

Alameda Health System

Fiscal 2021 Preliminary Operating & Capital Budget

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Kim Miranda, CFO

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Fiscal 2021 Budget Goals and Principles

STRATEGIC AND LONG TERM FOCUS

Focus on stabilization after SAPPHIRE implementation and continued operational improvement. CY2019 actual will serve as the baseline budget with selected strategic programs layered over baseline.

SUSTAINABLE

Generate sufficient revenue to cover AHS operating cost and contribute to capital needs. Cash flow from operation is not expected to be sufficient to pay prior years recoupments from supplemental programs.

INCLUSIVE & ACCOUNTABILITY

Inclusive of all areas of AHS. Staff, physicians, Board and community stakeholders provided input to drive an accountable and committed budget.

BALANCED

Achieve balanced direction based on historical trends, ensuring resources necessary to sustain highest quality care to meet community needs for the population of Alameda County.

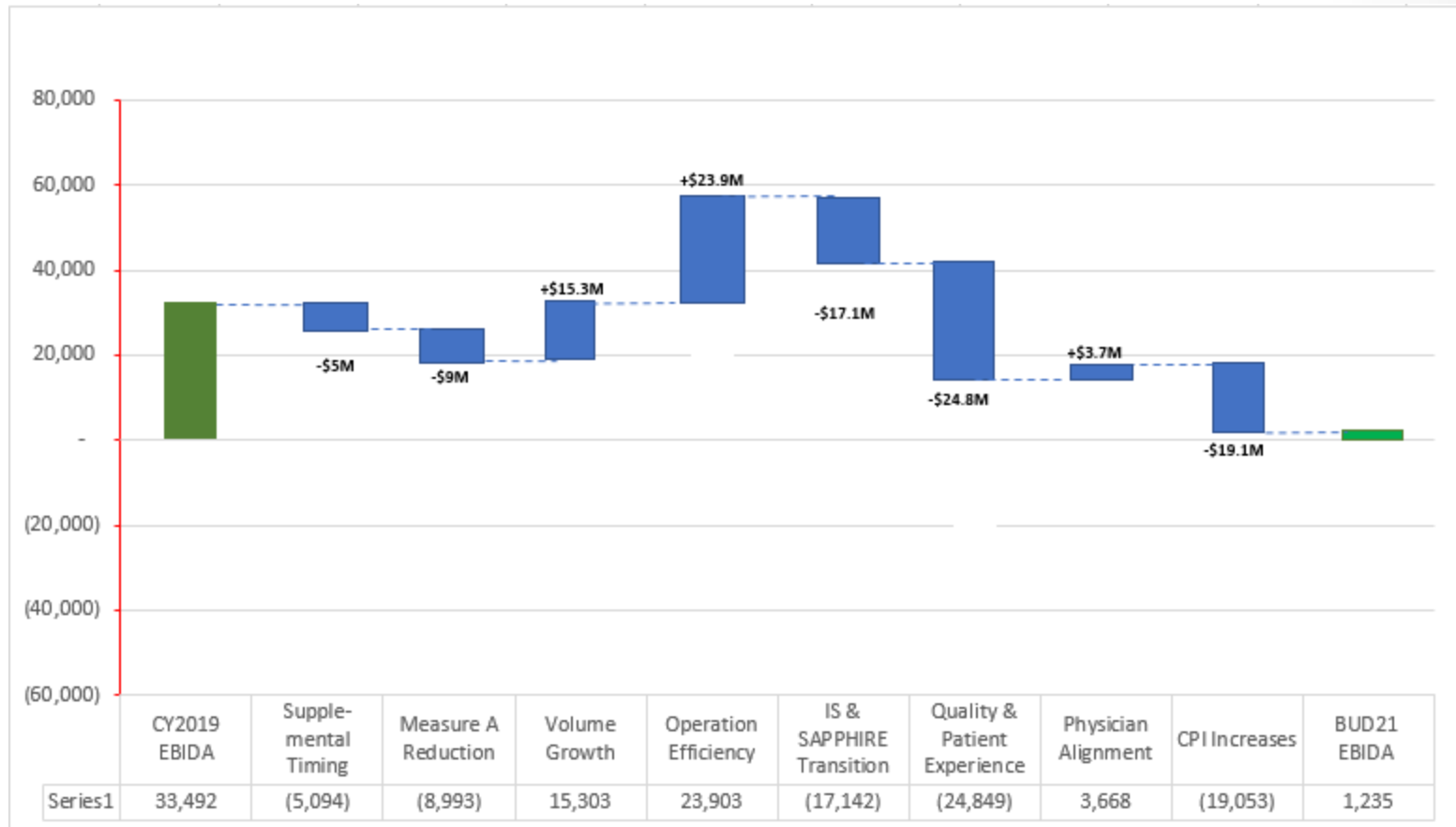
CONTINUOUS IMPROVEMENT

Leverage the GPO, benchmarking analytical tools (clinical and operational) and the new SAPPHIRE system to continue our clinical, operational and revenue cycle improvement.

FY2021 Interim Budget

	ACTUAL2019	CALENDAR YEAR 2019	INTERIM BUDGET 2021	CY2019 to Budget21 Variance	% Variance (CY2019 vs. Budget21)
<i>Operating Revenue -----</i>					
Net Patient Revenue	574,123	547,914	593,084	45,170	8.2%
Capitation Revenue	38,774	40,558	41,943	1,385	3.4%
Other Revenues	28,471	33,847	33,929	83	0.2%
Supplemental Revenue	412,039	429,689	412,881	(16,808)	-3.9%
Total Revenue - All Sources	1,053,407	1,052,007	1,081,837	29,830	2.8%
<i>Operating Expenses -----</i>					
Labor Expenses	757,095	772,936	872,845	(99,910)	-12.9%
Contracted Physician Services	92,419	90,608	39,425	51,183	56.5%
Purchased Services	74,638	77,727	80,094	(2,367)	-3.0%
Materials and Supplies	87,879	87,583	94,564	(6,982)	-8.0%
Facilities	31,151	32,785	34,648	(1,863)	-5.7%
Depreciation	15,116	15,119	27,459	(12,339)	-81.6%
General and Administration	18,974	20,072	22,222	(2,149)	-10.7%
Total Operating Expenses	1,077,272	1,096,830	1,171,257	(74,427)	-6.8%
Operating Income (Loss)	(23,865)	(44,823)	(89,420)	(44,596)	99.5%
<i>Non-Operating Activity</i>					
Interest Income (Expense)	(2,589)	(3,581)	(3,581)	-	
Other nonoperating Revenue	(4,151)	268	268	-	
Net Income (Loss)	(30,606)	(48,137)	(92,733)	(44,596)	92.6%
EBIDA Adjustments					
Interest Income (Expense)	(2,589)	(3,581)	(3,581)	-	
Depreciation	(15,116)	(15,119)	(27,459)	(12,339)	
Amortization (GASB-68, GASB-75)	(61,003)	(62,928)	(62,928)	-	
Total EBIDA Adjustments	(78,709)	(81,629)	(93,968)	(12,339)	
EBIDA	48,103	33,492	1,235	(32,257)	-96.3%
<i>Operating Margin</i>	-2.3%	-4.3%	-8.3%	-4.0%	94.0%
<i>EBIDA %</i>	4.6%	3.2%	0.1%	-3.1%	-96.4%

FY2021 Budget Key Drivers & EBIDA Margin Impact



FY21 Interim Budget – Progress Toward Closing the Gap

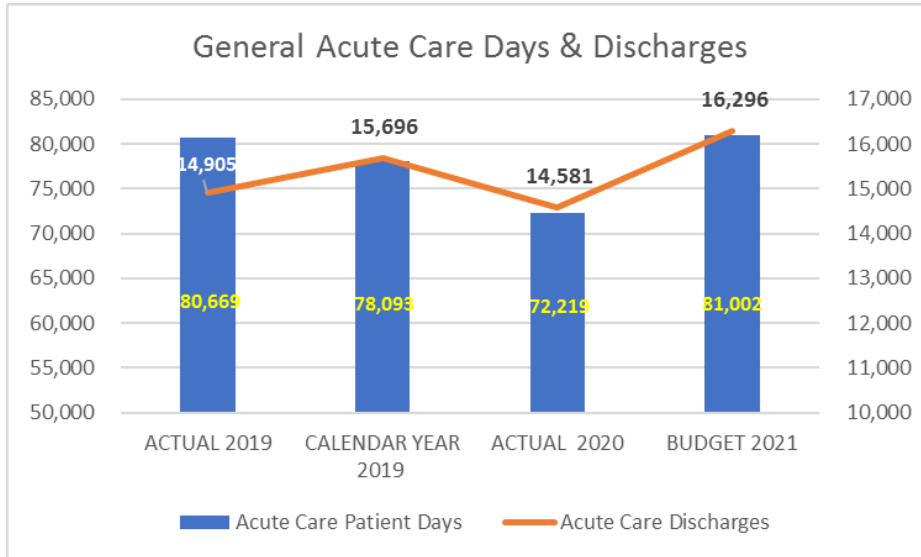
	<u>EBIDA</u>
Budget as of 6/3/20	\$ (32,872)
Changes:	
Professional Fees - SLH/AHD Anesthesia	1,192
Payer Contracting Strategy	13,700
Labor - Vacancy & COLA	16,356
Non - Labor	2,500
Infusion Services Growth	359
Total	<u>\$ 34,107</u>
Interim Budget presented 7/9/20	<u><u>\$ 1,235</u></u>

