



BOARD OF TRUSTEES SPECIAL MEETING

WEDNESDAY, FEBRUARY 4, 2026

5:00 pm to 8:00pm

Conference Center at Highland Care Pavilion

1411 East 31st Street Oakland, CA 94602

Ronna Jojola Gonsalves, Clerk of the Board

(510) 535-7515

LOCATION:

Open Session, In Person: HCP Conference Center, see above address

Teleconference Location: 4501 Pleasanton Avenue, Pleasanton, CA 94566

ZOOM Meeting Link:¹

<https://alamedahealthsystem.zoom.us/j/9361457125?pwd=4JnAmhDnBaLqY4GWf4PQBwp3w0Puy2.1&omn=88061130135>

Meeting ID: 936 145 7125

Meeting Password: 20200513

One tap mobile

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+1 408 638 0968 US (San Jose)

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Find your local number: <https://alamedahealthsystem.zoom.us/u/agoA8zDn2>

MEMBERS

Alan E. Fox	Greg Garrett
Lilavati Indulkar, MD	Donna Linton
Nicholas Moss, MD	Nely Obligacion
Rachel Richman	David Sayen
Sblend A. Sblendorio	

¹ Log into the meeting at www.zoom.com. You will be directed to download the meeting app (free) if you have not used ZOOM previously. ZOOM meetings may be accessed on computers and portable devices.

BOARD OF TRUSTEES SPECIAL MEETING AGENDA

SPECIAL NOTE: Per Brown Act requirements, Trustees of the Alameda Health System will attend board and committee meetings in person at the location(s) noticed on this agenda. Staff and members of the public may attend either in person at the location noticed on this agenda, or remotely via Zoom, using the link included on this agenda.

Public Comment Instructions

If you attend the meeting in person and wish to address the Board or Committee regarding an item on the agenda or in their purview, please see the Clerk of the Board to sign up.

Each speaker will be allotted an amount of time no more than three minutes to speak, depending on the number of speakers present.

OPEN SESSION / ROLL CALL

Addressing Budget Shortfalls : Program Closures, Service Reductions, and Reductions in Force – Final Approval on Closures and Service Reductions

Closed Session:

**Regulatory Affairs, Risk Management, Patient Safety; Hearing to Consider
Testimony/Deliberations Concerning Report of Medical Staff**
[Health and Safety Code 1461 and 101850(ai)(1) & (2)]

Conference with Labor Negotiators

[Government Code Section 54957.6]

AHS Designated Representatives: Jet Chapman, Chief Human Resources Officer
Employee Organization: BTC, ACMEA, SEIU 1021, SEIU-UHW

(Reconvene to Open Session)

- [Budget Presentation](#)
- [The \\$100M Expense Reduction Update](#)
- [Program Closures and Service Reductions](#)

TRUSTEE COMMENTS

ADJOURNMENT

Our Mission

Caring, Healing, Teaching, Serving All

Strategic Vision

AHS will be recognized as a world-class patient and family centered system of care that promotes wellness, eliminates disparities and optimizes the health of our diverse communities.

Values

Compassion, Commitment, Teamwork, Excellence, Integrity, and Respect.

Meeting Procedures

All items appearing on the agenda are subject to action by the Board of Trustees. Staff recommendations are subject to action and change by the Board of Trustees.

The Board of Trustees is the Policy Body of the Alameda Health System. The Board has several standing Committees where Board matters are the subject of discussion at which members of the public are urged to testify. Board procedures do not permit: 1) persons in the audience at a Committee meeting to vocally express support or opposition to statements by Board Members or by other persons testifying; 2) ringing and use of cell phones, pagers, and similar sound-producing electronic devices; 3) signs to be brought into the meeting or displayed in the room; 4) standing in the meeting room. Citizens are encouraged to testify at Committee meetings and to write letters to the Clerk of the Board or to its members, 1411 East 31st Street Oakland, CA 94602.

Members of the public are advised that all Board and Committee proceedings are recorded (audio), including comments and statements by the public in the course of the meetings. Copies of the audio recordings will be made available to the public. Copies of the agendas and supporting documents can be found here: <http://www.alamedahealthsystem.org/meeting-agendas-and-minutes/>. By attending and participating in Board/Committee meetings, members of the public consent to audio recording of any statements they may make during the proceedings.

Disability Access

To request accommodation or assistance to participate in the meeting please contact the Clerk of the Board. Requests made at least 48 hours in advance of the meeting will help to ensure availability.

In order to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to perfumes and various other chemical-based scented products. Please help us to accommodate these individuals.

The AHS Board of Trustees is committed to protecting the private health information (PHI) of our patients. We ask that speakers refrain from disclosing or discussing the PHI of others. Please also know that, should you decide to disclose your PHI, the Trustees will still likely refer your matter, to the extent it involves PHI, to the executive staff for a confidential review of the facts and for confidential handling. If you would like more information regarding the confidentiality of PHI as it relates to the Health Insurance Privacy and Accountability Act, please refer to 45CFR Section 164.101, et.seq.

December 2025 Financial Report

Kimberly Miranda, Chief Financial Officer
Special Meeting of the BOT
February 4, 2026

December 2025 Financial Report

YTD Highlights

- Favorable YTD revenue variance of \$4.6M.
 - Net patient revenue above budget (\$2.1M), higher charges offset by collection percentage - 0.3% below budget.
 - Other government programs below budget (\$2.9M) from Measure A adjustment.
 - Other operating income above budget (\$5.0M) from one-time items: SAC law settlement on older claims (\$3.1M) and Alliance P4P (\$1.2M).
- Unfavorable YTD expense variance of \$13.2M.
 - Labor costs unfavorable by \$15.8M from unfavorable FTE and rate (\$11.1M), employee benefits (\$5.0M), retirement (\$1.0M) offset by favorable provider wages and contracts (\$1.3M).
 - Non-labor cost favorable by \$2.6M with positive variances in outside medical services (\$2.6), software licenses/hosting fees (\$2.0M) offset by higher pharmaceuticals (\$2.0M).
 - OMS budget overstated reflecting duplicate invoices.

	December 2025				Year-To-Date				FY 2025	
	Actual	Budget	Variance	% Var	Actual	Budget	Variance	% Var	YTD	% Var
Operating revenue	\$ 136,861	\$ 136,843	\$ 18	0.0%	\$ 815,759	\$ 811,144	\$ 4,615	0.6%	\$ 781,638	4.4%
Operating expense	141,375	135,300	(6,075)	(4.5)%	812,871	799,704	(13,167)	(1.6)%	769,600	(5.6)%
Operating income (loss)	(4,514)	1,543	(6,057)	(392.5)%	2,888	11,440	(8,552)	(74.8)%	12,038	(76.0)%
Other non-operating activity	(328)	(132)	(196)	(148.5)%	(2,196)	(1,980)	(216)	(10.9)%	(1,947)	(12.8)%
Net Income (loss)	\$ (4,842)	\$ 1,411	\$ (6,253)	(443.2)%	\$ 692	\$ 9,460	\$ (8,768)	(92.7)%	\$ 10,091	(93.1)%
EBIDA adjustments	2,723	2,595	128		16,323	17,112	(789)		22,995	
EBIDA	\$ (2,119)	\$ 4,006	\$ (6,125)		\$ 17,015	\$ 26,572	\$ (9,557)		\$ 33,086	
Operating Margin	(3.3)%	1.1%	(4.4)%		0.4%	1.4%	(1.0)%		1.5%	
EBIDA Margin	(1.5)%	2.9%	(4.4)%		2.1%	3.3%	(1.2)%		4.2%	
Total FTEs	5,241	5,171	(70)	(1.4)%	5,207	5,133	(74)	(1.4)%	5,093	

December 2025 Financial Report

Net Patient Services Revenue Highlights

- Gross patient service revenue favorable driven by outpatient services.
 - General Acute inpatient days and discharges below budget and Length of Stay increased above trend.
 - CMI above budget for month and YTD; however, below PY by 2.7%; Trauma cases approximates budget for month and YTD.
 - Inpatient surgery below budget 20.1% for month and YTD 8.7%.
 - ED visits 0.5% below budget and above 5.7% YTD; Outpatient surgery above budget 11.1% and 4.9% YTD.
 - Clinic visits above budget 3.3% and below 2.5% YTD.
 - SNF average daily census above budget 0.6% with fewer discharges.
 - JGP acute days 6.1% below budget and PES visits 13.0% above budget. Days, LOS and PES exceeding PYTD.
- NSPR Collection ratio below budget and YTD trend.
 - Recoupments on closed accounts were high for month (\$2.1M) - Medicare Cotivity audits (\$1.0M) primarily in John George, Medicare Advantage (\$0.6M), and commercial (\$0.5M).
 - Rate increases for government and Managed Medi-Cal were included in budget evenly and have not ben realized.
 - Mix of services changing from inpatient to outpatient with a lower collection percentage.

	December 2025				Year-To-Date				FY 2025	
	Actual	Budget	Variance	% Var	Actual	Budget	Variance	% Var	YTD	% Var
Inpatient service revenue	\$ 232,757	\$ 238,696	\$ (5,939)	(2.5)%	\$ 1,319,919	\$ 1,331,240	\$ (11,322)	(0.9)%	\$ 1,282,392	2.9%
Outpatient service revenue	157,677	143,743	13,934	9.7%	940,911	874,394	66,517	7.6%	851,259	10.5%
Professional service revenue	42,553	40,020	2,533	6.3%	247,432	255,361	(7,929)	(3.1)%	249,462	(0.8)%
Gross patient service revenue	432,987	422,459	10,528	2.5%	2,508,261	2,460,996	47,266	1.9%	2,383,112	5.3%
Deductions from revenue	(352,039)	(339,877)	(12,163)	(3.6)%	(2,026,763)	(1,979,921)	(46,842)	(2.4)%	(1,919,893)	5.6%
Net patient service revenue	80,948	82,582	(1,635)	(2.0)%	481,499	481,075	424	0.1%	463,220	(3.9)%
Collection % - NPSR	18.7%	19.5%	(0.8)%		19.2%	19.5%	(0.3)%		19.4%	
Capitation and HPAC	4,462	4,168	294	7.0%	26,849	26,897	(48)	(0.2)%	27,630	(2.8)%
Other government programs	45,182	45,415	(233)	(0.5)%	270,185	272,490	(2,305)	(0.8)%	260,163	3.9%
Other operating revenue	6,269	4,678	1,591	34.0%	37,226	30,682	6,545	21.3%	30,625	21.6%
Total operating revenue	\$ 136,860	\$ 136,843	\$ 17	0.0%	\$ 815,759	\$ 811,143	\$ 4,615	0.6%	\$ 781,638	4.4%

December 2025 Financial Report

Governmental and Other Revenue Highlights

- Other government programs unfavorable from DP-NF Pass-through CY2024 (\$1.0M) offset by higher parcel tax (\$0.8M). YTD unfavorable from Measure A FY2026 Q1 adjustment (\$2.5M), Prop56 (\$1.0M), DP-NF Pass-through (\$1.0M) offset by favorable variance for Alameda Alliance P4P (\$1.2M), parcel tax (\$0.8M), and FEMA (\$0.2M). DP-NF Pass-through payment for CY2024 was \$23.8 million which was \$2.0 million lower than budget. This will be an on-going variance for the fiscal year.
- Other operating revenue favorable from higher retail pharmacy (\$1.3M) and SRH management fee (\$0.3M). YTD, favorable driven by the settlement on low pay patient accounts (\$3.1M), SRH management fee excluded from the budget (\$2.0M), higher retail pharmacy (\$2.3M) offset by unfavorable grant activity (\$1.3M).

