



FINANCE COMMITTEE MEETING

April 11, 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
Gary Charland
Louis Chicoine, Chair
Joe DeVries
Ross Peterson**

MINUTES

THE MEETING WAS CALLED TO ORDER AT 4:04 pm

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT: Noha Aboelata (arrived 4:09pm), MD, Kinkini Banerjee, Louis Chicoine, Joe DeVries (arrived 4:10pm), and Ross Peterson.

ABSENT: Gary Charland

A quorum was not established.

One public comment speaker on Item B3 was heard prior to agenda item A.

Marisa Zuluaga, Resident Physician, ED, Highland Hospital, CIR Delegate, spoke regarding the failed contract negotiations between AHS and CIR. She said there was pressure to manage labor costs and discussed the patient care residents provide, the revenue residents build, and money they save the organization.

Trustees Aboelata and DeVries arrived, roll call was taken, and a quorum was established.

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.

A. ACTION: Approval of the Minutes of the March 14, 2019 Finance Committee Meeting

ACTION: A motion was made and seconded to approve the minutes of the March 14, 2018 Finance Committee Meeting. The motion passed.

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

NAYS: None

ABSTENTION: None

B. INFORMATION/DISCUSSION: Operating Reports

1) Finance Report

Ann Metzger, Interim Chief Financial Officer

a) February 2019 Financial Report

Ms. Metzger reviewed the presentation available here:

<http://www.alamedahealthsystem.org/2019-meeting-agendas-and-minutes/>.

Mr. Finley said the S*A*P*P*H*I*R*E* project was still within budget. However, after the rollout, some of the capital costs would show up on the expense side. Trustee Chicoine added that the factor that changed everything was the hit to revenue, not the S*A*P*P*H*I*R*E* project, which was remaining within the forecasted budget.

2) Chief Operating Officer Report

Luis Fonseca, Chief Operating Officer

a) February 2019 Operations Report

b) AHS Property and Lease Review

c) GMP – Alameda Hospital SB 90 Project (Verbal)

Trustee Banerjee asked what the reasons were that some facilities were consistently below budgeted volumes in ambulatory. Mr. Fonseca said some of it was position vacancies. They were working close the gap in primary care, but specialty care would continue to be a challenge. He added that they were outperforming last year.

Trustee Chicoine asked about the impact of the homeless crisis on the behavioral health acute care setting. Mr. Fonseca said some of the population had an impact on the ability to discharge patients from the acute care setting. He said they were contracting with other entities to help share the patient load and always exploring options.

Trustee DeVries asked if, once the rehab unit opened at San Leandro Hospital, if the Fairmont location could be used for throughput. Mr. Fonseca said that solution would support many of the challenges AHS had. There had been discussions about using the facility for a variety of purposes. The County had toured the facility and stated an interest in how the facility would be used. Mr. Finley reminded the Board that the County owned the facility. There were several ideas about how the facility could be repurposed. No specific efforts had been made yet. He

said that if the Board wanted AHS to pursue that option with the County, they would need some direction.

Trustee Peterson said there was a need for respite beds, and they should be lobbying for it. Having the beds taken by patients who no longer needed the bed affected the potential revenue of the organization.

Trustee Aboelata said it would be helpful to understand data on the revenue lost because of this issue. She asked what the revenue potential would be with a respite center operated by AHS or someone else. Mr. Finley said they could discuss studying that. He added that there being some agreement from the County, as the owner of the facility.

Trustee DeVries said the space would become available in January, the time to make plans was now. He wanted to know how many respite beds could be provided in that space given the current configuration and how that would impact throughput. He said they needed to perform a quick analysis of how a respite center could improve access to care and show it to the County, so they could start making plans.

Trustee Peterson said they needed to understand what it would look like if they had all the appropriate patient exit resources and how that would impact revenue. He said they also needed to understand how much need could be met with programs like they were discussing, independent of who would provide the service.

Trustee Chicoine suggested caution with the concept of system only approaches. The population they were discussing were the responsibility of the community. This potential solution would create a benefit for the entire community. The process should involve assessment of what would be possible through partnership with other entities.

