

# PUBLIC NOTICE

## CITY OF ALAMEDA HEALTH CARE DISTRICT BOARD OF DIRECTORS

### REGULAR MEETING AGENDA

**Monday, December 1, 2014**

**6:30 PM (OPEN SESSION) | 7:00 P.M (CLOSED SESSION) | 7:30 P.M. (OPEN SESSION)**

**PLEASE NOTE CHANGE IN TIME FOR CLOSED SESSION**

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

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

**I. Call to Order (6:30 p.m. – Dal Cielo Conference Room)**

J. Michael McCormick

**II. Roll Call**

Kristen Thorson

**III. Swearing-In of District Board Members**

**A. Oath of Office**

- 1) Robert Deutsch, MD
- 2) Tracy Jensen
- 3) Jim Meyers

**IV. Adjourn into Executive Closed Session**

**V. Closed Session Agenda (7:00 p.m. – Dal Cielo Conference Room)**

**A. Call to Order**

**B. Approval of Minutes**

- October 6, 2014

**C. Consultation with Legal Counsel Regarding Pending and Threatened Litigation**

Gov't Code Sec. 54957.6

**D. Adjourn into Open Session**

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

**A. Announcements from Closed Session**

J. Michael McCormick

**VII. Regular Agenda**

**A. Consent Agenda**

**ACTION ITEMS**

- 1) Approval of October 6, 2014 Minutes (Regular) [to be distributed]

**B. Alameda Health System and Alameda Hospital Update**

- 1) Chief Administrative Officer Report INFORMATIONAL

Bonnie Panlasigui, CAO

- ✓ 2) Financial Report David A. Cox, CFO
- September – October 2014 Financials  
(Consolidated System & Alameda Hospital Only)
- INFORMATIONAL [enclosure] (pages 3-25)
- ✓ 3) Seismic Status and Overview Bonnie Panlasigui, CAO
- INFORMATIONAL [enclosure] (page 26)
- C. District Board President's Report J. Michael McCormick
- ✓ 1) Operational Updates
- Board Orientation/Refresher Course, District Office  
Update, Regulatory Items, FYE June 30, 2014 Audit  
Update, Community Advisory Committee Update, Annual  
Election of Officers INFORMATIONAL [enclosure] (pages 27-30)
- D. Alameda Health System Board of Trustees Report INFORMATIONAL Tracy Jensen

**VIII. General Public Comments**

**IX. Board Comments**

**X. Adjournment**



# MEMORANDUM

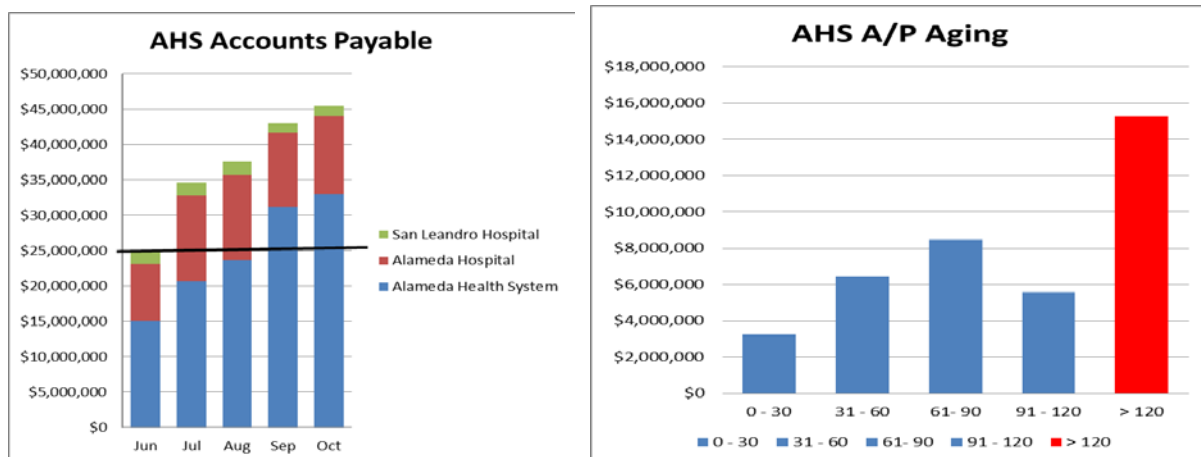
1411 East 31st Street  
Oakland, CA 94602

**TO:** AHS Finance Committee  
**FROM:** David Cox, Chief Financial Officer  
**DATE:** October 20, 2014  
**SUBJECT:** September Financial Report

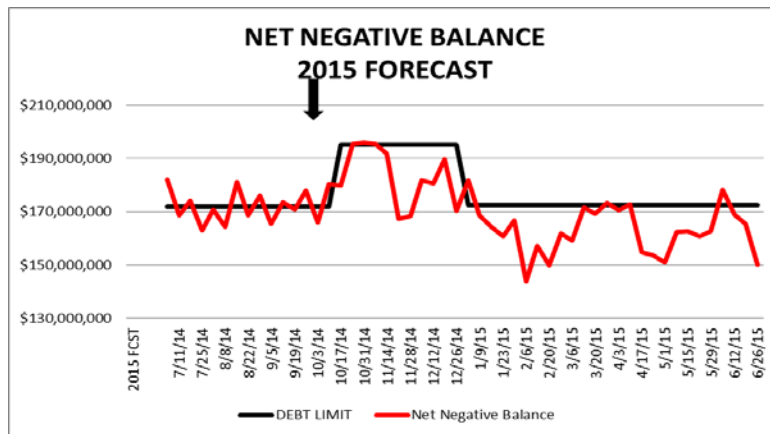
The September statements for AHS and affiliates are presented in lieu of a formal meeting this month. Special thanks to Ann Metzger and staff for getting these done in a 10-day close in the middle of our annual audit.

## Cash Management/County Relationship

A primary focus has been our liquidity situation, as shown by the growth in our accounts payable. We believe that we are very close to arranging an increased liquidity facility that will allow us to address short term liquidity while we work to address current performance.



The revised agreement that is under discussion with the County will provide an increase in our allowed Net Negative Balance through Dec. 31<sup>st</sup>, while we work on a permanent debt reduction plan. As part of the Agreement, AHS will be providing enhanced reporting to the County, including weekly reports on our Cash Forecast and Accounts Payable Detail, and monthly reports on our operating performance and plans to improve.



## System Financial Performance

While we are pleased to report an operating profit of \$1.1 million in September, that result is largely the effect of two one- time factors:

- The payment of the “rate range” estimate on the MCE population has been increased by about \$250,000 to \$300,000 per month due to the increase in the number of enrollees at the Alliance and Anthem. This, combined with a couple of other factors, resulted in a year to date gain of about \$2 million in September and an additional \$250,000 each month.
- Through the efforts of Tyler Bennett and his team at our Clinics, approximately 16,000 Open Encounters were closed and billed during the month, which resulted in \$2+ million of additional net revenue.

These two events are expected to increase our monthly net revenue by \$250,000 to \$500,000 going forward, which is a nice improvement. However, we are reporting a quarterly net loss of \$5.2 million, still substantially below budget. We think that this is occurring for the following reasons:

- Patient activity is up in some areas, but flat to down overall and substantially below our budget, which anticipated gains. Adjusted discharges are 5.2% below budget for the quarter.
- There were assumptions on revenue cycle improvements built into the budget that have yet to be realized and our net operating revenue per adjusted discharges is 1.6% below budget.
- Operating expenses, while 3.6% below our fixed budget, are 10% higher than they were last year at this time (CORE only) and our operating expenses per adjusted discharge are now at \$27,419, 1.7% over budget. FTE’s per Adjusted Occupied Bed (AOB) at the CORE (AHS only) were 6.67 for the quarter compared to the budget of 6.37 and prior year of 6.22.

Expenses have increased faster than revenue over the last several years and it is recommended that AHS implement a cost reduction program, even in advance of the BETTER II initiative.

### **Business Unit Operating Results**

Alameda Health System (CORE) – AHS reported a gain of \$2.4 million for the month and a loss of \$3.0 million for the quarter. The two events mentioned above – rate range and open encounters - occurred at AHS. Adjusted discharges are 1.6% favorable to budget but our net revenues per Adjusted Discharge are 7.1% below budget, although ahead of last year. Budgeted improvements in our revenue cycle have yet to occur. Operating expenses are 2.0% favorable to budget and, on an adjusted discharge basis, 3.5% favorable, although above last year. AHS continues to run negative in Registry and Outside Medical Services.

San Leandro Hospital – SLH reported a loss of \$941,000 for the month and \$2.2 million for the quarter. Adjusted Discharges continue to run well below budget – 10.2% for the month and 16.9% for the quarter – and, although management has adjusted by producing a favorable expense variance of 15.5%, SLH has a 14.4% negative operating margin for the quarter. The net revenue and cash collections are at expectations given the level of volume reported. Management continues to evaluate the RehabCare proposal and expects to bring it to the Committee in November.

Alameda Hospital – AH is at breakeven for the quarter on reduced patient activity – adjusted discharges are 22.6% below budget. AH is being helped by very favorable estimated net revenues, but we are very early in the process and are evaluating our A/R valuation methodology to ensure that we do not over accrue revenue. Actual cash collections have been very low and well below target, but this was due to the lack of an NPI (required to bill). That has now been obtained and we are expecting to catch up on collections over the next 6 to 8 weeks. Operating expenses were 8.1% below budget for the month, and 5.1% for the quarter.

**ALAMEDA HEALTH SYSTEM (consolidated)**

**Statement of Revenues and Expenses**

For the Period Ended September 30, 2014

(In Thousands)

|                                              | Month-To-Date   |                 |                |              | Year-To-Date      |                 |                   |                |
|----------------------------------------------|-----------------|-----------------|----------------|--------------|-------------------|-----------------|-------------------|----------------|
|                                              | Actual          | Budget          | Variance       | % Variance   | Actual            | Budget          | Variance          | % Variance     |
| Inpatient service revenue                    | \$ 117,302      | \$ 115,647      | \$ 1,655       | 1.4%         | \$ 339,588        | \$ 353,129      | \$ (13,541)       | -3.8%          |
| Outpatient service revenue                   | 61,439          | 55,932          | 5,507          | 9.8%         | 175,654           | 170,548         | 5,106             | 3.0%           |
| Professional service revenue                 | 22,152          | 21,508          | 644            | 3.0%         | 65,169            | 65,522          | (353)             | -0.5%          |
| <b>Gross patient service revenue</b>         | <b>200,893</b>  | <b>193,087</b>  | <b>7,806</b>   | <b>4.0%</b>  | <b>580,411</b>    | <b>589,199</b>  | <b>(8,788)</b>    | <b>-1.5%</b>   |
| Deductions from revenues                     | (159,731)       | (148,819)       | (10,912)       | 7.3%         | (458,860)         | (454,119)       | (4,741)           | 1.0%           |
| <b>Net patient service revenue</b>           | <b>41,162</b>   | <b>44,268</b>   | <b>(3,106)</b> | <b>-7.0%</b> | <b>121,551</b>    | <b>135,080</b>  | <b>(13,529)</b>   | <b>-10.0%</b>  |
| Medi-Cal Waiver                              | 7,000           | 7,667           | (667)          | -8.7%        | 21,000            | 23,000          | (2,000)           | -8.7%          |
| Health Program of Alameda County             | 2,837           | 2,837           | 0              | 0.0%         | 8,510             | 8,510           | 0                 | 0.0%           |
| Measure A, Parcel Tax, Other Support         | 8,416           | 9,005           | (589)          | -6.5%        | 26,249            | 27,014          | (765)             | -2.8%          |
| CA Hospital Fee                              | -               | -               | 0              | 0.0%         | -                 | -               | 0                 | 0.0%           |
| DSRIP Revenue                                | 2,133           | 2,133           | 0              | 0.0%         | 6,399             | 6,399           | 0                 | 0.0%           |
| Supplemental Programs                        | 7,005           | 4,834           | 2,171          | 44.9%        | 16,369            | 14,502          | 1,867             | 12.9%          |
| Grants & Research Protocol                   | 317             | 370             | (53)           | -14.3%       | 888               | 1,111           | (223)             | -20.1%         |
| Other Operating Revenue                      | 461             | 756             | (295)          | -39.0%       | 2,333             | 2,267           | 66                | 2.9%           |
| Incentives                                   | 2               | 289             | (287)          | -99.3%       | 579               | 866             | (287)             | -33.1%         |
| <b>Net operating revenue</b>                 | <b>69,333</b>   | <b>72,159</b>   | <b>(2,826)</b> | <b>-3.9%</b> | <b>203,878</b>    | <b>218,749</b>  | <b>(14,871)</b>   | <b>-6.8%</b>   |
| Salaries and wages                           | 31,802          | 33,344          | 1,542          | 4.6%         | 95,008            | 101,637         | 6,629             | 6.5%           |
| Employee benefits                            | 12,282          | 13,175          | 893            | 6.8%         | 40,664            | 40,457          | (207)             | -0.5%          |
| Registry                                     | 1,531           | 995             | (536)          | -53.9%       | 5,145             | 3,051           | (2,094)           | -68.6%         |
| Contracted physician services                | 6,172           | 7,388           | 1,216          | 16.5%        | 18,860            | 22,163          | 3,303             | 14.9%          |
| Purchased services                           | 5,422           | 5,864           | 442            | 7.5%         | 15,844            | 17,617          | 1,773             | 10.1%          |
| Pharmaceuticals                              | 2,238           | 1,622           | (616)          | -38.0%       | 6,310             | 5,714           | (596)             | -10.4%         |
| Medical Supplies                             | 2,155           | 2,272           | 117            | 5.1%         | 7,222             | 6,897           | (325)             | -4.7%          |
| Materials and supplies                       | 1,335           | 1,636           | 301            | 18.4%        | 4,216             | 4,988           | 772               | 15.5%          |
| Outside medical services                     | 740             | 160             | (580)          | -362.5%      | 2,415             | 479             | (1,936)           | -404.2%        |
| General & administrative expenses            | 1,317           | 1,317           | 0              | 0.0%         | 3,677             | 3,953           | 276               | 7.0%           |
| Repairs/maintenance/utilities                | 1,370           | 1,561           | 191            | 12.2%        | 4,091             | 4,695           | 604               | 12.9%          |
| Building/equipment leases & rentals          | 790             | 733             | (57)           | -7.8%        | 2,164             | 2,201           | 37                | 1.7%           |
| Depreciation                                 | 1,096           | 1,028           | (68)           | -6.6%        | 3,484             | 3,083           | (401)             | -13.0%         |
| <b>Total operating expense</b>               | <b>68,250</b>   | <b>71,095</b>   | <b>2,845</b>   | <b>4.0%</b>  | <b>209,100</b>    | <b>216,935</b>  | <b>7,835</b>      | <b>3.6%</b>    |
| <b>Operating Income</b>                      | <b>1,083</b>    | <b>1,064</b>    | <b>\$19</b>    | <b>1.8%</b>  | <b>(5,222)</b>    | <b>1,814</b>    | <b>(\$7,036)</b>  | <b>-387.9%</b> |
| Interest income                              | 32              | 14              | 18             | 128.6%       | 56                | 42              | 14                | 33.3%          |
| Interest expense                             | (52)            | (76)            | 24             | -31.6%       | (155)             | (228)           | 73                | -32.0%         |
| Other Non-operating income(expense)          | 28              | 29              | (1)            | -3.4%        | 83                | 86              | (3)               | -3.5%          |
| <b>Income</b>                                | <b>\$ 1,091</b> | <b>\$ 1,031</b> | <b>\$ 60</b>   | <b>5.8%</b>  | <b>\$ (5,238)</b> | <b>\$ 1,714</b> | <b>\$ (6,952)</b> | <b>-405.6%</b> |
| Operating Margin                             | 1.6%            | 1.5%            |                |              | -2.6%             | 0.8%            |                   |                |
| Collection %                                 | 20.5%           | 22.9%           |                |              | 20.9%             | 22.9%           |                   |                |
| Acute & SNF discharges                       | 1,680           | 1,773           | (93)           | -5.2%        | 5,026             | 5,427           | (401)             | -7.4%          |
| Acute & SNF patient days                     | 16,329          | 17,186          | (857)          | -5.0%        | 49,084            | 52,697          | (3,613)           | -6.9%          |
| ALOS                                         | 9.72            | 9.69            | 0.03           | 0.3%         | 9.77              | 9.71            | 0.06              | 0.6%           |
| ADC                                          | 544             | 573             | (29)           | -5.1%        | 534               | 573             | (39)              | -6.8%          |
| Adjusted patient days                        | 24,882          | 25,498          | (616)          | -2.4%        | 74,473            | 78,148          | (3,675)           | -4.7%          |
| Adjusted discharges                          | 2,560           | 2,631           | (71)           | -2.7%        | 7,626             | 8,048           | (422)             | -5.2%          |
| Net operating revenue per adj discharge      | \$ 27,083       | \$ 27,426       | \$ (343)       | -1.3%        | \$ 26,735         | \$ 27,181       | \$ (446)          | -1.6%          |
| Expense per adj discharge                    | \$ 26,660       | \$ 27,022       | \$ 362         | 1.3%         | \$ 27,419         | \$ 26,955       | \$ (464)          | -1.7%          |
| Oper income per adj discharge                | \$ 423          | \$ 404          | \$ 19          | 4.7%         | \$ (685)          | \$ 225          | \$ (910)          | -404.4%        |
| Paid Full time equivalents                   | 3,961           | 4,023           | 62             | 1.5%         | 3,925             | 4,043           | 118               | 2.9%           |
| Paid FTE's per adjusted occupied bed         | 4.78            | 4.73            | (0.05)         | -1.1%        | 4.85              | 4.76            | (0.09)            | -1.9%          |
| Salaries, benefits & registry % of net reven | 66%             | 66%             | 0%             |              | 69%               | 66%             | -3%               |                |

