



FINANCE COMMITTEE MEETING

Tuesday, November 18, 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, Chair Michele Lawrence Valerie D. Lewis, Esq. Anthony B. Varni Kinkini Banerjee Patricia Scates

MINUTES

OPEN SESSION / ROLL CALL – Quorum established.

Attendees: Lugannani, Lawrence, Varni, Scates, Banerjee, Lewis

Management: Lassiter, Cox, Fratzke, Gravender, Isaacson

TAB #1 **ACTION: Approval of Minutes**

The Minutes of the September 16th and October 14th, 2014 meetings were approved as presented.

TAB #2 **Financial and Operations Reporting**

A. REPORT: Chief Financial Officer Report and October Financials

Mr. Cox reported on the results of operations for October, noting a slight gain on improved charge collection and positive expense variances. Accounts receivables are beginning to improve and AHS remains in compliance with the Interim Agreement with Alameda County. Accounts Payable are being reduced in accordance with our repayment plan.

B. REPORT: County Line of Credit (Interim Agreement)

Mr. Cox reported that the Interim Agreement with Alameda County will expire on Dec. 31, 2014 and that management is in the process of

negotiating a permanent agreement. The independent financial and operating review is underway. The Committee discussed the need to schedule a meeting in December to approve the permanent agreement.

C. REPORT: Revenue Cycle Improvement Program

Mr. Cox presented the current status of the revenue cycle improvement project, describing various initiatives that are underway to improve performance. A request was made for a cost comparison of the structure of the revenue cycle changes.

D. REPORT: Financial Services Division Organization Chart

Mr. Cox presented the organization chart for the Financial Services Division and introduced various members of the department.

TAB #3 REPORT: Reports from Operations

A. REPORT: Performance Improvement Plan

Mr. Cox presented an overview of the performance improvement plan - a multi-year cost reduction program to be covered in three steps to yield \$80M/year within four years - immediate, short and long term. Mr. Cox and Mr. Fratzke responded to questions regarding the plan. There was a request that management evaluate various scenarios for cost reductions, including a worst case scenario.

**TAB #4 ACTION: Contract & Capital Authorization
Authorization for the CEO to Execute the Following Operating
Contracts:**

A. RehabCare – Mr. Fratzke and Mr. Jackson presented the recommendation to contract with RehabCare for multi-year management of our Rehab program, noting the objectives of improving market share and overall operations. Discussion ensued around the need to relocate the program to San Leandro Hospital due to seismic issues and management was asked to put together a cost projection and timeline. After discussion, the proposal was recommended with one dissenting vote to the Board of Trustees.

B. GE Biomedical - Mr. Gravender presented the recommendation, which expands coverage for biomedical services throughout the system without adding additional costs. After discussion, the proposal was recommended for approval to the Board of Trustees.

C. XEROX printer services – Mr. Gravender presented the recommendation for Xerox to assume responsibility for copy services, which is projected to result in savings of \$75,000 to \$134,000 per year. After discussion, the proposal was recommended for approval to the Board of Trustees.


D. ICG Consulting – Mr. Gravender presented the proposal to restructure this agreement with a projected savings of \$1 million per year. After discussion, the proposal was recommended for approval to the Board of Trustees.

COMMITTEE PROCESS

The Committee requested that Mr. Cox review the project analysis process and present a recommendation to the Committee regarding a standard methodology and presentation, including strategic and financial review, that will ensure that the Committee receives all appropriate information when projects are presented for consideration.

ADJOURNED: 6:24 PM

Respectfully Submitted by:


Maria D. Cox
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: _____


Mike Moyer
Interim General Counsel