



PUBLIC NOTICE

CITY OF ALAMEDA HEALTH CARE DISTRICT BOARD OF DIRECTORS

REGULAR MEETING AGENDA

Wednesday, October 3, 2012

6:00 p.m. (Closed) | 8:00 p.m. (Open)

PLEASE NOTE CHANGE IN TIME FOR OPEN SESSION

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. September 5, 2012
 - C. Medical Executive Committee Report and Approval of Credentialing Recommendations H & S Code Sec. 32155
 - D. Board Quality Committee Report (BQC) H & S Code Sec. 32155
 - E. Discussion of Pooled Insurance Claims Gov't Code Sec. 54956.95
 - F. Instructions to Bargaining Representatives Regarding Salaries, Fringe Benefits and Working Conditions Gov't Code Sec. 54957.6
 - G. Consultation with Legal Counsel Regarding Pending and Threatened Litigation Gov't Code Sec. 54956.9(a)
 - H. Discussion of Report Involving Trade Secrets H & S Code Sec. 32106
 - 1. Discussion of Hospital Trade Secrets applicable to District's Strategy for Delivery of New Programs and Services
No action will be taken.
Estimated Date of Public Disclosure: *Not known at this time.*
 - I. Public Employee Performance Evaluation Title: CEO Gov't Code Sec 54957
 - J. Adjourn into Open Session

V. Reconvene to Public Session (Expected to start at 8:00 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 September 5, 2012 Meeting Minutes [\[enclosure\]](#) (PAGES 4-11)
- ✓ 2) Approval of Amendment to Article V, Medical Staff Bylaws [\[enclosure\]](#) (PAGES 12-13)

B. Action Items

- ✓ 1) Acceptance of August 2012 Unaudited Financial Statements and September 26, 2012 Finance and Management Committee Report [\[enclosure\]](#) (PAGES 14-34) Michael McCormick
- 2) Approval of FY 2013 Executive Performance Metrics and Incentive Compensation Plan [to be distributed] Michael McCormick
Elliott Gorelick

C. District Board President Report **INFORMATIONAL**

Jordan Battani

- 1) Update on November 2012 Election and December Board Meeting Scheduling

D. Chief Executive Officer Report **INFORMATIONAL**

Deborah E. Stebbins

- ✓ 1) Monthly CEO Report [\[enclosure\]](#) (PAGES 35-38)
 - Comprehensive Orthopedic Program, Physician Relations, Capital Projects, Hospital/Foundation Sponsored Events and Activities, Key Statistics – September 2012, Human Resources, Performance Improvement Initiatives, Updates on Waters Edge and the Wound Care Center

E. Medical Staff President Report **INFORMATIONAL**

James Yeh, DO

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

Stewart Chen, DC

- 1) September 25, 2012 Committee Report

VIII. General Public Comments

IX. Board Comments

X. Adjourn into Executive Closed Session

XI. Closed Session Agenda, continued (2 East Board Room)

A. Public Employee Performance Evaluation Title: CEO

Gov't Code Sec 54957

B. Adjourn into Open Session

XII. Reconvene to Public Session (2 East Board Room)

A. Announcements from Closed Session

Jordan Battani

XIII. Adjournment



CITY OF ALAMEDA HEALTH CARE DISTRICT

Minutes of the City of Alameda Health Care District Board of Directors
 Open Session
 Monday, September 5, 2012 Regular Meeting

Board Members Present	Management Present	Legal Counsel Present	Guests
Jordan Battani Stewart Chen, DC Robert Deutsch, MD Elliott Gorelick J. Michael McCormick	Deborah E. Stebbins Kerry J. Easthope Brian Jung Beth Brizee, RN	Thomas Driscoll, Esq.	N/A
		Medical Staff Present	Excused
			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 6:10p.m.	
II. Roll Call	Ms. Thorson called roll noting a quorum of Directors was present.	
III. Adjourn into Executive Closed Session	The meeting was adjourned into Executive Closed Session at 6:11p.m.	
IV. Closed Session Agenda		
V. Reconvene to Public Session	The meeting was reconvened into public session at 8:09 p.m.	
A. Announcements From Closed Session	<p>Director Battani stated that the Executive Closed Session Minutes were reviewed and approved from the July 2, 2012 Regular Meeting and the July 25, 2012 Special Meeting. The Board Quality Committee Reports for May and June 2012 were reviewed and accepted as presented. The Board approved the Credentialing Recommendations of the Medical Staff as outlined below. No other action was taken.</p>	
<u>Initial Appointments – Medical Staff</u>		

Topic		Discussion		Action / Follow-Up	
	Name	Specialty	Affiliation		
	• James DiStefano, MD	Orthopedics	Private Practice/Alameda		
	• Nicholas Pirnia, MD	Orthopedics	Private Practice/Alameda		
	• Robert Tuft, MD	Wound Care; Hyperbaric	Internist's Med Gp-Oakland		
	• Max Wu, MD	Teleradiology	Bay Imaging Consultants		
<u>Reappointments – Medical Staff</u>					
	Name	Specialty	Staff Status	Appointment Period	
	• Adelaida Alfiler, MD	Internal Med/Hospitalist	Courtesy	10/01/12 – 09/30/14	
	• Ryszard Chetkowski, MD	Gynecology	Courtesy	10/01/12 – 09/30/14	
	• Christopher Herndon, MD	Gynecology	Courtesy	10/01/12 – 09/30/14	
	• Steve Lowery, MD	Pulmonary/Critical Care/Internal Med	Active	10/01/12 – 09/30/14	
	• Nicholas Nelson, MD	Internal Med/Hospitalist	Courtesy	10/01/12 – 09/30/14	
	• Lamont Paxton, MD	Vascular Surgery	Active	10/01/12 – 09/30/14	
	• Michael Silpa, MD	Gastroenterology	Active	10/01/12 – 09/30/14	
	• Robert Verceles, DDS	Dental	Courtesy	10/01/12 – 09/30/14	
	• Bhupinder Virk, MD	Nephrology	Courtesy	10/01/12 – 09/30/14	
<u>Reappointment - Allied Health Professional</u>					
There were no applications submitted for reappointment for allied health professional status.					
<u>Resignations</u>					
	• Riaz Dhanani, MD	Teleradiology			
	• Michael Hibbard, MD	General Surgery			
	• Jaison James, MD	Orthopedics			
	• Nichole Peoples, MD	Internal Medicine/Hospitalist			
	• David Pfister, MD	Hem/Oncology			

Topic	Discussion	Action / Follow-Up
	<ul style="list-style-type: none"> • Barry Samuel, MD 	Anesthesiology
VI.	General Public Comments	There were no public comments.
VII.	Regular Agenda	
	A. Consent Agenda	Director Deutsch made a motion to approve the Consent Agenda as presented. Director Gorelick seconded the motion. The motion carried.
	1) Approval of July 25, 2012 Special Meeting Minutes	
	2) Approval of I.L.W.U. Local #6 Tentative Agreement Wage Opener of June 30, 2012	
	3) Approval of Administrative Policies and Procedures <ul style="list-style-type: none"> • 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	Director Chen made a motion to accept the July 2012 Unaudited Financial

Topic	Discussion	Action / Follow-Up
	<p>and Management Committee Report</p> <p>Director McCormick stated that the July 2012 unaudited financial statements were reviewed for discussion and analysis at the Finance and Management committee meeting of August 29, 2012 and provided the following report and key points from the meeting:</p> <p>Gross revenues for the month were below budget by 8.2% with inpatient revenue down 7.5% and outpatient revenue down 9.0%, resulting in a net operating loss of \$309,000 against a positive budgeted amount of \$172,000 on monthly gross revenues of \$5.357 million.</p> <p>Key volume indicators include an average daily census of 85.29 versus a budgeted census of 84.00 for a positive 1.5% ADC. 1,352 emergency room visits were recorded, which is 71 visits under budget.</p> <p>A material error in the 2013 budget for temporary agency expenses resulted in understating monthly expenses for this category by \$40,000. It is anticipated that new unbudgeted increased Medi-Cal reimbursement revenues of \$10 per patient per day (which began August 1, 2012) will effectively cut into 90% of this budgeted monthly loss.</p> <p>The Bank of Alameda loan committee has agreed to waive loan covenants of <i>current ratio, net equity, and positive income</i> measurements until the second quarter meeting in December 2012 when it is anticipated that these three covenants will have trended upward to near compliance.</p> <p>The District officially began management of Waters Edge on August 1, 2012. The patient census is currently 8% above budget. The Wound Care Center began operations in the middle of July and gross revenues have measured up to budget numbers.</p> <p>There was a discussion regarding daily rate changes relating to AB97. Director Gorelick asked if the new daily rate of \$326 reflects the addition of Waters Edge. Mr. Easthope replied that it does reflect most recent changes. Director Gorelick asked if the Hospital will have a liability if the situation with AB97 changes. Mr. Easthope replied that there would be a liability from December through June, and that Management has accrued accordingly. He added that we are recording \$316 as a</p>	<p>Statements and August 29, 2012 Finance and Management Committee Report as presented. Director Deutsch seconded the motion. The motion carried.</p>

Topic	Discussion	Action / Follow-Up
	daily rate to be conservative, and that the rate setting division will issue their rate determination in the next few months.	
2)	<p>Approval of Administrative Policies and Procedures No. 3: Role and Scope of Services</p> <p>Ms. Stebbins called attention to pages 36 through 41 of the Board Packet, noting that there have been a few organizational changes which are reflected on the Organization Chart on page 41. It is a Joint Commission standard that the Board of Directors reviews this information along with Administrative Policies and Procedures annually. Director Gorelick did not recall voting on the wording found on page 37. Ms. Stebbins stated that the wording has not changed. Director Battani added that the wording on page 37 does not define the role of the Health Care District; it is a statement of the Hospital's scope of services. Attorney Tom Driscoll stated that it specifically defines the general acute care portion of District services.</p>	Director McCormick made a motion to accept Administrative Policies and Procedures No. 3: Role and Scope of Services. Director Chen seconded the motion. The motion carried.
3)	<p>Approval of Administrative Policies and Procedures No. 91: Governing Board Responsibilities</p> <p>Ms. Stebbins stated that there were no changes to responsibilities. Director Battani stated that when Board Members are interviewed by the Joint Commission, they are expected to know the responsibilities outlined in this statement.</p>	Director Deutsch made a motion to accept Administrative Policies and Procedures No. 91: Governing Board Responsibilities. Director Gorelick seconded the motion. The motion carried.
4)	<p>Addition of Agenda Item: Resolution No. 2012-6J, Authorizing an Agreement with Emdeon regarding the advance and repayment of funds</p> <p>Management presented a new agenda item for consideration by the Board. Mr. Driscoll reviewed Government Code Sec. 54954.2. (b) which states that the legislative body may take action on items of business not appearing on the posted agenda and prior to discussing such an item, the legislative body shall publicly identify the item. Upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted as specified in the code.</p>	Director Gorelick made a motion to add the Approval of Resolution No. 2012-6J to the Agenda as an Action Item for discussion and vote. Director McCormick seconded the motion. The motion carried.
5)	<p>Resolution No. 2012-6J: Authorizing an Agreement with Emdeon regarding the advance and repayment of funds</p> <p>Mr. Easthope gave an explanation of events prompting the recommendation for</p>	Director McCormick made a motion to approve 2012-6J: Authorizing an Agreement with Emdeon regarding the advance and repayment of \$500,000

