



**SPECIAL JOINT FINANCE COMMITTEE AND STRATEGIC PLANNING  
COMMITTEE MEETING  
Tuesday, May 19, 2015**

**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**

**LOCATION:**

Open Session: HCP Conference Center

**MINUTES**

**THE MEETING WAS CALLED TO ORDER AT 4:48PM**

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

Jim Lugannani, Kinkini Banerjee, Michele Lawrence, Patricia Scates, Anthony Varni, Tracy Jensen, and Barry Zorthian, MD.

Excused: Valerie Lewis.

Quorum was established.

**TAB #1 REPORT: FINANCE AND STRATEGY**

**A. Staff Recommendations Regarding Operation of San Leandro Hospital**

David Cox, Chief Financial Officer, provided a high level view of the current status of staff recommendations regarding San Leandro Hospital. Currently, the campus is operating at about \$1 million loss per month. Staff reviewed several options that would consist of differing tradeoffs between contract rates, growth, expense reductions, and public support. A full market assessment regarding the effect of growth/volume changes on operations has not yet been conducted. This data will be valuable in evaluating which service lines to grow, what are key physician relationships to foster, and where the market is headed. Expense reduction discussions have focused on possible cost reductions and evaluation of coverage agreements for the ER. The CFO confirmed that the organization is focused on reducing losses and making San Leandro a sustainable campus.

Mark Fratzke, Chief Operations Officer, emphasized that management is focused on continuing to augment the work and performance improvement plan that has been put in place. Management has been in communication with the Mayor of San Leandro regarding

potential supplemental funding. In response to Trustee comments, the COO explained that staff had performed a more in depth analysis of the option to keep SLH open through a combination of changes to key factors. This provided greater clarity to the possible improvements that could be made and staff grew more confident that they could make this option work.

In response to concerns from Trustee Varni regarding letters received from County officials to management, the COO confirmed that management will be sharing clinical and operational data with the County. The CFO also clarified that it is the intent of management to continue working closely with County officials and maintain a good standing on the obligations of the organization.

Trustee Jensen noted the need to evaluate the needs of the community in San Leandro and asked that we look critically at those needs and how we will continue to meet them given the financial situation at AHS. Trustee Jensen agreed with Trustee Varni's suggestions that we must take input from the Board of Supervisors seriously as well as our County partners. Trustee Varni expressed disappointment that we entered into this agreement believing we would have the funding necessary to make it work, leaving us in the current financial situation. Trustee Varni suggested that the organization communicate its intent with County officials and request input from them to ensure there is an understanding of what their position is on the issue.

Trustee Jensen would like to see benchmarks for success included in any future recommendations from staff. Trustee Banerjee suggested that staff provide more detail regarding the impact of changes to managed care contracts for patients.

The Committee did not feel in a position to set parameters for staff regarding their ongoing work towards developing a recommendation for the Board.

### Public Comment - None

### Board of Trustee Remarks –

Trustee Jensen thanked the Finance Committee for discussing the space issue and providing tours for Trustees.

### ADJOURNMENT – 5:44PM

Respectfully submitted by:

  
Marla D. Cox  
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: \_\_\_\_\_

  
Mike Moyer  
Interim General Counsel