



FINANCE COMMITTEE MEETING
June 13, 2019
4:00pm – 6:00pm

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

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

MINUTES

THE MEETING WAS CALLED TO ORDER AT 4:07 pm

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT: Noha Aboelata, MD, Louis Chicoine, Joe DeVries (arrived at 4:13pm), and Ross Peterson.

ABSENT: Kinkini Banerjee

A quorum was established.

PUBLIC COMMENT

Vanessa Cedeno, Deputy Chief of Staff for Alameda County Supervisor and Health Committee Chair, Wilma Chan, read a statement from Supervisor Chan, regarding the fiscal challenges AHS was facing. She said that the Board of Supervisors, the AHS Board of Trustees, and the AHS administration must manage the crisis in a collaborative and collegiate manner. She said the AHS memo from the CEO to the employees was an attempt to shift the blame to the County. The County has worked tirelessly at the State and local level to support AHS. She discussed a lack of transparency and lack of ownership of internal errors and ongoing

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.

operational issues. She requested the AHS Board of Trustees hold the administration accountable.

Ricca Espiridion with Alameda County Health Care Services read a statement from the Alameda County Health Care Services Director, Colleen Chawla that reminded the Trustees of the shared mission they have with her agency. She said she was concerned about the CEO communications to employees and physicians and the broader community. She said partnership was required. The County has listened and attempted to help. She was concerned about the budget proposal on the agenda. She said that none of the current proposals have been a part of the conversation administration has had with ACHS. She said her agency had contracted with Toyon Associates to assess the situation at AHS to find opportunities to improve financial performance.

Trustee Chicoine said that he was moving agenda item C prior to Item B3.

A. ACTION: Approval of the Minutes of the May 9, 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, DeVries, Chicoine, and Peterson

NAYS: None

ABSTENTION: None

B. INFORMATION/DISCUSSION: Operating Reports

1) Finance Report

Ann Metzger, Interim Chief Financial Officer

a) April 2019 Financial Report

Ms. Metzger reviewed the report beginning on page 13 of the agenda packet.

2) Chief Operating Officer Report

Luis Fonseca, Chief Operating Officer

a) April 2019 Operations Report

Mr. Fonseca reviewed report beginning on page 45 of the agenda packet.

Trustee DeVries asked for the total amount of money was not recovered in the previous year due to patients who were in beds because they didn't have housing. Mr. Fonseca said it was about \$28M and the County gave \$1M. Trustee DeVries said it was a reality that as homeless people use the system and can't be moved out because they have nowhere to go, it cost AHS \$28M last year, which contributed significantly to the fiscal crisis. He said the issue wasn't the County's fault, but it was a crisis both organizations had to face in partnership.

Trustee Chicoine asked how much it would cost to do alternative placement for these patients. Mr. Fonseca said he didn't have that information as placement needs varied per patient.

Trustee DeVries asked about the skilled nursing facilities. Mr. Fonseca said that the SNFs were 99% full and were experiencing a higher level of acuity than before. Trustee DeVries asked if adding beds would alleviate the problem. Mr. Fonseca said they had over 300 beds, and more were needed. More beds would help the throughput. Trustee DeVries pointed out that the length of stay at John George was up 6%, the skilled nursing facilities were at 99%, and \$28M was not recovered due to throughput, yet Alameda County still had 9000 people sleeping on the streets.

Trustee Peterson asked if the \$28M was system wide. Mr. Fonseca said it was the avoidable days for Highland for the calendar year.

- 3) Fiscal Year 2020 AHS Budget
Delvecchio Finley, Chief Executive Officer
Luis Fonseca, Chief Operating Officer
Ann Metzger, Interim Chief Financial Officer

Trustee Chicoine introduced the discussion. He said the full Board would have the ultimate decision. He appreciated the County staff who spoke and agreed that any solutions would require collaboration.

Esther Karpf a nurse at Alameda Hospital, spoke regarding union negotiations that were not going well. She said that an engaged staff was a guiding principle and should always be the focus, not just when it's convenient.

Carol Barazi a nurse at San Leandro Hospital, spoke regarding her tenure at SLH. Cutting services and staff has led to substandard care and patient risk. She was concerned about the revenue lost by incorrect charges. She invited Trustees to tour the hospital.

Linda Strack spoke regarding the risks to the residents of Alameda with the potential closing Alameda Hospital. She discussed earth quakes and other natural disasters that would require a hospital.

Leslie Hucklar, a nurse at Alameda Hospital, spoke regarding no longer feeling supported. She said the chief negotiator had no priorities but had plans to cut services and close facilities. She said the resolution the Board passed threatened their jobs. She also spoke regarding the disregard for finishing the seismic work demonstrated the lack of commitment to the hospital.

