



PUBLIC NOTICE

Finance and Management Committee

Wednesday, July 31, 2013

7:30 a.m. – 9:00 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 Robert Deutsch, MD
II. Action Items
A. Acceptance of June 26, 2013 Minutes Robert Deutsch, MD
B. Recommendation to Accept June 2013 Unaudited Financial Statements Kerry Easthope
C. Recommendation to Approve FYE June 30, 2014 (6 Month) Operating Budget Kerry Easthope Deborah E. Stebbins
D. Recommendation to Approve FYE June 30, 2014 (6 Month) Capital Budget Kerry Easthope Deborah E. Stebbins
III. Chief Financial Officer Report Kerry Easthope
IV. Chief Executive Officer Report Deborah E. Stebbins
A. Affiliation Updates
V. Board / Committee / Staff Comments
VI. Adjournment

NEXT MEETING: Wednesday, August 28, 2013

# THE CITY OF ALAMEDA HEALTH CARE DISTRICT

## ALAMEDA HOSPITAL

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### UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDING June 30, 2013

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

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**ALAMEDA HOSPITAL  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE, 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 June 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 June, the hospital experienced a combined net operating loss of \$78,000 against a budgeted gain of \$301,000. Year to date the hospital shows a loss of \$2.4 million compared to a budgeted gain of \$614,000. Waters Edge remains steady with a positive net contribution of \$317,000 and a year to date contribution of just over \$3.4 million.

Since June is the Districts fiscal year end, additional time is spent reconciling balance sheet accounts and other accrual and reserve accounts. Accounts are reconciled throughout the year, however, a more complete and thorough review is performed each fiscal year end, including a true-up of inventory valuations. It is anticipated that there will be additional post close adjustments, both by management as well as the independent auditor as there has been in prior years. Our goal is to minimize the number and materiality of those audit adjustments. The net financial impact of these adjustments in the June unaudited financials total a positive \$87,000. A summary of the variance impact on each revenue and expense category are as follows:

Net Revenue	(75,000)
Benefits	27,000
Professional Fees	(70,000)
Supplies	92,000
Purchased Services	70,000
Other Operating Exp	(82,000)
Non Operating Revenue	125,000

June discharges were 249, which is 13 or 4.8% below budget, and total patient days were 5,965 or 126 (2.2%)% greater than budget. The acute ALOS increased from prior month to 4.46 in the month, and year to date remains at 4.07. Total patient days for inpatient acute services were up 4.7%; subacute days were up 0.2%, skilled nursing days were up at South Shore by 3.1% and Waters Edge were up by 1.8%.

Overall outpatient activity was mixed this month. Outpatient registrations were down 20.9% ,but Emergency Room visits were 6 or 0.4% above budget. Outpatient surgeries were below budget for the month by 42 or 26.1%, which is consistent with the trend year-to-date.

The Wound Care program had 376 visits in June compared to a budget of 400, or 6.0% below budget. In June there were 79 HBO treatments compared to 117 in May.

Total gross and net revenue in June was generally in line with activity. The overall inpatient component was above budget by 2.7% and outpatient was below budget 13.7%.

The overall Case Mix Index (CMI) in June was 1.4092; this is consistent with most months this year and above the FY 2013 year-to-date of 1.3431.

Total expenses were just over \$7.0 million in June, which is \$95,000 or 1.4% above budget. This is better than the year to date trend which will be discussed later in the expense section.

Salaries, temporary agency fees, professional fees, purchased services, rents and leases and other expenses were over budget while benefits and supplies were under budget. All other categories were close to or just under budget. In addition, during the months of April, May and June, Professional Fees budget is low by \$70,000 per month (annual amount spread over 9 months vs. 12 months, budget system error not detected until 4<sup>th</sup> quarter)

Cash and cash equivalents were \$4.9 million at the end of June, just lower than prior month due to timing of payrolls and vendor payment distributions. Cash collections in June were lower than previous months at almost \$5.5 million due to a two week suspension in payments from the state Medi-Cal program during the last two weeks of the month. Net accounts receivable increased

by almost \$800,000 to \$12.0 million due primarily to the delay in Medi-Cal payments. The payments have resumed in July so we anticipate an increase in cash and a decrease in Accounts Receivable and Accounts Payable balances next month.

Lastly, the current ratio increased slightly to .89 below the required 1.0 of our bank covenants. Net Assets remain consistent at approximately \$4.7 million.

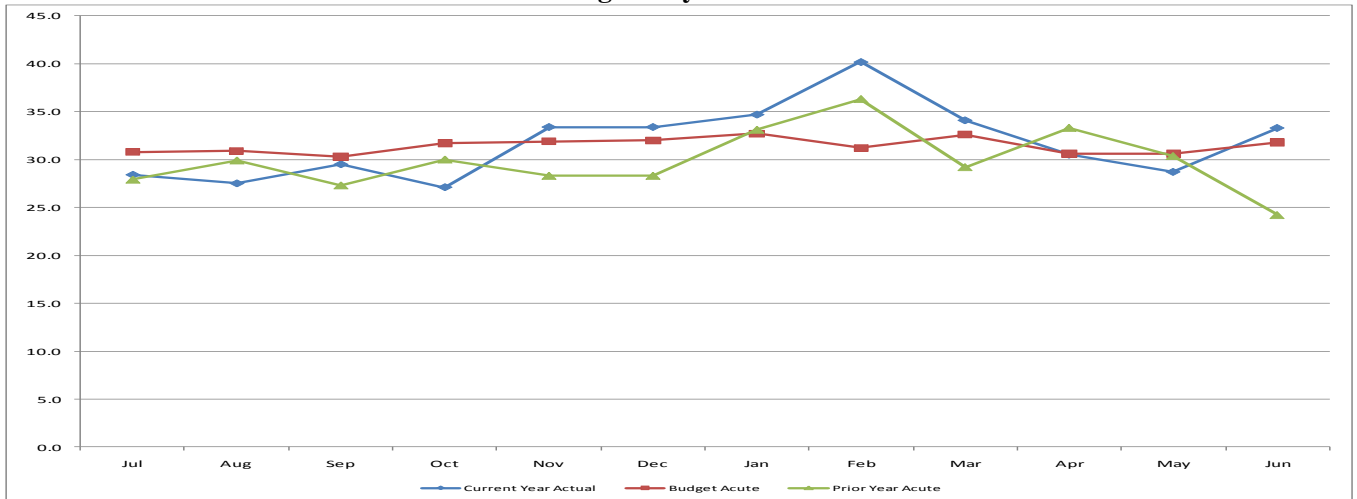
## *ACTIVITY*

### ACUTE, SUBACUTE AND SNF SERVICES

Overall, patient days were 2.2% above budget for the month and above June of last year. This month's acute days were above budget by 4.7%, Subacute was up 0.2%, South Shore was up 3.1% and Waters Edge was up 1.8%.

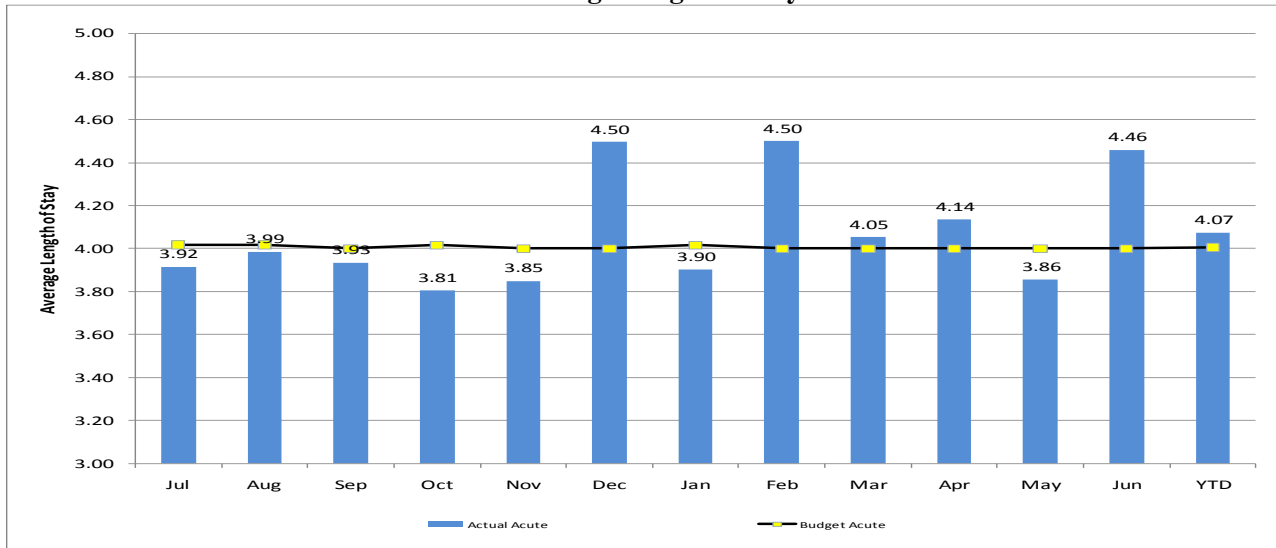
June's acute patient days were 45 days or 4.7% higher than budget for the month and 37.4% higher than June 2012. The acute care program is comprised of the Critical Care Unit (4.9 ADC, 41.7% above budget), Telemetry / Definitive Observation Unit (13.5 ADC, 13.4% above budget) and Med/Surg Unit (14.9 ADC, 9.3% below budget).

**Acute Average Daily Census**



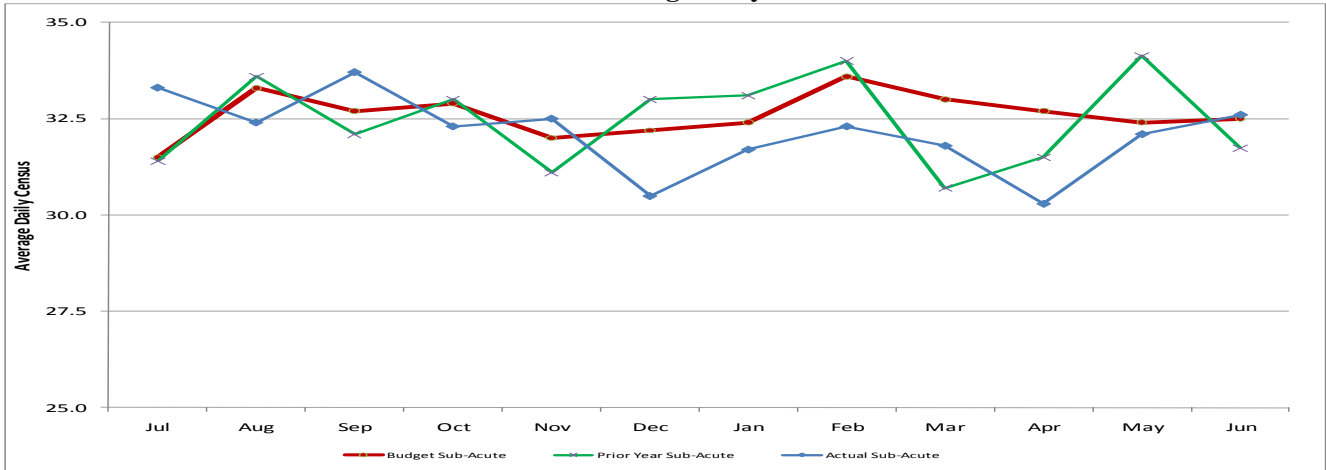
The acute Average Length of Stay (ALOS) increased from 3.86 in May to 4.46 in June and is above the budget of 4.00. The YTD acute ALOS for FY 2013 is 4.07. The graph below shows the ALOS by month compared to the budget.

