



POSTED 10/21/11

CITY OF ALAMEDA HEALTH CARE DISTRICT

**Finance and Management Committee  
Meeting Notice & Agenda**

Wednesday, October 26, 2011  
7:30 a.m. – 9:00 a.m.  
Dal Cielo Conference Room

Office of the Clerk: (510) 814-4001

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 Michael McCormick
  
- II. Action Items
  - A. Acceptance of October 5, 2011 Minutes [enclosure] Michael McCormick
  - B. Recommendation to Accept September 2011 Unaudited Diana Surber  
Financial Statements [enclosure]
  
- III. Finance Report Diana Surber
  - A. Plan to Mitigate 1<sup>st</sup> Quarter Financial Performance
  
- IV. Chief Executive Officers Report Deborah E. Stebbins
  - A. Revenue Cycle Review Report
  
- V. Board / Committee / Staff Comments
  
- VI. Adjournment

Next Meeting Scheduled for: Wednesday, November 23, 2011

This is being noticed as a Board Meeting as a quorum of Directors may be present. Ex-officio members and non-committee members cannot vote on any item, whether or not a quorum of the Board is present.

<b>Members Present:</b> (Voting)	Mike McCormick, Chair Robert Deutsch, MD	James Oddie William Sellman, MD	Jim Yeh, DO Ed Kofman
<b>Management Present:</b>	Deborah E. Stebbins Kerry J. Easthope	Diana Surber Mary Bond, RN	
<b>Ex Officio/Guests:</b>	Rick Jackson, TCA Partners (Via telephone)		
<b>Absent:</b>	Ann Evans		
<b>Submitted by:</b>	Kristen Thorson		
TOPIC	DISCUSSION		ACTION   FOLLOW-UP
I. Call to Order	Director McCormick called the meeting to order at 7:35 a.m.		
II. Action Items	A.	Acceptance of August 31, 2011 Minutes	Dr. Deutsch made a motion to accept the minutes as presented. Dr. Sellman seconded the motion. The motion carried.
	B.	Recommendation to Accept FY Ending June 30, 2011 Audited Financial Statements  Rick Jackson, the auditor from TCA Partners, presented the audited financial statements. He reviewed in detail, the Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Assets, noting the bottom line or increase (decrease) in net assets for fiscal year 2011 was a loss of \$1,428,859.	Dr .Deutsch made a motion to recommend approval of the FY 2011 Audited Financial Statements as presented. Mr. Oddie seconded the motion. The motion carried.
	C.	Recommendation to Accept august 2011 Unaudited Financial Statements  Ms. Surber presented the August Financial Statements.  Reviewed August unaudited Financial Statements noting the following:  Average daily census (ADC) of 87.1 versus 83.2 budgeted. Acute ADC was 29.9 versus 29.2 budgeted. Sub-Acute ADC was 33.6 versus 33.0 budgeted. Skilled Nursing - ADC daily census 23.6 versus 21.0 budgeted. Inpatient revenues were over budget by \$0.3M or 1.9% and outpatient revenues under budget by \$0.3M or 4.5%. The Operating loss for August was \$100,000, versus budgeted profit of \$203,000. YTD combined expense over revenue is loss of \$236,000 versus a budgeted profit of	Dr. Deutsch made a motion to accept the August Financial Statements as presented. Dr. Yeh seconded the motion. The motion carried.

		\$293,000.	
III. Finance Report	A.	<p>Revenue Cycle Review Findings</p> <p>Ms. Surber presented a summary of initial findings of the Revenue Cycle Review conducted by HFS Consultants to assess current processes and systems. She noted the opportunities to improve revenue cycle processes at the hospital and ways to optimize the hospital's systems. A full report in anticipated to be presented at the next committee meeting.</p>	No action taken.
IV. Chief Executive Officer's Report	A.	<p>IGT Update</p> <p>Ms. Stebbins reported that the 2011 funds have not been received by the hospital. She also reported that the 2012 match is anticipated to be twice the 2011 dollar amount.</p>	No action taken.
	B.	<p>AB97 Update</p> <p>Ms. Stebbins reported that CMS requested additional information from the State of California. The State has 90 days to submit the additional information and CMS has up to 90 days to respond.</p>	No action taken.
V. Facilities Report	A.	<p>Overview of Construction Bidding Process Overview</p> <p>Mr. Easthope Presented an overview of the Construction bidding process for public entities, noting that several board members inquired about the use of union labor as a requirement of the bid document. Mr. Easthope stated that it is not a requirement of the bid document to use union labor but it is a requirement to pay prevailing wages.</p>	No action taken
VI. Board / Committee / Staff Comments		No comments.	
VII. Adjournment		Being no further business, the meeting was adjourned at 9:05 a.m.	

# THE CITY OF ALAMEDA HEALTH CARE DISTRICT

## ALAMEDA HOSPITAL

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### UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDING SEPTEMBER 30, 2011

**CITY OF ALAMEDA HEALTH CARE DISTRICT  
ALAMEDA HOSPITAL  
SEPTEMBER 30, 2011**

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**ALAMEDA HOSPITAL  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER, 2011**

The management of 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 September 30, 2011 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 September, 2011***

- For the month of September 2011, combined revenue over expense is a loss of (\$349,000) versus a budgeted excess of revenue over expense of \$98,000. This loss was driven by a lower than expected volume, both inpatient and outpatient, but especially in outpatient volume and revenue. Year-to-date the hospital had a combined loss of (\$585,000) compared to a budget of excess revenues over expenses of \$195,000. Some of the highlights of the variances are outlined in this report: management will present a corrective action plan addressing responses to the negative performance to budget at the October Finance Committee.
- Gross patient revenue for September was less than budget by \$1.1 million or 5.2%. Inpatient programs were unfavorable to budget by \$575,000, and the outpatient programs were also unfavorable by \$537,000. On a year-to-date bases gross revenue is below budget by \$2.4 million (3.6%), with both inpatient and outpatient under budget on an equivalent percentage basis. While the gross patient revenue Per Adjusted Patient Day (PAPD) month was slightly above the budget of \$5,814 the September gross revenue PAPD of \$5,821 and 3% above August results of \$5,651.
- Total patient days for the month were 2,395, or 4.1% below budget, and YTD days of 7,641 are 106 days (1.4%) under budget. Prior month was 2,701 and prior year's September was 2,446 total patient days, while prior year September YTD was 7,551.
- The average daily acute care census was 27.27, unfavorable to a budget of 29.27 by 2.0 ADC, and a slight improvement over the 27.17 in the prior month; the average daily Sub-Acute census was 32.16 versus a budget of 33.0 and 32.37 in the prior month and the Skilled Nursing program had an average daily census of 20.43 versus a budget of 20.97 and prior month census of 22.0. Year-to-date ADC is 2.4% below the budget of 84.2 at 83.0, but still above the 2010 YTD ADC of 82.3.
- Emergency Care Center (ECC) visits were 1,381 just one visit over the budget of 1,380 visits and 21 visits or 1.5% higher than the prior month's visits of 1,360. And YTD, the ECC visits are just 6 below the budget. However, while the visits are even with budget, the gross revenue generated in this department is below budget almost 6%.
- Total surgery cases were greater than budgeted expectations by 28.7% for the month at 211 cases versus the budgeted 164 cases, inpatient cases were 5 under budget while outpatient cases were 52 over budget. Year-to-date surgery cases were 639 or 15.3% above the budget of 554.
- Outpatient registrations were 1,748, or 11.9% below budget and 168 or 8.8% below prior month. The average of 58.3 visits per day was 5.8% lower than the prior month's 61.8 visits per day. YTD outpatient registrations are below budget by 9.3% at 5,439 versus the budget of 5,998. The outpatient visits (linked to registrations) were below budget primarily in Radiology (36% below budget) due to areas in the department down due to equipment upgrades and remodeling.

Total assets decreased by \$683,000 from the prior month, nearly all of which was in current assets. The following items make up the decrease in current assets:

- Total unrestricted cash and cash equivalents for September decreased by \$933,000 and days cash on hand including restricted use funds decreased to 9.7 days on hand in September from 15.3 days on hand in August. The decrease in cash was the result of below budget cash collections, increased accounts receivable and decreased payroll liabilities partially offset by an increase in accounts payable.
- Net patient accounts receivable increased in September by \$203,000 compared to a decrease of \$149,000 in August. Days in outstanding receivables were 56.5 at September month end, a slight increase from 55.2 days in August. Collections in September were \$4.5 million compared to \$5.3 million in August.
- Other Receivables remained steady from August to September.

