



PUBLIC NOTICE

CITY OF ALAMEDA HEALTH CARE DISTRICT BOARD OF DIRECTORS

REGULAR MEETING AGENDA

Monday, July 2, 2012

6:00 p.m. (Closed) | 7:30 p.m. (Open)

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 and present to the District Clerk. This will ensure your opportunity to speak. Please make your comments clear and concise, limiting your remarks to no more than three (3) minutes.

- I. Call to Order (6:00 p.m. – 2 East Board Room)** Jordan Battani
- II. Roll Call** Kristen Thorson
- III. Adjourn into Executive Closed Session**
- IV. Closed Session Agenda**
 - A. Call to Order
 - B. Approval of Closed Session Minutes
 - 1. June 6, 2012 (Regular)
 - C. Medical Executive Committee Report and Approval of Credentialing Recommendations H & S Code Sec. 32155
 - D. Board Quality Committee Report (BQC) H & S Code Sec. 32155
 - E. Discussion of Pooled Insurance Claims Gov't Code Sec. 54956.95
 - F. Instructions to Bargaining Representatives Regarding Salaries, Fringe Benefits and Working Conditions Gov't Code Sec. 54957.6
 - G. Consultation with Legal Counsel Regarding Pending and Threatened Litigation Gov't Code Sec. 54956.9(a)
 - H. Discussion of Report Involving Trade Secrets H & S Code Sec. 32106
 - 1. Discussion of Hospital Trade Secrets applicable to District's Strategy for Delivery of New Programs and Services
No action will be taken.
Estimated Date of Public Disclosure: *Not known at this time.*
 - I. Public Employee Performance Evaluation Title: CEO Gov't Code Sec 54957
 - J. Adjourn into Open Session
- V. Reconvene to Public Session (Expected to start at 7:30 p.m. – Dal Cielo Conference Room)**
 - A. Announcements from Closed Session Jordan Battani

VI. General Public Comment

VII. Regular Agenda

A. Consent Agenda

ACTION ITEMS

- ✓ 1) Approval of June 6, 2012 Regular Meeting Minutes

[enclosure] (PAGES 4-11)

B. Action Items

- ✓ 1) Acceptance of May 2012 Unaudited Financial Statements and June 27, 2012 Finance and Management Committee Report Michael McCormick

[enclosure] (PAGES 12-32)

- ✓ 2) Approval of Phase 1, Architectural and Engineering Work: NPC-2 Projects for State of California Seismic Compliance Brian Jung

[enclosure] (PAGES 33-38)

- ✓ 3) Approval of Phase 1, Pre-Construction Capital Funding: Installation of Sprinkler System to Comply with CMS Regulations Brian Jung

[enclosure] (PAGES 39-41)

- ✓ 4) Approval of Phase 1, Pre-Construction Expenses: Boiler Replacement Project to Comply with Bay Area Air Quality Management District Regulations Brian Jung

[enclosure] (PAGES 42-44)

- ✓ 5) Approval of FY 2013 Goals and Objectives Deborah E. Stebbins

[enclosure] (PAGES 45-51)

C. District Board President Report **INFORMATIONAL** Jordan Battani

- 1) Development of FY 2013 Executive Performance Metrics and Incentive Compensation Plan

D. Chief Executive Officer Report **INFORMATIONAL** Deborah E. Stebbins

- ✓ 1) Update on FY2013 Operating and Capital Budget Scenarios, including Cash Flow Analysis Kerry Easthope

[enclosure] (PAGES 52-62)

- Scheduling Joint District Board and Finance and Management Committee Meeting for July 25, 2012 at 7:30 a.m.

- ✓ 2) Monthly CEO Report

[enclosure] (PAGES 63-66)

- Reports and Updates on: IGT / State Budget Update, Comprehensive Orthopedic Program Update, Update / Reminders on November 6, 2012 General Election, Wound Care Center, Long Term Care Development, Workers Compensation Coverage, Hospital Sponsored Events and Activities, Key Statistics for June, 2012

E. Medical Staff President Report **INFORMATIONAL**

James Yeh, DO

F. Community Relations and Outreach Committee Report **INFORMATIONAL**

Stewart Chen, DC

1) June 26, 2012 Committee Meeting

VIII. General Public Comments

IX. Board Comments

X. Adjournment



CITY OF ALAMEDA HEALTH CARE DISTRICT

Minutes of the City of Alameda Health Care District Board of Directors
 Open Session
 Monday, June 6, 2012 Regular Meeting

Board Members Present	Management Present	Legal Counsel Present	Guests
Jordan Battani Stewart Chen, DC Robert Deutsch, MD Elliott Gorelick J. Michael McCormick	Deborah E. Stebbins Kerry J. Easthope Brian Jung	Thomas Driscoll, Esq.	N/A
		Medical Staff Present Jim Yeh, DO	Excused
Submitted by: Erica Poncé, Administrative Secretary			

Topic	Discussion	Action / Follow-Up
I. Call to Order	The meeting was called to order at 6:10 p.m.	
II. Roll Call	Ms. Thorson called roll noting a quorum of Directors was present.	
III. Adjourn into Executive Closed Session	The meeting was adjourned into Executive Closed Session at 6:11 p.m.	
IV. Closed Session Agenda		
V. Reconvene to Public Session	The meeting was reconvened into public session at 7:49 p.m.	
A. Announcements From Closed Session	<p>Director Battani stated that the Executive Closed Session Minutes were reviewed and approved from the May 7, 2012 meeting. The Board Quality Committee Report for March 2012 was reviewed and accepted as presented. The Board approved the Credentialing Recommendations of the Medical Staff as outlined below. No other action was taken.</p>	

Topic	Discussion	Action / Follow-Up		
<u>Initial Appointments – Medical Staff</u>				
	Name	Specialty	Affiliation	
	• Hamta Jafari, MD	Internal Medicine	Alameda Inpatient Medical (AIM)	
	• Mark Kogan, MD	Gastroenterology	N. CA GI Consults – San Pablo	
	• Diane Kwan, MD	General Surgery	First Surgical Consultants	
	• Jacqueline Park, MD	Gastroenterology	N. CA GI Consults – San Pablo	
<u>Reappointments – Medical Staff</u>				
	Name	Specialty	Staff Status	Appointment Period
	• David Belk, MD	Internal Medicine	Active	07/01/12 – 06/30/14
	• Olivia Butt, MD	OB / Gyn	Active	07/01/12 – 06/30/14
	• Joseph Cheng, MD	Orthopedics	Courtesy	07/01/12 – 06/30/14
	• Jacqueline DeCayette, MD	Anesthesiology	Courtesy	07/01/12 – 06/30/14
	• Riaz Dhanani, MD	Teleradiology	Courtesy	07/01/12 – 06/30/14
	• James Eichel, MD	Family Medicine	Courtesy	07/01/12 – 06/30/14
	• April Fredian, MD	Family Medicine	Courtesy	07/01/12 – 06/30/14
	• Michael Gorin, MD	Ophthalmology	Active	07/01/12 – 06/30/14
	• Richard Hong, MD	Teleradiology	Courtesy	07/01/12 – 06/30/14
	• Jagmohan Khaira, MD	Internal Medicine	Active	07/01/12 – 06/30/14
	• Eric Otani	Emergency Medicine	Active	07/01/12 – 06/30/14
<u>Reappointment - Allied Health Professional</u>				
There were no applications submitted for reappointment for allied health professional status.				
<u>Resignations</u>				
	• Lori Kim, MD	Hematology / Oncology		
	• Ming Kuan, MD	Hematology / Oncology		

Topic	Discussion	Action / Follow-Up
VI. General Public Comments	There were no public comments.	
VII. Regular Agenda		
A. Consent Agenda		Director Deutsch made a motion to approve the Consent Agenda as presented. Director McCormick seconded the motion. The motion carried.
1) Approval of May 7, 2012 Regular Meeting Minutes		
2) Approval of Administrative Policies and Procedures <ul style="list-style-type: none"> • No. 75 Patient Safety Program Plan 		
3) Approval of Resolution 2012- 3J: Notice of General Election, November 6, 2012		
4) Approval of Application for Wound Care Privileges and Standardized Procedures for Nurse Practitioners		
B. Action Items		
1) Acceptance of April 2012 Unaudited Financial Statements and May 30, 2012 Finance and Management Committee Report An error was noted on the agenda for this action item which stated March Financials instead of April. Director Gorelick stated that the April 2012 unaudited financial statements were reviewed for discussion and analysis at the Finance and Management Committee meeting of May 30, 2012 and provided the following report and key points from the meeting: The average Daily Census was 86.4 versus 87.3 budgeted and is a combination of r subacute and acute. April had a Net Loss of \$189,000 which was below budgeted Net Income of \$131,000. \$1.3 million loss \$1.3 million loss YTD. Cash Collections were strong again in April at \$5.5M. Both March and April had cash collections greater than net revenue, a positive trend. The second property tax installment was received in April, bringing our cash balance up to \$3.1 million at month end. Current ratio dropped from 1.0 in March to 0.9 in April. This is a concern but not a failure of covenant due to quarterly review for the Wound Care loan and line of credit. The last quarterly review		Director McCormick made a motion to accept the April 2012 Unaudited Financial Statements and May 30, 2012 Finance and Management Committee Report as presented. Director Chen seconded the motion. The motion carried.

Topic	Discussion	Action / Follow-Up
	<p>was March 31, 2012 and the next review is June 30, 2012.</p> <p>The Operating Budget was reviewed in detail. The committee recommended approval of the operating budget contingent on licensure of Waters Edge. The capital budget was reviewed, but no action was taken as more detail was requested in addition to input from the Medical Staff regarding capital needs.</p> <p>The committee recommended approval of the Resolution to use the Jaber funds as security for a loan from the Bank of Alameda.</p>	
<p>Action Items #2, #3, and #4 were discussed but no action was taken. The Operating and Capital Budgets were deferred until the July Board meeting.</p>		
<p>2) Approval of FY 2013 Operating Budget</p>	<p>Director Battani announced that the FY 2013 Operating Budget is no longer an Action Item as a result of discussions at the Finance and Management Committee. It has been changed to an informational item with detailed information available on pages 67-81 of the Board Packet. An informational presentation was given by Ms. Stebbins and Mr. Easthope covering the details of the operating budget. A time of discussion followed:</p> <p>Director Gorelick noted that based on the projection, the equity falls below the \$7.5 million threshold and inquired as to what the outcome with the Bank of Alameda would be. Mr. Easthope replied that Management has been in communication with the Bank and would continue to discuss this with them. Director Gorelick noted the financial loss from May through December. Mr. Easthope replied that although challenging, the solution lies in detailed cash management and implementation of new programs. Director Deutsch asked if we have a loan to cover the temporary predicted loss. Mr. Easthope replied that with the proposal brought to the District Board this evening, the additional lending from the Bank will cover the expected loss. Director Chen shared his concern for the length of time to pay vendors during this critical period between now and January 2013, and asked if that time can be extended to assist with cash flow. Mr. Easthope reported that the Hospital is currently 140 days out on paying vendors. Ms. Stebbins added that Management does not want to increase that time.</p> <p>Director Battani announced that due to the lack of a decision from CMS for the Waters Edge transition, this discussion is deferred until the July District Board Meeting.</p>	<p>Agenda item was deferred until the July 2012 meeting. No was action taken.</p>

Topic	Discussion	Action / Follow-Up
3)	<p>Approval of Resolution 2012-6J: Extension of Spending Authority</p> <p>There was discussion on the need to approve an extension of spending authority. Mr. Driscoll stated that it was not required. The resolution was distributed to the Board for their review and it was decided that no action would be taken and the agenda item would be tabled as it was not relevant to the discussion.</p>	
4)	<p>Approval of Proposed FY 2013 Capital Budget</p> <p>Management called attention to pages 82-85 of the packet, noting that the seismic and information technology items are estimated place holders and quotes have not yet been finalized. The listed items are priorities which should be addressed throughout FY 2013. Director Battani and Gorelick asked for a cash flow analysis which includes depreciation and capital expenditures as listed in the capital budget. This item was deferred until the July meeting.</p>	<p>Agenda item was deferred until the July 2012 meeting. No was action taken.</p>
<p>The Board recessed for a brief break at 9:04 p.m. and returned to session at 9:09 p.m.</p>		
5)	<p>Approval Resolution 2012-5J: Use the Jaber Properties as Collateral for Loans with the Bank of Alameda</p> <p>Management called attention to pages 86-91 of the packet, noting that Finance and Management Committee along with Management recommend that the Board adopt the resolution to restructure the existing line of credit loan with the Bank of Alameda by replacing it with a long term loan with the Bank. This would be secured by the two parcels of real property owned by the District as a result of the Jaber Trust, not to exceed 70% of the value of the property with a cap of \$1.4 million. There was a brief discussion reviewing the details stated on the recommendation.</p>	<p>Director Gorelick made a motion to approve Resolution No. 2012-5J, Authorizing a Loan from the Bank of Alameda, Secured by Real Property. Director McCormick seconded the motion. The motion carried.</p>
6)	<p>Approval of Resolution 2012-4J: Levying the City of Alameda Health Care District Parcel Tax for the Fiscal Year 2012-2013</p> <p>This annual approval is a requirement. Director Deutsch stated that he would be abstaining from the vote because although he does not believe he has a conflict of interest, because he has a contract with the Hospital and he would like to avoid any appearance of a conflict. Director Gorelick stated that he opposes the levying of the tax due to his belief that the Hospital needs a new direction which has not yet been offered. He stated his view that an imposition of a tax on property holders without a better plan is not appropriate. Director Battani stated that she has more hope than ever before and</p>	<p>Director Chen made a motion to approve Resolution No. 2012-4J, Levying the City of Alameda Health Care District Parcel Tax for the Fiscal Year 2012-2013. Director McCormick seconded the motion. The motion carried three to one (Gorelick) with one abstention (Deutsch).</p>

Topic	Discussion	Action / Follow-Up
	<p>appreciates the trust that the people of Alameda have given the Hospital during such a critical time.</p>	
<p>7)</p>	<p>Approval of Certification and Mutual Indemnification Agreement</p> <p>This annual approval is a requirement. Thomas Driscoll, Legal Counsel, briefly explained the resolution and stated that it is the same document from the Alameda County Auditor – Controller Agency which has been approved each year for the past ten years. It is recommended that the District Board approve the Certification and Mutual Indemnification Agreement and authorize District Legal Counsel to sign the documents.</p>	<p>Director Chen made a motion to approve the Certification and Mutual Indemnification Agreement. Director McCormick seconded the motion. The motion carried.</p>
<p>C.</p>	<p>Board President Report</p> <p>Director Battani did not have a report.</p>	
<p>D.</p> <p>1)</p>	<p>Chief Executive Officer Report</p> <p>Monthly CEO Report</p> <p>Ms. Stebbins directed Board Members to pages 97-116 in Board Packet, highlighting IGT / California State Budget, comprehensive orthopedic program update, November 6, 2012 General Election, Kate Creedon Center for Advanced Wound Care, Board Meeting dates, FY 2013 Goals and Objectives, Kate Creedon Award, Annual Foundation Gala, upcoming events, and May 2012 key statistics.</p> <p>Ms. Stebbins asked the District Board members to review the HIPAA education information included in their packets. Director Battani added that especially in a small community such as Alameda, it is important that information is not given nor received about individual patients of the Hospital, and to maintain a high standard of privacy protection.</p>	<p>No action taken.</p>
	<p>2)</p> <p>Monthly Quality Metrics</p> <p>A presentation on Pain Management was given by Irene Pikel, RN, Clinical Education Specialist.</p>	<p>No action taken.</p>
<p>E.</p>	<p>Community Relations and Outreach Committee Report</p> <p>Director Chen reported on the May 22, 2012 Community Relations and Outreach</p>	<p>No action taken.</p>

Topic	Discussion	Action / Follow-Up
	<p>Committee noting the following:</p> <p>Beth Brizee, Director for the Kate Creedon Center for Advanced Wound Care, made a presentation to the committee about the new center. Committee member Mike McMahon made presented an educational workshop about the use of Social Media for Management, with discussion of how the Hospital could use Social Media tools. The Hospital has been represented at several local events where free health screenings were given, including the Park Street Spring Festival, Mastick Senior Center, and the South Shore Islander Festival. The annual Relay for Life fundraiser takes place June 23-24 with over 30 community organizations. The annual Fourth of July parade starts at 10:00 am. To participate as a cable car rider or parade walker, meet at Alameda Hospital at 8:30 a.m. For information or to participate in any of these upcoming events, please contact Community Relations Director, Louise Nakada. The Alameda Hospital Foundation is presenting a special fundraiser: "Antique Adventures 2" at Michaan's Auctions on June 7, 4:00 to 7:00 p.m. District Board Members are invited to attend.</p> <p>The next Community Relations and Outreach Committee will take place at the new Kate Creedon Center for Advanced Wound Care located at 815 Atlantic Ave., Suite 100, Alameda on Tuesday, June 26, 2012 at 7:30 a.m.</p>	
F.	<p>Medical Staff President Report</p> <p>James Yeh, DO, Medical Staff President, presented information for the following June meetings:</p> <ul style="list-style-type: none"> • June 12, 2012: "Breast Treatment Updates", Susan Kao, MD, Department of Medical Oncology and Hematology, Sutter East Bay Medical Foundation • June 26, 2012: "Timing of Surgery for Asymptomatic Valve Disease, Endoscopic Surgical Options and Upcoming Percutaneous Valve Options", Junaid Khan, MD, Director of Cardiovascular Services, Alta Bates Summit Medical Center 	No action taken.
VIII.	<p>General Public Comments</p> <p>Richard Espinoza, Long Term Care Administrator, welcomed the Board to attend an open house for South Shore Skilled Nursing Facility on June 27, 2012 from 4:00 to 6:00 p.m.</p>	
IX.	<p>Board Comments</p> <p>There were no comments.</p>	

Topic	Discussion	Action / Follow-Up
X. Adjournment	Being no further business, the meeting was adjourned at 9:53 p.m.	