**Acute Average Length of Stay**



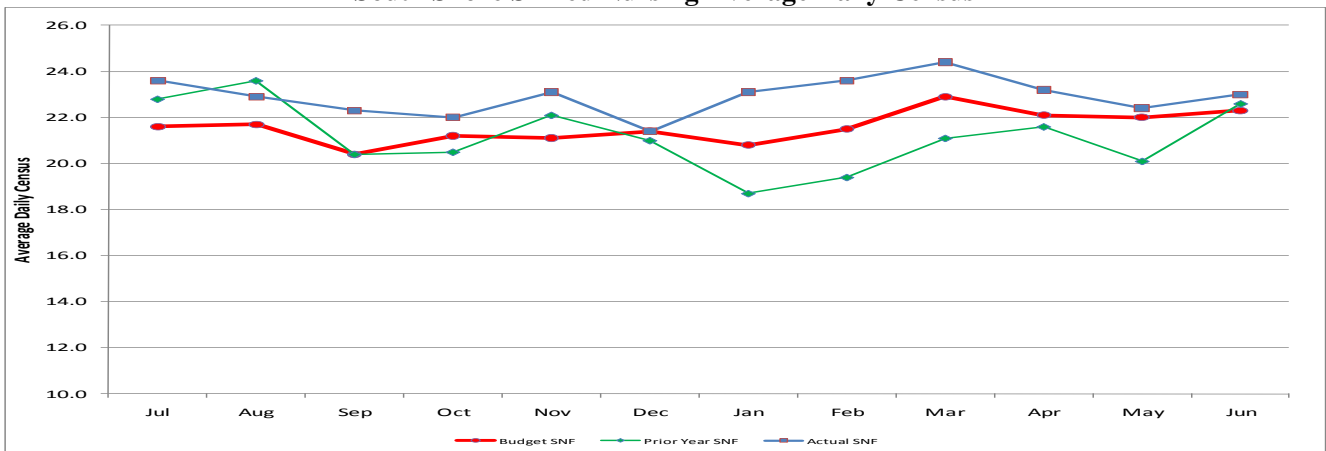
The Subacute program ADC of 32.57 was just above the budget by 0.07 ADC or 0.2%. The census has stabilized from prior lows. The graph below shows the Subacute ADC for the current fiscal year as compared to budget and the prior year.

**Subacute Average Daily Census**



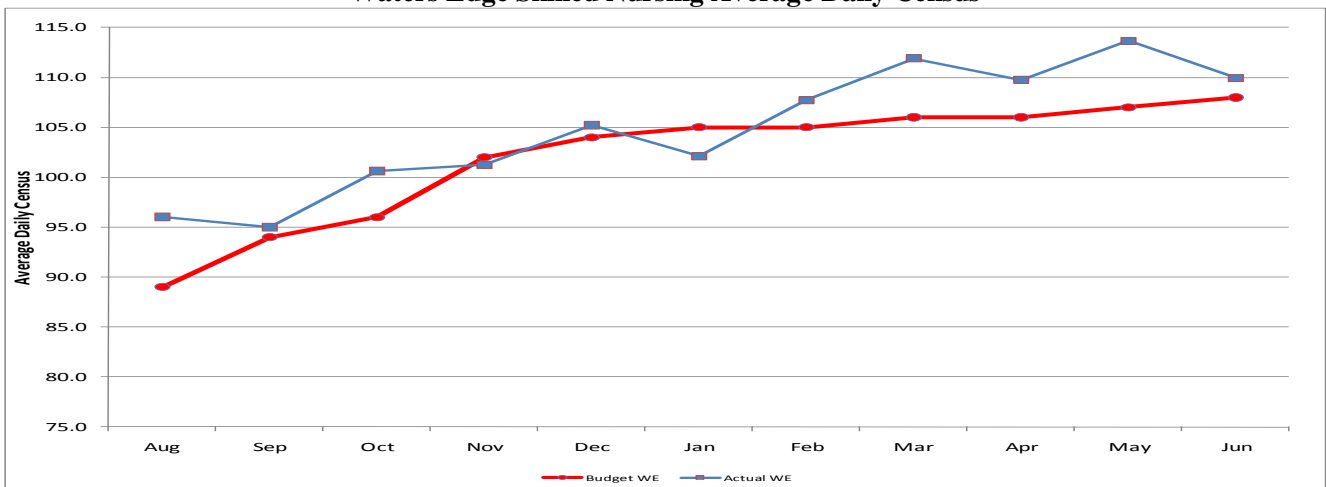
The South Shore ADC was above budget by 21 patient days (3.1%) for the month of June. The graph below shows the South Shore monthly ADC as compared to budget and the prior year. In June the number of Medicare A skilled patients was 4.2 ADC, above the 3.3 ADC in May and right on the budget of 4.2.

**South Shore Skilled Nursing Average Daily Census**



Waters Edge census was 109.9 ADC or 1.8% above the budget of 108.0 in June. The Medicare census was 13.4 ADC just down from 14.6 ADC in the prior month, and below the Medicare ADC budget of 18.0.

**Waters Edge Skilled Nursing Average Daily Census**

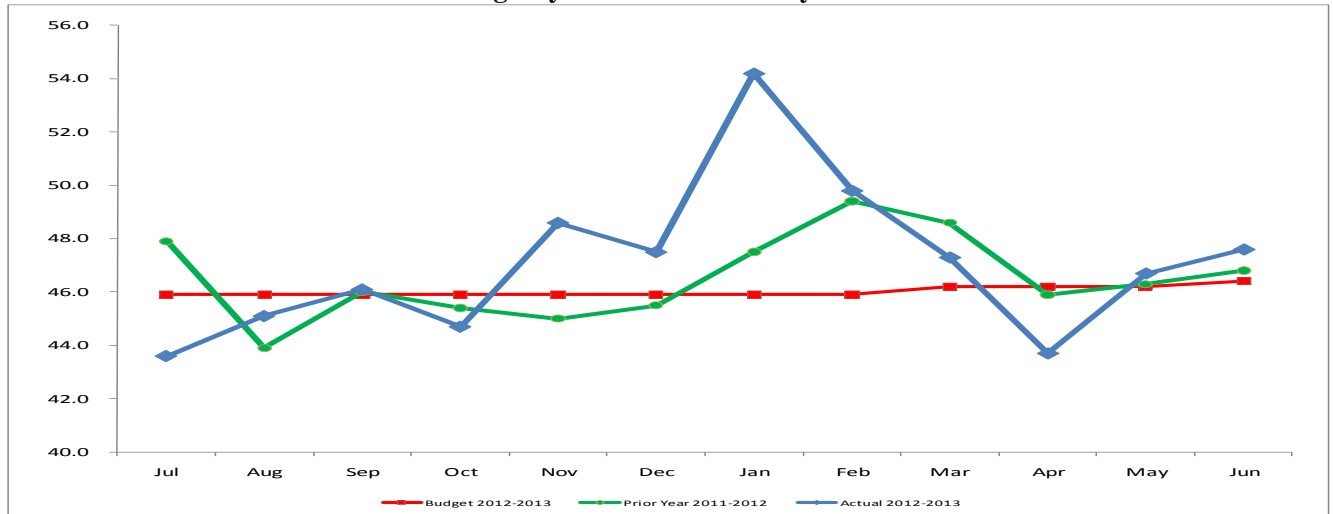


## *ANCILLARY SERVICES*

### Outpatient Services

Emergency Care Center (ECC) visits in June were 1,429, or 6 visits (0.4%) above the budget of 1,423. The inpatient admission rate from the ECC was 17.5% above the 16.7% admit rate in May. On a per day basis, the total visits represent an increase of 1.9% from the prior month daily average. In June, there were 294 ambulance arrivals versus 330 in the prior month. Of the 294 ambulance arrivals in the current month, 195 or 66.3% were from Alameda Fire Department (AFD).

**Emergency Care Visits Per Day**



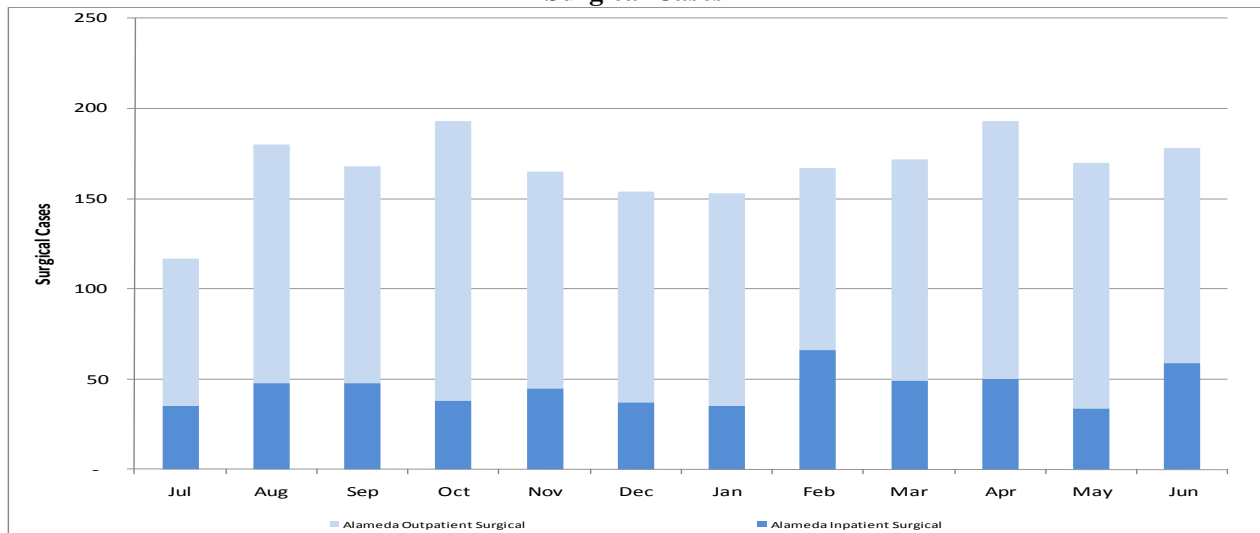
Outpatient registrations totaled 1,898 or 20.9% below budget. This month the number of patient visits were down in Radiology (443), Physical Therapy (275), MRI (77) and Laboratory (61). However, visits were up in Occupational Therapy (23). Starting with December, the budget for Physical Therapy and Radiology Services assumes significant increases from referrals by our two new orthopedic physicians. This process is improving but still behind expectations. In June there were 155 Therapy visits and 138 Imaging procedures from the new orthopedic clinic, compared to 178 and 138 respectively in May. The third MRI service day continues to get busier, however in June, a greater percentage of MRI cases were inpatient vs. outpatient. This is good for patient care, but does not provide incremental reimbursement.

In June, Wound Care was short of the budget of 400 with 376 visits, or just 6.0% under budget. Hyperbaric Oxygen treatments accounted for 79 of those visits, compared to 117 in May.

### Surgery

The total number of surgery cases in June were 178 or 16.4% below the budget of 213 but above last year's case volume of 152. Inpatient cases of 59 were above the budget by 7 (13.5%) and outpatient was below budget by 42 (26.1%) at 119 cases.

**Surgical Cases**



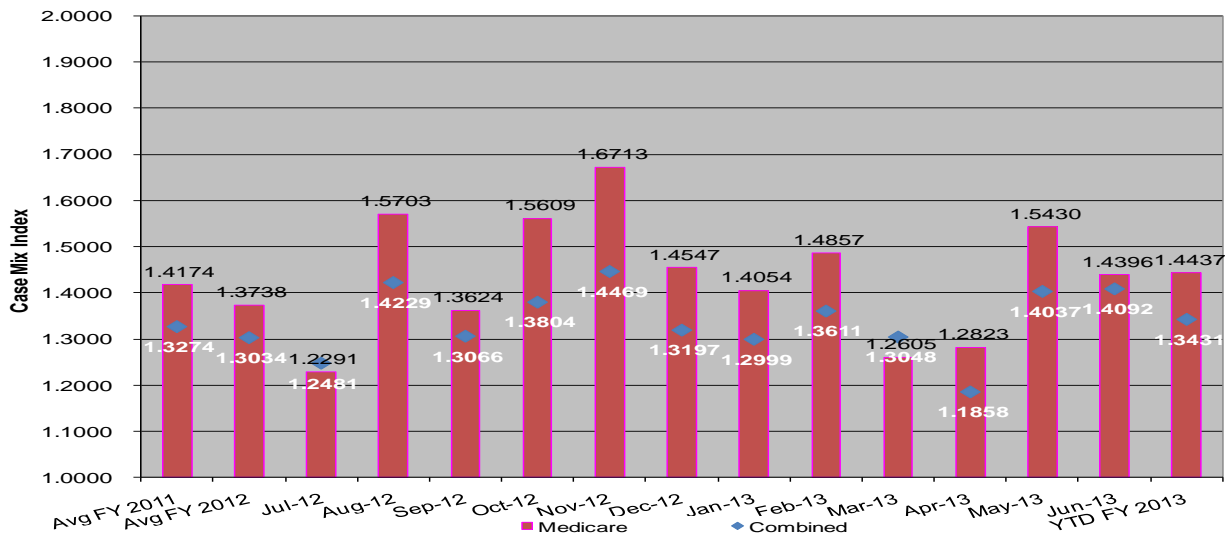
### *Payer Mix*

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

	<u>June Actual</u>	<u>June Budget</u>
Medicare	46.9%	46.3%
Medi-Cal	26.0%	26.8%
Managed Care	15.3%	16.6%
Other	2.8%	3.0%
Commerical	1.3%	2.9%
Self-Pay	7.7%	4.4%
Total	100.0%	100.0%

### *Case Mix Index*

The Hospital's overall Case Mix Index (CMI) for June was 1.4092, up from the prior month of 1.4037 (0.4%). June has continued strong after the low experienced in April. The Medicare CMI was 1.4396 in June, below the prior month high. 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 June were below budget by \$750,000 or 2.7%. Inpatient gross revenues were \$500,000 above budget and outpatient gross revenues were down \$1.2 million. Acute inpatient days were 4.7% above budget and acute gross revenue was up 7.7%. Inpatient ancillary service charges were below budget in Emergency, Laboratory, Imaging and Rehab, but were up in Surgery and Supplies.

