



**SPECIAL BOARD OF TRUSTEES MEETING**  
**THURSDAY, February 19, 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) 535-7515

**MINUTES**

**THE MEETING WAS CALLED TO ORDER AT 6:05 PM**

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

Kirk E. Miller, Esq., Patricia Scates, Kinkini Banerjee, Tracy Jensen, Michele Lawrence, James Lugannani, James Potter, and Barry Zorthian, MD.

Excused: Valerie D. Lewis, Esq., Joe DeVries, Maria Hernandez, and Anthony B. Varni.

Quorum was established.

**TAB #1 CLOSED SESSION**

***Reconvene to Open Session***

**TAB #2 REPORT: Update on Planning Regarding San Leandro Hospital**

The Trustees agreed to have public comments regarding San Leandro directly following the report. Dan Boggan, Interim Chief Executive Officer, presented the average daily census necessary for San Leandro's viability. CarlaDenise Edwards, Chief Strategy Officer, elaborated on site statistics. AHS engaged the Renoir firm in order to improve efficiency and performance in the operating room and emergency department, lower costs, improve charge capture, and increase volume and utilization. At the 12 month mark, about 50% of goals have been met. Karen Black, the physician liaison with significant experience has begun working on building relationships with physicians and organizations in the market. Some of the challenges we are working to address are aging equipment and physical plant, lack of ancillary services, and the standing managed care contracts. David Cox, Chief Financial Officer, detailed the metrics necessary for San Leandro Hospital to remain viable and reviewed some strategies being considered to meet these goals. Further discussion ensued. The Board requested further information regarding the option to move a Rehabilitation facility to San Leandro Hospital, how this affects capital costs and investment, and the factors that make this an optimal decision. The Board also requested detailed information regarding future payor mix estimates, the percentage of physicians billing and coding correctly, and the projections for surgery into 2016. The Interim CEO, noted that a detailed report is being put together for the Board to better evaluate San Leandro's standing.

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## Tab #2 Public Comments:

Deepak Dhawan, MD:

Thank you very much, Deepak Dhawan, I am the chief of staff at San Leandro Hospital and I have been in San Leandro Hospital for 13 years. I have known about, from my colleagues, that San Leandro Hospital has been helping the community for the last five decades. There are a lot of numbers being thrown here and I completely understand, to run a big hospital, a big facility, we have to worry about that. At the core of the AHS values, San Leandro is a hospital which has been helping the community for a long time. I have seen the ups and downs of San Leandro hospital. At the present moment I can tell you, it has had its ups with the help of the administration and the medical staff. I am going to talk about the medical staff. The medical staff has been committed - the whole medical staff has been committed to San Leandro Hospital. I can date back five to seven years ago to when Sutter had planned the whole thing, so called. There had been the introduction of the Palo Alto foundation, in the system and trying to sabotage the physicians – which was completely and forcefully pushed away by the local medical staff and San Leandro Hospital is still here working and helping the community. I think that shows the dedication of the medical staff. The whole staff is committed. Yes, there was a downtime when Sutter was trying to close down certain Orthopedic surgeries or general surgery in the hospital, which has started to come back up. And the volume, the ED volume has been over 100, which shows that there is a need in the community. The inpatient volume has increased as well. So, I think the medical staff is committed. I know we need to have certain decisions made on the basis of numbers, but we can assure you from the medical staff point that the doctors are committed to it. None of the doctors have shown an interest to move their practice away or even move to another hospital. They are still dedicated and coming back to the facility. When you make decisions you have to see the commitment the physicians have shown. I cannot emphasize more that the community hospital is definitely one of the assets in San Leandro. Thank you.

Frank Staggers, Jr., MD:

Good evening I am Dr. Frank Staggers, the current president of the Alameda Contra Costa Medical Association. That's an association consisting of about 3,700 physicians. I also trained at Highland many years ago. I want to say that for a number of years the ACCMA has been a strong advocate in maintaining San Leandro Hospital as a full service hospital, we feel that is very important. A number of our members are physicians that actually practice in San Leandro, who have been on staff at San Leandro and they are very concerned about this issue. Just to echo what was just said before, the doctors who are at the hospital are very dedicated to try to keep the hospital open. We have, at ACCMA, actually hosted a number of meetings trying to get our physicians to become more engaged with AHS. That's important to note. Another thing I would like to express is that when a full service hospital is closed, a lot of times the compensatory mechanisms are just in name only. People say, well patients can go to that institution or this institution, but what we found often happens is that those mechanisms are not practical for people in the community and so the community as a whole tends to suffer. In addition to that, when a full service hospital closes it also puts tremendous pressures on the other institutions that surround it. I'm just here again, as a representative of the Alameda Contra Costa Medical Association to say that we certainly hope that the Board will find a way of making this hospital sustainable as a full service hospital. Thank you.