Topic	Discussion	Action / Follow-Up
	<p>approval of Resolution 2012-4J. Due to a technical error on behalf of Emdeon, they have agreed to advance \$500,000 to the District for 45 days while collections get back on track. Approximately \$2.2 million in claims were not submitted on time. Emdeon has now submitted all claims. The situation has been verified as being remedied, but there will now be a delay in receiving payment on the submitted claims.</p> <p>Director Battani explained history of the problem Emdeon is experiencing, relating it to a federally mandated 5010 upgrade which has been very difficult to adopt. Emdeon is a clearinghouse for approximately one in five claims in Northern California and is publically traded company.</p> <p>Director Gorelick proposed that Management look into the advance of up to \$1,000,000 and to ensure that no interest will be charged.</p>	<p>and to enter into any future Advance Agreement(s) for up to an additional \$500,000 (with no interest) as may be needed prior to the next District Board Meeting of October 3, 2012. Director Chen seconded the motion. The motion carried.</p>
<p>C. Board President Report</p>	<p>The CEO Performance Evaluation will be initiated soon. The Board will follow the same process as they have in prior years. Director Battani will send out evaluation documents to each Board Member. Data and evaluations will be collected from other key team members who work with Ms. Stebbins. The information will be gathered and reviewed in the month of October.</p> <p>Ms. Battani stated that there are two open seats up for election on the District Board. The candidates chosen in the November election will take seats the first week in December. The way that the calendar falls is that the December Board meeting will happen prior to the first weekend, meaning that the newly elected members will not take part in a meeting until the January meeting. Ms. Battani has asked Ms. Thorson, District Clerk, to research this issue with other similar organizations to see how they have handled this situation in the past. Two things to consider would be to simply work with the calendar and leave the December meeting as it is, or the meeting could be moved forward a week to allow the newly elected members to begin serving in December.</p>	<p>No action taken.</p>
<p>D. Chief Executive Officer Report</p>	<p>1) Monthly CEO Report</p> <p>Ms. Stebbins introduced Bruce Matthias, Interim Information Systems Director. Mr. Matthias is from The IN Group, Inc. and has already made positive impact to the I.S. department and hospital.</p> <p>Ms. Stebbins proceeded with an overview of the information found in her written</p>	<p>No action taken.</p>

Topic	Discussion	Action / Follow-Up
	<p>report . The August key statistics were distributed to the Board at the meeting. Kerry Easthope reported on an updated cash flow forecast for Fiscal Year 2013.</p> <p>Ms. Stebbins called attention to the report beginning on page 46 of the Board Packet. She stated that Management is still budgeting at the rate of \$316 per day (the more conservative rate). The court will review the injunction on AB 97 on October 10, 2012. There is no new information on the MERP survey fine of \$50,000 and there is no prediction on when that may be resolved. Management has spent time with the District Hospital Leadership Forum which has successfully mitigated what would have been a substantial reduction of the Medi-Cal rate reimbursement to district hospitals state-wide. There has been a reduction in the cuts to \$390,000 (which were proposed to be an impact of slightly over \$2,000,000) due to two supplementary sources: one is a program which would give the hospital compensation for uncompensated care and the other is reimbursement through the DSRIP (Delivery System Reform Incentive Payments) program which will increase reimbursement based on quality outcomes and value based purchasing. Both of these sources are being explored by Management and the District Hospital Leadership Forum (DHLF).</p>	
	<p>Special Presentation: Kate Creedon Center for Advanced Wound Care</p> <p>Ms. Stebbins introduced Beth Brizee, RN, Program Director of the Kate Creedon Center for Advanced Wound Care and acknowledged Brian Jung for his contributions in opening the Wound Care Center. A presentation on the Kate Creedon Center for Advanced Wound Care was given by Ms. Brizee. The Board had questions regarding the variance in gross revenue in comparison to budget. Mr. Easthope added that approximately 40% of the gross revenue is expected to come from the Hyperbaric Oxygen Therapy which has not yet ramped up to be as robust as it is budgeted to be. Ms. Stebbins stated that the variance on patient number is only four patients under pro forma. Ms. Battani added that one month of not meeting the budget is enough to alert the Board and Management, but two months of underperforming will present a need for further evaluation and analysis to see if the action that Ms. Brizee and Management staff are taking is sufficient enough to rectify the issue of being under-budget. Ms. Brizee added that the Center is actively recruiting physicians to add additional physician clinic hours which will allow for additional volume growth. The City of Alameda Chamber of Commerce is hosting a ribbon-cutting ceremony at the Kate Creedon Center for Advanced Wound Care on September 12, 2012 at 5:30 p.m.; all are invited to attend.</p>	<p>No action taken.</p>

Topic	Discussion	Action / Follow-Up
E.	<p>Community Relations and Outreach Committee Report</p> <p>Director Chen did not give a report, as the Committee did not meet during the months of August and September. The next Community Relations and Outreach Committee will take place at Alameda Hospital, Dal Cielo Conference Room on Tuesday, September 25, 2012 at 7:30 a.m.</p>	No action taken.
F.	<p>Medical Staff President Report</p> <p>James Yeh, DO, Medical Staff President, was not present at the meeting. No report was given.</p>	No action taken.
VIII.	<p>General Public Comments</p> <p>There were no comments.</p>	
IX.	<p>Board Comments</p> <p>There were no comments.</p>	
X.	<p>Adjournment</p> <p>Being no further business, the meeting was adjourned at 9:41 p.m.</p>	

Attest:

Jordan Battani
President

Elliott Gorelick
Secretary



Date: September 26, 2012
For: October 3, 2012 District Board Meeting
To: City of Alameda Health Care District, Board of Directors
From: James Yeh, DO, Medical Staff President
Subject: Approval of Amendment to Article V, Medical Staff Bylaws

RECOMMENDATION:

It is recommended that the Board of Director approve the proposed amendment to Article V, Section 5.4.2.18 of the Medical Staff Bylaws as submitted in the enclosed attachment.

BACKGROUND:

Article V, Section 5.4.2 sets forth the duties of the Medical Staff. Section 5.4.2.18 requires the Medical Staff to annually approve the medical directors/co-medical directors of each clinical service at Alameda Hospital. The proposed revision includes:

- 1) the addition of “Medical” before Director of Anesthesia Services; (the word “Medical” was inadvertently omitted in prior revisions);
- 2) replacing “Radiology” with “Diagnostic Imaging Services; (Diagnostic Imaging Services is the current terminology applied to “Radiology Department).and
- 3) the addition of three clinical service medical directors: Infection Control, Stroke Program and Wound Care.

The Medical Executive Committee approved the proposed revision to Article V on July 27th. In accordance with Article XI, the proposed revision was mailed to the Active Staff on August 27. On September 11th, the proposed amendment received unanimous approval by voting members of the Medical Staff ..

In accordance with Article XI, the Medical Executive Committee respectfully requests your consideration in approving the proposed amendment to Article V. Section 5.4.2.18 of the Medical Staff Bylaws.

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ALAMEDA HOSPITAL
MEDICAL STAFF

PROPOSED AMENDMENT TO MEDICAL STAFF BYLAWS (08/12)

ARTICLE/SECTION	TITLE	STATUS	REFERENCE
<i>Article V</i> Section 5.4.2	Medical Executive Committee Duties	<i>Revision</i>	None

5.4.2 Duties:

The duties of the Medical Executive Committee shall include but not be limited to:

5.4.2.18 appointing annually the following clinical directors/~~co-~~
clinical directors:

- 5.4.2.18.1 Medical Director of the Critical Care Unit
- 5.4.2.18.2 Surgical Director of the Critical Care Unit
- 5.4.2.18.3 **Medical** Director of Anesthesia Services
- 5.4.2.18.4 Medical Director of Laboratory/Pathology
- 5.4.2.18.5 Medical Director of Nuclear Medicine
- 5.4.2.18.6 Medical Director of ~~Radiology~~ **Diagnostic Imaging Services**
- 5.4.2.18.7 Medical Director of Pulmonary Medicine
- 5.4.2.18.8 Medical Director of Cardiology
- 5.4.2.18.9 Medical Director of Emergency Medicine
- 5.4.2.18.10 Medical Director of Definitive Observation Unit
- 5.4.2.18.11 Medical Director of Ambulatory Care Center
- 5.4.2.18.12 Medical Director of Rehabilitation Services
- 5.4.2.18.13 Medical Director of Infection Control**
- 5.4.2.18.14 Medical Director of Stroke Program**
- 5.4.2.18.15 Medical Director of Wound Care**

THE CITY OF ALAMEDA HEALTH CARE DISTRICT

ALAMEDA HOSPITAL

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDING AUGUST 31, 2012

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

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ALAMEDA HOSPITAL MANAGEMENT DISCUSSION AND ANALYSIS AUGUST, 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 August 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

During the month of August, the Hospital experienced a combined net operating loss of \$166,000 against a budgeted loss of \$107,000. Lower than expected inpatient acute revenue was the most significant contributor to this negative variance. Waters Edge came on board as of August 1, 2012 as part of the Hospital operations, with a strong start and exceeding its budgeted net margin by \$267,000 in their first month.

Overall, August discharges were below budget 9.3% but total patient days were greater than budget by 2.2%. Total patient days for inpatient acute services were down 11.1%, Subacute days were down 2.9%, but skilled nursing days were up with South Shore up by 5.3% and Waters Edge up by 7.9%. As will be discuss later, the low acute patient days in August had a big impact on gross and net revenue for the month.

Overall outpatient activity was mixed this month. Outpatient registrations were up 4.0% while emergency room visits were 24 below budget or 1.7%. Outpatient surgeries were below budget for the month by 58 or 30.5%.

