



Fiscal 2024 Operating & Capital Budget  
June 7, 2023



# Agenda

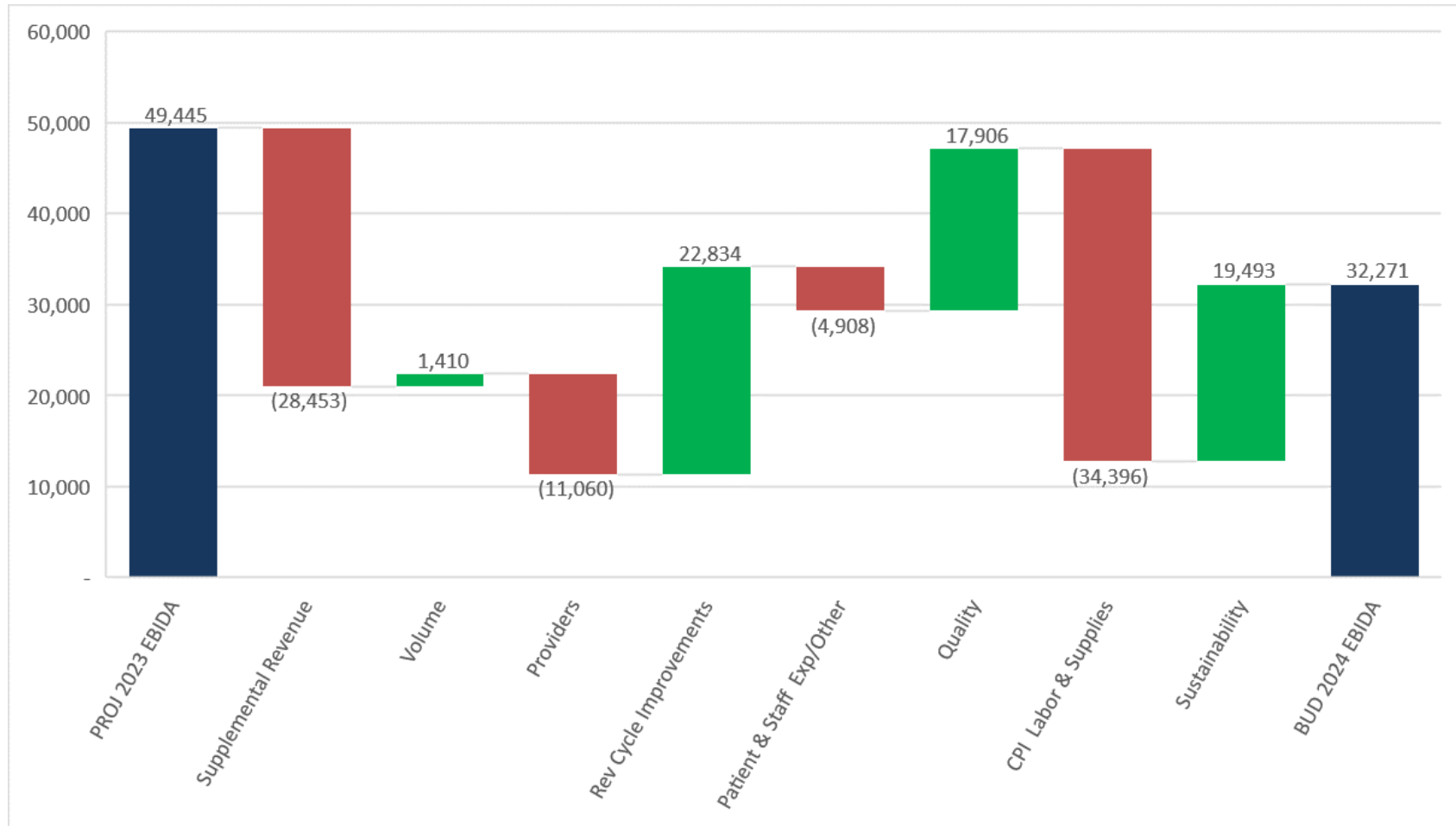
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- I. FY24 Proposed Operating Budget
- II. Waterfall Analysis
- III. Pillars: Resources Consistent with Mission
- IV. FY24 Financial Statement Variance Analysis
- V. Cash Flow Projection
- VI. FY24 Capital Budget
- VII. Financial Risk
- VIII. Bridge Plan
- IX. Appendix
  - I. Key Budget Assumptions
  - II. Volumes
  - III. Supplemental Revenues

# Financial Statements

(in thousands)	ACTUAL 2019	ACTUAL 2020	ACTUAL 2021	ACTUAL 2022	PROJECTED 2023	Proposed Budget 2024	Proj FY2023 to Final Budget 24 Variance	% Variance (FY2023 vs. Budget24)
<b>Operating Revenue -----</b>								
Net Patient Revenue	\$ 568,990	\$ 487,009	\$ 597,692	\$ 719,256	\$ 760,429	\$ 810,041	\$ 49,612	6.5%
Capitation Revenue	38,774	42,195	46,751	46,332	48,273	48,147	(126)	-0.3%
Other Government Programs	409,825	511,894	414,264	570,153	504,372	475,919	(28,453)	-5.6%
Other Revenues	31,400	33,517	38,993	41,133	45,831	56,342	10,511	22.9%
<b>Total Revenue - All Sources</b>	<b>\$ 1,048,988</b>	<b>\$ 1,074,615</b>	<b>\$ 1,097,700</b>	<b>\$ 1,376,874</b>	<b>\$ 1,358,905</b>	<b>\$ 1,390,450</b>	<b>\$ 31,544</b>	<b>2.3%</b>
<b>Collection %</b>	<b>16.7%</b>	<b>15.0%</b>	<b>18.0%</b>	<b>19.3%</b>	<b>18.6%</b>	<b>18.9%</b>	<b>0.3%</b>	<b>1.9%</b>
<b>Operating Expenses -----</b>								
Labor Expenses	757,093	754,206	809,965	825,186	950,565	1,015,638	(65,073)	-6.8%
Contracted Physician Services	92,419	84,736	35,869	38,124	41,490	41,813	(323)	-0.8%
Purchased Services	74,640	83,578	78,048	97,525	101,604	104,103	(2,500)	-2.5%
Materials and Supplies	87,879	85,975	94,397	109,632	121,282	129,960	(8,677)	-7.2%
Facilities	31,151	32,276	35,764	31,961	36,552	37,156	(604)	-1.7%
Depreciation	15,116	24,582	32,252	35,782	36,561	36,517	43	0.1%
General and Administration	18,974	19,518	23,054	27,732	24,745	29,699	(4,954)	-20.0%
<b>Total Operating Expenses</b>	<b>1,077,272</b>	<b>1,084,871</b>	<b>1,109,350</b>	<b>1,165,942</b>	<b>1,312,799</b>	<b>1,394,886</b>	<b>(82,087)</b>	<b>-6.3%</b>
<b>Operating Income (Loss)</b>	<b>(28,284)</b>	<b>(10,256)</b>	<b>(11,650)</b>	<b>210,932</b>	<b>46,106</b>	<b>(4,437)</b>	<b>(50,543)</b>	<b>109.6%</b>
<b>Non-Operating Activity -----</b>								
Interest Income (Expense)	(2,578)	(3,933)	(1,681)	(1,383)	(1,435)	(695)	740	51.6%
Other nonoperating Revenue	256	229	175	157	198	191	(8)	-3.8%
<b>Total Non Operating Activity</b>	<b>(2,322)</b>	<b>(3,704)</b>	<b>(1,506)</b>	<b>(1,226)</b>	<b>(1,237)</b>	<b>(504)</b>	<b>733</b>	<b>-59.2%</b>
<b>Net Income (Loss)</b>	<b>(30,606)</b>	<b>(13,960)</b>	<b>(13,156)</b>	<b>209,706</b>	<b>44,869</b>	<b>(4,941)</b>	<b>(49,810)</b>	<b>111.0%</b>
<b>EBIDA Adjustments</b>								
Interest Income (Expense)	2,578	3,933	1,681	1,383	1,435	695	(740)	51.6%
Depreciation	15,116	24,582	32,252	35,782	36,561	36,517	43	0.1%
Amortization (GASB-68, GASB-75)	61,003	23,983	(18,656)	(59,098)	(33,420)	-	(33,420)	100.0%
<b>Total EBIDA Adjustments</b>	<b>78,698</b>	<b>52,498</b>	<b>15,277</b>	<b>(21,933)</b>	<b>4,576</b>	<b>37,212</b>	<b>(34,117)</b>	<b>-745.6%</b>
<b>EBIDA</b>	<b>\$ 48,092</b>	<b>\$ 38,538</b>	<b>\$ 2,121</b>	<b>\$ 187,773</b>	<b>\$ 49,445</b>	<b>\$ 32,271</b>	<b>\$ (17,174)</b>	<b>-34.7%</b>
<b>Operating Margin</b>	<b>-2.7%</b>	<b>-1.0%</b>	<b>-1.1%</b>	<b>15.3%</b>	<b>3.4%</b>	<b>-0.3%</b>	<b>-3.7%</b>	<b>-162.4%</b>
<b>EBIDA %</b>	<b>4.6%</b>	<b>3.6%</b>	<b>0.2%</b>	<b>13.6%</b>	<b>3.6%</b>	<b>2.3%</b>	<b>-1.3%</b>	<b>212.4%</b>

# EBIDA Roll Forward



# HEDI: Health Equity Diversity Inclusion

***Health Equity Diversity and Inclusion are integral to AHS operations and there is ongoing efforts towards further improvements. Specific activities and programs addressing health care gaps include:***

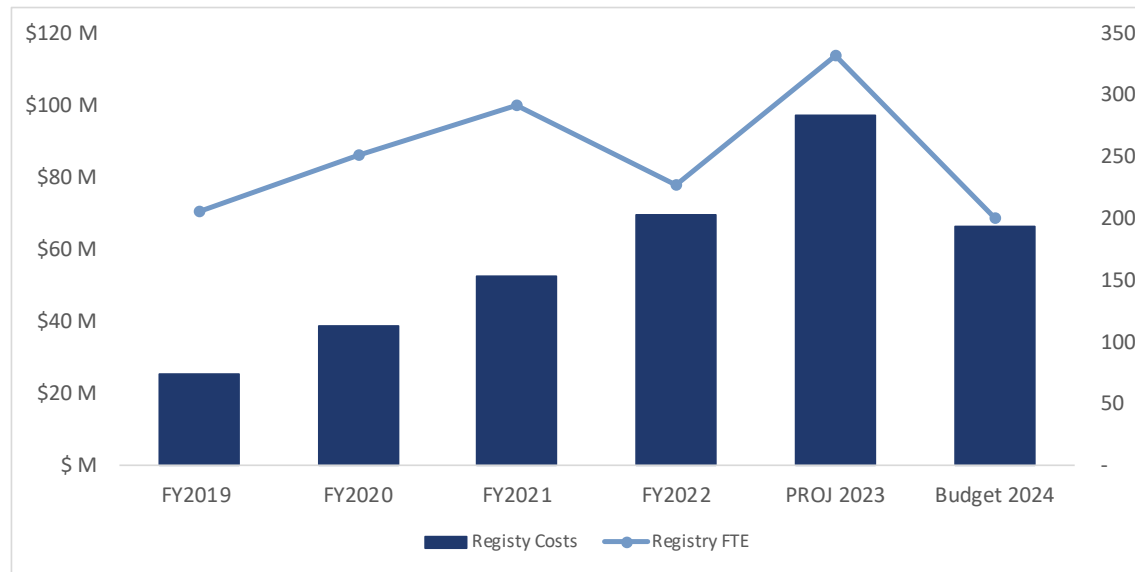
- Investment to increase Community Health Workers in primary and specialty care clinics and SUD clinic.
- BeLoved Black Birthing Center- program to improve perinatal care and birthing experience for black mothers and families to reduce maternal mortality rates.
- Healthcare for Homeless program's incorporation of dental services.
- Wayfinding/ Signage/ patient parking: efforts underway to improve wayfinding and signage and patient parking.
- AHS Affinity Group activities- Employee resources to promote community activities such as grocery vouchers for indigent families, health supplies backpacks, uniforms, socks, hats, toiletries, coloring books and celebration/ acknowledgement of employee affinity group.
- Honorariums for equity speakers for AHS wide presentations.
- Social Determinants Of Health (SDOH)- AHS is preparing to participate in mandatory CMS related reporting and voluntary submission of SDOH information on claims/ encounters to Medi-Cal managed Care health Plans.
- Recipe4Health- Partnering with Alameda County on “food as medicine” program to reduce chronic disease, nutrition insecurity etc.
- The new services/programs/ePMO analytical processes includes the use of disaggregated data, patient voice and the equity tool.

# 1 AHS Pillars: Sustainability

***Continuous improvement efforts and efficiencies are necessary to offset wage, supplies, and purchased service growth (CPI) and other external factors (legislative, etc).***

- Ongoing and sustainable improvements in the AHS Revenue cycle and payor settlements anticipated in FY24
  - Contract strategy with commercial payers reflect \$2.7M additional NPSR.
  - Continued improvement in sustaining lower denials under the Behavior Health contract with the County.
- Volume Increases
  - SLH 3<sup>rd</sup> Floor, PT/OT, Surgery, Park Bridge, Infusion, Primary Care Clinics, GI (ERCP)
- Supplies Initiative to standardize products and processes across the system to minimize waste and take advantage of discounts and improve billing for implant reimbursement
- Overtime reduction of \$1M, reducing OT % from 4.8% to 4.0%
- Transferring 131 FTE from registry to AHS by hiring them as core staff in nursing and IT areas.

# Registry Trend



	FY2019	FY2020	FY2021	FY2022	PROJ 2023	Budget 2024
Registry FTE	206	251	292	227	332	201
Registy Costs	\$26 M	\$39 M	\$53 M	\$70 M	\$97 M	\$67 M
Registry \$ / FTE	\$125 K	\$155 K	\$181 K	\$306 K	\$293 K	\$332 K

## Notes:

- FY2023 registry cost per FTE is lower than Budget FY2024 due to timing difference of reported FTEs, hours, and dollars due to late invoices. FTE statistics are not adjusted for late invoice entries
- When the registry vendor was switched to Vaya in FY2022, travel and lodging costs were included in registry expense instead of outside travelers.

# Cost Per FTE: Registry vs. Employee

Registry vs. Employee: Nurses



Registry vs. Employee: All Other



## Notes:

- Due to high demand and shortage of nurses, registry cost for nurses have increased significantly in the past three years, resulting in higher cost per FTE for registry nurses as compared to employee nurses
- FY2024 Budget for Employee and Registry RNs cost per FTE is higher than Actual 2023 due to misalignment of registry FTEs and associated costs between FY2023 and FY2022 due to late invoicing
- Excludes physicians



# 1 AHS Pillars: Sustainability

- Investment of \$3M for IT infrastructure for additional security software & increase in licensing fees.
- Budget includes full year of telesitters in lieu of FTEs without sacrificing quality (\$1.1M).
- Begin achieving economies of scale with volumes recovering to pre-pandemic levels (49 FTEs).
  - ✓ EVS efficiency
  - ✓ Food Services Nutrition efficiency
  - ✓ Emergency room efficiency
  - ✓ Covid staffing reduction of screeners
- Workers Comp expense reduction of \$0.7M due to initiatives targeted to reduce employee injuries.

