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CITY OF ALAMEDA HEALTH CARE DISTRICT

PUBLIC NOTICE

CITY OF ALAMEDA HEALTH CARE DISTRICT BOARD OF DIRECTORS

REGULAR MEETING AGENDA

WEDNESDAY, AUGUST 7, 2013

6:00 p.m. (CLOSED) | 7:30 p.m. (OPEN)

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

Members of the public who wish to comment on agenda items will be given an opportunity before or during the consideration of each agenda item. Those wishing to comment must complete a speaker card indicating the agenda item that they wish to address and present to the District Clerk. This will ensure your opportunity to speak. Please make your comments clear and concise, limiting your remarks to no more than three (3) minutes.

I. Call to Order **(6:00 p.m. – 2 East Board Room)** — J. Michael McCormick

II. Roll Call — Kristen Thorson

III. Adjourn into Executive Closed Session

IV. Closed Session Agenda

A. Call to Order

B. Approval of Closed Session Minutes

1. July 10, 2013 (Regular)

C. Medical Executive Committee Report and Approval of Credentialing Recommendations — H & S Code Sec. 32155

D. Board Quality Committee Report (BQC) — H & S Code Sec. 32155

E. Discussion of Pooled Insurance Claims — Gov't Code Sec. 54956.95

F. Consultation with Legal Counsel Regarding Pending and Threatened Litigation — Gov't Code Sec. 54957.6

G. Instructions to Bargaining Representatives Regarding Salaries, Fringe Benefits and Working Conditions — Gov't Code Sec. 54956.9(a)

H. Discussion of Report Involving Trade Secrets — H & S Code Sec. 32106

I. Adjourn into Open Session

V. Reconvene to Public Session **(Expected to start at 7:30 p.m. – Dal Cielo Conference Room)**

A. Announcements from Closed Session — J. Michael McCormick

VI. General Public Comment

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VII. Regular Agenda

A. Consent Agenda — **ACTION ITEMS**

✓ 1) Approval of June 17, 2013 Special Meeting Minutes [enclosure] (pages 3-6)

✓ 2) Approval of July 10, 2013 Regular Meeting Minutes [enclosure] (pages 7-13)

✓ 3) Approval of July 18, 2013 Special Meeting Minutes [enclosure] (pages 14-16)

B. Education Session | Special Presentation INFORMATIONAL

1) HCAHPS – Noise Reduction Initiatives Presentation

- Clint Barnes, RN and Mary Pat Skropeta, RCP

C. Action Items

1) Election of District Board Officers — J. Michael McCormick

2) District Board Committee Appointment — J. Michael McCormick

✓ 3) Acceptance of June 2013 Unaudited Financial Statements and July 31, 2013 Finance and Management Committee Report — Robert Deutsch, MD; Kerry Easthope

[enclosure] (pages 17-41)

✓ 4) Approval of FY 2014 Six Month Operating and Capital Budget — Kerry Easthope; Deborah E. Stebbins

[enclosure] (pages 42-59)

C. District Board President's Report INFORMATIONAL — J. Michael McCormick

D. Community Relations and Outreach Committee Report INFORMATIONAL — Jordan Battani

E. Medical Staff President Report INFORMATIONAL — Emmons Collins, MD

F. Affiliation Updates INFORMATIONAL — Deborah E. Stebbins

1) Report on Communication and Community Input Plan

2) Status of Line of Credit

3) Due Diligence Update

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

✓ 1) Monthly CEO Report

- Affiliation and Communication Plan Update, California Hospital Association (CHA) DP/NF Update, NDPH Supplemental Payment Program, Nursing Update, Bay Area Bone & Joint Center, Information Technology Update and Meaningful Use, Community Relations and Foundation Update, Long Term Care Update, July Preliminary Monthly Statistics, Quality Update

[enclosure] (pages 60-67)

VIII. General Public Comments

IX. Board Comments

X. Adjournment

CITY OF ALAMEDA HEALTH CARE DISTRICT

Minutes of the City of Alameda Health Care District Board of Directors
Open Session
Monday, June, 17, 2013 Special Meeting

Board Members Present	Management Present	Legal Counsel Present	Guests
Jordan Battani Robert Deutsch, MD Tracy Jensen J. Michael McCormick	Deborah E. Stebbins Kerry J. Easthope	Thomas Driscoll, Esq.	
		Medical Staff Present	**Excused**
		Emmons Collins, MD	
Submitted by: Kristen Thorson, District Clerk			

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Topic		Discussion	Action / Follow-Up
I.	Call to Order	The meeting was called to order at 6:30 p.m. Director McCormick introduced Wright Lassiter, III, CEo of Alameda Health System	
II.	Roll Call	Ms. Thorson called roll noting a quorum of Directors was present.	
III.	General Public Comment	No public comment.	
IV.	**Regular Agenda**		
	A. Action Items		
		1) Approval of Resolution 2013-3K: Approving Proposed Non-Binding Letter of Intent to Explore Affiliation of the City of Alameda Health Care District (Alameda Hospital) with Alameda Health System and Authorizing the Chief Executive Officer to Execute and Deliver the Letter of Intent to Alameda Health System Ms. Stebbins thanked the community members in attendance for this important decision to consider a proposal to explore affiliation with the newly formed Alameda Health System (AHS). If the Board accepts the proposal, management would be authorized to sign a non-binding Letter of Intent (LOI) which is the first step in a formal, open, public exploration and due diligence process to develop all the details for a definitive agreement with Alameda Health	Director Jensen made the notion to Approval of Resolution 2013-3K: Approving Proposed Non-Binding Letter of Intent to Explore Affiliation of the City of Alameda Health Care District (Alameda Hospital) with Alameda Health System and Authorizing the Chief Executive Officer to Execute and Deliver the Letter of Intent to Alameda Health System. Director Deutsch seconded the

Topic		Discussion	Action / Follow-Up
		System. Ms. Stebbins reviewed the content of the presentation given at the meeting. Copies of the presentation are available on the hospital website, video recording and through Administration. 1. Strategic Context for Affiliation 2. What is Alameda Health System (AHS)? 3. Alameda Hospital: Financial Challenges 4. Why is Affiliation Needed Now? 5. Impact of Affiliation on our Stakeholders 6. Role of the City of Alameda Health Care District 7. Use of the Parcel Tax 8. Benefits of Affiliation for AHS 9. Summary of Business Case 10. Terms of the Letter of Intent 11. Timetable Going Forward 12. Management Recommendation: Approval of Resolution 2013-3K Ms. Stebbins reviewed items 1-2 and highlighted the three (3) conditions that were critically for the District and that have been outlined in the LOI. a) Guarantee an Emergency Care Center and acute care hospital on the island without reducing the services available locally to residents; b) Provide funding for regulatory and seismic compliance requirements; and c) Keep authority and control of the parcel tax with the AHD Board, while still providing exclusively for the capital and operating needs of Alameda Hospital. Mr. Easthope reviewed item 3, noting the financial challenges faced by Alameda Hospital now an in the future, including seismic and major capital projects that can be funded by remaining standalone hospital. Ms. Stebbins reviewed items 4-8 noting the impact of the affiliation to the community of Alameda, employees and physicians. She also noted that the propose structure is truly an affiliation and not a merger or sale of Alameda Hospital. Ownership of Alameda Hospital and all its assets and leases will remain with the District. She emphasized the requirement, by law, is that parcel tax revenue will continue to be used exclusively for Alameda Hospital. District will assess and control the annual appropriation of parcel taxes and continue to be the stewards of the parcel tax. Mr. Easthope reviewed item 8, a high level summary of the potential volume / capacity for Alameda Hospital to meet demand by AHS, including an increase in ADC, surgical volume, and	motion. The motion carried unanimously.

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Topic	Discussion	Action / Follow-Up
	medical volume. Ms. Stebbins continued with items 10-11, highlighting the terms of the LOI as outlined on page 13 of the Board packet. The terms include the following key sections, Definitive Agreement, Delegation of Alameda Hospital, Board Appointment, Capital Commitments, Line of Credit, Parcel Tax allocation and Allowable Uses, Parcel Tax Budget, Medical Staffs, Dispute Resolution, District Reserve Rights, Breach by AHD (District), Breach by AHS, Employee Transition, and Business Plan. Ms. Stebbins reviewed key points under each of the terms in her presentation. The proposed timeline was reviewed beginning with the approval of the LOI, due diligence and community input period, executing a definitive agreement (mid September), implementation and transition of operations by end of calendar year/beginning 2014. The dates of the Public Forums were reviewed, noting June 27, July 25 and July 29 with an additional one to be schedule on the West end of Alameda. Ms. Stebbins recommended that the Board approve proposed non-binding Letter of Intent to explore affiliation of the City of Alameda Health Care District (Alameda Hospital) with Alameda Health System and authorizes her to execute and deliver the Letter of Intent to Alameda Health System. Director Deutsch inquired about the timeframe from the definitive agreement to transition of operations. Ms. Stebbins stated approximately another 90 days. Director McCormick expressed interest in further details for the net income and net revenue. Mr. Easthope stated that a financial modeling system was used to determine the numbers based on the volume information that was determined to be un met demand for AHS. Director Battani inquired about the detailed business case and the timing of review of that by the Board and asked if that would be reviewed with the definitive agreement. Ms. Stebbins replied with yes. Director Battani inquired about the anticipated impact on the Emergency Care Center (ECC) volume. Ms. Stebbins stated that there is not additional volume anticipated in the business case and that the ECC has plenty of capacity and could absorb increased volume. An increase in staffing and physician coverage may be needed. Director McCormick inquired about an intergovernmental transfer (IGT) and if there was a mechanism for AHS to utilize the parcel tax funds for additional matching funds through IGT. Director Battani suggested that this should be added to the list of due diligence questions. General Public comment was taken prior to making a motion. See below. After public comment, Director McCormick asked for a motion form the Board. Director Deutsch pointed out several typos and corrections suggested to be made in the resolution. Typos will be corrected.	

V. General Public Comments

There were three (3) members of the public who commented on the Approval of the Letter of Intent and Resolution 2013-3K.

John Knox White spoke in favor of the resolution and stated that he thought it was very exciting tiem for the hospital and asked the Board to

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Topic	Discussion	Action / Follow-Up

support the resolution.

James Oddie, District Director for Assenblymember Rob Bonta read a statement from Mr. Bonta. Mr. Bonta statement strongly encouraged the Board to support this proposal and affiliation. Mr. Bonta also thanked the employees for their continued support of the Hospital throughout the years.

