



FINANCE COMMITTEE MEETING
Wednesday, March 3, 2021
5:30pm – 7:30pm

Conference Center Located at Highland Care Pavilion
1411 East 31st Street Oakland, CA 94602
Ronna Jojola Gonsalves, Clerk of the Board
(510) 535-7515

LOCATION:

Open Session: Telephonic/Electronic Meeting

FINANCE COMMITTEE MEMBERS

Luisa Blue
Jennifer Esteen, Chair
Alan E. Fox
Sblend A. Sblendorio

FINANCE COMMITTEE REGULAR MEETING MINUTES

THE MEETING WAS CALLED TO ORDER AT 5:32 pm

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT: Luisa Blue, Jennifer Esteen, Alan E. Fox, and Sblend A. Sblendorio

ABSENT: None

PUBLIC COMMENT: Non-Agenda Items

None

A. ACTION: Approval of the Minutes of the February 3, 2021 Finance Committee Meeting

ACTION: A motion was made and seconded to approve the minutes of the February 3, 2021 Finance Committee. A roll call vote was taken, and the motion passed.

AYES: Trustees Blue, Esteen, Fox, and Sblendorio

NAYS: None

ABSTENTION: None

NOTE: *In the event that a quorum of the Board of Trustees participates on this Committee, the meeting is noticed as a Special Meeting of the Board of Trustees; however, no final Board of Trustees action can be taken.*

B. INFORMATION / DISCUSSION: Operating Reports**B1. Chief Financial Officer Report**

Kimberly Miranda, Chief Financial Officer

B1a. January 2021 Financial Report

Ms. Miranda discussed the report beginning on agenda packet page 19.

Trustee Fox asked if the low net to gross was partly reflecting the unfavorable variance in outpatient volume. Ms. Miranda said the service mix, where trauma and surgeries were down would negatively affect their yield. Particularly trauma as it typically was the commercial payer that paid better than the other payers. The miss was about \$800K this month to plan.

Trustee Esteen asked if there had been any discussion about adding more COVID leave. Ms. Miranda said that people could still take leave, they just needed to use their PTO or sick leave. AHS was not granting additional paid leaves for COVID. Mr. Jackson said there had not been conversations about adding more leaves specifically for COVID. Trustee Esteen said she was concerned about provider burn out and asked if there had been increases in regular PTO. Dr. Jamaledine said there had been less utilization of PTO because people were not able to travel. They were encouraging people to take PTO. Trustee Esteen asked if people could cash out PTO. Ms. Miranda said they did pay out quite a bit of PTO.

Trustee Esteen asked if the 340B adjustments to Medical FFS claims were complete. Ms. Miranda said they had not dropped the bill. They were sitting in a queue to drop. There was a lot of testing that needed to happen first. Ms. Manifesto said that they were hoping the new EPIC Build would go into production the next day, which would address the new charges. IT was testing the held claims to ensure they could be safely released in batches.

Trustee Fox asked if it was correct to say that when collections exceed the net patient revenue the days in AR go down. Ms. Miranda said that was correct. She added that the graph monitored cash collected and there would typically be some timing variance, but every 65-70 days they'd turn over their net revenue.

Trustee Esteen asked how this related to aggressive billing and collections practices with the payer mixes. Ms. Miranda said the graph reflected a good job of estimating and collecting revenue, but it did not tell us if we maximized the revenue opportunity. AHS did not engage in collection activities that were against their mission. They did not expect to get a lot of money from self-pay patients. But, they needed to look at whether they were collecting what they expected to collect based on their contracts. Currently they had not used the Expected Payment Module in EPIC, because the module was not built out and needed to be turned off after go-live. It would take time to get it working correctly.

Trustee Esteen said the supplementals and waivers were complicated, and she looked forward to the Trustees gaining a better understanding of them.

Trustee Fox asked if Ms. Miranda believed that she had the resources to properly navigate the supplementals. Ms. Miranda said she attended the CAPH training. But this was complicated, and the measurements were different for each program. She relied a lot on CAPH. She was looking forward to working with them to arrange a training for the Trustees.

Trustee Blue said she was not comfortable approving a budget when she didn't understand a lot of these concerns. She wanted a training so she could understand where they needed to focus as Trustees. Mr. Jackson said they had a budget planning meeting and they were looking to bring more clarity to these items.

Trustee Blue asked if anyone on staff did government relations, because a lot the waivers and Medi-Cal items needed to be worked through the State level. Mr. Jackson said they did have a government relations team, working under Tangerine Brigham. Ms. Brigham explained the work the team does with the State and other organizations. She participated on the CAPH board, representing AHS.

Trustee Fox said they were \$50M below budget in Capital spending, which was also a big contributor to the NNB being so far below the limit. He asked if they would have to catch up on that spending. Ms. Miranda said they had a meeting coming up about the capital spending to ensure critical items were being addressed. COVID had caused delays in some of the projects. She said they would come back to summarize the spending against budget.

Trustee Sblendorio asked if the forecasting on agenda packet page 51, included increased labor costs. Ms. Miranda said they did not have a budget for the following year, it was just run rate. Once the budget was done for the following year, it would be updated.

Trustee Esteen said it was a relief that the \$124M balloon payment was shifted out of the current year. Ms. Miranda said she still didn't know when these amounts were going to be due and moved them to July in the next fiscal year since it was already March.