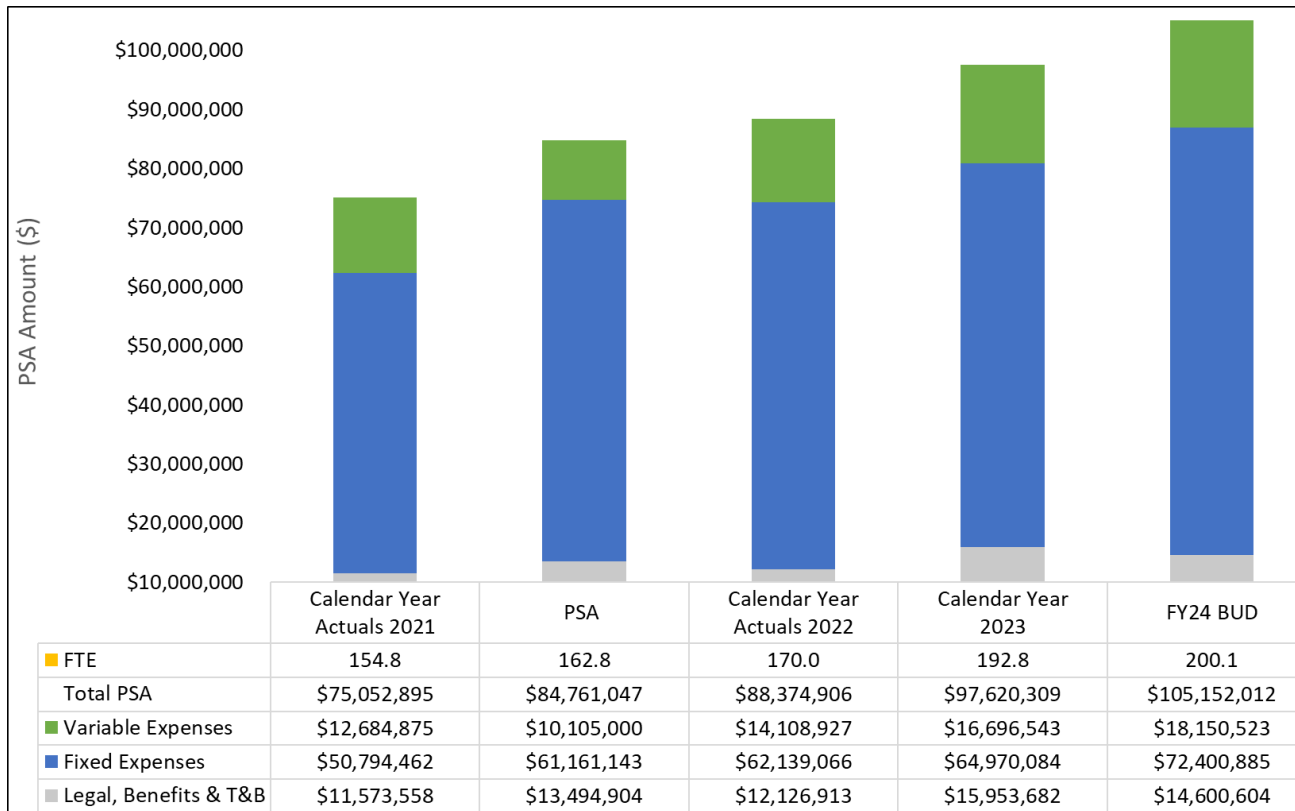
# AHS Pillars: Staff Experience

- COLA/ Wage adjustments for union and non represented included at ~3.0% with a 0.6% step and equity adjustment for a total \$20M.
- Employee recognition to celebrate Hospital Week, Nurses Week, Physicians Week and included a fund for departmental level celebrations - \$0.7M.
- Provides outside training, coaching and tuition reimbursement to encourage career growth within the workforce and reduce the need for registry - \$0.8M.
- Budget includes full year of additional recruiters hired in FY2023 to build our own workforce and reduce overtime.

## 2 AHS Pillars: Physician Experience

- Full year impact of AHMG PSA effective July 1, 2023, assumed not to exceed \$105M based on Board approved authority to bargain with the SEIU.
  - Newly recruited hires \$7M.
  - Quality Incentive Bonus of 2% \$1.4M.
  - Adjustment to leadership compensation \$1.1M.
- Increase in contracted physician.
  - UCSF (Trauma, Surgery, Call) increase of \$1M due to contract renewal and addition of a 1.0 FTE Vascular Surgeon.
  - UCSF (Neurosurgery) increase of \$.9M due to contract renewal and change to service-based contract vs FTE based.
  - UCSF (Oral Maxillofacial Surgery) increase of \$1.2M due to contract renewal and change to service-based contract vs FTE based.

# Alameda Health Medical Group (AHMG) Only Provider Services Agreement (PSA) Trend



PSA was increased by  
\$9.7M (13%) from FY2021

Calendar Year 2022  
exceeded the PSA by \$3.6M  
(4%)

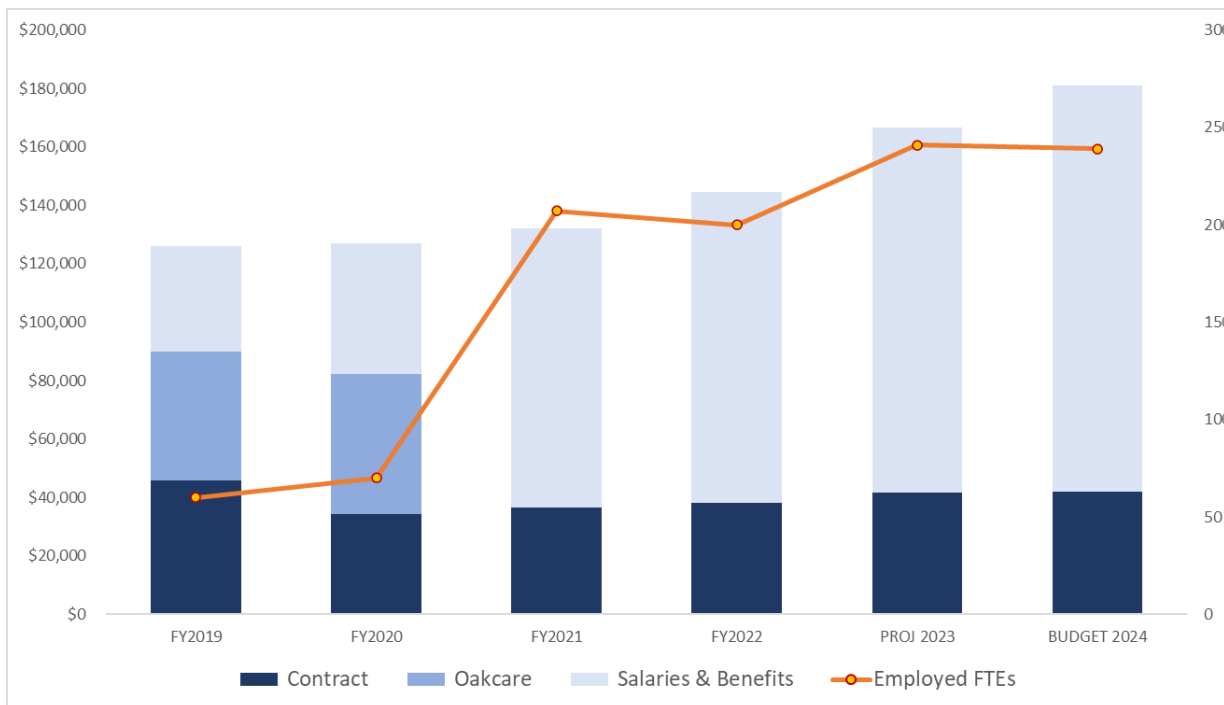
Calendar Year 2023  
forecasted to exceed 2022  
by \$9M (11%)

Fiscal Year 2024 budgeted  
+\$7.5M (7.7%) to Calendar  
2022. *\*includes committed hires*

## Notes:

- Key drivers of additional expense: new physicians, compensation adjustments, additional benefits
- Fixed represents the base annual salary amount. Variable represents the variable reimbursement under the PSA to cover additional AHMG provider call, Services As Needed (SAN)

# AHS Pillars: Physician Experience: Employed & Contracted



		FY2019		FY2020		FY2021		FY2022		PROJ 2023		BUDGET 2024
Contract	\$	45,871	\$	34,396	\$	36,470	\$	38,124	\$	41,490	\$	41,813
Oakcare	\$	44,163	\$	47,690	\$	-	\$	-	\$	-	\$	-
Salaries & Benefits	\$	35,879	\$	44,828	\$	95,558	\$	106,533	\$	125,202	\$	139,086
<b>Total</b>	<b>\$</b>	<b>125,914</b>	<b>\$</b>	<b>126,914</b>	<b>\$</b>	<b>132,028</b>	<b>\$</b>	<b>144,657</b>	<b>\$</b>	<b>166,692</b>	<b>\$</b>	<b>180,899</b>
% Increase YOY				0.8%		4.0%		9.6%		15.2%		8.5%
Employed FTEs		60		70		207		200		241		239

\*Contracted hours not available for all the years

## 2023 and 2024 Financial Report: Physician Expenses By Specialty

2023 and 2024 by Physician Specialty (in thousands)												
Specialty	PROJ 2023: Physician Expenses			BUDGET 2024: Physician Expenses			BUDGET 2024: Variance \$			BUDGET 2024: Variance %		
	Salaries	Contract	Total	Salaries	Contract	Total	Salaries	Contract	Total	Salaries	Contract	Total
Anesthesiology	\$ 10,044	\$ 936	\$ 10,980	\$ 10,472	\$ -	\$ 10,472	\$ 428	\$ (936)	\$ (508)	4%	-100%	-5%
Dental	0	1,698	1,698	\$ -	\$ 2,448	\$ 2,448	\$ -	\$ 750	\$ 750		44%	44%
Emergency	12,342	321	12,663	\$ 14,788	\$ -	\$ 14,788	\$ 2,447	\$ (321)	\$ 2,126	20%	-100%	17%
Gastroenterology	3,305	88	3,392	\$ 4,371	\$ 88	\$ 4,459	\$ 1,066	\$ -	\$ 1,066	32%		31%
GME	0	3,701	3,701	\$ -	\$ 4,482	\$ 4,482	\$ -	\$ 780	\$ 780		21%	21%
Hospice/Palliative Care	966	0	966	\$ 1,029	\$ -	\$ 1,029	\$ 62	\$ -	\$ 62	6%		6%
Hospitalists	11,185	3,478	14,663	\$ 10,924	\$ 3,817	\$ 14,741	\$ (261)	\$ 339	\$ 78	-2%	10%	1%
Internal Medicine	0	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Neurosurgery	0	1,855	1,855	\$ -	\$ 1,855	\$ 1,855	\$ -	\$ (0)	\$ (0)			0%
OB/GYN	6,484	1,202	7,686	\$ 7,542	\$ 1,202	\$ 8,744	\$ 1,058	\$ (0)	\$ 1,058	16%		14%
Orthopedic	2,967	1,960	4,927	\$ 2,938	\$ 1,960	\$ 4,898	\$ (29)	\$ -	\$ (29)	-1%		-1%
Plastic Surgery	0	75	75	\$ 556	\$ 75	\$ 631	\$ 556	\$ -	\$ 556			738%
Podiatry	1,644	25	1,669	\$ 1,375	\$ 25	\$ 1,400	\$ (269)	\$ 0	\$ (269)	-16%		-16%
PS Rehabilitation Medicine	0	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Psychiatry	6,787	28	6,815	\$ 6,481	\$ 28	\$ 6,509	\$ (306)	\$ 0	\$ (306)	-5%		-4%
Radiology	4,833	1,939	6,771	\$ 5,312	\$ 1,900	\$ 7,212	\$ 479	\$ (39)	\$ 441	10%	-2%	7%
All Other	33,084	24,184	57,268	\$ 38,714	\$ 23,934	\$ 62,647	\$ 5,630	\$ (251)	\$ 5,379	17%	-1%	9%
	<b>\$93,640</b>	<b>\$ 41,490</b>	<b>\$ 135,130</b>	<b>\$104,501</b>	<b>\$ 41,813</b>	<b>\$ 146,314</b>	<b>\$10,861</b>	<b>\$ 323</b>	<b>\$ 11,184</b>	<b>12%</b>	<b>1%</b>	<b>8%</b>

# Physicians Access

- AHMG has successfully recruited 38.5 FTEs since January 2022
  - **Increased specialty coverage** in areas such as Hospitalists, ER & Primary Care
  - **Recruited for new specialties** such as Plastic Surgery
- Need to ensure specialties have appropriate productivity and call coverage
- Need to ensure physician compensation is fair and compliant with fair market value

<i>Physician FTE</i>	Original PSA	FY24	+ / (-)
Hospitalists	23.5	31.8	8.3
Emergency Medicine	29.9	35.6	5.7
Internal Medicine: General	8.1	11.2	3.1
Orthopedic Surgery: General	4.0	5.0	1.0
Pathology: Anatomic and Clinical	5.5	8.5	3.0
OB/GYN: Gynecology	13.4	16.2	2.8
Physiatry (Physical Medicine and Reh	2.0	4.0	2.0
Pediatrics: General	8.9	10.6	1.7
Administration	3.6	5.0	1.4
Endocrinology		1.0	1.0
Gastroenterology	5.0	6.0	1.0
Palliative Care	2.0	3.0	1.0
Ophthalmology	1.0	2.0	1.0
Surgery: Plastic and Reconstruction		1.0	1.0
Rheumatology	1.6	2.6	1.0
Urology	2.0	3.0	1.0
Neurology	2.9	3.8	1.0
Pulmonary Medicine: General	6.9	7.7	0.8
Otorhinolaryngology	1.0	1.8	0.8
Anesthesiology	18.6	18.9	0.3
Dermatology	0.8	1.0	0.2
Radiology	9.0	9.0	0.0
Hematology	3.9	3.9	0.0
Podiatry: General	4.0	4.0	0.0
Cardiology	5.5	5.0	-0.5
<b>Grand Total</b>	<b>162.8</b>	<b>201.3</b>	<b>38.5</b>

### 3 AHS Pillars: Community Connection

- Investing in building back the Foundation infrastructure and increasing philanthropy support. Foundation is committed to covering their expenses based on board approved contract.
- Community Connect is a partnership with key healthcare partners within our community to extend our electronic medical record to ensure that our shared patients are at the center of services.
  - Allows clinicians to have access to medical records for quality of care.
  - AH Health Care for the Homeless is in contracting.
  - 3 potential partners are in exploration including AH Behavioral Health, St. Rose Hospital and Santa Rita Jail.
  - Additional services which AHS might extend are being contemplated including, rev cycle billing, lab services, reporting & BI, etc.
- Agreement with Cardea (Eddie's House) to work with unsheltered patients to reduce LOS and at the same time provide much-needed respite care combined with housing navigation and case management. Cardea is also reducing certain unnecessary ED admissions by providing the services needed by the patient.



# AHS Pillars: Community Connection

- Substance Use Disorder (SUD) expansion- Bridge clinic, a national leader in addiction care treatment model continues to improve clinic access. The program is expanding services to include IP consults in HGH and SL (through use of physician assistants and CHWs).
  - Referrals from the ED will help reduce length of stay.
  - Reduce readmissions.
- Increase in Community Outreach Worker as part of the continued effort to expand and adopt palliative care program beyond HGH campus to include all sites.
- IOP and PHP programs in FMT and HGH have stabilized. HGH and FMT OP Behavior Health and Wellness programs opened in Spring 2022 and are steadily gaining in numbers; these programs offer viable treatment venues for former IOP patients and other moderate to severe mental health patients.