	December 2025				Year-To-Date				FY 2025	
	Actual	Budget	Variance	% Var	Actual	Budget	Variance	% Var	YTD	% Var
Net patient service revenue	80,948	82,582	(1,635)	(2.0)%	481,499	481,075	424	0.1%	463,220	(3.9)%
Capitation and HPAC	4,462	4,168	294	7.0%	26,849	26,897	(48)	(0.2)%	27,630	(2.8)%
Medi-Cal Waiver	8,482	8,474	8	0.1%	50,955	50,841	113	0.2%	57,034	(10.7)%
Measure A and parcel tax	13,510	12,760	750	5.9%	74,835	76,557	(1,722)	(2.2)%	74,232	0.8%
Supplemental Programs	23,190	24,182	(991)	(4.1)%	144,394	145,091	(698)	(0.5)%	128,898	12.0%
Other government programs	45,182	45,415	(233)	(0.5)%	270,184	272,490	(2,306)	(0.8)%	260,163	3.9%
Grant Revenue	1,353	1,422	(68)	(4.8)%	6,727	8,004	(1,277)	(16.0)%	7,259	(7.3)%
Other Operating Revenue	4,916	3,256	1,659	51.0%	30,499	22,677	7,822	34.5%	23,367	30.5%
Other operating revenue	6,269	4,678	1,591	34.0%	37,226	30,682	6,545	21.3%	30,625	21.6%
Total operating revenue	\$ 136,860	\$ 136,843	\$ 17	0.0%	\$ 815,757	\$ 811,143	\$ 4,614	0.6%	\$ 781,638	4.4%

December 2025 Financial Report

Expense Highlights excluding Labor (part 1)

- Purchased services unfavorable from management services (\$0.5M), outside medical services (\$0.3M), security (\$0.2M) and offset favorable variance in software licensing (\$0.6M). Three vendors account for the management services variance – timing for Morrison Management Specialists for dietary services, FTI Consulting for staffing efficiencies, and Guidehouse for existing contract savings assessment. YTD, favorable from outside medical services (\$2.6M), software licenses/hosting fees (\$2.0M), security services (\$0.6M), emergency food/shelter (\$0.3M) offset by unfavorable management services (\$0.5M).
 - The favorable variance in outside medical services is expected to continue for the remainder of the fiscal year. The budget was based on higher ambulance services which were the result of duplicate invoices between sister companies. A refund of \$1.2 million was received in June 2025.

- Material and supplies unfavorable from pharmaceuticals (\$0.8M), medical/surgical supplies (\$1.7M) offset by favorable non-medical supplies (\$0.3M). The late invoices for medical supplies were not accrued in previous months due to their approximation to budget (\$1.7M). YTD, unfavorable due to pharmaceuticals (\$2.3M) offset by favorable medical supplies (\$0.9M) and non-medical supplies (\$0.5M).

	December 2025				Year-To-Date				FY 2025	
	Actual	Budget	Variance	% Var	Actual	Budget	Variance	% Var	YTD	% Var
Labor costs	\$ 108,942	\$ 105,727	\$ (3,215)	(3.0)%	\$ 629,357	\$ 613,605	\$ (15,752)	(2.6)%	\$ 587,887	(7.1)%
Purchased services	8,311	7,947	(364)	(4.6)%	50,727	55,737	5,010	9.0%	49,945	(1.6)%
Materials and supplies	15,558	13,365	(2,193)	(16.4)%	81,920	79,216	(2,704)	(3.4)%	75,274	(8.8)%
Facilities	3,531	2,923	(608)	(20.8)%	21,444	20,061	(1,383)	(6.9)%	18,832	(13.9)%
Depreciation and amortization	2,386	2,450	64	2.6%	14,142	15,054	912	6.1%	20,970	32.6%
General and administrative	2,647	2,888	241	8.3%	15,281	16,031	750	4.7%	16,692	8.5%
Total operating expense	\$ 141,375	\$ 135,300	\$ (6,075)	(4.5)%	\$ 812,871	\$ 799,704	\$ (13,167)	(1.6)%	\$ 769,600	(5.6)%

December 2025 Financial Report

Expense Highlights excluding Labor (part 2)

- Facilities unfavorable from facility repairs (\$0.8M) offset by favorable utilities (\$0.2M). YTD, unfavorable from facility repairs (\$2.9M) offset by favorable utilities (\$1.3M) and rental equipment (\$0.2M). Facility repairs occurred at Highland Hospital (\$1.6M), Alameda Hospital (\$1.0M), and San Leandro Hospital (\$0.3M).
- Depreciation and amortization favorable from lower equipment depreciation (\$0.4M) offset by higher lease and software amortization (\$0.3M). YTD, favorable from lower equipment depreciation (\$2.6M) offset by higher lease and software amortization (\$1.7M).
- General and administrative favorable from insurance expense (\$0.2M). YTD, favorable from recruitment expense (\$0.5M) and insurance (\$0.2M).

	December 2025				Year-To-Date				FY 2025	
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December 2025 Financial Report

Expense Highlights – Labor

- Staff salaries and registry were unfavorable (\$2.4M) driven by higher FTEs (85 FTEs/\$0.9M) and higher rate (\$1.5M). YTD, unfavorable due to higher FTE (92 FTEs/\$4.6M) and higher rate (\$6.4M).
- Provider salaries approximate budget for month and favorable YTD (\$2.2M).
 - Provider salaries unfavorable from rate (\$0.6M) offset by lower FTEs (15 FTEs/\$0.5M). YTD, fewer FTEs (18 FTEs/\$3.5M) offset by higher rate (\$1.4M). Recruitment included in the budget has not been realized.
 - Physician contract services approximate budget for month and unfavorable YTD (\$0.8M).

	December 2025				Year-To-Date				FY 2025	
	Actual	Budget	Variance	% Var	Actual	Budget	Variance	% Var	YTD	% Var
Salaries and wages (staff)	\$ 62,319	\$ 58,956	\$ (3,363)	(5.7)%	\$ 364,109	\$ 348,262	\$ (15,847)	(4.6)%	\$ 332,616	(9.5)%
Salaries and wages (providers)	13,140	13,033	(107)	(0.8)%	76,222	78,378	2,156	2.8%	74,357	(2.5)%
Registry	3,325	4,306	981	22.8%	20,616	25,372	4,756	18.7%	26,258	21.5%
Physician contract services	3,610	3,678	68	1.8%	22,416	21,603	(813)	(3.8)%	21,209	0.0%
Employee benefits (taxes, insurance)	17,256	17,141	(115)	(0.7)%	98,341	93,391	(4,950)	(5.3)%	89,582	(9.8)%
Retirement	9,292	8,613	(679)	(7.9)%	47,653	46,599	(1,054)	(2.3)%	43,864	(8.6)%
Total labor costs	\$ 108,942	\$ 105,727	\$ (3,215)	(3.0)%	\$ 629,357	\$ 613,605	\$ (15,752)	(2.6)%	\$ 587,887	(7.1)%
Compensation ratio	79.6%	77.3%	-2.3%		77.1%	75.6%	-1.5%		75.2%	
Paid FTEs - staff	4,664	4,549	(115)	(2.5)%	4,624	4,517	(107)	(2.4)%		
Paid FTEs - providers	390	405	15	3.7%	383	401	18	4.5%		
Paid FTEs - registry	187	217	30	13.8%	200	215	15	7.0%		
Total FTEs	5,241	5,171	(70)	(1.4)%	5,207	5,133	(74)	(1.4)%	5,115	

December 2025 Financial Report

Expense Highlights – Labor (continued)

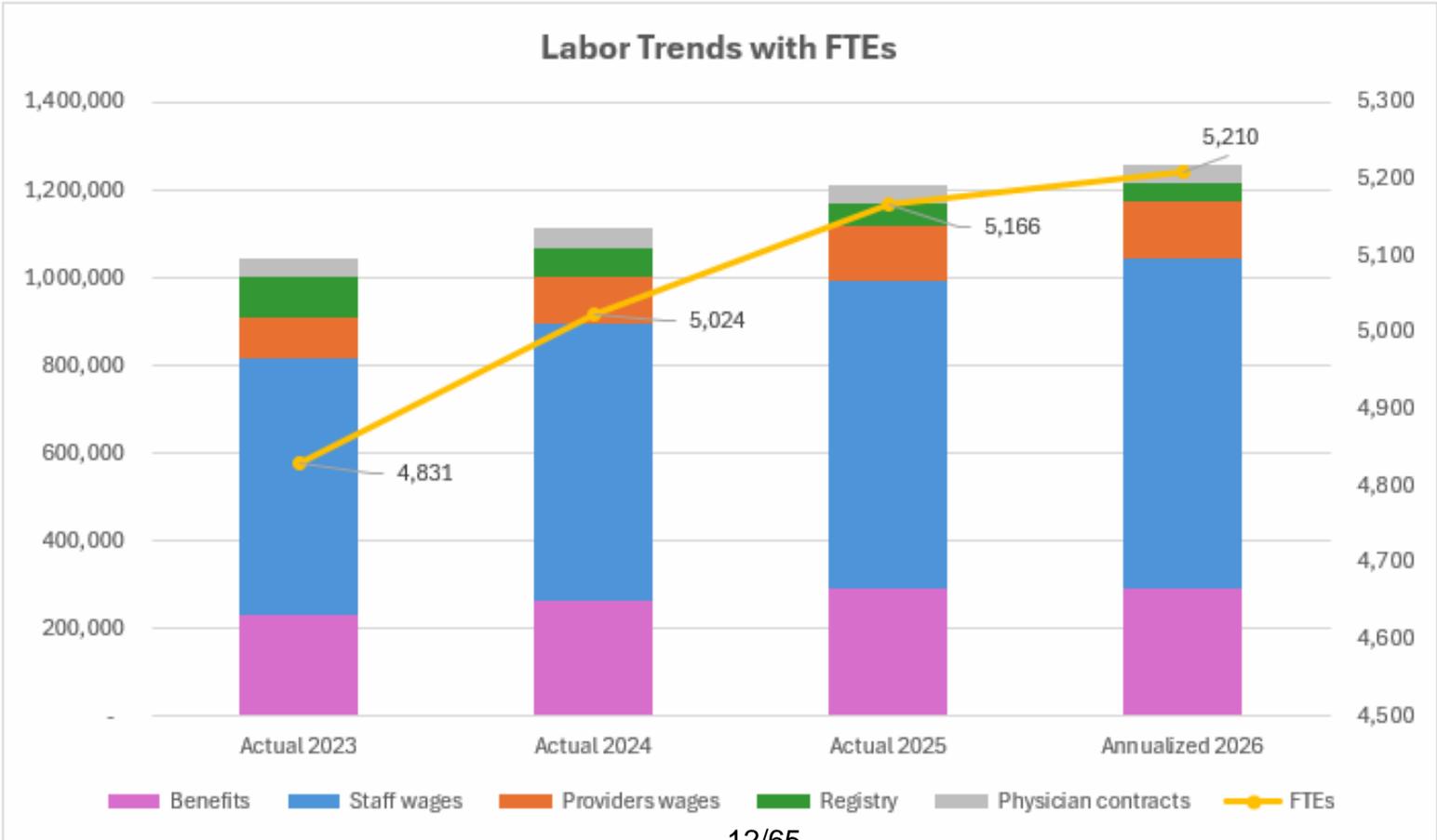
- Employee Benefits unfavorable from higher self-funded health (\$1.1M) offset by lower other benefits (\$1.0M) from residents and interns housing allowance was paid in June 2025. YTD, unfavorable from higher self-funded health (\$8.7M) offset by lower Kaiser premium (\$1.4M), timing of resident housing allowance (\$0.8M), other benefits (\$0.7M), and FICA (\$0.8M).
- Retirement unfavorable from union plans (\$0.7M). YTD, unfavorable from ACERA (\$0.8M) and union plans (\$0.3M).