Waters Edge gross and net revenue were above budget in June consistent with the volume. The ancillary revenue was below budget 7.2% (mostly due to therapy services) and the routine daily room and board revenue was above budget by 1.6%. Medicare A patient was about 14.2% lower than budget, contributing to Net Revenue being 1.7% under budget in the month.

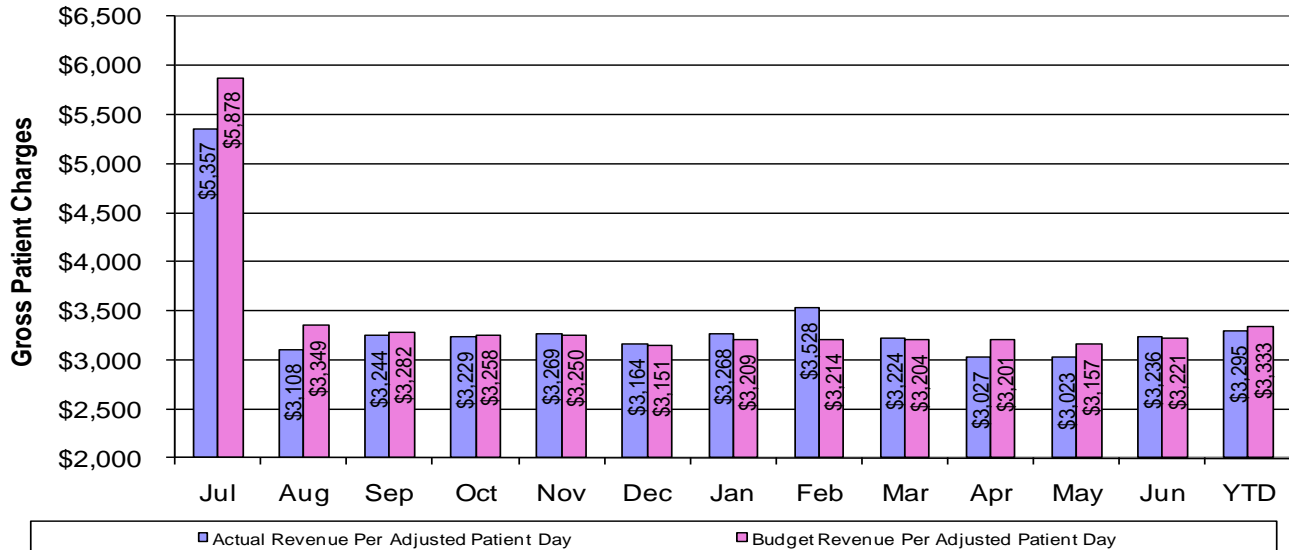
Outpatient gross revenues were lower than budget by \$1.2 million (13.7%). Wound Care, Imaging, Laboratory, Pharmacy and Surgery and were the largest contributors to this being below budget while the Clinics and Emergency were above budget. Outpatient MRI volumes were lower than expected giventhat we added a third MRI day in March due in part to a greater percentage of inpatient MRI utilization.



Wound Care volume was down slightly with the gross revenue below budget by \$150,000 for the first time this year, resulting in Net Revenue coming in \$31,175 below budget for the month, and \$214,000 year to date. The low volume in June appears to be an anomaly as volume is up in July closer to previous months.

On an adjusted patient day basis, total patient revenue was \$3,236 just above the budget of \$3,221 for the month of June. 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 23.9% was budgeted and 23.2% was realized. Year to date net revenue percentage is 23.3% of gross versus a budget of 23.5%. 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 just over \$6.35 million, \$392,000 below the budget of \$6.75 million. The lower than budgeted outpatient visits, surgeries and revenues are all key drivers to the lower Net Revenue. 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 \$1.25 million, below the budget by \$21,000 or 1.7%. Although census was higher than budgeted overall census, we had less of the higher payer Medicare patients and more of the lower payer Medi-Cal patients driving this negative variance. Year to date, Waters Edge Net Revenue is \$250,000 (2.0%) above budget, and consistent with patient census (2.8%) above budget.

The Wound Care program also resulted in a negative net revenue contribution of just over \$31,000 for the month. However, the net revenue is \$214,000 above the year to date budget.

## *Expenses*

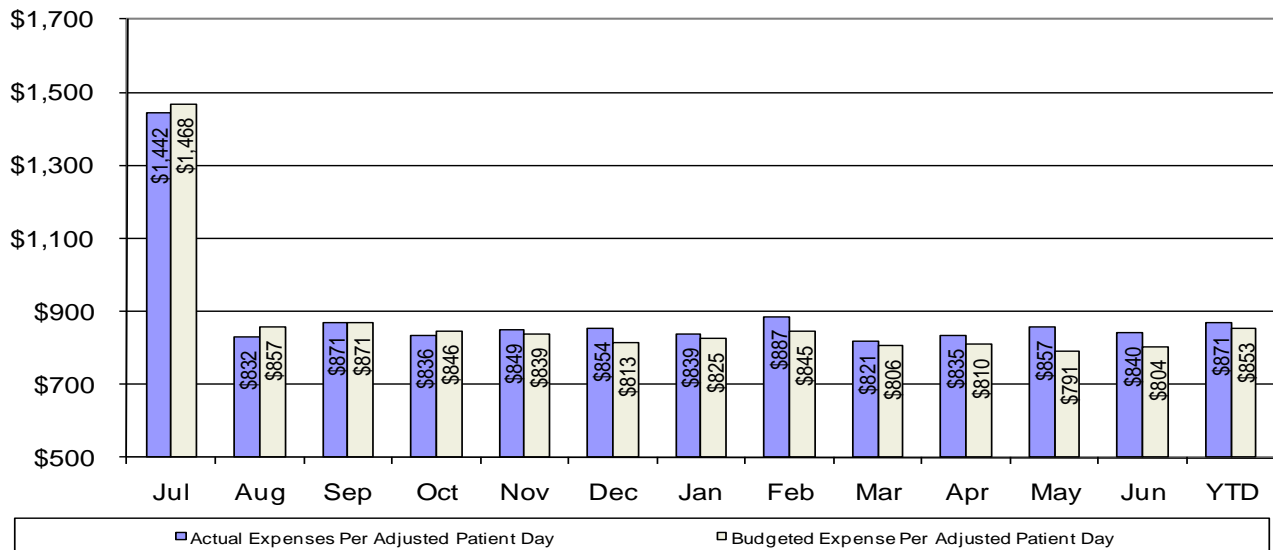
### Total Operating Expenses

Total operating expenses were just over \$7.0 million which was higher than the fixed budget by \$95,000 or 1.4%. There were several year end accrual and balance sheet adjustments that affected several of the expense categories in June. The net effect of these adjustments on total operating expenses was positive \$37,000.

Salaries, temporary agency fees, professional fees, rents and leases, depreciation and other expenses were all above budget while benefits, supplies and insurance was under budget. All other expense categories were reasonably close to budget.

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 \$199,000 (5.6%). This variance is split between Salaries and 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 (\$13,000), Laboratory (\$5,000), Rehab Services (\$4,000), and Waters Edge (\$26,000). In addition again the acute inpatient volume was high in CCU (41.7% above budget) and DOU (13.4% above budget) requiring more staffing including registry staffing.

Staffing also needs to be better managed. Total FTE's per adjusted occupied bed about 7.7% 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 and management team has been discussing staffing and is taking steps to get this back in line. The use of overtime and double time premium pay has dropped back down as we strive to get better control of this expensive component of the total salaries.

### Benefits

Benefits were below the fixed budget by \$358,000. Year to date is also below budget by \$156,000. While these numbers fluctuate from month to month, benefits are down this month due to recording a stop loss refund for health claims of \$27,000, plus higher usage of PTO/Vacation than accrued resulting in another \$140,000 reduction to the overall benefit expense. We have been encouraging employees to use their PTO/Vacation time which thus reduces the amount of accrual needed. Health Claims and required IBNR reserve were also lower in the month contributing to a very favorable variance in the month.

### **Professional Fees**

Professional fees were over budget by \$161,000 or 41.5% are due to the budget error (\$70,000), fees associated with the Interim Director in Information Systems, as well as the year end accrual reconciliation for hospital based and emergency on-call physician fees totaling about \$74,000. Otherwise, routine expenses in this category were in line with budget.

### **Supplies**

Supplies expense were \$63,000 below budget but year to date supply expense is \$597,000 higher than budget. While Wound Care (skin graft prosthetics) was high again in June over budget \$56,000. There were a couple of prior period invoices included in June and we do anticipate getting reimbursed from Medicare for the skin graft and skin substitute products.

Every year end, we perform a physical inventory count to true-up our Inventory valuations. Although this valuation generally does not fluctuate significantly from year to year in June there was a positive year end inventory adjustment resulting in a reduction to supply expenses by \$100,000.

### **Purchased Services**

Purchased services were right at budget for the month of June and year to date is \$214,000 over budget. While there were some departments higher than budget, similar to past months, there was a reduction in the liability reserve for unemployment claims benefit accruals of \$70,000 which helped to keep the overall purchased services at budget.

### **Rents and Leases**

Rents and lease expense was \$47,000 over budget in the month. We have additional unbudgeted rent for the new Orthopedic clinic space and the Willow Street building totaling \$7,000. There was an additional month of rent accrual needed for Alameda Town Center totaling \$13,000. Lastly, equipment rental expenses continue to be higher than expected for both ventilators, special CCU mattresses and other rental equipment. We are assessing the ongoing need to continue these rentals vs. the option to acquire needed equipment if the need is long term.

### **Other Operating Expense**

Other Operating Expenses were over budget this month by \$89,000. This is due to the write down of an old physician loan (guarantee) of \$57,000 plus additional accrual needed for Waters Edge property tax estimates (\$18,000). Year to date Other Expenses are \$16,000 under budget.

### **Depreciation Expense**

Depreciation Expenses was \$23,000 over budget. In May we did begin depreciating the Meditech Emergency Department module that went live back in April and the completion of the Emergency Lighting OSHPD projects. This higher depreciation has been accounted for in next year's budget.

### **Other Income / (Expense)**

Other Income in June was \$125,000 higher than budget. In reviewing balance sheet accounts, a contribution from the Foundation to support the Wound Care buildout was not recorded as Other Non Operating Revenue as dictated and this reclassification was made in June. It may be that the auditor will want to move this to "fund balance" as an adjusting audit entry.

## ***Balance Sheet***

Total assets increased by just over \$6.0 million from the prior month. The following items make up the increase in assets:

- Total unrestricted cash and cash equivalents for June decreased by \$298,000 and days cash on hand including restricted use funds also decreased to 21.8 days cash on hand in June from the 22.0 days cash on hand in May. Patient collections in June averaged just over \$180,000 per day, below the prior month. We had a slow down in cash payments from the state Medi-Cal program but this has resumed in July. Note there is also 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 \$2.3 million.
- Net patient accounts receivable was \$12.0 million, up almost \$800,000 from \$11.2 million at the end of May. This has climbed significantly due to the delay in state Medi-Cal payments at the end of June and the timing of the May Waters Edge Medicare payment that was not received until early July. The payments have resumed in July and are expected to recapture the June cash shortfall of about \$800,000.

