MEMORANDUM

1411 East 31st Street
Oakland, CA 94602

TO: AHS Finance Committee
FROM: Ann Metzger, Interim CFO
DATE: September 5, 2019
SUBJECT: June 2019 Financial Report

Summary

Operating Income for June was $9.2 million and $5.4 million above budget. Net Operating Revenue was $99.8 million for the month and above budget by $13.0 million, with the largest variance under Capitation and HPAC. Operating Expense was $90.6 million and above budget by $7.6 million, with the largest variances in Salaries and Wages and Purchased Services. Net Income was $5.8 million and above the budget by $6.1 million. Non-Operating Expense for the unfunded pension liability was $0.7 million less than budget. This variance has occurred all year pending an updated actuarial report for the FY19 audit. EBIDA margin was 10.6% and higher than budget.

Operating Income year to date (YTD) was $39.3 million and $7.3 million above the $31.9 million budget. Net Operating Revenue YTD was $1,062.6 million and $4.2 million over budget, which was partially related to the HPAC contract amendment. YTD Operating Expense was $932.7 million and $10.7 million below budget as the result of expense management to mitigate the revenue shortfall. EBIDA margin YTD was 4.7% and at budget.

	June 2019				Year-To-Date				FY 2018	
	Actual	Budget	Variance	% Var	Actual	Budget	Variance	% Var	YTD	% Change
Net patient service revenue	$ 71,181	$ 53,812	$ 17,369	32.3%	$ 652,801	$ 662,336	$ (9,534)	(1.4)%	$ 566,800	15.2%
Supplemental revenue	28,650	33,002	(4,353)	(13.2)%	409,787	396,029	13,758	3.5%	441,396	(7.2)%
Net operating revenue	99,831	86,814	13,017	15.0%	1,062,589	1,058,365	4,224	0.4%	1,008,197	5.4%
Operating expense	90,614	83,008	7,606	9.2%	1,023,321	1,026,444	(3,123)	(0.3)%	1,009,196	1.4%
Operating Income	9,217	3,806	5,410	142.1%	39,268	31,921	7,347	23.0%	(999)	4031.1%
Other non-operating activity	(3,465)	(4,147)	683	(1553.5)%	(42,651)	(49,828)	7,177	(383.2)%	(21,097)	(102.2)%
Net Income	**$ 5,752**	**$ (341)**	**$ 6,093**	**1788.4%**	**$ (3,383)**	**$ (17,907)**	**$ 14,524**	**81.1%**	**$ (22,096)**	**84.7%**
Operating Margin	9.2%	4.4%	4.8%		3.7%	3.0%	0.7%		(0.1)%	
EBIDA Margin	10.6%	5.9%	4.7%		4.7%	4.6%	0.1%		1.6%	

Patient Activity

Patient Activity overall was above budget for the month, with inpatient and professional services over budget and outpatient services under budget. This was a consistent trend in FY2019.

- The Acute Average Daily Census was 274 for the month and 4.2% above the budget of 263. The YTD Acute Average Length of Stay (ALOS) was 6.1 and above budget by 3.8%. The Acute Patient Days, for both the month and YTD, continue to be higher than budget and higher than prior fiscal year.
- The Post Acute Average Daily Census was 302 and at budget for June. Post Acute Patient Days were 10 days below budget for the month but over budget YTD by 1,052 days or 1.0%.
- Emergency Department Visits (not shown below) were 9,506 and 12.9% below budget. YTD Emergency Department Visits were 118,818 and 8.9% below budget. Also, the current YTD visits were lower than the prior YTD visits of 123,672 or 3.9%. This has been a consistent trend in FY2019.
- Clinic Visits for the month were 27,150 and 10.2% below budget. YTD visits were 339,800 and 5.3% below budget and 2.7% below prior year. This has been a consistent trend in the current fiscal year.
- Physician wRVUs were 79,192 and at budget for the month. YTD Physician wRVUs were 1,014,321 and 6.5% above budget and 13.9% above prior year.

	June 2019				Year-To-Date				FY 2018	
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance	YTD	% Change
Acute discharges	1,485	1,488	(3)	(0.2)%	17,638	17,771	(133)	(0.7)%	18,248	(3.3)%
Acute patient days	8,227	7,905	323	4.1%	107,537	101,796	5,742	5.6%	104,338	3.1%
Acute average length of stay	5.5	5.3	0.2	4.3%	6.1	5.7	0.4	6.5%	5.7	6.6%
Acute average daily census	274	263	11	4.2%	295	279	16	5.7%	286	3.1%
Adjusted patient days (APD)	29,263	29,759	(496)	(1.7)%	368,953	364,963	3,990	1.1%	364,141	1.3%
Post acute discharges	88	75	13	17.3%	945	876	69	7.9%	779	21.3%
Post acute patient days	9,050	9,060	(10)	(0.1)%	110,242	109,190	1,052	1.0%	107,904	2.2%
Post acute average daily census	302	302	-	0.0%	302	299	3	1.0%	296	2.0%
Clinic Visits	27,150	30,234	(3,084)	(10.2)%	339,800	358,999	(19,199)	(5.3)%	349,197	(2.7)%
Visits per Clinic Day	1,293	1,440	(147)	(10.2)%	1,370	1,448	(77)	(5.3)%	1,408	(2.7)%
Physician wRVUs	79,192	79,341	(149)	(0.2)%	1,014,321	952,092	62,229	6.5%	890,844	13.9%

Net Operating Revenue

Gross Patient Service Revenue (patient charges) were $272.0 million for the month and 0.9% under budget due to lower outpatient volume. Net Patient Service Revenue (NPSR) was $71.2 million and $17.4 million or 32.3% above budget. Although, the NPSR was expected to have a $27 to $29 million YTD shortfall compared to budget, additional HPAC funding of $28.7 million was received in June as part of the AB85 realignment. If the additional $28.7 million was removed from the NPSR, the Collection % - NPSR drops from 26.2% to 15.6% for the month and YTD from 19.0% to 18.2%; consistent with the prior month's Collection %.

Supplemental Revenue was $28.7 million for the month and $4.4 million under budget due to several fiscal year-end adjustments. Medi-Cal Waiver Reserves were realized as revenue as prior year reporting was settled; resulting in an additional $14.5 million in June and $28.7 million YTD. Measure A (sales tax) receipts increased by 12.6% over the prior year for an additional $10.2 million in Measure A revenue. Offsetting this positive activity was the need to establish additional reserves for the Physician SPA program. Repayment is anticipated for FY2008 through FY2013 of approximately $5.0 million per year.

	June 2019				Year-To-Date				FY 2018	
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance	YTD	% Change
Inpatient service revenue	$ 160,610	$ 156,550	$ 4,059	2.6%	$ 2,029,317	$ 1,955,988	$ 73,329	3.7%	$ 1,924,891	5.4%
Outpatient service revenue	85,896	91,712	(5,815)	(6.3)%	1,075,182	1,111,800	(36,618)	(3.3)%	1,082,785	(0.7)%
Professional service revenue	25,520	26,349	(830)	(3.1)%	333,485	315,684	17,802	5.6%	294,841	13.1%
Gross patient service revenue	**272,026**	**274,611**	**(2,585)**	**(0.9)%**	**3,437,985**	**3,383,472**	**54,513**	**1.6%**	**3,302,517**	4.1%
Deductions from revenues	(233,128)	(223,602)	(9,526)	(4.3)%	(2,852,905)	(2,754,770)	(98,136)	(3.6)%	(2,769,394)	3.0%
Capitation and HPAC	32,283	2,803	29,481	1051.8%	67,722	33,634	34,088	101.4%	33,678	101.1%
Net patient service revenue	**71,181**	**53,812**	**17,369**	**32.3%**	**652,801**	**662,336**	**(9,534)**	**(1.4)%**	**566,800**	15.2%
Medi-Cal Waiver	24,024	9,546	14,478	151.7%	143,258	114,551	28,707	25.1%	148,133	(3.3)%
Measure A, Parcel Tax, Other Support	20,134	10,025	10,109	100.8%	130,552	120,300	10,251	8.5%	116,536	12.0%
Supplemental Programs	(19,302)	11,187	(30,489)	(272.5)%	105,144	134,246	(29,102)	(21.7)%	145,364	(27.7)%
Grants & Research Protocol	2,215	652	1,563	239.8%	9,593	7,823	1,770	22.6%	9,924	(3.3)%
Other Operating Revenue	1,578	1,592	(14)	(0.9)%	20,293	19,109	1,184	6.2%	21,431	(5.3)%
Incentives	-	-	-	0.0%	949	-	949	100.0%	9	11059.8%
Supplemental revenue	**28,650**	**33,002**	**(4,353)**	**(13.2)%**	**409,787**	**396,029**	**13,758**	**3.5%**	**441,396**	(7.2)%
Net operating revenue	**$ 99,831**	**$ 86,814**	**$ 13,017**	**15.0%**	**$ 1,062,589**	**$ 1,058,365**	**$ 4,224**	**0.4%**	**$ 1,008,197**	5.4%
Collection % - NPSR	26.2%	19.6%	6.6%		19.0%	19.6%	(0.6)%		17.2%	
Collection % - Total	36.7%	31.6%	5.1%		30.9%	31.3%	(0.4)%		30.5%	

Supplemental Revenues

The information presented below is the summary schedule of reimbursement receivable and payable as well as what is considered "reserves". At a summary level, this is how to understand this information:

	(presented in thousands)
Net Reimbursement Receivable (Liability) (booked in the Balance Sheet)	($ 24,101)
Estimated Receivable (our current best estimate of what will occur)	23,193
Reserves ($ that potentially could be booked as additional revenue)	$ 47,294

The amounts are reviewed monthly and often change month to month. Reserves have developed in programs such as Rate Range IGT, MCE to Cost, EPP/QIP, PRIME, GPP, AB915, and Medicare Cost Reports. In general, this occurs because the ultimate amount that can be collected under the program is uncertain, and dependent on costs for services that were ultimately provided, quality metrics achieved, Medi-Cal enrollment, and our ability to identify and claim related costs. As a result, management tends to "book" revenue and related receivables conservatively, then if programs resolve favorably additional revenue is recorded rather than having to report a loss.

Please note that, even though there is an overall payable from these programs, there is a mix of liabilities and receivables. The timing of these receipts and payments is critical because this will affect the Net Negative Balance under our Line of Credit with the County. This is concerning since we have been informed by CAPH that CMS wants the state DHS to finalize all years through FY 2015 by 12/31/2020. AHS has significant liabilities under the prior Medi-Cal Waivers that, if required to be paid by 12/31/2020, will surpass the available Line of Credit limit.

Reimbursement Reserve (in thousands)

Programs	Booked 6/30/19	Expected 6/30/19	Reserve	Comments
Medicare Cost Report	395	482	88	Medicare cost report settlements
Medi-Cal Cost Report	(36,023)	(36,023)	-	Medi-Cal P14 cost report settlement for FFS Medi-Cal
FQHC	(40,163)	(40,163)	-	State has retroactively denied coverage for HGH Specialty Visits billed as FQHC. We are appealing, but the State has their right to take the funds in advance, and they are doing so.
PRIME	13,660	13,660	-	Public Hospital Redesign and Incentives in Medi-Cal members, matrics based incentive payment
GPP	15,165	15,768	603	Global Payment Program to pay for services provided to the remaining uninsured, inlcuding HealthPac and charity
Old Waiver	(73,102)	(73,102)	(0)	Settlement of Old Waivers indicated that, in total, DPH's did nothave sufficient unreimburseed costs to claim all DSH, requiring a repayment. Settlement has recently improved with count decision that DPH's were enttiled to claim DSH on FQHC visits.
Rate Range	20,410	30,000	9,590	Provides additional pass-through reimbursement based on Medi-Cal Managed Care lives
Hospital fee	-	-	-	Revenue allocation from Quality Assurance Fee collected from Californian private hospitals
AB85 Realignment	(26,683)	(3,683)	23,000	AB85 realignment settlement due to Affordable Care Act that County is expected to need less realignment funding from the State
EPP+QIP	123,540	120,020	(3,520)	New Medi-Cal Waiver, Enhanced Payment Program that pays 95% addition to existing contracted Medi-Cal managed care payments. Quality Incentive Program is for matrics based incentive payment to improve the health beings of Medi-Cal managed care members.
Medi-Cal GME	-	10,000	10,000	New program (pending approval) for Medi-Cal Managed Care GME
Physician SPA	(23,341)	(13,856)	9,485	Cost settlement for physician services provided to Medi-Cal patients
SNF Supplemental	3,179	1,228	(1,951)	Cost settlement for LTC/SNF services provided to Medi-Cal patients
AB915	(4,282)	(4,282)	-	Hospital outpatinet non-FQHC supplemental payment program pays for federal matching of uncompensated care provided on Outpatient services.
MAA	3,144	3,144	-	Cost settlement for Medi-Cal Administrative Activities in performing Medi-Cal outreach and faciliation of Medi-Cal enrollment
Total	**(24,101)**	**23,193**	**47,294**	

Operating Expense

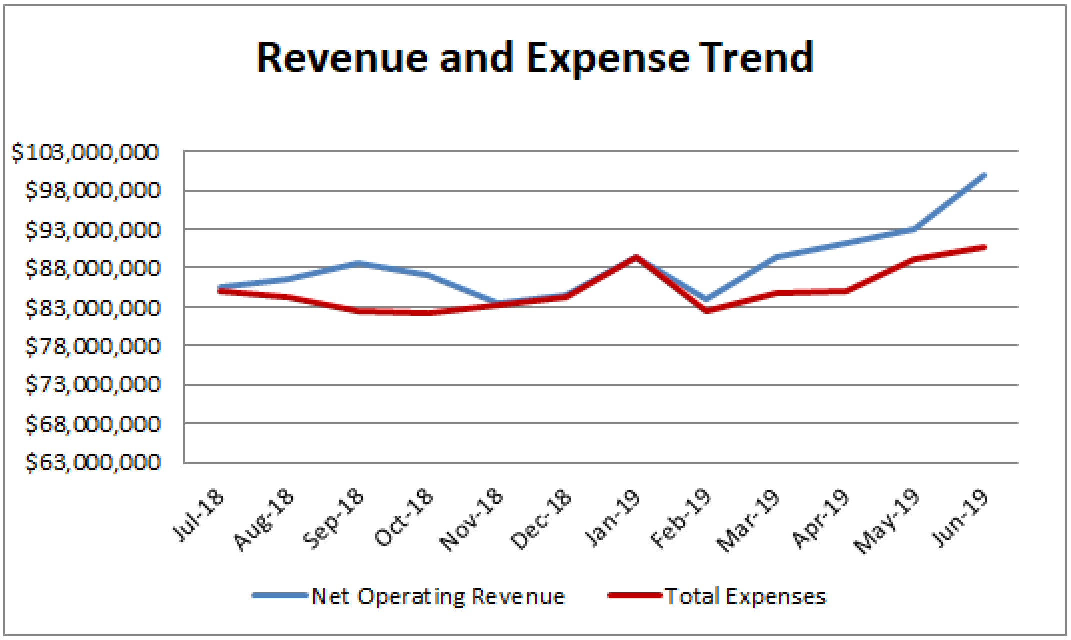
Operating expense was $90.6 million for the month and above budget by $7.6 million or 9.2%. For the month, Salaries and Wages and Purchased Services had the largest over budget variances. YTD, Employee Benefits, Contracted Physician Services, Pharmaceuticals, Medical Supplies, and Repair/Maintenance/Utilities services were over budget; however, the YTD Operating Expense was $3.1 million or 0.3% below budget. Operating Expense was 1.4% above the prior year.

