



PUBLIC NOTICE

Finance and Management Committee

Wednesday, February 29, 2012

7:30 a.m.

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

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.

- I. Call To Order Michael McCormick
II. Action Items
A. Acceptance of January 25, 2012 Minutes [enclosure] Michael McCormick
B. Recommendation to Accept January 2012 Unaudited Financial Statements [enclosure] Bob Anderson
III. Chief Executive Officer Report
A. Revenue Cycle Update Deborah E. Stebbins
B. Charge Master Description (CDM) Review Update Deborah E. Stebbins
C. RAC Review Update Deborah E. Stebbins
D. Bank of Alameda Wound Care Loan and Line of Credit Update Kerry Easthope
E. Rehabilitation Services Management Outsourcing Analysis Discussion Kerry Easthope
IV. Chief Financial Officer Report
A. Discussion of Plan for Incorporation of Waters Edge into Hospital | District Financial Statements Bob Anderson
B. FY 2012-2013 Budget Calendar | Key Dates [enclosure] Katy Silverman
V. Board / Committee / Staff Comments
VI. Adjournment

NEXT MEETING SCHEDULED: MARCH 28, 2012

Finance and Management Committee Minutes

January 25, 2012

<b>Members Present:</b> (Voting)	Mike McCormick Elliott Gorelick (partial)	Ann Evans Ed Kofman	William Sellman, MD Jim Yeh, DO (partial)
<b>Management Present:</b>	Deborah E. Stebbins Kerry J. Easthope	Bob Anderson Mary Bond, RN	Katy Silverman
<b>Ex Officio/Guests:</b>	Robert Deutsch, MD		
<b>Absent:</b>	James Oddie		
<b>Submitted by:</b>	Kristen Thorson		
TOPIC	DISCUSSION		ACTION   FOLLOW-UP
I. Call to Order	Director McCormick called the meeting to order at 7:30 a.m.		
II. Action Items	A.	Acceptance of January 4, 2012 Minutes	Ms. Evans made a motion to accept the minutes as presented. Dr. Sellman seconded the motion. The motion carried.
	B.	<p>Recommendation to Appoint Finance and Management Committee Members for Calendar Year 2012.</p> <p>Director McCormick recommended that the current slate of committee members (community at-large and medical staff representation) be re-appointed to the Committee for calendar year 2012.</p>	Director Gorelick recommended that the current committee members be re-appointed to the committee for calendar year 2012. Ms. Evans seconded the motion. The motion carried.
	C.	<p>Recommendation to Accept November 2011 Unaudited Financial Statements</p> <p>Bob Anderson presented the financial statements as presented, noting the following key points.</p> <p>Average daily census (ADC) of 82.3 versus 84.9 budgeted, with an Acute ADC at 28.3 versus 30.2 budgeted, a Sub-Acute ADC at 33.0 versus 33.0 budgeted, and Skilled Nursing ADC at 21.0 versus 21.7 budgeted. Emergency Care visits were 1, 409 versus 1,426 budgeted and total outpatient registrations were 1,698 versus 1,929 budgeted.</p> <p>Overall gross revenue for the month of December was unfavorable to budget, with both Inpatient and Outpatient revenues down. Net Patient Revenue was \$0.4 M or 8.6% less</p>	Dr. Yeh made a motion to recommend approval of the December 2011 Unaudited Financial Statements as presented. Dr. Sellman seconded the motion. The motion carried.

		<p>than budget. Excess Expense Over Revenues for the month was a negative \$316,000 versus budgeted loss of \$39,000. YTD Operating loss was \$1.3 million vs. a budgeted profit of a \$200,006.</p> <p>There was a detailed discussion on contractual allowances and calculations relating to the financials.</p>	
III. Chief Executive Officer Report	A.	<p>Revenue Cycle Update</p> <p>Ms. Stebbins gave a brief update on the on the Revenue Cycle.</p>	No action taken.
	B.	<p>Blue Cross Negotiations</p> <p>Mr. Easthope informed the committee that the Blue Cross contract had been re-negotiated in December with a 10% increase in year 1 and 3% increase in years 2 and 3 of the contract term.</p>	No action taken.
	C.	<p>Other</p> <p>No other topics were discussed.</p>	No action taken.
IV. Chief Financial Officer Report	A.	<p>Bank of Alameda Update</p> <p>Mr. Anderson, Ms. Stebbins, Mr. Easthope updated the committee on recent talks with the Bank of Alameda concerning the Line of Credit and Wound Care Loan. They said that discussion with the bank included looking at options to bring the current ratio into compliance with the loan covenants and options for renewing the line of credit. Management indicated that they were looking into leveraging the assets of the Jaber Fund and real property. Discussion will continue with the bank and more information would be brought to the Board in February.</p>	No action taken.
	B.	<p>Cash Flow Projections</p> <p>There was discussion on the cash flow projections which management indicated that they would present in more detail at the February Board Meeting.</p>	No action taken.
V. Board / Committee / Staff Comments	No board, Committee or Staff comments.		
VI. Adjournment	Being no further business, the meeting was adjourned at 9:13 a.m.		

# THE CITY OF ALAMEDA HEALTH CARE DISTRICT

## ALAMEDA HOSPITAL

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### UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDING JANUARY 31, 2012

**CITY OF ALAMEDA HEALTH CARE DISTRICT  
ALAMEDA HOSPITAL  
JANUARY 31, 2012**

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**ALAMEDA HOSPITAL  
MANAGEMENT DISCUSSION AND ANALYSIS  
JANUARY, 2012**

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 January 31, 2012 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.

***Highlights***

Higher activity in the month of January as well as some extraordinary items with positive impact made it possible for the hospital to exceed budget. A negative bottom line of \$206,000 was budgeted and a positive \$425,000 was realized. Year to date (YTD) the hospital has a loss of (\$886,000) versus a budgeted loss of (\$1,000).

Activity, was generally much better in January compared to previous months. The number of inpatient admissions was above both budget 10.5% and patient days were just above budget. The length of stay continues below budget. Therefore the hospital had more patients but they stayed a shorter length of time. This is positive for Medicare patients whose payment is based on a case rate, but not as favorable for payers that pay based on a per diem.

Inpatient surgeries cases were at budgeted volume of 45 but YTD they are down 12.2%. Since surgical admissions tend to generate higher revenues, this variance could have a significant impact on revenues. YTD inpatient revenues are down \$3.6 million or 3.4%.

Outpatient surgeries were above budget for the month by 1.9%, and, continue above budget YTD by 7.4%.

Emergency activity was above budget this month. YTD emergency visits were very close to budget. However emergency revenues have been down more than activity would indicate. It was determined that this was due to a change in the method of charging for emergency cases instituted in late fiscal year 2011. The charge methodology was changed back to the original method in late December and this month generated a marked improvement in outpatient gross ECC revenues. The average gross revenue since the charge restructure has increased over 10%. This increase is expected to continue for the balance of the fiscal year.

In previous months both gross and net revenues were below what activity would seem to indicate. This month was different in that the revenues generated were more in line with activity. This month's gross revenues were above budget for the first time this year. The inpatient component was up 1.6% and outpatient was up 1.4%. This is encouraging and the trend appears to be continuing in February as well.

Both the Case Mix Index (CMI) and collection ratio ran above prior month averages. The collection ratio was 24.7. It was up largely due to YTD adjustments made to reverse the AB 97 accrual (\$273,000) along with a revision to the 2011 costs report settlement (\$180,000). Without these adjustments the collection ratio would have been 22.7 vs. a budget of 22.3.

The overall CMI climbed from 1.2863 last month to 1.4123 this month. This is in part is due to the higher surgical volumes along with more acute cases in 3West and the DOU.

The net result of these revenue related influences caused net revenues to be \$661,000 or 13.2% above budget. YTD net revenues however are down (\$1M) or 2.8% below budget.

Expenses ran slightly over budget this month which is to be expected given higher volume. Overall expenses were 0.8% above budget. Savings in labor and supplies were offset by increased costs in employee benefits, professional fees and purchased services. YTD expenses continue to outperform budget by \$68,000..

Cash is down slightly from the previous month. It decreased from \$2.1M to \$2.0M. Expressed in days-cash-on-hand, the hospital went from 15 days in December to 13.8 days in January. Though cash has been improving, these values are still low. Net accounts receivable (AR) grew by \$300,722 in January. This is in part due to higher revenues and activity in January and is consistent with the cash flow projections made last month. AR days remain at basically the same level as the previous month. This is disappointing in that the efforts made to turn around accounts receivable should have resulted in a decrease in the AR position.

Lastly, the current ratio was .99. This is an improvement over the previous month but still below the 1.0 threshold necessary to meet Bank of Alameda’s criteria for funding the Wound Care project and extending the hospitals line of credit. However, in February the transfer of Jaber Fund monies to current assets will cause this ratio to climb above 1.0. Additionally, the addition of Waters Edge should improve operating performance and allow for continued growth in this ratio.

