



FINANCE COMMITTEE MEETING

February 2, 2017 5:00pm – 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

FINANCE COMMITTEE MEMBERS

Anthony Thompson (Chair)

Kinkini Banerjee

Gary Charland

Michele Lawrence

MINUTES

THE MEETING WAS CALLED TO ORDER AT 5:03 PM

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:

Michele Lawrence, Gary Charland, Anthony Thompson, and Kinkini Banerjee

A quorum was established.

TAB #1 CONSENT AGENDA: ACTION

- A.** Approval of the Minutes of the January 11, 2017 Finance Committee Meeting.

Action: A motion was made and seconded to approve the Minutes of the January 11, 2016 Finance Committee Meeting. The motion passed.

AYES: Trustee Charland, Trustee Lawrence, and Trustee Thompson

NAYS: None

Abstention: Trustee Banerjee

TAB #2

CONTRACT APPROVAL: ACTION ITEMS/DISCUSSION

- A. Contract Replacement with American National Red Cross, Northern California Region to provide blood products and services to Alameda Health System. The term of the proposed contract is April 1, 2017 through March 31, 2019. Estimated impact of the proposed contract is \$3,138,778.00. Inclusive of this contract and prior contractual commitments (October 31, 2013 – March 31, 2019) the overall obligation to this vendor is estimated at \$15,792,494.00.

David Cox, Chief Financial Officer

Delvecchio Finley, Chief Executive Officer

Action: A motion was made and seconded to approve Contract Replacement with American National Red Cross. The motion passed.

AYES: Trustee Banerjee, Trustee Charland, Trustee Lawrence, and Trustee Thompson

NAYS: None

Abstention: None

- B. First Amendment to the Statement of Work 1 ("SOW 1") with Jtec, HCM, Inc. to provide construction project management to complete the seismic upgrades and kitchen relocation at Alameda Hospital. The term of the proposed amendment is July 1, 2016 through June 30, 2020. Estimated impact of the proposed amendment is \$620,000.00. Inclusive of this amendment and prior contractual commitments (January 1, 2008 – June 30, 2020) the overall obligation to this vendor is estimated at \$6,665,931.96.

David Cox, Chief Financial Officer

Delvecchio Finley, Chief Executive Officer

Action: A motion was made and seconded to approve the First Amendment to the Statement of Work 1 ("SOW 1") with Jtec, HCM, Inc. The motion passed.

AYES: Trustee Banerjee, Trustee Charland, Trustee Lawrence, and Trustee Thompson

NAYS: None

Abstention: None

- C. Statement of Work 2 ("SOW 2") with Jtec HCM, Inc to provide construction project management for the telemetry upgrade at Alameda Hospital. The term of the proposed SOW 2 is March 1, 2017 through June 30, 2017. Estimated impact of the proposed SOW 2 is \$15,000.00. Inclusive of this statement of work and prior contractual commitments (January 1, 2008 – June 30, 2020) the overall obligation to this vendor is estimated at \$6,680,931.96.

David Cox, Chief Financial Officer

Delvecchio Finley, Chief Executive Officer

Action: A motion was made and seconded to approve the Statement of Work 2 ("SOW 2") with Jtec HCM, Inc. The motion passed.

AYES: Trustee Banerjee, Trustee Charland, Trustee Lawrence, and Trustee Thompson

NAYS: None
Abstention: None

- D. Statement of Work 3 (“SOW 3”) with Jtec HCM, Inc to provide construction project management support for miscellaneous projects at AHS facilities. The term of the proposed SOW 3 is March 1, 2017 through June 30, 2017. Estimated impact of the the proposed SOW 3 is \$88,000.00. Inclusive of this statement of work and prior contractual commitments (January 1, 2008 – June 30, 2020) the overall obligation to this vendor is estimated at \$6,768,931.96.

David Cox, Chief Financial Officer
Delvecchio Finley, Chief Executive Officer

Action: A motion was made and seconded to approve the Statement of Work 2 (“SOW 2”) with Jtec HCM, Inc. The motion passed.

AYES: Trustee Banerjee, Trustee Charland, Trustee Lawrence, and Trustee Thompson

NAYS: None

Abstention: None

- E. Statement of Work 4 (“SOW 4”) with Jtec HCM, Inc to provide construction project management support for the pharmacy upgrade at Highland Hospital. The term of the proposed SOW 4 is March 1, 2017 through June 30, 2017. Estimated impact of the proposed SOW 4 is \$29,000.00. Inclusive of this statement of work and prior contractual commitments (January 1, 2008 – June 30, 2020) the overall obligation to this vendor is estimated at \$6,797,931.96.