## 4 AHS Pillars: Quality Care

- Improve Patient Management and reduce Length of Stay (LOS) \$15.7M.
  - Revamp UM Committee, establish physician advisors, and engagement started with Clinical Intelligence (CI)
    - Observation – putting patients in the correct status, right level of care
    - Intra-transfer patient management
  - Care management timely evaluation of patients (InterQual) and appropriate staffing in ED to reduce admits not meeting criteria
  - Throughput Kaizen event creating work to address throughput processes in and out of the ED and through the continuum of inpatient care
  - Maintain multi-disciplinary rounds
- Improve patient access in clinic settings \$4.8M.
  - Ramp up of new providers to 40<sup>th</sup> percentile of MGMA.
  - Standardizing clinic hours and improve scheduling.
- Expansion of FQ Dental clinic.
  - HGH Admin moving out of HGH campus (HCP 3) to facilitate clinical expansion.
  - HGH Dental services including Oral Maxillofacial and GME Dental to relocate to HCP3 allow de-compression and right sizing of these services
    - Conversion of administrative to clinical space estimated to require capital funds of \$2.0M and are included in budget- estimated completion TBD
  - EWC clinic lease expansion for adult Dental services.
    - Construction to start July 2023. Capital funds of \$4.9M included in the budget.

## 4 AHS Pillars: Quality Care

- Enhanced Care Management (ECM) grant for \$1.8M awarded by DHCS expands AHS ability to fill critical gaps in care for Medi-Cal managed patients meeting SMI, and, or SUD criteria.
  - Currently, AHS assigned patients with SMI have limited access to specialty mental health services.
  - Builds on success of existing Complex Care Management and the Bridge programs.
  - Deploys use of Community Health Outreach Workers, Psychiatrist, Psychiatric Technicians, Social Work Supervisor and other support staff.
  - Support long term engagement in needed services such as specialty mental health, primary care, medication assisted treatment (MAT), community social services.
  - Directly targets current epidemic of overdose and suicide incidents of which SUD and SMI are known to be major contributors.

# AHS Pillars: Quality Care

- Quality metrics – investing in infrastructure to measure and track to improve performance.
  - Dis-aggregation of data
  - Improve publicly reported quality scores
  - Supporting HEDI activities
- Physician Quality dashboard.
  - Chart closures, eConsult response times, length of stay and more
  - RVU/Productivity/Benchmarking/Attribution
- Continue with Biomed refresh project to ensure equipment are up to date and safe to use for both patients and employees.
- HGH's Stroke certification application is in process.
- OR Utilization improving patient access and efficiency (75% block utilization).

# FINANCIALS

# FY24 Budget – Net Patient Revenue

	AUDITED ACTUAL 2019	AUDITED ACTUAL 2020	AUDITED ACTUAL 2021	AUDITED ACTUAL 2022	PROJECTED 2023	Proposed Budget 2024	Proj FY2023 to Final Budget 24 Variance	% Variance (FY2023 vs. Budget24)
Inpatient Service Revenue	\$ 2,029,317	\$ 2,006,264	\$ 2,047,811	\$ 2,256,446	\$ 2,460,056	\$ 2,567,043	\$ 106,988	4.3%
Outpatient Service Revenue	1,075,182	941,154	942,639	1,126,444	1,278,281	1,316,362	38,081	3.0%
Professional Service Revenue	333,485	309,400	327,462	341,540	358,642	400,117	41,475	11.6%
Gross Patient Revenue	\$ 3,437,985	\$ 3,256,818	\$ 3,317,912	\$ 3,724,430	\$ 4,096,979	\$ 4,283,522	\$ 186,543	4.6%
Deductions from revenues	(2,868,995)	(2,769,809)	(2,720,219)	(3,005,174)	(3,336,551)	(3,473,481)	(136,931)	4.1%
<b>Net Patient Revenue</b>	<b>\$ 568,990</b>	<b>\$ 487,009</b>	<b>\$ 597,692</b>	<b>\$ 719,256</b>	<b>\$ 760,429</b>	<b>\$ 810,041</b>	<b>\$ 49,612</b>	<b>6.5%</b>
<i>Collection % - NPSR</i>	<i>16.6%</i>	<i>15.0%</i>	<i>18.0%</i>	<i>19.3%</i>	<i>18.6%</i>	<i>18.9%</i>	<i>0.3%</i>	<i>1.9%</i>
Capitation and HPAC	\$38,774	\$42,195	\$46,751	\$46,332	\$47,165	\$48,147	\$982	2.1%

## Notes:

- Gross revenue increases
  - CDM increased by 3%
  - Inpatient service revenue shows increase in surgery and patient days, SL 3<sup>rd</sup> Floor, acute rehab
  - Outpatient service revenue is largely flat due to increase in OP surgery offset by decrease in JG PES volume
  - Professional service revenue increase due to patient days and clinic visits (part of Bridge Plan improvement in physician productivity)
- Net revenue increase of \$49.6M driven by revenue cycle improvements, collection ratio at 18.9%

# FY24 Budget – Net Patient Revenue

	FY2023 Annualized		BUDGET2024		FY23 Annual vs BUDGET2024	Var%
Gross Patient Revenue	\$	4,096,979,381	\$	4,158,759,617		
CDM Increase				124,762,789		
<b>Total Gross Revenue</b>	<b>\$</b>	<b>4,096,979,381</b>	<b>\$</b>	<b>4,283,522,406</b>	<b>\$ 186,543,025</b>	<b>4.6%</b>
<b>Net Revenue Baseline</b>	<b>\$</b>	<b>760,428,796</b>	<b>\$</b>	<b>776,551,522</b>	<b>\$ 16,122,726</b>	<b>2.1%</b>
Collection %		18.6%		18.1%		
<b>FY2024 Revenue Improvements</b>						
Behavior Health Contract				10,852,730		
CDM Commercial Increase				2,700,000		
Bridge Plan - Daily Recon				600,000		
Bridge Plan - Software Charge Review				500,000		
Bridge Plan - Billing Observation Hours				2,500,000		
Bridge Plan - 340B Recovery				200,000		
Bridge Plan - Implants				750,000		
Bridge Plan - LOS Improvement				13,237,842		
Bridge Plan - Stroke				2,149,023		
<b>Total Improvements</b>			<b>\$</b>	<b>33,489,595</b>		
<b>FY2024 Net Revenue</b>	<b>\$</b>	<b>760,428,796</b>	<b>\$</b>	<b>810,041,117</b>	<b>\$ 49,612,321</b>	<b>6.5%</b>
Collection Ratio		18.6%		18.9%		

# FY24 Budget – Other Revenue

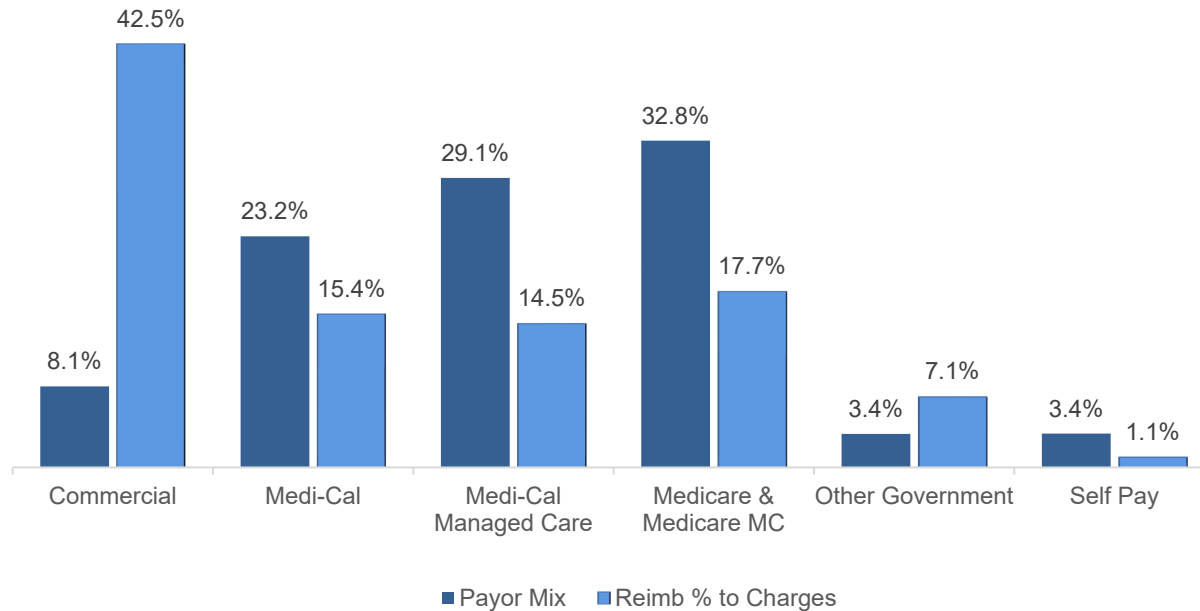
	AUDITED ACTUAL 2019	AUDITED ACTUAL 2020	AUDITED ACTUAL 2021	AUDITED ACTUAL 2022	PROJECTED 2023	Proposed Budget 2024	Proj FY2023 to Final Budget 24 Variance	% Variance (FY2023 vs. Budget24)
Medi-Cal Waiver	116,083	97,281	92,827	166,853	101,076	91,446	(9,630)	-9.5%
Measure A, Parcel Tax, Other Support	131,029	121,197	133,569	149,935	160,093	166,412	6,319	3.9%
Supplemental Programs	162,712	274,612	157,006	249,822	243,203	218,061	(25,142)	-10.3%
COVID-19 funding	\$0	\$18,803	\$30,862	\$3,544	\$0	\$0	-	0.0%
<b>Other Government Programs</b>	<b>\$409,824</b>	<b>\$511,894</b>	<b>\$414,264</b>	<b>\$570,153</b>	<b>\$504,372</b>	<b>\$475,919</b>	<b>(\$28,453)</b>	<b>-5.6%</b>
Grants & Research Protocol	11,098	11,741	13,771	11,502	12,554	11,701	(853)	-6.8%
Other Operating Revenue	20,303	21,776	25,222	29,631	33,277	44,641	11,365	34.2%
<b>Other Operating Revenues</b>	<b>\$31,401</b>	<b>\$33,517</b>	<b>\$38,993</b>	<b>\$41,133</b>	<b>\$45,831</b>	<b>\$56,342</b>	<b>\$10,511</b>	<b>22.9%</b>
<b>Operating Revenue</b>	<b>1,048,988</b>	<b>1,074,615</b>	<b>1,097,700</b>	<b>1,376,874</b>	<b>1,358,905</b>	<b>1,390,449</b>	<b>31,544</b>	<b>2.3%</b>

## Notes:

- Medi-Cal Waiver decreased \$9.6M due to FMAP benefit phasing out and no longer receiving pandemic threshold reduction. This also incorporates the \$4.3M distribution change to Los Angeles.
- Measure A estimated to be 3.9% increase over prior year due to increasing tax revenues.
- Supplemental Programs decrease driven by QIP (\$17.7M), GME (\$5.0M), Physician SPA (\$3.9M), County BHCS Funding prior year settlement (\$4.3M) offset by increase in Rate Range (\$5.8M). See full list of programs in the appendix page 58.
- Grants & Research Protocol decrease due to two grants which ended, RART Grant and Cancer Research Grant.
- Other operating revenues has a net increase of \$11.4M primarily driven by 3<sup>rd</sup> party payor settlements (\$10.4M) expected next year (included in the bridge plan).



# Payor Mix & Reimbursement Based on Gross Charges

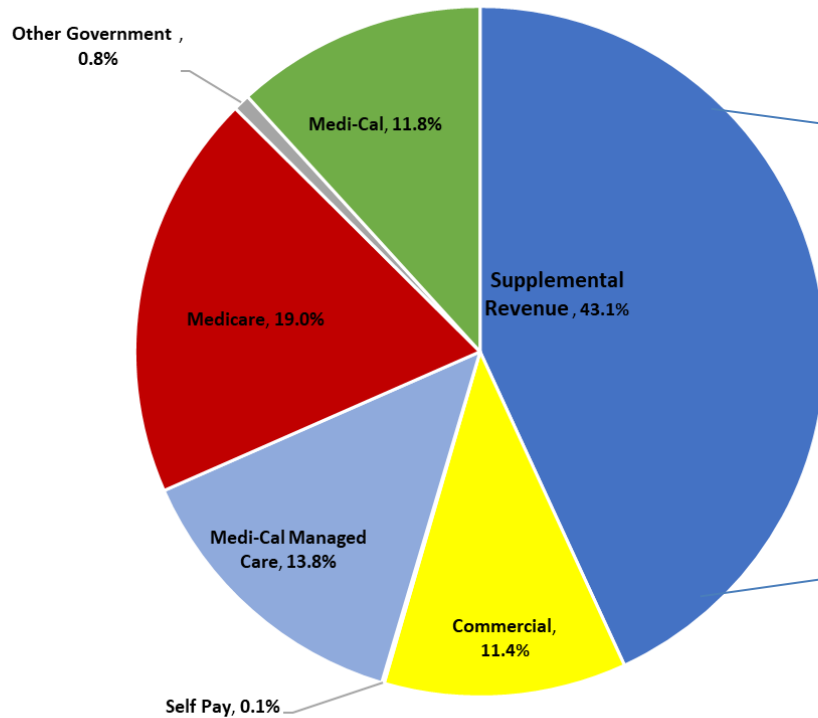


## Notes:

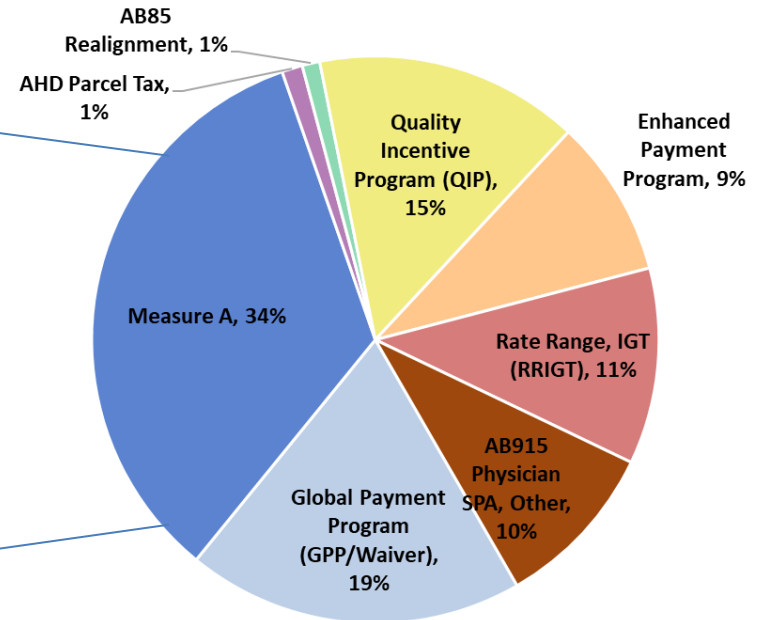
- Payor Mix is based on budget gross charges by payor and consistent with prior years.
- Reimbursement reflects NPSR as a percent of charges and does not include Supplemental Revenue.
- Other Government includes HPAC.
- John George gross charges related to the Behavioral Health Contract with the county are included in Medi-Cal and Medi-Cal Managed Care payors.