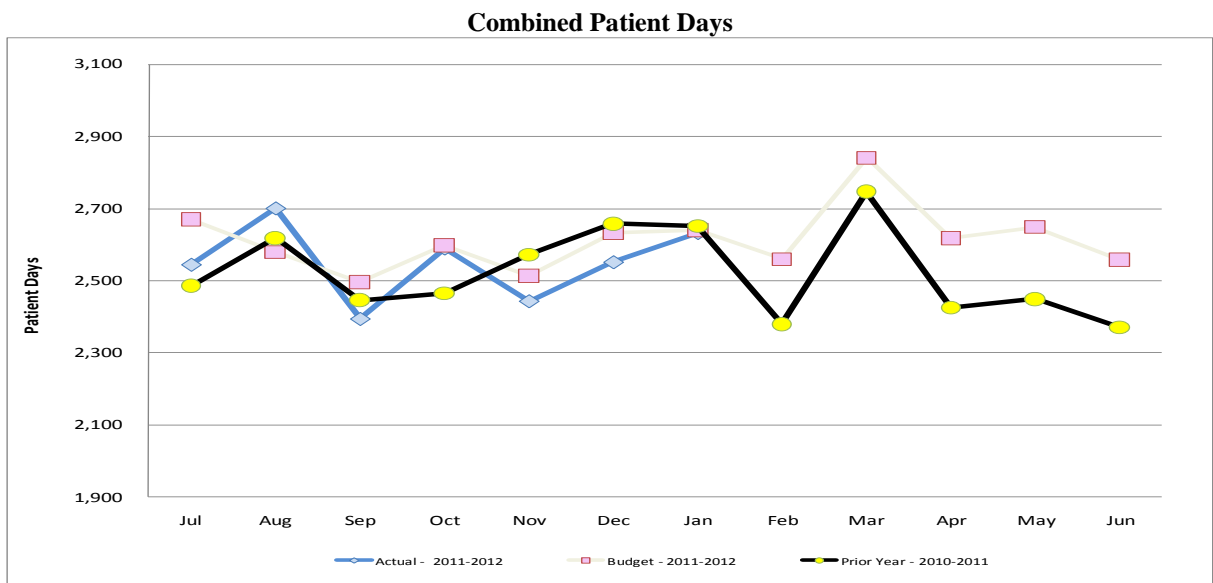
## ***ACTIVITY***

### **ACUTE, SUBACUTE AND SNF SERVICES**

Patient days were slightly below budget for the month as well as last year at this time. YTD days are (1.5%) under budget. This month Acute days were up 8.8%, Sub-Acute was up .4% and Skilled Nursing was down 13.9%.

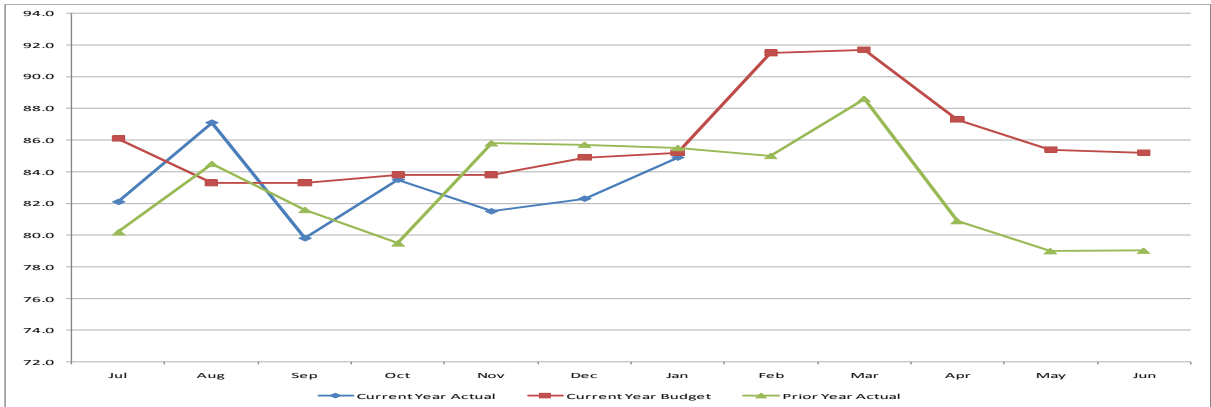
The acute care patient days were 9.1% (83 days) more than budgeted for the month and 4.5% above the prior year’s average daily census of 31.65 for January. The acute care program is comprised of the Critical Care Unit (4.6 ADC, right on budget), Definitive Observation Unit (12.5 ADC, 6.3% above budget) and Med/Surg Units (16.0 ADC, 13.8% above budget).

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



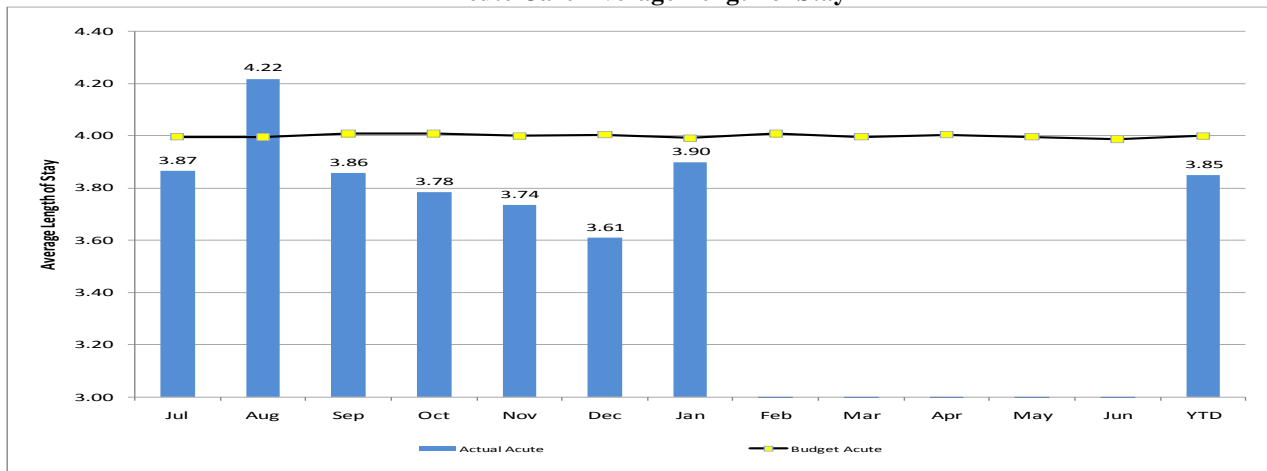
The graph below shows the average daily census for all inpatient services. The actual ADC was 84.94 versus budget of 85.16 an unfavorable variance of 0.3%.

**Combined Average Daily Census**



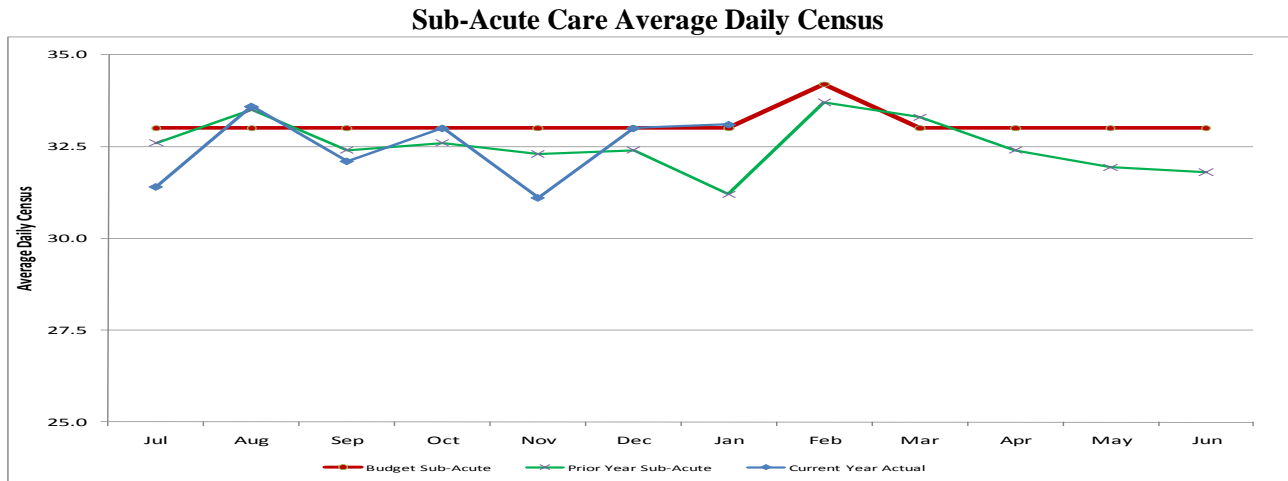
The acute average length of stay (ALOS) increased from the December's low of 3.61 to 3.90 in January, but is still significantly below January in the prior year of 4.67. Budgeted acute ALOS is 4.0. The overall acute ALOS for FY 2011 was 4.13. The graph below shows the ALOS by month and the budgeted ALOS for fiscal year 2012.

