

CITY OF ALAMEDA HEALTH CARE
DISTRICT

Minutes of the City of Alameda Health Care District Board of Directors
Open Session
Monday, June 1, 2015 Regular Meeting

Board Members Present	Legal Counsel Present	AHS Management / Guests	Excused
Robert Deutsch, MD Tracy Jensen J. Michael McCormick, President Jim Meyers, DrPH Kathryn Sáenz Duke	Thomas Driscoll, Esq.	Bonnie Panlasigui, CAO Vanetta N. Van Cleave, V.P. of Finance Carladenise Edwards, CSO	
Submitted by: Kristen Thorson, District Clerk			

Topic	Discussion	Action / Follow-Up
I. Call to Order	The meeting was called to order at 5:08 p.m.	
II. Roll Call	Kristen Thorson called roll, noting a quorum of Directors was present.	
III. Adjourn into Executive Closed Session	At 5:09 p.m. the meeting was adjourned into Closed Session.	
IV. Closed Session		
V. Reconvene to Public Session	The meeting reconvened at 6:03 p.m. into Open Session	
A. Announcements from Closed Session	President McCormick announced that the closed session minutes on March 2, 2015 were approved as presented.	
VI. <u>Regular Agenda</u>		
A. Consent Agenda	1) Approval of March 2, 2015 Minutes (Regular)	Director Jensen made a motion to approve the minutes of March 2, 2015 as presented. Director Sáenz Duke

Topic	Discussion	Action / Follow-Up
	<p>2) Approval of April 13, 2015 Minutes (Regular)</p> <p>Director Sáenz Duke removed the April 13, 2015 minutes from the consent agenda for discussion. Director Duke proposed the following corrections:</p> <ul style="list-style-type: none"> • Strike sentence (page 5 of 5, 2nd paragraph, line 13) <i>“Director Duke asked that legal counsel review what the restrictions are not necessarily how to use the funds.”</i> • Addition to sentence (page 5 of 5, 1st paragraph, line 3): Ms. Thorson informed the Board that director Jensen was in favor of being <u>members of ACHD</u>. • Spelling correction (page 5 of 5, 3rd paragraph, line 5): mute changed to <i>moot</i> 	<p>seconded the motion. The motion carried.</p> <p>Director Sáenz Duke made a motion to approve the minutes of April 13 with correction as noted. Director Deutsch seconded the motion. The motion carried with one abstention (Jensen).</p>
B.	Action Items	
	<p>1) Approval of FY Ending June 30, 2014 Audited Financial Statements</p> <p>Rick Jackson, auditor from JWT & Associates, LLP presented the FY Ending June 30, 2014 Audit as outlined in the packet on pages 17-35. He noted that the audited financials include 10 months of operations from the Hospital and 2 month of District alone operations. In future years, the audit will look dramatically different.</p> <p>Director Deutsch requested that an opportunity for discussion be offered after the motions have been made and before voting takes place.</p>	<p>Director Jensen made a motion to approve the FY Ending June 30, 2014 Audited Financial Statements. Director Deutsch seconded the motion. The motion carried.</p>
	<p>2) Approval to Support Alameda Hospital in 4th of July Parade.</p> <p>Ms. Thorson presented a recommendation to support Alameda Hospital and Alameda Health System in the 4th of July Parade with a \$500 contribution toward the cost of the event. Director Saenz Duke asked whether hospital or health related items were distributed along the parade route. Louise Nakada noted that in the spirit of the 4th of July, patriotic items are handed out and the hospital has moved away from handing out flyers, health related information or brochures. Director Deutsch suggested that a list of hospital services be displayed on the cable car to let the community know what is offered at the hospital.</p>	<p>Director Meyers made a motion to approve funding of \$500 to help support the Alameda Hospital / Alameda Health System entry in the parade. Director Jensen seconded the motion. The motion carried.</p>
	<p>3) Authorization to Bind District Insurance Policies for Property, General liability, Excess Liability and directors and Officers, Crime for FY 2015-2016.</p> <p>Ms. Thorson presented the recommendations to Bind the District’s insurance policies for FY 2015-2016. The cost of the policies are outlined below.</p> <ul style="list-style-type: none"> • Property Insurance: \$24,277.12 • Directors and Officers and Crime: \$21,401 • General Liability and Excess Liability: NTE \$7,200 	<p>Director Meyers made a motion to authorize the board President to execute the necessary paperwork to bind the district insurance policies for FY 2015-2015. Director Sáenz Duke seconded the motion. The motion carried.</p>

