



**FINANCE COMMITTEE MEETING**  
**May 9, 2019**  
**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  
Louis Chicoine, Chair  
Joe DeVries  
Ross Peterson

**MINUTES**

**THE MEETING WAS CALLED TO ORDER AT 4:03 pm**

**ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:** Noha Aboelata, MD, Kinkini Banerjee, Louis Chicoine, Joe DeVries (Arrived at 4:15pm), and Ross Peterson.

**ABSENT:**

A quorum was established.

**A. ACTION: Approval of the Minutes of the April 11, 2019 Finance Committee Meeting**

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

**AYES:** Trustees Aboelata, Banerjee, Chicoine, and Peterson

**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

*Ann Metzger, Interim Chief Financial Officer*

## a) March 2019 Financial Report

Ms. Metzger reviewed the report beginning on agenda packet page 11.

Trustee Chicoine asked how the longer length of stay would impact the budget. Ms. Metzger said it appeared to be related to the throughput issues, which led to the possibility of having more days denied for medical necessity and payer issues. Mr. Fonseca said there was a report scheduled to be heard by the QPSC regarding the throughput issues. Mr. Finley said they were making progress on the requested report regarding contractuals.

Trustee DeVries arrived at 4:15pm.

Mr. Finley spoke regarding non-federal share matches. He confirmed one other Bay Area county where the match the county put up for the department counted as income. If there was a fund balance at the end of the year it would go back into the general fund. He said there were several other counties he was looking into as well.

Trustee DeVries said they had a structural issue that was unique to AHS and asked Mr. Finley to try to explain it in simple terms. Mr. Finley used a hypothetical example of a service that would cost \$100 to deliver and the reimbursement for that service on a net patient basis was \$50. That meant there was still an additional \$50 needed in reimbursement to fully cover the \$100 service cost. With a supplemental reimbursement program, you might obtain an additional \$40 more to cover cost. Under the federal Medicaid program (aka Medi-Cal in California), the Federal Government and the State of California split these costs 50%/50%. The contribution from the State was referred to as the non-federal share. That meant, the State contributed \$20 and the Federal Government contributed \$20 for a total of \$40 which was then given to the provider. The difference between cost and reimbursement was \$10 (\$100 cost minus \$90 in reimbursement). The State of California did not financially contribute the non-federal share funding. This cost was borne by the County. The State allowed the hospital system to participate in the program, but the County had to fund the non-federal share. When the State did the matching to draw down the Federal fund, it would send \$40 back to the County (the \$20 in County funds and the \$20 in Federal funds). In AHS's case, management understood that Alameda County took back the \$20 of the non-Federal share that it originally put up for matching. The \$20 in Federal funding went to AHS. That left AHS with a \$30 deficit (\$100 in cost minus \$50 in net patient revenue minus \$20 in supplemental payments. Unless there was some other combination of local funds that might give more money, AHS has lost revenue of \$30.

Trustee Peterson asked if the hypothetical \$100 was included in the revenues after contractual adjustments. Mr. Finley said it was expense. The revenue side would be the \$50 in net patient services. He said they do not accrue the County match.

Mr. Finley said that the payment rates did not cover the cost of the care.

The Committee discussed the process of supplementals and contractals. Trustee Chicoine said they should take the conversation to the full Board. He said they needed to make sure the data was accurate. The problem was the County already made its commitment, but AHS needed to tell the story. Mr. Finley said they would try to bring back a clear example. Trustee Chicoine asked staff to explore how to communicate the information to key stake holders. He said staff was working hard on something that benefitted the community in a system that was not financially healthy. They needed to be collaborative partners in changing the way the county to provided care.

Trustee Peterson asked for a detailed summary of contractual allowances.

2) Chief Operating Officer Report

*Luis Fonseca, Chief Operating Officer*

a) March 2019 Operations Report

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

Trustee DeVries asked for clarification on the length of stay and throughput issues as they affected the budget. Mr. Fonseca said that the patient days would be slightly lower. There were many variables and no short answers. Some of it could be resolved by denied days or increased acuity. The case mix was at 1.52 vs a budget of 1.43. There was some indication that they were seeing slightly sicker patients. Trustee DeVries said that it would help the Board if staff quantified the data. They could compare to other systems with similar populations.

