✓Included in the PDF posted Wednesday, August 31, 2012
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CITY OF ALAMEDA HEALTH CARE DISTRICT

PUBLIC NOTICE

CITY OF ALAMEDA HEALTH CARE DISTRICT BOARD OF DIRECTORS

REGULAR MEETING AGENDA

Wednesday, September 5, 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. July 2, 2012 (Regular)
2. July 25, 2012 (Special)

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.*

2. 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. 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 July 25, 2012 Special Meeting Minutes

[enclosure] (PAGES 4-7)

✔ 2) Approval of I.L.W.U. Local #6 Tentative Agreement Wage Opener of June 30, 2012

[enclosure] (PAGES 8-13)

✔ 3) Approval of Administrative Policies and Procedures [enclosure] (PAGES 14-16)

- No. 11 – Honorary Naming of Facilities, Programs and Equipment
- No. 12 – Administrative Line of Responsibility
- No. 13 – Contracted Services (Personnel)
- No. 15 - Ethics Committee Purpose and Case Consultation Procedure
- No. 17 - Advance Directives
- No. 18 - Informed Consent
- No. 20 - Consent for Blood Transfusions
- No. 25 - Withholding/Withdrawing Life Sustaining Treatment
- No. 30 - Guidelines for Determination of Brain Death
- No. 40 – Personal Use of Cell Phones
- No. 46 – Employee Multi-lingual Roster
- No. 54 – Medical Staff Line of Responsibility
- No. 66 – Monitoring Regulatory Responsibilities
- No. 70 – Use of Hospital Vehicle
- No. 77 – Use of Hospital Facilities
- No. 78 – Procedure for Bidding Contracts

B. Action Items

✔ 1) Acceptance of July 2012 Unaudited Financial Statements and August 29, 2012 Finance and Management Committee Report — Michael McCormick

[enclosure] (PAGES 17-35)

✔ 2) Approval of Administrative Policies and Procedures No. 3: Role and Scope of Services — Deborah E. Stebbins

[enclosure] (PAGES 36-41)

✔ 3) Approval of Administrative Policies and Procedures No. 91: Governing Board Responsibilities — Deborah E. Stebbins

[enclosure] (PAGES 42-45)

C. District Board President Report INFORMATIONAL — Jordan Battani

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

1) Special Presentation:

a. Kate Creedon Center for Advanced Wound Care

(Beth Brizee, RN)

✔ 3) Monthly CEO Report

[enclosure] (PAGES 46-63)

- AB 97 Injunction, MERP Survey Appeal, Change in Medi-Cal Reimbursement Model, Comprehensive Orthopedic Program, Capital Projects, Kate Creedon Center for Advance Wound Care, Long Term Care, Hospital | Foundation Sponsored Events and Activities, Key Statistics – August 2012

E. Medical Staff President Report **INFORMATIONAL** — James Yeh, DO

F. Community Relations and Outreach Committee Report **INFORMATIONAL** — Stewart Chen, DC

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, July 25, 2012 Special District Board Meeting with Finance and Management Committee

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 Richard Espinoza	Thomas Driscoll, Esq.	N/A
		Medical Staff Present	
		Jim Yeh, DO	
Submitted by: Erica Poncé, Administrative Secretary			

Topic	Discussion	Action / Follow-Up
I. Call to Order	The meeting was called to order at 7:31 p.m.	
II. Roll Call	Ms. Thorson called roll noting a quorum of Directors was present. Ann Evans, community member from the Finance and Management Committee was present at the meeting.	
III. General Public Comments	There were no public comments.	
IV. Regular Agenda		
A. Consent Agenda		Director Chen made a motion to approve the Consent Agenda as presented. Director McCormick seconded the motion. The motion carried.
1) Approval of July 2, 2012 Regular Meeting Minutes		
B. Action Items		
1) Acceptance of June 2012 Unaudited Financial Statements Chief Financial Officer Kerry Easthope made a presentation regarding the June 2012		Director Chen made a motion to accept the June 2012 Unaudited Financial Statements as presented. Director

DRAFT

Topic	Discussion	Action / Follow-Up
	Financials which also included fiscal year-end totals. He noted that the financials are unaudited. The Unaudited Financial Statements can be found in the Board Packet on pages 11 through 30. Director Battani noted that surgical volume was still low. She also asked if Emergency Department patients turn into registered inpatients. Mr. Easthope replied that the admission rate has held steady, but length of stay is down. Director McCormick asked what elements make up the surgical volume specifically if patients are having surgeries elsewhere and if so, why? Ms. Stebbins replied that OSHPD data can be reviewed to see if there has been an increase in other local hospitals which may indicate lower volumes at Alameda Hospital. Director Gorelick asked if the Hospital has seen the expected gain in rehab services since the Board voted to outsource said services. Richard Espinoza, Long Term Care Administrator, replied that there has been an increase in the length of stay, in the RUG rate, and in quality of care. Director Battani added that with increased levels of rehabilitation leads to patients who are better equipped to transition home. Director McCormick asked for an update with the Bank of Alameda, specifically with the loan covenants and Jaber Property loan. Mr. Easthope replied that Management has been in communication with the Bank of Alameda and has updated the Bank on the fiscal year-end status and budget status. The valuations of the properties have qualified the District for a $1,125,000 loan. $750,000 of that will go toward converting the current line of credit and the remaining $375,000 is a working capital loan. Representative from the Bank of Alameda will present this information to their loan committee on August 2, 2012 along with a waiver of loan covenants. This waiver may be reevaluated at the end of the calendar year. Management will also provide updates to the Bank and will monitor new programs with monthly status reports showing how each program is operating according to budget.	Gorelick seconded the motion. The motion carried.
2)	Approval of Fiscal Year 2012-2013 Operating and Capital Budget including Cash Flow Mr. Easthope directed Board members to pages 31 through 41 of their packet for the recommendation to approve the FY 2012-2013 Operating and Capital Budget and supporting information. Director Gorelick stated that with the deficits experienced in June and projected in July, he does not think the budget going forward is on target. Director Chen asked how realistic the assumptions are. Ms. Stebbins stated that the budget takes into consideration the three programs, Waters Edge, Wound Care, and	Director Chen made a motion to approve the Fiscal Year 2012-2013 Operating and Capital Budget including Cash Flow. Dr. Deutsch seconded the motion. The motion carried four to one (Gorelick).

DRAFT

Topic	Discussion	Action / Follow-Up
	Orthopedic Program which were not in place previously. Director Gorelick stated that he would like to receive an update regarding the status of the Hospital's appeal with the California Department of Public Health for the $50,000 fine relating to the 2011 MERP Survey. Director Battani added that this question should be added to a monthly monitoring dashboard.	
3)	Approval of Fiscal Year 2012-2013 Goals and Objectives Ms. Stebbins directed the Board to pages 42 through 48 of their packet for a review of the FY 2012-2013 Goals and Objectives. She pointed out that there are two clerical errors: Page 43, (F) Strategy should read "Baseline: $16.2 M (27.3% of Total Net A/R)" and Page 44, (E) Strategy, the sixth box under (E) should read "Medicare ADC". Director Battani stated that she has carefully reviewed the information and is comfortable with the changes which have been made. Ms. Stebbins added that updates regarding these Goals and Objectives will be added to the CEO Report given at each monthly District Board meeting.	Director Chen made a motion to accept the Fiscal year 2012-2013 Goals and Objectives as presented. Director Gorelick seconded the motion. The motion carried with one abstention (Gorelick).
	Director McCormick excused himself from the meeting at 8:43 a.m.	
4)	Approval to Enter into an Agreement with HFS Consultants for Patient Financial Billing Services Mr. Easthope directed the Board to pages 49 and 50 of their packet and briefly reviewed the information stated therein, highlighting that the flat fee for the patient financial billing services will be $30,000 each month on a month-to-month basis with a 90-day advanced cancellation notice. Ms. Battani inquired as to whether this change would result in any current positions within the Hospital being eliminated. Management replied that this will not result in any positions being eliminated. Director Chen asked how much money is being collected in return for this fee. Mr. Easthope stated that the $30,000 per month expense is approximately 0.6% of what is being collected. Mr. Easthope added that HFS Consultants have a broader expertise and keep up-to-date with changes in billing and collections. Director Gorelick asked if HFS will take on the additional volume of the new programs. Mr. Easthope replied that they will not take on the additional volume created by Waters Edge but will provide services for the new orthopedic program. Director Battani asked	Director Chen made a motion to Enter into an Agreement with HFS Consultants for Patient Financial Billing Services. Director Gorelick seconded the motion. The motion carried.

DRAFT

Topic	Discussion	Action / Follow-Up
	if Management is seeking to add the billing and collections for the South Shore Skilled Nursing Facility to HFS. Mr. Easthope stated that Management can look into that option but is not suggesting that addition at this time.	
C. Board President Report	Director Battani issued a reminder that it is filing season for District Board nominees for the November 6, 2012 election. She stated that there is further information on the District's website, www.alamedahospital.org.	No action taken.
D. Chief Executive Officer Report	There was no Chief Executive Officer Report.	No action taken.
V. **Adjourn into Executive Closed Session**	The meeting was adjourned into Executive Closed Session at 9:01 a.m.	
VI. **Reconvene to Public Session** A. Announcements from Closed Session	There was no action taken in closed session and no announcements made.	
VII. **Board Comments**	There were no comments.	
VIII. **Adjournment**	Being no further business, the meeting was adjourned at 8:43 a.m.	

Attest:

Jordan Battani
President

Elliott Gorelick
Secretary

DRAFT

CITY OF ALAMEDA HEALTH CARE DISTRICT

Date: August 14, 2012

For September 5, 2012 District Board Meeting

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

From: Phyllis J. Weiss, Director, Director of Human Resources & Support Services

Subject: Approval of I.L.W.U. Local #6 Tentative Agreement Wage Opener of June 30, 2012

Recommendation:

Hospital Administration is hereby recommending that the City of Alameda Health Care District Board of Directors approve the Tentative Agreement reached with I.L.W.U. Local #6 on its "Wage and Group Health Plan Opener" of June 30, 2012, as attached. This Union represents employees who work in the Radiology Department and the Surgical Technicians at Alameda Hospital.

This Tentative Agreement was ratified by the members of I.L.W.U. Local #6 on August 6, 2012.

Background:

The most recent Memorandum of Understanding (MOU) for this bargaining unit was ratified by the members on May 26, 2010 and approved by the Board of Directors in June, 2010. The effective date of that MOU extends from July 1, 2009 through June 30, 2013.

Within that MOU was an agreement to a wage freeze for the first eighteen (18) months of the MOU and an agreement to meet at intervals after that to discuss wages and benefits as described below:

Date:	**Topic of Discussion**:	**Disposition:**
12/31/10	Wage Opener	Reached mutual agreement not to increase wages;
6/30/11	Wage & Group Health Benefits Opener	Reached mutual agreement not to increase wages or make changes to existing Group Health Benefits;
6/30/12	Wage & Group Health Benefits Opener	Reached Tentative Agreement as attached.

Discussion:

Hospital Administration developed a strategy for addressing increases for employees of Alameda Hospital in FY 2013 that included meeting the following benchmarks:

1) A positive bottom line for six (6) months;
2) Fifteen (15) days cash on hand for a minimum of four (4) months;
3) Accounts Payable days reduced to ninety (90) days.

A proposal was presented to the bargaining team for I.L.W.U. Local #6 that included meeting these benchmarks (and providing a monthly report showing the Hospital's progress towards meeting these benchmarks) and once met, the Hospital would agree to meet to discuss how to address any increase in wages.

This proposal was accepted by the members of this bargaining unit and memorialized in the Tentative Agreement (copy attached).

Attachments:
Recommendation to Approve MOU (7/1/09 – 6/30/13)
Tentative Agreement on Wage & Group Health Benefits Opener dated July 26, 2012

DATE: June 7, 2010

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

FROM: Kerry Easthope, Associate Administrator

SUBJECT: Recommendation to Approve I.L W. U. Local 6 - Memorandum of Understanding (Agreement)

Recommendation:

Hospital Administration is hereby recommending that the City of Alameda Health Care District Board of Directors approve the renewal of the District's Memorandum of Understanding (MOU) with I.L.W.U. Local 6. This Union represents employees who work in the Radiology Department of the Hospital. The term of the MOU is July 1, 2009 – June 30, 2013. The Tentative Agreements, which reflect the modifications to the existing MOU, were unanimously ratified by the Local 6 members on May 26, 2010. A summary of the more significant issues / changes to the MOU are itemized in the "discussion" section below and a complete copy of the Tentative Agreements and expired MOU are available for your review upon request.

Background:

Hospital Management has been in contract negotiations with the bargaining team from Local 6 since the contract ended on June 30, 2009. Members have been working under a mutually agreed to extension of the contract since that time, while the terms and conditions of a new contract were finalized. Negotiation sessions were amicable and conducted in a professional manner. There were a number of difficult issues to work through as proposed by both parties during these negotiations, including the need to deal with the challenge presented by the expiration of the Kaiser contract. Management feels that Local 6 representatives understood and took the District's concerns on this issue very seriously as reflected in the terms of this four (4) year agreement.

Discussion:

A summary of the key issues and/or modified terms of this new MOU are as follows:

- Four (4) year term (07/1/09 – 6/30/13).
- An 18-month wage freeze from 07/01/09 to 12/30/10.
- Wage opener on 12/31/10.

