



PUBLIC NOTICE

Finance and Management Committee

Wednesday, May 29, 2013

7:30 a.m.

Location: Alameda Hospital (Dal Cielo Conference Room)
2070 Clinton Avenue, Alameda, CA 94501
Office of the Clerk: (510) 814-4001

Members of the public who wish to comment on agenda items will be given an opportunity before or during the consideration of each agenda item. Those wishing to comment must complete a speaker card indicating the agenda item that they wish to address.

This is being noticed as a Board Meeting as a quorum of Directors may be present. Ex-officio members and non-committee members cannot vote on any item, whether or not a quorum of the Board is present.

- I. Call To Order Elliott Gorelick
II. Action Items
A. Acceptance of April 24, 2013 Minutes Elliott Gorelick
B. Recommendation to Accept April 2013 Unaudited Financial Statements Kerry Easthope
C. Recommendation to Approve FYE June 30, 2014 Operating Budget Kerry Easthope Deborah E. Stebbins
D. Recommendation to Approve FYE June 30, 2014 Capital Budget Kerry Easthope Deborah E. Stebbins
III. Board / Committee / Staff Comments
IV. Adjournment

NEXT MEETING: Wednesday, June 26, 2013



**Finance and Management Committee Minutes**

April 24, 2013

<b>Members Present: (Voting)</b>	Robert Deutsch, MD William Sellman, MD	Emmons Collins, MD Lynn Bratchett, RN	
<b>Management Present:</b>	Deborah E. Stebbins Kerry J. Easthope Brian Jung	Mary Bond, RN Karen Taylor, RN Katy Silverman	Richard Espinoza
<b>Ex Officio/Guests:</b>			
<b>Absent:</b>	Elliott Gorelick	Ann Evans	Ed Kofman
<b>Submitted by:</b>	Kristen Thorson, District Clerk		

TOPIC	DISCUSSION	ACTION   FOLLOW-UP
I. Call to Order	Director Deutsch called the meeting to order at 7:36 a.m.	
II. Action Items	A. Acceptance of the February 27, 2013 Minutes	The minutes were approved as presented.
	B. Recommendation to Appoint Committee Member to Finance and Management Committee	Dr. Collins made a motion to recommend to the Board of Directors that Lynn Bratchett, RN be appointed to the Finance and Management Committee. Dr. Sellman seconded the motion. The motion carried.
	C. Recommendation to Accept the March 2013 Unaudited Financial Statements  Mr. Easthope reviewed a PowerPoint Presentation on the March Financial Statements that corresponded with the Financial Statements included in the meeting packet. He noted the following key areas:  <ul style="list-style-type: none"> <li>• February Performance Overview</li> <li>• Key Volume Indicators</li> <li>• Case Mix Comparison</li> </ul>	Dr. Sellman made a motion to recommend to the Board of Directors acceptance of the March 2013 Unaudited Financial Statements. Dr. Collins seconded the motion. The motion carried.

		<ul style="list-style-type: none"> <li>• Statement of Operations</li> <li>• Net Revenues</li> <li>• Total Operating Expenses</li> <li>• Balance Sheet</li> <li>• Financial Ratios</li> </ul> <p>March had a consolidated net operating loss of \$219,000 vs. a budgeted gain of \$204,000. Year to date loss is \$1.35 M compared to a budgeted loss of \$135,000.</p> <p>There was a discussion amongst the committee members and management regarding the orthopedic program, including spin-off revenue, revenue, referral sources, and practice management. Management will bring a detailed analysis of the ortho program and practice to a future committee meeting which will address the inquiries from the committee, such as spin-off revenue and overall revenue and referral patterns. Ms. Stebbins noted that management would bring back a practice consultant to review the overall practice operations, validate current practices and to look for opportunities for improvement.</p>	
III. Chief Financial Officer Report	A.	<p>FY 13-14 Budget Update</p> <p>Mr. Easthope stated that the budget would be brought to the committee at the May meeting and that it will be a challenging budget.</p>	No action taken.
	B.	<p>Revenue Cycle Update (handout)</p> <p>Mr. Easthope distributed and reviewed a spreadsheet with an analysis of net revenue to cash collections, FYTD through March 2013. Mr. Easthope noted that concerted effort is being made to review and correct issues with wound care billing.</p>	No action taken.
	C.	<p>Financial Impact of Incremental Volume (handout)</p> <p>Mr. Easthope distributed and reviewed a document on the financial impact of incremental volume in acute average daily census (ADC). The analysis was an estimation using internal data for direct and variable expenses for acute nursing services as well as high level estimations provided by external sources. The additional volume needed for breakeven was an additional 4 ADC.</p>	
IV. Chief Executive Officer Report		<p>Ms. Stebbins stated that the Hospital continues to explore business opportunities with other organizations to increase revenue and future business development. She also informed the committee that she will asking the Alameda Hospital Foundation</p>	No action taken.

	for a \$400,000 loan to cover the remaining seismic projects. The Foundation may decide to forgive the loan at some point in the future.	
V. Board / Committee / Staff Comments	No comments.	
VI. Adjournment	Being no further business, the meeting was adjourned at 8:40 a.m.	

DRAFT

# THE CITY OF ALAMEDA HEALTH CARE DISTRICT

## ALAMEDA HOSPITAL

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### UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDING APRIL 30, 2013

**CITY OF ALAMEDA HEALTH CARE DISTRICT  
ALAMEDA HOSPITAL  
APRIL 30, 2013**

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**ALAMEDA HOSPITAL  
MANAGEMENT DISCUSSION AND ANALYSIS  
APRIL, 2013**

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 April 30, 2013 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***

Overall for the month of April, the hospital experienced a combined negative net operating loss of \$358,000 against a budgeted gain of \$196,000. Year to date the hospital shows a loss of \$1.7 million compared to a budgeted gain of \$62,000. Waters Edge remains steady with a positive net contribution of \$143,000 and a year to date contribution of almost \$2.8 million. Wound Care had another busy month in April as the number of visits has increased again. The program's net contribution however fell below budget by \$53,000 in April.

April discharges were 240, which is 13 or 5.0% below budget, and total patient days were 5,810 or 66 (1.1%)% greater than budget. The acute ALOS increase slightly from prior month to 4.14 in the month, and year to date remains at 4.06. Total patient days for inpatient acute services were down just 0.5%; subacute days were down 7.4%, skilled nursing days were up at South Shore by 4.7% and Waters Edge were up by 3.6%.

Overall outpatient activity was mostly slower this month. Outpatient registrations were down 7.7% and emergency room visits were 65 or 4.7% below budget. Outpatient surgeries were below budget for the month by 25 or 16.0%, which is a little stronger than the trend year-to-date.

The Wound Care program had 460 visits in April compared to a budget of 300, or 53.3% above budget. In April there were 120 HBO treatments compared to 107 in March.

Total gross and net revenue in April was generally in line with activity. The overall inpatient component was below budget by 4.3% and outpatient was below budget 3.1%.

The overall Case Mix Index (CMI) in April was 1.1858; this is lower than it has been all year and below the FY 2013 year-to-date of 1.3298. This appears to be an aberration as the CMI climbed immediately in May and is currently running 1.2302.

Total expenses were just over \$7.1 million in April, \$324,000 or 4.8% above budget with is over the year to date trend.

Temporary agency fees, benefits, professional fees, supplies, other expenses and rents were over budget while other categories were close to or just under budget. As previously discussed, the FY2013 temporary agency budget was understated by about \$40,000 per month. Please see the Expense section for the details behind the expense variances.

Cash and cash equivalents were almost \$5.4 million at the end of April, higher than prior month due to timing of payrolls and vendor payment distributions. Cash collections in April were again almost \$7.2 million. Net accounts receivable decreased by almost \$800,000 to \$11.4 million.

Accounts payable and other accrued expenses decreased over \$160,000 from \$11.3 million to almost \$11.2 million.

Lastly, the current ratio dropped slightly to .89 below the required 1.0 of our bank covenants. Net Assets have dropped slightly to approximately \$5.5 million.

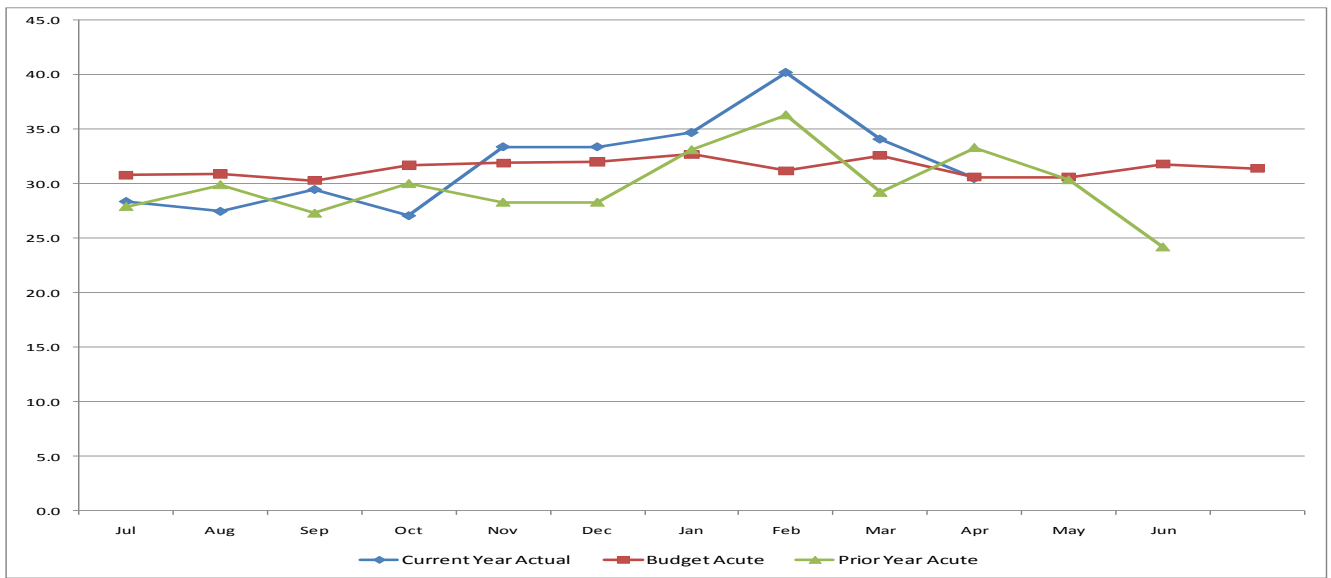
## ACTIVITY

### ACUTE, SUBACUTE AND SNF SERVICES

Overall, patient days were 1.1% above budget for the month and below April of last year. This month's acute days were below budget by 0.5%, Subacute was down 7.4%, South Shore was up 4.7% and Waters Edge was up 3.6%.

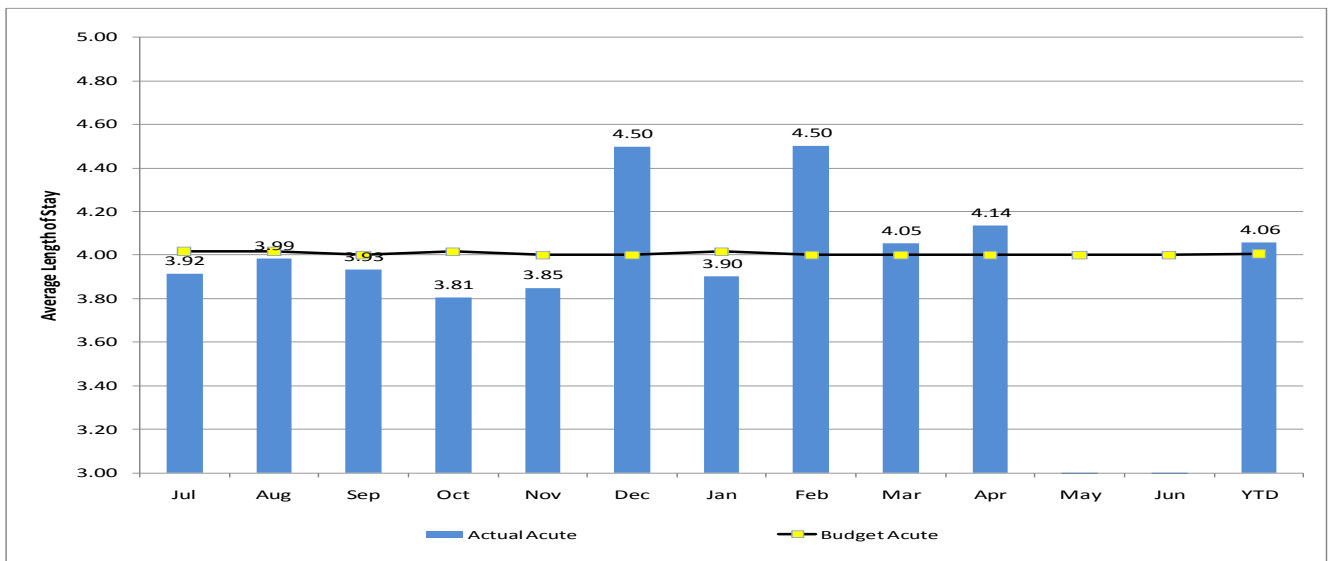
April's acute patient days were 23 days or 19.5% higher than budget for the month but 7.8% lower than April 2012. The acute care program is comprised of the Critical Care Unit (4.7 ADC, 19.5% above budget), Telemetry / Definitive Observation Unit (12.4 ADC, 20.8% above budget) and Med/Surg Unit (13.4 ADC, 18.7% below budget).

**Acute Average Daily Census**



The acute Average Length of Stay (ALOS) increased from 4.05 in March to 4.14 in April and is just above the budget of 4.00. The YTD acute ALOS for FY 2013 is 4.06. The graph below shows the ALOS by month compared to the budget.