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Employee benefits (taxes, insurance)	17,256	17,141	(115)	(0.7)%	98,341	93,391	(4,950)	(5.3)%	89,582	(9.8)%
Retirement	9,292	8,613	(679)	(7.9)%	47,653	46,599	(1,054)	(2.3)%	43,864	(8.6)%
Total labor costs	\$ 108,942	\$ 105,727	\$ (3,215)	(3.0)%	\$ 629,357	\$ 613,605	\$ (15,752)	(2.6)%	\$ 587,887	(7.1)%
Compensation ratio	79.6%	77.3%	-2.3%		77.1%	75.6%	-1.5%		75.2%	
Paid FTEs - staff	4,664	4,549	(115)	(2.5)%	4,624	4,517	(107)	(2.4)%		
Paid FTEs - providers	390	405	15	3.7%	383	401	18	4.5%		
Paid FTEs - registry	187	217	30	13.8%	200	215	15	7.0%		
Total FTEs	5,241	5,171	(70)	(1.4)%	5,207	5,133	(74)	(1.4)%	5,115	

December 2025 Financial Report (shared with Health Committee 1/26/26)

Labor Trends with FTEs

- Since FY2023, the net increase of 379 FTEs has strengthened the organization, expanded access to care, improved the patient experience, and quality outcomes. Increases in revenue have allowed for growth in FTE.
- Labor costs represent approximately 75% of total operating expense.



Contracted physicians are not included in FTEs due to hours not available to calculate FTEs.

December 2025 Financial Report

Balance Sheet Key Metrics

- Days in Cash are 5.2 days and higher than year-end; typically, below 5.0 days.
- Gross AR Days increased 3.0 days and Net AR Days increased 3.3 days. See next slide for additional detail.
- Days in Accounts Payable decreased due to timing of the check run and implementation of Hyland/Onbase (automation of AP processes). The target is 30 days.
- Net Position is negative \$60.9M and decreased \$0.8M from June 30, 2025 reflecting YTD Net Income.
- Net Negative Balance is a payable of \$80.3M. NNB consists of the liquidity facility (loan) of \$108.4M offset by the restricted cash of \$28.1M; and is expected to be below the June 30, 2026 credit ceiling of \$95.0M at the end of the fiscal year.

	Dec-25	Nov-25	FY 2025
Days in cash	5.2	5.1	2.9
Gross days in patient receivable	65.7	62.7	62.4
Net days in patient receivable	48.4	45.1	43.8
Due from/(to) third-party payors	\$ 272,907	\$ 328,889	\$ 158,555
Due from/(to) County	\$ (18,238)	\$ (57,420)	\$ 49,680
Days in accounts payable	23.7	27.0	38.3
% of AP over 60 days	2.5%	0.8%	4.0%
Net position - fund balance/(deficit)	\$ (60,938)	\$ (56,096)	\$ (61,798)
Net negative balance - receivable/(payable)	\$ (80,312)	\$ (60,007)	\$ 26,949

December 2025 Financial Report

Patient Days in Accounts Receivable Trending

Trending Graph



Hospital Revenue Cycle Key Indicators

- HB AR Days (gross) increased by 4.1 days to 70.5 days.
- December collections were \$52.6M. Lower than the average of the prior twelve months at \$61.9M.
 - Managed Medi-Cal delay in payment
 - Holiday schedules
- Fiscal intermediary reported a claims processing error. Impact is approximately 1.7 days.
- Coding work queue increased 2.3 days.
- Inpatient CDI is under review to determine improvements for specific DRGs that may not capture all complication or comorbidity.

Trending Graph

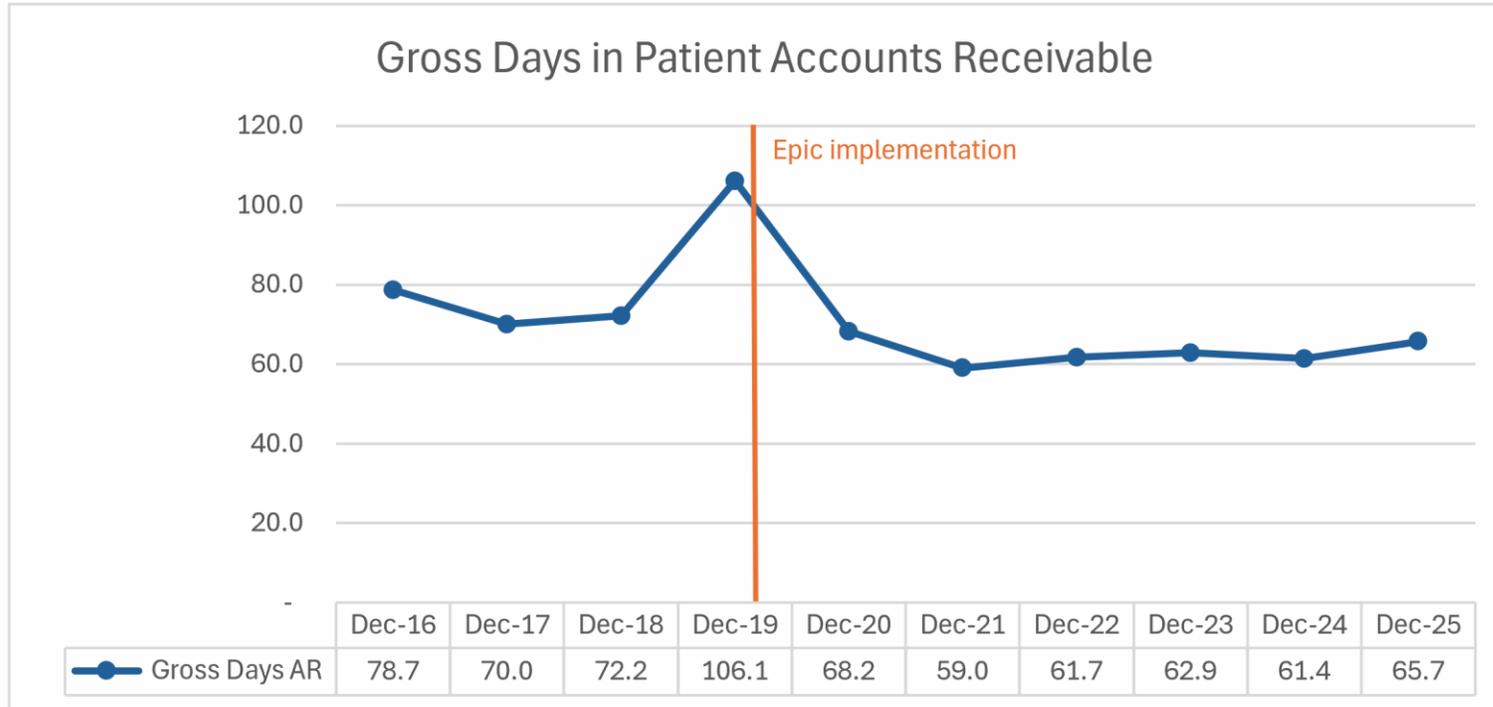


Professional Revenue Cycle Key Indicators

- PB AR Days (gross) increased by 0.3 days compared to 36.3 days and are at Epic's top 25% tier.
- December collections were \$12.6M. Higher than average of the prior twelve months at \$11.6M.
- Enterprise CI launched to address provider clinical documentation along with charge automation and usage of Epic tools.

December 2025 Financial Report

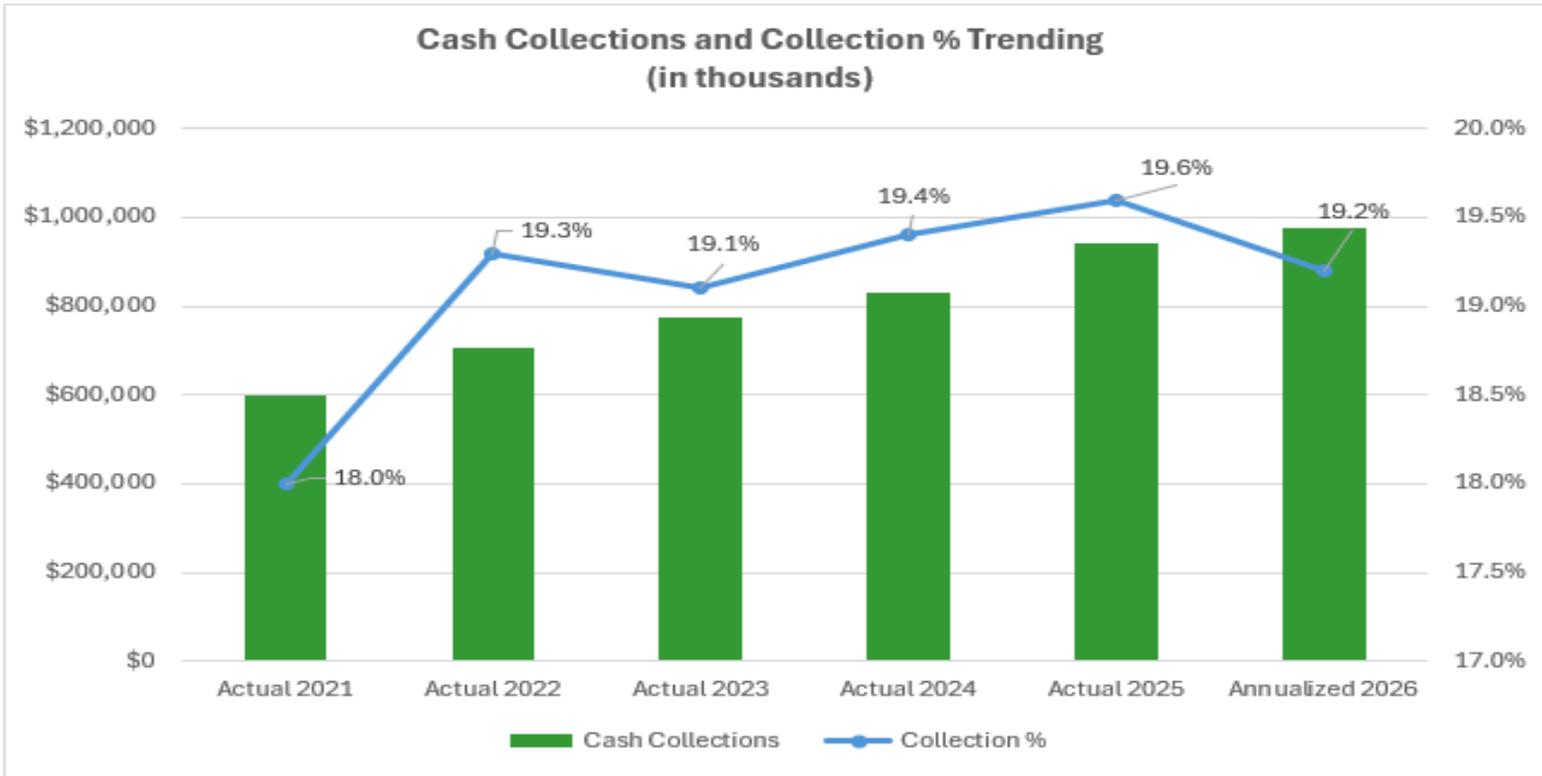
Days in AR Trending



- AR Days is one metric to evaluate revenue cycle performance.
 - AHS achieving Epic AR Days median for safety net hospitals.
 - AHS takes approximately 60 days to collect on accounts receivable.
 - Working accounts to maximize payment produces higher yields.
 - AHS continues to implement tools to improve all Revenue Cycle metrics.
- AHS cash collections are strong.

