



BOARD OF TRUSTEES MEETING

THURSDAY, June 8, 2017

5:00PM – 7:00PM

Conference Center at Highland Care Pavilion

1411 East 31st Street Oakland, CA 94602

Vikki Brown, Interim Clerk of the Board

(510) 535-7515

LOCATION:

Open Session: HCP Conference Center

MEMBERS

Michele Lawrence, *President*

Joe DeVries, *Vice President*

Maria G. Hernandez, *Secretary*

Kinkini Banerjee

Gary Charland

Tracy Jensen

Anthony Thompson

Barry Zorthian, MD

MINUTES

THE MEETING WAS CALLED TO ORDER AT 5:03pm

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:

Anthony Thompson, Michele Lawrence, Kinkini Banerjee, Tracy Jensen, Joe DeVries, Maria Hernandez, Barry Zorthian¹

ABSENT: Gary Charland

A Quorum was established.

OPEN SESSION / ROLL CALL

Open Session Public Comment (1st opportunity) – One Public Comment from Dr. Savio, President of OakCare Medical Group regarding the OakCare contract (Item C). He supports this item.

¹ Trustees Devries and Jensen arrived to the meeting just prior to consideration of Item C.

A. BOARD PRESIDENT REPORT

Michele Lawrence, President

Trustee Lawrence reported that interviews for the Board vacancy have been completed and a recommendation will be presented at the next Board Meeting to send two candidates to the Board of Supervisors for their approval. Trustee Lawrence noted that the process for determining selection of a Medical Staff representative continues.

B. ACTION: CONSENT AGENDA

The Finance Committee recommends approval of the following contracts:

1. Amendment with East Bay Foundation for Graduate Medical Education (“EBFGME”) to administer the East Bay Residency Program for surgical residents under the UCSF School of Medicine. The term of the proposed amendment is July 1, 2017 through June 30, 2018. The estimated impact of the proposed agreement is \$2,497,942.69. Inclusive of this contract and prior contractual commitment (July 1, 2016 – June 30, 2017), the overall obligation to this vendor is estimated at \$4,878,852.15.

Ghassan Jamaledine, MD, Chief Medical Officer

Action: A motion was made and seconded to approve the Amendment with the East Bay Foundation for Graduate Medical Education to administer the East Bay Residency Program for surgical residents under the UCSF School of Medicine. The motion passed.

AYES: Trustees Lawrence, Zorthian, Thompson, Banerjee, Hernandez

NAYS: None

Abstention: None

2. Third Amendment with Universal Hospital Services, Inc. for the provision of durable medical equipment management and maintenance services. The term of the proposed amendment is July 1, 2017 through June 30, 2020. The estimated impact of the proposed amendment is \$3,888,049.00.

Luis Fonseca, Chief Operating Officer

Action: A motion was made and seconded to approve the Amendment with Universal Hospital Services, Inc. for the provision of durable medical equipment management and maintenance services. The motion passed.

AYES: Trustees Lawrence, Zorthian, Thompson, Banerjee, Hernandez

NAYS: None

Abstention: None

3. Two Statements of Work (“SOW”s) with MModal Services, LTD for the provision of two Clinical Documentation Improvement (“CDI”) Specialists and one CDI Manager to support the AHS CDI Program. The term of the proposed SOW’s is June 15, 2017 through March 31, 2018. The estimated impact of the proposed SOW’s is a combined total of \$717,400.00. Inclusive of these SOW’s and prior contractual commitments (July 1, 2016 – March 31, 2018), the overall obligation to this vendor is estimated at \$1,856,402.55.

Dave Gravender, Chief Information Officer

Action: A motion was made and seconded to approve the Two Statements of Work with MModal Services, LTD for the provision of two Clinical Documentation Improvement (“CDI”) Specialists and one CDI Manager to support the AHS CDI Program. The motion passed.

AYES: Trustees Lawrence, Zorthian, Thompson, Banerjee, Hernandez

NAYS: None

Abstention: None

4. A Statement of Work (“SOW”) with Colin Construction Company for the provision of construction services for the Simulation Lab project located at Highland Hospital. The term of the proposed SOW is July 1, 2017 through June 30, 2019. The estimated impact of the proposed SOW is \$1,369,756.30.