The Wound Care program started operations in the mid July and will be ramping up quickly over the next 2 to 3 months. In August there were 96 visits, compared to a budget of 100, just 4% below budget. The program did not start until the later part of July and August was the first full month of operation. In August there were 5 hyperbaric oxygen (HBO) treatments. As this number increases it will also contribute to greater gross and net revenue for the program.

Total gross revenue in August is generally in line with activity. Overall gross revenues were 2.0% below budget, with the overall inpatient component down 5.2% and outpatient up 5.8%. Acute gross revenues were under budget by 11.3%.

The overall Case Mix Index (CMI) in August was 1.4229; significantly higher than last month's of 1.2481, and above the FY 2012 average of 1.333. This CMI is still doing well in September, however not as high as seen in August.

Overall expenses were \$6.73 million in August, \$167,000 or 2.5% above the budget of \$6.56 million. Benefits, temporary agency fees, supplies and rents/leases were over budget while salaries were below budget. These variances will be discussed in more detail later in the narrative.

Cash and cash equivalents were \$1.8 million at the end of August down \$1.2 million from prior month. There were three payrolls in August which contributed to the expected decrease in cash.

Cash collections in August were \$4.5 million. Net accounts receivable increased by about \$1.4 million from prior month due to a problem with our billing vendor (Emdeon) which delayed Medi-Cal payments. In addition, about \$938,000 of the A/R increase is associated with the addition of Waters Edge. We have been able to bill for private pay and as of last week Medicare Part A & B, however we have not received approval from the State to submit claims for Waters Edge Medi-Cal patients but are expecting this approval soon.

Accounts payable and other accrued expenses increased by \$1.5 million from \$8.6 million to \$10.1 million.

Lastly, the current ratio remained steady 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 has previously been discussed.

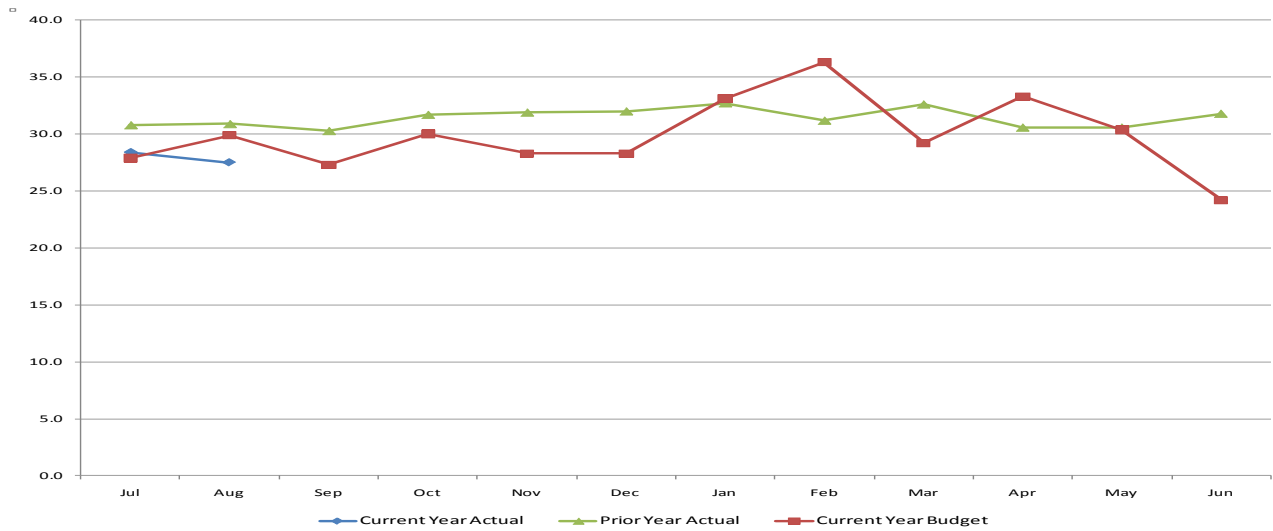
ACTIVITY

ACUTE, SUBACUTE AND SNF SERVICES

Overall patient days were 2.2% above budget for the month but below August of last year. This month's acute days were below budget by 11.1%, Subacute was down 2.9%, South Shore was up 5.3% and Waters Edge was up 7.8%.

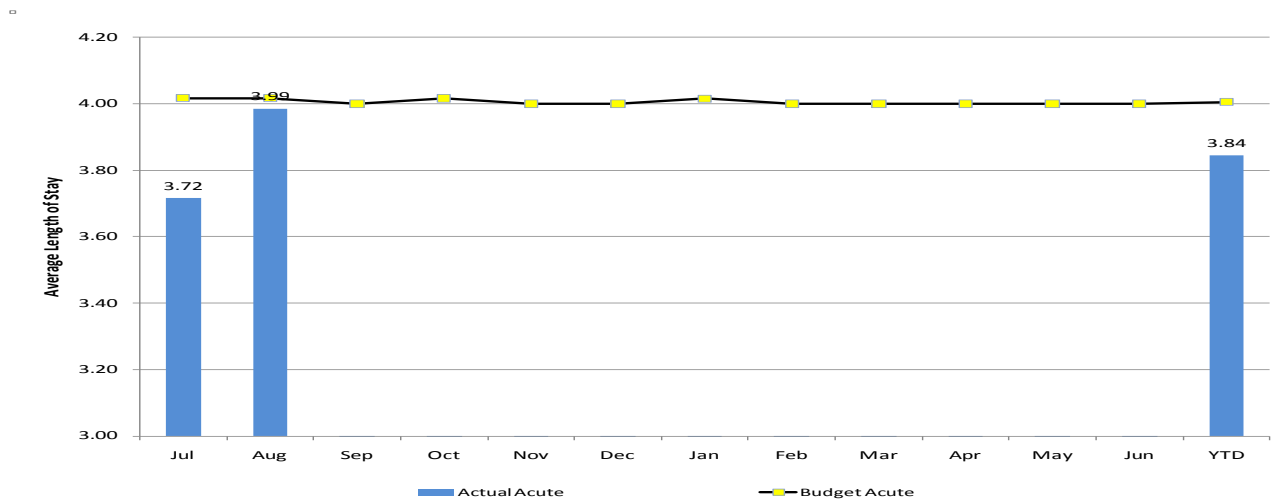
August's acute patient days were 106 days (11.1%) lower than budget for the month and 8.3% lower than August 2011. The acute care program is comprised of the Critical Care Unit (4.5 ADC, 2.2% above budget), Telemetry / Definitive Observation Unit (10.5 ADC, 7.6% below budget) and Med/Surg Unit (12.5 ADC, 17.4% below budget).

Acute Average Daily Census

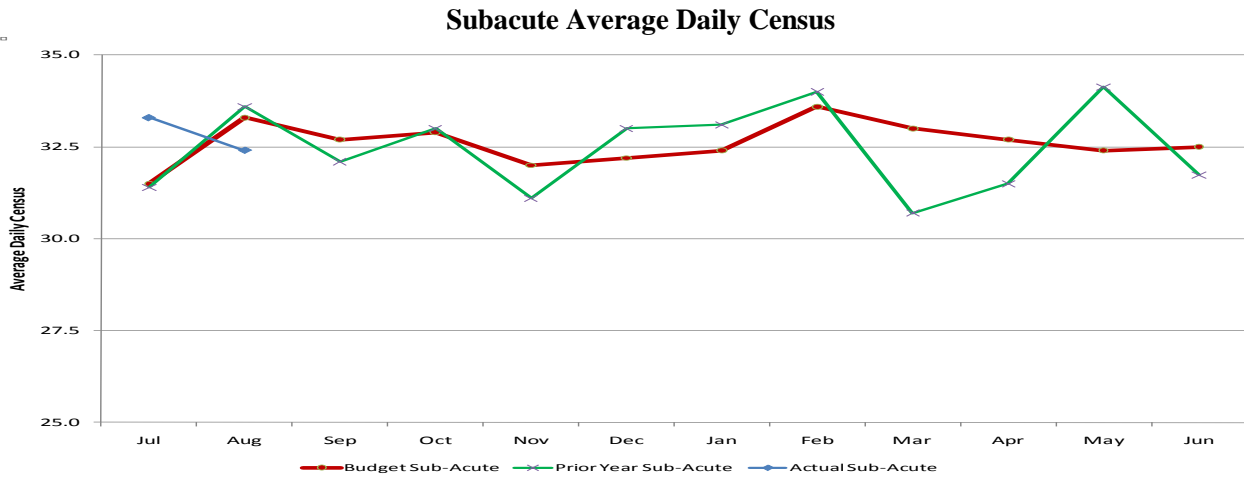


The acute Average Length of Stay (ALOS) increased from 3.72 in July to 3.99 in August and is below the budget of 4.02. The YTD acute ALOS for FY 2012 was 3.84. The graph below shows the ALOS by month compared to the budget.

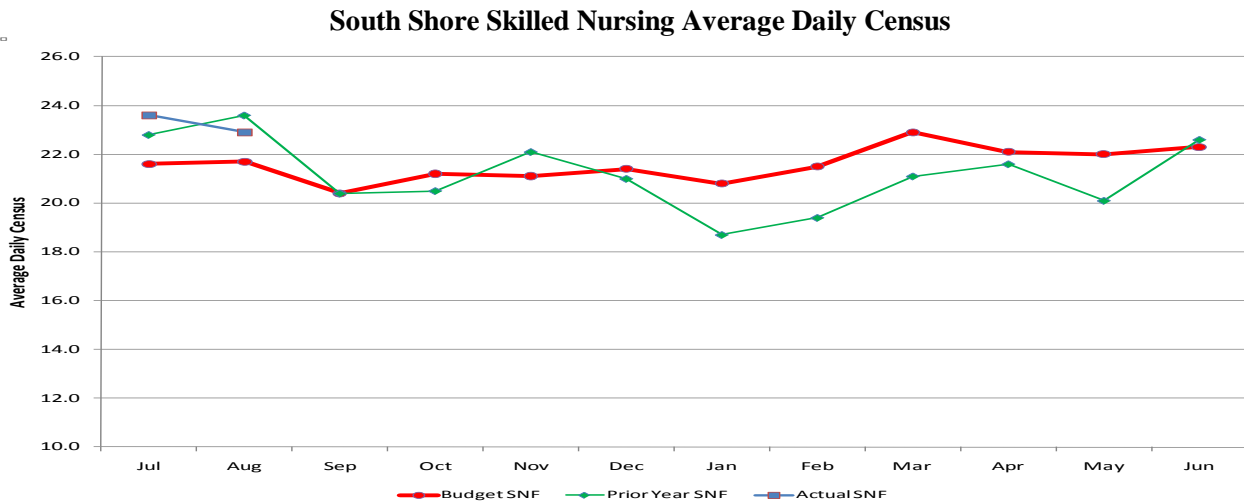
Acute Average Length of Stay



The Subacute program ADC of 32.35 was below budgeted projections by .97 ADC or 2.9%. The graph below shows the Subacute programs ADC for the current fiscal year as compared to budget and the prior year.