AHS Pillars

Access & Network

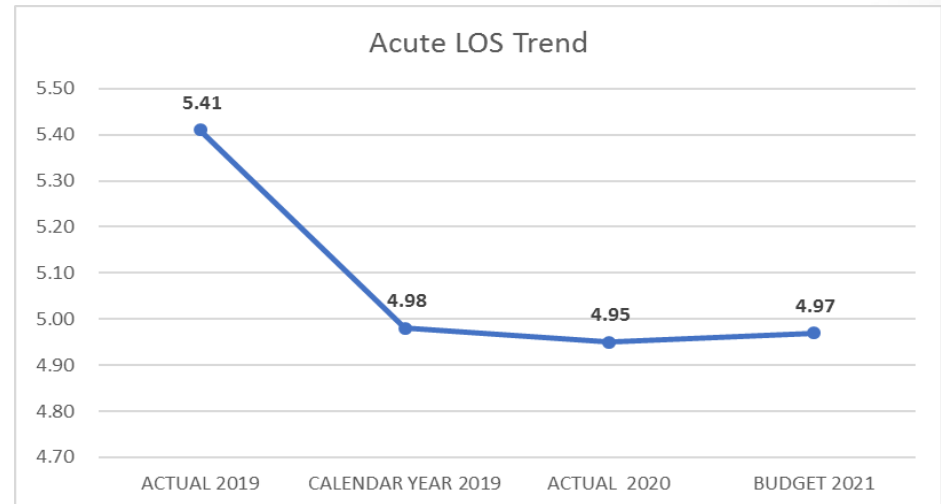
- Volume growth anticipated a \$15.3M favorable EBIDA margin.
 - Re-opening of 15 Med-Surg beds at SLH.
 - 6 Sub-Acute beds convert to SNF beds at FMT in the 2nd quarter.
 - Restore Ambulatory Clinic visits post SAPPHIRE go-live.
- The East Bay Medical Group has been established. AHP and Oakcare contracted physicians will come together to improve the coordination of care, quality and patient access. This results a net saving of \$3.7M, of which approximately half is from Oakcare transition and the remaining from other contract consolidation (e.g. Psychiatrists and Anesthesiology).
- Shifting Oral Maxillofacial Surgery (OMFS) contract from University of Pacific (UOP) to UCSF with an \$1.4M increase in physician contract expense to improve quality and increase service access.

Key Patient Volume Trend

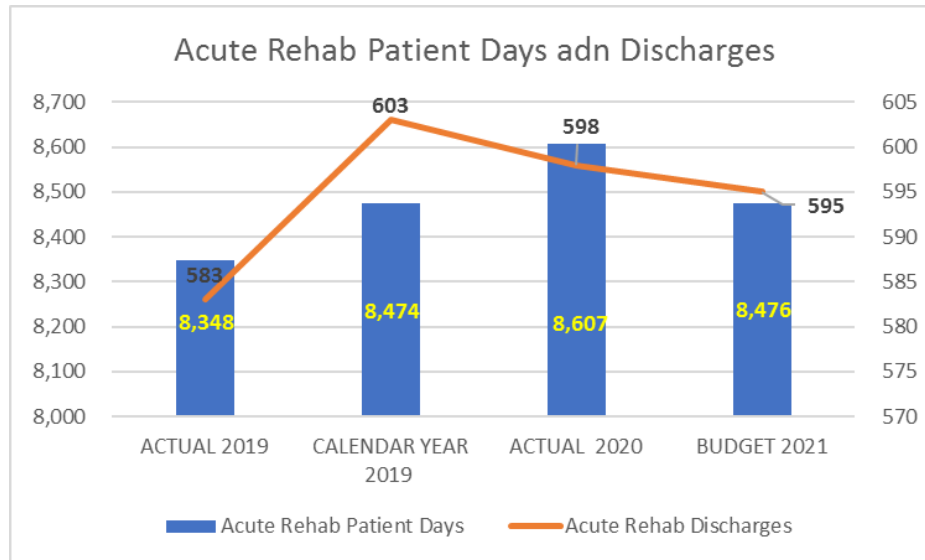


- With 15 beds at SLH re-open for full year, General Acute Care days budgeted for 3.7% increase.
- Improve in through-put with a moderate increase in HGH ICU and Step-Down Units.

- Continue LOS management with improvement from 5.4 in FY19 to 4.97 in FY20.

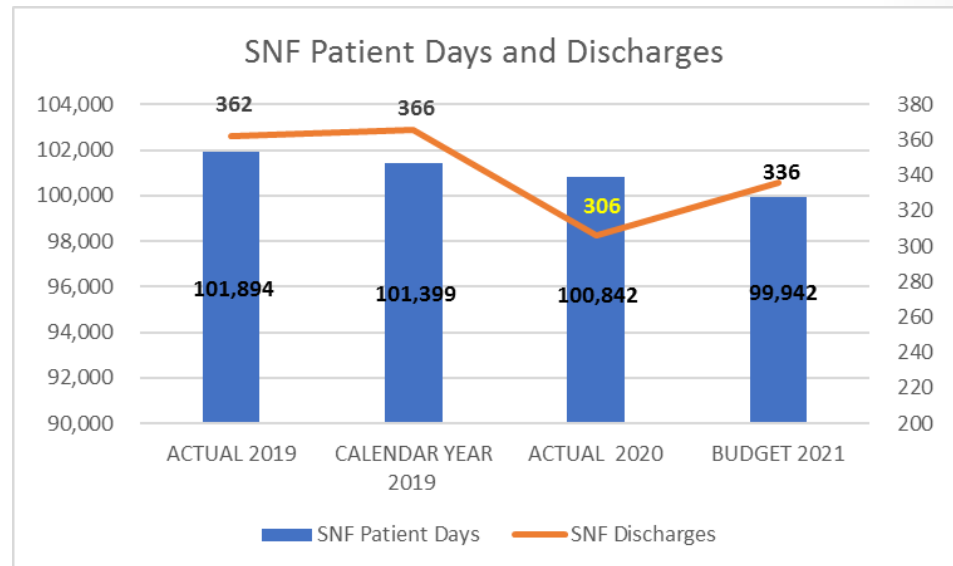


Key Patient Volume Trend



- Acute Rehab Days remains flat
- LOS is expected to improve slightly from 14.32 to 14.25

- 6-Bed Sub-Acute at FMT will be converted to SNF beds
- No new SNF patient can be admitted while closing the sub-acute unit.



EBMG Transition

Strategic Alignment

- Further aligns goals between AHS and EBMG in terms of scope of services, quality, and patient care.
- Allows a platform for consolidation of service lines under one umbrella (most recently, Anesthesiology, Pathology, Oakcare services).

Sustainability

- Moves ~\$50M Oakcare contract with ~110 providers into EBMG, resulting in some administrative and overhead savings.
- PSA provides greater ability for financial alignment (e.g. APP-billed services, incentive-based productivity measures).

Quality of Care

- Gives EBMG ability to more nimbly fill gaps in coverage and recruit high quality candidates.
- Integration of multi-disciplinary care throughout the system to ensure continuity of care to patients.

AHS Pillars

Quality and Patient Experience

- Investment in additional staff (5.0 FTE) and consultant (\$300K) in preparing the organization for various surveys and meeting regulatory compliance.
- Investment in additional staffing in EVS (8.3FTE) and Food Services (9.3 FTE) to ensure the cleanliness of the environment and improve the patient experience.
- Boosting staffing to support our Level I Trauma designation (8.0 FTE added in HGH ED) and Central Sterilization to address TJC concerns. Increase staffing for Medical Clerk on the night shift at HGH Med-Surg units.
- Accounted for changes in FY20 staffing at John George PES and inpatient nursing units to improve patient safety and quality patient care (\$3.3M).
- Investment in Care Management to improve throughput \$600K to \$1.9M in transitional housing and food for patients.
- Investment in SAPPHIRE electronic medical record to improve patient quality and experience, as well as improved reporting for quality and pay for performance metrics. FY20 is the transition year and total incremental impact will be provided as part of the final budget package.

AHS Pillars

Continuous improvement effort to gain efficiency and offset wage, supplies and purchased services growth (CPI).

Sustainability

- Total budgeted payor rate increase is \$22.1M across all payors; \$13.7M of the budgeted rate increase is pending upcoming contract negotiation.
- On-going efficiency and labor standard adjustments
 - Reduce billing and collection fees for the legacy systems (\$3M),
 - Converting coders contract to Vizient agreement
 - Monitor and manage daily staffing accordingly to staffing guideline to achieve labor standards and manage overtime pay (budget for ~\$4.6M reduction in OT paid).
 - Implement Discretion Time Off for Directors and above leaders (\$1.2M savings in PTO accrual annually).

AHS Pillars

Sustainability

- Reduction in 340B revenue (\$916K) due to the change of Medi-Cal Managed Care to Fee-For-Service Medi-Cal effective 1/1/2021.
- Inflation rates for supplies, purchased clinical services and utilities are based on vendor recommended CPI.

Payor Contract Strategy

- Hired Chancellor as key negotiator for commercial contracts. Strategy is to begin with hospital contracts and follow up with professional agreements.
- Commercial payor rate increase is built in at 4%, prorated for a partial year implementation. Governmental payors increase 1% effective October.
- Managed Medi-Cal negotiations retained internally, aiming to cover direct cost for Medi-Cal Managed care plans.
- Behavioral health contract is summarized below. FY20 rate adjustment is pending on validation of services provided. FY21 contract is under negotiation.