**Acute Care Average Length of Stay**

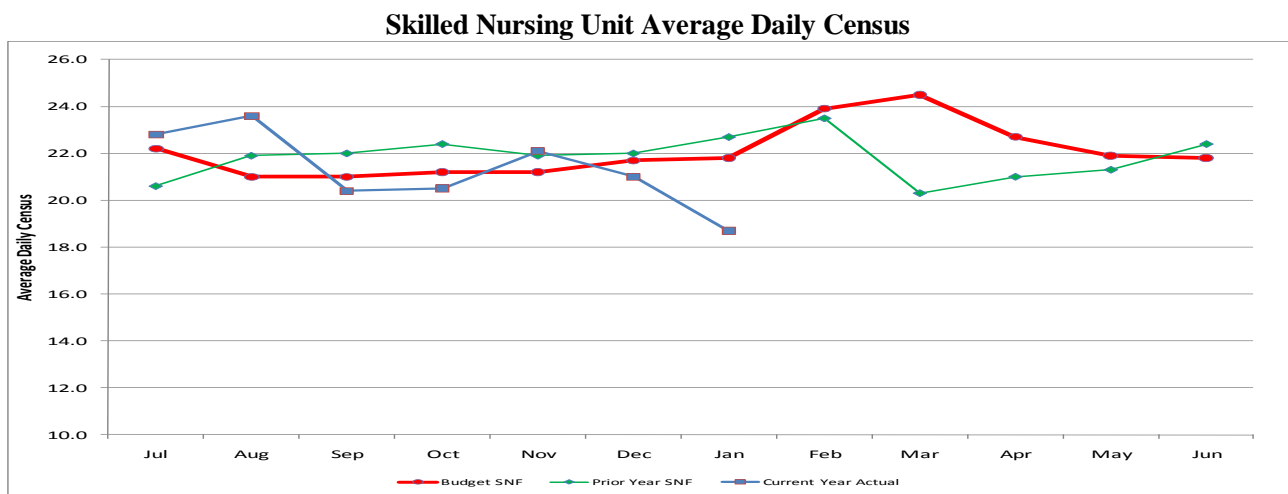




The Sub-Acute programs average daily census of 33.13 in January was just above budgeted projections by 0.4%. The graph below shows the Sub-Acute programs average daily census for the current fiscal year as compared to budget and the prior year.



The Skilled Nursing Unit (South Shore) patient days were 13.9% or 94 patient days lower than budgeted for the month of January, and down 71 days or 10.9% from December. YTD days are also down compared to both budget and the prior year. Efforts are underway to enhance the esthetics of the unit. As well, marketing efforts have been enhanced in order to potentially gain additional referrals. The following graph shows the Skilled Nursing Unit monthly average daily census as compared to budget and the prior year.

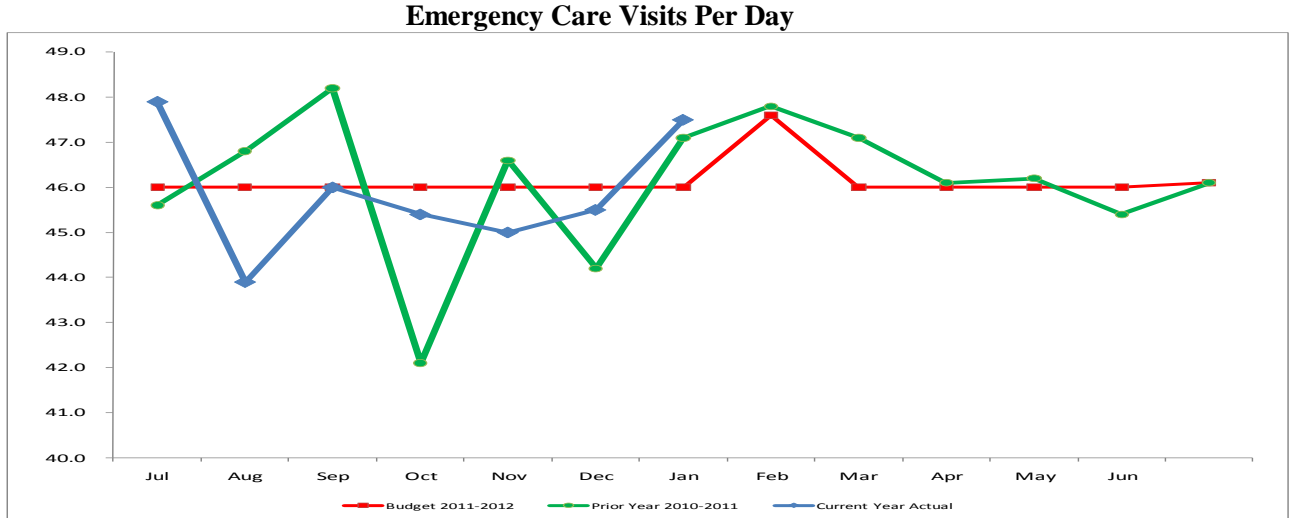


## ANCILLARY SERVICES

### Outpatient Services

The Emergency Care Center visits in January were 1,473, 47 visits (3.3%) over the budget of 1,426. 17.9% of these visits resulted in inpatient admissions versus 18.5% in December. On a per day basis, the total visits represent an

increase of 4.4% from the prior month daily average. In January, there were 338 ambulance arrivals versus 315 in the prior month. Of the 338 ambulance arrivals in the current month, 218 or 64.5% were from Alameda Fire Department (AFD) ambulances.

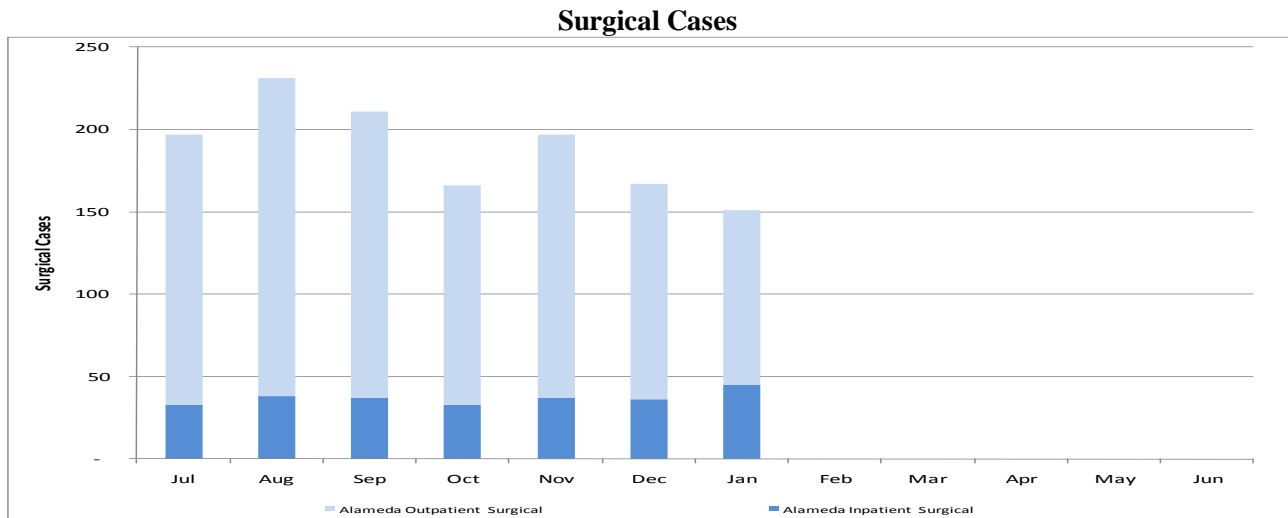


Outpatient registrations were 1,933, or 5.8% below budget but 235 or 13.8% above prior month. The average of 62.4 visits per day was 13.9% higher than the prior month's 54.8 visits per day. YTD outpatient registrations are below budget by 8.0% at 12,866 versus the budget of 13,979. The outpatient visits were below budget in IVT Therapy (27 visits), Laboratory (163 visits) and Occupational Therapy (20 visits). Outpatient visits were up in Radiology (34 visits) and Physical Therapy (26 visits).

## Surgery

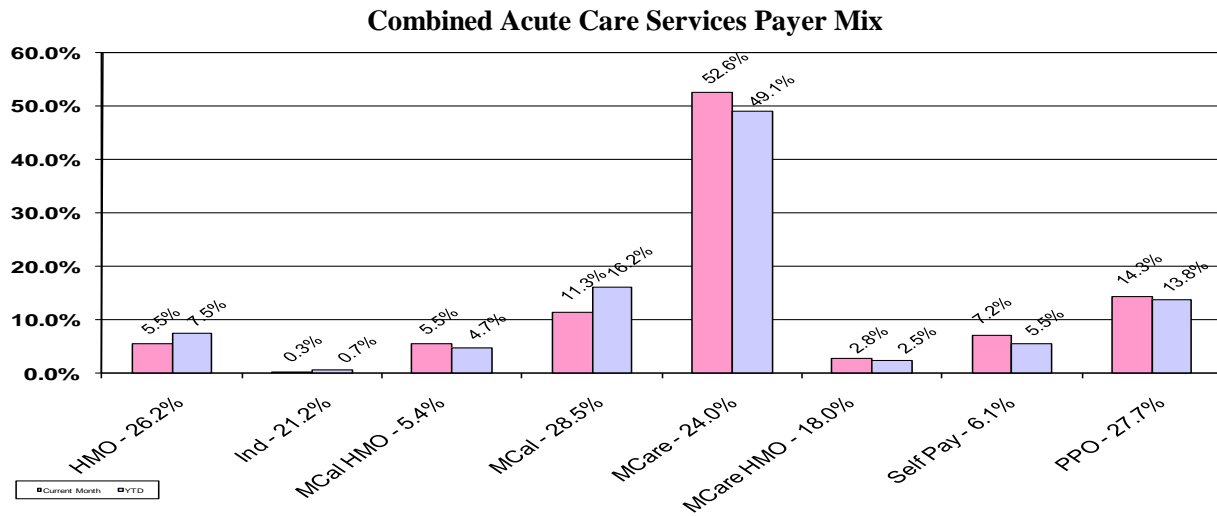
The year-to-date surgery cases were 1,328 or 2.8% above the budget of 1,292, and above prior YTD monthly averages of 1,293. For the month, total surgery cases were above budgeted expectations by 1.3% at 151 cases versus the budgeted 149 cases; inpatient cases were right on budget while outpatient cases were 2 (1.9%) above budget. Inpatient and outpatient cases totaled 45 and 106 in January versus 36 and 131 last month.