- Other Receivables have increased \$5.5 million due to recording the annual Property Tax receivable. This is consistent with how this is recorded each year and the revenue realized 1/12 each month.
- Days in outstanding receivables were 60.35 at June month end, another increase from the May number of 56.3 days. Cash collections in June were \$5.5 million compared to \$6.6 million in May.

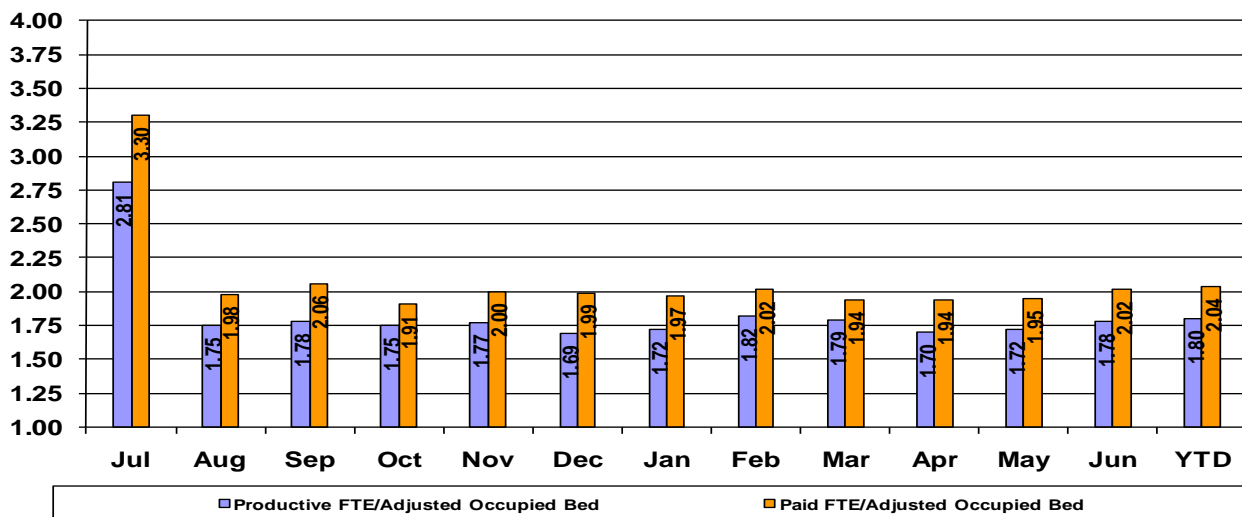
Overall, total liabilities increased by \$6.2 million from the prior month:

- Accounts payable increased over \$800,000 in June to approximately \$11.8 million which equates to 149 AP Days, up from the 134 days in May. This increase is consistent with shortfall in cash collections and increase in Net Accounts Receivable. It is expected that this will come back down in July.
- Payroll related accruals remained constant due to the timing of 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, but also increased overall by \$5.2 million as the liability associated with the parcel tax receivable was recorded. Once again, this will be realized over the course of the next fiscal year.
- Current Portion of Long Term Debt in the month of June decreased by about \$121,000 as a result of year end true-up of the long vs. short term portions of our bank loans. One loan is now within a year of being paid off within the next 12 months.
- Third Party Payer Settlement increased by a net of \$145,000 primarily resulting from collection of the medical receivable for retro rate increase in June. The initial half of this receivable was collected in May.

## *Key Statistics*

### FTE's Per Adjusted Occupied Bed

For the month of June Productive FTE's per Adjusted Occupied Bed were 1.78, above the budget of 1.64 FTE's by 8.2%. Paid FTE's per Adjusted Occupied Bed were 2.02 or 7.7% 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 June is 0.89, up from the .86 in May. We have met with representatives from the Bank of Alameda regarding these loan covenant ratios and other matters. A request to have these non compliant loan covenant provisions waived for the quarters ending 12/2012, 3/2013 and 6/2013 was made in July and approved by the Bank of Alameda board on July 18<sup>th</sup>.

**A/R days**

Net days in accounts receivable (A/R) are currently at 60.35. This is up from the prior month of 56.3. Net A/R days are up due to the lower cash collections resulting from the slow down in Medi-Cal payments at the end of June. As the cash resumed in July the A/R days will again drop.

**Days Cash on Hand**

Days cash on hand for June were 21.8, a slight decrease from prior month of 22.0. We did receive the \$1.5 million loan from Alameda Health System as called for in the Affiliation Letter of Intent, on July 22<sup>nd</sup>. These funds will also be used to help reduce vendor accounts payables in July.

The following pages include the detailed financial statements for the twelve (12) months ended June 30, 2013, of Fiscal Year 2013.

**A/R days**

Net days in accounts receivable (A/R) are currently at 60.35. This is up from the prior month of 56.3. Net A/R days are up due to the lower cash collections resulting from the slow down in Medi-Cal payments at the end of June. As the cash resumed in July the A/R days will again drop.

**Days Cash on Hand**

Days cash on hand for June were 21.8, a slight decrease from prior month of 22.0. We did receive the \$1.5 million loan from Alameda Health System as called for in the Affiliation Letter of Intent, on July 22<sup>nd</sup>. These funds will also be used to help reduce vendor accounts payables in July.

The following pages include the detailed financial statements for the twelve (12) months ended June 30, 2013, of Fiscal Year 2013.

**ALAMEDA HOSPITAL  
KEY STATISTICS  
JUNE 2013**

	<u>ACTUAL JUNE 2013</u>	<u>CURRENT FIXED BUDGET</u>	<u>VARIANCE (UNDER) OVER</u>	<u>%</u>	<u>JUNE 2012</u>	<u>YTD JUNE 2013</u>	<u>YTD FIXED BUDGET</u>	<u>VARIANCE</u>	<u>%</u>	<u>YTD JUNE 2012</u>
<b>Discharges:</b>										
Total Acute	224	239	(15)	-6.1%	183	2,838	2,866	(28)	-1.0%	2,799
Total Sub-Acute	4	2	2	100.0%	4	33	28	5	17.9%	30
Total South Shore	3	8	(5)	-62.5%	2	64	102	(38)	-37.3%	116
Total Waters Edge	18	13	5	38.5%	-	168	139	29	20.9%	-
	<u>249</u>	<u>262</u>	<u>(13)</u>	<u>-4.8%</u>	<u>189</u>	<u>3,103</u>	<u>3,135</u>	<u>(32)</u>	<u>-1.0%</u>	<u>2,945</u>
<b>Patient Days:</b>										
Total Acute	999	954	45	4.7%	726	11,559	11,477	82	0.7%	10,880
Total Sub-Acute	977	975	2	0.2%	952	11,716	11,898	(182)	-1.5%	11,842
Total South Shore	691	670	21	3.1%	677	8,360	7,882	478	6.1%	7,726
Total Waters Edge	3,298	3,240	58	1.8%	-	35,010	34,057	953	2.8%	-
	<u>5,965</u>	<u>5,839</u>	<u>126</u>	<u>2.2%</u>	<u>2,355</u>	<u>66,645</u>	<u>65,314</u>	<u>1,331</u>	<u>2.0%</u>	<u>30,448</u>
<b>Average Length of Stay</b>										
Total Acute	4.46	4.00	0.46	11.5%	3.97	4.07	4.00	0.07	1.7%	3.89
<b>Average Daily Census</b>										
Total Acute	33.30	31.80	1.50	4.7%	24.20	31.67	31.44	0.22	0.7%	29.81
Total Sub-Acute	32.57	32.50	0.07	0.2%	31.73	32.10	32.60	(0.50)	-1.5%	32.44
Total South Shore	23.03	22.33	0.70	3.1%	22.57	22.90	21.59	1.31	6.1%	21.17
Total Waters Edge	109.93	108.00	1.93	1.8%	-	104.82	101.97	2.85	2.8%	-
	<u>198.83</u>	<u>194.63</u>	<u>4.20</u>	<u>2.2%</u>	<u>78.50</u>	<u>191.49</u>	<u>187.60</u>	<u>(0.27)</u>	<u>-0.1%</u>	<u>83.42</u>
<b>Emergency Room Visits</b>	1,429	1,423	6	0.4%	1,405	17,175	16,800	375	2.2%	16,964
<b>Wound Care Clinic Visits</b>	376	400	(24)	-6.0%	-	3,558	2,500	1,058	42.3%	-
<b>Outpatient Registrations</b>	1,898	2,401	(503)	-20.9%	1,857	23,385	25,346	(1,961)	-7.7%	22,244
<b>Surgery Cases:</b>										
Inpatient	59	52	7	13.5%	22	547	560	(13)	-2.3%	469
Outpatient	119	161	(42)	-26.1%	130	1,469	1,888	(419)	-22.2%	1,704
	<u>178</u>	<u>213</u>	<u>(35)</u>	<u>-16.4%</u>	<u>152</u>	<u>2,016</u>	<u>2,448</u>	<u>(432)</u>	<u>-17.6%</u>	<u>2,173</u>
<b>Adjusted Occupied Bed (AOB)</b>	279.92	288.24	(8.32)	-2.9%	121.82	260.86	128.02	132.84	103.8%	122.97
<b>Productive FTE</b>	497.18	473.27	23.92	5.1%	344.77	468.99	457.23	11.76	2.6%	344.77
<b>Total FTE</b>	564.90	539.91	24.98	4.6%	403.40	531.11	521.29	9.82	1.9%	403.40
<b>Productive FTE/Adj. Occ. Bed</b>	1.78	1.64	0.13	8.2%	2.83	1.80	3.57	(1.77)	-49.7%	2.80
<b>Total FTE/ Adj. Occ. Bed</b>	2.02	1.87	0.14	7.7%	3.31	2.04	4.07	(2.04)	-50.0%	3.28

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

	Current Month	Prior Month	Prior Year End
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 4,861,959	\$ 5,160,821	\$ 3,327,884
Patient Accounts Receivable, net	12,041,516	11,238,982	8,835,256
Other Receivables	6,301,762	770,212	6,488,283
Third-Party Payer Settlement Receivables	-	-	-
Inventories	1,266,892	1,100,239	1,045,311
Prepays and Other	450,309	634,199	416,371
Total Current Assets	24,922,439	18,904,453	20,113,105
Assets Limited as to Use, net	189,755	178,116	64,183
<b>Fixed Assets</b>			
Land	877,945	877,945	877,945
Depreciable capital assets	45,422,895	45,422,803	43,470,520
Construction in progress	3,583,725	3,341,478	4,102,468
Depreciation	(40,581,813)	(40,490,725)	(39,670,499)
Property, Plant and Equipment, net	9,302,752	9,151,502	8,780,434
<b>Total Assets</b>	<b>\$ 34,414,945</b>	<b>\$ 28,234,071</b>	<b>\$ 28,957,722</b>
<b>Liabilities and Net Assets</b>			
Current Liabilities:			
Current Portion of Long Term Debt	\$ 826,007	\$ 947,505	\$ 1,724,249
Accounts Payable and Accrued Expenses	11,823,357	10,994,408	7,848,673
Payroll Related Accruals	5,195,271	5,147,815	4,307,924
Deferred Revenue	5,731,269	484,441	5,726,305
Employee Health Related Accruals	714,297	678,942	691,942
Third-Party Payer Settlement Payable	3,796,593	3,651,277	601,233
Total Current Liabilities	28,086,794	21,904,388	20,900,326
Long Term Debt, net	1,578,289	1,513,360	1,022,152
Total Liabilities	29,665,083	23,417,748	21,922,478
Net Assets:			
Unrestricted	4,350,108	4,428,207	6,761,061
Temporarily Restricted	399,755	388,116	274,183
Total Net Assets	4,749,863	4,816,323	7,035,244
<b>Total Liabilities and Net Assets</b>	<b>\$ 34,414,946</b>	<b>\$ 28,234,071</b>	<b>\$ 28,957,722</b>



