Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

PUBLIC NOTICE
CITY OF ALAMEDA HEALTH CARE DISTRICT
BOARD OF DIRECTORS MEETING
AGENDA

Monday, December 1, 2008

***(See Noted Start Times in the Agenda)**

Location:

Alameda Hospital (Dal Cielo Conference Room)
2070 Clinton Avenue
Alameda, CA 94501

Office of the Clerk: (510) 814-4001

Regular Meeting

Members of the public who wish to comment on agenda items will be given an opportunity before or during the consideration of each agenda item. Those wishing to comment must complete a speaker card indicating the agenda item that they wish to address.

I.	**Call to Order** ***(6:00 p.m.)**	Jordan Battani
II.	**Roll Call**	Kristen Thorson
III.	**Regular Agenda**	
	1. HighMark Presentation – Alameda Hospital Echo Pension Plan	Fred Hurst Andrew Brown
IV.	**General Public Comments**	

V. Closed Session *(Expected to start at approximately 6:30 p.m. and expected to last 1 hour)

1.	Approval of Closed Session Minutes – November 10, 2008	
2.	Medical Executive Committee Report and Approval of Credentialing Recommendations	H & S Code Sec. 32155
3.	Quality Improvement Committee Report (QIC)	H & S Code Sec. 32155
4.	Discussion of Report Involving Trade Secrets	H & S Code Sec. 32106
5.	Instructions to Bargaining Representatives Regarding Salaries, Fringe Benefits and Working Conditions	Gov't Code Sec. 54957.6
6.	Consultation with Legal Counsel Regarding Pending Litigation	Gov't Code Sec. 54956.9(a)

VI. Reconvene to Public Session *(Expected to start at approximately 7:30 p.m.)

1. Announcements from Closed Session — Jordan Battani

VI. Consent Agenda

1. Approval of November 10, 2008 Minutes **ACTION ITEM** [enclosure]
2. Approval of Revisions to Organization Chart **ACTION ITEM** [enclosure]

VII. Regular Agenda

1. Finance and Management Committee Report
   - Acceptance of October 2008 Financial Statements — David A. Neapolitan
     ACTION ITEM [enclosure]
   - Approval of District Signature Authorization Policy
     ACTION ITEM [enclosure]

2. Strategic Planning and Community Relations Committee Report — Robert Bonta

   - Acceptance of Strategic Plan Document **ACTION ITEM** [enclosure]

3. Chief Executive Officer's Report — Deborah E. Stebbins

   - Approval of 2009 District Board and Committee Meetings **ACTION ITEM** [enclosure]

   - Approval of Revisions to District Policies and Procedures

      a. 2002-5Y Contract Review Policy **ACTION ITEM** [enclosure]

      b. 2004-0A Purchasing Policy **ACTION ITEM** [enclosure]

   - Recognition of District Board Member Jeptha T. Boone, MD

4. Medical Staff President Report — Steve Lowery, MD

5. General Public Comments

6. Board Comments

7. Adjournment

The next regularly scheduled board meeting will be on Monday, January 5, 2009.
Closed Session will begin at 6:00 p.m. Open Session will follow at approximately 7:30 p.m.

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

Minutes of the Board of Directors
November 10, 2008

Directors Present:
Robert Bonta
Jeptha Boone, MD
Robert Deutsch, MD
Jordan Battani

Management Present:
Deborah E. Stebbins
Kerry Easthope
David A. Neapolitan

Medical Staff Present:
Steve Lowery, M.D.

Legal Counsel Present:
Thomas Driscoll, Esq.

Excused:
Steve Wasson

Submitted by: Kristen Thorson

Topic	Discussion	Action / Follow-Up
1. Call to Order	Jordan Battani called the Open Session of the Board of Directors of the City of Alameda Health Care District to order at 5:05 p.m.	
2. Roll Call	Kristen Thorson called roll, noting that a quorum of Directors were present.	
3. General Public Comments	None at this time.	
4. Closed Session	At 5:06 p.m. the meeting adjourned Executive Closed Session.	
5. Reconvene to Public Session & Adjournment	Jordan Battani reconvened the meeting into public session at 7:45 p.m. and made the following closed session announcements.	
6. Closed Session Announcements	**[1] Minutes** **[2] Quality Improvement Committee** **[3] Medical Executive Committee Report and Approval of Credentialing Recommendations**	[1] The Closed Session Minutes for the October 6, 2008 meeting were approved. [2] The Quality Improvement Committee Report for September was accepted as presented. [3] Medical Executive Committee Report and Approval of Credentialing Recommendations were approved as presented.

Topic	Discussion	Action / Follow-Up

Initial Appointment:

Name	Specialty	Affiliation
o Mark Goldsmith, MD	Radiology	BIC
o Tom Joseph, MD	Radiology	BIC
o Keyvan Nouri, MD	Radiology	BIC
o Ronald Olson, MD	Radiology	BIC
o Susan Wakerlin, MD	Internal Medicine / Geriatrics	Kaiser

Reappointments – Medical Staff

Name	Specialty	Status	Appointment Period End
o Jenna Brimmer, MD	Internal Medicine / Hospitalist	Courtesy	10/31/10
o Sophia Chen, MD	Ophthalmology	Courtesy	10/31/10
o Joseph Cheng, MD	Orthopedics	Courtesy	10/31/10
o Davida Flattery, MD	Internal Med / Hospitalist	Courtesy	10/31/10
o Robert Kindrachuk, MD	Urology	Active	10/31/10
o Arnold Levine, MD	Vascular Surgery	Active	10/31/10
o Daniel Newbrun, MD	Anesthesiology	Courtesy	10/31/10
o Jun Yang, MD	Orthopedics	Courtesy	10/31/10

Reappointment – Allied Health Professional

Name	Specialty	Appointment Period End
o Teresa Thomas, PhD	Psychology	10/31/10

Sedation Privileges:

Name	Specialty
o Michael Silpa, MD	
o Huilan (Judy) Cheng, MD	

Resignations:

Name	Specialty
o John Carney, MD	Pathology
o Craig Neilsen, MD	Anesthesiology
o Brandon Wynn, MD	Anesthesiology

7. Consent Agenda	**[1] Approval of October 6, 2008 Minutes** **[2] Approval of Revisions to Compliance Program Document and Approval of Administrative Policy No.** **[3] Approval of Acquisition of Health Line Systems Inc. ECHO Software** **[4] Authorization to Execute Contract for Avega – Alliance Decision Support System**	Jeptha Boone, MD moved to approve the consent agenda as presented. Robert Bonta seconded the motion. The motion carried unanimously.
8. Regular Agenda	**[1] Governance Institute Presentation** Mitch Rodgers and Joni Bohnker from the Governance Institute joined the meeting via teleconference to present an overview of the	The Board agreed to proceed with membership to the Governance Institute. Management will process the appropriate paperwork

Topic	Discussion	Action / Follow-Up
	benefits of membership to the Governance Institute, and resources available through them for Board Members and Management.	to start the membership beginning January 1, 2009 at a cost of $7,975.00.
	[2] Finance and Management Committee Report	
	Acceptance of the September 2008 Financial Statements CFO David Neapolitan presented the September 2008 Financial Statements noting the following statistics for the month.	Director Deutsch moved to accept the September 2008 Financial Statements as presented. Director Bonta seconded the motion, the motion carried unanimously.
	Average daily census of 82.3 versus 82.1 budgeted. Acute average daily census was 28.8 versus 27.9 budgeted. Sub-Acute average daily census was 32.8 versus 33.2 budgeted. South Shore average daily census 20.7 versus 21.0 budgeted. Total gross patient revenue greater than budget by $80,799. Inpatient revenue was greater than budget by $26,205 or 0.2%. Outpatient revenue was greater than budget by $12,368 or 0.1%. South Shore revenue was greater than budget by $42,227 or 11.1% Surgery cases were 453 versus 390 budgeted ▪ Kaiser cases = 324 versus 247 budgeted ▪ Alameda cases = 129 versus 143 budgeted Total profit for the month of September was $12,427 compared to a budgeted loss of $94,978 with YTD profit of $91,388.	
	Pension Committee Report Ms. Stebbins reported that the pension committee met on October 29. This committee will be an administrative committee chaired by Steve Wasson. At the next Pension Committee members will discuss the specific charge / purpose for the committee and report that to the Board.	The pension committee minutes were accepted as presented.
	▪ Pension Committee Minutes of October 29, 2008.	Jeptha Boone, MD moved to approve the Investment Guidelines for Alameda Hospital Pension Plan. Rob Bonta seconded the motion. The motion carried unanimously.
	▪ Approval of Investment Guidelines for Alameda Hospital Pension Plan.	
	▪ Approval of Recommendation to move Pension Investments from Stable Value Fund to Balanced Income Portfolio The Board discussed the option of moving the pension investments from stable value to Balance income portfolio. The monies would be invested by HighMark a subsidiary money manager of Union Bank. The Committee and Management	Jeptha Boone, MD moved to approve recommendation to move the pension investments from stable value fund to balanced income portfolio. Rob Bonta

Topic	Discussion	Action / Follow-Up
	recommended that the funds be moved to a balance income portfolio to yield a higher return on the investments of 6- 6.5 % / year instead of an approximate 3% return that the fund has been experiencing. If the money was not moved to a balanced income portfolio the pension fund would have to be funded more by operations. The Board asked question regarding the risk level of moving the funds. Ms. Stebbins reported that moving the funds would place the investments in a moderate risk category. Ms Stebbins also stated that the investment mix can always be changed. The Board asked why it would take 3-4 months to change the investment mix. Management stated that each decision would be made based on current market decisions and that all funds would not be moved at once. **[3] Strategic Planning and Community Relations Report** Rob Bonta reported that committee met on October 21, 2008 with a full committee present. The Committee provided good input on the Strategic Plan and the final document for committee and Board approval should be ready next month. Topics of discussion for the next committee meeting include community relations and outreach along with seismic retrofitting requirements. **[4] Chief Executive Officer's Report** ▪ Affirmative Action Plan Ms. Stebbins gave a brief update on the status of the Affirmative Action Plan that is required by the Hospital in the contract with the Veteran's Administration. The demographics have been completed and Phyllis Weiss, Director of Human Resources has been designated the Affirmative Action Officer. A draft plan will be ready in approximately 4-6 weeks and will be brought to the Board for approval / adoption. ▪ Statutory Restrictions on Contracts for Health Care Distircts Ms. Stebbins reported that Alameda Inpatient Medical (AIM) has agreed to start providing medical Director coverage at South Shore Skilled Nursing Unit, effective November 3, 2008. South Shore has begun to see more post acute care Medicare patients and the continuity of care from the Hospital to the Skilled Nursing unit will help in recovery of those patients. Tony Corica Director of Physician Relations has been working with an ENT group out of Oakland to reestablish coverage at Alameda Hospital.	seconded the motion. The motion carried unanimously. .

<table>
<tr><th>Topic</th><th>Discussion</th><th>Action / Follow-Up</th></tr>
<tr><td></td><td>
Theodore Findley, MD has announced his retirement from Western Pathology Laboratory Medical Group and from the Hospital. Management is actively looking for a replacement pathology group to provide coverage at Alameda Hospital.

The annual Health Fair was held on October 18 with over 1,500 people attending.

Deborah E. Stebbins reported on the September monthly statistics:

<u>Statistics</u>:
<table>
<tr><th></th><th>Oct.</th><th>Oct. Budget</th><th>Sept. Actual</th></tr>
<tr><td>Average Daily Census</td><td>87.5</td><td>83.2</td><td>82.30</td></tr>
<tr><td>Patient Days</td><td>2,711</td><td>2,579</td><td>2,469</td></tr>
<tr><td>ER Visits</td><td>1,367</td><td>1,478</td><td>1,360</td></tr>
<tr><td>OP Registrations</td><td>2,713</td><td>2,641</td><td>2,528</td></tr>
<tr><td>Total Surgeries</td><td>537</td><td>448</td><td>453</td></tr>
</table>
Information has been included in the Board packet regarding Statutory Restrictions on Contracts for Health Care Districts. Ms. Stebbins stated that she will be bringing recommendations to the Board next month on changing the limits stated in two District Policies on Contract review and purchasing authority. Recommendation will also be brought to the Finance and Management Committee for review at the November 26th meeting.

[5] Medical Staff President Report
Steve Lowery, MD stated that the Medical Staff continues to work closely on quality measures with physicians and hospital staff. Dr. Lowery announced that on Tuesday, November 11, physician and speaker Dr. Mittelberger will be speaking on “Physician Orders for Life Sustaining Treatment – New Inpatient Legislation” to the Medical Staff.
</td><td></td></tr>
<tr><td>8. General Public Comments</td><td>None at this time.</td><td></td></tr>
<tr><td>10. Board Comments</td><td>None at this time.</td><td></td></tr>
<tr><td>11. Adjournment</td><td></td><td>A motion was made to adjourn the meeting and being no further business, the meeting was adjourned at 8:50 p.m.</td></tr>
</table>

Attest:

Jordan Battani	Robert Bonta
President	Secretary

CITY OF ALAMEDA HEALTH CARE DISTRICT
ADMINISTRATIVE POLICY No. 9

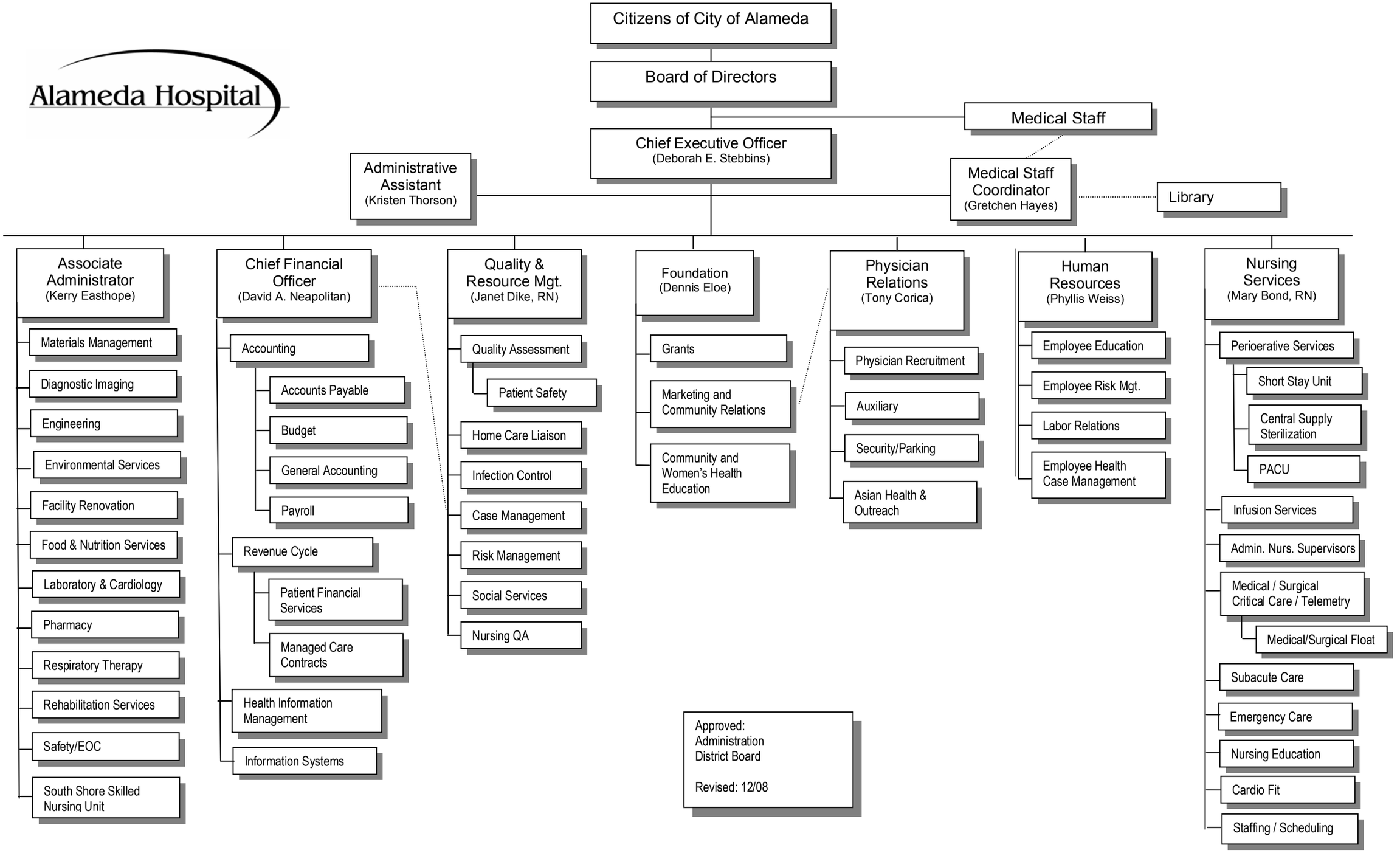
TITLE: Administrative Organizational Chart

PURPOSE: To set the framework for a well-managed organization with clear lines of responsibility and accountability.

