



CITY OF ALAMEDA HEALTH CARE DISTRICT

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

Wednesday, November 30, 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 26, 2011 Minutes [enclosure] Michael McCormick
 - B. Recommendation to Accept October 2011 Unaudited Financial Statements [enclosure] Diana Surber
- III. Chief Executive Officers Report Deborah E. Stebbins
 - A. Revenue Cycle Update
 - 1. Revenue Cycle Task Force Meeting – December 2011
 - B. Waters Edge Update
 - C. Organizational Changes in Finance
 - D. IGT Update
 - E. AB97 Litigation Update
 - F. Discussion of Rescheduling December Committee Meeting to January 4, 2012
- IV. Finance Report Diana Surber
 - A. Update on Cash Position
- V. Board / Committee / Staff Comments
- VI. Adjournment

NEXT MEETING SCHEDULED: TBD

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.

Members Present: (Voting)	Mike McCormick, Chair Robert Deutsch, MD Ann Evans	Ed Kofman James Oddie	William Sellman, MD Jim Yeh, DO
Management Present:	Deborah E. Stebbins Kerry J. Easthope	Diana Surber Mary Bond, RN	Katy Silverman
Ex Officio/Guests:	Jordan Battani Elliott Gorelick (partial, by phone)	Gwynn Smith, HFS Consultants Becky Carroll, HFS Consultants	
Absent:			
Submitted by:	Kristen Thorson		
TOPIC	DISCUSSION		ACTION FOLLOW-UP
I. Call to Order	Director McCormick called the meeting to order at 7: 36 a.m.		
II. Action Items	A.	Acceptance of October 5, 2011 Minutes	Mr. Oddie made a motion to accept the minutes as presented. Mr. McCormick seconded the motion. The motion carried.
	B.	<p>Recommendation to Accept September 2011 Unaudited Financial Statements</p> <p>Ms. Surber presented the Financial Statements noting the following key points.</p> <p>Average Daily Census (ADC) was 79.8 versus 83.2 budgeted, a variance mainly in the acute census. ECC outpatient registrations were at budget and total outpatient registrations were 12% below budget. Overall gross revenue was unfavorable to budget by \$1.1 M with Inpatient revenues under budget by \$0.6M and Outpatient revenues under budget by \$0.5M. Net Patient Revenue was only \$0.2 M less than budget due to slightly favorable deductions from revenue percentage. The Case Mix Index was low due to low acute days. Operating expenses were \$53,000 over budget with unfavorable variances in professional fees partially offset by favorable variances in supplies. Operating loss for the month was \$349,000 versus budgeted loss of \$98,000.</p>	Ms. Evans made a motion to recommend approval of the September 2011 Unaudited Financial Statements as presented. Mr. Kofman seconded the motion. The motion carried.
III. Finance Report	A.	Plan to mitigate 1 st Quarter Financial	

		<p>Performance</p> <p>Management distributed and presented an analysis of performance issues and corrective actions being taken to mitigate the 1st quarter financial performance.</p> <p>Ms. Stebbins noted that the 1st Quarter financial performance was related to revenue issues problems rather than expense issues. Revenue issues identified were: low inpatient acute days; the projection of impact of physician advisory services related to converting observation patients was lower than budgeted; overall net revenue percent was below budget which tied to lower Case Mix Index, a shift in payer mix and other revenue cycle issues which equated to a YTD impact of approximately \$425,000; and outpatient registrations were below budget due to areas in Imaging (specifically mammography) being off line due to the equipment upgrades and remodeling.</p>	
IV. CEO report	A.	<p>Revenue Cycle Review Report</p> <p>Management and HFS Consultants reviewed the revenue cycle report that was presented at the meeting. The report that outlined the process and objective of the revenue cycle review conducted by HFS as well as the issues that have been discovered that are affecting cash collections at the hospital. There was discussion and a decision made to form a sub-committee of the Finance and Management Committee (Jordan Battani, Jim Oddie and Ann Evans) to meet on a more frequent basis to look at this important area of the Revenue Cycle. Management and consultants stated that corrective action and steps to improve processes were put into place and have been in progress since the beginning of July 2011.</p>	
		<p>Ms Stebbins reported that no new information had been received regarding AB97 or the status of the IGT.</p>	
V. Board / Committee / Staff Comments		No board, Committee or Staff comments.	
VI. Adjournment		Being no further business, the meeting was adjourned at 9:17 a.m.	

THE CITY OF ALAMEDA HEALTH CARE DISTRICT

ALAMEDA HOSPITAL

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDING OCTOBER 31, 2011

**CITY OF ALAMEDA HEALTH CARE DISTRICT
ALAMEDA HOSPITAL
OCTOBER 31, 2011**

<u>Table of Contents</u>	<u>Page</u>
Financial Management Discussion	1 – 12
Key Statistics for Current Month and Year-to-Date	13
Balance Sheet	14
Statement of Revenue and Expenses	15
Statement of Revenue and Expenses – Per Adjusted Patient Day	16
Statement of Cash Flows	17
October Roll forward From Actual to Adjusted	18
Ratio Comparisons	19-20
Glossary of Financial Ratios	21

**ALAMEDA HOSPITAL
MANAGEMENT DISCUSSION AND ANALYSIS
OCTOBER, 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 October 31, 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 October, 2011

- For the month of October 2011, combined revenue over expense is \$271,000 versus a budgeted excess of revenue over expense of \$122,000. This gain was the result of a positive adjustment of \$815,000 related to AB 97 long term care rate reduction reserves, partially offset by a negative adjustment of \$502,000 to update Inter-Governmental Transfer (IGT) revenue accruals. Year-to-date (YTD), the hospital had a combined loss of (\$314,000) compared to a budget of excess revenues over expenses of \$316,000. See schedule on Page 24 for detail of the impact of the adjustments and a roll forward from the October actual to adjusted results.
- Gross patient revenue for October was less than budget by \$1.3 million or 5.9%. Inpatient revenue was unfavorable to budget by \$477,000 (3.2%), and the outpatient programs were also unfavorable by another \$864,000 (11.4%). On a year-to-date basis, gross revenue is below budget by \$3.7 million (4.2%), \$2.1 million (3.5%) related to inpatient and \$1.6 million (5.5%) related to outpatient. The gross patient revenue Per Adjusted Patient Day (PAPD) of \$5,645 was 2.8% below the budget of \$5,809 and 3% below September results of \$5,821.
- Patient days, while below budget, are ahead of last year's volumes. Total patient days for the month were 2,590, only .3% below the budget of 2,599, and YTD days of 10,231 are 115 days (1.1%) under budget. However, these figures represent an increase from the prior month of 2,395 and prior year's October of 2,465 total patient days as well as up from October 2010 YTD of 10,016.
- The average daily acute care census was 30.03, favorable to a budget of 29.61 by .43 ADC, and a significant increase over the 27.27 in the prior month; the average daily Sub-Acute census was 32.97 almost at budget of 33.0, and the Skilled Nursing program had an average daily census of 20.55 versus a budget of 21. Year-to-date ADC is 1.7% below the budget of 84.11 at 83.18, but still 1.75 ADC (2.2%) above the 2010 YTD ADC of 81.43.
- Emergency Care Center (ECC) visits were 1,407, 19 visits (1.3%) under the budget of 1,426 visits. YTD, the ECC visits are 25 below the budget.
- Total surgery cases were less than budgeted expectations by 24.9% for the month at 166 cases versus the budgeted 221 cases, inpatient cases were 11 (25%) under budget while outpatient cases were 44 (24.9%) under budget. Year-to-date surgery cases were 807 or 4.1% above the budget of 775, and above prior YTD of 793.
- Outpatient registrations were 1,800, or 12.2% below budget but 52 or 3% above prior month. However, the average of 58.1 visits per day was even with the prior month's 58.3 visits per day. YTD outpatient registrations are below budget by 10.1% at 7,239 versus the budget of 8,049. The outpatient visits were below budget in Radiology (71 visits), IVT Therapy (18 visits) and Occupational Therapy (26 visits), yet over budget in Ultrasound (28 visits).

Balance Sheet

Total assets decreased by \$388,000 from the prior month, nearly all of which was in current assets. The following items make up the increase in current assets:

- Total unrestricted cash and cash equivalents for October decreased by \$68,000 and days cash on hand

including restricted use funds decreased to 9.5 days on hand in October from 9.7 days on hand in September. 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 October by \$288,000 compared to an increase of \$203,000 in September. Days in outstanding receivables were 57.9 at October month end, an increase from 56.5 days in September. Collections in October were \$4.4 million compared to \$4.6 million in September.
- Other Receivables decreased by \$806,000 from September to October due to the impact of the IGT adjustment (\$502,000 decrease) and the posting of a \$300,000 audit adjustment to reduce the balance carried forward from the prior fiscal year.