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	<p>There was discussion on the purpose of the policies, coverage of the policies, including an overview of what the District was insured for and what insurance was maintained by Alameda Health System. Director Sáenz Duke asked for a comparison of premiums in particular to D&O coverage due to a significant decrease in responsibility. Ms. Thorson notes page 41 of the packet with a chart of comparisons. President McCormick inquired about the property value and rate as noted on page 43 of the packet. Ms. Thorson noted that the rate was believed to be in comparison to the other hospitals in the HARPP program. Ms. Thorson also noted in response to President McCormick's question that an option for an appraisal is available through HARPP and Alliant Insurance Services.</p>	
	<p>4) Approval of Resolution No. 2015-2: Levying the City of Alameda Health Care District parcel Tax for the Fiscal year 2015-2016.</p> <p>Director Sáenz Duke recommended the following revisions to the Resolution as outlined in red italics below.</p> <p>6th paragraph: "Whereas, pursuant to the Agreement the District agreed to fulfill its mission to serve the health needs of the Alameda City Ccommunity...and the continued operation of its hospital <i>and other health related</i> services; and"</p> <p>7th paragraph: "Whereas without the levy of a parcel...the District's revenue <i>stream</i> will be insufficient to allow the provision of continued local access to emergency room care, acute hospital care and other <i>necessary medical services important services to protect and promote safety and health of District residents; and</i>"</p>	<p>Director Jensen made a motion to approve Resolution No. 2015-2 with the recommended changes outlined by Director Saenz Duke. Director Meyers seconded the motion. The motion carried.</p>
	<p>5) Approval of Certification and Mutual Indemnification Agreement</p> <p>Ms. Thorson presented the recommendation to approve the Certification and Mutual Indemnification Agreement. Director Meyers inquired about why legal counsel signed the document and not a member of the Board. Mr. Driscoll replied that it was a request from the County.</p>	<p>Director Meyers made a motion to approve the Certification and Mutual Indemnification Agreement. Director Jensen seconded the motion. The motion carried.</p>
	<p>6) Approval to Send Letter of Support to AHS Governance and Senior Leadership in Support of Alameda Health System's Vision and Overall Strategy</p> <p>President McCormick stated the purpose of the letter was to welcome Delvecchio Finley, comment on the one year anniversary of the affiliation and to show support for AHS's vision and overall strategy. Director Sáenz Duke endorsed the intent of the letter and inquired about the status of the committee appointments to AHS Board of Trustee Committees. Director Jensen noted that there were no changes in the status. There was a brief discussion about appointment to the committees and the process for AHS.</p>	<p>Director Sáenz Duke made a motion to send letter of support to AHS governance and senior leadership as outlined. Director Meyers seconded the motion. The motion carried.</p>

