



# ALAMEDA COUNTY MEDICAL CENTER

*Highland Campus • Fairmont Campus*

*John George Psychiatric Pavilion • Ambulatory Healthcare Services*

## **BOARD OF TRUSTEE MEETING TUESDAY, November 27, 2012**

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

### **MINUTES**

**THE MEETING WAS CALLED TO ORDER AT 5:17 PM.**

**ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:**

Kirk E. Miller, Ronald D. Nelson, Floyd Huen, MD, Anthony Slimick, Stanley M. Schiffman, J. Bennett Tate, Ilene Weinreb, and Barry Zorthian, MD.

Daniel Boggan, Jr. and Valerie D. Lewis, Esq. were excused.

**NON-VOTING MEMBER PRESENT:**

Taft Bhuket, MD.

**TAB #2 COMMITTEE REPORT:**

#### **Governance Committee Report**

Valerie D. Lewis, Esq., Committee Chair, was not present to report on the October 18, 2012 Governance Committee meeting.

#### **Audit and Compliance Committee Report**

Marion R. Schales, Chief Financial Officer and Committee Liaison provided an overview of the October 23, 2012 Audit and Compliance Committee meeting.

Representatives of the external auditors, MGO, presented the FY2012 Financial Statements for APMC and the results of the single audit. The auditor's reported that APMC's financial statements present fairly, in all material respects, its financial position, in conformity with accounting principles generally accepted in the United States of America. MGO gave a clean opinion, which is the highest level of assurance that auditors can provide.

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Ms. Schales presented a summary schedule to show the changes in the income statement and the balance sheet from the year-end internal financial statements published in August 2012.

Ms. Schales advised the committee that MGO was in the third year of a three year contract. Management developed an internal review process to evaluate the services of the external audit firm on an ongoing basis as well as at the end of their contract. The results of the evaluation will be shared with the external auditors at the end of each audit cycle to improve their performance on future audits and to help management with the decision to retain or replace the auditors at the end of a contract.

The evaluation team consisted of the CFO, Controller, Director of Reimbursement and Director of Internal Audit with evaluation results summarized by the Director of Internal Audit. MGO received scores of "Meets Expectations or higher in each rating category and in the overall score. Management recommended to the Audit and Compliance Committee that the CPA firm of Macias Gini & O'Connell be retained and a new 3 year contract be negotiated. The Committee took action to retain MGO and negotiate a new 3 year contract.

In conjunction with the FY2012 audit, MGO identified 3 items relating to control deficiencies or best practices. One of these items was resolved during the audit and action plans were developed to address the remaining items.

### **Finance Committee Report**

Ms. Schales reported on the November 20, 2012 Finance Committee meeting.

Results of the October financial statements reported a loss \$3.3M, which puts ACMC \$3.8M behind budget for the year.

There are trends which are causing the loss, the net operating income was \$2.5M which is positive, but we are behind budget by \$2.4M. It is important to talk about these trends and put in place action plans to get back on track with budget.

Main factor which generated loss was that the net patient revenue was \$1.2M under budget. This is due to an unfavorable shift in payor mix. ACMC is experiencing an increase in the HPAC population. HPAC revenues are capped, more patients does not translate to more revenue. We are seeing fewer Medi-cal patients due to this shift.

In addition to the revenue declines, ACMC has been overspending in labor categories. Currently, ACMC is over budget by approximately 90 FTEs, there are overages in registry and overtime, as well as overages in purchase services, pharmaceutical, and medical supplies all due to increased volumes.

ACMC needs to manage the budget and get back on track. We have established a 14<sup>th</sup> initiative through MedAssets, Performance Improvement initiative. Teams are being formed to work with department managers to design action plans and assist the departments to get back on target with their budgets.

Trustee Tate expressed concern with the budget issues. He asked for clarification on the 90 FTEs over budget and if the increase was due to the increased volume in HPAC patients. Ms. Schales confirmed that the increase in FTE usage relates to preparation of the CMS survey; ACMC incurred higher costs preparing for the CMS survey.

***Trustee Tate requested that the corrective actions being suggested are reported back to the Board Chair before the next board meeting, this needs to be placed as a high priority.***

Discussion ensued with regards to the corrective actions that are underway. Ms. Schales described the cost containment strategies that MedAssets is working to put in place to control costs; the meetings are underway at this time.

