



**BOARD OF TRUSTEE MEETING
WEDNESDAY, March 27, 2013**

**Central Administration Offices Located at Highland Hospital
1411 East 31st Street Oakland, CA 94602
Barbara L. McElroy, Clerk of the Board
(510) 437-8468**

MINUTES

THE MEETING WAS CALLED TO ORDER AT 5:19 PM.

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:

Daniel Boggan, Jr., Floyd Huen, MD, Michele Lawrence, Valerie D. Lewis, Esq., Kirk E. Miller, Ronald D. Nelson, Stanley M. Schiffman, J. Bennett Tate, and Barry Zorthian, MD.

Anthony Slimick was excused.

NON-VOTING MEMBER PRESENT:

Taft Bhuket, MD.

TAB #2 COMMITTEE REPORTS:

Audit and Compliance Committee Report

Kirk E. Miller, Committee Chair, reported on the March 19, 2013 Audit and Compliance Committee meeting.

The Committee was presented an update on the FY2013 Internal Audit Annual Plan, which was approved at the July 24, 2012 Audit and Compliance Committee meeting. The Audit Plan is considered on schedule to be completed by year-end.

Internal Audit has reviewed the status of findings from the MGO annual financial audits. Corrective Action has been initiated for all findings from the FY2011 and FY2012 audit and all items are considered resolved. There is one outstanding item from the FY2010 audit relating to IT Strategy and controls that is still considered outstanding. There will be a presentation at the April 2013 Board Retreat to address the IT Strategy.

In conjunction with the FY2013 Annual Audit Plan, Internal Audit completed a review of Delivery System Reform Incentive Payments (DSRIP) DY07. The review focused on the documentation supporting the achievement of milestones for the DSRIP program as reported to the state. For DY07, ACHC had identified 33 milestones totaling approximately \$42M in funding requests. During the course of the review, Management provided sufficient documentation to support the achievement of all 33 identified milestones.

In conjunction with the FY2013 Annual Audit Plan, Internal Audit has completed a review of credit balances to determine if credit balances were being reported accurately, processes creating credit balances were appropriate and accounts with credit balances were being worked on a timely basis. Internal Audit identified 4 items relating to control deficiencies in credit balance processing. All items were resolved during the course of the audit.

The Committee was provided an update on the Compliance Program.

ACTION: A motion was made, seconded, and unanimously accepted the Audit and Compliance Committee Meeting report as presented.

Governance Committee Report

Valerie D. Lewis, Esq., Committee Chair, reported on the February 13, 2013 Governance Committee meeting.

The re-appointment of Trustees Lewis and Miller are pending with the Alameda County Board of Supervisors. Trustee Slimick's re-appointment paperwork has been submitted to the Alameda County Board of Supervisors for approval.

Trustees Lewis and Tate met with Peter Ross – potential candidate for the AHS Board of Trustees. Mr. Ross' skill sets include construction and community involvement. The Governance Committee took action to recommend Peter Ross as a potential AHS Trustee to the Board for approval and recommendation to the Alameda County Board of Supervisors.

The Committee was presented an update to the Community Advisory Council based on the feedback provided from the presentation made at the January Governance Committee meeting. Staff will update the CAC Charter documents to reflect changes discussed.

Resolution 2013-001 was tabled until the by-law reconciliation process has been finalized.

The Committee took action to revise the AHS Board of Trustees Policies and Procedures to address the work of committees and change the time in which Trustees receive meeting content.

The Board Self-assessment has been completed and result will be reviewed at the April Board Retreat.

The Committee discussed implementing a Peer Assessment for the Board.

Potential agenda topics for the upcoming April Board Retreat were discussed.

The 2013 Work Plan was reviewed.

Trustee Lewis asked the Board to take action on the recommendation by the Governance Committee to recommend Peter Ross to the Alameda County Board of Supervisors as an appointee to the Alameda Health System Board of Trustees.

ACTION: A motion was made, seconded, and unanimously approved the recommendation by the Governance Committee to recommend Peter Ross to the Alameda County Board of Supervisors as an appointee to the Alameda Health System Board of Trustees.

MOTION: Trustee Schiffman

SECOND: Trustee Nelson

***AYES:* Trustees Boggan, Huen, Lawrence, Lewis, Miller Nelson, Schiffman, Tate, and Zorthian**

***NAYS:* None**

***ABSTAIN:* None**

***ABSENT:* Trustee Slimick**

ACTION: A motion was made, seconded, and unanimously accepted the Governance Committee Meeting report as presented.

Finance Committee Report

Daniel Boggan, Jr., Committee Chair, reported on the March 19, 2013 Finance Committee meeting.