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

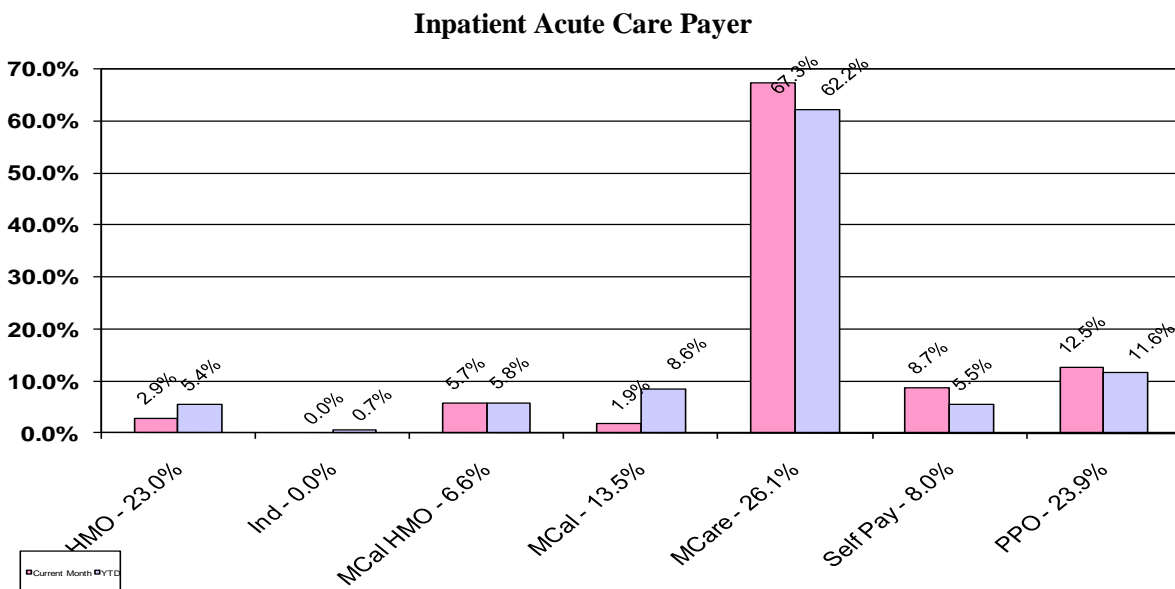


### Payer Mix

Combined acute care services, inpatient and outpatient, Medicare and Medicare Advantage total gross revenue in January made up 55.4% of the month's total gross patient revenue. Combined Medicare revenue was followed by HMO/PPO utilization at 19.8%, Medi-Cal Traditional and Medi-Cal HMO utilization at 19.8% and self pay at 7.2%. The graph below 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.

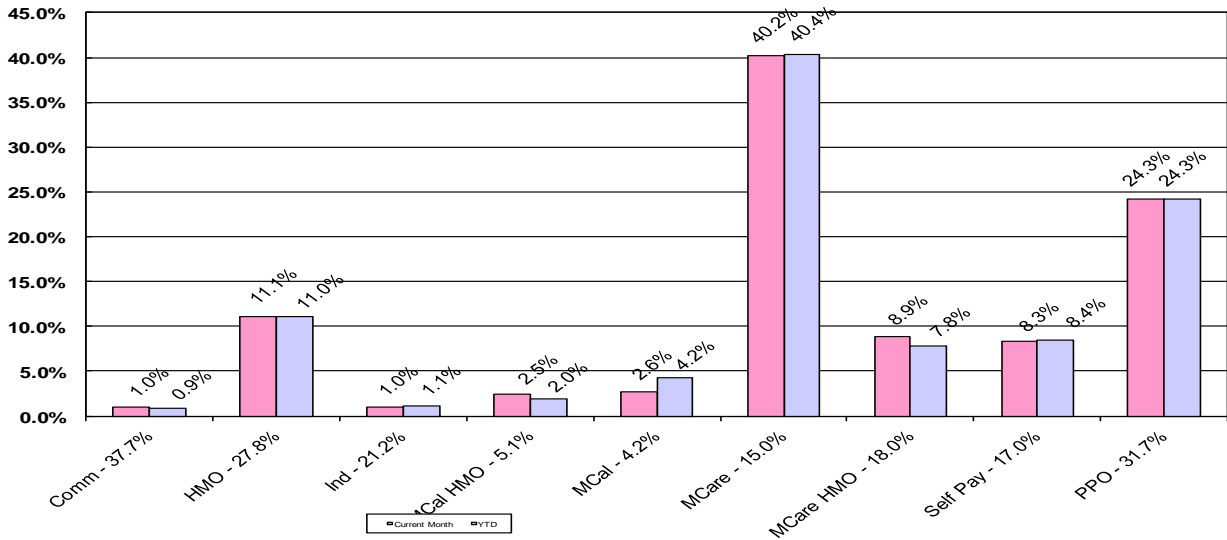


The inpatient acute care current month gross Medicare and Medicare Advantage charges made up 67.3% of our total inpatient acute care gross revenues followed by HMO/PPO at 15.4%, Medi-Cal and Medi-Cal HMO at 7.6% and Self Pay at 8.7% of the inpatient acute care revenue. The graph below shows inpatient acute care current month and year to date payer mix and current month estimated net revenue percentages for fiscal year 2012.



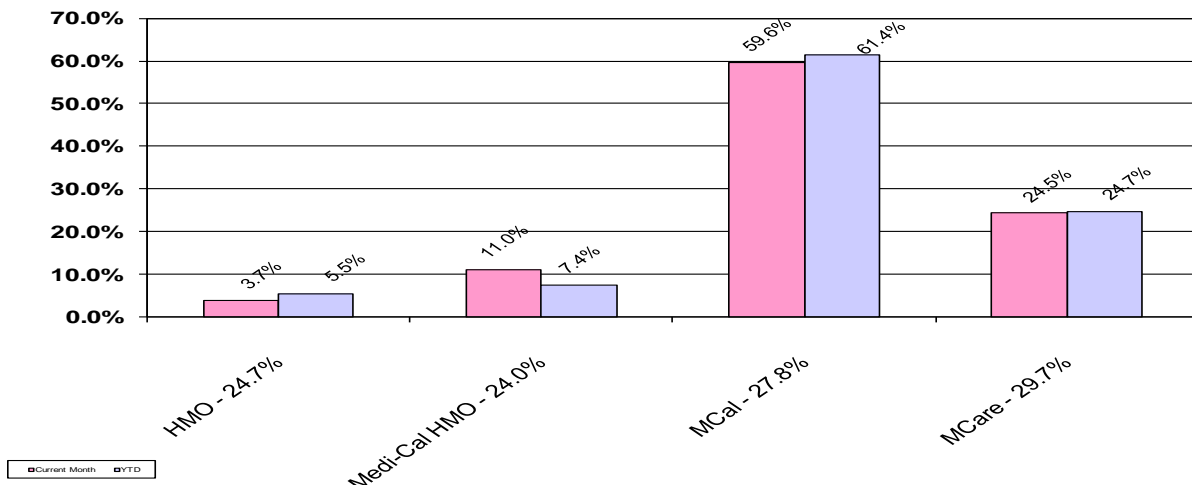
The outpatient gross revenue payer mix for January was comprised of 49.1% Medicare and Medicare Advantage, 35.4% HMO/PPO, 5.1% Medi-Cal and Medi-Cal HMO, and 8.3% self pay. The graph below shows the current month and fiscal year to date outpatient payer mix and the current months estimated level of reimbursement for each payer.

### Outpatient Services Payer Mix



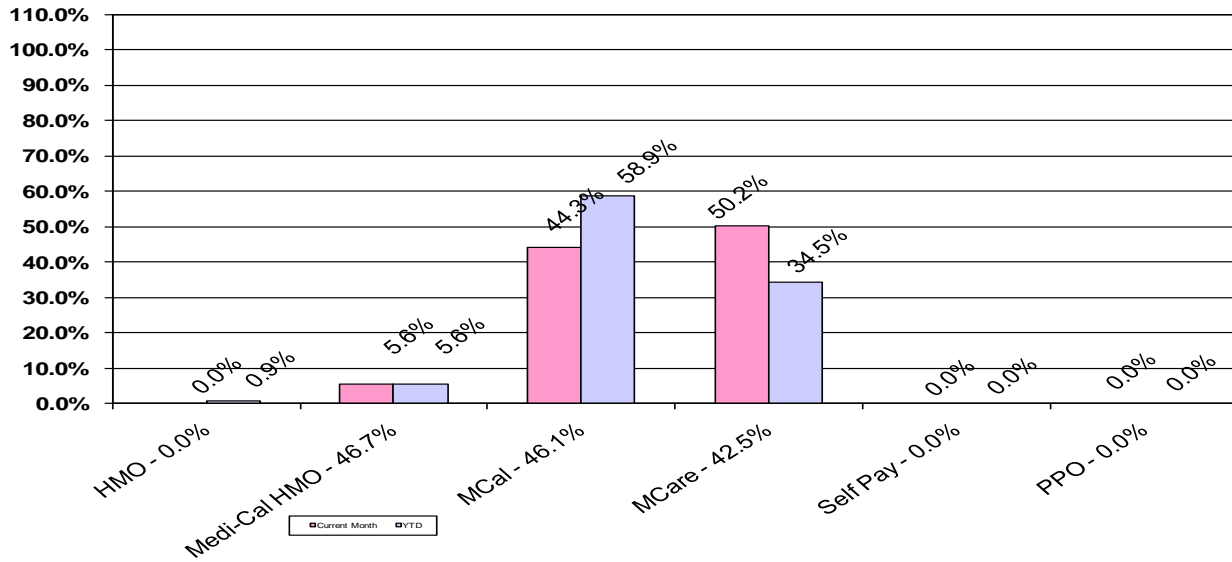
In January, the Sub-Acute care program again was dominated by Medi-Cal utilization of 70.6%, down from a high of 82.1% in December. One anomaly in long term care patients is they are registered as Medicare, usually exhaust their benefits and transition to Medi-Cal. The financial class is now being changed when this occurs, whereas in the past the financial class had not been changed. Medicare was 24.5% and HMO/PPO rounds out the unit at 3.7%. 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 January, the Skilled Nursing program gross revenues were comprised primarily of Medi-Cal at 49.8% and Medicare patient revenue was 50.2%. 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.