- Wage and Group Health Plan benefits opener on 6/30/11 and 6/30/12.
- Added the Radiology Aides and Receptionists to the bargaining unit.
- Wage freeze for the Aides until 07/01/11 at which time they will all move to the top step off the new pay range based upon their seniority (a modest financial impact off approximately $12,500 per year).
- Increased Ultrasound stand-by and call-in pay to reflect community standards and rates paid to other technologists covered by this agreement.
- Added Home Study to Education Leave eligibility.
- Premium contributions towards Group Health Plan for dependent coverage.
- Hospital provided for some enhanced health plan coverage, including the Flexible Spending Account option, the same as provided for non-represented personnel.
- Waived the tandem benefits clause with C.N.A. for the term off this agreement.
- Established minimum availability for Per Diem personnel.

Tentative Agreement
Between
The Alameda Health Care District
dba Alameda Hospital
and
I.L.W.U. Local #6
July 26, 2012

The Alameda Health Care District, dba Alameda Hospital and I.L.W.U. Local #6 have reached a Tentative Agreement on the "wage opener" dated June 30, 2012, as follows:

"The Hospital and the Union agree to meet and discuss how to address an increase for the members of the Union at the point where Hospital has reached the following three (3) benchmarks:

1. A positive bottom line for six (6) months;

2. Fifteen (15)+ days of "cash on hand" for a minimum of four (4) months;

and,

3. The Hospital's Accounts Payable days are reduced to ninety (90)

(they are currently in excess of one hundred twenty [120]days)

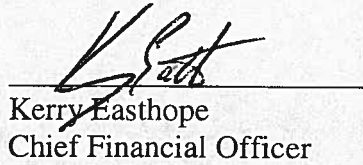
The Hospital will provide a monthly report to the Union showing any progress on the benchmarks, starting in August for the results of the benchmarks as of the end of July, 2~~013~~. 12.

This Tentative Agreement, once approved by the Board of Directors, will be incorporated into the Memorandum of Understanding as a Side Letter of Agreement that will expire on June 30, 2013."

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

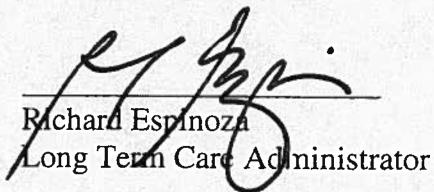
Tentative Agreement
Wage Opener dated June 30, 2012

For the Hospital:



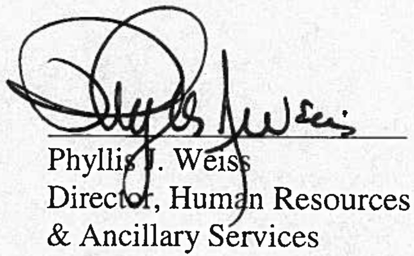
7/26/12
Date

Kerry Easthope
Chief Financial Officer



7/26/12
Date

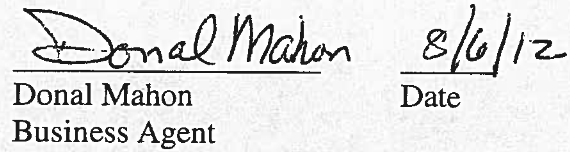
Richard Espinoza
Long Term Care Administrator



7/26/12
Date

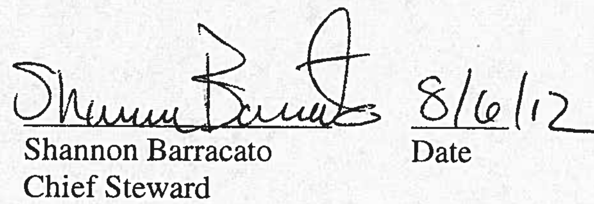
Phyllis J. Weiss
Director, Human Resources
& Ancillary Services

For the Union:



8/6/12
Date

Donal Mahon
Business Agent



8/6/12
Date

Shannon Barracato
Chief Steward

CITY OF ALAMEDA HEALTH CARE DISTRICT

Date: August 23, 2012

For: September 5, 2012 District Board Meeting

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

From: Deborah E. Stebbins, Chief Executive Officer
Kristen Thorson, District Clerk

Subject: Approval of Administrative Policies and Procedures

Recommendation:

Management requests approval of the following policies and procedures.

Background:

The Joint Commission tri-annual accreditation survey is scheduled for Spring, 2013. In preparation for this survey, the hospital has begun its review of all Administrative Policies and Procedures. All policies and procedures will be brought to the Board of Directors for approval over the next 4-8 months.

The policies and procedures have been either new or revised to reflect current practices, regulatory language / requirements and/or other pertinent information. Each policy and procedure has been reviewed by the appropriate Medical Staff Committees, Hospital Committees, Management Team, and Administration.

Policies and Procedures are available for review upon request from Administration.

No. 11– Honorary Naming of Facilities, Programs and Equipment	
Purpose:	To determine the process and criteria for the honorary naming of facilities, programs, or pieces of equipment.
No. 12 – Administrative Line of Responsibility	
Purpose:	To ensure that an appropriately qualified person is available to perform the duties of the Chief Executive Officer when the CEO is absent from the hospital.
No. 13 – Contracted Services (Personnel)	
Purpose:	To ensure that contract service personnel are competent to provide patient care.
No. 15 - Ethics Committee Purpose and Case Consultation Procedure	
Purpose:	The Ethics Committee exists to advise on policy, to educate hospital personnel, and to consult on current ethical issues, when requested, on cases which pose ethical problems within the hospital

No. 17 - Advance Directives	
Purpose:	To enable the hospital to comply with the Patient Self Determination Act and the POLST (Physician Orders for Life Sustaining Treatment) legislation. The purpose of the Act is to protect each adult patient's right to participate in health care decision making to the maximum extent of his or her ability and to prevent discrimination based on whether the patient has executed an advance directive for health care.
No. 18 - Informed Consent	
Purpose:	To provide a mechanism to assure that the informed consent process is followed and that consent is given freely and not obtained through duress or coercion.
No. 20 - Consent for Blood Transfusions	
Purpose:	To provide an opportunity for patients to make an informed decision regarding the use of blood transfusions
No. 25 - Withholding/Withdrawing Life Sustaining Treatment	
Purpose:	The Standard of Care at Alameda Hospital is to act to preserve the lives and dignity of all patients. There are some patients, however, in which the withholding or withdrawing of life-sustaining treatment may be medically, ethically, and legally appropriate.
No. 30 - Guidelines for Determination of Brain Death	
Purpose:	To ensure that a determination of brain death is made in accordance with acceptable medical standards and that Alameda Hospital is in compliance with California Law AB 2565; Health & Safety Code Sections 7181-7184.5; and 1254.4(b);(c)(1) (2), which refer to family accommodation efforts.
No. 40 – Personal Use of Cell Phones	
Purpose:	To define the parameters for personal use of cell phones during working hours
No. 46 – Employee Multi-lingual Roster	
Purpose:	To address the linguistic needs of our patients, limited to simple demographic or primary complaint questions.
No. 54 – Medical Staff Line of Responsibility	
Purpose:	To provide medical staff and hospital personnel with a current list of the names of the medical staff members to contact whenever questions or problems arise concerning medical staff matters.
No. 66 – Monitoring Regulatory Responsibilities	
Purpose:	To assign responsibility to those individuals within Alameda Hospital who are to become the in-house experts in aspects of health care regulation as it affects the hospital, and to identify the Regulatory Monitors, as well as those individuals who are "officers" within the context of various regulations, in order that the organization as a whole will know their identity and role.
No. 70 – Use of Hospital Vehicle	
Purpose:	Establishing guidelines for use and maintenance of vehicle.

No. 77 – Use of Hospital Facilities	
Purpose:	To establish a policy regarding the use of hospital facilities by Alameda Hospital, its affiliated organizations, and outside non-hospital organizations.
No. 78 – Procedure for Bidding Contracts	
Purpose:	District Law requires that certain contracts exceeding $25,000 be bid in a public process. This procedure defines the bidding process to be followed by the City of Alameda Health Care District. It is the intent of the District that the bidding be open and public and transparent to interested parties.

THE CITY OF ALAMEDA HEALTH CARE DISTRICT

ALAMEDA HOSPITAL

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDING JULY 31, 2012

CITY OF ALAMEDA HEALTH CARE DISTRICT
ALAMEDA HOSPITAL
JULY 31, 2012

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ALAMEDA HOSPITAL
MANAGEMENT DISCUSSION AND ANALYSIS
JULY, 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 July 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

First and foremost is the disclosure of a material error in the FY 2013 operating budget. The budget error is for temporary agency expense category and is estimated to be understated by about $480,000 for the Fiscal Year 2013. This budget error will be off-set, in part, by a higher Medi-Cal SNF per diem reimbursement rate effective August 1, 2012. The budgeted per diem rate is $316 per day. With the current and anticipated expenses in FY 2013, the per diem cost associated with our skilled nursing facilities has been recalculated and is being set at $326 per day. With 35,000 combined Medi-Cal patient days at Waters Edge and South Shore, this additional $10/day equates to $350,000 annually. We are also looking at other expense reductions and revenue enhancements, to offset the remaining budget shortfall.

During the month of July, the Hospital experienced again a net operating loss of $309,000 against a budgeted loss of $172,000. Lower than expected revenue was the most significant contributor to this negative variance. In addition, there was $48,000 in expense associated with Waters Edge pre-transition costs that should have been budgeted for in July. Going forward, these will be accounted for with the Waters Edge budget effective August 1, 2012.

Overall, July discharges are below budget 1.1% but patient days were greater than budget by 1.5%. Total patient days for inpatient acute services were down 7.7%, while subacute days were up 5.5% and skilled nursing up 8.9%. As will be discuss later, the low acute patient days in July had a big impact on gross and net revenue for the month.

Overall outpatient activity was mixed this month. Outpatient registrations were up 1.3% while emergency room visits were 71 below budget or 5.0% and outpatient surgeries were below budget for the month by 77 or 48.4%.

The Wound Care program started operations in the middle of the month and will be ramping up quickly over the next 2 to 3 months. In July there were 7 visits, compared to a budget of 50. However, the program was budgeted to open the first of July and we will closely monitor ramp up of this new program each month to ensure its success.

Total gross revenue in July is generally in line with activity. Overall gross revenues were 8.2% below budget, with the inpatient component down 7.5% and outpatient down 9.0%.

The overall Case Mix Index (CMI) in July was 1.25; slightly below last month's of 1.29, and below the FY 2012 average of 1.30. However, there have been significant improvements in the CMI in August.

Overall expenses were $5.59 million in July, $42,000 or 0.8% below budget of $5.63 million. Salaries, temporary agency fees, supplies and purchased services were over budget while benefits were significantly below budget. These variances will be discussed in more detail later in the narrative.

Cash and cash equivalents were $3 million at the end of July down $281,000 from prior month.

Cash collections in July were $4.9 million equal to June's net revenue. Net accounts receivable increased by about $76,000 from prior month and accounts payable and other accrued expenses increased by $385,000 from $8.22 million to $8.61 million. Lastly, the current ratio ended the month at .95 just below the required 1.0 of our bank covenants. The Bank of Alameda has agreed to waive these covenants until the end of 2nd quarter of FY 2013 as will be discussed separately.

ACTIVITY

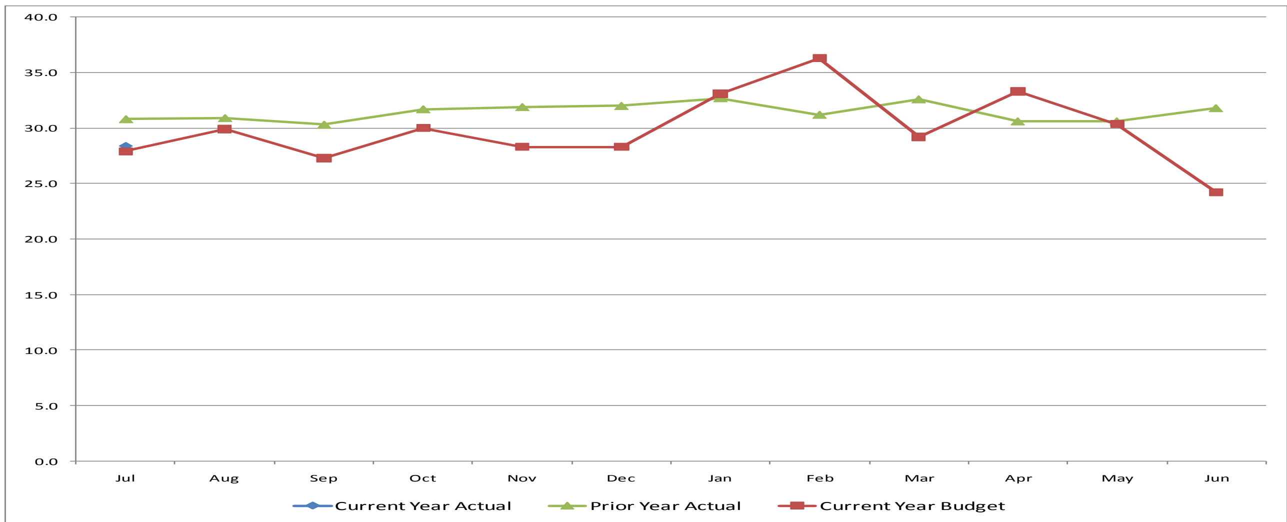
ACUTE, SUBACUTE AND SNF SERVICES

Overall patient days were 1.5% above budget for the month and above July of last year. This month's acute days were down 7.7%, subacute was up 5.5% and skilled nursing was up 8.9%.

