



FINANCE COMMITTEE MEETING

Tuesday, January 13, 2015

Conference Center Located at Highland Care Pavilion

1411 East 31st 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, Chair 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 the Minutes of the November 18th and December 18th, 2014 meetings.

ACTION: *Upon motion made and seconded, the November 18th and December 18th, 2014 Minutes were approved.*

TAB #2 Chief Financial Officer Update

A. REPORT: Revenue Cycle Improvement

1. Mr. Cox reported that AHS' current cash position is in compliance with the interim County agreement. He explained that the forecasted reduction to accounts payables is running a bit behind the original projection in part due to the County controller not recognizing the expected cash flow, instead only what's actually on deposit.
 - a. Mr. Cox reviewed the accounts payable trend noting that ~\$12M is over 120 days.
 - b. AHS expects to pay down accounts payable significantly with \$23M come in the last week of January; about ~\$40M in February to make further progress with capital and accounts payable.

- c. Mr. Boggan reminded members that AHS will receive a total of \$99M in the next five months.
 - d. Mr. Cox reported that cash collections on patient revenue continue to improve and are now adding up to \$1.4M/day compared to less than \$1.0M earlier last year.
- 2. Mr. Cox reviewed the revenue cycle improvement (RCIP) matrix produced off Soarian demonstrating improvement in several areas of revenue cycle such as the discharged not final billed (DNFB) improving to 20 days, charges posted are improving, more billings are clearing through DSG/claims scrubber showing that the system program and processing changes and staffing reorganization are working. Some areas need more work. For example, the clean claims indicator is not at the desired 85% level, the EBEW balance is unfortunately back up to \$85M indicating problems with new edits in Soarian, so management has shifted that work back to DSG, re-training staff, replacing as many manual steps as possible with system, to highlight a few.

B. REPORT: Fiscal 2016 Budget Process and Targets

Mr. Cox outlined the budget process and suggested targets to be incorporated using a new schedule compiled by Trustee Lugannani and Mr. Cox this afternoon.

- 1. Quick view of the capital need \$20-46M next year
- 2. Mr. Cox moved through the operating budget target for budget 2016 including cost savings and revenue initiatives coming from MedAssets, management reductions, and the revenue cycle improvement plan.

C. ACTION: Signature Authority Policy & Contract Management Process revision

Mr. Cox introduced the Signature Authority Matrix & Contract Process change for the committee's consideration. He provided a brief history and some of the findings of Catherine Wada's review. Mr. Cox reviewed Ms. Wada's recommendations and categorized them largely as standardizing the process. General discussion by members included legal review participation, dual signatures and appropriateness of signature levels.

ACTION: Upon motion made and seconded the Committee approved the Signature Authority Policy and Revised Contract Management Process for recommendation to the full Board of Trustees.

TAB #3 Report from Operations

A. Report: Performance Improvement Plan

Mr. Fratzke reported on the performance improvement plan. Senior management wants to retire the county debt; needs to build confidence and trust at the County, in the community, with physicians and staff. Mr. Fratzke expects to organize work more around system strategies, and standardization. He will be initiating a total hiring freeze effective 2/1/15 with specific filters on what can get through. Mr. Fratzke shared the current summary version of the "management reductions" schedule as requested by members at the last meeting.

TAB #4 Information Items, No Discussion

A. Report: County Permanent Agreement

Mr. Cox reported that the last discussion with the Auditor-Controller is still based on interim agreement; the permanent agreement won't be finalized until after report from Toyon Associates. That report is expected to contain recommendations for cost reductions, other suggestions for improving fiscal performance.

1. Trustee Lugannani wants the opportunity to deliberate on the permanent agreement at both the committee and the full board level. There is some concern about meeting the County's time frame to vote on the final outcome.
2. Mr. Boggan mentioned that BOS-Haggerty and BOS-Carson are expected return to the regularly scheduled meetings to finalize the agreement in the coming weeks.

B. Report: Delivery System Reform Incentive Payment (DSRIP) Semi-Annual Update

Accepted with No comments

C. Report: Electronic Health Record (E.H.R.) Status

Accepted with No comments

TAB #5 ACTION ITEMS

ProTransport Amendment: An amendment to the contract with ProTransport will enable staff to extend a request for proposal for a system-wide program. The amendment is for a six month extension to 4/30/15 retroactive back three months.


ACTION: *Upon motion made and seconded the Committee approved the ProTransport Amendment for recommendation to the full Board of Trustees.*

Public Comment – None

Board of Trustees Remarks - Next meeting to be planned at San Leandro Hospital and include a tour before the meeting agenda for those who are interested.

ADJOURNMENT: 6:42 PM

Respectfully Submitted by:


Maria D. Cox
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: _____


Mike Moya
Interim General Counsel