



**SPECIAL FINANCE COMMITTEE MEETING**

**Tuesday, October 14, 2014**

**Conference Center Located at Highland Care Pavilion**

1411 East 31<sup>st</sup> 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, <b>Chair</b> Michele Lawrence Valerie D. Lewis, Esq. Anthony B. Varni Kinkini Banerjee Patricia Scates

**Minutes of Meeting**

**OPEN SESSION / ROLL CALL – Quorum established.**

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

None.

**TAB #2 Financial and Operations Reporting**

**A. REPORT: Chief Financial Officer Report**

- a. David Cox reported September financials not quite ready; still looking at reimbursement, expecting to pick up about \$2.0M YTD in September; gross charges have improved by 4% partly due to charge capture activities; expenses are about 4% favorable to budget; expect to report break even or slightly better for September.
- b. Revenue Cycle activities off to a good start with revenue capture, rebuilding contracts module in Soarian; removing duplicate patients in the MPI.

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- c. MedAssets - meeting twice a week with MedAssets, Cox, Fratzke; they will be involved in teams, communication, starting roll out in November, will be very clear that AHS is leading the engagement with MedAssets assisting (Fratzke).
  - d. Trustee Lugannani wants report as comprehensive as possible, goals, tracking process, detailed enough for board members to track the progress; format will be standardized for easier tracking.

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

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

Mr. Cox presented the presentation and shared with BOT/Auditor-Controller yesterday - series of very productive meetings with County Health Services Agency; have a proposal for extension of liquidity thru December 31, 2014 while agreement is being finalized.

- a. NNB = Net Negative Balance increase to \$195M including the \$23M restricted.
- b. Mr. Lassiter notes that NNB was \$220M when this started in 2005.
- c. Mr. Cox - need AR to get down to about \$90M based on days in accounts receivable around 80 to 90 days by 6/30/15.
- d. Monthly cash collections on patient accounts receivable for last 15 months - improving from under \$10M to \$20M monthly during 2014.
- e. Alliance receivables are more discrete than other receivables and working with Alliance to resolve outstanding balances.
- f. Projected cash flow with programs for cutting costs; revenue cycle to generate \$60M in cash out of accounts receivable combined with improved cost structure over 15 years.
- g. Mr. Lassiter asks about the pension obligation bond - inherited in 1998 due to underfunding of ACERA.
- h. AHS agreed to start paying the county \$7M/annum towards the debt service on the new buildings out of the \$42M of the total annual debt service on the project.
- i. Trustee Lugannani wants comprehensive master cheat sheet of the transactions between the County and AHS.
- j. Discussion on timing risk -- have we conveyed to Mr. O'Connell that we have one or two specific risks (i.e., timing of DSRIP payment).
- k. Trustee Scates asking if there are any financial covenants included in the proposed agreement; she would like to see these reported out routinely.
- l. Trustee Varni is concerned about taking action without input from the rest of the board (meeting at the end of the week) before long

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term commitment to county. Suggest BOT work session at coming retreat to examine the approach and assumptions. Trustee Lugannani reminds that the agreement presented today is really only short term (Dec 31, 2014) and the discussion at the retreat will impact the long term agreement.

- m. Just received "terms of agreement" interim agreement requiring weekly reporting of cash flow projections and accounts payable status; BOT should consider this agreement at the retreat to refer to BOS in early November; limit might be increased next week without the affirmation from the BOT/BOS in place.
- n. Mr. Lassiter thinks that it's important that the BOS be assured that the BOT members are aware of this matter and its importance, that Mr. Cox wasn't out there by himself.

- 2. Consideration of making the board retreat on Saturday available for an action item with discussion on Friday.
- 3. Finance committee members are looking for monthly meetings. Clerk of the Board to get the meetings scheduled for 2015.
- 4. 2015 calendar to go to board retreat as an agenda item.

**ADJOURNMENT: THE MEETING WAS ADJOURNED AT 5:20 PM.**

Respectfully Submitted by:



Marla Cox

Clerk of the Board

APPROVED AS TO FORM:

Reviewed by:



Douglas Fabig, Esq.  
General Counsel