Attest:

Jordan Battani
President

Elliott Gorelick
Secretary

DRAFT

THE CITY OF ALAMEDA HEALTH CARE DISTRICT

ALAMEDA HOSPITAL

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDING MAY 31, 2012

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

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ALAMEDA HOSPITAL MANAGEMENT DISCUSSION AND ANALYSIS MAY, 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 May 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

This month the Hospital again experienced a negative bottom line. For May a positive \$16,439 was budgeted and a negative (\$341,512) was realized. Year-to-date the Hospital's bottom line is negative by (\$1,641,804).

May activity was very close to budget in the inpatient units and the Emergency Care Center and under budget on outpatient registrations. Inpatient revenues are down just 2.7% consistent with the patient days down 1.1%, and outpatient revenues are down 9.6% consistent with outpatient registrations down 10.9%. It is noted almost all of this outpatient variance is due to the planned Wound Care Clinic that experienced a delay in implementation.

May discharges are above budget 5.7% and patient days were under budget 1.1%. In particular, discharges at South Shore increased as we have had a higher number of Medicare patients at the facility who have a shorter length of stay. Patient days in inpatient acute services were down just 0.6%, while Sub-Acute days were up 3.4% and Skilled Nursing was down 8.4%. Overall outpatient activity was mixed this month. This month outpatient registrations were down 10.9%, in which 81 of the registrations was associated with the delay in Wound Care. Emergency Room visits were 8 above budget or 0.6%. YTD outpatient registrations are 9.0% below budget while Emergency visits are 0.7% above budget. Outpatient surgeries were below budget for the month by 6.8%, but continue to be above budget YTD by 2.5%.

Gross revenue in May is generally in line with activity. Overall gross revenues were 4.8% below budget, with the inpatient component down 2.7% and outpatient down 8.7%. The inpatient revenue variance is due to revenues being budgeted at a slightly higher volume than experienced. The outpatient budget includes \$643,000 for the Wound Care Clinic. Without this budget item, outpatient revenues would be only 0.8% under budget.

Net patient revenues were 21.6% of Gross revenues which is slightly below the YTD net to gross value of 22.6%. In May, we increased our bad debt reserve for self pay accounts by about \$400,000. With the transition in our business office over the past year, self pay accounts have not been worked properly until February, bad debt reserves have been understated and accounts have not been written off to bad debt. Now that these accounts have been worked, we will be writing off a significant number of accounts to bad debt in June and need to have the appropriate reserves to allow for this adjustment to our patient accounts receivable.

The Case Mix Index (CMI) ran above the YTD average. The overall CMI in May was 1.38; up from last month's of 1.3201, and still above the YTD average of 1.3075.

Overall expenses ran very close to budget this month. Productive salaries, professional fees, purchased services, rents and leases, and other expenses were slightly over budget while registry, benefits and supplies were under budget. Employee benefit costs include costs associated with employee health usage. These costs fluctuate according to their usage and in May these were down in part due to an expense accrual adjustment from April. Professional fees were slightly above budget at 4%. Rents and leases were above budget due to the leases on new radiology equipment and new wound care center lease. Total expenses for the month were 0.2% under budget, or \$12,000, while YTD expenses are only 0.7% over budget or \$455,000.

Cash and Cash equivalents were \$3.6 million at the end of May up \$485,000 from the end of April as the result strong cash collections and IGT funds. Furthermore, in June we expect to receive approximately \$480,000 in AB 915 funds for FY 2011 Outpatient Medi-Cal program.

Cash collections in May were \$5.2M, again exceeding net revenues and contributing to net Accounts Receivable decreasing by over \$500,000.

Accounts payable and other accrued expenses dropped by \$900,000 from \$9,042,140 to \$8,141,604. AP days were 128. This is significant improvement over prior month of 135 days.

Lastly, the current ratio ended the month at .97 slightly below the required 1.0 of our bank covenants. We anticipate that this will increase above 1.0 by the end of the fiscal year end.

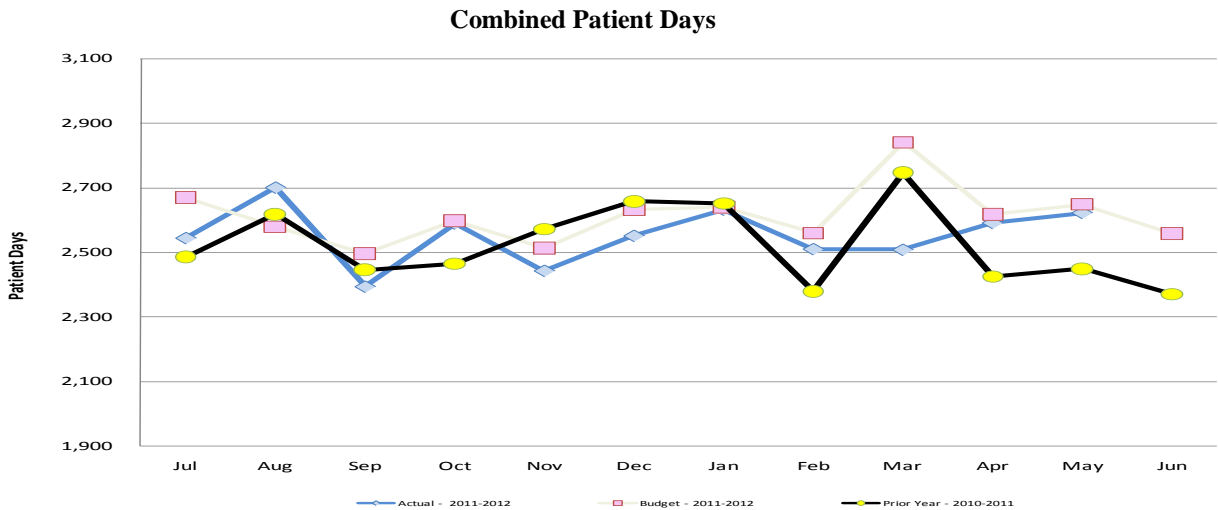
ACTIVITY

ACUTE, SUBACUTE AND SNF SERVICES

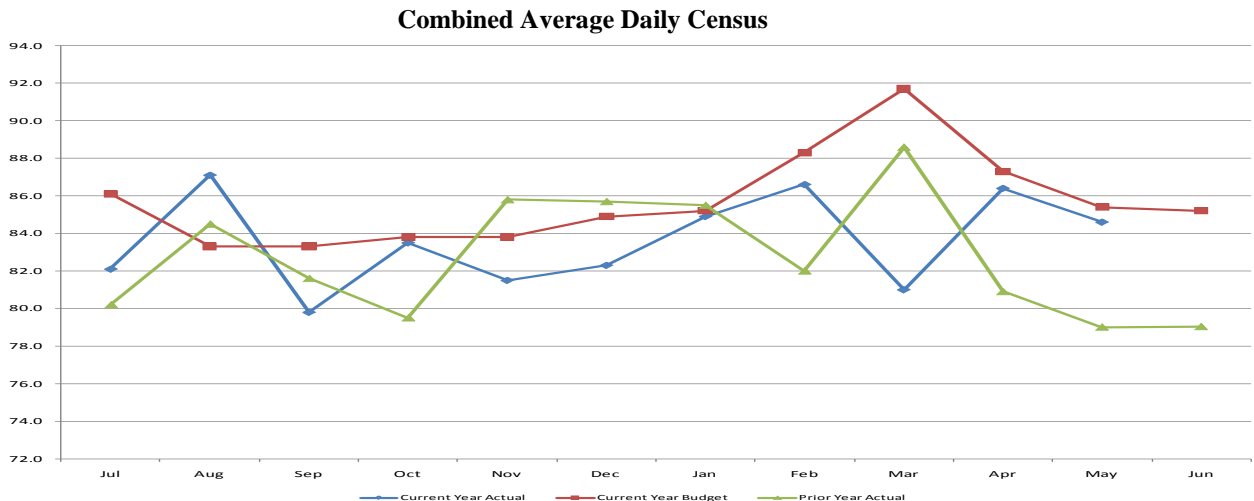
Patient days were slightly below budget for the month but above May of last year. This month's acute days were down 0.6%, Sub-Acute was up 3.4% and Skilled Nursing was down 8.4%. YTD days are now 2.5% under budget.

May's acute care patient days were 28 days (1.1%) lower than budget for the month and 7% above May 2011. The acute care program is comprised of the Critical Care Unit (4.6 ADC, above budget 16.3%), Definitive Observation Unit (10.2 ADC, 12.0% below budget) and Med/Surg Unit is 15.6 ADC or 3.6 higher than budget.

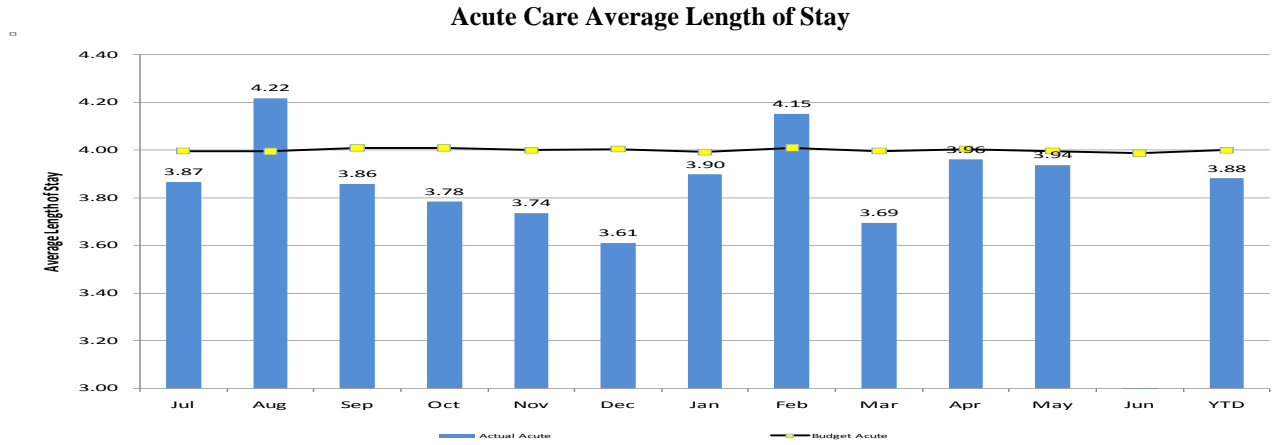
The graph, below, shows the total patient days by month for fiscal year 2012 compared to the operating budget and fiscal year 2011 actual.



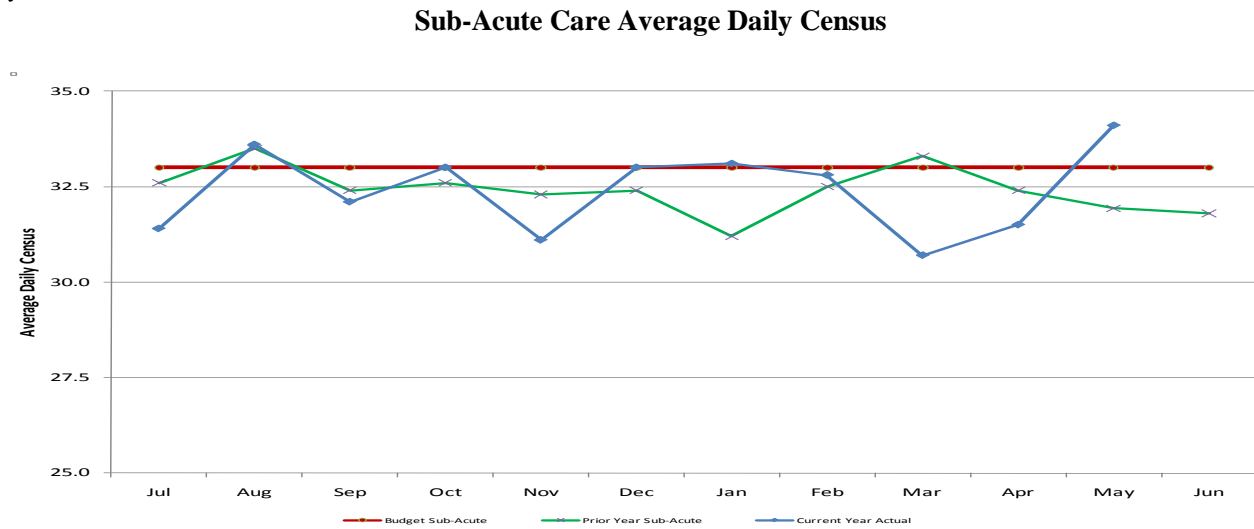
The graph below shows the average daily census for all inpatient services. The actual ADC was 84.55 versus budget of 85.45 an unfavorable variance of 1.1%.



The acute average length of stay (ALOS) decreased slightly from April of 3.96 to May of 3.94, but still below 4.0. The overall acute ALOS for FY 2011 was 4.13. The graph below shows the ALOS by month compared to the budget.

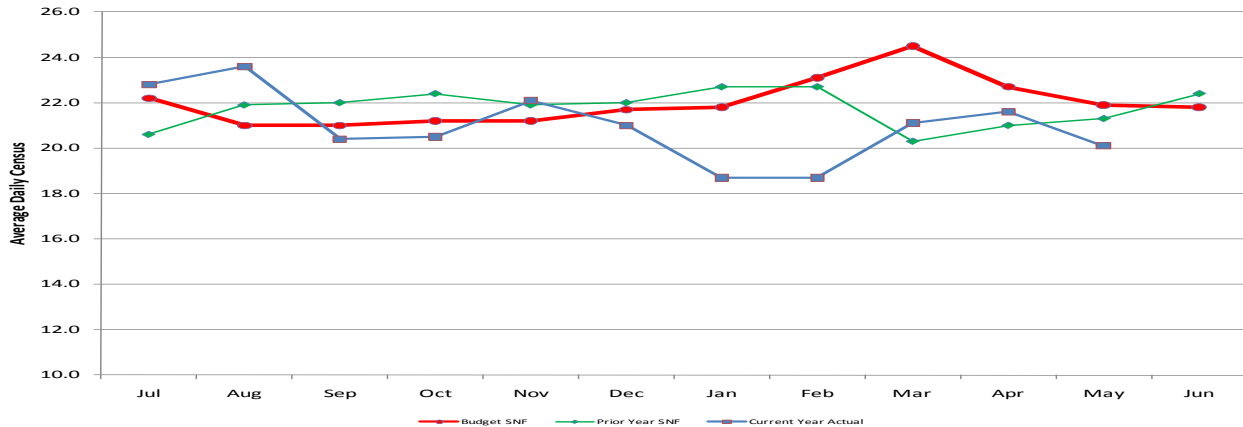


The Sub-Acute programs average daily census of 34.13 in May was above budgeted projections by 1.13 ADC or 3.4%. The graph below shows the Sub-Acute programs average daily census for the current fiscal year as compared to budget and the prior year.



The Skilled Nursing Unit (South Shore) ADC was lower than budget by 1.8 or 8.4% for the month of May. YTD ADC is also down compared to both budget and the prior year. However, efforts to improve census have been successful as census has climbed back up from the lows of the prior few months. The graph below shows the Skilled Nursing Units monthly average daily census as compared to budget and the prior year. In May there was a greater number of Medicare A patients, which has resulted in a greater number of discharges. These skilled Medicare patients will also result in higher net revenues.

Skilled Nursing Unit Average Daily Census

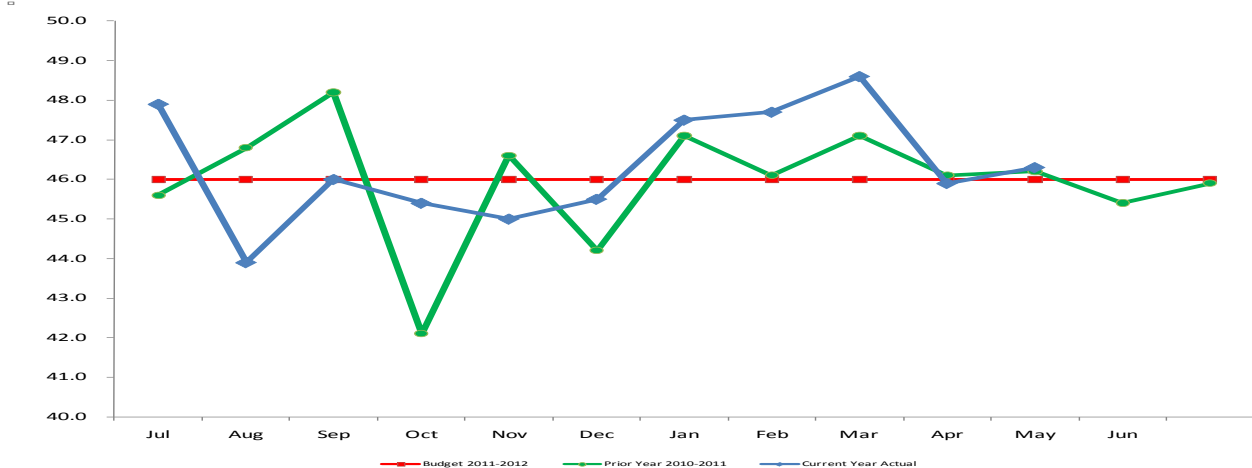


ANCILLARY SERVICES

Outpatient Services

Emergency Care Center visits in May were 1,434. This is 8 visits (0.6%) over the budget of 1,426. 18.4% of ECC visits resulted in inpatient admissions consistent with the 18.4% in April. On a per day basis, the total visits represent an increase of 0.9% from the prior month daily average. In May, there were 327 ambulance arrivals versus 323 in the prior month. Of the 327 ambulance arrivals in the current month, 196 or 59.9% were from Alameda Fire Department (AFD) ambulances.