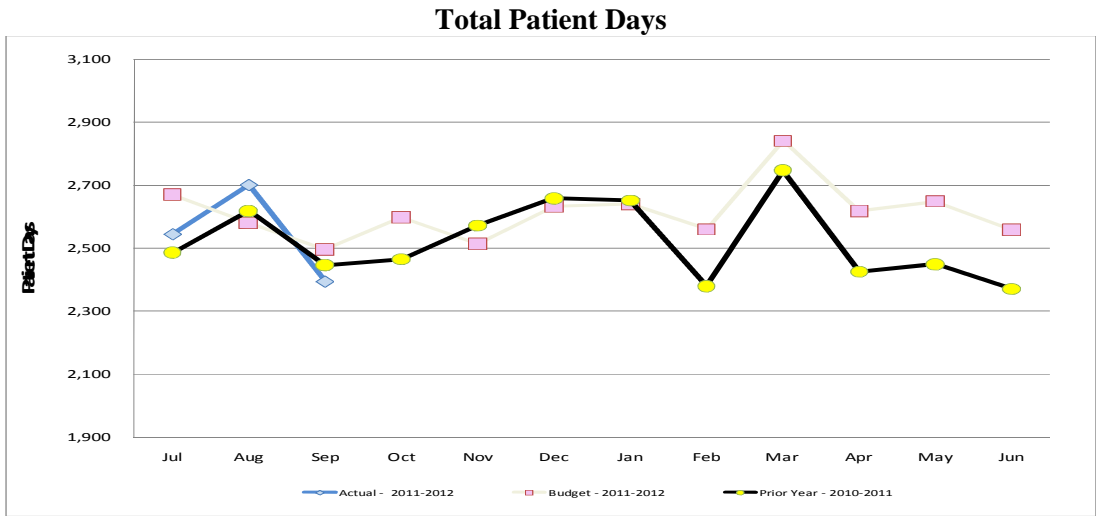
Total liabilities decreased by \$330,000 compared to an increase of \$276,000 in the prior month. This decrease in the current month was the result of the following:

- Third party settlement accounts increased by \$242,000, due to the monthly reserve for the impact of the AB 97 reduction in Medi-Cal SNF reimbursement rates that is currently being reviewed by CMS.
- Payroll related accruals decreased by \$744,000 as a result of fewer days of required accrued payroll liabilities at the end of September due to the timing of unpaid payrolls at month-end (6 days accrued at month end versus 18 days accrued in August).
- Deferred revenues decreased again by \$477,000 due to the recognition of one-twelfth of the 2011/2012 parcel tax revenues of \$5.7 million.
- The current portion of the long term debt increased \$223,000 due to draws on the line of credit. At month end \$500,000 of the board approved \$750,000 had been drawn down.
- Accounts payable and other accrued expenses increased \$409,000 as vendor payments were delayed due to low cash collections.

### ***Volumes***

The combined actual average daily census was 79.83 versus a budget of 83.23 or an unfavorable variance of 4.1%. The current month's overall unfavorable variance was the result of average daily census that was unfavorable to budget in the acute care areas by 2.0 patients per day or 6.8%. The Sub-Acute program was also unfavorable to budget by 2.6% or .87 in the average daily census, while the Skilled Nursing program also had a negative variance to budget of .53 patients per day or 2.5%. September's total census represents an 8.4% decline from the high August levels.

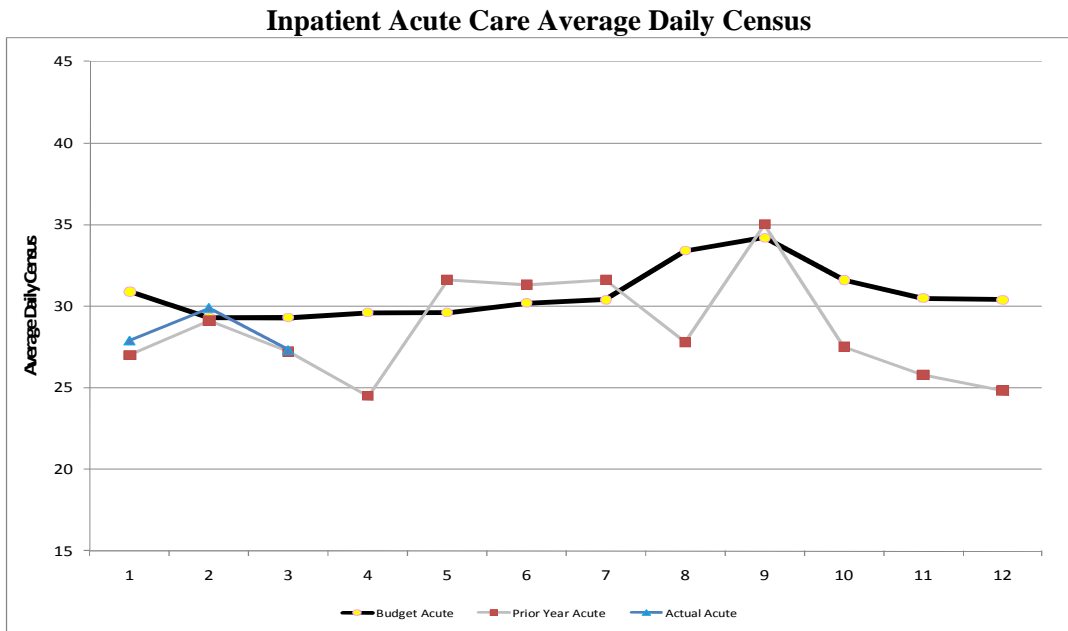
The graph on the next page shows the total patient days by month for fiscal year 2012 compared to the operating budget and fiscal year 2011 actual.



The various components of our inpatient volumes for the month of September are discussed in the following sections.

### Acute Care

The acute care patient days were 6.8% (60 days) less than budgeted and even with the prior year's average daily census of 27.17 for September. The acute care program is comprised of the Critical Care Unit (4.6 ADC, 4.9% unfavorable to budget), Definitive Observation Unit (11.2 ADC, 12.8% above budget) and Med/Surg Units (11.5 ADC, 20.9% unfavorable to budget). The graph below shows the inpatient acute care census by month for the current fiscal year, the operating budget and prior fiscal year actual.

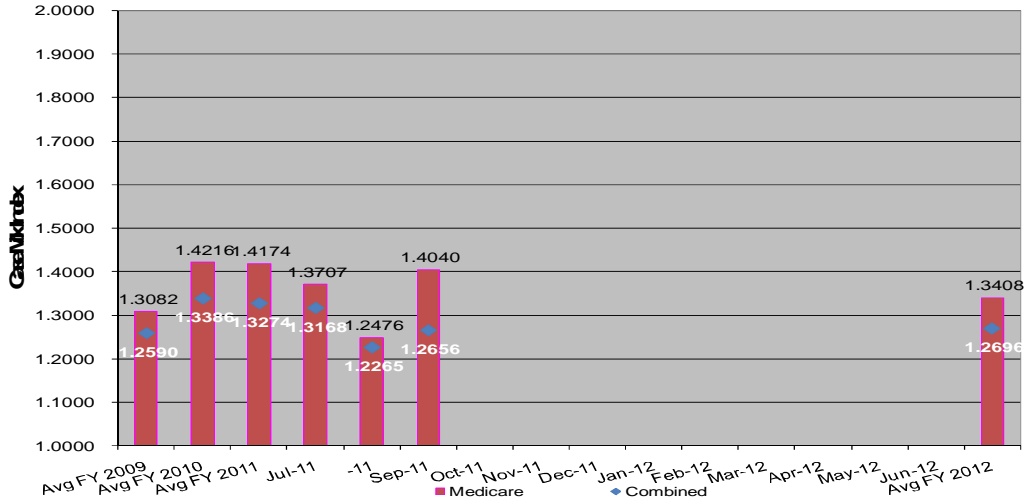




**Case Mix Index**

The hospital’s overall Case Mix Index (CMI) increased to 1.2656, up from the prior month of 1.2392, but is below the prior fiscal year average of 1.3274. The Medicare CMI increased from 1.2476 in August to 1.4040 in September. The graph below shows the CMI for the hospital during the current fiscal year as compared to the prior three fiscal years.

**Case Mix Index Trend**



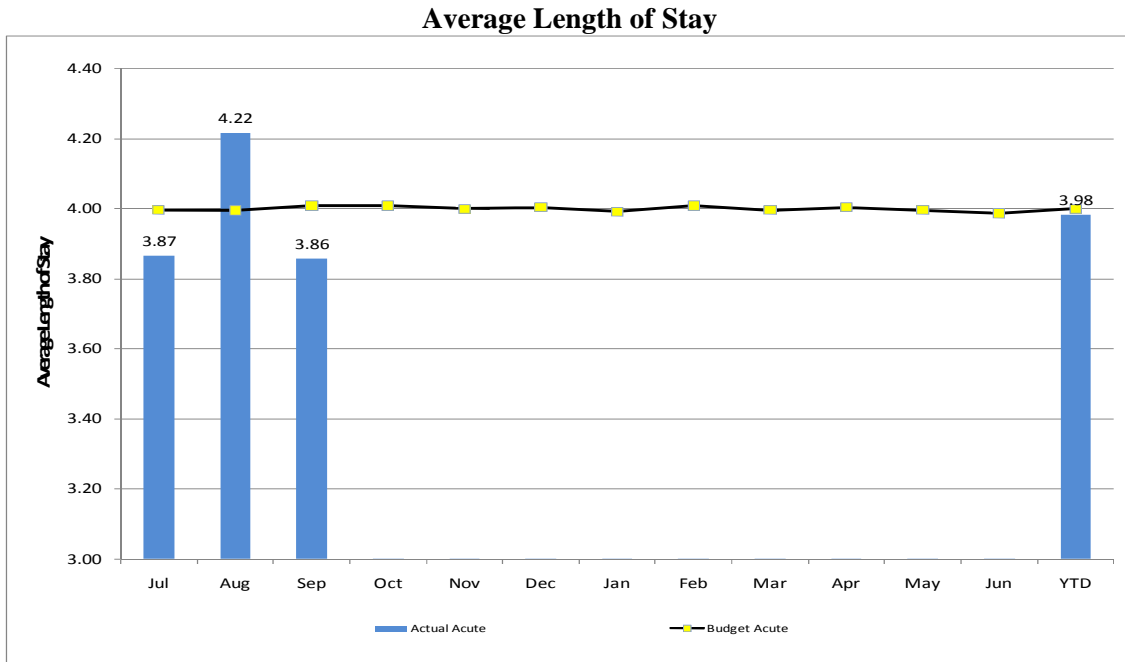
The CMI at the time of forecasting this year’s budget, June 2010 through March 2011, the combined CMI was 1.3758. Comparing the first quarter of last year versus the first quarter of this year, the average CMI has dropped from 1.4085 in July - September 2010 to 1.2754 in July – September 2011, or a 9.4% decline. We are researching the reason for this drop, but it could be due to our initiative to convert observation patients to inpatients, and thus inpatients who would be less acute. See the table below that compares the CMI by payer for the three periods.