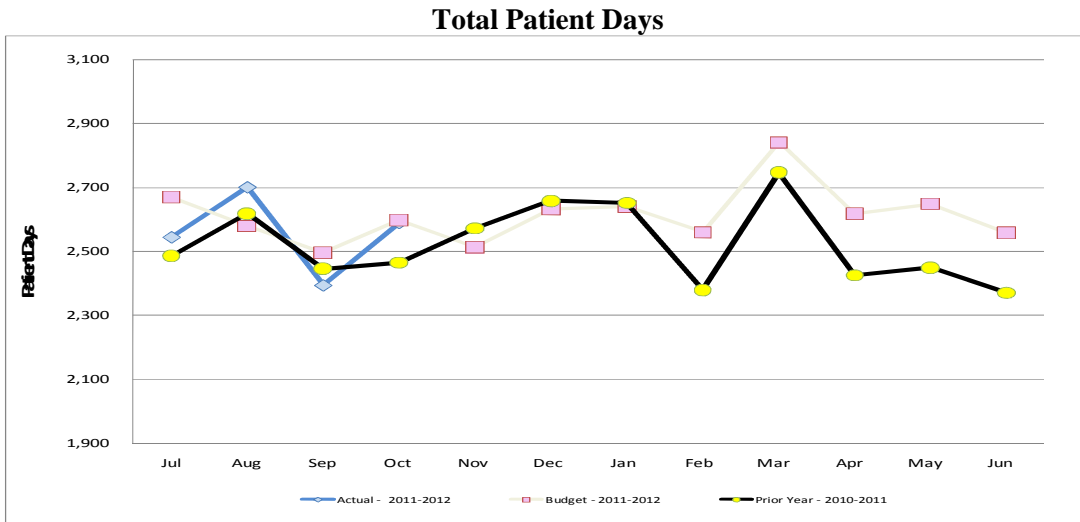
Total liabilities decreased by \$512,000 compared to a decrease of \$330,000 in the prior month. This decrease in the current month was the result of the following:

- Third party settlement accounts decreased by \$830,000, due primarily to the reversal of \$815,000 of reserves related to the AB 97 rate reduction for Sub-Acute days. This rate reduction had been reserved for all Sub-Acute days between June 2011 and September 2011 and was therefore over reserved by 24% as the Sub-Acute unit was budgeted at 76% Medi-Cal utilization.
- Payroll related accruals decreased by \$142,000 as a result of the timing of unpaid payroll taxes at the end of the prior month.
- 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 \$231,000 due to \$250,000 in draws on the line of credit. At month end \$750,000 of the board approved \$750,000 had been drawn down.
- Accounts payable and other accrued expenses increased \$643,000 as vendor payments were delayed due to low cash collections.

Volumes

The combined actual average daily census was 83.55 versus a budget of 83.84 or an unfavorable variance of only .4%. The current month's overall unfavorable variance was the result of average daily census that was favorable to budget in the acute care areas by .43 patients per day or 1.5%. The Sub-Acute program average daily census was also even with budget, while the Skilled Nursing program had a negative variance to budget of .7 patients per day or 3.3%. October's total census represents a 4.7% increase from the September's average census levels.

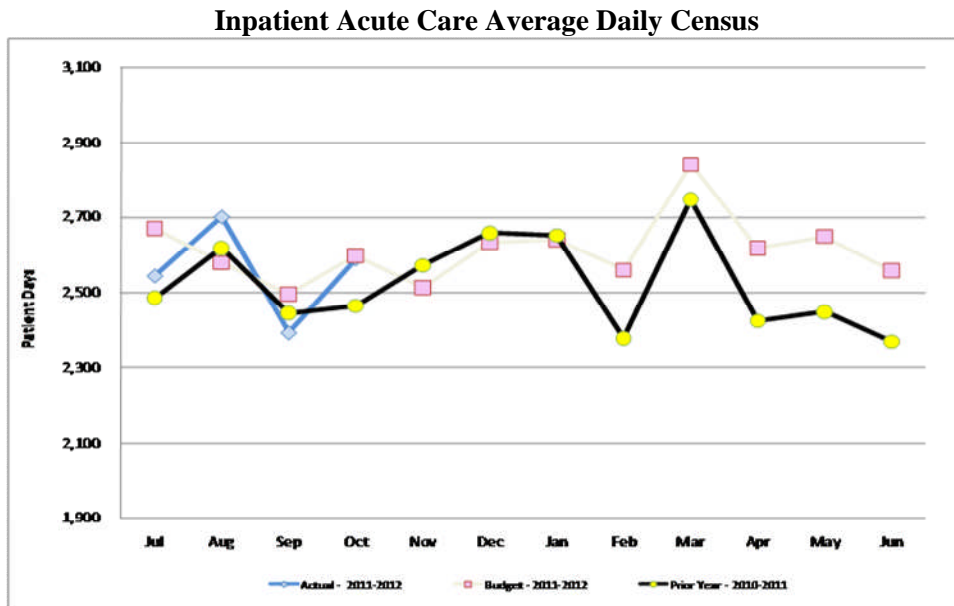
The graph on the next page shows the total patient days by month for fiscal year 2012 compared to the operating budget and fiscal year 2011 actual.



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

Acute Care

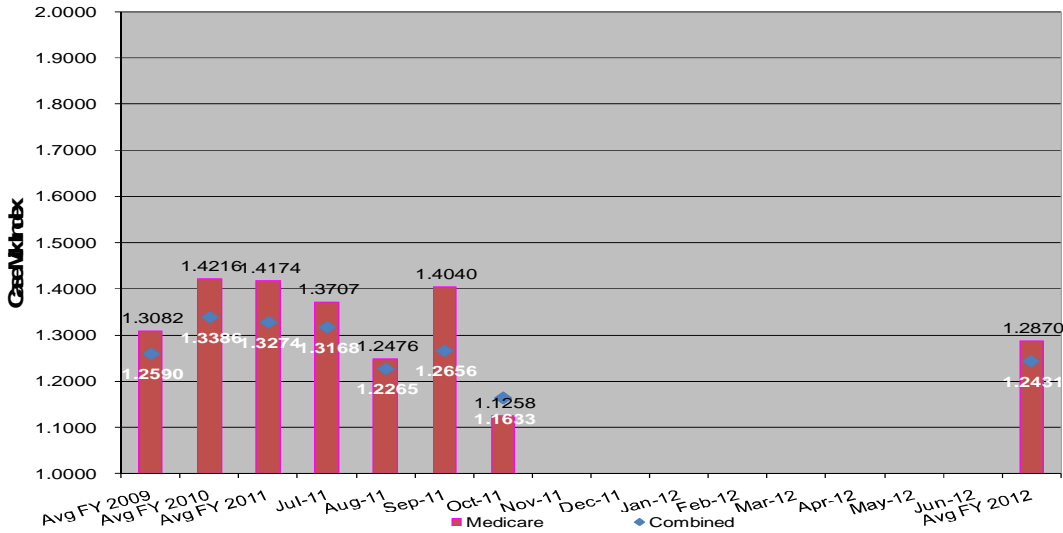
The acute care patient days were 1.4% (13 days) more than budgeted and 22% above the prior year’s average daily census of 24.55 for October. The acute care program is comprised of the Critical Care Unit (3.2 ADC, 25.6% unfavorable to budget), Definitive Observation Unit (12 ADC, 5.7% above budget) and Med/Surg Units (14.8 ADC, 6.2% favorable 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) decreased to 1.1633, down from the prior month of 1.2655, and below the prior fiscal year average of 1.3274. The Medicare CMI decreased from 1.4040 in September to 1.1258 in October. 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



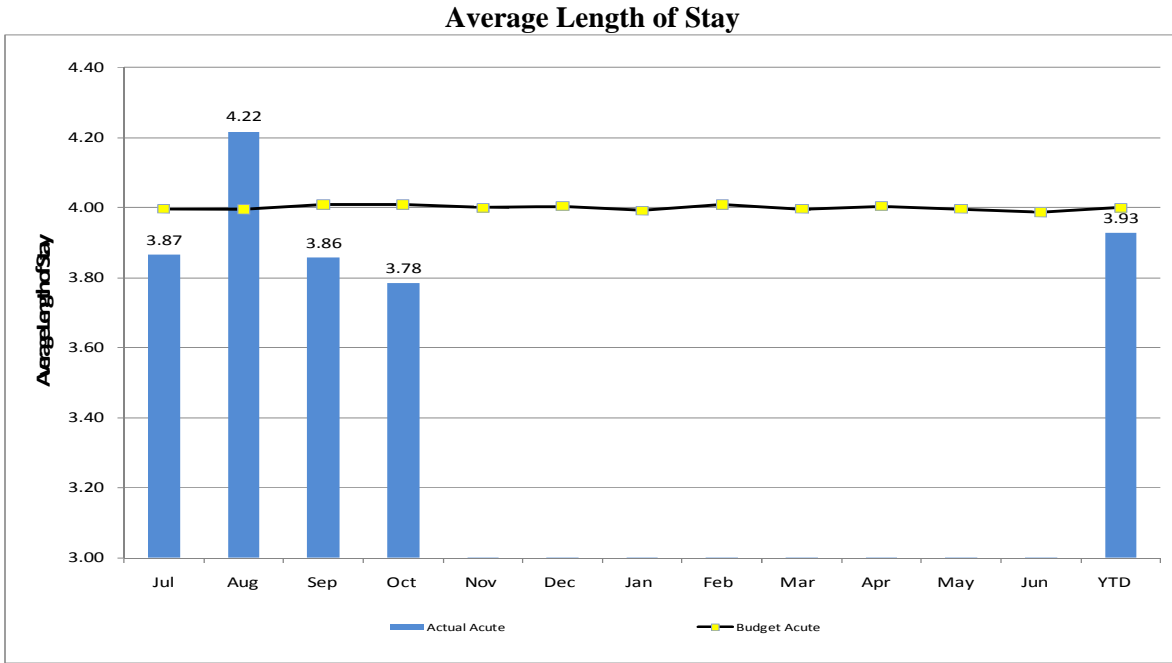
The CMI at the time of forecasting this year’s budget, June 2010 through March 2011, the combined CMI was 1.3758. Comparing the first quarter of last year versus the first four months of this year, the average CMI has dropped from 1.3793 in July - October 2010 to 1.2456 in July – October 2011, or a 9.7% decline. Note that payers with lower volume can have substantial swings in CMI from one period to another. See the table below that compares the CMI by payer for the three periods.