July's acute patient days were 74 days (7.7%) lower than budget for the month and 0.8% higher than July 2012. The acute care program is comprised of the Critical Care Unit (4.4 ADC, 1.4% below budget), Telemetry / Definitive Observation Unit (11.8 ADC, 0.3% above budget) and Med/Surg Unit (8.3 ADC or 42.1% lower than budget due to being closed for part of the month).

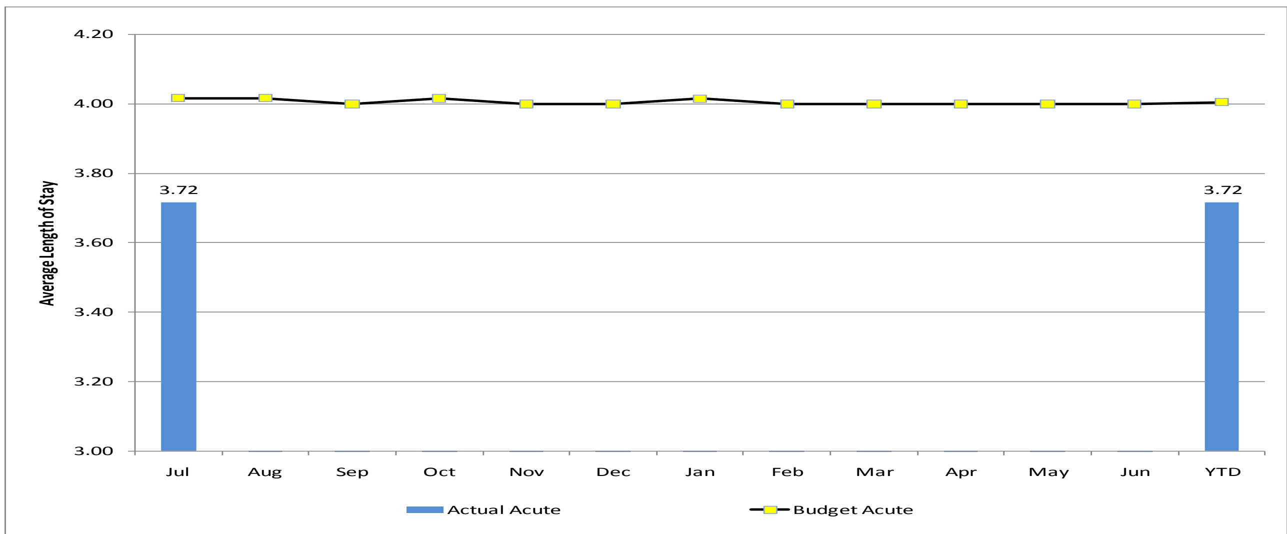
The graph, below, shows the total Average Daily Census (ADC) by month for Fiscal Year 2013 compared to the operating budget and Fiscal Year 2012 actual.

Acute Average Daily Census



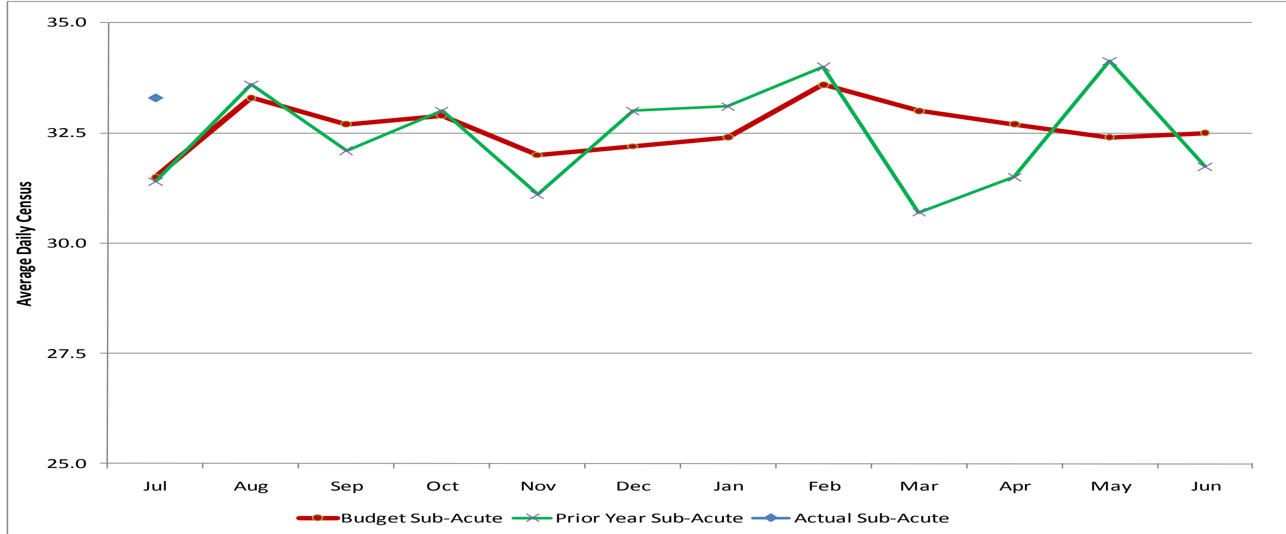
The acute Average Length of Stay (ALOS) decreased slightly from 3.97 in June to 3.72 in July and is below the budget of 4.02. The overall acute ALOS for FY 2012 was 3.89. The graph below shows the ALOS by month compared to the budget.

Acute Average Length of Stay



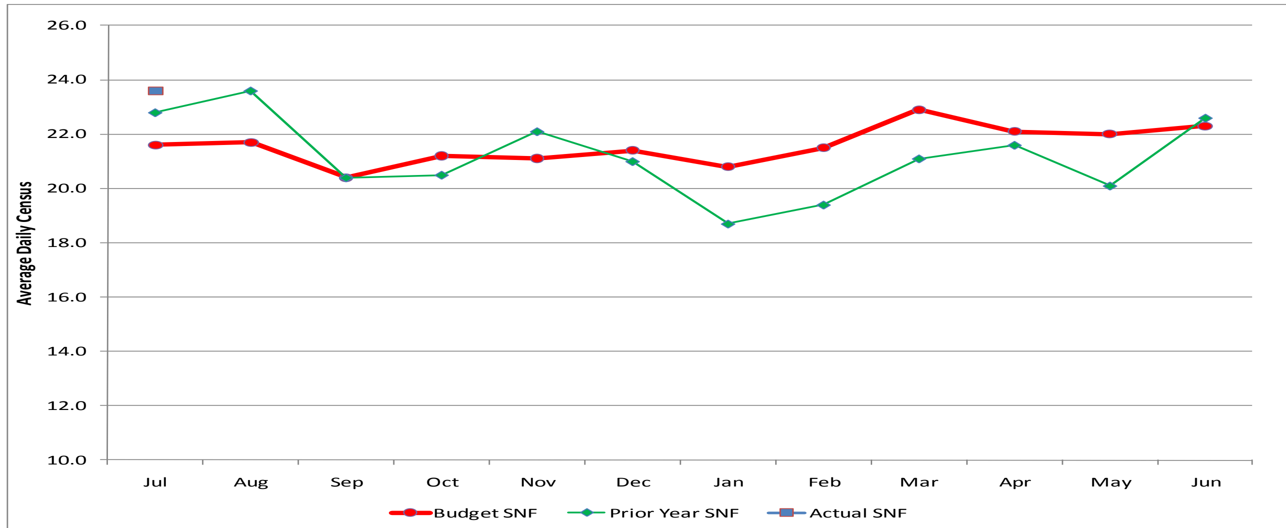
The subacute program average daily census of 33.29 in July was above budgeted projections by1.74 ADC or 5.5%. The graph below shows the Subacute programs average daily census for the current fiscal year as compared to budget and the prior year.

Subacute Average Daily Census



The South Shore ADC was higher than budget by 1.94 or 8.9% for the month of July. The graph below shows the South Shore monthly ADC as compared to budget and the prior year. In July there was a greater number of Medicare A skilled patients (4.5 ADC), which has resulted in a greater number of discharges and net revenue.

Skilled Nursing Average Daily Census

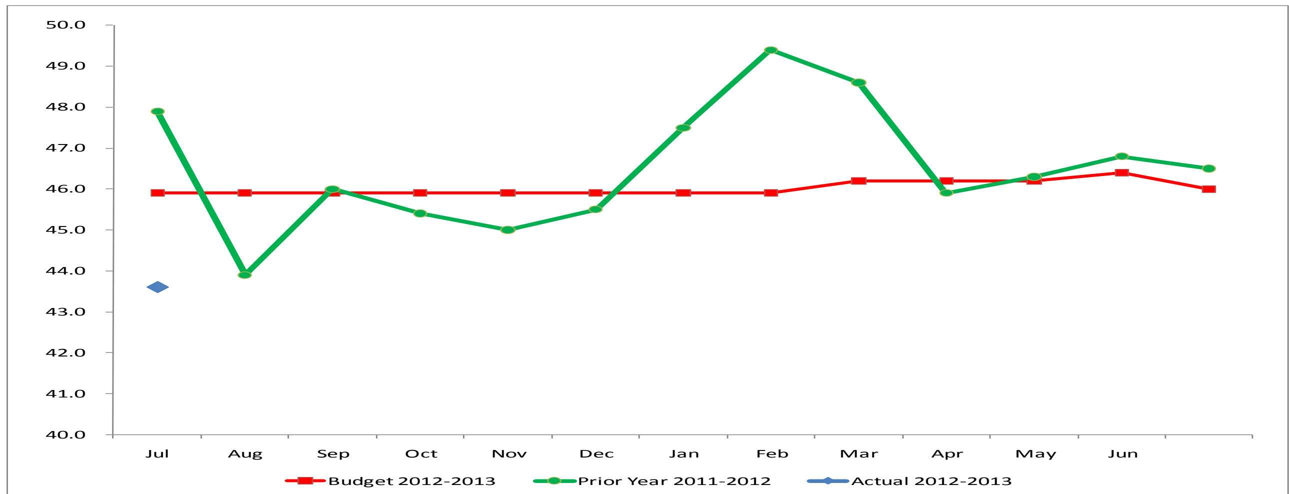


ANCILLARY SERVICES

Outpatient Services

Emergency Care Center (ECC) visits in July were 1,352, 71 visits (5.0%) under the budget of 1,423. Inpatient admission rate from the ECC was 18.5% up slightly over 15.2% in June. On a per day basis, the total visits represent a decrease of 6.83% from the prior month daily average. In July, there were 278 ambulance arrivals versus 235 in the prior month. Of the 278 ambulance arrivals in the current month, 183 or 65.8% were from Alameda Fire Department (AFD).

Emergency Care Visits Per Day



Outpatient registrations were 1,841, or 1.3% above budget. This month Laboratory and Radiology were down 89 and 33 visits respectively. On the other hand visits were up in Physical Therapy (91 visits) and Occupational Therapy (29 visits).

Wound Care started operation in the middle of July and had 7 visits. This program was budgeted to begin the first of July and although it has started later than anticipated, we will be closely monitoring the ramp up of this new program to ensure its success.

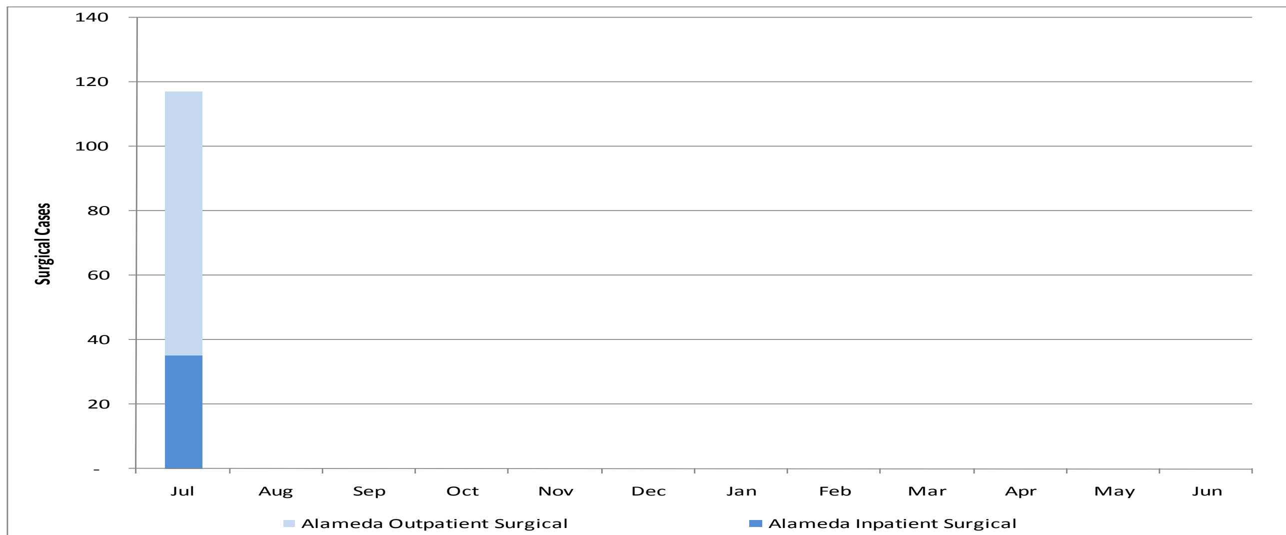
The Hospital is working on terms for a new lab service agreement with an agency that provides reference lab services to many of the long term care facilities in the area. This new agreement will help increase outpatient lab activity and revenue.

