



FINANCE COMMITTEE MEETING

**June 1, 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 4:04PM

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:

Jim Lugannani (via conference line) and Michele Lawrence.

Quorum was established.

TAB #1 CONSENT AGENDA: ACTION

Approval of the Minutes of the May 4, 2016 Finance Committee Meeting.

Action: A motion was made and seconded to approve the Minutes of the May 4, 2016 Finance Committee Meeting. The motion passed.

AYES: Trustees Lugannani and Lawrence.

NAYS: None

Abstention: None

TAB #2 CONTRACT APPROVAL: ACTION ITEMS

- A.** New Contract with Total Renal Care, Inc. a Subsidiary of DaVita Healthcare Partners, Inc. to provide AHS with necessary Non-Physician professional personnel, including registered nurses and patient care technicians for the period of July 1, 2016 through June 30, 2019 (3 Years) for the total amount of \$7,853,952.

Delvecchio Finley, Chief Executive Officer

Trustee Lawrence voiced concerns with several contract terms and requested clarification from staff. The CAO of Highland explained that the contract was currently undergoing negotiation for the terms highlighted by the Committee.

The Committee advised staff that, in the future, only completed contracts should be presented for approval.

Action: A motion was made and seconded to approve contract Item A, a new agreement with Total Renal Care, Inc. The motion passed.

AYES: Trustees Lugannani and Lawrence.

NAYS: None

Abstention: None

- B.** Contract Renewal with Alameda County Sheriff's Office to provide Law Enforcement and Security Services at Alameda Health System's Highland Hospital Campus, for the period of July 1, 2016 through June 30, 2018 (2 Years) for a net increase of \$6,308,068. Total payments over the term of this Agreement including the proposed amendment July 1, 2011 through July 30, 2018 will not exceed \$17,284,094.

David Cox, Chief Financial Officer

Mr. Holley, VP of Contracting, reported that the Alameda County Sheriff's Office agreement was changed to a one year term and provided the Committee with updated contract totals that reflect a one year term.

Action: A motion was made and seconded to approve contract Item B, a renewal agreement with the Alameda County Sheriff's Office. The motion passed.

AYES: Trustees Lugannani and Lawrence.

NAYS: None

Abstention: None

- C.** Contract Renewal with East Bay Foundation for Graduate Medical Education to administer the East Bay Residency Program for surgical residents under the UCSF School of Medicine, for the period July 1, 2016 through June 30, 2017 (1 year), for a net increase of \$2,380,909.46. Total payments over the term of this Agreement including this proposed amendment (July 1, 2011 through June 30, 2017) will not exceed \$12,787,437.62

Joe A. Walker MD, Acting Chief Medical Officer

- D.** Contract Extension with OakCare Medical Group, Inc. to provide professional medical and administrative support, for the period July 1, 2016 through September 30, 2016 (3 months), for a net increase of \$8,967,272.73. Total payments over the term of this Agreement including this proposed amendment (July 1, 2014 – September 30, 2016) will not exceed \$80,705,454.60

Joe A. Walker, Acting Chief Medical Officer

- E.** Contract Extension with East Bay Hematology & Oncology Consultants, Inc. to provide professional hematology & oncology in the Department of Medicine, for the period July 20, 2016 through October 19, 2016 (3 months), for a net increase of \$242,481. Total payments over the term of this Agreement including this proposed amendment (July 20, 2015 –

October 19, 2016) will not exceed \$1,212,405.

Joe A. Walker, Acting Chief Medical Officer

- F. Contract Extension with Paragon Pathology Medical Associates, Inc. to provide professional comprehensive clinical and anatomical pathology services, for the period July 1, 2016 – October 31, 2016 (4 months), for a net increase of \$529,350. Total Payments over the term of this Agreement including this proposed amendment (July 1, 2015 – October 31, 2016) will not exceed \$2,117,399

Joe A. Walker, Acting Chief Medical Officer

Action: A motion was made and seconded to approve contract Items C, D, E and F. The motion passed.

AYES: Trustees Lugannani and Lawrence.