SCOPE: Organization wide

POLICY: See Attachment A

City of Alameda Health Care District Policy No. 9 Organizational Chart		
	Date:	**By:**
Created:	10/03	Administration
Reviewed/Revised:	02/05, 09/06, 09/07, 01/08, 03/08	Administration
Approvals:	**02/05, 09/06, 09/07, 01/08, 03/08**	Administration
	10/04, 09/06, 03/08	District Board


Alameda Hospital
Citizens of City of Alameda
Board of Directors
Medical Staff
Chief Executive Officer
(Deborah E. Stebbins)
Administrative Assistant
(Kristen Thorson)
Medical Staff Coordinator
(Gretchen Hayes)
Library
Associate Administrator
(Kerry Easthope)
Materials Management
Diagnostic Imaging
Engineering
Environmental Services
Facility Renovation
Food & Nutrition Services
Laboratory & Cardiology
Pharmacy
Respiratory Therapy
Rehabilitation Services
Safety/EOC
South Shore Skilled Nursing Unit
Chief Financial Officer
(David A. Neapolitan)
Accounting
Accounts Payable
Budget
General Accounting
Payroll
Revenue Cycle
Patient Financial Services
Managed Care Contracts
Health Information Management
Information Systems
Quality & Resource Mgt.
(Janet Dike, RN)
Quality Assessment
Patient Safety
Home Care Liaison
Infection Control
Case Management
Risk Management
Social Services
Nursing QA
Foundation
(Dennis Eloe)
Grants
Marketing and Community Relations
Community and Women's Health Education
Physician Relations
(Tony Corica)
Physician Recruitment
Auxiliary
Security/Parking
Asian Health & Outreach
Human Resources
(Phyllis Weiss)
Employee Education
Employee Risk Mgt.
Labor Relations
Employee Health Case Management
Nursing Services
(Mary Bond, RN)
Perioerative Services
Short Stay Unit
Central Supply Sterilization
PACU
Infusion Services
Admin. Nurs. Supervisors
Medical / Surgical Critical Care / Telemetry
Medical/Surgical Float
Subacute Care
Emergency Care
Nursing Education
Cardio Fit
Staffing / Scheduling
Approved:
Administration
District Board
Revised: 12/08

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

ALAMEDA HOSPITAL

UNAUDITED

FINANCIAL STATEMENTS

FOR THE

PERIOD ENDING

10/31/08

2070 Clinton Avenue • Alameda, CA 94501 • TEL (510) 522-3700 • www.alamedahospital.org

ALAMEDA HOSPITAL
City of Alameda Health Care District
October 31, 2008

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ALAMEDA HOSPITAL

October 31, 2008

The management of the Alameda Hospital (the Hospital) has prepared this discussion and analysis in order to provide an overview of the Hospital's performance for the period ending October 31, 2008 in accordance with the Governmental Accounting Standards Board Statement No. 34, *Basic Financials Statements; Management's Discussion and Analysis for State and Local Governments.* The intent of this document is to provide additional information on the Hospital's financial performance as a whole.

Financial Overview as of October 31, 2008

- Total assets on the balance sheet decreased by $1,827,322 from the prior month as a result of a decrease of $1,182,450 of cash and cash equivalents, a decrease of $436,291 in net accounts receivable and a decrease in Jaber Estate restricted assets of $125,126.

- Total cash and cash equivalents for October decreased by $1,182,450 which reduces our day's cash on hand to 8.1 as compared to 14.8 in the prior month. The decrease in cash and cash equivalents was primarily the result of having three paid payrolls (instead of the usual two) in the month of October.

- Net patient accounts receivable decreased in October by $436,291 compared to an increase of $855,002 in September. Accounts receivable days were 51 compared to 58 in the prior month.

- Jaber Estate assets decreased by $126,126 as a result of the transfer of funds restricted for the purchase of capital. Theses funds were used to offset the cost of the purchase of the Johnson and Johnson operating room sterilizing equipment.

- Total liabilities decreased by $1,789,198 compared to an increase of $6,995 in the prior month. This decrease was the result of several factors that included decreases of $456,070 in accounts payable and accrued expenses, $734,212 in payroll and benefit related accruals, $477,000 in other liabilities and $101,976 in loan and capitalized lease obligation payments.

- Accounts payable at October 31st was $4,763,710, which represents a decrease of $456,070 from the prior month. As a result, days in accounts payable decreased to 78 compared to prior month which was at 85.

- Payroll and benefit related accruals decreased by $4,318,013 and decreased by $734,212 from the prior month. This decrease was the result of the timing of payrolls in the month of October which had three paid payrolls in the month. As a result of the timing of the payrolls our payroll accrual was reduced to 6 days from 10 in the month of September.

- Combined total revenue was greater than budget by $1,067,202 or 4.7%. However, net patient revenue was unfavorable to budget by $173,884 or 3.3%. This unfavorable variance was the result of increased inpatient Medi-Cal utilization and Kaiser same day surgery cases during the month. The total patient days were 2,723 and included 684 patient days from the South Shore facility as compared to the prior month's total patient days of 2,469 (620 South Shore days included) and the prior year's 1,890 total patient days. Inpatient revenue, excluding South Shore, was greater than budgeted by 5.1% while outpatient revenue, excluding South Shore, was greater than budgeted by 3.7%. The combined average revenue per adjusted patient day, excluding South Shore, was $6,350 compared to a budgeted amount of $6,486. The average daily acute care census was 32.8 compared to a budget of 29.5 and 28.8 in the prior month; the average daily Sub-Acute census was 33.0 versus a budget of 33.8 and 32.8 in the prior month and the newly added South Shore unit had an average daily census of 22.1 versus a budget of 22.7 and prior month census of 20.7, respectively.

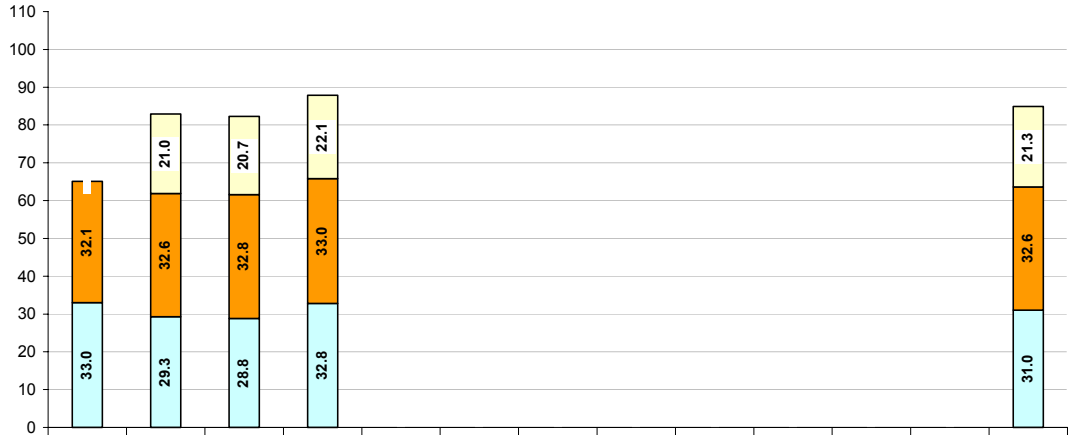
- ER visits were 1,379 or 6.7% less than the budgeted 1,478 visits. ER visits were also lower than the prior year's October visits of 1,534 or 10.1%.

- Total surgery cases were 19.9% greater than budget, with Kaiser surgical cases making up 371 or 69.1% of the total cases. The mix of Kaiser eye cases continues to account for 49% of the Kaiser volume during the fiscal year.

- Combined excess expenses over revenue (loss) for October was $50,660 versus a combined budgeted excess of revenues over expense (profit) of $145,482. Included in the loss for October was the one-time write off of $90,000 related to the settlement of the Principal / DC Risk settlement. Had this not been included in October our excess revenues over expenses (profit) would have been $39,340. This brings the year-to-date excess of revenues over expenses (profit) to $40,728 or 168.4% better than budget or $130,728 if the same settlement were excluded. In looking at the Hospital only performance, excess expenses over revenue (loss) was $77,308 for the month of October ($12,692 profit if settlement removed) and excess revenues over expenses declined to $28,736 ($118,736 profit if settlement removed) for the four months ending October 31, 2008.

Volumes

Overall actual daily census was 87.9 versus a budget of 83.3. Acute average daily census was 32.8 versus a budget of 28.5, Sub-Acute average daily census was 33.0 versus a budget of 32.7 and the South Shore unit had an average daily census of 22.1 versus a budget of 22.0.

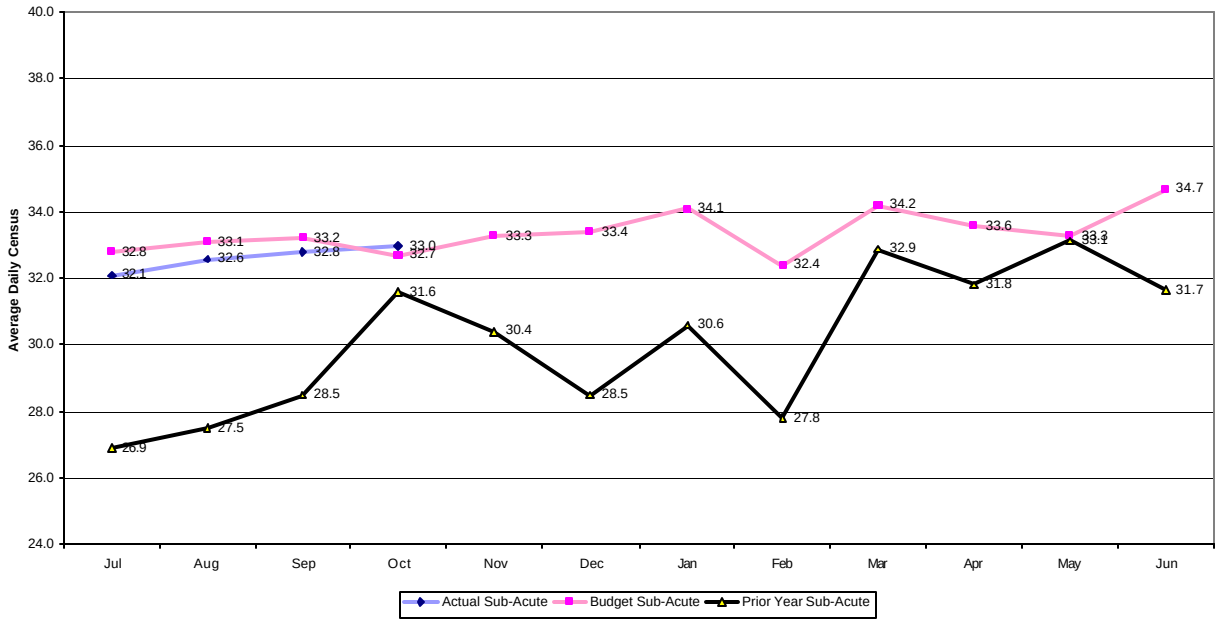


	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
Actual SNF		21.0	20.7	22.1									21.3
Actual Sub-Acute	32.1	32.6	32.8	33.0									32.6
Actual Acute	33.0	29.3	28.8	32.8									31.0

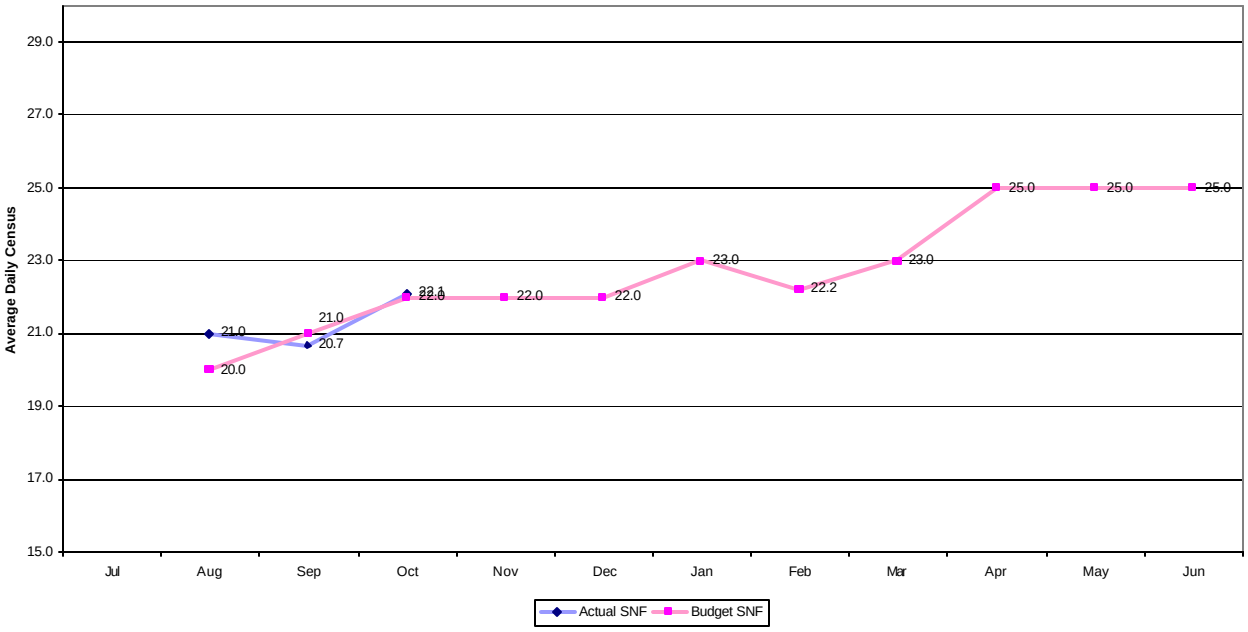
Actual	65.1	82.9	82.3	87.9									84.9
Budget	64.4	83.2	82.1	83.3									83.7