# Revenue Sources: Supplementals

Revenue by Payor Source



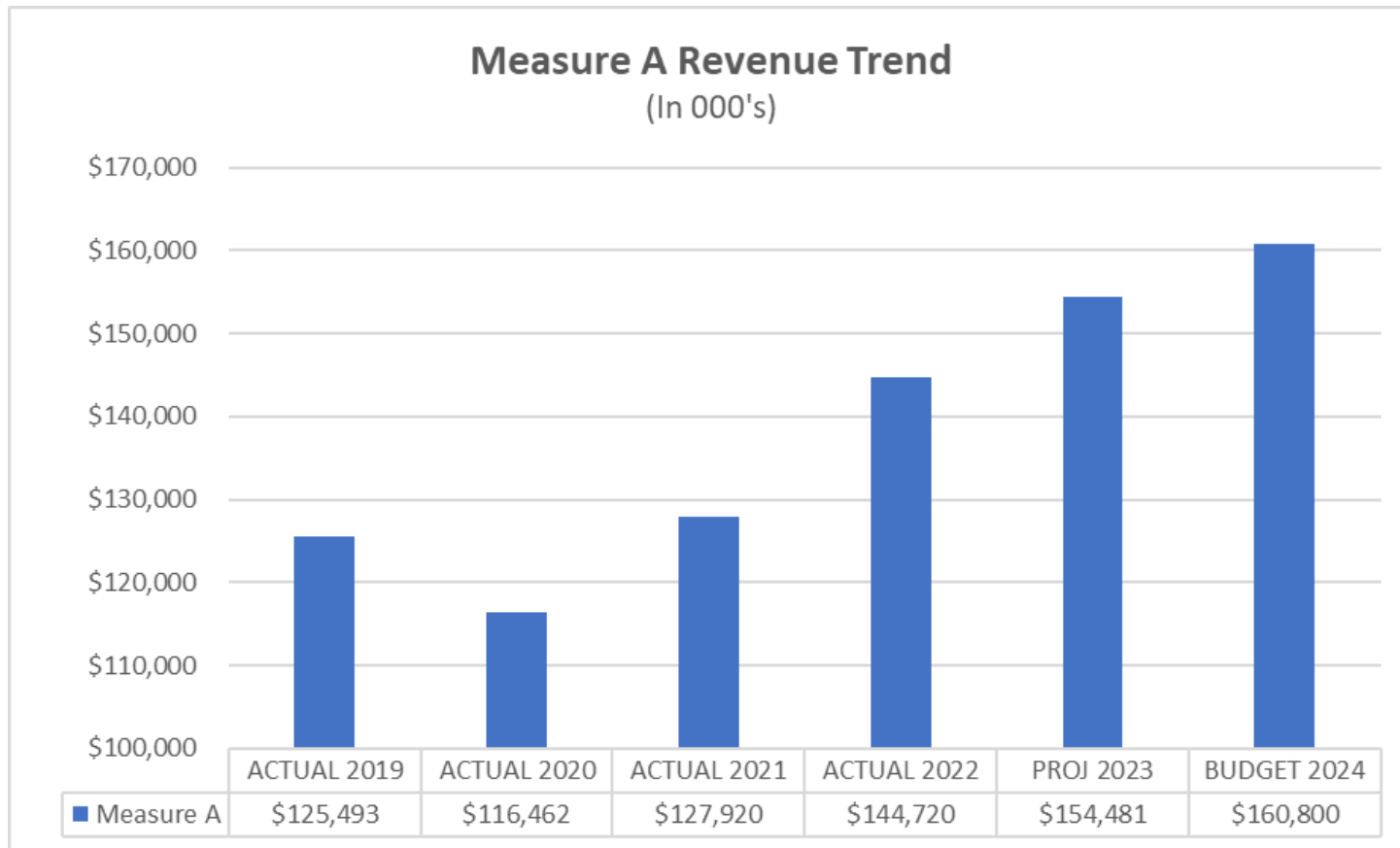
Supplemental Revenue Breakout



## Notes:

- The reimbursement distribution by payor includes net patient revenue and supplemental revenue.
- FY24 Supplemental Revenue is \$476M and represents 43.1% of total revenue (excludes BHCS revenue) vs. 38.2% of FY23.
- Commercial is at 11.4%, an increase of 0.8% vs 10.6% of FY23.

# Revenue Sources



- FY2024 Budget based on FY2023 Actual Annualized April plus 3.9%

# FY24 Budget – Operating Expenses (Excl Labor)

	AUDITED ACTUAL 2019	AUDITED ACTUAL 2020	AUDITED ACTUAL 2021	AUDITED ACTUAL 2022	PROJECTED 2023	Proposed Budget 2024	Proj FY2023 to Final Budget 24 Variance	% Variance (FY2023 vs. Budget24)
Labor Expenses	\$ 757,093	\$ 754,206	\$ 809,965	\$ 825,186	\$ 950,565	\$ 1,015,638	\$ (65,073)	-7.9%
Contracted Physician Services	92,419	84,736	35,869	38,124	41,490	41,813	(323)	-0.8%
Purchased Services	74,640	83,578	78,048	97,525	101,604	104,103	(2,500)	-2.6%
Materials and Supplies	87,879	85,975	94,397	109,632	121,282	129,960	(8,677)	-7.9%
Facilities	31,151	32,276	35,764	31,961	36,552	37,156	(604)	-1.9%
Depreciation	15,116	24,582	32,252	35,782	36,561	36,517	43	0.1%
General and Administration	18,974	19,518	23,054	27,732	24,745	29,699	(4,954)	-17.9%
<b>Total Operating Expenses</b>	<b>\$ 1,077,272</b>	<b>\$ 1,084,871</b>	<b>\$ 1,109,350</b>	<b>\$ 1,165,942</b>	<b>\$ 1,312,799</b>	<b>\$ 1,394,886</b>	<b>\$ (82,087)</b>	<b>-7.0%</b>

## Notes:

- Contracted Physician Services increased for UCSF including Trauma, Surgery, Vascular, Neurosurgery and Oral Maxillofacial effort to align physician compensation with external market.
- Purchased services variance resulting from \$2.7M Cardea contract to enable hospital discharge and placement of homeless patients, \$1.8M in Parking Services including patient valet services and additional offsite shuttle services, \$1.2M for physician documentation training, \$2.5M in new security software and EPIC license increase, \$1.2M billing observation hours; offsets from \$1.5M in HIM internalization of staff and \$5.4M for Huron contingency fees for Best Project.
- Materials and Supplies variance reflects \$6.3M for volume and CPI increases, \$2.1M inventory and supply adjustments, \$1.8M for IT refresh offset by supplies initiative of \$1.5M.
- Facilities variance primarily due to increase in IT infrastructure including upgrades related to Telephone/Cell Phones.
- Due to delay of capitalizing projects, depreciation decreased offset by new lease for administrative offices \$1.2M.
- General and Admin variance resulting from \$3.3M 3<sup>rd</sup> party payor legal settlement fees, \$0.7M Insurance fees, \$0.5M for employee recognition and celebrations such as Nurses Week, \$0.3M for trade association fees and property taxes.

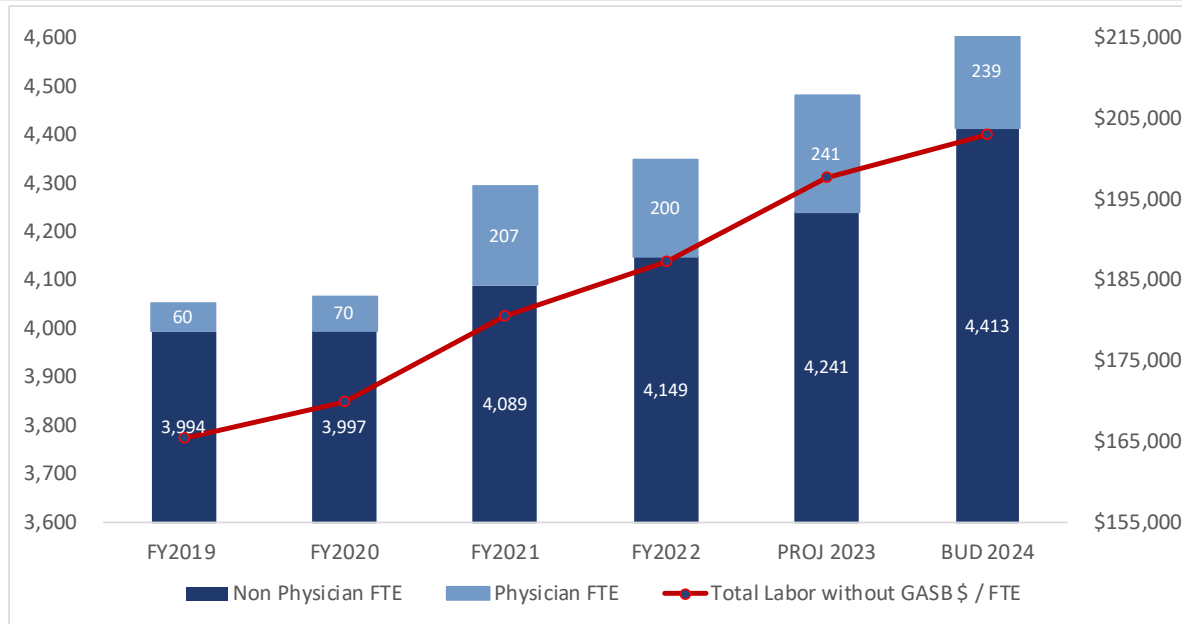
# FY24 Budget – Labor Expenses

	AUDITED ACTUAL 2019	AUDITED ACTUAL 2020	AUDITED ACTUAL 2021	AUDITED ACTUAL 2022	PROJECTED 2023	Proposed Budget 2024	Proj FY2023 to Final Budget 24 Variance	% Variance (FY2023 vs. Budget24)
Salaries and wages	\$ 471,255	\$ 484,872	\$ 507,802	\$ 532,107	\$ 570,775	\$ 608,503	\$ (37,728)	-7.1%
Salaries and wages (physicians)	26,648	33,615	71,336	80,050	93,640	104,501	(10,861)	-13.6%
Registry	25,692	38,784	52,836	69,605	97,356	66,662	30,694	44.1%
Employee benefits	109,572	108,530	127,122	127,197	143,421	149,527	(6,105)	-4.8%
Retirement	62,923	64,422	69,526	75,325	78,792	86,444	(7,652)	-10.2%
Retirement GASB68	61,003	23,983	(18,656)	(59,098)	(33,420)	-	(33,420)	56.6%
<b>Total Labor Costs</b>	<b>\$ 757,093</b>	<b>\$ 754,206</b>	<b>\$ 809,965</b>	<b>\$ 825,186</b>	<b>\$ 950,565</b>	<b>\$ 1,015,638</b>	<b>\$ (65,073)</b>	<b>-7.9%</b>
Compensation Ratio	72.2%	70.2%	73.8%	59.9%	70.2%	73.0%	-179.0%	-2.8%
Paid FTEs	4,345	4,391	4,588	4,577	4,814	4,853	(39)	-0.8%

## Notes:

- Salary and wages increased \$37.7M and 92 FTEs.
  - FTEs and costs increased due to volumes, providers, GME expansion, Quality/Patient Safety, staffing to labor standards, and transferring registry to staff positions and.
  - FTEs and costs decreases in FTE in areas, including New Tele-sitter program, housekeeping/food services/ED efficiency, and COVID.
- Salary and wages (physicians) increased by \$10.9M primarily due to rates
- Registry decreased \$30.7M and 131 FTEs.
  - Rate increase (\$12.5M)
  - Reduced registry utilization by hiring core staff (\$43.2M)
- Benefits increased \$6.1M based on CPI, increased in utilization of self funded health plan and increased FTEs.
- Retirement reflects increase of FTE; the long-term actuarial retirement funding (No EBIDA impact) will true up to actuarial report available mid-June. Request a special BOT approval to add in GASB Retirement impact in July.

# Cost of Labor Trend: Employed



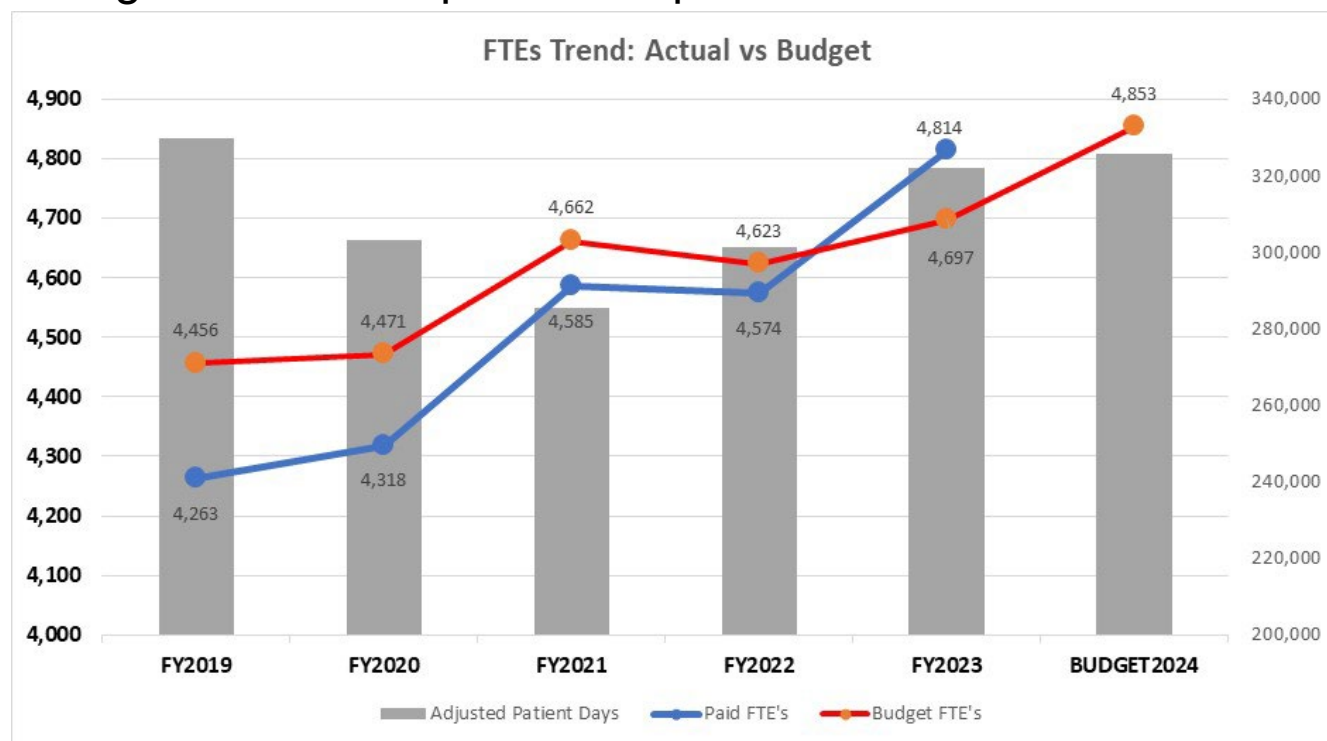
		FY2019	FY2020	FY2021	FY2022	PROJ 2023	BUD 2024
OT \$ / FTE	\$	8,200	\$ 8,100	\$ 6,500	\$ 7,300	\$ 9,200	\$ 7,100
Salary \$ / FTE		114,600	119,400	128,300	133,500	139,000	145,200
Benefits \$ / FTE		42,500	42,500	45,800	46,600	49,600	50,700
<b>Total Labor without GASB \$ / FTE</b>	<b>\$</b>	<b>165,400</b>	<b>\$ 170,000</b>	<b>\$ 180,600</b>	<b>\$ 187,300</b>	<b>\$ 197,800</b>	<b>\$ 203,000</b>
<b>Comp Ratio without GASB</b>		<b>66%</b>	<b>68%</b>	<b>75%</b>	<b>64%</b>	<b>72%</b>	<b>73%</b>
Total Labor w GASB \$ / FTE		180,400	175,900	176,200	173,700	190,300	203,000
Comp Ratio w GASB		72%	70%	74%	70%	73%	-206%

## Notes:

Labor costs exclude actuarial estimates for the retirement plan because fluctuations are largely influenced by market changes and not a true picture of internal AHS labor expenses year to year. Total Labor costs w GASB include the long-term actuarial estimate to fund the retirement plans.