David Cox, Chief Financial Officer
Delvecchio Finley, Chief Executive Officer

Action: A motion was made and seconded to approve the Statement of Work 4 (“SOW 4”) with Jtec HCM, Inc. The motion passed.

AYES: Trustee Banerjee, Trustee Charland, Trustee Lawrence, and Trustee Thompson

NAYS: None

Abstention: None

- F. Statement of Work 1 (“SOW 1”) with Freed Associates to provide consulting and management support to the ongoing revenue cycle improvement efforts for the facility patient access department. The term of the proposed SOW 1 is March 1, 2017 through March 31, 2017. Estimated impact of the proposed SOW 1 is \$45,000.00. Inclusive of this statement of work and prior contractual commitments (August 18, 2014 – March 31, 2017) the overall obligation to this vendor is estimated at \$5,717,033.01

David Cox, Chief Financial Officer
Delvecchio Finley, Chief Executive Officer

Withdrawn by staff.

- G. Statement of Work 2 (“SOW 2”) is for Freed Associates to continue to provide an Interim Director of Patient Financial Services. The term of the proposed SOW 2 is March 1, 2017 through June 30, 2017. Estimated impact of the proposed SOW 2 is \$214,285.71. Inclusive of this statement of work and prior contractual commitments the overall obligation (August 18, 2014 – June 30, 2017) to this vendor is estimated at \$6,017,033.01

David Cox, Chief Financial Officer
Delvecchio Finley, Chief Executive Officer

Withdrawn by staff.

- H. Statement of Work 3 (“SOW 3”) with Freed Associates is to provide consulting and management support to AHS’ Revenue Integrity department. The term of the proposed SOW 3 is March 1, 2017 through April 28, 2017. Estimated impact of the proposed SOW 3 is \$240,000.00. Inclusive of this statement of work and prior contractual commitments the overall obligation (August 18, 2014 – June 30, 2017) to this vendor is estimated at \$6,737,033.01

David Cox, Chief Financial Officer
Delvecchio Finley, Chief Executive Officer

Withdrawn by staff.

- I. Statement of Work 4 (“SOW 4”) with Freed Associates is to provide consulting services for the implementation of the Care Management Redesign, and support and planning for Encounter Billing Error Worklist (“EBEW”) improvements. The term of the proposed SOW 4 is March 1, 2017 through March 31, 2017. Estimated impact of the proposed SOW 4 is \$50,000.00. Inclusive of this statement of work and prior contractual commitments the overall obligation (August 18, 2014 – June 30, 2017) to this vendor is estimated at \$6,897,033.01

David Cox, Chief Financial Officer
Delvecchio Finley, Chief Executive Officer

Withdrawn by staff.

- J. Purchase and Rental Support Agreements with CareFusion, Solutions, LLC. to provide monthly support services for AHS owned (\$2,052.00) and rental (\$25,118.00) pharmacy Pyxis equipment for Highland Hospital. The term of the proposed agreements is February 1, 2017 through October 31, 2018. Combined estimated impact of these two proposed agreements is \$27,170. Inclusive of this contract and prior contractual commitments, the overall obligation (September 15, 2007 - March 30, 2021) to this vendor is estimated at \$16,664,432.00.

David Cox, Chief Financial Officer
Delvecchio Finley, Chief Executive Officer

Action: A motion was made for approval of the Purchase and Rental Support Agreements with CareFusion, Solutions, LLC. The motion passed.

AYES: Trustee Banerjee, Trustee Charland, Trustee Lawrence, and Trustee Thompson
NAYS: None

TAB #3 **RETROSPECTIVE REVIEW OF PRIOR CONTRACT APPROVALS**

Retrospective review of East Bay Foundation Graduate Medical Education was provided by Satira Dalton Giovannetti. East Bay Foundation administers UCSF School of surgical residents' program and provides surgical residents to AHS. The contract details including the amount, and other deliverables were presented and an analysis of the contract deliverables were discussed with next steps for the future.

