ALAMEDA HEALTH SYSTEM

FY20 Progress Update- Efforts to Improve Margins for Obstetric Services, NICU, OP Women's and Psychiatric Emergency Services (PES)

Program Plans for Growth, Revenue Enhancement and Efficiency

The operational and clinical leads for OB, NICU, OP Women's services and PES have been working to implement strategies which include a combination of increased growth, revenue enhancement and improvement in service efficiencies. The following is a capture of high level strategy in play in each area and their incremental (and positive) financial impact.

Program	Strategy	Impact
A. Obstetrics and NICU	1. Utilize existing capacity and increase deliveries at AHS though partnership with UCSF. 2. Improve NICU billing, denials through revenue improvement strategies.	Growth of 200 deliveries and corresponding NICU cases. Financial: Estimated $1.45M year in incremental margin increase for 200 deliveries and corresponding NICU volume
B. OP Women's Clinics	Increase service efficiencies through increasing template size and visit volumes by 5% *(Above the system-wide increase of 3%)*	Estimated increase of 2,076 visits/year and incremental margin of $352K/year.
C. Psychiatric Emergency Services (PES) and Inpatient JGPH	1. Opportunity for improvement in interim county rates, as well as longer term payment to match actual costs for Short Doyle. 2. Discussion of longer term strategies for improvement throughput in community that will address current challenges at PES.	For PES- Short term opportunity for gap closure (Expected and actual revenue) of $3.4M/year for Short Doyle and $5.8M for Medicare.

WOMENS SERVICES GROWTH PLAN- OBSTETRICS, NICU AND OP WOMEN'S CLINICS

PROPOSED STRATEGIES	Next Steps in Progress
OBSTETRIC SERVICES	
1. Work with leads on potential partnership opportunities and utilize existing capacity to increase deliveries by 300/year at AHS. • Phased in process and budgeted to increase by 200 deliveries for FY2020	• Chair of Ob/Gyn working with UCSF to enable pipeline for increased utilization of AHS Family Birthing Center (FBC) facilities. • Partnering with AAH to delineate AHS as medical home for patients.
2. Develop targeted marketing and outreach efforts in specific geographies to promote program's brand new facility, clinical expertise and care model.	Internal marketing team to work with OB services for appropriate promotion. Additional targeted strategies for physician education and outreach for OB referrals. *Pap Screening Drive coincident with September as Gyn Cancer Awareness Month*
OUTPATIENT WOMEN'S CLINICS	
3. Increase template for OP Women's clinics to increase visit volumes by 5%. *(Above the system-wide increase of 3%)*	Operational team has effected this strategy for FY20 and it is already in progress. Strategies include: • Working with CHCN to increase referrals. • Increase of template of 2 patients/session in a phased manner.

WOMENS SERVICES GROWTH PLAN- OBSTETRICS, NICU AND OP WOMEN'S CLINICS

PROPOSED STRATEGIES	Next Steps in Progress
OUTPATIENT WOMEN'S CLINICS- additional strategies	
4. Consolidation of underutilized clinics (no interruption of service lines). Redistribution of providers helping to minimize SAN need.	Medical Directors of Ambulatory sites to adjust clinics to recognize efficiencies.
5. Move to open access scheduling to decrease "no shows" and decrease appointment wait times.	Clinical and operational leaders working to operationalize this.
6. Move OP women's clinic procedures to HCP to avail of "fee for service" model and increased revenues.	Financial analysis in progress and working in partnership with ambulatory administration to effect this.
REVENUE CAPTURE	
7. Reconciliation of Ingenious Med system to determine better revenue capture.	Working with Ingenious med team to quantify.
QUALITY DRIVERS	
8. OB team working on two additional QIP metrics- Contraceptive care counseling and Chlamydia Screening in Women, which is anticipated to increase visit volumes and provide essential screenings to MCH population.	QIP work team performing current state assessment and developing work process

WOMENS SERVICES GROWTH PLAN- OBSTETRICS, NICU AND OP WOMEN'S CLINICS

PROPOSED STRATEGIES	Next Steps in Progress
NEONATAL INTENSIVE CARE UNIT (NICU)	
• Further analyze revenue cycle for additional and appropriate capture, examine billing practices and denials for NICU.	Internal team from Finance is working to identify opportunities along with OB operations.
• Analyze "per case" payer contracts to determine opportunity to better contracted rates for deliveries and NICU with Alliance.	Contracting team further analyzing this opportunity.
• Explore certification for NICU with California Children's Services (CCS).	Operational team has submitted initial request for application to understand business case and implications for certification.