Jami Bond, Outpatient Behavioral Health Unit, spoke regarding her program being identified as eligible for closure. Shifting the services to San Leandro was not in the best interest of the community.

Michael McAdoo spoke regarding services in the City of Oakland. He said Oakland was where the population came when they needed anything. He said that telling the most vulnerable people to go to San Leandro was gentrification.

Derrick Bouteay introduced the employees who received layoff letters, which was unacceptable. He asked them to walk through JGPH to see how over crowded it is. He said lay off letters were unacceptable and requested a cease and desist.

Mary Coughlin spoke regarding problems with care authorization issues and stated there was only a 50/50 chance they would get paid. She said part of the problem at John George was the management staff was only on site Monday through Friday 9-5, so the insurance often did not get approved because of the timing.

Jeffrey said he got a lay off notice. He said he'd been an employee since 2014 and has been working hard, giving 100% and still got laid off. It was very discouraging, and he asked that his position be reconsidered.

Maria G Duran spoke regarding the people who received the letters. She said she was asked here to help the other speakers. She came to speak because it was the only way she could help. The letters were not fair.

Trustee DeVries said it would be irresponsible to not provide notice. They were being honest. They do not want to make cuts. He said he wanted their messages to be heard wider than just in this room.

Mr. Finley and Ms. Metzger reviewed the report beginning on agenda packet page 58.

Trustee Chicoine asked if the productivity drop off due to the S*A*P*P*H*I*R*E* roll out was factored into the budget. Mr. Finley said that it was. The expectation was that there would be an improvement in charge collections upstream. Organizations typically experienced a low, medium, or high level of improvement post rollout out. AHS forecasted the lower level of improvement though he was hopeful it would be better than expected.

Trustee DeVries asked about the estimated impact of program consolidation indicated on page 74 of the agenda packet. Mr. Finley reminded the Committee that the chart was a model and the data was what would happen as of January. They discussed the work that would have to happen that included legally mandated noticing.

Trustee DeVries left at 6:21

Trustee Peterson asked if they were proposing a total elimination of the psychiatric ER. Mr. Finley said recommendation was to close it, if they couldn't solve this any other way. Trustee Peterson said that would put a horrible stress on every other hospital in the region. He said it wasn't viable. They did need to look at the payer mix and revenue generation. He said they needed to review people who weren't getting Medi-Cal to see if they could get signed up. He

said they also needed to understand what percentage of the patients used the psychiatric ER repeatedly and if there was anything they could do to mitigate that. Mr. Finley said they were presenting what they were likely to face if the problems were not solved as a network of people who were dedicated to this. He reiterated that what they were saying was they do not have the resources to maintain the commitment to what we want to do.

Trustee Aboelata asked if the projections for OB services were favorable and if staff could share them. Mr. Finley said yes they were, and staff could share those working projections keeping in mind that it doesn't get to the required threshold. Trustee Aboelata said considering they served 96% Medi-Cal and AHS was a leader in terms of disparities made it seem like cutting this would be a bad idea.

Trustee Aboelata said that she agreed with Trustee Peterson about the need to not close the psychiatric ER and said they had a shared responsibility with the County to provide that service. She asked if they had projections for transitioning from an ER to a stabilization format. Mr. Finley said the model they discussed with the County was concerning to the County as well. They should look at a more long-term solution. In the short term, the problem sat on AHS's shoulders. He expressed concerns about staff managing to deliver services through budget cuts.

Trustee Aboelata asked if they have looked at closing other facilities that are not serving as large of a portion of the safety net. Trustee Peterson agreed, stating there was a structural deficit that needed to be dealt with. Mr. Finley said that level of analysis would take some time. Closing Alameda Hospital was not within the prerogative of AHS, though they could model what would happen if they got out of the JPA. The only other facilities to consider would be Highland, San Leandro, where we are just completing construction to move services from Fairmont, or the clinics.

Trustee Chicoine said that staff had been working to capture all revenue and expenses and analyzing how to make up the difference. There was no magic bullet. The proposed plan was uncomfortable, but there may not be any better options. He asked if a budget had to be passed or if they had time to do more research.

Mr. Moyer said the bylaws indicated that the Board would pass a balanced budget by the end of June. The bylaws do not provide a sanction for not doing that. One sanction could be that the Board was not fulfilling its obligations and could subject them to questioning their ability to continue serving as the Board. Approving the budget did not take specific action but would set forth the mechanism for other actions to take place.

Trustee Chicoine appealed to a credible and balanced budget approach where the Board had to authorize specific expense reductions prior to proceeding. He recommended instructing staff to find a remedy outside of cutting OB and PES and bring new recommendations to the Board at their next meeting.