Surgery

The surgery cases for July were 117 or 39.4% below the budget of 193 and below last year's case volume of 197. Inpatient cases were above budget by 1 (2.9%) while outpatient cases were 77 (48.4%) below budget. Inpatient and outpatient cases totaled 35 and 82 in July versus 22 and 130 during the prior month. Gastroenterology (GI) is the surgical service area that has seen the most significant decline from budget and prior year. Management is actively pursuing other GI options to restore the needed surgical activity.

The graph below shows the number of inpatient and outpatient surgical cases by month for Fiscal Year 2013.

Surgical Cases



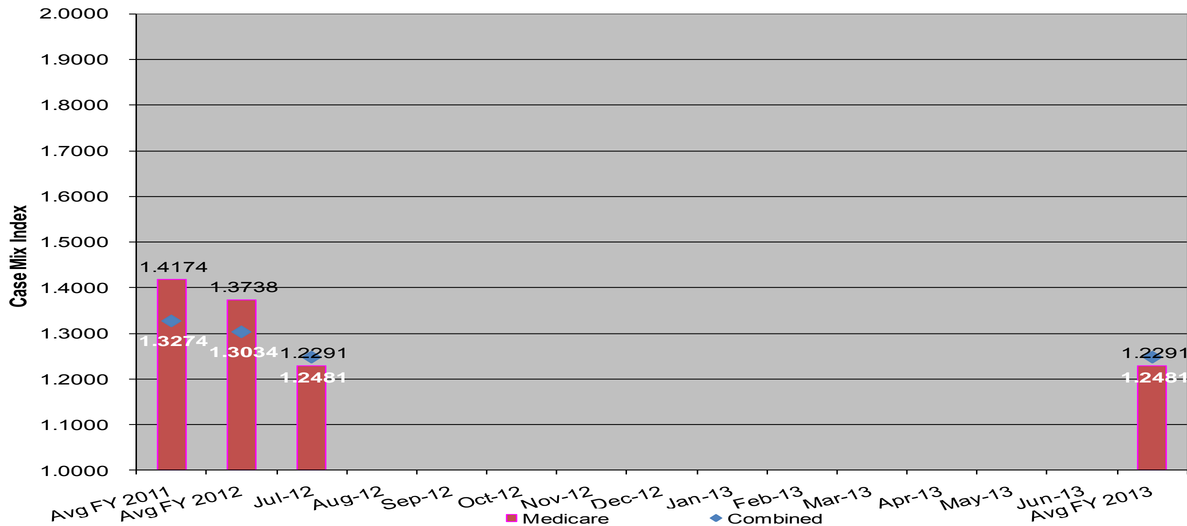
Payer Mix

The Hospital's overall payer mix compared to budget is illustrated below. Note the overall payer mix will change next month with Waters Edge on board as it will weight the payer mix more in favor of Medi-Cal.

	July Actual	July Budget
Medicare	50.3%	50.3%
Medi-Cal	22.5%	22.2%
Managed Care	17.9%	16.0%
Other	2.9%	3.4%
Commerical	0.2%	3.1%
Self-Pay	6.2%	4.9%
Total	100.0%	100.0%

Case Mix Index

The Hospital's overall Case Mix Index (CMI) for July was 1.25, down from the prior month of 1.29, and below July 2011 of 1.34. The Medicare CMI was 1.23 in July, down from 1.44 in June, but is much stronger again in August. The graph below shows the Medicare CMI for the hospital during the current Fiscal Year as compared to the prior two years.

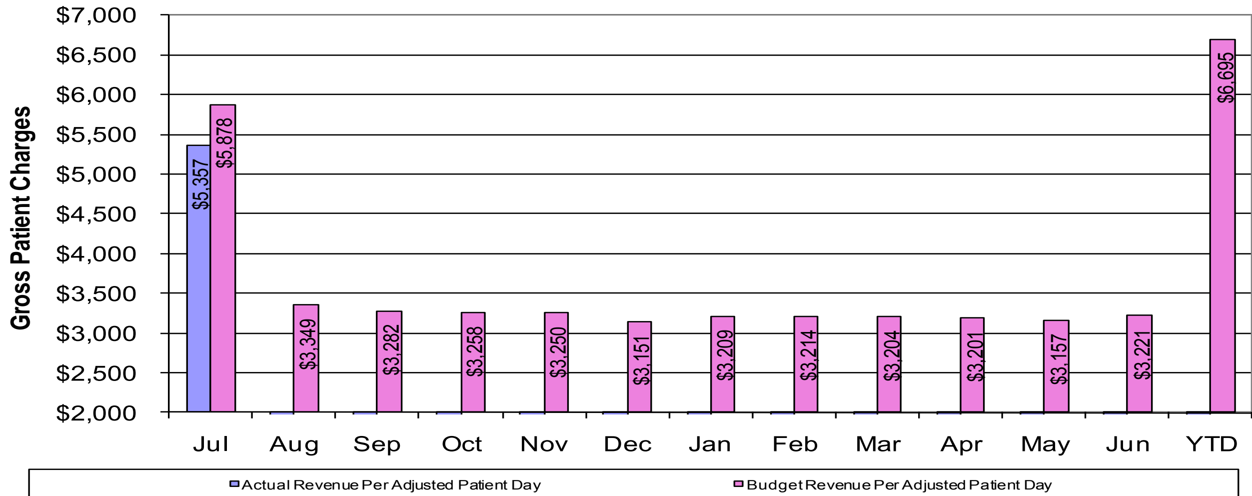


Revenue

Gross patient charges in July were below budget by $1.8 million, or 8.0%. Inpatient revenues were $1.1 million below the budget and outpatient revenues were down $651,000. Acute inpatient days were below budget by 7.7% contributing to the inpatient gross revenue being under budget. Long term care revenue was higher than budget by $135,000.

Outpatient gross revenues were lower than budget by $651,000 (9.0%). Lower volumes in Emergency ($236,000), Imaging ($163,000) and Laboratory ($136,000) were the largest contributors to this variance. We have continued to make improvements in the completeness and accuracy of our ECC revenue cycle process and additional system improvements went into effect August 1, 2012 that will be reflected going forward. The Laboratory is pursuing a new service agreement with a local agency that provides reference lab work for many local long term care facilities. Once finalized, this will enhance the outpatient lab volumes and revenue. Most of the Imaging revenue was down in CT service area which had 17% lower than budget visits. The Director of Diagnostic Imaging is meeting with our referring physician groups to resolve any concerns and to promote these services and capabilities of our PACS system.

On an adjusted patient day basis, total patient revenue was $5,357 below the budget of $5,878 for the month of July but above the June's gross revenue per APD of $5,341. The table below shows the Hospital's monthly gross revenue per adjusted patient day by month and year-to-date for Fiscal Year 2013 compared to budget. Note the overall charges will drop in August when Waters Edge comes on board.



Contractual Allowances

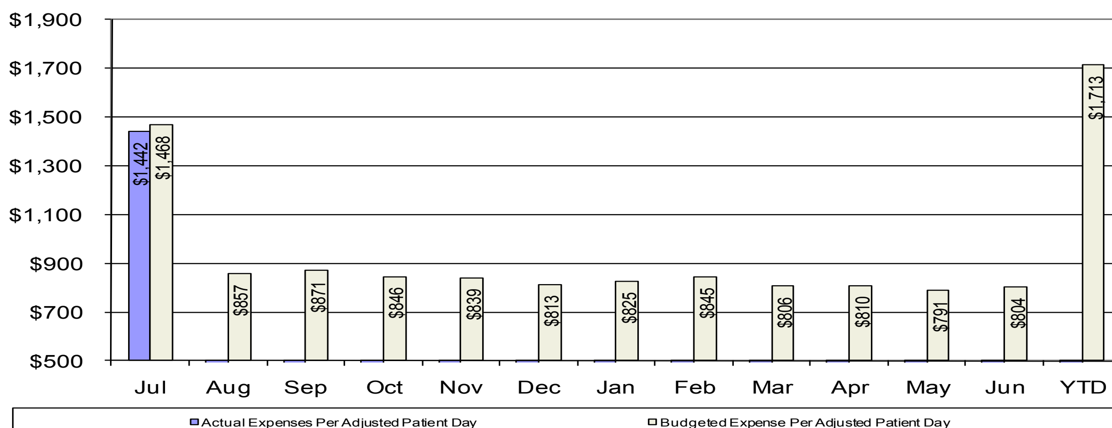
Contractual allowances are computed as deductions from gross patient revenues based on the difference between gross patient charges and the contractually agreed upon rates of reimbursement with third party government-based programs such as Medicare, Medi-Cal and other third party payers such as Blue Cross. A collection ratio of 21.6% was budgeted and 22.8% was realized. The Hospital did realize about $15,000 greater net revenue from South Shore Medicare A activity resulting from higher Medicare A census and higher RUG levels than were budgeted.

Expenses

Total Operating Expenses

Total operating expenses were $5.59 million and lower than the fixed budget by $42,000 or 0.8%. Salaries, temporary agency fees, supplies and purchased services were above budget while benefits were significantly below budget. All other expense categories were very close to budget.

The graph below shows the actual Hospital operating expenses on an adjusted patient day basis for the Fiscal Year 2013 by month as compared to budget. Note that expenses per patient day were under budget.



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 $133,000. As mentioned previously, we made an error on the temporary agency budget and will need to take actions to negate this budget impact throughout the year. The temporary agency budget should be about $1.3 million, or $108,000 per month. Even with this change, agency expense was higher than expected in July and these issues are being addressed with management personnel responsible for managing this expense. During July, we also had a $25,000 increase in overtime and double-time pay which is being discussed with all managers to control this expense going forward. Lastly, the Hospital has added 3 positions in preparation for taking over Waters Edge that are part of the Waters Edge cost center budget effective August 1, 2012. Although Waters Edge did not transition to the Hospital until August 1, we did incur about $28,000 additional salary expense in July. This pre-transition expense should have been budgeted for as well, but will become part of the Waters Edge portion of the budget beginning in August.

Benefits

Benefits were favorable to the fixed budget by $210,000 or 25%. We had budgeted for about a $20,000 per month increase in health benefits. However, over the past couple of months, the claims experience has been very positive. This has not only resulted in a lower claims expense in July, off about $90,000, but has reduced the IBNR calculation which is provided by HealthComp to help us understand what our future liability reserve should be. This reserve estimate has also decreased by about $80,000 as a result of the positive health claims experience. However, we do anticipate that as we proceed through the year, that benefit expense will normalize compared to budget.

Professional Fees

Professional fees which had been running over budget most of the prior year were favorable by $8,000 this month. This will continue to be more in line with budget going forward now that less outside consultants are being used in accounting and consulting and legal fees.

Supplies

Supplies expense was $17,000 higher than budget, primarily due to start-up office and medical supplies in Wound Care. Some of this will be adjusted to inventory in August.

Purchased Services

Purchased services were $50,000 over budget in July. The majority of this variance ($30,000) was for the interim Business Office Manager position which has not yet been filled. This expense was offset in part, by not having the budgeted manager position wages and benefits. Several potential candidates have been interviewed to fill this very important position, but to date the right candidate has not been identified. This remains a top priority for management to get resolved as soon as possible. In addition, collection agency fees were higher than anticipated by about $10,000. In part, this fee coincides with cash collections which totaled $214,000 for the month.

Rents and Leases

Rents and leases were under the fixed budget by $10,000. A portion of this positive variance is attributable to a budgeted new equipment lease for respiratory care equipment not being in place. It is expected that this will come in line with budget in the next couple of months.

Other Operating Expense

Other operating expenses were $13,000 under the fixed budget in July. Both dues and subscriptions and travel/training were under below budget which account for this variance.

Balance Sheet

Total assets decreased by $235,000 from the prior month. The following items make up the decrease in current assets:

- Total unrestricted cash and cash equivalents for July decreased by almost $235,000 and days cash on hand including restricted use funds decreased to17.4 days cash on hand in July from 17.7 days cash on hand in June. Patient collections in July averaged $155,000 per day.

- Net patient accounts receivable increased in July by $76,000. Self pay accounts are being worked through an early-out collection process. The Hospital assigned $8.2 million in self pay accounts older than 180 days to bad debt during July. This bad debt assignment had been reserved for in prior months and did not have an effect on net revenue or net AR in July.

- Days in outstanding receivables were 58.5 at July month end, an increase from June at 55.2 days. Collections in July were $4.9 million compared to $4.8 million in June.

- Prepaids and Other increased by $100,000 for annual fees that will be amortized over the course of the fiscal year.

Overall, total liabilities increased by only $65,000 from prior month. However, there were a couple of changes in accrual and liability activity.

Accounts payable increased by $385,000 in July to $8.61 million which equates to 144 AP Days, up from 128 days in June. AP Days and vendor relations remains one of our top concerns. Once we begin receiving positive cash flow from Waters Edge and other revenue programs, we need to reduce our outstanding vendor balances and days in AP.