	<u>FY19</u>	<u>CY19</u>	<u>FY20</u>	<u>Bud21</u>	<u>CY Diff</u>
Contract maximum rate	37,400	NA	43,800	44,000	
BHCS Patient Revenue	28,700	37,862	27,600	37,000	
Prior Year Settlement	5,500				
FY14-FY18 BHCS rate Adjustment		23,000	23,000		
FY19 BHSC rate adjustment			8,700		
FY20 BHCS patient service payment received in FY21				16,200	
FY21 Potential Incremental BHCS rate adjustment				7,000	
BHCS Rate Adjustment for Prior Years and FY21	34,200	60,862	59,300	60,200	(662)

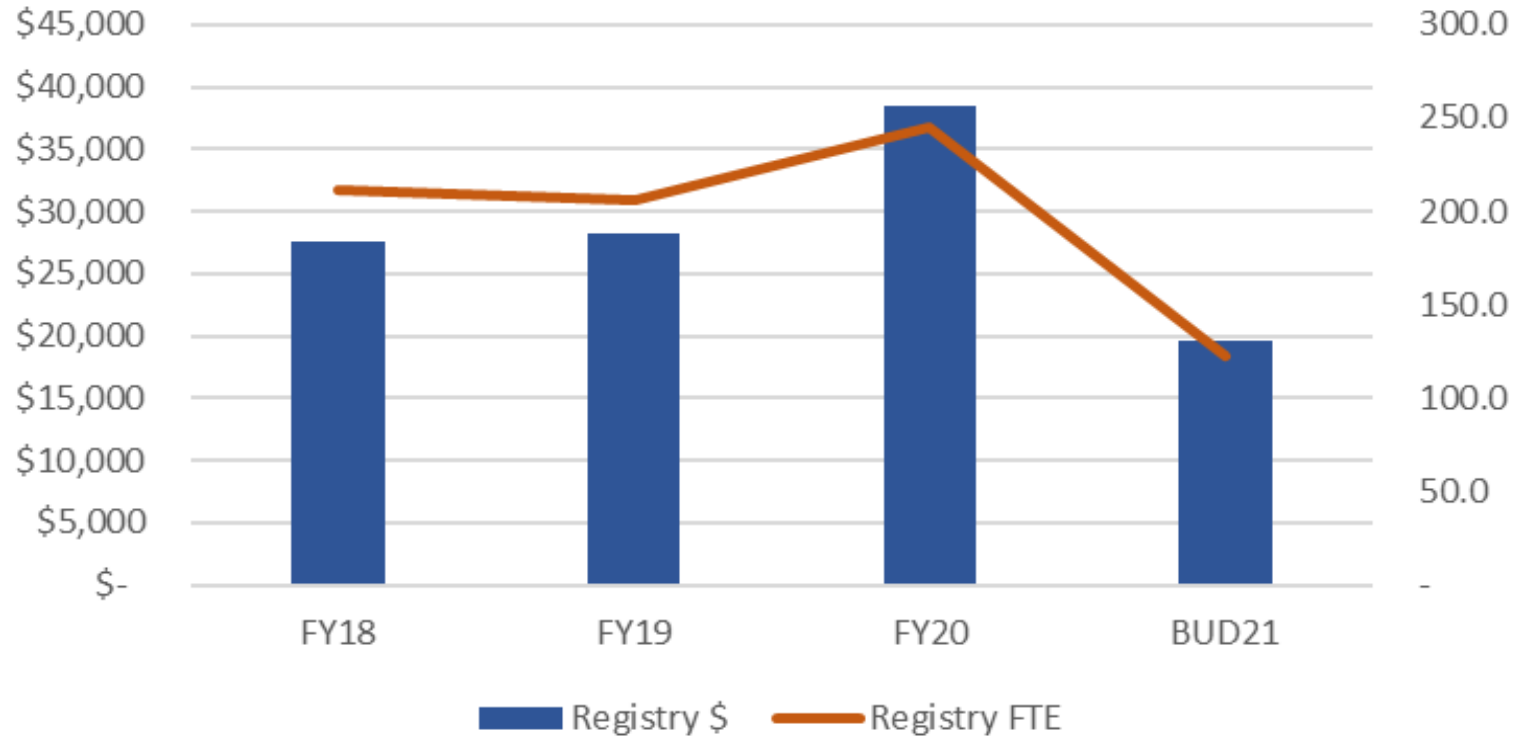
Consumer Price Index Assumption

	%	Sources
Expenses		
Labor		
Contract Labor (Registry)	0.0%	
Represented Staff Salary Increases	3.5%	AHS HR & MOU Contracts
Non-Represented Staff COLA increase	0.0%	
Benefits (% of Total Salaries)		
Non Labor		
Contract Physician Services		
Medical Supplies	0.9%	Vizient Price Change Project (2nd Quarter, 2019)
53700 IV Irrigation Solutions	3.0%	Vizient Price Change Project (2nd Quarter, 2019)
53600 Oxigen Medical Gases	5.4%	Vizient Price Change Project (2nd Quarter, 2019)
Other Supplies	1.8%	Vizient Price Change Project (2nd Quarter, 2019)
54300 FOOD-OTHER	1.5%	AHS Food Service Department
54500 CLEANING SUPPLIES	1.8%	Vizient Price Change Project (2nd Quarter, 2019)
55100 LAB REAGENTS	3.5%	AHS Clinical Lab - Lab Vendors
54600 OFFICE SUPPLIES	2.6%	Vizient Price Change Project (2nd Quarter, 2019)
Drugs & Pharmaceuticals	4.0%	Vizient Pharmaceutical Consultant

Workforce

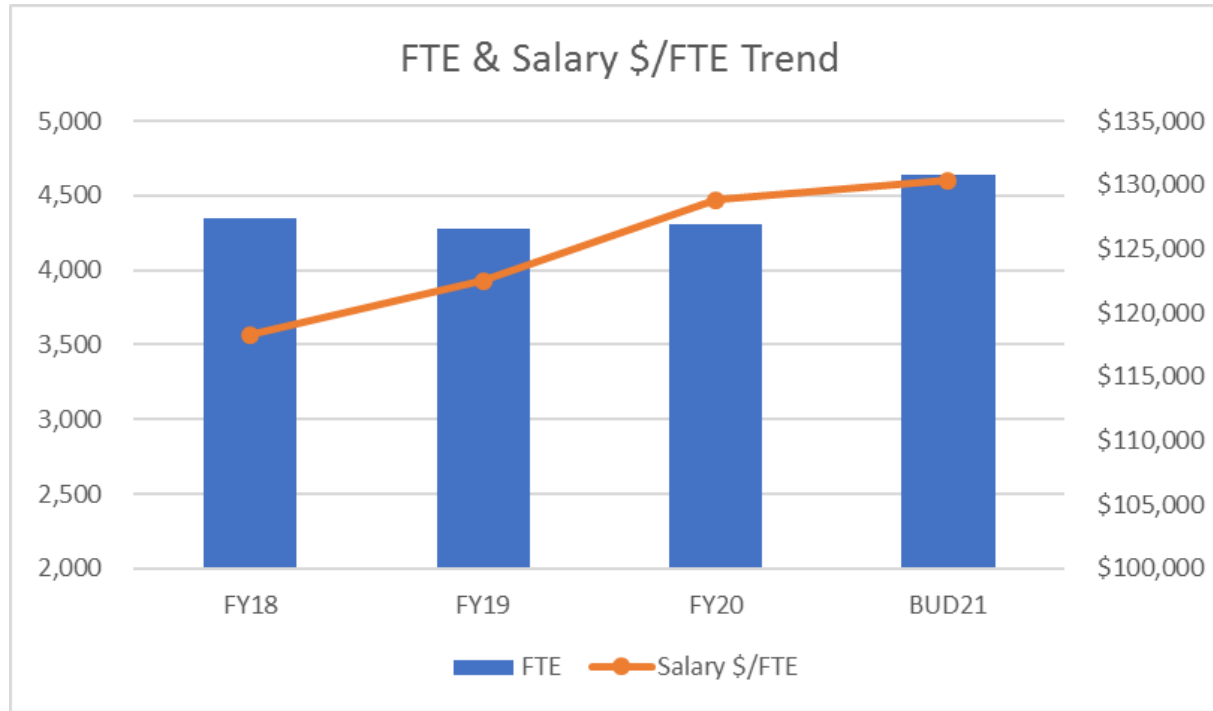
- COLA eliminated for non-represented staff (\$3.1M). Union contracts are under review (3% COLA represents an annual salary of \$14.2M).
- Continue our existing benefit package.
- Investment in HR recruitment to reduce management consultants by aggressively recruiting for management leaders in various patient care units.
 - Eliminating management consultants in Imaging, Clinical Laboratory, Nursing, Case Management areas.
- Anticipating a lower Registry expense after SAPPHIRE implementation and intend to hire staff to replace registry used.
- Hiring freeze or delay in hiring for certain non-essential positions spread through the fiscal year (83.4 FTE or \$8.2M).