Deborah Cox:

Good evening, my name is Deborah Cox I am City Councilmember representing District 1 and that hospital actually resides in my district. I am here because San Leandro Hospital is very important to the people not only I represent, but the entire city and you will hear from some of my other City Councilmembers on that issue. We are very aware that the hospital had been under duress for a long time, but after the handover from Sutter to Alameda County this Council formed a committee to work with supervisor Chan's office, Eden Township Healthcare District and Alameda County CEO, Mr. Lassiter to try to come and address the concerns of not only the loss of the Emergency Department in particular, but actually the economic impact for the

entire city and the people who work there who will lose jobs. In 2012, the city council took the unprecedented step of agreeing to fund as you heard 1 million dollars a year for three years. We are the only city that has ever made that kind of commitment to a hospital. That is showing our commitment and how important it is to us and to our citizens. Of course, it was based on the understanding that all the partners involved would continue to make an effort to ensure the viability of the hospital. Of course, as it was mentioned before and I think is the elephant in the room - the critical component of the 20 million dollar commitment by Eden Healthcare District that was offered and predicated our decision, during economic times when we were in a recession, the city committed 3 million dollars to this. That's how important it is but without the support of that commitment by Eden Healthcare, obviously the whole agreement is in question. It is going to seriously impact the health and welfare of our citizens and we are hoping that we can work together to come to a conclusion that works for all of us. Thank you for listening.

Corina Lopez:

Good evening trustees and members of the public, my name is Corina Lopez and I speak individually this evening as a Councilmember representing District 5, the North part of San Leandro. I am here this evening basically to continue to articulate, and it's something that we've articulated for a number of years now, about how imperative it is to really sustain this hospital. It is a community asset like no other; we have this one singular one so all of us have a fundamental stake in keeping this hospital viable and going and so forth. We sit and talk about numbers, and so forth, but really what we need to think about and what we are really talking about are lives and options for our community. If we do not work through this over the next summer months together collaboratively, you know ultimately, what we have at the table is really something that is fundamental and beyond monetary issues and that is the health and welfare of our community. So I am looking forward to working with you collaboratively and working through and making these numbers work. Please feel free to either dialogue with me individually or collectively. We will continue to attend these meetings and we are going to make this work for all of us. Thank you.

Lee Thomas:

Good evening, Lee Thomas, I am a San Leandro City Councilmember in District 3. I am here today to represent the constituents in my neighborhood and in my district here. You know, San Leandro Hospital is the only hospital many of my constituents know. San Leandro Hospital is that lifeline for them in an emergency. The city of San Leandro knows this as well, they know this as well by the personal investment that they made; a personal investment that they made during a challenging economic time. They know this, we know this, my constituents know this, I'm sure many of you guys know this in this room. So I urge you to do what you need to do to think strategically, be innovative and make those decisions that you actually need to keep our eyes on what's really important here, and those eyes are on keeping people alive, well, and healthy. Thank you.

Michael Gregory:

I am a former Councilmember with this hospital in my district and I was a part of a coalition of political and medical and community support that built a coalition to keep this hospital alive. You know this hospital has struggled throughout its life. Twenty, thirty, forty years it's turned over with corporate entities coming in and out and finally we said enough and we built this coalition to get this hospital on track to sustainability. Remarkable efforts. Prime came in at one point and we battled Prime. They are back in the Bay Area, as you know. There are tremendous market forces going with these hospitals in the Bay Area. This one has a unique story, I don't know if you saw this article of pushback with Doctors Medical Center and the situation they're in. The gift, amazing gift, of 75 million dollars from Mark Zuckerberg to keep San Francisco General in the pink, in the red, I mean flush, I don't know what color you want to use. This is a tale of three hospitals. This one has its unique identity and its own narrative when you consider what we have accomplished in a short amount of time. This hospital never ever had this kind of community support and we built it politically with the help of Allen Corbett, CNA, the physicians organizing committee. I mean who are they? I mean, they came to us and we got them to help us and we built a coalition. So we have this support, and we did it