**Case Mix Index Comparison**

Financial Class	Jun 10 - Mar 11	Sep 10 YTD	Sep 11 YTD
Commercial - Non-Contracted	1.9649	2.4050	0.6522
HMO	1.2522	1.1622	1.4590
Industrial	1.8373	0.8465	1.3701
Kaiser	1.8412	1.5267	1.2587
Medi-Cal HMO	1.0008	1.0036	0.9075
Medi-Cal	1.2724	1.2046	1.1545
Medicare	1.4724	1.5034	1.3501
Medicare HMO	1.3568	1.4867	1.3320
Personal Pay	1.0105	1.1703	1.0816
Medi-Cal Pending	1.8334	3.2624	2.0751
PPO	1.2613	1.3089	1.1210
VA	1.4051	1.4881	1.0787
<b>Combined</b>	<b>1.3758</b>	<b>1.4085</b>	<b>1.2754</b>

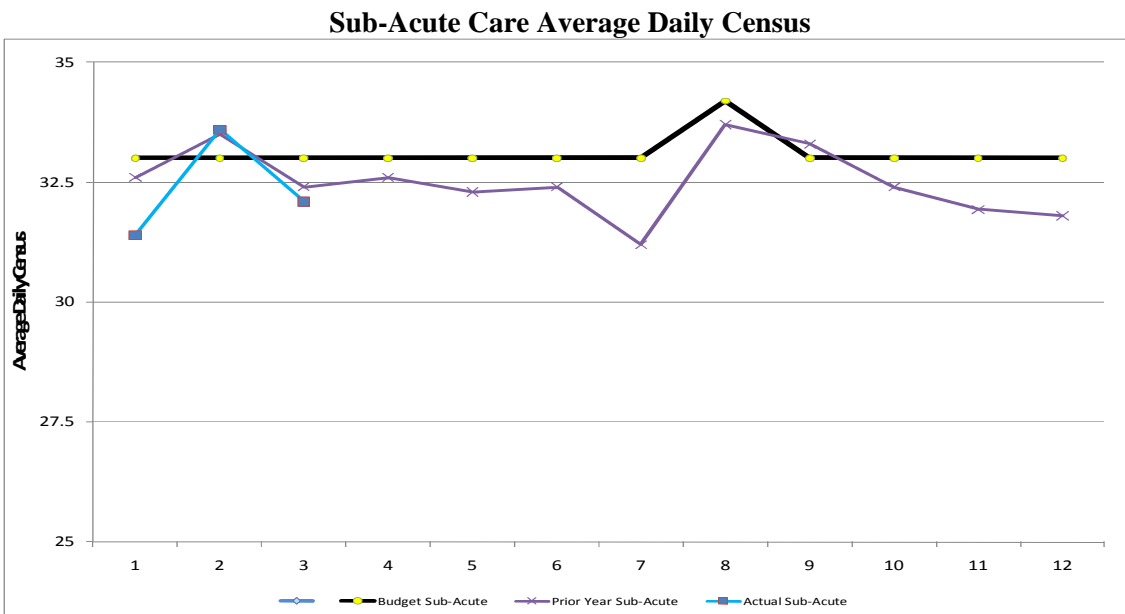
**Average Length of Stay**

The acute average length of stay (ALOS) decreased from the August high of 4.22 to 3.86 in September, which is a below September in the prior year of 4.20. Budgeted acute ALOS is 4.0. The overall acute ALOS for FY 2011 was 4.13. The graph below shows the ALOS by month and the budgeted ALOS for fiscal year 2012.



**Sub-Acute Care**

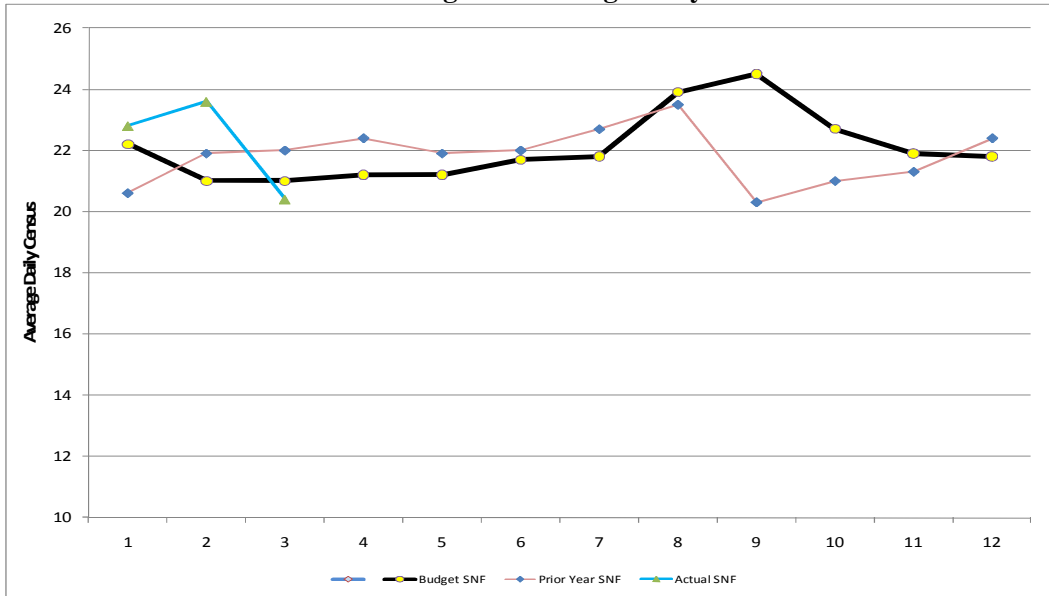
The Sub-Acute program average daily census of 32.13 in September was slightly less than budgeted projections of 33.0. The graph below shows the Sub-Acute programs average daily census for the current fiscal year as compared to budget and the prior year.



**Skilled Nursing Care**

The Skilled Nursing Unit (South Shore) patient days were 2.5% or 16 patient days lower than budgeted for the month of September, down 118 days or 16.1% from August. This program’s volume remains greater than the prior year-to date, with September year-to-date patient days higher than September 2010 year-to-date by 3.6% and a year-to-date average daily census of 22.3 versus 21.9 in fiscal year 2011. The following graph shows the Skilled Nursing Unit monthly average daily census as compared to budget and the prior year.

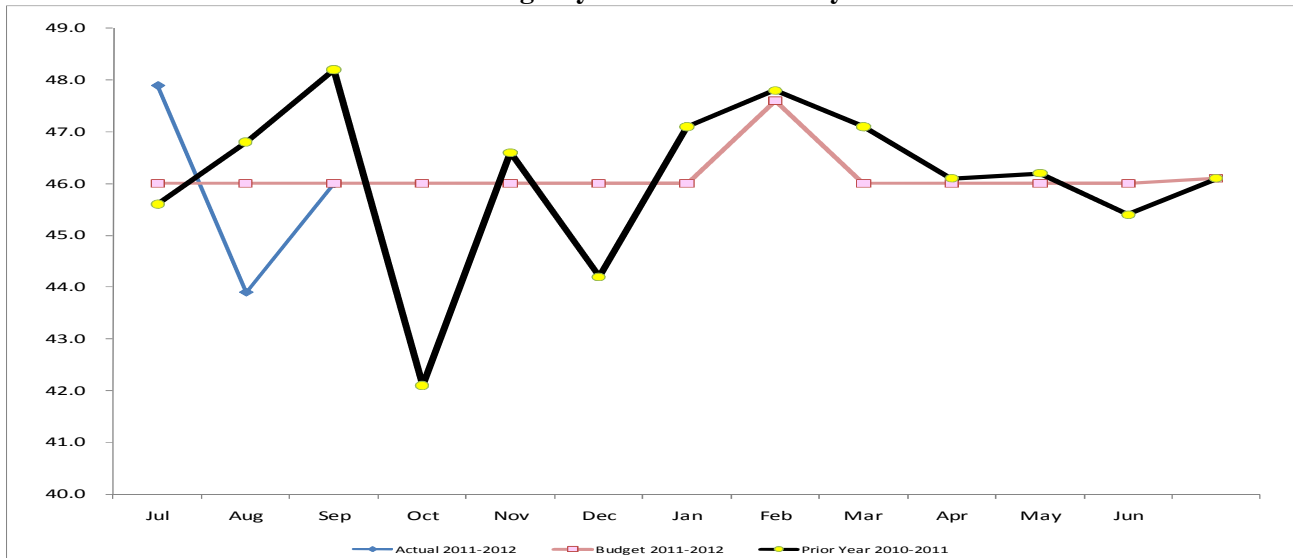
**Skilled Nursing Unit Average Daily Census**



**Emergency Care Center (ECC)**

Emergency Care Center visits in September totaled 1,381 and was just one over the budget of 1.380, 16.3% of these visits resulting in inpatient admissions versus 17.1% in August. On a per day basis, the total visits represent an increase of 4.8% from the prior month daily average. In September, there were 308 ambulance arrivals versus 302 in the prior month. Of the 308 ambulance arrivals in the current month, 205 or 66.5% were from Alameda Fire Department (AFD) ambulances.

