



BOARD OF TRUSTEES MEETING
TUESDAY, June 23, 2015

Conference Center at Highland Care Pavilion
1411 East 31st Street Oakland, CA 94602
Marla Cox, Clerk of the Board
(510) 535-7515

LOCATION:

Open Session: HCP Conference Center

MINUTES

THE MEETING WAS CALLED TO ORDER AT 4:04pm

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:

Kirk E. Miller, Esq., Patricia Scates, Kinkini Banerjee, Joe DeVries, Maria Hernandez, Tracy Jensen, Michele Lawrence, James Lugannani, Anthony B. Varni, and Barry Zorthian, MD.

Non-voting Members Present: Joe Walker, MD.

Quorum was established.

OPEN SESSION / ROLL CALL

(General Counsel Announcement as to purpose of Closed Session)

CLOSED SESSION

Reconvene to Open Session

TAB #1 Mission Moment

Dipankar Ghosh, DO, AHS Medical Director, recounted the case of a homeless patient who had arrived to his 5th appointment for what should have been a 3 visit procedure. Dr. Ghosh explained that the Mobile Health project is an effort to improve access and experience for these patients. Heather MacDonald Fine, AHS Manager, introduced the Mobile Health Project to the Board. The Mobile Health Project is a collaboration between Alameda Health System, the Alameda County Healthcare for the Homeless program and the Homeless Action Center. Alameda Health System will be providing medical care. The Homeless Action Center will be helping with enrollment in MediCal and onsite support. The Alameda County Healthcare for the Homeless program will be providing case management services for this vehicle. The Mobile Health project is expected to be running by August 2015 and is anticipated to complete over 2,000 encounters for FY2016.

TAB #2 ACTION: Appointment of Chief Executive Officer and Approval of Employment Agreement to be effective August 31, 2015

A. Appointment of Chief Executive Officer

The Board briefly discussed several provisions of the Executive Employment Agreement prior to voting on the appointment of Delvecchio Finley as the CEO of Alameda Health System.

B. Approval of CEO Employment Agreement

Trustee Lawrence provided an overview of the Board requests included in the new CEO employment agreement. The most employment agreement includes provisions regarding CEO presence onsite and a quarterly evaluation process. The Governance Committee shall set benchmarks for the CEO as well as a process for evaluation, which will be recommended to the Board of Trustees for approval.

Action: A motion was made and seconded that the Board of Trustees 1) appoint Delvecchio Finley to the position of Chief Executive Officer of Alameda Health System 2) approve the CEO Employment Contract and the motion passed.

AYES: Trustees Miller, Scates, Banerjee, DeVries, Hernandez, Jensen, Lawrence, Lugannani, Varni, and Zorthian.

NAYS: None

Abstention: None

TAB #3 DISCUSSION/ACTION: Presentation of the FY2016 Budget

David Cox, Chief Financial Officer, presented the FY2016 Operating and Capital Budget to the Board. The CFO emphasized the following budget objectives and principles: achieve a culture of accountability, ensure the budget supports the organization's strategic priorities, achieve a 5% EBIDA Margin, achieve overall improvement in the compensation ratio and FTE's per AOB, achieve incremental improvements in all business units, identify risk factors and prepare contingency plans, and ensure that we have a credible budget that can be achieved.

Jeanette Loudon-Corbett, Chief Human Resource Officer, reviewed the 2016 budget process and discussed the ongoing commitment to a culture of accountability. The Capital Committee will ensure only needed projects move forward, the FTE Review Committee will continue to evaluate each new or vacant position, a Monthly Variance Committee will be created to ensure department managers focus on variances, accountability focused education will be provided for those in leadership positions, and a Financial Metrics component will be tied to raises for leaders who don't achieve budgets. The CHRO clarified questions regarding reductions, explaining that per union contracts many job description changes are also classified as layoffs.

The CFO explained the EBIDA margin to the board as a positive cash flow. Volume, Revenue and Expense are the three factors that the organization will look at and manipulate where possible to ensure we meet our budget target for FY 2016. The CFO clarified that San Leandro Hospital payor contracts are being addressed to improve terms and increase payment captured per visit.

Mark Fratzke, Chief Operating Officer, identified several strategic priorities being focused on for the FY216 budget. Funding was allocated to the acute tower replacement, physician leadership and network development, managed care contracts, revenue cycle, service line structure, and funding to obtain Magnet status.

The CHRO reviewed the actual 2015 FTE as compared to the 2016 budget totals. The COO clarified that 194 FTE's have been budgeted for Information Systems employees across the organization. The Board discussed the possibility of increasing revenue by adjusting physician administrative hours to include more clinical hours.