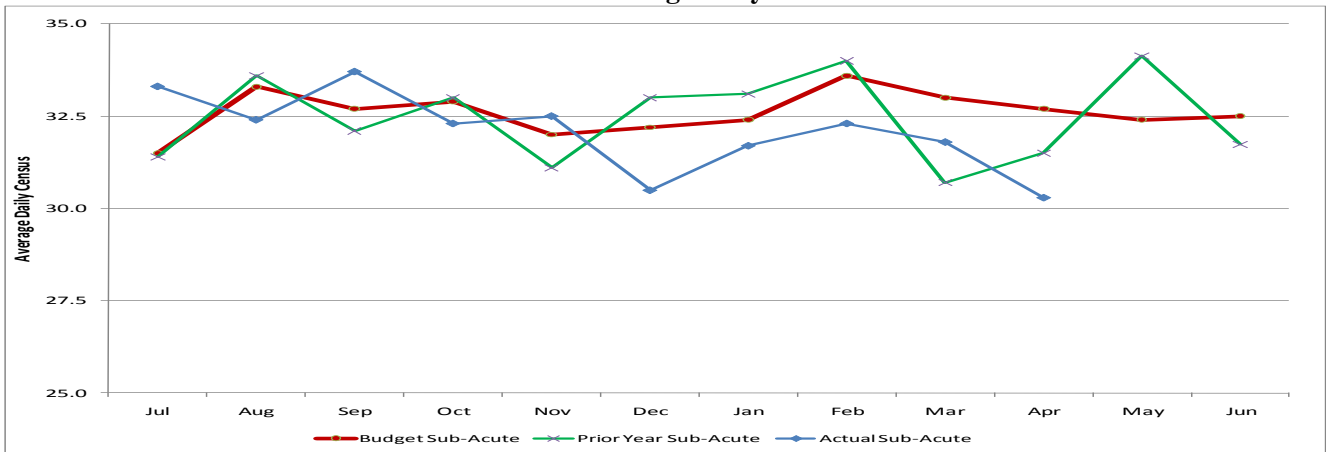
**Acute Average Length of Stay**





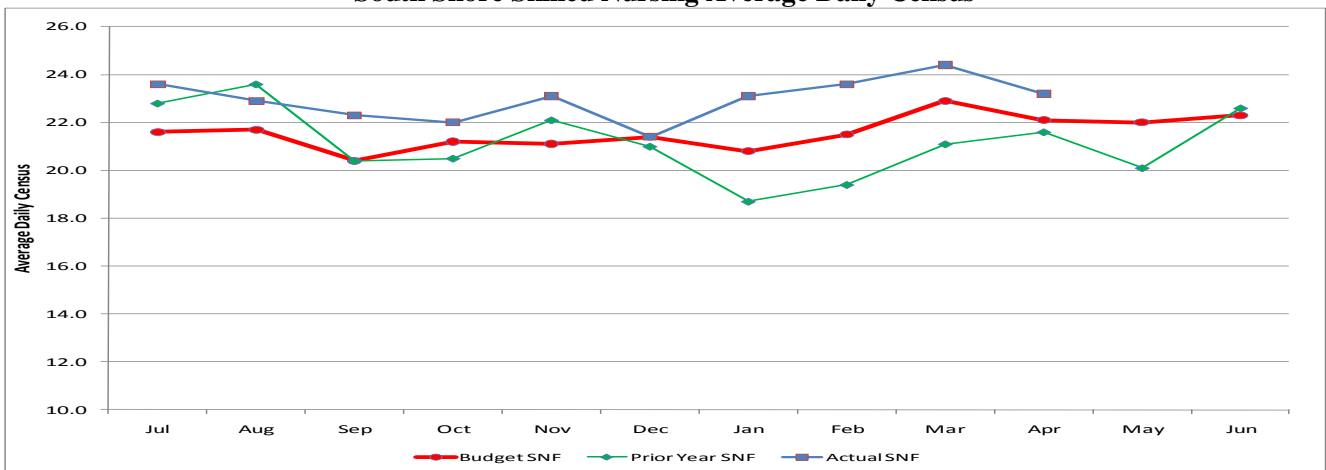
The Subacute program ADC of 30.27 was below budget by 2.43 ADC or 7.4%. Census is back at 33.0 in early May. The graph below shows the Subacute ADC for the current fiscal year as compared to budget and the prior year.

**Subacute Average Daily Census**



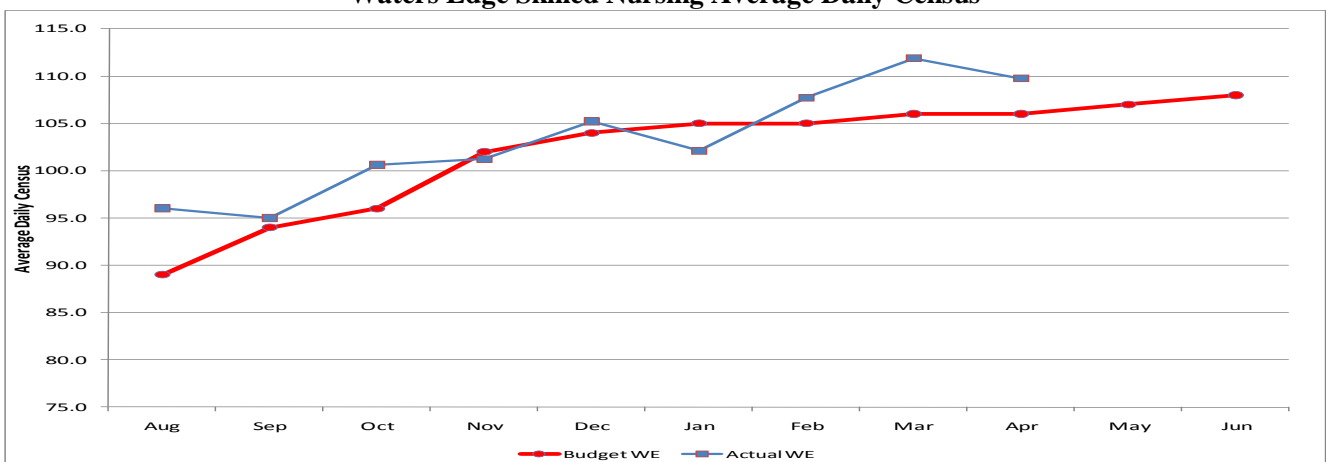
The South Shore ADC was above budget by 31 patient days (4.7%) for the month of April. The graph below shows the South Shore monthly ADC as compared to budget and the prior year. In April the number of Medicare A skilled patients was 4.0 ADC, even with the 3.96 ADC in March and just below the budget of 4.21.

**South Shore Skilled Nursing Average Daily Census**



Waters Edge census was 109.8 ADC or 3.6% above the budget of 106 in April. The Medicare census was 12.8 ADC down from 17.6 ADC in the prior month, and below the Medicare ADC budget of 16.0.

**Waters Edge Skilled Nursing Average Daily Census**

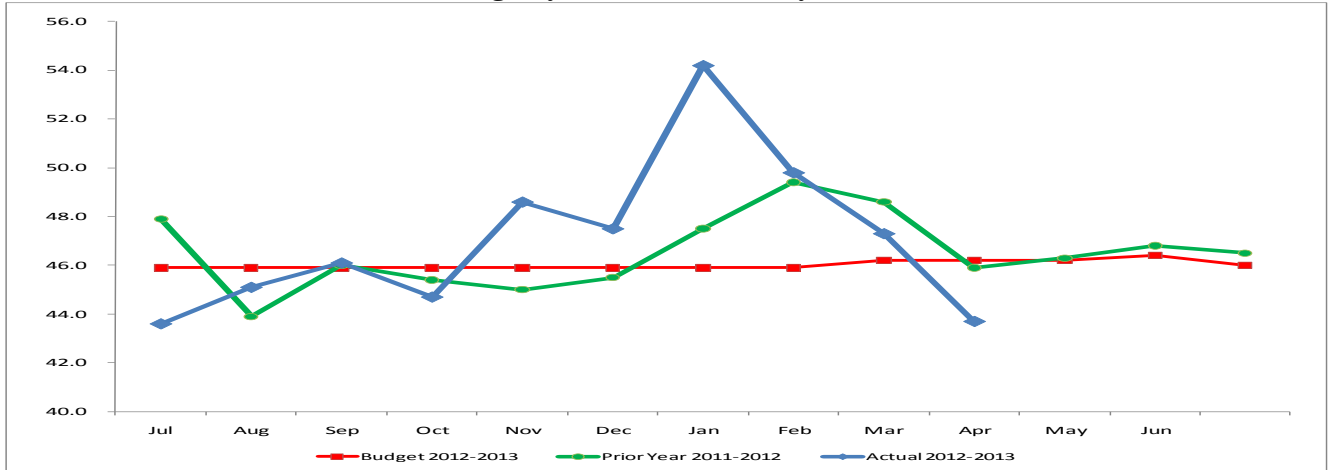


## *ANCILLARY SERVICES*

### Outpatient Services

Emergency Care Center (ECC) visits in April were 1,312, or 65 visits (4.7%) below the budget of 1377. The inpatient admission rate from the ECC was 16.3% down from the 17.0% admit rate in March. On a per day basis, the total visits represent a decrease of 7.6% from the prior month daily average. In April, there were 273 ambulance arrivals versus 294 in the prior month. Of the 273 ambulance arrivals in the current month, 189 or 69.2% were from Alameda Fire Department (AFD).

**Emergency Care Visits Per Day**



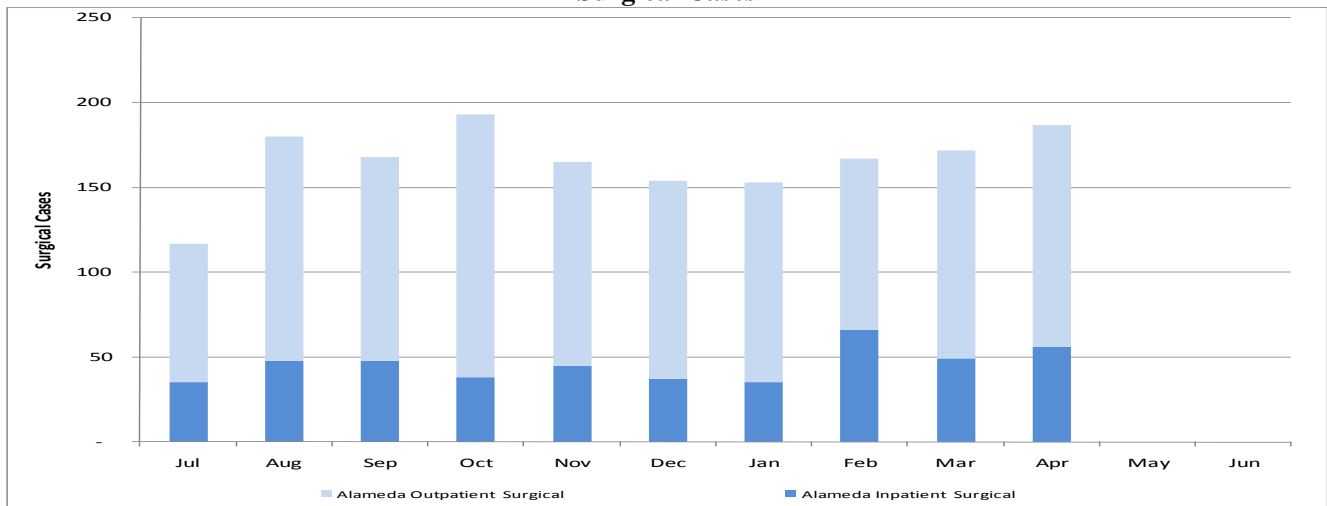
Outpatient registrations totaled 2,110 or 7.7% below budget. This month the number of patient visits were down in Radiology (243), CT Scan (28), MRI (75), Ultrasound (22) and Physical Therapy (167). However, visits were up in Laboratory (11 visits), Occupational Therapy (28) and Wound Care (160 visits). Starting in December and going forward, the budget for Physical Therapy and Radiology Services assumes significant increases from referrals by our two new orthopedic physicians. Work is being done to help streamline the referral and registration process of orthopedic clinic patients needing follow up ancillary services at the hospital. In April there were 220 Therapy visits and 100 Imaging procedures from the new orthopedic clinic, compared to 189 and 116 respectively in March. MRI was budgeted to increase the number of service days from 2 days per week to 3 days per week and this did not begin until mid March.

In April, Wound Care again exceeded the budget of 300 with 460 visits, or 53.3% over budget. Hyperbaric Oxygen treatments accounted for 120 of those visits, compared to 107 in March.

### Surgery

The total number of surgery cases in April were 187 or 9.7% below the budget of 207 but above last year's case volume of 153. Inpatient cases at 56 were above budget by 5 (9.8%) and outpatient was below budget by 25 (16.0%) at 131 cases.

**Surgical Cases**



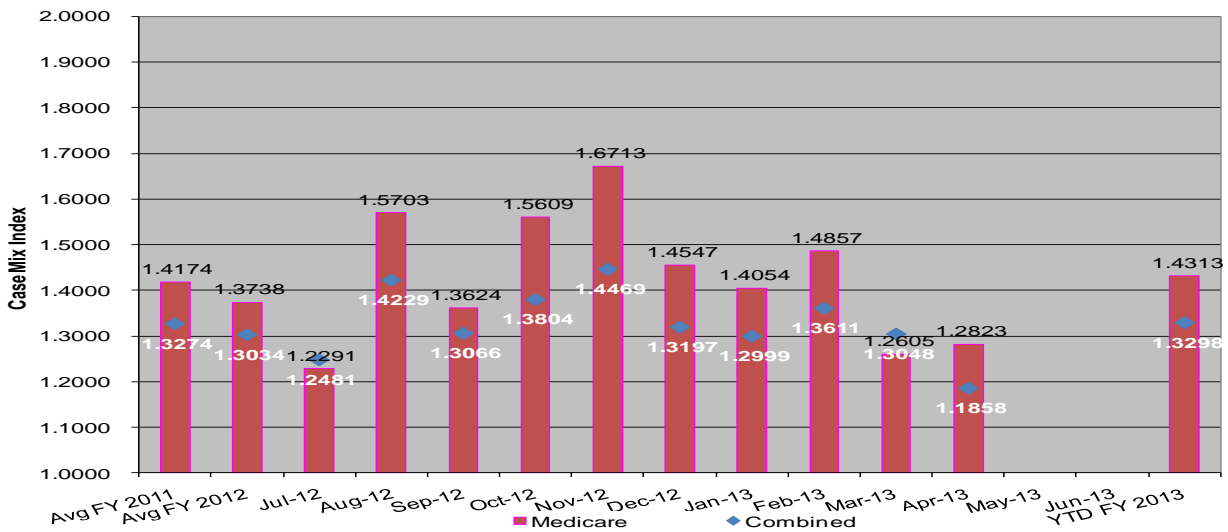
### *Payer Mix*

The Hospital's overall payer mix compared to budget is illustrated below. This is inclusive of the Waters Edge revenue.