Psychiatric Emergency Services (PES)
&
John George Psychiatric Hospital (JGPH)

Opportunities for Improvement in Margin

PSYCHIATRIC EMERGENCY SERVICES (PES)

AHS conducted an analysis to inform opportunities for improvement of current financial status of Psychiatric Emergency Service (PES). The PES program is estimated to lose $10.3M/year.

There are several contributing factors:

1. The current structure of Psychiatric Emergency Service (PES) is set up to bill as a Crisis Stabilization Unit (CSU), but is staffed at the highest levels to serve as a PES. This is not optimal financially, due to higher cost of care versus low reimbursement rates for CSU. This impacts revenue from all payers.

2. The current structure does not allow billing to Medicare which results in estimated loss of $**5.8M/year**. This is currently being evaluated to be rectified by AHS.

3. Billing practices for County Short Doyle patients which are done on interim rate schedule, and adjusted to cost at end of year (via cost reports) provide an opportunity to offset loss of **$3.4M/year**.
4. Embedded in the program cost: is the impact of the reduced availability of downstream treatment options due to closing of Sausal Creek and Villa Fairmont that impacts PES with patients who stay >20 hours, and do not have either inpatient beds available, or places to be discharged. PES staffs and cares for these patients; however cannot bill for these additional hours and the estimated loss is **$6.9M/year.**

JOHN GEORGE PSYCHIATRIC HOSPITAL (JGPH)

- An analysis of JGPH (Inpatient + PES) based on FY19, 6 months (July-Dec) estimates JGPH's total contribution/year to be a loss of: ($42.1M)
  - Inpatient Services estimated total contribution loss/year: ($31.2M)
  - Psychiatric Emergency Services (PES) estimated total contribution loss/year: ($10.3M)

- When analyzed by payer: For Short Doyle and HPAC, the total contribution losses/year at JGPH (including inpatient and PES) are ($25.0M).

  For Short Doyle and HPAC, there is an opportunity to potentially partner with County and identify way to address shortfall.
  - JGPH's Direct expenses/year for Short Doyle and HPAC: $49.6M/year
  - JGPH's estimated NPSR/Year (using interim rates) for Short Doyle and HPAC is: $29.8M/year
  - However, based on payments received thus far from BHCS for 6 months, the actual payments for the year are estimated: $24.1M
  - JGPH's not to exceed (NTE) under contract with Alameda County: $37.5M/year.

- For Medicare and Commercial payers, revenue analysis is being performed to determine potential opportunities for improvement.

JGPH/PES NEXT STEPS

In progress:

1. PES and JGPH assessment shared with BHCS. Awaiting feedback and next steps/discussions to develop solutions to address margin shortfalls for JGPH.
2. Explore financial and operational feasibility for a PES/CSU at JGPH to potentially re-structure current operations.
3. Work with county and key stakeholders to address throughput challenges in Alameda County for these patients.

PSYCHIATRIC EMERGENCY SERVICES (PES)

ALAMEDA HEALTH SYSTEM

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John George PES Contribution Margin
Recap of Expected Reimbursement by Financial Class
Encounters 7/1/2018 thru 12/31/2018