Case Mix Index Comparison

Financial Class	Jun 10 - Mar 11	Oct 10 YTD	Oct 11 YTD	Oct 11 YTD Volume
Commercial - Non-Contracted	1.9649	2.4050	0.6522	1
HMO	1.2522	1.1370	1.4596	47
Industrial	1.8373	0.8857	1.8162	4
Kaiser	1.8412	2.3422	1.2440	4
Medi-Cal HMO	1.0008	1.0060	1.0081	47
Medi-Cal	1.2724	1.1704	1.1098	68
Medicare	1.4724	1.4808	1.2869	476
Medicare HMO	1.3568	1.3456	1.3689	88
Personal Pay	1.0105	1.1010	1.0215	56
Medi-Cal Pending	1.8334	3.1061	2.0751	4
PPO	1.2613	1.3628	1.0922	92
VA	1.4051	1.3381	1.3454	15
Combined	1.3758	1.3793	1.2456	902

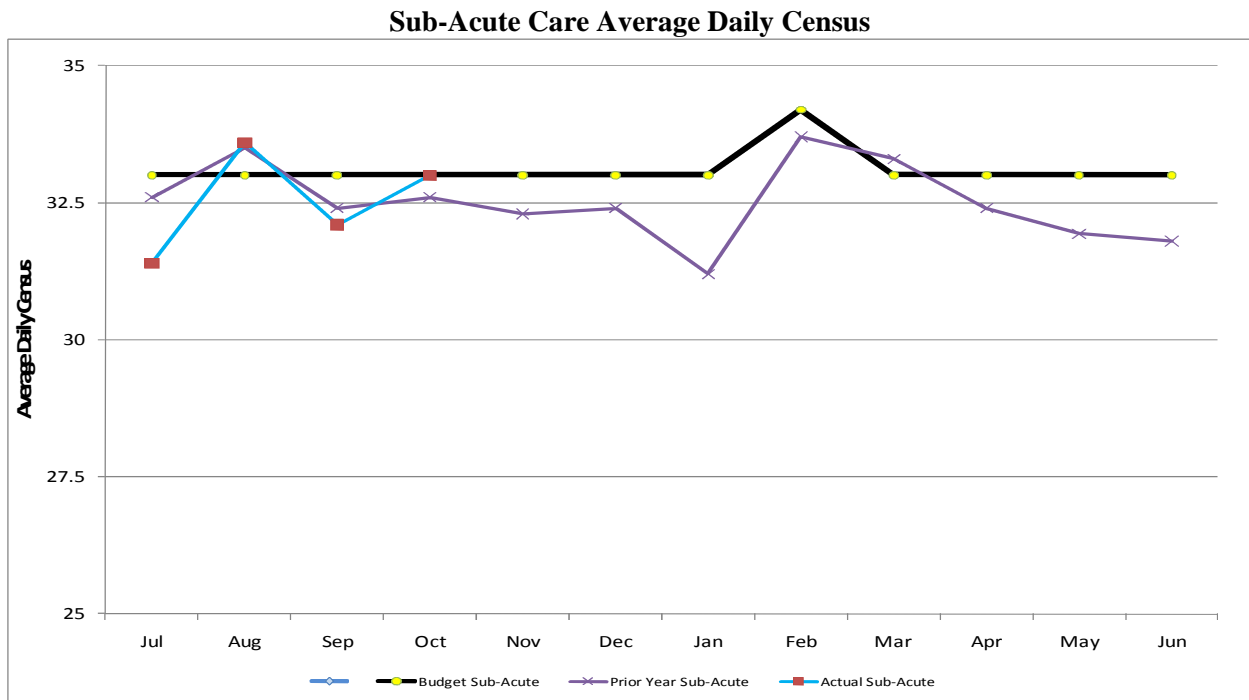
Average Length of Stay - Acute

The acute average length of stay (ALOS) decreased from the September low of 3.86 to 3.78 in October, which is also below October in the prior year of 3.98. 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.



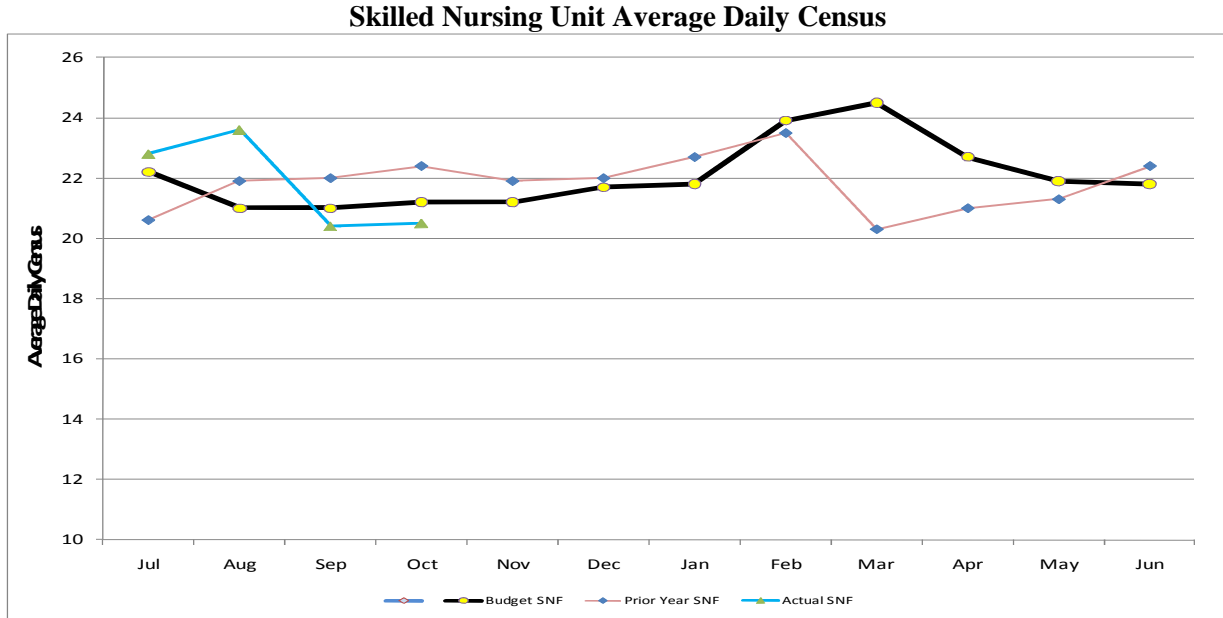
Sub-Acute Care

The Sub-Acute program average daily census of 33.0 in October was at 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.