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	<p>Director Meyers thanked Director Sáenz Duke for participating in the AHS CEO selection and interview process.</p>	
	<p>7) Approval of FY 2015-2016 District Operating Budget</p> <p>Director Meyers presented the operating budget and noted that AHS would then bring back a parcel tax budget for the District to approve. He reviewed that the Board asked Director Sáenz Duke and himself to review what other community based District's do when they are not operating a hospital as part of the Vision 2015 work. He stated that the budget reflects the presentation later in the meeting. He stated that there is a point of discussion at the end of the presentation on budge. He stated that the language is open to budgeting and running this district as a community based district and the presentation and budget included their recommendation on how we might do that. There is 3 items that reflect their Vision 2015 work. One of which was salaries, wages and benefits increasing to reflect a 0.5 FTE position of an Executive Director. President McCormick asked if Director Meyers wanted to defer discussion on the operating budget until after the Vision 2015 presentation. Director Meyers confirmed, and the Board agreed to defer discussion until later in the meeting.</p> <p>Reference section D, 4) for further discussion and action taken.</p>	<p>Reference section D, 4) for further discussion and action taken.</p>
	<p>8) Approval to Secure Corporate / Business Credit Card</p> <p>Ms. Thorson distributed a recommendation to secure a corporate business card and designate J. Michael McCormick as the authorized official and authorize the financial institution to issue a credit card to the District Clerk in order to conduct District business as needed. It was recommended that the credit card that would be issued to president/CEO, would be stored securely and in the event of an emergency or special circumstance, that card could be used.</p> <p>Ms. Thorson also recommended developing a District policy on use of the credit card to be approved by the Board. Director Meyers inquired if any Board member wanted a credit card for District business to let him know and he would research polices to present to the Board. Director Deutsch suggested that the card be limited to the clerk and President as outlined in the recommendation.</p>	<p>Director Meyers made a motion to approve securing a corporate / business credit card as presented. Director Jensen seconded the motion. The motion carried.</p>
	<p>9) Recommendation to move Funds from City of Alameda Health Care Corporation and CW&S Investment Company</p> <p>Ms. Thorson reviewed the recommendations presented in the packet on pages 71-72. Option 1, would be to move the money from the current Health Care Corporation CD and CW&S Investment Company, LLC to a Certificate of Deposit account. Option 2, is to move the funds to a Business Money Market Savings Account. Director Jensen inquired about limitation to use and</p>	<p>President called for a motion for Option 1. No motion was made. He then called for a motion for Option 2. Director Jensen made a motion to move a total of \$30,143.13 to a money market savings account (Option 2) with the Bank of Marin.</p>

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	<p>possible uses for the money. Director Meyers noted that these funds are not subject to any JPA requirements. It was discussed that these funds could be used for potential Vision 2015 work or other activities as decided upon by the Board. Director Deutsch suggested moving the funds at least for the next year to the money market account to allow for more flexibility. President McCormick and Director Meyers both preferred Option 1. President called for a motion for Option 1. Being no motion made, he called for a motion for Option 2.</p>	<p>Director Deutsch seconded the motion. The motion passed 3 (Jensen, Deutsch, Saenz Duke) to 2 (Meyers, McCormick).</p>
	<p>President McCormick requested that the agenda be modified to allow for the special presentation from the Northern California Breathmobile.</p>	
D.	District Updates	No action taken.
	<p>1) Special Presentation: Northern California Breathmobile Presentation</p> <p>President McCormick introduced Washington Burns, MD, Executive Director of the Prescott-Joseph Center for Community Enhancement and Administrative Director of the Northern California Beathmobile who provided a presentation and overview of the program. President McCormick noted that collaborating with the Breathmobile could be a potential opportunity under the Vision 2015 work.</p> <p>Copies of the presentation will be posted on the website and available from the District Clerk.</p>	No action taken.
C.	Alameda Health System and Alameda Hospital Update	
	<p>1) Financial Report</p> <p>Vanetta Van Cleave, VP Finance from Alameda Health System presented a financial update for the system and for Alameda Hospital. Copies of the presentation will be posted on the website and available from the District Clerk. Ms. Van Cleave acknowledged the District's requests for additional information and her receipt of the pre-affiliation financial packet. She reported that the report that will be given tonight and that was included in the packet is not as robust but she should identify some key areas of improvement that will provide a higher level of detail. The presentation included an overview of the March financial statements for AHS and for Alameda Hospital, key metrics including accounts payable, key revenue cycle accomplishments and projects for improvement and FY 16 operating budget status.</p> <p>Director Meyers inquired about collection ratios and the industry standard. Ms. Van Cleave noted that she would look into that information and that the information would be affected by several variables including the charge Master. Director Meyers stated that by federal law, the charge master needs to match average insured price. Ms. Van Cleave noted that revisions to the charge master were in progress. Director Meyers inquired about accounts receivable and noted that he has requested this information and trending statistics to see improvements several meetings ago</p>	No action taken