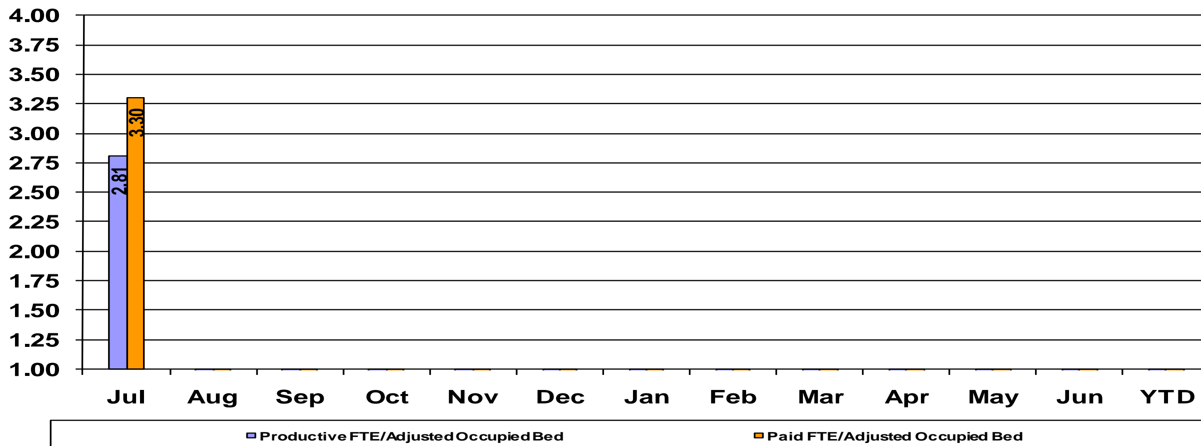
- Payroll related accruals increased by $391,000.

- Deferred revenues decreased by $477,000 due to the recognition of one-twelfth of the 2011/2012 parcel tax revenues and recording $5.7 million for 2012/2013.

Key Statistics

FTE's Per Adjusted Occupied Bed

For the fiscal year end FTE's per Adjusted Occupied Bed were 2.81, above the budget of 2.76 FTE's by 1.6%, and paid FTE's were 3.30 or 2.7% above budget. The graph below shows the productive and paid FTE's per Adjusted Occupied Bed for FY 2013 by month.



Current Ratio

The current ratio for July is 0.95. This is a decrease from last month's ratio of .96. Current ratio needs to be above 1.0 by the end of the 2nd quarter of FY 2013 (December 31, 2012) 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 $6.66 million.

The Bank of Alameda loan committee agreed to waive the loan covenants that we have been in non-compliance with until the end of the 2nd quarter of FY 2013. We will in turn be providing them with monthly financials to closely monitor our progress in achieving the budget objectives set forth in this new Fiscal Year.

A/R days

Net days in net accounts receivable are currently at 58.5. This is up slightly from prior month of 55.2.

Days Cash on Hand

Days cash on hand for July was 17.4. This is a slight decrease from prior month of 17.7. The Hospital needs to conserve as much cash as possible for the next month while Medi-Cal and Palmetto (our Medicare fiscal intermediary) finalize the "tie-in" of the new Waters Edge skilled nursing facility to our current provider number that will allow us to submit claims and be paid. Once we are able to submit claims to Medi-Cal and Medicare, we will release additional needed payments to vendors and physicians.

The following pages include the detailed financial statements for the first (1) month ended July 31, 2012, of Fiscal Year 2013.

ALAMEDA HOSPITAL
KEY STATISTICS
JULY 2012

	ACTUAL JULY 2012	CURRENT FIXED BUDGET	VARIANCE (UNDER) OVER	%	JULY 2011	YTD JULY 2012	YTD FIXED BUDGET	VARIANCE	%	YTD JULY 2011
Discharges:										
Total Acute	237	238	(1)	-0.3%	224	237	238	(1)	-0.3%	224
Total Sub-Acute	2	2	-	0.0%	2	2	2	-	0.0%	2
Total Skilled Nursing	5	7	(2)	-28.6%	7	5	7	(2)	-28.6%	7
	244	247	(3)	-1.1%	233	244	247	(3)	-1.1%	233
Patient Days:										
Total Acute	881	955	(74)	-7.7%	866	881	955	(74)	-7.7%	866
Total Sub-Acute	1,032	978	54	5.5%	973	1,032	978	54	5.5%	973
Total Skilled Nursing	731	671	60	8.9%	706	731	671	60	8.9%	706
	2,644	2,604	40	1.5%	2,545	2,644	2,604	40	1.5%	2,545
Average Length of Stay										
Total Acute	3.72	4.02	(0.30)	-7.5%	3.87	3.72	4.02	(0.30)	-7.5%	3.87
Average Daily Census										
Total Acute	28.42	30.81	(2.39)	-7.7%	27.94	28.42	30.81	(2.39)	-7.7%	27.94
Total Sub-Acute	33.29	31.55	1.74	5.5%	31.39	33.29	31.55	1.74	5.5%	31.39
Total Skilled Nursing	23.58	21.65	1.94	8.9%	22.77	23.58	21.65	1.94	8.9%	22.77
	85.29	84.00	1.29	1.5%	82.10	85.29	84.00	(0.65)	-0.8%	82.10
Emergency Room Visits	1,352	1,423	(71)	-5.0%	1,485	1,352	1,423	(71)	-5.0%	1,485
Outpatient Registrations	1,841	1,818	23	1.3%	1,775	1,841	1,818	23	1.3%	1,775
Surgery Cases:										
Inpatient	35	34	1	2.9%	33	35	34	1	2.9%	33
Outpatient	82	159	(77)	-48.4%	164	82	159	(77)	-48.4%	164
	117	193	(76)	-39.4%	197	117	193	(76)	-39.4%	197
Adjusted Occupied Bed (AOB)	125.11	126.35	(1.24)	-1.0%	124.19	125.11	126.35	(1.24)	-1.0%	124.19
Productive FTE	351.03	348.91	2.12	0.6%	335.55	351.03	348.91	2.12	0.6%	335.55
Total FTE	412.64	405.81	6.83	1.7%	394.19	412.64	405.81	6.83	1.7%	394.19
Productive FTE/Adj. Occ. Bed	2.81	2.76	0.04	1.6%	2.70	2.81	2.76	0.04	1.6%	2.70
Total FTE/ Adj. Occ. Bed	3.30	3.21	0.09	2.7%	3.17	3.30	3.21	0.09	2.7%	3.17

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

	Current Month	Prior Month	Prior Year End
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 3,032,212	$ 3,313,385	$ 3,313,385
Patient Accounts Receivable, net	8,911,003	8,835,256	8,835,256
Other Receivables	6,536,740	6,462,932	6,462,932
Third-Party Payer Settlement Receivables	22,897	214,363	214,363
Inventories	965,566	990,056	990,056
Prepaids and Other	362,549	263,419	263,419
Total Current Assets	19,830,967	20,079,411	20,079,411
Assets Limited as to Use, net	73,113	64,183	64,183
Fixed Assets			
Land	877,945	877,945	877,945
Depreciable capital assets	43,433,948	43,405,170	43,405,170
Construction in progress	4,378,434	4,337,208	4,337,208
Depreciation	(39,736,159)	(39,670,499)	(39,670,499)
Property, Plant and Equipment, net	8,954,168	8,949,824	8,949,824
Total Assets	**$ 28,858,248**	**$ 29,093,418**	**$ 29,093,418**
Liabilities and Net Assets			
Current Liabilities:			
Current Portion of Long Term Debt	$ 1,297,471	$ 1,472,605	$ 1,472,605
Accounts Payable and Accrued Expenses	8,605,669	8,220,804	8,220,804
Payroll Related Accruals	4,712,932	4,321,671	4,321,671
Deferred Revenue	5,249,221	5,726,305	5,726,305
Employee Health Related Accruals	610,986	691,942	691,942
Third-Party Payer Settlement Payable	365,170	439,170	439,170
Total Current Liabilities	20,841,449	20,872,497	20,872,497
Long Term Debt, net	1,356,920	1,260,917	1,260,917
Total Liabilities	22,198,369	22,133,414	22,133,414
Net Assets:			
Unrestricted	6,376,765	6,685,821	6,685,821
Temporarily Restricted	283,113	274,183	274,183
Total Net Assets	6,659,878	6,960,004	6,960,004
Total Liabilities and Net Assets	**$ 28,858,248**	**$ 29,093,418**	**$ 29,093,418**

City of Alameda Health Care District

Statements of Operations

July 31, 2012

$'s in thousands

	Current Month					Year-to-Date				
	Actual	Budget	$ Variance	% Variance	Prior Year	Actual	Budget	$ Variance	% Variance	Prior Year
Patient Days	2,644	2,604	40	1.5%	2,545	2,644	2,604	40	1.5%	2,545
Discharges	244	247	(3)	-1.1%	233	244	247	(3)	-1.2%	233
ALOS (Average Length of Stay)	10.84	10.55	0.28	2.7%	10.92	10.84	10.54	0.29	2.8%	10.92
ADC (Average Daily Census)	85.3	84.0	1.29	1.5%	82.1	85.3	84.0	1.29	1.5%	82.1
CMI (Case Mix Index)	1.2481				1.3368	1.2481				1.3368
Revenues										
Gross Inpatient Revenues	$ 14,163	$ 15,307	$ (1,144)	-7.5%	$ 14,176	$ 14,163	$ 15,307	$ (1,144)	-7.5%	$ 14,176
Gross Outpatient Revenues	6,612	7,263	(651)	-9.0%	7,343	6,612	7,263	(651)	-9.0%	7,343
Total Gross Revenues	20,776	22,570	(1,795)	-8.0%	21,518	20,776	22,570	(1,795)	-8.0%	21,518
Contractual Deductions	15,088	16,808	1,721	10.2%	16,266	15,088	16,808	1,721	10.2%	16,266
Bad Debts	818	722	(96)	-13.3%	337	818	722	(96)	-13.3%	337
Charity and Other Adjustments	124	175	51	29.1%	265	124	175	51	29.1%	265
Net Patient Revenues	4,746	4,865	(119)	-2.4%	4,650	4,746	4,865	(119)	-2.4%	4,650
Net Patient Revenue %	22.8%	21.6%			21.6%	22.8%	21.6%			21.6%
Net Clinic Revenue	39	42	(3)	-6.3%	35	39	42	(3)	-6.3%	35
Other Operating Revenue	6	50	(44)	-87.5%	6	6	50	(44)	-87.5%	6
Total Revenues	**4,792**	**4,957**	**(166)**	-3.3%	**4,692**	**4,792**	**4,957**	**(166)**	-3.3%	**4,692**
Expenses										
Salaries	3,007	2,972	(35)	-1.2%	2,877	3,007	2,972	(35)	-1.2%	2,877
Temporary Agency	154	57	(98)	-172.7%	111	154	57	(98)	-172.7%	111
Benefits	630	841	210	25.0%	760	630	841	210	25.0%	760
Professional Fees	335	343	8	2.2%	314	335	343	8	2.2%	314
Supplies	648	630	(17)	-2.8%	613	648	630	(17)	-2.8%	613
Purchased Services	459	409	(50)	-12.3%	321	459	409	(50)	-12.3%	321
Rents and Leases	115	126	10	8.3%	87	115	126	10	8.3%	87
Utilities and Telephone	67	72	5	7.1%	68	67	72	5	7.1%	68
Insurance	34	28	(6)	-21.3%	25	34	28	(6)	-21.3%	25
Depreciation and amortization	66	68	2	3.4%	77	66	68	2	3.4%	77
Other Opertaing Expenses	79	92	13	14.2%	66	79	92	13	14.2%	66
Total Expenses	**5,594**	**5,636**	**42**	0.8%	**5,319**	**5,594**	**5,636**	**42**	0.8%	**5,319**
Operating gain (loss)	**(802)**	**(679)**	**(123)**	-18.2%	**(627)**	**(802)**	**(679)**	**(123)**	18.2%	**(627)**
Non-Operating Income / (Expense)										
Parcel Taxes	477	500	(23)	-4.6%	478	477	500	(23)	-4.6%	478
Investment Income	2	-	2	0.0%	0	2	-	2	0.0%	0
Interest Expense	(13)	(8)	(5)	-57.6%	(10)	(13)	(8)	(5)	57.6%	(10)
Other Income / (Expense)	27	15	12	82.8%	23	27	15	12	82.8%	23
Net Non-Operating Income / (Expense)	**493**	**507**	**(14)**	**-2.7%**	**491**	**493**	**507**	**(14)**	**-2.7%**	**491**
Excess of Revenues Over Expenses	**$ (309)**	**$ (172)**	**$ (137)**	**79.6%**	**$ (136)**	**$ (309)**	**$ (172)**	**$ (137)**	**79.6%**	**$ (136)**

