



FINANCE COMMITTEE MEETING

Wednesday, April 7, 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 5:33 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 March 3, 2021 Finance Committee Meeting

Trustee Fox asked if the statement in paragraph five on agenda packet page eight, "She added the graph monitored cash collected and there would typically be some timing variance, but every 90 days they'd turn over their net revenue," should read 65 to 70 days. Ms. Miranda explained that they used 90 days in the math, but that he was correct.

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.

Trustee Sblendorio moved, seconded by Trustee Blue to approve the minutes of the March 3, 2021 Finance Committee meeting, with the suggested amendment.

ACTION: A motion was made and seconded to approve the minutes of the March 3, 2021 Finance Committee, changing “90 days” to “65 to 70 days” as noted. A roll call vote was taken, and the motion passed.

AYES: Trustees Blue, Esteen, Fox, and Sblendorio

NAYS: None

ABSTENTION: None

B. INFORMATION / DISCUSSION: Operating Reports

B1. Chief Financial Officer Report

Kimberly Miranda, Chief Financial Officer

B1a. February 2021 Financial Report

Ms. Miranda discussed the report beginning on agenda packet page 15.

Trustee Fox talked about tax related payments such as Measure A and tax revenue from Alameda. He asked if they paid a fixed rate from the County, or if the tax returns were more than expected, were they entitled to the entire increase. Ms. Miranda said the expectation, given COVID, was for the tax revenue to drop, but it was doing much better than predicted. There was a total remittance, which AHS got 75% and the County got 25%. Trustee Fox asked what the source tax was. Ms. Miranda said it was mostly sales tax. Trustee Fox asked if the same applied to the Alameda District Tax. Ms. Miranda said that was a special assessment that was done for people who lived on the island. It was not a sales tax. Trustee Fox asked if Alameda Hospital was entitled to all of it. Ms. Miranda said the District determined how much was given to AHS to run the hospital.

Trustee Fox asked what would be expected in next year’s capital budget, if there would be a catch up. Mr. Fratzke said that the leadership teams drafted the beginning of a list for the upcoming fiscal year. They had spent very little up until the \$9.5M planned for FY21 Q4, described on agenda packet page 53.

Trustee Esteen asked if, because the budget had included \$60M for Capital Expenditures and they spent about \$20M, there would be a rollover of \$35M in unspent funds. Ms. Miranda said the COO identified when they could do some of the projects. They focused on prioritizing for next year and beyond. Mr. Fratzke said they would try to purchase by quarter to cash flow over the course of the year so that they weren't buying \$30M in one month.

Trustee Fox asked about the \$93M asset called Deferred Outflow of Resources listed on agenda packet page 30. Ms. Miranda said she would look it up and get back to him. Ms. Miranda said it related to the retirement plan. It was the ACERA deferred outflow, there was also a deferred inflow down in the liabilities section. They came off of the actuary report, it was an amortization that occurred over five years.

B2. Chief Operating Officer Report

Mark Fratzke, Chief Operating Officer

Janet McInnes, Chief Administrative Officer & CNE

B2a. Operations Report for Acute Care and JGP

Ms. McInnes reviewed the report beginning on agenda packet page 60.

Trustee Fox asked about the Acute All-Cause 30-day Re-admit shown on agenda packet pages 60 and 61. He asked if the 5% was a relative reduction system wide for FY21 target meaning that Highland would go from 11.9% to a 6.5% or if they would be at 95% of where they currently were. Ms. McInnes said Highland would typically not dip that way. They were looking at a 5% reduction across the system. Trustee Fox said that a 5% reduction at Highland would be somewhere around 6/10th of a day. Ms. McInnes said she did not anticipate them going much lower than 11.9%. Trustee Fox asked if readmissions in comparable county hospitals were in the same range. Ms. McInnes said they were a little high, but 11 was a national average. Mr. Fratzke said he'd like to see them at 10% or below for the system and at all sites as a best practice. Trustee Fox said if they were worse than comparable hospitals by a significant degree he hoped they would improve by more than 5% in a year. Ms. McInnes said she'd bring that comparison re-admit data back next time.

Trustee Esteen suggested they track this. She wondered how they were working on this with the County as it was an issue they could not resolve on their own. She wondered what the other hospitals in the County, that were not County run, looked like. She asked if AHS was shouldering the bulk of the burden even though patients were matriculating into those other sites. Mr. Fratzke said they would like to bring back all the tactics being done to decrease this percent. Some of the best practice hospitals that were not safety net hospitals were into the 5%-8% range. AHS was approaching best practice, but they were not there yet. Ms. McInnes said that Behavioral Health was rolled into that number and drove it up.

Trustee Esteen asked how reducing sitters, as indicated on agenda packet page 61, would impact the safety of the patients. Ms. McInnes said every 5150 has to have a one to one sitter. They would not remove that. Sitters on the units for 5150/5250s were only at Highland. At other facilities it would only be other patients in the inpatient units. Mr. Fratzke said the type of restraint a patient needed was dependent on their acuity and condition. There were many options they could use in place of sitters. It was a matter of continuously reassessing patient's needs and meeting them with the right kind of restraint.

C. INFORMATION / DISCUSSION**C1. Update on Finance Staffing Vacancy**

Kimberly Miranda, Chief Financial Officer

Ms. Miranda reaffirmed that it was her responsibility to ensure they had the staff to perform the functions in the finance structure. There had been some turnover in key positions. She was confident in her team to manage the workload and they were working to fill the positions as quickly as possible.