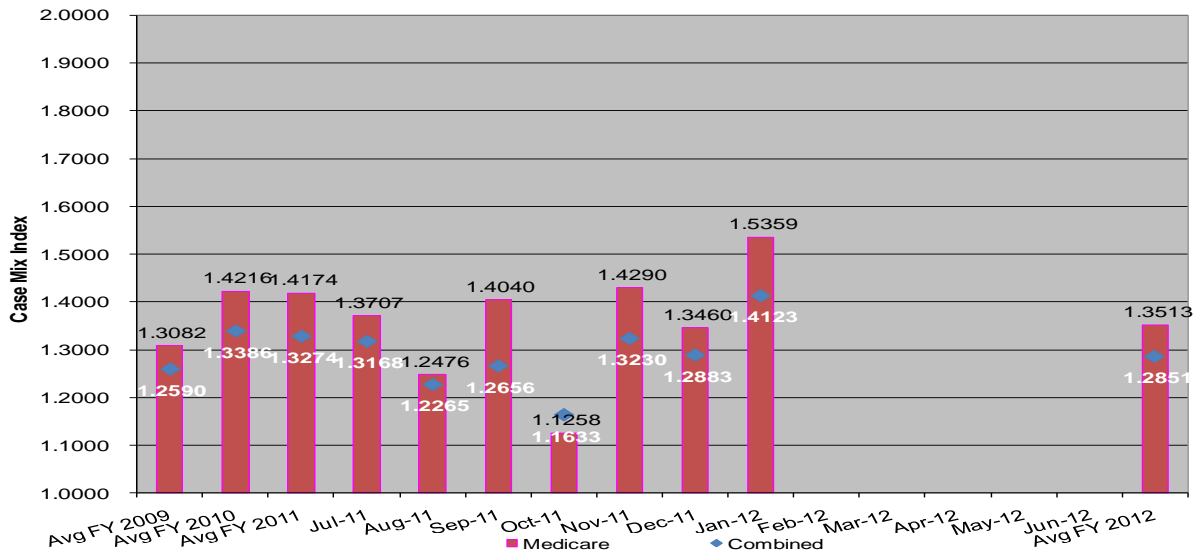
### Inpatient Skilled Nursing Payer Mix



### Case Mix Index

The hospital's overall Case Mix Index (CMI) increased to 1.4123, up from the prior month of 1.2883, and above the prior year January of 1.4108. The Medicare CMI increased from 1.3460 in December to 1.5359 in January. The graph below shows the Medicare 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 was 1.3758. Year-to-date January 2012 the CMI was 1.2915. This represents a 6.2% decline compared to the same time frame last year. However, the month of January 2012 continues the climb above the year-to-date average. 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.

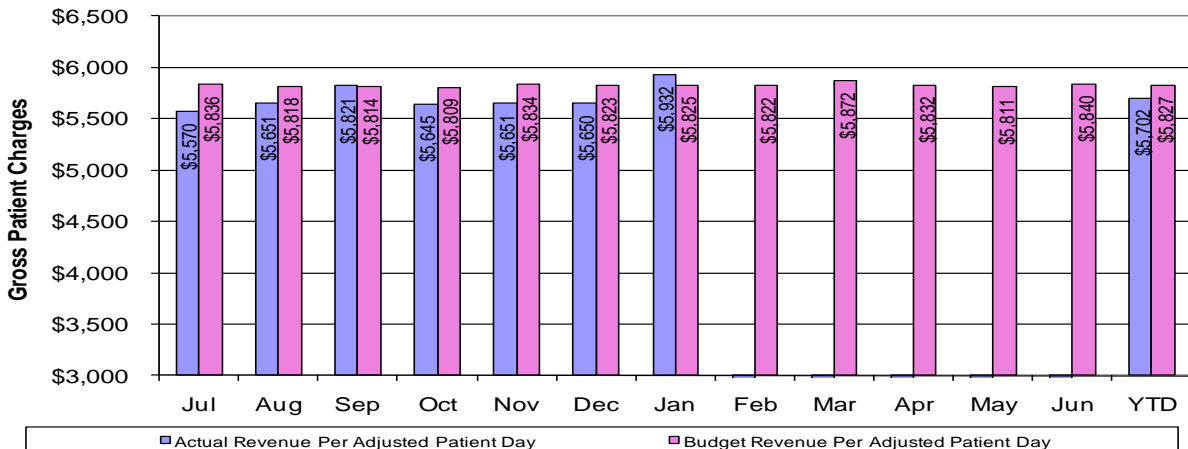
**Case Mix Index Comparison**

Financial Class	Jun 10 - Mar 11	Jan 11 YTD	Jan 12 YTD	Jan 12 YTD Volume
Blue Cross	0.0000	0.9873	0.0000	-
Commercial - Non-Contracted	1.9649	2.4374	1.0430	5
HMO	1.2522	1.1754	1.3254	69
Industrial	1.8373	1.5805	1.3856	8
Kaiser	1.8412	1.7929	1.8197	8
Medi-Cal HMO	1.0008	0.9783	0.9836	89
Medi-Cal	1.2724	1.2871	1.1995	104
Medicare	1.4724	1.4879	1.3590	861
Medicare HMO	1.3568	1.3518	1.4244	148
Personal Pay	1.0105	1.0238	1.1184	117
Medi-Cal Pending	1.8334	1.8123	2.0751	4
PPO	1.2613	1.3019	1.1105	175
VA	1.4051	1.3002	1.3496	35
<b>Combined</b>	<b>1.3758</b>	<b>1.3776</b>	<b>1.2916</b>	1,623

**Revenue**

Gross patient charges in January were above budget by \$340,000, or 1.5%. Inpatient revenues were up \$241,000 over budget and outpatient were up \$99,000. Most inpatient volumes, surgeries and emergency visits were on budget. Outpatient registrations were just 6% under budget. Outpatient revenues were slightly higher than budget as a result of higher emergency visits plus a restructuring of the emergency room level charges. On an adjusted patient day basis, total patient revenue was \$5,932, above the budget of \$5,825 for the month of January and higher than December gross revenue per APD of \$5,650. 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**



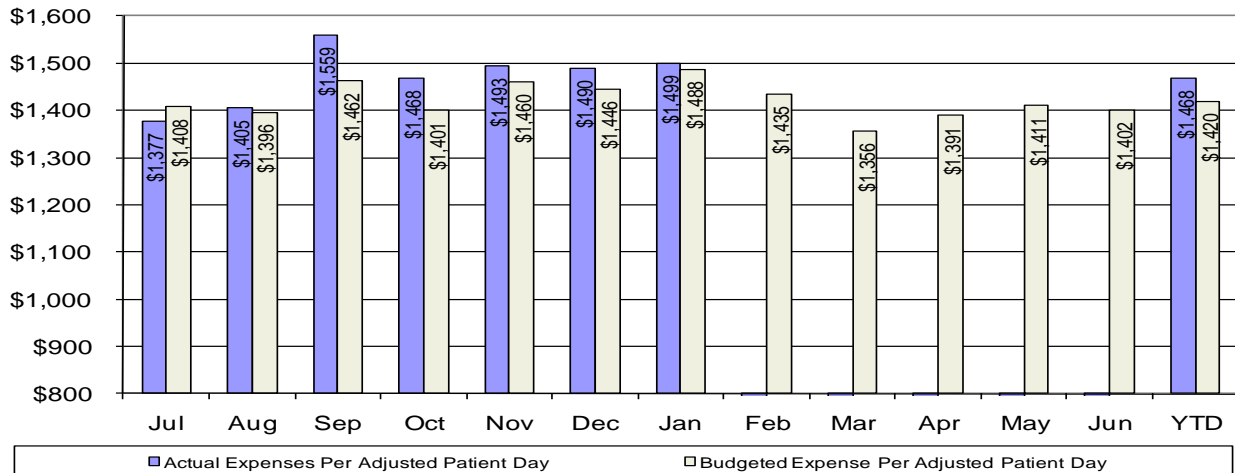
Contractual allowances are computed as deductions from gross patient revenues based on the difference between gross patient charges and the contractually agreed upon rates of reimbursement with third party government-based programs such as Medicare, Medi-Cal and other third party payors such as Blue Cross. As mentioned in the highlights, contractual allowances were reduced due to the reversal of the Skilled Nursing accrual along with recording a lower than expected cost report settlement. As such net revenues as a percentage of gross revenues were higher than normal; 22.3% was budgeted and 24.7% was realized. However, if the one-time adjustments for the Skilled Nursing accrual and cost report settlement are excluded, the actual percentage would have been 22.7% which is much closer to budget and the historical ratio.