**ALAMEDA HEALTH SYSTEM**  
**Statement of Revenues and Expenses**  
For the Period Ended September 30, 2014  
(In Thousands)

|                                               | Month-To-Date   |                 |                |              | Year-To-Date      |                 |                   |                | FY 2014         |
|-----------------------------------------------|-----------------|-----------------|----------------|--------------|-------------------|-----------------|-------------------|----------------|-----------------|
|                                               | Actual          | Budget          | Variance       | % Variance   | Actual            | Budget          | Variance          | % Variance     | YTD             |
| Inpatient service revenue                     | \$ 86,132       | \$ 84,040       | \$ 2,092       | 2.5%         | \$ 251,351        | \$ 256,822      | \$ (5,471)        | -2.1%          | \$ 211,342      |
| Outpatient service revenue                    | 42,378          | 38,500          | 3,878          | 10.1%        | 120,092           | 117,932         | 2,160             | 1.8%           | 103,655         |
| Professional service revenue                  | 22,152          | 21,508          | 644            | 3.0%         | 65,169            | 65,522          | (353)             | -0.5%          | 35,782          |
| <b>Gross patient service revenue</b>          | <b>150,662</b>  | <b>144,048</b>  | <b>6,614</b>   | <b>4.6%</b>  | <b>436,612</b>    | <b>440,276</b>  | <b>(3,664)</b>    | <b>-0.8%</b>   | <b>350,779</b>  |
| Deductions from revenues                      | (120,345)       | (111,533)       | (8,812)        | 7.9%         | (348,842)         | (340,898)       | (7,944)           | 2.3%           | (286,569)       |
| <b>Net patient service revenue</b>            | <b>30,317</b>   | <b>32,515</b>   | <b>(2,198)</b> | <b>-6.8%</b> | <b>87,770</b>     | <b>99,378</b>   | <b>(11,608)</b>   | <b>-11.7%</b>  | <b>64,210</b>   |
| Medi-Cal Waiver                               | 7,000           | 7,667           | (667)          | -8.7%        | 21,000            | 23,000          | (2,000)           | -8.7%          | 22,500          |
| Health Program of Alameda County              | 2,837           | 2,837           | 0              | 0.0%         | 8,510             | 8,510           | 0                 | 0.0%           | 25,616          |
| Measure A, Parcel Tax, Other Support          | 7,939           | 7,939           | 0              | 0.0%         | 23,818            | 23,818          | 0                 | 0.0%           | 22,417          |
| DSRIP Revenue                                 | 2,133           | 2,133           | 0              | 0.0%         | 6,399             | 6,399           | 0                 | 0.0%           | 6,725           |
| Supplemental Programs                         | 7,005           | 4,128           | 2,877          | 69.7%        | 16,369            | 12,384          | 3,985             | 32.2%          | 11,384          |
| Grants & Research Protocol                    | 317             | 370             | (53)           | -14.3%       | 888               | 1,111           | (223)             | -20.1%         | 1,111           |
| Other Operating Revenue                       | 445             | 711             | (266)          | -37.4%       | 2,272             | 2,134           | 138               | 6.5%           | 1,860           |
| Incentives                                    | (85)            | 202             | (287)          | -142.1%      | 319               | 606             | (287)             | -47.4%         | 1,086           |
| <b>Net operating revenue</b>                  | <b>57,908</b>   | <b>58,502</b>   | <b>(594)</b>   | <b>-1.0%</b> | <b>167,345</b>    | <b>177,340</b>  | <b>(9,995)</b>    | <b>-5.6%</b>   | <b>156,909</b>  |
| Salaries and wages                            | 25,475          | 26,266          | 791            | 3.0%         | 76,735            | 80,003          | 3,268             | 4.1%           | 70,401          |
| Employee benefits                             | 10,461          | 10,758          | 297            | 2.8%         | 33,943            | 33,131          | (812)             | -2.5%          | 31,632          |
| Registry                                      | 1,308           | 707             | (601)          | -85.0%       | 4,498             | 2,168           | (2,330)           | -107.5%        | 3,252           |
| Contracted physician services                 | 5,333           | 6,569           | 1,236          | 18.8%        | 15,729            | 19,706          | 3,977             | 20.2%          | 13,458          |
| Purchased services                            | 4,255           | 4,593           | 338            | 7.4%         | 12,851            | 13,798          | 947               | 6.9%           | 11,647          |
| Pharmaceuticals                               | 1,928           | 1,228           | (700)          | -57.0%       | 5,197             | 4,523           | (674)             | -14.9%         | 4,744           |
| Medical Supplies                              | 1,482           | 1,594           | 112            | 7.0%         | 4,875             | 4,827           | (48)              | -1.0%          | 4,871           |
| Materials and supplies                        | 976             | 1,234           | 258            | 20.9%        | 3,458             | 3,766           | 308               | 8.2%           | 3,276           |
| Outside medical services                      | 740             | 160             | (580)          | -362.5%      | 2,415             | 479             | (1,936)           | -404.2%        | 2,535           |
| General & administrative expenses             | 1,033           | 1,091           | 58             | 5.3%         | 3,088             | 3,274           | 186               | 5.7%           | 2,748           |
| Repairs/maintenance/utilities                 | 1,161           | 1,267           | 106            | 8.4%         | 3,249             | 3,813           | 564               | 14.8%          | 2,520           |
| Building/equipment leases & rentals           | 511             | 471             | (40)           | -8.5%        | 1,437             | 1,415           | (22)              | -1.6%          | 1,378           |
| Depreciation                                  | 846             | 920             | 74             | 8.0%         | 2,731             | 2,759           | 28                | 1.0%           | 2,329           |
| <b>Total operating expense</b>                | <b>55,509</b>   | <b>56,858</b>   | <b>1,349</b>   | <b>2.4%</b>  | <b>170,206</b>    | <b>173,662</b>  | <b>3,456</b>      | <b>2.0%</b>    | <b>154,791</b>  |
| <b>Operating Income</b>                       | <b>2,399</b>    | <b>1,644</b>    | <b>\$755</b>   | <b>45.9%</b> | <b>(2,861)</b>    | <b>3,678</b>    | <b>(\$6,539)</b>  | <b>-177.8%</b> | <b>2,118</b>    |
| Interest income                               | 32              | 13              | 19             | 146.2%       | 56                | 38              | 18                | 47.4%          | 34              |
| Interest expense                              | (52)            | (76)            | (24)           | 31.6%        | (155)             | (228)           | (73)              | 32.0%          | (101)           |
| Other Non-operating income(expense)           | -               | 1               | 1              | 100.0%       | -                 | 2               | 2                 | 100.0%         | -               |
| <b>Income</b>                                 | <b>\$ 2,379</b> | <b>\$ 1,582</b> | <b>\$ 797</b>  | <b>50.4%</b> | <b>\$ (2,960)</b> | <b>\$ 3,490</b> | <b>\$ (6,450)</b> | <b>-184.8%</b> | <b>\$ 2,051</b> |
| Operating Margin                              | 4.1%            | 2.8%            |                |              | -1.7%             | 2.1%            |                   |                | 1.3%            |
| Collection %                                  | 20.1%           | 22.6%           |                |              | 20.1%             | 22.6%           |                   |                | 18.3%           |
| Acute & SNF discharges                        | 1,237           | 1,224           | 13             | 1.1%         | 3,757             | 3,746           | 11                | 0.3%           | 3,545           |
| Acute & SNF patient days                      | 9,444           | 9,937           | (493)          | -5.0%        | 28,709            | 30,468          | (1,759)           | -5.8%          | 28,557          |
| ALOS                                          | 7.63            | 8.12            | (0.49)         | -6.0%        | 7.64              | 8.13            | (0.49)            | -6.0%          | 8.06            |
| ADC                                           | 315             | 331             | (16)           | -4.8%        | 312               | 331             | (19)              | -5.7%          | 310             |
| Adjusted patient days                         | 14,091          | 14,489          | (398)          | -2.7%        | 42,426            | 44,459          | (2,033)           | -4.6%          | 42,563          |
| Adjusted discharges                           | 1,846           | 1,785           | 61             | 3.4%         | 5,552             | 5,466           | 86                | 1.6%           | 5,284           |
| Net operating revenue per adj discharge       | \$ 31,369       | \$ 32,774       | \$ (1,405)     | -4.3%        | \$ 30,141         | \$ 32,444       | \$ (2,303)        | -7.1%          | \$ 29,695       |
| Expenses per adj discharge                    | \$ 30,070       | \$ 31,853       | \$ 1,783       | 5.6%         | \$ 30,657         | \$ 31,771       | \$ 1,114          | 3.5%           | \$ 29,294       |
| Oper income per adj discharge                 | \$ 1,300        | \$ 921          | \$ 379         | 41.2%        | \$ (515)          | \$ 673          | \$ (1,188)        | -176.5%        | \$ 401          |
| Paid Full time equivalents                    | 3,101           | 3,060           | (41)           | -1.3%        | 3,076             | 3,078           | 2                 | 0.1%           | 2,878           |
| Paid FTE's per adjusted occupied bed          | 6.60            | 6.34            | (0.26)         | -4.1%        | 6.67              | 6.37            | (0.30)            | -4.7%          | 6.22            |
| Salaries, benefits & registry % of net revenu | 64%             | 64%             | 0%             |              | 69%               | 65%             | -4%               |                | 67%             |

**ALAMEDA HOSPITAL**  
**Statement of Revenues and Expenses**  
For the Period Ended September 30, 2014  
(In Thousands)

|                                                | Month-To-Date   |               |                 |                | Year-To-Date   |               |                 |                |
|------------------------------------------------|-----------------|---------------|-----------------|----------------|----------------|---------------|-----------------|----------------|
|                                                | Actual          | Budget        | Variance        | % Variance     | Actual         | Budget        | Variance        | % Variance     |
| Inpatient service revenue                      | \$ 17,475       | \$ 17,800     | \$ (325)        | -1.8%          | \$ 51,492      | \$ 54,461     | \$ (2,969)      | -5.5%          |
| Outpatient service revenue                     | 9,098           | 8,835         | 263             | 3.0%           | 26,021         | 27,244        | (1,223)         | -4.5%          |
| Professional service revenue                   | -               | -             | 0               | 0.0%           | -              | -             | 0               | 0.0%           |
| <b>Gross patient service revenue</b>           | <b>26,573</b>   | <b>26,635</b> | <b>(62)</b>     | <b>-0.2%</b>   | <b>77,513</b>  | <b>81,705</b> | <b>(4,192)</b>  | <b>-5.1%</b>   |
| Deductions from revenues                       | (20,800)        | (20,132)      | (668)           | 3.3%           | (58,266)       | (61,755)      | 3,489           | -5.6%          |
| <b>Net patient service revenue</b>             | <b>5,773</b>    | <b>6,503</b>  | <b>(730)</b>    | <b>-11.2%</b>  | <b>19,247</b>  | <b>19,950</b> | <b>(703)</b>    | <b>-3.5%</b>   |
| Measure A, Parcel Tax, Other Support           | 477             | 482           | (5)             | -1.0%          | 1,431          | 1,446         | (15)            | -1.0%          |
| Supplemental Programs                          | -               | 373           | (373)           | -100.0%        | -              | 1,118         | (1,118)         | -100.0%        |
| Other Operating Revenue                        | 6               | 37            | (31)            | -83.8%         | 27             | 112           | (85)            | -75.9%         |
| Incentives                                     | 87              | 87            | 0               | 0.0%           | 260            | 260           | 0               | 0.0%           |
| <b>Net operating revenue</b>                   | <b>6,343</b>    | <b>7,482</b>  | <b>(1,139)</b>  | <b>-15.2%</b>  | <b>20,965</b>  | <b>22,886</b> | <b>(1,921)</b>  | <b>-8.4%</b>   |
| Salaries and wages                             | 3,279           | 3,696         | 417             | 11.3%          | 9,762          | 11,327        | 1,565           | 13.8%          |
| Employee benefits                              | 996             | 1,132         | 136             | 12.0%          | 4,013          | 3,398         | (615)           | -18.1%         |
| Registry                                       | 150             | 157           | 7               | 4.5%           | 335            | 481           | 146             | 30.4%          |
| Contracted physician services                  | 338             | 249           | (89)            | -35.7%         | 1,546          | 746           | (800)           | -107.2%        |
| Purchased services                             | 636             | 609           | (27)            | -4.4%          | 1,447          | 1,827         | 380             | 20.8%          |
| Pharmaceuticals                                | 164             | 242           | 78              | 32.2%          | 604            | 728           | 124             | 17.0%          |
| Medical Supplies                               | 335             | 315           | (20)            | -6.3%          | 1,249          | 964           | (285)           | -29.6%         |
| Materials and supplies                         | 100             | 256           | 156             | 60.9%          | 252            | 773           | 521             | 67.4%          |
| Outside medical services                       | -               | -             | 0               | 0.0%           | -              | -             | 0               | 0.0%           |
| General & administrative expenses              | 238             | 181           | (57)            | -31.5%         | 524            | 544           | 20              | 3.7%           |
| Repairs/maintenance/utilities                  | 126             | 147           | 21              | 14.3%          | 399            | 440           | 41              | 9.3%           |
| Building/equipment leases & rentals            | 266             | 232           | (34)            | -14.7%         | 684            | 696           | 12              | 1.7%           |
| Depreciation                                   | 91              | 96            | 5               | 5.2%           | 273            | 287           | 14              | 4.9%           |
| <b>Total operating expense</b>                 | <b>6,719</b>    | <b>7,312</b>  | <b>593</b>      | <b>8.1%</b>    | <b>21,088</b>  | <b>22,211</b> | <b>1,123</b>    | <b>5.1%</b>    |
| <b>Operating Income</b>                        | <b>(376)</b>    | <b>170</b>    | <b>(\$546)</b>  | <b>-321.2%</b> | <b>(123)</b>   | <b>675</b>    | <b>(\$798)</b>  | <b>-118.2%</b> |
| Interest income                                | -               | 1             | (1)             | -100.0%        | -              | 4             | (4)             | -100.0%        |
| Interest expense                               | -               | -             | 0               | 0.0%           | -              | -             | 0               | 0.0%           |
| Other Non-operating income(expense)            | 28              | 28            | 0               | 0.0%           | 83             | 84            | 1               | 1.2%           |
| <b>Income</b>                                  | <b>\$ (348)</b> | <b>\$ 199</b> | <b>\$ (547)</b> | <b>-274.9%</b> | <b>\$ (40)</b> | <b>\$ 763</b> | <b>\$ (803)</b> | <b>-105.2%</b> |
| Operating Margin                               | -5.9%           | 2.3%          |                 |                | -0.6%          | 2.9%          |                 |                |
| Collection %                                   | 21.7%           | 24.4%         |                 |                | 24.8%          | 24.4%         |                 |                |
| Acute & SNF discharges                         | 203             | 264           | (61)            | -23.1%         | 623            | 808           | (185)           | -22.9%         |
| Acute & SNF patient days                       | 5,880           | 6,019         | (139)           | -2.3%          | 17,839         | 18,457        | (618)           | -3.3%          |
| ALOS                                           | 28.97           | 22.80         | 6.17            | 27.1%          | 28.63          | 22.84         | 5.79            | 25.4%          |
| ADC                                            | 196             | 201           | (5)             | -2.5%          | 194            | 201           | (7)             | -3.5%          |
| Adjusted patient days                          | 8,941           | 9,007         | (66)            | -0.7%          | 26,854         | 27,690        | (836)           | -3.0%          |
| Adjusted discharges                            | 309             | 395           | (86)            | -21.8%         | 938            | 1,212         | (274)           | -22.6%         |
| Net operating revenue per adj discharge        | \$ 20,528       | \$ 18,942     | \$ 1,586        | 8.4%           | \$ 22,351      | \$ 18,883     | \$ 3,468        | 18.4%          |
| Expense per adj discharge                      | \$ 21,744       | \$ 18,511     | \$ (3,233)      | -17.5%         | \$ 22,482      | \$ 18,326     | \$ (4,156)      | -22.7%         |
| Oper income per adj discharge                  | \$ (1,217)      | \$ 430        | \$ (1,647)      | -383.0%        | \$ (131)       | \$ 557        | \$ (688)        | -123.5%        |
| Paid Full time equivalents                     | 526             | 570           | 44              | 7.7%           | 527            | 570           | 43              | 7.5%           |
| Paid FTE's per adjusted occupied bed           | 1.76            | 1.90          | 0.14            | 7.4%           | 1.81           | 1.89          | 0.08            | 4.2%           |
| Salaries, benefits & registry % of net revenue | 70%             | 67%           | -3%             |                | 67%            | 66%           | -1%             |                |