Emergency Care Visits per Day

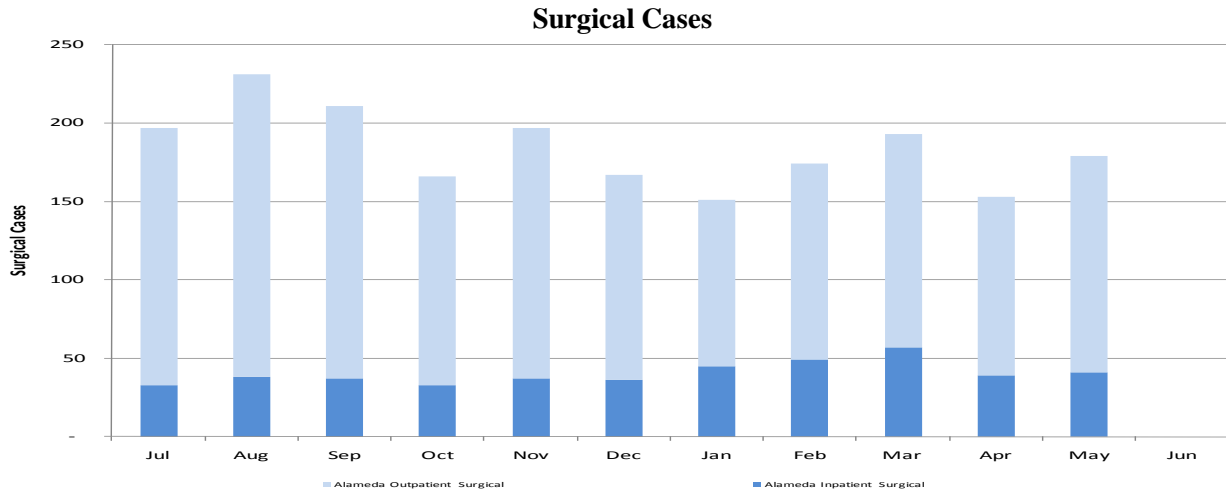


Outpatient registrations were 1,877, or 11.3% below budget. May's average daily registrations were 60.5 which were 3.97% lower than the prior month. This is consistent with YTD outpatient registrations which are below budget by 9.1%. This month Laboratory and Radiology were down 105 and 111 visits respectively. We had budgeted a 2% increase in Radiology and although visits are on par with prior year, we have not achieved the budgeted increase. On the other hand visits were up in Physical Therapy (89 visits) and Occupational Therapy (6 visits). There were no Wound Care visits but visits were again budgeted as the program was expected to start in February. This equated to a total of 300 in May and 930 visits for the four months.

Surgery

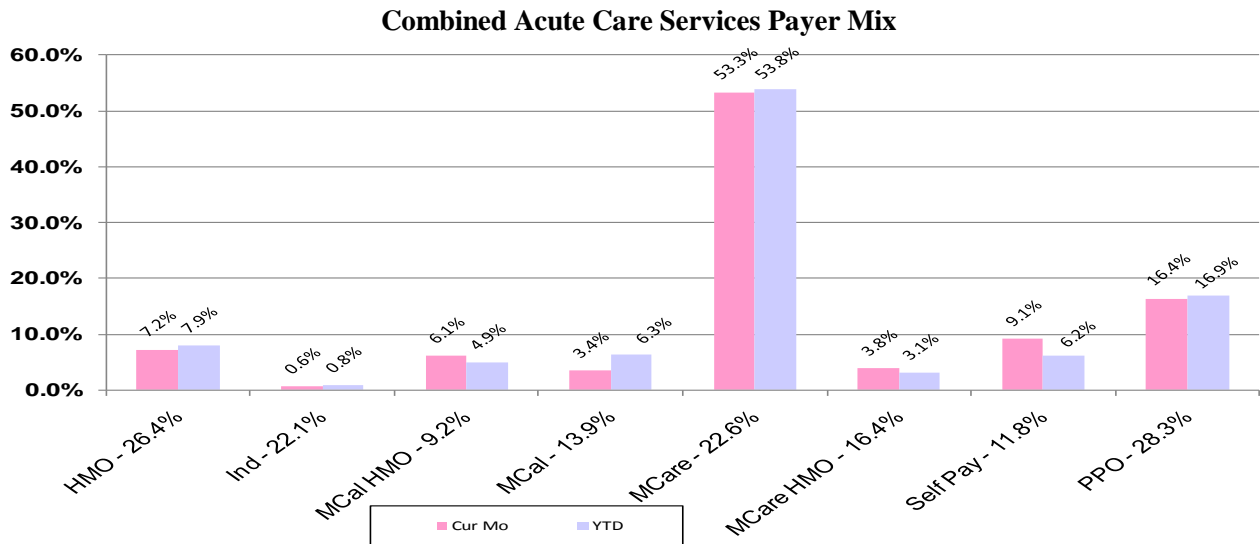
The year-to-date surgery cases were 2,035 or 0.4% above the budget of 2,026 and also above last year. For the month, total surgery cases were below budgeted expectations by 7.7% at 179 cases versus the budget of 194 cases. Inpatient cases were below budget by 5 (10.9%) while outpatient cases were 10 (6.8%) below budget. Inpatient and outpatient cases totaled 41 and 138 in May versus 39 and 114 during the prior month. The new Orthopedic Surgery program will add to growth in this service in the next fiscal year.

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



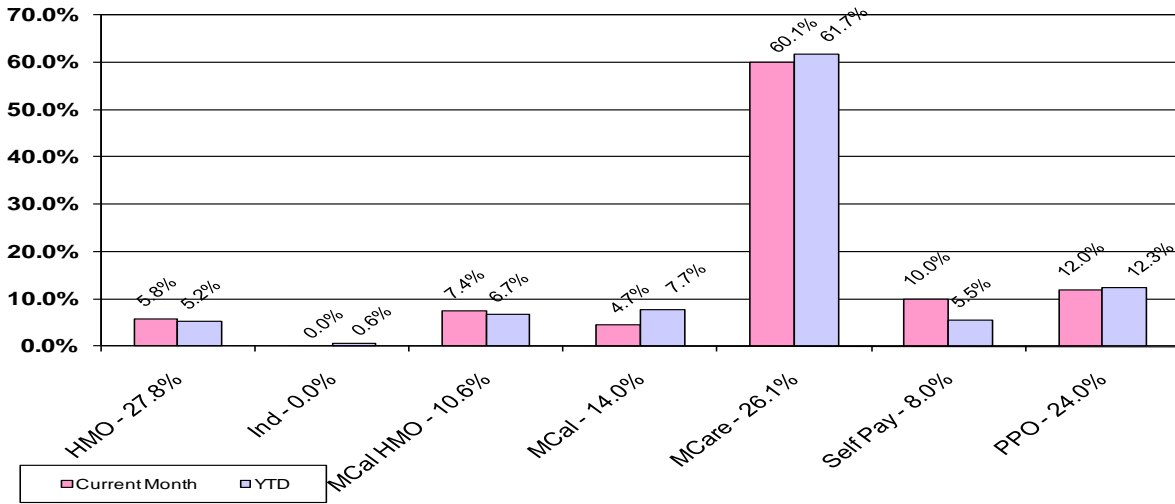
Payer Mix

Combined acute care services (inpatient and outpatient) Medicare and Medicare Advantage total gross revenue in May made up 57.1% of the month’s total gross patient revenue. Combined Medicare revenue was followed by HMO/PPO utilization at 23.6%, Medi-Cal Traditional and Medi-Cal HMO utilization at 9.5% and Self Pay at 9.1%. 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.



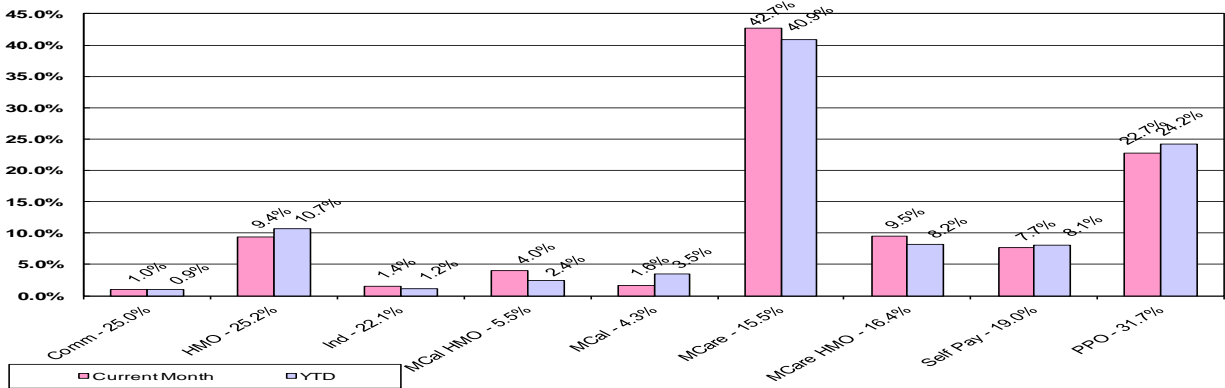
The inpatient acute care current month gross Medicare and Medicare Advantage charges made up 60.1% of our total inpatient acute care gross revenues followed by HMO/PPO at 17.8%, Medi-Cal and Medi-Cal HMO at 12.1% and Self Pay at 10.0% of the inpatient acute care revenue. The graph below shows inpatient 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



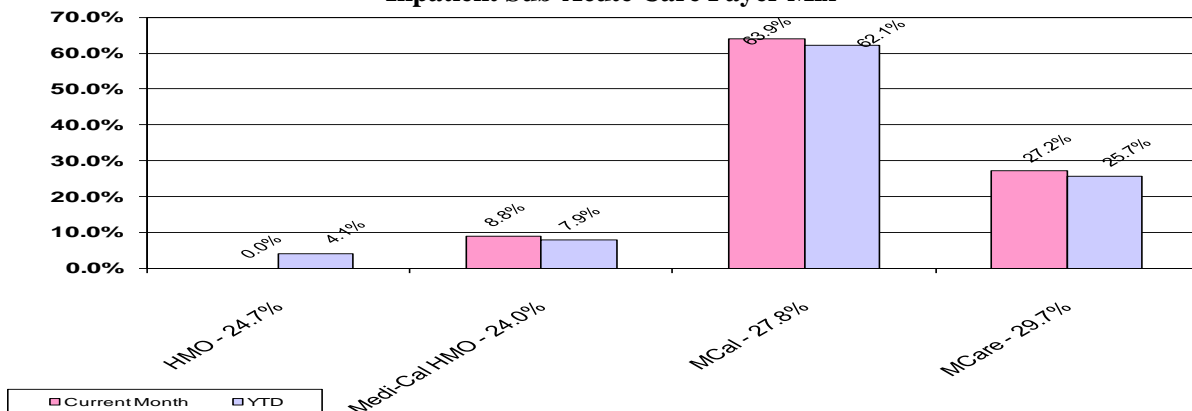
The outpatient gross revenue payer mix for May was comprised of 52.1% Medicare and Medicare Advantage, 33.1% HMO/PPO, 5.6% Medi-Cal and Medi-Cal HMO, and 7.7% self pay. The graph below shows the current month and fiscal year to date outpatient payer mix and the current months estimated level of reimbursement for each payer.

Outpatient Services Payer Mix



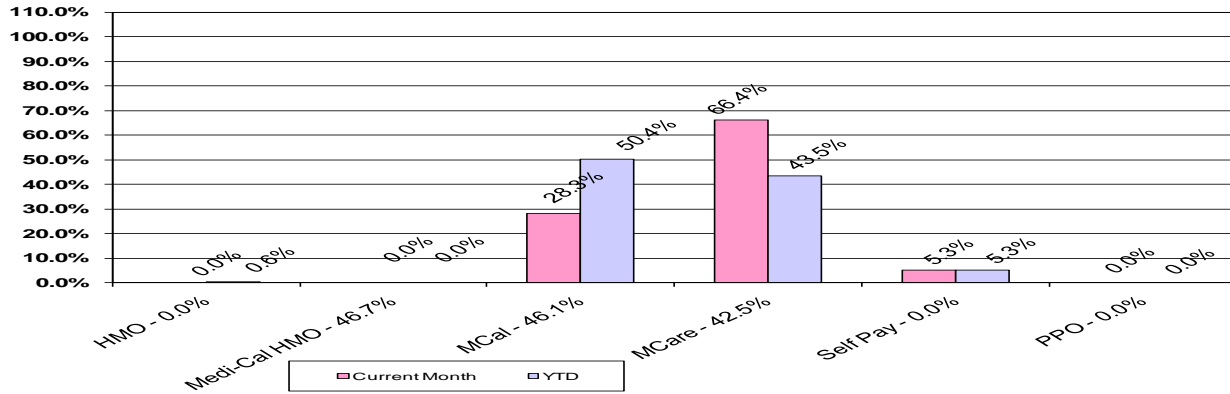
In May, the Sub-Acute care program again was dominated by Medi-Cal utilization of 72.7%. Medicare was 27.2% and no HMO/PPO patients. The graph below shows the payer mix for the current month and fiscal year to date and the current months estimated reimbursement rate for each payer.

Inpatient Sub-Acute Care Payer Mix



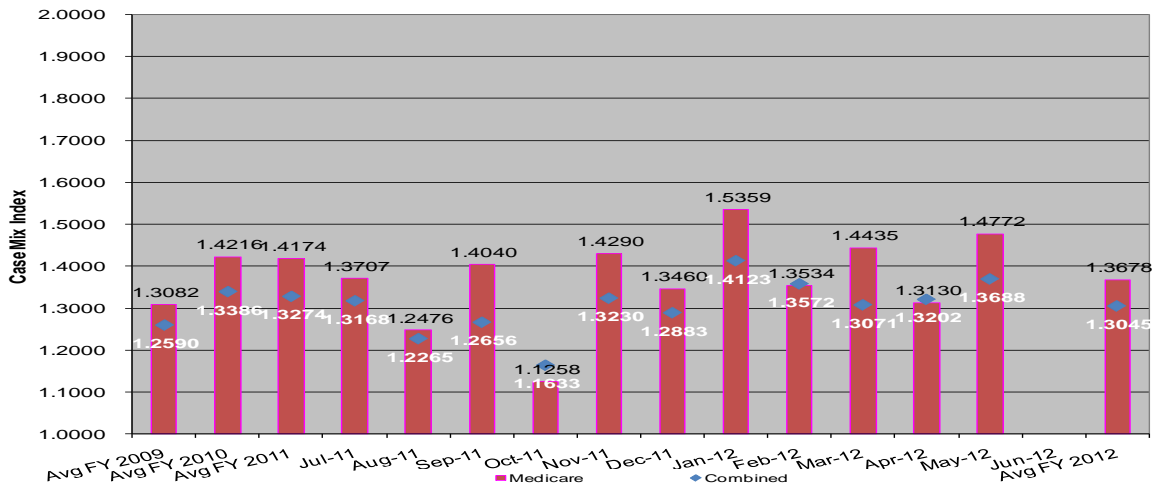
The graph below shows the current month and fiscal year to date skilled nursing payer mix and the current month's estimated level of reimbursement for each payer. Note the change in volumes between Medicare and Medi-Cal. This reflects the successful placement of an increasing volume of post-acute skilled patients (Medicare).

Inpatient Skilled Nursing Payer Mix



Case Mix Index

The hospital's overall Case Mix Index (CMI) for May was 1.3688, up again from the prior months of 1.3202, and well above the May 2011 of 1.1651. The Medicare CMI increased to 1.4772 in May, up from 1.3202 in April. The graph below shows the Medicare CMI for the hospital during the current fiscal year as compared to the prior three fiscal years.



The CMI at the time of forecasting this year's budget was 1.3758. Year-to-date May 2012 the CMI was 1.3065. This represents only a 2.7% decline compared to the same time frame last year, a percent that has been steadily improving through the year. 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.

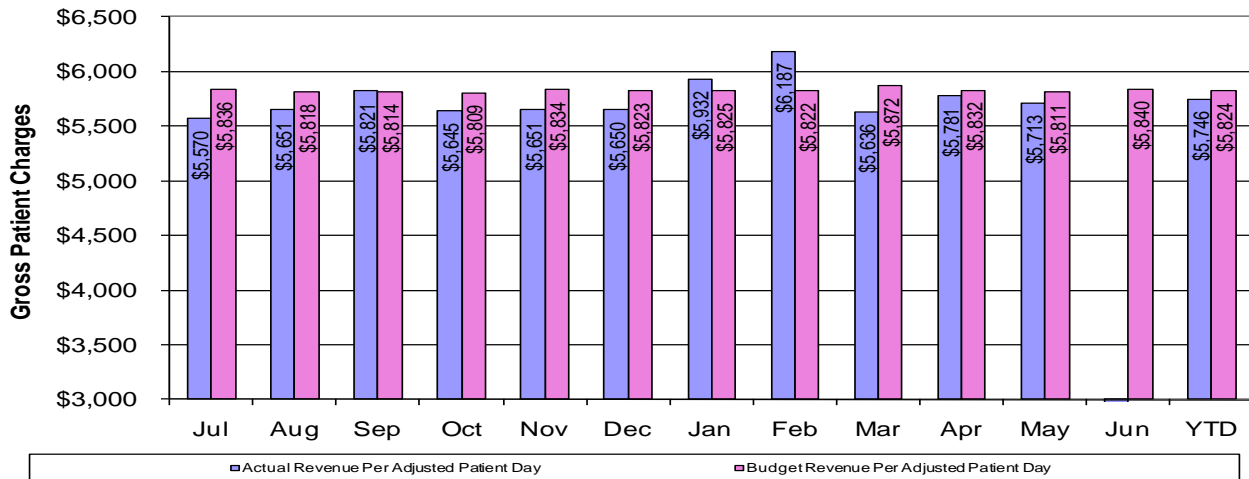
Case Mix Index Comparison

Financial Class	Jun 10 - Mar 11	May 11 YTD	May 12 YTD	May 12 YTD Volume
Blue Cross	0.0000	0.9873	0.0000	-
Commercial - Non-Contracted	1.9649	1.9235	1.0324	10
HMO	1.2522	1.1637	1.2667	109
Industrial	1.8373	1.6500	1.5964	10
Kaiser	1.8412	1.8446	1.6805	15
Medi-Cal HMO	1.0008	0.9877	1.1206	172
Medi-Cal	1.2724	1.2666	1.3013	128
Medicare	1.4724	1.4400	1.3729	1,379
Medicare HMO	1.3568	1.2971	1.3443	232
Personal Pay	1.0105	1.0389	1.1544	170
Medi-Cal Pending	1.8334	1.7951	2.3994	6
PPO	1.2613	1.2422	1.1168	289
VA	1.4051	1.3389	1.4017	52
Combined	1.3758	1.3424	1.3065	2,572

Revenue

Gross patient charges in May were below budget by \$1.1 million, or 4.8%. Inpatient revenues were \$420,000 below the budget and outpatient revenues were down almost \$698,000; of the outpatient revenue variance \$643,000 was associated with the delayed opening of the Wound Care Clinic. Inpatient days were below budget by 1.1%, consistent with the inpatient gross revenue. Outpatient registrations were 11.3% under budget. Outpatient revenues were lower than budget as a result of the lower volume with Wound Care and Surgical Services being the largest contributors to this variance. On an adjusted patient day basis, total patient revenue was \$5,713, just below the budget of \$5,811 for the month of May and below the April's gross revenue per APD of \$5,781. The table on the following page 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

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 payers such as Blue Cross. As such net revenues as a percentage of gross revenues were very close to budget. A collection ratio of 22.2% was budgeted and 21.6% was realized. As mentioned in the summary, additional bad debt reserves of about \$400,000 were recorded in May in preparation for the assignment of self pay to bad debt in June. The hospital has not consistently written off accounts to bad debt all year and now that these accounts have been worked, we are prepared to make this adjustment.