## *Expenses*

### Total Operating Expenses

Total operating expenses were higher than the fixed budget by \$43,000 or 0.8%. On an adjusted patient day basis, cost per adjusted patient day were \$1,499 which was (\$11,000) or (0.8%) per adjusted patient day unfavorable to budget and \$9,000 higher than the prior month. This variance in expense per adjusted patient day was primarily the result of unfavorable variances in non-medical professional fees due to consulting fee accruals and fees related to Water’s Edge, purchased services as well as rents and leases. The graph below 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 \$124,000 and were favorable to budgeted levels on a per adjusted patient day (PAPD) basis by \$32 or 3.9%.

Productive salaries were below the flexed budget. Productive salaries in most departments were favorable to the flexed budget, while a few departments like Surgery, Dietary and Human Resources were unfavorable.

### Benefits

Benefits were unfavorable to the fixed budget by \$90,000 or 8.2%, and favorable to budget by \$3,000 or 8.2% per adjusted patient day. Vacation accruals for month of January were \$74,000 higher than budgeted. Health expenses were also over budget \$17,000.

### **Professional Fees**

Professional fees were unfavorable to budget by \$86,000 in January due to \$37,000 from Medical Professional Fees (ER and Clinic physician expenses) and \$48,000 from Non-Medical Professional Fees related to HFS fees for Accounting \$13,000, Revenue Cycle \$30,000, Pharmacy \$15,000 and Administration \$11,000.

Non-medical pro fees for Wound care and Employee benefit are favorable to budget by 18k and 11k respectively.

### **Supplies**

Supplies were favorable to budget by \$114,000 (15.7%) or \$30 or 15.7% per adjusted patient day in January. As in prior months, this favorable variance was the result of lower than budgeted patient related supplies such as medical supplies expense, pharmacy supplies associated with the IVT program (low IVT program volumes), and prosthetics.

### **Purchased Services**

Purchased services were above budget by \$62,000 compared to fixed budget and \$16 unfavorable PAPD. Purchase services medical is favorable to budget by \$31k due to the reversal of an over accrual made in December 2011. Additionally, imaging expenses were lower than budget by \$11k because of activity. Purchase services – non medical are unfavorable because of HFS expenses for business office services in December 2011 and January 2012.

### **Rents and Leases**

Rents and leases were above the fixed budget by \$19,000, and above budget \$5 PAPD in January at \$32 per adjusted patient day versus a budget of \$27. A new operating lease for Radiology starting January 2012 for \$36,000 is offset by no lease expenses for telemetry and hospital administration for \$13,000.

### **Other Operating Expense**

Other operating expenses were \$19,000 over budget due to physician forgiveness of \$6,500 (not budgeted) and license fees for equipment from Beckman Coulter and Care Fusion.

## ***Balance Sheet***

Total assets increased almost \$400,000 from the prior month, largely because of increases in accounts receivable. The following items make up the increase in current assets:

- Total unrestricted cash and cash equivalents for January decreased slightly by \$88,000 and days cash on hand including restricted use funds decreased to 13.8 days on hand in January from 15 days on hand in December.
- Net patient accounts receivable increased in January by \$304,000 compared to an increase of \$481,000 in December. Days in outstanding receivables were 62.9 at January month end, an increase from 62.7 days in December. Collections in January were \$4.8 million compared to \$4.1 million in December.
- Other Receivables, Third Party Settlements, Inventories and Prepaids remained fairly constant from one month to the next.

Total liabilities decreased by only \$42,000 compared to a decrease of \$997,000 in the prior month. This decrease in the current month was the result of the following:

- Accounts payable and accrued expenses increased \$420,000 due to a normal slow down of payables in January compared to December. December payments were high due to cash received from parcel tax distribution.
- Payroll related accruals increased by \$386,000 as a result of the timing of pay period end in relation to the month end.

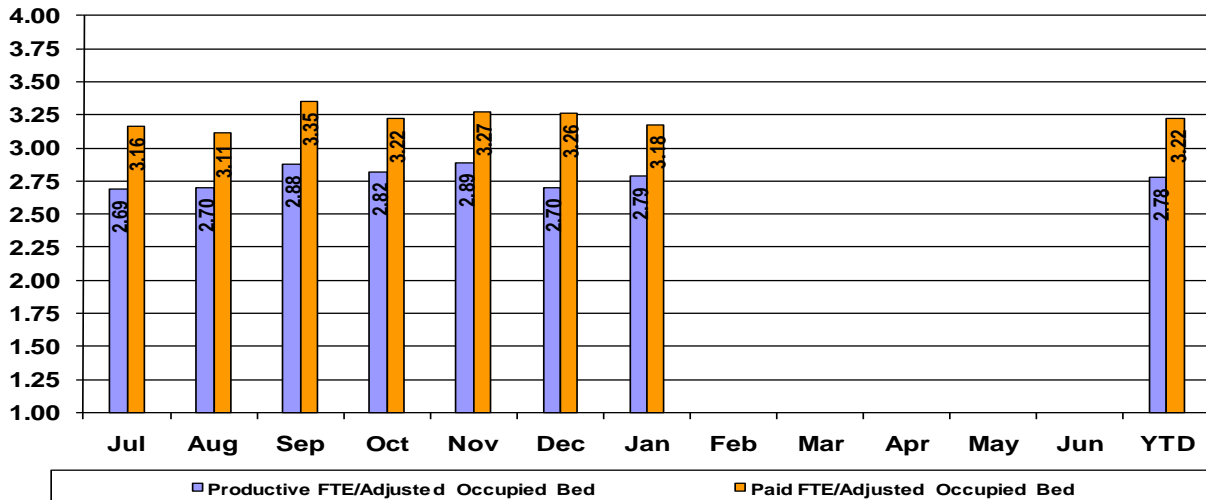


- Deferred revenues decreased again by \$477,000 due to the recognition of one-twelfth of the 2011/2012 parcel tax revenues of \$5.7 million.

## *Key Statistics*

### **FTE's per Adjusted Occupied Bed**

On an adjusted occupied bed basis, productive FTE's were 2.79, just below the budget of 2.80 FTE's by .3%, and paid FTE's were 3.18 or 5.1% below budget. The graph below shows the productive and paid FTE's per adjusted occupied bed for FY 2012 by month.



### **Current Ratio**

The current ratio for January is at .99. With the reclassification of the Jabor cash, this will increase in subsequent months to at or above 1.0.

### **A/R days**

Net days in Accounts Receivable are currently at 62.9, up slightly from prior month. We are working hard to bring this number down to 51, which will help our cash position and current ratio.

### **Days Cash on Hand**

Days cash on hand for January is 13.8. This has decreased slightly from prior month due to continued catch up in accounts payable. We would like this ratio to be closer to the FY 2010 number of over 20 days.

The following pages include the detailed financial statements for the seven (7) months ended January 31, 2012, of fiscal year 2012.

**ALAMEDA HOSPITAL  
KEY STATISTICS  
JANUARY 2012**

	<u>ACTUAL JANUARY 2012</u>	<u>CURRENT FIXED BUDGET</u>	<u>VARIANCE (UNDER) OVER</u>	<u>%</u>	<u>JANUARY 2011</u>	<u>YTD JANUARY 2012</u>	<u>YTD FIXED BUDGET</u>	<u>VARIANCE</u>	<u>%</u>	<u>YTD JANUARY 2011</u>
<b>Discharges:</b>										
Total Acute	263	236	27	11.4%	210	1,635	1,607	28	1.7%	1,452
Total Sub-Acute	-	2	(2)	-100.0%	3	12	11	1	9.1%	15
Total Skilled Nursing	10	9	1	11.1%	7	60	61	(1)	-1.6%	50
	<u>273</u>	<u>247</u>	<u>26</u>	<u>10.5%</u>	<u>220</u>	<u>1,707</u>	<u>1,679</u>	<u>28</u>	<u>1.7%</u>	<u>1,517</u>
<b>Patient Days:</b>										
Total Acute	1,025	942	83	8.8%	981	6,293	6,429	(136)	-2.1%	6,211
Total Sub-Acute	1,027	1,023	4	0.4%	967	6,985	7,095	(110)	-1.6%	6,971
Total Skilled Nursing	581	675	(94)	-13.9%	704	4,582	4,609	(27)	-0.6%	4,716
	<u>2,633</u>	<u>2,640</u>	<u>(7)</u>	<u>-0.3%</u>	<u>2,652</u>	<u>17,860</u>	<u>18,133</u>	<u>(273)</u>	<u>-1.5%</u>	<u>17,898</u>
<b>Average Length of Stay</b>										
Total Acute	3.90	3.99	(0.09)	-2.4%	4.67	3.85	4.00	(0.15)	-3.8%	4.28
<b>Average Daily Census</b>										
Total Acute	33.06	30.39	2.77	9.1%	31.65	29.27	29.90	(0.63)	-2.1%	28.89
Total Sub-Acute	33.13	33.00	0.13	0.4%	31.19	32.49	33.00	(0.51)	-1.6%	32.42
Total Skilled Nursing	18.74	21.77	(3.13)	-14.4%	22.71	21.31	21.44	(0.13)	-0.6%	21.93
	<u>84.94</u>	<u>85.16</u>	<u>(0.23)</u>	<u>-0.3%</u>	<u>85.55</u>	<u>83.07</u>	<u>84.34</u>	<u>(1.14)</u>	<u>-1.4%</u>	<u>83.25</u>
<b>Emergency Room Visits</b>	1,473	1,426	47	3.3%	1,461	9,864	9,890	(26)	-0.3%	9,842
<b>Outpatient Registrations</b>	1,933	2,053	(120)	-5.8%	2,008	12,866	13,979	(1,113)	-8.0%	13,818
<b>Surgery Cases:</b>										
Inpatient	45	45	-	0.0%	35	267	304	(37)	-12.2%	306
Outpatient	106	104	2	1.9%	103	1,061	988	73	7.4%	987
	<u>151</u>	<u>149</u>	<u>2</u>	<u>1.3%</u>	<u>138</u>	<u>1,328</u>	<u>1,292</u>	<u>36</u>	<u>2.8%</u>	<u>1,293</u>
<b>Adjusted Occupied Bed (AOB)</b>	123.61	124.00	(0.39)	-0.3%	124.15	152.87	125.48	27.39	21.8%	123.65
<b>Productive FTE</b>	344.61	347.34	(2.73)	-0.8%	366.17	343.80	341.62	2.18	0.6%	363.39
<b>Total FTE</b>	391.85	415.29	(23.44)	-5.6%	434.54	396.52	402.86	(6.34)	-1.6%	418.03
<b>Productive FTE/Adj. Occ. Bed</b>	2.79	2.80	(0.01)	-0.5%	2.95	2.25	2.72	(0.47)	-17.4%	2.94
<b>Total FTE/ Adj. Occ. Bed</b>	3.17	3.35	(0.18)	-5.3%	3.50	2.59	3.21	(0.62)	-19.2%	3.38