December 2025 Financial Report (shared with Health Committee 1/26/26)

Cash Collections Outpace Government Fee Schedules



	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Actual 2025	Annualized 2026
Cash Collections	\$600,100	\$705,638	\$776,455	\$831,443	\$943,180	\$977,576
% change		17.6%	10.0%	7.1%	13.4%	3.6%

Epic implemented October 2019.

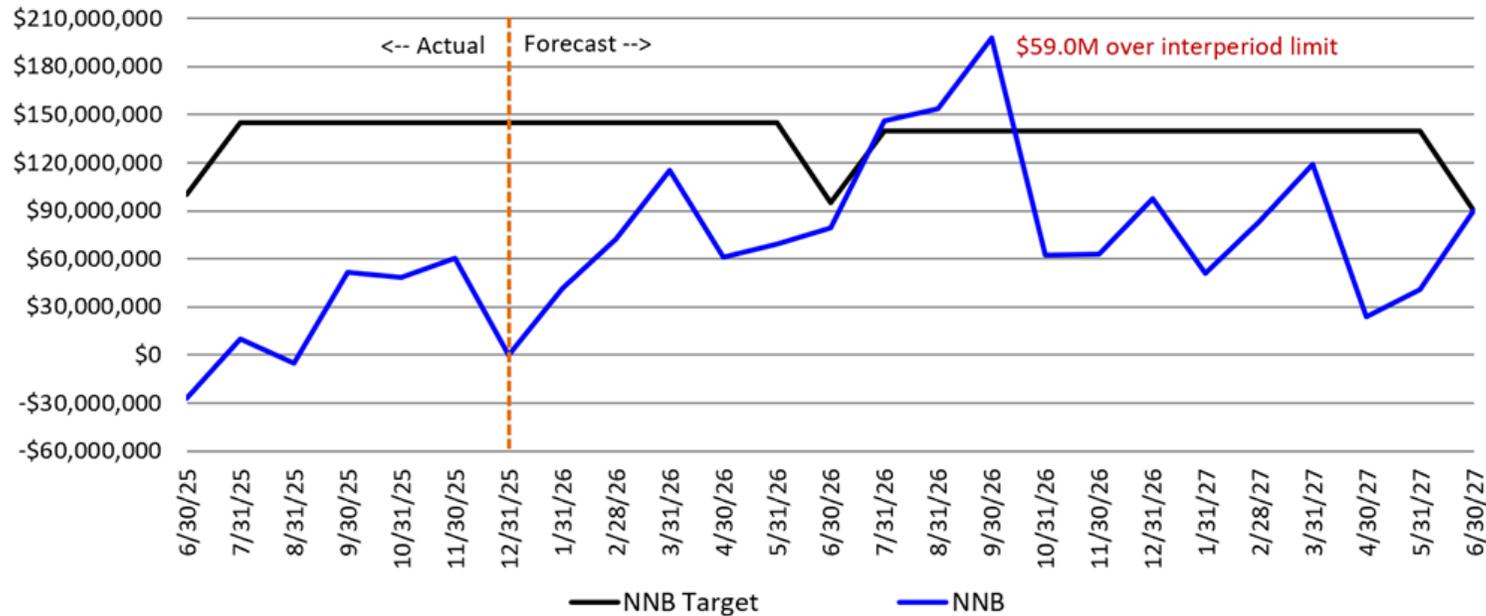
FY2026 annualized doesn't reflect increases from government fee schedules and managed Medi-Cal effective January 2026.

- AHS collections growth has significantly exceeded increases in government fee schedules for Medicare, FFS Medi-Cal and Managed Medi-Cal, which represents over 90% of all payor sources.
- Significant improvement in cash collections has occurred as the result of strong revenue cycle management. Building strong partnerships and alignment around a shared vision that supports:
 - deploying Epic tools
 - standardized workflows
 - enhance clinical documentation and provider charge capture
 - implement continuous training
 - performance monitoring of revenue cycle metrics to drive long term sustainability.

December 2025 Financial Report

Line of Credit (NNB) Forecast through 6/30/26

NNB Forecast - Line of Credit Balance



- FY2026 forecast is consistent with prior month and expected to be compliant with the debt agreement with the County.
 - below \$95M at 6/30/26
 - below \$90M at 6/30/27
- Forecast shows increasing debt for the entire fiscal year with no payoff this fiscal year-end. NNB expected to exceed the inter-period limit by \$59.0M.
 - *Insufficient credit available to fund operations in Q1.*
- As a result of the seismic shift in healthcare funding (HR1 and other state impacts) immediate action to avert fiscal crisis is needed. The graph does not take into consideration the impact and timing of HR1.
- Assumptions will be updated during the budget cycle.

December 2025 Financial Report (presented to Health Committee 1/26/25)

Line of Credit (NNB) information

- AHS has paid off the line of credit (NNB) for the last four fiscal years ending with funds in the County treasury. The historical cycle has required the use of the NNB to cover the lack of supplemental funding during the first four months of the fiscal year. This is why it is important to pay off the NNB at the end of each fiscal year.
- Primary financial constraints are:
 - AHS utilized the NNB to pay the required recoupment of \$42.0M related to AB85 Realignment to the State in October of 2025 for FY2023 program funding.
 - Consistent with St. Rose affiliation and protecting the safety net in south Alameda County, AHS provided \$12.2M in April 2025 for supplemental IGT program. AHS making progress to reduce the \$10.5M required in April 2026 which is pending AHS trustees' approval.
 - JGP funding under State CalAIM rate reform began July 2023 (along with the implementation of SmartCare software) resulting in the County withholding 20% of billings. No information on collections or denials has been received from County to justify the 20% withhold.
 - HR 1 federal anticipated and ongoing state budget cuts for the current and upcoming fiscal years related to reduction of Medi-Cal funding leading to unprecedented cuts disproportionately affecting safety-net hospitals (92% of AHS payer mix is Medi-Cal or other Government sources).
 - Increased operating costs, particularly labor and benefit costs, following a period of high inflationary times where government funding did not grow in step.

Recap of HR 1 and related matters

(originally presented in August 2025)

Hanging under the cloud of further executive/administrative actions

CY 2026

Forced state
budget cuts

(\$20-30M)

CY 2027

Work
requirements &
misc.

(\$70-100M)

CY 2028

Big phased cuts
begin to major
supplementals

(\$100-150M)
Annually & increasing

Scale of potential cuts
(revenue)

Add: (\$60M)/yr. immediately if DSH cuts not rescinded

Note: Numbers are projections subject to significant uncertainty. AHS considered input from California Association of Public Hospitals & Health Systems, Congressional Budget Office, Center for Budget and Policy Priorities, and others.

HR1 and Related Revenue Impacts by Year

Low End to High End Ranges

(in millions)

\$ millions	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
HR1 - Work requirements - to patient care revenue	\$0	(\$36 - \$51)	(\$42 - \$75)	(\$49 - \$82)	(\$49 - \$82)
HR1 - Work requirements - to supplemental revenues	\$0	(\$7 - \$12)	(\$9 - \$16)	(\$9 - \$16)	(\$9 - \$16)
HR 1 - Emergency Medicaid FMAP reduction (Immigration-Related)	(\$5)	(\$12)	(\$12)	(\$12)	(\$12)
HR 1 - Directed Payments caps	\$0	\$0	(\$22)	(\$45)	(\$65)
Coverage/rate reductions from state budget (Alliance=>HPAC, other)	(\$15 - \$25)	(\$15 - \$25)	(\$15 - \$25)	(\$15 - \$25)	(\$15 - \$25)
Total	(\$20 - \$30)	(\$70 - \$100)	(\$100 - \$150)	(\$130 - \$180)	(\$150 - \$200)
Medicaid DSH cuts (historically Congress has delayed)	(\$60)	(\$60)	(\$45)	\$0	\$0

Note: Impacts are to revenue on income statement and not reflective of cash payments to line of credit with County (NNB)

Governor's Budget proposal released January 9, 2026

Note: AHS has not updated previous impact projections based on the Governor's budget proposal.

Based on Governor's Budget

- No major new Medi-Cal cuts proposed, overall deficit was relatively small at \$2.9B in 2026-27
- On flip side, no mitigations proposed to HR 1 cuts
- Governor/Legislature will negotiate to pass budget by end of June
- **Proposal emphasized state budget is dependent on tax revenues** which are themselves vulnerable to stock market changes, implying May Revision to budget proposal could look very different
- Governor also promised to address larger \$22B deficit projected for subsequent year FY 2027-28
- AHS will assess overall impacts with all updated information to build its FY 2026-27 budget

Announced in tandem with budget

- Updated DHCS estimates of enrollment cuts related to HR 1
- Work requirements estimated to result in:
 - 233,000 fewer Medi-Cal members by June 2027
 - 1 million fewer by Jan 2028
 - 1.4 million fewer by June 2028
- Six-month eligibility checks estimated to result in:
 - 289,000 fewer by June 2027
 - 400,000 fewer in FY 2029-30
- End of full-scope coverage for refugees, asylees, victims of human trafficking, & other immigrant categories
 - Moves 200,000 members from Full-Scope to Limited-Scope coverage as of October 1, 2026

APPENDIX

Slides typically presented at Finance Committee.