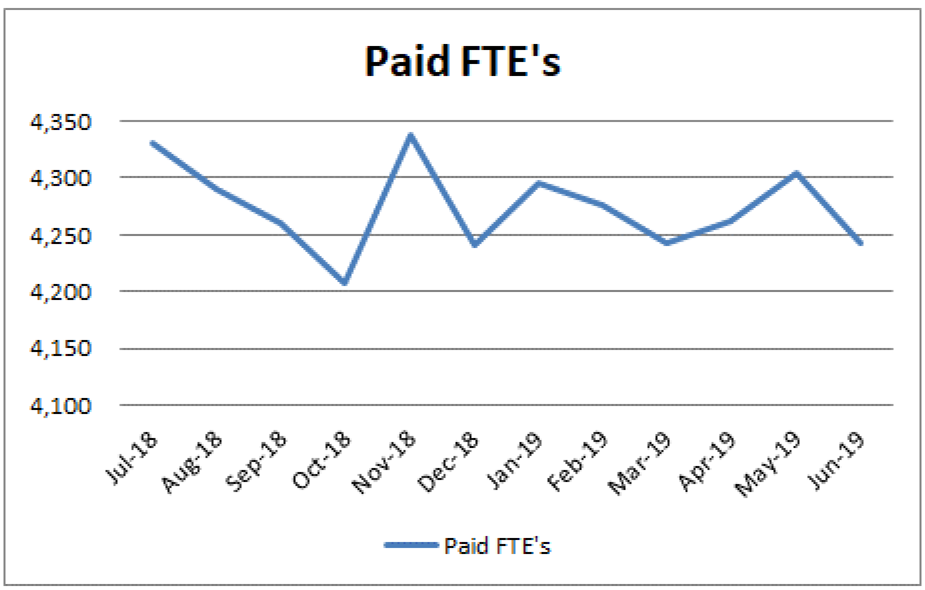
- Paid FTEs of 4,232 were below the budget of 4,377 by 145 FTE’s or 3.3% for the month. YTD FTEs were 193 FTEs or 4.3% below budget. FTEs have decreased 114 from the prior year. See Paid FTE’s graph below for trend.

- Salaries/Wages and Registry were over budget by $3.1 million from increased staffing and overtime utilization to handle higher patient volume in June. The variance YTD was $5.9 million below budget and was consistent with 4.3% below budget variance in FTEs.
- Employee Benefits were over budget by $0.7 million for the month due to an error in the budget spread. Benefits were booked to one cost center and then allocated to the SBU's. While the overall allocation of the Benefits budget netted to zero for the year, one SBU had a varied allocation by month, while all others were fixed amounts, causing the combined budget to be higher in some months and lower in others. The actual expense of $14.9 million was consistent with the prior months' activity.
- The Compensation Ratio (Salaries and Wages, Benefits, and Registry divided by Net Operating Revenue) for the month was 60.7% and 4.7% below budget. YTD, this ratio was 66.2% and below budget by 0.7%. Worked hours per APD (Adjusted Patient Day) were 20.9 and 6.0% below budget. YTD worked hours per Adjusted Patient Day were 20.7, 6.3% below budget and 3.6% below prior year.
- Purchased Services were over budget by $1.7 million in June. The largest variances were in Highland Laboratory, Security Services, and Reimbursement. YTD, Purchased Services are under budget by $3.2 million.
- Pharmaceuticals were over budget by $0.9 million from increased patient volume and continuing to develop a reserve for potential 340b audit findings.

	June 2019				Year-To-Date				FY 2018	
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance	YTD	% Change
Salaries and wages	$ 43,150	$ 40,192	$ 2,958	7.4%	$ 499,116	$ 499,294	$ (178)	(0.0)%	$ 486,402	2.6%
Registry	2,539	2,394	146	6.1%	25,692	31,413	(5,721)	(18.2)%	28,226	(9.0)%
Employee benefits	14,906	14,205	701	4.9%	178,925	177,711	1,213	0.7%	171,227	4.5%
Contracted physician services	7,824	7,617	207	2.7%	92,407	91,269	1,138	1.2%	89,177	3.6%
Purchased services	7,753	6,068	1,685	27.8%	69,331	72,574	(3,243)	(4.5)%	76,574	(9.5)%
Pharmaceuticals	3,109	2,223	886	39.9%	31,630	29,276	2,354	8.0%	31,244	1.2%
Medical Supplies	3,213	2,929	284	9.7%	37,334	35,243	2,091	5.9%	34,428	8.4%
Materials and supplies	1,685	1,609	77	4.8%	18,915	19,283	(368)	(1.9)%	21,340	(11.4)%
Outside medical services	730	356	374	105.1%	5,285	4,475	810	18.1%	5,021	5.3%
General & administrative expenses	1,693	1,754	(61)	(3.5)%	18,462	20,886	(2,424)	(11.6)%	18,372	0.5%
Repairs/maintenance/utilities	1,803	1,670	133	8.0%	21,855	20,035	1,819	9.1%	21,810	0.2%
Building/equipment leases & rentals	878	724	154	21.3%	9,254	8,685	569	6.5%	8,850	4.6%
Depreciation	1,332	1,269	63	5.0%	15,116	16,300	(1,184)	(7.3)%	16,524	(8.5)%
Total operating expense	**$ 90,614**	**$ 83,008**	**$ 7,606**	**9.2%**	**$ 1,023,321**	**$ 1,026,444**	**$ (3,123)**	**(0.3)%**	**$ 1,009,196**	**1.4%**
Paid full time equivalents (FTE)	4,232	4,377	(145)	(3.3)%	4,263	4,456	(193)	(4.3)%	4,377	(2.6)%
Paid FTE's per adjusted occupied bed	4.3	4.4	(0.1)	(1.6)%	4.2	4.5	(0.2)	(5.4)%	4.4	(3.9)%
Worked Hours per APD	21.7	21.9	(0.2)	(0.8)%	20.7	22.1	(1.4)	(6.3)%	21.5	(3.6)%
Compensation ratio	60.7%	65.4%	(4.7)%		66.2%	66.9%	(0.7)%		68.0%	

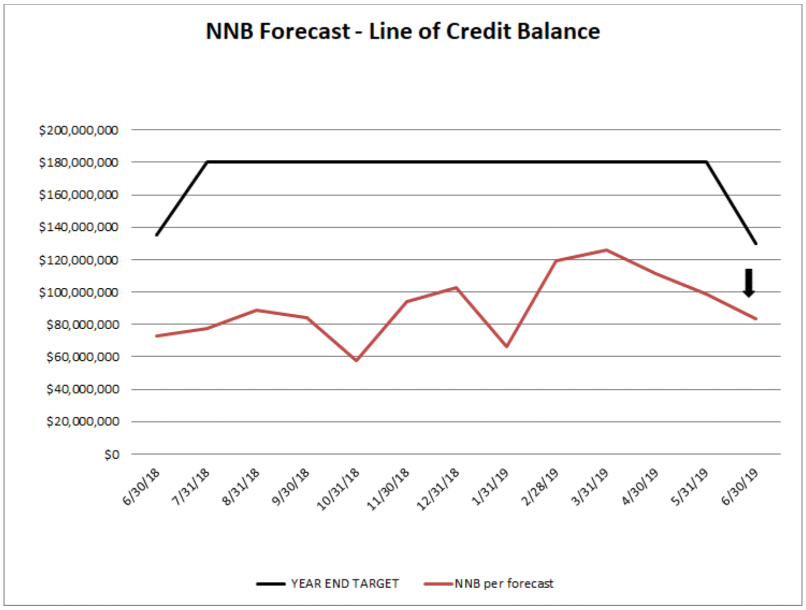
The charts below illustrate the trend in Total Paid FTEs and Net Operating Revenue and Expenses.





Line of Credit (Net Negative Balance) Forecast

The Line of Credit or the Net Negative Balance (NNB) held with the County was updated to include actual activity through 6/30/19. Since AHS has not received a formal request to repay the old Waiver and FQHC appeal settlements by 6/30/19, these items were moved forward to FY20 forecast. The NNB is projected to be lower than the NNB target of $130 million and compliant with the agreement terms at June 30th.



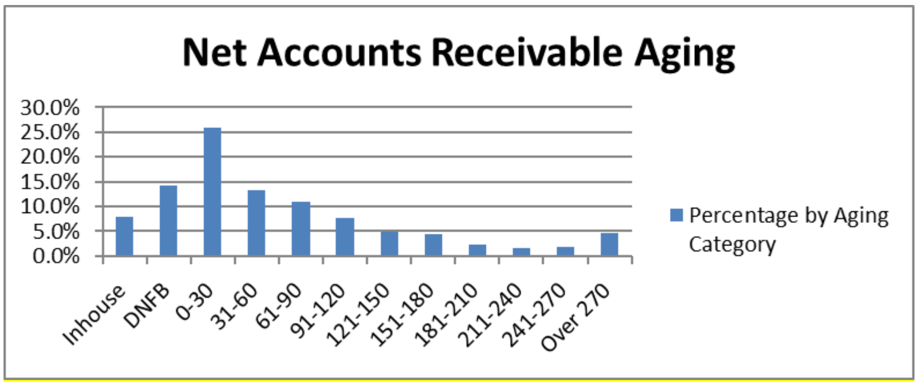
There are several pending recoupments for Medi-Cal P14, Medi-Cal FQHC, old Waiver, and AB85 realignment settlements that are included in the Reimbursement Reserves. These items are not reflected in the NNB forecast until a repayment date has been determined. The table below shows the increase in the NNB if the repayments were part of the NNB calculation.

NNB with Reimbursement Recoupments		
Projected NNB balance at 6/30/19		83,622
Potential recoupment		
Estimated Medi-Cal P14 cost report (fy10 - fy19)	30,327	
Estimated Medi-Cal FQHC recoupment (fy12 - fy18)	40,163	
Estimated Waiver recoupment (fy10 - fy15)	73,102	
Estimated Physician SPA (fy08 - fy13)	30,000	
AB85 Realignment fy17 (repaid to County)	26,683	
		200,275
Revised NNB		283,897
Year End Target		130,000
Over(Under) Year End Target		**153,897**

Balance Sheet and Financial Condition

Net Days in Accounts Receivable (AR) remained constant between May and June at 78.2. The AR Days calculation does not include capitation and HPAC revenue which increased the "days" as the Net Revenue per day is lower. The "Over 270" days aging category was 4.6% of the Net AR consistent with last month. Days in Accounts Payable increased from 38.8 to 43.0 days. Accounts Payable Aging category 0 to 61 days was 70.7%, which was lower than the previous months at around 80%.

		Current Month	Prior Month	FY 2018
Days in Cash		5.3	6.3	6.5
Gross Days in AR		80.2	78.6	65.0
Net Days in AR		78.2	78.2	77.3
Days in Accounts Payable		43.0	38.8	42.8
Current Ratio		1.6	1.6	1.5



AP AGING AS OF 6/30/19						
	1-30	31-60	61-90	91-120	over 120	Total
AHS	11,725,901	4,015,510	342,195	178,138	332,675	16,594,419
	70.7%	24.2%	2.1%	1.1%	1.9%	100.0%

FY2019 Forecast and 12 Month Rolling Forecast

The FY2019 Forecast has not been included since June is the last period in the fiscal year.

The 12 Month Rolling Forecast for June 2019 through May 2020 has been updated to include expenses associated with training and Go-Live of the SAPPHIRE project. This includes EPIC training for staff, however added support for the 3 months following Go-Live will be capitalized. There is some reduction of revenues during September and October for training and Go-Live to account for providers getting used to the system. The additional cost as well as lower supplemental revenues will put a significant strain on finances in the coming year. As you can see, the EBIDA margin is quickly shrinking and expected to be negative for the 12 months ending May 2020. This projection is based on the current trends and does not include any proposed FY 2020 budget adjustments.