James Oddie also commented on his support of the proposal and affiliation as a citizen of Alameda.

Jeff DelBono, from the Alameda Firefighters Association and a member of the Alameda County Central Labor Council Executive Board spoke in support of the proposal and affiliation. He stated that the firefighters and paramedics have a long standing relationship with the hospital and spoke about the devastation that would occur if the hospital closed. He and the Alameda Firefighters Association are in support the proposal and affiliation to keep the hospital open.

VI. Board Comments

Director Battani thanked the community for attending the meeting. She thanked the members of the Steering Committee and commented on the collegiality and professionalism of the participants. She thanked the staff, physicians, and management for their support and contributions over the years and stated that the Hospital could not have gotten to this point without their support. The community at-large was also thanked for their focused and tangible support, through the parcel tax.

Director Deutsch commented on the history of the hospital defying odds and remaining independent for many years through the support of the community, staff and physicians. He commented that both organizations have reached a point that affiliations are needed in order to continue and succeed. He stated that challenges should not be minimized and that working together this affiliation can overcome obstacles and challenges.

Director Jensen commented about her recent service on the Board over the last several months, about the employees and the sense of family at Alameda Hospital, and quality of service to our patients and broader community. She also stated that she is looking forward to the public forums and feedback from the community. She encouraged the community to ask questions and share.

Director McCormick expressed his happiness to reach this point after years of work but noted that the work has just begun. He stated that the Board would continue to need feedback from the community and encouraged people to provide input.

VII. Adjournment

Being no further business the meeting was adjourned at 7:47 p.m.

Attest:

J. Michael McCormick
President

Tracy Jensen
Secretary

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CITY OF ALAMEDA HEALTH CARE DISTRICT

Minutes of the City of Alameda Health Care District Board of Directors
Open Session
Wednesday, July 10, 2013 Regular Meeting

1

Board Members Present	Management Present	Legal Counsel Present	Guests
Jordan Battani Robert Deutsch, MD Tracy Jensen J. Michael McCormick	Deborah E. Stebbins Kerry Easthope Tony Corica	Thomas Driscoll, Esq.	Rosemarie Delahaye, RN
		Medical Staff Present	**Excused**
		Emmons Collins, MD	
Submitted by: Kristen Thorson, District Clerk and Sheroza Haniff, Administrative Receptionist			

2

	Topic	Discussion	Action / Follow-Up
I.	Call to Order	The meeting was called to order at 6:39 p.m.	
II.	Roll Call	Ms. Thorson called roll noting a quorum of Directors was present.	
III.	Adjourn into Executive Closed Session	The meeting was adjourned into Executive Closed Session at 6:40 p.m.	
IV.	Closed Session Agenda		
V.	Reconvene to Public Session	The meeting was reconvened into public session at 8:03 p.m.	

A. Announcements from Closed Session
Director McCormick announced that the Minutes of May 30, 2013 and June 5, 2013 were approved. The May Board Quality Report was accepted as presented and the Credentialing Recommendations of the Medical Staff as outlined below with one exception the resignation of Ann Wexler, MD (Hematology/Oncology).

Initial Appointments – Medical Staff

Name	Specialty	Affiliation
• Basil Alwattar, MD	Orthopedic Surgery	Oakland Bone & Joint Center

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Topic		Discussion		Action / Follow-Up
	• John Lee, MD	General Surgery	Private Practice/ Alameda	
Reappointments – Medical Staff				
	Name	Specialty	Staff Status	Appointment Period
	• Robert Bloom, MD	Radiology	Courtesy	08/01/13-07/31/15
	• John Carney, MD	Pathology	Courtesy	08/01/13-07/31/15
	• Robert Deutsch, MD	Pulmonary Medicine Critical Care Internal Medicine	Active	08/01/13-07/31/15
	• James DiStefano, MD	Orthopedic Surgery	Active	08/01/13-07/31/15
	• Mary Fisher, MD	Family Medicine	Courtesy	08/01/13-07/31/15
	• James Kong, MD	Internal Medicine	Active	08/01/13-07/31/15
	• Subhendu Narayan, MD	Gastroenterology	Courtesy	08/01/13-07/31/15
	• Nicholas Pirnia, MD	Orthopedic Surgery	Active	08/01/13-07/31/15
	• Stephen Raskin, MD	Cardiology	Active	08/01/13-07/31/15
	• Andrew Smith, MD	Urology	Courtesy	08/01/13-07/31/15
	• Randall Stettler, DDS	Oral Max Surgery	Courtesy	08/01/13-07/31/15
Appointment – Allied Health Professional Status				
	• Ramy Moharram, PA-C	Physician Assistant		07/10/13-06/3014
	• Victoria Tung, PA-C	Physician Assistant		07/10/13-06/3014
Resignations				
	• Robert Tuft	General Surgery/Wound Care		
	• Max Wu, MD	Teleradiology		

VI. General Public Comments

There were no public comments

VII. Regular Agenda

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Topic		Discussion	Action / Follow-Up
	A.	Consent Agenda Director McCormick announced that the June 17, 2013 minutes were not available and would be presented a future meeting.	
		1) Approval of June 5, 2013 Meeting Minutes	Director Deutsch made a motion to approve the June 5, 2013 minutes. The motion was seconded by Director Battani. The motion carried.
		2) Approval of June 17, 2013 Special Meeting Minutes	No action taken
	B.	**Education Session**	
		A presentation entitled Infection Prevention was presented by Rosemarie Delahaye, RN. Ms. Delahaye was introduced to the Board by Karen Taylor, Director of Quality and Resource Management. Copies of the presentation are available from Administration and are available with the Board video. Director Battani asked for clarification of bacteria outbreak, Ms. Delahaye clarified any outbreak was considered global and not specifically in Alameda. Director Jensen questioned the hand hygiene chart in presentation, despite an excellent score of hand hygiene for Alameda Hospital. Ms. Delahye clarified the importance to continuously emphasize hand hygiene to avoid a decline in hygiene. Director Jensen questioned whether Clostridium was always tested. The response was no, frequent testing results in inaccurate results.	No action was taken.
	C.	**Action Items**	
		1) Acceptance of May 2013 Unaudited Financial Statements and June 26, 2013 Finance and Management Committee Report. Director Deutsch provided the following information: As of May 31, 2013, there was a combined operating loss of $622,000 against a budgeting gain of $251,000. The year to date loss is $2.3 million compared to a budgeted gain of $300,000. Waters Edge provided positive contribution of $364,000. The losses were primarily due to expenses (temporary agency fees). Surgeries were also low for the month. Director Battani questioned if the financial talks and expense reduction initiatives discussed at the last Board meeting were too soon to see results. Mr. Easthope answered that the high census helped with revenue and overtime/double time in May, but improvement is still needed. Management meets weekly with Nursing personnel to work on issues. Ms. Stebbins stated posting a number of on-call positions will enable Alameda Hospital to gauge core staffing to where it needs to be and avoid unnecessary premium pay. Director Battani then asked if we	Director Jensen made a motion to accept the May Financial Statements as presented. Director Battani seconded the motion. The motion carried.

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Topic		Discussion	Action / Follow-Up
		were having trouble recruiting staff. Mr. Easthope answered yes, for some specific positions. Ms. Stebbins stated that a new recruiter was hired, to improve recruitment efforts. Follow up meetings with a utilization management group will be conducted to discuss issues pertaining to expenses. There is opportunity for improvement, but may not be able to reduce expenses with current operational structure to break even. Director Battani inquired about the Wound Care Center and it's underperformance. Mr. Easthope stated management and Accelecare are looking at financials to maximize reimbursement; expenses are over budget, including cleaning, rent, professional fees, and higher depreciation. Ms. Stebbins intervened stating a request to renegotiate with Accelecare was planned. Director Jensen questioned Mr. Easthope about the Water's Edge staffing overages. Ms. Stebbins responded the census for Water's Edge over exceeded the budget, attempts to hire more staff is under way.	
		2) Approval of Resolution 2013-4K: Extension of Spending Authority. Dr. Deutsch stated in order to prepare/incorporate six month budget, an extension for the spending authority was recommended by the Finance and Management Committee at the June meeting. A month by month budget, based on FY2013 approved budget, will be used until a new budget is in place.	Director Battani made a motion to accept Resolution 2013-4K as presented. Director Jensen seconded the motion. The motion carried.
		3) Approval to Enter into a Professional Service Agreement with General Surgeon, John Lee, MD Tony Corica, Director of Physician Relations, on behalf of hospital management recommended entering into a one year professional service agreement with general surgeon, John Lee, MD to expand capacity and provide needed coverage with existing general surgeon, Roberto Celada, MD. Dr. Lee was first contacted about his interest to work with Alameda Hospital in 2012; he has experience working with Kaiser, Highland Hospital and has worked with Dr. Celada. The compensation package includes a base salary of $100,000 per year, on-call pay and a signing bonus of $20,000 (broken in two $10,000 increments). The Physician work RVU (WRVU) threshold for year one is 2,600. Once Dr. lee reaches the WRVU threshold, an incentive bonus shall be paid for every WRVU over the threshold. He would be located at South Shore, with Dr. Celada's office and would be using the same staff. Director Battani questioned the expected recovery of WRVU generated by Surgeon and whether the expenses would be covered with this professional services agreement. Mr. Corica and Ms. Stebbins answered yes, Dr. Lee would be supplementing the on-call shifts Dr. Celada would usually get and there would be no additional expenses. Dr. Deutsch asked about the volume of surgeries for Dr. Celada. Mr. Corica responded with approximately 200 per year. Dr. Deutsch was uncomfortable with the business model but agreed more coverage for the single general surgeon was necessary. Director Deutsch stated a revenue generator would be necessary with other general surgery groups in order to be	Director Jensen made a motion to approve the Professional Services Agreement with John Lee, MD. Director Battani seconded the motion. The motion carried.

