411 East 31st Street Oakland, CA 94602

Vanessa Nushaiwat, Interim Clerk of the Board

(510) 535-7515

LOCATION:

Open Session: HCP Conference Center

MINUTES

OPEN SESSION / ROLL CALL 4:11 pm

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:

Jim Lugannani, Gary Charland, and Anthony Thompson

Absent: Michele Lawrence and Kinkini Banerjee.

Quorum was established.

TAB #1 CONSENT AGENDA: ACTION

Approval of the Minutes of the November 2, 2016 Finance Committee Meeting.

Action: A motion was made and seconded to approve the Minutes of the November 02, 2016 Finance Committee Meeting. The motion passed.

AYES: Trustees Lugannani, Charland and Thompson.

NAYS: None

Abstention: None

TAB #2 CONTRACT APPROVAL: ACTION ITEMS/DISCUSSION

- A. Equipment Purchase and Service Agreement with GE Healthcare for purchase of LOGIQ S8 XDclear general imaging ultrasound system and software support for use at Highland Hospital. Warranty service is for approximately five years for the period February 1, 2017 through November 30, 2021. Estimated amount of this purchase is \$73,990.50. Inclusive of this contract and prior contractual commitments to this vendor, the overall obligation (June 1, 2013 through November 30, 2021), to this vendor is estimated at \$12,829,591.22.

David Cox, Chief Financial Officer

- B. Purchase Agreement with GE Healthcare to purchase annual software maintenance and support services for Centricity Perinatal. The anticipated term of the amendment is September 1, 2016 through August 31, 2017. Estimated impact of the purchase agreement is \$38,132.78. Inclusive of this amendment and prior contractual commitments the overall obligation (June 1, 2013 through November 30, 2021) to this vendor is estimated at \$12,867,724.00
David Cox, Chief Financial Officer
- C. Agreement is for purchase of PACS software license upgrade (additional radiology procedures) and maintenance for San Leandro Hospital. The software service and maintenance is for 29 months for the period February 1, 2017 through June 30, 2019. Estimated amount of this purchase is \$128,921,43. Inclusive of this contract and prior contractual commitments to this vendor, the overall obligation (June 1, 2013 through November 30, 2021), to this vendor is estimated at \$12,996,645.43.
David Cox, Chief Financial Officer
Delvecchio Finley, Chief Executive Officer
- D. Contract Amendment with CVS Pharmacy, Inc. to incorporate a name change and to expand services to include a new pharmacy location for the Eastmont Wellness Center patients. The anticipated term of the contract amendment is February 1, 2017 through May 30, 2018. Estimated impact of this contract amendment is \$800,000.00. Inclusive of this contract amendment and prior contractual commitments the overall obligation (July 23, 2008 – May 30, 2018) to this vendor is estimated at \$14,825,988.91.
David Cox, Chief Financial Officer
Delvecchio Finley, Chief Executive Officer
- E. Contract Amendment against Master Services Agreement with Press Ganey Associates, Inc. to provide both Alameda Hospital ("AH") and San Leandro Hospital ("SLH") with patient satisfaction surveys via a phone methodology. The anticipated term of the agreement is February 1, 2017 through December 31, 2017. Estimated impact of this contract amendment is \$33,573.06. Inclusive of this contract amendment and prior contractual commitments the overall obligation (January 6, 2008 – December 31, 2017) to this vendor is estimated at \$ 1,934,940.86.
David Cox, Chief Financial Officer
- F. Two separate Statements of Work ("SOWs") against the Master Services Agreement with MModal Services, LTD. Under the first SOW the vendor will implement Fluency Flex at John George Psychiatric Hospital ("JGPH"). Under the second SOW, the vendor will implement Fluency Flex at Alameda Hospital ("AH"). The anticipated term of both SOWs is February 1, 2017 through March 31, 2021. Estimated impact of these SOWs is \$20,562.55. Inclusive of these SOWs and prior contractual commitments the overall obligation (April 1, 2011 – March 31, 2021) to this vendor is estimated at \$9,000,049.55.
David Cox, Chief Financial Officer
- G. Amendment to a Statement of Work with Toyon Associates, Inc. to conduct a square footage study and analysis for San Leandro Hospital (SLH) and the System Support Center (SSC). The anticipated term of the amendment is February 1, 2017 through January 31, 2018. Estimated impact of the amendment is \$50,000.00. Inclusive of this amendment and prior contractual commitments the overall obligation (July 1, 2007 – December 31, 2018) to this vendor is estimated at \$2,922,815.00.
David Cox, Chief Financial Officer
- H. Replacement Contract with MRI Contract Staffing, Inc. to provide consulting and support services to the Pharmacy IT efforts. The anticipated term of the amendment is February