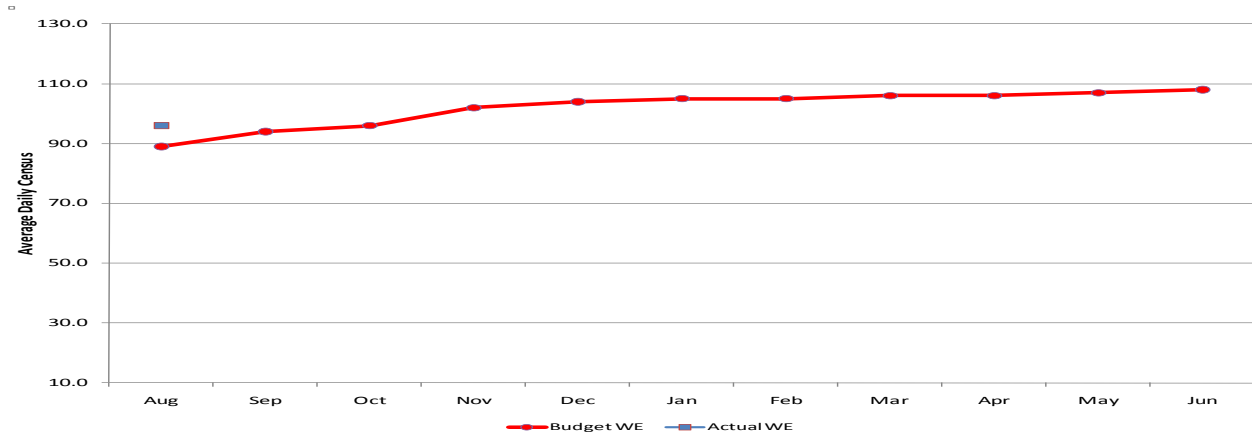


The South Shore ADC was higher than budget by 1.16 or 5.3% for the month of August. The graph below shows the South Shore monthly ADC as compared to budget and the prior year. In August there was again a greater number of Medicare A skilled patients (4.6 ADC or 20% of the patients), which has resulted in a greater number of discharges and net revenue.



Waters Edge came onboard as part of Alameda Hospital on August 1, 2012. As you can see the ADC was higher than budget by 6.97 or 7.8% in the initial month. The Medicare census was 8.6 ADC or 9% of the total patients.

Waters Edge Skilled Nursing Average Daily Census

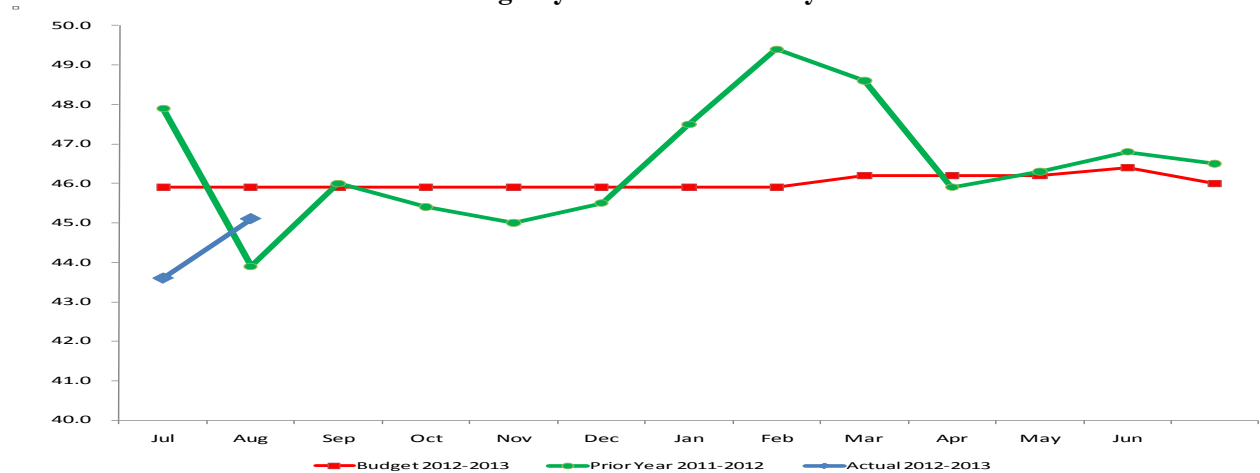


ANCILLARY SERVICES

Outpatient Services

Emergency Care Center (ECC) visits in August were 1,399, 24 visits (1.7%) under the budget of 1,423. The inpatient admission rate from the ECC was 14.4% down from 18.5% in July. On a per day basis, the total visits represent an increase of 3.4% from the prior month daily average. In August, there were 289 ambulance arrivals versus 278 in the prior month. Of the 289 ambulance arrivals in the current month, 181 or 62.6% were from Alameda Fire Department (AFD).

Emergency Care Visits Per Day



Outpatient registrations were 2,023, or 4.0% above budget. This month Laboratory and Speech Therapy were down 62 and 10 visits respectively. On the other hand visits were up in Physical Therapy (85 visits), Occupational Therapy (40 visits), Radiology (40 visits) and IV Therapy (20 visits).

Wound Care started operation in the middle of July and almost met the budgeted 100 visits in August, just 4 below budget. We are working to have the clinic staffed more hours each week by physicians to accommodate the growth in patient visits and the increased utilization of hyperbaric oxygen (HBO) treatments which constitutes about 40% of the anticipated revenue for the program.

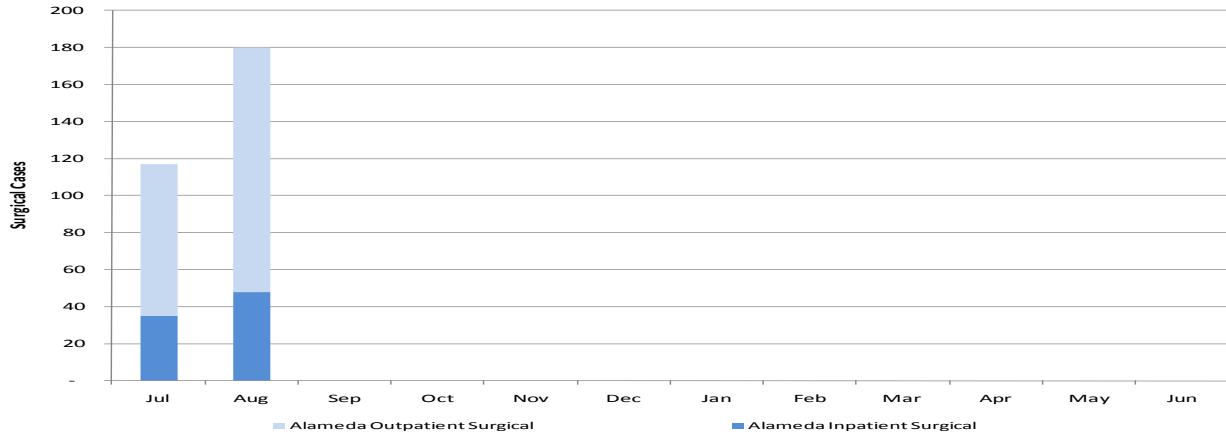
The Hospital has just begun implementation of a new lab service agreement with Diagnostics Lab that provides reference lab services to many of the long term care facilities in the area. This new agreement will help increase outpatient lab activity and revenue.

Surgery

The surgery cases for August were 180 or 21.4% below the budget of 229 and below last year's case volume of 231. Inpatient cases were above budget by 9 (23.1%) while outpatient cases were 58 (30.5%) below budget. Inpatient and outpatient cases totaled 48 and 132 respectively versus 35 and 82 during the prior month. Gastroenterology (GI) is the surgical service area that has seen the most significant decline from budget and prior year.

Surgical Cases

Alameda Hospital
 August 2012 Management Discussion and Analysis



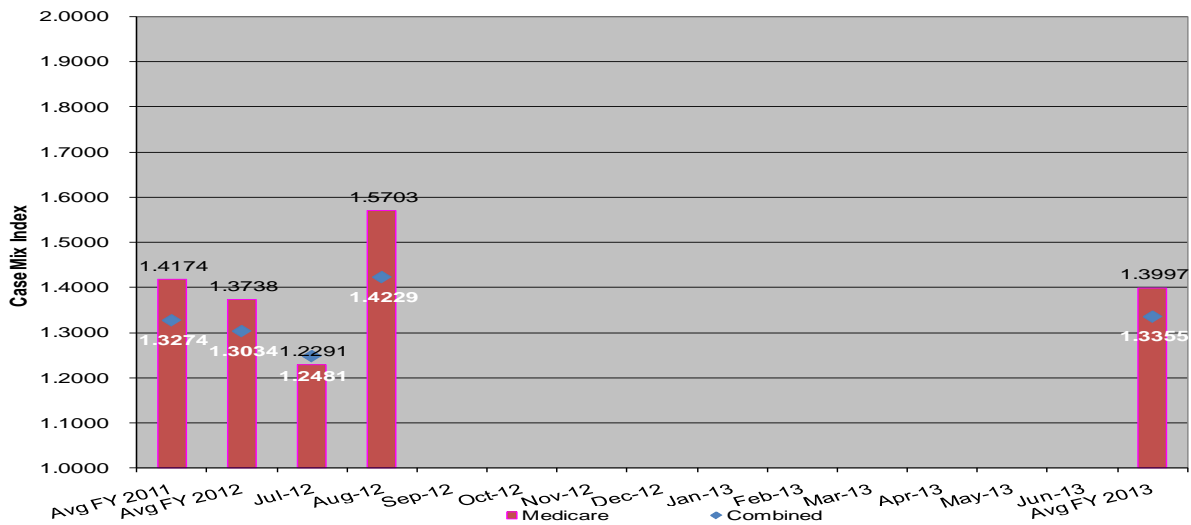
Payer Mix

The Hospital’s overall payer mix compared to budget is illustrated below. Note the increase in the Medi-Cal percent with the onset of Waters Edge which has a large number of patients with Medi-Cal insurance.