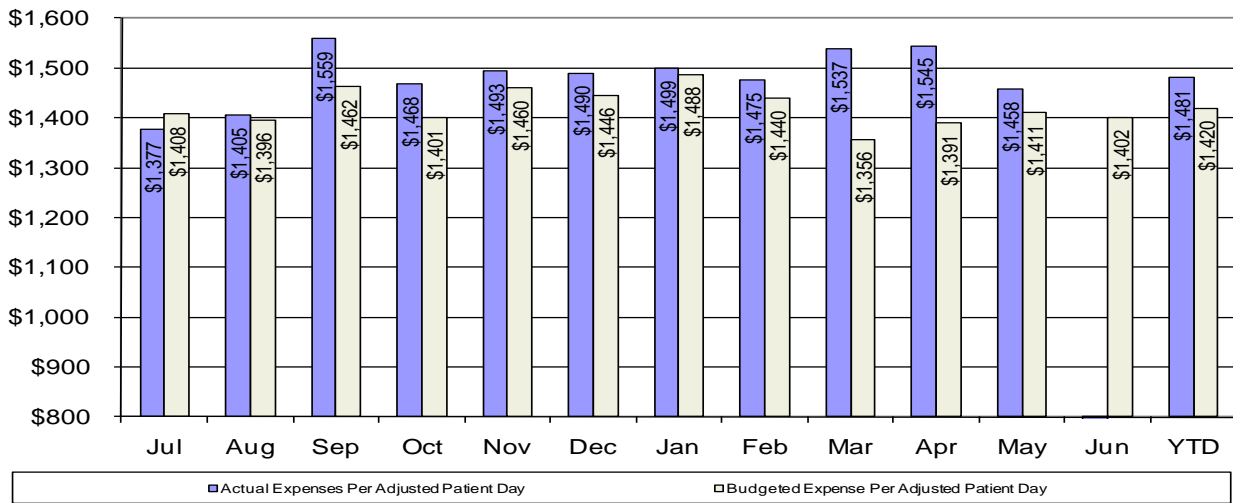
Expenses

Total Operating Expenses

Total operating expenses were higher than the fixed budget by just \$12, 000 or 0.2% and YTD is above budget by just 0.7%. Both salaries were above budget, while registry and benefits were below budget. Non-medical professional fees were not as high this month but several areas were up as discussed below.

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. Note that expenses per patient day were over budget again this month which is expected with lower volume and the fixed nature of many expenses.

Expenses per Adjusted Patient Day



Following are explanations of the significant areas of variance that were experienced in the current month.

Salary and Temporary Agency Expenses

Salary and temporary agency costs combined were unfavorable to the fixed budget by \$96,000 and were unfavorable to budgeted levels on a per adjusted patient day (PAPD) basis by \$48 or 6.6%. Year to date salaries and agency expenses are running just above budget by 4.4% PAPD. During the month of May, salaries were mainly over budget due to overtime pay in Telemetry and Sub-acute departments. Steps are being taken to reduce the use of overtime and premium pay to minimize this additional expense in future months. The Hospital has also added three non-budgeted FTE's in preparation for the expansion of our long term care services with Waters Edge and Nursing Administration was also greater than budget in the month.

Benefits

Benefits were favorable to the fixed budget by \$38,000 or 4.8%, and under budget per adjusted patient day by 1.7%. After closing last month, we did identify a \$40,000 pension over accrual that was reversed in the May financials. Year to date, benefit expense is \$671,000 greater than budget.

Professional Fees

Professional fees which had been running over budget most of the year were unfavorable by only \$14,000 this month. This will continue to be more in line with budget going forward now that less outside consultant time is being used in accounting and consulting and legal fees.

Supplies

Supplies were favorable to budget by \$106,000 (13.7%). This is positive; however, the favorable supply cost variance was down again from previous months. This month the 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 \$15,000 above the fixed budget and \$7 unfavorable PAPD. Year to date, purchased services are \$116,000 higher than budget. This variance is driven by the cost of outsourcing our billing function to HFS.

Rents and Leases

Rents and leases were above the fixed budget by \$26,000, and above budget \$8 PAPD in May. The radiology equipment lease budget is understated by about \$8,000 per month. This has been corrected in the FY 2013 budget. Pharmacy rental equipment invoice from prior month for \$13,000 received in May.

Other Operating Expense

Other operating expenses were \$8,000 over the fixed budget and \$3 over the budget on a per adjusted patient day basis. This variance is attributed to a \$5,563 due to dues and subscription expenses in May.

Balance Sheet

Total assets decreased almost \$1.4 million from the prior month, mostly due to the decrease in Other Receivables as a result of receiving the IGT transfer funds. The following items make up the decrease in current assets:

- Total unrestricted cash and cash equivalents for May increased by almost \$500,000 and days cash on hand including restricted use funds increased to 19.5 days on hand in May from 16 days on hand in April. This increase was due to receipt of the IGT Funds. Patient collections in May averaged \$166,000 per day.
- Net patient accounts receivable decreased in May by almost \$530,000. This decrease is the result of higher cash collection during the month (\$5.2 million) and the total gross AR being reduced, as well as, additional reserves needed for ageing self pay and some third party payor accounts that have not been written off to bad debt in several months. Self pay accounts are being worked through an early-out collection process. Once worked and deemed uncollectible, these accounts will be written off to bad debt in June and July.
- Days in outstanding receivables were 55.7 at May month end, a decrease from April at 58.8 days. Collections in May were \$5.2 million compared to \$5.8 million in April.
- Other Receivables decreased by \$1.4 million due to receipt of the IGT money. Third Party Settlements, Inventories and Prepays remained fairly constant from one month to the next.

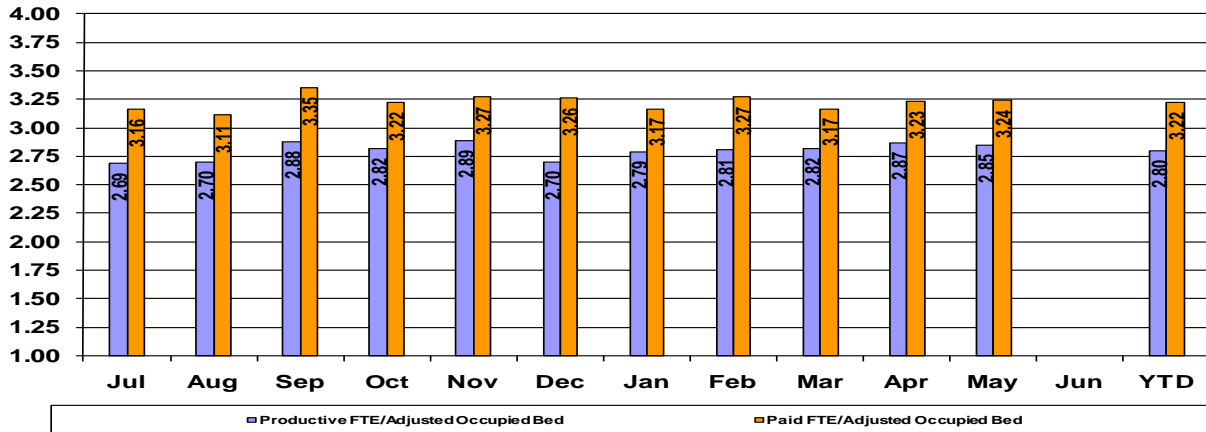
Total liabilities decreased by \$1.0 million compared to a decrease of \$666,000 in the prior month. This decrease in the current month was the result of the following:

- Accounts payable decreased by \$900,000 in May to \$8.1 million which equates to 128 AP Days, down from 135 days in April. Accounts Payable and other accrued expenses are still about \$1.2 million higher than prior fiscal year end.
- Payroll related accruals increased by \$257,000 and are also above prior year end by approximately \$230,000.
- 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 2.85, above the budget of 2.66 FTE's by 6.8%, and paid FTE's were 3.24 or 3.9% above 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 May is 0.97. This is a decrease from last month's ratio of .99. Current ratio needs to be above 1.0 by quarter/year end to be in compliance with our bank covenants. In addition, Total Net Assets need to be greater than \$7.50 million and is currently at \$7.2 million.

A/R days

Net days in net Accounts Receivable are currently at 55.7. This is down again from prior month. We are working hard to bring this number down to 51, which will help our cash position. The lower days are the result of three strong collection months.

Days Cash on Hand

Days cash on hand for May was 19.5. This is an increase from prior month of 16.3 as a result of receiving the IGT transfer funds which have contributed to our cash reserve and allow us to pay additional accounts payable.

The following pages include the detailed financial statements for the eleven (11) months ended May 31, 2012, of fiscal year 2012.

**ALAMEDA HOSPITAL
KEY STATISTICS
MAY 2012**

	<u>ACTUAL MAY 2012</u>	<u>CURRENT FIXED BUDGET</u>	<u>VARIANCE (UNDER) OVER</u>	<u>%</u>	<u>MAY 2011</u>	<u>YTD MAY 2012</u>	<u>YTD FIXED BUDGET</u>	<u>VARIANCE</u>	<u>%</u>	<u>YTD MAY 2011</u>
Discharges:										
Total Acute	239	237	2	0.8%	222	2,616	2,579	37	1.4%	2,315
Total Sub-Acute	4	1	3	300.0%	4	26	16	10	62.5%	23
Total Skilled Nursing	18	9	9	100.0%	5	114	98	16	16.3%	98
	<u>261</u>	<u>247</u>	<u>14</u>	<u>5.7%</u>	<u>231</u>	<u>2,756</u>	<u>2,693</u>	<u>63</u>	<u>2.3%</u>	<u>2,436</u>
Patient Days:										
Total Acute	941	947	(6)	-0.6%	799	10,154	10,318	(164)	-1.6%	9,698
Total Sub-Acute	1,058	1,023	35	3.4%	990	10,890	11,088	(198)	-1.8%	10,907
Total Skilled Nursing	622	679	(57)	-8.4%	660	7,049	7,396	(347)	-4.7%	7,294
	<u>2,621</u>	<u>2,649</u>	<u>(28)</u>	<u>-1.1%</u>	<u>2,449</u>	<u>28,093</u>	<u>28,802</u>	<u>(709)</u>	<u>-2.5%</u>	<u>27,899</u>
Average Length of Stay										
Total Acute	3.94	4.00	(0.06)	-1.5%	3.60	3.88	4.00	(0.12)	-3.0%	4.19
Average Daily Census										
Total Acute	30.35	30.55	(0.19)	-0.6%	25.77	30.22	30.71	(0.49)	-1.6%	28.86
Total Sub-Acute	34.13	33.00	1.13	3.4%	31.94	32.41	33.00	(0.59)	-1.8%	32.46
Total Skilled Nursing	20.06	21.90	(1.84)	-8.4%	21.29	20.98	22.01	(1.03)	-4.7%	21.71
	<u>84.55</u>	<u>85.45</u>	<u>(0.90)</u>	<u>-1.1%</u>	<u>79.00</u>	<u>83.61</u>	<u>85.72</u>	<u>(1.08)</u>	<u>-1.3%</u>	<u>83.03</u>
Emergency Room Visits	1,434	1,426	8	0.6%	1,431	15,564	15,456	108	0.7%	15,453
Outpatient Registrations	1,877	2,117	(240)	-11.3%	1,936	20,387	22,420	(2,033)	-9.1%	21,813
Surgery Cases:										
Inpatient	41	46	(5)	-10.9%	27	461	490	(29)	-5.9%	469
Outpatient	138	148	(10)	-6.8%	141	1,574	1,536	38	2.5%	1,546
	<u>179</u>	<u>194</u>	<u>(15)</u>	<u>-7.7%</u>	<u>168</u>	<u>2,035</u>	<u>2,026</u>	<u>9</u>	<u>0.4%</u>	<u>2,015</u>
Adjusted Occupied Bed (AOB)	126.13	130.67	(4.54)	-3.5%	117.22	123.07	127.69	(4.62)	-3.6%	123.59
Productive FTE	358.91	348.17	10.74	3.1%	350.50	347.59	345.20	2.39	0.7%	365.84
Total FTE	408.92	407.57	1.35	0.3%	409.69	398.96	405.25	(6.29)	-1.6%	422.78
Productive FTE/Adj. Occ. Bed	2.85	2.66	0.18	6.8%	2.99	2.82	2.70	0.12	4.5%	2.96
Total FTE/ Adj. Occ. Bed	3.24	3.12	0.12	3.9%	3.50	3.24	3.17	0.07	2.1%	3.42

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

	Current Month	Prior Month	Prior Year End
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 3,579,931	\$ 3,094,319	\$ 1,784,141
Patient Accounts Receivable, net	8,897,898	9,426,641	7,249,185
Other Receivables	630,104	2,056,499	8,090,457
Third-Party Payer Settlement Receivables	626,363	626,363	150,000
Inventories	1,102,554	1,116,854	1,183,358
Prepays and Other	172,121	182,412	262,359
Total Current Assets	15,008,971	16,503,088	18,719,500
Assets Limited as to Use, net	54,715	47,029	483,716
Fixed Assets			
Land	877,945	877,945	877,945
Depreciable capital assets	43,405,170	43,405,170	43,383,571
Construction in progress	3,831,742	3,659,003	2,921,048
Depreciation	(39,604,513)	(39,538,523)	(38,862,494)
Property, Plant and Equipment, net	8,510,344	8,403,595	8,320,070
Total Assets	\$ 23,574,030	\$ 24,953,712	\$ 27,523,286
Liabilities and Net Assets			
Current Liabilities:			
Current Portion of Long Term Debt	\$ 1,499,352	\$ 1,526,088	\$ 746,074
Accounts Payable and Accrued Expenses	8,141,604	9,042,140	6,987,765
Payroll Related Accruals	4,220,942	3,964,245	3,991,254
Deferred Revenue	478,388	955,513	5,725,900
Employee Health Related Accruals	692,106	630,657	343,382
Third-Party Payer Settlement Payable	452,952	526,952	(3,930)
Total Current Liabilities	15,485,344	16,645,595	17,790,445
Long Term Debt, net	882,760	768,365	1,142,109
Total Liabilities	16,368,104	17,413,960	18,932,554
Net Assets:			
Unrestricted	6,941,211	7,282,723	8,037,015
Temporarily Restricted	264,715	257,029	553,716
Total Net Assets	7,205,926	7,539,752	8,590,731
Total Liabilities and Net Assets	\$ 23,574,030	\$ 24,953,713	\$ 27,523,286

City of Alameda Health Care District

Statements of Operations

May 31, 2012

\$'s in thousands

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Patient Days	2,621	2,649	(28)	-1.1%	2,449	28,093	28,802	(709)	-2.5%	27,899
Discharges	261	247	14	5.7%	231	2,756	2,693	63	2.3%	2,436
ALOS (Average Length of Stay)	10.04	10.72	(0.68)	-6.4%	10.60	10.19	10.70	(0.50)	-4.7%	11.45
ADC (Average Daily Census)	84.5	85.5	(0.90)	-1.1%	79.0	84	86.0	(2.12)	-2.5%	83.3
CMI (Case Mix Index)	1.3803				1.1651	1.3075				1.3354
Revenues										
Gross Inpatient Revenues	\$ 14,973	\$ 15,393	\$ (420)	-2.7%	\$ 12,563	\$ 161,480	\$ 167,727	\$ (6,246)	-3.7%	\$ 151,447
Gross Outpatient Revenues	7,364	8,063	(698)	-8.7%	6,142	76,678	81,521	(4,843)	-5.9%	73,604
Total Gross Revenues	22,337	23,455	(1,118)	-4.8%	18,705	238,158	249,247	(11,089)	-4.4%	225,051
Contractual Deductions	16,237	17,354	1,117	6.4%	14,119	178,303	183,802	5,499	3.0%	162,739
Bad Debts	1,178	725	(453)	-62.4%	745	4,535	7,870	3,335	42.4%	7,296
Charity and Other Adjustments	104	175	70	40.3%	168	1,609	1,899	290	15.3%	1,649
Net Patient Revenues	4,818	5,201	(384)	-7.4%	3,674	53,712	55,677	(1,965)	-3.5%	53,367
Net Patient Revenue %	21.6%	22.2%			19.6%	22.6%	22.3%			23.7%
Net Clinic Revenue	36	33	3	10.2%	56	410	240	170	71.0%	395
Other Operating Revenue	15	10	5	48.6%	9	223	111	112	100.7%	112
Total Revenues	4,869	5,244	(375)	-7.2%	3,740	54,345	56,028	(1,683)	-3.0%	53,874
Expenses										
Salaries	3,020	2,923	(96)	-3.3%	2,860	31,514	31,182	(332)	-1.1%	32,507
Temporary Agency	118	148	30	20.5%	155	1,325	1,640	316	19.2%	2,242
Benefits	765	804	38	4.8%	676	9,436	8,765	(671)	-7.7%	8,828
Professional Fees	374	360	(14)	-4.0%	299	4,100	3,396	(705)	-20.8%	3,367
Supplies	665	771	106	13.7%	435	6,914	8,317	1,403	16.9%	7,640
Purchased Services	379	364	(15)	-4.1%	316	4,164	4,048	(116)	-2.9%	3,972
Rents and Leases	142	116	(26)	-22.2%	53	1,145	1,065	(80)	-7.5%	755
Utilities and Telephone	66	65	(1)	-1.5%	71	720	714	(6)	-0.9%	701
Insurance	32	17	(15)	-85.3%	29	302	186	(117)	-62.7%	347
Depreciation and amortization	66	78	12	15.5%	79	778	797	19	2.4%	877
Other Operating Expenses	79	71	(8)	-11.8%	76	1,000	834	(166)	-19.9%	953
Total Expenses	5,705	5,717	12	0.2%	5,047	61,400	60,944	(455)	-0.7%	62,190
Operating gain (loss)	(836)	(473)	(364)	-76.9%	(1,308)	(7,055)	(4,917)	(2,138)	43.5%	(8,316)
Non-Operating Income / (Expense)										
Parcel Taxes	477	478	(1)	-0.2%	480	5,291	5,258	33	0.6%	5,268
Investment Income	1	0	1	555.2%	2	7	(138)	144	-104.8%	12
Interest Expense	(10)	(12)	2	13.5%	(13)	(171)	(13)	(158)	1240.8%	(109)
Other Income / (Expense)	26	22	4	16.6%	22	287	246	41	16.5%	1,692
Net Non-Operating Income / (Expense)	495	489	6	1.1%	492	5,413	5,353	60	1.1%	6,864
Excess of Revenues Over Expenses	\$ (342)	\$ 16	\$ (358)	-2178.5%	\$ (816)	\$ (1,642)	\$ 437	\$ (2,078)	-476.1%	\$ (1,453)