Trustee Chicoine asked for scenarios regarding high acuity. Dr. Jamaledine provided some specific examples of patients who due to their medical conditions, such as the need for dialysis or the need for a feeding tube, combined with personality issues, couldn't go back to the jail or other locations. Finding a shelter that could support a patient with oxygen was a challenge, he said. They tried to provide support where they could. Trustee Chicoine confirmed that AHS was the end of the road for many people.

The Committee discussed the need to provide care for the homeless patients even if they had no where to go.

Dr. Tribble discussed the forensic patients at John George which included transitional age youth who arrived with deputies. They were getting more acute patients. She discussed the fine line between chronic medical issues that the nurses had to be training to manage and the typical care they offered.

Trustee Chicoine said that throughput was not just an AHS problem it was a community problem. It was going to get worse, they needed to consider the impacts on AHS of poor discharge from other systems.

### 3) Fiscal Year 2020 Budget – Update

*Luis Fonseca, Chief Operating Officer*

Mr. Fonseca reviewed the report beginning on agenda packet page 55.

Trustee Banerjee asked about demographic and fiscal impacts of the proposed wage freezes. Mr. Fonseca said there were different groups, for example there was a subset of the entire employee population who were unrepresented. There were two other categories that included various labor unions. Some unions were in active negotiations this proposal might be able to be introduced. Others were open in 2020. The other bucket included contracts that were not expected to go into negotiations for a substantial amount of time. They would have to be reopened.

Trustee Chicoine said the Board would appreciate information pertaining to lower paid classifications of employees. Those who were struggling in this expensive region. Mr. Finley said they could give some context. Mr. Redmond said the unrepresented group was a mix, not just midlevel and up.

Trustee Aboelata asked if they could exempt unrepresented employees who made less than a certain amount from the wage freezes. Mr. Finley said they could review options, but it would be harder on the labor side. Mr. Redmond said they needed to understand if they were expected to apply that logic to only the unrepresented employees because they could. Or, if they were also expected to bring that logic to the represented staff where the vast majority of the labor costs were.

Trustee Chicoine said that they were chipping away at a really big number and needed data. He wanted information, so they could make the decisions knowing all the facts.

### **C. CONTRACT APPROVAL: ACTION ITEMS/DISCUSSION**

- 1.) Amendment with **Alameda Inpatient Medical Group, Inc.**, for provision of specialist training services in support of the electronic health record transition. The term of this proposed agreement shall be effective 06/01/2019 through 09/30/2019. The estimated impact of the proposed agreement is \$6,750.

*Ghassan Jamaledine, MD, Chief Medical Officer*

*David English, MD, Chief Medical Informatics Officer*

- 2.) Amendment with **Angelica Textile Services, Inc.**, for provision of linen and laundry services to all campuses. The term of this proposed agreement shall be effective 07/01/2019 through 11/01/2019. The estimated impact of the proposed agreement is \$600,913.02.

*Luis Fonseca, Chief Operating Officer*

*Baljeet Sangha, Vice President, Support Services*

3.) Approval requested for \$2,000,000 in expenditures with **Superlanet, Inc.**, for the provision of anticipated and necessary certified trainers, analysts, and consultants to augment AHS staffing as the organization nears electronic health record go-live. The term of the current agreement is 01/09/2019 through 01/08/2022.

*Mark Amey, Chief Information Officer*

*Katya Osipova, Director, Electronic Health Record Program*

**ACTION:** A motion was made and seconded to recommend to the Board of Trustees approval of the agenda items C1-3. The motion passed.

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

**NAYS:** None

**ABSTENTION:** None

**D. DISCUSSION: Committee Planning**

1) Issues Tracking

**TRUSTEE COMMENTS:** None

**ADJOURNMENT:** 5:48pm

This is to certify that the foregoing is a true and correct copy of the minutes of the Finance Committee May 9, 2019 meeting as approved on June 13, 2019:

  
Ronna Jojola Gonsalves

Clerk of the Board

APPROVED AS TO FORM:

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

  
M.D. Moyer  
General Counsel