



FINANCE COMMITTEE MEETING

**May 4, 2016
4:00pm – 6:30pm**

**Conference Center Located at Highland Care Pavilion
1411 East 31st Street Oakland, CA 94602
Susana Flores, Clerk of the Board
(510) 535-7515**

LOCATION:

Open Session: HCP Conference Center

MINUTES

OPEN SESSION/ ROLL CALL 4:02PM

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:

Jim Lugannani (via conference line), Kinkini Banerjee, and Michele Lawrence.

Quorum was established.

TAB #1 CONSENT AGENDA: ACTION

Approval of the Minutes of the April 6, 2016 Finance Committee Meeting.

Action: A motion was made and seconded to approve the Minutes of the April 6, 2016 Finance Committee Meeting. The motion passed.

AYES: Trustees Lugannani, Banerjee, and Lawrence.

NAYS: None

Abstention: None

TAB #2 CONTRACT APPROVAL: ACTION ITEMS

A. Contract Extension with RadCare to provide professional diagnostic imaging services in Radiology Department and outpatient basis, seven days a week for the period of June 1, 2016 through September 30, 2016 (4 Months) for a net increase of \$1,032,900. Total payments over the term of this Agreement including the proposed amendment (September 1, 2012 through September 30, 2016) will not exceed \$12,653,019.***b Joe A. Walker, MD, Acting Chief Medical Officer***

The Chair directed staff to provide education around the contracting process at a future meeting.

Action: A motion was made and seconded to approve contract Item A, an extension to the RadCare agreement. The motion passed.

AYES: Trustees Lugannani, Banerjee, and Lawrence.

NAYS: None

Abstention: None

TAB #3 Retrospective Review of Prior Contract Approvals
NONE

TAB #4 OPERATING REPORTS

A. System Reliability

The CFO notified the Committee of system reliability issues related to the organization's electronic accounting systems and the steps management is taking to address the issues. Management reported that multiple issues have been identified with the Daily Control Report with no clear resolution at this point. Mr. Cox expressed his opinion that the Soarian Financials will require a rebuild to resolve these issues, as well as other performance issues previously identified. AHS will monitor the un-reconciled variance and use a conservative accounting treatment until a permanent solution is determined.

B. Chief Financial Officer Report , March, 2016

The CFO reported a preliminary operating income of \$6.6 million for March 2016. The organization is at a 4.0% EBIDA margin YTD, compared to the budget of 4.4%. Revenues are higher than expected and overall performance is improving. Operating income for March is 3.6% below budget; however supplemental revenues are above budget across the organization. The CFO highlighted the compensation ratio, which is currently at 66% compared to about 70% for the previous year.

The Net Negative Balance forecast reflects a drop to \$120-\$130 million at year end, which is in compliance with the requirements of the agreement with the County.

C. Budget Status

The CFO reported that a draft budget will be completed soon and the Board of Trustees will receive an initial review later in May. Multiple workgroups reviewed departmental expenses and productivity, purchased services, physician services, and business unit profitability. Management believes that the targeted EBIDA Margin of 5.0% is still achievable.

The Chair requested continual updates regarding the budget status.

D. Chief Information Officer Report

The CIO provided updates regarding the IT Long range plan, EDIE go live, MIDAS implementation, and the MediTech downtime at Alameda Hospital. The steering committee for the IT long range plan has completed interviews with the final two consulting firms that will assist with the organization with the creation of a 5 year IT plan. EDIE, the multi-hospital emergency department information exchange program, went live on April 28. EDIE has already provided useful background information in evaluating patients presenting in the ED at Highland. The MIDAS quality suite was purchased for all AHS locations in November 2015 and will go live in June. The new product will assist with accreditation and regulatory assessments for Joint Commission surveys. The CIO addressed the downtime of the MediTech system at Alameda Hospital, caused by the failure of an aged server. The downtime revealed additional issues around poor equipment and network configurations. Equipment within the warranty period will be transferred from

Highland to Alameda Hospital, while a change to the server infrastructure is addressed.

TAB #5 Education

A. Pacific Business Group on Health – Purchaser Strategies to Advance Payment Reform Presentation

Cathy Wada, Managed Care Contracting, provided insight into the commercial insurance sector and how these market forces impact Alameda Health System. Key points for the Board's consideration include (1) the shift of public funding towards "value" based measurements to impact cost and quality, (2) the spread of insured patients will impact funding in the system and result in a change to the traditional Cost Shifting strategies, and (3) Accountable Care Organization (ACO) arrangements will impact elective referrals at Alameda and San Leandro hospitals. Additionally, incentives in the organization must involve physicians. AHS must use Alameda Health Partners as the vehicle for physician incentives. The organization must also be mindful of the growth of Stanford and UCSF into AHS markets, which will syphon elective referrals.

TAB #6 COMMITTEE PLANNING

The Chair reviewed the Committee planning calendar and confirmed upcoming budget discussions.

Public Comment – None

Trustee Comments – None

ADJOURNMENT – 5:53pm

Respectfully submitted by:


Susana Flores
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: _____


Mike Moyer
General Counsel