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

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Revenues										
Gross Inpatient Revenues	\$ 3,829	\$ 3,813	\$ 16	0.4%	\$ 3,445	\$ 3,897	\$ 3,919	\$ (21)	-0.5%	\$ 3,653
Gross Outpatient Revenues	1,883	1,997	(114)	-5.7%	1,684	1,851	1,905	(54)	-2.8%	1,775
Total Gross Revenues	5,713	5,811	(98)	-1.7%	5,130	5,748	5,823	(75)	-1.3%	5,428
Contractual Deductions	4,152	4,299	147	3.4%	3,872	4,303	4,294	(9)	-0.2%	3,925
Bad Debts	301	180	(122)	-67.7%	204	109	184	74	40.5%	176
Charity and Other Adjustments	27	43	17	38.4%	46	39	44	6	12.5%	40
Net Patient Revenues	1,232	1,289	(56)	-4.4%	1,008	1,296	1,301	(4)	-0.3%	1,287
Net Patient Revenue %	21.6%	22.2%			19.6%	22.6%	22.3%			23.7%
Net Clinic Revenue	9	8	1	13.8%	15	10	6	4	76.6%	10
Other Operating Revenue	4	3	1	53.4%	3	5	3	3	107.4%	3
Total Revenues	1,245	1,299	(54)	-4.2%	1,026	1,312	1,309	3	0.2%	1,300
Expenses										
Salaries	772	724	(48)	-6.6%	784	761	729	(32)	-4.4%	784
Temporary Agency	30	37	7	17.9%	43	32	38	6	16.6%	54
Benefits	196	199	3	1.7%	185	228	205	(23)	-11.2%	213
Professional Fees	96	89	(7)	-7.3%	82	99	79	(20)	-24.7%	81
Supplies	170	191	21	10.9%	119	167	194	27	14.1%	184
Purchased Services	97	90	(7)	-7.4%	87	101	95	(6)	-6.3%	96
Rents and Leases	36	29	(8)	-26.2%	14	28	25	(3)	-11.0%	18
Utilities and Telephone	17	16	(1)	-4.8%	19	17	17	(1)	-4.2%	17
Insurance	8	4	(4)	-91.2%	8	7	4	(3)	-68.1%	8
Depreciation and Amortization	17	19	2	12.8%	22	19	19	(0)	-0.9%	21
Other Operating Expenses	20	18	(3)	-15.4%	21	24	19	(5)	-23.9%	23
Total Expenses	1,459	1,416	(43)	-3.0%	1,384	1,482	1,424	(58)	-4.1%	1,500
Operating Gain / (Loss)	(214)	(117)	(97)	-82.6%	(359)	(170)	(115)	(55)	48.3%	(200)
Non-Operating Income / (Expense)										
Parcel Taxes	122	118	4	3.0%	132	128	123	5	3.9%	127
Investment Income	0	0	0	576.4%	1	0	0	0	200.1%	0
Interest Expense	(3)	(3)	0	10.7%	(3)	(4)	(3)	(1)	28.2%	(3)
Other Income / (Expense)	7	6	1	20.4%	6	7	6	1	20.4%	41
Net Non-Operating Income / (Expense)	126	121	5	4.4%	135	131	125	5	4.2%	166
Excess of Revenues Over Expenses	\$ (87)	\$ 4	\$ (91)	-2245.6%	\$ (224)	\$ (39)	\$ 11	\$ (50)	-465.7%	\$ (35)

City of Alameda Health Care District
Statement of Cash Flows
For the Eleven Months Ended May 31, 2012

	Current Month	Year-to-Date
Cash flows from operating activities		
Net Income / (Loss)	\$ (341,514)	\$ (1,641,811)
Items not requiring the use of cash:		
Depreciation and amortization	65,989	\$ 778,327
Write-off of Kaiser liability	-	\$ -
Changes in certain assets and liabilities:		
Patient accounts receivable, net	528,743	(1,648,713)
Other Receivables	1,426,395	7,460,353
Third-Party Payer Settlements Receivable	(74,000)	(19,481)
Inventories	14,300	80,804
Prepays and Other	10,291	90,238
Accounts payable and accrued liabilities	(900,536)	1,153,839
Payroll Related Accruals	256,697	229,688
Employee Health Plan Accruals	61,449	348,724
Deferred Revenues	(477,125)	(5,247,512)
Cash provided by (used in) operating activities	570,689	1,584,456
Cash flows from investing activities		
(Increase) Decrease in Assets Limited As to Use	(7,686)	429,001
Additions to Property, Plant and Equipment	(172,738)	(968,601)
Other	2	546,007
Cash provided by (used in) investing activities	(180,422)	6,408
Cash flows from financing activities		
Net Change in Long-Term Debt	87,659	493,929
Net Change in Restricted Funds	7,686	(289,001)
Cash provided by (used in) financing and fundraising activities	95,345	204,928
Net increase (decrease) in cash and cash equivalents	485,612	1,795,791
Cash and cash equivalents at beginning of period	3,094,319	1,784,141
Cash and cash equivalents at end of period	\$ 3,579,931	\$ 3,579,932

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

Financial Ratios	Audited Results			Unaudited Results	
	FY 2008	FY 2009	FY 2010	FY 2011	YTD
					5/31/2012
<u>Profitability Ratios</u>					
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%	-1.27%
EBIDAP ^{Note 5}	-10.91%	-5.49%	-3.66%	-13.41%	-11.01%
Total Margin	-3.75%	1.03%	2.74%	-2.61%	-3.02%
<u>Liquidity Ratios</u>					
Current Ratio	0.98	1.15	1.23	1.05	0.97
Days in accounts receivable ,net	51.70	57.26	51.83	46.03	55.66
Days cash on hand (with restricted)	30.6	13.6	21.6	14.1	19.5
<u>Debt Ratios</u>					
Cash to Debt	187.3%	115.3%	249.0%	123.3%	152.58%
Average pay period	58.93	58.03	57.11	62.68	72.15
Debt service coverage	(0.14)	3.87	5.98	(0.70)	(0.41)
Long-term debt to fund balance	0.26	0.20	0.14	0.18	0.25
Return on fund balance	-29.59%	8.42%	18.87%	-19.21%	-22.78%
Debt to number of beds	20,932	13,481	10,482	11,515	14,796

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

Financial Ratios	Audited Results			Unaudited Results	
	FY 2008	FY 2009	FY 2010	FY 2011	YTD 5/31/2012
Patient Care Information					
Bed Capacity	135	161	161	161	161
Patient days(all services)	22,687	30,463	30,607	30,270	28,093
Patient days (acute only)	11,276	11,787	10,579	10,443	10,154
Discharges(acute only)	2,885	2,812	2,802	2,527	2,616
Average length of stay (acute only)	3.91	4.19	3.78	4.13	3.88
Average daily patients (all sources)	61.99	83.46	83.85	82.93	83.61
Occupancy rate (all sources)	45.92%	52.94%	52.08%	51.51%	51.93%
Average length of stay	3.91	4.19	3.78	4.13	3.88
Emergency Visits	17,922	17,337	17,624	16,816	15,564
Emergency visits per day	48.97	47.50	48.28	46.07	46.32
Outpatient registrations per day ^{Note 1}	84.54	82.05	79.67	65.19	60.70
Surgeries per day - Total	14.78	16.12	13.46	6.12	6.01
Surgeries per day - excludes Kaiser	5.54	5.14	5.32	6.12	6.01

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: June 26, 2012

FOR: July 2, 2012 District Board Meeting

TO: City of Alameda Health Care District, Board of Directors

FROM: Brian Jung, Chief Business Development Officer

SUBJECT: Approval of Phase 1, Architectural and Engineering Work: NPC-2 Projects for State of California Seismic Compliance

Recommendation:

Hospital management recommends that the Board of Directors approve plans that begin to ensure complete compliance to all Non-Structural Performance Category (NPC) 2 requirements mandated by California Office of Statewide Health Planning Department’s (OSHPD) seismic regulations. While the total proposed budget for these capital investment projects, which must be completed by December 31, 2012, is \$625,000, management is currently requesting only \$170,000 for the development of architectural and engineering plans, including all project management costs and associated expenses related to the OSHPD approval process.

The \$170,000 in requested capital funding includes all pre-construction spending for the following NPC2 upgrade projects:

<u>NPC-2 Project</u>	<u>Total Amount</u>	<u>JULY REQUEST</u>
Bulk Oxygen Tank Replacement	\$400,000	\$140,000
Anchoring of Emergency Lighting	\$150,000	\$15,000
Emergency Communication Preparedness	\$50,000	\$10,000
<u>Nitrous Oxide Canister Anchoring</u>	<u>\$25,000</u>	<u>\$5,000</u>
TOTAL	\$625,000	\$170,000

The construction portion of qualifying projects will be put out for public bid as required. We feel confident that competent and competitive bids for this project will fall within this budget estimate. Furthermore, management will bring a recommendation for a construction contractor to the Board for approval prior to entering into a contract for this work.

Financing for this project is anticipated to come from the positive cash flow of existing operations, per the financial analysis provided to the Board in discussion, review and approval of the FY 2012-2013 Capital and Operating Budgets.

Background:

The California Legislature passed Senate Bill 1953 requiring all acute care hospitals in the State to achieve specified levels of structural (SPC) and non-structural (NPC) soundness in order to protect its citizens in the event of a major earthquake. This law mandated that an SPC2 level be achieved by all hospitals by January 1, 2008. However, subsequent legislation extended that deadline to January 1, 2013.

Another bill, SB90, extended the deadline even further, for a period of up to 7 more years, as long as an application was filed and certain NPC conditions were met by the January 1, 2013 deadline. Currently, Alameda Hospital is out of compliance with SB1953 and may not qualify for the SB90 extension on the January 1, 2013 deadline if it does not become fully NPC2 compliant by the end of this calendar year.

Discussion:

In order to comply with SB1953, Alameda Hospital engaged consultants in 2010 to project manage and design plans to move all “essential services” into seismically safe structures. The Hospital has been developing these plans and getting the requisite approvals from the Office of Statewide Health Planning Department (OSHPD).

Although OSHPD granted approval for the plans, construction has not yet begun because of a number of reasons, not the least of which is the need to identify a source of the \$15 M in capital funding necessary for this construction to proceed. Moving the kitchen and dining services area from the old (1925) main building to one of the newer structures accounts for the majority of this expense. With 6 months left to complete this project, it is extremely unlikely that the Hospital will meet the SB1953 deadline of January 1, 2013.

Therefore it is critical that the Hospital continue with the SB90 Extension Application process and be approved for the extension, which would give the hospital until January 1, 2020 to become compliant if the full seven years were granted by OSHPD. The Hospital filed the first part of the SB90 Extension Application by the required date of March 31, 2012 and needs to submit a HAZUS Assessment by September 30, 2012, which is in the process of being completed.

However, in order for the extension to be granted, the Hospital must become NPC2 compliant by completing the following projects, currently valued at approximately \$625,000, by December 31, 2012: Provide a new foundation for the bulk oxygen tank currently in use (\$400K), anchor all emergency egress lighting and signage (\$150K), provide OSHPD-approved emergency communications (\$50K), anchor nitrous oxide canisters sharing the foundation of the current bulk oxygen tank (\$25K)

If the Hospital is not fully NPC2 compliant by January 1, 2013, it would be in violation of SB1953, and the Department of Public Health could move to revoke the hospital's license, effectively shutting down operations completely and indefinitely.

Bulk Oxygen Tank Replacement

Field verification tests performed by Jtec CM in 2012 indicate that the concrete foundation on which the bulk oxygen tank and bottle reserve currently in use by the hospital is seismically vulnerable, and will require a deeper and more structurally stable foundation. Furthermore, the current tank size is 900 gallons, whereas the recommended replacement tank is 3,000 gallons, thereby saving money by reducing the need for more frequent and more expensive refill processing. The cost of the project includes a new enclosure and foundation pad, new point of connection into an SPC4 compliant building, and connection to the existing oxygen alarm panel. The plan is to move the location of the new, larger oxygen tank across the parking lot along the western property line where there are currently a number of vehicle parking spaces.

While the total proposed budget for the bulk oxygen tank project is \$400,000, management is requesting only \$130,000 for pre-construction activities:

<u>Category</u>	<u>Amount</u>
*Architecture, Design & Engineering	\$95,000
*Project Management	\$35,000
*Permits & Fees	<u>\$10,000</u>
*Subtotal Requested Funding	\$140,000
Construction	\$190,000
Equipment Deposit (Tank)	\$35,000
Owners Contingency (10%)	<u>\$35,000</u>
TOTAL	\$400,000

The proposed budget was based on the results of an RFP process for architectural/engineering firms that generated bids from three companies: Harriman Kinyon Architects, Ratcliff, and Taylor, as well as assistance from the project management firm, Jtec, who developed the likely time schedule.

Hospital Administration urges the Board to approve plans to move forward on the bulk oxygen tank project as soon as possible because current time estimates put completion of the necessary work AFTER the December 31, 2012 NPC-2 upgrade deadline. However, Management believes that if a significant amount of work has been completed, OSHPD and the Department of Public Health may look favorably on the situation and grant us a reprieve.

Likely Time Schedule

- Scope, Definition, Contracting 1 month Jul - Aug 2012
- Architectural/Engineering Design 3 months Aug - Oct 2012
- OSHPD Review & Approval 5 months Oct 2012 – Feb 2013
- Bidding Process/Selection 2 months Dec – Jan 2013
- Construction 4 months Jan – Apr 2013
- DEADLINE (Past Due) December 31, 2012

Additionally, it should be noted that enforcement of SB90 is dependent on the California Legislature passing a funding measure for the associated bill, and currently that action has not yet been completed. This situation leaves the consequence of non-compliance by the January 1, 2013 deadline somewhat ambiguous. Regardless, the Hospital will continue to work towards meeting the imposed deadline as stated in SB90.

Emergency Lighting Anchoring

OSHPD's Policy Intent Notice 32 on NPC2 Seismic Bracing Upgrades outlines the need for anchoring certain hospital building non-structural systems that provide critical and basic services to hospital inpatients and the public after a disaster. Among these is a requirement to ensure adequate emergency egress lighting systems. Currently, the hallway and emergency exit lighting in the 1925 main building is not in compliance with NPC2 standards, and needs to be upgraded accordingly.

The original deadline for this NPC2 directive was January 1, 2002, so the hospital has technically been out of compliance on this issue for more than 10 years. The need to become NPC2 compliant by January 1, 2013 is driven by our need to be granted the (up to) 7-year SPC2 extension, and avoid any potential revocation by the Department of Public Health of our hospital license.

Hospital Management has engaged the services of JRA Electrical Engineers, Inc. to draw up plans and manage the OSHPD approval process of those plans. Until an assessment of the work required is made, it is difficult to estimate the total cost of the capital improvement project because the extent of the necessary construction is still unknown. Preliminary tests have shown that the current lighting system is not anchored to the original ceiling structure, but rather to an intermediary structure, and it is not known if the removal of any hazardous materials is involved.

Given these factors, Alameda Hospital Engineering Department estimates that the cost of construction for all five floors of the 1925 building will be approximately \$150,000, and could take 5 months to complete, inclusive of the amount of time OSHPD takes to approve the plans.

Management is requesting only \$15,000 for pre-construction activities:

<u>Category</u>	<u>Amount</u>
*Project Management, Design & Engineering	\$12,000
*Permits & Fees	<u>\$3,000</u>
*Subtotal Requested Funding	\$15,000
Construction	\$120,000
Owners Contingency (10%)	<u>\$15,000</u>
TOTAL	\$150,000

Emergency Communication Preparedness

The California Administrative Code, Article 11, Chapter 6 defines NPC2 system requirements, including the standards for providing emergency communications by hospitals in the event of a disaster. This code specifies the standards by which these emergency communication systems must be secured, and the hospital is currently out of compliance.

The work required includes development of a set of engineering drawings and plans that must be submitted and subsequently approved by OSHPD. Construction can then commence, and will consist of building NPC2 compliant structures and anchors for the telecommunications and digital media systems. The estimated cost of the total project developed by Alameda Hospital Engineering Department, in conjunction with structural engineering consultants, Thornton Tomasetti, is \$50,000. It could take up to 5 months to complete.