Registry FTE & Expense Trend



	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>BUD21</u>
Registry FTE	211.2	205.6	244.8	123.0
Registry \$	\$ 27,499	\$ 28,165	\$ 38,513	\$ 19,615
Registry \$ /FTE	\$ 130,222	\$ 137,017	\$ 157,305	\$ 159,498

Cost of Labor Trend



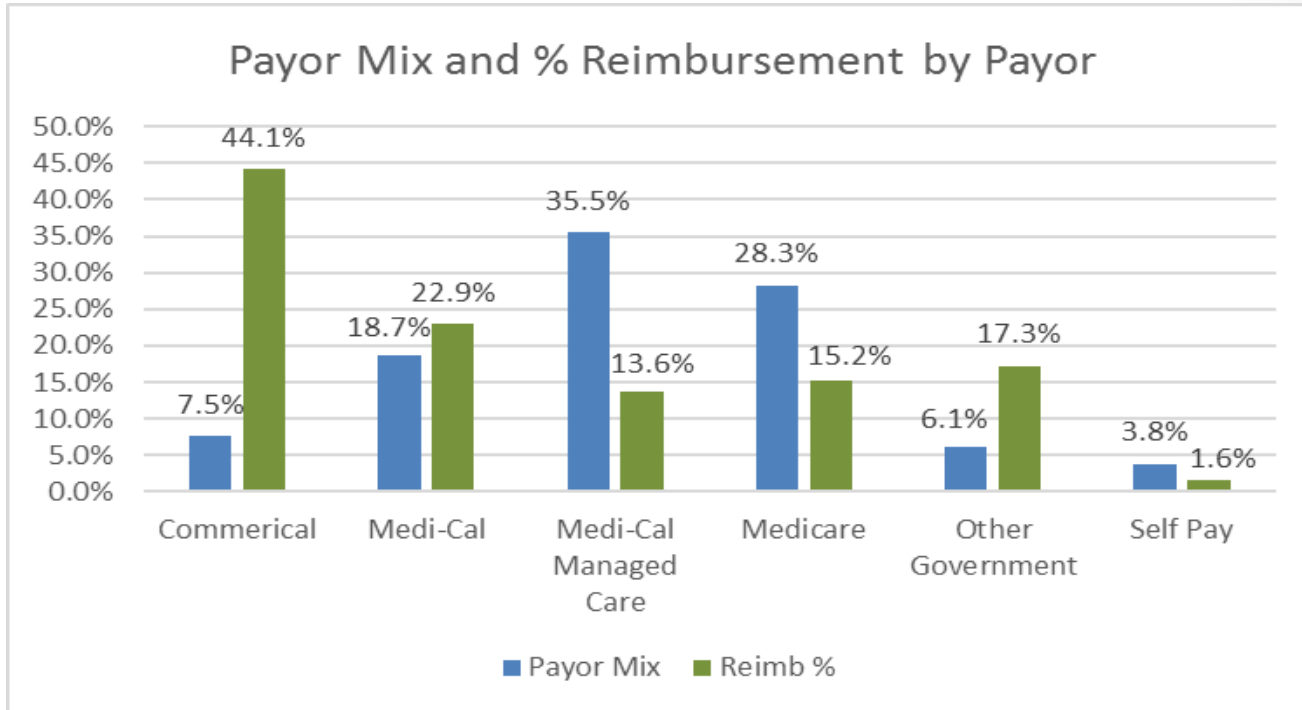
	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>BUD21</u>
FTE	4,350	4,275	4,313	4,638
Salary \$/FTE	\$ 118,294	\$ 122,483	\$ 128,850	\$ 130,360
OT\$/FTE	\$ 7,083	\$ 7,803	\$ 7,631	\$ 5,979
Benefit \$/FTE	\$ 39,359	\$ 40,351	\$ 41,878	\$ 44,696
Total Labor\$/FTE	\$ 157,653	\$ 162,835	\$ 170,727	\$ 175,056
Comp Ratio (Excluding GASB)	68.0%	66.1%	68.5%	74.9%
Comp Ratio (Including GASB)	70.1%	71.9%	72.9%	80.7%

FY21 Interim Budget - Revenue

	ACTUAL2019	CALENDAR YEAR 2019	INTERIM BUDGET 2021	CY2019 to Budget21 Variance	% Variance (CY2019 vs. Budget21)
<i>Operating Revenue -----</i>					
<i>Net Patient Revenue</i>	574,123	547,914	593,084	45,170	8.2%
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<i>Supplemental Revenue</i>	412,039	429,689	412,881	(16,808)	-3.9%
Total Revenue - All Sources	1,053,407	1,052,007	1,081,837	29,830	2.8%
Collection % - NPSR	16.7%	16.1%	16.7%		

- Overall, Patient Revenue increases by 8.2% due to projected volume increase (\$24.8M), and payor rate increases (\$22.1M)
- Capitation revenue is relatively flat
- Other revenue is flat due to a shift of 340B Medi-Cal Managed Care to Fee-for-Service (\$916K), offset by increases in grant revenue (\$1M).
- Supplemental revenue timing difference between calendar year and fiscal year; see FY comparison on Appendix pg.40. Measure A tax revenue drop (\$9M) and BHC prior year settlement timing (\$7M).

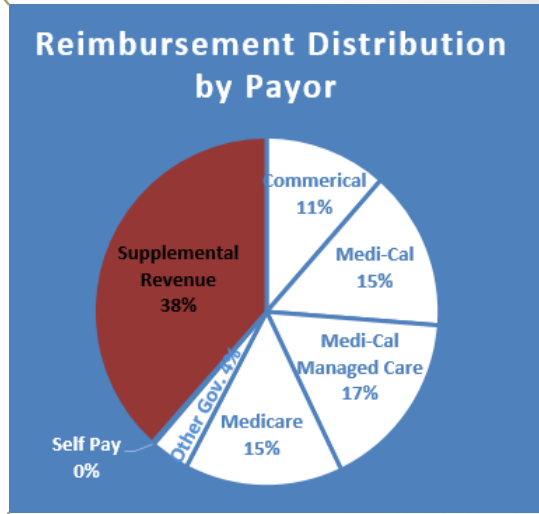
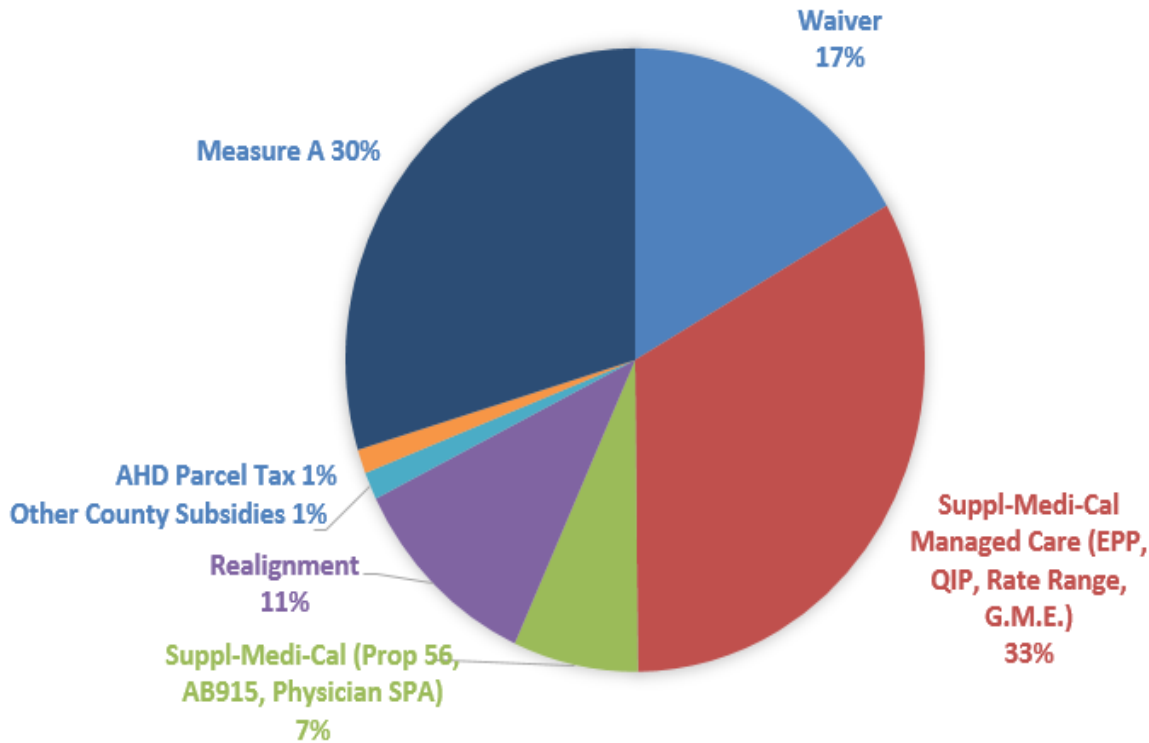
Payor Mix and Reimbursement



- Payor Mix is based on Charges and Reimbursement is reflected as percent of charges and does not include Supplemental Revenue.
- Other Government includes HPAC and represents 6.1% of charges and 17.3% of reimbursement.
- Commercial represents 7.5% of overall charges and 44.1% of reimbursement.
- Medi-Cal FFS represents 18.7% of overall charges and 22.9% of reimbursement due to cost reimbursement for Inpatient cases and higher collection ratio for SNF.