- Volume Highlights
- Length of Stay Variance
- Provider Expense Variance
- Patient Collections
- FTE and Patient Volume Trending
- Provider Expense Variance
- NNB Activity
- St. Rose Hospital Highlights

December 2025 Financial Report

Volume Highlights – Part 1

	December 2025				FY2026 Year-To-Date				FY2025 Year-To-Date		
	Actual	Budget	Var	% Var	Actual	Budget	Var	% Var	Actual	Var	% Var
Campus: AHS ALL CAMPUS											
Total Adjusted Patient Days	31,366	30,732	634	2.1%	184,308	182,392	1,917	1.1%	181,106	3,202	1.8%
Total Adjusted Discharges	2,728	2,798	(70)	-2.5%	16,391	15,933	458	2.9%	15,735	656	4.2%
Physician wRVU	139,228	100,849	38,378	38.1%	805,578	732,171	73,407	10.0%	795,424	10,153	1.3%
FQHC & Other Clinic Visits	36,503	35,351	1,152	3.3%	214,213	219,679	(5,466)	-2.5%	205,846	8,367	4.1%
GENERAL ACUTE											
Patient Days	6,525	6,992	(467)	-6.7%	35,766	38,291	(2,525)	-6.6%	38,084	(2,318)	-6.1%
Discharges	1,269	1,361	(92)	-6.7%	7,462	7,398	64	0.9%	7,336	126	1.7%
Average Length of Stay	5.1	5.1	0.0	-0.1%	4.8	5.2	0.4	7.4%	5.2	0.4	7.7%
CMI	1.614	1.565	0.049	3.1%	1.602	1.550	0.051	3.3%	1.645	(0.044)	-2.7%
Emergency Visits	9,450	9,501	(51)	-0.5%	56,353	53,322	3,031	5.7%	54,126	2,227	4.1%
Trauma Cases	307	308	(1)	-0.3%	1,877	1,885	(8)	-0.4%	1,934	(57)	-2.9%
Observation Equivalent Days	883	486	396	81.5%	4,298	3,896	402	10.3%	3,744	554	14.8%
Surgeries	659	690	(31)	-4.4%	4,087	4,149	(62)	-1.5%	4,588	(501)	-10.9%
PSYCH											
Psych Patient Days	1,982	2,110	(128)	-6.1%	12,169	12,069	100	0.8%	11,864	305	2.6%
Psych Discharges	204	234	(30)	-13.0%	1,274	1,340	(66)	-5.0%	1,327	(53)	-4.0%
Average Length of Stay	9.7	9.0	(0.7)	-7.9%	9.6	9.0	(0.5)	-6.1%	8.9	(0.6)	-6.8%
Occupancy %	92.7%	98.7%	-6.0%		95.8%	95.1%	0.7%		93.4%	2.4%	
PES Equivalent Days	560	524	36	6.9%	4,302	3,928	373	9.5%	4,005	296	7.4%

December 2025 Financial Report

Volume Highlights – Part 2

	December 2025				FY2026 Year-To-Date				FY2025 Year-To-Date		
	Actual	Budget	Var	% Var	Actual	Budget	Var	% Var	Actual	Var	% Var
Campus: AHS ALL CAMPUS											
REHAB											
Rehab Patient Days	674	777	-103	-13.2%	4,172	4,329	-157	-3.6%	4,130	42	1.0%
Rehab Discharges	52	59	-7	-11.5%	324	327	-3	-1.1%	306	18	5.9%
Average Length of Stay	13.0	13.2	0.3	2.0%	12.9	13.2	0.3	2.6%	13.5	0.6	4.6%
Occupancy %	78.0%	89.0%	-11.0%		81.0%	84.0%	-3.0%		80.0%	1.0%	
SNF WITH SUB-ACUTE											
Average Daily Census	277.2	275.7	1.5	0.6%	277.3	275.7	1.6	0.6%	274.3	2.9	1.1%
Occupancy %	96.0%	95.0%	1.0%		96.0%	95.0%	1.0%		95.0%	1.0%	
Bed Holds	126	80	46	57.1%	425	485	-60	-12.3%	473	-48	-10.1%
PAYOR MIX											
Insurance %	6.3%	6.4%	-0.1%		6.6%	7.0%	-0.5%		6.9%	-0.4%	
Medi-Cal %	59.4%	60.1%	-0.7%		60.0%	61.1%	-1.1%		61.2%	-1.2%	
Medicare %	31.3%	28.9%	2.5%		29.3%	26.8%	2.5%		27.5%	1.8%	
Other Govt %	1.1%	2.3%	-1.2%		1.3%	1.9%	-0.6%		1.7%	-0.4%	
Self-Pay %	1.9%	2.4%	-0.5%		2.8%	3.2%	-0.4%		2.6%	0.2%	
Total Payor Mix %	100%	100%	0.0%		100%	100%	0.0%		100%	0.0%	

December 2025 Financial Report

Length of Stay Variance

Acute Care Hospitals: HGH, SLH, AH (excludes any rehab)

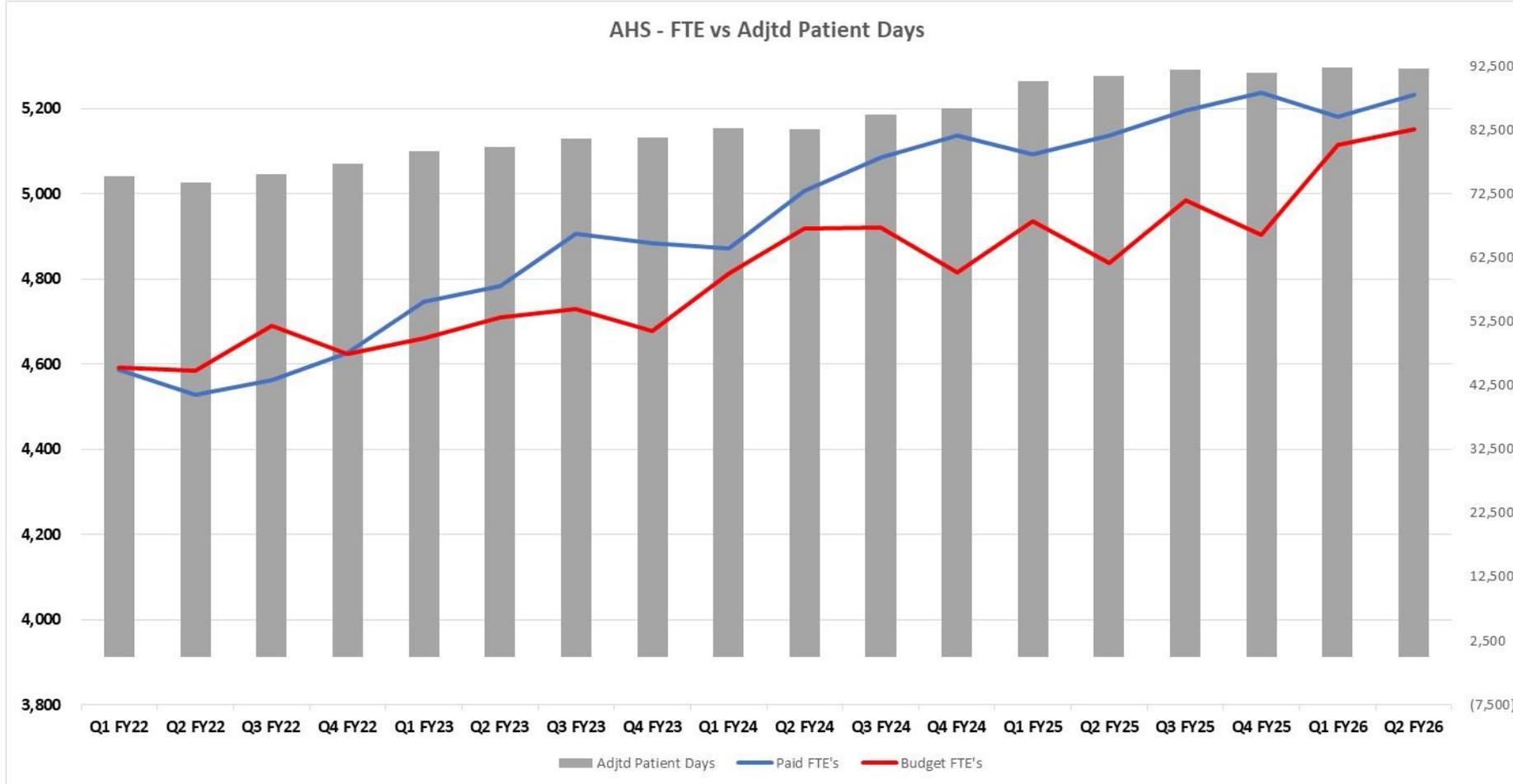


➤ LOS Variance Days | December:
There were 2,518 excess days which is a 27.49% monthly Increase. This reflects the total # of actual days in a bed in excess of the allowed # of days compared to the Medicare acuity model benchmark.

➤ Medicare GMLOS Benchmark:
Compares the total AHS patient population against the Federal regulatory guidelines (Medicare), regardless if the patient is a non-Medicare State (APR) payer or a Medicare Federal (MSDRG) payer.

December 2025 Financial Report

Labor Expense – FTE and Patient Volume Trending



- Volumes or adjusted patient days have increased since FY2022.
- FTEs increased, in part due to volume, but have outpaced the budget since FY2023.

December 2025 Financial Report

Provider Expense Variance

December 2025 YTD							
Provider Dollars (in thousands)							
		MTD			YTD		
	Service Type	Actual	Budget	Variance	Actual	Budget	Variance
Salaries	SEIU	8,775	8,816	41	50,945	52,762	1,816
	UAPD Dental	148	229	81	1,001	1,551	550
	UAPD Primary Care	881	949	68	4,984	5,898	914
	UAPD Psych	1,085	1,050	(35)	6,232	6,304	72
	GME	26	7	(19)	204	63	(140)
	APPs	2,225	1,982	(243)	12,855	11,800	(1,055)
	Total Salaries		13,140	13,033	(107)	76,222	78,378
Contracts	Locums/Registry	179	342	162	1,892	1,436	(455)
	UCSF Contracts	1,498	1,507	9	9,442	9,040	(402)
	GME Contracts	335	313	(22)	1,968	1,876	(92)
	Other Physician Contracts	1,598	1,517	(80)	9,114	9,250	136
	Total Contracts		3,610	3,678	68	22,416	21,603
Total Physician Expense		16,750	16,711	(39)	98,638	99,981	1,343

- In transition to assign provider's salaries to where they worked. Currently, reporting in total by union.
- Favorable YTD variance in provider salaries from unrealized recruitment in the FY2026 budget.
- Unfavorable YTD variance in contracts from additional locum coverage.

December 2025 Financial Report

Patient Collections

PATIENT COLLECTIONS (in thousands)

	Behavioral Health		Total				
	Health	Epic	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022
Jul	11,928	67,883	79,811	72,694	79,592	74,260	59,732
Aug	28,651	82,136	110,787	79,768	69,313	58,590	57,374
Sep	-	66,819	66,819	69,741	63,322	76,063	61,968
Oct	868	82,323	83,191	76,783	63,122	59,796	49,923
Nov	11,569	71,370	82,939	78,747	57,781	56,939	52,057
Dec	-	65,241	65,241	94,631	63,867	67,018	68,121
Jan	-	-	-	89,014	68,757	71,452	62,292
Feb	-	-	-	68,511	75,852	57,886	52,269
Mar	-	-	-	91,851	54,720	65,320	62,888
Apr	-	-	-	74,892	61,895	55,307	56,235
May	-	-	-	74,339	102,015	63,795	69,591
Jun	-	-	-	72,211	71,208	70,027	53,187
Total	53,016	435,772	488,788	943,182	831,444	776,453	705,637
% change between fiscal years			3.5%	13.4%	7.1%	10.0%	

- Recoupments of \$2.1M offset current month collections.
- No payments received for JGP in December for the FY26 contract.
 - JGP FY26 contract was executed at \$81.2M. The maximum contract amounts have been paid for prior years.
 - Since the conversion to SmartCare/CalAIM in July 2023, the County began withholding approximately 20% of AHS invoices for provided services.