Staff reported on the FY2014 Budget Assumptions:

- Establish FY14 budget based on long-range financial plan assumptions
- Incorporate assumptions on initiatives currently underway (Cost management initiatives, 3-year strategic plan, transition to new building, completion of EHR)
- Refine budget based on budget exception proposals
- Baseline Volume – 1% increase in both inpatient and outpatient volumes

Baseline operating expenses were discussed.

- Other Items
 - County Debt Repayment \$15M
 - Capital Expenditures \$20M
 - Targeted Operating Margin 4.4%
 - Total Margin 1.9%

An update on the Hayward expansion was provided. The Hayward Wellness expansion is a fully-funded DSRIP project designed to improve patient care through access to primary and specialty care in Hayward and the surrounding area. The project fulfills DSRIP funding requirements and AHS' strategic plan. The cost of the project is estimated at \$11.5 million.

Included in the Consent Agenda is a contract with Southland Mall which the Finance Committee is recommending to the full Board for approval.

Staff reported the financial results for the month of January 2013 with and without the effect of Delivery System Reform Incentive Pool (DSRIP) revenues and expenses.

Jack Datz, Executive Director, MedAssets provided an update on the cost management initiative.

Debra Barnes, CFRE, President, Alameda Health System Foundation, presented the Foundation Business Plan.

Trustee Miller announced that the Foundations annual Gala was scheduled for May 4, 2013.

Trustee Boggan reported the Committee approved contracts for recommendation to the full Board on this evening's Consent Agenda.

ACTION: A motion was made, seconded, and unanimously accepted the Finance Committee Meeting report as presented.

Quality Professional Services Committee Report

Barry Zorthian, MD, Committee Chair, reported on the February 27 and March 21, 2013 Quality Professional Services Committee meetings.

Trustee Zorthian announced that Trustee Lawrence had joined the QPS Committee and thanked her for her participation.

The QPS Committee is working to define a strategic theme for each meeting with a goal to educate the committee.

Recent addition to the monthly meetings is inclusion of a patient story at each meeting.

At the February 27, 2013 meeting the Committee reviewed/approved Peer Review and Credentialing, approved organizational policies and procedures, discussed the process of revising the process to review/approve policies and procedures, and reviewed the results of the Culture & Safety survey.

At the March 21, 2013 meeting the Committee reviewed/approved Peer Review and Credentialing, reviewed Patient Experience / Satisfaction results, received a report on the Patient Family Center Care plan, received a report on the Pulse Check results of employee engagement, and discussed the content that would be included in the dashboard presentations.

Discussion ensued amongst the Board with regards to the policy and procedure process that is being revised.

Wright Lassiter, III, will have staff develop a recommendation to the Board on how policies and procedures will be reviewed/approved moving forward.

ACTION: A motion was made, seconded, and unanimously accepted the Quality Professional Services Committee Meeting report as presented.

TAB #3 ACTION: Consent Agenda

A. Approval of the Minutes from the January 22, 2013 Board of Trustees Meeting.

The Minutes of the January 22, 2013 Board of Trustees meeting will be placed on the May 28, 2013 Board of Trustees meeting agenda.

B. Approval of Contracts and Authorization by the CEO to Execute the Following Operating Contracts:

Recommendation by the Finance Committee

1. Contract Renewal with ***American Red Cross/Healthplus Shared Services*** to provide blood and blood product services to the Blood Bank in the Clinical Laboratory for the period April 1, 2013 through March 31, 2015, not to exceed \$3,500,818. (Estimated impact of this renewal is a net decrease of \$1,259,524).
Bill Manns, Chief Operating Officer
2. New contract with ***Southland Mall, L.P./Rouse Properties, Inc.*** for base lease of space plus estimated costs for utilities, common area space, etc., plus tenant improvements at Southland Mall for the period through April 1, 2013 through September 30, 2029, not to exceed \$11,500,335. (Estimated impact of this new contract is a net leased space savings in the first year).
Bill Manns, Chief Operating Officer

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3. Contract Renewal with **University of Pacific** for Oral Maxillofacial Services for the period April 1, 2013 to March 31, 2016, not to exceed \$1,902,389 (Estimated impact of this renewal is a net increase: \$55,409).
Kathleen Clanon, MD, Interim Chief Medical Officer

C. Approval of Medical Staff / Organizational Policies and Procedures
Recommendation by the Quality Professional Services Committee

1. February 27, 2013 Meeting
 - o 51 Policies (See attached Exhibit A)
2. March 21, 2013 Meeting
 - o 85 Policies (See attached Exhibit A)

D. Form 700 – Statement of Economic Interests Policy
Recommendation by the Governance Committee

E. AHS Policy and Procedures Revisions
Recommendation by the Governance Committee

ACTION: A motion was made, seconded, and unanimously approved the Consent Agenda as presented.