**ALAMEDA HEALTH SYSTEM**  
**ALAMEDA CAMPUS - Patient Volumes**  
**For the month ending September 30, 2014**  
Fiscal 2015

|                                                  | ACTUAL     | BUDGET     | VARIANCE    | %           | YTD        | BUDGET     | Variance     | % Var       |
|--------------------------------------------------|------------|------------|-------------|-------------|------------|------------|--------------|-------------|
| <b>INPATIENT VOLUMES</b>                         |            |            |             |             |            |            |              |             |
| Acute Admissions                                 | 205        | 212        | (7)         | -3%         | 395        | 371        | 24           | 6%          |
| Acute Patient Days                               | 794        | 1,013      | (219)       | -22%        | 2,351      | 3,107      | (756)        | -24%        |
| Average daily census                             | 26.5       | 33.8       | 7.3         | 22%         | 25.6       | 33.8       | 8.2          | 24%         |
| Acute Length of Stay                             | 3.9        | 4.8        | 0.9         | 19%         | 6.0        | 8.4        | 2.4          | 29%         |
| Long Term Care Admissions                        | 22         | 23         | (1)         | -4%         | 49         | 46         | 3            | 7%          |
| Long Term Care Patient Days                      | 5,086      | 5,006      | 80          | 2%          | 15,495     | 15,350     | 145          | 1%          |
| Average daily census                             | 169.5      | 166.9      | (2.6)       | -2%         | 168.4      | 166.8      | (1.6)        | -1%         |
| Long Term Length of Stay                         | 24.8       | 23.6       | (1.2)       | -5%         | 39.2       | 41.4       | 2.2          | 5%          |
| <b>EMERGENCY &amp; URGENT CARE</b>               |            |            |             |             |            |            |              |             |
| ED-HGH Pts Seen                                  | 1,513      | 1,395      | 118         | 8%          | 4,443      | 4,277      | 166          | 4%          |
| <b>SURGERIES</b>                                 |            |            |             |             |            |            |              |             |
| Inpatient                                        | 59         | 75         | (16)        | -21%        | 157        | 213        | (56)         | -26%        |
| Outpatient                                       | 137        | 180        | (43)        | -24%        | 399        | 609        | (210)        | -34%        |
| Total Surgeries                                  | <b>196</b> | <b>255</b> | <b>(59)</b> | <b>-23%</b> | <b>556</b> | <b>822</b> | <b>(266)</b> | <b>-32%</b> |
| <b>ANCILLARIES</b>                               |            |            |             |             |            |            |              |             |
| Cardiology and Interventional Rad                | 660        | 660        | -           | 0%          | 1,903      | 1,903      | -            | 0%          |
| Clinical Lab & Blood Bank                        | 12,391     | 12,391     | -           | 0%          | 37,188     | 37,188     | -            | 0%          |
| Imaging Services                                 | 2,055      | 2,134      | (79)        | -4%         | 6,249      | 6,548      | (299)        | -5%         |
| Pharmacy                                         | 7,129      | 4,774      | 2,355       | 49%         | 21,838     | 14,640     | 7,198        | 49%         |
| Other Ancillaries                                | 274        | 162        | 112         | 69%         | 714        | 496        | 218          | 44%         |
| <b>THERAPIES</b>                                 |            |            |             |             |            |            |              |             |
| Occupational                                     | 734        | 771        | (37)        | -5%         | 2,156      | 2,367      | (211)        | -9%         |
| Physical Therapy                                 | 2,263      | 2,158      | 105         | 5%          | 7,033      | 6,618      | 415          | 6%          |
| <b>AMBULATORY CLINIC</b>                         |            |            |             |             |            |            |              |             |
| Cardio clinic                                    | coming     | coming     |             |             | coming     | coming     |              |             |
| Ortho Clinic                                     | 592        | 452        | 140         | 31%         | 1,821      | 1,378      | 443          | 32%         |
| Specialty Care                                   | coming     | coming     |             |             | coming     | coming     |              |             |
| <b>OTHER STATISTICS</b>                          |            |            |             |             |            |            |              |             |
| Outpatient Factor                                | 1.525      | 1.503      | 0.022       |             | 1.510      | 1.503      | 0.007        |             |
| <b>ACUTE PATIENT DAYS</b>                        |            |            |             |             |            |            |              |             |
| AHD CORONARY CARE UNIT (CCU)                     | 119        | 148        | (29)        | -20%        | 351        | 454        | (103)        | -23%        |
| AHD DEFINITIVE OBSERVATION                       | 332        | 366        | (34)        | -9%         | 1,046      | 1,122      | (76)         | -7%         |
| AHD 3RD WEST MED SURG                            | 343        | 499        | (156)       | -31%        | 954        | 1,531      | (577)        | -38%        |
| Total Acute Patient Days                         | 794        | 1,013      | (219)       | -22%        | 2,351      | 3,107      | (756)        | -24%        |
| AHD Observation Days                             | 41         | 75         | (34)        | -45%        | 128        | 211        | (83)         | -39%        |
| <b>SKILLED NURSING AND SUBACUTE PATIENT DAYS</b> |            |            |             |             |            |            |              |             |
| AHD SUB ACUTE 2ND FLOOR                          | 986        | 968        | 18          | 2%          | 2,962      | 2,968      | (6)          | 0%          |
| AHD SOUTH SHORE SNF                              | 734        | 718        | 16          | 2%          | 2,187      | 2,202      | (15)         | -1%         |
| AHD WATERS EDGE SNF                              | 3,366      | 3,320      | 46          | 1%          | 10,346     | 10,180     | 166          | 2%          |
| Total Long Term Care Patient Days                | 5,086      | 5,006      | 80          | 2%          | 15,495     | 15,350     | 145          | 1%          |

**ALAMEDA HEALTH SYSTEM**  
**ALAMEDA CAMPUS - Patient Volumes**  
**For the month ending September 30, 2014**  
Fiscal 2015

|                                          | ACTUAL      | BUDGET      | VARIANCE | %        | YTD         | BUDGET      | Variance | % Var    |
|------------------------------------------|-------------|-------------|----------|----------|-------------|-------------|----------|----------|
| <b>ANCILLARIES</b>                       |             |             |          |          |             |             |          |          |
| <b>Cardiology and Interventional Rad</b> |             |             |          |          |             |             |          |          |
| 3300-IP EKG Tests                        | 290         | 290         | -        | 0%       | 903         | 903         | -        | 0%       |
| 3304-OP EKG Tests                        | 370         | 370         | -        | 0%       | 1,000       | 1,000       | -        | 0%       |
| Total Cardiology Volume                  | 660         | 660         | -        | 0%       | 1,903       | 1,903       | -        | 0%       |
| <b>Clinical Lab &amp; Blood Bank</b>     |             |             |          |          |             |             |          |          |
| 3200-IP Laboratory Tests                 | 6,193       | 6,193       | -        | 0%       | 18,943      | 18,943      | -        | 0%       |
| 3204-OP Laboratory Tests                 | 6,198       | 6,198       | -        | 0%       | 18,245      | 18,245      | -        | 0%       |
| Total Lab & Blood Bank volume            | 12,391      | 12,391      | -        | 0%       | 37,188      | 37,188      | -        | 0%       |
| <b>Imaging Services</b>                  |             |             |          |          |             |             |          |          |
| 3500-IP X-Rays                           | 227         | 232         | (5)      | -2%      | 764         | 712         | 52       | 7%       |
| 3504-OP X-Rays                           | 1,267       | 1,339       | (72)     | -5%      | 3,796       | 4,107       | (311)    | -8%      |
| 3600-IP MRIs                             | 18          | 17          | 1        | 6%       | 53          | 53          | -        | 0%       |
| 3604-OP MRIs                             | 91          | 75          | 16       | 21%      | 229         | 229         | -        | 0%       |
| 3700-IP Sonograms                        | 30          | 18          | 12       | 67%      | 75          | 56          | 19       | 34%      |
| 3704-OP Sonograms                        | 137         | 159         | (22)     | -14%     | 493         | 487         | 6        | 1%       |
| 3800-IP CAT Scans                        | 39          | 42          | (3)      | -7%      | 118         | 130         | (12)     | -9%      |
| 3804-OP CAT Scans                        | 246         | 252         | (6)      | -2%      | 721         | 774         | (53)     | -7%      |
| Total Imaging volume                     | 2,055       | 2,134       | (79)     | -4%      | 6,249       | 6,548       | (299)    | -5%      |
| <b>THERAPIES &amp; OTHER</b>             |             |             |          |          |             |             |          |          |
| <b>Occupational Therapy</b>              |             |             |          |          |             |             |          |          |
| 5500-IP OT Treatments                    | 182         | 510         | (328)    | -64%     | 500         | 1,566       | (1,066)  | -68%     |
| 5504-OP OT Treatments                    | 552         | 261         | 291      | 111%     | 1,656       | 801         | 855      | 107%     |
| Total Occupational Therapy volume        | 734         | 771         | (37)     | -5%      | 2,156       | 2,367       | (211)    | -9%      |
| <b>Physical Therapy</b>                  |             |             |          |          |             |             |          |          |
| 5400-IP PT Treatments                    | 598         | 700         | (102)    | -15%     | 1,626       | 2,146       | (520)    | -24%     |
| 5404-OP PT Treatments                    | 1,665       | 1,458       | 207      | 14%      | 5,407       | 4,472       | 935      | 21%      |
| Total Physical Therapy volume            | 2,263       | 2,158       | 105      | 5%       | 7,033       | 6,618       | 415      | 6%       |
| <b>Speech Therapy</b>                    |             |             |          |          |             |             |          |          |
| 6600-IP Treatments                       | 149         | 148         | 1        | 1%       | 359         | 454         | (95)     | -21%     |
| 6604-OP Treatments                       | 125         | 14          | 111      | 793%     | 355         | 42          | 313      | 745%     |
| Total Speech Therapy volume              | 274         | 162         | 112      | 69%      | 714         | 496         | 218      | 44%      |
| <b>SURGICAL CASES BY TYPE</b>            |             |             |          |          |             |             |          |          |
|                                          | Fiscal 2015 | Fiscal 2014 | Delta    | % change | Fiscal 2015 | Fiscal 2014 | Delta    | % change |
| Gastroenterology                         | 26          | 23          | 3        | 13%      | 83          | 69          | 14       | 20%      |
| General                                  | 63          | 72          | (9)      | -13%     | 191         | 238         | (47)     | -20%     |
| GYN                                      | 11          | -           | 11       | 0%       | 30          | -           | 30       | 0%       |
| Minor Procedure                          | 14          | 16          | (2)      | -13%     | 25          | 46          | (21)     | -46%     |
| Ophthalmology                            | 47          | 44          | 3        | 7%       | 124         | 146         | (22)     | -15%     |
| Orthopedics                              | 7           | -           | 7        | 0%       | 23          | -           | 23       | 0%       |
| Pain                                     | 27          | -           | 27       | 0%       | 79          | -           | 79       | 0%       |
| Urology                                  | 1           | -           | 1        | 0%       | 1           | -           | 1        | 0%       |
| Total surgical cases                     | 196         | 155         | 41       | 26%      | 556         | 499         | 57       | 11%      |

# ALAMEDA HEALTH SYSTEM (consolidated)

## Balance Sheet

For the Period Ended September 30, 2014

(In Thousands)

|                                             | Current Month    | Prior Month      | FY 2014          |      |
|---------------------------------------------|------------------|------------------|------------------|------|
| <b>ASSETS</b>                               |                  |                  |                  |      |
| Current assets:                             |                  |                  |                  |      |
| Cash & Cash Equivalents                     | \$3,148          | \$5,040          | \$22,885         |      |
| Cash Held in Trust                          | 28               | 30               | 43               |      |
| Net Patient Receivables                     | 145,405          | 149,122          | 141,601          |      |
| Due from County of Alameda & Others         | 65,160           | 73,786           | 64,108           |      |
| Inventories                                 | 6,527            | 5,632            | 5,649            |      |
| Prepaid expenses                            | 2,398            | 2,236            | 2,429            |      |
| Other receivables                           | 155,907          | 143,098          | 114,767          |      |
| <b>TOTAL CURRENT ASSETS</b>                 | <b>378,573</b>   | <b>378,944</b>   | <b>351,482</b>   |      |
| Restricted Cash Hospital Fee                | 0                | 0                | 7,389            |      |
| Cash Held Board Designated                  | 23,287           | 23,287           | 23,287           |      |
| <b>TOTAL RESTRICTED CASH</b>                | <b>23,287</b>    | <b>23,287</b>    | <b>30,676</b>    |      |
| <b>PROPERTY, PLANT &amp; EQUIPMENT</b>      |                  |                  |                  |      |
| Land, Buildings, Leasehold Improve, CIP     | 74,448           | 73,847           | 72,113           |      |
| Equipment, Software                         | 130,776          | 129,470          | 128,781          |      |
| Subtotal - Property, Plant & Equipment      | 205,224          | 203,317          | 200,894          |      |
| Less: Accumulated Depreciation              | (117,446)        | (116,351)        | (113,963)        |      |
| <b>NET PROPERTY, PLANT &amp; EQUIPMENT</b>  | <b>87,778</b>    | <b>86,966</b>    | <b>86,931</b>    |      |
| <b>TOTAL ASSETS</b>                         | <b>\$489,638</b> | <b>\$489,197</b> | <b>\$469,089</b> |      |
| <b>LIABILITIES &amp; NET ASSETS</b>         |                  |                  |                  |      |
| Working Capital Loan - Current Portion      | \$0              | \$0              | \$0              |      |
| Accounts Payable                            | 78,258           | 65,805           | 51,078           |      |
| Compensation Related Liabilities            | 36,937           | 37,909           | 42,909           |      |
| Estimated third-party settlements payable   | 78,933           | 79,299           | 74,148           |      |
| Due to County of Alameda & State            | 16,885           | 15,462           | 12,886           |      |
| Other Payables                              | 28,903           | 27,234           | 26,424           |      |
| <b>TOTAL CURRENT LIABILITIES</b>            | <b>239,916</b>   | <b>225,709</b>   | <b>207,445</b>   |      |
| Self Insurance Liability                    | 20,352           | 20,352           | 20,352           |      |
| Working Capital Loan - Long-term Portion    | 183,480          | 198,734          | 192,566          |      |
| Pension and Postemployment                  | 61,276           | 60,876           | 58,876           |      |
| Other Long-term Liabilities                 | 11,808           | 11,808           | 11,808           |      |
| <b>TOTAL LONG TERM LIABILITIES</b>          | <b>276,916</b>   | <b>291,770</b>   | <b>283,602</b>   |      |
| <b>TOTAL LIABILITIES</b>                    | <b>516,832</b>   | <b>517,479</b>   | <b>491,047</b>   |      |
| Capital Contribution - County               | 46,535           | 46,535           | 46,535           |      |
| Capital Contribution - Foundation           | 6,020            | 6,020            | 6,020            |      |
| Fund Balance -- Prior Years                 | (74,513)         | (74,513)         | (51,905)         |      |
| Current Year Income / (Loss)                | (5,236)          | (6,324)          | (22,608)         |      |
| <b>FUND BALANCE</b>                         | <b>(27,194)</b>  | <b>(28,282)</b>  | <b>(21,958)</b>  |      |
| <b>TOTAL LIABILITIES &amp; FUND BALANCE</b> | <b>\$489,638</b> | <b>\$489,197</b> | <b>\$469,089</b> |      |
| Days in Cash                                | 1                | 2                | 10               |      |
| Gross Days in AR                            | 110              | 115              | 117              |      |
| Net Days in AR                              | 110              | 130              | 130              |      |
| Current Ratio                               | >1.5             | 0.95             | 0.95             | 0.96 |

**ALAMEDA HEALTH SYSTEM (consolidated)**  
**Statement of Cash Flows**  
For the Period Ended September 30, 2014  
(In Thousands)

|                                                                                                 | <u>Current Month</u> | <u>Year-to Date</u> |
|-------------------------------------------------------------------------------------------------|----------------------|---------------------|
| <b>Operating Activities</b>                                                                     |                      |                     |
| Net Income (Loss)                                                                               | \$1,091              | (\$5,238)           |
| Adjustments to reconcile change in net assets to net cash provided by operating activities:     |                      |                     |
| Depreciation and amortization                                                                   | 1,096                | 3,484               |
| Net changes in operating assets and liabilities:                                                |                      |                     |
| (Increase)/Decrease Patient account receivables, net                                            | 3,717                | (3,804)             |
| (Increase)/Decrease Due from County of Alameda & Others                                         | 8,626                | (1,052)             |
| (Increase)/Decrease Inventories                                                                 | (895)                | (878)               |
| (Increase)/Decrease Prepaid expenses                                                            | (162)                | 31                  |
| (Increase)/Decrease Other receivables                                                           | (12,809)             | (41,140)            |
| (Decrease)/Increase in Accounts payable, accrued expenses and estimated third-party settlements | 14,204               | 32,467              |
| <b>Net Cash Provided (Used) by operating activities</b>                                         | <b>14,868</b>        | <b>(16,130)</b>     |
| <b>Investing Activities</b>                                                                     |                      |                     |
| Change in Cash Held in Trust                                                                    | 2                    | 15                  |
| Change in Restricted Cash                                                                       | 0                    | 7,389               |
| Net Purchases of property, plant and equipment                                                  | (1,908)              | (4,331)             |
| Change in Self-insurance, pension, and other long-term liabilities                              | 400                  | 2,400               |
| <b>Net Cash Provided (Used) by investing activities</b>                                         | <b>(1,506)</b>       | <b>5,473</b>        |
| <b>Financing Activities</b>                                                                     |                      |                     |
| Change in Working Capital Loan                                                                  | (15,254)             | (9,086)             |
| <b>Net Cash Provided (Used) by financing activities</b>                                         | <b>(15,254)</b>      | <b>(9,086)</b>      |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                     | <b>(1,892)</b>       | <b>(19,743)</b>     |
| <b>Cash and Equivalents at beginning of period</b>                                              | <b>5,040</b>         | <b>22,885</b>       |
| <b>Cash and Equivalents at end of period</b>                                                    | <b>\$3,148</b>       | <b>\$3,142</b>      |



# MEMORANDUM

1411 East 31st Street  
Oakland, CA 94602

**TO:** AHS Finance Committee  
**FROM:** David Cox, Chief Financial Officer  
**DATE:** November 14, 2014  
**SUBJECT:** October Financial Report

For the month of October, AHS is reporting a profit of \$59,000, which is below budget but a significant improvement from prior months. Overall patient activity has increased somewhat – with Adjusted Discharges below budget by 2.2% compared to the YTD 4.4% - but charge capture has continued to improve. Gross charges were 5.8% favorable to budget, even with the negative volume variance, and we positive in all categories. Outpatient gross charges were over budget by 16.1% and YTD, we are now overall positive by 0.4%.