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Topic		Discussion	Action / Follow-Up
		successful. Director Jensen agreed with Dr. Deutsch's sentiments, and stated a one year partnership would be a good start.	
		4) Approval to Award Construction Contract to Cameron Builders, Inc. for the Alameda Hospital Bulk Oxygen Tank NPC-2 Upgrade. Ms. Stebbins presented the action item, in Mr. Jung's absence, to begin construction and installation of a larger oxygen tank to sit in the back pad and replace the existing tank. A ninety-six hour supply of oxygen is needed to be on hand at any given time, in the event of an emergency. Two bids were received that were different in scope in terms of cost. The $336,696 bid from Cameron Builders is recommended with the estimated start date to be as early as the week of July 15, 2013. Director Jensen questioned the process of change orders during construction. Ms. Stebbins responded that changes orders are ultimately approved by Project Manager at Jtech and hospital management. Director McCormick inquired about the bid from Advanced Engineering Sales (AES) and the difference in cost. Ms. Stebbins stated Cameron Builders took a "turn-key approach" to their work plan as opposed to AES who planned to subcontract much of the work, noted their past positive experiences and stated no additional costs for the project were expected to be added on by Cameron Builders.	Director Deutsch made a motion to award Cameron Builders the contract for the Bulk Oxygen Tank Project. Director Jensen seconded the motion. The motion carried.
		5) Approval of Memorandum of Understanding between City of Alameda Health Care District and Alameda Hospital Foundation for Guaranty of Promissory Note from the Alameda Health System to City of Alameda Health Care District. Ms. Stebbins presented the recommendation to approve a MOU with Alameda Hsoiptal Foundation. This item relates to a line of credit with AHS to pay Accounts Payable down that will be booked as a long term liability. The Foundation is anticipated to approve the MOU on July 11.	Director Jensen made a motion to approve the Memorandum of Understanding. Director Battani seconded the motion. The motion carried.
	C.	District Board President's Report Director McCormick provided a report referring to the District Board Appointment Update on page 46-47 of the board packet, noting that interviews will take place in open session July 18, 2013. Ms. Stebbins, suggested thinking of questions to present to candidates prior to meeting and rank the candidates according to preference as part of the for voting / selection process as done in the past. The Board discussed briefly the logistics and voting mechanisms for the interviews.	No action taken.
	D.	Community Relations and Outreach Committee Report Director Battani reported that the committee met on June 25, 2013 at which time a dry-run of the public forum presentation was presented and reviewed with the committee. A number of	No action taken.

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Topic		Discussion	Action / Follow-Up
		outreach activities are in works as noted in CEO report.	
	E.	Medical Staff President Report Dr. Collins reported that the Medical Staff Office is working on a streamlined medical staff application and procedure and developing an electronic form for physicians. He also stated that the Medical Staff is looking forward to Dr. Lee joining the staff.	No action taken.
	F.	Affiliation Updates Ms. Stebbins noted communications regarding the affiliation have been positive with numerous meetings and focus groups. The first public forum (on June 27, 2013) was attended by approximately forty people. There were some issues from the community including, parking; questions about financials of the AHS and quality of care. Ms. Stebbins reported on the results of poll of a random sample of Alameda voters that was conducted two days after the Board accepted Letter of Intent (LOI) from AHS. Ms. Stebbins gave a presentation that outlined the results of the poll which will available on the Hospital website and through Administration. Overall the result were very positive, Director Battani stated the poll can be used as a useful barometer for community feedback on the affiliation. The Board discussed the poll results and agreed the results were positive. Presentation is available on the hospital website and through Administration.	No action taken.
	G.	Chief Executive Officer Report Ms. Stebbins reported the Bank of Alameda was acquired by the Bank of Marin; Alameda Hospital's relationship will not be affected. The Line of Credit and Guaranty is expected to be approved by the Foundation on July 11, 2013. The Bank of Alameda has to provide consent for the Line of Credit from AHS which is expected by the end of the week and hopefully funds from AHS can be received the following week. Director McCormick inquired about bank loan covenants not being met and the new ownership / management relationship of the Bank of Alameda by Bank of Marin; Mr. Easthope could not speculate as to the position of the Bank. Ms. Stebbins noted that management has discussed and informed the Bank on a regular basis the District's financial situation, including the loan covenant violations and status updates regarding the affiliation. Ms. Stebbins called attention to her report on pages 48-57 of the Board packet outlining the following Topics; Affiliation and Communication Plan Update, CHA DP/NF Update, FY 2014 Budget, Bay Area Bone & Joint Center, ACHD Monthly Update, Community Relations and Outreach Update, Capital Projects, DSRIP Report, Quality Update, Information Technology Update and Meaningful Use, June Monthly Statistics, DHCS DRG-based Reimbursement. There were no comments or questions from the Board regarding the report.	No action taken.

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Topic	Discussion	Action / Follow-Up
VIII.	**General Public Comments** No comments.	
IX.	**Board Comments** No comments.	
X.	**Adjournment 9:07 p.m.** Being no further business the meeting was adjourned at 9:47 p.m.	

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Attest:

J. Michael McCormick
President

Tracy Jensen
Secretary

CITY OF ALAMEDA HEALTH CARE DISTRICT

Minutes of the City of Alameda Health Care District Board of Directors
Open Session
Thursday, July 18, 2013 Special Board (Appointment) Meeting

Board Members Present	Management Present	Legal Counsel Present	Guests
Jordan Battani Robert Deutsch, MD Tracy Jensen J. Michael McCormick	Deborah E. Stebbins	Thomas Driscoll, Esq.	Lynn Bratchett John Murphy James Oddie Carmelo Roco Scott Vrchota Lily Wong
		Medical Staff Present	**Excused**
			Emmons Collins, MD
*Lynn Bratchett was present for the meeting in its entirety but was not a Board Member until being officially sworn in.			
Submitted by: Kristen Thorson, District Clerk and Sheroza Haniff, Administrative Receptionist			

Topic		Discussion	Action / Follow-Up
I.	Call to Order	The meeting was called to order at 6:35p.m.	
II.	Roll Call	Ms. Thorson called roll noting a quorum of Directors was present.	
III.	General Public Comments There were no comments.		

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Topic	Discussion	Action / Follow-Up
IV.	Interview and Appointment of New District Board Member Director McCormick announced the purpose of this special meeting was to evaluate and appoint a new Director; all of the applicants had been reviewed and vetted previously. He went on to state the candidates will be allowed to make an opening statement (up to three minutes), followed by a question period by the current Board of Directors. The candidates will also be allowed to make a closing statement (up to three minutes), at the conclusion of the interview. The name of each candidate was drawn, to determine interview order and called by District Clerk, Kristen Thorson. Director McCormick recused himself from voting due to a professional relationship with James Oddie. Director Jensen expressed her concern about only three Board members making the appointment, but understood the reasoning. Mr. Driscoll stated that Director McCormick was recusing himself from voting to avoid any potential conflict of interest. Director McCormick defined the voting system as a 3,2,1 ranking allocation; the top choice would receive 3 points, the second choice would receive 2 points and the third choice would receive 1 point. The applicant with the most points would be appointed to the Board.	
	A. Interview Candidates (in order of appearance) 1) Lily Wong 2) James Oddie 3) Lynn Bratchett, RN 4) Scott Vrchota 5) Carmelo Roco, MD 6) Jon Murphy, FNP, RN During the interview phase, candidates were asked questions regarding the following key topics; the change of role/responsibility the Board will have in regards to the new relationship/affiiation with Alameda Health System (Director Deutsch), the contributing qualities and experience the candidate would bring to the Board and why those qualities and experiences would be more relevant in comparison to the other candidates (Director Battani), given the changes in health care market place including the healthcare reform and the planned consolidation of our community health system, how do you see Alameda Hospital serving Alameda (Director Jensen), in the midst of a due diligence period, what elements should a smaller institution be aware of while affiliating with a larger institution (Director McCormick) and what advice the candidate would give to the Board regarding the potential affiliation and transition (Director Battani). Full interview is available for viewing on the video link on the hospital's website.	

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Topic	Discussion	Action / Follow-Up
B.	Discussion The existing Board Members discussed the voting system, the candidates and various highlight points of the interviews. They assigned the following ranking for their choice of candidate: Director Battani: 1. L. Bratchett; 2 J. Oddie; 3. J. Murphy Director Deutsch: 1. L Bratchett; 2. J. Murphy; 3. J.Oddie Director Jensen: 1. L. Bratchett; 2.; J. Oddie 3.J. Murphy	
C.	Appointment After discussion regarding their choices and complimentary remarks to all of the candidates, the Board Members appointed Lynn Bratchett to the Board of Directors.	Director Deutsch made a motion to appoint Lynn Bratchett to fill the vacant seat on the Board of Directors. Director Jensen seconded the motion. Director McCormick abstained from voting. The motion carried.
D.	Swearing-In/Oath of Office of Appointed District Board Member District Clerk Kristen Thorson led the swearing-in, with newly appointed Director Bratchett reading the Oath of Office.	
V.	**<u>General Public Comments</u>** James Oddie made a congratulatory statement to Director Bratchett and encouraged participation in the Finance Committee.	
I. **Adjournment**	Being no further business, the meeting was adjourned at8:59 p.m.	

Attest:

J. Michael McCormick Tracy Jensen
President

Secretary

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THE CITY OF ALAMEDA HEALTH CARE DISTRICT

ALAMEDA HOSPITAL

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDING June 30, 2013

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

Table of Contents | **Page**

Entry	Page
Financial Management Discussion	1 – 10
Highlights	
Activity	
Payer Mix	
Case Mix Index	
Income Statement	
Revenues	
Expenses	
Balances Sheets	
FTE's and Key Ratios	
Statements	
Key Statistics for Current Month and Year-to-Date	11
Statement of Financial Position	12
Statement of Operations	13
Statement of Operations - Per Adjusted Patient Day	14
Statement of Operations – Wound Care	15
Statement of Operations – Waters Edge	16
Statement of Operations – Orthopedic Clinic	17
Statement of Operations – 1206(b) Clinic	18
Statement of Cash Flows	19
Ratio Comparisons	20-21
Glossary of Financial Ratios	22

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 true0-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. Orur ggoal is to minimize the number and materiality of those audit adjustments. The net financial impact of these adjustements 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 consisten 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 4th 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.