MOTION: Trustee Schiffman
SECOND: Trustee Nelson

AYES: Trustees Boggan, Huen, Lawrence, Lewis, Miller, Nelson, Schiffman, Tate, and Zorthian

NAYS: None

ABSTAIN: None

ABSENT: Trustee Slimick

TAB #4 UPDATE/DISCUSSION: Chief Executive Officer Update

Wright Lassiter, III, Chief Executive Officer, announced that the Highland Care Pavilion dedication ceremony will be held on April 17, 2013 @ 11:00 am; the building will be operational on May 6, 2013. Bill Manns, Chief Operating Officer, will provide detailed information.

Doctor Appreciation Day will be March 30, 2013. Mr. Lassiter presented doctor insignia to Trustees Barry Zorthian and Floyd Huen.

Jerri Randrup, Director Corporate Communications & Marketing presented an update on the new AHS external website.

The first phase of the roll out took place at the January 29, 2013 AHS Annual Meeting.

Phase 2 will occur on Monday, March 25, 2013 whereby access to the organization's website will be automatically re-directed to the AHS site.

Ms. Randrup highlighted that the new website will market the AHS house of brands look (Alameda Health System plus the various house brands of the organization, i.e. Highland Hospital, the Wellness Centers, etc.)

Ms. Randrup provided an overview of the website's functionality and navigation tools.

The target for full implementation of the website is the end of this year.

The Board inquired if the website would have multiple language interface.

Ms. Randrup will follow-up with the project manager and report back to the Board on this issue.

TAB #5 DISCUSSION: Follow-up from Special Board Meeting on Governance

This item was not discussed.

TAB #6 DISCUSSION: April Board Retreat Agenda

The Board discussed various revisions to the proposed Retreat agenda as follows:

Ensuring Effective Leadership – CEO Review Process & Succession Planning

- Move agenda item from Friday morning to Saturday and wrap into Governance Topics

Ken Kaufman - National Perspective

- Do not include the National Perspective on the agenda, only Local and State

Finance – Cost Management discussion

- Add this topic to the agenda

Value Based Purchasing

- Add this topic to the agenda

Strategic Topic Discussion: Patient Experience Progress

- Remove from Saturday's agenda – discuss @ regular BOT meeting

Strategic Topic Discussion: Quality AIMS Update

- Remove from Saturday's agenda – discuss @ regular BOT meeting

Governance Topics: Board Peer Evaluation Discussion

- Remove from Saturday's agenda; topic not ready for discussion

In addition, Trustee Lewis suggested that members of the Board of Supervisors be invited to the April Retreat.

TAB #7 DISCUSSION: System Transformation at AHS

Mr. Lassiter introduced Varsha Chauhan, MD, Executive Director, System Transformation Center. He provided an overview of the department's focus on transformation of the organization.

Dr. Chauhan presented an overview of the new department System Transformation Center and its objectives.

CHANGE:

- Change is the way things will be different
- Focussed on outcomes (visible and tangible)

TRANSITION:

- Focused on how will get people there and how we will manage things while we are en route
- Transition is the mental and emotional transformation that people must undergo to relinquish old arrangements and embrace new ones

TRANSFORMATION:

- Occurs when a *change strategy and transition plan is well orchestrated and led*
- Occurs when the *current beliefs are challenged*
- Leads to an *embedded and marked change* in organisational culture
- Promotes a *journey of continuous improvement*

A new way of thinking and behaving!

- current beliefs are challenged
- an embedded and marked change in organisational culture
- a journey of continuous improvement

Five Objectives of STC:

1. Create a culture of *Project Prioritization, Alignment, and Management*
2. Make Smart Changes Easier and Better Planned- *Change Management*
3. Provide *Direct Support* for Change Projects.
4. Bring the *Nation's Best Thinking* on Transformation to Guide ACMC's Changes.
5. Create an *Internal Communication Network* to Engage and Inform ACMC Staff and Physicians in the Transformation.

Challenges:

1. Focus and a sense of urgency

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2. Alignment, prioritization, planning, & communication
 3. Sustainability of change efforts & change management
 4. Patients voice & experience
 5. Staff and Physicians engagement & collaboration
 6. Standard work
 7. Quality Data
 8. Learning culture through Innovations
 9. External Dependencies
 10. Health Care Reform Survival

The Board asked various questions about the department and how implementation of change would occur. How will change be measured and if a timeline could be implemented to track what change is occurring. As part of the discussion it was clarified that LEAN and DSRIP fall under the umbrella of the System Transformation Center.

