



Tuesday, June 25, 2013

Central Administration Offices Located at Highland Hospital

1411 East 31<sup>st</sup> Street Oakland, CA 94602

Marla D. Cox, Clerk of the Board

(510) 437-8468

## **MINUTES**

**THE MEETING WAS CALLED TO ORDER AT 4:50 PM.**

**ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:**

Daniel Boggan, Jr., Michele Lawrence, Valerie D. Lewis, Esq., Kirk E. Miller, Ronald D. Nelson, Stanley M. Schiffman, J. Bennett Tate, Anthony B. Varni, and Barry Zorthian, MD.

Anthony Slimick was excused.

**NON-VOTING MEMBER PRESENT:** None.

### **TAB #2 ACTION: Presentation of the FY 2014 Budget**

I am pleased to present the members of the Board of Trustees with the proposed 2014 annual budget. The 2014 annual budget was structured around the board approved six strategic priorities that will shape our destiny over the next several years. These six strategic priorities are listed below.

1. Access – achieve or exceed community standard for access
2. Sustainability – support growth and reinvestment
3. Integration – effective physician and health system partnership
4. Patient Experience – patients feel valued, cared for
5. Network Development – community engagement, integrated network
6. Workforce – culture of excellence

Each strategic priority includes initiatives designed to achieve specific goals. The following list of initiatives is included in the 2014 budget and provides the directional focus in the development of the 2013 budget assumptions.

- A. Completion of several key initiatives in FY 2014
  - Electronic Health Record implementation (E.H.R.)
  - Complete Access Expansion
  - Complete Fairmont B building sprinkler system
  - Complete ICD-10 design and build
- B. Improve financial and operational efficiencies

- 
- Implementation of cost management initiative (BETTER)
  - Continuation of the LEAN initiative
  - Pension redesign
  - C. Continue strategic plan implementation
    - Re-branding
    - Physician operating model
    - Network development
  - D. Invest in workforce competency and engagement
    - Invest in leadership programs for employees and physicians
  - E. Improve patient experience
    - Continue implementation of 3-year system-wide plan for patient experience
  - F. Quality and Safety
    - Continue improvement in patient care quality and safety through Harm Reduction Teams

Additionally, as an underlying principle, the 2014 annual budget incorporated conservative and reasonable assumptions to achieve a balanced budget with enough cash flow to provide a \$13 million capital budget and cover debt service.

***ACTION:*** *A motion was made, seconded, and unanimously approved the 2014 annual budget as presented.*

**TAB #3 REPORT: Workforce Planning**

Incorporated into the FY 2014 budget are assumptions that anticipate a challenging year in which we will be growing and expanding services at the same time we contract and reduce our expenses to a sustainable level.

We will be expanding Orthopedic services in our clinics and are planning for additional surgery volume as well as adding psychiatric services in our ambulatory clinics. With the expansion of our Eastmont Clinic, new Hayward Clinic at Southland Mall as well as the new Same Day clinic and expanded GI services in the Highland Care Pavilion, we will be hiring additional providers and support staff.

We will also increase staffing for therapies in order to increase patient volume in our Fairmont Acute Rehab Hospital. Lastly, we are increasing our planning capacity and developing an effective infrastructure (Kaizen Promotion Office) to support increased efficiencies through our LEAN implementation.

While we are adding additional positions, we are also reducing positions based on our benchmark work with Med Assets, implementation of the electronic health record and Soarian financial system, as well as increased efficiency in several departments.

There will be a number of reductions in our ACMEA unit, both SEIU units as well as unrepresented positions. The reductions will likely affect nearly 100 employees. Some will be able to fill vacant positions at the same level in other departments or at other AHS locations. Others will be offered vacant positions for which they qualify or could be qualified within a reasonable amount of time (90days).

We anticipate placing close to half of the employees affected by the position changes.

At this point, the reductions we will share with you at next week's Board meeting are proposed. Each Department will prepare a restructuring plan that will be thoroughly reviewed by the AHS Executive Team. After approval, each comprehensive plan for redesign will be provided to the leadership of the appropriate labor organization in order to complete the required workforce planning process. We anticipate that process will continue for approximately 30 days.

We have started the process of reserving as many vacant positions as possible in order to accommodate employees affected by the reductions. Temporary employees will be evaluated and any who are performing work that can be accomplished by current affected employees will be terminated. Posted positions in the same or similar job classes likely to be affected have been frozen. Position control and budget will be reconciled in the next two weeks to assure identification of the maximum number of opportunities for those affected. Assisting affected employees through this process will be a high priority of the Human Resource Division and the entire AHS Leadership Team.

You will be updated on the progress of the workforce planning process at the July meeting and asked to approve any required layoffs of AHS employees.

**TAB #4   ACTION: Resolution to fund the 401(h) Health Benefits Accounts Provided by ACERA (Resolution 2013-002)**

Resolution to Fund the 401(h) Health Benefits Account provided by ACERA.

Attached is a Resolution for Alameda County Medical Center's ("ACMC") annual contribution to the 401(h) sub-account operated by the Alameda County Employees' Retirement Association ("ACERA"). The 401(h) sub-account was established to provide medical coverage to retirees of ACMC on a non-taxable basis. The amount calculated is based on ACERA actuarial estimation of the amount necessary to keep the plan viable. The medical coverage provided through the 401(h) plan is a non-vested benefit provided to ACMC retirees. This year, the amount to be transferred into the 401(h) sub-account is \$2,716,125.25.

Both I and the CFO, Marion Schales, will be happy to respond to your questions.

***ACTION: A motion was made, seconded, and unanimously approved the Resolution to Fund the 401(h) Health Benefits Account provided by ACERA as presented.***

**TAB #6   REPORT: Legal Counsel's Report on Action Taken in Closed Session**

In closed session for the Board of Trustees, matters related to potential litigation were considered, no action was taken.

---

**Public Comments:**

**Speaker #1** – Susan Stofan, SEIU Local 1021. Addressed the Board regarding the workforce planning proposed layoffs.

**Speaker #2** – Sue Bergman, SEIU Local 1021 member. Addressed the Board regarding the workforce planning proposed layoffs.

**Speaker #1** – Lisa Mills, SEIU Local 1021/Charter Officer. Addressed the Board regarding the workforce planning proposed layoffs.

**Speaker #2** – Sheila Despi, CNII at Fairmont and SEIU Local 1021 member. Addressed the Board regarding the workforce planning proposed layoffs.

**Board of Trustees Remarks:** Trustee Miller thanked everyone for attending the meeting.

**ADJOURNMENT: 7:14 PM.**

Respectfully Submitted by:

Marla D. Cox  
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by:

  
\_\_\_\_\_  
Douglas Habig, Esq.  
General Counsel