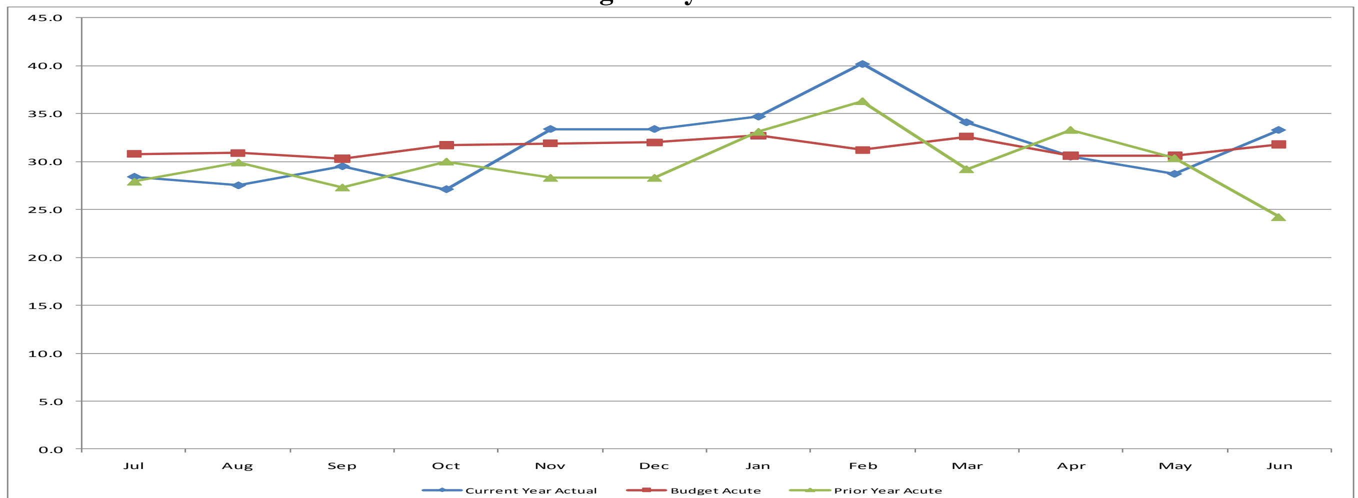
ACTIVITY

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%.

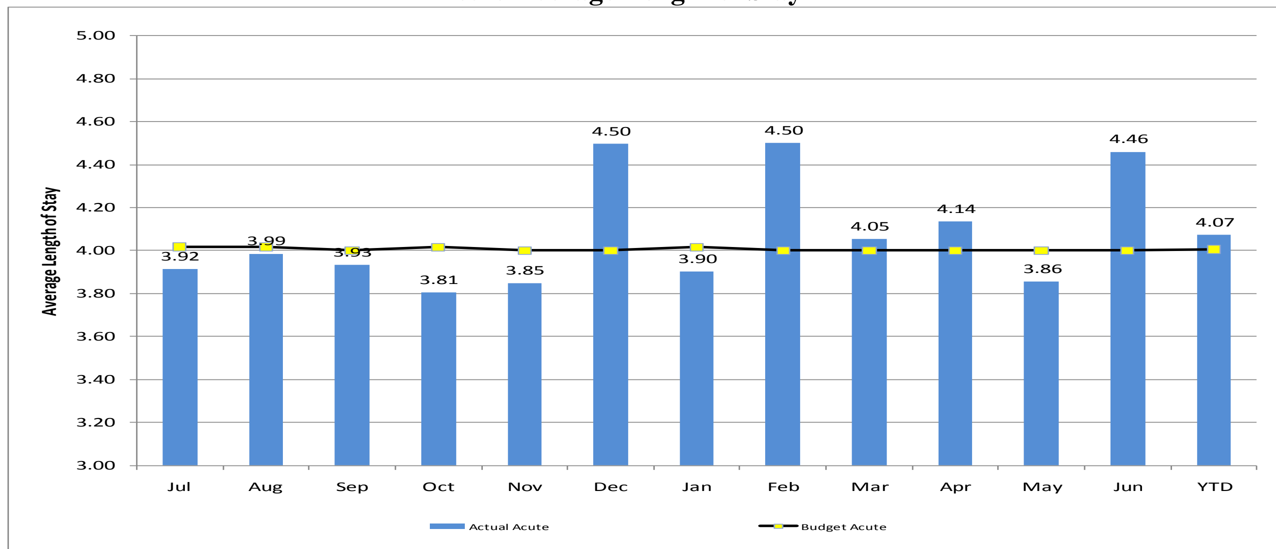
June's acute patient days were 45 days or 4.7% higher than budget for the month and 37.4% higher than June 2012. The acute care program is comprised of the Critical Care Unit (4.9 ADC, 41.7% above budget), Telemetry / Definitive Observation Unit (13.5 ADC, 13.4% above budget) and Med/Surg Unit (14.9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

Acute Average Daily Census



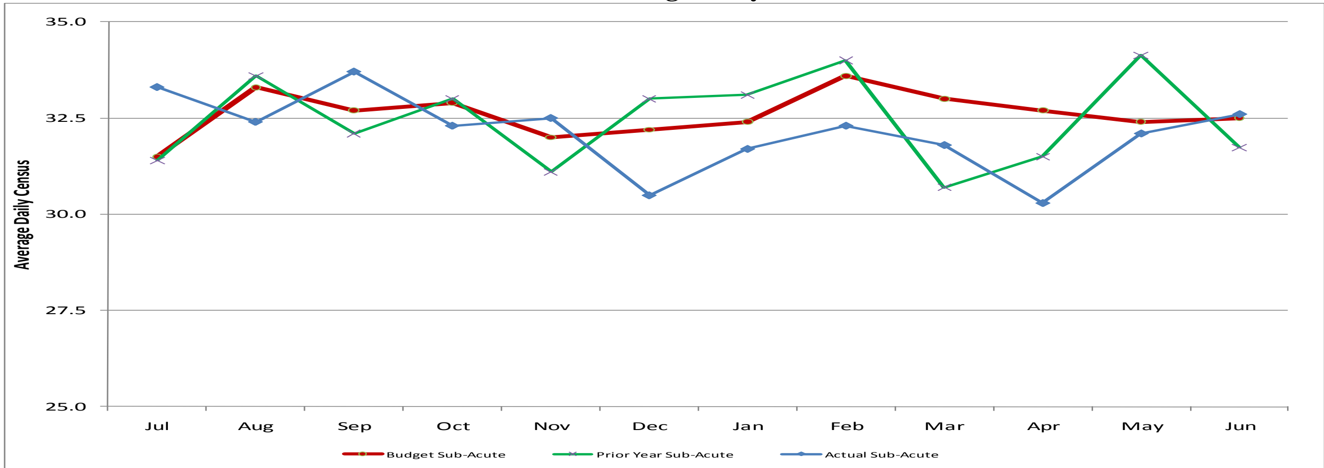
The acute Average Length of Stay (ALOS) increased from 3.86 in May to 4.46 in June and is above the budget of 4.00. The YTD acute ALOS for FY 2013 is 4.07. The graph below shows the ALOS by month compared to the budget.

Acute Average Length of Stay



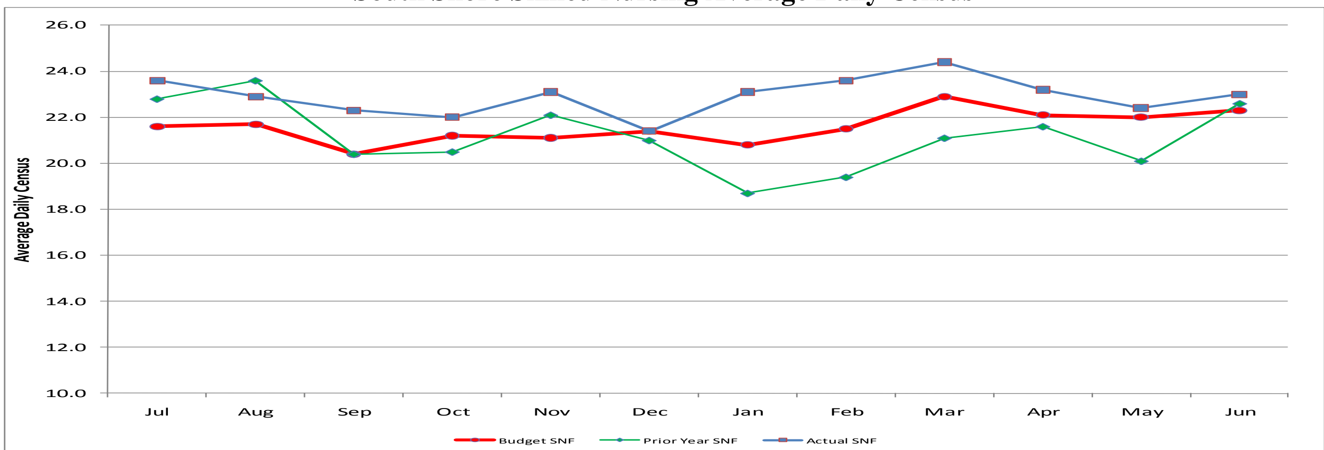
The Subacute program ADC of 32.57 was just above the budget by 0.07 ADC or 0.2%. The census has stabilized from prior lows. The graph below shows the Subacute ADC for the current fiscal year as compared to budget and the prior year.

Subacute Average Daily Census



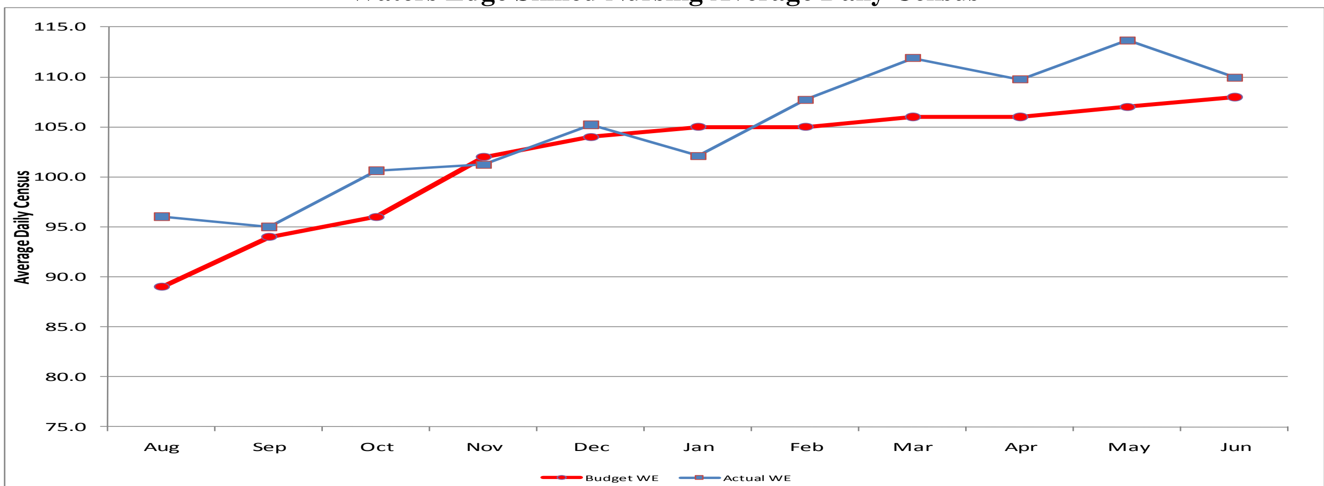
The South Shore ADC was above budget by 21 patient days (3.1%) for the month of June. The graph below shows the South Shore monthly ADC as compared to budget and the prior year. In June the number of Medicare A skilled patients was 4.2 ADC, above the 3.3 ADC in May and right on the budget of 4.2.