ALAMEDA HEALTH SYSTEM (consolidated)
Statement of Revenues and Expenses
For the Period Ended June 30, 2019
(In Thousands)

	June 2019				Year-To-Date				FY 2018		
	Actual	**Budget**	**Variance**	**% Variance**	**Actual**	**Budget**	**Variance**	**% Variance**	**YTD**	**Variance**	**% Var**
Inpatient service revenue	$ 160,610	$ 156,550	$ 4,059	2.6%	$ 2,029,317	$ 1,955,988	$ 73,329	3.7%	$ 1,924,891	$ 104,426	5.4%
Outpatient service revenue	85,896	91,712	(5,815)	(6.3)%	1,075,182	1,111,800	(36,618)	(3.3)%	1,082,785	(7,603)	(0.7)%
Professional service revenue	25,520	26,349	(830)	(3.1)%	333,485	315,684	17,802	5.6%	294,841	38,645	13.1%
Gross patient service revenue	**272,026**	**274,611**	**(2,585)**	**(0.9)%**	**3,437,985**	**3,383,472**	**54,513**	**1.6%**	**3,302,517**	**135,468**	**4.1%**
Deductions from revenues	(233,128)	(223,602)	(9,526)	(4.3)%	(2,852,905)	(2,754,770)	(98,136)	(3.6)%	(2,769,394)	(83,511)	3.0%
Capitation and HPAC	32,283	2,803	29,481	1051.8%	67,722	33,634	34,088	101.4%	33,678	34,044	101.1%
Net patient service revenue	**71,181**	**53,812**	**17,369**	**32.3%**	**652,801**	**662,336**	**(9,534)**	**(1.4)%**	**566,800**	**86,001**	**15.2%**
Medi-Cal Waiver	24,024	9,546	14,478	151.7%	143,258	114,551	28,707	25.1%	148,133	(4,875)	(3.3)%
Measure A, Parcel Tax, Other Support	20,134	10,025	10,109	100.8%	130,552	120,300	10,251	8.5%	116,536	14,015	12.0%
Supplemental Programs	(19,302)	11,187	(30,489)	(272.5)%	105,144	134,246	(29,102)	(21.7)%	145,364	(40,220)	(27.7)%
Grants & Research Protocol	2,215	652	1,563	239.8%	9,593	7,823	1,770	22.6%	9,924	(331)	(3.3)%
Other Operating Revenue	1,578	1,592	(14)	(0.9)%	20,293	19,109	1,184	6.2%	21,431	(1,138)	(5.3)%
Incentives	-	-	-	0.0%	949	-	949	100.0%	9	940	11059.8%
Supplemental revenue	**28,650**	**33,002**	**(4,353)**	**(13.2)%**	**409,787**	**396,029**	**13,758**	**3.5%**	**441,396**	**(31,609)**	**(7.2)%**
Net operating revenue	**99,831**	**86,814**	**13,017**	**15.0%**	**1,062,589**	**1,058,365**	**4,224**	**0.4%**	**1,008,197**	**54,392**	**5.4%**
Salaries and wages	43,150	40,192	2,958	7.4%	499,116	499,294	(178)	(0.0)%	486,402	12,714	2.6%
Registry	2,539	2,394	146	6.1%	25,692	31,413	(5,721)	(18.2)%	28,226	(2,534)	(9.0)%
Employee benefits	14,906	14,205	701	4.9%	178,925	177,711	1,213	0.7%	171,227	7,697	4.5%
Contracted physician services	7,824	7,617	207	2.7%	92,407	91,269	1,138	1.2%	89,177	3,230	3.6%
Purchased services	7,753	6,068	1,685	27.8%	69,331	72,574	(3,243)	(4.5)%	76,574	(7,243)	(9.5)%
Pharmaceuticals	3,109	2,223	886	39.9%	31,630	29,276	2,354	8.0%	31,244	385	1.2%
Medical Supplies	3,213	2,929	284	9.7%	37,334	35,243	2,091	5.9%	34,428	2,907	8.4%
Materials and supplies	1,685	1,609	77	4.8%	18,915	19,283	(368)	(1.9)%	21,340	(2,425)	(11.4)%
Outside medical services	730	356	374	105.1%	5,285	4,475	810	18.1%	5,021	264	5.3%
General & administrative expenses	1,693	1,754	(61)	(3.5)%	18,462	20,886	(2,424)	(11.6)%	18,372	90	0.5%
Repairs/maintenance/utilities	1,803	1,670	133	8.0%	21,855	20,035	1,819	9.1%	21,810	44	0.2%
Building/equipment leases & rentals	878	724	154	21.3%	9,254	8,685	569	6.5%	8,850	403	4.6%
Depreciation	1,332	1,269	63	5.0%	15,116	16,300	(1,184)	(7.3)%	16,524	(1,408)	(8.5)%
Total operating expense	**90,614**	**83,008**	**7,606**	**9.2%**	**1,023,321**	**1,026,444**	**(3,123)**	**(0.3)%**	**1,009,196**	**14,125**	**1.4%**
Operating Income	**9,217**	**3,806**	**5,410**	**142.1%**	**39,268**	**31,921**	**7,347**	**23.0%**	**(999)**	**40,267**	**4031.1%**
Interest income/(expense) net	(421)	(25)	(396)	(1553.5)%	(1,713)	(355)	(1,359)	(383.2)%	(1,013)	(701)	(69.2)%
Retirement GASB68	(3,065)	(4,148)	1,084	26.1%	(36,775)	(49,790)	13,015	26.1%	(20,418)	(16,358)	(80.1)%
Capital cost transfer	-	-	-	0.0%	(4,419)	-	(4,419)	(100.0)%	-	(4,419)	(100.0)%
Other non-operating income(exp)	21	26	(5)	(18.7)%	256	317	(60)	(19.0)%	333	(77)	(23.1)%
Net Income	**$ 5,752**	**$ (341)**	**$ 6,093**	**1788.4%**	**$ (3,383)**	**$ (17,907)**	**$ 14,524**	**81.1%**	**$ (22,096)**	**$ 18,713**	**84.7%**
Operating Margin	9.2%	4.4%	4.8%		3.7%	3.0%	0.7%		(0.1)%	3.8%	
EBIDA Margin	10.6%	5.9%	4.7%		4.7%	4.6%	0.1%		1.6%	3.1%	
Collection % - NPSR	26.2%	19.6%	6.6%		19.0%	19.6%	(0.6)%		17.2%	1.8%	
Collection % - Total	36.7%	31.6%	5.1%		30.9%	31.3%	(0.4)%		30.5%	0.4%	
Acute discharges	1,485	1,488	(3)	(0.2)%	17,638	17,771	(133)	(0.7)%	18,248	(610)	(3.3)%
Acute patient days	8,227	7,905	323	4.1%	107,537	101,796	5,742	5.6%	104,338	3,199	3.1%
Acute average length of stay	5.5	5.3	0.2	4.3%	6.1	5.7	0.4	6.5%	5.7	0.4	6.6%
Acute average daily census	274	263	11	4.2%	295	279	16	5.7%	286	9	3.1%
Post acute discharges	88	75	13	17.3%	945	876	69	7.9%	779	166	21.3%
Post acute patient days	9,050	9,060	(10)	(0.1)%	110,242	109,190	1,052	1.0%	107,904	2,338	2.2%
Post acute average daily census	302	302	-	0.0%	302	299	3	1.0%	296	6	2.0%
Clinic Visits	27,150	30,234	(3,084)	(10.2)%	339,800	358,999	(19,199)	(5.3)%	349,197	(9,397)	(2.7)%
Adjusted patient days (APD)	29,263	29,759	(496)	(1.7)%	368,953	364,963	3,990	1.1%	364,141	4,812	1.3%
Physician wRVUs	79,192	79,341	(149)	(0.2)%	1,014,321	952,092	62,229	6.5%	890,844	123,478	13.9%
Net Operating Revenue per APD	$ 3,412	$ 2,917	$ 494	16.9%	$ 2,880	$ 2,900	$ (20)	(0.7)%	$ 2,769	111	4.0%
Expense per APD	$ 3,097	$ 2,789	$ 307	11.0%	$ 2,774	$ 2,812	$ (39)	(1.4)%	$ 2,771	2	0.1%
Operating Income per APD	$ 315	$ 128	$ 187	146.2%	$ 106	$ 87	$ 19	21.7%	$ (3)	109	3984.3%
Paid full time equivalents (FTE)	4,232	4,377	(145)	(3.3)%	4,263	4,456	(193)	(4.3)%	4,377	(115)	(2.6)%
Paid FTE's per adjusted occupied bed	4.3	4.4	(0.1)	(1.6)%	4.2	4.5	(0.2)	(5.4)%	4.4	(0.2)	(3.9)%
Worked hours per APD	21.7	21.9	(0.2)	(0.8)%	20.7	22.1	(1.4)	(6.3)%	21.5	(0.8)	(3.6)%
Compensation ratio	60.7%	65.4%	(4.7)%		66.2%	66.9%	(0.7)%		68.0%	(1.8)%	

ALAMEDA HEALTH SYSTEM (consolidated)
Balance Sheet
As of June 30, 2019
(In Thousands)

	Current Month	Prior Month	FY 2018
ASSETS			
Current assets:			
Cash & Cash Equivalents	$15,843	$17,978	$18,501
Cash Held in Trust	61	60	87
Patient Receivables, net	139,941	133,087	120,073
Reimbursement Receivables, net	(24,101)	43,121	(21,173)
Inventories	9,529	9,472	9,387
Prepaid expenses	6,614	5,197	8,064
Other receivables	49,975	46,428	48,317
TOTAL CURRENT ASSETS	**197,862**	**255,343**	**183,256**
Cash Held Board Designated	31,271	24,148	23,858
TOTAL RESTRICTED CASH	**31,271**	**24,148**	**23,858**
PROPERTY, PLANT & EQUIPMENT			
Construction in Process	82,445	77,439	31,621
Land, Buildings, Leasehold Improvements	53,974	70,714	70,423
Equipment, Software	169,331	171,614	169,948
Subtotal - Property, Plant & Equipment	305,750	319,767	271,992
Less: Accumulated Depreciation	(153,454)	(174,727)	(160,943)
NET PROPERTY, PLANT & EQUIPMENT	**152,296**	**145,040**	**111,049**
INVESTMENT IN AHP	-	-	-
DEFERRED OUTFLOWS OF RESOURCES	**112,589**	**115,810**	**151,003**
TOTAL ASSETS & DEFERRED OUTFLOWS	**$494,018**	**$540,341**	**$469,166**
LIABILITIES & NET ASSETS			
Accounts Payable	38,938	34,642	39,307
Compensation Related Liabilities	47,976	45,488	44,683
Estimated Third Party Settlements Payable	1,568	1,000	0
Due to County of Alameda & State	2,520	41,391	2,449
Other Payables	36,609	35,381	38,994
TOTAL CURRENT LIABILITIES	**127,611**	**157,902**	**125,433**
Self Insurance Liability	24,672	24,672	23,415
Working Capital Loan	108,264	122,522	86,006
Pension and Postemployment Benefits	366,381	365,276	347,340
Other Long-term Liabilities	19,350	31,095	31,120
TOTAL LONG TERM LIABILITIES	**518,667**	**543,565**	**487,881**
Deferred Inflows of Resources	**114,095**	**115,522**	**130,975**
Capital Contribution - County	46,535	46,535	46,535
Capital Contribution - Foundation	16,949	12,409	12,298
Capital Contribution - Other	16,500	16,500	9,000
Fund Balance -- Prior Years	(342,956)	(342,956)	(320,860)
Current Year Income / (Loss)	(3,383)	(9,136)	(22,096)
FUND BALANCE	**(266,355)**	**(276,648)**	**(275,123)**
TOTAL LIABILITIES, DEFERRED OUTFLOWS, & FUND BALANCE	**$494,018**	**$540,341**	**$469,166**
Days in Cash	5.3	6.3	6.5
Gross Days in AR	80.2	78.6	65.0
Net Days in AR	78.2	78.2	77.3
Days in Accounts Payable	43.0	38.8	42.8
Current Ratio	1.6	1.6	1.5

ALAMEDA HEALTH SYSTEM (consolidated)
Statement of Cash Flows
For the Period Ended June 30, 2019
(In Thousands)

	Current Month	Year-to Date
Operating Activities		
Net Income (Loss)	$5,752	($3,383)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,332	15,116
Net changes in operating assets and liabilities:		
(Increase)/Decrease Patient Account Receivables, net	(6,854)	(19,868)
(Increase)/Decrease Reimbursement Receivables, net	67,222	2,928
(Increase)/Decrease Inventories	(57)	(142)
(Increase)/Decrease Prepaid Expenses	(1,417)	1,450
(Increase)/Decrease Other Receivables	(3,547)	(1,658)
(Increase)/Decrease Deferred Outflows	3,221	38,414
(Decrease)/Increase in Accounts payable, accrued expenses and estimated third-party settlements	(30,290)	2,178
(Decrease)/Increase in Deferred Inflows	(1,427)	(16,880)
Net Cash Provided (Used) by operating activities	**33,935**	**18,155**
Investing Activities		
Change in Cash Held in Trust	(1)	26
Change in Restricted Cash	(7,123)	(7,413)
Change in Investment in AHP	-	-
Net Purchases of Property, Plant and Equipment	(8,588)	(56,363)
Change in Self-insurance, Pension, and Other Long-term liabilities	(10,640)	8,528
Net Cash Provided (Used) by investing activities	**(26,352)**	**(55,222)**
Financing Activities		
Contributions for capital projects	4,540	12,151
Change in Working Capital Loan	(14,258)	22,258
Net Cash Provided (Used) by financing activities	(9,718)	34,409
Net increase/(decrease) in cash and cash equivalents	**(2,135)**	**(2,658)**
Cash and Equivalents at beginning of period	17,978	18,501
Cash and Equivalents at end of period	$15,843	$15,843

ALAMEDA HEALTH SYSTEM (consolidated)
Monthly Performance Benchmark Report
For the Period Ended June 30, 2019