NAYS: None

Abstention: None

TAB #3 **Retrospective Review of Prior Contract Approvals**
NONE

TAB #4 **OPERATING REPORTS**

A. Reporting Reliability

The CIO reported that the reconciliation issues have been considerably reduced. A standardized balancing process has been mostly resolved and training for staff has been completed. Work is currently in progress to address scripting errors and a GL mapping issue. The CIO estimated a timeline of several weeks for completion of these corrections.

B. Chief Financial Officer Report , April, 2016

The CFO reported that the organization is currently performing final reviews of the financial statements, including the balance sheet, in preparation for the upcoming audit.

Through the ten months ended April 30, 2016, the organization reported about \$20 million in operating income. Cash collections have been strong, with \$32 million collected in May. Net days in accounts receivable have improved from 90.2 to 69.3. The CFO highlighted a comparison between total revenue cycle cash from July through April of FY2015 versus FY2016. Total revenue cycle cash for FY2015 was \$379 million for this period, as compared to the current total of \$451 million for FY2016.

The CFO highlighted organizational goals for FY2017. Goals include streamlining and strengthening management of outsources revenue cycle vendors, optimizing care management and coordination across AHS, improvements to the process for patient eligibility in programs and insurance verifications. In addition, AHS plans to increase revenue by implementing an observation unit, which would also

support a decrease in credit balances.

Net Negative balance is projected to be in compliance through the end of the fiscal year.

C. Budget Update

The CFO reviewed the current status of the FY2017 budget with the Committee. The proposed EBIDA is currently at 4.7%, but this is still in progress and likely to change as the fiscal year comes to a close.

The Committee stressed the importance of preparation for the likely loss of the 1115 Waiver supplemental funds in five years.

D. Alameda Health System Foundation - Presentation of Foundation Development Plan and current contract YTD achievements in Year One, against the proposed deliverables and subsidy costs – Contract approved April 2015.

Debra Barnes, AHS Foundation President, provided an overview of the Foundation achievements to date. The Foundation works closely with AHS leadership to identify needs requiring funding. Goals for 2016 include completion of the Acute Tower Replacement capital campaign, obtaining grants for AHS programs, growing capacity for large gifts from individuals, and growing the Foundation donor base.

The Capital Campaign has raised \$17.5 million to date, with \$7.2 million in pending requests. This is well over the goal of \$15 million. The Foundation projects an Annual Fund total of \$547 thousand for FY2016, which provide unrestricted funding for the areas of most need. The 2016 Gala raised net proceeds of \$287 thousand, with the highest attendance ever.

Ms. Barnes also highlighted the new Foundation Associate Board, which engages emerging community leaders. The Foundation reported an actual cost of raising funds of 22% as of April 30, 2016, below the industry standard of 25%.

Ms. Barnes presented President Lawrence a check for \$1.5 million from the Foundation as payment towards the overall Capital Campaign.

E. Chief Information Officer Report

The CIO provided an update on the EHR Long Range Plan, the second phase of the EDIE go live, ordering in NexGen for radiology, and eConsult. AHS has decided to contract with Lidos consulting group for the development of the EHR long range plan. The total cost of the agreement is estimated at \$400 thousand including travel and expenses. The EDIE go live has gone live in San Leandro Hospital, which provides printed reports for patients in the EDIE system. The organization is evaluating if it is possible to include John George as a participant, however, psychiatric records fall under additional privacy restrictions.

The CIO also reported that radiology ordering on NexGen has gone live in the K6 adult clinic and the same day clinic. This reduces the time between orders and

results. The electronic consultation system eConsult has gone live for neurology and rheumatology, with gastroenterology/hepatology going live June 1st. The County has requested Community Health Clinic Network (CHCN) be provided the ability to request consult from AHS specialists through RubiconMD. This item is expected to go live mid-June.

TAB #5 Education

NONE

TAB #6 COMMITTEE PLANNING

The CFO reported that the planning calendar is in progress. The Chair requested for the new budget to include a method for tracking progress against the actual results.

Public Comment - None

Trustee Comments – None

ADJOURNMENT – 6:00pm

Respectfully submitted by:



Susana Flores
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: _____



Mike Moyer
General Counsel