Bill Manns, Chief Operating Officer, reported that a letter outlining the overtime policy has been drafted and sent to organization management. Three of the directors which had the highest level of abuse are no longer with the organization.

Trustee Schiffman asked if the November numbers are showing a trend that this budget issue is trending towards the positive. At this time Ms. Schales could not confirm a November trend.

Wright Lassiter, III, Chief Executive Officer, confirmed that the issue is a very high priority with the organization. Part of the trends can be related to the CMS Survey. He is confident that the implementation of the MedAssets initiatives will assist with the pressures we are seeing in the budget.

Ms. Schales framed the report by sharing that the amount is small for the organization, but important to be aware and start early mitigation.

### **Strategic Planning Committee Report**

Floyd Huen, MD, Committee Chair reported on the November 19, 2012 Strategic Planning Committee meeting.

With the adoption of ACMC's three-year strategic plan at the October retreat, the Strategic Planning Committee focused on the implementation phase within the context of a re-elected President Obama.

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Under Tab #14, page 260 in the board book, a summary of the election results including photos and biographies of three newly elected members whose jurisdiction includes Alameda County:

- Eric Swalwell - Representative Elect for District 15: East and South Alameda County
- Rob Bonta - Assembly Member for District 18- North and West Alameda County
- Bill Quick - Assembly Member for District 19-East and South Alameda County

The committee discussed how the special California January legislative session would likely clarify some important questions about Medi-cal coverage expansion, Covered California, the new name for the California Exchange plan and the impact on County realignment funding for the uninsured. Interestingly, the Alameda Alliance for Health (the Medi-cal managed care joint powers authority) has submitted a letter of intent to be a qualified provider plan with the California Exchange. The committee discussed how the Alliance's multi-county Bay area model would better position safety net provider.

At the October retreat, Board members asked for a strategic scorecard and metrics of success that would quantify the expected future state of ACMC at the end of the next three-year period. The committee reviewed a draft scorecard and initial implementation steps.

Vintage Foster, President of AMF Media, provided information about the re-branding, marketing and communications plans.

ACMC has enjoyed significant positive media exposure with the commercial release of The Waiting Room, the ongoing attention to the film fits well into our re-branding strategy.

### **Human Resources Committee Report**

Ronald D. Nelson, Committee Chair, reported on the November 26, 2012 Human Resources Committee meeting.

Paul Ransom, Director of Workforce Development presented a report on recruitment strategies and accomplishments.

Craig LaFargue, Director OLE reported on the status of the Employee Partnership Survey and the improvement in ACMC's numbers.

Jeanette Loudon-Corbett, Chief Human Resources Officer, provided an update on the HIM transition. 39 employees are being trained to transition into new position in the Health Information Management department.

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## **Quality Professional Services Committee Report**

Barry Zorthian, MD, Committee Chair, reported on the October 18, 2012 Quality Professional Services Committee meeting.

The committee considered peer review and approved credentialing and organizational policies.

Dr. Eric Yasumoto presented the annual report for the Dept. of Radiology.

The committee will be participating in a Retreat this Saturday, December 1, 2012. The retreat will be facilitated by Dr. Jim Reinertsen.

### **TAB #3 ACTION: Consent Agenda**

***ACTION: A motion was made, seconded, and approved Item 3.A - Minutes of the September 25, 2012 Board of Trustees Meeting – as presented on the Consent Agenda.***

***MOTION: Trustee Nelson***  
***SECOND: Trustee Weinreb***

***AYES: Trustees Miller, Nelson, Huen, Slimick, Tate, Weinreb, and Zorthian***

***NAYS: None***

***ABSTAIN: Trustee Schiffman***

***ABSENT: Trustees Boggan and Lewis***

Trustee Schiffman requested that item 3.B be pulled for discussion.

Douglas B. Habig, General Counsel, explained the modification to the Audit and Compliance Committee as a clarification in the language of the responsibilities of the Committee and that the request had come from the members of the Committee. Trustee Miller, as a member of the Audit and Compliance Committee, confirmed Mr. Habig's explanation.

Item 3.C, ACMC Board of Trustees Policies & Procedures Revisions, was also pulled for discussion. Mr. Habig explained that the Policies & Procedures were being modified to align with the current structure and process of the committees. Trustee Schiffman asked that the Policies & Procedures be revised further to change the number of days that meeting materials are provided to the Trustees from 3 to 7 and to address the language that references duplication should not take place across the committees.