**City of Alameda Health Care District**

**Statements of Operations**

June 30, 2013

\$'s in thousands

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Patient Days	5,965	5,839	126	2.2%	2,355	66,645	65,314	1,331	2.0%	30,448
Discharges	249	262	(13)	-4.8%	189	3,103	3,136	(33)	-1.1%	2,945
ALOS (Average Length of Stay)	23.96	22.33	1.63	7.3%	12.46	21.48	20.83	0.65	3.1%	10.34
ADC (Average Daily Census)	198.8	194.6	4.20	2.2%	78.5	182.1	178.5	3.64	2.0%	83.2
CMI (Case Mix Index)	1.4092				1.2392	1.3431				1.3169
<b>Revenues</b>										
Gross Inpatient Revenues	\$ 19,304	\$ 18,806	\$ 498	2.7%	\$ 12,578	\$ 219,688	\$ 217,559	\$ 2,129	1.0%	\$ 174,058
Gross Outpatient Revenues	7,806	9,044	(1,238)	-13.7%	6,941	94,082	95,942	(1,860)	-1.9%	83,619
Total Gross Revenues	27,110	27,850	(740)	-2.7%	19,519	313,770	313,501	269	0.1%	257,677
Contractual Deductions	19,988	20,284	295	1.5%	14,610	227,083	229,194	2,111	0.9%	192,912
Bad Debts	701	736	34	4.7%	(9)	11,739	8,579	(3,160)	-36.8%	4,526
Charity and Other Adjustments	142	176	34	19.2%	54	1,739	2,070	331	16.0%	1,663
Net Patient Revenues	6,278	6,655	(376)	-5.7%	4,864	73,209	73,658	(449)	-0.6%	58,576
Net Patient Revenue %	23.2%	23.9%			24.9%	23.3%	23.5%			22.7%
Net Clinic Revenue	66	42	24	57.7%	42	634	501	133	26.6%	452
Other Operating Revenue	11	50	(39)	-78.5%	10	500	604	(103)	-17.1%	233
<b>Total Revenues</b>	<b>6,355</b>	<b>6,747</b>	<b>(392)</b>	<b>-5.8%</b>	<b>4,916</b>	<b>74,343</b>	<b>74,762</b>	<b>(419)</b>	<b>-0.6%</b>	<b>59,261</b>
<b>Expenses</b>										
Salaries	3,580	3,478	(102)	-2.9%	2,872	41,160	41,199	40	0.1%	34,386
Temporary Agency	162	66	(97)	-147.1%	122	2,208	789	(1,420)	-180.0%	1,447
Benefits	820	1,178	358	30.4%	695	11,997	12,153	156	1.3%	10,131
Professional Fees	548	387	(161)	-41.5%	359	5,266	4,689	(578)	-12.3%	4,459
Supplies	710	764	54	7.1%	806	9,422	8,816	(606)	-6.9%	7,720
Purchased Services	565	564	(1)	-0.1%	379	6,717	6,502	(214)	-3.3%	4,565
Rents and Leases	252	205	(47)	-22.8%	143	2,532	2,375	(157)	-6.6%	1,288
Utilities and Telephone	87	87	0	0.2%	70	973	1,030	56	5.5%	790
Insurance	31	42	11	25.3%	30	441	482	41	8.5%	333
Depreciation and amortization	91	68	(23)	-33.9%	66	915	816	(99)	-12.1%	844
Other Operating Expenses	202	113	(89)	-78.3%	112	1,370	1,379	9	0.7%	1,112
<b>Total Expenses</b>	<b>7,048</b>	<b>6,953</b>	<b>(95)</b>	<b>-1.4%</b>	<b>5,652</b>	<b>83,000</b>	<b>80,230</b>	<b>(2,770)</b>	<b>-3.5%</b>	<b>67,074</b>
<b>Operating gain (loss)</b>	<b>(693)</b>	<b>(206)</b>	<b>(487)</b>	<b>-236.7%</b>	<b>(737)</b>	<b>(8,657)</b>	<b>(5,468)</b>	<b>(3,189)</b>	<b>58.3%</b>	<b>(7,813)</b>
<b>Non-Operating Income / (Expense)</b>										
Parcel Taxes	477	500	(23)	-4.6%	477	5,761	5,999	(238)	-4.0%	5,768
Investment Income	1	-	1	0.0%	0	12	-	12	0.0%	7
Interest Expense	(19)	(8)	(11)	-134.4%	(10)	(187)	(96)	(91)	94.0%	(181)
Other Income / (Expense)	155	15	141	940.6%	29	667	179	487	271.8%	315
<b>Net Non-Operating Income / (Expense)</b>	<b>615</b>	<b>507</b>	<b>108</b>	<b>21.3%</b>	<b>496</b>	<b>6,252</b>	<b>6,082</b>	<b>171</b>	<b>2.8%</b>	<b>5,909</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$ (78)</b>	<b>\$ 301</b>	<b>\$ (379)</b>	<b>-125.9%</b>	<b>\$ (241)</b>	<b>\$ (2,405)</b>	<b>\$ 614</b>	<b>\$ (3,018)</b>	<b>-491.8%</b>	<b>\$ (1,904)</b>

**City of Alameda Health Care District**  
**Statements of Operations - Per Adjusted Patient Day**  
June 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	\$ 2,304	\$ 2,175	\$ 130	6.0%	\$ 3,442	\$ 2,308	\$ 2,312	\$ (4)	-0.2%	\$ 3,861
Gross Outpatient Revenues	932	1,046	(114)	-10.9%	1,899	988	1,019	(31)	-3.0%	1,855
Total Gross Revenues	3,236	3,221	16	0.5%	5,341	3,296	3,331	(35)	-1.0%	5,717
Contractual Deductions	2,386	2,346	(40)	-1.7%	3,998	2,386	2,435	50	2.0%	4,280
Bad Debts	84	85	1	1.6%	(2)	123	91	(32)	-35.3%	100
Charity and Other Adjustments	17	20	3	16.6%	15	18	22	4	16.9%	37
Net Patient Revenues	749	770	(20)	-2.6%	1,331	769	783	(14)	-1.7%	1,300
Net Patient Revenue %	23.2%	23.9%			24.9%	23.3%	23.5%			22.7%
Net Clinic Revenue	8	5	3	62.8%	11	7	5	1	25.1%	10
Other Operating Revenue	1	6	(5)	-77.8%	3	5	6	(1)	-18.1%	5
<b>Total Revenues</b>	<b>759</b>	<b>780</b>	<b>(22)</b>	<b>-2.8%</b>	<b>1,345</b>	<b>781</b>	<b>795</b>	<b>(13)</b>	<b>-1.7%</b>	<b>1,315</b>
<b>Expenses</b>										
Salaries	427	402	(25)	-6.3%	786	432	438	5	1.2%	763
Temporary Agency	19	8	(12)	-155.1%	33	23	8	(15)	-176.8%	32
Benefits	98	136	38	28.2%	190	119	129	10	7.5%	225
Professional Fees	65	45	(21)	-46.1%	98	55	50	(6)	-11.1%	99
Supplies	85	88	4	4.1%	220	99	94	(5)	-5.7%	171
Purchased Services	67	65	(2)	-3.3%	104	71	69	(1)	-2.1%	101
Rents and Leases	30	24	(6)	-26.8%	39	27	25	(1)	-5.4%	29
Utilities and Telephone	10	10	(0)	-3.0%	19	10	11	1	6.5%	18
Insurance	4	5	1	22.9%	8	5	5	0	9.6%	7
Depreciation and Amortization	11	8	(3)	-38.3%	18	10	9	(1)	-10.8%	19
Other Operating Expenses	24	13	(11)	-84.1%	31	14	15	0	1.8%	25
<b>Total Expenses</b>	<b>841</b>	<b>804</b>	<b>(37)</b>	<b>-4.6%</b>	<b>1,547</b>	<b>865</b>	<b>852</b>	<b>(13)</b>	<b>-1.5%</b>	<b>1,488</b>
<b>Operating Gain / (Loss)</b>	<b>(83)</b>	<b>(24)</b>	<b>(59)</b>	<b>-247.6%</b>	<b>(202)</b>	<b>(84)</b>	<b>(58)</b>	<b>(26)</b>	<b>45.3%</b>	<b>(173)</b>
<b>Non-Operating Income / (Expense)</b>										
Parcel Taxes	57	58	(1)	-1.5%	131	61	64	(3)	-5.0%	128
Investment Income	0	-	0	0.0%	0	0	-	0	0.0%	0
Interest Expense	(2)	(1)	(1)	-141.9%	(3)	(2)	(1)	(1)	91.9%	(4)
Other Income / (Expense)	19	2	17	974.2%	8	7	2	5	267.6%	7
<b>Net Non-Operating Income / (Expense)</b>	<b>73</b>	<b>59</b>	<b>15</b>	<b>25.2%</b>	<b>136</b>	<b>66</b>	<b>65</b>	<b>1</b>	<b>1.7%</b>	<b>131</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$ (9)</b>	<b>\$ 35</b>	<b>\$ (44)</b>	<b>-126.8%</b>	<b>\$ (66)</b>	<b>\$ (18)</b>	<b>\$ 7</b>	<b>\$ (25)</b>	<b>-372.5%</b>	<b>\$ (42)</b>

Wound Care - Statement of Operations  
June 30, 2013

	Current Month				Year-to-Date			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
Clinic Visits	376	400	(24)	-6.0%	3,558	2,500	1,058	42.3%
Revenue								
Gross Revenue	689,569	841,568	(151,999)	-18.1%	6,539,226	5,259,800	1,279,426	24.3%
Deductions from Revenue	<u>527,520</u>	<u>648,344</u>	<u>(120,824)</u>		<u>5,117,343</u>	<u>4,052,150</u>	<u>1,065,193</u>	
Net Revenue	<u>162,049</u>	<u>193,224</u>	<u>(31,175)</u>		<u>1,421,882</u>	<u>1,207,650</u>	<u>214,232</u>	
Expenses								
Salaries	15,784	15,232	(552)	-3.6%	174,607	180,860	6,253	3.5%
Benefits	4,514	4,311	(204)	-4.7%	48,127	51,184	3,057	6.0%
Professional Fees	66,177	96,406	30,229	31.4%	756,809	619,787	(137,022)	-22.1%
Supplies	63,651	7,532	(56,119)	-745.1%	306,363	90,384	(215,979)	-239.0%
Purchased Services	5,366	2,083	(3,283)	-157.6%	55,254	24,997	(30,257)	-121.0%
Rents and Leases	5,686	5,080	(606)	-11.9%	66,608	60,960	(5,648)	-9.3%
Depreciation	8,834	4,900	(3,934)	-80.3%	87,628	58,800	(28,828)	-49.0%
Other	1,616	5,917	4,301	72.7%	27,041	71,003	43,962	61.9%
Total Expenses	<u>171,628</u>	<u>141,461</u>	<u>(30,168)</u>	<u>-21.3%</u>	<u>1,522,437</u>	<u>1,157,975</u>	<u>(364,462)</u>	<u>-31.5%</u>
Excess of Revenue over Expenses	<u>(9,580)</u>	<u>51,763</u>	<u>(61,343)</u>	<u>-118.5%</u>	<u>(100,555)</u>	<u>49,676</u>	<u>(150,230)</u>	<u>-302.4%</u>

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

	Current Month				Year-to-Date			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
Patient Days								
Medicare	403	540	(137)	-25.4%	4,077	4,518	(441)	-9.8%
Medi-Cal	2,704	2,340	364	15.6%	28,140	25,685	2,455	9.6%
Managed Care	59	90	(31)	-34.4%	492	1,246	(754)	-60.5%
Self Pay/Other	<u>132</u>	<u>270</u>	<u>(138)</u>	<u>-51.1%</u>	<u>2,301</u>	<u>2,608</u>	<u>(307)</u>	<u>-11.8%</u>
Total	3,298	3,240	58	1.8%	35,010	34,057	953	2.8%
Revenue								
Routine Revenue	2,627,195	2,586,944	40,251	1.6%	27,464,512	26,680,821	783,691	2.9%
Ancillary Revenue	<u>392,392</u>	<u>422,663</u>	<u>(30,271)</u>	<u>-7.2%</u>	<u>3,860,878</u>	<u>4,706,714</u>	<u>(845,836)</u>	<u>-18.0%</u>
Total Gross Revenue	3,019,587	3,009,607	9,980	0.3%	31,325,390	31,387,535	(62,145)	-0.2%
Deductions from Revenue	<u>1,764,594</u>	<u>1,733,534</u>	<u>(31,060)</u>	<u>-1.8%</u>	<u>18,559,043</u>	<u>18,871,229</u>	<u>312,187</u>	<u>1.7%</u>
Net Revenue	<u>1,254,993</u>	<u>1,276,073</u>	<u>(21,080)</u>	<u>-1.7%</u>	<u>12,766,347</u>	<u>12,516,306</u>	<u>250,042</u>	<u>2.0%</u>
Expenses								
Salaries	467,566	512,954	45,388	8.8%	4,773,185	5,509,112	735,927	13.4%
Temporary Agency	25,952	-	(25,952)	-100.0%	162,268	-	(162,268)	-100.0%
Benefits	101,140	153,486	52,346	34.1%	1,080,354	1,666,293	585,939	35.2%
Professional Fees	3,891	8,999	5,108	56.8%	63,340	118,997	55,657	46.8%
Supplies	83,542	97,362	13,820	14.2%	749,439	1,074,934	325,495	30.3%
Purchased Services	130,115	136,906	6,791	5.0%	1,284,575	1,469,620	185,045	12.6%
Rents and Leases	77,163	76,552	(611)	-0.8%	847,723	842,156	(5,567)	-0.7%
Utilities	8,762	14,998	6,236	41.6%	135,436	165,003	29,567	17.9%
Insurance	(7,500)	12,165	19,665	161.7%	21,598	133,829	112,231	83.9%
Other	<u>47,687</u>	<u>20,031</u>	<u>(27,656)</u>	<u>-138.1%</u>	<u>206,844</u>	<u>225,077</u>	<u>18,233</u>	<u>8.1%</u>
Total Expenses	938,318	1,033,453	95,135	9.2%	9,324,762	11,205,021	1,880,259	16.8%
Excess of Revenue over Expenses	<u>316,675</u>	<u>242,620</u>	<u>74,055</u>		<u>3,441,585</u>	<u>1,311,285</u>	<u>2,130,301</u>	