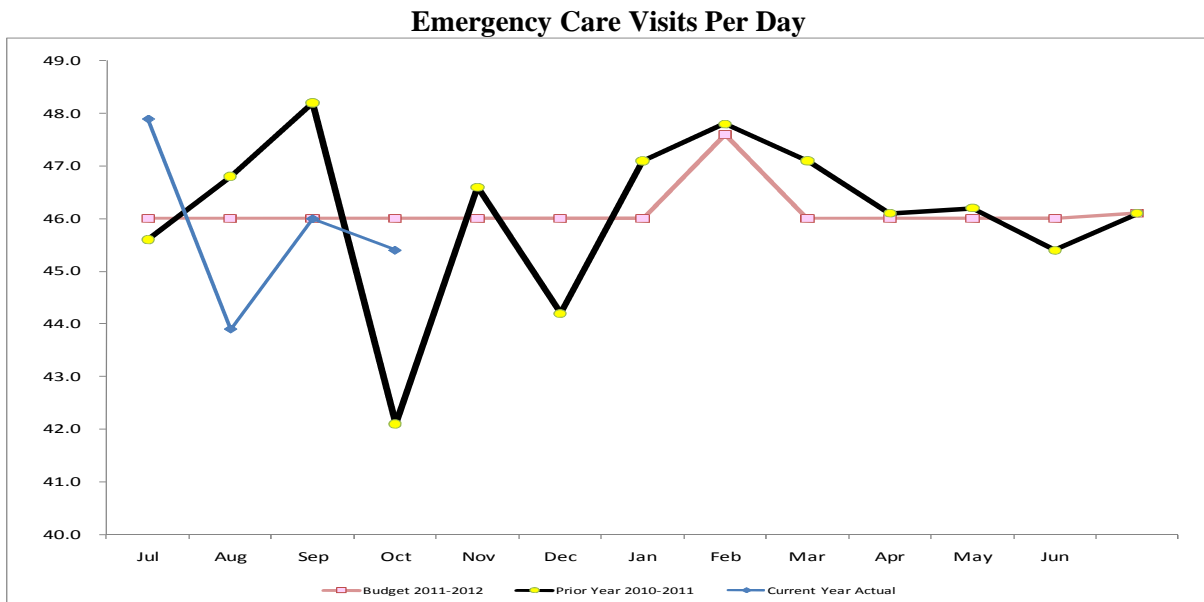
Skilled Nursing Care

The Skilled Nursing Unit (South Shore) patient days were 3.2% or 21 patient days lower than budgeted for the month of October, but up 24 days or 3.9% from September. This program’s volume remains greater than the prior year-to-date, with October 2011 year-to-date patient days higher than October 2010 year-to-date by 15 days or .56% and a year-to-date average daily census of 21.72 versus 21.85 in fiscal year 2011. The following graph shows the Skilled Nursing Unit monthly average daily census as compared to budget and the prior year.



Emergency Care Center (ECC)

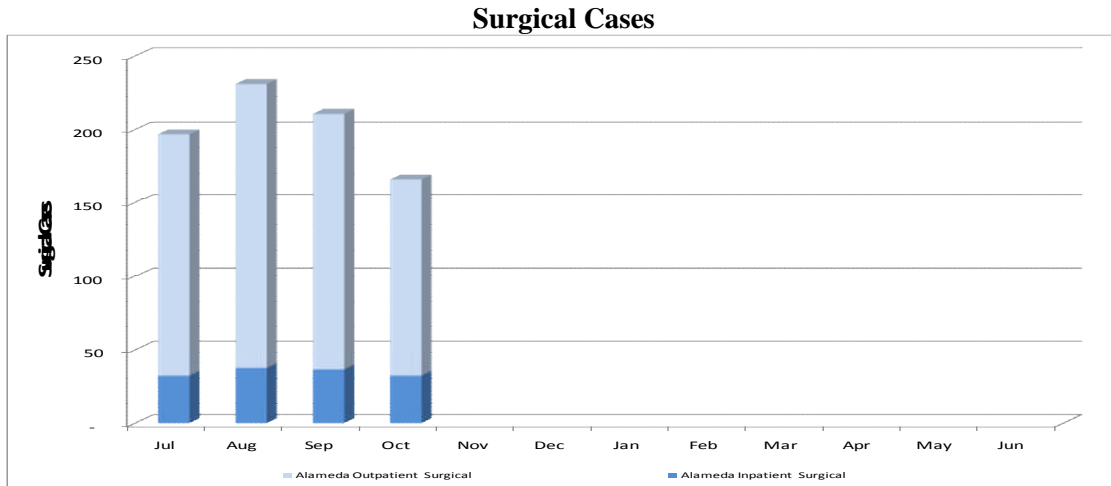
Emergency Care Center visits in October totaled 1,407, 19 visits (1.3%) under the budget of 1,426. 17.5% of these visits resulted in inpatient admissions versus 16.3% in September. On a per day basis, the total visits represent a decrease of 1.3% from the prior month daily average. In October, there were 332 ambulance arrivals versus 308 in the prior month. Of the 332 ambulance arrivals in the current month, 209 or 62.95% were from Alameda Fire Department (AFD) ambulances.



Surgery

In October, surgery cases were 166 versus 221 budgeted cases and 215 cases in the prior October. Surgery volume was considerably lower than September. Inpatient and outpatient cases totaled 33 and 133 versus 39 and 174 in October and September, respectively. Surgeries were down in October due to the Operating Room being closed for two Mondays, in addition to doctor illness and conflicts making it necessary for surgeons to cancel surgery block time.

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

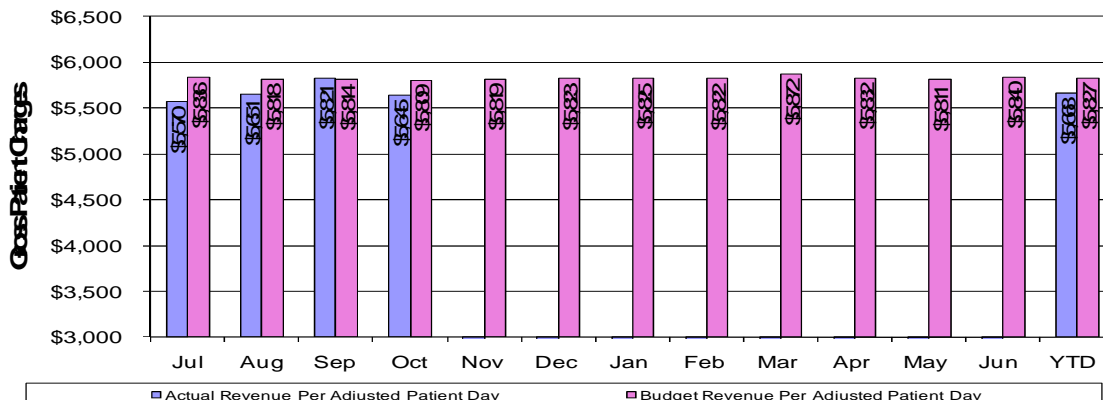


Income Statement

Gross Patient Charges

Gross patient charges in October were less than budget by \$1.3 million, or 5.9%, mostly driven by lower outpatient surgeries and other outpatient volumes. This unfavorable variance was comprised of an unfavorable variance to inpatient of \$477,000 and unfavorable variance to outpatient of \$864,000. The decrease in inpatient gross revenues was driven by lower volume in Acute Care, primarily CCU which was closed for part of the month, as well as inpatient surgery. Outpatient revenues were lower than budgeted as a result of lower than expected outpatient registrations (12.2%) as well as lower outpatient surgeries. On an adjusted patient day basis, total patient revenue was \$5,645 below the budget of \$5,809 for the month of October and below the September gross revenue per APD of \$5,821. In addition, clinical laboratory, emergency care and some of the imaging services were below budget for the month, while the acute 3 West and Telemetry units were 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.