	July Actual	August Actual	August Budget
Medicare	50.3%	48.3%	46.6%
Medi-Cal	22.5%	25.5%	27.4%
Managed Care	17.9%	17.1%	15.4%
Other	2.9%	3.2%	3.0%
Commerical	0.2%	1.3%	3.1%
Self-Pay	6.2%	4.6%	4.4%
Total	100.0%	100.0%	100.0%

Case Mix Index

The Hospital’s overall Case Mix Index (CMI) for August was 1.4229, up from the prior month of 1.2451. The Medicare CMI was 1.5703 in August, higher than experienced over the last several years. There were a several high weight DRG’s during the month contributing to this CMI. The graph below shows the Medicare CMI for the Hospital during the current Fiscal Year as compared to the prior two years.



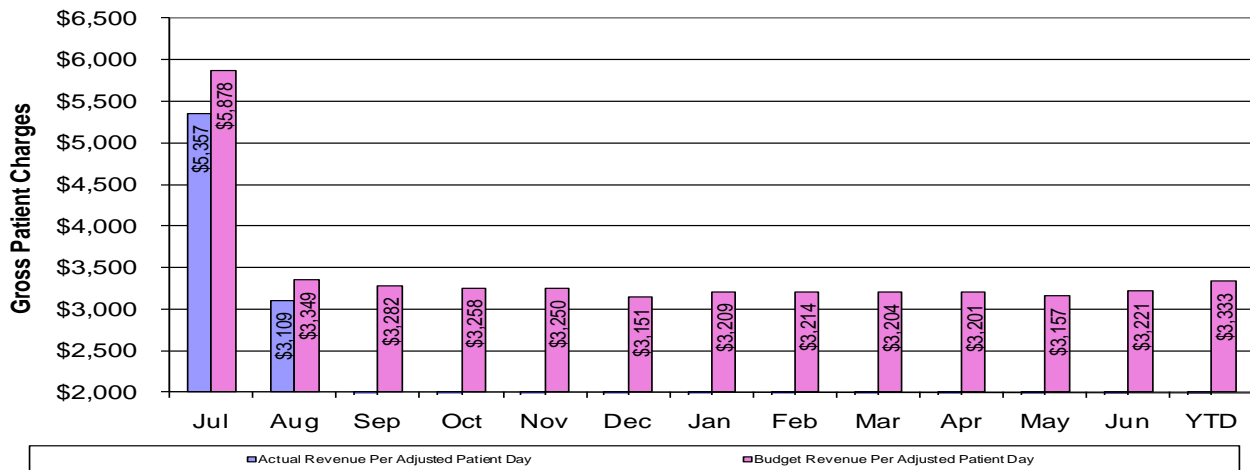
Revenue

Gross patient charges in August were below budget by \$507,000, or 2.0%. Inpatient revenues were \$941,000 below the budget and outpatient revenues were up \$433,000. Acute inpatient days were below budget by 11.1% contributing to the inpatient gross revenue being under budget. Two-thirds of the inpatient variance is due to inpatient acute nursing services (\$640,000).

Outpatient gross revenues were greater than budget by \$433,000 (5.8%) due to higher outpatient registrations and visits. Imaging (\$162,000), Surgery (\$132,000) and Pharmacy (\$120,000) were the largest contributors to this positive variance. The improvements in the ECC revenue cycle process that went into effect August 1, 2012 are being seen and revenue is almost at budget. While Wound Care volume is close to budget, revenue is down due to the ramp up of higher intensity services such as hyperbaric oxygen treatments. These treatments are slowly increasing as the program grows and more physicians become aware of the capabilities of the program.

On an adjusted patient day basis, total patient revenue was \$3,108 below the budget of \$3,349 for the month of August. 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 revenue per day has dropped in August with the addition of Waters Edge days and revenue in the mix. Waters Edge provides a significant amount of days (almost double) yet these patients have primarily room and board charges and very little ancillary services compared to acute patients.

Gross Charges per Adjusted Patient



Contractual Allowances

Contractual allowances are computed as deductions from gross patient revenues based on the difference between gross patient charges and the contractually agreed upon rates of reimbursement with third party government-based programs such as Medicare, Medi-Cal and other third party payers such as Blue Cross. A collection ratio of 22.8% was budgeted and 24.0% was realized. Medi-Cal reimbursement at both South Shore and Waters Edge were calculated at a per diem rate of \$316 which is consistent with budget and the anticipated rate if AB97 were to become effective. The average RUG score of Medicare A patients at both Waters Edge and South Shore was high than budget resulting in approximately \$20,000 additional net revenue.

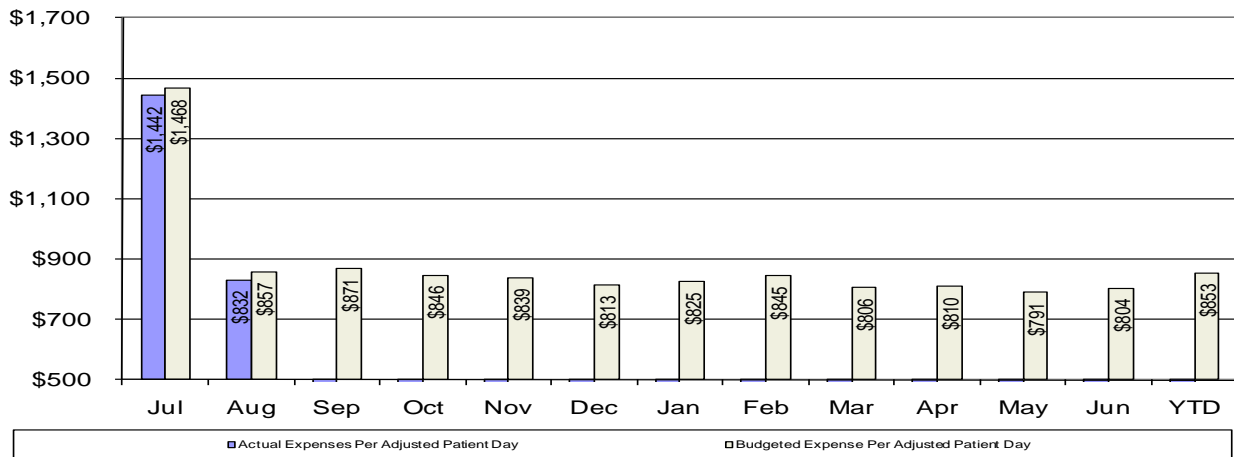
Expenses

Total Operating Expenses

Total operating expenses were \$6.7 million and higher than the fixed budget by \$166,000 or 2.5%. Benefits, temporary agency fees, supplies and rents/leases were above budget while salaries were significantly below budget. All other expense categories were reasonably close to budget. As mentioned at the July meeting the temporary agency budget is understated by \$40,000 per month.

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 again this month, and as with revenue the overall expense per adjusted patient day is much lower with the additional Waters Edge days.

Expenses per Adjusted Patient Day



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

Salary and Temporary Agency Expenses

Salary and temporary agency costs combined were unfavorable to the fixed budget by just \$5,300. While the temporary agency expenses were budgeted lower than they should have been, there were several areas using temporary staff to replace vacant positions. The departments utilizing temporary staff to replace budgeted vacant positions were Nursing Administration, Laboratory and the 1206(b) clinic. An non-budgeted agency expense (\$17,000) in Rehabilitation Services was eliminated in September.

We have had ongoing meetings with C.N.A regarding implementation of a skill-mix change in Subacute. The change would decrease the utilization of RN's and increase the use of LVN's which is the industry standard for subacute services. This skill mix change is part of our FY 2013 budget and would equate to about a \$20,000 decrease in payroll expense once implemented.

During August, the overtime and doubletime has been better controlled and is running just under the prior 12 month average. However, there was almost \$20,000 in overtime at the Waters Edge facility associated with additional work required during the transition (new patient assessments (MDS), TARS, etc.). This Waters Edge overtime will not be recurring.

Benefits

Benefits were unfavorable to the fixed budget by \$127,000 or 14.4%. This offsets the favorable variance from last month, leaving year-to-date benefits \$84,000 under budget. Driving this expense was a higher IBNR reserve for health claim experience (\$34,000), and the remainder (\$68,000) current actual claims processed.

Professional Fees

Professional fees which had been running over budget most of the prior year were again favorable by \$16,000 this month, and \$23,000 YTD.

Supplies

Supplies expenses were \$54,000 greater than budget, primarily due to IVT pharmaceuticals and laboratory supplies. IVT Therapy had 20 more infusion visits in August than was budgeted, and the Laboratory placed unusually high orders of supplies in August that should carry the department into September; proper ordering has been addressed in this department

Purchased Services

Purchased services were right on budget for the month of August, as this area was monitored closely after the significant variance over budget last month. In September we were able to complete the terms for hiring our onw in-house Director of Pharmacy which will eliminate the pharmacy management contract. There is one month remaining on this contract, but once ended will result in the annualized budget savings of \$50,000.

Rents and Leases

Rents and leases were over the fixed budget by \$12,000. A portion of this negative variance is attributable to Central Supply equipment leases and a portion is in Administration copier expense. Year-to-date these expenses are at budget.

Other Operating Expense

Other operating expenses were \$18,000 under the fixed budget in August. Again both dues/subscriptions and travel/training are contributing to this positive variance.

Balance Sheet

Total assets increased by \$487,000 from the prior month. The following items make up the increase in current assets:

- Total unrestricted cash and cash equivalents for August decreased by almost \$1.3 million and days cash on hand including restricted use funds decreased to 8.6 days cash on hand in August from 17.4 days cash on hand in July. Patient collections in August averaged \$145,000 per day, down slightly from the prior month.
- Net patient accounts receivable increased in August by almost \$1.4 million mostly due to the addition of Waters Edge accounts (\$938,000) plus two weeks of no Medi-Cal (about \$500,000) as a result of the Emdeon system issues affecting transmission to Medi-Cal claims. In early September we received \$500,000 cash advance from Emdeon to assist with vendor payments while the system issues were being resolved. A second \$250,000 advance was provided on September 19, 2012. All long term care claims totaling \$4.3 million have been re-submitted to Medi-Cal and both the Hospital and Emdeon are watching their progress as they move through the Medi-Cal adjudication process. We have also experienced a delay in collection of Waters Edge receivables due to the State approval to submit claims for Medi-Cal. Medicare is now able to be billed and are expecting our first payment on October 1, 2012.
- Days in outstanding receivables were 59.2 at August month end, another slight increase from July of 58.5 days. Collections in August were \$4.5 million compared to \$4.9 million in July.
- Prepaids and other increased by \$171,000 for annual fees that will be amortized over the course of the fiscal year.
- Construction in progress decreased by a net amount of \$756,000 as the wound care center buildout funding was complete and reclassified to depreciable assets to be depreciated over the 10 year term of the lease.

Overall, total liabilities increased by \$694,000 from prior month. However, there were a couple of changes in accrual and liability activity.