City of Alameda Health Care District  
Orthopedic Clinic - Statement of Operations  
June 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>
Clinic Visits	264	302	(38)	-12.6%	1,339	1,636	(297)	-18.2%
Revenue								
Gross Revenue	69,392	108,890	(39,498)	-36.3%	490,909	1,306,680	(815,771)	-62.4%
Deductions from Revenue	<u>45,356</u>	<u>76,223</u>	<u>(30,867)</u>		<u>319,372</u>	<u>914,676</u>	<u>(595,304)</u>	
Net Revenue	<u>24,036</u>	<u>32,667</u>	<u>(8,631)</u>		<u>171,537</u>	<u>392,004</u>	<u>(220,467)</u>	
Expenses								
Salaries	32,269	32,874	605	1.8%	281,314	313,249	31,935	10.2%
Benefits	9,229	9,303	74	0.8%	80,404	88,649	8,245	9.3%
Professional Fees	24,515	25,000	485	1.9%	224,278	254,500	30,222	11.9%
Supplies	886	2,105	1,219	57.9%	43,597	20,000	(23,597)	-118.0%
Purchased Services	3,983	3,895	(88)	-2.3%	55,274	37,000	(18,274)	-49.4%
Rents and Leases	4,660	2,632	(2,028)	-77.1%	39,192	25,000	(14,192)	-56.8%
Depreciation	-	-	-	0.0%	-	-	-	0.0%
Other	659	3,263	2,604	79.8%	32,288	71,000	38,712	54.5%
Total Expenses	<u>76,201</u>	<u>79,072</u>	<u>2,871</u>	<u>3.6%</u>	<u>756,347</u>	<u>809,398</u>	<u>53,051</u>	<u>6.6%</u>
Excess of Revenue over Expenses	<u>(52,165)</u>	<u>(46,405)</u>	<u>(5,760)</u>	<u>-12.4%</u>	<u>(584,810)</u>	<u>(417,394)</u>	<u>(167,416)</u>	<u>-40.1%</u>
<u>Hospital Based Activity:</u>								
Inpatient Days	18	53	(35)	-66.0%	102	317	(215)	-67.8%
Inpatient Surgeries	2	12	(10)	-83.3%	19	72	(53)	-73.6%
Outpatient Surgeries	3	5	(2)	-40.0%	48	41	7	17.1%
Therapy Referred Visits	155	500	(345)	-69.0%	1,057	3,100	(2,043)	-65.9%
Imaging Referred Procedures	138	380	(242)	-63.7%	793	1,757	(964)	-54.9%
Inpatient Gross Charges	251,368	742,800	(491,432)	-66.2%	1,898,331	4,456,800	(2,558,469)	-57.4%
Inpatient Net Revenue	<u>58,968</u>	<u>166,800</u>	<u>(107,832)</u>	<u>-64.6%</u>	<u>375,825</u>	<u>1,000,800</u>	<u>(624,975)</u>	<u>-62.4%</u>
Outpatient Gross Charges	241,734	535,600	(293,866)	-54.9%	2,177,281	3,004,565	(827,284)	-27.5%
Outpatient Net Revenue	<u>41,095</u>	<u>121,180</u>	<u>(80,085)</u>	<u>-66.1%</u>	<u>386,857</u>	<u>675,030</u>	<u>(288,173)</u>	<u>-42.7%</u>
Total Gross Charges	493,102	1,278,400	(785,298)	-61.4%	4,075,612	7,461,365	(3,385,753)	-45.4%
Total Net Revenue	<u>100,063</u>	<u>287,980</u>	<u>(187,917)</u>	<u>-65.3%</u>	<u>762,682</u>	<u>1,675,830</u>	<u>(913,148)</u>	<u>-54.5%</u>

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

	Current Month				Year-to-Date			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
Clinic Visits								
Primary Care	120				1,449			
Surgery	21				576			
Neurology	26				334			
Total Visits	<u>167</u>				<u>2,359</u>			
Revenue								
Gross Revenue	121,896	142,006	(20,110)	-14.2%	1,284,345	1,704,071	(419,726)	-24.6%
Deductions from Revenue	<u>80,138</u>	<u>93,724</u>	<u>(13,586)</u>		<u>828,799</u>	<u>1,124,687</u>	<u>(295,888)</u>	
Net Revenue	<u>41,758</u>	<u>48,282</u>	<u>(6,524)</u>		<u>455,546</u>	<u>579,384</u>	<u>(123,838)</u>	
Expenses								
Salaries	24,328	19,562	(4,766)	-24.4%	337,036	221,537	(115,499)	-52.1%
Temporary Agency	(2,233)	-	2,233	-100.0%	29,019	-	(29,019)	-100.0%
Benefits	6,958	5,536	(1,422)	-25.7%	88,331	62,695	(25,636)	-40.9%
Professional Fees	23,659	21,708	(1,951)	-9.0%	271,548	260,498	(11,050)	-4.2%
Supplies	4,268	954	(3,314)	-347.4%	27,602	11,447	(16,155)	-141.1%
Purchased Services	6,980	4,783	(2,197)	-45.9%	105,241	57,398	(47,843)	-83.4%
Rents and Leases	25,323	11,606	(13,717)	-118.2%	165,342	139,275	(26,067)	-18.7%
Depreciation	494	207	(287)	-138.6%	3,920	2,485	(1,435)	-57.7%
Other	<u>1,118</u>	<u>2,291</u>	<u>1,173</u>	<u>51.2%</u>	<u>40,329</u>	<u>27,500</u>	<u>(12,829)</u>	<u>-46.7%</u>
Total Expenses	<u>90,895</u>	<u>66,647</u>	<u>(24,248)</u>	<u>-36.4%</u>	<u>1,068,368</u>	<u>782,835</u>	<u>(285,533)</u>	<u>-36.5%</u>
Excess of Revenue over Expenses	<u>(49,137)</u>	<u>(18,365)</u>	<u>(30,772)</u>	<u>167.6%</u>	<u>(612,822)</u>	<u>(203,451)</u>	<u>(409,371)</u>	<u>201.2%</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 Twelve Months Ended June 30, 2013**

	<u>Current Month</u>	<u>Year-to-Date</u>
<b>Cash flows from operating activities</b>		
Net Income / (Loss)	\$ (78,102)	\$ (2,404,563)
Items not requiring the use of cash:		
Depreciation and amortization	91,088	\$ 914,593
Write-off of Kaiser liability	-	\$ -
Changes in certain assets and liabilities:		
Patient accounts receivable, net	(802,534)	(3,206,260)
Other Receivables	(5,531,550)	186,521
Third-Party Payer Settlements Receivable	145,316	3,195,360
Inventories	(166,653)	(221,581)
Prepays and Other	183,890	(33,938)
Accounts payable and accrued liabilities	828,949	3,974,684
Payroll Related Accruals	47,456	887,347
Employee Health Plan Accruals	35,355	22,355
Deferred Revenues	5,246,828	4,964
	<u>43</u>	<u>3,319,481</u>
<b>Cash flows from investing activities</b>		
(Increase) Decrease in Assets Limited As to Use	(11,639)	(125,572)
Additions to Property, Plant and Equipment	(242,338)	(1,436,911)
Other	3	(6,390)
	<u>(253,973)</u>	<u>(1,568,873)</u>
<b>Cash flows from financing activities</b>		
Net Change in Long-Term Debt	(56,570)	(342,105)
Net Change in Restricted Funds	11,639	125,572
	<u>(44,931)</u>	<u>(216,533)</u>
Cash provided by (used in) financing and fundraising activities		
	<u>(44,931)</u>	<u>(216,533)</u>
Net increase (decrease) in cash and cash equivalents	(298,861)	1,534,074
<b>Cash and cash equivalents at beginning of period</b>	5,160,821	3,327,884
<b>Cash and cash equivalents at end of period</b>	<u>\$ 4,861,961</u>	<u>\$ 4,861,959</u>

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

Financial Ratios	Audited Results				YTD
	FY 2009	FY 2010	FY 2011	FY 2012	6/30/2013
<b><u>Profitability Ratios</u></b>					
Net Patient Revenue (%)	22.69%	24.16%	23.58%	22.90%	23.34%
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%	-9.39%
Total Margin	1.03%	2.74%	-2.61%	-3.21%	-3.13%
<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	60.35
Days cash on hand ( with restricted)	13.6	21.6	14.1	17.7	21.8
<b><u>Debt Ratios</u></b>					
Cash to Debt	115.3%	249.0%	123.3%	123.56%	210.11%
Average pay period (includes payroll)	58.03	57.11	62.68	72.94	78.69
Debt service coverage	3.87	5.98	(0.70)	(0.53)	(1.21)
Long-term debt to fund balance	0.20	0.14	0.18	0.28	0.33
Return on fund balance	8.42%	18.87%	-19.21%	-27.35%	-48.16%
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	6/30/2013
<b>Patient Care Information</b>					
Bed Capacity	161	161	161	161	281
Patient days( all services)	30,463	30,607	30,270	30,448	66,645
Patient days (acute only)	11,787	10,579	10,443	10,880	11,559
Discharges( acute only)	2,812	2,802	2,527	2,799	2,838
Average length of stay ( acute only)	4.19	3.78	4.13	3.89	4.07
Average daily patients (all sources)	83.46	83.85	82.93	83.19	182.59
Occupancy rate (all sources)	52.94%	52.08%	51.51%	51.67%	64.98%
Average length of stay	4.19	3.78	4.13	3.89	4.07
Emergency Visits	17,337	17,624	16,816	16,964	17,175
Emergency visits per day	47.50	48.28	46.07	46.35	47.05
Outpatient registrations per day <sup>Note 1</sup>	82.05	79.67	65.19	60.67	64.07
Surgeries per day - Total	16.12	13.46	6.12	6.12	5.52
Surgeries per day - excludes Kaiser	5.14	5.32	6.12	6.12	5.52

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.

**CITY OF ALAMEDA HEALTH CARE DISTRICT | ALAMEDA HOSPITAL  
FISCAL YEAR 2014  
SIX MONTH BUDGET  
OPERATING BUDGET NARRATIVE**

**Prelude:**

Attached is the Operating Budget for the first six months of FY 2014 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 the first six months of 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 the first six months of Fiscal Year 2014 rather than a fixed authority to spend.

The District is projected to have a net operating loss of approximately \$2.3 million for fiscal year 2013, most of this coming from the last six months of the fiscal year. This loss follows annual operating losses of approximately \$1.8 million in FY 2012 and \$1.6 million in FY 2011.

Hospital management have had ongoing financial challenges operating a small general acute care hospital with 24 hour emergency services in this very competitive health care environment. The current and future changes brought about by healthcare reform at the State and Federal levels as well as other regulatory requirements and reimbursement reductions will compound the challenges facing the District over the next few years. Furthermore, the District is in need of capital resources to assist with required seismic retrofit, electronic health record implementation and other deferred facility and equipment replacement. To this end, the District Board of Directors executed a Letter of Intent to Affiliate with Alameda Health Services on June 17, 2013. The District is currently performing due diligence with the intent of entering into a Definitive Agreement towards the end of September 2013 and completing the transition around the end of December 2013.