TAB #4 **OPERATING REPORTS**

A. Chief Information Officer Report
Dave Gravender, Chief Information Officer

Request for Proposal (RFP) for Electronic Health Record (EHR)

Mr. Gravender reported that the Selection Committee, including the full support of the medical staff, agrees that its operations do not have the data to run the business into the future. Some of the systems have a serious expiration date, and it will stop being supported after a few years. This will cause issues in quality and efficiency flow of data and even revenue capture.

B. Chief Financial Officer Report:
David Cox, Chief Financial Officer

- December 2017 Financial Report
- Financial Plan and FY2018 Budget Targets

Mr. Cox reviewed the results for December, noting that AHS is profitable and just slightly below budget year to date. Favorable revenues are offsetting the negative expense variance. Discharges were below budget, offset by ALOS and CMI increase. Clinic Visits continue to run negative to budget, but slightly higher than prior year. AHS continues to focus on addressing Registry utilization, Contracted Physician Services, Supplies, and Maintenance.

Several projects that are underway were highlighted, including the Ambulatory Access Redesign, Benchmarking and Productivity Management, Physician Charge Capture Assessment, Soarian Financials Physician Billing Rebuild and Commercial Contracting. A specific effort is underway to address Registry Utilization.

TAB #5 **BUSINESS PLANNING**

A. Report on Activities
Ishwari Venkataraman, Vice President, Strategic Planning & Business Development

No report

TAB #6

ACTION ITEM/FINANCE COMMITTEE EDUCATION

**A. Approval of revised Signatory Authority Policy
M.D. Moye, General Counsel**

Mr. Moye provided a staff recommendation to make several modifications to the Signatory Authority Policy, the intent of which was to streamline the approval process while still maintaining appropriate Board oversight. Specifically, under current practice any obligation over \$1M or with a contractor/vendor with whom more than \$1M has already been spent requires Board approval. Unfortunately, given the volume of agreements over time, this practice has resulted in agreements coming to the Board for approval will below the \$1M threshold and for amounts that could be approved by staff.

Mr. Moye reviewed the background of this provision of the Policy and the oversight goal intended by the provision. Mr. Moye noted the dual duty to review large expenditures and to monitor vendor relations for potential issues. Based on the foregoing, Mr. Moye described a new practice:

- A single agreement for more than \$1M would continue to require Board approval.
- If the spend with a particular vendor exceeded \$1M in a fiscal year, the agreement that caused the threshold to be breached would require Board approval.

All other agreements could be approved by staff according to their authority. If any of these agreements would have required Board approval under the prior practice, these items would be reported to the Board to provide continuing oversight of the vendor relationship. Mr. Moye also clarified that section D of the Policy only applied to grant agreements signed by the Foundation – the Board approved this change.

In response to Trustee questions, Mr. Moye reviewed the circumstances giving rise to the Policy change, specifically, the time being expended by the Board on smaller obligations. Trustee Lawrence also noted the issue of criticism of the organization's financial accountability/integrity practices raised by a prior outside review of the organization and the need to be careful of abandoning a policy that provided such oversight. In response to another question, Mr. Moye clarified that this policy change would not interfere with current practice for medical staff review and input to appropriate vendor agreements.

A further Trustee question addressed the issue of Master Service Agreements and whether the Board would continue to have insight into multiple obligations with the same vendor over time. The CEO and General Counsel explained that the monthly report incorporated into the policy (a change from the proposed policy) would address the type of issue and provide opportunity for the Board to raise questions.

Based on this comments and discussion, the Trustees questioned whether an annual report or semi-annual report of smaller items would be sufficient/adequate.

Accordingly, the Trustees agreed that a monthly report made more sense and would be appropriate for the time being.

Action: A motion was made and seconded to approve the revised Signature Authority Policy as modified by the discussion. The motion passed.

AYES: Trustee Banerjee, Trustee Charland, Trustee Lawrence, and Trustee Thompson

NAYS: None

Abstention: None

TAB #7 **COMMITTEE PLANNING**

Anthony Thompson, Finance Committee Chair

- A. Finance Committee Planning Calendar
May or June to review signature approval policy change
- B. Alameda County Health Committee Calendar
No comment

Public Comments – None

Trustee Remarks - None

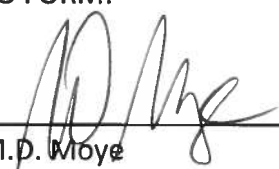
ADJOURNMENT - 7:35 pm

Respectfully submitted by:

Vanessa Nushaiwat
Interim, Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: _____


M.D. Woye
General Counsel