Our estimated collection ratio on these charges is about the same as YTD, at 21.1%, and below the budget of 22.9%. This is due to our current payer mix and the budget assumptions regarding improvements in the revenue cycle. Nevertheless, with improved charge capture, our estimated net revenues have improved compared to budget.

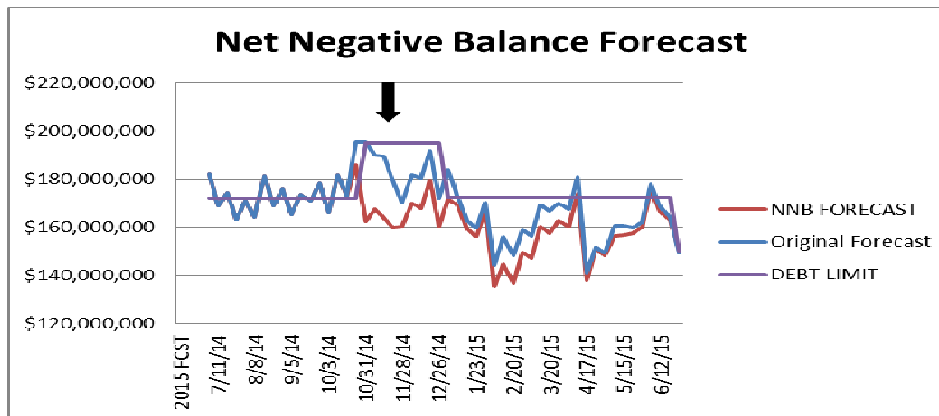
Total operating expenses increased during the month on higher volumes, but are still below budget at 1.1% for the month and 3.0% year to date. Our expenses per adjusted discharge (a key industry metric), are over budget by 1.5% YTD, and Salaries and Benefits as a Percent of Net Revenues are at 69% YTD, well over the budget of 66.0%.

|                                             | Month-To-Date |           |            |        | Year-To-Date |           |            |         |
|---------------------------------------------|---------------|-----------|------------|--------|--------------|-----------|------------|---------|
|                                             | Actual        | Budget    | Var        | % Var  | Actual       | Budget    | Var        | % Var   |
| Adjusted discharges                         | 2,655         | 2,711     | (56)       | -2.1%  | 10,283       | 10,759    | (476)      | -4.4%   |
| Net operating revenue per adj discharge     | \$ 26,918     | \$ 27,238 | \$ (320)   | -1.2%  | \$ 26,777    | \$ 27,195 | \$ (418)   | -1.5%   |
| Expense per adj discharge                   | \$ 26,893     | \$ 26,626 | \$ (267)   | -1.0%  | \$ 27,278    | \$ 26,872 | \$ (406)   | -1.5%   |
| Oper income per adj discharge               | \$ 24         | \$ 612    | \$ (588)   | -96.1% | \$ (501)     | \$ 323    | \$ (824)   | -255.1% |
| EBITDA                                      | \$ 1,148      | \$ 2,687  | \$ (1,539) | -57.3% | \$ (588)     | \$ 7,585  | \$ (8,173) | -107.8% |
| Paid Full time equivalents                  | 3,906         | 4,030     | 124        | 3.1%   | 3,907        | 4,045     | 138        | 3.4%    |
| Paid FTE's per adjusted occupied bed        | 4.58          | 4.72      | 0.14       | 3.0%   | 4.76         | 4.76      | -          | 0.0%    |
| Salaries, benefits & registry % of net reve | 68.0%         | 65.0%     | -3.0%      |        | 69.0%        | 66.0%     | -3.0%      |         |

In terms of Business Unit performance, AHS reported a gain of \$1.5 million, San Leandro a loss of \$1.4 million, and Alameda Hospital essentially at breakeven.

## Cash Management/County Relationship

An Interim Agreement was completed with the County and AHS is in compliance with the current Net Negative Balance Limit of \$195 million; we are currently at about \$170 million NNB. Our collections on patient accounts has been improving and we received the expected DSRIP and Medi-Cal Waiver funds slightly early.



The Interim Agreement contains certain performance requirements, presented below, and AHS is in compliance.

|   | REQUIREMENT                                                                                                                                                                                                                                                          | STATUS                                                                                                                                                         |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | AHS will provide the A/C, CAO and HCSA with a comprehensive cash-flow report on a weekly basis ... and any financial information deemed necessary.                                                                                                                   | AHS is providing a detailed cash forecast on a weekly basis.                                                                                                   |
| 2 | AHS will provide the A/C with an report on Accounts Payable on a weekly basis, including a summary of the priority of payments and the rationale.                                                                                                                    | AHS is providing a detailed report on Accounts Payable and our repayment plan on a weekly basis.                                                               |
| 3 | AHS will present an evaluation of fiscal status and progress of the A/P Reduction Plan to the Auditor/Controller, CAO, and HCSA monthly beginning Nov. 1, 2014; AHS will present the evaluation to the Health Committee on Nov. 10 and Dec. 8.                       | AHS will make the required presentations.                                                                                                                      |
| 4 | AHS will work with the A/C, CAO and, HCSA to develop a comprehensive strategic financial and operating plan through June 30, 2015 that will set aside resources needed to meet debt targets and shall include contingency plans for continued successful operations. | AHS is working with the County/HCSA Consultant to complete the required analysis and is completing its own plans to achieve the required level of performance. |

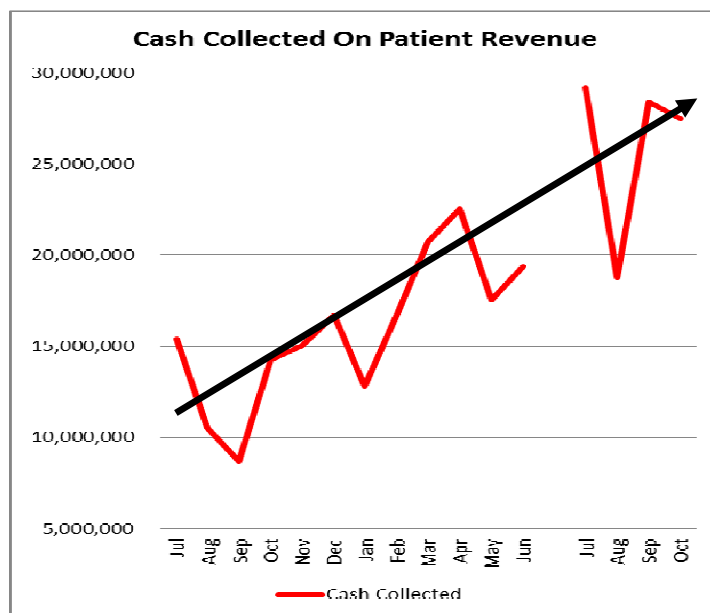
Requirement #4 above is worth discussing. It includes an external assessment of our strategic and operating plans – which is underway – and development of a plan to ensure that we meet our financial obligations. Separately, but in concert with that, management has initiated the development of a comprehensive performance improvement plan that is currently under development and summarized below.

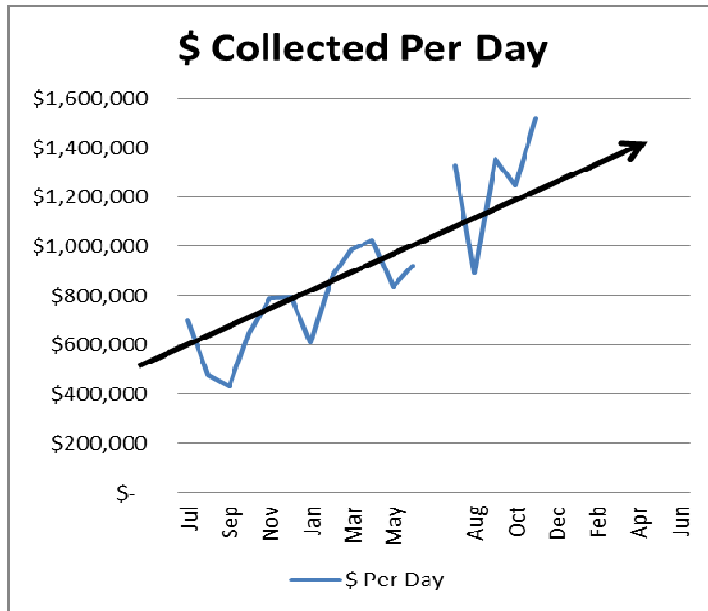
## Revenue Cycle Improvement Program

We are making progress on our revenue cycle, but it is a daunting task. It is difficult to describe easily, but the Soarian system requires much of the work that was previously done on the back end (Patient Financial Services) to be done on the Front End (either in Registration or in the Operating Departments). The resources were not shifted to do this and training was not provided in many cases. In addition, the new system design uncovered many internal process issues that need to be changed. There are other issues related to proper enrollment procedures that prevented us from billing at all for some services; e.g., Inpatient Physician Services for Medi-Cal.

The result of this is that Claims did not pass easily through the system, accumulated in various edit exception reports, work not worked, and then timed out as too old to bill. But, as I said, we are making progress, and I'd like to list some of them:

- We understand the problem.
- We have a detailed work plan that allows us to prioritize and systematically work them.
- We have competent leadership in place to implement the required changes.
- Charge capture appears to be improving.
- Cash Collections appear to be improving.
- Net Accounts Receivable (at AHS) appear to be coming down.
- San Leandro cash collections are on track and A/R is stable.
- Alameda Hospital A/R is still growing, but we have the required Medi-Cal NPI, we have submitted the required Treatment Authorization Requests (TAR's) to Medi-Cal, and we expect to be able to bill and then collect approximately \$10 million by early January.
- We have completed the reorganization of Patient Financial Services.
- We believe that we have a short term fix to the IP Medi-Cal Professional Fee issue.





However, we still have a lot of work to do. These are the highest priority initiatives currently underway:

- **Contracts Module** – Rebuilding the Contracts Module to reflect actual payment rates and rules for Medicare, Medi-Cal, Commercial, and other payers. The system is designed to reconcile actual with expected payments, and if the module is not built correctly, we can't verify correct payments.
- **Financial Clearance Unit** – A major issue is our failure to obtain authorizations for procedures in advance, which results in denied claims. We are designing a new unit of 2 to 3 people to focus on this issue for the entire house, as this step is frequently missed in the operating departments.
- **Registration Accuracy** – A large percentage of our patients are registered under the wrong insurance plan, which results in wasted effort, denials, rework, and lost revenue due to timely filing requirements. We are reviewing our procedures and providing additional training.
- **Error Billing Exception Worklist (EBEW)** – These are all of the claims held up in the front end of the system (there are more on the back end). We have reduced it from \$150 million (gross) to about \$60 million, but need to get it down to under \$10 million. We have identified owners for each of the edits, are training them on how to work the edits, and are reconfiguring our systems and processes to minimize the errors going forward.
- **Revenue Integrity** – This unit is responsible for maintenance of the Charge Description Master, pricing, and charge capture procedures in the hospital. However, it is severely understaffed and, as a result, we have severe charge capture issues in many areas of the organization, which results in lost revenue. We are recruiting a Director for the department and will be adding staff in this area, as it is vital to our success.



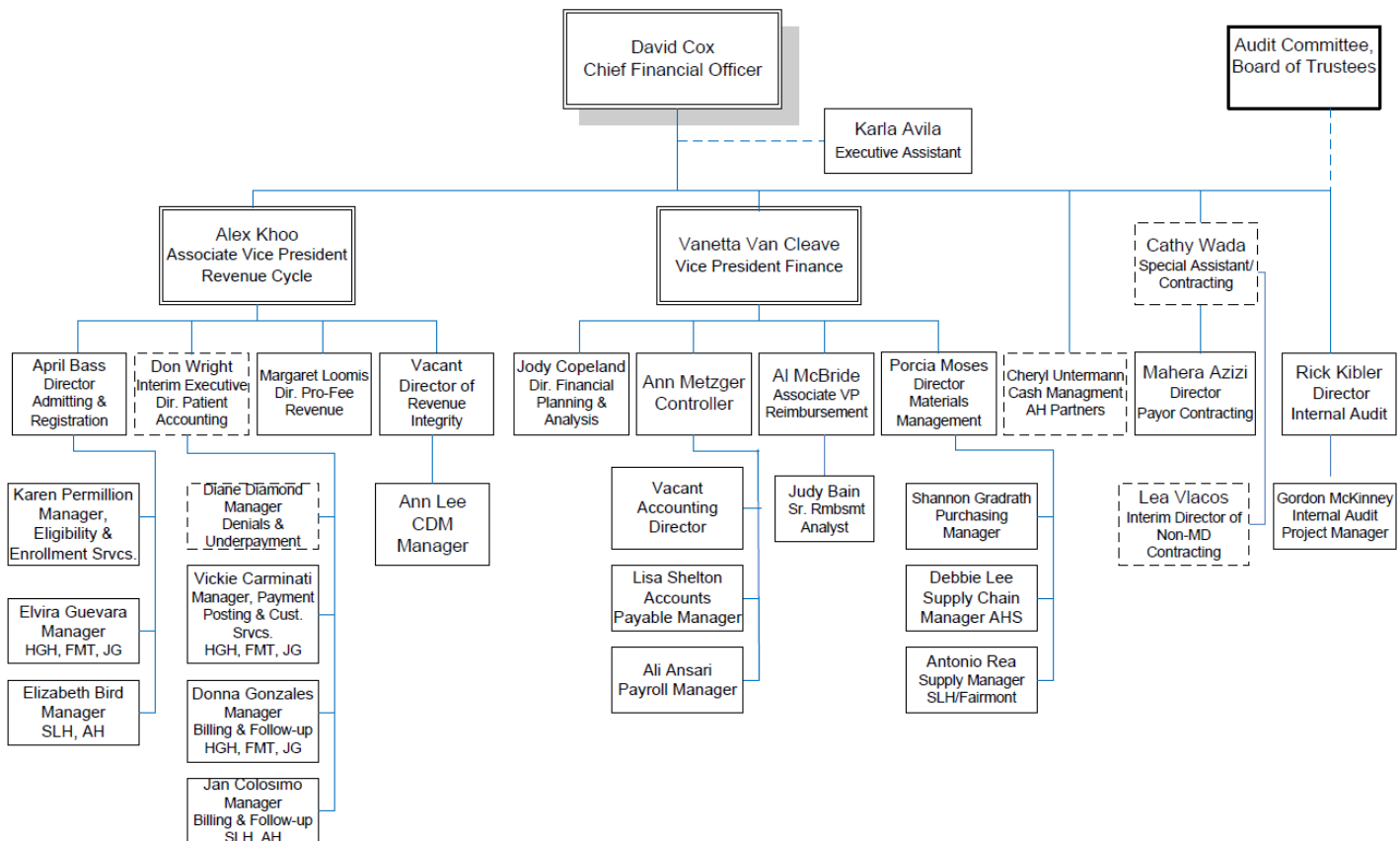
- Operating Room Charge Capture – We have a large number of surgical implants and other devices that have not been entered into our Item Master and therefore cannot be billed. The process to enter new items into the system does not work well. We believe that we have a significant revenue opportunity in this area.
- Physician Inpatient Medi-Cal Billing – We are solving the NPI issue which has prevented billing for these services.
- Ambulatory Clinic Schedules – These are being redone to open up the schedules to facilitate greater throughput, improved patient satisfaction, and improved revenue.
- Patient Financial Services – Achieving operating objectives under the organization structure.
- Denials Management – Assigning temporary staff (the Clean Up Crew) to work old denials and designing a denials management unit. This involves system as well as process changes.
- Correspondence Distribution – Right now, there is no process to scan and file patient correspondence to the correct accounts in the system. This greatly complicates account follow up and resolution.

This is a partial list, but it provides an idea of the scope of the problem. Again, I believe that we are making good progress.

## Finance Department Organization Structure

The current organization structure for the Finance Department is below. I will provide comment at the meeting, and many of these individuals will be in attendance.

