



**FINANCE COMMITTEE MEETING**  
**November 8, 2018**  
**4:00pm – 5:30pm**

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

**LOCATION:**

Open Session: HCP Conference Center

**FINANCE COMMITTEE MEMBERS**

Noha Aboelata, MD  
Kinkini Banerjee  
Gary Charland  
Louis Chicoine, Chair  
Joe DeVries  
Ross Peterson

**MINUTES**

**THE MEETING WAS CALLED TO ORDER AT 4:08 pm**

**ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:** Noha Aboelata, MD, Kinkini Banerjee, Gary Charland, Louis Chicoine, and Joe DeVries.

**ABSENT:** Ross Peterson (Excused)

A quorum was established.

**A. ACTION: Approval of the Minutes of the October 11, 2018 Finance Committee Meeting**

**ACTION:** A motion was made and seconded to approve the minutes of the October 11, 2018 Finance Committee Meeting. The motion passed.

**AYES:** Trustees Aboelata, Banerjee, Charland, Chicoine, and DeVries

**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.***

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**B. INFORMATION/DISCUSSION: Operating Reports**

1) Finance Report

*Nancy Kaatz, Interim Chief Financial Officer*

- a) September 2018 Financial Report
- b) Overview of Alameda Hospital's Finances

Ms. Kaatz reviewed the presentation available here:

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

Trustee Charland asked about the discrepancy between relative value units (RVUs) and the visits. Ms. Kaatz said the physician RVUs included more than just clinic visits. RVU charges sometimes were delayed in edits for coding or something similar. The timing of when the charge hits the general ledger varies.

Trustee Banerjee asked if the clinic visits included specialty clinics. Ms. Kaatz said they did. Trustee Banerjee asked if all the clinics had same day service. Mr. Finley said the new templates opened more slots, creating more capacity, and there were times when an appointment could happen the same day. It was not a construct, but it was available.

Dr. Aboelata asked about opportunities to maximize services outside of primary and capitation. Mr. Finley said there was opportunity in specialty that didn't have to do with capitation, they weren't focusing exclusively on the capitated population.

Trustee Chicoine said that it was concerning that net patient revenue was still below budget and relying on supplemental to make up the difference. He said that supplemental was much more susceptible to the whims of the economy. Mr. Finley said that supplementals were to budget but agreed that it was a vulnerability that could change rapidly.

Trustee DeVries said it would be interesting to know what the year over year percentage of revenue was from supplementals. That would help set goals for supplemental revenue.

Trustee Banerjee said the mechanisms for getting supplemental were irrational and changing. Some were not as dependent on the outcomes. But it did make a difference.

Mr. Finley said that it was challenging to set a target for supplemental funding. Some funds existed because the rates were low. Higher rates wouldn't need supplementals to support the population AHS served. Some weren't tied to low rates, like Measure A. Trustee DeVries said a historic look back would tell the Board what was typical.

Trustee Charland said a benchmark with similar organizations would help. Ms. Kaatz said they could compare AHS to other public hospitals to the extent that the information was available. Trustee Charland said they were struggling to determine what the future would be and if they should set a target or benchmark. Mr. Finley said that historically the supplementals were to cover the uncompensated costs, rather than fee for services.

Dr. Aboelata asked for more information about moving to the SBU formula. She wanted to know if they were looking at supplementals from a site level. Mr. Fonseca said that they knew what services were provided based on volumes within the facility. As a result, they knew what the net patient service revenue was and that it could be broken out by payer mix. It was more complicated with allocating supplementals. He said they preferred to focus on what could be controlled.

2) Chief Operating Officer Report

*Luis Fonseca, Chief Operating Officer*

a) September 2018 Operations Report

b) Vizient Update – Analytics and Group Purchasing Organization (GPO)

Mr. Fonseca reviewed the report beginning on page 31 of the agenda packet.

**C. INFORMATION: Retrospective Review of Prior Contract Approvals**

1) Agreement with Angelica Textile Services, Inc. to provide Linen and Laundry Service, approved July 2014.

*Luis Fonseca, Chief Operating Officer*

Mr. Fonseca reviewed the presentation beginning on agenda packet page 43.

**D. CONTRACT APPROVAL: ACTION ITEMS/DISCUSSION**

1.) New agreement with Premier Parking, LLC for provision of comprehensive parking, valet, and shuttle services for Highland Hospital and Alameda Hospital. The term of the proposed agreement shall be from December 1, 2018 through November 30, 2021. The estimated impact of the proposed agreement is \$4,089,261.00.