# FTE Trends – Includes Employed & Registry

Budget 2024 continues to build on successful tactics, such as excluding vacancies and continuing the new FTE process implemented in FY22 .



## Notes:

- Every 10 FTE costs ~\$2.1 M with benefits
- Post-Covid volumes have picked up almost to FY19 levels; suggesting that there is opportunity to be more efficient and add volumes without significantly increasing FTEs

# Projected Cashflow and NNB with County



# AHS Cash Flow Summary Projection

	Huron					
	ACTUAL 2021	ACTUAL 2022	PROJECTED 2023	BUDGET 2024	PROJECTED 2025	PROJECTED 2026
<i>(In thousands)</i>						
<b>Cash Flow from Operations</b>	\$ 2,110	\$ 14,653	\$ 45,368	\$ 26,301	\$ 45,055	\$ 32,426
Supplemental Timing & Balance Sheet	104,615	80,976	(1,471)	21,342	-	-
<b>Adjusted Cash Flow</b>	<b>106,725</b>	<b>95,629</b>	<b>43,897</b>	<b>47,643</b>	<b>45,055</b>	<b>32,426</b>
<i>EPIC Financing Payment</i>	(3,767)	(3,377)	(3,377)	(3,377)	(3,377)	(3,377)
<b>Committed Debt</b>	<b>(3,767)</b>	<b>(3,377)</b>	<b>(3,377)</b>	<b>(3,377)</b>	<b>(3,377)</b>	<b>(3,377)</b>
<i>Alameda Hospital Seismic Project (\$27.7M)</i>	(13,580)	(8,242)	-	-		
<i>Committed Capital - Carryforward prior FYs</i>	(244)	(2,139)	(10,109)	(15,550)	(18,437)	(5,211)
<i>New Capital Requests &amp; Contingency</i>	(7,057)	(9,758)	(9,120)	(14,991)	(9,551)	(3,276)
<i>Difference from Huron</i>					(2,890)	(21,590)
<b>Capital Outlay</b>	<b>(20,881)</b>	<b>(20,139)</b>	<b>(19,229)</b>	<b>(30,541)</b>	<b>(30,878)</b>	<b>(30,077)</b>
<i>Jaber</i>	118	132	-	150	100	100
<i>AHSF Support</i>	439	-	-	651	-	-
<b>Other Capital Funding Sources</b>	<b>557</b>	<b>132</b>	<b>-</b>	<b>801</b>	<b>100</b>	<b>100</b>
<i>POB Debt Retirement</i>	(7,156)	-	-	-	-	-
<i>Capital Cost Transfer to County (2)</i>	-	-	(33,952)	(8,100)	(8,100)	(8,100)
<i>Capital Reserve Fund (pmt to County)</i>	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)
<i>Capital Reserve Fund (pmt from County)</i>	-	-	28,000	7,000	7,000	7,000
<b>Total County Transactions</b>	<b>(14,156)</b>	<b>(7,000)</b>	<b>(12,952)</b>	<b>(8,100)</b>	<b>(8,100)</b>	<b>(8,100)</b>
<b>Cash Surplus/(Deficit)</b>	<b>68,478</b>	<b>65,245</b>	<b>8,339</b>	<b>6,426</b>	<b>2,800</b>	<b>(9,028)</b>
<b>Net Negative Balance (Before Recoupment)</b>	<b>(14,527)</b>	<b>50,718</b>	<b>59,057</b>	<b>65,483</b>	<b>68,283</b>	<b>59,255</b>
<b>Scheduled NNB Limit</b>	(120,000)	(115,000)	(110,000)	(105,000)	(100,000)	(95,000)
<b>Over/(Under) NNB</b>	(105,473)	(165,718)	(169,057)	(170,483)	(168,283)	(154,255)
<i>Old Waivers (FY10, FY11, FY14, FY15)</i>	-	-	-	(16,291)	-	-
<i>Physician SPA (FY08-13)</i>	-	-	-	(30,000)	-	-
<i>FQHC Settlement</i>	-	-	-	(40,000)	-	-
<b>Total Prior Year Recoupment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(86,291)</b>	<b>-</b>	<b>-</b>
<b>Net Negative Balance (After Recoupment)</b>	<b>(14,527)</b>	<b>50,718</b>	<b>59,057</b>	<b>(20,808)</b>	<b>(18,008)</b>	<b>(27,036)</b>
<b>Scheduled NNB Limit</b>	(120,000)	(115,000)	(110,000)	(105,000)	(100,000)	(95,000)
<b>Over/(Under) NNB</b>	(105,473)	(165,718)	(169,057)	(84,192)	(81,992)	(67,964)

# AHS Balance Sheet Projection

	FY 2020	FY 2021	FY 2022	FY 2023 Projected	FY 2024 Budget
<b>ASSETS</b>					
Cash & cash equivalents	\$ 9,418	\$ 8,221	\$ 9,861	\$ 14,177	\$ 14,177
Patient account receivables, net	84,361	79,143	92,880	92,979	88,772
Due from third-party payors	179,764	157,428	242,035	277,999	270,887
Due from County of Alameda	75,790	98,834	104,446	68,276	68,276
Due from State of California	23,867	33,427	21,163	32,334	27,480
Inventories	10,528	20,375	17,774	17,818	17,818
Other current assets	11,890	13,267	17,478	15,867	15,867
<b>TOTAL CURRENT ASSETS</b>	<b>395,618</b>	<b>410,695</b>	<b>505,637</b>	<b>519,450</b>	<b>503,277</b>
Restricted cash equivalents	25,341	25,401	25,063	25,321	25,321
Liquidity facility - County of Alameda	-	-	25,655	33,736	40,162
Post employment benefit asset	-	-	75,165	75,165	75,165
Right-to-use lease assets, net	35,439	31,501	27,981	26,976	26,976
Capital assets - nondepreciable	30,605	40,392	23,585	33,604	33,604
Capital assets - depreciable, net	166,329	143,383	149,195	125,469	124,922
<b>TOTAL NONCURRENT ASSETS</b>	<b>257,714</b>	<b>240,677</b>	<b>326,644</b>	<b>320,271</b>	<b>326,150</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>85,548</b>	<b>130,420</b>	<b>106,457</b>	<b>106,457</b>	<b>106,457</b>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS</b>	<b>\$ 738,880</b>	<b>\$ 781,792</b>	<b>\$ 938,738</b>	<b>\$ 946,178</b>	<b>\$ 935,884</b>

\*FY20-FY22 reflect audited Financial Statements

NNB = Restricted Cash Equivalent + Liquidity facility

# AHS Balance Sheet Projection

	FY 2020	FY 2021	FY 2022	FY 2023 Projected	FY 2024 Budget
<b>LIABILITIES &amp; NET ASSETS</b>					
Accounts payable and accrued expenses	\$ 45,797	\$ 35,536	\$ 67,351	57,503	57,503
Accrued compensation	24,541	36,030	42,706	26,067	26,067
Due to third-party payors	184,941	274,141	216,285	264,322	258,969
Due to County of Alameda	23,936	31,155	39,294	7,636	7,636
Current portion of accrued compensated absences	20,087	20,508	22,191	25,011	25,011
Current portion of self-insurance liability	7,027	7,896	8,572	8,805	8,805
Current portion of lease obligations	3,938	3,086	3,513	4,300	4,300
Current portion of long-term obligations	7,156	0	0	0	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>317,423</b>	<b>408,352</b>	<b>399,912</b>	<b>393,644</b>	<b>388,291</b>
Liquidity facility - County of Alameda	108,346	39,928	-	0	-
Net pension liability	356,383	356,346	252,946	252,527	252,527
Other postemployment benefits obligation	20,562	1,172	-	0	-
Accrued compensated absences, net of current portion	15,731	18,516	19,494	19,494	19,494
Self-insurance liabilities, net of current portion	24,319	25,874	27,804	29,470	29,470
Lease obligations, net of current portion	31,501	29,489	26,575	24,958	24,958
Other long-term liabilities	22,664	18,897	14,042	10,464	10,464
<b>TOTAL LONG TERM LIABILITIES</b>	<b>579,506</b>	<b>490,222</b>	<b>340,861</b>	<b>336,913</b>	<b>336,913</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>119,737</b>	<b>164,812</b>	<b>261,516</b>	<b>233,666</b>	<b>233,666</b>
Fund balance - prior years	(300,603)	(277,786)	(281,594)	(63,551)	(18,045)
Fund balance - capital contribution	36,751	10,422	8,338	-	-
Current year income/(loss)	(13,934)	(14,230)	209,705	45,506	(4,941)
<b>FUND BALANCE</b>	<b>(277,786)</b>	<b>(281,594)</b>	<b>(63,551)</b>	<b>(18,045)</b>	<b>(22,986)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE</b>	<b>\$ 738,880</b>	<b>\$ 781,792</b>	<b>\$ 938,738</b>	<b>\$ 946,178</b>	<b>\$ 935,884</b>
<b>STATISTICS</b>					
Days in Cash	2.3	2.5	3.2	4.0	3.8
Net Days in Patient Receivable	43.9	48.3	63.4	43.4	40.0
Net Reimbursement Receivable/(Payable)	\$ (5,177)	\$ (116,713)	\$ 25,750	\$ 13,677	\$ 11,918
Days in Accounts Payable	50.4	27.0	35.5	32.9	34.1
Net Negative Balance - due from/(due to)	\$ (83,005)	\$ (14,527)	\$ 50,718	\$ 59,057	\$ 65,483

# AHS Income Statement Projection

	FY 2020	FY 2021	FY 2022	FY 2023 Projected	FY 2024 Budget
<b>Operating revenue</b>					
Net patient service revenue	\$ 487,144	\$ 597,692	\$ 719,256	\$ 760,429	\$ 810,041
Capitation revenue	88,472	92,362	91,942	48,274	48,147
Other government programs	449,789	341,575	524,280	505,006	475,919
Other operating revenue	30,407	35,209	37,852	45,832	56,342
<b>Total operating revenue</b>	<b>1,055,812</b>	<b>1,066,838</b>	<b>1,373,330</b>	<b>1,359,541</b>	<b>1,390,449</b>
<b>Operating expense</b>					
Labor costs (less Retirement Deferred)	731,575	829,534	884,285	983,984	1,015,638
Retirement Deferred	23,983	(18,656)	(59,098)	(33,420)	-
Physician contract services	84,722	35,869	38,125	41,490	41,813
Purchased services	83,576	78,048	97,525	101,604	104,103
Materials and supplies	85,944	94,126	109,632	121,283	129,960
Facilities	32,276	31,837	31,961	36,552	37,156
Depreciation and amortization	24,581	36,190	35,782	36,560	36,517
General and administrative	18,188	22,413	27,731	24,745	29,699
<b>Total operating expense</b>	<b>1,084,845</b>	<b>1,109,361</b>	<b>1,165,943</b>	<b>1,312,798</b>	<b>1,394,886</b>
<b>Operating income (loss)</b>	<b>(29,033)</b>	<b>(42,523)</b>	<b>207,387</b>	<b>46,743</b>	<b>(4,437)</b>
<b>Non-operating activity</b>					
Interest income/(expense), net	(3,933)	(2,744)	(1,383)	(1,435)	(695)
Other nonoperating revenue	229	175	157	198	191
Covid-19 revenue	18,803	30,862	3,544	-	-
<b>Total non-operating activity</b>	<b>15,099</b>	<b>28,293</b>	<b>2,318</b>	<b>(1,237)</b>	<b>(504)</b>
<b>Net income (loss)</b>	<b>\$ (13,934)</b>	<b>\$ (14,230)</b>	<b>\$ 209,705</b>	<b>\$ 45,506</b>	<b>\$ (4,941)</b>
<b>EBIDA adjustments</b>					
Interest income/(expense), net	3,933	2,744	1,383	1,435	695
Depreciation and amortization	24,581	36,190	35,782	36,560	36,517
Retirement (deferred)	23,983	(18,656)	(59,098)	(33,420)	-
<b>Total EBIDA adjustments</b>	<b>52,497</b>	<b>20,278</b>	<b>(21,933)</b>	<b>4,575</b>	<b>37,212</b>
<b>EBIDA</b>	<b>\$ 38,563</b>	<b>\$ 6,048</b>	<b>\$ 187,772</b>	<b>\$ 50,081</b>	<b>\$ 32,271</b>

# AHS Cash Flow Projection

	FY 2020	FY 2021	FY 2022	FY 2023 Projected	FY 2024 Budget
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (29,033)	\$ (42,523)	\$ 207,387	\$ 46,743	\$ (4,437)
Depreciation and amortization	24,581	36,190	35,782	36,560	36,517
Net changes in operating assets and liabilities:					
Patient account receivables, net	42,864	5,218	(13,737)	(99)	4,207
Due from/to third-party payors	(21,818)	111,536	(142,463)	12,073	1,759
Due from/to County	(24,838)	(15,825)	2,527	4,512	-
Due from State of California	(4,342)	(9,560)	12,264	(11,171)	4,854
Inventory	(999)	(9,847)	2,601	(44)	-
Other current assets	(256)	(1,377)	(4,211)	1,611	-
Accounts payable and accrued expenses	(22,336)	(10,261)	31,815	(9,848)	-
Accrued compensation	4,284	11,489	6,676	(16,639)	-
Other current payables	4,699	9,408	10,122	3,840	-
Net pension liability	(145,750)	(37)	(103,400)	(419)	-
Other postemployment benefits obligations	(23,181)	(19,390)	(76,337)	-	-
Other long-term liabilities	12,687	(3,767)	(4,855)	1,666	-
Deferred outflows/inflows	193,186	203	120,667	(27,850)	-
<b>Net cash provided by (used in) operating activities</b>	<b>9,748</b>	<b>61,457</b>	<b>84,838</b>	<b>40,935</b>	<b>42,900</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Change in liquidity facility	(689)	(68,418)	(65,583)	(8,081)	(6,426)
Interest payments on working capital loan	(3,693)	(3,951)	(1,530)	(2,107)	(1,390)
Proceeds from grants for COVID-19 pandemic	18,803	30,862	3,544	-	-
Receipts of rental income	229	175	157	198	191
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>14,650</b>	<b>(41,332)</b>	<b>(63,412)</b>	<b>(9,990)</b>	<b>(7,625)</b>