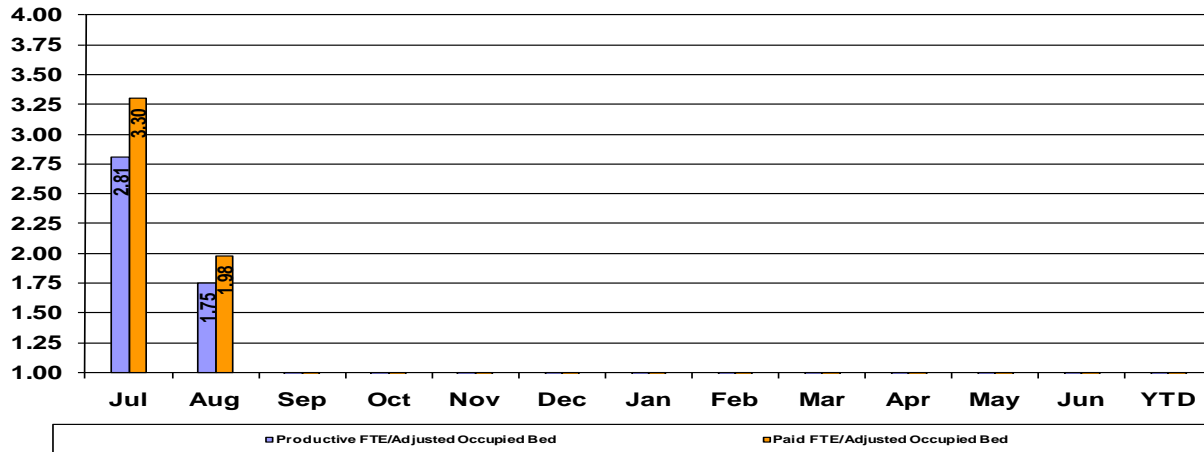
Accounts payable increased by almost \$1.5 million in August to \$10.1 million which equates to 141 AP Days, down from 144 days in July. AP Days and vendor relations remains one of our top concerns. The cash advances from Emdeon were used in September to help reduce vendor payables. However, once we begin receiving positive cash flow from Waters Edge and other revenue programs, the Hospital will need to reduce our outstanding vendor balances and days in AP as a top priority.

- Payroll related accruals had a net decrease of almost \$600,000 as there were three payrolls processed in August.
- Deferred revenues decreased by \$477,000 due to the recognition of one-twelfth of the 2012/2013 parcel tax revenues.

Key Statistics

FTE's Per Adjusted Occupied Bed

For the month of August Productive FTE's per Adjusted Occupied Bed were 1.75, below the budget of 1.83 FTE's by 4.6%, and paid FTE's were 1.98 or 4.7% below 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 August is again 0.95. The 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 59.2. This is up slightly from prior month of 58.5.

Days Cash on Hand

Days cash on hand for August was 8.6 a decrease from prior month of 17.4. This decrease was anticipated as there were three payrolls processed during August.

The following pages include the detailed financial statements for the first (2) months ended August 31, 2012, of Fiscal Year 2013.

**ALAMEDA HOSPITAL
KEY STATISTICS
AUGUST 2012**

	<u>ACTUAL AUGUST 2012</u>	<u>CURRENT FIXED BUDGET</u>	<u>VARIANCE (UNDER) OVER</u>	<u>%</u>	<u>AUGUST 2011</u>	<u>YTD AUGUST 2012</u>	<u>YTD FIXED BUDGET</u>	<u>VARIANCE</u>	<u>%</u>	<u>YTD AUGUST 2011</u>
Discharges:										
Total Acute	214	239	(25)	-10.4%	220	451	477	(26)	-5.4%	444
Total Sub-Acute	2	2	-	0.0%	2	4	4	-	0.0%	4
Total South Shore	5	3	2	66.7%	3	10	10	-	0.0%	10
Total Waters Edge	10	11	(1)	-9.1%	-	10	11	(1)	-9.1%	-
	231	255	(24)	-9.3%	225	475	502	(27)	-5.3%	458
Patient Days:										
Total Acute	853	959	(106)	-11.1%	928	1,734	1,914	(180)	-9.4%	1,794
Total Sub-Acute	1,003	1,033	(30)	-2.9%	1,042	2,035	2,011	24	1.2%	2,015
Total South Shore	709	673	36	5.3%	731	1,440	1,344	96	7.1%	1,437
Total Waters Edge	2,977	2,759	218	7.9%	-	2,977	2,759	218	7.9%	-
	5,542	5,424	118	2.2%	2,701	8,186	8,028	158	2.0%	5,246
Average Length of Stay										
Total Acute	3.99	4.02	(0.03)	-0.8%	4.22	3.84	4.02	(0.17)	-4.3%	4.04
Average Daily Census										
Total Acute	27.52	30.94	(3.42)	-11.1%	29.94	27.97	30.87	(2.90)	-9.4%	28.94
Total Sub-Acute	32.35	33.32	(0.97)	-2.9%	33.61	32.82	32.44	0.39	1.2%	32.50
Total South Shore	22.87	21.71	1.16	5.3%	23.58	23.23	21.68	1.55	7.1%	23.18
Total Waters Edge	96.03	89.00	7.03	7.9%	-	48.02	89.00	(40.98)	-46.0%	-
	178.77	174.97	3.81	2.2%	87.13	132.03	173.98	(2.52)	-1.4%	84.61
Emergency Room Visits	1,399	1,423	(24)	-1.7%	1,360	2,751	2,846	(95)	-3.3%	2,845
Wound Care Clinic Visits	96	100	(4)	-4.0%	-	103	150	(47)	-31.3%	-
Outpatient Registrations	2,023	1,946	77	4.0%	1,916	3,864	3,764	100	2.7%	3,691
Surgery Cases:										
Inpatient	48	39	9	23.1%	38	85	73	12	16.4%	71
Outpatient	132	190	(58)	-30.5%	193	214	349	(135)	-38.7%	357
	180	229	(49)	-21.4%	231	299	422	(123)	-29.1%	428
Adjusted Occupied Bed (AOB)	261.00	247.10	13.90	5.6%	126.87	193.06	206.17	(13.11)	-6.4%	125.52
Productive FTE	455.71	452.35	3.36	0.7%	340.52	405.08	402.07	3.01	0.7%	341.80
Total FTE	517.30	514.02	3.27	0.6%	394.46	467.53	461.42	6.10	1.3%	398.31
Productive FTE/Adj. Occ. Bed	1.75	1.83	(0.08)	-4.6%	2.68	2.10	1.95	0.15	7.6%	2.72
Total FTE/ Adj. Occ. Bed	1.98	2.08	(0.10)	-4.7%	3.11	2.42	2.24	0.18	8.2%	3.17

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

	Current Month	Prior Month	Prior Year End
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 1,772,165	\$ 3,032,212	\$ 3,313,385
Patient Accounts Receivable, net	10,292,757	8,911,003	8,835,256
Other Receivables	6,588,527	6,536,740	6,462,932
Third-Party Payer Settlement Receivables	12,623	22,897	214,363
Inventories	970,149	965,566	990,056
Prepays and Other	533,985	362,549	263,419
Total Current Assets	20,170,206	19,830,967	20,079,411
Assets Limited as to Use, net	84,663	73,113	64,183
Fixed Assets			
Land	877,945	877,945	877,945
Depreciable capital assets	44,452,604	43,433,948	43,405,170
Construction in progress	3,622,132	4,378,434	4,337,208
Depreciation	(39,810,146)	(39,736,159)	(39,670,499)
Property, Plant and Equipment, net	9,142,535	8,954,168	8,949,824
Total Assets	\$ 29,397,404	\$ 28,858,248	\$ 29,093,418
Liabilities and Net Assets			
Current Liabilities:			
Current Portion of Long Term Debt	\$ 1,270,704	\$ 1,297,471	\$ 1,472,605
Accounts Payable and Accrued Expenses	10,087,152	8,605,669	8,220,804
Payroll Related Accruals	4,118,345	4,712,932	4,321,671
Deferred Revenue	4,772,138	5,249,221	5,726,305
Employee Health Related Accruals	644,742	610,986	691,942
Third-Party Payer Settlement Payable	291,170	365,170	439,170
Total Current Liabilities	21,184,251	20,841,449	20,872,497
Long Term Debt, net	1,707,635	1,356,920	1,260,917
Total Liabilities	22,891,886	22,198,369	22,133,414
Net Assets:			
Unrestricted	6,210,855	6,376,765	6,685,821
Temporarily Restricted	294,663	283,113	274,183
Total Net Assets	6,505,518	6,659,878	6,960,004
Total Liabilities and Net Assets	\$ 29,397,404	\$ 28,858,247	\$ 29,093,418