The CFO reviewed some risk factors and staff mitigation strategy. The ICD-10 clinical documentation opportunity has not been included in the budget. Trustee Lugannani expressed confidence that the management of Alameda Health System is committed to meeting all proposed budget targets. Trustee Scates questioned whether the proposed budget reflected our actual reduction in expenses and asked for an explanation of where the reductions would occur. The CFO explained that obligated increases for the coming year would be offset by reductions in current operating expenses that would be realized in the coming year. Trustee Hernandez also expressed concern with a lack of actual expense reductions, noting that she appreciates and understands the offset of an expected increase in operation expenses.

Action: *A motion was made and seconded that the Board of Trustees approve the FY 2016 Alameda Health System Budget as proposed by management staff. The Motion was carried.*
AYES: *Trustees Miller, Banerjee, DeVries, Jensen, Lawrence, Lugannani, Varni, and Zorthian.*
NAYS: *Trustees Hernandez and Scates.*
Abstention: *None*

TAB #4 REPORT: Staffing Impact Analysis Related to the FY2016 Budget

Jeanette Loudon-Corbett, Chief Human Resources Officer, provided a report of the human resource impact of the FY 2016 budget. Work has been restructured and positions have been reduced at all levels of leadership and unrepresented employees, including executives, directors and unrepresented employees. Reductions to represented management employees under the Alameda County Management Employees Association (ACMEA) are currently estimated at 5-7. The impact to Registered Nurses is expected to affect an estimated 10 employees, some of which will experience reduced hours and balancing schedules. Proposed position reductions to SEIU are expected to affect 34 employees. The CHRO outlined where the reductions were scheduled to occur. The organization will make every effort to place as many affected employees in open positions as possible.

Trustee Scates expressed concern that the FY2016 budget was approved prior to discussion around the staffing reduction impact. The proposed budget included a \$5 million savings due to planned workforce reductions.

The COO addressed the decision to close the Substance Abuse Program, which is losing an average of \$450,000 a year. Most program patients could be accommodated elsewhere in the county.

TAB #5 ACTION: CONSENT AGENDA

- A. Approval of the Minutes from the May 26, 2015 Board of Trustees Meeting**
- B. Approval of Medical Staff / Organizational Policies and Procedures**
Recommendation by the Quality Professional Services Committee
See Agenda Attachment A

C. Contract Amendment with Midas Plus, Inc. to provide support for Case Management through January 31, 2016, not to exceed \$1,716,505

Recommendation by the Finance Committee

D. Resolution to fund the 401(h) Health Benefits Accounts Provided by ACERA (Resolution 2015-015)

Recommendation by the Finance Committee

E. Resolution to approve Signature Authority for Agreements with the Healthcare Services Agency (Resolution 2015-016)

Mike Moyer, Interim General Counsel

Action: *A motion was made and seconded that the Board of Trustees approve the minutes from May 26, 2015 pending technical corrections. The motion was carried.*

AYES: *Trustees Miller, Scates, Banerjee, DeVries, Hernandez, Jensen, Lawrence, Lugannani, Varni, and Zorthian.*

NAYS: *None*

Abstention: *None*

Action: *A motion was made and seconded that the Board of Trustees approve items B, C, D, and E. The Motion was carried.*

AYES: *Trustees Miller, Scates, Banerjee, DeVries, Hernandez, Jensen, Lawrence, Lugannani, Varni, and Zorthian.*

NAYS: *None*

Abstention: *None*

TAB #6 INFORMATION: MEDICAL STAFF REPORTS

Joe Walker, MD, Chief of Staff, HGH, FMT, JGH Medical Staff, spoke to the Board regarding the efforts of the 3 independent medical staffs towards a process of collaboration. A concrete example of this effort is reflected in the conversations between the Medical Executive Committees surrounding the creation of a standard peer review evaluation process. The medical staffs also identified the application and credentialing process for improvement. Currently, physicians must apply to each individual hospital and then wait up to 3 months for the credentialing process to be completed. The FTE salary and time expectation for physicians in administrative positions will also be evaluated and standardized.

Dr. Walker announced that a new Chairman of the Department of Medicine was brought on and introduced at the previous MEC meeting.

The Interim General Counsel reported that the Board met in closed session and took no action.

Public Comment – None

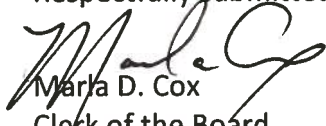
Board of Trustees Remarks –

Trustee Miller thanked the Board for the opportunity to preside as President of the Board of Trustees and looks forward to transitioning the position to Trustee Michele Lawrence.

Trustee Lugannani thanked Trustee Miller for his leadership during these challenging times.

ADJOURNMENT – 7:24pm

Respectfully submitted by:


Marja D. Cox
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: _____


Mike Moyer
Interim General Counsel