	PRIOR YEARS (Twelve Months)			YEAR-TO-DATE		ANNUAL BUDGET	2019 BENCHMARKS		
	FY 2017 Actual	FY 2018 Budget	FY 2018 Actual	FYTD 2019 Actual	FYTD 2019 Budget	FY 2019	25%	50%	75%
ACCESS									
System Discharges	19,867	19,920	19,027	18,583	18,647	18,622			
Average Daily Census	573	572	574	597	578	571			
Adjusted Patient Days (APD)	346,492	343,215	359,177	368,953	364,963	360,517			
REVENUE									
Net Operating Revenue ($000s)	$ 972,347	$ 1,020,624	$ 1,006,392	$ 1,062,589	$ 1,058,365	$ 1,058,365			
Net Operating Revenue per APD	$ 2,806	$ 2,974	$ 2,802	$ 2,880	$ 2,900	$ 2,936	$ 3,082	$ 2,936	$ 2,789
Collection % - NPSR	22.2%	20.6%	19.3%	19.0%	19.6%	19.6%			
Collection % - Total	31.4%	29.9%	30.5%	30.9%	31.3%	31.3%			
EXPENSE									
Total Operating Expense ($000s)	$ 934,030	$ 991,173	$ 1,000,906	$ 1,023,321	$ 1,026,444	$ 1,026,444			
Expense per APD	$ 2,696	$ 2,888	$ 2,787	$ 2,774	$ 2,812	$ 2,847	$ 2,705	$ 2,847	$ 2,990
Paid full time equivalents (FTE)	4,148	4,498	4,409	4,263	4,456	4,456			
Paid FTE's per adjusted occupied bed	4.4	4.8	4.5	4.2	4.5	4.5			
Worked hours per APD	21.6	23.4	21.9	20.7	22.1	22.4			
CASH FLOW									
Operating Income ($000s)	$ 38,317	$ 29,450	$ 5,486	$ 39,268	$ 31,921	$ 31,921			
Operating Margin	3.9%	2.9%	0.5%	3.7%	3.0%	3.0%	12.3%	3.0%	(7.2)%
EBIDA Margin	5.5%	4.4%	2.2%	4.7%	4.6%	4.6%	5.0%	4.6%	4.1%
Operating Income per APD	$ 111	$ 86	$ 15	$ 106	$ 87	$ 89			
OTHER									
Compensation Ratio	64.8%	65.2%	67.5%	66.2%	66.9%	66.9%			
Capital Expense percentage	1.6%	1.6%	1.6%	1.5%	1.6%	1.5%			

ALAMEDA HEALTH SYSTEM **YEAR-TO-DATE Results at June, 2019** 9/4/2019

AHS ACCOUNTABILITY REPORT

		DEPARTMENT OPERATING EXPENSES				DEPARTMENT FTEs			
EXECUTIVE	Management Area	ACTUAL2018	ACTUAL2019	BUDGET2019	$ VARIANCE	ACTUAL 2018	ACTUAL 2019	BUDGET 2019	FTE VARIANCE
AHS TOTAL		**1,009,195,600**	**1,023,321,050**	**1,026,444,212**	**$ 3,123,162**	**4377.2**	**4263.1**	**4455.5**	**192.4**
Ghassan Jamaleddine, MD		**112,489,320**	**202,641,430**	**216,568,900**	**$ 13,927,470**	**741.1**	**753.4**	**860.4**	**107.0**
Karyn Tribble, PhD	PS PSYCHOLOGY	733,964	891,377	706,325	$ (185,052)	1.5	4.1	4.5	0.4
Ghassan Jamaleddine, MD	SYS ENVIRONMENT/SAFETY &NURSING ADMIN	1,579,789	1,245,077	1,748,324	$ 503,247	6.8	5.9	8.0	2.1
Tanvir Hussain	Quality	5,361,716	4,991,076	5,742,043	$ 750,967	26.3	28.7	32.8	4.1
Palav Babaria, MD	Ambulatory Clinic, POP HEALTH	54,128,513	55,625,834	60,056,090	$ 4,430,256	460.3	462.8	526.3	63.4
Ghassan Jamaleddine, MD	Provider Delivery	50,685,338	139,888,066	148,316,118	$ 8,428,052	246.2	251.8	288.8	37.1
Ann Metzger - Interim CFO		**126,390,796**	**44,889,824**	**47,719,458**	**$ 2,829,634**	**370.8**	**369.0**	**397.6**	**28.6**
Ishwari Venkataraman	Strategy and Business Planning	2,452,648	1,873,163	2,072,563	$ 199,401	13.2	11.2	12.0	0.8
Bernadette Jensen	Revenue Cycle	24,939,907	23,492,905	23,785,644	$ 292,739	261.9	264.8	283.7	18.9
Ann Metzger	Acct, PR, AP, Purch	81,521,442	4,204,209	4,571,597	$ 367,389	28.4	26.9	31.0	4.1
FINANCE - VACANT CFO	OVERHEAD COSTS	8,977,901	8,108,180	8,999,932	$ 891,753	8	8	9	1.5
Bernice Zander	Medical Records SLH	8,498,897	7,211,368	8,289,720	$ 1,078,352	59.0	58.2	61.6	3.4
Tony Redmond		**10,411,889**	**10,532,971**	**12,785,932**	**$ 2,252,960**	**62.9**	**65.3**	**74.0**	**8.7**
Athena Buenconsejo	SYS LABOR RELATIONS	1,335,516	1,077,504	1,190,669	$ 113,165	9.2	8.5	10.0	1.5
Terrie Dixon	Empolyee Health Services	1,176,036	1,210,944	1,633,949	$ 423,005	8.9	9.1	9.0	-0.1
Jessica Pitt	Health Path, Neighborhood	1,169,092	1,349,594	1,739,329	$ 389,735	8.3	9.4	11.0	1.6
Sheila Walker	Benefits & Leave Management	2,004,088	2,182,651	2,577,552	$ 394,901	11.1	9.5	11.0	1.5
Chamayne Pierce	SYS HR BUSINESS SERVICES	1,093,606	970,047	1,339,883	$ 369,837	4.2	4.7	5.0	0.3
Lisa May	Recruit, HRIS	3,633,552	3,742,231	4,304,549	$ 562,318	21.2	24.1	28.0	3.9
Mark Amey		**36,580,198**	**29,129,029**	**31,449,429**	**$ 2,320,400**	**108.5**	**83.2**	**93.5**	**10.3**
John Witt	SYS IT PROJ MGMT	3,792			$ -				0.0
Katya Osipova	EHR	915,082	1,340,996	450,291	$ (890,705)				0.0
Nick Volosin	Network, Help Desk	14,184,759	12,967,482	13,147,403	$ 179,921	61.8	59.7	62.5	2.8
Mark Amey	IT Admin, Medical Informatics	21,476,565	14,820,551	17,851,735	$ 3,031,184	46.7	23.5	31.0	7.5
Mike Moye		**4,438,240**	**3,775,571**	**4,347,629**	**$ 572,058**	**16.9**	**16.3**	**19.3**	**3.0**
Mike Moye	Legal & Board of Trustees	4,113,820	3,376,132	3,539,295	$ 163,163	15.2	13.7	15.8	2.1
Ira Holley	Contracting	324,420	399,439	808,334	$ 408,895	1.6	2.6	3.5	0.9
Luis Fonseca		**495,958,804**	**503,946,352**	**479,709,226**	**(24,237,125)**	**2934.3**	**2828.7**	**2852.6**	**23.8**
Janet McInnes	Acute Care	316,967,880	321,188,877	302,627,896	$ (18,560,981)	1631.4	1572.8	1559.0	-13.8
Karyn Tribble, PhD	Behavioral Health	41,799,500	45,280,789	40,552,828	$ (4,727,961)	299.2	307.5	297.6	-9.9
Richard Espinoza	Post Acute Care & Rehab Services	52,542,014	52,498,690	51,842,053	$ (656,637)	464.7	436.1	465.1	29.0
Sheila Lyzwa	SYS Social Services	1,023,605	81,914	144,569	$ 62,655	8.8	0.9	1.1	0.2
Baljeet Sangha	Support Services	1,651,368	1,809,309	2,224,501	$ 415,192	6.7	7.1	8.0	0.9
Luis Fonseca	SYS Operations	81,974,438	83,086,772	82,317,378	$ (769,393)	523.5	504.4	521.8	17.4
Delvecchio Finley		**35,175,269**	**34,364,990**	**39,852,484**	**$ 5,487,495**	**142.6**	**147.2**	**158.1**	**19.4**
Rick Kibler	Int Audit, Comp	1,230,301	1,013,006	990,511	$ (22,494)	6.8	6.9	7.0	0.1
Mark Amey	System Business Intelligence	1,161,437	1,045,694	1,456,518	$ 410,824	8.5	8.3	11.0	1.4
Tangerine Brigham	Pop Health Admin, Care Mgmt	24,891,882	24,845,208	24,829,942	$ (15,266)	109.0	115.5	120.7	16.5
Delvecchio Finley	System Administration, and Foundation	7,891,649	7,461,081	12,575,513	$ 5,114,431	18.3	16.5	19.4	1.4
TOTAL AHS Excluding Employee Benefits, and Depreciation		**821,444,517**	**829,280,166**	**832,433,058**	**$ 3,152,892**				
ALL SYSTEM DEPRECIATION		16,523,787	15,116,194	16,299,789	$ 1,183,595				
ALL EMPLOYEE BENEFITS		171,227,296	178,924,690	177,711,365	$ (1,213,325)				
AHS Total		**1,009,195,600**	**1,023,321,050**	**1,026,444,212**	**$ 3,123,162**	**4377.2**	**4263.1**	**4455.5**	**192.4**

ALAMEDA HEALTH SYSTEM

Update: *08/16/19*

SUMMARY OVERVIEW OF STATISTICS - by Business Unit

Report Status: **Final**

For the Month and Year-to-Date ending June 30, 2019

****Note: SLH patient days will be updated retro to the posted months as room charge receivea***

	June	BUDGET	# VAR	% VAR	YTD	BUDGET	# VAR	% VAR	PYTD	# VAR	% Var
ACUTE											
PATIENT DAYS	6,226	5,782	444	8 %	82,538	76,361	6,177	8 %	80,180	2,358	3 %
DISCHARGES	1,272	1,233	39	3 %	14,905	14,759	146	1 %	15,310	(405)	(3)%
Average Daily Census	*207.5*	*192.7*	*14.8*	*8 %*	*226.1*	*209.2*	*16.9*	*8 %*	*219.7*	*6.4*	*3 %*
Average Length of Stay	*4.9*	*4.7*	*0.2*	*4 %*	*5.5*	*5.2*	*0.3*	*6 %*	*5.2*	*0.3*	*6 %*
Occupancy	*83%*	*77%*	*6 %*		*90%*	*83%*	*7 %*		*88%*	*2 %*	
SURGERIES	604	774	(170)	(22)%	8,854	9,151	(297)	(3)%	8,941	(87)	(1)%
EMERGENCY VISITS	8,596	9,829	(1,233)	(13)%	105,749	117,826	(12,077)	(10)%	110,285	(4,536)	(4)%
DELIVERIES	93	126	(33)	(26)%	1,270	1,359	(89)	(7)%	1,348	(78)	(6)%
CLINIC VISTS	338	595	(257)	(43)%	3,810	6,683	(2,873)	(43)%	3,646	164	4 %
HGH Case Mix	1.439	1.444	(0.005)	0 %	1.485	1.444	0.041	3 %	1.444	0.041	3 %
AHD Case Mix (Incl PB/SS)	1.500	1.366	0.134	10 %	1.380	1.366	0.014	1 %	1.366	0.014	1 %
SLH Case Mix	1.520	1.713	(0.193)	(11)%	1.640	1.713	(0.073)	(4)%	1.713	(0.073)	(4)%
POST ACUTE											
PATIENT DAYS	9,050	9,060	(10)	0 %	110,242	109,190	1,052	1 %	107,904	2,338	2 %
DISCHARGES	88	75	13	17 %	945	876	69	8 %	779	166	21 %
Average Daily Census	*301.7*	*302.0*	*(0.3)*	*0 %*	*302.0*	*299.2*	*2.8*	*1 %*	*295.6*	*6.4*	*2 %*
Average Length of Stay	*102.8*	*120.8*	*(18.0)*	*(15)%*	*116.7*	*124.7*	*(8.0)*	*(6)%*	*138.5*	*(21.8)*	*(16)%*
Occupancy	*96%*	*96%*	*0 %*		*96%*	*95%*	*1 %*		*94%*	*2 %*	
REHAB CLINIC VISITS	11	9	2	22 %	166	85	81	95 %	68	98	144 %
FMT Case Mix Index	1.140	1.113	0.027	2 %	1.156	1.113	0.043	4 %	1.113	0.043	4 %
BEHAVIORAL HEALTH											
PATIENT DAYS	2,001	2,054	(53)	(3)%	24,765	24,970	(205)	(1)%	24,158	607	3 %
DISCHARGES	213	255	(42)	(16)%	2,733	3,012	(279)	(9)%	2,938	(205)	(7)%
Average Daily Census	*66.7*	*68.5*	*(1.8)*	*(3)%*	*67.8*	*68.4*	*(0.6)*	*(1)%*	*66.2*	*1.6*	*2 %*
Average Length of Stay	*9.4*	*8.1*	*1.3*	*16 %*	*9.1*	*8.3*	*0.8*	*10 %*	*8.2*	*0.9*	*11 %*
Occupancy	*97%*	*99%*	*(2)%*		*98%*	*99%*	*(1)%*		*96%*	*2 %*	
EMERGENCY VISITS	910	1,083	(173)	(16)%	13,069	12,642	427	3 %	13,387	(318)	(2)%
CLINIC VISITS	1,605	1,451	154	11 %	19,919	18,429	1,490	8 %	20,681	(762)	(4)%
JGP Case Mix Index	1.144	1.075	0.069	6 %	1.127	1.075	0.052	5 %	1.075	(1.075)	(100)%
AMBULATORY SBU CLINIC VISITS											
PRIMARY CARE	14,770	16,880	(2,110)	(13)%	187,412	201,819	(14,407)	(7)%	184,684	2,728	1 %
SPECIALTY CARE	10,426	11,299	(873)	(8)%	128,493	131,983	(3,490)	(3)%	140,117	(11,624)	(8)%
Total Visits	25,196	28,179	(2,983)	(11)%	315,905	333,802	(17,897)	(5)%	324,801	(8,896)	(3)%