Management is requesting only \$10,000 for pre-construction activities:

<u>Category</u>	<u>Amount</u>
*Project Management, Design & Engineering	\$8,000
*Permits & Fees	\$2,000
*Subtotal Requested Funding	\$10,000
Construction	\$35,000
Owners Contingency (10%)	<u>\$5,000</u>
TOTAL	\$50,000

Nitrous Oxide Canister Anchoring

Currently, the Hospital’s nitrous oxide canister supply is housed next to the bulk oxygen tank, and is not code compliant. Moving the bulk oxygen tank to a new, more structurally sound foundation and location will necessitate relocation of the nitrous oxide canisters. Hospital Management recommends that the Board approve plans to bring the nitrous oxide canister anchoring up to code, so the Hospital will be in compliance on this matter. The total cost of this relocation and anchoring is estimated by Alameda Hospital Engineering Department to be \$25,000. It will likely take about a month to complete once the upgrade to the bulk oxygen tank begins.

Management is requesting only \$5,000 for pre-construction activities:

<u>Category</u>	<u>Amount</u>
*Project Management, Design & Engineering	\$4,000
*Permits & Fees	<u>\$1,000</u>
*Subtotal Requested Funding	\$5,000
Construction	\$17,000
Owners Contingency (10%)	<u>\$3,000</u>
TOTAL	\$25,000



DATE: June 26, 2012

FOR: July 2, 2012 District Board Meeting

TO: City of Alameda Health Care District, Board of Directors

FROM: Brian Jung, Chief Business Development Officer

SUBJECT: Approval of Phase 1, Pre-Construction Capital Funding: Installation of Sprinkler System to Comply with CMS Regulations

Recommendation:

Hospital management recommends that the Board of Directors approve plans to begin installation of a new hydrostatically calculated fire suppression sprinkler system in the 7,500 sq. ft. Subacute Unit within the Stephens Wing of the Hospital at 2070 Clinton Avenue, Alameda, California. While the total proposed budget for this capital-investment project, federally mandated by the Centers for Medicare and Medicaid to be completed by August 13, 2013 is \$205,700, management is requesting only \$87,000 in pre-construction capital funding at this time.

The sprinkler system project includes the following cost categories:

<u>Sprinkler Project Category</u>	<u>Total Amount</u>	<u>JULY REQUEST</u>
Architecture, Design & Engineering	\$42,000	\$42,000
Project Management	\$40,000	\$40,000
<u>Permits & Fees</u>	<u>\$5,000</u>	<u>\$5,000</u>
*Subtotal Requested Funding	\$87,000	\$87,000
Construction	\$100,000	
Owners Contingency (10%)	<u>\$18,700</u>	
TOTAL	\$205,700	

The construction portion of this project will be put out for public bid as required. We feel confident that competent and competitive bids for this project will fall within this budget estimate. Furthermore, management will bring a recommendation for a construction contractor to the Board for approval prior to entering into a contract for this work.

Financing for this project is anticipated to come from the positive cash flow of existing operations, per the financial analysis provided to the Board in discussion, review and approval of the FY 2012-2013 Capital and Operating Budgets.

Background:

The Center for Medicare & Medicaid Services (CMS) published in 2008 its final Regulation in mandating sprinklers in all existing nursing homes regardless of the construction type of the building. The new Regulation was effective October 14, 2008 and requires that all nursing homes in the United States be fully sprinklered by August 13, 2013. There are no provisions in the regulation to extend the time frame for compliance beyond August 13, 2013.

The Regulation will not allow any exceptions. That is, no nursing home will be allowed to avoid installing sprinklers based on the use of the Fire Safety Evaluation System (FSES) or by waiver. The Regulation states that the sprinkler systems have to be installed in accordance with the 1999 edition of NFPA 13, Standard for the Installation of Sprinkler Systems. The 1999 NFPA 13 is the appropriate reference standard for the 2000 Life Safety Code, as well as the 2010 California Building Code.

Discussion:

Non-compliance with this CMS regulation could result in a suspension of Medicare and Medicaid reimbursements from the Federal Government, a situation that the Hospital can obviously not afford. Therefore it is imperative that this project be completed correctly and on time.

In order to meet the August 13, 2013 deadline it is recommended that the project begin as soon as possible. A long lead time is necessary, primarily driven by two critical rate-limiting factors: 1) the uncertain amount of time needed by the California Office of Statewide Health Planning Department (OSHPD) to review and approve architectural and engineering plans, and 2) the need to coordinate the movement to temporary quarters of existing patients, whose rooms will be affected by the construction process. The following outlines the likely time schedule of key project events:

- Scope, Definition, Contracting 1 month Jul - Aug 2012
- Architectural/Engineering Design 3 months Aug - Oct 2012
- OSHPD Review & Approval 4 months Oct 2012 – Jan 2013
- Bidding Process/Selection 2 months Feb – Mar 2013
- Construction 4 months Apr – Jul 2013
- DEADLINE August 13, 2013

Hospital management has already begun the process by engaging a number of consultants to provide proposals for the requisite work, and our recommended budget and timeline are based on these requested proposals. The project management firm, Jtec, who are currently and successfully managing the build-out of our new advanced wound care center, assisted with the development of the overall budget and time schedule. Three architectural/engineering firms provided bids for their professional services: Harriman Kinyon Architects, Ratcliff, and Taylor.

Both the South Shore and Waters Edge skilled nursing facilities are compliant with the CMS regulation requiring sprinkler systems, so no additional work is needed at those buildings.



DATE: June 26, 2012

FOR: July 2, 2012 District Board Meeting

TO: City of Alameda Health Care District, Board of Directors

FROM: Brian Jung, Chief Business Development Officer

SUBJECT: Approval of Phase 1, Pre-Construction Expenses: Boiler Replacement Project to Comply with Bay Area Air Quality Management District Regulations

Recommendation:

Hospital management recommends that the Board of Directors approve plans to replace the existing boilers at 2070 Clinton Avenue, Alameda, California, which are currently out of compliance with emissions standards set by the Bay Area Air Quality Management District. While the total proposed budget for this capital-investment project, to be completed by December 31, 2012 is \$100,000, management is currently requesting only \$29,000 for pre-construction expenses.

This total includes the following cost categories:

<u>Boiler Project Category</u>	<u>Total Amount</u>	<u>JULY REQUEST</u>
*Project Management/Engineering Plans	\$25,000	\$25,000
*Permits & Fees	\$4,000	\$4,000
*Subtotal Requested Funding	\$29,000	\$29,000
Boilers & Construction	\$62,000	
Owners Contingency (10%)	<u>\$9,000</u>	
TOTAL	\$100,000	

Given the anticipated lead time necessary for getting California Office of Statewide Health Planning Department (OSHPD) approval, meeting the deadline set at the end of the year will be extremely challenging. Therefore, management urges to Board to approve these plans as quickly as possible.

Likely Time Schedule

- | | | |
|---------------------------|----------|---------------------|
| • Engineering Design | 2 months | Jul 2012 – Aug 2012 |
| • OSHPD Review & Approval | 4 months | Aug 2012 – Nov 2012 |
| • Construction | 2 months | Dec 2012 – Jan 2013 |
| • DEADLINE (Past Due) | | December 31, 2012 |

Financing for this project is anticipated to come from the positive cash flow of existing operations, per the financial analysis provided to the Board in discussion, review and approval of the FY 2012-2013 Capital and Operating Budgets.

Background:

On May 4, 2011, the Bay Area Air Quality Management District, the State agency responsible for controlling air pollution in the nine-county region of the San Francisco Bay Area amended Regulation 9, Rule 7 which addresses nitrogen oxides and carbon monoxides from industrial, institutional, and commercial boilers, steam generators, and process heaters. The amendments lowered emission limits and extended the compliance deadlines to January 1, 2013.

Specifically, boilers with a rated heat input between 2.0 million and 10.0 million BTU/hr have nitrous oxide emission limits at 15 ppmv and carbon monoxide emission limits at 400 ppmv. Additionally, single facilities with multiple boilers must have at least 33% of its boilers in compliance by January 1, 2013 and at least 66% of its boilers in compliance by January 1, 2014, and 100% of its boilers in compliance by January 1, 2015.

Discussion:

There are 2 existing boilers at Alameda Hospital, each of which are rated at 5.7 million BTU/hr, therefore compliance with the 33% regulation will require that at least one boiler be replaced and operationally functional by the end of the 2012 calendar year. The 66% regulation means that the second boiler must be in compliance and operational a year later, however replacing both boilers at the same time is more cost-effective for the hospital in the near term.

In July 2011, Alameda Hospital engaged the engineering consulting firm, Oldham Engineering to assess the Hospital's status regarding Regulation 9, Rule 7, and it was determined that both boilers would need to be replaced with new ones that would also be equipped with burners capable of increased power output. The increase in burner power output necessitates OSHPD approval of the engineering design plans.

If the boilers are metered, there is an option to extend the January 1, 2013 deadline to a date when 10% of the yearly allotment of full capacity is used up (estimated to be mid-2013). However, the existing boilers are not currently metered, and adding meters is believed to be prohibitively expensive, so this option is not a feasible consideration for the Hospital.

The amount of time required to complete the OSHPD approval process is unknown, but generally believed to be longer rather than shorter, especially given the current economic climate dominated by state budget deficits and reduced state employee work weeks. The four month period allotted in the project timeline is aggressive, and the project is still likely to miss the state-mandated deadline. Therefore, management urges the Board to consider approving this project as soon as possible, so that the hospital can show the State that it is, at least, well on its way to full compliance with the air quality regulations.

July 2, 2012

City of Alameda Health Care District

2009-2013 Goals and Objectives

FY 2013 Update



Financial Strength				
Achieve long-term financial viability				
Initiatives	Status			
(A) STRATEGY: Meet or exceed budgeted Net Income of \$682,000	Q1 (Jul-Sep)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-Jun)
Achieve Orthopedic Proforma Annual Net Income: \$596,000				
Achieve Wound Care Proforma Annual Net Income(Direct Only): \$46,000				
Achieve Waters Edge Proforma Annual Net Income: \$1.6 M				
(B) STRATEGY: Cash Collections at or above Net Revenue	Q1 (Jul-Sep)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-Jun)
Baseline: \$74.8 M (FY2013)				
(C) STRATEGY: Achieve three (3) financial thresholds necessary to consider and award employee wage increase or one-time bonuses.				
Positive Net Margin for six (6) consecutive months				
Reduction in AP days to 90 days or less				
Minimum of 15 days cash on hand for four (4) consecutive months.				
(D) STRATEGY: Secure financing options and/or grants to cover \$940,000 in short term capital needs (i.e. compliance with NPC2 seismic requirements, CMS regulatory requirements, boiler project)				
(E) STRATEGY: Define longer term financing needs to cover major capital projects over next three (3) years: seismic upgrades, physician relocation, 1925 building remediation and meaningful use.				
(F) STRATEGY: Increase specific areas of Net Revenue	Q1 (Jul-Sep)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-Jun)
Increase annual acute Commercial Net Revenue by 5% through volume growth and improved third party payor contract rates. Baseline: \$16.2 M (27.6.3% of Total Net A/R)				
Increase Long Term Care Medicare A Net Revenue by 25%. Baseline: \$485 per Medicare A Day				

Growth					
Pursue fiscally responsible growth in services that target the most pressing acute and non-acute healthcare needs of the community.					
Initiatives		Status			
(A) STRATEGY: Successful implementation of Comprehensive Orthopedic Program					
Achieve increase of .9 ADC attributable to Ortho Program					
Achieve increase of 2,110 outpatient registrations attributable to Ortho Program.					
(B) STRATEGY: Successful implementation of Kate Creedon Center for Advanced Wound Care					
Achieve increase of 0.1 ADC attributable to Wound Care Program					
Achieve increase of 696 OP registrations attributable to Wound Care Program					
(C) STRATEGY: Increase LTC Rehab Medicare Part B Gross Revenue by \$20,000 (Subacute +SS).					
Baseline Part B Gross Revenue Income (FY 2012): \$12,000					
(D) STRATEGY: Partnership Discussions Advance at least two collaborative initiatives with a partner which brings financial benefit to both parties by end of FY 2013, through one or more of the following:					
a) New Volume					
b) Access to Capital					
c) Improved negotiating leverage in commercial market					
d) Use for unused space on and off campus					
(E) STRATEGY: Increase market share penetration in Asian residents originating from on and off island of Alameda by 15%					
Baseline Asian Pacific Islander Volume: IP (522) OP Registrations (4,900)					
(E) STRATEGY: Successful transition of Waters Edge operation.		Q1	Q2	Q3	Q4
Achieve average 103.1 ADC as outlined in the original pro forma to be measured at the end of each quarter following transfer of operation.					
Achieve payor mix targets as outlined in the original pro forma to be measured at the end of each quarter following transfer of operation.					

Facilities and Technology

Enhance our facility and technological capabilities to foster the achievement of our goals.

Initiatives	Status
(A) STRATEGY: Complete the following seismic and regulatory projects by end of CY 2012 or make sufficient progress to receive necessary extensions:	
a) NPC2 Projects	
b) Sprinkler Project LTC	
c) Boiler Replacement	
(B) STRATEGY: Develop a master use plan for the remaining leased space at Marina Village by October, 2012.	
(C) STRATEGY: Complete an assessment of our meaningful use status, including preparedness for completion of Stage 1 by September, 2012 followed by 90 days of data collection.	
(D) STRATEGY: Update the facility master plan options for compliance with 2030 seismic requirements by end of FY 2013.	
(E) STRATEGY: Evaluate the EPIC options for physician office EHR and establish connectivity between Meditech and the physician office systems	
Connectivity with at least one Physician Office Practices	
(F) STRATEGY: Each departmental director / manager to establish goals for improvement in their technological proficiency both personally and for their departments by September 30, 2012.	

Physicians

Ensure that the Hospital attracts qualified and capable physicians through collaboration and alignment.

Initiatives	Status			
(A) STRATEGY: Clinic Operations				
Complete assessment / audit regarding the efficiency and profitability of clinic operations				
Increase WRVU's by specialty by 5%	Q1	Q2	Q3	Q4
a) Annual Baseline (Primary Care): 2,457				
b) Annual Baseline (Neurology): 2,256				
c) Annual Baseline (General Surgery): 3,588				
Achieve office visit volumes as projected in Ortho pro formas Baseline (9 months, Start Oct 1): Spine (715) Sport (921) Total (1,636)	Q1	Q2	Q3	Q4
(B) STRATEGY: Conduct physician satisfaction survey by September 1, 2012 to establish a baseline for measuring future change in satisfaction and targeting areas for improvement in hospital-physician relationships.				
(C) STRATEGY: Explore opportunities to collaborate with the Alameda County Medical Center physicians for coverage of selected subspecialties.				
(D) STRATEGY: Meet at least quarterly with leadership of Affinity/UHA to identify opportunities to collaborate on outreach to 3 rd party payors and improve clinical outcomes and utilization of resource.				

Quality/Service

Achieve superior clinical and service results on a consistent basis.

Initiatives	Status
(A) STRATEGY: Conduct formal review of the effectiveness of our current Performance Improvement Committee (PIC) and Board Quality Committee (BQC) structure and process: Focus on the right problems and make modifications in structure as necessary.	
Develop one-page dashboard of key quality indicators to minimize discussion of “routine” items and focus on outlier items for in-depth discussion.	
Incorporate service and system issues identified as problematic for physicians to be discussed in more depth at BQC.	
(B) STRATEGY: Reduce Readmission Rates for CMS targeted DRG’s from current 29% to 25%	
Baseline (FY 2012): 29%	
(C) STRATEGY: Sustain Core Measures Scores	
All Core Measure at or better than State or National Averages	
Value Based Purchasing (VBP’s) Core Measures never less than 99% for 10 indicators	
(D) STRATEGY: Introduce new websites that are program specific which are linked to general hospital website.	
Kate Creedon Center for Advanced Wound Care	
Comprehensive Orthopedic Program	

People

Foster a culture of exemplary performance through recruitment and retention practices that are founded on adherence to core performance standards and the continual development and celebration of our employees.

Initiatives	Status
(A) STRATEGY: Develop a communications plan directed at staff, physicians and community regarding the rationale for Alameda Hospital pursuing “partnerships” and “affiliation” with other health care organizations.	
(B) STRATEGY: Activate an Employee Relations Committee to discuss best mechanisms for recognition of individual employees and special achievement by departments.	
(C) STRATEGY: Evaluate feasibility of holding weekly Farmer’s market on or near Hospital to enrich staff environment and bring community to hospital for outreach activities. Special focus on tailoring vendors to reach out to Asian community.	
(E) STRATEGY: Develop an organization wide focus to foster and encourage a transformation to a culture of accountability.	
Examine and clarify the role and responsibilities of departmental managers in fostering critical thinking and problem resolution.	
Revise format of monthly management meetings to incorporate projects and achievements at the individual department level and relationship to overall success of hospital.	

DATE: June 27, 2012

FOR: July 2, 2012 District Board Meeting

TO: City of Alameda Health Care District, Board of Directors

FROM: Kerry J. Easthope, Chief Financial Officer

SUBJECT: Fiscal Year 2013 Budget Spread Scenarios, Cash Flow Forecasts and Updated Capital Budget List

As a follow up to discussion and suggestions made at the June 6, 2012 Board meeting, management has prepared two variations to the base budget presented at the June Board meeting as well and modifications to the cash flow forecast that takes into consideration the proposed capital expenditures and cash flow for these items.

Enclosed are four sets of FY 2013 Operating Budget Spread and corresponding Cash Flow Forecast.

Exhibit A (Original Budget and Revised Original Projected Cash Flow)

The original base budget spread as presented at the June Board meeting. However, the cash flow has been revised to reflect a traditional cash flow statement. This statement varies from the cash flow document presented at the June Board meeting and more accurately reflects the cash flow projection for the base operating budget as presented. Specifically, the timing of payroll accrual and payroll cash outlay is more accurately reflected in this revised Cash flow.

Note: This original has not been updated to include additional items that need to be reflected, such as capital expenditures, bank loan and foundation contributions. These are reflected in Exhibit B scenario.

Exhibit B (Original Budget Spread with Revised Cash Flow)

Exhibit B is reflects the original proposed operating budget as presented at the June Board meeting, which includes the base hospital operations, wound care, the orthopedic program and Waters Edge Skilled Nursing Facility.