December 2025 Financial Report

Material Items Impacting NNB Forecast

Material Items Included in NNB Forecast (in thousands)

	Jan-26	Feb-26	Mar-26	FY26 Q4	FY27 Q1	FY27 Q2	FY27 Q3	FY27 Q4
GPP (quarterly)	\$ 17,725	\$ 266	\$ 5,600	\$ 25,210	\$ 23,550	\$ 23,550	\$ 28,650	\$ 19,700
EPP (semi-annual)	-	-	-	31,800	-	75,350	-	39,500
QIP	-	-	-	36,658	-	50,000	-	50,000
Medi-Cal Rate Range	48,228	-	-	-	-	-	51,300	-
BHCS (JGP/Alameda County) - fy26	10,728	6,084	6,084	18,251	12,167	-	-	-
BHCS (JGP/Alameda County) - fy27	-	-	-	-	-	18,900	18,900	25,200
HPAC	-	10,800	-	10,800	-	21,600	10,800	10,800
AB85 Realignment	-	-	-	-	-	4,800	-	-
SNF DP-NF (final pmt Jan-27)	-	-	-	-	-	-	26,000	-
Waiver recoupment (fy11, fy12)	-	3,922	-	29,169	-	-	-	-
St. Rose Hospital LOC	2,500	2,500	2,500	(7,500)	-	-	7,500	(7,500)
Donation to St. Rose Hospital	-	-	10,507	-	-	-	10,507	-
	<u>\$ 79,181</u>	<u>\$ 23,572</u>	<u>\$ 24,691</u>	<u>\$ 144,388</u>	<u>\$ 35,717</u>	<u>\$ 194,200</u>	<u>\$ 153,657</u>	<u>\$ 137,700</u>

Prior Year Reimbursement Settlements

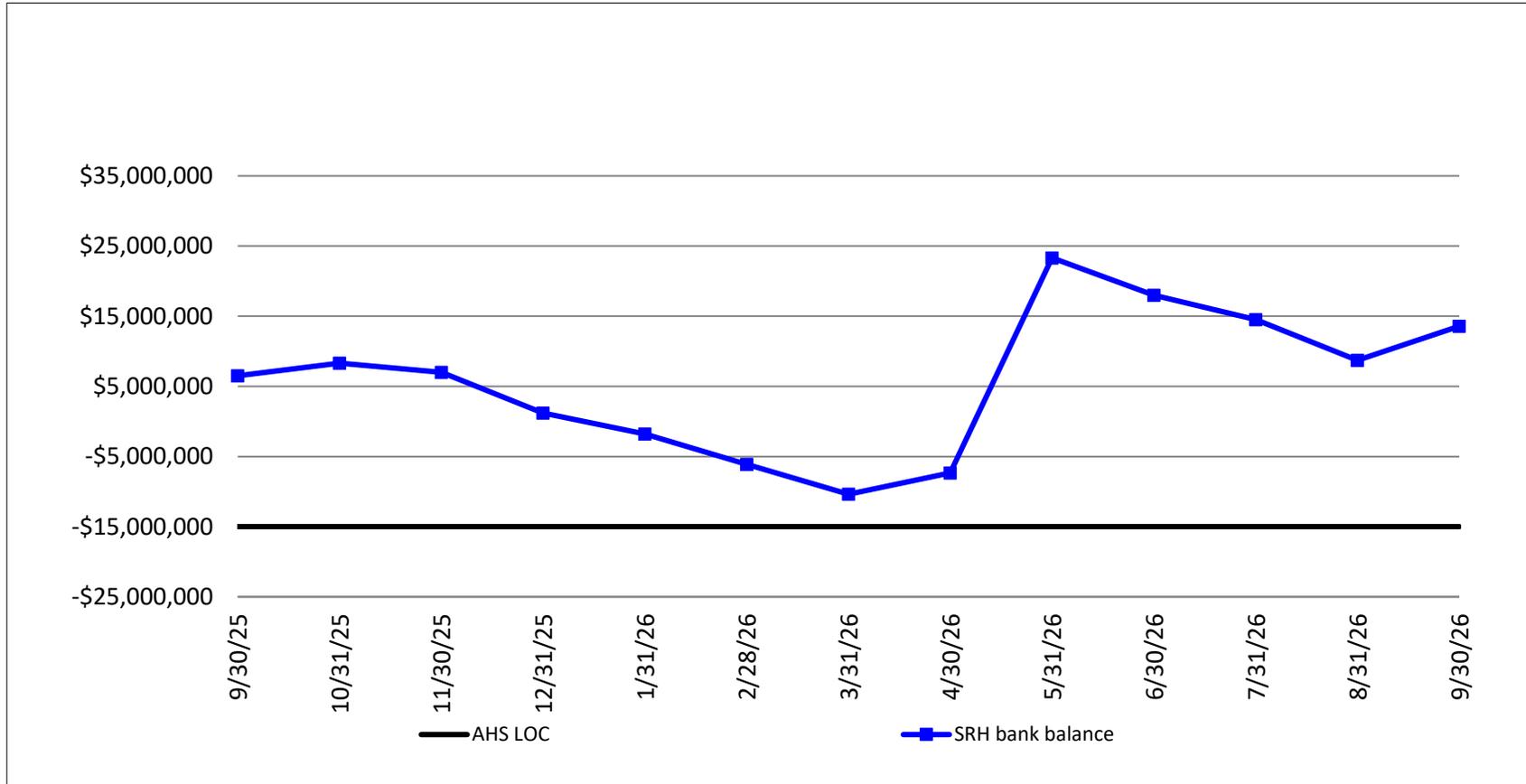
AB915 (fy14-fy20)	(17,000)	TBD
Medi-Cal FQHC recoupment (fy08 - fy13)	(40,000)	TBD
Physician SPA (fy08 - fy13)	(25,100)	TBD
	<u>\$ (82,100)</u>	

- DP-NF Pass-through for \$25.8M moved from January 2026 to December 2025 based on receipt of payment.
- Waiver recoupment (fy11, fy12) moved from Prior Year Reimbursement Settlements as the amount and timing has been determined.
- St. Rose drew on the line of credit of \$2.5M in January 2026.
- St. Rose donation is pending approval.

- SRH's YTD net loss (\$2.8M), \$4.3M favorable to budget
 - Gross charges approximate budget; acute census exceeding budget offset by Sub Acute volume which has not improved due to the unit being limited to Commercial patients only. Effective December, the unit was certified to accept Medicare patients (in addition to Commercial); however, no Medicare patients have been admitted to date.
 - Net patient service revenue variance, favorable 17.6%, driven by higher than budget collection ratio (\$1.7M).
 - QAF Year 8 Phase 2 (Jul23-Dec23) true-up, as actual payments received exceeded the accrued amount (\$1.3M) and the fee paid was lower (\$248K), net impact \$1.5M.
 - Expenses approximates budget; labor and AHS's management fees unfavorable offset by materials and supplies (surgical implants, re-agent and pharmaceuticals).
 - Receipt of Stanford's pledged donations (\$1.0M), (2 of 3 installments).
- MOB's YTD net income (\$84K), \$2K unfavorable to budget.
 - Higher utilities than budget.
- Foundation's YTD net income (\$16K), \$1K unfavorable due to lower than budgeted donation received.

	November 30, 2025				Year-To-Date			
	Actual	Budget	Var (\$)	Var (%)	Actual	Budget	Var (\$)	Var (%)
Total Net Patient Service Revenue	\$9,462	\$8,133	\$1,329	16.3%	\$19,522	\$16,604	\$2,918	17.6%
Total Other Revenue	\$175	\$170	\$5	3.0%	\$356	\$354	2	0.6%
TOTAL OPERATING REVENUE	\$9,637	\$8,303	\$1,334	16.1%	\$19,879	\$16,958	\$2,920	17.2%
Less: Operating Expenses	\$11,404	\$11,660	\$257	2.2%	\$22,878	\$23,126	\$248	1.1%
EBITDA	(\$1,766)	(\$3,357)	\$1,591	-47.4%	(\$2,999)	(\$6,168)	\$3,168	-51.4%
Total Non-Operating Exp/(Income)	(\$587)	\$450	(\$1,037)	-230.3%	(\$197)	\$895	(\$1,092)	-122.0%
Restr Donation - (AA Geropsych)	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%
NET INCOME/(LOSS)	(\$1,179)	(\$3,808)	\$2,629	30.65%	(\$2,802)	(\$7,063)	\$4,261	-60.3%

November 2025 SRH Cash Flow and AHS Line of Credit Projection



- The current cash position has declined as holiday-related slowdowns negatively impacted cash collections in recent weeks.
- QAF 2024 received in November improved cash position.
- New QAF program for CY 2025 not reflected in the cash projection, normally receive in Q1 pending guidance from CMS. Budget revenue for 2026 was \$10.2M.
- Full IGT funding consistent with budget is projected for May receipt (\$36M).

The \$100M Expense Reduction Update



100M Together & Key Initiatives Update

Program Status Update

Aemal Aminy
Alex Gallo

02.04.26
Board of Trustees - Finance Committee

Impact on Patients: Inaction vs Action

If We Do Nothing

- Capital gaps delay maintenance of buildings and equipment
- Forced service reductions from budget changes
- Increased reliance on transfers outside the system
- Vendor payments and paychecks delayed, causing service disruption

If We Act

- ✓ Strategic capital investment in safe, modern facilities and equipment
- ✓ Sustained access to essential services for our communities
- ✓ Stabilized staffing through targeted hiring and workforce support
- ✓ Reduced transfers and stronger continuity of care within our system
- ✓ Reliable vendor partnerships and uninterrupted clinical operations

This \$100M initiative ensures we protect the safety net and maximize patient impact.

Fiscal Stewardship Program - How We Act Together

\$100M Together

Our Leverage:

- 5,000 engaged employees closest to daily operations
- Decades of leadership experience across clinical, operational, and administrative teams
- Centralized Program Management to prioritize, track, and realize savings

Target:

- \$100M in sustainable savings by Complete by June 30, 2026



Sponsors: Mark Fratzke, Alex Gallo
Operational Leader: Aemal Aminy
Program Manager: Jill Nielsen

Process to Submit Efficiency Ideas



Clinical Projects

Initiative	Description	Executive Sponsor	Forecasted Savings FY26	Forecasted Savings FY27
Increase Census ARU	Lease 3–5 ARU beds to Stanford to increase census and generate approximately \$5.0M in annual revenue.	Richard Espinoza	\$5,042.00	
OR Efficiency	Align staffing levels with operating hours through modified shift lengths, requiring union negotiations to improve labor efficiency.	Callisha Mays, Dr. Laura Lang, Terrance Fitzgerald-Shaw, Chris Adams	\$2,138.00	
Open Access	Optimize clinic schedule through 100% scheduled capacity.	Dr. Mack, Shari Johnson	\$500.00	\$0.00
Stanford Collaboration: Secure 20 SNF Beds at St. Rose	Collaborate with Stanford to reserve 20 SNF beds. St. Rose expects to generate and additional \$5.8m in revenue for the SNF.	Richard Espinoza	\$5,840.00	
Physician Contracts	Reviewing physician contracts to identify cost-saving opportunities and implement a sustainable efficiency process.	Dr. Lisa Laurent		\$1,500.00

Finance/Revenue Cycle Projects

Initiative	Description	Executive Sponsor	Forecasted Savings FY26	Forecasted Savings FY27
Headcount and Labor Planning Revamp (WORC)	Redesign hiring and workforce planning to align with benchmarks and financial goals, supported by a 2-year workforce forecast.	Alexander Gallo, Romoanetia (Ro) Lofton	\$5,000.00	\$10,000.00
Aging Accounts Follow Up	Improve cash flow by addressing aging accounts receivable through cross-functional collaboration and workflow optimization, targeting a one-time \$12M cash recovery.	Shari Johnson	\$8,000.00	\$0.00
Cancellations Reductions	Improve access through cancellation optimization.	Shari Johnson	\$3,500.00	\$7,000.00
No Shows Reductions	Improve access via no-show optimization	Shari Johnson	\$385.00	
Pause Non Essential Capex	Pause non-essential capital expenditures to optimize financial resources.	Kimberly Miranda, Mark Fratzke	\$7,500.00	-\$7,500.00