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	<p>and did not see it in the information presented. He also requested clean claims rates. His request stems from inquiries from the community about billing. While there has been great progress in accounts payable across the System, Director Meyers requested info specific to Alameda Hospital. Director Deutsch stated that a number of his patients have been receiving bills from services in which their insurance has not been billed from summer 2014 and if there was a program or initiative to collect on these bills.</p> <p>Director Meyers stated that the Board has a responsibility to understand financials presented. He wanted to know what AHS believes are the priorities so that over a period of time, metrics can be trended and improvement can be seen in these key metrics. President McCormick noted that he still had interest in key ratios and statistics that we outlined in the former financial statements.</p> <p>Director Jensen noted that AHS Board of Trustees approved a contract with Alliance One to work accounts receivables at Alameda Hospital.</p>	
	<p>2) Quality Dashboard Report</p> <p>Ms. Panlasigui reviewed the quality dashboard as presented on pages 79-80. She noted that processes are being implemented to improve HCAHPS scores, including hourly rounding, discharge phone calls and new whiteboards to assist with communication to patients. She also noted outliers in the core measures reporting.</p>	No action taken.
	<p>3) Chief Administrative Officer (CAO) Report</p> <p>Ms. Panlasigui distributed the written CAO report that included the months of April and May 2015. She highlighted the following areas as outlined in her report.</p> <ul style="list-style-type: none"> • True North Metric, Access: Patient Flow, Westmed Contract • True North Metric, Sustainability: Market Share, Bay Area Accountable Care Network, Capital Equipment Planning • True North Metric, Integration (Quality): Long Term Care, New Grad Program • True North Metric, Network: Crimson Market Advantage & Market Migration/Outmigration, Community Events • True North Metric, Workforce: Hospital and Nursing Home Week, Open Forums, Pulse Check Survey Follow-up <p>Director Jensen inquired about the ability to understand the possible reasons behind any outmigration. Ms. Edwards stated that staff analyzes the data that is available to draw conclusions based on the data and identify potential areas for growth.</p>	No action taken.
	<p>4) Alameda Health System Board of Trustees Report</p>	No action taken.

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	<p>Director Jensen announced that AHS entered into two new union contracts, one with Waters Edge Union that included an increase of 4% for those making less than \$12/hour and 3% increase for those making over \$12/hour. The other contract was with UAPD which includes staff physicians primarily at Highland and John George. This union contract includes incentives for productivity.</p> <p>She announced the hiring of Delvecchio Finley as CEO of Alameda Health System. She provided a brief background on him. In July there will be a new AHS Board of Trustee President, Michelle Lawrence. She distributed a list that identified the terms of the Board of Trustees.</p> <p>The Board also signed a lease to use the 12th floor of the Oakport Business Center to accommodate staff that will be displaced when the new tower opens and other buildings are torn down. She encouraged the Board to take the opportunity to tour the AHS facilities and the new tower.</p> <p>The Alameda County debt agreement was extended to December 15, 2015. AHS and the Board continue to work with the County on the debt agreement.</p> <p>Board and elected officials in the County have been focused on San Leandro Hospital and keeping it open as it is currently losing a significant amount of money per month.</p> <p>The FY 2015-2016 operating budget is being developed and the board is expected to see the budget in the next 4-6 weeks. Departments across the system have been asked to identify vacant positions and make cuts in positions. The Board hopes that cut will be made to vacant positions but expects that some filled positions to be eliminated.</p> <p>In regards to the AHS Committee appointments and District representatives, the Governance Committee, at the last meeting, did recommend that the Board of Directors have an appointment to the Strategic Planning Committee. Director Saenz Duke has been attending the meetings and Director Jensen recommended that she continue to be the representative. She encouraged the Board of Directors continue to attend open session committee and Board meetings.</p>	
D.	District Updates – continued	No action taken.
	<p>2) President's Report</p> <p>President McCormick noted that tours are available of the new acute care tower at Highland Hospital. Ms. Thorson offered to assist in coordinating tours with AHS and the Board as requested.</p>	No action taken.
	<p>3) Treasurer's Report</p> <p>a. March & April 2015 Expense to Budget Update</p>	No action taken.