However, the Cash Flow forecast has been updated to include needed capital expenditures and the projected timing of cash disbursements associated with these expenditures. It also includes the impact of a new term loan from the Bank of Alameda, a \$525,000 net increase in September, and a contribution request from the Foundation in November 2012.

Exhibit C (Budget Spread and Cash Flow without Waters Edge)

Exhibit C Statement of Income and Expense and Cash Flow forecast includes the core hospital operations, the wound care program and the new orthopedic physicians. It does not include the addition of Waters Edge. In this scenario, without Waters Edge, the Medi-Cal per diem rate at South Shore will not be diluted from \$385 per day to \$316 per day and thus results in a positive adjustment of \$466,000 that is reflected in this scenario. All other items remain the same as presented. Under this scenario, the hospital would have an annual operating loss of \$444,000.

Exhibit D (Budget Spread and Cash Flow with 3 Month Delay of Water Edge)

Exhibit D assumes a three month delay in adding Water Edge Skilled Nursing Facility to the hospital's operation, coming on line in October and ramps up as previously projected. All other budget components are as presented in the original budget presentation. Under this scenario, the hospital would have an annual operating gain of \$61,000.

Under all scenarios, because of the projected ramp up time associated with the new programs, the first six months of the fiscal year remain a challenge. However, once the programs are up and running, we will experience positive financial results each month as indicated.

For the past four months, patient accounts receivable collections have been strong. As a result, we will be starting fiscal year with a relatively strong cash balance that will allow the hospital to cover the operating losses in the early months of the fiscal year and to begin work on the required NPC-2 seismic and other regulatory work that needs to occur.

**Alameda Hospital - Consolidated
Statement of Income and Expense
FY 2013 Operating Budget**

	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Total</u>
Gross Patient Revenue	25,135,104	25,769,706	24,621,543	26,061,476	25,851,440	26,457,870	27,161,622	25,041,111	27,950,840	26,821,612	27,789,437	27,771,163	316,432,924
Total Deductions	19,150,735	19,613,632	18,884,732	19,938,198	19,786,079	20,183,219	20,738,598	19,056,464	21,356,975	20,498,992	21,195,963	21,182,301	241,585,888
Net Patient Revenue	5,984,369	6,156,073	5,736,811	6,123,278	6,065,362	6,274,651	6,423,024	5,984,647	6,593,865	6,322,620	6,593,474	6,588,863	74,847,036
Net Revenue Percent	23.81%	23.89%	23.30%	23.50%	23.46%	23.72%	23.65%	23.90%	23.59%	23.57%	23.73%	23.73%	23.65%
Other Operating Revenue	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	1,104,240
Total Revenue	6,076,389	6,248,093	5,828,831	6,215,298	6,157,382	6,366,671	6,515,044	6,076,667	6,685,885	6,414,640	6,685,494	6,680,883	75,951,276
Expenses													
Salaries and Agency	3,494,587	3,548,128	3,475,305	3,578,982	3,521,320	3,591,783	3,635,076	3,357,529	3,679,144	3,510,861	3,584,859	3,552,093	42,529,665
Benefits	1,012,199	1,027,706	1,006,613	1,036,643	1,019,942	1,040,351	1,052,891	972,500	1,065,655	1,016,912	1,038,346	1,028,855	12,318,613
Professional Fees	348,975	358,957	378,771	392,350	399,360	411,584	406,277	386,165	417,811	356,105	367,781	379,457	4,603,592
Supplies	722,754	750,632	731,959	730,556	738,840	738,732	743,467	734,698	753,111	746,447	760,216	765,891	8,917,303
Purchased Services	559,952	559,951	561,897	564,144	563,846	563,847	563,844	563,844	563,883	563,883	563,883	563,883	6,756,855
Rent	202,209	202,209	203,520	204,841	204,841	204,842	204,841	204,841	204,841	204,841	204,841	204,841	2,451,512
Insurance	39,961	39,961	40,751	41,540	41,540	41,540	41,540	41,539	41,540	41,540	41,540	41,540	494,533
Utilities & Telephone	84,587	84,587	84,587	84,587	84,587	84,587	84,587	84,587	84,587	84,587	84,587	84,587	1,015,047
Depreciation	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	816,072
Other	116,495	116,669	117,596	158,394	117,162	117,162	117,162	117,161	117,162	117,162	117,162	117,162	1,447,444
Total Expenses	6,649,724	6,756,806	6,669,005	6,860,044	6,759,445	6,862,434	6,917,690	6,530,870	6,995,740	6,710,344	6,831,220	6,806,314	81,350,636
Operating Income/(Loss)	(573,335)	(508,713)	(840,174)	(644,746)	(602,063)	(495,763)	(402,646)	(454,203)	(309,855)	(295,704)	(145,726)	(125,431)	(5,399,360)
Non-Operating	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	6,081,511
Net Income/(Loss)	(66,542)	(1,921)	(333,381)	(137,954)	(95,271)	11,030	104,147	52,589	196,938	211,088	361,066	381,361	682,151

Statement of Cash Flow - Consolidated (original assumptions revised)
Fiscal Year 2013 Budget Forecast

	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>
Cash Flow from Operating Activities												
Net Income / (Loss)	(66,542)	(1,921)	(333,381)	(137,954)	(95,271)	11,030	104,147	52,589	196,938	211,088	361,066	381,361
Depreciation	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006
Changes in certain assets & liabilities												
Patient accounts receivable, net	50,000	50,000	50,000	50,000								
Waters Edge (15 days)	(450,000)											
Waters Edge transition working capital	276,000	76,000	(176,000)	(176,000)								
Third Party settlements (medi-Cal)	(102,000)	(102,000)	(102,000)	(102,000)	(102,000)	(28,000)	(28,000)	(28,000)	(28,000)	(28,000)	(28,000)	222,000
Accounts payable and accrued liabilities												
Waters Edge (30 days)	350,000											
Payroll related accruals	371,000	(1,407,952)	274,815	392,980	293,056	375,466	428,374	57,678	(1,521,553)	252,851	381,332	312,263
Deferred Revenues	(483,000)	(483,000)	(483,000)	(483,000)	(483,000)	2,900,000	(483,000)	(483,000)	(483,000)	2,900,000	(483,000)	(483,000)
Cash provided by (used in) operating activities	13,464	(1,800,866)	(701,560)	(387,968)	(319,209)	3,326,502	89,527	(332,727)	(1,767,609)	3,403,945	299,404	500,630
Cash flows from investing activities:												
Cash provided by (used in) investing activities	-	-	-	-	-	-	-	-	-	-	-	-
Cash flows from financing activities												
Bank of Alameda												
Note Payable 2009	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)
Note Payable Wound Care	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)
Line of Credit / Converted to Loan			(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)
Funds from Foundation / Auxillary												
cash provided by (used in) financing activities	(55,000)	(55,000)	(68,000)	(68,000)	(68,000)	(68,000)	(68,000)	(68,000)	(68,000)	(68,000)	(68,000)	(68,000)
Net increase (decrease) in cash	(41,536)	(1,855,866)	(769,560)	(455,968)	(387,209)	3,258,502	21,527	(400,727)	(1,835,609)	3,335,945	231,404	432,630
Cash & cash equivelents at beginning of period	3,700,000	3,658,464	1,802,597	1,033,038	577,069	189,861	3,448,362	3,469,890	3,069,163	1,233,554	4,569,499	4,800,903
Cash & cash equivelents at end of period	3,658,464	1,802,597	1,033,038	577,069	189,861	3,448,362	3,469,890	3,069,163	1,233,554	4,569,499	4,800,903	5,233,533

**Alameda Hospital - Consolidated
Statement of Income and Expense
FY 2013 Operating Budget**

	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Total</u>
Gross Patient Revenue	25,135,104	25,769,706	24,621,543	26,061,476	25,851,440	26,457,870	27,161,622	25,041,111	27,950,840	26,821,612	27,789,437	27,771,163	316,432,924
Total Deductions	19,150,735	19,613,632	18,884,732	19,938,198	19,786,079	20,183,219	20,738,598	19,056,464	21,356,975	20,498,992	21,195,963	21,182,301	241,585,888
Net Patient Revenue	5,984,369	6,156,073	5,736,811	6,123,278	6,065,362	6,274,651	6,423,024	5,984,647	6,593,865	6,322,620	6,593,474	6,588,863	74,847,036
Net Revenue Percent	23.81%	23.89%	23.30%	23.50%	23.46%	23.72%	23.65%	23.90%	23.59%	23.57%	23.73%	23.73%	23.65%
Other Operating Revenue	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	1,104,240
Total Revenue	6,076,389	6,248,093	5,828,831	6,215,298	6,157,382	6,366,671	6,515,044	6,076,667	6,685,885	6,414,640	6,685,494	6,680,883	75,951,276
Expenses													
Salaries and Agency Benefits	3,494,587	3,548,128	3,475,305	3,578,982	3,521,320	3,591,783	3,635,076	3,357,529	3,679,144	3,510,861	3,584,859	3,552,093	42,529,665
Professional Fees	1,012,199	1,027,706	1,006,613	1,036,643	1,019,942	1,040,351	1,052,891	972,500	1,065,655	1,016,912	1,038,346	1,028,855	12,318,613
Supplies	348,975	358,957	378,771	392,350	399,360	411,584	406,277	386,165	417,811	356,105	367,781	379,457	4,603,592
Purchased Services	722,754	750,632	731,959	730,556	738,840	738,732	743,467	734,698	753,111	746,447	760,216	765,891	8,917,303
Rent	559,952	559,951	561,897	564,144	563,846	563,847	563,844	563,844	563,883	563,883	563,883	563,883	6,756,855
Insurance	202,209	202,209	203,520	204,841	204,841	204,842	204,841	204,841	204,841	204,841	204,841	204,841	2,451,512
Utilities & Telephone	39,961	39,961	40,751	41,540	41,540	41,540	41,540	41,539	41,540	41,540	41,540	41,540	494,533
Depreciation	84,587	84,587	84,587	84,587	84,587	84,587	84,587	84,587	84,587	84,587	84,587	84,587	1,015,047
Other	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	816,072
Total Expenses	116,495	116,669	117,596	158,394	117,162	117,162	117,162	117,161	117,162	117,162	117,162	117,162	1,447,444
Operating Income/(Loss)	6,649,724	6,756,806	6,669,005	6,860,044	6,759,445	6,862,434	6,917,690	6,530,870	6,995,740	6,710,344	6,831,220	6,806,314	81,350,636
Non-Operating	(573,335)	(508,713)	(840,174)	(644,746)	(602,063)	(495,763)	(402,646)	(454,203)	(309,855)	(295,704)	(145,726)	(125,431)	(5,399,360)
Net Income/(Loss)	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	6,081,511
	(66,542)	(1,921)	(333,381)	(137,954)	(95,271)	11,030	104,147	52,589	196,938	211,088	361,066	381,361	682,151

Statement of Cash Flow - Consolidated
Fiscal Year 2013 Budget Forecast

	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>
Cash Flow from Operating Activities												
Net Income / (Loss)	(66,542)	(1,921)	(333,381)	(137,954)	(95,271)	11,030	104,147	52,589	196,938	211,088	361,066	381,361
Depreciation	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006
Changes in certain assets & liabilities												
Patient accounts receivable, net	50,000	50,000	50,000	50,000								
Waters Edge (15 days)	(450,000)											
Waters Edge transition working capital	276,000	76,000	(176,000)	(176,000)								
Third Party settlements (medi-Cal)	(102,000)	(102,000)	(102,000)	(102,000)	(102,000)	(28,000)	(28,000)	(28,000)	(28,000)	(28,000)	(28,000)	222,000
Accounts payable and accrued liabilities			(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Waters Edge (30 days)	350,000											
Payroll related accruals	371,000	(1,407,952)	274,815	392,980	293,056	375,466	428,374	57,678	(1,521,553)	252,851	381,332	312,263
Deferred Revenues	(483,000)	(483,000)	(483,000)	(483,000)	(483,000)	2,900,000	(483,000)	(483,000)	(483,000)	2,900,000	(483,000)	(483,000)
Cash provided by (used in) operating activities	13,464	(1,800,866)	(751,560)	(437,968)	(369,209)	3,276,502	39,527	(382,727)	(1,817,609)	3,353,945	249,404	450,630
Cash flows from investing activities:												
Additions to Property, Plant & Equip												
Seismic NPC 2 (bulk O2, comm, egress)	(10,000)	(45,000)	(75,000)	(85,000)	(85,000)	(45,000)	(70,000)	(70,000)	(70,000)	(70,000)		
Sprinkler upgrades		(10,000)	(20,000)	(20,000)						(30,000)	(30,000)	(30,000)
Boiler Burner Upgrade					(20,000)	(40,000)	(40,000)					
Marina Village buildout			(75,000)			(50,000)	(50,000)	(100,000)	(100,000)	(75,000)		
Information Technology	(17,000)		(20,000)	(20,000)		(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Other Capital Budget Items			(32,000)				(30,000)	(30,000)	(30,000)	(30,000)	(40,000)	(40,000)
Cash provided by (used in) investing activities	(27,000)	(55,000)	(222,000)	(125,000)	(105,000)	(175,000)	(230,000)	(240,000)	(240,000)	(245,000)	(110,000)	(110,000)
Cash flows from financing activities												
Bank of Alameda												
Note Payable 2009	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)
Note Payable Wound Care	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)
Line of Credit / Converted to Loan			(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)
Additional Funds from New Bank Loan			525,000									
Funds from Foundation / Auxillary					200,000							
cash provided by (used in) financing activities	(55,000)	(55,000)	457,000	(68,000)	132,000	(68,000)	(68,000)	(68,000)	(68,000)	(68,000)	(68,000)	(68,000)
Net increase (decrease) in cash	(68,536)	(1,910,866)	(516,560)	(630,968)	(342,209)	3,033,502	(258,473)	(690,727)	(2,125,609)	3,040,945	71,404	272,630
Cash & cash equivalents at beginning of period	3,700,000	3,631,464	1,720,597	1,204,038	573,069	230,861	3,264,362	3,005,890	2,315,163	189,554	3,230,499	3,301,903
Cash & cash equivalents at end of period	3,631,464	1,720,597	1,204,038	573,069	230,861	3,264,362	3,005,890	2,315,163	189,554	3,230,499	3,301,903	3,574,533

Alameda Hospital - Excluding Water' s Edge
Statement of Income and Expense
FY 2013 Operating Budget

	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Total</u>
Gross Patient Revenue	22,570,365	23,086,171	21,830,478	23,141,041	22,990,743	23,513,425	24,194,091	22,325,439	24,957,387	23,890,953	24,773,128	24,840,307	282,113,528
Total Deductions	17,479,267	17,954,448	17,114,523	18,151,210	18,045,703	18,451,779	18,989,324	17,536,529	19,587,804	18,777,965	19,460,734	19,508,173	221,057,459
Net Patient Revenue	5,129,932	5,170,556	4,754,788	5,028,664	4,983,874	5,100,480	5,243,600	4,827,743	5,408,416	5,151,822	5,351,227	5,370,967	61,522,069
Net Revenue Percent	22.73%	22.40%	21.78%	21.73%	21.68%	21.69%	21.67%	21.62%	21.67%	21.56%	21.60%	21.62%	21.81%
Other Operating Revenue	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	1,104,240
Total Revenue	5,221,952	5,262,576	4,846,808	5,120,684	5,075,894	5,192,500	5,335,620	4,919,763	5,500,436	5,243,842	5,443,247	5,462,987	62,626,309
Expenses													
Salaries and Agency Benefits	3,038,231	3,072,842	2,985,848	3,065,817	3,020,866	3,074,831	3,114,338	2,886,650	3,154,618	2,999,413	3,056,546	3,040,645	36,510,643
Professional Fees	875,292	885,121	859,776	882,694	869,806	885,266	896,669	831,236	908,297	863,478	880,152	875,421	10,513,207
Supplies	339,975	349,957	369,771	383,350	390,860	403,084	397,777	377,665	409,311	347,605	359,281	370,957	4,499,592
Purchased Services	630,598	656,201	635,386	631,577	640,947	639,298	643,580	639,475	652,768	647,233	659,418	666,677	7,743,158
Rent	437,659	433,037	430,629	427,986	429,894	426,764	425,837	435,319	424,952	427,248	424,027	427,248	5,150,599
Insurance	125,649	125,649	126,960	128,281	128,281	128,282	128,281	128,281	128,281	128,281	128,281	128,281	1,532,792
Utilities & Telephone	27,794	27,794	28,584	29,373	29,373	29,373	29,373	29,372	29,373	29,373	29,373	29,373	348,529
Depreciation	69,587	69,587	69,587	69,587	69,587	69,587	69,587	69,587	69,587	69,587	69,587	69,587	835,047
Other	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	816,072
Total Expenses	95,445	95,445	96,290	137,129	97,129	97,129	97,129	97,128	97,129	97,129	97,129	97,129	1,202,335
Operating Income/(Loss)	5,708,236	5,783,638	5,670,837	5,823,801	5,744,750	5,821,620	5,870,576	5,562,720	5,942,322	5,677,352	5,771,800	5,773,322	69,151,974
Non-Operating	(486,284)	(521,063)	(824,028)	(703,116)	(668,856)	(629,120)	(534,956)	(642,957)	(441,886)	(433,511)	(328,552)	(310,335)	(6,525,665)
Net Income/(Loss)	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	6,081,511
	20,509	(14,270)	(317,236)	(196,324)	(162,064)	(122,328)	(28,163)	(136,164)	64,907	73,282	178,240	196,458	(444,154)

** Assumes add back of Skilled nursing medi-cal rate dilution with Waters Edge (\$316 per day to \$385 per day) that\$466,000 per year.