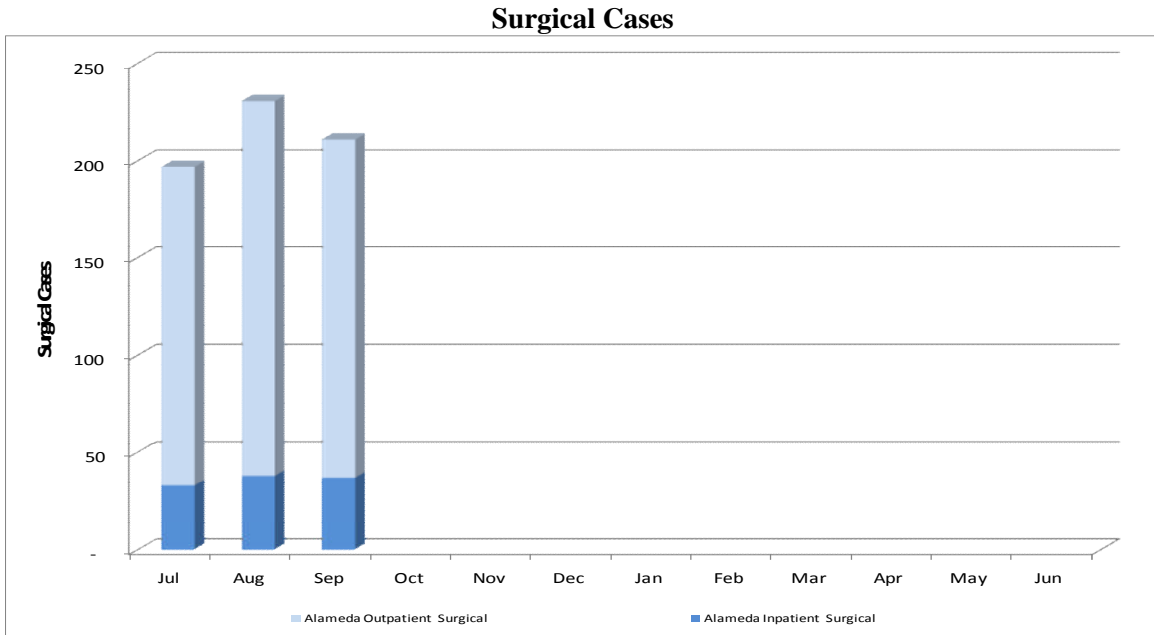
**Emergency Care Visits Per Day**



**Surgery**

In September, surgery cases were 211 versus 164 budgeted cases and 168 cases in the prior September. Surgery volume was slightly lower than August. Inpatient and outpatient cases totaled 37 and 174 versus 38 and 193 in September and August, respectively.

The graph below shows the number of inpatient and outpatient surgical cases by month for fiscal year 2012.

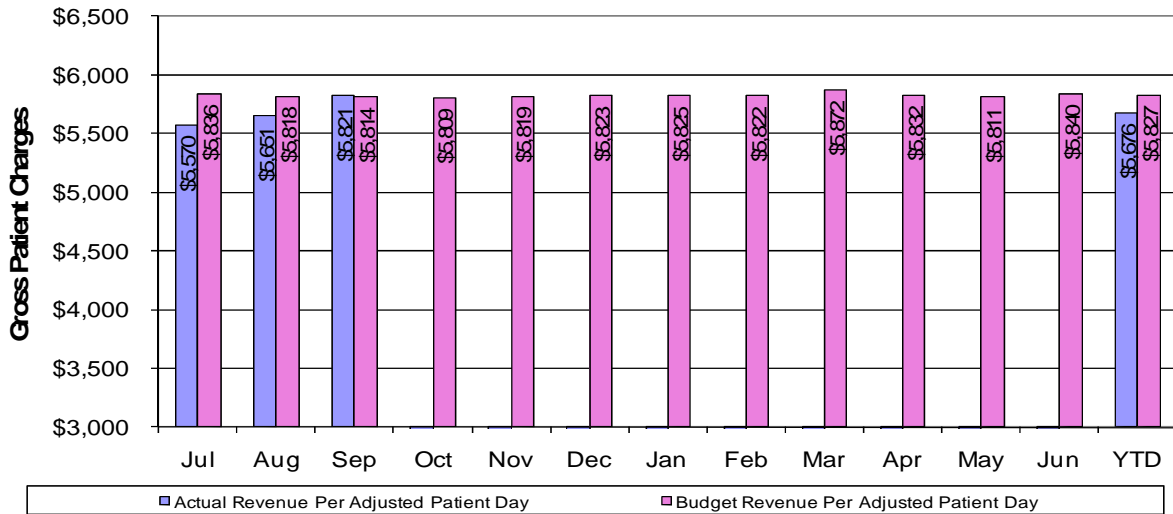


***Income Statement***

***Gross Patient Charges***

Gross patient charges in September were less than budget by \$1.1 million, or 5.2%, greater than patient days down 4.1% and consistent with the drop in CMI. This unfavorable variance was comprised of an unfavorable variance to inpatient of \$575,000 and unfavorable variance in outpatient of \$537,000. The decrease in inpatient gross revenues was driven by lower volume in Acute Care, primarily 3 West. Outpatient revenues were lower than budgeted as a result of lower than expected outpatient visits but offset by higher outpatient surgeries. On an adjusted patient day basis total patient revenue was \$5,821 slightly above the budget of \$5,814 for the month of September and increased from the August gross revenue per APD of \$5,651. In addition, medical supplies, clinical laboratory and imaging services were below budget for the month, while the acute Telemetry unit was above budget as well as the sub-acute Respiratory Therapy was also above budget. The following table shows the hospital's monthly gross revenue per adjusted patient day by month and year-to-date for fiscal year 2012 compared to budget.

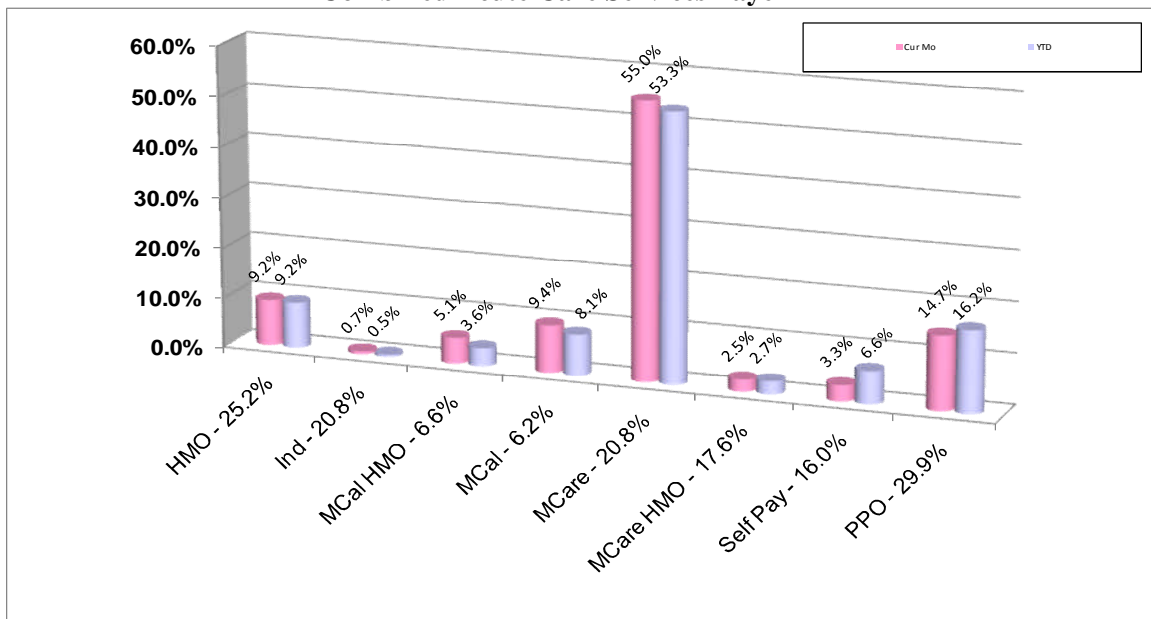
### Gross Charges per Adjusted Patient Day



### Payer Mix

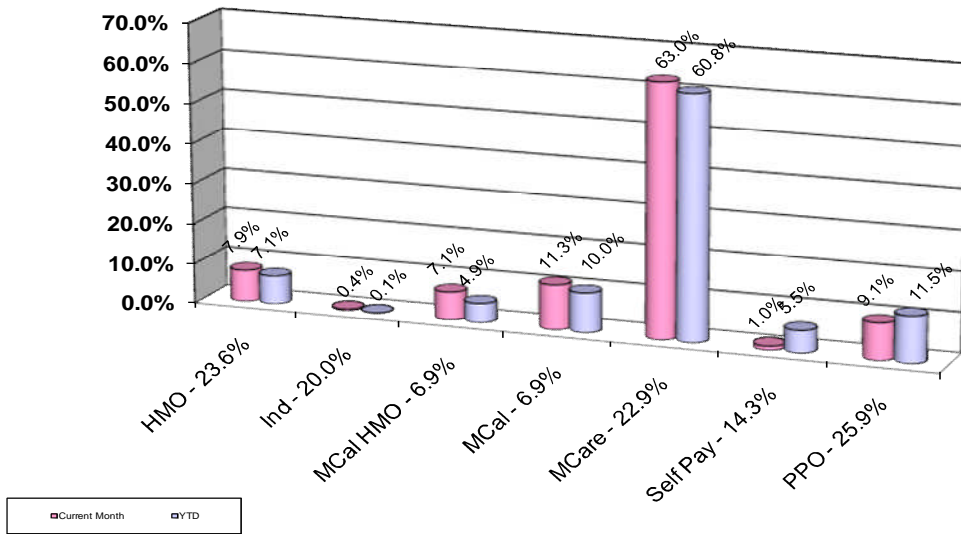
Combined acute care services, inpatient and outpatient, Medicare and Medicare Advantage total gross revenue in September made up 57.5% of the month's total gross patient revenue. Combined Medicare revenue was followed by HMO/PPO utilization at 24.0%, Medi-Cal Traditional and Medi-Cal HMO utilization at 14.5% and self pay at 3.3%. The graph on the following page shows the percentage of gross revenues generated by each of the major payers for the current month and fiscal year to date as well as the current month's estimated reimbursement for each payer for the combined inpatient and outpatient acute care services.