C2. FY22 Budget Update

Kimberly Miranda, Chief Financial Officer

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

Mr. Jackson said he understood there was some consternation in the organization about removing the open FTE positions from the budget. It was important to remove them to move toward creating a balanced budget. When positions were approved they needed to move fast to fill positions. There was still much work to do, but he appreciated the Finance team for the work they had already accomplished.

Mr. Fratzke said \$99M seemed like a lot, but he was excited to try to close it. Ideas were being generated in the organization every day. There were opportunities in the revenue cycle, the supply chain, labor management and more.

Trustee Fox asked if there was opportunity in payer rate contract negotiations. Ms. Miranda said they engaged with a company in December to help them manage their strategy. They already had positive impacts. She would bring some information back in July. Trustee Fox asked if they would be done in time to be included in the budget. Ms. Miranda said she was going to try to get as many of them in budget as she could.

Trustee Esteen said it was curious that they didn't have anyone on staff to negotiate payer rates. Ms. Miranda said that if they could negotiate two- and four-year agreements and less than eight percent of their payer mix was commercial payers. If they could get multi-year contracts in place a staff person was not needed. The consultant was able to move quickly.

Trustee Fox asked if the payer rate negotiations could lead to more utilization of their clinics and departments than in the past. Ms. Miranda said they would like that, particularly in Alameda and San Leandro.

Trustee Esteen asked how long the eliminated vacant positions had been vacant and were they not needed or was the hiring process too slow. Ms. Miranda said that if a position had been vacant for six months or more, they would eliminate it. She said to avoid the organization over planning, they revised the process to state that managers no longer needed to have a position in the budget to ask for staffing if they needed it. Mr. Fratzke said they were aware of the slow hiring process. They were committed to condense that approval and hiring process.

Trustee Blue asked how long it took to bring people on board. Mr. Fratzke said it was taking two to three weeks just to get a replacement position approved. Then the recruitment process started. It could take two to three months to get a person in the door.

C3. Medical Managed Care – County Organized Health System (COHS)

Tangerine Brigham, Chief Administrative Officer, Population Health

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

Trustee Esteen asked if there was no choice for patients if there was only a single plan. Ms. Brigham said that currently there were two levels of choices. In a two-plan county model, a patient's first level was their health plan. With the exception of Kaiser, health plans were not providers. The patients then had a second level of choice in their provider. In the county organized health system patients did not have a choice of health plans, but they did have a choice of providers. In most two plan models, providers participated in both health plans because they had no idea how an individual would make their choice. The provider choice was not different in a local initiative versus a commercial plan.

Trustee Fox asked if there was data on quality patient/member satisfaction or cost and efficiency between plans on a county organized health system and counties where there is competition between a county sponsored plan and a commercial plan as in Alameda County. Ms. Brigham said the state of California had a managed care dashboard that compared quality, grievances and appeals, utilization data. But it usually did not provide cost utilization data. Trustee Fox asked if quality service and efficiency was better in Counties where there were two plans competing for member sign ups. Ms. Brigham said the State used the data to address that. Individuals made choices at the health plan level. The State used quality and utilization data to do default enrollment.

Trustee Fox asked what influence AHS had over what decision the County made. Ms. Brigham said they would participate in any stakeholder effort, but the decision was the County's.

Trustee Esteen asked if they anticipated a County submission prior to April 30th. Ms. Brigham said the County has asked for an extension. The Board of Supervisors would consider a recommendation that month.

D. ACTION ITEMS/DICUSSION: Contracts

D1. Agreement with The Regents of the University of California on behalf of the University of California, San Francisco, Department of Neurological Surgery for provision of neurological surgery services. The term of the Agreement shall be from July 1, 2021 through June 30, 2024. The estimated impact of the proposed agreement is \$5,592,499.50.

Ghassan Jamaledine, Chief Medical Officer

Dr. Jamaledine discussed the Contract Summary on agenda packet page 104.

Trustee Esteen asked if the contract included telemedicine. Dr. Jamaledine said that was a separate contract.

Trustee Esteen asked if this included residents and the training of residents. Dr. Jamaledine said they have residents as part of their general surgery who rotate in the neurosurgery though they did not yet have a neurosurgery resident.

Trustee Fox moved, seconded by Trustee Sblendorio to approve the agreement with the Regents of the University of California.

ACTION: A motion was made and seconded to approve the agreement with the Regents of the University of California. A roll call vote was taken, and the motion passed.

AYES: Trustees Blue, Esteen, Fox, and Sblendorio

NAYS: None

ABSTENTION: None

E. DISCUSSION: Committee Planning, Issues Tracking

Trustee Esteen said 30 day readmit get on the tracking list.

Trustee Sblendorio asked for status on WIPFLI. Ms. Miranda said the goal of phase 2 was to develop facility based financial statements. They had developed methodologies for allocations. They were working on dividing costs into entities and building out the financial statements. WIPFLI would go to ELT to present their work using the current year's budget.

TRUSTEE COMMENTS

ADJOURNMENT: 7:36 pm

This is to certify that the foregoing is a true and correct copy of the minutes of the Finance Committee April 7, 2021 meeting as approved on May 5, 2021:

Ronna Jojola-Gonsalves

Ronna Jojola Gonsalves
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: *shakib azizi*
[shakib azizi \(Oct 4, 2021 15:29 PDT\)](#)
Ahmad Azizi, Interim General Counsel









2021-04-07 FIN Minutes FINAL APPROVED

Final Audit Report

2021-10-05

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