City of Alameda Health Care District

Statements of Operations - Per Adjusted Patient Day

July 31, 2012

	Current Month					Year-to-Date				
	Actual	Budget	$ Variance	% Variance	Prior Year	Actual	Budget	$ Variance	% Variance	Prior Year
Revenues										
Gross Inpatient Revenues	$ 3,652	$ 3,987	$ (335)	-8.4%	$ 3,669	$ 3,652	$ 3,987	$ (335)	-8.4%	$ 3,669
Gross Outpatient Revenues	1,705	1,892	(187)	-9.9%	1,901	1,705	1,892	(187)	-9.9%	1,901
Total Gross Revenues	5,357	5,878	(521)	-8.9%	5,570	5,357	5,878	(521)	-8.9%	5,570
Contractual Deductions	3,890	4,378	487	11.1%	4,210	3,890	4,378	487	11.1%	4,210
Bad Debts	211	188	(23)	-12.2%	87	211	188	(23)	-12.2%	87
Charity and Other Adjustments	32	46	14	29.8%	69	32	46	14	29.8%	69
Net Patient Revenues	1,224	1,267	(43)	-3.4%	1,204	1,224	1,267	(43)	-3.4%	1,204
Net Patient Revenue %	22.8%	21.6%			21.6%	22.8%	21.6%			21.6%
Net Clinic Revenue	10	11	(1)	-7.2%	9	10	11	(1)	-7.2%	9
Other Operating Revenue	2	13	(11)	-87.7%	2	2	13	(11)	-87.7%	2
Total Revenues	**1,235**	**1,291**	**(56)**	-4.3%	**1,214**	**1,236**	**1,291**	**(56)**	-4.3%	**1,214**
Expenses										
Salaries	775	774	(1)	-0.2%	745	775	774	(1)	-0.2%	745
Temporary Agency	40	15	(25)	-170.0%	29	40	15	(25)	-170.0%	29
Benefits	163	219	56	25.8%	197	163	219	56	25.8%	197
Professional Fees	86	89	3	3.2%	81	86	89	3	3.2%	81
Supplies	167	164	(3)	-1.7%	159	167	164	(3)	-1.7%	159
Purchased Services	118	106	(12)	-11.2%	83	118	106	(12)	-11.2%	83
Rents and Leases	30	33	3	9.2%	23	30	33	3	9.2%	23
Utilities and Telephone	17	19	2	8.0%	18	17	19	2	8.0%	18
Insurance	9	7	(1)	-20.1%	6	9	7	(1)	-20.1%	6
Depreciation and Amortization	17	18	1	4.4%	20	17	18	1	4.4%	20
Other Operating Expenses	20	23	3	13.8%	17	20	24	4	15.1%	17
Total Expenses	**1,442**	**1,468**	**25**	1.7%	**1,377**	**1,442**	**1,468**	**26**	1.7%	**1,377**
Operating Gain / (Loss)	**(207)**	**(176)**	**(30)**	-17.2%	**(162)**	**(207)**	**(177)**	**(30)**	17.0%	**(162)**
Non-Operating Income / (Expense)										
Parcel Taxes	123	130	(7)	-5.5%	124	123	130	(7)	-5.5%	124
Investment Income	0	-	0	0.0%	0	0	-	0	0.0%	0
Interest Expense	(3)	(2)	(1)	-56.0%	(3)	(3)	(2)	(1)	56.0%	(3)
Other Income / (Expense)	7	4	3	81.0%	6	7	4	3	81.0%	6
Net Non-Operating Income / (Expense)	**127**	**132**	**(5)**	**-3.6%**	**127**	**127**	**132**	**(5)**	**-3.6%**	**127**
Excess of Revenues Over Expenses	**$ (80)**	**$ (44)**	**$ (35)**	79.3%	**$ (35)**	**$ (79)**	**$ (45)**	**$ (35)**	78.2%	**$ (35)**

City of Alameda Health Care District
Statement of Cash Flows
For the One Month Ended July 31, 2012

	Current Month	Year-to-Date
Cash flows from operating activities		
Net Income / (Loss)	$ (308,799)	$ (308,799)
Items not requiring the use of cash:		
Depreciation and amortization	65,660	$ 65,660
Write-off of Kaiser liability	-	$ -
Changes in certain assets and liabilities:		
Patient accounts receivable, net	(75,747)	(75,747)
Other Receivables	(73,808)	(73,808)
Third-Party Payer Settlements Receivable	117,466	117,466
Inventories	24,490	24,490
Prepaids and Other	(99,130)	(99,130)
Accounts payable and accrued liabilities	384,865	384,865
Payroll Related Accruals	391,261	391,261
Employee Health Plan Accruals	(80,956)	(80,956)
Deferred Revenues	(477,084)	(477,084)
Cash provided by (used in) operating activities	(131,782)	(131,782)
Cash flows from investing activities		
(Increase) Decrease in Assets Limited As to Use	(8,930)	(8,930)
Additions to Property, Plant and Equipment	(70,004)	(70,004)
Other	(257)	(257)
Cash provided by (used in) investing activities	(79,190)	(79,191)
Cash flows from financing activities		
Net Change in Long-Term Debt	(79,131)	(79,131)
Net Change in Restricted Funds	8,930	8,930
Cash provided by (used in) financing and fundraising activities	(70,201)	(70,201)
Net increase (decrease) in cash and cash equivalents	(281,174)	(281,174)
Cash and cash equivalents at beginning of period	3,313,385	3,313,385
Cash and cash equivalents at end of period	$ 3,032,211	$ 3,032,211

City of Alameda Health Care District
Ratio's Comparison

Financial Ratios	Audited Results		Unaudited Results		
	FY 2009	FY 2010	FY 2011	YTD 6/30/2012	YTD 7/31/2013
Profitability Ratios					
Net Patient Revenue (%)	22.69%	24.16%	23.58%	22.73%	22.85%
Earnings Before Depreciation, Interest, Taxes and Amortization (EBITA)	3.62%	4.82%	-1.01%	-1.48%	-1.48%
EBIDAP[Note 5]	-5.49%	-3.66%	-13.41%	-11.22%	-14.77%
Total Margin	1.03%	2.74%	-2.61%	-3.21%	-6.44%
Liquidity Ratios					
Current Ratio	1.15	1.23	1.05	0.96	0.95
Days in accounts receivable ,net	57.26	51.83	46.03	55.21	58.20
Days cash on hand (with restricted)	13.6	21.6	14.1	17.7	17.4
Debt Ratios					
Cash to Debt	115.3%	249.0%	123.3%	123.56%	116.99%
Average pay period (includes payroll)	58.03	57.11	62.68	72.94	77.93
Debt service coverage	3.87	5.98	(0.70)	(0.53)	(0.18)
Long-term debt to fund balance	0.20	0.14	0.18	0.28	0.28
Return on fund balance	8.42%	18.87%	-19.21%	-27.35%	-4.64%
Debt to number of beds	13,481	10,482	11,515	16,978	16,978

City of Alameda Health Care District
Ratio's Comparison

Financial Ratios	Audited Results		Unaudited Results		
	FY 2009	FY 2010	FY 2011	YTD 6/30/2012	YTD 7/31/2013
Patient Care Information					
Bed Capacity	161	161	161	161	161
Patient days(all services)	30,463	30,607	30,270	30,448	2,644
Patient days (acute only)	11,787	10,579	10,443	10,880	881
Discharges(acute only)	2,812	2,802	2,527	2,799	237
Average length of stay (acute only)	4.19	3.78	4.13	3.89	3.72
Average daily patients (all sources)	83.46	83.85	82.93	83.19	85.29
Occupancy rate (all sources)	52.94%	52.08%	51.51%	51.67%	52.98%
Average length of stay	4.19	3.78	4.13	3.89	3.72
Emergency Visits	17,337	17,624	16,816	16,964	1,352
Emergency visits per day	47.50	48.28	46.07	46.35	43.61
Outpatient registrations per day[Note 1]	82.05	79.67	65.19	60.67	59.39
Surgeries per day - Total	16.12	13.46	6.12	6.12	3.77
Surgeries per day - excludes Kaiser	5.14	5.32	6.12	6.12	3.77

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 insruments.
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: August 29, 2012

For: September 5, 2012 District Board Meeting

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

From: Deborah E. Stebbins, Chief Executive Officer
Kristen Thorson, District Clerk

Subject: Approval of Administrative Policy and Procedure: No. 3 – Role and Scope of Services

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Recommendation:

Management requests approval of the following Administrative Policy and Procedure, No. 3 – Role and Scope of Services as attached.

Background:

The Joint Commission tri-annual accreditation survey is scheduled for Spring, 2013. In preparation for this survey, the hospital has begun its review of all Administrative Policies and Procedures. All policies and procedures will be brought to the Board of Directors for approval over the next 4-8 months.

This policy is being combined with No. 9 – Administrative Organizational Chart and defines the role and scope of services of the City of Alameda Health Care District d.b.a. Alameda Hospital and sets the framework for a well-managed organization with clear lines of responsibility and accountability.

This policy complies with the Joint Commission Leadership Standard (LD.01.01.01 - LD.01.07.01) and corresponding Elements of Performance which requires that the hospital has a leadership structure and that the governing body is ultimately accountable for the safety and quality of care, treatment, and services and specifically that the governing body approves the written scope of services.

Policy is attached for your review.

CITY OF ALAMEDA HEALTH CARE DISTRICT
ADMINISTRATIVE POLICY & PROCEDURE
No. 3

TITLE: Role and Scope of Services

PURPOSE: To define the Role and Scope of Services of the City of Alameda Health Care District d.b.a. Alameda Hospital and to set the framework for a well-managed organization with clear lines of responsibility and accountability.

SCOPE: Organization wide.

POLICY:

Role:

The role of the City of Alameda Health Care District | Alameda Hospital is to provide general acute care, emergency services and selected long-term care services to the residents of Alameda, as well as, to the conjoining East Bay communities.

It is recognized that having an Emergency Department on the island is important to the community and the hospital takes pride in maintaining the shortest “door to doctor” time in the East Bay.

Scope of Services:

As provided under Joint Commission Standards, the governing body shall approve the hospital’s scope of services.

Alameda Hospital is licensed as a 281-bed general acute care hospital that provides the following inpatient, ancillary/outpatient, long term care and community based services as defined by but not limited to the State of California Department of Public Health Licensing and Certification (See Attachment A).

Alphabetical List
Ambulatory | Surgical Services
Asian Health Outreach Program
Cardiology Services
Clinical Laboratory
Community Clinic [1206(b)]
Community Wellness Programs
Critical Care Unit / Coronary Care Unit (CCU)
Diagnostic Imaging
Emergency Care Center (ECC)

Infusion Services
Medical | Surgical Unit
Nutrition and Food Services
Pulmonary and Respiratory Care
Rehabilitation | Physical Therapy Services
Skilled Nursing Units
    Alameda Hospital at South Shore
    Alameda Hospital at Waters Edge
Stroke Services
Subacute Unit
Telemetry Unit

Alameda Hospital participates in the Medicare and Medi-Cal programs and accepts most private health insurance plans. In addition, the hospital has a charity care policy that provides substantial benefit to the community it serves.

Leadership for Scope of Services:

The services provided by the District | Hospital are directed by leadership with clearly defined responsibilities. These groups are identified but not limited to the governing board, senior/executive management, management, medical staff and clinical staff as identified on the attached organizational chart (See Attachment B). These leadership responsibilities directly affect the provision of care, treatment, and services, as well as the day-to-day operations of the hospital. In some cases, these responsibilities will be shared among leadership groups, and in other cases, a particular leader or leadership group has primary responsibility.

Approval / Review Path	Management Team, Administration, District Board

Note: September 2012 – Combined Policy No. 3 (Role and Scope of Services) and No. 9 (Organizational Chart) into one policy.

City of Alameda Health Care District Policy No. 3		
Action:	**Date:**	**By:**
Created	07/12	Administration
Reviewed/ Revised	08/12	Management Team
Approvals	N/A	MEC
	08/12	Administration
	09/12	District Board

Historical Review Path:

City of Alameda Health Care District Policy No. 9		
Action:	**Date:**	**By:**
Created	10/03	Administration
Reviewed/ Revised	02/05, 09/06, 09/07, 01/08, 03/08, 12/08, 07/09	Management Team
Approvals	N/A	MEC
	02/05, 09/06, 09/07, 01/08, 03/08, 12/08, 09/09, 12/10, 02/11, 09/11, 12/11, 02/12, 04/12	Administration
	10/04, 09/06, 03/08, 12/08, 09/09	District Board

City of Alameda Health Care District Policy No. 3		
Action:	**Date:**	**By:**
Created	02/00	Administration
Reviewed/ Revised	07/00, 09/06, 07/09	Management Team
Approvals	N/A	MEC
	07/00, 09/06, 08/09	Administration
	07/00, 09/06, 09/09	District Board

ATTACHMENT A

License: 140000002
Effective: 08/01/2012
Expires: 10/31/2012
Licensed Capacity: 281

State of California
Department of Public Health

In accordance with applicable provisions of the Health and Safety Code of California and its rules and regulations, the Department of Public Health hereby issues

this License to

City of Alameda Health Care District

to operate and maintain the following **General Acute Care Hospital**

ALAMEDA HOSPITAL
2070 Clinton Ave
Alameda, CA 94501-4399

Bed Classifications/Services
100 General Acute Care
8 Coronary Care
8 Intensive Care
84 Unspecified General Acute Care
35 Skilled Nursing (D/P)

Other Approved Services
Basic Emergency
Mobile Unit - MRI
Nuclear Medicine
Outpatient Services at Kate Creedon Center for Advanced Wound Care, 815 Atlantic Avenue, , Suite 100, Alameda
Physical Therapy
Respiratory Care Services

