



FINANCE COMMITTEE MEETING

Wednesday, October 21, 2015

Conference Center Located at Highland Care Pavilion

1411 East 31st Street Oakland, CA 94602

Susana Flores, Interim Clerk of the Board

(510) 535-7515

LOCATION:

HCP Conference Center

MINUTES

OPEN SESSION / ROLL CALL: 4:10pm

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:

Jim Lugannani, Anthony B. Varni, Kinkini Banerjee, and Michele Lawrence.

Quorum was established.

TAB #1 ACTION: CONSENT AGENDA

The Minutes of the September 15, 2015 Finance Committee meeting were approved.

Action: A motion was made and seconded to approve the Minutes of the September 15, 2015 Finance Committee Meeting. The motion passed.

AYES: Trustees Lugannani, Banerjee, and Varni.

NAYS: None

Abstention: None

TAB #2 COMMITTEE PLANNING

A. Chairman's Comments

Trustee Lugannani visited the Hayward and Eastmont wellness centers and noted his appreciation of the staff who took the time to show him around during these visits.

B. Finance Committee Planning Calendar

The Committee discussed the Finance planning calendar for the remainder of the fiscal year. Trustee Banerjee suggested that the Financial Plan or Better II review be sent to the full Board for education. Trustee Lugannani suggested

that the one year review of financial decisions and contracts remain with finance and be brought to Board if necessary.

C. Alameda County Health Committee Calendar

The Chair encouraged the Committee and Leadership to attend the upcoming Health Committee meetings.

TAB #3 OPERATING REPORTS

A. Chief Financial Officer Report

David Cox, Chief Financial Officer, reported the results of operations for August, 2015, with a reported profit of \$3.2 million as compared to the budgeted profit of \$2.6 million. The CFO updated the Committee on the status of overall volumes, revenue, and expenses. Trustees posed several clarifying questions and requested the inclusion of high level operational data in the report. The Chair commended staff for their work in providing the Committee information by service line, which is a new format and requires additional collaboration from the finance department to compile.

The CFO reviewed the August Metrics report as well as the organization's status with the County Debt Agreement.

B. Chief Information Officer Report

Dave Gravender, Chief Information Officer, reported on the strategic planning status for AHS Information Systems. The CIO explained that the vendor for the current electronic health record (EHR) system, Siemens, has been acquired by the Cerner Corporation. The CIO advised that Cerner has elected not to continue support of AHS's current EHR platform and, as a result, in order to accomplish AHS's strategic goal of an integrated EHR across the continuum of care, it will be necessary to change the primary EHR. The CIO presented the Committee with a list of vendors being considered for moving forward, an estimate of the amount remaining under the current agreement with Siemens (\$16-17 million) and projected that options for a solution are expected to be brought to the Board in the second quarter of 2016.

C. Other Reports

1. Fiscal 2015 Financial Statement Audit – Management Proposed Adjustments

David Cox, Chief Financial Officer, presented the FY2015 Financial Statement Audit. The CFO reviewed management proposed adjustments to the Income Statement and Balance Sheet. Taking into account the proposed adjustments, AHS would report a \$63.0 million operating loss for FY2015.

2. Fiscal 2016 Operating Budget – Q1 Assessment and Proposed Adjustments

David Cox, Chief Financial Officer, presented the FY2016 Operating Budget for Q1. The CFO presented a detailed year to date overview of adjustments to the approved FY2016 budget. Adjustments presented for review are based on previously unexpected changes to revenue,

expenses, missed expenses, and the establishment of a \$7.0 million reserve.

This item will not be presented as an action item as noted in the agenda.

3. Alameda County Permanent Agreement

David Cox, Chief Financial Officer, presented the terms of the proposed Alameda County Permanent Agreement. The Committee requested a history of AHS's debt obligations to the County. The CFO reviewed key provisions of the agreement and elaborated on items as requested by the Committee.

TAB #4 Retrospective Review of Approvals

A. Angelica – Contract for AHS Linen and Laundry Service approved July 2014

Due to time constraints, this item was deferred.

TAB #5 ACTION ITEMS

A. Approve proposed adjustments to FY2016 Operating Budget as recommended by Finance staff.

B. Contract Amendment with Alameda Anesthesia Medical Group to provide Anesthesia services, call coverage and medical direction for SLH, 5 days per week, for the period October 31, 2015 through October 30, 2016 (one year renewal) net increase of \$1,205,322. With this extension and prior contractual commitments to this vendor, the overall obligation (October, 2013 – October, 2016), to this vendor will total an amount not to exceed \$3,615,966.

David Cox, Chief Financial Officer

C. Contract Extension with Alameda Inpatient Medical Group, Inc, to provide Hospitalists services at Alameda Hospital, 24 hours per day, 7 day per week, for the period November 1, 2015 through February 29, 2016 (four month extension) net increase of \$233,333. With this extension and prior contractual commitments to this vendor, the overall obligation (May, 2013 – February, 2016), to this vendor will total an amount not to exceed \$1,833,333.

David Cox, Chief Financial Officer

D. New Contract with California Emergency Physicians Medical Group, to provide provision of emergency department physician and allied health professional coverage services, and medical direction at San Leandro and Alameda Hospital, for the period of November 1, 2015 through October 31, 2017 (2 year agreement). Estimated impact of this agreement will not exceed \$2,342,042.

David Cox, Chief Financial Officer

The Committee elected not to take action around Item A, the proposed adjustments to the Fiscal Year 2016 Operating Budget.

Action: *A motion was made and seconded to approve contract items B, C, and D for recommendation to the full Board for approval. The motion passed.*

AYES: *Trustees Lugannani, Banerjee, and Lawrence.*

NAYS: *None*

Abstention: *None*

Tab #6 Information

The Committee received a copy of the AHS Compliance Newsletter for their review.

Public Comment - None

Board of Trustees Remarks - None

ADJOURNMENT – 7:20 pm

Respectfully submitted by:



Susana Flores

Interim Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: _____



Mike Moyer

Interim General Counsel