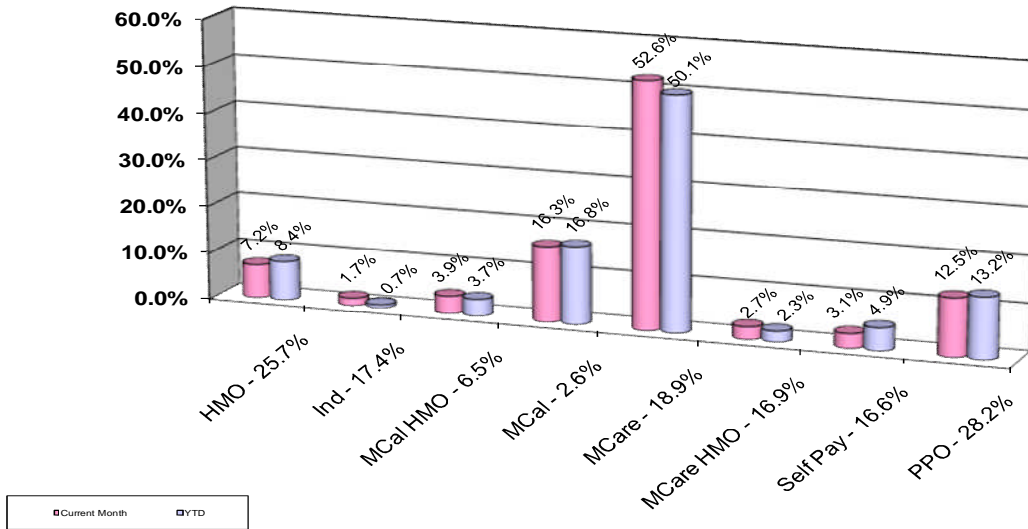
Gross Charges per Adjusted Patient Day



Payer Mix

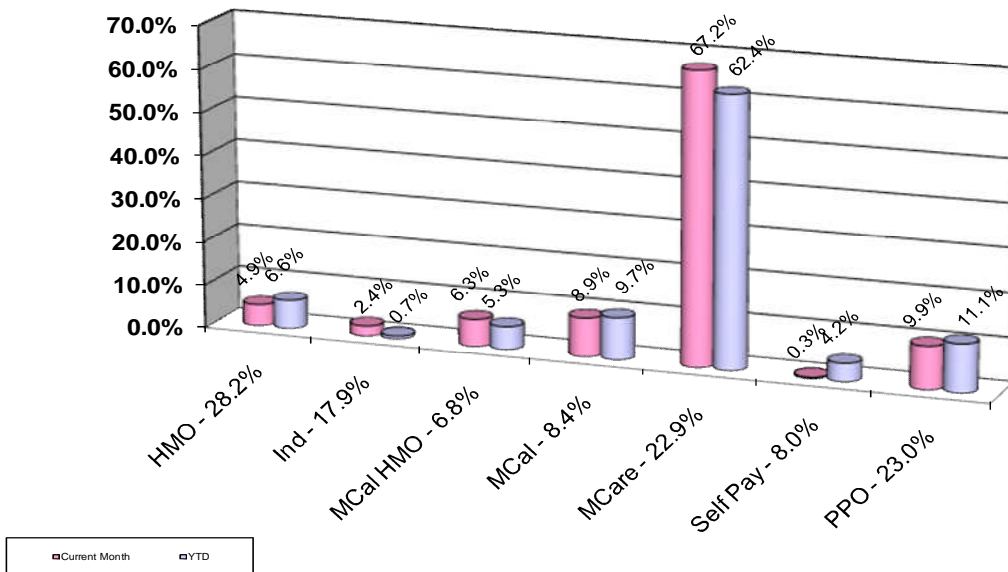
Combined acute care services, inpatient and outpatient, Medicare and Medicare Advantage total gross revenue in September made up 55.3% of the month's total gross patient revenue. Combined Medicare revenue was followed by HMO/PPO utilization at 19.7%, Medi-Cal Traditional and Medi-Cal HMO utilization at 20.2% and self pay at 3.1%. 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



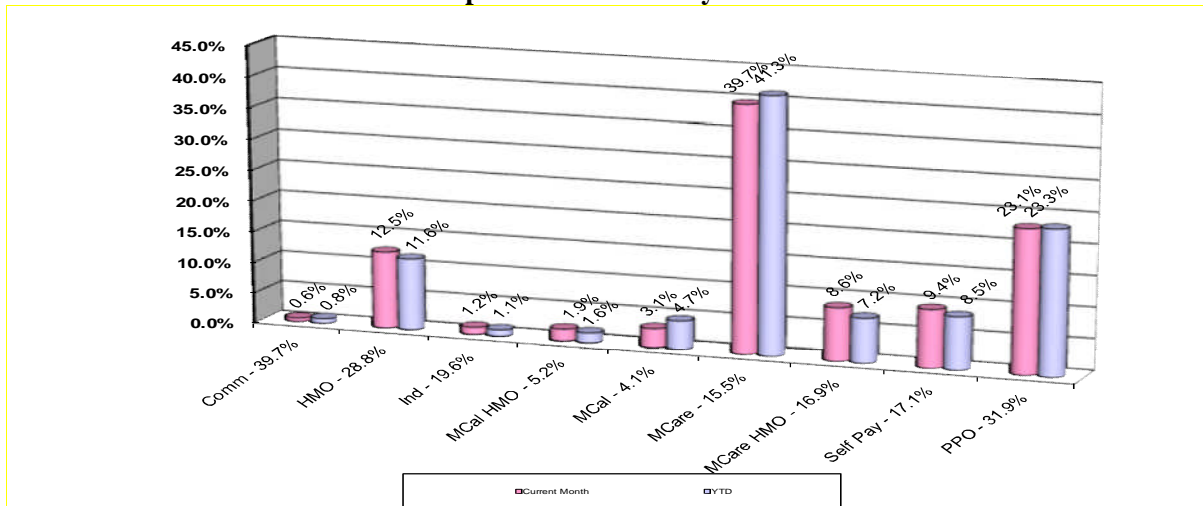
The inpatient acute care current month gross Medicare and Medicare Advantage charges made up 67.2% of our total inpatient acute care gross revenues followed by HMO/PPO at 14.8%, Medi-Cal and Medi-Cal HMO at 15.2% and Self Pay at .3% of the inpatient acute care revenue. The graph below shows inpatient 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



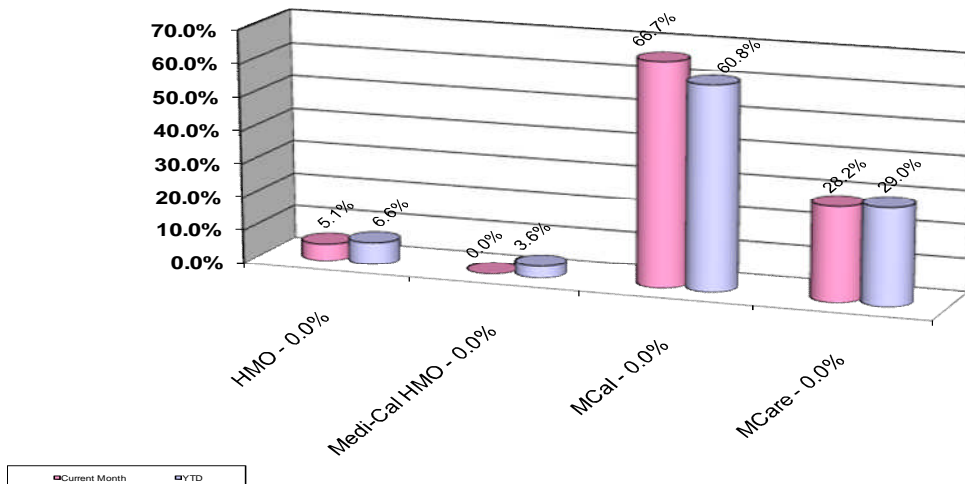
The outpatient gross revenue payer mix for October was comprised of 48.3% Medicare and Medicare Advantage, 36.2% HMO/PPO, 5.0% Medi-Cal and Medi-Cal HMO, and 9.4% self pay. The graph below shows the current month and fiscal year to date outpatient payer mix and the current months estimated level of reimbursement for each payer.

Outpatient Services Payer Mix



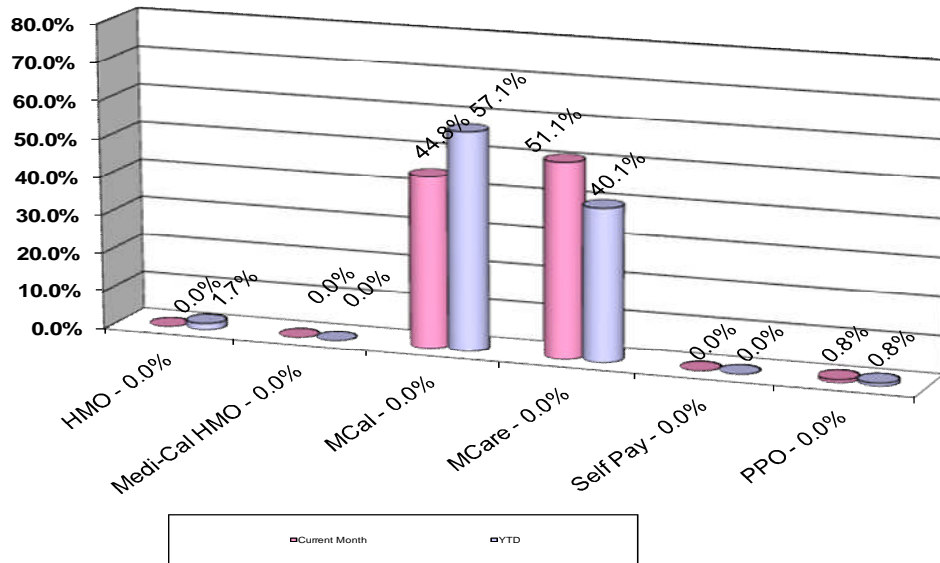
In October, the Sub-Acute care program again was dominated by Medi-Cal utilization of 66.7%, up from 62.8% in September. One anomaly in long term care patients is they are registered as Medicare, usually exhaust their benefits and transition to Medi-Cal. However, the financial class is not changed on the patient causing a mismatch when charges are billed and payments are received. Medicare was 28.2% and HMO/PPO rounds out the unit at 5.1%. 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 October, the Skilled Nursing program gross revenues were comprised primarily of Medicare at 51.1% and Medi-Cal at 44.8%. The graph below shows the current month and fiscal year to date skilled nursing payer mix and the current month's estimated level of reimbursement for each payer. It should be noted that even though the payor mix reflects 51.1% Medicare, most of these patients have exhausted their long-term care Medicare benefits and are Part B only, converting to Med-Cal benefits for skilled nursing days. These days will, therefore, be paid by Medi-Cal. We are reviewing the registration and billing procedures to better align revenues with payments by payor.