Alameda Hospital at Waters Edge
2401 Blanding Ave
Alameda, CA 94501-1503

Bed Classifications/Services
120 Skilled Nursing

Alameda Hospital - South Shore Convalescent
625 Willow St
Alameda, CA 94501-5711

Bed Classifications/Services
26 Skilled Nursing

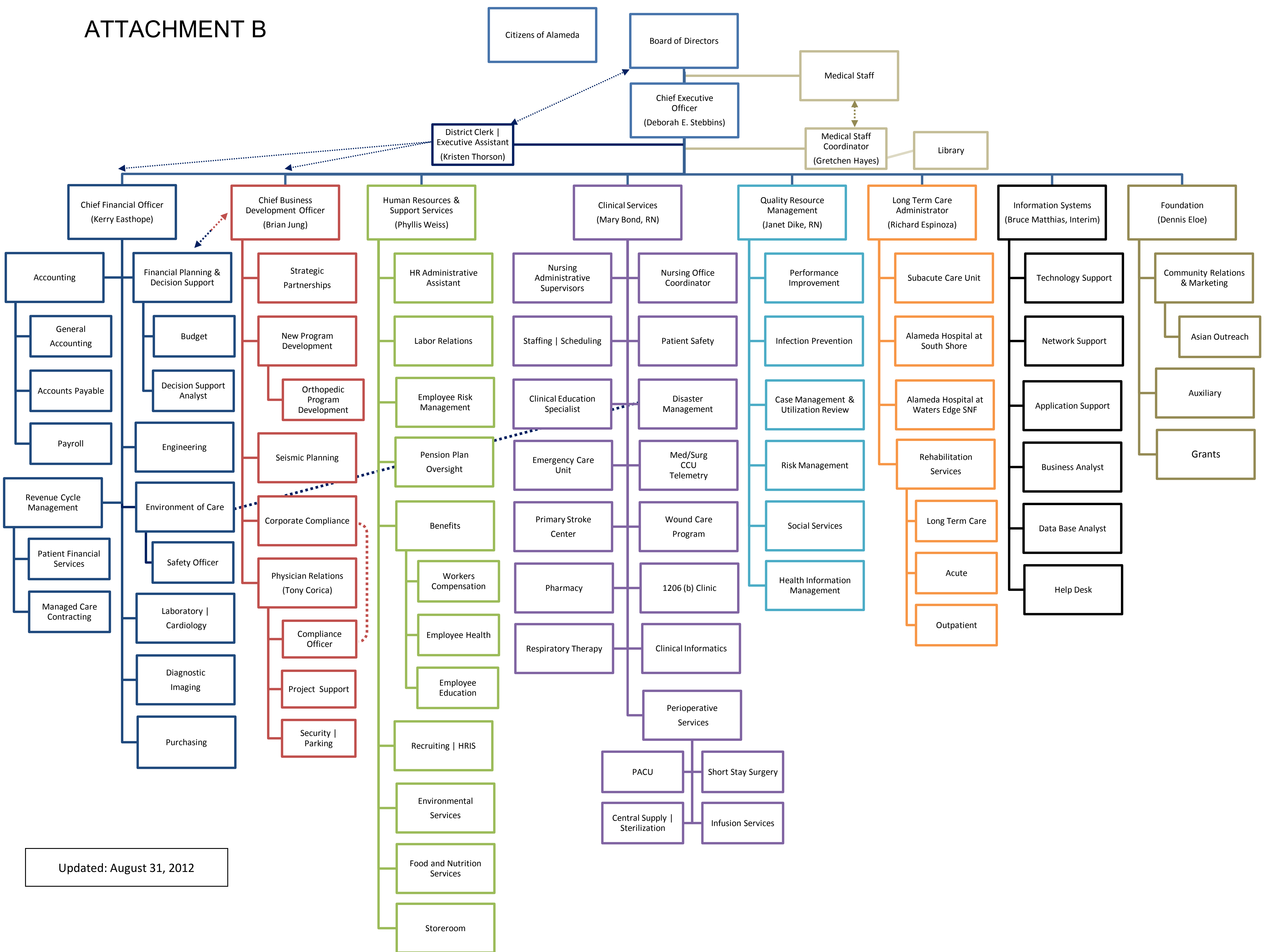
This **LICENSE** is not transferable and is granted solely upon the following conditions, limitations and comments:
30 General Acute Care beds suspended from 11/01/2011 to 10/31/2012. 22 beds located on the 2nd floor, South building, room numbers 2100-2121.
8 beds located on the 2nd floor, West building, room numbers 2241-2247.
Cardius 3XPO portable nuclear cardiac imaging equipment in Nuclear Medicine.

Ron Chapman, MD, MPH
Director & State Health Officer

John Carlson, Acting District Manager

Refer Complaints regarding these facilities to: The California Department of Public Health, Licensing and Certification, East Bay District Office, 850 Marina Bay Parkway, Building P, 1st FloorRichmond, CA 948046403, (510)620-3900

POST IN A PROMINENT PLACE



ATTACHMENT B
Citizens of Alameda
Board of Directors
Medical Staff
Chief Executive Officer
(Deborah E. Stebbins)
District Clerk | Executive Assistant
(Kristen Thorson)
Medical Staff Coordinator
(Gretchen Hayes)
Library
Chief Financial Officer
(Kerry Easthope)
Chief Business Development Officer
(Brian Jung)
Human Resources & Support Services
(Phyllis Weiss)
Clinical Services
(Mary Bond, RN)
Quality Resource Management
(Janet Dike, RN)
Long Term Care Administrator
(Richard Espinoza)
Information Systems
(Bruce Matthias, Interim)
Foundation
(Dennis Eloe)
Accounting
General Accounting
Accounts Payable
Payroll
Revenue Cycle Management
Patient Financial Services
Managed Care Contracting
Financial Planning & Decision Support
Budget
Decision Support Analyst
Engineering
Environment of Care
Safety Officer
Laboratory | Cardiology
Diagnostic Imaging
Purchasing
Strategic Partnerships
New Program Development
Orthopedic Program Development
Seismic Planning
Corporate Compliance
Physician Relations
(Tony Corica)
Compliance Officer
Project Support
Security | Parking
HR Administrative Assistant
Labor Relations
Employee Risk Management
Pension Plan Oversight
Benefits
Workers Compensation
Employee Health
Employee Education
Recruiting | HRIS
Environmental Services
Food and Nutrition Services
Storeroom
Nursing Administrative Supervisors
Nursing Office Coordinator
Staffing | Scheduling
Patient Safety
Clinical Education Specialist
Disaster Management
Emergency Care Unit
Med/Surg CCU Telemetry
Primary Stroke Center
Wound Care Program
Pharmacy
1206 (b) Clinic
Respiratory Therapy
Clinical Informatics
Perioperative Services
PACU
Short Stay Surgery
Central Supply | Sterilization
Infusion Services
Performance Improvement
Infection Prevention
Case Management & Utilization Review
Risk Management
Social Services
Health Information Management
Subacute Care Unit
Alameda Hospital at South Shore
Alameda Hospital at Waters Edge SNF
Rehabilitation Services
Long Term Care
Acute
Outpatient
Technology Support
Network Support
Application Support
Business Analyst
Data Base Analyst
Help Desk
Community Relations & Marketing
Asian Outreach
Auxiliary
Grants
Updated: August 31, 2012

Date: August 29, 2012

For: September 5, 2012 District Board Meeting

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

From: Deborah E. Stebbins, Chief Executive Officer
Kristen Thorson, District Clerk

Subject: Approval of Administrative Policy and Procedure: No. 91 – Role and Scope of Services

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Recommendation:

Management requests approval of the following Administrative Policy and Procedure, No. 9 – Governing Board Responsibilities as attached.

Background:

The Joint Commission tri-annual accreditation survey is scheduled for Spring, 2013. In preparation for this survey, the hospital has begun its review of all Administrative Policies and Procedures. All policies and procedures will be brought to the Board of Directors for approval over the next 4-8 months.

This policy complies with the Joint Commission Leadership Standards (LD.01.01.01 - LD.01.07.01) and corresponding Elements of Performance which requires that the governing body defines in writing its responsibilities.

Policy is attached for your review.

CITY OF ALAMEDA HEALTH CARE DISTRICT
ADMINISTRATIVE POLICY & PROCEDURE
No. 91

TITLE: Governing Body Responsibilities

PURPOSE: To define the role and responsibilities of the governing Board of the City of Alameda Health Care District

SCOPE: Hospital Wide

POLICY:

The City of Alameda Health Care District d.b.a. Alameda Hospital is governed by a five (5) person Board of Directors. The members of the Board are elected by the registered voters of the City of Alameda. Each Board member serves elected terms of a maximum of four (4) years. In the event a Board position becomes open due to resignation, death or removal from office, the Board of Directors may appoint a Board member to complete the remaining term of the Board member who has left the Board according to the procedures defined in the District.

The Board of Directors, with the technical assistance and advice of the hospital staff, shall do the following:

1. Provide appropriate physical resources and personnel required to meet the needs of the patients and participate in planning to meet the health needs of the patients and the community. A quality control and performance improvement mechanism should be established that includes as an integral part thereof a patient safety, risk management component and an infection control program.

2. Formulate short-range and long-range plans for the development of the Hospital.

3. Take all reasonable steps to conform to all applicable Federal, State and local laws and regulations.

4. Provide for the control and use of the physical and financial resources of the Hospital.

5. Review the annual audit of the financial operations of the Hospital.

6. Utilize the advice of the medical staff in granting and defining the scope of clinical privileges to individuals. When the governing body does not concur in the medical staff recommendation regarding the clinical privileges of an individual, there should be a review of the recommendation by a joint committee of the medical staff and governing body before a final decision is reached by the governing body.

7. Require that applicants be informed of the disposition of their application for medical staff membership or clinical privileges, or both, within a reasonable period of time after their application has been submitted.

8. Require that all the medical staff bylaws, rules, and regulations be approved by the governing body. Such approval shall not be withheld unreasonably.

9. Delegate to the medical staff the authority to evaluate the professional competence of staff members and applicants for staff privileges and hold the medical staff responsible for recommending initial staff appointments, reappointments, and assignments or curtailments of privileges.

10. Require that resources be made available to address the emotional and spiritual needs of patients either directly or through appropriate referral or arrangements with community agencies.

11. Maintain effective communication with the medical staff through ensuring the participation of the medical staff president at Board meetings on a non-voting basis and appointment of medical staff members to governing body committees.

12. Require the medical staff to establish controls that are designed to ensure the achievement and maintenance of high standards of ethical professional practices.

13. Ensure that the medical staff is provided with the necessary administrative staff to facilitate utilization review and infection control within the hospital and to support any other medical staff functions required by this policy or by hospital bylaws.

14. Require that each member of the medical staff act in an ethical manner.

15. Ensure that the all public disclosure requirements are being met.:

16. Establish a procedure for reporting the occurrence and disposition of any unusual incidents, including but not limited to:

    - FDA/Medical Device Incidents
    - US DHHS Office of Secretary of Civil Rights
    - CMS Region IX EMTALA Violations
    - California DPHS: Any adverse event or series of events that cause serious disability such as surgical, product or device, patient protection, environmental or criminal events (as outlined in Administrative Policy # 60), including the National Quality Forum's 28 "Never Events" as Immediate Jeopardy.
    - Child Protective Services (CPS) and Adult Protective Services (APS) – abuse or neglect of children's or elders

- APS – Victims of violence, sexual assault, domestic violence, exploitation
- CMS/ The Joint Commission (TJC) – Core measures, evidence based, Medicare guidelines and patient satisfaction
- Infection Control or incident issues

Approval / Review Path	Management Team, MEC, Administration, District Board

City of Alameda Health Care District Policy No. 91		
Action:	**Date:**	**By:**
Created	06/09	Administration
Reviewed/ Revised	07/09, 09/12	Management Team
Approvals	07/09, 09/12	MEC
	08/09, 09/12	Administration
	09/09, 09/12	District Board

DATE: August 30, 2012

FOR: September 5, 2012 District Board Meeting

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

FROM: Deborah E. Stebbins, Chief Executive Officer

SUBJECT: September CEO Report to the Board of Directors

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1. **AB 97 Injunction**

In response to the request for updates regarding the potential liability we may experience as a result of the outcome of the CHA injunction on the implementation of AB 97, we have checked in with the long term care staff liaison at CHA, Pat Blaisdell.

First, the State has been authorized to collect only for SNF services provided (but not yet paid) for the previous year, up to the December 28, 2011injunction date. We have already reserved for the estimated take-back relating to these fees of $35,000. The State is not allowed to collect any other SNF retro payments prior to December 28, 2011.

The court will review the injunction on AB 97 on October 10, 2012. Ms. Blaisdell has stated that if the injunction is lifted and the AB 97 rate reduction implemented, it is not clear if our reduced rate will be $316 per day or the newly established cost-based rate of $326 per day (a result of adding Waters Edge to our operation). She is referring this question to Sandy Yien with CDPH for clarification. Ms. Yien is CHA's main contact at CDPH on this matter. Because our situation with Waters Edge is very unique, it is unclear at this time how this will be implemented and which rate will prevail.

Complicating matters further, CDPH will be releasing the new Fiscal Year 2011-2012 DP SNF rates in late September, 2012. It is expected that Alameda Hospital's new rate will be at the State median rate of $416 per day. This new rate would be effective for the period December 28, 2011 through July 31, 2012 (dates prior to our acquisition of Waters Edge). However, it is still unknown when the State will actually fund this retroactive reimbursement and how this will integrate into the currently enjoined rate reduction.

It remains clear that our reimbursement after the acquisition of Waters Edge will not exceed the $326 per day for Medi-Cal patients. Our Fiscal Year 2013 budget is based upon a $316 per day rate. Even if we only receive the $316 per day, we will achieve the budgeted net revenue with Waters Edge.

2. MERP Survey Appeal

As you recall, we had received a potential fine as a result of the MERP survey completed over a year ago based on deficiencies found in relation to the use of Fentanyl patches. Our procedures were revised immediately and our plan of correction was accepted by the State. We appealed the potential fine and as of this date, we have no additional indication of the outcome of our appeal. None of the hospitals that received potential fines in the first round of MERP surveys have had their appeals resolved.

3. Change in Medi-Cal Reimbursement Model

Please see "Attachment A" which was distributed to the Finance and Management Committee for the meeting of August 29, 2012. Working through the District Hospital Leadership Forum (DHLF), we have negotiated a Medi-Cal rate adjustment for acute care this year that would reduce reimbursement for Alameda Hospital by about $390,000 instead of an original impact of close to $2 million under the first version of the State May Revise budget. The $390,000 is more consistent with the reductions we built into the Fiscal Year 2013 Budget.