Revenue Sources

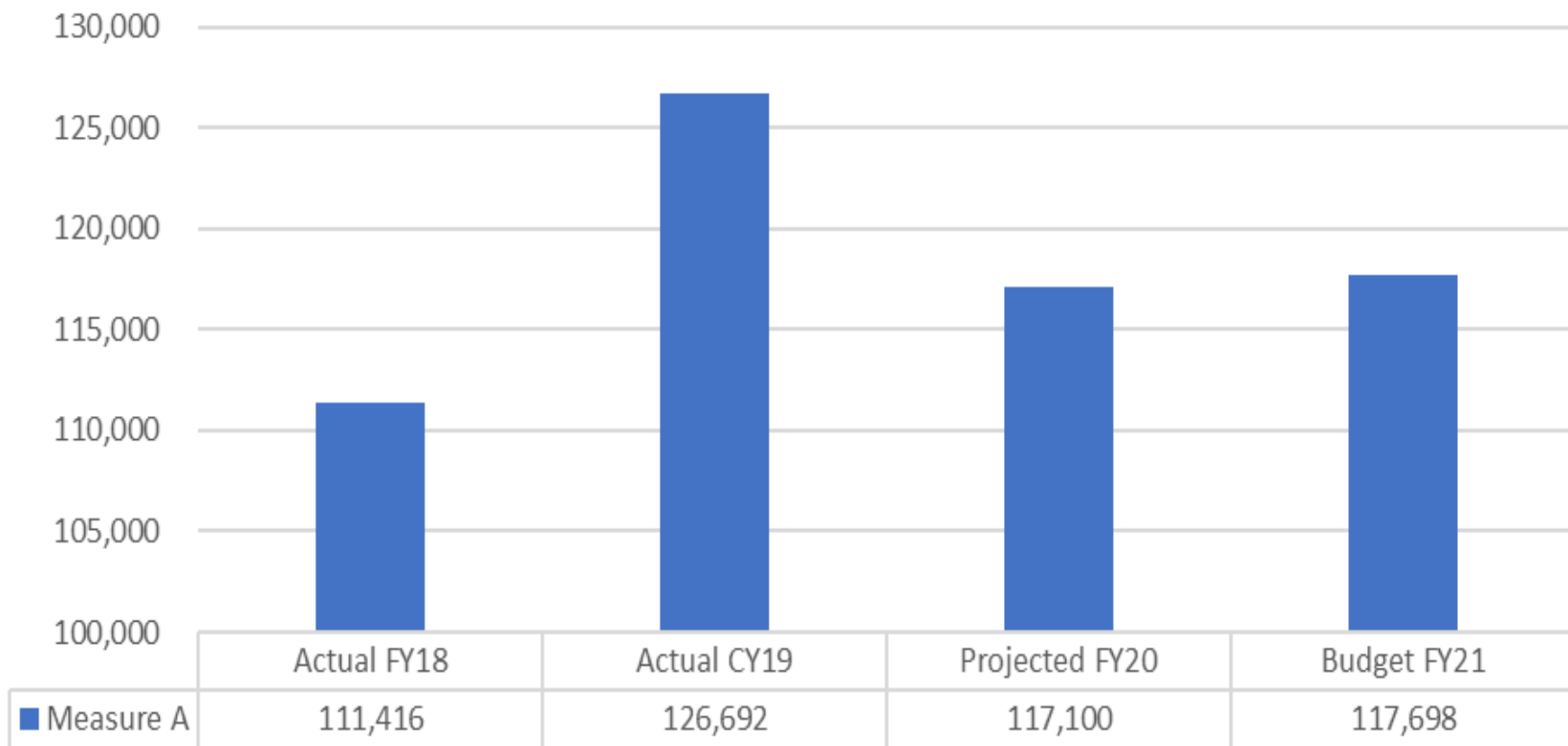
SUPPLEMENTAL REVENUE COMPONENT



Notes:

- *FY21 Supplemental Revenue is \$397M and represents 38.5% of total revenue.*
- *Behavioral Health Services prior year payment has been excluded from analysis.*
- *Other Revenue and Prior Year Behavioral Health Services revenue are excluded from this analysis.*

Measure A Revenue Trend



Notes:

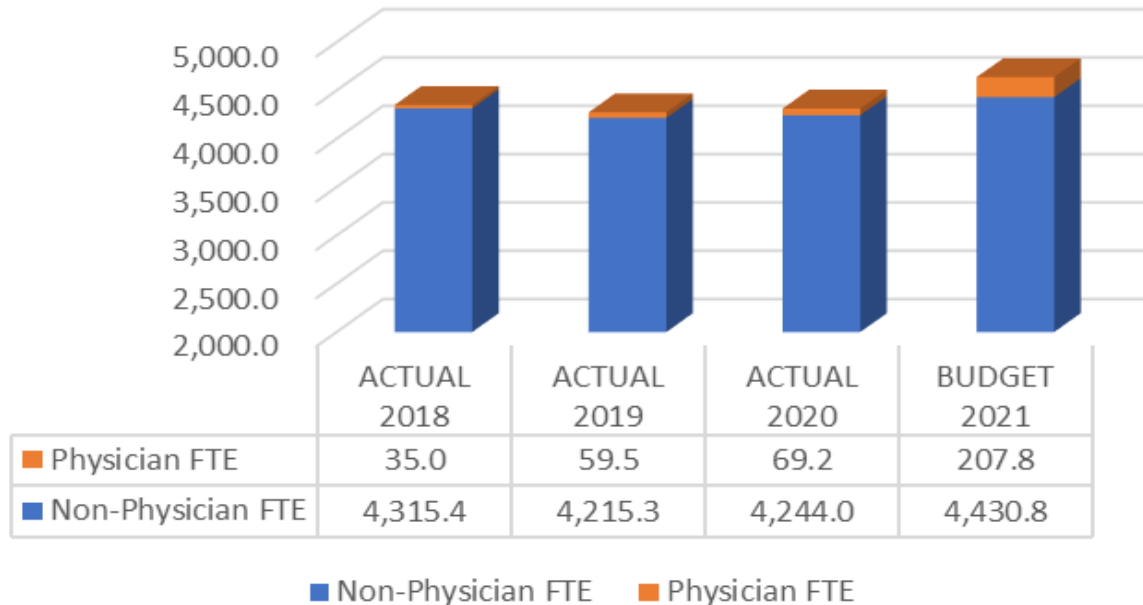
- *FY21 funding is at risk due to the reduction of sales tax revenue caused by the “Shelter in Place” order.*

FY21 Interim Budget - Expenses

	ACTUAL2019	CALENDAR YEAR 2019	INTERIM BUDGET 2021	CY2019 to Budget21 Variance	% Variance (CY2019 vs. Budget21)
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Facilities	31,151	32,785	34,648	(1,863)	-5.7%
Depreciation	15,116	15,119	27,459	(12,339)	-81.6%
General and Administration	18,974	20,072	22,222	(2,149)	-10.7%
Total Operating Expenses	1,077,272	1,096,830	1,171,257	(74,427)	-6.8%

- Labor has the largest variance which is partially offset by contracted physician services.
 - Oakcare contract physicians (\$44.7M) transition to EBMG, full year impact of hired Anesthesiologist and Psychiatrists (\$8M), and provider on-call expenses (\$2M).
 - Increases from Volume (\$5M) and 18 months of COLA / Steps and Benefit (\$31M) increase
 - Increases in FTE for new hires and current vacancy compared to CY19 (\$15M), partially offset by efficiency gains (-\$3.1M), hiring freeze or delay in hiring (-\$8.2M) and reduced OT (-\$4.2M). Capitalized Sapphire labor operationalized (\$10M).
- Materials and Supplies increased by \$7M of which \$4M is due to CPI increases and the other \$3M is related to volume increase.
- Depreciation increase by \$12M due to a full year depreciation of Acute Rehab and SAPPHIRE.

FTE Trend by Job Category



- Integrating contracted physicians resulted an increase in provider FTE by 148.3 FTE or 199% in FY21.
- Post SAPPHIRE, 84.5 capitalized FTE operationalized in FY21.
- Volume growth resulted an increase of 29.0 FTE in clinical care areas.
- Added FTE and vacancies (167.6 FTE) partially offset by reduced contracted staff (-82.6 FTE) and efficiency gain (-21.0 FTE). Adds in EVS , Food Services, Quality, HGH ED, HGH Operating Room and Case Management.

AHS Financial Health at Risk

- The Covid-19 pandemic magnitude and scope are widely unknown and yet to be determined. Applied for Covid-19 additional new funding.
- TJC return visit & funding required to meet regulatory requirements are unknown.
- Supplemental Revenue funding is significant (38%) and the timing and amounts are largely unknown and subject to change. Fiscal deficits caused by the pandemic may impact governmental funding of programs.
 - 1115 Waiver: GPP Program; extension beyond June 30, 2020 has not been approved (\$66M for FY21)
- Deferred maintenance and lack of funding has created a large need for capital (\$45M for FY21)
 - Equipment failures and facility emergencies
 - Financial infrastructure – time keeping, cost accounting, financial reporting and business analytics
 - Investment in clinical programs to support Trauma designation, residency programs and support our ability to provide the full continuum of care in the community
- Measure A was included at FY21 budget (\$117.7M). The Covid-19 and “shelter in place” order has had a significant negative impact on the amount of sales revenue.




AHS Cash Flow Projection Based on Interim Budget

<i>(Stated in thousands)</i>	ACTUAL 2018	ACTUAL 2019	PROJECTION 2020	BUDGET 2021
EBIDA	\$ 15,862	\$ 48,092	\$ 40,000	\$ 1,235
EBIDA Margin	1.6%	4.6%	3.7%	0.1%
Supplemental Payments Timing	97,483	(61,000)	6,600	(9,200)
Cash From Operations	73,648	45,389	70,598	(7,965)
<i>EPIC</i>	(26,242)	(19,747)	(49,918)	
<i>EPIC Financing</i>	17,467	-	12,704	-
<i>EPIC Financing Payment</i>	(1,608)	(3,199)	(2,700)	(3,108)
<i>SLH Acute Rehab</i>	(4,041)	(15,965)	(5,372)	
<i>Alameda Hospital Seismic Project</i>	(793)	(951)	(4,624)	(10,594)
<i>Other Committed Capital</i>				(6,115)
<i>Capital Request</i>	(12,284)	(19,869)	(7,752)	(43,434)
Capital Outlay	(27,501)	(59,731)	(57,662)	(63,251)
<i>AHSF Support</i>	2,048	4,650	-	2,500
<i>Other Funding Source (e.g. Jaber)</i>		74	77	152
<i>Kaiser MRI (pass thru AHSF)</i>		4,533	1,131	
<i>Kaiser Foundation Support - EPIC</i>	9,000	7,500	2,500	
Other Capital Funding Sources	11,048	16,757	3,709	2,652
<i>Old Waivers (FY09-FY15)</i>		-	-	(67,152)
<i>Physician SPA (1)</i>		-	-	-
<i>Medical Cost Settlement (FY11-FY18)</i>		-	-	(30,300)
<i>FQHC Settlement (FY08-FY13)</i>		-	-	(40,000)
Total Prior Year Re-coupment	-	-	-	(137,452)
<i>POB Debt Retirement</i>	(13,848)	(12,135)	(11,612)	(7,156)
<i>Capital Cost Transfer to County (2)</i>		(4,419)	-	(9,000)
<i>Capital Cost Transfer from County</i>		-	-	13,419
<i>Capital Reserve Fund (pmt to County)</i>	-	(7,000)	(7,000)	(7,000)
<i>Capital Reserve Fund (pmt from County)</i>		-	-	14,000
Total County Transactions	(13,848)	(23,554)	(18,612)	4,263
Cash Surplus/(Deficit)	43,347	(21,139)	(1,967)	(201,752)
Net Negative Balance	(62,483)	(83,622)	(85,589)	(287,342)
Scheduled NNB Limit	(135,000)	(130,000)	(125,000)	(120,000)
Excess/(Short) of NNB	72,517	46,378	39,411	(167,342)

(1) Physician SPA delayed due to claim reconciliation with State, estimated recoupment of \$30M moved to FY2022;

(2) Capital cost transfer delay until cost report settlement complete.