# ALAMEDA HEALTH SYSTEM FINANCIAL SERVICES DIVISION



Updated November 2014

**ALAMEDA HEALTH SYSTEM (consolidated)**

**Statement of Revenues and Expenses**

For the Period Ended October 31, 2014

(In Thousands)

|                                              | Month-To-Date  |                 |                   |               | Year-To-Date      |                 |                   |                |
|----------------------------------------------|----------------|-----------------|-------------------|---------------|-------------------|-----------------|-------------------|----------------|
|                                              | Actual         | Budget          | Variance          | % Variance    | Actual            | Budget          | Variance          | % Variance     |
| Inpatient service revenue                    | \$ 121,660     | \$ 119,403      | \$ 2,257          | 1.9%          | \$ 461,248        | \$ 472,533      | \$ (11,285)       | -2.4%          |
| Outpatient service revenue                   | 67,877         | 58,473          | 9,404             | 16.1%         | 243,531           | 229,021         | 14,510            | 6.3%           |
| Professional service revenue                 | 22,571         | 22,538          | 33                | 0.1%          | 87,740            | 88,060          | (320)             | -0.4%          |
| <b>Gross patient service revenue</b>         | <b>212,108</b> | <b>200,414</b>  | <b>11,694</b>     | <b>5.8%</b>   | <b>792,519</b>    | <b>789,614</b>  | <b>2,905</b>      | <b>0.4%</b>    |
| Deductions from revenues                     | (167,331)      | (154,463)       | (12,868)          | 8.3%          | (626,191)         | (608,582)       | (17,609)          | 2.9%           |
| <b>Net patient service revenue</b>           | <b>44,777</b>  | <b>45,951</b>   | <b>(1,174)</b>    | <b>-2.6%</b>  | <b>166,328</b>    | <b>181,032</b>  | <b>(14,704)</b>   | <b>-8.1%</b>   |
| Medi-Cal Waiver                              | 7,000          | 7,667           | (667)             | -8.7%         | 28,000            | 30,667          | (2,667)           | -8.7%          |
| Health Program of Alameda County             | 2,837          | 2,837           | 0                 | 0.0%          | 11,347            | 11,347          | 0                 | 0.0%           |
| Measure A, Parcel Tax, Other Support         | 8,236          | 9,005           | (769)             | -8.5%         | 34,485            | 36,018          | (1,533)           | -4.3%          |
| CA Hospital Fee                              | -              | -               | 0                 | 0.0%          | -                 | -               | 0                 | 0.0%           |
| DSRIP Revenue                                | 2,133          | 2,133           | 0                 | 0.0%          | 8,532             | 8,532           | 0                 | 0.0%           |
| Supplemental Programs                        | 5,182          | 4,834           | 348               | 7.2%          | 21,551            | 19,337          | 2,214             | 11.4%          |
| Grants & Research Protocol                   | 290            | 370             | (80)              | -21.6%        | 1,178             | 1,481           | (303)             | -20.5%         |
| Other Operating Revenue                      | 991            | 756             | 235               | 31.1%         | 3,324             | 3,023           | 301               | 10.0%          |
| Incentives                                   | 20             | 289             | (269)             | -93.1%        | 599               | 1,155           | (556)             | -48.1%         |
| <b>Net operating revenue</b>                 | <b>71,466</b>  | <b>73,842</b>   | <b>(2,376)</b>    | <b>-3.2%</b>  | <b>275,344</b>    | <b>292,592</b>  | <b>(17,248)</b>   | <b>-5.9%</b>   |
| Salaries and wages                           | 33,929         | 34,032          | 103               | 0.3%          | 128,936           | 135,669         | 6,733             | 5.0%           |
| Employee benefits                            | 13,471         | 13,156          | (315)             | -2.4%         | 54,135            | 53,613          | (522)             | -1.0%          |
| Registry                                     | 1,499          | 1,066           | (433)             | -40.6%        | 6,645             | 4,117           | (2,528)           | -61.4%         |
| Contracted physician services                | 5,765          | 7,384           | 1,619             | 21.9%         | 24,624            | 29,547          | 4,923             | 16.7%          |
| Purchased services                           | 5,739          | 5,837           | 98                | 1.7%          | 21,583            | 23,453          | 1,870             | 8.0%           |
| Pharmaceuticals                              | 1,673          | 1,780           | 107               | 6.0%          | 7,984             | 7,494           | (490)             | -6.5%          |
| Medical Supplies                             | 2,532          | 2,360           | (172)             | -7.3%         | 9,754             | 9,257           | (497)             | -5.4%          |
| Materials and supplies                       | 1,421          | 1,759           | 338               | 19.2%         | 5,636             | 6,748           | 1,112             | 16.5%          |
| Outside medical services                     | 675            | 160             | (515)             | -321.9%       | 3,089             | 639             | (2,450)           | -383.4%        |
| General & administrative expenses            | 1,510          | 1,318           | (192)             | -14.6%        | 5,187             | 5,271           | 84                | 1.6%           |
| Repairs/maintenance/utilities                | 1,222          | 1,567           | 345               | 22.0%         | 5,313             | 6,262           | 949               | 15.2%          |
| Building/equipment leases & rentals          | 882            | 736             | (146)             | -19.8%        | 3,046             | 2,937           | (109)             | -3.7%          |
| Depreciation                                 | 1,084          | 1,028           | (56)              | -5.4%         | 4,568             | 4,110           | (458)             | -11.1%         |
| <b>Total operating expense</b>               | <b>71,402</b>  | <b>72,183</b>   | <b>781</b>        | <b>1.1%</b>   | <b>280,500</b>    | <b>289,117</b>  | <b>8,617</b>      | <b>3.0%</b>    |
| <b>Operating Income</b>                      | <b>64</b>      | <b>1,659</b>    | <b>(\$1,595)</b>  | <b>-96.1%</b> | <b>(5,156)</b>    | <b>3,475</b>    | <b>(\$8,631)</b>  | <b>-248.4%</b> |
| Interest income                              | 19             | 14              | 5                 | 35.7%         | 75                | 55              | 20                | 36.4%          |
| Interest expense                             | (52)           | (76)            | 24                | -31.6%        | (207)             | (304)           | 97                | -31.9%         |
| Other Non-operating income(expense)          | 28             | 29              | (1)               | -3.4%         | 111               | 114             | (3)               | -2.6%          |
| <b>Income</b>                                | <b>\$ 59</b>   | <b>\$ 1,626</b> | <b>\$ (1,567)</b> | <b>-96.4%</b> | <b>\$ (5,177)</b> | <b>\$ 3,340</b> | <b>\$ (8,517)</b> | <b>-255.0%</b> |
| Operating Margin                             | 0.1%           | 2.2%            |                   |               | -1.9%             | 1.2%            |                   |                |
| Collection %                                 | 21.1%          | 22.9%           |                   |               | 21.0%             | 22.9%           |                   |                |
| Acute & SNF discharges                       | 1,728          | 1,820           | (92)              | -5.1%         | 6,796             | 7,247           | (451)             | -6.2%          |
| Acute & SNF patient days                     | 16,761         | 17,771          | (1,010)           | -5.7%         | 65,852            | 70,468          | (4,616)           | -6.6%          |
| ALOS                                         | 9.70           | 9.76            | (0.06)            | -0.6%         | 9.69              | 9.72            | (0.03)            | -0.3%          |
| ADC                                          | 541            | 573             | (32)              | -5.6%         | 535               | 573             | (38)              | -6.6%          |
| Adjusted patient days                        | 26,112         | 26,474          | (362)             | -1.4%         | 100,621           | 104,621         | (4,000)           | -3.8%          |
| Adjusted discharges                          | 2,692          | 2,711           | (19)              | -0.7%         | 10,384            | 10,759          | (375)             | -3.5%          |
| Net operating revenue per adj discharge      | \$ 26,548      | \$ 27,238       | \$ (690)          | -2.5%         | \$ 26,516         | \$ 27,195       | \$ (679)          | -2.5%          |
| Expense per adj discharge                    | \$ 26,524      | \$ 26,626       | \$ 102            | 0.4%          | \$ 27,013         | \$ 26,872       | \$ (141)          | -0.5%          |
| Oper income per adj discharge                | \$ 24          | \$ 612          | \$ (588)          | -96.1%        | \$ (497)          | \$ 323          | \$ (820)          | -253.9%        |
| EBITDA                                       | \$ 1,148       | \$ 2,687        | \$ (1,539)        | -57.3%        | \$ (588)          | \$ 7,585        | \$ (8,173)        | -107.8%        |
| Paid Full time equivalents                   | 3,906          | 4,030           | 124               | 3.1%          | 3,907             | 4,045           | 138               | 3.4%           |
| Paid FTE's per adjusted occupied bed         | 4.64           | 4.72            | 0.08              | 1.7%          | 4.78              | 4.76            | (0.02)            | -0.4%          |
| Salaries, benefits & registry % of net rever | 68%            | 65%             | -3%               |               | 69%               | 66%             | -3%               |                |

**ALAMEDA HEALTH SYSTEM**  
**Statement of Revenues and Expenses**  
For the Period Ended October 31, 2014  
(In Thousands)

|                                              | Month-To-Date   |                 |                 |               | Year-To-Date      |                 |                   |                | FY 2014        |
|----------------------------------------------|-----------------|-----------------|-----------------|---------------|-------------------|-----------------|-------------------|----------------|----------------|
|                                              | Actual          | Budget          | Variance        | % Variance    | Actual            | Budget          | Variance          | % Variance     | YTD            |
| Inpatient service revenue                    | \$ 90,471       | \$ 86,655       | \$ 3,816        | 4.4%          | \$ 341,822        | \$ 343,477      | \$ (1,655)        | -0.5%          | \$ 287,195     |
| Outpatient service revenue                   | 47,213          | 40,081          | 7,132           | 17.8%         | 167,305           | 158,013         | 9,292             | 5.9%           | 138,521        |
| Professional service revenue                 | 22,571          | 22,538          | 33              | 0.1%          | 87,740            | 88,060          | (320)             | -0.4%          | 49,829         |
| <b>Gross patient service revenue</b>         | <b>160,255</b>  | <b>149,274</b>  | <b>10,981</b>   | <b>7.4%</b>   | <b>596,867</b>    | <b>589,550</b>  | <b>7,317</b>      | <b>1.2%</b>    | <b>475,545</b> |
| Deductions from revenues                     | (126,952)       | (115,580)       | (11,372)        | 9.8%          | (475,794)         | (456,478)       | (19,316)          | 4.2%           | (389,074)      |
| <b>Net patient service revenue</b>           | <b>33,303</b>   | <b>33,694</b>   | <b>(391)</b>    | <b>-1.2%</b>  | <b>121,073</b>    | <b>133,072</b>  | <b>(11,999)</b>   | <b>-9.0%</b>   | <b>86,471</b>  |
| Medi-Cal Waiver                              | 7,000           | 7,667           | (667)           | -8.7%         | 28,000            | 30,667          | (2,667)           | -8.7%          | 30,000         |
| Health Program of Alameda County             | 2,837           | 2,837           | 0               | 0.0%          | 11,347            | 11,347          | 0                 | 0.0%           | 34,386         |
| Measure A, Parcel Tax, Other Support         | 7,939           | 7,939           | 0               | 0.0%          | 31,757            | 31,757          | 0                 | 0.0%           | 30,000         |
| DSRIP Revenue                                | 2,133           | 2,133           | 0               | 0.0%          | 8,532             | 8,532           | 0                 | 0.0%           | 8,967          |
| Supplemental Programs                        | 5,182           | 4,128           | 1,054           | 25.5%         | 21,551            | 16,512          | 5,039             | 30.5%          | 15,179         |
| Grants & Research Protocol                   | 290             | 370             | (80)            | -21.6%        | 1,178             | 1,481           | (303)             | -20.5%         | 1,443          |
| Other Operating Revenue                      | 980             | 711             | 269             | 37.8%         | 3,253             | 2,846           | 407               | 14.3%          | 2,463          |
| Incentives                                   | 106             | 202             | (96)            | -47.5%        | 426               | 808             | (382)             | -47.3%         | 1,448          |
| <b>Net operating revenue</b>                 | <b>59,770</b>   | <b>59,681</b>   | <b>89</b>       | <b>0.1%</b>   | <b>227,117</b>    | <b>237,022</b>  | <b>(9,905)</b>    | <b>-4.2%</b>   | <b>210,357</b> |
| Salaries and wages                           | 26,947          | 26,793          | (154)           | -0.6%         | 103,682           | 106,796         | 3,114             | 2.9%           | 93,807         |
| Employee benefits                            | 11,377          | 10,757          | (620)           | -5.8%         | 45,520            | 43,889          | (1,631)           | -3.7%          | 41,865         |
| Registry                                     | 1,300           | 769             | (531)           | -69.1%        | 5,765             | 2,936           | (2,829)           | -96.4%         | 4,814          |
| Contracted physician services                | 5,124           | 6,564           | 1,440           | 21.9%         | 20,753            | 26,270          | 5,517             | 21.0%          | 18,305         |
| Purchased services                           | 4,791           | 4,562           | (229)           | -5.0%         | 17,642            | 18,360          | 718               | 3.9%           | 17,355         |
| Pharmaceuticals                              | 1,327           | 1,381           | 54              | 3.9%          | 6,524             | 5,905           | (619)             | -10.5%         | 6,339          |
| Medical Supplies                             | 1,760           | 1,657           | (103)           | -6.2%         | 6,635             | 6,484           | (151)             | -2.3%          | 6,756          |
| Materials and supplies                       | 1,120           | 1,350           | 230             | 17.0%         | 4,578             | 5,115           | 537               | 10.5%          | 4,429          |
| Outside medical services                     | 675             | 160             | (515)           | -321.9%       | 3,089             | 639             | (2,450)           | -383.4%        | 3,212          |
| General & administrative expenses            | 1,432           | 1,092           | (340)           | -31.1%        | 4,520             | 4,365           | (155)             | -3.6%          | 4,259          |
| Repairs/maintenance/utilities                | 994             | 1,273           | 279             | 21.9%         | 4,243             | 5,086           | 843               | 16.6%          | 3,626          |
| Building/equipment leases & rentals          | 559             | 473             | (86)            | -18.2%        | 1,996             | 1,888           | (108)             | -5.7%          | 1,815          |
| Depreciation                                 | 835             | 920             | 85              | 9.2%          | 3,565             | 3,678           | 113               | 3.1%           | 3,316          |
| <b>Total operating expense</b>               | <b>58,241</b>   | <b>57,751</b>   | <b>(490)</b>    | <b>-0.8%</b>  | <b>228,512</b>    | <b>231,411</b>  | <b>2,899</b>      | <b>1.3%</b>    | <b>209,898</b> |
| <b>Operating Income</b>                      | <b>1,529</b>    | <b>1,930</b>    | <b>(\$401)</b>  | <b>-20.8%</b> | <b>(1,395)</b>    | <b>5,611</b>    | <b>(\$7,006)</b>  | <b>-124.9%</b> | <b>459</b>     |
| Interest income                              | 19              | 13              | 6               | 46.2%         | 75                | 50              | 25                | 50.0%          | 51             |
| Interest expense                             | (52)            | (76)            | (24)            | 31.6%         | (207)             | (304)           | (97)              | 31.9%          | (134)          |
| Other Non-operating income(expense)          | -               | 1               | 1               | 100.0%        | -                 | 2               | 2                 | 100.0%         | -              |
| <b>Income</b>                                | <b>\$ 1,496</b> | <b>\$ 1,868</b> | <b>\$ (372)</b> | <b>-19.9%</b> | <b>\$ (1,527)</b> | <b>\$ 5,359</b> | <b>\$ (6,886)</b> | <b>-128.5%</b> | <b>\$ 376</b>  |
| Operating Margin                             | 2.6%            | 3.2%            |                 |               | -0.6%             | 2.4%            |                   |                | 0.2%           |
| Collection %                                 | 20.8%           | 22.6%           |                 |               | 20.3%             | 22.6%           |                   |                | 18.2%          |
| Acute & SNF discharges                       | 1,275           | 1,254           | 21              | 1.7%          | 5,032             | 5,000           | 32                | 0.6%           | 4,683          |
| Acute & SNF patient days                     | 9,681           | 10,281          | (600)           | -5.8%         | 38,390            | 40,749          | (2,359)           | -5.8%          | 38,071         |
| ALOS                                         | 7.59            | 8.20            | (0.61)          | -7.4%         | 7.63              | 8.15            | (0.52)            | -6.4%          | 8.13           |
| ADC                                          | 312             | 332             | (20)            | -6.0%         | 312               | 331             | (19)              | -5.7%          | 310            |
| Adjusted patient days                        | 14,733          | 15,036          | (303)           | -2.0%         | 57,180            | 59,495          | (2,315)           | -3.9%          | 56,434         |
| Adjusted discharges                          | 1,940           | 1,834           | 106             | 5.8%          | 7,495             | 7,300           | 195               | 2.7%           | 6,942          |
| Net operating revenue per adj discharge      | \$ 30,809       | \$ 32,541       | \$ (1,732)      | -5.3%         | \$ 30,302         | \$ 32,469       | \$ (2,167)        | -6.7%          | \$ 30,302      |
| Expenses per adj discharge                   | \$ 30,021       | \$ 31,489       | \$ 1,468        | 4.7%          | \$ 30,489         | \$ 31,700       | \$ 1,211          | 3.8%           | \$ 30,236      |
| Oper income per adj discharge                | \$ 788          | \$ 1,052        | \$ (264)        | -25.1%        | \$ (186)          | \$ 769          | \$ (955)          | -124.2%        | \$ 66          |
| EBITDA                                       | \$ 2,364        | \$ 2,850        | \$ (486)        | -17.1%        | \$ 2,170          | \$ 9,289        | \$ (7,119)        | -76.6%         |                |
| Paid Full time equivalents                   | 3,050           | 3,068           | 18              | 0.6%          | 3,056             | 3,080           | 24                | 0.8%           | 2,897          |
| Paid FTE's per adjusted occupied bed         | 6.42            | 6.33            | (0.09)          | -1.4%         | 6.57              | 6.37            | (0.20)            | -3.1%          | 6.31           |
| Salaries, benefits & registry % of net rever | 66%             | 64%             | -2%             |               | 68%               | 65%             | -3%               |                | 67%            |