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

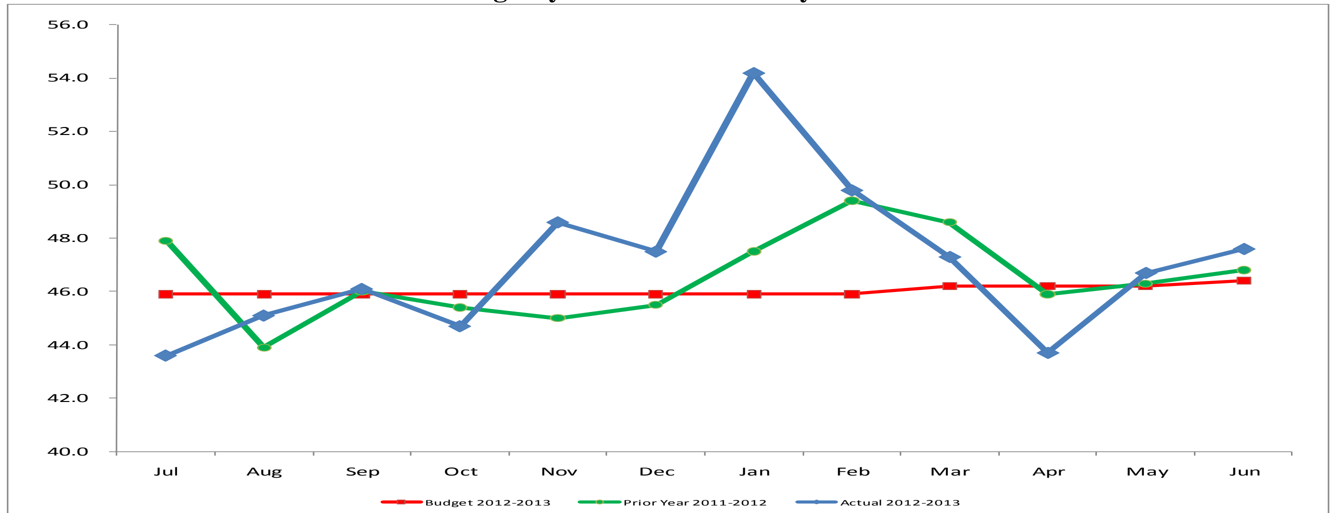


ANCILLARY SERVICES

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



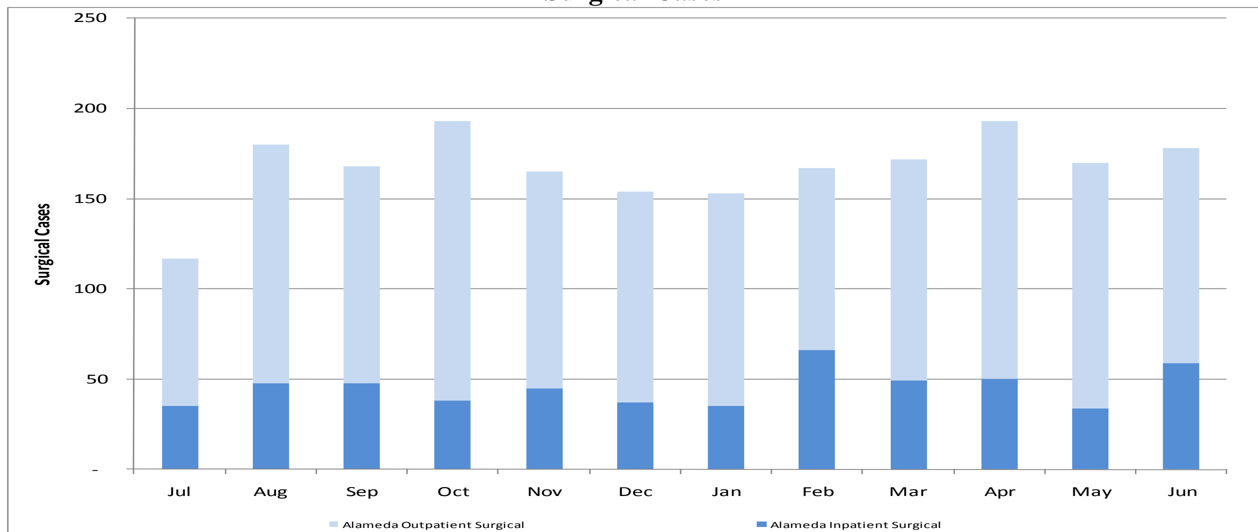
Outpatient registrations totaled 1,898 or 20.9% below budget. This month the number of patient visits were down in Radiology (443), Physical Therapy (275), MRI (77) and Laboratory (61). However, visits were up in Occupational Therapy (23). Starting with December, the budget for Physical Therapy and Radiology 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, hwoever in June, a grater percentage of MRI cases were inpatient vs. outpatient. This is good for patient care, but dues not provide inrementatl 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



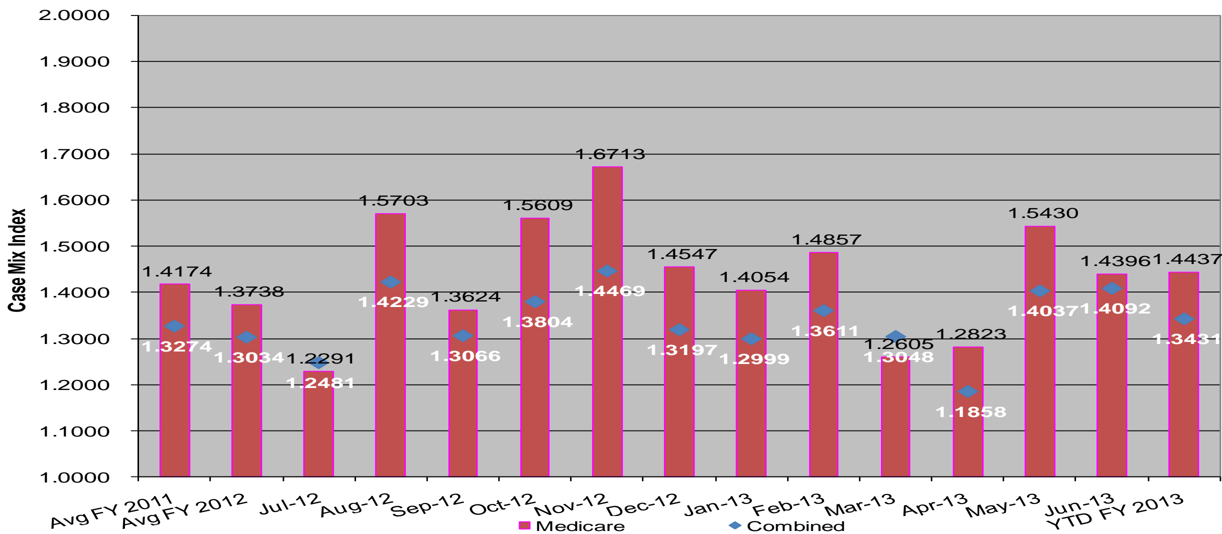
Payer Mix

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

	June Actual	June Budget
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

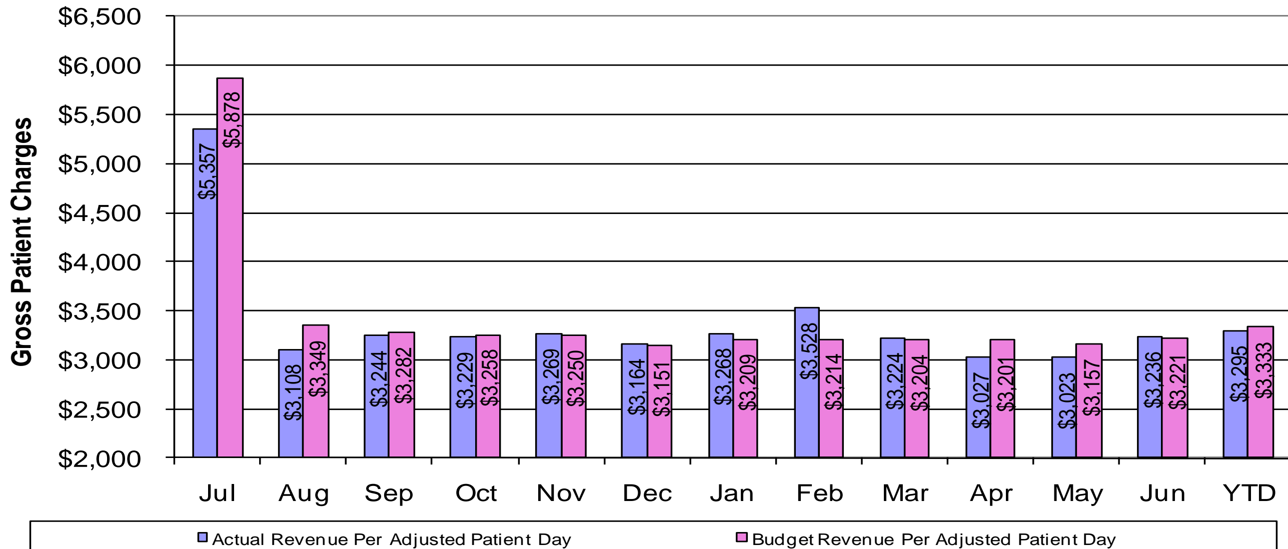
Gross patient charges in June were below budget by $750,000 or 2.7%. Inpatient gross revenues were $500,000 above budget and outpatient gross revenues were down $1.2 million. Acute inpatient days were 4.7% above budget and acute gross revenue was up 7.7%. Inpatient ancillary service charges were below 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 $3,221for 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.