# AHS Cash Flow Projection

	FY 2020	FY 2021	FY 2022	FY 2023 Projected	FY 2024 Budget
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES</b>					
Purchase and construction of capital assets	(67,596)	(20,167)	(20,668)	(18,140)	(30,000)
Repayment of other long-term liabilities	12,687	(3,767)	(4,855)	(3,578)	-
Repayment of long-term liabilities	(11,612)	(7,156)	-	-	-
Purchase of right-to-use lease obligations	35,439	-	(599)	(3,708)	(5,970)
Repayment of lease obligations	(35,439)	(2,864)	(2,487)	(1,617)	-
Capital contributions and transfers	36,751	10,422	8,338	-	-
<b>Net cash provided by (used in) capital and financing activities</b>	<b>(29,770)</b>	<b>(23,532)</b>	<b>(20,271)</b>	<b>(27,043)</b>	<b>(35,970)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and investment income	(240)	2,270	147	672	695
<b>Net cash provided by (used in) investing activities</b>	<b>(240)</b>	<b>2,270</b>	<b>147</b>	<b>672</b>	<b>695</b>
<b>CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>(5,612)</b>	<b>(1,137)</b>	<b>1,302</b>	<b>4,574</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	<b>40,371</b>	<b>34,759</b>	<b>33,622</b>	<b>34,924</b>	<b>39,498</b>
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<b>\$ 34,759</b>	<b>\$ 33,622</b>	<b>\$ 34,924</b>	<b>\$ 39,498</b>	<b>\$ 39,498</b>

# FY24 Capital Placeholders and Projected Capital Costs

# FY24 Multi-Year CAPEX Summary

Category	Cash Flow					
	Total Capital Amount	Total Expenditures to Date	Total Amount Remaining to Spend	FY2024	FY2025	FY2026
1. Carryforward at 6/30	\$ 50,308,370	\$ 11,110,688	\$ 39,197,682	\$ 15,549,682	\$ 18,436,749	\$ 5,211,250
2. New Capital Request	24,091,947		24,091,947	10,990,906	9,550,993	3,276,150
3. Contingency	4,000,000		4,000,000	4,000,000		
<b>Grand Total</b>	<b>\$ 78,400,316</b>	<b>\$ 11,110,688</b>	<b>\$ 67,289,628</b>	<b>\$ 30,540,588</b>	<b>\$ 27,987,742</b>	<b>\$ 8,487,400</b>

## Notes:

- AHS requesting \$30.5M of Capital for cashflow in FY24.
- AHS has earmarked \$67.3M in capital projects representing over 2 years of available capital based on historical spending.
  - AHS ability to provide the full continuum of care in the community requires investment in clinical programs and infrastructure.
  - Capital needs are significant due to deferred maintenance and funding constraints. Frequent equipment failures and facilities emergency requires reprioritization of capital funds. Contingency funds of \$4M included in budget cashflow.
- Prioritization of capital was developed by collaborating with clinical and administrative leaders.
- Tighter control on managing project timing are underway with focus on cashflow to ensure funding is ready Just in Time (JIT) when resources are available to complete the project and all due diligence is complete.
- Capital cost reimbursement projects approved by County for \$31.8M.



# FY24 Multi-Year CAPEX by Category

				Cash Flow		
Category: Carryforward at 6/30	Total Capital Amount	Total Expenditures to Date	Total Amount Remaining to Spend	Cash Flow FY2024	Cash Flow FY2025	Cash Flow FY2026
Compliance / Patient Safety / Regulatory	\$ 12,761,387	\$ 2,727,885	\$ 10,033,502	\$ 6,978,202	\$ 2,593,720	\$ 461,580
Equipment	9,558,189	2,194,242	7,363,947	3,519,023	3,135,461	709,463
Infrastructure Facilities	4,476,206	2,131,349	2,344,858	1,359,071	985,786	0
Infrastructure IT	10,240,134	3,441,466	6,798,668	2,693,386	4,105,282	0
New Strategic / ROI	13,272,454	615,746	12,656,708	1,000,000	7,616,501	4,040,207
<b>Grand Total</b>	<b>\$ 50,308,370</b>	<b>\$ 11,110,688</b>	<b>\$ 39,197,682</b>	<b>\$ 15,549,682</b>	<b>\$ 18,436,749</b>	<b>\$ 5,211,250</b>

				Cash Flow		
Category: New Capital Request	Total Capital Amount	Total Expenditures to Date	Total Amount Remaining to Spend	Cash Flow FY2024	Cash Flow FY2025	Cash Flow FY2026
Compliance / Patient Safety / Regulatory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment	4,059,261			2,716,216	769,545	573,500
Infrastructure Facilities	16,939,136			7,174,690	7,172,898	2,317,650
Infrastructure IT	2,620,000			1,000,000	1,235,000	385,000
New Strategic/ROI	473,550			100,000	373,550	0
<b>Grand Total</b>	<b>\$ 24,091,947</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,990,906</b>	<b>\$ 9,550,993</b>	<b>\$ 3,276,150</b>

				Cash Flow		
Category: Contingency	Total Capital Amount	Total Expenditures to Date	Total Amount Remaining to Spend	Cash Flow FY2024	Cash Flow FY2025	Cash Flow FY2026
Contingency	\$ 4,000,000	\$ -	\$ 4,000,000	\$ 4,000,000	\$ -	\$ -

# FY24 Carryover Capital > \$1M Remaining to Spend

## Carryover

Project Description	Campus	*Remaining
		Funds to Spend
[-] Enterprise Imaging	SYS	9,140,207
[-] Expansion of Eastmont Wellness Center	EWC	4,923,540
[-] Biomed devices refresh	SYS	2,709,463
[-] Epic Beacon	SYS	2,192,065
[-] SLH CT Scanner Replacement	SLH	1,734,539
[-] Kronos Workforce Dimensions	SYS	1,637,008
[-] Epic DataArk Project	SYS	1,373,417
[-] San Leandro Sterile Processing Equipment SLH	SLH	1,082,354
[-] Rover (Nursing)	SYS	1,028,602

# FY24 New Capital Requests > \$1M

## New Capital Requests

Project Description	Campus	Approved Capital
▣ Cooling tower Replacement	SLH	3,117,650
▣ UST To AST Upgrade Phase 2	SLH	3,027,796
▣ SPD Redesign; Start Jan 2024, split cash over 2 years	SLH	3,000,000
▣ Outpatient Pharmacy has to be in a separate location due to state guidelines	HGH	2,249,000
▣ HCP3 Dental Expansion	HGH	2,000,000
▣ Biomed Refresh	SYS	1,573,500
▣ Highland Campus Building Management System(BMS) Software & Controls upgrades	HGH	1,200,000
▣ Network Refresh	SYS	1,185,000

# Alameda County Capital List

JG, Fairmont, HGH facilities are undergoing infrastructure related improvements funded by the County

Capital Item	Cost	Infrastructure or Equipment
<b>John George</b>		
Exterior Windows	\$300,000	Infrastructure
Elevator Upgrades	\$1,100,000	Infrastructure
Exterior Paint	\$400,000	Infrastructure
Exterior Asphalt	\$200,000	Infrastructure
Boiler-2 Units	\$350,000	Infrastructure
Electrical Distribution	\$950,000	Infrastructure
Secure Patient Room	\$550,000	Infrastructure
Restroom Upgrade (12 rooms)	250,000	Infrastructure
HVAC Units Upgrade (6 units)	\$1,500,000	Infrastructure
BMS Upgrade Sytem	\$200,000	Infrastructure
<b>TOTAL JOHN GEORGE</b>	<b>\$5,800,000</b>	
<b>Fairmont</b>		
Kitchen-Dishwasher	\$600,000	Equipment
Building C – HVAC	\$400,000	Infrastructure
Building B – HVAC	\$900,000	Infrastructure
Elevators	\$1,100,000	Infrastructure
Building H – Roof	\$600,000	Infrastructure
Building B – Fire Alarm	\$350,000	Infrastructure
Boiler	\$200,000	Infrastructure
Building A – Roof	\$500,000	Infrastructure
Exterior Painting	\$750,000	Infrastructure
Seismic Phase 2	\$3,000,000	Infrastructure
Kitchen-Steamers, Freezers, Kettler's, Ovens	\$650,000	Equipment
Kitchen- Exhxaust	\$400,000	Infrastructure
Kitchen-HVAC	\$650,000	Infrastructure
BMS System	\$500,000	Infrastructure
<b>TOTAL FAIRMONT</b>	<b>\$10,600,000</b>	

# Alameda County Capital List

Capital Item	Cost	Infrastructure or Equipment
<b>Highland</b>		
Seismic Phase 2 (old bldg)	\$3,000,000	Infrastructure
K Building HVAC	\$3,000,000	Infrastructure
Electrical Distribution	\$3,500,000	Infrastructure
Roof Replacement (old bldg)	\$950,000	Infrastructure
Elevators Modernization (old bldg)	\$1,500,000	Infrastructure
Upgrade Plumbing (old & K)	\$550,000	Infrastructure
Asbestos Remodel (old bldg)	\$450,000	Infrastructure
HVAC Upgrade (old bldg)	\$750,000	Infrastructure
Electrical Upgrades (old bldg)	\$350,000	Infrastructure
Common areas replacement (motors, pumps, floor/carpet) (old bldg & K)	\$450,000	Infrastructure
Exterior/Interior Painting (old bld)	\$650,000	Infrastructure
Medical Vacuum System (old bldg)	\$250,000	Infrastructure
<b>TOTAL HIGHLAND</b>	<b>\$15,400,000</b>	Infrastructure
<b>TOTAL ALL</b>	<b>\$31,800,000</b>	

# Budget Risk

# Financial Risk in FY24 Budget

- **Achieve Bridge Plan initiatives \$34.4M necessary to fund the capital plan.**
- **Managing Length of Stay closer to industry standards is necessary and requires all disciplines across the System.**
  - Budget includes additional 631 discharges at \$16,545 average per discharge.
  - Post acute Covid-19 outbreaks challenge acute throughput and impact care management ability to discharge patients.
  - Establishing observation protocols are key to managing patient level of care and reducing denials.
- **We must get more efficient to achieve sustainability goals.**
  - Volumes increasing, creating opportunity to achieve economies of scale.
  - Reductions in OT and labor flexing need to be achieved every day.
  - Physician productivity and right-sizing for patient volumes and call requirements.
  - Reduction in registry FTEs (131) requires ability to attract and recruit “core” staff and realizing rate reduction.
- **Request list \$25.5M not funded in budget. BOC will be challenged to manage leader expectations to during the year for various initiatives.**
- **Planned approved capital budget projects will consume all available cash flow from operations in the next 2 years, not allowing for new projects. Historically, the organization has spent approximately \$30M a year.**

# Financial Risk in FY24 Budget

## Relevant Medi-Cal Managed Care enrollment shifts

- Due to end of Public Health Emergency, Medi-Cal enrollees must provide proof of continued eligibility to maintain Medi-Cal coverage—disenrollments taking place over 12 months starting July.
- State estimates 12% of current enrollees may lose Medi-Cal coverage (although some would move to other coverage) – expected reduction to rate-range revenue.
  - Available rate-range funding is based on total Medi-Cal enrollment in county.
  - Similar drop for AHS would reduce that revenue stream by ~6% in 2023-24, more in future years, but none reflected in payments until later years.
- State-Only expansion of Medi-Cal to 26-49-year olds without satisfactory immigration status – slight increase to rate-range revenue
  - Estimated 7,000 HPAC participants in this age group will be income- eligible for Medi-Cal beginning Jan. 2024.
  - Without action, expansion could mean reduced earning in Global Payment Program – DHCS is assisting to prevent impact.



# Financial Risk in FY24 Budget

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## **Other changes due to end of COVID relief**

- Starting April 2023, the enhanced 56.2% federal matching rate (FMAP) for California's non-ACA beneficiaries is being phased down; will return to pre-COVID value of 50% in January 2024 - taken into account in budget development.
  - Significantly reduces net revenue from most supplementals which Alameda County or AHS finance in lieu of the State.
    - Immediate impact: \$9.6M for GPP payments expected during FY 2023-24.
- Under COVID, State and CMS approved QIP mitigation plans to maximize funding; these strategies are ending (no est. impact yet).

## **Other risks to supplemental revenue, longer term (after 2023-2024)**

- Federal government still needs to approve EPP and QIP regularly and expects improvements to quality and access.
- Changes in federal law or regulations could make it harder to use county matching funds to draw down supplementals.
- GPP expires after 2026 and State will need CMS to renew waiver
  - Conflict between GPP justification of improving care for uninsured and State progress toward universal coverage.

# Request List *(Not in Budget)*

Additional requests for new FTEs and non payroll expenses that are not in the budget total \$25M

<u>Request List</u>	<u>Descriptions</u>	<u>FTE</u>	<u>Net Amount</u>
MD Recruitment	AHMG & AHS Recruitment List	(31)	(8,684,310)
Legal Settlements	Wage dispute and legal fees		(3,475,000)
RN Pipeline (New Grad Training)	RN grad training programs to onboard nursing staff and offset OT/ registry	(16)	(3,000,000)
MD contract increases	Physician Contracts Rate Increases (i.e. UCSF, others )		(2,823,861)
ERCP Internalization	Internalizing ERCP service; curent contract w/ John Muir	(5)	(2,007,000)
GME	Housing stipend, Union negotiated program supports/ increases		(1,549,231)
Strategic Plan	Marketing, Leadership Academy, Strat Plan implementation etc.		(1,335,000)
FTE	ACMO, Admitting, IR RN	(4)	(949,832)
Marketing, Patient Outreach	Patient outreach via various mediums to maintain Medi-Cal and other members		(767,366)
Infrastructure improvement	Paint, carpet for HGH, Newark, and HGH K7		(385,000)
Consuting Services	Joint Commission & poulation health related system improvements		(310,000)
Equipment	Scopes replacement for Specialty clinic, 3 Scrub Dispensing machine lease		(126,040)
FMT IOP	Minor equipment for testing and assessment		(35,000)
Recognition	Ambulatory recognition and rewards		(22,500)
SEIU Contract Negotiations	AHMG Contract Negotiations		TBD
JGP Behavioral Contract	Negotiations with County underway		TBD
<b>Total</b>		(56)	(25,470,140)

# Bridge Plan Detail

# Bridge Plan

1 of 5

			\$37,553	\$34,387			
#	Project Name	Est. Timing	FY2024 Target	In Budget	Description	Executive Dyad	Category
Revenue Cycle			\$10,418	\$9,168			
1	Third Party Settlements - Sac Law	FY2024 (Q3)	\$6,636	\$6,636	Blue Cross initial legal case-\$1.5M for 79 claims date 2014 secondary case is combined with initial case; second mediation schedule 06/23-11/8 Total settlement \$43M	Kim Miranda	Rev Cycle Improvement
2	Blue Cross Medi-Cal	FY2024 (Q3)	\$829	\$829	Fiscal Year 2024: 125 claims - Timing meet and confer	Kim Miranda	Rev Cycle Improvement
3	HealthNet	FY2024 (Q3)	\$43	\$43	Fiscal Year 2024: 4 claims – Timing demand letter	Kim Miranda	Rev Cycle Improvement
4	Implement Software for Concurrent Charge Review - Real time review of charges and documentation	FY2024	\$310	\$310	Auditing of billing and documentation practices to improve charge capture, increase payments, reduce denials Optimize documentation to capture all codable items to drive a higher CMI. Capture diagnosis at time order is placed (Inpatient, ED, Radiology and cardiology) Critical care charges.	Kim Miranda	Quality
5	Billing Observation Hours	FY2024 (Q2)	\$2,524	\$1,274	Educating physicians to write appropriate orders UM consultants: Clinical Intelligence & Dr. Brandage Estimates based on Medicare 1-day stays effective Jan 2024	Dr. Felicia Tornabene/Dr. Hena Borneo	Quality
6	340B Recovery	FY2024	\$76	\$76	Ruling that HHS cut 340-B prices unfairly. Rebill 340-B drugs to Medicare for repayment. Project estimate \$200K-400K	Kim Miranda	Rev Cycle Improvement
Supplemental Funding			\$0	\$0			