Update on High Risk Variables
Impact on NNB

Budget Projected NNB Balance at June 30, 2021		\$	<u>287,342</u>
Revenue drop in census and surgical volumes (COVID Pandemic)	\$		24,000
Additional Grant and other funding			(8,000)
CARES Act - High impact			(8,350)
Prepayments received from FY21 (primarily HPAC)			<u>16,500</u>
Total adjustments to NNB			<u>24,150</u>
Restated NNB		\$	<u><u>311,492</u></u>
Covid 19 impact (Low census, Leave of Absence, Higher costs) Measure A			
Safety Net Provider Relief fund (potential \$30M)			
Alameda Alliance grant (remaining grant to be distributed \$11.5M)			
Joint Commission			
Final NNB at June 30, 2021			<u><u>Unknown</u></u>

AHS Revised Cash Flow Projection Based on Interim Budget

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<i>Capital Cost Transfer from County</i>		-	-	13,419
<i>Capital Reserve Fund (pmt to County)</i>	-	(7,000)	(7,000)	(7,000)
<i>Capital Reserve Fund (pmt from County)</i>		-	-	14,000
Total County Transactions	(13,848)	(23,554)	(18,612)	4,263
Cash Surplus/(Deficit)	43,347	(21,139)	(1,967)	(225,902)
Net Negative Balance	(62,483)	(83,622)	(85,589)	(311,492)
Scheduled NNB Limit	(135,000)	(130,000)	(125,000)	(120,000)
Excess/(Short) of NNB	72,517	46,378	39,411	(191,492)

(1) Physician SPA Delay due to claim reconciliation with State, estimated \$30M move to FY2022;

(2) Capital cost transfer delay until cost report settlement complete.

FY2021 CAPEX Essential Items by Category

FY 21				
Row Labels	Equipment	Facility	IT	Grand Total
Equipment / Replacement Items			153,975	153,975
Facilities / Infrastructure		11,536,906		11,536,906
New Strategic / ROI			7,360,326	7,360,326
Other			3,634,866	3,634,866
Compliance / Patient Safety / Regulatory	5,259,418	12,897,438	2,591,000	20,747,856
Grand Total	5,259,418	24,434,344	13,740,167	43,433,929

- Of the \$45M total requested, \$43M is considered essential and high risk; particularly in Infrastructure due to lack of funding in prior years.

The FY2021 CAPEX Proposed List only limited to Priority 1 and 2 (Essential Items)

Examples of FY21 CAPEX Essential Items

Facility CAPEX = \$24.4M

- Park Bridge Roof
- K-building HVAC updates
- Park Bridge Nurse Call System
- Alameda Hospital Cooling Tower

IT CAPEX – Must Do & High = \$13.7 M

- Network Refresh – replace equipment EOL (end of life) and no longer supported
- Window 7 retirement – move to Win 10 (security issues & EOL)
- Kronos – necessary for payroll compliance & significant ROI
- Epic Behavioral Health Phase 2 – Operational efficiency & compliance
- Epic Rover – current clinician phones are EOL & failing

Equipment CAPEX = \$5.3M

- Digital X-Ray replacement at San Leandro Hospital
- Replacement of CT Scanner at San Leandro Hospital
- Full Project with Sterilizer, Sterrad, and Washer

Multi-year CAPEX Plan

	FY 21	FY 22	FY 23
Compliance; Patient Safety / Regulatory	20,991	11,030	1,096
Equipment / Replacement Items	1,651	2,747	11,290
Facilities / Infrastructure	11,597	8,965	5,466
New Strategic / ROI	7,360	3,543	5,888
Other	3,635	5,516	5,416
Grand Total (\$ in ,000)	45,235	31,801	29,155

Capital needs are significant and will span over many years due to deferred maintenance and lack of funding. AHS' ability to execute the capital plan is constrained by limited resources.

- Frequent equipment failures and facility emergencies continuously re-prioritize the capital plan.
- Capital plan estimates have not been validated and represent placeholders for planning.
 - RFP process is required to determine cost to replace or upgrade financial systems, IT systems, and equipment
 - Seismic regulations are changing; OSHPD compliance may change scope and cost of projects
- Upcoming Strategic planning will likely require investment in clinical programs and infrastructure to support our ability to provide the full continuum of care in the community.

Current Budget Focus and Next Steps

- Approve the interim FY21 budget
- On-going analysis is being performed on selected FY21 initiatives to optimize operational efficiency and improve financial performance
- Align stakeholders, complete timeline and project plans for initiatives on operational improvement strategy
- Update budget with all information including “high risk variables”
- Finalize the FY21 budget in the Fall for approval
- Incorporate Wipfli report and develop long term financial plan to stabilize AHS.