	<u>April Actual</u>	<u>April Budget</u>
Medicare	47.2%	46.0%
Medi-Cal	28.5%	27.4%
Managed Care	14.0%	16.3%
Other	3.8%	3.0%
Commerical	1.7%	3.0%
Self-Pay	4.9%	4.4%
Total	100.0%	100.0%

### Case Mix Index

The Hospital's overall Case Mix Index (CMI) for April was 1.1858, down from the prior month of 1.3048 (9%) and lower than it has been all year. However, May started strong with CMI currently back up to 1.2302. The Medicare CMI was 1.2823 in April, above prior month. 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 April were below budget by \$1 million or 3.9%. Inpatient gross revenues were \$800,000 below budget and outpatient gross revenues were down \$264,000. Acute inpatient days were just .5% below budget and acute gross revenue was down 2.7%. Inpatient ancillary service charges below budget in Emergency, Surgery, Laboratory, Imaging and Respiratory, but were up in Supplies. Lower utilization in these revenue centers does coincide with the lower acuity.

Waters Edge gross and net revenue were above budget in April consistent with the volume. The ancillary revenue was very close to budget and the routine daily room and board revenue was above budget by 1.8%. Medicare A patient was about 20% lower than budget, contributing to the relatively lower Net Revenue in the month.

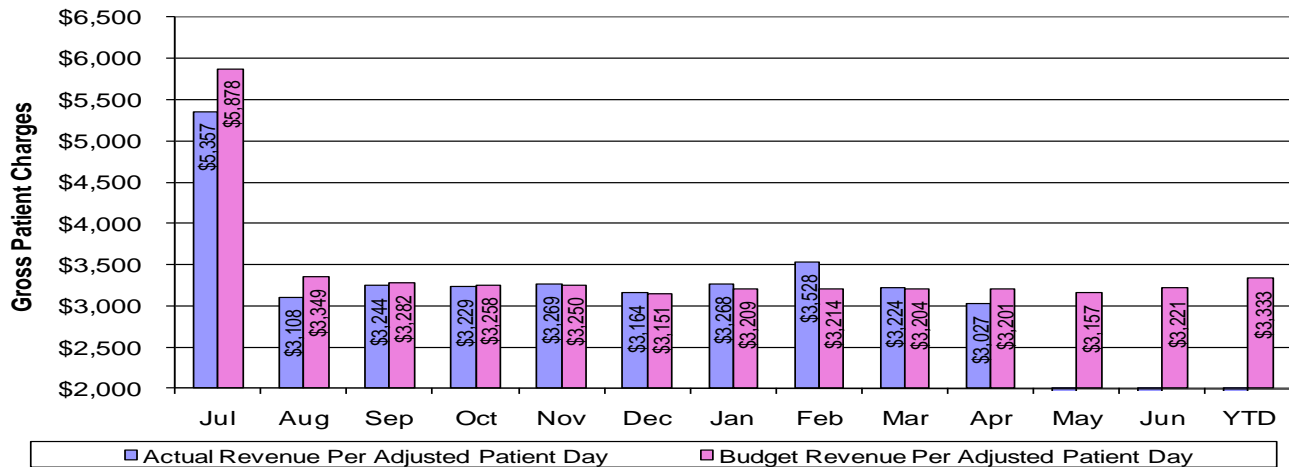
Outpatient gross revenues were lower than budget by \$264,000 (3.1%). Emergency and Imaging were the largest contributor to this being below budget while the clinics (Wound Care in particular) and Surgery were above budget. The new orthopedic practice anticipated increases in Imaging, Rehab Services and Surgery, these volumes and referral patterns are increasing. However, these areas have started a little slower than we have projected in the budget, but they are growing steadily as the year progresses. Outpatient MRI volumes were lower than expected given that we added a third MRI day in March. We do know that Emergency and Inpatient MRI utilization was higher, but overall numbers lower than expected. We are meeting with Alliance Imaging in May to

discuss further marketing efforts of if this third day should be cancelled.

Wound Care volume was above budget with the gross revenue exceeding budget by \$178,000 due to another busy month, resulting in Net Revenue coming in again better than budget by almost \$25,000 for the month, and \$232,000 year to date.

On an adjusted patient day basis, total patient revenue was \$3,027 below the budget of \$3,201 for the month of April. 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 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 and Net Revenue

Contractual allowances are computed as deductions from gross patient revenues based on the difference between gross patient charges and the contractually agreed upon rates of reimbursement with third party government-based programs such as Medicare, Medi-Cal and other third party payers such as Blue Cross. A Net Revenue percentage of 23.8% was budgeted and 23.9% was realized. Year to date net revenue percentage is 23.3% of gross versus a budget of 23.4%. 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 AB97 rate reduction.

Overall, Net Revenue was \$6.3 million, \$201,000 below the budget of \$6.5 million. The sharp decline in patient acuity, as measured by the CMI, lower inpatient ancillary revenue, and the lower than budgeted outpatient visits and revenues are all key drivers to the lower Net Revenue. In addition, beginning April 1, 2013, the Federal budget sequestration goes into effect. This is a 2% reduction in all Medicare reimbursements which equate to about \$40,000 per month for Alameda.

Waters Edge had Net Revenues of approximately \$1.2 million, almost right on the budget. Higher than budgeted overall census are driving this positive variance. Year to date, Waters Edge Net Revenue is \$226,000 (2.3%) above budget, and consistent with patient census (2.5%) above budget.

The Wound Care program also resulted in a positive net revenue contribution of almost \$25,000 for the month. However there are additional expenses associated with providing this additional revenue.

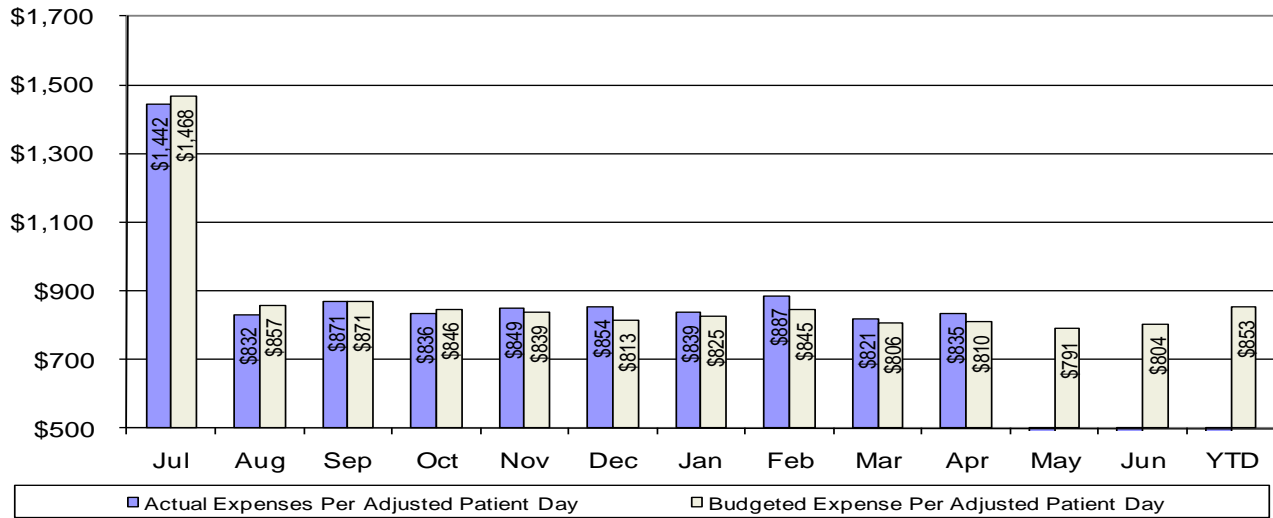
## Expenses

### Total Operating Expenses

Total operating expenses were \$7.1 million which was higher than the fixed budget by \$324,000 or 4.8%. Temporary agency fees, benefits, professional fees, supplies and rents and leases were all above budget while purchased services were under 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 on the below shows the actual Hospital operating expenses on an adjusted patient day basis for the fiscal year by month as compared to budget. Note that expenses per patient day were very close to budget this month and last.

### Expenses per Adjusted Patient Day



The 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 \$111,000 (3%). Most of this variance was in Registry (temporary agency services).

While the temporary agency expenses were budgeted lower than they should have been, there are still several areas using temporary staff to replace vacant positions. The departments still utilizing temporary staff to replace budgeted vacant positions are Respiratory Therapy (\$14,000), Laboratory (\$20,000), Rehab Services (\$8,000), and Waters Edge (\$42,000). In addition again the acute inpatient volume was high in CCU (19.5% above budget) and DOU (20.8% above budget) requiring more staffing including registry staffing, yet \$30,000 lower than the year to date average.

Staffing also needs to be better managed. Total paid and productive FTE's were about 16 over budget. FTE's per adjusted occupied bed about 1.5% over budget. Given the high amount of registry usage, employed staff salary and wages should be lower given the census and outpatient registration variance. The executive team has been discussing staffing and is taking steps to get this back in line.

On a positive note, the use of overtime and double time premium pay improved in April, down \$50,000 and \$25,000 respectively from prior month.

We did have additional salary expense in pharmacy, as we have hired and are training new pharmacists. We have also expanded the pharmacy service hours so there could be some additional salary expense in pharmacy going forward. However, this change will reduce the amount paid for our contracted after hour pharmacy service.

### Benefits

Benefits were above the fixed budget by \$21,000. Year to date is also above budget by \$158,000. These numbers fluctuate from month to month and this month is over budget due to our health comp IBNR actuarial calculation..

### Professional Fees

Professional fees were over budget by \$74,000 or 20.4% are due to the fees associated with the Interim Director in Information Systems, patient accounting, higher management fees associated with the busier than expected Wound Care program, Legal fees were also again higher in April as we engage legal council in various business matters. In addition, there two were prior period invoices needing recording for Environmental Services that had been missed totaling \$16,000).

### **Supplies**

Supplies expense was \$80,000 over budget and year to date supply expense is \$503,000 higher than budget. Departments using more supplies than anticipated were Surgery (prosthetics), Wound Care (skin graft prosthetics), Primary Clinic (some prior period pharmaceuticals), Subacute, Blood Bank, and Waters Edge.

### **Purchased Services**

Purchased services were \$31,000 under budget for the month of April and year to date is \$106,000 over budget. Most departments were very close to budget in April, but a few including South Shore, had accrual reversals that help to contribute to the positive variance this month.

### **Rents and Leases**

Rents and lease expense was \$37,000 over budget in the month. A big portion of this variance is due to missing Xerox invoices for two prior months (\$16,000) and one month missing accrual for the Primary Care Clinic (one month Jamestown rent). We also have additional unbudgeted rent for the new Orthopedic clinic space and an office building on Willow totaling about \$7,000.

### **Other Operating Expense**

Other operating expenses were over budget this month by \$19,000. This was made up of expenses in Plant Maintenance and QRM use of ambulance invoices and Waters Edge maintenance. However, year to date other expenses are under budget by \$81,000; about half from Waters Edge and half from hospital based travel and training budget.

### **Interest Expense**

Interest Expense was \$34,000 in April, \$26,000 higher than budget. We did accrue additional expense for interest charges assessed by Cardinal Health on past due payments. We are working with them to have half of these charges waived.

## ***Balance Sheet***

Total assets decreased by just over \$1 million from the prior month. The following items make up the decrease in assets:

- Total unrestricted cash and cash equivalents for April increased by almost \$2.2 million and days cash on hand including restricted use funds also increased to 23.6 days cash on hand in April from the 14.6 days cash on hand in March. Patient collections in March averaged almost \$240,000 per day, considerably higher than prior month. In April we also received about \$2.6 million in Parcel Tax proceeds; this is the second installment for fiscal year 2013. Note there is cash that is being held for repayment of LTC over payments since August 2012 and the addition of Waters Edge. Year to date, this overpayment amount is estimated at \$2.2 million.
- Net patient accounts receivable was \$11.4 million, down more than \$700,000 from \$12.2 million at the end of March. This has finally come back down due to high cash collections in April. We know that there is an additional \$600,000 from prior periods to be collected on 6 subacute patients that are pending TAR approvals as of the end of April.
- Days in outstanding receivables were 57.4 at April month end, a decrease from the March number of 61.6 days. Cash collections in March were almost \$7.2 million compared to \$6 million in March. Collections per day were almost \$240,000 which was above the prior month.