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

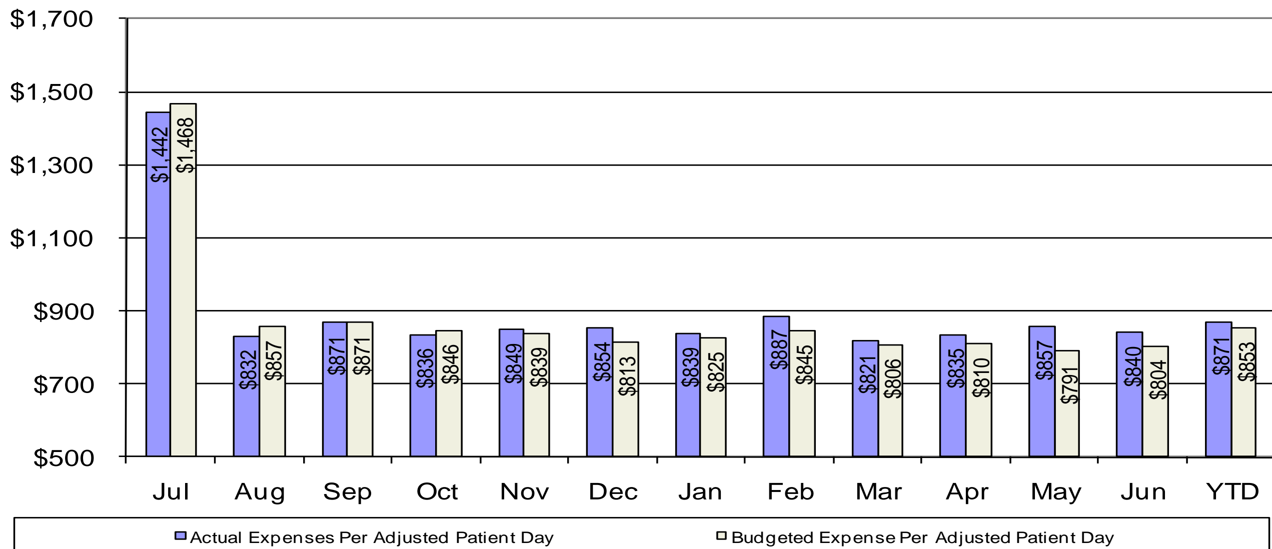
Total Operating Expenses

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 catagories 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 there 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 propery 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 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 in 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 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, 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.

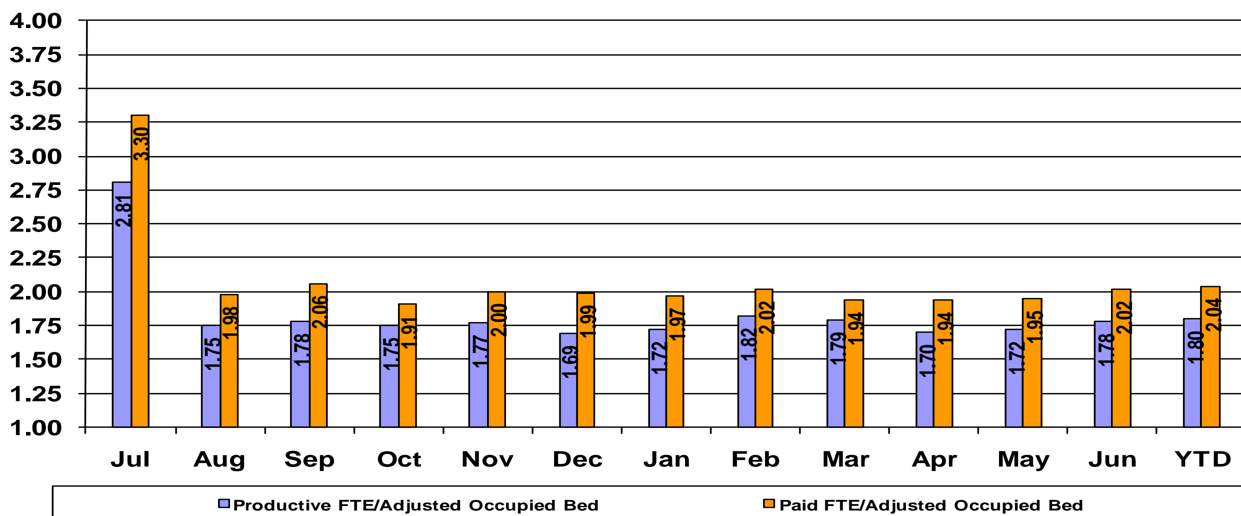
- Current Portion of Long Term Debt in the month of June decreased by about $121,000 as a result of year end true-up of the long vs. short term portions of our bank loans. One loan is now within a year of being paid off within the next 12 months.

- Third Paty Payer Settlement increased by a net of $145,000 primarily resulting from collection of the medi-cal 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 18th.

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 22nd. 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

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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

	ACTUAL JUNE 2013	CURRENT FIXED BUDGET	VARIANCE (UNDER) OVER	%	JUNE 2012	YTD JUNE 2013	YTD FIXED BUDGET	VARIANCE	%	YTD JUNE 2012
Discharges:										
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%	-
	249	262	(13)	-4.8%	189	3,103	3,135	(32)	-1.0%	2,945
Patient Days:										
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%	-
	5,965	5,839	126	2.2%	2,355	66,645	65,314	1,331	2.0%	30,448
Average Length of Stay										
Total Acute	4.46	4.00	0.46	11.5%	3.97	4.07	4.00	0.07	1.7%	3.89
Average Daily Census										
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%	-
	198.83	194.63	4.20	2.2%	78.50	191.49	187.60	(0.27)	-0.1%	83.42
Emergency Room Visits	1,429	1,423	6	0.4%	1,405	17,175	16,800	375	2.2%	16,964
Wound Care Clinic Visits	376	400	(24)	-6.0%	-	3,558	2,500	1,058	42.3%	-
Outpatient Registrations	1,898	2,401	(503)	-20.9%	1,857	23,385	25,346	(1,961)	-7.7%	22,244
Surgery Cases:										
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
	178	213	(35)	-16.4%	152	2,016	2,448	(432)	-17.6%	2,173
Adjusted Occupied Bed (AOB)	279.92	288.24	(8.32)	-2.9%	121.82	260.86	128.02	132.84	103.8%	122.97
Productive FTE	497.18	473.27	23.92	5.1%	344.77	468.99	457.23	11.76	2.6%	344.77
Total FTE	564.90	539.91	24.98	4.6%	403.40	531.11	521.29	9.82	1.9%	403.40
Productive FTE/Adj. Occ. Bed	1.78	1.64	0.13	8.2%	2.83	1.80	3.57	(1.77)	-49.7%	2.80
Total FTE/ Adj. Occ. Bed	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
Assets			
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
Prepaids 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
Fixed Assets			
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
Total Assets	**$ 34,414,945**	**$ 28,234,071**	**$ 28,957,722**
Liabilities and Net Assets			
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
Total Liabilities and Net Assets	**$ 34,414,946**	**$ 28,234,071**	**$ 28,957,722**

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
Revenues										
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
Total Revenues	**6,355**	**6,747**	**(392)**	-5.8%	**4,916**	**74,343**	**74,762**	**(419)**	-0.6%	**59,261**
Expenses										
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 Opertaing Expenses	202	113	(89)	-78.3%	112	1,370	1,379	9	0.7%	1,112
Total Expenses	**7,048**	**6,953**	**(95)**	-1.4%	**5,652**	**83,000**	**80,230**	**(2,770)**	-3.5%	**67,074**
Operating gain (loss)	**(693)**	**(206)**	**(487)**	-236.7%	**(737)**	**(8,657)**	**(5,468)**	**(3,189)**	58.3%	**(7,813)**
Non-Operating Income / (Expense)										
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
Net Non-Operating Income / (Expense)	**615**	**507**	**108**	**21.3%**	**496**	**6,252**	**6,082**	**171**	**2.8%**	**5,909**
Excess of Revenues Over Expenses	**$ (78)**	**$ 301**	**$ (379)**	**-125.9%**	**$ (241)**	**$ (2,405)**	**$ 614**	**$ (3,018)**	**-491.8%**	**$ (1,904)**

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
Revenues										
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
Total Revenues	**759**	**780**	**(22)**	-2.8%	**1,345**	**781**	**795**	**(13)**	-1.7%	**1,315**
Expenses										
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
Total Expenses	**841**	**804**	**(37)**	-4.6%	**1,547**	**865**	**852**	**(13)**	-1.5%	**1,488**
Operating Gain / (Loss)	**(83)**	**(24)**	**(59)**	-247.6%	**(202)**	**(84)**	**(58)**	**(26)**	45.3%	**(173)**
Non-Operating Income / (Expense)										
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
Net Non-Operating Income / (Expense)	**73**	**59**	**15**	**25.2%**	**136**	**66**	**65**	**1**	**1.7%**	**131**
Excess of Revenues Over Expenses	**$ (9)**	**$ 35**	**$ (44)**	-126.8%	**$ (66)**	**$ (18)**	**$ 7**	**$ (25)**	-372.5%	**$ (42)**

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	527,520	648,344	(120,824)		5,117,343	4,052,150	1,065,193	
Net Revenue	162,049	193,224	(31,175)		1,421,882	1,207,650	214,232	
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	171,628	141,461	(30,168)	-21.3%	1,522,437	1,157,975	(364,462)	-31.5%
Excess of Revenue over Expenses	(9,580)	51,763	(61,343)	-118.5%	(100,555)	49,676	(150,230)	-302.4%

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	132	270	(138)	-51.1%	2,301	2,608	(307)	-11.8%
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	392,392	422,663	(30,271)	-7.2%	3,860,878	4,706,714	(845,836)	-18.0%
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	1,764,594	1,733,534	(31,060)	-1.8%	18,559,043	18,871,229	312,187	1.7%
Net Revenue	1,254,993	1,276,073	(21,080)	-1.7%	12,766,347	12,516,306	250,042	2.0%
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	47,687	20,031	(27,656)	-138.1%	206,844	225,077	18,233	8.1%
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	316,675	242,620	74,055		3,441,585	1,311,285	2,130,301	