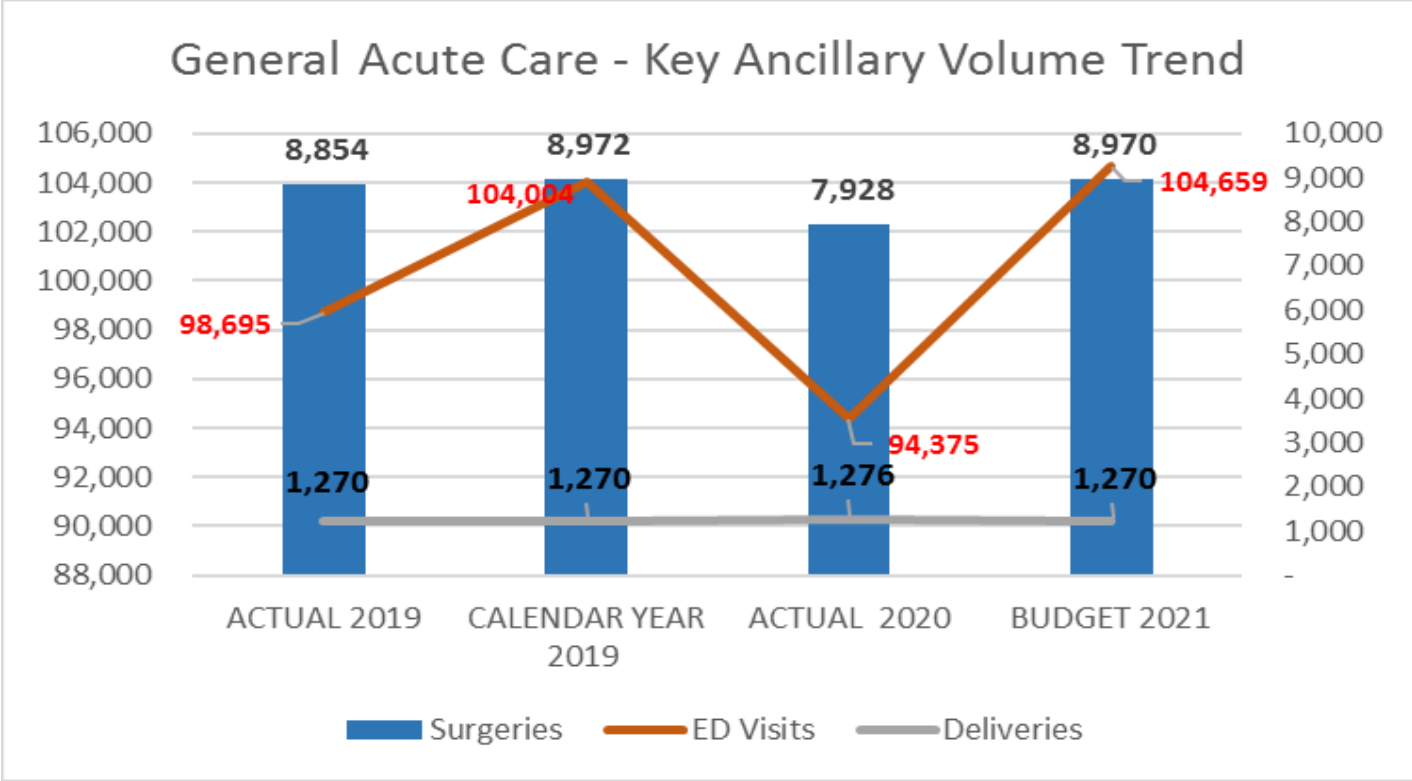
APPENDIX

APPENDIX I – FY21 Budget Volume

Budget 2021 Volume Overview

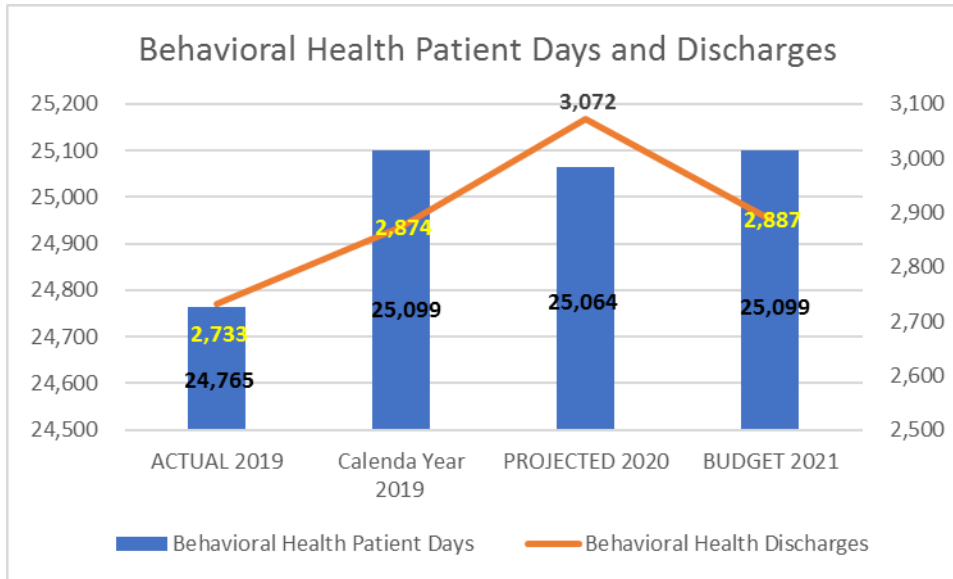
		ACTUAL 2019	CALENDAR YEAR 2019	ACTUAL 2020	BUDGET 2021	# VAR (vs CY2019)	% VAR (vs CY2019)
AHS SUMMARY							
ACUTE CARE							
	Acute Care Patient Days	80,669	78,093	72,219	81,002	2,909	3.7%
	Acute Care Discharges	14,905	15,696	14,581	16,296	600	3.8%
	Acute Rehab Patient Days	8,348	8,474	8,607	8,476	2	0.0%
	Acute Rehab Discharges	583	603	598	595	(8)	-1.3%
	Behavioral Health Patient Days	24,765	25,099	24,578	25,099	-	0.0%
	Behavioral Health Discharges	2,733	2,874	3,264	2,887	13	0.5%
	TOTAL ACUTE CARE Patient Days	113,782	111,666	105,404	114,577	2,911	2.6%
	TOTAL ACUTE CARE Discharges	18,221	19,173	18,443	19,778	605	3.2%
	ED Visits	98,695	104,004	94,375	104,659	655	0.6%
	Surgeries	8,854	8,972	7,928	8,970	(2)	0.0%
	Deliveries	1,270	1,270	1,276	1,270	-	0.0%
SNF							
	SNF Patient Days	101,894	101,399	100,842	99,942	(1,457)	-1.4%
	SNF Discharges	362	366	306	336	(30)	-8.2%
CLINIC VISITS							
	Clinic Visits	339,800	332,795	263,534	330,970	(1,825)	-0.5%
	PES Visits	13,069	11,951	12,856	13,140	1,189	9.9%

Budget 2021 Key Patient Volume



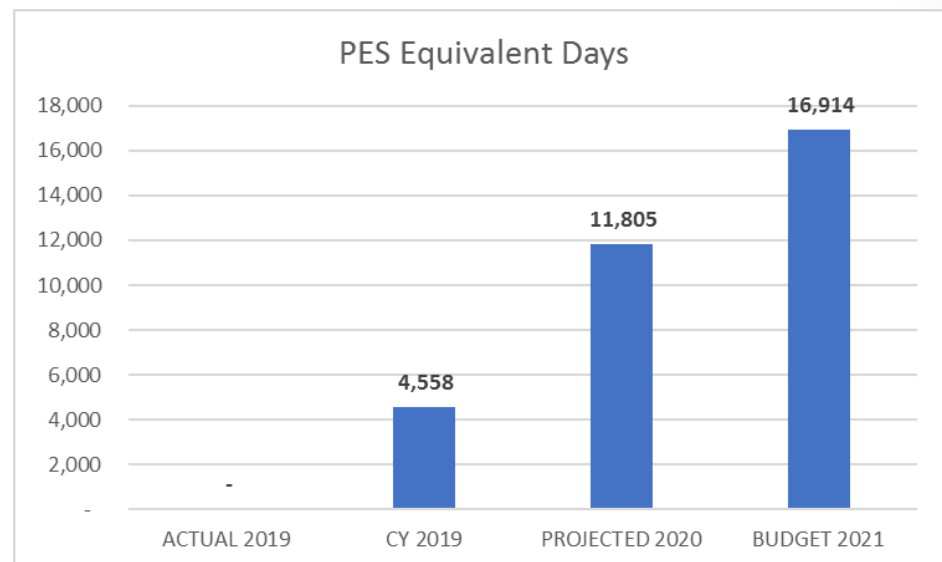
- HGH and SLH ED visits remain flat comparing. AHD ED visit is budgeted with a 2.6% increase with improvement in ED efficiency.
- Delivery volume and Surgery cases also budgeted flat.

Budget 2021 Key Patient Volume

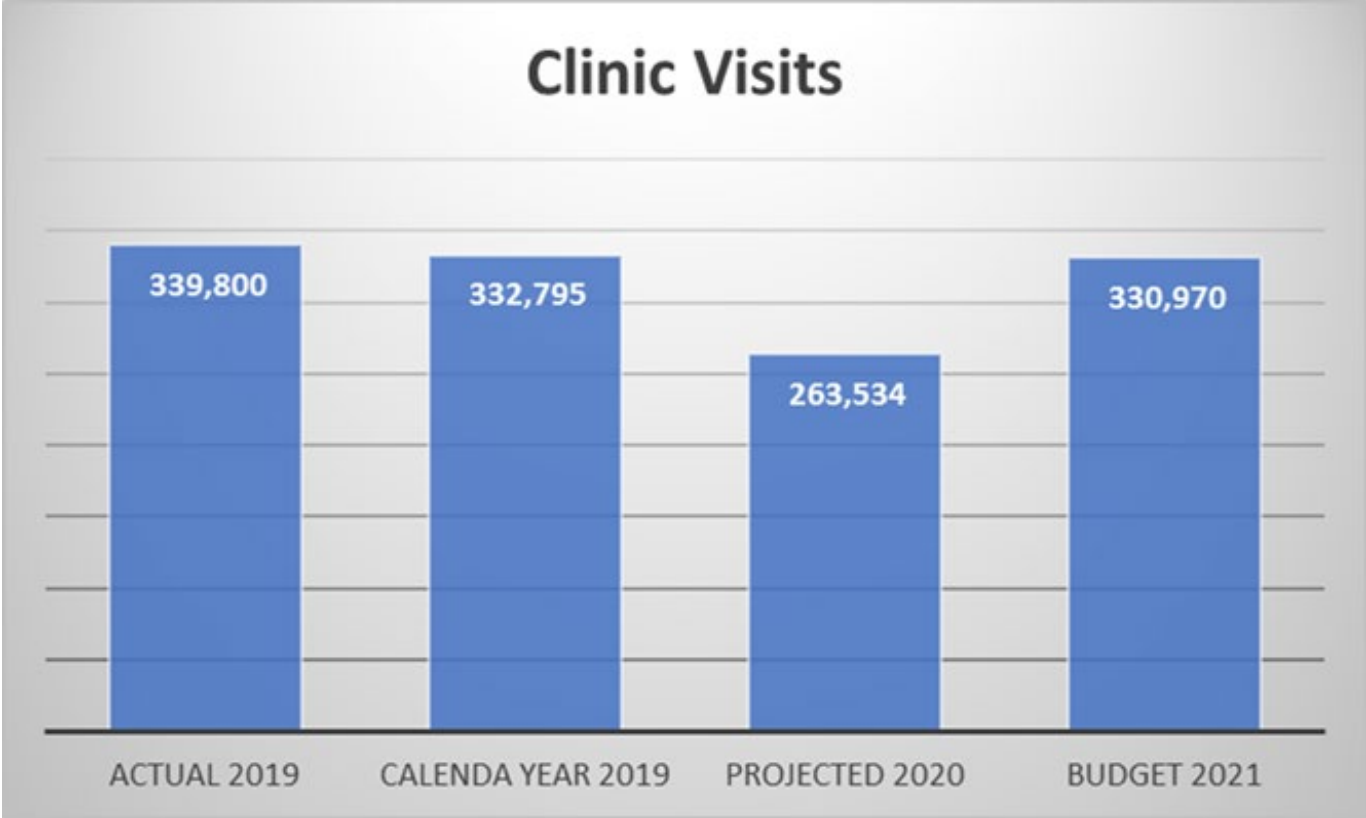


- Inpatient Behavior Health Days remain flat as patient volume has reached maximum capacity (99% Occupancy)

- PES Eq. Days is budgeted with 88% increase as a result of changing charges to capture all service hours provided. Visits are flat.



Budget 2021 Key Patient Volume



Anticipate Ambulatory Clinic volume to rebound back to FY2019 Actual level after SAPPHIRE implementation and improve in efficiency in Specialty Clinics.