1, 2017 through January 31, 2018. Estimated impact of the replacement contract is \$40,000.00. Inclusive of this amendment and prior contractual commitments the overall obligation (April 18, 2011 – January 31, 2018) to this vendor is estimated at \$1,616,396.41. *David Cox, Chief Financial Officer*

- I. Contract Amendment with American National Red Cross, Northern California Region to provide blood products and services to Alameda Health System. The anticipated term of the amendment is January 1, 2017 through March 31, 2017. Estimated impact of the amendment is \$308,750.00. Inclusive of this amendment and prior contractual commitments the overall obligation (January 1, 2015 – March 31, 2017) to this vendor is estimated at \$12,653,716.00. *David Cox, Chief Financial Officer*
- J. Contract Amendment with Traditions Behavioral Health to provide psychiatric emergency services at John George Psychiatric Hospital. The anticipated term of the amendment is February 1, 2017 through June 30, 2017. Estimated impact of the amendment is \$500,000.00. Inclusive of this amendment and prior contractual commitments the overall obligation (July 1, 2015 – June 30, 2017) to this vendor is estimated at \$20,981,557.00.
David Cox, Chief Financial Officer
Delvecchio Finley, Chief Executive Officer

Action: A motion was made and seconded to approve Contract Items A – J as presented. The motion passed.

AYES: Trustees Lugannani, Charland and Thompson.

NAYS: None

Abstention: None

TAB #3 RETROSPECTIVE REVIEW OF PRIOR CONTRACT APPROVALS

- A. Agreement with AMF Media Plan, Contract to provide advertising campaign support and brand development approved July, 2015.**

Terry Lightfoot, Director of Public Affairs and Community Engagement, and Jerri Randrup, Director of Corporate Communications & Marketing provided a performance overview of this agreement.

- B. Agreement with RehabCare, Contract to provide for the management of the inpatient rehabilitation program at Fairmont Hospital, November, 2014.**

Richard Espinoza, CAO of Post-Acute Care, provided a retrospective review of RehabCare. He provided a qualitative and quantitative review of the program and recommendations for future improvements.

TAB #4 OPERATING REPORTS

- A. Chief Financial Officer Report**

David Cox, Chief Financial Officer, reported an operating loss for the month of November 2016, bringing the year to date operating income to \$16 million. The GASB 68 pension obligation has been restated as a non-cash expense and excluded from the EBIDA calculation. Negotiations have completed with Alameda Alliance, which will result in a retroactive payment of \$5 million for

outpatient payment rates for FY2017. This amount will be reflected as revenue income for future months.

The CFO reviewed financial performance year to date, noting expense variances but affirmed continued and projected compliance with the Permanent Agreement.

B. Chief Information Officer Report

Leidos provided their report on Phase 2 of the IT Long Range Plan on Thursday, January 5th. That report included the Portfolio Assessment Report which included a review of the applications that are in use at Alameda Health System. The review included an assessment of lifecycle status, user satisfaction, and phase. This analysis is used in the long range plan to determine how applications should be managed over the short term (0-12 months), intermediate term (1-3 years), and long term (3-4 years). Short term initiatives would be expected to be accomplished in a short period of time and yield benefits quickly. Intermediate term initiatives are targeted to address gaps in functionality aimed at improving clinical delivery, revenue cycle functionality, and interoperability while allowing AHS to focus on the long term strategy. A more detailed presentation of the overall IT Long Range Plan is scheduled for the Board Education session on January 12, 2017.

TAB #5 BUSINESS PLANNING

No update was provided at this meeting.

TAB #6 FINANCE COMMITTEE EDUCATION

A. Long Term Financial Planning

The CFO presented an educational session that provided an introduction to healthcare financing. He provided an overview of components of long term financial planning, free cash flow (EBIDA), working capital requirements and capital expenditure requirements.

TAB #7 COMMITTEE PLANNING

The Committee reviewed the planning calendar for 2017 as well as the Alameda County Health Committee meeting calendar.

Public Comment - None

Trustee Comments - For a future agenda action, the Committee requested that management review the policy regarding the Board's approval on contracts that exceed one million dollars.

ADJOURNMENT – 5:38 pm

Respectfully submitted by:

Vanessa Nushaiwat
Interim Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: _____


M.D. Moye/
General Counsel