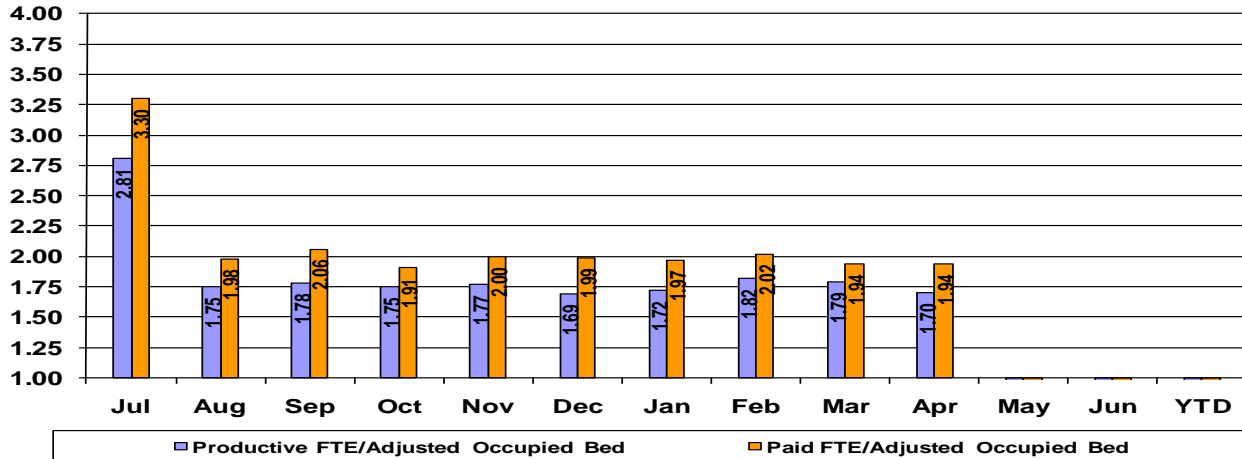
Overall, total liabilities decreased by almost \$700,000 as well from prior month.

- Accounts payable decreased by \$162,000 in April to approximately \$11.2 million which equates to 147 AP Days, down from the 157 days in March.
- Payroll related accruals decreased by \$316,000 due to the timing the the pay periods in the month.
- Deferred revenues decreased by \$477,000 due to the recognition of one-twelfth of the 2012/2013 parcel tax revenues.
- Current Portion of Long Term Debt in the month of April decreased by about \$27,000 as we continue to reduce short term liability to the State that ends this year.
- Third Party Settlement increased by \$260,000 associated with recording of the Medi-Cal overpayment reserve.

## *Key Statistics*

### FTE's Per Adjusted Occupied Bed

For the month of April Productive FTE's per Adjusted Occupied Bed were 1.70, above the budget of 1.67 FTE's by 1.8%. Paid FTE's per Adjusted Occupied Bed were 1.94 or 1.5% above the 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 April is 0.89, down again from .92 in March. We have met with representatives from the Bank of Alameda regarding these loan covenant ratios and other matters. We will be providing them with a loan covenant waiver request along with fiscal year end projections.

### A/R days

Net days in accounts receivable (A/R) are currently at 57.4. This is down from the prior month of 61.6. Net A/R days are up as the result of lower than normal cash collections in the month. We are taking actions to help ensure that A/R balances and cash flows to remain more constant and in fact decrease to the mid 50's during the next two months.

### Days Cash on Hand

Days cash on hand for April were 23.6, a increase from prior month of 14.6. While cash collections have improved, cash is also needed to pay down vendor balances as the property tax proceeds will be used to subsidize operations over the course of the fiscal year as well as other capital project commitments.

The following pages include the detailed financial statements for the ten (10) months ended April 30, 2013, of Fiscal Year 2013.

**ALAMEDA HOSPITAL  
KEY STATISTICS  
APRIL 2013**

	<u>ACTUAL APRIL 2013</u>	<u>CURRENT FIXED BUDGET</u>	<u>VARIANCE (UNDER) OVER</u>	<u>%</u>	<u>APRIL 2012</u>	<u>YTD APRIL 2013</u>	<u>YTD FIXED BUDGET</u>	<u>VARIANCE</u>	<u>%</u>	<u>YTD APRIL 2012</u>
<b>Discharges:</b>										
Total Acute	221	230	(9)	-3.8%	252	2,383	2,390	(7)	-0.3%	2,377
Total Sub-Acute	3	2	1	50.0%	2	26	24	2	8.3%	22
Total South Shore	7	8	(1)	-12.5%	17	55	85	(30)	-35.3%	96
Total Waters Edge	9	13	(4)	-30.8%	-	138	113	25	22.1%	-
	<u>240</u>	<u>253</u>	<u>(13)</u>	<u>-5.0%</u>	<u>271</u>	<u>2,602</u>	<u>2,612</u>	<u>(10)</u>	<u>-0.4%</u>	<u>2,495</u>
<b>Patient Days:</b>										
Total Acute	914	919	(5)	-0.5%	998	9,669	9,573	96	1.0%	9,213
Total Sub-Acute	908	981	(73)	-7.4%	945	9,743	9,919	(176)	-1.8%	9,832
Total South Shore	695	664	31	4.7%	649	6,975	6,529	446	6.8%	6,427
Total Waters Edge	3,293	3,180	113	3.6%	-	28,188	27,500	688	2.5%	-
	<u>5,810</u>	<u>5,744</u>	<u>66</u>	<u>1.1%</u>	<u>2,592</u>	<u>54,575</u>	<u>53,521</u>	<u>1,054</u>	<u>2.0%</u>	<u>25,472</u>
<b>Average Length of Stay</b>										
Total Acute	4.14	4.00	0.14	3.4%	3.96	4.06	4.01	0.05	1.3%	3.88
<b>Average Daily Census</b>										
Total Acute	30.47	30.63	(0.17)	-0.5%	33.27	31.81	31.49	0.32	1.0%	30.31
Total Sub-Acute	30.27	32.70	(2.43)	-7.4%	31.50	32.05	32.63	(0.58)	-1.8%	32.34
Total South Shore	23.17	22.13	1.03	4.7%	21.63	22.94	21.48	1.47	6.8%	21.14
Total Waters Edge	109.77	106.00	3.77	3.6%	-	103.25	100.73	2.52	2.5%	-
	<u>193.67</u>	<u>191.47</u>	<u>2.20</u>	<u>1.1%</u>	<u>86.40</u>	<u>190.05</u>	<u>186.33</u>	<u>(0.26)</u>	<u>-0.1%</u>	<u>83.79</u>
<b>Emergency Room Visits</b>	1,312	1,377	(65)	-4.7%	1,375	14,299	13,954	345	2.5%	14,127
<b>Wound Care Clinic Visits</b>	460	300	160	53.3%	-	2,716	1,750	966	55.2%	-
<b>Outpatient Registrations</b>	2,110	2,285	(175)	-7.7%	1,889	19,315	20,558	(1,243)	-6.0%	18,510
<b>Surgery Cases:</b>										
Inpatient	56	51	5	9.8%	39	466	457	9	2.0%	406
Outpatient	131	156	(25)	-16.0%	114	1,202	1,561	(359)	-23.0%	1,436
	<u>187</u>	<u>207</u>	<u>(20)</u>	<u>-9.7%</u>	<u>153</u>	<u>1,668</u>	<u>2,018</u>	<u>(350)</u>	<u>-17.3%</u>	<u>1,842</u>
<b>Adjusted Occupied Bed (AOB)</b>	284.28	279.92	4.36	1.6%	125.54	256.47	254.97	1.51	0.6%	122.76
<b>Productive FTE</b>	484.27	468.23	16.04	3.4%	360.75	463.51	454.18	9.33	2.1%	346.11
<b>Total FTE</b>	550.59	534.05	16.55	3.1%	406.29	524.76	518.33	6.43	1.2%	397.73
<b>Productive FTE/Adj. Occ. Bed</b>	1.70	1.67	0.03	1.8%	2.87	1.81	1.78	0.03	1.5%	2.82
<b>Total FTE/ Adj. Occ. Bed</b>	1.94	1.91	0.03	1.5%	3.24	2.05	2.03	0.01	0.6%	3.24



**City of Alameda Health Care District**  
**Statements of Financial Position**  
April 30, 2013

	Current Month	Prior Month	Prior Year End
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 5,396,612	\$ 3,218,998	\$ 3,327,884
Patient Accounts Receivable, net	11,417,224	12,208,612	8,835,256
Other Receivables	788,192	3,317,066	6,488,283
Third-Party Payer Settlement Receivables	-	-	-
Inventories	1,103,949	1,035,894	1,045,311
Prepays and Other	619,668	661,724	416,371
Total Current Assets	19,325,645	20,442,294	20,113,105
Assets Limited as to Use, net	175,370	165,718	64,183
<b>Fixed Assets</b>			
Land	877,945	877,945	877,945
Depreciable capital assets	44,614,621	44,608,450	43,470,520
Construction in progress	4,062,290	3,958,726	4,102,468
Depreciation	(40,397,533)	(40,319,418)	(39,670,499)
Property, Plant and Equipment, net	9,157,322	9,125,704	8,780,434
<b>Total Assets</b>	<b>\$ 28,658,338</b>	<b>\$ 29,733,715</b>	<b>\$ 28,957,722</b>
<b>Liabilities and Net Assets</b>			
Current Liabilities:			
Current Portion of Long Term Debt	\$ 974,364	\$ 1,001,213	\$ 1,724,249
Accounts Payable and Accrued Expenses	11,199,578	11,361,533	7,848,673
Payroll Related Accruals	4,671,969	4,987,669	4,307,924
Deferred Revenue	959,061	1,436,180	5,726,305
Employee Health Related Accruals	690,577	654,246	691,942
Third-Party Payer Settlement Payable	3,150,602	2,889,982	601,233
Total Current Liabilities	21,646,151	22,330,823	20,900,326
Long Term Debt, net	1,570,004	1,626,092	1,022,152
Total Liabilities	23,216,155	23,956,915	21,922,478
Net Assets:			
Unrestricted	5,056,812	5,401,083	6,761,061
Temporarily Restricted	385,370	375,718	274,183
Total Net Assets	5,442,182	5,776,801	7,035,244
<b>Total Liabilities and Net Assets</b>	<b>\$ 28,658,338</b>	<b>\$ 29,733,716</b>	<b>\$ 28,957,722</b>

**City of Alameda Health Care District**

**Statements of Operations**

April 30, 2013

\$'s in thousands

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Patient Days	5,810	5,744	66	1.1%	2,592	54,575	53,521	1,054	2.0%	25,472
Discharges	240	253	(13)	-5.0%	271	2,602	2,612	(10)	-0.4%	2,495
ALOS (Average Length of Stay)	24.21	22.73	1.48	6.5%	9.56	20.97	20.49	0.48	2.4%	10.21
ADC (Average Daily Census)	187.4	185.3	2.13	1.1%	83.6	178.9	175.5	3.46	2.0%	83.5
CMI (Case Mix Index)	1.1858				1.1636	1.3298				1.3399
<b>Revenues</b>										
Gross Inpatient Revenues	\$ 17,587	\$ 18,384	\$ (797)	-4.3%	\$ 14,984	\$ 181,931	\$ 179,957	\$ 1,974	1.1%	\$ 146,508
Gross Outpatient Revenues	8,229	8,493	(264)	-3.1%	6,787	78,264	77,980	285	0.4%	69,314
Total Gross Revenues	25,816	26,877	(1,061)	-3.9%	21,771	260,195	257,936	2,259	0.9%	215,822
Contractual Deductions	18,628	19,603	975	5.0%	16,652	187,939	188,701	761	0.4%	162,066
Bad Debts	912	708	(204)	-28.7%	(9)	10,479	7,113	(3,366)	-47.3%	3,357
Charity and Other Adjustments	97	170	73	42.8%	-	1,255	1,719	464	27.0%	1,505
Net Patient Revenues	6,179	6,396	(216)	-3.4%	5,128	60,522	60,403	119	0.2%	48,894
Net Patient Revenue %	23.9%	23.8%			23.6%	23.3%	23.4%			22.7%
Net Clinic Revenue	98	42	56	135.0%	38	498	417	80	19.3%	374
Other Operating Revenue	9	50	(41)	-81.4%	(31)	467	503	(36)	-7.1%	208
<b>Total Revenues</b>	<b>6,287</b>	<b>6,488</b>	<b>(201)</b>	<b>-3.1%</b>	<b>5,135</b>	<b>61,487</b>	<b>61,324</b>	<b>163</b>	<b>0.3%</b>	<b>49,476</b>
<b>Expenses</b>										
Salaries	3,433	3,436	3	0.1%	2,881	33,959	34,209	250	0.7%	28,495
Temporary Agency	177	64	(114)	-179.0%	156	1,867	657	(1,210)	-184.1%	1,207
Benefits	1,133	1,112	(21)	-1.8%	974	9,979	9,821	(158)	-1.6%	8,671
Professional Fees	438	364	(74)	-20.4%	354	4,221	3,926	(295)	-7.5%	3,727
Supplies	824	744	(80)	-10.7%	729	7,797	7,294	(503)	-6.9%	6,249
Purchased Services	533	564	31	5.5%	588	5,476	5,370	(106)	-2.0%	3,785
Rents and Leases	242	205	(37)	-17.9%	156	2,054	1,965	(89)	-4.5%	1,003
Utilities and Telephone	92	87	(5)	-5.3%	66	805	855	51	6.0%	654
Insurance	41	42	1	2.4%	25	372	399	27	6.8%	271
Depreciation and amortization	78	68	(10)	-14.9%	67	730	680	(50)	-7.4%	712
Other Operating Expenses	132	113	(19)	-16.7%	98	1,072	1,153	81	7.1%	921
<b>Total Expenses</b>	<b>7,122</b>	<b>6,799</b>	<b>(324)</b>	<b>-4.8%</b>	<b>6,092</b>	<b>68,332</b>	<b>66,330</b>	<b>(2,002)</b>	<b>-3.0%</b>	<b>55,695</b>
<b>Operating gain (loss)</b>	<b>(835)</b>	<b>(311)</b>	<b>(524)</b>	<b>-168.8%</b>	<b>(957)</b>	<b>(6,845)</b>	<b>(5,006)</b>	<b>(1,838)</b>	<b>36.7%</b>	<b>(6,218)</b>
<b>Non-Operating Income / (Expense)</b>										
Parcel Taxes	481	500	(19)	-3.7%	490	4,796	4,999	(203)	-4.1%	4,813
Investment Income	1	-	1	0.0%	0	10	-	10	0.0%	5
Interest Expense	(34)	(8)	(26)	-319.0%	(23)	(156)	(80)	(75)	93.6%	(161)
Other Income / (Expense)	28	15	14	90.6%	28	483	149	333	223.0%	261
<b>Net Non-Operating Income / (Expense)</b>	<b>477</b>	<b>507</b>	<b>(30)</b>	<b>-5.9%</b>	<b>495</b>	<b>5,133</b>	<b>5,068</b>	<b>65</b>	<b>1.3%</b>	<b>4,918</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$ (358)</b>	<b>\$ 196</b>	<b>\$ (554)</b>	<b>-282.6%</b>	<b>\$ (462)</b>	<b>\$ (1,712)</b>	<b>\$ 62</b>	<b>\$ (1,773)</b>	<b>-2882.5%</b>	<b>\$ (1,300)</b>