APPENDIX II – Other Governmental Supplemental Revenue

Governmental Supplemental Revenue Programs
(In Thousands)

Programs	Actual FY19	Projected FY20	Budgeted FY20	Interim Budget FY21	Cash for FY21 Revenue			Comments
					FY21	FY22	FY23	
Cal-AIM		-		-				Program is in suspension.
County EMS	395	395	395	395	395			Same amount each year
County Trauma	5,266	5,266	5,266	5,266	5,266			Same amount each year
Measure A	125,493	117,699	117,699	117,699	117,699			Amount pending more recent analysis
AHD Parcel Tax	5,536	5,592	4,983	4,983	4,983			Amount pending updated information
PRIME	27,175	19,681	19,688	-				Program retires. Revenue rolls over to QIP
Medi-Cal Managed Care EPP	36,610	38,000	38,000	35,000			35,000	New payment program for services provided to Medi-Cal Managed Care patients. Reserve \$5m IGT A obligation
Medi-Cal Managed Care QIP	26,930	22,100	25,000	35,758			35,758	Assume PRIME fund rolls over, with target 57% per Medical Director Assume QIP is extended, with target 90% per Medical Director. Reserve \$5m IGT A obligation
Medi-Cal Managed Care Rate Range	30,000	30,000	30,000	45,590		36,000		Increased by \$6M based on 4/21/20 DHCS letter to County. Also release of prior year reserve
Medi-Cal SNF Cost Settlement	8,988	9,000	9,000	9,400		9,400		Medi-Cal SNF supplemental. Including \$400k increase for converting 6 subacute beds to SNF
AB915	12,845	9,000	9,000	9,000		9,000		Hospital outpatient non-FQHC supplemental
Hospital Fee	10,255	3,700	3,700	3,700	3,700			Direct grant portion only
Physician SPA	(27,200)	3,600	3,600	3,600			3,600	Annual non-ACA amount. Hoping to resolve until before 2023
Medi-Cal Managed Care GME FY21		25,008	4,165	7,000		7,000		Program approved in March 2020. FY20 revenue includes all prior years adjustment.
Misc		516						Misc prior year adjustment
Subtotal	262,293	289,557	270,496	277,391	132,043	61,400	74,358	
Contingent								
Waiver GPP	116,083	99,498	74,917	66,490	66,490			Assume 5 year extension at lower amount. FY22&23 exact cash unknown
AB85 Realignment	28,730	38,277	53,000	43,000	43,000			FY19 for FY19, FY20 for FY18&20. FY21 for FY21&20
Prop 56	1,358	1,248	1,000	2,000	2,000			Pending confirmation from CAPH that AHS is entitled to the fund
IGT A Reserve FY18				8,000				AB85 Realignment will finalize without IGT A obligation
Subtotal	146,171	139,023	128,917	119,490	111,490			
Revenue Total	408,464	428,580	399,413	396,881	243,533	61,400	74,358	

APPENDIX III – FY21 CAPEX Budget

FY2021-2025 CAPEX Request

CAPEX Needs for the next 5 Fiscal Years

Row Labels	FY 21	FY 22	FY 23	FY 24	FY 25	5-Year Total
Equipment / Replacement Items	1,651,375	2,746,924	11,289,604	8,225,814		23,913,718
Facilities / Infrastructure	11,596,906	8,964,615	5,466,345			26,027,866
New Strategic / ROI	7,360,326	3,542,816	5,887,572	3,474,148	7,375,682	27,640,544
Other	3,634,866	5,516,032	5,416,032	5,416,032	2,708,016	22,690,978
Compliance / Patient Safety / Regulatory	20,991,056	11,030,237	1,095,830	23,603	722,900	33,863,627
Grand Total	45,234,529	31,800,624	29,155,383	17,139,598	10,806,598	134,136,732

CAPEX Needs By Campus for the next 5 Fiscal Years

CAPEX	FY 21	FY 22	FY 23	FY 24	FY 25	5-Year Total
Equipment / Replacement Items	1,651,375	2,746,924	11,289,604	8,225,814		23,913,718
Support Services	1,651,375	2,746,924	11,289,604	8,225,814		23,913,718
Facilities / Infrastructure	11,596,906	8,964,615	5,466,345			26,027,866
Alameda Hospital	771,446	2,103,855	2,770,436			5,645,737
Eastmont Clinic	60,000					60,000
Fairmont Hospital	8,412,460	1,840,400	1,095,500			11,348,360
Fairmont Hospital		300,000				300,000
Highland Hospital	2,353,000	4,284,360	250,409			6,887,769
John George Hospital		220,000				220,000
San Leandro Hospital		216,000	1,350,000			1,566,000
New Strategic / ROI	7,360,326	3,542,816	5,887,572	3,474,148	7,375,682	27,640,544
Support Services	7,360,326	3,542,816	5,887,572	3,474,148	7,375,682	27,640,544
Other	3,634,866	5,516,032	5,416,032	5,416,032	2,708,016	22,690,978
Support Services	3,634,866	5,516,032	5,416,032	5,416,032	2,708,016	22,690,978
Compliance / Patient Safety / Regulatory	20,991,056	11,030,237	1,095,830	23,603	722,900	33,863,627
AHS	300,000	300,000	300,000			900,000
Alameda Hospital	8,294,333	5,720,741				14,015,074
Fairmont Hospital	1,158,200				722,900	1,881,100
Highland Hospital	3,600,029	2,065,000				5,665,029
John George Hospital	1,435,000	650,000				2,085,000
San Leandro Hospital	3,369,294	2,000,000	750,000			6,119,294
Support Services	2,834,200	294,496	45,830	23,603		3,198,130
Grand Total	45,234,529	31,800,624	29,155,383	17,139,598	10,806,598	134,136,732

APPENDIX IV – Operation Enhancement Strategy

Operational Enhancement Strategy

↑ Impact ↓	Low Effort, High Impact	High Effort, High Impact
	<ol style="list-style-type: none"> 1. Infusion Services – incremental volume (with 1.0 FTE Hematologist) 2. JGP –reduce denials 3. Improve Charge Capture – charge price review & additional training for front-line staff 4. Operational efficiency strategies developed with key stakeholders 5. Managed Care / Governmental Covid Related Grant Opportunity 	<ol style="list-style-type: none"> 1. Identify and assist HPAC & uninsured patients to apply Medi-Cal (OMS) 2. Vizient Labor Optimization 3. No COLA Increase 4. Restructure Benefit Plan 5. Length of Stay Management 6. Payor contract strategy – Medi-Cal Managed Care and commercial payors 7. JGP – PES Medicare eligibility 8. IOP & Behavioral Wellness program
	Low Effort, Low Impact	High Effort, Low Impact
	<ol style="list-style-type: none"> 1. Improvement in Supply Chain management 2. Re-negotiate Outside Medical Service contracts 3. Restructure DTO for Directors and above 4. Add Acute Rehab patient volume 	<ol style="list-style-type: none"> 1. Restructure PTO policy 2. Introduce Administrative Day off
	← Effort →	

Budget 2021 Operation Opportunities

Under Review

Initiative sub-total

\$85,521,373 \$ 34,087,500

				Input to FY21	
Initiative	Initiative - Operation Plan	Executive Sponsor	Annual Opportunity	Interim Budget	Start Date
Infusion Services	Infusion Services	Dr. Babaria	\$ 359,000	359,000	9/1/2020
LOS Management	Acute Care Medicare LOS Management	Tanvir Hussain		-	
JGP Operation & Cost Management	JGP PES Licensure change from current CSU to include Crisis Intervention (CI) License	Luis Fonseca	\$ -	-	
	JGP Medicare LOS Management	Luis Fonseca	\$ 325,000	-	
	Adjudicated JGP denials and administrative days	Terri Manifesto	\$ 1,500,000	-	
	PES LOS Management	Luis Fonseca	\$ 1,700,000	-	
	JGP Commerical plan discharges exceed contracted reimbursement rate	Kim Miranda	\$ 228,500	228,500	12/1/2020



Initiative	Initiative - Operation Plan	Executive Sponsor	Annual Opportunity	Input to FY21	
				Interim Budget	Start Date
Charge Capture Improvement	Improve charge capture - charge price review and benchmark with market rate & additional training provided to front line staff to improve charge capture	Kim Miranda		3,400,000	
Operational Efficiency Strategies	Operational efficiency strategies developed with key stakeholders	Luis Fonseca / Kim Miranda	\$ 44,119,873	8,200,000	7/1/2020
Supply Chain Management	Supply Chain Management	Luis Fonseca	\$ 1,000,000	-	10/1/2020
DTO Implementation	Implementing DTO plan to all Directors and above staff	Tony Redmond	\$ 1,300,000	1,200,000	8/9/2020
No COLA Increases	No COLA Increases for all staff across the system	Tony Redmond	\$ 19,400,000	7,000,000	7/1/2020

Initiative	Initiative - Operation Plan	Executive Sponsor	Annual Opportunity	Input to FY21 Interim Budget	Start Date
Charge Capture Improvement	Improve charge capture - charge price review and benchmark with market rate & additional training provided to front line staff to improve charge capture	Kim Miranda		3,400,000	
Vizient Labor Optimization	Engage and restart the Vizient Labor Optimization project to identify labor efficiency opportunity	Luis Fonseca		-	
Outside Medical Services (OMS)	OMS - identify HPAC and uninsured patients to assist in MCAL application.	Tangerine Brigham		-	
	OMS - Referral Services	Dr. Jamaledine		-	
	OMS - Contract Renegotiation	Kim Miranda		-	
Payor Contract Strategy	Payor Contract Strategy for Medi-CAL, Managed Care and commercial payors	Kim Miranda	\$ 13,700,000	13,700,000	1/1/2021
Administrative Day Off	Implement the Administrative Day for unrepresented exempt staff	Tony Redmond	\$ 1,889,000	-	
Restructure PTO Policy					
	Restructure PTO Policy	Tony Redmond		-	
IOP Funding Source	IOP Funding Source / restructuring IOP services (Behavioral Wellness Center)	Dr. Babaria		-	