



FINANCE COMMITTEE MEETING

Wednesday, September 17th, 2014

Conference Center Located at Highland Care Pavilion

1411 East 31st Street Oakland, CA 94602

Marla Cox, Clerk of the Board

(510) 535-7535

<u>LOCATION:</u>	<u>COMMITTEE MEMBERS</u>
Open Session: HCP Conference Center	Jim Lugannani, <i>Chair</i> Michele Lawrence Valerie D. Lewis, Esq. Anthony B. Varni

Minutes of Meeting

OPEN SESSION / ROLL CALL – Quorum established.

Agenda changes: Item 3E will not be discussed as an action item as AHS has not completed discussions with the County.

TAB #1 **ACTION: Approval of Minutes**
Unanimous approval of the Minutes of the July 22nd, 2014 Finance Committee meeting.

TAB #2 **Financial and Operations Reporting**

A. REPORT: Chief Financial Officer Report

David Cox completed his 9th week with AHS. He committed to providing the Finance Committee with timely high level overview of financials. The cash situation for the system is acute and is being closely monitored by the County of Alameda Auditor-Controller’s office. AHS has been at the \$195M limit recently and has been unable to make regular AP payments. AHS’s receivables have been increasing due to many factors, including Soarian implementation issues and waiting on CMS/Medi-Cal certification for Alameda Hospital.

Currently, AHS has approximately 4 days of operating cash compared to investment grade of 130 days, or industry standard of 60 days. There are several factors causing the difficulty to collect money; thus AHS has made it a priority to improve its revenue cycle.

AHS will work with Siemens on a Revenue cycle improvement plan that will look at reorganizing staffing assignments, complete Medi-Cal certification for SLH and AHD; add denial and follow up unit; increase clinic productivity/through-put; etc. Finance Committee requested a monthly review of the expected results and accountabilities of each issue that will be addressed by the Revenue Cycle Improvement Plan.

**TAB #3 ACTION: Contract & Capital Authorization
Authorization for the CEO to Execute the Following Operating
Contracts:**

- B. Agreement with **General Electric Capital Financing**. Removed from agenda.
- C. Agreement with **Siemens** to provide Revenue Cycle Improvement consulting services Through December 31, 2015, not to exceed **\$1,530,000, plus expenses**.

Trustees reviewed the Siemens contract to provide Revenue Cycle Improvement consulting for 10,000 hours at \$153/hr. The Revenue Cycle Improvement Plan will include some re-programming and reprioritizing. Finance Committee requested a monthly status update on AHS' Revenue Cycle Improvement plan. The agreement was unanimously approved.

- D. Agreement with **MedAssets for BETTER II Initiative** for the period of November 1, 2014 through December 31, 2015, not to exceed **\$2,500,000, plus expenses**.

The MedAssets for BETTER II Initiative is still under negotiation; however the maximum is not to exceed \$2.5M. The initiative will look at the organization structure, labor optimization as well as review the workflow and supply chain. The contract is being reviewed by outside and in-house counsel. Finance Committee requested a monthly status update on MedAssets for BETTER II Initiative. The agreement was unanimously approved.

- E. Agreement with County of Alameda Treasurer** to provide Line of Credit to support AHS liquidity and extend working capital loan repayment out to 2034.

Discussions of agreement to be held at the Board of Supervisors Health Committee Meeting on Monday, September 22nd. There is support for the County Auditor-Controller to move this negotiation forward; however there is no specific response on the proposal. Board of Trustees support the approach and representation was requested for Monday's meeting. The Trustees discussed the urgency for AHS to address the finance structural issues. This item was tabled for action for the next Finance Committee meeting.

- F. Agreement with RehabCare Group of California** to provide Acute Rehabilitation Management Services and relocation of AHS' Acute Rehab for the period of July 1, 2014 through October 30, 2019, not to exceed **\$10,800,000**.

James Jackson and Mark Fratzke reported on the status of the agreement and negotiations with RehabCare to provide Acute Rehabilitation Management Services and relocation of AHS' Acute Rehab. The objective is to optimize rehab services with the goal to increase access and grow the services. The Finance Committee tabled the agreement for a future meeting and requested future reviews of contracts include clear deliverables, metrics, etc.

TAB #4 Reports from Operations

A. REPORT: Information System Electronic Health Record (E.H.R.) Status

David Gravender provided the Finance Committee members with a printed report as the version distributed package report was a draft. Mr. Gravender alerted the Trustees that AHS will not implement Soarian at SLH and AHD until the Cerner takeover is complete and determination of the long term plan for Soarian. In the meantime, AHS will focus on getting Soarian financials running optimally. Mr. Gravender shared concerns whether Cerner will continue with Soarian past 10 years included in the present agreement with Siemens. He alerted the committee that Cerner's financial package is a flawed product; however, Cerner's clinicals is strong. The plan is to not move forward on that module until there is more clarity around the takeover fall-out. Mr. Lugannani requested Siemens be alerted of our concerns.

TAB #5 Annual Finance Committee Agenda and Operations

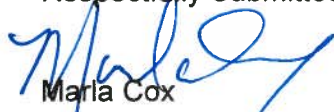
A. INFORMATION: Finance Committee Calendar

Trustee Lugannani requested the Finance Committee meet monthly given the status of AHS' finances. Trustee Lawrence will be excused from an October meeting due to planned travel.

B. INFORMATION: Committee Operations

Trustee Lugannani requested an overview of the finance organization as a whole for future finance committee meetings.

Respectfully Submitted by:



Maria Cox

Clerk of the Board

APPROVED AS TO FORM:

Reviewed by:



Douglas Harig, Esq.
General Counsel