**City of Alameda Health Care District**  
**Statements of Financial Position**  
January 31, 2012

	Current Month	Prior Month	Prior Year End
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,981,838	\$ 2,070,300	\$ 1,784,141
Patient Accounts Receivable, net	9,885,867	9,582,145	7,249,185
Other Receivables	3,616,054	3,646,114	8,090,457
Third-Party Payer Settlement Receivables	661,578	481,578	150,000
Inventories	1,182,028	1,183,395	1,183,358
Prepays and Other	324,645	323,373	262,359
Total Current Assets	17,652,009	17,286,905	18,719,500
Assets Limited as to Use, net	558,983	546,203	483,716
<b>Fixed Assets</b>			
Land	877,945	877,945	877,945
Depreciable capital assets	43,397,622	43,435,271	43,383,571
Construction in progress	3,476,290	3,388,457	2,921,048
Depreciation	(39,336,772)	(39,304,382)	(38,862,494)
Property, Plant and Equipment, net	8,415,085	8,397,291	8,320,070
<b>Total Assets</b>	<b>\$ 26,626,077</b>	<b>\$ 26,230,399</b>	<b>\$ 27,523,286</b>
<b>Liabilities and Net Assets</b>			
Current Liabilities:			
Current Portion of Long Term Debt	\$ 1,606,237	\$ 1,632,934	\$ 746,074
Accounts Payable and Accrued Expenses	8,734,064	8,312,816	6,987,765
Payroll Related Accruals	4,520,785	4,134,636	3,991,254
Deferred Revenue	2,386,689	2,863,707	5,725,900
Employee Health Related Accruals	617,641	652,505	343,382
Third-Party Payer Settlement Payable	35,075	308,307	(3,930)
Total Current Liabilities	17,900,491	17,904,905	17,790,445
Long Term Debt, net	845,722	883,778	1,142,109
Total Liabilities	18,746,213	18,788,683	18,932,554
Net Assets:			
Unrestricted	7,150,875	6,725,513	8,037,015
Temporarily Restricted	728,988	716,203	553,716
Total Net Assets	7,879,863	7,441,716	8,590,731
<b>Total Liabilities and Net Assets</b>	<b>\$ 26,626,077</b>	<b>\$ 26,230,400</b>	<b>\$ 27,523,286</b>

**City of Alameda Health Care District**

**Statements of Operations**

January 31, 2012

\$'s in thousands

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Patient Days	2,633	2,640	(7)	-0.3%	2,652	17,860	18,133	(273)	-1.5%	17,898
Discharges	273	247	26	10.5%	220	1,707	1,679	28	1.7%	1,517
ALOS (Average Length of Stay)	9.64	10.69	(1.04)	-9.8%	12.05	10.46	10.80	(0.34)	-3.1%	11.80
ADC (Average Daily Census)	84.9	85.2	(0.23)	-0.3%	85.5	83	84.3	(1.27)	-1.5%	83.2
CMI (Case Mix Index)	1.4123				1.4193	1.2849				1.3675
<b>Revenues</b>										
Gross Inpatient Revenues	\$ 15,619	\$ 15,379	\$ 241	1.6%	\$ 14,301	\$ 101,849	\$ 105,473	\$ (3,624)	-3.4%	\$ 97,582
Gross Outpatient Revenues	7,113	6,944	169	2.4%	6,509	47,778	50,772	(2,994)	-5.9%	47,616
Total Gross Revenues	22,732	22,323	409	1.8%	20,810	149,627	156,245	(6,618)	-4.2%	145,198
Contractual Deductions	16,942	16,465	(478)	-2.9%	14,432	111,607	115,074	3,467	3.0%	103,608
Bad Debts	36	716	680	94.9%	490	3,021	4,969	1,947	39.2%	4,264
Charity and Other Adjustments	133	173	40	23.1%	183	1,256	1,196	(60)	-5.0%	1,069
Net Patient Revenues	5,620	4,969	652	13.1%	5,704	33,742	35,007	(1,265)	-3.6%	36,258
Net Patient Revenue %	24.7%	22.3%			27.4%	22.6%	22.4%			25.0%
Net Clinic Revenue	40	28	12	43.4%	32	248	118	130	109.8%	207
Other Operating Revenue	8	10	(2)	-23.6%	11	216	71	146	206.5%	69
<b>Total Revenues</b>	<b>5,668</b>	<b>5,007</b>	<b>661</b>	<b>13.2%</b>	<b>5,747</b>	<b>34,207</b>	<b>35,196</b>	<b>(989)</b>	<b>-2.8%</b>	<b>36,534</b>
<b>Expenses</b>										
Salaries	2,896	3,008	112	3.7%	3,225	20,022	19,884	(138)	-0.7%	20,884
Temporary Agency	135	147	12	8.2%	251	750	1,039	289	27.8%	1,390
Benefits	899	809	(90)	-11.1%	942	6,005	5,578	(427)	-7.7%	5,538
Professional Fees	394	308	(86)	-27.9%	290	2,672	2,036	(636)	-31.2%	2,118
Supplies	610	724	114	15.7%	703	4,169	5,270	1,102	20.9%	5,114
Purchased Services	426	364	(62)	-16.9%	362	2,517	2,582	65	2.5%	2,633
Rents and Leases	122	103	(19)	-19.0%	68	579	601	23	3.8%	476
Utilities and Telephone	70	65	(5)	-7.8%	76	462	454	(8)	-1.8%	432
Insurance	25	17	(8)	-48.6%	32	192	118	(74)	-63.1%	220
Depreciation and amortization	69	76	8	10.1%	78	511	487	(23)	-4.8%	565
Other Operating Expenses	99	80	(19)	-23.1%	194	652	550	(103)	-18.7%	637
<b>Total Expenses</b>	<b>5,745</b>	<b>5,702</b>	<b>(43)</b>	<b>-0.8%</b>	<b>6,219</b>	<b>38,531</b>	<b>38,599</b>	<b>68</b>	<b>0.2%</b>	<b>40,006</b>
<b>Operating gain (loss)</b>	<b>(76)</b>	<b>(695)</b>	<b>618</b>	<b>89.0%</b>	<b>(472)</b>	<b>(4,324)</b>	<b>(3,403)</b>	<b>(921)</b>	<b>27.1%</b>	<b>(3,472)</b>
<b>Non-Operating Income / (Expense)</b>										
Parcel Taxes	478	478	(0)	-0.1%	481	3,368	3,346	22	0.7%	3,349
Investment Income	1	0	1	272.0%	1	4	(88)	91	-104.3%	8
Interest Expense	(15)	(15)	1	3.6%	(10)	(114)	(13)	(101)	790.7%	(63)
Other Income / (Expense)	38	25	13	50.8%	25	179	156	23	14.7%	153
<b>Net Non-Operating Income / (Expense)</b>	<b>502</b>	<b>488</b>	<b>14</b>	<b>2.8%</b>	<b>496</b>	<b>3,437</b>	<b>3,402</b>	<b>36</b>	<b>1.0%</b>	<b>3,447</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$ 425</b>	<b>\$ (206)</b>	<b>\$ 632</b>	<b>-306.2%</b>	<b>\$ 24</b>	<b>\$ (886)</b>	<b>\$ (1)</b>	<b>\$ (885)</b>	<b>91987.0%</b>	<b>\$ (26)</b>