City of Alameda Health Care District

Statements of Operations

August 31, 2012

\$'s in thousands

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Patient Days	5,542	5,424	118	2.2%	2,701	5,209	5,269	(60)	-1.1%	5,246
Discharges	231	255	(24)	-9.3%	225	465	252	213	84.5%	458
ALOS (Average Length of Stay)	23.99	21.29	2.70	12.7%	12.00	11.20	20.91	(9.71)	-46.4%	11.45
ADC (Average Daily Census)	178.8	175.0	3.81	2.2%	87.1	84.0	85.0	(0.97)	-1.1%	84.6
CMI (Case Mix Index)	1.4229				1.3537	1.3330				1.3453
Revenues										
Gross Inpatient Revenues	\$ 17,225	\$ 18,166	\$ (941)	-5.2%	\$ 15,263	\$ 31,389	\$ 33,473	\$ (2,084)	-6.2%	\$ 29,438
Gross Outpatient Revenues	7,923	7,489	433	5.8%	7,325	14,535	14,753	(218)	-1.5%	14,668
Total Gross Revenues	25,148	25,655	(507)	-2.0%	22,588	45,924	48,226	(2,302)	-4.8%	44,107
Contractual Deductions	15,890	18,923	3,033	16.0%	16,620	30,978	35,732	4,754	13.3%	32,886
Bad Debts	3,108	705	(2,403)	-341.0%	881	3,925	1,426	(2,499)	-175.2%	1,218
Charity and Other Adjustments	122	171	49	28.9%	249	246	346	100	29.0%	514
Net Patient Revenues	6,029	5,856	172	2.9%	4,838	10,775	10,722	53	0.5%	9,488
Net Patient Revenue %	24.0%	22.8%			21.4%	23.5%	22.2%			21.5%
Net Clinic Revenue	38	42	(4)	-8.8%	31	77	83	(6)	-7.5%	66
Other Operating Revenue	8	50	(42)	-83.5%	168	15	101	(86)	-85.5%	174
Total Revenues	6,075	5,948	127	2.1%	5,037	10,867	10,906	(39)	-0.4%	9,729
Expenses										
Salaries	3,323	3,455	132	3.8%	2,861	6,330	6,427	97	1.5%	5,738
Temporary Agency	195	66	(129)	-195.6%	122	349	123	(227)	-185.0%	232
Benefits	1,005	879	(127)	-14.4%	1,057	1,636	1,720	84	4.9%	1,817
Professional Fees	351	367	16	4.3%	282	686	710	23	3.3%	596
Supplies	808	754	(54)	-7.1%	634	1,456	1,385	(71)	-5.1%	1,246
Purchased Services	531	531	1	0.1%	330	990	940	(50)	-5.3%	651
Rents and Leases	214	202	(12)	-5.9%	80	329	328	(2)	-0.5%	167
Utilities and Telephone	83	87	4	4.2%	64	150	159	9	5.5%	132
Insurance	46	40	(6)	-16.1%	35	80	68	(12)	-18.2%	60
Depreciation and amortization	77	68	(9)	-13.6%	77	143	136	(7)	-5.1%	153
Other Operating Expenses	94	113	18	16.1%	78	173	204	31	15.2%	143
Total Expenses	6,729	6,562	(167)	-2.5%	5,617	12,323	12,198	(125)	-1.0%	10,936
Operating gain (loss)	(654)	(613)	(40)	-6.6%	(580)	(1,456)	(1,292)	(164)	12.7%	(1,207)
Non-Operating Income / (Expense)										
Parcel Taxes	477	500	(23)	-4.6%	477	954	1,000	(46)	-4.6%	955
Investment Income	1	-	1	0.0%	1	3	-	3	0.0%	1
Interest Expense	(18)	(8)	(10)	-123.6%	(21)	(31)	(8)	(23)	281.2%	(31)
Other Income / (Expense)	27	15	12	82.8%	23	55	30	25	82.8%	46
Net Non-Operating Income / (Expense)	488	507	(19)	-3.8%	480	981	1,022	(41)	-4.0%	971
Excess of Revenues Over Expenses	\$ (166)	\$ (107)	\$ (59)	55.8%	\$ (100)	\$ (475)	\$ (270)	\$ (204)	75.6%	\$ (236)

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

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Revenues										
Gross Inpatient Revenues	\$ 2,129	\$ 2,371	\$ (243)	-10.2%	\$ 3,818	\$ 4,119	\$ 4,409	\$ (291)	-6.6%	\$ 3,745
Gross Outpatient Revenues	979	978	1	0.2%	1,833	1,907	1,943	(36)	-1.9%	1,866
Total Gross Revenues	3,108	3,349	(241)	-7.2%	5,651	6,026	6,353	(327)	-5.1%	5,612
Contractual Deductions	1,964	2,470	506	20.5%	4,158	4,065	4,707	642	13.6%	4,184
Bad Debts	384	92	(292)	-317.5%	220	515	188	(327)	-174.1%	155
Charity and Other Adjustments	15	22	7	32.6%	62	32	46	13	29.3%	65
Net Patient Revenues	745	765	(19)	-2.5%	1,210	1,414	1,412	1	0.1%	1,207
Net Patient Revenue %	24.0%	22.8%			21.4%	23.5%	22.2%			21.5%
Net Clinic Revenue	5	5	(1)	-13.7%	8	10	11	(1)	-7.9%	8
Other Operating Revenue	1	7	(6)	-84.4%	42	2	13	(11)	-85.6%	22
Total Revenues	751	777	(26)	-3.3%	1,260	1,426	1,437	(11)	-0.7%	1,238
Expenses										
Salaries	411	451	40	8.9%	716	831	847	16	1.9%	730
Temporary Agency	24	9	(15)	-179.9%	30	46	16	(30)	-183.9%	30
Benefits	118	115	(3)	-2.6%	264	208	227	19	8.3%	231
Professional Fees	43	48	4	9.4%	71	90	93	3	3.7%	76
Supplies	100	98	(1)	-1.4%	159	191	182	(9)	-4.7%	159
Purchased Services	66	69	4	5.4%	82	130	124	(6)	-4.9%	83
Rents and Leases	26	26	(0)	-0.3%	20	43	43	(0)	-0.1%	21
Utilities and Telephone	10	11	1	9.3%	16	20	21	1	5.9%	17
Insurance	6	5	(1)	-9.9%	9	11	9	(2)	-17.8%	8
Depreciation and Amortization	10	9	(1)	-7.6%	19	19	18	(1)	-4.7%	19
Other Operating Expenses	12	13	1	8.0%	19	23	27	4	15.6%	18
Total Expenses	825	855	30	3.5%	1,405	1,610	1,607	(3)	-0.2%	1,391
Operating Gain / (Loss)	(74)	(78)	4	4.9%	(145)	(184)	(170)	(14)	8.1%	(154)
Non-Operating Income / (Expense)										
Parcel Taxes	59	65	(6)	-9.6%	119	125	132	(6)	-4.9%	121
Investment Income	0	-	0	0.0%	0	0	-	0	0.0%	0
Interest Expense	(2)	(1)	(1)	-111.7%	(5)	(4)	(2)	(2)	89.9%	(4)
Other Income / (Expense)	3	2	1	73.1%	6	7	4	3	82.1%	6
Net Non-Operating Income / (Expense)	60	66	(6)	-8.9%	120	129	134	(5)	-3.6%	124
Excess of Revenues Over Expenses	\$ (14)	\$ (12)	\$ (2)	17.2%	\$ (25)	\$ (55)	\$ (36)	\$ (19)	51.1%	\$ (30)

City of Alameda Health Care District
Wound Care - Statement of Operations
August 31, 2012

	Current Month				Year-to-Date			
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Visits	96	100	(4)	-4.0%	103	150	(47)	-31.3%
Revenue								
Gross Revenue	83,247	210,392	(127,145)	-60.4%	93,950	315,588	(221,638)	-70.2%
Deductions from Revenue	<u>64,133</u>	<u>162,086</u>	<u>(97,953)</u>		<u>70,926</u>	<u>243,129</u>	<u>(172,203)</u>	
Net Revenue	<u>19,114</u>	<u>48,306</u>	<u>(29,192)</u>	<u>-60.4%</u>	<u>23,024</u>	<u>72,459</u>	<u>(49,435)</u>	<u>-68.2%</u>
Expenses								
Salaries	11,846	14,911	3,065	20.6%	23,138	29,822	6,684	22.4%
Benefits	2,482	4,220	1,738	41.2%	4,958	8,440	3,482	41.3%
Professional Fees	9,674	26,351	16,677	63.3%	9,674	41,027	31,353	76.4%
Supplies	(10,246)	7,532	17,778	236.0%	14,793	15,064	271	1.8%
Purchased Services	11,311	-	(11,311)	-100.0%	17,500	-	(17,500)	-100.0%
Rents and Leases	5,981	5,080	(901)	-17.7%	11,117	10,160	(957)	-9.4%
Depreciation	240	4,900	4,660	95.1%	480	9,800	9,320	95.1%
Other	649	5,917	5,268	89.0%	2,418	11,834	9,416	79.6%
Total Expenses	<u>31,937</u>	<u>68,911</u>	<u>36,974</u>	<u>53.7%</u>	<u>84,078</u>	<u>126,147</u>	<u>42,069</u>	<u>33.3%</u>
Excess of Revenue over Expenses	<u>(12,823)</u>	<u>(20,605)</u>	<u>7,782</u>	<u>37.8%</u>	<u>(61,054)</u>	<u>(53,688)</u>	<u>(7,366)</u>	<u>-13.7%</u>

City of Alameda Health Care District
Waters Edge Skilled Nursing - Statement of Operations
August 31, 2012

	Current Month				Year-to-Date			
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Patient Days								
Medicare	276	248	28	11.3%	276	248	28	11.3%
Medi-Cal	2,390	2,263	127	5.6%	2,390	2,263	127	5.6%
Managed Care	26	93	(67)	-72.0%	26	93	(67)	-72.0%
Self Pay/Other	<u>285</u>	<u>155</u>	<u>130</u>	<u>83.9%</u>	<u>285</u>	<u>155</u>	<u>130</u>	<u>83.9%</u>
Total	2,977	2,759	218	7.9%	2,977	2,759	218	7.9%
Revenue								
Routine Revenue	2,289,858	2,132,448	157,410	7.4%	2,289,858	2,132,448	157,410	7.4%
Ancillary Revenue	<u>267,839</u>	<u>436,783</u>	<u>(168,944)</u>	<u>-38.7%</u>	<u>267,839</u>	<u>436,783</u>	<u>(168,944)</u>	<u>-38.7%</u>
Total Gross Revenue	2,557,697	2,569,231	(11,534)	-0.4%	2,557,697	2,569,231	(11,534)	-0.4%
Deductions from Revenue	<u>1,505,954</u>	<u>1,670,000</u>	<u>164,046</u>	<u>9.8%</u>	<u>1,505,954</u>	<u>1,670,000</u>	<u>164,046</u>	<u>9.8%</u>
Net Revenue	<u>1,051,743</u>	<u>899,231</u>	<u>152,512</u>	<u>17.0%</u>	<u>1,051,743</u>	<u>899,231</u>	<u>152,512</u>	<u>17.0%</u>
Expenses								
Salaries	405,650	457,884	52,234	11.4%	429,332	457,884	28,552	6.2%
Benefits	91,933	137,365	45,432	33.1%	91,933	137,365	45,432	33.1%
Professional Fees	18,644	13,999	(4,645)	-33.2%	18,644	13,999	(4,645)	-33.2%
Supplies	88,420	98,067	9,647	9.8%	97,148	98,067	919	0.9%
Purchased Services	110,836	122,522	11,686	9.5%	134,203	122,522	(11,681)	-9.5%
Rents and Leases	76,468	76,552	84	0.1%	76,468	76,552	84	0.1%
Utilities	20,794	14,999	(5,795)	-38.6%	24,529	14,999	(9,530)	-63.5%
Insurance	10,949	12,165	1,216	10.0%	10,949	12,165	1,216	10.0%
Other	<u>15,927</u>	<u>21,049</u>	<u>5,122</u>	<u>24.3%</u>	<u>16,862</u>	<u>21,049</u>	<u>4,187</u>	<u>19.9%</u>
Total Expenses	<u>839,621</u>	<u>954,602</u>	<u>114,981</u>	<u>12.0%</u>	<u>900,068</u>	<u>954,602</u>	<u>54,534</u>	<u>5.7%</u>
Excess of Revenue over Expenses	<u>212,122</u>	<u>(55,371)</u>	<u>267,493</u>	<u>483.1%</u>	<u>151,675</u>	<u>(55,371)</u>	<u>207,046</u>	<u>373.9%</u>