Trustee Bhuket asked if they had any idea if the \$124M would come due as one payment. He asked if the government affairs people should get ahead of it and request a payment plan of some kind. Ms. Miranda clarified that the total for all the recoupments was about \$154,803M. She said advocacy was great and something they should be doing. They were not the only hospital with the old waiver liability. She said they had informed the State that AHS did not have cash and inquired if they could make payments over time. The State said until they knew exactly how much was due they weren't ready for the conversation.

Trustee Bhuket asked if they could have a short document with historical context on some of these complicated items such as the permanent agreement as it related to the line of credit. He asked Trustee Esteen to work with staff to develop a simple primer for this.

She said it might be a good idea for the Finance Committee to get an orientation like what the full Board did when they came on.

B2. Chief Operating Officer Report

Mark Fratzke, Chief Operating Officer

Palav Babaria, MD, Chief Administrative Officer

B2a. Operations Report for Ambulatory

B2b. January 2021 Operations Dashboards

Dr. Babaria discussed the report beginning on agenda packet page 59.

Trustee Sblendorio said that the population was less likely to have broadband and more likely to have a cell phone, so it did not make sense to push for video visits. Dr. Babaria said that from a clinical perspective video and in person care provided more information than telephone visits. There were clear limitations to internet and video capability. She hoped there were efforts they could make to help bridge that divide. They had a pilot program of tech advocates program to help patients develop solutions.

Trustee Sblendorio suggested Sunne Wright McPeak could be a good resource.

Trustee Fox asked if registration errors could be tracked by clerk. Dr. Babaria said they could. She said they could drill down to that level.

C. INFORMATION / DISCUSSION**C1. FY22 Budget Goals and Guiding Principles**

Kimberly Miranda, Chief Financial Officer

Ms. Miranda discussed the report beginning on agenda packet page 80.

Trustee Fox asked if it made sense to benchmark themselves against other comparable public hospitals. Ms. Miranda said she thought this would be good idea and did have some information and CAPH had more. They could look into that. Trustee Fox said they could look at length of stay, coding metrics, etc.

Trustee Sblendorio said the hard part was figuring out how things like COVID would impact them. They had to look at how they were making the organization more productive.

C2. Strategic Initiative Updates

Kimberly Miranda, Chief Financial Officer

Ms. Miranda discussed the report beginning on agenda packet page 82.

D. ACTION ITEMS/DICUSSION: Contracts

D1. Agreement with Abbott Laboratories, Inc for laboratory equipment service and maintenance and purchase of consumables and reagents. The term of the Agreement shall be from April 1, 2021 through March 31, 2028. The estimated impact of the proposed amendment is \$12,519,759.00.

Mark Fratzke, Interim Chief Operating Officer

Mr. Fratzke and Mr. Holly discussed the contract summary beginning on agenda packet page 97.

Trustee Fox said it was a very long contract at seven years, was there opportunity to change the significant aspects of the contract if needed. Mr. Holly said there was a without cause termination in the agreement. If they did so they might have to pay a pricing component for the consumables.

Trustee Fox asked for a cost breakdown of service for equipment as opposed to reagents and what the annual maintenance expense was. Feuy Saechao said the equipment services was about \$30k per month and the consumables was about \$1.3M a year.

Trustee Esteen asked if there had been any maintenance issues, or where they within the operating life of the equipment. Dr. Ng said they were within the operating life.

Trustee Esteen said the lead time to approve the contract, as the contract would begin on April 1, she wanted to ensure the process allowed for enough time for the Trustees to get more information if needed. Thirty days in advance might not provide that time.

ACTION: A motion was made and seconded to recommend approval of the agreement with Abbott Laboratories, Inc. to the full Board. A roll call vote was taken, and the motion passed.

AYES: Trustees Blue, Esteen, Fox, and Sblendorio

NAYS: None

ABSTENTION: None

E. ACTION ITEMS/DICUSSION: Policies

E1. Hospital Financial Assistance and Charity Care

Kimberly Miranda, Chief Financial Officer

Trustee Fox moved, Trustee Blue seconded to recommend approval of the Hospital Financial Assistance and Charity Care policy to the full Board.

Trustee Sblendorio left the meeting at 8:00pm

ACTION: A motion was made and seconded to recommend approval of the Hospital Financial Assistance and Charity Care policy to the full Board. A roll call vote was taken, and the motion passed.

AYES: Trustees Blue, Esteen, and Fox

NAYS: None

ABSTENTION:

E2. Debt Collection Practices and Collection Agency Management

Kimberly Miranda, Chief Financial Officer

Ms. Miranda discussed the report beginning on agenda packet page 126.

ACTION: A motion was made and seconded to recommend approval of the Debt Collection Practices and Collection Agency Management policy to the full Board. A roll call vote was taken, and the motion passed.

AYES: Trustees Blue, Esteen, and Fox

NAYS: None

ABSTENTION:

F. WRITTEN REPORTS

F1. Supplemental Fund Descriptions

Kimberly Miranda, Chief Financial Officer

G. DISCUSSION: Committee Planning, Issues Tracking

Trustee Esteen said that items they wanted to track included, 340B for next month, the process for replacing the Government Funds Director, the contract renegotiations among the payers, and the debt management policies and how aggressive they were.

TRUSTEE COMMENTS

ADJOURNMENT: 8:06 pm

This is to certify that the foregoing is a true and correct copy of the minutes of the Finance Committee March 3, 2021 meeting as approved on April 7, 2021:

Ronna Jojola-Gonsalves

Ronna Jojola-Gonsalves (Apr 14, 2021 12:21 PDT)

Ronna Jojola Gonsalves
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: M. D. Moye

M. D. Moye (Apr 14, 2021 09:41 PDT)

M.D. Moye
General Counsel