**ALAMEDA HOSPITAL**  
**Statement of Revenues and Expenses**  
For the Period Ended October 31, 2014  
(In Thousands)

|                                              | Month-To-Date  |               |                 |                | Year-To-Date    |                 |                   |                |
|----------------------------------------------|----------------|---------------|-----------------|----------------|-----------------|-----------------|-------------------|----------------|
|                                              | Actual         | Budget        | Variance        | % Variance     | Actual          | Budget          | Variance          | % Variance     |
| Inpatient service revenue                    | \$ 18,748      | \$ 18,403     | \$ 345          | 1.9%           | \$ 70,240       | \$ 72,864       | \$ (2,624)        | -3.6%          |
| Outpatient service revenue                   | 9,658          | 9,349         | 309             | 3.3%           | 35,679          | 36,592          | (913)             | -2.5%          |
| Professional service revenue                 | -              | -             | 0               | 0.0%           | -               | -               | 0                 | 0.0%           |
| <b>Gross patient service revenue</b>         | <b>28,406</b>  | <b>27,752</b> | <b>654</b>      | <b>2.4%</b>    | <b>105,919</b>  | <b>109,456</b>  | <b>(3,537)</b>    | <b>-3.2%</b>   |
| Deductions from revenues                     | (21,782)       | (20,975)      | (807)           | 3.8%           | (80,049)        | (82,730)        | 2,681             | -3.2%          |
| <b>Net patient service revenue</b>           | <b>6,624</b>   | <b>6,777</b>  | <b>(153)</b>    | <b>-2.3%</b>   | <b>25,870</b>   | <b>26,726</b>   | <b>(856)</b>      | <b>-3.2%</b>   |
| Measure A, Parcel Tax, Other Support         | 297            | 482           | (185)           | -38.4%         | 1,728           | 1,928           | (200)             | -10.4%         |
| Supplemental Programs                        | -              | 373           | (373)           | -100.0%        | -               | 1,491           | (1,491)           | -100.0%        |
| Other Operating Revenue                      | 9              | 37            | (28)            | -75.7%         | 36              | 150             | (114)             | -76.0%         |
| Incentives                                   | (87)           | 87            | (174)           | -200.0%        | 173             | 347             | (174)             | -50.1%         |
| <b>Net operating revenue</b>                 | <b>6,843</b>   | <b>7,756</b>  | <b>(913)</b>    | <b>-11.8%</b>  | <b>27,807</b>   | <b>30,642</b>   | <b>(2,835)</b>    | <b>-9.3%</b>   |
| Salaries and wages                           | 3,717          | 3,815         | 98              | 2.6%           | 13,479          | 15,142          | 1,663             | 11.0%          |
| Employee benefits                            | 1,260          | 1,133         | (127)           | -11.2%         | 5,273           | 4,531           | (742)             | -16.4%         |
| Registry                                     | 133            | 162           | 29              | 17.9%          | 468             | 643             | 175               | 27.2%          |
| Contracted physician services                | 149            | 249           | 100             | 40.2%          | 1,795           | 995             | (800)             | -80.4%         |
| Purchased services                           | 407            | 610           | 203             | 33.3%          | 1,855           | 2,437           | 582               | 23.9%          |
| Pharmaceuticals                              | 182            | 243           | 61              | 25.1%          | 786             | 970             | 184               | 19.0%          |
| Medical Supplies                             | 321            | 327           | 6               | 1.8%           | 1,569           | 1,291           | (278)             | -21.5%         |
| Materials and supplies                       | 232            | 258           | 26              | 10.1%          | 485             | 1,031           | 546               | 53.0%          |
| Outside medical services                     | -              | -             | 0               | 0.0%           | -               | -               | 0                 | 0.0%           |
| General & administrative expenses            | 37             | 181           | 144             | 79.6%          | 561             | 726             | 165               | 22.7%          |
| Repairs/maintenance/utilities                | 82             | 147           | 65              | 44.2%          | 481             | 587             | 106               | 18.1%          |
| Building/equipment leases & rentals          | 290            | 232           | (58)            | -25.0%         | 974             | 929             | (45)              | -4.8%          |
| Depreciation                                 | 91             | 96            | 5               | 5.2%           | 364             | 383             | 19                | 5.0%           |
| <b>Total operating expense</b>               | <b>6,901</b>   | <b>7,453</b>  | <b>552</b>      | <b>7.4%</b>    | <b>28,090</b>   | <b>29,665</b>   | <b>1,575</b>      | <b>5.3%</b>    |
| <b>Operating Income</b>                      | <b>(58)</b>    | <b>303</b>    | <b>(\$361)</b>  | <b>-119.1%</b> | <b>(283)</b>    | <b>977</b>      | <b>(\$1,260)</b>  | <b>-129.0%</b> |
| Interest income                              | -              | 1             | (1)             | -100.0%        | -               | 5               | (5)               | -100.0%        |
| Interest expense                             | -              | -             | 0               | 0.0%           | -               | -               | 0                 | 0.0%           |
| Other Non-operating income(expense)          | 28             | 28            | 0               | 0.0%           | 111             | 112             | 1                 | 0.9%           |
| <b>Income</b>                                | <b>\$ (30)</b> | <b>\$ 332</b> | <b>\$ (362)</b> | <b>-109.0%</b> | <b>\$ (172)</b> | <b>\$ 1,094</b> | <b>\$ (1,266)</b> | <b>-115.7%</b> |
| Operating Margin                             | -0.8%          | 3.9%          |                 |                | -1.0%           | 3.2%            |                   |                |
| Collection %                                 | 23.3%          | 24.4%         |                 |                | 24.4%           | 24.4%           |                   |                |
| Acute & SNF discharges                       | 235            | 272           | (37)            | -13.6%         | 900             | 1,080           | (180)             | -16.7%         |
| Acute & SNF patient days                     | 6,135          | 6,219         | (84)            | -1.4%          | 23,981          | 24,676          | (695)             | -2.8%          |
| ALOS                                         | 26.11          | 22.86         | 3.25            | 14.2%          | 26.65           | 22.85           | 3.80              | 16.6%          |
| ADC                                          | 198            | 201           | (3)             | -1.5%          | 195             | 201             | (6)               | -3.0%          |
| Adjusted patient days                        | 9,295          | 9,378         | (83)            | -0.9%          | 36,162          | 37,068          | (906)             | -2.4%          |
| Adjusted discharges                          | 356            | 410           | (54)            | -13.2%         | 1,357           | 1,622           | (265)             | -16.3%         |
| Net operating revenue per adj discharge      | \$ 19,222      | \$ 18,917     | \$ 305          | 1.6%           | \$ 20,492       | \$ 18,891       | \$ 1,601          | 8.5%           |
| Expense per adj discharge                    | \$ 19,385      | \$ 18,178     | \$ (1,207)      | -6.6%          | \$ 20,700       | \$ 18,289       | \$ (2,411)        | -13.2%         |
| Oper income per adj discharge                | \$ (163)       | \$ 739        | \$ (902)        | -122.1%        | \$ (209)        | \$ 602          | \$ (811)          | -134.7%        |
| EBITDA                                       | \$ 33          | \$ 399        | \$ (366)        | -91.7%         | \$ 81           | \$ 1,360        | \$ (1,279)        | -94.0%         |
| Paid Full time equivalents                   | 525            | 570           | 45              | 7.9%           | 527             | 570             | 43                | 7.5%           |
| Paid FTE's per adjusted occupied bed         | 1.75           | 1.88          | 0.13            | 6.9%           | 1.79            | 1.89            | 0.10              | 5.3%           |
| Salaries, benefits & registry % of net rever | 75%            | 66%           | -9%             |                | 69%             | 66%             | -3%               |                |

**ALAMEDA HEALTH SYSTEM**  
**ALAMEDA CAMPUS - Patient Volumes**  
**For the month ending October 31, 2014**  
Fiscal 2015

|                                                  | ACTUAL     | BUDGET     | VARIANCE  | %          | YTD        | BUDGET     | Variance  | % Var      |
|--------------------------------------------------|------------|------------|-----------|------------|------------|------------|-----------|------------|
| <b>INPATIENT VOLUMES</b>                         |            |            |           |            |            |            |           |            |
| Acute Admissions                                 | 205        | 212        | (7)       | -3%        | 395        | 371        | 24        | 6%         |
| Acute Patient Days                               | 644        | 1,047      | (403)     | -38%       | 2,002      | 4,154      | (2,152)   | -52%       |
| Average daily census                             | 20.8       | 33.8       | 13.0      | 38%        | 16.3       | 33.8       | 17.5      | 52%        |
| Acute Length of Stay                             | 3.1        | 4.9        | 1.8       | 37%        | 5.1        | 11.2       | 6.1       | 54%        |
| Long Term Care Admissions                        | 22         | 23         | (1)       | -4%        | 49         | 46         | 3         | 7%         |
| Long Term Care Patient Days                      | 5,153      | 5,172      | (19)      | 0%         | 20,648     | 20,522     | 126       | 1%         |
| Average daily census                             | 166.2      | 166.8      | 0.6       | 0%         | 167.9      | 166.8      | (1.1)     | -1%        |
| Long Term Length of Stay                         | 25.1       | 24.4       | (0.7)     | -3%        | 52.3       | 55.3       | 3.0       | 5%         |
| <b>EMERGENCY &amp; URGENT CARE</b>               |            |            |           |            |            |            |           |            |
| ED-HGH Pts Seen                                  | 1,390      | 1,441      | (51)      | -4%        | 5,863      | 5,718      | 145       | 3%         |
| <b>SURGERIES</b>                                 |            |            |           |            |            |            |           |            |
| Inpatient                                        | 60         | 47         | 13        | 28%        | 217        | 186        | 31        | 17%        |
| Outpatient                                       | 197        | 136        | 61        | 45%        | 596        | 540        | 56        | 10%        |
| Total Surgeries                                  | <b>257</b> | <b>183</b> | <b>74</b> | <b>40%</b> | <b>813</b> | <b>726</b> | <b>87</b> | <b>12%</b> |
| <b>ANCILLARIES</b>                               |            |            |           |            |            |            |           |            |
| Cardiology and Interventional Rad                | 574        | 534        | 40        | 7%         | 2,284      | 2,118      | 166       | 8%         |
| Clinical Lab & Blood Bank                        | 10,729     | 11,900     | (1,171)   | -10%       | 44,628     | 47,213     | (2,585)   | -5%        |
| Imaging Services                                 | 225        | 2,207      | (1,982)   | -90%       | 6,473      | 8,755      | (2,282)   | -26%       |
| Pharmacy                                         | 7,367      | -          | 7,367     | #DIV/0!    | 29,205     | -          | 29,205    | #DIV/0!    |
| Other Ancillaries                                | 34         | 167        | (133)     | -80%       | 201        | 663        | (462)     | -70%       |
| <b>THERAPIES</b>                                 |            |            |           |            |            |            |           |            |
| Occupational                                     | 300        | 798        | (498)     | -62%       | 1,037      | 3,165      | (2,128)   | -67%       |
| Physical Therapy                                 | 2,059      | 2,230      | (171)     | -8%        | 6,248      | 8,848      | (2,600)   | -29%       |
| <b>AMBULATORY CLINIC</b>                         |            |            |           |            |            |            |           |            |
| Cardio clinic                                    | coming     | coming     |           |            | coming     | coming     |           |            |
| Ortho Clinic                                     | 637        | 612        | 25        | 4%         | 2,470      | 2,428      | 42        | 2%         |
| Specialty Care                                   | coming     | coming     |           |            | coming     | coming     |           |            |
| <b>OTHER STATISTICS</b>                          |            |            |           |            |            |            |           |            |
| Outpatient Factor                                | 1.525      | 1.503      | 0.022     |            | 1.510      | 1.503      | 0.007     |            |
| <b>ACUTE PATIENT DAYS</b>                        |            |            |           |            |            |            |           |            |
| AHD CORONARY CARE UNIT (CCU)                     | 146        | 153        | (7)       | -5%        | 497        | 607        | (110)     | -18%       |
| AHD DEFINITIVE OBSERVATION                       | 33         | 378        | (345)     | -91%       | 86         | 1,500      | (1,414)   | -94%       |
| AHD 3RD WEST MED SURG                            | 465        | 516        | (51)      | -10%       | 1,419      | 2,047      | (628)     | -31%       |
| Total Acute Patient Days                         | 644        | 1,047      | (403)     | -38%       | 2,002      | 4,154      | (2,152)   | -52%       |
| AHD Observation Days                             | 55         | 133        | (78)      | -59%       | 281        | 519        | (238)     | -46%       |
| <b>SKILLED NURSING AND SUBACUTE PATIENT DAYS</b> |            |            |           |            |            |            |           |            |
| AHD SUB ACUTE 2ND FLOOR                          | 1,022      | 1,000      | 22        | 2%         | 3,984      | 3,968      | 16        | 0%         |
| AHD SOUTH SHORE SNF                              | 765        | 742        | 23        | 3%         | 2,952      | 2,944      | 8         | 0%         |
| AHD WATERS EDGE SNF                              | 3,366      | 3,430      | (64)      | -2%        | 13,712     | 13,610     | 102       | 1%         |
| Total Long Term Care Patient Days                | 5,153      | 5,172      | (19)      | 0%         | 20,648     | 20,522     | 126       | 1%         |

**ALAMEDA HEALTH SYSTEM**  
**ALAMEDA CAMPUS - Patient Volumes**  
**For the month ending October 31, 2014**  
Fiscal 2015

|                                          | ACTUAL | BUDGET | VARIANCE | %     | YTD    | BUDGET | Variance | % Var |
|------------------------------------------|--------|--------|----------|-------|--------|--------|----------|-------|
| <b>ANCILLARIES</b>                       |        |        |          |       |        |        |          |       |
| <b>Cardiology and Interventional Rad</b> |        |        |          |       |        |        |          |       |
| 3300-IP EKG Tests                        | 463    | 453    | 10       | 2%    | 1,850  | 1,797  | 53       | 3%    |
| 3304-OP EKG Tests                        | 111    | 81     | 30       | 37%   | 434    | 321    | 113      | 35%   |
|                                          | -----  | -----  | -----    | ----- | -----  | -----  | -----    | ----- |
| Total Cardiology Volume                  | 574    | 534    | 40       | 7%    | 2,284  | 2,118  | 166      | 8%    |
| <b>Clinical Lab &amp; Blood Bank</b>     |        |        |          |       |        |        |          |       |
| 3200-IP Laboratory Tests                 | 8,578  | 9,693  | (1,115)  | -12%  | 37,193 | 38,458 | (1,265)  | -3%   |
| 3204-OP Laboratory Tests                 | 2,151  | 2,207  | (56)     | -3%   | 7,435  | 8,755  | (1,320)  | -15%  |
|                                          | -----  | -----  | -----    | ----- | -----  | -----  | -----    | ----- |
| Total Lab & Blood Bank volume            | 10,729 | 11,900 | (1,171)  | -10%  | 44,628 | 47,213 | (2,585)  | -5%   |
| <b>Imaging Services</b>                  |        |        |          |       |        |        |          |       |
| 3500-IP X-Rays                           | 41     | 240    | (199)    | -83%  | 805    | 952    | (147)    | -15%  |
| 3504-OP X-Rays                           | 119    | 1,384  | (1,265)  | -91%  | 3,915  | 5,491  | (1,576)  | -29%  |
| 3600-IP MRIs                             | 3      | 18     | (15)     | -83%  | 56     | 71     | (15)     | -21%  |
| 3604-OP MRIs                             | 12     | 77     | (65)     | -84%  | 241    | 306    | (65)     | -21%  |
| 3700-IP Sonograms                        | 3      | 19     | (16)     | -84%  | 78     | 75     | 3        | 4%    |
| 3704-OP Sonograms                        | 19     | 164    | (145)    | -88%  | 511    | 651    | (140)    | -22%  |
| 3800-IP CAT Scans                        | 8      | 44     | (36)     | -82%  | 126    | 174    | (48)     | -28%  |
| 3804-OP CAT Scans                        | 20     | 261    | (241)    | -92%  | 741    | 1,035  | (294)    | -28%  |
|                                          | -----  | -----  | -----    | ----- | -----  | -----  | -----    | ----- |
| Total Imaging volume                     | 225    | 2,207  | (1,982)  | -90%  | 6,473  | 8,755  | (2,282)  | -26%  |
| <b>THERAPIES &amp; OTHER</b>             |        |        |          |       |        |        |          |       |
| <b>Occupational Therapy</b>              |        |        |          |       |        |        |          |       |
| 5500-IP OT Treatments                    | 97     | 528    | (431)    | -82%  | 308    | 2,094  | (1,786)  | -85%  |
| 5504-OP OT Treatments                    | 203    | 270    | (67)     | -25%  | 729    | 1,071  | (342)    | -32%  |
|                                          | -----  | -----  | -----    | ----- | -----  | -----  | -----    | ----- |
| Total Occupational Therapy volume        | 300    | 798    | (498)    | -62%  | 1,037  | 3,165  | (2,128)  | -67%  |
| <b>Physical Therapy</b>                  |        |        |          |       |        |        |          |       |
| 5400-IP PT Treatments                    | 353    | 723    | (370)    | -51%  | 1,235  | 2,869  | (1,634)  | -57%  |
| 5404-OP PT Treatments                    | 1,706  | 1,507  | 199      | 13%   | 5,013  | 5,979  | (966)    | -16%  |
|                                          | -----  | -----  | -----    | ----- | -----  | -----  | -----    | ----- |
| Total Physical Therapy volume            | 2,059  | 2,230  | (171)    | -8%   | 6,248  | 8,848  | (2,600)  | -29%  |
| <b>Speech Therapy</b>                    |        |        |          |       |        |        |          |       |
| 6600-IP Treatments                       | 34     | 153    | (119)    | -78%  | 166    | 607    | (441)    | -73%  |
| 6604-OP Treatments                       | -      | 14     | (14)     | -100% | 35     | 56     | (21)     | -38%  |
|                                          | -----  | -----  | -----    | ----- | -----  | -----  | -----    | ----- |
| Total Speech Therapy volume              | 34     | 167    | (133)    | -80%  | 201    | 663    | (462)    | -70%  |