With this in mind, management has developed a six month operating budget for FY 2013. A subsequent budget will be developed during the second quarter of the fiscal year as we gain better insight of changes and timing brought about by this affiliation. Although we do anticipate an improvement in the overall financial performance of the District during the first six months of FY 2014, we do not feel that all losses can be eliminated without negatively affecting the quality, service levels and performance of the hospitals operations.

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 – Six Month Comparison
- Statement of Income & Expense – Six Month Spread
- Net Income Waterfall (FY 13 projected actual to FY 14 budget)

PROPOSED BUDGET NARRATIVE  
FISCAL YEAR 2014 – SIX MONTHS

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 January through June 2013, Waters Edge has had an ADC of 109.2, 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.
- **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 seven months with Alameda and we anticipate this to continue in fiscal 2014. We continue to focus on marketing the practice outside of Alameda to create one source for additional referrals.

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 busy, achieving increased volumes each month. For January through June 2013, Wound Care has been averaging just over 400 visits per month 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 allows for this volume ramp up to taper off some and 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 is scheduled to begin his practice August 1, 2013. This additional will allow us 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 hospitals acute Average Daily Census (ADC) is projected to decrease slightly from 32.8 in the period January through June 2013 to 30.5 during the first six months of FY 2014. This budgeted census is consistent with prior year seasonal activity.

We are not anticipating the high census seen in February, March and April of this year to continue and are proposing to budget at the more conservative historical 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.

#### **Resident Long Term Care Services**

The South Shore Skilled Nursing Facility is budgeted to have an ADC of 22.9 which approximates the levels experienced January through June of 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 budgeted to have an ADC of 31.9 which is also consistent with the current fiscal year's performance of 31.8 ADC. 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 per day than custodial care residents.

#### **Outpatient Services**

Total outpatient registrations are expected to increase over the 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 61 outpatient surgeries in the first six months compared to 50 in the period January through June 2013. Second, the new general surgeon is expected to perform 7 additional outpatient surgeries, we believe is conservatively achievable.
3. The Wound Care Clinic is budgeted a decrease from the high of 411 visits per month during January through June of 2013. To be conservative, we have budgeted just 350

PROPOSED BUDGET NARRATIVE  
FISCAL YEAR 2014 – SIX MONTHS

visits per month in July through December 2013. Each wound care registration results in an average of 10 patient visits.

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

**Emergency Care Services**

Emergency room visits have been projected to remain consistent with the same levels as experienced during January through June 2013 which have averaged 48.2 visits per day with a 17.2% inpatient admission rate. We are projecting visits to average 48.6 during the six month budget period.

**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 1,812 visits (302 visits per month) as they continue to ramp up their practices in the next fiscal year. This will be an increase of about 30% over the January thru June time frame; however, in June they had 264 visits. In addition, the budget assumes a total of 91 orthopedic surgeries from the two physicians (61 outpatient and 30 inpatient), which in total, averages just over 15 per month.

**Gross Charges**

The six months of FY 2014 consolidated budget has gross charges decreasing by \$804,000 over FY 2013 January through June. Inpatient gross charges are slightly lower, consistent with the lower budgeted Acute ADC and which mitigates the annual charge master price increase mentioned herein. Outpatient gross charges are increase in emergency department, surgical services and the physician clinics (Orthopedics and general surgery).

In addition, the budget assumes a 2.1% charge master price increase was implemented effective July 1, 2013. 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. 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 FY 2014 budget provides that Net Patient Revenue will increase by \$671,000 (1.8%) in the first six months FY 2014 over the last six months of 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:

- Tri Care overpayment reserve of \$465,000 for Sub-Acute patient that was recorded in January 2013 resulted in lower actual net revenue estimate during that period.
- The lower acute ADC (2.3 ADC) will result in lower acute net revenue approximately \$771,000.

PROPOSED BUDGET NARRATIVE  
FISCAL YEAR 2014 – SIX MONTHS

- The Orthopedic program is estimated to generate an additional \$480,000 in hospital based revenue (surgical and ancillary) when compared to January through June 2013 now that their practice continues to ramp up in activity and surgeries.
- The new general surgeon is budgeted to perform a total of 17 surgeries during the six month period, producing an estimated \$135,000 in additional net hospital based revenue.
- A third MRI service day each week will produce an additional \$50,000 in the six month period of FY 14.
- The conservatively budgeted Wound Care visits will result in approximately \$146,000 lower net revenue. To off-set this in part, we have facilitated improvements in the wound care revenue cycle processes, resulting in fewer denials which will allow us to collect a slightly higher percentage on most accounts. This is expected to increase Net Revenue by approximately \$90,000.
- Emergency Department visits in the first six months of FY 2014 are budgeted to be 217 more than the prior six months of FY 2013, resulting in \$106,000 additional net revenue.
- Subacute net revenue will also be about \$100,000 during the next six months as a result of more patient days during this six month period.
- The annual price/contract increases are calculated to increase reimbursement on all existing and new business by about \$362,000. The price increases allows the hospital to maximize reimbursements allowed for under contractual arrangements with the various third party payers.
- 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 six months of the budget or approximately \$200,000 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 decrease by \$200,000. This change is comprised of an increase in the orthopedic physician clinic practice (\$85,000) as well as five months for the new general surgeon clinic practice (\$65,000). In addition there was \$350,000 in Electronic Health Record money received in January that is not included in the FY 2014 budget. We have not included any potential government revenue for Phase I of meaningful use. We are planning to record any incentive funds received at the time of completion of attestation which is anticipated at the end of September.

**Labor and Benefits Expense**

Overall labor costs are projected to decrease by approximately \$111,000 over the prior six month period of FY 2013. This is comprised of both employee salary and wages and temporary agency



PROPOSED BUDGET NARRATIVE  
FISCAL YEAR 2014 – SIX MONTHS

personnel. Overall, employee salary and wages are budgeted to remain constant while temporary agency expense is budgeted to decrease by \$112,000.

The staffing budget and employee salary budget allow for filling open needed positions at regular wage rates. As this occurs, temporary agency utilization will be reduced. The salary and wages includes positions that have transitioned from consulting personnel to employed staff as well as positions utilizing temporary staff that now have been filled by permanent employees. The slightly lower budgeted Acute ADC has also reduced projected FTE's and nurse staffing expense in the FY 2014 budget.

Temporary agency expense was high in FY 2013 and is projected to be \$1,112,000 for the six month period ending FY 2013. The FY 2013 increased utilization was attributable to significant spikes in acute census during the winter months but much is associated with covering for open positions in departments that traditionally have not used temporary agency labor, including the addition of Waters Edge. The FY 2014 budget provides for \$1.0 million in temporary agency expense, a reduction of \$112,000. Cost centers where the FY 2014 decrease will be generated are the following:

Waters Edge	\$39,000
Laboratory	\$37,000
Acute Nursing Aggregate	\$29,000
Rehab Services	\$37,000
General Accounting	\$13,000

The above decreases are off-set in part by small increases in temporary agency expense in surgery, emergency and respiratory therapy, based on prior experience with this departments

**Staffing**

Total Full Time Equivalentents (FTE's) for the six months of FY 2014 are budgeted at 547.9, a decrease of 6.1 FTE's from the January through June 2013 period.

The FY 2014 budget proposal includes a couple of new positions as well as bringing positions back in-house and allowing for various open positions, many of which are short hour/on-call positions. Some of these positions, indicated with an asterisk below, have recently been hired and have a smaller impact in the FY 2013 six month comparison. Overall, staffing levels are budgeted to remain consistent with where we have been operating the past couple of months.

- HIM Director/Privacy Officer \* 1.0 FTE
- Utilization Manager\* 1.0 FTE
- Staffing Coordinator\* 1.0 FTE
- General Surgeon 1.0 FTE
- Rehab Services 1.0 FTE
- Outpatient Clinics 0.5 FTE



PROPOSED BUDGET NARRATIVE  
FISCAL YEAR 2014 – SIX MONTHS

These increases are off-set by decreases in the following areas

- Acute Nursing Units (with lower ADC) (7.0) FTE's
- TAW program elimination (2.0) FTE's
- Subacute / South Shore (2.0) FTE's

Premium pay (overtime and double time), were also very high in six months of FY 2013 compared to prior year. The last six months of FY 2013 is projected to be about \$500,000 higher than the same six months in FY 2012. Although some of this was associated with short term staffing needs to cover spikes in acute census during the winter months, the addition of Waters Edge and to cover sick calls, etc., we do **not** believe this premium pay utilization will continue in FY 2014 at the same level. We are monitoring this much closer and are increasing the number of on-call nursing personnel in order to have more resources available to fill open shifts versus paying staff to work overtime or double-time. Better control of premium pay will be essential in keeping salary dollars in line with the FY 2014 budget. The budget includes a \$180,000 reduction in premium pay, primarily in the acute and sub-acute nursing units, during the next six months

**Benefits**

We have budgeted for the employer portion of FICA, health insurance, pension and the employee assistance program. Benefits are projected to decrease by \$111,000; primarily due to more normalized health claims and increase usage of vacation/PTO which will reduce the PTO expense accrual.

Total benefits expense is approximately 30.0% of total salaries, which is just lower than the six month comparison period of 30.4%. 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. State unemployment insurance expense (EDD) was reclassified to benefits in the six months FY 2014 totaling \$120,000. Employee vacation/PTO liability accrual was higher in FY 2013 than prior fiscal years, in part due to the many new employees that joined the organization last year and their desire to build up PTO balances. The FY 2014 budget assumes a concerted effort to encourage employees to take more PTO/ vacation days during the next 3 to 4 month followed by more normalized usage of vacation/PTO thereafter. This is expected to decrease the net PTO / Vacation expense accrual by approximately \$200,000 over the next six months and also reduce the short term liability on the balance sheet associated with this accrual.

**Non-Labor Expenses**

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

**Professional Fees**

Professional fees are increasing by approximately \$300,000 overall as a result of the following;

PROPOSED BUDGET NARRATIVE  
FISCAL YEAR 2014 – SIX MONTHS

- Legal and consulting fees in Administration
- Increase to the hospitalist contract and the addition of a Physician's Assistant
- Lower wound care management fee as a result of lower volume and revenue than experienced in the prior six months
- Consulting fee to assist with purchasing group contract conversion
- Reclassification of Dr. Celada and Dr. Dutaret Emergency on-call pay from Primary Care Salary expense to Emergency professional fees
- Reduction in HIM management fees due to hiring an in-house manager

**Supplies**

Total medical supply costs are projected to decrease by \$95,000 over current year projections. Although we do anticipate increases as a result of the increase in budgeted surgery volumes associated with the orthopedic and general surgery programs, these will be mitigated by lower acute inpatient census and wound care volume projections. In addition, 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 \$125,000 in the six month budget in supply cost savings. We began the initial implementation of this program in June and the process will be completed 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.

**Purchased Services**

Purchased services expenses are projected to decrease by \$76,000 some of the primarily changes include the following:

- Additional MRI trailer service day to support increased utilization from the orthopedic program and other community physicians of approximately \$35,000. This additional day began in March 2013.
- Clinical engineering and plant maintenance is budgeted to decrease by \$42,000. We had several larger non-contracted repairs in FY 2013, as well as inordinately high repair and maintenance expense. We anticipate that these areas will normalize during the next six month period.
- Unemployment insurance premiums were reclassified from Human Resources purchased services to benefit expense.
- Several less material changes in other departments, including patient accounting, community relations and pharmacy, dialysis and water's edge.

PROPOSED BUDGET NARRATIVE  
FISCAL YEAR 2014 – SIX MONTHS

**Rents and Leases**

This category will decrease by approximately \$35,000 over current year projected rent expenses. During the very high acute census months of February and March, we had to rent many beds, ventilators and other equipment. With the lower budgeted acute census, we do not anticipate this need to be at the same level during the next six months. Other rents and leases are expected to remain unchanged.

**Insurance**

Insurance expense is anticipated to increase \$16,000 or 7.5% as a result of additional malpractice insurance associated with the new physician and slight increases to property and D&O coverage. All other insurance premiums are expected to remain consistent with prior year.

**Utilities**

Utilities expenses, including telephone, are planned to decrease \$20,000. Most of this change is associated with seasonality fluctuations.

**Depreciation and Amortization**

Depreciation expense has increased by \$18,000 or 3.8% from the last six months of FY 2013. The increase is associated with depreciation of the mediates emergency department application and emergency egress lighting project that were both recently completed, netted against other assets that will become fully depreciated during this period.