### Combined Acute Care Services Payer Mix



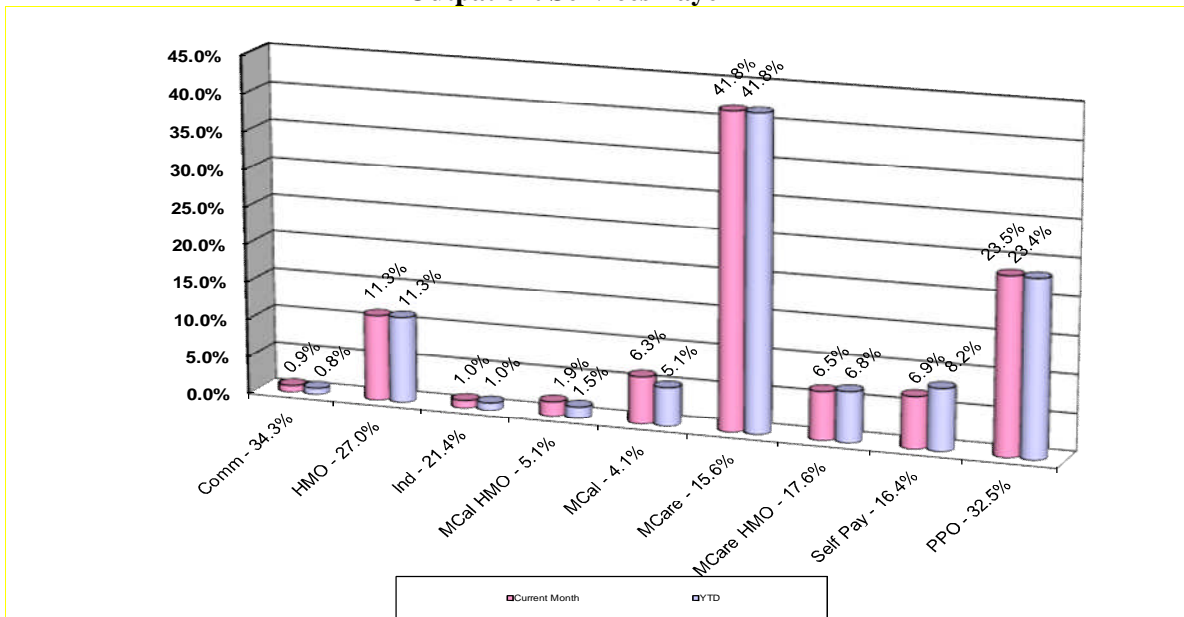
The inpatient acute care current month gross Medicare and Medicare Advantage charges made up 63.0% of our total inpatient acute care gross revenues followed by HMO/PPO at 17.0%, Medi-Cal and Medi-Cal HMO at 18.4% and Self Pay at 1.0% of the inpatient acute care revenue. The graph below shows inpatient acute care current month and year to date payer mix and current month estimated net revenue percentages for fiscal year 2012.

**Inpatient Acute Care Payer**



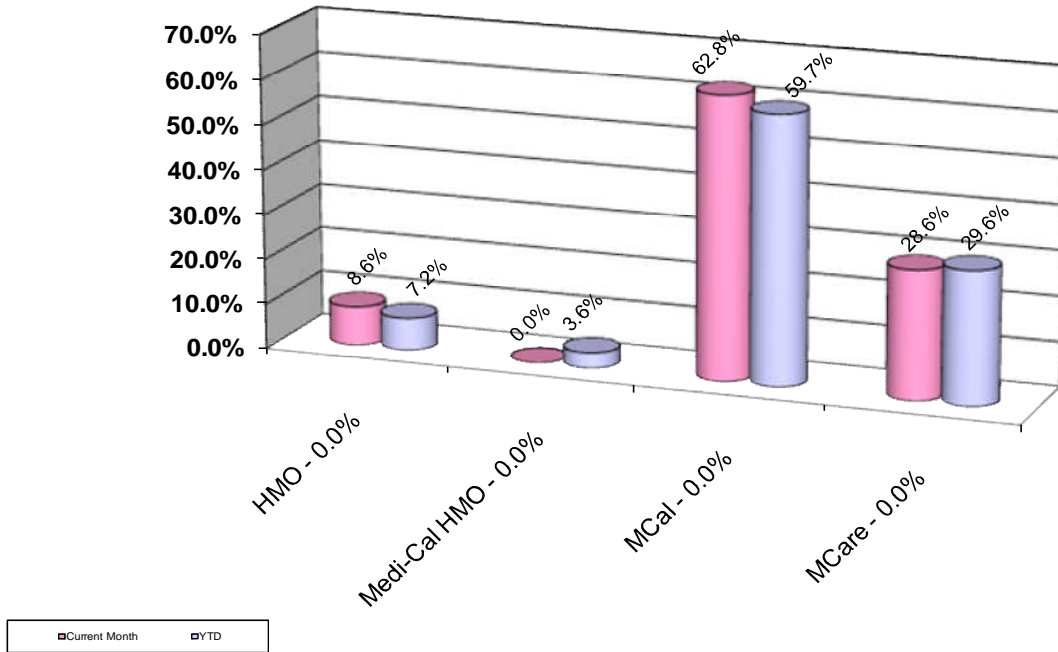
The outpatient gross revenue payer mix for September was comprised of 48.3% Medicare and Medicare Advantage, 35.6% HMO/PPO, 8.2% Medi-Cal and Medi-Cal HMO, and 6.9% self pay. The graph below shows the current month and fiscal year to date outpatient payer mix and the current months estimated level of reimbursement for each payer.

**Outpatient Services Payer Mix**



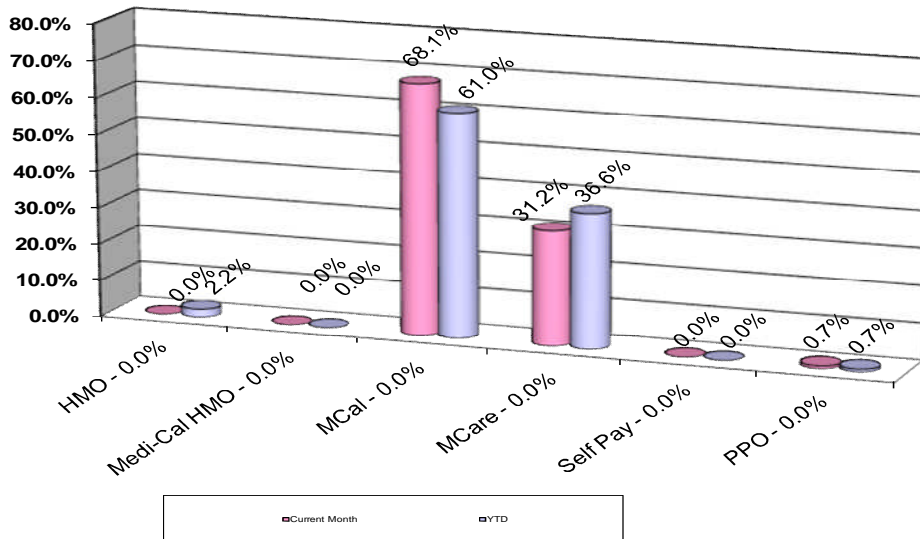
In September, the Sub-Acute care program again was dominated by Medi-Cal utilization of 62.8%, up from 60.2% in August. Medicare was 28.6% and HMO rounds out the unit at 8.6%. The graph below shows the payer mix for the current month and fiscal year to date and the current months estimated reimbursement rate for each payer.

**Inpatient Sub-Acute Care Payer Mix**



In September, the Skilled Nursing program gross revenues were comprised primarily of Medicare at 31.2% and Medi-Cal at 68.1%. The graph below shows the current month and fiscal year to date skilled nursing payer mix and the current months estimated level of reimbursement for each payer.

**Inpatient Skilled Nursing Payer 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 September contractual allowances, bad debt and charity adjustments (as a percentage of gross patient charges) were 80.7% versus the budgeted 77.6%. The large contractual percent is a major contributor to the net loss in September.