***Item 3.C, ACMC Board of Trustees Policies & Procedures, was referred back to the Governance Committee for review.***

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**ACTION:** A motion was made, seconded, and unanimously approved items 3.B – Audit and Compliance Charter Modification, 3.D – Electronic Health Record Status, and 3.E - Adoption of Operating Contracts as presented in the Consent Agenda.

**MOTION:** Trustee Slimick  
**SECOND:** Trustee Schiffman

**AYES:** Trustees Miller, Nelson, Huen, Schiffman, Slimick, Tate, Weinreb, and Zorthian  
**NAYS:** None  
**ABSTAIN:** None  
**ABSENT:** Trustees Boggan and Lewis

**ACTION:** A motion was made, seconded, and unanimously approved item 3.F – Authorization for the CEO to execute the Capital Contracts as presented in the Consent Agenda.

**MOTION:** Trustee Zorthian  
**SECOND:** Trustee Slimick

**AYES:** Trustees Miller, Nelson, Huen, Schiffman, Slimick, Tate, Weinreb, and Zorthian  
**NAYS:** None  
**ABSTAIN:** None  
**ABSENT:** Trustees Boggan and Lewis

**ACTION:** A motion was made, seconded, and unanimously approved item 3.G – Approval of Medical Staff / Organizational Policies and Procedures as presented in the Consent Agenda.

**MOTION:** Trustee Tate  
**SECOND:** Trustee Slimick

**AYES:** Trustees Miller, Nelson, Huen, Schiffman, Slimick, Tate, Weinreb, and Zorthian  
**NAYS:** None  
**ABSTAIN:** None  
**ABSENT:** Trustees Boggan and Lewis

**TAB #4 UDPATE: Chief Executive Officer Update**

Mr. Lassiter's report included the following updates:

- Introduction of new executive staff:

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- Joseph Demont – Vice President, Finance
  - Chris Halvorson – Interim Chief Information Officer
  - There will be a Joint Board of Trustees / Board of Supervisors meeting on December 11, 2012 at 4:00 pm. Potential topics from ACMC will be:
    - Proposed bylaws changes recommended to BOS
    - Roll-out of rebranding strategy
  - Michelle Lawrence was appointed to the ACMC Board of Trustees at the November 20, 2012 BOS meeting. She will join the Board in January 2013.
  - Negotiations are continuing with Sutter with regards to San Leandro Hospital
  - We are initiating discussions with Alameda Hospital
  - The process of selection for a new Chief Medical Officer is in the final stages.
  - The ACMC 7<sup>th</sup> Annual meeting will be on Tuesday, January 29, 2013 at the Scottish Rite Temple.
  - Over 800 employees participated in the 4<sup>th</sup> quarter Employee Forums; there were 80+ physicians which participated in the physician forums.
  - Mr. Lassiter recognized Russ Peckenpaugh and the IT Team for their work on the Soarian project. On November 7, 2012, both John George Psychiatric Hospital and Fairmont Hospital went live with the new electronic system. Both James Jackson and Guy Qvistgaard have done a great job in implementing the transition.
  - Approximately 100 leaders in the organization recently participated at LDI.
  - Managed Equipment Service – management continues work with GE & Siemens regarding the potential for this partnership. A recommendation for a vendor will be brought to the Board in January, 2013.

## **TAB #5 REPORT/ACTION: External Audit Reporting**

### **A. REPORT: 2012 Annual Audited Financial Statements**

Ms. Schales introduced Cynthia Pon, Partner with Macias Gini & O'Connell LLP.

Ms. Pon presented a high level overview of the audit results from the report included in the agenda packet.

Trustee Schiffman commented that the report was the cleanest audit report he had seen at ACMC.

Trustee Slimick departed the meeting at 6:35 pm.

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**B. ACTION: Evaluation of External Audit Services**

Ms. Schales explained the evaluation process of the external auditor, MGO. The recommendation of the Audit and Compliance Committee was to retain MGO as ACMC's external auditors and negotiate a new 3 year contract.