HR & IS Projects

Initiative	Description	Executive Sponsor	Forecasted Savings FY26	Forecasted Savings FY27
Non Essential - Travel Freeze	Require C-Suite approval for all travel to control expenses.	Mark Fratzke	\$500.00	
Optimize Benefits package	Negotiating system-wide compensation and benefits adjustments to achieve near-term labor cost savings.	Jet Chapman		\$17,500.00
Application Rationalization	Streamline systems via application rationalization and slow device refresh cycles to save approximately \$119K annually	Weihong (Christine) Yang		\$800.00
Bed Rentals	Invest \$398K to purchase beds and mattresses, eliminating \$3M in rental costs and generating \$456K in annual savings over 7 years.	Weihong (Christine) Yang	\$170.00	\$456.00
Phones Data Plan Change	Extend iPhone refresh cycle to 4 years, optimize data plans, and implement a cell phone policy to achieve \$300K+ annual savings.	Weihong (Christine) Yang	\$200.00	\$100.00
EPIC License	Reduce Epic Citrix connections to lower hosting license costs, generating \$200K in annual savings starting April 2026.	Weihong (Christine) Yang	\$200.00	\$200.00
Reducing Paper and Printing Costs: Procurement and Printer Optimization	Assess printer use system-wide to reduce leased printers, paper purchases, and billing costs.	Justin Moore, Doug Johnson	\$100.00	\$250.00

Supply Chain Projects & Organizational Projects

Initiative	Description	Executive Sponsor	Forecasted Savings FY26	Forecasted Savings FY27
Contracts	Contract review underway to identify cost-saving opportunities; establishing a sustainable process for ongoing efficiency.	Mark Fratzke	\$5,000.00	\$10,000.00
Reduction In Force	Reduction in force.	Mark Fratzke; Kim Miranda; Jet Chapman	\$16,000.00	\$41,928.00
Non Labor Budget Cuts	Analyzing subaccount expenses to reduce discretionary spending by 15%	Callisha Mays	\$5,000.00	\$0.00
Supply Chain Optimization	Optimizing supply chain to drive cost reductions and improve efficiency.”	Mark Fratzke	\$2,500.00	\$1,500.00
Space Optimization	Facilities consolidation in progress to centralize staff from HGH, SSC, and JLS into a single location.	Mark Fratzke	\$0.00	\$120.00
Fuel Cell Technology	Implementing fuel cell solutions to reduce electricity costs, targeting \$2.5M annual savings at Highland and \$470K at San Leandro	Doug Johnson	\$0.00	\$2,500.00

Financial Assessment

- \$68m in potential savings from ideas submitted since November.
 - Gap to \$100m objective is \$63m
 - Funnel growth rate is strong but significant gap exists to cover \$100m target.
- Factors impacting realization factor:
 - Majority of initiatives are new – estimates will evolve as team mature initiatives
 - Individual bias within estimates
 - New PMO Office (no historical data on initiative realization)
- Focus Areas – February/March
 - Program maturity – monthly report outs to leadership
 - Funnel Growth – aim to close gap for projected savings for FY26.

FY26 Summary	
Max Potential Savings	\$68m
Realization Factor	55%
Expected Savings	\$37m
Targeted Savings	\$100m
Gap	\$63m

Note on GRIT Initiatives

- GRIT initiatives updated separately as part of Finance Committee.
- GRIT Initiatives are not listed in the 100m update as they are already part of the FY26 budget.
- The 100m Together Program includes additional initiatives with **incremental** impact savings.

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 **ALAMEDA HEALTH SYSTEM** | Growing Responsibly Through Innovation & Teamwork GRIT

- Charge capture and CDI teams yielding significant improvement \$8.6M YTD
- LOS work showing positive progress \$936k YTD
- EWC dental expansion ramp up slower than plan
- Labor improvements behind target

GRIT Tracking - FY2026 Q2 YTD
(In Thousands)

#	Project Name	FY2026 Target YTD Q2	FY2026 Budget YTD Q2	FY2026 Actual YTD Q2	Variance	Metric	Status
1	OP Non-FQ Charge Capture(Enterprise CDI)	\$2,970	\$2,970	\$8,594	\$5,624	Charge per case increased by \$472 (9%)	Green
2	OR Charge Level	\$3,130	\$3,130	\$2,537	(\$594)	HGH OR Charge/Case increased by \$5k (20%); SLH OR Charge/Case increased by \$3k (19%)	Green
3	Provider Productivity	\$367	\$0	\$67	\$67	Based on RVUs for GI, Ortho & Urology specialties, did not achieve 20% percentile productivity but did increase 3k wRVUS year over year.	Red
4	Reduce Overtime %	\$574	\$574	(\$2,842)	(\$3,416)	Actual OT % at 5.6% to a target of 4.5%	Red
5	Staffing Efficiency	\$4,388	\$4,388	\$0	(\$4,388)	Reduction of 12 FTEs for the quarter was not achieved. Total reduction for the year is 45 FTEs.	Red
6	EWC Dental Expansion	\$4,482	\$4,482	\$2,824	(\$1,658)	Actual volumes at 8,050 to a budget of 12,780 (63%)	Red
7	Decrease in Opportunity Days	\$1,799	\$1,799	\$2,735	\$936	Opportunity has improved by 1,823 days, target was at 1,200 days.	Green
Grand Total		\$17,709	\$17,342	\$13,914	(\$3,428)		

Sample of FY26 GRIT Initiatives. See "Presentation Finance Committee" For Latest Data

THANK YOU

How to Submit Ideas

Options:

1. Submit to your manager
2. Submit directly:
<https://ahs-connects.acmedctr.ad/cot/>

The screenshot shows the AHS Connects website interface. At the top, there is a navigation bar with the AHS Connects logo and links for Explore AHS, Divisions, Campuses, Web Apps, Careers, and Quick Links. The main heading is "GRIT & \$100M TOGETHER INITIATIVE SUBMISSIONS". Below this, there is a paragraph explaining the organization's culture and the importance of employee input. An "UPDATE" section states that the form is also used for the \$100M Together Initiative. The form includes input fields for "Your Name", "Your Department", "Your Phone", and "Your E-mail". A large text area is provided for describing the problem and proposed solution. A "SEND" button is located at the bottom left of the form. On the right side of the form, there is a promotional graphic for the "\$100M Together" initiative, which includes the Alameda Health System logo, a puzzle graphic, and text detailing the challenge, goal, and role of employees. The graphic also lists reasons to participate, such as being part of the solution, career development opportunities, leadership visibility, and SPOT Awards recognition.

Fairmont Cafeteria Closure

Food and Nutrition Services

Rosy Rojas & Doug Johnson
01.28.26
Board of Trustees QPSC Meeting

Why close Fairmont Cafeteria?



Need for financial savings



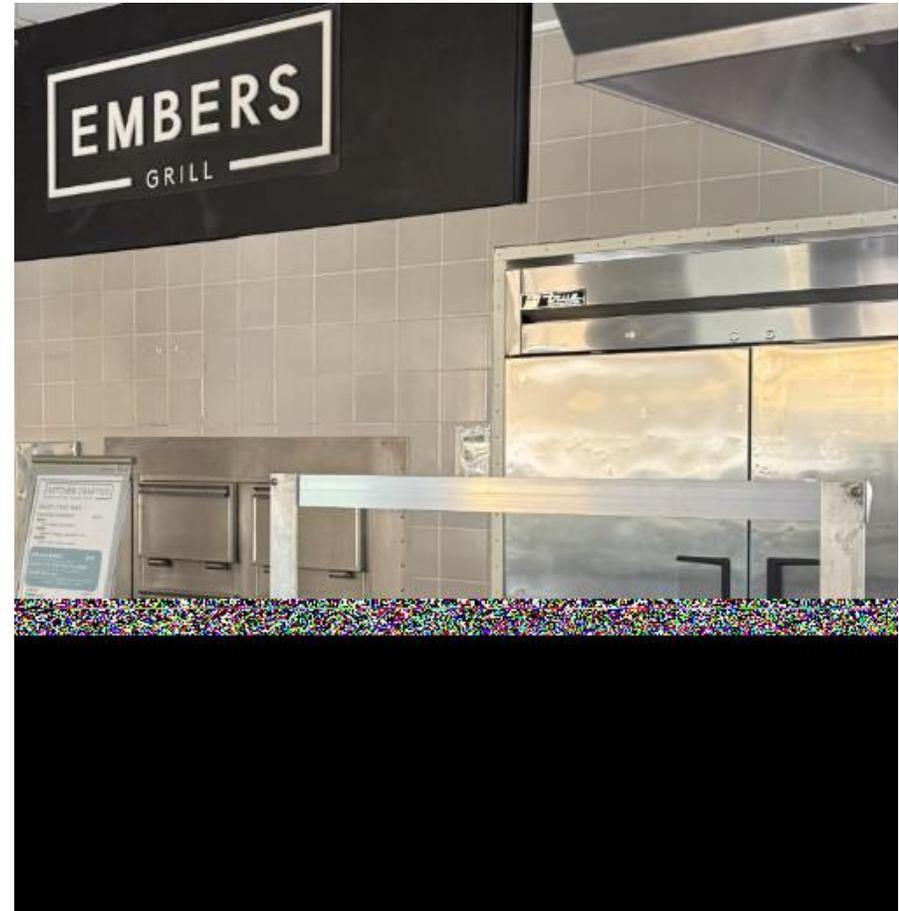
No impact to patient or resident food services



Lowest customer volume



Low productivity / FTI consulting recommendations



Financial Impact

- Annual Savings*
 - Labor: \$255,802
 - Cost of good: \$46,507
- Annual Losses
 - Revenue: \$125,694

Total Savings: \$176,615 per year

*Does not including utilities or equipment maintenance savings

FTEs Impacted

Job Classification	Position	FTE
Food Service Worker	Cafeteria Server	1
Food Service Worker	Cold Production	0.5
Cook	Cafeteria Cook (<i>vacant</i>)	1
Sanitation Assistant	Cafeteria Sanitation	0.2