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

	Current Month				Year-to-Date			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
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	45,356	76,223	(30,867)		319,372	914,676	(595,304)	
Net Revenue	24,036	32,667	(8,631)		171,537	392,004	(220,467)	
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	76,201	79,072	2,871	3.6%	756,347	809,398	53,051	6.6%
Excess of Revenue over Expenses	(52,165)	(46,405)	(5,760)	-12.4%	(584,810)	(417,394)	(167,416)	-40.1%
Hospital Based Activity:								
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	58,968	166,800	(107,832)	-64.6%	375,825	1,000,800	(624,975)	-62.4%
Outpatient Gross Charges	241,734	535,600	(293,866)	-54.9%	2,177,281	3,004,565	(827,284)	-27.5%
Outpatient Net Revenue	41,095	121,180	(80,085)	-66.1%	386,857	675,030	(288,173)	-42.7%
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	100,063	287,980	(187,917)	-65.3%	762,682	1,675,830	(913,148)	-54.5%

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	167				2,359			
Revenue								
Gross Revenue	121,896	142,006	(20,110)	-14.2%	1,284,345	1,704,071	(419,726)	-24.6%
Deductions from Revenue	80,138	93,724	(13,586)		828,799	1,124,687	(295,888)	
Net Revenue	41,758	48,282	(6,524)		455,546	579,384	(123,838)	
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	1,118	2,291	1,173	51.2%	40,329	27,500	(12,829)	-46.7%
Total Expenses	90,895	66,647	(24,248)	-36.4%	1,068,368	782,835	(285,533)	-36.5%
Excess of Revenue over Expenses	(49,137)	(18,365)	(30,772)	167.6%	(612,822)	(203,451)	(409,371)	201.2%

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

	Current Month	Year-to-Date
Cash flows from operating activities		
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)
Prepaids 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
Cash provided by (used in) operating activities	43	3,319,481
Cash flows from investing activities		
(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)
Cash provided by (used in) investing activities	(253,973)	(1,568,873)
Cash flows from financing activities		
Net Change in Long-Term Debt	(56,570)	(342,105)
Net Change in Restricted Funds	11,639	125,572
Cash provided by (used in) financing and fundraising activities	(44,931)	(216,533)
Net increase (decrease) in cash and cash equivalents	(298,861)	1,534,074
Cash and cash equivalents at beginning of period	5,160,821	3,327,884
Cash and cash equivalents at end of period	$ 4,861,961	$ 4,861,959

City of Alameda Health Care District
Ratio's Comparison

Financial Ratios	FY 2009	FY 2010	FY 2011	FY 2012	YTD 6/30/2013
	Audited Results				
Profitability Ratios					
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[Note 5]	-5.49%	-3.66%	-13.41%	-11.22%	-9.39%
Total Margin	1.03%	2.74%	-2.61%	-3.21%	-3.13%
Liquidity Ratios					
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
Debt Ratios					
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	FY 2009	FY 2010	FY 2011	FY 2012	YTD 6/30/2013
	Audited Results				
Patient Care Information					
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[Note 1]	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 insruments.
Debt service coverage	Measures total debt service coverage (interest plus principal) against annual funds available to pay debt service. Does not take into account positive or negative cash flow associated with balance sheet changes (e.g. work down of accounts receivable). Higher values indicate better debt repayment ability.	Excess of revenues over expenses plus depreciation plus interest expense over principal payments plus interest expense.
Long-term debt to fund balance	Higher values for this ratio imply a greater reliance on debt financing and may imply a reduced ability to carry additional debt. A declining trend is positive.	Long-term debt divided by long-term debt plus unrestricted net assets.

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)

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

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.

- 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

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 Equivalents (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

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;

- 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.

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 FY 2012	Actual FY 2013	Jan - Jun FY 2013	Six Months Budget FY 2014
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	10,880	11,436	5,941	5,606
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	29.7	31.3	32.8	30.5
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 FY 2012	Actual FY 2013	Jan - Jun FY 2013	Six Months Budget FY 2014
Discharges				
Sub-Acute	30	33	18	17
South Shore	116	64	29	32
Waters Edge	-	168	98	90
Total Long Term Care Discharges	146	265	145	139
Patient Days				
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	19,568	55,086	29,729	29,952
Average Daily Census				
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	53.5	159.8	164.2	162.8
Payer Mix				
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 FY 2012	Actual FY 2013	Jan - Jun FY 2013	Six Months Budget FY 2014
ECC Visits	16,964	17,175	8,727	8,944
Outpatient Registrations	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
Per Day				
ECC	46.3	47.1	48.2	48.6
Registrations	60.7	64.1	67.4	63.5
Surgeries				
Inpatient	469	545	294	286
Outpatient	1,704	1,469	743	784
Total	2,173	2,014	1,037	1,070

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

	Actual FY 2012	Actual FY 2013	Jan - Jun FY 2013	Six Months Budget FY 2014
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	22,804	27,986	15,304	15,453
O/P Registrations	22,224	23,385	12,205	11,689

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

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	6 Month Total
Acute ADC	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 FY 2013	Six Month Budget FY 2014	Change from FY 2013	Percent Change
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	38,390	38,861	471	1.2%
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	43,150	43,036	(114)	-0.3%
Operating Income/(Loss)	(4,760)	(4,175)	585	12.3%
Non-Operating	2,933	3,083	150	5.1%
Net Income/(Loss)	$ (1,827)	$ (1,092)	$ 735	40.2%

Alameda Hospital
Net Income Waterfall
Fiscal Year 2014

FY 2013 Estimated Net Income - 6 months			$ (1,827)
Net Revenue			
Patient Revenue			
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			671
Other Operating Revenue			
Other Operating Revenue - impact of EMR Money		(350)	
Physician clinic - new general surgeon		150	
Sub-Total Other Operating Revenue			(200)
Sub-Total Additional Operating Revenue			471
Operating Expense Impact:			
Salaries			
Lower Census - Acute	(257)		
Incremental/Vacant FTEs	328		
Reduced Overtime/Doubletime - Acute and Sub-Acute	(180)		
Additional Waters Edge staffing	110		
Sub-Total Salaries		1	
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			(114)
Non-Operating Revenue - consistent with June 2013			150
FY 2014 Budget Net Income - 6 months			$ (1,092)

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:

Area	Amount
Information Technology	$ 310,000
Surgery	$ 341,667
Pharmacy	$ 20,795
Emergency Care	$ 10,790
Sub Total	$ 683,252

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

Department	Item	Amount
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 Surveilance System	20,795
Emergency Care	Stretcher with scale	10,790
Total Requests		$ 683,252

DATE: August 2, 2013

FOR: August 8, 2013 District Board Meeting

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

FROM: Deborah E. Stebbins, Chief Executive Officer

SUBJECT: CEO Report to the Board of Directors

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1. Affiliation and Communication Plan Update

In the weeks since the Letter of Intent (LOI) was approved by the District Board, we have held three public forums (at Alameda Hospital, the Mastick Center and at the Harbor Bay Community Center). In addition, a special presentation was given to the League of Women Voters at the Hospital. The presentations by Board members and staff included the background on strategic planning by the Board that led up to consideration of affiliation with a partner organization, the ideal partner attributes defined by the Board, information about the business case in terms of service and workflow envisioned and the impact the affiliation is projected to have on various hospital stakeholders. We also presented the results of the telephone poll conducted immediately after approval of the LOI.

With the exception of a fairly small turn-out at the Harbor Bay, all the sessions were well attended and there were many questions. Most of the reaction was favorable. We have updated the presentation in the most recent forums to include questions raised at earlier meetings, including plans to accommodate increased parking demand and traffic congestion, questions about the financial health and revenue sources of AHS. The next scheduled public meeting is August 5, 2013 at Building 522 at Alameda Point.

2. California Hospital Association (CHA) DP/NF Update

The following update was received from CHA and Patricia Blaisdell, Vice President, Post-Acute Care Services.

As the legislature returns to Sacramento next week, CHA continues its comprehensive campaign to challenge the implementation of the AB 97 cuts to hospital based skilled nursing facilities.

Attached is a press release issued on August 1, 2013 by Assemblymember Luis Alejo regarding AB 900, which will be heard in the Senate Appropriations Committee on August 12. As currently written, AB 900 would restore rates effective July 1, 2013, but facilities would still be subject to retroactive recoupment for services

provided from June 1, 2011 to June 30, 2013. While it is not a complete solution, CHA continues to support AB 900's progress through the legislature and build on it to tell the story of the devastating impact the cuts will have.

Over the next two weeks, CHA will be asking members to write letters and make calls to support AB 900. CHA will also continue a comprehensive public relations campaign to bring attention to the impact of the cuts. News reports from around the state as well as patient impact videos at CHA's public advocacy website can be accessed at www.caringisourcalling.org.

Every strategic avenue will be pursued to prevent these devastating cut to hospital DP/NFs. Additional negotiations with the Department and Administration are underway.

3. NDPH Supplemental Payment Program

On July 30, The Department of Health Care Services (DHCS) announce that they will be implementing the Non-Designated Public Hospital (NDPH) Intergovernmental Transfer (IGT) Supplemental Payment Program for fiscal years 2012/13 and 2013/14. The NDPH IGT payment program provides Medi-Cal supplemental reimbursement to NDPHs. DHCS will be sending out IGT instructions in August 2013 for fiscal 2012/13 payments which should be distributed to eligible hospitals before the end of September 2013.

4. Nursing Update

a. **Stroke Certification**

The Joint Commission will be conducting their re-certification of our Primary Stroke Center sometime between August 15th and October 15th this year. The Stroke Team is currently meeting every other week to review the Joint Commission Standards prepare for the visit.

Michaele Baxter, our Stroke Coordinator met with the Stroke Coordinators at Alta Bates and Washington Hospitals on July 31st to discuss the results of their recent surveys. She presented their findings and suggestions to the Stroke Team at their meeting on August 1st. Michaele and the team are preparing a Power Point presentation for the opening session of the survey.

Claudine Dutaret, M.D., held several sessions over the last few months for physicians to assure compliance with physician Stroke screening standards.

Also of note Michaele received certification as a NeuroVascular Registered Nurse in July after having completed advanced education in this area. This certification supports the Stroke Center's designation and certification process, as well as demonstrates the Hospital's commitment to excellence in acute stroke nursing care.

b. **Kate Creedon Center for Advanced Wound Care**

The Wound Center had 463 patient visits in the month of July for 107 active patients. 83% of the patient population is from off-island. A total of 99 HBO treatments were provided and the 100% healing rate at 20 weeks is at 75%. Key activities during the month of July included: off-site revenue cycle management support from an Accelecare National Reimbursement Specialist, participation in Alta Bates/Summit Health Care and participation in a Meals on Wheels event with donations from the Center staff.

