



**FINANCE COMMITTEE MEETING**

**THURSDAY April 6, 2017**

**5:00PM – 6:30PM**

**Conference Center at Highland Care Pavilion**  
1411 East 31<sup>st</sup> Street Oakland, CA 94602  
Vanessa Nushaiwat, Interim Clerk of the Board  
(510) 535-7515

**LOCATION:**

Open Session: HCP Conference Center

**MEMBERS**

Anthony Thompson, Chair  
Gary Charland  
Kinkini Banerjee  
Michele Lawrence

**MINUTES**

**THE MEETING WAS CALLED TO ORDER AT 5:07pm**

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

Anthony Thompson, Kinkini Banerjee

**ABSENT:** Gary Charland, Michele Lawrence

A quorum was not established .

**Open Session**

**TAB #1 CONSENT AGENDA: ACTION**

**A.** Approval of the Minutes of the February 2, 2017 Finance Committee Meeting.

**B.** Approval of the Minutes of the March 2, 2017 Finance Committee Meeting.

**No action taken due to lack of a quorum.**

***END OF CONSENT AGENDA***

## **TAB #2 RETROSPECTIVE REVIEW OF PRIOR CONTRACT APPROVALS**

None.

## **TAB #3 CONTRACT APPROVAL: ACTION ITEMS/DISCUSSION**

**A. *SLH Rehab Contractor at Risk Award to Layton Construction Company, LLC***  
*Luis Fonseca, Chief Operating Officer*

In addition to the staff memorandum, the Chief Operating Officer (COO) provided an update on the project to relocate the acute rehabilitation unit from Fairmont Hospital to San Leandro Hospital to explain the significance of this contract. The COO reviewed the key milestones in the project and explained the need for the engagement of a "Contractor At Risk" as the original contract with Aditazz, Inc. was not designated a design build project. The COO advised that under this contract, Layton Construction will partner with Aditazz to finish and finalize the drawings, obtain the bids from all subcontractors to develop a guaranteed maximum price. The COO noted that a maximum price should be identified by June 2017.

**B. *Extension Agreement with Alameda County Sheriff's Office for the provision of supplemental law enforcement services and security services at Highland Hospital. The term of proposed extension is July 1, 2017 through June 30, 2019. The estimated impact of the proposed extension is \$7,531,058.09. Inclusive of this contract and prior contractual commitments (July 1, 2017 – June 30, 2019), the overall obligation to this vendor is estimated at \$11,094,965.62.***  
*David Cox, Chief Financial Officer*

The Board was advised that the second year of the contract is subject to increases under the agreement between the Sheriff and the County of Alameda. The Board was advised that the matter would be returned to the Board if the subsequent increase exceeded the amount set forth under the contract.

**C. *Extension Agreement with Aditazz, Inc. for the provision of the design and permitting services in support of the Health Professionals Training & Education Center located at Highland Hospital. The term of the proposed extension is April 1, 2017 through December 31, 2017. The estimated impact of the proposed extension is \$45,000. Inclusive of this contract and prior contractual commitments (July 1, 2017 – December 31, 2017), the overall obligation to this vendor is estimated at \$1,319,766.14.***  
*David Cox, Chief Financial Officer*

The COO provided an update on the schedule of the project indicating the goal is to have the project completed by the end of the calendar year.

**D. *New Master Services Agreement ("MSA") and two (2) Statements of Work ("SOWs") with Colin Construction Company for the provision of design and construction services for the MRI Suite located at Highland Hospital. The Aggregate term of the proposed agreements is May 1, 2017 through April 30, 2019. The estimated impact of the proposed SOW's is \$2,038,461.00. There is no prior obligations to this vendor.***  
*David Cox, Chief Financial Officer*

- E. New Agreement with Royal Ambulance, Inc. for the provision of ambulance transportation services across the Alameda Health System. The term of the proposed agreement is May 1, 2017 through April 30, 2020. The estimated impact if the proposed agreement is \$4,360,533.60. There are no prior obligations to this vendor.**  
David Cox, Chief Financial Officer

The Committee commended Mr. Holley on the high quality of the contract summary.

- F. Two (2) Agreements with GE Healthcare to purchase Healthcare IT professional services and software support for existing medical equipment. The term of the proposed agreements is May 1, 2017 through October 31, 2017. The estimated impact of the proposed service and support agreements is \$270,800.25. Inclusive of these contracts and prior contractual commitments (July 1, 2017 – October 31, 2017), the overall obligation to this vendor is estimated at \$5,696,845.75.**  
David Cox, Chief Financial Officer

The first of the two Agreements was withdrawn before consideration.

The item was limited to request for approval of Agreement 2 for the Midas Interface.

- G. Replacement Purchase Agreement with Organogenesis, Inc. for the provision of wound healing medical products. The term of the proposed replacement agreement is April 20, 2017 through April 19, 2019. The estimated impact of the proposed purchase agreement is \$1,244,620.00. Inclusive of this contract and prior contractual commitments (July 1, 2017 – April 19, 2019), the overall obligation to this vendor is estimated at \$1,627,327.00.**  
David Cox, Chief Financial Officer

- H. New Service Agreement with Uber Technologies, Inc. for the provision of AHS patient transportation services (taxi services) within Alameda County. The term of the proposed agreement is May 1, 2017 through April 30, 2019. The estimated impact of the proposed agreement is \$1,200,000.00. There are no prior obligations to this vendor.**

Trustee Banerjee noted a concern over contracting with Uber based on media reports regarding the corporate culture and practices at the organization and that she would vote “no” on the agreement. She asked if staff had explored other rideshare options. Staff responded that this contract arose pursuant to an RFP process. The proposal from Uber was the best proposal (of the two received) that would result in a 18% savings over current spend and Uber is a local vendor.