Statement of Cash Flow - Hospital (w/o Waters Edge)
Fiscal Year 2013 Budget Forecast

	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>
Cash Flow from Operating Activities												
Net Income / (Loss)	20,509	(14,270)	(317,236)	(196,324)	(162,064)	(122,328)	(28,163)	(136,164)	64,907	73,282	178,240	196,458
Depreciation	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006
Changes in certain assets & liabilities												
Patient accounts receivable, net	50,000	50,000	50,000	50,000								
Waters Edge (15 days)												
Waters Edge transition working capital												
Third Party settlements (medi-Cal)	(102,000)	(102,000)	(102,000)	(102,000)	(102,000)	(28,000)	(28,000)	(28,000)	(28,000)	(28,000)	(28,000)	222,000
Accounts payable and accrued liabilities			(50,000)	(50,000)	(50,000)	-	-	-	-	(50,000)	(50,000)	(50,000)
Waters Edge (30 days)												
Payroll related accruals	336,000	(1,226,734)	230,697	333,933	253,241	318,273	368,436	57,262	(1,310,685)	212,637	322,859	273,134
Deferred Revenues	(483,000)	(483,000)	(483,000)	(483,000)	(483,000)	2,900,000	(483,000)	(483,000)	(483,000)	2,900,000	(483,000)	(483,000)
Cash provided by (used in) operating activities	(110,485)	(1,707,998)	(603,532)	(379,385)	(475,816)	3,135,951	(102,722)	(521,896)	(1,688,773)	3,175,925	8,105	226,598
Cash flows from investing activities:												
Additions to Property, Plant & Equip												
Seismic NPC 2 (bulk O2, comm, egress)	(10,000)	(45,000)	(75,000)	(85,000)	(85,000)	(45,000)	(70,000)	(70,000)	(70,000)	(70,000)		
Sprinkler upgrades		(10,000)	(20,000)	(20,000)						(30,000)	(30,000)	(30,000)
Boiler Burner Upgrade					(20,000)	(40,000)	(40,000)					
Marina Village buildout			(75,000)			(50,000)	(50,000)	(100,000)	(100,000)	(75,000)		
Information Technology	(17,000)		(20,000)	(20,000)		(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Other Capital Budget Items			(32,000)				(30,000)	(30,000)	(30,000)	(30,000)	(40,000)	(40,000)
Cash provided by (used in) investing activities	(27,000)	(55,000)	(222,000)	(125,000)	(105,000)	(175,000)	(230,000)	(240,000)	(240,000)	(245,000)	(110,000)	(110,000)
Cash flows from financing activities												
Bank of Alameda												
Note Payable 2009	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)
Note Payable Wound Care	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)
Line of Credit / Converted to Loan			(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)
Additional Funds from New Bank Loan			525,000									
Funds from Foundation / Auxillary					200,000							
cash provided by (used in) financing activities	(55,000)	(55,000)	457,000	(68,000)	132,000	(68,000)	(68,000)	(68,000)	(68,000)	(68,000)	(68,000)	(68,000)
Net increase (decrease) in cash	(192,485)	(1,817,998)	(368,532)	(572,385)	(448,816)	2,892,951	(400,722)	(829,896)	(1,996,773)	2,862,925	(169,895)	48,598
Cash & cash equivalents at beginning of period	3,700,000	3,507,515	1,689,517	1,320,985	748,600	299,784	3,192,735	2,792,013	1,962,117	(34,656)	2,828,269	2,658,375
Cash & cash equivalents at end of period	3,507,515	1,689,517	1,320,985	748,600	299,784	3,192,735	2,792,013	1,962,117	(34,656)	2,828,269	2,658,375	2,706,972

Alameda Hospital - consolidated
Statement of Income & Expense
Assumes Waters Edge Comes on line in October 2012
FY 2013 Operating Budget

	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Total</u>
Gross Patient Revenue	22,570,365	23,086,171	21,830,478	25,705,780	25,674,278	26,304,490	27,114,526	25,186,136	27,901,832	26,858,484	27,488,800	27,833,760	307,555,100
Total Deductions	17,479,267	17,954,448	17,114,523	19,822,679	19,704,887	20,221,988	20,776,312	19,276,905	21,319,244	20,527,238	20,980,669	21,277,344	236,455,505
Net Patient Revenue	5,091,098	5,131,722	4,715,955	5,883,101	5,969,391	6,082,502	6,338,214	5,909,231	6,582,588	6,331,245	6,508,131	6,556,416	71,099,596
Net Revenue Percent													
Other Operating Revenue	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	92,020	1,104,240
Total Revenue	5,183,118	5,223,742	4,807,975	5,975,121	6,061,411	6,174,522	6,430,234	6,001,251	6,674,608	6,423,265	6,600,151	6,648,436	72,203,835
Expenses													
Salaries and Agency	3,038,231	3,072,842	2,985,848	3,522,173	3,496,152	3,564,288	3,627,503	3,387,104	3,671,570	3,520,151	3,527,425	3,565,171	40,978,456
Benefits	875,292	885,121	859,776	1,019,601	1,012,391	1,032,103	1,050,619	981,373	1,063,383	1,019,699	1,021,415	1,032,778	11,853,551
Professional Fees	339,975	349,957	369,771	392,350	399,860	412,084	406,777	386,165	417,811	356,105	367,781	379,457	4,578,092
Supplies	630,598	656,201	635,386	723,733	735,378	735,871	742,559	737,368	752,202	747,120	754,641	767,020	8,618,077
Purchased Services	437,659	433,037	430,629	550,279	556,809	558,032	561,995	569,271	562,034	565,255	552,552	566,179	6,343,729
Rent	125,649	125,649	126,960	204,841	204,841	204,842	204,841	204,841	204,841	204,841	204,841	204,841	2,221,832
Insurance	27,794	27,794	28,584	41,540	41,540	41,540	41,540	41,539	41,540	41,540	41,540	41,540	458,032
Utilities & Telephone	69,587	69,587	69,587	84,587	84,587	84,587	84,587	84,587	84,587	84,587	84,587	84,587	970,047
Depreciation	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	816,072
Other	95,445	95,445	96,290	158,179	118,353	118,435	118,394	117,161	117,162	117,162	117,162	117,162	1,386,345
Total Expenses	5,708,236	5,783,638	5,670,837	6,765,289	6,717,918	6,819,788	6,906,820	6,577,415	6,983,136	6,724,466	6,739,950	6,826,740	78,224,232
Operating Income/(Loss)	(525,117)	(559,896)	(862,862)	(790,168)	(656,507)	(645,266)	(476,586)	(576,164)	(308,529)	(301,200)	(139,799)	(178,304)	(6,020,397)
Non-Operating	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	506,793	6,081,511
Net Income/(Loss)	(18,325)	(53,103)	(356,069)	(283,375)	(149,714)	(138,473)	30,207	(69,371)	198,264	205,592	366,994	328,488	61,114

Statement of Cash Flow - Consolidated (3 month delay)

Fiscal Year 2013 Budget Forecast

	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>
Cash Flow from Operating Activities												
Net Income / (Loss)	(18,325)	(53,103)	(356,069)	(283,375)	(149,714)	(138,473)	30,207	(69,371)	198,264	205,592	366,994	328,488
Depreciation	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006	68,006
Changes in certain assets & liabilities												
Patient accounts receivable, net	50,000	50,000	50,000	50,000								
Waters Edge (15 days)				(450,000)								
Waters Edge transition working capital				276,000	76,000	(176,000)	(176,000)					
Third Party settlements (medi-Cal)	(102,000)	(102,000)	(102,000)	(102,000)	(102,000)	(28,000)	(28,000)	(28,000)	(28,000)	(28,000)	(28,000)	222,000
Accounts payable and accrued liabilities			(50,000)	(50,000)	(50,000)	-	-	-	-	(50,000)	(50,000)	(50,000)
Waters Edge (30 days)				350,000								
Payroll related accruals	336,000	(1,226,734)	230,697	519,346	303,649	371,705	439,309	85,971	(1,546,769)	258,635	350,209	347,327
Deferred Revenues	(483,000)	(483,000)	(483,000)	(483,000)	(483,000)	2,900,000	(483,000)	(483,000)	(483,000)	2,900,000	(483,000)	(483,000)
Cash provided by (used in) operating activities	<u>(149,319)</u>	<u>(1,746,831)</u>	<u>(642,365)</u>	<u>(105,023)</u>	<u>(337,059)</u>	<u>2,997,238</u>	<u>(149,479)</u>	<u>(426,394)</u>	<u>(1,791,499)</u>	<u>3,354,233</u>	<u>224,208</u>	<u>432,822</u>
Cash flows from investing activities:												
Additions to Property, Plant & Equip												
Seismic NPC 2 (bulk O2, comm, egress)	(10,000)	(45,000)	(75,000)	(85,000)	(85,000)	(45,000)	(70,000)	(70,000)	(70,000)	(70,000)		
Sprinkler upgrades		(10,000)	(20,000)	(20,000)						(30,000)	(30,000)	(30,000)
Boiler Burner Upgrade					(20,000)	(40,000)	(40,000)					
Marina Village buildout			(75,000)			(50,000)	(50,000)	(100,000)	(100,000)	(75,000)		
Information Technology	(17,000)		(20,000)	(20,000)		(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Other Capital Budget Items			(32,000)				(30,000)	(30,000)	(30,000)	(30,000)	(40,000)	(40,000)
Cash provided by (used in) investing activities	<u>(27,000)</u>	<u>(55,000)</u>	<u>(222,000)</u>	<u>(125,000)</u>	<u>(105,000)</u>	<u>(175,000)</u>	<u>(230,000)</u>	<u>(240,000)</u>	<u>(240,000)</u>	<u>(245,000)</u>	<u>(110,000)</u>	<u>(110,000)</u>
Cash flows from financing activities												
Bank of Alameda												
Note Payable 2009	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)
Note Payable Wound Care	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)
Line of Credit / Converted to Loan			(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)
Additional Funds from New Bank Loan			525,000									
Funds from Foundation / Auxillary					200,000							
cash provided by (used in) financing activities	<u>(55,000)</u>	<u>(55,000)</u>	<u>457,000</u>	<u>(68,000)</u>	<u>132,000</u>	<u>(68,000)</u>	<u>(68,000)</u>	<u>(68,000)</u>	<u>(68,000)</u>	<u>(68,000)</u>	<u>(68,000)</u>	<u>(68,000)</u>
Net increase (decrease) in cash	(231,319)	(1,856,831)	(407,365)	(298,023)	(310,059)	2,754,238	(447,479)	(734,394)	(2,099,499)	3,041,233	46,208	254,822
Cash & cash equivalents at beginning of period	3,700,000	3,468,681	1,611,850	1,204,485	906,462	596,403	3,350,641	2,903,162	2,168,768	69,269	3,110,502	3,156,710
Cash & cash equivalents at end of period	<u>3,468,681</u>	<u>1,611,850</u>	<u>1,204,485</u>	<u>906,462</u>	<u>596,403</u>	<u>3,350,641</u>	<u>2,903,162</u>	<u>2,168,768</u>	<u>69,269</u>	<u>3,110,502</u>	<u>3,156,710</u>	<u>3,411,532</u>



FY 2013 Capital Budget Detail

(Revised)

Distributed for July 2, 2012 District Board Meeting

Item Description	Comments	Original Amount	Revised Amount
Bulk Oxygen Vessel Replacement	Seismic (NPC 2)	\$400,000	\$425,000
Communication Systems Anchoring	Seismic (NPC 2)	\$50,000	\$50,000
Emergency Lighting and Signage 1925 Building	Seismic (NPC 2)	\$150,000	\$150,000
Sprinkler System Addition in Subacute	CMS Requirement	\$200,000	\$200,000
Boiler Replacement	BAAQMD ¹	\$150,000	\$100,000
Information Technology Upgrades	Various Projects	\$300,000	\$297,000
Washer Sterilizer	Medical Staff / Surgery	\$99,466	\$99,466
Vein Finder	Medical Staff/ ICU	\$10,000	\$10,000
Glide Scope	Medical Staff / ICU	\$12,000	\$12,000
ICU Bed	Medical Staff / ICU	\$30,000	\$30,000
Adult Critical Care Ventilator	Medical Staff / ICU	\$32,000	\$32,000
Med/Surg Patient Beds	Medical Staff / Medical	\$40,000	\$20,000
Other Contingency	Medical Staff	\$30,000	\$0
Marina Village Build-Out (Ortho)		\$0	\$450,000
Total		\$1,503,466	\$1,875,466

¹Bay Area Air Quality Management District

DATE: June 29, 2012
FOR: July 2, 2012 District Board Meeting
TO: City of Alameda Health Care District, Board of Directors
FROM: Deborah E. Stebbins, Chief Executive Officer
SUBJECT: July CEO Report to the Board of Directors

1. IGT / State Budget Update:

At this writing there is no new information available about the status of the State budget, including potential impact upon Alameda Hospital. To review, under the original May revised proposal, the State was considering converting Medi-Cal reimbursement for District Hospitals to the same formula used to reimburse “designated public hospitals”, namely reimbursement for certified public expenditures (CPE’s) instead of converting to DRG reimbursement. Although the impact of that change would have been negative for us, it would be truly devastating for District Hospitals serving greater numbers of Medi-Cal patients. As a result of feedback from the District Hospital Leadership Forum (DHLF), the State revisited that preliminary decision and stated their intent to delay any switch to CPE reimbursement until additional supplemental funding can be obtained from the Federal government. There will be a call of the DHLF Board on July 3, in which Kerry Easthope and I will participate with the intent to learn about progress on the State budget.

2. Comprehensive Orthopedic Program Update:

Management is developing the marketing and communications plan to be launched Summer 2012 in advance of the start of Drs. Pirnia and DeStefano in October. A separate website capable of more intense user interaction is under development and will be linked to the Hospital’s main website.

We are currently considering some short term options for placement of the orthopedic practice while we secure funding sources to move the comprehensive orthopedic program and outpatient rehabilitation program to officespace which is directly adjacent to the Kate Creedon Center for Advanced Wound Care on Atlantic Avenue in Alameda.

3. Update / Reminders on November 6, 2012 General Election:

On July 16, 2012, Candidate Filing Papers can be obtained from Alameda County Registrar of Voters at 1225 Fallon Street, Room G-1, Oakland, CA 94612-4283 between the hours of 8:30 a.m. - 5:00 p.m., Monday – Friday.

Candidates must file papers with the Registrar of Voters.

July 16, 2012 - August 10, 2012	Nomination Period for the November 6, 2012 General Election.
August 11-15, 2012	Extension Period: If incumbent does not file a Declaration of Candidacy by the end of the nomination period, the seat will be extended for five calendar days.
August 16, 2012	Random Alphabet Drawing: Determines the order of the candidates' names to appear on the ballot.
November 6, 2012	Election Day
December 4, 2012	Certified Results: No later than this date, the registrar shall prepare a certified statement of the results and submit to governing body.

4. Wound Care Center:

The hiring of staff is complete for the Wound Care Center. They are diligently at work, readying the final facility touches in preparation for a licensure inspection by the State on July 16, 2012. The special website for this program is nearly complete and will include filmed introductions and comments from each of the seven physicians participating in the Center.

5. Long Term Care Development:

While we are still awaiting a final decision from CMS regarding certification of Waters Edge there have been several positive changes and new activities in our other two long term care unit under the leadership of Richard Espinoza.

A. South Shore

The facility has been in the midst of minor physical plant improvements, i.e. painting of the corridors, patient rooms, art work, and outdoor living spaces, in an effort to make it more competitive in the market place. Such efforts have shown to be fruitful: the census has risen in the last three weeks and is currently at 25. With this increased census, the payor mix has dramatically changed, from running roughly 90% Medi-Cal and 10%

Medicare to 76% Medi-Cal and 24% Medicare. Medicare reimbursement rates have risen by 45%, meaning that with a census of 25 and the number of Medicare patients currently in-house, the facility is being reimbursed as if it had 31 Medi-Cal patients.

It is important to note that the Medicare reimbursement increase has been made possible by two major changes that have occurred. The first is the implementation of Select Therapies who have specific understanding of long term care rehabilitation and Prospective Payment System (Medicare-specific rules for reimbursement). Second, the implementation of Allscripts (also known as ECIN) provides electronic access of referrals from other acute hospitals looking for placement of patients, both long term and short term clinically complex. This has opened the facility up to a broader referral base.

B. Subacute

Subacute continues to focus on the clinically complex patient. The unit was full (at 35) for several weeks in May. With a focus on long term care rehabilitation, patients are getting better care, being decannulated, and needing lower levels of care due to improvements in overall health. Such patients can then be transferred to our skilled nursing facility where they will continue to receive therapies, under Select Therapies and strong nursing supervision.

Therapy utilization on the unit is also increasing with the implementation of Select Therapies, with greater quality of life for residents on the unit. Because of providing this needed therapy for our residents, Part B utilization increases.

6. Workers Compensation Coverage:

Management received the quote for workers compensation coverage for FY 2013 from the Alpha Fund. This will mark the second year of our coverage under Alpha Fund, an affiliate of the Association of California Hospital Districts (ACHD). Although the coverage was put out to bid to several carriers by EPIC (our brokers) Alpha Fund came in quite competitively. The annual cost of coverage went down from \$608,000 in FY 12 to \$540,000 (excluding Waters Edge). The amended annualized premium upon integration of Waters Edge into the hospital operation is \$615,000. In part, that reduction in premium is the result of a very favorable mod rating, down to .87 in FY 12 from 1.01 in FY 11. We currently have only 21 open claims with Alpha compared to about 91 open claims with a previous carrier, Zurich, in FY 2008-2009.

7. Hospital Sponsored Events and Activities :

Fourth of July Parade

Celebrate Independence Day with us at the City of Alameda Mayor's Fourth of July Parade. Alameda Hospital Employees, Board of Directors, Foundation, Auxiliary, and Medical Staff are all invited join us on the Alameda Hospital Cable Car. If you would like to participate or have any questions, please call Louise Nakada at 814-4362 or email lnakada@alamedahospital.org. The parade starts at 10:00 a.m. and lasts for about two hours. The Cable Car leaves Alameda Hospital promptly at 8:45 a.m. and returns to the

Hospital at about 12 noon. Bring your family! We need cable car riders and parade walkers to hand out goodies.

8. Key Statistics for June, 2012:

Due to the timing and distribution of materials prior to the end of the month, June monthly statistics will be presented at the Board meeting on July 2, 2012.