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	<p>Ms. Thorson noted the expense to budget document on page 84-85 of the packet. The FYE 2014 audit is complete and will be presented at the next meeting. Ms. Thorson also noted that the District will be converting from a cash basis to accrual based accounting in the next fiscal year. President McCormick suggested a type of holding account / reserve for larger expenses such as election expense. Director Deutsch stated that the accrual would allow for such an expense. Ms. Thorson noted that each election year would be budgeted. President McCormick suggested this to help with cash flow and planning purposes for AHS and the District. Director Meyers asked if we would be ever at risk of not having enough money. Ms. Thorson noted that at time of each parcel tax, several factors including cash on hand and projected revenue are reviewed prior to the transfer. Ms. Thorson reviewed the costs associated with election year expenses and the expense is based on the number of registered voter and not the number of candidates running for office. There was discussion about the District paying for candidates statements in an election year and the District has the option to pay for the statement or not as part of the election cycle.</p> <p>b. Jaber Properties Follow-Up</p> <p>Ms. Thorson reviewed the follow-up as requested front the Board at the last meeting relating to variances noted in the Jaber analysis. Director Meyers asked if there were any negotiations going on currently with the Jaber properties and specifically a master lease offer. President McCormick noted that there were some initial discussions. Director Meyers requested that an agenda topic be added to the next meeting and requested that the Treasurer be involved in any discussions going forward. Mr. Driscoll noted the proposed terms that were emailed to him and then sent to President McCormick. No further discussions have been made to date with any parties. Director Meyers stated that he should be involved in any discussions as Treasurer.</p>	
	<p>Ms. Thorson noted that while additional time was allotted for the Board meeting tonight and videotaping, there was approximately 30 minutes available for videotape. The Board agreed to continue with the Vision 2015 Report and approval of operating budget.</p>	
	<p>4) Vision 2015 Report</p> <p>Director Meyers thanks Director Saenz Duke for working with him on the Vision 2015. He and Director Saenz Duke reviewed the presentation that was included in the packet on pages 89-116. The presentation outlined the Vision 2015 charter, research conducted, findings from research, recommendation budget and proposal for discussion and vote.</p> <p>They reported their findings of what the District could do, guided by the JPA and local health care district law, and how we could do it and topics of possible priority. Reference presentation.</p> <p>Director Meyers outlined the minimum amount of staffing required to move forward with the areas identified on pages 112-115 of the presentation. Two options were presented as listed</p>	<p>Director Meyers made a motion to offer a \$250 honorarium plus local travel expenses. Director Deutsch seconded the motion. The motion carried.</p>