Trustee Aboelata said she would like to see projections that were more long term to assist in evaluating program cuts. Mr. Finley said it would be increasingly speculative, but they could prepare that. He reiterated they had 9 days to assemble this information, so it would be rudimentary.

Trustee Chicoine reiterated his proposal to recommend to the Board, the budget as proposed with a clause that would require staff to come back within two or three months to move ahead with the most troubling expense reduction strategies such the NICU/Well Baby/OB and PES and other potential savings opportunities.

Mr. Finley said the Finance Committee could advance the proposed budget to the Board with out approval.

Trustee Peterson asked if they could pass and implement the budget with place holders for the most challenging pieces and indicate the actions they would take in the coming months to analyze the options.

Trustee Aboelata said they needed to understand what would happen if they closed the PES and if someone else have to provide those services. Dr. Karyn Tribble said that the County does have to have capacity. The result would be the other hospitals having to transport patients to the John George in patient.

Trustee Chicoine said they should push the ideas to the Board, and staff would continue to work on some options in at least a rough state.

C. CONTRACT APPROVAL: ACTION ITEMS/DISCUSSION

- 1.) Agreement with **UCSF Neurosurgery** for provision of neurosurgery staffing and management at Highland Hospital. The term of this proposed agreement shall be effective 07/01/2019 through 06/30/2021. The estimated impact of the proposed agreement is \$3,728,333.00.

Ghassan Jamaledine, MD, Chief Medical Officer

ACTION: A motion was made and seconded to recommend to the Board of Trustees approval of the agreement with UCSF Neurosurgery. The motion passed.

AYES: Trustees Aboelata, Chicoine, DeVries, and Peterson

NAYS: None

ABSTENTION: None

- 2.) Agreement with **East Bay Foundation for GME** for management of the resident program at Highland Hospital. The term of this proposed agreement shall be effective 07/01/2019 through 06/30/2020. The estimated impact of the proposed agreement is \$2,919,960.70.

Ghassan Jamaledine, MD, Chief Medical Officer

ACTION: A motion was made and seconded to recommend to the Board of Trustees approval of the Agreement with East Bay Foundation for GME. The motion passed.

AYES: Trustees Aboelata, Chicoine, DeVries, and Peterson

NAYS: None

ABSTENTION: None

- 3.) Agreement with **Alameda County Sheriff's Office** for provision of law enforcement services and security services at Highland Hospital. The term of this proposed agreement shall be effective 07/01/2019 through 06/30/2022. The estimated impact of the proposed agreement is \$11,623,724.55.

Luis Fonseca, Chief Operating Officer

Baljeet Sangha, Vice President, Support Services

ACTION: A motion was made and seconded to recommend to the Board of Trustees approval of the agreement with Alameda County Sheriff's Office. The motion passed.

AYES: Trustees Aboelata, Chicoine, DeVries, and Peterson

NAYS: None

ABSTENTION: None

- 4.) Agreement with **American Red Cross** for provision of blood supply and products. The term of this proposed agreement shall be effective 07/01/2019 through 06/30/2023. The estimated impact of the proposed agreement is \$5,932,199.63.

Luis Fonseca, Chief Operating Officer

Feuy Saechao, Operations Manager, Clinical Laboratory

ACTION: A motion was made and seconded to recommend to the Board of Trustees approval of the Agreement with American Red Cross. The motion passed.

AYES: Trustees Aboelata, Chicoine, DeVries, and Peterson

NAYS: None

ABSTENTION: None

- 5.) Approval requested for \$5,301,700 in expenditures with **Ellit Groups LLC**, for the provision of full-service consulting, provision of certified trainers, and analysts to support AHS during the transition to the Epic electronic health record. The term of the current agreement is 05/01/2019 through 04/30/2022.

Mark Amey, Chief Information Officer

Katya Osipova, Director, Electronic Health Record Program

- 6.) Approval requested for \$2,000,000 in expenditures with **Nordic Consulting Partners, 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 01/25/2019 through 01/24/2022.

Mark Amey, Chief Information Officer

Katya Osipova, Director, Electronic Health Record Program

7.) Approval requested for \$2,000,000 in expenditures with **Oxford Global Resources, LLC**, 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 02/28/2019 through 02/27/2022.

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 agenda items C5 through C7. The motion passed.

AYES: Trustees Aboelata, Chicoine, DeVries, and Peterson

NAYS: None

ABSTENTION: None

D. DISCUSSION: Committee Planning

1) Issues Tracking

TRUSTEE COMMENTS: None

ADJOURNMENT: 7:42pm

This is to certify that the foregoing is a true and correct copy of the minutes of the Finance Committee June 13, 2019 meeting as approved on July 11, 2019:



Bonna Jojola Gonsalves
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: _____



M.D. Moye
General Counsel