ALAMEDA HEALTH SYSTEM

SUMMARY OVERVIEW OF STATISTICS - by Campus

Update: *08/16/19*
Report Status: **Final**

For the Month and Year-to-Date ending June 30, 2019

****Note: SLH patient days will be updated retro to the posted months as room charge received***

	June	BUDGET	# VAR	% VAR	YTD	BUDGET	# VAR	% VAR	PYTD	# VAR	% Var
PATIENT DAYS (Net of well baby)											
ALAMEDA	6,346	6,122	224	4 %	77,326	75,347	1,979	3 %	76,170	1,156	2 %
FAIRMONT	3,870	3,851	19	0 %	46,812	46,410	402	1 %	44,829	1,983	4 %
HIGHLAND	4,056	4,109	(53)	(1)%	57,014	52,118	4,896	9 %	53,136	3,878	7 %
JOHN GEORGE	2,001	2,054	(53)	(3)%	24,765	24,970	(205)	(1)%	24,158	607	3 %
SAN LEANDRO	1,004	760	244	32 %	11,628	11,676	(48)	0 %	13,949	(2,321)	(17)%
TOTAL	17,277	16,896	381	2 %	217,545	210,521	7,024	3 %	212,242	5,303	2 %
Average Daily Census	*576*	*563*	*13*	*2 %*	*596*	*577*	*19*	*3 %*	*581*	*15*	*3 %*
Occupancy	*90.7%*	*88.7%*	*2.0 %*		*93.9%*	*90.8%*	*3.1 %*		*91.6%*	*2.3 %*	
DISCHARGES (Net of Well Baby)											
ALAMEDA	274	199	75	38 %	2,997	2,540	457	18 %	2,666	331	12 %
FAIRMONT	55	53	2	4 %	663	635	28	4 %	521	142	27 %
HIGHLAND	812	850	(38)	(4)%	9,532	9,881	(349)	(4)%	10,048	(516)	(5)%
JOHN GEORGE	213	255	(42)	(16)%	2,733	3,012	(279)	(9)%	2,938	(205)	(7)%
SAN LEANDRO	219	206	13	6 %	2,658	2,579	79	3 %	2,854	(196)	(7)%
TOTAL	1,573	1,563	10	1 %	18,583	18,647	(64)	0 %	19,027	(444)	(2)%
DELIVERIES	93	126	(33)	(26)%	1,270	1,359	(89)	(7)%	1,348	(78)	(6)%
SURGERIES											
ALAMEDA	178	191	(13)	(7)%	2,338	2,223	115	5 %	2,211	127	6 %
HIGHLAND	338	443	(105)	(24)%	5,174	5,308	(134)	(3)%	5,201	(27)	(1)%
SAN LEANDRO	88	140	(52)	(37)%	1,342	1,620	(278)	(17)%	1,529	(187)	(12)%
TOTAL	604	774	(170)	(22)%	8,854	9,151	(297)	(3)%	8,941	(87)	(1)%
EMERGENCY VISITS											
ALAMEDA	1,323	1,256	67	5 %	16,554	15,944	610	4 %	16,681	(127)	(1)%
HIGHLAND	5,049	5,796	(747)	(13)%	61,004	68,059	(7,055)	(10)%	63,316	(2,312)	(4)%
JOHN GEORGE	910	1,083	(173)	(16)%	13,069	12,642	427	3 %	13,387	(318)	(2)%
SAN LEANDRO	2,224	2,777	(553)	(20)%	28,191	33,823	(5,632)	(17)%	30,288	(2,097)	(7)%
TOTAL	9,506	10,912	(1,406)	(13)%	118,818	130,468	(11,650)	(9)%	123,672	(4,854)	(4)%
AMBULATORY CLINIC VISITS											
ALAMEDA	1,095	1,532	(437)	(29)%	13,367	14,853	(1,486)	(10)%	12,268	1,099	9 %
EASTMONT	4,902	5,300	(398)	(8)%	60,209	64,196	(3,987)	(6)%	65,666	(5,457)	(8)%
FAIRMONT	55	72	(17)	(24)%	659	1,153	(494)	(43)%	1,127	(468)	(42)%
HAYWARD	3,002	3,122	(120)	(4)%	39,318	37,800	1,518	4 %	36,811	2,507	7 %
HIGHLAND	13,955	15,617	(1,662)	(11)%	175,420	186,455	(11,035)	(6)%	182,552	(7,132)	(4)%
NEWARK	2,187	2,536	(349)	(14)%	26,932	29,345	(2,413)	(8)%	26,377	555	2 %
SUBTOTAL	25,196	28,179	(2,983)	(11)%	315,905	333,802	(17,897)	(5)%	324,801	(8,896)	(3)%
OTHER CLINIC VISITS											
HGH PRE-ANESTHESIA CLINIC	238	480	(242)	(50)%	2,573	5,116	(2,543)	(50)%	2,121	452	21 %
HGH LACTATION CLINIC	65	60	5	8 %	853	1,028	(175)	(17)%	1,008	(155)	(15)%
AHD SURGERY CLINC	35	55	(20)	(36)%	384	539	(155)	(29)%	517	(133)	(26)%
BEHAVIORAL VISITS	1,605	1,451	154	11 %	19,919	18,429	1,490	8 %	20,681	(762)	(4)%
FMT REHAB CLINIC	11	9	2	22 %	166	85	81	95 %	68	98	144 %
SUBTOTAL	1,954	2,055	(101)	(5)%	23,895	25,197	(1,302)	(5)%	24,395	(500)	(2)%
TOTAL CLINIC VISITS	27,150	30,234	(3,084)	(10)%	339,800	358,999	(19,199)	(5)%	349,196	(9,396)	(3)%
NON TRADITIONAL VISITS											
PHONE VISITS	325	-	325	0 %	5,689	-	5,689	0 %	4,050	1,639	40 %
E-CONSULTS	67	-	67	0 %	1,169	-	1,169	0 %	958	211	22 %
NURSE VISITS	872	-	872	0 %	11,128	-	11,128	0 %	12,092	(964)	(8)%
PHARMACY VISITS	453	-	453	0 %	6,858	-	6,858	0 %	6,685	173	3 %
	1,717	-	1,717		24,844	-	24,844		23,785	1,059	
Avoidable Days											
ALAMEDA	33	-	33	0 %	1,133	-	1,133	0 %	-	1,133	0 %
FAIRMONT	19	-	19	0 %	723	-	723	0 %	-	723	0 %
HIGHLAND	313	-	313	0 %	6,111	-	6,111	0 %	-	6,111	0 %
SAN LEANDRO	-	-	-	0 %	322	-	322	0 %	-	322	0 %
Total	365	-	365	0 %	8,289	-	8,289	0 %	-	8,289	0 %

ALAMEDA HEALTH SYSTEM

1411 East 31st Street
Oakland, CA 94602

MEMORANDUM

TO: AHS Finance Committee
FROM: Ann Metzger, Interim CFO
DATE: September 8, 2019
SUBJECT: July 2019 Financial Report

Summary

The July 2019 Statement of Revenues and Expenses was modified for the month to report against the July 2019 projection from the Twelve-Month Rolling Forecast that was presented at the May 2019 Finance Committee meeting. The Statement of Revenues and Expenses will revert to actual performance against budget after the FY2020 budget has been approved.

Operating Income for July was a loss of $4.0 million and was $1.4 million lower than the projected loss of $5.4 million. Net Operating Revenue was $85.6 million for the month and above projection by $1.4 million, primarily due to higher than anticipated Collection %. Operating Expense was $89.6 million and slightly below the projection, with the largest variances in Salaries and Wages and Employee Benefits. Net Income was a loss of $5.9 million and was better than the projected loss of $8.5 million. EBIDA margin was a negative 3.2%, which was better than the projection of a negative 4.9%.

	July 2019			
	Actual	**Projection** (from May 2019 Rolling Forecast)	**Variance**	**% Variance**
Net patient service revenue	$ 53,964	$ 53,487	$ 477	0.9%
Supplemental revenue	31,682	30,759	923	3.0%
Net operating revenue	85,647	84,246	1,401	1.7%
Operating expense	89,598	89,637	(39)	(0.0)%
Operating Income	(3,951)	(5,392)	1,440	26.7%
Other non-operating activity	(1,940)	(3,152)	1,212	38.4%
Net Income	**$ (5,892)**	**$ (8,544)**	**$ 2,652**	31.0%
Operating Margin	(4.6)%	(6.4)%	1.8%	
EBIDA Margin	(3.2)%	(4.9)%	1.7%	
Collection % - NPSR	19.5%	18.2%	1.3%	
Collection % - Total	31.0%	28.6%	2.3%	

** Projection from Twelve-Month Rolling Forecast presented in May 2019

Patient Activity

The projection from the Twelve-month Rolling Forecast did not include statistics. The table below has been modified to show the statistical activity from May, June and July 2019 for comparison purposes.

- The Acute Average Daily Census was 270 for the month, which was lower than May and June. The Acute Average Length of Stay (ALOS) was 5.7; an improvement from May 2019.
- The Post Acute Average Daily Census was 304 and consistent with the prior months. Post Acute Discharges were 98 in July, which was an increase of 10 discharges from June.
- Clinic Visits for the month were 28,463. The Visits per Clinic Day was 1,294; consistent with June but lower than May's visits at 1,356 per clinic day.
- Emergency Room Visits were 9,599 and lower than May's visits at 9,694.
- Deliveries were 120 in July, which was 30.0% higher than May and June.

	May 2019	June 2019	July 2019
Acute discharges	1,532	1,485	1,471
Acute patient days	9,093	8,227	8,360
Acute average length of stay	5.9	5.5	5.7
Acute average daily census	293	274	270
Adjusted patient days (APD)	31,143	29,263	30,396
Post acute discharges	87	88	98
Post acute patient days	9,452	9,050	9,414
Post acute average daily census	305	302	304
Clinic Visits	29,832	27,150	28,463
Visits per Clinic Day	1,356	1,293	1,294
Emergency Room visits	9,694	9,506	9,599
Deliveries	91	93	120
Physician wRVUs	93,169	79,192	82,028

Net Operating Revenue

Gross Patient Service Revenue (patient charges) were $276.6 million for the month and 6.0% under projection due to lower inpatient and outpatient volume. Net Patient Service Revenue (NPSR) was $54.0 million and very close to the projection of $53.5 million. The Collection % - NPSR was 19.5% which included $1.8 million in positive cost report settlements. Without the cost report settlement, the Collection % - NPSR would have been 18.9%.

Supplemental Revenue was $31.7 million for the month and $0.9 million over the projection. There was no unusual activity in July.

	July 2019			
	Actual	**Projection**	**Variance**	**% Variance**
Inpatient service revenue	$ 161,729	$ 169,719	$ (7,990)	(4.7)%
Outpatient service revenue	85,841	96,844	(11,003)	(11.4)%
Professional service revenue	29,008	27,569	1,439	5.2%
Gross patient service revenue	**276,578**	**294,132**	**(17,554)**	**(6.0)%**
Deductions from revenues	(226,046)	(243,558)	17,512	7.2%
Capitation and HPAC	3,432	2,913	519	17.8%
Net patient service revenue	**53,964**	**53,487**	**477**	**0.9%**
Medi-Cal Waiver	7,884	7,760	124	1.6%
Measure A, Parcel Tax, Other Support	10,024	10,192	(168)	(1.7)%
Supplemental Programs	10,786	10,332	454	4.4%
Grants & Research Protocol	675	875	(200)	(22.8)%
Other Operating Revenue	2,314	1,600	714	44.6%
Supplemental revenue	**31,682**	**30,759**	**923**	**3.0%**
Net operating revenue	**$ 85,647**	**$ 84,246**	**$ 1,401**	**1.7%**
Collection % - NPSR	19.5%	14.0%	5.5%	
Collection % - Total	31.0%	26.7%	4.3%	
** Projection from Twelve-Month Rolling Forecast presented in May 2019				

Supplemental Revenues

The information presented below is the summary schedule of reimbursement receivable and payable as well as what is considered "reserves". At a summary level, this is how to understand this information:

	(presented in thousands)
Net Reimbursement Receivable (Liability) (booked in the Balance Sheet)	($ 2,056)
Estimated Receivable (our current best estimate of what will occur)	43,826
Reserves ($ that potentially could be booked as additional revenue)	$ 45,882

Please note that, even though there is an overall payable from these programs, there is a mix of liabilities and receivables. The timing of these receipts and payments is critical because this will affect the Net Negative Balance under our Line of Credit with the County. This is concerning since we have been informed by CAPH that CMS wants the state DHS to finalize all years through FY 2015 by 12/31/2020. AHS has significant liabilities under the prior Medi-Cal Waivers that, if required to be paid by 12/31/2020, will surpass the available Line of Credit limit.