**City of Alameda Health Care District**  
**Statements of Operations - Per Adjusted Patient Day**  
April 30, 2013

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
<b>Revenues</b>										
Gross Inpatient Revenues	\$ 2,062	\$ 2,189	\$ (127)	-5.8%	\$ 3,979	\$ 2,331	\$ 2,346	\$ (15)	-0.6%	\$ 3,904
Gross Outpatient Revenues	965	1,011	(46)	-4.6%	1,802	1,003	1,017	(14)	-1.4%	1,847
Total Gross Revenues	3,027	3,201	(173)	-5.4%	5,781	3,334	3,362	(29)	-0.9%	5,752
Contractual Deductions	2,184	2,334	150	6.4%	4,422	2,408	2,460	52	2.1%	4,319
Bad Debts	107	84	(23)	-26.8%	(2)	134	93	(42)	-44.8%	89
Charity and Other Adjustments	11	20	9	43.6%	-	16	22	6	28.2%	40
Net Patient Revenues	725	762	(37)	-4.9%	1,362	775	787	(12)	-1.5%	1,303
Net Patient Revenue %	23.9%	23.8%			23.6%	23.3%	23.4%			22.7%
Net Clinic Revenue	11	5	7	131.4%	10	6	5	1	17.2%	10
Other Operating Revenue	1	6	(5)	-81.6%	(8)	6	7	(1)	-8.7%	6
<b>Total Revenues</b>	<b>737</b>	<b>773</b>	<b>(35)</b>	<b>-4.6%</b>	<b>1,363</b>	<b>788</b>	<b>800</b>	<b>(12)</b>	<b>-1.5%</b>	<b>1,319</b>
<b>Expenses</b>										
Salaries	403	409	7	1.6%	765	435	446	11	2.4%	759
Temporary Agency	21	8	(13)	-174.7%	41	24	9	(15)	-179.2%	32
Benefits	133	132	(0)	-0.3%	259	121	128	7	5.2%	231
Professional Fees	51	43	(8)	-18.6%	94	54	51	(3)	-5.7%	99
Supplies	97	89	(8)	-9.0%	194	100	95	(5)	-5.1%	167
Purchased Services	62	67	5	6.9%	156	70	70	(0)	-0.2%	101
Rents and Leases	28	24	(4)	-16.1%	41	26	26	(1)	-2.7%	27
Utilities and Telephone	11	10	(0)	-3.7%	17	10	11	1	7.6%	17
Insurance	5	5	0	3.9%	7	5	5	0	8.4%	7
Depreciation and Amortization	9	8	(1)	-13.1%	18	9	9	(0)	-5.5%	19
Other Operating Expenses	15	13	(2)	-14.9%	26	14	15	1	8.6%	25
<b>Total Expenses</b>	<b>835</b>	<b>810</b>	<b>(26)</b>	<b>-3.2%</b>	<b>1,617</b>	<b>869</b>	<b>865</b>	<b>(4)</b>	<b>-0.5%</b>	<b>1,484</b>
<b>Operating Gain / (Loss)</b>	<b>(98)</b>	<b>(37)</b>	<b>(61)</b>	<b>-164.7%</b>	<b>(254)</b>	<b>(81)</b>	<b>(65)</b>	<b>(16)</b>	<b>24.5%</b>	<b>(166)</b>
<b>Non-Operating Income / (Expense)</b>										
Parcel Taxes	56	60	(3)	-5.2%	130	61	65	(4)	-5.7%	128
Investment Income	0	-	0	0.0%	0	0	-	0	0.0%	0
Interest Expense	(4)	(1)	(3)	-312.6%	(6)	(2)	(1)	(1)	90.3%	(4)
Other Income / (Expense)	3	2	2	87.7%	7	6	2	4	217.5%	7
<b>Net Non-Operating Income / (Expense)</b>	<b>56</b>	<b>60</b>	<b>(4)</b>	<b>-7.3%</b>	<b>131</b>	<b>66</b>	<b>66</b>	<b>(0)</b>	<b>-0.5%</b>	<b>131</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$ (42)</b>	<b>\$ 23</b>	<b>\$ (65)</b>	<b>-279.8%</b>	<b>\$ (123)</b>	<b>\$ (15)</b>	<b>\$ 1</b>	<b>\$ (16)</b>	<b>-1564.8%</b>	<b>\$ (35)</b>

Wound Care - Statement of Operations  
April 30, 2013

	Current Month				Year-to-Date			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
Clinic Visits	460	300	160	53.3%	2,716	1,750	966	55.2%
Revenue								
Gross Revenue	809,443	631,176	178,267	28.2%	5,056,718	3,681,860	1,374,858	37.3%
Deductions from Revenue	<u>639,460</u>	<u>486,258</u>	<u>153,202</u>		<u>3,979,260</u>	<u>2,836,505</u>	<u>1,142,755</u>	
Net Revenue	<u>169,983</u>	<u>144,918</u>	<u>25,065</u>		<u>1,077,457</u>	<u>845,355</u>	<u>232,102</u>	
Expenses								
Salaries	18,403	15,232	(3,171)	-20.8%	138,961	150,396	11,435	7.6%
Benefits	5,263	4,311	(953)	-22.1%	37,932	42,562	4,630	10.9%
Professional Fees	101,239	73,055	(28,184)	-38.6%	594,936	438,651	(156,285)	-35.6%
Supplies	42,603	7,532	(35,071)	-465.6%	195,662	75,320	(120,342)	-159.8%
Purchased Services	11,272	2,083	(9,189)	-441.1%	44,609	20,831	(23,778)	-114.1%
Rents and Leases	5,686	5,080	(606)	-11.9%	55,236	50,800	(4,436)	-8.7%
Depreciation	8,685	4,900	(3,785)	-77.2%	69,960	49,000	(20,960)	-42.8%
Other	2,895	5,916	3,021	51.1%	21,709	59,169	37,460	63.3%
Total Expenses	<u>196,046</u>	<u>118,109</u>	<u>(77,938)</u>	<u>-66.0%</u>	<u>1,159,005</u>	<u>886,729</u>	<u>(272,276)</u>	<u>-30.7%</u>
Excess of Revenue over Expenses	<u>(26,063)</u>	<u>26,809</u>	<u>(52,873)</u>	<u>-197.2%</u>	<u>(81,548)</u>	<u>(41,374)</u>	<u>(40,174)</u>	<u>97.1%</u>

Note: Of the 379 visits, 95 were hyperbaric oxygen treatment visits.

City of Alameda Health Care District  
Waters Edge Skilled Nursing - Statement of Operations  
April 30, 2013

	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	384	480	(96)	-20.0%	3,222	3,451	(229)	-6.6%
Medi-Cal	2,667	2,340	327	14.0%	22,554	20,927	1,627	7.8%
Managed Care	39	90	(51)	-56.7%	413	1,063	(650)	-61.1%
Self Pay/Other	<u>203</u>	<u>270</u>	<u>(67)</u>	<u>-24.8%</u>	<u>1,999</u>	<u>2,059</u>	<u>(60)</u>	<u>-2.9%</u>
Total	3,293	3,180	113	3.6%	28,188	27,500	688	2.5%
Revenue								
Routine Revenue	2,608,925	2,562,991	45,934	1.8%	22,054,101	21,588,915	465,186	2.2%
Ancillary Revenue	<u>428,621</u>	<u>422,663</u>	<u>5,958</u>	<u>1.4%</u>	<u>2,972,889</u>	<u>3,847,268</u>	<u>(874,379)</u>	<u>-22.7%</u>
Total Gross Revenue	3,037,546	2,985,654	51,892	1.7%	25,026,990	25,436,183	(409,193)	-1.6%
Deductions from Revenue	<u>1,797,727</u>	<u>1,755,565</u>	<u>(42,163)</u>	<u>-2.4%</u>	<u>14,808,334</u>	<u>15,443,251</u>	<u>634,917</u>	<u>4.1%</u>
Net Revenue	<u>1,239,819</u>	<u>1,230,089</u>	<u>9,729</u>	<u>0.8%</u>	<u>10,218,656</u>	<u>9,992,932</u>	<u>225,724</u>	<u>2.3%</u>
Expenses								
Salaries	416,012	509,276	93,264	18.3%	3,837,362	4,466,099	628,737	14.1%
Temporary Agency	42,140	-	(42,140)	-100.0%	106,145	-	(106,145)	-100.0%
Benefits	103,955	152,783	48,828	32.0%	872,403	1,353,789	481,386	35.6%
Professional Fees	(1,135)	8,999	10,134	112.6%	50,396	100,991	50,595	50.1%
Supplies	80,663	97,320	16,657	17.1%	603,083	878,631	275,548	31.4%
Purchased Services	126,096	136,009	9,913	7.3%	999,519	1,192,534	193,015	16.2%
Rents and Leases	77,029	76,552	(477)	-0.6%	693,531	688,968	(4,563)	-0.7%
Utilities	17,609	14,999	(2,610)	-17.4%	122,872	134,990	12,118	9.0%
Insurance	5,000	12,165	7,165	58.9%	26,598	109,485	82,887	75.7%
Other	<u>27,908</u>	<u>20,032</u>	<u>(7,876)</u>	<u>-39.3%</u>	<u>145,910</u>	<u>184,993</u>	<u>39,083</u>	<u>21.1%</u>
Total Expenses	<u>895,277</u>	<u>1,028,135</u>	<u>132,858</u>	<u>12.9%</u>	<u>7,457,819</u>	<u>9,110,480</u>	<u>1,652,661</u>	<u>18.1%</u>
Excess of Revenue over Expenses	<u>344,542</u>	<u>201,954</u>	<u>142,587</u>		<u>2,760,837</u>	<u>882,452</u>	<u>1,878,385</u>	

City of Alameda Health Care District  
Orthopedic Clinic - Statement of Operations  
April 30, 2013

	Current Month				Year-to-Date			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
Clinic Visits	198	248	(50)	-20.2%	856	1,059	(203)	-19.2%
Revenue								
Gross Revenue	80,696	108,890	(28,194)	-25.9%	324,692	1,088,900	(764,208)	-70.2%
Deductions from Revenue	<u>50,137</u>	<u>76,223</u>	<u>(26,086)</u>		<u>216,564</u>	<u>762,230</u>	<u>(545,666)</u>	
Net Revenue	<u>30,559</u>	<u>32,667</u>	<u>(2,108)</u>		<u>108,128</u>	<u>326,670</u>	<u>(218,542)</u>	
Expenses								
Salaries	32,011	32,874	863	2.6%	215,892	247,311	31,419	12.7%
Benefits	9,155	9,303	148	1.6%	61,694	69,989	8,295	11.9%
Professional Fees	24,577	25,000	423	1.7%	176,225	204,500	28,275	13.8%
Supplies	2,510	2,105	(405)	-19.2%	42,297	15,790	(26,507)	-167.9%
Purchased Services	1,326	3,895	2,569	66.0%	40,666	29,210	(11,456)	-39.2%
Rents and Leases	4,529	2,632	(1,897)	-72.1%	29,012	19,736	(9,276)	-47.0%
Depreciation	-	-	-	0.0%	-	-	-	0.0%
Other	<u>1,867</u>	<u>3,263</u>	<u>1,396</u>	<u>42.8%</u>	<u>30,785</u>	<u>64,474</u>	<u>33,689</u>	<u>52.3%</u>
Total Expenses	<u>75,975</u>	<u>79,072</u>	<u>3,097</u>	<u>3.9%</u>	<u>596,571</u>	<u>651,010</u>	<u>54,439</u>	<u>8.4%</u>
Excess of Revenue over Expenses	<u>(45,416)</u>	<u>(46,405)</u>	<u>989</u>	<u>2.1%</u>	<u>(488,442)</u>	<u>(324,340)</u>	<u>(164,102)</u>	<u>-50.6%</u>
<u>Hospital Based Activity:</u>								
Inpatient Days	22	44	(22)	-50.0%	64	220	(156)	-70.9%
Inpatient Surgeries	4	10	(6)	-60.0%	13	50	(37)	-74.0%
Outpatient Surgeries	6	5	1	20.0%	41	31	10	32.3%
					-			
Therapy Referred Visits	220	450	(230)	-51.1%	724	2,050	(1,326)	-64.7%
Imaging Referred Procedures	100	250	(150)	-60.0%	517	1,070	(553)	-51.7%
Inpatient Gross Charges	<u>354,427</u>	<u>619,000</u>	<u>(264,573)</u>	<u>-42.7%</u>	<u>1,241,106</u>	<u>3,095,000</u>	<u>(1,853,894)</u>	<u>-59.9%</u>
Inpatient Net Revenue	<u>64,501</u>	<u>139,000</u>	<u>(74,499)</u>	<u>-53.6%</u>	<u>230,538</u>	<u>695,000</u>	<u>(464,462)</u>	<u>-66.8%</u>
Outpatient Gross Charges	<u>265,471</u>	<u>413,800</u>	<u>(148,329)</u>	<u>-35.8%</u>	<u>1,620,523</u>	<u>1,995,050</u>	<u>(374,527)</u>	<u>-18.8%</u>
Outpatient Net Revenue	<u>45,130</u>	<u>93,210</u>	<u>(48,080)</u>	<u>-51.6%</u>	<u>292,208</u>	<u>446,832</u>	<u>(154,624)</u>	<u>-34.6%</u>
Total Gross Charges	<u>619,898</u>	<u>1,032,800</u>	<u>(412,902)</u>	<u>-40.0%</u>	<u>2,861,629</u>	<u>5,090,050</u>	<u>(2,228,421)</u>	<u>-43.8%</u>
Total Net Revenue	<u>109,631</u>	<u>232,210</u>	<u>(122,579)</u>	<u>-52.8%</u>	<u>522,746</u>	<u>1,141,832</u>	<u>(619,086)</u>	<u>-54.2%</u>