**ALAMEDA HEALTH SYSTEM (consolidated)**

**Balance Sheet**

For the Period Ended October 31, 2014

(In Thousands)

|                                             | Current Month    | Prior Month      | FY 2014          |
|---------------------------------------------|------------------|------------------|------------------|
| <b>ASSETS</b>                               |                  |                  |                  |
| Current assets:                             |                  |                  |                  |
| Cash & Cash Equivalents                     | \$1,862          | \$3,328          | \$23,064         |
| Cash Held in Trust                          | 39               | 28               | 43               |
| Net Patient Receivables                     | 136,775          | 129,663          | 125,860          |
| Due from County of Alameda & Others         | 79,571           | 73,442           | 72,389           |
| Inventories                                 | 8,541            | 9,534            | 8,656            |
| Prepaid expenses                            | 2,123            | 2,398            | 2,429            |
| Other receivables                           | 148,914          | 153,775          | 112,635          |
| <b>TOTAL CURRENT ASSETS</b>                 | <b>377,825</b>   | <b>372,168</b>   | <b>345,076</b>   |
| Restricted Cash Hospital Fee                | 0                | 0                | 7,397            |
| Cash Held Board Designated                  | 23,385           | 23,385           | 23,378           |
| <b>TOTAL RESTRICTED CASH</b>                | <b>23,385</b>    | <b>23,385</b>    | <b>30,775</b>    |
| <b>PROPERTY, PLANT &amp; EQUIPMENT</b>      |                  |                  |                  |
| Land, Buildings, Leasehold Improve, CIP     | 76,659           | 74,669           | 72,334           |
| Equipment, Software                         | 130,722          | 130,741          | 128,746          |
| Subtotal - Property, Plant & Equipment      | 207,381          | 205,410          | 201,080          |
| Less: Accumulated Depreciation              | (118,636)        | (117,552)        | (114,069)        |
| <b>NET PROPERTY, PLANT &amp; EQUIPMENT</b>  | <b>88,745</b>    | <b>87,858</b>    | <b>87,011</b>    |
| <b>TOTAL ASSETS</b>                         | <b>\$489,955</b> | <b>\$483,411</b> | <b>\$462,862</b> |
| <b>LIABILITIES &amp; NET ASSETS</b>         |                  |                  |                  |
| Working Capital Loan - Current Portion      | \$0              | \$0              | \$0              |
| Accounts Payable                            | 73,154           | 78,643           | 51,464           |
| Compensation Related Liabilities            | 40,465           | 36,937           | 42,909           |
| Estimated third-party settlements payable   | 72,734           | 79,032           | 74,247           |
| Due to County of Alameda & State            | 29,017           | 17,800           | 13,801           |
| Other Payables                              | 23,189           | 21,931           | 19,453           |
| <b>TOTAL CURRENT LIABILITIES</b>            | <b>238,559</b>   | <b>234,343</b>   | <b>201,874</b>   |
| Self Insurance Liability                    | 20,459           | 20,459           | 20,459           |
| Working Capital Loan - Long-term Portion    | 185,547          | 184,076          | 193,161          |
| Pension and Postemployment                  | 61,995           | 61,195           | 58,795           |
| Other Long-term Liabilities                 | 11,808           | 11,808           | 11,808           |
| <b>TOTAL LONG TERM LIABILITIES</b>          | <b>279,809</b>   | <b>277,538</b>   | <b>284,223</b>   |
| <b>TOTAL LIABILITIES</b>                    | <b>518,368</b>   | <b>511,881</b>   | <b>486,097</b>   |
| Capital Contribution - County               | 46,535           | 46,535           | 46,535           |
| Capital Contribution - Foundation           | 6,020            | 6,020            | 6,020            |
| Fund Balance -- Prior Years                 | (75,789)         | (75,789)         | (51,905)         |
| Current Year Income / (Loss)                | (5,179)          | (5,236)          | (23,885)         |
| <b>FUND BALANCE</b>                         | <b>(28,413)</b>  | <b>(28,470)</b>  | <b>(23,235)</b>  |
| <b>TOTAL LIABILITIES &amp; FUND BALANCE</b> | <b>\$489,955</b> | <b>\$483,411</b> | <b>\$462,862</b> |
| Days in Cash                                | 1                | 1                | 10               |
| Gross Days in AR                            | 107              | 110              | 118              |
| Net Days in AR                              | 99               | 98               | 97               |
| Current Ratio                               | >1.5             | 0.95             | 0.94             |



**ALAMEDA HEALTH SYSTEM (consolidated)**

**Statement of Cash Flows**

For the Period Ended October 31, 2014

(In Thousands)

|                                                                                                 | <u>Current Month</u> | <u>Year-to Date</u> |
|-------------------------------------------------------------------------------------------------|----------------------|---------------------|
| <b>Operating Activities</b>                                                                     |                      |                     |
| Net Income (Loss)                                                                               | \$59                 | (\$5,177)           |
| Adjustments to reconcile change in net assets to net cash provided by operating activities:     |                      |                     |
| Depreciation and amortization                                                                   | 1,084                | 4,568               |
| Net changes in operating assets and liabilities:                                                |                      |                     |
| (Increase)/Decrease Patient account receivables, net                                            | (7,112)              | (10,915)            |
| (Increase)/Decrease Due from County of Alameda & Others                                         | (6,129)              | (7,182)             |
| (Increase)/Decrease Inventories                                                                 | 993                  | 115                 |
| (Increase)/Decrease Prepaid expenses                                                            | 275                  | 306                 |
| (Increase)/Decrease Other receivables                                                           | 4,861                | (36,279)            |
| (Decrease)/Increase in Accounts payable, accrued expenses and estimated third-party settlements | 4,213                | 36,681              |
| <b>Net Cash Provided (Used) by operating activities</b>                                         | <b>(1,756)</b>       | <b>(17,883)</b>     |
| <b>Investing Activities</b>                                                                     |                      |                     |
| Change in Cash Held in Trust                                                                    | (11)                 | 4                   |
| Change in Restricted Cash                                                                       | 0                    | 7,390               |
| Net Purchases of property, plant and equipment                                                  | (1,971)              | (6,302)             |
| Change in Self-insurance, pension, and other long-term liabilities                              | 800                  | 3,200               |
| <b>Net Cash Provided (Used) by investing activities</b>                                         | <b>(1,182)</b>       | <b>4,292</b>        |
| <b>Financing Activities</b>                                                                     |                      |                     |
| Change in Working Capital Loan                                                                  | 1,471                | (7,614)             |
| <b>Net Cash Provided (Used) by financing activities</b>                                         | <b>1,471</b>         | <b>(7,614)</b>      |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                     | <b>(1,467)</b>       | <b>(21,205)</b>     |
| <b>Cash and Equivalents at beginning of period</b>                                              | <b>3,328</b>         | <b>23,064</b>       |
| <b>Cash and Equivalents at end of period</b>                                                    | <b>\$1,861</b>       | <b>\$1,859</b>      |



# Alameda Hospital

A member of Alameda Health System

## MEMORANDUM

2070 Clinton Avenue  
Alameda, CA 94501

DATE: November 20, 2014

FOR: December 1, 2014 – District Board Meeting

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

FROM: David Warmouth, AVP of Support Services, Highland Hospital  
Mike Toftley, Construction Manager, JTECH HCM  
Bonnie Panlasigui, Chief Administrative Officer

SUBJECT: Overview of Alameda Hospital SPC Upgrade / Kitchen Relocation Project

This information is provided to the District Board as an information item and at the request of District Board President, J. Michael McCormick. Regular updates to the District Board will be provided as we progress with these seismic projects.

The SPC Upgrade and Kitchen Relocation project located at Alameda Hospital, West Wing and Stephens Wing Buildings at 2070 Clinton Avenue in Alameda, CA 94501 consists of two increments. Within those increments there will be multiple phases, much coordination, and an extraordinary amount of infection control due to the extent of work to demolish the ground floor. The project is currently in the OSHPD agency review phase.

### Agency Review milestones to date:

| Increment 1 |                     | Increment 2 |                     |
|-------------|---------------------|-------------|---------------------|
| Date        | Status              | Date        | Status              |
| 06/15/2010  | Original Submission | 08/16/2010  | Original Submission |
| 02/28/2011  | Back Check #1       | 02/28/2011  | Back Check #1       |
| 09/21/2011  | Back Check #2       | 12/16/2011  | Approved            |
| In Progress | Back Check #3       |             |                     |

OSHPD approval to begin Increment 1 is expected in early 2015. Once started, each Increment is expected to be approximately 10 months in duration. Construction must be complete by January 1, 2018.

The original 2010 budget estimated the total project cost to be ~ \$10.3 Million. The entire project is being reviewed by JKL who was engaged through JTEC, the construction management firm. An updated estimate outlining Increment #1, Increment #2, and a total project summary is expected to be available by end of year.

## CITY OF ALAMEDA HEALTH CARE DISTRICT

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Date: November 26, 2014

For: December 1, 2014 – District Board Meeting

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

From: J. Michael McCormick, President  
Kristen S. Thorson, District Clerk

Subject: District Operational Updates

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### Board Orientation / Refresher Course

At the request of several Board members, a Board Orientation / Refresher Course will be scheduled in December or early January. We welcome suggestions as to format; (duration, documents to review/provide, topics for in depth discussion, etc.) and can discuss your ideas at the Board meeting or you can provide suggestions via email to the District Clerk. Listed below is a sample of possible agenda items.

- History 101 (Hospital and District)
- Why Affiliate and How We Got Here
- Understanding the Affiliation & JPA
- District Structure
- Ralph M. Brown Act, Public Records Act & Confidentiality
- Board Member "Obligations"

### District Office Update

The tenant improvements at the District office (888 Willow Street) have been completed and the office is now ready for furniture. Furniture will include just the basics at this time including 1-2 desks, conference table, chairs and filing cabinets. The District Clerk will be resourceful in looking at new and used furniture for the space to be as economical as possible. Additional furniture will be added as needed.

### Regulatory Items

#### **AB1234 Ethics Training**

As a reminder, elected or appointed officials are required to take a two (2) hour mandatory AB1234 Ethics Training upon appointment/election and then receive training every two years thereafter. If you have questions about your specific due dates, please contact the District Clerk.

## **Statement of Economic Interest Statement - Form 700**

Elected and appointed officials must file a Statement of Economic Interest Statement (Form 700) when assuming office, leaving office and annually. Filing of Form 700 will be due on or before April 1, 2015. Notices will be sent out in January by the District Clerk. Forms are to be filed with the District Clerk.

### FYE, June 30, 2014 Audit

The FYE, June 30, 2014 Audit has begun with the collection of documents, data and information. Rick Jackson will be onsite in December and will be working closely with the Accounting team at Alameda Health System. This audit will include ten (10) months of hospital operations and 2 months of District only operations.

### Community Advisory Committee Update

The Community Advisory Committee has not met since September and will plan to meet in January. District Clerk, in coordination with the Co-Chairs, will be coordinating a survey of the current membership to determine 1) interest in serving on the committee with the new structure, 2) membership strengths and any potential areas of weakness, and 3) interest in participation on sub-committees.

## **Letter to the Community**

We have discussed putting together a letter to the community/ newsletter in January 2015 to inform the community about the status of the District, including an update on the affiliation, how the parcel tax will be used for Alameda Hospital and a thank you to the community for their continued support. We welcome suggestions as to content and can discuss more at the District Board meeting and at the next Community Advisory Committee.

### Annual Election of Officers

The annual election of officers is scheduled to take place at the January District Board meeting. Below is a list of current officers and an excerpt from the by-laws regarding the duties of each office.

|                                |                                                    |
|--------------------------------|----------------------------------------------------|
| President                      | J. Michael McCormick                               |
| 1st Vice President             | Robert Deutsch, MD                                 |
| 2 <sup>nd</sup> Vice President | Vacant                                             |
| Treasurer                      | Lynn Bratchett, RN (vacant as of December 1, 2014) |
| Secretary                      | Tracy Jensen                                       |

## ARTICLE I

### OFFICERS

#### Section 1. Officers

A. The officers of this District shall be President, First Vice-President, Second Vice-President, Secretary, Treasurer, and such other officers as the Board of Directors shall determine are necessary and appropriate.

B. The offices of President, First Vice-President, Second Vice-President and Secretary shall be filled by election from the membership of the Board of Directors. The office of Treasurer may or may not be filled by a member of the Board of Directors.

C. Each officer shall be elected upon receiving a majority vote with each member of the Board of Directors having one vote. In the event that there is no majority for a single office, the candidate with the fewest votes shall be eliminated from candidacy and a runoff election with the remaining candidates shall take place. In the event that more than two candidates have an equal number of votes, the office shall be selected by random lot.

D. Officers shall be elected at such regular Board meeting as is specified by the Board.

E. Officers shall hold their office for terms of one (1) year or until such time as a successor is elected. An officer may be removed from office by a majority of the Board of Directors at any time. Officers may serve consecutive terms.

#### Section 2. President

A. The President shall perform the following duties:

1. Preside over the meetings of the Board of Directors;
2. Sign and execute (jointly with the Secretary where appropriate), in the name of the District, all contracts and conveyances and all other instruments in writing that have been authorized by the Board of Directors;
3. Subject to any duly-adopted Policy of the Board regarding the signing of checks, exercise the power to co-sign, with the Secretary checks drawn on the funds of the District whenever:
  - a. There is no person authorized by resolution of the Board of Directors to sign checks on behalf of the District regarding a particular matter; or
  - b. It is appropriate or necessary for the President and Secretary to sign a check drawn on District funds.
4. Have, subject to the advice and control of the Board of Directors, general responsibility for the affairs of the District, and generally discharge all other duties that shall be required of the President by the Bylaws of the District.

B. If at any time, the President is unable to act as President, the Vice Presidents, in the order hereinafter set forth, shall take the President's place and perform the President's duties; and if the Vice Presidents are also unable to act, the Board may appoint someone else to do so, in whom shall be vested, temporarily, all the functions and duties of the office of the President.

### Section 3. Vice-Presidents

A. In the absence of the President or given the inability of the President to serve, the First Vice-President, or in the First Vice-President's absence, the Second Vice-President, shall perform the duties of the President.

B. Perform such reasonable duties as may be required by the members of the Board of Directors or by the President.

### Section 4. Secretary

The Secretary shall have the following duties:

A. To act as Secretary of the District and the Board of Directors.

B. To be responsible for the proper keeping of the records of all actions, proceedings, and minutes of meetings of the Board of Directors.

C. To be responsible for the proper recording, and maintaining in a special book or file for such purpose, all ordinances and resolutions of the Board of Directors (other than amendments to these Bylaws) pertaining to policy or administrative matters of the District and its facilities.

D. To serve, or cause to be served, all notices required either by law or these Bylaws, and in the event of the Secretary's absence, inability, refusal or neglect to do so, such notices may be served by any person so directed by the President or Board of Directors.

E. To have custody of the seal of this District and the obligation to use it under the direction of the Board of Directors.

F. To perform such other duties as pertain to the Secretary's office and as are prescribed by the Board of Directors.

### Section 5. Treasurer

A. The Board of Directors shall establish its own treasury and shall appoint a Treasurer charged with the safekeeping and disbursal of the funds in the treasury.

B. The Board of Directors shall fix the amount of bond to be given by the Treasurer and shall provide for the payment of the premium therefor.