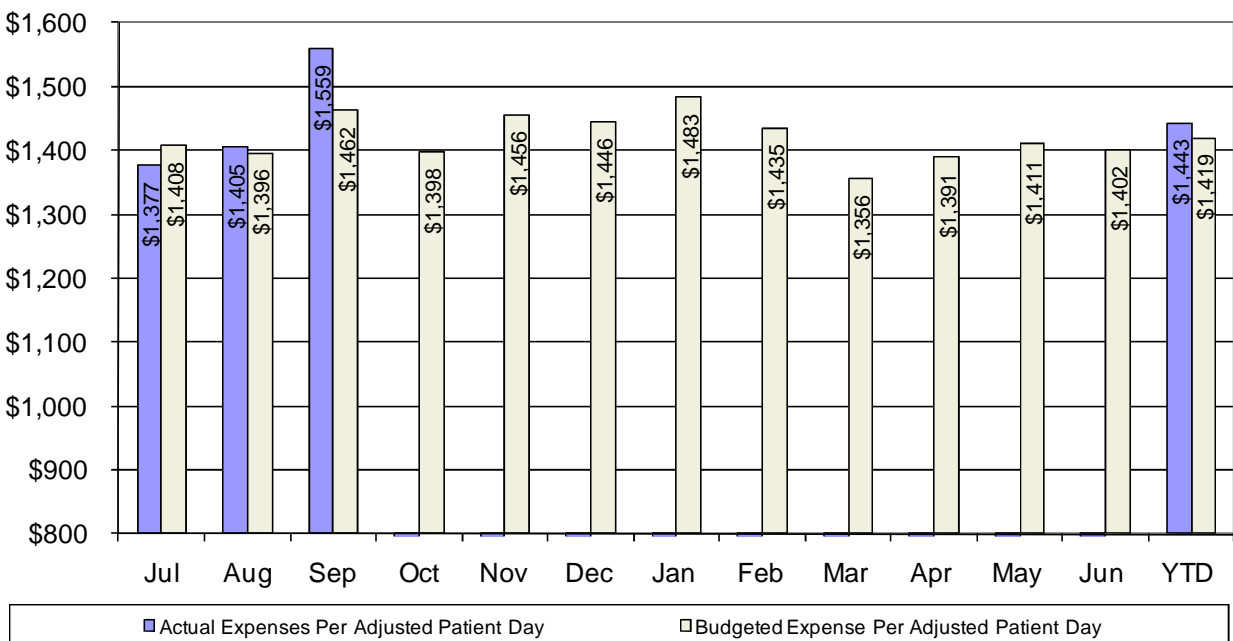
***Net Patient Service Revenue***

Net patient service revenues are the resulting difference between gross patient charges and the deductions from revenue. This difference reflects what the anticipated cash payments the Hospital is expecting to receive for the services provided. In addition, current month and year to date net patient service revenues include estimates for payments from the State of California’s FY 2011 Intergovernmental Transfer (IGT) Program and reserves for the impact of AB 97 reduction in Medi-Cal long term care rates. The IGT revenue is estimated at \$93,000 per month and is \$279,000 year to date. The AB 97 reserve is based on the number of long term care days and is recorded as an increase to contractual allowances (decrease to net revenues) of \$242,000 in the current month and \$760,000 year to date.

***Total Operating Expenses***

Total operating expenses were higher than the fixed budget by \$53,000 or 1.0%. On an adjusted patient day basis, our cost per adjusted patient day was \$1,559 which was \$97 per adjusted patient day unfavorable to budget and \$154 higher than the prior month. This variance in expenses per adjusted patient day was primarily the result of unfavorable variances in salaries, benefits as well as non-medical professional fees due to prior month consulting fee accrual. The graph on the following page shows the actual hospital operating expenses on an adjusted patient day basis for the 2012 fiscal year by month as compared to budget and is followed by explanations of the significant areas of variance that were experienced in the current month.

**Expenses per Adjusted Patient Day**





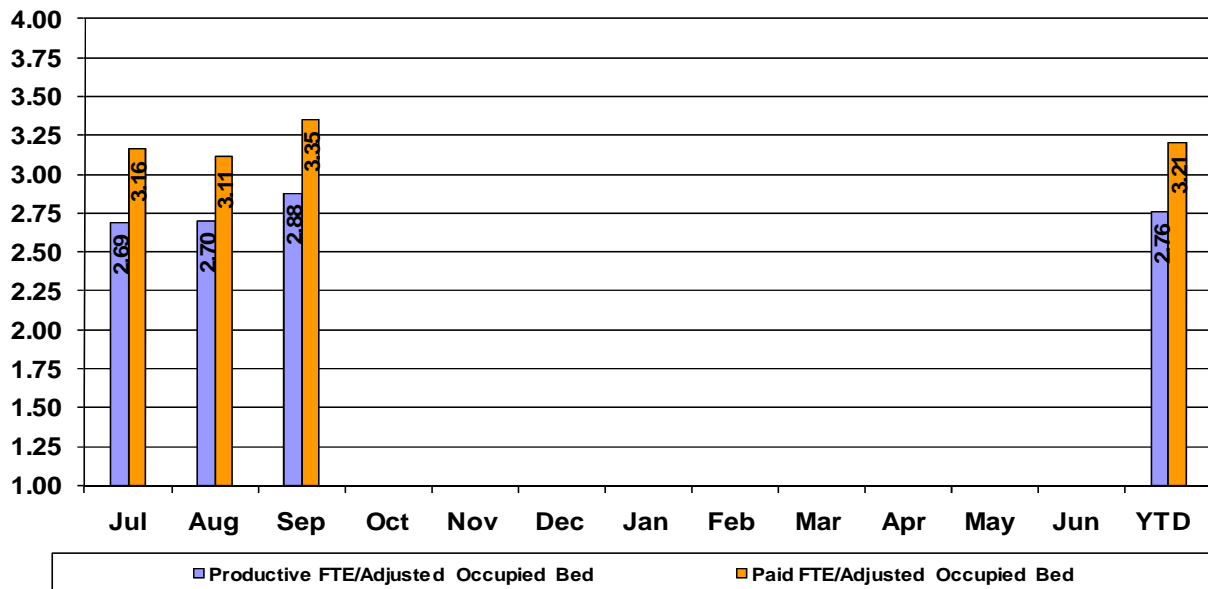
**Salary and Temporary Agency Expenses**

Salary and temporary agency costs combined were favorable to the fixed budget by \$28,000 but were unfavorable to budgeted levels on a per adjusted patient day (PAPD) basis by \$39 or 4.9%. On an adjusted occupied bed basis, productive FTE's were 2.89, above the budget of 2.77 FTE's and paid FTE's were 3.36, 2.8% above budget.

Productive salaries per patient day in the CCU were 6.7% above budget, productive salaries per patient day in the DOU were 26.0% above budget, and productive salaries in 3West were 18.6% above budget on a per patient day basis. Acute days were 4.1% below budget, again highlighting a need to better flex staff in relation to volume. Salaries per visit in the Emergency Care Center were again above budget 15.3% while the volume in the ECC was right on budget.

The graph below shows the productive and paid FTE's per adjusted occupied bed for FY 2012 by month.

**FTE's per Adjusted Occupied Bed**



**Benefits**

Benefits were unfavorable to the fixed budget by \$19,000 or 2.4%.

**Professional Fees**

Professional fees were unfavorable to budget by \$111,000 in September, primarily due to accrual catch up from prior months as well as some much needed revenue cycle consulting.

**Supplies**

Supplies were favorable to budget by \$79,000 (10.7%) or \$11 per adjusted patient day in September. As in August, this favorable variance was the result of lower than budgeted patient related supplies such as medical supplies expense, pharmacy supplies, and prosthetics due to low patient volume and below budget inpatient surgeries.

**Purchased Services**

Purchased services were right at budget on a fixed basis but \$5 unfavorable PAPD.

***Rents and Leases***

Rents and leases were again right at the fixed budget and \$23 per adjusted patient day in September, versus budget of \$21.

The following pages include the detailed financial statements for the three (3) months ended September 30, 2011, of fiscal year 2012.

**ALAMEDA HOSPITAL**  
**KEY STATISTICS**  
**SEPTEMBER 2011**

	<b>ACTUAL SEPTEMBER 2011</b>	<b>CURRENT FIXED BUDGET</b>	<b>VARIANCE (UNDER) OVER</b>	<b>%</b>	<b>SEPTEMBER 2010</b>	<b>YTD SEPTEMBER 2011</b>	<b>YTD FIXED BUDGET</b>	<b>VARIANCE</b>	<b>%</b>	<b>YTD SEPTEMBER 2010</b>
<b>Discharges:</b>										
Total Acute	212	219	(7)	-3.2%	194	656	686	(30)	-4.4%	609
Total Sub-Acute	3	1	2	200.0%	2	7	4	3	75.0%	5
Total Skilled Nursing	8	8	-	0.0%	7	18	26	(8)	-30.8%	28
	<u>223</u>	<u>228</u>	<u>(5)</u>	<u>-2.2%</u>	<u>203</u>	<u>681</u>	<u>716</u>	<u>(35)</u>	<u>-4.9%</u>	<u>642</u>
<b>Patient Days:</b>										
Total Acute	818	878	(60)	-6.8%	815	2,612	2,744	(132)	-4.8%	2,552
Total Sub-Acute	964	990	(26)	-2.6%	971	2,979	3,036	(57)	-1.9%	3,021
Total Skilled Nursing	613	629	(16)	-2.5%	660	2,050	1,967	83	4.2%	1,978
	<u>2,395</u>	<u>2,497</u>	<u>(102)</u>	<u>-4.1%</u>	<u>2,446</u>	<u>7,641</u>	<u>7,747</u>	<u>(106)</u>	<u>-1.4%</u>	<u>7,551</u>
<b>Average Length of Stay</b>										
Total Acute	3.86	4.01	(0.15)	-3.8%	4.20	3.98	4.00	(0.02)	-0.5%	4.19
<b>Average Daily Census</b>										
Total Acute	27.27	29.27	(2.00)	-6.8%	27.17	28.39	29.83	(1.43)	-4.8%	27.74
Total Sub-Acute	32.13	33.00	(0.87)	-2.6%	32.37	32.38	33.00	(0.62)	-1.9%	32.84
Total Skilled Nursing	20.43	20.97	(0.53)	-2.5%	22.00	22.28	21.38	0.90	4.2%	21.50
	<u>79.83</u>	<u>83.23</u>	<u>(3.40)</u>	<u>-4.1%</u>	<u>82.03</u>	<u>83.05</u>	<u>84.21</u>	<u>(2.05)</u>	<u>-2.4%</u>	<u>82.34</u>
<b>Emergency Room Visits</b>										
	1,381	1,380	1	0.1%	1,445	4,226	4,232	(6)	-0.1%	4,310
<b>Outpatient Registrations</b>										
	1,748	1,984	(236)	-11.9%	1,964	5,439	5,998	(559)	-9.3%	5,938
<b>Surgery Cases:</b>										
Inpatient	37	42	(5)	-11.9%	46	108	129	(21)	-16.3%	153
Outpatient	174	122	52	42.6%	122	531	425	106	24.9%	425
	<u>211</u>	<u>164</u>	<u>47</u>	<u>28.7%</u>	<u>168</u>	<u>639</u>	<u>554</u>	<u>85</u>	<u>15.3%</u>	<u>578</u>
<b>Adjusted Occupied Bed</b>										
	116.72	123.71	(6.99)	-5.7%	123.95	122.63	125.32	(2.69)	-2.1%	123.31
<b>Productive FTE</b>										
	337.24	342.71	(5.47)	-1.6%	358.92	341.43	340.92	0.51	0.2%	359.02
<b>Total FTE</b>										
	392.33	404.54	(12.21)	-3.0%	416.54	397.67	404.25	(6.58)	-1.6%	417.56
<b>Productive FTE/Adj. Occ. Bed</b>										
	2.89	2.77	0.12	4.3%	2.90	2.78	2.72	0.06	2.3%	2.91
<b>Total FTE/ Adj. Occ. Bed</b>										
	3.36	3.27	0.09	2.8%	3.36	3.24	3.23	0.02	0.5%	3.39