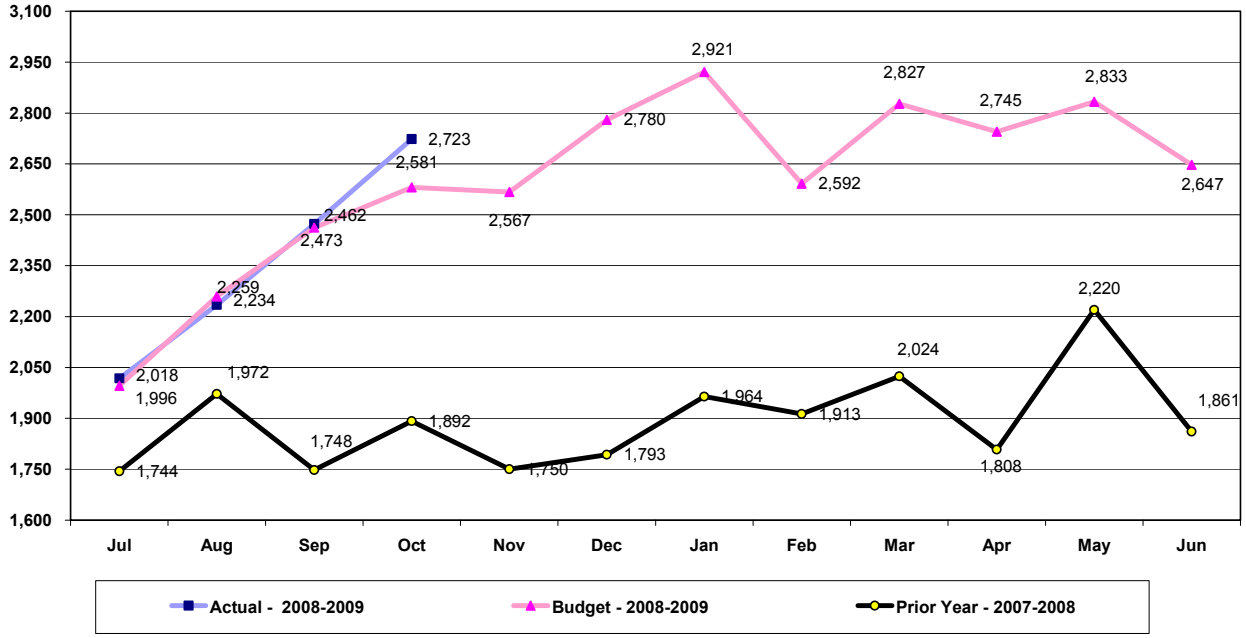
Total patient days in October were 5.5% greater than budget and 7.9% better than the prior year after removing the South Shore patient days from the current year total patient day count. The graph on the following page shows the total patient days for the month of October including South Shore.

Sub-Acute patient days were 0.8% greater than budget and 16.4% greater than the prior year. The following graph shows the Sub-Acute programs average daily census.

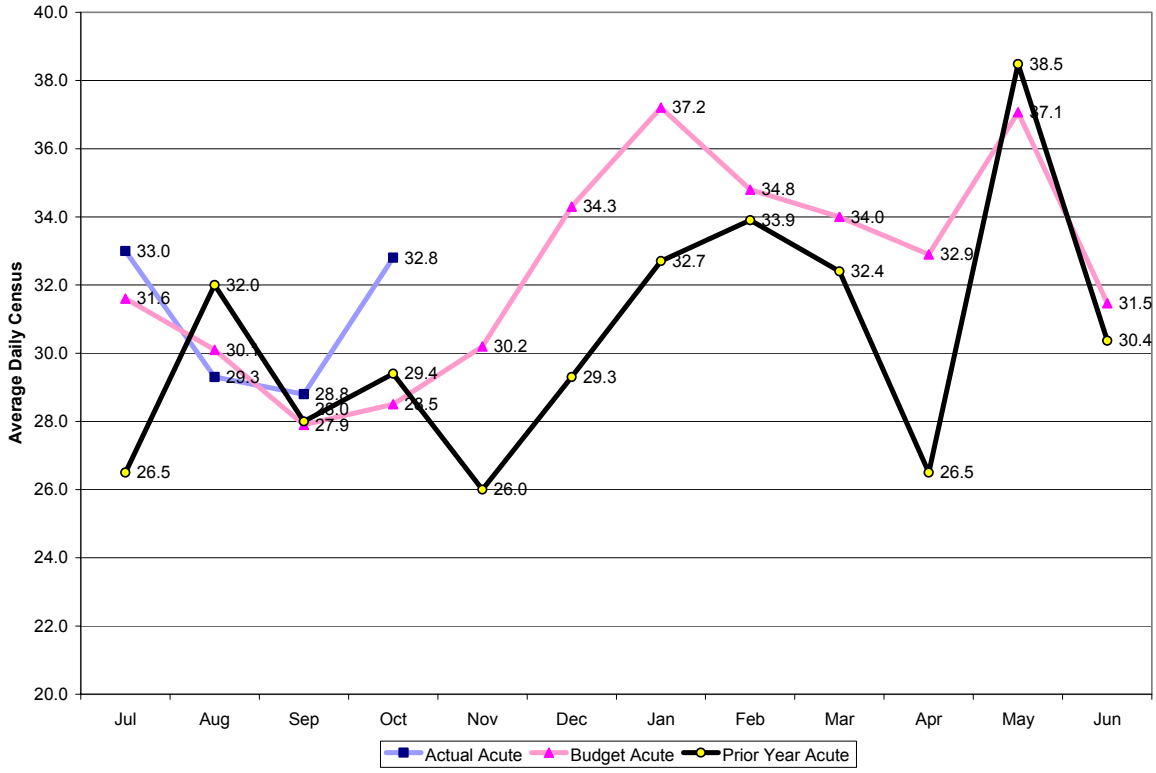


The Skilled Nursing Unit (South Shore) patient days were 0.3% less than budgeted for the month of October and are 0.4% greater than budget for the first three months of operations. The following graph shows the Skilled Nursing Unit average daily census as compared to budget by month.

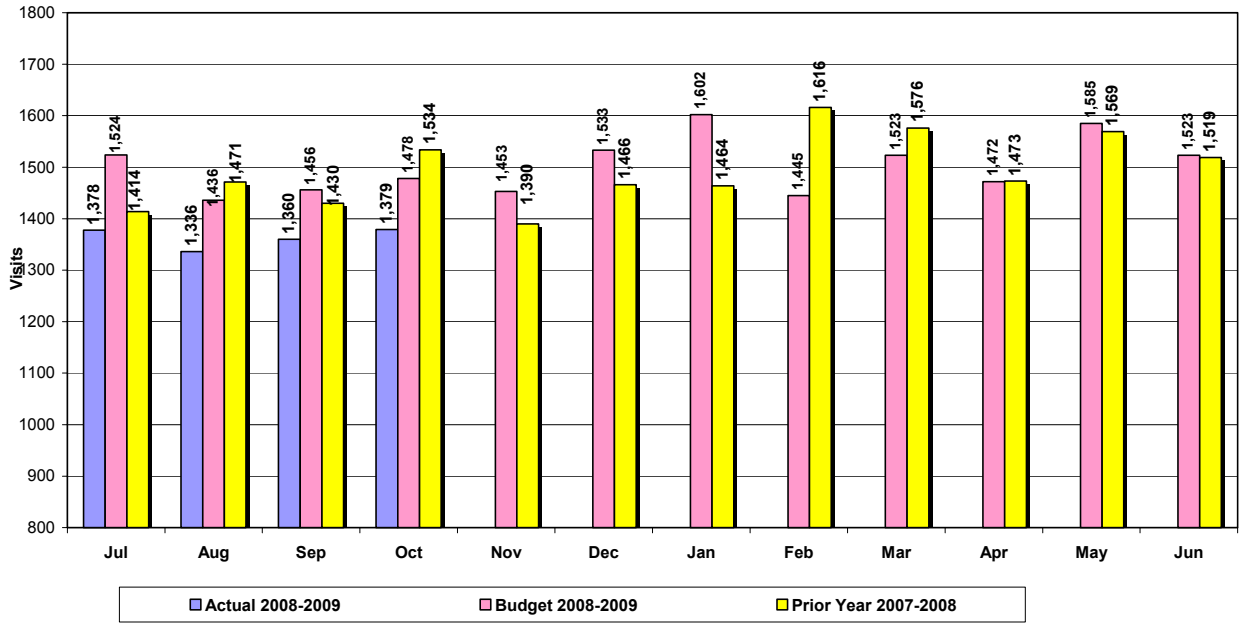




Acute care patient days were 14.9% (132 days) greater than budgeted and 11.5% (105 days) greater than the prior year. The acute average length of stay in October was 4.02 and remained at the budgeted and prior year norm of 4.00.

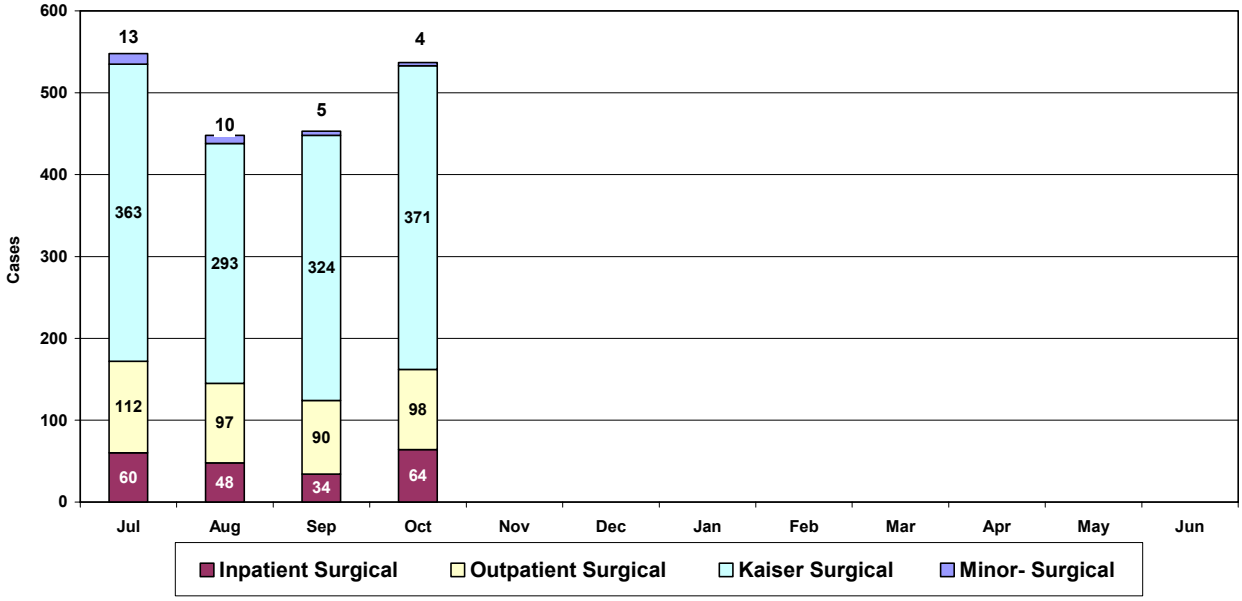


October ER visits were 6.7% less than budgeted and 10.1% less than the prior year.



Surgery cases were 537 versus the 448 budgeted and 457 in the prior year. In October we did experience a 30% increase in Alameda surgery cases. However, out of the total surgical cases in October, Kaiser continues to dominate the payor mix with 371 or 71.5% of the total surgical cases. As a result of the increase in Kaiser surgical volumes Kaiser same day surgery revenue increased by $376,566 over the prior month, our reimbursement for Kaiser Outpatient cases in October decreased to 17.2% as compared to 18.8% of gross charges in September. Management has engaged The Chartis Group to assist in the analysis of this program and we anticipate that in early January discussions with Kaiser will take place to develop modifications to improve our reimbursement of this program and a possible extension to the agreement.

Surgical Cases

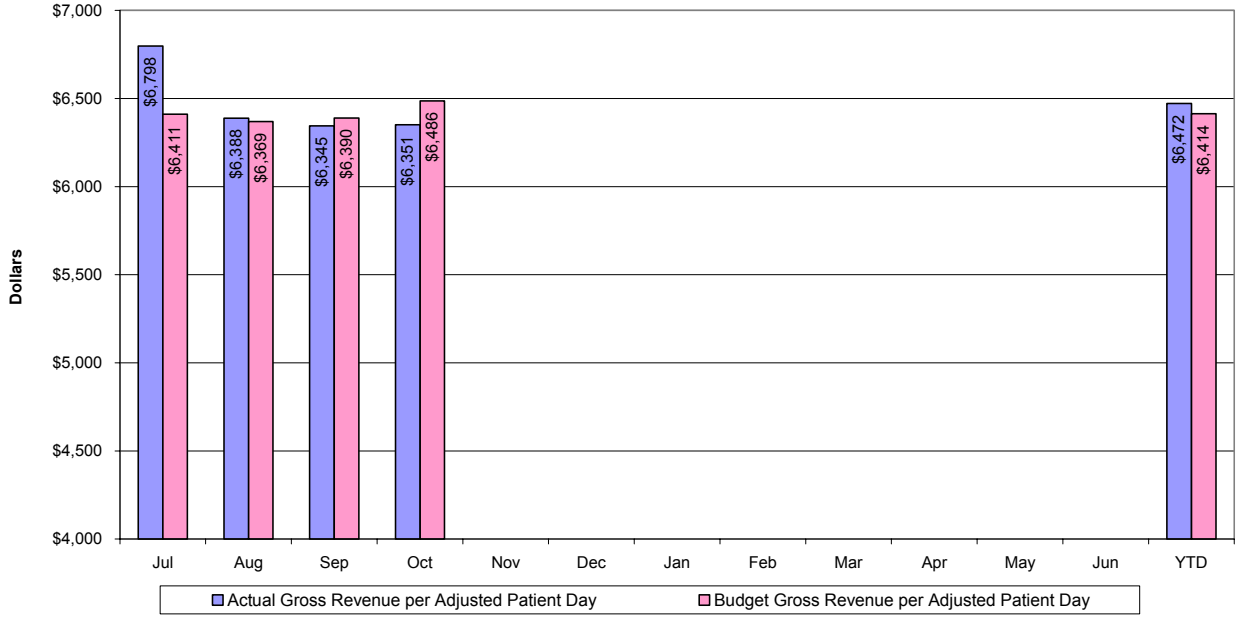


Income Statement – Hospital Only

Gross Patient Charges

Gross charges in October were greater than budget by $991,402, and was comprised of favorable variances in both inpatient and outpatient gross revenues of $630,425 and $360,977, respectively. On an adjusted patient day basis total patient revenue was $6,350 versus the budgeted $6,486 or a 2.1% unfavorable variance from budget. However, for the four months ending October 31, 2008, we are 0.9% favorable to budget on an adjusted patient basis.