Reimbursement Reserve (in thousands)

Programs	Booked 7/31/19	Expected 7/31/19	Reserve	Comments
Medicare Cost Report	$ 218	$ 306	$ 88	Medicare cost report settlements
Medi-Cal Cost Report	(36,302)	(36,302)	-	Medi-Cal P14 cost report settlement for FFS Medi-Cal
FQHC	(40,205)	(40,205)	-	State has retroactively denied coverage for HGH Specialty Visits billed as FQHC. We are appealing, but the State has their right to take the funds in advance, and they are doing so.
PRIME	16,395	16,395	-	Public Hospital Redesign and Incentives in Medi-Cal members, matrics based incentive payment
GPP	23,641	24,244	603	Global Payment Program to pay for services provided to the remaining uninsured, inlcuding HealthPac and charity
Old Waiver	(73,102)	(73,102)	(0)	Settlement of Old Waivers indicated that, in total, DPH's did nothave sufficient unreimburseed costs to claim all DSH, requiring a repayment. Settlement has recently improved with count decision that DPH's were enttiled to claim DSH on FQHC visits.
Rate Range	22,910	32,500	9,590	Provides additional pass-through reimbursement based on Medi-Cal Managed Care lives
Hospital fee	308	308	-	Revenue allocation from Quality Assurance Fee collected from Californian private hospitals
AB85 Realignment	(25,353)	(3,683)	21,670	AB85 realignment settlement due to Affordable Care Act that County is expected to need less realignment funding from the State
EPP+QIP	128,790	125,270	(3,520)	New Medi-Cal Waiver, Enhanced Payment Program that pays 95% addition to existing contracted Medi-Cal managed care payments. Quality Incentive Program is for matrics based incentive payment to improve the health beings of Medi-Cal managed care members.
Medi-Cal GME	347	10,347	10,000	New program (pending approval) for Medi-Cal Managed Care GME
Physician SPA	(23,041)	(13,556)	9,485	Cost settlement for physician services provided to Medi-Cal patients
SNF Supplemental	3,575	1,541	(2,034)	Cost settlement for LTC/SNF services provided to Medi-Cal patients
AB915	(3,532)	(3,532)	-	Hospital outpatinet non-FQHC supplemental payment program pays for federal matching of uncompensated care provided on Outpatient services.
MAA	3,294	3,294	-	Cost settlement for Medi-Cal Administrative Activities in performing Medi-Cal outreach and faciliation of Medi-Cal enrollment
Total	**$ (2,056)**	**$ 43,826**	**$ 45,882**	

Operating Expense

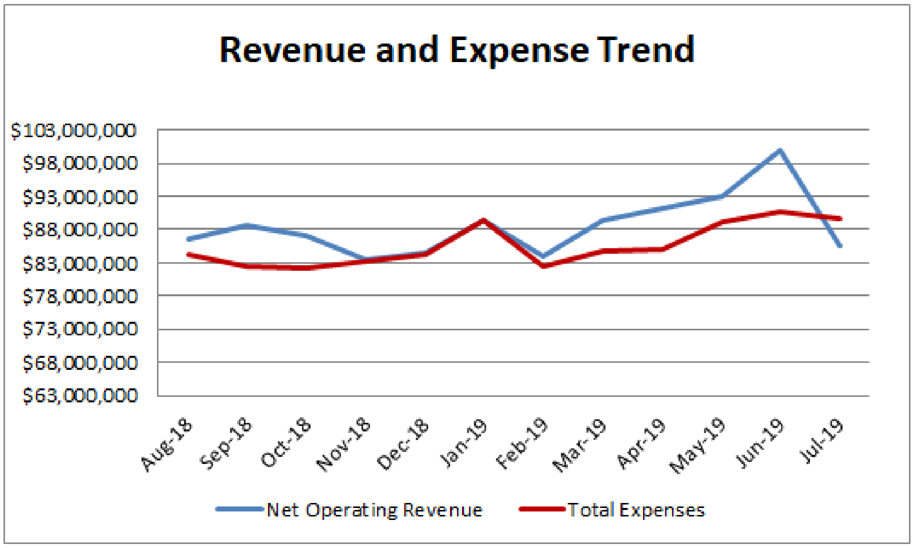
Operating expense was $89.6 million for the month and was slightly below the projection.

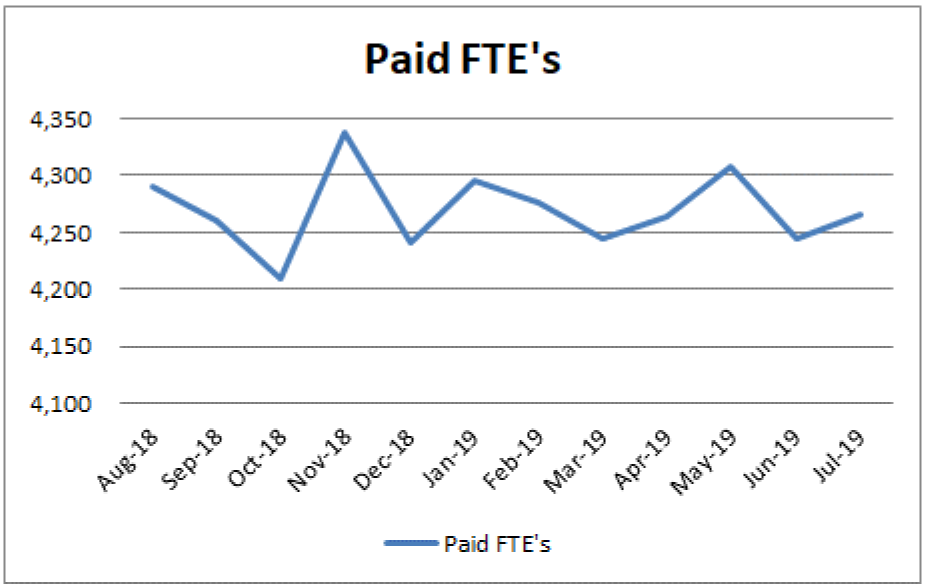
- Paid FTEs of 4,265 were higher than June's FTEs of 4,232.
- Salaries/Wages and Registry, combined, were under the projection by $1.2 million; although the registry was higher than anticipated due to back filling open positions and covering shifts for staff to attend Epic training. Also, the projection anticipated that many of the open FTEs would be filled by July 1st.
- Employee Benefits were $17.6 million and over projection by $1.3 million for the month. The Self-funded Health plan experienced higher utilization in July but is expected to return to the run rate in August. The ACERA retirement plan was approximately $0.5 million higher than prior months.
- The Compensation Ratio (Salaries and Wages, Benefits, and Registry divided by Net Operating Revenue) for the month was 74.2% and 1.1% below projection. The Compensation Ratio for FY2019 averaged 66.3%; so, July was higher than FY2019.
- The rest of the expense lines were close to projection.

	July 2019			
	Actual	Projection (from May 2019 Rolling Forecast)	Variance	% Variance
Salaries and wages	$ 43,232	$ 45,302	$ (2,070)	(4.6)%
Registry	2,786	1,923	863	44.9%
Employee benefits	17,553	16,260	1,293	8.0%
Contracted physician services	7,415	7,740	(325)	(4.2)%
Purchased services	5,805	5,897	(92)	(1.6)%
Pharmaceuticals	2,595	2,346	249	10.6%
Medical Supplies	2,896	2,524	372	14.7%
Materials and supplies	1,564	1,524	40	2.6%
Outside medical services	399	373	26	7.0%
General & administrative expens	1,477	1,816	(339)	(18.7)%
Repairs/maintenance/utilities	1,758	1,839	(80)	(4.4)%
Building/equipment leases & ren	890	824	67	8.1%
Depreciation	1,226	1,269	(43)	(3.4)%
Total operating expense	**89,598**	**89,637**	**(39)**	**(0.0)%**
Compensation ratio	74.2%	75.4%	(1.1)%	

** Projection from Twelve-Month Rolling Forecast presented in May 2019

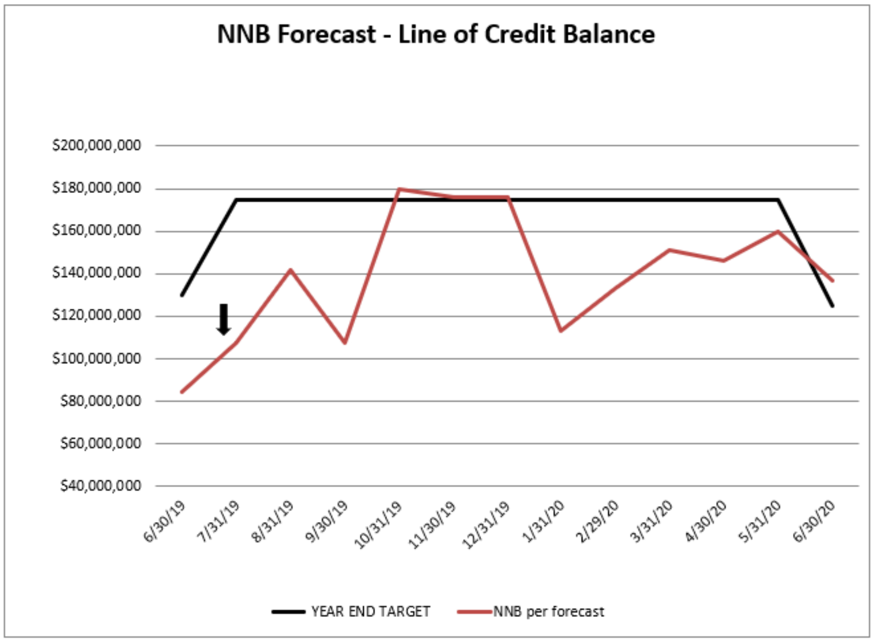
The charts below illustrate the trend in Total Paid FTEs and Net Operating Revenue and Expenses.





Line of Credit (Net Negative Balance) Forecast

The Line of Credit or the Net Negative Balance (NNB) held with the County was projected through 6/30/20. Since AHS has not received a formal request to pay the pending recoupments noted below, these items were not included in the FY20 forecast. The NNB forecast does include the $26.7 repayment for FY2017 AB85 Realignment will be repaid to the County in November 2019. The NNB is projected to be lower than the NNB target of $125 million and will not be compliant with the agreement terms at June 30th.



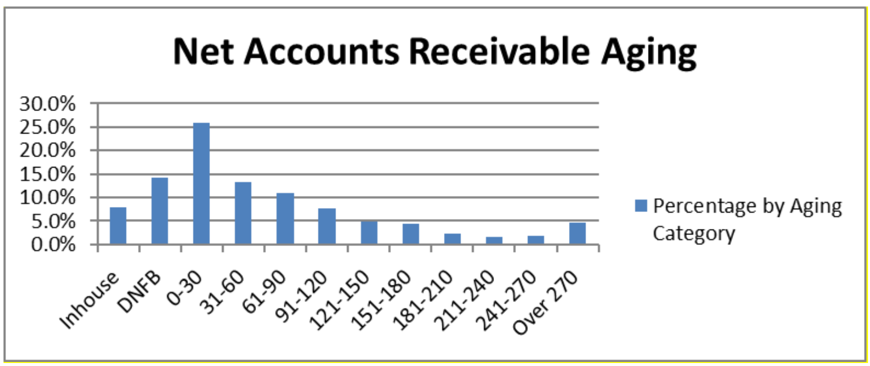
There are several pending recoupments for Medi-Cal P14, Medi-Cal FQHC, old Waiver, and AB85 realignment settlements that are included in the Reimbursement Reserves. These items are not reflected in the NNB forecast until a repayment date has been determined. The table below shows the increase in the NNB if the repayments were part of the NNB calculation.

NNB with Reimbursement Recoupments	
Projected NNB balance at 6/30/20	137,028
Estimated Medi-Cal P14 cost report (fy10 - fy19)	30,327
Estimated Medi-Cal FQHC recoupment (fy12 - fy18)	40,163
Estimated Waiver recoupment (fy10 - fy15)	73,102
Estimated Physician SPA (fy08 - fy13)	30,000
Revised NNB	310,620
Year End Target	125,000
Over(Under) Year End Target	**185,620**

Balance Sheet and Financial Condition

Net Days in Accounts Receivable (AR) decreased from 81.6 to 80.7 days between June and July. The AR Days calculation does not include capitation and HPAC revenue which increased the "days" as the Net Revenue per day is lower. The "Over 270" days aging category was 4.8% of the Net AR consistent with last month. Days in Accounts Payable increased from 43.0 to 45.0 days, as Accounts Payable is entering invoices faster under their re-designed procedures. The credit balance under the "over 120 days" category is a pending credit as part of a settlement agreement with Siemens.

	Current Month	FY 2019
Days in Cash	5.8	10.4
Gross Days in AR	79.8	80.1
Net Days in AR	80.7	81.6
Days in Accounts Payable	45.0	43.0
Current Ratio	1.7	1.5



AP AGING AS OF 7/29/19						
	1-30	31-60	61-90	91-120	over 120	Total
AHS	11,163,521	4,957,462	213,641	152,617	(181,837)	16,305,404
	68.5%	30.4%	1.3%	0.9%	-1.1%	100.0%

FY2019 Forecast and 12 Month Rolling Forecast

The FY2020 Forecast was not included since the analysis is based on the fiscal year budget. This forecast will be included after the FY2020 budget has been approved by the Board of Trustees.

The 12 Month Rolling Forecast for June 2019 through May 2020 has been updated to include expenses associated with training and Go-Live of the SAPPHIRE project. This includes EPIC training for staff, however added support for the 3 months following Go-Live will be capitalized. There is some reduction of revenues during September and October for training and Go-Live to account for providers getting used to the system. The additional cost as well as lower supplemental revenues will put a significant strain on finances in the coming year. As you can see, the EBIDA margin is quickly shrinking and expected to be negative for the 12 months ending May 2020. This projection is based on the current trends and does not include any proposed FY 2020 budget adjustments.

