



FINANCE COMMITTEE MEETING
April 12, 2018
4:00pm – 5:30pm

Conference Center Located at Highland Care Pavilion
1411 East 31st Street Oakland, CA 94602
Ronna Jojola Gonsalves, Clerk of the Board
(510) 535-7515

LOCATION:

Open Session: HCP Conference Center

FINANCE COMMITTEE MEMBERS

Kinkini Banerjee
Gary Charland
Louis Chicoine
Joe DeVries
Michele Lawrence
Anthony Thompson - Chair

MINUTES

THE MEETING WAS CALLED TO ORDER AT: 4:01PM

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT: Kinkini Banerjee, Gary Charland, Louis Chicoine, Joe DeVries, Michele Lawrence, Anthony Thompson

ABSENT:

A quorum was established.

A. ACTION: Consent Agenda

1) Approval of the Minutes of the March 8, 2018 Finance Committee Meeting

ACTION: A motion was made and seconded to approve the Consent Agenda. The motion passed.

AYES: Trustees Banerjee, Charland, Chicoine, DeVries, Lawrence, Thompson

NAYS: None

ABSTENTION: None

NOTE: *In the event that a quorum of the Board of Trustees participates on this Committee, the meeting is noticed as a Special Meeting of the Board of Trustees; however, no final Board of Trustees action can be taken.*

B. INFORMATION/DISCUSSION: Operating Reports

1) Finance Report

Nancy Kaatz, Interim CFO

a) February 2018 Financial Report

Ms. Kaatz reviewed the financial presentation available here:

<http://www.alamedahealthsystem.org/meeting-agendas-and-minutes/>.

Trustee Thompson asked if the physician Relative Value Units (RVUs) would be included in the next year's budget. Delvecchio Finley, Chief Executive Officer, said he believed it would be and explained that they didn't have a system in place during the previous year to include it.

Trustee Lawrence asked about the collection ratio on slide four, saying that 20% seemed very low. Ms. Kaatz explained that the collection ratio was the net patient revenue compared to gross. She said 20% was consistent with public hospital ratios.

Trustee Charland asked what the measures were to judge the performance of the collection activity in the billing department. Mr. Finley said there were indicators along the revenue cycle process that allow for tracking the collection of every dollar owed and evaluating the ongoing integrity of the revenue cycle process.

Trustee Thompson asked management to bring a presentation back to the Finance Committee demonstrating the revenue cycle.

Trustee Charland said he wanted the presentation to include how Alameda Health System (AHS) set their charges and how that compared to like hospitals.

Trustee Thompson asked if there would be an opportunity to improve contribution variances at San Leandro and Alameda Hospitals. Mr. Finley said the variances were due in part to how the budgets were impacted by the salary differences. At San Leandro Hospital part of the issue was the status of the inpatient unit that closed during the construction.

Trustee Thompson reminded Ms. Kaatz of the Finance Committee's request to have Line of Credit forecast to become a twelve-month rolling forecast.

Trustee Chicoine asked about the salary overages cited on page six of the presentation. Mr. Finley explained that a new hire with a high skill set may command a greater salary. When a unit had enough staff who commanded that higher salary it would throw the budget off, even if they have the right skill mix and staffing level.

Trustee Lawrence asked if the hiring managers had regulations to guide them on what levels of staff they could hire. Mr. Finley said that offers to new employees were made by Human Resources who reviewed the range, classification, experience, and other factors before making an offer. Tony Redmond, Chief Human Resources Officer, added that 92%

of AHS employees were union represented and fell into a step and grade based on their contract. Non-represented employee's salaries were set through a review past experiences and existing staff salaries.

Trustee DeVries asked if the \$8M variance in operating expenses was caused by new hires. He said that for existing employees with negotiated contracts the budget should be predictable. Mr. Redmond said it was to a degree, but turnover was unpredictable.

Mr. Finley added said that they used the six-month average, from June to December, even though the actual budget started the following July. Employees in the average may not be the same people working when the budget is implemented. Mr. Finley also stated that wage budget variances would be corrected in the FY 2019 budget currently being crafted.

2) Chief Operating Officer Report
Luis Fonseca, COO

- a) February 2018 Operations Report
- b) Fiscal 2018 Back to Budget Plan

Mr. Fonseca reviewed the presentation beginning on page 35 of the agenda packet.

Trustee Chicoine asked if there would be a metric for measuring the success of Population Health. Mr. Fonseca said that would be reported in due course in the Ambulatory Business Unit.

Trustee Charland asked if they would see that in actual expenses for those capitated lives to see if Population Health was making an impact by lowering the absolute cost. Mr. Fonseca said that at some point it would be a per member per month rate, and if expenses were not managed properly it would be noticed. Results would be noticed globally at that time.

Trustee Charland and Dr. Ghassan Jamaledine, Chief Medical Officer, discussed length of stay. Dr. Jamaledine said there were a number of patients who had long stay averages but were able to be placed in the reporting month, which explained the increase. He said that the Case Management Team worked with the county and outside resources to place those patients. Mr. Fonseca added that the Skilled Nursing Facilities ran most of the time at 100% capacity, making it difficult to place patients. Highland Hospital typically had 12-15 patients with stays greater than 15 days. Trustee Chicoine surmised that they had to contend with the growing homeless issue. The problem wasn't just beds, it was homes.

Trustee DeVries asked why there was a decline in emergency room visits. Mr. Fonseca said that the trend that all sites were experiencing a decline except Kaiser San Leandro.

Trustee Chicoine asked why the ligature work wasn't being done all at the same time instead of the slow roll out. Mr. Fonseca said they were trying to limit disruption to the patients. Trustee Banerjee added that some of the required hardware was on back order.

Trustee Thompson asked if the Back to Budget plan was working as intended. Mr. Fonseca said that despite the newness of the program, they were starting to see improvements in

supplies and non-labor expenses, and even some in the labor expenses. Measurable improvements should be noticeable in a few months.

C. INFORMATION: Retrospective Review of Prior Contract Approvals

NONE

D. ACTION: Approval of Contracts

1. Renewal agreement with 3M Company for the provision of coding software licenses and technical services. The term of the proposed agreement shall be from May 12, 2018 through May 11, 2021. The estimated impact of the proposed agreement is \$1,141,543.51.

Bernice Zander, HIM

ACTION: A motion was made and seconded to approve the renewal agreement with 3M Company in the amount of \$1,141,543.51. The motion passed.

AYES: Trustees Banerjee, Charland, Chicoine, DeVries, Lawrence, Thompson

NAYS: None

ABSTENTION: None

E. INFORMATION/DISCUSSION: Business Planning

NONE

F. DISCUSSION: Committee Planning

- 1) Issues Tracking

PUBLIC COMMENT: None

Trustee Thompson requested that future agendas have public comment at the beginning of the meeting.

Ann Schuyler, SEIU 1021, spoke regarding budget accuracy and fiscal stewardship. She said the union members were concerned about waste, inefficiencies, uncollected revenue, patient care, and their positions in the organization. She stated that the Union had attempted to discuss these issues with management to no avail and reiterated their desire to work with management on these issues.

TRUSTEE REMARKS: None

ADJOURNMENT: 5:28pm

This is to certify that the foregoing is a true and correct copy of the minutes of the regular meeting of April 12, 2018 as approved by the Finance Committee on May 10, 2018:


Bonna Jojola Gonsalves

Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: _____


M.D. Moye
General Counsel