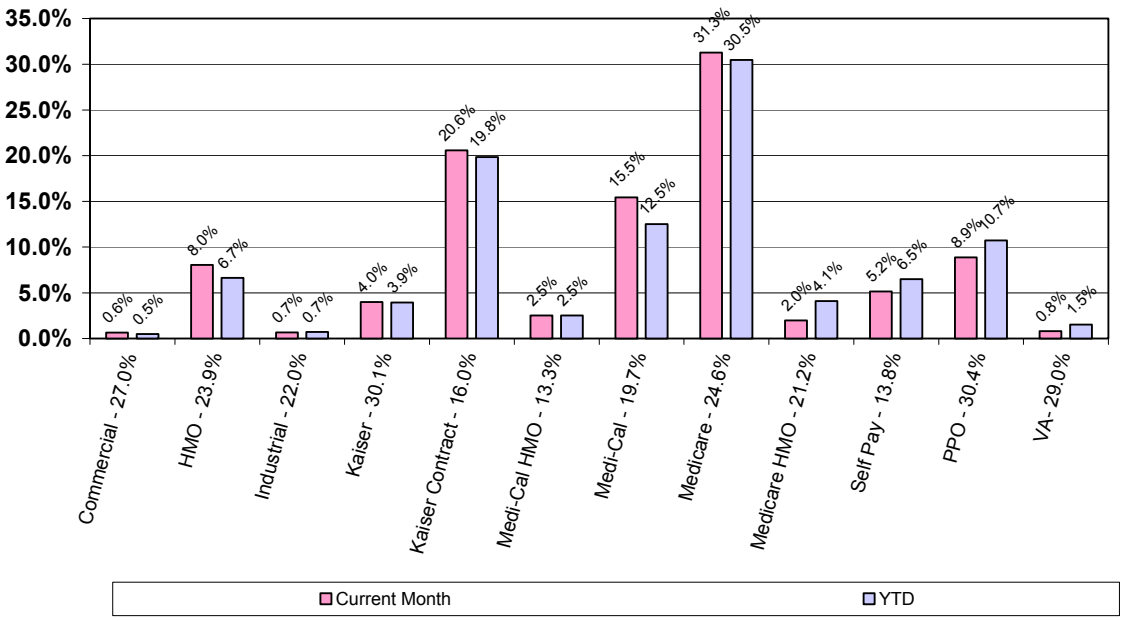
Gross Charges per Adjusted Patient Day



Payor Mix

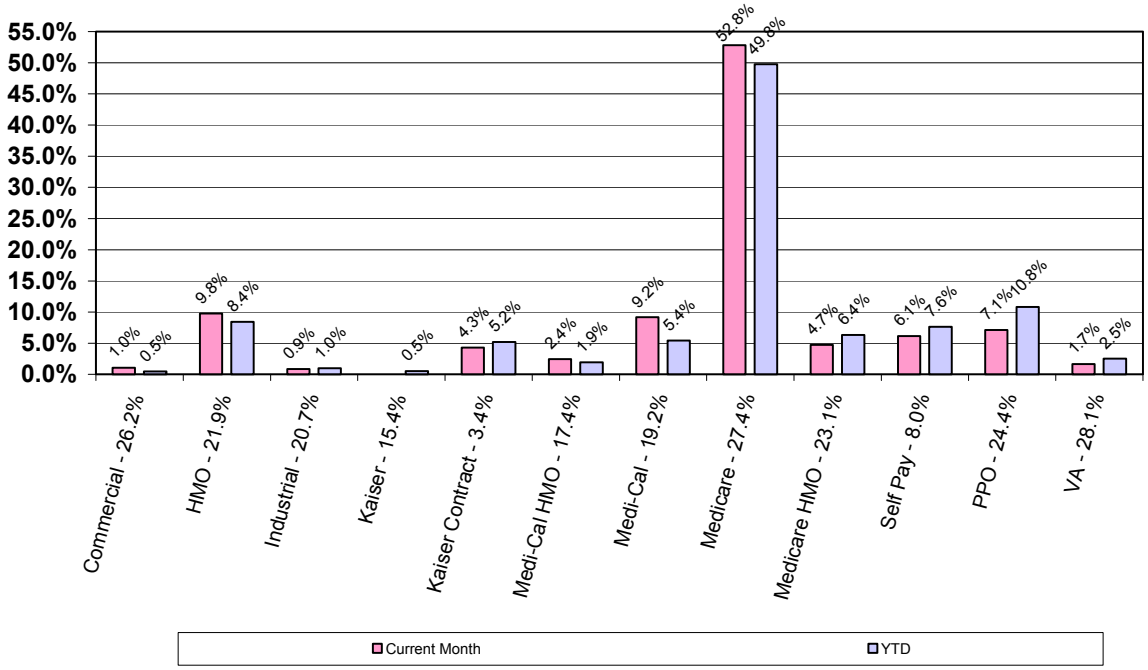
Medicare continues to hold the top payor position with total gross revenue representing 31.3% and 30.5% for the current month and year to date, respectively of our total gross patient charges with Kaiser as the second largest source of gross patient revenues at 24.6% and 23.7% for the current month and year to date, respectively. However, in October we did see a significant spike in inpatient Med-Cal service utilization which was one of the factors that caused our unfavorable variance in net patient revenues. The graph on the following page shows the percentage of revenues generated by each of the major payors as well as the current months expected reimbursement for each.

Combined Payor Mix



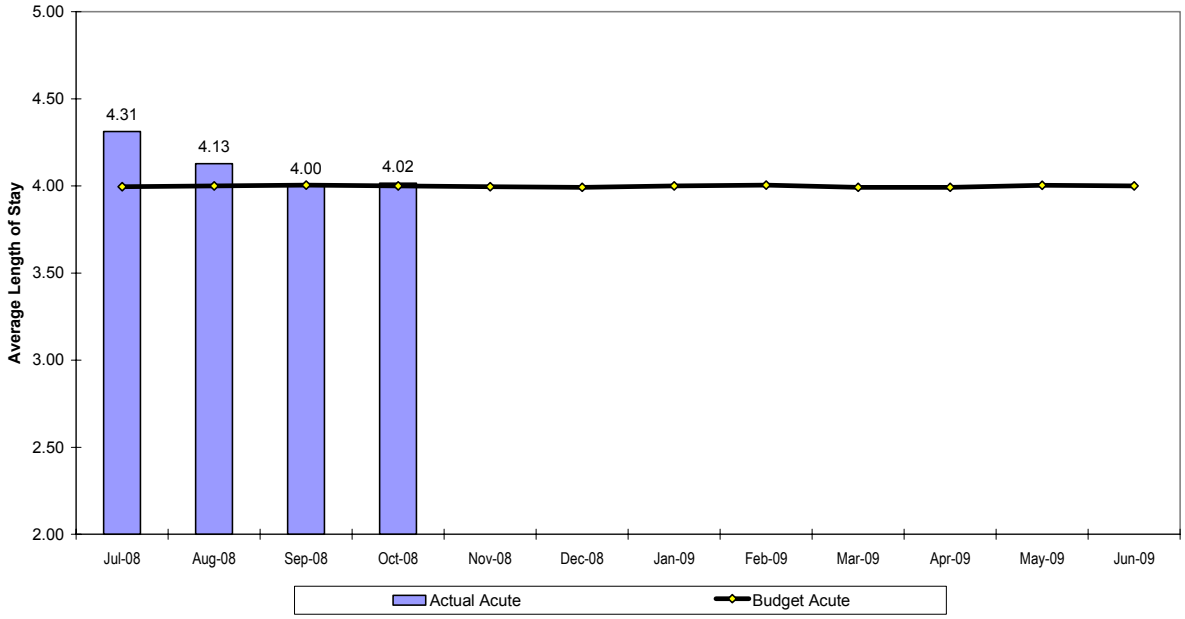
On the Hospital's inpatient acute side, 52.8% and 49.8% for the current month and year to date, respectively of the total gross revenue was generated by Medicare patients. Expected reimbursement for inpatient Medicare cases has been estimated to be 27.4% based upon October discharges. This is an improvement over the 25.4% expected reimbursement level based on September's discharged Medicare cases. In October there were no cases that hit outlier thresholds. The Medicare case mix index for October was 1.3638 versus September's 1.3712.

Inpatient Acute Care Payor Mix



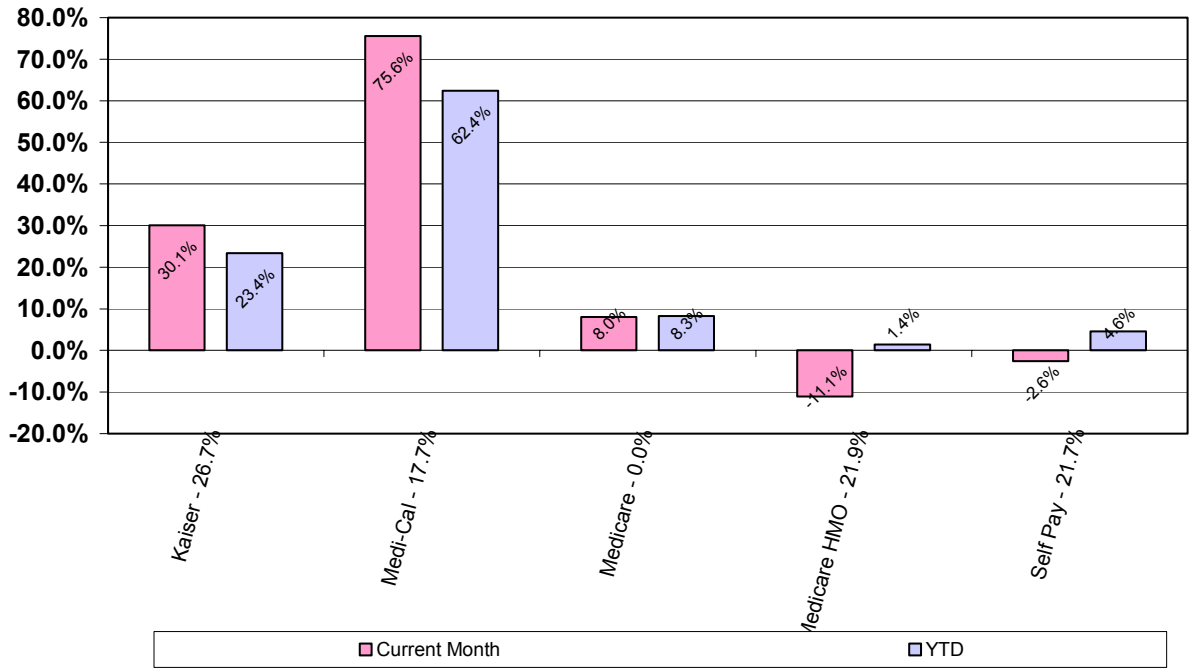
The average length of stay for the inpatient acute care units increased very slightly to 4.02.

Average Length of Stay



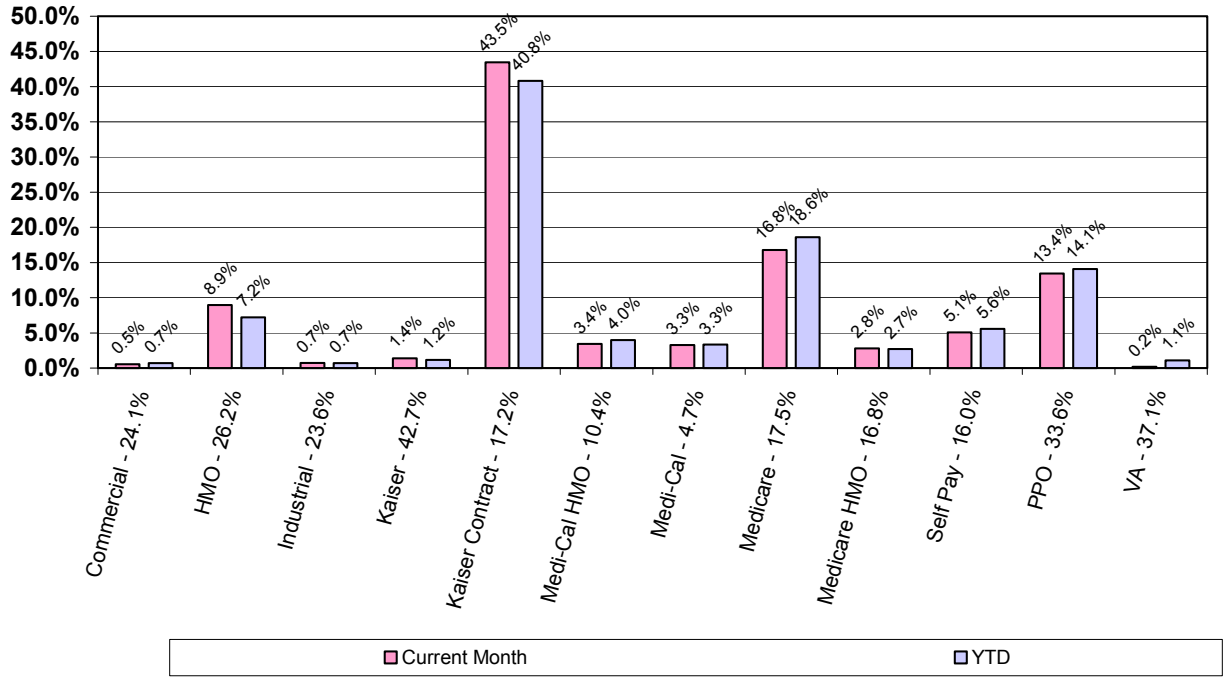
In October, 75.8% of the Sub-Acute programs gross revenue was from Medi-Cal beneficiaries followed by 30.1% from Kaiser and 8.0% from Medicare as is seen in the graph below. The negative gross revenue percentages represent reclassifications of year-to-date gross revenues that were subsequently determined to be attributable other payor classifications that were corrected in October.

Inpatient Sub-Acute Care Payor Mix



The outpatient gross revenue payor mix for October was comprised of 43.5% Kaiser, 18.8% Medicare, 13.4% PPO and 8.9% HMO and is shown on the following graph.