without passing any tax measures so you know what my colleagues, I consider them colleagues, but we had quite a chore and we did it. But we did it without passing tax measures in San Leandro so the city was behind us. We have the largest senior percentage in Alameda County by city and we know that the numbers, Kaiser 1 in 3, could be more nowadays, Sutter is strong in the area, and yet where do these folks go? They don't have the mobility to pick up and go shop for a new hospital so it's very critical. If you haven't seen the campus ever, I invite you to come out and take a look. There was commitments before us to take a Ford dealership and turn it into a hospital. So there is a whole continuum here of support. The payer mix that seniors will bring is something I hope you look at. It hasn't been mentioned tonight but that could be a steady stream if we establish the site to treat seniors and their ability to pay with their unique payer mix. And of course you have mentioned the acute rehab, which kind of goes with the senior population as well. I think it all comes together, with brilliant new leadership I think we can do this. So please work with us. Thank you very much.

Dave Brown:

My name is Dave Brown, I work for County Supervisor Wilma Chan. I just wanted to make a few comments. As many of you know San Leandro Hospital is one of five safety-net hospitals in the County. Children's, Highland, Alameda Hospital, St. Rose as well as San Leandro, which serves beyond just the city of San Leandro. It incorporates areas of San Lorenzo, Ashland, Cherryland and even beyond that. Folks come to San Leandro Hospital. Some of the issues brought up, I appreciate it Ms. Scates for what you said about the different options around the rehab, because our general services agency had made an estimate back in 2009 that to build a new rehab facility was going to be on the order of 100 million dollars. Which means it's probably more today. Obviously there's other options than just building a new facility, but again there are expenses that can be made or might be incurred if you move the facility or have the facility elsewhere. I thought our office was able to help broker a deal that I thought was a real win win. I wasn't around then, but as I found out about it. To be able to keep the hospital open but also find a place to put the rehab facility. I think it actually was a double win for AHS because not only could you find a place that was affordable for the rehab facility, but you also got another hospital which is part of your strategic plan. I've already mentioned today Mr. Miller that you mentioned that, as far as what you set out to do over the last several years. You were able to do both at once. Our office will help you to keep it open, we'll do what we can. We'll make sure that Eden Township as well as Sutter, because I know they are in negotiations right now are doing what they are supposed to do. We are very appreciative. Mr. Boggan has been very aggressive around pursuing the funding, so thank you for doing that. I do have one, I don't know if it's a question or a comment, but I actually was very surprised and excited to hear from Mr. Jackson how many of the doctors have actually come back to the hospital. I think the number we heard originally was that if we get over 50 that could make the difference to bring in the patients that we want. The fact that it's over 70 is tremendous, so I'm just wondering if there's a way to analyze the fact that there are that many doctors back already and maybe more on the way, how that's going to contribute to ED visits as well as operations and the daily census. So again, we are here to help and thank you for the opportunity.

Jacqueline Orpilla:

Good evening Mr. President, Board Members, again I'm Jacqueline Orpilla. I work with Assembly member Rob Bonta's office, he represents Oakland, Alameda and San Leandro in the State Assembly. To close off this public comment period, we just want to be here and join the community in support of San Leandro. We definitely appreciate the questions and your ability to dig deep into the details showing your commitment to ensure that San Leandro Hospital is sustainable for Alameda Health System, but also that it remains accessible to the San Leandro community. We were grateful to you all a few years ago when you decided to partner with the San Leandro community, all of us here, to keep San Leandro Hospital open and as we have shown tonight we want to encourage your commitment and what you are doing to make sure that it remains open. As you know and as you have heard, San Leandro Hospital is important to the local community in providing quality access to care. As you know, assembly member Bonta served on a healthcare district in Alameda, serving Alameda Hospital and now as a representative of that district falls off the health chair. It's

something that he's continuing to work on to ensure that local hospitals stay open for the communities that they serve. We look forward to continue working with you all. As you know, there are many stakeholders in this that we are working with. We want to support you and will continue to do so. I hope we can reach a sustainable solution. Thank you so much.

Kirk Miller, President, thanked the San Leandro Hospital management team as well as all those guests who traveled to state their comments.

**TAB #3 REPORT: HCSA/Toyon Analysis**

No report was presented.