City of Alameda Health Care District  
1206b Clinic - Statement of Operations  
April 30, 2013

	Current Month				Year-to-Date			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
Clinic Visits								
Primary Care	111				1,235			
Surgery	53				505			
Neurology	34				277			
Total Visits	<u>198</u>				<u>2,017</u>			
Revenue								
Gross Revenue	178,138	142,006	36,132	25.4%	1,086,699	1,420,059	(333,360)	-23.5%
Deductions from Revenue	<u>110,677</u>	<u>93,724</u>	<u>16,953</u>		<u>703,714</u>	<u>937,239</u>	<u>(233,525)</u>	
Net Revenue	<u>67,461</u>	<u>48,282</u>	<u>19,179</u>		<u>382,985</u>	<u>482,820</u>	<u>(99,835)</u>	
Expenses								
Salaries	29,106	19,089	(10,017)	-52.5%	309,012	182,164	(126,848)	-69.6%
Benefits	8,324	5,402	(2,922)	-54.1%	72,705	51,552	(21,152)	-41.0%
Professional Fees	20,792	21,708	916	4.2%	223,998	217,082	(6,916)	-3.2%
Supplies	13,755	954	(12,801)	-1341.8%	22,952	9,539	(13,413)	-140.6%
Purchased Services	7,309	4,783	(2,526)	-52.8%	92,590	47,832	(44,758)	-93.6%
Rents and Leases	26,589	11,606	(14,983)	-129.1%	127,358	116,063	(11,295)	-9.7%
Depreciation	494	207	(287)	-138.6%	2,932	2,071	(861)	-41.6%
Other	<u>1,628</u>	<u>2,292</u>	<u>664</u>	<u>29.0%</u>	<u>31,264</u>	<u>22,918</u>	<u>(8,346)</u>	<u>-36.4%</u>
Total Expenses	<u>107,997</u>	<u>66,041</u>	<u>(41,956)</u>	<u>-63.5%</u>	<u>882,811</u>	<u>649,221</u>	<u>(233,589)</u>	<u>-36.0%</u>
Excess of Revenue over Expenses	<u>(40,536)</u>	<u>(17,759)</u>	<u>(22,777)</u>	<u>128.3%</u>	<u>(499,826)</u>	<u>(166,401)</u>	<u>(333,424)</u>	<u>200.4%</u>

Note:

Clinic Hours by Physician

Dr. Celada - M,W,F Mornings only

Dr. Brimer - M & Th full days, plus T Mornings

Dr. Dutaret - T & W full days

**City of Alameda Health Care District**  
**Statement of Cash Flows**  
**For the Ten Months Ended April 30, 2013**

	<u>Current Month</u>	<u>Year-to-Date</u>
<b>Cash flows from operating activities</b>		
Net Income / (Loss)	\$ (358,089)	\$ (1,711,669)
Items not requiring the use of cash:		
Depreciation and amortization	78,116	\$ 730,313
Write-off of Kaiser liability	-	\$ -
Changes in certain assets and liabilities:		
Patient accounts receivable, net	791,388	(2,581,968)
Other Receivables	2,528,874	5,700,091
Third-Party Payer Settlements Receivable	260,620	2,549,369
Inventories	(68,055)	(58,638)
Prepays and Other	42,056	(203,297)
Accounts payable and accrued liabilities	(161,955)	3,350,905
Payroll Related Accruals	(315,700)	364,045
Employee Health Plan Accruals	36,332	(1,365)
Deferred Revenues	(477,119)	(4,767,244)
Cash provided by (used in) operating activities	<u>2,356,467</u>	<u>3,370,542</u>
<b>Cash flows from investing activities</b>		
(Increase) Decrease in Assets Limited As to Use	(9,652)	(111,187)
Additions to Property, Plant and Equipment	(109,735)	(1,107,202)
Other	13,818	7,420
Cash provided by (used in) investing activities	<u>(105,569)</u>	<u>(1,210,969)</u>
<b>Cash flows from financing activities</b>		
Net Change in Long-Term Debt	(82,936)	(202,033)
Net Change in Restricted Funds	9,652	111,187
Cash provided by (used in) financing and fundraising activities	<u>(73,284)</u>	<u>(90,845)</u>
Net increase (decrease) in cash and cash equivalents	2,177,614	2,068,728
<b>Cash and cash equivalents at beginning of period</b>	3,218,998	3,327,884
<b>Cash and cash equivalents at end of period</b>	<u>\$ 5,396,614</u>	<u>\$ 5,396,613</u>



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

<b>Financial Ratios</b>	<u>Audited Results</u>				<b>YTD</b>
	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>4/30/2013</b>
<b><u>Profitability Ratios</u></b>					
Net Patient Revenue (%)	22.69%	24.16%	23.58%	22.90%	23.26%
Earnings Before Depreciation, Interest, Taxes and Amortization (EBITA)	3.62%	4.82%	-1.01%	-1.48%	-1.48%
EBIDAP <sup>Note 5</sup>	-5.49%	-3.66%	-13.41%	-11.22%	-9.14%
Total Margin	1.03%	2.74%	-2.61%	-3.21%	-2.78%
<b><u>Liquidity Ratios</u></b>					
Current Ratio	1.15	1.23	1.05	0.96	0.89
Days in accounts receivable ,net	57.26	51.83	46.03	55.21	57.35
Days cash on hand ( with restricted)	13.6	21.6	14.1	17.7	23.6
<b><u>Debt Ratios</u></b>					
Cash to Debt	115.3%	249.0%	123.3%	123.56%	218.99%
Average pay period (includes payroll)	58.03	57.11	62.68	72.94	74.31
Debt service coverage	3.87	5.98	(0.70)	(0.53)	(0.73)
Long-term debt to fund balance	0.20	0.14	0.18	0.28	0.32
Return on fund balance	8.42%	18.87%	-19.21%	-27.35%	-31.45%
Debt to number of beds	13,481	10,482	11,515	16,978	9,728

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

Financial Ratios	Audited Results				YTD
	FY 2009	FY 2010	FY 2011	FY 2012	4/30/2013
<b>Patient Care Information</b>					
Bed Capacity	161	161	161	161	281
Patient days( all services)	30,463	30,607	30,270	30,448	54,575
Patient days (acute only)	11,787	10,579	10,443	10,880	9,669
Discharges( acute only)	2,812	2,802	2,527	2,799	2,383
Average length of stay ( acute only)	4.19	3.78	4.13	3.89	4.06
Average daily patients (all sources)	83.46	83.85	82.93	83.19	179.52
Occupancy rate (all sources)	52.94%	52.08%	51.51%	51.67%	63.89%
Average length of stay	4.19	3.78	4.13	3.89	4.06
Emergency Visits	17,337	17,624	16,816	16,964	14,299
Emergency visits per day	47.50	48.28	46.07	46.35	47.04
Outpatient registrations per day <sup>Note 1</sup>	82.05	79.67	65.19	60.67	63.54
Surgeries per day - Total	16.12	13.46	6.12	6.12	5.49
Surgeries per day - excludes Kaiser	5.14	5.32	6.12	6.12	5.49

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.

**ALAMEDA HOSPITAL  
FISCAL YEAR 2014  
OPERATING BUDGET NARRATIVE**

**Prelude:**

Attached is the Fiscal Year 2014 Operating Budget as prepared by hospital management. Upon approval by the City of Alameda Health Care District Board of Directors, this budget will constitute the spending authority for management for Fiscal Year 2014. Even though the City of Alameda Health Care District is a governmental agency, this budget should be considered a business plan and projection of what is anticipated for Fiscal Year 2014 rather than a fixed authority to spend.

The following documents are included as part of the Fiscal Year (FY) 2014 budget presentation.

- Inpatient Acute, Long Term Care and Outpatient Volume Summary
- Consolidated Statement of Income and Expense
- Statement of Income & Expense – Twelve Month Spread
- Statement of Income & Expense - Key Program Initiatives
- Net Income Waterfall

There are several key strategic initiatives that have been built into the base FY 2014 operating budget that are important for our continued success:

- **Waters Edge Skilled Nursing Facility to continue strong census.**  
Waters Edge skilled nursing facility was added to the hospital's operation in August 2012. The first few months of operation experienced gradual ramp up in Average Daily Census (ADC) as well as improved payer mix. For fiscal year-to-date, through April, Waters Edge has had an ADC of 103.25, with the past three months averaging just over 110. Included in the budget assumptions is the expectation that Waters Edge will continue the strong census we have been experiencing at this location with a budget ADC of 108 in FY 2014. In addition, this facility will be under the hospital's operation for a full twelve months versus eleven months in FY 2013.
- **Continued success of the Orthopedic Surgeons.**  
Two new orthopedic surgeons were brought on board in October 2012 to expand the current orthopedic program at the hospital. Their addition was a few months later than planned in FY 2013, but with them on board and continuing to ramp up their practice, we are expecting them to continue to produce new surgeries for the hospital and additional imaging and therapy referrals. We have seen a steady increase in clinic visits, outpatient ancillary referrals and surgeries during their first five months with Alameda and we anticipate this to continue in fiscal 2014. We are increasing our focus on marketing the practice outside of Alameda to create one source for additional referrals.

PROPOSED BUDGET NARRATIVE  
FISCAL YEAR 2014

To help support their expanding practice we added an additional MRI service day in March 2013 which we are planning to continue through 2014 to help accommodate the increase in Orthopedic, Neurology and other physician referrals in the next fiscal year. We are also planning to improve staffing and leadership in the Rehab Services Department to better accommodate the increased inpatient and outpatient rehab service needs of their patients.

- **Wound Care Clinic.**

The wound care clinic began operations in late July 2012 and has been extremely busy and has achieved improved volumes each month. For FY 2013, wound care has been averaging just over 300 visits per month and has averaged 424 visits for the past three months and is now operating near capacity. This much needed service has been embraced by our community as well as surrounding communities with a large portion (61%) of our patients coming from off the island and being new to Alameda Hospital. The FY 2014 budget conservatively assumes 350 visits per month with corresponding revenues and expenses.

- **Expansion of the 1206(b) Clinic.**

We have identified a new general surgeon who we are in negotiations to begin August 1, 2013 in an attempt to provide better support to our other general surgeon with emergency call coverage, increase our general surgery presence in the community, and keep general surgery cases from going off the island. Currently there are general surgery cases for Alameda residents going off the island to other facilities other than Kaiser, so we feel there is potential, with an effective marketing program, to pull some of that back to Alameda Hospital. Additionally, our current general surgeon cannot schedule certain cases which require a second surgeon. Both revenue and operating expenses for this new surgeon are included in the FY 2014 budget.

### **Fiscal Year 2014 Narrative:**

The following sections discuss the key budget assumptions that have been incorporated into the FY 2014 Operating Budget:

#### **Utilization**

##### **Inpatient Acute Care Services**

The hospital's acute Average Daily Census (ADC) is projected to decrease slightly from 31.6 in FY 2013 to a 2014 budget of 30.8. This budgeted census is consistent with prior year activity as well.

We are not anticipating the high census seen in February and March of this year to continue and are proposing to budget at a more conservative level. In addition, the orthopedic surgeons are performing more outpatient surgeries than inpatient cases resulting in fewer hospital admissions than originally projected for this program.

PROPOSED BUDGET NARRATIVE  
FISCAL YEAR 2014

**Resident Long Term Care Services**

The South Shore Skilled Nursing Facility is projected to have an ADC of 23.1 which approximates the levels experienced in FY 2013. We have experienced an increase in the Medicare census and are budgeting for 3.5 ADC for Medicare patients. These patients have a shorter length of stay but higher utilization of therapy services. With the increase in the utilization of therapy services provided to these patients, net revenues will increase as well.

The 35 bed Sub-Acute Unit is projected to have an ADC of 32.0 which is also consistent with the current fiscal year's performance. This program is limited by the number of available beds in each of these units and has consistently operated near capacity.

Waters Edge Skilled Nursing Facility is projecting a census of 108. This should be achievable since over the last three months it has averaged a 110 ADC. The Medicare ADC at Waters Edge is projected at 17.4 which, like South Shore, are patients with a shorter length of stay, higher therapy utilization and higher net revenue.

**Outpatient Services**

Total outpatient registrations are expected to increase by 1.2% over FY 2013 projections. The change in outpatient registrations is driven by the following:

1. Volume in MRI's is projected to increase associated with the Orthopedic practices and the additional day of the MRI trailer on-site. Each registration usually involves one MRI procedure.
2. Outpatient surgeries are expected to increase for two reasons. First, the orthopedic surgeons are budgeted to perform a total of 128 outpatient surgeries an increase of 67 outpatient surgeries over the 2013 forecast. Second, the new general surgeon is expected to perform 22 additional outpatient surgeries.
3. The Wound Care Clinic is budgeted to increase by 526 visits about 50 new outpatient registrations as each registration averages about 10 visits.

All other outpatient services are budgeted to be consistent with FY 2013 forecast numbers.

**Emergency Care Services**

Emergency room visits have been projected to remain consistent with the same levels as experienced during FY 2013 which have averaged 48.6 visits per day with a 17.2% inpatient admission rate. Emergency room visits have increased slightly from FY 2012.

**1206(b) and Orthopedic Clinic**

The 1206(b) Clinic volume is budgeted to increase from the FY 2013 levels due to the addition of the new general surgeon effective August 2013. We currently have physicians practicing in general surgery, neurology and general medicine as part of the clinic. The Orthopedic Clinic is budgeted have 3,624 visits (302 visits per month) as they continue to ramp up their practices in the next fiscal year. In addition, the budget assumes a total of 191 orthopedic surgeries from the two physicians (128 outpatient and 63 inpatient).