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	<p>below.</p> <p><u>Option 1:</u></p> <ul style="list-style-type: none"> • District Budget to fund an Executive Director at .5 FTE under: <ul style="list-style-type: none"> • reasonable District operating expenses language (JPA 2.2) • hospital general operating expenses language (Measure A) • AHS to fully fund the District Clerk at 1.0 FTE <p><u>Option 2:</u></p> <ul style="list-style-type: none"> • AHS to fund an Executive Director at .5 FTE under: <ul style="list-style-type: none"> • AHS shall make available support personnel required for conduct of District business (JPA 4.1.g) • AHS to fully fund the District Clerk at 1.0 FTE (JPA 4.1.g) 	
<p>The Board meeting changed from video to audio at 9:30 PM</p>		
	<p>Director Meyers stated that he has presented an operating budget that includes Option 1. Director Jensen agreed that the District should be thoughtful and proactive to fulfill the authority in the future. Director Jensen stated that many of these things, prior to the affiliation, were conducted by hospital staff. She continued to state that AHS and hospital staff continue to do these activities. She noted that the outreach may not be strategic in the approach and specific to Alameda. President McCormick noted that he liked the presentation and that this was a wonderful first step for the work that has been done.</p> <p>Director Meyers directed the Board back to page 69 for the operating budget. He noted that the budget has dropped 35% over prior year's budget with the inclusion of the 0.5 FTE Executive Director. Director Meyers noted that the approval of the budget was on the table for approval. He inquired about the process of approval of the budget by AHS and then the approval of the parcel tax plan by AHS and the order of such approvals. If the Board approves the budget as presented, the Board has approved Option 1.</p> <p>After the motion was made Director Deutsch commented that the savings in the budget may be a stretch if the FY 214-2015 budget was in a sense created with little experience as to what would happen in the first year post affiliation. With the executive director position, he did not know what the 0.5 FTE would involve. He expressed that it was difficult to sort out the potential overlaps with what AHS and the hospital continue to do and what the District may do. If the approval of the budget is necessary to continue the dialogue of the vision, he would support it.</p> <p>Director Jensen commented that the 0.5 FTE Executive Director was a good place to start. She felt a need for the District to be more involved and proactive in the community separate from AHS. Director Deutsch noted the premise and campaign that the parcel tax was to support the operations of an acute care hospital and emergency services. He stated that he understood that</p>	<p>Director Jensen moved adoption of the budget as presented which included Option 1. Director Saenz Duke seconded the motion. After no further discussion the motion carried.</p>

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	<p>the mission of hospital's can change and it has changed over the years. He continued to say that there was a risk or concern from the community for taking on direct responsibilities as opposed to facilitating forums between organizations. While he had concerns about mission creep, he would support Option 1.</p> <p>Director Meyers noted that the majority of their discussion in developing this report was focused on Measure A.</p> <p>Ms. Edwards, Chief Strategy Officer commented that adding the FTE is one thing and then adding the resources to effectuate change, additional resources will be needed. The District will need resources to equitably contribute to some of the ideas proposed or to support those activities already done by the System and Hospital. She expressed that she agreed with the proposed mission and vision that was presented.</p> <p>Director Meyers did include some funding in the budget (education and consulting) to partially support pursuit of the vision work as the District moves forward.</p>	
	<p>a. Proposal to Offer Honorarium / Stipend to a California Healthcare District to Present to District as part of Vision 2015 Work</p> <p>Director Duke noted her report on Petaluma Healthcare District as included in the packet. Ms. Thorson noted that a dollar amount for a stipend should be identified and voted on by the Board.</p>	Director Meyers recommended a stipend of \$250 for local (Northern California) be offered. Director Deutsch seconded the motion. The motion carried.
	<p>5) Report on Annual Meeting of the Association of California Healthcare Districts (ACHD)</p> <p>Report was deferred to the next meeting.</p>	No action taken.
	<p>6) 2015-2016 District Board Meeting Schedule</p> <p>A schedule of the approved meeting dates was provided to the Board as reference.</p>	No action taken.
VII. Board Comments		No board comments
VIII. Adjournment	<p>Being no further business the meeting was adjourned at 9:56 p.m.</p>	

Attest:

J. Michael McCormick
President

Kathryn Sáenz Duke
Secretary