**TAB #4 REPORT: Staff Relocation Plans / Status on Marina Village**

The Interim CEO presented the current status of the staff relocation plan and space analysis. In order to accommodate all staff, the system is looking at a minimum need of 8,800 square feet ranging up to 12,000 square feet. Internal analysis revealed a total of 6,000 square feet of space available across the system, with 3,800 square feet potentially located in the B wing of Highland Hospital. This option would need to be executed in April or May to meet the timeframe. The second option is county-owned space, which will be assessed by the organization within the next month to review square footage available. This space is not centrally located. The third option at Marina Village in Alameda is currently in negotiations and they are flexible with our square footage needs. This would meet the execution timeframe of June or July 2015. Additional options being assessed are Clorox, Kaiser Center, Art.com, Bishop's Ranch in San Bruno, and Stoneridge in Pleasanton. Further analysis will be presented at the March 2015 Board meeting.

**TAB #5 ACTION: County Debt Agreement**

David Cox, Chief Financial Officer, reported that the interim agreement with the County has been extended through March 31, 2015 as negotiations are not yet completed. Mr. Cox will meet with the County Auditor to complete the agreement. There is no anticipated change to the current Interim County Debt Agreement. The Board will receive a financial forecast report in the March 2015 Finance Committee Meeting.

**ACTION: Upon motion made and seconded, the Board approved the anticipated extension of the Interim County Debt Agreement.**

**AYES:** Trustees Miller, Scates, Banerjee, Jensen, Lawrence, Lugannani, Potter, and Zorthian.

**NAYS:** None

**ABSTAIN:** None

**TAB #6 REPORT: Performance Improvement Plan**

Mark Fratzke, Chief Operating Officer, reported on the six focus areas that AHS has identified in conjunction with MedAssets, who we have partnered with to provide market data around best practices and productivity. The six areas identified are organizational design, process optimization, clinical resource management, supply chain, group purchasing and pharmacy benefits. Data is currently being assessed from January to present, and an 18 month timeline is being drafted for Board review in March. The MedAssets agreement stipulates the identification of \$40 million in savings, with \$1.5 million in savings currently identified. MedAssets has been put in contact with Toyon to address the Toyon report findings and recommendations.

## **TAB #7 ACTION ITEMS:**

- A. Revision of Signatory Authority Policy**
- B. Agreement with Abbott Laboratories to provide Clinical Laboratories Reagent Services for the period of March 1, 2015 through March 1, 2020, not to exceed \$5,670,000.**
- C. Amendment with Freed Associates to provide Project Managers to support AHS Revenue Cycle Improvement for the period of October 1, 2014 through August 31, 2015, from \$950,000, not to exceed \$2,100,000.**

**ACTION:** Upon motion made and seconded, the Board approved items A, B, and C as presented.

**AYES: Item A:** Trustees Miller, Banerjee, Jensen, Lawrence, Lugannani, Potter, and Zorthian.

**Item B:** Trustees Miller, Scates, Banerjee, Jensen, Lawrence, Lugannani, Potter, and Zorthian.

**Item C:** Trustees Miller, Scates, Banerjee, Jensen, Lawrence, Lugannani, Potter, and Zorthian.

**NAYS:** None

**ABSTAIN: Item A:** Trustees Scates.

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

The Interim General Counsel reported that the Board met in closed session to consider one matter under Government Code Section 54956.9, Subsection C and no action was taken by the Board.

### **Public Comments:**

Susan Rosenthal: Good evening President Miller and members of the board. I will be brief because I have to be and I stand between you and being able to go home. I am Susan Rosenthal and I represent the supervisors, managers and other high level technical staff who work here. We have been in negotiations, ACMEA has been in negotiations, since the middle of October. Negotiations are much more difficult than we believe they should be. The AHS negotiation strategy is very perplexing. We are the only employee group who is being asked for take aways to our contract, both financial and in union rights. We started in negotiations with a number of other unions and no other group was asked for any of these take aways. We feel, and I hate to sound paranoid because usually I am not, but we don't understand why AHS has taken this strategy with us. This is the group of employees who you will be relying on to take these strategies that you develop at an executive level and implement them into operations. Many of these supervisors earn less than the people they supervise and yet the only remedy that you have proposed, or AHS has proposed is one that we have in the past strongly unanimously rejected that the employees don't want. We are proposing to have the same strategy the same bargaining language that we had two years ago, that was good enough then and we believe needs to be implemented again. We are requesting that you as the Board of Trustees direct your negotiators to take the take aways away, give the supervisors the 5% supervisory differential that has been accepted in the past and come to a financial agreement along the lines that you approved not too many months ago with SCIU. Thank you very much for your attention.

**Board of Trustees Remarks - No Remarks**

**ADJOURNMENT – Adjourned at 8:19pm.**

Respectfully Submitted by:

  
Marla D. Cox  
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by:   
Mike Moya  
Interim General Counsel