



## FINANCE COMMITTEE MEETING

Tuesday, July 22, 2014

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

<u>LOCATION:</u>	<u>COMMITTEE MEMBERS</u>
Open Session: HCP Conference Center	Jim Lugannani, <i>Chair</i> Michele Lawrence Valerie D. Lewis, Esq. Anthony B. Varni

### Minutes

**OPEN SESSION / ROLL CALL** – Quorum established. Introduction of David Cox as permanent Chief Financial Officer.

**TAB #1** **ACTION: Approval of Minutes**  
Unanimous approval of the Minutes of the May 20, 2014 Finance Committee Meeting.

**TAB #2** **Financial and Operations Reporting**

#### **A. REPORT: Financial Update for Month Ending May 2014**

Rich Gianello reported on May operating results for San Leandro, Alameda Hospital and the rest of the system. The system without San Leandro and Alameda lost about \$1.0M in May largely due to labor and affiliation expenses. Alameda Hospital posted a loss in the month of \$2.2M as a result of recognizing the affiliation. Members of the committee expressed a desire for a smaller financial reporting package focused on metrics and key drivers or trends in the future.

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**B. ACTION: GE Capital Lease Program**

Rich Gianello reported that seven responses to an RFP for capital financing were received and evaluated, and that GE Capital has been selected as the vendor of choice with the best interest rate combined with sufficient funding. Staff will be bringing back a contract with negotiated terms for committee approval in September. Trustees expressed thanks for informing and educating the committee in advance of required action.

**C. ACTION: RehabCare Contract**

James Jackson presented a plan to engage the vendor RehabCare to assume day-to-day management of the Acute Rehab program presently at the Fairmont campus, its relocation to San Leandro Hospital campus and program development. Negotiations are underway and a proposed contract will be brought back to committee in September.

**D. INFORMATION: Restructure of County Line of Credit**

David Cox reported that he met with a subset of the Board of Supervisors yesterday regarding the County line of credit aka “revolver.” The meeting included reviewing a proposal suggested by the Auditor-Controller that would extend the payback schedule, increase the amount of the revolver and break the line into its component fiscal parts for better management. Trustees debated and discussed the county line of credit, the meeting that occurred with the County without committee member knowledge and the need for information about the need for restructuring the revolver. No action was taken and the committee determined to schedule a special meeting of the committee in August to more fully debrief and consider the line of credit and the cash flow needs of the system.

**TAB #3 REPORT: Chief Financial Officer Update**

David Cox commented that staff are evaluating and planning the best plan of action for revenue cycle improvement. There will be a Revenue Cycle Committee with representation from medical records, IT, physicians as well as revenue cycle leadership to ensure understanding and input on making changes to support charge capture, coding, and other issues. Mr. Cox expects this process to be an 18-month project.

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**TAB #4 Contract & Capital Authorization**

**A. ACTION: Authorization for the CEO to Execute the Following Operating Contracts:**

Contract Amendment with Angelica for AHS Supply Chain System wide Linen and Laundry Services, for the period of **August 1, 2015** through **July 31, 2019**, not to exceed the amount of **\$14,854,454**.

Trustees reviewed the Angelica contract proposal for system laundry and linen services. Discussion focused on the stated savings expected from this long term agreement and in the role of MedAssets as GPO vs consultant to identify expense savings. Members asked questions regarding tracking the success of achieving MedAssets savings through the budget process. The agreement was unanimously approved.

**B. INFORMATION: Approved Contracts and New Grants Within the Range of \$500,000 to \$1,000,000**

Trustees reviewed the attached schedule. No comments or questions were raised.

**TAB #5 Information: Work of Finance Committee**  
*Jim Lugannani, Finance Committee Chair*

Trustee Lugannani reviewed the attachment in the board package reflecting areas he suggested that the Finance focus on its work going forward. General discussion between members occurred with a consensus that scope of work is still relevant. Member education and early participation in upcoming strategic discussions would greatly enhance the members' contribution to fiscal stewardship of the system.

**TAB #6 Annual Finance Committee Agenda Calendar and Follow-up**

Trustees requested that fifteen (15) minutes of education be set at each meeting focusing on bringing members a better understanding of the financial aspects of the system. Suggested topics to be added to calendar for September meeting include a MedAssets tutorial on both the GPO and the consulting agreements.


**Public Comment**     None.

**Board of Trustees Remarks**     Thanks to Rich Gianello for his contribution over the last many months as interim Chief Financial Officer. Welcome to David Cox as the new permanent Chief Financial Officer.

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**ADJOURNMENT**

Respectfully submitted,

  
Maria Cox  
Clerk of the Board

APPROVED AS TO FORM:

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

  
Douglas B. Habig, Esq.  
General Counsel