# Bridge Plan

2 of 5

#	Project Name	Est. Timing	FY2024 Target	In Budget	Description	Executive Dyad	Category
<b>Supplemental Funding</b>			<b>\$0</b>	<b>\$0</b>			
7	FQHC litigation with DHCS - (Both a one-time settlement and anticipated increase to the Highland rate)	FY2024	\$0	\$0	Increase FQHC rate per visit based on settlement	Kim Miranda	
<b>Ambulatory</b>			<b>\$4,849</b>	<b>\$4,849</b>			
8	Increase newly recruited physicians wRVU ramp up to 40th Median for new recruits 2022	FY2024	\$4,194	\$4,194	Excludes ER and Hospitalists	Dr. Felicia Tornabene / Dr. Porshia Mack	Quality - Improve Access
9a	Improve Access and volumes in ambulatory clinics using existing clinic footprint	FY2024	\$655	\$655	~ 6,153 visits resulting from standardizing clinical hour requirement to 36hrs per physician Increase in physician capacity equivalent to 2.5 FTE's \$921 = Internal Medicine 40th percentile wRVU 4470 x \$317 per wRVU charges x 2.5 FTEs x 0.26 reimbursement	Dr. Felicia Tornabene/Dr. Porshia Mack	Quality - Improve Access
9b					~7k primary care visits using existing footprint/ staff resulting from clinical operational efficiencies - Improve schedule utilization, decrease waitlist, maximize staff performance ~7700 = ~193K Primary Care visits *5%*80%*6 months*\$215 HGH FQ rate	Terrance Shaw/ Dr. Porshia Mack	

# Bridge Plan

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#	Project Name	Est. Timing	FY2024 Target	In Budget	Description	Executive Dyad	Category
<b>Operations</b>			<b>\$9,474</b>	<b>\$7,558</b>			
10	Daily charge reconciliation and appropriate documentation of services	FY2024 (Q2)	\$300	\$300	Consultant engaged, expect improvement starting Feb 2023.  Validate appropriate charging by benchmark Primary and Specialty care charges to industry standards, i.e. Nephrology charges per survey only support .3 FTE  6,300 adult FQHC encounters with blank or zero charge; will implement charge reconciliation for all FQ visits	Mark Fratzke	Rev Cycle Improvement
11	OR Utilization - Increase Utilization by 15% to bring OR utilization to 75%; SLH	FY2024 (Q3)	\$3,497	\$2,331	Total utilization is less than 60% Benefit is based on reducing non-productive RN and Anesthesia costs/ Revenue opportunity is higher PI team engaged/working with Drs. Tornabene, Victorino, Lang, and Cooper Improve block scheduling, group by specialty, releasing unscheduled blocks; use single point of coordination	Dr. Felicia Tornabene/Dr. Laura Lang	Quality - Improve Access
12	Supplies Savings Initiative	FY2024 (Q3)	\$827	\$827	Standardization of products, services and processes across AHS to improve efficiencies, identifying and implementing savings initiatives; assuming ownership of supply chain activities	Mark Fratzke	Sustainability
13	Implants	FY2024 (Q3)	\$1,500	\$750	Match invoices with billing to enable reimbursement for implants Use manual billing for high cost items until automated process is developed Estimated \$6M per year	Theresa Cooper	Sustainability
14	Reduce Registry Rates (not just nursing) and Utilization	FY2024 (Q3)	\$1,700	\$1,700	Requires RN Pipeline/ RN grad training program (on Request List) to fully realize benefits Analysis of VAYA sourced Registry 8% for RN; 5% for non RN (savings \$5.1M) effect Jan 2024	Ro Lofton	Sustainability
15	Reduce Overtime from 4.8% to 4.0%	FY2024	\$1,000	\$1,000	Requires RN Pipeline/RN grad training program (on Request List) to fully realize benefits. Not including company 30.	Ro Lofton	Sustainability
16	Workers Compensation	FY2024	\$650	\$650	Reduce workers compensation claims	Lorna Jones	Sustainability

# Bridge Plan

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#	Project Name	Est. Timing	FY2024 Target	In Budget	Description	Executive Dyad	Category
<b>Length of Stay</b>			<b>\$10,440</b>	<b>\$10,440</b>			
17	Length of Stay (LOS) initiative includes the following for tactics	FY2024 (Q2)	\$10,440	\$10,440	HGH Acute: \$8,694 Base LOS:6.1 Target LOS:5.8 Increase in discharges: 356 Net Revenue per Discharge: \$24,421	Mark Fratzke	Quality
17a		FY2024			Reduce homeless LOS/readmits: Contracted for 20 respite beds with Cardea to reduce LOS for homeless patients enabling inappropriate use of ED, earlier discharge from acute units	Mark Fratzke	
17b		FY2024 (Q2)			SLH Acute: \$3,636 Base LOS:4.3 Target LOS:4.0 Increase in discharges: 223 Net Revenue per Discharge: \$16,305	Mark Fratzke	
17c		FY2024 (Q2)			AHD Acute: \$916 Base LOS:5.2 Target LOS:5.0 Increase in discharges: 52 Net Revenue per Discharge: \$17,627	Mark Fratzke	
17d					Reduce Social Admissions from ED to Acute Care Skilled staff in the ED to reduce admits not meeting criteria Nursing homes patients in ED to be evaluated for admission criteria Homeless	Dana Littlepage	
17e					Palliative/ Hospice Patient Education effort: Palliative Care staff in ED to avoid admission / follow POLST. Measure and benchmark effectiveness of providing palliative care consultation to reduce overall cost of care. Confirm proper billing / ED Staffing	Dana Littlepage/ Dr. Wendy Anderson	
17f					Partner with County to enable community based placements for indigent discharges i.e., Churches, respite organizations, board & cares, SNFs	Dana Littlepage	

# Bridge Plan

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#	Project Name	Est. Timing	FY2024 Target	In Budget	Description	Executive Dyad	Category
<b>Additional Programs</b>			<b>\$2,372</b>	<b>\$2,372</b>			
18	HGH Stroke Center Certification	FY2024 (Q3)	\$2,148	\$2,148	Ambulance traffic currently diverts Halo affect, easier to recruit MDs, Nurses, reputation in community improves. 175 additional patients per year starting Q3 (88 pts at \$24,421 per case)	Ro Lofton/Dr. Nathan Gaines	Quality
19	Expanding HGH Dialysis (Multi room)	FY2023	\$224	\$224	Better serve patients and reduce LOS; Be available for outpatient emergencies	Ro Lofton/Dr. Subramanian	Sustainability
20	Health Insurance		\$0		Encourage AHS employees to move to our health plan and utilize AHS services	Lorna Jones	
21	Royal Ambulance Transport Pilot		\$0		Centralized ambulance dispatch that ensures appropriate mode of transport for discharge/transfers preventing inappropriately high-level transport requests	Ro Lofton	
<b>Grand Total</b>			<b>\$37,553</b>	<b>\$34,387</b>			



# APPENDIX

# Key Budget Assumptions

## Budget assumptions are developed by the Budget Oversight Committee (BOC)

- Total adjusted discharges are 1.7% above FY23.
- Increased chargemaster (CDM) by 3%.
- Budget labor increases ~3% (\$19.5M) for all employees. Consistent with union contracts and contracted medical groups (excluding registry).
  - Non-represented increase is 3%
- Retirement & Benefit assumptions based FY2023 run rate as % of salary.
  - Benefits resulting from COLA increase is 3%.
- Budgeting at run rate which eliminates most of the vacancies.
  - Individual employee must be identified for inclusion in the budget
  - Labor standard based on run rate
- Overtime reduction from 4.8% to 4.0% to prior year's level.

# Key Budget Assumptions

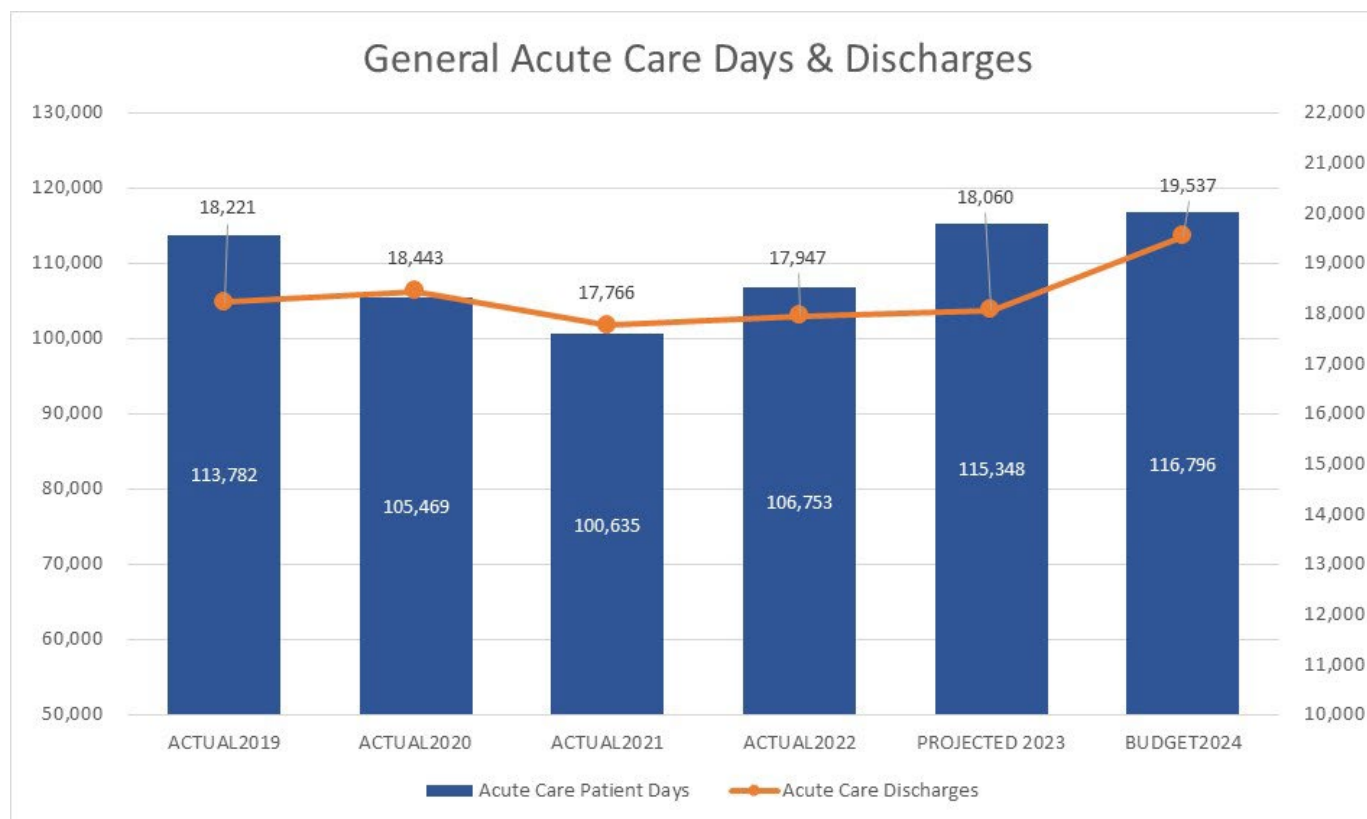
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- During the budget development, the non-cash retirement expense was excluded (ACERA actuarial report will arrive mid-June).
  - ***Requesting board to ratify budget with the impact of actuarial report. Change will have not impact on cashflow.***
- Registry rate reduced to eliminate premium pay for crisis staffing
- Non labor overall increase is ~3.4% (\$5.4M).
  - Utilities 5.6%
  - Supplies 3.3%
  - Drugs 4.5%

# Budget 2024 Volume Overview

	ACTUAL2021	ACTUAL2022	ACTUAL2023 PROJECTION	BUDGET2024	Var to Act Proj 23	% Var to Act Proj 23
<b>ACUTE</b>						
Patient Days	100,635	106,753	115,348	116,796	1,448	1.3%
Discharges	17,766	17,947	18,060	19,537	1,477	8.2%
Average Daily Census	275.0	291.7	316.0	319.1	3.1	1.0%
Average Length of Stay	5.7	6.0	6.4	6.0	0.4	6.4%
Adjusted Patient Days	150,550	163,973	180,750	182,085	1,335	0.7%
Adjusted Discharges	26,578	27,567	28,300	30,458	2,158	7.6%
Emergency Visits	82,748	92,552	95,628	95,464	(164)	-0.2%
Surgeries	6,989	8,318	8,662	9,541	879	10.2%
IP Surgeries	3,727	4,009	4,013	4,341	328	8.2%
OP Surgeries	3,262	4,309	4,649	5,200	551	11.9%
Deliveries	1,209	1,399	1,429	1,438	9	0.6%
<b>SNF</b>						
Patient Days	94,714	94,862	92,064	99,214	7,150	7.8%
Discharges	392	295	264	299	35	13.3%
Average Daily Census	259	260	252	271	18.8	7.5%
Average Length of Stay	242	322	349	332	16.9	4.8%
<b>CLINIC VISITS</b>						
Clinic Visits	227,561	293,642	321,616	327,301	5,685	1.8%
Telehealth Visits	132,396	66,809	57,949	60,789	2,840	4.9%
Total Adjusted Patient Days	27,219	27,345	28,384	30,008	1,624	5.7%
Total Adjusted Discharges	292,828	302,221	321,281	326,780	5,499	1.7%

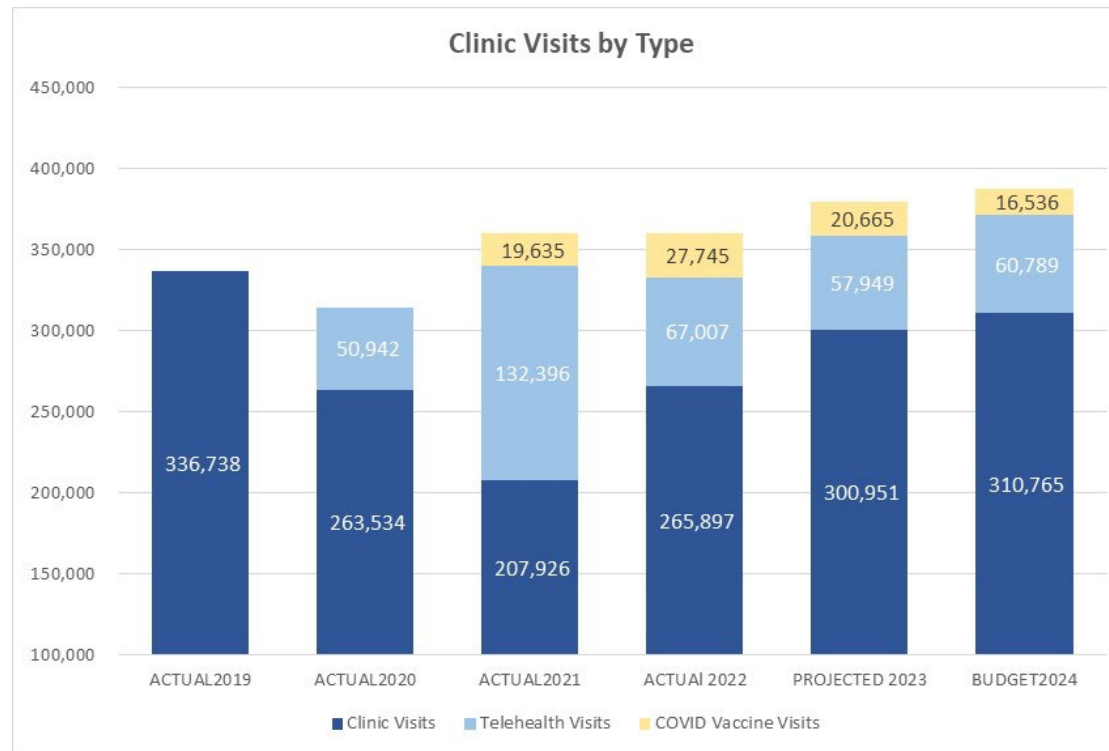
# Key Patient Volume Trend



## Notes:

- Acute patient days are 1.3% increase over FY2023.
- Acute patient discharges increased 8.2% due to length of stay initiative