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 October contractual allowances, bad debt and charity adjustments (as a percentage of gross patient charges) were 75.2% versus the budgeted 77.6%. The positive contractual percent to budget is the major contributor in this month's positive bottom line and is due primarily to the favorable adjustment to reverse the AB 97 Medi-Cal rate reduction reserve for Sub-Acute days. The AB 97 reserve is now calculated for SNF days only and \$201,000 is reserved for June through October. There will be an ongoing favorable variance of roughly \$150,000 per month for the Sub-Acute reserve that is included in the budget deductions from revenue but not in actual results.

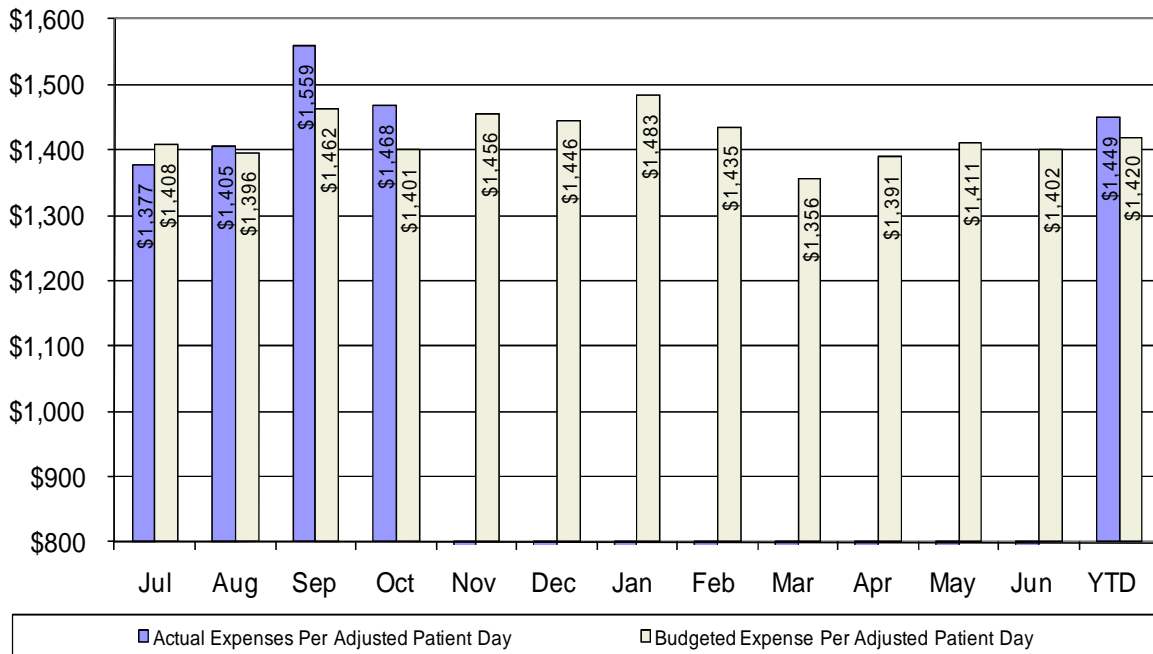
Net Patient Service Revenue

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. The IGT revenue is estimated at \$53,000 per month and is \$212,000 year to date. This revenue had been accrued at the rate of \$93,000 per month through September; however, the accrual calculation was updated in October based on information recently regarding the payment methodology. This resulted in an unfavorable adjustment of \$502,000 to net revenue in October.

Total Operating Expenses

Total operating expenses were higher than the fixed budget by \$78,000 or 1.4%. On an adjusted patient day basis, our cost per adjusted patient day was \$1,468 which was \$67 per adjusted patient day unfavorable to budget but \$91 lower 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 consulting fee accruals. 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



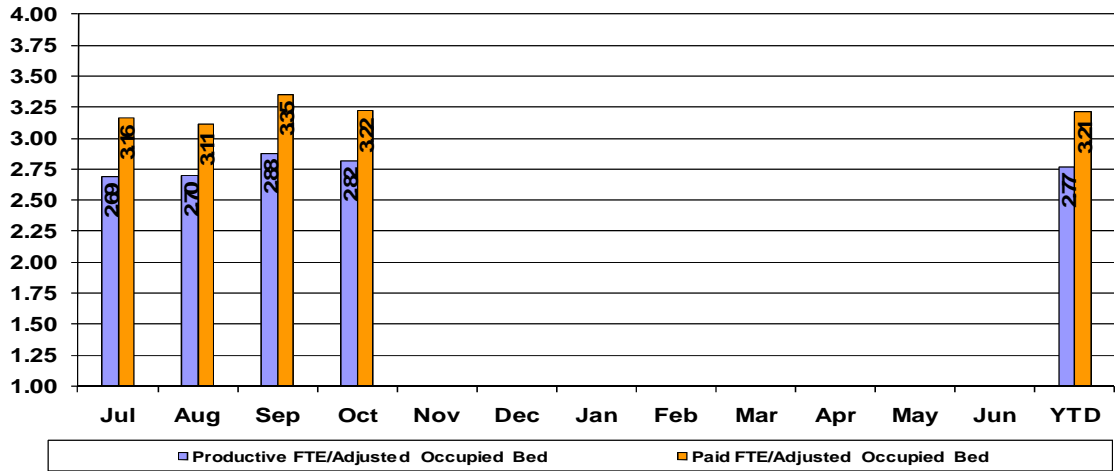
Salary and Temporary Agency Expenses

Salary and temporary agency costs combined were unfavorable to the fixed budget by \$49,000 and 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 2.82, above the budget of 2.73 FTE's and paid FTE's were 3.22 or 3.0% above budget.

Productive salaries per patient day in the CCU were 5% above budget, productive salaries per patient day in the DOU were 23.8% above budget, and productive salaries in Sub-Acute were 3.1% above budget on a per patient day basis. Salaries per visit in the Emergency Care Center were again above budget 17.8% while the volume in the ECC was slightly below budget.

The graph on the next page 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 \$57,000 or 7.2%, due to final Worker's Comp audit payment of \$40,708 for FY 2011, plus final payments for vacation benefit to terminated employees of \$49,000.

Professional Fees

Professional fees were unfavorable to budget by \$135,000 in October due to Revenue Cycle assessment from June – September \$54,000, PHM fees for Water's Edge project \$10,000, Joint Commission fee for primary stroke center \$8,000. HFS fees for Accounting, Business Office and Pharmacy were \$15,000.

Supplies

Supplies were favorable to budget by \$198,000 (25.2%) or \$46 per adjusted patient day in October. As in prior months, this favorable variance was the result of lower than budgeted patient related supplies such as medical supplies expense, pharmacy supplies, and prosthetics due to lower patient volume, acuity and below budget surgeries.

Purchased Services

Purchased services were below budget by \$32,000 compared to fixed budget and \$6 favorable PAPD.

Rents and Leases

Rents and leases were below the fixed budget by \$5,000, and \$21 PAPD in October, versus budget of \$22.

Other Operating Expense

Other operating expenses were \$58,000 over budget due primarily to \$37,000 in license fees issued to California Department of Public Health in preparation for the Water's Edge change of ownership application.

The following pages include the detailed financial statements for the four (4) months ended October 31, 2011, of fiscal year 2012.