**City of Alameda Health Care District**  
**Statements of Financial Position**  
September 30, 2011

	Current Month	Prior Month	Prior Year End
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 941,631	\$ 1,875,126	\$ 1,802,225
Patient Accounts Receivable, net	8,655,232	8,447,995	7,249,185
Other Receivables	7,509,956	7,459,738	8,216,998
Third-Party Payer Settlement Receivables	360,158	360,158	278,580
Inventories	1,179,225	1,193,907	1,238,762
Prepays and Other	319,472	312,138	262,359
Total Current Assets	18,965,674	19,649,062	19,048,109
Assets Limited as to Use, net	518,081	507,181	483,716
<b>Fixed Assets</b>			
Land	877,945	877,945	877,945
Depreciable capital assets	43,429,274	43,429,274	43,385,071
Construction in progress	3,163,020	3,085,614	2,921,048
Depreciation	(39,088,895)	(39,015,751)	(38,862,494)
Property, Plant and Equipment, net	8,381,344	8,377,082	8,321,570
<b>Total Assets</b>	<b>\$ 27,865,099</b>	<b>\$ 28,533,325</b>	<b>\$ 27,853,395</b>
<b>Liabilities and Net Assets</b>			
Current Liabilities:			
Current Portion of Long Term Debt	\$ 1,158,483	\$ 935,139	\$ 711,784
Accounts Payable and Accrued Expenses	7,795,234	7,385,914	7,025,089
Payroll Related Accruals	3,710,336	4,454,143	4,003,695
Deferred Revenue	4,294,838	4,771,873	5,725,900
Employee Health Related Accruals	568,693	515,207	343,382
Third-Party Payer Settlement Payable	1,066,399	823,997	267,474
Total Current Liabilities	18,593,983	18,886,273	18,077,324
Long Term Debt, net	1,002,937	1,040,714	1,142,109
Total Liabilities	19,596,920	19,926,987	19,219,433
Net Assets:			
Unrestricted	7,522,521	7,871,582	8,022,670
Temporarily Restricted	745,657	734,757	611,292
Total Net Assets	8,268,178	8,606,339	8,633,962
<b>Total Liabilities and Net Assets</b>	<b>\$ 27,865,099</b>	<b>\$ 28,533,325</b>	<b>\$ 27,853,395</b>

**City of Alameda Health Care District**

**Statements of Operations**

September 30, 2011

\$'s in thousands

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Patient Days	2,395	2,497	(102)	-4.1%	2,446	7,641	7,747	(106)	-1.4%	7,551
Discharges	223	228	(5)	-2.2%	203	681	716	(35)	-4.9%	642
ALOS (Average Length of Stay)	10.74	10.95	(0.21)	-1.9%	12.05	11.22	10.82	0.40	3.7%	11.76
ADC (Average Daily Census)	79.8	83.2	(3.40)	-4.1%	81.5	83	84.2	(1.15)	-1.4%	82.1
CMI (Case Mix Index)	1.2265				1.4031	1.3168				1.4062
<b>Revenues</b>										
Gross Inpatient Revenues	\$ 13,941	\$ 14,516	\$ (575)	-4.0%	\$ 13,588	\$ 43,379	\$ 45,035	\$ (1,655)	-3.7%	\$ 41,615
Gross Outpatient Revenues	6,522	7,059	(537)	-7.6%	7,143	21,190	21,937	(747)	-3.4%	20,958
Total Gross Revenues	20,463	21,575	(1,112)	-5.2%	20,730	64,570	66,972	(2,402)	-3.6%	62,573
Contractual Deductions	15,260	15,897	637	4.0%	15,062	48,146	49,281	1,135	2.3%	45,146
Bad Debts	359	683	325	47.5%	659	1,577	2,128	552	25.9%	1,873
Charity and Other Adjustments	246	164	(82)	-50.1%	118	760	512	(248)	-48.5%	496
Net Patient Revenues	4,599	4,830	(232)	-4.8%	4,891	14,087	15,051	(964)	-6.4%	15,058
Net Patient Revenue %	22.5%	22.4%			23.6%	21.8%	22.5%			24.1%
Net Clinic Revenue	31	-	31	0.0%	43	98	21	77	367.2%	112
Other Operating Revenue	8	10	(2)	-20.2%	9	182	30	152	502.0%	28
<b>Total Revenues</b>	<b>4,638</b>	<b>4,841</b>	<b>(203)</b>	<b>-4.2%</b>	<b>4,944</b>	<b>14,367</b>	<b>15,102</b>	<b>(735)</b>	<b>-4.9%</b>	<b>15,197</b>
<b>Expenses</b>										
Salaries	2,818	2,798	(20)	-0.7%	2,900	8,556	8,396	(160)	-1.9%	8,943
Temporary Agency	94	143	48	33.9%	137	327	446	120	26.9%	485
Benefits	809	790	(19)	-2.4%	519	2,626	2,384	(242)	-10.1%	2,135
Professional Fees	401	290	(111)	-38.5%	312	997	863	(134)	-15.6%	926
Supplies	653	732	79	10.7%	877	1,900	2,257	357	15.8%	2,421
Purchased Services	372	373	1	0.4%	315	1,022	1,116	94	8.4%	1,089
Rents and Leases	80	79	(1)	-0.9%	71	247	237	(10)	-4.3%	193
Utilities and Telephone	64	65	0	0.7%	52	196	194	(2)	-1.0%	168
Insurance	27	17	(10)	-62.2%	31	87	50	(37)	-72.8%	96
Depreciation and amortization	73	68	(5)	-7.0%	82	226	204	(22)	-10.9%	247
Other Operating Expenses	88	73	(15)	-20.8%	92	231	216	(15)	-7.0%	246
<b>Total Expenses</b>	<b>5,480</b>	<b>5,427</b>	<b>(53)</b>	<b>-1.0%</b>	<b>5,387</b>	<b>16,415</b>	<b>16,364</b>	<b>(52)</b>	<b>-0.3%</b>	<b>16,949</b>
<b>Operating gain (loss)</b>	<b>(842)</b>	<b>(586)</b>	<b>(255)</b>	<b>-43.5%</b>	<b>(443)</b>	<b>(2,049)</b>	<b>(1,262)</b>	<b>(787)</b>	<b>62.4%</b>	<b>(1,752)</b>
<b>Non-Operating Income / (Expense)</b>										
Parcel Taxes	481	478	2	0.4%	478	1,435	1,434	1	0.1%	1,434
Investment Income	1	0	0	180.3%	1	2	(38)	39	-104.6%	5
Interest Expense	(14)	(13)	(1)	-6.4%	(7)	(45)	(13)	(32)	251.7%	(22)
Other Income / (Expense)	25	23	2	9.6%	23	71	73	(1)	-1.8%	72
<b>Net Non-Operating Income / (Expense)</b>	<b>493</b>	<b>489</b>	<b>4</b>	<b>0.8%</b>	<b>495</b>	<b>1,464</b>	<b>1,457</b>	<b>7</b>	<b>0.5%</b>	<b>1,489</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$ (349)</b>	<b>\$ (98)</b>	<b>\$ (251)</b>	<b>257.6%</b>	<b>\$ 52</b>	<b>\$ (585)</b>	<b>\$ 195</b>	<b>\$ (780)</b>	<b>-400.1%</b>	<b>\$ (262)</b>