***ACTION: A motion was made, seconded, and unanimously approved the recommendation as presented.***

***MOTION: Trustee Miller***

***SECOND: Trustee Nelson***

***AYES: Trustees Miller, Nelson, Huen, Schiffman, Tate, Weinreb, and Zorthian***

***NAYS: None***

***ABSTAIN: None***

***ABSENT: Trustees Boggan, Lewis, and Slimick***

**TAB #6 REPORT: Re-branding, Marketing, and Communication Plan**

Warren Lyons, Chief Strategy and Integration Officer, framed the presentation for Larry Hancock of AMF Media Group.

Mr. Hancock presented an overview of the Re-branding, Marketing and Communication Plan which included the following:

- FY 2012 Recap – Phase One: What has been accomplished
- Review of the approved re-branding visuals for each facility.
- Phase Two: Letting Them Know
  - Objectives:
    - Transition the organization into a house of brands
    - Strengthen opinion and consideration among existing payer mix of the medical center through with an awareness campaign featuring the new and refurbished brands
    - Introduce the Alameda Health System brand to a population of future patients (insured) as a new entry into the marketplace
    - Drive greater community and customer participation to key service lines and major events
    - Build on FY2012 PR momentum
- Internal Strategy & Tactics
- Internal Messaging Campaign
- Internal Marketing Communications Roadshow
- External Strategy & Tactics
- Launch New Brand Creative Campaign
- Launch immediately after the annual community meeting



Trustee Nelson requested that a 1 or 2 page document be created that could be provided to potential Trustees or those interested in the medical center. Mr. Hancock confirmed that during the 1<sup>st</sup> quarter of 2013 that type of document would be available

The Board discussed the new logo and the house of brands model.

**TAB #7 ACTION / UPDATE: Trustee Appointments / Re-appointments**

**ACTION:** *A motion was made, seconded, and unanimously approved to recommend to the Alameda County Board of Supervisors the re-appointment of Trustees Lewis and Miller to the APMC Board of Trustees.*

**MOTION:** *Trustee Nelson*

**SECOND:** *Trustee Tate*

**AYES:** *Trustees Miller, Nelson, Huen, Schiffman, Tate, Weinreb, and Zorthian*

**NAYS:** *None*

**ABSTAIN:** *None*

**ABSENT:** *Trustees Boggan, Lewis, and Slimick*

**TAB #8 ACTION: Resolution 2012-012 – Name Change Alameda Health System and John George Psychiatric Hospital**

**ACTION:** *A motion was made, seconded, and unanimously adopted Resolution 2012-012 as presented.*

**MOTION:** *Trustee Zorthian*

**SECOND:** *Trustee Nelson*

**AYES:** *Trustees Miller, Nelson, Huen, Schiffman, Tate, Weinreb, and Zorthian*

**NAYS:** *None*

**ABSTAIN:** *None*

**ABSENT:** *Trustees Boggan, Lewis, and Slimick*

**TAB #9 ACTION: Resolution 2012-014 – Adoption of New Mission Statement**

**ACTION:** *A motion was made, seconded, and unanimously adopted Resolution 2012-014 as presented.*

**MOTION:** *Trustee Nelson*

**SECOND:** *Trustee Huen*

**AYES:** Trustees Miller, Nelson, Huen, Schiffman, Tate, Weinreb, and Zorthian

**NAYS:** None

**ABSTAIN:** None

**ABSENT:** Trustees Boggan, Lewis, and Slimick

**Trustee Miller requested that Resolutions approved at the meeting be attached to the Minutes.**

**TAB #10 ACTION: Resolution 2012-015 – Pension Redesign**

Ms. Louden-Corbett presented the redesigned pension plans to the Board recommending the Hybrid Plan Design and the Hybrid Define Contribution Plan.

The Board asked for clarification on which employees would be affected by the change. Ms. Louden-Corbett confirmed that the change in pension plans would be for new employees, not existing employees.

**ACTION: A motion was made, seconded, and unanimously adopted Resolution 2012-015 as presented.**

**MOTION: Trustee Weinreb**

**SECOND: Trustee Huen**

**Further discussion ensued regarding the resolution language and lack of clarity.**

**AMENDED MOTION: An amendment to the motion states that the APMC Board of Trustees adopts the pension plans as recommended; but management is directed to revise Resolution 2012-015 to clarify the language.**

**AYES:** Trustees Miller, Nelson, Huen, Schiffman, Tate, Weinreb, and Zorthian

**NAYS:** None

**ABSTAIN:** None

**ABSENT:** Trustees Boggan, Lewis, and Slimick

**TAB #11 UPDATE: CMS Accreditation Status**

Kerin Bashaw, MPH, RN, VP, Quality provided a brief summary of the most recent CMS Survey and the follow-up report received.

