



## **FINANCE COMMITTEE MEETING**

**Tuesday, March 17, 2015**

**Conference Center Located at Highland Care Pavilion**

1411 East 31<sup>st</sup> Street Oakland, CA 94602

Marla Cox, Clerk of the Board

(510) 535-7535

### **LOCATION:**

HCP Conference Center

### **MINUTES**

**OPEN SESSION / ROLL CALL: 8:35am**

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

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

*(General Counsel Announcement as to purpose of Closed Session)*

**TAB #1 CLOSED SESSION**

**TAB #2 ACTION: Consent Agenda**

*Action: A motion was made and seconded to approve the minutes of the February 17, 2015 meeting. The minutes were approved as presented.*

**TAB #3 CHIEF FINANCIAL OFFICER UPDATE**

#### **A. REPORT: Current Financial Report**

Mr. Cox reported on the results of operations for February, 2015, noting slight improvement over January with a reported loss of \$2.2 million, which is unfavorable compared to the budgeted gain of \$1.6 million.

#### **B. REPORT: Cash Forecast**

Mr. Cox reported that the net negative balance of the County loan at March 13, 2015 was \$146 million – well below the current cap of \$195 million. Mr. Cox still expects to meet the required cap of \$150 million by June 30, 2015.

- Accounts payable is now current at about \$18 million.

- Trustee Lugannani suggested a breakout for vendors on payment plans for further understanding of the accounts payable components.
- Trustees discussed that potential impact of lower volume due to the effects of healthcare reform and requested additional analysis be presented at a future meeting.

**C. REPORT: Revenue Cycle Status**

Mr. Cox discussed accomplishments over the last month. He reviewed the work plans in place for Patient Financial Services, Revenue Integrity, Patient Access and Pro Fee billing initiatives, noting that the work plans are already producing results.

**D. REPORT: Self Pay Discount Policy**

*Deferred to the April Finance Committee Meeting.*

**E. REPORT: Long-Term Financial Plan**

Mr. Cox reviewed the analysis of the long term cash forecast that was completed in support of the negotiations concerning the Alameda County Permanent Agreement. The primary conclusions were that AHS would need to target an EBIDA Margin of 5% in Fiscal 2016, which an improvement of approximately \$67 million over current performance.

Extensive discussion ensued regarding AHS ability to achieve this level of improvement over a relatively short period of time and the potential consequences of a likely Event of Non Compliance under the new proposed agreement.

**F. REPORT: Fiscal 2016 Capital Budget**

Mr. Cox reviewed the Capital Plan, noting the need to delay the Alameda Hospital Kitchen Renovation Project until 2018 in order to meet the limitations of the agreement. The delay of this project will require OSHPD approval, and management has initiated that process.

**TAB #4 REPORT: OPERATIONS**

**A. Report: Performance Improvement Plan**

Mr. Fratzke reported on the status of the MedAssets BETTER-II cost reduction program. The current projection adds up to \$41.1 million and targets labor, resource utilization and supply chain costs. Mr. Fratzke described the design of the work groups and assignments. He reminded trustees that BETTER-II will extend to June 2016 – eighteen months - for the \$41.1million not all of it in place before July 1, 2015.

**B. Report: Alameda Health System Foundation**

Motion to extend the Foundation agreement thru June 30, 2015 for \$250,000 with agreement renewal and Foundation report to be returned to the next Finance Committee agenda. Presentation should include diligent assessment of the contribution of the Foundation in return for the ongoing support by agreement. Approved unanimously.

**TAB #5 REPORT: SPACE ALLOCATION**

*Deferred to the April Finance Committee Meeting.*

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**TAB #6 ACTION ITEMS**

- A. Alameda County Permanent Agreement for Repayment of AHS' Obligation to the Consolidated Treasury**  
*David Cox, Chief Financial Officer*  
***A Motion was made and seconded to decline to recommend the current draft of the County Permanent Agreement to the full Board.***  
***Approved unanimously.***
- B. Self- Pay Discount Policy**  
*David Cox, Chief Financial Officer*  
***Deferred to April Finance Committee Meeting.***
- C. Alameda Health System Foundation Support Agreement, for the period of April 1, 2015 through March 31, 2018, not to exceed \$2,200,000.**  
*David Cox, Chief Financial Officer*  
***A Motion was made and seconded to extend the Foundation agreement thru June 30, 2015 with the addition of \$250,000. The renewal agreement to be returned to the next finance agenda. Approved unanimously.***
- D. Agreement with Midas Plus, Inc., to provide support for Case Management, for the period of September 27, 2013 to January 31, 2016, not to exceed \$1,573,524.**  
*Dave Gravender, Chief Information Officer*  
***Deferred to April Finance Committee Meeting.***

**TAB #8 REPORT: Legal Counsel's Report on Action Taken in Closed Session**

No action was taken during closed session.


**Public Comments – None**

**Board of Trustees Remarks – None**


**ADJOURNMENT – 6:49PM**

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Respectfully Submitted by:

  
Marla D. Cox  
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by:   
Mike Moye  
Interim General Counsel