Luis Fonseca, Chief Operating Officer

Action: A motion was made and seconded to approve the Statement of Work (“SOW”) with Colin Construction Company for the provision of construction services for the Simulation Lab project located at Highland Hospital. The motion passed.

AYES: Trustees Lawrence, Zorthian, Thompson, Banerjee, Hernandez

NAYS: None

Abstention: None

5. New Agreement with McKesson for the provision of revenue cycle tools for electronic claims submission and management. The term of the proposed agreement is June 26, 2017 through June 30, 2020. The estimated impact of the proposed agreement is \$2,659,964.72.

Ghassan Jamaledine, Chief Medical Officer

Action: A motion was made and seconded to approve the New Agreement with McKesson Technologies for the provision of revenue cycle tools for electronic claims submission and management. The motion passed.

AYES: Trustees Lawrence, Zorthian, Thompson, Banerjee, Hernandez

NAYS: None

Abstention: Trustee Charland

Trustee Zorthian excused herself from participation in the next item on the agenda given her status with OakCare Medical Group.

C. **ACTION: Approval of Contract Between Alameda Health Partners and OakCare Medical Group**

Ghassan Jamaledine, President, Alameda Health Partners

Action: A motion was made and seconded to approve the New Agreement between Alameda Health Partners and OakCare Medical Group for the provision of professional clinical, teaching, and administrative services. The motion passed.

AYES: Trustees Lawrence, DeVries, Thompson, Jensen, Banerjee, Hernandez

NAYS: None

Abstention: None

Trustee Zorthian re-joined the meeting.

Trustee Jensen introduced Mr. Mike Williams, President of the Alameda Health District Board.

The CEO introduced the interns working at AHS for the summer in the Strategy office and Office of the General Counsel.

D. INFORMATION/DISCUSSION: FY2017-2018 ANNUAL BUDGET

Delvecchio Finley, Chief Executive Officer
David Cox, Chief Financial Officer

The CEO reported that there were adjustments made to the draft budget reflecting the feedback from the Finance Committee as well as follow up with the Board Trustees. Changes included:

- Revised volume forecasts.
- Revised revenue to reflect rate adjustments.
- Revised wage projections to address MOU compliance and increased nurse staffing to cover breaks and improved position control.
- Revised projections relative to shifting contracted to employed staff.

The CEO reviewed the impact of Critical Initiatives on the budget and explained where modifications to the Critical Initiatives were made pursuant to the request of the Finance Committee (attached presentation). The key changes were the elimination of the Innovation Fund and a delay in the forecasted startup of the primary care project in Alameda (reducing the budget impact for this fiscal year).

The CEO provided a summary of the financial plan reflected in the draft budget:

- Projected EBIDA margin of 4% with a continued long-term goal of achieving an EBIDA margin target of 6%. The CEO explained the factors that would permit continued growth and success for the organization under the projected EBIDA margin for this year (performance improvement projects and transition to Population Health Management).
- Revenue: projecting an 11.9% increase in gross patient revenue (net of 8.5%); slight decrease in supplemental revenue payments; total projected increase of 5.2%.
- Expenses: projected 7.9% increase

The Board discussed the revised budget figures and financial plan:

- Amounts related to the EHR budget item for staff backfill that would be needed when the design/build and pre-implementation (clinical standardization) activities begin.
- The anticipated return from the proposed LEAN initiatives was explained.
- Explanation of how anticipated labor costs are allocated to Critical Initiatives and renewed request to reflect any revenue offsets.
- Explanation of potential funding structure for the EHR project.

The CEO advised that the Board's direction will be incorporated into the final version of the budget that will be presented for approval at the next Board Meeting on June 22, 2017.

E. COMMITTEE REPORTS (Written)

- Finance
Anthony Thompson, Chair

- Audit and Compliance
Kinkini Banerjee, Chair

F. **OPERATING REPORT (Written)**

1. **Chief Financial Officer Report**
David Cox, Chief Financial Officer

The CFO reported that the agreement with the Alliance for contingency funding was approved.

OPEN SESSION PUBLIC COMMENT (2st opportunity) – Mr. Williams from Alameda Health District spoke in public comment.

Trustee Comments - None

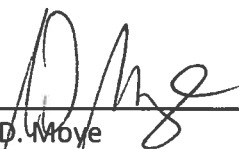
Adjournment – 7:33pm

Respectfully submitted by:

Alexander A. Pena
Interim Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: _____


M.D. Woye
General Counsel