PROPOSED BUDGET NARRATIVE  
FISCAL YEAR 2014

**Gross Charges**

The FY 2014 consolidated budget has gross charges increasing by almost \$14.4 million over FY 2013. The hospital's two newest programs - Waters Edge Skilled Nursing Facility and the Wound Care Clinic - will generate much of the increase in gross revenue. These areas are expected to increase gross revenue by \$3.7 million and \$1.2 million respectively. The Orthopedic Clinic should bring in just over \$900,000 in gross charges, general surgery in the 1206(b) clinic is increasing \$325,000 and then increases in hospital based surgery, account for another \$3.1 million due to the increases in orthopedic and general surgeries as discussed previously.

In addition, the budget assumes a 2.1% charge master price increase will be implemented effective July 1, 2013 which will result in an approximate overall increase of \$5.2 million (a piece of the overall increase above). While in FY 2013, the hospital only implemented targeted service line charge master increases; this year will be a more comprehensive price increase. With these increases, Alameda Hospital service charges are still comparable with other hospitals in the region, for hospital service charges. Many of our third party payer contracts allow for, and assume, that we will implement annual charge increases and additional net revenue will realized accordingly.

**Net Revenue**

The overall estimated net patient revenue will increase by \$3.9 million (5.3%) in FY 2014 over FY 2013. As a percentage of gross revenue, net patient revenue is projected to remain consistent at 23.2% in FY 2014. Some of the factors contributing to the increase in our projected net patient revenue are as follows:

- Waters Edge will include a full year of net revenue and at a higher census level. We are budgeting for 108 ADC and will have all twelve months of net revenue. This is expected to generate an additional \$1.7 million.
- Wound Care Clinic net revenue is budgeted to increase \$440,000 over FY 2013 projections as a result of a full year of operation at steady patient volumes.
- The Orthopedic program is estimated to generate an additional \$961,000 in hospital based spin-off revenue as well as additional physician fees (part of other operating revenues).
- The new general surgeon is budgeted to perform a total of 50 surgeries during the year, producing an estimated \$350,000 in additional net revenue.
- A third MRI service day each week for the entire fiscal year will produce an additional \$100,000 in FY 2014.

There are several variables that will affect net revenue on our baseline operations which includes the following:

- The annual price/contract increases are calculated to increase reimbursement on all existing and new business by about \$724,000. The price increases allows the hospital to maximize reimbursements allowed for under contractual arrangements with the various third party payers.

PROPOSED BUDGET NARRATIVE  
FISCAL YEAR 2014

- We have also anticipated a 2% decrease in Medicare payments due to the Federal budget sequestration. Since the length of this is uncertain, we have incorporated this into the full year of the budget or approximately \$400,000 reduction.
- We have not assumed any changes in reimbursements related to AB97, other State or Federal reimbursement changes, dual eligible participation, and assume that the CMS RAC/MAC activity will remain constant with prior year. At this time there is not enough information available to anticipate any positive or negative impact from these programs.
- Other operating revenue is budgeted to increase by \$301,000. This increase is associated with a full year of the orthopedic physician clinic practice (\$171,000) as well as eleven months for the new general surgeon clinic practice (\$130,000).
- We have not included any potential government revenue for Phase I of Meaningful Use. We are planning to record any monies received at the time of completion of attestation.

**Labor and Benefits Expense**

Overall labor costs are projected to increase by approximately \$763,000 over the projected FY 2013. This is comprised of both employee salary and wages and temporary agency personnel. Employee salary and wages are budgeted to increase \$1.26 million while temporary agency expense is budgeted to decrease by \$500,000. The staffing budget and employee salary budget allows for open and needed positions to be filled at regular wage rates. As this occurs, temporary agency utilization will be reduced. The \$1.26 million includes a full year labor expense for Waters Edge, Wound Care and Orthopedic program which were phased in during FY 2013.

Temporary agency expense was very high in FY 2013 and is projected to total nearly \$2.25 million at FY 2013 year end. This is an increase of \$800,000 over FY 2012. Some of this increase was attributable to significant spikes in acute census during the winter months but much is associated with covering for open positions, sick leave, etc. The FY 2014 budget provides for \$1.75 million in temporary agency expense. Cost centers where the FY 2014 decrease will be generated are the following:

Laboratory	\$180,000
Rehab Services	\$70,000
General Accounting	\$75,000
Nursing Administration	\$50,000
1206 (b) clinic staffing	\$35,000
Waters Edge	\$48,000
Acute Nursing Aggregate	\$42,000

Total Full Time Equivalent (FTE's) for FY 2014 are budgeted at 541.3, an increase of 16.5 FTE's from the April 2013 fiscal year-to-date, and above the FY 2013 budget of 529.7.

The FY 2014 budget proposal includes several new positions as well as bringing several positions back in-house. Many of these positions, indicated with an asterisk below, have recently been hired so are not included in the FY 2013 projected FTE count or salary expense amount.



PROPOSED BUDGET NARRATIVE  
FISCAL YEAR 2014

- HIM Director/Privacy Officer \* 1.0 FTE
  - Business Office Manager 0.5 FTE (1/2 year)
  - Pharmacy Director \* 0.5 FTE (full FY 2014)
  - Utilization Manager \* 1.0 FTE
  - Staffing Coordinator \* 1.0 FTE
  - General Surgeon 1.0 FTE
  - Pharmacy Personnel (expanded hours) \* 1.0 FTE
  - Waters Edge \* 2.5 FTE
  - Rehab Services 1.0 FTE
  - Surgery (to accommodate volume) \* 1.5 FTE
  - Outpatient Clinics 0.5 FTE
  - Other Misc hours for core staffing/open 5.0 FTE
- (Positions indicated with \* are currently in place as of April 2013)*

Premium pay (overtime and double time), were also very high in FY 2013 compared to prior year. FY 2013 is projected to be about \$900,000 higher than FY 2012. Although some of this was associated with short term staffing needs to cover spikes in acute census during the winter months and to cover sick calls, etc., we do **not** believe this premium pay utilization will repeat in FY 2014 at the same level. We are instituting much closer monitoring and control of premium pay as this will be essential in keeping salary dollars in line with the FY 2014 budget.

Staffing for nursing departments has been based upon the budgeted patient days of the inpatient acute nursing units and the California mandated nurse staffing ratios for inpatient acute services. In addition, adjustments to ensure appropriate levels of coverage for break and lunch relief have been factored into the determination of the calculated required hours of nursing care.

We have budgeted for the employer portion of FICA, health insurance, pension and the employee assistance program. Benefits are projected to increase by \$425,000, in line with the increase in total salaries. Total calculated benefits expense is approximately 29% of total salaries, which is consistent with prior year's experience. The hospital is self insured for employee health benefits and although there are stop loss limits for cumulative large claims, there is fluctuation in claim experience from year to year that make budget estimation challenging. However, we did incorporate a 2.5% increase to the health care benefit expense. State unemployment insurance expense (EDD) was also reclassified to benefits in FY 2014 totaling \$240,000. Employee vacation/PTO liability accrual was higher in FY 2013 than prior fiscal years. The FY 2014 budget assumes more normalized usage of vacation/PTO versus increased accrual accumulation, which will reduce vacation/PTO accrual expense by about \$200,000 in FY 2014.

**Non-Labor Expenses**

The following are the assumptions for the various categories of the operating budget non-labor expense categories:

## PROPOSED BUDGET NARRATIVE FISCAL YEAR 2014

### Professional Fees

Professional fees are increasing by approximately \$500,000 overall as a result of the following;

- Legal and consulting fees in Administration
- Increase to the hospitalist contract
- Full year of new orthopedic physician
- Higher wound care management fee as a result of higher volume and revenue
- Moved Dr. Celada and Dr. Dutaret Emergency on-call pay from salaries to Emergency professional fees
- Reduction of pharmacy management fee due to hiring pharmacy manager
- Reduction in HIM management fees due to hiring an in-house manager

### Supplies

Total medical supply costs are projected to increase by \$373,000 over current year projections as a result of the budgeted 1.9% increase in surgery volumes associated with the orthopedic and general surgery programs, increases in Waters Edge volumes, higher wound care volumes.

To help offset the increasing cost of supplies, we have begun the process of changing the Group Purchasing Organization (GPO) that the hospital utilizes for vendor pricing discounts for medical and pharmaceutical purchases. As part of this change, we will be consolidating both pharmaceutical and medical supply purchases under one GPO. We are working with a consultant who will be assisting us with this initiative which will conservatively net approximately \$200,000 in annual supply cost savings. We are currently reviewing the contract and will begin implementation in June to be complete by end of August 2013. We will then be reviewing other supply and purchased service contracts to see if there is opportunity for additional cost savings. Therefore, the net budgeted supply cost increase, after these cost saving initiatives, will be \$173,000 in FY 2014.

### Purchased Services

Purchased services expenses are projected to decrease by \$16,000 due to:

- More targeted use of contracted rehabilitation services in Sub-Acute and South Shore. Rehab service expense was higher than expected in FY 2013, especially during the beginning couple of months when initial assessments and other care plans needed to be established. The FY 2014 budget is consistent with rehab expense for the past couple of months. The total expense decrease is about \$130,000 per year.
- Additional MRI trailer service day to support increased utilization with Orthopedic program and other community physicians of approximately \$130,000.
- Waters Edge full year of purchased services for Select Therapy rehabilitation services and Pharmerica pharmacy services, an increase of \$132,000.
- Clinical engineering and plant maintenance is budgeted to decrease by \$106,000. We had several non-contracted repairs in FY 2013. The biomedical service contract is also about \$60,000 lower than prior year.
- Unemployment insurance premiums were reclassified to benefits (\$240,000).
- Administrative fees for IT software licenses, marketing, and other misc. purchased services to increase by total of \$101,000.

## PROPOSED BUDGET NARRATIVE FISCAL YEAR 2014

- Sleep studies service fees eliminated (\$37,000); the revenue also reduced from budget.
- Several less material changes in other departments.

### Rents and Leases

This category will increase by approximately \$200,000 over current year projected rent expenses. This expense increase is primarily due to a full year of rent expense of the Waters Edge facility as well as increases in rental of new ventilators used on the nursing floors, and the Orthopedic Clinic lease at Marina Village.

### Insurance

Insurance expense is anticipated to increase \$15,000 or 3.5% as a result of additional malpractice insurance associated with the new physician. All other insurance premiums are expected to remain constant.

### Utilities

Utilities expenses, including telephone, are planned to remain consistent with the FY 2013 projections.

### Depreciation and Amortization

Depreciation expense has increased by \$55,000 or 6.3% from FY 2013. The Emergency Department Meditech application has been implemented and will begin to be depreciated for all of FY 2014. In addition we are starting to depreciate the Emergency Egress Lighting Project.

### Other Expenses

Other expenses will increase by approximately \$91,000 associated with costs in Human Resources (recruiting, advertising, salary survey) and administrative dues, licensing fees, and other small increases.

### Net Income:

After all of the herein discussed additional programs, changes in gross and net revenue and operating expenses, the consolidated net income is budgeted at \$23,000. This is comprised of a \$4.7 million shortfall from the hospital's baseline operations, the orthopedic program contributing \$406,000, wound care contributing \$117,000 and Waters Edge making up the difference with a net income of almost \$4.2 million.

Please see the following pages for the Income Statement comparison as well as the summary of volume projections.

Alameda Hospital  
 Inpatient Acute Volume Summary  
 FY 2014 Budget

	<u>Actual</u> <u>FY 2012</u>	<u>Projected</u> <u>FY 2013</u>	<u>Budget</u> <u>FY 2014</u>
Discharges - Acute	2,799	2,837	2,808
ALOS - Acute	3.9	4.1	4.0
Patient Days - Acute			
CCU	1,485	1,640	1,570
DOU	4,171	4,627	4,385
3 West	5,224	5,278	5,278
Total Acute	<u>10,880</u>	<u>11,545</u>	<u>11,233</u>
Average Daily Census			
CCU	4.1	4.5	4.3
DOU	11.4	12.7	12.0
3 West	14.3	14.5	14.5
Total Acute	<u>29.7</u>	<u>31.6</u>	<u>30.8</u>
Available Beds	66	66	66
Occupancy Percent	45.0%	47.9%	46.6%
CMI - Medicare	1.3767	1.4660	1.4660
CMI - Total	1.3036	1.3428	1.3428

Alameda Hospital  
 Inpatient Long-Term Care Volume Summary  
 FY 2014 Budget

	Actual <u>FY 2012</u>	Projected <u>FY 2013</u>	Budget <u>FY 2014</u>
<u>Discharges</u>			
Sub-Acute	30	32	32
South Shore	116	68	68
Waters Edge	-	164	180
Total Long Term Care Discharges	<u>146</u>	<u>264</u>	<u>280</u>

<u>Patient Days</u>			
Sub-Acute	11,842	11,801	11,680
South Shore	7,726	8,444	8,444
Waters Edge (1)	-	34,696	39,420
Total Long Term Care Days	<u>19,568</u>	<u>54,941</u>	<u>59,544</u>

<u>Average Daily Census</u>			
Sub-Acute	32.4	32.3	32.0
South Shore	21.1	23.1	23.1
Waters Edge (1)	0.0	103.9	108.0
Total Average Daily Census	<u>53.5</u>	<u>159.3</u>	<u>163.1</u>

<u>Payer Mix</u>			
Sub-Acute			
Medicare	1%	1%	1%
Medi-Cal	96%	96%	96%
Other	3%	3%	3%
South Shore			
Medicare	14%	15%	15%
Medi-Cal	85%	84%	84%
Other	1%	1%	1%
Waters Edge			
Medicare	n/a	15%	15%
Medi-Cal	n/a	78%	77%
Other	n/a	7%	8%
Available Beds (1)	60	170	170
Occupancy Percent	89.1%	93.7%	96.0%