Outpatient Services Payor Mix



Deductions From Revenue

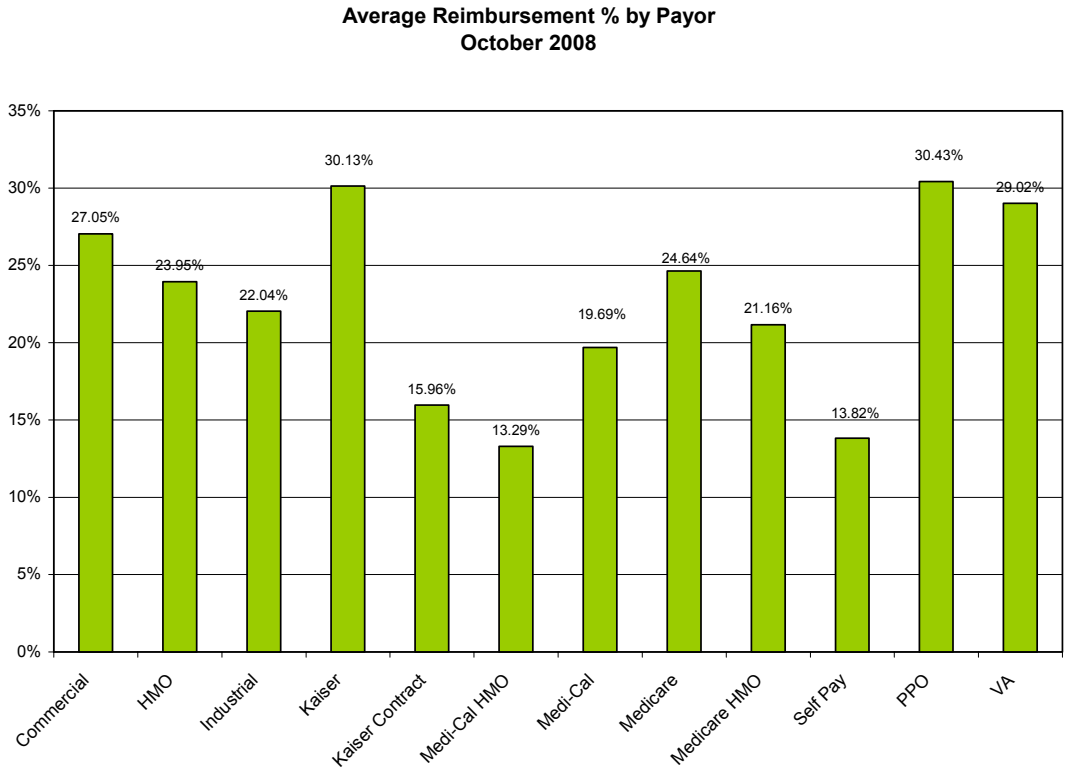
Contractual allowances are computed as deductions from gross patient revenues based on the difference between gross patient charges and the contractually agreed upon rates of reimbursement with third party government-based programs such as Medicare, Medi-Cal and other third party payors such as Blue Cross.

In the month of October contractual allowances, bad debt and charity adjustments (as a percentage of gross patient charges) were 78.7% versus the budgeted 77.0%. This increase in contractual reserves in the month of October is partially attributable to recently enacted legislation, AB 1183, the Health Budget Trailer Bill, which requires a reduction to the interim payment for inpatient services provided by hospitals that do not participate in the Selective Provider Contracting Program (commonly known as non-contract hospitals), unless the hospital meets exemption criteria contained in the bill. Effective October 1, 2008, AB 1183 requires the Department of Health Care Services (DHCS) to limit the amount paid to non-contract hospitals for inpatient services to the lesser of the interim per diem rate (28% of gross Medi-Cal patient charges) reduced by 10%, or the applicable regional average per diem contract rate for tertiary and non-tertiary hospitals ($1,682 per Medi-Cal patient day) reduced by 5%. This resulted in additional contractual reserves of approximately $72,000 of which approximately $48,000 was unbudgeted. In addition to the impact on inpatient Medi-Cal reimbursement October marked the first month of additional withholds on Medi-Cal Long-term care and outpatient services. These additional withholds resulted in additional contractual allowances of approximately $54,000.

In October there were again no DRG "take backs" associated with the Recovery Audit Contractor (RAC) project. However, the new National Recovery Audit program is to be phased in state-by-state starting in the fall of 2008. A new RAC contractor has been selected by CMS for California, HealthDataInsights, Inc., with California RAC audits slated to resume in 2009.

Net Patient Service Revenue

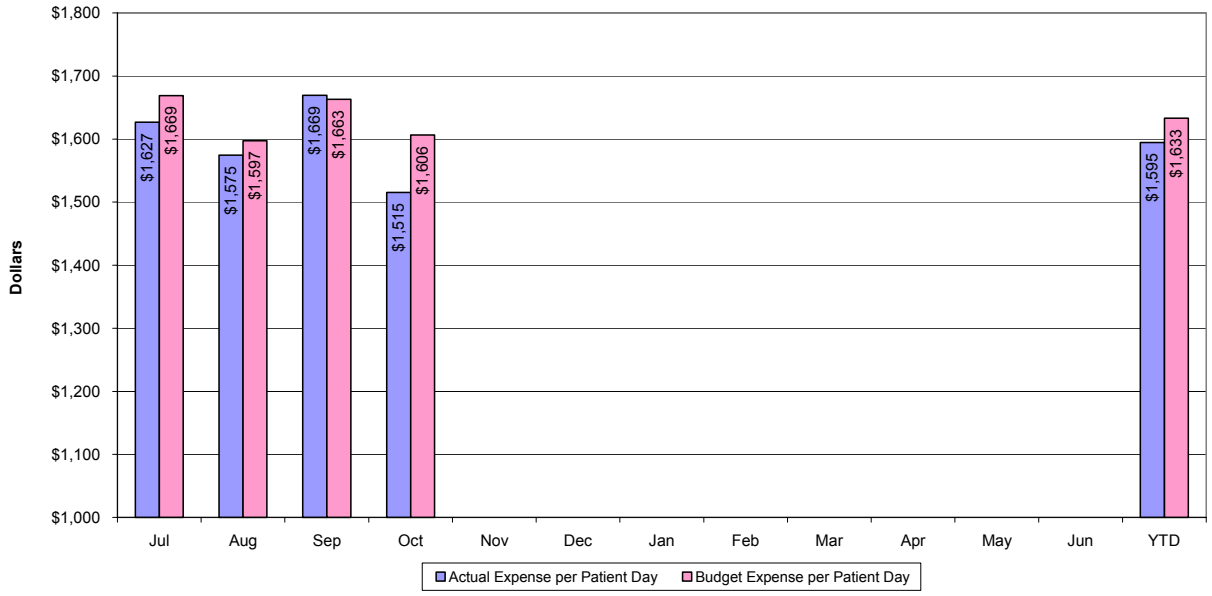
Net patient service revenues are the resulting difference between gross patient charges and the deductions from revenue. This difference reflects what the actual anticipated cash payments the Hospital is to receive for the services provided. The graph on the following page shows the level of estimated reimbursement that the Hospital has experienced during the current month of fiscal year 2009 by major payor category.



Total Operating Expenses

Total operating expenses were greater than the fixed budget by $35,958 or 0.7%. However, due to the greater than budgeted number of patient days, this unfavorable variance in fixed operating expenses resulted in a favorable variance from budget of 5.7%. The graph of the following page shows the hospital operating expenses on an adjusted patient day basis for the 2009 fiscal year by month.

Expenses Per Adjusted Patient Day

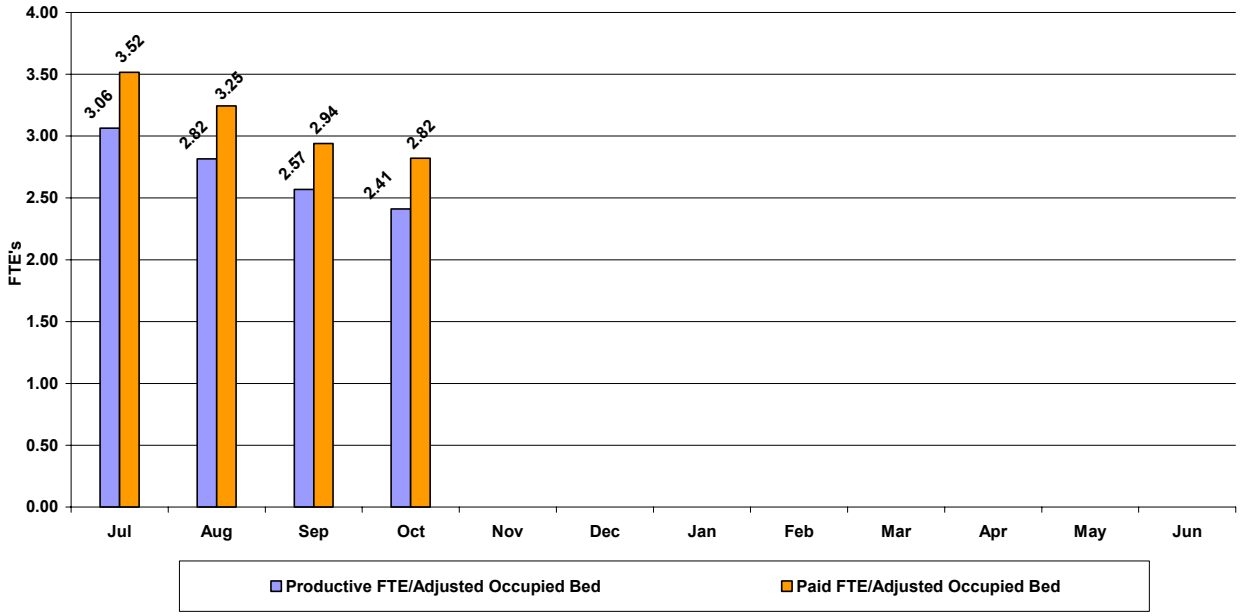


The following discusses the significant areas that make up the variance from the fixed operating budget.

Salary and Registry Expenses

Salary and registry costs combined were unfavorable to budget by $100,883, with the majority of the unfavorable variance ($108,666) in the registry category. This increase in gross salary costs was related to increased volume during the month as the combined salary and registry costs per adjusted patient day were $837 versus the budgeted $856 resulting in a favorable variance of $19 per adjusted patient day for the month. For the four months ending October 31, 2008, the hospital is $84,361 unfavorable to the fixed budget but remains $23 per adjusted patient day favorable to budget. Combined productive FTE's per adjusted occupied bed was 2.41 in October versus the budgeted 2.45. The graph on the following page shows the combined (Hospital including South Shore) productive and paid FTE's per adjusted occupied bed for FY 2009.

FTE's per Adjusted Occupied Bed



Benefits
For the month of October benefit costs were favorable to budget by $23,860 and was the result of lower than budgeted amounts for vacation accruals, $74,825 offset by the write-off of the remaining $90,000 receivable from the Principal / DC risk settlement in which the final settlement was only $70,000.

Supplies
Supply costs were $53,093 or 7.2% unfavorable to budget in October. This variance from the fixed operating budget was the result of greater than budgeted costs for pharmaceutical supplies of $29,910 and central supply costs which were over budget by $28,000.

Purchased Services
Purchased services expense was $97,147 favorable to budget in October primarily as a result of the reversal of approximately $70,000 of accruals for unemployment insurance that was expensed to this classification in the prior year and $10,000 for general vascular services that was not incurred in October.

Insurance
Insurance costs continue to be under budget as result of the favorable experience in our professional liability insurance program. We expect that for FY 2009 a savings of approximately 25% will be achieved in professional liability insurance rates over that of the prior year due to improved loss experience. In addition, in October we received our annual dividend credit totaling $45K from Beta which resulted from our improved loss ratio and the length of time that we have been insured by Beta.

Other Operating Expenses
This category exceeded the fixed operating budget by $17,246 in the month of October as a result of the following:

- The final billing related to the Achieve Mentors mentoring program of $16,646 was incurred in October.
- Recruitment expense of $14,250 was incurred in October related to the placement of our new Director of the Radiology department.

ALAMEDA HOSPITAL
Balance Sheet
October 31, 2008

	October 31, 2008	September 30, 2008	Audited June 30, 2008
Assets			
Current assets:			
Cash and cash equivalents	$ 1,444,520	$ 2,626,970	$ 4,520,157
Net Accounts Receivable	8,218,420	8,654,711	7,944,522
Net Accounts Receivable %	21.86%	20.33%	20.17%
Inventories	1,012,723	1,054,838	1,048,503
Est.Third-party payer settlement receivable	293,335	283,250	245,115
Other assets	6,946,648	6,970,839	7,270,116
Total Current Assets	17,915,647	19,590,608	21,028,413
Restricted by contributors and grantors for capital acquisitions and research-Jaber Estate	512,931	638,057	602,817
Total fixed assets, net of accumulated depreciation	7,287,745	7,314,979	7,450,244
Total Assets	$ 25,716,322	$ 27,543,644	$ 29,081,474
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable and accrued expenses	4,763,710	5,219,780	5,423,290
Loans Payable	2,340,000	2,358,135	2,400,000
Payroll and benefit related accruals	4,318,013	5,052,225	4,099,642
Est.Third-party payer settlement payable	1,893,006	1,893,006	1,893,006
Other liabilities	4,683,860	5,160,860	7,351,860
Total Current Liabilities	17,998,590	19,684,006	21,167,798
Long-Term Liabilities:			
Long-term pension liabilities	(52,678)	(33,737)	(65,212)
Long-term IBNR reserves	120,000	120,000	120,000
Capitalized Lease payable	147,632	232,473	425,862
Total Long-Term Liabilities	214,954	318,736	480,650
Total Liabilities	18,213,544	20,002,742	21,648,448
Net Assets			
Unrestricted Funds	6,989,848	6,921,595	6,830,209
Restricted Funds	512,931	619,307	602,817
Net Assets	7,502,779	7,540,902	7,433,026
Total Liabilities and Net Assets	$ 25,716,322	$ 27,543,644	$ 29,081,474

ALAMEDA HOSPITAL - COMBINED
Summary Statement of Revenues, Expenses
For the Four Months Ended October 31, 2008