C. The Treasurer, who may or may not be a member of the Board of Directors, shall be selected by the Board of Directors based upon his or her competence, skill, and expertise.

D. The Treasurer shall be responsible for the general oversight of the financial affairs of the District, including, but not limited to receiving and depositing all funds accruing to the District, coordinating and overseeing the proper levy and collection of the District's annual parcel tax, performance of all duties incident to the office of Treasurer and such other duties as may be delegated or assigned to him or her by the Board of Directors, provided, however, that the Chief Financial Officer of the District shall implement, and carry out the day to day aspects of the District's financial affairs.

E. The Treasurer shall maintain active and regular contact with the administrative staff for the purpose of obtaining that information necessary to carry out his or her duties.

Handouts and/or  
“to be distributed”  
items from  
District Board Meeting

CITY OF ALAMEDA HEALTH CARE  
DISTRICT

Minutes of the City of Alameda Health Care District Board of Directors  
Open Session  
Monday, October 6, 2014 Regular Meeting

| Board Members Present                                                                                             | Legal Counsel Present | AHS Management / Guests                    | Excused |
|-------------------------------------------------------------------------------------------------------------------|-----------------------|--------------------------------------------|---------|
| Lynn Bratchett, RN<br>Robert Deutsch, MD<br>J. Michael McCormick, President<br>Tracy Jensen<br>Kathryn Sáenz Duke | Thomas Driscoll, Esq. | Deborah E. Stebbins, CAO, Alameda Hospital |         |
| Submitted by: Kristen Thorson, District Clerk and Heather Reyes, Administrative Secretary                         |                       |                                            |         |

| Topic                                     | Discussion                                                                                                                                | Action / Follow-Up |
|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| I. Call to Order                          | The meeting was called to order at 7:00 p.m.                                                                                              |                    |
| II. Roll Call                             | Kristen Thorson called roll, noting a quorum of Directors was present.                                                                    |                    |
| III. General Public Comment               | No Comments                                                                                                                               |                    |
| IV. Adjourn into Executive Closed Session | The meeting was adjourned into Executive Closed Session at 7:01 p.m.                                                                      |                    |
| V. Closed Session Agenda                  |                                                                                                                                           |                    |
| VI. Reconvene to Public Session           | The meeting was reconvened into public session at 7:41 p.m.                                                                               |                    |
|                                           | A. Announcements from Closed Session<br>President McCormick announced that the Minutes from July 9, 2014 were approved in closed session. |                    |
| VII. <b><u>Special Recognition</u></b>    |                                                                                                                                           |                    |



|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>A. Action Items</p> <p>1) Adoption of Resolutions No. 2014-9L and 2014-10L recognizing Jordan Battani &amp; Deborah E. Stebbins</p> <p>President McCormick recognized the elected officials at the meeting, Marilyn Ezzy Ashcraft, Vice Mayor, Lena Tam, Councilmember, and Mike McMahon, AUSD School Board Member. President McCormick read the resolution recognizing Jordan Battani. Director Deutsch read the resolution recognizing Deborah E. Stebbins. The following guests then thanked and recognized Ms. Battani and Ms. Stebbins for their service to Alameda Hospital and to the City of Alameda Health Care District.</p> | <p>Director Deutsch made a motion to adopt Resolution 2014-9L. Director Jensen seconded the motion. The motion carried.</p> <p>Director Jensen made a motion to adopt Resolution 2014-10L. Director Bratchett seconded the motion. The motion carried.</p>                                                                                                                        |
| <ol style="list-style-type: none"> <li>1. Honorable Rob Bonta, Assemblymember, State of California</li> <li>2. Carladenise Edwards, Chief Strategy Officer, AHS</li> <li>3. Lena Tam, City Council Member</li> <li>4. Marilyn Ezzy Ashcraft, Vice Mayor</li> <li>5. David Sayen, CMS Region VI Regional Director</li> <li>6. David Burton</li> </ol>                                                                                                                                                                                                                                                                                      | <ol style="list-style-type: none"> <li>7. Don Stebbins</li> <li>8. Tracy Jensen, Director</li> <li>9. Richard Espinoza, Director of Longer Term Care Operations and Rehabilitation Services</li> <li>10. Lynn Bratchett, Director</li> <li>11. Kristen Thorson, Executive Assistant/district Clerk</li> <li>12. Tony Corica, Community and Physician Relations Manager</li> </ol> |
| A short break was taken and open session was reconvened at 8:31 pm                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>VIII. <u>Regular Agenda</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                   |
| <p>A. Consent Agenda</p> <p>2) Approval of August 19, 2014 Minutes (Special)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>Director Jensen made a motion to approve the August 19, 2014 Minutes as presented. Director Bratchett seconded the motion. The motion carried.</p>                                                                                                                                                                                                                             |
| The order of the agenda was adjusted and Item C, Alameda Health System and Alameda Hospital Update was taken next.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                   |
| C. Alameda Health System and Alameda Hospital Update                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                   |
| <p>1) Chief Administrative Officer Report – August 2014</p> <p>Ms. Stebbins presented her report found on pages 24-26 of the packet.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>No action taken.</p>                                                                                                                                                                                                                                                                                                                                                           |
| <p>2) Quality Report</p> <p>Ms. Stebbins presented the Quality Report as presented on pages 27-35 of the packet.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>No action taken.</p>                                                                                                                                                                                                                                                                                                                                                           |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The report included the Quality Process Improvement Business Plan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                        |
| <p>3) Financial Report</p> <p>a. Approval of FY2015 Parcel Tax Budget</p> <p>David Cox, Chief Financial Officer, presented the Financial report which included financial results as of August 2014, the annual capital and operating budget for Alameda Hospital, an update on the \$2.5 M pre-affiliation loan), and an update on the Alameda hospital benefit/pension plans</p> <p>Mr. Cox then present the annual parcel tax budget as required by the Joint Powers Agreement as found on page 47 of the packet. Director Deutsch temporarily left the meeting during this discussion.</p> <p>Director Deutsch returned to the meeting after the discussion was completed.</p> | Director Jensen made a motion to approve the FY 2015 Parcel Tax Budget. Director Bratchett seconded the motion. The motion carried 4-1 (Deutsch, recused)                              |
| B. Action Items                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                        |
| <p>1) Biennial review and Approval of revision to Conflict of Interest Code: 2014A</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Director Jensen made a motion to approve the Biennial review and Approval of revision to Conflict of Interest Code: 2014A. Director Deutsch t seconded the motion. The motion carried. |
| <p>2) Approval of Revisions to the Community Relations and Outreach Committee Structure</p> <p>Director Jensen reviewed the revisions as presented.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Director Bratchett made a motion to approve the Revisions to the Community relations and Outreach Committee Structure. Director Deutsch seconded the motion. The motion carried.       |
| <p>3) Approval to Engage KHJC &amp; Partners for District Book Keeping Services</p> <p>President McCormick expressed concerns over data back-up and potential issues resulting from losing data. The District Clerk will follow-up on his concerns. The motion was made contingent on ensuring that the data back-up process was adequate and the District Clerk would communicate with President McCormick as to the plan.</p>                                                                                                                                                                                                                                                   | Director Jensen made a motion to engage to KHJC & Partners for District Book Keeping Services. Director Bratchett seconded the motion. The motion carried.                             |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>4) Adoption of Resolution 2014-11L transfer of Benefits Plans</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>Director Bratchett made a motion to adopt Resolution 2014-11L transfer of Benefits Plans. Director Deutsch seconded the motion. The motion carried.</p> |
| <p>D. District Board President's Report</p> <p>1) Update on AHS Committee Appointments</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                            |
| <p>E. District Business and Updates</p> <p>1) District Bylaws</p> <p>The bylaws were presented as a final review of the changes that were made at the August meeting.</p> <p>2) Alameda Health System Board of Trustee Report</p> <p>Director Jensen reported that her first meeting as the newly appointed Board of Trustee occurred on September 30. At the meeting the Board of Trustees approved a revenue cycle improvement initiative to reduce expenses throughout the system. She also reported that the Board of Trustees accepted the resignation of Wright Lassiter, CEO effective December 12, 2014. A search committee was appointed to look for an interim CEO and to begin the process of a permanent CEO for the system.</p> <p>3) Community Advisory Committee Report</p> <p>Director Jensen recapped the discussion and action item approving the revisions to the committee structure on page 14-17 of the packet.</p> | <p>No action was taken.</p>                                                                                                                                |
| <p><b>I. General Public Comment</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>No general public comments</p>                                                                                                                          |
| <p><b>II. Board Comments</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>No board comments</p>                                                                                                                                   |
| <p><b>III. Adjournment</b></p> <p>Being no further business the meeting was adjourned at 9:43 p.m.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                            |

Attest: \_\_\_\_\_

J. Michael McCormick  
President

Tracy Jensen  
Secretary



# Alameda Hospital

A member of Alameda Health System

## MEMORANDUM

2070 Clinton Avenue  
Alameda, CA 94501

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

**FROM:** Bonnie Panlasigui, FACHE  
Chief Administrative Officer

**DATE:** December 1, 2014

**SUBJECT:** Alameda Hospital Update – November 2014

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### True North Goal 1: Access: Be a leader in access to quality, affordable care

| Action                                                                          | Goal              | % Complete | Next Steps                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------------------------------------|-------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Implement LEAN Performance Improvement to be more efficient and increase access | Q3<br>J-M<br>2015 |            | The focus on our LEAN performance improvement will be in our two major entry points: the emergency room and operating room. Currently the team is identifying the major opportunities for improvement. In Feb 2015, the entire leadership team will be trained on LEAN strategies that will help eliminate waste in a process and improve quality by removing unnecessary steps. |

### True North Goal 2: Sustainability: Be an organization with an investment grade credit rating

| Action                                                                                                         | Goal              | % Complete | Next Steps                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------|-------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Positive financial standing with all vendors for all supplies and services                                     | Q3<br>J-M<br>2015 |            | Accounts Payable reduction plan: By end of the year, will pay off 120 day balances and by January, pay of 60 day balances. By end of Q3, we are expected to be current with all balances. The senior team at Alameda Hospital has a weekly call with Accounts Payable to help facilitate the high priority vendors by department. |
| Partner with Med Assets BETTER2 Initiative to bring expenses to be lower than revenue per adjusted patient day | Q4<br>A-J<br>2015 |            | Over a period of four years, our plan is to achieve a cost savings of 80 million (10% of operating budget). Immediate savings goal (now - June 30, 2015): \$20M Short term savings goal (Jan '15 – Jun '16): \$24M Long term savings goal (Jul '16 – Jun '19): \$46M                                                              |

**True North Goal 3: Integration: Achieve zero preventative harm and produce the best achievable outcomes**

| Action                                                               | Goal              | % Complete        | Next Steps                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------------------------|-------------------|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Implement a daily Leadership Safety Huddle                           | Q2<br>O-D<br>2015 | 100%<br>(ongoing) | As an identified best practice in high performing organizations, our leadership team has started a daily leadership safety huddle to bring an open dialogue on safety issues impacted in the last 24 hours and to communicate high priority safety concerns for the day related to equipment, supplies, computer/IT throughout the organization. |
| Receive recognition for quality outcomes from national organizations | N/A               | FYI               | Alameda Hospital has been the recipient of several quality awards including: a successful Joint Commission Lab Survey, Susan Baranoski Founder's Award for excellence in advances in skin and wound care, CALNOC Award for sustained excellence in reducing hospital acquired conditions and Heart Failure Gold Plus Quality Achievement Award   |

**True North Goal 4: Experience: Be the best to stay well, heal, and receive care**

| Action                                                                                          | Goal              | % Complete       | Next Steps                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------------------------------------------------------------------------|-------------------|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Utilize the Studer Group to learn tools to improve employee engagement and patient satisfaction | Q2<br>O-D<br>2015 | 25%<br>(ongoing) | The Studer Group is an organization that helps teach evidence based leadership standards to leaders. Currently the leadership team has been trained on communication tools to improve employee engagement that includes rounding for outcomes, stoplight reports, and thank you cards. The Studer Group Coach comes monthly and will be coaching the team in AIDET communication. Next steps include a focus on improving the patient perception.                             |
| Improve publicly reported HCAHPS patient satisfaction scores                                    | Q4<br>A-J<br>2015 |                  | In the process of moving from NRC Picker surveyors to Press Ganey surveyors to be consistent with AHS. The areas of focus include: nurse communication, staff responsiveness, pain management, med communication. The overall rating of the hospital is at 57.1% top box (9 or 10), placing AH in far below the 75 <sup>th</sup> percentile goal of 76% top box. A team is being developed to focus on our goal to be higher than the 75 <sup>th</sup> percentile by Q4 2015. |

**True North Goal 5: Network: Provide the highest rated community health program**

| Action                                                                     | Goal              | % Complete | Next Steps                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------------------------------|-------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Re-engage "Project Island" to grow volume and services at Alameda Hospital | Q3<br>J-M<br>2015 |            | The major service lines being discussed to grow include a focus on the aging population, orthopedic services and other outpatient elective types of services including urology and gynecology. Planning a scheduler's event in December to share facts on services offered and gain insight from the schedulers' perspective. Starting a Volume Committee that focuses on monitoring trends in referral patterns year over year. |

|                    |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------|-----|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Community Outreach | N/A | FYI | <p>The annual community health fair was held on Oct 25 and served a total of 750 adults and 250 children. Approximately 450 free flu shots and 150 bike helmets were provided to children.</p> <p>The 29<sup>th</sup> Annual Alameda Hospital Foundation Gala was held on Nov 8 at the Rock Wall Wine Company and raised \$50,000 with 140 people in attendance. The evening honored OBGYN Carol Gerdes, MD.</p> <p>The quarterly community stroke risk assessment on Nov 14 provided over 50 free stroke risk assessments to the community.</p> |
|--------------------|-----|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

#### **True North Goal 6: Workforce: Be the best place to learn and work**

| Action                           | Goal              | % Complete | Next Steps                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------|-------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employee Engagement Pulse Survey | Q4<br>A-J<br>2015 |            | On Dec 1 – Dec 19, Alameda Hospital will be rolling out a pulse survey to all employees asking for their feedback regarding their work environment. This will serve as baseline data as the hospital has not rolled out an engagement survey since 2009. The leadership team will create action plans in January based on the results. The annual engagement survey will be held in May 2015.                                                                 |
| Physician Engagement             | Q4<br>A-J<br>2015 | ongoing    | The immediate focus in December will be on physician engagement and listening to their suggestions and feedback regarding what is working well and what opportunities for improvement are needed. Currently planning a dinner with AHS executive leadership (CMO, Quality VP and COO), Alameda Hospital CAO and the Chairs of the medical staff committees. More to come on physician engagement. The annual physician engagement survey will be in May 2015. |

#### **Statistics & Volumes**

Surgical volume from Highland Hospital from January through August 2014 is listed below by service. These cases are in addition to normal volumes done by Alameda Hospital based physicians

| SERVICE          | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Grand Total |
|------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------------|
| Gastroenterology |     |     |     |     |     |     |     |     |     | 1   | 1           |
| Gynecology       |     |     |     | 2   | 3   | 7   | 10  | 9   | 11  | 17  | 59          |
| Hand             |     |     |     | 1   |     |     |     |     |     |     | 1           |
| Ophthalmology    |     |     |     | 5   | 3   | 3   | 5   | 4   |     | 5   | 25          |
| Orthopedic       | 5   | 1   | 3   | 2   | 5   | 3   | 2   | 14  | 7   | 5   | 47          |
| Pain Management  | 20  | 21  | 26  | 35  | 29  | 28  | 15  | 37  | 27  | 42  | 280         |
| Podiatry         |     |     |     |     | 1   |     |     |     |     |     | 1           |
| Urology          |     |     |     |     |     |     |     |     | 1   |     | 1           |
| Grand Total      | 25  | 22  | 29  | 45  | 41  | 41  | 32  | 64  | 46  | 70  | 415         |

*Daily Dashboard for the month of November is attached for reference.*

# Alameda Hospital

## FY2015 True North Metrics

|                                                                                                                                         |                                                                                                                                                                                                                               |                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1 ACCESS</b><br><u>Clinical efficiency</u><br><u>ED Door to inpatient bed:</u><br><br>Target: 2.8 hours<br>Current: <b>4.4 hours</b> | <b>2 SUSTAINABILITY</b><br><u>Operating Margin</u><br><br>Target: 3.6%<br>Current: -0.8%<br>(improved 2% over prior month)                                                                                                    | <b>3 INTEGRATION</b><br><u>Incidence of Preventable Harm:</u><br>Target: .83<br>Current: TBD<br><br><u>Perfect Care Compliance</u><br>Target : 90%<br>Current: <b>95.74%</b> |
| <b>4 EXPERIENCE</b><br><u>Patient Satisfaction Survey</u><br><br>HCAPHS<br>Target: 76.0 Top Box<br>Current: <b>57.1</b> (Sep)           | <b>5 NETWORK</b><br><u>% Utilization of Total OR Time</u><br>Target: 50%<br>Current: 37.5%<br>(improved 13% over prior month)<br>Sep had 257 cases, 65% increase<br>over prior month, highest monthly<br>volume in two years. | <b>6 WORKFORCE</b><br><u>Employee Engagement</u><br>Target : 4.0<br>Current: TBD<br><br><u>Physicians Engagement</u><br>Target: 3.8<br>Current: TBD                          |