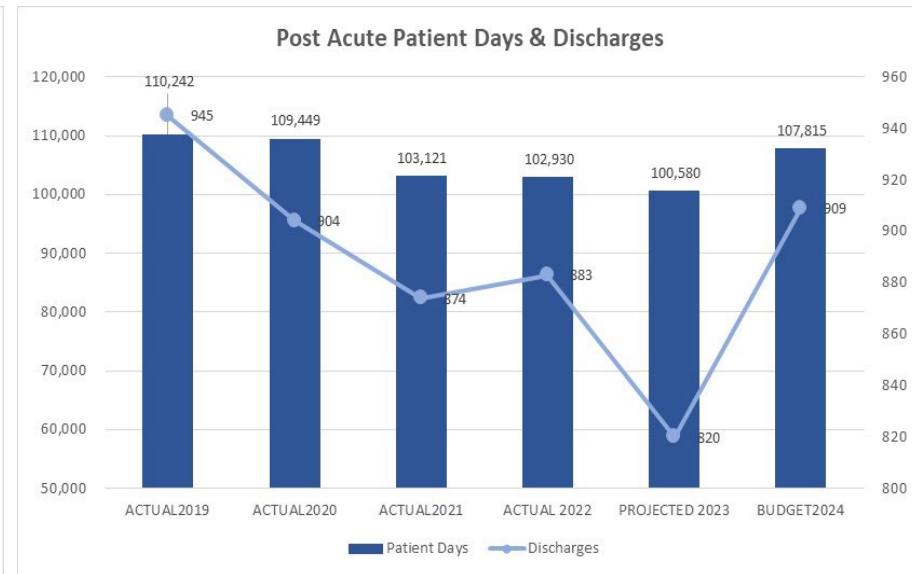
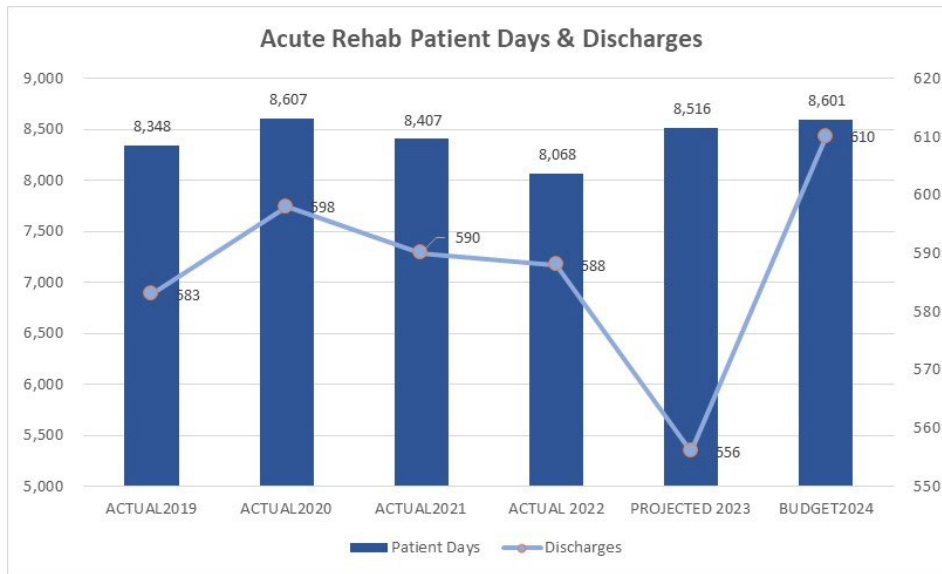
# Trend of Clinic Visits by Type



## Notes:

- Anticipate Ambulatory Clinic volume to improve by 2% above annualized Apr YTD Actual 2023 Volumes resulting from operational improvements such as schedule optimization, decrease in waitlist, and increased staff performance especially in Primary Care.
- Vaccine only visits are anticipated to decrease by 20% in Budget 2024; Annualized FY2023 visits decreased 26% compared to FY 2022. The State will continue to reimburse for Covid Vaccine injection administration fee for Medi-Cal patients.
- Medi-Cal will broadly cover payments for telehealth visits, at parity with clinic visits, beyond the PHE on permanent basis. The exception is for new-patient visits (by FQHC or otherwise) that must be in-person or video-based, but audio-only has to fall into a listed exception
- OP Behavior Health visits programs in HGH and FMT opened in Spring 2022 and are steadily gaining in numbers; these programs offer viable venues of treatment beyond IOP programs for former IOP patients and other moderate to severe mental health patients

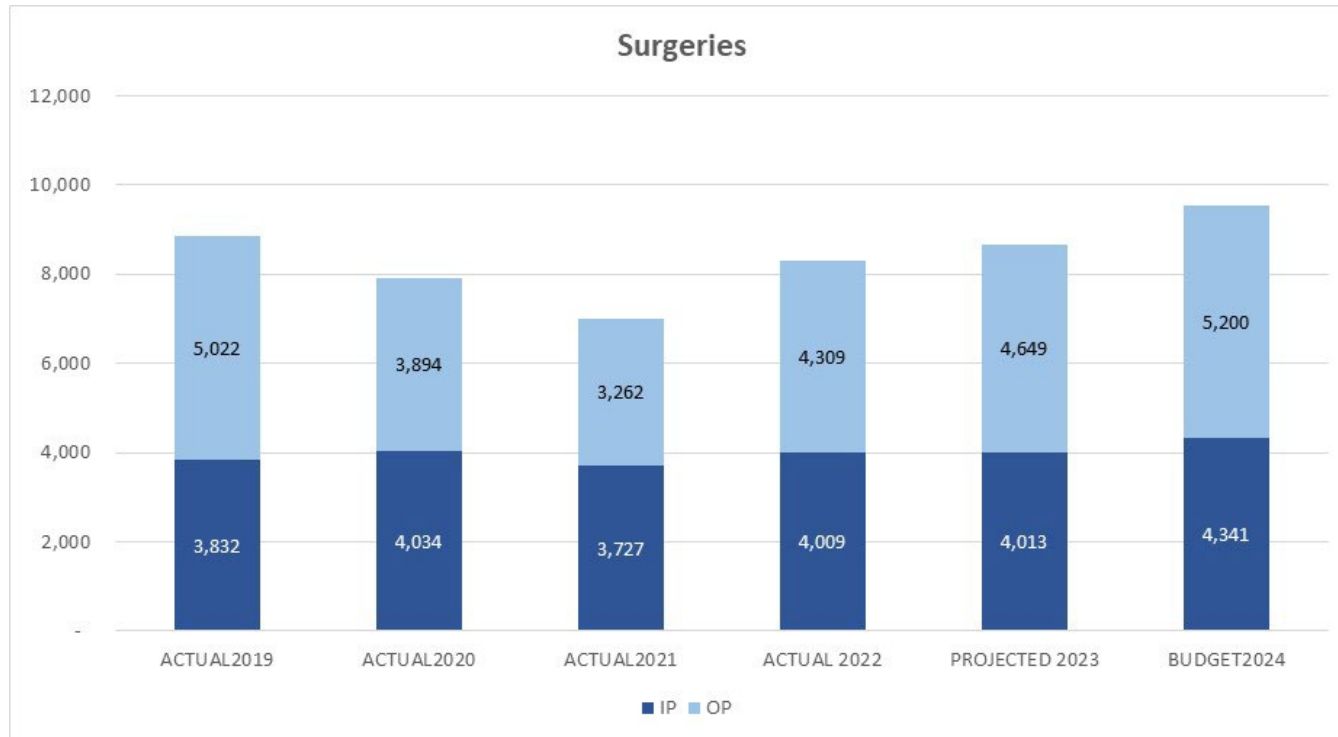
# Key Patient Volume Trend



## Notes:

- Acute Rehab patient days projected at 1% over FY2023.
- Acute patient discharges increased 9.7%. Anticipate placing patients to post-acute locations – (SNF, BC, assisted living) faster now that covid rules have eased up.
- Post Acute patient days projected at 7% over FY2023.

# Key Patient Volume Trend



## Notes:

- Highland: Projected growth +3% for inpatients and +5% for outpatients
- San Leandro: Projected growth +39% inpatients and +54% outpatients, significant increase due to moving Pain from Alameda and expanding orthopedic surgeries
- Alameda: Projected reduction -3% inpatients and -7% outpatients, only one surgery room is operational due to sterilization machine issue



# Other Governmental Revenue

(\$ in thousands)

Programs	Actual FY22	Projected FY23	Budget FY24	Variance	Cash Flow for Budget 2024				Comments
					FY24	FY25	FY26	FY27	
Global Payment Program (GPP)	\$144,527	\$101,076	\$91,446	(\$9,630)	68,584	22,862			Reflects FMAP benefit phasing out and no longer receiving pandemic threshold reduction that allowed us to earn almost all of budget - going back to historical points earning Also incorporates -4.3m distributional change to LA from CY2022
ARPA	\$22,326	\$0	\$0	\$0					Related to Covid one time receipt for FY2022
<b>Medi-Cal Waiver</b>	<b>\$166,853</b>	<b>\$101,076</b>	<b>\$91,446</b>	<b>(\$9,630)</b>	<b>\$68,584</b>	<b>\$22,862</b>	<b>\$0</b>	<b>\$0</b>	
Measure A	\$144,720	\$154,481	\$160,800	\$6,319					Based on county cash report FY2023 annualized + 2%
AHD Parcel Tax	\$5,215	\$5,613	\$5,612	(\$1)					Estimated based on historical run rate.
<b>Measure A &amp; Parcel Tax</b>	<b>\$149,935</b>	<b>\$160,093</b>	<b>\$166,412</b>	<b>\$6,319</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
CARES	\$3,544	\$0	\$0	\$0					Funding reflects on when cash was received not by program year.
<b>Covid Funding</b>	<b>\$3,544</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

# Other Governmental Revenue

(\$ in thousands)

Programs	Actual FY22	Projected FY23	Budget FY24	Variance	Cash Flow for Budget 2024				Comments
					FY24	FY25	FY26	FY27	
AB85 Realignment	\$45,611	\$45,611	\$45,611	(\$0)					Continuing conservative zero-trend, max-payback
AB85 Reserve	(\$17,574)	(\$40,800)	(\$40,822)	(\$22)				(\$40,822)	Continuing conservative zero-trend, max-payback
CalAim ECM (Enhanced Care Mgmt)	\$21	\$537	\$914	\$377					
County EMS	\$395	\$395	\$395	(\$0)					Same amount each year.
County Trauma	\$5,266	\$5,266	\$5,266	(\$0)					Funded through Measure C. Same amount each year.
Medi-Cal SNF Cost Settlement	\$7,757	\$274	\$1,321	\$1,047		1,321			Trending forward from recent interim reconciliations, but decreasing sharply starting Jan 2023 assuming most Medi-Cal FFS SNF patients are moved to Medi-Cal Managed Care where this supplemental is unavailable (duals, opters-out, etc.)
Prop 56	\$1,343	\$1,459	\$1,396	(\$63)					Pending confirmation from CAPH that AHS is entitled to the fund.
Physician SPA	\$11,365	\$8,898	\$5,030	(\$3,868)	5,030				Trending forward from MMIS reconciliations - so reflecting conservative lower charge levels on true-up - but also adding ACA portion not yet released, marking down from P14s similar to how MMIS reduced non-ACA portions
Rate-Range IGT (RR)	\$44,000	\$47,407	\$53,200	\$5,793		26,600	26,600		Increase in CY 2022 primarily due to redetermination freeze continuing to increase enrollees (using county enrollment data) Increase in CY 2023 with long-term care and other services being added into rates by 15% Decrease in CY 2024 reflecting enrollment dropping at constant rate during redeterminations Jul-Jun 2024 based on latest state plan (increases in CY 2023 and decreases in CY 2024 balance out for FY 2024)
Enhanced Payment Program (EPP)	\$50,923	\$44,050	\$42,836	(\$1,214)			42,836		Payment program for services provided to Medi-Cal Managed Care patients
Quality Incentive Program (QIP)	\$70,242	\$89,446	\$71,722	(\$17,724)		35,861	35,861		QIP is distributed based on the QIP pro rata distribution among public hospital systems and performance on metrics. The distribution could change.
Hospital Fee	\$8,704	\$5,866	\$6,000	\$134	3,000	3,000			Direct grant portion only. Increased to \$6M based on CY2021 CAPH HF internal distribution model from CAPH 1.5M per quarter. (CAPH est. for 2022 also indicated same \$6m)
Medi-Cal Graduate Medical Education (GME)	\$9,349	\$15,824	\$10,816	(\$5,008)	10,816				Trends up incorporating higher FMAP during pandemic and ACA portion not yet paid - note ACA methodology is still pending CMS approval but which we are owed one way or another (support shows how much is ACA-based)
AB915	\$9,503	\$14,151	\$13,888	(\$263)		13,888			Substituted FY22 with amount claimed in submission and trended succeeding years from that at 3% cost trend, 1% revenue trend, and known FMAP changes
PRIME	\$0	\$0	\$0	\$0					Program retired. Revenue rolled over to QIP.
Misc	\$2,916	\$4,818	\$488	(\$4,330)					Incentive payments
<b>Supplemental Programs</b>	<b>\$249,822</b>	<b>\$243,203</b>	<b>\$218,061</b>	<b>(\$25,142)</b>	<b>\$18,846</b>	<b>\$80,670</b>	<b>\$105,297</b>	<b>(\$40,822)</b>	
<b>Total Other Government Programs</b>	<b>\$570,153</b>	<b>\$504,372</b>	<b>\$475,919</b>	<b>(\$28,453)</b>	<b>\$87,430</b>	<b>\$103,532</b>	<b>\$105,297</b>	<b>(\$40,822)</b>	

# Fiscal 2024 Budget Goals & Guiding Principles

## Health Equity, Diversity & Inclusion

### Sustainable

- Use run-rate budgeting as a baseline including expenses associated with infectious diseases.
- Adjust for known changes to establish a realistic target, recognizing organizational change.
- Incorporate bridge plan and performance improvement.
- Implement strategic plan tactics that impact the budget to set targets and impact future year budgeting.
- Target EBIDA to cover capital expenditures without increasing our debt

### External Factors

- Will incorporate any external factors that may not be reflected in baseline, such as policy changes, new programs and pricing changes.

### Continuous Improvement

- *All areas of the organization will develop oversight and report out structure related to their budgets.*
- *Budget will be designed to continue our journey in improving quality in AHS.*

*Good health is a right, not a privilege. We envision a culture of health and well-being in Alameda County, where systems are just, and work well for all with a priority for our most vulnerable community members. Our strategic plan is committed to action at all levels - patient, organizational, community and societal -and is fundamentally based on equitable and quality service for all.*

# FY2024 Budget Process