ALAMEDA HEALTH SYSTEM (consolidated)
Statement of Revenues and Expenses
For the month of July 2019
(In Thousands)

	Actual	Projection (from May 2019 Rolling Forecast)	Variance	% Variance
Inpatient service revenue	$ 161,729	$ 169,719	$ (7,990)	(4.7)%
Outpatient service revenue	85,841	96,844	(11,003)	(11.4)%
Professional service revenue	29,008	27,569	1,439	5.2%
Gross patient service revenue	**276,578**	**294,132**	**(17,554)**	**(6.0)%**
Deductions from revenues	(226,046)	(243,558)	17,512	7.2%
Capitation and HPAC	3,432	2,913	519	17.8%
Net patient service revenue	**53,964**	**53,487**	**477**	**0.9%**
Medi-Cal Waiver	7,884	7,760	124	1.6%
Measure A, Parcel Tax, Other Support	10,024	10,192	(168)	(1.7)%
Supplemental Programs	10,786	10,332	454	4.4%
Grants & Research Protocol	675	875	(200)	(22.8)%
Other Operating Revenue	2,314	1,600	714	44.6%
Supplemental revenue	**31,682**	**30,759**	**923**	**3.0%**
Net operating revenue	**85,647**	**84,246**	**1,401**	**1.7%**
Salaries and wages	43,232	45,302	(2,070)	(4.6)%
Registry	2,786	1,923	863	44.9%
Employee benefits	17,553	16,260	1,293	8.0%
Contracted physician services	7,415	7,740	(325)	(4.2)%
Purchased services	5,805	5,897	(92)	(1.6)%
Pharmaceuticals	2,595	2,346	249	10.6%
Medical Supplies	2,896	2,524	372	14.7%
Materials and supplies	1,564	1,524	40	2.6%
Outside medical services	399	373	26	7.0%
General & administrative expenses	1,477	1,816	(339)	(18.7)%
Repairs/maintenance/utilities	1,758	1,839	(80)	(4.4)%
Building/equipment leases & rentals	890	824	67	8.1%
Depreciation	1,226	1,269	(43)	(3.4)%
Total operating expense	**89,598**	**89,637**	**(39)**	**(0.0)%**
Operating Income	**(3,951)**	**(5,392)**	**1,440**	**26.7%**
Interest income/(expense) net	(153)	(114)	(40)	(35.2)%
Retirement GASB68	(1,808)	(3,065)	1,256	41.0%
Capital cost transfer	-	-	-	0.0%
Other non-operating income(exp)	21	26	(5)	(17.5)%
Net Income	**$ (5,892)**	**$ (8,544)**	**$ 2,652**	**31.0%**
Operating Margin	(4.6)%	(6.4)%	1.8%	
EBIDA Margin	(3.2)%	(4.9)%	1.7%	
Collection % - NPSR	19.5%	18.2%	1.3%	
Collection % - Total	31.0%	28.6%	2.3%	

ALAMEDA HEALTH SYSTEM (consolidated)
Balance Sheet
As of July 31, 2019
(In Thousands)

	Current Month	FY 2019
ASSETS		
Current assets:		
Cash & Cash Equivalents	$16,582	$15,843
Cash Held in Trust	59	61
Patient Receivables, net	138,506	139,941
Reimbursement Receivables, net	(2,056)	(24,101)
Inventories	9,631	9,529
Prepaid expenses	6,402	6,614
Other receivables	53,592	49,975
TOTAL CURRENT ASSETS	**222,716**	**197,862**
Cash Held Board Designated	31,271	31,271
TOTAL RESTRICTED CASH	**31,271**	**31,271**
PROPERTY, PLANT & EQUIPMENT		
Construction in Process	86,743	82,445
Land, Buildings, Leasehold Improvements	53,974	53,974
Equipment, Software	169,331	169,331
Subtotal - Property, Plant & Equipment	310,048	305,750
Less: Accumulated Depreciation	(154,680)	(153,454)
NET PROPERTY, PLANT & EQUIPMENT	**155,368**	**152,296**
INVESTMENT IN AHP	**-**	**-**
DEFERRED OUTFLOWS OF RESOURCES	**109,362**	**112,589**
TOTAL ASSETS & DEFERRED OUTFLOWS	**$518,717**	**$494,018**
LIABILITIES & NET ASSETS		
Accounts Payable	40,084	38,938
Compensation Related Liabilities	52,280	47,976
Estimated Third Party Settlements Payable	1,568	1,568
Due to County of Alameda & State	2,081	2,520
Other Payables	36,557	36,609
TOTAL CURRENT LIABILITIES	**132,570**	**127,611**
Self Insurance Liability	24,672	24,672
Working Capital Loan	130,766	108,264
Pension and Postemployment Benefits	366,788	366,381
Other Long-term Liabilities	19,483	19,350
TOTAL LONG TERM LIABILITIES	**541,709**	**518,667**
Deferred Inflows of Resources	**112,678**	**114,095**
Capital Contribution - County	46,535	46,535
Capital Contribution - Foundation	16,949	16,949
Capital Contribution - Other	19,000	16,500
Fund Balance -- Prior Years	(344,832)	(342,956)
Current Year Income / (Loss)	(5,892)	(3,383)
FUND BALANCE	**(268,240)**	**(266,355)**
TOTAL LIABILITIES, DEFERRED OUTFLOWS, & FUND BALANCE	**$518,717**	**$494,018**
Days in Cash	5.8	10.4
Gross Days in AR	79.8	80.1
Net Days in AR	80.7	81.6
Days in Accounts Payable	45.0	43.0
Current Ratio	1.7	1.5

ALAMEDA HEALTH SYSTEM (consolidated)
Statement of Cash Flows
For the Period Ended July 31, 2019
(In Thousands)

	Current Month
Operating Activities	
Net Income (Loss)	($5,891)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,226
Net changes in operating assets and liabilities:	
(Increase)/Decrease Patient Account Receivables, net	1,435
(Increase)/Decrease Reimbursement Receivables, net	(22,045)
(Increase)/Decrease Inventories	(102)
(Increase)/Decrease Prepaid Expenses	212
(Increase)/Decrease Other Receivables	(3,617)
(Increase)/Decrease Deferred Outflows	3,227
(Decrease)/Increase in Accounts payable, accrued expenses and estimated third-party settlements	6,465
(Decrease)/Increase in Deferred Inflows	(1,417)
Net Cash Provided (Used) by operating activities	**(20,507)**
Investing Activities	
Change in Cash Held in Trust	2
Change in Restricted Cash	-
Change in Investment in AHP	-
Net Purchases of Property, Plant and Equipment	(4,298)
Change in Self-insurance, Pension, and Other Long-term liabilities	540
Net Cash Provided (Used) by investing activities	**(3,756)**
Financing Activities	
Contributions for capital projects	2,500
Change in Working Capital Loan	22,502
Net Cash Provided (Used) by financing activities	25,002
Net increase/(decrease) in cash and cash equivalents	**739**
Cash and Equivalents at beginning of period	15,843
Cash and Equivalents at end of period	$16,582

ALAMEDA HEALTH SYSTEM

Finance Committee
September 2019

September 2019 Financial Report
Agenda

- June highlights
- July highlights
- Balance Sheet highlights
- Forecast – 12 month rolling

ALAMEDA HEALTH SYSTEM

September 2019 Financial Report
Volume Highlights – June 2019

June 2019 Financials

- Overall, patient volume lower in June compared to YTD trend.
- Acute patient days over budget and Post-acute patient days at budget.
- ALOS over budget (trend for year).
- Clinic Visits below to budget (below 10.2%).
- Physician wRVU's at budget, YTD trend was 6.5% over budget.

	June 2019				Year-To-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Acute discharges	1,485	1,488	(3)	(0.2)%	17,638	17,771	(133)	(0.7)%
Acute patient days	8,227	7,905	323	4.1%	107,537	101,796	5,742	5.6%
Acute average length of stay	5.5	5.3	0.2	4.3%	6.1	5.7	0.4	6.5%
Acute average daily census	274	263	11	4.2%	295	279	16	5.7%
Adjusted patient days (APD)	29,263	29,759	(496)	(1.7)%	368,953	364,963	3,990	1.1%
Post acute discharges	88	75	13	17.3%	945	876	69	7.9%
Post acute patient days	9,050	9,060	(10)	(0.1)%	110,242	109,190	1,052	1.0%
Post acute average daily census	302	302	-	0.0%	302	299	3	1.0%
Clinic Visits	27,150	30,234	(3,084)	(10.2)%	339,800	358,999	(19,199)	(5.3)%
Visits per Clinic Day	1,293	1,440	(147)	(10.2)%	1,370	1,448	(77)	(5.3)%
Physician wRVUs	79,192	79,341	(149)	(0.2)%	1,014,321	952,092	62,229	6.5%

ALAMEDA HEALTH SYSTEM

September 2019 Financial Report
Highlights – June 2019

June 2019 Financials

- Operating Income $5.4 million over budget.
- YTD EBIDA was 4.7% and at budget.
- NPSR $17.4 million over budget due to the HPAC amendment relating to AB85.
- Supplemental Revenue $4.4 million under budget.
- Expenses $7.6 million over budget but continues to be under budget YTD.
- Expense per adjusted patient day (APD) 1.4% under budget YTD.

	June 2019				Year-To-Date			
	Actual	Budget	Variance	% Var	Actual	Budget	Variance	% Var
Net patient service revenue	$ 71,181	$ 53,812	$ 17,369	32.3%	$ 652,801	$ 662,336	$ (9,534)	(1.4)%
Supplemental revenue	28,650	33,002	(4,353)	(13.2)%	409,787	396,029	13,758	3.5%
Net operating revenue	99,831	86,814	13,017	15.0%	1,062,589	1,058,365	4,224	0.4%
Operating expense	90,614	83,008	7,606	9.2%	1,023,321	1,026,444	(3,123)	(0.3)%
Operating Income	9,217	3,806	5,410	142.1%	39,268	31,921	7,347	23.0%
Other non-operating activity	(3,465)	(4,147)	683	(1553.5)%	(42,651)	(49,828)	7,177	(383.2)%
Net Income	**$ 5,752**	**$ (341)**	**$ 6,093**	**1788.4%**	**$ (3,383)**	**$ (17,907)**	**$ 14,524**	**81.1%**
Operating Margin	9.2%	4.4%	4.8%		3.7%	3.0%	0.7%	
EBIDA Margin	10.6%	5.9%	4.7%		4.7%	4.6%	0.1%	

June 2019 Financials

- Gross patient revenue 1% under budget.
- HPAC funding of $28.7 million received as part of AB85 Realignment.
- NPSR collection % was 26.2%; increased due to additional HPAC funding.
- NPSR collection % (without HPAC funding) was 15.6% for June and 17.0% YTD

	June 2019				Year-To-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Inpatient service revenue	$ 160,610	$ 156,550	$ 4,059	2.6%	$ 2,029,317	$ 1,955,988	$ 73,329	3.7%
Outpatient service revenue	85,896	91,712	(5,815)	(6.3)%	1,075,182	1,111,800	(36,618)	(3.3)%
Professional service revenue	25,520	26,349	(830)	(3.1)%	333,485	315,684	17,802	5.6%
Gross patient service revenue	**272,026**	**274,611**	**(2,585)**	**(0.9)%**	**3,437,985**	**3,383,472**	**54,513**	**1.6%**
Deductions from revenues	(233,128)	(223,602)	(9,526)	(4.3)%	(2,852,905)	(2,754,770)	(98,136)	(3.6)%
Capitation and HPAC	32,283	2,803	29,481	1051.8%	67,722	33,634	34,088	101.4%
Net patient service revenue	**71,181**	**53,812**	**17,369**	**32.3%**	**652,801**	**662,336**	**(9,534)**	**(1.4)%**
Collection % - NPSR	26.2%	19.6%	6.6%		19.0%	19.6%	(0.6)%	
Collection % - Total	36.7%	31.6%	5.1%		30.9%	31.3%	(0.4)%	

June 2019 Financials

- Overall, supplemental revenue under budget by $4.4 million
- Medi-Cal Waiver $14.5 million over budget from ongoing review of reserves.
- Measure A $10.1 million over budget in June from final analysis for fy19.
- MMA program booked an additional $0.8 million based on tentative billings for fy19.
- Physician SPA reserves for fy08 to fy13 increased by $30 million.

	June 2019				Year-To-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medi-Cal Waiver	24,024	9,546	14,478	151.7%	143,258	114,551	28,707	25.1%
Measure A, Parcel Tax, Other Support	20,134	10,025	10,109	100.8%	130,552	120,300	10,251	8.5%
CA Hospital Fee	-	-	-	0.0%	-	-	-	0.0%
Supplemental Programs	(19,302)	11,187	(30,489)	(272.5)%	105,144	134,246	(29,102)	(21.7)%
Grants & Research Protocol	2,215	652	1,563	239.8%	9,593	7,823	1,770	22.6%
Other Operating Revenue	1,578	1,592	(14)	(0.9)%	20,293	19,109	1,184	6.2%
Incentives	-	-	-	0.0%	949	-	949	100.0%
Supplemental revenue	**28,650**	**33,002**	**(4,353)**	**(13.2)%**	**409,787**	**396,029**	**13,758**	**3.5%**

ALAMEDA HEALTH SYSTEM

September 2019 Financial Report
Expense Highlights – June 2019

June 2019 Financials

- FTEs decreased from 4,283 (May) to 4,232 (June)
- Salaries and Wages over budget by $3.0 million, primarily from increased RN overtime.
- Benefits $0.7 million over budget but consistent with prior months.
- Purchased Services over $1.7 million; $1.2 million of the variance in five departments - Laboratory, Security, Reimbursement, Transport (HGH), and Patient Financial Services.
- Pharmaceuticals over $886k; continue to reserve for potential 340b audit findings.