The Trustees discussed the importance respite care played with getting homeless patients on the path to housing, the need for different sectors to participate in the solution, and the importance of having somewhere for the patients to go after respite.

Trustee Aboelata said in the short term they should consider how to address some of their own immediate short-term needs. Then ask how they could partner across sectors to implement a longer-term solution.

Trustee Devries said he wanted a concrete idea. The Board had been hearing about the need for more beds for a long time. He requested a proposal to the County that didn't have all the partners identified, didn't have permanent housing solutions identified, but did have a good use identified for the parcel. Mr. Finley confirmed that he was being asked to put something together and provide it to the Board for consideration.

Mr. Fonseca said that they would work on identifying solutions for some of the operational challenges they had. He said respite was one small piece. He said that this would be a good discussion for one of the strategic meetings with the County partners. Trustee Chicoine agreed.

Trustee DeVries reiterated that he wanted staff to assemble a formal proposal to the County regarding Fairmont. He also wanted the proposal to include how much AHS was spending on Oakport and Creekside, when the Zhone property was partially empty and could save a lot of money.

Trustee Aboelata asked what else could be done at San Leandro Hospital. Mr. Finley said they had many conversations with a variety of entities around different possibilities and different services that could be built in. They were currently limited on investment options because the permanent agreement didn't allow AHS to assume any debt without County approval.

The Committee agreed to discuss the GMP – Alameda Hospital SB 90 Project item in more depth at the upcoming Board Retreat.

3) Fiscal Year 2020 Budget Update - (Verbal)

Luis Fonseca, Chief Operating Officer

Mr. Fonseca reviewed the report available here:

<http://www.alamedahealthsystem.org/2019-meeting-agendas-and-minutes/>.

Linda Strach, California Nurses Association, spoke regarding the history of AHS since she'd been employed. She discussed what it took to live in the East Bay and attract doctors and nurses. Alameda Hospital didn't have that cache, and if they kept taking away benefits nurses were going to start leaving. She believed the budget shortfalls were caused by mishandling money.

Rose Klein, California Nurses Association, spoke regarding the role nurses have with patient care. She asked that patient quality be the most important thing, and nurses give that. The nurses needed a fair contract.

Raychel Cooke, SIM, California Nurses Association, spoke regarding the care her father got while staying at Alameda Hospital for a month. She spoke regarding the specific patient cost due to throughput problems. She said respite care at Fairmont and getting the communities involved would help. All the local mayors were already working on the problem, AHS should work with them. If they get the extra beds, they still need the nurses to do the discharge teaching and case managers.

Trustee Aboelata asked about higher margin services that could be revenue opportunities. Mr. Finley said they had discussed one of the managed care partners who indicated that they were in the market for skilled nursing for more complicated patients. Where they could expand those services to, was an important question. Ms. Venkataraman discussed the balance of needs, margin, and bandwidth. Mr. Finley added that with some Board guidance they would be happy to do a deeper review.

C. ACTION: Recommend Approval of Resolution Designating Authorized Signature for Union Bank Account.

ACTION: A motion was made and seconded to recommend to the Board of Trustees approval of the Resolution designating authorized signatures for the Union Bank account. The motion passed.

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

NAYS: None

ABSTENTION: None

D. CONTRACT APPROVAL: ACTION ITEMS/DISCUSSION

1.) New agreement with **Medline Industries, Inc.**, for provision of medical supplies and supply distribution services to all AHS facilities. The term of this proposed agreement shall be effective 05/01/2019 through 04/30/2024. The estimated impact of the proposed agreement is \$80,000,000.

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 new agreement with Medline Industries, Inc. The motion passed.

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

NAYS: None

ABSTENTION: None

E. DISCUSSION: Committee Planning

1) Issues Tracking

Trustee Chicoine asked staff report out on the revenue capturing conversation. Trustee Aboelata clarified she was looking for how much was contractual, how much was denials, what was our success rate with billing. Drilling down on the write offs.

TRUSTEE COMMENTS

ADJOURNMENT: 6:34pm

This is to certify that the foregoing is a true and correct copy of the minutes of the Finance Committee April 11, 2019 meeting as approved on May 9, 2019:



Ronna Jojola Gonsalves

Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: _____



M.D. Moyer

General Counsel