



FINANCE COMMITTEE MEETING

Tuesday, April 14, 2015

Conference Center Located at Highland Care Pavilion

1411 East 31st Street Oakland, CA 94602

Marla Cox, Clerk of the Board

(510) 535-7535

MINUTES

OPEN SESSION / ROLL CALL

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:

Jim Lugannani, Michele Lawrence, Valerie D. Lewis, Anthony B. Varni, Kinkini Banerjee, and Patricia Scates.

TAB #1 ACTION: Approval of Minutes.

Approval of the Minutes of the March 17, 2015 Finance Committee Minutes.

Action: A motion was made and seconded, and the Committee approved the Finance Committee minutes of March 17, 2015 as presented. Motion passed.

TAB #2 ANNUAL FINANCE COMMITTEE AGENDA AND OPERATIONS / ISSUE TRACKING

A. Finance Committee Planning Calendar

Mr. Cox reviewed the Finance Committee Planning calendar indicating that he hoped to provide the Fiscal 2016 Budget in May, but certainly in June. Trustees suggested topics of interest for presentation in future meetings.

B. Alameda County Health Committee Calendar

Trustee Lugannani requested Committee member attendance whenever possible.

C. Issue Tracking Form

Mr. Cox presented the Issue Tracking Form as a method for staff and trustees to track forthcoming and requested items for future meetings.

TAB #3 CHIEF FINANCIAL OFFICER UPDATE

A. REPORT: Current Financial Report

Mr. Cox reported on the results of operations for February, 2015, with a reported loss

of \$2.2 million which is unfavorable compared to the budgeted gain of \$1.6 million. March results will be ready later in the month and Mr. Cox will distribute them to the Committee.

B. REPORT: Cash Forecast

Mr. Cox reported that the net negative balance (NNB) due to the County loan was currently at \$146 million. Mr. Cox still expects to meet the required cap of \$150 million by June 30, 2015. Mr. Lugannani requested that some of the underlying assumptions in the volatility of the cash flow be demonstrated for the Finance Committee.

C. REPORT: Revenue Cycle Improvement Project Status

Mr. Cox discussed accomplishments over the last month.

- Staff collected \$30.3 million in March – a new organization high -- and the reorganization of PFS is complete. Mr. Cox reported on a surgery pilot project is reducing the denials on surgeries from >20% down to 5%.
- Trustees discussed the impact of the CMS mandated implementation of ICD-10 coding and AHS' readiness and Mr. Cox noted concerns on the professional side, which may be addressed in the profee revenue cycle improvement program.

D. REPORT: Fiscal 2016 Operating Budget Status

Mr. Cox reviewed the Operating Budget Target and reported that our targeted expenses are set at \$813 million based on generating a 5% EBIDA in fiscal 2016.

- Mr. Cox reported that senior leadership had met on Friday and is cautiously optimistic that staff will be able to meet the targeted operating expenses.
- Trustees discussed the timing of budget cuts in order to meet the scheduled presentation of the budget to the board in June.

TAB #4 REPORT / ACTION: OPERATIONS**A. Report: Performance Improvement Plan**

Mr. Fratzke commented that AHS leadership has been engaged in really good meetings in the last couple of weeks. Mr. Fratzke noted that it has been great to have the CAOs working together, working closely with MedAssets for efficiencies, and that everyone is mindful of the implications to patient care as the organization moves to close the gap.

B. Report: Alameda Health System Foundation

Ms. Barnes presented the Alameda Health System Foundation Development plan and Contract Proposal. The Foundation plans to collect \$24.9M over the next three years with a support agreement that is less than prior years. The Foundation also expects to grow grant funds to support the AHS strategic plan such as the \$10M from the Atlantic Philanthropies which supports workforce development.

Action: A motion was made and seconded, and the Committee approved Alameda Health System Foundation Development Plan and Contract Proposal for

recommendation to the next full Board of Trustees meeting. Motion Passed.

TAB #5 REPORT AND DISCUSSION:

A. Space Allocation Analysis

Mr. Warmouth reported that AHS will move into the new acute care tower in April 2016. Demolition on the old tower will begin the following week. About 180 staff in the present tower has not been accommodated in the new tower.

- Trustees requested that staff go back to the County and solicit additional options.

B. Alameda County Permanent Agreement for Repayment of AHS Obligation to the Consolidated Treasury

- *Deferred to May Finance Committee Meeting*

C. Self Pay Discount Policy

- *Deferred to May Finance Committee meeting*

TAB #6 ACTION ITEMS

- A.** Amendment with **Midas Plus, Inc.**, to provide support for Case Management, for the period of September 27, 2013 through January 31, 2016, not to exceed \$1,716,505.

- *Deferred to May Finance Committee Meeting*

No action taken.

- B.** Amendment to extend current contract with **RadCare of California, Inc.**, ensuring coverage during upcoming contract negotiation period. RadCare provides diagnostic imaging services for Radiology department, for the period of September 1, 2012 through November 30, 2015, not to exceed \$10,070,769.

Action: A motion was made and seconded, and the Committee approved item B for recommendation to the next full Board of Trustees meeting. Motion Passed.

Public Comment –

Susan Rosenthal, ACMEA, commented on negotiations between the union and AHS. She noted the increases already implemented for other employee groups and an opportunity for cost savings that would offset the cost of an increase for its membership.

Board of Trustees Remarks – None

ADJOURNMENT – 6:49PM

Respectfully submitted by:



Marla D. Cox
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: _____



Mike Moyer
Interim General Counsel