*Luis Fonseca, Chief Operating Officer*

*Baljeet Sangha, Vice President, Support Services*

Mr. Fonseca reviewed the report on beginning on page 62 of the agenda packet.

Trustee Chicoine asked about the difference in assumptions between the two bids. Mr. Fonseca said both were tasked with suggesting ways the program could be improved. Both got a walk through and incorporated that information into the bid. Mr. Fonseca said that Premier added the improvements as an extra value at no cost to AHS, whereas Douglass added the improvements into the cost of the contract. Additionally, Premier had guaranteed that if they were not able to meet those improvements by March 2019, they would pay that total cost of \$317K to AHS.

Trustee Charland said management did due diligence and gave the incumbent an opportunity to bid competitively. Mr. Fonseca agreed. He said this decision was not a reflection of the incumbent's performance. They were actively working with AHS to provide a seamless transition.

Trustee Chicoine confirmed this was a three-year contract. Mr. Fonseca agreed that it was and added that he hoped to see the incumbent bid again when the contract ended.

Trustee DeVries said the incumbent reached out to him and informed him that they could put a similar offer on the table. However, they didn't believe Premier would be able to come through with the capital improvements as promised in their bid. Mr. Fonseca reminded the Board that the improvements were guaranteed.

**ACTION:** A motion was made and seconded to recommend to the Board of Trustees approval of the New agreement with Premier Parking, LLC. The motion passed.

**AYES:** Trustees Aboelata, Banerjee, Charland, Chicoine, and DeVries

**NAYS:** None

**ABSTENTION:** None

Trustee DeVries left at 5:40pm.

- 2.) Renewal agreement with **MModal Services, LTD** for provision of manual transcription services, speech recognition software, and Epic testing interface and support. The term of the proposed agreement shall be effective upon signature through November 30, 2023. The estimated impact of the proposed agreement is \$2,766,031.87.  
*Quinn Cordae, Information Systems Manager, Ancillary Applications*  
*Bernice Zander, Director, Health Information Management*
- 3.) Amendment to extend the agreement with **Medline Industries, Inc.** for provision of medical supply distribution services to all AHS facilities. The term of the proposed agreement shall be from February 1, 2019 through April 30, 2019. The estimated impact of the proposed agreement is \$3,577,988.29.  
*Luis Fonseca, Chief Operating Officer*  
*Baljeet Sangha, Vice President, Support Services*
- 4.) Amendment agreement with **Siemens Medical Solutions USA, Inc.** for provision of additional mammography reading licenses for radiology. The term of the proposed agreement shall be effective upon signature through March 31, 2022. The estimated impact of the proposed agreement is \$42,006.00.  
*Quinn Cordae, Information Systems Manager, Ancillary Applications*
- 5.) New agreement with **McKesson Pharmaceutical** for provision of wholesale pharmaceutical distribution services to all AHS facilities. The term of the proposed agreement shall be effective February 1, 2019 through January 31, 2021. The estimated impact of the proposed agreement is \$55,350,000.00.  
*Luis Fonseca, Chief Operating Officer*  
*Diana Thamrin, System Director of Pharmacy*

6.) New agreement with **Quest Diagnostics** for provision of esoteric lab and diagnostics services to all AHS facilities. The term of the proposed agreement shall be December 1, 2018 through November 30, 2021. The estimated impact of the proposed agreement is \$6,791,044.53.

*Luis Fonseca, Chief Operating Officer*

*Feuy Saechao, Manager, Clinical Lab Operations*

**ACTION:** A motion was made and seconded to recommend to the Board of Trustees approval of agenda items D2, D3, D4, D5, and D6. The motion passed.

**AYES:** Trustees Aboelata, Banerjee, Charland, Chicoine, and DeVries

**NAYS:** None

**ABSTENTION:** None

**E. DISCUSSION: Committee Planning**

1) Issues Tracking

The Committee requested staff bring an item explaining the context around supplemental income to the Committee at a future date.

**TRUSTEE COMMENTS:** None


**ADJOURNMENT:** 5:45pm

This is to certify that the foregoing is a true and correct copy of the minutes of the Finance Committee November 8, 2018 meeting as approved on January 10, 2019:

  
\_\_\_\_\_  
Renina Jojola Gonsalves  
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: \_\_\_\_\_

  
\_\_\_\_\_  
M.D. Moye  
General Counsel