**Other Expenses**

Other expenses will remain constant with the last six months of FY 2013. There are small increases and decreases in various departments but overall no significant changes in this expense category.

**Net Income**

After all of the herein discussed changes to patient volumes, revenue and operating expenses, the consolidated bottom line is budgeted at a loss of \$1,092,000. This is an improvement of \$735,000 over the projected loss for the six months ending the FY 2013 year.

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

Alameda Hospital  
 Inpatient Acute Volume Summary  
 FY 2014 Budget - Six Months

	Actual <u>FY 2012</u>	Actual <u>FY 2013</u>	Jan - Jun <u>FY 2013</u>	Six Months Budget <u>FY 2014</u>
Discharges - Acute	2,799	2,838	1,463	1,401
ALOS - Acute	3.9	4.0	4.1	4.0
Patient Days - Acute				
CCU	1,485	1,719	855	821
DOU	4,171	4,635	2,511	2,191
3 West	5,224	5,082	2,575	2,594
Total Acute	<u>10,880</u>	<u>11,436</u>	<u>5,941</u>	<u>5,606</u>
Average Daily Census				
CCU	4.1	4.7	4.7	4.5
DOU	11.4	12.7	13.9	11.9
3 West	14.3	13.9	14.2	14.1
Total Acute	<u>29.7</u>	<u>31.3</u>	<u>32.8</u>	<u>30.5</u>
Available Beds	66	66	66	66
Occupancy Percent	45.0%	47.5%	49.7%	46.2%
CMI - Medicare	1.3767	1.4435	1.4024	1.4435
CMI - Total	1.3036	1.3428	1.3274	1.3428

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

	Actual <u>FY 2012</u>	Actual <u>FY 2013</u>	Jan - Jun <u>FY 2013</u>	Six Months Budget <u>FY 2014</u>
<u>Discharges</u>				
Sub-Acute	30	33	18	17
South Shore	116	64	29	32
Waters Edge	-	168	98	90
Total Long Term Care Discharges	<u>146</u>	<u>265</u>	<u>145</u>	<u>139</u>
<u>Patient Days</u>				
Sub-Acute	11,842	11,716	5,751	5,864
South Shore	7,726	8,360	4,213	4,216
Waters Edge (1)	-	35,010	19,765	19,872
Total Long Term Care Days	<u>19,568</u>	<u>55,086</u>	<u>29,729</u>	<u>29,952</u>
<u>Average Daily Census</u>				
Sub-Acute	32.4	32.1	31.8	31.9
South Shore	21.1	22.9	23.3	22.9
Waters Edge (1)	0.0	104.8	109.2	108.0
Total Average Daily Census	<u>53.5</u>	<u>159.8</u>	<u>164.2</u>	<u>162.8</u>
<u>Payer Mix</u>				
Sub-Acute				
Medicare	1%	1%	1%	1%
Medi-Cal	96%	96%	96%	96%
Other	3%	3%	3%	3%
South Shore				
Medicare	14%	15%	15%	15%
Medi-Cal	85%	84%	84%	84%
Other	1%	1%	1%	1%
Waters Edge				
Medicare	n/a	15%	15%	15%
Medi-Cal	n/a	78%	78%	77%
Other	n/a	7%	7%	8%
Available Beds (1)	60	170	170	170
Occupancy Percent	89.1%	94.0%	96.6%	95.8%

Alameda Hospital  
 Surgery & Outpatient  
 FY 2014 Budget - Six Months

	Actual <u>FY 2012</u>	Actual <u>FY 2013</u>	Jan - Jun <u>FY 2013</u>	Six Months Budget <u>FY 2014</u>
<u>ECC Visits</u>	16,964	17,175	8,727	8,944
<u>Outpatient Registrations</u>	22,224	23,385	12,205	11,689
Wound Care Visits	-	3,558	2,469	2,100
Orthopedic Visits	-	1,339	1,214	1,812
1206B Clinic Visits	2,158	2,359	1,143	1,330
<u>Per Day</u>				
ECC	46.3	47.1	48.2	48.6
Registrations	60.7	64.1	67.4	63.5
<u>Surgeries</u>				
Inpatient	469	545	294	286
Outpatient	1,704	1,469	743	784
Total	<u>2,173</u>	<u>2,014</u>	<u>1,037</u>	<u>1,070</u>

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

	Actual <u>FY 2012</u>	Actual <u>FY 2013</u>	Jan - Jun <u>FY 2013</u>	Six Months Budget <u>FY 2014</u>
CT Scan	428	459	233	226
EEG	20	13	4	6
EKG	821	955	467	488
IV Therapy	976	1,052	465	587
IVT Other	748	703	358	345
Laboratory	7,651	7,480	3,736	3,740
MRI	559	597	313	339
Nuclear Medicine	140	129	76	57
Occupational Therapy	409	739	353	386
Physical Therapy	3,354	4,889	3,020	2,919
Respiratory Therapy	66	62	32	30
Speech	48	32	15	17
Ultrasound	1,208	1,051	484	576
Radiology	6,376	6,266	3,278	3,637
Wound Care	-	3,559	2,470	2,100
Total Visits	<u>22,804</u>	<u>27,986</u>	<u>15,304</u>	<u>15,453</u>
O/P Registrations	<u>22,224</u>	<u>23,385</u>	<u>12,205</u>	<u>11,689</u>

**Alameda Hospital**  
**Statement of Income and Expense**  
**Six 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>6 Month Total</u>
<u>Acute ADC</u>	29.2	30.6	28.9	29.0	32.5	32.5	30.5
Gross Patient Revenue	26,474,474	27,965,656	26,464,012	28,001,314	28,008,601	27,752,316	164,666,373
Total Deductions	20,322,524	21,467,196	20,314,493	21,494,568	21,500,161	21,303,430	126,402,371
Net Patient Revenue	6,151,950	6,498,460	6,149,519	6,506,746	6,508,440	6,448,886	38,264,002
Net Revenue Percent	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%
Other Operating Revenue	99,583	99,583	99,583	99,583	99,583	99,583	597,500
Total Operating Revenue	6,251,534	6,598,044	6,249,102	6,606,330	6,608,023	6,548,469	38,861,502
Expenses							
Salaries and Wages	3,358,316	3,627,010	3,437,639	3,595,870	3,547,040	3,640,148	21,206,023
Temporary Agency	180,735	179,586	167,372	154,748	157,516	160,487	1,000,444
Benefits	1,042,609	1,061,826	1,044,770	1,061,772	1,057,068	1,065,688	6,333,733
Professional Fees	501,058	501,058	501,058	501,058	502,537	501,057	3,007,825
Supplies	755,930	819,966	803,007	823,154	814,055	799,571	4,815,684
Purchased Services	571,256	571,256	571,256	571,256	571,256	571,256	3,427,535
Rent	220,844	220,844	220,844	220,844	220,844	220,844	1,325,062
Insurance	38,158	38,158	38,158	38,158	38,158	38,158	228,947
Utilities & Telephone	83,490	83,490	83,490	83,490	83,490	83,490	500,940
Depreciation	82,625	82,625	82,625	82,625	82,625	82,625	495,749
Other	110,593	125,593	125,593	110,593	110,593	111,593	694,560
Total Expenses	6,945,613	7,311,410	7,075,811	7,243,567	7,185,182	7,274,917	43,036,500
Operating Income/(Loss)	(694,079)	(713,367)	(826,708)	(637,237)	(577,159)	(726,448)	(4,174,998)
Non-Operating	513,833	513,833	513,833	513,833	513,833	513,833	3,083,000
Net Income/(Loss)	(180,246)	(199,533)	(312,875)	(123,403)	(63,326)	(212,614)	(1,091,998)



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

	Jan-Jun <u>FY 2013</u>	Six Month Budget <u>FY 2014</u>	Change from FY 2013	Percent <u>Change</u>
Net Patient Revenue	\$ 37,593	\$ 38,264	\$ 671	1.8%
Net Revenue Percent	22.9%	23.2%	0.3%	1.3%
Other Operating Revenue	797	597	(200)	-25.1%
Total Operating Revenue	<u>38,390</u>	<u>38,861</u>	<u>471</u>	<u>1.2%</u>
Expenses				
Salaries and Wages	21,205	21,206	1	0.0%
Temporary Agency	1,112	1,000	(112)	-10.1%
Benefits	6,445	6,334	(111)	-1.7%
Professional Fees	2,708	3,008	300	11.1%
Supplies	4,911	4,816	(95)	-1.9%
Purchased Services	3,503	3,427	(76)	-2.2%
Rent	1,360	1,325	(35)	-2.6%
Insurance	213	229	16	7.5%
Utilities & Telephone	521	501	(20)	-3.8%
Depreciation	478	496	18	3.8%
Other	694	694	-	0.0%
Total Expenses	<u>43,150</u>	<u>43,036</u>	<u>(114)</u>	<u>-0.3%</u>
Operating Income/(Loss)	(4,760)	(4,175)	585	12.3%
Non-Operating	2,933	3,083	150	5.1%
Net Income/(Loss)	<u>\$ (1,827)</u>	<u>\$ (1,092)</u>	<u>\$ 735</u>	<u>40.2%</u>

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

<b><u>FY 2013 Estimated Net Income - 6 months</u></b>	<b><u><u>\$ (1,827)</u></u></b>
<b><u>Net Revenue</u></b>	
<b><u>Patient Revenue</u></b>	
TriCare Reserve	465
Acute volume impact	(771)
Ortho Surgeon spin off	480
Additional General Surgeon - spin off to hospital	135
MRI extra day	50
Wound Care - lower volume	(146)
Wound Care - improved revenue cycle	90
ECC - increased volume	106
Sub-Acute - increased patient days	100
Contract Rate Increases	362
Medicare sequestration effect	(200)
Sub-Total Patient Revenue	<u>671</u>
<b><u>Other Operating Revenue</u></b>	
Other Operating Revenue - impact of EMR Money	(350)
Physician clinic - new general surgeon	150
Sub-Total Other Operating Revenue	<u>(200)</u>
Sub-Total Additional Operating Revenue	<u><u>471</u></u>
<b><u>Operating Expense Impact:</u></b>	
<b>Salaries</b>	
Lower Census - Acute	(257)
Incremental/Vacant FTEs	328
Reduced Overtime/Doubletime - Acute and Sub-Acute	(180)
Additional Waters Edge staffing	110
Sub-Total Salaries	<u>1</u>
Temporary Agency - reduced acute census and reduction in ancillary service areas	(112)
Benefits - increased PTO usage encouraged to reduce to reduce PTO accrual	(111)
Professional Fees - increased Hospitalist contract, Legal fees, IT meaningful use, GPO contract, plus ECC call pay moved from Primary Care Clinic salaries	300
Supplies - new GPO arrangement to help keep supplies in line	(95)
Purchased Services	(76)
Other Expenses - reduced equipment rentals and more control of misc expenses	(21)
Sub-total Additional Expenses	<u>(114)</u>
Non-Operating Revenue - consistent with June 2013	<u>150</u>
<b><u>FY 2014 Budget Net Income - 6 months</u></b>	<b><u><u>\$ (1,092)</u></u></b>

# Fiscal Year 2014

## Six Month - 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 \$683,252. 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 financial challenges reflected in the 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 the first six months of fiscal year 2014 that total \$683,252. This is broken down into the following areas of need:

Information Technology	\$ 310,000
Surgery	\$ 341,667
Pharmacy	\$ 20,795
Emergency Care	<u>\$ 10,790</u>
 Sub Total	 <u>\$ 683,252</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 partial 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 the six month budget of FY 2014 this amount is \$496,000. In addition we do expect to receive State and Federal incentive funds to help to help offset the cost of the completing of the Electronic Health Record and Meaningful Use Attestation, which is expected to occur by the end of September 2013. The incentive funds would not be paid until December 2013 or January 2014.

Alameda Hospital  
 Capital Budget Request Summary  
 FY 2014 - Six Month Budget

Information Technology	Replacement PCs	50,000
	New Servers	50,000
	Advanced Authentication/ Voice Recognition	90,000
	Electronic Health Record Build Team	120,000
Surgery	Hana Table	102,048
	Mini C Arm	75,000
	Surgery Drill and Saw System	42,635
	Misc. Surgery Equipment	121,984
Pharmacy	Software and Surveillance System	20,795
Emergency Care	Stretcher with scale	10,790
Total Requests		<u>\$ 683,252</u>