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

	<u>Current Month</u>	<u>Year-to-Date</u>
Cash flows from operating activities		
Net Income / (Loss)	\$ (166,013)	\$ (474,812)
Items not requiring the use of cash:		
Depreciation and amortization	77,263	\$ 142,923
Write-off of Kaiser liability	-	\$ -
Changes in certain assets and liabilities:		
Patient accounts receivable, net	(1,381,754)	(1,457,501)
Other Receivables	(51,787)	(125,595)
Third-Party Payer Settlements Receivable	(63,726)	53,740
Inventories	(4,583)	19,907
Prepays and Other	(171,436)	(270,566)
Accounts payable and accrued liabilities	1,481,483	1,866,348
Payroll Related Accruals	(594,587)	(203,326)
Employee Health Plan Accruals	33,756	(47,200)
Deferred Revenues	(477,083)	(954,167)
Cash provided by (used in) operating activities	<u>(1,318,467)</u>	<u>(1,450,249)</u>
Cash flows from investing activities		
(Increase) Decrease in Assets Limited As to Use	(11,550)	(20,480)
Additions to Property, Plant and Equipment	(265,630)	(335,634)
Other	103	(154)
Cash provided by (used in) investing activities	<u>(277,077)</u>	<u>(356,268)</u>
Cash flows from financing activities		
Net Change in Long-Term Debt	323,948	244,817
Net Change in Restricted Funds	11,550	20,480
Cash provided by (used in) financing and fundraising activities	<u>335,498</u>	<u>265,297</u>
Net increase (decrease) in cash and cash equivalents	(1,260,046)	(1,541,220)
Cash and cash equivalents at beginning of period	3,032,212	3,313,385
Cash and cash equivalents at end of period	<u>\$ 1,772,166</u>	<u>\$ 1,772,166</u>

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

Financial Ratios	<u>Audited Results</u>		<u>Unaudited Results</u>		YTD 8/31/2013
	FY 2009	FY 2010	FY 2011	YTD 6/30/2012	
<u>Profitability Ratios</u>					
Net Patient Revenue (%)	22.69%	24.16%	23.58%	22.73%	23.46%
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%	-0.83%
Total Margin	1.03%	2.74%	-2.61%	-3.21%	-0.82%
<u>Liquidity Ratios</u>					
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	59.22
Days cash on hand (with restricted)	13.6	21.6	14.1	17.7	8.6
<u>Debt Ratios</u>					
Cash to Debt	115.3%	249.0%	123.3%	123.56%	62.34%
Average pay period (includes payroll)	58.03	57.11	62.68	72.94	77.52
Debt service coverage	3.87	5.98	(0.70)	(0.53)	(0.07)
Long-term debt to fund balance	0.20	0.14	0.18	0.28	0.31
Return on fund balance	8.42%	18.87%	-19.21%	-27.35%	-1.37%
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	<u>Audited Results</u>		<u>Unaudited Results</u>		YTD 8/31/2013
	FY 2009	FY 2010	FY 2011	YTD 6/30/2012	
Patient Care Information					
Bed Capacity	161	161	161	161	161
Patient days(all services)	30,463	30,607	30,270	30,448	8,186
Patient days (acute only)	11,787	10,579	10,443	10,880	1,734
Discharges(acute only)	2,812	2,802	2,527	2,799	451
Average length of stay (acute only)	4.19	3.78	4.13	3.89	3.84
Average daily patients (all sources)	83.46	83.85	82.93	83.19	132.03
Occupancy rate (all sources)	52.94%	52.08%	51.51%	51.67%	82.01%
Average length of stay	4.19	3.78	4.13	3.89	3.84
Emergency Visits	17,337	17,624	16,816	16,964	2,751
Emergency visits per day	47.50	48.28	46.07	46.35	44.37
Outpatient registrations per day ^{Note 1}	82.05	79.67	65.19	60.67	62.32
Surgeries per day - Total	16.12	13.46	6.12	6.12	4.79
Surgeries per day - excludes Kaiser	5.14	5.32	6.12	6.12	4.79

Notes:

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

Glossary of Financial Ratios

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

DATE: September 28, 2012

FOR: October 3, 2012 District Board Meeting

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

FROM: Deborah E. Stebbins, Chief Executive Officer

SUBJECT: CEO Report to the Board of Directors

1. Comprehensive Orthopedic Program

Our new orthopedic program, which has been named Bay Area Bone & Joint Center, opens at 947 Marina Village Parkway (in Marina Village Shopping Center behind CVS) on Wednesday, October 17, 2012. The lease for this space, which we hope will be a temporary locale for the practice, took effect on September 25. Painting of offices, carpet installation, and the delivery of furniture and equipment will be complete prior to the opening. Marketing efforts have commenced to generate patients for Drs. DiStefano and Pirnia, and about five patients are already in the pipeline to be seen by them. Jack Stehr, MD, has also agreed to relocate his office to this site. Plans are to relocate the Center to the unused area at 815 Atlantic Avenue in the area adjacent to the Wound Center in early 2013. The Hospital held an open house on Monday, September 24, 2012 to introduce Drs. DiStefano and Pirnia, to Hospital department managers. The website for the Bay Area Bone and Joint Center is under development and will be completed prior to the Center opening.

2. Physician Relations

We have recruited the Golden Gate Urology Group, whose main office is at 2999 Regent Street in Berkeley to establish an outpatient office at 501 South Shore Center West, Alameda, beginning on Monday, October 22. Jeffrey Wieder, MD and Andrew Pieckney, MD of the five-physician practice will see patients in the Alameda office on Mondays and Fridays. They plan to be in town to perform surgeries on a midweek day to be determined. They have met with the emergency and hospitalist physicians and have agreed to provide support to them. Marketing efforts will include a presentation to our medical staff and networking between staff physicians and their office staff. This represents securing much needed regular coverage for our patients by urologists.

Other physician-related activities being pursued include the recruitment of a second general surgeon in September 2013 to provide needed support to Dr. Roberto Celada and investigation of a developing a maxilla-facial surgical program associated with University of the Pacific and Highland Hospital which supports local oral surgeons and dental residents.

3. Capital Projects

a) Bulk Oxygen Replacement

A community meeting to discuss plans to replace the bulk oxygen tank required due to mandatory seismic regulations, to which we have invited the Hospital's "neighbors", will be held on Saturday, September 29, 2012 in the Dal Cielo Conference Room beginning at 10:00 a.m.

4. Hospital | Foundation Sponsored Events and Activities

a) Alameda Hospital Foundation – Annual Meeting

The Alameda Hospital Foundation, a membership organization, invites members to attend an annual meeting to select members of the Board of Directors. This year's annual meeting will be held on Thursday, October 18 at 5:30 p.m. in the Dal Cielo Conference Room at Alameda Hospital.

b) Hospital Auxiliary – Hours Luncheon

Every fall, the Hospital's Auxiliary honors and recognizes its members who have obtained certain hourly levels of service. This year's luncheon will be held at Pier 29 on Wednesday, October 17, 2012 beginning at 11:30 a.m.

c) 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 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.

d) Let's Move! Alameda Celebration at the Neptune Beach Community Festival

Alameda Hospital and its various community partners including Alameda Recreation and Parks, Boys and Girls Club of Alameda, Girls Inc. of the Island City, Alameda Unified School District, Alameda Youth Collaborative, and the City of Alameda Social Services and Human Relations Board, will be celebrating 2012 Let's Move! Alameda on October 6, at 12 p.m. at the Neptune Beach Community Festival (formerly Webster Street Jam). Youth who signed the Let's Move! Alameda pledge this summer will be eligible for a drawing for prizes

e) Open House at Alameda Hospital at Waters Edge

You are welcome to join us at the Open House at Alameda Hospital at Waters Edge on Tuesday, October 30, 2012 at 5:00 p.m.

5. Key Statistics –September 2012

Due to the timing and distribution of materials prior to the end of the month, September monthly statistics will be presented at the Board meeting on October 3, 2012.

6. Human Resources

The Hospital was successful in the recruitment, Ari Arshi, Pharm.D., as the new Director of Pharmacy. He started on September 20, 2012 (see attached introduction letter).

7. Performance Improvement Initiatives

Nursing Administration presented a plan to the Performance Improvement Committee to establish a Noise Prevention Focus Group for noise reduction throughout the Hospital. As part of the action plan Nursing Supervisors began to monitor noise levels on Tuesday, September 25, 2012. They are using a noise meter to collect data in each unit on both the evening and night shifts to establish baseline decibel levels.

8. Updates on Waters Edge and the Wound Care Center:

Since our assumption of leadership over Waters Edge, the average daily census (now at 99 residents) is about two months ahead of the projected volume ramp-up contained in the original pro forma. About 30% of the residents now receive regular therapy services under our contract with Select Therapy, a dramatic increase from the level of rehab offered prior to our acquisition. We have seen an average of about ten Medicare patients as we have increased our capability in terms of staffing and skill mix of serving more acute patients. Operating expenses are below pro forma projections and in its first full month of operation, Waters Edge made a contribution of net revenue over expense of over \$200,000.

The Kate Creedon Center for Advanced Wound Care currently has 45 patients enrolled. Since the opening of the program in mid July, there have been 205 patient visits and 39 hyperbaric oxygen therapy (HBOT) treatments. The patient and visit volume is running positively in comparison to pro forma projections. The HBOT volume is ramping up a bit more slowly since it took a few weeks of visits to the Center before the first patients were appropriate candidates for that modality. Once a patient is referred for HBOT, they typically have daily treatments.

Date: September 25, 2012

To: Alameda Hospital Board of Directors
Alameda Hospital Medical Staff
Alameda Hospital Auxiliary
Alameda Hospital Employees

From: Mary Bond, MBA, RN,
Executive Director for Nursing and Clinical Services

Subject: New Director for Pharmacy

I am pleased to announce the appointment of local Alameda resident, **Ari Arshi, Pharm.D.**, as the new Director of Pharmacy for Alameda Hospital.

Ari graduated from UC Davis and earned his Pharm.D. degree at the University of Sciences in Philadelphia in 2004. Ari comes to Alameda having held various staff Pharmacist positions and serving as Director of Pharmacy at Shriners Hospital for Children in Los Angeles. His most recent position was as Regional Director of Pharmacy at St. Joseph Hospital in Humboldt County.

Ari can be reached at (510) 814-4313 or by dialing x 4313 in-house. His email address is aarshi@alamedahospital.org.

Please join me in welcoming Ari to our Team.