APMC received formal notice that the follow-up visit by CMS resulted in no significant deficiencies with any of the 23 "Conditions of Participation." The areas surveyed on the return visit were Nursing and Food & Nutrition Services.

## **TAB #12 REPORT: Chief of Staff Report**

Taft Bhuket, MD, Chief of Staff, ACMC Medical Staff, provided his report specific to three areas: ***people – process – problems.***

**People** – A new Chief of Medicine has been selected, Dr. Peter Rudd. Dr. Bhuket announced that Charlotte Wills was named National Champion of the Clinical Pathologic Conference at the American College of Emergency Physicians.

The Sepsis Team received Honorable Mention at the 2012 CAPH/Safety Net Quality Leaders Award.

Also noted was achievement of Dr. Bruce Fitzgerald, lead MD in the colorectal cancer task force, he has increased cancer screening rates for his patients up to 72%, the national average is 50%.

**Process** – The medical staff is working closely with the Quality Department to move the policy and procedure process forward.

Alameda County has mandated for the time period of November 1, 2012 through March 31, 2013 that all personnel in clinical areas will be required to either get a flu shot or wear a mask while in clinical/patient areas of the hospital. All staff that received a flu shot at ACMC receives a green sticker to be worn on their employee id badge. The goal is to achieve 90% compliance at ACMC.

Clinical portal – there is no centralized call system. We are working with the Communications department to resolve the problem.

The Council of Chiefs department meeting has been resurrected and the first meeting was held recently.

The physicians' forums were well attended with engaging discussion.

**Problems** – the Continuing Medical Education certification at ACMC was lost over a year ago. It is an ongoing issue and we are working to resolve the problem.

The accreditation organization ACGME for residency programs has recently announced that ACMC will be put on a 1 year review cycle. ACMC is one of 11 organizations placed on a 1 year review cycle out of 300. The average is a 3 – 5 year review cycle.

Mr. Lassiter added that the residency program is a very high priority for ACMC. The Interim Chief Medical Officer has addressed executive staff on what the needs are to move forward on this issue.

**TAB #13 INFORMATION: BoardEffect Education**

None was presented.

**TAB #14 INFORMATION: Health Policy and Advocacy Update**

Patricia Barrera, J.D., Director of Legislative Affairs & Community Advocacy, provided a legislative update.

**TAB #15 INFORMATION: APMC Media Report**

Mr. Lyons provided a brief overview of the recent media activity.

**TAB #16 INFORMATION: Follow-up Issues**

Mr. Lassiter reported that all items are either on track or have been closed out.

**TAB #17 REPORT: Legal Counsel's Report on Action Taken in Closed Session**

Mr. Habig reported that the Board conferred with counsel on matters related to substantial litigation and also met with the labor negotiator. The Board approved the interim agreement with the CIR, Committee of Intern Residence.

**Public Comments:**

Nancy Cross addressed the Board as a patient at Highland on several occasions. She specifically addressed consumers' expectations, and consumers with choice.

In times past we followed the doctor's orders, the focus now is that patients can consent or not consent. Doctors do not like patients that ask questions.

Ms. Cross has experienced wait times of 2-1/2 months for an appointment, then when arriving for the appointment waiting 4-5 hours for the doctor who sometimes doesn't arrive; sometimes only your blood pressure is taken.

She has experienced doctors that do not want to hear alternatives that she has presented.

She feels that there should be more kinds of treatment offered. She shared a chart of alternative treatments offered worldwide.

She feels outcomes need to be compared.

Mr. Lassiter will ask Kerin Bashaw, VP Quality to follow-up with Ms. Cross' concerns.

**Board of Trustees Remarks:**

Trustee Schiffman stated that it was a very productive meeting; also requested that the 2013 Meeting Calendar dates be posted for the Board.

*Trustee Miller requested that the Clerk of the Board post the 2013 Meeting Calendar to BoardEffect as well as send the document to the Trustees.*

**ADJOURNMENT: THE MEETING WAS ADJOURNED AT 8:06 PM.**

Respectfully Submitted by:

Barbara L. McElroy,  
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by:

  
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Douglas Habig, Esq.  
General Counsel