SUMMARY CONTRIBUTION	Commercial	Medicare	HPAC/Self Pay/Other Govt	Short Doyle	TOTALS
Outpatient PES encounters	570	994	491	3,627	5,682
PES total hours	11,727	19,053	8,755	70,522	110,057
Total Charges	2,205,710	3,808,142	1,780,770	14,264,820	22,059,442
Contractual Allowances	(1,391,561)	(3,777,662)	(1,119,312)	(6,305,784)	(12,594,319)
Total Expected NPSR	814,149	30,480	661,458	7,959,036	9,465,123
Payroll Costs	649,317	1,121,041	524,223	4,199,279	6,493,861
Employee Benefits	276,026	476,557	222,848	1,785,121	2,760,552
Non payroll costs	53,572	92,492	43,251	346,462	535,777
Professional Contract Svcs	300,875	519,459	242,910	2,188,739	3,251,984
Ancillaries - Pharma, Lab, etc	15,255	26,338	12,316	98,659	152,569
Total Expenses	1,295,046	2,235,887	1,045,549	8,618,261	13,194,743
Operating contribution	(480,897)	(2,205,407)	(384,091)	(659,225)	(3,729,620)
Overhead cost allocation	(419,348)	(724,001)	(338,559)	(2,790,674)	(4,272,582)
Measure A and GPP Allocation	-	-	1,554,260	854,567	2,408,827
Total contribution	(900,245)	(2,929,408)	831,610	(2,595,332)	(5,593,375)
Per visit avg payment	**$ 1,428.33**	**$ 30.66**	**$ 1,347.17**	**$ 2,194.39**	**$ 1,665.81**
Per visit avg cost	**$ 2,272.01**	**$ 2,249.38**	**$ 2,129.43**	**$ 2,376.14**	**$ 2,322.20**

JGPH Analysis (Inpatient & PES)

ALAMEDA HEALTH SYSTEM

John George Pavilion Contribution Margin
Recap of Expected Reimbursement by Financia
Encounters 7/1/2018 thru 12/31/2018

Revision Date: 7/10/2019
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	WHOLE HOUSE SERVICES				
SUMMARY CONTRIBUTION	Commercial	Medicare	HPAC / Self Pay / Other Govt	Short Doyle	TOTALS
Inpatient Admits	111	320	68	885	1,384
Inpatient Census Days	805	3,457	336	7,572	12,170
PES Outpatient Encounters	567	988	493	3,611	5,659
PES Outpatient total hours	11,727	19,053	8,755	70,522	110,057
Total Charges	8,623,006	30,475,252	4,583,068	73,627,505	117,308,831
Contractual Allowances	(6,284,439)	(26,347,520)	(3,797,052)	(59,528,754)	(95,957,764)
Total Expected NPSR	2,338,567	4,127,732	786,016	14,098,751	21,351,067
TOTAL ACTUAL PAYMENTS RECEIVED	*2,338,567*	*4,127,732*		*12,062,677*	*18,528,976*
Payroll Costs	1,500,115	5,302,447	798,020	12,809,145	20,409,727
Employee Benefits	637,549	2,253,540	339,159	5,443,886	8,674,134
Non payroll costs	220,888	780,772	117,507	1,886,115	3,005,282
Professional Contract Svcs	372,085	1,315,206	197,939	3,177,148	5,062,377
Ancillaries - Pharma, Lab, etc	5,676	20,062	3,019	48,464	77,221
Total Expenses	2,736,312	9,672,027	1,455,644	23,364,758	37,228,741
Operating contribution	(397,745)	(5,544,295)	(669,627)	(9,266,007)	(15,877,674)
Overhead cost allocation	(848,257)	(2,998,328)	(451,250)	(7,243,075)	(11,540,910)
Supplemental revenue - incremental		1,246,099	2,210,168	2,897,075	6,353,341
Total contribution	(1,246,002)	(7,296,524)	1,089,290	(13,612,007)	(21,065,243)

New Programs Enhancing Services and Revenue

1. Urgent Care - $402K
   - Converting the Same Day Clinic to Urgent Care in providing services to those patients come to Highland ED but left without being seen.

2. Additional 71 Endoscopy Cases - $36K
3. 3% increase in Primary Clinic volume - $1.1M
4. Converting 6 Sub-Acute care beds to SNF beds - $495K
5. Additional 5% increase in Outpatient Women Services - $370K
6. Additional 2 Clinic Day Optometry Services - $260K

QUESTIONS FOR TRUSTEES

- What additional feedback do the trustees have for AHS Staff?

- Are there additional community, or other key stakeholders that AHS must connect with for communication, feedback or engagement?