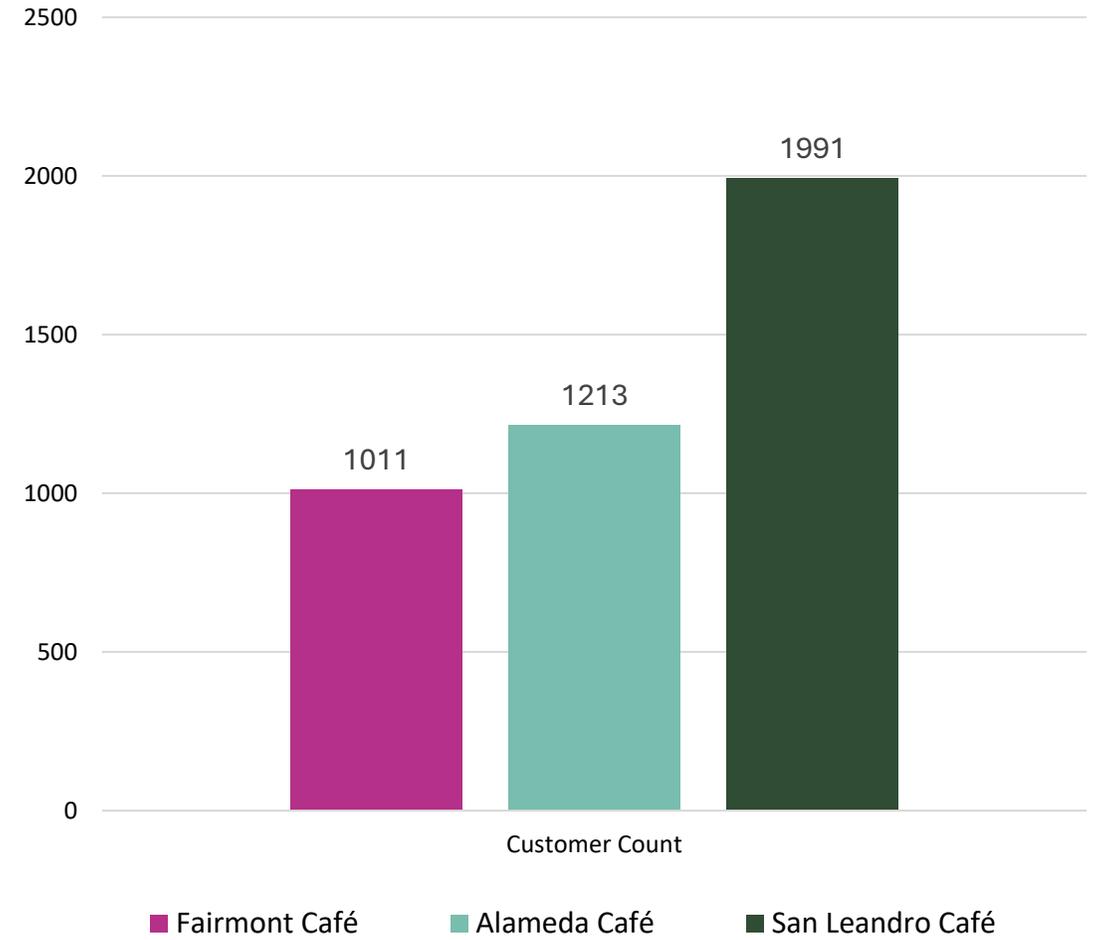
Total FTE Impact: 2.7

Volume

Each month Fairmont Cafeteria has the **lowest customer count** when compared to the similar cafeterias in the system.

The biggest identified barrier to customer engagement we've identified is the location.

Average Monthly Customers



Questions?



Outpatient Behavioral Health January 28th, 2026 Board of Trustees

	Highland	Fairmont	Total
Operating revenue			
Gross Revenues	\$ 12,178,905	\$ 35,819,903	\$ 47,998,809
Contractual adjustments	(11,098,722)	(33,236,466)	(44,335,187)
Net Patient Revenue	1,080,184	2,583,438	3,663,622
Total operating revenue	\$ 1,080,184	\$ 2,583,438	\$ 3,663,622
Collection%	8.9%	7.2%	7.6%
Operating expense			
Labor costs	\$ 2,093,607	\$ 4,356,045	\$ 6,449,652
Physician contract services	226,086	140,495	366,581
Purchased services	77,030	78,956	155,985
Materials and supplies	124,634	149,145	273,779
Facilities	-	12,600	12,600
Depreciation and amortization	-	-	-
General and administrative	6,371	11,564	17,935
Total operating expense	\$ 2,527,728	\$ 4,748,805	\$ 7,276,532
Contribution Margin / <Loss>	\$ (1,447,544)	\$ (2,165,367)	\$ (3,612,911)
Facility Direct Expenses Allocation	\$ 434,818	\$ 2,503,648	\$ 2,938,466
System Overhead Allocation	\$ 1,281,390	\$ 248,764	\$ 1,530,153
Total expenses including facility direct & overhead	\$ 4,243,936	\$ 7,501,216	\$ 11,745,152
Net income (loss)	\$ (3,163,752)	\$ (4,917,778)	\$ (8,081,530)
Visits	8,439	24,433	32,872
FTEs	11.3	19.0	30.3
Operating Margin	(134.0)%	(83.8)%	(98.6)%
Collection % - NPSR	8.9%	7.2%	7.6%
Revenue per Visit	\$ 128	\$ 106	\$ 111
Direct Cost per Visit	\$ 351	\$ 297	\$ 311
Total Cost per Visit	\$ 503	\$ 307	\$ 357

Volume Served in 2025

- Highland

Current Census: 36 Patients (43 total in 2025)

18 Admissions in the past year to the Wellness Program, unable to sustain IOP due to low volume of admissions

- Fairmont

Current Census: 77 Patients (132 total served in 2025)

51 in Wellness Program

25 in Intensive Outpatient Program

1 in Partial Hospitalization Program

175 Total Patients Served in 2025

Impacted Staff

- The Highland staff
 - Therapists, Nurses, Drivers and Administrative staff
10.1 Total FTE. (Note 3 of the 10 have resigned)
- The Fairmont staff
 - Therapists, Nurses, Drivers and Admin staff 20.5 Total FTE. (Note 2 of the 20 took early retirement)

Physicians are under contract with TBH so not impacted

Psychiatry/ Case Management/ Wellness Clinics and other resource

PHP/IOP Transfers:

- Current IOP patients who need further stabilization can be referred to La Cheim Behavioral Health Services PHP and IOP, Sutter/ Herrik Campus PHP and IOP, or Fremont Hospital IOP and PHP.

MD Psychiatry Coverage:

- All Patients currently are followed by non-AHS Outpatient Psychiatrists.

Alameda County Behavioral Health Department (ACBHD) Safety Net:

- Some patients are served now, and others can potentially be supported by Full-Service Partnerships, Intensive Case Management (Telecare Strides and Steps), Level one clinics (Oakland Community Support, Tri-City), Bay Area Community Support/Wellness Centers or Medication Clinics.

ACBHD partnership:

- Should the programs close, we will partner with Alameda County Behavioral Health Department for Assessment and Referral to ensure that all patients are connected to appropriate services and Mental Health support.

Health Advocates

Proposed Closure

Program Summary Health Advocates is a volunteer and Community Health Worker-staffed program that connects patients to social resources, including public benefits, housing, food, and legal services through a Medical-Legal Partnership. Services are currently non-reimbursed.

Volume Health Advocates received nearly 4000 referrals in 2025 and served approximately 3300 AHS patients.

Impacted Staff 6.5 FTE

- **4 Community Health Workers** Direct assessment and linkage to social resources
- **1 Assistant Practice Manager** Supervises program, oversees FindHelp community engagement
- **1 Program Coordinator** Recruits, trains and supports 40 volunteers annually; Community engagement, maintains and shares resource directory
- **0.5 Project Coordinator** Administrative support

Health Advocates

Proposed Closure

Closure Impact

Direct navigation support for patients with health-related social needs will be discontinued, except in some cases where services are already available locally (e.g., program-specific CHWs, providers and clinic staff)

Staff, providers and patients will retain access to internal and external resources, including the FindHelp referral platform, the SharePoint site containing social resource information, and county-based resources such as 211 and social services.

Annual Financial Savings

\$637,000

Complex Care Management

Proposed Reduction

Program Summary: CCM delivers Enhanced Care Management (ECM) services to populations of focus including individuals experiencing homelessness, substance use and behavioral health disorders, and those with avoidable acute utilization. Interdisciplinary teams focus on connecting patients to outpatient care and critical community resources. ECM services are a Medi-Cal entitlement and are reimbursed through on a contract with Alameda Alliance for Health. The department is currently staffed by 27.6 FTE.

Volume Complex Care served approximately 500 AHS patients in 2025.

Impacted Staff 6.6 FTE

- **2 RN Care Managers** Provides clinical oversight, assessment, care coordination
- **2 Social Workers** Conduct behavioral health assessments, provide counseling and clinical case management and support care plan development.
- **1 Practice Manager** Manages administrative operations for the department.
- **Social Work Supervisor** Provides clinical leadership for behavioral health services and directly supervises SWs.
- **0.6 Learning and Development Coordinator** Supports the CHW workforce across the enterprise.

Complex Care Management

Proposed Reduction

Reduction Impact

Patients will no longer receive individual assessment and ongoing management by social workers. Overall capacity will be reduced, resulting in higher patient-to-staff ratios. Patients with behavioral health needs will be referred to internal Integrated Behavioral Health (IBH) unit, Alameda Alliance and Alameda County Behavioral Health for specialty mental health services. Wait times for ECM and behavioral health support may increase.

Continuing Services

Patients will continue to receive care management services delivered by RN care managers and community health workers, as described and required by the M-Cal Benefit, Enhanced Care Management. Core services include outreach and engagement, assessment and care planning, care coordination, health promotion, transitional care and referrals to social resources.

Annual Financial Savings

\$1,321,000





Telesitter Program Closure

BOT-QPSC Update

Dr. Dana N. Littlepage DNP, MSN, MBA, FNP, RN

VP PCS Administrative Services

Executive Summary

- 2.5 years post-implementation, no measurable fall or patient satisfaction improvement.
- Average utilization 42%
- \$395K annual Telesitter cost with no Physical Sitter cost reduction.
- Physical Sitter cost \$3.17 mil annually
- Negative ROI
- Recommendation: Suspend systemwide.

Observation Coverage: Virtual vs In-Person Demand

Virtual Monitoring (TeleSitter)

Hospital	Device Utilization	# Pt. Monitored	Total Hours Monitored	Total Cost
Highland	56%	506	37,105	-
Alameda	12%	41	1,188	-
San Leandro	7%	42	1,423	-
System Total	42%	589	39,715	\$395k
Labor Cost/ Hour				\$9.95

In-Person Sitters (High-Acuity / Behavioral Safety)

Hospital	Avg Sitters/Day	Annual Hours	Estimated Annual Cost
Highland	5	43,800	\$1.98M
Alameda	1.5	13,140	\$594K
San Leandro	1.5	13,140	\$594K
System Total	—	70,080	≈ \$3.17M annually
Labor Cost/ Hour			\$45.20

- TeleSitter did not reduce physical sitter utilization → dual cost structure persists
- Virtual Monitoring covered about 40K hours, while in-person sitter coverage remained at about 70k hours annually.

Safety Continuity & Clinical Oversight



Nursing determines observational level based on patient risk assessment

Behavioral health observation requirements
Fall prevention needs
Clinical Safety considerations



Clinical escalation pathways remain in place to ensure observation needs are met. In-Person sitter services will continue throughout the system.



Patient safety outcomes continue to be monitored through existing nursing and quality reporting processes

Questions?

Plastic Surgery Service Reduction

Current State

1.4 physician FTE
Costs approximate \$1M

Critical needs to preserve:

- 24/7/365 call coverage for Level 1 Trauma certification
- 36-40 concurrent cases annually to support Surgical Oncology and Breast Reconstruction

Proposed Reduction

0.6 physician FTE*
Costs approximate \$350K

Responsibilities for this part-time physician:

- ✓ 24/7/365 call coverage
- ✓ (2) 4 hour clinic sessions per month
- ✓ 40 cases annually to support Surgical Oncology and Breast Reconstruction
- ✓ The ability to increase hours worked if patient volumes increase

We believe the current volumes support a partial Plastic Surgeon FTE, with the ability to increase coverage as patient needs demand more clinic and surgical access.

**Additional per diem physician will be secured to ensure coverage for vacations/time off*