**ALAMEDA HOSPITAL
KEY STATISTICS
OCTOBER 2011**

	<u>ACTUAL OCTOBER 2011</u>	<u>CURRENT FIXED BUDGET</u>	<u>VARIANCE (UNDER) OVER</u>	<u>%</u>	<u>OCTOBER 2010</u>	<u>YTD OCTOBER 2011</u>	<u>YTD FIXED BUDGET</u>	<u>VARIANCE</u>	<u>%</u>	<u>YTD OCTOBER 2010</u>
Discharges:										
Total Acute	246	229	17	7.4%	191	902	915	(13)	-1.4%	800
Total Sub-Acute	2	2	-	0.0%	1	9	6	3	50.0%	6
Total Skilled Nursing	8	9	(1)	-11.1%	7	26	35	(9)	-25.7%	35
	<u>256</u>	<u>240</u>	<u>16</u>	<u>6.7%</u>	<u>199</u>	<u>937</u>	<u>956</u>	<u>(19)</u>	<u>-2.0%</u>	<u>841</u>
Patient Days:										
Total Acute	931	918	13	1.4%	761	3,543	3,662	(119)	-3.2%	3,313
Total Sub-Acute	1,022	1,023	(1)	-0.1%	1,010	4,001	4,059	(58)	-1.4%	4,031
Total Skilled Nursing	637	658	(21)	-3.2%	694	2,687	2,625	62	2.4%	2,672
	<u>2,590</u>	<u>2,599</u>	<u>(9)</u>	<u>-0.3%</u>	<u>2,465</u>	<u>10,231</u>	<u>10,346</u>	<u>(115)</u>	<u>-1.1%</u>	<u>10,016</u>
Average Length of Stay										
Total Acute	3.78	4.01	(0.22)	-5.6%	3.98	3.93	4.00	(0.07)	-1.9%	4.14
Average Daily Census										
Total Acute	30.03	29.61	0.43	1.5%	24.55	28.80	29.77	(0.97)	-3.2%	26.93
Total Sub-Acute	32.97	33.00	(0.03)	-0.1%	32.58	32.53	33.00	(0.47)	-1.4%	32.77
Total Skilled Nursing	20.55	21.23	(0.70)	-3.3%	22.39	21.85	21.34	0.50	2.4%	21.72
	<u>83.55</u>	<u>83.84</u>	<u>(0.30)</u>	<u>-0.4%</u>	<u>79.52</u>	<u>83.18</u>	<u>84.11</u>	<u>(1.44)</u>	<u>-1.7%</u>	<u>81.43</u>
Emergency Room Visits	1,407	1,426	(19)	-1.3%	1,306	5,633	5,658	(25)	-0.4%	5,616
Outpatient Registrations	1,800	2,051	(251)	-12.2%	2,032	7,239	8,049	(810)	-10.1%	7,970
Surgery Cases:										
Inpatient	33	44	(11)	-25.0%	38	143	173	(30)	-17.3%	191
Outpatient	133	177	(44)	-24.9%	177	664	602	62	10.3%	602
	<u>166</u>	<u>221</u>	<u>(55)</u>	<u>-24.9%</u>	<u>215</u>	<u>807</u>	<u>775</u>	<u>32</u>	<u>4.1%</u>	<u>793</u>
Adjusted Occupied Bed (AOB)	121.83	126.16	(4.33)	-3.4%	125.46	122.45	125.53	(3.08)	-2.5%	123.72
Productive FTE	343.30	344.35	(1.05)	-0.3%	355.04	342.84	341.78	1.06	0.3%	359.02
Total FTE	392.18	394.26	(2.08)	-0.5%	407.15	397.19	401.73	(4.54)	-1.1%	414.94
Productive FTE/Adj. Occ. Bed	2.82	2.73	0.09	3.2%	2.83	2.80	2.72	0.08	2.8%	2.90
Total FTE/ Adj. Occ. Bed	3.22	3.13	0.09	3.0%	3.25	3.24	3.20	0.04	1.4%	3.35

City of Alameda Health Care District
Statements of Financial Position
October 31, 2011

	Current Month	Prior Month	Prior Year End
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 874,083	\$ 941,631	\$ 1,802,225
Patient Accounts Receivable, net	8,943,459	8,655,232	7,249,185
Other Receivables	6,704,953	7,509,956	8,216,998
Third-Party Payer Settlement Receivables	481,578	360,158	278,580
Inventories	1,188,641	1,179,225	1,238,762
Prepays and Other	336,680	319,472	262,359
Total Current Assets	18,529,394	18,965,674	19,048,109
Assets Limited as to Use, net	525,869	518,081	483,716
Fixed Assets			
Land	877,945	877,945	877,945
Depreciable capital assets	43,427,774	43,429,274	43,385,071
Construction in progress	3,265,416	3,163,020	2,921,048
Depreciation	(39,149,362)	(39,088,895)	(38,862,494)
Property, Plant and Equipment, net	8,421,773	8,381,344	8,321,570
Total Assets	\$ 27,477,036	\$ 27,865,099	\$ 27,853,395
Liabilities and Net Assets			
Current Liabilities:			
Current Portion of Long Term Debt	\$ 1,389,472	\$ 1,158,483	\$ 711,784
Accounts Payable and Accrued Expenses	8,438,441	7,795,234	7,025,089
Payroll Related Accruals	3,568,689	3,710,336	4,003,695
Deferred Revenue	3,817,825	4,294,838	5,725,900
Employee Health Related Accruals	642,835	568,693	343,382
Third-Party Payer Settlement Payable	236,318	1,066,399	267,474
Total Current Liabilities	18,093,580	18,593,983	18,077,324
Long Term Debt, net	991,805	1,002,937	1,142,109
Total Liabilities	19,085,385	19,596,920	19,219,433
Net Assets:			
Unrestricted	7,695,783	7,522,521	8,022,670
Temporarily Restricted	695,869	745,657	611,292
Total Net Assets	8,391,652	8,268,178	8,633,962
Total Liabilities and Net Assets	\$ 27,477,036	\$ 27,865,099	\$ 27,853,395

City of Alameda Health Care District

Statements of Operations

October 31, 2011

\$'s in thousands

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Patient Days	2,590	2,599	(9)	-0.3%	2,465	10,231	10,346	(115)	-1.1%	10,016
Discharges	256	240	16	6.7%	199	937	956	(19)	-2.0%	841
ALOS (Average Length of Stay)	10.12	10.83	(0.71)	-6.6%	12.39	10.92	10.82	0.10	0.9%	11.91
ADC (Average Daily Census)	83.5	83.8	(0.29)	-0.3%	79.5	83	84.1	(0.93)	-1.1%	81.4
CMI (Case Mix Index)	1.1633				1.2866	1.3168				1.3763
Revenues										
Gross Inpatient Revenues	\$ 14,620	\$ 15,097	\$ (477)	-3.2%	\$ 12,014	\$ 57,999	\$ 60,132	\$ (2,132)	-3.5%	\$ 53,629
Gross Outpatient Revenues	6,699	7,563	(864)	-11.4%	7,000	27,889	29,500	(1,611)	-5.5%	27,958
Total Gross Revenues	21,319	22,660	(1,341)	-5.9%	19,014	85,888	89,632	(3,744)	-4.2%	81,587
Contractual Deductions	15,297	16,704	1,406	8.4%	13,266	63,443	65,985	2,541	3.9%	58,411
Bad Debts	740	709	(32)	-4.5%	649	2,317	2,837	520	18.3%	2,523
Charity and Other Adjustments	-	170	170	100.0%	113	760	682	(78)	-11.4%	609
Net Patient Revenues	5,281	5,077	204	4.0%	4,986	19,367	20,128	(760)	-3.8%	20,044
Net Patient Revenue %	24.8%	22.4%			26.2%	22.5%	22.5%			24.6%
Net Clinic Revenue	32	23	9	40.2%	9	130	44	86	195.4%	120
Other Operating Revenue	10	10	(0)	-0.4%	10	192	40	152	376.4%	37
Total Revenues	5,323	5,110	213	4.2%	5,005	19,690	20,212	(522)	-2.6%	20,202
Expenses										
Salaries	2,869	2,782	(88)	-3.2%	2,867	11,425	11,177	(248)	-2.2%	11,810
Temporary Agency	112	151	39	25.7%	143	439	597	159	26.6%	628
Benefits	846	789	(57)	-7.2%	850	3,472	3,173	(298)	-9.4%	2,985
Professional Fees	422	286	(135)	-47.2%	306	1,419	1,149	(270)	-23.5%	1,232
Supplies	590	789	198	25.2%	692	2,490	3,046	556	18.3%	3,113
Purchased Services	332	364	32	8.9%	366	1,354	1,480	126	8.5%	1,455
Rents and Leases	80	84	5	5.4%	65	326	321	(6)	-1.8%	258
Utilities and Telephone	67	65	(2)	-3.5%	63	263	259	(4)	-1.7%	231
Insurance	25	17	(8)	-47.6%	33	112	67	(45)	-66.5%	128
Depreciation and amortization	73	68	(4)	-6.1%	81	299	273	(26)	-9.7%	328
Other Operating Expenses	130	72	(58)	-80.1%	75	362	289	(73)	-25.3%	321
Total Expenses	5,545	5,467	(78)	-1.4%	5,540	21,960	21,831	(129)	-0.6%	22,489
Operating gain (loss)	(222)	(357)	135	37.9%	(535)	(2,270)	(1,619)	(652)	40.3%	(2,287)
Non-Operating Income / (Expense)										
Parcel Taxes	488	478	10	2.2%	478	1,924	1,912	12	0.6%	1,912
Investment Income	1	0	0	169.3%	1	2	(50)	52	-104.6%	6
Interest Expense	(20)	(12)	(8)	-62.8%	(10)	(65)	(13)	(52)	407.1%	(32)
Other Income / (Expense)	23	12	11	86.5%	12	95	85	9	11.1%	84
Net Non-Operating Income / (Expense)	492	478	14	2.9%	481	1,956	1,935	21	1.1%	1,970
Excess of Revenues Over Expenses	\$ 271	\$ 122	\$ 149	122.8%	\$ (54)	\$ (314)	\$ 316	\$ (631)	-199.4%	\$ (317)

City of Alameda Health Care District
Statements of Operations - Per Adjusted Patient Day
October 31, 2011