Staff will develop a timeline for the department to present to the Board.

TAB #8 UPDATE: Highland Care Pavilion Opening/Operating Plan

Bill Manns, Chief Operating Officer, presented an update on the Highland Care Pavilion Operating Plan.

The Highland Care Pavilion is progressing nicely. We have completed 414 of 468 tasks on the Critical Task Log (CTL) since our Transition Planning and Management program began in February of 2012. This program has hit all of its major milestones and is slated to be substantially complete in early April in anticipation of the staff move-in on May 4th and 5th.

The new building will be turned over to AHS for fit-up of owner-furnished equipment and staff orientation and training beginning April 1st. Included in this fit-up is the "burn in" of the new kitchen and cafeteria that will replace the existing facilities currently in H Building. The dietary kitchen for patient meals will remain in H until its relocation into the new Acute Care Tower.

The HCP is also the first building of the ATR project to contain the state-of-the-art Distributed Antenna System (DAS) that will support wireless connectivity throughout the building and, ultimately, all of the new ATR buildings. Cellular signals are also slated to "ride" on the DAS.

The HCP includes 24/7 security through widespread use of access control devices on doors, and with video surveillance cameras in all public areas, including the parking garage.

Included with the construction of the HCP is the first phase of what will become the new main entrance to the Highland Hospital Campus. The new patient drop-off for the HCP will open with the building and utilizes the new access from E. 31st, providing a level drive and curbside sidewalk entrance into the building. As the next phase of the project continues with the build-out of the new Sheriffs' facilities next to the ED outside K4, the new patient drop-off drive will extend to K then circle back to the E. 31st entrance drive.

LEAN and 5S principles are in play as move and operational planning head towards the May occupancy. A "Dump the Junk" program to purge items and materials, prior to the moves in May, begins in earnest in early April.

The Board inquired about the expansion of access for the organization and if the HCP building would provide additional access. Mr. Manns confirmed that the HCP building would provide additional access, but at this time could not quantify how much.

Mr. Lassiter informed the Board that an action item would be included on the April Board Retreat to approve the transition agreement between AHS and Alameda County for purposes of insurance for the building.

Trustee Miller congratulated Mr. Manns on a job well done.

TAB #9 INFORMATION: Chief of Staff Report

The report was included in the agenda packet for Board review.

TAB #10 INFORMATION: Health Policy and Advocacy Update

The report was included in the agenda packet for Board review.

TAB #11 INFORMATION: AHS Media Report

The report was included in the agenda packet for Board review.

TAB #12 INFORMATION: Follow-up Issues

Agenda item not discussed.

TAB #13 REPORT: Legal Counsel's Report on Action Taken in Closed Session

Douglas B. Habig, General Counsel, reported that the Board conferred with counsel on matters related to substantial litigation. No action was taken.

Public Comments:

Speaker #1 – Sue Bergman, Health Educator at the Eastmont Wellness Center and SEIU union representative. Addressed the Board about an issue involving the employees in Patient Business Services pertaining to vacation time.

Speaker #2 – Lisa Mills, LVN at the Winton Wellness Center and SEIU union representative. Addressed the Board about the Health Information Management issue.

Speaker #3 – Kuwaza Imara, RN at AHS. Addressed the Board regarding issues involving cooperation and communication.

Speaker #4 – Larry Barden, Physician Assistant and SEIU steward. Addressed the Board regarding the RN Residency program.

Board of Trustees Remarks:

Trustee Schiffman commented that he was delighted to read the project Hope article in the San Francisco Chronicle. He congratulated staff on their hard work as well as the staff that was getting AHS out in front of the public. Congratulated the AHS Foundation on their fundraising efforts; and thanked the SEIU representatives for addressing the Board with their concerns.

Trustee Boggan announced that Dr. Harkin has been selected as Medical Staff Physician of the Year and Trustee Lewis has been honored by the Diversity Council as one of the 2013 most influential women in California.

Trustee Huen reported on the Oakland Running Festival the previous weekend. There were approximately 9100 participants. Dr. Savio and his staff did an excellent job providing medical services for the event.

Trustee Miller thanked everyone for attending the meeting.

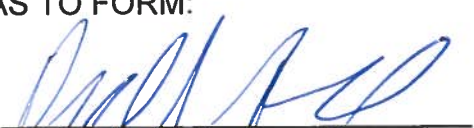
ADJOURNMENT: THE MEETING WAS ADJOURNED AT 7:52 PM.

Respectfully Submitted by:

Barbara L. McElroy,
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by:



Douglas Habig, Esq.
General Counsel