	Current Month - Fixed Budget					Year to Date - Fixed Budget				
	Actual	Budget	Variance	Var %	Jul 07	Actual	Budget	Variance	Var %	FY07
Operating revenues:										
IP Revenue	$ 13,434,025	$ 12,727,801	$ 706,224	5.5%	$ 10,827,038	$ 51,786,663	$ 50,267,852	$ 1,518,811	3.0%	$ 44,945,448
OP Revenue	10,206,615	9,845,638	360,977	3.7%	7,934,857	39,459,083	37,026,404	2,432,679	6.6%	33,443,676
Total revenue	$ 23,640,641	$ 22,573,439	$ 1,067,202	4.7%	$ 18,761,895	$ 91,245,746	$ 87,294,256	$ 3,951,490	4.5%	$ 78,389,125
Less: Deductions from Revenue	(17,818,848)	(16,647,166)	(1,171,682)	-7.0%	(14,205,829)	(67,228,515)	(63,896,524)	(3,331,990)	-5.2%	(59,673,795)
Bad Debt	(495,666)	(446,100)	(49,567)	-11.1%	(2,872)	(2,966,707)	(2,670,037)	(296,671)	-11.1%	(561,946)
Charity	(198,374)	(178,536)	(19,837)	-11.1%	(189,214)	(458,171)	(412,354)	(45,817)	-11.1%	(471,505)
Net patient service revenue	$ 5,127,753	$ 5,301,637	$ (173,884)	-3.3%	$ 4,363,980	$ 20,592,353	$ 20,315,341	$ 277,012	1.4%	$ 17,681,878
	21.69%	23.49%			23.26%	22.57%	23.27%			22.56%
Other revenue	10,969	10,040	929	9.3%	8,322	43,780	40,160	3,620	9.0%	43,130
Total operating revenues	$ 5,138,722	$ 5,311,677	$ (172,955)	-3.3%	$ 4,372,302	$ 20,636,134	$ 20,355,501	$ 280,633	1.4%	$ 17,725,008
Operating expenses:										
Salaries	$ 2,933,392	$ 2,924,002	$ (9,390)	-0.3%	$ 2,580,200	$ 11,285,244	$ 11,585,725	$ 300,481	2.6%	$ 10,602,113
Registry	224,560	115,894	(108,666)	-93.8%	106,285	824,211	460,086	(364,125)	-79.1%	503,733
Benefits	823,673	875,218	51,546	5.9%	571,732	3,363,433	3,459,196	95,763	2.8%	2,339,130
Professional Fees	295,228	282,408	(12,820)	-4.5%	306,282	1,249,972	1,128,259	(121,713)	-10.8%	1,271,165
Supplies	806,690	751,095	(55,595)	-7.4%	698,312	3,093,657	2,934,578	(159,079)	-5.4%	2,887,164
Purchase Services	253,392	345,295	91,903	26.6%	307,184	1,289,866	1,378,930	89,064	6.5%	1,219,081
Rents and Leases	62,566	54,927	(7,639)	-13.9%	44,748	243,228	207,925	(35,303)	-17.0%	188,941
Utilities and Telephone	70,938	75,634	4,696	6.2%	57,998	285,908	296,491	10,583	3.6%	251,024
Insurance	2,757	59,287	56,530	95.3%	59,408	142,711	238,205	95,494	40.1%	237,544
Interest Expense	11,543	12,132	589	4.9%	9,764	50,778	48,527	(2,251)	-4.6%	39,976
Depreciation and amortization	122,319	113,448	(8,871)	-7.8%	166,740	493,693	452,266	(41,427)	-9.2%	667,429
Other Operating Expenses	85,317	67,068	(18,249)	-27.2%	44,882	281,963	265,716	(16,247)	-6.1%	158,016
Total operating expenses	$ 5,692,374	$ 5,676,408	$ (15,966)	-0.3%	$ 4,953,535	$ 22,604,663	$ 22,455,904	$ (148,759)	-0.7%	$ 20,365,317
Operating gain (loss)	$ (553,653)	$ (364,731)	$ (188,922)	-51.8%	$ (581,233)	$ (1,968,529)	$ (2,100,403)	$ 131,874	6.3%	$ (2,640,309)
Non-operating revenues (expenses):	$ 502,993	$ 510,213	$ (7,220)	-1.4%	$ 513,427	$ 2,009,257	$ 2,040,852	$ (31,595)	-1.5%	$ 2,072,721
Excess of revenues over expenses	(50,660)	145,482	(196,142)	134.8%	(67,806)	40,728	(59,551)	100,279	168.4%	(567,588)

ALAMEDA HOSPITAL - HOSPITAL ONLY
Summary Statement of Revenues, Expenses
For the Four Months Ended October 31, 2008

	Current Month - Fixed Budget					Year to Date - Fixed Budget				
	Actual	Budget	Variance	Var %	Jul 07	Actual	Budget	Variance	Var %	FY07
Operating revenues:										
IP Revenue	$ 12,948,085	$ 12,317,660	$ 630,425	5.1%	$ 10,827,038	$ 50,657,317	$ 49,296,185	$ 1,361,132	2.8%	$ 44,945,448
OP Revenue	10,206,615	9,845,638	360,977	3.7%	7,934,857	39,459,083	37,026,404	2,432,679	6.6%	33,443,676
Total revenue	$ 23,154,700	$ 22,163,298	$ 991,402	4.5%	$ 18,761,895	$ 90,116,401	$ 86,322,589	$ 3,793,812	4.4%	$ 78,389,125
Less: Deductions from Revenue	(17,525,051)	(16,439,122)	(1,085,929)	-6.6%	(14,205,829)	(66,524,465)	(63,403,753)	(3,120,711)	-4.9%	(59,673,795)
Bad Debt	(495,666)	(446,100)	(49,567)	-11.1%	(2,872)	(2,966,707)	(2,670,037)	(296,671)	-11.1%	(561,946)
Charity	(198,374)	(178,536)	(19,837)	-11.1%	(189,214)	(458,171)	(412,354)	(45,817)	-11.1%	(471,505)
Net patient service revenue	$ 4,935,609	$ 5,099,540	$ (163,931)	-3.2%	$ 4,363,980	$ 20,167,058	$ 19,836,445	$ 330,613	1.7%	$ 17,681,878
	21.32%	23.01%			23.26%	22.38%	22.98%			22.56%
Other revenue	10,969	10,040	929	9.3%	8,322	43,780	40,160	3,620	9.0%	43,130
Total operating revenues	$ 4,946,578	$ 5,109,580	$ (163,002)	-3.2%	$ 4,372,302	$ 20,210,838	$ 19,876,605	$ 334,233	1.7%	$ 17,725,008
Operating expenses:										
Salaries	$ 2,824,566	$ 2,808,489	$ (16,077)	-0.6%	$ 2,580,200	$ 11,027,078	$ 11,306,842	$ 279,764	2.5%	$ 10,602,113
Registry	224,560	115,894	(108,666)	-93.8%	106,285	824,211	460,086	(364,125)	-79.1%	503,733
Benefits	817,986	841,845	23,860	2.8%	571,732	3,349,345	3,377,104	27,759	0.8%	2,339,130
Professional Fees	277,625	269,006	(8,619)	-3.2%	306,282	1,185,505	1,076,025	(109,480)	-10.2%	1,271,165
Supplies	794,193	741,100	(53,093)	-7.2%	698,312	3,063,899	2,909,828	(154,071)	-5.3%	2,887,164
Purchase Services	246,668	343,815	97,147	28.3%	307,184	1,276,405	1,375,265	98,860	7.2%	1,219,081
Rents and Leases	54,734	47,195	(7,539)	-16.0%	44,748	224,270	188,778	(35,492)	-18.8%	188,941
Utilities and Telephone	67,046	73,088	6,042	8.3%	57,998	279,463	290,187	10,724	3.7%	251,024
Insurance	1,728	58,433	56,705	97.0%	59,408	140,243	236,090	95,847	40.6%	237,544
Interest Expense	11,543	12,132	589	4.9%	9,764	50,778	48,527	(2,251)	-4.6%	39,976
Depreciation and amortization	121,507	112,446	(9,061)	-8.1%	166,740	491,513	449,784	(41,729)	-9.3%	667,429
Other Operating Expenses	83,188	65,942	(17,246)	-26.2%	44,882	277,114	262,927	(14,187)	-5.4%	158,016
Total operating expenses	$ 5,525,343	$ 5,489,385	$ (35,958)	-0.7%	$ 4,953,535	$ 22,189,823	$ 21,981,443	$ (208,380)	-0.9%	$ 20,365,317
Operating gain (loss)	$ (578,765)	$ (379,805)	$ (198,960)	-52.4%	$ (581,233)	$ (1,978,985)	$ (2,104,838)	$ 125,853	6.0%	$ (2,640,309)
Non-operating revenues (expenses):	$ 501,457	$ 510,213	$ (8,756)	-1.7%	$ 513,427	$ 2,007,722	$ 2,040,852	$ (33,131)	-1.6%	$ 2,072,721
Excess of revenues over expenses	(77,308)	130,408	(207,716)	159.3%	(67,806)	28,736	(63,986)	92,722	144.9%	(567,588)

ALAMEDA HOSPITAL - SOUTH SHORE ONLY
Summary Statement of Revenues, Expenses
For the Four Months Ended October 31, 2008

	Current Month - Fixed Budget					Year to Date - Fixed Budget				
	Actual	Budget	Variance	Var %	Jul 07	Actual	Budget	Variance	Var %	FY07
Operating revenues:										
IP Revenue	$ 485,940	$ 410,141	$ 75,799	18.5%	$ -	$ 1,129,346	$ 971,667	$ 157,679	16.2%	$ -
OP Revenue	-	-	-	0.0%	-	-	-	-	0.0%	-
Total revenue	$ 485,940	$ 410,141	$ 75,799	18.5%	$ -	$ 1,129,346	$ 971,667	$ 157,679	16.2%	$ -
Less: Deductions from Revenue	(293,797)	(208,044)	(85,753)	-41.2%	-	(704,050)	(492,771)	(211,279)	-42.9%	-
Bad Debt	-	-	-	0.0%	-	-	-	-	0.0%	-
Charity	-	-	-	0.0%	-	-	-	-	0.0%	-
Net patient service revenue	$ 192,143	$ 202,097	$ (9,954)	-4.9%	$ -	$ 425,296	$ 478,896	$ (53,600)	-11.2%	$ -
	39.54%	49.28%			0.00%	37.66%	49.29%			0.00%
Other revenue	-	-	-	0.0%	-	-	-	-	0.0%	-
Total operating revenues	$ 192,143	$ 202,097	$ (9,954)	-4.9%	$ -	$ 425,296	$ 478,896	$ (53,600)	-11.2%	$ -
Operating expenses:										
Salaries	$ 108,826	$ 115,513	$ 6,687	5.8%	$ -	$ 258,166	$ 278,883	$ 20,717	7.4%	$ -
Registry	-	-	-	0.0%	-	-	-	-	0.0%	-
Benefits	5,687	33,373	27,686	83.0%	-	14,088	82,092	68,004	82.8%	-
Professional Fees	17,603	13,402	(4,201)	-31.3%	-	64,467	52,234	(12,233)	-23.4%	-
Supplies	12,497	9,995	(2,502)	-25.0%	-	29,758	24,750	(5,008)	-20.2%	-
Purchase Services	6,724	1,480	(5,244)	-354.3%	-	13,461	3,665	(9,796)	-267.3%	-
Rents and Leases	7,832	7,732	(100)	-1.3%	-	18,958	19,147	189	1.0%	-
Utilities and Telephone	3,892	2,546	(1,346)	-52.9%	-	6,445	6,304	(141)	-2.2%	-
Insurance	1,029	854	(175)	-20.5%	-	2,468	2,115	(353)	-16.7%	-
Interest Expense	-	-	-	0.0%	-	-	-	-	0.0%	-
Depreciation and amortization	812	1,002	190	19.0%	-	2,180	2,482	302	12.2%	-
Other Operating Expenses	2,129	1,126	(1,003)	-89.1%	-	4,849	2,789	(2,060)	-73.9%	-
Total operating expenses	$ 167,031	$ 187,023	$ 19,992	10.7%	$ -	$ 414,840	$ 474,461	$ 59,621	12.6%	$ -
Operating gain (loss)	$ 25,112	$ 15,074	$ 10,038	66.6%	$ -	$ 10,456	$ 4,435	$ 6,021	-135.8%	$ -
Non-operating revenues (expenses):	$ -	$ -	$ -	0.0%	$ -	$ -	$ -	$ -	0.0%	$ -
Excess of revenues over expenses	25,112	15,074	10,038	66.6%	-	10,456	4,435	6,021	-135.8%	-

ALAMEDA HOSPITAL - COMBINED
Summary Statement of Revenues, Expenses
For the Four Months Ended October 31, 2008

	Current Month - Per Adjusted Patient Day					Year to Date - Per Adjusted Patient Day				
	Actual	Budget	Variance	Var %	July 07	Actual	Budget	Variance	Var %	FY07
Operating revenues:										
IP Revenue	$ 2,803	$ 2,780	$ 23	0.8%	$ 3,306	$ 3,112	$ 3,113	$ (1)	0.0%	$ 3,504
OP Revenue	2,130	2,151	(21)	-1.0%	2,423	2,371	2,293	78	3.4%	2,607
Total revenue	$ 4,933	$ 4,931	$ 2	0.0%	$ 5,729	$ 5,483	$ 5,406	$ 77	1.4%	$ 6,111
Less: Deductions from Revenue	(3,718)	(3,636)	(82)	-2.3%	(4,338)	(4,040)	(3,957)	(83)	-2.1%	(4,653)
Bad Debt	(103)	(97)	(6)	-6.2%	(1)	(178)	(165)	(13)	-7.9%	(44)
Charity	(41)	(39)	(2)	-5.1%	(58)	(28)	(26)	(2)	-7.7%	(37)
Net patient service revenue	$ 1,071	$ 1,159	$ (88)	-7.6%	$ 1,332	$ 1,237	$ 1,258	$ (21)	-1.7%	$ 1,377
	21.71%	23.50%			23.25%	22.56%	23.27%			22.53%
Other revenue	2	2	-	0.0%	3	3	2	1	50.0%	3
Total operating revenues	$ 1,073	$ 1,161	$ (88)	-7.6%	$ 1,335	$ 1,240	$ 1,260	$ (20)	-1.6%	$ 1,380
Operating expenses:										
Salaries	$ 612	$ 639	$ 27	4.2%	$ 788	$ 678	$ 718	$ 40	5.6%	$ 827
Registry	47	25	(22)	-88.0%	32	50	28	(22)	-78.6%	39
Benefits	172	191	19	9.9%	175	202	214	12	5.6%	182
Professional Fees	62	62	-	0.0%	94	75	70	(5)	-7.1%	99
Supplies	168	164	(4)	-2.4%	213	186	182	(4)	-2.2%	225
Purchase Services	53	75	22	29.3%	94	78	85	7	8.2%	95
Rents and Leases	13	12	(1)	-8.3%	14	15	13	(2)	-15.4%	15
Utilities and Telephone	15	17	2	11.8%	18	17	18	1	5.6%	20
Insurance	1	13	12	92.3%	18	9	15	6	40.0%	19
Interest Expense	2	3	1	33.3%	3	3	3	-	0.0%	3
Depreciation and amortization	26	25	(1)	-4.0%	51	30	28	(2)	-7.1%	52
Other Operating Expenses	18	15	(3)	-20.0%	14	17	16	(1)	-6.3%	12
Total operating expenses	$ 1,189	$ 1,241	$ 52	4.2%	$ 1,514	$ 1,360	$ 1,390	$ 30	2.2%	$ 1,588
Operating gain (loss)	$ (116)	$ (80)	$ (36)	-45.0%	$ (179)	$ (120)	$ (130)	$ 10	7.7%	$ (208)
Non-operating revenues (expenses):	$ 105	$ 111	$ (6)	-5.4%	$ 157	$ 121	$ 126	$ (5)	-4.0%	$ 162
Excess of revenues over expenses	(11)	31	(42)	135.5%	(22)	1	(4)	5	125.0%	(46)

ALAMEDA HOSPITAL - HOSPITAL ONLY
Summary Statement of Revenues, Expenses
For the Four Months Ended October 31, 2008