4. Comprehensive Orthopedic Program

We have been working with the two orthopedic surgeons in preparation for the opening of their offices on October 15, 2012 and on initial marketing efforts. Dr. Nicholas Pirnia completed his UC Davis fellowship specializing in spine surgery and Dr. James G. DiStefano completed his Brigham and Women's Harvard fellowship specializing in sports medicine.

The Hospital executed lease for initial/temporary medical office location at Marina Village Shopping Center (Extension of 1206(b) clinic, 1200 sq. ft.) space which was previously occupied by a neurology practice. The staff will include a receptionist and one PA/MA/RN (not yet hired). The plan is to ultimately relocate the practice to the unused space available next to the Kate Creedon Center for Advanced Wound Care. Office floor plans are being finalized with mechanical and electrical engineering specifications before an anticipated submission to OSHPD in the October timeframe. Pending the securing of capital financing for the permanent build-out, the anticipated completion for the permanent space is the first quarter of 2013.

5. Capital Projects

a) Sprinkler Installation (Sub-Acute)

The initial survey has been completed and the architect is completing construction documents for an October submission to OSHPD. We anticipate a "Rapid Review" based on total project costs which would mean two to three months of State evaluation. The anticipated construction start is in February/March 2013 after a public bidding process to select a construction vendor. The installation is anticipated to be complete before the August 13, 2013 deadline.

b) Oxygen Tank

The bulk oxygen tank replacement is not likely to be completed before the December 31, 2012 due date, but is expected to be significantly underway. The earliest available City approval review of plans is December 2012. The geo-technical engineering report has been submitted to OSHPD for review. Construction documents are 50% complete and expected to be 100% complete for OSHPD submission in early September. A three-thousand gallon horizontal tank configuration has been selected (versus current nine-hundred gallon tank) for economies of scale. A community meeting with neighboring property owners is scheduled for September. Construction bid process will be performed upon OSHPD approval of plans.

c) Seismic / SB1953 / Kitchen Remodel

In order to complete the application to extend the January 1, 2013 deadline, approximately 25 core samples of the Stephen's Wing structure must be taken analyzed to assess the strength of the building and likelihood of collapse in the event of a major earthquake. The approximate cost per sample is $2000, which adds up to a $50,000 total cost for this required testing.

6. <u>Kate Creedon Center for Advance Wound Care</u>

Volume has been building nicely at the Wound Care Center since its opening in mid July. Referrals have been received from a variety of sources including physicians, nursing homes, dialysis units, home health care agencies and self-referrals. There are currently two patients under our care who are receiving courses of hyperbaric oxygen therapy. A more complete presentation on the Kate Creedon Center for Advance Wound Care will be given by Beth Brizee, Program Director, at the Board meeting on September 5, 2012.

7. <u>Long Term Care</u>

Census remains stable and above budget with the addition of Select Therapies. Length of stay has increased for our skilled nursing facility residents which means that they are receiving therapies (physical, occupational and speech) for a longer duration of time, increasing their strength levels. With this increased focus on rehabilitation, residents will be discharged home at higher levels of function which leads to a reduction in readmissions to the main Hospital within 30-days and increases the overall quality of life for our residents.

With this increased focus on rehabilitation, it has proven to be favorable for both our residents, in terms of quality outcomes, and financially to the Hospital, in terms of reimbursement for services provided to our Medicare members. Moreover, the reputation of the facility is changing: It is no longer seen as solely a long term care unit, but as a post-acute rehabilitation unit. Referring hospitals understand the complexities the unit can now handle and, in turn, are increasing their referrals.

Sub-Acute

Census on the sub-acute unit has been stable; coming in above budget for the month of July. Again, with the addition of Select Therapies, we are seeing an increased focus on rehabilitation and our residents are experiencing great quality outcomes. We have assisted a resident who came to us on "comfort care" and is now, with the exceptional services of nursing and rehabilitation, ambulating with stand-by assistance and being discharged home in August. By the end of August, all residents will have been seen by therapy services and have received an evaluation and plan of care as necessary.

We have implemented CHG warmers (Chlorhexidine Gluconate cloths) which provide rapid bactericidal action against a broad spectrum of microorganisms. As we continue to focus on monitoring and prevention of MDRO's (Multi Drug Resistant Organisms), the CHG cloths have shown a reduction in infections since the implementation 30 days ago. Ventilator residents receive daily CHG bathing and non-ventilator residents receive CHG bathing twice a week. On off-scheduled days, traditional assistance with bathing is provided. This provides a positive quality-of-life outcome by preventing infections as much as possible.

Waters Edge

The transition of Waters Edge has been successful and the staff is receiving training and integration to the main Hospital. All residents of the unit have received new "History and Physicals" provided by their physicians and a focus on rehabilitation services is at the forefront. There is one rehabilitation services manager shared between the three LTC units of Alameda Hospital which provides a streamline of services and continuity of care.

Census at Waters Edge is strong, and marketing of the unit as part of Alameda Hospital is being provided to referring hospitals, giving a clear understanding of the services offered. There have been referrals and acceptance of post-acute short-term rehabilitation residents with third-party insurance, as part of our focus on post acute complexities. Ongoing education continues to patient families as well as Waters Edge staff regarding the services shared and integrated through the main Hospital, including the Kate Creedon Center for Advanced Wound Care.

8. <u>Hospital | Foundation Sponsored Events and Activities</u>

a) Health Fair – Saturday, October 20, 2012

- Alameda Hospital's Annual Community Health Fair will be held on Saturday, October 20, 2012 from 9:00 a.m. to 12:30 p.m. This year's fair will offer a number of free health screenings, exhibits and activities designed to enhance the health and well-being of the community. Free flu vaccines will be provided by the Alameda County Public Health Department while supplies last. Health screenings cover health issues including cholesterol, diabetes, body mass index, podiatry, osteoporosis and vascular issues. Free bike helmets are offered to children under 12 years of age and activities include KidSafe Photo IDs, Let's Move Alameda Healthy Nutrition and Exercise information, and emergency

preparedness. In addition, many Alameda non-profits and service organizations will be present to provide important information about services and programs in the community.

b) Alameda Hospital Foundation 2012 Annual Fall Gala: "It's Black and White"

- A unique evening of great food, dancing, and a silent auction on Saturday, September 15, 2012 (6:30 p.m. - 11:00 p.m.) honoring Jack Stehr, M.D. as the recipient of the Kate Creedon Award for Excellence in Health Care.

c) Chamber of Commerce Mixer and Ribbon Cutting at Kate Creedon Center for Advanced Wound Care

- You are welcome to join us as the Alameda Chamber of Commerce meets for a mixer and ribbon cutting ceremony at our Wound Care Center on Wednesday, September 12, 2012 at 5:30 p.m.

9. <u>Key Statistics – August 2012</u>

Due to the timing and distribution of materials prior to the end of the month, August monthly statistics will be presented at the Board meeting on September 5, 2012.

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

Date: August 22, 2012

For: August 29, 2012 Finance and Management Committee

To: City of Alameda Health Care District, Finance and Management Committee

From: Deborah E. Stebbins, CEO

Subject: Medi-Cal Reimbursement Methodology Update

Background Information:

The purpose of this memorandum is to update the Committee on a proposed fundamental restructuring of the methodology for reimbursement to non-designated public hospitals for Medi-Cal inpatient acute care retroactive to July 1, 2012.

The proposed changes were adopted as a part of the 2012-2013 State budget package signed by the Governor last month. The District Hospital Leadership Forum (DHLF), in which Alameda Hospital participates on the Board of Directors, has had substantial input into the structure of those aspects of change. The changes in reimbursement methodology attempt to “close the gap” created in the short-term on the prior payment methodology in order to minimize what originally was a much more extreme reduction to acute Medi-Cal reimbursement. Attached is more information about the proposed structural changes which Management will review in more depth at the next meeting of the Committee (08/29/12). DHCS has committed to working with district/municipal hospitals once final Federal approvals are received and actual implementation is ready to commence.

In summary, the changes include:

1. District hospitals, whether under contract or not under contract with the State, such as Alameda Hospital, will convert to reimbursement based on certified public expenditures (CPE), the methodology used to reimburse Designated Public Hospitals for many years.

2. District hospitals will certify their costs for Medi-Cal inpatients and will receive 50% of those costs via Federal funds.

3. No changes to the methodology for outpatient, long-term care and Medi-Cal managed care will be made.

4. To supplement projected loss of revenue due to receipt of only 50% of the CPE’s, there will be two sources of funding available to district hospitals:

a. Hospitals will be able to certify and receive federal funding for up to 50% of the cost of care for the uninsured (previously a classification on which district hospitals received no reimbursement), and

b. Hospitals will be eligible to receive payments under the Delivery System Reform Incentive Pool (DSRIP) based on meeting hospital-specific goals and milestones related to delivery system improvements and patient safety. This provides a funding source for certain quality and safety improvement programs we are already undertaking but which, until now, have been part of unfunded mandates and regulatory requirements.

Both of these supplementary reimbursement programs will be subject to an aggregate maximum payment for all district hospitals each year. The DHLF is working with the DHCS to finalize the method for allocating these supplemental payments between district hospitals.

We will have additional information about the impact of these changes on Alameda Hospital, but the intent is that the structure of the distribution of the two sources of supplemental reimbursement should come close to offsetting any unfavorable impact of the switch to CPE based calculations.

ATTACHMENT A

Change in NDPH Reimbursement Methodology

Department of Health Care Services

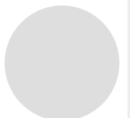
Safety Net Financing Division

Pilar Williams, Chief

Prior NDPH Reimbursement Methodology

- Contract Facilities – Received CMAC negotiated per diem rates
  - NDPH Supplemental Fund
  - NDPH IGT program (AB 113)

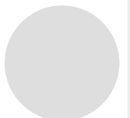
- Non-Contract Facilities received a cost based reimbursement
  - NDPH IGT Program



ATTACHMENT A

CPE Reimbursement Methodology

- CPE – Certified Public Expenditures
- NDPHs will certify costs as the non-federal share
- Reimbursement will be the federal share of those expenditures (50% under the current FMAP)
- Certain supplemental payments to NDPHs will be eliminated
  - NDPH Supplemental Fund
  - NDPH Intergovernmental Transfer Program (AB 113)

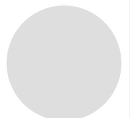


Additional Funding under the CPE Methodology

- Bridge to Reform Waiver
  - Safety Net Care Pool (SNCP) Uncompensated Care Funding

  Funding is for reimbursement of certified costs for services to the uninsured, which otherwise would not be reimbursed
    - DY 8 - $90 million
    - DY 9 - $100 million
    - DY 10 - $110 million
  - Delivery System Reform Incentive Pool (DSRIP) Funding

  Funding is for improving population health and clinical quality and is tied to the completion of various projects
    - DY 8 - $80 million
    - DY 9 - $125 million
    - DY 10 - $125 million

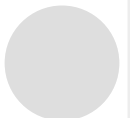


Interim Rate Payments

- Interim rates to be paid daily to the NDPHs will be calculated using the most recently filed P14 Workbook (FY 11-12) and cost reports

- Payments will be reconciled to the audited Workbook and cost report of the applicable fiscal year

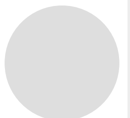
- Adjusted payments or recoupments will be initiated based on the audit findings



Claiming SNCP Uncompensated Care Funds

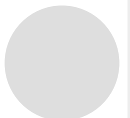
- Hospitals will receive bi-monthly interim payments based on their most recently filed P14 Workbook

- Interim payments will be reconciled to the audited and approved and P14 Workbooks



Claiming DSRIP Funding

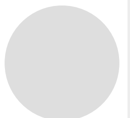
- NDPHs will submit DSRIP plans consistent with the Special Terms and Conditions set forth in the Waiver
- Payments are tied to the achievements of projects and milestones in the NDPHs DSRIP plans
- Payments will be quarterly



ATTACHMENT A

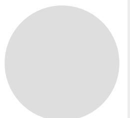
Cost Reports and P-14 Workbooks

- Cost Reports summarize the cost for Medi-Cal services for the year reported
- P14 incorporates cost report data as well as hospital payment data to calculate the payments for the Safety Net Care Pool



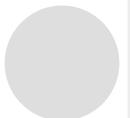
What is included on the P14

- Medi-Cal Inpatient FFS
- Medi-Cal Outpatient FFS
- Inpatient Uninsured Costs-SNCP eligible
- Outpatient Uninsured Costs- SNCP eligible
- Eligible Physician and Non-Physician Practitioner Service costs



P14 Workbook Submissions

- P14 Workbooks are submitted annually
- To determine interim rates and interim SNCP payments for the 12-13 Fiscal Year, 11-12 Workbooks will need to be submitted
  - P14s are being revised to accommodate the NDPHs
  - Workbooks are due to DHCS 60 days after issued to the NDPHs



ATTACHMENT A

Timing

- AB 1467 (Chapter 23, Statutes of 2012) – legislation passed
- State Plan Amendment – in process
  - Will change the reimbursement methodology to CPE for NDPHs
  - Anticipating submission to CMS by 9/31/12 to be retroactively approved for 7/1/12
- Proposed Waiver Amendment – submitted to CMS 6/28/12
  - Still pending approval
  - Makes NDPHs eligible for SNCP and DSRIP funding