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Revenues										
Gross Inpatient Revenues	\$ 3,871	\$ 3,870	\$ 1	0.0%	\$ 3,079	\$ 3,828	\$ 3,899	\$ (71)	-1.8%	\$ 3,519
Gross Outpatient Revenues	1,774	1,939	(165)	-8.5%	1,794	1,841	1,913	(72)	-3.8%	1,835
Total Gross Revenues	5,645	5,809	(164)	-2.8%	4,874	5,669	5,812	(143)	-2.5%	5,354
Contractual Deductions	4,050	4,282	231	5.4%	3,400	4,188	4,279	91	2.1%	3,833
Bad Debts	196	182	(14)	-7.9%	166	153	184	31	16.9%	166
Charity and Other Adjustments	-	44	44	100.0%	29	50	44	(6)	-13.4%	40
Net Patient Revenues	1,398	1,301	97	7.4%	1,278	1,278	1,305	(27)	-2.1%	1,315
Net Patient Revenue %	24.8%	22.4%			26.2%	22.5%	22.5%			24.6%
Net Clinic Revenue	9	6	3	44.8%	2	9	3	6	200.7%	8
Other Operating Revenue	3	3	0	2.9%	2	13	3	10	384.9%	2
Total Revenues	1,409	1,310	99	7.6%	1,283	1,300	1,311	(11)	-0.8%	1,326
Expenses										
Salaries	760	713	(47)	-6.5%	735	754	725	(29)	-4.0%	775
Temporary Agency	30	39	9	23.2%	37	29	39	10	25.2%	41
Benefits	224	202	(22)	-10.7%	18	229	206	(23)	-11.4%	196
Professional Fees	112	73	(38)	-52.1%	78	94	75	(19)	-25.7%	81
Supplies	156	202	46	22.7%	177	164	197	33	16.8%	204
Purchased Services	88	93	6	5.9%	94	89	96	7	6.9%	96
Rents and Leases	21	22	0	2.3%	17	22	21	(1)	-3.6%	17
Utilities and Telephone	18	17	(1)	-6.9%	16	17	17	(1)	-3.5%	15
Insurance	7	4	(2)	-52.5%	8	7	4	(3)	-69.5%	8
Depreciation and Amortization	19	18	(2)	-9.6%	21	20	18	(2)	-11.6%	22
Other Operating Expenses	34	19	(16)	-86.0%	19	24	19	(5)	-27.5%	21
Total Expenses	1,468	1,401	(67)	-4.8%	1,220	1,449	1,416	(34)	-2.4%	1,476
Operating Gain / (Loss)	(59)	(91)	33	35.9%	63	(150)	(105)	(45)	42.9%	(150)
Non-Operating Income / (Expense)										
Parcel Taxes	129	123	7	5.6%	123	127	124	3	2.4%	125
Investment Income	0	0	0	178.1%	0	0	0	0	178.4%	0
Interest Expense	(5)	(3)	(2)	-68.1%	(3)	(4)	(3)	(1)	32.5%	(2)
Other Income / (Expense)	6	3	3	92.7%	3	6	6	1	13.1%	5
Net Non-Operating Income / (Expense)	130	123	8	6.3%	123	129	126	3	2.2%	129
Excess of Revenues Over Expenses	\$ 72	\$ 31	\$ 41	130.1%	\$ 186	\$ (21)	\$ 22	\$ (42)	-194.9%	\$ (21)

City of Alameda Health Care District
Statement of Cash Flows
For the Four Months Ended October 31, 2011

	<u>Current Month</u>	<u>Year-to-Date</u>
Cash flows from operating activities		
Net Income / (Loss)	\$ 270,724	\$ (314,331)
Items not requiring the use of cash:		
Depreciation and amortization	72,537	\$ 298,938
Write-off of Kaiser liability	-	\$ -
Changes in certain assets and liabilities:		
Patient accounts receivable, net	(288,227)	(1,694,274)
Other Receivables	805,003	1,512,045
Third-Party Payer Settlements Receivable	(951,501)	(234,154)
Inventories	(9,416)	50,121
Prepays and Other	(17,208)	(74,321)
Accounts payable and accrued liabilities	643,207	1,413,352
Payroll Related Accruals	(141,647)	(435,006)
Employee Health Plan Accruals	74,142	299,453
Deferred Revenues	(477,013)	(1,908,075)
Cash provided by (used in) operating activities	<u>(19,399)</u>	<u>(1,086,252)</u>
Cash flows from investing activities		
(Increase) Decrease in Assets Limited As to Use	(7,788)	(42,153)
Additions to Property, Plant and Equipment	(112,966)	(399,141)
Other	(97,462)	(12,556)
Cash provided by (used in) investing activities	<u>(218,216)</u>	<u>(453,850)</u>
Cash flows from financing activities		
Net Change in Long-Term Debt	219,857	527,384
Net Change in Restricted Funds	(49,788)	84,577
Cash provided by (used in) financing and fundraising activities	<u>170,069</u>	<u>611,961</u>
Net increase (decrease) in cash and cash equivalents	(67,546)	(928,141)
Cash and cash equivalents at beginning of period	941,631	1,802,225
Cash and cash equivalents at end of period	<u>\$ 874,085</u>	<u>\$ 874,084</u>

City of Alameda Health Care District

Statements of Operations

October 31, 2011

\$'s in thousands

	Current Month				Year-to-Date			
	Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance
Net Patient Revenues	4,938	5,077	(139)	-2.7%	19,025	20,128	(1,103)	-5.5%
Net Patient Revenue %	23.2%	22.4%			22.2%	22.5%		
Net Clinic Revenue	32	23	9	40.2%	130	44	86	195.4%
Other Operating Revenue	10	10	(0)	-0.4%	192	40	152	376.4%
Total Revenues	4,980	5,110	(130)	-2.5%	19,347	20,212	(865)	-4.3%
Total Expenses	5,545	5,467	(78)	-1.4%	21,960	21,831	(129)	-0.6%
Operating gain (loss)	(564)	(357)	(207)	-58.1%	(2,613)	(1,619)	(994)	61.4%
Net Non-Operating Income / (Expense)	492	478	14	2.9%	1,956	1,935	21	1.1%
Excess of Revenues Over Expenses	\$ (72)	\$ 122	\$ (193)	-159.2%	\$ (657)	\$ 316	\$ (973)	-307.6%
IGT True Up FY 2011	(381)		(381)		(381)		(381)	
IGT True Up FY 2012	(121)		(121)		(121)		(121)	
AB 97 - Reverse Sub-Acute FY 201	198		198		198		198	
AB 97 - Reverse Sub-Acute FY 201	617		617		617		617	
SNF True Up FY 11	18		18		18		18	
SNF True Up FY 12	12		12		12		12	
Adjusted October Revenue Over E	\$ 271	\$ 122	\$ 149	122.7%	\$ (314)	\$ 316	\$ (631)	-199.4%
Less: Budgeted AB 97 Reserve		159	(159)			630	(630)	
Total with Adjusted Budget	\$ 271	\$ 281	\$ (10)	-3.5%	\$ (314)	\$ 946	\$ (1,261)	-133.2%
Annual Budgeted AB 97 Reserve						1,875		

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

Financial Ratios	Audited Results			Unaudited Results	
	FY 2008	FY 2009	FY 2010	FY 2011	YTD 10/31/2011
<u>Profitability Ratios</u>					
Net Patient Revenue (%)	22.48%	22.69%	24.16%	23.58%	22.15%
Earnings Before Depreciation, Interest, Taxes and Amortization (EBITA)	-0.72%	3.62%	4.82%	-1.01%	-1.77%
EBIDAP ^{Note 5}	-10.91%	-5.49%	-3.66%	-13.41%	-11.74%
Operating Margin	-3.75%	1.03%	2.74%	-2.61%	-3.31%
<u>Liquidity Ratios</u>					
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	57.87
Days cash on hand (with restricted)	30.61	13.56	21.60	14.14	9.51
<u>Debt Ratios</u>					
Cash to Debt	187.3%	115.3%	249.0%	123.3%	58.79%
Average pay period	58.93	58.03	57.11	62.68	71.62
Debt service coverage	(0.14)	3.87	5.98	(0.70)	(0.24)
Long-term debt to fund balance	0.26	0.20	0.14	0.18	0.22
Return on fund balance	-29.59%	8.42%	18.87%	-19.21%	-8.41%
Debt to number of beds	20,932	13,481	10,482	11,515	14,791

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

Financial Ratios	Audited Results			Unaudited Results	
	FY 2008	FY 2009	FY 2010	FY 2011	YTD 10/31/2011
Patient Care Information					
Bed Capacity	135	161	161	161	161
Patient days(all services)	22,687	30,463	30,607	30,270	10,231
Patient days (acute only)	11,276	11,787	10,579	10,443	3,543
Discharges(acute only)	2,885	2,812	2,802	2,527	902
Average length of stay (acute only)	3.91	4.19	3.78	4.13	3.93
Average daily patients (all sources)	61.99	83.46	83.85	82.93	83.18
Occupancy rate (all sources)	45.92%	52.94%	52.08%	51.51%	51.66%
Average length of stay	3.91	4.19	3.78	4.13	3.93
Emergency Visits	17,922	17,337	17,624	16,816	5,633
Emergency visits per day	48.97	47.50	48.28	46.07	45.80
Outpatient registrations per day ^{Note 1}	84.54	82.05	79.67	65.19	58.85
Surgeries per day ^{Note 1}	14.78	16.12	13.46	6.12	6.56

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.