- I. Statement of Work (“SOW”) with MModal Services, LTD for the implementation of MModal’s Fluency for Imaging Reporting Solution. The term of the proposed agreement is April 15, 2017 through March 31, 2021. The estimated impact of the proposed SOW is \$44,244.00. Inclusive of this contract and prior contractual commitments (July 1, 2017 – March 31, 2021), the overall obligation to this vendor is estimated at \$1,870,349.55.**  
David Cox, Chief Financial Officer

- J. Statement of Work 1 (“SOW 1”) with Freed Associates for the provision of consulting and management support to the ongoing revenue cycle improvement efforts for the Professional Billing Department. The term of the proposed SOW 1 is April 13, 2017 through September 30, 2017. The estimated impact of the proposed SOW 1 is \$300,000.00. Inclusive of this statement of work and prior contractual commitments (July 1, 2016 – June 30, 2017) the overall obligation to this vendor is estimate at \$1,700,000.00.**

*David Cox, Chief Financial Officer*

The Chair questioned whether the savings achieved through the agreements with Freed have been calculated. The CFO responded that such information was included in the retrospective review provided at an earlier meeting.

- K. Statement of Work (“SOW 2”) with Freed Associates to continue to provide consulting services in support of the Medical Staff Services Department. The term of the proposed SOW 2 is April 13, 2017 through July 31, 2017. The estimated impact of the proposed SOW 2 is \$188,000.00. Inclusive of this statement of work and prior contractual commitments (July 1, 2016 – June 30, 2017) the overall obligation to this vendor is estimated at \$1,888,000.00.**

*David Cox, Chief Financial Officer*

**No action taken due to lack of a quorum.**

The CFO noted the “lifetime vendor spend report” included in the materials.

**TAB #4 OPERATION REPORTS**

- A. Chief Financial Officer Report:**  
*David Cox, Chief Financial Officer*
- February 2017 Financial Report

The CFO highlighted the following items in his report:

- AHS was profitable for the month of February, notwithstanding a downturn in census.
- Favorable net patient services revenue and supplemental revenue are (overall, revenue is 4% ahead of budget and 8% over last year) offsetting expenses that were over budget (4.5% to budget; 8.8% higher than previous year), resulting in the organization close to expected budget performance.
- The collection ration has improved to 31%.
- Specific areas of expense variance are registry, contract physician services, supplies and maintenance.
- Although discharges are below budget (down approximately 6 % YTD), Length of Stay has increased reflecting a higher patient acuity.
- Capital availability could allow us to finance the SLH rehabilitation project and EHR.

The CFO noted that the Ambulatory Access Redesign project is underway, Physician Charge Capture is complete and the Soarian Financials rebuild is in progress (to be completed by July 1, 2017). With respect to contracting the CFO reported that a contract with Cigna is completed and the Aetna contract should close soon. Currently, we are trading rates assessments with Blue Shield and still waiting for Blue Cross. The CFO stated that we are in discussions with the county regarding the HealthPac agreement and they have proposed an addendum with an additional \$23M which is not in the budget.

In response to a question from the Chair, the CEO reported on steps that are underway to address expense performance.

The CFO stated that a report on revenue cycle projects would be presented at a future meeting.

**B. FY2017-2018 Draft Budget Review**  
*David Cox, Chief Financial Officer*

The budget oversight group has completed a comprehensive review of all support, business departments and units. This includes ambulatory, professional services and some support departments. Currently, we have a projected 1.9 percent EBIDA margin based on year over year revenue growth of 2.6% and expense growth of 7.3%. We are continuing to work towards a target of 6% percent.

The CFO reported that staff is continuing to review revenue and expenses to find other opportunities. For example, there are opportunities in the pro fee and other revenue cycle and reimbursement opportunities.

The revenue projection for patient revenue is \$639M vs \$635M this year, which is a 5.5 percent growth. Supplemental revenues are projected at \$323M vs. \$313M for this year. Currently, the expense budget is at \$984M vs a target set at \$948M which reflects a 7% percent increase. FTE's are currently running at 4118 for this FY and in the current budget projection is 4499.

**C. Chief Information Officer Report**  
*Dave Gravender, Chief Information Officer*

- Electronic Health Record Selection Process

The CIO reported that we are in the processes of reviewing and scoring the RFP responses from each of the vendors. Cerner will perform the onsite demonstrations in April and Epic will come in May. The CIO noted that we currently have 300 participants signed up for demonstration sessions. Each of the demonstrations will include a "solution gallery" that will be set up for people to attend and ask questions that were not answered in the scripted demos. All score sheets will be tallied, evaluated and put into the entire scoring process. The total cost of ownership (vendor cost plus costs to be incurred by AHS) proposals will also be evaluated.

**TAB #5 BUSINESS PLANNING**

- A. Report on Activities  
*Ishwari Venkataraman, Vice President, Strategic Planning & Business Development*

No report.

**TAB #6 FINANCE COMMITTEE EDUCATION**

None

**TAB #7 COMMITTEE PLANNING**

*Anthony Thompson, Chair*

- A. Finance Committee Planning Calendar

**PUBLIC COMMENT – None**

**Trustee Comments - None**

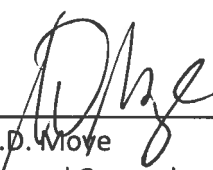
**Adjournment – 6:32 pm**

Respectfully submitted by:

Vanessa Nushaiwat  
Interim, Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: \_\_\_\_\_

  
M.D. Moye  
General Counsel