	Current Month - Per Adjusted Patient Day					Year to Date - Per Adjusted Patient Day				
	Actual	Budget	Variance	Var %	July 07	Actual	Budget	Variance	Var %	FY07
Operating revenues:										
IP Revenue	$ 3,551	$ 3,605	$ (54)	-1.5%	$ 3,490	$ 3,639	$ 3,663	$ (24)	-0.7%	$ 3,690
OP Revenue	2,799	2,881	(82)	-2.8%	2,558	2,835	2,751	84	3.1%	2,746
Total revenue	$ 6,350	$ 6,486	$ (136)	-2.1%	$ 6,048	$ 6,474	$ 6,414	$ 60	0.9%	$ 6,436
Less: Deductions from Revenue	(4,807)	(4,811)	4	0.1%	(4,580)	(4,779)	(4,711)	(68)	-1.4%	(4,899)
Bad Debt	(136)	(131)	(5)	-3.8%	(1)	(213)	(198)	(15)	-7.6%	(46)
Charity	(54)	(52)	(2)	-3.8%	(61)	(33)	(31)	(2)	-6.5%	(39)
Net patient service revenue	$ 1,353	$ 1,492	$ (139)	-9.3%	$ 1,406	$ 1,449	$ 1,474	$ (25)	-1.7%	$ 1,452
	21.31%	23.00%			23.25%	22.38%	22.98%			22.56%
Other revenue	3	3	-	0.0%	3	3	3	-	0.0%	4
Total operating revenues	$ 1,356	$ 1,495	$ (139)	-9.3%	$ 1,409	$ 1,452	$ 1,477	$ (25)	-1.7%	$ 1,456
Operating expenses:										
Salaries	$ 775	$ 822	$ 47	5.7%	$ 832	$ 792	$ 840	$ 48	5.7%	$ 870
Registry	62	34	(28)	-82.4%	34	59	34	(25)	-73.5%	41
Benefits	224	246	22	8.9%	184	241	251	10	4.0%	192
Professional Fees	76	79	3	3.8%	99	85	80	(5)	-6.3%	104
Supplies	218	217	(1)	-0.5%	225	220	216	(4)	-1.9%	237
Purchase Services	68	101	33	32.7%	99	92	102	10	9.8%	100
Rents and Leases	15	14	(1)	-7.1%	14	16	14	(2)	-14.3%	16
Utilities and Telephone	18	21	3	14.3%	19	20	22	2	9.1%	21
Insurance	-	17	17	100.0%	19	10	18	8	44.4%	20
Interest Expense	3	4	1	25.0%	3	4	4	-	0.0%	3
Depreciation and amortization	33	33	-	0.0%	54	35	33	(2)	-6.1%	55
Other Operating Expenses	23	19	(4)	-21.1%	14	20	20	-	0.0%	13
Total operating expenses	$ 1,515	$ 1,607	$ 92	5.7%	$ 1,596	$ 1,594	$ 1,634	$ 40	2.4%	$ 1,672
Operating gain (loss)	$ (159)	$ (112)	$ (47)	-42.0%	$ (187)	$ (142)	$ (157)	$ 15	9.6%	$ (216)
Non-operating revenues (expenses):	$ 138	$ 149	$ (11)	-7.4%	$ 166	$ 144	$ 152	$ (8)	-5.3%	$ 170
Excess of revenues over expenses	(21)	37	(58)	156.8%	(21)	2	(5)	7	140.0%	(46)

ALAMEDA HOSPITAL - SOUTH SHORE ONLY
Summary Statement of Revenues, Expenses
For the Four Months Ended October 31, 2008

	Current Month - Per Adjusted Patient Day					Year to Date - Per Adjusted Patient Day				
	Actual	Budget	Variance	Var %	July 07	Actual	Budget	Variance	Var %	FY07
Operating revenues:										
IP Revenue	$ 710	$ 601	$ 109	18.1%	$ -	$ 698	$ 603	$ 95	15.8%	$ -
OP Revenue	-	-	-	0.0%	-	-	-	-	0.0%	-
Total revenue	$ 710	$ 601	$ 109	18.1%	$ -	$ 698	$ 603	$ 95	15.8%	$ -
Less: Deductions from Revenue	(430)	(305)	(125)	-41.0%	-	(435)	(306)	(129)	-42.2%	-
Bad Debt	-	-	-	0.0%	-	-	-	-	0.0%	-
Charity	-	-	-	0.0%	-	-	-	-	0.0%	-
Net patient service revenue	$ 280	$ 296	$ (16)	-5.4%	$ -	$ 263	$ 297	$ (34)	-11.4%	$ -
	39.44%	49.25%			0.00%	37.68%	49.25%			0.00%
Other revenue	-	-	-	0.0%	-	-	-	-	0.0%	-
Total operating revenues	$ 280	$ 296	$ (16)	-5.4%	$ -	$ 263	$ 297	$ (34)	-11.4%	$ -
Operating expenses:										
Salaries	$ 159	$ 169	$ 10	5.9%	$ -	$ 159	$ 173	$ 14	8.1%	$ -
Registry	-	-	-	0.0%	-	-	-	-	0.0%	-
Benefits	8	49	41	83.7%	-	9	51	42	82.4%	-
Professional Fees	26	20	(6)	-30.0%	-	40	32	(8)	-25.0%	-
Supplies	18	15	(3)	-20.0%	-	18	15	(3)	-20.0%	-
Purchase Services	10	2	(8)	-400.0%	-	8	2	(6)	-300.0%	-
Rents and Leases	11	11	-	0.0%	-	12	12	-	0.0%	-
Utilities and Telephone	6	4	(2)	-50.0%	-	4	4	-	0.0%	-
Insurance	2	1	(1)	-100.0%	-	2	1	(1)	-100.0%	-
Interest Expense	-	-	-	0.0%	-	-	-	-	0.0%	-
Depreciation and amortization	1	1	-	0.0%	-	1	2	1	50.0%	-
Other Operating Expenses	3	2	(1)	-50.0%	-	3	2	(1)	-50.0%	-
Total operating expenses	$ 244	$ 274	$ 30	10.9%	$ -	$ 256	$ 294	$ 38	12.9%	$ -
Operating gain (loss)	$ 36	$ 22	$ 14	63.6%	$ -	$ 7	$ 3	$ 4	-133.3%	$ -
Non-operating revenues (expenses):	$ -	$ -	$ -	0.0%	$ -	$ -	$ -	$ -	0.0%	$ -
Excess of revenues over expenses	36	22	14	63.6%	-	7	3	4	-133.3%	-

ALAMEDA HOSPITAL
KEY STATISTICS
October, 2008

	ACTUAL OCTOBER 2008	CURRENT FIXED BUDGET	VARIANCE (UNDER) OVER	%	OCTOBER 2007	YTD OCTOBER 2008	YTD FIXED BUDGET	VARIANCE	%	YTD OCTOBER 2007
Discharges:										
Total Acute	253	221	32	14.5%	238	926	908	18	2.0%	922
Total Sub-Acute	4	2	2	100.0%	-	15	8	7	87.5%	5
Total Skilled Nursing	17	9	8	88.9%	11	31	21	10	47.6%	35
	274	223	42	18.8%	249	941	916	35	3.8%	962
Patient Days:										
Total Acute	1,016	884	132	14.9%	911	3,810	3,632	178	4.9%	3,563
Total Sub-Acute	1,023	1,015	8	0.8%	879	4,015	4,054	(39)	-1.0%	3,421
Total Skilled Nursing	684	682	2	0.3%	100	1,619	1,612	7	0.4%	370
	2,723	2,581	142	5.5%	1,890	9,444	9,298	146	1.6%	7,354
Average Length of Stay										
Total Acute	4.02	4.00	0.02	0.4%	3.83	4.11	4.00	0.11	2.9%	3.86
Average Daily Census										
Total Acute	32.77	28.52	4.26	14.9%	29.39	30.98	29.53	1.45	4.9%	28.97
Total Sub-Acute	33.00	32.74	0.26	0.8%	28.35	32.64	32.96	(0.32)	-1.0%	27.81
Total Skilled Nursing	22.06	22.00	0.06	0.3%	3.23	21.30	21.21	0.09	0.4%	3.01
	87.84	83.26	4.58	5.5%	60.97	84.92	83.70	1.13	1.4%	59.79
Emergency Room Visits	1,379	1,478	(99)	-6.7%	1,534	5,453	5,894	(441)	-7.5%	5,849
Outpatient Registrations	2,713	2,641	72	2.7%	2,801	10,236	10,197	39	0.4%	10,229
Surgery Cases:										
Inpatient	71	59	12	20.3%	60	241	218	23	10.6%	230
Outpatient	466	389	77	19.8%	397	1,745	1,439	306	21.3%	1,542
	537	448	89	19.9%	457	1,986	1,657	329	19.9%	1,772
Kaiser Inpatient Cases	7	-	7	-	2	35	-	35	-	19
Kaiser Eye Cases	187	143	44	30.8%	149	668	485	183	37.7%	551
Kaiser Outpatient Cases	177	137	40	29.2%	116	648	521	127	24.4%	502
Total Kaiser Cases	371	280	91	32.5%	267	1,351	1,006	345	34.3%	1,072
% Kaiser Cases	69.1%	62.5%			58.4%	68.0%	60.7%			60.5%
Adjusted Occupied Bed	154.57	147.89	(6.68)	-4.5%	112.32	135.28	131.40	3.88	3.0%	103.74
Productive FTE	385.12	362.28	(22.84)	-6.3%	357.14	364.13	354.07	(10.06)	-2.8%	352.92
Total FTE	430.48	415.36	(15.12)	-3.6%	406.00	414.51	410.68	(3.83)	-0.9%	408.86
Productive FTE/Adj. Occ. Bed	2.49	2.45	(0.04)	-1.7%	3.18	2.69	2.69	0.00	0.1%	3.40
Total FTE/ Adj. Occ. Bed	2.79	2.81	0.02	0.8%	3.61	3.06	3.13	0.06	2.0%	3.94

ALAMEDA HOSPITAL

12 MONTH CASH PROJECTION

PERIOD COVERED:11/1/08 THRU 10/31/09

	COLLECTIONS		PROPERTY	W/C REFUND	OTHER	FY 2008		EST.	
MONTH	NON-KAISER	KAISER -USE	TAX[1]	NET		AB 915	TRANSFERS	DISBURSEMENTS	BALANCE[2]
NOV 08	3,762,169	760,000	467,566		147,116			5,116,395	93,350
DEC 08	4,290,000	760,000	477,000		50,000		(450,000)	5,116,395	103,955
JAN 09	4,100,000	760,000	477,000		50,000		(50,000)	5,350,096	90,858
FEB 09	3,800,000	760,000	477,000	200,000	50,000		80,000	5,354,977	102,881
MAR 09	4,510,000	760,000	477,000		50,000		(425,000)	5,354,977	119,904
APR 09	4,510,000	790,000	477,000		50,000		(450,000)	5,354,977	141,926
MAY 09	4,100,000	790,000	477,000		50,000		1,250,000	6,682,491	126,435
JUNE 09	4,620,000	790,000	477,000		50,000	180,000	(700,000)	5,391,161	152,275
JULY 09	4,620,000	790,000	477,000		50,000		80,000	6,038,285	130,990
AUG 09	4,515,000	790,000	477,000		50,000		110,000	5,944,612	128,378
SEP 09	4,515,000	790,000	477,000		50,000		110,000	5,944,612	125,767
OCT 09	4,840,000	790,000	477,000		50,000		150,000	6,299,854	132,913
TOTALS	52,182,169	9,330,000	5,714,566	200,000	697,116	180,000	(295,000)	67,948,833	

Notes:

1. Property tax receipts will be held in an interest bearing investment account and transferred to the operating account as needed each month.
2. Reflects only cash held in concentration and disbursement accounts at month-end. An additional $1,907K and $1,081K is held on deposit in money market accounts at the Bank of Alameda and Merrill Lynch, respectively.

ALAMEDA HOSPITAL

12 Month Cash Projection - Disbursement Detail

PERIOD COVERED:11/1/08 THRU 10/31/09

	DISBURSEMENTS								TOTAL CASH
			13%						
MONTH	PAYROLL	PENSION	PAYROLL RELATED	Total Payroll	Health expense	Refund	A/P	Debt Service	OUTLAYS
NOV 08	2,307,895	60,500	250,000	2,618,395	278,000	20,000	2,151,716	48,284	5,116,395
DEC 08	2,307,895	60,500	250,000	2,618,395	278,000	20,000	2,151,654	48,346	5,116,395
JAN 09	2,511,346	90,750	250,000	2,852,096	278,000	20,000	2,151,583	48,417	5,350,096
FEB 09	2,546,477	60,500	250,000	2,856,977	278,000	20,000	2,151,489	48,511	5,354,977
MAR 09	2,546,477	60,500	250,000	2,856,977	278,000	20,000	2,151,441	48,559	5,354,977
APR 09	2,546,477	60,500	250,000	2,856,977	278,000	20,000	2,185,707	14,293	5,354,977
MAY 09	3,873,991 a	60,500	250,000	4,184,491	278,000	20,000	2,189,987	10,013	6,682,491
JUNE 09	2,582,661	60,500	250,000	2,893,161	278,000	20,000	2,189,933	10,067	5,391,161
JULY 09	3,136,112	60,500	343,673	3,540,285	278,000	20,000	2,189,891	10,109	6,038,285
AUG 09	3,136,112	60,500	250,000	3,446,612	278,000	20,000	2,189,842	10,158	5,944,612
SEP 09	3,136,112	60,500	250,000	3,446,612	278,000	20,000	2,189,842	10,158	5,944,612
OCT 09	4,704,168	60,500	250,000	3,801,854	278,000	20,000	2,189,842	10,158	6,299,854
TOTALS	35,335,723	756,250	3,093,673	37,972,833	3,336,000	240,000	26,082,928	317,072	67,948,833

a) 3 pay periods in the month

City of Alameda Health Care District
Policy 2008-0b
SIGNATURE AUTHORITY

I. PURPOSE

The District maintains a number of bank accounts for business purposes that require checks to be written and monies to be deposited and withdrawn in the normal course of business. This policy defines the responsibility and authorization limits for the disbursement of funds by the District to its vendors and employees by check.

II. POLICY

a. The Board of Directors authorizes the following officers and management positions to serve as the organizations check signors:

i. Board Members

1. President

2. Secretary

ii. Management

1. Chief Executive Officer

2. Chief Financial Officer

3. Associate Administrator

4. Chief Nursing Officer

5. Director of Physician Relations

6. Director of Quality and Risk Management

iii. Vendors

1. HealthComp Designee – Self insured health & dental claims payments

b. The Board of Directors authorizes the preparation and use of a facsimile signature of the Chief Executive Officer, in lieu of a manual signature which can be affixed to all hospital generated accounts payable and payroll related disbursements. A facsimile signature is defined to include, but is not limited to, the reproduction of any authorized signature by a photographic, photo static, or mechanical device. Facsimile signature does not include the use of a rubber stamp signature.

c. The Board of Directors authorizes the following signature requirements with regard to the dollar value of all disbursements:

    i. Disbursements of $9,999 or less require the authorized facsimile signature or in the case of a manually prepared check the manual signature of one of the authorized officers or management positions of the organization.

    ii. Disbursements of $10,000.00 or more requires the authorized facsimile signature and the manual signature of one of the authorized officers or management positions of the organization or in the case of a manually prepared check the manual signature of two of the authorized officers or management positions of the organization.

    iii. A log of all disbursements executed by facsimile signature will be reviewed once a month by the Chief Executive Officer or Associate Administrator.