**City of Alameda Health Care District**  
**Statements of Operations - Per Adjusted Patient Day**  
September 30, 2011

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
<b>Revenues</b>										
Gross Inpatient Revenues	\$ 3,966	\$ 3,911	\$ 54	1.4%	\$ 3,641	\$ 3,814	\$ 3,909	\$ (95)	-2.4%	\$ 3,665
Gross Outpatient Revenues	1,855	1,902	(47)	-2.5%	1,914	1,863	1,904	(41)	-2.2%	1,846
<b>Total Gross Revenues</b>	<b>5,821</b>	<b>5,813</b>	<b>7</b>	<b>0.1%</b>	<b>5,555</b>	<b>5,677</b>	<b>5,813</b>	<b>(136)</b>	<b>-2.3%</b>	<b>5,511</b>
Contractual Deductions	4,341	4,284	(57)	-1.3%	4,036	4,233	4,278	44	1.0%	3,976
Bad Debts	102	184	82	44.6%	177	139	185	46	25.0%	165
Charity and Other Adjustments	70	44	(26)	-58.5%	32	67	44	(22)	-50.4%	44
<b>Net Patient Revenues</b>	<b>1,308</b>	<b>1,302</b>	<b>6</b>	<b>0.5%</b>	<b>1,311</b>	<b>1,239</b>	<b>1,306</b>	<b>(68)</b>	<b>-5.2%</b>	<b>1,326</b>
<b>Net Patient Revenue %</b>	<b>22.5%</b>	<b>22.4%</b>			<b>23.6%</b>	<b>21.8%</b>	<b>22.5%</b>			<b>24.1%</b>
Net Clinic Revenue	9	-	9	0.0%	12	9	2	7	373.3%	10
Other Operating Revenue	2	3	(0)	-15.8%	2	16	3	13	509.7%	2
<b>Total Revenues</b>	<b>1,319</b>	<b>1,304</b>	<b>15</b>	<b>1.2%</b>	<b>1,325</b>	<b>1,263</b>	<b>1,311</b>	<b>(48)</b>	<b>-3.6%</b>	<b>1,339</b>
<b>Expenses</b>										
Salaries	802	754	(48)	-6.3%	777	752	729	(24)	-3.2%	788
Temporary Agency	27	38	12	30.2%	37	29	39	10	25.9%	43
Benefits	230	213	(17)	-8.1%	139	231	207	(24)	-11.6%	188
Professional Fees	114	78	(36)	-46.2%	84	88	75	(13)	-17.1%	82
Supplies	186	197	11	5.8%	235	167	196	29	14.7%	213
Purchased Services	106	101	(5)	-5.2%	84	90	97	7	7.2%	96
Rents and Leases	23	21	(1)	-6.5%	19	22	21	(1)	-5.7%	17
Utilities and Telephone	18	17	(1)	-4.8%	14	17	17	(0)	-2.3%	15
Insurance	8	5	(3)	-71.2%	8	8	4	(3)	-75.1%	8
Depreciation and Amortization	21	18	(2)	-13.0%	22	20	18	(2)	-12.3%	22
Other Operating Expenses	25	20	(5)	-27.5%	25	20	19	(2)	-8.4%	22
<b>Total Expenses</b>	<b>1,559</b>	<b>1,462</b>	<b>(96)</b>	<b>-6.6%</b>	<b>1,443</b>	<b>1,443</b>	<b>1,420</b>	<b>(23)</b>	<b>-1.6%</b>	<b>1,493</b>
<b>Operating Gain / (Loss)</b>	<b>(239)</b>	<b>(158)</b>	<b>(81)</b>	<b>-51.5%</b>	<b>(119)</b>	<b>(180)</b>	<b>(109)</b>	<b>(71)</b>	<b>64.6%</b>	<b>(154)</b>
<b>Non-Operating Income / (Expense)</b>										
Parcel Taxes	137	129	8	6.0%	128	126	124	2	1.4%	126
Investment Income	0	0	0	195.9%	0	0	0	0	178.4%	0
Interest Expense	(4)	(3)	(0)	-12.4%	(2)	(4)	(3)	(1)	21.2%	(2)
Other Income / (Expense)	7	6	1	15.7%	6	6	6	(0)	-0.5%	6
<b>Net Non-Operating Income / (Expense)</b>	<b>140</b>	<b>132</b>	<b>8</b>	<b>6.4%</b>	<b>133</b>	<b>129</b>	<b>128</b>	<b>1</b>	<b>0.9%</b>	<b>131</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$ (99)</b>	<b>\$ (26)</b>	<b>\$ (73)</b>	<b>277.6%</b>	<b>\$ 14</b>	<b>\$ (51)</b>	<b>\$ 18</b>	<b>\$ (70)</b>	<b>-379.8%</b>	<b>\$ (23)</b>

**City of Alameda Health Care District**  
**Statement of Cash Flows**  
**For the Three Months Ended September 30, 2011**

	<u>Current Month</u>	<u>Year-to-Date</u>
<b>Cash flows from operating activities</b>		
Net Income / (Loss)	\$ (349,063)	\$ (585,055)
Items not requiring the use of cash:		
Depreciation and amortization	73,144	\$ 226,401
Write-off of Kaiser liability	-	\$ -
Changes in certain assets and liabilities:		
Patient accounts receivable, net	(207,237)	(1,406,047)
Other Receivables	(50,218)	707,042
Third-Party Payer Settlements Receivable	242,402	717,347
Inventories	14,682	59,537
Prepays and Other	(7,334)	(57,113)
Accounts payable and accrued liabilities	409,320	770,145
Payroll Related Accruals	(743,807)	(293,359)
Employee Health Plan Accruals	53,486	225,311
Deferred Revenues	(477,035)	(1,431,062)
Cash provided by (used in) operating activities	<u>(1,041,660)</u>	<u>(1,066,853)</u>
<b>Cash flows from investing activities</b>		
(Increase) Decrease in Assets Limited As to Use	(10,900)	(34,365)
Additions to Property, Plant and Equipment	(77,406)	(286,175)
Other	2	84,906
Cash provided by (used in) investing activities	<u>(88,304)</u>	<u>(235,633)</u>
<b>Cash flows from financing activities</b>		
Net Change in Long-Term Debt	185,567	307,527
Net Change in Restricted Funds	10,900	134,365
Cash provided by (used in) financing and fundraising activities	<u>196,467</u>	<u>441,892</u>
Net increase (decrease) in cash and cash equivalents	(933,497)	(860,595)
<b>Cash and cash equivalents at beginning of period</b>	1,875,126	1,802,225
<b>Cash and cash equivalents at end of period</b>	<u>\$ 941,629</u>	<u>\$ 941,630</u>

**City of Alameda Health Care District  
Ratio's Comparison**

<b>Financial Ratios</b>	Audited Results			Unaudited Results	
	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>YTD 9/30/2011</b>
<b><u>Profitability Ratios</u></b>					
Net Patient Revenue (%)	22.48%	22.69%	24.16%	23.58%	21.84%
Earnings Before Depreciation, Interest, Taxes and Amortization (EBITA)	-0.72%	3.62%	4.82%	-1.01%	-2.41%
EBIDAP <sup>Note 5</sup>	-10.91%	-5.49%	-3.66%	-13.41%	-12.42%
Operating Margin	-3.75%	1.03%	2.74%	-2.61%	-3.89%
<b><u>Liquidity Ratios</u></b>					
Current Ratio	0.98	1.15	1.23	1.05	1.02
Days in accounts receivable ,net	51.70	57.26	51.83	46.03	56.50
Days cash on hand ( with restricted)	30.61	13.56	21.60	14.14	9.70
<b><u>Debt Ratios</u></b>					
Cash to Debt	187.3%	115.3%	249.0%	123.3%	66.25%
Average pay period	58.93	58.03	57.11	62.68	68.43
Debt service coverage	(0.14)	3.87	5.98	(0.70)	(0.29)
Long-term debt to fund balance	0.26	0.20	0.14	0.18	0.21
Return on fund balance	-29.59%	8.42%	18.87%	-19.21%	-7.48%
Debt to number of beds	20,932	13,481	10,482	11,515	13,425



**City of Alameda Health Care District  
Ratio's Comparison**

Financial Ratios	Audited Results			Unaudited Results	
	FY 2008	FY 2009	FY 2010	FY 2011	YTD 9/30/2011
<b>Patient Care Information</b>					
Bed Capacity	135	161	161	161	161
Patient days( all services)	22,687	30,463	30,607	30,270	7,641
Patient days (acute only)	11,276	11,787	10,579	10,443	2,612
Discharges( acute only)	2,885	2,812	2,802	2,527	656
Average length of stay ( acute only)	3.91	4.19	3.78	4.13	3.98
Average daily patients (all sources)	61.99	83.46	83.85	82.93	83.05
Occupancy rate (all sources)	45.92%	52.94%	52.08%	51.51%	51.59%
Average length of stay	3.91	4.19	3.78	4.13	3.98
Emergency Visits	17,922	17,337	17,624	16,816	4,226
Emergency visits per day	48.97	47.50	48.28	46.07	45.93
Outpatient registrations per day <sup>Note 1</sup>	84.54	82.05	79.67	65.19	59.12
Surgeries per day <sup>Note 1</sup>	14.78	16.12	13.46	6.12	6.95

Notes:

1. Includes Kaiser Outpatient Sugercial volume in Fiscal Years 2008, 2009 and through March 31, 2010.
2. In addition to these general requirements a feasibility report will be required.
3. Based upon Moody's FY 2008 preliminary single-state provider medians.
4. EBIDA - Earnings before Interest, Depreciation and Amoritzation
5. EBIDAP - Earnings before Interest, Depreciation and Amortization and Parcel Tax Proceeds

## Glossary of Financial Ratios

Term	What is it? Why is it Important?	How is it calculated?
EBIDA	A measure of the organization's cash flow	Earnings before interest, depreciation, and amortization (EBIDA)
Operating Margin	Income derived from patient care operations	Total operating revenue less total operating expense divided by total operating revenue
Current Ratio	The number of dollars held in current assets per dollar of liabilities. A widely used measure of liquidity. An increase in this ratio is a positive trend.	Current assets divided by current liabilities
Days cash on hand	Measures the number of days of average cash expenses that the hospital maintains in cash or marketable securities. It is a measure of total liquidity, both short-term and long-term. An increasing trend is positive.	Cash plus short-term investments plus unrestricted long-term investments over total expenses less depreciation divided by 365.
Cash to debt	Measures the amount of cash available to service debt.	Cash plus investments plus limited use investments divided by the current portion and long-term portion of the organization's debt instruments.
Debt service coverage	Measures total debt service coverage (interest plus principal) against annual funds available to pay debt service. Does not take into account positive or negative cash flow associated with balance sheet changes (e.g. work down of accounts receivable). Higher values indicate better debt repayment ability.	Excess of revenues over expenses plus depreciation plus interest expense over principal payments plus interest expense.
Long-term debt to fund balance	Higher values for this ratio imply a greater reliance on debt financing and may imply a reduced ability to carry additional debt. A declining trend is positive.	Long-term debt divided by long-term debt plus unrestricted net assets.