Alameda Hospital  
 Surgery & Outpatient  
 FY 2014 Budget

	<u>Actual</u> <u>FY 2012</u>	<u>Projected</u> <u>FY 2013</u>	<u>Budget</u> <u>FY 2014</u>
<u>ECC Visits</u>	16,964	17,732	17,732
<u>Outpatient Registrations</u>	22,224	23,930	24,208
Wound Care Visits	-	3,674	4,200
Orthopedic Visits	-	1,472	3,624
1206B Clinic Visits	2,158	2,438	2,738
<u>Per Day</u>			
ECC	46.3	48.6	48.6
Registrations	60.7	65.6	66.3
<u>Surgeries</u>			
Inpatient	469	545	588
Outpatient	1,704	1,457	1,569
Total	<u>2,173</u>	<u>2,002</u>	<u>2,157</u>

Alameda Hospital  
 Three Year Detail Trend of Outpatient Visits  
 FY 2014 Budget

	Actual <u>FY 2012</u>	Projected <u>FY 2013</u>	Budget <u>FY 2014</u>
ATC Satellite Lab	-	-	-
Cardio Fit	-	-	-
CT Scan	428	515	515
EEG	20	17	17
EKG	821	988	988
IV Therapy	976	1,157	1,157
IVT Other	748	667	667
Laboratory	7,651	7,422	7,422
MRI	559	725	841
Nuclear Medicine	140	133	133
Occupational Therapy	409	812	812
Physical Therapy	3,354	5,108	5,108
Respiratory Therapy	66	59	59
Speech	48	27	27
Ultrasound	1,208	1,077	1,077
Radiology	6,376	6,880	6,880
Wound Care	-	3,674	4,200
Total Visits	<u>22,804</u>	<u>29,260</u>	<u>29,902</u>
O/P Registrations	<u>22,224</u>	<u>23,930</u>	<u>24,208</u>

**Alameda Hospital**  
**Consolidated Statement of Income and Expense**  
**FY 2014 Operating Budget**  
**\$ in thousands**

	Annualized <u>FY 2013</u>	Consolidated Budget <u>FY 2014</u>	Change <u>from FY 2013</u>	Percent <u>Change</u>
Net Patient Revenue	\$ 72,457	\$ 76,332	\$ 3,875	5.3%
Net Revenue Percent	23.2%	23.2%	0.0%	0.0%
Other Operating Revenue	<u>1,144</u>	<u>1,445</u>	<u>301</u>	<u>26.3%</u>
Total Revenue	73,601	77,777	4,176	5.7%
<b>Expenses</b>				
Salaries and Wages	40,690	41,953	1,263	3.1%
Temporary Agency	2,255	1,755	(500)	-22.2%
Benefits	11,795	12,220	425	3.6%
Professional Fees	5,092	5,600	508	10.0%
Supplies	9,331	9,504	173	1.9%
Purchased Services	6,635	6,619	(16)	-0.2%
Rent	2,450	2,650	200	8.1%
Insurance	443	458	15	3.5%
Utilities & Telephone	951	952	1	0.1%
Depreciation	869	924	55	6.3%
Other	<u>1,252</u>	<u>1,327</u>	<u>75</u>	<u>6.0%</u>
Total Expenses	81,763	83,962	2,199	2.7%
Operating Income/(Loss)	(8,161)	(6,185)	1,976	24.2%
Non-Operating	6,208	6,208	-	0.0%
Net Income/(Loss)	<u>\$ (1,953)</u>	<u>\$ 23</u>	<u>\$ 1,976</u>	<u>101.2%</u>



**Alameda Hospital**  
**Statement of Income and Expense**  
**Twelve Month Spread**  
**FY 2014 Operating Budget**

	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>Oct-13</u>	<u>Nov-13</u>	<u>Dec-13</u>	<u>Jan-14</u>	<u>Feb-14</u>	<u>Mar-14</u>	<u>Apr-14</u>	<u>May-14</u>	<u>Jun-14</u>	<u>Total</u>
Gross Patient Revenue	26,474,474	27,965,656	26,464,012	28,001,314	28,008,601	27,752,316	28,424,485	26,302,735	28,007,858	27,177,894	27,435,519	26,475,366	328,490,230
Total Deductions	20,322,526	21,467,198	20,314,495	21,494,570	21,500,163	21,303,432	21,819,407	20,190,694	21,499,593	20,862,490	21,060,250	20,323,211	252,158,030
Net Patient Revenue	6,151,948	6,498,458	6,149,517	6,506,744	6,508,438	6,448,884	6,605,078	6,112,041	6,508,265	6,315,404	6,375,269	6,152,155	76,332,200
Net Revenue Percent	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%
Other Operating Revenue	120,417	120,417	120,417	120,417	120,417	120,417	120,417	120,415	120,417	120,416	120,417	120,416	1,445,000
Total Revenue	6,272,365	6,618,875	6,269,934	6,627,161	6,628,855	6,569,301	6,725,495	6,232,456	6,628,682	6,435,820	6,495,686	6,272,571	77,777,200
<b>Expenses</b>													
Salaries and Wages	3,303,770	3,582,786	3,360,301	3,540,654	3,523,888	3,652,079	3,674,841	3,369,017	3,587,011	3,476,538	3,500,075	3,380,713	41,951,673
Temporary Agency	139,146	142,997	145,649	143,135	145,394	148,874	153,098	142,665	152,854	145,770	147,652	147,457	1,754,690
Benefits	1,018,366	1,018,366	1,018,366	1,018,366	1,018,366	1,018,366	1,018,366	1,018,366	1,018,366	1,018,366	1,018,366	1,018,366	12,220,392
Professional Fees	482,391	482,391	482,391	482,391	483,870	482,391	450,724	450,724	450,724	450,724	450,724	450,724	5,600,169
Supplies	745,459	809,350	792,477	811,262	801,464	786,502	787,073	792,016	794,681	793,003	796,613	794,055	9,503,956
Purchased Services	551,589	551,589	551,589	551,589	551,589	551,589	551,589	551,589	551,589	551,589	551,589	551,589	6,619,069
Rent	220,844	220,844	220,844	220,844	220,844	220,844	220,844	220,844	220,844	220,844	220,844	220,844	2,650,123
Insurance	38,158	38,158	38,158	38,158	38,158	38,158	38,158	38,158	38,158	38,158	38,158	38,158	457,893
Utilities & Telephone	79,323	79,323	79,323	79,323	79,323	79,323	79,323	79,323	79,323	79,323	79,323	79,323	951,881
Depreciation	77,016	77,016	77,016	77,016	77,016	77,016	77,016	77,016	77,016	77,016	77,016	77,016	924,197
Other	110,593	110,593	110,593	110,593	110,593	110,593	110,593	110,593	110,593	110,593	110,593	110,593	1,328,119
Total Expenses	6,766,656	7,113,413	6,876,707	7,073,332	7,050,505	7,165,735	7,161,626	6,850,312	7,081,159	6,961,925	6,990,954	6,868,839	83,962,162
Operating Income/(Loss)	(494,291)	(494,537)	(606,773)	(446,170)	(421,650)	(596,435)	(436,132)	(617,856)	(452,477)	(526,105)	(495,268)	(596,268)	(6,184,962)
Non-Operating	517,333	517,333	517,333	517,334	517,333	517,333	517,334	517,333	517,334	517,333	517,334	517,333	6,208,000
Net Income/(Loss)	23,042	22,796	(89,440)	71,164	95,683	(79,102)	81,202	(100,523)	64,857	(8,772)	22,066	(78,935)	23,038

**Alameda Hospital**  
**Statement of Income and Expense**  
**Key Program Initiatives**  
**FY 2014 Operating Budget**  
**\$ in thousands**

	Actual FY 2012	Annualized FY 2013	Hospital FY 2014	Ortho Program	Wound Care	Waters Edge	Consolidated Budget FY 2014	Change from FY 2013	Percent Change
Net Patient Revenue	\$ 58,557	\$ 72,457	\$ 58,902	\$ 1,710	\$ 1,687	\$ 14,033	\$ 76,332	\$ 3,875	5.3%
Net Revenue Percent	22.9%	23.2%					23.2%	0.0%	0.0%
Other Operating Revenue	846	1,144	982	463	-	-	1,445	301	26.3%
Total Revenue	<u>59,403</u>	<u>73,601</u>	<u>59,884</u>	<u>2,173</u>	<u>1,687</u>	<u>14,033</u>	<u>77,777</u>	<u>4,176</u>	<u>5.7%</u>
<b>Expenses</b>									
Salaries and Wages	34,387	40,690	36,037	395	161	5,360	41,953	1,263	3.1%
Temporary Agency	1,447	2,255	1,715	-	-	40	1,755	(500)	-22.2%
Benefits	9,970	11,795	11,061	111	45	1,003	12,220	425	3.6%
Professional Fees	4,459	5,092	4,358	300	880	62	5,600	508	10.0%
Supplies	7,664	9,331	7,711	801	239	753	9,504	173	1.9%
Purchased Services	4,624	6,635	5,132	73	48	1,366	6,619	(16)	-0.2%
Rent	1,288	2,450	1,621	56	68	905	2,650	200	8.1%
Insurance	333	443	414	15	-	29	458	15	3.5%
Utilities & Telephone	790	951	794	6	11	141	952	1	0.1%
Depreciation	844	869	816	-	104	4	924	55	6.3%
Other	1,348	1,252	1,110	11	14	192	1,327	75	6.0%
Total Expenses	<u>67,153</u>	<u>81,763</u>	<u>70,769</u>	<u>1,768</u>	<u>1,570</u>	<u>9,855</u>	<u>83,962</u>	<u>2,199</u>	<u>2.7%</u>
Operating Income/(Loss)	(7,750)	(8,161)	(10,886)	406	117	4,178	(6,185)	1,976	24.2%
Non-Operating	5,915	6,208	6,208	-	-	-	6,208	-	0.0%
Net Income/(Loss)	<u>\$ (1,835)</u>	<u>\$ (1,953)</u>	<u>\$ (4,678)</u>	<u>\$ 406</u>	<u>\$ 117</u>	<u>\$ 4,178</u>	<u>\$ 23</u>	<u>\$ 1,976</u>	<u>101.2%</u>

**Alameda Hospital  
Net Income Waterfall  
Fiscal Year 2014**

**FY 2013 Net Estimated Net Income** **\$ (1,953)**

Net Revenue Impact:

Waters Edge - additional month plus increased census	1,700	
Wound Care - full year of operation	440	
Ortho Surgeons - additional spin off to hospital	961	
MRI - extra day	100	
Contract and rate increases	724	
Medicare sequestration effect	(400)	
Additional General Surgeon - spin off to hospital	350	
Other Operating Revenue - Ortho at full year plus new general surgeon	301	
Sub-Total Additional Revenue	4,176	

Operating Expense Impact:

Salaries

Incremental FTEs - 2014	625	
Full Year Salary & Wages Waters Edge, Ortho, Wound Care	638	
Sub-Total Salaries	1,263	
Temporary Agency - less need as many positions filled	(500)	
Benefits - associated with new positions, with EDD unemployment, less normalized vacation accrual / utilization	425	
Professional Fees - full year of Ortho physician, legal and consulting for Admin, increase in Hospitalist contract, wound care, reduction in pharmacy mgt contract	508	
Supplies associated with increased surgeries and other program growth Less: New Group Purchasing organization net supply cost savings	173	
Purchased Services - includes decreases in Rehab Services (subacute/south shore), increase in MRI contract, moved EDD Unemployment Ins. to Benefits	(16)	
Rent - includes additional month of Waters Edge, increase for upgraded ventilators Orthopedic Office Space	200	
Depreciation - includes EDM in the Emergency Room and Emergency Egress Lighting Project	55	
Other Operating Expenses: Human resources, administration - licensing fees, dues etc.	91	
Sub-total Additional Expenses/Other	2,199	

**FY 2014 Budget Net Income** **\$ 23**

## Fiscal Year 2014 Capital Budget

As part of the District's annual budgeting process, it is required to submit and approve a capital budget in addition to the operating budget. As part of the capital budget process, input is solicited from all departments of the organization as well as from members of the Medical Staff.

For FY 2014, the total capital budget requests submitted is \$1.2 million. Provided with each request, is an explanation of why the request is being made and the degree of importance/urgency. Management then has the task of evaluating the submitted requests against the organizations ability to fund them.

Given the challenge of developing a positive FY 2014 operating budget and given the capital projects that have already been approved or are in process, the amount of additional capital acquisitions being recommended is very limited.

Attached is a list of the recommended capital budget items for FY 2014 that total \$1,223,250. This is broken down into the following areas of need:

Plant Maintenance	\$ 200,000
Information Technology	\$ 290,000
Surgery	\$ 563,065
Central Supply	\$ 138,600
Pharmacy	\$ 20,795
Emergency Care	<u>\$ 10,790</u>
Total	<u>\$ 1,223,250</u>

It is recognized that there are many capital needs given the age of our facilities and much of our equipment. There is also pressing need to continue to advance our technological capabilities in both hardware and software to remain competitive. In addition there are several regulator and seismic compliance activities that need to be completed quickly that will require scarce resources, many of these are already in process during fiscal 2013 and have received approved funding from the Hospital Foundation.

### Funding:

To help fund these projects we recommend using the amount of depreciation expense in the operating budget to reinvest in much needed capital expenditures. For FY 2014 this amount is \$924,000. In addition we will be receiving monies to help fund the completion of the Electronic Health Record and Meaningful Use Attestation, which is expected to occur by the end of September 2013.

Alameda Hospital  
 Capital Budget Request Summary  
 FY 2014

Engineering	Boiler Project	\$ 200,000
Information Technology	Replacement PCs	100,000
	New Servers	100,000
	Advanced Authentication	90,000
Surgery	Hana Table	102,048
	Washer/Sterilizer	99,466
	Mini C Arm	75,000
	Flash Autoclaves	57,667
	Surgery Drill and Saw System	42,635
	Gurneys and Eye Gurneys	32,817
	Urology Equipment	31,448
	Misc. Surgery Equipment	121,984
Central Supply	Autoclave	138,600
Pharmacy	Software and Surveillance System	20,795
Emergency Care	Stretcher with scale	10,790
Total Requests		<u>\$ 1,223,250</u>