City of Alameda Health Care District - Strategic Planning Document: 2009 - 2013

Our Mission: To be a general acute care hospital; to provide quality and personalized care; to attract and retain outstanding physicians, employees and volunteers; to grow consistent with community need and financial feasibility; to remain financially stable; and to be an effective health care district.

Our Vision: To be the provider of choice and the center of health care services for the community.

Strategic Vision: Serve as the primary resource for high quality healthcare services for Alameda and surrounding communities: serving as a direct provider, acting through partnerships, and working as a facilitator to ensure community access to required healthcare resources.

Strategic Pillars ↑ ↓ *Strategic Objectives (3-5 Year Outlook)*

Financial Strength	People	Quality/Service	Facilities/Technology	Physicians	Growth
Achieve long-term financial viability.	**Promote a culture of exemplary service through recruitment and retention practices that are founded on adherence to core performance standards and the continual development and celebration of our employees.**	**Achieve superior clinical and service results on a consistent basis.**	**Enhance our facility and technological capabilities to foster the achievement of our goals.**	**Ensure that the Hospital attracts qualified and capable physicians through collaboration and alignment.**	**Pursue fiscally responsible growth in services that target the healthcare needs of the community.**
Enhance financial and strategic relationship with payers	Maintain a compensation and benefit strategy that is competitive and rewards desired performance	Create a culture of quality and service that is aimed at helping us achieve our goals	Ensure that our technological investments include enhancement of hospital - physician connectivity and connectivity with community	Evaluate alternative models to attract new physicians to our facility (time share, 1206D, community clinic)	Using portfolio analysis as a guide, prioritize service line development and develop specific plans for growth
Seek other contracting opportunities (like Kaiser) to improve our financial standing	Establish performance standards that are comprehensive: capabilities, service, citizenship	Evaluate all access points to the organization to improve the patients/visitor experience: e.g., scheduling, admission, and billing	Identify organizations that can be collaborative partners in developing/expanding facilities: e.g., real estate, VA, other area healthcare systems, other districts	Develop standard IT connectivity package for physicians	Establish presence in industrial/occupational medicine through partnership/affiliation
Perform and maintain a portfolio analysis of service line profitability; create service line plans that match our target population, address service lines that are not performing up to expectations	Establish recruitment and hiring standards that are consistent with performance expectations	Create programs that celebrate exemplary service/quality performance/results	Assure systematic review of facility: flow, appearance, safety	Consider alignment with multiple medical groups/IPAs	Target city of Alameda population, to limit outmigration of residents who can be cared for at Alameda Hospital
Maintain our position in cost/expenses as compared to local/national benchmarks	Invest in our staff through annual training and education programs: service, capabilities, management	Restructure performance expectations and training to highlight quality and service	Develop a facility master plan that prepares for state seismic requirements and program/service plans	Complete annual medical staff development plan: identify community needs and ways to fill gaps either through direct recruitment or collaboration with other groups	Develop services and tools that would make us more accessible to our community
Enhance fundraising activities and programs	Create a recognition program to celebrate top performers in areas such as growth, quality, and service	Work collaboratively with medical staff leadership to assure physician engagement in quality/safety initiatives	Use technology to be more accessible/transparent to our community, by providing them access to information related to our services and performance	Develop directed strategies to strengthen affiliated physician practices (primary care, specialty services): e.g., group development, joint ventures; evaluate potential of implementing collaborative strategies with other healthcare organizations to enhance physician network and access to specialists for our community	Consider decentralized locations that could provide access points for outpatient/health enhancement services; pursue in collaboration with other parties as appropriate (e.g., Oakland Chinatown, Bay Farm, etc.)
Communicate value/benefits of parcel tax through transparency and accountability to the community	Tailor orientation program to make sure new staff have clear understanding of what is expected of them, and that celebrates their addition to the Alameda Hospital Team	Engage Hospital staff across all levels in active development of Alameda Hospital Culture	Utilize technology to improve our quality and service to the community through enhanced clinical processes	Evaluate off-island physicians for alignment opportunities that will help us expand our visibility and referral base	Enhance general public communication regarding services, quality outcomes; target Bay Farm population
			Develop capital plan that supports service line strategies, facilities and technology requirements	Implement outreach strategy, including evaluation of feasibility of satellite locations	Target recruitment of physician from areas that are vulnerable to change
				Engage physicians as central participants in the leadership of the Hospital	

Alameda Hospital

DATE: November 25, 2008

TO: City of Alameda Health Care District Board Directors

FROM: Deborah E. Stebbins, Chief Executive Officer

SUBJECT: 2009 District Board Meeting / Committee Dates

2009 District Board & Committee Meeting Dates:

1. The District Board meeting will change to the first Monday of the month instead of the Monday following the last Wednesday of the month.

2. Finance & Management Committee will continue to meet the last Wednesday of the month at 7:30 a.m.

3. Strategic Planning & Community Relations Committee is scheduled for the 3rd Tuesday of the month at 7:30 a.m.

4. Quality Improvement Committee 3rd Wednesday of the month at 7:30 a.m.

Recommendation: Management is recommending approval of the attached schedule for 2009.

2070 Clinton Avenue • Alameda, CA 94501 • TEL (510) 522-3700 • www.alamedahospital.org

Cityof Alameda Health Care District
Meeting Dates

	District Board	Finance & Management Committee	Strategic Planning & Community Relations Committee	Quality Improvement Committee
	First Monday of the Month	Last Wednesday of the month	3rd Tuesday of the Month	3rd Wednesday of the month
	Closed Session & Open Session	Open Session	Closed Session & Open Session	Closed Session
	5:30 p.m. / 7:30 p.m.	7:30 a.m.	7:30 a.m.	7:30 a.m.
	Dal Cielo Room / Board Room	Dal Cielo Room	Dal Cielo Room	Board Room
Jan-09	Monday, January 05, 2009	Wednesday, January 28, 2009	Tuesday, January 20, 2009	Wednesday, January 21, 2009
Feb-09	Monday, February 02, 2009	Wednesday, February 25, 2009	Tuesday, February 17, 2009	Wednesday, February 18, 2009
Mar-09	Monday, March 02, 2009	Wednesday, March 25, 2009	Tuesday, March 17, 2009	Wednesday, March 18, 2009
Apr-09	Monday, April 06, 2009	Wednesday, April 29, 2009	Tuesday, April 21, 2009	Wednesday, April 15, 2009
May-09	Monday, May 04, 2009	Wednesday, May 27, 2009	Tuesday, May 19, 2009	Wednesday, May 20, 2009
Jun-09	Monday, June 01, 2009	Wednesday, June 24, 2009	Tuesday, June 16, 2009	Wednesday, June 17, 2009
Jul-09	Monday, July 06, 2009	Wednesday, July 29, 2009	Tuesday, July 21, 2009	Wednesday, July 15, 2009
Aug-09	Monday, August 03, 2009	Wednesday, August 26, 2009	Tuesday, August 18, 2009	Wednesday, August 19, 2009
Sep-09	Monday, September 14, 2009	Wednesday, September 30, 2009	Tuesday, September 15, 2009	Tuesday, September 16, 2008
Oct-09	Monday, October 05, 2009	Wednesday, October 28, 2009	Tuesday, October 20, 2009	Tuesday, October 21, 2008
Nov-09	Monday, November 02, 2009	Wednesday, November 25, 2009	Tuesday, November 17, 2009	Wednesday, November 18, 2009
Dec-09	Monday, December 07, 2009	No Meeting	Tuesday, December 15, 2009	No Meeting

**September Board Meeting will be held on the 2nd Monday due to Labor Day being on the 1st Monday of the month.

CITY OF ALAMEDA HEALTH CARE DISTRICT
2004-0a
CONTRACT REVIEW POLICY

I. PURPOSE

The District has more than two hundred contracts and leases (as lessor and lessee, and with respect to both real and personal property) with various suppliers of goods and services, and space and equipment. This policy is based upon existing practice and establishes the formal process for board review and approval of contracts and leases (collectively "contracts") including guidelines for delegation of review and approval authority to the Chief Executive Officer.

II. POLICY

This policy applies to contracts already in place (existing contracts) and to new contracts.

A. **Existing Contracts**: The board delegates to the Chief Executive Officer the authority to continue or renew existing contracts. However, the board will review the renewal of any existing contract that exceeds budgeted amounts by $50,000 or if it has a dollar value of $100,000 or more and it has been previously renewed 3 times.

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B. **New Contracts:** The board delegates to the Chief Executive Officer the authority to review and approve new contracts with suppliers of goods and services, and lessors and lessees of space and equipment, with the following exceptions:

1. New contracts with a dollar value greater than $100,000 except routine contracts for registry or traveling personnel which authority the board delegates to the CEO on an ongoing basis.

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2. New contracts of high strategic importance even if the value is less than $25,000. Strategic importance means or includes, but is not limited to, contracts for other than routine patient services with (a) competing health care organizations, (b) public agencies, or (c) City of Alameda based community not-for-profit agencies.

3. New related party contracts including contracts with physicians (unless entered into pursuant to Board-adopted-physician contracting guidelines).

4. New contracts with general or group purchasing organizations if the anticipated annual expenditure is greater than $100,000.

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5. New capitated agreements or contracts that place the District at risk for the cost of caring for a group of patients.

The delegation authority to the Chief Executive Officer to "review" and "approve" includes, but is not limited to the authority to negotiate and enter into a contract within previously approved parameters.

The Board of directors and Chief Executive Officer (or designee) shall be guided by compliance with the organization's annual operating budget in the decisions to approve new contracts or to increase expenditures under existing contracts.

C. **Record Maintenance**: The Chief Executive Officer will maintain a current listing of all District contracts for review by the board or any individual board member upon request.

City of Alameda Health Care District
Policy 2002-5y
SCOPE OF PURCHASING AUTHORITY FOR CAPITAL EXPENDITURES

POLICY

Basic Legal requirements governing purchasing for Hospital Districts are to be found in Government Code Section 54201, et, seq., and the Health and Safety Code (Div. 23, Sec. 32131) of the State of California and the appendices thereto. The Board of Directors hereby delegates certain signature authority to the Chief Executive Officer of the Hospital, and said Chief Executive Officer is able to delegate certain signature authorities to appropriate persons within the Hospital.

The following delineates the scope and limit of purchasing authority allowed the Hospital CEO for the acquisition of equipment (medical and non-medical) at Alameda Hospital.

I. DEFINITION OF CAPITAL EQUIPMENT

Capital equipment is defined as any item of equipment or construction program that has, at the time of its acquisition, an estimated useful life of at least two years, and a cost of at least $5,000, or if the asset is acquired in quantity, and the aggregate cost of the quantity is at least $10,000, it's cost must be capitalized, and written off over the estimate useful life of the asset. If depreciable assets fall below the above guidelines, its cost will be treated as an operational expense and expensed to the appropriate supply category.

II. FISCAL YEAR BUDGET

1. Each year the Chief Executive Officer shall prepare a budget and present it to the Board of Directors for their review, modification and approval for the succeeding fiscal year. The approved budget represents the formal delegation of authority to the Chief Executive Officer to meet the Hospital District's operational and financial obligations including capital expenditures during the fiscal year, and within the constraints of available funds and the established policies, practices and procedures of the District.

2. Capital expenditures in excess of $50,000, which were not authorized by the Board of Directors in the Capital Expenditures Budget during the Fiscal Year in which acquisition is desired, shall require prior Board approval. Budgeted items that exceed budgeted amounts by $50,000 or more shall require prior Board approval if they result in the aggregate amount of capital expenditures for the year exceeding budgeted levels.

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III. NON-MEDICAL CAPITAL EQUIPMENT DELEGATION OF AUTHORITY (BUDGETED AND NON-BUDGETED)

1. Formal (sealed-written) bid (health and Safety Code, Div. 23, Sec. 32132): A formal bid is required for all expenditures over $50,000 (materials and supplies) or $50,000 (work to be done) for non-medical capital equipment. A bid will contain the specifications, both legal and descriptive, of the item or items considered for acquisition by the Hospital District.

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Exceptions to competitive bidding are granted when the board determines that the materials and supplies proposed for acquisition is necessary for the protection of the public health, welfare or safety.

The Board of Directors shall let any such contract to the lowest responsible bidder who shall give such security, as the Board requires, or else reject all bids. Thereafter, the Board shall authorize the Chief Executive Officer to enter into an agreement for the acquisition of said items.

The above bidding requirements shall not apply to energy equipment as defined in Government Code section 4217.10 et seq., or to medical or surgical equipment or supplies or to professional services, including information technology equipment (both hardware and software) or telecommunication equipment.

The Board of Directors shall acquire electronic data processing and telecommunications goods and services with a cost to the district of more than twenty-five thousand dollars ($50,000) through competitive means, except when the board determines either that (1) the goods and services proposed for acquisition are the only goods and services which can meet the district's need, or (2) the goods and services are needed in cases of emergency where immediate acquisition is necessary for the protection of the public health, welfare, or safety. "Competitive means" includes any appropriate means specified by the board, including, but not limited to, the preparation and circulation of a request for a proposal to an adequate number of qualified sources, as determined by the board in its discretion, to permit reasonable competition consistent with the nature and requirements of the proposed acquisition. When the board awards a contract through competitive means pursuant to this section, the contract award shall be based on the proposal which provides the most cost-effective solution to the district's requirements, as determined by the evaluation criteria specified by the board. The evaluation criteria may provide for the selection of a vendor on an objective basis other than cost alone.

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2. Informal written quotation: For expenditures under $50,000 (including materials, supplies or work to be done) the Chief Executive Officer or his delegated representative may

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request formal written quotations from various vendors on particularly specified and described items. Such quotations shall be carefully reviewed to determine compliance with District policy, instructions and specifications before award is made.

3. Informal oral quotation: For expenditures under $50,000 (materials and supplies) or $50,000 (work to be done) the Chief Executive Officer may secure, when appropriate, oral or telephone quotations. When possible, this will contain at least three (3) quotations from qualified vendors in order to insure lowest prices commensurate with quality.

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IV. MEDICAL/SURGICAL CAPITAL EQUIPMENT DELEGATION OF AUTHORITY (BUDGETED AND NON BUDGETED)

1. The Board of Directors delegates to the Chief Executive Officer the emergency acquisition of non budgeted medical or surgical equipment exceeding $50,000 (Div. 23, Sec. 32136) as fire, flood, storm, epidemic, or other disaster and is necessary to protect the public health, safety, welfare, or property. The Board shall meet to ratify the existence of an emergency as soon as possible, and in no event later than 7 days after the acquisition.

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2. The Chief Executive Officer may purchase (through substitution for another budgeted item) non-budgeted medical/surgical capital equipment up to $50,000in accordance with Sec. 32132 of the California Health and Safety Code. The Chief Executive Officer may obtain informal written quotations for this purpose.

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3. All capital expenditures will be preceded by a duly completed "Capital Expenditure Request" (CER) forms and Purchase Order. In case of emergency, the Purchase Order will be filed within 72 hours of any verbal order

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