	June 2019				Year-To-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Salaries and wages	$ 43,150	$ 40,192	$ 2,958	7.4%	$ 499,116	$ 499,294	$ (178)	(0.0)%
Registry	2,539	2,394	146	6.1%	25,692	31,413	(5,721)	(18.2)%
Employee benefits	14,906	14,205	701	4.9%	178,925	177,711	1,213	0.7%
Contracted physician services	7,824	7,617	207	2.7%	92,407	91,269	1,138	1.2%
Purchased services	7,753	6,068	1,685	27.8%	69,331	72,574	(3,243)	(4.5)%
Pharmaceuticals	3,109	2,223	886	39.9%	31,630	29,276	2,354	8.0%
Medical Supplies	3,213	2,929	284	9.7%	37,334	35,243	2,091	5.9%
Materials and supplies	1,685	1,609	77	4.8%	18,915	19,283	(368)	(1.9)%
Outside medical services	730	356	374	105.1%	5,285	4,475	810	18.1%
General & administrative expenses	1,693	1,754	(61)	(3.5)%	18,462	20,886	(2,424)	(11.6)%
Repairs/maintenance/utilities	1,803	1,670	133	8.0%	21,855	20,035	1,819	9.1%
Building/equipment leases & rentals	878	724	154	21.3%	9,254	8,685	569	6.5%
Depreciation	1,332	1,269	63	5.0%	15,116	16,300	(1,184)	(7.3)%
Total operating expense	**$ 90,614**	**$ 83,008**	**$ 7,606**	**9.2%**	**$ 1,023,321**	**$ 1,026,444**	**$ (3,123)**	**(0.3)%**

September 2019 Financial Report
Volume Highlights – July 2019

July 2019 Financials

- Overall, patient volume lower compared to trend, except for Post Acute and Deliveries.
- Emergency Room Visits lower than prior months;

  May - 317 visits per calendar day

  June - 313 visits per calendar day

  July - 310 visits per calendar day

- Deliveries were 120 in June, which was a 30% increase over the prior two months.

	May 2019	June 2019	July 2019
Acute discharges	1,532	1,485	1,471
Acute patient days	9,093	8,227	8,360
Acute average length of stay	5.9	5.5	5.7
Acute average daily census	293	274	270
Adjusted patient days (APD)	31,143	29,263	30,396
Post acute discharges	87	88	98
Post acute patient days	9,452	9,050	9,414
Post acute average daily census	305	302	304
Clinic Visits	29,832	27,150	28,463
Visits per Clinic Day	1,356	1,293	1,294
Emergency Room visits	9,694	9,506	9,599
Deliveries	91	93	120
Physician wRVUs	93,169	79,192	82,028

July 2019 Financials

- Operating Income was 4.0 million loss but less than the projected loss.
- EBIDA was a negative 3.2%.
- Net Operating Revenue was $1.4 million over Projection.
- Operating Expense were close to Projection.

	Actual	Projection (from May 2019 Rolling Forecast)	Variance	% Variance
Net patient service revenue	$ 53,964	$ 53,487	$ 477	0.9%
Supplemental revenue	31,682	30,759	923	3.0%
Net operating revenue	85,647	84,246	1,401	1.7%
Operating expense	89,598	89,637	(39)	(0.0)%
Operating Income	(3,951)	(5,392)	1,440	26.7%
Other non-operating activity	(1,940)	(3,152)	1,212	38.4%
Net Income	**$ (5,892)**	**$ (8,544)**	**$ 2,652**	31.0%
Operating Margin	(4.6)%	(6.4)%	1.8%	
EBIDA Margin	(3.2)%	(4.9)%	1.7%	

** Projection from Twelve-Month Rolling Forecast presented in May 2019

September 2019 Financial Report
Revenue Highlights – July 2019

July 2019 Financials

- Net Operating Revenue over Projection by 1.7%.
- Gross Patient Service Revenue lower than Projection by 6.0%. Prior months included additional revenue related to EBEW and CLEW clean-up activities.
- NPSR included $1.8 million in cost report settlements.
- NPSR collection % at 19.5% was stronger than anticipated.

	Actual	Projection (from May 2019 Rolling Forecast)	Variance	% Variance
Inpatient service revenue	$ 161,729	$ 169,719	$ (7,990)	(4.7)%
Outpatient service revenue	85,841	96,844	(11,003)	(11.4)%
Professional service revenue	29,008	27,569	1,439	5.2%
Gross patient service revenue	**276,578**	**294,132**	**(17,554)**	**(6.0)%**
Deductions from revenues	(226,046)	(243,558)	17,512	7.2%
Capitation and HPAC	3,432	2,913	519	17.8%
Net patient service revenue	**53,964**	**53,487**	**477**	**0.9%**
Medi-Cal Waiver	7,884	7,760	124	1.6%
Measure A, Parcel Tax, Other Support	10,024	10,192	(168)	(1.7)%
Supplemental Programs	10,786	10,332	454	4.4%
Grants & Research Protocol	675	875	(200)	(22.8)%
Other Operating Revenue	2,314	1,600	714	44.6%
Supplemental revenue	**31,682**	**30,759**	**923**	**3.0%**
Net operating revenue	**85,647**	**84,246**	**1,401**	**1.7%**

September 2019 Financial Report
Expense Highlights – July 2019

July 2019 Financials

- FTEs increased from 4,232 (June) to 4,265 (July)
- Salaries/Wages and Registry (net) under Projection by $1.2 million -
  - Projection anticipated open FTEs would be filled for higher salaries and lower registry.
  - Registry increased due to coverage for open positions and Epic training but is consistent with prior months.
- Benefits over Projection by $1.3 million - from Self-Funded Health plan utilization and ACERA retirement expense.

	Actual	Projection (from May 2019 Rolling Forecast)	Variance	% Variance
Salaries and wages	$ 43,232	$ 45,302	$ (2,070)	(4.6)%
Registry	2,786	1,923	863	44.9%
Employee benefits	17,553	16,260	1,293	8.0%
Contracted physician services	7,415	7,740	(325)	(4.2)%
Purchased services	5,805	5,897	(92)	(1.6)%
Pharmaceuticals	2,595	2,346	249	10.6%
Medical Supplies	2,896	2,524	372	14.7%
Materials and supplies	1,564	1,524	40	2.6%
Outside medical services	399	373	26	7.0%
General & administrative expens	1,477	1,816	(339)	(18.7)%
Repairs/maintenance/utilities	1,758	1,839	(80)	(4.4)%
Building/equipment leases & ren	890	824	67	8.1%
Depreciation	1,226	1,269	(43)	(3.4)%
Total operating expense	**89,598**	**89,637**	**(39)**	**(0.0)%**

September 2019 Financial Report
Balance Sheet Key Metrics

- Both Gross Days and Net Days in AR decreased slightly between June and July.
- Days in Cash decreased by 10.4 days to 5.8 days in July due to lower cash balances in bank accounts related to timing.
- Days in Accounts Payable increased by 3 days to 45 days in July.

	July 2019	June 2019
Days in Cash	5.8	10.4
Gross Days in AR	79.8	80.1
Net Days in AR	80.7	81.6
Days in Accounts Payable	45.0	43.0
Current Ratio	1.7	1.5

September 2019 Financial Report
Cash Collections

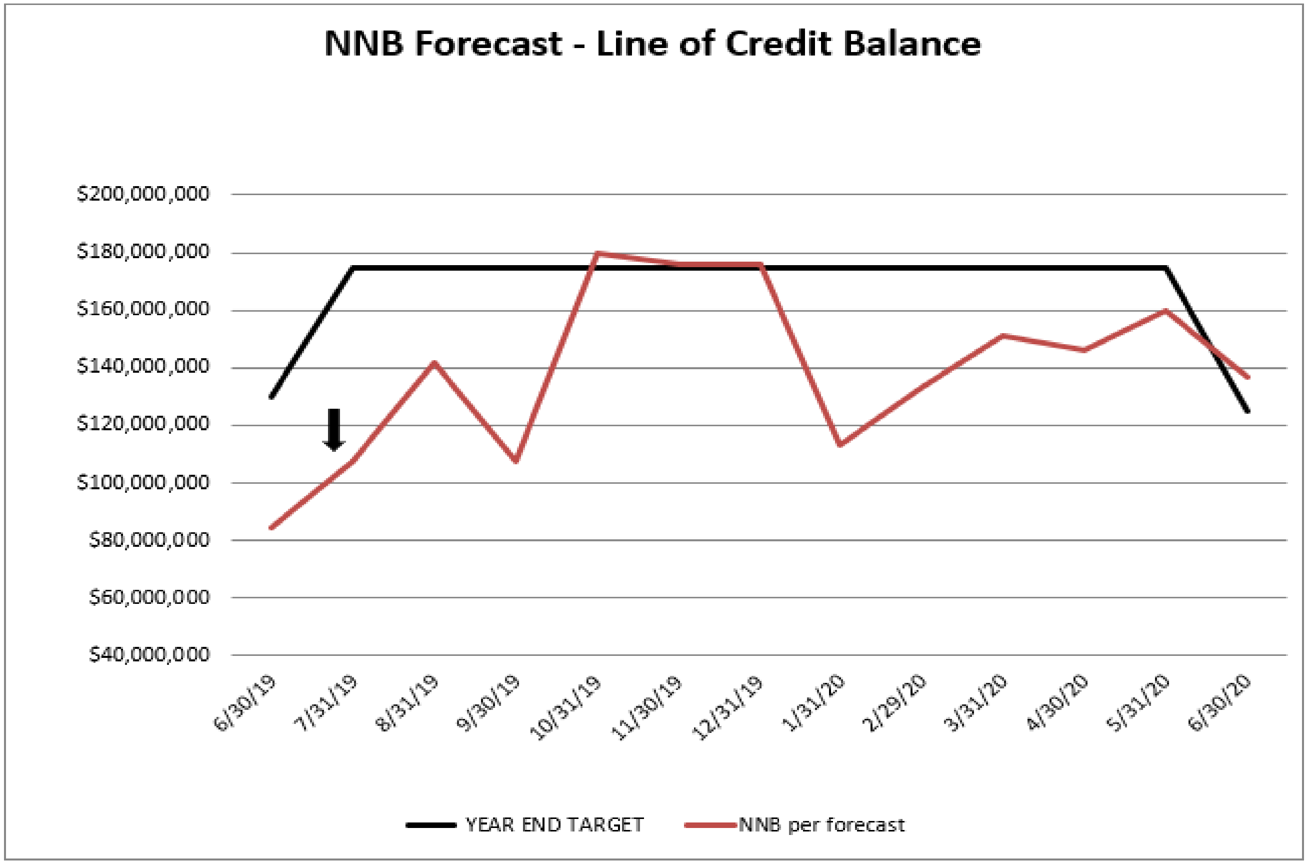
- Cash collections (April and later) lower than monthly average of $52.0 million.
- % Cash to Net Revenue was 99.8% for FY2019.

CASH COLLECTED						
	AHP	AHS CORE	Alameda Hospital	San Leandro Hospital	Total FY2019	Total FY2018
Jul - Sep 2018	7,658,112	129,419,595	19,481,639	14,286,005	170,845,351	140,245,505
Oct - Dec 2018	8,192,578	108,392,342	25,264,144	12,518,827	154,367,891	142,717,858
Jan - Mar 2019	8,387,106	100,327,021	20,508,184	13,599,841	142,822,153	143,471,000
April 2019	3,453,760	47,807,019	7,097,736	4,491,576	62,850,091	41,625,952
May 2019	2,584,145	32,050,947	7,396,543	4,627,606	46,659,241	46,599,362
June 2019	2,049,786	32,309,967	6,284,054	4,442,604	73,786,412	47,586,644
	32,325,488	**450,306,892**	**86,032,301**	**53,966,459**	**651,331,139**	**562,246,321**
			% cash to net revenue		99.8%	
July 2019	2,754,106	31,839,941	10,411,878	4,624,465	49,630,391	45,907,874

September 2019 Financial Report
Line of Credit

- June 2019 Financials - NNB at $83.6 million and lower than $130 million target; in compliance with agreement.

- July 2019 Financials – NNB includes $26.7 fy17 AB85 Realignment repayment; not in compliance with agreement at 6/30/20.



September 2019 Financial Report
Line of Credit Revised

- NNB projected at $137 million at 6/30/2020, which exceeds $125 million target.
- Not reflected in NNB – anticipated reimbursement recoupments of $173.6 million.
- When included, the NNB will increase to $310.6 million and exceed the NNB target.

NNB with Reimbursement Recoupments	
Projected NNB balance at 6/30/20	137,028
Estimated Medi-Cal P14 cost report (fy10 - fy19)	30,327
Estimated Medi-Cal FQHC recoupment (fy12 - fy18)	40,163
Estimated Waiver recoupment (fy10 - fy15)	73,102
Estimated Physician SPA (fy08 - fy13)	30,000
Revised NNB	310,620
Year End Target	125,000
Over(Under) Year End Target	**185,620**

September 2019 Financial Report
12 Month Rolling Projection

- Assumptions have remained consistent.
- July 2019 reflects actual performance.
- August 2019 through June 2020 does not reflect any proposed budgetary cuts or changes in services for FY20.

12 Month Rolling Forecast July 2019 (in 000's)	PROJECTION APR 2020	PROJECTION MAY 2020	PROJECTION JUN 2020	PROJECTION FY 2020
Net Patient Service Revenue	55,740	54,484	72,430	664,284
Total Supplemental Revenue	32,385	30,845	32,402	380,234
Net Operating Revenue	88,125	85,329	104,832	1,044,518
Total Operating Expenses	87,983	92,324	95,103	1,082,013
Operating Income	142	(6,996)	9,729	(37,495)
Non-Operating Income/(Expense)	(1,894)	(2,066)	(2,204)	(23,144)
Net Income	$ (1,752)	$ (9,061)	$ 7,526	$ (60,639)
Operating Margin	0.2%	(8.2)%	9.3%	(3.6)%
EBIDA Margin	1.6%	(6.7)%	10.6%	(2.1)%
Collection % - NPSR	18.4%	17.6%	26.1%	19.1%
Collection % - Total	29.1%	27.5%	37.8%	30.1%