**City of Alameda Health Care District**  
**Statements of Operations - Per Adjusted Patient Day**  
January 31, 2012

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
<b>Revenues</b>										
Gross Inpatient Revenues	\$ 4,076	\$ 4,013	\$ 63	1.6%	\$ 3,706	\$ 3,882	\$ 3,927	\$ (45)	-1.1%	\$ 3,664
Gross Outpatient Revenues	1,856	1,812	44	2.4%	1,687	1,821	1,890	(69)	-3.7%	1,788
Total Gross Revenues	5,932	5,825	107	1.8%	5,393	5,703	5,817	(114)	-2.0%	5,452
Contractual Deductions	4,421	4,297	(125)	-2.9%	3,740	4,254	4,284	30	0.7%	3,890
Bad Debts	9	187	177	94.9%	127	115	185	70	37.7%	160
Charity and Other Adjustments	35	45	10	23.1%	48	48	45	(3)	-7.5%	40
Net Patient Revenues	1,467	1,297	170	13.1%	1,478	1,286	1,303	(17)	-1.3%	1,361
Net Patient Revenue %	24.7%	22.3%			27.4%	22.6%	22.4%			25.0%
Net Clinic Revenue	10	7	3	43.4%	8	9	4	5	114.8%	8
Other Operating Revenue	2	3	(1)	-23.6%	3	8	3	6	213.8%	3
<b>Total Revenues</b>	<b>1,479</b>	<b>1,307</b>	<b>173</b>	<b>13.2%</b>	<b>1,489</b>	<b>1,304</b>	<b>1,310</b>	<b>(7)</b>	<b>-0.5%</b>	<b>1,372</b>
<b>Expenses</b>										
Salaries	756	785	29	3.7%	836	763	740	(23)	-3.1%	784
Temporary Agency	35	38	3	8.2%	65	29	39	10	26.1%	52
Benefits	235	211	(23)	-11.1%	244	229	208	(21)	-10.2%	208
Professional Fees	103	80	(22)	-27.9%	75	102	76	(26)	-34.3%	80
Supplies	159	189	30	15.7%	182	159	196	37	19.0%	192
Purchased Services	111	95	(16)	-16.9%	94	96	96	0	0.2%	99
Rents and Leases	32	27	(5)	-19.0%	18	22	22	0	1.5%	18
Utilities and Telephone	18	17	(1)	-7.8%	20	18	17	(1)	-4.2%	16
Insurance	7	4	(2)	-48.6%	8	7	4	(3)	-67.0%	8
Depreciation and Amortization	18	20	2	10.1%	20	19	18	(1)	-7.3%	21
Other Operating Expenses	26	21	(5)	-23.1%	50	25	20	(4)	-21.5%	24
<b>Total Expenses</b>	<b>1,499</b>	<b>1,488</b>	<b>(11)</b>	<b>-0.8%</b>	<b>1,612</b>	<b>1,468</b>	<b>1,437</b>	<b>(32)</b>	<b>-2.2%</b>	<b>1,502</b>
<b>Operating Gain / (Loss)</b>	<b>(20)</b>	<b>(181)</b>	<b>161</b>	<b>89.0%</b>	<b>(122)</b>	<b>(165)</b>	<b>(126)</b>	<b>(38)</b>	<b>30.1%</b>	<b>(130)</b>
<b>Non-Operating Income / (Expense)</b>										
Parcel Taxes	125	125	(0)	-0.1%	125	128	125	4	3.1%	126
Investment Income	0	0	0	272.0%	0	0	0	0	164.2%	0
Interest Expense	(4)	(4)	0	3.6%	(3)	(4)	(3)	(1)	33.0%	(2)
Other Income / (Expense)	10	7	3	50.8%	6	7	6	1	17.4%	6
<b>Net Non-Operating Income / (Expense)</b>	<b>131</b>	<b>127</b>	<b>4</b>	<b>2.8%</b>	<b>129</b>	<b>131</b>	<b>127</b>	<b>4</b>	<b>3.0%</b>	<b>129</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$ 111</b>	<b>\$ (54)</b>	<b>\$ 165</b>	<b>-306.2%</b>	<b>\$ 6</b>	<b>\$ (34)</b>	<b>\$ 1</b>	<b>\$ (34)</b>	<b>-4775.2%</b>	<b>\$ (1)</b>

**City of Alameda Health Care District**  
**Statement of Cash Flows**  
**For the Seven Months Ended January 31, 2012**

	<u>Current Month</u>	<u>Year-to-Date</u>
<b>Cash flows from operating activities</b>		
Net Income / (Loss)	\$ 425,359	\$ (886,144)
Items not requiring the use of cash:		
Depreciation and amortization	68,700	\$ 510,587
Write-off of Kaiser liability	-	\$ -
Changes in certain assets and liabilities:		
Patient accounts receivable, net	(303,722)	(2,636,682)
Other Receivables	30,060	4,474,403
Third-Party Payer Settlements Receivable	(453,232)	(472,573)
Inventories	1,367	1,330
Prepays and Other	(1,272)	(62,286)
Accounts payable and accrued liabilities	421,248	1,746,299
Payroll Related Accruals	386,149	529,531
Employee Health Plan Accruals	(34,864)	274,259
Deferred Revenues	(477,018)	(3,339,211)
	<u>62,776</u>	<u>139,513</u>
<b>Cash flows from investing activities</b>		
(Increase) Decrease in Assets Limited As to Use	(12,780)	(75,267)
Additions to Property, Plant and Equipment	(86,493)	(605,602)
Other	3	4
	<u>(99,270)</u>	<u>(680,864)</u>
<b>Cash flows from financing activities</b>		
Net Change in Long-Term Debt	(64,753)	563,776
Net Change in Restricted Funds	12,785	175,272
	<u>(51,968)</u>	<u>739,048</u>
Net increase (decrease) in cash and cash equivalents	(88,463)	197,697
<b>Cash and cash equivalents at beginning of period</b>	2,070,300	1,784,141
<b>Cash and cash equivalents at end of period</b>	<u>\$ 1,981,837</u>	<u>\$ 1,981,838</u>

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

<b>Financial Ratios</b>	<u>Audited Results</u>			<u>Unaudited Results</u>	
	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>YTD 1/31/2012</b>
<b><u>Profitability Ratios</u></b>					
Net Patient Revenue (%)	22.48%	22.69%	24.16%	23.58%	22.55%
Earnings Before Depreciation, Interest, Taxes and Amortization (EBITA)	-0.72%	3.62%	4.82%	-1.01%	-0.77%
EBIDAP <sup>Note 5</sup>	-10.91%	-5.49%	-3.66%	-13.41%	-10.61%
Operating Margin	-3.75%	1.03%	2.74%	-2.61%	-2.35%
<b><u>Liquidity Ratios</u></b>					
Current Ratio	0.98	1.15	1.23	1.05	0.99
Days in accounts receivable ,net	51.70	57.26	51.83	46.03	62.99
Days cash on hand ( with restricted)	30.61	13.56	21.60	14.14	15.91
<b><u>Debt Ratios</u></b>					
Cash to Debt	187.3%	115.3%	249.0%	123.3%	103.62%
Average pay period	58.93	58.03	57.11	62.68	78.21
Debt service coverage	(0.14)	3.87	5.98	(0.70)	(0.15)
Long-term debt to fund balance	0.26	0.20	0.14	0.18	0.24
Return on fund balance	-29.59%	8.42%	18.87%	-19.21%	-11.25%
Debt to number of beds	20,932	13,481	10,482	11,515	15,230

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

Financial Ratios	Audited Results			Unaudited Results	
	FY 2008	FY 2009	FY 2010	FY 2011	YTD 1/31/2012
<b>Patient Care Information</b>					
Bed Capacity	135	161	161	161	161
Patient days( all services)	22,687	30,463	30,607	30,270	17,860
Patient days (acute only)	11,276	11,787	10,579	10,443	6,293
Discharges( acute only)	2,885	2,812	2,802	2,527	1,635
Average length of stay ( acute only)	3.91	4.19	3.78	4.13	3.85
Average daily patients (all sources)	61.99	83.46	83.85	82.93	83.07
Occupancy rate (all sources)	45.92%	52.94%	52.08%	51.51%	51.60%
Average length of stay	3.91	4.19	3.78	4.13	3.85
Emergency Visits	17,922	17,337	17,624	16,816	9,864
Emergency visits per day	48.97	47.50	48.28	46.07	45.88
Outpatient registrations per day <sup>Note 1</sup>	84.54	82.05	79.67	65.19	59.84
Surgeries per day <sup>Note 1</sup>	14.78	16.12	13.46	6.12	,

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.

DATE: February 22, 2012

FOR: February 29, 2012 Finance and Management Committee

TO: Finance and Management Committee

FROM: Bob Anderson, Interim CFO  
Katy Silverman, Director of Decision Support and Financial Planning

SUBJECT: FY 2012-2013 Budget Calendar | Key Dates

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<u>Key Date</u>	<u>Activity</u>
March 28, 2012	Present FY 2013 Volume Projections to Finance and Management Committee
April 2, 2011	Present FY 2013 Volume Projections to Board of Directors
April 2 –13, 2012	Finalize labor and non-labor budgets, gross/net revenue projections Prepare preliminary budget package for review by Executive Team. Consolidate Capital Budget requests.
April 16 – 20, 2012	Preliminary Operating and Capital Budget for Executive Team Review
May 7-11, 2012	Finalize Operating and Capital Budget with Executive Team
May 30, 2012	Present Operating and Capital Budget to Finance and Management Committee
June 4, 2012	Present Operating and Capital Budget to Board of Directors
July 1, 2012	Implement Annual Price Increase