5. **Bay Area Bone & Joint Center**

There were 247 orthopedic visits at the Bay Area Bone and Joint Center (BABJC) in July, which represents an 8.5% decrease from the previous month's YTD high of 270 visits. The reason for the decline was that the Center was closed on the weekdays of July 4 and 5 and one of the orthopedists took a week's vacation. Seven surgeries were performed in July, which is seven below the pro forma expectations. Practice management consultant Debra Phairas performed a focused practice assessment at BABJC in late July and will be reviewing her findings with management in August.

Drs. DiStefano and Pirnia remain active in the community. Information about the Bay Area Bone and Joint Center (BABJC) was distributed at the Park Street Art & Wine Faire and at the Meals on Wheels Event. They conducted their sixth monthly community lecture on "Preventing Athletic Injuries." A personalized mailing from the doctors that included the tri-fold information piece about BABJC was mailed to 45 East Bay Affinity Medical Group Primary Care Physicians outside of Alameda. Print ads continue in local and off-island print media. The BABJC website remains linked to the Alameda Hospital internet site.

6. **Information Technology Update and Meaningful Use**

a. **Meaningful Use**

The Information Technology Department continues to focus efforts toward the attainment of Meaningful Use Stage I. We are currently exceeding the threshold on all measures and expect to attain Meaningful Use at the end of our attestation period the end of September. Copies can be made available to the Board if requested.

b. **Data Analyst**

Starting July 31, Acmeware began providing services in place of our vacant Data Analyst position. They will be providing a dashboard and CMS reporting for Meaningful Use as well as support for all types of SQL reports needed from our MEDITECH system

c. **Patient Care System – Nursing Documentation**

Nursing end users are currently being trained on the remaining electronic nursing documentation, go-live is scheduled for Monday, August 26.

d. **Blood Bank Ordering/Transfusion Documentation**

Blood products will be ordered electronically starting August 25. Nursing will begin electronic documentation for transfusions as part of the nursing documentation go-live at the same time.

e. **Addressograph Replacement**

We are in the process of converting from addressograph plates to labels for patient identification on documents. The labels will contain bar code patient identifiers for increased patient safety and document identification. Printers are currently being deployed to the appropriate areas. Once all of the printers are in place we will stop creating the addressograph plates.

7. Community Relations and Foundation Update

Alameda Hospital was a sponsoring site for the Girls Inc. of the Island City's Eureka! Program for young high school girls interested in science, technology, engineering and math. Alameda Hospital at Waters Edge hosted students from a Shanghai University who were visiting various organizations and learning about the differences in health care access in America.

The Alameda Hospital Foundation 2013 Annual Fall Gala, Kings of Hearts, recognizing cardiologists Denis Drew, M.D. and Stephen Raskin, M.D. will be held on October 12, 2013 at the Claremont Country Club.

8. Long Term Care Update

a. Sub Acute

The CMS Sprinkler installation project on 2 West is coming to an end and on schedule. The installation has gone very smoothly and has moved at a steady pace. We are planning on having our residents who were temporarily relocated to the 2 South unit return to the 2 West unit by August 9th.

b. Waters Edge

The Falling Star Program was implemented in June to assist with fall prevention and has had a very successful outcome, indicating a 58% decrease in falls from the prior month. Staff has been trained and oriented to the program with great reception. Continued monitoring of this program shall continue for consistency and effectiveness of the plan.

The dining room is currently going through a minor face lift to bring it to a more modern and current look. This will help in the overall appeal and dining experience for our residents.

9. July Preliminary Monthly Statistics

	July Preliminary	July Budget	% Δ compared to Budget	% Δ compared to June	June Actual
Average Daily Census	193.71	191.90	0.9%	-2.6%	198.83
Acute	24.90	29.20	-14.7%	-25.2%	33.30
Subacute	33.90	31.30	8.3%	4.1%	32.57
South Shore	23.81	23.40	1.7%	3.4%	23.03
Waters Edge	111.10	108.00	2.9%	1.1%	109.93
Patient Days	6,005	5,949	0.9%	0.7%	5,965
ER Visits	1,357	1,507	-10.0%	-5.0%	1,429
Wound Care Visits	446	350	27.4%	18.6%	376
OP Registrations (excl WC)	2,049	2,027	1.1%	8.0%	1,898
Total Surgeries	173	131	32.1%	-2.8%	178
Inpatient Surgeries	41	40	2.5%	-30.5%	59
Outpatient Surgeries	132	91	45.1%	10.9%	119
Case Mix Index	1.3255				1.4092

10. Quality Update

a. Patient Centered Experience Committee

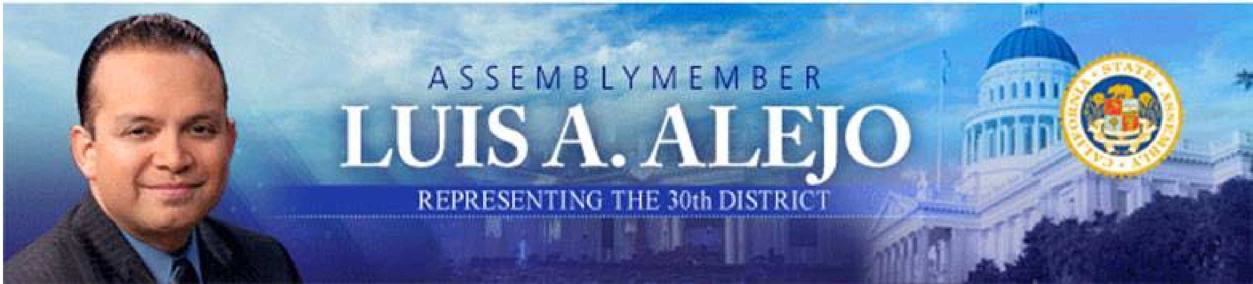
Replaces the former performance improvement workgroups focused on noise and cleanliness. This committee chartered by the Performance Improvement Committee (PIC) will focus on all of the patient satisfaction scores (HCAPS) and how Alameda Hospital can improve the patient's experience while in the hospital. Members of the committee attended a California Hospital Association training in June designed to focus on improving satisfaction scores by improving the patient's overall experience while in the hospital. This committee will meet monthly with members from all levels of staff involved in improving processes related to patient care including reducing noise levels.

b. Reducing Readmissions

Resource Management that includes case management, social work services, and denials management is working on reducing readmissions at Alameda Hospital by performing intensive assessments on admission to try to meet the patient's needs on discharge. Changes to the discharge planning process in collaboration with AIM Hospitalist physicians will be made to try to ensure that patients receive any needed follow up care to prevent returns to the hospital within 30 days for the same diagnosis or similar diagnoses.

c. HIPAA Education:

Due to changes in HIPAA regulations in 2013 and a recent assessment of the HIPAA training materials at AH revealed that updated information is needed for our staff. The Privacy Officer and Director of Health Information Management, Alisa Stinn, will be reviewing the training materials and updated training will be implemented for all AH staff in the next 30 – 60 days to ensure continued compliance with the HIPAA regulations.



For Immediate Release
August 1, 2013

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(916) 319-2030

Legislature Must Address "Unfinished Business" To Protect California's Most Vulnerable Patients

Democrat, Republican Legislators Say Stopping Harmful Medi-Cal Cuts Must Be Top Priority When Legislature Reconvenes After Summer Recess

(SACRAMENTO)—In a strong display of bipartisan agreement, Assemblymember Luis Alejo (D-Salinas) and Senator Jim Nielsen (R-Gerber) said today that restoring Medi-Cal funding for California's most vulnerable patients must be a priority when the Legislature returns this month.

"The message to our colleagues should be – we have 'unfinished business'," Alejo said. "The Assembly unanimously passed Assembly Bill 900 to reverse these cuts. When the Senate returns this month we are confident our colleagues will also vote for this legislation. Republicans and Democrats are united on this solution and we need to tell the Governor that without his support the elderly, frail and vulnerable patients at hospital-based skilled-nursing facilities throughout California will be left without access to the vital health care they need. This is inhumane and we must do better."

Alejo was referring to the crisis facing California's skilled nursing facilities. In the last five years, approximately 40 hospital-based skilled nursing facilities in California (about one-third) have closed due to financial pressures and many more find themselves at the brink of bankruptcy and closure. This is the result of draconian Medi-Cal cuts that were implemented to deal with the budget crisis two years ago.

Palomar Health Facility in San Diego County announced it will close its 96-bed distinct-part skilled nursing facility in Escondido, and that it will no longer accept new admissions or

transfers as of July 1, 2013. In Fresno County, Coalinga Regional Hospital has said it will close its facility without immediate relief. Although California's budget boasts a surplus this year, the Governor has not committed to reverse those cuts and protect our society's most vulnerable patients.

"In many cases, these hospital-based skilled-nursing facilities are the only point of access to health care, especially in the rural areas I represent," said Senator Nielsen, who represents many small hospitals in Northern California. "Unless we take action, these facilities are going to close. That means patients will remain in the acute-care hospital longer, adding greater costs to the health care system than the dollars 'saved' through the proposed cuts from two years ago. Nielsen added, "We must prioritize resources to care for the elderly and poor who cannot afford medical attention. This bad policy has already impacted a Southern California facility, we must restore Medi-Cal funding otherwise more will follow and patients will suffer."

Authored by Assemblymember Alejo with Senator Nielsen as a principle co-author, Assembly Bill 900 would reverse these devastating Medi-Cal cuts. AB 900 passed out of the Assembly 78-0 and will be heard in the Senate Appropriations Committee in August 12th.

According to a recent economic issue brief prepared by the California Hospital Association (CHA) California's fragile economic recovery could be dealt a severe setback if the Medi-Cal cuts to hospitals are not reversed, with the potential loss of up to 36,000 jobs statewide. These are direct-care, well-paid positions, plus related jobs in the goods and services industries. In addition, the CHA analysis found, the overall ripple effect stemming from these cuts could result in a $2 billion economic erosion to the state's economy.

Luis Alejo represents the 30th District in the California State Assembly, which consists of the Salinas Valley, Monterey County, San Benito County, South Santa Clara County and the city of Watsonville in Santa Cruz County.

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